

Revision of the financial forecasts and dividend forecasts for FY ending 3/2019

September 18, 2018

The Kansai Electric Power Co., Inc.

Financial forecasts are subject to change depending upon the changes of business environments and other conditions.

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【 FY2018 Financial Forecasts 】

The financial forecasts for FY ending March 31, 2019 were announced as undetermined since we were carefully observing customer trends after the reduced electricity rates were adopted, but we would like to announce that we have calculated our financial forecasts based on recent supply and demand, and other factors.

【 FY2018 Dividend Forecasts 】

Our policy of return to shareholders is to secure sound financial strength and maintain stable dividends in order to distribute surplus to all shareholders appropriately as the Kansai Electric Power group.

As regards the annual dividend forecasts for FY ending March 31, 2019, we have determined to pay a dividend of 50.00 yen per share (both the interim and year-end dividend of 25.00 yen), with business environments including financial forecasts for FY ending March 31, 2019 taken comprehensively into account.

Financial forecasts for FY ending 3/2019

(The change from FY ended 3/2018)

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| (billion yen) | Consolidated | | | Non-consolidated | | |
|---------------------------|------------------------|--------------------------|----------------|------------------------|--------------------------|----------------|
| | 4/17-3/18 (Results) | 4/18-3/19 (Forecasts) | Change | 4/17-3/18 (Results) | 4/18-3/19 (Forecasts) | Change |
| Operating revenues | 3,133.6 | 3,330.0 | (+6.3%) +196.3 | 2,683.9 | 2,820.0 | (+5.1%) +136.0 |
| Operating income | 227.5 | 200.0 | (-12.1%) -27.5 | 165.4 | 140.0 | (-15.4%) -25.4 |
| Ordinary income | 217.1 | 200.0 | (-7.9%) -17.1 | 145.5 | 130.0 | (-10.7%) -15.5 |
| Net income (*) | 151.8 | 140.0 | (-7.8%) -11.8 | 103.0 | 90.0 | (-12.6%) -13.0 |

* The consolidated net income means the net income attributable to owners of the parent.

<Major factors>

| | 4/17-3/18 (Results) | 4/18-3/19 (Forecasts) |
|---|------------------------|--------------------------|
| Electricity sales (TWh) | 115.2 | 117.5 |
| Residential | 41.8 | 38.0 |
| Commercial and Industrial | 73.5 | 79.5 |
| Electricity sales to other utility and non-utility companies (TWh) | 7.3 | 15.6 |
| Nuclear capacity factor (%) | (*1) 23.9 | Approx. 54 |
| Water run-off ratio (%) | 107.2 | Approx. 103 |
| All Japan CIF crude oil price (\$/barrel) | 57.0 | Approx. 74 |
| Exchange rate [TTM] (yen/\$) | 111 | Approx. 110 |
| Interest rate [long-term prime rate] (%) | 0.99 | Approx. 1.0 |

*1 Nuclear capacity factor calculated based on the outputs after the electric facilities modification application (in response to the decision on when Ohi Units 1 and 2 are decommissioned) as of March 1, 2018—amount to 18.0%.

<Sensitivity of major factors>

| (billion yen) | 4/17-3/18 (Results) | 4/18-3/19 (Forecasts) |
|---|------------------------|--------------------------|
| Nuclear capacity factor per 1% | (*2) 3.3 | 4.2 |
| Water run-off ratio per 1% | 1.1 | 1.2 |
| All Japan CIF crude oil price per \$1/barrel | 5.4 | 4.9 |
| Exchange rate [TTM] per ¥1/\$ | 4.8 | 5.3 |
| Interest rate [long-term prime rate] per 1% | 7.6 | 8.9 |

*2 Calculated based on the outputs after Ohi Units 1 and 2 are decommissioned. Sensitivity calculated based on the outputs before Ohi Units 1 and 2 are decommissioned—amount to 4.4 billion yen.

Sensitivity of major factors are subject to change if the rapid and drastic changes of major factors happen.

(Dividend forecast for FY ending 3/19)

| | Interim | Year-end | Annual |
|---------------------------|-----------|-----------|-----------|
| Dividend per share | 25.00 yen | 25.00 yen | 50.00 yen |

Individual description of increase/decrease in FY ending 3/2019 financial forecasts (The change from FY ended 3/2018)

| (billion yen) | 4/17-3/18 (Results) | 4/18-3/19 (Forecasts) | Change | Breakdown |
|---------------------------|------------------------|--------------------------|--------|--|
| Operating revenues | 2,683.9 | 2,820.0 | +136.0 | <ul style="list-style-type: none"> • Increase in adjusted fuel cost unit price +117.0 • Increase in revenue per kWh due to renewable energy power promotion surcharge and to grant under act on purchase of renewable energy sourced electricity +61.0 • Increase in electricity sales volume +38.0 • Decrease in revenue per kWh due to the effects of revision of electricity rates -109.0 |
| Ordinary income | 145.5 | 130.0 | -15.5 | <ul style="list-style-type: none"> • Decrease in revenue per kWh due to the effects of revision of electricity rates -109.0 • Increase in nuclear capacity factor +83.0 • Increase in electricity sales volume +21.0 |
| Net income | 103.0 | 90.0 | -13.0 | |

Appendix

Prospective profit and loss by business segment

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| (billion yen) | | | 4/17-3/18 (Results) | 4/18-3/19 (Forecasts) | Change | Breakdown |
|--|---|---|------------------------|--------------------------|---|--------------------------------------|
| Comprehensive Energy / Power Transmission and Distribution | Electric Power | Operating revenues (external transactions) | 2,596.1 | 2,690.0 | +93.9 | |
| | | Ordinary income | 150.4 | 135.0 | -15.4 | |
| | Gas/ Other Energies | Operating revenues (external transactions) | 141.2 | 209.0 | +67.8 | • Increase in gas business revenues |
| | | Ordinary income | 7.1 | 1.0 | -6.1 | • Increase in income of subsidiaries |
| | Total | Operating revenues (external transactions) | 2,737.3 | 2,899.0 | +161.7 | |
| | | Ordinary income | 157.5 | 136.0 | -21.5 | |
| IT/Communications | Operating revenues (external transactions) | 203.1 | 225.0 | +21.9 | • Increase in FTTH, MVNO, and retail electricity service customers | |
| | Ordinary income | 25.1 | 26.0 | +0.9 | | |
| Real Estate/Life | Operating revenues (external transactions) | 111.7 | 120.0 | +8.3 | • Increase in sales for housing business | |
| | Ordinary income | 14.5 | 15.0 | +0.5 | | |
| Other | Operating revenues (external transactions) | 81.3 | 85.0 | +3.7 | • Increase in orders for construction works | |
| | Ordinary income | 28.8 | 21.0 | -7.8 | • Decrease in orders from Kepco | |

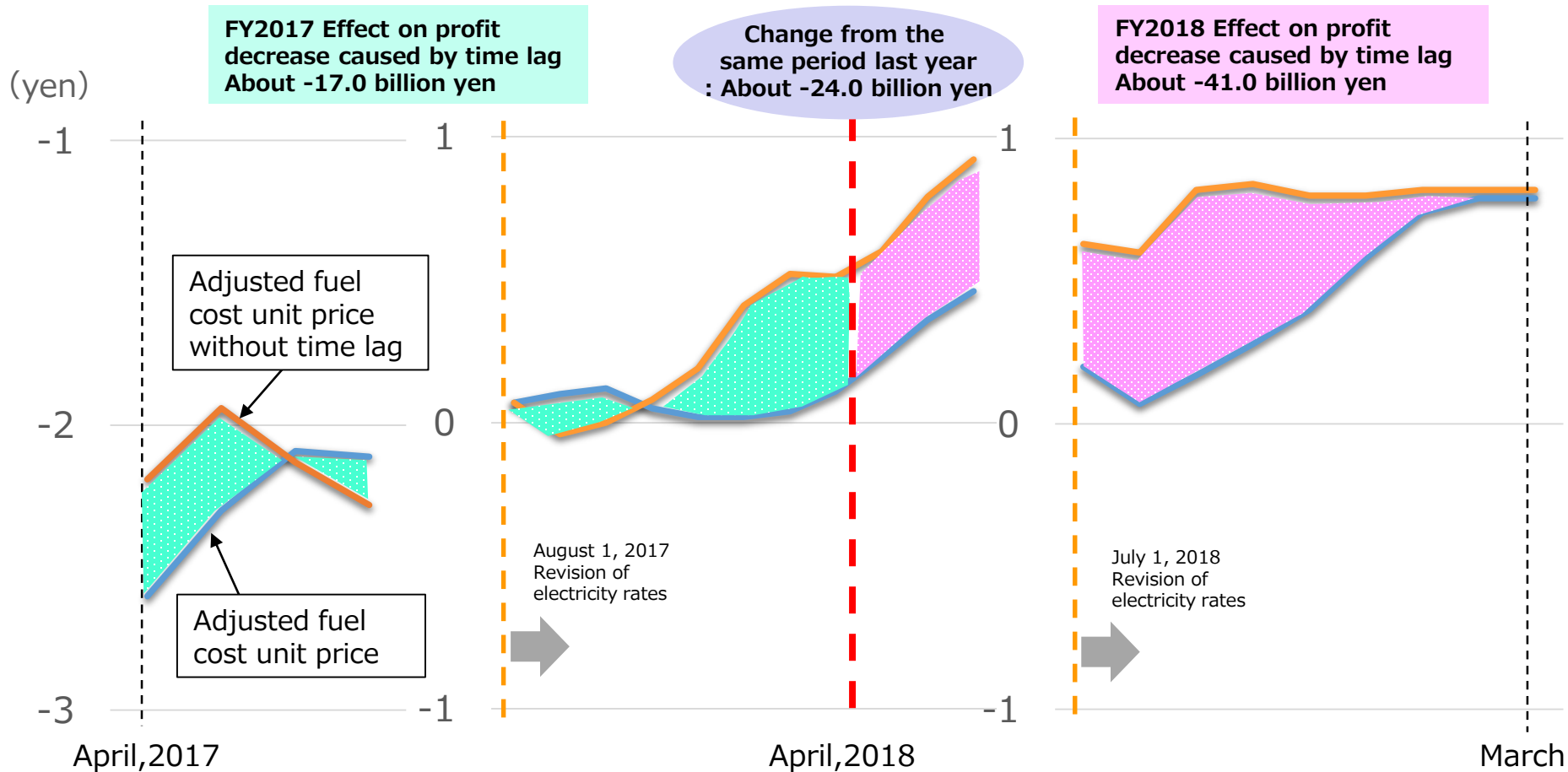
* Figures in this page are before eliminations, and excluding exchange gain or loss unrealized.

<Reference>

| (billion yen) | | 4/17-3/18 (Results) | 4/18-3/19 (Forecasts) | Change | Breakdown |
|---------------------------|-----------------|------------------------|--------------------------|--------|--|
| International Business | Profit and loss | -2.0 | 0 | +2.0 | • Increase in foreign exchange loss due to the yen's appreciation |

Time lag from the fuel cost adjustment system

- The fuel cost adjustment system is a mechanism utilized to reflect, in the electricity rates, the impact of fluctuations in the exchange rate and the market price of fuel on thermal fuel costs.
- Fluctuations in fuel prices of each month is reflected in fuel cost adjustment unit price 3–5 months later. This generates a gap (time lag) between the fluctuations in fuel prices and the timing of reflecting them in fuel cost adjustment unit price.



*The above-mentioned time lag indicates time gap on the income front in each accounting period, and differs from the income and expenditure effect calculated based on actual thermal power fuel cost etc.

*Presupposed elements of fuel cost adjustments are being reviewed following electricity rates revision conducted on August 1, 2017, and July 1, 2018 due to the changes in generation mix and fuel prices.

For further information

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