

Financial results for 3Q of FY ending 3/2019  
&  
Financial forecasts for FY ending 3/2019

January 31, 2019

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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\* Implemented on April 28, 2016

## **[ 3Q of FY ending 3/2019 Earnings Results ]**

**: Both consolidated and non-consolidated financial results showed increased revenues and decreased income.**

- Income : Electricity sales revenues decreased, however, the increase of sold power to other suppliers as well as the increase of the operating revenues in the “Gas/Other Energies” and the “IT/communications” finally led to a rise in revenues.
- Expenses : We strived to thoroughly streamline business; the resumption of operation at nuclear power plants reduced costs, but ordinary expenses increased due to the rise in fuel prices, and increase in electricity sales and electricity sales to other utility and non-utility companies.  
Additionally, restoration costs for equipment damaged by typhoon No. 21 were recorded as an extraordinary loss.

→ Ordinary income and net income have decreased from those in the corresponding period in the last year owing to the impacts caused by reduced revenue due to the lowered electricity rate, increased costs due to the regular inspections on nuclear power plants and the halt of thermal power stations, and the recording extraordinary loss by disasters of Typhoon No. 21.

Retail/wholesale electric sales volume and gas sales volume have been performing well and our “Counterattack” has gotten results. We will continue to strive for thoroughgoing business efficiency, as well as safe and stable operation at our nuclear, thermal, hydraulic and other plants, and make our utmost efforts to secure the financial soundness and safe and stable electricity supply.

## **[ FY 2018 Financial and Year-end Dividend Forecasts ]**

- FY 2018 financial and year-end dividend forecasts announced October 26, 2018 has been unchanged.

# Financial highlights

(billion yen)	Consolidated (a)			Non-consolidated (b)			(a)/(b)	
	4/17-12/17	4/18-12/18	Change	4/17-12/17	4/18-12/18	Change	4/17-12/17	4/18-12/18
<b>Operating revenues</b>	2,258.6	2,384.2	+125.5 (+5.6%)	1,947.2	2,036.1	+88.9 (+4.6%)	1.16	1.17
<b>Operating income</b>	193.2	128.4	-64.8 (-33.5%)	150.8	84.4	-66.3 (-44.0%)	1.28	1.52
<b>Ordinary income (*2)</b>	190.0	135.6	-54.4 (-28.6%)	140.5	85.0	-55.5 (-39.5%)	1.35	1.60
<b>Net income (*3)</b>	138.4	84.7	-53.6 (-38.8%)	101.1	54.7	-46.3 (-45.8%)	1.37	1.55

(billion yen)	Consolidated			Non-consolidated		
	Mar.31, 2018	Dec.31, 2018	Change	Mar.31, 2018	Dec.31, 2018	Change
<b>Interest-bearing debt</b>	3,708.2	3,886.4	+178.1 (+4.8%)	3,359.9	3,570.9	+210.9 (+6.3%)
<b>Equity ratio</b>	20.8%	20.7%	-0.1%	15.7%	15.0%	-0.7%

\*1 ( ): Changes from the previous term, %

\*2 Ordinary income means income before provision for (reversal of) reserve for fluctuation in water level, special items and income taxes and minority interests.

\*3 The consolidated net income means the net income attributable to owners of the parent company.

# Major factors (non-consolidated)

	4/17-12/17		4/18-12/18		Change
<b>Electricity sales (TWh)</b>	(93.5)	83.8	(102.9)	86.2	+2.4
<b>Residential</b>	(94.1)	28.6	(91.0)	26.0	-2.6
<b>Commercial and Industrial</b>	(93.2)	55.2	(109.1)	60.2	+5.0
<b>Electricity sales to other utility and non-utility companies (TWh)</b>		5.2	(*1)	10.5	+5.4
<b>Nuclear capacity factor (%)</b>	(*2)	21.5		51.2	+29.7
<b>Water run-off ratio(%)</b>		105.4		108.8	+3.4
<b>All Japan CIF crude oil price (\$/barrel)</b>		53.9		75.1	+21.2
<b>Exchange rate [TTM] (yen/\$)</b>		112		111	-1
<b>Interest rate [long-term prime rate] (%)</b>		0.98		1.00	+0.02

\*1 Not including imbalance electric energy, which is not yet determined as at the end of the term.

\*2 Nuclear capacity factor calculated based on the outputs before Ohi Units 1 and 2 are decommissioned—amount to 15.9%.

● ( ) : Changes from the previous term, %

# Non-consolidated statements of income

(billion yen)	4/17-12/17	4/18-12/18	Change	Breakdown
<b>Ordinary revenues</b> (Operating revenues)	1,965.1 (1,947.2)	2,059.6 (2,036.1)	+94.5 (+88.9)	
Electricity sales	1,626.1	1,602.4	-23.6	<ul style="list-style-type: none"> <li>·Increase in electricity sales volume +42.0</li> <li>·Decrease in revenue per kWh due to the effects of revision of electricity rates -80.0</li> <li>·Increase in revenue per kWh due to renewable energy power promotion surcharge +26.6</li> </ul>
Grant under act on purchase of renewable energy sourced electricity	117.4	131.5	+14.1	
Others	221.4	325.5	+104.0	<ul style="list-style-type: none"> <li>·Revenue of electricity sales to other utility and non-utility companies +60.1</li> <li>·Non-electric business +29.6</li> <li>·Wheeling revenues +6.0</li> </ul>
<b>Ordinary expenses</b>	1,824.5	1,974.6	+150.1	
Personnel expenses	162.3	163.3	+1.0	
Fuel costs	362.0	391.4	+29.4	<ul style="list-style-type: none"> <li>·Fossil-fuel costs +21.6</li> <li>·Nuclear-fuel costs +7.7</li> </ul>
Backend expenses of nuclear power	40.4	61.7	+21.2	<ul style="list-style-type: none"> <li>·Increase in electricity sales volume +19.0</li> <li>·Increase in electricity sales to other utility and non-utility companies +37.0</li> <li>·Increase in nuclear capacity factor -89.0</li> <li>·Increase in electricity purchases from other utility and non-utility companies -8.0</li> <li>·Fluctuation of fossil-fuel prices +56.0</li> <li>·Appreciation of yen -2.0</li> <li>·Difference in composition of fuel types etc. +9.0</li> </ul>
Maintenance costs	119.2	121.3	+2.0	
Taxes other than income taxes	106.6	108.2	+1.5	
Depreciation	187.2	180.2	-7.0	
Purchased power	356.5	400.4	+43.9	
Interest expenses	25.7	20.6	-5.1	
Levy under act on purchase of renewable energy sourced electricity	187.5	214.2	+26.6	
Other	276.6	313.0	+36.3	·Non-electric business +33.5
<b>Ordinary income</b>	140.5	85.0	-55.5	
Provision for or reversal of reserve for fluctuation in water levels	0.8	0.2	-0.5	
<b>Extraordinary loss</b>	-	10.2	+10.2	·Extraordinary loss caused by typhoon No.21 +10.2
<b>Income taxes</b>	38.6	19.7	-18.9	
<b>Net income</b>	101.1	54.7	-46.3	

# Consolidated statements of income

(billion yen)	4/17-12/17	4/18-12/18	Change	Breakdown
<b>Ordinary revenues</b>	2,287.2	2,427.2	+140.0	
<b>(Operating revenues)</b>	(2,258.6)	(2,384.2)	(+125.5)	
<b>Electric operating revenues</b>	1,889.8	1,945.7	+55.8	
<b>Other operating revenues</b>	368.8	438.4	+69.6	<ul style="list-style-type: none"> <li>• Sales of external transactions in subsidiaries +40.0</li> <li>• Sales of external transactions in non-electric business +29.5</li> </ul>
<b>Non-operating revenues</b>	28.5	43.0	+14.4	• Gain on sales of property +16.3
<b>Ordinary expenses</b>	2,097.1	2,291.6	+194.4	
<b>Electric operating expenses</b>	1,740.2	1,861.9	+121.6	
<b>Other operating expenses</b>	325.1	393.8	+68.7	<ul style="list-style-type: none"> <li>• Costs for subsidiaries +35.8</li> <li>• Costs for non-electric business +32.8</li> </ul>
<b>Non-operating expenses</b>	31.7	35.8	+4.0	
<b>Ordinary income</b>	190.0	135.6	-54.4	
<b>Provision for or reversal of reserve for fluctuation in water levels</b>	0.8	0.2	-0.5	
<b>Extraordinary loss</b>	-	13.0	+13.0	• Extraordinary loss caused by typhoon No.21 +13.0
<b>Income taxes</b>	49.8	37.5	-12.2	
<b>Net income</b> <sup>※</sup>	138.4	84.7	-53.6	
<b>Comprehensive income</b>	166.9	61.8	-105.1	

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

# Segment information

( ):Changes from the previous term

(billion yen)	Reportable segments			IT/ Communi cations	Other	Total	Eliminations/ Corporate	Consolidated
	Comprehensive Energy/Power Transmission and Distribution Business		Subtotal					
	Electric Power	Gas/ Other Energies						
<b>Operating revenues</b>	1,960.2 (+59.2)	200.6 (+81.5)	2,160.8 (+140.8)	192.8 (+17.3)	282.2 (+12.1)	2,635.9 (+170.2)	-251.7 (-44.7)	2,384.2 (+125.5)
<b>Operating revenues (external transactions)</b>	1,945.7 (+55.8)	146.9 (+52.4)	2,092.7 (+108.3)	160.0 (+11.4)	131.4 (+5.7)	2,384.2 (+125.5)	-	2,384.2 (+125.5)
<b>Operating income or loss</b>	90.8 (-62.4)	-4.6 (-9.2)	86.1 (-71.7)	24.4 (+4.4)	16.9 (+3.8)	127.6 (-63.3)	0.7 (-1.4)	128.4 (-64.8)

## Breakdown of changes in Gas/Other Energies

Operating revenues(external transactions)

: Increase in gas business revenues

Operating income or loss

: Decrease in income of subsidiaries

## Breakdown of changes in IT/Communications

Operating revenues(external transactions) and

Operating income

: Increase in customers of FTTH, MVNO, and retail electricity service



# Consolidated balance sheets

(billion yen)	Mar.31, 2018	Dec.31, 2018	Change	Breakdown
<b>Assets</b>	6,985.0	7,138.2	+153.1	<ul style="list-style-type: none"> <li>•Capital expenditures +271.7</li> <li>•Depreciation and amortization -245.6</li> <li>•Assets equal to asset retirement obligations +45.5 ※1 (Effect of revision in the ordinance of Decommissioning)</li> </ul>
<b>Liabilities</b>	5,512.2	5,644.4	+132.1	<ul style="list-style-type: none"> <li>•Interest bearing debt +178.1</li> <li>•Accounts payable and accrued expenses -107.9</li> <li>•Asset retirement obligations +45.5 ※1 (Effect of revision in the ordinance of Decommissioning)</li> </ul>
<b>Equity</b>	1,472.7	1,493.8	+21.0	<ul style="list-style-type: none"> <li>•Net income ※2 +84.7</li> <li>•Dividend -40.2 (20.00yen per share for FY 3/18 year-end and 25.00yen per share for FY 3/18 interim)</li> </ul>

\*1 On April 1, 2018, the "Ministry Order Relating to Reserves for Decommissioning of Nuclear Power Plants" was revised, following the enforcement of the "Ordinance to Partially Revise the Ordinance on Reserves for Scrapping Nuclear Power Plants". For the asset retirement obligations related to the decommissioning of a specific nuclear power unit, costs are accounted for in accordance with the Ordinance of Decommissioning. Although the accounting period was defined as throughout the expected safe storage period and the expected operating period in the past, the Revised Ordinance defines the accounting period as the expected operating period.

\*2 The consolidated net income means the net income attributable to owners of the parent.

# FY 2018 Financial forecasts

■ The figure announced October 26, 2018 has been unchanged

(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
<b>Operating revenues</b>	3,133.6	3,330.0	(+6.3%) +196.3	2,683.9	2,820.0	(+5.1%) +136.0
<b>Operating income</b>	227.5	200.0	(-12.1%) -27.5	165.4	140.0	(-15.4%) -25.4
<b>Ordinary income</b>	217.1	200.0	(-7.9%) -17.1	145.5	130.0	(-10.7%) -15.5
<b>Net income (*)</b>	151.8	140.0	(-7.8%) -11.8	103.0	90.0	(-12.7%) -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)
<b>Electricity sales (TWh)</b>	115.2	117.5
Residential	41.8	38.0
Commercial and Industrial	73.5	79.5
<b>Electricity sales to other utility and non-utility companies (TWh)</b>	7.3	15.6
<b>Nuclear capacity factor (%)</b>	(*1) 23.9	Approx. 54
<b>Water run-off ratio (%)</b>	107.2	Approx. 103
<b>All Japan CIF crude oil price (\$/barrel)</b>	57.0	Approx. 74
<b>Exchange rate [TTM] (yen/\$)</b>	111	Approx. 110
<b>Interest rate [long-term prime rate] (%)</b>	0.99	Approx. 1.0

## <Sensitivity of major factors>

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

\*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%.

## [Dividend forecast for FY ending 3/19]

	Interim	Year-end	Annual
<b>Dividend per share</b>	25.00 yen	25.00 yen(Forecasts)	50.00 yen(Forecasts)

# Appendix

# Electricity sales

[Electricity sales for 3Q of FY2018]

(GWh)	4/18-6/18	7/18-9/18	10/18-12/18	4/18-12/18
<b>Residential</b>	8,018 (88.1)	10,013 (97.4)	8,005 (86.9)	26,037 (91.0)
<b>Commercial and Industrial</b>	18,486 (104.8)	22,287 (112.0)	19,395 (110.0)	60,168 (109.1)
<b>Total</b>	26,505 (99.1)	32,300 (107.0)	27,400 (102.1)	86,204 (102.9)

\* Figures in ( ) are year-on-year %.

[Average monthly temperature]

(°C)	Apr.	May.	Jun.	Jul.	Aug.	Sep.	Oct.	Nov.	Dec.
<b>Actual</b>	16.9	20.1	23.4	29.5	29.7	24.1	19.7	14.6	9.4
<b>Year-on-year change</b>	+1.2	-1.0	+0.7	+0.7	+0.5	-0.3	+1.3	+2.0	+2.4
<b>Anomaly</b>	+1.8	+0.4	-0.1	+2.1	+0.9	-0.9	+0.7	+1.0	+0.8

(billion yen)	Mar. 31, 2018	Dec. 31, 2018	Change	Breakdown
<b>Assets</b>	5,946.1	6,265.9	+ 319.8	<ul style="list-style-type: none"> <li>•Capital expenditures +190.1</li> <li>•Depreciation and amortization -181.5</li> <li>•Assets equal to asset retirement obligations +45.5 (Effect of revision in the ordinance of Decommissioning) ※1</li> <li>•Merger of wholly-owned subsidiary ※2 +198.1</li> </ul>
<b>Liabilities</b>	5,012.1	5,327.4	+ 315.3	<ul style="list-style-type: none"> <li>•Interest bearing debt +210.9</li> <li>•Accounts payable and accrued expenses -111.4</li> <li>•Asset retirement obligations +45.5 (Effect of revision in the ordinance of Decommissioning) ※1</li> <li>•Merger of wholly-owned subsidiary ※2 +165.4</li> </ul>
<b>Equity</b>	933.9	938.4	+ 4.5	<ul style="list-style-type: none"> <li>•Net income +54.7</li> <li>•Dividend -40.2 (20.00yen per share for FY 3/18 year-end and 25.00yen per share for FY 3/18 interim)</li> </ul>

\*1 On April 1, 2018, the "Ministry Order Relating to Reserves for Decommissioning of Nuclear Power Plants" was revised, following the enforcement of the "Ordinance to Partially Revise the Ordinance on Reserves for Scrapping Nuclear Power Plants". For the asset retirement obligations related to the decommissioning of a specific nuclear power unit, costs are accounted for in accordance with the Ordinance of Decommissioning. Although the accounting period was defined as throughout the expected safe storage period and the expected operating period in the past, the Revised Ordinance defines the accounting period as the expected operating period.

\*2 We have absorbed and merged Kanden Business Support Corp, a wholly-owned subsidiary of us on October 1, 2018.

# Profit and loss by business segment

(billion yen)			4/17-12/17	4/18-12/18	Change	Breakdown	
Comprehensive Energy / Power Transmission and Distribution	Electric Power	Operating revenues (external transactions)	1,889.8	1,945.7	+55.8		
		Ordinary income	143.0	91.3	-51.6		
	Gas/ Other Energies	Operating revenues (external transactions)	94.4	146.9	+52.4		• Increase in gas business revenues
		Ordinary income	11.1	1.3	-9.8		• Decrease in income of subsidiaries
	Total	Operating revenues (external transactions)	1,984.3	2,092.7	+108.3		
		Ordinary income	154.2	92.7	-61.5		
IT/Communications	Operating revenues (external transactions)		148.5	160.0	+11.4	• Increase in customers of FTTH, MVNO and retail electricity service	
	Ordinary income		19.0	24.2	+5.1		
Real Estate/Life	Operating revenues (external transactions)		70.0	73.5	+3.4	• Increase in sales of building business	
	Ordinary income		8.4	11.2	+2.7		
Other	Operating revenues (external transactions)		55.6	58.0	+2.3	• Increase in orders for construction works	
	Ordinary income		13.2	15.0	+1.7		

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

<Reference>

(billion yen)		4/17-12/17	4/18-12/18	Change	Breakdown
International Business	Profit and loss	-1.0	-8.6	-7.6	• Recording investment loss, etc.

# 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	212.0	+70.8	• Increase in gas business revenues
		Ordinary income	7.1	1.0	-6.1	• Decrease in income of subsidiaries
	Total	Operating revenues (external transactions)	2,737.3	2,902.0	+164.7	
		Ordinary income	157.5	136.0	-21.5	
	IT/Communications	Operating revenues (external transactions)	203.1	217.0	+13.9	• Increase in customers of FTTH, MVNO and retail electricity service
		Ordinary income	25.1	31.0	+5.9	
Real Estate/Life	Operating revenues (external transactions)	111.7	123.0	+11.3	• Increase in sales of housing and building business	
	Ordinary income	14.5	20.0	+5.5		
Other	Operating revenues (external transactions)	81.3	85.0	+3.7	• Increase in orders for construction works	
	Ordinary income	28.8	27.0	-1.8	• Decrease in orders from us	

\* 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	-8.0	-6.0	• Recording investment loss, etc.

# Interest-bearing debt (non-consolidated)

(billion yen)	Mar. 31, 2018	Dec. 31, 2018	Change *
<b>Bonds</b>	1,240.9	1,270.0	+ 29.0 (+ 290.0、△261.0)
<b>Borrowings</b>	1,964.9	2,045.9	+ 80.9 (+ 517.0、△436.0)
<b>Long-term</b>	1,834.9	1,915.9	+ 80.9 (+ 322.0、△241.0)
<b>Short-term</b>	130.0	130.0	— (+ 195.0、△195.0)
<b>Commercial paper</b>	154.0	255.0	+ 101.0 (+ 415.0、△314.0)
<b>Interest-bearing debt</b>	3,359.9	3,570.9	+ 210.9
<b>Interest rate (%)</b> (as of fiscal year-end)	0.89	0.67	△0.22

\* +(plus) in the bracket means financing, -(minus) in the bracket means repayment.



# Actual supply and demand (Sending end)

(GWh)	4/17-12/17	Composition ratio	4/18-12/18	Composition ratio	Change
<b>Hydro</b>	10,689	16%	11,060	14%	+371
<b>Thermal</b>	49,182	72%	44,111	58%	-5,071
<b>Nuclear</b>	8,715	13%	21,199	28%	+12,483
<b>New energy sources</b>	67	0%	17	0%	-51
<b>KEPCO Total</b>	68,654	100%	76,387	100%	+7,733
<b>Other-utility companies</b>		21,016		16,902	-4,113
<b>Captive use by hydropower</b>		-1,114		-1,893	-779
<b>Total</b>		88,555		91,396	+2,840

\* Some rounding errors may be observed.

\* "Other-utility companies" does not include imbalance electric energy, which is not yet determined as at the end of the term.

## [Maintenance Costs]

\* Some rounding errors may be observed.

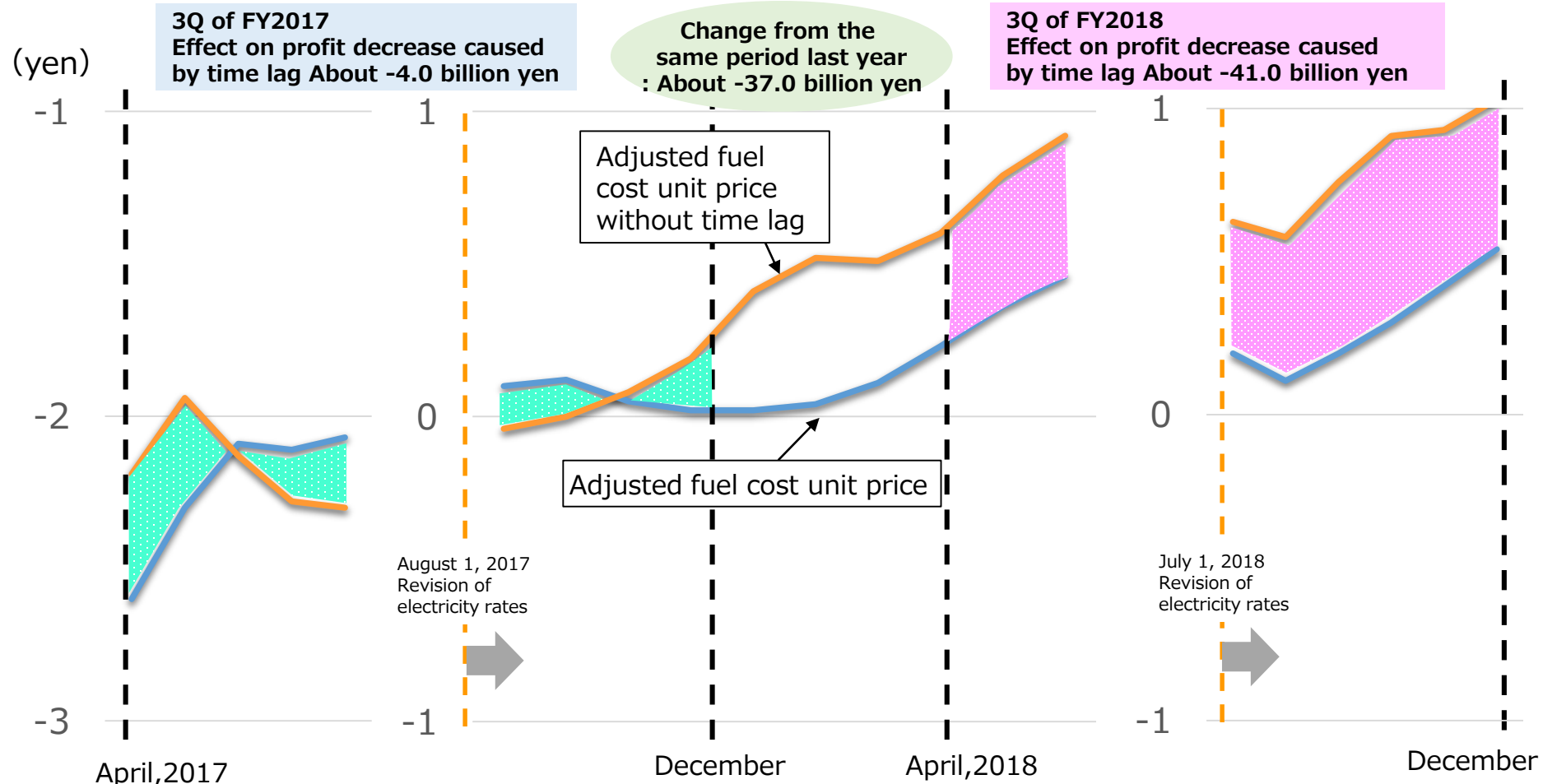
(Billion yen)		4/17-12/17	4/18-12/18	Change	Breakdown
	<b>Power sources</b>	38.5	46.1	+7.6	Nuclear +11.5 Thermal -3.3
	<b>Distribution</b>	79.6	73.9	-5.6	Power distribution -4.0 Power transmission -1.6
	<b>Other</b>	1.0	1.2	+0.1	
	<b>Total</b>	119.2	121.3	+2.0	

## [Depreciation]

(Billion yen)		4/17-12/17	4/18-12/18	Change	Breakdown
	<b>Power sources</b>	81.1	76.9	-4.1	Thermal -4.2
	<b>Distribution</b>	96.0	93.6	-2.3	Power transmission -1.5 Power distribution -0.4
	<b>Other</b>	10.0	9.5	-0.4	
	<b>Total</b>	187.2	180.2	-7.0	

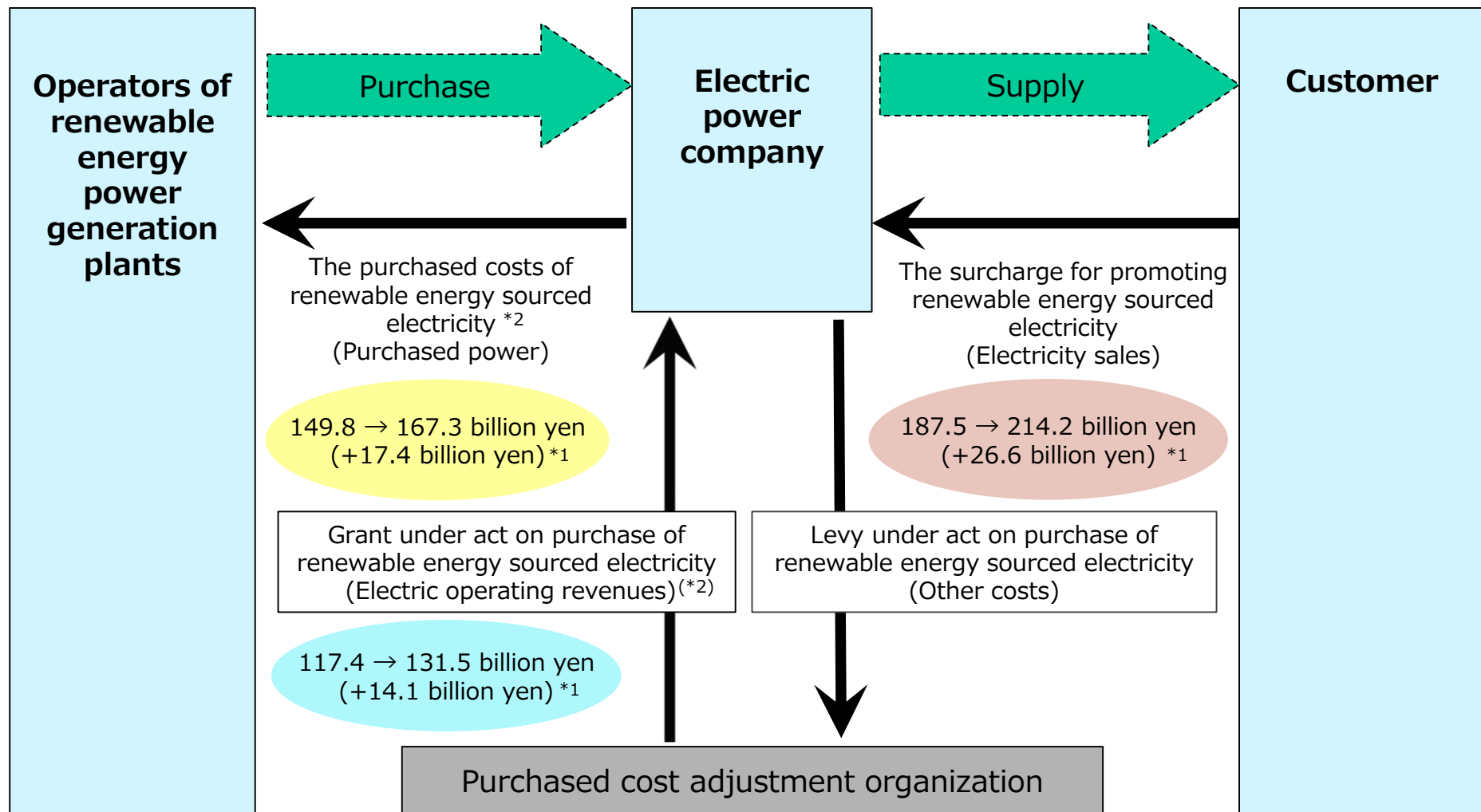
# Time lag from the fuel cost adjustment system

- 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.



\*1 3Q of FY ending 3/2018 → 3Q of FY ending 3/2019 (changes from the previous term)

\*2 Difference between purchased costs of renewable energy sourced electricity and grant under act on purchase of renewable energy sourced electricity is subtracting avoidable costs.

● "Law for partial amendment to the Act on Special Measures Concerning Procurement of Electricity from Renewable Energy Sources by Electricity Utilities (Feed-in Tariff) and other laws" (enforced April 1, 2017) stipulates that, regarding contracts of purchase on and after April 1, 2017, the definition of businesses obliged to purchase electricity will be changed to general electricity transmission and distribution businesses and others.

- Saving of fuel costs for thermal power generation due to the resumption of operation of Units 3 and 4 of Ohi Nuclear Power Station, and deepened streamlining of management, etc. result in the cost of 1,795.1 billion yen after this rate reduction which represents reduction by -5.36% (-101.7 billion yen) on average as compared with 1,896.7 billion yen that is the electricity income before the rate reduction.

◆ Comparison of the cost this time and the electricity income before the rate reduction (income at the current rate)

(Unit: billion yen)

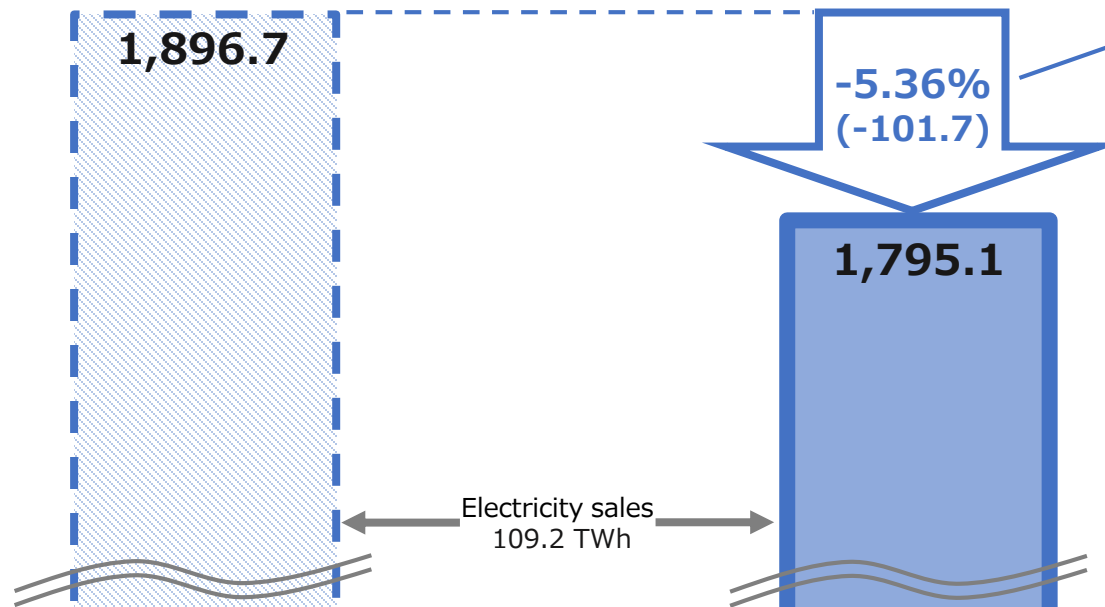
**Rate reduction due to resumption of operation of Ohi Units 3 and 4, deepened streamlining of management, etc.**

Regulated field <sup>*1</sup>	-4.03%
Liberalized field <sup>*2</sup>	-5.94%

\* Cost calculation period for this analysis is the three years from 2018 to 2020.

\* Electricity income before the rate reduction is calculated based on electric sales that is the precondition of cost calculation this time and unit electricity rate (Excluding renewable energy promotion surcharge, and amount equivalent to consumption tax)

\* Revenue from intra-area wheeling service is excluded.



**Income from the rate before the reduction this time (17.37 yen/kWh)**

**Cost this time (16.44 yen/kWh)**

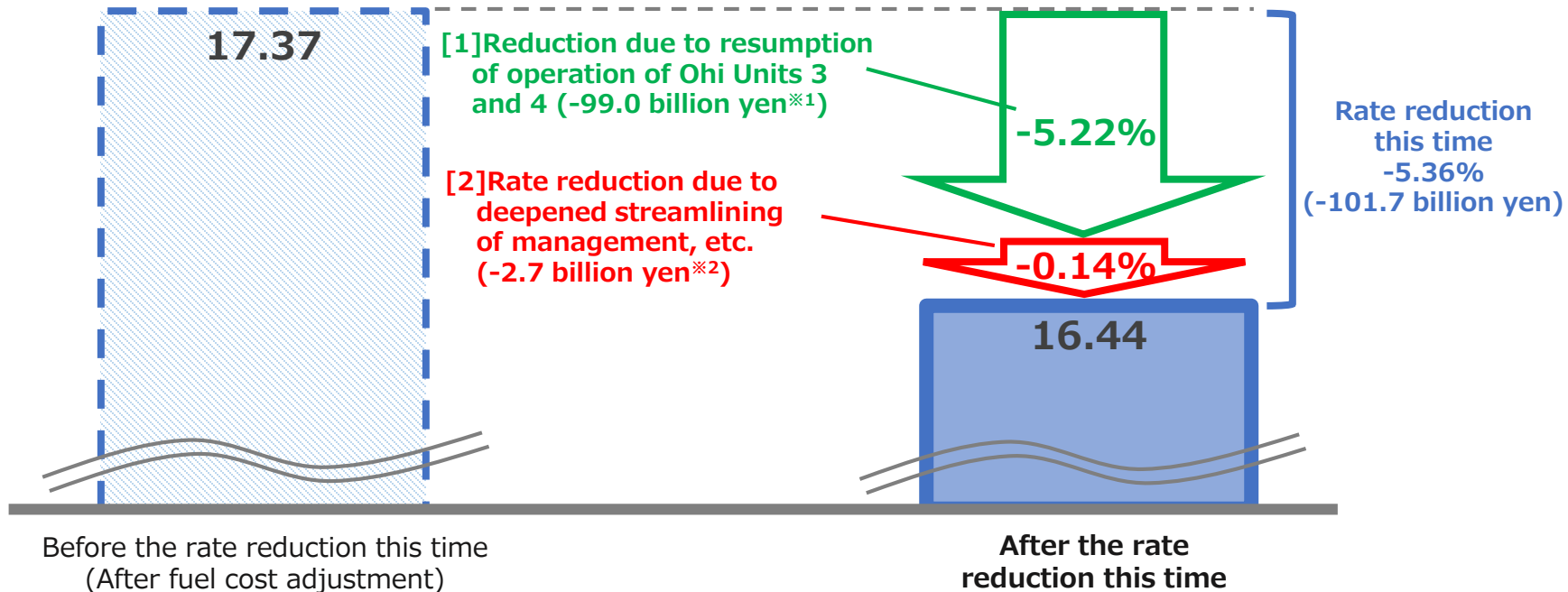
\*1 Regulated field includes the following plans: "Meter rate lighting A", "Meter rate lighting B", and "Low-voltage power".

\*2 Liberalized field includes the plans that provide the rate menu for the special high-voltage and high-voltage field and "Time of use", "Hapi e-time", "Season/time-variable lighting PS", "e-Smart 10", "e-Otoku plan", "Nattoku Denki", and "Low-voltage use contracts" in the low-voltage field.

- Electricity rate reduction this time is -5.36% on average.
- A breakdown is as follows: The reduction gained from the savings of fuel costs for thermal power generation resulting from the resumption of operation of Ohi Units 3 and 4 is approx. -5.22% (-99.0 billion yen), while the reduction gained from deepened streamlining of management, etc. is approx. -0.14% (-2.7 billion yen).

◆ The electricity rate after the reduction this time

(Unit: yen/kWh)

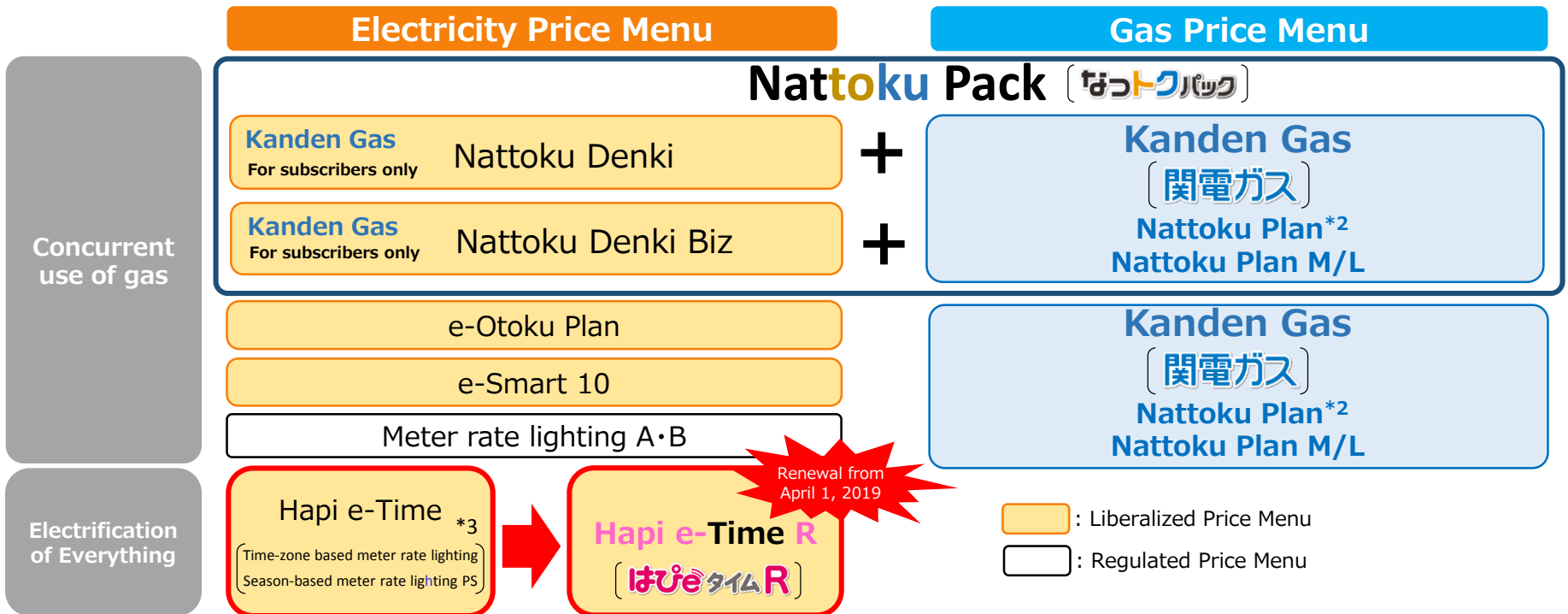


\*1 Saving of fuel costs for thermal power generation, etc.: Improvement of nuclear power capacity factor+26.8% × Amount affected by change in nuclear power capacity factor by 1% -3.7 billion yen ≈ -99.0 billion yen

\*2 -2.7 billion yen is accredited to deepened streamlining of management, etc. implemented after management efficiency efforts that were reflected in the cost reduction of August 2017.

# Electricity and gas sales efforts in the Kansai area

- Kepco has made efforts so our “electricity” will be chosen by customers in terms of both price and service through proposals of Electrification of Everything, “Kanden Gas” and liberalized price menu. Additionally, **in line with the full liberalization of gas retail market of April last year, we have stepped up efforts so our electricity and gas will be chosen by as many customers as possible, by launching Kanden Gas “Nattoku Pack”.**
- And, in May 2018, **“Nattoku Denki Biz,” an adjusted electricity rate menu mainly for shops, offices and restaurants was added to “Nattoku Denki,” an electricity rate menu mainly for residential customers, as an option for the enriched “Nattoku Pack.”** The **“e-Otoku Plan”** was also adjusted to offer a better deal to a broader range of customers.
- From April 1 in 2019, the “Hapi e-Time” service will be renamed to **“Hapi e-Time R”** service. **“Hapi e-Time R”** service is available by customers using Eco Cute equipment. **The electricity rate unit price depends on the season and time zone the service is used, and the rate can be reduced by shifting the use of electricity to the time zone of the lower rate.** Furthermore, **“Electrification discount”** \*1 may be applied by the introduction of IH Cooking Heaters, and the rate is **additionally lowered by 5%.**



\*1: The electrification discount may be applied, and 5% of the amount subject to discount (total amount of base rate and energy charge, fuel cost adjustment amount excluded) is deducted from the electricity charge, in the event that the customers using “Hapi e-Time R” service who already have electric hot water suppliers, including Eco Cute.

\*2: Nattoku Plan (eo Discount) and Nattoku Plan for Chuo Electric Power are excluded.

\*3: For customers that contracted or applied for the service until March 31 of 2019, “Hapi e-Time,” “Time-zone based meter rate lamp,” and “Season-based meter rate lamp PS” may be continuously available on and after April 1 of 2019, provided that no modification is made in the contents of the contract of the electricity service (except for the change in the user’s name and capacity, limited to cases where the coverage is satisfied).

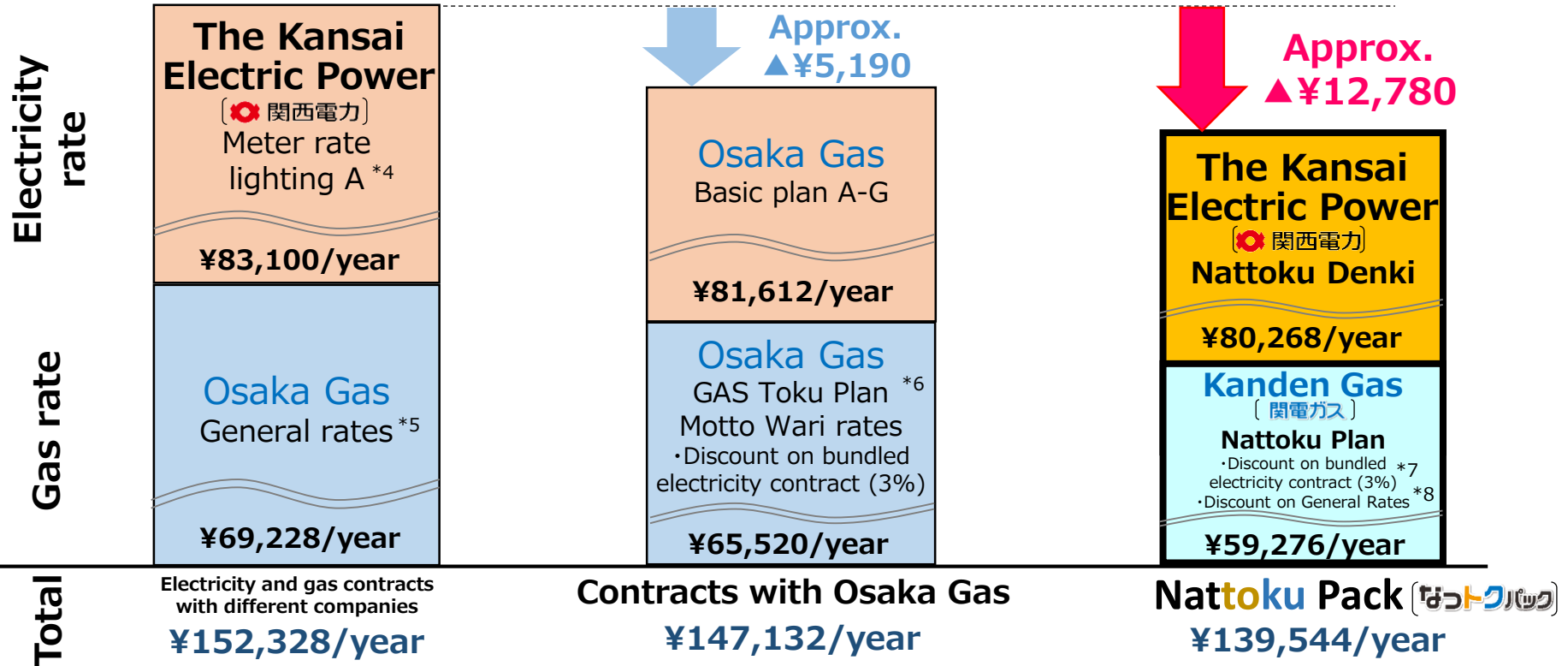
# Advantages when choosing Nattoku Pack ( なっとくパック )

- **“Nattoku Pack” is a service where customers receive advantages regardless of their use amount because of the discounted rate of both the electricity charge and the gas charge irrespective of the use amount, provided that “Meter-rate lighting A” and “Ordinary rate service” of Osaka Gas are applied to the customers.** \*1

Customer with average consumption of electricity and gas

(Monthly consumption:  
Electricity 260 kWh, Gas 31 m<sup>3</sup>)\*2

**Approx. 12,780 yen (approx. 8.4%)\*3 discount on electricity and gas rates annually!**

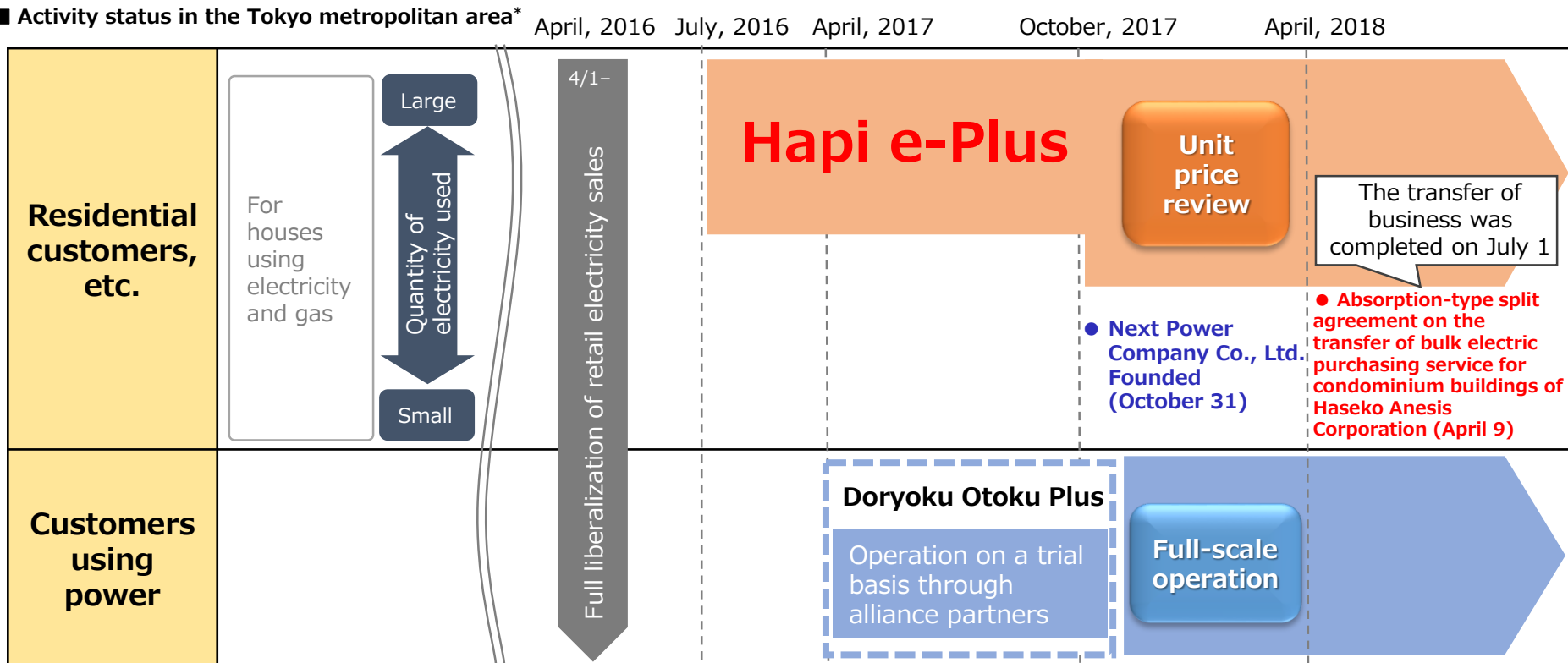


\*1: Except for the cases of no amount used.\*2: (Computational condition) Monthly electricity consumption (260kWh) and monthly gas consumption (31m<sup>3</sup>) refer to a model case publicly announced by Osaka Gas on June 5, 2018.  
\*3: Electricity rate includes consumption tax, fuel cost adjustment calculated with the unit price of fuel cost adjustment based on the prices of trade statistics during September and November 2018, and renewable energy surcharges (applicable between May 2018 and April 2019). Gas rate includes consumption tax and raw material cost adjustment calculated with the unit price of raw material cost adjustment based on the prices of trade statistics during September and November 2018. Actual amount of price reduction varies depending on electricity/gas usage, timing of contract signing, fuel and raw material cost adjustments and other factors. \*4: Bank transfer discount is applied to Meter-Rate Lighting A. \*5: General Rates are based on the General Gas Supply Provisions of Osaka Gas (implemented on June 16, 2017). \*6: Rates of GAS Toku Plan Motto Wari rates are based on the individual provisions of Osaka Gas (Motto Wari rates contract, implemented on April 1, 2017). \*7: Discount on bundled electricity contract is applied to a gas rate, not electricity rate. Discount is applied to the sum of basic rate and metered rate (excluding any raw material cost adjustments). \*8: In the event that customers newly apply for the “Nattoku Plan” service of KEPCO Gas from January 4 to April 30 in 2019, the base rate discount is applied to the customers, and no monthly base rate is charged for two months.



- In July 2016, Kepeco started electricity sales to low-voltage supply customers, including residential customers, in the Tokyo metropolitan area\*, and since then has been offering its electricity rate menu “Hapi e-Plus”. For our electricity to be chosen by more customers in the future, we reviewed unit prices of “Hapi e-Plus” and have been officially proposing “Doryoku (power supply) Otoku Plus”, which had been offered on a trial basis, since October 1, 2017.
- In September 11, 2017 Kepeco has also decided the “acquisition of ORIX Electric Power Corporation’s bulk electric purchasing service for condominium buildings and founded a new company **“Next Power Company” on October 31, 2017. In April 2018, Next Power concluded an absorption-type split agreement with Haseko Anesis Corporation on transfer of the bulk electric purchasing service for condominium buildings, and the transfer of business was completed on July 1.**
- We will continuously strive to achieve the goal of **selling 10 billion kWh of electricity outside the KEPCO district, particularly in the Tokyo metropolitan area,** by the end of FY2025.

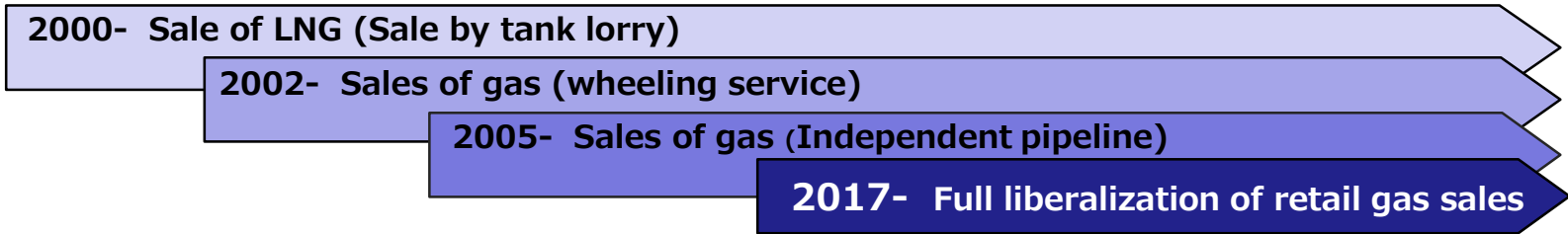
■ Activity status in the Tokyo metropolitan area\*



\* Tochigi, Gunma, Ibaraki, Saitama, Chiba, Tokyo (excluding islands), Kanagawa, Yamanashi and Shizuoka (east of Fujigawa River)

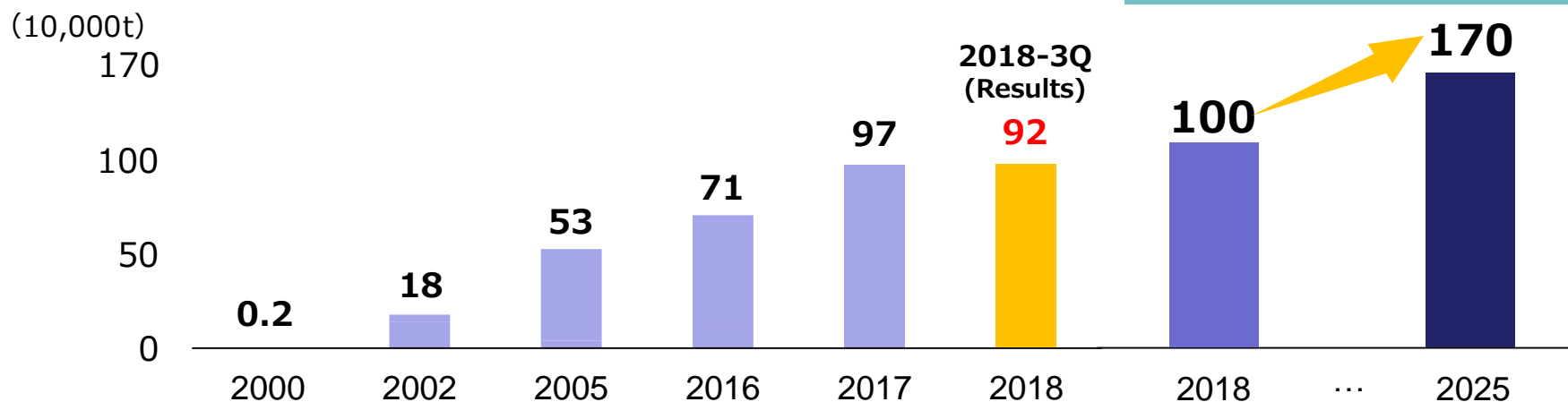
# Outline of gas business

- We started LNG and gas sales businesses in 2000 and 2002, respectively, in order to develop total energy proposal activities that combine electricity and gas services. Both of two sales businesses have expanded consistently.
- We will continue to work towards achieving the goal established in our Medium-term Management Plan which is a target sales volume of 1.7 million tons in FY2025.



Trends of actual gas sales volume

Sales target in the Medium-term Management Plan



Profit and loss for gas business, gas sales, etc. in the 3Q of FY 2018

(billion yen)	4/17-12/17	4/18-12/18	Change
Operating revenues	41.4	70.8	+29.4
Operating expenses	45.7	79.3	+33.5
Operating income	-4.3	-8.4	-4.1

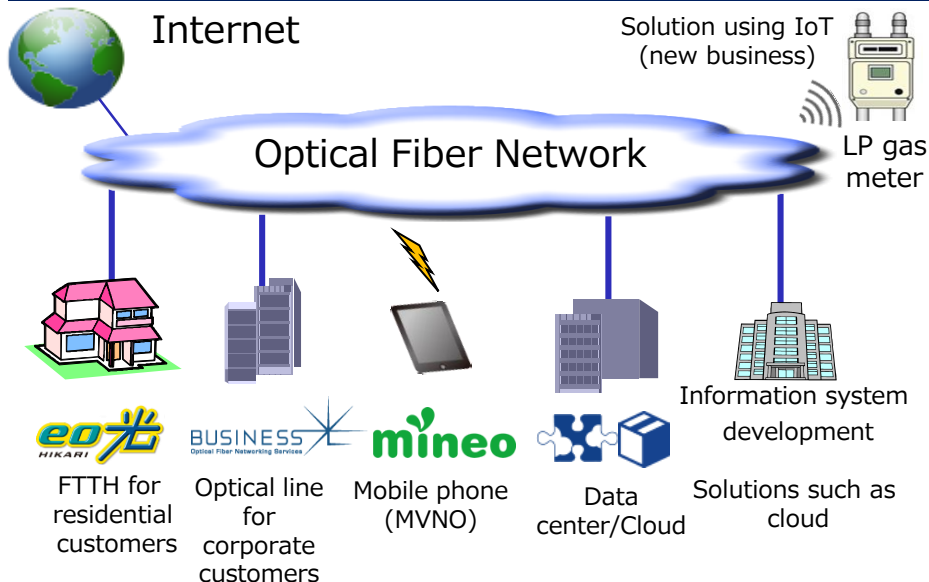
(10,000t)	4/17-12/17	4/18-12/18	Change
gas sales volume	65	92	+27

• Number of applicants for KEPCO gas (as of December 31)  
 : approx. 840,000.

# Outline of IT/Communications business

- Working mainly with K-Opticom Corporation, a core company, and Kanden System Solutions Co., Inc., we are actively promoting new services including IoT, in addition to fixed-line services using optical fiber networks, mobile phone services, and information system development, aiming to achieve 30 billion yen of ordinary income for FY2025.

## Key Businesses and Accomplishments of IT/Communications Business



[Results and target of Medium-term Management Plan]

(billion yen)	2016 (Results)	2017 (Results)	2018 (Forecasts)	2018 (Target)	2025 (Target)	2018-3Q (Results)
Operating revenues (external transactions)	185.6	203.1	217.0	220.0	270.0	160.0
Ordinary income	18.3	25.1	31.0	16.0	30.0	24.2

In view of steady expansion of the customer base, we believe our 2018 target will be achieved.

## FTTH Business

- We have been providing the optical fiber-based network, telephone and TV by the set in step with the diffusion of broadband. We have **acquired more than 1.6 million contracts** and stable profits.
- We have started to offer privileges for long-term subscribers and sell electricity and gas by the set in addition to providing high-quality support, **with the result of high commendation from customers.**

[Privileges for long-term subscribers]

[External evaluation of customer satisfaction]



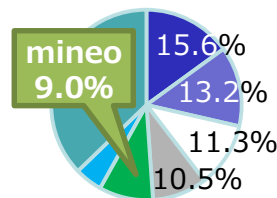
## MVNO Business (mineo)

- We have achieved **1 million lines** in April.
- In addition to au's and docomo's lines, **provision of services using Softbank's lines have started in September.**
- Co-creation of services with customers** such as community site, "mineo", **are resulting in high customer satisfaction.**

[MVNO share (September, 2018)]

[Community site]

[External evaluation of customer satisfaction]



Community that "co-creates" services with "fans" online



Source: Mobile Marketing Data Lab., "Survey of low-cost SIM services satisfaction for March 2017"

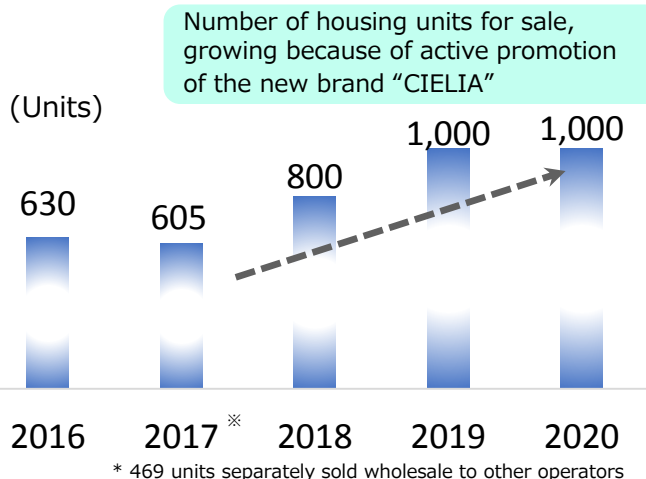
Source: MM Research Institute, "Fluctuations in the domestic MVNO market (end of September, 2018)"

# Outline of Real Estate business

We have established a consolidated real estate business group centered on the core company, Kanden Realty & Development Co., Ltd., a group which works on real estate leasing, sales, management, and leisure. Targeting 30 billion yen of ordinary income for FY2025, we will accelerate growth and diversify risks by **expanding business areas and business domains (diversifying revenue sources)**.

[Results/planned number of units for sale]

- Medium-term Management Plan formulated.
- Business foundation was reinforced by restructuring of real estate business.



## <Flagship Project>

[Condominium in Kansai]  
"CIELIA TOWER Senrichuo"

\* To be completed in February 2019 (552 units)



[Condominium in the Tokyo metropolitan area]  
"CIELIA Shonantsujido"

\* To be completed in February 2018 (352 units)



## <Strength in the KEPCO group real estate business>

Strength in brand power and credit-worthiness long cultivated in the Kansai area, and total capacity as a group that is expected to produce synergetic effects.

## <Expansion of business areas and business domains>

Expanding to the solid Tokyo Metropolitan market, core cities nationwide, and overseas including South East Asia and North America with Kansai as the axis.

Business centering on the Kansai area

Proactive expansion to the Tokyo Metropolitan area

Expansion to overseas and other areas in Japan as well

[Results and target of Medium-term Management Plan\*]

\* Including Life business

(billion yen)	2016 (Results)	2017 (Results)	2018 (Forecasts)	2018 (Target)	2025 (Target)	2018-3Q (Results)
Operating revenues (external transactions)	95.5	111.7	123.0	100.0	150.0	73.5
Ordinary income	12.8	14.5	20.0	15.0	30.0	11.2



Acquisition of Shiba-Park Building



Investment in the US office building fund



Participation in the condominium development project in Vietnam.

Expected to achieve the 2018 target because of growing sales of condominiums and other factors.

# Overseas investment projects





- Total output by KEPCO's investment: Approx. 2.807 million kW.
- Of which, total investment amount to 9 projects in operation is approx. 90 billion yen. (50% collected by dividends, etc.)

Project Title		Start of operation, etc.(schedule)	Total output (MW)	KEPCO's investment (%)	Output by KEPCO's investment (MW-equivalent)	
In operation	Philippines	San Roque Hydropower	2003/05	436	50	218
	Thailand	Rojana Electricity and Heat Supply	1999/05	505	39	197
	Taiwan	Ming Jian Hydropower	2007/09	17	24	4
		Kuo Kuang Thermal Power	2003/11	480	20	96
	Singapore	Senoko Thermal Power	Established 1995/10	3,300	15	495
	Australia	Bluewaters Thermal power	2009/12	459	50	229
	USA	West Deptford Thermal power generation business	2014/11	768	17.5	134
		Empire Thermal power generation business	2010/9	635	25	159
Ireland	Evalair Limited	2013/12 Other	223	24	54	
Under development	Indonesia	Rajamandala Hydropower	Scheduled in 2019	47	49	23
		Tanjung Jati B Thermal Power	Scheduled in 2021	2,140	25	535
	Laos	Nam Ngiep Hydropower	Scheduled in 2019	290	45	131
	USA	Hickory-Run Thermal power generation business	Scheduled in 2020	1,000	30	300
	UK・Germany	NeuConnect Interconnector	Scheduled in 2022	—	18.3	—
	UK	Triton Knoll Offshore Wind Power Project	Scheduled in 2022	857	16	137
	UK	Moray East Offshore Windfarm project	Scheduled in 2022	950	10	95
	USA	St. Joseph Phase II Thermal power generation business	Scheduled in 2023	Approx. 710	20	—

## ○ Domestic power stations

• From the view of S+3E, we aim to **develop renewable energy sources** as a whole group **so that around 500MW can be generated in 2030.**



Power stations in operation (completed): approx. 110MW; power stations before operation: approx. 220MW; Total: approx. 330MW (as of January 9, 2018)

	Solar Power	Wind Power	Biomass Power	Hydro Power
Power source capacity of power stations in operation	Approx. 82MW	Approx. 18MW	Approx. 6MW	Approx. 6MW <sup>*2</sup>
CO2 emission*1 reduction	Approx. 26,000 t/year	Approx. 18,000 t/year	Approx. 19,000 t/year	Approx. 16,000 t/year
Main power stations in operation	<ul style="list-style-type: none"> <li>• Sakai solar power station (KEPCO)</li> <li>• Arida solar power station (Kenes) etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Awaji wind power station (Kenes)</li> <li>• Tahara No.4 wind power station (Kenes)</li> </ul>	<ul style="list-style-type: none"> <li>• Asago-shi biomass power station (Kenes)</li> </ul>	<ul style="list-style-type: none"> <li>• Dashidaira power station (KEPCO)</li> </ul>
Power stations before operation	<ul style="list-style-type: none"> <li>• Keihanna No.2 solar power station (Kenes) etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Akita Noshiro offshore wind power station (unclear which company will operate)</li> </ul>	<ul style="list-style-type: none"> <li>• Change in Aioi No.2 biomass power station (Aioi Bioenergy Corporation)</li> <li>• Fukuoka Kanda-machi biomass (Bio-power Kanda) etc.</li> </ul>	<ul style="list-style-type: none"> <li>• Upgraded Maruyama power station facility (KEPCO)</li> <li>• Upgraded New Maruyama power station facility (KEPCO) etc.</li> </ul>
				

\*1 CO2 emissions are calculated from our CO2 emission coefficient 0.418kg-CO2/kWh in FY2017 and the national average coefficient 0.518kg-CO2/kWh in FY2016.  
 \*2 As to hydropower, power stations after November 2012 when we set the renewable energy introduction targets for the first time are listed.

## ○ Overseas power stations

• Overseas power stations: Utilizing the experience of the development of the Kurobegawa power station unit 4 and others, we are working on the development of hydropower generation in Southeast Asia. Furthermore, we aim to engage in the investment in renewable energy as represented by our first-ever participation in the wind power generation business.

	Hydro Power	Wind Power
Power source capacity of power stations in operation	Approx. 222MW	Approx. 54MW
Main power stations in operation	<ul style="list-style-type: none"> <li>• San Roque Hydropower(Philippines)</li> <li>• Ming Jian Hydropower(Taiwan)</li> </ul>	<ul style="list-style-type: none"> <li>• Evalair Limited(Ireland)</li> </ul>
Power stations before operation	<ul style="list-style-type: none"> <li>• Rajamandala Hydropower (Indonesia)</li> <li>• Nam Ngiep Hydropower(Laos)</li> </ul>	<ul style="list-style-type: none"> <li>• Triton Knoll Offshore Wind Power Project (UK)</li> <li>• Moray East Offshore Windfarm project (UK)</li> </ul>
		

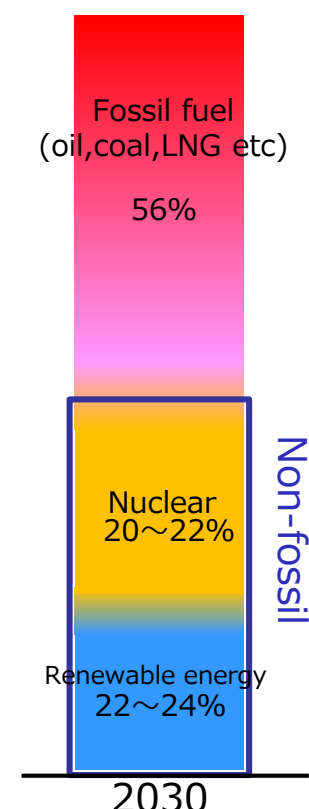
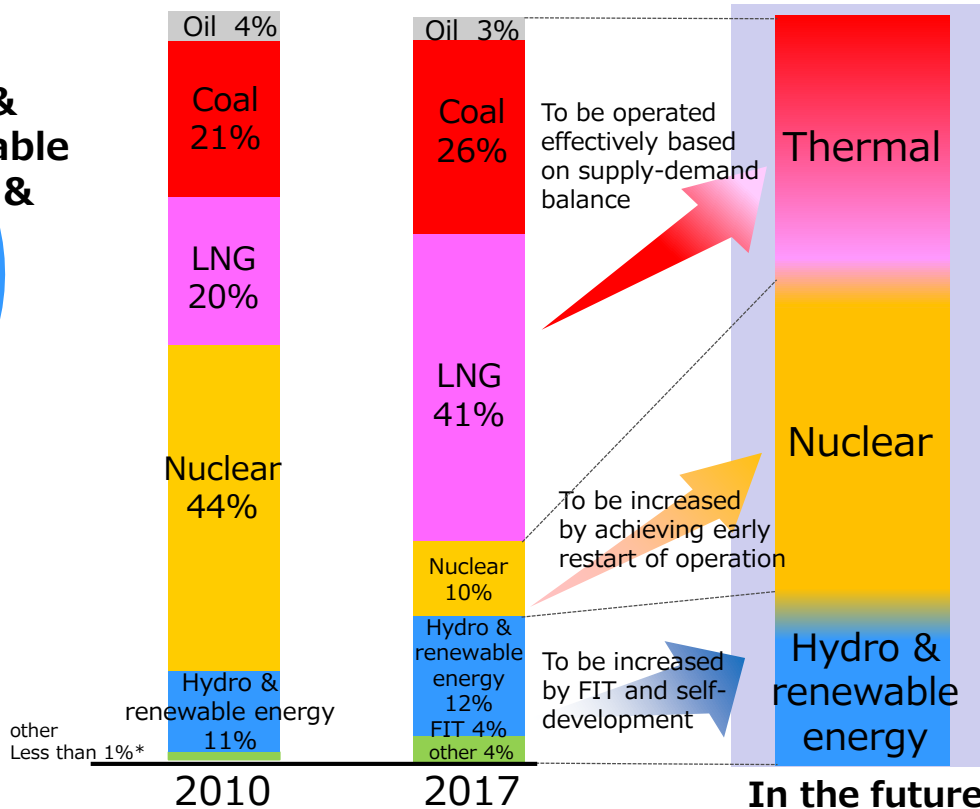
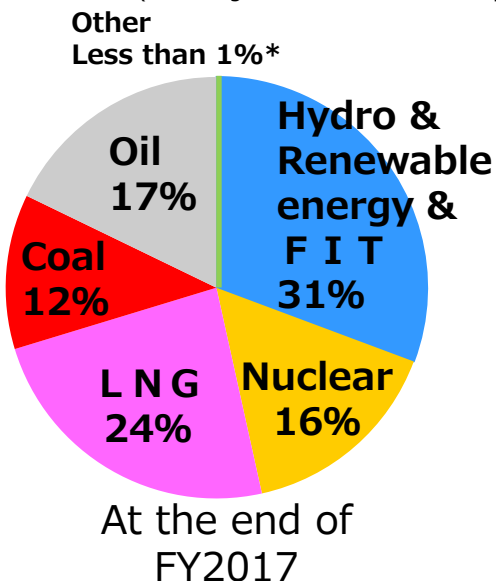
# KEPCO's power source composition

○From the view of "S+3E", we will deal with use of nuclear power and development of hydropower and renewable energy in a balanced manner, and make efforts for cost reduction of fuel etc. and CO2 emission control.

【Total power generation capacity】  
(Including from other electric company)

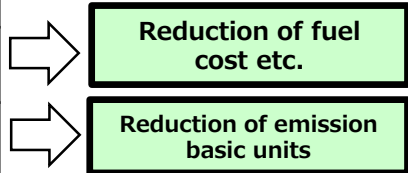
【Total power source composition】  
(Including from other electric company)

【Fifth Basic Energy Plan】



\* Includes electricity whose suppliers cannot be specified. Procured in the wholesale power market or from other companies.  
 ● Some rounding errors may be observed.  
 ● includes imbalance electric energy, which is not yet determined as at the end of the term.

	2010	2016	2017
Fuel and purchased electricity cost (billion yen)	765.6	985.1	975.0
CO2 emission factor (kg-CO2/kWh) *1	0.281	0.493	0.418

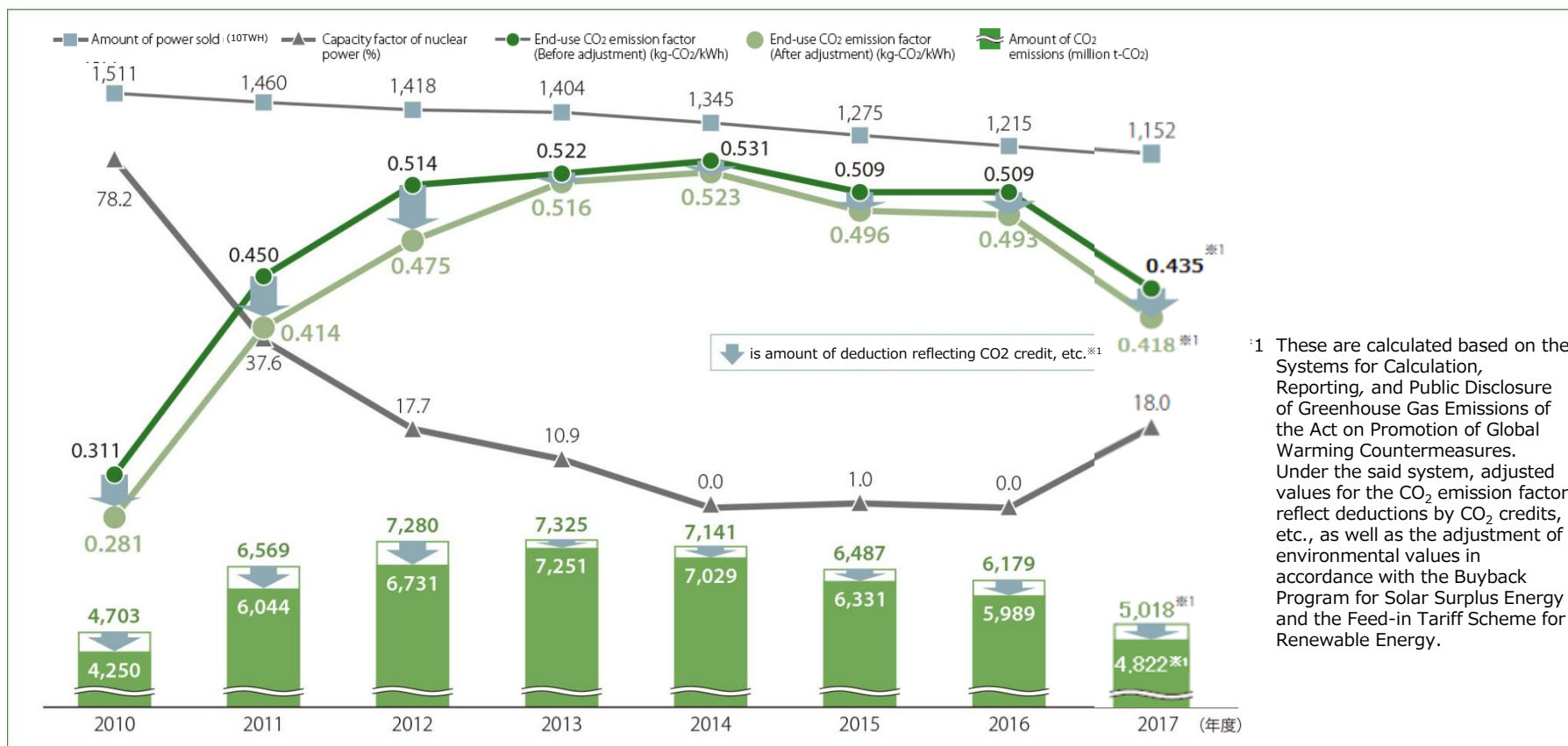


“The Fifth Basic Energy Plan” defined by the government  
 → The goal is stable supply, economical efficiency and environmentally balanced mix on the premise of safety.

\*1 After deduction reflecting CO2 credit

- Our company joined the Electric Power Council for a Low Carbon Society, and the industry as a whole is seeking to achieve an emission factor of about 0.37kg-CO<sub>2</sub>/kWh(user-end) by FY 2030.
- We will continue working to reduce CO<sub>2</sub> emissions, through utilization of nuclear power generation with top priority given to safety, maintenance and improvement of heat efficiency at thermal power stations, development of renewable energies and so on. Moreover, from a long-term viewpoint, we will improve electrification rate of the society at large, thereby taking the lead in initiatives toward low carbonization of the energy field.
- Our CO<sub>2</sub> emission factor for FY2017 has improved substantially compared to the previous year. The main reason for the improvement is increased capacity factor of nuclear, hydraulic power, renewable energy and high-efficiency natural gas power generation facilities at our Himeji No. 2 Thermal Power Station.

## Change in CO2 emission factor, etc.





# Fuel change plan and suspension of operation for thermal power plant

<Regarding establishment of new company involved in the plan for change to biomass fuel in Unit 2 of Aioi Power Plant>  
(Announced on April 5, 2017)

<Suspension of operation at Unit 2 of Aioi Power Station> (Announced on April 2, 2018)

<Promotion of biomass power generation at Unit 2 of Aioi Power Station> (Announced on October 30, 2018)

	Unit 1	Unit 2	Unit 3
Capacity	375MW	375MW ⇒ About 200 MW	375MW
Fuel	Natural gas, Heavy oil and Crude oil	Heavy oil and Crude oil ⇒ Woody biomass	Natural gas, Heavy oil and Crude oil
Commencement of operation	1982/9	1982/11 ⇒ Scheduled in 2023	1983/1
<b>Period of suspension of operation</b>	-	<b>2018/4/1</b>	-

## <Reason for review of fuel change>

Actively promoting the development of renewable energy sources in light of S + 3E, we have decided to establish "Aioi Bioenergy Corporation" jointly with Mitsubishi Corporation Power Ltd., and to proceed with the review of fuel change in Unit 2 of Aioi Power Plant, in order to contribute to the diffusion and expansion of renewable energy and increase the rate of renewable energy.

## <Reason for suspension of operation>

We have decided to suspend operation of Unit 2 due to preparations for a fuel switchover to wood biomass.

<Regarding suspension of operation at Units 1, 2 and 3 of Kainan Power Plant (Announced on March 16, 2017)>

	Unit 1	Unit 2	Unit 3	Unit 4
Capacity	450MW		600MW	
Fuel	Heavy oil and Crude oil			
Commencement of operation	1970/5	1970/9	1974/4	1973/6
<b>Period of suspension of operation</b>	<b>2017/4/1</b>		<b>2017/6/9</b>	-

## <Reason for suspension of operation>

In consideration of the recent situations of falling power demand in the Kansai area, as seen in the established practice of power saving and progress of energy saving, we have decided to halt operation of Units 1-3, periodical inspection of which was drawing near, as part of our streamlining efforts.

## Management Direction

1. Become a highly profitable business group



2. Expand business fields

3. Build a robust management base

## Pillars of Approach and Prioritized Measures

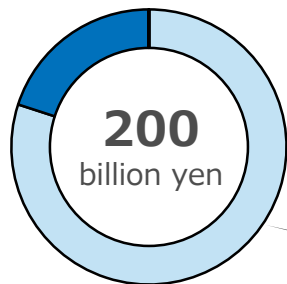
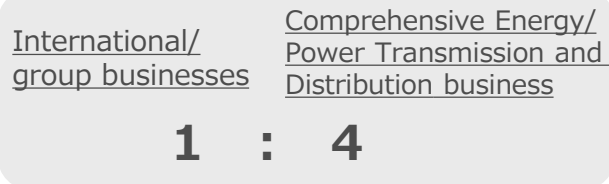
(1) Enhancement of competitiveness in comprehensive energy business

(2) Establishment of new pillars for growth

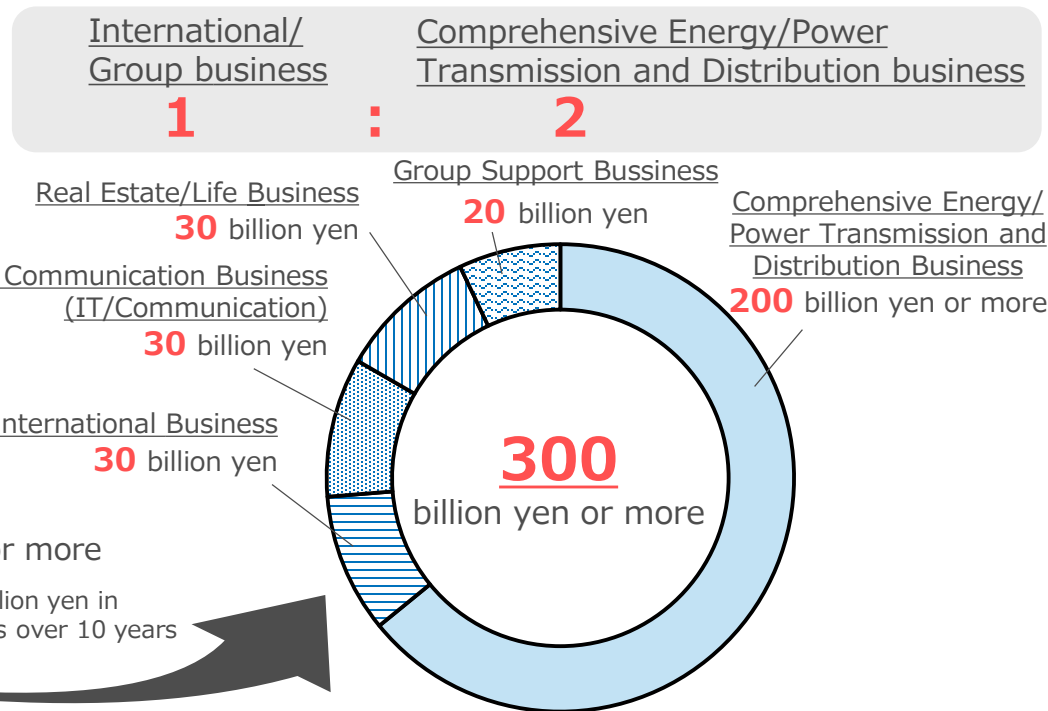
(3) Strengthening group management foundation

## 【Business Portfolio after 10 Years】

### Before the Earthquake



### After 10 years (2025)



**1.5** times or more  
Investment of **1,500** billion yen in  
International/Group Businesses over 10 years

## □ Financial goals〔Consolidated base〕

Item	2018 fiscal year	2025 fiscal year
Ordinary income	<b>200</b> billion Yen	<b>300</b> billion Yen
Equity ratio	Approx. <b>20%</b>	Approx. <b>30%</b>
ROA <sup>(※)</sup>	Approx. <b>3.5%</b>	Approx. <b>4%</b>

(※) Business Profit [Ordinary income+interest expense] ÷ Total Assets [Average of beginning and end of term]

## □ Policy of return to shareholders

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.

## For further information

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