Kansai Electric Power
power with heart

Financial results for 1Q of FY ending 3/2020
&
Financial forecasts for FY ending 3/2020

July 26, 2019

The Kansai Electric Power Co., Inc.

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

Contents

Overview

【 1Q of FY ending 3/2020 Earnings Results 】
: Both consolidated and non-consolidated financial results showed increased revenues and income.

- Income : As Electricity Business, Electricity sales to other utility and non-utility companies decreased. However, the increase of electricity sales revenue as well as the increase of the operating revenues in the “Gas/Other Energies” and “Life/Business Solutions” finally led to a rise in revenue.
- Expenses : We strived to thoroughly streamline business; the depreciation decreased due to changes in the depreciation method; however, ordinary expenses increased due to the rise in fuel price because of the decrease of water run-off ratio, etc., and the increase of costs associated with the increase in operation revenues of “Gas/Other Energies” and “Life/Business Solutions”, etc.

→ We received a certain amount of enthusiastic response as the income increased more than the increased expenses and financial results showed increased revenues.
We will continue making maximum effort on streamlining business thoroughly. Moreover, we will work to operate each nuclear plants as well thermal and hydropower plants safely and stably, and strive to ensure financial soundness and safe and stable supply of electricity which is our overarching mission.

【 FY 2020 Earnings forecast 】
FY 2020 financial and year-end dividend forecasts has been unchanged.

Financial highlights

(billion yen)	Consolidated (a)			Non-consolidated (b)			(a)/(b)	
	4/18-6/18	4/19-6/19	Change	4/18-6/18	4/19-6/19	Change	4/18-6/18	4/19-6/19
Operating revenues	735.5	785.8	+50.3 (+6.8%)	623.2	647.2	+24.0 (+3.9%)	1.18	1.21
Operating Income	38.5	59.0	+20.5 (+53.2%)	23.4	37.7	+14.2 (+60.9%)	1.64	1.57
Ordinary Income	38.4	62.7	+24.3 (+63.3%)	29.2	40.5	+11.2 (+38.4%)	1.31	1.55
Net income*1	26.6	45.5	+18.8 (+70.7%)	22.2	30.9	+8.7 (+39.1%)	1.20	1.47

(billion yen)	Consolidated			Non-consolidated		
	Mar.31, 2019	Jun.30, 2019	Change	Mar.31, 2019	Jun.30, 2019	Change
Interest-bearing debt	3,853.4	3,961.4	+107.9 (+2.8%)	3,582.1	3,695.9	+113.7 (+3.2%)
Equity ratio	20.9%	21.3%	+0.4%	15.2%	15.4%	+0.2%

* ( ) : Changes from the previous term, %

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

Major factors (non-consolidated)

	4/18-6/18	4/19-6/19	Change
Total electric sales (TWh) (*1)	29.4 (103.9)	29.0 (98.7)	-0.4
Retail electric sales	26.5 (99.1)	27.2 (102.6)	+0.7
Residential	8.0 (88.1)	7.9 (98.2)	-0.1
Commercial and Industrial	18.5 (104.8)	19.3 (104.5)	+0.8
Electricity sales to other utility and non-utility companies	2.9	1.8 (*2)	-1.1
Nuclear capacity factor (%)	49.6	48.6	-1.0
Water run-off ratio(%)	109.7	80.2	-29.5
All Japan CIF crude oil price ($/barrel)	70.6	71.5	+0.9
Exchange rate [TTM] (yen/$)	109	110	+1
Interest rate [long-term prime rate] (%)	1.00	1.00	-

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

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

Non-consolidated statements of income

(billion yen)	4/18-6/18	4/19-4/19	Change	Breakdown
Ordinary revenues (Operating revenues)	637.2 (623.2)	656.7 (647.2)	+19.5 (+24.0)	
Electricity sales	491.0	506.8	+15.8	・Increase in retail electricity sales volume +11.0 ・Increase in adjusted fuel cost +28.0 ・Decrease in revenue per kWh due to the effects of revision of electricity rates -24.0
Grant under act on purchase of renewable energy sourced electricity	50.6	56.4	+5.8	
Others	95.5	93.4	-2.1	・Revenue of electricity sales to other utility and non-utility companies -11.2 ・Non-electric business +9.1
Ordinary expenses	608.0	616.2	+8.2	
Personnel expenses	53.7	53.1	-0.5	
Fuel costs	106.0	110.1	+4.0	・Fossil-fuel costs +3.4 ・Nuclear-fuel costs +0.6
Backend expenses of nuclear power	20.2	20.7	+0.4	
Maintenance costs	39.8	40.1	+0.3	
Taxes other than income taxes	35.0	34.1	-0.8	
Depreciation	59.7	46.1	-13.5	Change the depreciation method -10.9
Purchased power	122.6	122.2	-0.4	
Interest expenses	7.2	5.9	-1.3	
Levy under act on purchase of renewable energy sourced electricity	64.0	69.3	+5.3	
Other	99.4	114.3	+14.8	・Non-electric business +5.8
Ordinary income (Operating income)	29.2 (23.4)	40.5 (37.7)	+11.2 (+14.2)	
Provision for or reversal of reserve for fluctuation in water levels	0.2	-1.3	-1.6	
Income taxes	6.7	10.8	+4.1	
Net income	22.2	30.9	+8.7	

・Decrease in total electricity sales volume -3.0
  (Increase in retail electricity sales volume +5.0
  Decrease in electricity sales to other utility and non-utility companies -8.0)
・Decrease in Water run-off ratio +8.0

Consolidated statements of income

(billion yen)	4/18-6/18	4/19-6/19	Change	Breakdown
Ordinary revenues	746.4	797.6	+51.1	
(Operating revenues)	(735.5)	(785.8)	(+50.3)	
Electric operating revenues	598.7	612.3	+13.6	
Other operating revenues	136.8	173.4	+36.6	・Sales of external transactions in non-electric business +27.6 ・Sales of external transactions in subsidiaries +9.0
Non-operating revenues	10.8	11.7	+0.8	
Ordinary expenses	708.0	734.8	+26.8	
Electric operating expenses	574.8	578.6	+3.7	
Other operating expenses	122.1	148.1	+25.9	・Costs for subsidiaries +20.5 ・Costs for non-electric business +5.3
Non-operating expenses	11.0	8.1	-2.8	
Ordinary income	38.4	62.7	+24.3	
Provision for or reversal of reserve for fluctuation in water levels	0.2	-1.3	-1.6	
Income taxes	11.2	18.3	+7.0	
Net income	26.6	45.5	+18.8	

Comprehensive income	27.1	45.7	+18.5	

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

Segment information

(billion yen)	Reportable segments					Total	Eliminations/ Corporate	Consolidated
	Comprehensive Energy/Power Transmission and Distribution Business			IT/ Communications	Life/Business Solutions			
	Electric Power	Gas/ Other Energies	Subtotal					
Operating revenues	617.4 (+14.8)	137.3 (+26.1)	754.7 (+40.9)	68.4 (+7.9)	48.3 (+15.7)	871.5 (+64.7)	-85.7 (-14.4)	785.8 (+50.3)
Operating revenues (external transactions)	612.3 (+13.6)	82.0 (+18.2)	694.4 (+31.8)	54.5 (+2.7)	36.9 (+15.6)	785.8 (+50.3)	–	785.8 (+50.3)
Ordinary income	38.3 (+7.9)	10.4 (+6.5)	48.8 (+14.4)	8.4 (+0.7)	9.4 (+5.4)	66.7 (+20.6)	-4.0 (+3.7)	62.7 (+24.3)

( ):Changes from the previous term

＊We reviewed the segment based on the medium-term management plan announced on March 26, 2019.

Breakdown of changes in Gas/Other Energies

Operating revenues(external transactions) and Ordinary income
: Increase in gas business revenues

Breakdown of changes in IT/Communications
Operating revenues(external transactions) and Ordinary income
: Increase in residential customers

Breakdown of changes in Life/Business Solutions
Operating revenues(external transactions) and Ordinary income
:Increase in Housing business

<References>

(billion yen)		4/18-6/18	4/19-6/19	Change	Breakdown
International Business	**Profit and Loss**	-0.7	-1.1	-0.4	Increase in foreign exchange loss due to the yen appreciation

Consolidated balance sheets

(billion yen)	Mar.31, 2019	Jun.30, 2019	Change	Breakdown
Assets	7,257.3	7,213.2	-44.0	・Capital expenditures +84.4 ・Depreciation and amortization -67.5 ・Cash and time deposits -37.2
Liabilities	5,724.4	5,660.8	-63.5	・Accounts payable and accrued expenses -181.6 ・Interest bearing debt +107.9
Equity	1,532.9	1,552.4	+19.5	・Net income※1 +45.5 ・Dividend -22.3 (25.00yen per share for FY 3/19 year-end)

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

FY 2019 Financial forecasts

＊FY 2020 financial forecasts announced on April 25, 2019 has been unchanged.

(billion yen)	Consolidated			Non-consolidated		
	4/18-3/19 (Results)	4/19-3/20 (Forecasts)	Change	4/18-3/19 (Results)	4/19-3/20 (Forecasts)	Change
Operating revenues	3,307.6	3250.0	(-1.7%) -57.6	2,797.1	2,710.0	(-3.1%) -87.1
Operating income	204.8	2,00.0	(-2.4%) -4.8	133.9	130.0	(-3.0%) -3.9
Ordinary income	203.6	2,00.0	(-1.8%) -3.6	130.5	130.0	(-0.4%) -0.5
Net income *	115.0	1,40.0	(+21.7%) +24.9	87.4	95.0	(+8.7%) +7.5

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

<Major factors>

	4/18-3/19 (Results)	4/19-3/20 (Forecasts)
Total Electricity sales (TWh)	1,326	1,229
Nuclear capacity factor (%)	54.6	Approx. 49
Water run-off ratio (%)	103.1	Approx. 100
All Japan CIF crude oil price ($/barrel)	72.1	Approx. 65
Exchange rate [TTM] (yen/$)	111	Approx. 115
Interest rate [long-term prime rate] (%)	1.00	Approx.1.00

<Sensitivity of major factors>

(billion yen)	4/18-3/19 (Results)	4/19-3/20 (Forecasts)
Nuclear capacity factor per 1%	4.1	3.9
Water run-off ratio per 1%	1.2	1.2
All Japan CIF crude oil price per $1/barrel	4.9	3.7
Exchange rate [TTM] per ¥1/$	5.0	4.7
Interest rate [long-term prime rate] per 1%	9.3	9.9

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

【Dividend forecast for FY ending 3/20】

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

Appendix

Retail Electricity sales

[Retail Electricity sales for 1Q of FY ending 3/2020]

(GWh)	4/19-6/19
Residential	7,872 (98.2)
Commercial and Industrial	19,322 (104.5)
Retail Electricity sales	27,194 (102.6)

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

[Average monthly temperature]

(℃)	Apr.	May.	Jun.
Actual	14.6	21.0	23.7
Year-on-year change	-2.3	+0.9	+0.3
Anomaly	-0.5	+1.3	+0.2

Ordinary Income by business segment

(billion yen)		4/18-3/19	4/19-3/20	Change	Breakdown
Comprehensive Energy / Power Transmission and Distribution	Electric Power	137.1	130.0	-7.1	
	Gas/ Other Energies	31.9	30.0	-1.9	・Decrease in income of subsidiaries
	Total	169.0	160.0	-9.0	
IT/Communications		32.0	27.0	-5.0	・Increase in cost of services for corporate customers
Life/Business Solution		22.0	21.0	-1.0	・ Increase in expenses of housing and building business

*We reviewed the segment based on the mid-term management plan announced on March 26, 2019.
* Figures in this page are before eliminations, and excluding exchange gain or loss unrealized.

<Reference>

(billion yen)		4/18-3/19	4/19-3/20	Change	Breakdown
International Business	Profit and loss	-26.7	-1.0	+25.7	・ Reactionary decrease due to temporary loss recorded in the previous fiscal year

Interest-bearing debt (non-consolidated)

(billion yen)	Mar. 31, 2019	Jun. 30, 2019	Change (*)
Bonds	1,260.0	1,300.0	+40.0 (+130.0、-90.0)
Borrowings	2,052.1	2,155.9	+103.7 (+262.0、-158.2)
Long-term	1,922.1	2,025.9	+103.7 (+197.0、-93.2)
Short-term	130.0	130.0	– (+65.0、-65.0)
Commercial paper	270.0	240.0	-30.0 (+40.0、-70.0)
Interest-bearing debt	3,582.1	3,695.9	+113.7

Interest rate (%) (as of fiscal year-end)	0.65	0.61	-0.04

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

Actual supply and demand (Sending end)

(GWh)	4/18-6/18	Composition ratio	4/19-6/19	Composition ratio	Change
Hydro	4,397	18%	3,347	14%	-1,050
Thermal	12,897	54%	13,375	57%	+478
Nuclear	6,804	28%	6,672	29%	-132
New energy sources	6	0%	4	0%	-2
KEPCO Total	24,104	100%	23,398	100%	-706
Other-utility companies		4,150		5,003	+854
Captive use by hydropower		-523		-460	+64
Total		27,731		27,942	+211

* 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 and depreciation in comparison with the previous year

* Some rounding errors may be observed.

[Maintenance Costs]

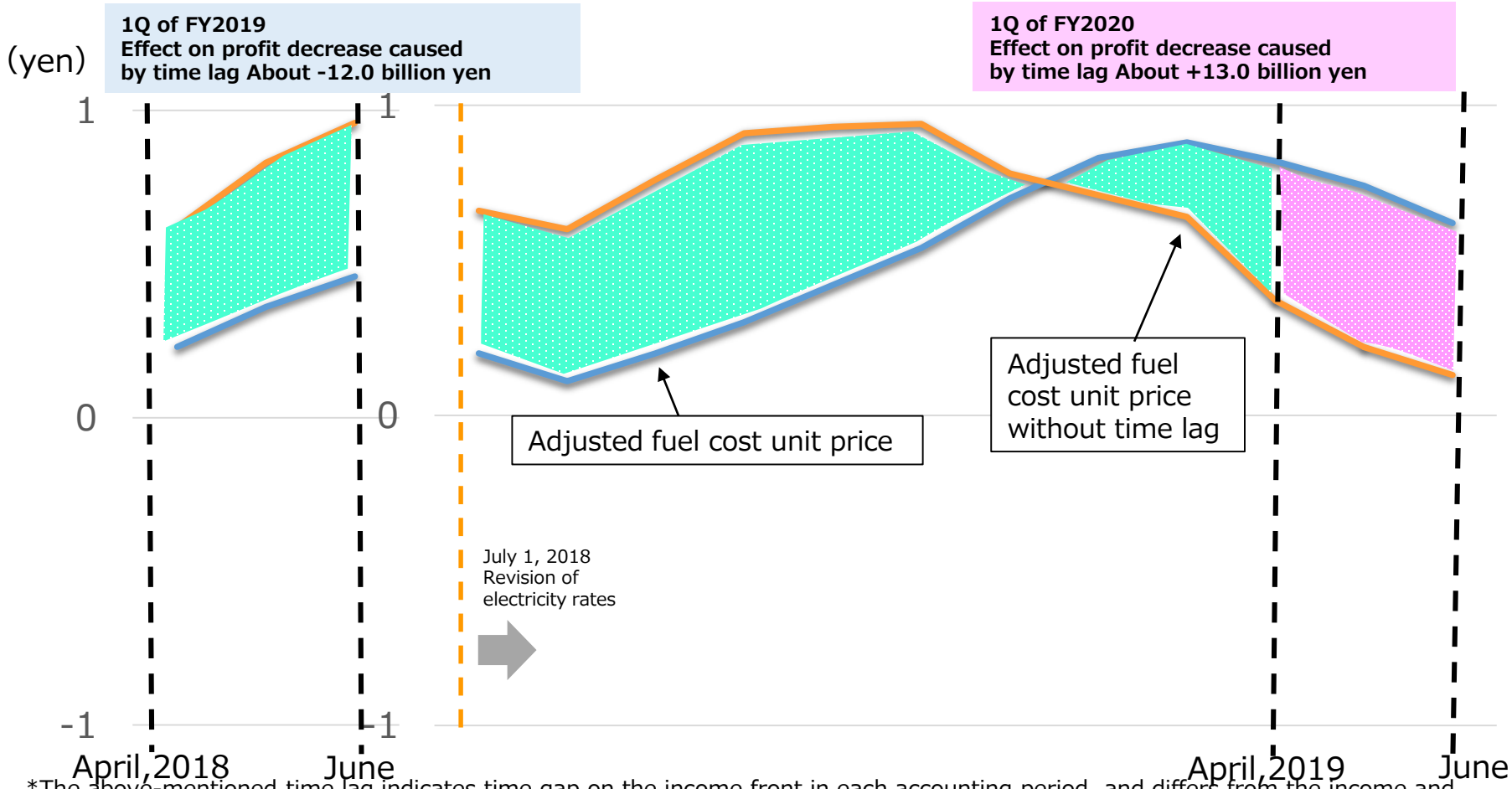
(billion yen)	4/18-6/18	4/19-6/19	Change	Breakdown
Power sources	15.7	16.2	+0.4	Nuclear +5.0 Thermal -4.2
Distribution	23.8	23.7	-	
Other	0.2	0.1	-0.1	
Total	39.8	40.1	+0.3	

[Depreciation]

(billion yen)	4/18-6/18	4/19-6/19	Change	Breakdown
Power sources	25.6	19.6	-5.9	Thermal -2.3 Nuclear -2.2
Distribution	30.9	24.4	-6.5	Power transmission -2.3 Power distribution -2.0
Other	3.1	2.0	-1.0	General -1.0
Total	59.7	46.1	-13.5	

Time lag from the fuel cost adjustment system

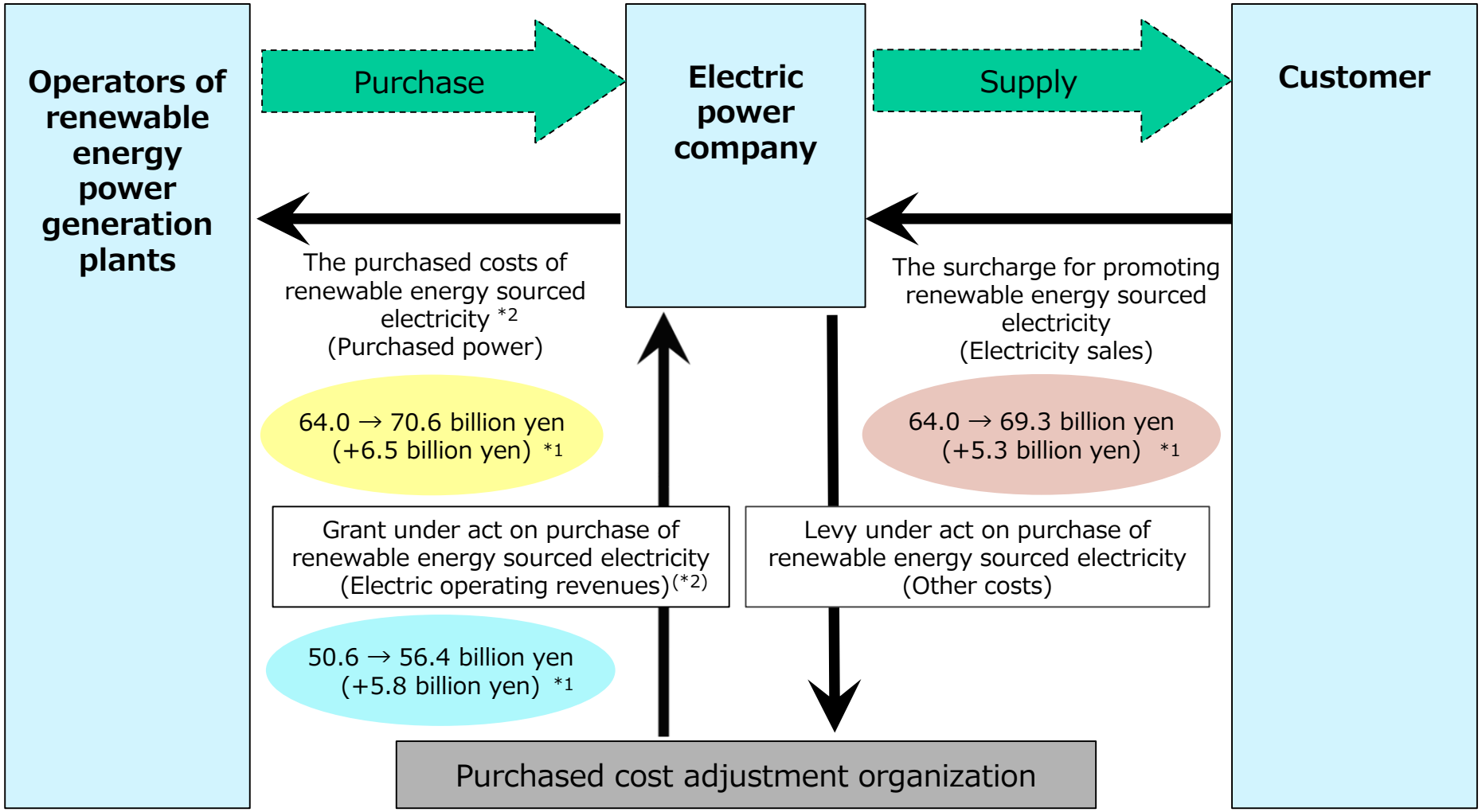
- The fuel cost adjustment system is a mechanism utilized to reflect, in the electricity rates, the impact of fluctuations in the exchange rate and the market price of fuel on thermal fuel costs.
- Fluctuations in fuel prices of each month is reflected in fuel cost adjustment unit price 3–5 months later. 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 July 1, 2018 due to the changes in generation mix and fuel prices.

Framework of feed-in tariff scheme for renewable energy



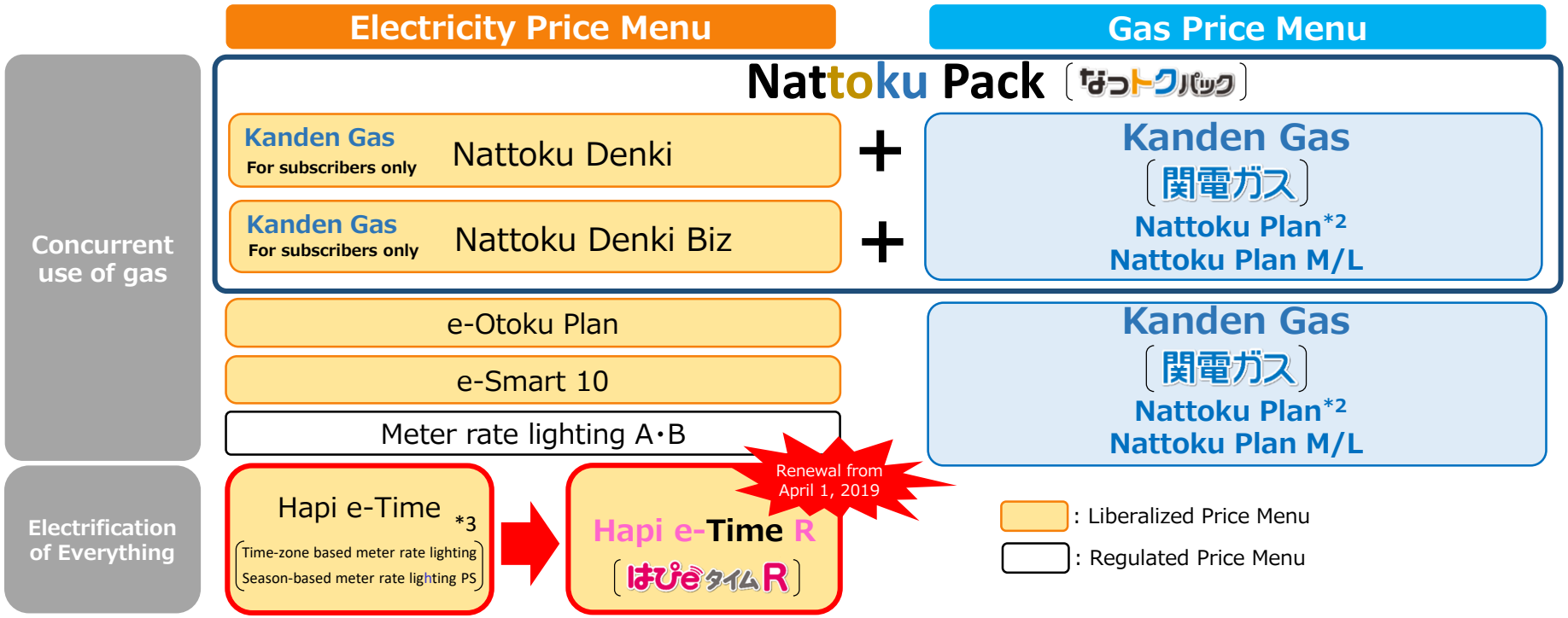
*1 1Q of FY ending 3/2019 → 1Q of FY ending 3/2020 (changes from the previous term)

*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.

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).

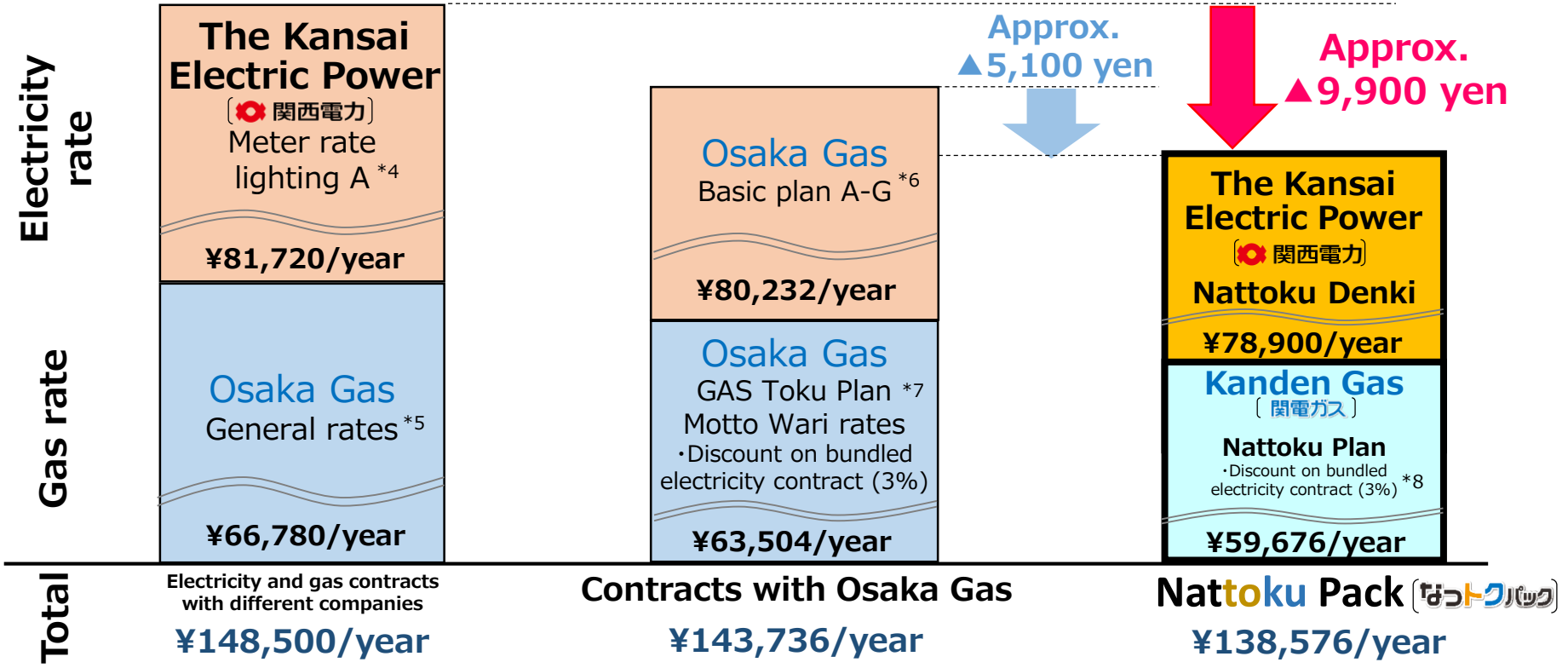
Advantages when choosing Nattoku Pack (なっトクパック)

○ **"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 m³)[*2]

Approx. 9,900 yen (approx. 6.6%)[*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 (31m³) refer to a model case publicly announced by Osaka Gas.
*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 March, 2019 and May, 2019, and renewable energy surcharges (applicable between May 2019 and April 2020). 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 March, 2019 and May, 2019. 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 March 29, 2019). *6: Basic plan A-G are based on the General Gas Supply Provisions of Osaka Gas (implemented on March 20, 2019). *7: Rates of GAS Toku Plan Motto Wari rates are based on the individual provisions of Osaka Gas (Motto Wari rates contract, implemented on March 29, 2019). *8: 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).

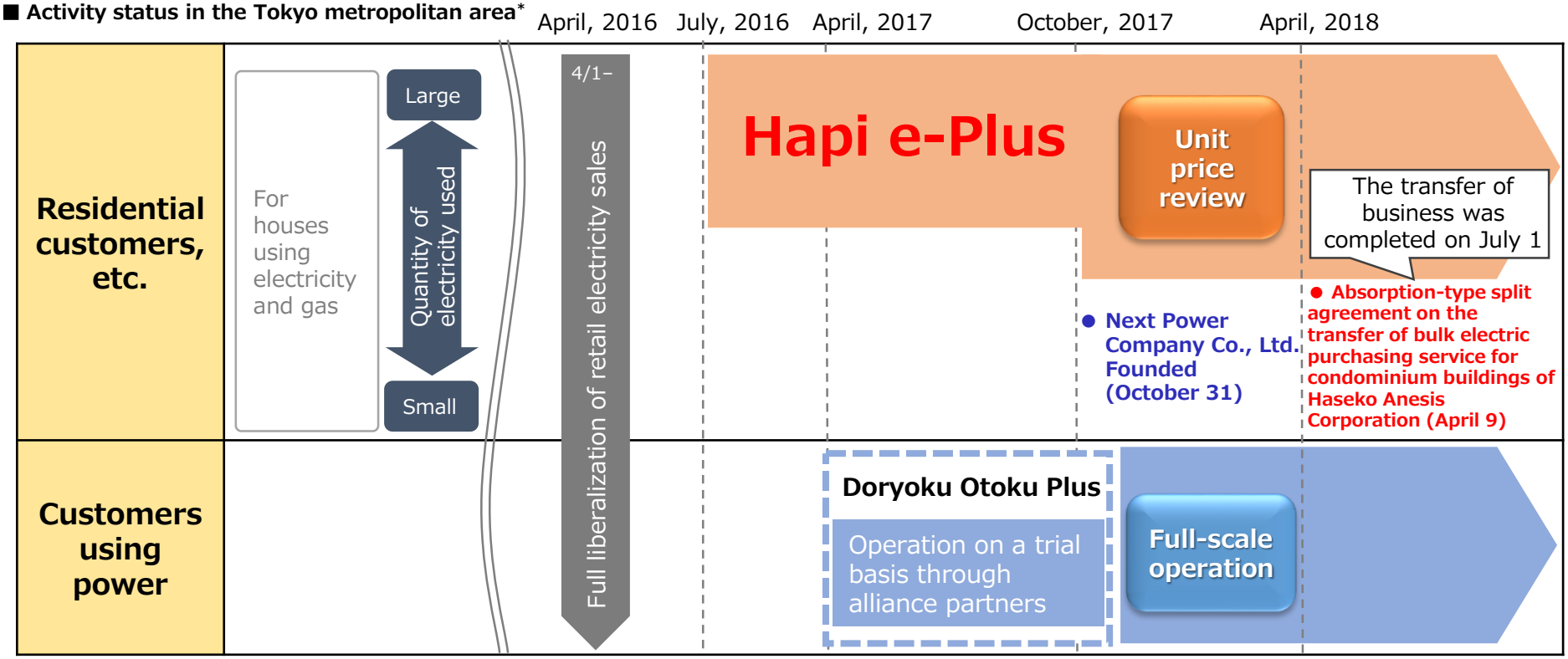
Electricity sales efforts made so far in the Tokyo metropolitan area

○ In July 2016, Kepco 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 Kepco 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 got into gas sales businesses in order to propose total energy services that combine electricity and gas services to our customers. Sales of both businesses have expanded consistently. We will continue to work proactively and do our utmost to achieve the goals established in our Medium-term Management Plan: target sales volume of 1.5 million tons in 2021 and 1.7 million tons in 2025.

2000- Sale of LNG (Sale by tank lorry)

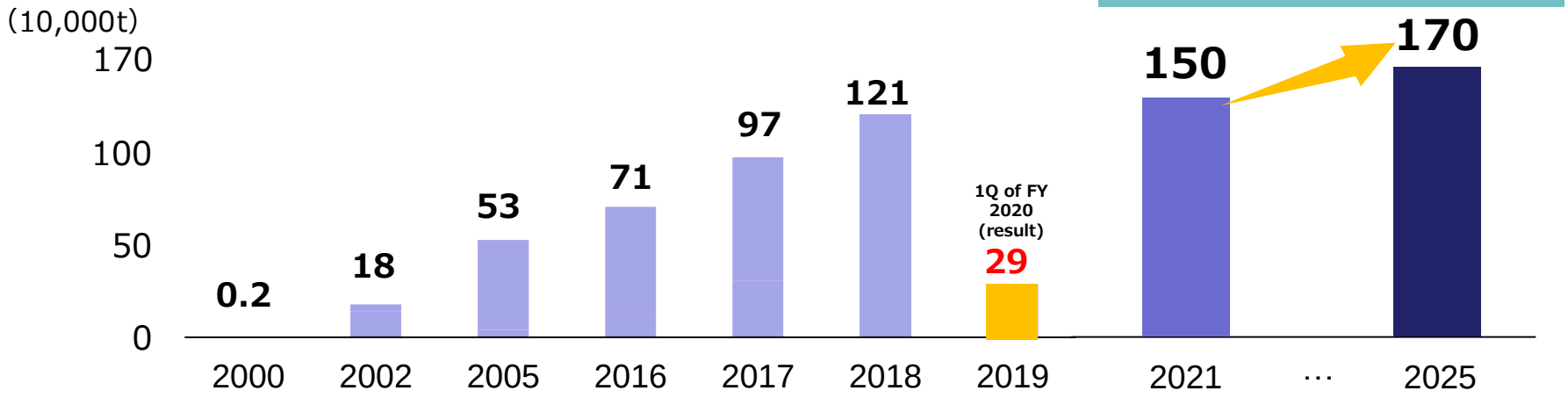
2002- Sales of gas (wheeling service)

2005- Sales of gas (Independent pipeline)

2017- Full liberalization of retail gas sales

Trends of actual gas sales volume

Sales target in the Medium-term Management Plan



Profit and loss for gas business, gas sales, etc. in 1Q of FY 2020

(billion yen)	4/18-6/18	4/19-6/19	Change
Operating revenues	19.0	28.0	+8.9
Operating expenses	20.9	26.8	+5.9
Operating income	-1.8	1.1	-3.0

(10,000t)	4/18-6/18	4/19-6/19	Change
gas sales volume	25	29	+4

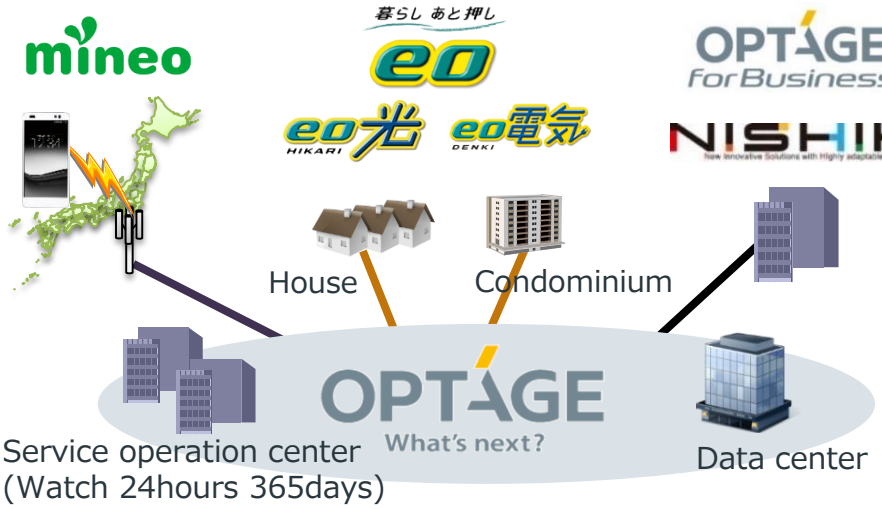
・ Number of applicants for KEPCO gas (as of June 30) :approx. 1.14 million

Outline of IT/Communications business

Working mainly with OPTAGE, Inc., a core company, we are conducting consumer business (FTTH, energy) centering around the Kansai region, in addition to mobile phone services targeting the whole country, as well as solution business, aiming to achieve over 35.0 billion yen of ordinary income by FY2029.

Key Businesses and Accomplishments of IT/Communications Business

Residential Service | **Corporate Service**



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]

eo プレミアムクラブ PREMIUM CLUB

[External evaluation of customer satisfaction]

MVNO Business (mineo)

- In addition to au's and docomo's lines, **provision of services using Softbank's lines have started in September 2018.** We have **acquired more than 1.1 million contracts**.
- **Co-creation of services with customers** such as community site, "mineo", **are resulting in high customer satisfaction**.

[Community site]

マイネ王 ベータ版

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

[External evaluation of customer satisfaction]

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

[Results and target of Medium-term Management Plan]

(billion yen)	FY2019 (Results)	FY2020 (Forecasts)	FY2020~FY2022 on average (Target)	FY2029 (Aspired level)	FY2019-1Q (Results)
Ordinary income	32.0	27.0	More than 30.0	More than 35.0	8.4

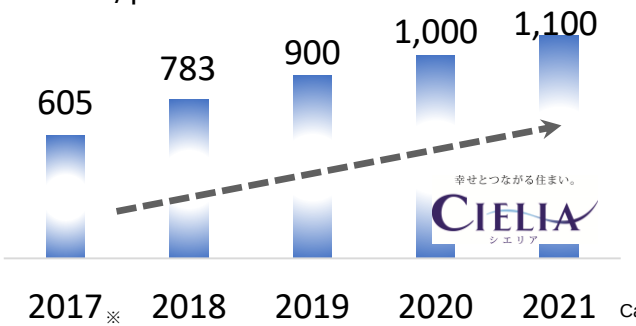
Outline of Life/Business Solutions business

As well as consolidated real estate business, such as real estate leasing, sales, management, and leisure, centered on the core company, Kanden Realty & Development Co., Ltd., the Group provides home security, healthcare temporary, staffing and other services that help peoples' life and business. We are proactively expanding business areas and business domains (diversifying revenue sources), aiming to achieve over 35.0 billion yen in ordinary income for FY2029.

Real estate business

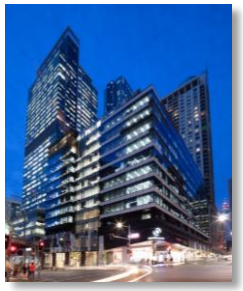
- In addition to the two pillars of housing sales and leasing, we will focus on asset management business for institutional investors as a third pillar, thereby creating a well-balanced portfolio that can withstand major market volatility.

[Results/planned number of units for sale]



* 469 units separately sold wholesale to other operators

[Overseas business]



Capital injection to Australian building fund

Housing sales and lease business mainly in the Kansai area

Area: Tokyo Metropolitan area, core cities nationwide, and overseas

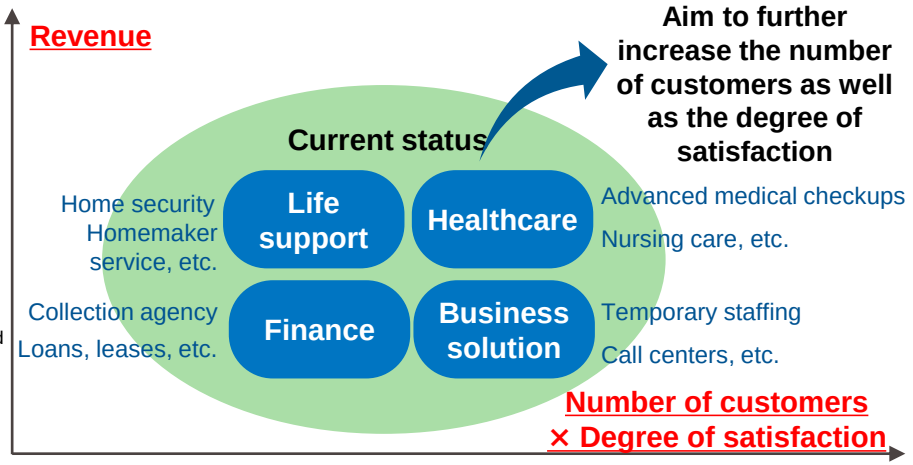
Domain: Strengthen asset management business for institutional investors

[Results and target of Medium-term Management Plan]

(billion yen)	FY2019 (Results)	FY2020 (Forecasts)	FY2020~FY2022 on average (Target)	FY2029 (Aspired level)	1Q of FY2020 (Results)
Ordinary income	**22.0**	**21.0**	**More than 20.0**	**More than 35.0**	**9.4**

Businesses other than real estate

- Through provision of quality services that please customers, we will steadily increase the number of customers and customer satisfaction. At the same time, we will proactively work to develop new services and businesses with the use of digital technology.



[Key services]

Life support

Deliver safety and security through home/office security services

(Number of contracts as of the end of FY2019: Approx. 50,000)

[Kanden Security of Society]

Finance

Support life and business financially through loan, lease and collection agency services

[Clearpass]

Healthcare

In addition to advanced medical checkups and fine-tuned nursing care services, provide services that contribute to extended healthy life spans in the future.

[Kansai Medical Net]

Outline of International Business

We will capture changes quickly and accurately in the global energy business, create high added value, and expand our business globally, while putting down roots in areas where we operate. We aim to achieve over 30 billion yen in profit of international business in FY2028.
Total output by KEPCO's investment: Approx. 2.807 million kW. Of which, total investment amount to 10 projects in operation is approx. 90 billion yen. (50% collected by dividends, etc.)

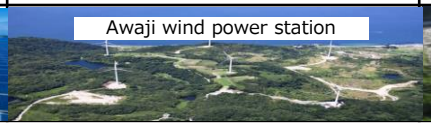
		Project Title	Start of operation, etc.(schedule)	Total output (MW)	KEPCO's investment(%)	Output by KEPCO's investment (MW-equivalent)
In operation	Philippines	San Roque Hydropower	2003/05	436	50	218
	Thailand	Rojana Electricity and Heat Supply	1999/05	505	39	197
	Taiwan	Ming Jian Hydropower	2007/09	17	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
	Indonesia	Rajamandala Hydropower	2019/5	47	49	23
Under construction	Indonesia	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	Triton Knoll Offshore Wind Power Project	Scheduled in 2022	857	16	137
		Moray East Offshore Windfarm project	Scheduled in 2022	950	10	95
Under development	UK・Germany	NeuConnect Interconnector	Scheduled in 2022	–	18.3	–
	USA	St. Joseph Phase II Thermal power generation business	Scheduled in 2023	Approx. 710	20	–
	Philippine	Power Distribution and Retail Sales in New Clark City	Scheduled in 2019	–	9	–

The KEPCO Group's introduction and development plan of renewable energy

- As a leading company of low carbon initiatives, the Group has been engaged in new power source development of more than 2 million kW, and aims to increase equipment capacity to 6 million kW for renewable energy sources in Japan and overseas by 2030s. We will continue to contribute to spreading and expanding renewable energy while at the same time gaining the understanding of local communities.
- Equipment capacity for renewable energy sources in Japan and overseas: Approx. 4.4 million kW including power stations before operation (as of Jun 30, 2019)

○ Domestic power stations

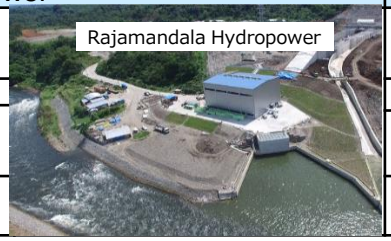
Power stations in operation (completed): approx. 3,453MW; power stations before operation: approx. 284MW; Total: approx. 3,737MW (as of June 30, 2019)

	Solar Power	Wind Power	Biomass Power	Hydro Power
Power source capacity of power stations in operation	Approx. 81.7MW	Approx. 18MW	Approx. 6MW	Approx. 3,350MW ※2
CO2 emission reduction	Approx. 27,000 t/year	Approx. 17,000 t/year	Approx. 18,000 t/year	Approx. 6,000,000 t/year
Main power stations in operation *1	・Sakai solar power station (KEPCO) ・Arida solar power station (Kenes) etc.	・Awaji wind power station (Kenes) ・Tahara No.4 wind power station (Kenes)	・Asago-shi biomass power station (Kenes)	・Nagatono power station (Upgraded) (KEPCO)
Power stations before operation	–	・Akita Noshiro offshore wind power station (unclear which company will operate) ・Northern Akita offshore wind power station etc.	・Fukuoka Kanda-machi biomass (Bio-power Kanda) ・Fukushima Iwaki-shi biomass (Able Energy Limited Liability Company) etc.	・Yamaguchi flow maintenance power station (KEPCO) ・Yatazoudani Power Plant (KEPCO) etc.
	 Sakai solar power station	 Awaji wind power station	 Asago-shi biomass power station	 Nagatono power station

*1 CO2 emissions are calculated based on our CO2 emission coefficient in operation power scale in FY2018 with the national average coefficient 0.496kg-CO2/kWh in FY 2017.
*2 As to hydropower, power stations after November 2012 when we set the renewable energy introduction targets for the first time are contained.

○ 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.
- Power stations in operation (completed): approx. 299MW; power stations before operation: approx. 363MW; Total: approx. 662MW (as of Jun 30, 2019)

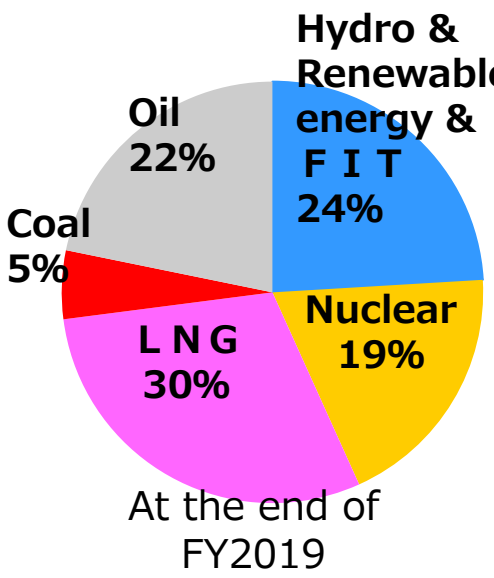
	Hydro Power		Wind Power	
Power source capacity of power stations in operation	Approx. 245MW	 Rajamandala Hydropower	Approx. 54MW	 Evalair Limited
CO2 emissions	Approx. 320.000t/year		Approx. 59,000t/year	
Main power stations in operation	・San Roque Hydropower(Philippines) ・Ming Jian Hydropower(Taiwan) ・Rajamandala Hydropower (Indonesia)		・Evalair Limited(Ireland)	
Power stations before operation	・Nam Ngiep Hydropower(Laos)		・Triton Knoll Offshore Wind Power Project (UK) ・Moray East Offshore Windfarm project (UK)	

KEPCO's power source composition

○ As a leading company of low carbon initiatives, KEPCO will move forward with the safe and stable operation of nuclear power plants, the development and utilization of renewable energies, and combining thermal power and pumped-storage hydropower generation as well, to achieve an optimal power source composition in light of "S+3E."

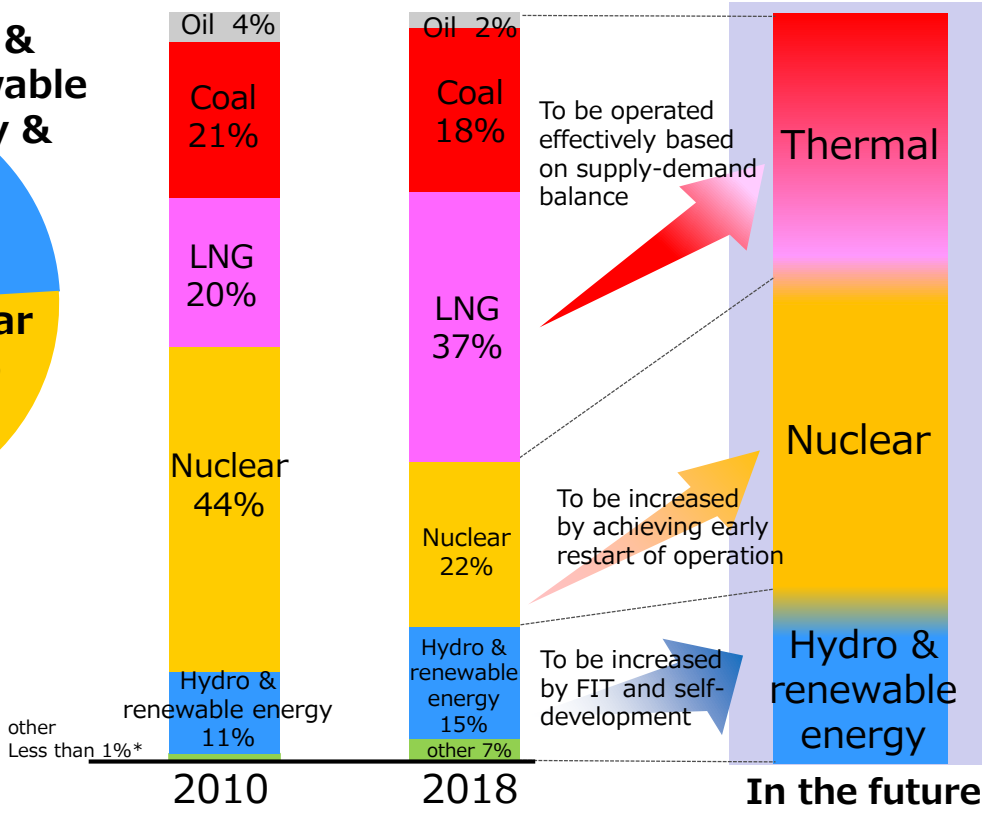
【Total power generation capacity 】

(Only our company)

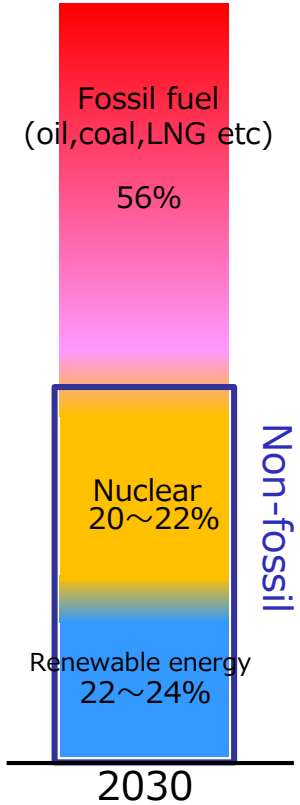


【Total power source composition 】

(Including from other electric company)



【Fifth Basic Energy Plan】



"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.

* 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.

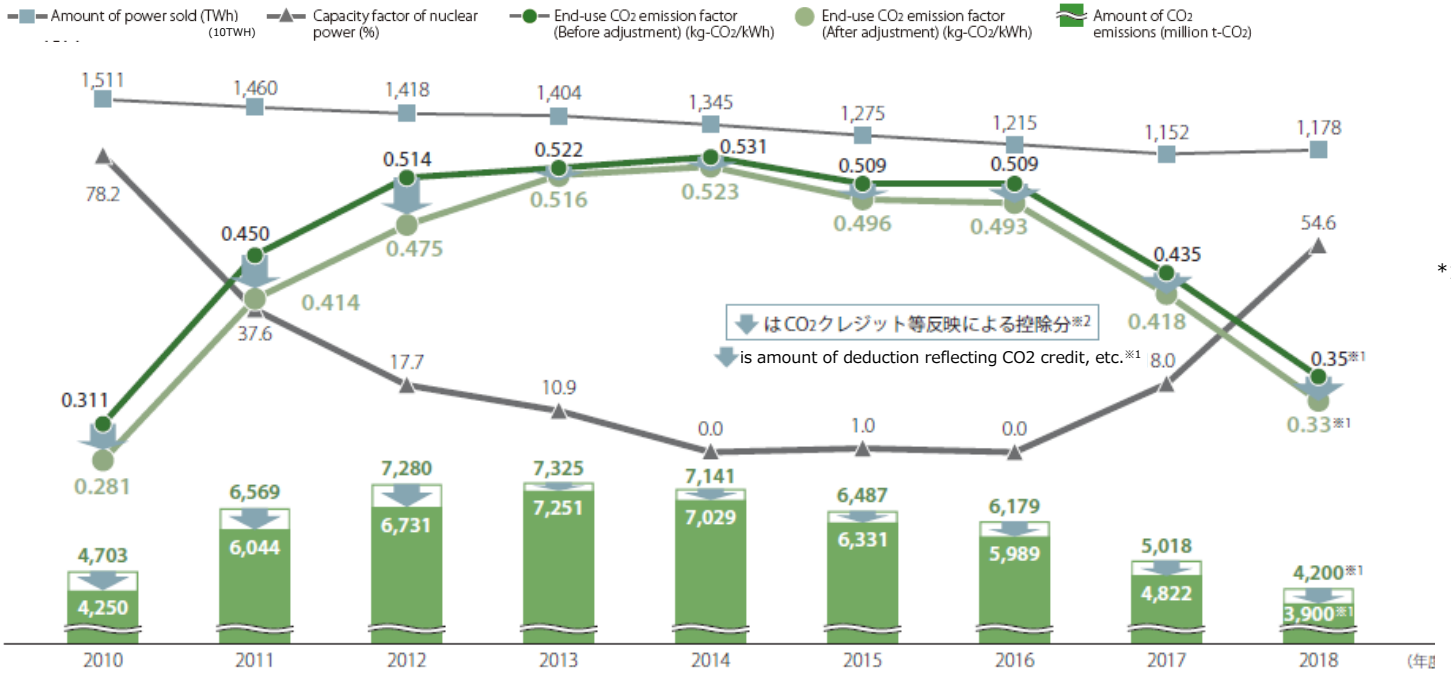
Initiatives on climate change issues and CO2 reduction

○In KEPCO Group's medium-term management plan, we, as the leading company of "low carbon initiatives", set a goal of keeping the number-one position as a CO2-free electric power producer in Japan and reducing by half the CO2 emissions from the power generating business in Japan in FY2030, compared with that of FY2013. We will also contribute continuously to achieving the target (an emission factor of about 0.37kg-CO2/kWh by FY2030(user end)) set by the Electric Power Council for a Low Carbon Society as a member of the council.

○We will continue seeking "the strength of low-carbon" through utilization of nuclear power generation with top priority given to safety, as well as further development, introduction and utilization of renewable energies, promotion of high efficiency of thermal power stations and so on. Moreover, we will undertake to improve electrification rate of the society at large.

○It is expected that our CO2 emission factor for FY 2018 will improve substantially compared to the previous year. We have restarted Takahama units 3 and 4 and Ohi units 3 and 4 of which safety has been confirmed, sequentially during FY 2017 to FY 2018, and work to continue their safe and stable operation. These efforts contributed mainly to the substantial improvement of our CO2 emission factor.

Change in CO2 emission factor, etc.



*1 These are calculated based on the Systems for Calculation, Reporting, and Public Disclosure of Greenhouse Gas Emissions of the Act on Promotion of Global Warming Countermeasures. Under the said system, adjusted values for the CO_2 emission factor reflect deductions by CO_2 credits, etc., as well as the adjustment of environmental values in accordance with the Buyback Program for Solar Surplus Energy and the Feed-in Tariff Scheme for Renewable Energy.

Fuel change plan, suspension and decommission of operation for KEPCO's power plant

<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
Period of suspension of operation	**-**	**2018/4/1**	**-**

<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 decommission of operation at Kainan Power Plant and, abolition of operation at unit 2 of Gobo Power Plant and unit 3 of Okutataragi Power Plant>(Announced on March 1, 2019)

	Kainan Power Plant (Thermal)			
	Unit 1	Unit 2	Unit 3	Unit 4
Capacity	Each 450MW		Each 600MW	
Fuel	Heavy oil and Crude oil			
Commencement of operation	1970/5	1970/9	1974/4	1973/6
Period of decommission of operation	**2019/4/1**			

	Gobo Power Plant (Thermal)	**Okutataragi Power Plant (Hydro)**
	Unit 2	Unit 3
Capacity	600MW	303MW
Fuel	Heavy oil and Crude oil	–
Commencement of operation	1984/11	1975/6
Period of suspension of operation	**2019/4/1**	**2019/4/1**

<Reason for suspension of operation/abolition of power station>
Considering the downward trend in demand for Kepco's electricity against a backdrop of established power-saving practices and progress in energy conservation, a stable outlook of future supply-demand balance, and the situation of aging facilities, we have decided to decommission our Kainan Power Plant.We have also decided to suspend operation of Unit No. 2 at the Gobo Power Plant and Unit No. 3 at the Okutataragi Power Plant.

Efforts to realize DX (Digital Transformation)

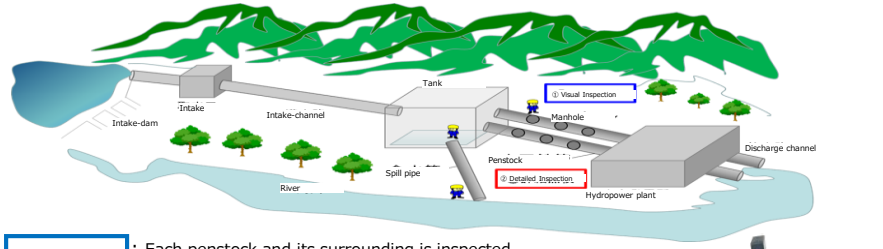
○ We established a structure to accelerate business reform utilizing digital technology and creating new business, such as establishment of the DX Strategy Committee led by our President and formation of K4Digital Co. Inc., co-founded with Accenture Japan Ltd. In addition, we've started various efforts such as maintenance and inspection of equipment using drones and remote monitoring service of power plants using AI and IoT.

○ Further, in the medium-term management plan issued in March 2019, we've placed realization of DX as the driving power to promote efforts in a new "medium-term management plan", and in order to realize DX, ca. 70 billion yen is scheduled to be invested during the three years from FY2019 to FY2021 (both inclusive).

Business alliance on inspection of pipes in hydropower plants utilizing drones

○ The 3 companies, KEPCO, NJS Co., Ltd., and Kanso Co., Ltd executed a business alliance agreement with a view to enter the inspection business of steel pipes of domestic/foreign hydropower plants utilizing drones. And we are proceeding with the detailed study to start the business.

○ This is the first time technique to inspect sloping structures in a closed space by drones is established in Japan. It enables to inspect inside the steel pipes more safely than ever before, and decrease overflow power accompanying outage for inspection due to halving the inspection days. It also reduces more than 50% of inspection costs.



① Visual inspection : Each penstock and its surrounding is inspected visually from opened manholes installed for it. Each spill pipe and its surrounding is also inspected visually from the inside of water tanks, etc. the frequency is ca. once every six years.

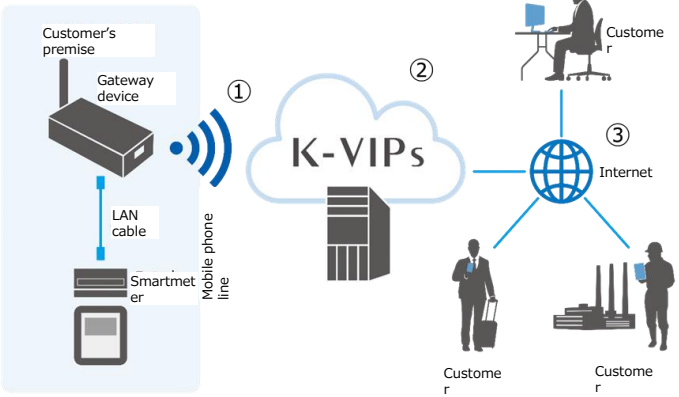
② Detailed inspection : If detailed check on rusts inside pipes or deterioration is needed as the result of (1), inspections are conducted by inspectors or inspection robots after setting up scaffolds inside the pipe.

[Specification of drone (including the tail part)]
Weight: 2.0 kg
Total width: 280 mm
Total length: 790 mm
Height: 70 to 190 mm

Start of operation of an integrated platform system "K-VIPs"

○ On July 1st, 2019, we started the operation of "K-VIPs", an integrated platform system that supports operation of virtual power plants.

○ We will seek to enlarge the added value provided to customers that executed supply contracts of balancing capacity with us, as well as to utilize this system in the market to be opened in the future or in the energy resource aggregation business that is expected to grow.



① Acquire the amount of power (one minute data) from the customer's smartmeter and send it via the mobile phone line to K-VIPs.
② Calculate the baseline of DR, DR performance (achievement rate) etc. from the information of (1).
③ Provide the information of (2) to customers via Internet.
Customers can use K-VIPs via Internet from everywhere with devices of any kind.

Kansai Electric Power Group Medium-term Management Plan

"Going a step ahead with eye on the future" FORWARD!!! [1] ※Published on March 26,2019

Keeping up with the new trends in **social issues**, **ecology** and **technological innovation**, **the Kansai Electric Power Group will deliver new values that only it can create, thereby playing the role of a "foundation that supports the realization of a sustainable future society"** and continuously contributing to customers and society.

<Image on "a shared infrastructure supporting the realization of a sustainable society in the future">

Direction of efforts

"Safety as Our Top Priority" and "Fulfilling Corporate Social Responsibilities"

- **Fulfilling our responsibilities to provide electricity power safely and stably**
- **Making efforts to enhance our business foundation**

① To make efforts to reduce environmental load, including tackling climate change as **a leading company of "decarbonization"**

② To provide **"safe, comfortable, convenient" and economical** energy services using the problem-solving power which we have cultivated

③ To create new business and services using the comprehensive strengths of our Group in order to **help solve a range of issues of our customers and communities"**

Motive power for promoting above efforts

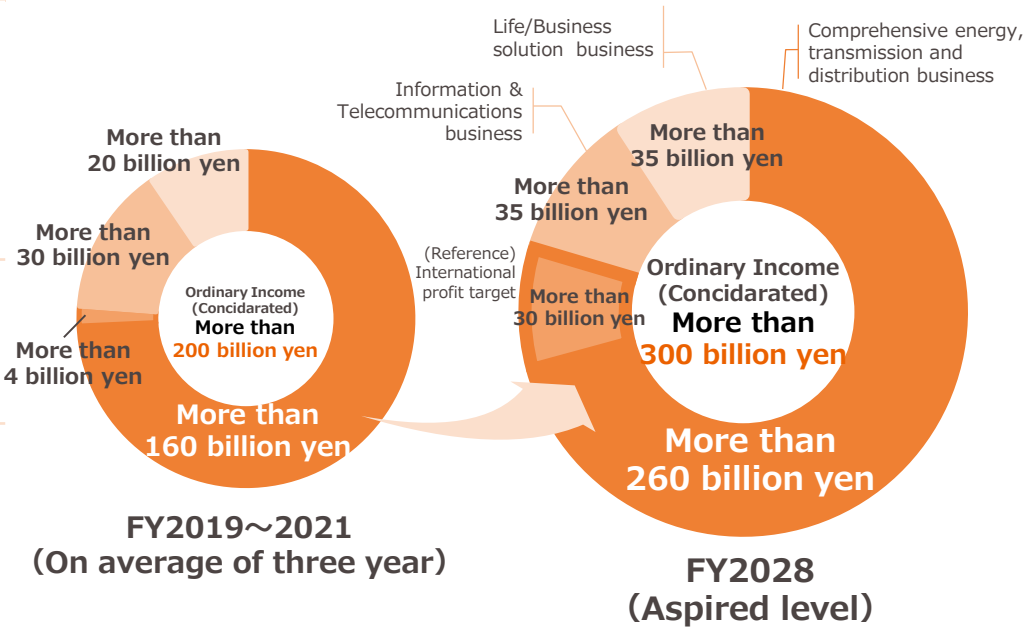
④ To realize **digital transformation** for creating new values

□Financial Goals

	FY2019～2021	FY2028
Ordinary Income	on average of three year **More than 200 billion yen**	**More than 300 billion yen**
Equity Ratio	**More than 20%**	**More than 30%**
ROA	on average of three year **More than 3.0%**	**More than 4.0%**

□Image of Business Portfolio

To achieve our profit level targeted for FY2028, we will invest **550.0 billion yen** in growth of the group business and international business over the three years from 2019 to 2021.



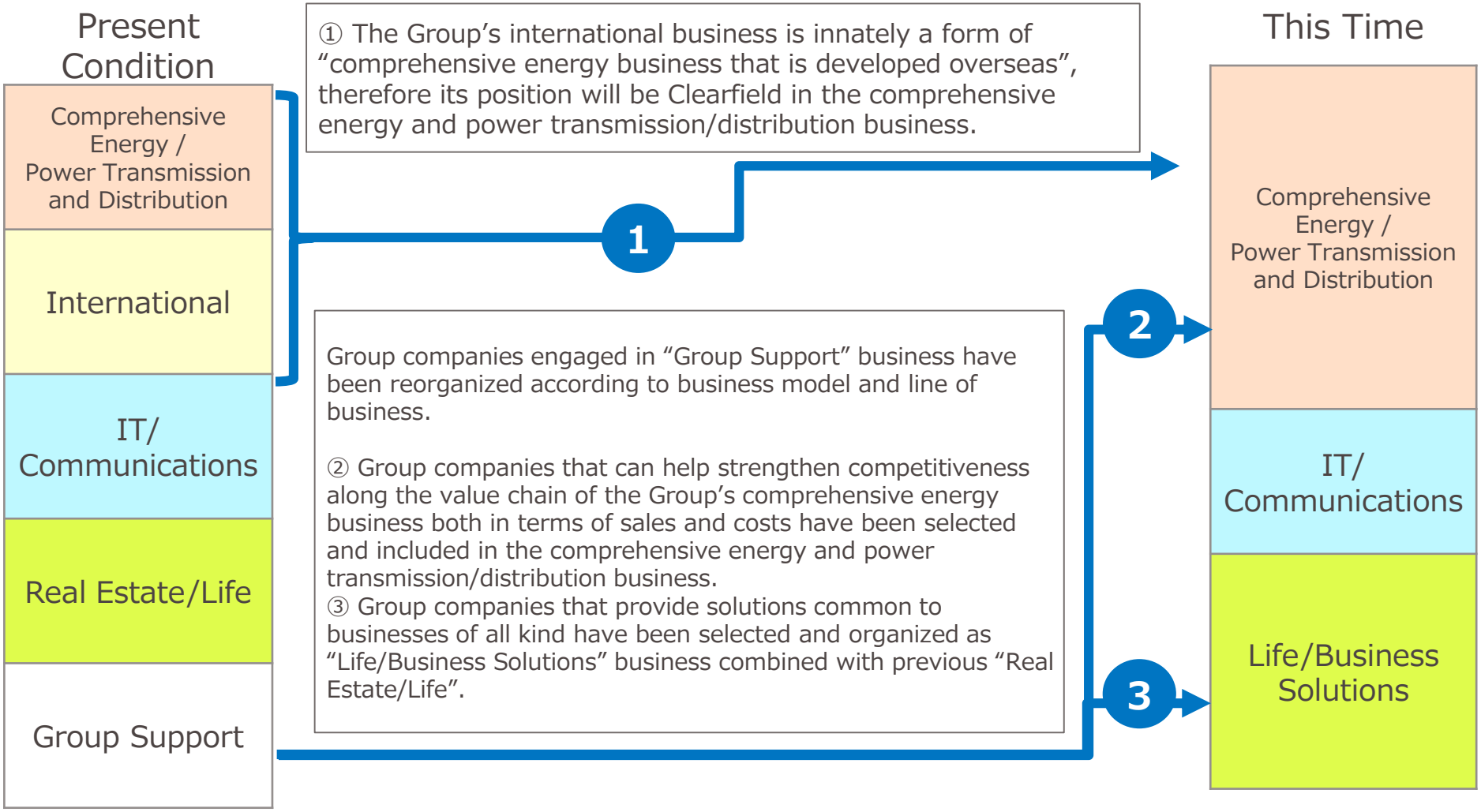
*We will allocate resources properly and according to changes in the business environment to ensure investment efficiency, and review the flexibility of our business portfolio.

□Shareholder Return Policy

Our shareholder return policy is that, as the Kansai Electricity Power Group, we basically seek to improve corporate value and appropriately allocate business results to shareholders in the form of stable and sustainable dividends while ensuring financial soundness.

The overview of reviewing items to be considered in the Financial Targets

○The items to be considered in the Financial Targets have been reviewed as below in the Midterm Management Plan (2019-2021) of the Kansai Electric Group.



For further information

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