

Business Segments

Overseas Power Business

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Executive Vice President



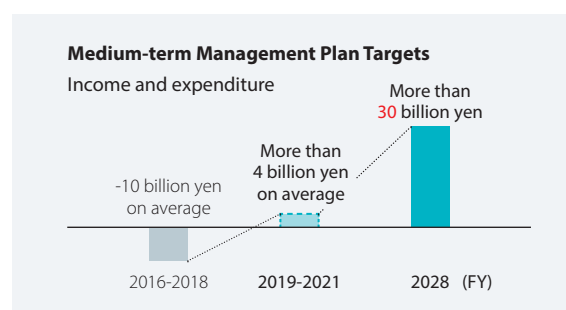
Rajamandala Hydropower Project in Indonesia

Nam Ngiep 1 Hydropower Project in Laos

Overview

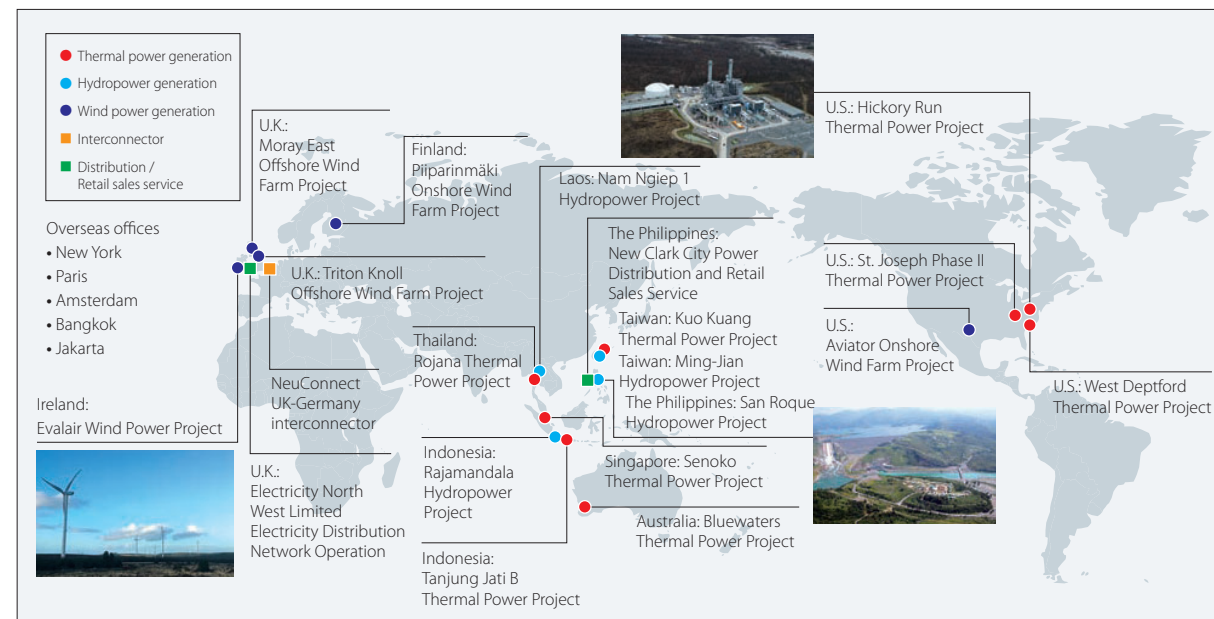
We have participated in a total of 20 projects in the domains of power generation, transmission and distribution across 12 countries. Our first international project was in 1998 when we took part in the San Roque Hydropower Project located in the Philippines. This made us the first Japanese utility to enter into the international (IPP) business arena.

Utilizing our five overseas bases including Bangkok, New York and Amsterdam, we aim to expand our global power business so it can continue to grow into a key cornerstone of the Group's overall earnings.



Efforts (3-year Medium-term Management Plan)

- Acceleration of efforts to increase profitability by building stable revenue sources such as projects with long-term PPAs and participating in projects from the initial development stage.
- Generation of large profits during and beyond the current three fiscal years through concentrated execution of projects under construction.
- Increasing the value of our domestic and foreign assets through acquisition and utilization of new technologies, including the digital.
- Formulation of and participation in renewable energy projects, including hydro and wind power, with aspirations to lead the global megatrend of SDGs, ESG-focused business and decarbonization.
- Fostering of extensive human resource training from a global development perspective, encouragement of diversity, as well as strengthening of organizational structures and operational practices in our overseas projects.
- Increasing the added value of our projects and creation of new business opportunities by promoting group-wide cooperation and alliances with third party corporations outside Kansai Electric Power Group.



Business environment

- While competition in overseas electric power market is accelerating, there is also a growing awareness toward ESG-focused business as well as the setting and attainment of SDGs. This growing trend is expected to stimulate growth in low-carbon power sources, providing opportunity for us to utilize our technical expertise and experience, including in the realm of digital technologies and deregulated business.
- Additionally, we intend to focus on development of human resources through On the Job Training in foreign countries as well as the formation of positive alliances with other companies in which each party is able to exercise their respective competitive advantages. This is seen as key in order to expand and diversify our international business portfolio.

Medium-term Management Plan Strategies

What we aim to become in the future

Our goal is to continue expanding our portfolio globally, building strong connections and relationships in the various countries where our projects are located. In this way, we aim to continue creating high added-value in our global development and operational portfolio with swift and accurate response to trends in the world-wide energy market.

Performance for fiscal year 2019

Expansion of our overseas power business

In the fiscal year of 2019, both the Rajamandala Hydropower Plant (Rajamandala) in Indonesia and the Nam Ngiep 1 Hydropower Plant (Nam Ngiep 1) in Laos were completed and commenced commercial operation. Rajamandala marks a first in that it is the only international project where the entire development process was undertaken exclusively by a Japanese electric utility. We independently executed all aspects including prior investigation, business evaluation and financing. Nam Ngiep 1 has also been led by Kansai Electric Power Company and is known as the second "Kuroyon" due to the fact that the main power station is equivalent to the Kurobegawa No.4 Hydropower Station in terms of power capacity and its large-scale dam size. For the construction stage, we obtained agreements for civil engineering, electrical and metal works with major Japanese companies to ensure quality control and schedule management.

In addition, our overseas business has also expanded to distribution and retail services. In the Philippines, we have been engaged in the power distribution and retail services for New Clark City (NCC) including design, construction, operation and maintenance of power systems. This has been carried out utilizing smart grid technologies in line with the development of the NCC smart city. In the UK, we have been involved in the electricity distribution network operations of Electricity North West Limited (ENW). This is the first case in which a Japanese power utility company has invested in a large-scale electricity distribution network operator overseas.

In 2020, the Hickory Run Thermal Power Plant (Hickory Run) started commercial operation in the U.S. Hickory Run is our first green-field project in North America. As for renewable power generation, we have also taken part in the Piiparinmäki Onshore Wind Farm Project (Aviator) in the U.S. Piiparinmäki and Aviator are the first renewable projects we have undertaken in their respective countries. By adding these two wind farms to our assets, our overseas renewable energy capacity has grown to incorporate approximately one-third of total capacity held in our international business portfolio.

Power generation capacity by investment ratio (as of the end of August 2020)

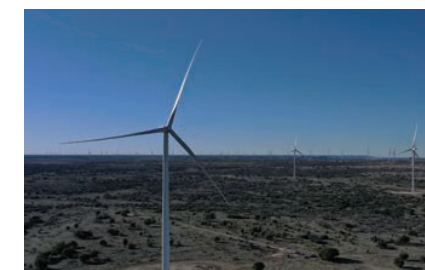
2.816 GW

Overseas power projects (as of the end of August 2020)

20 projects in 12 countries



ENW engineers and facilities



Aviator Onshore Wind Farm Project

Achieving the targets set in our Medium-term Management Plan

We are concentrating our efforts toward achieving the profit targets set in the Medium-term Management Plan via participation in regulated business and projects from the initial development stages. Large profits can be generated and maximized by steadily advancing projects under construction as well as continually optimizing businesses in which we have a pre-existing stake.