

Explanation of FY 2018 2nd Quarter Financial Results

Date: Tuesday, October 30, 2018

Corporate participants:

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Materials:

FY2018 2nd Quarter Financial Results

[Overview of FY2018 2nd Quarter Financial Results]

- Slide 1 shows some points of the financial results briefly.
- Although electricity sales volume of entire TEPCO group companies decreased, operating revenue increased due to a rise in fuel cost adjustments, an increase in transmission revenue from non-TEPCO group companies and others.
- Ordinary income decreased due to a decline in electricity sales volume caused by intensifying competition, a rise of fuel prices, and other areas, in spite of the continued group-wide cost reduction; However, ordinary income and net income showed a profit for six consecutive years.
- Unfortunately, no interim dividends will be paid either for this quarter or at the end of FY2018.
- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue increased to ¥3,055.5 billion, an increase of 7.9% year-on-year, and ordinary income fell 2.5% to ¥210.6 billion year-on-year. Quarterly net results, incorporating extraordinary loss, came to the net profit of ¥89.6 billion.

[Key Points of Each Company]

- Slides 3 and 4 show business results by each company.
- Firstly, here is the business performance of TEPCO Holdings. Take a look at the table of operating revenue and ordinary income, broken down by each company, in Slide 4.
- Operating revenue decreased by ¥17.6 billion year-on-year to ¥391.5 billion due to reduction in turnover resulting from the review of management consultation fees from the three core operating companies and reduction in the electricity sales revenue mainly to TEPCO Energy Partner, etc.

- At the same time, ordinary income rose ¥10.7 billion year-on-year to ¥173.4 billion due to an increase in dividend income, etc.
- Secondly, here is the business performance of TEPCO Fuel & Power
- Operating revenue increased by ¥124.4 billion year-on-year to ¥951.9 billion due to an increase in the electricity sales revenue mainly to TEPCO Energy Partner.
- Despite an increase in subsidiaries' income gain and a decrease in fixed costs from cost reduction efforts, etc. ordinary income decreased by ¥2.5 billion year-on-year to ¥5.2 billion due to an increase in fuel costs caused by a rise in fuel prices, etc.
- Thirdly, here is the business performance of TEPCO Power Grid.
- Operating revenue increased by ¥39.5 billion year-on-year to ¥875.2 billion due to an increase in transmission revenue attributable to an increase in area demand, etc.
- Also, ordinary income increased ¥35.4 billion year-on-year to ¥117.0 billion as a result of reduction in outsourcing and maintenance expenses, etc.
- Lastly, here is the business performance of TEPCO Energy Partner.
- Operating revenue increased by ¥152.6 billion year-on-year to ¥2,855.9 billion due to a rise in a unit sales price by the effect of fuel cost adjustments and other measures.
- However, Ordinary income decreased by ¥36.1 billion year-on-year to ¥54.1 billion due to a decline in electricity sales volume of entire TEPCO group companies caused by intensifying competition, etc. in spite of an increase in electricity sales volume outside Kanto area.

[Overview of Consolidated Extraordinary Income/Loss]

- Slide 5 shows our consolidated extraordinary income/loss.
- Nuclear damage compensation expenditures of ¥84.6 billion were recorded as extraordinary loss.

[Overview of Consolidated Financial Position]

- Slide 6 shows our consolidated financial position.
- The equity ratio improved 0.9 percentage points to 22.0% compared to the end of the previous fiscal year due to the increase of net assets attributable to the positive quarterly income, while total assets decreased.

[FY2018 Full-Year Financial Forecasts]

- With regard to our FY2018 Full-Year Financial Forecasts shown on Slides 7, we have not made any revisions to the FY2018 Full-Year Financial Forecasts announced in July, 2018.

[Reference (Slide 8 Onwards), Supplemental Material (Slide 13 Onwards)]

- Slide 8 and later slides present reference and supplemental material.

End

Disclaimer:

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(Note)

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