

Explanation of FY 2019 3rd Quarter Financial Results

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[Overview of FY2019 3rd Quarter Financial Results]

- First of all, please refer to Slide.
- Operating revenue rose thanks to a gain in the fuel cost adjustment system despite a drop in the TEPCO Group's electricity sales.
- Ordinary income increased due to the favorable effect of time lag in the fuel cost adjustment system and on-going Group-wide efforts for cost reduction.
- Both ordinary income and quarterly net income remained in the black for the 7th consecutive year.
- In extraordinary loss, the company recorded extraordinary loss on disaster this quarter from Typhoons Hagibis (19th typhoon of the season) and Bualoi (21st typhoon of the season) that hit Japan in October 2019.
- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue increased to ¥4,637.9 billion, an increase of 1.9% year-on-year, and ordinary income improved 26.5% to ¥309.9 billion year-on-year. Quarterly net results, incorporating extraordinary gains and losses, came to the net profit of ¥434.8 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.
- The company recorded operating revenue of ¥535.1 billion, down ¥50.4 billion year-on-year, due to factors including a decline in electricity wholesale to TEPCO Energy Partner.
- Ordinary income declined ¥30.6 billion to ¥148.3 billion.
- Secondly, here is the business performance of TEPCO Fuel & Power.
- The company recorded operating revenue of ¥6.5 billion, down ¥1,447.6 billion year-on-year, due to factors including the handover of thermal power generation business to JERA in April, 2019.
- Ordinary income, on the other hand, rose ¥58.8 billion to ¥62.3 billion due to a positive turn in the effect of time lag in the fuel cost adjustment system at JERA, which is an affiliate accounted for by the equity-method.

- Thirdly, here is the business performance of TEPCO Power Grid.
- The company recorded operating revenue of ¥1,288.2 billion, down ¥7.4 billion year-on-year, due to factors including reduction in consignment income.
- Ordinary income, on the other hand, grew ¥12.2 billion to ¥175.3 billion because of a decline in the costs of repairs and depreciation.
- Lastly, here is the business performance of TEPCO Energy Partner.
- Sales fell by ¥23.3 billion year-on-year to ¥4,212.2 billion due to a decline in the amount of electricity sold.
- However, ordinary income grew by ¥15.2 billion year-on-year to ¥54.6 billion due to a decrease in the amount of power purchased bought from TEPCO Holdings.
- Slide 9 onwards show year-on-year consolidated and segment-specific figures for your reference.

[Overview of Consolidated Extraordinary Income/Loss]

- Next, Slide 5 shows consolidated extraordinary gains and losses.
- This shows the overall impact of Typhoons Faxai, Hagibis and Bualoi, the 15th, 19th and 21st typhoons of the season. Details will be explained later on.
- Extraordinary income remains unchanged from last quarter at ¥367.2 billion.
- Extraordinary losses, on the other hand, totaled ¥205.3 billion.
- An additional ¥27.4 billion was recorded this quarter as estimated costs for recovering property damaged in the financial impact of the great east Japan earthquake rose and extraordinary loss on disaster and property contingent loss were sustained as the recovery costs for property damaged by Typhoons Faxai, Hagibis and Bualoi, the 15th, 19th and 21st typhoons of the season.
- An additional ¥22.9 billion in nuclear damage compensation was recorded on top of the amount recorded last quarter, bringing the total to ¥81.9 billion.
- The extraordinary loss of ¥95.6 billion for decommissioning the Fukushima Daini Nuclear Power Station was recorded in 1st quarter.
- Overall, we recorded the extraordinary gain of ¥161.8 billion in total.

【Extraordinary loss on disaster and contingent property loss】

- Next, take a look at Slide 6.

- Extraordinary loss on disaster and contingent property loss were recorded for Typhoons Faxai, Hagibis and Bualoi, the 15th, 19th and 21st typhoons of the season, that hit Japan from September to October 2019.
- We recorded ¥11.8 billion as extraordinary loss on disaster last quarter as recovery costs for property damaged by Typhoon Faxai.
- This quarter, an additional ¥5.4 billion was recorded as extraordinary loss on disaster as recovery costs for property damaged by Typhoons Faxai, Hagibis and Bualoi, the 15th, 19th and 21st typhoons of the season, bringing the total to ¥17.3 billion.
- Contributing factors to the increase this quarter is the extended support from utilities required due to Typhoons Hagibis and Bualoi that made landfall in October and the damage sustained by the hydroelectric power plant facilities.
- ¥10.1 billion was also recorded as costs related to the financial impact of the great east Japan earthquake. This is due to the increased Fukushima Daiichi Nuclear Power Station recovery cost estimates.
- The amount equivalent to the book value of damaged or destroyed power poles and other facilities was recorded as contingent loss on properties.

[Overview of Consolidated Financial Position]

- Now, Slide 7 shows our consolidated financial position.
- The equity ratio improved 4.8 percentage points to 27.4% compared to the end of last financial year. Contributing factors include quarterly net income continuing to be in the black boosting the net asset balance, and the transfer of TEPCO Fuel & Power's loans to JERA reducing the outstanding liabilities.

[FY2019 Full-Year Financial Forecasts]

- Finally, the performance forecast for the March 2020 period has yet to be made.

[Reference (Slide 8 Onwards), Supplemental Material (Slide 14 Onwards)]

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

End

Disclaimer:

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(Note)

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