

## Explanation of FY 2018 1st Quarter Financial Results

Date: Monday, July 30, 2018 at 16:30 (No Briefing Held)

### [Overview of FY2018 1st Quarter Financial Results]

- Slide 1 shows some points of the financial results briefly.
- Despite a decline in the amount of electricity sold, we have achieved growth in both revenues and profits thanks to an increase in wheeling service revenues from outside the TEPCO Group and Group-wide continuous efforts to cut costs. Financial results remained in the black for 5 consecutive years in ordinary income and 4 consecutive years in quarterly net income.
- See Slide 2 for specific figures in the consolidated financial results.
- Net sales grew 3.1% to ¥1354.0 billion year-on-year, and ordinary income rose 21.1% to ¥67.3 billion year-on-year. Quarterly net results, incorporating extraordinary losses, came to the net profit of ¥16.4 billion.

### [Key Points of Each Company]

- Slides 3 and 4 shows business results by each company.
- Even after transition into the holding company system, we used a statement of revenues and expenses to provide an overview of financial results. However, the structure of financial result presentation has been changed this time in order to enhance the profitability of each company, considering that business management within the Group is carried out separately for each company.
- Firstly, here is the business performance of TEPCO Holdings. Take a look at the table of net sales and ordinary income, broken down by each company, in Slide 4.
- Net sales stood at ¥194.1 billion, down ¥7.9 billion year-on-year, due to reduction in turnover resulting from the review of management consultation fees, etc. with the three core operating companies, as well as reduction in the price of electricity sold primarily to TEPCO Energy Partner.
- At the same time, ordinary income rose ¥7.3 billion year-on-year to ¥153.8 billion thanks to the increase of dividends received and decline in repair expenses, etc.
- Secondly, here is the business performance of TEPCO Fuel & Power.

- Factors including the increase of the price of electricity sold to TEPCO Energy Partner boosted net sales by ¥22.4 billion year-on-year to ¥414.6 billion.
- Its ordinary income rose ¥20.8 billion year-on-year to ¥22.4 billion due to a decrease in fixed expenses resulting from cost-cutting efforts, as well as subsidiaries' income growth.
- Thirdly, here is the business performance of TEPCO Power Grid.
- Reduction in wheeling service revenues, attributable to a decline in area demand, reduced net sales by ¥3.7 billion year-on-year to ¥393.0.
- Ordinary income, on the other hand, increased ¥38.7 billion year-on-year to ¥16.6 billion as a result of reduction in consignment expenses and repair expenses.
- Lastly, here is the business performance of TEPCO Energy Partner.
- Decline in the amount of electricity sold reduced electricity sales revenues, but increase of sales through the Japan Electric Power Exchange resulted in net sales of ¥1270.0 billion, up ¥12.0 billion yen year-on-year.
- However, the purchase price of electricity from TEPCO Fuel & Power and other companies increased. Ordinary income dropped ¥18.8 billion year-on-year to end in the loss of ¥8.3 billion due to decrease in electricity sales volume and other areas.

#### [Overview of Consolidated Extraordinary Income/Loss]

- Slide 5 shows our consolidated extraordinary income/loss.
- Nuclear damage compensation expenditures of ¥46.6 billion were recorded as extraordinary loss.
- This resulted in the total extraordinary loss of ¥46.6 billion, down ¥139.2 billion yen year-on-year.

#### [Overview of Consolidated Financial Position]

- Slide 6 shows our consolidated financial position.
- The equity ratio improved 0.7 percentage points to 21.8 percent compared to the end of the previous fiscal year, due to the increase of net assets attributable to the positive quarterly income, as well as the decrease in liabilities thanks to reduction in interest-bearing debts, etc.

[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 April, 2018.

[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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