

Explanation of FY 2018 3rd Quarter Financial Results

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[Overview of FY2018 3rd Quarter Financial Results]

- Slide 1 shows some points of the financial results briefly.
- Although electricity sales volume of 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 areas.
- 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.
- Also, TEPCO revised the FY2018 full-year financial forecasts.
- Operating revenue was revised to an increase as compared with the projections released on October 30, 2018 primarily due to increases in fuel cost adjustments and transmission revenue from non-TEPCO group companies. On the other hand, ordinary income was revised to a decrease due to increases in fuel expenses and purchasing power.
- Slide 2 shows concrete figures of our consolidated performance.
- Operating revenue increased to ¥4,553.2 billion, an increase of 8.2% year-on-year, and ordinary income fell 10.6% to ¥245.1 billion year-on-year. Quarterly net results, incorporating extraordinary loss, came to the net profit of ¥100.5 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 ¥26.6 billion year-on-year to ¥585.5 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 ¥23.9 billion year-on-year to ¥178.9 billion due to an increase in dividend

income, etc.

- Secondly, here is the business performance of TEPCO Fuel & Power.
- Operating revenue increased by ¥157.4 billion year-on-year to ¥1,454.2 billion due to an increase in the electricity sales revenue mainly to TEPCO Energy Partner, etc.
- Despite an increase in subsidiaries' income gain and a decrease in fixed costs from cost reduction efforts, etc. ordinary income decreased by ¥41.5 billion year-on-year to ¥3.4 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 ¥49.0 billion year-on-year to ¥1,295.7 billion due to an increase in transmission revenue attributable to an increase in area demand, etc.
- Also, ordinary income increased ¥38.5 billion year-on-year to ¥163.1 billion as a result of reduction in outsourcing and interest expenses, etc.
- Lastly, here is the business performance of TEPCO Energy Partner.
- Operating revenue increased by ¥231.4 billion year-on-year to ¥4,235.5 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 ¥36.4 billion year-on-year to ¥39.3 billion due to a decline in electricity sales volume of entire TEPCO group companies caused by intensifying competition, etc.

[Overview of Consolidated Extraordinary Income/Loss]

- Slide 5 shows our consolidated extraordinary income/loss.
- Nuclear damage compensation expenditures of ¥109.7 billion were recorded as extraordinary loss.

[Overview of Consolidated Financial Position]

- Slide 6 shows our consolidated financial position.
- The equity ratio improved 1.0 percentage points to 22.1% 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]

- Finally, slide 7 shows our FY2018 full-year financial forecasts.

- Operating revenue was revised to approximately ¥6,328 billion, increasing by ¥229 billion as compared with projections released on October 30, 2018, primarily due to increases in fuel cost adjustments and transmission revenue from non-TEPCO group companies.
- Although TEPCO expects the increase in operating revenue, ordinary income was revised to approximately ¥250 billion, decreasing by ¥35 billion, primarily due to increases in fuel expenses and purchasing power.

[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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