

## Explanation of FY2018 Financial Results

**Date:** Thursday, April 25, 2019

**Corporate participants:**

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Tokyo Electric Power Company Holdings, Inc.

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Rikuo Otsuki, Managing Executive Officer, Tokyo Electric Power Company Holdings, Inc.

**Materials:**

FY2018 Financial Results

[Overview of FY2018 Financial Result]

- Slide 1 gives a brief overview of the important aspects of these financial results.
- Although electricity sales volume for TEPCO Group companies decreased, operating revenue increased due to a rise in fuel cost adjustments.
- Ordinary income increased due to continual cost reductions made by all Group companies regardless of the rise in fuel costs, and ordinary income and net income have shown profit for six consecutive years.
- Also, we are not able to make a distribution for FY2018, and we also have no plans for interim or year-end dividends in FY2019.
- Please refer to Slide 2 for detailed consolidated financial results.
- Operating revenue increased 8.3% year-on-year (YoY) to ¥6,338.4 billion, ordinary income increased 8.5% to ¥276.5 billion, and quarterly net profit, which includes extraordinary income and loss, was ¥232.4 billion.
- We achieved increased revenue and income for two consecutive years on the basis of ordinary income.

[Key Points of Each Company's performance]

- Slides 3 and 4 show the performance of each company.
- Firstly, here is the business performance of TEPCO Holdings. Operating revenue and ordinary income for TEPCO Holdings can be found in the chart on Slide 4.
- Operating revenue decreased by ¥7.5 billion YoY to ¥950.1 billion due to a decrease in management consultation fees, etc. received from the three core companies.

- However, ordinary income increased ¥90.5 billion to ¥232.7 billion due to decreases in outsourcing expenses and increases in received dividends.
- Secondly, here is the business performance of TEPCO Fuel & Power.
- Operating revenue increased by ¥205.1 billion YoY to ¥2,033.6 billion due to increases in sold power to mainly TEPCO Energy Partner.
- However, ordinary income decreased by ¥48.4 billion to ¥3.5 billion due to increases in fuel costs caused by rising fuel prices despite decreases in fixed costs resulting from cost reduction initiatives.
- Thirdly, here is the business performance of TEPCO Power Grid.
- Operating revenue increased by ¥46.8 billion to ¥1,788.9 billion due to increases in wholesale power sales to electric power exchange for purchase electricity of Feed-in Tariff.
- Ordinary income increased by ¥34.9 billion to ¥113.9 billion due to decreases in outsourcing expenses and repair costs.
- Lastly, here is the business performance of TEPCO Energy Partner.
- Operating revenue increased by ¥326.8 billion YoY to ¥5,859.3 billion due to increases in unit sales prices resulting from fuel cost adjustments.
- However, ordinary income decreased by ¥43.2 billion to ¥72.7 billion due to decreases in electricity sales volume across all Group companies resulting from fierce competition despite increases in electricity sales volume in outside areas.

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

- Refer to Slide 5 for information on consolidated extraordinary income/loss.
- ¥159.8 billion in funds received from the Nuclear Damage Compensation and Decommissioning Facilitation Corporation was appropriated as special income.
- However, ¥178.0 billion was appropriated as extraordinary loss as a result of ¥26.9 billion in special disaster loss coupled with ¥151.0 billion in nuclear damage compensation expenses.

#### [Overview of Consolidated Financial Position]

- Refer to Slide 6 information on the Group's consolidated financial position.
- Equity ratio improved 1.5 points YoY to 22.6% as a result of increases in total assets balance and an increase in net assets resulting from the appropriation of 4<sup>th</sup> quarter net income.

#### [FY2019 Performance Forecast]

- Finally, a performance forecast for FY2019 has yet to be made.
- During this fiscal year we aim to select a method for removing fuel debris from the first unit at the Fukushima Daiichi Nuclear Power Station. At current time, a detailed expenditure forecast is

not possible because costs associated with fuel debris removal may vary depending on the selected method.

- You will be apprised when a forecast can be presented.

[Reference materials (From Slide 7), supplementary materials (From Slide 11)]

- Reference materials and supplementary materials can be found on Slide 7 and onward.

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(Note)

Please note that the above is intended to be an accurate and complete translation of the original Japanese version, prepared for the convenience of our English-speaking investors. In the case of any discrepancy between the translation and the Japanese original, the latter shall prevail.