

(English Translation)

Quarterly Financial Results (Unaudited) (for the Six Months Ended September 30, 2018)

October 31, 2018

Electric Power Development Co., Ltd. (J-POWER)

Listed exchange: Tokyo Stock Exchange (Code: 9513)

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Scheduled date for filing of a quarterly report:

November 1, 2018

Scheduled date of dividend payment commencement:

November 30, 2018

Preparation of supplementary explanations material:

Yes

Quarterly financial results presentation held:

Yes (for institutional investors and securities analysts)

(Note) All monetary values are rounded down to the nearest units as indicated in each table.

1. Consolidated Financial Results (From April 1, 2018 to September 30, 2018)

(1) Consolidated Operating Results

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Six months ended Sep. 30, 2018	424,287	3.4	47,924	(29.1)	42,674	(36.8)	31,114	(32.3)
Six months ended Sep. 30, 2017	410,208	18.3	67,630	56.8	67,545	84.7	45,947	69.0

(Note) Comprehensive income: Six months ended Sep. 30, 2018 30,447 million yen (39.3) %
Six months ended Sep. 30, 2017 50,180 million yen - %

	Earnings per share	Fully diluted earnings per share
	yen	yen
Six months ended Sep. 30, 2018	169.98	—
Six months ended Sep. 30, 2017	251.01	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	million yen	million yen	%
Six months ended Sep. 30, 2018	2,731,452	852,528	29.5
Year ended March 31, 2018	2,647,054	836,124	29.7

(Reference) Shareholders' equity: Six months ended Sep. 30, 2018 805,548 million yen
Year ended March 31, 2018 787,291 million yen

2. Dividends

	Cash dividends per share				
	Record date				Annual
	Jun. 30	Sep. 30	Dec. 31	Mar. 31	
	yen	yen	yen	yen	yen
Year ended March 31, 2018	—	35.00	—	40.00	75.00
Year ending March 31, 2019	—	35.00			
Year ending March 31, 2019 (forecasts)			—	40.00	75.00

(Note) Revisions to dividends forecasts in the current quarter: None

3. Consolidated Earnings Forecasts for the Year Ending March 31, 2019 (From April 1, 2018 to March 31, 2019)

(Percentages (%) represent changes from the same period of the previous year)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Year ending March 31, 2019	863,000	0.8	84,000	(19.5)	70,000	(31.7)	50,000	(27.0)	273.15

(Note) Revisions to consolidated earnings forecasts in the current quarter: None

4. Other Information

(1) Principal subsidiaries subject to changes: Yes (One new subsidiary: JP Renewable Europe Company Limited)

(2) Application of accounting methods which are exceptional for quarterly consolidated financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement of corrections

1) Changes in accounting policies due to revisions of accounting standards etc.: None

2) Changes in accounting policies except 1): None

3) Changes in accounting estimates: None

4) Restatement of corrections: None

(4) Number of shares issued (common stock)

1) Number of shares issued at the end of the period (including treasury stock)

Six months ended Sep. 30, 2018: 183,051,100

Year ended March 31, 2018: 183,051,100

2) Treasury stock at the end of the period

Six months ended Sep. 30, 2018: 1,871

Year ended March 31, 2018: 1,751

3) Average number of shares outstanding during the period

Six months ended Sep. 30, 2018: 183,049,302

Six months ended Sep. 30, 2017: 183,049,708

* This quarterly financial results is out of the scope of quarterly review procedures by CPA or an audit firm

* Forward-looking statements and other special notes

- The earnings forecasts are forward-looking statements made on the basis of available information current at the time forecasts are made and contain uncertain elements. Therefore, actual earnings may differ from forecast figures as a result of changes in business performance and other factors.
- The supplementary explanation material is available on our website at <http://www.jpowers.co.jp/english/> under the investor relations section.

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1. Qualitative Information on Consolidated Financial Results

(1) Qualitative Information on Consolidated Operating Results

1) Electricity Sales Volume

In the electric power business, electricity sales volume from thermal power plants for the six months ended September 30, 2018 showed 3.9% decrease from the same period of the previous fiscal year to 25.9TWh, due mainly to the decrease in the load factor of thermal power plants of J-POWER (non-consolidated) from 76% to 75%. In hydroelectric power, the increase in water supply rate from 94% to 113% resulted in 21.4% increase in electricity sales volume from the same period of the previous fiscal year to 5.9TWh. In addition to these factors, the increase in sales volume of electricity procured from wholesale electricity market, etc. contributed to 3.2% increase in total electricity sales volume of the electric power business from the same period of the previous fiscal year to 33.3TWh.

Electricity sales volume in the overseas business decreased 21.7% from the same period of the previous fiscal year to 5.6TWh.

2) Overview of Income and Expenditures

Sales (operating revenues) increased 3.4% from the same period of the previous fiscal year to 424.2 billion yen mainly due to the increase of the fuel price in the electric power business. Non-operating revenue decreased 32.9% from the same period of the previous fiscal year to 10.2 billion yen mainly due to the elimination of foreign exchange gains. Total ordinary revenue increased 2.1% from the same period of the previous fiscal year to 434.5 billion yen.

Operating expenses increased 9.9% from the same period of the previous fiscal year to 376.3 billion yen. This was mainly due to the increase in fuel costs associated with the increase of the fuel price, and also due to the increase in repair expense including periodic inspection costs at thermal power plants. Total ordinary expenses including non-operating expenses increased 9.5% from the same period of the previous fiscal year to 391.8 billion yen.

As a result, ordinary income decreased 36.8% from the same period of the previous fiscal year to 42.6 billion yen and profit attributable to owners of parent after corporate income tax decreased 32.3% from the same period of the previous fiscal year to 31.1 billion yen.

(2) Qualitative Information on Consolidated Financial Position

1) Condition of Assets, Liabilities and Net Assets

Total assets increased 84.3 billion yen from the end of the previous fiscal year to 2.7314 trillion yen mainly due to investment in the UK offshore wind power project and the increase in current assets.

Total liabilities increased 67.9 billion yen from the end of the previous fiscal year to 1.8789 trillion yen. Of this amount, interest-bearing debt increased 76.2 billion yen from the end of the previous fiscal year to 1.6376 trillion yen. Non-recourse loans in overseas business accounted for 261.8 billion yen of interest-bearing debt.

Total net assets increased 16.4 billion yen from the end of the previous fiscal year to 852.5 billion yen, due mainly to posting of profit attributable to owners of parent.

As a result, the shareholders' equity ratio decreased from 29.7% at the end of the previous fiscal year to 29.5%.

2) Condition of Cash Flows

(Cash flows from operating activities)

Cash inflow from operating activities decreased 22.1 billion yen from the same period of the previous fiscal year to 48.6 billion yen, due mainly to the decrease in profit before income taxes.

(Cash flows from investing activities)

Cash outflow from investing activities increased 52.4 billion yen from the same period of the previous fiscal year to 92.5 billion yen, due mainly to the acquisition of interest in the UK offshore wind power project.

(Cash flows from financing activities)

Cash flows from financing activities reversed from outflow of 71.9 billion yen in the same period of the previous fiscal year to inflow of 85.6 billion yen, due mainly to the increase in fund procurement by corporate bonds and loans.

As a result of these activities, the balance of cash and cash equivalents as of September 30, 2018 increased 38.4 billion yen from the end of the previous fiscal year to 175.2 billion yen.

(3) Qualitative Information on Consolidated Earnings Forecasts

There is no change in our consolidated earnings forecasts announced on April 27, 2018.

2. Consolidated Financial Statements and Major Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	As of Mar. 31, 2018	As of Sep. 30, 2018
Assets		
Non-current assets	2,325,256	2,353,710
Electric utility plant and equipment	951,149	953,866
Hydroelectric power production facilities	346,719	349,226
Thermal power production facilities	305,191	312,204
Internal combustion engine power production facilities	3,029	2,923
Renewable power production facilities	50,784	47,448
Transmission facilities	153,180	151,334
Transformation facilities	29,718	29,135
Communication facilities	8,375	7,882
General facilities	54,148	53,711
Overseas business facilities	341,418	324,826
Other non-current assets	93,404	87,833
Construction in progress	525,740	533,881
Construction and retirement in progress	525,740	533,881
Nuclear fuel	73,800	74,319
Nuclear fuel in processing	73,800	74,319
Investments and other assets	339,743	378,983
Long-term investments	256,715	303,666
Net defined benefit asset	-	84
Deferred tax assets	47,744	44,223
Other	35,283	31,008
Current assets	321,798	377,741
Cash and deposits	129,675	132,066
Notes and accounts receivable-trade	91,432	93,250
Short-term investments	9,045	45,065
Inventories	52,368	51,680
Other	39,322	55,768
Allowance for doubtful accounts	(46)	(89)
Total assets	2,647,054	2,731,452

(Unit: million yen)

	As of Mar. 31, 2018	As of Sep. 30, 2018
Liabilities		
Non-current liabilities	1,561,828	1,632,652
Bonds payable	554,991	604,992
Long-term loans payable	875,043	888,788
Lease obligations	368	985
Other provision	152	140
Net defined benefit liability	55,176	54,013
Asset retirement obligations	28,484	28,739
Deferred tax liabilities	22,343	20,646
Other	25,266	34,346
Current liabilities	249,100	246,271
Current portion of non-current liabilities	114,307	127,876
Short-term loans payable	16,803	15,117
Notes and accounts payable-trade	25,539	28,350
Accrued taxes	26,303	18,011
Other provision	292	234
Asset retirement obligations	341	314
Other	65,512	56,366
Total liabilities	1,810,929	1,878,923
Net assets		
Shareholders' equity	745,176	768,968
Capital stock	180,502	180,502
Capital surplus	119,927	119,927
Retained earnings	444,753	468,545
Treasury shares	(6)	(6)
Accumulated other comprehensive income	42,114	36,579
Valuation difference on available-for-sale securities	16,822	16,148
Deferred gains or losses on hedges	(6,580)	2,375
Foreign currency translation adjustment	30,960	17,251
Remeasurements of defined benefit plans	912	803
Non-controlling interests	48,833	46,980
Total net assets	836,124	852,528
Total liabilities and net assets	2,647,054	2,731,452

(2) Consolidated Statement of Income and Comprehensive Income

Consolidated statement of income

(Unit: million yen)

	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Operating revenue	410,208	424,287
Electric utility operating revenue	307,303	326,833
Overseas business operating revenue	75,110	68,969
Other business operating revenue	27,793	28,484
Operating expenses	342,577	376,362
Electric utility operating expenses	257,407	297,074
Overseas business operating expenses	58,887	53,504
Other business operating expenses	26,282	25,783
Operating income	67,630	47,924
Non-operating income	15,315	10,275
Dividend income	986	1,132
Interest income	620	662
Share of profit of entities accounted for using equity method	4,572	4,856
Foreign exchange gains	6,586	-
Other	2,548	3,624
Non-operating expenses	15,400	15,525
Interest expenses	14,291	12,878
Other	1,108	2,646
Total ordinary revenue	425,523	434,563
Total ordinary expenses	357,978	391,888
Ordinary income	67,545	42,674
Profit before income taxes	67,545	42,674
Income taxes-current	11,155	5,906
Income taxes-deferred	2,745	1,595
Total income taxes	13,900	7,502
Profit	53,644	35,172
Profit attributable to non-controlling interests	7,696	4,058
Profit attributable to owners of parent	45,947	31,114

Consolidated statement of comprehensive income

	(Unit: million yen)	
	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Profit	53,644	35,172
Other comprehensive income		
Valuation difference on available-for-sale securities	3,144	(676)
Deferred gains or losses on hedges	(5,633)	8,038
Foreign currency translation adjustment	2,474	(11,835)
Remeasurements of defined benefit plans, net of tax	34	(110)
Share of other comprehensive income of entities accounted for using equity method	(3,483)	(140)
Total other comprehensive income	(3,463)	(4,724)
Comprehensive income	50,180	30,447
(Comprehensive income attributable to abstract)		
Comprehensive income attributable to owners of parent	43,029	25,579
Comprehensive income attributable to non-controlling interests	7,151	4,868

(3) Consolidated Statement of Cash Flows

	(Unit: million yen)	
	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Cash flows from operating activities		
Profit before income taxes	67,545	42,674
Depreciation and amortization	38,458	39,224
Loss on retirement of non-current assets	1,424	2,658
Increase (decrease) in net defined benefit liability	(507)	(1,377)
Interest and dividend income	(1,607)	(1,794)
Interest expenses	14,291	12,878
Decrease (increase) in notes and accounts receivable-trade	(9,333)	(2,949)
Decrease (increase) in inventories	(2,499)	283
Increase (decrease) in notes and accounts payable-trade	(10,620)	(6,042)
Share of (profit) loss of entities accounted for using equity method	(4,572)	(4,856)
Other, net	(4,719)	(14,580)
Subtotal	87,859	66,119
Interest and dividend income received	8,590	8,664
Interest expenses paid	(14,464)	(12,909)
Income taxes paid	(11,104)	(13,191)
Net cash provided by (used in) operating activities	70,880	48,682
Cash flows from investing activities		
Purchase of non-current assets	(33,039)	(44,583)
Payments of investment and loans receivable	(2,247)	(57,131)
Collection of investment and loans receivable	1,516	9,484
Other, net	(6,332)	(360)
Net cash provided by (used in) investing activities	(40,103)	(92,590)

	(Unit: million yen)	
	Six months ended Sep. 30, 2017	Six months ended Sep. 30, 2018
Cash flows from financing activities		
Proceeds from issuance of bonds	59,765	89,664
Redemption of bonds	(105,200)	(20,000)
Proceeds from long-term loans payable	24,635	63,900
Repayments of long-term loans payable	(39,298)	(48,931)
Increase in short-term loans payable	33,804	31,827
Decrease in short-term loans payable	(41,850)	(33,510)
Proceeds from issuance of commercial papers	15,000	83,000
Redemption of commercial papers	(10,000)	(83,000)
Cash dividends paid	(6,404)	(7,323)
Dividends paid to non-controlling interests	(2,252)	(6,673)
Other, net	(170)	16,742
Net cash provided by (used in) financing activities	(71,972)	85,695
Effect of exchange rate change on cash and cash equivalents	1,169	(3,336)
Net increase (decrease) in cash and cash equivalents	(40,024)	38,450
Cash and cash equivalents at beginning of period	168,454	136,840
Cash and cash equivalents at end of period	128,430	175,291

(4) Notes on Premise of Going Concern

Not applicable.

(5) Notes on Significant Changes in Shareholders' Equity

Not applicable.

3. Appendixes

[Appendix 1]

Revenues and Expenses (Consolidated)

(Unit: million yen)

	Six months ended Sep. 30, 2017 (A)	Six months ended Sep. 30, 2018 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	410,208	424,287	14,079	3.4%
<u>Electric utility operating revenue</u>	307,303	326,833	19,529	6.4%
Sold power to other suppliers	279,522	301,176	21,654	7.7%
Transmission revenue	24,402	24,921	518	2.1%
Other electricity revenue	3,378	736	(2,642)	(78.2)%
<u>Overseas business operating revenue</u>	75,110	68,969	(6,141)	(8.2)%
Other business operating revenue	27,793	28,484	690	2.5%
Operating expenses	342,577	376,362	33,784	9.9%
<u>Electric utility operating expenses</u>	257,407	297,074	39,667	15.4%
Personnel expense	15,943	15,389	(553)	(3.5)%
Fuel cost	120,063	138,797	18,734	15.6%
Repair expense	31,655	36,479	4,824	15.2%
Consignment cost	17,134	17,527	392	2.3%
Taxes and duties	12,778	12,754	(24)	(0.2)%
Depreciation and amortization cost	27,317	28,045	727	2.7%
Other	32,515	48,081	15,565	47.9%
<u>Overseas business operating expenses</u>	58,887	53,504	(5,383)	(9.1)%
Other business operating expenses	26,282	25,783	(499)	(1.9)%
Operating income	67,630	47,924	(19,705)	(29.1)%
Non-operating income	15,315	10,275	(5,039)	(32.9)%
Dividend income	986	1,132	145	14.8%
Interest income	620	662	41	6.7%
Share of profit of entities accounted for using equity method	4,572	4,856	283	6.2%
Foreign exchange gains	6,586	-	(6,586)	-
Other	2,548	3,624	1,075	42.2%
Non-operating expenses	15,400	15,525	125	0.8%
Interest expenses	14,291	12,878	(1,412)	(9.9)%
Other	1,108	2,646	1,538	138.8%
Total ordinary revenue	425,523	434,563	9,039	2.1%
Total ordinary expenses	357,978	391,888	33,910	9.5%
Ordinary income	67,545	42,674	(24,870)	(36.8)%
Profit before income taxes	67,545	42,674	(24,870)	(36.8)%
Income taxes-current	11,155	5,906	(5,248)	(47.1)%
Income taxes-deferred	2,745	1,595	(1,149)	(41.9)%
Profit	53,644	35,172	(18,472)	(34.4)%
Profit attributable to non-controlling interests	7,696	4,058	(3,638)	(47.3)%
Profit attributable to owners of parent	45,947	31,114	(14,833)	(32.3)%

[Appendix 2]

(1) Generation capacity

(Unit: kW)

	As of Sep. 30, 2017 (A)	As of Sep. 30, 2018 (B)	Year-on-year change (B-A)
Electric power business	17,789,299	17,540,249	(249,050)
Hydroelectric power	8,572,219	8,573,169	950
Thermal power	8,773,420	8,523,420	(250,000)
Wind power	443,660	443,660	-
Overseas business	3,990,000	3,990,000	-
Total	21,779,299	21,530,249	(249,050)

(2) Electricity sales volume

(Unit: GWh)

	Six months ended Sep. 30, 2017 (A)	Six months ended Sep. 30, 2018 (B)	Year-on-year change (B-A)
Electric power business	32,312	33,340	1,028
Hydroelectric power	4,874	5,918	1,044
Thermal power	27,000	25,940	(1,060)
Wind power	296	312	15
Other	140	1,169	1,029
Overseas business	7,219	5,650	(1,568)
Total	39,531	38,990	(540)

* Other shows sales volume of electricity procured from wholesale electricity market, etc.

(3) Water supply rate and Load factor (J-POWER non-consolidated)

(Unit: %)

	Six months ended Sep. 30, 2017 (A)	Six months ended Sep. 30, 2018 (B)	Year-on-year change (B-A)
Water supply rate	94	113	19
Load factor	76	75	(1)

[Appendix 3]

Revenues and Expenses (Non-Consolidated)

(Unit: million yen)

	Six months ended Sep. 30, 2017 (A)	Six months ended Sep. 30, 2018 (B)	Year-on-year change	
			(B-A)	(B-A)/A
Operating revenue	300,049	315,244	15,194	5.1%
Electric utility operating revenue	294,579	307,436	12,856	4.4%
Sold power to other suppliers	265,940	280,879	14,938	5.6%
Transmission revenue	24,402	24,921	518	2.1%
Other electricity revenue	4,236	1,635	(2,600)	(61.4)%
Incidental business operating revenue	5,470	7,808	2,337	42.7%
Operating expenses	258,951	292,300	33,349	12.9%
Electric utility operating expenses	253,864	284,924	31,059	12.2%
Personnel expense	16,530	16,045	(485)	(2.9)%
Fuel cost	115,232	133,595	18,362	15.9%
Repair expense	32,220	36,941	4,720	14.7%
Taxes and duties	12,350	12,305	(44)	(0.4)%
Depreciation and amortization cost	25,629	25,228	(401)	(1.6)%
Other	51,900	60,807	8,907	17.2%
Incidental business operating expenses	5,086	7,376	2,289	45.0%
Operating income	41,098	22,943	(18,154)	(44.2)%
Non-operating income	15,797	19,386	3,589	22.7%
Non-operating expenses	7,726	7,796	70	0.9%
Financial expenses	7,600	6,819	(780)	(10.3)%
Other	126	977	850	675.3%
Total ordinary revenue	315,846	334,631	18,784	5.9%
Total ordinary expenses	266,677	300,097	33,419	12.5%
Ordinary income	49,169	34,533	(14,635)	(29.8)%
Profit before income taxes	49,169	34,533	(14,635)	(29.8)%
Income taxes-current	8,282	2,787	(5,495)	(66.3)%
Income taxes-deferred	1,106	1,497	391	35.4%
Profit	39,780	30,248	(9,531)	(24.0)%