

FY2011 2nd Quarter Financial Results

(April 1,2011 ~ September 30,2011)

Oct 27, 2011 (Thu)



Hokuriku Electric Power Company

Regarding Forward-Looking Statements(Performance Projections)

Certain statements in the following presentation regarding Hokuriku Electric Power Company's business operations may constitute "forward-looking statements." As such, these statements are not historical facts but rather predictions about the future, which inherently involve risks and uncertainties, and these risks and uncertainties could cause the Company's actual results to differ materially from the Forward-looking statements (Performance projections) herein.

(note)

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

Total Sales of Electric Power

- 14.09 billion kWh (0.35 billion kWh decrease compared with the previous year < approx 2.4% decrease >)

Due to reactionary fall in electric power demand for air conditioners in comparison with the previous year and energy conservation

- Lighting and Commercial - - decrease due to the reason above
- Industrial and other - - same as the previous year

(Billion kWh,%)

		FY11/2Q (A)	FY10/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Regulated	Lighting	3.76	3.93	Δ 0.17	95.7
	Low-voltage	0.68	0.73	Δ 0.06	92.2
	Subtotal	4.44	4.66	Δ 0.23	95.1
Liberarized	Commercial	2.62	2.77	Δ 0.16	94.4
	Industrial and other	7.04	7.01	0.03	100.4
	Subtotal	9.65	9.78	Δ 0.13	98.7
Total		14.09	14.44	Δ 0.35	97.6
Large Industrial		5.68	5.63	0.05	100.9
Residential		6.47	6.80	Δ 0.33	95.1
Other than residential		7.62	7.64	Δ 0.02	99.7

※ Residential=lighting, commercial power and night only service

(Reference) Sales to Large-scale user by main Industry

(Billion kWh,%)

		FY11/2Q (A)	FY10/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Total of large-scale user		5.68	5.63	0.05	100.9
Main industry	Textile	0.56	0.55	0.02	102.8
	Paper and pulp	0.19	0.21	△ 0.03	87.5
	Chemical	0.67	0.65	0.02	103.4
	Steel	0.43	0.38	0.05	112.6
	Machinery	1.85	1.82	0.03	101.7
	(Electrical Machinery in Machinery sector)	(1.35)	(1.33)	(0.02)	(101.7)
	Fabricated metal	0.36	0.38	△ 0.02	95.2

(Reference) Average monthly temperature (3 Hokuriku cities)

[Average monthly temperature in Hokuriku 3 cities]

(°C)

	April	May	June	July	August	September
Actual data	11.3	17.4	22.8	27.1	27.3	23.7
Comparison with the previous year	+0.4	+0.7	+0.6	+0.4	△ 2.0	△ 0.6
Comparison with the average year	△ 1.2	+0.1	+1.6	+1.8	+0.4	+1.1

(Note)Hokuriku 3 cities: Toyama city, Kanazawa city, Fukui city

Total Power Generated, Purchased and Sold

- Huge increase in thermal due to the shutdown of Shika Nuclear Power Plant

(Billion kWh,%)

	FY11/2Q (A)	FY10/2Q (B)	Comparison	
			(A)-(B)	(A)/(B)
[Flow ratio]	[103.5]	[101.1]	[2.4]	
Hydroelectric	3.86	3.78	0.07	101.9
Thermal	10.31	7.56	2.75	136.4
[Utilization ratio]	[—]	[86.4]	[Δ 86.4]	
Nuclear	—	6.63	Δ 6.63	—
Renewable	0.00	0.00	0.00	135.9
Subtotal	14.17	17.97	Δ 3.80	78.8
Purchased from other utilities	1.72	1.64	0.08	104.7
Sold to other utilities	Δ 0.55	Δ 3.79	3.24	14.5
Total	15.33	15.81	Δ 0.49	96.9

Overview of FY 2011/2Q Financial Results

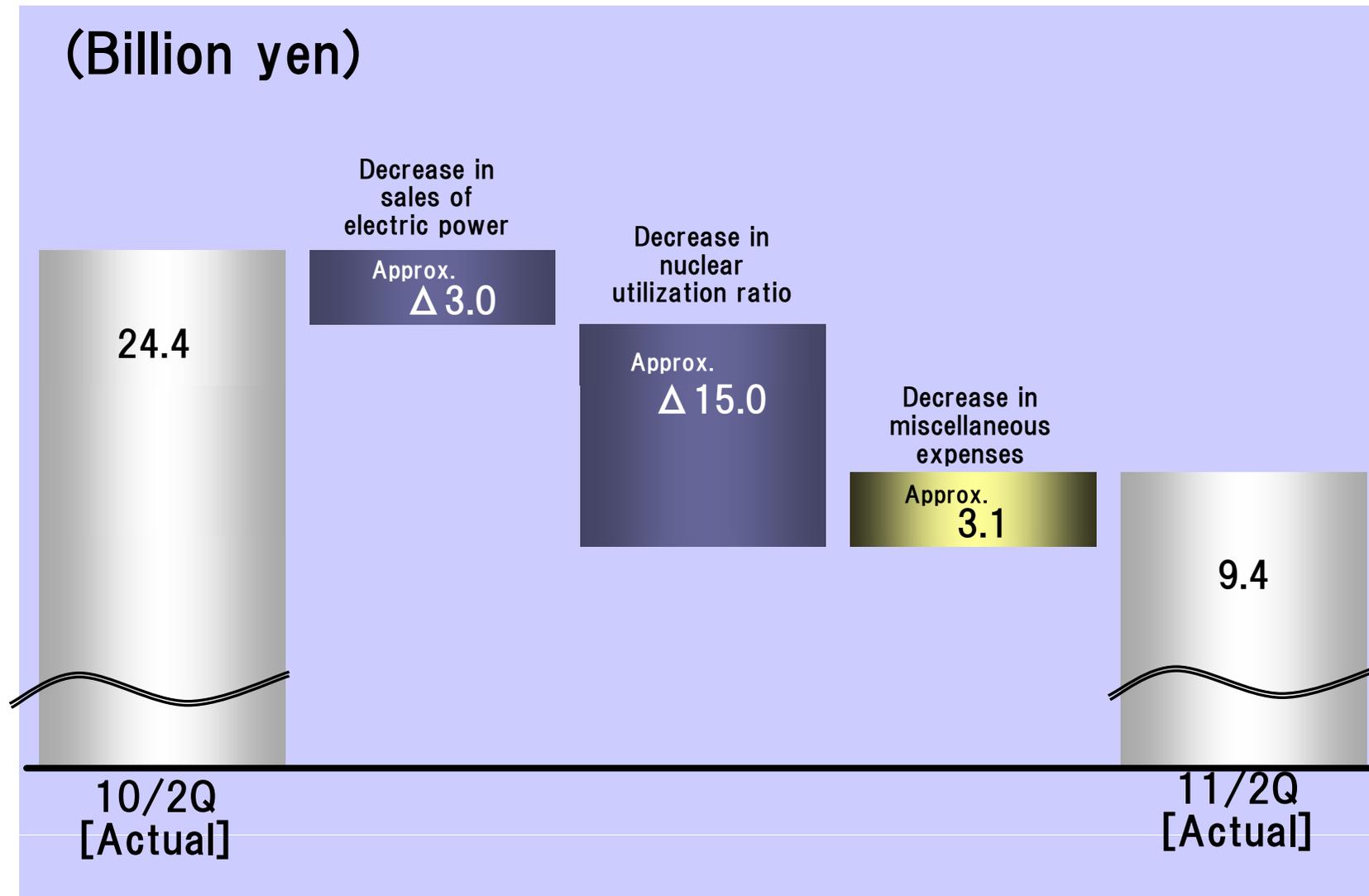
- Consolidated operating revenue ▫ 4.7 billion yen decrease
Due to the decline in sales to other utilities and so on
- Consolidated ordinary income ▫ 14.9 billion decrease
Due to the increase in fuel expenses accompanied with the decline in power generated by nuclear

(Billion yen,%)

		FY11/2Q (A)	FY10/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Consolidated	Operating revenue	241.5	246.2	Δ 4.7	98.1
	Operating income	15.2	32.9	Δ 17.7	46.3
	Ordinary income	9.4	24.4	Δ 14.9	38.8
	Extraordinary loss	—	2.3	Δ 2.3	—
	Net income	3.8	12.2	Δ 8.4	31.4
Non-consolidated	Operating revenue	235.8	240.3	Δ 4.5	98.1
	Operating income	13.5	31.3	Δ 17.7	43.3
	Ordinary income	8.2	22.1	Δ 13.9	37.1
	Extraordinary loss	—	2.3	Δ 2.3	—
	Net income	3.2	10.8	Δ 7.5	30.3

<The number of consolidated subsidiaries ▫ 11 affiliates and 2 equity method affiliates>

Changing factor of Consolidated Ordinary Income (Comparison with FY2010/2Q)



FY2011 Forecast (Key Factor)

【Total sales of electric power】

- 28.8 billion kWh
(0.7 billion kWh decrease compared with the previous year)
Due to reactionary fall in demand for air conditioners

	FY2011		(Billion kWh)	(Reference)
	As of 10/27(A)	As of 7/29(B)	Comparison (A)-(B)	FY2010 Actual Performance
Total sales of electric power	Approx. 28.8 (Approx. 98%)	Approx. 28.8 (Approx. 98%)	—	29.54 (108.7%)

※ Figures in parentheses denote percentage from previous year

【Key factor】

	FY2011				(Reference)
	1 - 2Q Actual performance	3 - 4Q Forecast	Forecast as of 10/29	Forecast as of 7/29	FY2010 Actual performance
Currency Rate	79.8	Approx. 80	Approx. 80	Approx. 85	85.7
C I F oil prices (All Japan)	113.9	Approx. 110	Approx. 110	Approx. 105	84.2
Flow rate	103.5	Approx. 100	Approx. 102	Approx. 100	99.4

FY 2011 Revenue and Income Forecast

- 485 billion yen consolidated revenue and 475 billion yen non-consolidated revenue due to the decrease in sales of electric power
- Uncertain operating income, ordinary income and net income because we have to assess operation plan of facilities
(We will disclose immediately when forecasting is enabled)

		(Billion yen)			(Reference)	
		FY2011 Forecast		Comparison	FY10 Actual performance(C)	Comparison
		As of 10/27	As of 7/29	(A)-(B)		(A)-(C)
Consolidated	Operating revenues	Approx. 485.0 (Approx.98%)	Approx. 485.0 (Approx. 98%)	—	494.1 (104.8%)	Δ 9.1
	Operating income	Uncertain	Uncertain	—	49.9 (121.9%)	—
	Ordinary income	Uncertain	Uncertain	—	35.6 (132.2%)	—
	Net income	Uncertain	Uncertain	—	19.0 (112.7%)	—
Non-Consolidated	Operating revenues	Approx. 475.0 (Approx.98%)	Approx. 475.0 (Approx.98%)	—	482.7 (104.9%)	Δ 7.7
	Operating income	Uncertain	Uncertain	—	46.6 (123.6%)	—
	Ordinary income	Uncertain	Uncertain	—	31.4 (131.4%)	—
	Net income	Uncertain	Uncertain	—	16.6 (109.7%)	—

*Figures in parentheses denote percentage from the previous year.

Consolidated Balance Sheet (Summary)

(Billion yen)

	End of FY11/2Q (A)	End of FY10 (B)	Comparison (A)-(B)	(Note) Related to only Hokuriku Electric Power Company
Fixed assets	1,211.9	1,232.3	Δ 20.3	
Electricity business	930.3	954.0	Δ 23.7	<ul style="list-style-type: none"> ▪ Completion of construction 16.8 ▪ Depreciation Δ 39.0
Others	281.6	278.2	3.4	
Current assets	174.0	148.8	25.2	Stores 13.6
Total assets	1,386.0	1,381.1	4.9	
Debt with interest	821.7	798.5	23.1	<ul style="list-style-type: none"> ▪ Straight bond Δ 40.0 ▪ Long-term debt loan 22.7 ▪ CP 40.0
Other debt	201.6	220.9	Δ 19.2	<ul style="list-style-type: none"> ▪ Accounts payable - other Δ 4.8 ▪ Accounts payable - trade Δ 4.4 ▪ Accrued taxes Δ 3.9
Revenue for fluctuation in water level	9.4	6.9	2.4	
Total liabilities	1,032.8	1,026.5	6.3	
Total net assets	353.2	354.6	Δ 1.4	
[Equity ratio]	[25.5%]	[25.7%]	[Δ 0.2%]	
Total of liabilities and net assets	1,386.0	1,381.1	4.9	

Consolidated Statement of Cash Flows

(Billion yen)

	FY11/2Q (A)	FY10/2Q (B)	Comparison (A)-(B)
I .Operating activities①	14.7	62.0	△ 47.3
Income before income taxes and minority interests	7.0	20.0	△ 13.0
Depreciation and amortization	41.2	43.9	△ 2.6
Others	△ 33.5	△ 1.8	△ 31.6
II .Investing activities②	△ 30.6	△ 41.8	11.2
Capital expenditure	△ 29.6	△ 30.3	0.7
Long-term investment and others	△ 0.9	△ 11.5	10.5
III.Financing activities	17.8	△ 80.2	98.1
Loan,bond,etc	23.1	△ 74.9	98.0
Purchases and sales of own stock	△ 0.0	△ 0.0	△ 0.0
Cash dividends paid③	△ 5.2	△ 5.3	0.1
IV.Net increase in cash and cash equivalents(I + II + III)	1.9	△ 60.0	62.0
○ Free cash flow(① + ② + ③)	△ 21.1	14.8	△ 35.9
(reference : non-consolidated free cash flow)	(△ 21.7)	(12.5)	(△ 34.2)

Non-Consolidated Statement of Income

(Billion yen,%)

		FY11/2Q (A)	FY10/2Q (B)	Comparison		(Note) Main reason of increase and decrease
				(A)-(B)	(A)/(B)	
Ordinary revenues	Lighting, commercial and industrial	208.9	207.0	1.8	100.9	Increase in fuel cost adjustment income
	Sales to other utilities	23.7	29.8	△ 6.0	79.6	Decrease in revenue from sales to other utilities
	Others	4.9	5.4	△ 0.4	92.3	
	(Operating revenues)	(235.8)	(240.3)	(△ 4.5)	(98.1)	
	Total	237.6	242.3	△ 4.6	98.1	
Ordinary expenses	Personnel expenses	27.6	26.4	1.1	104.4	Increase in retirement benefit cost
	Fuel expenses	56.2	36.9	19.2	152.2	Decrease in power generated by nuclear and increase in fossil fuel prices
	Maintenance expenses	27.9	29.9	△ 1.9	93.4	Decrease in distribution maintenance cost
	Depreciation expenses	39.0	41.7	△ 2.6	93.6	Progress in depreciation
	Purchased power expenses	27.1	24.0	3.0	112.9	Increase in power purchased from wholesale market
	Interest paid	6.3	10.6	△ 4.3	59.2	Reactionary fall by the previous year's in-substance defeasance of straight bond
	Taxes other than income taxes	15.6	16.5	△ 0.8	94.7	Decrease in nuclear fuel tax
	Nuclear power back-end expenses	3.3	6.9	△ 3.5	47.9	Decrease in power generated by nuclear
	Other expenses	26.1	26.9	△ 0.7	97.2	Decrease in miscellaneous expenses
	Total	229.4	220.2	9.2	104.2	
Operating income		13.5	31.3	△ 17.7	43.3	
Ordinary income		8.2	22.1	△ 13.9	37.1	
Extraordinary loss		—	2.3	△ 2.3	—	FY 2010 - - Application of accounting rule related to asset retirement obligations
Net income		3.2	10.8	△ 7.5	30.3	

Main factors of increase and decrease Related to Non-consolidated Finance Results (Revenue)

[Lighting, Commercial and Industrial]

(Billion kWh,Billion yen)

	FY11/2Q (A)	FY10/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Total Sales of electric power	14.09	14.44	Δ 0.35	
Revenue from lighting, commercial and industrial	208.9	207.0	1.8	<ul style="list-style-type: none"> ▪ Decrease in total sales of electric power Δ5.0 ▪ Increase in fuel cost adjustment income +7.0
<div style="margin-left: 20px;">(Lighting)</div> <div style="margin-left: 20px;">(Commercial and industrial)</div>	72.5 136.4	74.6 132.3	Δ 2.1 4.0	

Main Factor of increase and decrease related to Non-consolidated Financial Results (Expense)

[Fuel expenses]

(Billion yen)

	FY11/2Q (A)	FY10/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Fuel Expenses	56.2	36.9	19.2	・Decrease in sales of electric power Approx. Δ2.0 ・Decrease in nuclear utilization ratio Approx. +15.0 ・Increase in fossil fuel prices Approx.+7.0 ・Others Approx.Δ0.8
Fossil fuel	56.2	32.6	23.6	
(Oil)	(15.6)	(6.3)	(9.3)	
(Coal)	(40.5)	(26.3)	(14.2)	
Nuclear Fuel	—	4.3	Δ 4.3	

(Reference)Key factors

Currency rate(yen/\$)	80	89	Δ 9
CIF oil prices[All Japan] (\$/b)	113	78	35
CIF coal prices ["] (\$/t)	139	110	29

[Purchased power expenses]

(Billion yen)

	FY11/2Q (A)	FY10/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Purchased Power expenses	27.1	24.0	3.0	Increase in power purchased from wholesale market
Expenses to other electric utilities	0.6	0.5	0.1	
Expenses to public and wholesale utilities	26.4	23.5	2.9	

(Reference)Supplied volume

(Billion kWh)

From other electric utilities	0.07	0.05	0.02	
From public and wholesale utilities	1.86	2.13	Δ 0.28	

[Interest paid]

(Billion yen)

	FY11/2Q (A)	FY10/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Interest paid	6.3	10.6	Δ 4.3	Reactionary fall in the previous year's in-substance defeasance of straight bond

(Reference) Amount of debt with interest (Non-consolidated)

(Billion yen)

	End of FY09	End of FY10/2Q	End of FY10	End of FY11/2Q
Straight bond	593.6	533.6	543.6	503.6
Loan	275.6	263.4	252.6	275.5
Long-term	248.7	238.7	230.3	253.0
Short-term	26.9	24.7	22.3	22.5
C P	—	—	—	40.0
Total	869.2	797.0	796.3	819.2
Borrowing rate at the end of period(%)	1.68	1.64	1.61	1.50

(Reference) Business Management Strategy Target

<Sales targets [Non-consolidated]>

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	Nid-term management strategy
Number of Eco Cute units in use (Single year) (Thousand)	7.5	18.2 (10.7)	32.5 (14.3)	52.5 (20.0)	74.3 (21.9)	100.2 (25.8)	Approx. 125.0 Approx. 25	1.5 hundred thousand (Cumulative total in FY12)
Development of demand for heat pump type air conditioning system (Ten thousand kW)	4.8	11.3 (6.5)	18.5 (7.2)	25.9 (7.4)	32.6 (6.7)	40.4 (7.8)	Approx. 48 (Approx 7.6)	5.5 hundred thousand kW (Cumulative total in FY12)

<Environmental targets [Non-consolidated]>

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	Nid-term management strategy
CO ₂ emissions intensity (FY90 0.395kg-CO ₂ /kWh) (kg-CO ₂ /kWh)	0.407	0.457	0.632	0.483	0.309	Approx 0.224	Uncertain	20% reduction compared with FY90 results <Approx. 0.32kg-CO ₂ /kWh> (Average in FY 08-12)

<Supply and reliability targets [Non-consolidated]>

	FY05	FY06	FY07	FY08	FY09	FY10	FY11	Nid-term management strategy
Frequency and duration of outage per household (Number of times/year)	0.36	0.28	0.17	0.21	0.18	0.18	Approx. 0.26	Approx. 0.26 times/year

(Reference) <Income and Financial Targets>

	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Consolidated ordinary income (Billion yen)	31.5	33.1	12.5	8.3	26.9	35.6	Uncertain
Consolidated ROA (%)	2.2	2.3	1.2	1.1	1.8	2.3	Uncertain
Consolidated equity ratio (%)	23.6	24.4	23.7	24.2	25.4	25.7	Uncertain
Amount of consolidated debt with interest (Billion yen)	987.1	946.8	979.5	942.7	874.0	798.5	Approx.830.0

(Reference) Key Factor and Sensitivity

<Key Factor>

	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Electricity sales (Billion kWh)	27.97	28.20	29.30	28.15	27.18	29.54	Approx. 28.8
Currency rate (Yen/\$)	113.3	117.0	114.4	100.7	92.9	85.7	Approx. 80
CIF oil prices [All Japan] (\$/b)	55.8	63.5	78.7	90.5	69.4	84.2	Approx. 110
Flow rate (%)	95.9	102.9	90.5	88.5	95.2	99.4	Approx. 102
Nuclear utilization ratio (%)	88.7	38.3	—	59.6	63.2	81.4	Uncertain

<Sensitivity>

	FY05	FY06	FY07	FY08	FY09	FY10	FY11
Currency rate (1yen/\$)	Approx. 0.4	Approx. 0.5	Approx. 0.9	Approx. 1.1	Approx. 0.6	Approx. 0.6	Uncertain
CIF oil prices [All Japan] (1\$/b)	Approx. 0.3	Approx. 0.3	Approx. 0.6	Approx. 0.4	Approx. 0.2	Approx. 0.2	Uncertain
Flow rate (1%)	Approx. 0.3	Approx. 0.3	Approx. 0.4	Approx. 0.6	Approx. 0.4	Approx. 0.4	Uncertain
Nuclear utilization ratio (1%)	Approx. 0.1	Approx. 0.2	Approx. 0.4	Approx. 0.6	Approx. 0.3	Approx. 0.3	Uncertain

(Billion yen/year)

(Reference) Data related to Financial Results

<Profit and loss>

(Billion yen)

		FY05	FY06	FY07	FY08	FY09	FY10	FY11
Operating revenue	[Consolidated]	480.8	485.6	477.9	524.6	471.4	494.1	Approx. 485.0
	[Non-consolidated]	467.2	473.4	466.0	512.9	460.2	482.7	Approx. 475.0
Operating income	[Consolidated]	55.1	55.3	27.6	26.1	40.9	49.9	Uncertain
	[Non-consolidated]	52.2	50.4	24.3	22.5	37.7	46.6	Uncertain
Ordinary income	[Consolidated]	31.5	33.1	12.5	8.3	26.9	35.6	Uncertain
	[Non-consolidated]	29.1	30.1	9.3	8.5	23.9	31.4	Uncertain
Net income	[Consolidated]	19.9	17.2	7.3	7.4	16.9	19.0	Uncertain
	[Non-consolidated]	18.5	15.7	5.1	6.9	15.1	16.6	Uncertain

<Balance sheet>

(Billion yen)

		FY05	FY06	FY07	FY08	FY09	FY10	FY11
Total assets	[Consolidated]	1,578.7	1,516.3	1,516.7	1,453.9	1,411.8	1,381.1	—
	[Non-consolidated]	1,535.3	1,478.8	1,481.1	1,421.4	1,382.6	1,351.7	—
Net assets	[Consolidated]	373.0	369.9	359.9	351.1	358.2	354.6	—
	[Non-consolidated]	362.9	358.2	346.2	336.9	342.1	336.2	—

<Capital investment>

(Billion yen)

		FY05	FY06	FY07	FY08	FY09	FY10	FY11
Capital Investment	[Consolidated]	77.2	39.4	45.2	61.7	50.2	83.3	Approx. 62.0
	[Non-consolidated]	74.1	36.5	41.7	57.6	44.3	78.5	Approx. 59.0

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