

FY2015 2nd Quarter Financial Results (April 1–September 30,2015) Supplemental Material

Oct 29, 2015(Thu)



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

- 13.22 billion kWh
(0.04 billion kWh increase compared with the previous year)

■ Lighting and Commercial : Same as the previous year

■ Industrial and other : Increase in demand for machinery sector

(Billion kWh,%)

		FY15/2Q (A)	FY14/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Regulated	Lighting	3.46	3.47	Δ 0.01	99.8
	Low-voltage	0.56	0.57	Δ 0.01	98.3
	Subtotal	4.03	4.04	Δ 0.02	99.6
Liberarized	Commercial	2.54	2.53	0.00	100.1
	Industrial and other	6.66	6.61	0.05	100.7
	Subtotal	9.20	9.14	0.05	100.6
Total		13.22	13.19	0.04	100.3
Large Industrial		5.36	5.30	0.06	101.2
Residential		6.07	6.08	Δ 0.01	99.9
Other than residential		7.15	7.11	0.04	100.6

※ Residential=lighting, commercial power and night only service

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

(Billion kWh,%)

		FY15/2Q (A)	FY14/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Total of large industrial		5.36	5.30	0.06	101.2
Main industry	Textiles	0.51	0.50	0.01	101.5
	Paper and pulp	0.13	0.14	△ 0.00	96.6
	Chemicals	0.69	0.68	0.01	101.2
	Iron and steel	0.38	0.39	△ 0.02	95.6
	Machinery	1.69	1.65	0.05	102.9
	(Electrical Machinery in Machinery sector)	(1.18)	(1.13)	(0.04)	(104.0)
	Metal products	0.35	0.36	△ 0.01	98.0

(Reference) Average monthly temperature(3 Hokuriku cities)

(°C)

	April	May	June	July	August	September
Actual data	13.5	19.6	21.7	26.1	26.9	21.4
Comparison with the previous year	+1.2	+1.5	△ 1.0	+0.0	+0.5	△ 0.9
Comparison with the average year	+1.0	+2.3	+0.5	+0.8	+0.0	△ 1.2

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

Total Power Generated, Purchased and Sold

- Hydro : Increase in water flow
- Thermal : Decrease in coal-fired thermal power generated
- Purchased (sold) form other companies : Increase in purchase of renewable energy

(Billion kWh,%)

	FY15/2Q (A)	FY14/2Q (B)	Comparison	
			(A)-(B)	(A)/(B)
[Flow ratio]	[102.4]	[100.1]	[2.3]	
Hydroelectric	3.97	3.69	0.28	107.5
Thermal	9.94	10.72	Δ 0.78	92.7
Nuclear	—	—	—	—
Renewable	0.00	0.00	Δ 0.00	98.6
Subtotal	13.91	14.42	Δ 0.50	96.5
Purchased (sold) from other companies	0.96	0.61	0.35	157.2
Purchased (sold) from other utility companies	Δ 0.43	Δ 0.57	0.14	75.8
Total	14.44	14.45	Δ 0.01	99.9

Overview of FY2015/2Q Financial Results

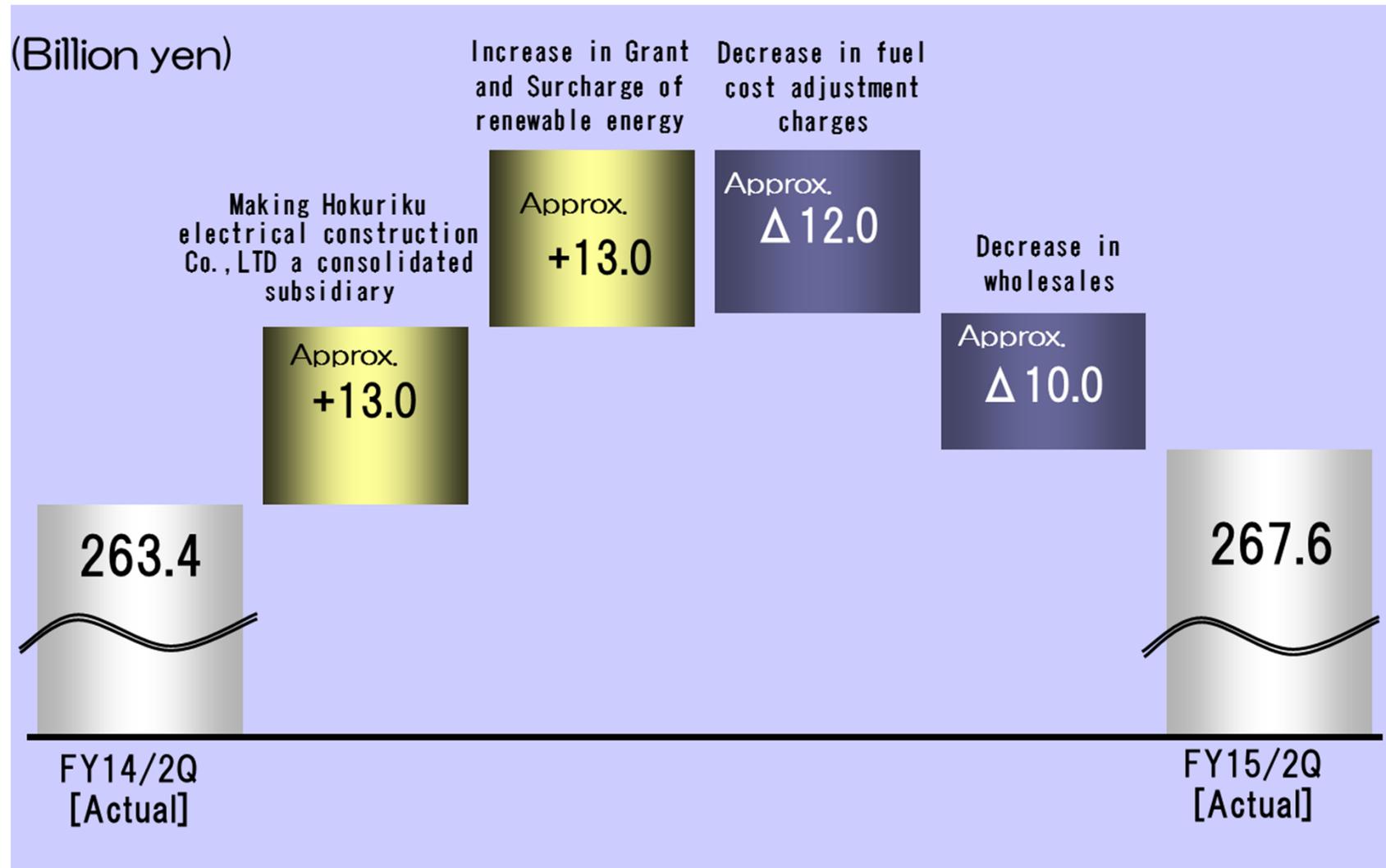
- Consolidated operating revenue : 4.2 billion yen increase
Due to the making Hokuriku electrical construction Co.,LTD consolidated subsidiary despite of decrease in sales at JEPX
- Consolidated ordinary income : 2.5 billion yen increase
Due to the increase in hydro power generated and the making Hokuriku electrical construction Co.,LTD a consolidated subsidiary despite of decrease in coal-fired thermal power generated.

(Billion yen,%)

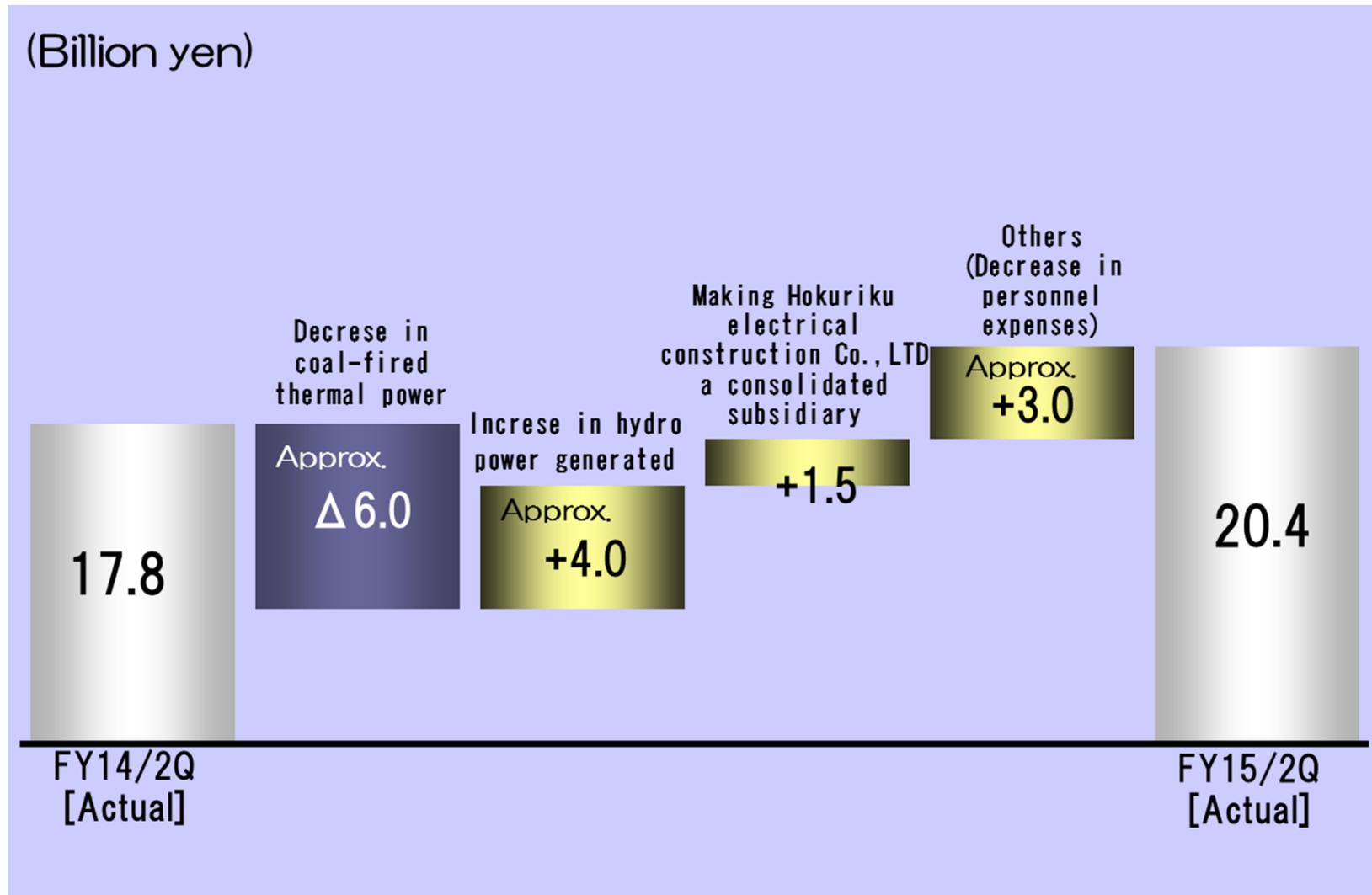
		FY15/2Q (A)	FY14/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Consolidated	Operating revenue	267.6	263.4	4.2	101.6
	Operating income	25.2	27.2	Δ 1.9	92.8
	Ordinary income	20.4	17.8	2.5	114.3
	Profit attributable to owners of parent	11.3	10.1	1.2	112.0
Non-consolidated	Operating revenue	245.1	254.5	Δ 9.4	96.3
	Operating income	20.7	24.6	Δ 3.9	84.2
	Ordinary income	16.5	15.6	0.8	105.5
	Net income	9.5	8.8	0.7	107.9

<The number of consolidated subsidiaries ・ 13 affiliates and 1 equity method affiliates>

Changing factor of Consolidated Operating Revenue (Comparison with FY2014/2Q)



Changing factor of Consolidated Ordinary Income (Comparison with FY2014/2Q)



Non-consolidated Statement of Income

(Billion yen,%)

		FY15/2Q (A)	FY14/2Q (B)	Comparison		(Note) Main reason of increase and decrease
				(A)-(B)	(A)/(B)	
Ordinary revenues	Lighting,commercial and industrial	210.7	213.7	Δ 3.0	98.6	Decrease in fuel cost adjustment charges
	(Renewable Energy Power Promotion Surcharge)	(16.3)	(7.7)	(8.5)	(210.6)	
	Sales to other utilities	19.9	30.1	Δ 10.1	66.3	Decrease in sales at JEPX
	Others	16.0	12.5	3.4	127.9	Increase in Grant under Act on Purchase of Renewable Energy Sourced Electricity
	(Grant under Act on Purchase of Renewable Energy Sourced Electricity)	(11.4)	(7.3)	(4.0)	(155.3)	
	(Operating revenues)	(245.1)	(254.5)	(Δ 9.4)	(96.3)	
	Total	246.7	256.4	Δ 9.6	96.2	
Ordinary expenses	Personnel expenses	22.4	25.5	Δ 3.1	87.8	Decrease in employees retirement benefits
	Fuel expenses	47.8	56.9	Δ 9.0	84.1	Falling fuel prices
	Maintenance expenses	27.9	29.8	Δ 1.9	93.5	Dncrease in maintenance expenses for nuclear power plants
	Depreciation expenses	32.2	33.4	Δ 1.1	96.5	
	Purchased power expenses	32.8	28.7	4.1	114.3	Increase in purchase of renewable energy
	Interest paid	5.6	6.4	Δ 0.8	86.6	
	Taxes other than income taxes	15.0	15.3	Δ 0.3	97.5	
	Other expenses	46.2	44.3	1.8	104.2	Increase in Levy under Act on Purchase of Renewable Energy Sourced Electricity
	(Levy under Act on Purchase of Renewable Energy Sourced Electricity)	(16.3)	(7.7)	(8.5)	(210.6)	
	Total	230.2	240.7	Δ 10.5	95.6	
Operating income		20.7	24.6	Δ 3.9	84.2	
Ordinary income		16.5	15.6	0.8	105.5	
Net income		9.5	8.8	0.7	107.9	

Consolidated Balance Sheet (Summary)

(Billion yen)

	End of FY15/2Q (A)	End of FY14 (B)	Comparison (A)-(B)	(Note) Related to only Hokuriku Electric Power Company
Fixed assets	1,197.8	1,203.5	Δ 5.6	
Electricity business	816.0	833.4	Δ 17.3	<ul style="list-style-type: none"> • Capitalization of construction 16.4 • Depreciation Δ 32.2
Others	381.7	370.1	11.6	
Current assets	272.0	275.9	Δ 3.8	• Cash and stores Δ 7.3
Total assets	1,469.8	1,479.4	Δ 9.5	
Interest-bearing debt	891.8	875.2	16.5	• Long term debt loan 15.8
Other debt	209.8	243.2	Δ 33.4	<ul style="list-style-type: none"> • Account payable Δ 8.6 • Tax payable Δ 7.1
Revenue for fluctuation in water level	19.6	16.6	2.9	
Total liabilities	1,121.3	1,135.2	Δ 13.8	
Total net assets	348.5	344.2	4.3	
[Equity ratio]	[23.1%]	[22.7%]	[0.4%]	
Total of liabilities and net assets	1,469.8	1,479.4	Δ 9.5	

Consolidated Statement of Cash Flows (Summary)

(Billion yen)

	FY15/2Q (A)	FY14/2Q (B)	Comparison (A)-(B)
I .Operating activities①	16.5	49.2	△ 32.6
Income before income taxes and minority interests	17.4	17.0	0.4
Depreciation and amortization	33.9	35.0	△ 1.1
Others	△ 34.8	△ 2.8	△ 31.9
II .Investing activities②	△ 36.2	△ 64.4	28.2
Capital expenditure	△ 37.0	△ 70.6	33.6
Long-term investment and others	0.8	6.1	△ 5.3
III .Financing activities	11.1	93.0	△ 81.9
Loan,bond,etc	16.5	98.3	△ 81.7
Purchases and sales of own stock	△ 0.0	△ 0.0	△ 0.0
Cash dividends paid③	△ 5.3	△ 5.2	△ 0.1
IV .Net increase in cash and cash equivalents(I + II + III)	△ 8.5	77.8	△ 86.3
○ Free cash flow(①+②+③)	△ 24.9	△ 20.4	△ 4.5
(reference : non-consolidated free cash flow)	(△ 24.9)	(△ 22.4)	(△ 2.4)

FY2015 Forecast (Key Factor)

【Total sales of electric power】

➤ 28.0 billion kWh (0.1 billion kWh increase compared with the FY2014)

Expecting the increase in large-scale industrial

(Billion kWh)

	FY2015 Forecast (A)	FY2014 Actual (B)	Comparison	
			(A)-(B)	(A)/(B)
Residential	Approx. 13.6	13.61	Approx. 0.0	Approx. 100%
Other than residential	Approx. 14.4	14.27	Approx. 0.1	Approx. 101%
Total sales of electric power	Approx. 28.0	27.88	Approx. 0.1	Approx. 100%

【Key factor】

	FY2015				(Reference)
	1 - 2Q Actual	3 - 4Q Forecast	Forecast as of 10/29	Forecast as of 7/28	FY2014 Actual
Currency Rate	121.9	Approx. 125	Approx. 123	Approx. 125	109.8
C I F oil prices (All Japan)	58.9	Approx. 52	Approx. 55	Approx. 65	90.4

FY2015 Revenue and Income Forecast

- 550 billion yen consolidated operating revenue and 500 billion yen non-consolidated operating revenue
- Reasonable forecasts of Operating income , Ordinary income and Profit attributable to owners of parent can not be made at this point because it depends largely on performance of thermal power plants
- Dividends cannot be made at this point because it is difficult to predict the net in

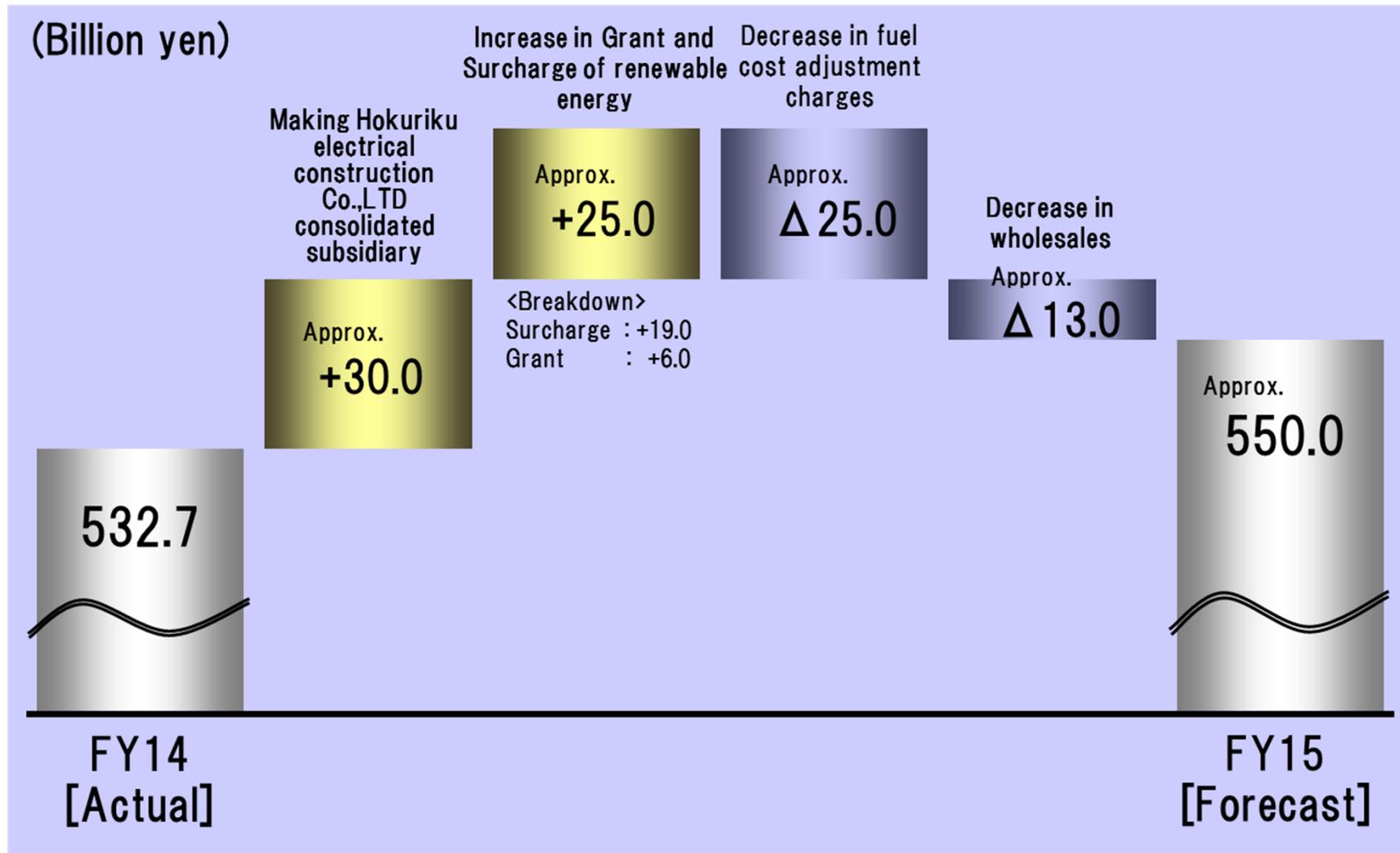
(Billion yen)

		FY15 Forecast (A)	FY14 Actual (B)	Comparison (A)-(B)
Consolidated	Operating revenues	Approx. 550.0 (Approx.103%)	532.7 (105%)	Approx. 17.3
	Operating income	Uncertain	39.9 (201%)	—
	Ordinary income	Uncertain	22.3 (226%)	—
	Profit attributable to owners of parent	Uncertain	8.9 (357%)	—
Non-Consolidated	Operating revenues	Approx. 500.0 (Approx.97%)	513.0 (104%)	Approx. Δ 13.0
	Operating income	Uncertain	35.2 (225%)	—
	Ordinary income	Uncertain	18.1 (246%)	—
	Net income	Uncertain	6.6 (410%)	—

*Figures in parentheses denote percentage from the previous year.

Year end dividends	Uncertain
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Changing factor of Operating Revenue (Forecast) (Comparison with FY2014)



Main factor of increase and decrease related to Non-consolidated Finance Results(Revenue)

[Lighting,commercial and industrial]

(Billion kWh,Billion yen)

	FY15/2Q (A)	FY14/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease							
Total Sales of electric power	13.22	13.19	0.04								
Revenue from lighting, commercial and industrial	210.7	213.7	Δ 3.0	<ul style="list-style-type: none"> ▪ Decrease in fuel cost adjustment surcharge Approx. Δ 11.8 ▪ Increase in renewable energy power promotion surcharge Approx. +8.5 							
<table border="1"> <tr> <td>Lighting</td> <td>70.1</td> <td>71.2</td> <td>Δ 1.0</td> </tr> <tr> <td>Commercial and industrial</td> <td>140.6</td> <td>142.5</td> <td>Δ 1.9</td> </tr> </table>	Lighting	70.1	71.2		Δ 1.0	Commercial and industrial	140.6	142.5	Δ 1.9		
Lighting	70.1	71.2	Δ 1.0								
Commercial and industrial	140.6	142.5	Δ 1.9								

[Sales to other utilities]

(Billion yen)

	FY15/2Q (A)	FY14/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Revenue from sales to other utilities	19.9	30.1	Δ 10.1	
Revenue from sales to other electric utilities	13.5	17.8	Δ 4.2	<ul style="list-style-type: none"> ▪ Decrease in sales at JEPX
Revenue from sales to other utilities	6.4	12.3	Δ 5.8	

(Reference)supply volume

(Billion kWh)

To other electric utilities	0.48	0.66	Δ 0.18
To other utilities	0.72	0.89	Δ 0.17

Main factor of increase and decrease related to Non-consolidated Finance Results(Expense) [Personnel expenses]

(Billion yen)

	FY15/2Q (A)	FY14/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Personnel expenses	22.4	25.5	Δ 3.1	
Retirement benefit	0.4	3.0	Δ 2.5	• Decrease in amortization of actuarial differences

[Reference]

(People)

Number of employees at the end of FY	4,793	4,830	Δ 37	
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[Fuel expenses]

(Billion yen)

	FY15/2Q (A)	FY14/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Fuel Expenses	47.8	56.9	Δ 9.0	• Falling fuel prices Approx. Δ 7.0
Fossil fuel	47.8	56.9	Δ 9.0	• Increase in hydro power generated Approx. Δ 4.0
(Oil)	(13.5)	(17.6)	(Δ 4.1)	• Decrease in coal-fired thermal power generated Approx. +6.0
(Coal)	(34.3)	(39.2)	(Δ 4.8)	• Decrease in sales volume and others Approx. Δ 4.0

(Reference)Key factors

Currency rate(yen/\$)	122	103	19
CIF oil prices[All Japan] (\$/b)	59	110	Δ 51
CIF coal prices ["] (\$/t)	79	97	Δ 18

Main factor of increase and decrease related to Non-consolidated Finance Results(Expense) [Maintenance expenses]

(Billion yen)

	FY15/2Q (A)	FY14/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Maintenance Expenses	27.9	29.8	Δ 1.9	
Power source	16.5	18.1	Δ 1.6	Decrease in maintenance expenses for nuclear power plants
Distribution	11.0	11.3	Δ 0.2	
Others	0.3	0.3	Δ 0.0	

[Purchased power expenses]

(Billion yen)

	FY15/2Q (A)	FY14/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Purchased Power expenses	32.8	28.7	4.1	-Increase in purchase of renewable energy
Expenses to other electric utilities	0.7	1.2	Δ 0.5	
Expenses to public and wholesale utilities	32.1	27.5	4.6	

(Reference) Supplied volume

(Billion kWh)

From other electric utilities	0.06	0.09	Δ 0.04	
From public and wholesale utilities	1.68	1.50	0.18	

(Reference)Key Factor and Sensitivity

<Key Factor>

	FY10	FY11	FY12	FY13	FY14	FY15 Forecast
Electricity sales (Billion kWh)	29.54	28.90	28.08	28.08	27.88	Approx. 28.0
Currency rate (Yen/\$)	85.7	79.1	82.9	100.2	109.8	Approx. 123
CIF oil prices [All Japan] (\$/b)	84.2	114.2	113.9	110.0	90.4	Approx. 55
Flow rate (%)	99.4	103.7	93.2	104.9	104.3	Approx. 101
Nuclear utilization ratio (%)	81.4	—	—	—	—	Uncertain

<Sensitivity>

	FY10	FY11	FY12	FY13	FY14	FY15 Forecast
Currency rate (1yen/\$)	Approx. 0.6	Approx. 1.6	Approx. 1.5	Approx. 1.3	Approx. 1.0	Uncertain
CIF oil prices [All Japan] (1\$/b)	Approx. 0.2	Approx. 0.4	Approx. 0.5	Approx. 0.6	Approx. 0.4	Uncertain
Flow rate (1%)	Approx. 0.4	Approx. 0.5	Approx. 0.5	Approx. 0.6	Approx. 0.5	Uncertain
Nuclear utilization ratio (1%)	Approx. 0.3	Approx. 0.5	Approx. 0.5	Approx. 0.6	Approx. 0.5	Uncertain

(Billion yen/year)

(Reference) Data related to financial results

<Profit and loss>

(Billion yen)

		FY10	FY11	FY12	FY13	FY14	FY15 Forecast
Operating revenue	[Consolidated]	494.1	495.1	492.4	509.6	532.7	Approx. 550.0
	[Non-consolidated]	482.7	483.3	479.5	495.6	513.0	Approx. 500.0
Operating income	[Consolidated]	49.9	11.6	11.7	19.8	39.9	Uncertain
	[Non-consolidated]	46.6	7.9	8.0	15.7	35.2	Uncertain
Ordinary income	[Consolidated]	35.6	1.0	1.7	9.8	22.3	Uncertain
	[Non-consolidated]	31.4	Δ 2.2	Δ 2.1	7.3	18.1	Uncertain
Net income	[Consolidated]	19.0	Δ 5.2	0.0	2.5	8.9	Uncertain
	[Non-consolidated]	16.6	Δ 6.6	Δ 2.3	1.6	6.6	Uncertain

<Balance sheet>

(Billion yen)

		FY10	FY11	FY12	FY13	FY14	FY15 Forecast
Total assets	[Consolidated]	1,381.1	1,385.9	1,395.9	1,440.1	1,479.4	Uncertain
	[Non-consolidated]	1,351.7	1,358.1	1,366.1	1,407.9	1,419.4	Uncertain
Net assets	[Consolidated]	354.6	339.5	331.0	324.8	344.2	Uncertain
	[Non-consolidated]	336.2	319.7	308.8	300.5	302.8	Uncertain

<Capital investment>

(Billion yen)

		FY10	FY11	FY12	FY13	FY14	FY15 Forecast
Capital investment	[Consolidated]	83.3	57.7	67.0	64.6	118.9	Uncertain
	[Non-consolidated]	78.5	54.7	63.8	61.4	115.7	Uncertain

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