

FY2016 2nd Quarter Financial Results

(April 1–September 30, 2016)

Oct 27, 2016(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.

Electricity Sales

- Retail : 13.37billion kWh
(0.15billion kWh increase compared with the previous year)
 - Commercial : Increase in demand for air-conditioner
 - Industrial and other : Increase in demand for machinery sector
- Wholesale : 1.09billion kWh
(0.11billion kWh decrease compared with the previous year)

(Billion kWh,%)

		FY16/2Q (A)	FY15/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Low voltage	Lighting	3.46	3.46	Δ0.00	99.9
	Power	0.56	0.56	Δ0.01	98.6
	Subtotal	4.02	4.03	Δ0.01	99.7
High voltage Extra-high voltage	Commercial	2.56	2.54	0.02	100.8
	Industrial and other	6.79	6.66	0.14	102.0
	Subtotal	9.35	9.20	0.16	101.7
Retail		13.37	13.22	0.15	101.1
Wholesale		1.09	1.21	Δ0.11	90.7
Total		14.46	14.43	0.03	100.2

[Average monthly temperature in Hokuriku 3 cities] (°C)

	April	May	June	July	August	September
Actual data	14.2	19.3	22.3	26.2	27.4	23.7
Comparison with the previous year	+0.7	Δ0.3	+0.6	+0.1	+0.5	+2.3

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

Generated and purchased power

- Hydro : Remarkable decrease in water flow
- Thermal : Increase in coal-fired thermal power generated due to the decrease in periodic inspection

(Billion kWh,%)

		FY16/2Q (A)	FY15/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Internally generated	[Flow ratio]	[86.4]	[102.4]	[Δ 16.0]	
	Hydro	3.18	3.97	Δ 0.79	80.1
	Thermal	10.82	9.94	0.88	108.9
	Nuclear	—	—	—	—
	Renewable	0.00	0.00	Δ 0.00	92.3
	Subtotal	14.01	13.91	0.09	100.7
Purchased power		1.74	1.73	0.01	100.5
Wholesale		Δ 1.09	Δ 1.21	0.11	90.7
Total		14.65	14.44	0.21	101.5

Summary of Financial Results

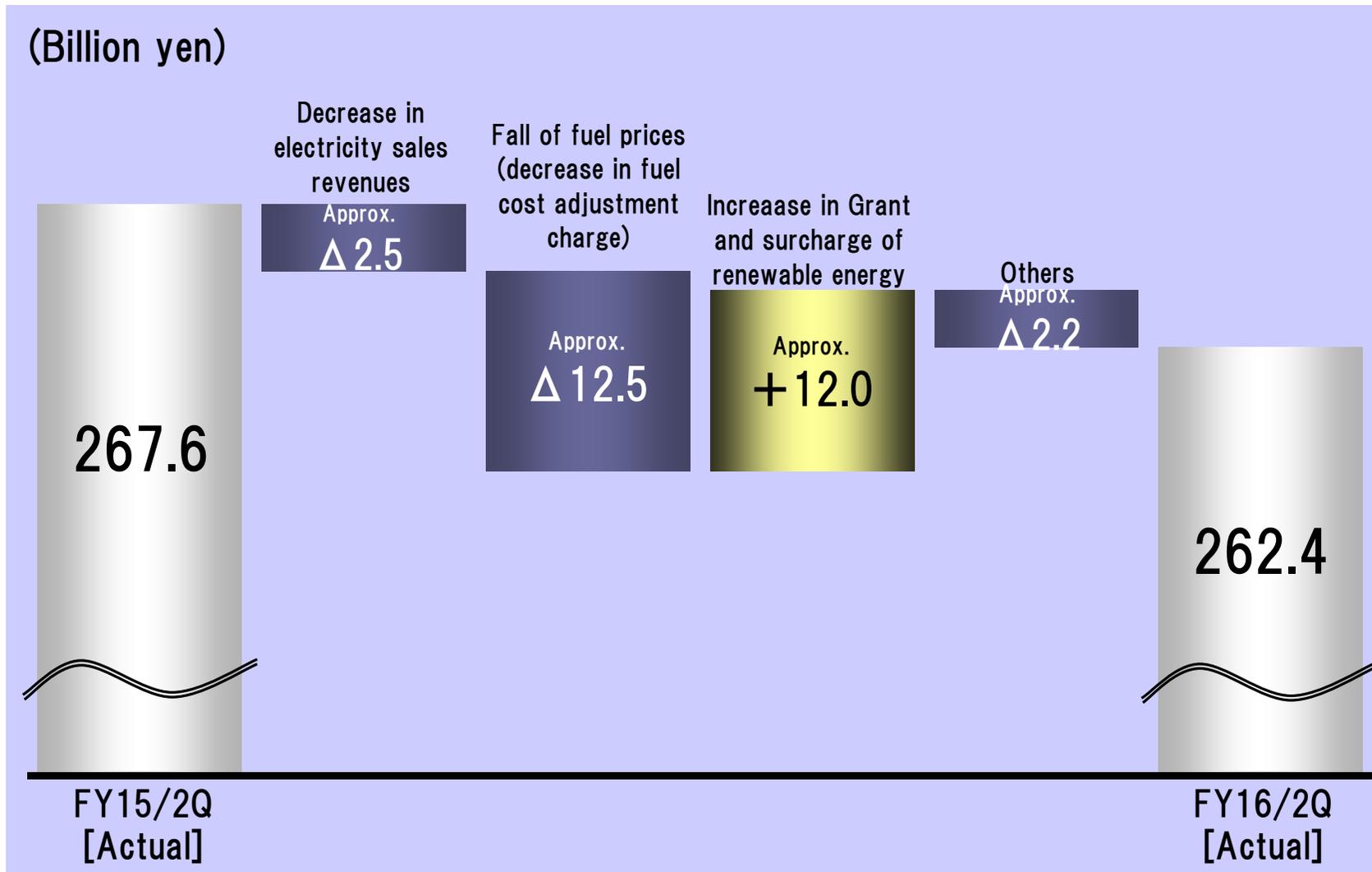
- Consolidated operating revenue : 5.2 billion yen decrease
Due to the decrease in wholesale despite of the increase in retail sales
- Consolidated ordinary income : 14 billion yen decrease
Due to the remarkable decrease in water flow, the increase in retirement benefits and the increase in maintenance expenses.

(Billion yen,%)

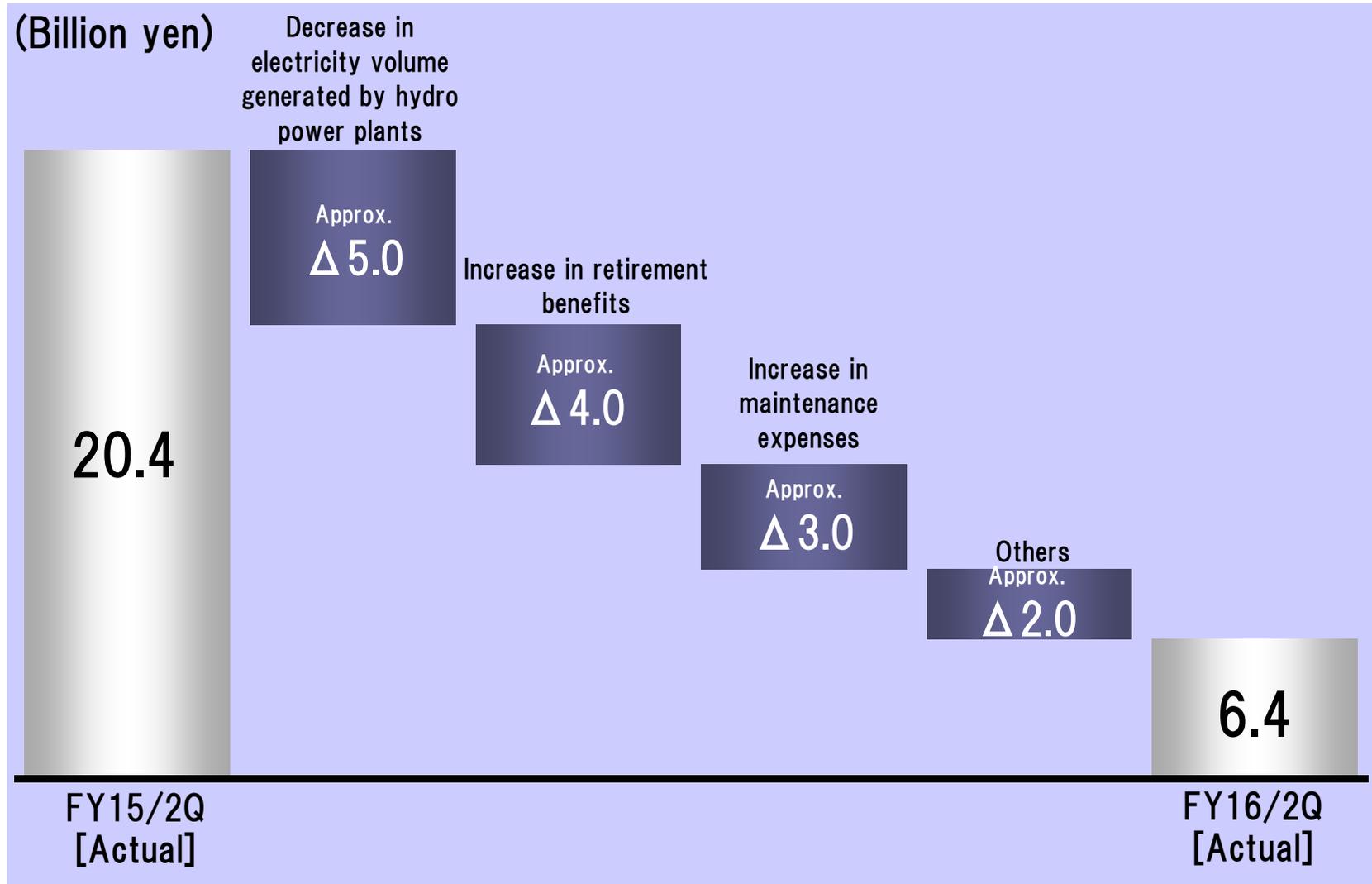
		FY16/2Q (A)	FY15/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Consolidated	Operating revenue	262.4	267.6	Δ 5.2	98.0
	Operating income	10.8	25.2	Δ 14.3	43.1
	Ordinary income	6.4	20.4	Δ 14.0	31.4
	Net income	4.1	11.3	Δ 7.1	36.9
Non-consolidated	Operating revenue	241.9	245.1	Δ 3.1	98.7
	Operating income	7.2	20.7	Δ 13.4	35.0
	Ordinary income	4.3	16.5	Δ 12.1	26.5
	Net income	3.9	9.5	Δ 5.6	41.1

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

Changing factor of Consolidated Operating Revenue (Comparison with FY2015/2Q)



Changing factor of Consolidated Ordinary Income (Comparison with FY2015/2Q)



Non-consolidated Statement of Income

(Billion yen,%)

		FY16/2Q (A)	FY15/2Q (B)	Comparison		(Note) Main reason of increase and decrease
				(A)-(B)	(A)/(B)	
Ordinary revenues	Electricity Sales (Retail)	208.0	210.7	Δ 2.6	98.7	Decrease in fuel cost adjustment charge
	(Renewable Energy Power Promotion Surcharge)	(24.6)	(16.3)	(8.2)	(150.5)	
	Electricity Sales (Wholesale)	15.4	19.9	Δ 4.5	77.4	Decrease in the price at JEPX
	Others	21.2	16.0	5.1	132.2	Increase in Grant under Act on Purchase of Renewable Energy Sourced Electricity
	(Grant under Act on Purchase of Renewable Energy Sourced Electricity)	(15.0)	(11.4)	(3.6)	(132.2)	
	(Operating revenues)	(241.9)	(245.1)	(Δ 3.1)	(98.7)	
	Total	244.7	246.7	Δ 2.0	99.2	
Ordinary expenses	Personnel expenses	26.3	22.4	3.9	117.4	Increase in retirement benefit
	Fuel expenses	42.3	47.8	Δ 5.5	88.5	Fall of fuel prices
	Maintenance expenses	30.9	27.9	3.0	110.8	Increase in distribution maintenance cost
	Depreciation expenses	30.9	32.2	Δ 1.2	96.0	
	Purchased power expenses	36.1	32.8	3.2	109.9	Increase in purchase of renewable energy
	Interest paid	5.3	5.6	Δ 0.2	95.6	
	Taxes other than income taxes	14.8	15.0	Δ 0.2	98.6	
	Other expenses	53.4	46.2	7.2	115.6	Increase in Levy under Act on Purchase of Renewable Energy Sourced Electricity
	(Levy under Act on Purchase of Renewable Energy Sourced Electricity)	(24.6)	(16.3)	(8.2)	(150.5)	
Total	240.3	230.2	10.1	104.4		
Operating income		7.2	20.7	Δ 13.4	35.0	
Ordinary income		4.3	16.5	Δ 12.1	26.5	
Provision (reversal) of reserve for fluctuation in water levels		Δ 0.9	2.9	Δ 3.8	—	
Income taxes		1.3	4.0	Δ 2.6	34.2	
Net income		3.9	9.5	Δ 5.6	41.1	

Consolidated Balance Sheet (Summary)

(Billion yen)

	End of FY16/2Q (A)	End of FY15 (B)	Comparison (A)-(B)	(Note) Related to only Hokuriku Electric Power Company
Fixed assets	1,219.8	1,216.6	3.2	
Electricity business	795.0	808.7	Δ 13.7	<ul style="list-style-type: none"> ▪ Depreciation Δ 30.9 ▪ Capitalization of construction 18.8
Others	424.7	407.8	16.9	Increase the amount of construction in progress 19.7
Current assets	264.8	292.7	Δ 27.8	Cash and Stores Δ 35.8
Total assets	1,484.7	1,509.3	Δ 24.6	
Debt with interest	921.7	920.0	1.6	
Other debt	208.9	233.8	Δ 24.9	<ul style="list-style-type: none"> ▪ Accounts payable - other Δ 13.6 ▪ Accounts payable - trade Δ 3.5
Revenue for fluctuation in water level	20.5	21.4	Δ 0.9	
Total liabilities	1,151.2	1,175.3	Δ 24.1	
Total net assets	333.4	334.0	Δ 0.5	
[Equity ratio]	[21.8%]	[21.5%]	[0.3%]	
Total of liabilities and net assets	1,484.7	1,509.3	Δ 24.6	

Consolidated Statement of Cash Flows (Summary)

	(Billion yen)	
	FY16/2Q (A)	FY15/2Q (B)
I .Operating activities①	25.2	16.5
Income before income taxes and minority interests	7.3	17.4
Depreciation and amortization	32.6	33.9
Others	△ 14.7	△ 34.8
II .Investing activities②	△ 56.7	△ 36.2
Capital expenditure	△ 55.6	△ 37.0
Long-term investment and others	△ 1.0	0.8
III.Financing activities	△ 3.7	11.1
Loan,bond,etc	1.6	16.4
Purchases and sales of own stock	△ 0.0	△ 0.0
Cash dividends paid③	△ 5.3	△ 5.3
IV.Net increase in cash and cash equivalents(I + II + III)	△ 35.2	△ 8.5
○ Free cash flow(①+②+③)	△ 36.8	△ 24.9
(Reference : non-consolidated free cash flow)	(△ 37.9)	(△ 24.9)

FY2016 Forecast (Key Factor)

【Total sales of electric power (Retail)】

- 28.0 billion kWh (Same with the forecast as of 7/28)
 - ✓ Rebound from the decrease in sales in the previous year due to the warm winter
 - ✓ Expecting the increase in large-scale industrial

	FY2016		(Billion kWh)	(Reference)
	Forecast as of 10/27	Forecast as of 7/28	Comparison (A)-(B)	FY2015 Actual
Electricity Sales (Retail)	Approx. 28.0 (Approx.102%)	Approx. 28.0 (Approx.102%)	—	27.52 (98.7%)

【Key Factor】

	FY2016				(yen/ \$, \$/b)	(Reference)
	1 - 2Q Actual	3 - 4Q Forecast	Forecast as of 10/27	Forecast as of 7/28	FY2015 Actual	
Currency Rate	105.2	Approx. 105	Approx. 105	Approx. 105	120.2	
C I F oil prices (All Japan)	43.8	Approx. 50	Approx. 46	Approx. 42	48.7	

FY2016 Revenue and Income Forecast

- 540 billion yen consolidated operating revenue and 490 billion yen non-consolidated operating revenue. (Same with the forecast as of 7/28)
- Reasonable forecasts of Operating income , Ordinary income and Profit attributable to owners of parent can not be made at this point, because of uncertainty of stable supply.
- Dividends forecast cannot be made at this point because income forecast is uncertain.

		FY2016		(Billion yen)	(Reference)
		Forecast as of 10/27	Forecast as of 7/28	Comparison (A)-(B)	FY15 Actual(C)
Consolidated	Operating revenues	Approx. 540.0 (Approx. 99%)	540.0 (Approx. 99%)	—	544.5 (102%)
	Operating income	Uncertain	Uncertain	—	38.1 (95%)
	Ordinary income	Uncertain	Uncertain	—	28.0 (126%)
	Profit attributable to owners of parent	Uncertain	Uncertain	—	12.8 (143%)
Non-Consolidated	Operating revenues	Approx. 490.0 (Approx. 99%)	490.0 (Approx. 99%)	—	494.1 (96%)
	Operating income	Uncertain	Uncertain	—	28.7 (82%)
	Ordinary income	Uncertain	Uncertain	—	18.9 (105%)
	Net income	Uncertain	Uncertain	—	8.7 (131%)

*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 FY2015)



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

[Retail]

(Billion kWh, Billion yen)

	FY16/2Q (A)	FY15/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Electricity Sales Volume (Retail)	13.37	13.22	0.15	
Electricity Sales Revenues (Retail)	208.0	210.7	Δ 2.6	<ul style="list-style-type: none"> ▪ Decrease in fuel cost adjustment charge Approx. Δ 12.7 ▪ Increase in renewable energy power promotion surcharge Approx. +8.2 ▪ Increase in electricity sales volume +1.7
Lighting	69.0	70.1	Δ 1.1	
Commercial and industrial	139.0	140.6	Δ 1.5	

[Wholesale]

(Billion kWh, Billion yen)

	FY16/2Q (A)	FY15/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Electricity Sales volume (Wholesale)	1.09	1.21	Δ 0.11	
Electricity Sales Revenues (Wholesale)	15.4	19.9	Δ 4.5	▪ Decrease in the price at JEPX

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

[Personnel expenses]

(Billion yen)

	FY16/2Q (A)	FY15/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Personnel expenses	26.3	22.4	3.9	
Retirement benefit	4.0	0.4	3.5	• Increase in amortization of actuarial difference due to falling interest rates

[Reference]

(People)

Numebr of employee at the end of FY	4,758	4,793	Δ 35	
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[Fuel expenses]

(Billion yen)

	FY16/2Q (A)	FY15/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Fuel Expenses	42.3	47.8	Δ 5.5	• Decrease in hydro power generated Approx. +5.5 • Fall of fuel prices Approx. Δ 9.0 • Increase in coal-fired thermal power generated Approx. Δ 2.0
Fossil fuel	42.3	47.8	Δ 5.5	
(Oil)	(9.3)	(13.5)	(Δ 4.1)	
(Coal)	(33.0)	(34.3)	(Δ 1.3)	

(Reference)Key factors

Currency rate(yen/\$)	105	122	Δ 17
CIF oil prices[All Japan] (\$/b)	44	59	Δ 15
CIF coal prices ["] (\$/t)	69	80	Δ 11

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

[Maintenance expenses]

(Billion yen)

	FY16/2Q (A)	FY15/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Maintenance Expenses	30.9	27.9	3.0	
Power source	18.0	16.5	1.4	Increase in maintenance expenses for power plants
Distribution	12.5	11.0	1.5	Increase in measures for aging management
Others	0.3	0.3	0.0	

[Purchased power expenses]

(Billion yen)

	FY16/2Q (A)	FY15/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Purchased power volume	1.74	1.73	0.01	
Purchased power expenses	36.1	32.8	3.2	-Increase in purchase of renewable energy

(Reference)Key Factor and Sensitivity

<Key Factor>

	FY11	FY12	FY13	FY14	FY15	FY16 Forecast
Electricity sales (Billion kWh)	28.90	28.08	28.08	27.88	27.52	Approx. 28.0
Currency rate (Yen/\$)	79.1	82.9	100.2	109.8	120.2	Approx. 105
CIF oil prices [All Japan] (\$/b)	114.2	113.9	110.0	90.4	48.7	Approx. 46
Flow rate (%)	103.7	93.2	104.9	104.3	107.1	Approx. 93
Nuclear utilization ratio (%)	—	—	—	—	—	—

<Sensitivity>

	FY11	FY12	FY13	FY14	FY15	FY16 Forecast
Currency rate (1yen/\$)	Approx. 1.6	Approx. 1.5	Approx. 1.3	Approx. 1.0	Approx. 0.7	Uncertain
CIF oil prices [All Japan] (1\$/b)	Approx. 0.4	Approx. 0.5	Approx. 0.6	Approx. 0.4	Approx. 0.4	Uncertain
Flow rate (1%)	Approx. 0.5	Approx. 0.5	Approx. 0.6	Approx. 0.5	Approx. 0.4	Uncertain
Nuclear utilization ratio (1%)	Approx. 0.5	Approx. 0.5	Approx. 0.6	Approx. 0.5	Approx. 0.4	Uncertain

(Billion yen/year)

(Reference) Data related to financial results

<Profit and loss>

(Billion yen)

		FY11	FY12	FY13	FY14	FY15	FY16 Forecast
Operating revenue	[Consolidated]	495.1	492.4	509.6	532.7	544.5	Approx. 540.0
	[Non-consolidated]	483.3	479.5	495.6	513.0	494.1	Approx. 490.0
Operating income	[Consolidated]	11.6	11.7	19.8	39.9	38.1	Uncertain
	[Non-consolidated]	7.9	8.0	15.7	35.2	28.7	Uncertain
Ordinary income	[Consolidated]	1.0	1.7	9.8	22.3	28.0	Uncertain
	[Non-consolidated]	Δ 2.2	Δ 2.1	7.3	18.1	18.9	Uncertain
Net income	[Consolidated]	Δ 5.2	0.0	2.5	8.9	12.8	Uncertain
	[Non-consolidated]	Δ 6.6	Δ 2.3	1.6	6.6	8.7	Uncertain

(Note) Figures in FY15, FY16 consolidated Net income is "Profit attributable to owners of parent"

<Balance sheet>

(Billion yen)

		FY11	FY12	FY13	FY14	FY15	FY16 Forecast
Total assets	[Consolidated]	1,385.9	1,395.9	1,440.1	1,479.4	1,509.3	Uncertain
	[Non-consolidated]	1,358.1	1,366.1	1,407.9	1,419.4	1,458.9	Uncertain
Net assets	[Consolidated]	339.5	331.0	324.8	344.2	334.0	Uncertain
	[Non-consolidated]	319.7	308.8	300.5	302.8	297.1	Uncertain

<Capital investment>

(Billion yen)

		FY11	FY12	FY13	FY14	FY15	FY16 Forecast
Capital Investment	[Consolidated]	57.7	67.0	64.6	118.9	99.5	Approx 110.0
	[Non-consolidated]	54.7	63.8	61.4	115.7	97.9	

(Note) Figures in Non-consolidated are only for electricity business

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