

# **FY2015 Financial Results Supplemental Material**

April 27, 2016(Wed)



## ***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

➤ 27.52 billion kWh

(0.37billion kWh decrease compared with the previous year)

■ Lighting and Commercial : Decrease in demand for heating due to warmer winter

■ Industrial and other : Same as the previous year

(Billion kWh,%)

		FY15 (A)	FY14 (B)	Comparison	
				(A)-(B)	(A)/(B)
Regulated	Lighting	8.10	8.32	Δ0.22	97.3
	Power	1.15	1.24	Δ0.08	93.3
	Subtotal	9.26	9.56	Δ0.31	96.8
Liberarized	Commercial	5.05	5.11	Δ0.06	98.9
	Industrial and other	13.21	13.21	Δ0.00	100.0
	Subtotal	18.26	18.32	Δ0.06	99.7
Total		27.52	27.88	Δ0.37	98.7
Large-scale Industrial		10.65	10.60	0.05	100.5
Residential		13.32	13.61	Δ0.29	97.9
Other than residential		14.20	14.27	Δ0.07	99.5

※ Residential=lighting, commercial power and night only service

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

(Billion kWh,%)

		FY15 (A)	FY14 (B)	Comparison	
				(A)-(B)	(A)/(B)
<b>Total of large-scale Industrial</b>		10.65	10.60	0.05	100.5
<b>Main industry</b>	Textile	1.00	1.00	Δ 0.01	99.2
	Paper and pulp	0.26	0.28	Δ 0.02	92.2
	Chemical	1.38	1.37	0.01	101.0
	Steel	0.75	0.80	Δ 0.04	94.7
	<b>Machinery</b>	<b>3.34</b>	<b>3.25</b>	<b>0.08</b>	<b>102.6</b>
	(Electrical Machinery in Machinery sector)	(2.31)	(2.22)	(0.09)	(104.1)
	Fabricated metal	0.70	0.72	Δ 0.01	98.4

## (Reference) Average monthly temperature(3 Hokuriku cities)

(°C)

	April	May	June	July	August	September	October	November	December	January	February	March
<b>Actual data</b>	13.5	19.6	21.7	26.1	26.9	21.4	16.6	13.1	7.6	4.3	4.7	8.2
Comparison with the previous year	+1.2	+1.5	Δ 1.0	0.0	+0.5	Δ 0.9	Δ 0.3	+1.2	+3.7	+1.0	+0.5	+0.8
Comparison with the average year	+1.0	+2.3	+0.5	+0.8	0.0	Δ 1.2	Δ 0.1	+2.0	+1.5	+1.1	+1.3	+1.5

(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 (A)	FY14 (B)	Comparison	
			(A)-(B)	(A)/(B)
[Flow ratio]	[107.1]	[104.3]	[2.8]	
Hydroelectric	6.56	6.33	0.23	103.7
Thermal	22.33	23.79	Δ 1.46	93.9
Nuclear	—	—	—	—
Renewable	0.01	0.01	Δ 0.00	95.7
Subtotal	28.90	30.12	Δ 1.23	95.9
Purchased from other utilities	1.99	1.44	0.55	138.2
Sold to other utilities	Δ 0.50	Δ 0.69	0.19	72.2
Total	30.37	30.86	Δ 0.48	98.4

# Overview of FY2015 Financial Results

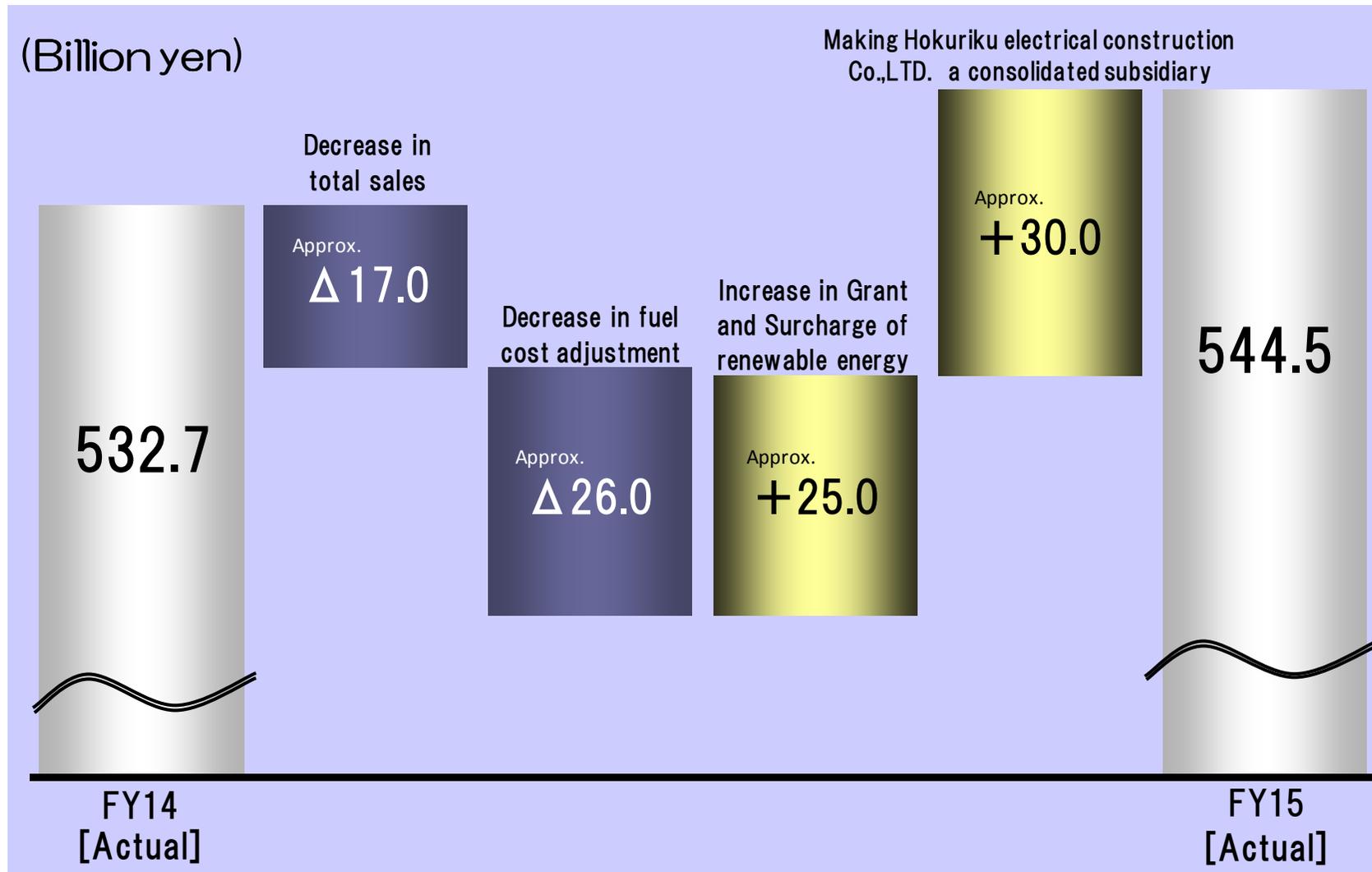
- Consolidated operating revenue : 11.8 billion yen increase  
Due to making Hokuriku electrical construction Co.,LTD consolidated subsidiary, despite of decrease in total sales.
- Consolidated ordinary income : 5.7 billion yen increase  
Due to the increase in hydro power generated and decrease in maintenance expenses, depreciation and interest paid, despite of decrease in total sales and decrease in coal-fired thermal power generated.

(Billion yen,%)

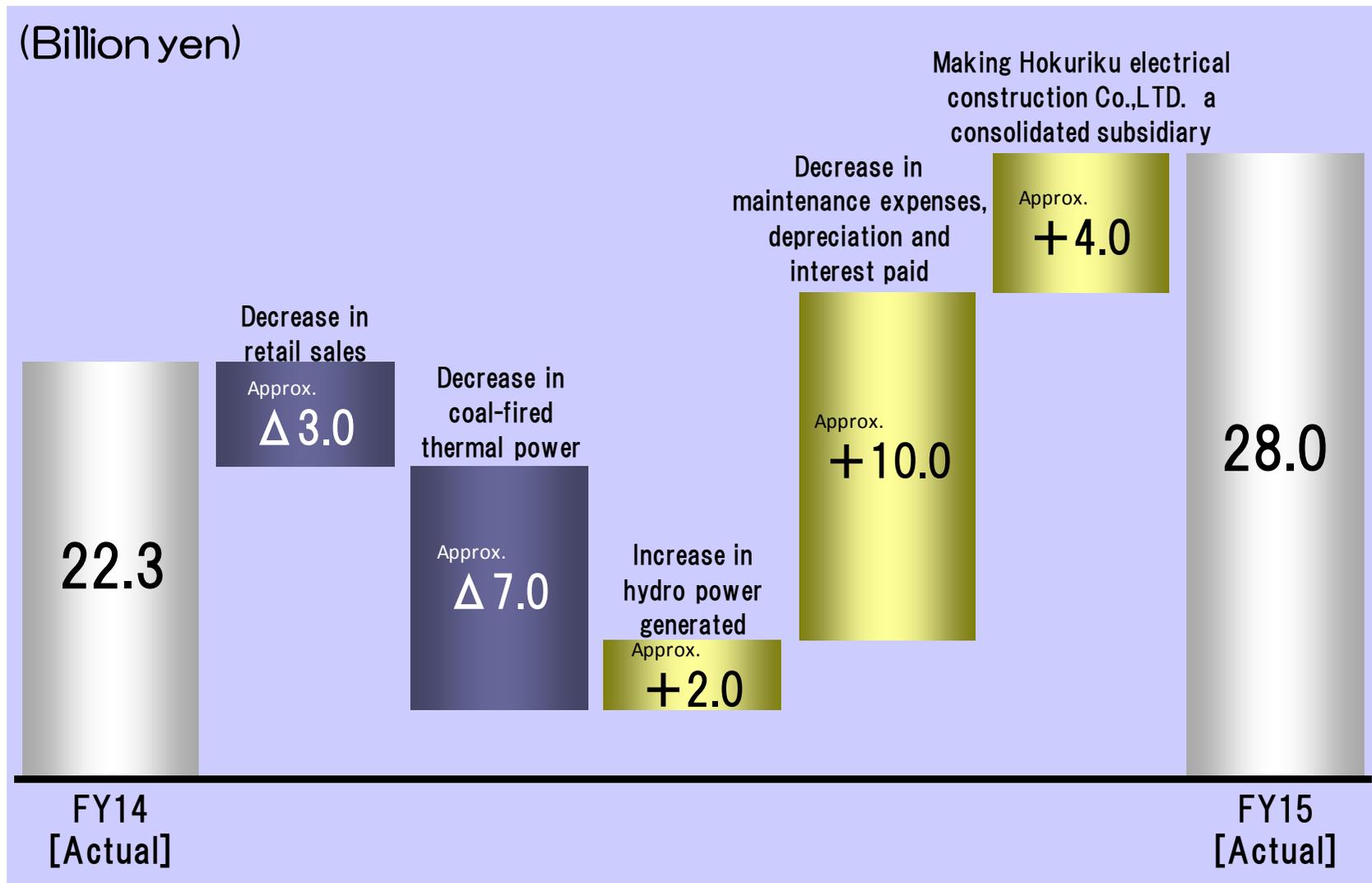
		FY15 (A)	FY14 (B)	Comparison	
				(A)-(B)	(A)/(B)
Consolidated	Operating revenue	544.5	532.7	11.8	102.2
	Operating income	38.1	39.9	Δ 1.8	95.4
	Ordinary income	28.0	22.3	5.7	125.6
	Profit attributable to owners of parent	12.8	8.9	3.9	143.4
Non-consolidated	Operating revenue	494.1	513.0	Δ 18.8	96.3
	Operating income	28.7	35.2	Δ 6.4	81.6
	Ordinary income	18.9	18.1	0.8	104.9
	Net income	8.7	6.6	2.0	131.0

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

# Changing factor of Consolidated Operating Revenue (Comparison with FY2014: +11.8billion)



# Changing factor of Consolidated Ordinary Income (Comparison with FY2014: +5.7billion)



# Non-consolidated Statement of Income

(Billion yen,%)

	FY15 (A)	FY14 (B)	Comparison		(Note) Main reason of increase and decrease	
			(A)-(B)	(A)/(B)		
Ordinary revenues	Lighting, commercial and industrial	432.3	444.8	Δ 12.5	97.2	Decrease in total sales Decrease in fuel cost adjustment charge Increase in Renewable Energy Power Promotion Surcharge
	(Renewable Energy Power Promotion Surcharge)	(35.8)	(17.3)	(18.5)	(207.4)	
	Sales to other utilities	35.8	48.4	Δ 12.5	74.1	Decrease in sales at JEPX
	Others	28.7	22.7	6.0	126.4	Increase in Grant under Act on Purchase of Renewable Energy Sourced Electricity
	(Grant under Act on Purchase of Renewable Energy Sourced Electricity)	(19.7)	(13.0)	(6.6)	(150.5)	
	<b>(Operating revenues)</b>	<b>(494.1)</b>	<b>(513.0)</b>	<b>(Δ 18.8)</b>	<b>(96.3)</b>	
	<b>Total</b>	<b>496.9</b>	<b>516.0</b>	<b>Δ 19.0</b>	<b>96.3</b>	
Ordinary expenses	Personnel expenses	44.2	50.4	Δ 6.1	87.7	Decrease in employees retirement benefits
	Fuel expenses	102.3	128.7	Δ 26.3	79.5	Falling fuel prices Increase in hydro power generated
	Maintenance expenses	57.9	60.8	Δ 2.9	95.2	Decrease in expenses for power plants
	Depreciation expenses	63.6	66.8	Δ 3.1	95.3	Progress in depreciation
	Purchased power expenses	63.8	56.2	7.5	113.5	Increase in power purchased from other utilities
	Interest paid	11.2	15.1	Δ 3.9	74.1	Decrease as a reactionary fall by redeeming straight bond in advance last year
	Taxes other than income taxes	30.4	31.2	Δ 0.8	97.4	
	Other expenses	104.2	88.4	15.7	117.9	Increase in levy under act on purchase of renewable energy sourced electricity
	(Levy under Act on Purchase of Renewable Energy Sourced Electricity)	(35.8)	(17.3)	(18.5)	(207.4)	
	<b>Total</b>	<b>477.9</b>	<b>497.9</b>	<b>Δ 19.9</b>	<b>96.0</b>	
<b>Operating income</b>	<b>28.7</b>	<b>35.2</b>	<b>Δ 6.4</b>	<b>81.6</b>		
<b>Ordinary income</b>	<b>18.9</b>	<b>18.1</b>	<b>0.8</b>	<b>104.9</b>		
Provision (reversal) of reserve for fluctuation in water levels	4.8	2.6	2.1	178.8		
<b>Income taxes</b>	<b>5.4</b>	<b>8.7</b>	<b>Δ 3.2</b>	<b>62.4</b>		
<b>Net income</b>	<b>8.7</b>	<b>6.6</b>	<b>2.0</b>	<b>131.0</b>		

# Consolidated Balance Sheet (Summary)

(Billion yen)

	End of FY15 (A)	End of FY14 (B)	Comparison (A)-(B)	(Note) Related to only Hokuriku Electric Power Company
<b>Fixed assets</b>	1,216.6	1,203.5	13.1	
Electricity business	808.7	833.4	Δ 24.6	<ul style="list-style-type: none"> <li>• Capitalization of construction 42.0</li> <li>• Depreciation Δ 63.6</li> </ul>
Others	407.8	370.1	37.7	<ul style="list-style-type: none"> <li>• Increase the amount of construction in progress 94.4</li> <li>• Capitaliation of construction Δ 41.8</li> </ul>
<b>Current assets</b>	292.7	275.9	16.8	• Cash and Stores 17.7
<b>Total assets</b>	<b>1,509.3</b>	<b>1,479.4</b>	<b>29.9</b>	
<b>Debt with interest</b>	920.0	875.2	44.7	• Straight bond 10.0    Long-term debt loan 35.3
<b>Other debt</b>	233.8	243.2	Δ 9.4	• tax payable Δ 10.6
Reserve for fluctuation in water levels	21.4	16.6	4.8	
<b>Total liabilities</b>	<b>1,175.3</b>	<b>1,135.2</b>	<b>40.1</b>	
<b>Total net assets</b>	334.0	344.2	Δ 10.2	<ul style="list-style-type: none"> <li>• Accumulated other comprehensive income Δ 13.9</li> <li>• Retained earnings 2.4</li> </ul>
[Equity ratio]	[21.5%]	[22.7%]	[Δ 1.2%]	
<b>Total of liabilities and net assets</b>	<b>1,509.3</b>	<b>1,479.4</b>	<b>29.9</b>	

# Consolidated Statement of Cash Flows (Summary)

(Billion yen)

	FY15 (A)	FY14 (B)	Comparison (A)-(B)
<b>I .Operating activities①</b>	69.7	113.1	Δ 43.3
Income before income taxes and minority interests	23.2	19.6	3.5
Depreciation and amortization	67.2	70.3	Δ 3.1
Others	Δ 20.6	23.1	Δ 43.7
<b>II .Investing activities②</b>	Δ 85.0	Δ 104.0	19.0
Capital expenditure	Δ 86.7	Δ 117.3	30.5
Long-term investment and others	1.7	13.2	Δ 11.5
<b>III.Financing activities</b>	33.9	Δ 19.3	53.3
Loan,bond,etc	44.5	Δ 8.9	53.4
Purchases and sales of own stock	Δ 0.0	Δ 0.0	Δ 0.0
Cash dividends paid③	Δ 10.5	Δ 10.4	Δ 0.1
<b>IV.Net increase in cash and cash equivalents( I + II + III)</b>	18.7	Δ 10.2	29.0
<b>○ Free cash flow(①+②+③)</b>	Δ 25.8	Δ 1.3	Δ 24.4
(Reference : non-consolidated free cash flow)	(Δ 29.4)	(Δ 15.1)	(Δ 14.2)

# FY2016 Revenue and Income Forecast

- 540 billion yen consolidated operating revenue and 490 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 of uncertainty of stable supply.
- Dividends forecast cannot be made at this point because income forecast is uncertain.

(Billion kWh, Billion yen)

		FY16 Forecast (A)	FY15 Actual (B)	Comparison (A)-(B)
Total sales of Electric Power		Approx. 28.0 ( 102% )	27.52 ( 99% )	Approx. 0.48
Consolidated	Operating revenues	Approx. 540.0 (Approx. 99% )	544.5 ( 102% )	Approx. Δ 4.5
	Operating income	Uncertain	38.1 ( 95% )	—
	Ordinary income	Uncertain	28.0 ( 126% )	—
	Profit attributable to owners of parent	Uncertain	12.8 ( 143% )	—
Non-consolidated	Operating revenues	Approx. 490.0 (Approx. 99% )	494.1 ( 96% )	Approx. Δ 4.1
	Operating income	Uncertain	28.7 ( 82% )	—
	Ordinary income	Uncertain	18.9 ( 105% )	—
	Net income	Uncertain	8.7 ( 131% )	—

\*Figures in parentheses denote percentage from the previous year.

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) [Lighting, commercial and industrial]

(Billion kWh,Billion yen)

	FY15 (A)	FY14 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Total Sales of electric power	27.52	27.88	Δ 0.37	
Revenue from lighting, commercial and industrial	432.3	444.8	Δ 12.5	<ul style="list-style-type: none"> <li>▪ Decrease in total sales of electric power Approx. Δ 4.5</li> <li>▪ Decrease in fuel cost adjustment charges Approx. Δ 26.0</li> <li>▪ Increase in renewable energy power promotion surcharge Approx.+18.5</li> </ul>
(Lighting )	156.0	162.5	Δ 6.4	
(Power )	276.2	282.3	Δ 6.1	

## [Sales to other utilities]

(Billion yen)

	FY15 (A)	FY14 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Revenue from sales to other utilities	35.8	48.4	Δ 12.5	
Revenue from sales to other electric utilities	24.9	29.9	Δ 5.0	<ul style="list-style-type: none"> <li>▪ Decrease in total sales to other electric utilities</li> <li>▪ Decrease in revenue from sales at JEPX</li> </ul>
Revenue from sales to other utilities	10.9	18.4	Δ 7.5	

(Reference)supply volume

(Billion kWh)

To other electric utilities	0.71	0.87	Δ 0.15
To other utilities	1.28	1.36	Δ 0.09

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

## [Personnel expenses]

(Billion yen)

	FY15 (A)	FY14 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
<b>Personnel expenses</b>	44.2	50.4	Δ 6.1	
Retirement benefit	Δ 0.3	4.5	Δ 4.8	- Amortization of actuarial differences

[Reference]

(People)

Numebr of employee at the end of FY	4,869	4,899	Δ 30	
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## [Fuel expenses]

(Billion yen)

	FY15 (A)	FY14 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
<b>Fuel Expenses</b>	102.3	128.7	Δ 26.3	<ul style="list-style-type: none"> <li>• Decrease in coal-fired thermal power generated Approx. +7.0</li> <li>• Increase in hydro power generated Approx. Δ 2.0</li> <li>• Falling fuel prices Approx. Δ 19.0</li> <li>• Decrease in electricity sales volume Approx. Δ 12.0</li> </ul>
( Oil )	(28.6)	(45.0)	( Δ 16.4)	
( Coal )	(73.7)	(83.6)	( Δ 9.9)	

(Reference)Key factors

Currency rate(yen/\$)	120.2	109.8	10.4
CIF oil prices[All Japan] (\$/b)	48.7	90.4	Δ 41.7
CIF coal prices [ " ] (\$/t)	75.4	92.7	Δ 17.3

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

## [Maintenance expenses]

(Billion yen)

	FY15 (A)	FY14 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Maintenance expense	57.9	60.8	Δ 2.9	
Power source	31.4	35.3	Δ 3.8	Decrease in expenses for power plants
Distribution	25.4	24.1	1.3	Increase in expenses for smart meter
Others	1.0	1.3	Δ 0.3	

## [Purchased power expenses]

(Billion yen)

	FY15 (A)	FY14 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Purchased power expenses	63.8	56.2	7.5	
Expenses to other utilities	2.5	2.1	0.3	
Expenses to public and wholesale utilities	61.2	54.0	7.2	Increase in purchase of renewable energy

(Reference)supply volume

(Billion kWh)

To other electric utilities	0.21	0.17	0.04	
To other utilities	3.27	2.80	0.46	

# (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. 120
CIF oil prices [All Japan] (\$/b)	114.2	113.9	110.0	90.4	48.7	Approx. 37
Flow rate (%)	103.7	93.2	104.9	104.3	107.1	Approx. 100
Nuclear utilization ratio (%)	—	—	—	—	—	Uncertain

## <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 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	Uncertain
	[Non-consolidated]	54.7	63.8	61.4	115.7	97.9	Uncertain

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

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