

FY2017 2nd Quarter Financial Results

(April 1–September 30,2017)

Oct 30, 2017(Mon)



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.

Electricity Sales

- Retail : 13.51billion kWh
(0.14billion kWh increase compared with the previous year)
 - Commercial : Decrease in demand for air-conditioner due to cool summer
 - Industrial : Mainly increase in demand for machinery sector
- Wholesale : 1.45billion kWh
(0.36billion kWh increase compared with the previous year)

(Billion kWh,%)

		FY17/2Q (A)	FY16/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Low voltage	Lighting	3.48	3.46	0.02	100.7
	Power	0.54	0.56	Δ0.01	97.4
	Subtotal	4.02	4.02	0.01	100.2
High voltage Extra-high voltage	Commercial	2.47	2.56	Δ0.09	96.6
	Industrial	7.01	6.79	0.22	103.3
	Subtotal	9.48	9.35	0.13	101.4
Retail		13.51	13.37	0.14	101.1
Wholesale		1.45	1.10	0.36	132.7
Total		14.96	14.46	0.50	103.5

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

	April	May	June	July	August	September
Actual data	13.6	18.9	20.3	27.2	27.1	22.1
Comparison with the previous year	Δ0.6	Δ0.4	Δ2.0	+1.0	Δ0.3	Δ1.6

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

Generated and purchased power

- Hydro : Increase in water flow
- Thermal : Decrease in coal-fired thermal power generated due to the increase in periodic inspection
- Purchased power : Mainly increase in purchase at JEPX

(Billion kWh,%)

		FY17/2Q (A)	FY16/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Internally generated	[Flow ratio]	[104.9]	[86.4]	[18.5]	
	Hydro	3.99	3.18	0.81	125.3
	Thermal	9.29	10.82	Δ 1.53	85.9
	Nuclear	—	—	—	—
	Renewable	0.00	0.00	0.00	102.9
	Subtotal	13.28	14.01	Δ 0.72	94.8
	Purchased power	2.83	1.74	1.09	162.9
	Wholesale	Δ 1.45	Δ 1.10	Δ 0.36	132.7
	Total	14.65	14.64	0.01	100.0

Summary of Financial Results

- Consolidated operating revenue : 23.8 billion yen increase
Due to the increasing fuel cost adjustment charges and Grant and Surcharge of renewable energy
- Consolidated ordinary income : 3.8billion yen decrease
Due to the decrease in coal-fired thermal power generated and the increase in maintenance expenses for aging management, despite of the increase in water flow
- Interim Dividends
We have decided we will pay no interim dividend due to the difficult financial environment

(Billion yen,%)

		FY17/2Q (A)	FY16/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Consolidated	Operating revenue	286.2	262.4	23.8	109.1
	Operating income	7.9	10.8	Δ 2.9	72.8
	Ordinary income	2.5	6.4	Δ 3.8	40.1
	Net income	0.9	4.1	Δ 3.2	23.5
Non-consolidated	Operating revenue	265.2	241.9	23.2	109.6
	Operating income	4.1	7.2	Δ 3.1	56.4
	Ordinary income	0.1	4.3	Δ 4.2	4.0
	Net income	0.3	3.9	Δ 3.5	8.3

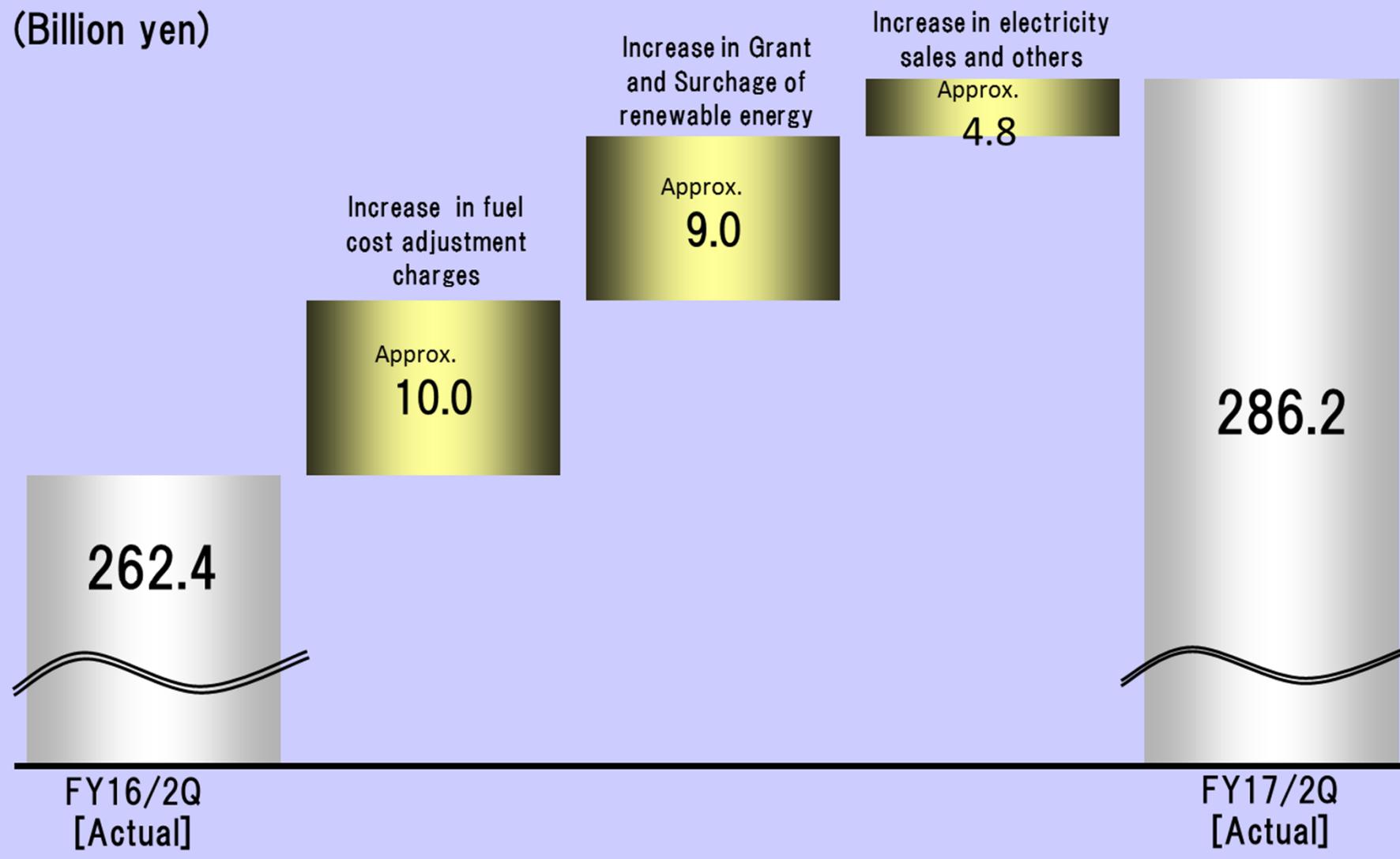
(yen per share)

Interim dividend	0	25	Δ 25	—
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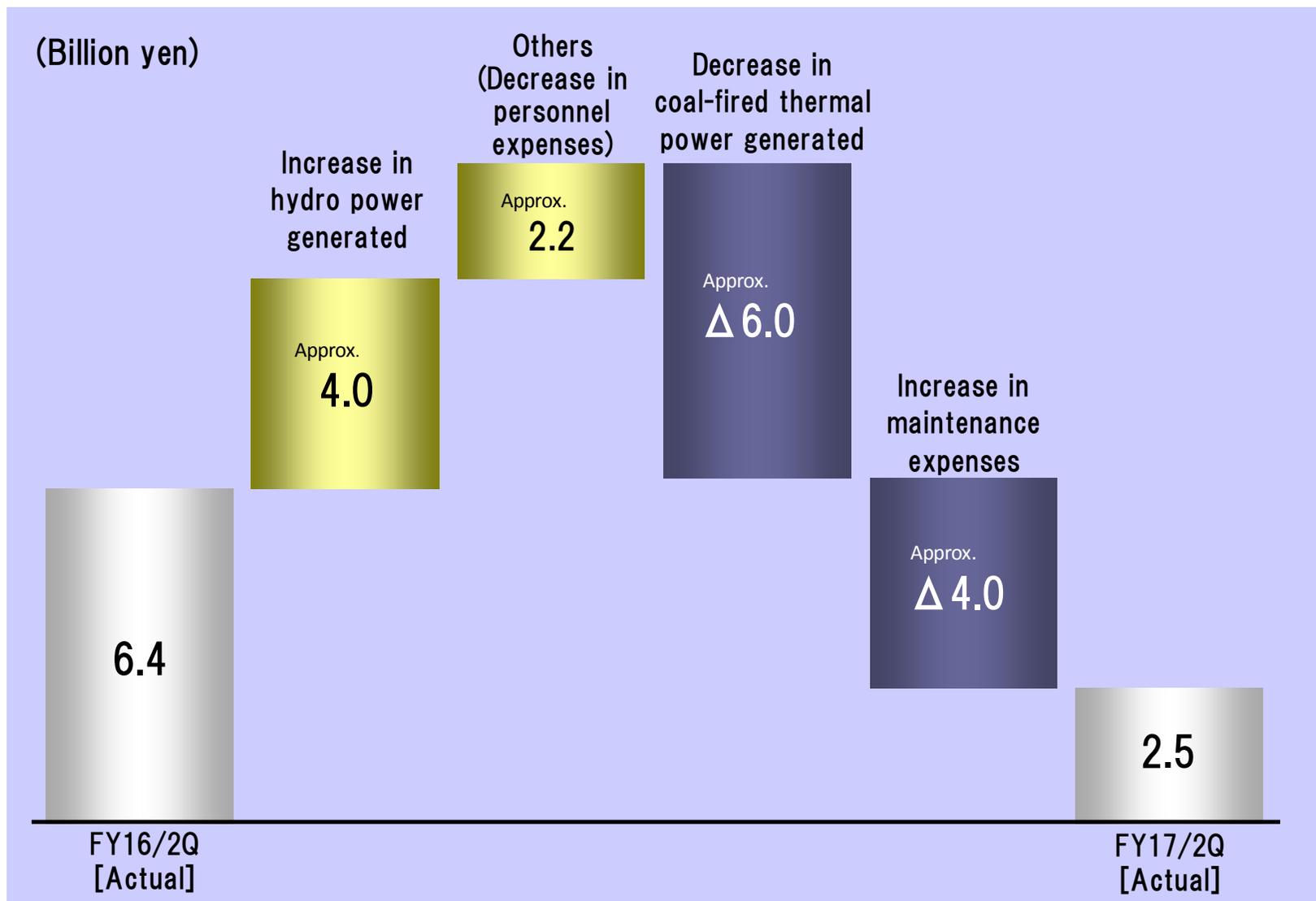
<The number of consolidated subsidiaries ・ ・ 14 affiliates and 1 equity method affiliates>

Changing factor of Operating Revenue (Comparison with FY2016/2Q)

(Billion yen)



Changing factor of Consolidated Ordinary Income (Comparison with FY2016/2Q)



Non-consolidated Statement of Income

(Billion yen,%)

		FY17/2Q (A)	FY16/2Q (B)	Comparison		(Note) Main reason of increase and decrease
				(A)-(B)	(A)/(B)	
Ordinary revenues	Electricity Sales (Retail)	224.4	208.0	16.4	107.9	Increase in fuel cost adjustment charge Increase in Surcharge of renewable energy
	(Renewable Energy Power Promotion Surcharge)	(29.9)	(24.6)	(5.3)	(121.6)	
	Electricity Sales (Wholesale)	18.2	15.4	2.8	118.2	Increase in wholesales
	Others	24.9	21.2	3.6	117.3	Increase in Grant under Act on Purchase of Renewable Energy Sourced Electricity
	(Grant under Act on Purchase of Renewable Energy Sourced Electricity)	(18.4)	(15.0)	(3.3)	(122.4)	
	(Operating revenues)	(265.2)	(241.9)	(23.2)	(109.6)	
	Total	267.6	244.7	22.9	109.4	
Ordinary expenses	Personnel expenses	25.2	26.3	Δ 1.1	95.8	Decrease in retirement benefit
	Fuel expenses	47.9	42.3	5.5	113.1	Increase in oil-fuel cost
	Maintenance expenses	34.8	30.9	3.9	112.6	Increase in maintenance expenses of thermal power plant
	Depreciation expenses	29.3	30.9	Δ 1.5	94.8	
	Purchased power expenses	47.5	36.1	11.4	131.7	Increase in purchase of renewable energy
	Interest paid	4.9	5.3	Δ 0.4	92.2	
	Taxes other than income taxes	14.9	14.8	0.1	100.7	
	Other expenses	62.6	53.4	9.2	117.2	Increase in Levy under Act on Purchase of Renewable Energy Sourced Electricity
	(Levy under Act on Purchase of Renewable Energy Sourced Electricity)	(29.9)	(24.6)	(5.3)	(121.6)	
Total	267.4	240.3	27.1	111.3		
Operating income		4.1	7.2	Δ 3.1	56.4	
Ordinary income		0.1	4.3	Δ 4.2	4.0	
Provision (reversal) of reserve for fluctuation in water levels		—	Δ 0.9	0.9	—	
Income taxes		Δ 0.1	1.3	Δ 1.5	—	
Net income		0.3	3.9	Δ 3.5	8.3	

Consolidated Balance Sheet (Summary)

(Billion yen)

	End of FY17/2Q (A)	End of FY16 (B)	Comparison (A)-(B)	(Note) Related to only Hokuriku Electric Power Company
Fixed assets	1,247.3	1,239.4	7.8	
Electricity business	776.9	786.9	Δ 10.0	<ul style="list-style-type: none"> ▪ Depreciation Δ 29.3 ▪ Capitalization of construction 21.4
Others	470.4	452.4	17.9	Increase the amount of construction in progress 19.3
Current assets	315.4	278.6	36.8	Cash and Stores 25.1
Total assets	1,562.7	1,518.0	44.6	
Debt with interest	1,000.1	952.1	47.9	▪ Straight bond 30.0 , Long term debt loan 18.5
Other debt	213.7	217.4	Δ 3.7	
Revenue for fluctuation in water level	20.8	20.8	—	
Total liabilities	1,234.6	1,190.4	44.2	
Total net assets	328.0	327.6	0.4	
[Equity ratio]	[20.3%]	[20.8%]	[Δ 0.5%]	
Total of liabilities and net assets	1,562.7	1,518.0	44.6	

Consolidated Statement of Cash Flows (Summary)

(Billion yen)

	FY17/2Q (A)	FY16/2Q (B)
I .Operating activities①	26.3	25.2
Income before income taxes and minority interests	2.5	7.3
Depriciation and amortization	31.1	32.6
Others	Δ 7.3	Δ 14.7
II .Investing activities②	Δ 46.1	Δ 56.7
Capital expenditure	Δ 47.3	Δ 55.6
Long-term investment and others	1.1	Δ 1.0
III.Financing activities	45.5	Δ 3.7
Loan,bond,etc	47.8	1.6
Purchases and sales of own stock	Δ 0.0	Δ 0.0
Cash dividends paid③	Δ 2.2	Δ 5.3
IV.Net increase in cash and cash equivalents(I + II + III)	25.8	Δ 35.2
○ Free cash flow(①+②+③)	Δ 22.0	Δ 36.8
(Reference : non-consolidated free cash flow)	(Δ 22.7)	(Δ 37.9)

FY2017 Forecast (Key Factor)

【Total sales of electric power (Retail)】

➤ 28.2 billion kWh

(0.2 billion kWh increase compared with the forecast as of 7/28)

	FY2017		(Billion kWh)	(Reference)
	Forecast as of 10/30(A)	Forecast as of 7/28(B)	Comparison (A)-(B)	FY2016 Actual
Electricity Sales (Retail)	Approx. 28.2 (Approx.100%)	Approx. 28.0 (Approx.100%)	0.2	28.10

*Figures in parentheses denote percentage from the previous year.

【Key Factor】

	FY2017				(yen/ \$, \$/b)	(Reference)
	1 - 2Q Actual	3 - 4Q Forecast	Forecast as of 10/30	Forecast as of 7/28	FY2016 Actual	
Currency Rate	111.0	Approx. 115	Approx. 113	Approx. 114	108.3	
C I F oil prices (All Japan)	51.4	Approx. 55	Approx. 53	Approx. 52	47.5	

FY2017 Revenue and Income Forecast

- Forecast based on the results until the 2Q and included the new efforts for reducing cost

		FY2017		Comparison (A)-(B)	(Reference) FY16 Actual
		Forecast as of 10/30(A)	Forecast as of 7/28(B)		
Consolidated	Operating revenues	Approx. 585.0 (Approx.108%)	Approx. 580.0 (Approx.107%)	5.0	542.5 (100%)
	Operating income	9.0 (Approx. 76%)	Uncertain	—	10.5 (28%)
	Ordinary income	0.0 (-)	Uncertain	—	2.0 (7%)
	Profit attributable to owners of parent	Δ 3.0 (-)	Uncertain	—	Δ 0.6 (-)
Non- Consolidated	Operating revenues	Approx. 540.0 (Approx. 108%)	Approx. 535.0 (Approx. 108%)	5.0	497.6 (101%)
	Operating income	0.0 (-)	Uncertain	—	2.5 (9%)
	Ordinary income	Δ 8.0 (-)	Uncertain	—	Δ 3.2 (-)
	Net income	Δ 6.0 (-)	Uncertain	—	Δ 1.8 (-)

*Figures in parentheses denote percentage from the previous year.

- Non-Consolidated ordinary income will be the biggest deficit for a consecutive 2 years
- Due to the increase in maintenance expenses for aging and high operation facilities and the increase in fuel expenses resulting from decrease in coal-fired thermal power generated

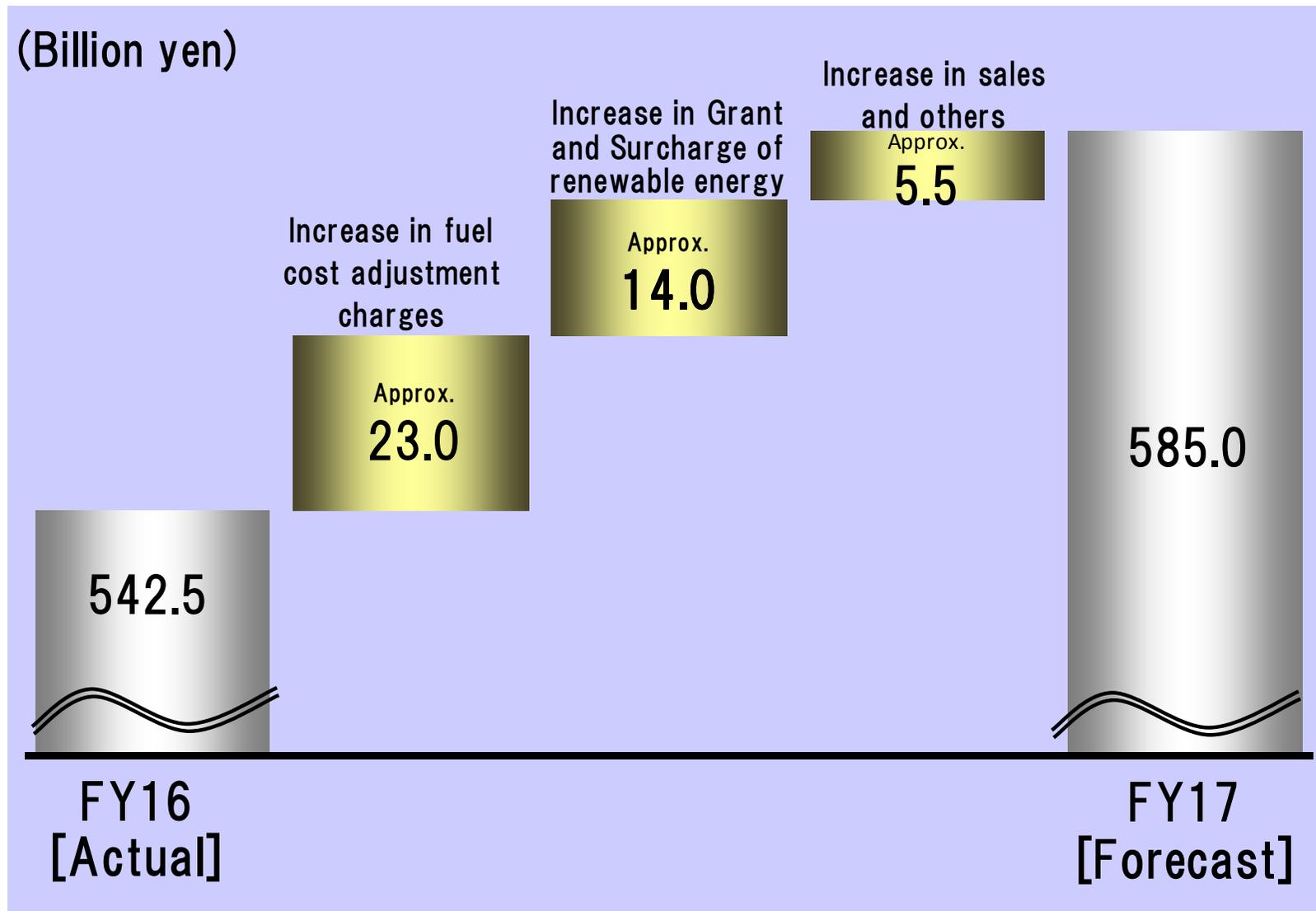
FY2017 Dividends forecast

- After comprehensively considering the difficult business situation, such as the financial forecasts for FY2017 is bitterly painful and uncertainty of restart of Shika nuclear power plant, we also plan not to pay year-end dividend of FY2017

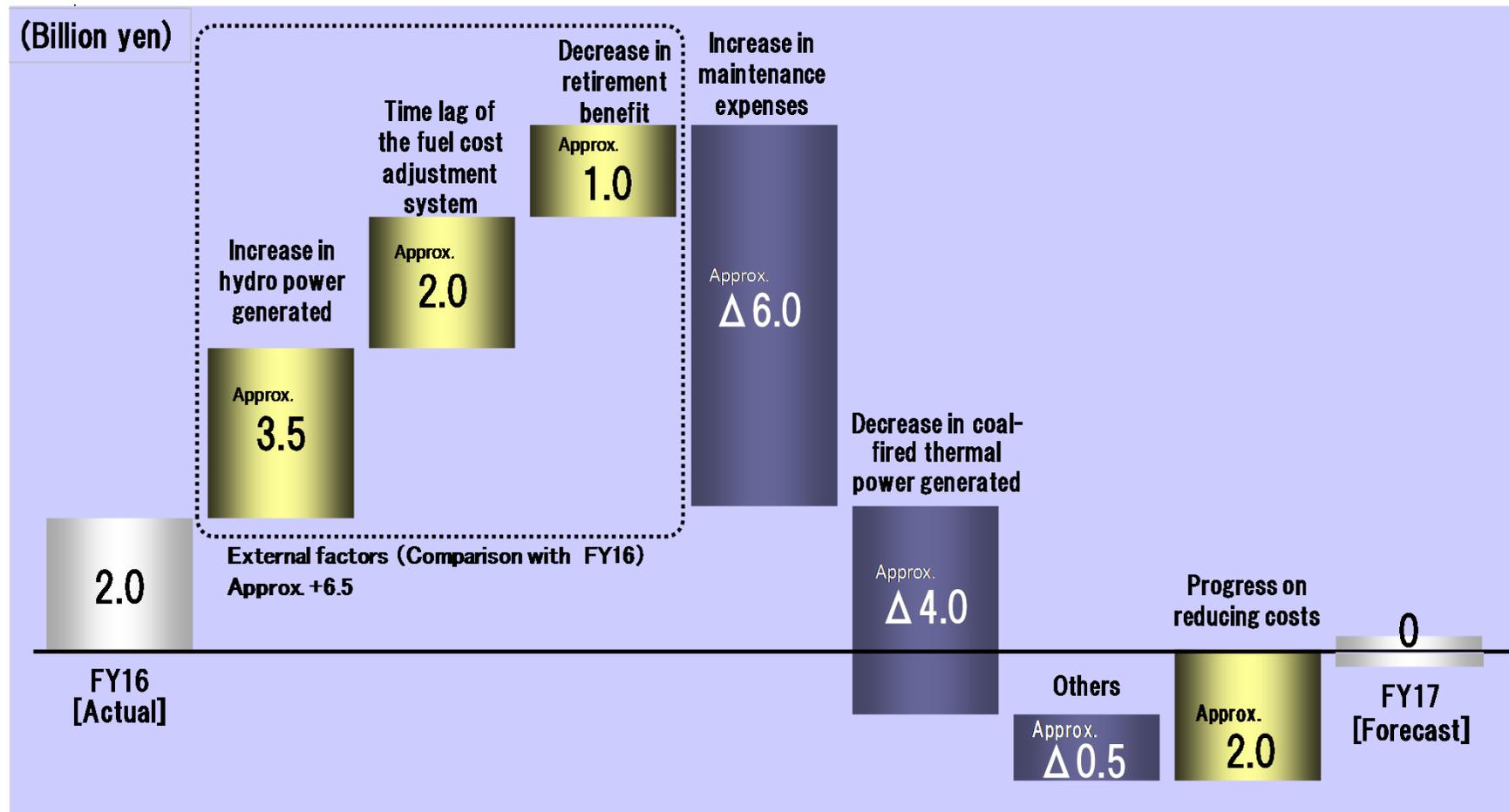
(yen per share)

	Dividend		
	Interim	Year-end	Total
FY2017 Forecast as of 10/30	0 (Results)	0 (Forecast)	0 (Forecast)
(Reference) Forecast as of 9/25	0	Uncertain	Uncertain
(Reference) FY2016(Actual)	25	10	35

Changing factor of Operating Revenue (Forecast) (Comparison with FY2016)



Changing factor of Consolidated Ordinary Income (Forecast) (Comparison with FY2016)



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

(Billion kWh,Billion yen)

	FY17/2Q (A)	FY16/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Electricity Sales Volume (Retail)	13.51	13.37	0.14	
Electricity Sales Revenues (Retail)	224.4	208.0	16.4	<ul style="list-style-type: none"> ▪ Increase in fuel cost adjustment charge Approx. +10.0 ▪ Increase in renewable energy power promotion surcharge Approx. +5.3 ▪ Increase in electricity sales volume +1.0
Lighting	73.2	69.0	4.1	
Commercial and industrial	151.2	139.0	12.2	

[Wholesale]

(Billion kWh,Billion yen)

	FY17/2Q (A)	FY16/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Electricity Sales volume (Wholesale)	1.45	1.10	0.36	
Electricity Sales Revenues (Wholesale)	18.2	15.4	2.8	Increase in sales at JPEX etc

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

(Billion yen)

	FY17/2Q (A)	FY16/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Personnel expenses	25.2	26.3	Δ 1.1	
Retirement benefit	3.3	4.0	Δ 0.6	•Decrease in amortization of actuarial difference

[Reference]

(People)

Numebr of employee at the end of FY	4,755	4,758	Δ 3	
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[Fuel expenses]

(Billion yen)

	FY17/2Q (A)	FY16/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Fuel Expenses	47.9	42.3	5.5	•Decleace in coal-fired thermal power generated Approx. +6.0
Fossil fuel	47.9	42.3	5.5	•Rise in fuel prices Approx. +9.0
(Oil)	(13.9)	(9.3)	(4.6)	•Increase in hydro power generated Approx. Δ 5.0
(Coal)	(33.9)	(33.0)	(0.9)	•Increase in purchased power and others Approx. Δ 4.5

(Reference)Key factors

Currency rate(yen/\$)	111	105	6
CIF oil prices[All Japan] (\$/b)	51	44	8
CIF coal prices ["] (\$/t)	98	70	28

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

[Maintenance expenses]

(Billion yen)

	FY17/2Q (A)	FY16/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Maintenance Expenses	34.8	30.9	3.9	
Power source	21.9	18.0	3.9	Increase in maintenance expenses for thermal power plants
Distribution	12.5	12.5	Δ 0.0	
Others	0.3	0.3	0.0	

[Purchased power expenses]

(Billion yen)

	FY17/2Q (A)	FY16/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Purchased power volume	2.83	1.74	1.09	
Purchased power expenses	47.5	36.1	11.4	·Increase in purchase of renewable energy

(Reference)Key Factor and Sensitivity

<Key Factor>

	FY12	FY13	FY14	FY15	FY16	FY17 Forecast
Electricity sales (Billion kWh)	28.08	28.08	27.88	27.52	28.10	Approx. 28.2
Currency rate (Yen/\$)	82.9	100.2	109.8	120.2	108.3	Approx. 113
CIF oil prices [All Japan] (\$/b)	113.9	110.0	90.4	48.7	47.5	Approx. 53
Flow rate (%)	93.2	104.9	104.3	107.1	93.8	Approx. 103

<Sensitivity>

(Billion yen/year)

	FY12	FY13	FY14	FY15	FY16	FY17 Forecast
Currency rate (1yen/\$)	Approx. 1.5	Approx. 1.3	Approx. 1.0	Approx. 0.7	Approx. 0.8	Approx. 0.9
CIF oil prices [All Japan] (1\$/b)	Approx. 0.5	Approx. 0.6	Approx. 0.4	Approx. 0.4	Approx. 0.5	Approx. 0.5
Flow rate (1%)	Approx. 0.5	Approx. 0.6	Approx. 0.5	Approx. 0.4	Approx. 0.4	Approx. 0.4

(Reference) Data related to financial results

<Profit and loss>

(Billion yen)

		FY12	FY13	FY14	FY15	FY16	FY17 Forecast
Operating revenue	[Consolidated]	492.4	509.6	532.7	544.5	542.5	Approx. 585.0
	[Non-consolidated]	479.5	495.6	513.0	494.1	497.6	Approx. 540.0
Operating income	[Consolidated]	11.7	19.8	39.9	38.1	10.5	9.0
	[Non-consolidated]	8.0	15.7	35.2	28.7	2.5	0.0
Ordinary income	[Consolidated]	1.7	9.8	22.3	28.0	2.0	0.0
	[Non-consolidated]	Δ 2.1	7.3	18.1	18.9	Δ 3.2	Δ 8.0
Net income	[Consolidated]	0.0	2.5	8.9	12.8	Δ 0.6	Δ 3.0
	[Non-consolidated]	Δ 2.3	1.6	6.6	8.7	Δ 1.8	Δ 6.0

(Note) Figures in FY15, FY16, FY17 consolidated Net income is "Profit attributable to owners of parent"

<Capital investment>

(Billion yen)

		FY12	FY13	FY14	FY15	FY16	FY17 Forecast
Capital Investment	[Consolidated]	67.0	64.6	118.9	99.5	94.8	Approx 100.0
	[Non-consolidated]	63.8	61.4	115.7	97.9	90.5	

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

<Balance sheet>

(Billion yen)

		FY12	FY13	FY14	FY15	FY16
Total assets	[Consolidated]	1,395.9	1,440.1	1,479.4	1,509.3	1,518.0
	[Non-consolidated]	1,366.1	1,407.9	1,419.4	1,458.9	1,460.6
Net assets	[Consolidated]	331.0	324.8	344.2	334.0	327.6
	[Non-consolidated]	308.8	300.5	302.8	297.1	286.6

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