
FY2018 Financial Results

April 25, 2019 (Thu)



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I . Outline of Financial Results for FY2018

Electricity Sales

| | FY18 (A) | FY17 (B) | Comparison | |
|-----------|-------------|-------------|------------|---------|
| | | | (A)-(B) | (A)/(B) |
| Retail | 26.06 | 28.66 | Δ2.60 | 90.9 |
| Lighting | 8.07 | 8.48 | Δ0.41 | 95.2 |
| Power | 17.99 | 20.18 | Δ2.19 | 89.1 |
| Wholesale | 4.33 | 3.02 | 1.31 | 143.4 |
| Total | 30.39 | 31.68 | Δ1.29 | 95.9 |

(Billion kWh,%)

《 Main Factors 》

< Lighting >

- Decrease in demand for air conditioner due to warm winter

<Power>

- Decrease in contract demand

<Wholesale>

- Increase in trading at JEPX

(Reference)Average monthly temperature in Hokuriku 3 cities

| | April | May | June | July | August | September | October | November | December | January | February | March |
|-----------------------------------|-------|------|------|------|--------|-----------|---------|----------|----------|---------|----------|-------|
| Actual data | 14.2 | 18.3 | 22.3 | 28.4 | 28.2 | 22.4 | 17.4 | 12.5 | 6.7 | 3.8 | 5.2 | 8.4 |
| Comparison with the previous year | +0.6 | Δ0.6 | +2.0 | +1.2 | +1.1 | +0.3 | +0.6 | +2.1 | +1.8 | +1.5 | +3.0 | Δ0.3 |

(°C)

(Note)Hokuriku 3 Cities : Toyama City, Kanazawa City, Fukui City

Generated and Received Power

(Billion kWh,%)

| | FY18 (A) | FY17 (B) | Comparison | |
|----------------------|-------------|-------------|------------|---------|
| | | | (A)-(B) | (A)/(B) |
| [Flow rate] | [100.2] | [110.9] | [Δ 10.7] | |
| Hydro | 6.23 | 6.97 | Δ0.73 | 89.5 |
| Thermal | 20.20 | 22.43 | Δ2.22 | 90.1 |
| Nuclear | — | — | — | — |
| Renewable | 0.00 | 0.00 | Δ0.00 | 95.2 |
| Internally generated | 26.44 | 29.40 | Δ2.96 | 89.9 |
| Purchased power | 6.57 | 5.15 | 1.42 | 127.5 |
| Wholesale | Δ4.33 | Δ3.02 | Δ1.31 | 143.4 |
| Total | 28.66 | 31.50 | Δ2.84 | 91.0 |

《 Main Factors 》

<Hydro>

- Less water flow than last year

<Thermal>

- Decrease in coal-fired thermal power generated due to the stop of Nanao Ohta Thermal Power Station out of plan

<Purchased power>

- Increase in trading at JEPX

Summary of Financial Results

(Billion yen,%)

| | | FY18 (A) | FY17 (B) | Comparison | |
|-----------------------------|---|-------------|-------------|------------|---------|
| | | | | (A)-(B) | (A)/(B) |
| Consolidated | Operating Revenue | 622.9 | 596.2 | 26.6 | 104.5 |
| | Ordinary Profit | 6.6 | 2.6 | 3.9 | 249.2 |
| | Profit attributable to owners of parent | 2.5 | Δ 0.4 | 3.0 | — |
| Non-consolidated | Operating Revenue | 575.5 | 549.1 | 26.4 | 104.8 |
| | Ordinary Profit | 2.4 | Δ 5.6 | 8.0 | — |
| | Profit | 2.4 | Δ 4.1 | 6.6 | — |
| Year-end dividend per share | | 0 yen | 0 yen | — | — |
| Total dividend per share | | [0yen] | [0yen] | — | — |

《 Main Factors 》

<Consolidated Operating Revenue>

- Increase in electricity sales due to Electricity rate revision
- Increase in fuel cost adjustment charges etc

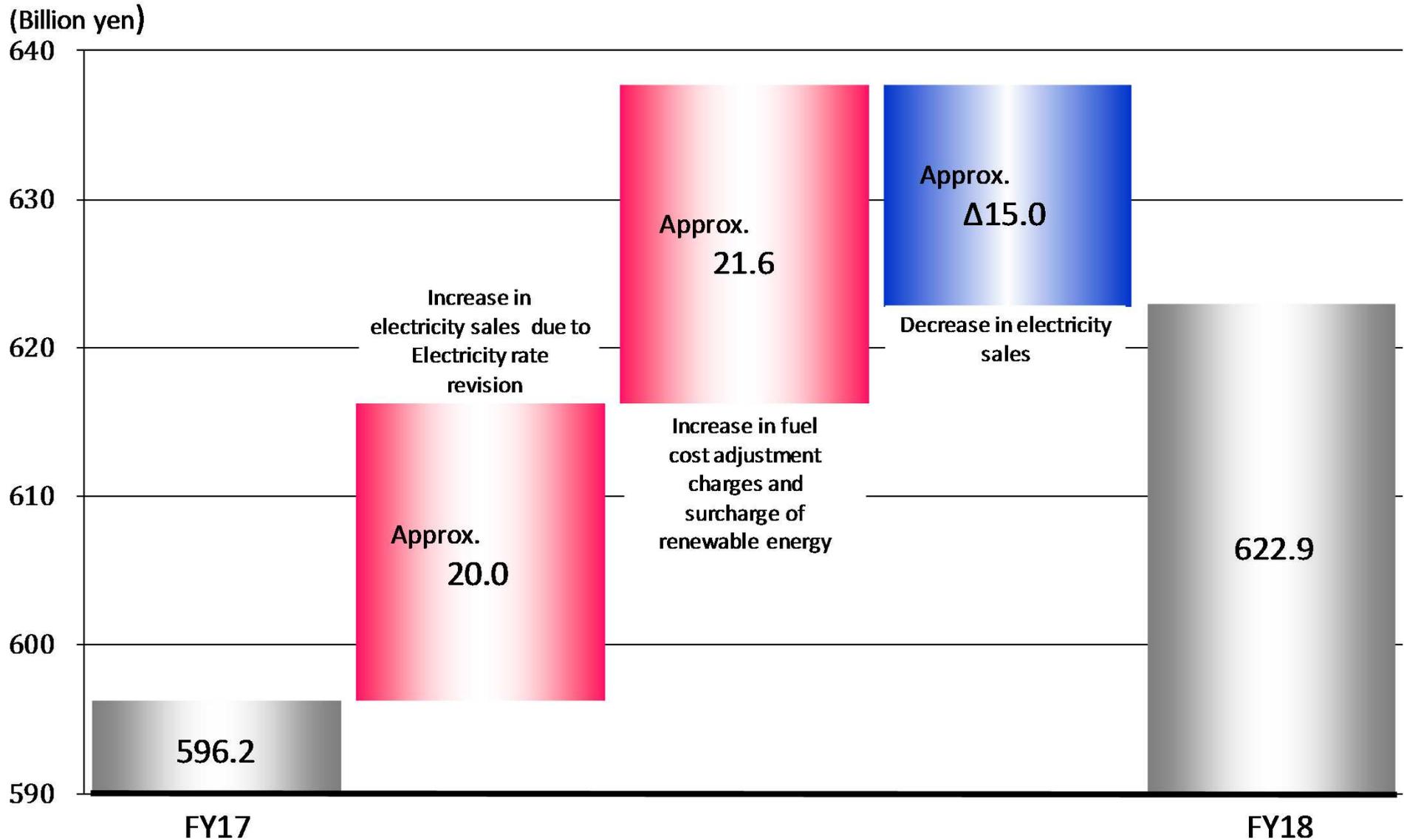
⇒ The first surplus in 3 years

<The number of consolidated subsidiaries : 14 affiliates and 1 equity method affiliate>

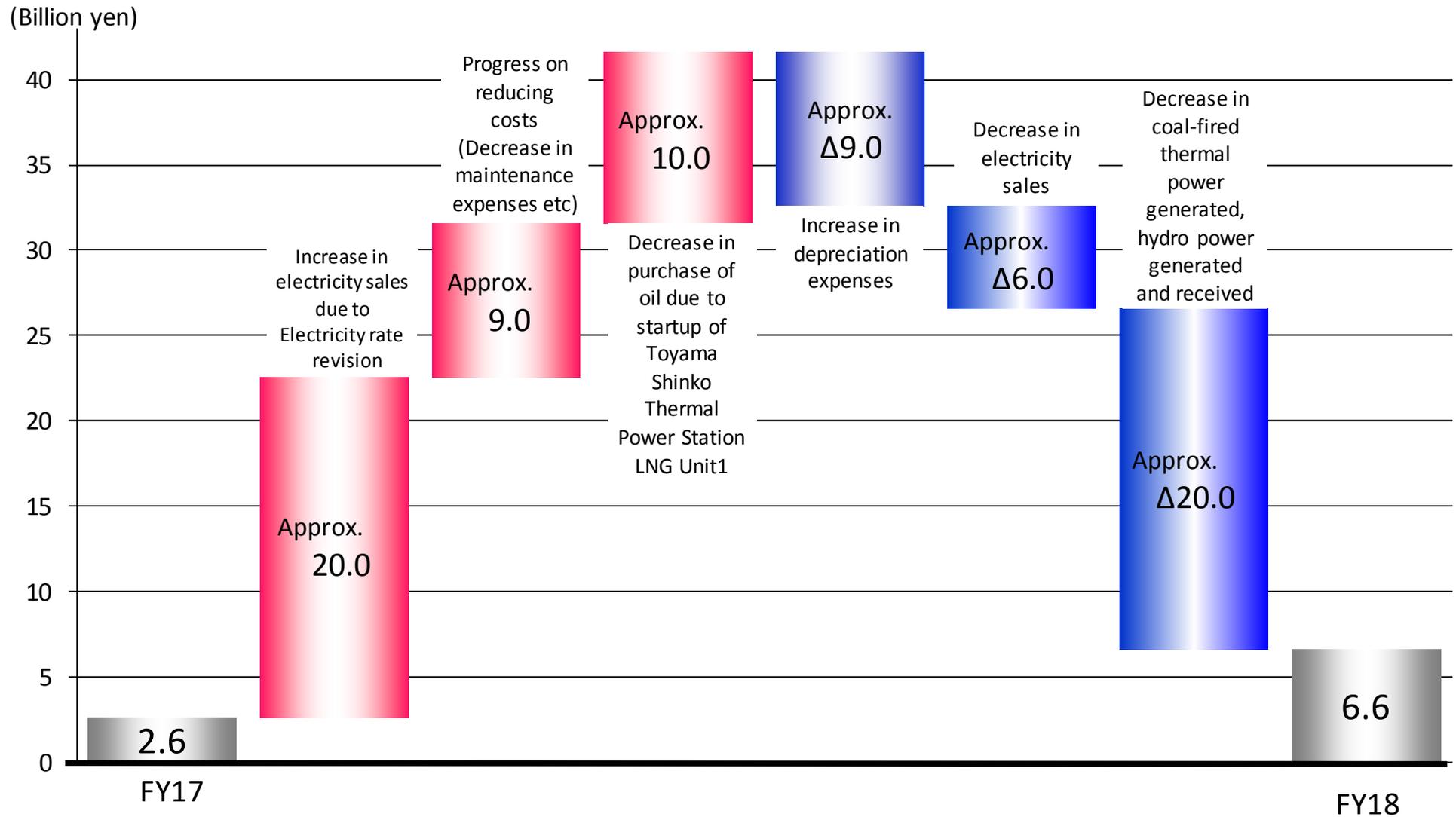
《Year-end dividend for FY2018》

- We have decided we will pay no year-end dividend due to the difficult financial environment.

Changing factor of Consolidated Operating Revenue



Changing factor of Consolidated Ordinary Profit



Financial Forecast and Dividend Forecast for FY2019

(Billion kWh, Billion yen)

| | | FY19 Forecast (A) | FY18 Actual (B) | Comparison (A)-(B) |
|-------------------------------|---|----------------------|--------------------|-----------------------|
| Total sales of Electric Power | | 32.0 | 30.4 | 1.6 |
| Consolidated | Operating Revenue | 630.0 | 622.9 | 7.1 |
| | Ordinary Profit | Uncertain | 6.6 | — |
| | Profit attributable to owners of parent | Uncertain | 2.5 | — |
| Non-consolidated | Operating Revenue | 580.0 | 575.5 | 4.5 |
| | Ordinary Profit | Uncertain | 2.4 | — |
| | Profit | Uncertain | 2.4 | — |
| Interim dividend per share | | Uncertain | 0 yen | — |
| Year-end dividend per share | | Uncertain | 0 yen | — |

《 Main Factors 》

- Increase in electricity sales
- Decrease in fuel cost adjustment charges etc

<Key Factors for forecast>

- Currency Rate 110 yen/\$
- Crude Oil CIF prices (All Japan) 68\$/b

《Forecast of profit》

- Reasonable forecast can not be made at this point, because of uncertainty of stable supply.

《Dividend forecast》

- Forecast of interim and year-end dividend cannot be made at this point, because it is necessary to judge the future income and expenditure, financing situation into consideration.

Change of Accounting Policy for Depreciation of Assets

We have changed the depreciation method of property, plant and equipment from Declining-Balance Method to Straight-Line Method from FY2019.

《Reason for change》

- Because we anticipate that existing equipment will be maintained at a constant capital investment level in the future, Straight-Line Method is more appropriate.

《Sensitivity》

FY2019 : Decrease in expense of 19.0 billion yen

Outline of Non-consolidated Financial Results

(Billion yen,%)

| | | FY18 (A) | FY17 (B) | Comparison | | Main reason of increase and decrease |
|---------------------|--|-------------|-------------|------------|---------|--|
| | | | | (A)-(B) | (A)/(B) | |
| Ordinary revenue | Electricity Sales(Retail) | 477.4 | 472.2 | 5.1 | 101.1 | Electricity rate revision and increase in fuel cost adjustment charges |
| | (Renewable Energy Power Promotion Surcharge) | (64.5) | (64.6) | (Δ0.0) | (99.9) | |
| | Electricity Sales(Wholesale) | 48.1 | 38.8 | 9.3 | 124.0 | Increase in wholesale |
| | Others | 57.4 | 41.5 | 15.9 | 138.4 | Increase in transmission revenue and grant under act on purchase of renewable energy sourced electricity |
| | [Operating revenues] | [575.5] | [549.1] | [26.4] | [104.8] | |
| | Total | 583.0 | 552.6 | 30.4 | 105.5 | |
| Ordinary expense | Personnel expenses | 48.0 | 49.6 | Δ 1.6 | 96.7 | Decrease in retirement benefits |
| | Fuel expenses | 124.4 | 118.9 | 5.4 | 104.6 | Rising fuel price |
| | Maintenance expenses | 64.4 | 69.0 | Δ 4.6 | 93.2 | Decrease in repair constructions of generation facilities |
| | Depreciation expenses | 68.3 | 59.1 | 9.1 | 115.5 | Increase due to startup of Toyama Shinko Thermal Power Station LNG Unit1 |
| | Purchased power expenses | 103.4 | 84.6 | 18.7 | 122.2 | Increase in trading at JPEX |
| | Interest paid | 8.7 | 9.6 | Δ 0.8 | 91.4 | |
| | Taxes other than income taxes | 30.4 | 30.7 | Δ 0.3 | 98.9 | |
| | Other expenses | 132.6 | 136.2 | Δ 3.5 | 97.4 | Decrease in overall expenses |
| | (Levy under Act on Purchase of Renewable Energy Sourced Electricity) | (64.5) | (64.6) | (Δ0.0) | (99.9) | |
| | | Total | 580.6 | 558.2 | 22.3 | 104.0 |
| | Ordinary profit | 2.4 | Δ 5.6 | 8.0 | — | |
| | Provision (reversal) of reserve for fluctuation in water levels | — | — | — | — | |
| | Income taxes | 0.0 | Δ 1.4 | 1.4 | — | |
| | profit | 2.4 | Δ 4.1 | 6.6 | — | |

Consolidated Balance Sheet (Summary)

(Billion yen)

| | FY18 (A) | FY17 (B) | Comparison (A)-(B) | Main reason of increase and decrease (Note) Related to only Hokuriku Electric Power Company |
|--|----------------|----------------|-----------------------|---|
| Non-current assets | 1,312.5 | 1,281.2 | 31.2 | |
| Electricity business | 874.6 | 770.0 | 104.6 | · Capitalization of construction 162.6 · Depreciation Δ68.4 |
| Others | 437.8 | 511.2 | Δ73.3 | · Increase the amount of construction in progress 79.3 · Capitalization of construction Δ166.1 |
| Current assets | 260.6 | 307.4 | Δ46.8 | · Cash and Stores Δ60.4 |
| Total assets | 1,573.1 | 1,588.7 | Δ15.6 | |
| Debt with interest | 980.4 | 990.0 | Δ9.5 | · Straight bond Δ 20.0, Long-term debt loan 14.0 |
| Other debt | 244.8 | 250.2 | Δ5.4 | · Accounts payable-others Δ9.9 |
| Reserve for fluctuation in water levels | 20.8 | 20.8 | - | |
| Total liabilities | 1,246.1 | 1,261.1 | Δ14.9 | |
| Total net assets | 326.9 | 327.6 | Δ0.6 | · Profit 2.4 |
| [Equity ratio] | [19.9%] | [19.8%] | [0.1%] | · Net unrealized loss on securities Δ2.6 |
| Total of liabilities and net assets | 1,573.1 | 1,588.7 | Δ15.6 | |

(Note) FY17 shows figures after transfer of deferred tax assets from current assets to non-current assets, in accordance with “Partial Amendments to Accounting Standard for Tax Effect”.

Consolidated Statement of Cash Flow (Summary)

(Billion yen)

| | FY18 (A) | FY17 (B) | Comparison (A)-(B) |
|--|-------------|-------------|-----------------------|
| I .Operating activities ^① | 54.0 | 82.2 | Δ28.2 |
| Profit before income taxes | 6.6 | 2.6 | 3.9 |
| Depreciation and amortization | 71.9 | 62.7 | 9.2 |
| Others | Δ24.6 | 16.8 | Δ41.4 |
| II .Investing activities ^② | Δ101.3 | Δ91.2 | Δ10.0 |
| Capital investment | Δ106.9 | Δ95.3 | Δ11.5 |
| Long-term investment and others | 5.5 | 4.0 | 1.5 |
| III .Financing activities | Δ9.9 | 35.4 | Δ45.3 |
| Loan, bond, etc | Δ9.5 | 37.7 | Δ47.2 |
| Purchases and sales of treasury stock | Δ0.0 | Δ0.0 | 0.0 |
| Cash dividends paid ^③ | Δ0.3 | Δ2.3 | 1.9 |
| IV .Net increase in cash and cash equivalents (I + II + III) | Δ57.2 | 26.4 | Δ83.6 |
| ○ Free cash flow(①+②+③) | Δ47.6 | Δ11.3 | Δ36.3 |

II . Supplemental Material

(Reference) Key Factor and Sensitivity

<Key Factor>

| | | FY18 (A) | FY17 (B) | Comparison (A)-(B) |
|---------------------------------|---------------|-------------|-------------|-----------------------|
| Total electricity sales | (Billion kWh) | 30.39 | 31.68 | Δ1.29 |
| Currency rate | (yen/\$) | 110.9 | 110.9 | 0.1 |
| Crude Oil CIF prices[All Japan] | (\$/b) | 72.1 | 57.1 | 15.1 |
| Flow rate | (%) | 100.2 | 110.9 | Δ10.7 |

<Sensitivity>

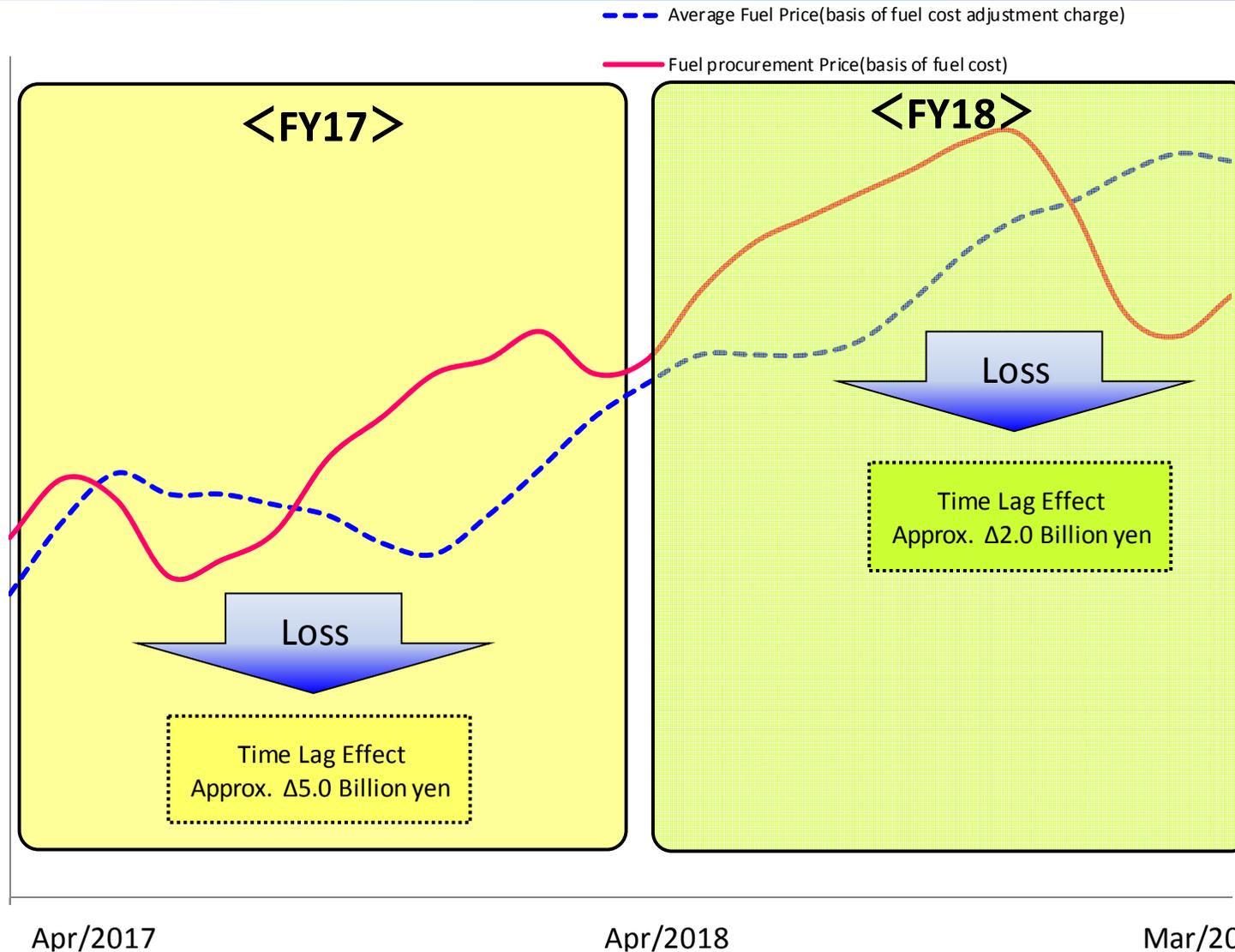
| | | FY18 (A) | FY17 (B) | Comparison (A)-(B) |
|---------------------------------|-----------|-------------|-------------|-----------------------|
| Currency rate | (1yen/\$) | Approx.1.0 | Approx.1.0 | Approx.+0.0 |
| Crude Oil CIF prices[All Japan] | (1\$/b) | Approx.0.2 | Approx.0.5 | Approx. Δ0.3 |
| Flow rate | (1%) | Approx.0.5 | Approx.0.5 | Approx.+0.0 |

(Billion yen/year)

<Consumption of Fossil Fuels>

| | | FY18 (A) | FY17 (B) | Comparison (A)-(B) |
|-----------|------------|-------------|-------------|-----------------------|
| Coal | (10,000t) | 557 | 659 | Δ102 |
| Heavy Oil | (10,000kl) | 14 | 39 | Δ26 |
| Crude Oil | (10,000kl) | 16 | 33 | Δ16 |
| LNG | (10,000t) | 40 | - | 40 |

(Reference) Time Lag Effect of Fuel Cost Adjustment System[Actual]



(Note) Fluctuation in fuel prices causes time lag between payment of fuel cost and reception of fuel cost adjustment charges, resulting in temporary increase or decrease in profits. Time Lag Effect above is this temporary increase or decrease, if time lag dose not take place.

(Reference) Data related to Financial Results (1)

<Profit and loss>

(Billion yen)

| | | FY14 | FY15 | FY16 | FY17 | FY18 |
|-------------------|--------------------|-------|-------|-------|-------|-------|
| Operating revenue | [Consolidated] | 532.7 | 544.5 | 542.5 | 596.2 | 622.9 |
| | [Non-consolidated] | 513.0 | 494.1 | 497.6 | 549.1 | 575.5 |
| Operating profit | [Consolidated] | 39.9 | 38.1 | 10.5 | 14.8 | 12.8 |
| | [Non-consolidated] | 35.2 | 28.7 | 2.5 | 5.3 | 4.5 |
| Ordinary profit | [Consolidated] | 22.3 | 28.0 | 2.0 | 2.6 | 6.6 |
| | [Non-consolidated] | 18.1 | 18.9 | Δ3.2 | Δ5.6 | 2.4 |
| profit | [Consolidated] | 8.9 | 12.8 | Δ0.6 | Δ0.4 | 2.5 |
| | [Non-consolidated] | 6.6 | 8.7 | Δ1.8 | Δ4.1 | 2.4 |

(Note) Figures after FY15 consolidated profit is "Profit attributable to owners of parent"

<Balance sheet>

(Billion yen,%)

| | | FY14 | FY15 | FY16 | FY17 | FY18 |
|--------------|--------------------|---------|---------|---------|---------|---------|
| Total assets | [Consolidated] | 1,479.4 | 1,509.3 | 1,518.0 | 1,588.7 | 1,573.1 |
| | [Non-consolidated] | 1,419.4 | 1,458.9 | 1,460.6 | 1,526.5 | 1,508.9 |
| Net assets | [Consolidated] | 344.2 | 334.0 | 327.6 | 327.6 | 326.9 |
| | [Non-consolidated] | 302.8 | 297.1 | 286.6 | 280.5 | 280.2 |
| Equity ratio | [Consolidated] | 22.7 | 21.5 | 20.8 | 19.8 | 19.9 |
| | [Non-consolidated] | 21.3 | 20.4 | 19.6 | 18.4 | 18.6 |

(Reference) Data related to Financial Results (2)

<Capital investment>

(Billion yen)

| | | FY14 | FY15 | FY16 | FY17 | FY18 |
|--------------------|--------------------|-------|------|------|-------|-------|
| Capital investment | [Consolidated] | 118.9 | 99.5 | 94.8 | 109.0 | 102.9 |
| | [Non-consolidated] | 115.7 | 97.9 | 90.5 | 103.6 | 93.7 |

<Capital investment (Consolidated) > (Billion yen)

| | | FY17 | FY18 |
|-------------------------|---------------|-------|-------|
| | Power sources | 57.7 | 48.9 |
| | Distribution | 25.7 | 28.6 |
| | Others | 22.8 | 16.7 |
| Electric power business | | 106.3 | 94.2 |
| Others | | 4.5 | 10.4 |
| Subtotal | | 110.8 | 104.7 |
| Elimination | | Δ1.7 | Δ1.7 |
| Total | | 109.0 | 102.9 |

《 Main Factors 》

- Construction of Toyama Shinko Thermal Power Station LNG Unit 1 (Nov.2018 startup)
- Safety improvement measures for Shika Nuclear Power Station

Regarding Forward-Looking Statements(Performance Projections)

Certain statements in this 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.

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