

FY2014 2nd Quarter Financial Results (April 1–September 30, 2014) Supplemental Material

Oct 30, 2014(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

- 13.19 billion kWh
(0.26 billion kWh decrease compared with the previous year)
 - Lighting and Commercial : Decrease in demand for air-conditioner
 - Industrial and other : Same as the previous year

(Billion kWh,%)

		FY14/2Q (A)	FY13/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Regulated	Lighting	3.47	3.63	Δ 0.16	95.6
	Low-voltage	0.57	0.61	Δ 0.04	93.7
	Subtotal	4.04	4.24	Δ 0.20	95.3
Liberarized	Commercial	2.53	2.60	Δ 0.07	97.3
	Industrial and other	6.61	6.60	0.01	100.2
	Subtotal	9.14	9.20	Δ 0.06	99.4
Total		13.19	13.44	Δ 0.26	98.1
Large Industrial		5.30	5.28	0.02	100.4
Residential		6.08	6.32	Δ 0.24	96.3
Other than residential		7.11	7.13	Δ 0.02	99.7

※ Residential=lighting, commercial power and night only service

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

(Billion kWh,%)

		FY14/2Q (A)	FY13/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Total of large-scale user		5.30	5.28	0.02	100.4
Main industry	Textile	0.50	0.52	△ 0.01	97.5
	Paper and pulp	0.14	0.15	△ 0.01	91.3
	Chemical	0.68	0.65	0.03	104.8
	Steel	0.39	0.38	0.01	103.1
	Machinery	1.65	1.63	0.01	100.9
	(Electrical Machinery in Machinery sector)	(1.13)	(1.13)	(0.01)	(100.8)
	Fabricated metal	0.36	0.36	△ 0.01	98.3

(Reference) Average monthly temperature(3 Hokuriku cities)

(°C)

	April	May	June	July	August	September
Actual data	12.3	18.1	22.7	26.1	26.4	22.3
Comparison with the previous year	+0.9	+0.7	+0.0	△ 0.9	△ 1.6	△ 0.5
Comparison with the average year	△ 0.2	+0.8	+1.5	+0.8	△ 0.5	△ 0.3

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

Total Power Generated, Purchased and Sold

- Hydro : Decrease in water flow
- Thermal : Increase due to coal-fired thermal power generated
- Purchased (sold) form other utilities : Increase in sales at JEPX

(Billion kWh,%)

	FY14/2Q (A)	FY13/2Q (B)	Comparison	
			(A)-(B)	(A)/(B)
[Flow ratio]	[100.1]	[106.3]	[Δ 6.2]	
Hydroelectric	3.69	4.03	Δ 0.34	91.7
Thermal	10.72	10.08	0.64	106.4
Nuclear	—	—	—	—
Renewable	0.00	0.00	Δ 0.00	69.3
Subtotal	14.42	14.11	0.31	102.2
Purchased (sold) from other companies	0.61	1.21	Δ 0.60	50.4
Purchased (sold) from other utility companies	Δ 0.57	Δ 0.59	0.03	95.2
Total	14.45	14.72	Δ 0.27	98.2

Overview of FY2014/2Q Financial Results

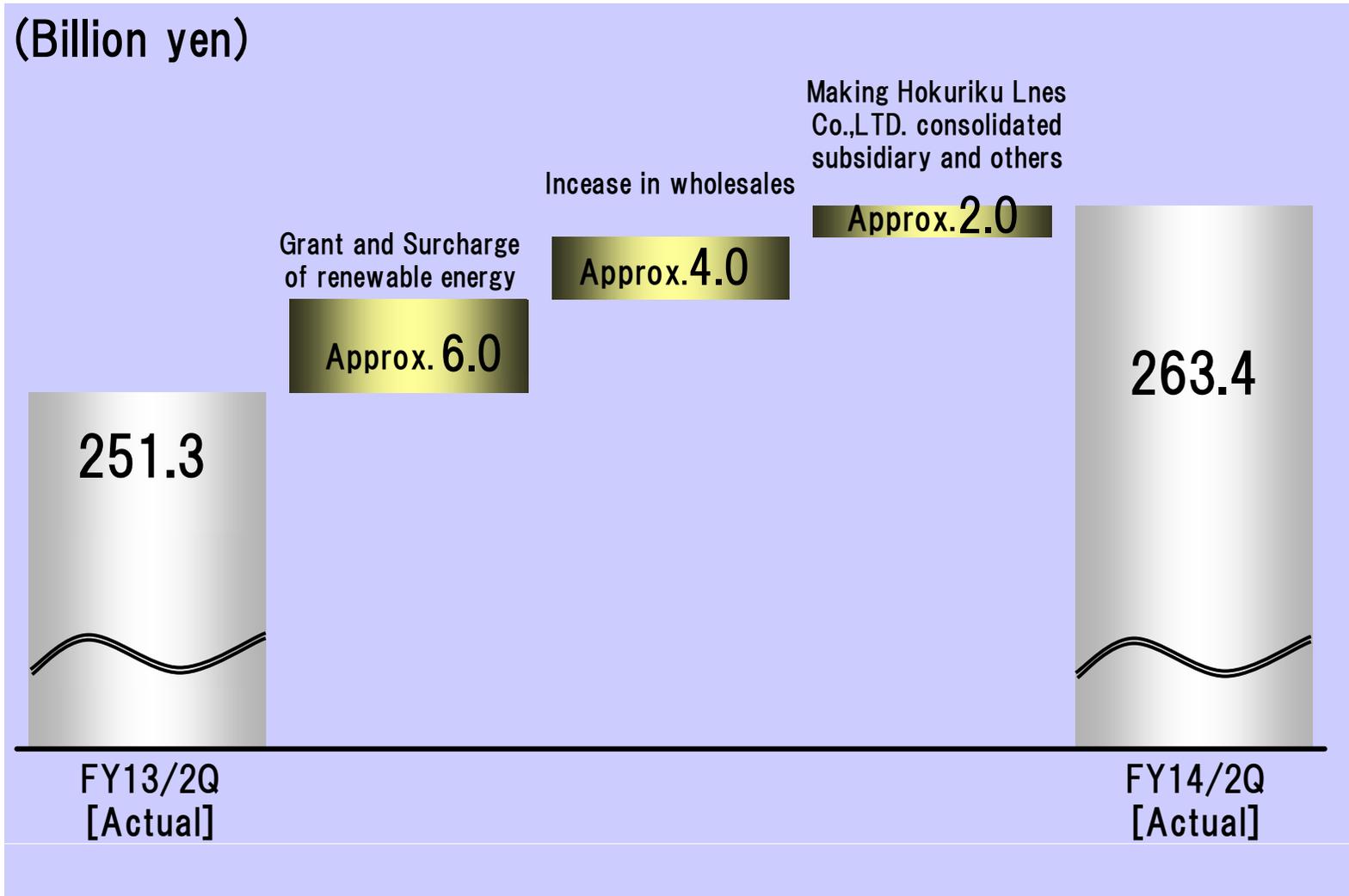
- Consolidated operating revenue : 12.0 billion yen increase
Due to the increase in Grant and Surcharge of renewable energy and increase in sales at JEPX
- Consolidated ordinary income : 0.6 billion yen increase
Due to the decrease in fuel expense with the cause of decrease in coal-fired units which carried out periodic inspection despite of the increase in maintenance expenses and the decrease in hydro power generated

(Billion yen,%)

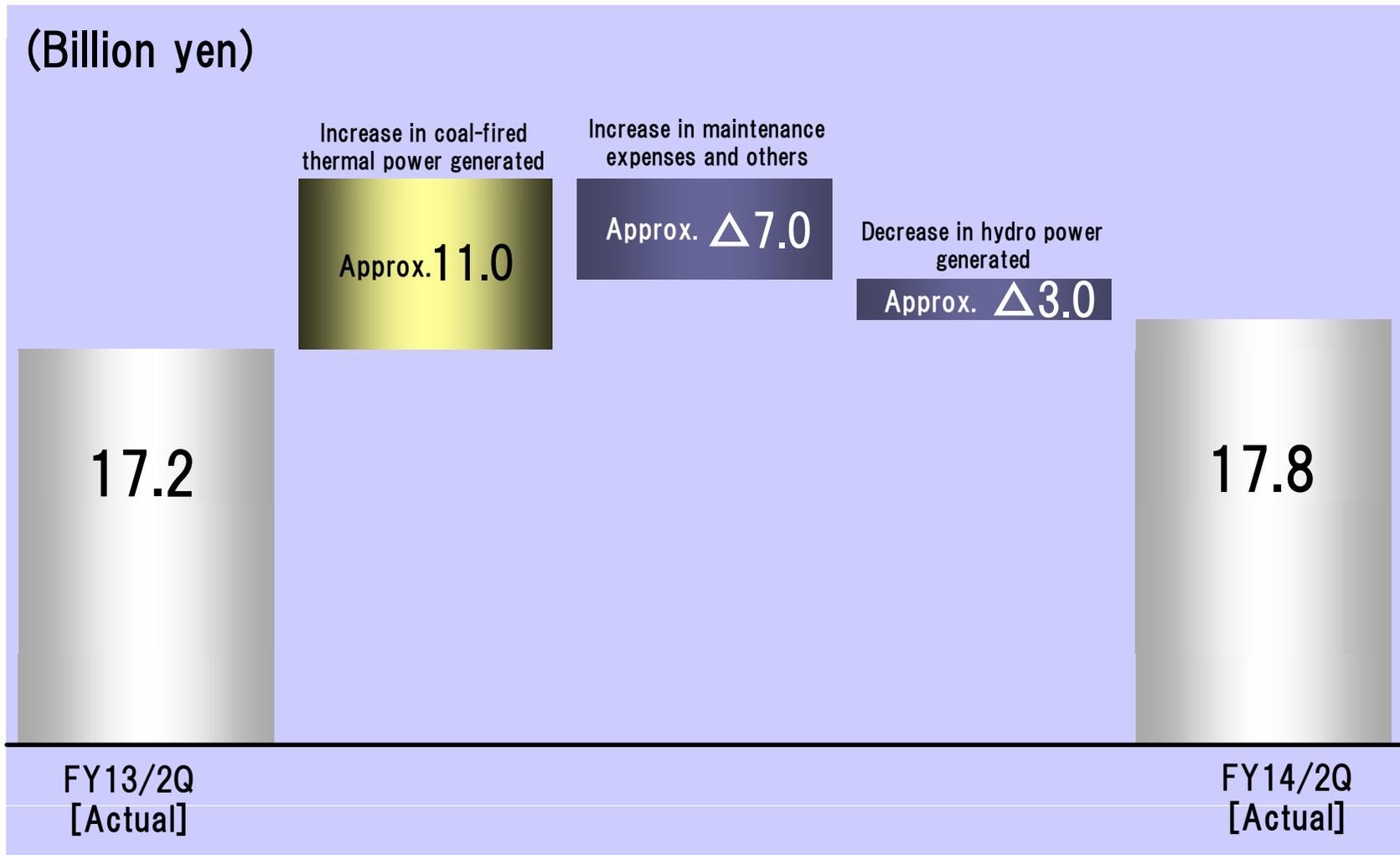
		FY14/2Q (A)	FY13/2Q (B)	Comparison	
				(A)-(B)	(A)/(B)
Consolidated	Operating revenue	263.4	251.3	12.0	104.8
	Operating income	27.2	22.4	4.7	121.2
	Ordinary income	17.8	17.2	0.6	103.7
	Net income	10.1	8.7	1.4	116.4
Non-consolidated	Operating revenue	254.5	244.9	9.6	103.9
	Operating income	24.6	20.5	4.1	120.2
	Ordinary income	15.6	15.6	Δ 0.0	99.9
	Net income	8.8	7.9	0.9	111.7

<The number of consolidated subsidiaries ・ 12 affiliates and 2 equity method affiliates>

Changing factor of Consolidated Operating Revenue (Comparison with FY2013/2Q)



Changing factor of Consolidated Ordinary Income (Comparison with FY2013/2Q)



FY2014 Forecast (Key Factor)

【Total sales of electric power】

➤ 27.7 billion kWh

Same with the forecast as of 7/30 be based on our results for the six months ended September 30, 2014

	FY2014		(Billion kWh)	(Reference)
	As of 10/30(A)	As of 7/30(B)	Comparison (A)-(B)	FY2013 Actual
Total sales of electric power	Approx. 27.7 (Approx. 99%)	Approx. 27.7 (Approx. 99%)	—	28.08 (100.0%)

※ Figures in parentheses denote percentage from previous year

【Key factor】

	FY2014				(yen/\$, \$/b)	(Reference)
	1 - 2Q Actual	3 - 4Q Forecast	Forecast as of 10/30	Forecast as of 7/30	FY2013 Actual	
Currency Rate	103.0	Approx. 110	Approx. 107	Approx. 105	100.2	
C I F oil prices (All Japan)	109.5	Approx. 100	Approx. 105	Approx. 110	110.0	

FY2014 Revenue and Income Forecast

- 530 billion yen consolidated operating revenue and 510 billion yen non-consolidated operating revenue
- Reasonable forecasts of operating income , Ordinary income and Net income can not be made at this point because of uncertain of supply capacity and expense for nuclear power plant
- Dividends cannot be made at this point

		FY2014 Forecast		(Billion yen)	(Reference)
		As of 10/30(A)	As of 7/30(B)	Comparison (A)-(B)	FY13 Actual(C)
Consolidated	Operating revenues	Approx. 530.0 (Approx.104%)	Approx. 525.0 (Approx.103%)	Approx. 5.0	509.6 (103.5%)
	Operating income	Uncertain	Uncertain	—	19.8 (168.9%)
	Ordinary income	Uncertain	Uncertain	—	9.8 (577.7%)
	Net income	Uncertain	Uncertain	—	2.5 (2,562.6%)
Non-Consolidated	Operating revenues	510.0 (Approx.103%)	Approx. 505.0 (Approx102%)	Approx. 5.0	495.6 (103.4%)
	Operating income	Uncertain	Uncertain	—	15.7 (195.3%)
	Ordinary income	Uncertain	Uncertain	—	7.3 (-)
	Net income	Uncertain	Uncertain	—	1.6 (-)

*Figures in parentheses denote percentage from the previous year.

Year end dividends	—
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Consolidated Balance Sheet (Summary)

(Billion yen)

	End of FY14/2Q (A)	End of FY13 (B)	Comparison (A)-(B)	(Note) Related to only Hokuriku Electric Power Company
Fixed assets	1,177.1	1,160.3	16.8	
Electricity business	847.7	863.6	Δ 15.9	<ul style="list-style-type: none"> - Capitalization of construction 19.3 - Depreciation Δ 33.4
Others	329.4	296.6	32.7	
Current assets	362.9	279.7	83.1	- Cash and stores 78.2
Total assets	1,540.1	1,440.1	100.0	
Debt with interest	982.4	885.0	97.4	<ul style="list-style-type: none"> - Straight bond 55.0 - Long-term debt loan 42.8
Other debt	209.0	216.3	Δ 7.2	- Account payable-others Δ 7.0
Revenue for fluctuation in water level	14.8	13.9	0.8	
Total liabilities	1,206.4	1,115.3	91.0	
Total net assets	333.7	324.8	8.9	
[Equity ratio]	[21.7%]	[22.6%]	[Δ 0.9%]	
Total of liabilities and net assets	1,540.1	1,440.1	100.0	

Consolidated Statement of Cash Flows (Summary)

(Billion yen)

	FY14/2Q (A)	FY13/2Q (B)	Comparison (A)-(B)
I .Operating activities①	49.2	33.3	15.8
Income before income taxes and minority interests	17.0	13.5	3.4
Depreciation and amortization	35.0	35.4	△ 0.4
Others	△ 2.8	△ 15.6	12.8
II .Investing activities②	△ 64.4	△ 35.6	△ 28.8
Capital expenditure	△ 70.6	△ 36.2	△ 34.3
Long-term investment and others	6.1	0.6	△ 5.5
III.Financing activities	93.0	51.7	41.3
Loan,bond,etc	98.3	56.9	41.3
Purchases and sales of own stock	△ 0.0	△ 0.0	0.0
Cash dividends paid③	△ 5.2	△ 5.2	△ 0.0
IV.Net increase in cash and cash equivalents(I + II + III)	77.8	49.4	28.4
○ Free cash flow(①+②+③)	△ 20.4	△ 7.5	△ 12.9
(reference : non-consolidated free cash flow)	(△22.4)	(△9.2)	(△13.2)

Non-consolidated Statement of Income

(Billion yen,%)

		FY14/2Q (A)	FY13/2Q (B)	Comparison		(Note) Main reason of increase and decrease
				(A)-(B)	(A)/(B)	
Ordinary revenues	Lighting,commercial and industrial	213.7	211.1	2.5	101.2	Increase in Renewable Energy Power Promotion Surcharge
	(Renewable Energy Power Promotion Surcharge)	(7.7)	(3.9)	(3.8)	(197.4)	
	Sales to other utilities	30.1	25.6	4.5	117.7	Increase in sales at JEPX
	Others	12.5	10.0	2.4	124.5	Increase in Grant under Act on Purchase of Renewable Energy Sourced Electricity
	(Grant under Act on Purchase of Renewable Energy Sourced Electricity)	(7.3)	(4.6)	(2.6)	(158.0)	
	(Operating revenues)	(254.5)	(244.9)	(9.6)	(103.9)	
	Total	256.4	246.8	9.5	103.9	
Ordinary expenses	Personnel expenses	25.5	23.3	2.1	109.3	Increase in employees retirement benefits
	Fuel expenses	56.9	62.7	△ 5.8	90.7	Decrease in oil-fired thermal power generated
	Maintenance expenses	29.8	24.6	5.2	121.4	Increase in thermal maintenance expenses
	Depreciation expenses	33.4	33.6	△ 0.2	99.2	
	Purchased power expenses	28.7	28.9	△ 0.1	99.3	
	Interest paid	6.4	6.3	0.1	102.2	
	Taxes other than income taxes	15.3	15.4	△ 0.0	99.4	
	Other expenses	44.3	35.9	8.3	123.3	Increase in Levy under Act on Purchase of Renewable Energy Sourced Electricity
	(Levy under Act on Purchase of Renewable Energy Sourced Electricity)	(7.7)	(3.9)	(3.8)	(197.4)	
	Total	240.7	231.1	9.5	104.1	
Operating income		24.6	20.5	4.1	120.2	
Ordinary income		15.6	15.6	△ 0.0	99.9	
Net income		8.8	7.9	0.9	111.7	

Main factor of increase and decrease related to Non-consolidated Finance Results(Revenue) [Lighting,commercial and industrial]

(Billion kWh,Billion yen)

	FY14/2Q (A)	FY13/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Total Sales of electric power	13.19	13.44	Δ 0.26	
Revenue from lighting, commercial and industrial	213.7	211.1	2.5	<ul style="list-style-type: none"> ▪ Decrease in sales of electric power Approx. Δ 3.9 ▪ Increase in renewable energy power promotion surcharge and others Approx. +6.4
Lighting	71.2	72.5	Δ 1.3	
Commercial and industrial	142.5	138.6	3.9	

[Sales to other utilities]

(Billion yen)

	FY14/2Q (A)	FY13/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Revenue from sales to other utilities	30.1	25.6	4.5	
Revenue from sales to other electric utilities	17.8	19.2	Δ 1.4	<ul style="list-style-type: none"> ▪ Increase in sales at JEPX
Revenue from sales to other utilities	12.3	6.3	5.9	

(Reference)supply volume

(Billion kWh)

To other electric utilities	0.66	0.74	Δ 0.08
To other utilities	0.89	0.44	0.45

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

(Billion yen)

	FY14/2Q (A)	FY13/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Personnel expenses	25.5	23.3	2.1	
Salary, etc	22.5	22.5	Δ 0.0	
Retirement benefit	3.0	0.8	2.1	The revision of discount rate affected by lower interest rate

[Reference]

(People)

Numebr of employee at the end of FY	4,830	4,924	Δ 94	
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[Fuel expenses]

(Billion yen)

	FY14/2Q (A)	FY13/2Q (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Fuel Expenses	56.9	62.7	Δ 5.8	
Fossil fuel	56.9	62.7	Δ 5.8	<ul style="list-style-type: none"> • Increase in coal-fired thermal power generated Approx. Δ 11.0 • Decrease in hydro power generated Approx. +3.0 • Increase in sales volume at JEPX and others Approx. +2.0
(Oil)	(17.6)	(26.1)	Δ 8.4	
(Coal)	(39.2)	(36.5)	(2.6)	
Nuclear Fuel	—	—	—	

(Reference)Key factors

Currency rate(yen/\$)	103	99	4
CIF oil prices[All Japan] (\$/b)	110	108	2
CIF coal prices ["] (\$/t)	97	111	Δ 14

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

(Billion yen)

	FY14/2Q (A)	FY13/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Maintenance Expenses	29.8	24.6	5.2	
Power source	18.1	14.6	3.5	Increase in thermal maintenance expenses for periodic inspection
Distribution	11.3	9.5	1.7	Increase in function-permitting maintenance
Others	0.3	0.3	0.0	

[Other expenses]

(Billion yen)

	FY14/2Q (A)	FY13/2Q (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Other Expenses	44.3	35.9	8.3	Increase in Levy under act on purchase of renewable energy sourced electricity
(Levy under act on purchase of renewable energy sourced electricity)	(7.7)	(3.9)	(3.8)	
(Consignment Expenses)	(9.0)	(6.4)	(2.6)	
(Reserve for decommissioning of nuclear power units)	(1.2)	(—)	(1.2)	Changing accounting policy

(Reference) Key Factor and Sensitivity

<Key Factor>

	FY09	FY10	FY11	FY12	FY13	FY14 Forecast
Electricity sales (Billion kWh)	27.18	29.54	28.90	28.08	28.08	Approx. 27.70
Currency rate (Yen/\$)	92.9	85.7	79.1	82.9	100.2	Approx. 107
CIF oil prices [All Japan] (\$/b)	69.4	84.2	114.2	113.9	110.0	Approx. 105
Flow rate (%)	95.2	99.4	103.7	93.2	104.9	Approx. 100
Nuclear utilization ratio (%)	63.2	81.4	—	—	—	Uncertain

<Sensitivity>

(Billion yen/year)

	FY09	FY10	FY11	FY12	FY13	FY14 Forecast
Currency rate (1yen/\$)	Approx. 0.6	Approx. 0.6	Approx. 1.6	Approx. 1.5	Approx. 1.3	Uncertain
CIF oil prices [All Japan] (1\$/b)	Approx. 0.2	Approx. 0.2	Approx. 0.4	Approx. 0.5	Approx. 0.6	Uncertain
Flow rate (1%)	Approx. 0.4	Approx. 0.4	Approx. 0.5	Approx. 0.5	Approx. 0.6	Uncertain
Nuclear utilization ratio (1%)	Approx. 0.3	Approx. 0.3	Approx. 0.5	Approx. 0.5	Approx. 0.6	Uncertain

(Reference)Data related to financial results

<Profit and loss>

(Billion yen)

		FY09	FY10	FY11	FY12	FY13	FY14 Forecast
Operating revenue	[Consolidated]	471.4	494.1	495.1	492.4	509.6	Approx. 530.0
	[Non-consolidated]	460.2	482.7	483.3	479.5	495.6	Approx. 510.0
Operating income	[Consolidated]	40.9	49.9	11.6	11.7	19.8	Uncertain
	[Non-consolidated]	37.7	46.6	7.9	8.0	15.7	Uncertain
Ordinary income	[Consolidated]	26.9	35.6	1.0	1.7	9.8	Uncertain
	[Non-consolidated]	23.9	31.4	Δ 2.2	Δ 2.1	7.3	Uncertain
Net income	[Consolidated]	16.9	19.0	Δ 5.2	0.0	2.5	Uncertain
	[Non-consolidated]	15.1	16.6	Δ 6.6	Δ 2.3	1.6	Uncertain

<Balance sheet>

(Billion yen)

		FY09	FY10	FY11	FY12	FY13	FY14 Forecast
Total assets	[Consolidated]	1,411.8	1,381.1	1,385.9	1,395.9	1,440.1	Uncertain
	[Non-consolidated]	1,382.6	1,351.7	1,358.1	1,366.1	1,407.9	Uncertain
Net assets	[Consolidated]	358.2	354.6	339.5	331.0	324.8	Uncertain
	[Non-consolidated]	342.1	336.2	319.7	308.8	300.5	Uncertain

<Capital investment>

(Billion yen)

		FY09	FY10	FY11	FY12	FY13	FY14 Forecast
Capital Investment	[Consolidated]	50.2	83.3	57.7	67.0	64.6	Uncertain
	[Non-consolidated]	44.3	78.5	54.7	63.8	61.4	Uncertain

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