

FY2016 Financial Results

(April 1,2016–March 31,2017)

April 26, 2017(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.

Electricity Sales

- Retail : 28.10billion kWh
(0.59billion kWh increase compared with the previous year)
 - Commercial : Increase in demand for heating due to cold winter
 - Industrial and other : Increase in demand for machinery sector
- Wholesale : 1.86billion kWh
(0.14billion kWh decrease compared with the previous year)

(Billion kWh,%)

		FY16 (A)	FY15 (B)	Comparison	
				(A)-(B)	(A)/(B)
Low voltage	Lighting	8.23	8.10	0.13	101.6
	Power	1.16	1.15	0.00	100.3
	Subtotal	9.39	9.26	0.13	101.4
High voltage Extra-high voltage	Commercial	5.08	5.05	0.03	100.6
	Industrial and other	13.63	13.21	0.42	103.2
	Subtotal	18.71	18.26	0.45	102.5
Retail		28.10	27.52	0.59	102.1
Wholesale		1.86	1.99	Δ 0.14	93.2
Total		29.96	29.51	0.45	101.5

[Average monthly temperature in Hokuriku 3 cities]

(°C)

	April	May	June	July	August	September	October	November	December	January	February	March
Actual data	14.2	19.3	22.3	26.2	27.4	23.7	17.8	11.0	7.4	3.8	3.9	6.8
Comparison with the previous year	+0.7	Δ 0.3	+0.6	+0.1	+0.5	+2.3	+1.2	Δ 2.1	Δ 0.2	Δ 0.5	Δ 0.8	Δ 1.4

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

Generated and purchased power

- Hydro : Decrease in water flow
- Thermal : Increase in thermal power generated due to the low water flow and the strong sales
- Purchased power : Increase in purchase of solar energy

(Billion kWh,%)

		FY16 (A)	FY15 (B)	Comparison	
				(A)-(B)	(A)/(B)
Internally generated	[Flow ratio]	[93.8]	[107.1]	[Δ 13.3]	
	Hydro	5.80	6.56	Δ 0.76	88.4
	Thermal	23.43	22.33	1.10	104.9
	Nuclear	—	—	—	—
	Renewable	0.00	0.01	Δ 0.00	87.4
	Subtotal	29.24	28.90	0.34	101.2
Purchased power		3.67	3.48	0.19	105.4
Wholesale		Δ 1.86	Δ 1.99	0.14	93.2
Total		31.04	30.37	0.67	102.2

Summary of Financial Results

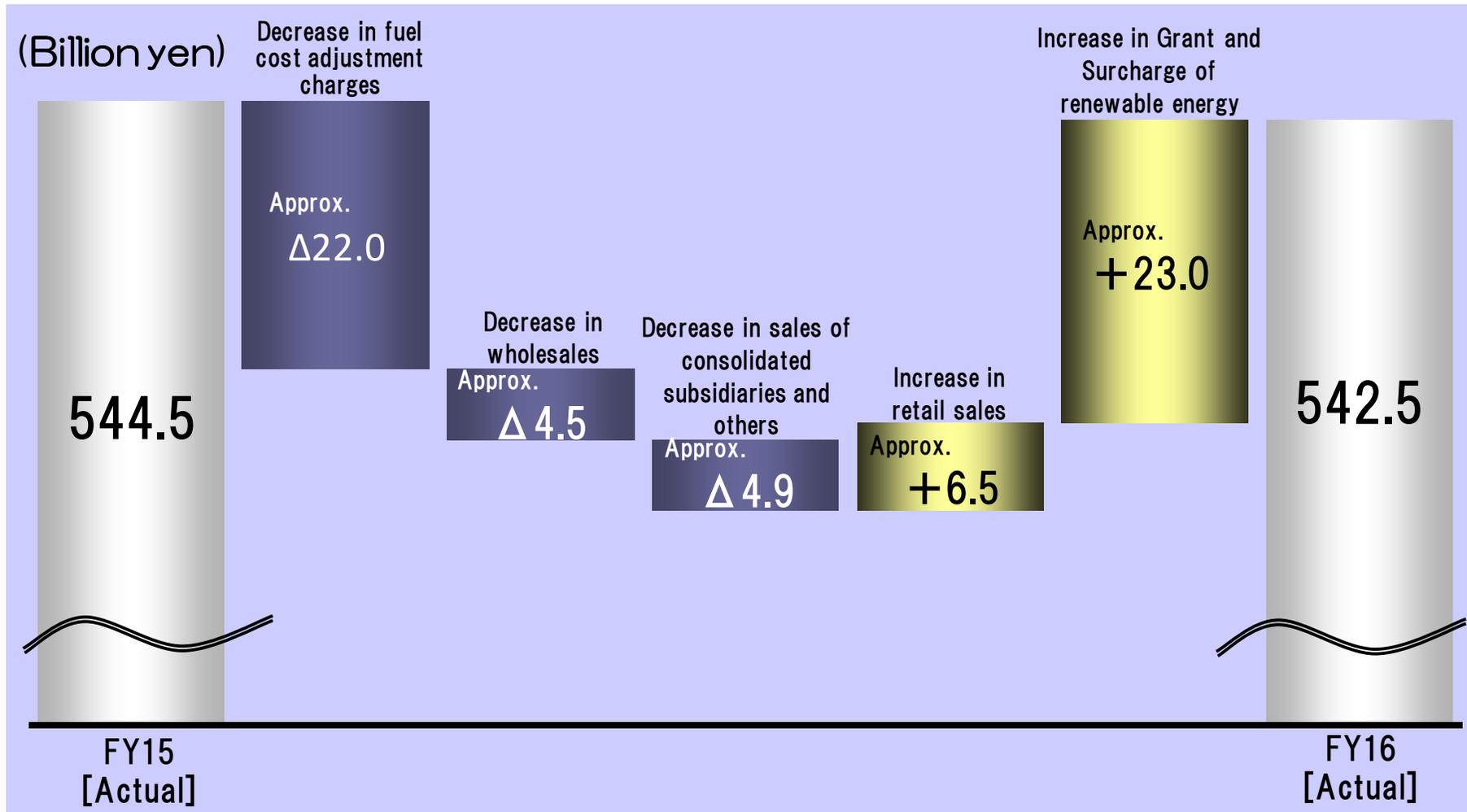
- Consolidated operating revenue : 1.9 billion yen decrease
Due to the decreasing fuel cost adjustment charges and the decreasing contract work orders of consolidated subsidiary
- Consolidated ordinary income : 26.0 billion yen decrease
Due to the increase in maintenance expenses for aging management, the increase in retirement benefits and the decrease in hydro power generated, despite of cost reduction efforts mainly in procurement

(Billion yen,%)

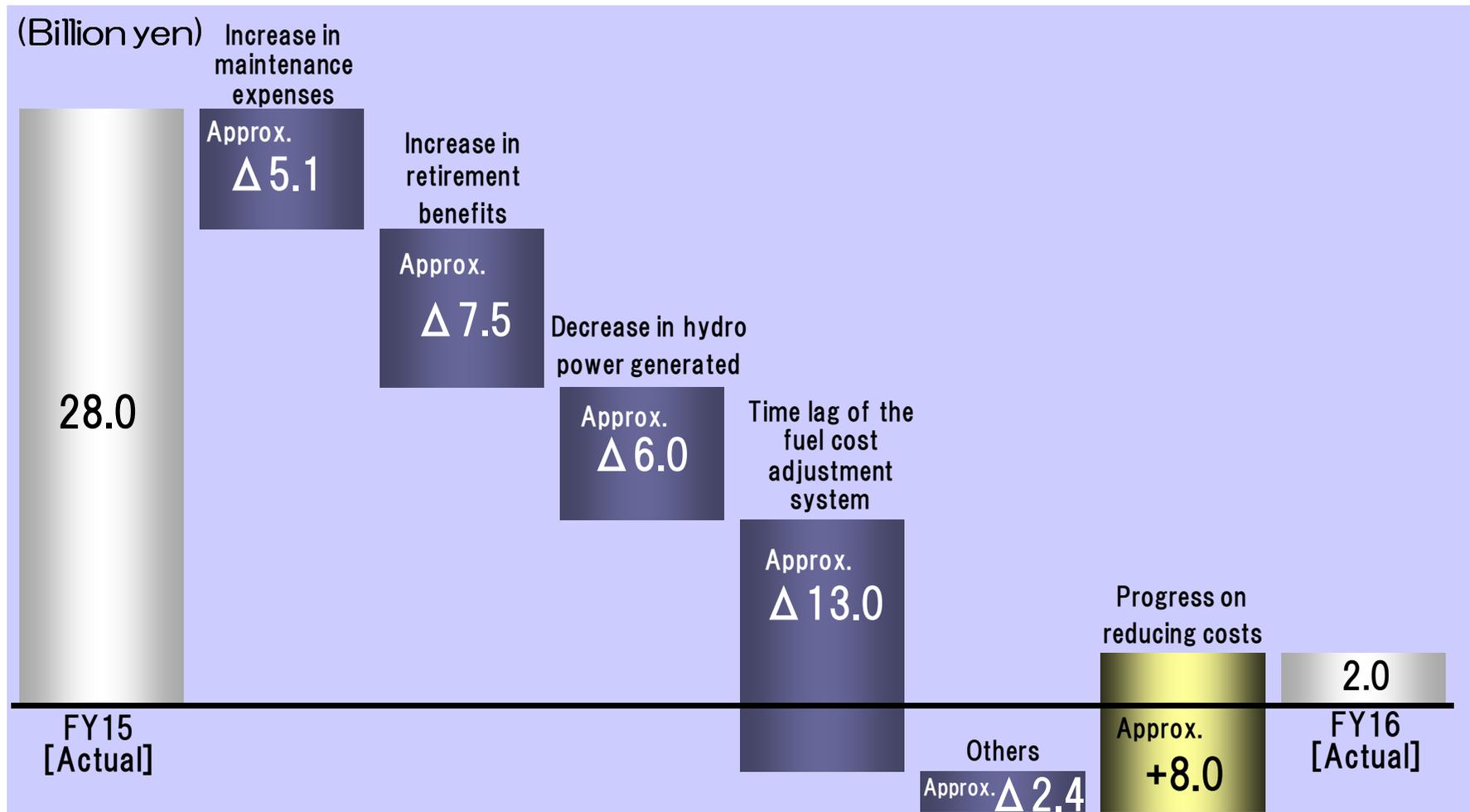
		FY16 (A)	FY15 (B)	Comparison	
				(A)-(B)	(A)/(B)
Consolidated	Operating revenue	542.5	544.5	Δ 1.9	99.6
	Operating income	10.5	38.1	Δ 27.5	27.6
	Ordinary income	2.0	28.0	Δ 26.0	7.2
	Net income	Δ 0.6	12.8	Δ 13.5	-
Non-consolidated	Operating revenue	497.6	494.1	3.4	100.7
	Operating income	2.5	28.7	Δ 26.2	8.9
	Ordinary income	Δ 3.2	18.9	Δ 22.2	-
	Net income	Δ 1.8	8.7	Δ 10.5	-

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

Changing factor of Consolidated Operating Revenue (Comparison with FY15)



Changing factor of Consolidated Ordinary Income (Comparison with FY15)



Non-consolidated Statement of Income

(Billion yen,%)

	FY16 (A)	FY15 (B)	Comparison		(Note) Main reason of increase and decrease	
			(A)-(B)	(A)/(B)		
Ordinary revenues	Electricity Sales (Retail)	433.9	432.3	1.5	100.4	Increase in retail sales Decrease in fuel cost adjustment charges
	(Renewable Energy Power Promotion Surcharge)	(53.2)	(35.8)	(17.3)	(148.3)	
	Electricity Sales (Wholesale)	31.0	35.8	Δ 4.7	86.7	Decrease in total sales
	Others	38.6	28.7	9.8	134.3	Increase in Grant under Act on Purchase of Renewable Energy Sourced Electricity
	(Grant under Act on Purchase of Renewable Energy Sourced Electricity)	(25.5)	(19.7)	(5.8)	(129.7)	
	(Operating revenues)	(497.6)	(494.1)	(3.4)	(100.7)	
	Total	503.6	496.9	6.6	101.3	
Ordinary expenses	Personnel expenses	50.9	44.2	6.6	115.0	Increase in retirement benefit
	Fuel expenses	102.6	102.3	0.2	100.2	Fall of fuel prices Increase in thermal power generated
	Maintenance expenses	63.1	57.9	5.1	109.0	Increase in distribution maintenance cost for aging management
	Depreciation expenses	61.3	63.6	Δ 2.3	96.3	
	Purchased power expenses	69.6	63.8	5.8	109.2	Increase in purchase of renewable energy
	Interest paid	10.3	11.2	Δ 0.8	92.6	
	Taxes other than income taxes	30.2	30.4	Δ 0.1	99.4	
	Other expenses	118.5	104.2	14.3	113.8	Increase in levy under act on purchase of renewable energy sourced electricity
	(Levy under Act on Purchase of Renewable Energy Sourced Electricity)	(53.2)	(35.8)	(17.3)	(148.3)	
	Total	506.9	477.9	28.9	106.0	
Operating income	2.5	28.7	Δ 26.2	8.9		
Ordinary income	Δ 3.2	18.9	Δ 22.2	-		
Provision (reversal) of reserve for fluctuation in water levels	Δ 0.6	4.8	Δ 5.4	-		
Income taxes	Δ 0.7	5.4	Δ 6.2	-		
Net income	Δ 1.8	8.7	Δ 10.5	-		

Consolidated Balance Sheet (Summary)

(Billion yen)

	End of FY16 (A)	End of FY15 (B)	Comparison (A)-(B)	(Note) Related to only Hokuriku Electric Power Company
Fixed assets	1,239.4	1,216.6	22.7	
Electricity business	786.9	808.7	Δ 21.8	<ul style="list-style-type: none"> -Capitalization of construction 41.9 -Depreciation Δ 61.3
Others	452.4	407.8	44.6	<ul style="list-style-type: none"> -Increase the amount of construction in progress 86.2 -Capitalization of construction Δ 41.4
Current assets	278.6	292.7	Δ 14.1	-Cash and Stores Δ 22.7
Total assets	1,518.0	1,509.3	8.6	
Debt with interest	952.1	920.0	32.1	-Straight bond 19.5 Long-term debt loan 12.7
Other debt	217.4	233.8	Δ 16.3	-Accounts payable Δ 9.0
Reserve for fluctuation in water levels	20.8	21.4	Δ 0.6	
Total liabilities	1,190.4	1,175.3	15.0	
Total net assets	327.6	334.0	Δ 6.3	-Dividends Δ 10.4
[Equity ratio]	[20.8%]	[21.5%]	[Δ 0.7%]	
Total of liabilities and net assets	1,518.0	1,509.3	8.6	

Consolidated Statement of Cash Flows (Summary)

(Billion yen)

	FY16 (A)	FY15 (B)	Comparison (A)-(B)
I .Operating activities①	63.5	69.7	△ 6.2
Income before income taxes and minority interests	2.6	23.2	△ 20.5
Depriciation and amortization	64.8	67.2	△ 2.3
Others	△ 3.9	△ 20.6	16.6
II .Investing activities②	△ 104.2	△ 85.0	△ 19.2
Capital expenditure	△ 105.1	△ 86.7	△ 18.4
Long-term investment and others	0.9	1.7	△ 0.8
III.Financing activities	21.3	33.9	△ 12.6
Loan,bond,etc	31.9	44.5	△ 12.6
Purchases and sales of own stock	△ 0.0	△ 0.0	0.0
Cash dividends paid③	△ 10.6	△ 10.5	△ 0.0
IV.Net increase in cash and cash equivalents(I + II + III)	△ 19.3	18.7	△ 38.1
○ Free cash flow(①+②+③)	△ 51.3	△ 25.8	△ 25.5

FY2017 Revenue and Income Forecast

- 580 billion yen consolidated operating revenues and 535 billion yen non-consolidated operating revenues.
- 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)

		FY17 Forecast (A)	FY16 Actual (B)	Comparison (A)-(B)
Total sales of Electric Power		Approx. 28.0 (100%)	28.10 (102%)	Approx. Δ 0.10
Consolidated	Operating revenues	Approx. 580.0 (Approx107%)	542.5 (100%)	Approx. 37.5
	Operating income	Uncertain	10.5 (28%)	—
	Ordinary income	Uncertain	2.0 (7%)	—
	Profit attributable to owners of parent	Uncertain	Δ 0.6 (-)	—
Non-consolidated	Operating revenues	Approx. 535.0 (Approx108%)	497.6 (101%)	Approx. 37.4
	Operating income	Uncertain	2.5 (9%)	—
	Ordinary income	Uncertain	Δ 3.2 (-)	—
	Net income	Uncertain	Δ 1.8 (-)	—

*Figures in parentheses denote percentage from the previous year. (yen)

Dividends	Uncertain	35	—
-----------	-----------	----	---

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



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

[Retail]

(Billion kWh,Billion yen)

	FY16 (A)	FY15 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Electricity Sales Volume (Retail)	28.10	27.52	0.59	
Electricity Sales Revenues (Retail)	433.9	432.3	1.5	<ul style="list-style-type: none"> ▪ Increase in total sales of electric power Approx.+6.5 ▪ Increase in surcharge of renewable energy Approx.+17.3 ▪ Decrease in fuel cost adjustment charges Approx.Δ22.2
Lighting	156.9	156.0	0.8	
Commercial and industrial	276.9	276.2	0.7	

[Wholesale]

(Billion kWh,Billion yen)

	FY16 (A)	FY15 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Electricity Sales volume (Wholesale)	1.86	1.99	Δ 0.14	
Electricity Sales Revenues (Wholesale)	31.0	35.8	Δ 4.7	▪Decrease in revenue at JEPX

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

[Personnel expenses]

(Billion yen)

	FY16 (A)	FY15 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Personnel expenses	50.9	44.2	6.6	
Retirement benefit	6.8	Δ 0.3	7.2	• Increase in amortization of actuarial differences

(People)

	FY16	FY15	Comparison	
Number of employee at the end of FY	4,825	4,869	Δ 44	

[Fuel expenses]

(Billion yen)

	FY16 (A)	FY15 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Fuel Expenses	102.6	102.3	0.2	• Falling fuel prices Approx. Δ 9.0 • Decrease in hydro power generated Approx. +6.0 • Increase in electricity sales volume(Retail) and others Approx. +3.2
(Oil)	(28.2)	(28.6)	(Δ 0.3)	
(Coal)	(74.3)	(73.7)	(0.5)	

(Reference)Key factors

Currency rate(yen/\$)	108.3	120.2	Δ 11.9
CIF oil prices[All Japan] (\$/b)	47.5	48.8	Δ 1.3
CIF coal prices ["] (\$/t)	80.7	75.4	5.3

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

[Maintenance expenses]

(Billion yen)

	FY16 (A)	FY15 (B)	Comparison (A)-(B)	(Note) Main reason for increase and decrease
Maintenance expense	63.1	57.9	5.1	
Power source	34.6	31.4	3.1	Increase in maintenance expenses for power plants
Distribution	27.4	25.4	1.9	Increase in measures for aging management
Others	1.0	1.0	0.0	

[Purchased power expenses]

(Billion yen)

	FY16 (A)	FY15 (B)	Comparison (A)-(B)	(Note) Main reason of increase and decrease
Purchased power volume	3.67	3.48	0.19	
Purchased power expenses	69.6	63.8	5.8	· 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. 28.0
Currency rate (Yen/\$)	82.9	100.2	109.8	120.2	108.3	Approx. 115
CIF oil prices [All Japan] (\$/b)	113.9	110.0	90.4	48.7	47.5	Approx. 55
Flow rate (%)	93.2	104.9	104.3	107.1	93.8	Approx. 100
Nuclear utilization ratio (%)	—	—	—	—	—	Uncertain

<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	Uncertain
CIF oil prices [All Japan] (1\$/b)	Approx. 0.5	Approx. 0.6	Approx. 0.4	Approx. 0.4	Approx. 0.5	Uncertain
Flow rate (1%)	Approx. 0.5	Approx. 0.6	Approx. 0.5	Approx. 0.4	Approx. 0.4	Uncertain
Nuclear utilization ratio (1%)	Approx. 0.5	Approx. 0.6	Approx. 0.5	Approx. 0.4	Approx. 0.4	Uncertain

(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. 580.0
	[Non-consolidated]	479.5	495.6	513.0	494.1	497.6	Approx. 535.0
Operating income	[Consolidated]	11.7	19.8	39.9	38.1	10.5	Uncertain
	[Non-consolidated]	8.0	15.7	35.2	28.7	2.5	Uncertain
Ordinary income	[Consolidated]	1.7	9.8	22.3	28.0	2.0	Uncertain
	[Non-consolidated]	Δ 2.1	7.3	18.1	18.9	Δ 3.2	Uncertain
Net income	[Consolidated]	0.0	2.5	8.9	12.8	Δ 0.6	Uncertain
	[Non-consolidated]	Δ 2.3	1.6	6.6	8.7	Δ 1.8	Uncertain

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

<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

<Capital investment>

(Billion yen)

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

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

Contact Information for Inquiries

Finance Team Finance & Accounting Dept Hokuriku Electric Power Company

15-1 Ushijima-Cho, Toyama, 930-8686, Japan

TEL : +81-76-405-3335, 3340 (Direct)

FAX : +81-76-405-0127



Hokuriku Electric Power Company

Internet address <http://www.rikuden.co.jp/>

E-mail address pub-mast@rikuden.co.jp