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# **FY2019 2nd Quarter Financial Results**

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Oct 31, 2019 (Thu)

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# **I . Outline of Financial Results for FY2019 2nd Quarter**

# Electricity Sales

|           | FY19/2Q<br>(A) | FY18/2Q<br>(B) | Comparison |         | 《 Main Factors 》  |
|-----------|----------------|----------------|------------|---------|---|
|           |                |                | (A)-(B)    | (A)/(B) |   |
| Retail    | 12.19          | 12.85          | Δ0.66      | 94.9    | < Lighting ><br>· Decrease in demand for air conditioner due to cold summer<br><br><Power><br>· Decrease in contract demand |
| Lighting  | 3.48           | 3.50           | Δ0.03      | 99.3    |   |
| Power     | 8.72           | 9.35           | Δ0.63      | 93.2    |   |
| Wholesale | 2.83           | 2.37           | 0.46       | 119.5   | <Wholesale><br>· Increase in trading at JEPX  |
| Total     | 15.02          | 15.22          | Δ0.19      | 98.7    |   |

(Reference) Average monthly temperature in Hokuriku 3 cities

(°C)

|                                   | April | May  | June | July | August | September |
|-----------------------------------|-------|------|------|------|--------|-----------|
| Actual data                       | 11.8  | 19.1 | 21.7 | 25.7 | 28.1   | 24.5      |
| Comparison with the previous year | Δ2.4  | +0.8 | Δ0.6 | Δ2.7 | Δ0.1   | +2.1      |

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

# Generated and Received Power

(Billion kWh,%)

|                      | FY19/2Q | FY18/2Q | Comparison |         |
|----------------------|---------|---------|------------|---------|
|                      | (A)     | (B)     | (A)-(B)    | (A)/(B) |
| [Flow rate]          | [96.7]  | [104.6] | [Δ 7.9]    |         |
| Hydro                | 3.62    | 3.95    | Δ0.33      | 91.7    |
| Thermal              | 9.38    | 9.74    | Δ0.37      | 96.2    |
| Nuclear              | —       | —       | —          | —       |
| Renewable            | 0.00    | 0.00    | 0.00       | 113.4   |
| Internally generated | 13.00   | 13.70   | Δ0.70      | 94.9    |
| Purchased power      | 3.14    | 2.71    | 0.43       | 115.9   |
| Wholesale            | Δ2.83   | Δ2.37   | Δ0.46      | 119.5   |
| Total                | 13.30   | 14.03   | Δ0.73      | 94.8    |

《 Main Factors 》

<Hydro>

· Less water flow than last year

<Thermal>

· Decrease in coal-fired thermal power generated

# Summary of Financial Results

(Billion yen,%)

|                            |  | FY19/2Q<br>(A) | FY18/2Q<br>(B) | Comparison |         |
|----------------------------|--|----------------|----------------|------------|---------|
|                            |  |                |                | (A)-(B)    | (A)/(B) |
| Consolidated               | Sales<br>(Operating Revenue)                   | 310.4          | 307.2          | 3.2        | 101.1   |
|                            | Ordinary Income                                | 16.2           | 14.8           | 1.3        | 109.4   |
|                            | Net Income Attributable<br>to Owners of Parent | 10.7           | 9.9            | 0.8        | 108.4   |
| Non-<br>consolidated       | Sales<br>(Operating Revenue)                   | 286.2          | 286.9          | Δ 0.7      | 99.7    |
|                            | Ordinary Income                                | 14.4           | 14.0           | 0.3        | 102.6   |
|                            | Net Income                                     | 10.6           | 10.4           | 0.1        | 101.3   |
| Interim dividend per share |  | 0 yen          | 0 yen          | —          | —       |

<The number of consolidated subsidiaries : 15 affiliates and 1 equity method affiliate>

## 《 Main Factors 》

### <Consolidated Sales>

- Decrease in electricity sales
- Increase in grant of renewable energy and sales of the group company etc.

Increase in sales and income for the second consecutive year

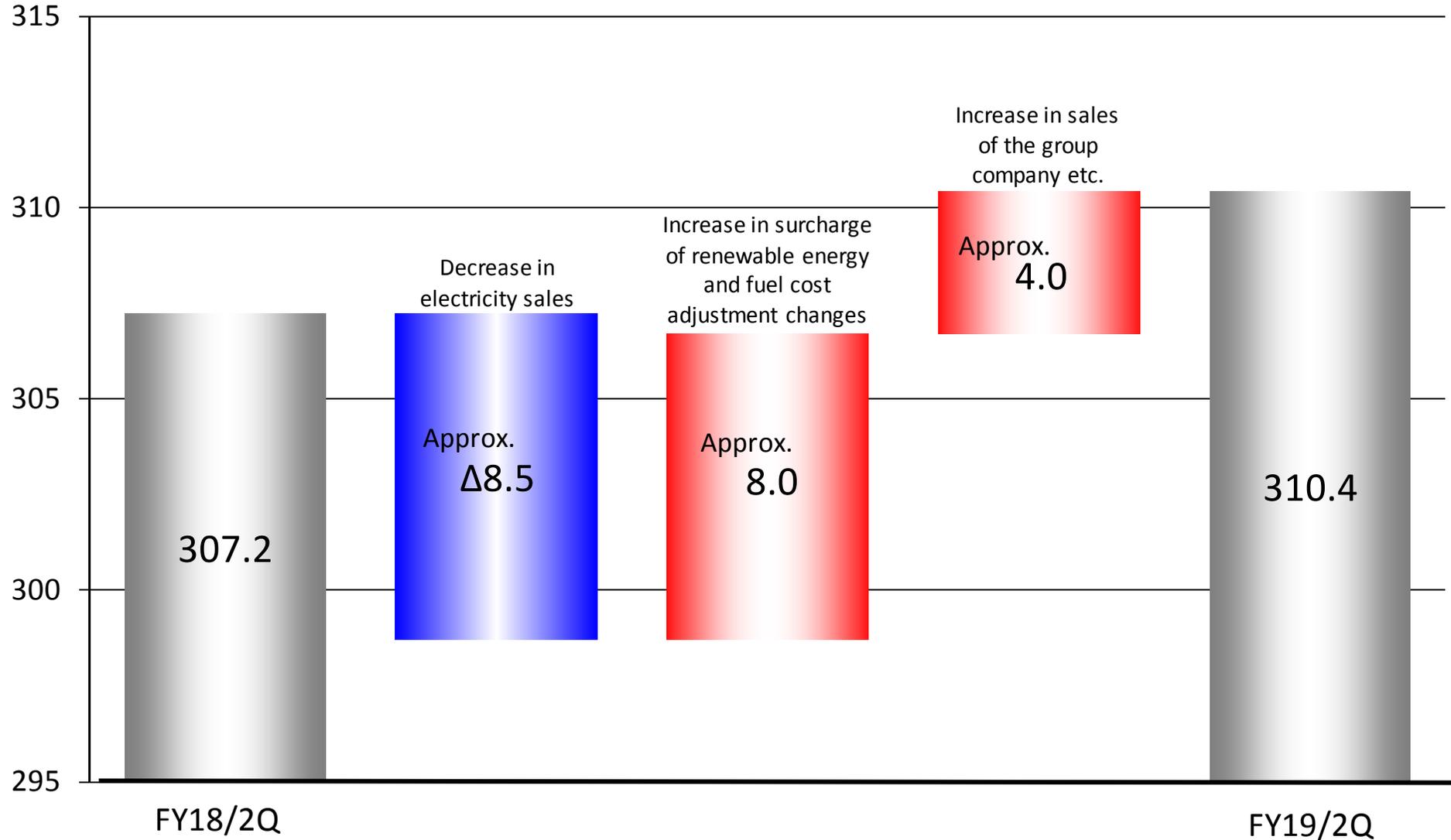
Decrease in sales and increased income for the first time in four years

## 《Interim dividend for FY2019》

- We have decided we will pay no interim dividend due to unscheduled shutdown of Tsuruga Thermal Power Station Unit 2 and Nanao Ohta Thermal Power Station Unit 2.

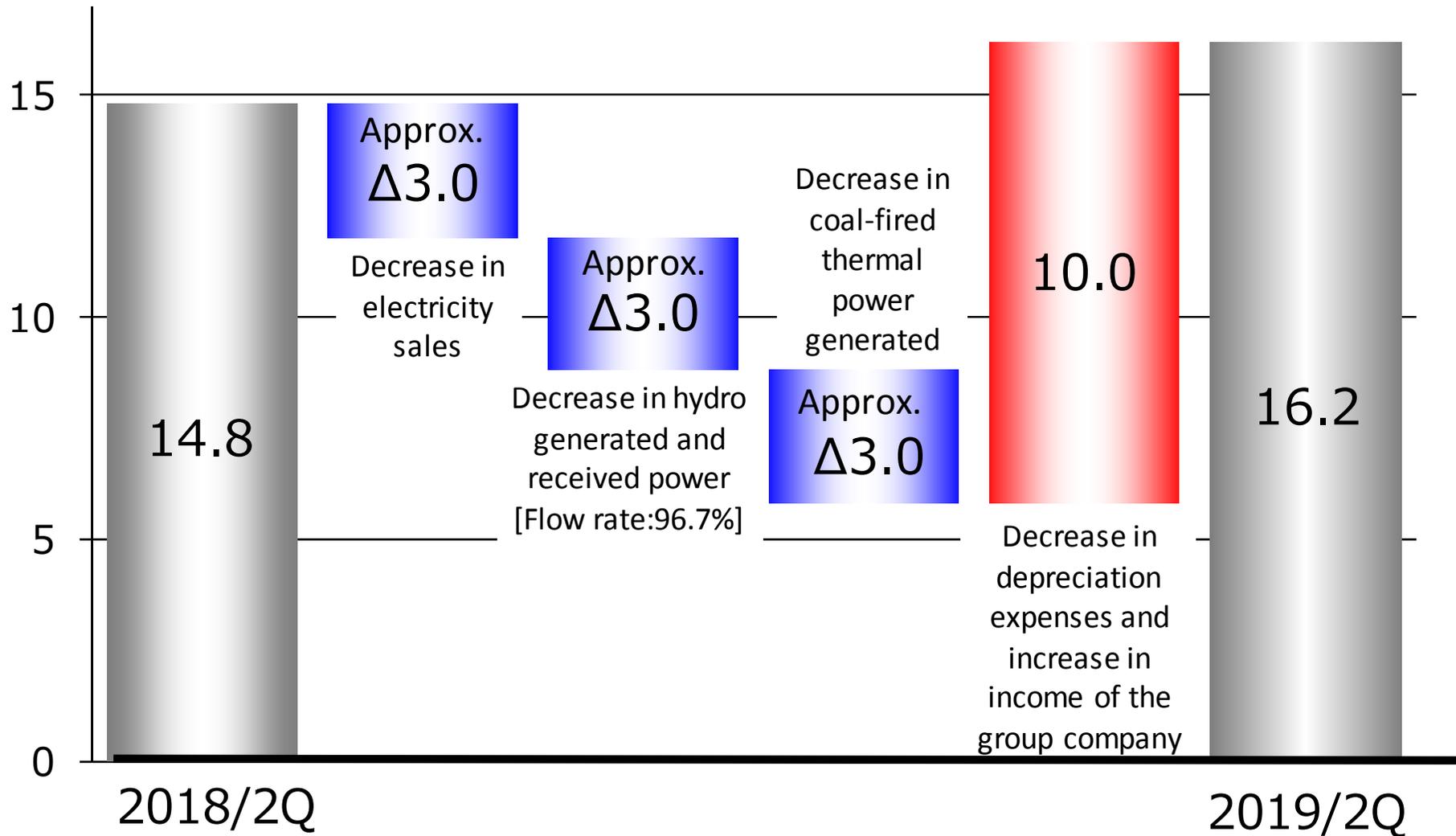
# Changing factor of Consolidated Sales

(Billion yen)



# Changing factor of Consolidated Ordinary Income

(Billion yen)



# Financial Forecast and Dividend Forecast for FY2019

(Billion kWh, Billion yen)

|                                     |  | FY19<br>Forecast (A) | FY19<br>Forecast as of<br>7/31 (B) | Comparison<br>(A)-(B) | FY18<br>Actual |
|-------------------------------------|--|----------------------|------------------------------------|-----------------------|----------------|
| Total sales of<br>Electricity Power |  | 30.5                 | 30.5                               | —                     | 30.4           |
| Consolidated                        | Sales<br>(Operating Revenue)                   | 620.0                | 620.0                              | —                     | 622.9          |
|                                     | Ordinary Income                                | 20.0                 | 20.0                               | —                     | 6.6            |
|                                     | Net Income Attributable<br>to Owners of Parent | 12.0                 | 12.0                               | —                     | 2.5            |
| Non-<br>consolidated                | Sales<br>(Operating Revenue)                   | 570.0                | 570.0                              | —                     | 575.5          |
|                                     | Ordinary Income                                | 15.0                 | 15.0                               | —                     | 2.4            |
|                                     | Net Income                                     | 11.0                 | 11.0                               | —                     | 2.4            |
| Year-end dividend per share         |  | Uncertain            | Uncertain                          | —                     | 0 yen          |

## 《 Key Factors for forecast 》

- Currency Rate :109 yen/\$
- Crude Oil CIF prices  
(All Japan): 68\$/b

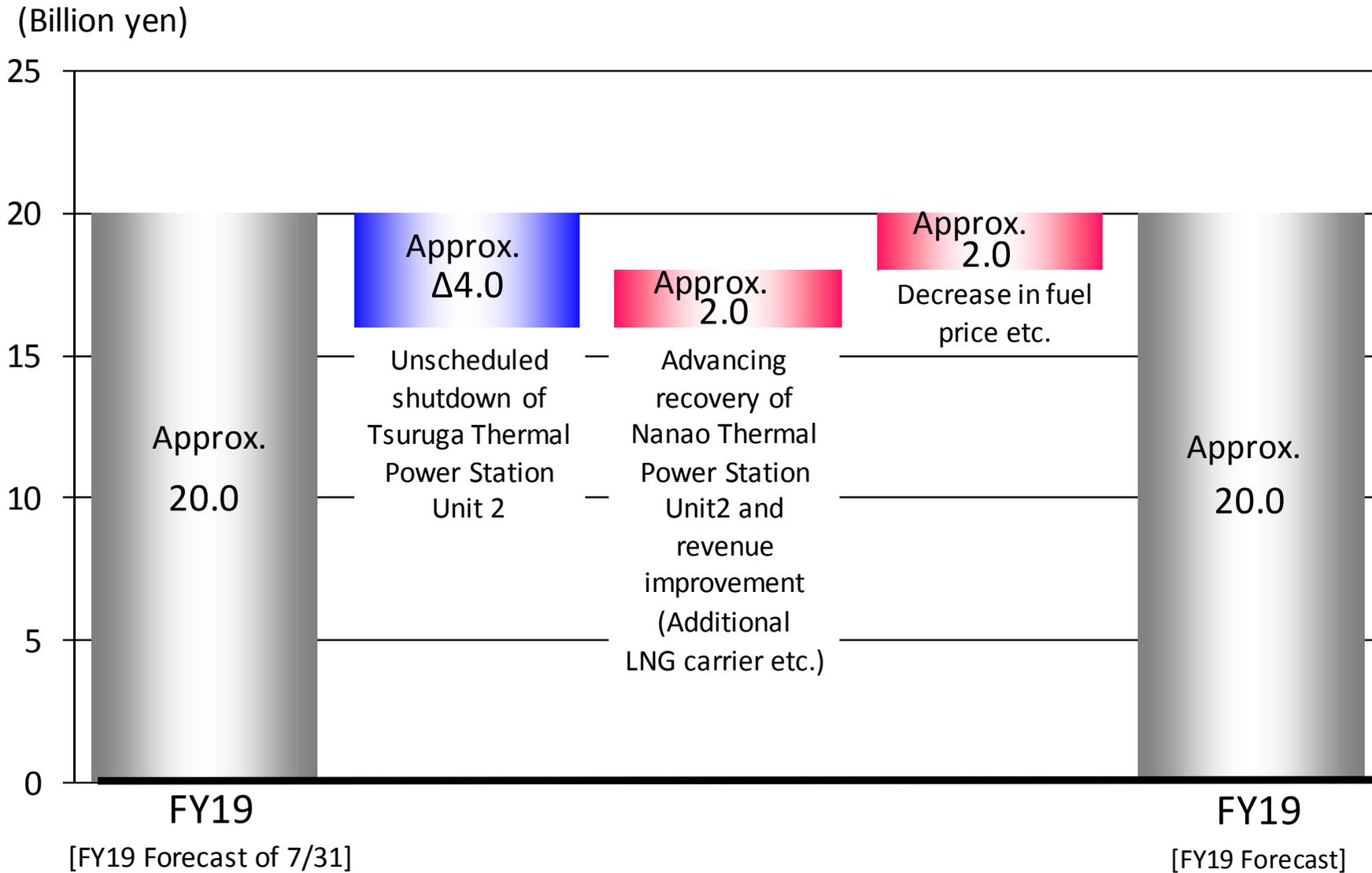
## 《Forecast of Ordinary Income》

- Although there is an unscheduled shutdown of Tsuruga Thermal Power Station Unit 2, remains unchanged from forecast as 7/31 due to the advancing recovery time of Nanao Ohta Thermal Power Station Unit 2 and revenue improvement etc.

## 《Dividend forecast》

- Judgment will be made while confirming the status of achievement of income forecast, and is yet to be determined at this point.

# Changing factor of Consolidated Ordinary Income (Forecast)



# Outline of Non-consolidated Financial Results

(Billion yen,%)

|  |   | FY19/2Q<br>(A) | FY18/2Q<br>(B) | Comparison |         | Main reason of increase and decrease  |
|--|---|----------------|----------------|------------|---------|---|
|  |   |                |                | (A)-(B)    | (A)/(B) |   |
| Ordinary<br>income   | Electricity Sales(Retail)   | 224.8          | 233.5          | Δ 8.6      | 96.3    | Decrease in electricity sales (retail)  |
|  | (Renewable Energy Power Promotion<br>Surcharge)                         | (31.0)         | (31.5)         | (Δ0.5)     | (98.3)  |   |
|  | Electricity Sales(Wholesale)  | 24.9           | 26.0           | Δ 1.0      | 96.1    | Increase in grant under act on purchase of<br>renewable energy sourced electricity and transmission revenue |
|  | Others  | 39.2           | 30.4           | 8.7        | 128.9   |   |
|  | [Sales]   | [286.2]        | [286.9]        | [Δ0.7]     | [99.7]  |   |
|  | Total   | 289.0          | 289.9          | Δ 0.9      | 99.7    |   |
| Ordinary<br>expenses   | Personnel expenses  | 25.5           | 24.4           | 1.0        | 104.5   | Decrease in thermal power generated   |
|  | Fuel expenses   | 50.8           | 56.0           | Δ 5.2      | 90.6    |   |
|  | Maintenance expenses  | 32.6           | 33.4           | Δ 0.8      | 97.4    |   |
|  | Depreciation expenses   | 23.8           | 32.6           | Δ 8.8      | 72.8    | Decrease due to change of accounting policy for depreciation of assets                                      |
|  | Purchased power expenses  | 57.4           | 47.4           | 10.0       | 121.1   | Increase in trading at JEPX and purchase renewable energy   |
|  | Interest expenses   | 3.9            | 4.5            | Δ 0.5      | 87.0    |   |
|  | Taxes and public charges  | 15.6           | 15.1           | 0.4        | 103.0   |   |
|  | Others  | 64.7           | 61.9           | 2.7        | 104.5   |   |
|  | (Levy under Act on Purchase of<br>Renewable Energy Sourced Electricity) | (31.0)         | (31.5)         | (Δ0.5)     | (98.3)  |   |
|  | Total   | 274.6          | 275.8          | Δ 1.2      | 99.5    |   |
| Ordinary income  |   | 14.4           | 14.0           | 0.3        | 102.6   |   |
| Provision (reversal) of reserve for<br>fluctuation in water levels |   | Δ 0.2          | —              | Δ 0.2      | —       |   |
| Income taxes   |   | 4.0            | 3.6            | 0.4        | 112.1   |   |
| Net income   |   | 10.6           | 10.4           | 0.1        | 101.3   |   |

# Consolidated Balance Sheet (Summary)

(Billion yen)

|  | FY19/2Q<br>(A) | FY18<br>(B)    | Comparison<br>(A)-(B) | Main reason of increase and decrease<br>(Note) Related to only Hokuriku Electric Power Company   |
|--|----------------|----------------|-----------------------|--|
| Non-current assets                             | 1,319.2        | 1,312.5        | 6.7                   |  |
| Electricity business                           | 873.3          | 874.6          | Δ1.3                  |  |
| Others   | 445.9          | 437.8          | 8.1                   | · Increase the amount of construction in progress 33.8<br>· Capitalization of construction Δ26.3 |
| Current assets                                 | 211.4          | 260.6          | Δ49.2                 | · Cash and Stores Δ47.5  |
| <b>Total assets</b>                            | <b>1,530.6</b> | <b>1,573.1</b> | <b>Δ42.4</b>          |  |
| Inreres-bearing debt                           | 958.1          | 980.4          | Δ22.3                 | · Straight bond Δ10.0<br>· Long-term debt Δ13.2  |
| Other debt                                     | 214.4          | 244.8          | Δ30.3                 | · Accrued expenses Δ13.3<br>· Accounts payable-others Δ10.2                                      |
| Reserve for fluctuation<br>in water levels     | 20.6           | 20.8           | Δ0.2                  |  |
| <b>Total liabilities</b>                       | <b>1,193.1</b> | <b>1,246.1</b> | <b>Δ52.9</b>          |  |
| <b>Net assets</b>                              | <b>337.4</b>   | <b>326.9</b>   | <b>10.5</b>           | · Net income 10.6  |
| [Equity ratio]                                 | [21.2%]        | [19.9%]        | [1.3%]                |  |
| <b>Total of liabilities and<br/>net assets</b> | <b>1,530.6</b> | <b>1,573.1</b> | <b>Δ42.4</b>          |  |

# Consolidated Statement of Cash Flow (Summary)

(Billion yen)

|  | FY19/2Q<br>(A) | FY18/2Q<br>(B) | Comparison<br>(A)-(B) |
|--|----------------|----------------|-----------------------|
| I .Operating activities①                                       | 19.6           | 19.6           | 0.0                   |
| Net Income before income taxes                                 | 16.4           | 14.8           | 1.6                   |
| Depreciation and amortization                                  | 25.4           | 34.5           | Δ9.0                  |
| Others   | Δ22.2          | Δ29.7          | 7.5                   |
| II .Investing activities②                                      | Δ51.6          | Δ50.9          | Δ0.7                  |
| Capital investment   | Δ49.0          | Δ52.3          | 3.3                   |
| Long-term investment and others                                | Δ2.6           | 1.4            | Δ4.0                  |
| III .Financing activities                                      | Δ22.7          | Δ0.8           | Δ21.8                 |
| Loan, bond, etc  | Δ22.4          | Δ0.6           | Δ21.7                 |
| Purchases and sales of treasury stock                          | Δ0.0           | Δ0.0           | 0.0                   |
| Cash dividends paid③   | Δ0.2           | Δ0.2           | Δ0.0                  |
| IV .Net increase in cash and cash equivalents ( I + II + III ) | Δ54.7          | Δ32.2          | Δ22.4                 |
| ○ Free cash flow(①+②+③)  | Δ32.2          | Δ31.5          | Δ0.7                  |

## **II . Supplemental Material**

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## (Reference) Key Factor and Capital Investment

### <Key Factor>

|                                 |               | FY19/2Q<br>(A) | FY18/2Q<br>(B) | Comparison<br>(A)-(B) |
|---------------------------------|---------------|----------------|----------------|-----------------------|
| Total electricity sales         | (Billion kWh) | 15.02          | 15.22          | Δ0.19                 |
| Currency rate                   | (yen/\$)      | 108.6          | 110.3          | Δ1.7                  |
| Crude Oil CIF prices[All Japan] | (\$/b)        | 68.9           | 73.8           | Δ4.9                  |
| Flow rate                       | (%)           | 96.7           | 104.6          | Δ7.9                  |

### <Consumption of Fossil Fuels>

|           |            | FY19/2Q<br>(A) | FY18/2Q<br>(B) | Comparison<br>(A)-(B) |
|-----------|------------|----------------|----------------|-----------------------|
| Coal      | (10,000t)  | 265            | 285            | Δ19                   |
| Heavy Oil | (10,000kl) | 2              | 11             | Δ9                    |
| Crude Oil | (10,000kl) | 0              | 8              | Δ8                    |
| LNG       | (10,000t)  | 22             | 10             | 13                    |

### <Key Factor(FY2019 Forecast)>

|                                 |               | 1-2Q<br>actual | 3-4Q<br>Forecast | FY2019<br>Forecast |
|---------------------------------|---------------|----------------|------------------|--------------------|
| Total electricity sales         | (Billion kWh) | 15.02          | Approx.15.5      | Approx.30.5        |
| Currency rate                   | (yen/\$)      | 108.6          | Approx.110       | Approx.109         |
| Crude Oil CIF prices[All Japan] | (\$/b)        | 68.9           | Approx.68        | Approx.68          |

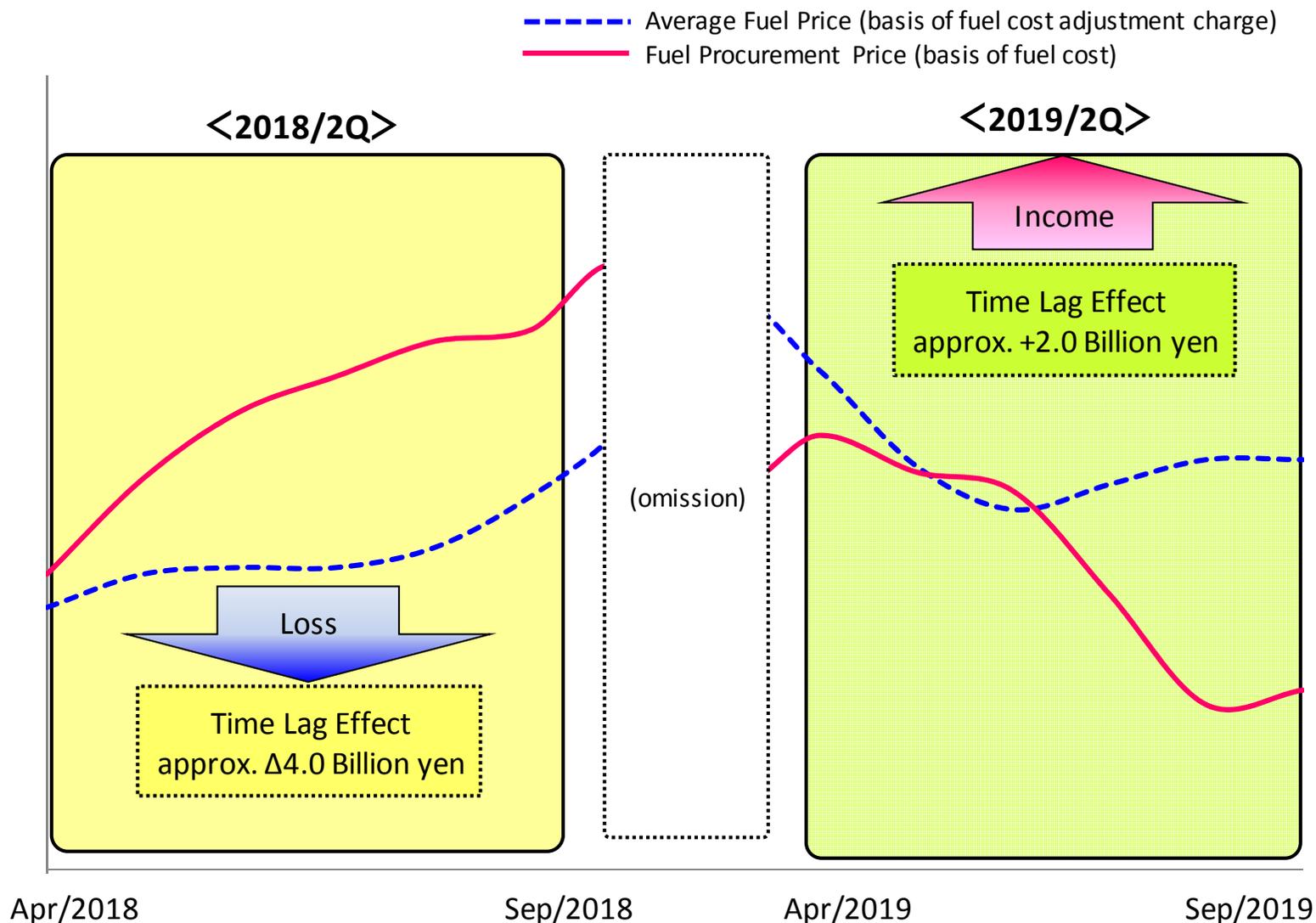
### <Capital investment>

(Billion yen)

|                    |                    | FY14  | FY15 | FY16 | FY17  | FY18  | FY19<br>Forecast |
|--------------------|--------------------|-------|------|------|-------|-------|------------------|
| Capital investment | [Consolidated]     | 118.9 | 99.5 | 94.8 | 109.0 | 102.9 | Approx.90.0      |
|                    | [Non-consolidated] | 115.7 | 97.9 | 90.5 | 103.6 | 93.7  |                  |

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

# (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 income. Time Lag Effect above is this temporary increase or decrease, if time lag dose not take place.

## (Reference) Data related to Financial Results

### <Income and loss>

(Billion yen)

|                  |                    | FY14  | FY15  | FY16  | FY17  | FY18  |
|------------------|--------------------|-------|-------|-------|-------|-------|
| Sales            | [Consolidated]     | 532.7 | 544.5 | 542.5 | 596.2 | 622.9 |
|                  | [Non-consolidated] | 513.0 | 494.1 | 497.6 | 549.1 | 575.5 |
| Operating Income | [Consolidated]     | 39.9  | 38.1  | 10.5  | 14.8  | 12.8  |
|                  | [Non-consolidated] | 35.2  | 28.7  | 2.5   | 5.3   | 4.5   |
| Ordinary Income  | [Consolidated]     | 22.3  | 28.0  | 2.0   | 2.6   | 6.6   |
|                  | [Non-consolidated] | 18.1  | 18.9  | Δ3.2  | Δ5.6  | 2.4   |
| Net Income       | [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 net income is "Net income 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    |

## 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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