

# Financial Release for the Nine Months Ended December 31, 2016

[Japanese Standards] (Consolidated)

January 31, 2017

## Hokkaido Electric Power Co., Inc.

(URL <http://www.hepco.co.jp>)

Code no: 9509 Tokyo Stock Exchange (1st section)

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The prearranged date of quarterly financial statement report publication: February 10, 2017

Commencement of payment of dividend: —

Preparation of supplementary materials for quarterly financial results: Yes

Information meeting for quarterly financial results to be held: None

(Monetary figures are rounded down to the nearest million yen)

### I. Consolidated Results for the Nine Months (April 1, 2016 – December 31, 2016)

#### (1) Consolidated Business Results

	Operating Revenue		Operating Income		Ordinary Income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 1, 2016–December 31, 2016	505,710	(2.9)	20,288	(38.8)	8,965	(60.1)	4,533	(76.8)
April 1, 2015–December 31, 2015	520,804	6.4	33,173	—	22,463	—	19,500	—

Note: Percentage figures represent changes as compared to the same period of the previous year.

Reference: Comprehensive income: April 1, 2016 – December 31, 2016 7,796 million yen [(55.4)%]

April 1, 2015 – December 31, 2015 17,497 million yen [—%]

	Basic Earnings per Share (primary)		Basic Earnings per Share (fully diluted)	
	Yen	Yen	Yen	Yen
April 1, 2016–December 31, 2016	15.51	—	—	—
April 1, 2015–December 31, 2015	94.87	—	—	—

#### (2) Consolidated Financial Position

	Total Assets		Net Assets		Shareholders' Equity Ratio	
	Million yen	Million yen	Million yen	Million yen	%	%
As of December 31, 2016	1,802,025	196,929	196,929	197,222	10.3	10.2
As of March 31, 2016	1,826,141	197,222	197,222	197,222	10.2	10.2

Reference: Shareholders' Equity: As of December 31, 2016 186,062 million yen As of March 31, 2016 186,374 million yen

### II. Dividends

#### Cash dividend

	Cash dividends per share				
	June 30	September 30	December 31	Year-ended	Annual total
	Yen	Yen	Yen	Yen	Yen
April 1, 2015 – March 31, 2016	—	0.00	—	5.00	5.00
April 1, 2016 – March 31, 2017	—	0.00	—	—	—
April 1, 2016 – March 31, 2017 (Forecast)	—	—	—	—	—

Note1: Changes of the forecasts of the cash dividends per share from the latest release: None

Note2: Year-end dividends for the year ending March 31, 2017 have yet to be determined. Dividends mentioned the above is regarding common stock.

Regarding preferred stock which differs in shareholders' rights from common stock, see "Dividends for preferred stock".

### III. Forecasts of Consolidated Results for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)

	Operating Revenue		Operating Income		Ordinary Income		Profit attributable to owners of parent		Basic Earnings per Share (primary)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	Yen
April 1, 2016 – March 31, 2017	707,000	(2.4)	26,000	(39.7)	12,000	(57.2)	7,000	(67.1)	25.37	25.37

Note 1: Percentage figures represent changes as compared to the same period of the previous year.

Note 2: Changes of the forecasts of consolidated results in this period: Yes

**(Notes)**

- (1) Changes among major consolidated subsidiaries in this period: None
- (2) Application of special accounting methods in preparation of quarterly financial statements: Yes
- (3) Changes in accounting policies; changes in accounting estimates; restatements
- Changes of accounting policies due to amendment of accounting standards: None
  - Other changes in accounting policies: None
  - Changes in accounting estimates: None
  - Restatements: None
- (4) Outstanding shares (Common stock)
- Number of outstanding shares (Treasury stock included):  
As of December 31, 2016: 215,291,912      As of March 31, 2016: 215,291,912
  - Number of treasury stock:  
As of December 31, 2016: 9,761,139      As of March 31, 2016: 9,755,611
  - Average number of shares over period:  
April 1, 2016 –December 31, 2016: 205,533,867      April 1, 2015 – December 31, 2015: 205,544,172

**Dividends for preferred stock**

The breakdown of dividend per preferred stock which differs in shareholders' rights from common stock is as follows.

Class A preferred stock	Cash dividends per share				
	June 30	September 30	December 31	Year-ended	Annual total
	Yen	Yen	Yen	Yen	Yen
April 1, 2015 – March 31, 2016	—	0.00	—	7,781,358.00	7,781,358.00
April 1, 2016 – March 31, 2017	—	0.00	—		
April 1, 2016 – March 31, 2017 (Forecast)				—	—

Note1: Changes of the forecasts of the cash dividends per share from the latest release: None

Note2: Year-end dividends for the year ending March 31, 2017 have yet to be determined.

**(Reference)****Forecasts of Non-consolidated Results for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)**

	Operating Revenue		Operating Income		Ordinary Income		Profit		Basic Earnings per Share (primary)
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
April 1, 2016 – March 31, 2017	679,000	(2.4)	21,000	(41.9)	7,000	(67.0)	4,000	(76.6)	10.77

Note 1: Percentage figures represent changes as compared to the same period of the previous year.

Note 2: Changes of the forecasts of non-consolidated results in this period: Yes

**Results of Production and Sales [Electric Utility Business]**

1. Sales

**Electricity Sales**

(GWh)

	April 1, 2016– December 31, 2016 (A)	April 1, 2015– December 31, 2015 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2015 – March 31, 2016
Low-voltage customers	8,954	8,919	35	100.4	13,444
High-voltage and Extra High-voltage customers	10,019	11,271	(1,252)	88.9	15,148
Total	18,973	20,190	(1,217)	94.0	28,592

2. Production

**Power Supply**

(GWh)

	April 1, 2016– December 31, 2016 (A)	April 1, 2015– December 31, 2015 (B)	Increase/decrease (A) - (B)	Comparison (%) (A) / (B)	April 1, 2015 – March 31, 2016
Hokkaido Electric Power Co., Inc.					
[Water flow rate %]	[113.5]	[97.2]	[16.3]		[99.8]
Hydroelectric	3,238	2,834	404	114.2	3,502
Fossil fuel	13,997	15,730	(1,733)	89.0	22,158
[Nuclear capacity ratio %]	[–]	[–]	[–]		[–]
Nuclear	–	–	–	–	–
Renewable	96	93	3	103.0	131
Subtotal	17,331	18,657	(1,326)	92.9	25,791
Interchange and Purchased power	4,284	4,245	39	100.9	6,229
Power used for pumped storage	(146)	(104)	(42)	140.2	(120)
Total	21,469	22,798	(1,329)	94.2	31,900

Note: Amount of power generated from consolidated subsidiaries, Hokkaido Power Engineering and HOKUDEN ECO-ENERGY, is included in purchased power.

**Forecasts for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)**

The forecasts regarding electricity sales and operating revenue have not been revised from the previous ones published on October 28, 2016, as a result of reflection of the recent situation.

We have now estimated the forecasts of financial results for the full year by reflecting the recent operational situation at thermal power plants, based on an assumption that the operation of Tomari Nuclear Power Station will be stopped until the end of this fiscal year.

As a result, the Operating revenue will be approximately 707,000 million yen, the Operating income will be approximately 26,000 million yen, and the Ordinary income will be approximately 12,000 million yen. The Profit attributable to owners of parent will be 7,000 million yen through posting an extraordinary loss for repair costs due to the typhoon disaster in August, 2016, etc.

The forecasts of cash dividends for the full year ending March 31, 2017, have yet to be determined as regards common stock as well as preferred stock since we need to evaluate the financial results of this fiscal year.

These forecasts will be promptly released as soon as they are determined.

**Forecasts of Consolidated Results for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)**

(Million yen)

	April 1, 2016 – March 31, 2017		
		Increase/decrease compared to the previous forecasts	Increase/decrease compared to the year ended March 31, 2016
Operating Revenue	707,000	Same level	(17,000)
Operating Income	26,000	—	(17,000)
Ordinary Income	12,000	—	(16,000)
Profit attributable to owners of parent	7,000	—	(14,000)
[Comparison to the previous fiscal year] Electricity sales	[Approx. (5.7)%] Approx. 27.0 TWh	Same level	Approx. (1.6) TWh

Note: "Increase/decrease compared to the previous forecasts" means the difference between these forecasts and those published in October 28, 2016.

**Key Factors**

	April 1, 2016 – March 31, 2017
Foreign Exchange Rate	Approx. 109 yen/\$
CIF Crude Oil Price	Approx. 48 \$/barrel
Nuclear Capacity Ratio	— %
<b>Sensitivity Factors</b>	
Foreign Exchange Rate (1 yen/\$)	Approx. 0.9 billion yen
CIF Crude Oil Price (1 \$/barrel)	Approx. 1.3 billion yen
Interest (1 %)	Approx. 4.0 billion yen

Note: We assume the foreign exchange rate and CIF crude oil price in the 4<sup>th</sup> quarter will be 115 yen/\$ and 55 \$/barrel in these forecasts.

**(Reference)**

**Forecasts of Non-consolidated Results for the Year Ending March 31, 2017 (April 1, 2016 – March 31, 2017)**

(Million yen)

	April 1, 2016 – March 31, 2017		
		Increase/decrease compared to the previous forecasts	Increase/decrease compared to the year ended March 31, 2016
Operating Revenue	679,000	Same level	(17,000)
Operating Income	21,000	—	(15,000)
Ordinary Income	7,000	—	(14,000)
Profit	4,000	—	(13,000)

Note: "Increase/decrease compared to the previous forecasts" means the difference between these forecasts and those published in October 28, 2016.

**Consolidated Balance Sheets**
*(Million yen)*

Item	As of March 31, 2016	As of December 31, 2016
<b>Assets</b>		
Noncurrent assets	1,609,817	1,587,547
Electric utility plant and equipment	1,111,661	1,071,347
Hydroelectric power production facilities	235,226	228,937
Thermal power production facilities	78,564	77,736
Nuclear power production facilities	218,645	207,527
Transmission facilities	163,444	159,256
Transformation facilities	92,516	78,240
Distribution facilities	276,816	275,361
General facilities	40,945	38,914
Other electric utility plant and equipment	5,501	5,374
Other noncurrent assets	55,829	53,910
Construction in progress	148,022	198,317
Construction in progress	147,882	197,823
Retirement in progress	139	493
Nuclear fuel	158,583	161,769
Nuclear fuel in processing	158,583	161,769
Investments and other assets	135,720	102,202
Long-term investments	40,636	59,093
Net defined benefit asset	10,984	11,636
Deferred tax assets	32,363	30,902
Other	51,820	2,912
Allowance for doubtful accounts	(84)	(2,341)
Current assets	216,324	214,477
Cash and deposits	108,805	91,243
Notes and accounts receivable-trade	61,055	61,962
Inventories	35,361	37,784
Deferred tax assets	4,942	5,075
Other	8,905	18,864
Allowance for doubtful accounts	(2,746)	(453)
<b>Total</b>	<b>1,826,141</b>	<b>1,802,025</b>
<b>Liabilities and Net assets</b>		
<b>Liabilities</b>		
Noncurrent liabilities	1,272,404	1,235,461
Bonds payable	579,136	624,800
Long-term loans payable	502,728	479,563
Provision for reprocessing of irradiated nuclear fuel	49,333	—
Provision for reprocessing of irradiated nuclear fuel without specific plans	9,205	—
Net defined benefit liability	39,845	38,516
Asset retirement obligations	75,926	77,364
Other	16,228	15,216
Current liabilities	355,491	367,352
Current portion of long-term debt	155,621	191,672
Short-term loans payable	52,300	53,150
Notes and accounts payable-trade	41,569	38,931
Accrued taxes	13,336	11,446
Other	92,663	72,151
Reserves under the special laws	1,022	2,282
Reserve for fluctuation in water levels	1,022	2,282
<b>Total Liabilities</b>	<b>1,628,918</b>	<b>1,605,095</b>
<b>Net assets</b>		
Shareholders' equity	186,872	183,470
Capital stock	114,291	114,291
Capital surplus	49,998	46,750
Retained earnings	40,766	40,615
Treasury stock	(18,184)	(18,188)
Accumulated other comprehensive income	(497)	2,592
Valuation difference on available-for-sale securities	1,570	5,574
Remeasurements of defined benefit plans	(2,067)	(2,981)
Non-controlling interests	10,847	10,866
<b>Total Net assets</b>	<b>197,222</b>	<b>196,929</b>
<b>Total</b>	<b>1,826,141</b>	<b>1,802,025</b>

**Consolidated Statements of Operations**

(Million yen)

Item	April 1, 2015– December 31, 2015	April 1, 2016– December 31, 2016
<b>Operating revenues</b>	520,804	505,710
Electric utility operating revenue	498,804	486,379
Other business operating revenue	22,000	19,331
<b>Operating expenses</b>	487,631	485,422
Electric utility operating expenses	468,742	469,114
Other business operating expenses	18,889	16,308
<b>Operating income</b>	33,173	20,288
<b>Non-operating income</b>	2,305	2,285
Dividend income	436	625
Interest income	813	664
Other	1,055	995
<b>Non-operating expenses</b>	13,014	13,608
Interest expenses	12,277	11,445
Equity in losses of affiliates	166	116
Other	570	2,046
Ordinary revenue	523,109	507,996
Ordinary expenses	500,645	499,031
<b>Ordinary income</b>	22,463	8,965
Provision or reversal of reserve for fluctuation in water levels	—	1,260
Provision of reserve for fluctuation in water levels	—	1,260
Extraordinary loss	—	1,619
Extraordinary loss of disaster	—	1,619
<b>Profit before income taxes</b>	22,463	6,086
Income taxes-current	2,601	1,156
Income taxes-deferred	125	221
<b>Total income taxes</b>	2,726	1,377
<b>Profit</b>	19,737	4,708
<b>Profit attributable to non-controlling interests</b>	236	174
<b>Profit attributable to owners of parent</b>	19,500	4,533

**Consolidated Statements of Comprehensive Income**

(Million yen)

Item	April 1, 2015– December 31, 2015	April 1, 2016– December 31, 2016
<b>Profit</b>	19,737	4,708
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	(344)	4,018
Remeasurements of defined benefit plans	(1,895)	(931)
Total other comprehensive income	(2,239)	3,087
<b>Comprehensive income</b>	17,497	7,796
Comprehensive income attributable to:		
owners of parent	17,222	7,624
non-controlling interests	274	172

## Segment Information

### Nine Months Ended December 31, 2015 (April 1, 2015 – December 31, 2015)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	498,804	22,000	520,804	—	520,804
Intersegment sales	876	66,696	67,573	(67,573)	—
Total operating revenue	499,681	88,696	588,377	(67,573)	520,804
Operating income	28,375	4,262	32,638	535	33,173

Note1: The segment income adjustment of ¥535 million is due to the elimination of intersegment transactions.

Note2: Segment income is adjusted with operating income in the consolidated financial statements.

### Nine Months Ended December 31, 2016 (April 1, 2016 – December 31, 2016)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	486,379	19,331	505,710	—	505,710
Intersegment sales	903	74,642	75,546	(75,546)	—
Total operating revenue	487,283	93,973	581,257	(75,546)	505,710
Operating income	15,003	4,511	19,515	772	20,288

Note1: The segment income adjustment of ¥772 million is due to the elimination of intersegment transactions.

Note2: Segment income is adjusted with operating income in the consolidated financial statements.

**Note:** The information shown above is an English translation of the "Financial Release for the Nine Months Ended December 31, 2016" which was filed with stock exchanges (Tokyo and Sapporo) on the date shown above. Be advised that the Japanese version (the original) shall prevail if in any case a discrepancy arises between the original and the English translation.