

Financial Release for the Year Ended March 31, 2017

[Japanese Standards] (Consolidated)

April 27, 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 the general shareholders' meeting: June 28, 2017

Commencement of payment of year-end dividend: June 29, 2017

The prearranged date of financial statement report publication: June 29, 2017

Preparation of supplementary materials for financial results: Yes

Information meeting for financial results to be held: Yes (targeted at institutional investors and analysts)

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

I. Consolidated Results for the Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(1) Consolidated Business Results

	Operating Revenue		Operating Profit		Ordinary Profit		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 1, 2016 – March 31, 2017	702,776	(2.9)	27,443	(36.3)	12,603	(55.1)	8,793	(58.7)
April 1, 2015 – March 31, 2016	724,111	4.5	43,100	807.4	28,062	-	21,276	624.2

Note1: Percentage figures represent changes as compared with the same period of the previous year.

Note2: Comprehensive income: April 1, 2016 – March 31, 2017 10,891 million yen [21.1%] April 1, 2015 – March 31, 2016 8,993 million yen [- %]

	Basic Earnings per Share (primary)	Basic Earnings per Share (fully diluted)	Net rate of Return on Shareholders' Equity	Ratio of Ordinary Profit to Total Assets	Ratio of Operating Profit to Operating Revenue
	Yen	Yen	%	%	%
April 1, 2016 – March 31, 2017	34.09	-	4.7	0.7	3.9
April 1, 2015 – March 31, 2016	94.49	-	11.7	1.5	6.0

Reference: Equity in earnings of associates: April 1, 2016 – March 31, 2017 218 million yen April 1, 2015 – March 31, 2016 286 million yen

(2) Consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2017	1,829,539	200,022	10.3	681.53
As of March 31, 2016	1,826,141	197,222	10.2	644.67

Reference: Shareholders' Equity: As of March 31, 2017 188,859 million yen As of March 31, 2016 186,374 million yen

(3) Consolidated Cash Flows

	Cash Flows from Operating Activities	Cash Flows from Investment Activities	Cash Flows from Financing Activities	Cash and Cash Equivalents at End of Period
	Million yen	Million yen	Million yen	Million yen
April 1, 2016 – March 31, 2017	67,081	(145,216)	57,357	88,027
April 1, 2015 – March 31, 2016	115,972	(149,013)	(10,169)	108,805

II. Dividends

Cash dividend

	Cash dividends per share					Dividends Paid (Annual)	Dividend Payout Ratio (Consolidated)	Dividend on Net Asset Ratio (Consolidated)
	June 30	September 30	December 31	Year-ended	Annual total			
	Yen	Yen	Yen	Yen	Yen	Million yen	%	%
April 1, 2015 – March 31, 2016	-	0.00	-	5.00	5.00	1,027	5.3	0.8
April 1, 2016 – March 31, 2017	-	0.00	-	5.00	5.00	1,027	14.7	0.8
April 1, 2017 – March 31, 2018 (Forecast)	-	-	-	-	-	-	-	-

Note: The forecasts of cash dividends for the 1st half and full year ending March 31, 2018 have yet to be determined at this point.

Dividends mentioned the above is regarding common stock. Regarding preferred stock which differ in shareholders' rights from common stock, see "Dividends for preferred stock".

III. Forecasts of Consolidated Results for the Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit attributable to owners of parent		Basic Earnings per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
April 1, 2017 – March 31, 2018	755,000	7.4	-	-	-	-	-	-	-

* Given that the forecasts above were made on the basis of information available at the time of the release of this document, the actual result may vary from the forecast data due to various factors.

(Notes)

(1) Changes among major consolidated subsidiaries in this period: None

(2) Changes in accounting policies; changes in accounting estimates; restatements

a. Changes of accounting policies due to amendment of accounting standards: None

b. Other changes in accounting policies: None

c. Changes in accounting estimates: None

d. Restatements: None

(3) Outstanding shares (Common stock)

a. Number of outstanding shares (Treasury stock included):

As of March 31, 2017: 215,291,912 As of March 31, 2016: 215,291,912

b. Number of treasury stock:

As of March 31, 2017: 9,763,908 As of March 31, 2016: 9,755,611

c. Average number of shares over period:

April 1, 2016 - March 31, 2017: 205,532,640 April 1, 2015 - March 31, 2016: 205,542,344

(Reference) Highlight of Non-consolidated Financial Results**I. Non-consolidated Results for the Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)****(1) Non-consolidated Business Results**

	Operating Revenue		Operating Profit		Ordinary Profit		Profit	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April 1, 2016 – March 31, 2017	677,141	(2.7)	20,258	(44.0)	5,838	(72.5)	5,150	(69.9)
April 1, 2015 – March 31, 2016	695,719	4.8	36,162	700.6	21,238	-	17,099	304.2

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

	Basic Earnings per Share (primary)	Basic Earnings per Share (fully diluted)
	Yen	Yen
April 1, 2016 – March 31, 2017	16.37	-
April 1, 2015 – March 31, 2016	74.17	-

(2) Non-consolidated Financial Position

	Total Assets	Net Assets	Shareholders' Equity Ratio	Net Assets per Share
	Million yen	Million yen	%	Yen
As of March 31, 2017	1,768,980	160,890	9.1	545.45
As of March 31, 2016	1,765,091	160,864	9.1	520.55

Reference: Shareholders' Equity: As of March 31, 2017 160,890 million yen As of March 31, 2016 160,864 million yen

II. Forecasts of Non-consolidated Results for the Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

	Operating Revenue		Operating Profit		Ordinary Profit		Profit		Basic Earnings per Share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
April 1, 2017 – March 31, 2018	725,000	7.1	-	-	-	-	-	-	-

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

* This summary report is not subject to audit.

* Given that the forecasts above were made on the basis of information available at the time of the release of this document, the actual result may vary from the forecast data due to various factors.

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	-	3,800,000.00	3,800,000.00
April 1, 2017 – March 31, 2018 (Forecast)	-	-	-	-	-

Note1: Cash dividends per share on the year ended March 31, 2016 contains 3,981,358.00 yen, the unpaid cumulative dividend on the year ended March 31, 2015.

Note2: The forecasts of cash dividends for the 1st half and full year ending March 31, 2018 have yet to be determined.

Results of Production and Sales [Electric Utility Business]

1. Sales

Electricity Sales

(GWh)

	April 1, 2016– March 31, 2017 (A)	April 1, 2015– March 31, 2016 (B)	Increase/decrease (A)-(B)	Comparison (%) (A)/(B)
Low-voltage customers	13,315	13,444	(129)	99.0
High-voltage and Extra High-voltage customers	13,491	15,148	(1,657)	89.1
Total	26,806	28,592	(1,786)	93.8

2. Production

Power Supply

(GWh)

	April 1, 2016– March 31, 2017 (A)	April 1, 2015– March 31, 2016 (B)	Increase/decrease (A)-(B)	Comparison (%) (A)/(B)
Hokkaido Electric Power Co., Inc.				
[Water flow rate %]	[111.5]	[99.8]	[11.7]	
Hydroelectric	3,846	3,502	344	109.8
Fossil fuel	20,569	22,158	(1,589)	92.8
[Nuclear capacity ratio %]	[-]	[-]	[-]	
Nuclear	-	-	-	-
Renewable	135	131	4	103.4
Subtotal	24,550	25,791	(1,241)	95.2
Interchange and Purchased power	5,489	6,229	(740)	88.1
Power used for pumped storage	(200)	(120)	(80)	166.7
Total	29,839	31,900	(2,061)	93.5

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, 2018(April 1, 2017 – March 31, 2018)

Operating revenue for Consolidated results will be increased to approx. 755,000 million yen by approx. 52,000 million yen compared to the previous fiscal year, because of influence in fuel cost adjustments system by higher fuel prices, etc.

The forecasts of Operating profit (loss), Ordinary profit (loss), and Profit (loss) are yet to be determined at this point. This is because expenses such as fuel costs cannot be assessed appropriately as we must monitor the situation of generating capacity from now on.

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

As for power supply, we will appropriately operate supply facilities and take all possible measures to ensure security for stable electric power supplies.

Forecasts of Consolidated Results for the Year Ending March 31, 2018 (April 1, 2017 – March 31, 2018)

(Million yen)

	April 1,2017 – March 31,2018	
		Comparison to year ended March 31, 2017
Operating Revenue	755,000	52,000
[Comparison to last fiscal year]	[Approx. (1.4)%]	
Electricity sales	Approx. 26.4 TWh	Approx. (0.4) TWh

(Reference) Forecasts of Non-consolidated Results for the Year Ending March 31, 2018

(April 1, 2017 – March 31, 2018)

(Million yen)

	April 1,2017 – March 31,2018	
		Comparison to year ended March 31, 2017
Operating Revenue	725,000	48,000

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

Consolidated Balance Sheets

(Million yen)

Item	As of March 31, 2016 (A)	As of March 31, 2017 (B)
Assets		
Noncurrent assets	1,609,817	1,624,832
Electric utility plant and equipment	1,111,661	1,070,863
Hydroelectric power production facilities	235,226	226,540
Thermal power production facilities	78,564	75,534
Nuclear power production facilities	218,645	210,736
Transmission facilities	163,444	158,576
Transformation facilities	92,516	77,359
Distribution facilities	276,816	277,806
General facilities	40,945	39,065
Other electric utility plant and equipment	5,501	5,243
Other noncurrent assets	55,829	55,132
Construction in progress	148,022	231,716
Construction in progress	147,882	231,352
Retirement in progress	139	364
Nuclear fuel	158,583	162,767
Nuclear fuel in processing	158,583	162,767
Investments and other assets	135,720	104,352
Long-term investments	40,636	56,889
Net defined benefit asset	10,984	12,572
Deferred tax assets	32,363	32,987
Other	51,820	3,661
Allowance for doubtful accounts	(84)	(1,758)
Current assets	216,324	204,706
Cash and deposits	108,805	88,027
Notes and accounts receivable-trade	61,055	57,037
Inventories	35,361	36,508
Deferred tax assets	4,942	5,744
Other	8,905	18,187
Allowance for doubtful accounts	(2,746)	(798)
Total	1,826,141	1,829,539
Liabilities and Net Assets		
Liabilities		
Noncurrent liabilities	1,272,404	1,247,515
Bonds payable	579,136	611,900
Long-term loans payable	502,728	505,146
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	38,875
Asset retirement obligations	75,926	77,773
Other	16,228	13,820
Current liabilities	355,491	379,770
Current portion of long-term debt	155,621	187,226
Short-term loans payable	52,300	52,370
Notes and accounts payable-trade	41,569	40,816
Accrued taxes	13,336	7,388
Other	92,663	91,968
Reserves under the special laws	1,022	2,231
Reserve for fluctuation in water levels	1,022	2,231
Total Liabilities	1,628,918	1,629,516
Net assets		
Shareholders' equity	186,872	187,727
Common stock	114,291	114,291
Capital surplus	49,998	46,750
Retained earnings	40,766	44,875
Treasury stock	(18,184)	(18,190)
Accumulated other comprehensive income	(497)	1,132
Net unrealized gains on available-for-sale securities	1,570	4,391
Remeasurements of defined benefit plans	(2,067)	(3,258)
Non controlling interests	10,847	11,162
Total Net Assets	197,222	200,022
Total	1,826,141	1,829,539

Consolidated Statements of Operations

(Million yen)

Item	April 1, 2015– March 31, 2016	April 1, 2016– March 31, 2017
Operating Revenues	724,111	702,776
Electric utility operating revenue	694,065	675,471
Other business operating revenue	30,046	27,305
Operating Expenses	681,010	675,333
Electric utility operating expenses	655,115	652,002
Other business operating expenses	25,895	23,331
Operating Profit	43,100	27,443
Non-operating Income	3,023	2,598
Dividends Income	551	709
Interest income	1,105	666
Share of profit of entities accounted for using equity method	286	218
Other	1,079	1,003
Non-operating Expenses	18,062	17,438
Interest expenses	16,236	15,123
Other	1,825	2,314
Ordinary revenue	727,135	705,375
Ordinary expenses	699,072	692,771
Ordinary Profit	28,062	12,603
Provision or reversal of reserve for fluctuation in water levels	1,022	1,208
Provision of reserve for fluctuation in water levels	1,022	1,208
Extraordinary loss	-	1,638
Extraordinary loss of disaster	-	1,638
Profit before income taxes	27,039	9,755
Income taxes-current	2,877	1,180
Income taxes-deferred	2,238	(681)
Total income taxes	5,116	498
Profit	21,923	9,257
Profit attributable to non-controlling interests	647	463
Profit attributable to owners of parent	21,276	8,793

Consolidated Statements of Comprehensive Income

(Million yen)

Item	April 1, 2015– March 31, 2016	April 1, 2016– March 31, 2017
Profit	21,923	9,257
Other Comprehensive Income		
Valuation difference on available-for-sale securities	(3,671)	2,826
Remeasurements of defined benefit plans	(9,258)	(1,192)
Total other comprehensive income	(12,930)	1,634
Comprehensive Income	8,993	10,891
Comprehensive income attributable to		
owners of parent	8,344	10,423
non-controlling interests	648	468

Consolidated Statements of Changes in Net Assets

(Million yen)

	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance as of April 1, 2015	114,291	49,998	19,490	(18,167)	165,612
Dividends of surplus					-
Profit attributable to owners of parent			21,276		21,276
Purchase of treasury stock				(18)	(18)
Disposal of treasury stock		(0)		1	0
Cancellation of treasury stock					-
Change in treasury stock of parent arising from transactions with non-controlling shareholders		0			0
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(0)	21,276	(16)	21,259
Balance as of April 1, 2016	114,291	49,998	40,766	(18,184)	186,872
Dividends of surplus			(4,684)		(4,684)
Profit attributable to owner of parent			8,793		8,793
Purchase of treasury stock				(3,254)	(3,254)
Disposal of treasury stock		(1)		1	0
Cancellation of treasury stock		(3,245)		3,245	-
Change in treasury stock of parent arising from transactions with non-controlling shareholders		(0)			(0)
Net changes of items other than shareholders' equity					
Total changes of items during the period	-	(3,247)	4,108	(6)	854
Balance as of March 31, 2017	114,291	46,750	44,875	(18,190)	187,727

(Million yen)

	Accumulated other comprehensive income			Non - controlling interests	Total net assets
	Valuation difference on securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income		
Balance as of April 1, 2015	5,263	7,170	12,434	10,345	188,392
Dividends of surplus					-
Profit attributable to owner of parent					21,276
Purchase of treasury stock					(18)
Disposal of treasury stock					0
Cancellation of treasury stock					-
Change in treasury stock of parent arising from transactions with non-controlling shareholders					0
Net changes of items other than shareholders' equity	(3,693)	(9,238)	(12,931)	502	(12,429)
Total changes of items during the period	(3,693)	(9,238)	(12,931)	502	8,830
Balance as of April 1, 2016	1,570	(2,067)	(497)	10,847	197,222
Dividends of surplus					(4,684)
Profit attributable to owner of parent					8,793
Purchase of treasury stock					(3,254)
Disposal of treasury stock					0
Cancellation of treasury stock					-
Change in treasury stock of parent arising from transactions with non-controlling shareholders					(0)
Net changes of items other than shareholders' equity	2,821	(1,191)	1,629	314	1,944
Total changes of items during the period	2,821	(1,191)	1,629	314	2,799
Balance as of March 31, 2017	4,391	(3,258)	1,132	11,162	200,022

Consolidated Statements of Cash Flows

(Million yen)

Account	April 1, 2015 – March 31, 2016	April 1, 2016 – March 31, 2017
Cash flows from operating activities:		
Profit before income taxes	27,039	9,755
Depreciation and amortization	91,139	85,534
Decommissioning costs of nuclear power units	2,538	2,524
Loss on retirement of noncurrent assets	3,236	2,394
Increase (decrease) in net defined benefit liability	(9,130)	(5,580)
Increase (decrease) in provision for reprocessing of irradiated nuclear fuel	(6,066)	(3,357)
Interest and dividends income	(1,657)	(1,376)
Interest expenses	16,236	15,123
Decrease (increase) in reserve fund for reprocessing of irradiated nuclear fuel	6,074	4,313
Decrease (increase) in notes and accounts receivable-trade	(11,029)	4,027
Increase (decrease) in notes and accounts payable-trade	1,285	(770)
Increase (decrease) in accrued expenses	7,892	(2,609)
Payments of Accrued contributions for reprocessing of irradiated nuclear fuel	-	(9,414)
Other, net	3,893	(16,033)
Subtotal	131,455	84,531
Interest and dividend income received	1,698	1,616
Interest expenses paid	(16,372)	(15,203)
Income taxes paid	(809)	(3,863)
Net cash provided by (used in) operating activities	115,972	67,081
Cash flows from investing activities:		
Purchase of property, plant and equipment	(165,091)	(147,513)
Payments of investment and loans receivable	(3,092)	(2,826)
Collection of investment and loans receivable	3,253	1,496
Other, net	15,916	3,625
Net cash provided by (used in) investing activities	(149,013)	(145,216)
Cash flows from financing activities:		
Proceeds from issuance of bonds	79,732	129,524
Redemption of bonds	(130,000)	(30,000)
Proceeds from long-term loans payable	82,400	91,500
Repayments of long-term loans payable	(51,775)	(124,672)
Proceeds from short-term loans payable	213,678	170,179
Repayments of short-term loans payable	(203,367)	(170,085)
Purchase of treasury shares	(18)	(3,254)
Cash dividends paid	(36)	(4,710)
Other, net	(783)	(1,124)
Net cash provided by (used in) financing activities	(10,169)	57,357
Net Increase (Decrease) in Cash and Cash Equivalents	(43,210)	(20,777)
Cash and cash equivalents at beginning of period	152,016	108,805
Cash and cash equivalents at end of period	108,805	88,027

Segment Information

Full Year Ended March 31, 2016 (April 1, 2015 – March 31, 2016)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	694,065	30,046	724,111	-	724,111
Intersegment sales	1,124	97,761	98,886	(98,886)	-
Total operating revenue	695,190	127,807	822,997	(98,886)	724,111
Operating Profit	36,107	6,307	42,415	685	43,100
Assets	1,773,004	119,021	1,892,026	(65,885)	1,826,141
Depreciation and amortization	85,630	6,532	92,162	(1,023)	91,139
Capital investments	136,433	5,079	141,513	(375)	141,137

Note1: The segment income adjustment of ¥685 million, asset adjustment of ¥(65,885) million, depreciation and amortization adjustment of ¥(1,023) million, and capital investment adjustment of ¥(375) million are due to the elimination of intersegment transactions.

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

Full Year Ended March 31, 2017 (April 1, 2016 – March 31, 2017)

(Million yen)

	Reportable segment	Other	Total	Adjustments	Consolidated
	Electric utility				
Sales to customers	675,471	27,305	702,776	-	702,776
Intersegment sales	1,162	103,467	104,629	(104,629)	-
Total operating revenue	676,633	130,772	807,406	(104,629)	702,776
Operating Profit	20,089	5,897	25,987	1,455	27,443
Assets	1,776,481	119,422	1,895,903	(66,364)	1,829,539
Depreciation and amortization	80,175	6,318	86,494	(960)	85,534
Capital investments	141,279	6,618	147,898	(579)	147,318

Note1: The segment income adjustment of ¥1,455 million, asset adjustment of ¥(66,364) million, depreciation and amortization adjustment of ¥(960) million, and capital investment adjustment of ¥(579) million are due to the elimination of intersegment transactions.

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

Note: The information shown above is an English translation of the “Financial Release for the Year Ended March 31, 2017” 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.