

# **Financial Summary**

## **1st Quarter of FY2018**

**( April 1, 2018 – June 30, 2018)**

**July 25, 2018**



**Tohoku Electric Power Co., Inc.**

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# 1st Quarter of FY2018 Financial Results

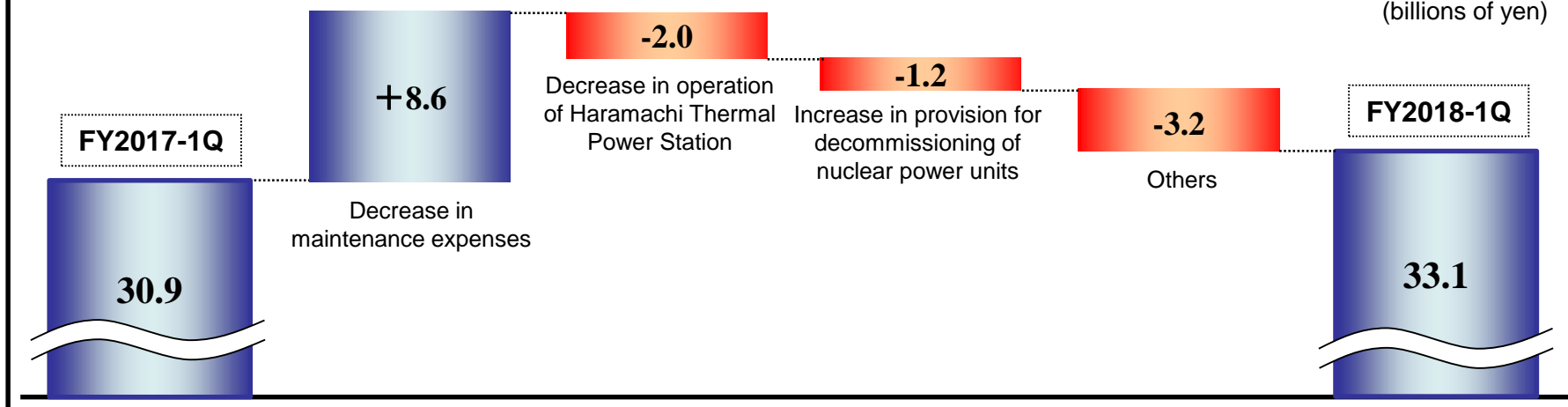
(billions of yen)

	Consolidated (A)			Non-consolidated (B)			(A) / (B) (times)	
	FY2018 1Q	FY2017 1Q	Change	FY2018 1Q	FY2017 1Q	Change	FY2018 1Q	FY2017 1Q
Operating Revenue	488.0	470.6	17.4	443.5	429.1	14.3	1.10	1.10
Operating Income	33.9	34.8	(0.8)	31.8	30.8	1.0	1.07	1.13
Ordinary Income	32.3	29.7	2.6	33.1	30.9	2.2	0.98	0.96
Net Income or Net Income Attributable to Owners of Parent	22.5	19.8	2.6	24.9	23.1	1.8	0.90	0.86

	Jun. 30, 2018	Mar. 31, 2018	Change	Jun. 30, 2018	Mar. 31, 2018	Change
Equity Ratio	18.0%	17.3%	0.7%	17.1%	16.3%	0.8%

## ■ Year-on-year Comparison of Non-consolidated Ordinary Income (Increase of 2.2 Billion Yen)

(billions of yen)



(GWh)

<b>Electricity Supply</b>	FY2018/1Q (A)	FY2017/1Q (B)	Change (A) - (B)	Change (A) / (B)
Own Generated Power*1	12,411	13,315	(904)	93.2%
Hydro	2,519	2,594	(75)	97.1%
Thermal	9,754	10,598	(844)	92.0%
Nuclear	(49)	(46)	(3)	106.9%
Renewables	187	169	18	110.7%
Power Interchanges and Purchased Power*2, 3	9,028 (1,152)	7,619 (1,283)	1,409 131	118.5% 89.7%
Used at Pumped Storage	(32)	(40)	8	78.8%
Total of Electricity Supply*2	20,255	19,611	644	103.3%

\*1 "Own Generated Power" shows sending end.

\*2 "Power Interchanges and Purchased Power" and "Total of Electricity Supply" include projected volume.

\*3 As for "Power Interchanges and Purchased Power", the top is Received and the bottom is Transmitted.

Received includes system operation and the volume of gross bidding and Transmitted includes system operation.

(GWh)

<b>Electricity Sales</b>	FY2018/1Q (A)	FY2017/1Q (B)	Change (A) - (B)	Change (A) / (B)
Lighting (Residential)	5,098	5,381	(283)	94.7%
Power	11,008	11,560	(552)	95.2%
Retail Electricity Sales	16,105	16,941	(836)	95.1%
Wholesale Electricity Sales	3,819	2,542	1,277	150.2%
Total of Electricity Sales	19,924	19,483	441	102.3%

\*1 "Wholesale Electricity Sales" includes the volume of specified power interchange and gross bidding.

<b>Major Factors</b>	FY2018/1Q (A)	FY2017/1Q (B)	Change (A) - (B)
Crude Oil CIF Price (\$/bbl.)	70.5	53.4	17.1
Exchange Rate (¥/\$)	109	111	(2)
Hydro Power Flow Rate (%)	97.5	103.2	(5.7)
Nuclear Power Utilization Rate (%)	—	—	—

# Balance Sheets (Consolidated)

(billions of yen)

	Jun. 30, 2018 (A)	Mar. 31, 2018 (B)	Change (A) - (B)	Major factors for change
Total Assets	4,136.8	4,222.1	(85.2)	
Non-current Assets	3,568.2	3,557.4	10.7	
Current Assets	568.6	664.6	(96.0)	Cash and deposits : (48.9)
Total Liabilities	3,322.4	3,423.4	(101.0)	
Non-current Liabilities	2,421.7	2,411.1	10.5	
Current Liabilities	899.6	1,011.1	(111.4)	Current portion of non-current liabilities : (56.9) Notes and accounts payable - trade : (26.1)
Reserve for fluctuation in water levels	0.9	1.1	(0.1)	
Net Assets	811.4	798.7	15.7	Retained earnings : 12.5
Interest-Bearing Liabilities	2,375.3	2,424.4	(49.1)	Loans : (41.4) Bonds : (29.7) CP : 22.0

(billions of yen)

	FY2018/1Q (A)	FY2017/1Q (B)	Comparison	
			(A) - (B)	(A) / (B)
Operating Revenue	488.0	470.6	17.4	103.7%
Electric utility	439.3	426.8	12.5	102.9%
Other business	48.6	43.7	4.8	111.2%
Operating Expenses	454.0	435.7	18.3	104.2%
Electric utility	406.0	394.3	11.6	103.0%
Other business	48.0	41.3	6.6	116.1%
Operating Income	33.9	34.8	(0.8)	97.4%
Non-operating income	4.2	1.3	2.8	303.9%
Non-operating expenses	5.7	6.4	(0.7)	89.0%
Ordinary Income	32.3	29.7	2.6	108.9%
Provision or reversal of reserve for fluctuation in water levels	(0.1)	-	(0.1)	-
Income taxes	9.8	9.3	0.5	105.7%
Net income attributable to non-controlling interests	0.1	0.6	(0.4)	24.7%
Net Income Attributable to Owners of Parent	22.5	19.8	2.6	113.6%



(billions of yen)

	FY2018/1Q (A)		FY2017/1Q (B)		Change (A) - (B)
Operating Revenue	540.7	[ 488.0 ]	530.6	[ 470.6 ]	10.0 [ 17.4 ]
Electric Power Business	439.9	[ 439.3 ]	427.4	[ 426.8 ]	12.4 [ 12.5 ]
Construction Business	49.6	[ 25.7 ]	55.3	[ 24.7 ]	(5.6) [ 1.0 ]
Gas Business	10.0	[ 8.3 ]	7.1	[ 5.5 ]	2.8 [ 2.7 ]
Information Processing, Tele-communication Business	11.4	[ 4.7 ]	10.3	[ 4.6 ]	1.1 [ 0.0 ]
Others	29.6	[ 9.7 ]	30.3	[ 8.7 ]	(0.7) [ 1.0 ]

[ ] : Operating revenue from external customers

(billions of yen)

	FY2018/1Q (A)		FY2017/1Q (B)		Change (A) - (B)
Segment Income [Operating Income]	33.7		34.5		(0.8)
Electric Power Business	32.5		30.8		1.7
Construction Business	(2.5)		0.3		(2.8)
Gas Business	0.6		0.4		0.1
Information Processing, Tele-communication Business	1.7		1.4		0.2
Others	1.3		1.4		(0.1)

# Balance Sheets (Non-consolidated)

(billions of yen)

	Jun. 30, 2018 (A)	Mar. 31, 2018 (B)	Change (A) - (B)	Major factors for change
Total Assets	3,812.2	3,906.4	(94.2)	
Non-current Assets	3,422.1	3,370.6	51.4	
Current Assets	390.1	535.7	(145.6)	Short-term investments: (50.5) Cash and deposits : (44.1)
Total Liabilities	3,160.1	3,269.6	(109.4)	
Non-current Liabilities	2,351.3	2,337.0	14.2	
Current Liabilities	807.8	931.4	(123.5)	Current portion of non-current liabilities : (56.8) Short-term debt to subsidiaries and affiliates : (26.7)
Reserve for fluctuation in water levels	0.9	1.1	(0.1)	
Net Assets	652.0	636.8	15.2	Retained earnings : 15.0
Interest-Bearing Liabilities	2,350.7	2,402.6	(51.8)	Loans : (43.8) Bonds : (30.0) CP : 22.0

(billions of yen)

		FY2018/1Q (A)	FY2017/1Q (B)	Comparison		Major factors for change
				(A) - (B)	(A) / (B)	
Revenue	Revenue from Electricity Sales	322.1	329.2	(7.0)	97.9%	
	Lighting (Residential)	128.5	130.4	(1.9)	98.5%	
	Power	193.6	198.7	(5.0)	97.4%	
	Sales of power to other utilities and other companies	45.6	38.4	7.2	118.8%	Increase in sales of power on Japan Electric Power Exchange
	Grant under Act on Purchase of Renewable Energy Sourced Electricity	51.8	44.8	7.0	115.7%	Increase in purchased volume from solar
	Other revenue	30.6	22.8	7.7	134.0%	
	[Operating Revenue]	[ 443.5 ]	[ 429.1 ]	[ 14.3 ]	[ 103.3% ]	
	Total revenue	450.3	435.3	15.0	103.5%	
Expenses	Personnel	38.7	36.9	1.7	104.9%	
	[Amortization of actuarial gain or loss]	[ 5.0 ]	[ 3.6 ]	[ 1.3 ]	[ 136.7% ]	
	Fuel	66.7	65.8	0.9	101.4%	
	Maintenance	30.6	39.3	(8.6)	77.9%	Decrease in maintenance expenses for thermal power facilities
	Depreciation	49.5	50.4	(0.8)	98.2%	
	Power purchased from other utilities and other companies	126.8	109.5	17.3	115.8%	Increase in purchased volume from solar
	Interest	4.8	5.5	(0.6)	88.0%	
	Taxes, etc.	20.0	20.0	(0.0)	99.8%	
	Nuclear power back-end cost	2.6	1.8	0.8	143.8%	
	Levy under Act on Purchase of Renewable Energy Sourced Electricity	37.5	35.5	2.0	105.8%	
	Other expenses	39.4	39.3	0.1	100.4%	
	Total expenses	417.1	404.4	12.7	103.2%	
[Operating Income]		[ 31.8 ]	[ 30.8 ]	[ 1.0 ]	[ 103.3% ]	
Ordinary Income		33.1	30.9	2.2	107.3%	
Provision or reversal of reserve for fluctuation in water levels		(0.1)	-	(0.1)	-	
Income taxes		8.2	7.7	0.5	106.5%	
Net Income		24.9	23.1	1.8	108.1%	

## ■ Financial Forecasts for FY2018

➤ Financial forecasts for FY2018 remain unchanged from the previous release on April 26, 2018.

### 【Consolidated】

(billions of yen)

	Operating Revenue	Operating Income	Ordinary Income	Net Income Attributable to Owners of Parent
FY2018 forecast	2,140.0	98.0	80.0	50.0

### 【Non-consolidated】

(billions of yen)

	Operating Revenue	Operating Income	Ordinary Income	Net Income
FY2018 forecast	1,940.0	74.0	60.0	43.0

## ■ Dividend Per Share

➤ The year-end dividend forecast for FY2018 remains unchanged from the previous release on April 26, 2018.

(yen)

	Interim	Year-end	Annual
Dividend Per Share (Forecast)	20	20	40

# References

# Rescheduling of Construction Work on Safety Measures at Nuclear Power Stations

## ■ Rescheduling of the Year of the Completion of Construction Work at Onagawa and Higashidori

- Given lessons learned from assessments on conformity to the new regulatory standards, we have rescheduled the year of completion of ongoing construction work on safety measures **from the latter half of FY2018 to FY2020** at Onagawa Nuclear Power Station Unit 2 (Onagawa Unit 2) and **from FY2019 to FY2021** at Higashidori Nuclear Power Station Unit 1 (Higashidori Unit 1).
- Concerning Onagawa Unit 2, full-scale assessments on plants and facilities have been being conducted since October 2017. However, we expect that it will take a certain period of time before the completion of these assessments.
- Concerning Higashidori Unit 1, our explanation that faults just below seismic critical facilities are inactive for the foreseeable future has been judged to be appropriate by the Nuclear Regulation Authority (NRA). However, we expect that it will take a certain period of time before assessments on the activity of faults within and around the premises and plants/facilities are completed.

## <Current Status of Conformity Assessments>

Onagawa Unit 2	Higashidori Unit 1
<p>[Earthquake/Tsunami-related assessment ]</p> <p>(1) The design-basis earthquake ground motions (Ss) , conceivable maximum tsunami, faults within and around the premises, and effects of volcanoes were judged appropriate.</p> <p>(2) Next agenda will be the stability evaluations of foundation and slope.</p> <p>[Plant-related assessment ]</p> <p>(1) Our explanation that the reactor building does not have any issues with its seismic safety based on inspections and analysis results has gained us a certain degree of understanding.</p> <p>(2) We are explaining that we design to prevent subsidence through conducting soil improvement under the seawall.</p> <p>(3) We present the NRA with our available dates for explanation of controversial issues to expedite the assessment process.</p>	<p>[ Earthquake/Tsunami-related assessment ]</p> <p>(1) Our explanation that faults of f-1, f-2 and m-a just below seismic critical facilities, such as the reactor building, are inactive for the foreseeable future has been judged to be appropriate.</p> <p>(2) Other faults within and around the premises are under assessment.</p> <p>(3) The conceivable maximum tsunami is under assessment.</p> <p>[ Plant-related assessment ]</p> <p>We are in preparation for assessment incorporating the findings obtained from other plants that are in a more advance stage of assessment and from Onagawa Unit 2 in our work.</p>



(As of June 30, 2018)

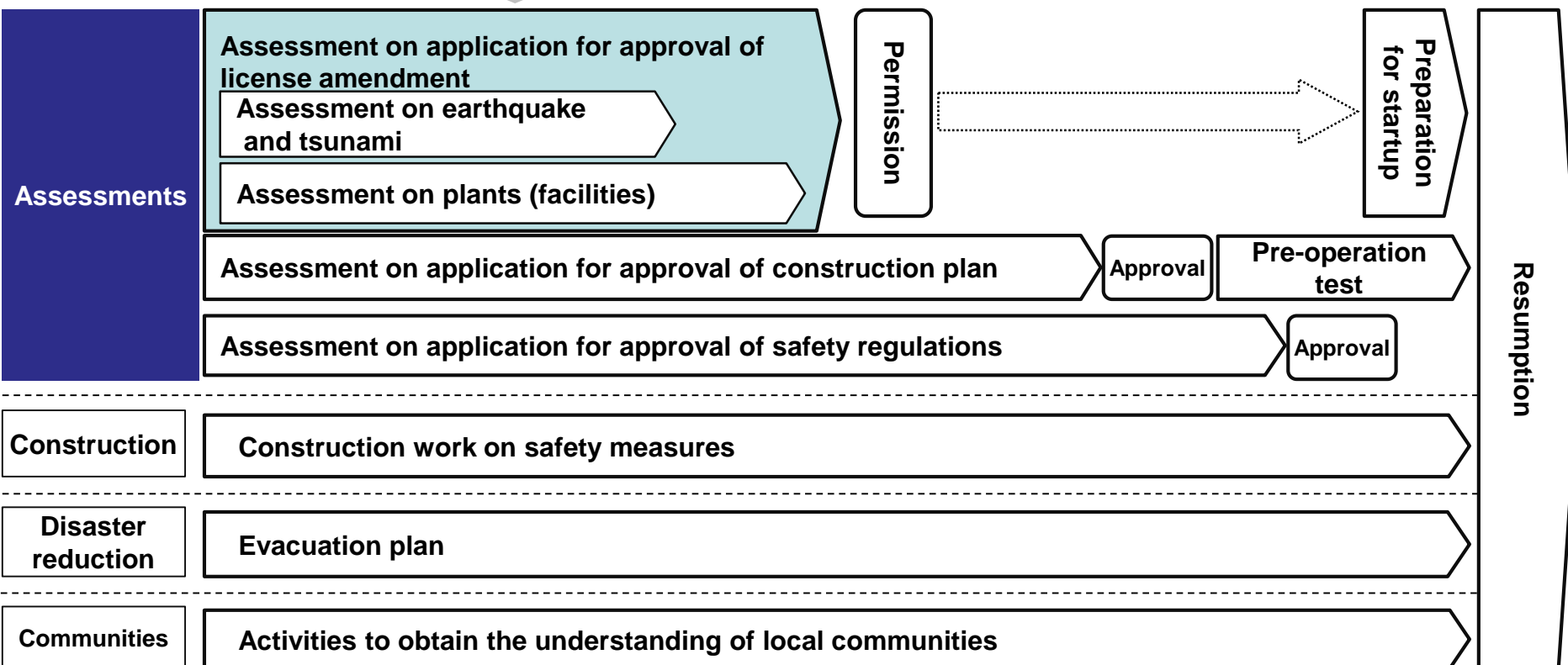
		FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	Number of conformity assessment meetings	
Onagawa Unit 2	Assessment of plants (facilities)		▼Application (Dec. 2013)				▼Full-fledged conformity assessment (from Oct. 2017) ▼On-site survey (Nov. 2017)	123	
	Assessment of earthquake and tsunami			▼On-site survey (Jan. 2015)					
		Conformity assessment							
		Conformity assessment							
Higashidori Unit 1	Assessment of plants (facilities)		▼Application (Jun. 2014)					15	
	Assessment of earthquake and tsunami			▼Start of hearing (from Jun. 2015)	▼Supplementary survey of faults in the premises (from Oct. 2015) ▼Additional supplementary survey of faults in the premises (from Apr. 2016)	▼On-site survey (Dec. 2016) ▼Additional survey of faults in the premises (from May 2017)	▼On-site survey (Nov. 2017)		
		Conformity assessment							
		Conformity assessment							
		▼Submission of report on additional geological survey (Jan. 2014)		▼Completion of experts' evaluation statement (Mar. 2015)		▼Our explanation that faults just below seismic critical facilities are inactive for the foreseeable future has been judged to be appropriate (May. 2018)			
		Experts Meeting on faults in the premises							

## ■ Conformity Assessments and Process of Resumption of Nuclear Power Reactors

(as of June 30, 2018)

- 26 units (11 companies including us) submitted applications for conformity assessments.
- Of them, 12 pressurized water reactors (PWR, 3 companies) were authorized permission of license amendment, and 9 of them were approved their safety and resumed operation.
- Concerning boiling water reactors (BWR), including our Onagawa Unit 2 and Higashidori Unit 1, Tokyo Electric Power Company Holdings, Inc.'s Kashiwazaki-Kariwa Unit 6 and 7 were authorized permission of license amendment in December 2017 for the first time.

Our Onagawa Unit 2 and Higashidori Unit 1



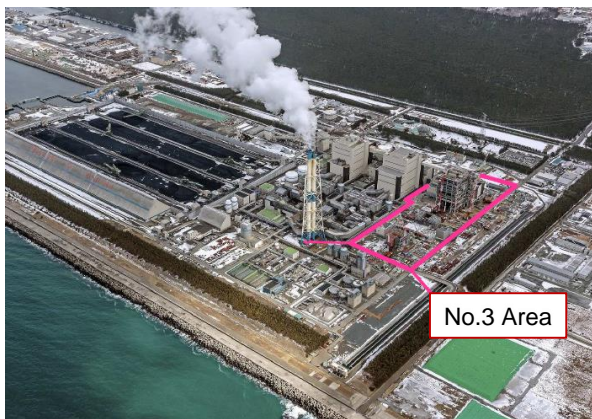


# Enhancing Cost Competitiveness with Optimal Power Portfolio

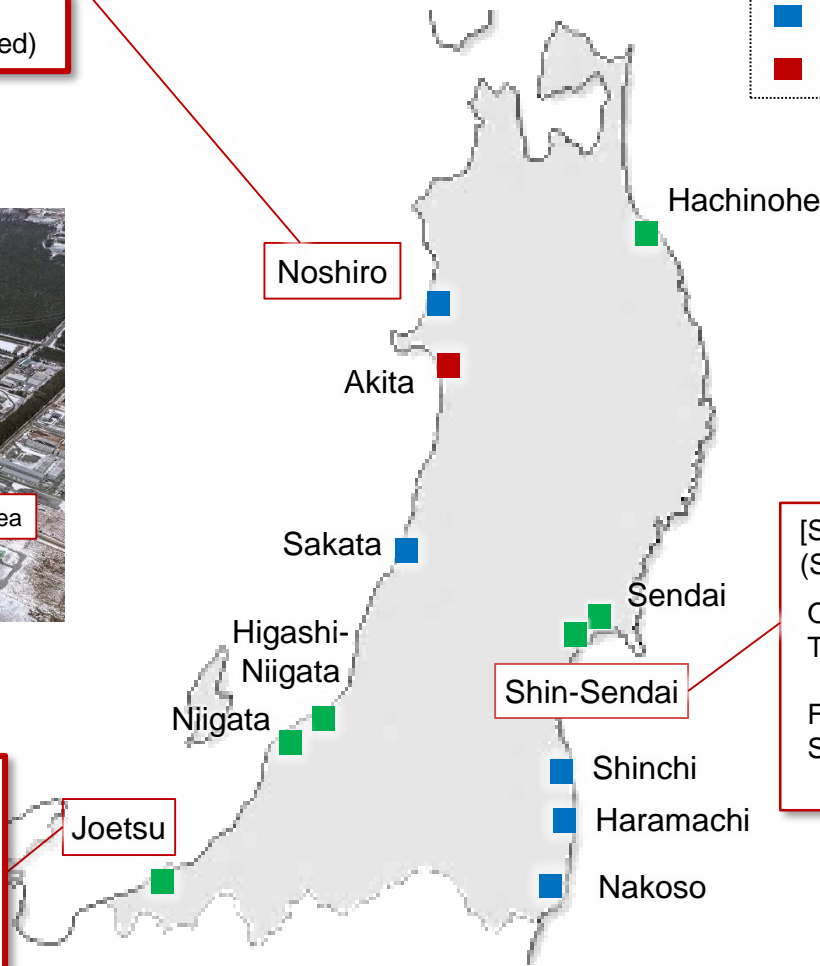
## Power Source Development Plan

[Noshiro No.3](Noshiro, Akita)  
 Output: 600 megawatts  
 Thermal efficiency: 44.8% [LHV standard]  
 Fuel: Coal  
 Start of operation: June 2020 (scheduled)

**[Progress of Construction]**  
**57.6% (As of June 20, 2018)**



- Natural Gas and others
- Coal/Biomass
- Heavy oil and others



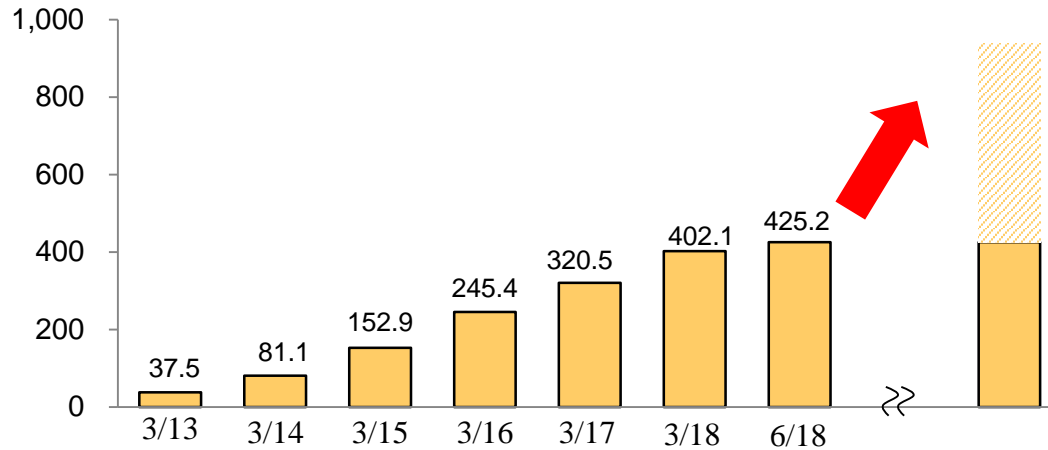
[Shin-Sendai No.3 Series]  
 (Sendai, Miyagi)  
 Output: 1,046 megawatts  
 Thermal efficiency: 60% or more  
 [LHV standard]  
 Fuel: LNG  
 Start of operation: July 2016  
 (full scale)

[Joetsu No.1](Joetsu, Niigata)  
 Output: 572 megawatts  
 Thermal efficiency: approx. 63% (under design)  
 [LHV standard]  
 Fuel: LNG  
 Start of operation: June 2023 (scheduled)

## ■ Current and Expected Grid Access Volume of Solar and Wind within our Service Area (as of June 30, 2018)

### [Solar]

[10 megawatts]

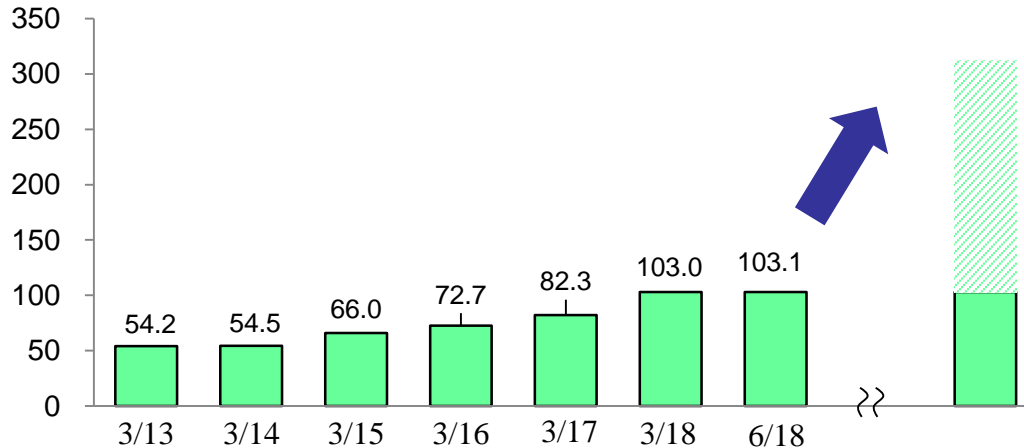


Expected grid access volume:  
5,138 megawatts

(Old rule: 2,302 megawatts  
New rule: 2,836 megawatts)

### [Wind]

[10 megawatts]



Expected grid access volume:  
2,092 megawatts

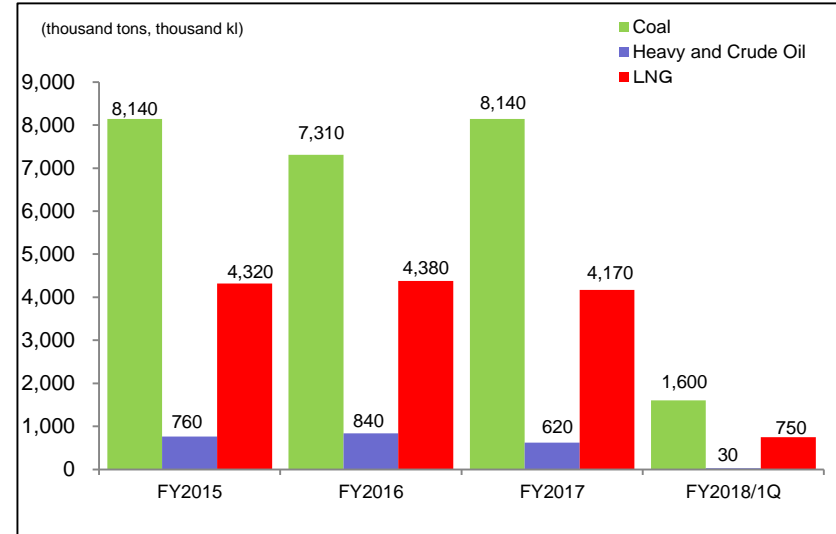
(Old rule: 1,426 megawatts  
New rule: 666 megawatts)

\* Since figures are rounded off, totals may not equal the sum of individual figures.

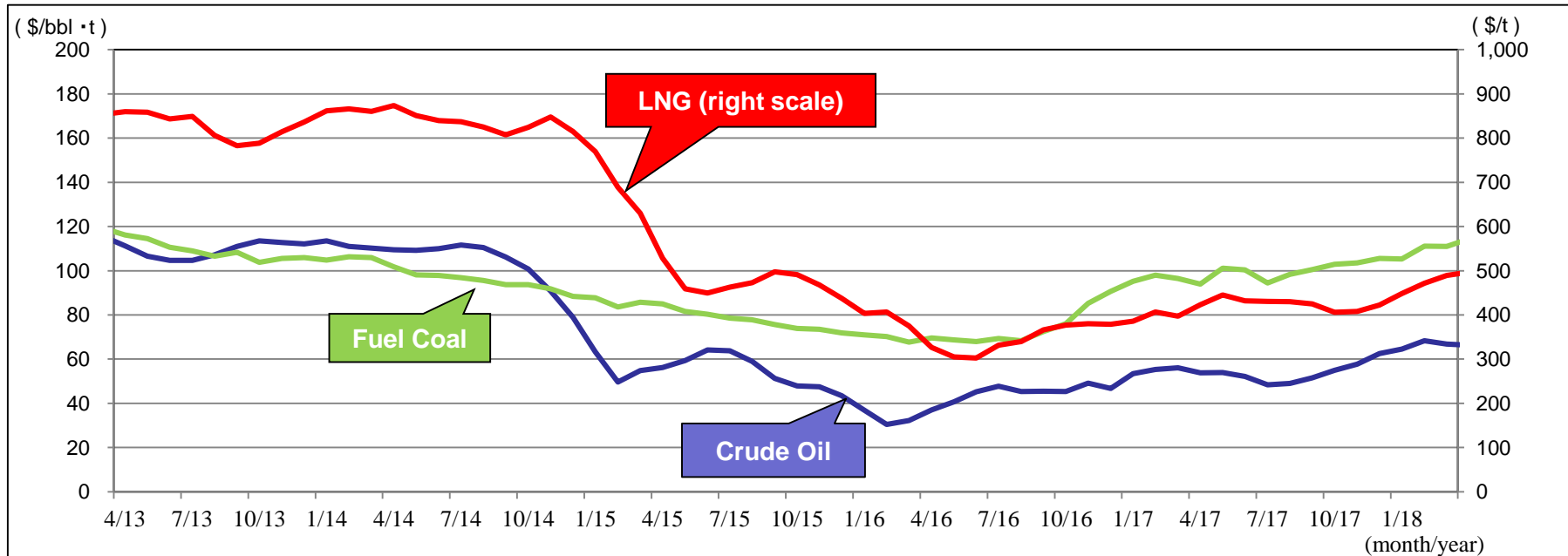
## Fuel Consumption

(thousand tons, thousand kiloliters)

	FY2018/1Q (A)	FY2017/1Q (B)	Change (A) - (B)	(Reference) FY2017
Coal	1,660	1,880	(280)	8,140
Heavy and Crude Oil	30	90	(60)	620
LNG	750	720	30	4,170



## [Reference] Historical CIF Prices of Crude Oil, Fuel Coal and LNG



(Note)

This presentation solely constitutes reference material for the purpose of providing the readers with relevant information to evaluate our company.

The information contains forward-looking statements based on assumptions and projections about the future with regard to our company. As such, the readers are kindly asked to refrain from making judgment by depending solely on this information.

The forward-looking statements inherently involve a degree of risks and uncertainties. Consequently, these risks and uncertainties could cause the actual results and performance to differ from the assumed or projected status of the company.

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