



# TOHOKU ELECTRIC POWER CO., INC.

July 25, 2018

## Financial Results for the First Quarter of Fiscal 2018

Tohoku Electric Power Co., Inc. (the “Company”) filed a summary of its financial statements for the first quarter (from April 1, 2018 to June 30, 2018) with the Tokyo Stock Exchange and disclosed the report today.

### 【Consolidated Financial Results】

Even with a decrease in the volume of retail electricity sales, consolidated operating revenue for increased to ¥488.0 billion (a year-on-year increase of ¥17.4 billion, or a 3.7% increase), mainly due to an increase in sales of power to other utilities and other companies through an active use of JEPX.

Consolidated ordinary income decreased to ¥32.3 billion (a year-on-year increase of ¥2.6 billion, or a 8.9% increase), due to a decrease of maintenance cost and our thorough streamlining efforts, despite an increase in fuel cost caused by a decrease in operation of Haramachi Thermal Power Station and in decommissioning cost of nuclear power units caused by a revision of the Ministerial Ordinance concerning provision for decommissioning of nuclear power units.

Net income attributable to owners of parent was ¥22.5 billion, an increase of ¥2.6 billion (or a 13.6% increase) year-on-year.

The Company have been conducting structural cost reduction to strengthen our earning base.

### 【Electricity Sales Volume】

There was an increase in production among some customers; nevertheless, a decrease in contract demand and a decrease in heating demand resulting from higher temperature in this early spring compared to the previous year decreased electricity sales to 16.1TWh, down 4.9% year-on-year.

**【Financial Forecast for fiscal 2018】**

The financial forecast remains unchanged from the previous announcement on April 26, 2018.

**【Dividend Forecast for fiscal 2018】**

The dividend forecast remains unchanged from the previous announcement on April 26, 2018.

# Tohoku Electric Power Co., Inc.

## Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2018 - June 30, 2018)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 30, 2018, which has been filed with the Tokyo Stock Exchange, Inc. for public inspection.

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(Note) All monetary values are rounded down to the nearest units as indicated in each table.

### 1. Business Results for Consolidated First Quarter Period in FY2018 (Three months ended June 30, 2018)

#### (1) Progresses of Financial Results

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
3 months ended Jun. 30, 2018	488,009	3.7	33,937	(2.6)	32,376	8.9	22,504	13.6
3 months ended Jun. 30, 2017	470,605	3.2	34,834	(39.6)	29,734	(40.8)	19,805	(42.5)

(Note) Comprehensive income (3 months ended June 30, 2018: 26,366million yen 6.5%, 3 months ended June 30, 2017: 24,754 million yen -29.2%)

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

	Net income per share (basic)	Net income per share (diluted)
	Yen	Yen
3 months ended Jun. 30, 2018	45.09	42.72
3 months ended Jun. 30, 2017	39.69	37.63

#### (2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Jun. 30, 2018	4,136,873	814,434	18.0
Mar. 31, 2018	4,222,163	798,705	17.3

(Reference) Shareholders' Equity (June 30, 2018: 746,649 million yen, March 31, 2018: 730,361 million yen)

### 2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2018	-	20.00	-	20.00	40.00
Year ending Mar. 31, 2019	-				
Year ending Mar. 31, 2019 (forecast)		20.00	-	20.00	40.00

(Note) Forecast revision of dividends from the latest forecast: None

### 3. Business Results Forecast for Consolidated FY2018 (Year ending March 31, 2019)

	Operating revenue		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share (basic)
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2018	2,140,000	3.3	98,000	(9.0)	80,000	(9.5)	50,000	5.9	100.19

(Note) Forecast revision of consolidated results from the latest forecast: None

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

**(Reference) Business Results Forecast for Non-consolidated FY2018 (Year ending March 31, 2019)**

	Operating revenue		Operating income		Ordinary income		Net income		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
FY2018	1,940,000	3.8	74,000	(10.2)	60,000	(11.2)	43,000	2.8	86.16

(Note) Forecast revision of non-consolidated results from latest forecast: None

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

# **QUARTERLY CONSOLIDATED BALANCE SHEETS (Unaudited)**

First Quarter FY2018 (as of June 30, 2018) and FY2017 (as of March 31, 2018)

<b>Assets</b>		(Millions of yen)	
	Item	June 30, 2018	March 31, 2018
Non-current assets:		3,568,255	3,557,465
Electric utility plant and equipment:		2,467,375	2,470,308
	Hydroelectric power production facilities	178,789	181,891
	Thermal power production facilities	347,641	356,843
	Nuclear power production facilities	262,498	239,095
	Transmission facilities	618,742	626,580
	Transformation facilities	250,492	252,983
	Distribution facilities	658,989	660,980
	General facilities	115,860	117,905
	Other electric utility plant and equipment	34,360	34,027
Other non-current assets		209,379	210,644
Construction in progress:		340,604	321,481
	Construction and retirement in progress	331,070	311,947
	Special account related to reprocessing of spent nuclear fuel	9,533	9,533
Nuclear fuel:		160,115	159,977
	Loaded nuclear fuel	34,729	34,729
	Nuclear fuel in processing	125,386	125,248
Investments and other assets:		390,780	395,053
	Long-term investments	110,907	110,554
	Net defined benefit asset	4,254	4,224
	Deferred tax assets	166,451	173,126
	Other	109,450	107,424
	Allowance for doubtful accounts	(284)	(276)
Current assets:		568,617	664,697
	Cash and deposits	138,916	187,905
	Notes and accounts receivable - trade	211,796	212,195
	Inventories	76,145	70,196
	Other	142,004	194,692
	Allowance for doubtful accounts	(244)	(292)
<b>Assets</b>		<b>4,136,873</b>	<b>4,222,163</b>

**Liabilities and net assets**

(Millions of yen)

Item	June 30, 2018	March 31, 2018
Non-current liabilities:	2,421,766	2,411,181
Bonds payable	840,172	810,189
Long-term loans payable	1,188,085	1,235,846
Reserve for restoration costs of natural disaster	4,987	4,987
Net defined benefit liability	176,242	178,178
Asset retirement obligations	152,631	121,001
Deferred tax liabilities for land revaluation	1,411	1,412
Other	58,236	59,565
Current liabilities:	899,694	1,011,175
Current portion of non-current liabilities	317,148	374,094
Notes and accounts payable - trade	117,823	143,999
Accrued taxes	19,781	34,334
Other advances	259,448	263,798
Reserve for restoration costs of natural disaster	135	135
Other	185,357	194,812
Reserve:	977	1,100
Reserve for fluctuation in water levels	977	1,100
<b>Liabilities</b>	<b>3,322,439</b>	<b>3,423,457</b>
Shareholders' equity:	752,095	739,490
Capital stock	251,441	251,441
Capital surplus	22,520	22,433
Retained earnings	485,242	472,718
Treasury shares	(7,107)	(7,101)
Accumulated other comprehensive income:	(5,446)	(9,129)
Valuation difference on available-for-sale securities	6,913	6,861
Deferred losses on hedges	(1,061)	(1,272)
Revaluation reserve for land	(841)	(840)
Foreign currency translation adjustments	470	684
Remeasurements of defined benefit plans	(10,927)	(14,562)
Subscription rights to shares	957	957
Non-controlling interests	66,827	67,387
<b>Net assets</b>	<b>814,434</b>	<b>798,705</b>
<b>Liabilities and net assets</b>	<b>4,136,873</b>	<b>4,222,163</b>

# **QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)**

First Quarter FY2018 (Three months ended June 30, 2018) and First Quarter FY2017 (Three months ended June 30, 2017)

Item	(Millions of yen)	
	Three months ended June 30,	
	2018	2017
Operating revenue:	488,009	470,605
Electric utility operating revenue	439,393	426,876
Other business operating revenue	48,615	43,729
Operating expenses:	454,071	435,771
Electric utility operating expenses	406,035	394,394
Other business operating expenses	48,035	41,376
Operating income	33,937	34,834
Non-operating income:	4,213	1,386
Dividend income	357	349
Interest income	77	64
Share of profit of entities accounted for using equity method	2,334	-
Other	1,444	973
Non-operating expenses:	5,775	6,487
Interest expenses	4,922	5,607
Share of loss of entities accounted for using equity method	-	239
Other	852	640
Ordinary revenue	492,223	471,992
Ordinary expenses	459,846	442,258
Ordinary income	32,376	29,734
Provision or reversal of reserve for fluctuation in water levels:	(122)	-
Provision of reserve for fluctuation in water levels	(122)	-
Income before income taxes	32,499	29,734
Income taxes - current	4,448	4,151
Income taxes - deferred	5,394	5,163
Income taxes	9,843	9,315
Net income	22,656	20,418
Net income attributable to non-controlling interests	151	613
Net income attributable to owners of parent	22,504	19,805

**QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)**

First Quarter FY2018 (Three months ended June 30, 2018) and First Quarter FY2017 (Three months ended June 30, 2017)

Item	(Millions of yen)	
	Three months ended June 30,	
	2018	2017
Net income	22,656	20,418
Other comprehensive income:		
Valuation difference on available-for-sale securities	54	1,165
Deferred gains or losses on hedges	210	23
Foreign currency translation adjustments	(213)	386
Remeasurements of defined benefit plans	3,659	2,759
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Other comprehensive income	3,710	4,335
Comprehensive income	26,366	24,754
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	26,160	24,061
Comprehensive income attributable to non-controlling interests	206	693



**(Note)**

This report 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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