



October 31, 2019

Financial Results for the Second Quarter of Fiscal 2019

We have compiled the settlements for the second quarter (April 1, 2019-September 30, 2019) of the fiscal year ending March 2020 (FY2019) today.

【Consolidated Financial Results】

In the current quarter, electricity sales (retail) decreased due to the impact of intensified competition resulting from liberalization of retail electricity market. On the other hand, the amount of electricity sold outside the area (wholesale sales) and the amount of adjustments to fuel expenses increased. As a result, operating revenue rose to ¥1,119.9 billion, a year on year increase of ¥84.8 billion or 8.2% increase.

Operating revenue includes ¥263.4 billion, total of grant under act on purchase of renewable energy sourced electricity and surcharge for promoting renewable energy sourced electricity based on Feed-in Tariff Scheme for renewable energy and the self-contracted portion due to introduction of the indirect auction. As this is recorded in expenses as well, it does not affect the Company's income.

Ordinary income increased to ¥64.5 billion, an increase of ¥27.0 billion, or 72.0%. This was due to the impact of the time lag of the fuel cost adjustment system, as well as efforts to further improve productivity and efficiency of the corporate group as a whole and to cost reductions.

Net income attributable to owners of the parent rose to ¥44.6 billion, an increase of ¥14.3 billion or 47.3%.

【Electricity Sales (Retail) Volume】

Our electricity sales volume (retail sales) was 32.5 TWh (down 1.4% year-on-year) due to changes in contracts due to intensified competition and some declines in industrial production, despite an increase in cooling demand due to higher summer temperatures compared to the previous year.

On the other hand, electricity sales (wholesale) increased to 8.2 TWh, a year on year increase of 9.6%, due to an increase in wholesale sales outside the area.

As a result, our total electric power sales rose to 40.7 TWh, a year on year of 0.6%.

【Financial Results】

Consolidated

(Billions of yen)

	Operating revenue	Operating income	Ordinary income	Net income attributable to owners of parent
FY2019/2Q	1,119.9(8.2%)	73.4(68.1%)	64.5(72.0%)	44.6(47.3%)
FY2018/2Q	1,035.1(5.5%)	43.6(-29.1%)	37.5(-29.1%)	30.3(-12.4%)

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

Non-consolidated

(Billions of yen)

	Operating revenue	Operating income	Ordinary income	Net income
FY2019/2Q	1,021.0(8.7%)	65.0(86.9%)	58.6(83.4%)	42.3(45.3%)
FY2018/2Q	939.4(5.5%)	34.7(-33.3%)	31.9(-32.0%)	29.1(-14.2%)

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

(Reference)

Operating revenue includes total of grant under act on purchase of renewable energy sourced electricity and surcharge for promoting renewable energy sourced electricity based on Feed-in Tariff Scheme for renewable energy and the self-contracted portion due to introduction of the indirect auction (*). Operating revenue and operating income on operating revenue ratio excluding these factors are as follows.

(Billions of yen)

	Operating revenue	Operating revenue excluding (*)	Operating income on operating revenue ratio	Operating income on operating revenue ratio excluding (*)
Consolidated	1,119.9	856.4	6.6%	8.6%
Non-consolidated	1,021.0	757.5	6.4%	8.6%

< Major factors >

Items	FY2019/2Q	FY2018/2Q
Crude oil CIF price (\$/bbl.)	68.9	73.7
Exchange rate (¥/\$)	109	110
Nuclear power utilization rate (%)	-	-

【Electricity Sales】

(GWh)

	Retail			Wholesale	Total
	Lightning (Residential)	Power	Retail Electricity Sales		
FY2019/2Q	9,670(-3.0%)	22,784(-0.7%)	32,454(-1.4%)	8,219(9.6%)	40,673(0.6%)
FY2018/2Q	9,971(-2.2%)	22,948(-3.5%)	32,919(-3.1%)	7,498(13.6%)	40,417(-0.4%)

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

【Financial Forecast for fiscal 2019】

The financial forecast remains unchanged from the previous announcement on April 25, 2019.

< Financial Forecasts for FY2019 (April 1, 2019 – March 31, 2020) >

Consolidated

(Billions of yen)

	Operating revenue	Operating income	Ordinary income	Net income attributable to owners of parent
FY2019	2,390.0	90.0	73.0	45.0

Non-consolidated

(Billions of yen)

	Operating revenue	Operating income	Ordinary income	Net income
FY2019	2,170.0	69.0	55.0	39.0

【Dividend Forecast for fiscal 2019】

The dividend forecast remains unchanged from the previous announcement on April 25, 2019.

< Financial Forecasts for FY2019 (April 1, 2019 – March 31, 2020) >

(yen)

	Interim	Year-end	Annual
Dividend	20	20	40

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2019 - September 30, 2019)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for six months ended September 30, 2019, 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 Second Quarter Period in FY2019 (Six months ended September 30, 2019)

(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	%
6 months ended Sep. 30, 2019	1,119,980	8.2	73,430	68.1	64,550	72.0	44,657	47.3
6 months ended Sep. 30, 2018	1,035,108	5.5	43,678	(29.1)	37,539	(29.1)	30,312	(12.4)

(Note) Comprehensive income (6 months ended September 30, 2019: 44,952 million yen 9.5%, 6 months ended September 30, 2018: 41,041 million yen -8.5%)
 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
6 months ended Sep. 30, 2019	89.44	83.14
6 months ended Sep. 30, 2018	60.73	57.50

(2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Sep. 30, 2019	4,232,611	868,305	18.8
Mar. 31, 2019	4,258,633	833,711	17.9

(Reference) Shareholders' Equity (Sep 30, 2019: 797,089 million yen, March 31, 2019: 762,167 million yen)

2. Dividends

	Cash dividends per share				
	1Q	2Q	3Q	Year-end	Annual total
	Yen	Yen	Yen	Yen	Yen
Year ended Mar. 31, 2019	-	20.00	-	20.00	40.00
Year ending Mar. 31, 2020	-	20.00			
Year ending Mar. 31, 2020 (forecast)			-	20.00	40.00

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

3. Business Results Forecast for Consolidated FY2019 (Year ending March 31, 2020)

	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
FY2019	2,390,000	6.5	90,000	7.6	73,000	11.0	45,000	(3.2)	90.12

(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 FY2019 (Year ending March 31, 2020)

	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
FY2019	2,170,000	7.1	69,000	14.5	55,000	17.5	39,000	(3.3)	78.10

(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)

Second Quarter FY2019 (as of September 30, 2019) and FY2018 (as of March 31, 2019)

Assets

(Millions of yen)

Item	September 30, 2019	March 31, 2019
Non-current assets:	3,617,926	3,620,997
Electric utility plant and equipment:	2,416,712	2,468,035
Hydroelectric power production facilities	181,562	181,091
Thermal power production facilities	329,684	340,205
Nuclear power production facilities	255,348	271,914
Transmission facilities	593,223	604,313
Transformation facilities	256,476	256,905
Distribution facilities	662,545	662,292
General facilities	109,076	122,667
Other electric utility plant and equipment	28,795	28,645
Other non-current assets	225,961	214,278
Construction in progress:	440,531	398,140
Construction and retirement in progress	399,572	359,324
Special account related to nuclear power decommissioning	24,483	24,514
Special account related to reprocessing of spent nuclear fuel	16,476	14,300
Nuclear fuel:	165,744	165,081
Loaded nuclear fuel	30,591	30,591
Nuclear fuel in processing	135,153	134,490
Investments and other assets:	368,975	375,461
Long-term investments	100,350	102,888
Net defined benefit asset	4,380	4,303
Deferred tax assets	157,274	162,696
Other	107,323	105,933
Allowance for doubtful accounts	(352)	(360)
Current assets:	614,685	637,635
Cash and deposits	187,700	178,729
Notes and accounts receivable - trade	236,524	232,303
Inventories	72,539	78,789
Other	118,300	148,275
Allowance for doubtful accounts	(378)	(462)
Assets	4,232,611	4,258,633

Liabilities and net assets

(Millions of yen)

Item	September 30, 2019	March 31, 2019
Non-current liabilities:	2,534,443	2,431,227
Bonds payable	885,086	815,120
Long-term loans payable	1,261,007	1,216,986
Reserve for restoration costs of natural disaster	4,873	4,873
Net defined benefit liability	174,513	178,561
Asset retirement obligations	163,276	161,929
Deferred tax liabilities for land revaluation	1,363	1,373
Other	44,323	52,383
Current liabilities:	829,862	993,693
Current portion of non-current liabilities	254,520	321,875
Notes and accounts payable - trade	116,270	141,197
Accrued taxes	34,196	22,941
Other advances	220,596	252,430
Reserve for restoration costs of natural disaster	198	198
Other	204,079	255,049
Liabilities	3,364,306	3,424,921
Shareholders' equity:	801,169	766,343
Capital stock	251,441	251,441
Capital surplus	22,559	22,558
Retained earnings	533,727	499,132
Treasury shares	(6,558)	(6,788)
Accumulated other comprehensive income:	(4,079)	(4,176)
Valuation difference on available-for-sale securities	2,335	3,072
Deferred losses on hedges	(697)	(908)
Revaluation reserve for land	(863)	(854)
Foreign currency translation adjustments	(431)	179
Remeasurements of defined benefit plans	(4,423)	(5,666)
Subscription rights to shares	1,120	1,013
Non-controlling interests	70,094	70,530
Net assets	868,305	833,711
Liabilities and net assets	4,232,611	4,258,633

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

Second Quarter FY2019 (Six months ended September 30, 2019) and Second Quarter FY2018 (Six months ended September 30, 2018)

Item	(Millions of yen)	
	Six months ended September 30,	
	2019	2018
Operating revenue:	1,119,980	1,035,108
Electric utility operating revenue	1,017,373	933,268
Other business operating revenue	102,606	101,840
Operating expenses:	1,046,549	991,430
Electric utility operating expenses	946,840	894,501
Other business operating expenses	99,708	96,929
Operating income	73,430	43,678
Non-operating income:	3,948	4,985
Dividend income	515	501
Interest income	112	100
Share of profit of entities accounted for using equity method	1,506	1,928
Other	1,814	2,454
Non-operating expenses:	12,828	11,124
Interest expenses	8,897	9,600
Other	3,931	1,524
Ordinary revenue	1,123,929	1,040,094
Ordinary expenses	1,059,378	1,002,554
Ordinary income	64,550	37,539
Provision or reversal of reserve for fluctuation in water levels:	-	(804)
Reversal of reserve for fluctuation in water levels	-	(804)
Extraordinary income:	-	7,900
Compensation income for damage	-	7,900
Extraordinary loss:	-	2,178
Loss on decommissioning of Onagawa Nuclear Power Station Unit 1	-	2,178
Income before income taxes	64,550	44,065
Income taxes - current	14,411	10,248
Income taxes - deferred	5,276	2,411
Income taxes	19,687	12,659
Net income	44,862	31,406
Net income attributable to non-controlling interests	205	1,094
Net income attributable to owners of parent	44,657	30,312

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

Second Quarter FY2019 (Six months ended September 30, 2019) and Second Quarter FY2018 (Six months ended September 30, 2018)

Item	(Millions of yen)	
	Six months ended September 30,	
	2019	2018
Net income	44,862	31,406
Other comprehensive income:		
Valuation difference on available-for-sale securities	(731)	1,504
Deferred gains or losses on hedges	210	718
Foreign currency translation adjustments	(611)	91
Remeasurements of defined benefit plans	1,222	7,318
Share of other comprehensive income of entities accounted for using equity method	(0)	0
Other comprehensive income	89	9,634
Comprehensive income	44,952	41,041
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	44,762	39,862
Comprehensive income attributable to non-controlling interests	189	1,179

CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

Second Quarter FY2019 (Six months ended September 30, 2019) and Second Quarter FY2018 (Six months ended September 30, 2018)

(Millions of yen)

Item	Six months ended September 30,	
	2019	2018
Cash flows from operating activities:		
Income before income taxes	64,550	44,065
Depreciation	109,262	107,324
Decommissioning costs of nuclear power units	3,450	3,972
Special account related to nuclear power decommissioning	31	-
Loss on retirement of non-current assets	3,138	3,724
Decrease in net defined benefit liability	(4,047)	(4,371)
Increase (decrease) in reverse for fluctuation in water levels	-	(804)
Interest and dividend income	(627)	(602)
Interest expenses	8,897	9,600
Increase in notes and accounts receivable - trade	(4,535)	(16,699)
Decrease(increase) in inventories	6,231	(4,853)
Decrease in notes and accounts payable - trade	(23,984)	(15,889)
Other, net	(20,667)	(581)
Subtotal	141,699	124,885
Interest and dividend income received	627	602
Interest expenses paid	(8,932)	(9,758)
Income taxes paid	(7,759)	(11,291)
Net cash provided by operating activities	125,635	104,437
Cash flows from investing activities:		
Purchase of non-current assets	(140,571)	(122,195)
Payments of investment and loans receivable	(7,946)	(5,963)
Collection of investment and loans receivable	10,048	4,215
Other, net	1,817	11,835
Net cash used in investing activities	(136,651)	(112,108)
Cash flows from financing activities:		
Proceeds from issuance of bonds	144,577	39,858
Redemption of bonds	(55,000)	(69,700)
Proceeds from long-term loans payable	109,025	61,100
Repayments of long-term loans payable	(151,555)	(126,320)
Increase in short-term loans payable	9,000	17,100
Decrease in short-term loans payable	(8,300)	(17,228)
Proceeds from issuance of commercial papers	166,000	280,000
Redemption of commercial papers	(181,000)	(250,000)
Cash dividends paid	(9,947)	(9,928)
Dividends paid to non-controlling interests	(643)	(650)
Other, net	(2,014)	(2,067)
Net cash used in financing activities	20,141	(77,835)
Effect of exchange rate change on cash and cash equivalents	(290)	56
Net increase(decrease) in cash and cash equivalents	8,833	(85,450)
Cash and cash equivalents at beginning of the period	184,942	242,171
Cash and cash equivalents at end of the period	193,776	156,721

(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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