

July 31, 2019

Financial Results for the First Quarter of Fiscal 2019

Tohoku Electric Power Co., Inc. (the “Company”) filed a summary of its financial statements for the first quarter (from April 1, 2019 to June 30, 2019) with the Tokyo Stock Exchange and disclosed the report today.

【Consolidated financial results】

Even with a decrease in the volume of retail electricity sales due to intensifying competition caused by liberalization of electricity market, consolidated operating revenue increased to ¥529.7 billion (a year-on-year increase of ¥41.7 billion, or a 8.6% increase), mainly due to an increase in wholesale electricity sales beyond our franchise area and a rise in fuel cost adjustment charges.

Consolidated operating revenue includes ¥126.7 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.

Consolidated ordinary income increased to ¥35.1 billion (a year-on-year increase of ¥2.8 billion, or a 8.7% increase), due to cost reduction by improving productivity and efficiency and time lag between fuel cost and fuel cost adjustment charges.

Net income attributable to owners of parent was ¥24.8 billion, an increase of ¥2.3 billion (or a 10.3% increase) year-on-year.

【Electricity Sales Volume】

There was an increase in heating demand resulting from lower temperature in this spring than last spring; nevertheless, contract switching due to intensifying competition decreased retail electricity sales to 16.0TWh, down 0.7% year-on-year.

On the other hand, an increase in wholesale electricity sales beyond our franchise area increased wholesale electricity sales to 3.0TWh, 4.6% increase year-on-year.

As a result, total electricity volume increased 19.0TWh, up 0.1% year on 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
Forecast	2,390.0	90.0	73.0	45.0

Non-consolidated				(Billions of yen)
	Operating revenue	Operating income	Ordinary income	Net income
Forecast	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
Forecast	20	20	40

Tohoku Electric Power Co., Inc.

Summary of Quarterly Financial Statements (Unaudited)

(April 1, 2019 - June 30, 2019)

Information below is an English translation of the "Unaudited Quarterly Financial Release" for three months ended June 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 First Quarter Period in FY2019 (Three months ended June 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	%
3 months ended Jun. 30, 2019	529,769	8.6	39,107	15.2	35,196	8.7	24,818	10.3
3 months ended Jun. 30, 2018	488,009	3.7	33,937	(2.6)	32,376	8.9	22,504	13.6

(Note) Comprehensive income (3 months ended June 30, 2019: 23,829 million yen -9.6%, 3 months ended June 30, 2018: 26,366 million yen 6.5%)
 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
3 months ended Jun. 30, 2019	49.71	46.22
3 months ended Jun. 30, 2018	45.09	42.72

(2) Changes in Financial Positions

	Total assets	Net assets	Equity-to-asset ratio
	Millions of yen	Millions of yen	%
Jun. 30, 2019	4,197,892	846,909	18.5
Mar. 31, 2019	4,258,633	833,711	17.9

(Reference) Shareholders' Equity (June 30, 2019: 776,584 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	-				
Year ending Mar. 31, 2020 (forecast)		20.00	-	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)	90.14

(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)	78.12

(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 FY2019 (as of June 30, 2019) and FY2018 (as of March 31, 2019)

Assets	(Millions of yen)	
Item	June 30, 2019	March 31, 2019
Non-current assets:	3,593,294	3,620,997
Electric utility plant and equipment:	2,431,380	2,468,035
Hydroelectric power production facilities	178,715	181,091
Thermal power production facilities	329,085	340,205
Nuclear power production facilities	262,804	271,914
Transmission facilities	599,154	604,313
Transformation facilities	260,493	256,905
Distribution facilities	662,820	662,292
General facilities	110,401	122,667
Other electric utility plant and equipment	27,905	28,645
Other non-current assets	227,211	214,278
Construction in progress:	404,282	398,140
Construction and retirement in progress	363,307	359,324
Special account related to nuclear power decommissioning	24,498	24,514
Special account related to reprocessing of spent nuclear fuel	16,476	14,300
Nuclear fuel:	165,259	165,081
Loaded nuclear fuel	30,591	30,591
Nuclear fuel in processing	134,668	134,490
Investments and other assets:	365,160	375,461
Long-term investments	100,013	102,888
Net defined benefit asset	4,332	4,303
Deferred tax assets	154,600	162,696
Other	106,572	105,933
Allowance for doubtful accounts	(358)	(360)
Current assets:	604,598	637,635
Cash and deposits	179,100	178,729
Notes and accounts receivable - trade	235,010	232,303
Inventories	75,504	78,789
Other	115,365	148,275
Allowance for doubtful accounts	(382)	(462)
Assets	4,197,892	4,258,633

Liabilities and net assets

(Millions of yen)

Item	June 30, 2019	March 31, 2019
Non-current liabilities:	2,479,900	2,431,227
Bonds payable	855,103	815,120
Long-term loans payable	1,230,699	1,216,986
Reserve for restoration costs of natural disaster	4,873	4,873
Net defined benefit liability	176,985	178,561
Asset retirement obligations	162,610	161,929
Deferred tax liabilities for land revaluation	1,363	1,373
Other	48,264	52,383
Current liabilities:	871,082	993,693
Current portion of non-current liabilities	348,656	321,875
Notes and accounts payable - trade	120,785	141,197
Accrued taxes	17,319	22,941
Other advances	224,206	252,430
Reserve for restoration costs of natural disaster	198	198
Other	159,916	255,049
Liabilities	3,350,983	3,424,921
Shareholders' equity:	781,181	766,343
Capital stock	251,441	251,441
Capital surplus	22,558	22,558
Retained earnings	513,974	499,132
Treasury shares	(6,792)	(6,788)
Accumulated other comprehensive income:	(4,596)	(4,176)
Valuation difference on available-for-sale securities	2,186	3,072
Deferred losses on hedges	(864)	(908)
Revaluation reserve for land	(863)	(854)
Foreign currency translation adjustments	(10)	179
Remeasurements of defined benefit plans	(5,044)	(5,666)
Subscription rights to shares	1,013	1,013
Non-controlling interests	69,311	70,530
Net assets	846,909	833,711
Liabilities and net assets	4,197,892	4,258,633

QUARTERLY CONSOLIDATED STATEMENTS OF INCOME (Unaudited)

First Quarter FY2019 (Three months ended June 30, 2019) and First Quarter FY2018 (Three months ended June 30, 2018)

Item	Three months ended June 30,	
	2019	2018
Operating revenue:	529,769	488,009
Electric utility operating revenue	485,666	439,393
Other business operating revenue	44,103	48,615
Operating expenses:	490,662	454,071
Electric utility operating expenses	446,614	406,035
Other business operating expenses	44,048	48,035
Operating income	39,107	33,937
Non-operating income:	1,752	4,213
Dividend income	390	357
Interest income	87	77
Share of profit of entities accounted for using equity method	575	2,334
Other	697	1,444
Non-operating expenses:	5,662	5,775
Interest expenses	4,500	4,922
Other	1,162	852
Ordinary revenue	531,522	492,223
Ordinary expenses	496,325	459,846
Ordinary income	35,196	32,376
Provision or reversal of reserve for fluctuation in water levels:	-	(122)
Provision of reserve for fluctuation in water levels	-	(122)
Income before income taxes	35,196	32,499
Income taxes - current	2,286	4,448
Income taxes - deferred	8,651	5,394
Income taxes	10,937	9,843
Net income	24,259	22,656
Net income attributable to non-controlling interests	(559)	151
Net income attributable to owners of parent	24,818	22,504

QUARTERLY CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (Unaudited)

First Quarter FY2019 (Three months ended June 30, 2019) and First Quarter FY2018 (Three months ended June 30, 2018)

Item	(Millions of yen)	
	Three months ended June 30,	
	2019	2018
Net income	24,259	22,656
Other comprehensive income:		
Valuation difference on available-for-sale securities	(892)	54
Deferred gains or losses on hedges	43	210
Foreign currency translation adjustments	(191)	(213)
Remeasurements of defined benefit plans	611	3,659
Share of other comprehensive income of entities accounted for using equity method	(0)	(0)
Other comprehensive income	(430)	3,710
Comprehensive income	23,829	26,366
Comprehensive income attributable to:		
Comprehensive income attributable to owners of parent	24,407	26,160
Comprehensive income attributable to non-controlling interests	(578)	206

(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.

Tohoku Electric Power Co., Inc. hereby disclaim any responsibility or liability in relation to consequences resulting from decisions made by investors.