

# Jera

エネルギーを新しい時代へ

## FY2020 Consolidated Financial Results

(Note) The company's fiscal year (FY) is from April 1 to March 31 of the following year in this material.  
FY2020 denotes the period from April 1,2020 to March 31,2021.

**JERA Co., Inc.**

May 17, 2021

# Outline of Financial Results

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## Consolidated Statement of Income

(Unit: Billion Yen)

	FY2020(A)	FY2019(B)	Change(A-B)	Rate of Change(%)
Operating revenue (Net sales)	2,730.1	3,280.0	(549.8)	(16.8)
Operating income	249.4	167.0	82.4	49.4
Ordinary income	244.1	174.4	69.7	40.0
Net income attributable to owners of parent	157.8	168.5	(10.6)	(6.3)

## Consolidated Balance Sheet

(Unit: Billion Yen)

	FY2020(A)	FY2019(B)	Change(A-B)	Rate of Change(%)
Assets	4,090.8	4,035.3	55.5	1.4
Liabilities	2,328.7	2,434.0	(105.2)	(4.3)
Net assets	1,762.1	1,601.2	160.8	10.0
Outstanding interest- bearing debt	1,613.2	1,505.9	107.3	7.1
Equity ratio (%)	41.2	38.2	3.0	

# Key Points of Financial Results

## 【Operating Revenue】

- Operating revenue **decreased by 549.8 billion yen (16.8%) from the previous consolidated fiscal year to 2,730.1 billion yen** primarily due to a decrease of electrical energy sold in domestic thermal power generation and gas supply business, in addition to a decline in income unit price resulting from a decline in natural resource prices.

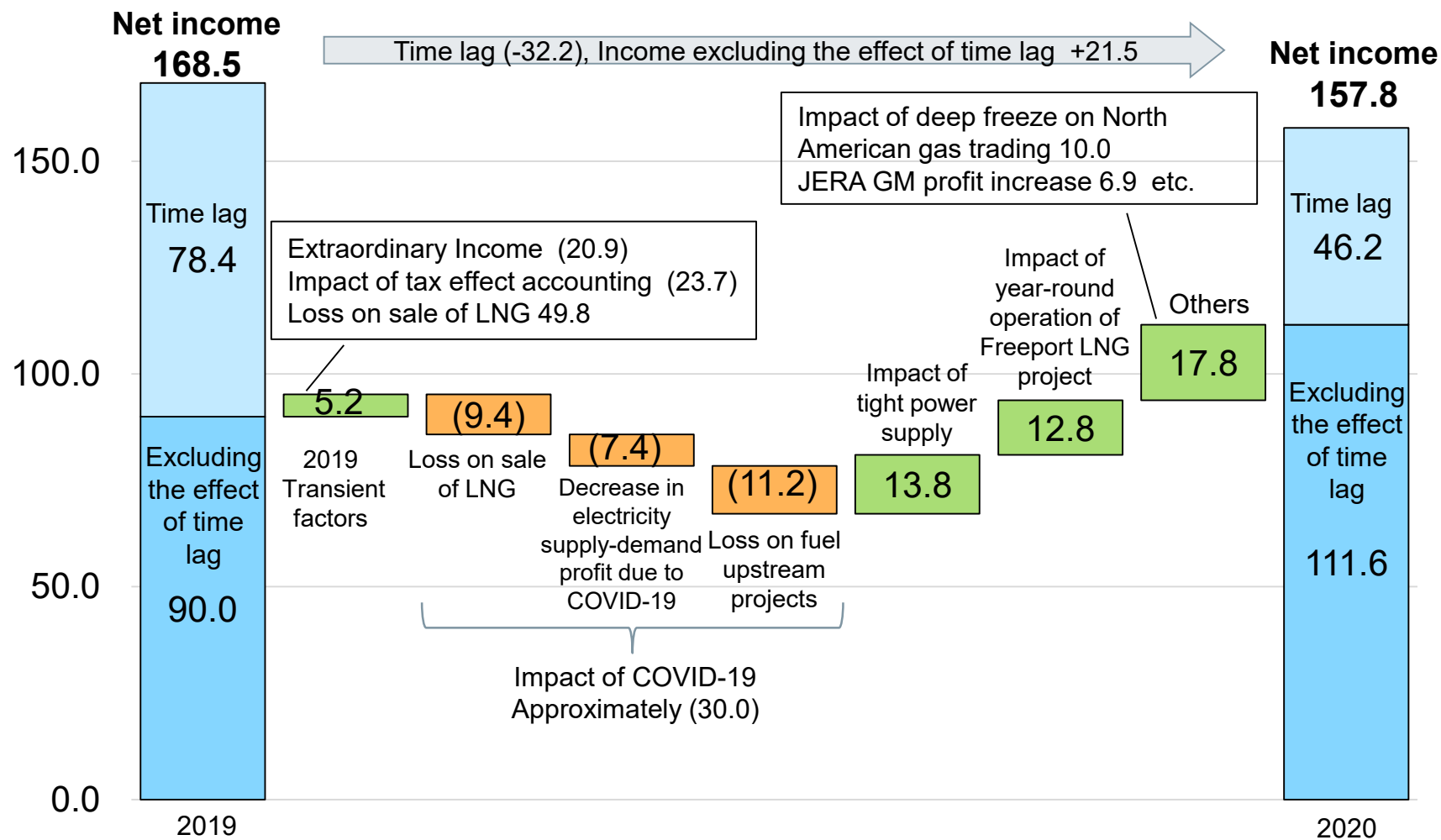
## 【Net Income】

- Net income **decreased by 10.6 billion yen (6.3%) from the previous consolidated fiscal year to 157.8 billion yen** due to a decrease of a gain incurred by fuel cost adjustment system time lag into income (-32.2 billion yen) and an increase of an income excluding the effect of time lag (+21.5 billion yen).
- Net income excluding the effect of time lag increased due to the impact of tight power supply in Japan and the impact of deep freeze on North American gas trading in this winter in addition to the impact of year-round operation of Freeport LNG project, despite the negative impact of COVID-19.

# Consolidated Net Income

## 【Various factors of Consolidated net income】

(Unit : Billion Yen)



\* Figures are after-tax amounts.

## (Note) Impact of tight power supply

- In response to the tight power supply situation in this winter, we had managed maximally by following emergency measures.
  - Maximum implementation of additional LNG procurement (spot procurement)
    - \*In response to a decline in LNG inventories caused by a significant increase in electricity demand, we procured approx. 3 million tons of spot LNG from November 2020 to February 2021 in addition, which was an unprecedented scale. Moreover, we realized urgent procurement with a short delivery time of two weeks (usually 1.5~2 months) from order to arrival.
  - Adjustment of LNG inventory levels through ship allocation adjustments and mitigation of restrictions on LNG thermal power generation
    - \*Flexible ship allocation adjustment among 8 LNG terminals. Maintaining the level of inventory that fluctuates day to day and providing maximum kWh even when power generation was suppressed.
  - Maintained fuel stocks appropriately with identifying the lower limit of operation in order to minimize the mitigation of restrictions on LNG thermal power generation and to ensure stable power supply.
    - \*Careful tank level management enabled maximum utilization of inventory by identifying the lower limit. Minimized the amount of suppression.
  - Increased power operation of coal-fired thermal power generation
    - \*Accurately implemented increased power operation exceeding the rated output (Tokyo area: approx. 2.44 million kWh/day, Chubu area: approx. 0.73 million kWh/day)
- Although fuel costs increased due to additional procurement of LNG (spot procurement), an income increased due to an increase in sales prices, etc., exceeded an increase in fuel costs, as a result, income increased.

# Consolidated Income/Expenditure Comparison

(Unit: Billion Yen)

	FY2020(A)	FY2019(B)	Change(A-B)	Main Factors of Changes
Operating revenue (Net sales)	2,730.1	3,280.0	(549.8)	<ul style="list-style-type: none"> <li>• Decline in income unit price resulting from a decline in natural resource prices, etc.</li> <li>• Decrease of electrical energy sold</li> </ul>
Operating expenses	2,480.7	3,112.9	(632.2)	<ul style="list-style-type: none"> <li>• Decrease of fuel costs, etc.</li> </ul>
Operating income	249.4	167.0	82.4	
Non-operating income	17.5	31.1	(13.5)	<ul style="list-style-type: none"> <li>• Decrease of equity in earnings of affiliates (15.9) (15.9 → -)</li> </ul>
Non-operating expenses	22.7	23.7	(0.9)	
Ordinary income	244.1	174.4	69.7	<ul style="list-style-type: none"> <li>• Decrease of time lag income (44.7) (108.9→64.1)</li> <li>• Increase of income excluding the effect of time lag +114.5 (65.5→180.0)</li> </ul>
Extraordinary income	-	20.9	(20.9)	(2019) Gain on divestiture of the overseas power generation projects
Extraordinary loss	16.3	-	16.3	<ul style="list-style-type: none"> <li>• Loss on fuel upstream projects 8.1</li> <li>• Impairment loss of domestic thermal power generation equipment 5.6, etc</li> </ul>
Income taxes, etc.	54.1	14.2	39.9	(2019) Impact of tax effect accounting 23.7
Net income attributable to non-controlling Interests	15.7	12.5	3.2	
Net income attributable to owners of parent	157.8	168.5	(10.6)	

## Key Data of Income and Expenditure

	FY2020(A)	FY2019(B)	Change(A-B)
Electrical Energy Sold (TWh)	246.6	265.7	(19.1)
Crude Oil Prices (JCC) (dollar/barrel)	43.4	67.8	(24.4)
Foreign Exchange Rate (yen/dollar)	106.1	108.7	(2.6)

\* Crude Oil Prices(JCC) for FY2020 is tentative.

# Consolidated Balance Sheet

(Unit: Billion Yen)

	Mar 31, 2021(A)	Mar 31, 2020(B)	Change(A-B)	Main Factors of Changes
Cash and deposits	616.1	459.1	156.9	
Property, plant and equipment	2,010.0	1,989.6	20.3	
Investment securities	559.4	613.3	(53.9)	
Others	905.3	973.1	(67.8)	• Decrease of inventories (21.6), etc.
<b>Assets</b>	<b>4,090.8</b>	<b>4,035.3</b>	<b>55.5</b>	
Outstanding interest-bearing debt	1,613.2	1,505.9	107.3	• Borrowings +67.3 (Subsidiaries + 127.3) • Corporate bond +40.0
Others	715.4	928.0	(212.6)	• Decrease of Accrued income taxes (75.0), etc.
<b>Liabilities</b>	<b>2,328.7</b>	<b>2,434.0</b>	<b>(105.2)</b>	
Shareholders' equity	1,696.9	1,566.0	130.8	• Dividends paid (27.0) • Net income +157.8
Others	65.1	35.1	29.9	
<b>Net Assets</b>	<b>1,762.1</b>	<b>1,601.2</b>	<b>160.8</b>	



# Consolidated Cash Flows

(Unit: Billion Yen)

		FY2020(A)	FY2019(B)	Change(A-B)
<b>Cash flows from operating activities</b>		340.8	551.6	(210.8)
<b>Cash flows from investing activities</b>	<b>Purchase of non-current assets</b>	(241.3)	(211.1)	(30.1)
	<b>Purchase of investment securities</b>	(31.5)	(115.7)	84.2
	<b>Other</b>	0.8	16.1	(15.2)
		(272.0)	(310.8)	38.7
<b>Free cash flows</b>		68.7	240.8	(172.0)
<b>Cash flows from financing activities</b>	<b>Net increase/decrease in loans payable</b>	103.2	(452.2)	555.5
	<b>Dividends paid *1</b>	(27.0)	-	(27.0)
	<b>Other</b>	13.2	0.2	13.0
		89.5	(452.0)	541.5
<b>Net increase/decrease in cash and cash equivalents (parenthesis indicates decrease) *2</b>		159.2	132.8	26.4

\*1 Excluding Dividends paid to non-controlling interests

\*2 Including Increase in cash and cash equivalents due to absorption-type demerger (335.0 billion yen) and Increase in cash and cash equivalents due to change in scope of consolidation (11.7 billion yen) in FY2019.

# Segment Information

(Unit: Billion Yen)

		Fuel- related*	Overseas power generation	Domestic thermal power generation and gas supply	Adjustments	Consolidated
FY2020(A)	Operating Revenue	1,076.2	2.6	2,391.0	(739.7)	2,730.1
	Net Income <Excluding of the time lag>	48.0	(7.6)	152.8 <106.6>	(35.3)	157.8 <111.6>
FY2019(B)	Operating Revenue	864.7	2.1	2,926.7	(513.6)	3,280.0
	Net Income <Excluding of the time lag>	25.0	36.1	135.8 <57.3>	(28.4)	168.5 <90.0>
Change(A-B)	Operating Revenue	211.4	0.4	(535.7)	(226.1)	(549.8)
	Net Income <Excluding of the time lag>	22.9	(43.7)	17.0 <49.2>	(6.8)	(10.6) <21.6>

\*Fuel upstream, Transportation, Fuel trading

- Impact of year-round operation of Freeport LNG project 12.8
- Impact of deep freeze on North American gas trading 10.0
- JERA GM profit increase 6.9
- Loss on fuel upstream projects (11.2)

- (2019) Gain on divestiture of the overseas power generation projects (20.9)
- Impairment loss (15.9)

- (2019) Loss on sale of LNG 49.8
- Impact of tight power supply 13.8
- Decrease income due to COVID-19 (17.0)  
<Loss on sale of LNG, Decrease in electricity supply-demand profit>

# Forecast for FY2021

## 【Consolidated forecast】

Net income is expected to be 70.0 billion yen. (Net income excluding a gain incurred by fuel cost adjustment system time lag is expected to be 110.0 billion yen, basically on the same level as in the previous year.)

(Unit: Billion Yen)

	FY2021 Forecast (A)	FY2020 Results (B)	Change(A-B)	Rate of Change(%)
Net Income attributable to owners of parent	70.0	157.8	(Approx. 88.0)	(55.8)
Breakdown: Time lag	(40.0)	46.2	(Approx. 86.0)	(186.1)
Income excluding the effect of time lag	110.0	111.6	(Approx. 2.0)	(1.8)

## 【Key data】

	FY2021 Forecast (A)	FY2020 Results (B)
Crude Oil Prices (JCC) (dollar/barrel)	Approx. 62	43.4
Foreign Exchange Rate (yen/dollar)	Approx. 110	106.1

# Integration Synergy Effect

- Our target is to generate synergy effects of JPY 100 billion/year within 5 years of Step 3 integration.
- **We generated synergy effects of JPY 45 billion in FY2020** through improved cost competitiveness in domestic thermal power generation and the creation of new profit sources.

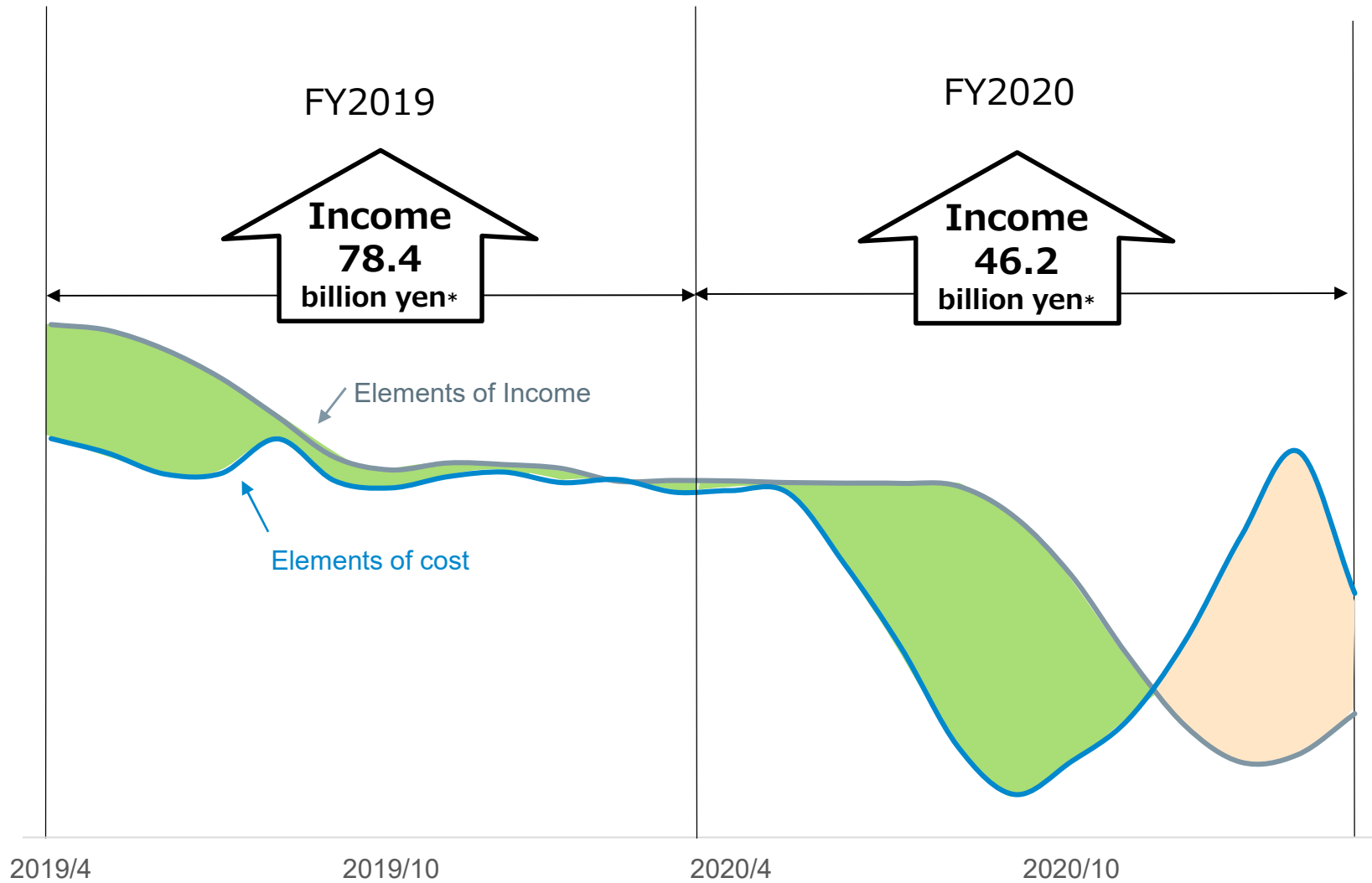
(Unit: Billion Yen)

【Integration Synergy Effect】			FY2019	FY2020
Improved cost competitiveness in domestic thermal power generation	Reduction in maintenance costs	<ul style="list-style-type: none"> <li>✓ Development of best practices in periodic inspections, repairs and materials procurement</li> <li>✓ Utilization of economies of scale in material procurement and outsourcing</li> <li>✓ Development and operation of state-of-the-art methods</li> </ul>	15.0	25.0
	Reduction in operation costs	<ul style="list-style-type: none"> <li>✓ Development of best practices in fuel procurement and power plant operation</li> <li>✓ Development and operation of state-of-the-art methods</li> </ul>		
Creation of new profit sources	Profits from optimization of the entire value chain	<ul style="list-style-type: none"> <li>✓ Development of global trading business with EDFT based on CEPCO trading know-how and TEPCO business development know-how</li> <li>✓ Realization of huge asset-backed trading that leverages one of the world's largest fuel trading volumes</li> </ul>	10.0	20.0
	Profits from expanding business portfolio	<ul style="list-style-type: none"> <li>✓ Development of projects that take advantage of our increased presence due to becoming, through Step 3 integration, one of the world's leading energy companies</li> <li>✓ Development of projects that package upstream and downstream businesses</li> <li>✓ Leverage both companies' competitive domestic sites and fund-raising capabilities</li> </ul>		
			25.0	<b>45.0</b>

\*Figures are pre-tax amounts.

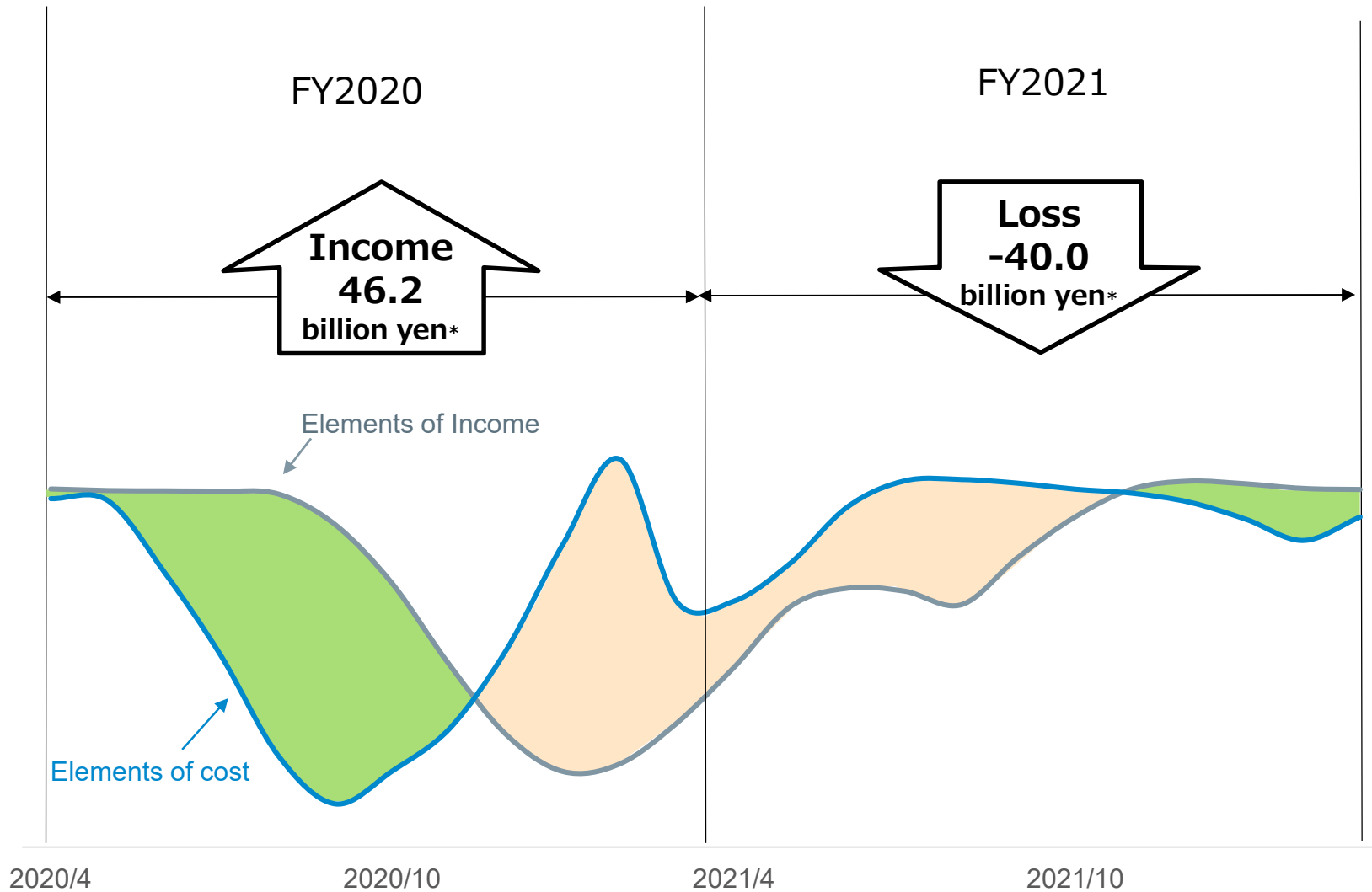
# Appendix

# Image of Time Lag (2019-2020)



\*Figures are after-tax amounts.

# Image of Time Lag (2020-2021)



\*Figures are after-tax amounts.

# Electrical Energy Sold and Electrical Power Generated

## 【Electrical Energy Sold(TWh)】

	Apr 1 to Jun 30	Jul 1 to Sep 30	Oct 1 to Dec 31	Jan 1 to Mar 31	Total
<b>FY2020</b>	47.5	62.4	66.5	70.2	246.6
<b>FY2019</b>	59.9	71.4	66.4	67.9	265.7

## 【Electrical Power Generated(TWh)】

	Apr 1 to Jun 30	Jul 1 to Sep 30	Oct 1 to Dec 31	Jan 1 to Mar 31	Total
<b>FY2020</b>	47.0	61.7	66.0	70.0	244.6
<b>LNG</b>	38.4 (82%)	52.9 (86%)	54.5 (83%)	55.7 (80%)	201.5 (82%)
<b>Coal</b>	8.7 (18%)	8.8 (14%)	11.5 (17%)	14.2 (20%)	43.2 (18%)
<b>Oil</b>	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)	0.0 (0%)
<b>FY2019</b>	59.9	71.3	66.3	67.9	265.3
<b>LNG</b>	48.6 (81%)	57.9 (81%)	53.9 (81%)	55.1 (81%)	215.6 (81%)
<b>Coal</b>	11.1 (19%)	12.6 (18%)	12.0 (18%)	12.6 (19%)	48.4 (18%)
<b>Oil</b>	0.1 (0%)	0.7 (1%)	0.3 (1%)	0.1 (0%)	1.3 (0%)

\*The total may not match due to rounding



# Credit Ratings

## 【Credit Ratings(long-term)】

S&P	R&I	JCR
A-	A+	AA-