

# Jera

Energy for a New Era

## JERA Business Plan



**JERA Co., Inc.**  
**February 10, 2016**



# Today's agenda

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- 1. JERA's Corporate Philosophy**
- 2. Management Objectives**
- 3. Expansion of Business Domain**
- 4. Growth Strategy by Business Area**
- 5. JERA in 2030**
- 6. Corporate Structure**
- 7. JERA's Mission**

# 1. JERA's Corporate Philosophy

## Identity of JERA

### *Mission*

We will contribute to bettering the lives of people, and to vitalizing economies and industries, not only in Japan but also all over the world, through the supply of energy on a globally competitive basis.

## Roadmap to Fulfill Mission

### *Vision*

Global Energy Company

Origination and Optimization as Drivers

Agile, Creative and Open-Minded Corporate Culture

## Fundamental Principles

### *Values*

Agility

Creativity

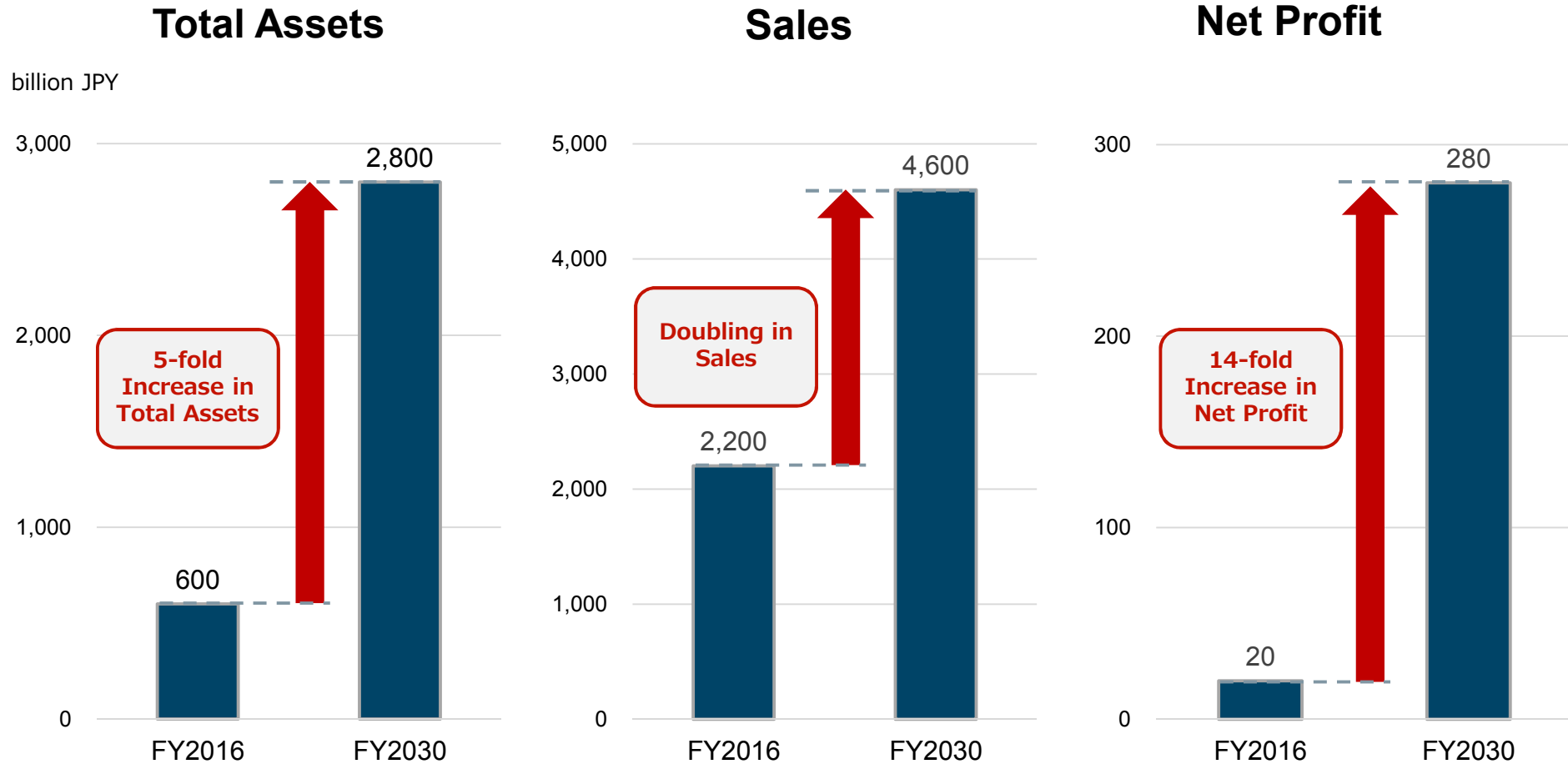
Challenges Welcome

Excellence

Diversity

Fairness

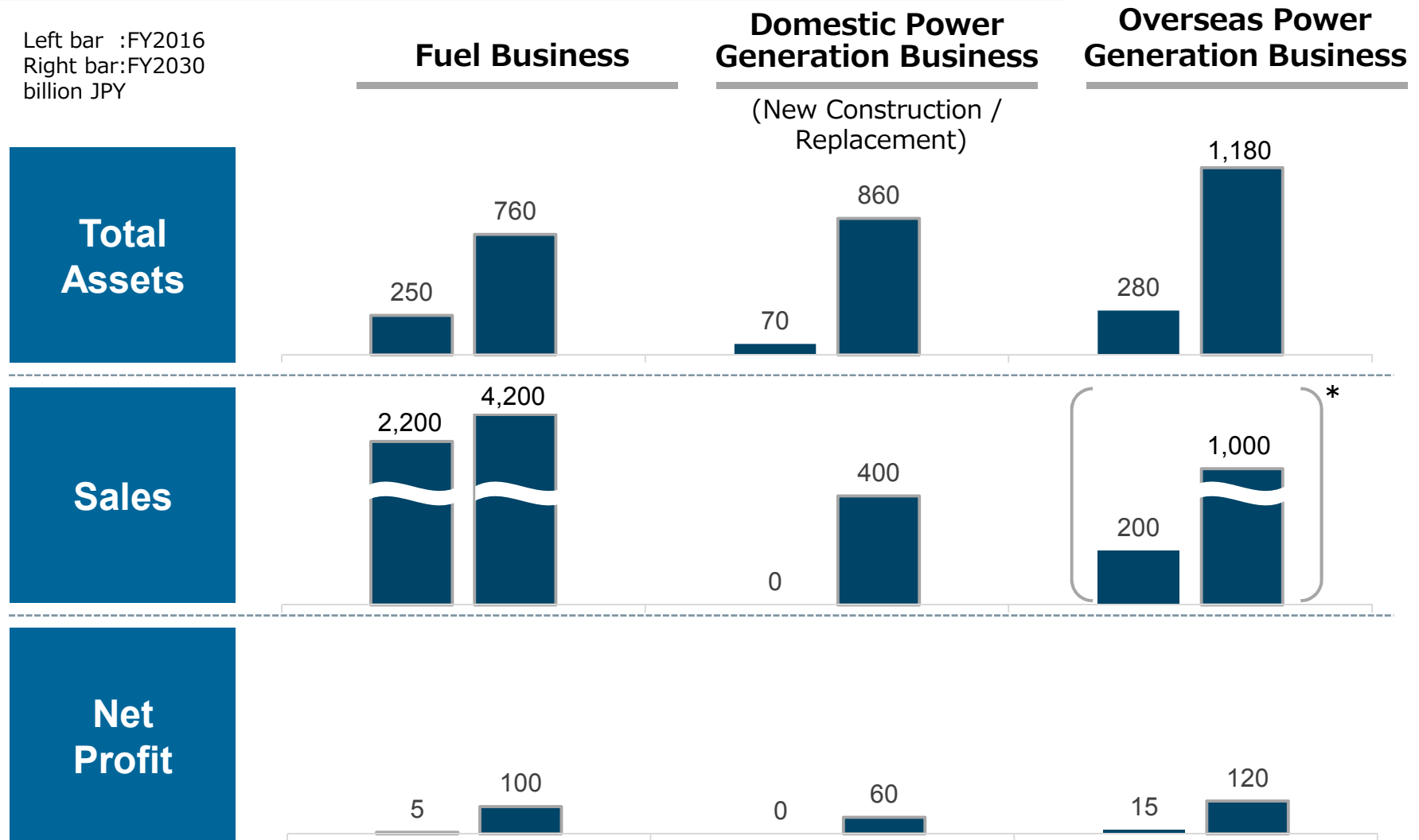
# 2-1. Management Objectives



※Assumptions for FY 2030: JCC:USD 155/bbl, HH:USD 8.3/MMBTU, Exchange rate: JPY 120/USD

## 2-2. Management Objectives by Business Area

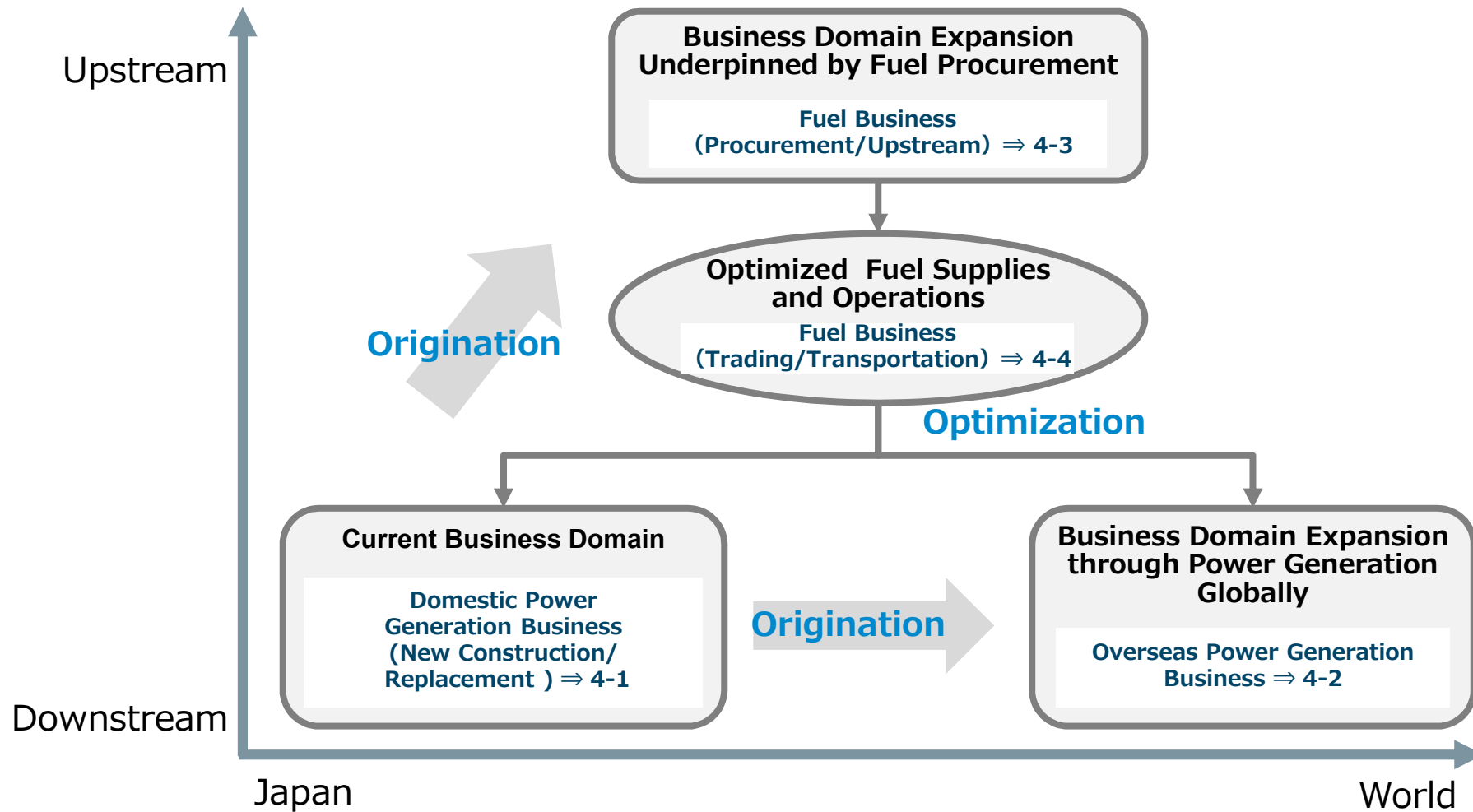
Left bar :FY2016  
Right bar:FY2030  
billion JPY



※Assumptions for FY 2030: JCC:USD 155/bbl, HH:USD 8.3/MMBTU, Exchange rate: JPY 120/USD

\* For Overseas Power Generation Business, earnings of affiliates are included for a reference on an equity basis.

# 3. Expansion of Business Domain



# 4-1. Growth Strategy – Domestic Power Generation Business: New Construction/Replacement

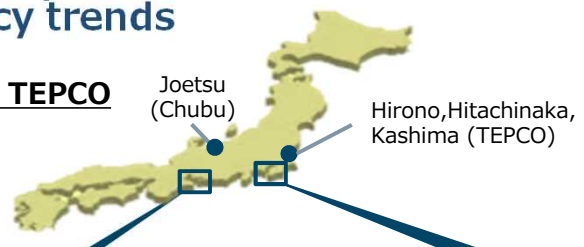
		As of July 2016	FY2030
<b>Domestic Power Generation Business</b> New Construction / Replacement	Power Generation Capacity	650 MW (1 site)	Approx. 12,000 MW (Approx. 10 sites)

- Achieve improvement in competitiveness and reduction in environmental burden by optimizing existing infrastructure and promoting replacement with latest technologies
- Secure flexibility to respond to future demand fluctuations and policy trends



## Existing Facilities of Chubu and TEPCO

● : Thermal power plant  
— : Gas pipeline



## 4-2. Growth Strategy – Overseas Power Generation Business

		As of July 2016	FY2030
<b>Overseas Power Generation Business</b>	<b>Power Generation Capacity</b> (Equity ownership)	Approx. 6,000 MW	<b>Approx.</b> <b>20,000 MW</b>

### Growth Strategy Utilizing Integrated Thermal Power Expertise

- Primary focus on Asia, Middle East and North America region
- Expand into North American merchant IPPs\*
- Actively develop renewable projects

#### Area of focus



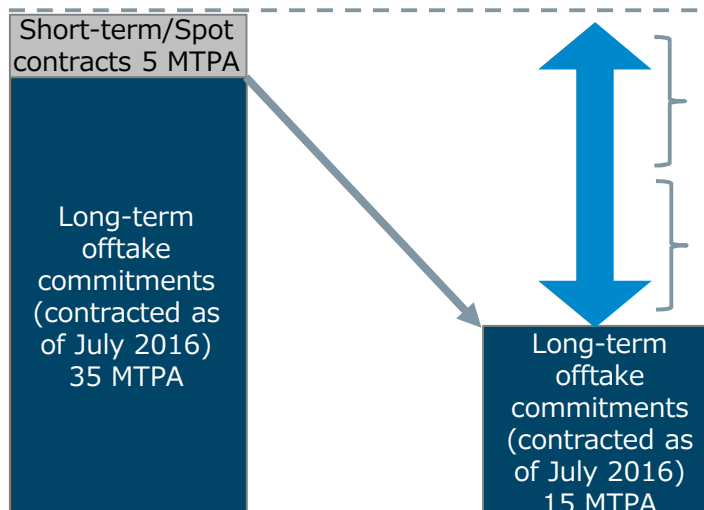


# 4-3. Growth Strategy – Fuel Business: Procurement / Upstream

		As of July 2016	FY2030
<b>Fuel Business (1)</b> Procurement / Upstream	Contracted LNG Volume	Approx. 40 MTPA	30~40 MTPA
	Contracted Coal Volume	Approx. 20 MTPA	20~30 MTPA
	# Investment Projects	6 Projects	Approx. 12 Projects

- Develop optimized fuel procurement and upstream equity portfolio underpinned by world top-class offtake volume
- Building procurement and business development platforms capable of adapting to future fluctuations in fuel markets

## Optimization of LNG Portfolio



As of July 2016

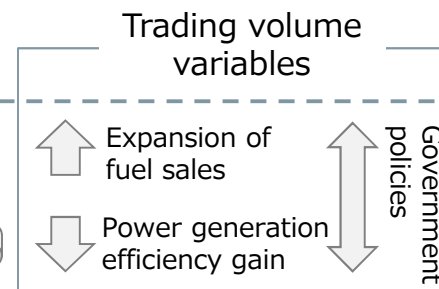
FY2030

### Short-term/Spot



### Long-term

Take strategic upstream equity position where appropriate



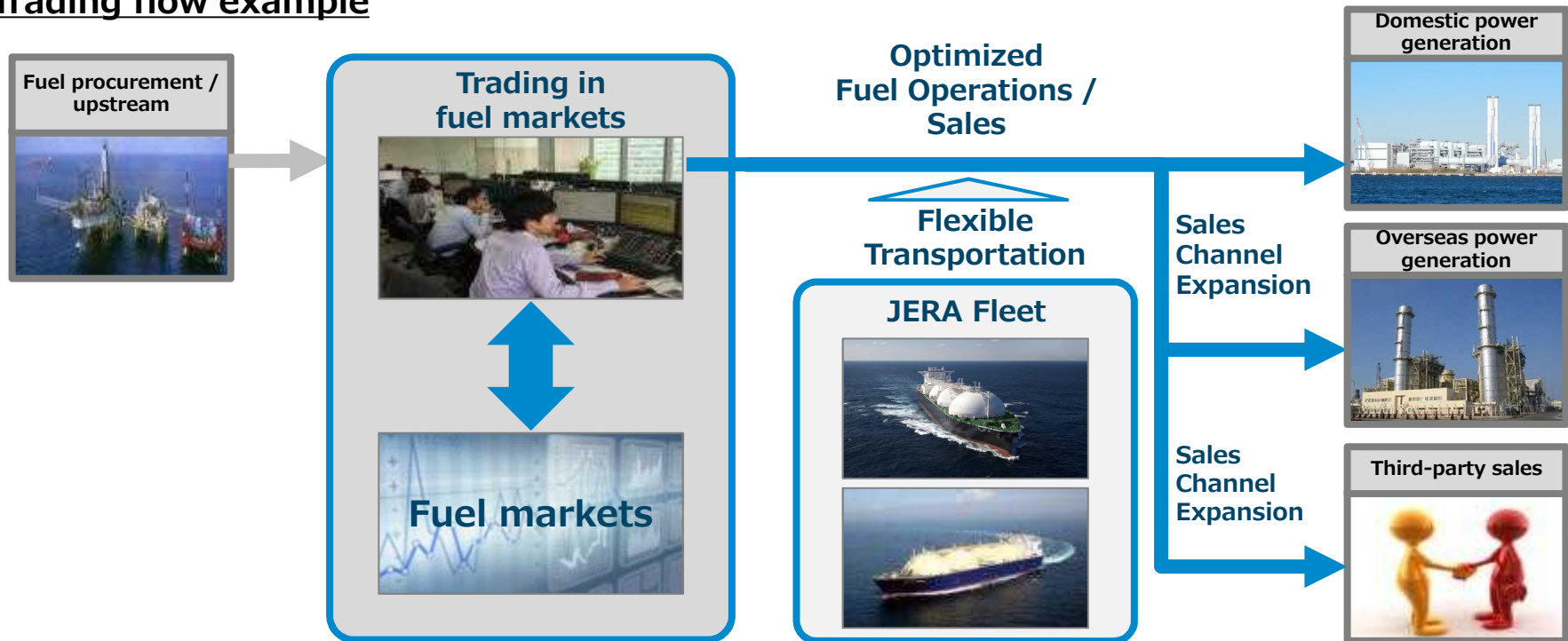
**Procurement through combination of highly flexible short-term /spot contracts and economically efficient / stable long-term contracts**

# 4-4. Growth Strategy – Fuel Business: Trading / Transportation

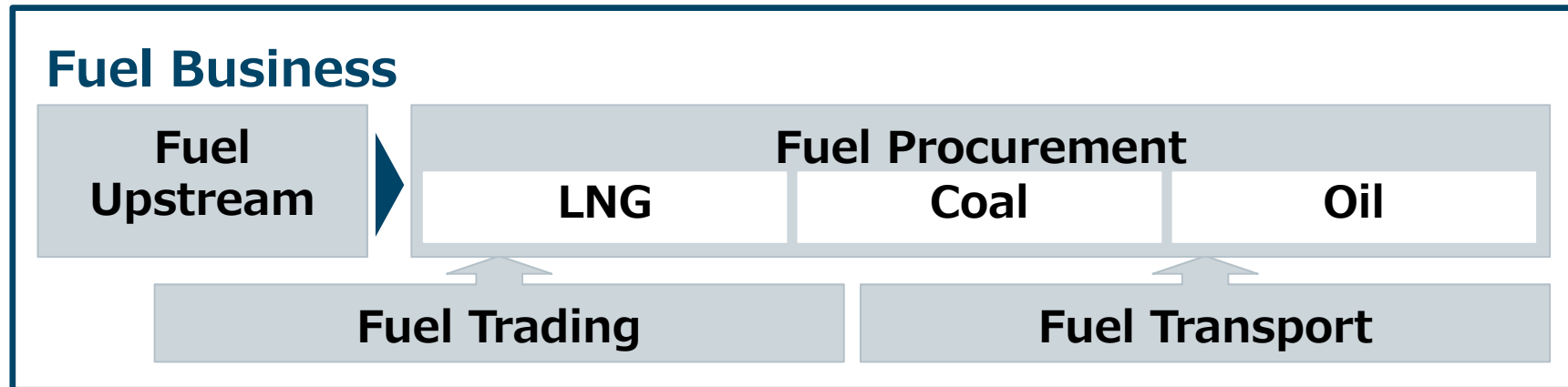
<b>Fuel Business (2)</b> Trading / Transportation	<b># LNG vessels in fleet</b>	<b>As of July 2016</b> 16 vessels	<b>FY2030</b> Approx. 30 vessels

- Pursue optimization through full utilization of own fleet and expansion of trading business
- Contribute to increase in market liquidity, and seek role as leading player in transformation of fuel market

## Trading flow example

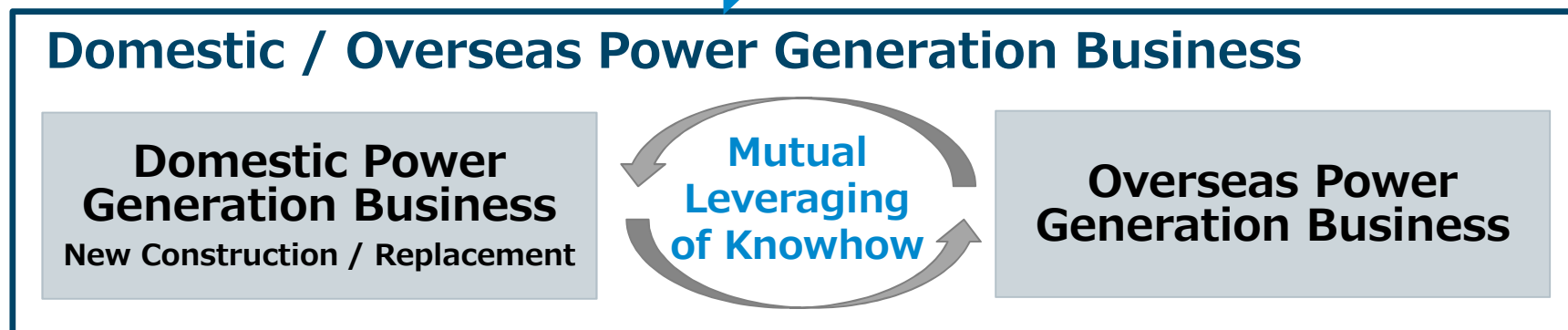


## 4-5. Growth Strategy – Synergies








Improve competitiveness in power generation through reduction of fuel costs, mitigation of environmental burden and greater procurement flexibility

Strengthening of fuel business through expansion in procurement scale and portfolio optimization

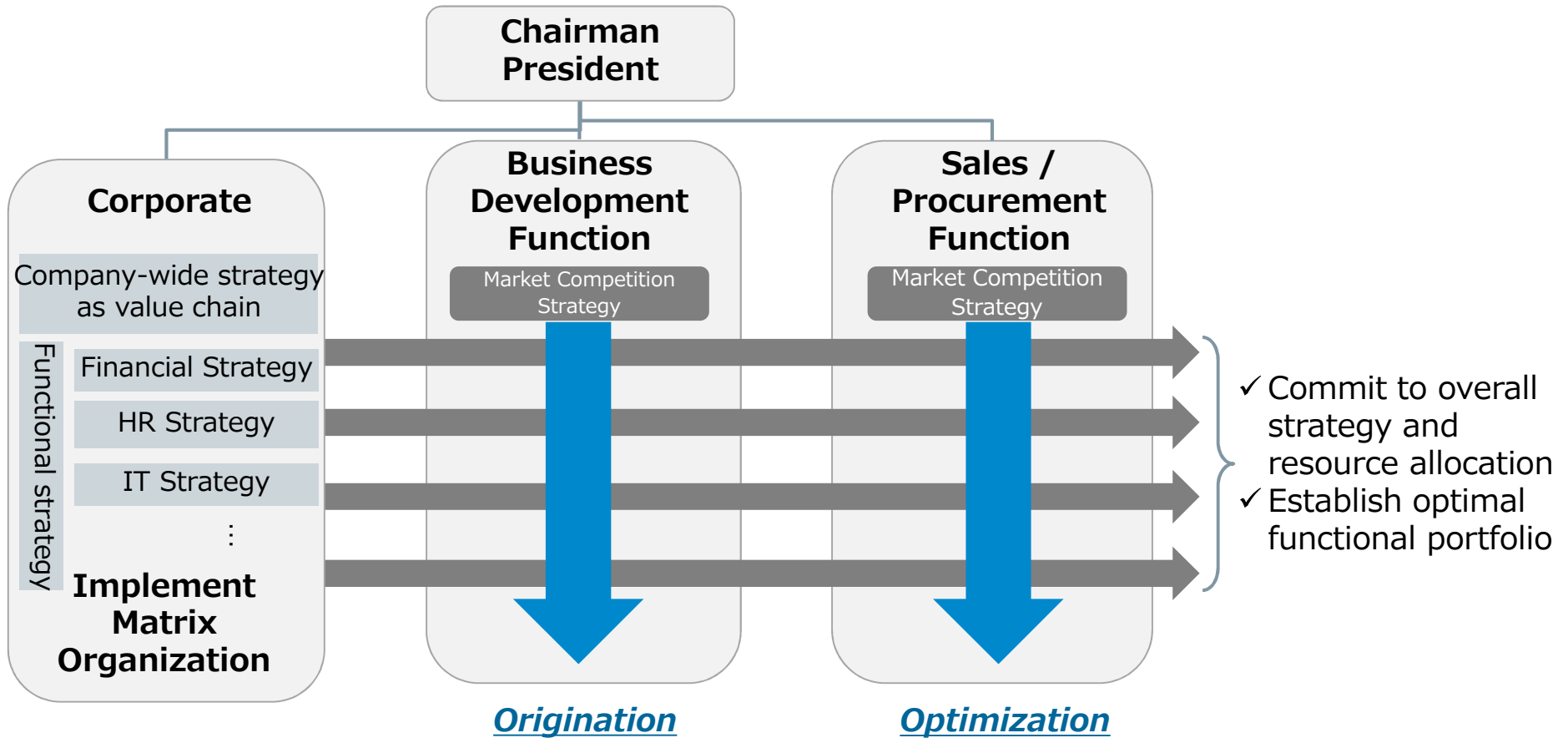


# 5. JERA in 2030

## Achieve growth by FY2030 as follows

			FY2030	Growth points
Domestic Power Generation Business (New Construction / Replacement)		Power generation capacity	Approx. 12,000 MW	Contribute to reduction in environmental burden through high efficiency power generation and establishment of new/replacement facilities
		Power generation capacity (equity)	Approx. 20,000 MW	
Fuel Business		LNG contracted volume	30~40 MTPA	Proactively engage in trading and upstream investment underpinned by world top-class procurement volume
		Coal contracted volume	20~30 MTPA	
		# of investment projects	Approx. 12 projects	
		# of LNG vessels	Approx. 30 vessels	

# 6. Corporate Structure



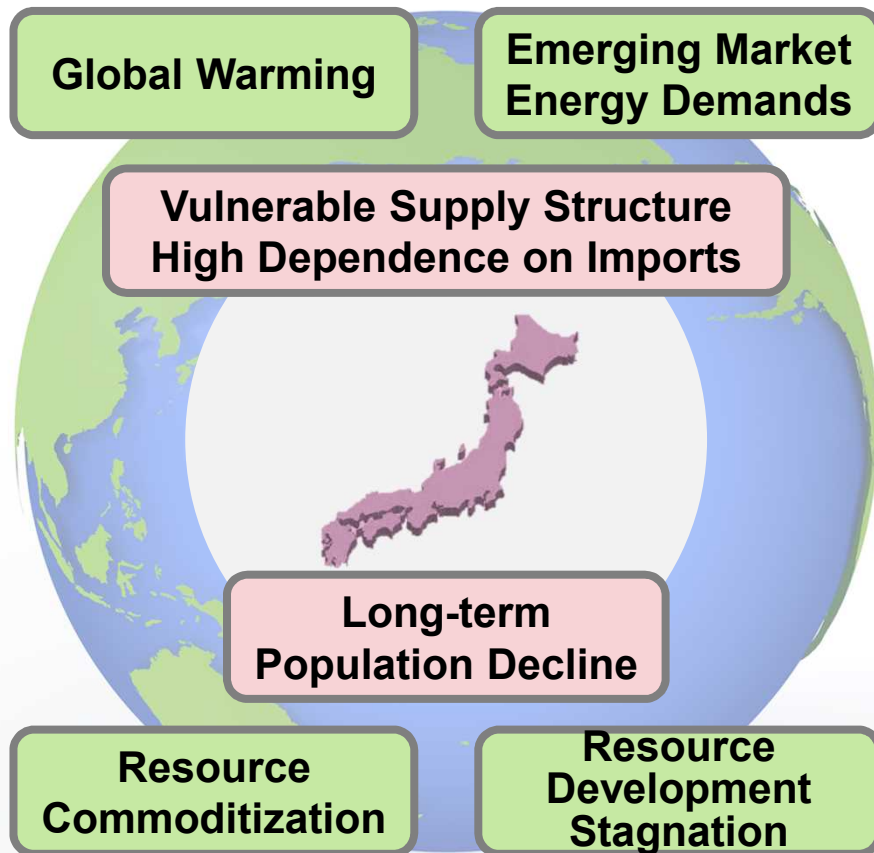
Through applying global standard portfolio management, create an asset portfolio that is competitive across the entire value chain and maximizes asset value

While applying global standard risk management, optimize business processes, staffing, funding and information flows to ensure unified and efficient operations, in order to maximize returns

# 7. JERA's Mission

JERA Enhances its Company's Value through Contributions to Resolve Issues in Japanese Energy Supply-Demand Structure and World Energy Market

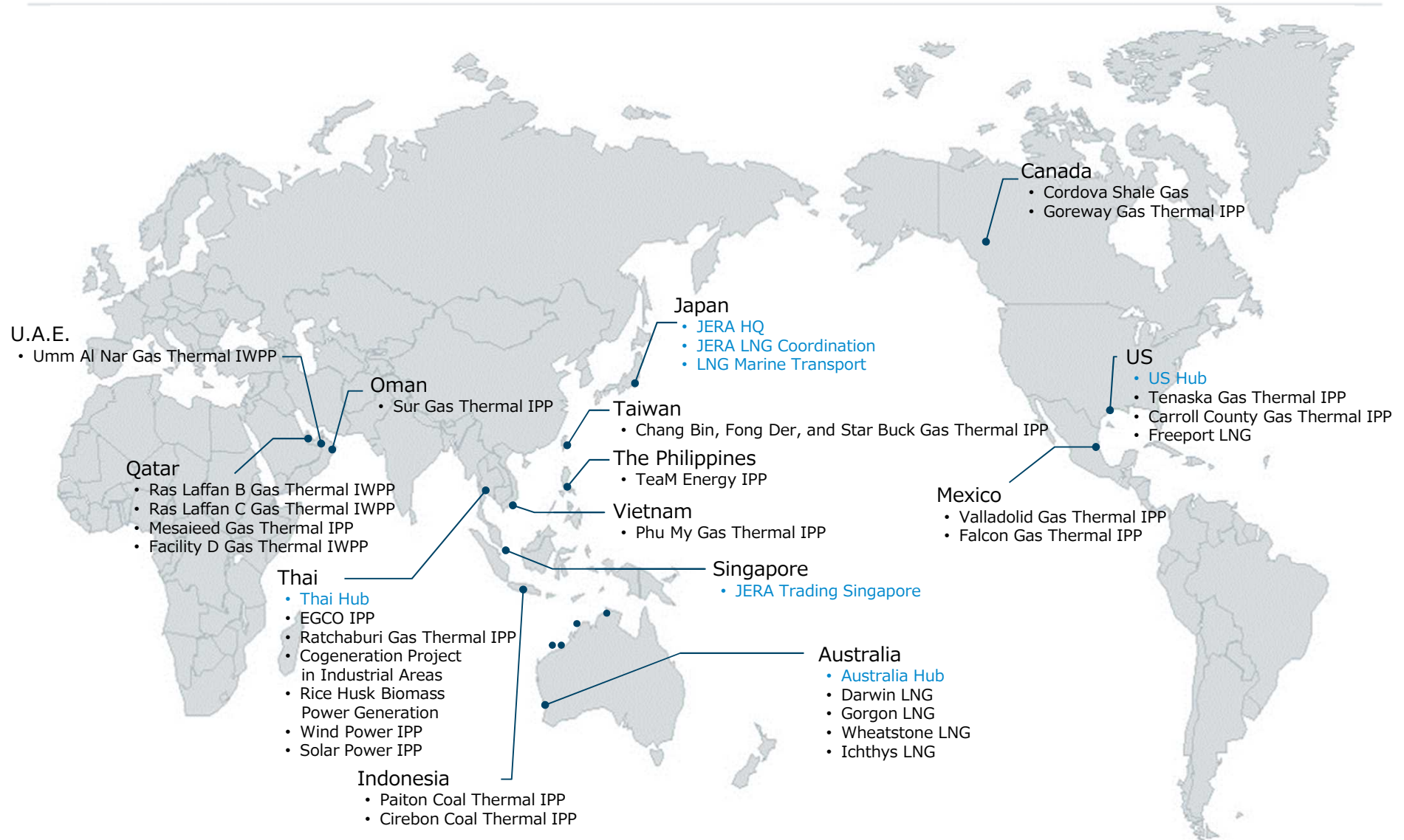
## Energy-Related Issues



## JERA roles

<b>Supply Security</b>	<ul style="list-style-type: none"><li>• Capture of long-term supply resources through long-term contract commitment</li><li>• Secure upstream resources with focus on procurement</li></ul>
<b>Market Liquidity</b>	<ul style="list-style-type: none"><li>• Establish trading business model to enable response to fluctuation in resource prices and demand</li></ul>
<b>Maximum Efficient Power Generation</b>	<ul style="list-style-type: none"><li>• Replace aging conventional stations with most efficient power generation</li></ul>
<b>Sustainability</b>	<ul style="list-style-type: none"><li>• Develop renewable energy and thermal power portfolio</li></ul>
<b>Contribution to Emerging Markets</b>	<ul style="list-style-type: none"><li>• Build power generation business model that is superior in terms of stability and economic efficiency</li></ul>

# JERA Group Hubs and Project Participation (as of July 2016)



## **Forward-looking statements**

The information in this presentation may contain forward-looking statements. All statements other than statements of historical facts included in this presentation may be forward looking statements. Without limitation, any statements preceded or followed by or that include the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “will”, “may”, “anticipates”, “estimates”, “projects” or words or terms of similar substance or the negative thereof, are forward looking statements. Forward looking statements include statements relating to the following: (i) future capital expenditures, expenses, revenues, earnings, synergies, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects; (ii) business and management strategies and the expansion and growth of JERA’s operations and potential synergies; and (iii) the effects of government regulation on JERA’s business.

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