



Press Release
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For Immediate Release

JERA and EDF Trading to form an LNG optimisation and trading joint venture

JERA Co., Inc (“JERA”) and EDF Trading Limited (“EDFT”) are pleased to announce the signing of binding agreements to form an LNG optimisation and trading joint venture where JERA’s and EDFT’s LNG optimisation and trading activities will be merged into JERA Trading Pte. Ltd. (“JERAT”).

This joint venture follows the successful completion of the acquisition of EDFT’s coal business by JERAT on 4th April 2017.

JERA holds 66.67% of the equity in JERAT through its wholly-owned subsidiary JERA Trading International Pte. Ltd. EDFT holds 33.33% of the shares in JERAT and is a wholly-owned subsidiary of EDF S.A. (“EDF”). JERA and EDFT will now have joint responsibility and joint control in managing the new and expanded business and each will have two Executive Directors. The Chief Executive will be appointed by JERA.

With demand for LNG in Japan becoming increasingly variable and difficult to predict and the ramp up in US LNG liquefaction, Europe has become a key balancing market for excess global LNG. As a result, JERA and EDFT believe that there is significant room for optimising LNG on a global basis, establishing a more liquid market, and, over time, developing a clear pricing signal for LNG in Asia.

JERA and EDFT have significant positions in the LNG market and this new business will bring important resources including risk management capabilities to this new partnership which will better position JERAT to respond to the uncertainties of LNG demand in Japan and Europe. JERA has been focusing on developing flexible LNG supply sources as flexible procurement is more important than ever before due to the large scale introduction of renewable power generation globally. EDFT has a successful third party LNG trading business and access to the European LNG and gas markets to enable the unloading, reloading and storage of LNG in-tank, and is one of the largest financial JKM traders in the market.

The companies will combine their LNG optimisation and trading activities into JERAT which will become the exclusive LNG optimiser for JERA and EDF S.A., managing their collective short and medium term LNG optimisation activity. LNG remains a strategically important fuel for JERA and EDF and this agreement will bring more flexibility and scale to both partners without affecting JERA’s and EDF’s long term procurement activities.

With around 300 people and offices in Japan, Singapore, the UK, the United States and the Netherlands, JERAT will become one of the largest utility-owned seaborne energy optimisers, spanning Asia, the Pacific and the Atlantic Basins.

As part of this transaction, EDF Trading North America, one of the leading marketers of gas and power in the region will be responsible for supplying electricity and natural gas to meet JERA’s capacity requirements at the Freeport liquefaction terminal. EDFT in Europe will become the exclusive market interface for JERAT with respect to the European natural gas markets.



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Recognising the expansion of JERAT's business globally, JERA and EDFT agreed to change the name of JERA Trading to "JERA Global Markets".

This transaction is subject to customary regulatory approvals and is expected to be completed by early 2019.

"We look forward, through JERA Global Markets, to optimising our global LNG portfolio with more flexible LNG sources and associated shipping positions amid the uncertainties of LNG demand in Japan and global LNG market developments", said Yuji Kakimi, President of JERA.

"LNG is an important fuel for EDF and this joint venture will combine EDFT's wholesale market optimisation capabilities with JERA's offtake volumes. This is another important step in our relationship with JERA, which started in 2005 and has significantly grown over the years. I look forward to building this new business with JERA in the rapidly developing LNG market," said John Rittenhouse, Chief Executive, EDFT.

"With this operation, JERA and EDFT are entering into a new chapter of their strategic partnership, which will bring scale and value to both Groups", said Xavier Girre, Senior Executive Vice President and Chief Financial Officer of EDF Group and Chairman of EDFT.

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JERA

JERA is an energy company with global reach that has strength in the entire energy supply chain, from participation in LNG and other fuel resource projects and fuel procurement, through fuel transportation to power generation. Established in 2015, JERA is an equal joint venture of two major Japanese electric companies, TEPCO Fuel & Power Incorporated and Chubu Electric Power Company. JERA's mission is to supply power and energy on a globally competitive basis, by effectively developing and managing its portfolio of energy chain assets and continuously optimising its business.

EDFT

EDFT is a leader in the international wholesale energy markets. The company manages a portfolio of assets which give it the ability to source, supply, transport, store, blend and convert physical commodities around the world. These capabilities enable EDFT to deliver essential asset optimisation services, risk management and wholesale market access to the EDF Group and its third party customers, helping them to realise the value inherent in their asset portfolios. EDFT is a 100% owned subsidiary of EDF, one of the world's biggest electricity generators. EDFT has around 800 employees with key offices in London, Paris, Singapore, Houston and Calgary.