

Where will all the Homeless LNG go?

Platts 15th Annual Liquefied Natural Gas Conference



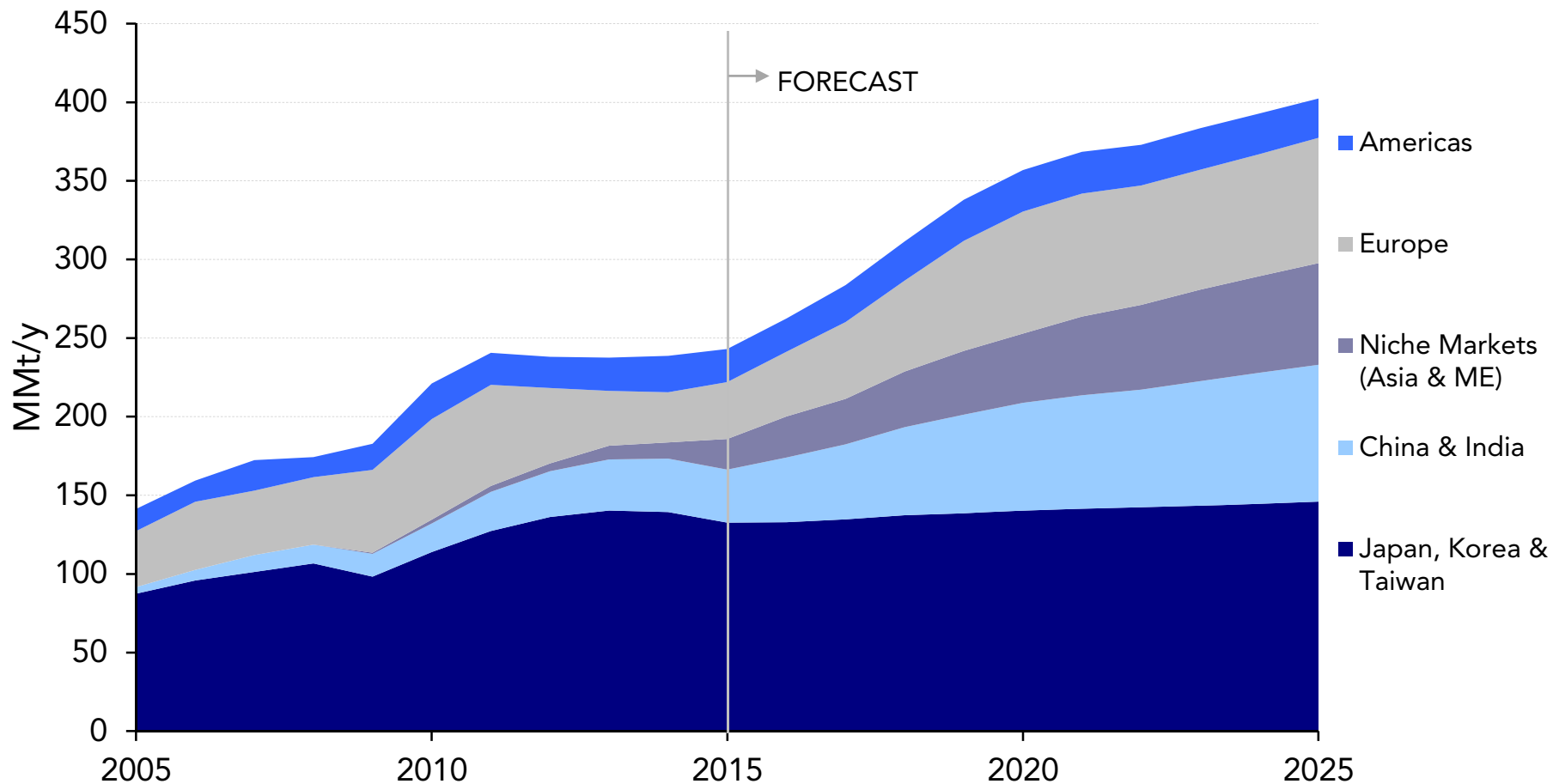
February 18-19 2016

Agenda

1. Global LNG Supply/Demand Update
2. What is “Homeless LNG”?
3. Where is “Homeless LNG” being supplied from?
4. Destination opportunities
5. Will the price be right?

LNG demand projected to reach 400 MMt/y by 2025

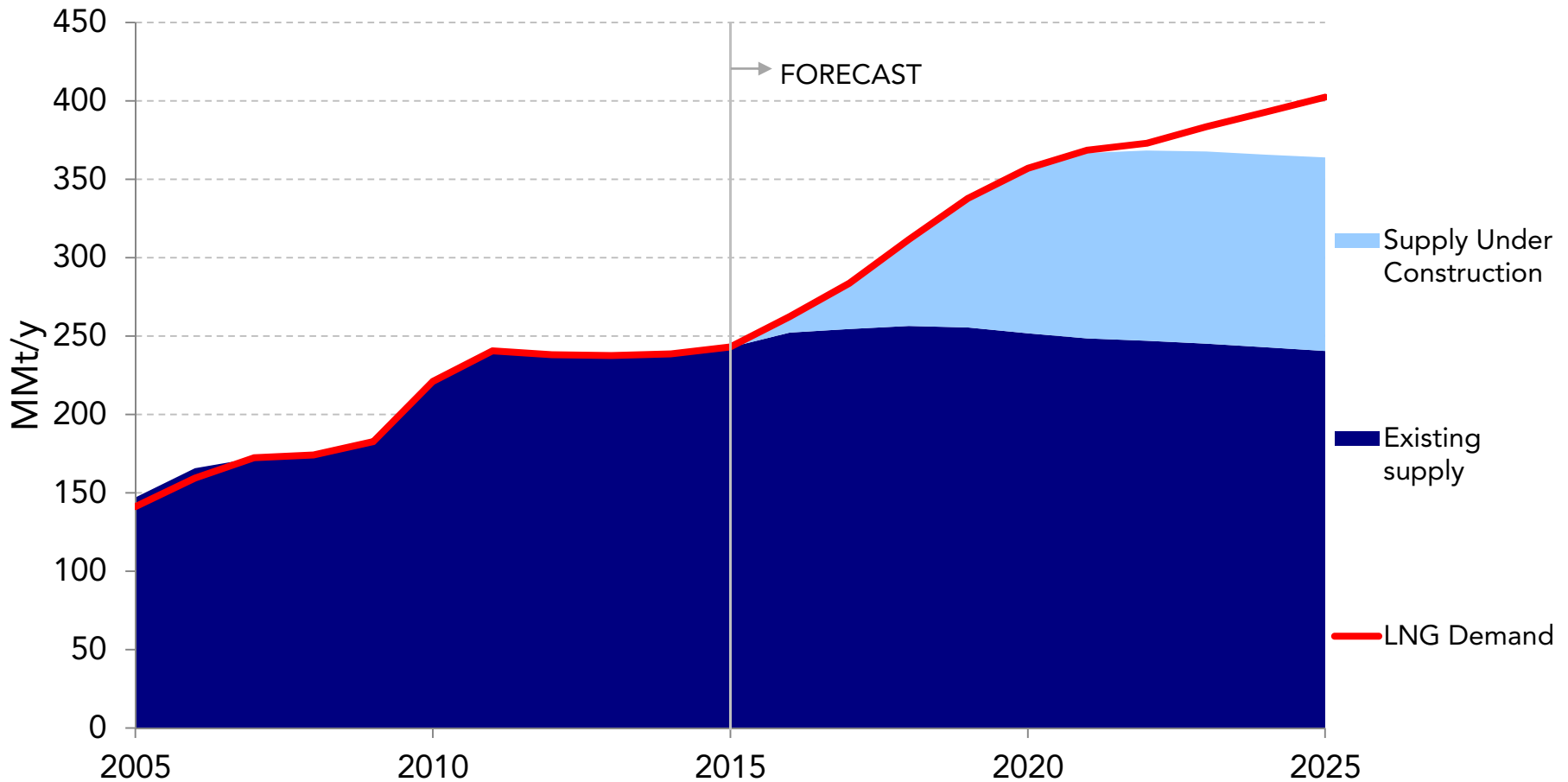
Global LNG Demand Forecast (2005-2025)



Source: Poten & Partners

Supply opportunities for new projects beyond 2022

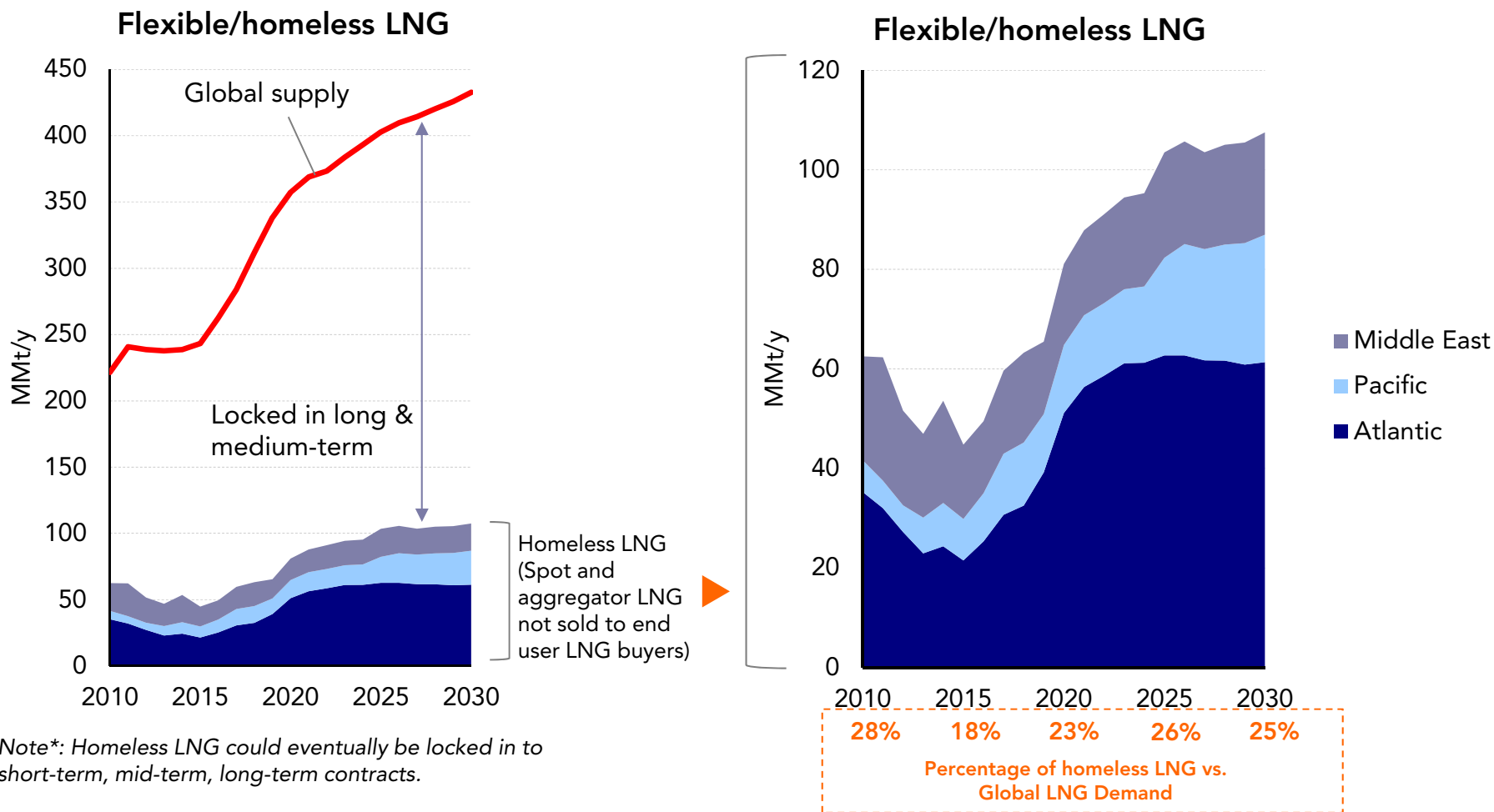
Global LNG Demand vs. Committed Projects (2005-2025)



Source: Poten & Partners

Around 110 MMt/y of "Homeless LNG*" by 2030

Around 25% of global trade, to compete with new projects



Note*: Homeless LNG could eventually be locked in to short-term, mid-term, long-term contracts.

It is important to note "Homeless LNG" will not stay homeless for ever, as many suppliers are currently seeking long-term sales for these volumes and may succeed – moving homeless to the long-term column

Several potential “homes” for homeless LNG...

North America

- Highly liquid gas-on-gas market of last resort that never developed due to shale gas revolution

NW Europe

- Gas-on-gas market provide access to flexibility through liquidity and regasification capacity

China and India

- China and India will grow but constrained by price controls
- Lower GDP growth and weakening power demand

Japan Korea Taiwan

- LNG challenged by Increased competition from coal and nuclear
- Limited flexibility as no gas on gas market and deregulation taking too slow

South America

- Declining production, pipeline trade and growing demand promote LNG
- Limited flexibility due to limited gas trade within region

Middle East

- Stagnating production and growing demand driving LNG growth
- Limited flexibility due to limited regional gas trade and strong government control of gas industry

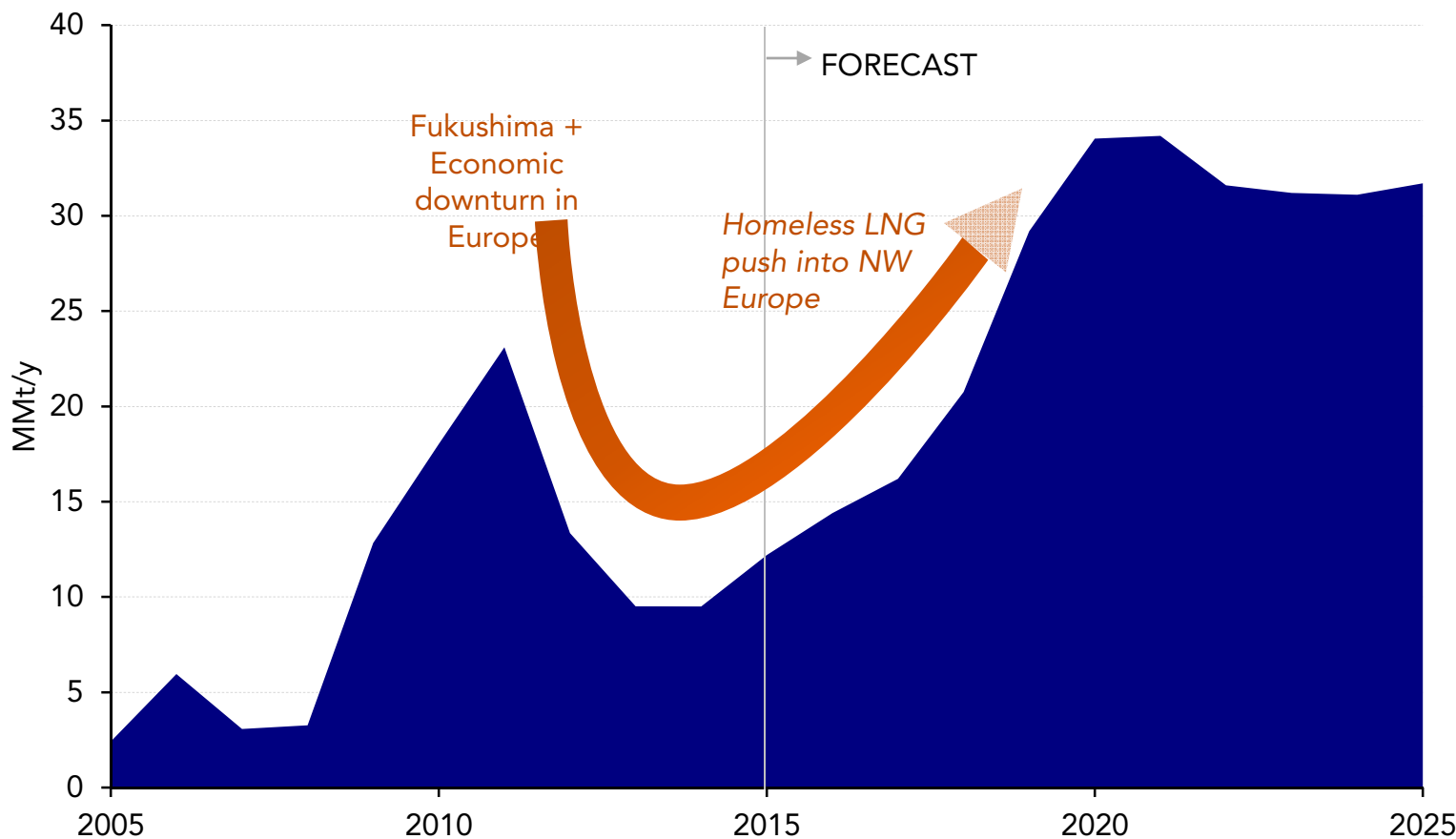
SE Asia

- Growing LNG requirement, as natural gas displaces liquids in power generation but limited flexibility due to fragmented markets

Source: Poten & Partners

Northwest Europe is LNG market of last resort

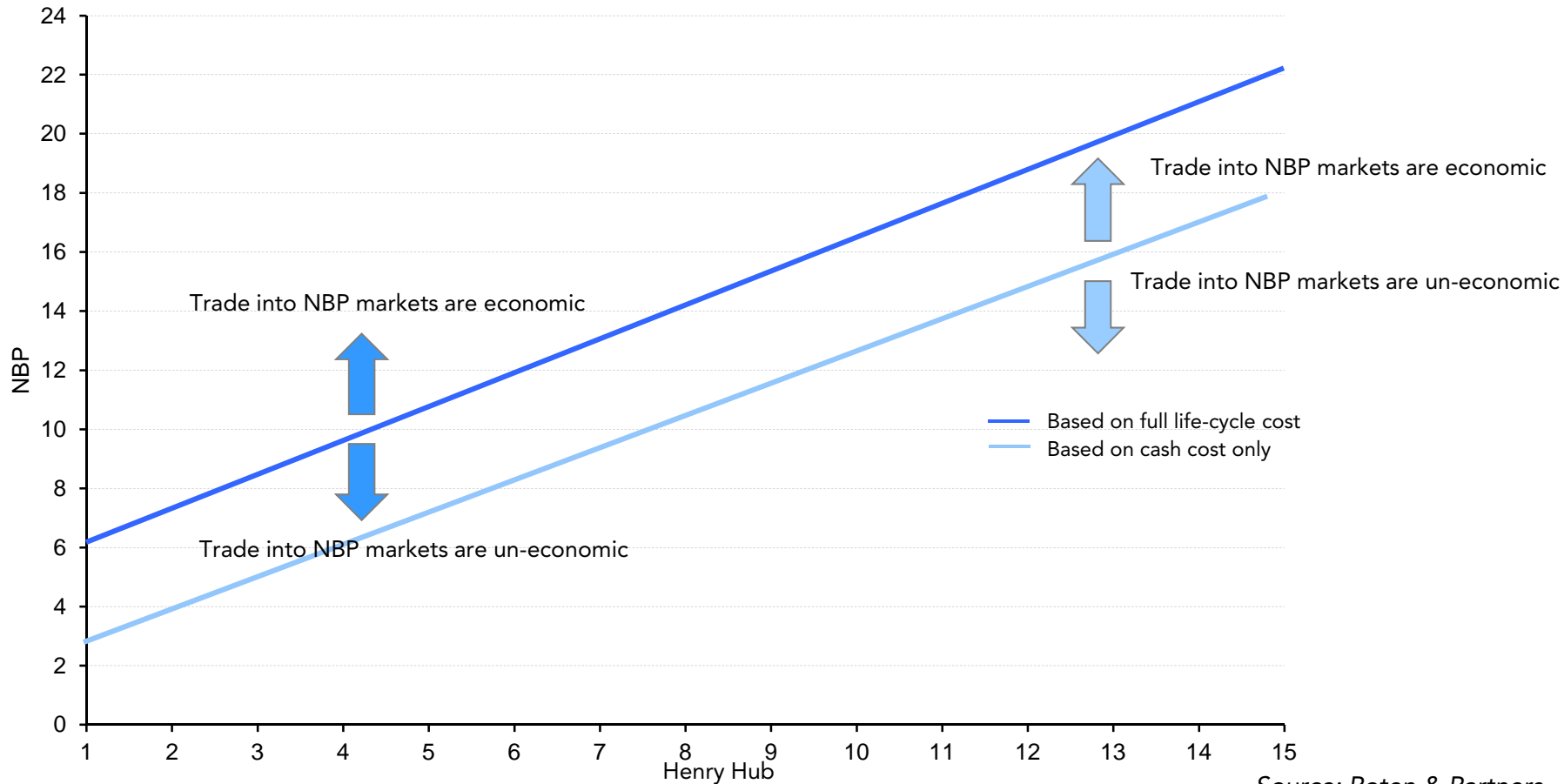
UK, Belgium and the Netherlands LNG imports



Source: Poten & Partners





















Is US LNG trade to NW Europe profitable?

Relative NBP to HH price relationship for US liquefaction



Source: Poten & Partners

What does comparative analysis reveal?

| Market Attributes | Northwest Europe | South America & Caribbean | Southeast Asia | China & India |
|---|---|--|---|---|
| Need for more LNG |  |  |  |  |
| Market liquidity and depth |  |  |  |  |
| Natural gas price levels |  |  |  |  |
| Long-term requirement (ability to sign TOP agreement) |  |  |  |  |
| Baseload needs |  |  |  |  |

Source: Poten & Partners

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