

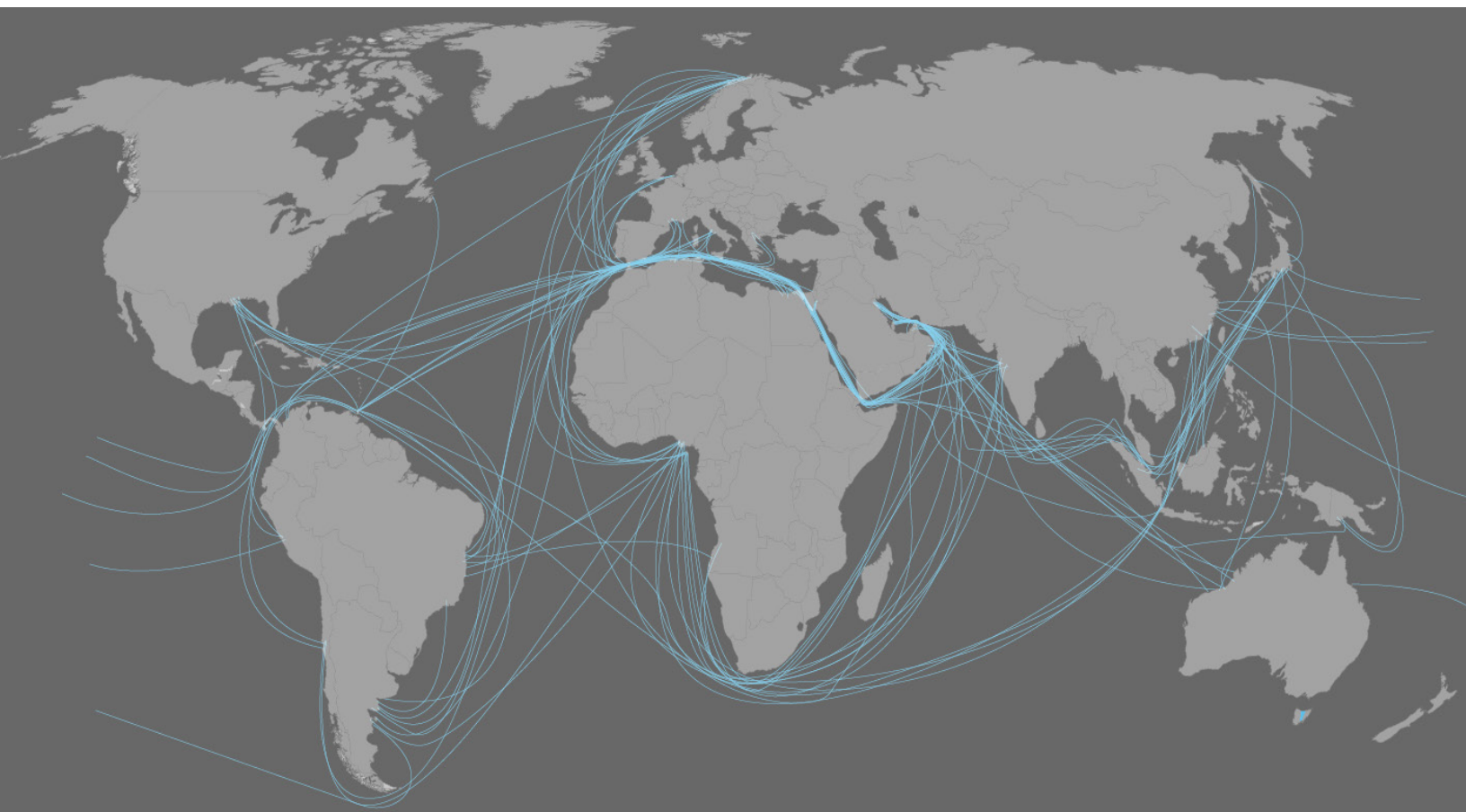


POTEN & PARTNERS

TwoTwoFive

LNG Trading From Strategy to Practice

2-4 October, 2018 - Singapore



A Three-Day, Intensive
Course in LNG Trading



From big picture to hands-on experience, with plenty in between

About the Course

Trading is one of the most dynamic areas of the fast-growing LNG industry. Spot and short-term LNG transactions registered an astonishing 38% per annum growth from the turn of the millennium to 2011, enabling the industry to adapt to demand fluctuations. Traded market volumes have plateaued in recent years around 70 million tonnes per annum, or 29% of the global LNG market. LNG trading will register another dramatic increase as the wave of new supply from the US Gulf Coast comes on stream. Much of that supply does not have a designated long-term market. Virtually all of it is, by contract, destination flexible.

Trading is also one of the most demanding areas of the LNG industry. It requires knowledge of suppliers, prices and markets, shipping, port and terminal constraints, players, traditional and unique hedging instruments, and various specialized contracts. Trading dynamics are global in scope. LNG infrastructure is unique and LNG is very costly to ship and to store. Parcel sizes are usually whole shiploads, making LNG trading a high stakes business. The momentum behind short-term trade has led to the reorientation of the commercial structure of LNG trade toward LNG-specific short-term price markers, such as JKM, hub-style LNG terminals offering storage and reload, bulk breaking, and other services.

Successful LNG trading requires both breadth and detail, strong preparation but also decisions under tight deadlines for opportunities that may soon disappear. While increasing amounts of information are reported, the market is as changeable as the weather. The changes are sometimes dramatic, as when, for example, a natural disaster shuts down nuclear power. There is a compelling need to manage and control risks, while still return a profit. Competition is strong and growing.

Delivering a course that succeeds in helping attendees meet the challenges of LNG trading is also demanding. LNG Trading From Strategy to Practice provides an outstanding solution through the combined efforts of TwoTwoFive, the world leader in training courses for energy commodities traders, and Poten & Partners, the world's leader in LNG consulting, brokerage and business intelligence services.

The course is held in Singapore, the worldwide hub of LNG trading where some 35 traders have now set up shop.

Course Objectives

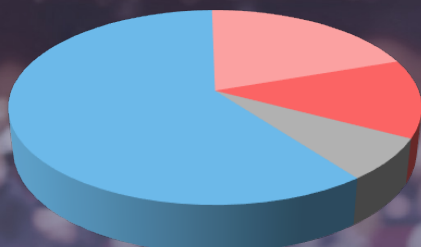
- Give the conceptual framework to understand LNG trading and to participate effectively in developing an LNG trading business
- Provide practical tips, tools and tactics to devise and execute sound LNG trading strategies
- Build an understanding of the commercial, operational and logistical aspects of LNG trading, how they interact, and how successful traders manage that interaction
- Help attendees bridge between the course materials and their specific jobs and business requirements, with immediate payoff to their careers and sponsoring organizations
- Give attendees direct, in-depth exposure to leading experts who have worked in a variety of roles across the extended LNG value chain
- Provide hands-on exposure and real-life experience through case studies, exercises, and TwoTwoFive's unique computer-based LNG simulations

Who Should Attend

- New or recent LNG traders
- Staff with responsibility to establish or consolidate recently established LNG trading businesses
- Gas buyers seeking to optimize their supply position and manage seasonal demand variations
- Staff who are from well-established trading entities but do not have a strong background in LNG trading
- Line managers who are seeking to better integrate LNG trading into their business units, or who are considering setting up an LNG trading business
- Support professionals, including from professional service firms, who are seeking to better understand LNG trading
- Government officials involved in oversight of companies that trade LNG
- Shipping companies and terminal operators that need to understand the short-term business

Course Breakdown

The course content will consist of high-level lectures with some interactive elements and interesting case studies



■ Simulations ■ Case Studies ■ Exercises ■ Lectures

Our course is specifically designed to cover the unique areas of LNG trading. It will cover aspects of natural gas trading in general, but the focus will be LNG and an experienced natural gas trader from Europe or North America will find the course valuable in providing the LNG orientation they need.

Due to the intensive nature of the course, we recommend that only attendees with a strong drive to learn about LNG trading register.



Leading firms working together to deliver an unrivalled training experience

LNG Trading from Strategy to Practice is taught by TwoTwoFive and Poten & Partners

TwoTwoFive is a global consultant and training organization which is dedicated to providing pioneering, bespoke and next generation training solutions. It brings a unique and cutting-edge combination of experience, technology and science to training, selection, development and assessment in the commodity trading training space. Brought to you by professional practitioners in the energy trading space with multi-year careers at all levels in a major global energy trader.

These fundamental core pillars of Experience, Technology and Science when combined into one training program differentiate our programs from the other industry offers.

Poten & Partners is a leading provider of advisory and brokerage services to the energy and ocean transportation industries. Our involvement in the LNG industry includes consulting, ship and commodity brokerage, financing, project development, and business intelligence. In particular, we are:

- The world's oldest and largest group of LNG consulting specialists, with expertise in markets and pricing, supply and procurement, shipping, and technical facets along the value chain
- A leading broker of LNG carriers at all charter lengths, with services including outsourcing of vessel procurement and vessel finance transactions such as sale/leaseback
- A leader in technical due diligence for lenders to LNG supply ventures and import terminals
- A key source of information to industry players, through our flagship *LNG in World Markets* and other subscriber reports
- A pioneer in LNG cargo brokerage services.



In-depth coursework...

Course syllabus

DAY ONE

The Context: Why Trade?

- Dynamic global natural gas and LNG world market
- Industry unbundling and growth of liquidity
- Increasing number of import terminals
- Growth of the LNG fleet and independently owned
- Diverse world gas price indices
- Portfolio players, traders, end users
- Sub-optimised existing LNG trades
- Margin gains from shipping and price arbitrage
- Roles and functions in the broader LNG trading team

Mechanics of Trading

- How is trade facilitated
- Trading terminology
- Market Structure

LNG Trading in Asia

- Asian gas market overview
- How gas is traded in Asia
- Major prices indices and key drivers
- China's winter of discontent
- The future development of Asian gas markets

LNG Trading in the Atlantic Basin

- European gas market overview
- Major price indices
- How gas is traded in Europe
- North America gas market overview
- Major price indices
- How gas is traded in North America

Case Study: Panama Canal

Simulation: Trading Gas Prices - Flat Price

- Introduction to the IGNITE Simulation model
- Interpret news items and form market view on flat price
- Execute futures trades to go long or short Gas flat price
- Manage trades within limits and generate P&L

LNG Trading Opportunities I

- Arbitrage
- Fixed vs Floating price
- Tenders
- LNG Swaps

LNG Trading Opportunities II

- Reloads
- Sleeving
- Floating storage
- Real option trading: the NW Europe backstop
- Relationships in a half-commoditized market

Case Study: Reloads

DAY TWO

Simulation: LNG Negotiation

- Portfolio of short and long positions
- Negotiate with other teams to cover portfolio
- Calculation of potential freight, and buy /sell on FOB/DES basis
- Ensure all cargoes executed are matched appropriately

How to Plan an Optimal LNG Supply Portfolio

- Development of LNG Master sales agreements
- Contract Optionality
- LNG liquefaction tolling agreements
- Short term LNG supply and demand tenders
- Spot cargo trading
- Managing LNG/gas quality issues

Optimisation of LNG Storage and Shipping

- Terminal use agreements
- LNG loading constraints and procedures
- Loading and unloading window and penalties
- Role of storage and shipping
- Summary of shipping costs
- The long-term LNG ship charter market and its place in trading
- The spot and short-term ship charter market
- LNG boil-off, cool down issues and managing the LNG heel
- Voyage optimisation
- Swaps and a shipping optimisation tool



... lectures, cases, exercises and computer simulations...

Course syllabus

Exercise: Shipping

Calculate cost of chartering for a WAF to Japan voyage

Practicalities and Procedure of LNG Trading

Term sheet structure and key features
Key features of LNG SPA's and MSA's
Credit requirements
LNG charter party and terminal use agreements
Parcel sizes and safe loading ranges for ship tanks
Ship vetting and terminal clearance process
Ship compatibility with the terminal
Cargo inspection and custody transfer

Pricing Risk Management and Forward Curves

Constructing an LNG forward curve
Managing the risk within an LNG portfolio
Optimising risk vs reward

Simulation: Hedging Tutorial

Introduction to hedging
Utilisation of futures/swaps as hedging instrument
Identification of price exposures if no hedging in place

Managing LNG Complexities

S-curves (types and peculiarities)
Brent or other formulas for pricing
Different types of paper instruments
Paper hedging techniques
Hedging S-curves structures in LNG contracts

Exercise: Upside Sharing

Calculate commercial value of two options - which to choose

Risk Management

Major risks such as cross commodity risk
Reliability, liquidity and transparency of LNG price indexes
Title transfer and taxation issues
Changing appetites for credit and other risks
Risk management tools - hedges, swaps, letters of credit

Case Study: Trading at Tangguh

Back Room & Board Room

Integrating trading into the broader organization
Policies, processes, tools
Oversight & key metrics

Simulation: Asian and Middle East Physical

Identify price dislocation and potential arb opportunities
Make money by trading LNG cargo differentials and arbitrage
Buy and sell FOB and DES cargoes
Manage price risk

Current Key Issues and Opportunities

Asian market reform
LNG hubs
Paper trading and development of LNG price indices
The long buyers' market
Aggregators vs. traders

DAY THREE

Simulation: Hedging

Determine price exposure of given portfolio
Hedge position to lock in profit
Review exposure change as new deals are executed
Unwind hedges as cargoes price in and out on daily basis

Advanced Trading and Pricing Strategies

Portfolio effect
Optionality at terminals
Contract optionality
Sophisticated hedging strategies
Pricing opportunities

Course fee: US\$4,000

The fee includes refreshments, lunches and a special participants evening meal hosted by the course instructors. Course enrollment will be limited to a maximum of 20 persons. This is due to the highly interactive nature of the training.

Reserve your place by contacting

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...taught by industry experts

The course will be given by practicing experts in the LNG industry using a mixture of presentations and case studies. A course certificate will be presented on completion.

About the Instructors



Garry Swaine
Asia Director - TwoTwoFive



Larry Marks
Senior Advisor - Poten



Simon Papa
LNG Broker - Poten



Rolv Stokkmo
Shipping Broker - Poten

Garry Swaine

Garry, TwoTwoFive's Asian Director, has extensive experience in energy trading and supply chain optimisation. Previously he was Head of Learning and Development and Head of Crude Trading for BP's Singapore trading business. He is based in Melbourne.

Larry Marks

Larry is a Singapore-based senior advisor in Poten's consulting practice. Before joining Poten he was Vice President, Sales and Marketing for Tangguh LNG and LNG Business Manager, BP Trinidad & Tobago.

Simon Papa

Simon is Poten's lead commercial broker for short and long-term LNG cargo sales agreements. Previously he was a Senior Originator with BP responsible for European natural gas and LNG. Simon is based in London.

Rolv Stokkmo

Rolv is a senior LNG Shipping and Product Broker with more than 35 years of experience in international gas shipping and commodity trading. His experience includes trading and commercial roles at Caltex and Chevron. He is a Sea Captain.



THE COMPLETE SUITE OF POTEN'S TRAINING OFFERINGS

North America LNG

The course will provide a grounding in the commercial / economic components of the LNG liquefaction business and the technical, market and marine aspects of this sector. The course will provide an introduction to LNG and a detailed look at the LNG value chain, the origins of LNG trade, the dynamics of LNG contracts and the current business environment.

LNG Trading - From Strategy to Practice

The course will give attendees the conceptual and practical tools needed to understand, participate in and build an LNG trading business. It will also discuss the design and implementation of sound LNG trading strategies. The use of realistic case studies will bridge between the course material and specific job and business requirements. This will ensure the course has significant benefit to the participants and that the learning can be immediately applied.

LNG FSRU Development

The course will provide a foundational overview of the commercial and economic underpinnings of the LNG regasification business. It will also cover the associated technical, market and marine aspects of this sector. The course will have a strong focus on the development of floating regasification projects linked to power generation.

Tools for Effective Participation in LNG Joint Ventures

This targeted training course will enable those working in and with LNG joint ventures to move quickly down the learning curve. The course will help them to effectively engage with the venture operator and other venture partners. Individual skills and organizational capabilities needed to achieve world-class participation will be developed through this course. Participants will quickly gain the understanding and frameworks required for successful participation in upstream and liquefaction joint ventures.

*Get in touch today to secure your space at one of our training sessions!**

**Poten also offers these as in-house courses for clients, where they can be tailored to specific requirements. Contact details can be found on back cover.*



POTEN & PARTNERS

**For additional information or to sign up
for this course, please contact:**

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