



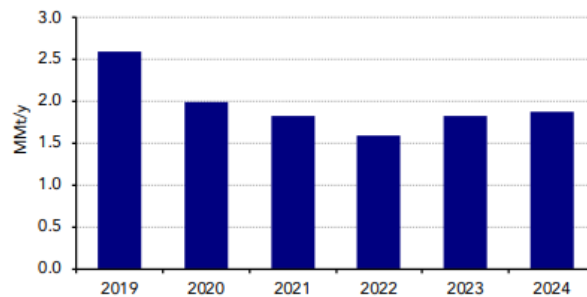
LPG Market Outlook

LPG Production in Indonesia to Rise

Declining production in Indonesia since 2019 has corresponded with a simultaneous rise in imports over the same time frame. As natural gas reserves have depleted, Indonesia has been forced to go into international markets to meet domestic LPG demand.

LPG production declined by 40% from 2019 to 2022 to 1.6 MMt, but the declines are forecast to reverse in the near term.

Indonesia LPG Production Forecast

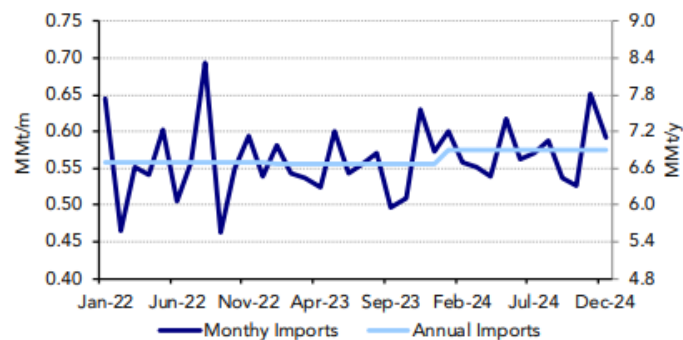


British Petroleum (BP) recently signed a 20-year extension of the production sharing agreement they have with Indonesia in the Tangguh gas field.

Train 3 at the Tangguh LNG project is expected to come online this year which has been deemed a project of national importance by the Indonesian government.

However, declining natural gas production has been an impediment to the expansion. With natural gas production forecast to increase to meet higher feed gas requirements at the Tangguh LNG export terminal, LPG production is also forecast to rise to 1.8 MMt in 2023 and 1.9 MMt in 2024.

Indonesia LPG Import Forecast

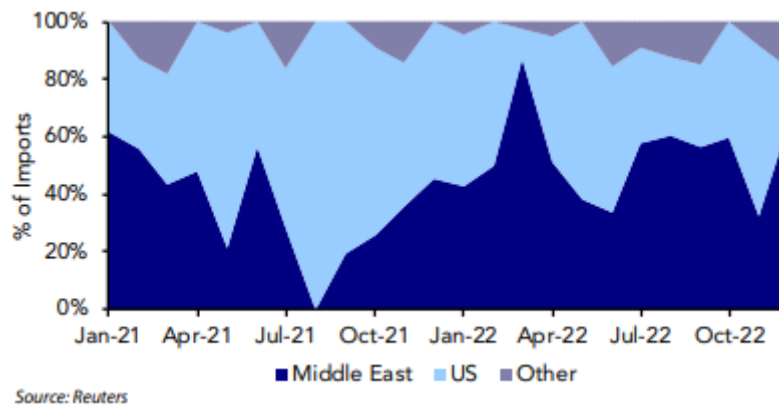


Indonesia consumed roughly 8.3 MMt of LPG in 2022 of which 6.7 MMt, or 81%, was imported. With high LPG prices around the globe, the Indonesian government has been working hard to reduce reliance on imports.

Reducing LPG imports has been a goal for Indonesia for quite some time, yet ongoing efforts have yielded little change. Imports are forecast to remain flat at 6.7 MMt in 2023 but rise to 6.9 MMt in 2024 as demand growth outpaces production growth.

However, stalling economic growth through 2023 and potentially in 2024 may lead to lower demand and cut imports from current estimates. Plans to substitute LPG with coal-gasification will not go into effect until 2025.

Indonesia Imports by Source



On average in 2021, 57% of Indonesia's LPG imports were sourced from the US while 37% came from the Middle East. Rising demand in Europe and changing economics altered those figures for 2022.

The Middle East supplied roughly 53% of imports while the share of imports from the US dropped to 40%. Imports from various other sources also rose in 2022 to 7% from 6% in 2021.