

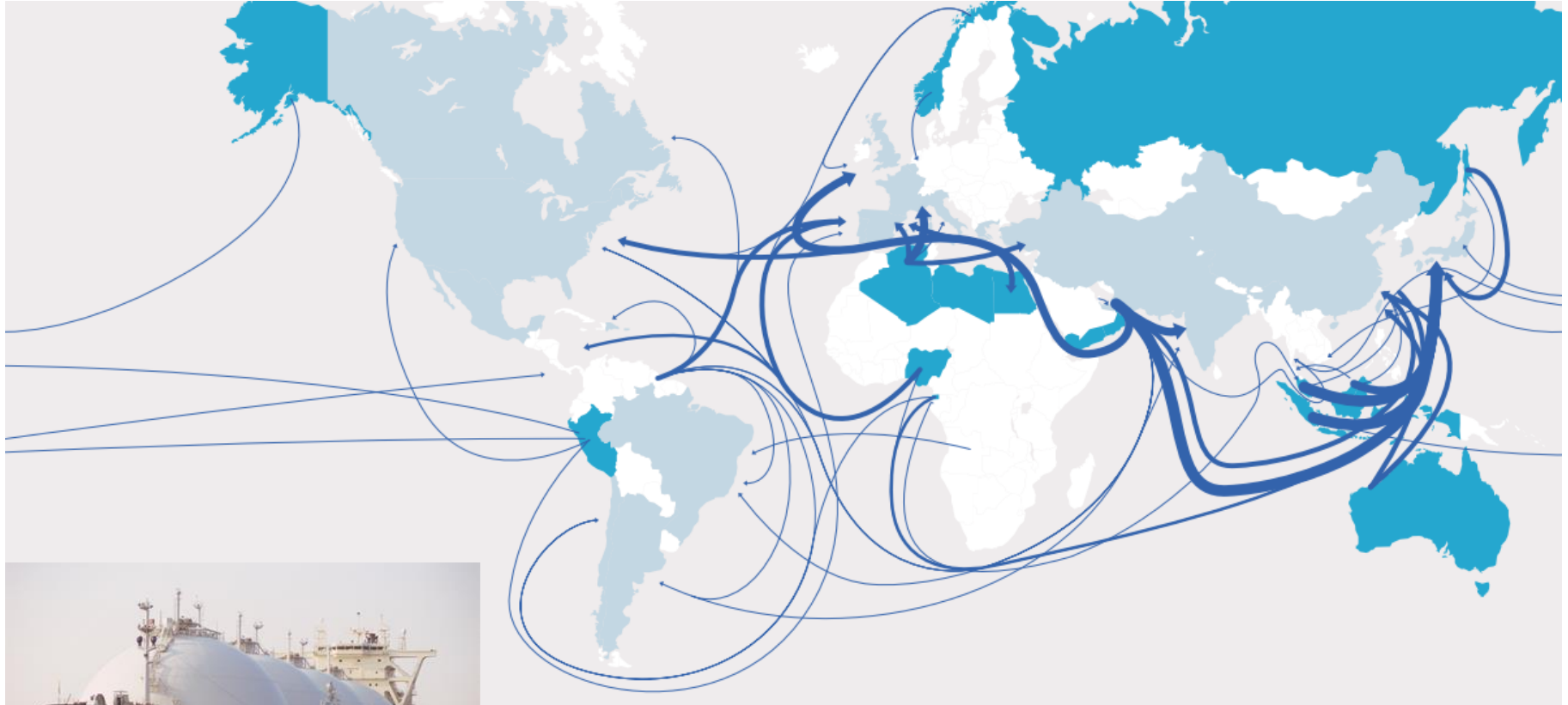


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Global LNG market trend and European position

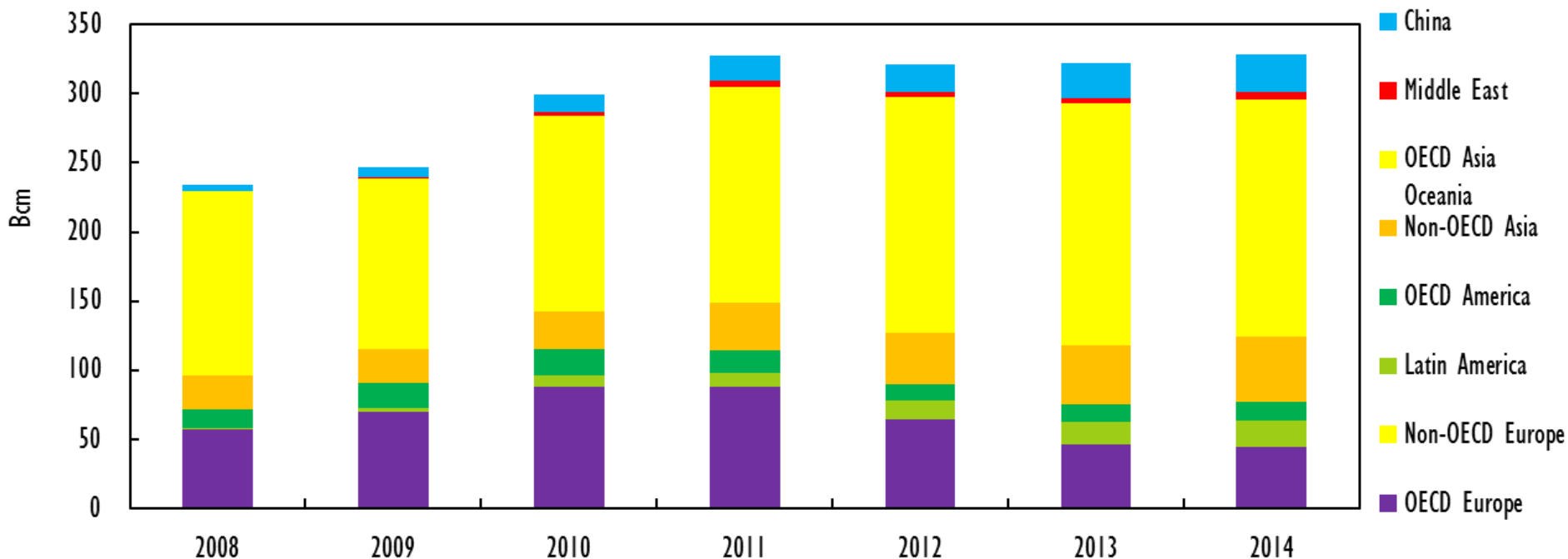
Takuro Yamamoto
LNG Analyst
International Energy Agency
Madrid, 17 March 2015

LNG is the only method to deliver gas from continent to continent



(Source: GIIGNL)

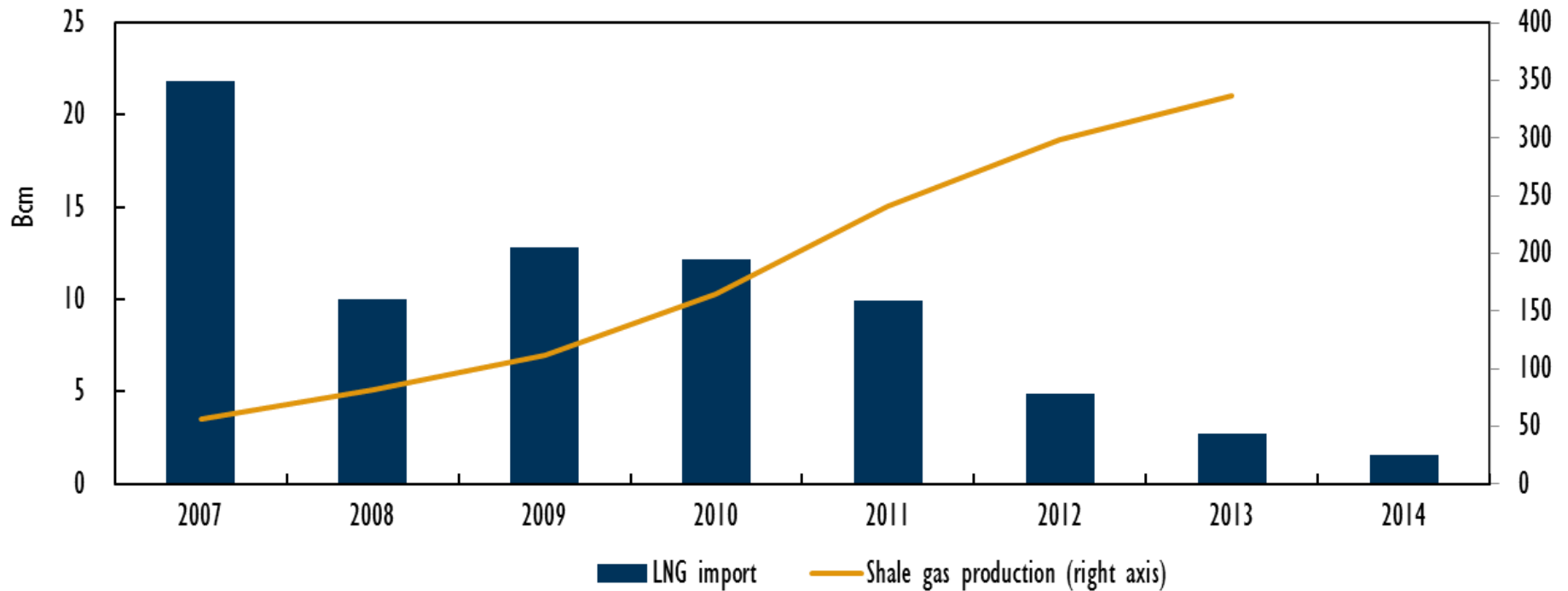
LNG import volumes by region, 2008 - 2014 (bcm)



Global LNG trade increased by 40% from 2008 to 2011, although it is stagnating for past 4 years.

The US shale production is one of the biggest game changer

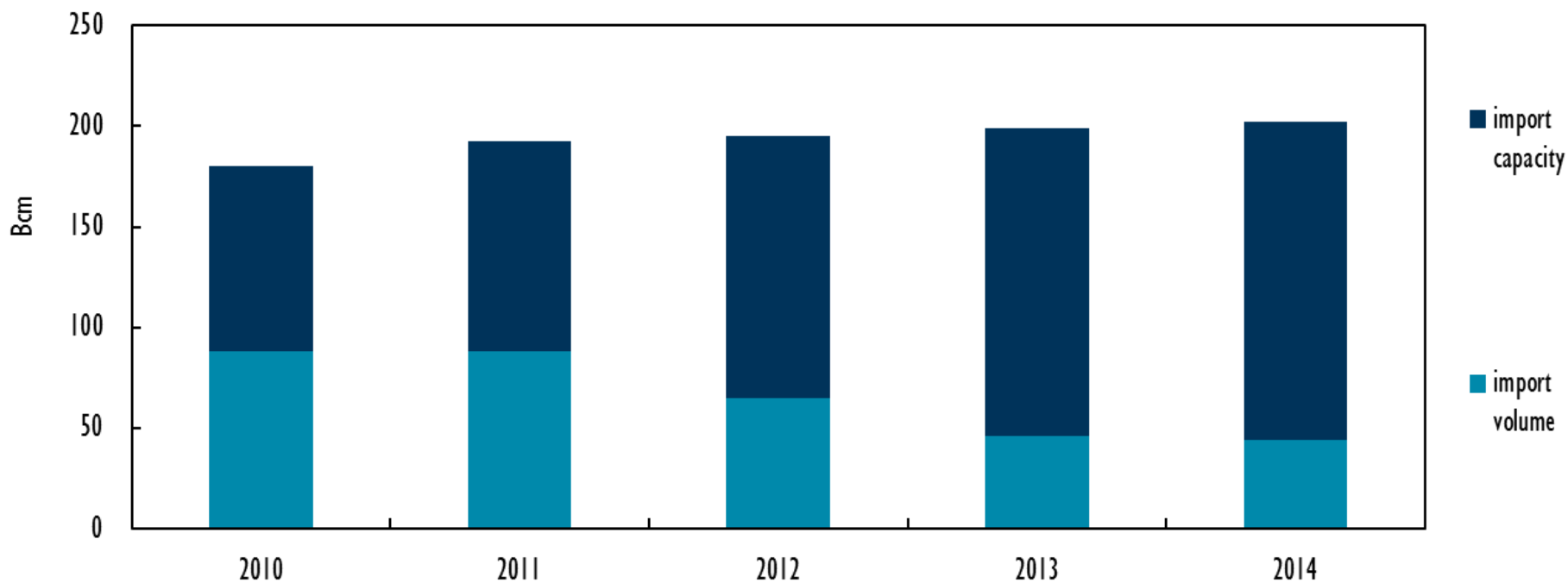
LNG import volumes vs shale gas production in the US, 2007 - 2014 (bcm)



LNG imports to the United States are shrinking yearly, only receiving 1.6 bcm in 2014 against 200 bcm of receiving capacity.

Low utilization rate in Europe. Last resort?

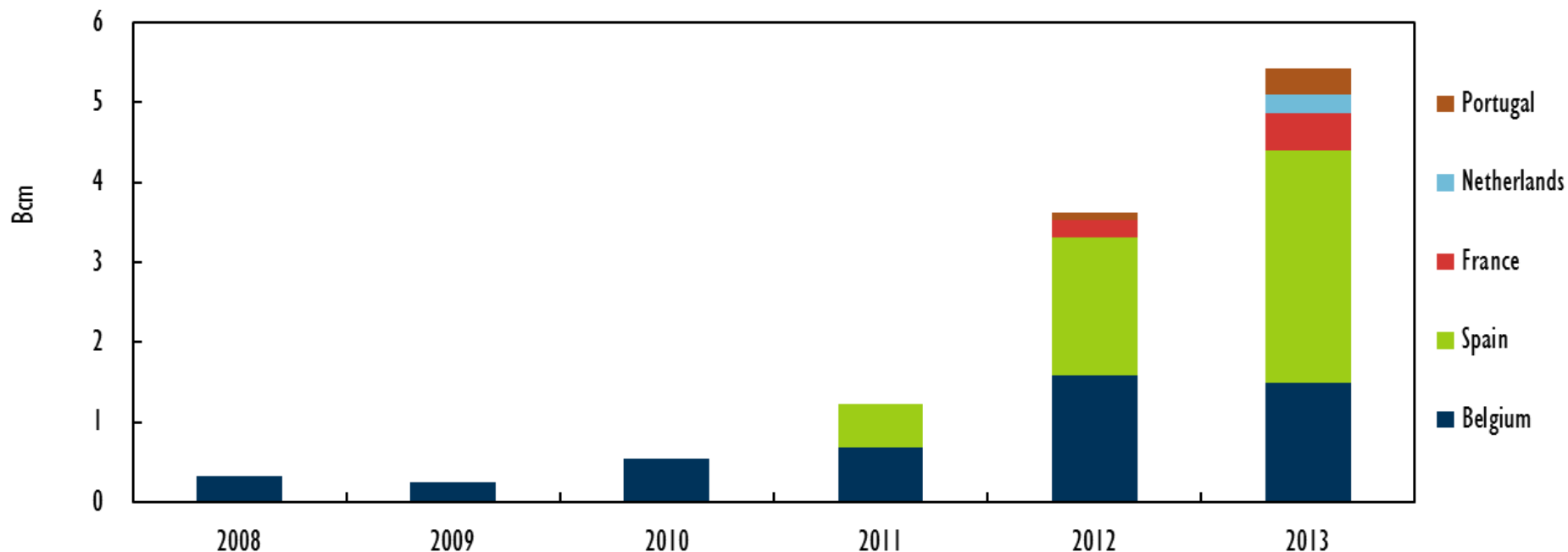
LNG import volumes vs import capacity in OECD Europe , 2010 - 2014 (bcm)



In spite of LNG import capacity increase, LNG import volumes are following downward trend in Europe every year.

Weak gas demand in Europe is pushing out LNG away

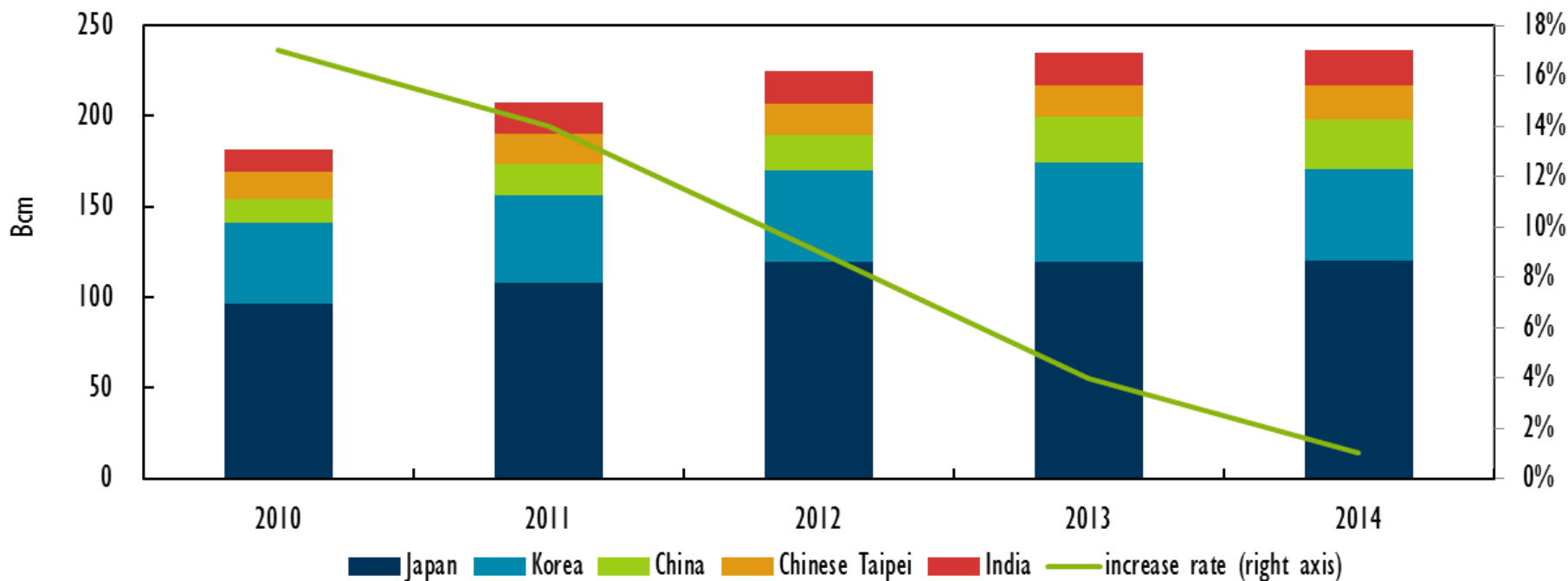
LNG Re-export volumes in Europe, 2008 - 2013 (bcm)



10% of LNG imports to Europe was re-exported to other nations in 2013 without receiving in its region.

Asian LNG demand have seen a slow down

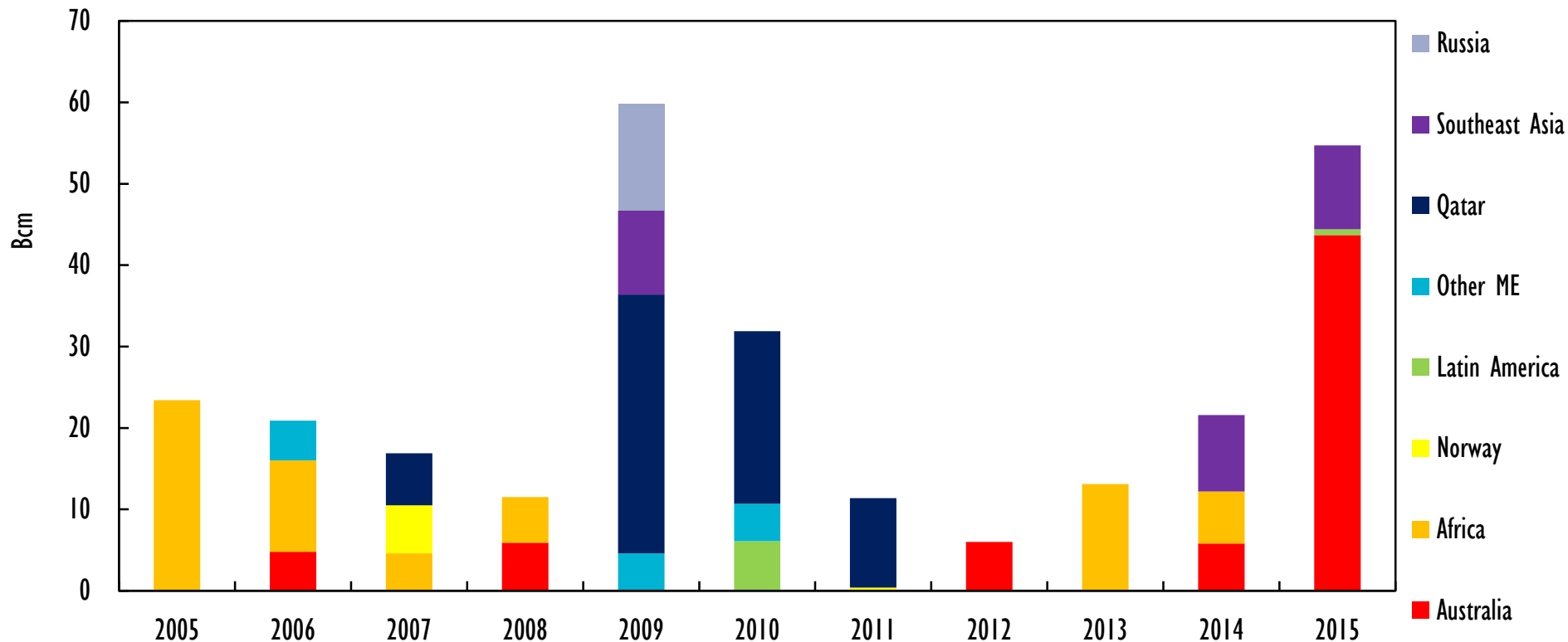
LNG import volumes in major Asian countries, 2010 - 2014 (bcm)



Total import volumes of Japan and Korea have been stabilized as well as slower growth in Chinese demand.

Second wave of new additional supply is coming soon

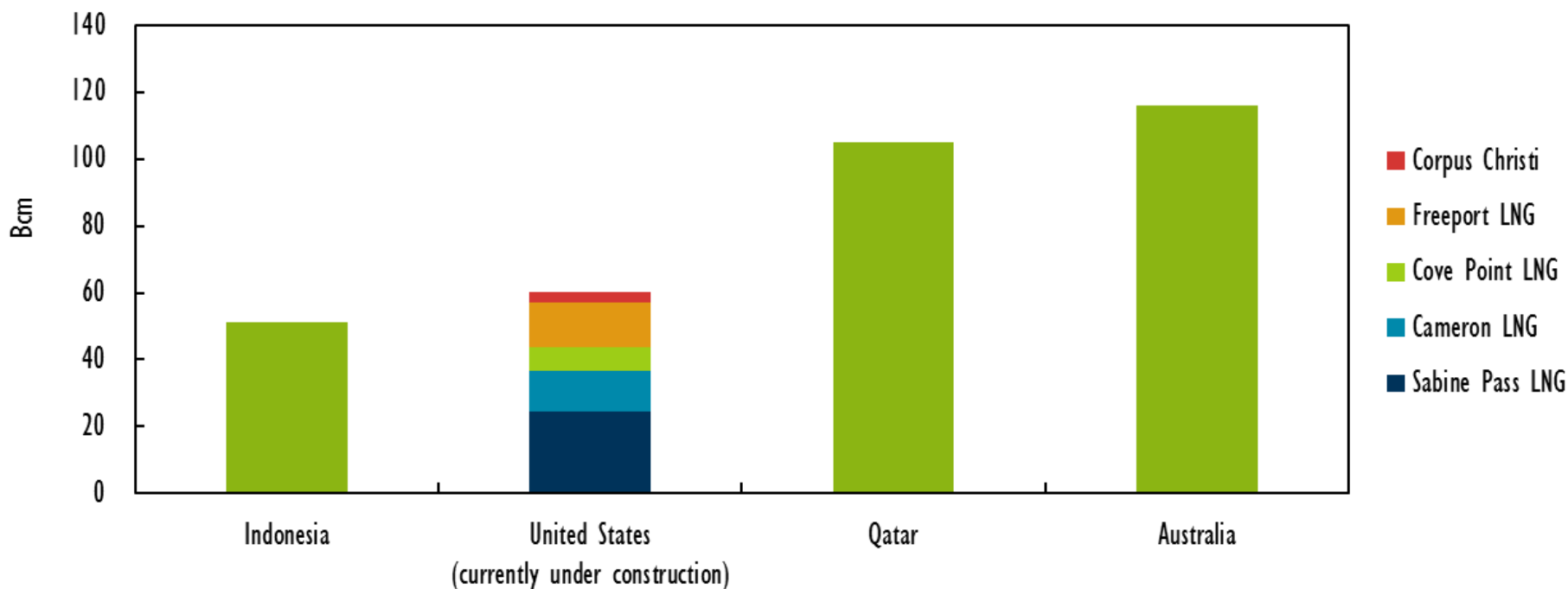
Additional LNG capacity , 2005 - 2015 (bcm)



After four years of market tightening with few new LNG projects, second wave of large LNG additional capacities are coming from this year.

Australia is expected to become the world's largest LNG exporter

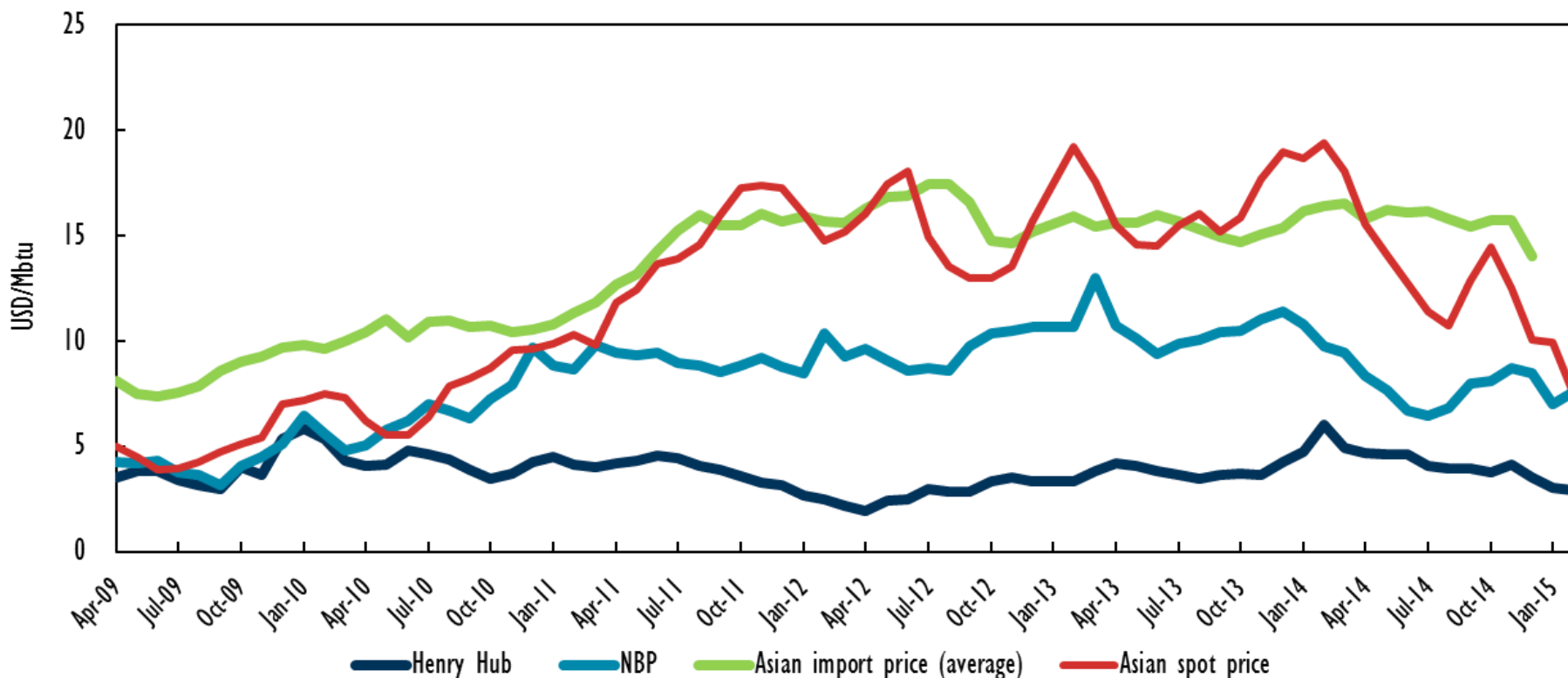
Top largest LNG exporters by 2020 (bcm)



17 new LNG projects with 175 bcm export capacity are under construction as of today, with Australia and the US accounting for roughly 80% of total.

Will Asian price and European price converge?

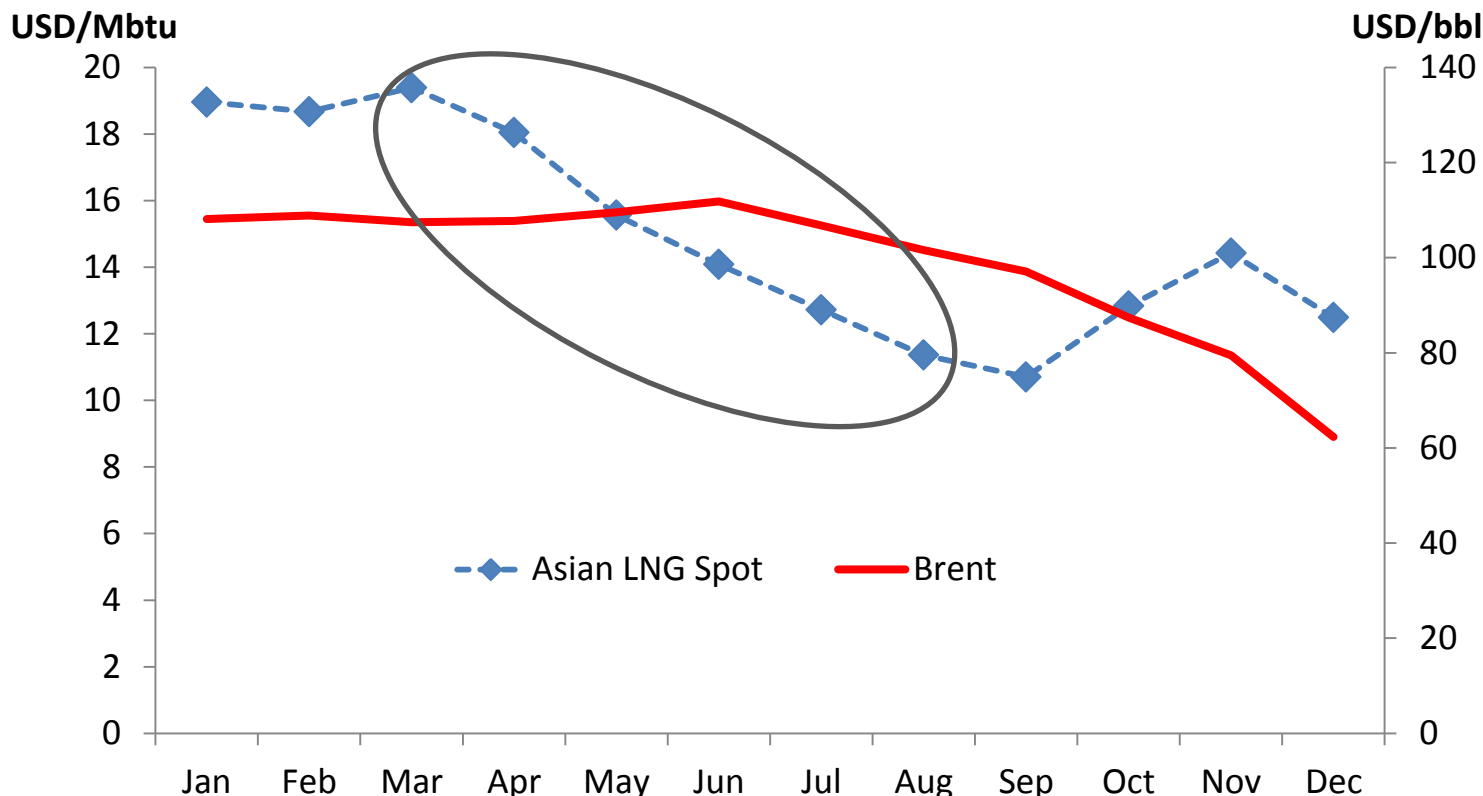
Global gas price development in key regions, Apr 2009 - Feb 2015



Asian spot LNG price continued to slide in February and reached parity with European gas prices for the first time in 4 years.

Asia LNG spot price started to fall sharply well before the drop in oil price

Oil price and LNG price development in 2014



Cheap oil-indexed LNG from the new Australian contracts will further reduce demand for spot LNG.

- *2014 was a turning point in the global LNG market after 3 years of tightening.*
- *With new supplies coming from Australia and the US, together with weaker Asian demand, probability of LNG coming to Europe will increase.*
- *Recent low oil price is favorable for many LNG buyers, however there may be a delay in new export projects.*
- *In Europe, security of supply is achieved through supply diversity and LNG will continuously play an important roll.*



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**Thank you very much for
your attention.**