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LNG Market Outlook - Europe

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LNG PRODUCER-CONSUMER CONFERENCE, NAGOYA OCTOBER 22, 2018 NATURAL GAS PROGRAMME

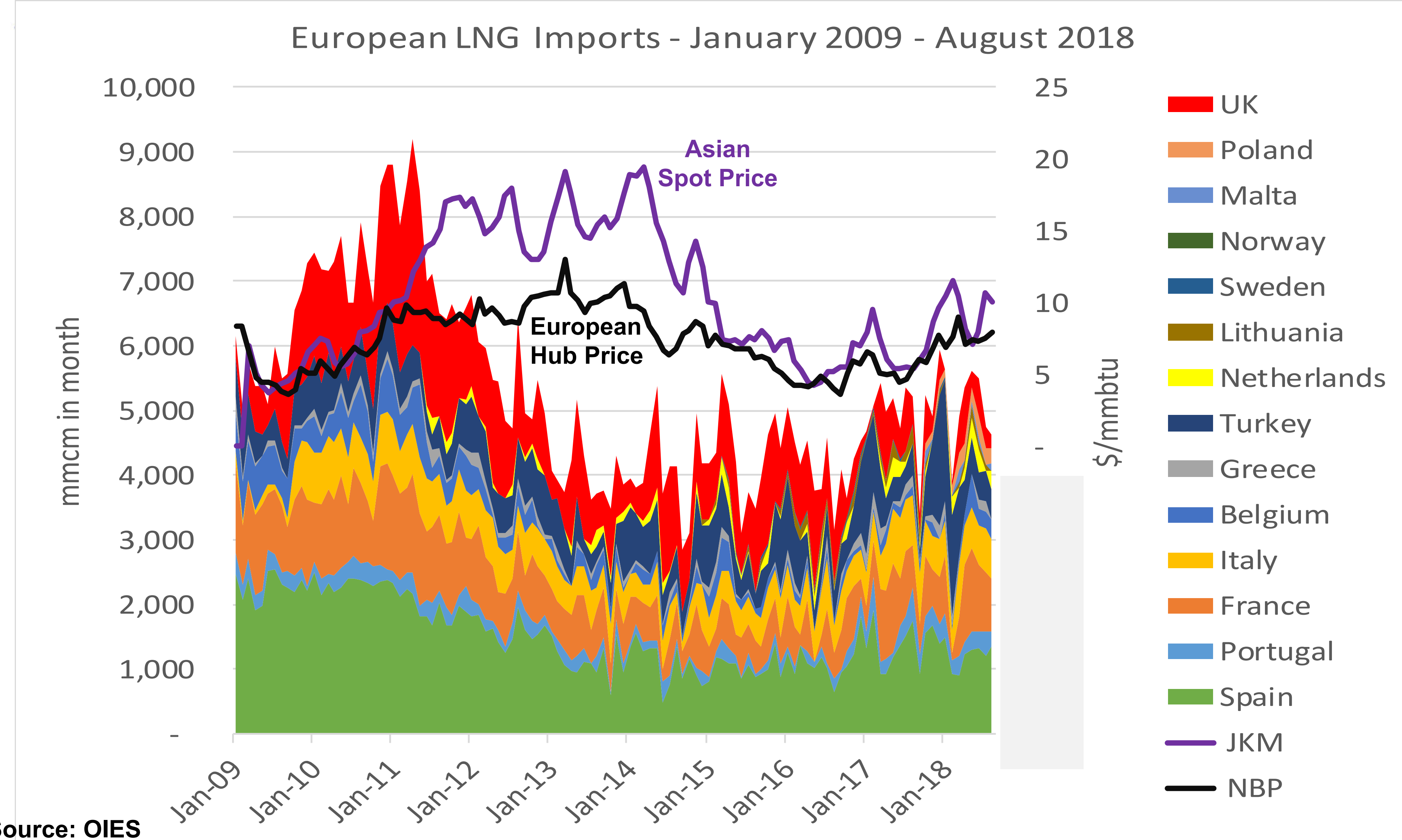
European Region Annual Balance 2012 – 2018 Bcm (estimated)

Source: OIES

	2014	2015	2016	2017	2018e
DEMAND	474.2	495.3	527.0	552.2	538.2
PRODUCTION	259.2	254.0	250.5	254.1	239.6
EUROPEAN PIPELINE IMPORTS:					
RUSSIA	140.8	151.0	168.1	188.1	197.2
ALGERIA	19.4	20.3	33.8	31.6	31.2
LIBYA	6.4	7.3	4.9	4.8	3.4
IRAN	8.7	8.0	7.8	9.7	7.5
AZERBAIJAN	5.9	6.3	6.6	9.7	7.7
EUROPEAN LNG EXPORTS	4.4	6.1	6.2	6.8	6.4
EUROPEAN LNG IMPORTS	48.6	51.5	49.7	59.9	57.3

European production declining rapidly due to environmental problems in the Netherlands; Russian gas is a very competitive supply source therefore becoming increasingly dominant, despite diversification (security) offered by LNG

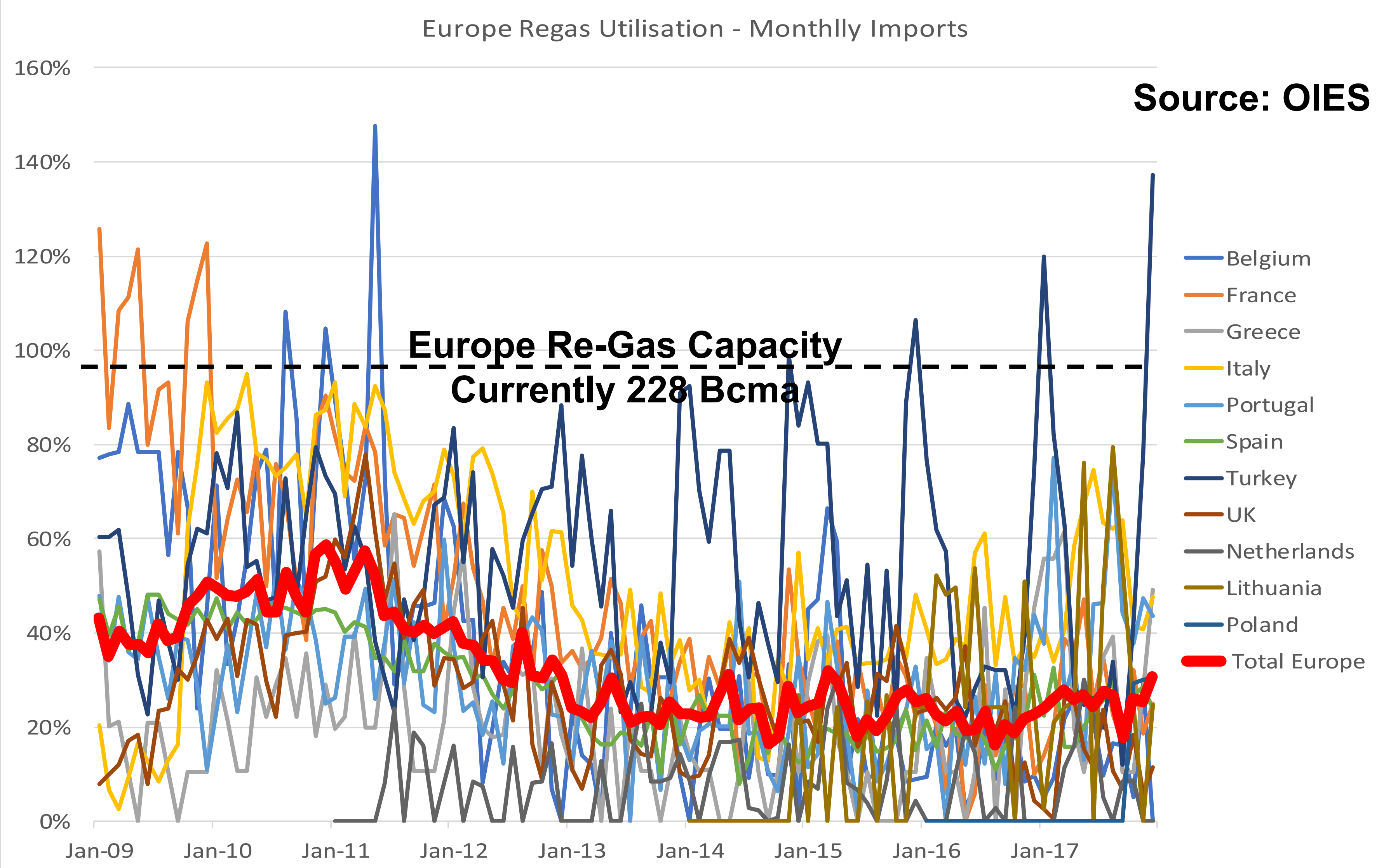
European LNG Imports Peaked in 2010-11



Source: OIES

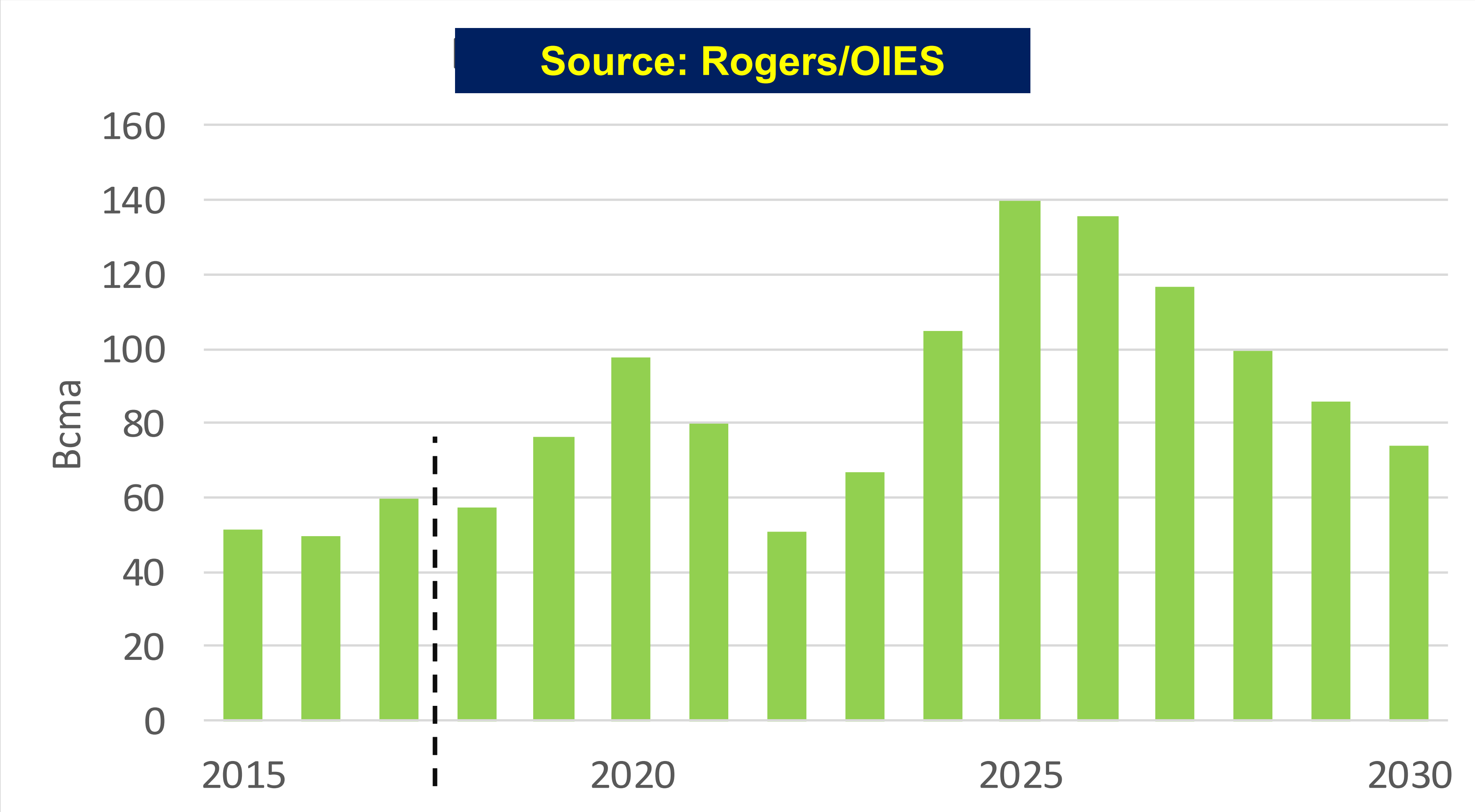
EUROPE IS `THE LNG MARKET OF LAST RESORT' TAKING LNG THAT NO OTHER MARKETS WANT/ARE WILLING TO PAY FOR

European Monthly LNG Imports and Regasification Capacity 2009-17



EUROPEAN UTILISATION OF REGAS HAS BEEN 20-30%; ONLY A FEW COUNTRIES HAVE UTILISATION OF GREATER THAN 50%

Outlook for European LNG Imports 2019-30



European LNG imports increase briefly 2019-21, then falls until new supply arrives in the mid-2020s; falling imports in the late 2020s are due to increasing Asian demand

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