No market participant at ICIS is allowed to comment on future price expectations – to do so could be considered price signalling and could be held against the speaker and organiser if a case for anti-competitive behaviour is brought against either. However, speakers may discuss historic trends and analyse those trends; they may offer and discuss future demand and supply projections without drawing any conclusions as to price levels as a result of those projections. We also request that delegates refrain from asking questions about future prices.

Global spot market analysis 2012-2014

Simon Ellis

ICIS LNG Analyst

Who we are

ICIS provides market intelligence services to the global petrochemicals, energy and fertilizer markets. We are part of the Data Services division of Reed Business Information (RBI).

RBI is a leading business to business information publisher. The other major data services include Bankers Accuity and Xpert HR. Other key divisions within RBI focus upon marketing solutions and leading magazine brands. RBI is part of Reed Elsevier.

Reed Elsevier is one of the World's largest professional information companies, employing over 35,000 people in 200 locations worldwide, with annual revenues of just over £6 billion in 2011. It is a leading provider of professional information and online workflow solutions in science and medical (Elsevier Science), legal, risk information and analytics (LexisNexis), and business sectors (RBI and Reed Exhibitions, the world's largest exhibition organiser).

What we do

We provide **market intelligence** to the global petrochemical, energy and fertilizer industries

Companies in these markets trust us to provide accurate, relevant and timely **NEWS**, **PRICING DATA**, **ANALYTICS and CONSULTING** to guide their decision making.

Our information and analysis covers:

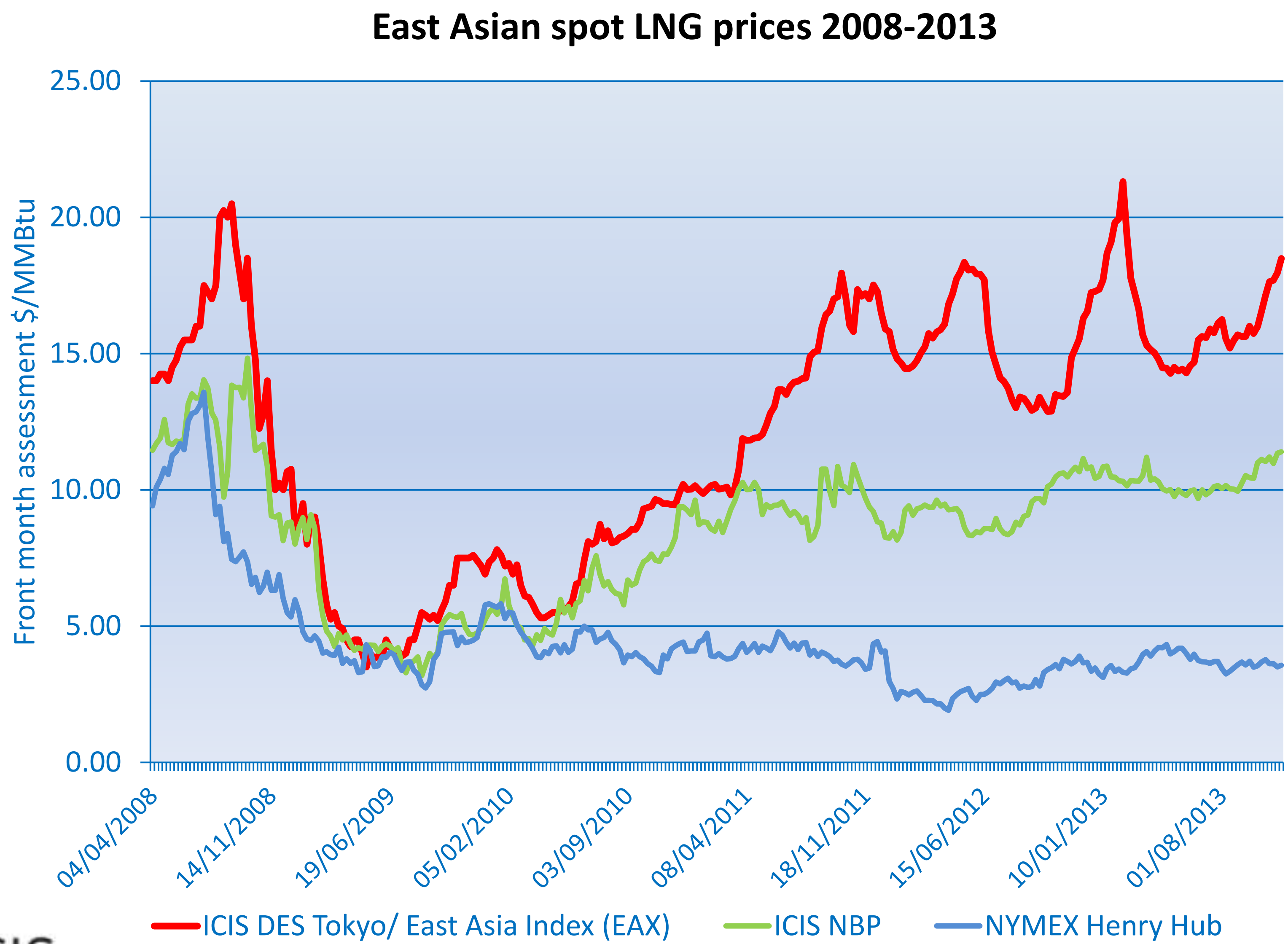
- **Chemicals:** aromatics, olefins, intermediates, solvents and plastics
- **Energy:** crude oil, natural gas, refined products, coal, carbon and biofuels
- **Fertilizers:** ammonia, sulphur, nitrogen, urea and phosphates

Global spot market analysis 2012-2014

Simon Ellis

ICIS LNG Analyst

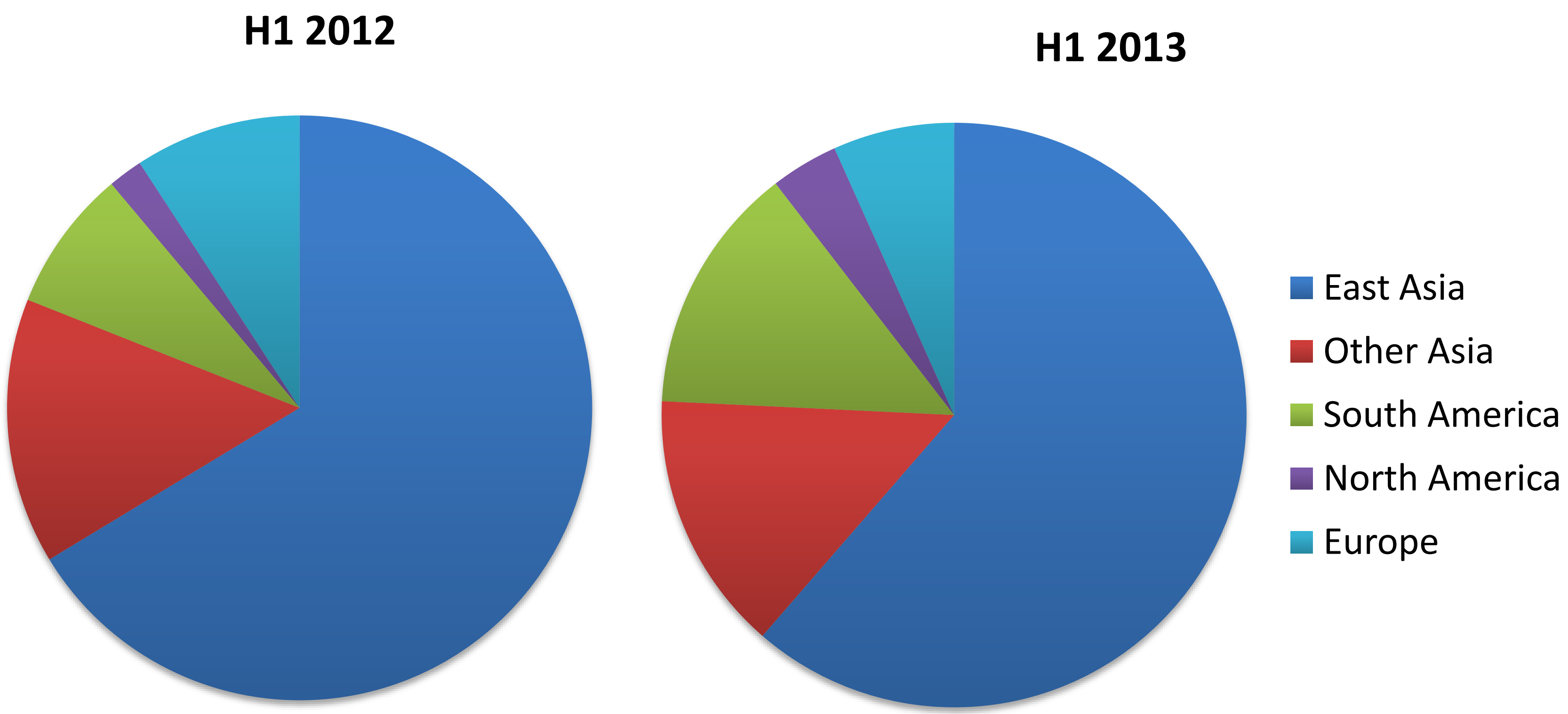
Asian spot prices reflect dynamic change since 2008



Source: ICIS, NYMEX

East Asia still dominates short-term market

Share of global short term (>5 year) LNG trade



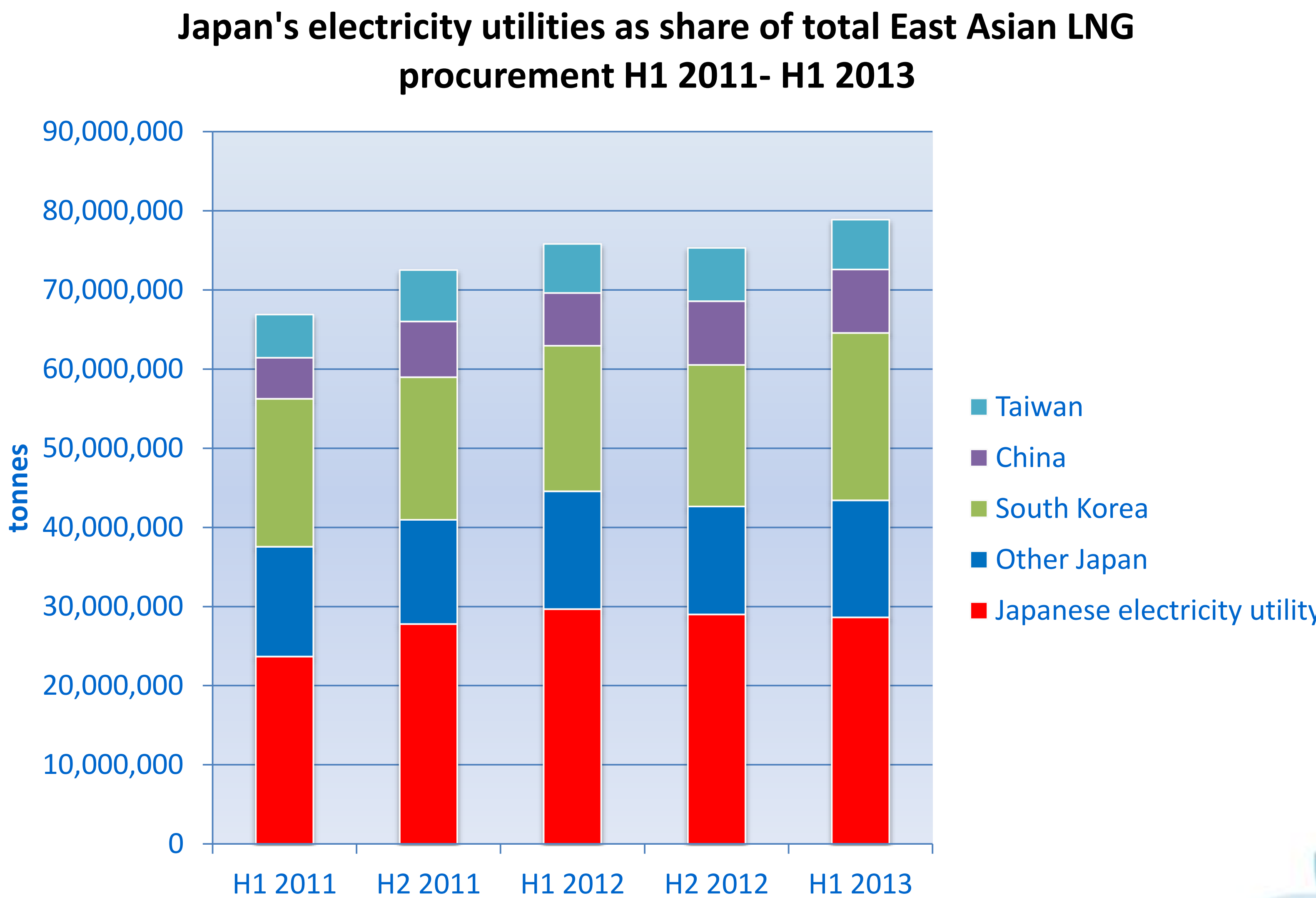
Short-term sales accounted for around 31m tonnes (26-27% of market) in both periods

Agenda: Asian spot pricing development

Procurement patterns	• Spot vs alternative short-term structures
Price dynamics	• Explaining recent price movements
Outlook	• Market balance in 2014

Overview: Market dynamics after Fukushima

Japan faced unprecedented demand challenge

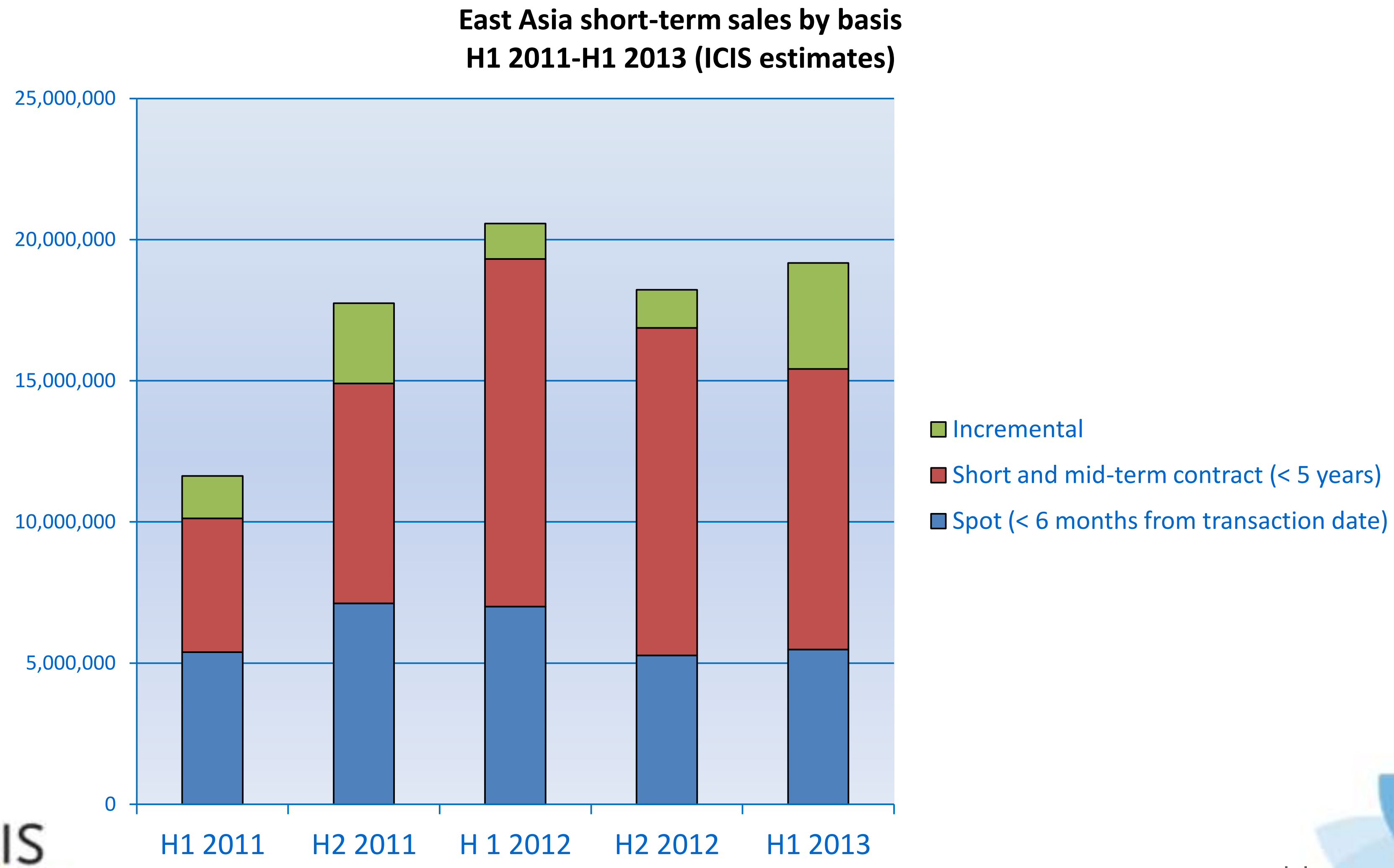


Source: FEPC Japan, customs agencies

Definition of short-term LNG sales

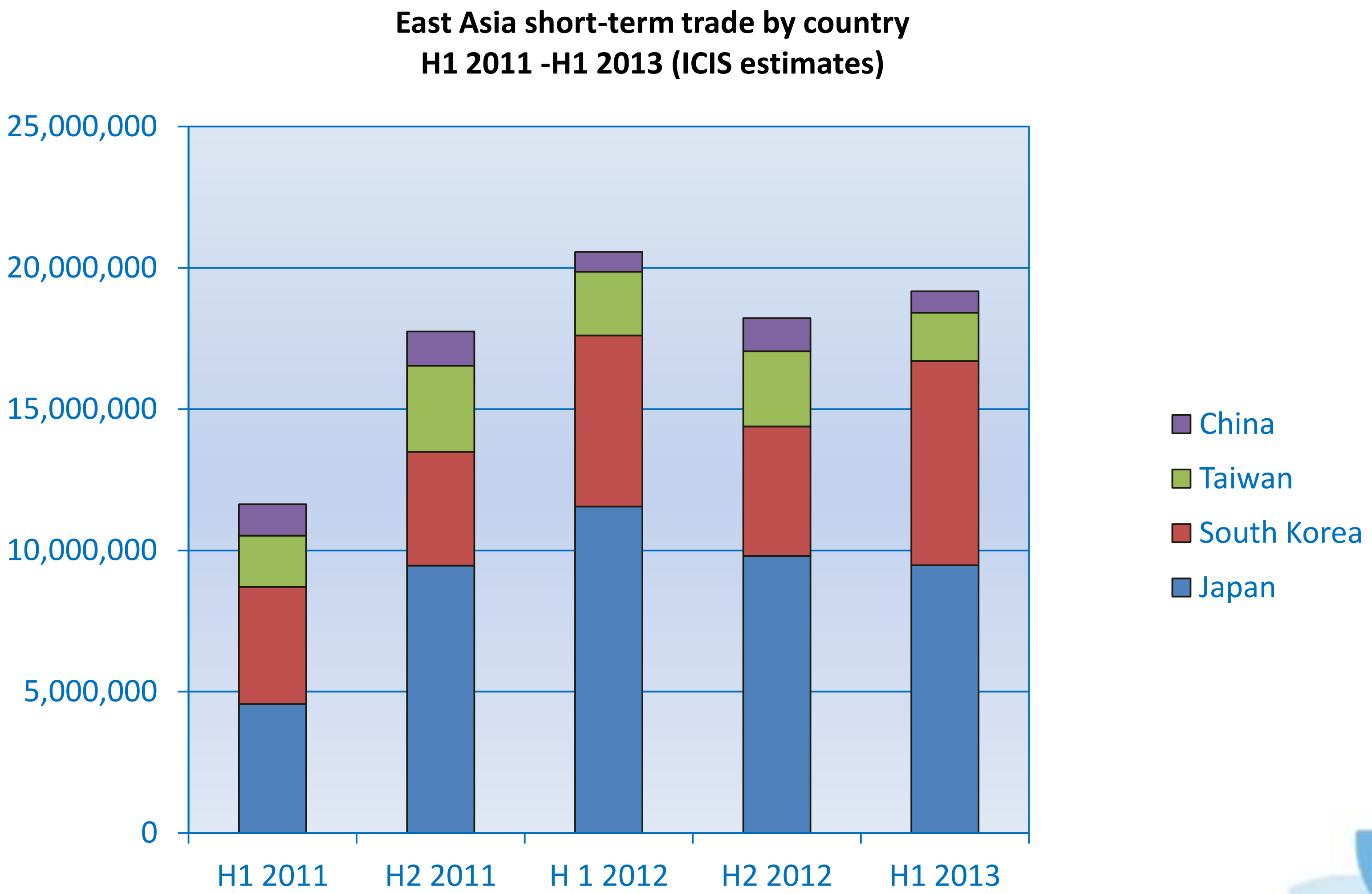
	Duration	Pricing basis	Associated Model
Spot LNG	All cargoes delivered <6 months from transaction date	-Mainly fixed price -Some spot benchmark indexed	Marginal trading/ commoditisation?
Short and mid-term contracts	Contracts of 6 months to 5 years	-Mainly Brent or JCC crude indexed -Some spot benchmark/Henry-Hub/ NBP-indexed	Portfolio supplier
Incremental sales	Undefined	Same price as the long-term contract	Traditional long-term relationship

Different short-term structures met Asian demand



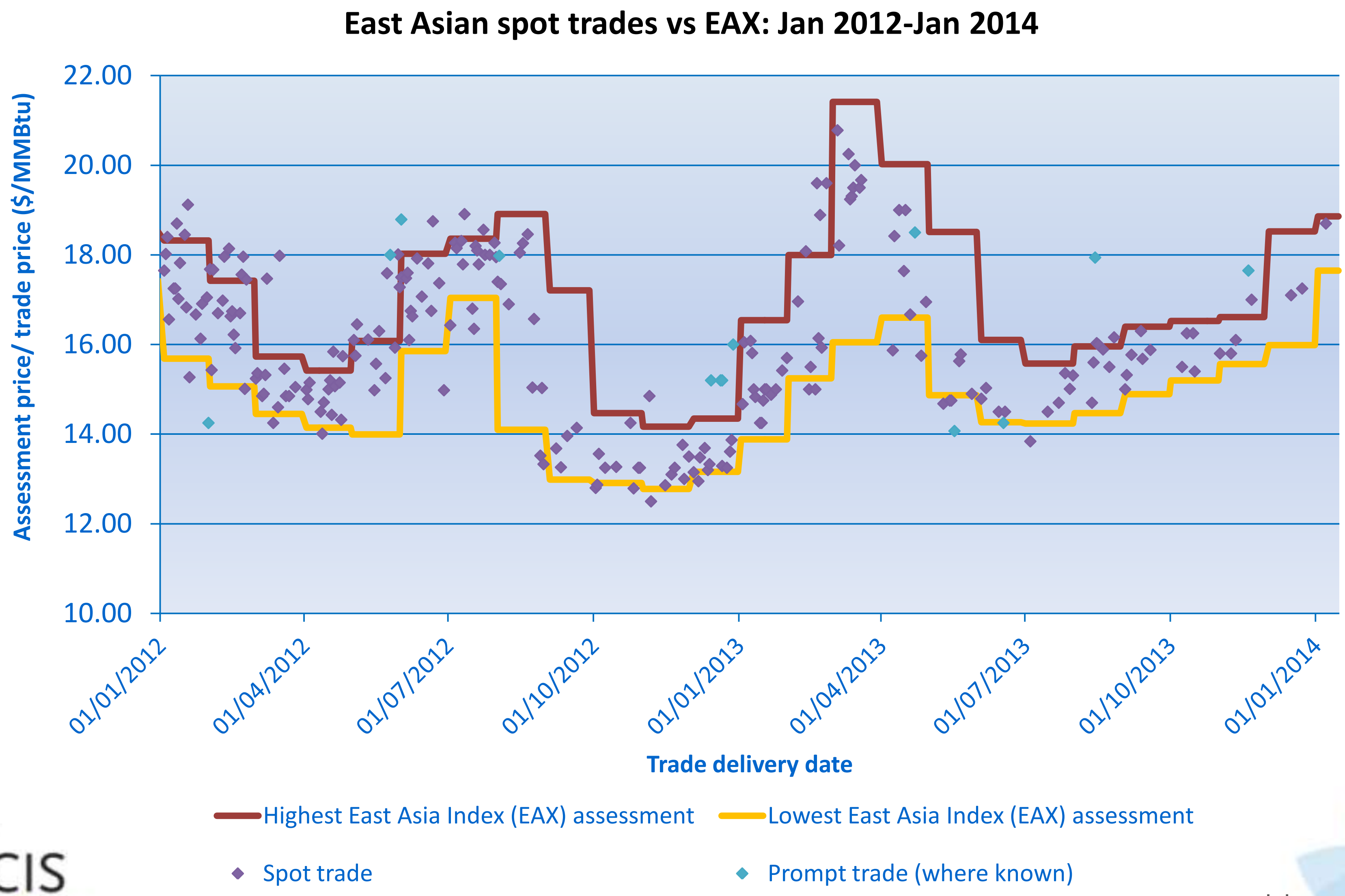
Source: ICIS

Japan’s share reached peak in H1 2012



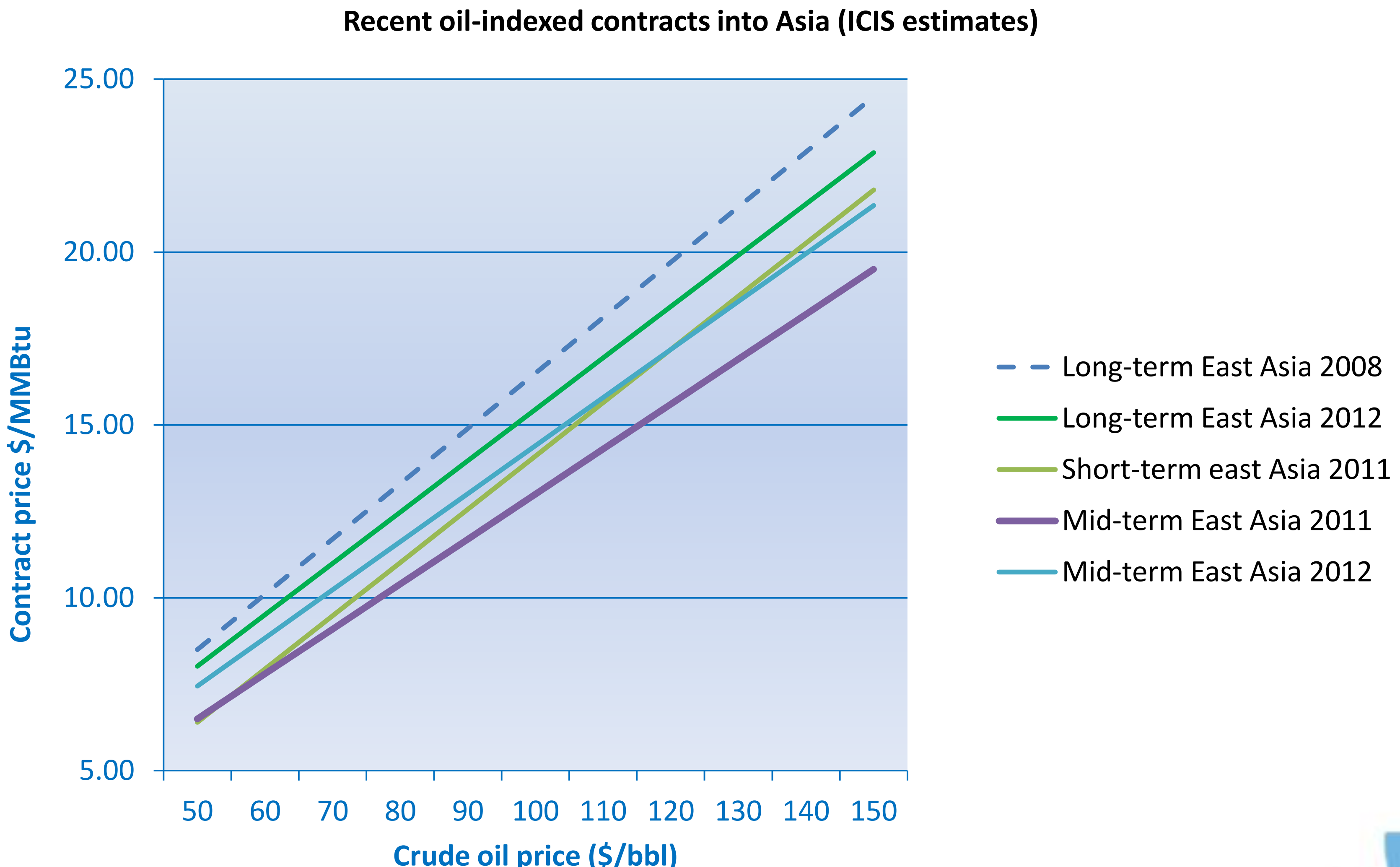
Source: ICIS

Unprecedented volume secured on spot basis



ICIS

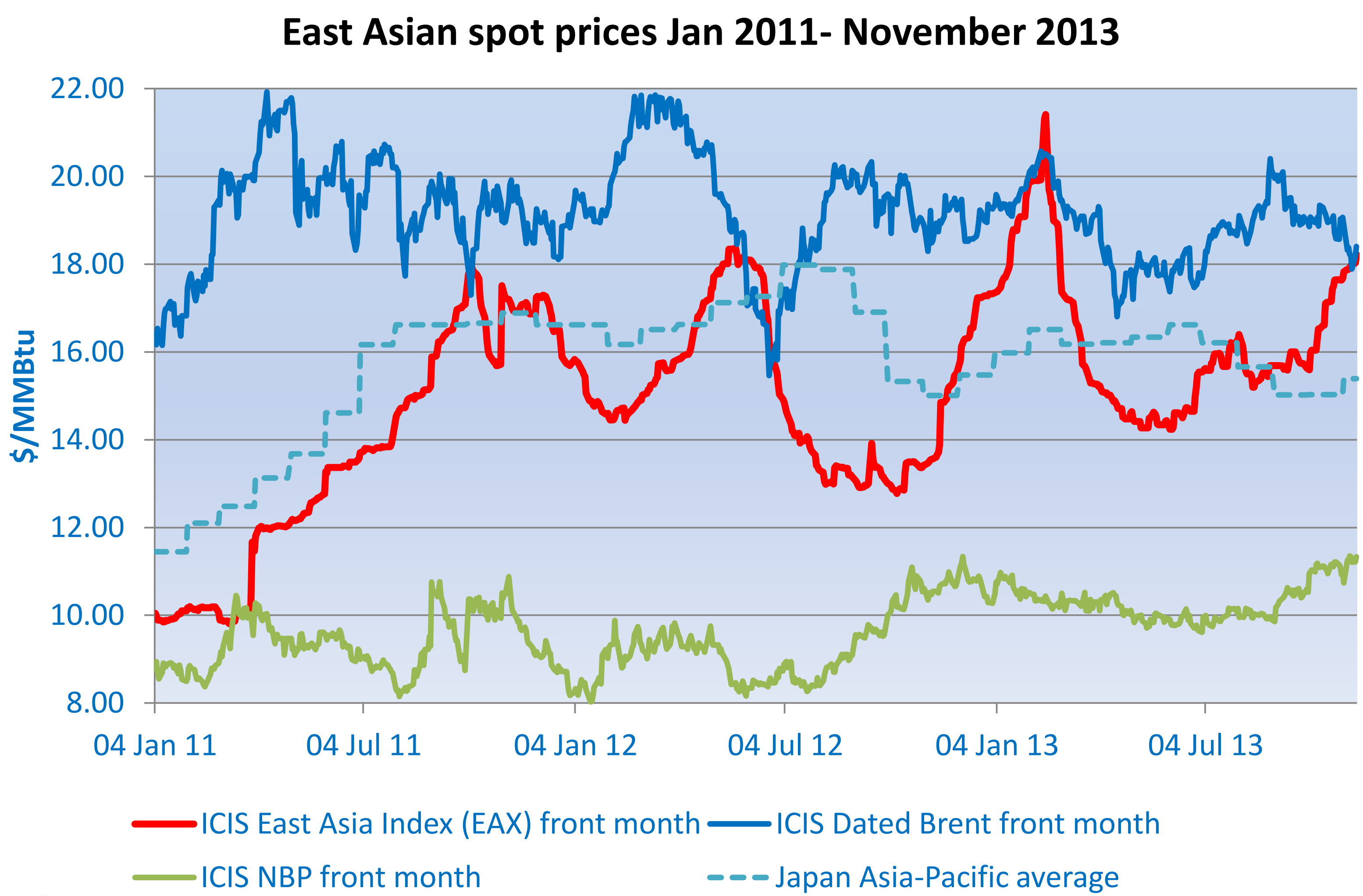
Sellers offer discount for mid-term deals



Source: ICIS

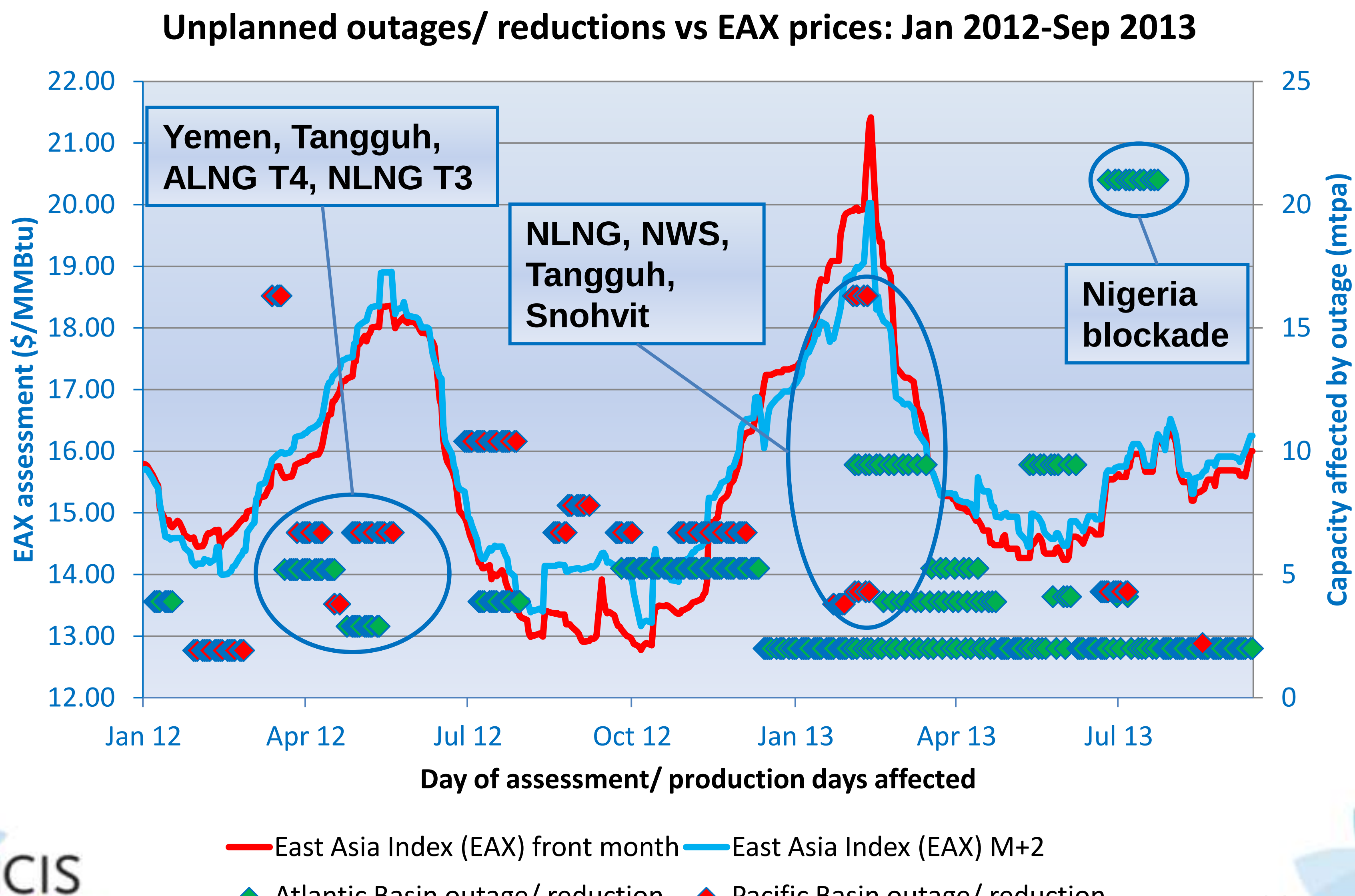
Price analysis: Volatility to stability?

Seasonality a key driver in current Asian market

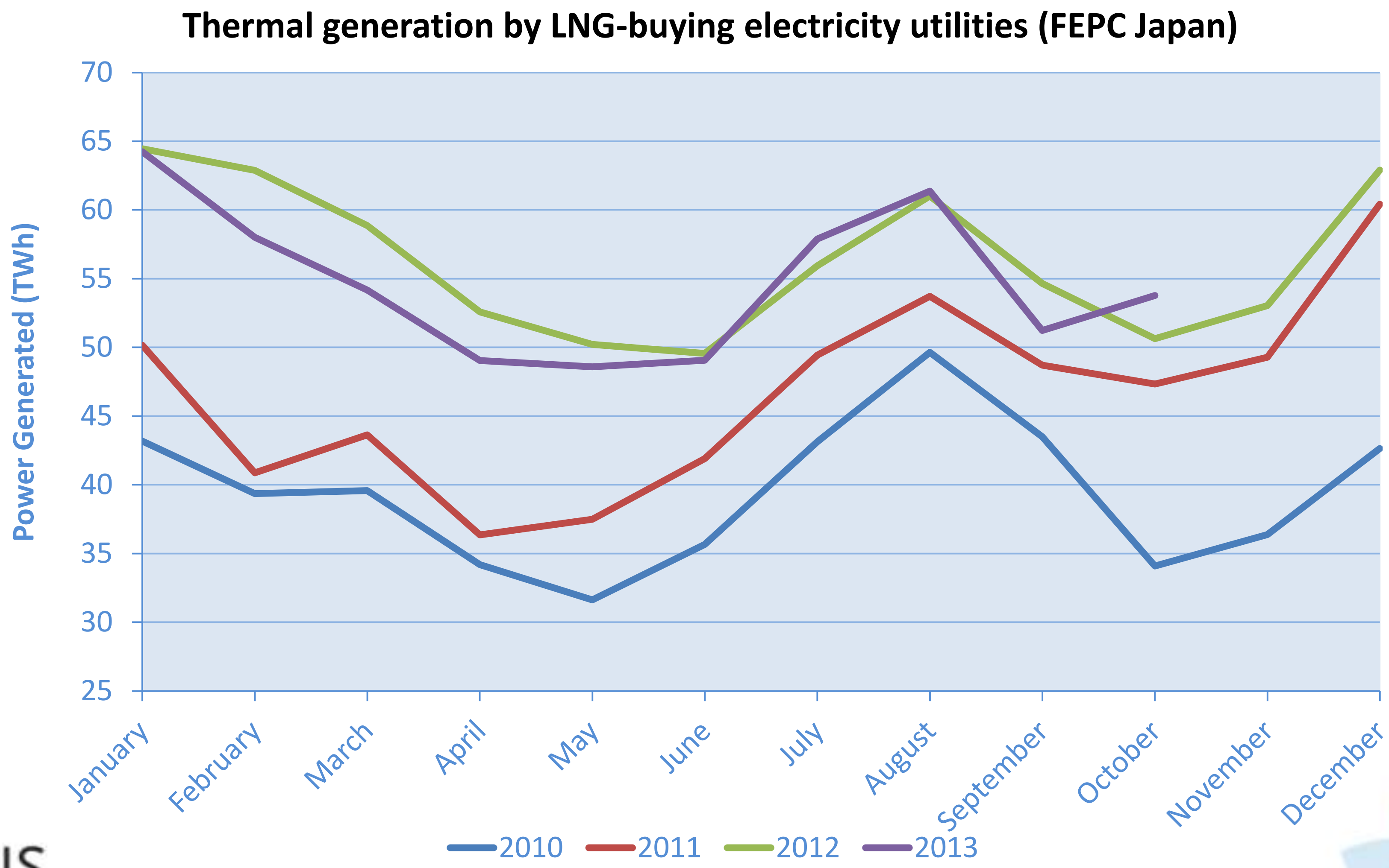


Source: ICIS

Production problems contribute to volatility



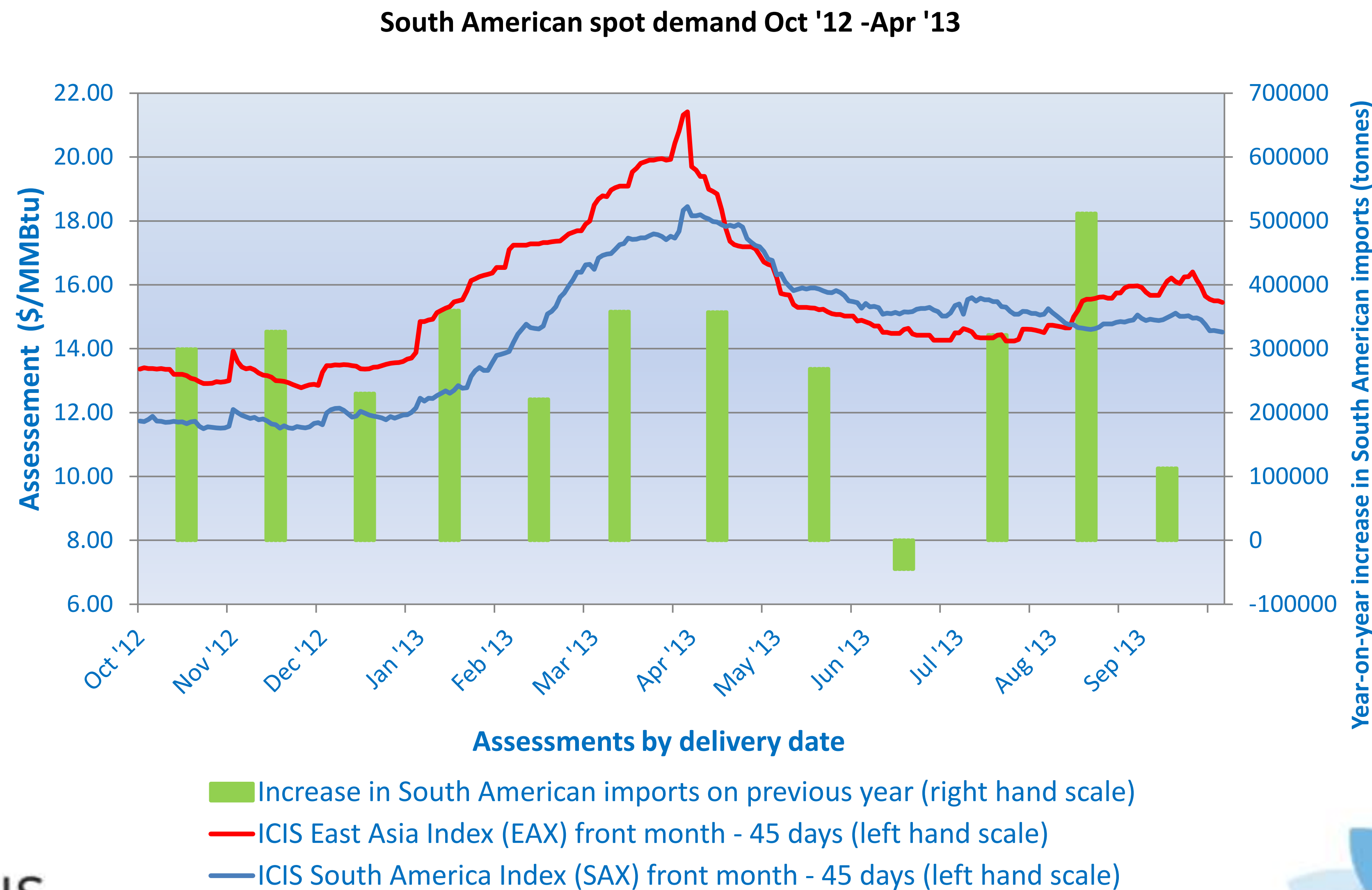
Japan's thermal generation load eased H1 2013



ICIS

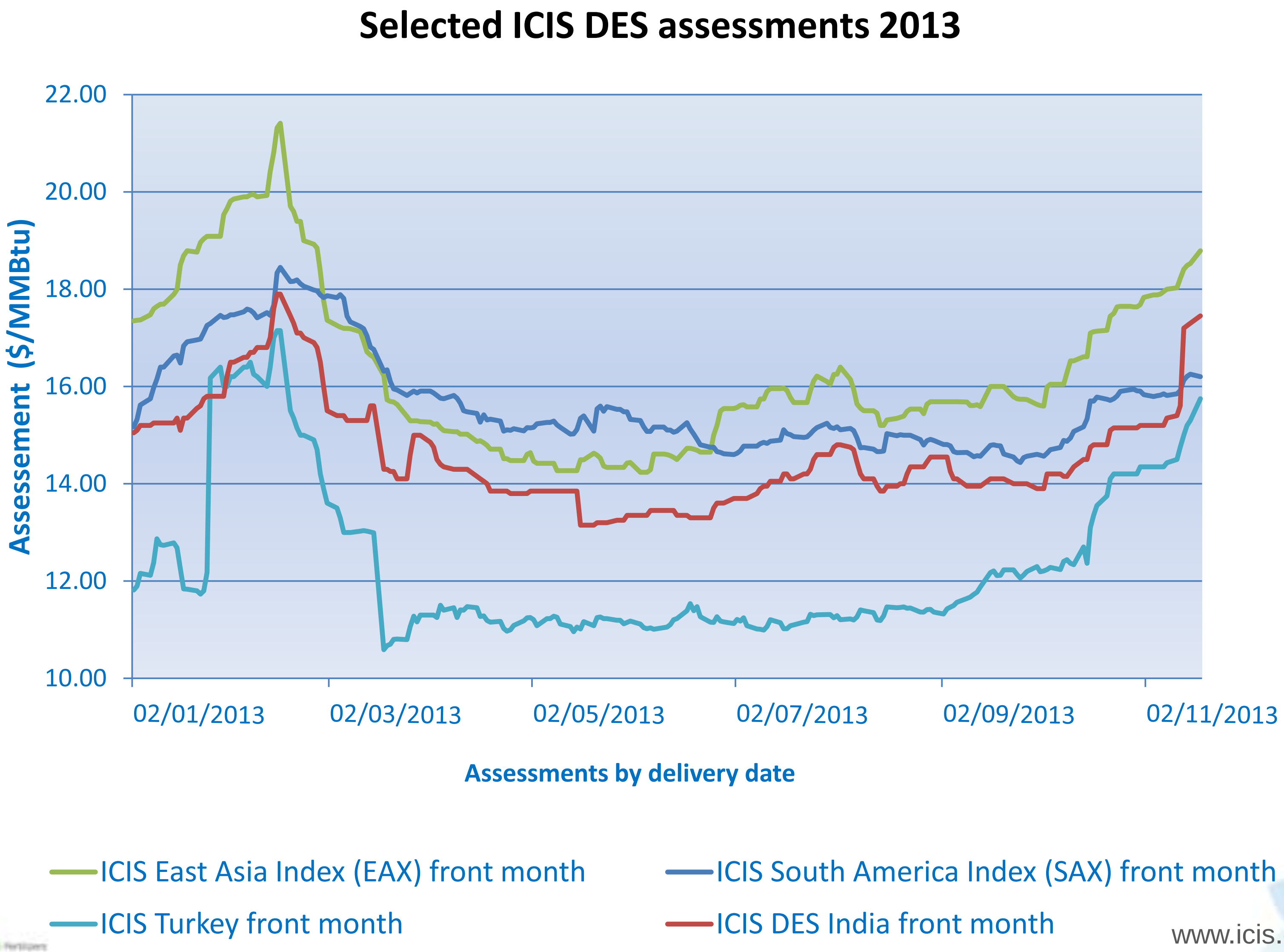
www.icis.com

South American import surge adds to competition



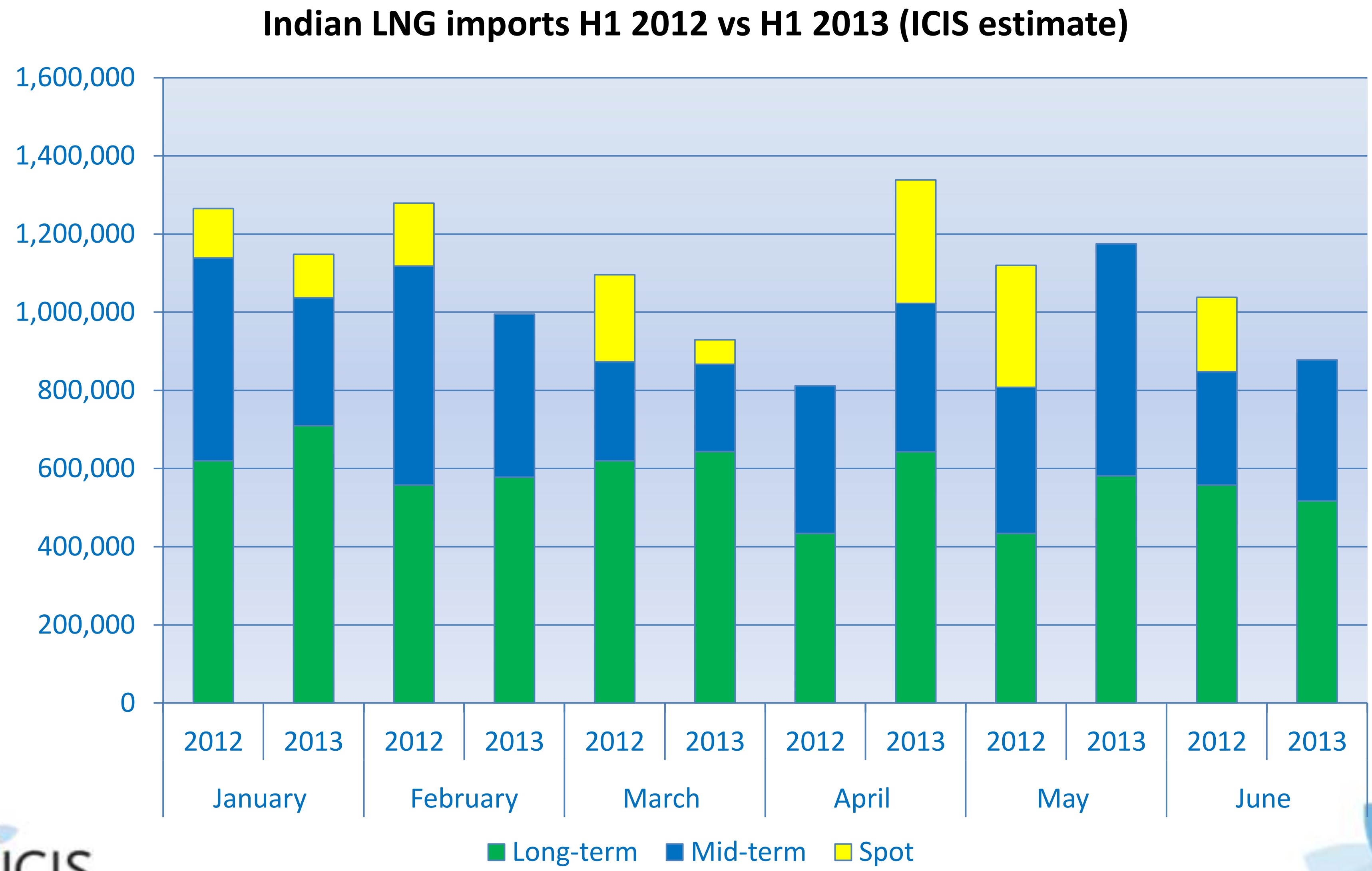
ICIS

Asia has returned to premium price region in Q4

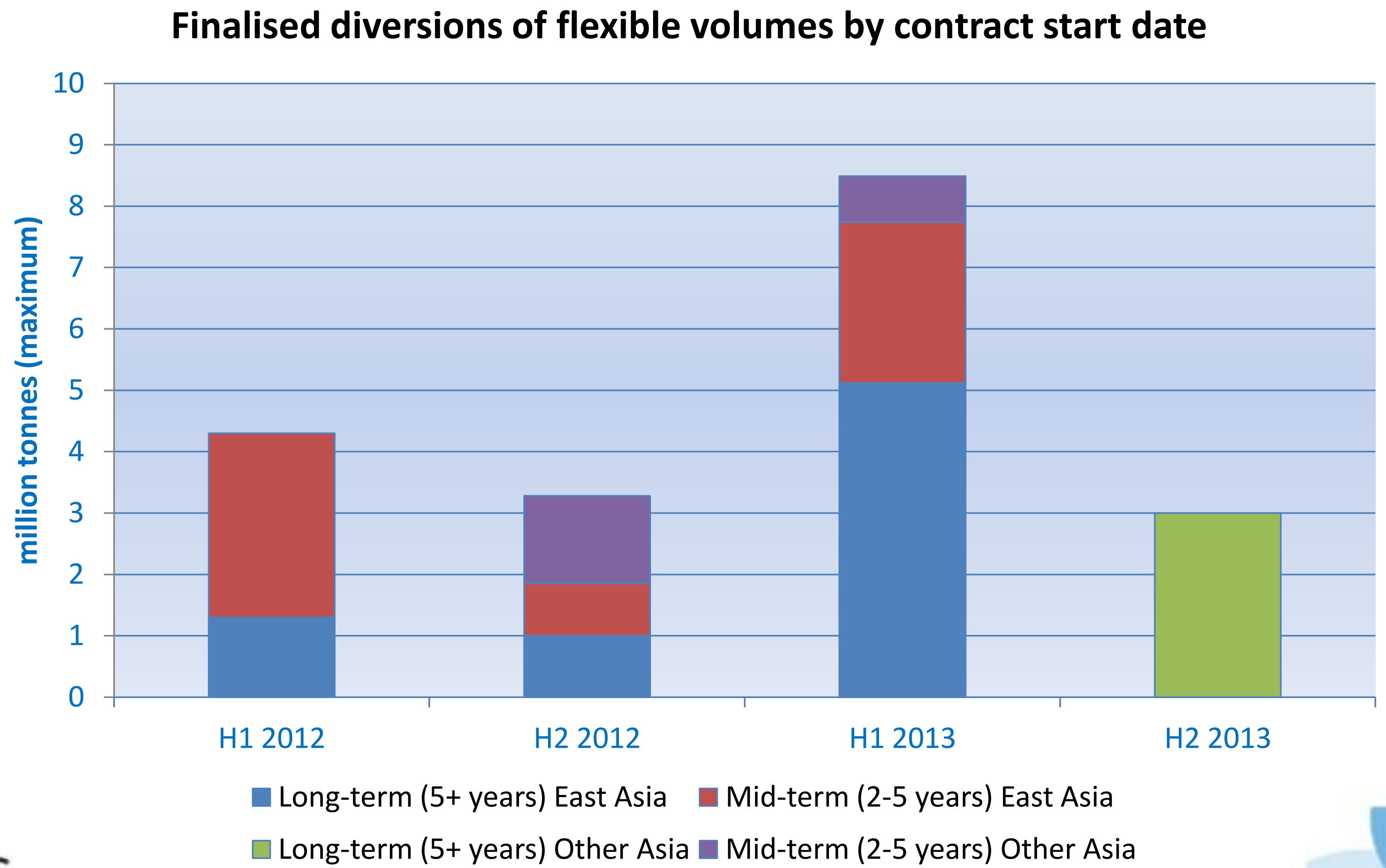


ICIS

India's spot procurement subdued in 2013



Terming out of flexible LNG erodes spot liquidity



Outlook: How tight will the market be in 2014?

Short-term outlook: 2014

Market tightening scenario

- Further reallocation of LNG to domestic use in Egypt and Indonesia restricts supply
- New plant start-ups hit by delays
- New market entrants compete for supply

Market balancing scenario

- Significant Japanese nuclear restarts possible in 2014
- New plants meet 2014 targets
- Angola LNG achieves reliable production

Production performance

Background

- H1 2013 production appeared to fall year-on-year to around 118m tonnes

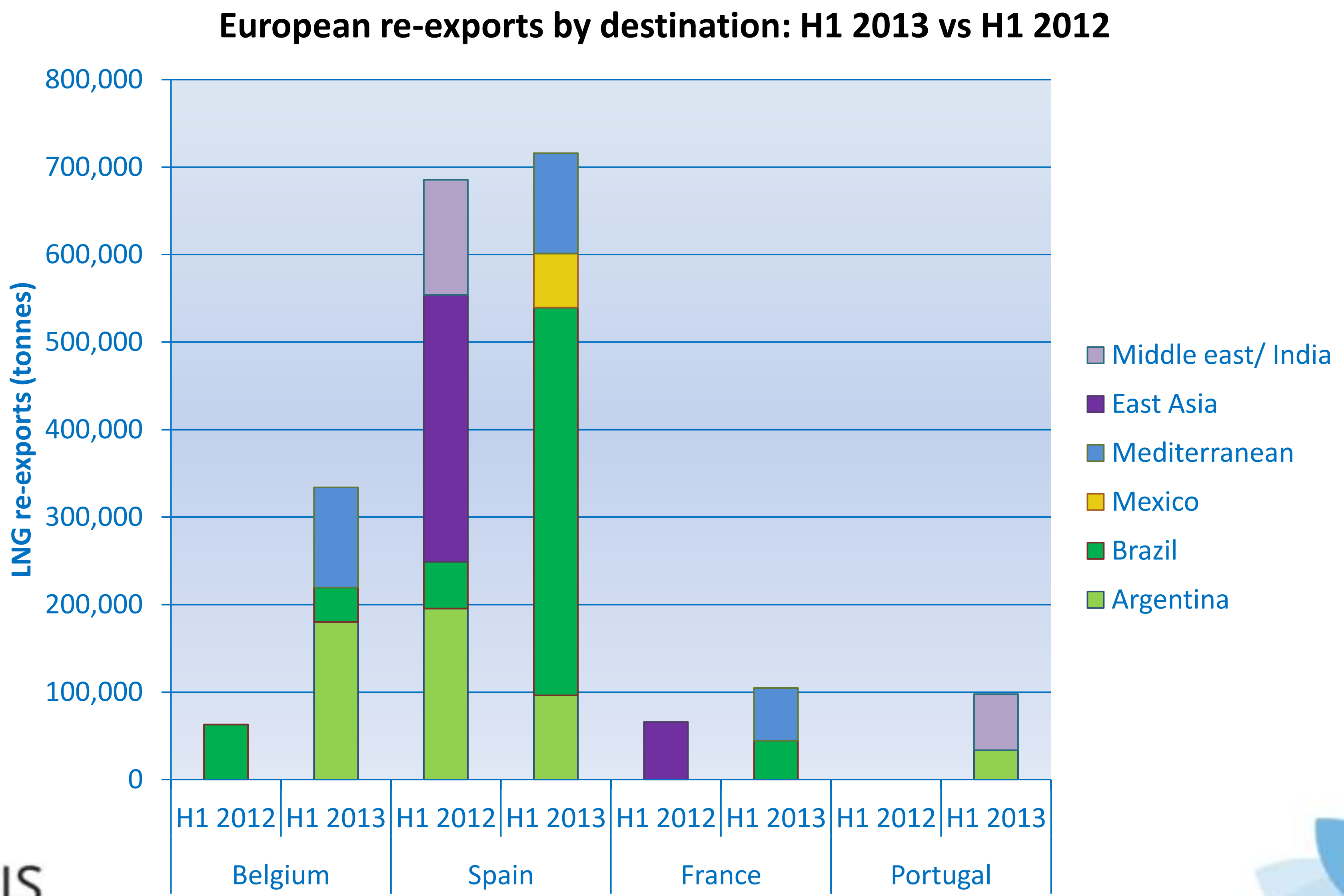
Ongoing problems

- Egypt now reduced to one train of Idku
- Indonesia fell nearly 25% y-o-y in H1 2013

Recurring risks

- Nigeria LNG/ Yemen (sabotage/ political), Snohvit (technical), Australia (weather)

European reloads important for Americas



New projects provide limited relief in 2014

PNG LNG

- Target date: H1 2014
- 50% sold to active ST buyers

Queensland Curtis LNG t1

- Target date: H2 2014
- <50% to active ST buyers

Gorgon t1, GLNG, DSLNG, APLNG, MLNG t9, etc

- Target date 2015
- Will ease pressure on ST volumes if targets met

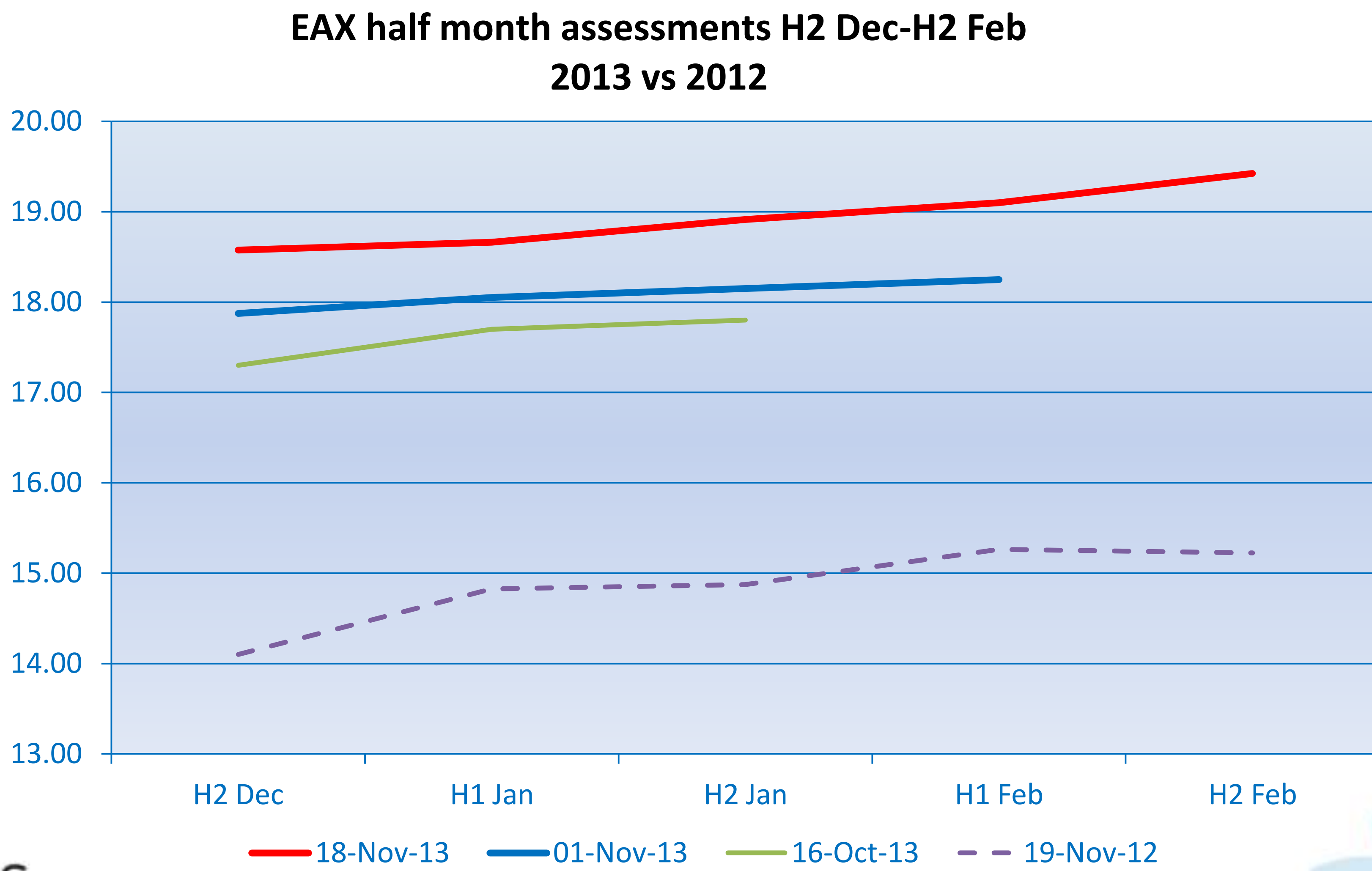
Japanese nuclear restarts could limit demand

8 July 2013: Japanese utilities permitted to apply for restarts

Kansai applies for 4.1GW, Kyushu 4.1GW, others <3GW

Only 3 NRA teams taking 6 months per application

Forward curve shows high winter price expectations



ICIS

Questions?