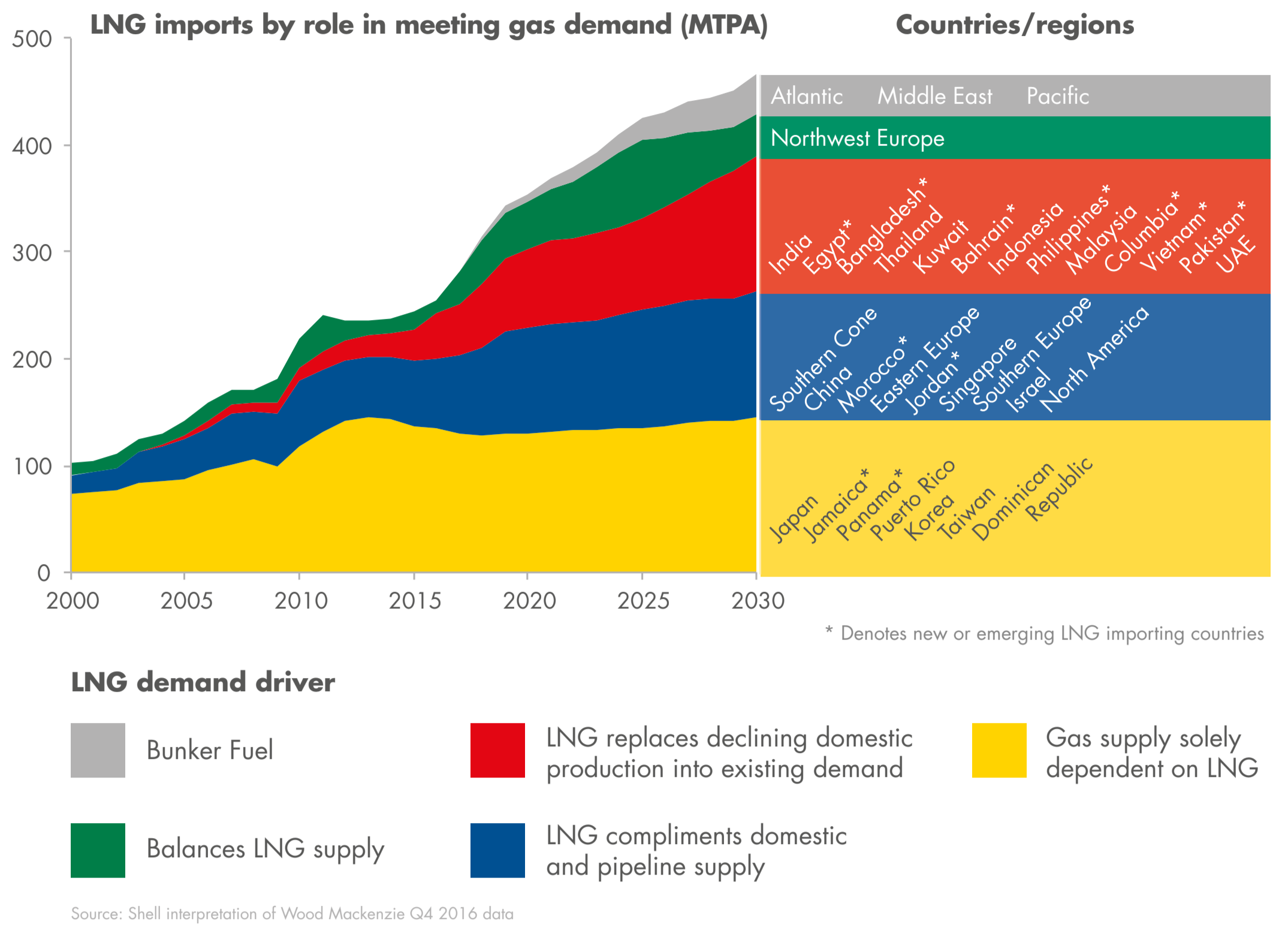




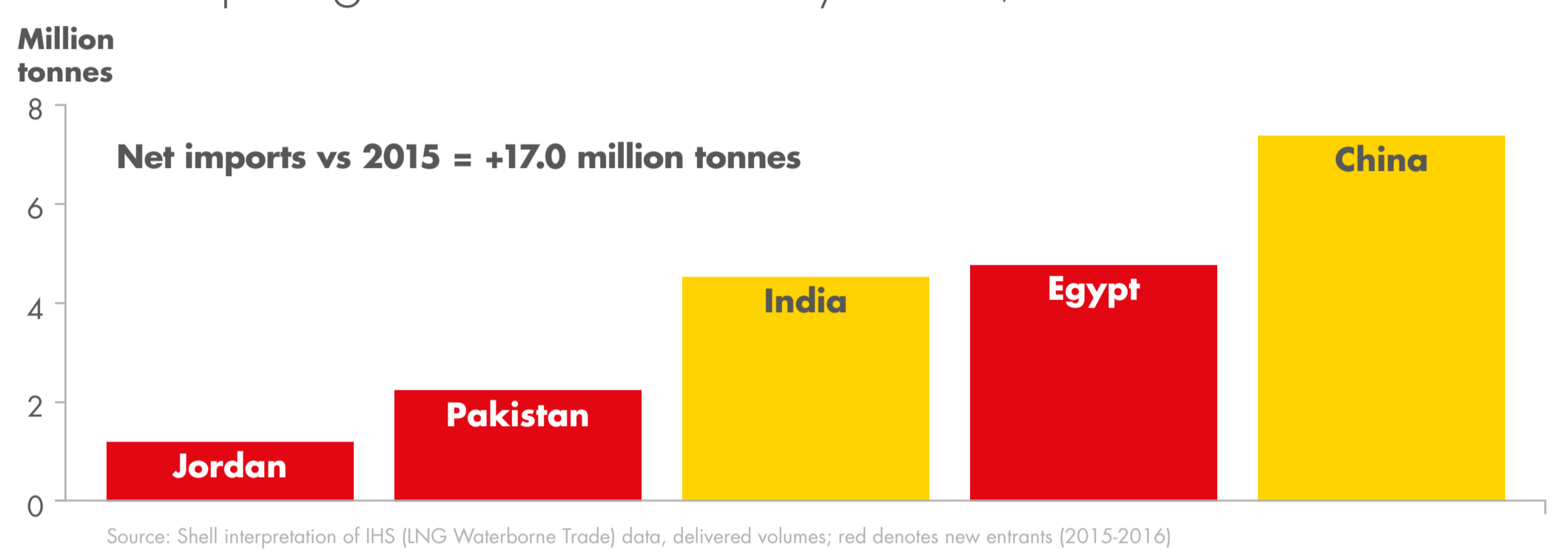
Demand absorbing new supply

- Strong growth in LNG supply in 2016, one-third of new supply online
- LNG demand growth from China, India and new entrants absorbed supply growth in 2016
- Egypt and Pakistan have shown how quickly emerging LNG demand can start and grow
- LNG demand growth is coming from countries that need to offset decline in domestic gas production and to meet growing energy demand
- LNG use in the transport sector continues to grow globally to meet demand for a lower emissions alternative to diesel and heavy fuel oil

Changing drivers of LNG demand growth



2016 import growth dominated by China, India and new entrants



Growing imports

6%

ANNUAL AVERAGE DEMAND GROWTH

for global LNG since 2000

2016 GLOBAL LNG DEMAND

265 MILLION tonnes (MT)

Enough to power

500 MILLION homes per year

35

LNG IMPORTING COUNTRIES

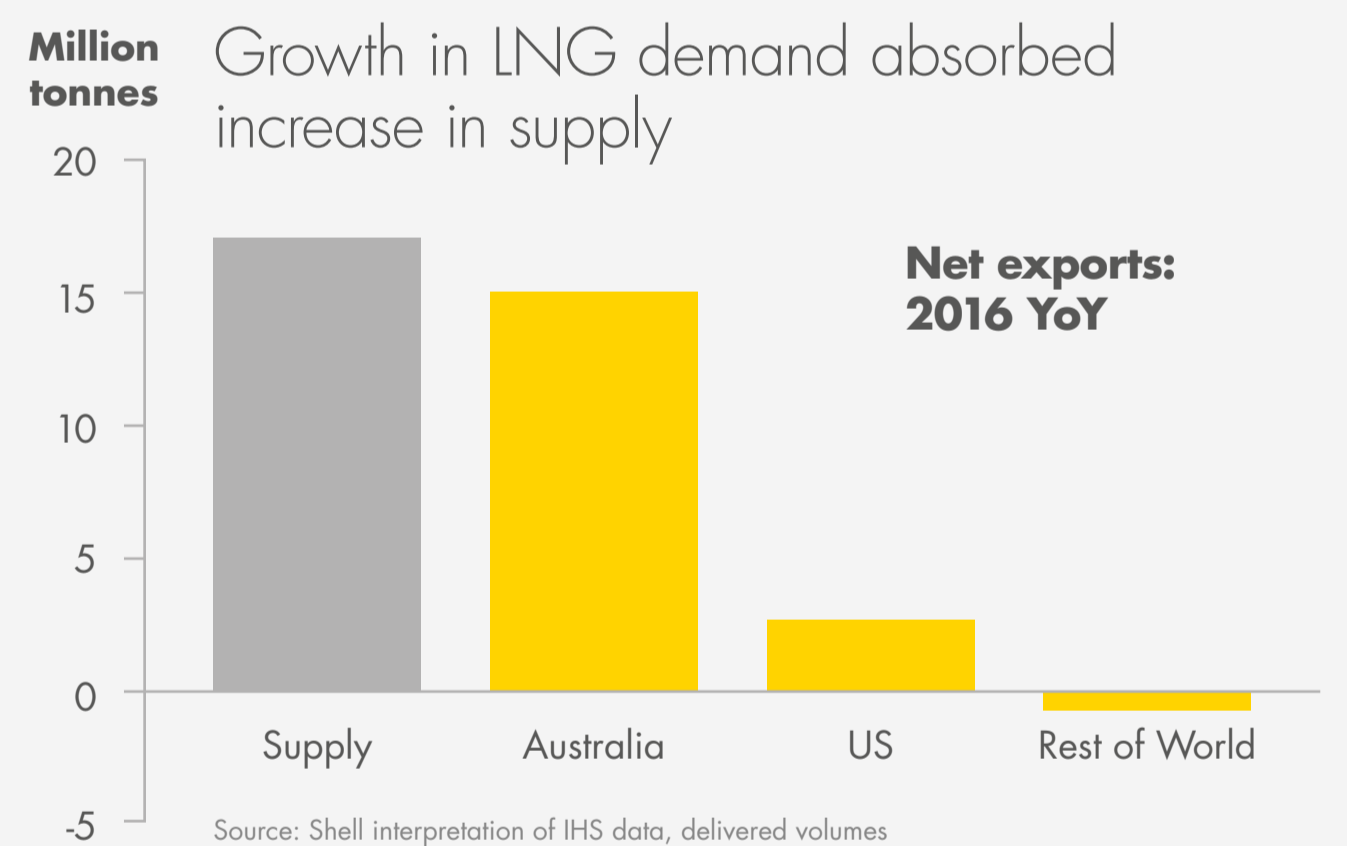
up from **10** at the start of this century

6 NEW IMPORTING COUNTRIES in 2015 and 2016:

Colombia, Egypt, Jamaica, Jordan, Pakistan and Poland

2016 Supply Highlights

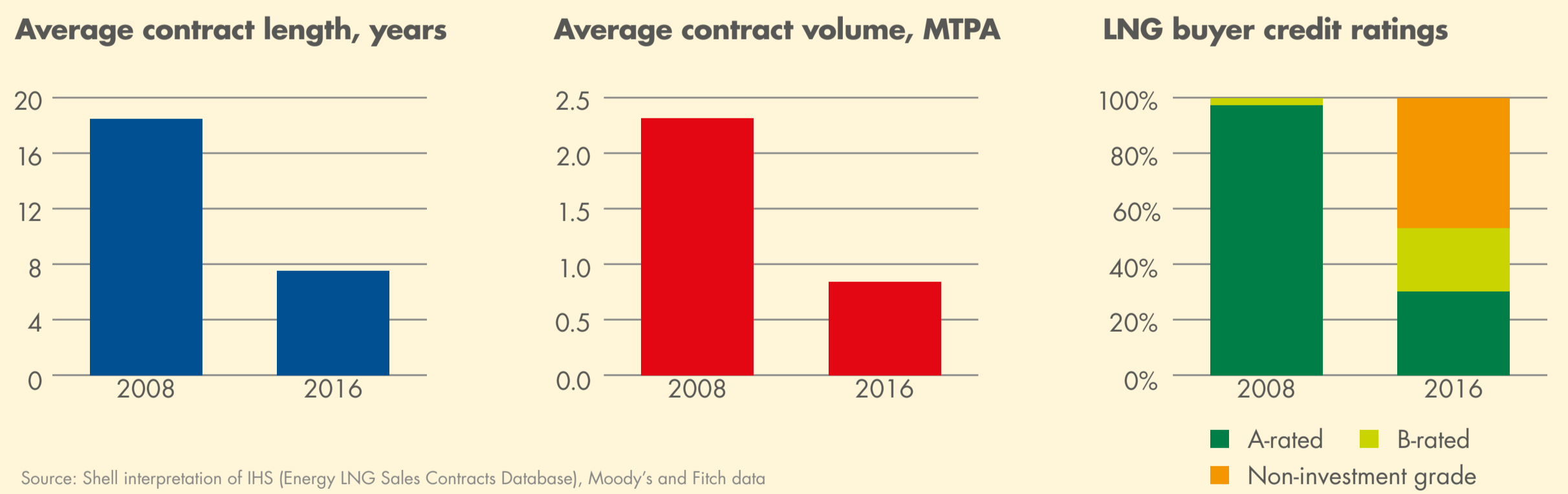
- 17 MT: increase in total global LNG exports
- 15 MT: increase in Australia exports
- 2.9 MT: delivered from the Sabine Pass terminal in Louisiana, USA
- 3.8 MT: increase in exports from Qatar, Indonesia and Angola
- 3.5 MT: fall in production from other Atlantic Basin projects



Structural changes

- Increased economic uncertainty has contributed to a decrease in final investment decisions
- LNG sellers need a large portfolio and sufficient flexibility to supply a growing number of countries, including more developing economies

Trend to shorter and smaller contracts with emerging buyers



Policymakers increasingly choose gas

LNG emits around 40% less CO₂ than coal when burnt for electricity



China adopted its 13th Five Year Plan, which identifies 45 bcm of additional gas demand – more than total gas demand in the Netherlands – to improve air quality in cities.



France and Canada announced plans to phase out coal fired generation by 2023 and 2030 respectively, joining Austria, Belgium, Britain, Denmark and Portugal in pledging to close coal fired generation by the end of the next decade.



170+ members agree to a global 0.5% sulphur cap on marine fuel that will take effect from 2020. LNG as a fuel contains virtually zero sulphur vs. 3.5% specification for global marine fuel today.

Future trends

- Continued LNG supply growth to 2020
- Global demand for gas is expected to increase by 2% a year between 2015 and 2030; LNG is set to rise at twice that rate at 4 to 5%
- Future LNG demand growth will be driven by: policy, floating storage regasification units, replacing declining domestic gas production, small scale LNG and transport
- LNG and Russian gas imports required to balance European gas demand
- New investments required to meet growing LNG demand after 2020
- LNG trade is changing to meet the evolving needs of buyers, including shorter-term and lower-volume contracts