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# Short and mid-term trends on the global LNG market

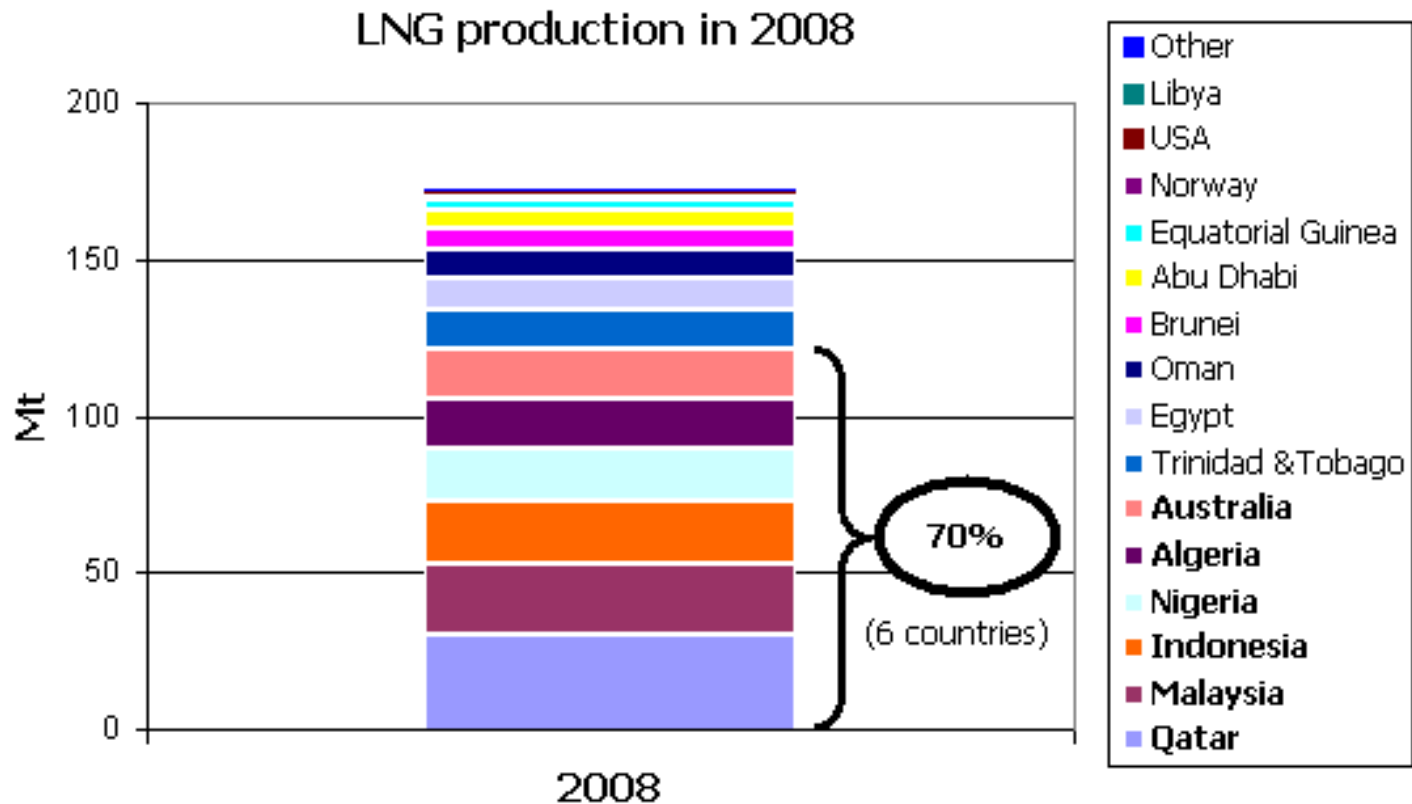
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# LNG Market Structure: exporting countries

- Global LNG market accounts for 25% of international gas exchanges (~ 172 Mt in 2008, i.e. 215 Gm<sup>3</sup>)



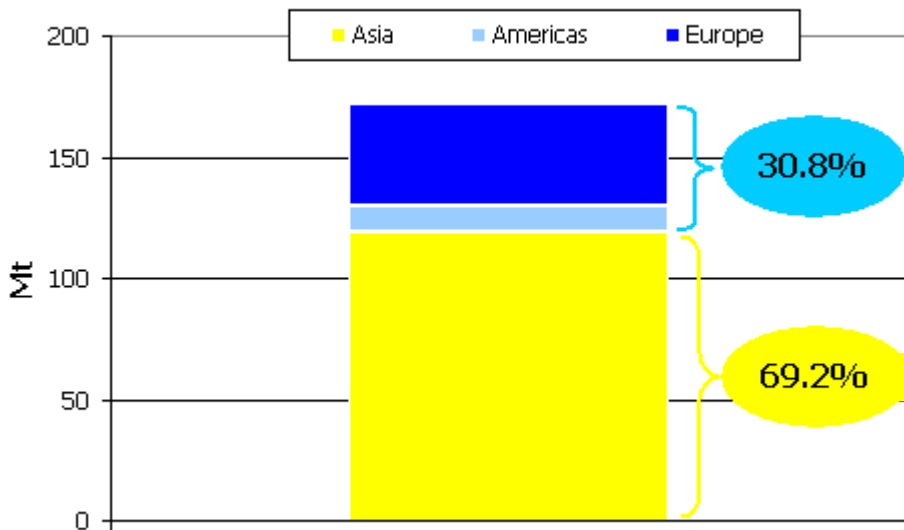
Source: GIIGNL 2008

# LNG Market Structure: importing countries

In 2008, Pacific Basin accounted for more than two-thirds of the global LNG market...

... with Japan importing more than half of this volume

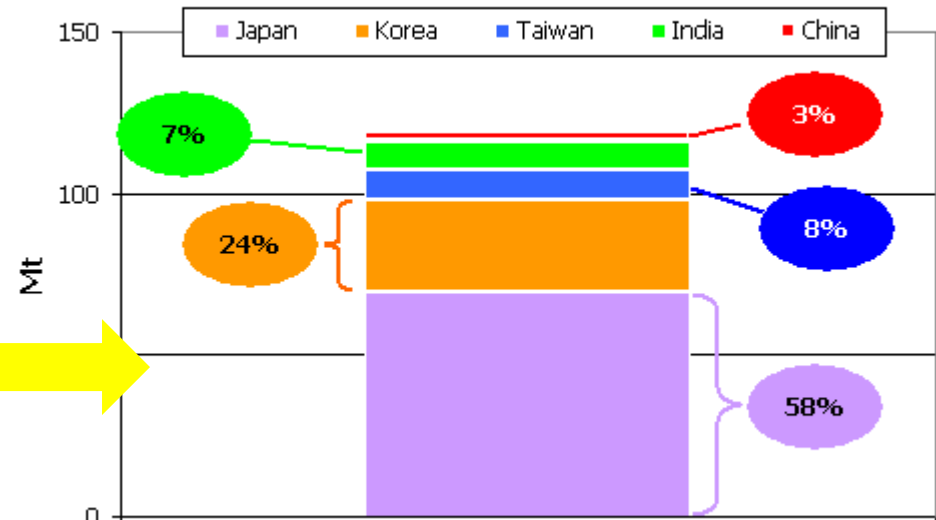
LNG imports in 2008: 172.1 Mt



Source: GIIGNL 2008

2008

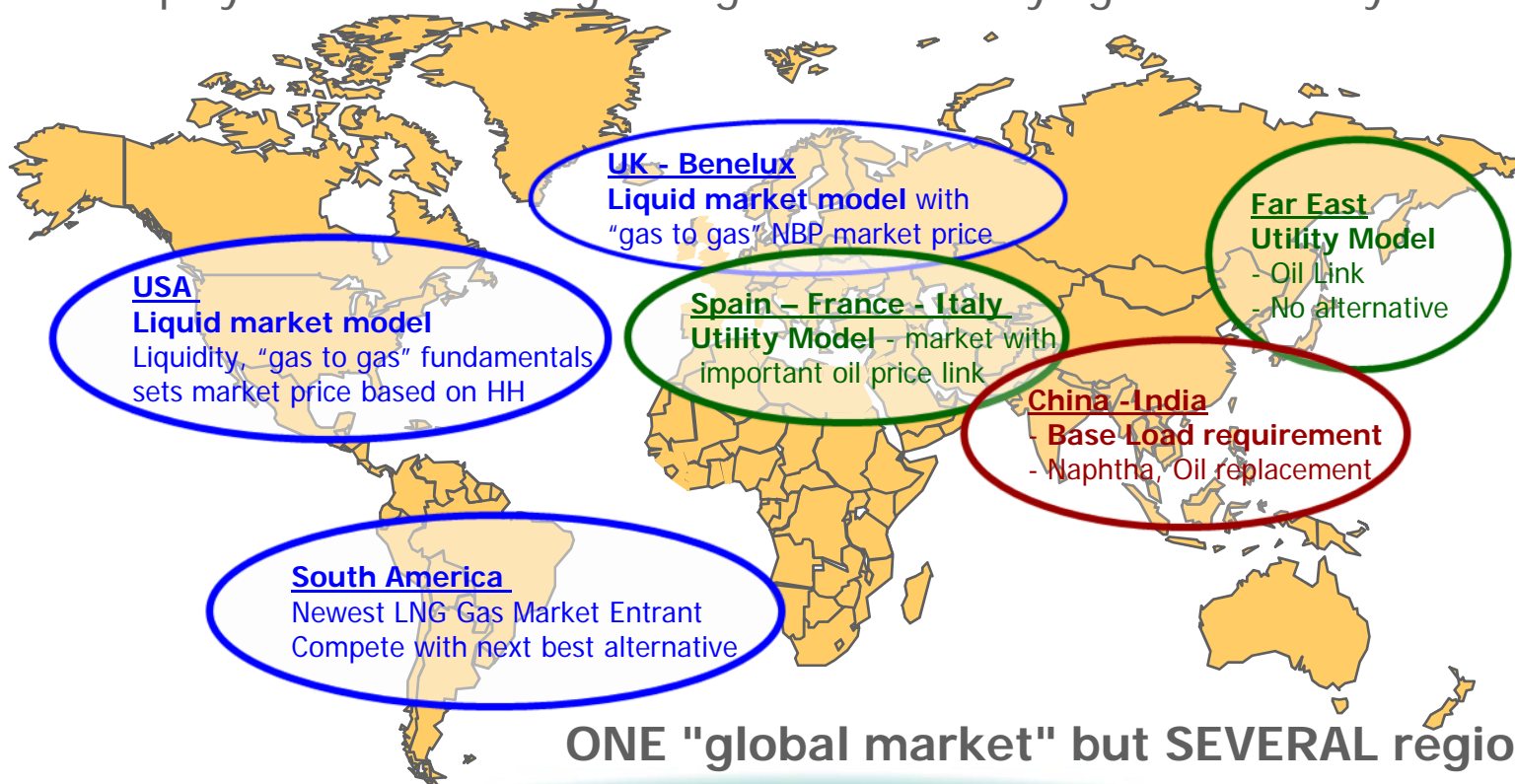
LNG imports in Asia in 2008: 119 Mt



2008

# Global Resource – Serving Regional Markets

- LNG can be produced and shipped around the globe and supply/demand is therefore measured at a global level
- Markets for gas are driven by local/regional factors with the role LNG plays within each regional gas market varying considerably



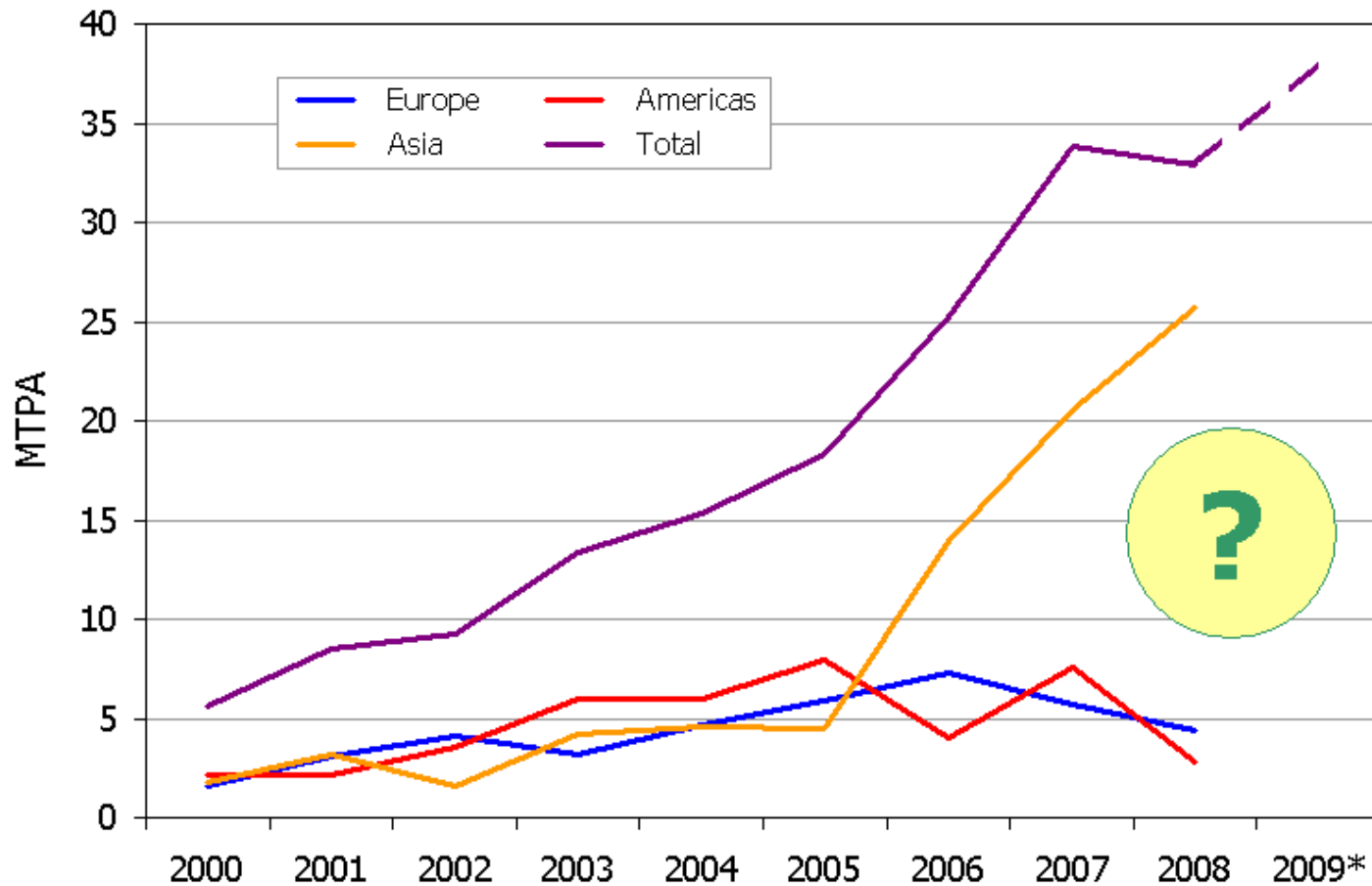
ONE "global market" but SEVERAL regional prices

# From long-term contracts to flexible LNG

- Since the 60's, LT contracts have been the common practice
  - visibility is a necessity as the LNG chain requires cost intensive investments
  - LT sale contracts reflect regional market fundamentals, thus guaranteeing LNG competitiveness
  - dedicated LNG chains incl. liquefaction plant, shipping, receiving terminal
  - increasing spot and short-term deals (diversions)
- For several years, surge of "flexible" LNG, in particular due to new liquefaction capacity:
  - doubling of liquefaction capacity between 2003 and 2011
  - e.g. Qatar: from 14 mtpa in 2003 to 77 mtpa capacity by 2012, of which a significant volume has a primary liquid "home market", but destination can be changed according to market attractiveness

# Historical flows of short-term and spot LNG

Spot & short-term LNG imports

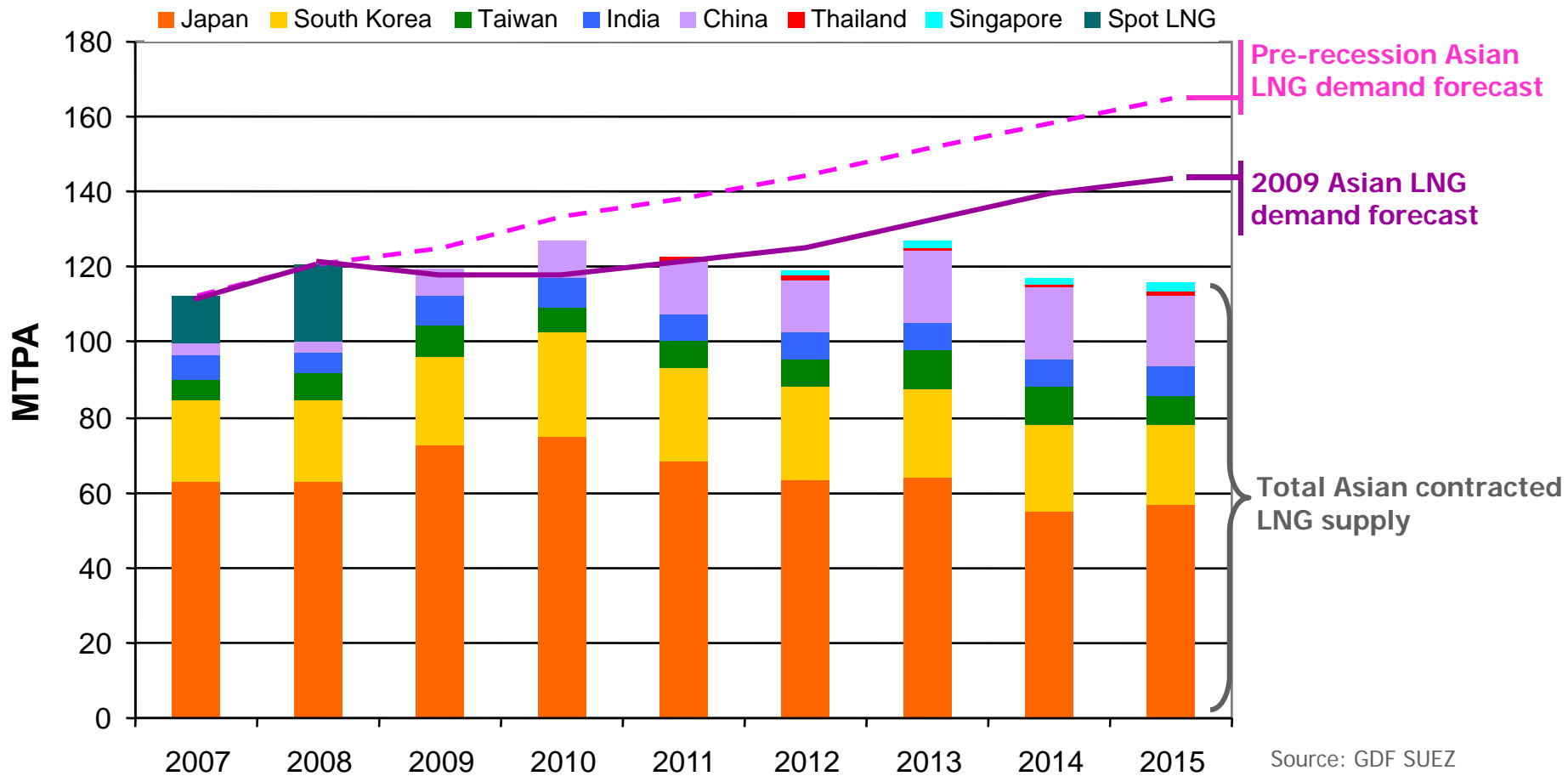


Source: GIIGNL 2008 / GDF SUEZ

\* Estimate

# Changing supply/demand balance in Asia

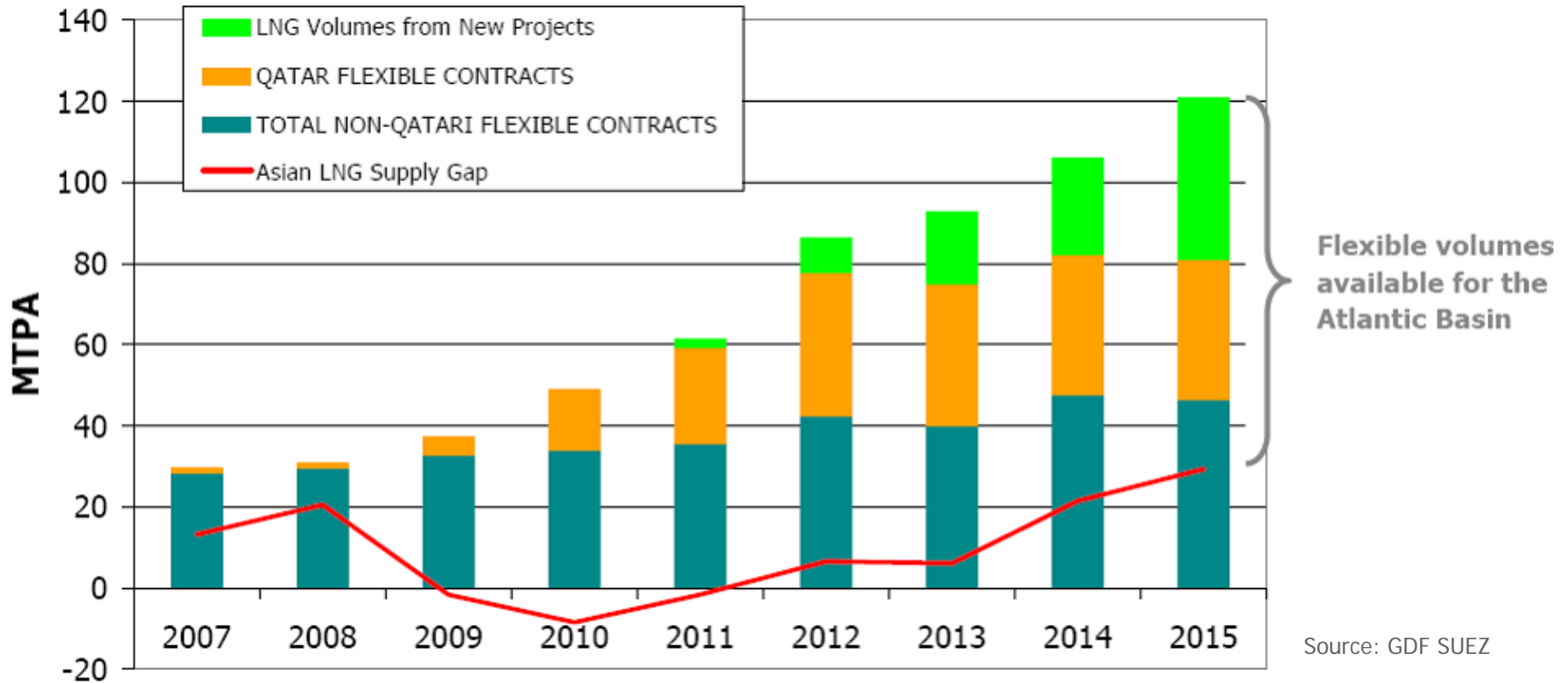
Contracted Asian LNG Supply vs. Forecast Demand



Source: GDF SUEZ

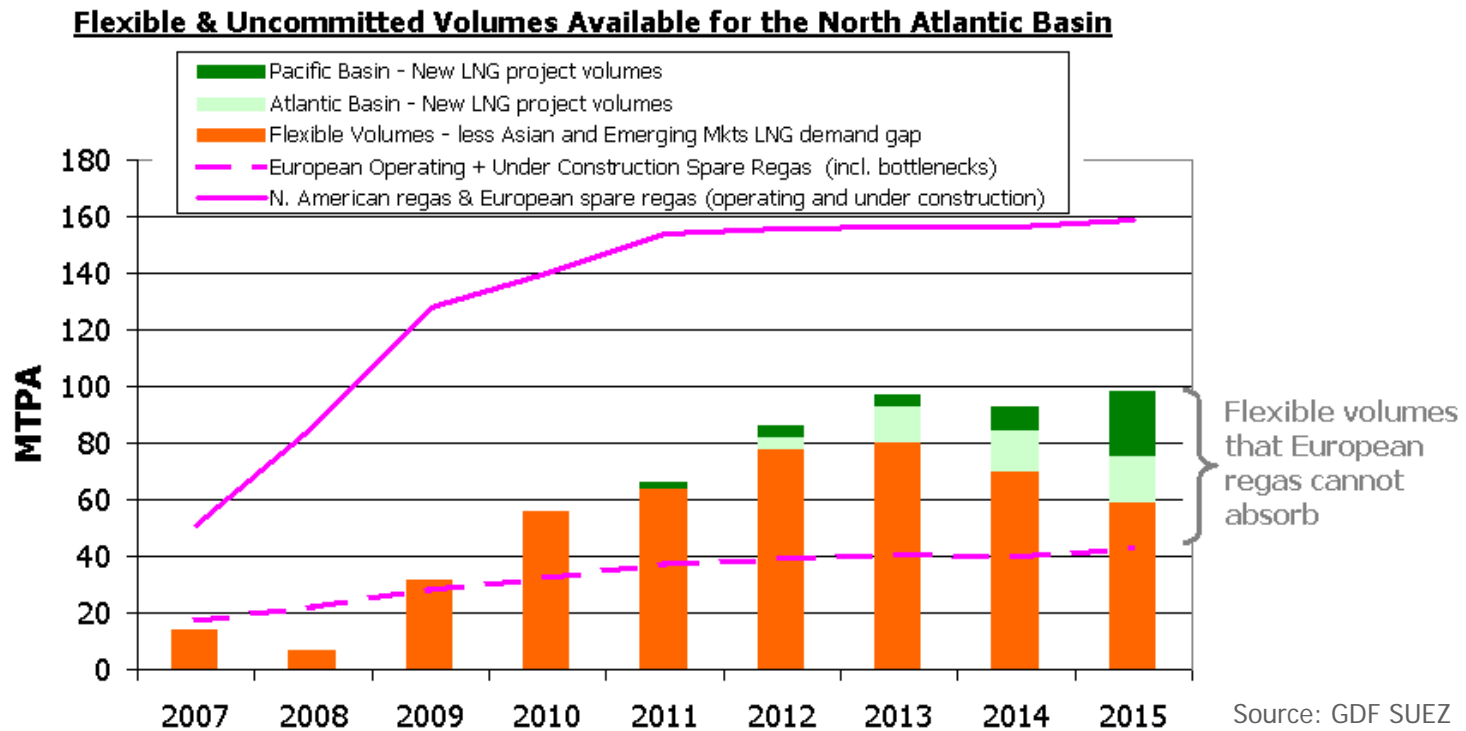


# Flexible & uncommitted volumes available for the Atlantic Basin



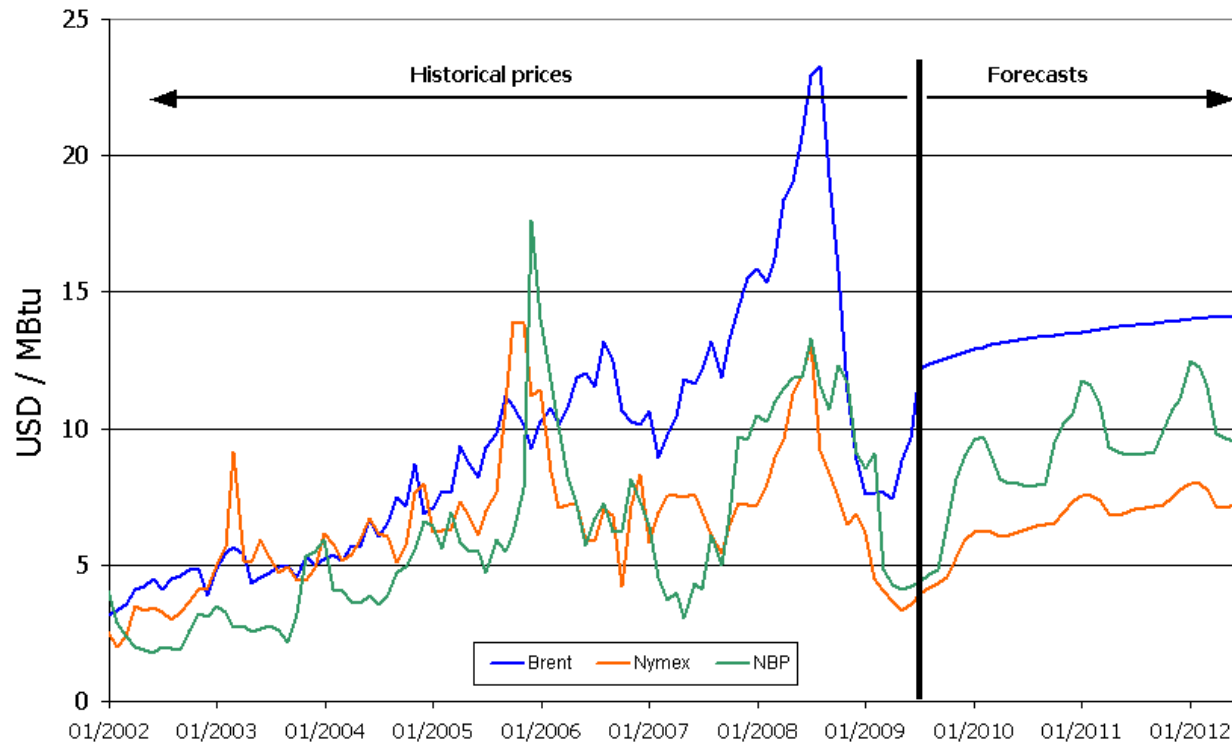
# Where will flexible LNG flow?

- Compared with the last 2 years, Asia will not be a destination for flexible LNG
- Flexible LNG volumes should be more than sufficient to satisfy European needs



## Historical prices and forwards

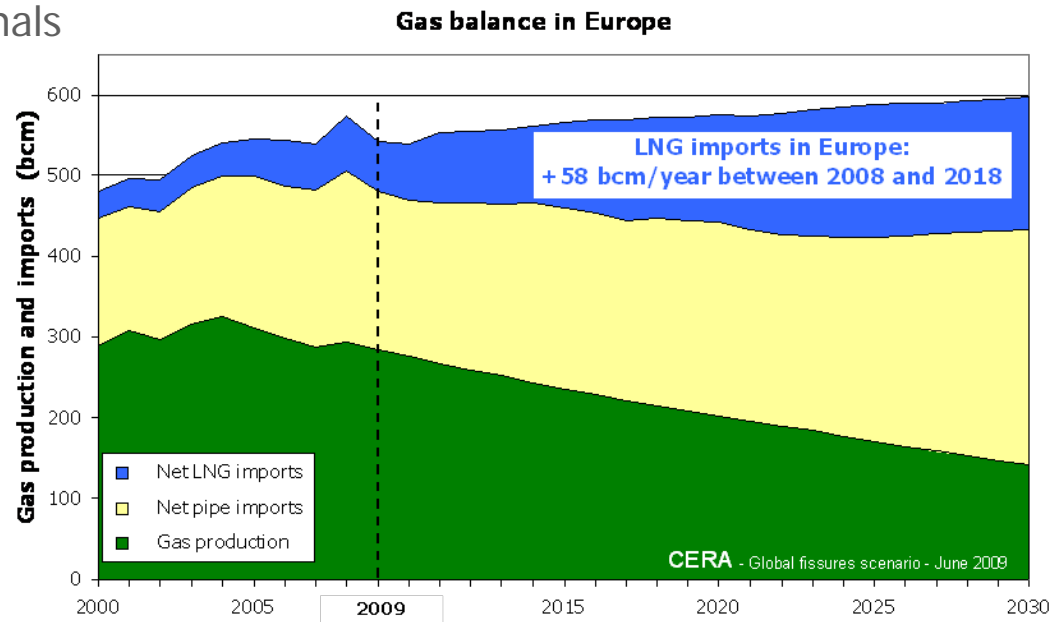
- Therefore the remaining volumes will probably need to go to the US...
- ... but at what price?



Various sources - June 2009

## Europe able to increase LNG imports as domestic production declines

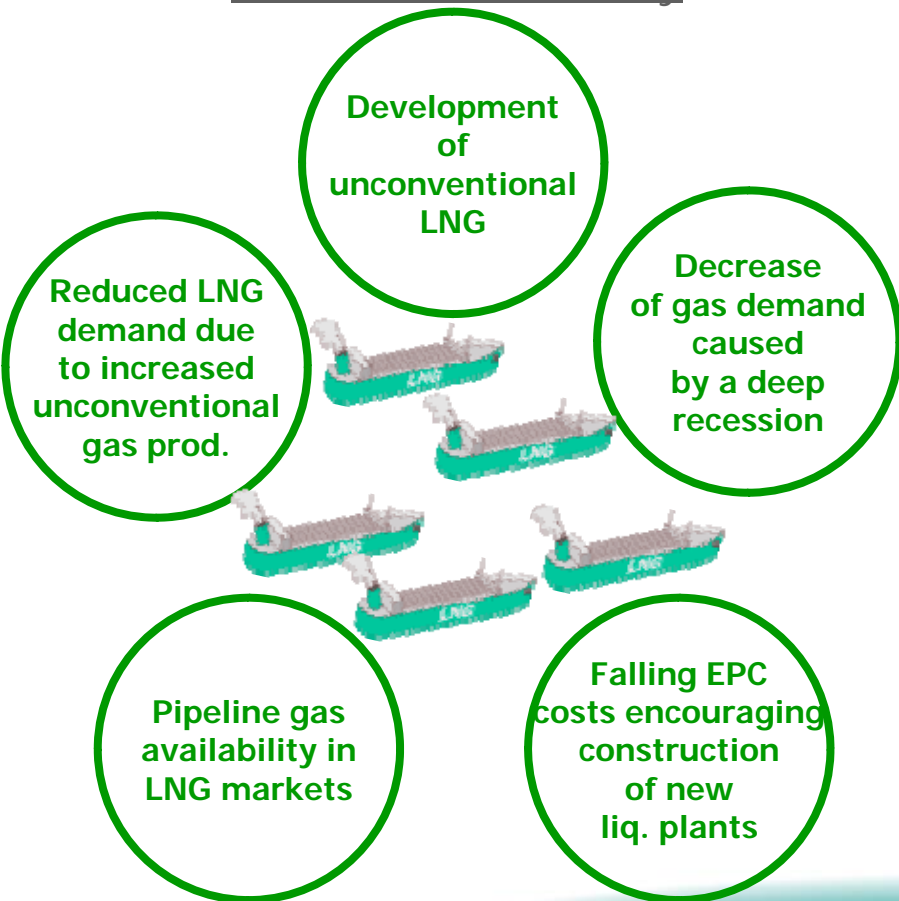
- Europe already has LNG infrastructures that can handle more LNG on the short/mid term
  - Spare capacity in existing terminals
  - New terminals coming on stream in 2009
  - Expansion of existing terminals
- Renewed interest of the European Commission and of several European countries
  - Diversity and security of supply = major issues
  - Intending to promote LNG projects
- Fast-track opportunities and solutions exist
  - Floating terminals, expansion of existing infrastructures



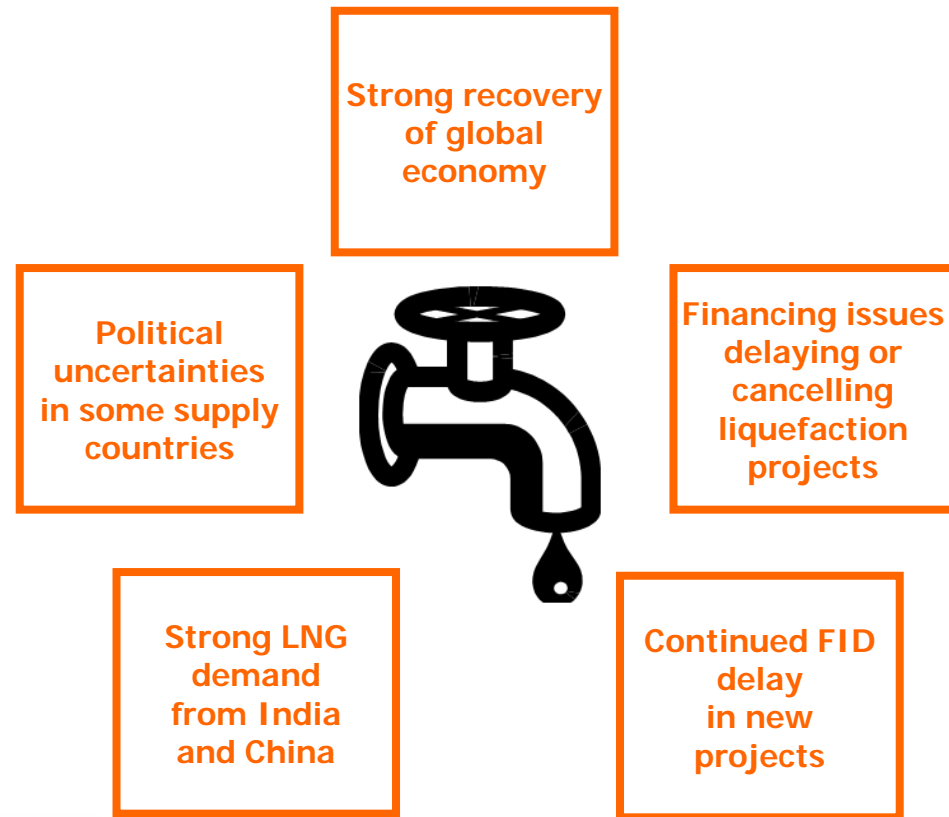
# LNG supply / demand balance in 2015+

Current uncertainties make two alternatives possible in the long term

## Good LNG Availability



## Tight LNG Supply



## Conclusion

- In the short and medium term, flexible LNG should flow back to Europe, in particular during winter periods. Flexible LNG will spill over to the US mainly during summer
- Europe is an attractive destination for medium and long-term LNG
- Long-term (2015+) LNG supply perspectives are unclear, both plentiful or tight markets scenarios being possible

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