Qatargas: Achieving & Maintaining our LNG Market Presence

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The World's Premier LNG Company
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Our success factors allow us to achieve our vision

To be the world’s premier Liquefied Natural Gas company

Vision statement:

• Be known for our people, innovation, operating excellence and corporate citizenship

• Set the standard for:
  ➢ Safety, Health and Environmental performance
  ➢ Customer satisfaction
  ➢ A high caliber and diverse workforce
  ➢ Efficient and reliable operations
  ➢ Financial performance

Success factors:

• Natural Resource Base and location
• Strong Partnerships
• Customer Base
• Investment Policy
• Technological Innovation
• Leadership
• Human Resource Development
• Marketing Strategy
• Depth of Portfolio
Qatargas is in partnership with several of the world’s premier energy firms...
Challenges:

- Developing The North Field
- Commercial confidentiality between ventures
- Maintaining buyer standards e.g. credit thresholds
- The global economy
- Maintaining the latest technical innovations
- Transitioning from a project company to an operating company
- Staff retention and managing a diverse workforce
- Competitive threats

...and has overcome various challenges...
Qatar LNG Milestones

North Field discovery
1971

QG1 JV established
1984

Chubu Electric SPA
1992

1st Delivery to Chubu Electric
1997

QG2 SPA’s
2004/5

Train 4 & 5
2009

Train 6
2010

Train 7
2011

Expansion work from 10 MTPA to 42 MTPA in record time

QG1 10 MTPA
42 MTPA

QG2 15.8 MTPA
34 MTPA

QG3 7.8 MTPA
26 MTPA

QG4 7.8 MTPA
10 MTPA

...resulting in a long history of success
Qatargas’ deliveries were expected to be broadly balanced across the main LNG importing regions...

Note: Italy and S. Korea have also received some QG cargoes in the past.
…but several new long-term supply contracts have been signed with Asian buyers in the past year.
Due to strong demand growth, Asia has now tied up the vast majority of Qatargas’ LNG in 2013

Note: Italy and S. Korea have also received some QG cargoes in the past. Percentages based on Qatargas January-March 2013 deliveries.
The global LNG business has consistently grown robustly...

Global LNG trade

- From 2000 to 2011 global LNG supply and demand have balanced by growing at 8% on average annually
- In 2012 LNG feedgas and liquefaction issues have limited LNG production, while only one project was brought online (Pluto)
• 2012 saw a large shift in LNG imports by country as Asian and emerging markets attracted significantly more volumes
• Japan’s 2012 imports jumped by over 8 MT, approximately matched by the fall in UK imports
Asia will need to draw significant LNG from other regions to balance the market

Despite the arrival of some new supply, the supply-demand gap is still 39 MTPA in 2016

MARKET ASSESSMENT – NEAR/MEDIUM TERM

A large, and still growing, LNG supply-demand imbalance exists in the Asia Pacific Basin

- This large imbalance will persist and be exacerbated if the new supply projects are further delayed
- Asia Pacific will therefore continue to pull an increasing amount of flexible LNG away from the Atlantic Basin and Middle East

Source: Qatargas estimates
Increasing amounts of LNG are required to balance the global market in the medium term

Source: Qatargas estimates

From 2018 a global LNG supply-demand gap opens

In 2025 an almost 170 MTPA global LNG supply-demand gap exists. This needs to be filled by new LNG supply that has not yet been sanctioned

MARKET ASSESSMENT – LONG TERM

Global LNG Supply-Demand

- It is uncertain which new LNG supply regions will fill the post-2018 supply-demand gap – North America, East Africa and The East Mediterranean all face significant challenges to project development
The LNG industry is constantly evolving...

Growing Emerging Markets are the next generation of LNG consumers

New LNG supply regions are evolving as new discoveries are developed

LNG prices are constantly changing

New uses for LNG are being developed such as fuel for vessels in low emission marine zones
1. The LNG market has consistently experienced strong growth and Asian and emerging markets are requiring new supply

2. Longer term, greater uncertainty surrounds the supply-demand balance
   • The market will remain tight unless planned projects pass all hurdles and are built on time

3. Qatargas is a premier long term LNG supplier with reliable and available supply today

...and Qatargas will continue to meet the market’s needs