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Challenges and opportunities in Asia's future LNG pricing

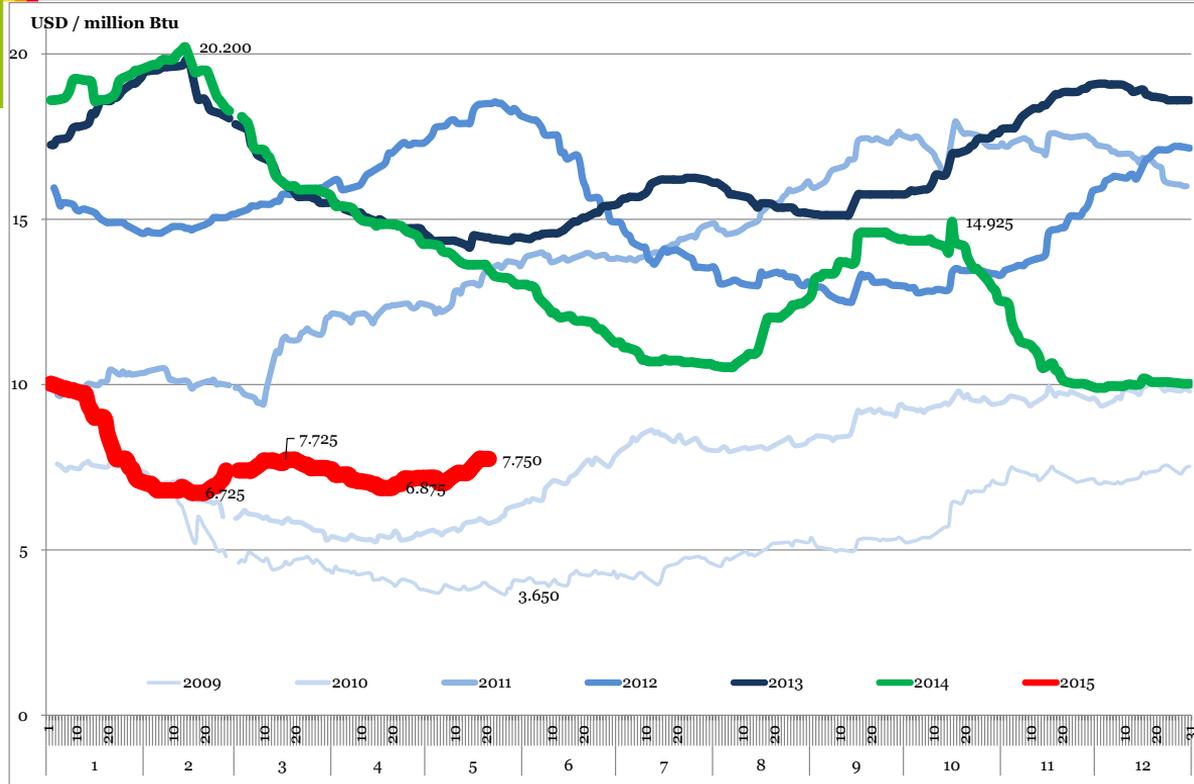
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LNG - an ever-evolving industry

- The industry doubles its size every 10 years.
- It is only 50 years young.
- An unprecedented expansion is underway amid major uncertainty over demand.
- Significant transformation in trading and pricing patterns is expected.
- New production projects are expected to be even more capital intensive.
- LNG pricing is always in transition and at this moment comes to a major turning point.

Spot LNG assessment has different features every year



- Spot price assessments have not established as benchmarks yet, as liquidity is not enough.
- They can be viewed as some indications of market sentiments.

(Sources) Based on data from Platts LNG Daily

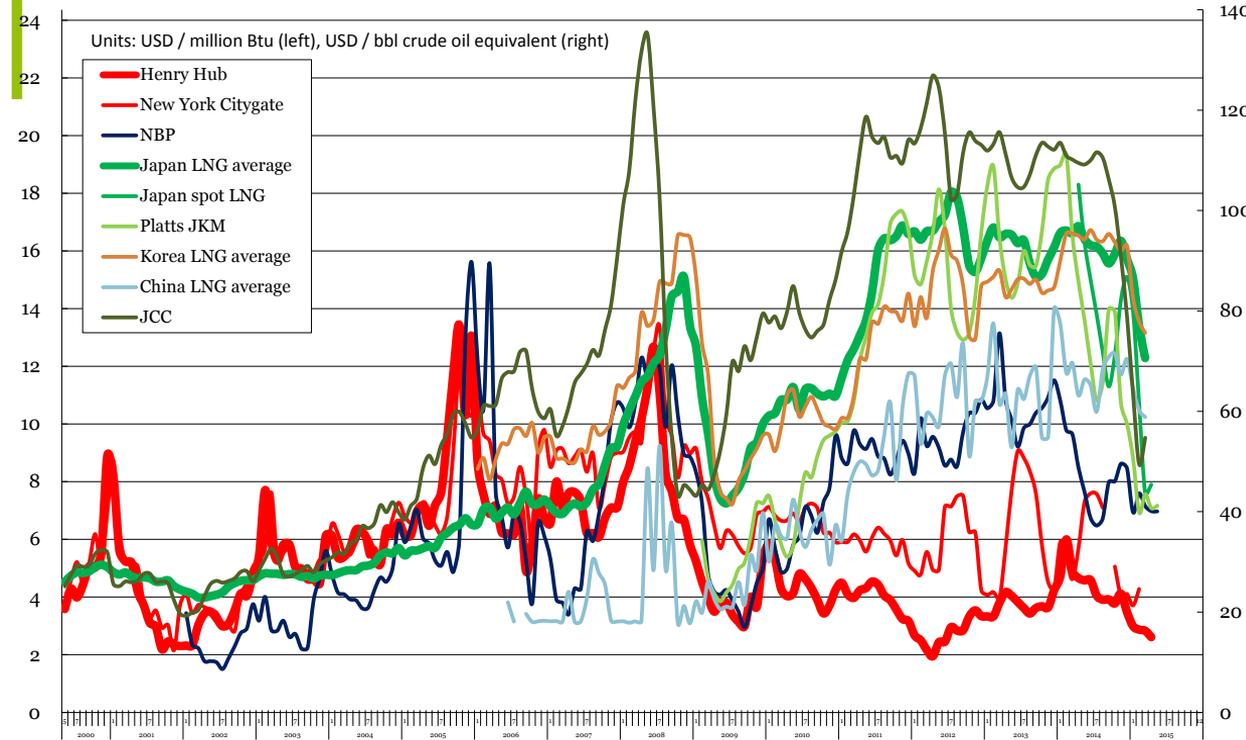
Gas prices undergo fundamental changes in the United States



(Sources) Based on data from the Energy Information Administration

- Prices in New York fluctuate more wildly than Henry Hub.
- In 2014 they took different courses - New York saw lower spot prices for an extended period due to increasing production from Marcellus Shale

Regional prices diverge and converge from time to time



- Different pricing may lead to similar price levels.
- Not only pricing but also equity lifting and tolling arrangements are changing the market.

A larger and more flexible LNG market is expected

- 400 million tonnes is expected globally by 2020.
- Demand is expected to grow but with significant uncertainty.
- Greater flexibility is expected and it is necessary.
- New reality of lower crude prices and market calls for more competitive LNG prices pose challenges - but they can be overcome through cooperation between suppliers and consumers.
- Different pricing and diversification will finally arrive in Asia in 2015.