



## CHENIERE ENERGY, INC.

NYSE American: LNG

U.S. LNG and a Changing Global Dynamic

Andrew Walker – Vice President, Strategy and Communication

Flame – Amsterdam, May 13, 2019

# Safe Harbor Statements

## Forward-Looking Statements

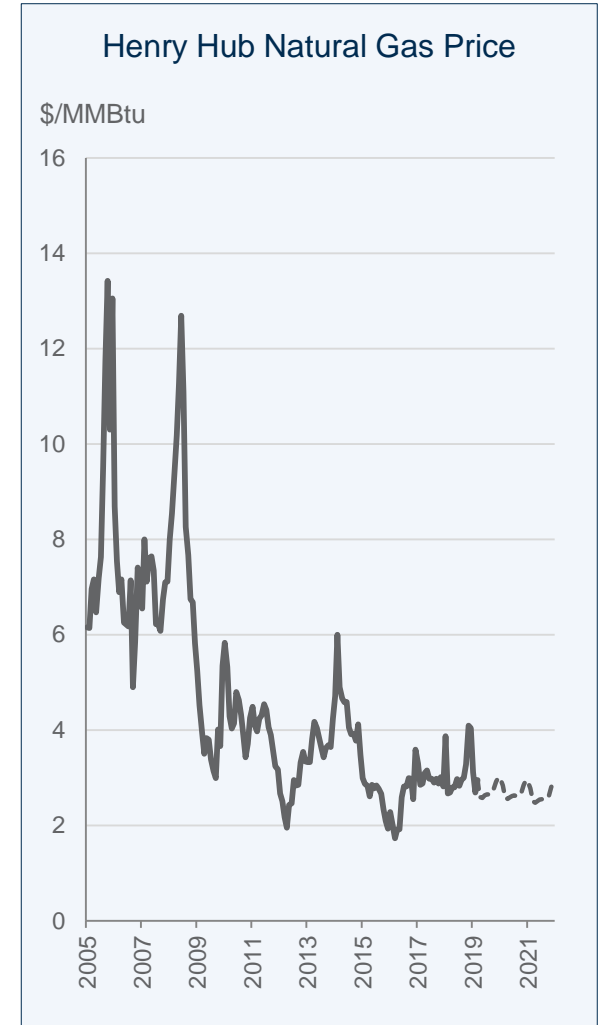
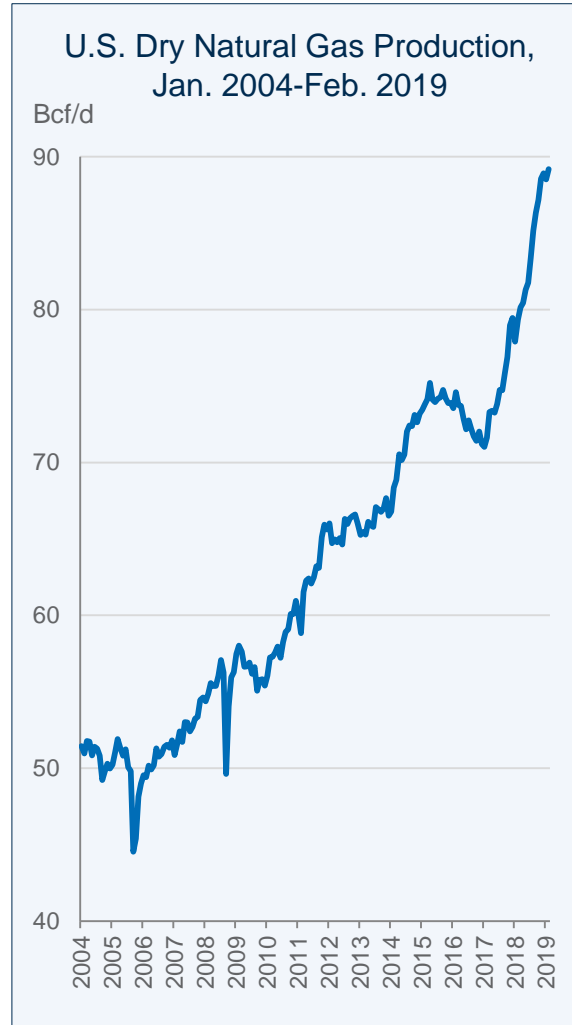
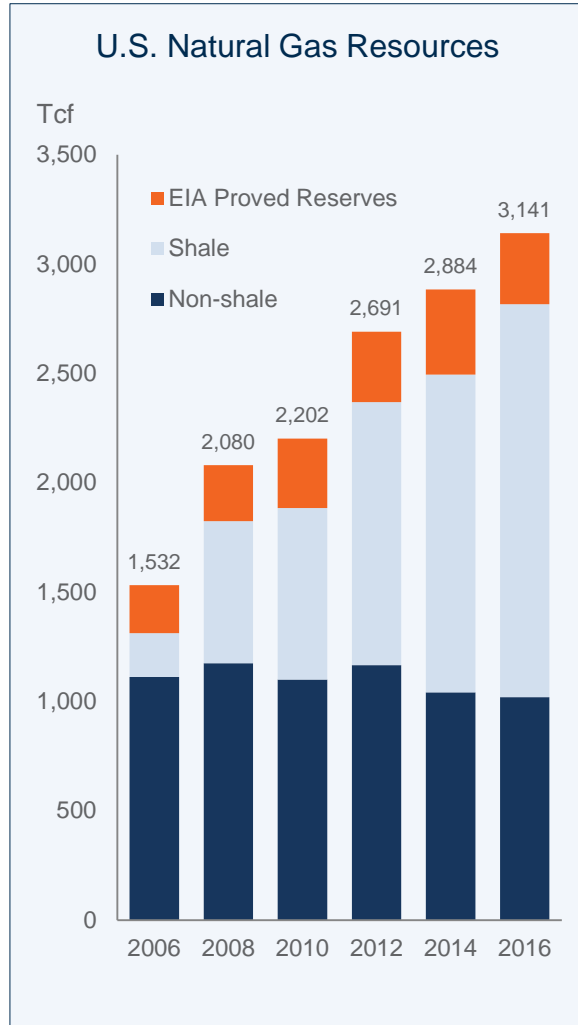
This presentation contains certain statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical or present facts or conditions, included or incorporated by reference herein are “forward-looking statements.” Included among “forward-looking statements” are, among other things:

- statements regarding the ability of Cheniere Energy Partners, L.P. to pay distributions to its unitholders or Cheniere Energy, Inc. to pay dividends to its shareholders or participate in share or unit buybacks;
- statements regarding Cheniere Energy, Inc.’s or Cheniere Energy Partners, L.P.’s expected receipt of cash distributions from their respective subsidiaries;
- statements that Cheniere Energy Partners, L.P. expects to commence or complete construction of its proposed liquefied natural gas (“LNG”) terminals, liquefaction facilities, pipeline facilities or other projects, or any expansions or portions thereof, by certain dates or at all;
- statements that Cheniere Energy, Inc. expects to commence or complete construction of its proposed LNG terminals, liquefaction facilities, pipeline facilities or other projects, or any expansions or portions thereof, by certain dates or at all;
- statements regarding future levels of domestic and international natural gas production, supply or consumption or future levels of LNG imports into or exports from North America and other countries worldwide, or purchases of natural gas, regardless of the source of such information, or the transportation or other infrastructure, or demand for and prices related to natural gas, LNG or other hydrocarbon products;
- statements regarding any financing transactions or arrangements, or ability to enter into such transactions;
- statements relating to the construction of our proposed liquefaction facilities and natural gas liquefaction trains (“Trains”) and the construction of our pipelines, including statements concerning the engagement of any engineering, procurement and construction (“EPC”) contractor or other contractor and the anticipated terms and provisions of any agreement with any EPC or other contractor, and anticipated costs related thereto;
- statements regarding any agreement to be entered into or performed substantially in the future, including any revenues anticipated to be received and the anticipated timing thereof, and statements regarding the amounts of total LNG regasification, natural gas, liquefaction or storage capacities that are, or may become, subject to contracts;
- statements regarding counterparties to our commercial contracts, construction contracts and other contracts;
- statements regarding our planned development and construction of additional Trains or pipelines, including the financing of such Trains or pipelines;
- statements that our Trains, when completed, will have certain characteristics, including amounts of liquefaction capacities;
- statements regarding our business strategy, our strengths, our business and operation plans or any other plans, forecasts, projections or objectives, including anticipated revenues, capital expenditures, maintenance and operating costs, run-rate SG&A estimates, cash flows, EBITDA, Adjusted EBITDA, distributable cash flow, distributable cash flow per share and unit, deconsolidated debt outstanding, and deconsolidated contracted EBITDA, any or all of which are subject to change;
- statements regarding projections of revenues, expenses, earnings or losses, working capital or other financial items;
- statements regarding legislative, governmental, regulatory, administrative or other public body actions, approvals, requirements, permits, applications, filings, investigations, proceedings or decisions;
- statements regarding our anticipated LNG and natural gas marketing activities; and
- any other statements that relate to non-historical or future information.

These forward-looking statements are often identified by the use of terms and phrases such as “achieve,” “anticipate,” “believe,” “contemplate,” “develop,” “estimate,” “example,” “expect,” “forecast,” “goals,” “guidance,” “opportunities,” “plan,” “potential,” “project,” “propose,” “subject to,” “strategy,” “target,” and similar terms and phrases, or by use of future tense. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in “Risk Factors” in the Cheniere Energy, Inc. and Cheniere Energy Partners, L.P. Annual Reports on Form 10-K filed with the SEC on February 26, 2019, which are incorporated by reference into this presentation. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these “Risk Factors.” These forward-looking statements are made as of the date of this presentation, and other than as required by law, we undertake no obligation to update or revise any forward-looking statement or provide reasons why actual results may differ, whether as a result of new information, future events or otherwise.

# U.S. Natural Gas Overview

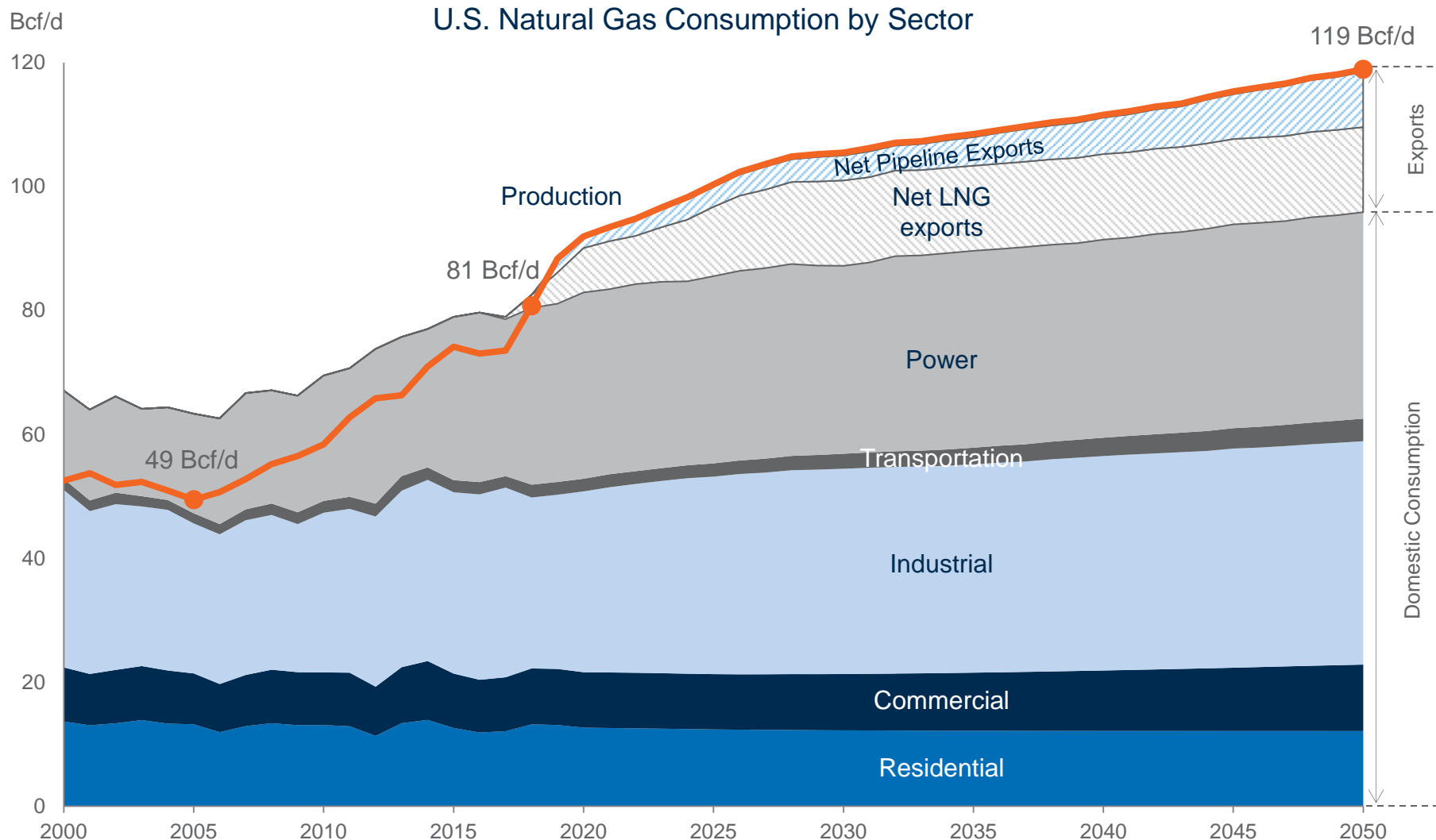
Upstream developments have re-set the U.S. resource base, production levels and prices



Source: Potential Gas Committee (2017), U.S. Energy Information Administration (Apr. and May 2019). HH Forward Curve as of 10 May 2019 – source Reuters

# U.S. Gas Consumption by Sector

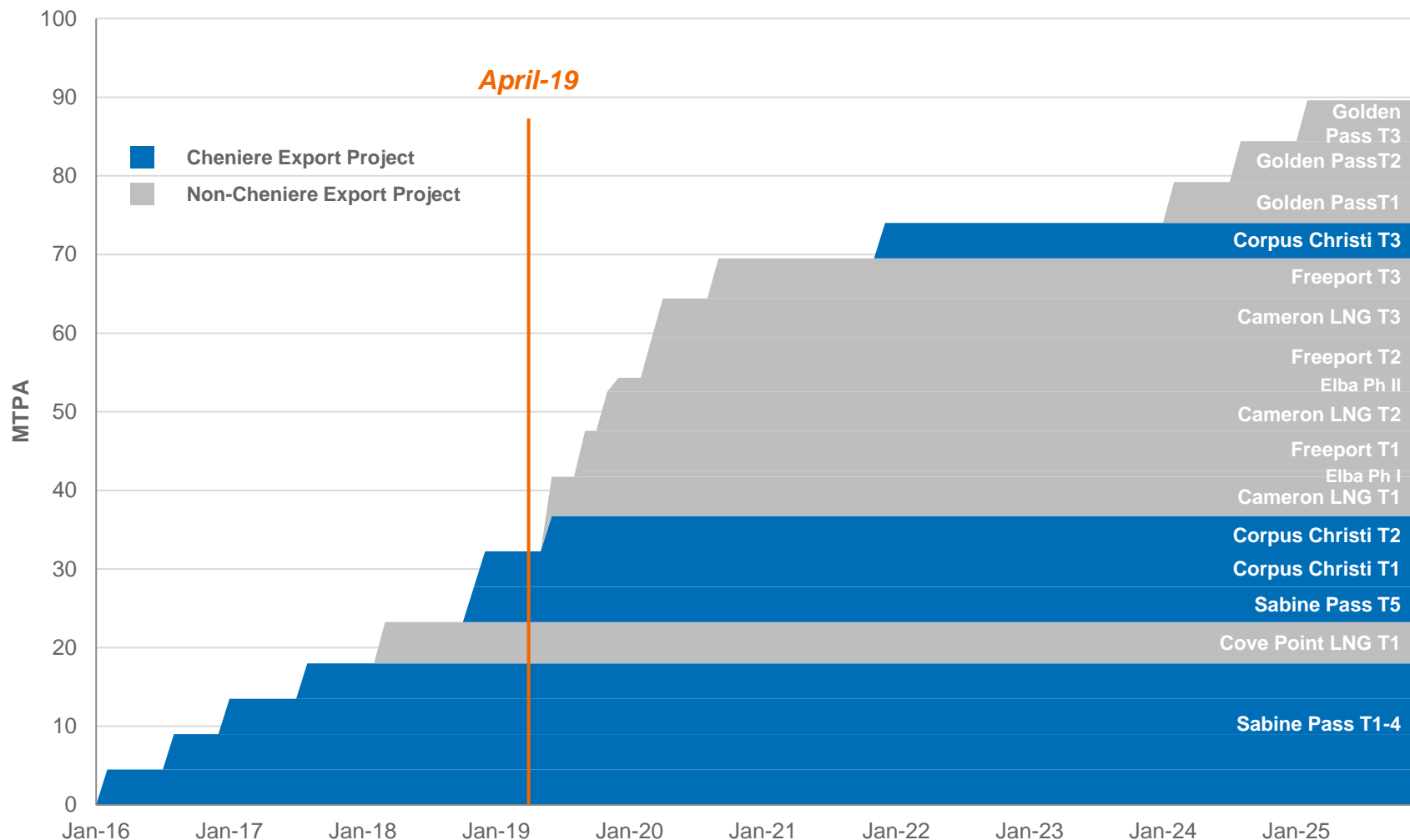
Domestic consumption forecast to grow by 15 Bcf/d to 2050; exports by 20 Bcf/d



Source: U.S. Energy Information Administration, Annual Energy Outlook 2019 ("Reference" case outlooks)

# U.S. LNG Capacity Operating and Under Construction

## Cheniere Constructing About 40% of Expected U.S. LNG Export Capacity Through 2025



Source: Cheniere Research estimates for first export about three months prior to projected Substantial Completion dates. Actual start dates may differ depending on construction schedules.



# Cheniere Projects Update

## Sabine Pass Liquefaction Project (Louisiana)

T1-5 = 22.5 mtpa<sup>(1)</sup> Liquefaction Capacity



- First operational export facility in U.S. Lower-48
- Trains 1-5 operating
- Train 5 substantial completion (SC) March 2019
- Contracts with T1-4 long-term buyers commenced
- Train 6 early engineering, procurement, and site works underway ahead of FID (additional 4.5 mtpa<sup>(1)</sup>)

## Corpus Christi Liquefaction Project (Texas)

T1-3 = 13.5 mtpa<sup>(1)</sup> Liquefaction Capacity



- First greenfield LNG export facility in U.S. Lower-48
- Train 1 operating. SC February 2019
- Train 2 began commissioning early 2019. SC 2H 2019
- Train 3 is under construction. SC 2H 2021
- Filed FERC application for ~9.5 mtpa liquefaction adjacent to existing project site. EA received Mar. 2019
- Land position enables significant further expansion

More than 650\* destination-flexible cargoes exported, with deliveries to 32 countries and regions worldwide

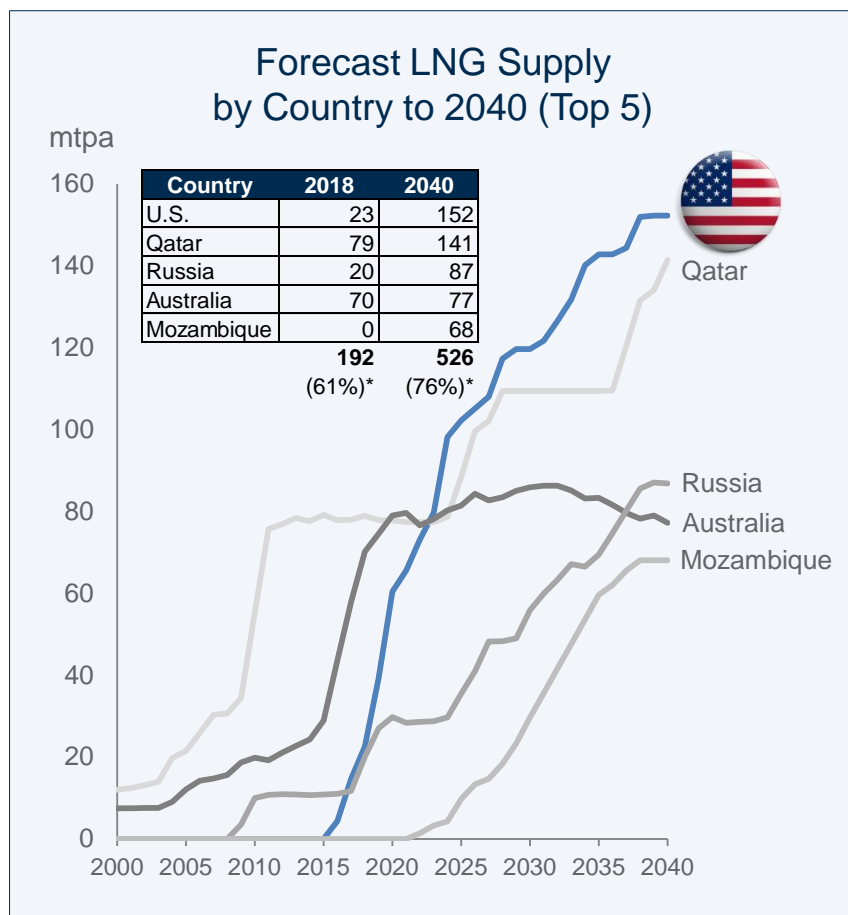
**Building an industry leading LNG export platform along the U.S. Gulf Coast**

\* As of February 20, 2019.

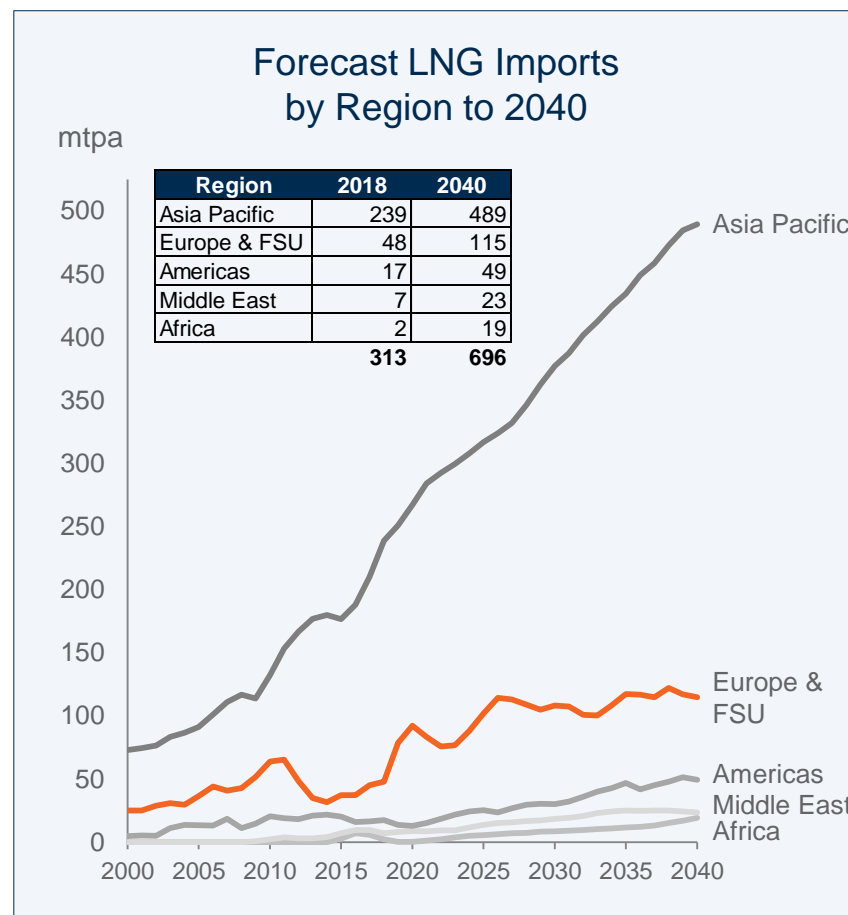
(1) Each Train is expected to have a nominal production capacity, prior to adjusting for planned maintenance, production reliability, potential overdesign, and debottlenecking opportunities, of approximately 4.5 mtpa of LNG and an average adjusted nominal production capacity of approximately 4.4-4.9 mtpa of LNG on a run rate basis.

# Forecast LNG Industry Growth to 2040

U.S. forecasted to become top exporting country in 2023, representing more than 20% of global supply in 2040



*“A new gas order is emerging, with U.S. LNG helping to accelerate a shift towards a more flexible, liquid, global market.”*



*“The transformation of LNG markets creates a huge opportunity for gas users in Asia.”*

\* Top five supplying countries' share of global LNG demand (2018 actual, 2040 projected).  
Source: Cheniere interpretation of Wood Mackenzie data (H2 2018 and Q1 2019)

IEA World Energy Outlook 2017



# U.S. LNG and a Changing Global Dynamic



## U.S. LNG

- Large-scale, diversified resource base
- Competitive and efficient gas market
- Cost-based LNG pricing (generally)
- Price de-linkage from crude oil (generally)
- Less volatile pricing structure (generally)
- Destination flexibility at buyer's direction
- Inter-project competition
- Strong government support

## ▪ Making LNG

- more abundant
- more affordable
- more flexible

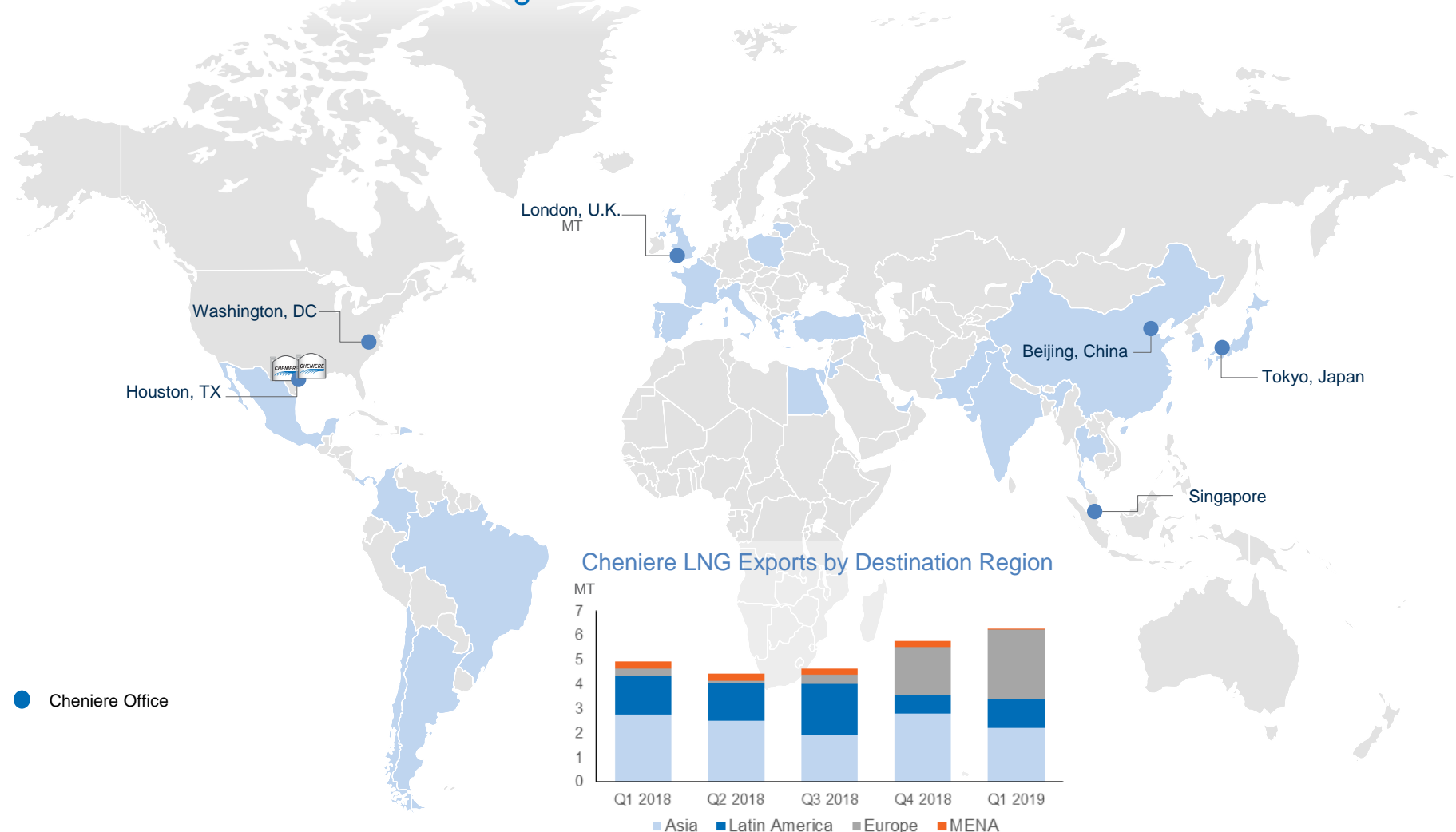
## ▪ Making the LNG trade

- more dynamic
- more competitive
- more resilient



# Cheniere Cargo Destinations

More Than 650 Cargoes (~45 Million Tonnes) Exported from our Liquefaction Projects  
Delivered to 32 Countries and Regions

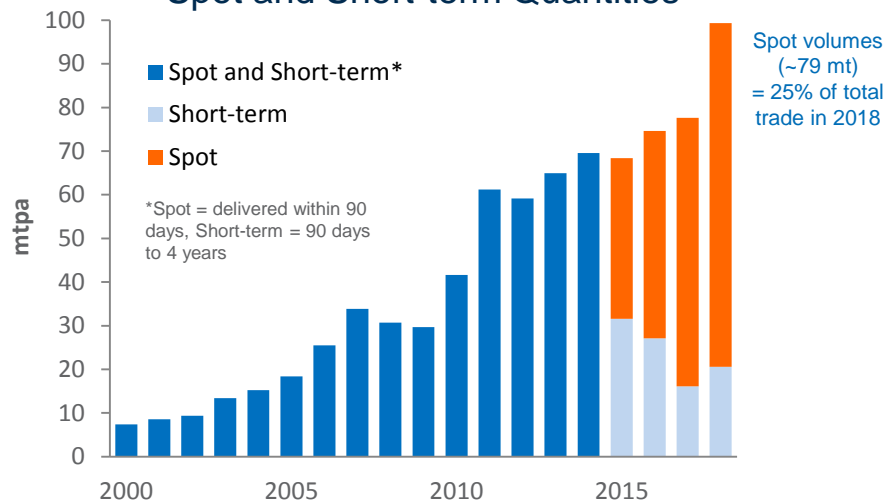


Sources: Cheniere Research, Kpler

Note: Cumulative cargoes and volumes as of April 20, 2019. MENA – Middle East & North Africa

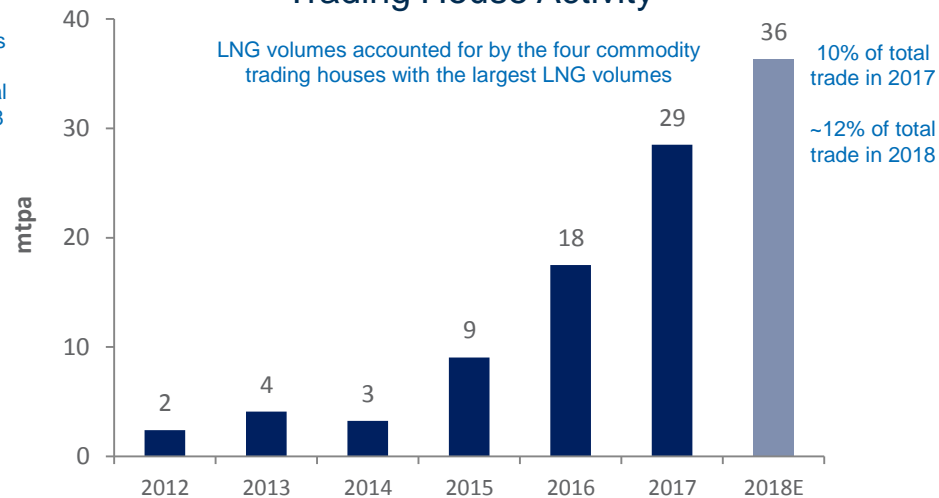
# The LNG trade is evolving

## Spot and Short-term Quantities



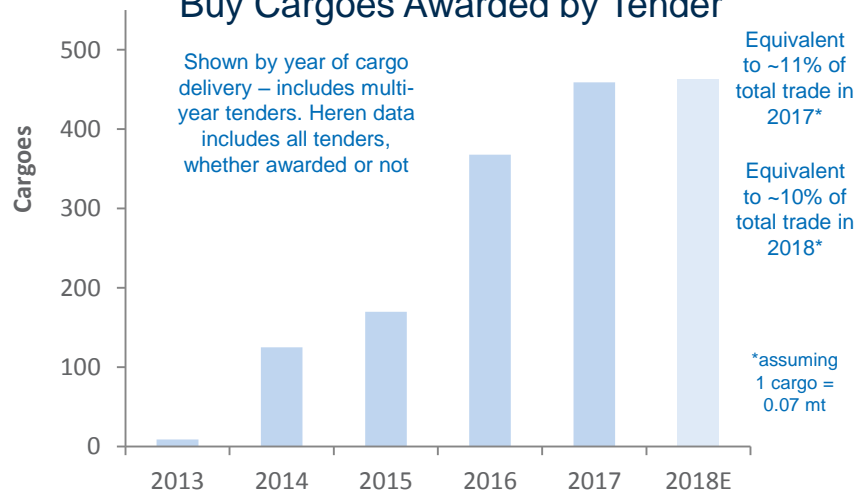
Source: GIIGNL Annual Reports.

## Trading House Activity



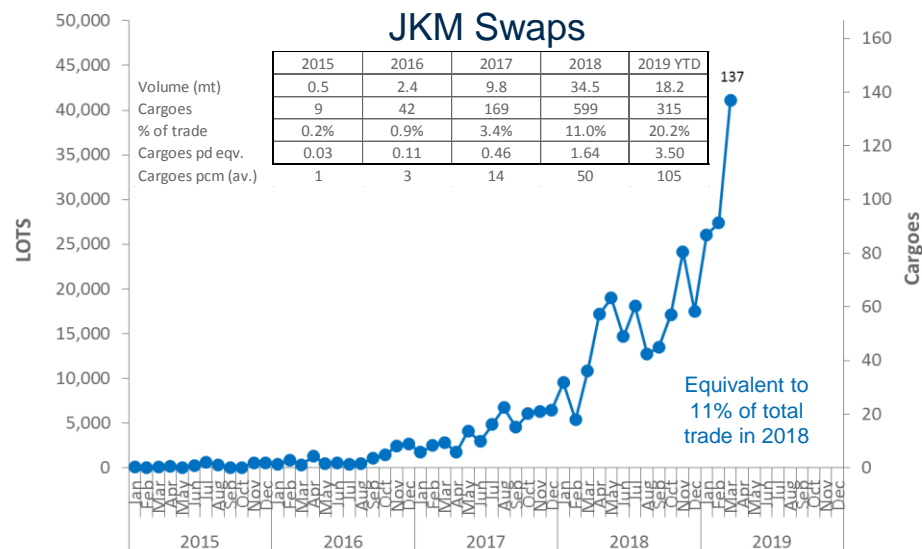
Source: Cheniere interpretation of Wood Mackenzie data (2018) for 2012 to 2017, plus Cheniere Research estimate for 2018 based on various media reports

## Buy Cargoes Awarded by Tender



Source: Cheniere interpretation of ICIS Heren GLM publication (2013, 2014, 2015) and Wood Mackenzie LNG Tender Tracker (2016, 2017, 2018)

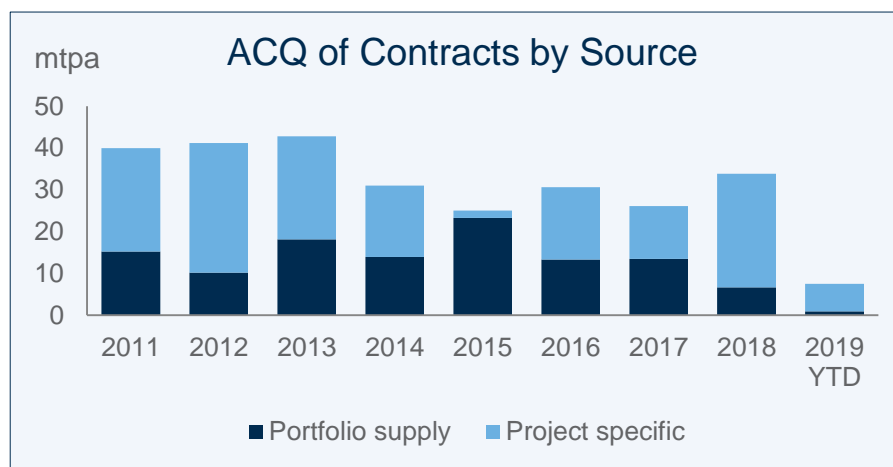
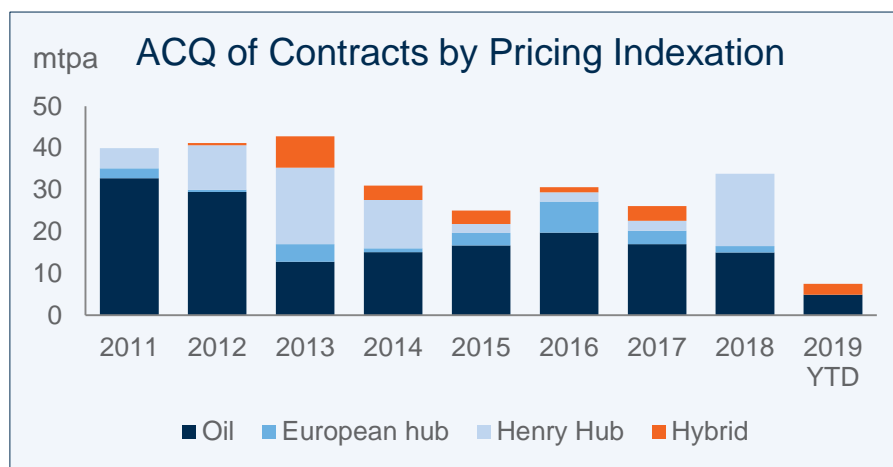
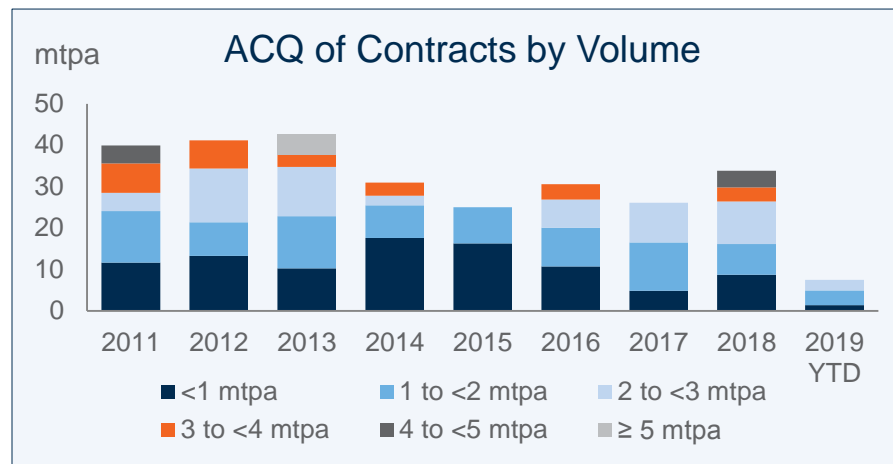
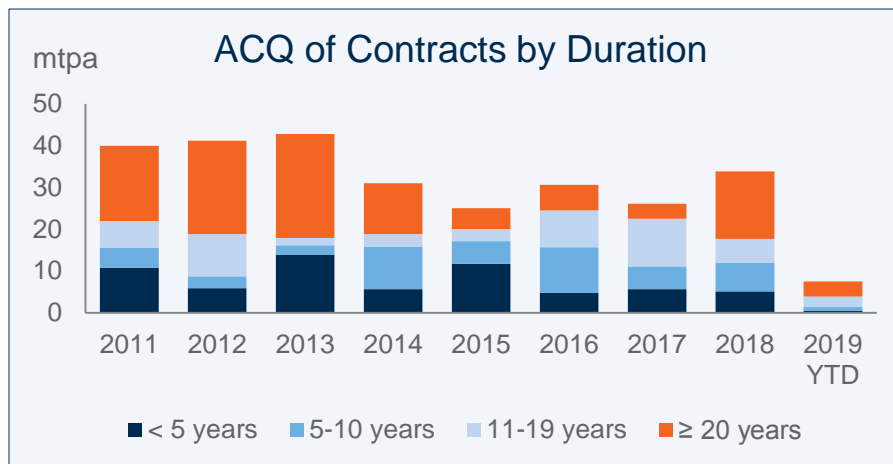
## JKM Swaps



Source: Cheniere interpretation of Platts news reports (2018)

# Contracting behaviour reacting to changing market environment

But long-term contracts still important to underwrite new supply capacity



2018 saw a reversal of recent focus on shorter / smaller contracts

# Cheniere's Long-term Customers

18 long-term customers from across Europe and Asia



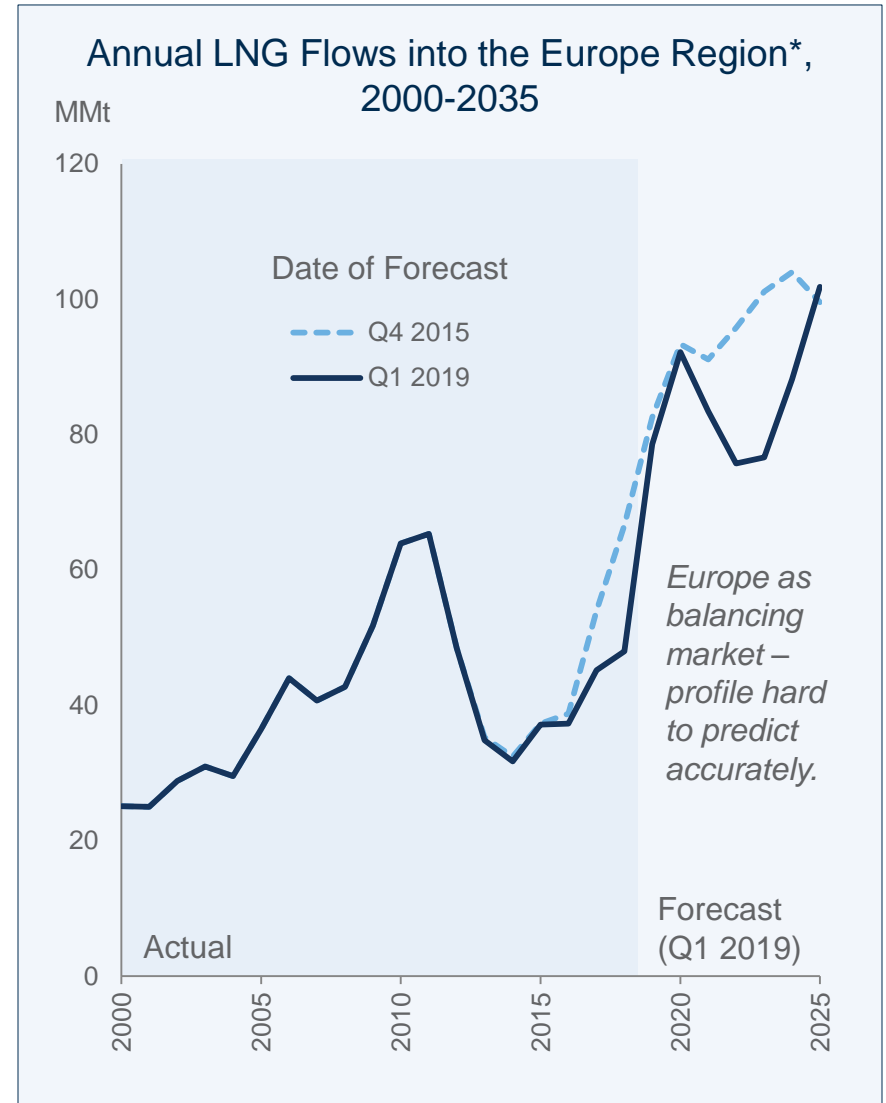
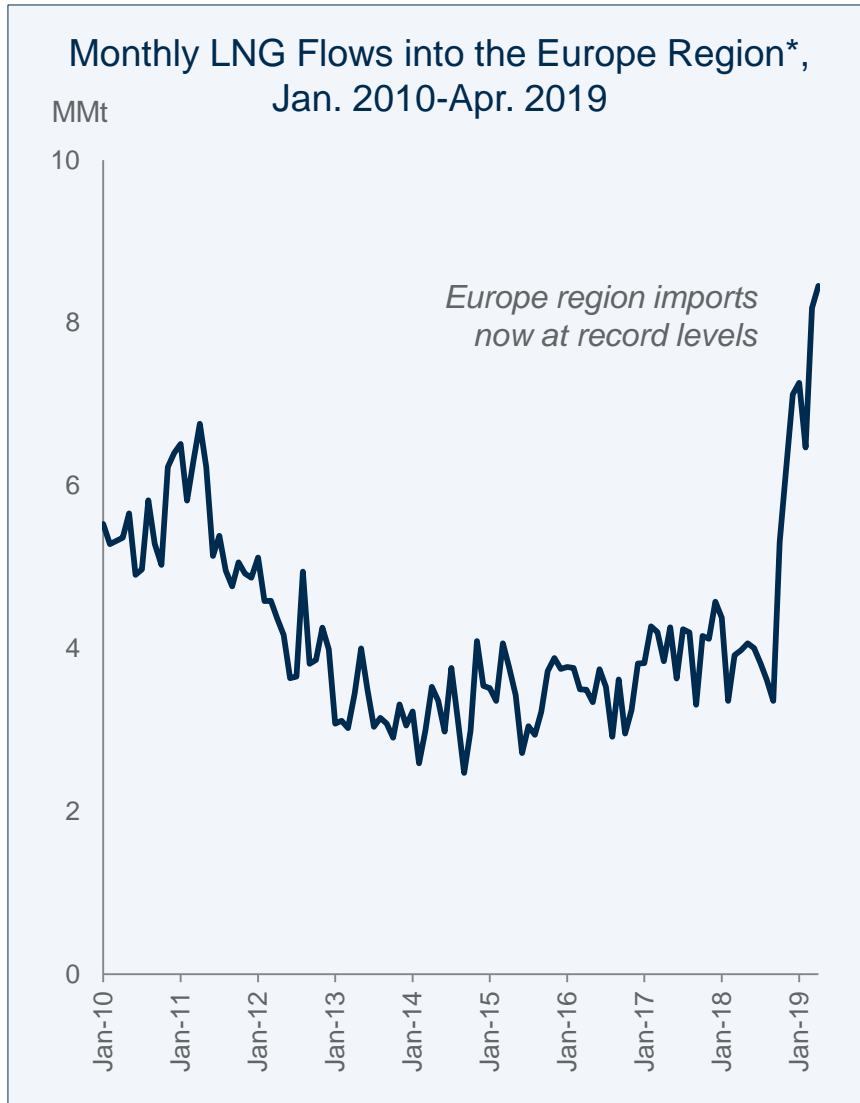
## Long-term LNG contracts signed by Cheniere entities in 2018

Counterparty	Volume (mtpa) <sup>(1)</sup>	Term (Years) <sup>(1)</sup>	Start Year	FOB/ DES
Trafigura	1.00	15	2019	FOB
CNPC <sup>(2)</sup>	1.20	20/25	2018	FOB & DES
CPC	2.00	25	2021	DES
Vitol	0.70	15	2018	FOB
PGNiG	1.45	24	2019	DES
PETRONAS	1.10	20	SPL T6 DFCD	FOB
<b>Total</b>	<b>7.45</b>			

**Building an industry leading LNG export platform along the U.S. Gulf Coast**



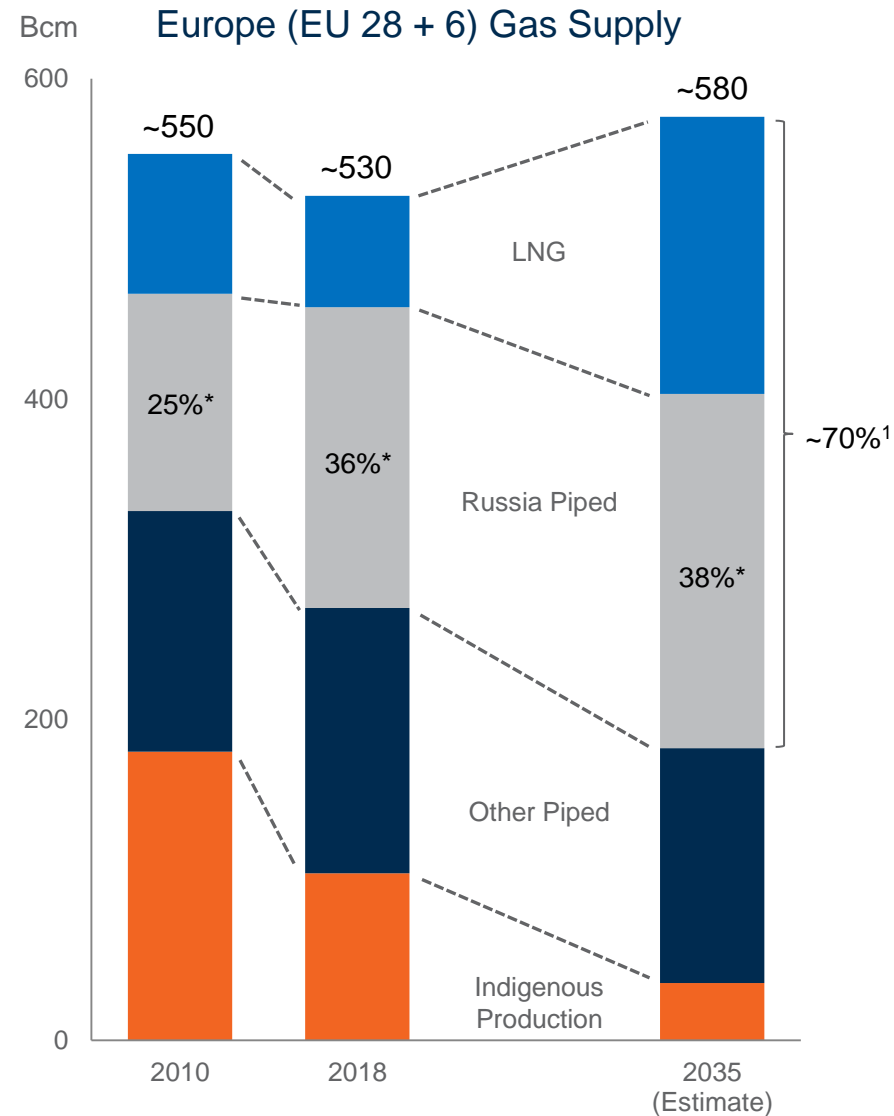
# LNG Flows into the Europe Region



Source: IHS Markit Historical Bilateral Trade Data (2019), Wood Mackenzie LNG Tool (Q4 2015 and Q1 2019) \*Europe region includes Turkey

# The Long-term Role of LNG in Europe

- Fundamentals indicate a growing natural gas import dependency over time
  - Indigenous production forecast to decline
  - Non-Russia pipeline (net) forecast to remain constant
  - ~70%<sup>1</sup> of imports forecast to be supplied by Russian pipeline plus LNG in 2035
- LNG represents a robust supply solution
  - Source diversification
  - Flexibility to balance renewables
  - Use of existing infrastructure
- U.S. LNG well placed to supply Europe
  - Forecast to represent 46% of Atlantic Basin supply by 2022
  - Relatively close to market
    - U.S. – 14 days<sup>2</sup>
    - Qatar – 19 days<sup>2</sup>
    - Mozambique – 21 days<sup>2</sup>
- Mix of long-term & spot LNG volumes gives buyers best protection against the commodity cycle



(1) Percentage of EU 28+6.

(2) Days sailing time one-way at 16 knots.

Source: Cheniere interpretation of Wood Mackenzie data (H2 2018)

# Key Points

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- U.S. LNG is growing and is driving a more dynamic, competitive and resilient global market
- But we are not 'commoditised' yet. New long-term oil & HH-indexed contracts still important to underwrite new capacity
- Over time Europe requires increased LNG volumes to counter declining domestic production
- Mix of long-term & spot LNG volumes gives buyers best protection against the commodity cycle
- U.S. LNG well placed in terms of location and scale to meet European requirements.

# Thank You

