



EVOLUTION OF LNG CONTRACTS – WHAT’S NEXT?

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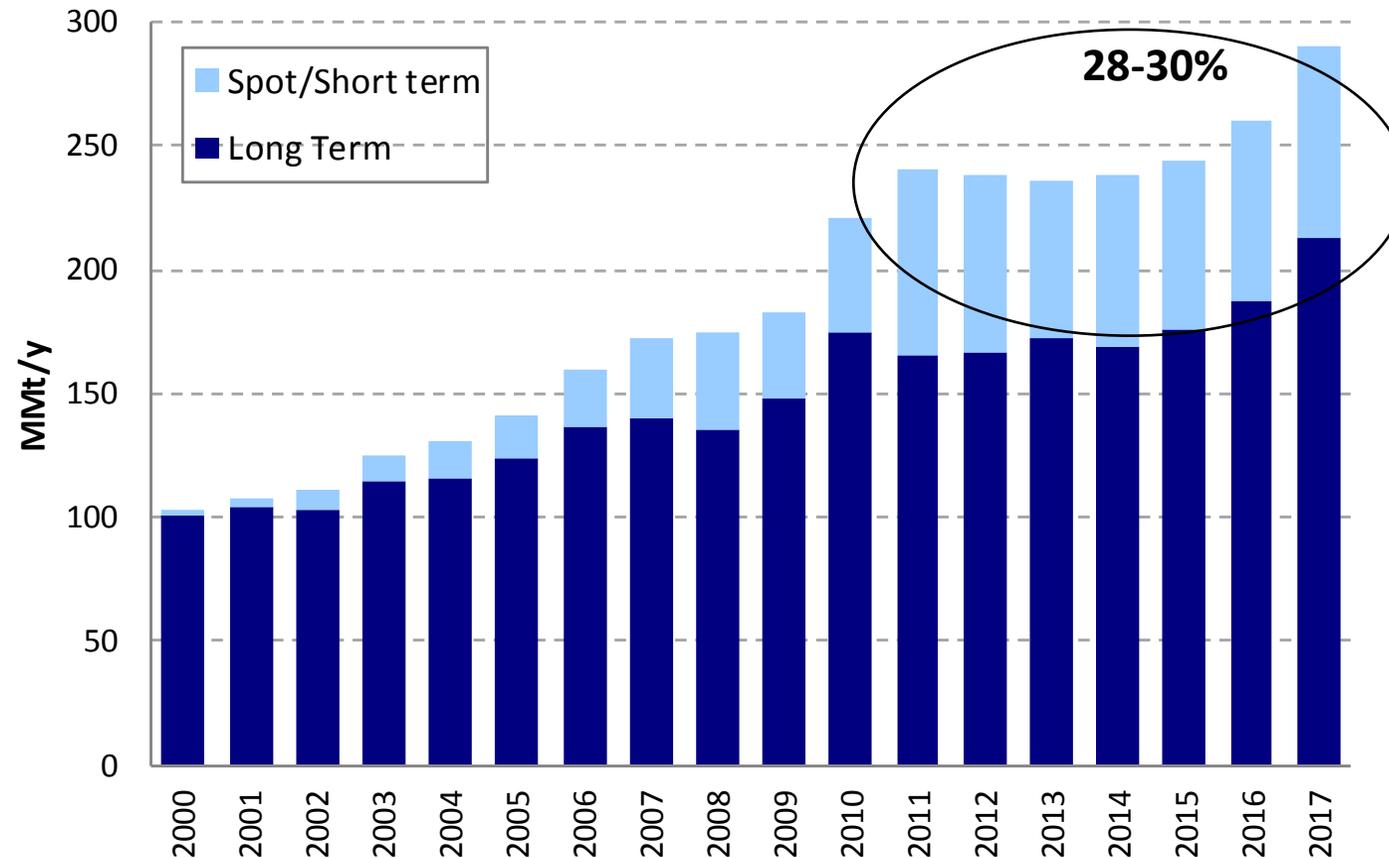
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The challenge in considering evolution of contracts

- This presentation will look in depth at the medium and longer term contract trends
- The percentage growth of the spot/short-term trade has steadied
 - It has remained between 28-30% for the last 4 years
 - Including numerous spot and tender agreements will distort trends
- Changes in medium and longer-term contracts (greater than 4 years) for 70% of the market is more instructive
 - No new LNG supply project has been based solely on spot/short-term contracts to date
 - Medium and longer term contracts have led to new project FIDs

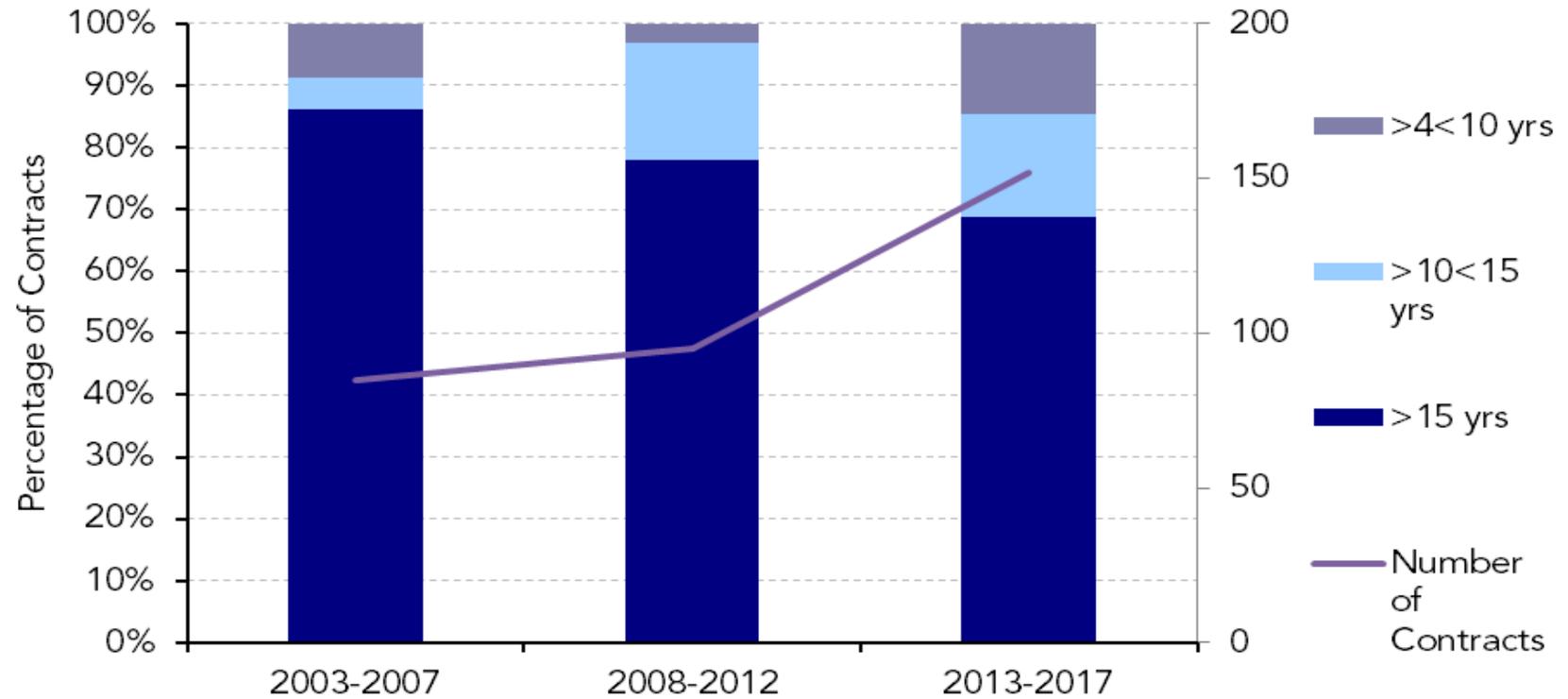
Short-term trade accounts for 28~30% of global trade

LNG short-term market has grown from 2% of the global trade in 2000 to 28% in 2017



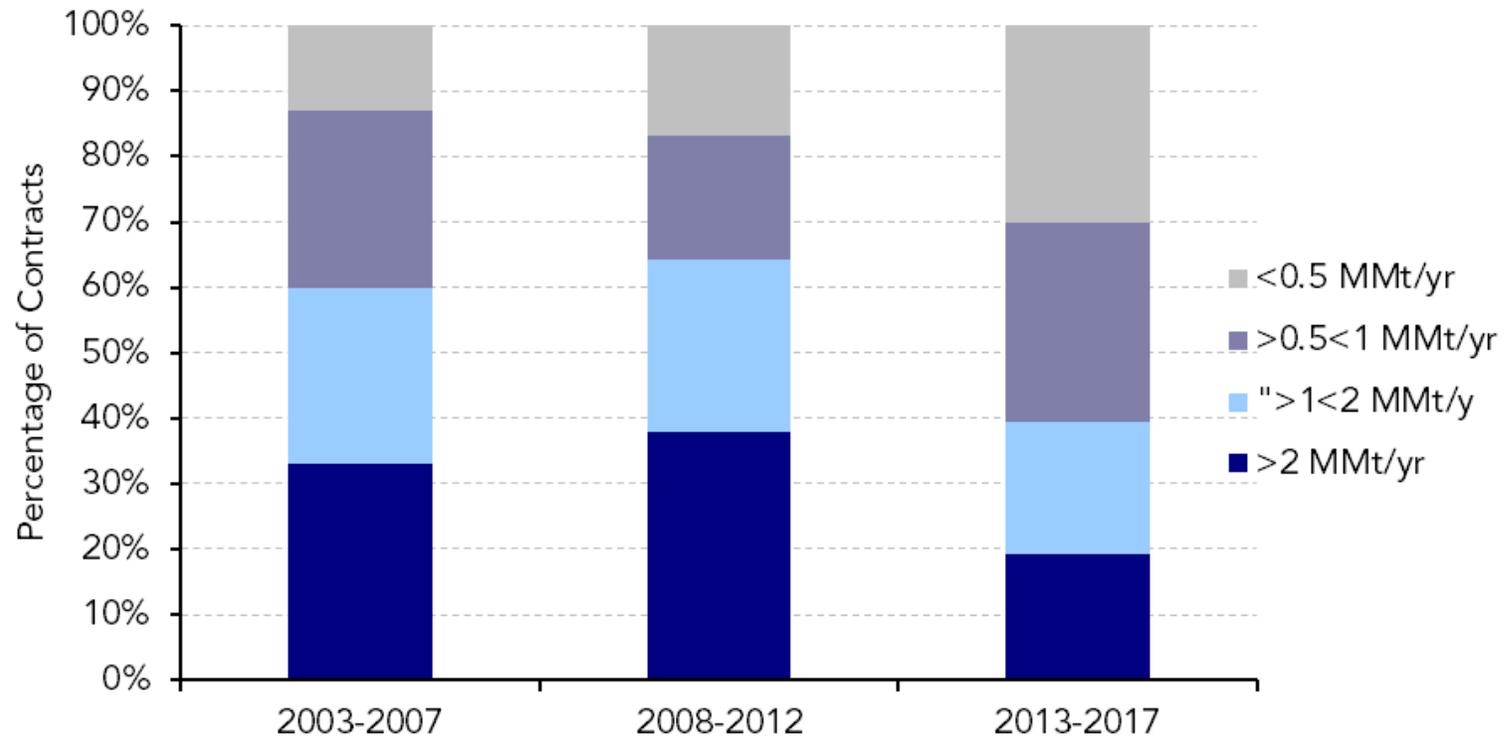
Source: Poten & Partners

Contract length is decreasing



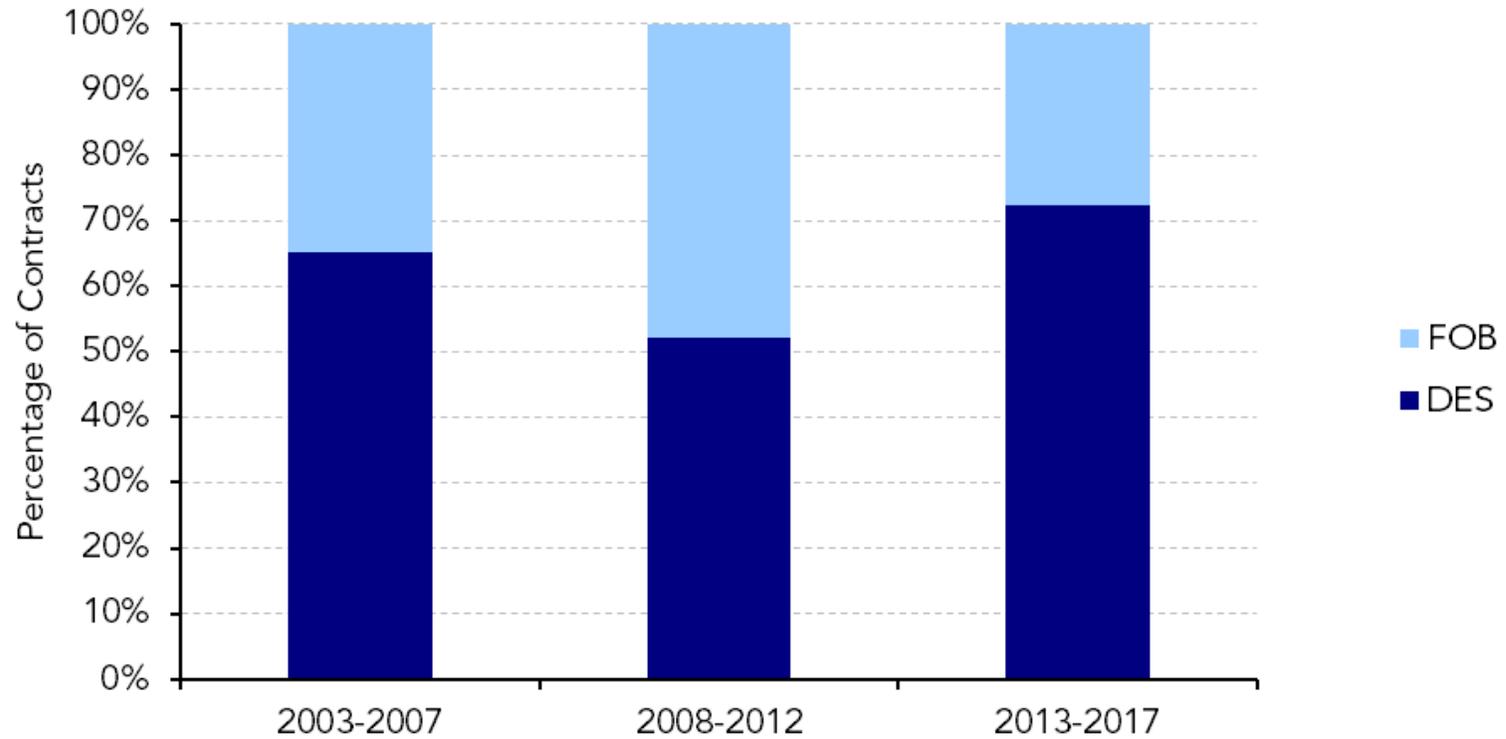
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Contracted LNG quantity is decreasing



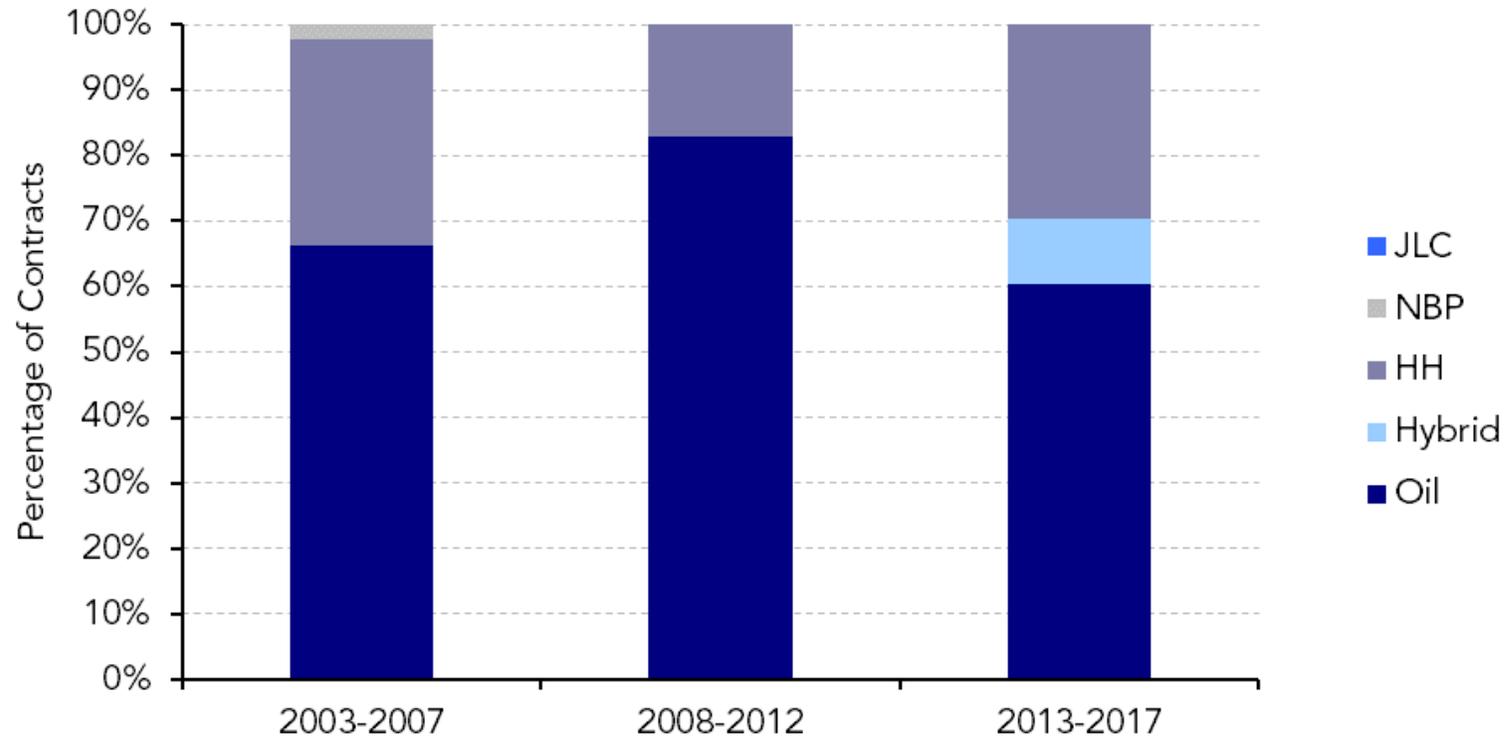
Source: Poten & Partners

Delivered ex Ship remains preferred delivery method



Source: Poten & Partners

Greater variety in price indices



Source: Poten & Partners

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