



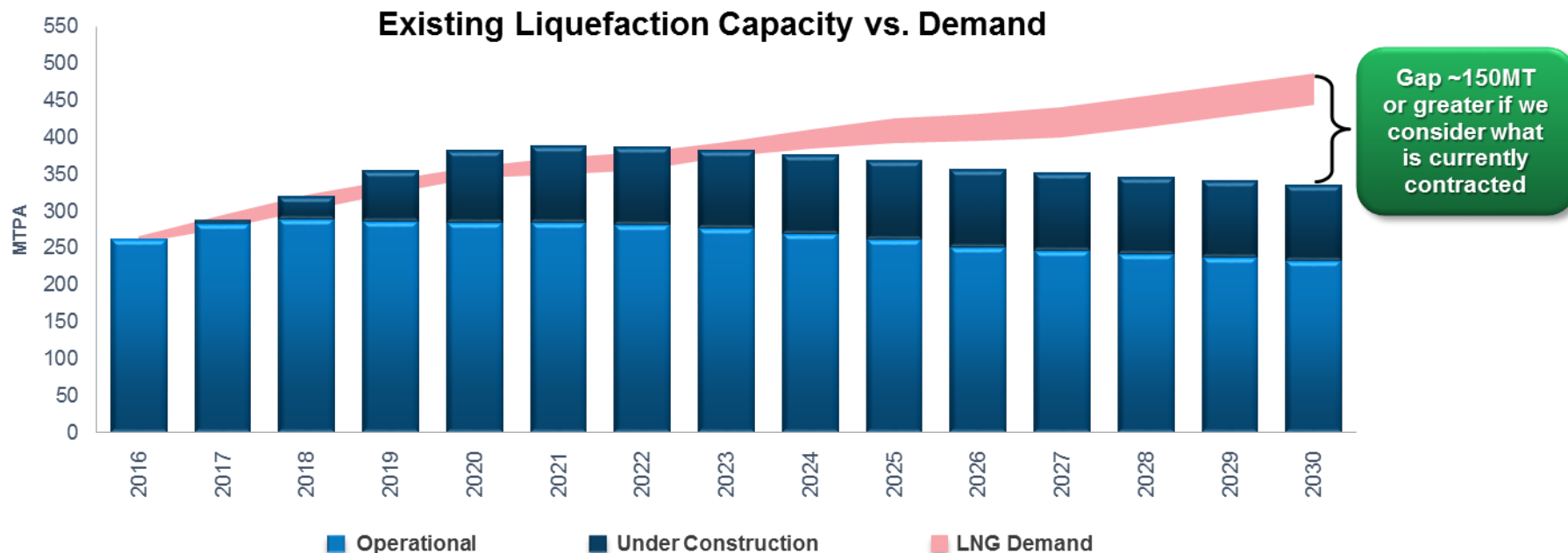
Emerging Changes in Gas Trade Practices

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Current Oversupply is Driving Changes



Sources: Platts, Wood Mackenzie, IHS, FGE

- ◆ **New Australian and U.S. capacity is contributing to a market glut that will continue to grow in 2018 and 2019**
- ◆ **Oversupply could end by 2022-2023 without new Final Investment Decisions (FIDs)**
- ◆ **Future demand will require new capacity to be sanctioned**

LNG Trade – Higher Growth than Pipeline Gas

◆ LNG trade continuing to grow faster than pipeline gas trade

- LNG trade has seen a higher CAGR growth than pipeline between 2000-2014

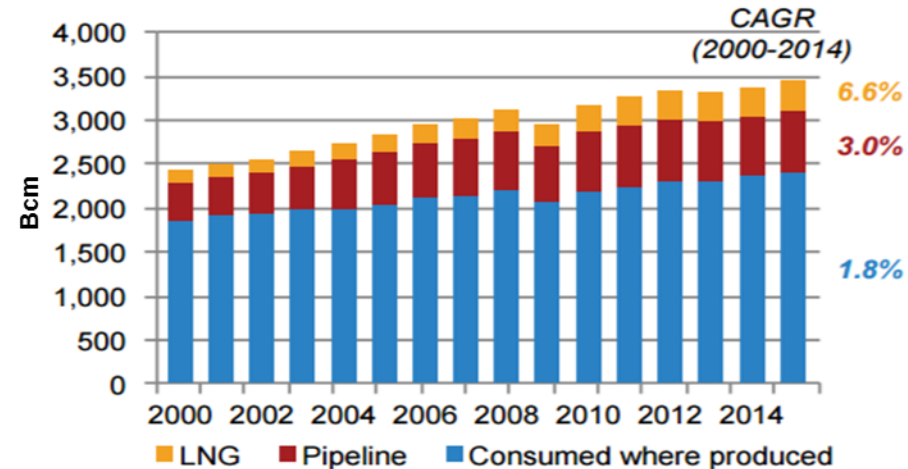
◆ Supportive demand conditions

- Growing demand in countries with no cross-border pipeline gas access
- Ease of access to FSRU
- Declining domestic production
- Clean bunker fuel requirements

◆ Abundant LNG supply to facilitate demand growth

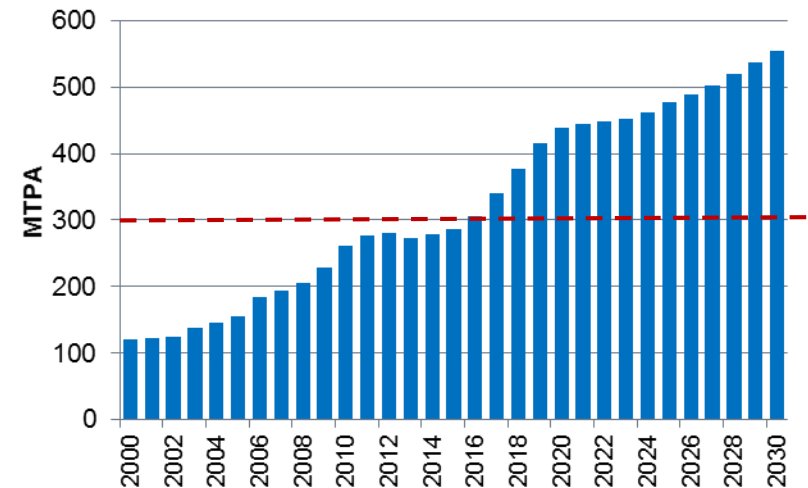
- Global liquefaction capacity to almost double between 2016-2030

Global Gas Trade, 2000-2015



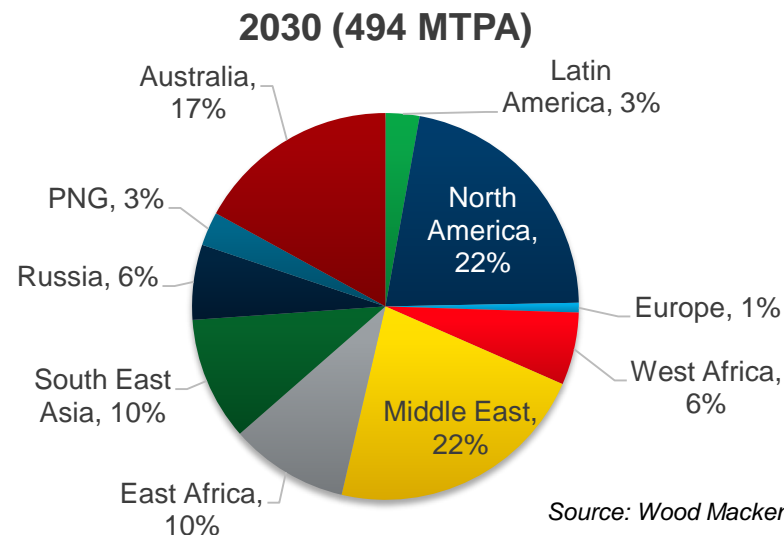
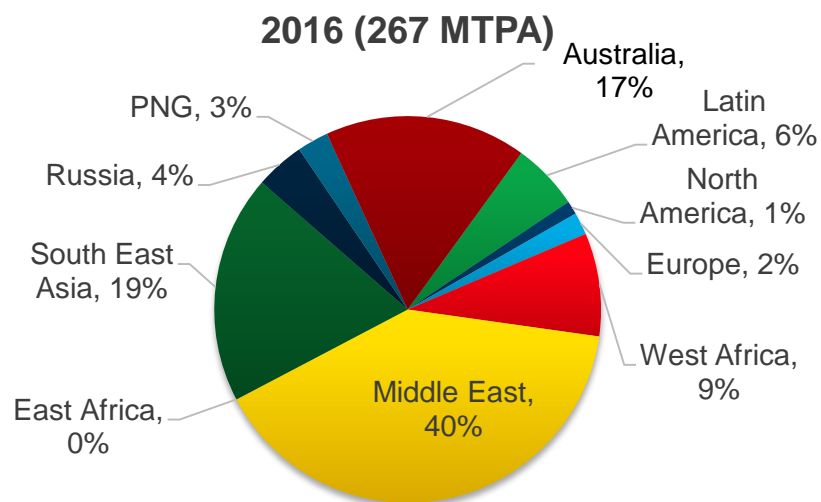
Source: IGU

Global liquefaction capacity



Source: IHS

Greater Liquidity From Supply Growth and Diversification



Source: Wood Mackenzie

- ◆ **More volumes and greater supply diversity to come**
 - Mozambique (East Africa), U.S. (North America)
- ◆ **NOCs and IOCs face competition from new market entrants**
 - **Africa:** Anadarko, Ophir Energy
 - **Non-Africa:** Cheniere Energy, Sempra Energy, Novatek, etc.
- ◆ **Leading to greater liquidity and diversified procurement strategies**

Emerging Markets Rise in Importance

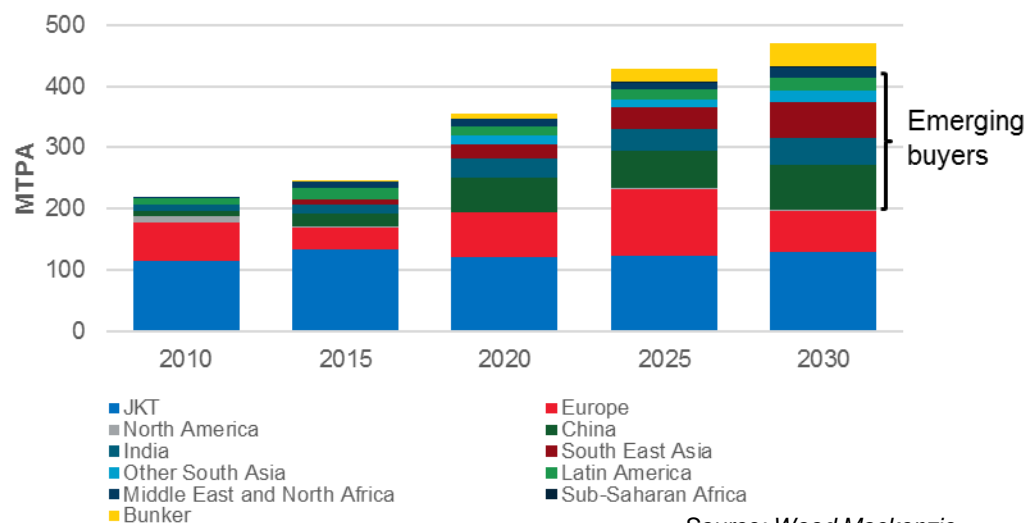
◆ Emerging markets expand to 50% of demand by 2030 from 29% in 2015

◆ Proliferation of new buyers

◆ Purchases by established buyers at a cyclical low

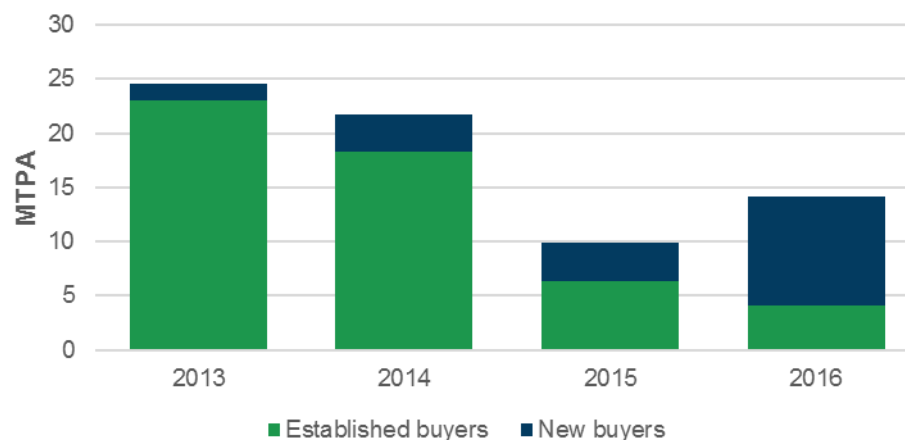
◆ Can emerging markets support greenfield project developments?

LNG demand by region



Source: Wood Mackenzie

LNG bought by buyers



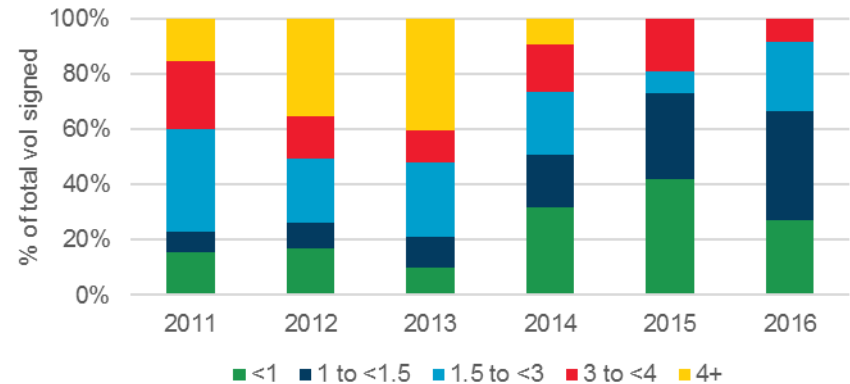
Source: FGE

Shorter, Smaller and More Flexible Contracts

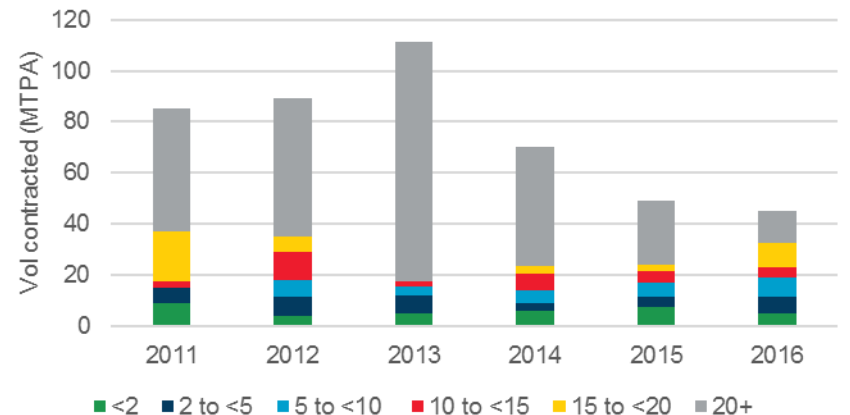
- ◆ **Contracts < 1.5 MTPA now account for > 50% of total deals signed**
- ◆ **Volume of LT contracts has fallen**
- ◆ **Reflecting the demand shift toward emerging buyers**

- ◆ **Uncertainty faced by mature buyers due to energy policies, market liberalization and current oversupply**
 - Will nuclear return? Will coal be phased out?
 - How much market share will monopolies lose from liberalization?
 - When will the market rebalance?

Contracts by signing year and size (MTPA)



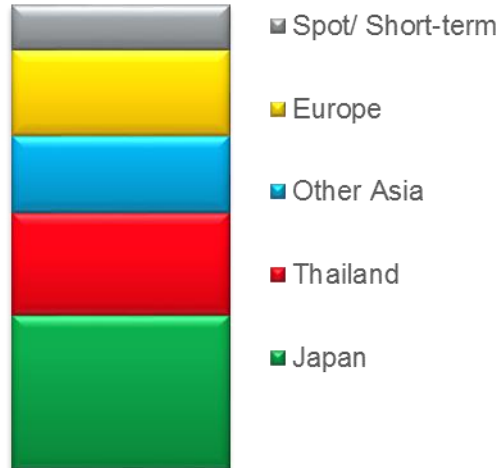
Contracts by signing year and term length (years)



Source: IHS

Mozambique LNG's Strategic Advantage

Current Marketing Mix (volumes under active negotiation)



Mozambique has significant potential to become a major LNG supplier with more than 50 MTPA of capacity under consideration

- ◆ Diversified customer base (traditional and emerging markets)
- ◆ We offer competitive and flexible terms
- ◆ We need bankable SPAs that support an FID
- ◆ Ongoing conversion of HOAs to SPAs plus secure new customers
- ◆ Flexibility for significant future expansion