BG GROUP

Global LNG markets

DG Energy Stakeholder Conference on LNG and Storage Strategy

Brussels 22nd September 2015

Methane Shirley Elisabeth LNG vessel

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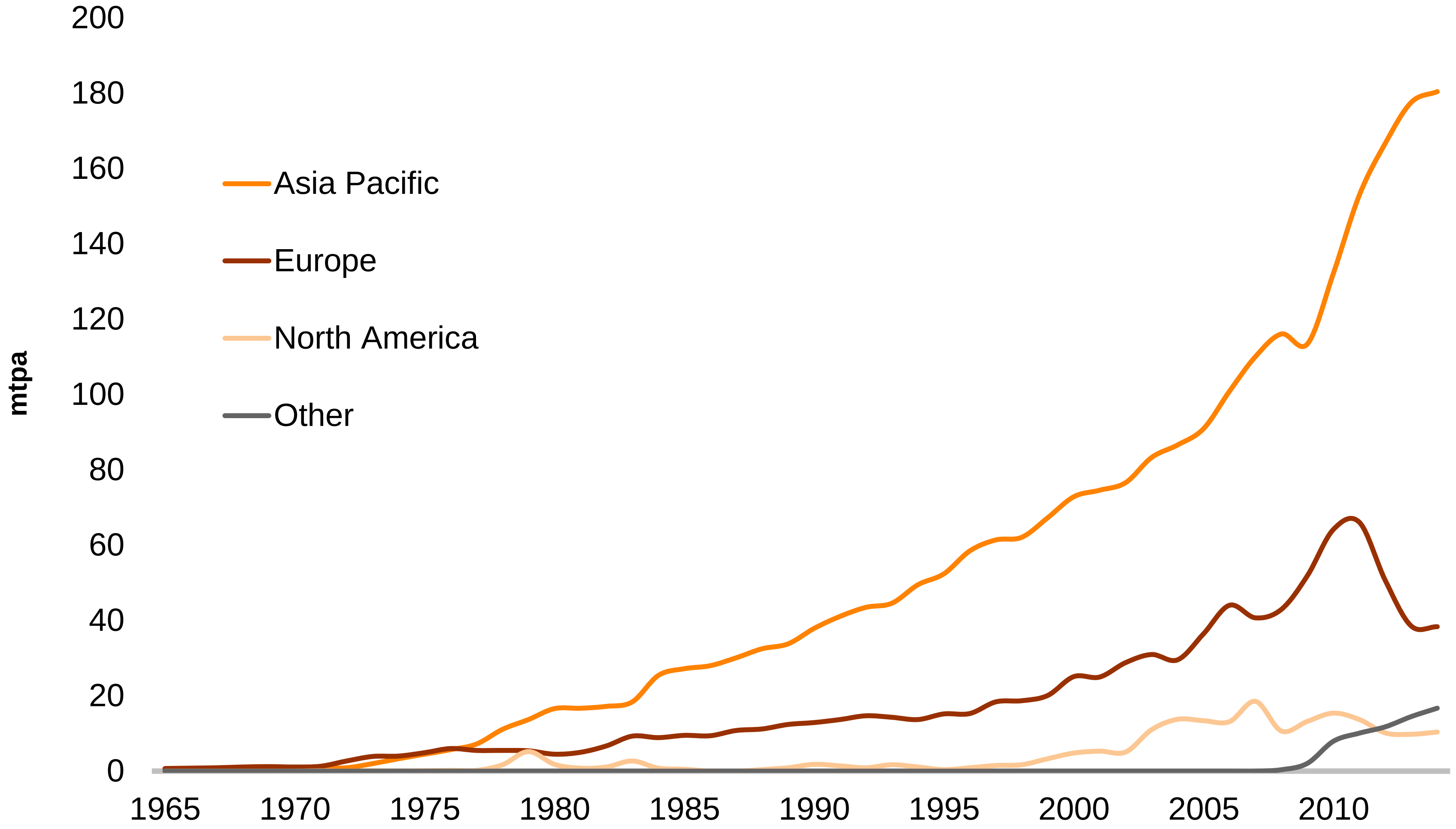
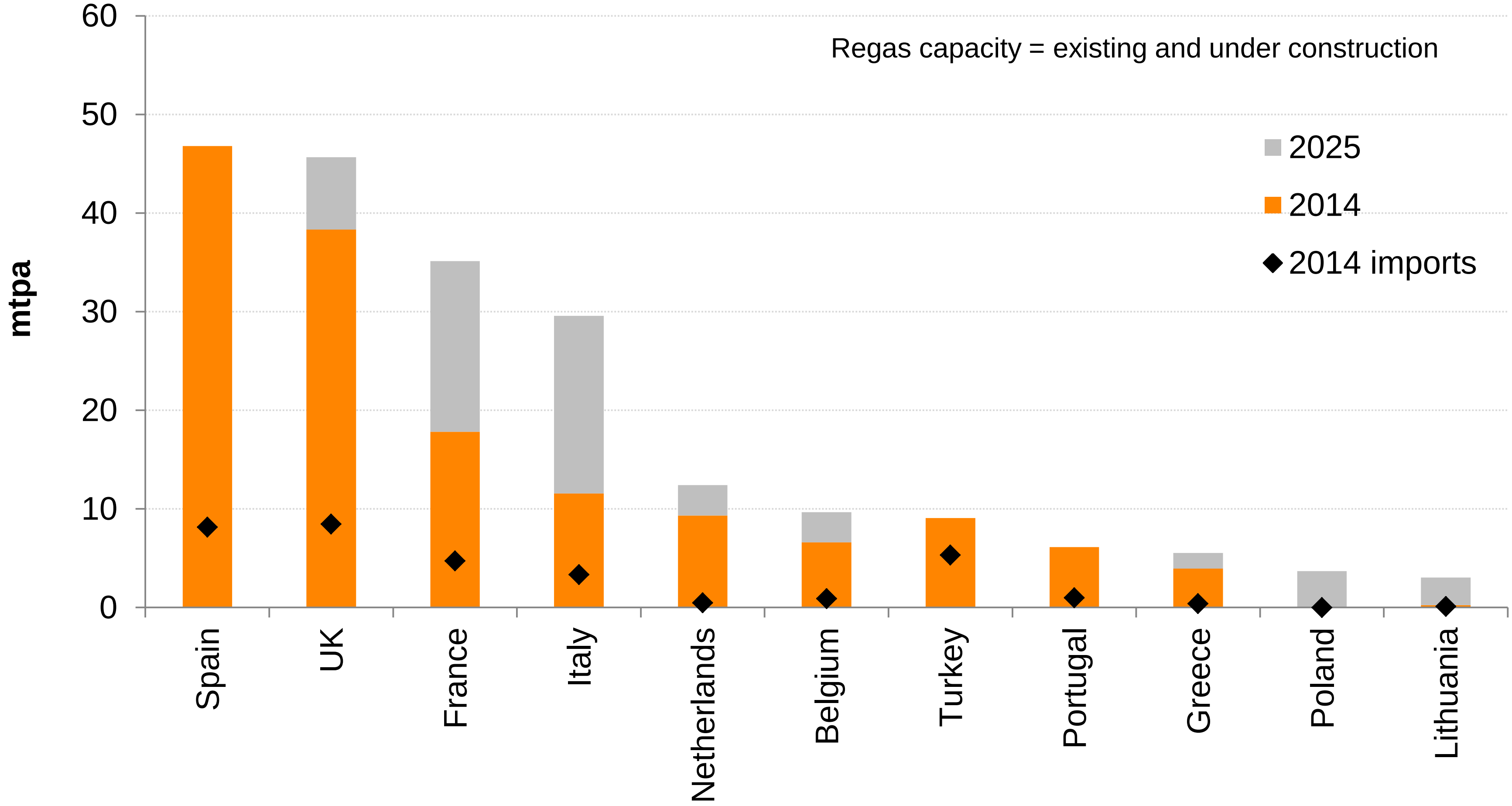
LNG imports by region



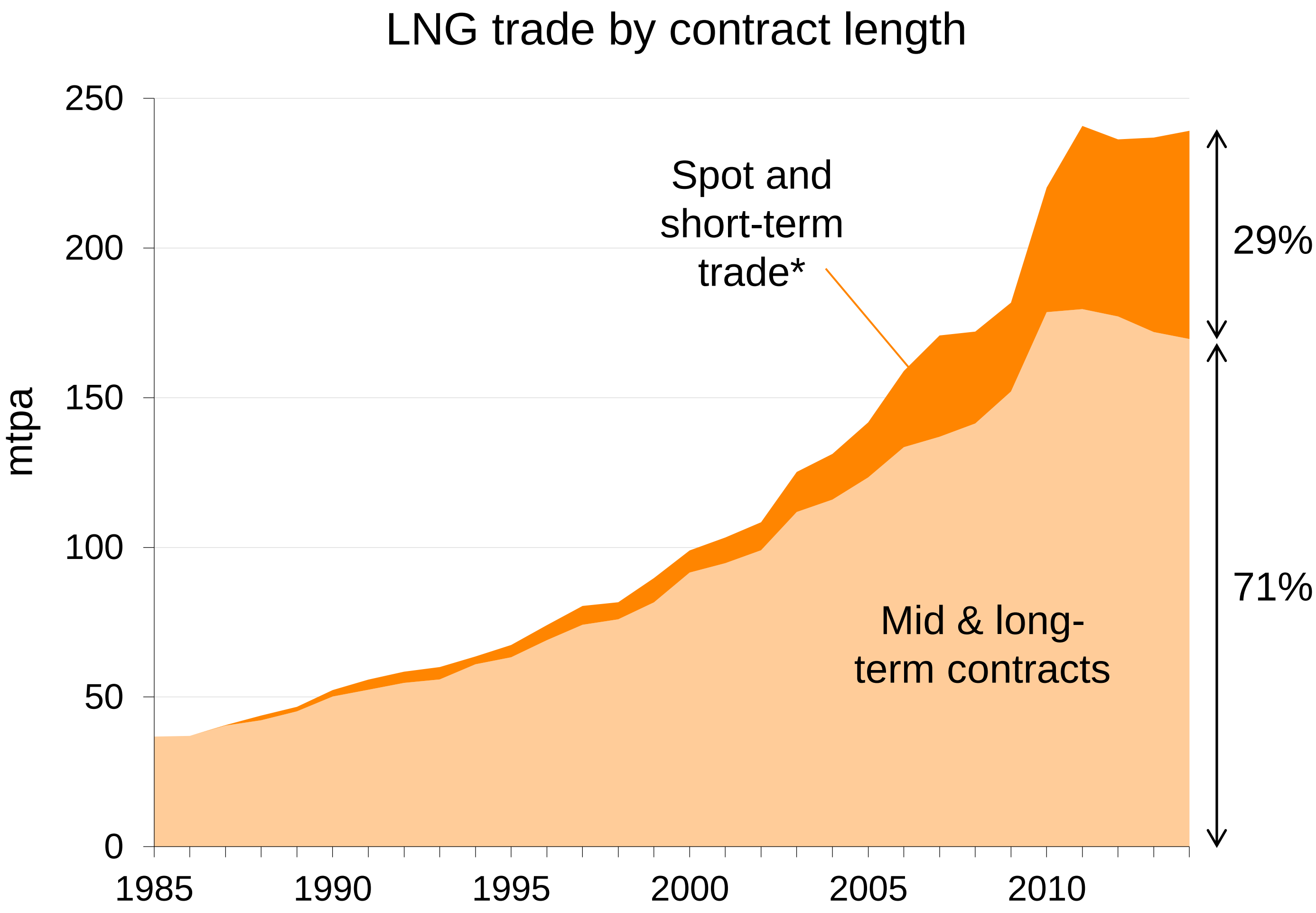
Source: CEDIGAZ World Outlook (1965 – 1999) and Wood Mackenzie (2000 – 2014)

European* LNG regasification capacity versus imports 2014



Source: Regas capacity - BG interpretation of Wood Mackenzie (Q3 2015);
2014 imports - BG Group interpretation of IHS Waterborne data (Jun 2015), delivered volumes
*Turkey included as regional importer

LNG: changing trade characteristics



Over the past decade;

- Significant growth in flexible volumes
  - Supply tenders
  - Back-stop markets
  - Re-loads
  - Portfolio players / aggregators
  - Traders
- Growing cargo diversions
- Increasing competition between markets

Source: Poten and Partners (2001), GIIGNL (2015)
* Contract duration of 4 years or less (GIIGNL)

US: the next supply wave

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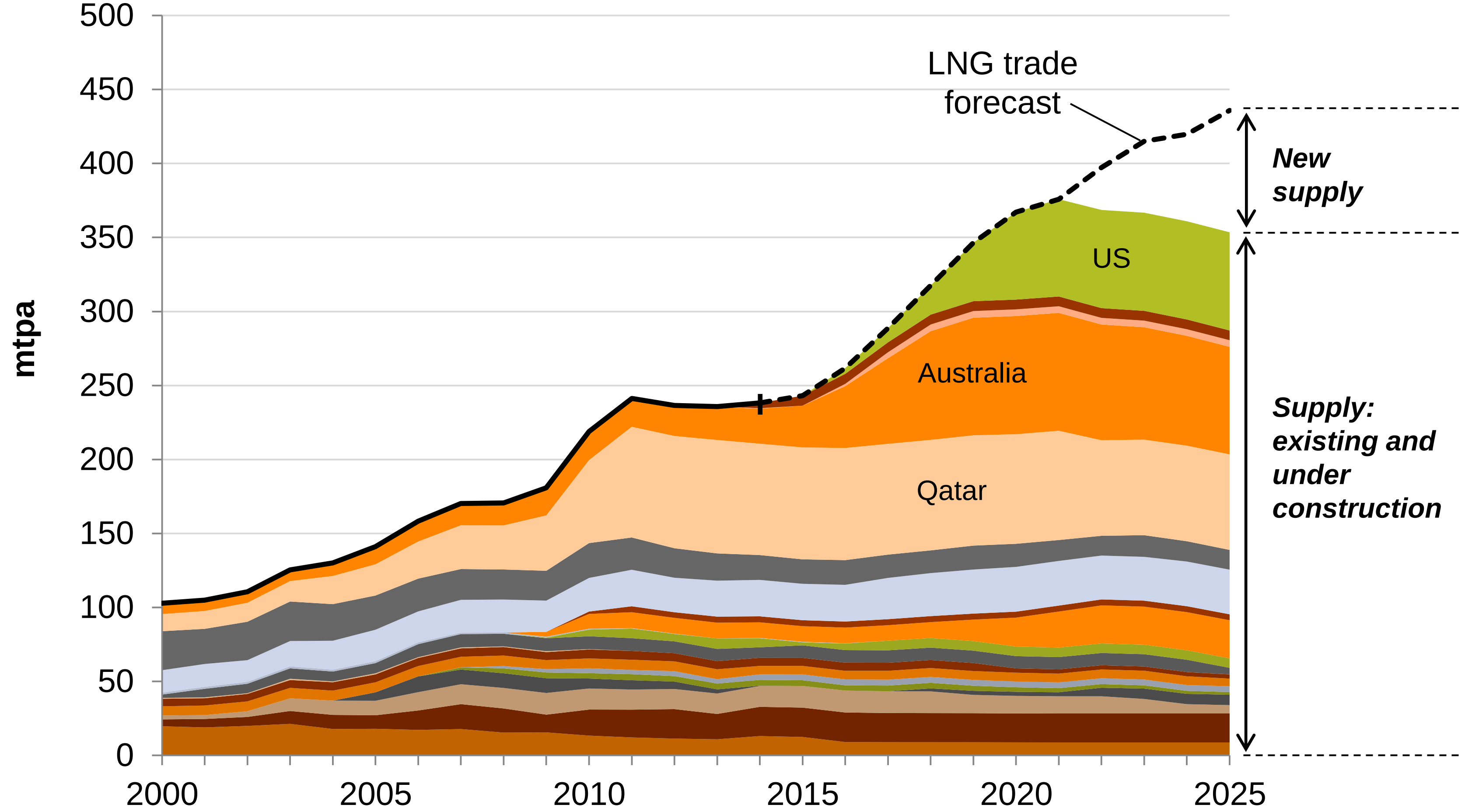
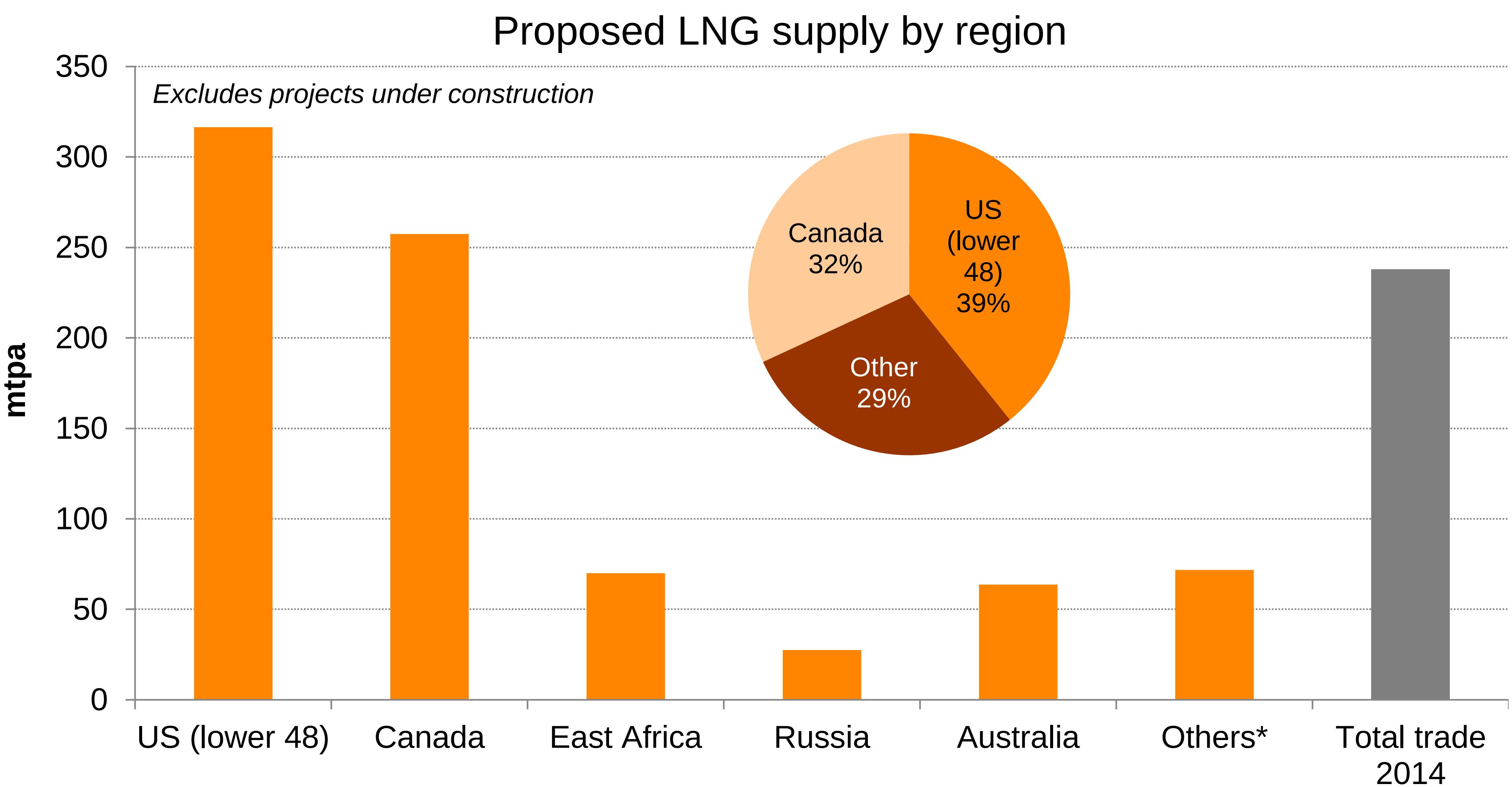


Source: BG Group interpretation of Wood Mackenzie data (Q3 2015)

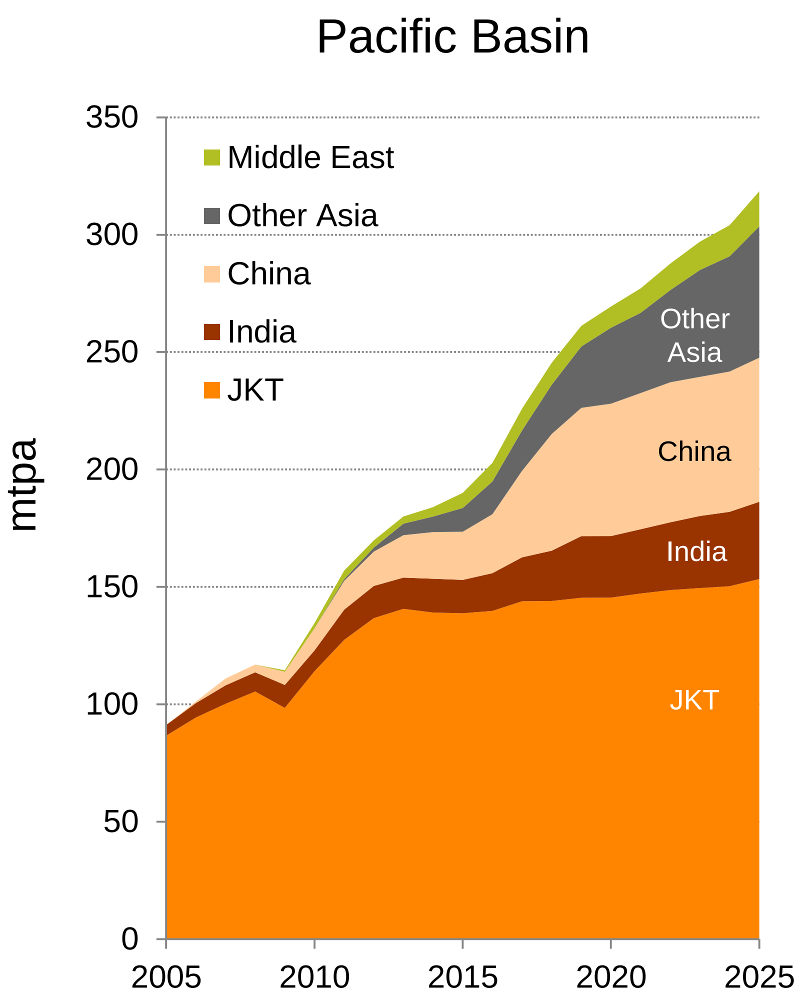
How much US LNG export capacity will be built?

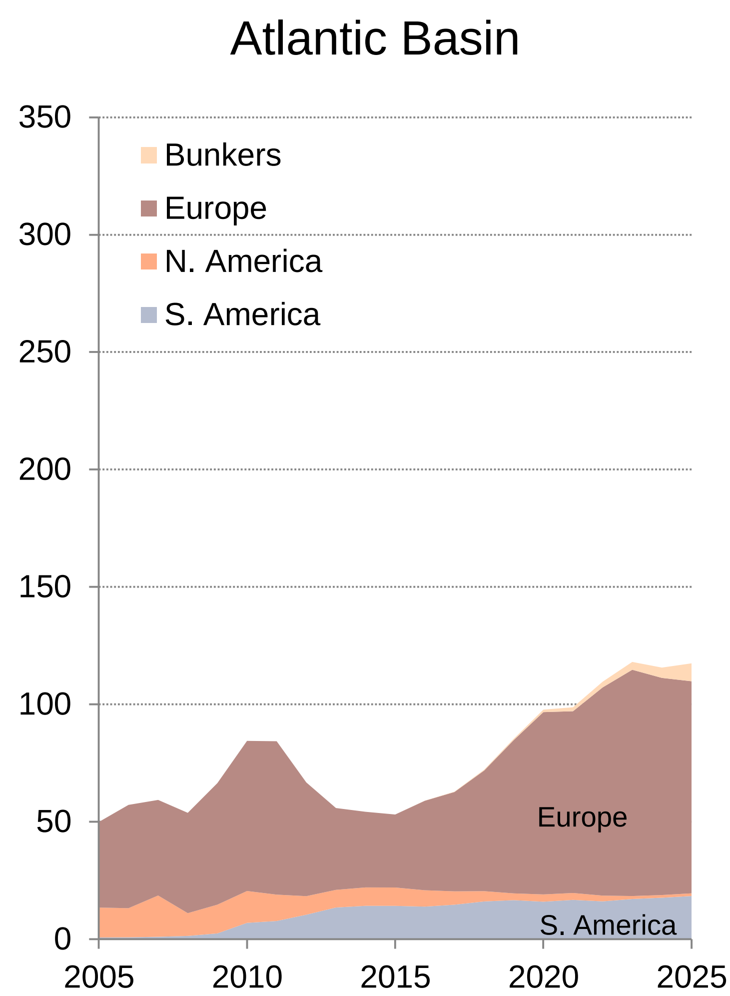


Proposed new supply = expansions and new projects (excluding those under construction) – ultimate capacity where known
*Others = Alaska, Nigeria, Iran

Source: US DOE, Wood Mackenzie and various press reports

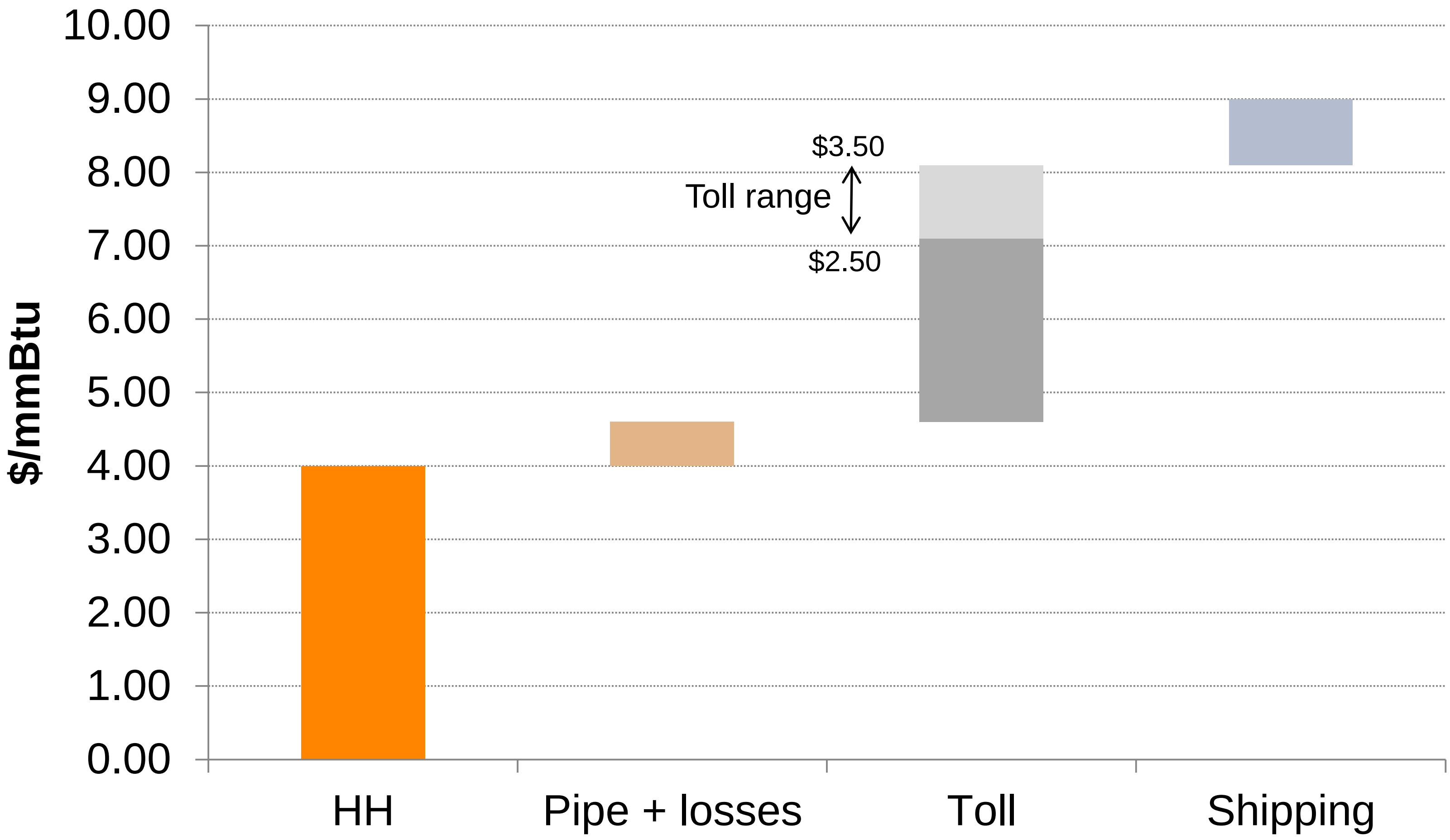
LNG import outlook by region





Source: BG Group interpretation of Wood Mackenzie data (Q3 2015)

US LNG DES cost N.W. Europe



Source: BG Group interpretation of Wood Mackenzie data (2015)

Observations

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- Global LNG trade = 240 mt (~330 Bcm gas) in 2014
  - Europe* is 2nd largest importing region (~35 mt or ~50 Bcm gas in 2014)
- The LNG trade has evolved significantly over the past decade
  - Growing flexible volumes & cargo diversions
- After a period of tightness global LNG market starting to rebalance based on new supply
- US volumes expected to add further flexibility and liquidity
  - With transparent cost
- LNG adds to European gas supply diversity

*Turkey included as regional importer

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