IGU
INTERNATIONAL GAS UNION
UNION INTERNATIONALE DU GAZ

2019 WORLD LNG REPORT

MEMBER BRIEFING

REPORT RELEASE DATE APRIL 2, 2019

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Contents

Key Findings and Messages

Supply & Demand

- 2018 was another big year for LNG. Global LNG trade set a record for the 5th year in a row
- Australia lead growth in exports, with US in second place
- On the demand side, Asia remained the main engine of the global growth, with China continuing to break records

Market Characteristics

- 2018 saw continued increase in market flexibility
- Non-long-term LNG trade accounted for a third of the total

Global pricing

- Most LNG prices followed an upward trend globally, due to a rising oil price and strong demand in Asia
- Spot prices were easing toward the end of 2018, and with new liquefaction capacity expected in 2019, prices could fall further

Liquefaction

- Global liquefaction capacity continues to grow
- Russia, followed by Australia added the most liquefaction capacity in 2018.
- The United States is on track to become leader in 2019 surpassing them both in 2019.

New Liquefaction Proposals

- 2018 saw a positive change, reaching FID's for new projects, totaling 21.5 MTPA. A welcomed change after a period of uncertainty.

Regasification Terminals

- Global regasification is in strong growth position, aligned with capacity on the liquefaction and trade side
- Two new market entrants started importing LNG: Panama and Bangladesh.

Floating Regasification

- As of February 2019, twelve offshore projects were under construction, spread between new and old markets

Shipping Fleet

- In 2018 the global LNG shipping fleet grew by 11 percent, adding 53 carriers, but shipping rates saw significant volatility

Conclusion

- 2019 is expected to be another big year for the LNG industry. As global population and energy demand grow, gas is ready to affordably provide reliable energy and a cleaner environment

2018 LNG by the Numbers

Global Trade 2018	Fifth consecutive year record set	316.5 MT
	Increase from 2017 MT/ Year-on Year increase	28.2 MT/9.8%
LNG Exports	Number of LNG Exporting Countries	19
	Australia new supply	+ 12.2 MT
	United States new supply	+ 8.2 MT
	Re-exported trade	3.9 MT
LNG Imports	Number of LNG Importing Markets	37
	New Importing Countries (Bangladesh and Panama)	2
	China lead incremental LNG imports	+ 15.8 MT
Non-long term trade	In 2018 in terms of volume and percentage	99.0 MT/31%
Pricing	Volatility and price spike - Northeast Asia spot average	$ 9.88/MMBtu
Liquefaction	Total Liquefaction Capacity	392.9 MTPA
	Total Sanctioned new Liquefaction Capacity	101.3 MTPA
	Total Floating Liquefaction Capacity proposed	161.6 MTPA
LNG Carriers	Spot rates peaked at an all-time high record	$195,000/day
	Number of conventional carriers added	53
	Total number of vessels	525
	Number of vessels on order	118
	Total number of voyages	5,119
Regasification Terminals	Global LNG regasification capacity	824 MTPA
	Number of new receiving terminals	7
	New receiving terminal capacity under construction	129.7

Press Release

IGU Releases 2019 World LNG Report as Global Trade Continues to Grow

- ***Liquefied Natural Gas (LNG) trade set a record for the fifth consecutive year in 2018, reaching 316.5 million tonnes – a 9.8% increase on 2017***

- ***Natural gas meets almost 25% of the global energy demand, with 10.7% of that supplied as LNG***

- ***US and Australia both ramped up supply of LNG, with China, South Korea and other Asian nations leading demand growth***

Barcelona, April 2, 2019 – Today, the International Gas Union (IGU) released its 2019 World LNG Report – an annual, in-depth analysis of the current state of the Global LNG Industry over the previous 12 months.

Examining a range of metrics, the latest report illustrates that 2018 was another strong year for LNG, further reinforcing its role in expanding access to natural gas as a vital global energy source. Global LNG trade set a record for the fifth consecutive year, reaching 316.5 million tonnes (MT). This marks a significant increase of 28.2 MT, or 9.8%, from 2017 – the third-largest annual increase ever (behind only 2010 and 2017).

Over 99 MT of this number was accounted for by non-long-term trade, which equates to a 14.5 MT increase on 2017 and makes up 31% of total LNG trade. This marks the second year in a row in which the non-long-term market has substantially expanded, due to growing LNG supply and demand elasticity.

The overall growth in global LNG trade can be attributed primarily to increases in LNG supply – coming from higher production at new liquefaction plants. The single greatest increase in LNG exports occurred in Australia (+12.2 MT), owing to new trains coming on-stream and higher utilization at existing facilities. Other significant contributors to LNG supply were the United States and Russia, which added 8.2 and 7.8 MT respectively, across new and existing trains. Despite increases in these markets, the Asia-Pacific region continues to be the leading LNG-exporting region, supplying 38.4% of total exports (121.6 MT). This share is consistent with its share of global exports since 2016.
Increasing demand in 2018 also played an essential role as a key driver of growth in global LNG trade. The additions of Bangladesh and Panama as the two newest importing markets in the last

year brought the total number of importing markets to 37. Asia remained the driver of international LNG demand growth, with China and South Korea returning as the key sources of

LNG import demand in 2018, with growth of 15.8 and 6.4 MT respectively. Together, China and South Korea accounted for nearly 80% of the increase in net trade. Other key markets that drove global LNG growth included India and Pakistan, while European LNG imports too increased year on year for the fourth consecutive year, by 3.4 MT. This increase occurred despite net negative incremental growth in these markets through the first three quarters of the year, with the fourth quarter of the year making up for the losses, as it was the second strongest quarter ever for net imports into the region

Between January 2018 and February 2019, an additional 36.2 MT of liquefaction capacity was added to the global nominal capacity – equating to a global total of 393 MTPA. This growth in liquefaction capacity is expected to continue, with 101.3 MTPA of capacity under construction or sanctioned, as of February 2019.

Professor Joe M. Kang, President of the IGU, said: "The future looks very bright for LNG, as evidenced by the fifth consecutive record-breaking year for global trade. With increases in both demand from across the world, and ramping up of supply to meet it, it is clear, that nations across the globe are recognising LNG's ability to provide a clean, efficient, and affordable source of energy. The vibrant LNG industry brings great benefits to society by improving energy security and offering opportunities to meet emissions targets, while facilitating access to energy in diverse markets around the world. We only anticipate this upward trend for global trade to continue, and for natural gas to keep improving the quality of life for millions of people as it becomes increasingly more accessible."

The *World LNG Report*, a flagship annual publication by the IGU, provides key insights into LNG industry developments during 2018. While the Report's focus remains, as in years past, upon recent historical data, the Report also provides a glimpse into the future of key developments and trends in the world of LNG. Published since 2010, the Report serves many in the international energy business as a standard desk reference for information on the LNG industry. To download the full report, please visit www.igu.org/lng.

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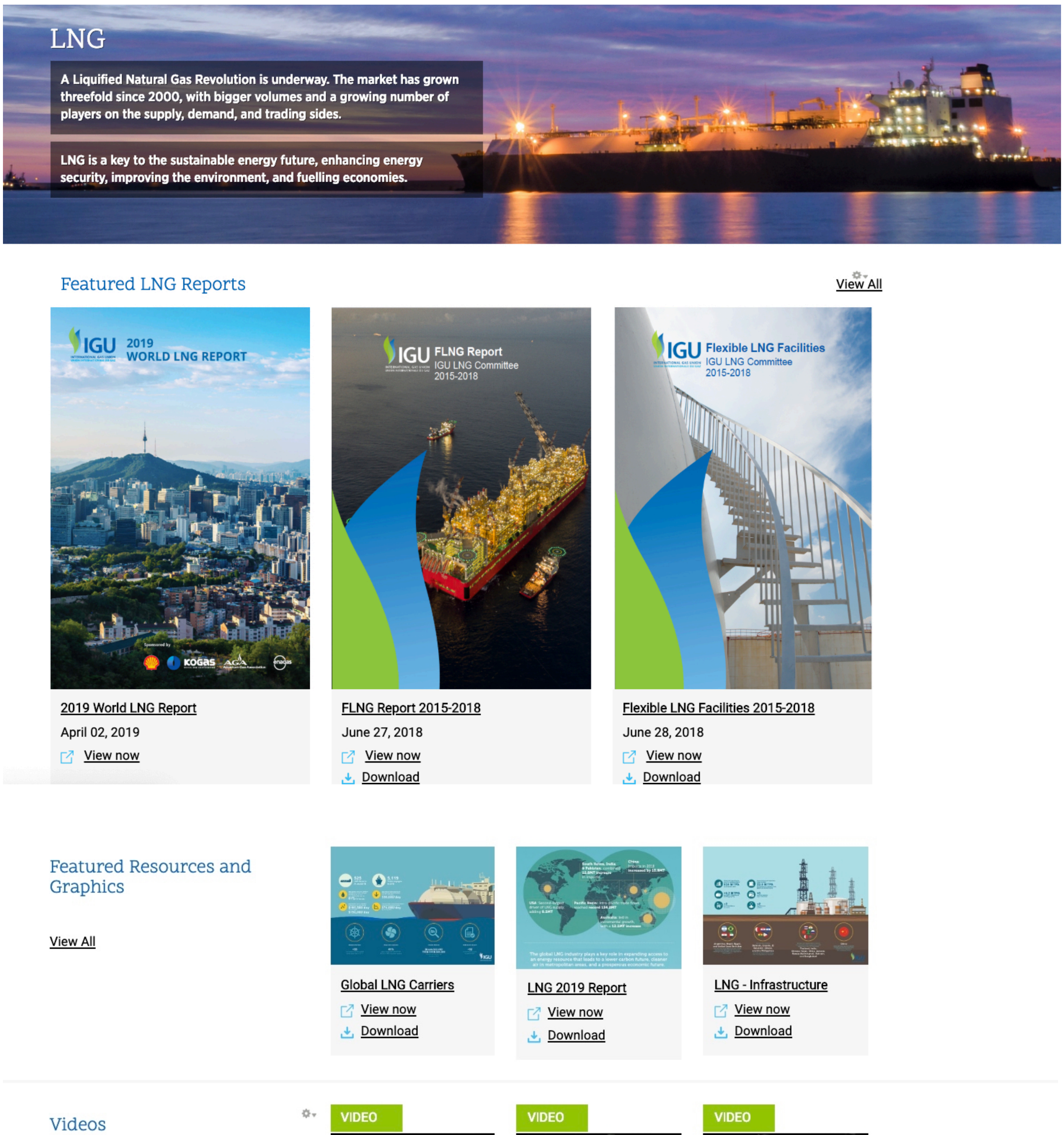
LNG Microsite

On April 2, 2019 the IGU will launch an LNG microsite containing useful LNG Reports, Infographics and Videos at www.igu.org/LNG



Embargoed Copy of the Report

An embargoed copy of the 2019 World LNG Report can be downloaded from the Member side of the IGU website at

http://members.igu.org/igu-publications

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