LNG Producer-Consumer Conference 2019

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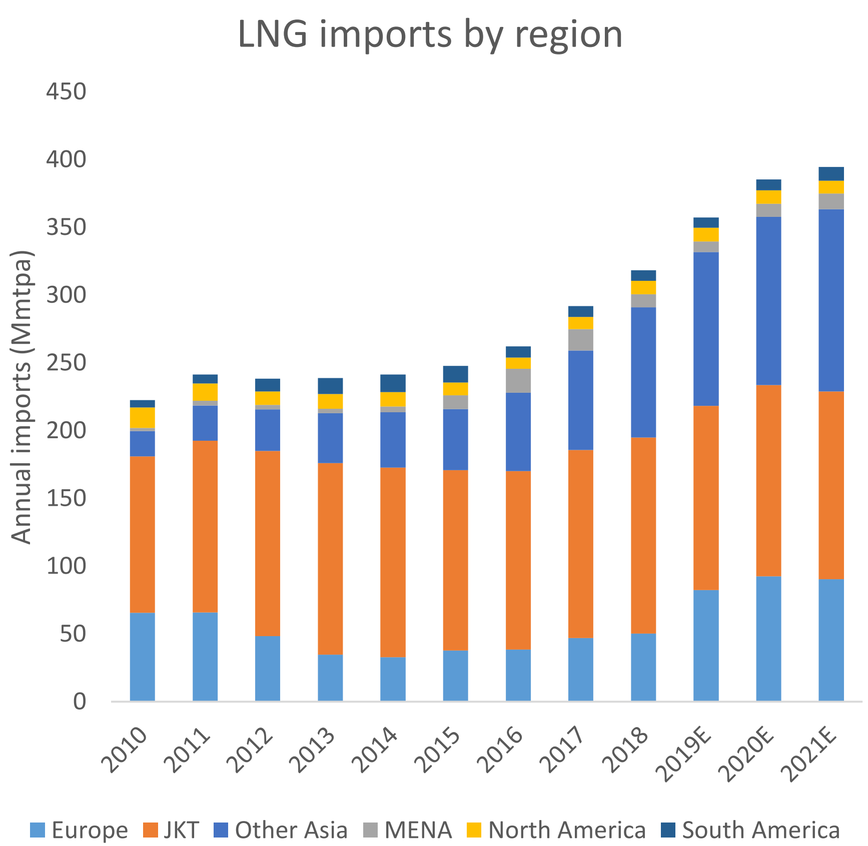
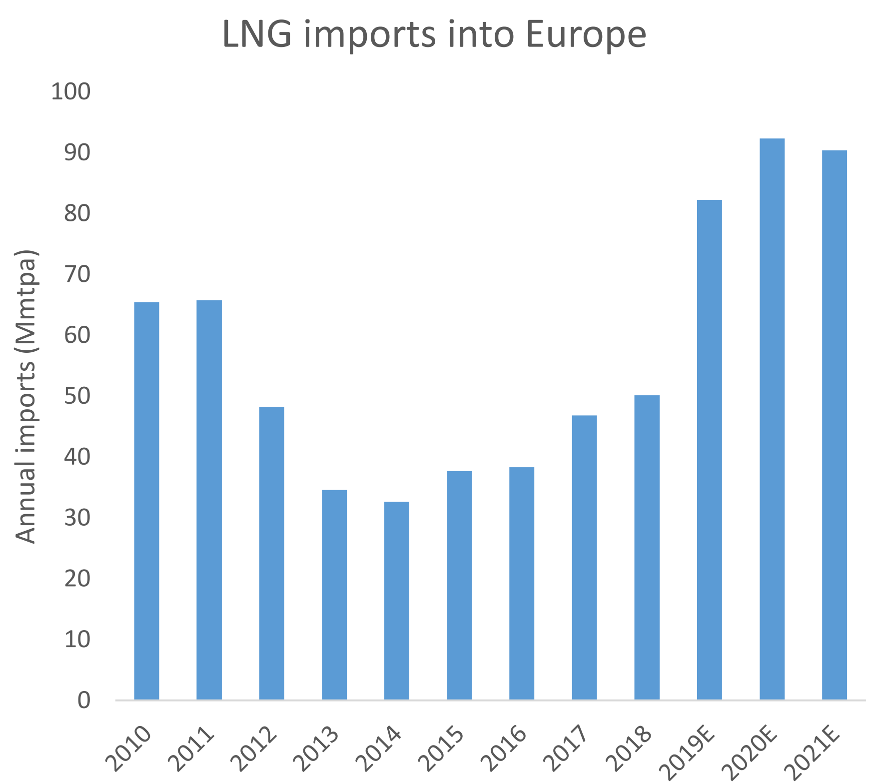
26th September 2019

Europe expected to absorb 30MMT more LNG in 2019 than in 2018





Note: Europe includes Turkey and Russia.
Source: IHS Markit

Europe absorbs excess global LNG through price sensitive demand

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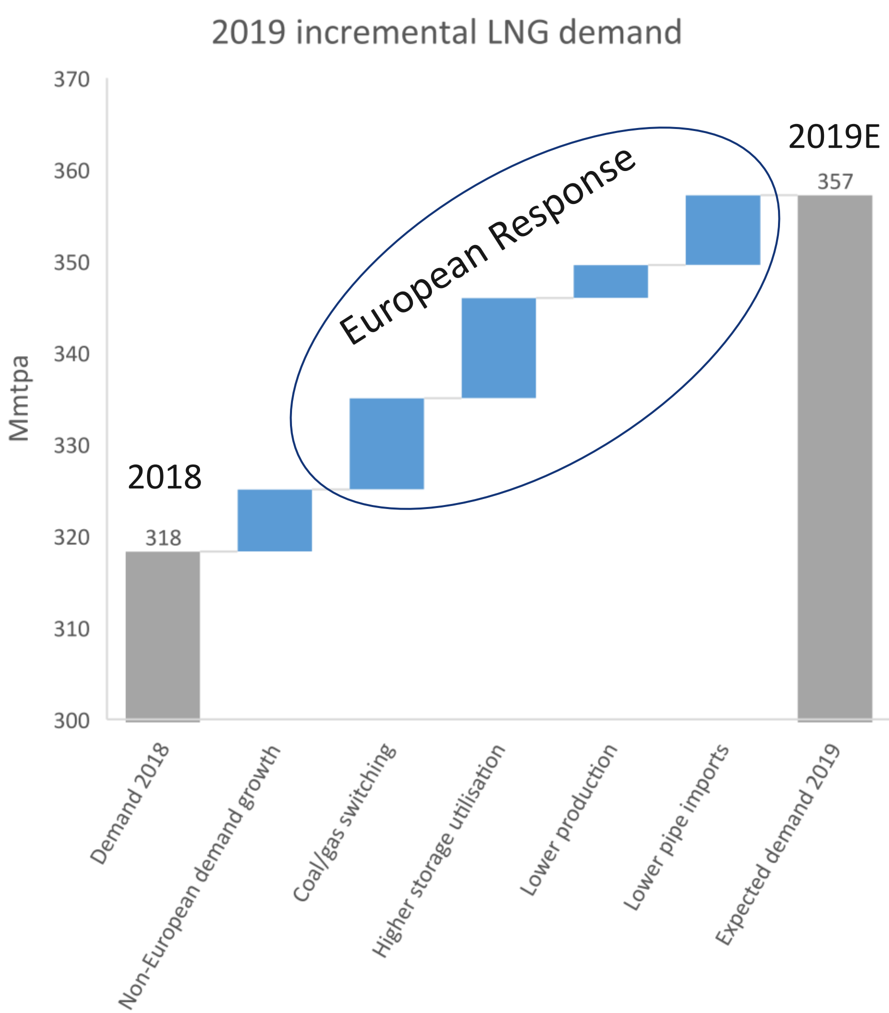

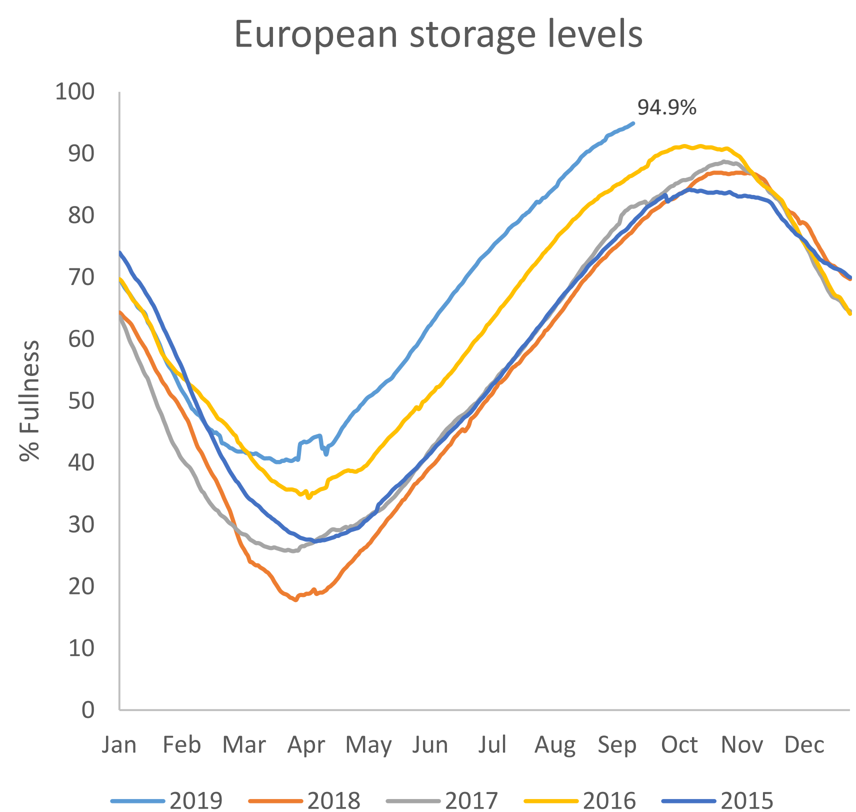

Source: Centrica EM&T

Note: European Working Gas Volume is currently c. 95 Bcm.
Source: GIE

Pipeline gas is low and gas generation high - driven by low gas prices

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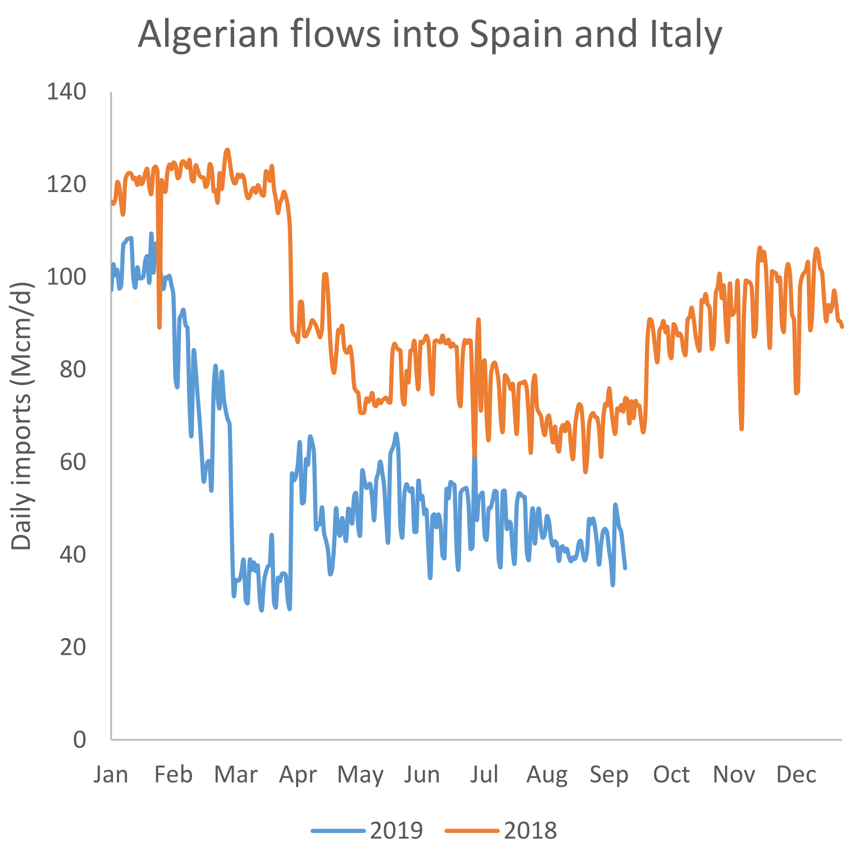

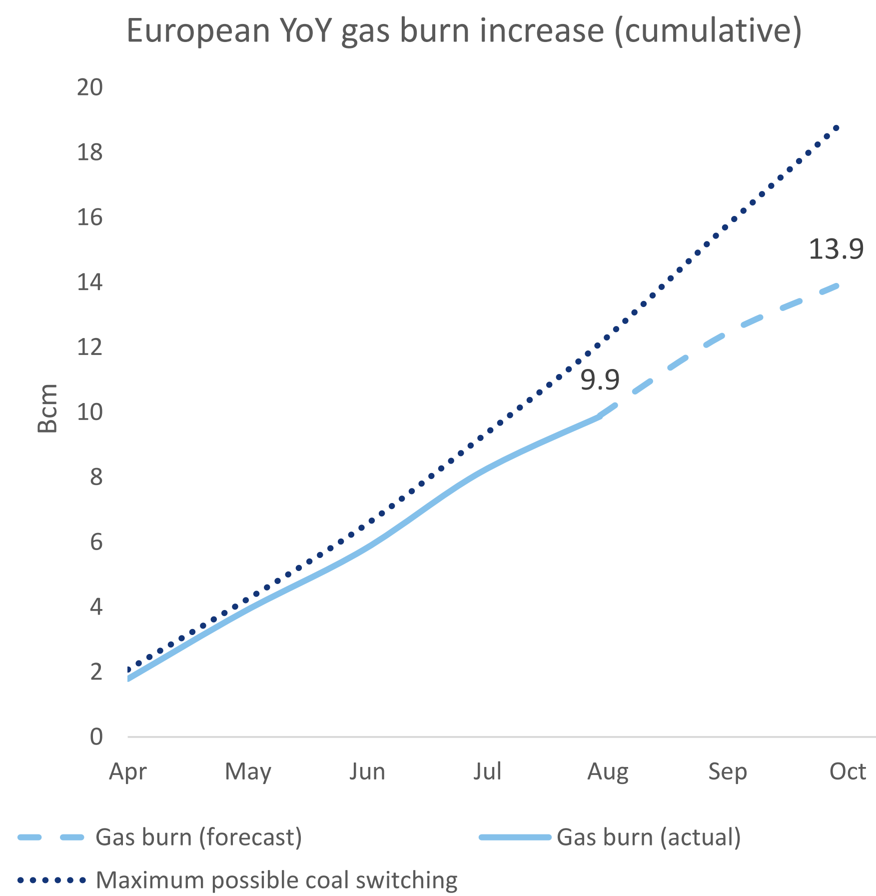

Note: Includes flows through cross-border points Tarifa, Almeria and Mazara del Vallo.
Source: ENTSO-G

Source: ENTSO-E, Centrica EM&T

Revolution of the LNG Market

Europe has shown flexibility during a period of rapid LNG market expansion

Can Europe continue to absorb LNG beyond 2019?

- Risks:
  - A warm winter (2019/2020) may leave gas storage levels at post winter record highs
  - Not clear whether North Africa imports can remain low
  - Renewables will squeeze gas generation further

- Opportunities:
  - Coal to gas switching will remain (for the next few years at least)
  - Potential for further flexibility from Russia and Norway
  - Europe will rely more on LNG imports as indigenous gas production declines