

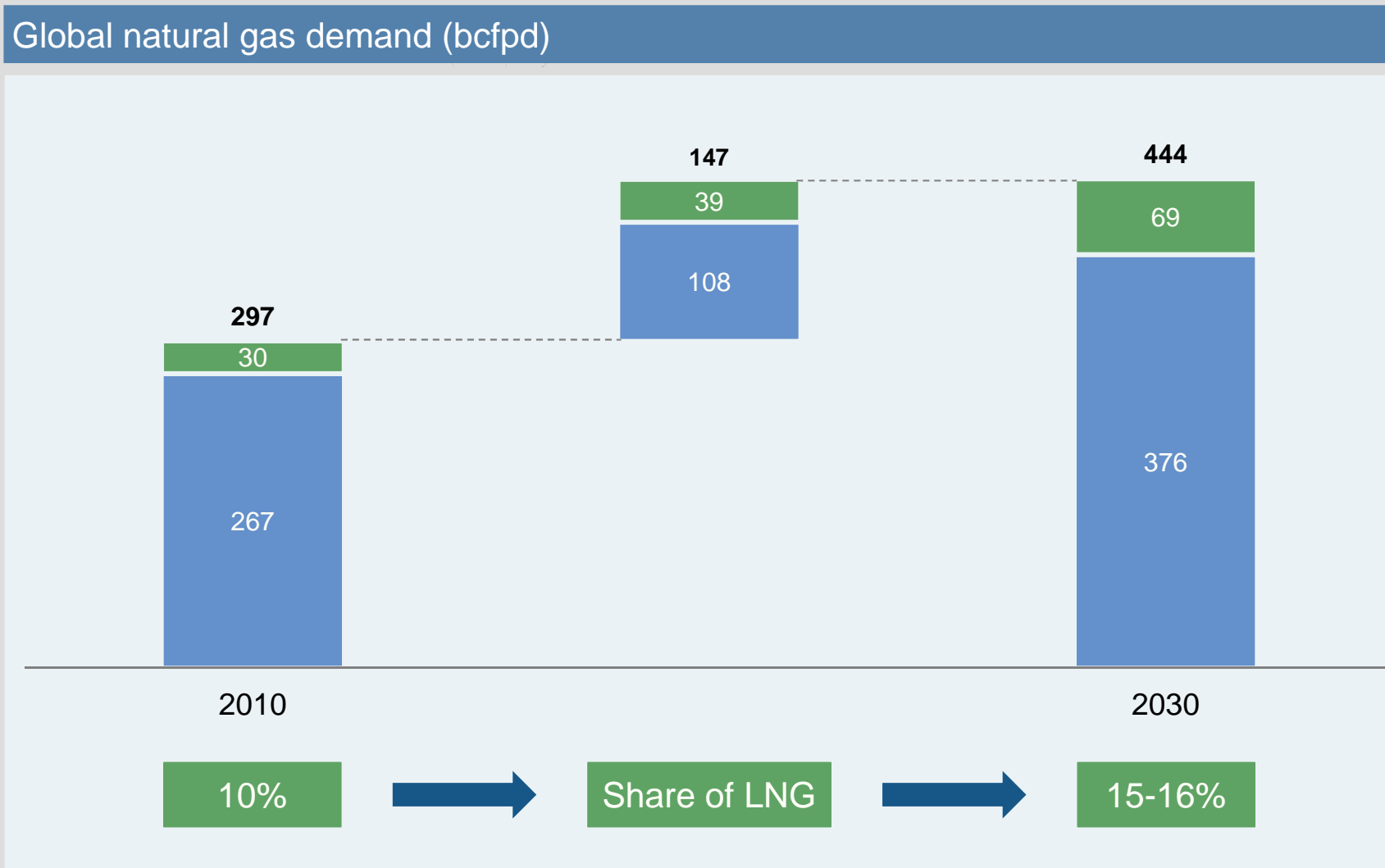
LNG: A CAPITAL MARKET PERSPECTIVE

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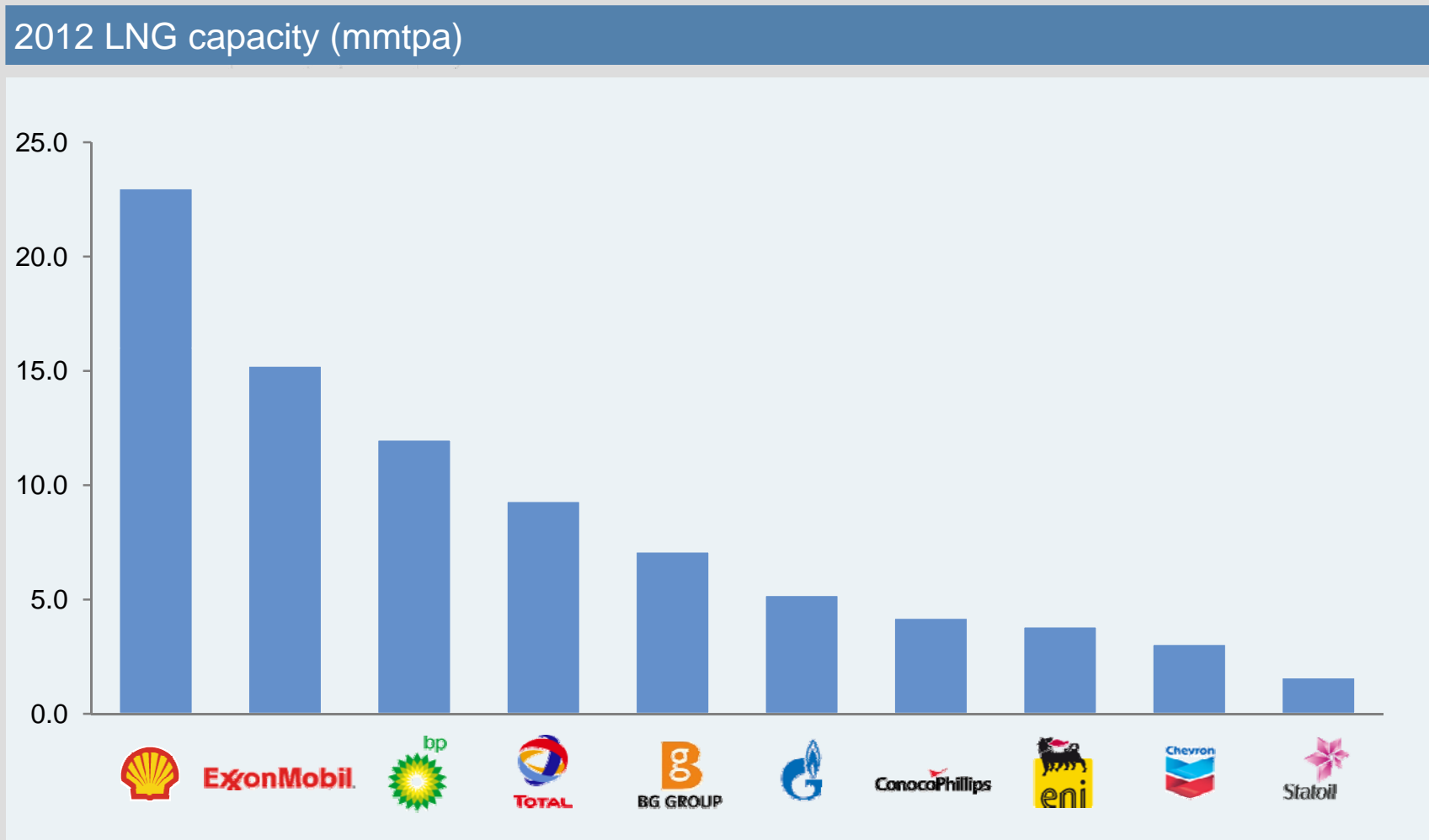
J.P.Morgan

LNG will be a key growth contributor to the 'golden age' of gas



LNG: A CAPITAL MARKET PERSPECTIVE

Exposure to LNG differs significantly across the majors



Source: Company information, Wood Mackenzie as of May 2013

Global Oil & Gas companies are committed to LNG for the long term

“The LNG industry is as robust and dynamic as ever; the natural gas revolution emerging from tight/shale gas will reinforce the LNG industry ... in Shell, we are responding to that opportunity.”



, April 2013

“In a period where LNG demand is expected to grow twice as fast as overall gas demand, with underlying supply needing to grow by nearly 9% to meet total demand, BG Group is well positioned to capitalise on this growing market...”



BG GROUP , May 2013

“ConocoPhillips is developing a long-life global LNG business through major projects located in strategic geographic centers around the world.”

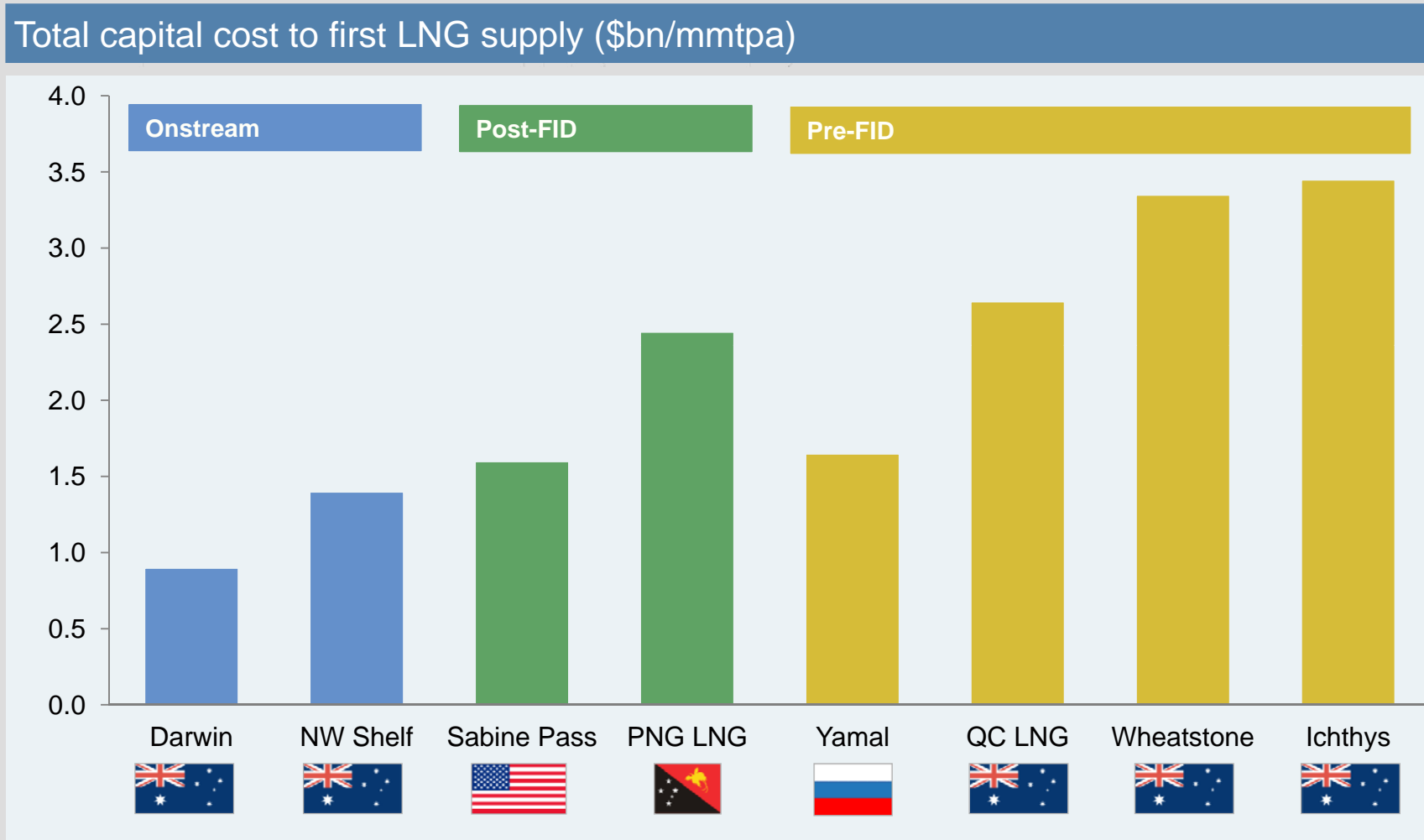
ConocoPhillips , January 2013

“We plan to further increase the volumes of our LNG trading. To implement our LNG strategy, we plan to establish new LNG production projects in Russia, participate in LNG projects abroad, purchase LNG from independent projects and develop our own LNG marketing business.”



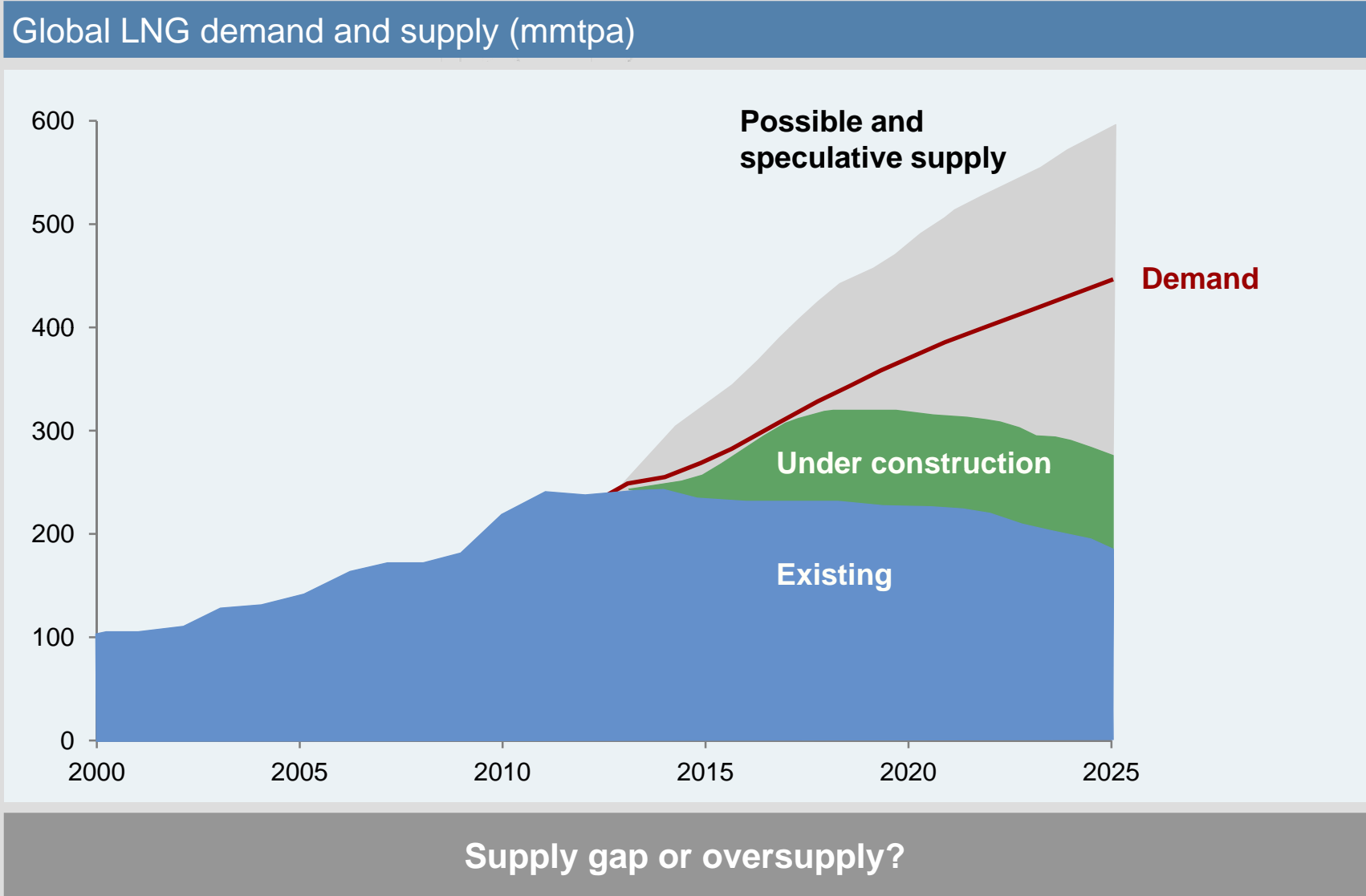
, July 2012

Sector key themes: Cost inflation



Source: Ernst & Young, equity research as of March 2013

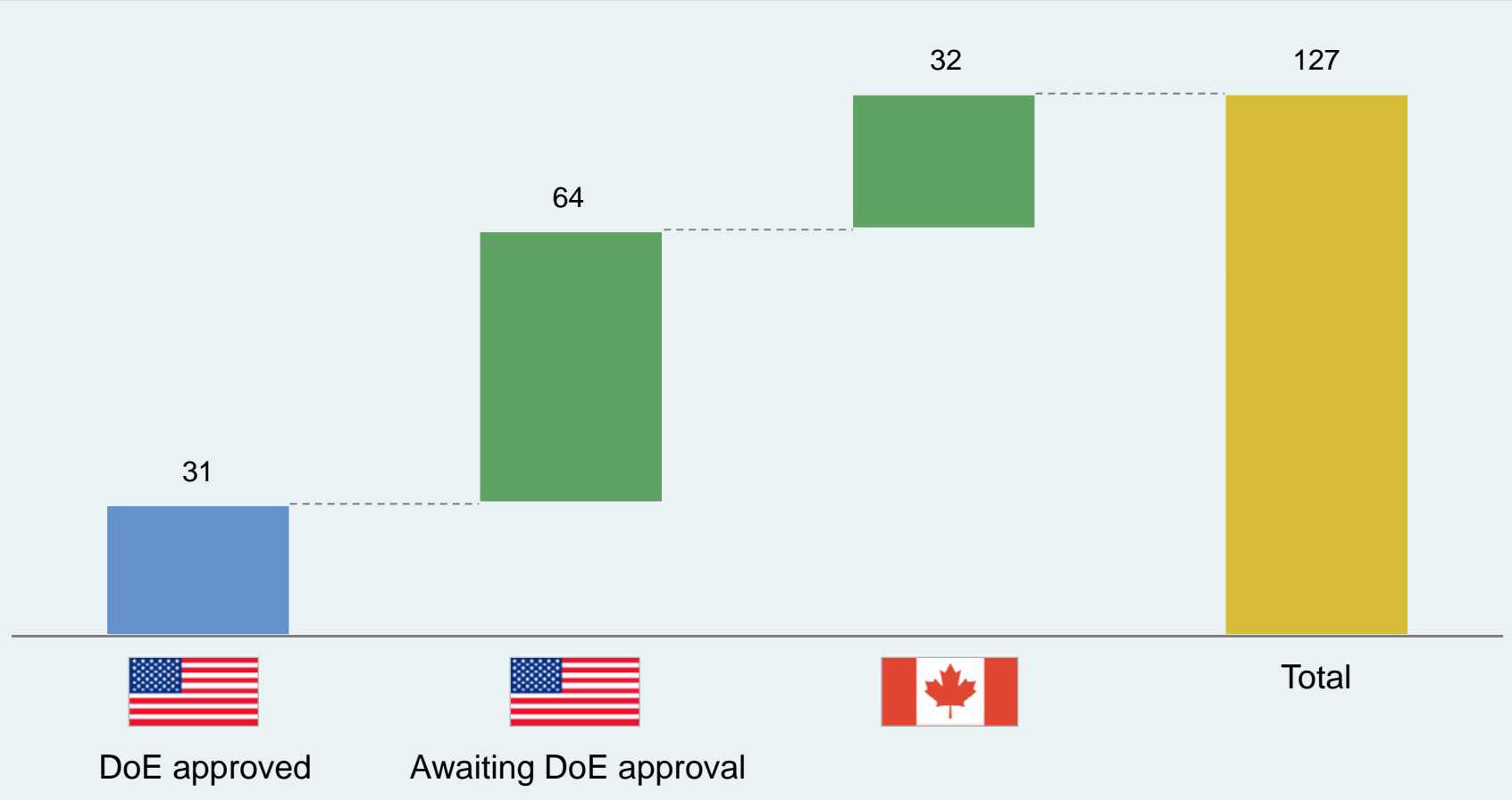
Sector key themes: Supply volumes



Source: Wood Mackenzie, BG Group, equity research as of May 2013

Sector key themes: Disruption

North American LNG liquefaction capacity (mmtpa)



Source: Company information, DoE, equity research
Note: DoE approval refers to export to non-FTA countries

Regardless of these concerns, investors remain keen on LNG exposure



- \$833mm capital raising in April 2013
- East Africa LNG opportunity



- \$6.7bn acquisition of Repsol LNG in February 2013
- Well received by investors



- Market appreciation for LNG portfolio flexibility
- Recently rewarded for corporate discipline in upstream and LNG



- \$1.9bn acquisition of Cove Energy in August 2012
- East Africa LNG opportunity

As capital market participants assess the attractiveness of LNG, they are focused on the following criteria



- **Collaboration**
- **Cost discipline**
- **Return discipline**
- **Spread of assets**