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Presentation outline

- Outlook for global gas supply
- Outlook for global gas demand
- Gas pricing dynamics
- Implications for MENA gas market dynamics
Unlike the oil industry, the global gas industry structure has no constraints to meet gas supply. Stimulation of global gas demand is key to addressing the near term glut.
Long term, global gas demand fundamentals appear to be robust. Can gas industry strive to achieve a greater share of future energy demand?

2000-14 global gas imports – OECD vs Non-OECD

CAGR: c. 4.6%

2014 global LNG imports

~333 bcm pa (12 Tcf pa)

2014 Global primary energy demand by fuel

~16 tcm pa

2014 global gas demand by sector

~3.4 tcm pa (120 Tcf)

Sources: BP Stats, IEA
With its strong credentials over rival fuels, gas can and should stimulate more demand.

**Energy use by sector and fuel**

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**Primary energy demand 2014 (% gas share in energy mix)**

+5% share of primary energy for gas would increase demand by >300 bcmpa.
Global gas pricing is moving towards spot markets as the Asian market liberalises.

Legend: commodity prices
- US Henry Hub price
- UK NBP price
- Japan Corp LNG import price
- Japan spot LNG price

Potential global convergence towards spot market based gas pricing

Gas prices in the three hubs: unregulated free markets (US$/mmbtu)

Source: Bloomberg
MENA gas demand is growing strongly. Is there adequate investment in the region to meet the demand growth?

Gas demand growth (2000-2014 CAGR)
- China – 14.5%
- MENA – 6.4%
- US – 1%

Gas use as share of total primary energy demand

Middle East
- Gas: 51%
- Oil: 47%
- Coal: 1%
- Other: 0%

North Africa (Algeria + Egypt)
- Gas: 56%
- Oil: 41%
- Hydro: 2%
- Other: 1%

Supply demand balance of MENA overtime

* Historical data for Tunisia and Libya unavailable

Sources: BP Stats, IEA
To meet the growing gas demand in MENA, the region’s gas pricing has to be attractive to investors.
The futures market is an extrapolation of current price levels and is historically unreliable.
THANK YOU

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