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# LNG Producer-Consumer Conference

Nagoya, Japan

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# Vitol: a global leader in energy distribution

For more than 50 years Vitol has distributed energy, efficiently and safely. Today, we move over 7m bpd of crude and products around the world, every day. Our business is built on long standing relationships with producers, refiners and industrial clients.



## Crude oil & products trading

- World's largest mover of energy products worldwide
- 7+ million bpd traded
- 250 ships at sea
- 40 offices worldwide



## Refining

- 480,000 bpd refining capacity across 6 refineries
- 3.6 million bpd of crude and feedstock delivered to refining customers worldwide



## Terminals

- Circa 18 million m<sup>3</sup> of owned storage capacity
- Strategic storage across 7 continents



## Retail & distribution

- Circa 5,000 service stations across three continents
- 8 million tonnes jet into wing at over 90 airports across 7 continents



## Gas & LNG

- LNG sourced and delivered to customers worldwide
- Pipeline trading presence across Europe and North America



## Power

- Trading presence across Europe and North America
- 1.2 GW power plant in UK and the largest portfolio of batteries for power storage in the UK



## Upstream

- Development offshore Ghana, to provide gas to the thermal power sector to 2036, and an estimated 500 million barrels of oil-in-place



# An experienced and established participant in LNG markets globally



**Vitol's LNG team has an in depth understanding of global trends in supply and demand. Projects worldwide, ranging from supply to infrastructure, are carefully monitored, and enable the team to understand and anticipate market developments**

- An established LNG participant since 2005
- 15 year SPA with Cheniere for 0.7 mtpa of US LNG offtake
- Multi-year term supplies from Sonatrach, Angola LNG, Gazprom, ADNOC
- Long term SPA sale to KOMIPO (South Korea)
- Spot and short-term sales into Asia, Europe, Middle East and South America
- Equity or lead role taken on regasification projects in Asia and the Atlantic
- Highly experienced team
- Dedicated LNG ships on long-term time charter
- Ship-to-ship transfer capabilities
- Traded 7.4 mtpa volume in 2017

LNG integrated with US and European gas trading teams and their facilities, enabling absorption of LNG cargos in a short duration through flexibility on supply agreements, swing on storage and connection to different markets

- Physical gas storage in 6 countries in Europe
- Core client base of producers, industrials and LDCs in the US
- Access to most US major pipelines into consuming region



# Traders such as Vitol can help LNG buyers to manage demand fluctuations and to monetize flexibility

## LNG buyers are facing an increasing level of demand uncertainty

- Traditional buyers face uncertainty from deregulation of markets, development of renewables, lack of clarity over future energy policy (future role of nuclear and coal)
- Traders can play a key role in enabling buyers to balance out short term fluctuations in portfolio demand

## Example: US cargo optimisation

- Far Eastern buyer purchases a cargo through a trader to meet demand
- Trader uses a US term cargo from its portfolio to fulfil the requirement. JKM x Henry Hub price spread can be locked in advance using financial derivatives
- Demand in the Far East turns softer, the cargo is no longer required there
- JKM swaps premium to NW European markets consequently narrows to below incremental shipping costs on the Panama Canal route to Asia
- Trader can agree with their buyer to re-direct the US cargo into the European markets, securing a regas slot there and re-hedging the position through derivatives (buying back JKM swaps, selling European derivatives)



# Traders such as Vitol can also play a role in developing new demand, assisting new LNG buyers

## Extending credit facilities to non-investment grade buyers:

- Vitol has a history of establishing successful trading relationships with non-investment grade buyers – Successful completion of multiple cargo trades into Egypt, Argentina and China Tier 2
- Vitol is able to manage credit risks through diversification and by leveraging existing trading relationships with buyers through its major oil trading business

## Investment and participation in new regasification / gas to power projects:

- Vitol is actively exploring opportunities to participate and invest, alongside JV partners, in new integrated downstream and regas projects globally

## Formation of successful trading Joint Venture relationships:

- Vitol has implemented successful trading Joint Ventures in the oil sector (eg JV with Oman Trading International) and continues to explore similar opportunities in the LNG space

## Potential for fuel swaps / substitution deals:

- Vitol is a significant trader of coal, fuel oil and other substitutable fuels for power generation.
- Potential to arrange swap deal arrangements with buyers to enable them to access cheaper and less polluting fuel source in the form of LNG

