



China's Natural Gas Market Development

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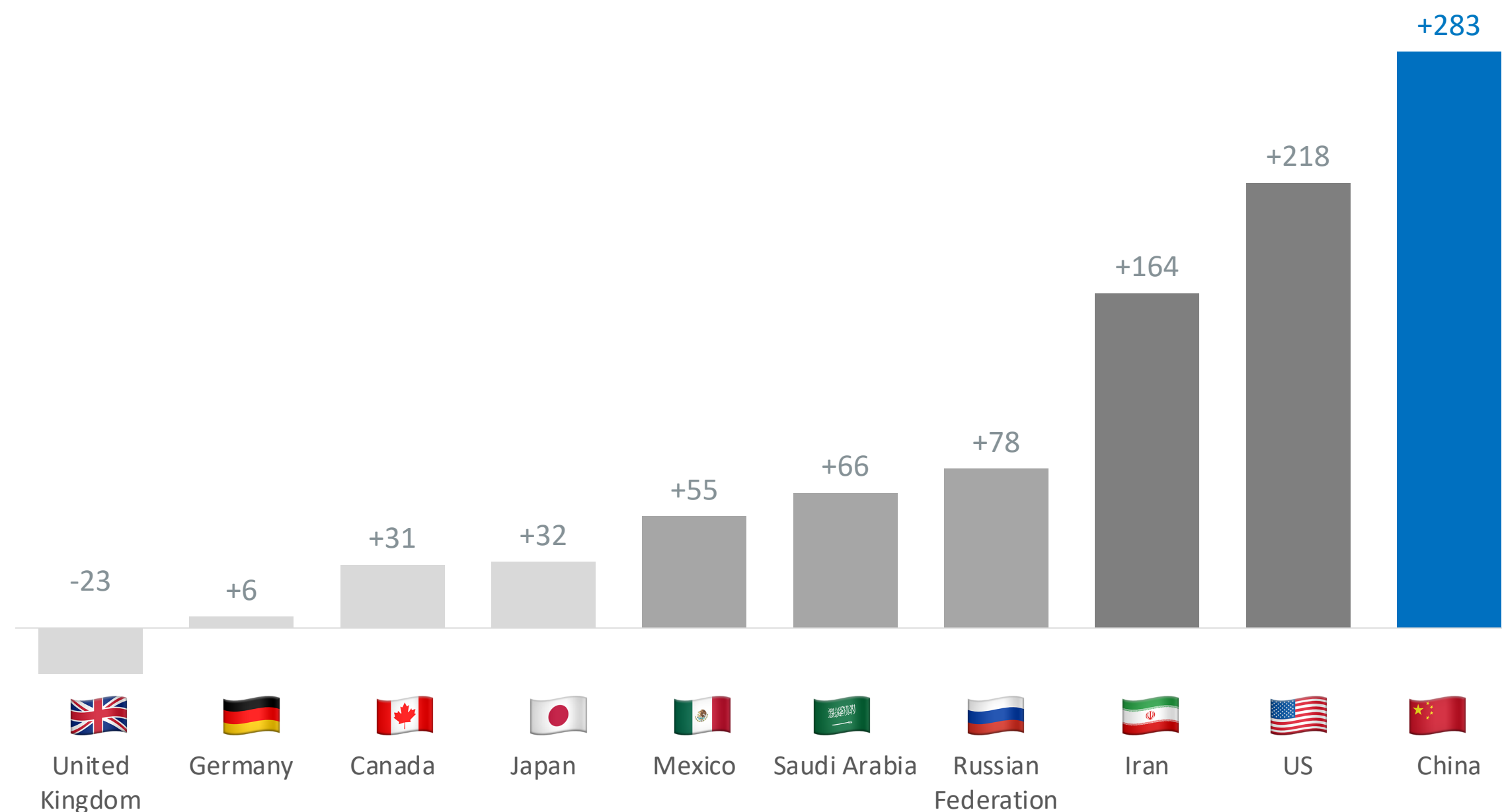
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CHINA IS THE FASTEST GROWING LARGE NATURAL GAS MARKET

IN 2019 CHINA WAS THE THIRD LARGEST NATURAL GAS MARKET IN THE WORLD

	US	846.65
	Russian Federation	444.31
	China	306.70
	Iran	223.62
	Canada	120.31
	Saudi Arabia	113.64
	Japan	108.12
	Mexico	90.67
	Germany	88.66
	United Kingdom	78.84

IN 2000-2019 CHINA'S NATURAL GAS CONSUMPTION GREW MORE THAN IN ANY OTHER COUNTRY

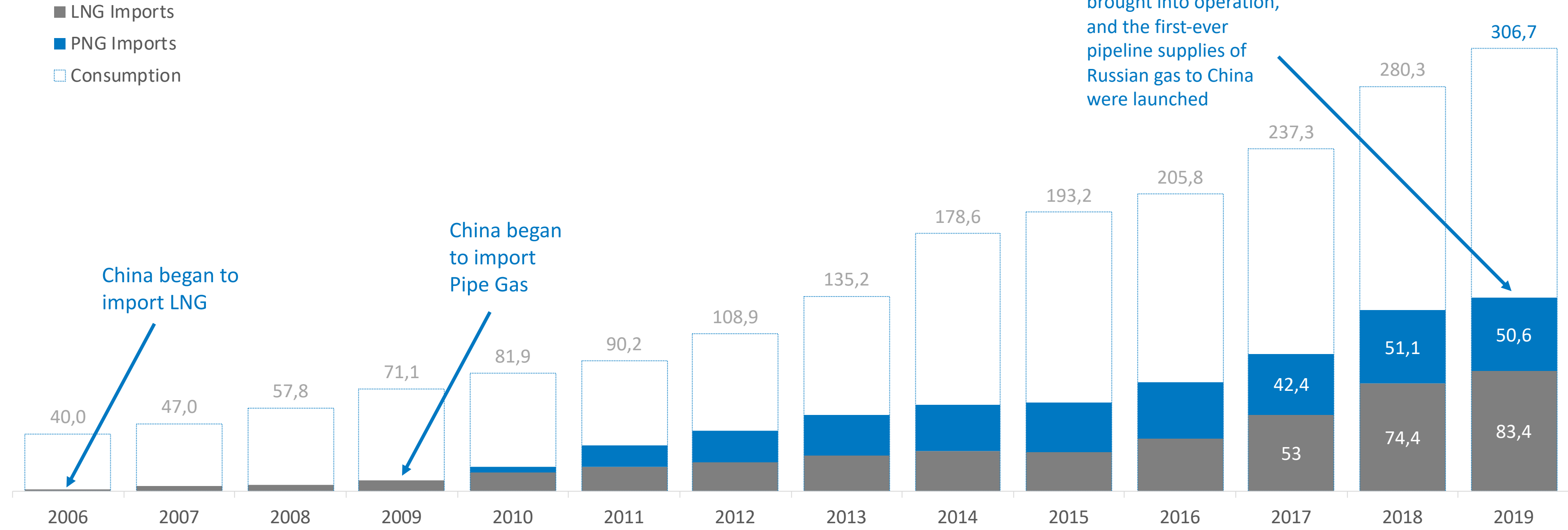


Natural Gas Consumption By Country in 2019, bcm
Sources: BP, China NDRC

Incremental Gas Consumption by Country in 2000-2019, bcm
Sources: BP data, China NDRC data

CHINA IS THE WORLD'S LARGEST NATURAL GAS IMPORTER

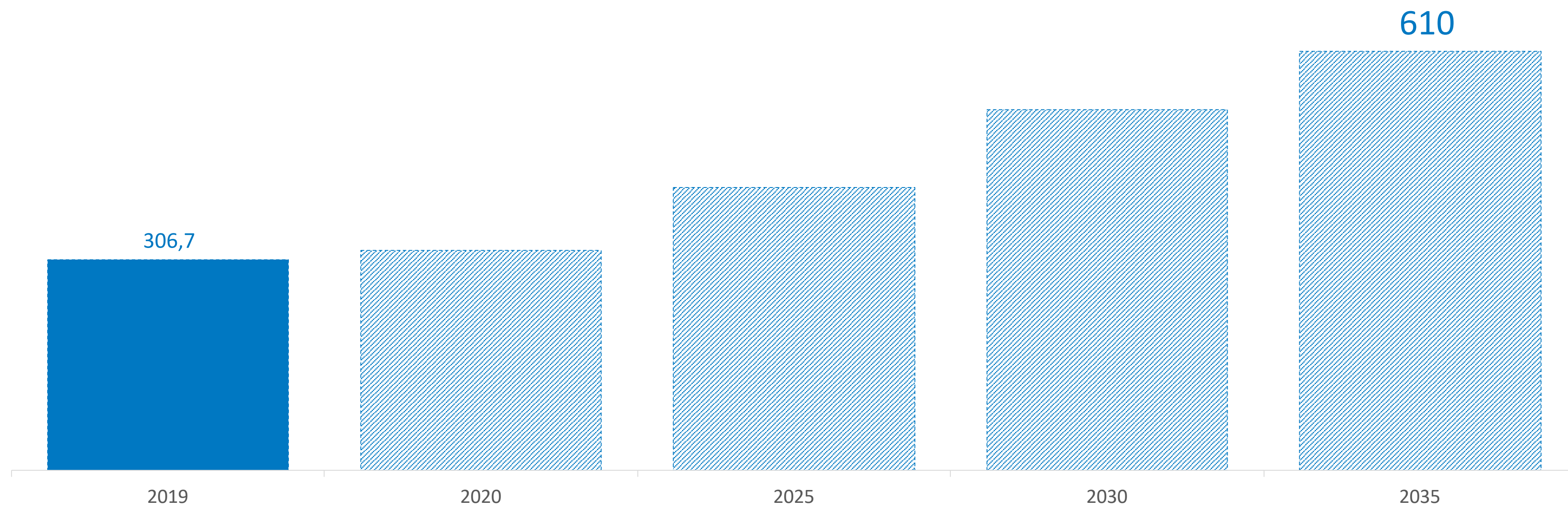
CHINA'S NATURAL GAS IMPORT GROWS RAPIDLY



China Natural Gas Imports in 2006-2019, bcm
Sources: China Customs, China NDRC

CHINA'S GAS MARKET HAS ENTERED THE GOLDEN AGE

CHINA PLANS TO DOUBLE GAS CONSUMPTION BY 2035

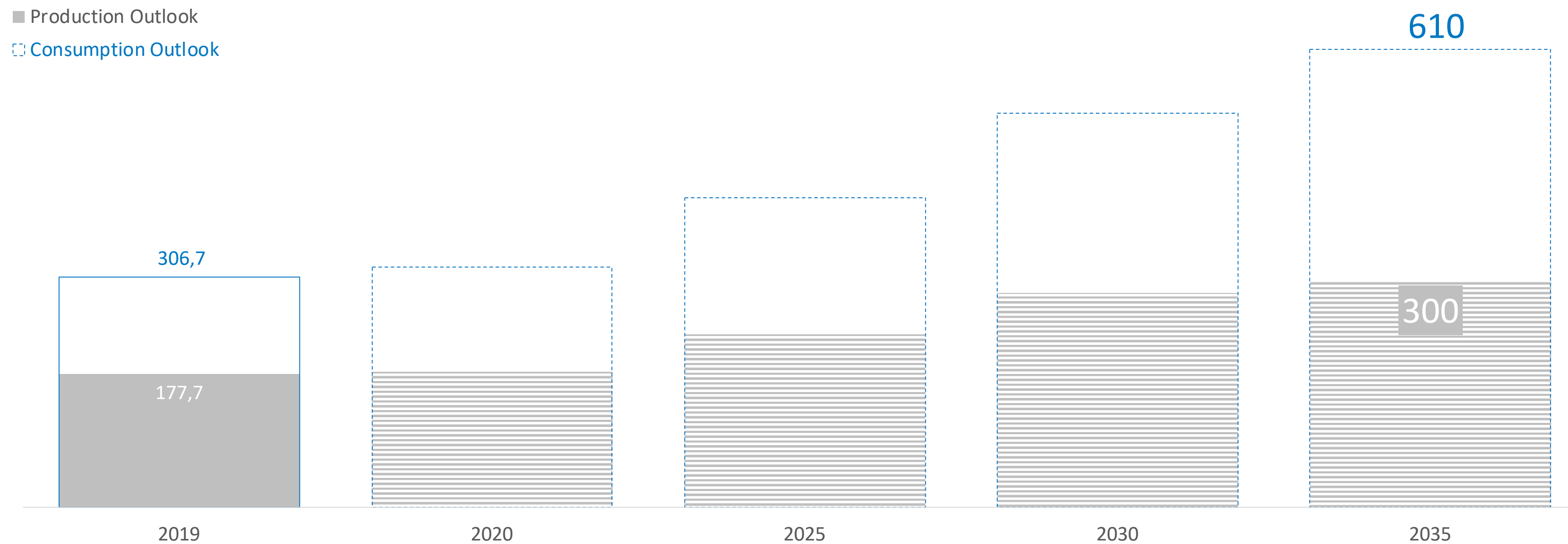


China Natural Gas Consumption Forecast

Sources: China National Bureau of Statistics, 2020, CNPC ETRI

CHINA INDIGENOUS PRODUCTION DEVELOPMENT PLANS

CHINA PLANS TO INCREASE PRODUCTION TO 300 BCM AT BEST

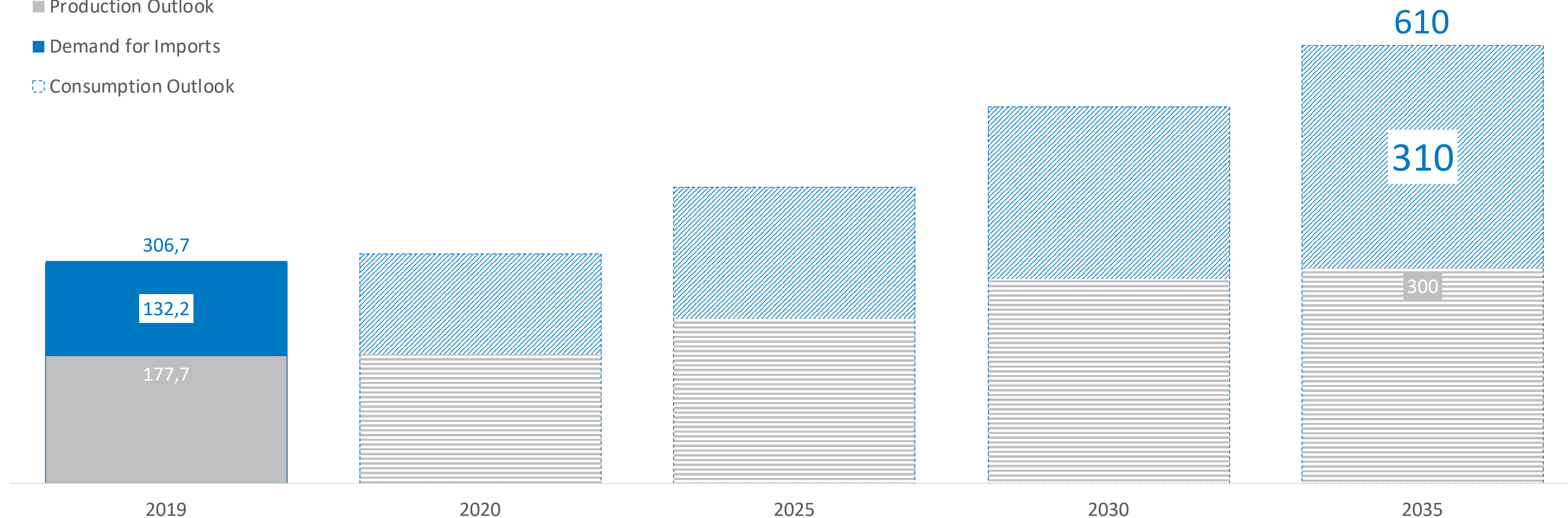


China Natural Gas Consumption and Production Forecast
Sources: China National Bureau of Statistics, 2020, CNPC ETRI

CHINA WILL NEED TO IMPORT HUGE AMOUNTS OF GAS

CHINA' APPETITE FOR NATURAL GAS IMPORTS IS PROJECTED TO GROW FURTHER

- Production Outlook
- Demand for Imports
- ▨ Consumption Outlook



China Natural Gas Demand, Production and Import Forecast
Sources: China National Bureau of Statistics, 2020, CNPC ETRI

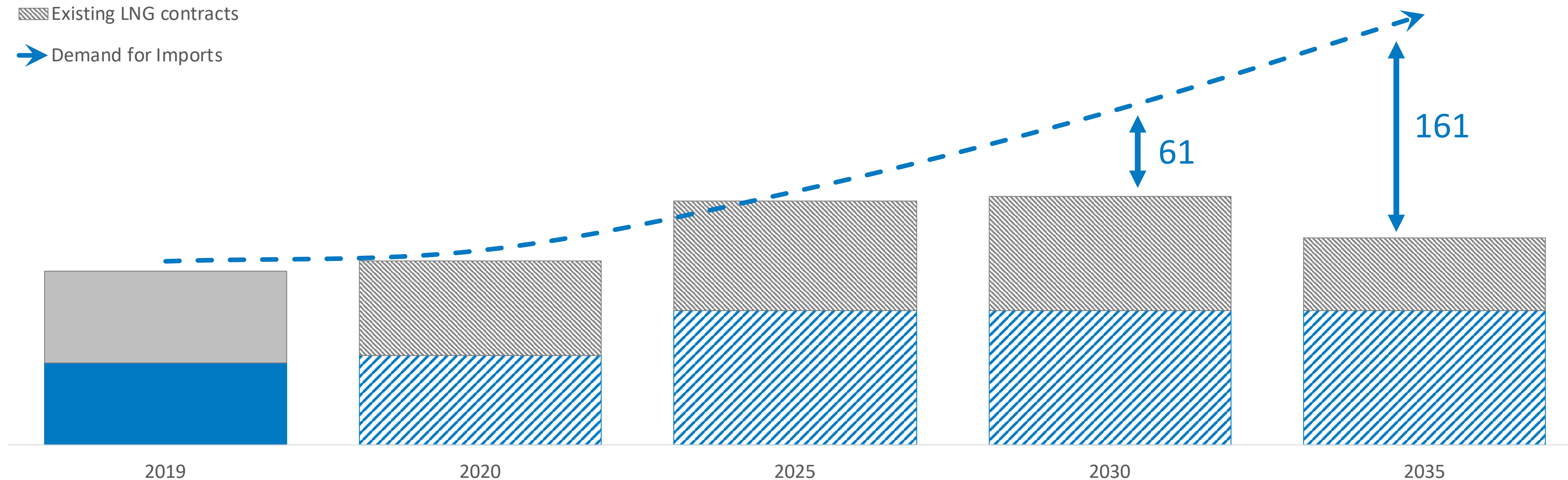
CHINA GAS IMPORTS AND CONTRACTS

IMPORTS SUPPLY AND DEMAND GAP IS GROWING

Existing PNG contracts

Existing LNG contracts

Demand for Imports

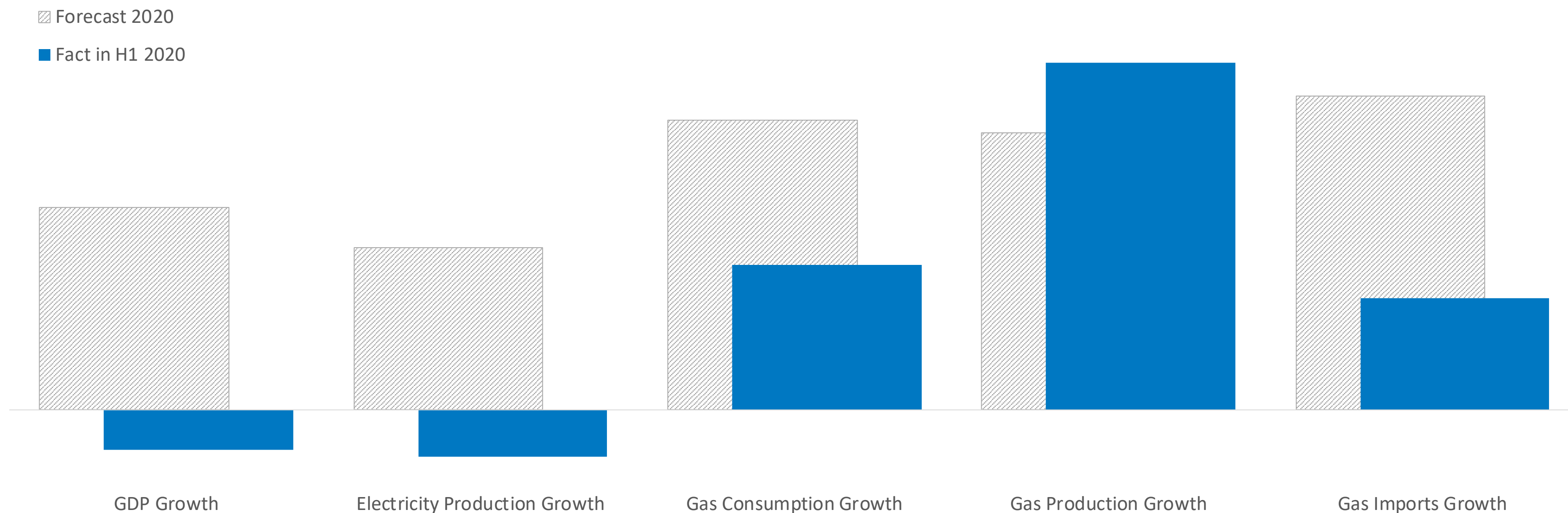


China Term Contracts and Supply-Demand Gap

Sources: HIS, China NDRC

CHINA ECONOMY AND GAS SECTOR DEVELOPMENT AMID PANDEMIC

CORONAVIRUS PANDEMIC HAD LIMITED IMPACT ON CHINA'S NATURAL GAS INDUSTRY



China Development Forecast in 2020 vs. Factual in H1 2020
Sources: NBS, NDRC, China Customs, China Electricity Council

CONCLUSIONS

- China is one of the biggest and fastest-growing natural gas markets in the world. It is already the largest importer of natural gas, but still has enormous opportunities to grow further.
- Natural gas takes up a small share in China's energy balance, but this share is growing. China's gas market is still in an early stage of its development, but it matures rapidly.
- Environmental policy in China has two primary directions — combat climate change and air pollution control. Both require natural gas. Thus gas consumption in China will continue to grow and can reach 610 bcm by 2035.
- China domestic gas production will be growing, but it will not be enough to accommodate the growing demand. Production is likely to reach 300 bcm by 2035.
- In the medium to long term future to supply the growing demand, China's gas imports can increase by 177 bcm to 310 bcm. In this case, Chinese companies will have to sign new import contracts for 161 bcm.
- Coronavirus pandemic had limited impact on China's natural gas industry; growth rates slowed down this year but are expected to recover next year.