

LNG Trading & Shipping

18 May 2023

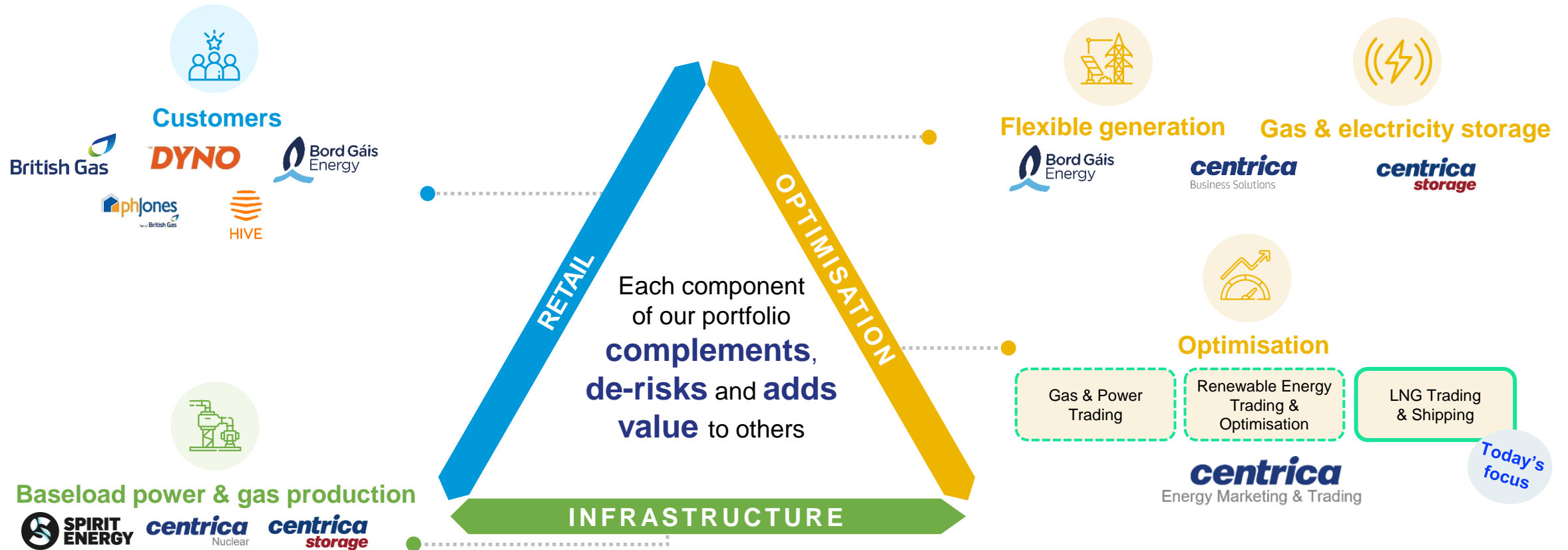


Welcome

Chris O'Shea
Centrica CEO



A uniquely integrated energy company



Centrica Energy Marketing & Trading



**Cassim
Mangerah**
MD, EM&T



The big picture

- Centrica Energy Marketing & Trading is the Risk Management, Optimisation and Trading arm of Centrica plc.
- We are a leading provider of energy risk management and optimisation services to businesses, in addition to managing commodity risk and providing wholesale market access for the Centrica Group.
- We trade physical as well as financial products and operate a 24/7 logistics business.
- We trade Gas, LNG, Power and Carbon, and connect energy producers, suppliers and off-takers in the wholesale energy markets.
- Our mission is to drive the green transition while offering risk management products and services through the value chain – from source to use.

15.6 GW Power Assets under Management

11.7 GW Renewables generation under management

25+ European countries with Gas & Power trading

11.7M Gas & Power trades in 2022

284 LNG cargoes traded across the globe in 2022

36 No. of countries traded LNG physically to / from

+700 Employees

5 Key locations

We've developed a compelling business model over several years...

Leveraging leading physical energy trading and optimisation capabilities



Power



Gas



LNG



Renewables

Best-in-class risk management capabilities



Compliance



Credit Risk



Market Risk



Liquidity

Scalable & digital platform across locations



Pan-European Gas & Power trading footprint



Global LNG shipping & trading



Digitised platform with 50% automated trade execution



24/7/365 physical optimisation of Centrica and customer-owned energy assets and Centrica supply portfolios



Strong symbiotic relationship between risk management capabilities and trading is leveraged to deliver sustainable growth in gross margin

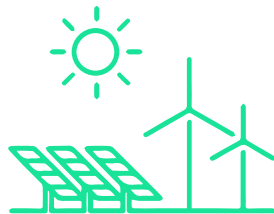


Core role in delivering gas and power to customers across geographies

...and delivered strong growth across three commercial pillars



Gas & Power Trading



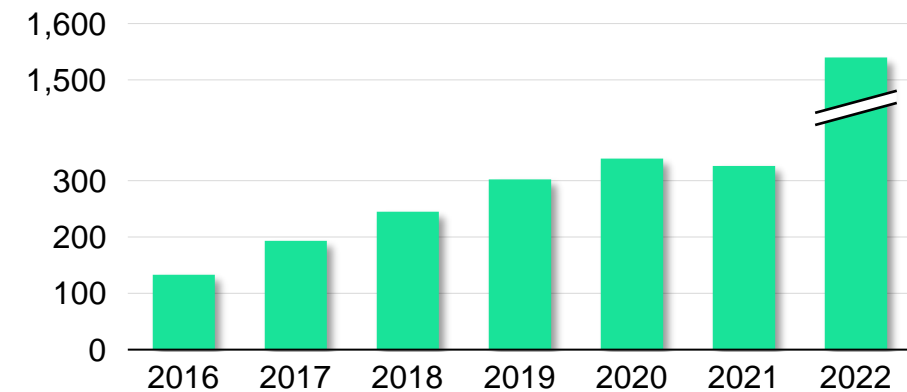
Renewable Energy Trading & Optimisation



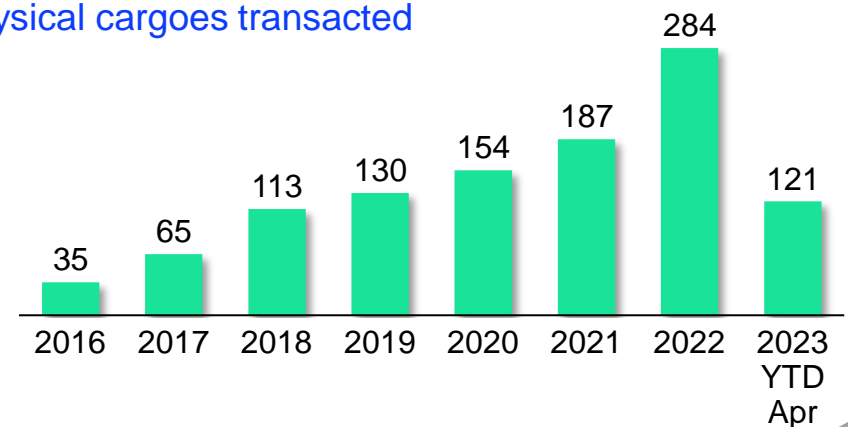
LNG Trading & Shipping

Today's focus

EM&T Gross Margin development¹ (£m)



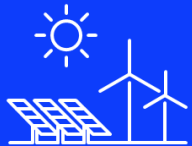
Physical cargoes transacted



Our business model is well-placed to capture value from key global trends



Gas & Power Trading



Renewable Energy Trading & Optimisation



LNG Trading & Shipping

Today's focus

Global **decarbonisation** drive

Security of supply agenda in Europe

Increased **globalisation** of energy markets through gas

LNG Trading & Shipping

Arturo Gallego
Global Head
of LNG



LNG is forecast to play a key role in the energy transition



Gas will continue to play a key role in the global energy mix through 2050



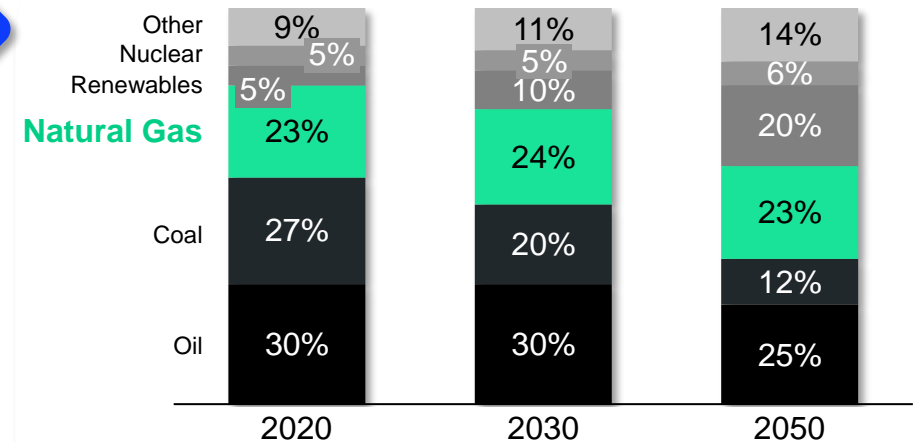
LNG enables the rapid growth of natural gas consumption



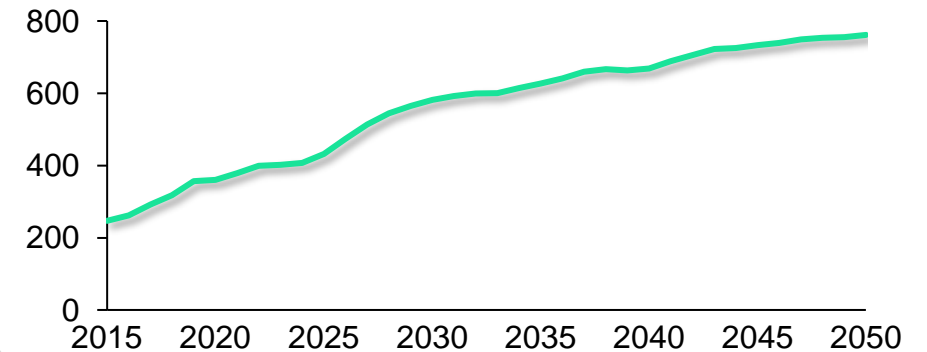
Europe is highly dependent on LNG post the Russia/Ukraine crisis



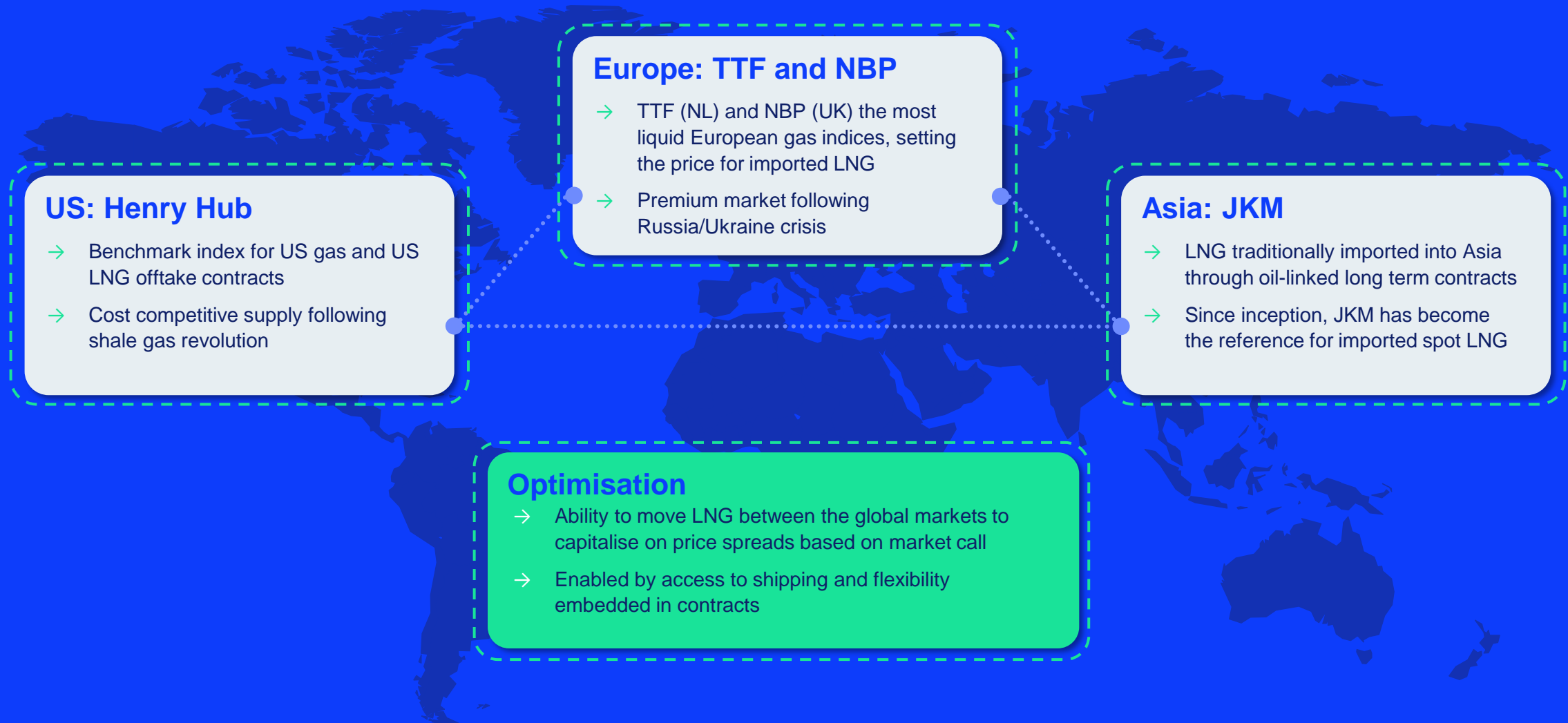
Global energy mix (%)¹



Global LNG demand (MMt)²



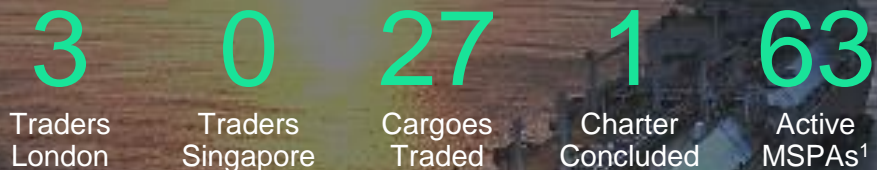
LNG is a physical product centred on bilateral agreements and three key global markets



We have developed market-leading LNG capabilities

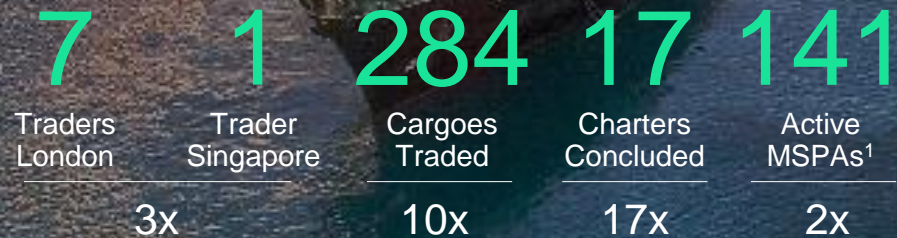
2014

Centrica begins building trading capability



2022

Fully developed market-leading LNG trading business

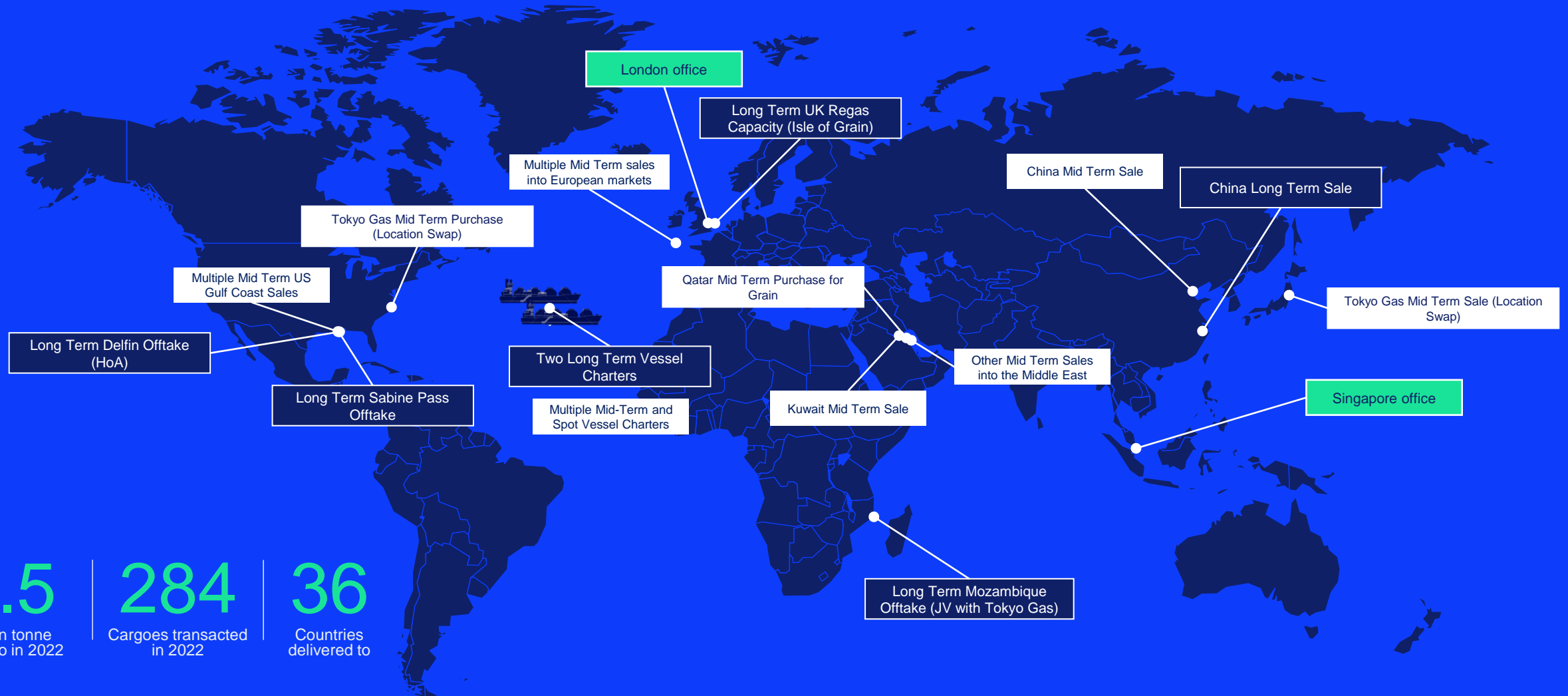


Centrica's trading capability evolution



We are building a **diversified** web of positions within a **controlled risk** environment with embedded **flexibility** that can be monetised

Our global physical portfolio is supported by a combination of short, mid and long-term deals



6.5

Million tonne portfolio in 2022

284

Cargoes transacted in 2022

36

Countries delivered to

The portfolio was anchored on our Sabine Pass and Isle of Grain contracts

Sabine Pass Train 5 Long Term Offtake



- US Gulf Coast (Louisiana)
- 1.75mtpa (~26 cargoes/a) Free On Board (“FOB”) purchase
- Started Q4 2019, running for 20 years with an additional 10-year option
- Indexed to US Gas price

Optimisation



- Base case delivery of Sabine cargoes to the Isle of Grain
- Ability to send Sabine cargoes to other markets in response to price signals
- Ability to supply into Isle of Grain from other sources
- Optimisation enabled by long term vessel charters (GasLog Windsor and GasLog Westminster)

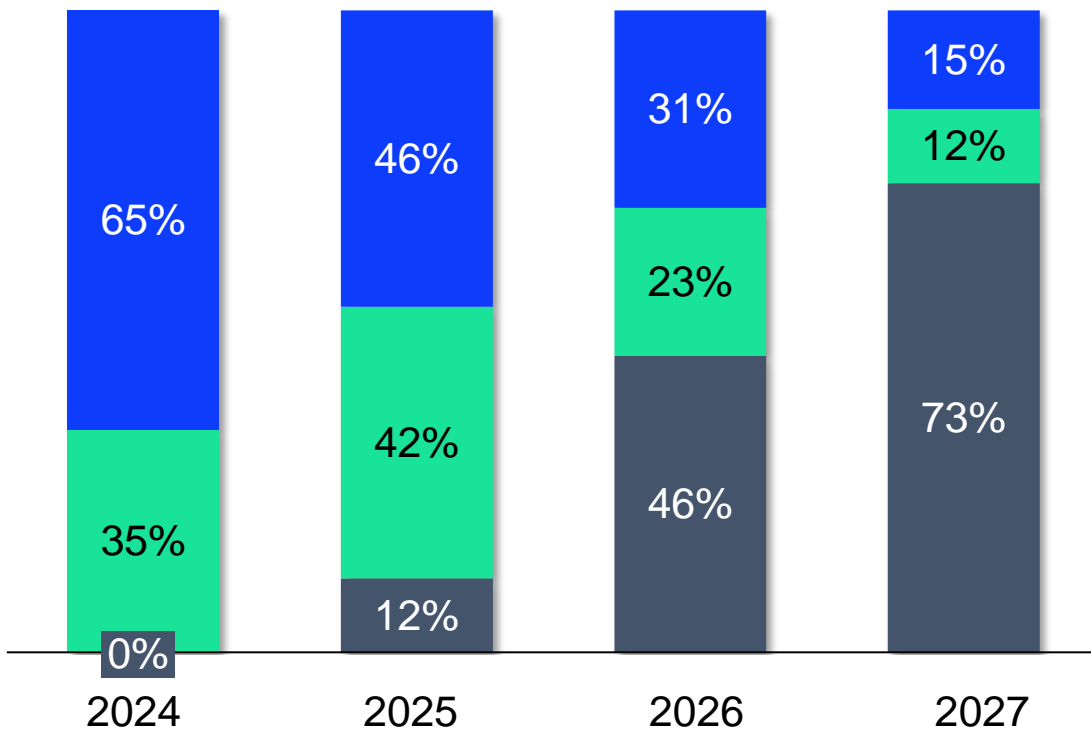
Isle of Grain Long Term Regas Capacity



- South-East of England
- 4.2mtpa throughput capacity (one of the largest storage capacity holders in North-West Europe)
- Facility to load LNG onto tanker trucks
- Leveraging Centrica’s position in the UK market

We de-risk our Sabine Pass volumes through a combination of hedging strategies

Cargoes hedged in Sabine Pass contract



Hedging strategy

Physical hedging

- Delivery 'Ex-Ship' (DES)
- Free On Board (FOB)

Financial hedging

Open positions

	Commodity exposure	Optimisation
Physical hedging	X	✓
Financial hedging	X	✓
Open positions	✓	✓

New long-term contracts diversify and increase optionality in the portfolio



Growth and diversification

- Joint purchase from Mozambique (Total) with Tokyo Gas
- 1.3 mtpa DES (~20 cargoes p.a.)
- Expected from 2026/27, 16 year duration (+4 year option)
- Mixture of Brent and NBP pricing
- Control on destination of cargoes
- Significant volume flexibility and cargo optionality

Mozambique



De-risking

- China sale
- 4 firm + 4 optional cargoes p.a.
- 15 year duration, aligned to Mozambique start date
- Brent pricing, enabling Mozambique risk management
- Control on source of cargoes
- Significant volume flexibility

Shenergy (Shanghai Gas)



Growth

- US Gulf Coast purchase
- 1 mtpa FOB (~14 cargoes p.a.)
- Expected from 2027, 15 year duration
- Mixture of Henry Hub and European pricing
- Low cancellation fee
- Currently finalising the Sales and Purchase agreement

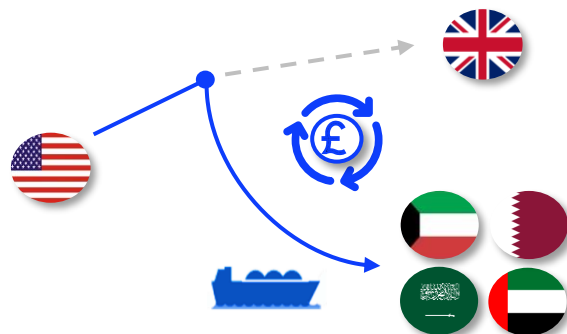
Delfin - Heads of Agreement

We deploy a range of optimisation strategies...



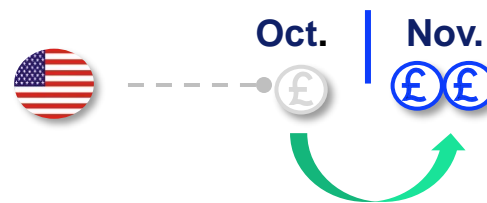
Market plays

- Benefiting from price dislocations
- Physical and financial optimisation
- Continuously optimising portfolio to capture additional value



Floating plays

- Adjusting timing of deliveries to capture higher prices
- Ability to charter additional vessels to continue lifting cargoes



Volume plays

- Dynamically matching cargoes & offtakes to maximise value
- Utilising relationships and flexibility within our contracts



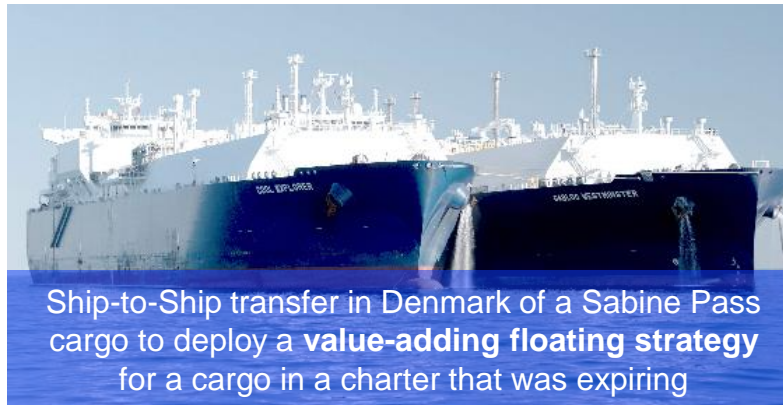
... utilising our distinctive capabilities to add value

Optimisation
Strategies deployed...

...to capture
enhanced value...

...utilising our
distinctive capabilities

Floating



Ship-to-Ship transfer in Denmark of a Sabine Pass cargo to deploy a **value-adding floating strategy** for a cargo in a charter that was expiring

- LNG Operations & Marine expertise
- Isle of Grain capacity
- Integrated financial & freight desks
- International coordination of suppliers

Market and volume



Market & volume play by making a partial delivery in Jamaica to enable **higher value capture** by transporting from Dominican Republic to Panama

- Strong relationships across geographies
- Comprehensive MSPAs in place
- Non-standard Marine expertise

Summary

EM&T is a core part of Centrica's balanced portfolio

- Providing risk management services for the Group
- Developed world class optimisation capabilities
- Plays an important role in storing, transporting and balancing energy supply and demand across Europe
- Integration across Gas and Power Trading, Route-to-Market and LNG key for success

Our business model is well-placed to capture value from key global trends

- Gas & Power Trading
- Renewable Energy Trading & Optimisation
- LNG Trading & Shipping
- Today's Focus
- Global decarbonisation drive
- Security of supply agenda in Europe
- Increased globalisation of energy markets through gas

LNG well placed to capitalise on market opportunities

- Development of world-class capabilities over the last ten years
- Flexible and diversified portfolio delivering value and a platform for further growth
- Adding volumes and optionality to further diversify and de-risk the portfolio
- Clear avenues for further disciplined growth and diversification, including participation in energy transition markets

Our global physical portfolio is supported by a combination of short, mid and long-term deals

6.5 Million tonnes received in 2022

284 Cargoes dispatched in 2022

36 Countries delivered to

Q&A



Appendix



Key statistics

