

# THE EUROPEAN LPG MARKET

## Will Shale stop the bleeding?

## SHV ENERGY

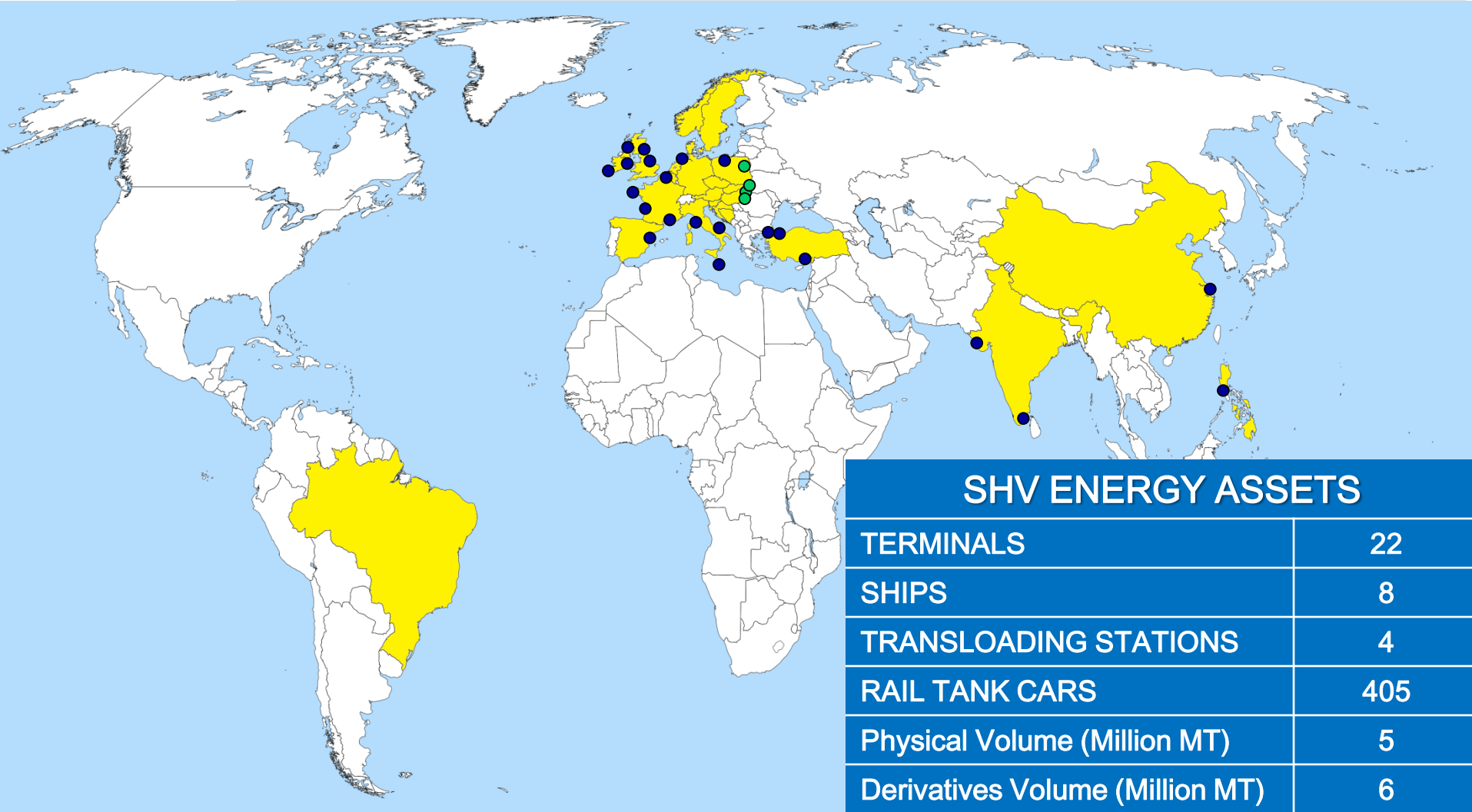
“Sizeable” independent LPG distributor in the world.

Present in 25 countries worldwide with relevant market position.

2012 sales: €8.7 billion  
Volume: 5 million MT  
14,000 employees



# SHV ENERGY in the World



## SHV ENERGY ASSETS

TERMINALS	22
SHIPS	8
TRANSLOADING STATIONS	4
RAIL TANK CARS	405
Physical Volume (Million MT)	5
Derivatives Volume (Million MT)	6



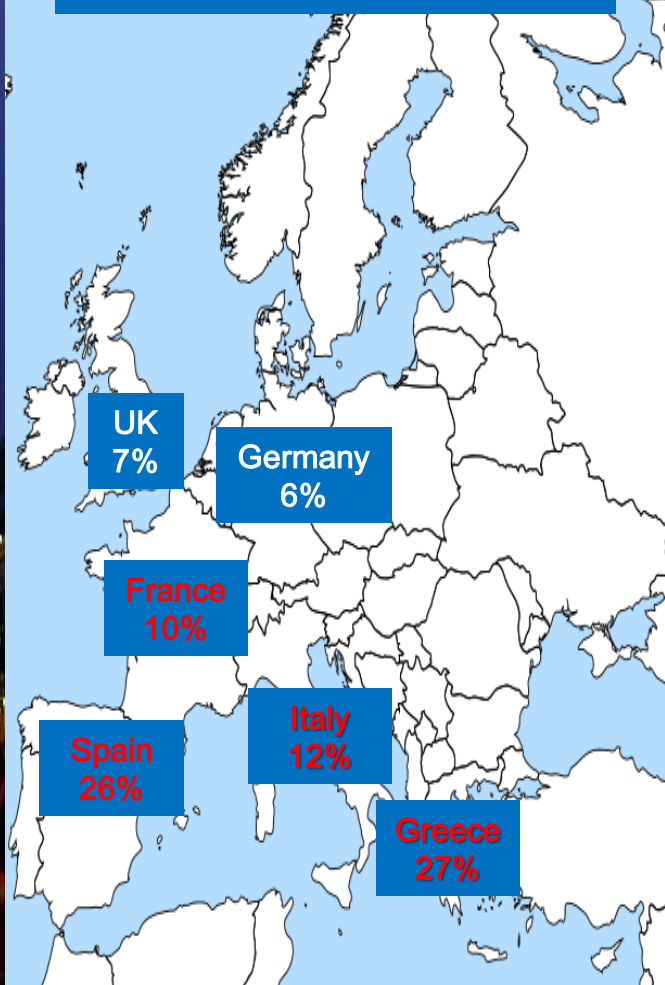
## SHV ENERGY's Business Units IN EUROPE



## 2014: Transition year for Europe, the world economy's most-troubled region



### UNEMPLOYMENT RATE

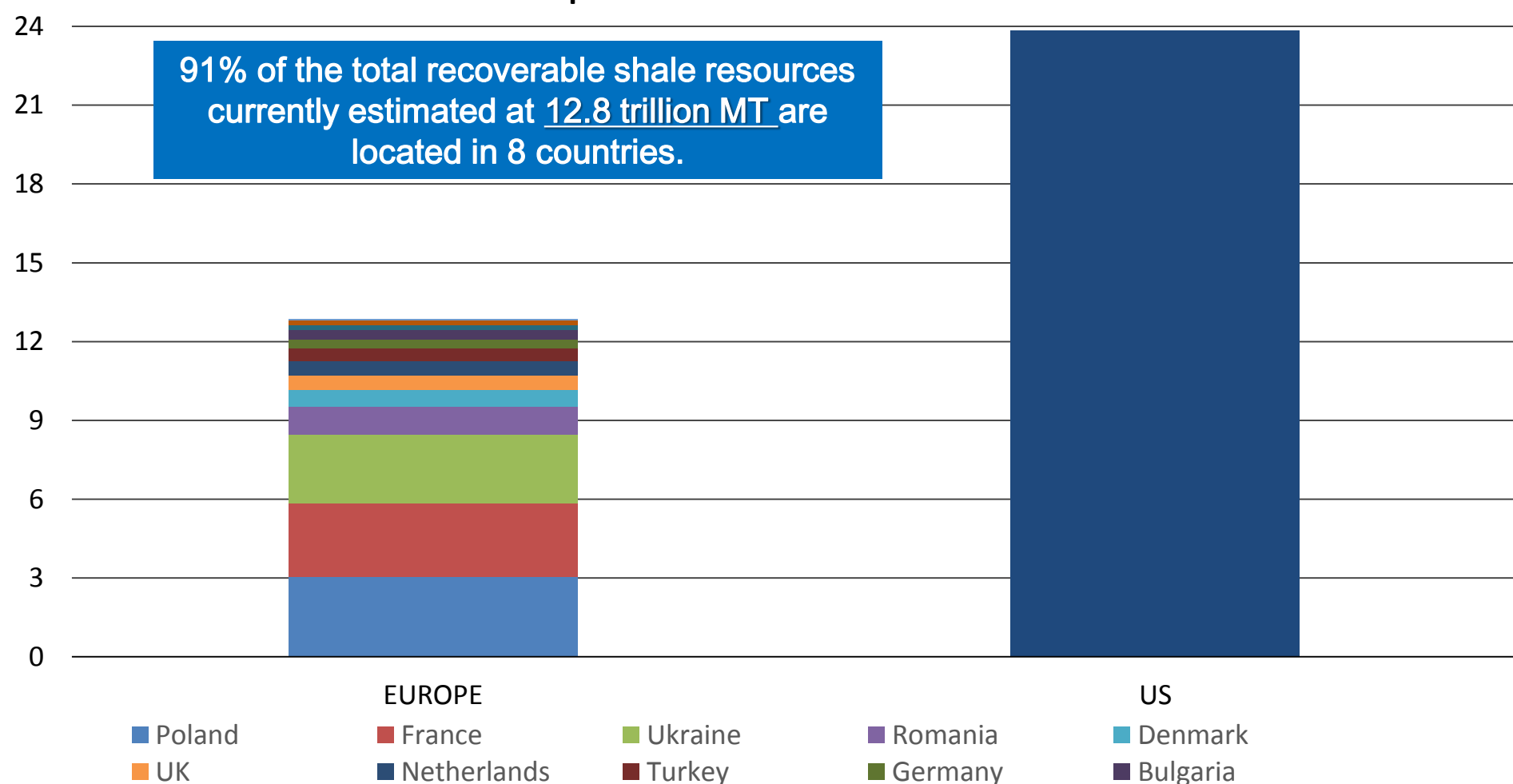


# SHALE GAS IN EUROPE

**“To shale or not to shale” in Europe: Ideology and political consideration outweighing economic benefits: For how long?**

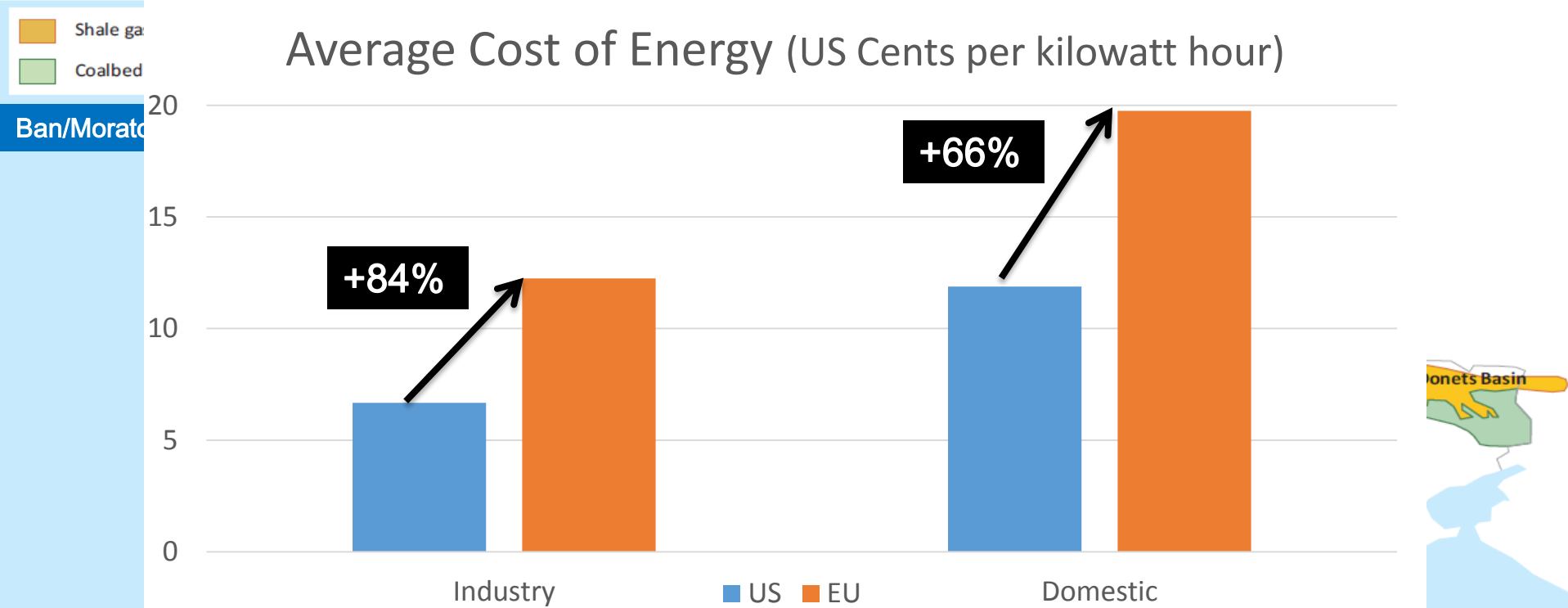
**Europe vs US Shale Gas Resources**

Trillion MT





“To shale or not to shale” in Europe: Ideology and political consideration outweighing economic benefits: For how long?



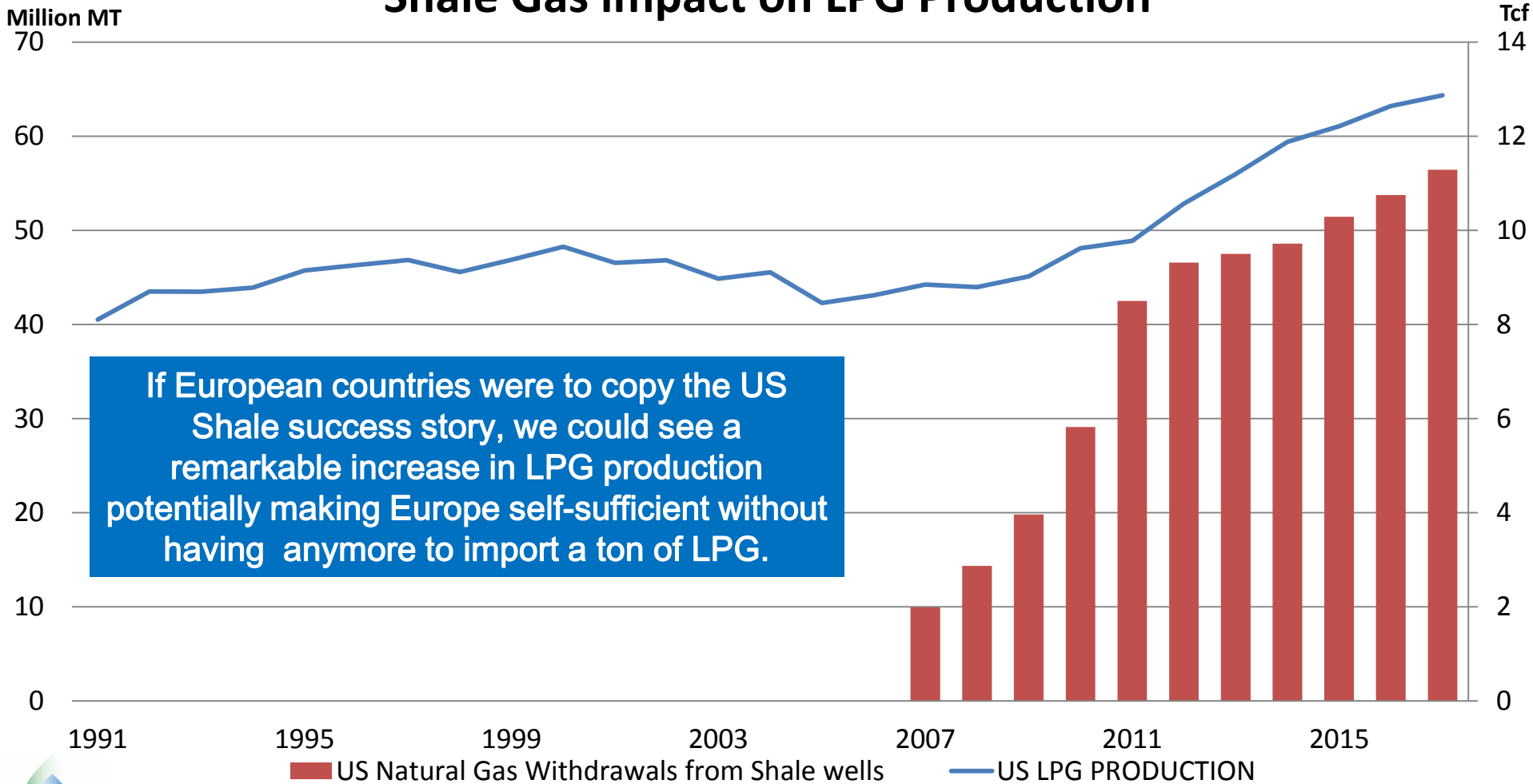
Ban/Morato

**Energy-intensive industries employ 30 million people in Europe**



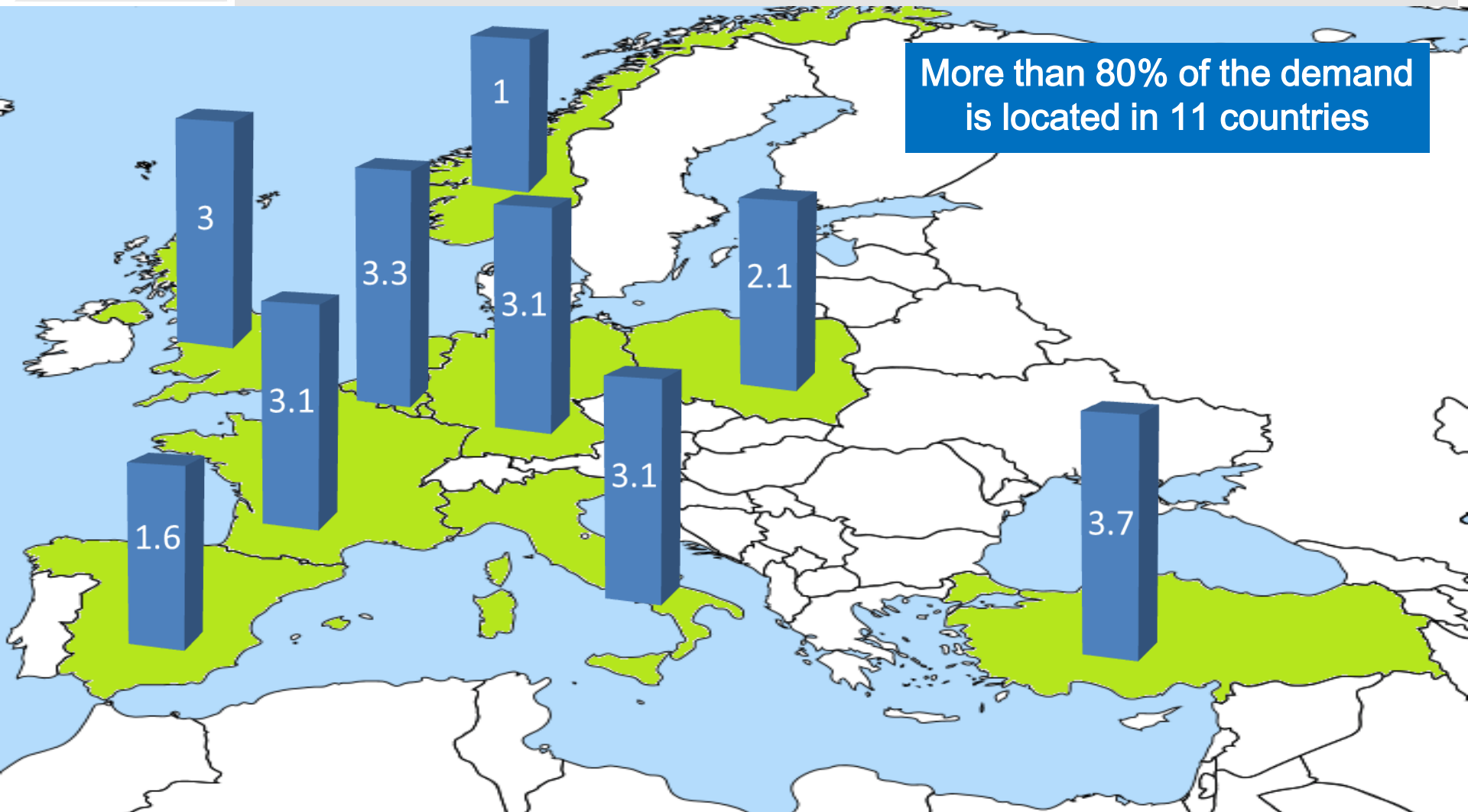
# US LPG Production in the Shale Gas World,

## Shale Gas impact on LPG Production



# EUROPEAN LPG MARKET

## LPG demand in Europe in 2012 (million MT)



## From a growing to a mature market (million MT)

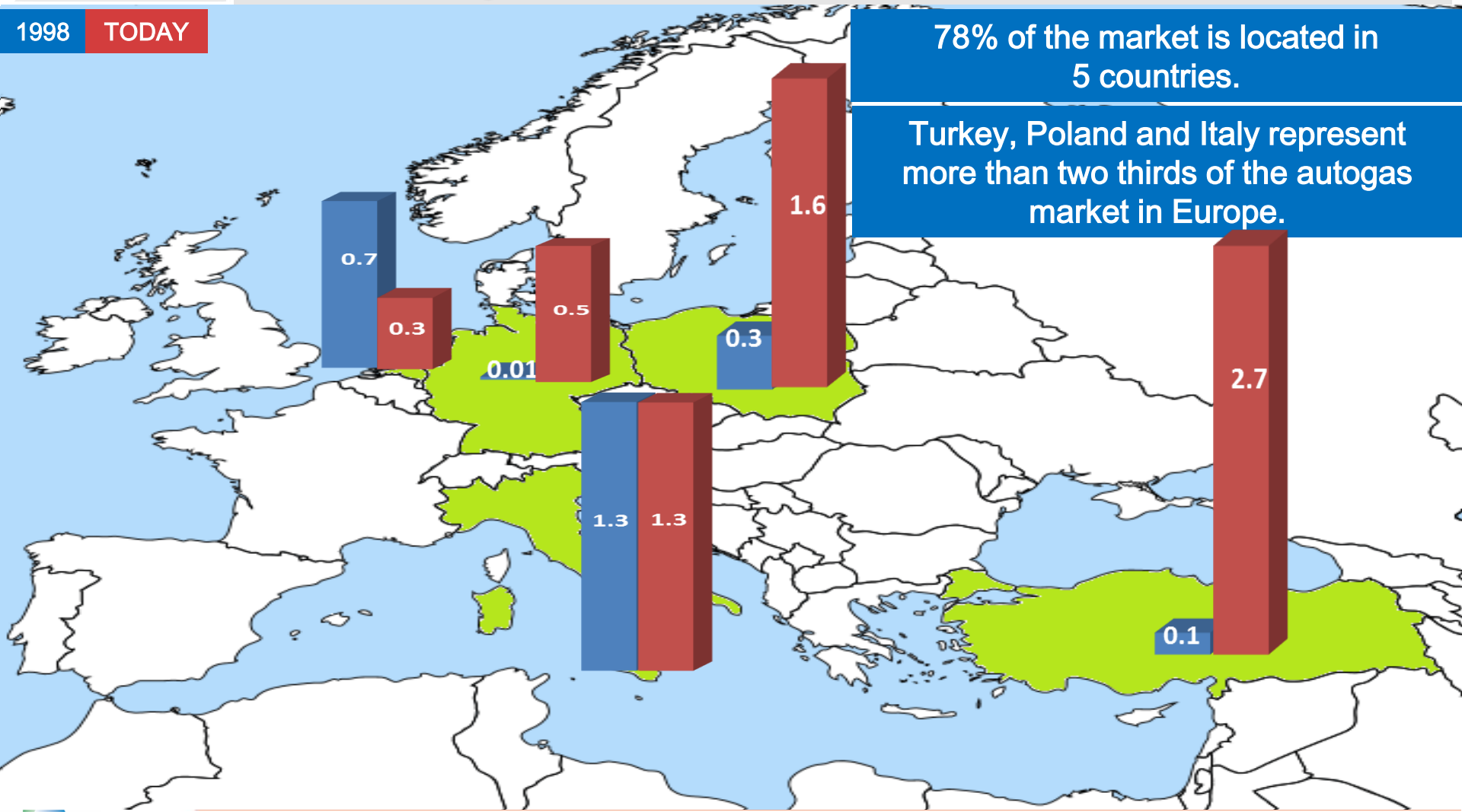
(Million MT)	1998	2008	2012
TOTAL DEMAND	28.6	31.9	29.8
AUTOGAS	3	7.2	8.3

During the 2000s, the autogas sector has significantly expanded. It is expected to reach almost 9 million MT in 2013, three times the 1998 level



# The autogas market on the rise, but... (million MT)

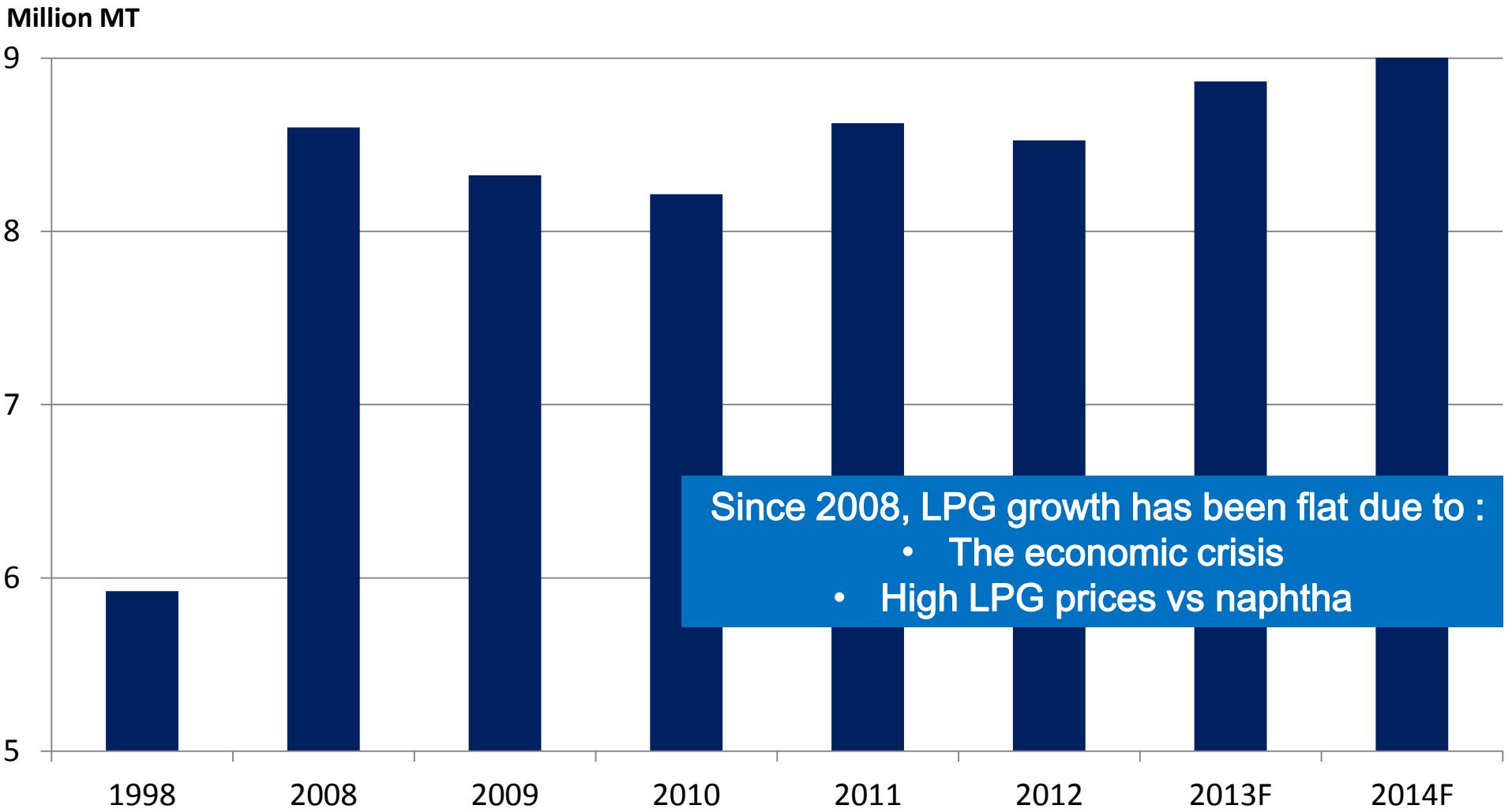
1998 TODAY



78% of the market is located in 5 countries.

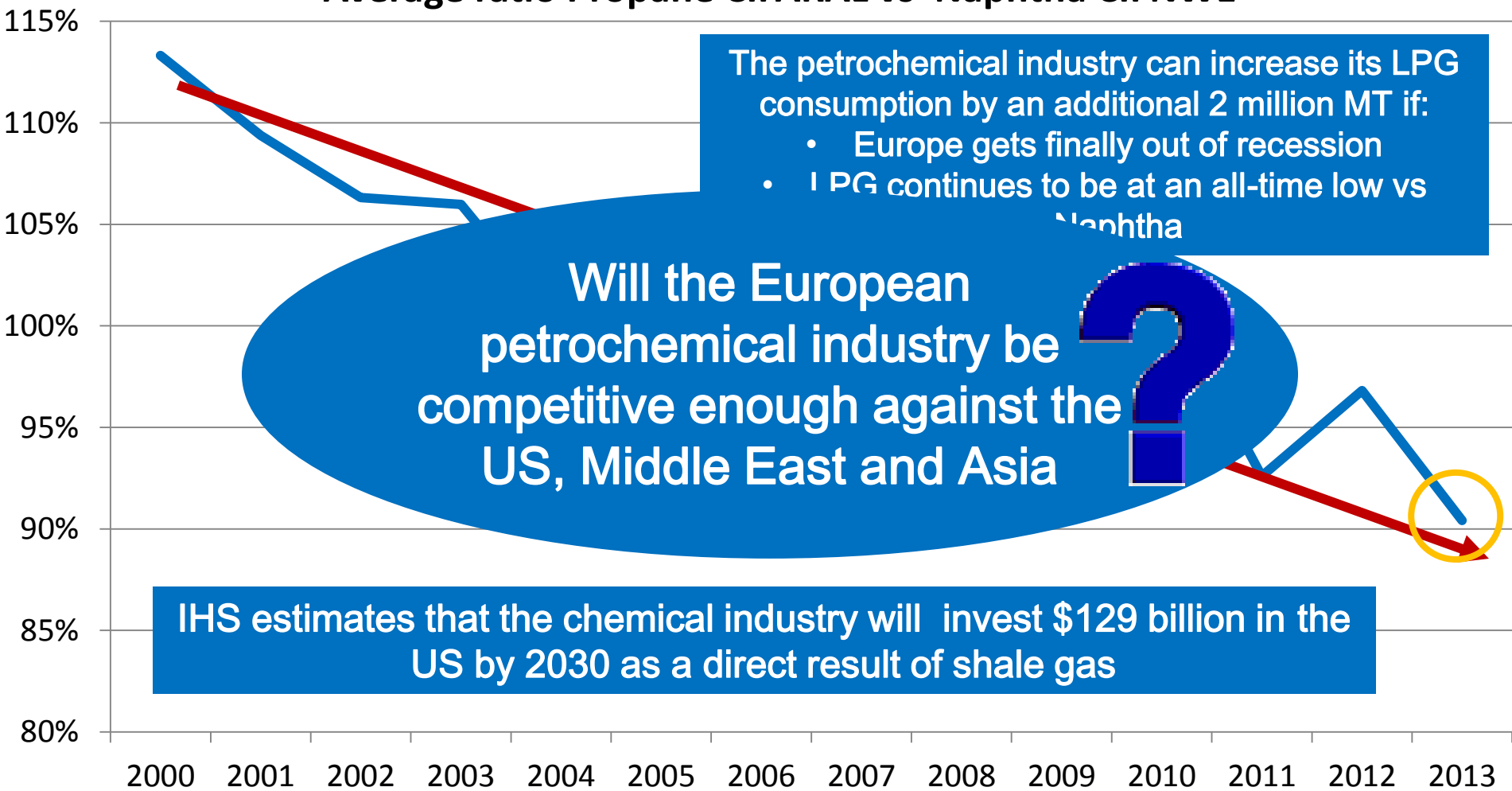
Turkey, Poland and Italy represent more than two thirds of the autogas market in Europe.

## Petrochemical demand, a surge followed by a decline before a new surge?



# LPG vs NAPHTHA in EUROPE

Average ratio Propane CIFARAL vs Naphtha CIFNWE



The petrochemical industry can increase its LPG consumption by an additional 2 million MT if:

- Europe gets finally out of recession
- LPG continues to be at an all-time low vs Naphtha

Will the European petrochemical industry be competitive enough against the US, Middle East and Asia?

IHS estimates that the chemical industry will invest \$129 billion in the US by 2030 as a direct result of shale gas

## From a growing to a mature market (million MT)

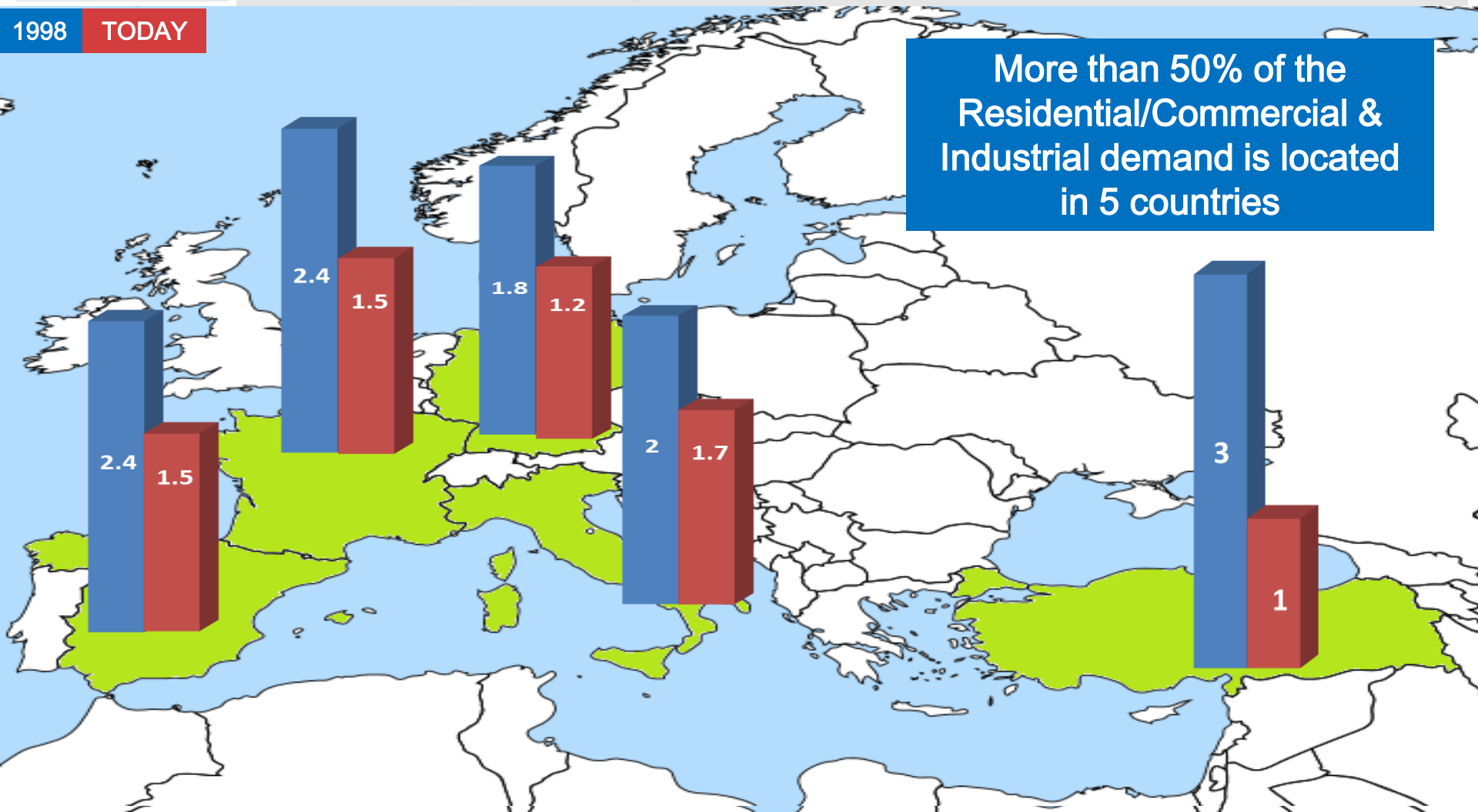
(Million MT)	1998	2008	2012	1998 (Japan)	2012 (Japan)
TOTAL DEMAND	28.6	31.9	29.8	18.8	16.7
AUTOGAS	3	7.2	8.3	1.6	1.2
PETCHEM	5.9	8.6	8.5	2.4	2.7
RES/COM/INDUS	18.8	14.9	12.4	14.8	10.2

Demand from the Residential/Commercial/industry sector market has crashed by 34% (6.4 million MT) from 1998 to 2012.



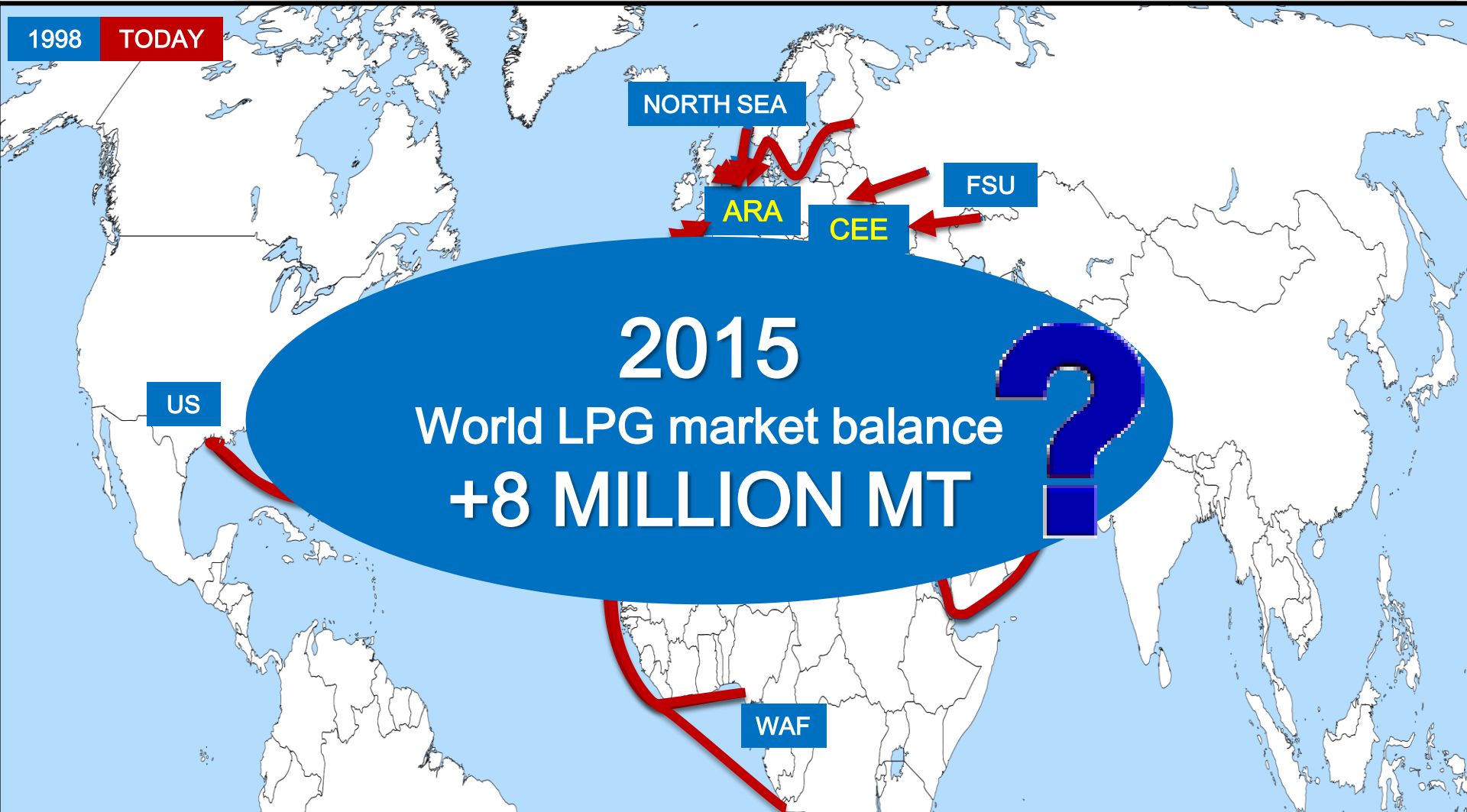
## From a growing to a mature market (million MT)

1998 TODAY



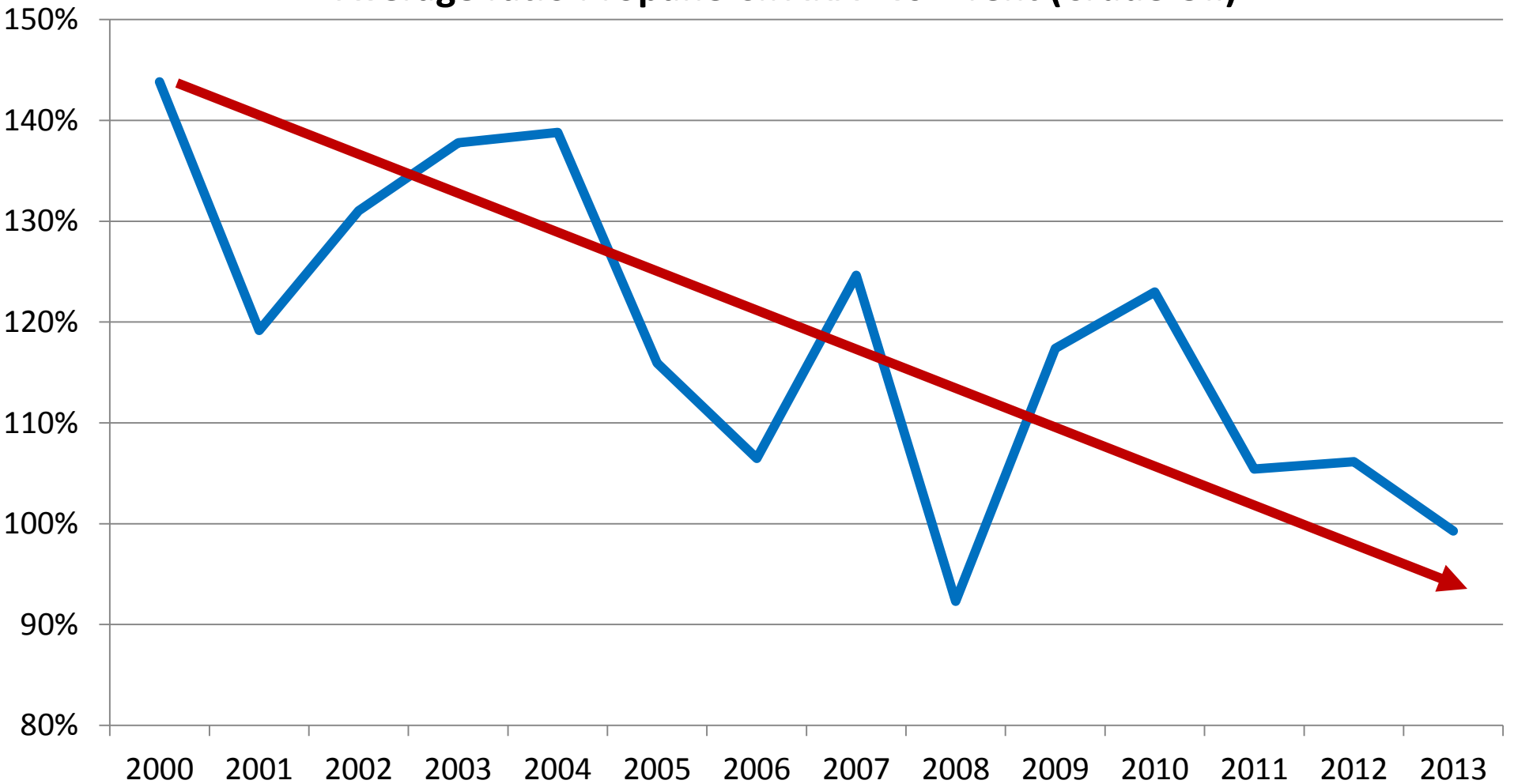
# The future of the LPG market in Europe

## The Game Changer for Europe: Diversity of supply from the North, East, West, South



## LPG more and more competitive vs Crude Oil

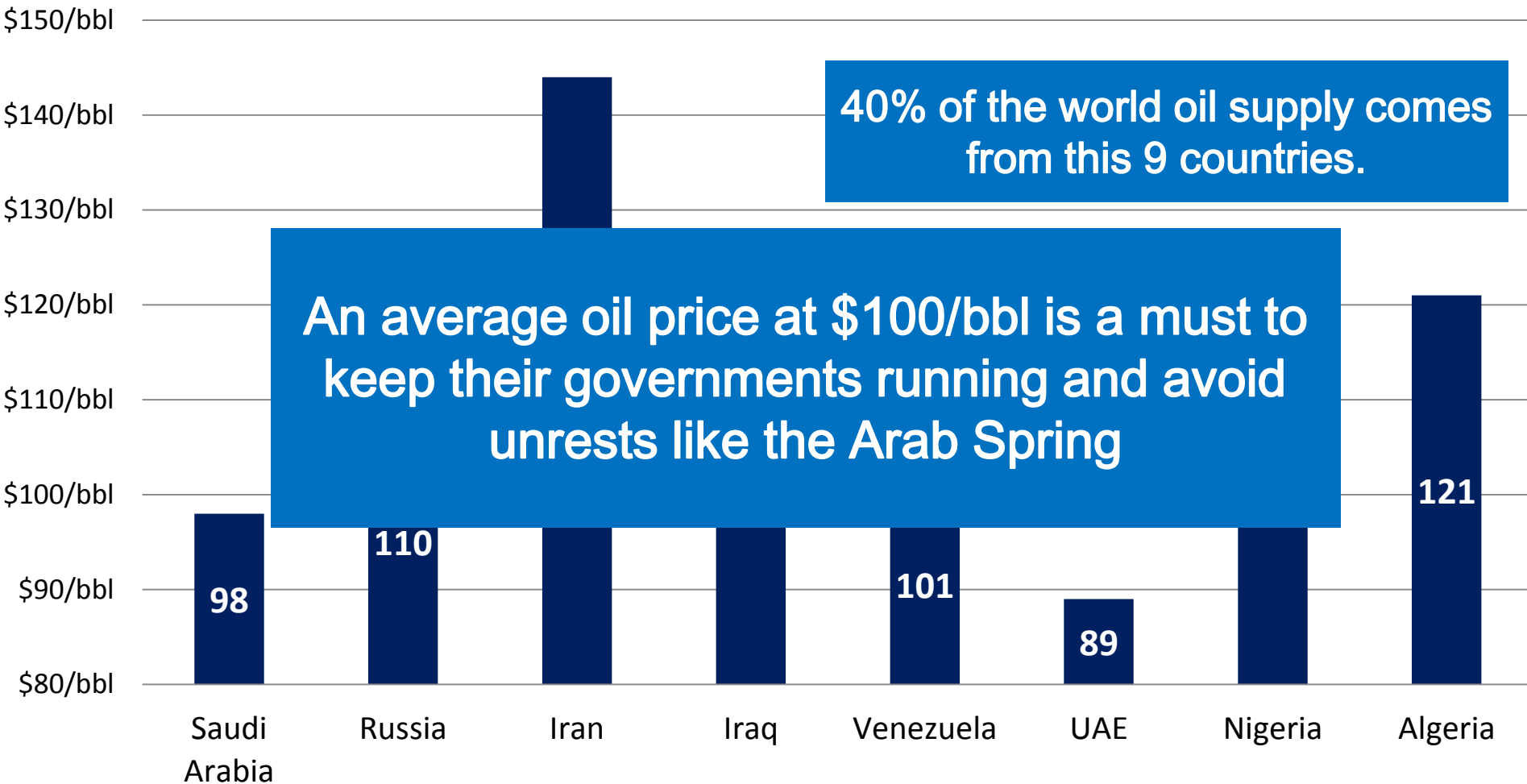
Average ratio Propane CIFARAL vs Brent (Crude Oil)





## Cheap oil is a relict of the past even in a long market

Which level of oil price is needed to balance the government budget?



# Changing environment leads to new opportunities

## Autogas Market: some challenges but huge potential



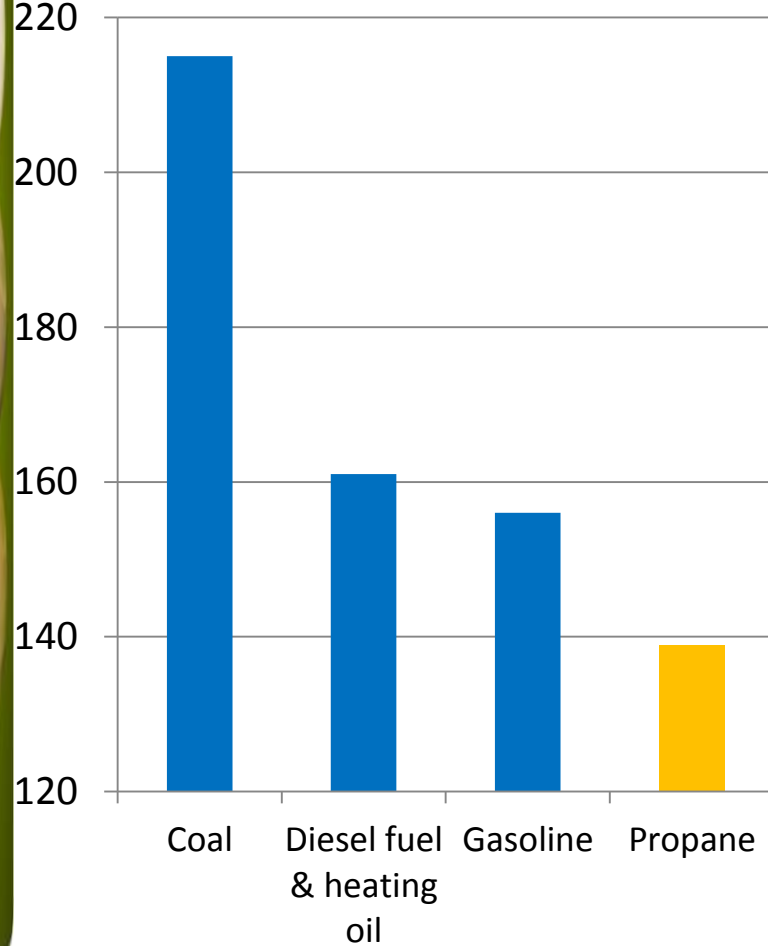
Support from the European Parliament  
is essential to maintain the current  
taxation level

## Growth potential for the residential/commercial sector but not yet embraced



Pounds of  
CO2 per  
MBtu

### CO2 EMISSION



# How to make the difference as an Energy Provider?

## How to make the difference?



WHAT DOES THE CUSTOMER WANT?

STABLE / FIXED /  
PRICE

ENERGY

TITIVENESS OF  
AINST OTHER  
GY SOURCES

RISK MANAGEMENT



## RISK MANAGEMENT, the important layer of SHV Energy's supply & sales strategies



# RISK MANAGEMENT

GIVES DISTRIBUTORS  
A COMPETITIVE  
ADVANTAGE

MINIMUM VOLUME  
1,000 MT

SWAP POSITION

DELIVERS CUSTOMER  
SATISFACTION

MINIMUM VOLUME  
1 MT

## Some glimmers of hope for the European market

From a demand-driven to  
a supply-driven market

LPG is the first choice  
versus heating oil

In a supply driven market close  
cooperation between producers and  
distributors will create the best value  
for the LPG

LPG distributors have an  
opportunity to use Risk  
Management in their  
supply & sales strategies

The consolidation of the  
distribution market has  
only started







THANK YOU

ありがとうございます