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**CHENIERE ENERGY, INC.**

**US LNG Exports:**

**The Current Environment and Future Prospects**

TIPRO Annual Conference – March 26-27, 2018



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Corey Grindal  
Senior Vice President, Gas Supply

A series of light gray, curved, wavy lines that sweep across the bottom of the slide, creating a sense of movement and depth.

# Safe Harbor Statements

## Forward-Looking Statements

This presentation contains certain statements that are, or may be deemed to be, “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical or present facts or conditions, included or incorporated by reference herein are “forward-looking statements.” Included among “forward-looking statements” are, among other things:

- statements regarding the ability of Cheniere Energy Partners, L.P. to pay distributions to its unitholders or Cheniere Energy Partners LP Holdings, LLC or Cheniere Energy, Inc. to pay dividends to its shareholders or participate in share or unit buybacks;
- statements regarding Cheniere Energy, Inc.’s, Cheniere Energy Partners LP Holdings, LLC’s or Cheniere Energy Partners, L.P.’s expected receipt of cash distributions from their respective subsidiaries;
- statements that Cheniere Energy Partners, L.P. expects to commence or complete construction of its proposed liquefied natural gas (“LNG”) terminals, liquefaction facilities, pipeline facilities or other projects, or any expansions or portions thereof, by certain dates or at all;
- statements that Cheniere Energy, Inc. expects to commence or complete construction of its proposed LNG terminals, liquefaction facilities, pipeline facilities or other projects, or any expansions or portions thereof, by certain dates or at all;
- statements regarding future levels of domestic and international natural gas production, supply or consumption or future levels of LNG imports into or exports from North America and other countries worldwide, or purchases of natural gas, regardless of the source of such information, or the transportation or other infrastructure, or demand for and prices related to natural gas, LNG or other hydrocarbon products;
- statements regarding any financing transactions or arrangements, or ability to enter into such transactions;
- statements relating to the construction of our proposed liquefaction facilities and natural gas liquefaction trains (“Trains”) and the construction of the Corpus Christi Pipeline, including statements concerning the engagement of any engineering, procurement and construction (“EPC”) contractor or other contractor and the anticipated terms and provisions of any agreement with any EPC or other contractor, and anticipated costs related thereto;
- statements regarding any agreement to be entered into or performed substantially in the future, including any revenues anticipated to be received and the anticipated timing thereof, and statements regarding the amounts of total LNG regasification, natural gas, liquefaction or storage capacities that are, or may become, subject to contracts;
- statements regarding counterparties to our commercial contracts, construction contracts and other contracts;
- statements regarding our planned development and construction of additional Trains or pipelines, including the financing of such Trains or pipelines;
- statements that our Trains, when completed, will have certain characteristics, including amounts of liquefaction capacities;
- statements regarding our business strategy, our strengths, our business and operation plans or any other plans, forecasts, projections or objectives, including anticipated revenues, capital expenditures, maintenance and operating costs, run-rate SG&A estimates, cash flows, EBITDA, Adjusted EBITDA, run-rate EBITDA, distributable cash flow, and distributable cash flow per share and unit, any or all of which are subject to change;
- statements regarding projections of revenues, expenses, earnings or losses, working capital or other financial items;
- statements regarding legislative, governmental, regulatory, administrative or other public body actions, approvals, requirements, permits, applications, filings, investigations, proceedings or decisions;
- statements regarding our anticipated LNG and natural gas marketing activities; and
- any other statements that relate to non-historical or future information.

These forward-looking statements are often identified by the use of terms and phrases such as “achieve,” “anticipate,” “believe,” “contemplate,” “develop,” “estimate,” “example,” “expect,” “forecast,” “goals,” “guidance,” “opportunities,” “plan,” “potential,” “project,” “propose,” “subject to,” “strategy,” “target,” and similar terms and phrases, or by use of future tense. Although we believe that the expectations reflected in these forward-looking statements are reasonable, they do involve assumptions, risks and uncertainties, and these expectations may prove to be incorrect. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this presentation. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of a variety of factors, including those discussed in “Risk Factors” in the Cheniere Energy, Inc., Cheniere Energy Partners, L.P. and Cheniere Energy Partners LP Holdings, LLC Annual Reports on Form 10-K filed with the SEC on February 24, 2017, which are incorporated by reference into this presentation. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these “Risk Factors.” These forward-looking statements are made as of the date of this presentation, and other than as required by law, we undertake no obligation to update or revise any forward-looking statement or provide reasons why actual results may differ, whether as a result of new information, future events or otherwise.

## Reconciliation to U.S. GAAP Financial Information

The following presentation includes certain “non-GAAP financial measures” as defined in Regulation G under the Securities Exchange Act of 1934, as amended. Schedules are included in the appendix hereto that reconcile the non-GAAP financial measures included in the following presentation to the most directly comparable financial measures calculated and presented in accordance with U.S. GAAP.

# Today's Presentation

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**1** Introduction to Cheniere

**2** US LNG Exports

**3** Global LNG Dynamics

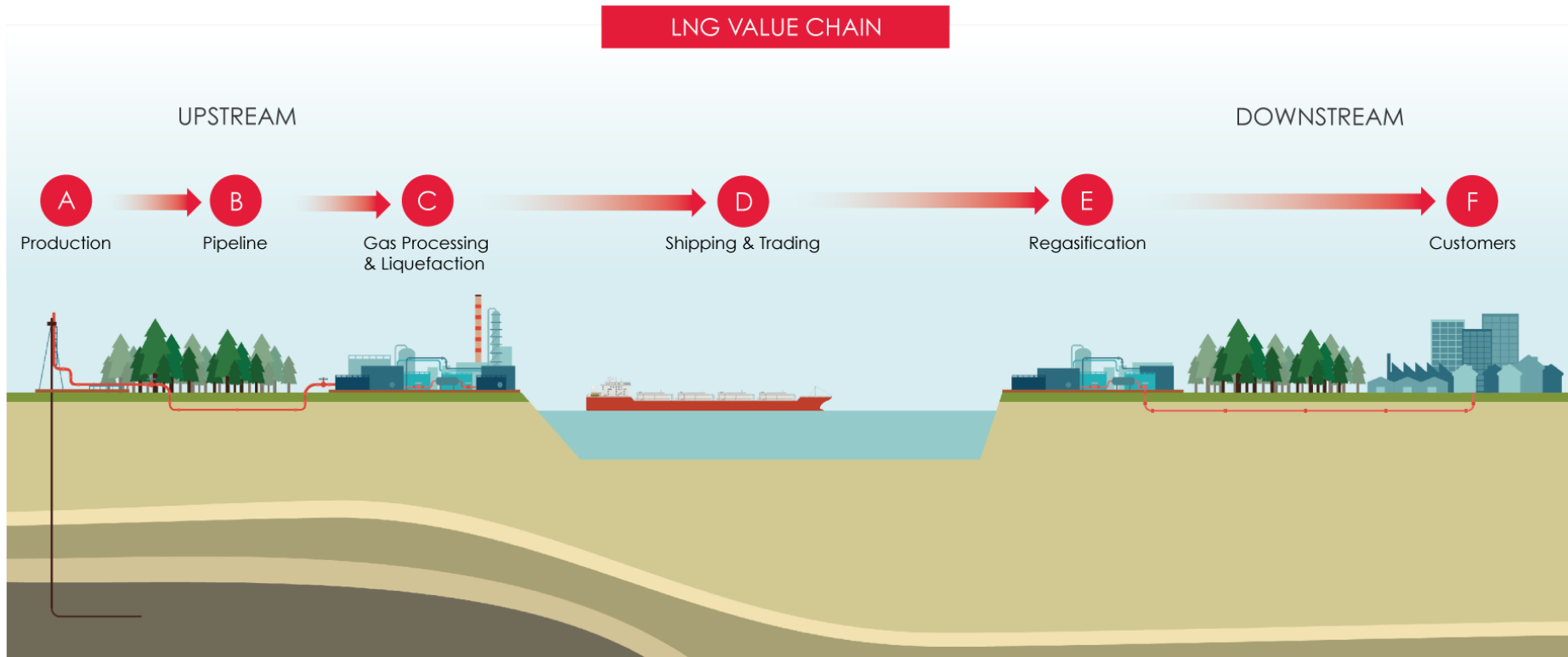
**4** Takeaways



Sabine Pass First Cargo: 24<sup>th</sup> Feb 2016

# Liquefied Natural Gas (LNG) is a Global Commodity

- 1 cargo of natural gas in liquid state = 600 cargos of natural gas in gaseous state
- Liquid state occurs when methane temperature reaches -260 degrees Fahrenheit



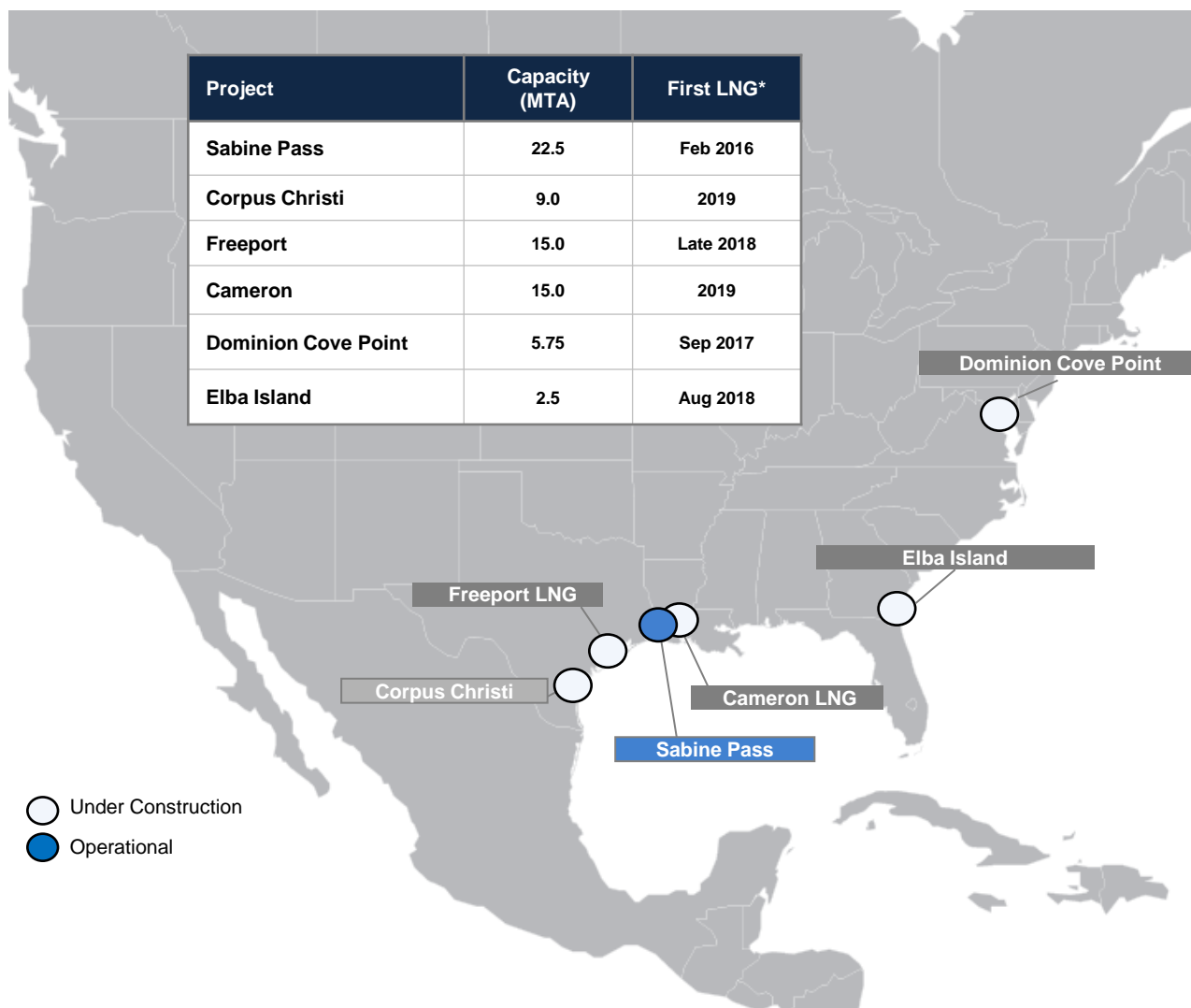
# Cheniere US LNG Platform

- 18 MTA\* of liquefaction capacity in operations and 13.5 MTA under construction
- 87% of liquefaction capacity contracted with creditworthy buyers for 20 years on a fixed fee basis



1 mtpa = 0.13 Bcf/d, which can power ~800,000 homes for a year

# Cheniere First Mover, Representing >50% of US LNG Export Capacity



Source: Office of Oil and Gas Global Security and Supply, Office of Fossil Energy, U.S. Department of Energy;  
U.S. Federal Energy Regulatory Commission; Company releases

\*First LNG is defined as 2 months before WoodMac reported in-service date

# Cheniere US Full Service Business Model a Competitive Advantage

## US Pipeline, Storage and Gas Supply



## Liquefaction



## Shipping/DES Sales



## LNG to Power



Feed Gas

FOB sales

DES sales

- One of largest pipeline capacity holders in US: more than 5 Bcf/d
- More than \$400 million in annual capacity payments
- Manage intra-month volume variance and price exposure

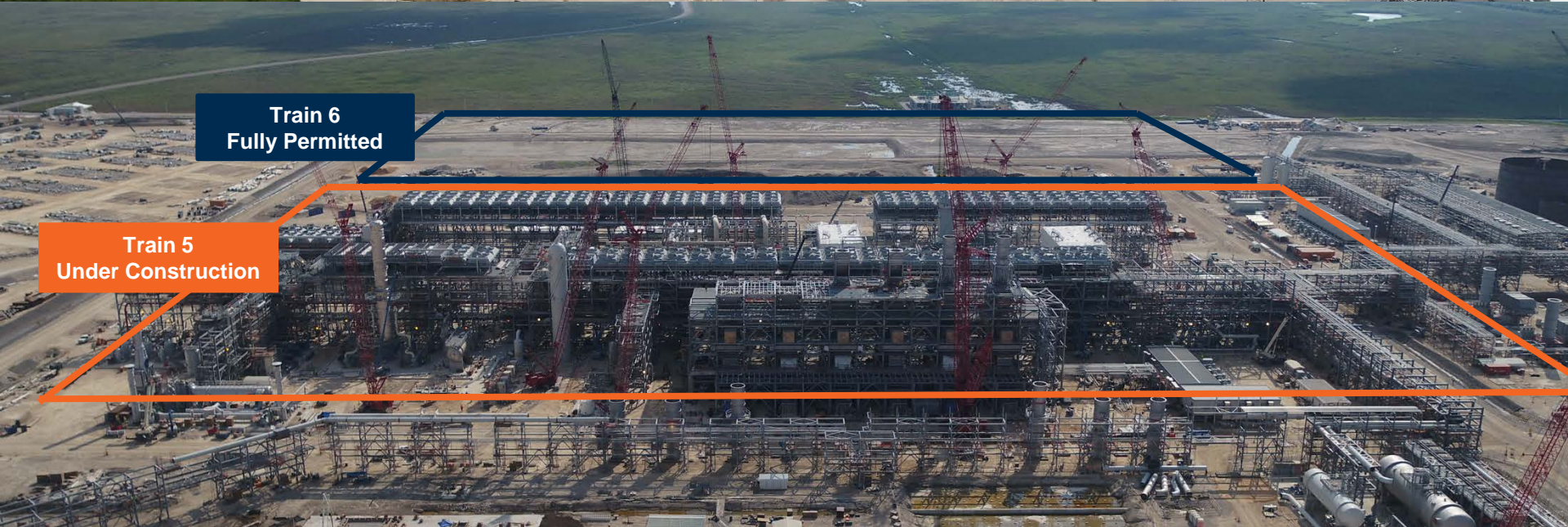
- 3 trains in operation, 1 train in commissioning, and 3 trains under construction
- All trains to date completed on time and within budget
- Growing operational efficiency allows for seamless expansion of already permitted capacity

- Cheniere Marketing delivered more than 25 cargoes from Sabine Pass by end of 2016
- Chartered over 25 LNG tankers since startup
- Cheniere Marketing has excess volumes ready to sell FOB or DES

- Global origination team targeting LNG-to-power projects
- Advantaged to provide full service LNG supply model
- Opportunities along the LNG value chain to improve and optimize core LNG platform



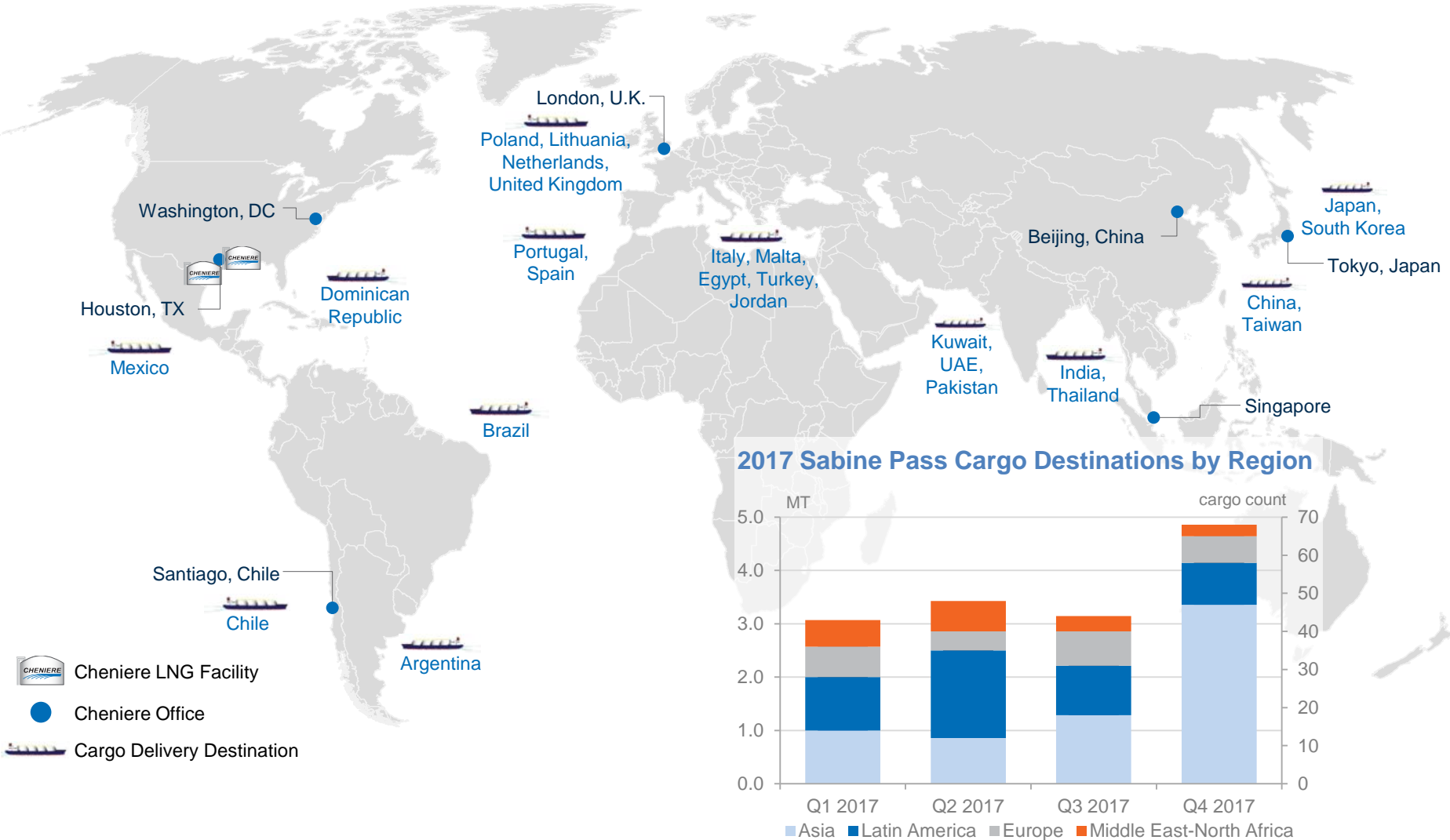
# Sabine Pass Liquefaction Project Execution





# Destination of Sabine Pass Cargoes

Approximately 300 Cargoes (~1,050 TBtu) Exported from Sabine Pass Since Startup  
Over 200 Cargoes (~735 TBtu) Exported in 2017





# Corpus Christi Liquefaction Project Execution



Stage 1: Trains 1 & 2,  
Tanks A & C, Marine Berths  
Under Construction

Stage 2  
Train 3, Tank B  
Fully Permitted



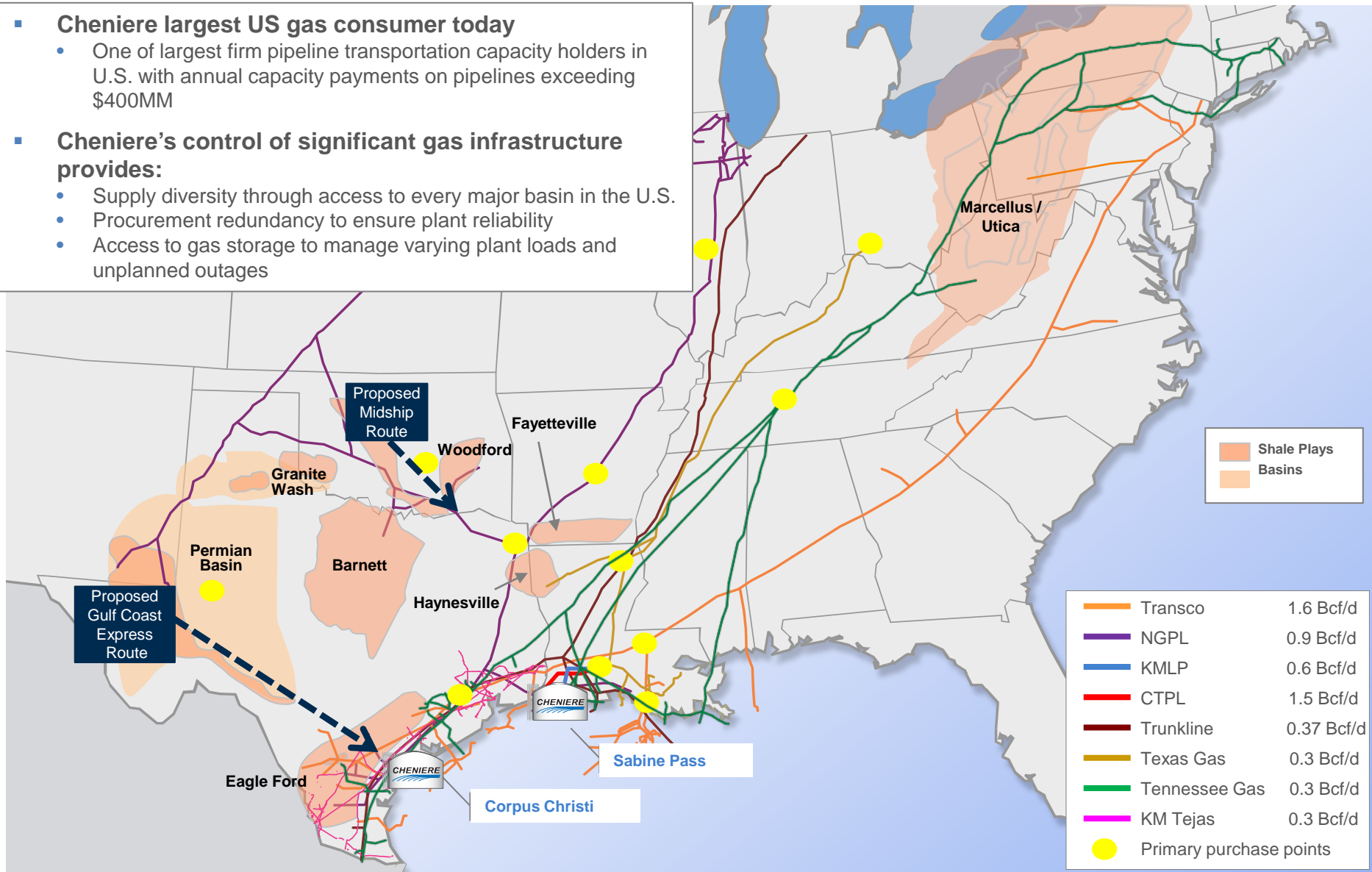
# Cheniere Has Invested in Significant Infrastructure to Support US Gas Procurement

## Cheniere largest US gas consumer today

- One of largest firm pipeline transportation capacity holders in U.S. with annual capacity payments on pipelines exceeding \$400MM

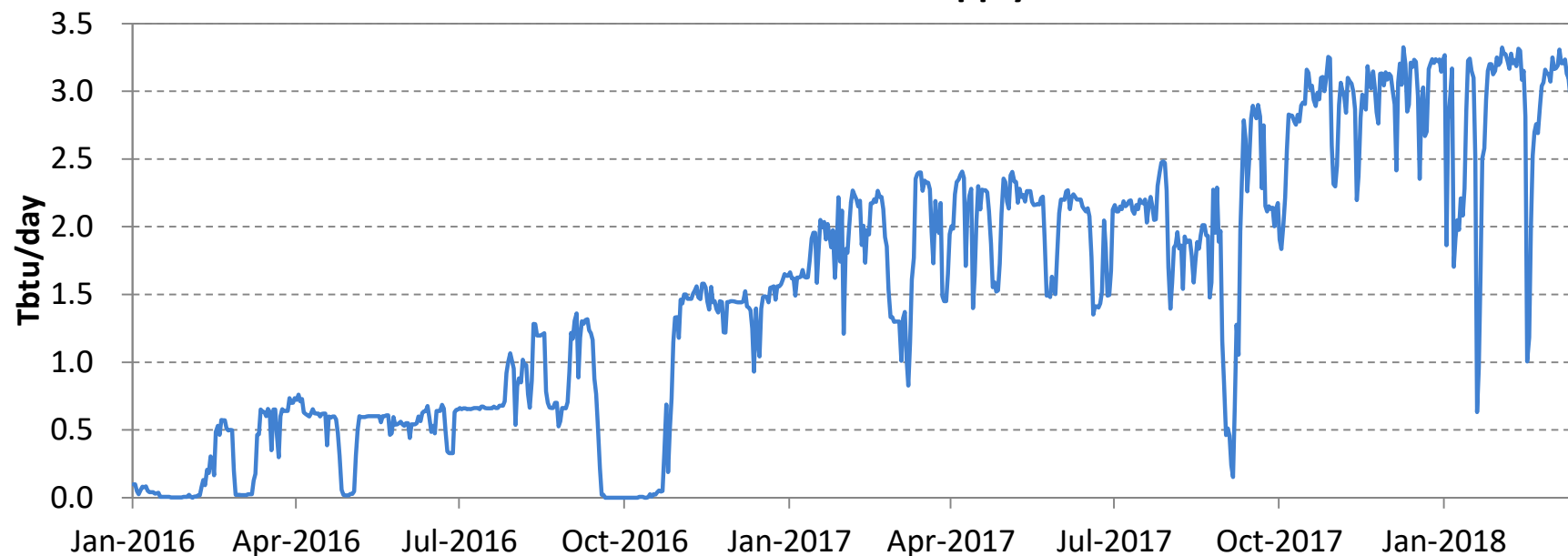
## Cheniere's control of significant gas infrastructure provides:

- Supply diversity through access to every major basin in the U.S.
- Procurement redundancy to ensure plant reliability
- Access to gas storage to manage varying plant loads and unplanned outages



# Sabine Pass Liquefaction Gas Supply Operations to Date

Historical Sabine Pass Gas Supply Volumes



- Delivered over 1,200 Tbtu to the terminal
- Successfully commissioned four trains and associated upstream infrastructure
- Management of intra-month/intra-day volume variance and price exposure requires a fully staffed trade floor in-tune with plant operations



# Cheniere's Full Service Model Offers Enhanced Price Certainty For Buyers

## Cheniere's Model

**115% of Henry Hub**

- + Fixed Charge
- + LNG Shipping



- Cheniere's full service model offers risk reduction and price certainty for buyers
- Cheniere manages all costs and risks:
  - Pipeline transportation, storage and fuel
  - Pipeline balancing, gas disposal and penalties
  - Liquefaction
  - LNG shipping
  - LNG market development

## Tolling Model

**Gas Purchase/Transport Cost**

**+ Plant Fuel/Power/Opex**

**+ Fixed Charge**

**+ LNG Shipping**

US Tolling Projects

● Under Construction and Proposed LNG Export Projects

- Buyer bears all gas sourcing and LNG market risk
- Risks and cost vary depending on:
  - Purchase location, distance and pipeline access
  - Availability of storage, balancing and disposal
  - LNG shipping risk
  - Global LNG shipping market
  - LNG market development uncertainty

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4 Takeaways



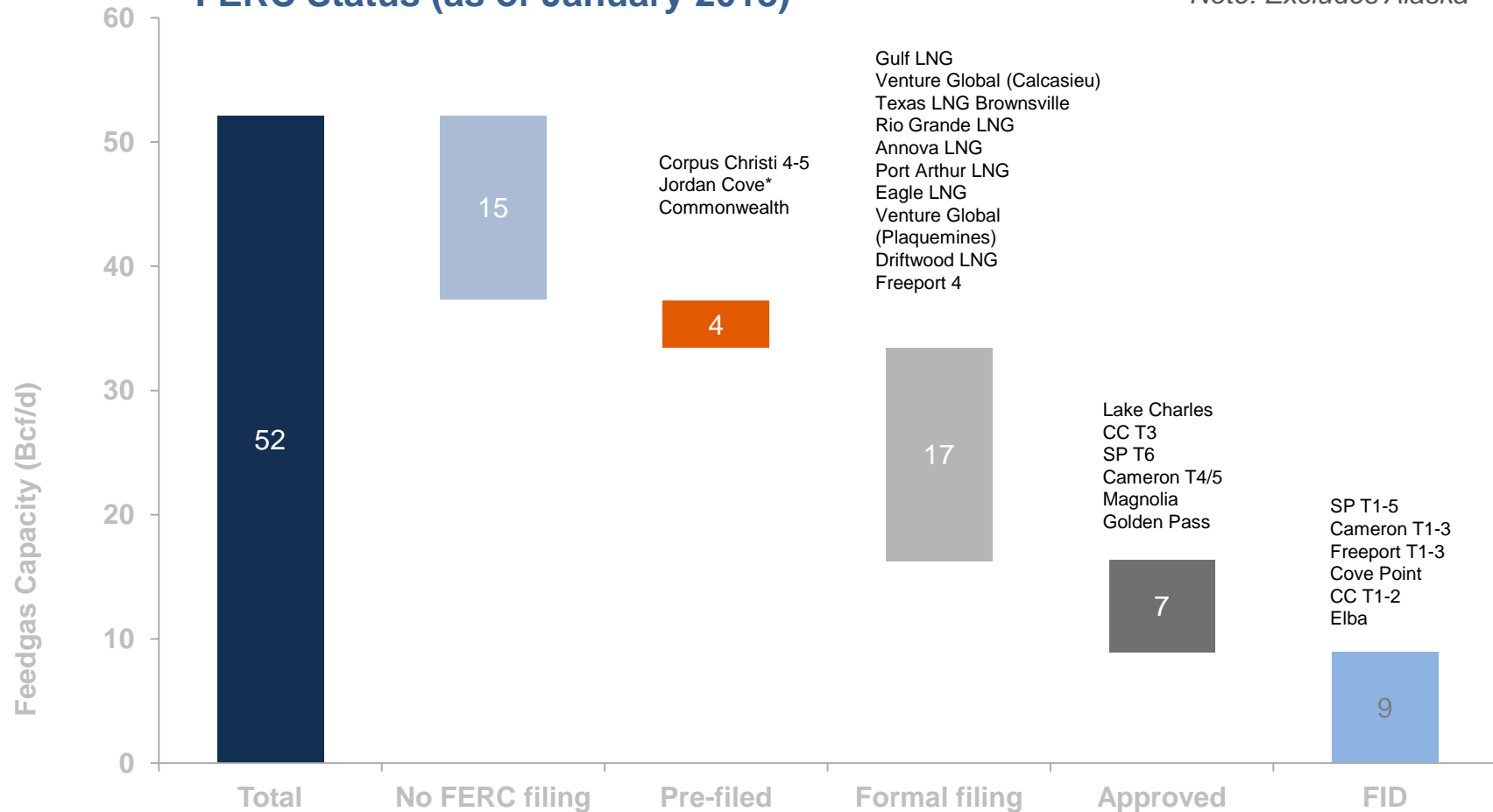
Sabine Pass First Cargo: 24<sup>th</sup> Feb 2016

# Current State of US LNG Projects

- 4 Trains online
- 6.5 Bcf/d under construction
- Over 50 Bcf/d proposed

## FERC Status (as of January 2018)

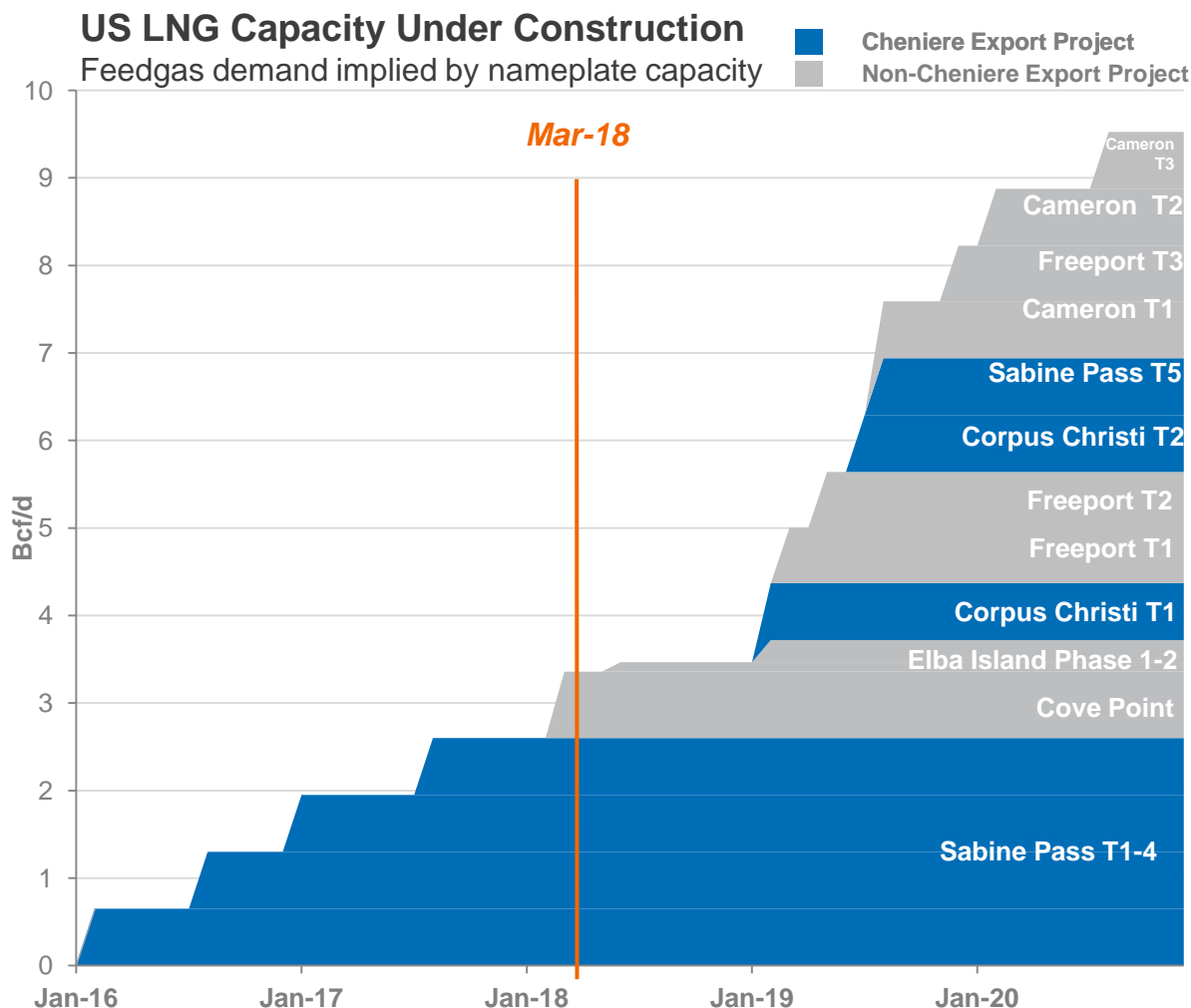
Note: Excludes Alaska



Source: US FERC, US DOE, and press reports \*Previously denied by FERC and had to re-file

# U.S. LNG Capacity Under Construction

US LNG feedgas demand could exceed 9 Bcf/d by year-end 2020



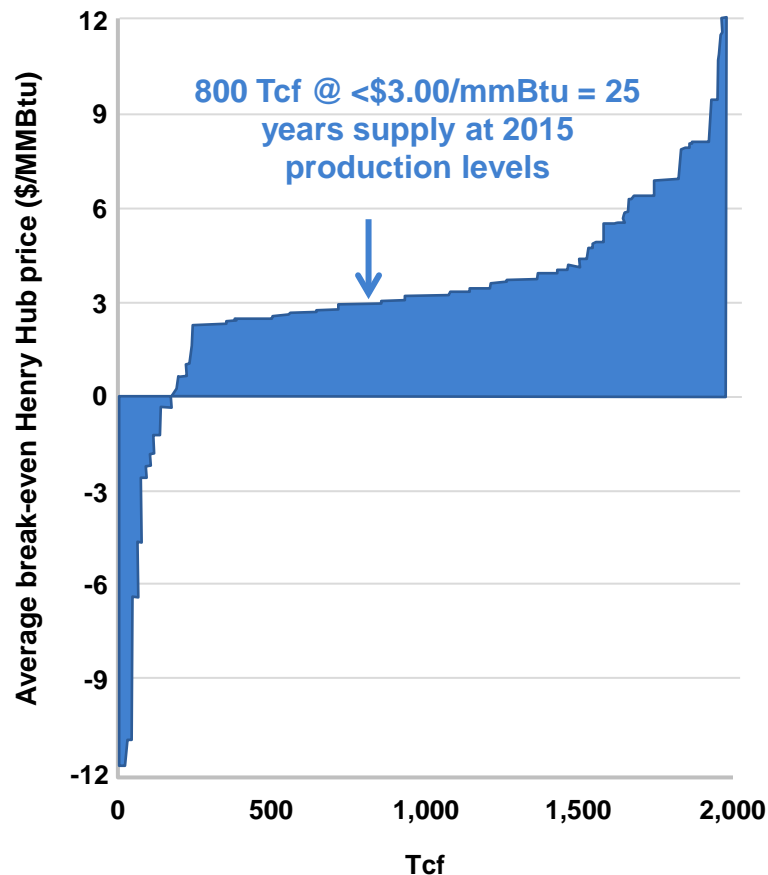
**Increasing LNG exports drive demand growth through the mid-2020's**

- **Power:** baseload demand growth from announced coal retirements likely <2 Bcf/d
- **Industrial :** <5 Bcf/d growth expected by 2025
- **Pipeline Exports to Mexico:** major near-term increases limited by downstream infrastructure challenges



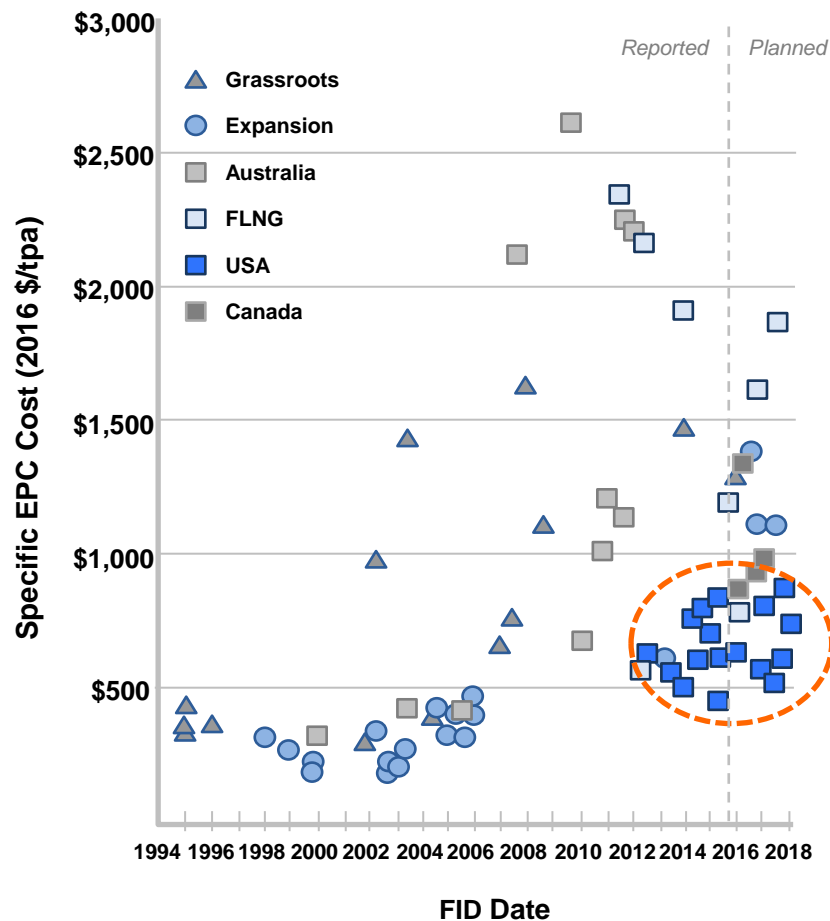
# U.S. LNG Advantaged by Low Costs

Break-even price at Henry Hub for North American natural gas resources



Source: IHS Energy : Shale Gas Reloaded (2016)

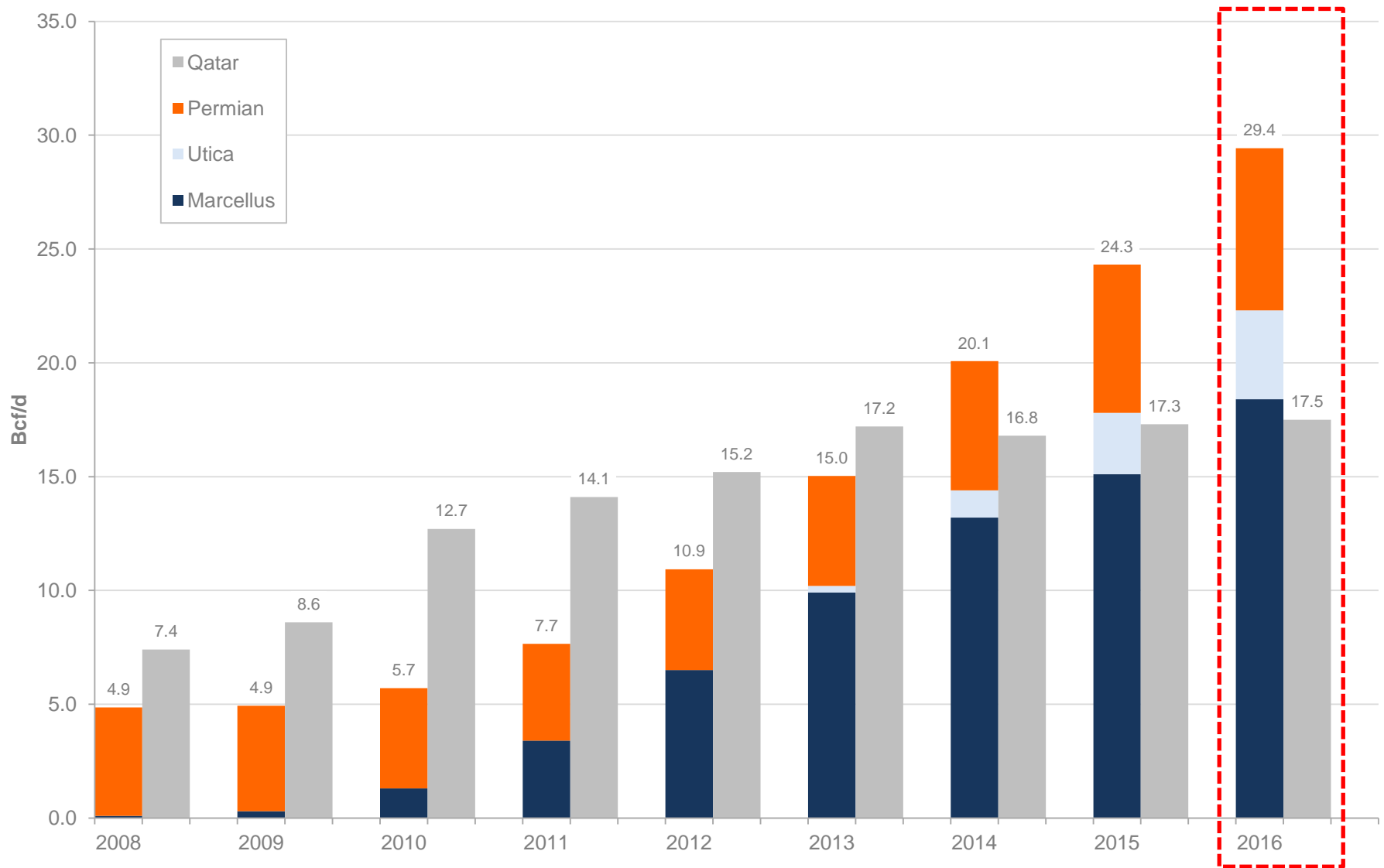
Liquefaction plant EPC\* costs



\*Engineering, procurement and construction costs for liquefaction plant.  
Does not include upstream development, pipelines or financing and owner's costs.

Source: Poten & Partners

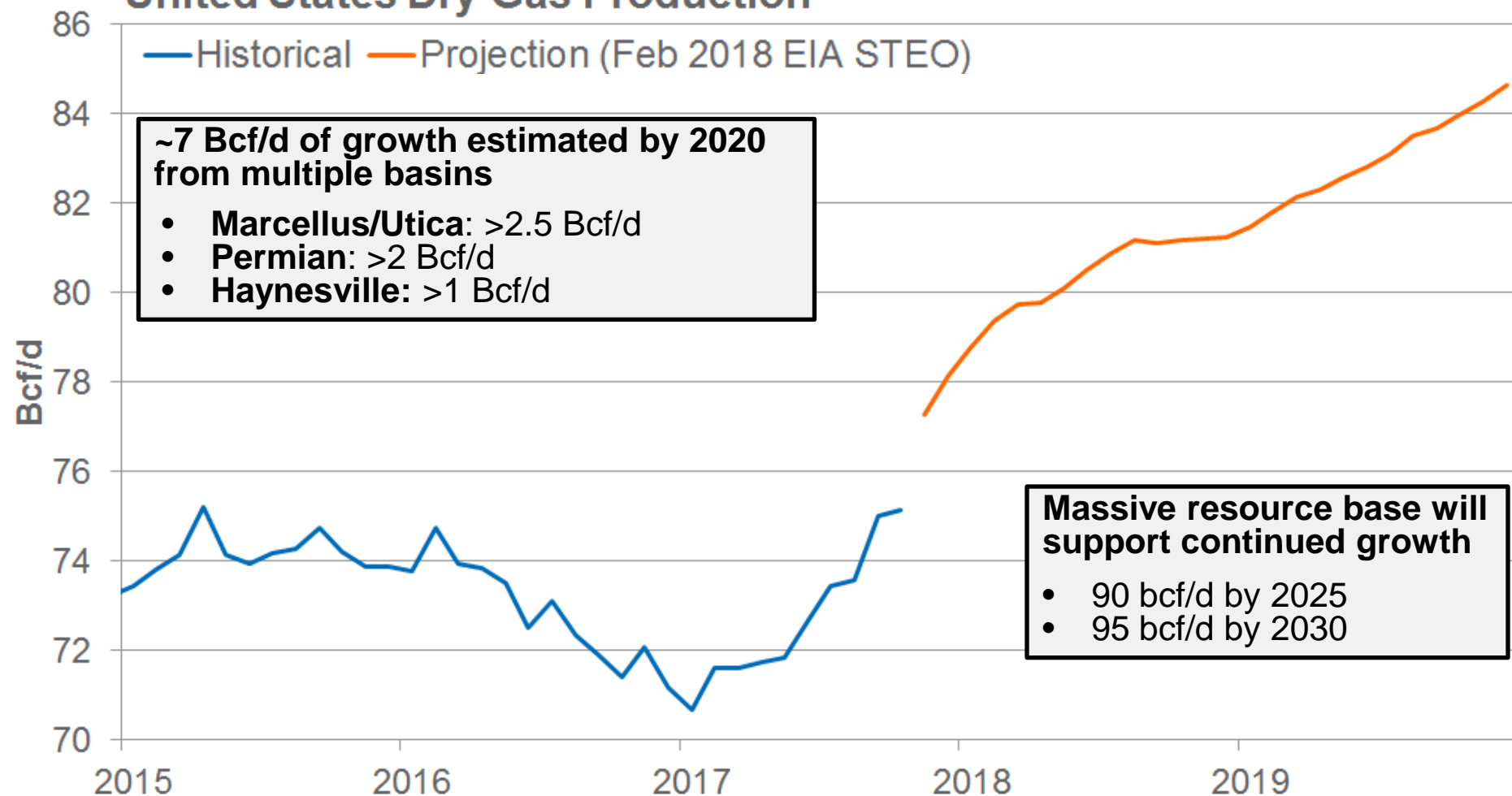
# US Major Shale Play Production Now Tops Qatar's



Source: EIA, BP Statistical Review of World Energy 2017

# US Production Growth Is Expected to Continue

## United States Dry Gas Production

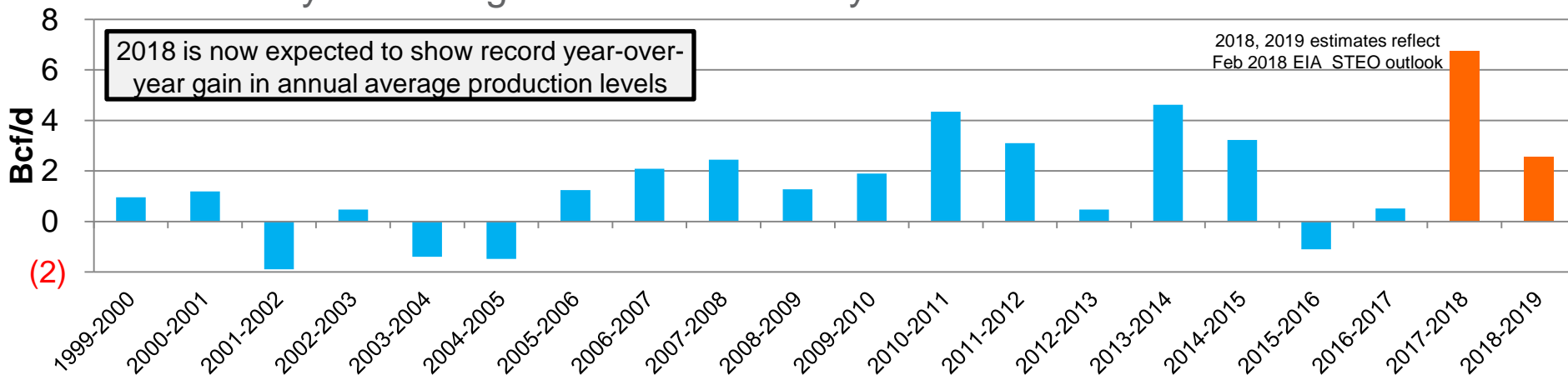


Sources: Energy Information Administration Historical Data (Jan 2015 through Oct 2017; January 2017 EIA Short-Term Energy Outlook (Nov 2017 through Dec 2019)

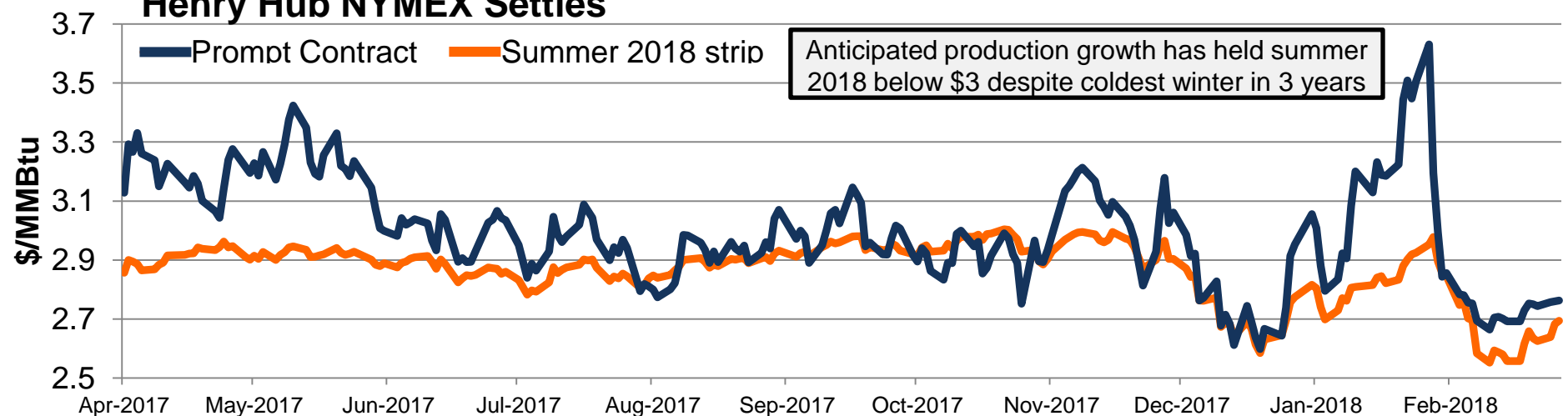
# Expectation of Record US Production Growth in 2018 Weighs on NYMEX

Supply growth could outpace incremental demand through at least mid-2019

## Year-over-year Changes in Annual US Dry Gas Production



## Henry Hub NYMEX Settles





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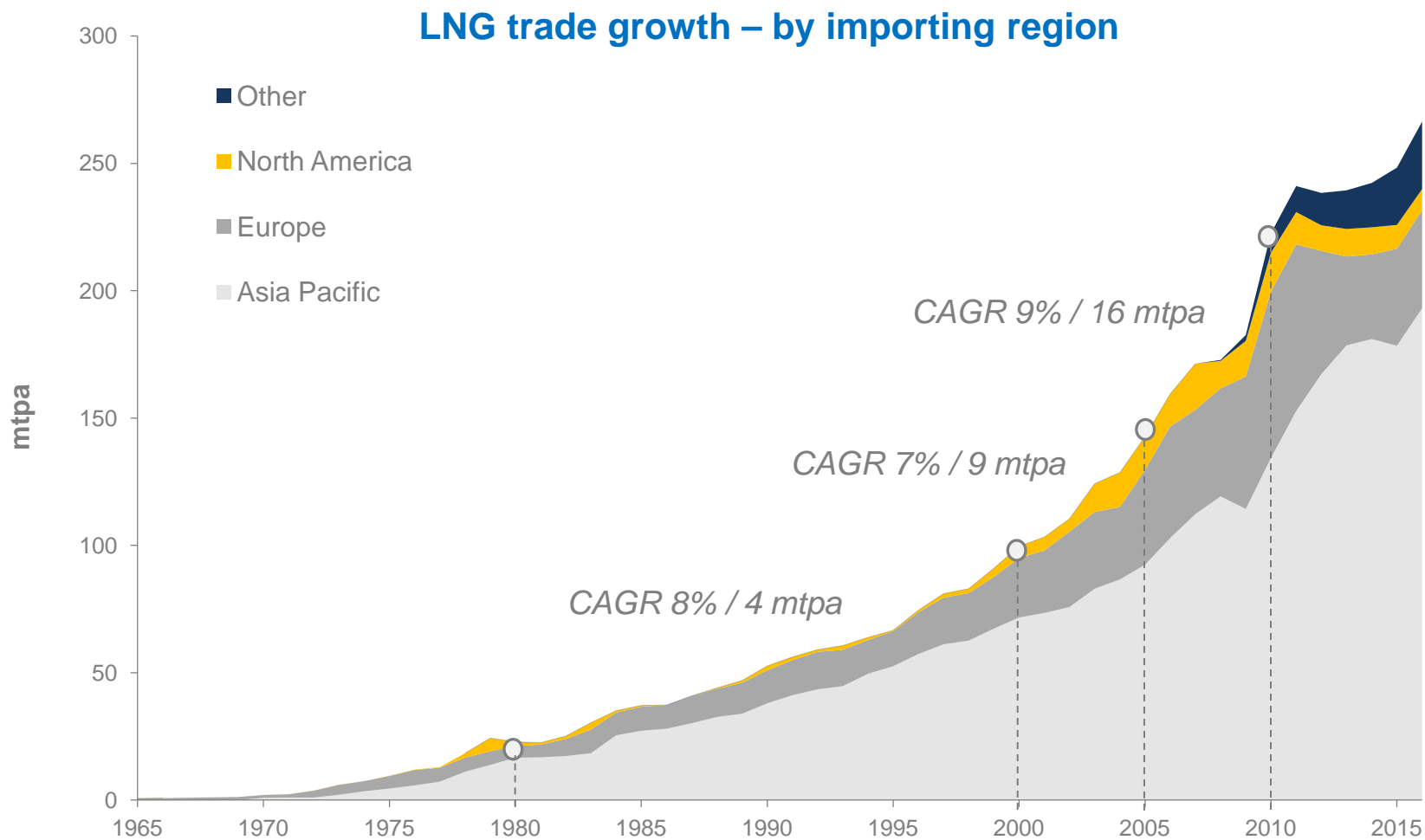
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# LNG: A High Growth Industry

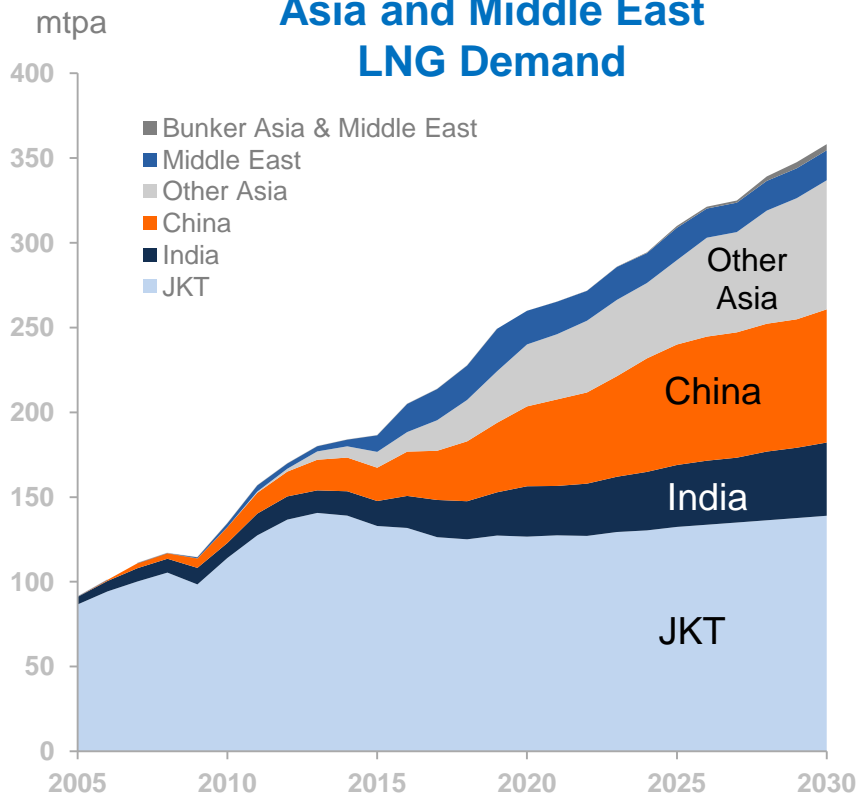


Source: IHS Markit (2017)

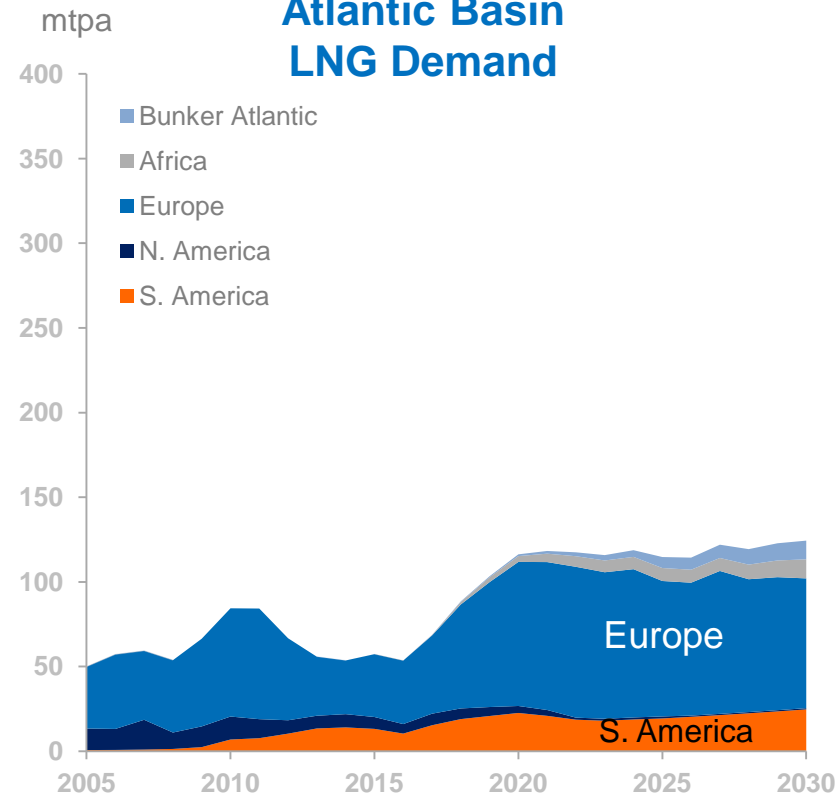
# Emerging & New Markets Forecast to Underpin LNG Demand Growth

- Global LNG demand doubled since 2004 and is expected to grow at similar rates to 2030
- Asian markets will continue to anchor new LNG capacity, but focus changing
- Europe to play a growing role in balancing the market; its reliance on LNG expected to increase to manage declining domestic supplies, variability in pipeline imports and incent solid fuel displacement

## Asia and Middle East LNG Demand



## Atlantic Basin LNG Demand



Source: Cheniere Research, Cheniere interpretation of Wood Mackenzie data (Q3 2017)

# Air quality concerns are contributing to growing gas demand

Recent air quality improvements in China have been driven by coal to gas substitution

- China shutdown roughly 125% of its target of “dirty” coal-fired boilers in 2017 between the heavily industrialized Hebei province and Beijing
- This winter, Beijing’s particulate index dropped 54% from normal levels



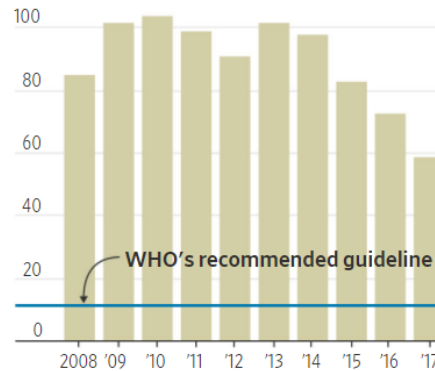
Source: Michael Greenstone and Energy Policy Institute at the University of Chicago

## Capital Cleanup

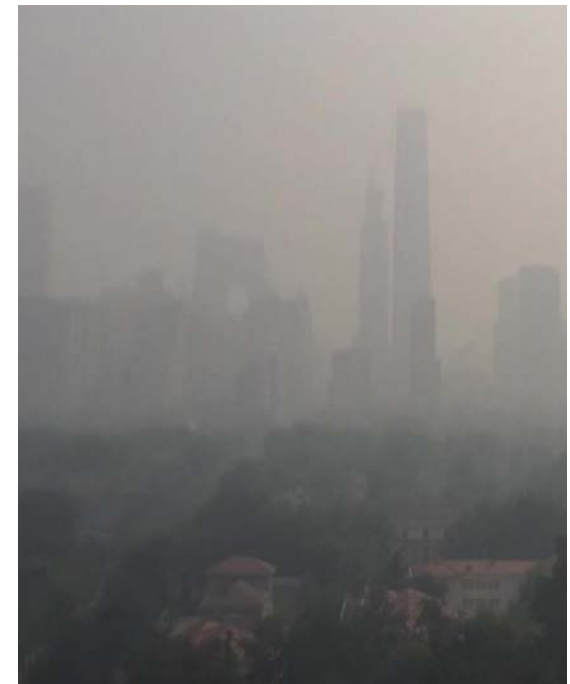
Pollution levels have dropped in Beijing.

### Annual average concentration of fine particles (PM2.5)

120 micrograms per cubic meter



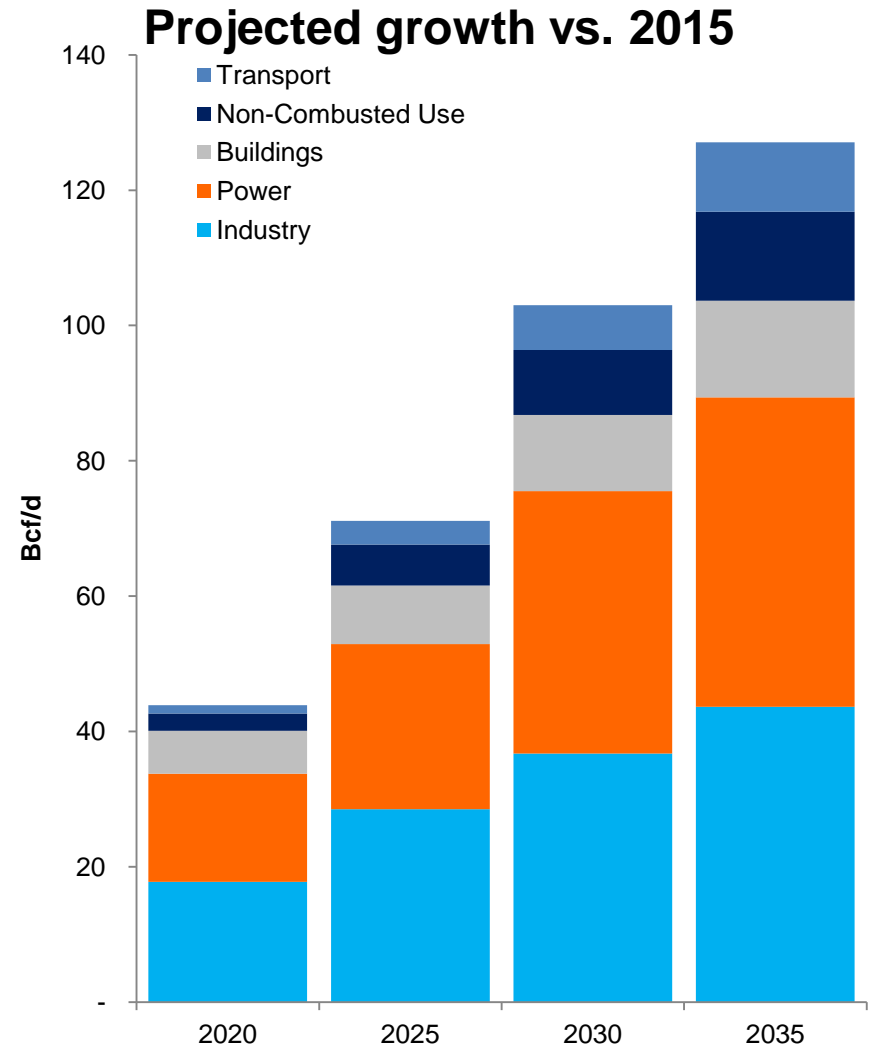
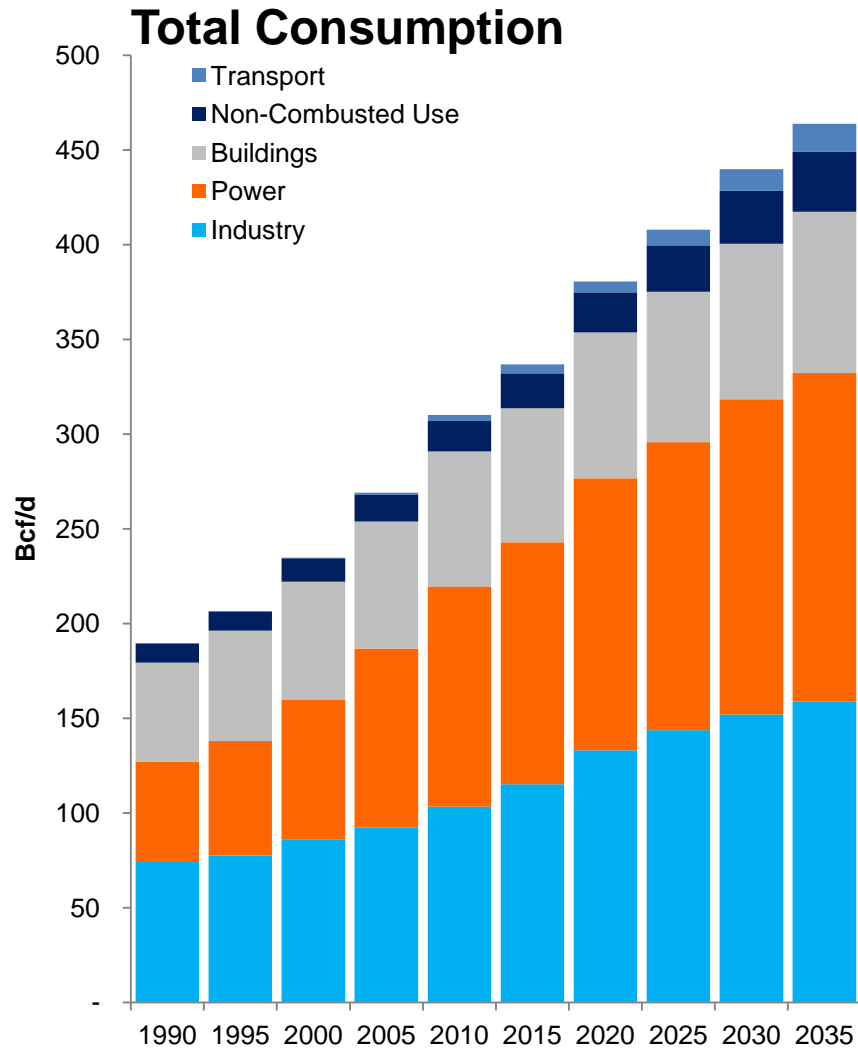
Source: U.S. State Department



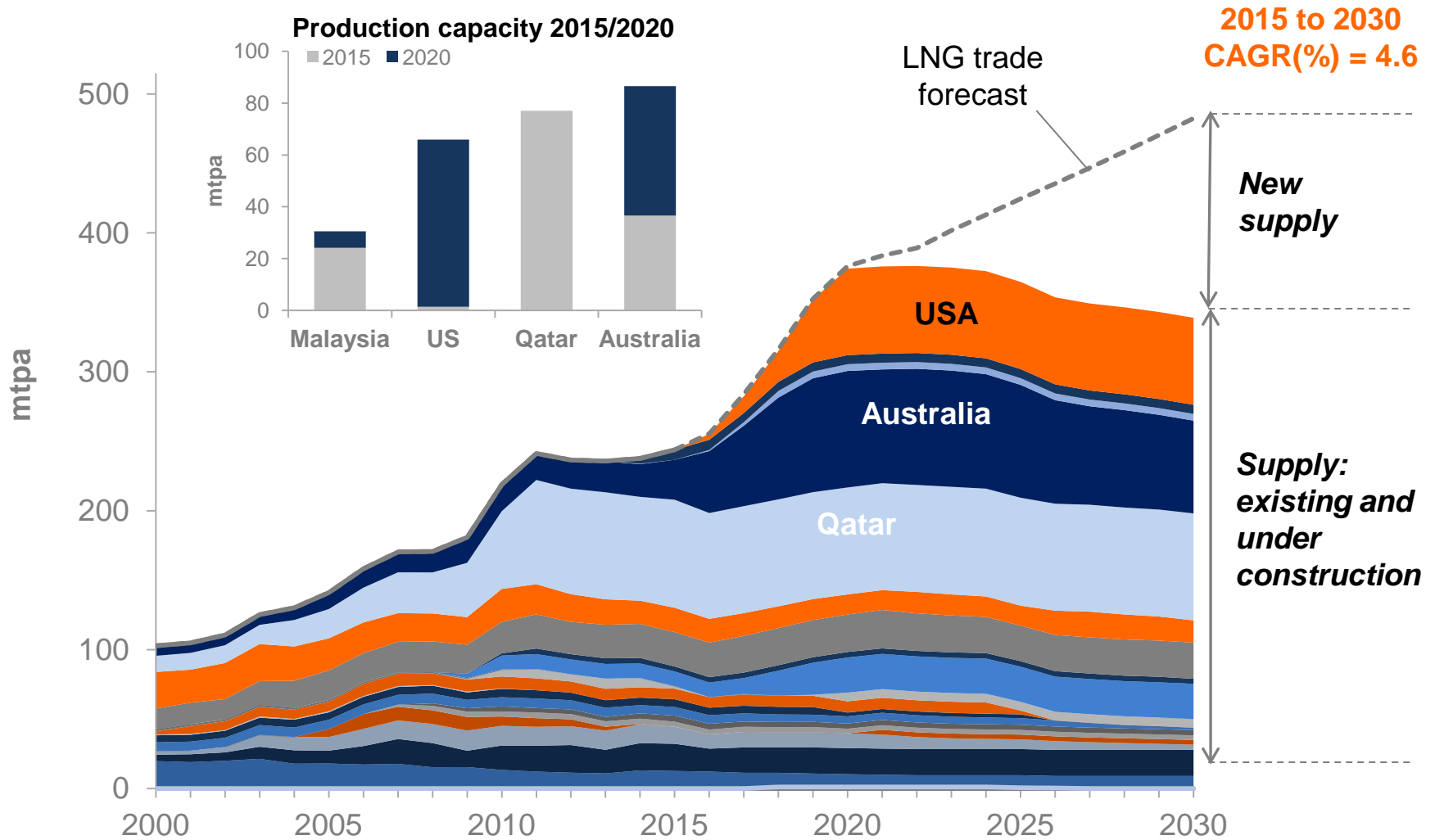


# Global demand growth will be driven by power/industrial sectors *Expected to comprise 70% of total growth*

## Global gas consumption by sector (BP Energy Outlook 2017)

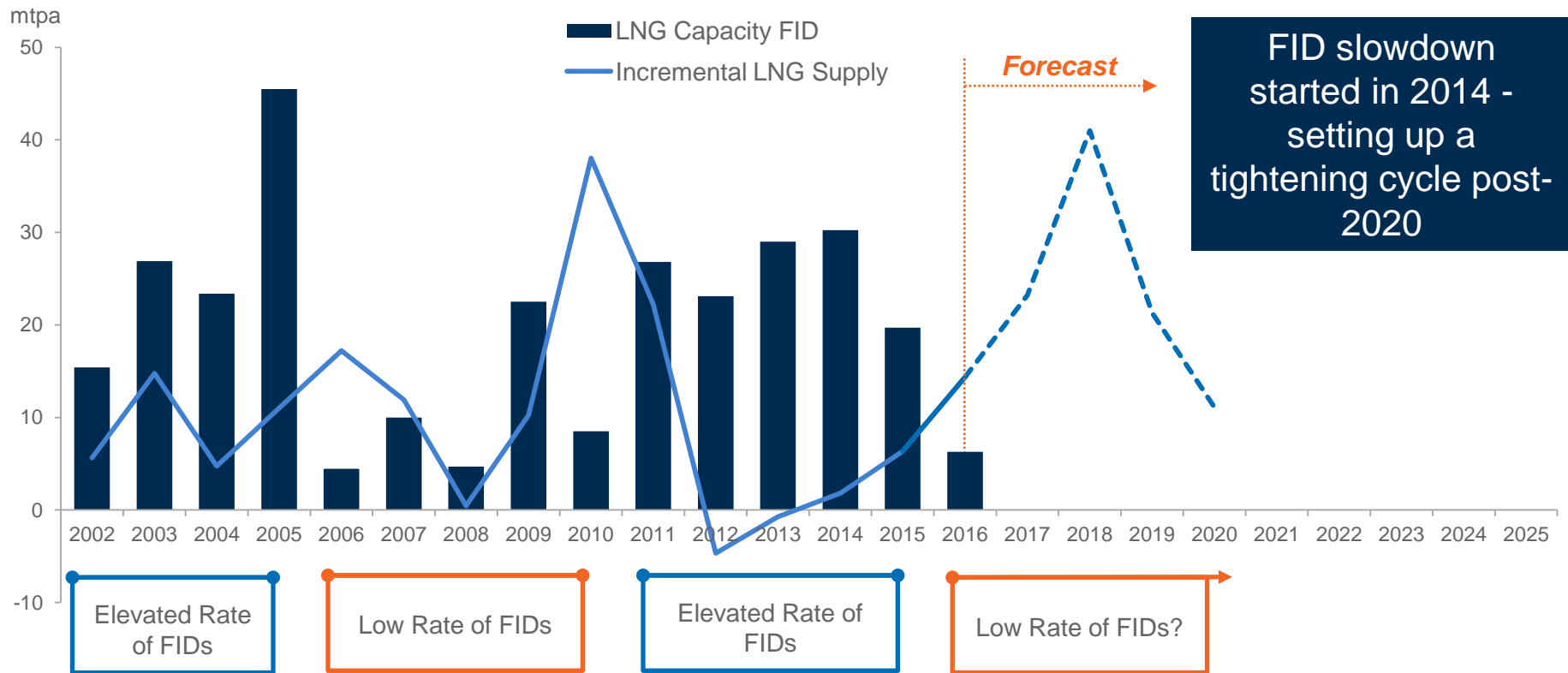


# LNG Supply vs. Demand to 2030



Source: Cheniere Research estimates; Woodmac for historical figures

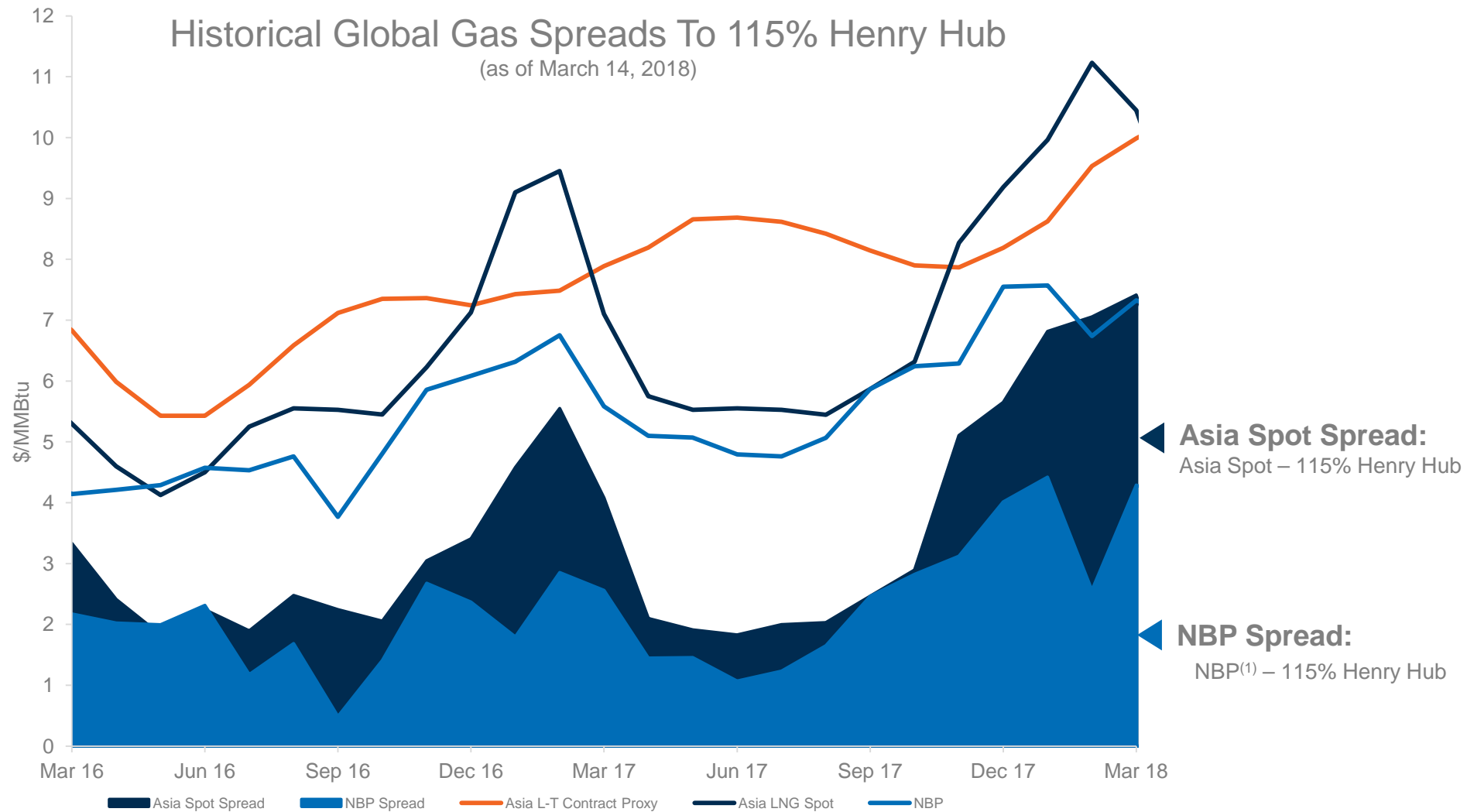
# Cheniere Has Speed To Market Advantage as Balance Tightens



- LNG projects have long lead times from sanction to first LNG – generally 4-6 years
- Long lead time to new supply means once the market is tight it will take 4+ years for supply to adjust
- Cheniere ideally positioned with two fully-permitted trains

Source: Cheniere interpretation of Wood Mackenzie data (Q1 2017)

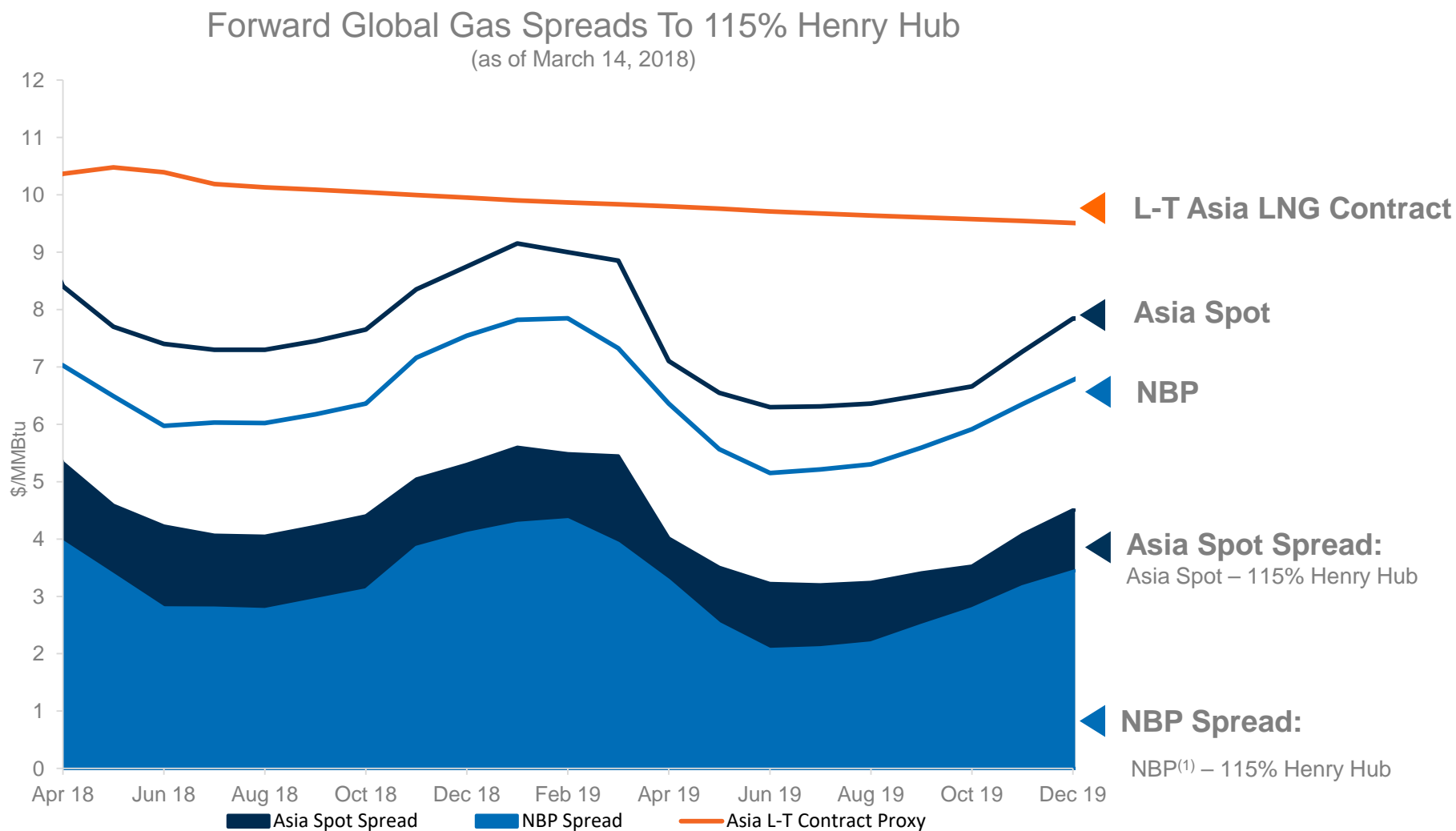
# Spreads to Asia and Europe have recently widened



Note: Asia L-T Contract Proxy = 14.85% Japan Crude Cocktail (3-month average)+

Source: Bloomberg, CME, ICE,  
Platts, Japan Ministry of Finance,  
Cheniere Research

# Forward spreads continue to support the call on US LNG



Note: Asia L-T Contract Proxy = 14.85% Japan Crude Cocktail (3-month average) + \$0.50/MMBtu; NBP is a LNG delivered representation of NBP, which discounts the futures price by \$0.30/MMBtu to reflect a UK LNG import terminal regasification fee

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## Takeaways

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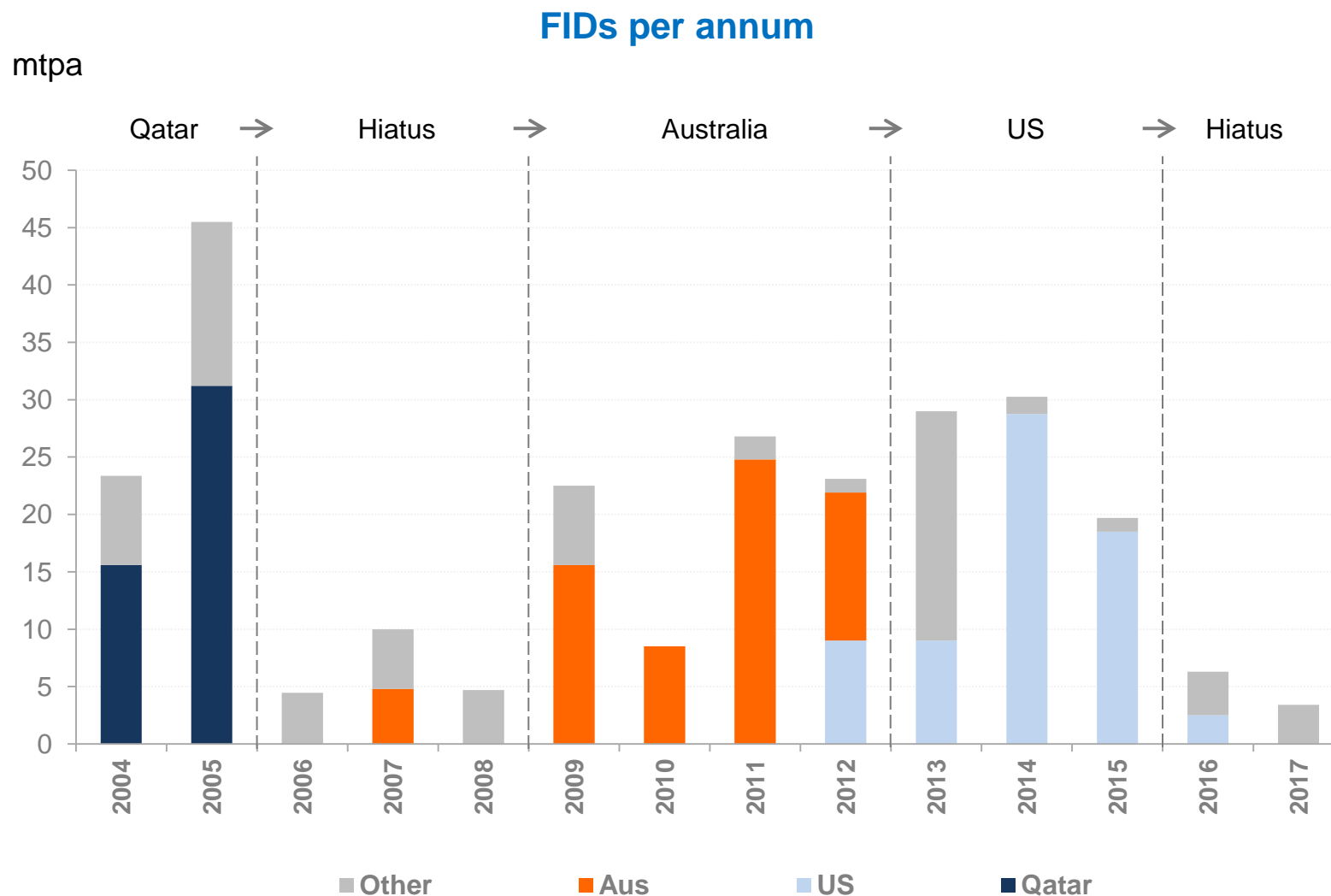
- Cheniere has a world-class integrated platform and is shovel-ready to construct additional liquefaction capacity
- Growing LNG exports will drive the near-term development of the US gas economy, supported by ample capacity for production growth
- The global market outlook and forward spreads suggest point to a growing call for additional US supply

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# Appendix

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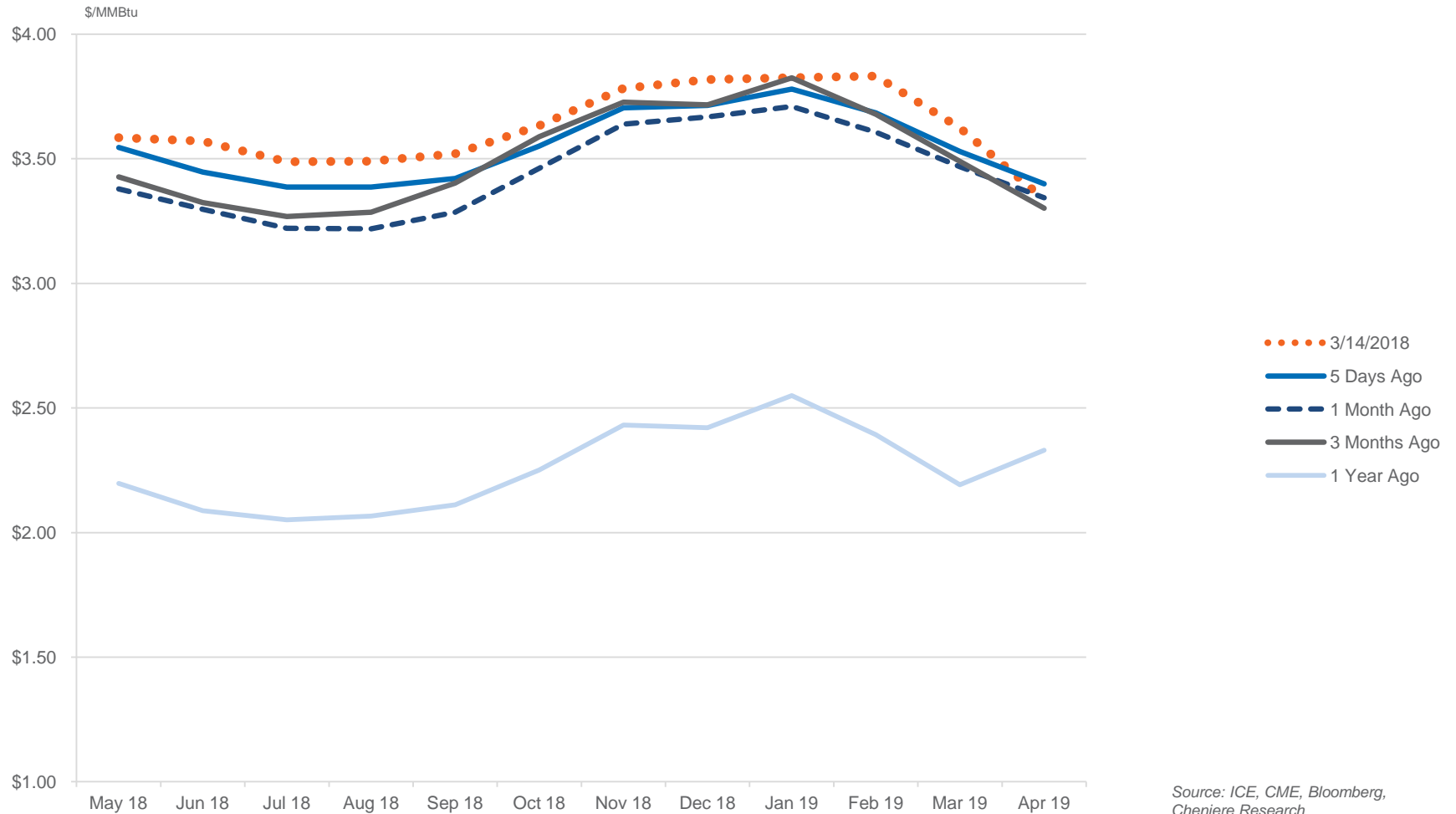
# Slowdown in FIDs



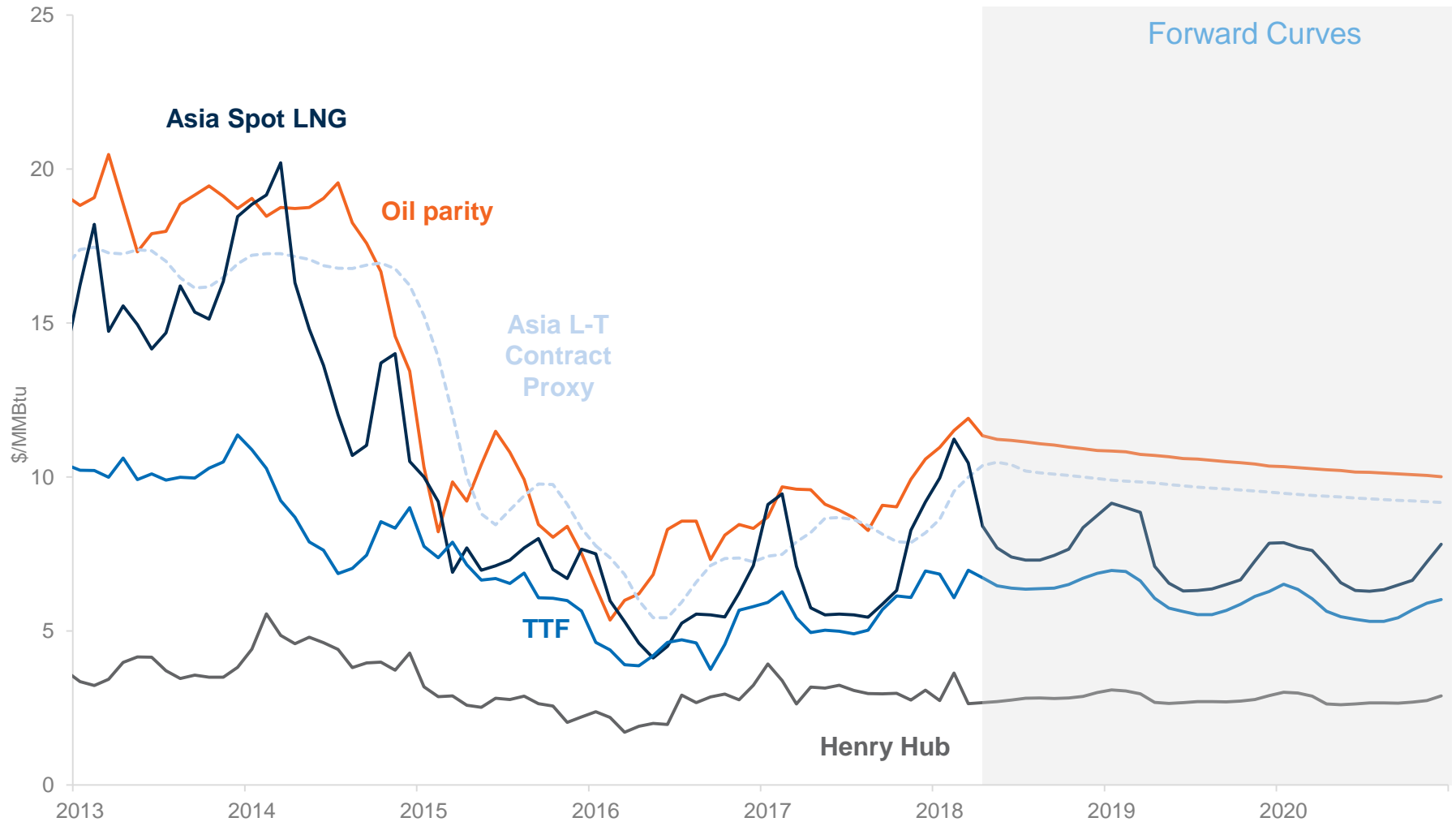
Source: Cheniere interpretation of Wood Mackenzie data (Q1 2017)

# TTF-Henry Hub Spread

## TTF-Henry Hub Spread Forward Curves



# Global Gas Prices (as of 3/14/2018)

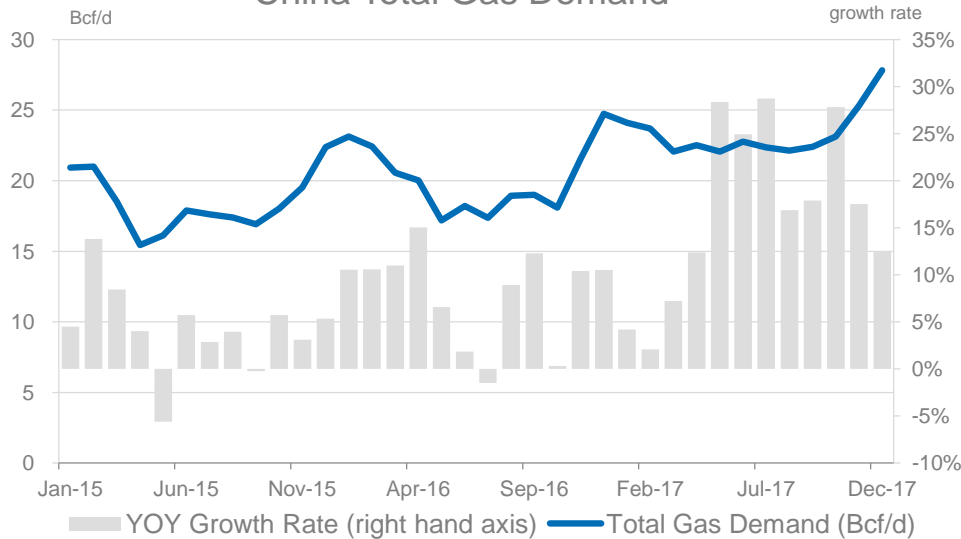


Note: Asia L-T Contract Proxy = 14.85% Japan Crude Cocktail (3-month average) + \$0.50/MMBtu; same formula is used with Brent crude oil prices for forward curves

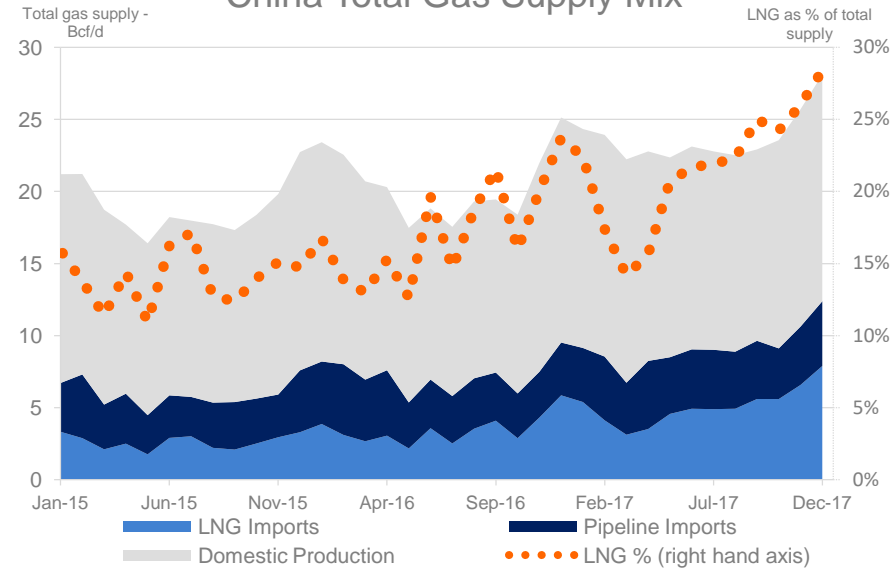
Source: Bloomberg, CME, ICE, Platts, Japan Ministry of Finance, Cheniere Research

# Market Commentary – China

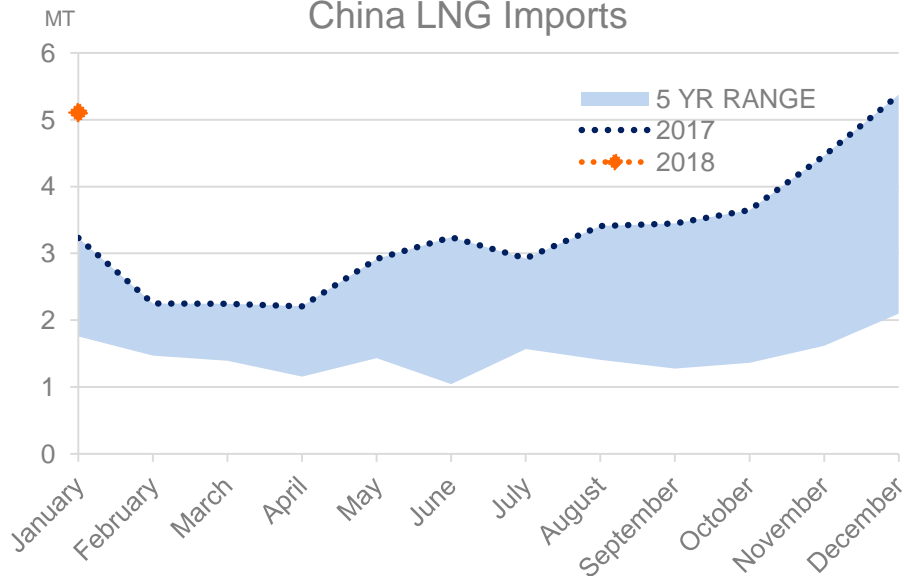
## China Total Gas Demand



## China Total Gas Supply Mix



## China LNG Imports



- Relentless demand for gas in Northern China continues to drive LNG imports growth. China breached the 5 MT level in December and again in January at 5.1 MT
- The closure of inefficient industries, low winter temps and coal to gas switching are sustaining demand
- Official January gas production and demand data are not out yet but the share of LNG in the total matrix continued to grow in December and the figures for January are expected to sustain the same trend.
- While February is generally a down trend due to extended holiday period after the Chinese New Year, preliminary Feb figures at ~4.06 MT, suggest imports will be at least 80% higher vs. last year

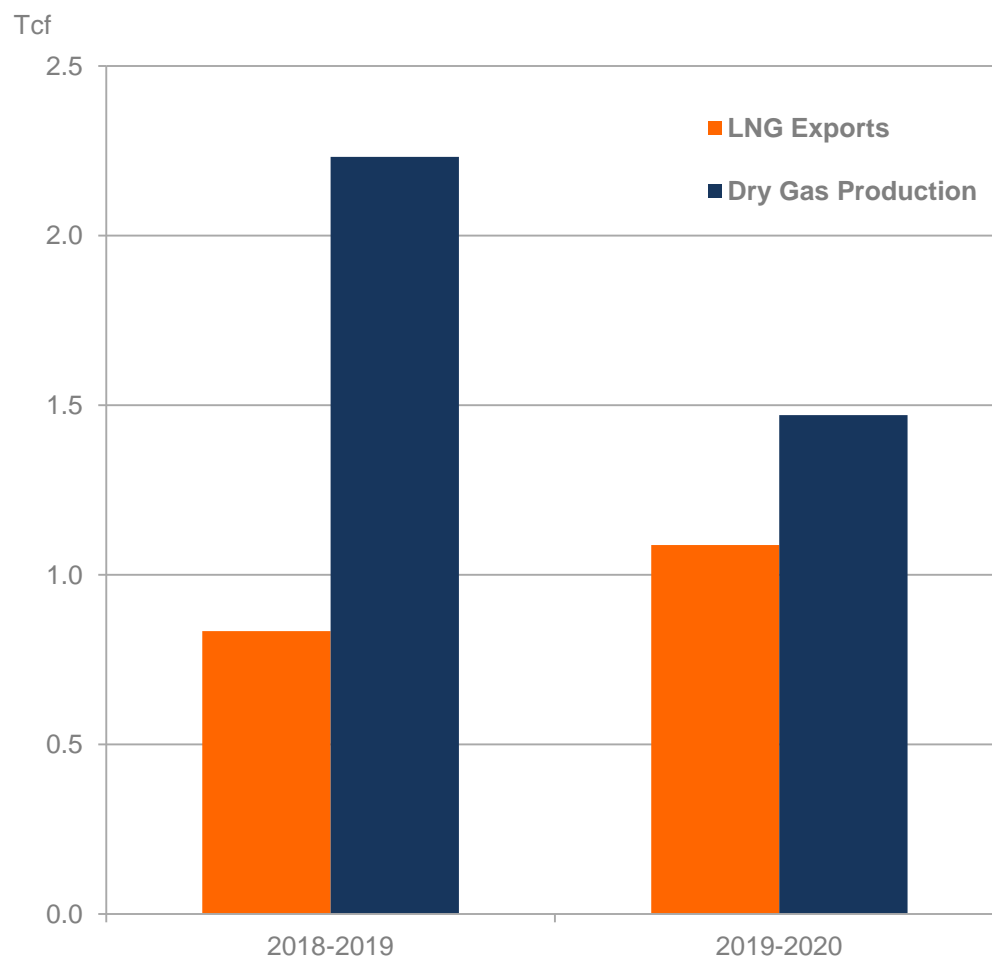


# US Production Can Support Rising LNG Exports

Dry gas production growth is expected to outpace LNG exports through 2020

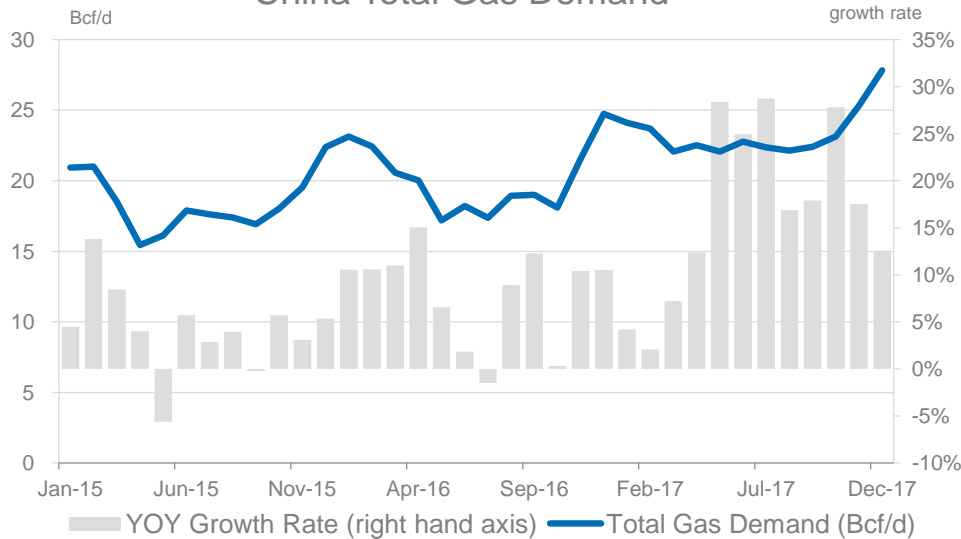
- **US LNG export capacity could reach nearly 9 Bcf/d by late 2019/early 2020**
  - Based on capacity currently in-service and under construction
- **Pipeline infrastructure should not be a constraining factor**
  - Marcellus, Utica expected to gain up to 13 Bcf/d of market access through pipeline capacity additions by the end of 2019
  - 10+ pipeline projects have been proposed to transport Permian production to Texas markets
  - Haynesville production has ample access to market with existing pipeline capacity

Projected Growth in US LNG Exports vs. Dry Gas Production

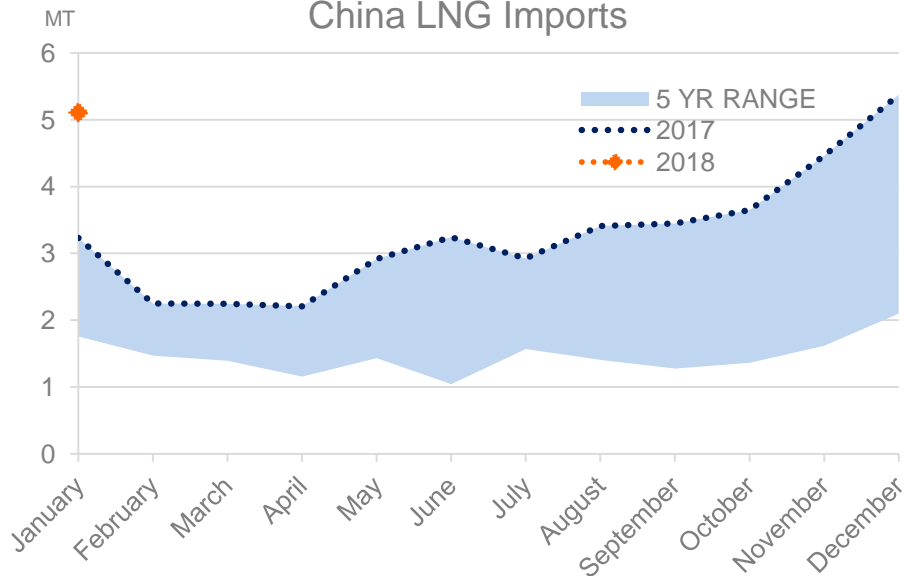


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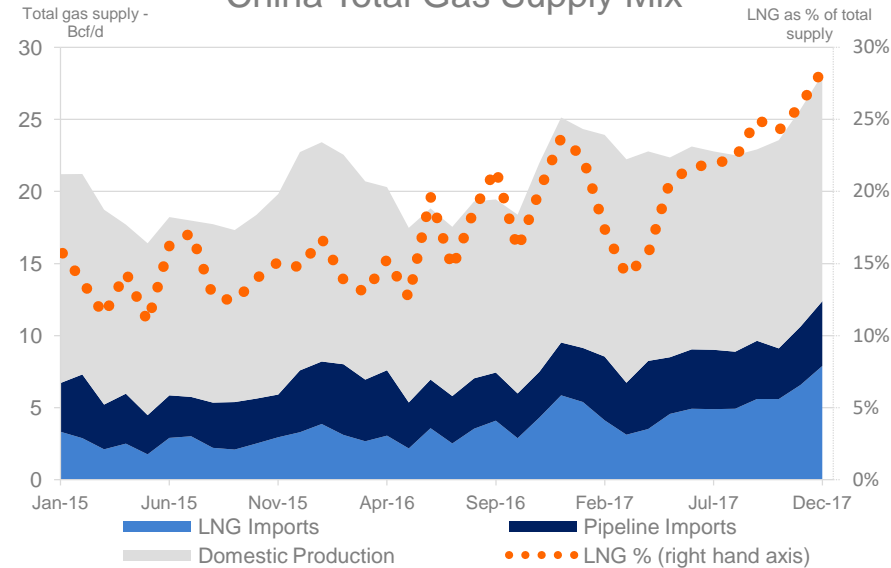
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