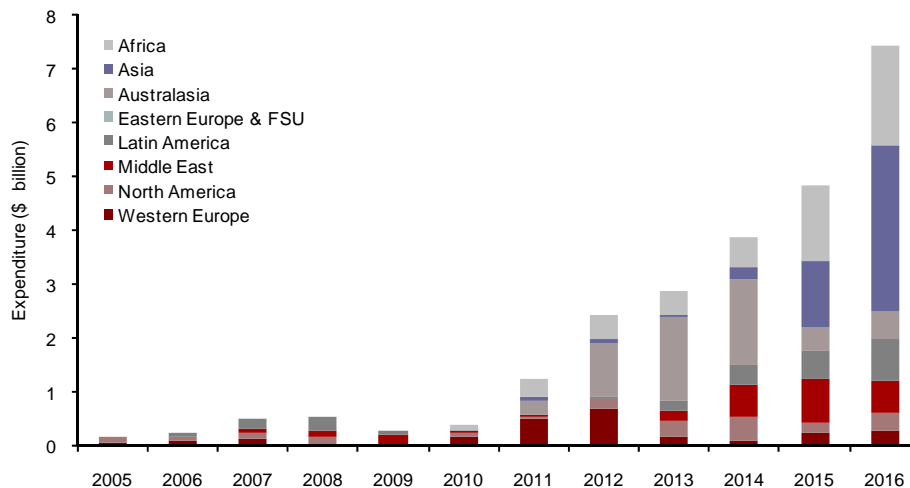


FLNG business on the cusp of stellar growth – A market update



Global Capex on FLNG Facilities by Region 2005-2016

Source: Douglas-Westwood

Despite the present economic woes, the Floating Liquefied Natural Gas (FLNG) business is underpinned by compelling long-term fundamentals and is poised to become a major growth sector, with forecast expenditure of \$23 billion expected over the period to 2016. Announcing the results of, *“The World FLNG Market Report 2010-2016”*, Douglas-Westwood’s latest study, at the Commercializing FLNG Conference today in Singapore, Steve Robertson stated that, “The last twelve months have been difficult for the sector, however, any delays in project sanctioning have largely been attributed to the project structures and changes in upstream partners rather than any technology gaps. We continue to believe that vertically integrated majors will be best placed to assemble a project from the upstream elements through to liquefaction, transport and regas stages.

“In many regions we are seeing that floating regasification units continue to be sanctioned and the various floating liquefaction systems are progressing well through the design and engineering process. South East Asia will be a key area of focus for the sector and it is clear that there are many players evaluating the technology with an intention to deploy. For some remote stranded gas assets it will be the only technically feasible option, for others there are additional benefits to in terms of better flexibility, reduced lead times and even cost savings.”

Lead author, Lucy Miller, commented, “We have developed a market model built on a project-by-project review of development prospects, with the timing of expenditure phased to reflect likely project structure. This model has been developed in consultation with industry experts and also sense-checked to account for external factors such as supply chain constraints. We have prepared forecasts segmented by services such as technology licensing, front end engineering & design, project management & detailed design engineering, construction engineering (field engineering), construction and installation (hook-up and commissioning).

“On a regional basis, our view is that Australasia will account for the largest proportion of the \$23 billion global Capex forecast, with a 23% share. Africa is the next most significant region, also with a 23% share, or \$5.2 billion. North America, despite having the greatest number of FLNG projects – most of which are import terminals – still only accounts for \$1.6 billion, or 7% of global Capex.

“The split by import/export terminals: import terminals account for 22% of the expenditure during 2010-2016, albeit this proportion changes significantly over the period. Key service items include construction at around \$15.6 billion and detailed design engineering & project management at over \$3 billion over the period to 2016.”

ENDS

Information for Editors

The World FLNG Market Report 2010-2016 forms part of a series of reports that are used by companies in over 50 countries globally. These include leading corporations, investment banks and agencies of governments. The report identifies by region and thoroughly discusses on a country-by-country basis the current and future prospects for floating LNG Liquefaction and Regasification terminals to 2016.

The report includes a series of charts and tables showing the market expenditures in US dollar values over the period 2005-2016, segmented by component, facility type, region and project phase.

The report will be available from Douglas-Westwood Limited from 4th August 2009, but pre-orders can be made now via our [website](#) or contact us via phone or email:

energy business analysts

douglas-westwood.com

t: +44 (0)1227 780999
f: +44 (0)1227 780880
e: publications@dw-1.com