Asia Energy Tour: Takeaways on Global LNG: Tight in Near-Term, but Long-Term Outlook Looser on Supply Additions and Soft Demand

John Mackay
Goldman Sachs & Co. LLC

Amber Cai
Goldman Sachs (Asia)

Neil Mehta
Goldman Sachs & Co. LLC

Nikhil Bhandari
Goldman Sachs Organization Pte

Olivia Foster
Goldman Sachs & Co. LLC

We continue our takeaways from our recent Asia Energy tour with a breakdown of views on global LNG from our meetings with corporates, policymakers, and industry experts last month. This follows our recent recap of oil and refined products takeaways from the trip. For global LNG: 1) market participants were broadly concerned that continued supply constraints in the Middle East will drive near-term global LNG prices higher, particularly as demand destruction has been less widespread than initially anticipated; 2) many large LNG consumers are looking to diversify their sources of supply, driven by energy security concerns more so than price, and thus could support new project FIDs in the coming year; and 3) views on long-term demand were relatively tepid, particularly in China, with policymakers adopting a stance of prudent support alongside a sustained focus on coal and renewables. Overall, the trip supported our view that the global LNG S/D backdrop is tight in the near-term but could weaken as supply growth outpaces demand growth later this decade. Continued uncertainty around the pace of Qatar's facility restart/rebuild – as well as the status of its ongoing expansion plans – could keep balances tighter for longer and thus remains a key risk to the upside, and we broadly continue to believe low prices will incentivize higher demand over time. And thus while we come away from the trip incrementally more negative on the long-term price outlook, we remain constructive on several names across our US LNG coverage including four Buy-rated stocks: LNG and VG on near-term price upside and likely ongoing contracting activity, GLNG for its niche and low-cost floating liquefaction offering, and EE as lower prices eventually provide a tailwind for its FSRU offering.

Key Takeaways

Near-Term Price Upside on Supply Disruptions

There was a near-unanimous view across our various meetings that the supply disruption in the Middle East is likely to persist in the near term, keeping prices elevated. While more LNG carriers have been able to transit the Strait of Hormuz more recently, a broad set of market participants voiced concerns that disruptions could continue. On the LNG production side, there were consistent questions on how long it would take to bring Ras Laffan in Qatar back online – even before considering the further capacity additions (see below). On the transportation side, dark transits, which have helped crude/products, are more challenging for LNG due to the nature of their cargo, as well as relative value of the ship itself. Generally, most buyers noted

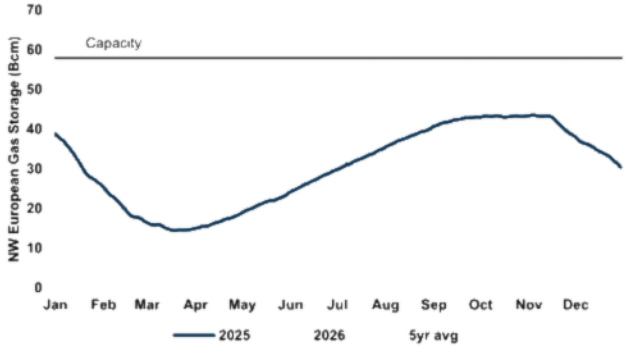
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they are assuming Qatar is offline through at least March, though are evaluating contingencies for that to be longer. Given the tight supply environment, there were also persistent concerns around disruptions elsewhere (Russian LNG, etc).

There are other challenges to finding a ceiling for prices. Beyond the supply picture, debates focused on how to solve the demand side to limit further near-term LNG price upside. During the last price spike, in 2022 following the start of the Russia-Ukraine war, switching into diesel offered some level of ceiling on LNG. This time, product balances are significantly tighter – thus putting both the price switch level higher and the absorption capacity of that market lower. Many participants noted that a meaningful winter could drive spot JKM prices significantly above the current $20-$25/mmbtu forward curve, with further sharp upside possible in the event of severe weather. Similarly challenging for limiting price upside were several points on the demand side, beyond just the very low level of European gas storage. First, demand destruction has been lower than initially expected (and lower than price levels would typically imply) due to a combination of government support (notably developed Asia) and consumer hedges. Second, demand has actually increased in some markets despite high prices, particularly in India, as high prices in certain gas-intensive industries (refining, fertilizers) supporting higher burns. Last, several participants noted Europe's methane reporting rules for LNG imports, due to come into force Jan 2027, are limiting the participation of European buyers in the spot/tender market for 2027 given reporting challenges.

Exhibit 1: There was a near-unanimous view across our various meetings that the supply disruption in the Middle East is likely to persist in the near term, keeping prices elevated, particularly given historically low NW European gas storage levels

NW European Gas Storage - Utilization (2026 vs 2025 vs 5-Year Avg), Bcm



Source: Goldman Sachs Global Investment Research, Bloomberg

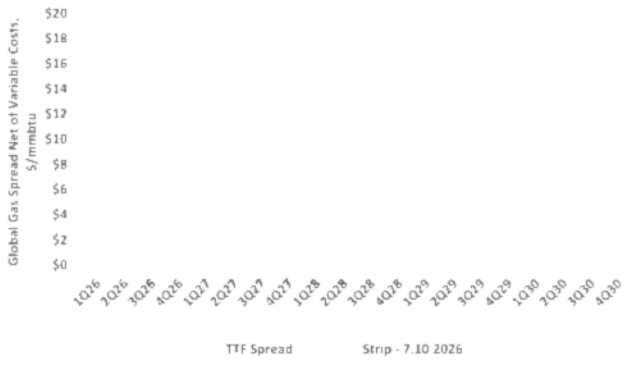
Exhibit 2: We note JKM strip-implied 2027 global gas spreads are effectively double levels implied by the strip in early July

Global Gas Spreads at JKM Strip, Today vs 7.10.2026 Strip



Source: Goldman Sachs Global Investment Research, FactSet, Bloomberg, Platts

Exhibit 3: We note TTF strip-implied 2027 global gas spreads are effectively double levels implied by the strip in early July
Global Gas Spreads at TTF Strip, Today vs 7.10.2026 Strip



Source: Goldman Sachs Global Investment Research, FactSet, Bloomberg, Platts

Energy Security Motivating Supply Additions

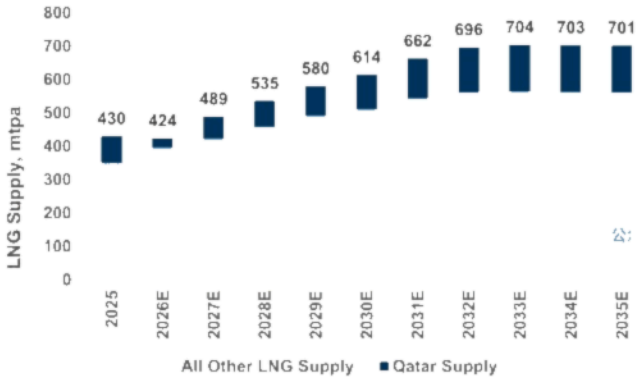
While supply diversification has been a general theme of conversations this year, we were surprised by the level of focus by many large LNG buyers on energy security as opposed to price. As noted above, many buyers are making contingency plans on how to adapt to the potential that volatility in Middle East supply could continue. Coupled with this being the second major global LNG disruption in four years (the first being the Russia-Ukraine price spike in 2022), there appears to be a shift in views from long-term SPA contracts being thought of as part of a typical wedge of supply in a portfolio to something closer to an insurance product. Under the latter view, buyers could be more comfortable with SPA pricing leaving their economics being slightly negative on the median day under the contract, so long as they can be sure of that supply being available when there is a global disruption. There were directional signs of this theme across many conversations, but the idea was most developed in Japan, where the government is working towards a program to backstop SPAs being signed by trading houses/utility buyers/etc. They would be free to trade around the SPA cargoes under a normal price environment (i.e., resell to wherever price spreads were strongest, as a typical merchant role), but in case of a global disruption they could be required to deliver physically into Japan. The country has already reached its 2030 target of ~100 mtpa of LNG contracts in its portfolio (vs. ~65 mtpa of domestic demand) and could look to increase this number from here. European buyers also appeared to be considering the "SPA as insurance" framework, though policy support is less clear. Last, we note LNG portfolio players appeared more open to signing new SPAs under a view that current prices being offered on long-term deals (particularly in the US) can be NPV positive on the expectation for high price spikes to accompany any broader loosening in the global S/D. We previously noted that feedback from market participants in China and Korea suggested price sensitivity and an interest in waiting for lower prices before signing new deals (~2028 in their framing). However, we acknowledge the recent VG-China Gas deal and more recent media headlines around VG-China deals (link) – which may align with our view of VG's competitive pricing strategy.

There remains a considerable focus on Qatar's expansion plans. Beyond the continued focus on daily LNG flows through the Strait of Hormuz, the magnitude and timing of Qatar's capacity ramp post-resolution was debated. Despite some near-term

buyer optimism, most buyers discussed expectations for prolonged timelines to restore damaged capacity, with the market now pricing in a winter without Qatari volumes. On the ground, there are debates on the timeline for Qatari production to restart, with some buyers pointing to ~1Q27 and other pointing to a 1-to-2-month preparation period to resume operations even after a potential resolution is reached. That said, market expectations across the board described longer outage timelines on Qatar's damaged capacity which may require full unit replacements as opposed to discrete repairs. Faced with these constraints, Qatar is actively prioritizing its greenfield expansion projects over immediate repairs, with the North Field East (NFE) start-up expected in 3Q27; some buyers expect delays for North Field West (NFW) thereafter given the potential redirection of the labor force towards NFE and damaged capacity repairs. Altogether, the lack of Qatar production in the market is further constrained by the fact that shipowners have pulled their vessels and retain safe port rights, allowing them to decline Qatari loadings even if Qatar is technically ready, with some in the market taking the bearish view that Qatar may redirect its own fleet elsewhere because the capacity is not coming back. On that last point, to satisfy its existing delivery commitments amid the ongoing outage, QatarEnergy has reportedly entered negotiations to source 2 to 3 mtpa of US LNG through 2031 from developers like Venture Global, with other reports that Qatar is in discussions to buy liquefied natural gas from US suppliers under long-term agreements, illustrating that implications for long-term capacity plans in Qatar, still fluid, remain debated.

New contracts and equity investments driving new projects globally. Given the above, some utility and industrial buyers are visibly rotating away from Middle East LNG supply concentration. On the supply side, this flight to LNG supply security has allowed developers to advance project commercialization; Cheniere discussed a strong mix of traditional, as-expected deals in the pipeline as well as new, post-Iran type contracts, while Golar continues to leverage high market interest across multiple geographies. On the other hand, following recent long-term contracting from COP and China Gas, VG is targeting a January FID on its Plaquemines Expansion, while Golar is well-positioned to convert its secured shipyard slots into near-term FIDs. That said, rather than relying solely on traditional offtake agreements, some buyers are increasingly utilizing direct upstream equity investments to secure molecules, as evidenced by POSCO's Marcellus shale acquisition, Osaka Gas's target of 5% to 10% annual US shale production growth, and MOL's recent 23% stake acquisition in a US FLNG project. Overall, commercial momentum serves as a proof point of an uptick in ex-Persian Gulf contracting activity and LNG supply security efforts. A key focus moving forward will be whether incremental projects (outside of brownfield projects we had already expected to move forward from the US) can move forward, particularly given the potential for incremental supply additions to weigh on LNG supply-demand balances into the next decade.

Exhibit 4: There remains a considerable focus on Qatar's expansion plans, as Qatar's expansion plans make up ~20% of planned supply additions through 2035
LNG Supply Forecasts by Source (mtpa, 2025-2035)



Source: Goldman Sachs Global Investment Research, Company data

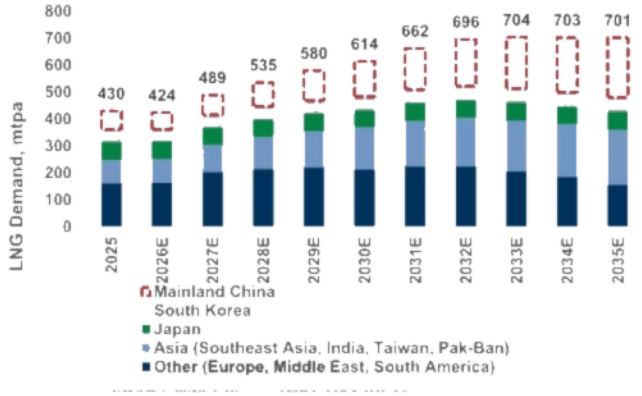
Policy Less Supportive for Demand Growth

China's long-term LNG demand outlook tilted more measured with prudent support policy stance. In contrast to near-term global supply tightness, China's long-term LNG demand trajectory is settling into a more measured path with policymakers adopting a stance of prudent support—with limited demand stimulus and a focus on coal and renewables. Industry participants we spoke with generally expect low-single-digit natural gas consumption growth through the mid-2030s, a deceleration relative to the 13th/14th 5-year periods which had seen double-digit/mid-single-digit gas growth, respectively. China's 15th 5-year plan maintains its strategic focus on coal and renewables instead. The former is expected by some industry participants to shift from baseload to flexible peaking capacity, seeing a notable decline in utilization following the addition of 60 to 70 GW of capacity last year, alongside rapid additions of renewables, batteries, and pumped hydro to absorb load growth. Notably, national gas consumption growth turned negative in 1H26 for the first time (down 1.5% YTD and declining 5% in August), driven by property-led industrial sluggishness. Domestic production and eventual pipeline upside remain key focuses as well. This leaves a relatively narrower window for LNG, particularly as price elasticity of demand mechanisms appear more limited going forward. Specifically, buyers noted that the top-down goal of energy stability limits the magnitude of price-elastic fuel switching going forward, even if spot LNG prices fall dramatically later this decade. Under these conditions, major buyers are actively deferring spot exposure and long-term commitments, and indicated they do not expect new contracts to be signed until global prices soften around 2028. Some market participants noted they do not anticipate signing new long-term commitments until various preconditions are met: a tangible surge in demand, lower 2028-2030 prices, and a stable long-term price outlook. This leaves the marginal contracting pool narrowing to Tier-2 buyers, as NOCs approach their near-term portfolio limits. Lastly, demand erosion in the transport sector is an additional headwind for LNG demand growth, as electric alternatives increasingly pushing out LNG and diesel-fueled trucks.

The outlook across Japan and Korea is largely flat officially, though we see risks to the upside from policy tweaks and AI/data centers over time. In Japan, while the outlook for incremental LNG buying activity as an energy security measure could

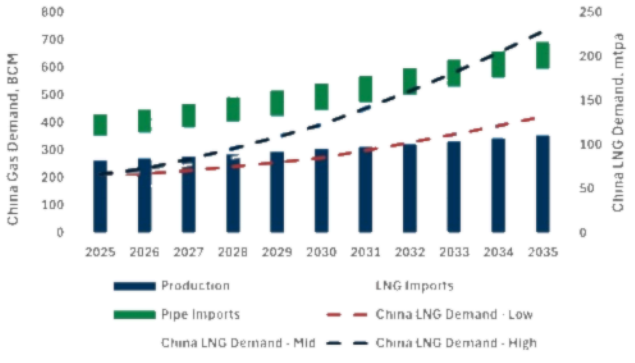
support incremental US LNG contracting activity, the physical LNG demand outlook through 2040 appeared flatter. Specifically, some buyers framed the long-term outlook as relatively flat compared to recent baseline imports. Near-to-medium term upside to physical demand would require an acceleration of industrial coal-to-gas switching and a faster roll-out of LNG-fired capacity. In South Korea, market participants generally expect a gradual structural decline in LNG demand over the next decade, driven primarily by a reduced role for LNG in the power generation mix, potentially in favor of coal in the near-term. While LNG's share in the power generation mix faces headwinds from the expansion of cheaper nuclear and coal-fired baseloads, offsets could emerge from the substantial anticipated power demand driven by rapid data center and semiconductor manufacturing buildouts. That said, demand upside remains a predominantly post-2030 volume story, and while gross volumes could rise, the narrative of LNG's declining share in the power mix was reiterated by some market participants in Korea. All that said, transmission bottlenecks post a near-term upside driver for LNG, as grid constraints on transporting southern wind power support near-term LNG as the default baseload fuel. Overall, we see developed Asian physical demand as structurally flat to declining, in line with the GS commodity research estimates (link); near-term security concerns may drive incremental paper contracts/demand, though ultimate China and South/Southeast Asia demand remains the primary focus. Altogether, while structural demand across China, Japan, and Korea appeared softer than we would have anticipated, we acknowledge our discussions primarily featured LNG buyers, who may maintain a conservative demand outlook amid active commercial negotiations.

Exhibit 5: China remains a key focus for LNG balances into next decade; China's long-term LNG demand outlook tilted softer as policy support weakens
LNG Demand by Region (2025-2035E), mtpa



Source: Goldman Sachs Global Investment Research

Exhibit 6: China's natural gas demand outlook remains a key input for LNG balances later this decade; we note every +/- 1% change in annual natural gas demand growth 2025-2035 equates to ~+/- 50 mtpa of 2035 LNG demand
Illustrative China Gas Supply/Demand



Our illustrative analysis displays implied 2025-2035 China LNG import demand growth assuming 4% annual natural gas demand growth in the low case, 5% annual natural gas demand growth in the mid case, 6% annual natural gas demand growth in the high case. Our scenarios each contemplate 2% annual pipeline import growth and 3% annual production growth. The midcase represents the GS commodities China LNG import forecast by 2035.

Source: Goldman Sachs Global Investment Research, Bloomberg

Stock Highlights

We still see upside across the US LNG complex. We maintain our constructive views on

LNG, VG, GLNG, and EE. Our views on each stock follow:

- **Cheniere Energy (LNG, Buy):** We are constructive on LNG, as we continue to see the company's operational execution, cash flow quality, near-term growth catalysts, and balance sheet position as underappreciated. On the current footprint, we see a clear line of sight to executing over $30 per share of run-rate distributable cash flow (DCF) by the early 2030s (we think an update here is possible alongside the SPL T7 FID), which is supported by highly stable cash flows with ~95% of capacity contracted under long-term, take-or-pay agreements. Looking forward, we are constructive on the company's ability to achieve a positive final investment decision (FID) on Phase 1 of the Sabine Pass (SPL) expansion project by late 2026/early 2027. We also expect near-term commercial progress to support the sanctioning of the Corpus T4 expansion in 2027, particularly as global buyers seek secure, long-term ex-Persian Gulf LNG supply amid ongoing supply disruptions. Separately, we see LNG's solid balance sheet position supporting strong capital returns going forward, as the company targets 175 million shares outstanding by 2027.
- **Excelerate Energy (EE, Buy):** We are constructive on EE, as we continue to see a positive near-term catalyst path for organic growth and operational execution, and we see valuation as compelling. We see EE's incumbent position operating ~25% of global floating storage and regasification capacity (per company disclosures) positioning the company well to benefit from planned LNG supply additions through next decade, as we expect abundant LNG molecules to drive new demand for the asset class in emerging, price-elastic markets. Looking forward, we are constructive on near-term growth catalysts (potential execution on a Caribbean hub-and-spoke opportunity, commercialization of the Patricia Camilla conversion vessel which could include vertical integration) that we expect to extend EE's industry-leading EBITDA growth through early next decade (we estimate ~11% CAGR 2025-2030). We see EE's focus on integration as a key driver to capture margin across the LNG-to-electron value chain, deepen customer stickiness and contract durations, and support project returns. Lastly, we expect updates at 3Q26 results on EE's plans for the 2027 Iraq and Colombia deployments (including potential vessel shuffling options) projects to address investor concerns on EE's 2027 growth outlook.
- **Golar LNG (GLNG, Buy):** We are constructive on GLNG, as we continue to see a near-term catalyst path for both positive operational and organic growth updates as well as the ongoing strategic review as underappreciated. On the current footprint, we see a clear line of sight to executing ~$1.2b of run-rate EBITDA by ~2030 (ex-commodity adjustments), which is significant growth relative to 2025 of ~$260m. Looking forward, we are constructive on the company's ability to announce a commercial contract for the recently FID'ed fourth vessel in the near-term, particularly as LNG buyers seek to diversify LNG supply portfolios away from the Middle East amid ongoing supply disruptions. In our view, the commercialization of the fourth vessel is an important milestone not only for derisking the on-spec development of the fourth boat, but also for read-throughs on GLNG's ability to FID a fifth vessel thereafter. On that point, we see GLNG's shipyard slot options for pre-FID boast #5-7 as underappreciated; for context, every MKII vessel could add ~$400m of run-rate EBITDA, all else equal, on our math, based on the same

economics as the Esperanza MK II FLNG. Elsewhere, we will monitor other catalysts including the ability for GLNG to crystallize value from its contractual commodity upside call option from the Argentina assets over time. Separately, we will continue to monitor updates on the formal strategic review, which is focused on accelerating the growth pipeline of FLNG vessels and maximizing shareholder value (and could include a sale of the company, per management).

- **NextDecade (NEXT, Neutral):** We are Neutral rated on NextDecade, as we continue to see a well-telegraphed near-term capacity ramp and less transparent equity distribution waterfalls as balancing the company's long-term organic growth optionality. On the current footprint, we expect constructive operational updates in the coming months, as NextDecade finishes construction on the first of its five Rio Grande LNG trains with first LNG expected within 1H27. Looking forward, while approximately 85% of the consolidated liquefaction capacity is insulated from spot commodity margin movements under long-term take-or-pay SPAs with investment-grade counterparties, we expect distributable cash flow (DCF) net to NextDecade common shareholders to grow more slowly than consolidated EBITDA due to promoted equity splits to project partners, debt service, and corporate cash drags. All that said, we recognize the potential for the company to add up to five incremental liquefaction trains to its Rio Grande site over time, where, for context, a 6th LNG train could add $1 to $2 per share of implied value, all else equal, on our math. We acknowledge the more constructive permitting environment could support commercialization of a 6th train, though we will continue to look for concrete permitting, commercializing, and financing updates here before underwriting T6+ value.
- **Venture Global (VG, Buy):** We are constructive on Venture Global, as we continue to see a near-term catalyst path for both operating and organic growth catalysts, commercial momentum, and cash flow upside as underappreciated. In the near-term, while we remain below consensus on our lower price deck, we acknowledge meaningful upside risks if strip holds and/or CP2 comes online earlier than our June assumption. Looking forward, we are constructive on the company's ability to continue executing long and medium-term contracts, supporting the FIDs of the Plaquemines and CP2 bolt-ons within early 2027. On that point, we see the company's brownfield development pipeline, clearer near-term funding path, and narrowing cone of uncertainty around the company's near-term growth path, as underappreciated.

Valuation and Risks

GLNG

Our 12-month $67 price target is based on an unlevered DCF discounted at a 9.25% WACC with a 10.5x terminal year EBITDA multiple. Our price target is based on a fundamental valuation at an 85% weight based on an unlevered DCF (with a 25% risking of a fifth FLNG Mark II vessel) discounted at a 9.5% WACC with a 10.5x terminal year EBITDA multiple, and an M&A theoretical value of $75 at a 15% weight based on an

unlevered DCF (with a 100% inclusion of a fifth FLNG Mark II vessel) discounted at a 9.0% WACC with a 10.5x exit year terminal value EBITDA multiple.

Downside risks include: Lower global gas pricing, counterparty concentration and geopolitical risk, higher than expected conversion costs, longer than expected conversion timelines, early contract termination, complex and/or atypical financing arrangements weighing on perceived transparency for investors, and lower than guaranteed operational capacity.

EE

We are Buy rated with a 12-month $49 price target based on an unlevered DCF and a 10.25% WACC with a 3% terminal growth rate.

Downside risks include: higher global gas pricing which could weigh on global LNG demand, longer-than-expected geopolitical conflict in the Middle East, higher-than-expected conversion costs for incremental FSRUs, market competition for FSRU deployments, higher-than-expected LNG supply costs for the Iraq project, counterparty credit risk, customer FX convertibility risk, balance sheet over-extension and/or equity funding needs, and onshore terminal substitution over time.

LNG

We are Buy rated with a 12-month price target of $308 based on a 12.5x multiple on our 2027 EBITDA estimate.

Downside risks include: 1) Lower-than-expected global gas prices, 2) higher-than-expected US natural gas prices, 3) execution issues that reduce view of a strong track record, 4) asset concentration risk, and 5) high multiple fold-in of CQP.

NEXT

We are Neutral rated with a 12-month price target of $8.50 based on a levered DCF with a 10% cost of equity and a 2% terminal growth rate.

Upside risks include: Better than expected production ramp on Trains 1-5, better than expected commercial success could support a potential FID of Rio Grande T6+, better than expected global gas pricing, lower than expected EPC costs for incremental expansions, and lower than expected parent debt funding requirements.

Downside risks include: Lower global gas pricing, higher debt funding requirements, slower than expected construction execution, lower than expected gas sourcing margins, higher than expected run-rate O&M and corporate SG&A, balance sheet constraints and potential equity funding needs, lower than expected distributions from less transparent, complex equity waterfall, later than expected equity ownership flips at Train 4 and 5.

VG

We are Buy-rated with a 12-month price target of $18.00 based on a cash flow to equity estimates at an 10.25% discount rate and 3% te rate.

Downside risks include: 1) arbitration on CP1 is still pending, 2) execut outstanding on signing incremental contracts needed for future project



risk to global gas prices in the near term in the event of a Russia/Ukraine peace agreement and in the medium term from the upcoming wave of liquefaction projects weighing on global gas pricing, 4) reduction in long term global LNG demand, 5) project funding requirements could require significant equity and/or debt raises, 6) permitting approvals and construction timing, 7) risks associated with higher input costs weighing on margins, and 8) risks for higher unit costs weighing on execution on excess LNG production volume realization.