LNG Unlimited
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US gas company EQT posts strong profits and pursues LNG advocacy

Few outside America have heard of the nation's biggest gas producer and LNG backer

LNG News Editor

EQT, a natural gas company few have heard of outside of America and which is the nation's biggest gas producer and runs the "Unleash US LNG" advocacy campaign, reported strong fourth-quarter and annual earnings.

"We have progressed our energy transition efforts by building on our 'Unleash US LNG' advocacy to develop infrastructure that can be used to transport low-carbon natural gas," said the company.

Prolific resources

EQT's natural gas is produced from hydraulic fracturing from shale across the Marcellus and Utica formations of western Pennsylvania, Ohio and West Virginia and the resource basins are among the most prolific hydrocarbon reservoirs in the world.

Tens of thousands of contractors work on EQT's well sites in the Appalachian hills including around Pittsburgh, a former US powerhouse city previously surrounded by steel and coal production and subsequently depressed by decades of closures.

EQT reported fourth-quarter net income of $1.71 billion, slightly down on the $1.80Bln posted in the same three months of 2021.

For the full year of 2022 EQT reported net income of $1.78Bln versus a net loss of $1.14Bln in 2021.

Among its earnings highlights, EQT pointed out that it had acquired two companies, Tug Hill and XcL Midstream, for $2.6Bln in cash and with 55 million shares.

President and Chief Executive Toby Rice took helm in 2019

The company said Tug Hill's assets are expected to add 800 million cubic feet equivalent per day and the acquisitions are anticipated to lower the corporate free cash flow breakeven gas price by approximately $0.15 per million British thermal units.

EQT said that for all of 2022 it generated around $3.5Bln of net cash provided by operating activities, nearly $2Bln of free cash flow, and returned almost $1.7Bln to shareholders via the base dividend, share repurchases and debt retirement.

"Total proved reserves were 25.0 trillion cubic feet equivalent, up slightly year-over-year with total discounted after-tax future net cash flows of $40Bln, an increase of $23Bln compared to 2021," said EQT.

The company said that it had also built out its New Ventures team to lead EQT's energy transition efforts.

"EQT achieved an impressive suite of milestones in 2022 across all aspects of our business," said EQT President and Chief Executive Toby Z. Rice.

"We generated significant free cash flow, materially improved our balance sheet and returned meaningful capital to shareholders via our base dividend and share repurchases," stated Rice. "We also completed our pneumatic device replacement program a full year ahead of schedule and at a cost of approximately $6 per metric ton of CO_2e abated, which materially de-risks our path to net zero by 2025," added the CEO.

"Our 2022 achievements represent yet another positive step of the journey we've been on since taking over the helm of EQT in 2019," he explained.

EQT is a 135-year-old company and has become America's largest natural gas producer, accounting for 5 percent of the country's total and which surpasses either ExxonMobil Corp. or Chevron Corp.

Hedging

Rice has run EQT since his family company Rice Energy was bought by EQT for $6.7Bln in 2017 and then won a proxy war to unseat the board.

"Over this period, our team continued to improve asset productivity, strengthened our balance sheet, evolved our hedging strategy and added to our successful M&A track record, creating a durable, free cash flow focused business model that will thrive in all natural gas price scenarios," he explained in the earnings statement. ■

UNLIMITED AGENDA

CEO of Enbridge wants LNG and pipeline permit reforms and sees future as gas-reliant

LNG News Editor

The new Chief Executive of Canadian pipeline company Enbridge Inc., Greg Ebel, has said that regulatory uncertainty in Canada had resulted in a "lost decade" for Canadian liquefied natural gas production and that US regulators also have to help projects on the Gulf Coast of Texas and Louisiana to move forward.

Ebel, who took over in January 2023 from outgoing Enbridge CEO Al Monaco, said the company's pipelines currently supply feed gas to five operating LNG export facilities on the US Gulf Coast.

Enbridge CEO Greg Ebel wants regulatory reform for LNG

Progress

Ebel said that the LNG export business was a missed opportunity for Canada, particularly for the West Coast in British Columbia, which does not yet have an operating LNG export facility, though LNG Canada is nearing completion.

"Progress is being made, with LNG Canada's massive LNG export terminal under construction near Kitimat and Enbridge's own Woodfibre LNG, a partnership with Singapore's Pacific Energy Corp., also approved," he added.

Ebel outlined his views in a conference call after the Calgary, Alberta-based company's earnings were released. Ebel stated on the call that Canada needed to do more to accelerate energy infrastructure development.

"Investors need stability and certainty, and Canada's failure to provide is one reason LNG investment has flowed to the US Gulf Coast instead," he explained.

Ebel said that Enbridge had further underpinned the value of its North American pipeline system as all contracts up for renewal in 2022 had been successfully re-contracted.

"We placed $900 million into service, including modernization projects and our Vito offshore (Gulf of Mexico) pipeline system," Ebel told analysts.

"Our natural gas export strategy continued to play out as we began construction on our Venice extension projects serving Plaquemines (Louisiana) LNG," he explained.

"In addition, our investment in Woodfibre LNG (Canada) has helped spur new investment along our BC Pipeline system, where we secured another $4.8 billion of expansions on T-North and T-South," he stated.

Ebel said that he saw continuing opportunities for US and Canadian and Gulf Coast LNG export projects.

"We see tremendous potential for North American LNG to meet global demand for secure lower-carbon energy, and we are engaging with governments in the United States and Canada to advocate for permitting reforms to support development," he declared.

"We also further reduced our exposure to commodity prices by decreasing our economic interest in DCP (Midstream) and in favor of a higher interest in the Gray Oak pipeline that is highly contracted," he added in reference to the pipeline running from the Permian Basin in West Texas to both Corpus Christi and the Sweeney/Freeport areas along the Gulf Coast. ■

TC Energy reports net loss on LNG Canada pipeline while advancing US feed-gas plans

TC Energy Corp., the Canadian natural gas pipeline company, reported strong four-quarter results from US and Mexican activities, though posted a huge quarterly impairment charge related to the rising costs of the Coastal GasLink pipeline for LNG Canada and this meant a quarterly loss.

The Calgary, Alberta-based company reported fourth-quarter net losses attributable to common shares of C$1.44 billion (US$1.08Bln), or C$1.42 (US$1.02) per common share, compared with net income of C$1.1 billion (US$823.7 million), or C$1.14 (US$0.79) per common share, in the 2021 quarter.

The losses came from the Canadian Natural Gas Pipelines division taking a fourth-quarter hit of C$2.59Bln (US$1.94Bln) in 2022 versus a profit of C$389M (US$291M) in the same three months of 2021.

However, for the full year 2022 TC Energy turned a profit of C$641M (US$480M), less than the previous year's C$1.81Bln (US$1.35Bln).

The Coastal GasLink pipeline for LNG Canada is more than 84 percent complete with the mechanical in-service deadline still hoped for by the end of 2023.

Together with LNG Canada, the 2.1 billion cubic feet per day pipeline will provide the first direct path for Western Canadian natural gas to reach global LNG markets.

However, TC Energy said a comprehensive cost and schedule risk analysis was conducted and revealed current market conditions and potential risks and uncertainties were still facing the remaining project scope.

Completion costs

As a result, TC Energy said it estimated the costs to complete the feed-gas pipeline to the LNG Canada plant at Kitimat in British Columbia had increased to around C$14.5 billion (US$10.84Bln).

"We determined that this was an other-than-temporary impairment of our equity investment in Coastal GasLink LP and, as a result, we recognized a pre-tax impairment of C$3.0 billion, C$2.6 billion after tax, in the fourth quarter 2022," the company said.

In US operations, TC Energy said its US Gulf Coast Gillis Access Project having been sanctioned for development has also been given the go-ahead for an extension.

The Gillis Access Project is a 1.5 Bcf per day greenfield pipeline system that will connect supplies from the Haynesville basin at Gillis to markets elsewhere in Louisiana.

The project has an anticipated in-service date in 2024 and a total estimated cost of US$400M.

"In February 2023, we approved a 63km (39 mile), 1.4 Bcf per day, extension of the Gillis Access project to further connect supplies from the Haynesville basin at Gillis," said the company. ■

Gasunie ends option for FLNG Terneuzen

Gasunie, the Dutch utility and LNG import terminal shareholder in the Netherlands and Germany, said it was working on options to increase LNG with further expansion of the existing capacity off the North Sea port at Eemshaven and at the Gate facility in Rotterdam.

Gasunie admitted that a recently announced feasibility study had shown that a new floating LNG terminal in the port of Terneuzen in the Dutch Zeelandic region was not feasible in the short term.

"In this study, Gasunie is working closely with Vopak," said the utility in reference to the Dutch storage company and its partner in the Rotterdam terminal.

"The aim of realising temporary LNG import capacity in Terneuzen in the short term and for a limited period proved to be technically and commercially unfeasible," explained Gasunie.

"It is therefore unwise to embark on the construction of a temporary additional terminal," it added.

"Gasunie thanks its project partners and stakeholders in Zeeland for the good cooperation in the study phase," stated Groningen-based Gasunie.

Gasunie is additionally a shareholder in the proposed German onshore LNG import terminal at Brunsbüttel on the Elbe River.

Its partners in Brunsbüttel are the German utility RWE and the German federal finance agency, Kreditanstalt für Wiederaufbau (KfW).

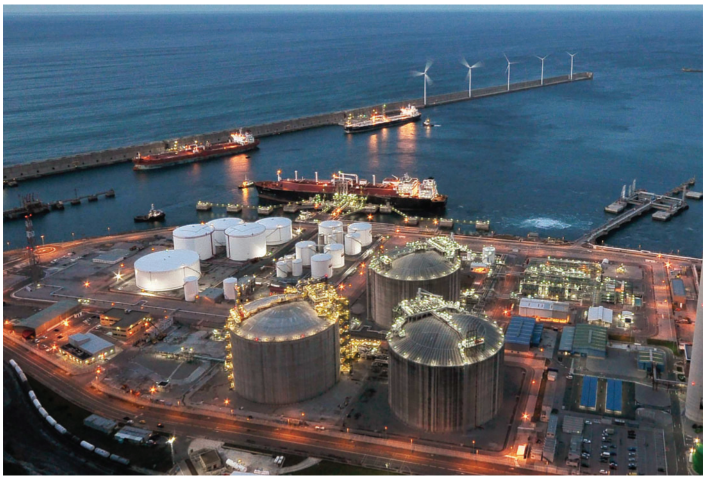
Gasunie said that the exploration of a new floating LNG terminal in the Netherlands is part of a broader package of proposed measures to increase LNG import capacity.

Spain and other EU nations boost Russian LNG cargoes

LNG News Editor

Spain increased its imports of Russian liquefied natural gas in 2022 despite Western sanctions over the invasion of Ukraine and with only the UK out of leading European importers voluntarily ending LNG cargo deliveries from Russia and later joined by the Baltic nation of Lithuania.

Spain, France, the Netherlands have continued to receive LNG cargoes, which are not on the formal Western sanctions list.



Spanish LNG import terminal at northwest port of Bilbao

Arctic cargoes

The shipments to Spain and other European Union nations mostly come from the Yamal LNG export plant in northeast Siberia and operated by Russian natural gas company Novatek.

Latest Spanish data showed that 12.6 percent of Spanish natural gas was imported from Russia in the form of LNG and regasified to enter the state gas grid or re-exported to other EU nations.

With the start of the war in Ukraine in February 2022, energy supplies from Russia collapsed with oil accounting for just 1 percent of Spanish imports and with only LNG surviving as a seemingly essential Russian commodity.

Regarding LNG imports, the data showed that Spain received 56,021 gigawatt hours (GWh), or 4.24 million tonnes, of LNG from Russia in 2022, which was 54.8 percent more than in 2021 when it imported 37,027 GWh, or 2.80MT of LNG.

As a consequence, Spain's share of LNG shipments from the Russians increased by 3.7 percentage points in 2022 from 8.9 percent to 12.6 percent.

The data showed that Russia remained the fourth largest natural gas supplier to Spain after LNG deliveries from the US, pipeline natural gas from Algeria and LNG cargoes from Nigeria.

In the last month of 2022, Russian deliveries from the Yamal plant to northwest Spain and other Spanish terminals surpassed LNG deliveries from Nigeria and consolidated itself in third place.

Dutch still importing Yamal LNG and mulls joint EU buys

The Netherlands said that almost a year after Russia invaded Ukraine, the country had virtually stopped importing energy from Russia, though received about the same amount of Russian LNG in 2022 than in the previous year and was looking at setting up new LNG import terminals and joint purchasing global cargoes with the European Union.

After the outbreak of the war in Ukraine, the EU agreed to phase out Russian energy imports as quickly as possible under Western sanctions and recently extended sanctions to Russian petroleum products like gasoline, fuel oil or jet fuel.

"In combination with the existing sanctions on coal and crude oil, this means that virtually no Russian petroleum products, crude oil or coal are now entering the Netherlands," said a government statement.

However, the Dutch have increased LNG volumes from most exporting countries and set up the new Eemshaven floating LNG terminal in the North Sea to offset the end of imports via Germany of Russian pipeline natural gas from Gazprom.

"The volume of LNG imported from Russia remained roughly the same in 2022 as in 2021. The doubling of LNG imports as a whole, including LNG from countries other than Russia, meant that the percentage of LNG imported from Russia showed a decrease," the government admitted.

"Both the new Eemshaven Energy Terminal and the Gate terminal (Rotterdam) offer scope for further expansion. The possibility of establishing new LNG terminals in the Netherlands from 2024 onwards is also being examined," it stated.

Dutch-EU purchasing

"When it comes to imports, including of LNG, the Netherlands is working at the EU level on a joint-purchasing action plan," added the government.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NEWS BRIEFS

Shell LNG outlook

Shell said in a liquefied natural gas sector outlook that Europe's increased need for LNG looks set to intensify competition with Asia for limited new supplies over the next two years. Total global trade in LNG reached 397 million tonnes in 2022. Shell added that European countries, including the UK, imported 121MT of LNG in 2022, an increase of 60 percent compared with 2021, which enabled them to withstand a slump in Russian pipeline gas imports following the invasion of Ukraine.

Australia project

Australian LNG operator Santos has won environmental approval for an offshore project relating to the Dorado oil and gas development in the Bedout basin offshore Western Australia and with LNG potential. The field is located about 160 kilometres (100 miles) north of Port Hedland near the Pilbara region of Australia. "Dorado is a proposed phased liquids and gas development, with an initial phase of liquids development with gas re-injection and the potential for a second phase development to recover and pipe the gas to the Western Australian domestic and LNG markets," Santos said.

Höegh's FSRU loans

Höegh LNG Holdings has signed a new loan facility agreement with a group of banks to refinance the "Höegh Esperanza" and "Hoegh Gannet" floating storage and regasification (FSRU) units employed on long-term contracts in Germany. Höegh's new loan facility agreement is for a total of $685 million and for 10 years and will be used to repay existing loan facilities and for general corporate purposes. ■

LNG and maritime fuel industry marks largest recent consolidation deal as three firms to merge into Baseblue

LNG News Editor

Lars H. Nielsen (left) of BMS is new Chief Executive of Baseblue and Gregoris Gregoriou of Bunkernet is Chief Commercial Officer of the merged fuelling group

The LNG and maritime fuel industry marked its largest recent consolidation deal, though relatively modest in scale, as BMS United Bunkers, Bunkernet and SBI bunkering BV said they had entered a definitive merger agreement to create a company called Baseblue to be a future industry leader in marine fuelling.

"This merger of equals will result in a larger and financially more reliable company that can offer complete and dependable marine energy solutions to a broader clientele," said a statement.

Wider range

"Baseblue will offer a wider range of services, including alternative fuels, emissions trading and digital optimization," it added.

An experienced management team from the three firms, which have quality clienteles built up over 30 years, will manage Baseblue.

The amalgamated executive team will be led by Lars H. Nielsen of BMS as Chief Executive. Gregoris Gregoriou, Managing Director of Bunkernet, will be Chief Commercial Officer of Baseblue.

In further appointments David Gregory, General Manager of SBI, will be appointed Managing Director of Baseblue North Europe, while Antonis Xiros will be Chief Operations Manager and Nicholas Argyrou will be Key Account Director.

Global offices

"Baseblue brings together the best of the three leading brands to deliver a more comprehensive bunkering management proposal in the market," explained Baseblue CEO Lars Nielsen.

"We are committed to delivering real unrivalled value through tailor-made services," stated Nielsen.

The new company will have offices in Greece, Argentina, Cyprus, Hong Kong and the Netherlands.

"Baseblue will employ over 80 specialists with global expertise under one brand to offer extensive services," added the statement.

Patrick Benink, a leading trader with the group, said they were looking into supplying cleaner bunker solutions such as LNG and hydrotreated vegetable oil (HVO), also known as "green diesel" subject to availability.

"What is going to be the right fuel of the future? That is something I don't think anyone can answer at this stage," added Benink.

The industry has been testing a number of cleaner fuel options as well as the established LNG fuel such as ammonia and methanol.

> **"This merger of equals will result in a larger and financially more reliable company that can offer complete and dependable marine energy solutions to a broader clientele"**

"We have this green fuels transition and decarbonisation and it is very important for us to have expertise and be at the forefront of that," said Baseblue CEO Nielsen.

Finances

The CEO added that the merged group had equity of about $50 million with financing facilities for a couple of hundred million more when required.

Gregoris Gregoriou, the new CCO, said the merged group was committed to staying ahead of the curve.

"Stronger than the sum of our parts, Baseblue will bring marine energy solutions that deliver real value and drive sustainable growth to its clients," explained Gregoriou.

"Understanding the need for digitalization, we will safely guide them towards their business goals by offering seamless services through digital decision-making platforms," he added.

The statement added that while the merger was effective immediately there would be a transition period until the end of April.

"Beyond the name and logo change, customers will not experience any changes in daily operations," said Baseblue. ■

International Gas Union issues new plan for African LNG nations to meet domestic needs

LNG News Editor

PetroSA gas processing plant at Mossel Bay in South Africa

Despite holding almost 9 percent of the world's proven reserves of natural gas, Africa remains the most energy-poor continent while industries rely on expensive, inefficient and polluting sources of energy leaving hundreds of millions of households lacking modern energy access, according to a new International Gas Union report.

Several countries, including Mozambique, Tanzania, Mauritania and Senegal are currently actively marketing the use of natural gas to capitalise on recent discoveries and some of the nations are on the brink of earning valuable income from exporting LNG cargoes.

'Gas For Africa'

The "Gas for Africa" report was prepared by consultants Hawilti Ltd in partnership with the IGU.

The IGU is the global voice of the pipeline natural gas and LNG industries with more than 150 members in over 80 countries.

The report is based on market research, publicly available data, and research interviews conducted by Hawilti with various public-sector and private-sector executives across Africa.

It engaged the African Union's African Energy Commission (AFREC) and the Africa Finance Corporation (AFC), which have provided critical insights and endorsed the report's key findings and conclusions.

Proven natural gas reserves in Africa are estimated to be at least 18 trillion cubic metres, about 8.8 percent of the world's total.

They are considerable in Northern (45 percent) and Western (32 percent) Africa especially and commercial quantities of natural gas have been found in many other African countries.

"The huge reserves of gas can play a significant role in the energy transition for the fact that natural gas has a much less carbon footprint than oil and coal," said the report.

"Natural gas can be used as an energy source to assist certain regions and countries with power generation, transport, and cooking. Sub-Saharan Africa should be prioritised, accounting for three-quarters of the global energy access deficit," declared the IGU.

The IGU noted that instead of helping to meet growing domestic energy needs, the development of Africa's abundant domestic gas resources have remained reserved mostly for the export market.

"While African gas has been fuelling economies and supporting decarbonisation and jobs abroad, most of the African continent has no access to infrastructure to benefit from its resources," the report explained.

Electricity consumption is also very low, averaging 534.6 kilowatt hours (kWh) per capita on the continent in 2020, against a global average of 3,210 kWh.

The report said that most people in sub-Saharan Africa have an electricity consumption that is below that of an average US refrigerator.

"Energy poverty is preventing the industrial and commercial development of Africa and making the development of competitive and modern economies, as well as implementing climate change mitigation measures, impossible," the report said.

Six-point plan

In its quest for greater gas adoption, the IGU report concludes that the continent should seek to reorient gas towards domestic markets and find the appropriate balance between lucrative export revenues and the pressing needs of local economic and social development.

The IGU listed six main goals for adopting natural gas locally to African needs.

1. Promoting gas-based industrialisation to create jobs, expand supply-chains with the production of fertilizer and petrochemicals, and diversify economies with the growth of energy-intensive industries such as cement, steel and desalination among others.
2. Generating baseload electricity in countries with no alternatives like hydropower or geothermal, and ultimately strengthening national and regional power systems.
3. Providing cleaner and more affordable energy to households and industries by displacing wood, biomass, charcoal and diesel.
4. Switching coal and diesel-fired power plants to gas to begin decarbonising the electricity mix.
5. Developing, receiving and processing infrastructure that can monetise associated gas, thereby eliminating routine flaring while making additional energy available for homes and industries.
6. Building gas systems that are decarbonisable with the use of renewable gas and carbon-capture technologies and can therefore provide energy today while anchoring the continent's future low-carbon power systems.

■

JGC posts rise in sales led by LNG

JGC Holdings Corp., the Japanese energy engineering company with current major liquefied natural gas project work in progress, reported a 30 percent jump in nine-month sales as the Yokohama-based company maintained a healthy backlog of contracts.

JGC said nine-month sales came to 416.6 billion yen ($3.17 billion) compared with 319.4Bln ($2.43Bln) in the period to the end of December 2021.

Among the contracts won by JGC was as head of a consortium with South Korea's Samsung Heavy Industries for the construction of a nearshore floating LNG project in Malaysia planned by national oil and gas company Petronas.

This facility will be the third floating LNG plant to be constructed for an offshore gas fields in Malaysia. It will have minimum production capacity of 2 million tonnes per annum of LNG and was scheduled for completion in 2027.

JGC's main responsibilities will cover the engineering, procurement and commissioning work for the FLNG topside, the associated onshore facilities as well as the management of the overall project.

The company's earnings statement showed operating profits rose to 25.3Bln ($185 million) versus 15.3Bln yen ($116M) in the period.

Net profits amounted to 22.5Bln yen ($171 million), down from 44.3Bln yen $337M) in the prior year nine-month period.

JGC's contracts backlog was 1.58 trillion yen ($12.5 billion) at the end of December 2022.

APLNG shareholder Origin Energy says due diligence completed for bid

LNG News Editor

Origin buy-out will change structure of Queensland LNG

Origin Energy, the Australian upstream supplier to the Australia-Pacific LNG export plant in Queensland facing a A$18.4 billion (US$12.3 billion) buyout offer from a two-firm consortium led by Canada's Brookfield Asset Management, said the due diligence on the deal was largely completed.

Origin said in a statement to the Australian Securities Exchange that it was continuing its "active engagement" with Brookfield and consortium partner MidOcean Energy, an LNG company formed and managed by US-based energy investor EIG.

Conditions

"Origin advises that the Consortium has substantially completed due diligence and active engagement continues on a non-exclusive basis in relation to the submission of a binding proposal," said Origin.

The Sydney-based company noted that any binding proposal would be subject to a number of conditions, including approval by Australian regulators. "At this stage, shareholders do not need to take any action and Origin will continue to keep shareholders updated in accordance with its continuous disclosure obligations," said the company.

Origin's business comprises Integrated Gas with its feed-gas sales to Australia-Pacific LNG and a utilities and domestic power markets unit, the Energy Markets division.

This is made up of retail and wholesale electricity sales and natural gas supplies to the states of Queensland, New South Wales, Victoria and South Australia.

The bid for Origin from Brookfield comes after its offer in 2022 to buy Australia's leading utility, AGL Energy, was rejected.

The Origin buy-out proposal was made through the Brookfield Global Transition Fund, which is co-run by Mark Carney, the former Governor of the Bank of England.

Under the proposal to acquire Origin, Brookfield would take over the company's Energy Markets business, while MidOcean Energy, in the form of EIG, would take control of Origin's Integrated Gas business, including its 27.5 percent stake in APLNG.

Beach Energy increases sales and advances Australian gas and LNG

Beach Energy increased sales in the fiscal first half and was on scheduled to have first natural gas from an LNG feed-gas project in Western Australia and first gas from an East Coast venture while the company painted a gloomy picture of the energy business in New Zealand.

The Waitsia LNG feed-gas project in the onshore Perth Basin, its joint venture with Japan's Mitsui & Co.'s energy unit, is back on track for first gas by the end of 2023 after the engineering was taken over by an Italian firm WeBuild after the previous engineers Clough Limited were put in bankruptcy administration.

Clough was building the Waitsia project in the onshore Perth Basin to export LNG cargoes from the North West Shelf plant at Karratha operated by Woodside Energy under a tolling agreement with 50-50 gas field partners Beach and Mitsui E&P.

UK major BP has purchased all the LNG from the Waitsia project for five years.

Beach added that it was also targeting first East Coast gas from the Thylacine gas field in the Otway Basin offshore Port Campbell in the southwest Australian state of Victoria.

The Adelaide-based company said in its earnings statement that fiscal half-year sales revenues increased by 3 percent to A$813 million (US$562.3M) from A$786 million in the prior-year period.

"Our agreement with Webuild to complete the Waitsia Stage 2 project and the Environmental Plan approval for installation of the offshore Otway Thylacine wells are big steps forward for Beach in 2023," said Chief Executive Morné Engelbrecht.

Beach went on to paint a gloomy picture of the energy business in New Zealand where it has 8 percent of the natural gas market and a 25 percent market share of liquefied petroleum gas sales.

The company has a stake in the Kupe Field, located 30 kilometres (19 miles) off the New Zealand North Island in the Taranaki Basin.

Qatar's LNG carrier fleet operator Nakilat posts record net profits and revenue surge on deliveries

LNG News Editor

Qatar Gas Transport Company, known as Nakilat and with an LNG fleet of 69 vessels, has posted record net profits as demand for deliveries soared around the world.

Nakilat recorded its highest net profit of 1.44 billion Qatari riyals ($392 million) in the year to December, an increase of 6.3 percent compared with 1.35Bln riyals ($369M) last year.

Dividend

For this period, the Board of Nakilat recommended the distribution of cash dividends of 0.13 riyals per share.

"The world witnessed an increased demand for clean energy, which enabled Nakilat to continue diversifying its portfolio and international presence through its fleet, flexible logistics network and its leadership position in the market," explained Nakilat.

"This was possible through the association of long-term contracts with its customers," it added.

Nakilat CEO Abdullah Al-Sulaiti praised efforts of workforce

"Nakilat's business model has ensured its resilience and ability to adapt to market fluctuations, allowing the company to generate sustainable long-term returns for shareholders," it stated.

Company revenues also increased and amounted to 4.4Bln riyals ($1.2Bln). The Board praised all employees for helping to make the results possible.

"The year was marked by changes and challenges that have reshaped our industry," said Abdulaziz Jassim Al-Muftah, Chairman of Nakilat's Board.

"It has also been a year exemplified by the exceptional financial performance of our company, a direct reflection of our expansion strategy, outstanding record and operational excellence in energy transportation and maritime services," explained Al-Muftah.

The Board also expressed its appreciation for the support given by Saad Sherida Al-Kaabi, Minister of State for Energy Affairs and Chief Executive of QatarEnergy, as well as the industrial cities directorate, for their continued cooperation in the operational management of the Erhama bin Jaber Al Jalahma Shipyard.

They also thanked Nakilat's international customers, partners, shareholders, the Qatar Stock Exchange and Qatar Financial Markets Authority for their continued dedication and support.

"Despite all the challenges the world faced in 2022 by an unprecedented pace of rise in interest and inflation rates, Nakilat managed to overcome these fluctuations with the least impact on its financial performance," said Abdullah Al-Sulaiti, CEO of Nakilat.

"The results were complemented by the efforts of our dedicated workforce to achieve optimal value for our shareholders and customers," added Al-Sulaiti.

"The recent strategic expansion of the company's fleet with an additional four LNG carriers and the improved performance of its joint ventures operating in the drydock, demonstrated our commitment to innovative sustainability and operational excellence," declared Al-Sulaiti.

Shipbroker says charter market moving from uncertainty to term fixtures and more vessel orders

The early 2023 LNG shipping market has opened with a "trembling uncertainty" in the LNG freight market with charter rates in the first few weeks alone falling 30 percent in the Atlantic Basin and 16 percent in the Far East.

"Unsurprisingly, the steadily decreasing levels we saw across December dropped at a much quicker pace in January with the last set of fixtures far lower than those done before New Year," according to the monthly shipping report by London shipbrokers Simpson Spence Young.

Multiple positions

The SSY report said that while there were seemingly multiple positions in the West, many of these proved difficult to work as often the cargo in question was too far away when the next commitment of the ship was taken into account.

But with such availability, any kind of prompt free-on-board (FOB) tender was hotly competed for.

"Much tighter vessel availability in Asia left (the limited) cargoes having to pay up to secure shipping more than they would in the Atlantic for a similar voyage," said SSY.

"But the Lunar New Year did keep the market painfully quiet with the Far East to a point where in half a week there was arguably only one firm cargo requirement for the whole of February," explained SSY. "Europe's brief cold spell felt over almost as quickly as it begun. As a result gas prices tumbled, especially given European buyers were so busy during 2022 to secure LNG that EU Gas Storage sat well over 80 percent," it added.

SSY said that term shipping continued to not take a break which remains the unchanged story of LNG shipping.

"The first week alone saw at least four term fixtures. One of these was a European major extending a TFDE in their portfolio for a further three years creeping into the six-figure range and three more previously uncommitted new-buildings were snatched up," said the report. "Owners continued to dig in their heels as much as possible to try and secure rates to fully capture the sentiment. Also, after some deliberation, we began to see summer multi-month deals taking place," added the report.

SSY said that the market was approaching the window where a flurry of term action historically has taken place as charterers target late first-quarter and early second-quarter delivery and the current narrative does not suggest 2023 should be any different.

On the newbuilding front and for the month of January a total of nine LNGC orders were placed.


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