



Media Release

Global LNG demand to grow beyond 2040, driven by industrial demand in China and economic development in South Asia and South-east Asia

London, February 14, 2024 – Global demand for liquefied natural gas (LNG) is estimated to rise by more than 50% by 2040, as industrial coal-to-gas switching gathers pace in China and South Asian and South-east Asian countries use more LNG to support their economic growth, according to Shell's LNG Outlook 2024.

Global trade in LNG reached 404 million tonnes in 2023, up from 397 million tonnes in 2022, with tight supplies of LNG constraining growth while maintaining prices and price volatility above historic averages. Demand for natural gas has already peaked in some regions but continues to rise globally, with LNG demand expected to reach around 625-685 million tonnes a year in 2040, according to the latest industry estimates.

“China is likely to dominate LNG demand growth this decade as its industry seeks to cut carbon emissions by switching from coal to gas,” said Steve Hill, Executive Vice President for Shell Energy. “With China’s coal-based steel sector accounting for more emissions than the total emissions of the UK, Germany and Turkey combined, gas has an essential role to play in tackling one of the world’s biggest sources of carbon emissions and local air pollution.”

Over the following decade, declining domestic gas production in parts of South Asia and South-east Asia could drive a surge in demand for LNG as these economies increasingly need fuel for gas-fired power plants or industry. However, countries in South Asia and South-east Asia would need significant investments in gas import infrastructure.

The Shell LNG Outlook 2024 shows that gas complements wind and solar power in countries with high levels of renewables in their power generation mix, providing short-term flexibility and long-term security of supply.

European energy security

LNG continued to play a vital role in European energy security in 2023, following a slump in Russian pipeline exports to Europe in 2022, with new regasification facilities helping to improve security of energy supplies. European LNG imports remained at similar levels to 2022, despite an overall decline in European gas demand in 2023.

Relatively mild winter temperatures in countries that rely on gas for heating, combined with high gas storage levels, stronger nuclear power generation and a modest economic recovery in China, all helped balance the global gas market in 2023.

This helped bring down and stabilise gas prices in the key importing regions of Europe and East Asia compared to the record highs and unprecedented volatility seen from late 2021 through 2022. However, gas prices and volatility remained significantly higher in 2023 than in the 2017-2020 period.

Despite a well-supplied global market in 2023, the lack of Russian pipeline gas supply to Europe and a limited amount of LNG supply growth over the last year mean that the global gas market remains structurally tight.

To view Shell's LNG Outlook 2024, visit <http://www.shell.com/lngoutlook>

Enquiries

UK / International Media Relations: +44 20 7934 5550

Americas Media Relations: +1 832 337 4355

Asia Pacific Media Relations: apac-media@shell.com

Middle East and North Africa Media Relations: mena.media@shell.com

Cautionary note

The companies in which Shell plc directly and indirectly owns investments are separate legal entities. In this announcement, "Shell", "Shell Group" and "Group" are sometimes used for convenience where references are made to Shell plc and its subsidiaries in general. Likewise, the words "we", "us" and "our" are also used to refer to Shell plc and its subsidiaries in general or to those who work for them. These terms are also used where no useful purpose is served by identifying the particular entity or entities. "Subsidiaries", "Shell subsidiaries" and "Shell companies" as used in this announcement refer to entities over which Shell plc either directly or indirectly has control. Entities and unincorporated arrangements over which Shell has joint control are generally referred to as "joint ventures" and "joint operations", respectively. "Joint ventures" and "joint operations" are collectively referred to as "joint arrangements". Entities over which Shell has significant influence but neither control nor joint control are referred to as "associates". The term "Shell interest" is used for convenience to indicate the direct and/or indirect ownership interest held by Shell in an entity or unincorporated joint arrangement, after exclusion of all third-party interest.

Forward-Looking Statements

This announcement contains forward-looking statements (within the meaning of the U.S. Private Securities Litigation Reform Act of 1995) concerning the financial condition, results of operations and businesses of Shell. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements. Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements. Forward-looking statements include, among other things, statements concerning the potential exposure of Shell to market risks and statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. These forward-looking statements are identified by their use of terms and phrases such as "aim", "ambition", "anticipate", "believe", "could", "estimate", "expect", "goals", "intend", "may", "milestones", "objectives", "outlook", "plan", "probably",

“project”, “risks”, “schedule”, “seek”, “should”, “target”, “will” and similar terms and phrases. There are a number of factors that could affect the future operations of Shell and could cause those results to differ materially from those expressed in the forward-looking statements included in this announcement, including (without limitation): (a) price fluctuations in crude oil and natural gas; (b) changes in demand for Shell’s products; (c) currency fluctuations; (d) drilling and production results; (e) reserves estimates; (f) loss of market share and industry competition; (g) environmental and physical risks; (h) risks associated with the identification of suitable potential acquisition properties and targets, and successful negotiation and completion of such transactions; (i) the risk of doing business in developing countries and countries subject to international sanctions; (j) legislative, judicial, fiscal and regulatory developments including regulatory measures addressing climate change; (k) economic and financial market conditions in various countries and regions; (l) political risks, including the risks of expropriation and renegotiation of the terms of contracts with governmental entities, delays or advancements in the approval of projects and delays in the reimbursement for shared costs; (m) risks associated with the impact of pandemics, such as the COVID-19 (coronavirus) outbreak, regional conflicts, such as Russia’s invasion of Ukraine, and a significant cybersecurity breach; and (n) changes in trading conditions. No assurance is provided that future dividend payments will match or exceed previous dividend payments. All forward-looking statements contained in this announcement are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Readers should not place undue reliance on forward-looking statements. Additional risk factors that may affect future results are contained in Shell plc’s Form 20-F for the year ended December 31, 2022 (available at <https://www.shell.com/investors/news-and-filings/sec-filings.html> and www.sec.gov).

These risk factors also expressly qualify all forward-looking statements contained in this announcement and should be considered by the reader. Each forward-looking statement speaks only as of the date of this announcement, **February 14, 2024**. Neither Shell plc nor any of its subsidiaries undertake any obligation to publicly update or revise any forward-looking statement as a result of new information, future events or other information. In light of these risks, results could differ materially from those stated, implied or inferred from the forward-looking statements contained in this announcement.

Shell’s net carbon intensity

Also, in this announcement we may refer to Shell’s “Net Carbon Intensity”, which includes Shell’s carbon emissions from the production of our energy products, our suppliers’ carbon emissions in supplying energy for that production and our customers’ carbon emissions associated with their use of the energy products we sell. Shell only controls its own emissions. The use of the term Shell’s “Net Carbon Intensity” is for convenience only and not intended to suggest these emissions are those of Shell plc or its subsidiaries.

Shell’s net-Zero Emissions Target

Shell’s operating plan, outlook and budgets are forecasted for a ten-year period and are updated every year. They reflect the current economic environment and what we can reasonably expect to see over the next ten years. Accordingly, they reflect our Scope 1, Scope 2 and Net Carbon Intensity (NCI) targets over the next ten years. However, Shell’s operating plans cannot reflect our 2050 net-zero emissions target and 2035 NCI target, as these targets are currently outside our planning period. In the future, as society moves towards net-zero emissions, we expect Shell’s operating plans to reflect this movement. However, if society is not net zero in 2050, as of today, there would be significant risk that Shell may not meet this target.

Shell expects to publish its 2024 Energy Transition Strategy on March 14, 2024, which will include an update on Shell's energy transition strategy and set out Shell's climate targets and ambitions for the future.

Forward Looking Non-GAAP measures

This announcement may contain certain forward-looking non-GAAP measures such as cash capital expenditure and divestments. We are unable to provide a reconciliation of these forward-looking Non-GAAP measures to the most comparable GAAP financial measures because certain information needed to reconcile those Non-GAAP measures to the most comparable GAAP financial measures is dependent on future events some of which are outside the control of Shell, such as oil and gas prices, interest rates and exchange rates. Moreover, estimating such GAAP measures with the required precision necessary to provide a meaningful reconciliation is extremely difficult and could not be accomplished without unreasonable effort. Non-GAAP measures in respect of future periods which cannot be reconciled to the most comparable GAAP financial measure are calculated in a manner which is consistent with the accounting policies applied in Shell plc's consolidated financial statements.

The contents of websites referred to in this announcement do not form part of this announcement.

We may have used certain terms, such as resources, in this announcement that the United States Securities and Exchange Commission (SEC) strictly prohibits us from including in our filings with the SEC. Investors are urged to consider closely the disclosure in our Form 20-F, File No 1-32575, available on the SEC website www.sec.gov.