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HELIUM UPDATE

PRICE ADJUSTMENT
EFFECTIVE OCTOBER 2019

Suppliers helium sourcing developments



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- Skandinaviska Gasprodukters supplier Air Products invested heavily in new sources and/or extra volume:
 - Purchased Air Liquides share (was a JV) in Algeria, end 2016
 - Algeria expansion (\$100 MM investment), on stream 2020
 - Secured Qatar-3 source (expect on stream 2020)
 - Russia with Gazprom (from 2022 onwards)
- Each year the US government (BLM) allows gas companies to purchase extra volume above their contracted volume
 - Air Products purchased all helium volume of last auction from the US government (by auction), but at a premium price
- These extra 210 containers is for Air Products a strategic decision to secure supply throughout 2019
- Besides the extra volume from the BLM auction, no new sources in 2019 (world-wide, not just Air Products) will come on stream



Global sourcing cost



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- As of end 2018 BLM index ceased to exist, in 2019 nothing has been or will be published, BLM is now at all-time high
- Helium sources have been using the BLM as reference for putting volume up for sale for 2020 and 2021, driving general costing up
- Cost are continuously escalating and we do not know what the future will bring
- New sources that are coming on stream in the future are far from ready, needs complicated and expensive supply chains or which today investments are needed in new containers

Market and competition



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- No new sources are coming on stream in CY19 and CY20, other than the Air Products manufacturing locations Qatar-3 & Algeria
- In Europe:
 - Some competitors have released customers from contractual obligations & allow them to purchase elsewhere
 - Others are allocating customers
 - There is a desperate need on the market for volume, which caused purchase price to increase for those sources that have material available
 - Raising selling prices significantly
- In the US:
 - All gas companies – except Air Products – have declared force majeure or have put customers on allocation

Helium pricing

- Air Products cannot sustain existing pricing
- End-users are willing to pay very high prices
- Volume will be tight for the next 12-18 months, Air Products will get extra helium, but need to place it correctly (for example prioritize hospitals)
- Cost are truly escalating and will continue to do so
- Air Products increase represents a mix of cost increase and market dynamics



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Thank you for your attention!