

X-LNG CASE STUDY · JUL 2025

Revaluing an LNG supply option

See how one month of new market prices changes the value of the same six optional cargoes.



+45%

REGULAR-VOLATILITY OPTION VALUE · \$8.6M TO \$12.5M

Revalue the same LNG option one month later

Regular-volatility comparison · existing contracts and fleet unchanged

21 May 2025

May curves

23 June 2025

June curves

\$8.63M

Mean option value

New market inputs

\$12.46M

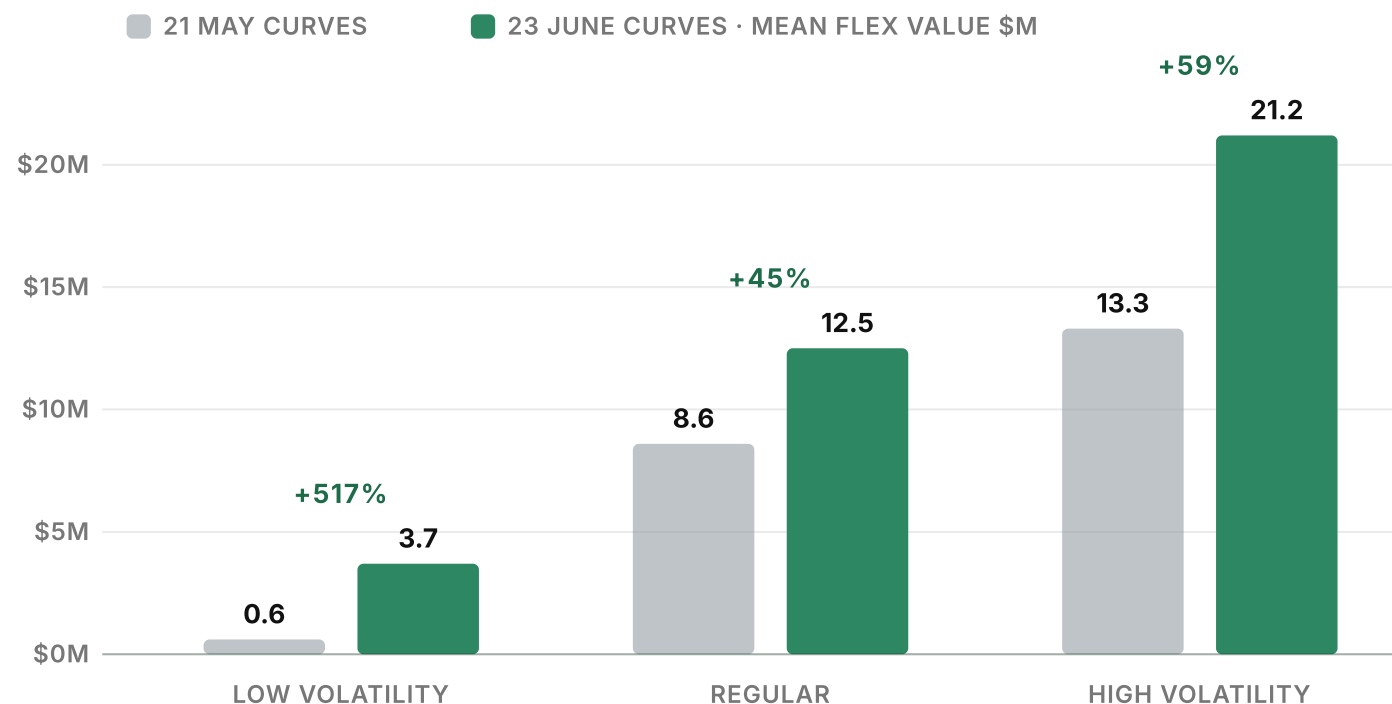
Mean option value

Same six optional cargoes

Only the dated market inputs change. The model recalculates the option on simulated price paths.

1,000 price paths at each volatility setting. Values shown are mean option values, not total portfolio profit.

June curves raise the option value in every volatility setting

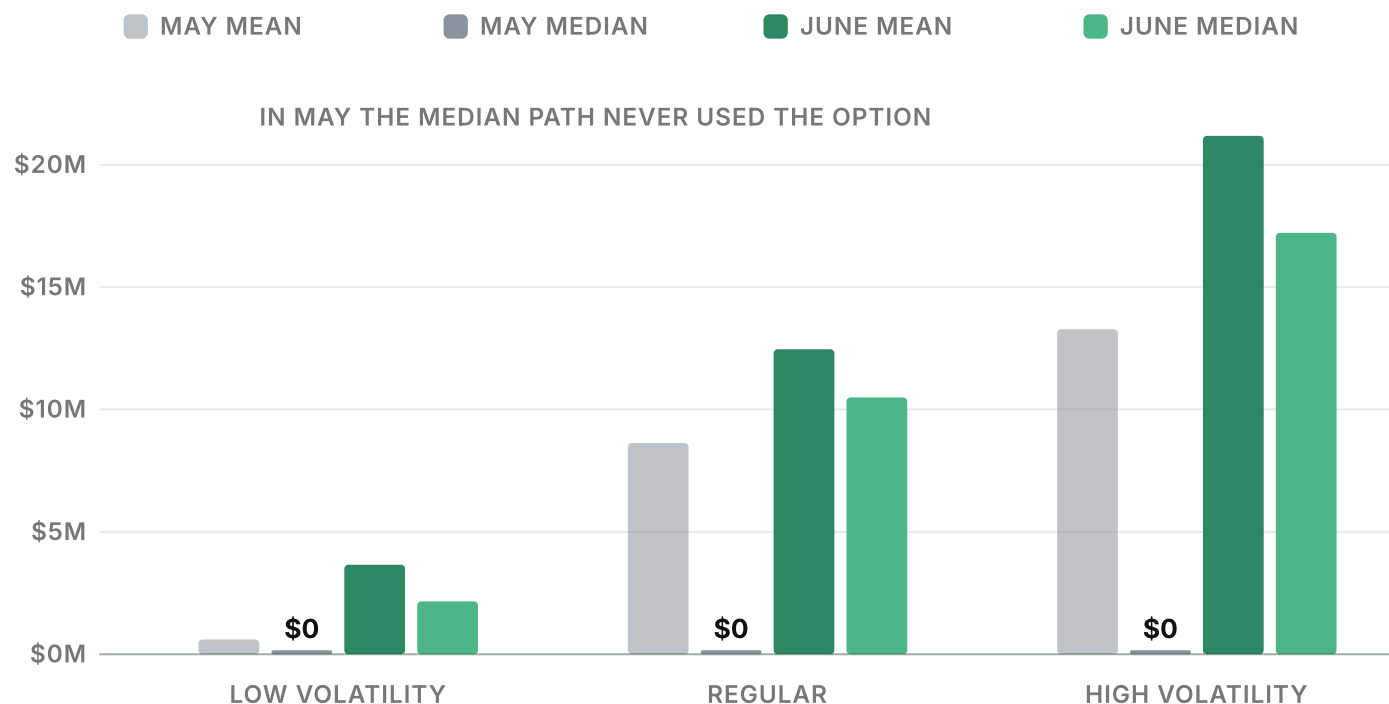


SAME PORTFOLIO, SAME CONTRACTS · ONLY THE FORWARD CURVES CHANGED

EXACT · MAY \$0.60M / \$8.63M / \$13.28M · JUNE \$3.66M / \$12.46M / \$21.18M

Regular-volatility value rises to \$12.5M from \$8.6M. High-volatility value rises to \$21.2M from \$13.3M. Low-volatility value rises to \$3.7M from \$0.6M.

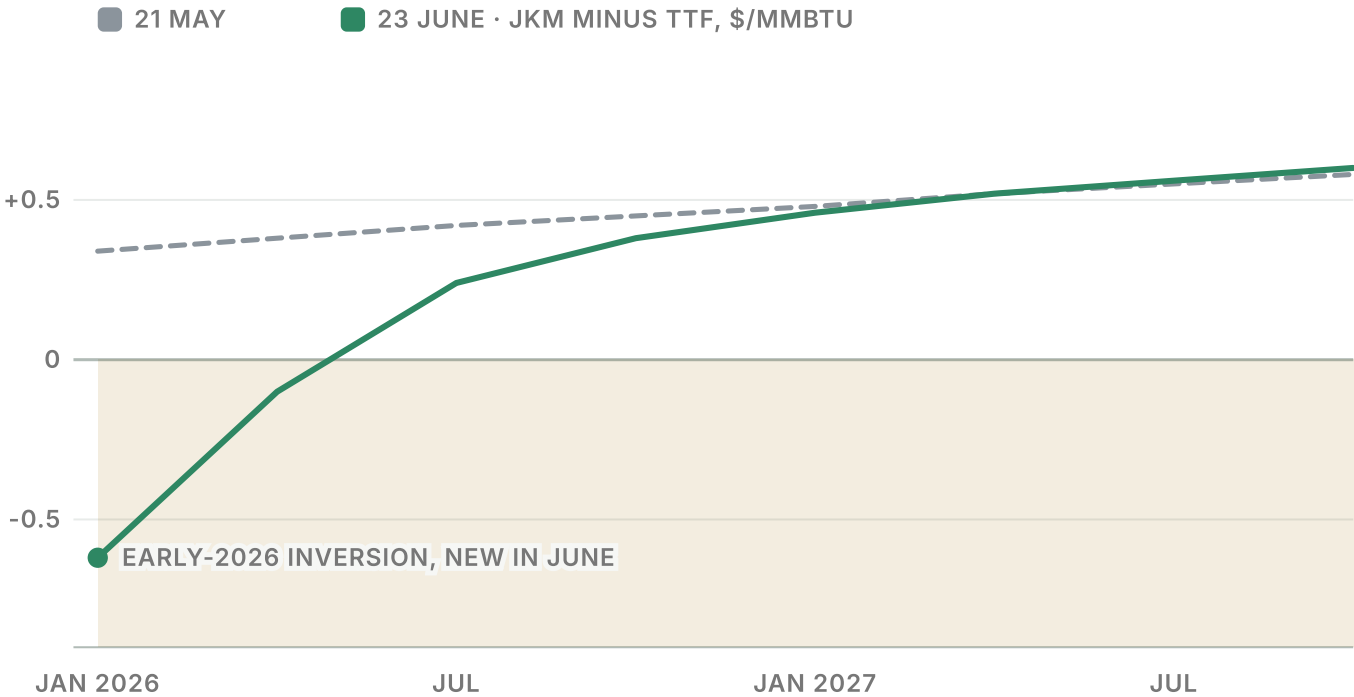
The regular-volatility median rises from zero to \$10.5M



FLEX VALUE PER PATH · \$M · 1,000 PATHS PER REGIME AND MONTH
 MEDIANS · MAY \$0.00M IN ALL THREE REGIMES · JUNE \$2.16M / \$10.49M / \$17.22M

The regular-volatility median rises from zero to \$10.5M. The median describes the middle simulation result; the mean includes all outcomes and can be influenced by large gains.

June curves change the relative price of Asian supply



SPREAD SHAPE TRACED FROM THE ENGINE CURVES · DELIVERY MONTHS OF THE PORTFOLIO HORIZON

NO CARGO IS DIVERTED AT THE CURVE, YET A LARGE SHARE OF SIMULATED PATHS MOVES INTO THE MONEY

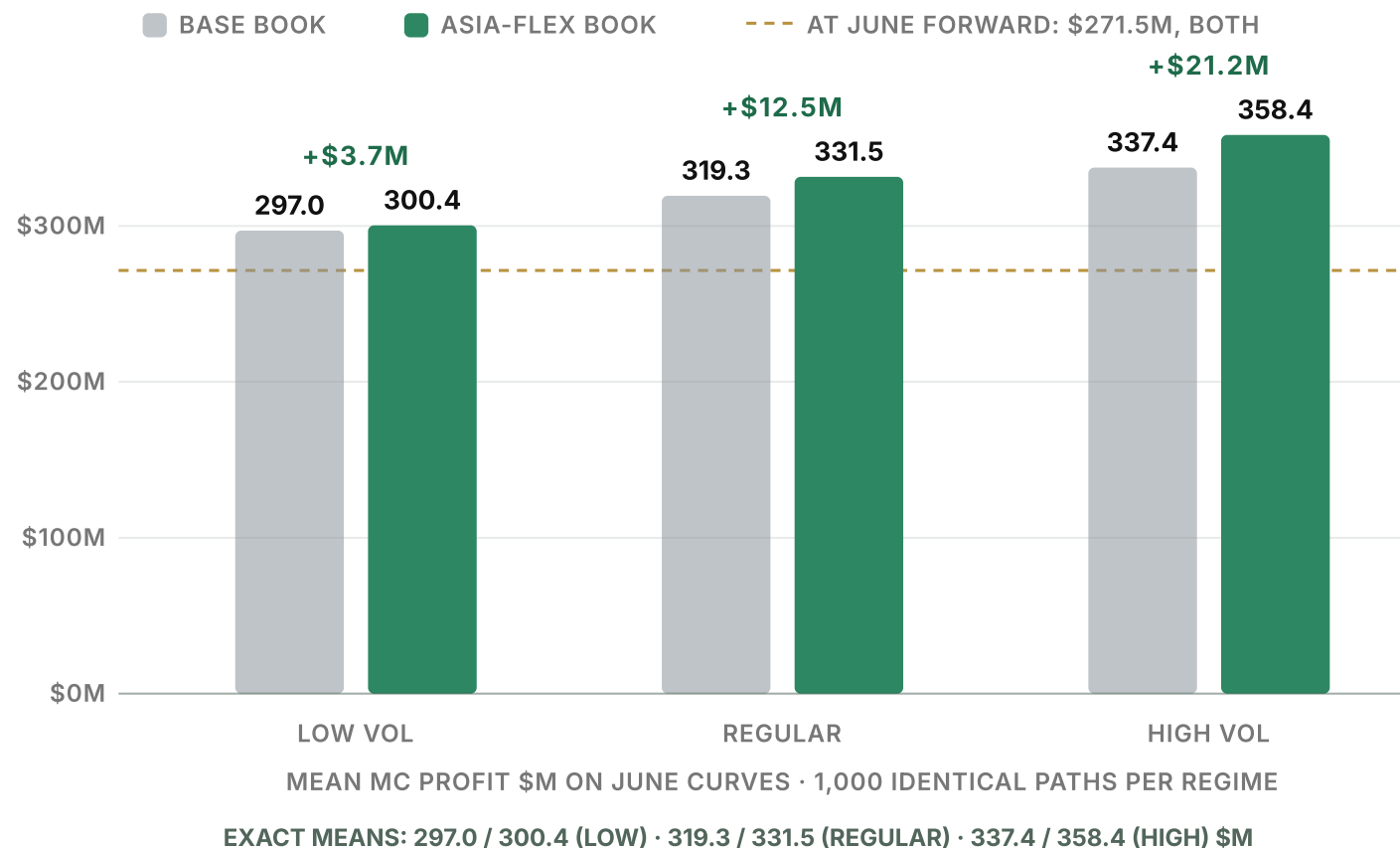
The option remains unused at the June forward curve. Across simulated paths, changed relative prices make Asian supply more attractive in more scenarios.

RESULT AND SCOPE

Regular-volatility option value rises from \$8.6M to \$12.5M, approximately 45%.

The comparison isolates a change in dated market inputs while holding the portfolio structure constant. The percentage increase under low volatility is large partly because the starting value is small.

Option value is the difference between the two portfolios



Both the reference portfolio and the portfolio with optional supply are revalued. The difference between their profits is the option value; neither portfolio's full profit is the value of the clause.

Revalue contract options when market inputs change

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