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Establishing a new LNG business for an oil and gas client

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# Establishing a new LNG business for an oil and gas client

## Starting a new LNG business to maximise returns

When a new industry emerges, it is difficult for existing businesses in the sector to gauge whether it represents lasting change or a temporary disruption. The growth of the LNG industry has been no exception.

Our client was an oil and gas exploration and production company, which also had equity stakes in several LNG liquefaction projects. It relied on traditional joint-marketing arrangements with other shareholders in these LNG projects. The company also had exposures to other commodities within its portfolio, including oil, gas and electricity prices.

## Becoming active in the LNG industry

Our client saw the opportunity for substantial growth in its LNG business and began to question whether its passive role in the industry best served its shareholders' interests, particularly given its significant exposure to the LNG industry across its portfolio.

Wisely, the company also observed that the market had changed significantly and that a much greater emphasis is now placed on trade capability, price risk management and the flexibility provided to customers. It realised that its current business structure and strategy was not suitable for an active role in the LNG industry.

## A distinctive business model

We were tasked with helping to establish a new LNG marketing and trading business for our client over a six to 24-month period. The brief was simple: to create a business that would increase the value of the existing LNG business and generate new commercial opportunities within the sector.

We sent a team with practical experience of the latest developments in the LNG industry to work on the project. They successfully established the direction for the new business and the in-house capabilities that would be required to maintain and grow it. That included working with our client to develop a clear strategy, a distinctive business model, and an organisational structure to deliver that business model in accordance with the KPIs against which the business will be measured.

Our clients are by no means the only company who are exposed to the risks of the LNG industry but sidelined in a passive role. Talk to us about taking up a more active role and generating rewards befitting your business' LNG exposures.



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