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Evaluating future growth

Before going ahead with an acquisition, it makes sense to gather as much information as possible about the business you hope to buy. The greater your understanding of the organisation and market in which you are investing, the greater the likelihood of the acquisition being a successful one.

An infrastructure operator that was considering buying a US oil and gas infrastructure business approached us to carry out market and commercial due diligence to ensure it had a full understanding of the context of the deal.

We were asked to study the global and US energy markets, including the US regulatory environment; forecast pipeline flows and revenue; and assess each business segment, including processing, terminating and marketing. All of that analysis would feed into an evaluation on the likelihood of the business' future growth plans being achieved.

Forecasting revenue

We assembled a team with extensive experience of working on similar midstream transactions in the US and globally to combine detailed local insight with extensive transaction advisory experience.

We analysed existing contracts to assess the ongoing capacity and revenue commitments for the major pipelines involved in the deal. An intensive study of the US oil and gas markets, and the business plans of the largest pipeline customers, allowed us to forecast utilisation rates and potential changes to tariff rates.

We used these forecasts to create a model of future revenue for the major pipelines, and also analysed other segments of the target business to test the vendor's growth and revenue assumptions.

Successful transaction

Based on the information we provided, our client decided to go ahead with the acquisition, which it completed successfully.



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