



CASE STUDY

Valuation of European gas midstream and retail companies

SITUATION

A state-owned energy company contemplated a restructuring of its European gas activities in the context of a growing and increasingly liquid global gas market, and a gradual reduction of clean energy incentive schemes in the European gas market.

In this context, the client commissioned FTI Consulting to assess the value of a dozen of European subsidiaries operating in the midstream and downstream gas industry (gas pipelines, gas trading, gas marketing). The valuation of the gas assets and the companies owning them was needed to determine what would be a relevant value for transfer or disposal of such subsidiaries at arm's length conditions.

OUR ROLE

FTI Consulting prepared a report describing the contemplated transaction, and assessing the value of the subsidiaries based on relevant valuation approaches for each specific asset. We contemplated comparative, income and cost approaches, considering the nature of each business and the information available.

To determine the companies' value, we then reviewed the financials and future prospects of each company taking into account the various long-term supply and sale contracts in place, as well as the more volatile nature of trading and marketing activities. We critically assessed each Business Plan provided for the various companies, systematically discussing their underlying assumptions and approach with relevant Management.

We additionally reviewed the development costs of the assets and performed a thorough analysis of recent transactions involving the same, or similar, assets.

OUR IMPACT



FTI Consulting submitted a comprehensive report that provided detailed and robust valuations of the gas pipelines, gas trading and gas marketing companies. Our report is to be shared with the fiscal authorities of the countries involved.

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