AlixPartners

Pricing the new LNG uncertainty

How Middle Eastern sovereign capital can capture value

Turning LNG uncertainty into advantage

Over the past four decades, Middle Eastern sovereign capital has held one of the most profitable positions in global energy. Middle East LNG remains the lowest-cost, most cash-generative asset in global energy markets, but it is now exposed to new levels of risk and uncertainty.

The disruption to energy flows seen in 2026 has repriced risks that have always existed, but now carry greater consequence and relevance.

The response is neither to defend the LNG franchise nor to exit it, but to build a portfolio around it.

How route risk was priced into LNG markets

Global LNG flows are heavily concentrated through a small number of critical routes, particularly through the Middle East. For decades, this concentration was understood but largely unpriced.

The 2026 market disruption, triggered by the conflict between the U.S., Israel, and Iran, has made route exposure explicit. Geography is now being embedded in pricing, contracting, and capital allocation decisions. With approximately 20% of LNG flowing through the corridors linking the Gulf to Europe and Asia, the impact was immediate and widespread—route risk premiums have become a reality.

An immediate and structural repricing

The prolonged closure of the Strait of Hormuz—one of the world's most important energy corridors—combined with capacity cuts from military strikes on infrastructure, produced a rapid structural repricing across global LNG markets.

Damage to Qatar's Ras Laffan infrastructure removed approximately 12.8 million tons per annum (MTPA), or around 17% of Qatar's total export capacity, with a multi-year repair timeline. QatarEnergy declared force majeure across key long-term contracts, while the North Field East expansion (~32 MTPA), the largest near-term supply addition in the market, was paused. War-risk insurance surged from approximately 0.05% of vessel value to over 5% at peak.

The market response was immediate and regionally coordinated. Europe diverted cargo to Atlantic supply mid-voyage, while Asian buyers paid heavy premiums to secure non-Hormuz cargo. U.S. LNG facilities operated at around 95-98% utilization, with listed exporters rallying by 20-30% as volumes and margins expanded.

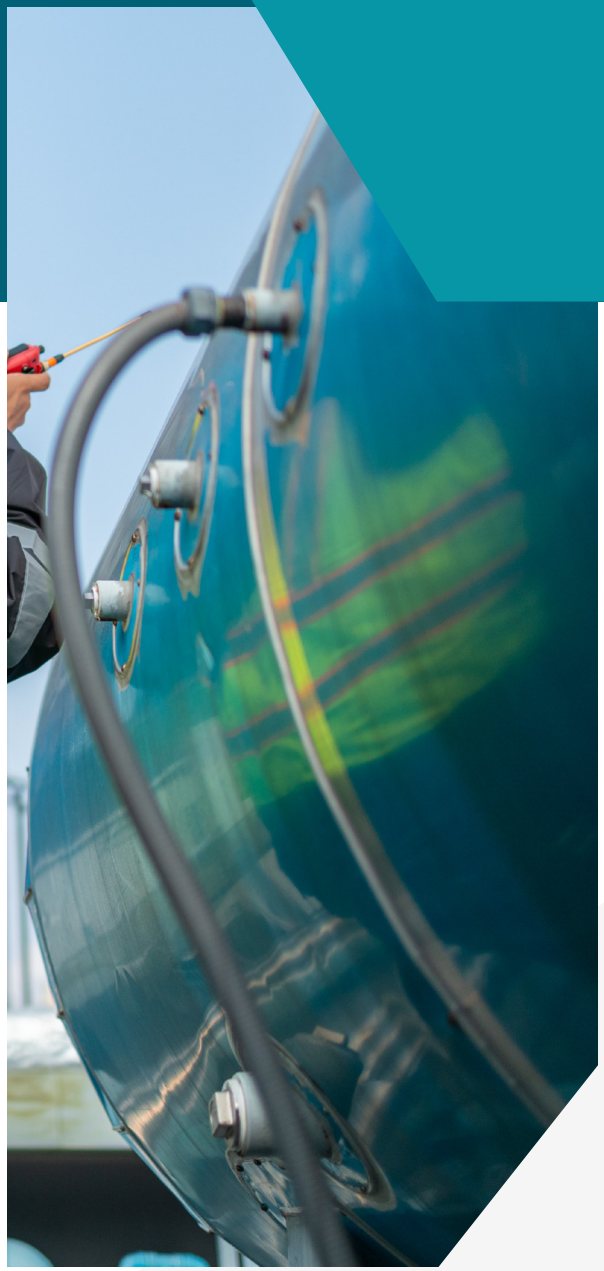
Trade flows did not simply adjust—they reconfigured. Buyers prioritized supply security, while sellers with flexibility captured pricing dislocations across different basins.

Capacity impaired 12.8 MTPA
Ras Laffan disruption (~17% of Qatar exports).
Multi-year recovery.

Expansion paused 32 MTPA
North Field East paused. Largest single supply addition delayed.

Peak insurance multiple
War-risk premiums spiked.
Still structurally elevated.

Buyers facing force majeure
Italy, Belgium, China, South Korea.
Contracts reset.



These route diversions, capacity impairments, and contract suspensions led to immediate shifts in commercial terms for LNG trade:

- Middle East LNG began trading at a measurable origin and route premium, reflected in freight rates, pricing spreads, and contract terms.
- ~45 MTPA of expected 2026-2028 supply was delayed or removed, tightening the medium-term balance, even as broader expansion continues.
- Buyers actively renegotiated contracts to include diversification, routing flexibility, and stronger force majeure protections.

This new commercial context isn't a temporary dislocation. It reflects a change in how LNG markets price risk, allocate supply, and structure commercial relationships. Geography, flexibility, and control of logistics are now embedded in value capture.

For investors, the implication is clear: the model of owning low-cost supply and relying on fixed flows is no longer sufficient. Value will accrue to those who can control and redirect volumes, and that control will need to extend across shipping, trading, and diversified supply.

Value has shifted from molecules to platforms

The margin on LNG now sits with entities able to control shipping and trading, rather than solely relying on producing gas cheaply. This control enables cargo to be redirected when needed and represents a shift in where value is found, from the molecules supplied into the means of supply as well.

Route concentration is no longer a tail risk. Geography is now priced into contracts, insurance, and buyer behavior—creating persistent premiums and discounts based on origin. The result is a rapid scaling of destination-flexible volumes that is rewriting contract norms—rigid, oil-linked, single-destination terms are slowly being replaced with price optionality and security.

Shipping scarcity is compounding this shift. Fleet access, not just liquefaction capacity, is becoming a key determinant of margin capture. Tight shipyard capacity and rising fleet control are structurally re-rating shipping economics.

The shift to platforms drives returns

Returns are now delivered through the integration of shipping, trading, and optionality, not just low-cost supply. Integrated players capture margin across cycles; single projects do not.

The first generation of LNG platform winners—Shell, TotalEnergies, Cheniere—built integrated positions between 2010 and 2022 at acquisition costs and capex levels that will not return. The outperformance of these platforms through recent disruption episodes reflects a decade of building capability and control across upstream, liquefaction, shipping, and trading.

These platforms were developed before optionality was priced into LNG trade. That window is harder to access for listed entities--due to cost and required capital.

But the logic of cross-basin, multi-segment ownership remains. It captures margin layers that single projects cannot—across feed gas, liquefaction, shipping, and trading.

The second wave of LNG value creation will not come from new standalone projects; it will come from building platforms, particularly by sovereign and national capital, across assets and segments that are not yet integrated.

Figure 1:
Benchmark snapshot: April 2026

Prices have partially normalized, while structural conditions have not.

TTF | EUROPE
$14.8
/MMBtu
▼ From $23+ peak
Still +48% vs. pre-war

JKM | ASIA
$16.9
/MMBtu
▼ From $25+ peak
Still +83% vs. pre-war

HENRY HUB | U.S.
$2.6
/MMBtu
▼ 9% vs. pre-war
Domestic insulation

TTF - HH SPREAD
$12.2
/MMBtu
▲ Widest in 18 months
U.S. margin tailwind

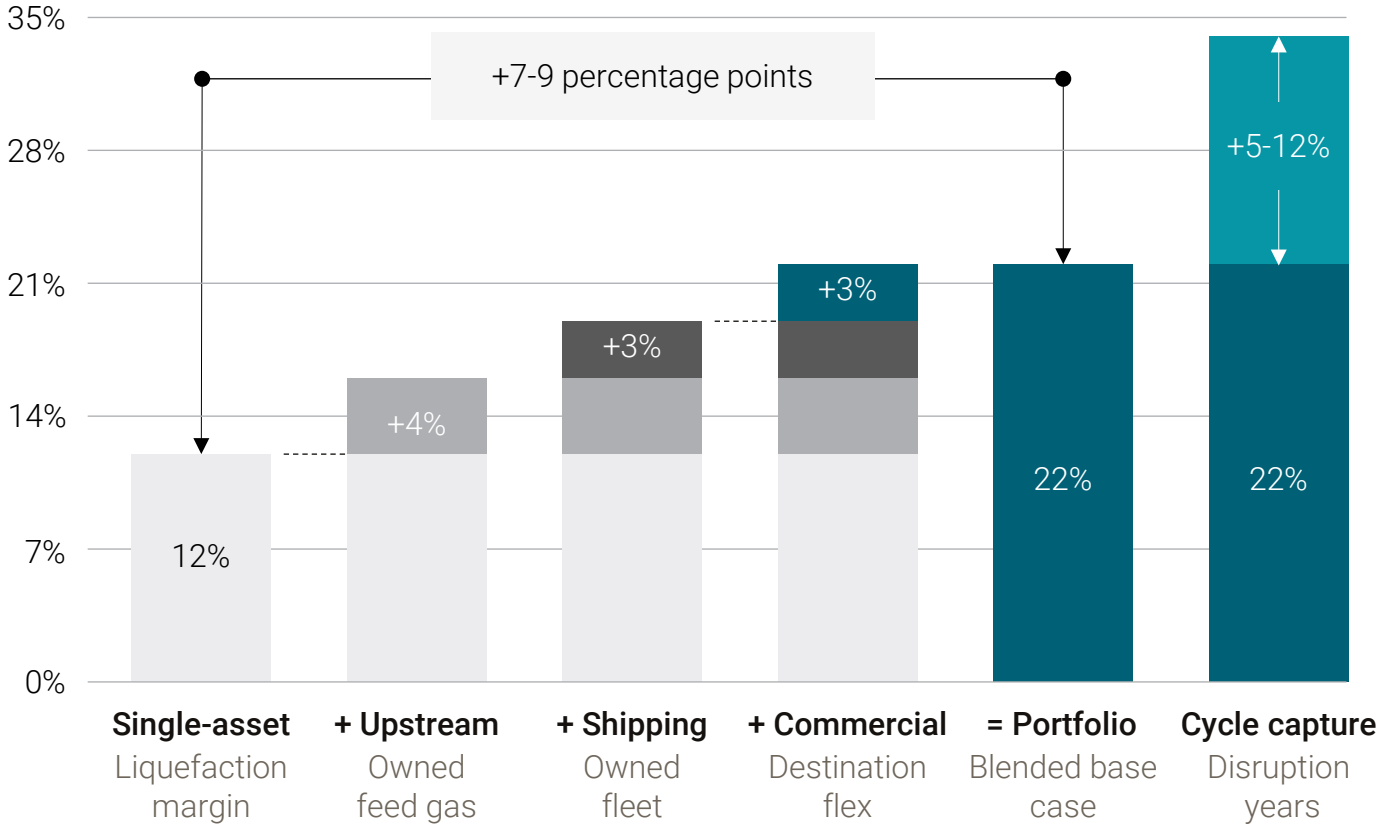
Source: IEA, Wood Mackenzie, AlixPartners analysis

How margin compounds across the value chain

The disparity in returns available from single-asset LNG ownership compared to a connected portfolio, or platform, changes how LNG should be underwritten.

A standalone liquefaction project generates returns of between 11-13%. The same position, held in a connected portfolio, compounds profits to generate 18-22% returns. With upstream supply, owned shipping, and in-house trading, a connected portfolio captures margin across the LNG value chain and compounds returns. This is the model Shell and TotalEnergies have built over the past decade and the direction QatarEnergy is now accelerating towards.

Figure 2: Illustrative returns on a notional six MTPA LNG position: Single-asset vs. connected portfolio



Source: Industry benchmarks from integrated-operator disclosures (2018-2024), AlixPartners analysis

Investor starting points and routes

Middle Eastern capital has built scale in LNG, but positioning differs across the sovereign and national capital investors active in the region. This creates different entry points to capture value in new market realities.

The region's capital investors have spent the past two decades building scale focused on upstream and liquefaction assets, but as value shifts toward integration, logistics control, and commercial capability, the starting position of each capital pool will determine how effectively it captures the next phase of returns. National champions, energy-active sovereign wealth funds (SWF), diversified SWFs and pension capital each start from a different position and face a different gap, so the playbook to follow requires a different set of sequenced moves matched to their starting point.

Who's invested and where

National oil & gas champions (asset operators)

QatarEnergy | ADNOC (Abu Dhabi National Oil Company) | Saudi Aramco

Lowest-cost supply with control of upstream and liquefaction

Concentrated exposure with limited shipping, trading, and cross-basin diversification

Diversified SWFs (passive allocators)

ADIA (Abu Dhabi Investment Authority) | KIA (Kuwait Investment Authority) | QIA (Qatar Investment Authority)

Indirect exposure via international oil company (IOC) equities and infrastructure

Limited control over assets, timing, and margin capture

Energy-active SWFs (platform builders)

Mubadala, UAE | ADQ, Abu Dhabi | PIF, Saudi Arabia

Energy vertical building positions across upstream, midstream, and infrastructure

Integration across shipping, trading, and portfolio optimization developing

Pension & reserve funds (yield seekers)

PIF infrastructure arm | GPIF style mandates (government pension investment fund)

Reserve pools focused on long-duration, contracted infrastructure exposure

Under-allocated to LNG logistics, shipping, and regas assets

A playbook to build LNG platform returns

Where to deploy capital and when

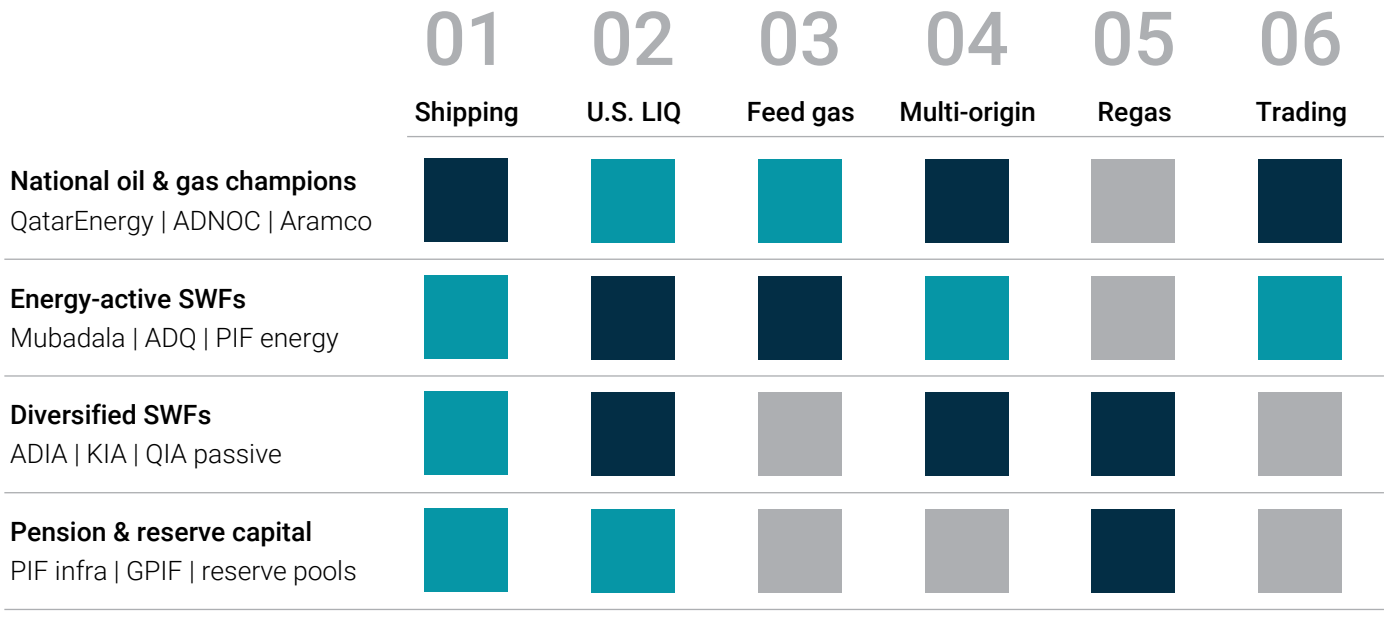
Figure 3: The six moves in order of priority, with investor archetype interest level

#	Move	Urgency	Likely interest	Capital
01	Modern shipping & charter capacity	Immediate (0-3 months)	National champions | Energy-active SWFs	$750M-$4B
02	U.S. pre-FID liquefaction equity & offtake	Near-term (3-6 months)	Diversified SWFs | National champions	$1-3B
03	Haynesville / Gulf Coast feed gas platform	12 months	Energy-active SWFs	$1-5B
04	Multi-origin portfolio stakes beyond Gulf	12-18 months	National champions | Diversified SWFs	$300M-$1.5B
05	European & Southeast Asian regas infrastructure	Longer-term	Pension | Diversified SWFs	$300M-$1.5B
06	In-house trading & commercial optimisation	Ongoing strategic	All archetypes with capability	$200M-$1B

Source: AlixPartners analysis

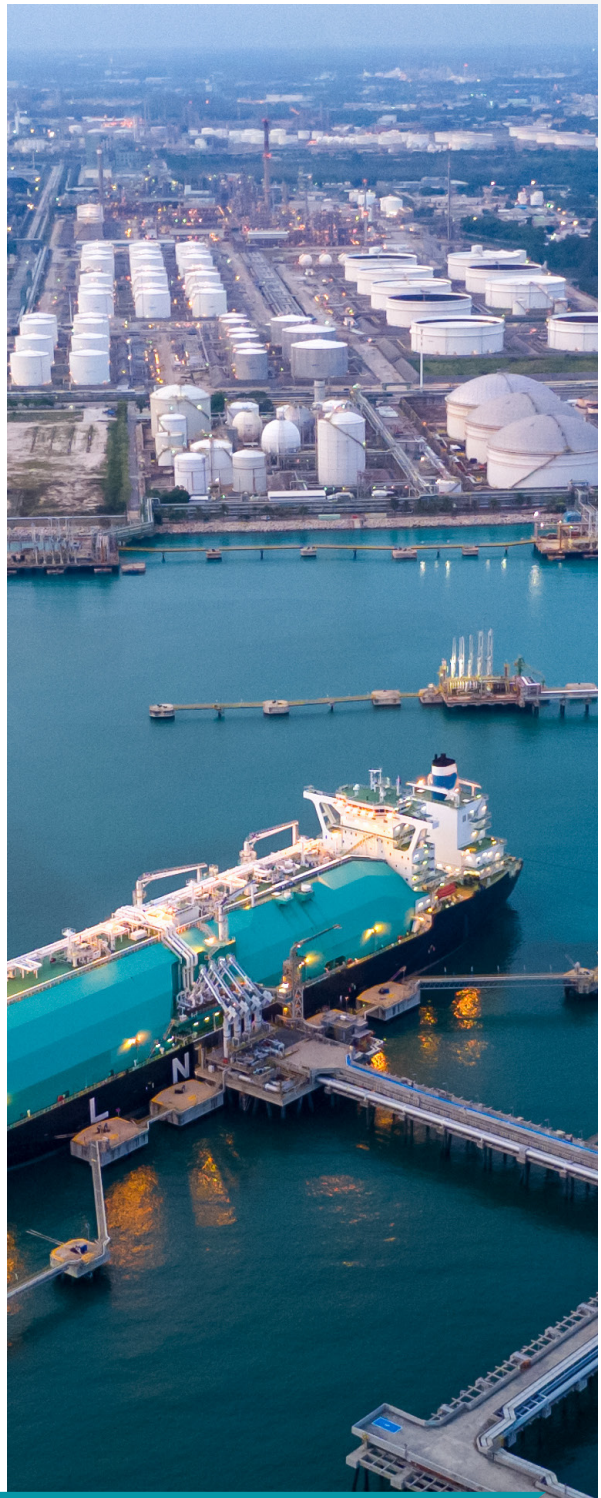
The sequence of moves to make

Figure 4: Sequence of moves by relevance for each investor archetype



Source: AlixPartners analysis

Primary move | Supporting hedge | Incidental



Headline actions for investor archetypes

National oil & gas champions: Build the full book

- Integrate the chain end-to-end. The concentration risk is largest here, and so is the capability to close it.
- Examples: QatarEnergy Golden Pass JV, 128-vessel orderbook, Italian substitution from U.S. molecules.

Energy-active SWFs: Scale the platform model

- The Caturus template is the proof case. Replicate it at scale, then integrate across the chain.
- Examples: Mubadala's 24.1% stake in Kimmeridge SoTex, Caturus linked to Commonwealth LNG.

Diversified SWFs: Disintermediate the IOC layer

- Replace indirect exposure with direct, targeted positions. Recover alpha lost to conglomerate dilution.
- Template: Pre-FID liquid equity, long-term offtake, expansion optionality as an integrated transaction.

Pension & reserve-fund capital: Take the infrastructure yield

- The 2026 crisis has turned regas capacity into strategic infrastructure, exactly the asset class long-duration capital is mandated to hold. 8-10% contracted EBITDA yield with CPI linkage.

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Contact the authors

Irfan Bidiwala
Middle East Countries Leader,
Partner & Managing Director
ibidiwala@alixpartners.com

Shane Malone
Partner & Managing Director
smalone@alixpartners.com

Devesh Pathak
Vice President
dpathak@alixpartners.com

About us

For more than forty years, AlixPartners has helped businesses around the world respond quickly and decisively to their most critical challenges—circumstances as diverse as urgent performance improvement, accelerated transformation, complex restructuring and risk mitigation.

These are the moments when everything is on the line—a sudden shift in the market, an unexpected performance decline, a time-sensitive deal, a fork-in-the-road decision. But it's not what we do that makes a difference, it's how we do it.

Tackling situations when time is of the essence is part of our DNA—so we adopt an action-oriented approach at all times. We work in small, highly qualified teams with specific industry and functional expertise, and we operate at pace, moving quickly from analysis to implementation. We stand shoulder to shoulder with our clients until the job is done and only measure our success in terms of the results we deliver.

Our approach enables us to help our clients confront and overcome truly future-defining challenges. We partner with you to make the right decisions and take the right actions. And we are right by your side. When it really matters.