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EXXONMOBIL'S ROVUMA LNG AWARDS EPC LETTER OF INTENT, OPENS SUBCONTRACTING PIPELINE

By TPH Staff · August 31, 2026

ExxonMobil has awarded the Letter of Intent for engineering and limited procurement services on its Rovuma LNG facility in the Afungi Peninsula, Cabo Delgado, Mozambique, to a joint venture comprising Saipem, McDermott, Daewoo Engineering & Construction and China Petroleum Engineering & Construction Corporation, known collectively as the SMDC consortium.

The award covers front end engineering and limited procurement work on a facility designed to produce 18.6 million tonnes of LNG per annum, making it one of the largest single LNG project awards on the African continent this year. The plant is planned around twelve liquefaction modules, fed by gas from the deepwater Mamba complex in Area 4 offshore Mozambique.

Intelligence Brief

A Letter of Intent at this scale signals that ExxonMobil is moving Rovuma LNG from planning into execution readiness, even though full notice to proceed and final investment sanction on construction typically follow a staged path after FEED work is locked in. The choice of a four party consortium spanning Italian, American, South Korean and Chinese contractors reflects both the scale of the undertaking and the risk sharing structure operators favor on frontier LNG builds of this size.

Who Benefits

Saipem, McDermott, Daewoo Engineering & Construction and China Petroleum Engineering & Construction Corporation gain direct entry into one of the largest LNG builds on the continent. Mozambique's government and Cabo Delgado province gain a renewed anchor project after years of security related delays in the region. Local and regional suppliers, fabricators and logistics providers gain the first wave of subcontracting demand as the SMDC consortium begins staffing and sourcing for the engineering and procurement phase.

Gap

No confirmed timeline yet for when the Letter of Intent converts into a full notice to proceed, nor a public breakdown of contract value. The scale and timing of subcontracting packages, procurement, fabrication, logistics and local content, remain the details worth tracking in the weeks ahead.

Where the Opportunity Sits

Civil works and site preparation contractors will be needed first, ahead of module fabrication and installation. Fabrication yards across East and Southern Africa, and internationally, should expect requests for quotations as the consortium scopes out module construction. Marine and logistics operators capable of moving heavy equipment into the Afungi Peninsula stand to gain early, since Cabo Delgado's infrastructure constraints make specialized logistics a bottleneck rather than a commodity service. Camp, catering and workforce support providers typically see contracts move fastest of all, since a project of this scale requires housing and feeding a large workforce well before first gas.

Local Content Angle

Mozambique's legal framework now makes local participation mandatory, not aspirational. Law No. 9/2026, the country's first binding Local Content Law, was published on 3 June 2026 alongside a revised Petroleum Law, and it requires operators to prioritise Mozambican companies for goods, services and works, and to hire and train national workers throughout the project lifecycle. A dedicated Local Content Agency now oversees compliance, with operators required to submit annual reports against an approved Local Content Plan. ExxonMobil has already established such a plan for Rovuma LNG in line with Decree Law requirements, and has committed $40 million toward a training centre developed with Mozambique's state oil company, ENH. For Mozambican SMEs and joint-venture partners, that combination, legal obligation plus an operator already building local training infrastructure, makes now the moment to register interest and demonstrate compliance capacity, rather than waiting for formal tender notices.

Why the Timing Matters

A Letter of Intent at the engineering and limited procurement stage is the earliest point at which a project of this size begins signaling its supply chain needs. Firms that position themselves now, well ahead of formal tender notices, are the ones best placed to be shortlisted once the consortium's procurement teams begin qualifying vendors in earnest.

The Structural Advantage For Mozambican Firms

Mozambican regulations carry local content requirements for major energy projects, meaning Mozambican registered firms in engineering support, logistics, security and workforce services have a structural advantage in bidding, provided they position and prequalify early rather than waiting for formal tender notices.

What to Watch

Formal subcontracting notices and prequalification calls from Saipem, McDermott, Daewoo Engineering & Construction and China Petroleum Engineering & Construction Corporation individually, since each partner in the consortium typically manages its own vendor sourcing rather than issuing joint notices. Confirmation of a full notice to proceed, which would signal the shift from engineering into full construction procurement.

The Final Investment Decision timeline itself is also worth tracking: reporting in August 2026 indicated the FID window had already slipped from an initial July target toward September, as Mozambique weighs fiscal terms, local content commitments and enforceable community benefits against the risk of deterring investors who have already absorbed years of delay. A further slip would push subcontracting demand later; a confirmed September FID would accelerate it.

The Bigger Picture

Rovuma LNG does not sit in isolation. It is one of four major LNG development schemes across Mozambique's Rovuma Basin, with total planned investment across all four now exceeding $50 billion, a concentration of capital without precedent for a sub-Saharan African country outside Nigeria or Angola. The nearby Mozambique LNG project (Area 1), operated by TotalEnergies, offers a useful comparison for what subcontracting demand looks like once construction is fully underway: after lifting a four-year force majeure in November 2025 and formally restarting all activities on 29 January 2026, that project has mobilised more than 4,000 workers, over 3,000 of them Mozambican nationals, and expects contracts awarded to Mozambican companies to exceed $4 billion over the life of construction. Rovuma LNG's Letter of Intent stage is materially earlier than that, but it signals the same trajectory: a wave of local subcontracting that scales up sharply once engineering gives way to full construction.

Bottom Line

The Letter of Intent itself is not where the money moves. The subcontracting wave that follows it is. Suppliers, contractors and logistics operators who treat this as their entry point, rather than waiting for the headline construction phase, are the ones most likely to secure a position before the opportunity narrows.