Krause Fund Research

Spring 2023 April 16, 2024

BUY

Cheniere Energy (NYSE: LNG)

Target Range: $192 - $207
Current Price: $158

Analysts

Ryan York | ryan-york@uiowa.edu
Robert Barnes | robert-barnes@uiowa.edu
Martin Bioche | martin-bioche@uiowa.edu
Gian Schroeder | gian-schroeder@uiowa.edu

Investment Thesis

We recommend a **buy** rating for Cheniere Energy, Inc. with an upside of 21.5 – 31.0%. Cheniere stands to benefit from the future growth of the natural gas industry. They are well positioned to grow LNG production and increase their payout to shareholders.

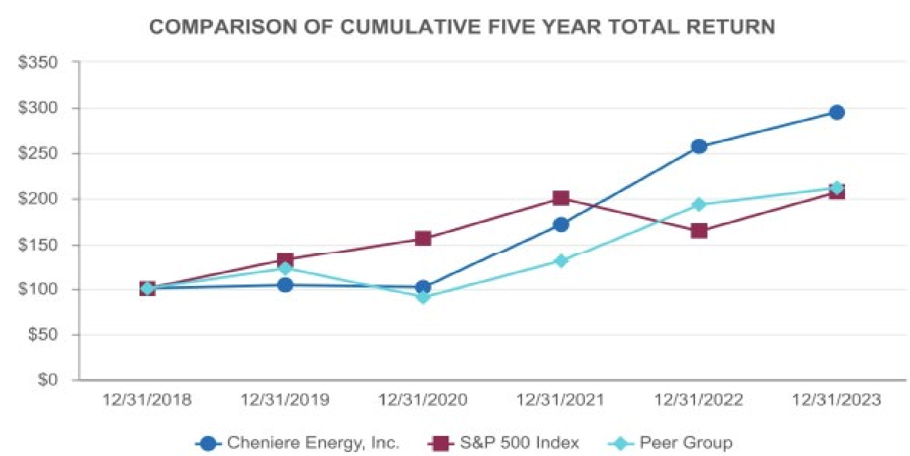
Thesis Drivers:

- We forecast liquified natural gas production to grow 6% per year to satisfy growing demand for cleaner alternatives to coal and oil.
- Cheniere is nearing the completion of an expansion at their Corpus Christi location which will increase their liquefaction capacity by 10 million tons per annum.
- We forecast a payout ratio of over 60% from 2024-2028. Management aims to increase capital returned to shareholders in the coming years with both dividend growth and share repurchases.

Risks to Thesis:

- If Henry Hub prices stay low for a prolonged period, it will be difficult for Cheniere to grow revenue and earnings. We forecast Henry Hub prices to decline in 2024 before rising above $3.50 for the remaining forecast years
- Cheniere depends on third party suppliers to feed LNG terminals. Any disruptions to major pipelines could halt operations.
- A quicker than expected shift to carbon free sources of power could limit Cheniere's upside and growth. Dependence on natural gas could be reduced if nations bring large volumes of nuclear and renewable power online.

5-year stock performance vs S&P 500 and Peer Group



Company Overview

Cheniere Energy, Inc., based in Houston, TX, is the number one producer of liquid natural gas in the US. It plays a significant role in the growing global LNG market, facilitating the transportation and delivery of natural gas to customers around the world. Their main segments include liquefaction, the process of liquifying natural gas, and regasification, the process of returning LNG to its gaseous state to be converted into energy.

Key Statistics

Share Statistics

Market Cap:	$37.1 B
Shares Outstanding:	234.7 M
52 week range:	$135.30 – $183.46
Current P/E (ttm):	3.89

Valuation Summary

DCF/EP:	$206.55
DDM:	$191.97
Relative Valuation:	$70.11 - $100.84

Financials

2023 Revenue:	20.39 B
2024E Revenue:	15.38 B
2023 EPS:	40.99
2024E EPS:	4.65

Ratios

Profit Margin (2023):	48.9%
Profit Margin (2024E):	7.15%

Company Analysis

Company overview:

Cheniere Energy, Inc. is America's largest (and the world's second largest) producer of liquified natural gas (LNG). The company's current aggregate production capacity is roughly 45 million tons per annum (mtpa) and is headquartered in Houston Texas [7]. Cheniere owns and operates natural gas liquification and export facilities in Cameron Parish, Louisiana (Sabine Pass), and Corpus Christi, Texas. Cheniere ships LNG all over the world where it is turned back into natural gas and transported to homes and business via pipeline [7].

Cheniere was founded in 1996 as an oil and gas exploration business and later changed their corporate strategy to be a producer of liquid natural gas [19]. They aim to bring cleaner burning fuel to economies across the world and help nations meet their environmental targets [19]. Cheniere is a top rated ESG company in the energy sector and has received numerous awards for ESG performance [28].

Looking forward, Cheniere aims to capitalize on growing demand for natural gas. They have expansion efforts in place to bring more production capacity online and continue to increase payouts to shareholders. Cheniere is equipped to satisfy the growing natural gas demand from companies and countries and generate positive returns for shareholders.

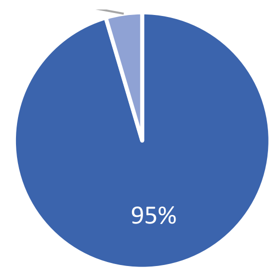
Revenue:

Summary

Cheniere experienced its first year of negative revenue growth in 2020, followed by increases of 73% and 107% in 2021 and 2022, respectively. They experienced a 38% revenue drop in 2023, and we forecast a 26% decline again in 2024. We forecast positive revenue growth from 2025-2027 and a steady state growth of 4% from 2028 in perpetuity.

Business Segments – LNG

Cheniere's main business model is to acquire natural gas and liquify it. Liquified natural gas (LNG) is 600 times more dense than gas in its regular state, making it far more economical to transport overseas. Liquefaction revenues are driven by a fixed fee and variable fee component. The fixed fee is owed to Cheniere regardless of the buyer's election to cancel future deliveries. The variable fee is based on the volume of LNG delivered and priced at 115% of Henry Hub [7]. The sale of liquid natural gas accounted for 95% of its revenue in 2023.



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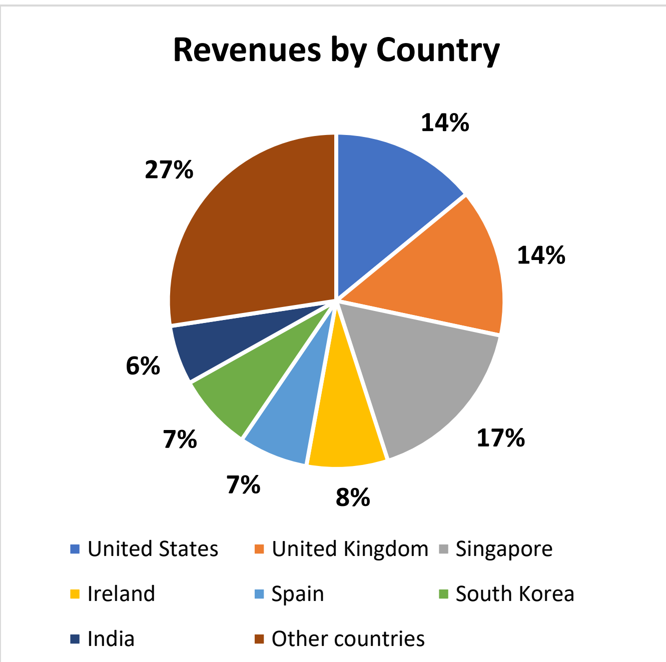
Business Segments-Regasification

A much smaller portion of Cheniere's revenue is regasification. This is the process of returning LNG to a gas. Regasification accounts for about 2% of annual revenue on average. Regasification revenues are also driven by fixed and variable fees. Cheniere charges a fixed annual fee of $125 million (per third party) for the use of its regasification facility at Sabine Pass [7]. From 2016-2022 Cheniere had two regasification contracts. In 2022, Chevron paid a lump sum of $765 million to exit their contract, leaving Cheniere with Total Energies as their sole regasification customer. For this reason, we hold the fixed regasification fee at $125 million per year throughout the forecast. Variable fees have averaged about $10 million annually per customer. These variable fees are very difficult to forecast, so we opted to keep them constant at the average of $10 million for the duration of our forecast.

Revenue by Geography

Cheniere expects to benefit from the increasing global demand for natural gas, especially in the emerging markets of Asia and Europe, where it has established a strong presence and reputation. With Russia in conflict with Ukraine, there is a large opening in Europe's energy market that Cheniere looks to capitalize on in the next decade. Cheniere is emphasizing the world's need and desire to move toward cleaner energy sources than oil and coal. They are targeting natural gas projects around the world. In Europe, there are plans to install over 80 million tons per year of import capacity to secure LNG access and move away from Russian gas supply [7]. They are also focused on the expansion of 12,000 Km of pipeline in India and the billions of dollars invested in China's natural gas value chain in efforts to decrease emissions [7].

Cheniere has a wide global presence, with their highest revenue percentages coming from Singapore (17%), the United Kingdom (14%), and the United States (14%). They derive large portion (27%) of their revenue from a large collection of foreign countries, labeled as "other countries".



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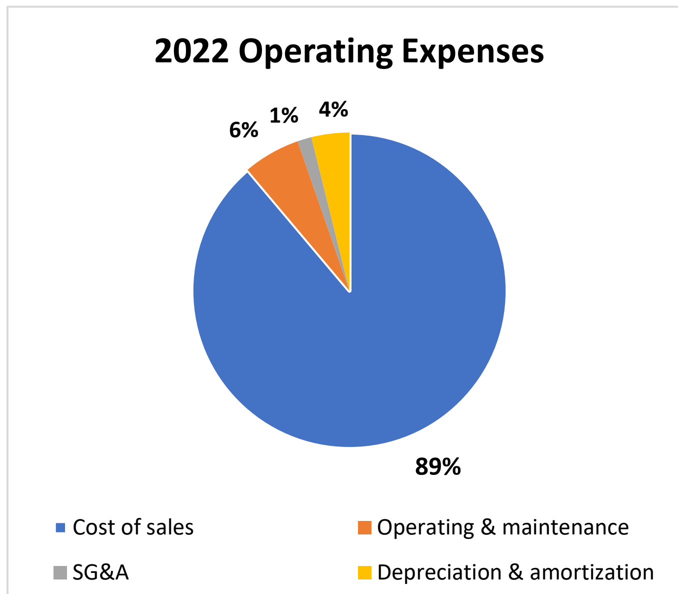
Revenue Forecast

Our revenue forecast focuses on projecting LNG revenues. Management describes a variable fee of 115% the Henry Hub spot price, as well as a fixed fee. There is no available data about the fixed fee or LNG conversion premium that customers pay. To forecast revenue, we took an average of the conversion premium/fixed fee and held it constant at 2.16 in the forecast years. This leaves only the 115% Henry Hub fee and production volume as our drivers for revenue. Production volume is difficult to forecast, but with expansion projects underway at the Corpus Chrisi terminal and renewed interest in long-term contacts from companies fill the void of Russian gas, we settled on a 6% yearly volume growth estimation. Henry Hub prices were estimated using the CME futures contracts. We took a simple average of the monthly contracts for each forecast year. We project the average yearly henry hub price to be $2.34 in 2024, $3.50 in 2025, $3.79 in 2026, $3.90 in 2027, and $3.82 in 2028 [8]. These inputs resulted in a revenue growth forecast of -25% in 2024, 56% in 2025, 15% in 2026, 9% in 2027, and 4% in the continuing value year 2028.

Cost analysis:

Most of Cheniere's operating costs are the cost of sales. The nature of Cheniere's business is to purchase natural gas, liquify it, and ship it off across the world. Therefore, most of their costs are driven by the acquisition of natural gas to liquify.

Considering the operating expenses of 2022, it was mostly consistent of cost of sales, with other notable costs being operating & maintenance expenses, selling, general & administrative expenses, and depreciation & amortization expenses. Negligible costs include other operating costs and expenses and development expenses.



[7]

Cheniere experienced margins of 7.9% and 59.1% in 2022 and 2023, respectively [7]. In 2023 the cost of sales dropped $24 billion. This resulted in a 6.65% cost of sales as a percentage of revenue for the year. Most of this variance ($14 billion) was from changes in fair value settlements of derivatives included in cost of sales [7]. Another 10.3 billion in variance was due to lower natural gas prices [7]. We believe the dramatic drop in cost of sales is temporary, and that cost of sales as a percentage of sales will return to the mean going forward. We project cost of sales as a percent of revenue to jump to 54.3% in 2024 and return to the 2017-2022 average of 62% in the remaining forecast years.

Capital Structure:

Cheniere had positive cash flows for the past 2 years, and our positive cash flows forecast in the next couple of years indicates that they will be able to pay off their debts.

LNG Debt Maturity Schedule:

Years Ending December 31,		Principal Payments
2024	$	300
2025		3,543
2026		1,607
2027		2,889
2028		3,091
Thereafter		12,458
Total	$	23,888

[7]

Fitch has Cheniere Energy rated as a BBB- [9]. Moody's recently assigned a Baa rating to Cheniere [10].

Long term debt as a percentage of assets has been falling for 8 years. We forecast this trend to continue with a small decline in debt as a percentage of assets going forward. Cheniere will still need to access debt markets regularly to finance expansion efforts, but management emphasizes maintaining a flexible capital structure going forward and being strategic with their timing of debt issuance [7]. Our WACC forecast has debt as 42.64% of the market value of the firm and common equity as the remaining 57.36%.

Capital Expenditures:

A large portion of future capital expenditures will come from expansion efforts at the Corpus Chrisi facility. The Corpus Christi Stage 3 project will bring 7 midscale LNG trains online with an expected capacity of 10 mtpa. The projected completion date of 2025-2026 means that Cheniere will soon have a substantial increase in production capacity.

Corpus Christi Stage 3 Status:

Overall project completion percentage	51.4%
Completion percentage of:	
Engineering	83.7%
Procurement	72.2%
Subcontract work	66.9%
Construction	11.1%
Date of expected substantial completion	2Q/3Q 2025 - 2H 2026

[7]

To forecast future CAPEX, we used an average of the previous 3 year-over-year growth rates. This returned a growth rate of 19% growth. CAPEX fluctuates widely from year to year, but with expansion efforts on the horizon we wanted to ensure our model reflected a healthy growth rate.

Payout Policy:

Cheniere started paying dividends to shareholders in 2021. They paid $0.33, $1.39, and $1.64 per share in 2021, 2022, and 2023, respectively [7]. Management is targeting a 10% dividend growth rate through Corpus Chrisi Stage 3 project completion [7]. Following the completion is this project, Cheniere will have more cash on hand and should be able to increase the dividend further. We forecast dividends per share to increase to $4.11 by 2028.

Cheniere made common stock repurchases of 1,373 and 1,473 (millions) in 2022 and 2023, respectively [7]. This recent increase in share buybacks indicates Cheniere's confidence in its value and future growth. The fact that Cheniere has been able to increase its payout to shareholders while financing expansion projects is very bullish for its ability to return even more cash in future years. We project share repurchases every year of our forecast, with $2.09 billion spent on repurchases in 2028. We forecast a total payout ratio of about 60% in the final 3 years of our forecast.

S.W.O.T. Analysis:

Strengths

A major strength of Cheniere Energy has been financial performance. In 2023, with the help of derivative instruments, management was able to successfully navigate a substantial decrease in Henery Hub prices. This resulted in a dramatic decrease in cost of sales and 7 times increase in EPS. Management's skill in navigating the volatility of the natural gas market is an invaluable strength. While a lot of these effects were temporary, financial performance is certainly a strength to consider and the main driver its outperformance vs the S&P 500 in recent years.

Opportunities

As Europe cuts off its dependence on Russian gas, it will look toward U.S. suppliers to fill the void [18]. Europe has plans to install more than 85 mtpa in import capacity to replace Russian imports [7]. Wood Mackenzie Limited forecasted that global demand for LNG will increase 60% by 2040 [7]. China and India are also expanding their infrastructure to support more natural gas [7]. The increase of demand across the globe paired with emerging supply issues creates a perfect opportunity for a U.S. LNG exporter to step in. As Cheniere aims to expand its production, there is a great opportunity to capture more of the international market.

Weaknesses

Management cites limited operating history, development experience, name recognition, and access to LNG markets as weaknesses [7]. They also highlight that in comparison to competitors they have less financial, technical, and marketing resources [7]. While competition is a normal part of any market, Cheniere is correct to cite its history as a weakness. Cheniere was founded as an oil and gas exploration company in 1996 and shifted to a producer and exporter of LNG in 2016 [19]. If Cheniere hopes to capitalize on opportunities in natural gas markets, particularly international markets, it will have to overcome its limited history in comparison to foreign competitors.

Threats

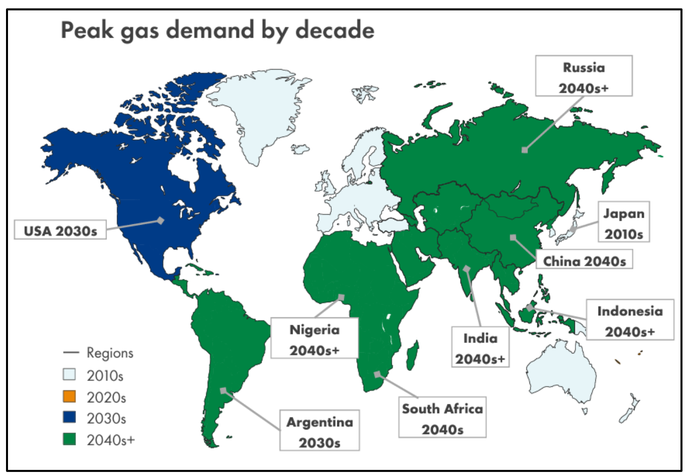
The main threats to Cheniere are related to potential supply chain disruptions. Cheniere needs to be able to source adequate natural gas to produce LNG. Any disruptions to the supply of natural gas via third party pipelines pose a serious threat to their operations. Management cites catastrophic weather events or other disasters that damage supply pipelines or their own infrastructure as a major operating risk [7]. They also explain that any failure of third parties due to other reasons could negatively impact the financial condition and operating results of the company. Cheniere is ultimately subject to supply chains and third-party natural gas companies to run its operations. Any sustained interruption in the flow of natural gas to liquefaction facilities could cripple the company.

Industry Analysis

Recent Industry Trends:

Due to a decrease in overall industrial production in 2020, there was less of an energy demand, and purchases of liquid natural gas were negatively affected [12]. Additionally, there was an increase in natural gas production in 2020 [12]. This increase in supply and decrease in demand tanked prices, holding back natural gas suppliers from growth. This was followed by an economic surge in the following years, driving large growth in the liquid natural gas industry and offsetting losses from 2020 [12].

Looking forward, there is a major market opening in Europe as Russia provided 15% of Europe's liquid natural gas supply [12]. There is also growing opportunity in China, India, and surrounding Asian countries, due to an increasing need for clean energy to improve air quality. These openings are driving competition and creating major avenues for growth as suppliers scramble to fill the gaps in the market. To consider the figure below, natural gas demand is expected to increase through the 2040s in China, Indonesia, and India. Since Europe's demand has peaked, there is an immediate need to replace Russia's presence there to capitalize on mature markets.



[11]

Porter's 5 Forces in the Liquid Natural Gas Industry:

Competitive Rivalry – *High*

With fast growing markets around the globe, particularly in Asia, there is high competition to gain government contracts. There is somewhat of a global gold rush when it comes to the expansion of liquid natural gas production and services. These large and time-sensitive opportunities can create intense rivalries between corporations. We expect there to be major rivalries between Cheniere, Shell plc, and Exxon Mobil in their attempts to gain territory in Asia. Similarly, we expect Cheniere to compete fiercely with Total Energies and Chevron in their European expansion efforts.

Threat of New Entrants – *Low to Moderate*

The energy industry is always difficult for new companies to enter into, and it is no different for liquid natural gas. The industry requires large capital investments to develop liquefaction facilities and transportation infrastructure, obtain rights to natural gas reserves, and navigate regulatory requirements and permits. Additionally, it takes a credible name and background to gain long-term government contracts. For these reasons, the risk of brand-new companies entering the market is slim. However, there could be a moderate risk of other energy companies who are not yet involved in natural gas entering the industry. Natural gas's increasing popularity and market opportunity could be an attractive project for an accredited, well-funded energy company to invest in.

Bargaining Power of Suppliers – *High*

Liquid natural gas suppliers have significant influence on their contracts due to the industry's limited number of competitors as well as the high product costs attributable to natural gas extraction, liquefaction, and transportation infrastructure. The long-term nature of energy contracts also gives the upper hand to the supplier in negotiating terms. In areas where alternative energy sources are emerging, such as solar power in the south, there may be less power to the suppliers. However, these energy sources are not developed enough to have a substantial effect on the bargaining power of liquid natural gas suppliers.

Bargaining Power of Buyers – *Moderate*

The bargaining power of buyers in the natural gas industry varies greatly depending on the volume of LNG being purchased, the number of alternative energy sources, and the flexibility of contracts. The bargaining power of individual consumers is generally slim to none. However, industrial consumers and other large buyers can have more bargaining leverage due to the volume of product they consume as well as the more symbiotic nature of business-to-business relationships. This is more prominent in areas where consumers can switch to alternative energy sources.

Threat of Substitutes – *Low to Moderate*

Liquid natural gas is becoming an increasingly popular energy source compared to coal and oil due to its cleanliness and ease of transportation. The technology used to cool the gas to compress it has made mass distribution very practical and cost-effective. Renewable energy is also growing in popularity and has support and incentives from major government institutions, so it may pose a moderate threat. However, liquid natural gas is still dominant compared to renewable energy because of its reliability. Many countries are leaning towards efficient and reliable energy sources right now, especially considering the effects of Covid-19 and the ongoing conflicts in Russia and the Middle East.

Competitor Analysis:

Company	Market Cap (Billions)	Net Income (Billions)	P/E
Shell	213.5	19.4	7.81
Exxon Mobil	399.6	36.0	9.93
Total Energies	160.3	21.4	8.58
Chevron	281.6	21.4	11.07
Cheniere	40.67	9.9	3.38

[23]

Shell plc

Shell plc, headquartered in London and founded in 1907, is an energy and petrochemical company with global operations. It extracts, markets, transports, and delivers oil and natural gas. It also generates wind and solar energy resources and provides electric vehicle charging services. In 2023, they reported $316 billion in revenue and 6% profit margins [23]. Looking forward, Shell expects global demand for natural gas to peak after 2040 [11]. They are looking to expand further into Asian markets, specifically in China to capitalize on China's industrial decarbonization. Shell's expansion will be direct competition for Cheniere in the Asian regions.

Exxon Mobil

Exxon Mobil Corporation is headquartered in Spring, Texas and was founded in 1870. It has upstream operations in exploration, development, and production of oil and natural gas, as well as downstream operations in refining oil and marketing liquid natural gas. It's also involved in alternative energy sources, such as biofuels and renewable energy technologies, in efforts to address climate change and sustainability. It operates under multiple brands like Exxon, Mobil, Esso, and XTO Energy. In 2023, they reported $335 billion in revenue and nearly 11% profit margins [24]. Exxon Mobil is investing locally and globally to expand operations. They are expanding their Golden Pass LNG terminal in Texas and have added terminals in Wales and Italy in recent years [24]. They are looking to move into the Asia Pacific and West African regions [24]. Their expansion into the Asia Pacific region will prove to be a challenge for Cheniere to overcome as they battle for share in the Asian energy markets.

Total Energies

Total Energies is headquartered in Courbevoie, France, and was founded in 1924. It is involved in many different segments, including exploration and production, integrated power, refining and chemicals, and marketing and services. It operates internationally, with its main markets being in France, Europe, North America, and Africa. In 2023, they reported nearly $219 billion in revenue with 9% profit margins [23]. Total Energies management is planning to increase export volumes from the United States [25]. It has less of a presence in the US compared to its competitors because of its base in France, however, it has a strong presence in Europe, which was strengthened by its addition of two floating regasification terminals in Europe in 2023 [25]. Total Energies could prove to be Cheniere's top competitor in this region.

Chevron

Chevron is headquartered in San Ramon, California, and was founded in 1879. It is involved upstream in developing, transporting, exploring, and producing oil and natural gas. Downstream, it refines crude oil and manufactures and markets renewable fuels. In 2023, they reported $197 Billion in revenue and nearly 11% profit margins [23]. Chevron expects the world's population to grow by 2 billion by 2050 along with a 50% increase in global energy use [26]. They plan to increase gas production in the Permian Basin and Eastern Mediterranean to keep up with this increase in demand [27]. While Chevron may not pose a major threat to Cheniere when it comes to expansion in India, they will both be targeting sections of Europe that are suffering from a low natural gas supply.

Economic Analysis

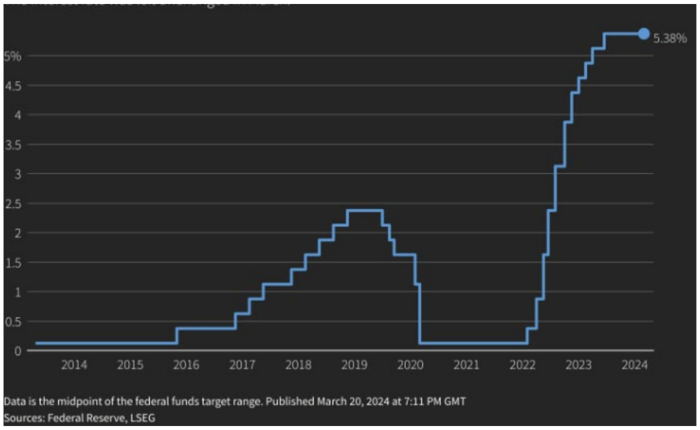
Federal Funds Rate:

The energy sector is very sensitive to interest rates, as they affect a company's ability to invest in new infrastructure, issue debt for projects, and dampen consumer demand. The FED directly targets these rates through adjustments of the Federal Funds Rate which is the cost of overnight lending. As this rate fluctuates, the effect is displayed in borrowing, saving, and treasury bond rates. If the Fed keeps this rate high, it cools the economy and reduces spending. Companies in the utilities and energy sectors depend on debt markets to fund CAPEX. The current effective federal funds rate stands at 5.33% [3].

We believe that the federal funds rate will fall 1.5% by 2025, bringing the effective rate to **3.83%**. We believe this will be followed by a 0.5% cut in the following three years, bringing us to 2.33% in 2028.

The CME Fed Watch Tool currently has an average estimate of a 4.33% effective rate in September 2025 [1]. Our estimate is below street expectations because we believe the Fed's hand will be forced by a deflationary event, geopolitical conflict, or rising national debt levels. The following graph displays the federal funds rate over the last decade.

Effective Fed Funds Rate 2014-2024:



[2]

The Fed is underestimating the impact of a potentially deflationary event. We have begun to see cracks in the banking system over the past year. While solvency issues have subsided and the distressed paper has rallied to close 2023, risk happens fast. Slumping values in the commercial real estate markets are putting continued stress on banks across the globe [3].

The geopolitical landscape remains complicated. As smaller wars and conflicts continue to break out, the likelihood of larger scale conflict increases. If the U.S. were to get involved in a war, they would need to issue large amounts of debt to fund the efforts [4]. In this event, the Fed would likely resume quantitative easing and take rates substantially lower.

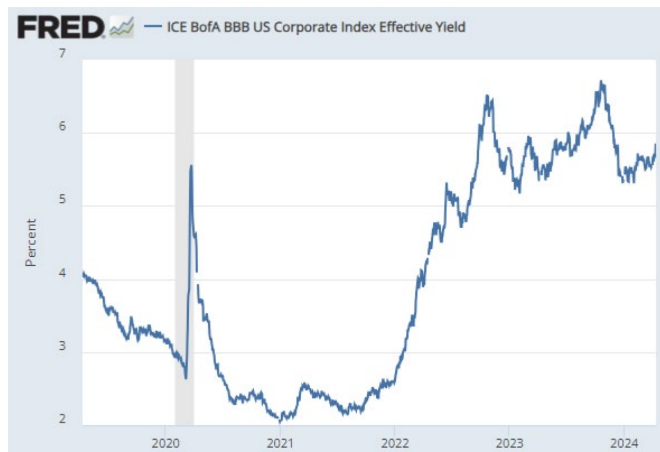
Regardless of a potential recession or deflationary event, the Fed can't keep rates higher for longer. The U.S. national debt stands at 34.5 trillion [5]. While rates have come down in recent months, the federal government can't afford for their paper to roll at a 4-5% interest rate. Interest payments are quickly blowing out and will exceed defense spending soon. While monetary policy is technically separate from fiscal policy, fiscal spending will continue to dominate as debt levels climb.

Whether the Fed makes it back to 2% inflation or not, they will start to cut soon. We don't know where the first domino will fall - but it will fall. In an overleveraged economy like ours, the Fed will be forced to take rates to zero quickly, as they were in the previous two recessions.

BBB Effective Yield:

While the federal funds rate is very useful for determining the direction of the entire economy, corporate yields offer a much more specific way to measure CAPEX impacts. The index we chose reflects the yield of all investment grade rated corporate debt publicly issued in the US with a BBB rating. Using these rates allows us to specifically measure the cost of debt for the kinds of companies we are looking at, instead of using treasuries which measure the cost of the government to borrow. We chose a BBB index because it most closely reflects our investment universe (LNG is BBB rated). Energy and Utility companies have huge CAPEX budgets because of the infrastructure heavy nature of their business. This means being able to finance projects as cheap as possible is important for maximizing profitability.

BBB Yield 5 year Trend:



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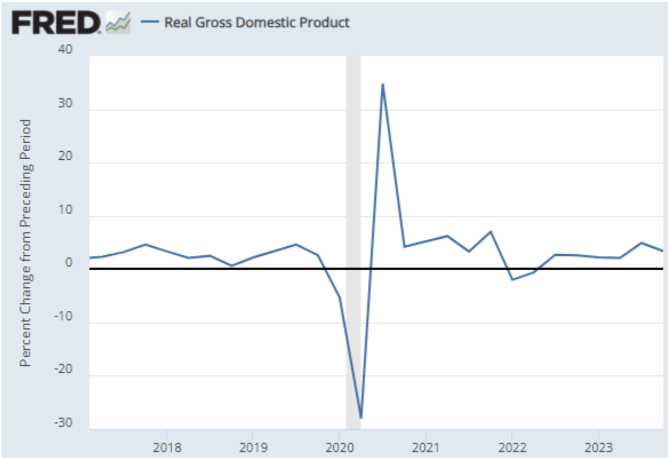
Similar to our Federal Funds Rate projection, we expect BBB corporate yields to fall, representing a parallel long-run shift in the yield curve. A lot of the recent falls in BBB yields are due to markets reacting to a more dovish Fed. While the fed hasn't made a rate cut yet, Powell's press conference certainly sounded like a pivot. This caused bonds to rally and yields to fall. As actual rate cuts begin to happen in mid-2024, we expect corporate yields to continue to fall. We expect corporate yields of 4.5% by the end of 2025.

Real Gross Domestic Product (GDP) Growth:

There is a positive correlation between overall economic growth and electricity demand. Following the third quarter of 2020, real GDP has averaged a 3.1% growth year over year [29]. Despite a brief contraction in the first half of 2022, GDP has maintained a solid growth rate even in the presence of rising inflation, supply chain issues, and tight labor markets [29].

Quarter over Quarter change in real GDP:



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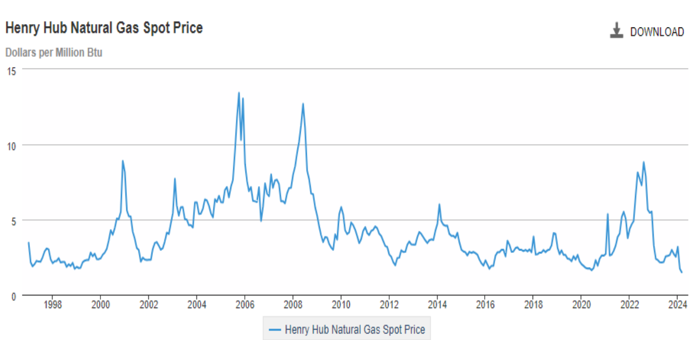
It is important to note that the Federal Reserve Bank of St. Louis predicted GDP growth to fall to less than 1% in 2023 because of these similar issues, but the economy managed to maintain about a 3% growth rate. With FED rate cuts on the horizon for the second half of 2024, we forecast that real GDP growth with rise to 3.5% for 2024. The increase in GDP will result in more energy demand and increased revenues for at least the coming year.

Henry Hub Prices:

Henry Hub prices are a key revenue and cost driver for Cheniere. They price long and short-term contracts at 115% of Henry Hub plus an additional fixed fee [7]. When Henry Hub prices rise, revenues and costs follow suit. The recent spike in natural gas prices in 2022 resulted in record profits for Cheniere.

Henry Hub Prices ($/MMbtu) 1998-2024:



[22]

Historically, Henry Hub prices are very volatile. To navigate this volatility, Cheniere hedges with derivative contracts. When prices fall dramatically and revenues decline with them, Cheniere offsets these moves with gains in derivatives and lower cost of sales.

Our price estimates for Henry Hub are based off an average of the monthly CME futures contract prices. We project the average yearly henry hub price to be $2.34 in 2024, $3.50 in 2025, $3.79 in 2026, $3.90 in 2027, and $3.82 in 2028 [8].

Valuation Discussion

Key Assumptions:

Revenue and COGS

As discussed previously, revenue and cost of sales are heavily driven by fluctuations in natural gas spot prices. Cheniere prices their contracts with a variable component (115% of Henry Hub price) and holds a lot of derivatives to navigate natural gas price cycles.

Our revenue forecasts are driven by LNG volume estimates and Henry Hub prices. Actual production volume is difficult to forecast, so we used 6% as a conservative yearly growth estimate. Henry Hub prices were forecasted as an average of the monthly CME futures contracts. Any changes in volume growth or natural gas prices would result in a significant move in our intrinsic value estimates.

Our revenue estimates are $15.4 and $24.0 billion in 2024 and 2025, respectively. Street expectations average $16.3 and $20.4 billion in the same years [17]. Consensus estimates for COGS are $8.0 and $10.2 billion in 2024 and 2025, respectively [17]. Our model forecasts cost of sales at $8.3 and $15.0 billion in the same years. This brings our gross profit estimates to $7.0 and $9.0 billion versus consensus estimates of $11.0 and $13.3 billion. The key takeaway is our revenue and profit estimates are very conservative. Our forecasts are below street expectations, and we still have a buy rating on LNG.

Cost of Equity

The key inputs to the cost of equity are the risk-free rate, beta, and equity risk premium. Our risk-free rate is the 10-year treasury bond, currently yielding 4.58% [13]. Our Beta is an average of the 3, 4, and 5 year weekly and 5-year monthly betas, which returned a value of 0.78 [14]. The equity risk premium we chose is the 1928-2023 geometric average over the 10-year treasury [15]. These assumptions returned a cost of equity of 8.70%. The cost of equity is the discount rate for the economic profit model and a key assumption of the WACC.

WACC

The WACC includes the cost of equity, as well as the cost of debt (Cheniere has no preferred stock). The inputs to the cost of debt include the risk-free rate, the implied default premium, and the marginal tax rate. To determine the default premium, we used their implied 10-year yield to match the duration of our risk-free rate assumption [14]. Our marginal tax rate was forecasted as an average of the marginal tax rate from 2020-2023, which returned a value of 20.05% [16]. These inputs gave us an after-tax cost of debt of 4.73%.

The market value weights of Cheniere were estimated to be 57.36% equity and 42.64% debt. This gave us a weighted average cost of capital of 7.00%. The WACC is a key driver of the DCF model. While we are confident in our assumptions, any minor fluctuation in the discount rate would move the intrinsic value returned by the DCF significantly.

Continuing Value Growth

One of the most difficult drivers to forecast is the continuing value growth rates. We wanted to remain conservative with our estimates and settled on 2.5% as the continuing value growth of NOPLAT and 4% as the continuing value growth of EPS. EPS growth is 1.5% higher than our continuing value growth of NOPLAT because theoretically Cheniere should be able to grow EPS faster than NOPLAT. While a large portion of Cheniere's costs are variable and determined by natural gas prices, there is some degree of operating leverage due to their existing infrastructure.

Discounted Cash Flow and Economic Profit Model:

Estimated share price: **$206.55**

The DCF and EP intrinsic value of our model make up the top end of our price target. For the DCF, we forecasted the future cash flows to the CV year 2028 and discounted these cash flows to present value.

Key assumptions of the DCF include the WACC (discount rate of cash flows), CV growth of NOPLAT, revenue projections, and cost projections. See the sensitivity analysis for further discussion on these variables.

Our group chose 2.5% as the continuing value growth rate of NOPLAT. We opted to remain very conservative with this assumption. If inflation remains hot and the economy continues to grow, the continuing value growth could be much higher.

For the EP model, we forecasted the yearly economic profit through 2028 and discounted these values by the cost of equity (8.70%). The EP model correctly returned the same value as the DCF model.

The DCF and EP models are our best estimate of the intrinsic value of Cheniere. While certain assumptions are difficult to forecast, all our estimates are based on the most recent publicly available information. The nature of Cheniere's business is very cyclical, and both profits and cash flows are heavily influenced by the state of the natural gas market. Over the long term, Cheniere is positioned to grow economic profits and cash flows as demand for natural gas grows in tandem with Cheniere's production capacity.

Dividend Discount Model:

Estimated share price: **$191.97**

Cheniere recently began returning cash to shareholders in the form of dividends and share buybacks. We used the share price returned by the DDM as the bottom of our target range. Management has said they want to grow dividends by 10% a year until the completion of the Corpus Christi Stage 3 project. From there, Cheniere should be able to return even more cash in the form of dividends. Cheniere also plans to continue to repurchase shares, and we forecast they will grow their share repurchases over time.

Key assumptions of the DDM include the CV growth of EPS, yearly dividend payments, and future stock price. Our yearly dividend payments are largely based on management estimates. The future stock price estimate is a product of EPS in the CV year ($12.92) and the P/E multiple in the CV year (19.44). This returned a stock price of $251 in the CV year 2028.

Although there is not an extensive history of payouts, Cheniere is positioned very well to increase their payout policy moving forward. Management's transparency with their plans for future payouts makes us confident in our forecasts and the intrinsic value returned by the model.

Relative Valuation Model:

Estimated share price: **$70.11-$100.84**

Competitors in the natural gas industry are primarily oil companies that also engage in natural gas activities. This makes for an imperfect comparison in a relative valuation model because there are no competitors based in the U.S. with the same business model as Cheniere. Our peer comparison group includes, Shell (NYSE:SHEL), ExxonMobil (NYSE:XOM), Total Energies (NYSE:TTE), and Chevron (NYSE:CVX). These businesses are not entirely driven by natural gas volume and spot prices like Cheniere, making their earnings less volatile. We forecast Henry Hub prices to fall in 2024 again, bringing Cheniere's revenue and earnings down with it. Our EPS projection in 2024 is $4.65. Our peer group average P/E (2024) is 15.07. This returns a share price of $70.11 for Cheniere on a relative valuation basis. In 2025, we project EPS to be $7.67. The average forward P/E (2025) for our peer comparison group is 13.16. This returns a share price of $100.84 for Cheniere on a relative valuation basis. These projections are far lower than our other valuation models and street expectations. The volatility of Cheniere's earnings from the function in natural gas spot prices and the lack of a pure comparison group makes the relative valuation model difficult to use.

Sensitivty Analysis

2025 LNG production vs. 2025 Henry Hub Prices:

		2025 LNG Production (Tbtu)						
	206.55	2,351	2,451	2,551	2,651	2,751	2,851	2,951
2025 Henry Hub	3.20	203.23	203.84	204.44	205.04	205.65	206.25	206.86
	3.30	203.68	204.30	204.92	205.54	206.17	206.79	207.41
	3.40	204.12	204.76	205.40	206.05	206.69	207.33	207.97
	3.50	204.56	205.22	205.88	206.55	207.21	207.87	208.53
	3.60	205.01	205.69	206.37	207.05	207.73	208.41	209.08
	3.70	205.45	206.15	206.85	207.55	208.24	208.94	209.64
	3.80	205.89	206.61	207.33	208.05	208.76	209.48	210.20

Henry Hub Prices and LNG volume are the main drivers of revenue for our model. Henry Hub price is based on the average of monthly future contract prices for the year. This means we do not have a constant Henry Hub growth rate built into the model and must measure sensitivity for Henry Hub one year at a time. To ensure the variables had a roughly equal impact in this table, we also chose to test LNG production at a point of time instead of the 6% growth rate. These variables appear to have a similar impact on price. The total range for DCF stock price was $203-$210. This sensitivity table highlights the importance of our yearly production and Henry Hub estimates, as even a small fluctuation in one of these variables in a single year moves the stock price several dollars.

CAPEX Growth Rate vs. WACC:

		CapEX Growth Rate						
	206.55	16.29%	17.29%	18.29%	19.29%	20.29%	21.29%	22.29%
WACC	6.70%	239.79	237.50	235.17	232.80	230.39	227.94	225.44
	6.80%	230.52	228.27	225.97	223.64	221.27	218.85	216.39
	6.90%	221.68	219.46	217.20	214.90	212.56	210.18	207.76
	7.00%	213.24	211.05	208.82	206.55	204.24	201.90	199.51
	7.10%	205.16	203.00	200.80	198.57	196.29	193.97	191.62
	7.20%	197.43	195.30	193.13	190.92	188.68	186.39	184.07
	7.30%	190.03	187.92	185.78	183.60	181.39	179.13	176.84

In this sensitivity table we decided to measure CAPEX and WACC. Stock prices are very sensitive to both variables. As Chinere looks to maintain and expand its infrastructure, both variables are critically important to determine the costs of projects and total yearly expenses. The table resulted in a stock price range of $239-$176. The WACC is much easier to measure than CAPEX growth but could fluctuate going forward depending on the Fed's next move and the corresponding move in treasury markets. CAPEX growth was determined by an average of year-over-year growth in recent years. This value fluctuates widely depending on how many years are included in the average, but we are confident in our projection due to the expansion of liquification capacity at the Corpus Christi and Sabine Pass LNG terminals. Minor fluctuations in either variable result in huge stock price moves, highlighting the importance of management to expand responsibly and acquire cheap access to capital.

Beta vs. COGS % of Sales:

Beta (columns) / COGS % of Sales (rows)

206.55	0.63	0.68	0.73	0.78	0.83	0.88	0.93
60.74%	282.20	266.41	251.70	237.98	225.14	213.12	201.82
61.24%	270.52	255.15	240.85	227.50	215.02	203.32	192.33
61.74%	258.83	243.90	230.00	217.02	204.89	193.52	182.84
62.24%	247.15	232.64	219.14	206.55	194.76	183.72	173.35
62.74%	235.46	221.39	208.29	196.07	184.64	173.92	163.86
63.24%	223.78	210.14	197.44	185.59	174.51	164.13	154.37
63.74%	212.09	198.88	186.59	175.11	164.39	154.33	144.88

Outside of revenue estimates, Beta and COGS as a % of sales may be the most important estimates in out model. We measured Beta as an average of the 3, 4, and 5 year weekly and 5 year monthly regressions from Bloomberg. Small moves in Beta have a huge impact on WACC, resulting in a much higher or lower discount rate in the DCF and EP models. COGS is the main expense on the income statement and a huge determinant of profitability. There seems to be a relatively consistent trend in COGS as a % of sales over time, but there was a huge drop last year (FY 2023) due to fair value settlements of derivatives and lower Henry Hub prices. We project COGS to remain lower than normal due to lower Henry Hub prices in 2024 and a revision to the mean in the years that follow. The range of outcomes displayed in this table shows a stock price of $145-$282.

Normal Cash Estimate vs Equity Risk Premium:

Normal Cash Estimate (columns) / Equity Risk Premium (rows)

206.55	2.55%	3.05%	3.55%	4.05%	4.55%	5.05%	5.55%
4.96%	220.10	219.32	218.54	217.76	216.99	216.21	215.43
5.06%	216.27	215.50	214.72	213.95	213.17	212.40	211.63
5.16%	212.52	211.75	210.98	210.21	209.44	208.67	207.90
5.26%	208.85	208.08	207.31	206.55	205.78	205.01	204.25
5.36%	205.25	204.48	203.72	202.95	202.19	201.43	200.66
5.46%	201.71	200.95	200.19	199.43	198.67	197.91	197.15
5.56%	198.25	197.49	196.74	195.98	195.22	194.47	193.71

This sensitivity table shows the effects of changing the normal cash estimate and equity risk premium. The equity risk premium has much more of an impact on share price than the normal cash estimate. While normal cash fluctuations do change our invested capital estimates, the equity risk premium is a key driver of the WACC. Once again, this table shows the importance of correctly estimating the WACC, and by extension, the inputs to the WACC. Even a few basis points of change in the discount rate have a huge impact on the final share price. The predicted share price in the table ranged from $220-$194, driven mainly by moves in the equity risk premium.

CV Growth of NOPLAT vs. Pre-Tax Cost of Debt:

CV Growth of NOPLAT (columns) / Pre-Tax Cost of Debt (rows)

206.55	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%
5.61%	203.27	206.89	210.67	214.63	218.77	223.10	227.65
5.71%	200.77	204.32	208.02	211.89	215.94	220.18	224.63
5.81%	198.31	201.79	205.41	209.20	213.16	217.31	221.66
5.91%	195.89	199.29	202.84	206.55	210.42	214.48	218.73
6.01%	193.49	196.83	200.30	203.93	207.73	211.69	215.85
6.11%	191.13	194.40	197.80	201.36	205.07	208.95	213.02
6.21%	188.80	192.00	195.34	198.82	202.45	206.25	210.22

For this sensitivity table we decided to measure CV growth of NOPLAT and the pre-tax cost of debt. The continuing value growth is a key driver for the enterprise valuation model. A higher growth rate returns a much higher share price. Our group believes 2.5% is a conservative and reasonable estimate for a commodity company. Pre-tax cost of debt is another key driver for the WACC. We estimated our cost of debt as the implied 10-year yield of LNG debt on Bloomberg. Marginal changes of this variable have a large impact on share price, again due to its relationship with the WACC. The stock price on this sensitivity table ranged from $188-$227.

Risk Free Rate vs. Marginal Tax Rate:

Risk Free Rate (columns) / Marginal Tax Rate (rows)

206.55	4.28%	4.38%	4.48%	4.58%	4.68%	4.78%	4.88%
17.05%	232.11	227.12	222.25	217.51	212.88	208.36	203.96
18.05%	228.45	223.47	218.62	213.89	209.28	204.79	200.40
19.05%	224.74	219.78	214.95	210.24	205.65	201.17	196.80
20.05%	220.99	216.05	211.24	206.55	201.98	197.52	193.17
21.05%	217.19	212.27	207.48	202.81	198.26	193.82	189.50
22.05%	213.35	208.45	203.68	199.03	194.50	190.09	185.78
23.05%	209.46	204.59	199.84	195.21	190.71	186.31	182.03

Both the risk-free rate and the marginal tax rate are inputs to the WACC calculation. The stock price range of $182-$232 emphasizes the sensitivity of the discount rate and its inputs. The marginal tax rate can change depending on Cheniere's foreign business transactions. The risk-free rate will fluctuate depending on the upcoming Fed decisions. Many analysts have been forecasting cuts for a while, but recent inflation data suggests the Fed may stay "higher-for-longer". In the longer term, the Fed must lower rates to support the treasury's efforts to fund multi-trillion-dollar deficits.

Conclusion

We believe that Cheniere is undervalued and have given it a BUY rating. As the world looks to transition to cleaner fuels, the natural gas industry should benefit. Cheniere is well positioned to increase total volume and return more cash to shareholders. While revenue and earnings may be volatile due to fluctuations in natural gas prices, a current stock price of $158 dollars presents a buying opportunity. Our target range is $192-$207.

Important Disclaimer

This report was created by students enrolled in Applied Equity Valuation class at the University of Iowa. The report was originally created to offer an internal investment recommendation for the University of Iowa Krause Fund and its advisory board. The report also provides potential employers and other interested parties with an example of the students' skills, knowledge, and abilities. Members of the Krause Fund are not registered investment advisors, brokers or officially licensed financial professionals. The investment advice contained in this report does not represent an offer or solicitation to buy or sell any of the securities mentioned. Unless otherwise noted, facts and figures included in this report are from publicly available sources. This report is not a complete compilation of data, and its accuracy is not guaranteed. From time to time, the University of Iowa, its faculty, staff, students, or the Krause Fund may hold a financial interest in the companies mentioned in this report.

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Cheniere Energy
Revenue Decomposition

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
LNG Revenues:								
Volumes Delivered as LNG Revenues (in Tbtu)	**1,997**	**2,317**	**2,353**	**2,497**	**2,651**	**2,815**	**2,989**	**3,176**
Volume growth	*34%*	*16%*	*2%*	*6%*	*6%*	*6%*	*6%*	*6%*
Henry Hub ($/MMbtu)	**3.89**	**6.54**	**2.53**	**2.34**	**3.50**	**3.79**	**3.90**	**3.82**
Henry Hub growth	*92%*	*68%*	*-61%*	*-7%*	*49%*	*8%*	*3%*	*-2%*
Contracts priced at 115% Henry Hub	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*	*1.15*
Conversion premium and fixed revenue	*1.72*	*1.83*	*2.86*	*2.16*	*2.16*	*2.16*	*2.16*	*2.16*
Total LNG revenues	**15,395**	**31,804**	**19,569**	**14,549**	**23,088**	**26,544**	**29,010**	**30,187**
LNG revenue growth	*73%*	*107%*	*-38%*	*-26%*	*59%*	*15%*	*9%*	*4%*
Regasification Revenues:								
Fixed Regasification Fee	250	125	125	125	125	125	125	125
Fixed revenue growth	0%	-50%	0%	0%	0%	0%	0%	0%
Variable Regasification Revenue	19	178	10	10	10	10	10	10
Variable revenue growth	0%	837%	-94%	0%	0%	0%	0%	0%
Lump Sum payment (termination)	-	765	-	-	-	-	-	-
Total Regasification revenues	**269**	**1,068**	**135**	**135**	**135**	**135**	**135**	**135**
Regasification revenue growth	0%	297%	-87%	0%	0%	0%	0%	0%
Other Revenues:								
Sublease Income	109	450	503	472	487	501	516	531
Sublease growth	15%	313%	12%	-6%	3%	3%	3%	3%
Other contracts	91	106	187	220	258	303	356	418
Other contracts growth	30%	16%	76%	17%	17%	17%	17%	17%
Total Other Revenue	**200**	**556**	**690**	**692**	**745**	**804**	**872**	**949**
Other revenue growth	21%	178%	24%	0%	8%	8%	8%	9%
Total Operating Revenue	**15,864**	**33,428**	**20,394**	**15,376**	**23,968**	**27,483**	**30,017**	**31,270**
Revenue growth rate	70%	111%	-39%	-25%	56%	15%	9%	4%

Cheniere Energy
Income Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Revenues								
Liquified natural gas ("LNG") revenues	15,395	31,804	19,569	14,549	23,088	26,544	29,010	30,187
Regasification revenues	269	1,068	135	135	135	135	135	135
Other revenues	200	556	690	692	745	804	872	949
Total revenues	15,864	33,428	20,394	15,376	23,968	27,483	30,017	31,270
Operating Costs and Expenses								
Cost of sales	13,773	25,632	1,356	8,349	14,917	17,105	18,682	19,462
Operating & maintenance expense	1,444	1,681	1,835	1,568	2,444	2,803	3,061	3,189
Selling, general & administrative expense	325	416	474	370	577	661	722	752
Depreciation & amortization expense	1,011	1,119	1,196	1,170	1,219	1,284	1,367	1,473
Development expense	7	16	-	-	-	-	-	-
Other operating costs & expenses	5	5	44	17	26	30	33	35
Total operating costs & expenses	16,565	28,869	4,905	11,473	19,183	21,883	23,865	24,910
Income (loss) from operations	(701)	4,559	15,489	3,903	4,785	5,601	6,152	6,360
Other Income (expense)								
Interest expense, net of capitalized interest	(1,438)	(1,406)	(1,141)	(1,400)	(1,448)	(1,721)	(1,676)	(1,835)
Gain (loss) on modification or extinguishment of debt	(116)	(66)	15	-	-	-	-	-
Interest rate derivative gain (loss), net	(1)	2	211	-	-	-	-	-
Other income (expense), net	(22)	5	4	4	4	4	4	4
Total other income (expense)	(1,577)	(1,465)	(911)	(1,396)	(1,444)	(1,717)	(1,672)	(1,831)
Income (loss) before income taxes & non-controlling interest	(2,278)	3,094	14,578	2,506	3,341	3,884	4,479	4,529
Less: income tax provision (benefit)	(713)	459	2,519	503	670	779	898	908
Net income (loss)	(1,565)	2,635	12,059	2,004	2,671	3,105	3,581	3,621
Less: net income attributable to non-controlling interest	778	1,207	2,178	903	926	949	973	997
Net income (loss) attributable to common stockholders	(2,343)	1,428	9,981	1,100	1,745	2,156	2,608	2,624
Net earnings (loss) per share - basic	(9.25)	5.69	40.99	4.65	7.67	9.84	12.36	12.92
Weighted average shares outstanding - basic (millions)	253	251	241	236	228	219	211	203
Annual dividends per share	0.33	1.39	1.64	1.89	2.14	2.80	3.45	4.11
Total Shares outstanding	###########	###########	###########	231,997,090	223,331,279	214,989,947	206,960,943	199,232,572

Cheniere Energy
Balance Sheet

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Assets								
Current Assets								
Cash & cash equivalents	1,404	1,353	4,066	4,302	8,624	7,293	9,044	9,058
Restricted cash & cash equivalents	413	1,134	459	483	508	534	562	591
Trade & other receivables, net of current expected credit losses	1,506	1,944	1,106	1,024	1,597	1,831	2,000	2,084
Inventory	706	826	445	521	812	931	1,017	1,060
Current derivative assets	55	120	141	148	156	164	173	182
Margin deposits	765	134	18	3	3	3	3	3
Other current assets	207	97	96	147	229	263	287	299
Total current assets	5,056	5,608	6,331	6,629	11,929	11,019	13,086	13,275
Non-current restricted cash	-	-	-	-	-	-	-	-
Non-current derivative assets	-	-	-	-	-	-	-	-
Debt issuance costs, net	-	-	-	-	-	-	-	-
Property, plant & equipment, net of accumulated depreciation	30,288	31,528	32,456	33,817	35,616	37,933	40,861	44,512
Operating lease assets	2,102	2,625	2,641	2,752	2,898	3,087	3,325	3,622
Derivative assets	69	35	863	903	944	988	1,034	1,081
Goodwill and other intangibles	77	77	-	-	-	-	-	-
Deferred tax assets	1,204	864	26	5	1	0	0	0
Other non-current assets, net	462	529	759	522	813	933	1019	1061
Total assets	39,258	41,266	43,076	44,627	52,202	53,960	59,324	63,552
Liabilities and Stockholder's Deficit								
Current Liabilities								
Accounts payable	155	124	181	98	153	175	191	199
Accrued liabilities	2,299	2,679	1,780	1,835	2,860	3,279	3,582	3,731
Current debt, net of discount & debt issuance costs	366	813	300	300	3,543	1,607	2,889	3,091
Deferred revenue	155	234	179	131	204	234	256	266
Current operating lease liabilities	535	616	655	653	688	733	789	860
Current derivative liabilities	1,089	2,301	750	789	830	873	918	966
Other current liabilities	94	28	43	17	27	31	34	35
Total current liabilities	4,693	6,795	3,888	3,823	8,304	6,932	8,659	9,148
Long-term debt, net of premium, discount & debt issuance costs	29,449	24,055	23,397	24,203	25,572	26,759	28,157	29,787
Operating lease liabilities	1,541	1,971	1,971	2,075	2,186	2,328	2,508	2,732
Finance lease liabilities	57	494	467	487	512	546	588	640
Derivative liabilities	3,501	7,947	2,378	2,488	2,603	2,723	2,848	2,980
Deferred tax liabilites	-	-	1,545	1,545	1,545	1,545	1,545	1,545
Other non-current liabilities	50	175	410	106	166	190	207	216
Total liabilities	39,291	41,437	34,056	34,727	40,888	41,022	44,512	47,048
Stockholders' equity (deficit)								
Common equity	4,378	4,315	4,378	4,378	4,378	4,378	4,378	4,378
Treasury stock	(928)	(2,342)	(3,864)	(5,444)	(7,140)	(8,959)	(10,910)	(13,003)
Retained earnings (accumulated deficit)	(6,021)	(4,942)	4,546	6,103	8,287	10,779	13,633	16,420
Total Cheniere Energy, Inc. stockholders' equity (deficit)	(2,571)	(2,969)	5,060	5,037	5,525	6,199	7,101	7,795
Non-controlling interest	2,538	2,798	3,960	4,863	5,789	6,738	7,711	8,708
Total stockholders' equity (deficit)	(33)	(171)	9,020	9,900	11,314	12,937	14,812	16,503
Total liabilities and stockholders' deficit	39,258	41,266	43,076	44,627	52,202	53,960	59,324	63,552

Cheniere Energy

Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2024E	2025E	2026E	2027E	2028E
Net income (loss)	2,004	2,671	3,105	3,581	3,621
Depreciation & amortization expense	1,170	1,219	1,284	1,367	1,473
Change in operating assets and liabilities:					
Trade & other receivables, net of current expected credit losses	82	(572)	(234)	(169)	(84)
Inventory	(76)	(291)	(119)	(86)	(42)
Restricted cash	(24)	(25)	(26)	(28)	(29)
Margin deposits	15	-	-	-	-
Other current assets	(51)	(82)	(34)	(24)	(12)
Accounts payable	(83)	55	22	16	8
Accrued Liabilites	55	1,025	419	302	150
Total deferred revenue	(48)	73	30	22	11
Current Operating lease liabilites	(2)	35	45	57	71
Operating lease liabilities	104	110	142	180	224
Operating lease assets	(111)	(146)	(189)	(238)	(297)
Other operating assets	237	(292)	(119)	(86)	(43)
Other current liabilites	(26)	10	4	3	1
Other operating liabilities	(304)	59	24	18	9
Net cash flows from operating activities:	2,942	3,848	4,355	4,914	5,060
Cash flows from investing activities					
Property, plant & equipment	(2,530)	(3,018)	(3,600)	(4,295)	(5,124)
Net cash flows from investing acitivities	(2,530)	(3,018)	(3,600)	(4,295)	(5,124)
Cash flows from financing activities					
Change in Long-term debt, net of premium, discount & debt issuance costs	806	1,369	1,187	1,398	1,630
Change in Current debt, net of discount & debt issuance costs	-	3,243	(1,936)	1,282	202
Dividends Paid	(447)	(487)	(613)	(728)	(834)
Share Repurcashes	(1,580)	(1,695)	(1,819)	(1,951)	(2,093)
Change in Finance lease liabilities	20	26	33	42	53
Change in Current Derivative Assets	(7)	(8)	(8)	(9)	(9)
Change in Derivative Assets	(40)	(42)	(44)	(46)	(48)
Change in Current Derivative Liabilities	39	41	43	45	48
Change in Derivative Liabilities	110	115	120	126	131
Change in Deferred tax assets	21	4	1	0	0
Change in Deferred tax liabilites	-	-	-	-	-
Change in Non-controlling interest	903	926	949	973	997
Net cash flows from financing activities:	(176)	3,492	(2,085)	1,133	77
Net increase (decrease) in cash, cash equivalents & restricted cash & cash equivalents	236	4,322	(1,331)	1,752	13
Cash, cash equivalents & restricted cash & cash equivalents - beginning of period	4,066	4,302	8,624	7,293	9,044
Cash, cash equivalents & restricted cash & cash equivalents - end of period	4,302	8,624	7,293	9,044	9,058

Cheniere Energy

Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2018	2019	2020	2021	2022	2023
Net income (loss)	1,200	1,232	501	(1,565)	2,635	12,059
Unrealized foreign currency exchange loss (gain), net	-	-	-	-	(5)	(2)
Depreciation & amortization expense	449	794	932	1,011	1,119	1,196
Share-based compensation expense	113	131	110	140	205	250
Non-cash interest expense	74	143	51	19	26	-
Amortization of debt issuance costs, premium & discount	69	103	114	72	57	44
Reduction of right-of-use assets	-	350	291	393	607	623
Loss on modification or extinguishment of debt	27	55	217	116	66	(15)
Total losses (gains) on derivative instruments, net	51	(400)	211	5,989	6,531	(7,890)
Net cash provided by (used for) settlement of derivative instruments	17	138	74	(1,579)	(904)	(79)
Loss on equity method investments	-	88	126	24	55	-
Impairment expense & loss on disposal of assets	8	23	6	5	-	-
Accounts & interest receivable	-	-	-	-	-	-
Restricted cash for certain operating activities	(2)	-	-	-	-	-
Deferred taxes	-	(521)	40	(715)	440	2,389
Repayment of paid-in-kind interest related to repurchase of convertible notes	-	-	(911)	(190)	(13)	-
Other adjustments, net	(10)	1	2	4	11	20
Change in operating assets and liabilities:						
Trade & other receivables, net of current expected credit losses	(131)	1	(154)	(799)	(502)	840
Inventory	(73)	11	21	(409)	(123)	377
Margin deposits	-	-	-	(741)	631	116
Other current assets	-	(18)	(27)	(101)	67	-
Accounts payable & accrued liabilities	188	52	54	1,144	250	(982)
Total deferred revenue	26	22	(23)	55	124	3
Total operating lease liabilities	-	(366)	(277)	(418)	(622)	(607)
Other operating assets & liabilities, net	(16)	(6)	(93)	14	(132)	76
Net cash flows from operating activities	1,990	1,833	1,265	2,469	10,523	8,418
Cash flows from investing activities						
Property, plant & equipment	(3,643)	(3,056)	(1,839)	(966)	(1,830)	(2,121)
Use of (investment in) restricted cash for the acquisition of property, plant & equipment	-	-	-	-	-	-
Proceeds from sale of fixed assets	-	-	-	68	1	-
Investment in equity method investment	(25)	(105)	(100)	-	(15)	(61)
Other investing activities, net	14	(2)	(8)	(14)	-	(20)
Net cash flows from investing acitivities	(3,654)	(3,163)	(1,947)	(912)	(1,844)	(2,202)
Cash flows from financing activities						
Proceeds from issuances of debt	4,285	6,434	7,823	5,911	1,575	1,397
Redemptions & repayments of debt	(1,391)	(4,346)	(6,940)	(6,810)	(6,771)	(2,598)
Debt issuance & other financing costs	(66)	(51)	(125)	(53)	(51)	-
Debt modification or extinguishment costs	(17)	(15)	(172)	(82)	(28)	-
Distributions to non-controlling interest	(576)	(590)	(626)	(649)	(947)	(1,016)
Payments related to tax withholdings for share-based compensation	(20)	(19)	(43)	(48)	(63)	(63)
Repurchase of common stock	-	(249)	(155)	(9)	(1,373)	(1,473)
Dividends to stockholders	-	-	-	(85)	(349)	(393)
Payments of finance lease liabilities	-	-	-	-	(7)	-
Use of (investment in) restricted cash	-	-	-	-	-	-
Proceeds from sale of common shares & units	-	-	-	-	-	-
Other financing activities, net	(8)	4	3	8	-	34
Net cash flows from financing activities	2,207	1,168	(235)	(1,817)	(8,014)	(4,180)
Effect of exchange rate on cash, cash equivalents, restricted cash, & restricted cash equivalents	-	-	-	-	5	2
Net increase (decrease) in cash, cash equivalents & restricted cash & cash equivalents	543	(162)	(917)	(260)	670	2,038
Cash, cash equivalents & restricted cash & cash equivalents - beginning of period	2,613	3,156	2,994	2,077	1,817	2,487
Cash, cash equivalents & restricted cash & cash equivalents - end of period	3,156	2,994	2,077	1,817	2,487	4,525

Cheniere Energy

Common Size Income Statement

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Revenues								
Liquified natural gas ("LNG") revenues	97.04%	95.14%	95.95%	94.62%	96.33%	96.58%	96.65%	96.53%
Regasification revenues	1.70%	3.19%	0.66%	0.88%	0.56%	0.49%	0.45%	0.43%
Other revenues	1.26%	1.66%	3.38%	4.50%	3.11%	2.93%	2.90%	3.03%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Operating Costs and Expenses								
Cost of sales	86.82%	76.68%	6.65%	54.30%	62.24%	62.24%	62.24%	62.24%
Operating & maintenance expense	9.10%	5.03%	9.00%	10.20%	10.20%	10.20%	10.20%	10.20%
Selling, general & administrative expense	2.05%	1.24%	2.32%	2.41%	2.41%	2.41%	2.41%	2.41%
Depreciation & amortization expense	6.37%	3.35%	5.86%	7.61%	5.08%	4.67%	4.55%	4.71%
Development expense	0.04%	0.05%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Other operating costs & expenses	0.03%	0.01%	0.22%	0.11%	0.11%	0.11%	0.11%	0.11%
Total operating costs & expenses	104.42%	86.36%	24.05%	74.62%	80.04%	79.62%	79.51%	79.66%
Income (loss) from operations	-4.42%	13.64%	75.95%	25.38%	19.96%	20.38%	20.49%	20.34%
Other Income (expense)								
Interest expense, net of capitalized interest	-9.06%	-4.21%	-5.59%	-9.11%	-6.04%	-6.26%	-5.58%	-5.87%
Gain (loss) on modification or extinguishment of debt	-0.73%	-0.20%	0.07%	0.00%	0.00%	0.00%	0.00%	0.00%
Interest rate derivative gain (loss), net	-0.01%	0.01%	1.03%	0.00%	0.00%	0.00%	0.00%	0.00%
Other income (expense), net	-0.14%	0.01%	0.02%	0.03%	0.02%	0.01%	0.01%	0.01%
Total other income (expense)	-9.94%	-4.38%	-4.47%	-9.08%	-6.03%	-6.25%	-5.57%	-5.85%
Income (loss) before income taxes & non-controlling interest	-14.36%	9.26%	71.48%	16.30%	13.94%	14.13%	14.92%	14.48%
Less: income tax provision (benefit)	-4.49%	1.37%	12.35%	3.27%	2.79%	2.83%	2.99%	2.90%
Net income (loss)	-9.87%	7.88%	59.13%	13.03%	11.14%	11.30%	11.93%	11.58%
Less: net income attributable to non-controlling interest	4.90%	3.61%	10.68%	5.87%	3.86%	3.45%	3.24%	3.19%
Net income (loss) attributable to common stockholders	-14.77%	4.27%	48.94%	7.16%	7.28%	7.85%	8.69%	8.39%

Cheniere Energy

Common Size Balance Sheet

% of sales

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Assets								
Current Assets								
Cash & cash equivalents	8.85%	4.05%	19.94%	27.98%	35.98%	26.54%	30.13%	28.97%
Restricted cash & cash equivalents	2.60%	3.39%	2.25%	3.14%	2.12%	1.94%	1.87%	1.89%
Trade & other receivables, net of current expected credit losses	9.49%	5.82%	5.42%	6.66%	6.66%	6.66%	6.66%	6.66%
Inventory	4.45%	2.47%	2.18%	3.39%	3.39%	3.39%	3.39%	3.39%
Current derivative assets	0.35%	0.36%	0.69%	0.96%	0.65%	0.60%	0.58%	0.58%
Margin deposits		0.40%	0.09%	0.02%	0.01%	0.01%	0.01%	0.01%
Other current assets	1.30%	0.29%	0.47%	0.96%	0.96%	0.96%	0.96%	0.96%
Total current assets	31.87%	16.78%	31.04%	43.11%	49.77%	40.09%	43.59%	42.45%
Non-current restricted cash	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Non-current derivative assets	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Debt issuance costs, net	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Property, plant & equipment, net of accumulated depreciation	190.92%	94.32%	159.14%	219.93%	148.60%	138.02%	136.13%	142.34%
Operating lease assets	13.25%	7.85%	12.95%	17.90%	12.09%	11.23%	11.08%	11.58%
Derivative assets	0.43%	0.10%	4.23%	5.87%	3.94%	3.60%	3.44%	3.46%
Goodwill and other intangibles	0.49%	0.23%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Deferred tax assets	7.59%	2.58%	0.13%	0.03%	0.00%	0.00%	0.00%	0.00%
Other non-current assets, net	2.91%	1.58%	3.72%	3.39%	3.39%	3.39%	3.39%	3.39%
Total assets	247.47%	123.45%	211.22%	290.24%	217.80%	196.34%	197.63%	203.23%
Liabilities and Stockholder's Deficit								
Current Liabilities								
Accounts payable	0.98%	0.37%	0.89%	0.64%	0.64%	0.64%	0.64%	0.64%
Accrued liabilities	14.49%	8.01%	8.73%	11.93%	11.93%	11.93%	11.93%	11.93%
Current debt, net of discount & debt issuance costs	2.31%	2.43%	1.47%	1.95%	14.78%	5.85%	9.62%	9.88%
Deferred revenue	0.98%	0.70%	0.88%	0.85%	0.85%	0.85%	0.85%	0.85%
Current operating lease liabilities	3.37%	1.84%	3.21%	4.25%	2.87%	2.67%	2.63%	2.75%
Current derivative liabilities	6.86%	6.88%	3.68%	5.13%	3.46%	3.18%	3.06%	3.09%
Other current liabilities	0.59%	0.08%	0.21%	0.11%	0.11%	0.11%	0.11%	0.11%
Total current liabilities	29.58%	20.33%	19.06%	24.86%	34.65%	25.22%	28.85%	29.26%
Long-term debt, net of premium, discount & debt issuance costs	185.63%	71.96%	114.72%	157.41%	106.69%	97.37%	93.80%	95.26%
Operating lease liabilities	9.71%	5.90%	9.66%	13.50%	9.12%	8.47%	8.35%	8.74%
Finance lease liabilities	0.36%	1.48%	2.29%	3.16%	2.14%	1.99%	1.96%	2.05%
Derivative liabilities	22.07%	23.77%	11.66%	16.18%	10.86%	9.91%	9.49%	9.53%
Deferred tax liabilites			7.58%	10.05%	6.45%	5.62%	5.15%	4.94%
Other non-current liabilities	0.32%	0.52%	2.01%	0.69%	0.69%	0.69%	0.69%	0.69%
Total liabilities	247.67%	123.96%	166.99%	225.85%	170.59%	149.26%	148.29%	150.46%
Stockholders' equity (deficit)								
Common equity	27.60%	12.91%	21.47%	28.47%	18.27%	15.93%	14.58%	14.00%
Treasury stock	-5.85%	-7.01%	-18.95%	-35.41%	-29.79%	-32.60%	-36.35%	-41.58%
Retained earnings (accumulated deficit)	-37.95%	-14.78%	22.29%	39.69%	34.57%	39.22%	45.42%	52.51%
Total Cheniere Energy, Inc. stockholders' equity (deficit)	-16.21%	-8.88%	24.81%	32.76%	23.05%	22.55%	23.66%	24.93%
Non-controlling interest	16.00%	8.37%	19.42%	31.63%	24.15%	24.52%	25.69%	27.85%
Total stockholders' equity (deficit)	-0.21%	-0.51%	44.23%	64.39%	47.21%	47.07%	49.35%	52.78%
Total liabilities and stockholders' deficit	247.47%	123.45%	211.22%	290.24%	217.80%	196.34%	197.63%	203.23%

Cheniere Energy
Value Driver Estimation

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
NOPLAT:								
EBIT								
Sales	15,864	33,428	20,394	15,376	23,968	27,483	30,017	31,270
COGS	13,773	25,632	1,356	8,349	14,917	17,105	18,682	19,462
Operating and Maintenance	1,444	1,681	1,835	1,568	2,444	2,803	3,061	3,189
SG&A	325	416	474	370	577	661	722	752
Depreciaton	1,011	1,119	1,196	1,170	1,219	1,284	1,367	1,473
Research and Development	7	16	-	-	-	-	-	-
Other Operating	5	5	44	17	26	30	33	35
Implied lease interest	45	117	147	156	163	171	182	197
EBIT	**(656)**	**4,676**	**15,636**	**4,059**	**4,948**	**5,772**	**6,334**	**6,557**
Adjusted tax								
Income Tax Provision	(713)	459	2,519	503	670	779	898	908
Interest expense, net of capitalized interest	(266)	(302)	(233)	(281)	(290)	(345)	(336)	(368)
Gain (loss) on modification or extinguishment of debt	(21)	(14)	3	-	-	-	-	-
Interest rate derivative gain (loss), net	(0)	0	43	-	-	-	-	-
Other income (expense), net	(4)	1	1	1	1	1	1	1
Tax on implied lease interest	8	25	30	31	33	34	37	39
Adjusted Tax	(413)	799	2,735	814	992	1,157	1,270	1,315
Change in Def Tax	(715)	440	2,389	21	4	1	0	0
NOPLAT	**(958)**	**4,317**	**15,290**	**3,266**	**3,960**	**4,615**	**5,064**	**5,242**

	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Invested Capital (IC):								
Operating Current Assets								
Normal Cash	642	1,353	825	622	970	1,112	1,215	1,266
Trade and Other Receivables	1,506	1,944	1,106	1,024	1,597	1,831	2,000	2,084
Inventory	706	826	445	521	812	931	1,017	1,060
Other current assets	207	97	96	147	229	263	287	299
Total Current Operating Assets	**3,061**	**4,220**	**2,472**	**2,315**	**3,608**	**4,138**	**4,519**	**4,708**
Non Interest Bearing Liabilites								
Accounts payable	155	124	181	98	153	175	191	199
Accrued liabilities	2,299	2,679	1,780	1,835	2,860	3,279	3,582	3,731
Deferred revenue	155	234	179	131	204	234	256	266
Other current liabilities	94	28	43	17	27	31	34	35
Total Non Interest Bearing Liabilites	**2,703**	**3,065**	**2,183**	**2,081**	**3,244**	**3,719**	**4,062**	**4,232**
Net Operating Working Capital	358	1,155	289	234	365	418	457	476
Plus: Net Poperty, Plant, and Equipment	30,288	31,528	32,456	33,817	35,616	37,933	40,861	44,512
Plus: Net Other LT Operating Assets	462	529	759	522	813	933	1,019	1,061
Plus: PV of operating leases	1,972	2,494	2,565	2,752	2,898	3,087	3,325	3,622
Less: Other LT Operating Liabilites	50	175	410	106	166	190	207	216
Total Invested Capital (IC)	**31,058**	**33,037**	**33,094**	**34,466**	**36,629**	**39,094**	**42,129**	**45,833**

	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Free Cash Flow (FCF):								
NOPLAT	(958)	4,317	15,290	3,266	3,960	4,615	5,064	5,242
Change in IC	149	1,979	57	1,372	2,163	2,465	3,035	3,704
FCF	**(1,107)**	**2,338**	**15,233**	**1,894**	**1,797**	**2,150**	**2,029**	**1,538**
Return on Invested Capital (ROIC):								
NOPLAT	(958)	4,317	15,290	3,266	3,960	4,615	5,064	5,242
Beginning IC	30,909	31,058	33,037	33,094	34,466	36,629	39,094	42,129
ROIC	**-3.10%**	**13.90%**	**46.28%**	**9.87%**	**11.49%**	**12.60%**	**12.95%**	**12.44%**
Economic Profit (EP):								
Beginning IC	30,909	31,058	33,037	33,094	34,466	36,629	39,094	42,129
x (ROIC - WACC)	-10.10%	6.89%	39.28%	2.87%	4.49%	5.60%	5.95%	5.44%
EP	**(3,122.68)**	**2,141.33**	**12,976.68**	**948.25**	**1,545.85**	**2,050.09**	**2,326.41**	**2,291.60**

Cheniere Energy

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:		*ASSUMPTIONS:*
Risk-Free Rate	4.58%	*10 year treasury bond*
Beta	0.78	*Average of 3,4,5 yr weekly and 5 yr monthly beta*
Equity Risk Premium	5.26%	*1928-2023 geometirc average over 10-year treasury*
Cost of Equity	**8.70%**	
Cost of Debt:		
Risk-Free Rate	4.58%	*10 year treasury bond*
Implied Default Premium	1.33%	
Pre-Tax Cost of Debt	5.91%	*10 year implied corp YTM*
Marginal Tax Rate	20%	
After-Tax Cost of Debt	**4.73%**	

Market Value of Common Equity:		**MV Weights**
Total Shares Outstanding	231,997,090	
Current Stock Price	$158.06	
MV of Equity	**36,669,460,000**	57.36%
Market Value of Debt:		
Short-Term Debt		
Current Portion of LTD	300,000,000	
Long-Term Debt	24,203,022,433	
PV of Operating Leases	2,751,706,653	
MV of Total Debt	**27,254,729,086**	42.64%
Market Value of the Firm	**63,924,189,086**	100.00%

	Estimated WACC	**7.00%**

Cheniere Energy

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

Key Inputs:

CV Growth of NOPLAT	2.50%
CV Year ROIC	12.44%
WACC	7.00%
Cost of Equity	8.70%

Fiscal Years Ending Dec. 31	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**
DCF Model:					
Free Cash Flow (FCF)	1894.4	1797.2	2150.0	2029.4	
Continuing Value (CV)					93012.4
PV of FCF	1770.4	1569.6	1754.9	1548.0	70949.1
Value of Operating Assets:	77592.0				
Non-Operating Adjustments					
Excess cash	3713.6				
Restrcited Cash	482.8				
Current derivative assets	148.3				
Margin Deposits	2.7				
Derivative assets	902.8				
PV Operating Leases	-2751.7				
Long term debt	-24203.0				
Current Portion of LT Debt	-300.0				
Non-controlling interest	-4863.3				
Current derivative liabilities	-788.9				
Derivative Liabilities	-2487.7				
Finance Lease Liabilities	-486.6				
Value of Equity	46961.0				
Shares Outstanding	232.0				
Intrinsic Value of Last FYE	$ 202.42				
Implied Price as of Today	$ 206.55				
EP Model:					
Economic Profit (EP)	948.3	1545.8	2050.1	2326.4	
Continuing Value (CV)					50883.4
PV of EP	886.2	1350.1	1673.3	1774.6	38813.4
Total PV of EP	44497.6				
Invested Capital (last FYE)	33094.4				
Value of Operating Assets:	77592.0				
Non-Operating Adjustments					
Excess cash	3713.6				
Restrcited Cash	482.8				
Current derivative assets	148.3				
Margin Deposits	2.7				
Derivative assets	902.8				
PV Operating Leases	-2751.7				
Long term debt	-24203.0				
Current Portion of LT Debt	-300.0				
Non-controlling interest	-4863.3				
Current derivative liabilities	-788.9				
Derivative Liabilities	-2487.7				
Finance Lease Liabilities	-486.6				
Value of Equity	46961.0				
Shares Outstanding	232.0				
Intrinsic Value of Last FYE	$ 202.42				
Implied Price as of Today	$ 206.55				

Cheniere Energy

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

Fiscal Years Ending	2024E	2025E	2026E	2027E	2028E
EPS	$ 4.65	$ 7.67	$ 9.84	$ 12.36	$ 12.92
Key Assumptions					
CV growth of EPS	4.50%				
CV Year ROE	24.45%				
Cost of Equity	8.70%				
Future Cash Flows					
P/E Multiple (CV Year)					19.44
EPS (CV Year)					$ 12.92
Future Stock Price					$ 251.18
Dividends Per Share	1.89	2.14	2.80	3.45	
Discounted Cash Flows	1.74	1.81	2.18	2.47	179.93
Intrinsic Value as of Last FYE	$ 188.13				
Implied Price as of Today	$ 191.97				

Cheniere Energy
Relative Valuation Models

Ticker	Company	Price	EPS 2024E	EPS 2025E	P/E 24	P/E 25
SHEL	Shell	$72.65	$7.90	$8.43	9.20	8.62
XOM	Exxon Mobil	$122.20	$8.34	$9.02	14.65	13.55
TTE	Total Energies	$73.36	$8.95	$9.02	8.20	8.13
CVX	Chevron	$161.54	$11.75	$13.38	13.42	11.79
				Average	**15.07**	**13.16**
LNG	Cheniere Energy	$158.06	4.65	7.67	34.0	20.6

Implied Relative Value:

P/E (EPS24)	**$ 70.11**
P/E (EPS25)	**$ 100.84**

Cheniere Energy
Key Management Ratios

Fiscal Years Ending Dec. 31	2021	2022	2023	2024E	2025E	2026E	2027E	2028E
Liquidity Ratios:								
Current Ratio (Current Assets/Current Liabilites)	1.08	0.83	1.63	1.73	1.44	1.59	1.51	1.45
Quick Ratio ((Current Assets - Inventory)/Current Liabilites)	0.93	0.70	1.51	1.60	1.34	1.46	1.39	1.34
Cash Ratio (Cash/Current Liabilites)	0.30	0.20	1.05	1.13	1.04	1.05	1.04	0.99
Asset-Management Ratios:								
Total Asset Turnover (Revenue/Average Total Assets)	0.42	0.83	0.48	0.35	0.50	0.52	0.53	0.51
Inventory Turnover Ratio (COGS/Average Inventory)	0.37	0.64	0.03	0.19	0.31	0.32	0.33	0.32
Days Sales Outstanding (Total Recievables/(annual sales/365))	34.65	21.23	19.79	24.32	24.32	24.32	24.32	24.32
Financial Leverage Ratios:								
Debt to Assets Ratio (Total Debt/Total Assets)	0.76	0.60	0.55	0.55	0.56	0.53	0.52	0.52
Debt to Equity Ratio (Total Debt/Total Equity)	(903.48)	(145.43)	2.63	2.48	2.57	2.19	2.10	1.99
Interest Coverage Ratio (EBITDA/Interest Expense)	0.12	4.00	14.82	3.62	4.15	4.00	4.49	4.27
Profitability Ratios:								
Return on Equity (Net Income/Beg SE)	-70.56%	-7984.85%	-7052.05%	22.22%	26.98%	27.44%	27.68%	24.45%
Return on Assets (Net Income/ Beg Total Assets)	-4.38%	6.71%	29.22%	4.65%	5.99%	5.95%	6.64%	6.10%
Operating Income Margin (Operating Income/Revenue)	-4%	14%	76%	25%	20%	20%	20%	20%
Payout Policy Ratios:								
Dividend Payout Ratio (Dividend/EPS)	-3.57%	24.43%	4.00%	40.62%	27.92%	28.41%	27.90%	31.77%
Total Payout Ratio ((Divs. + Repurchases)/NI)	-6.01%	65.35%	15.47%	93.32%	71.51%	65.55%	60.06%	62.32%
Retention Ratio ((NI-Dividends)/NI)	1.05	0.87	0.97	0.78	0.82	0.80	0.80	0.77

Cheniere Energy

Sensitivity Tables

2025 LNG Production (Tbtu)

2025 Henry Hub	206.55	2,351	2,451	2,551	2,651	2,751	2,851	2,951
	3.20	203.23	203.84	204.44	205.04	205.65	206.25	206.86
	3.30	203.68	204.30	204.92	205.54	206.17	206.79	207.41
	3.40	204.12	204.76	205.40	206.05	206.69	207.33	207.97
	3.50	204.56	205.22	205.88	206.55	207.21	207.87	208.53
	3.60	205.01	205.69	206.37	207.05	207.73	208.41	209.08
	3.70	205.45	206.15	206.85	207.55	208.24	208.94	209.64
	3.80	205.89	206.61	207.33	208.05	208.76	209.48	210.20

Normal Cash Estimate

Equity Risk Premium	206.55	2.55%	3.05%	3.55%	4.05%	4.55%	5.05%	5.55%
	4.96%	220.10	219.32	218.54	217.76	216.99	216.21	215.43
	5.06%	216.27	215.50	214.72	213.95	213.17	212.40	211.63
	5.16%	212.52	211.75	210.98	210.21	209.44	208.67	207.90
	5.26%	208.85	208.08	207.31	206.55	205.78	205.01	204.25
	5.36%	205.25	204.48	203.72	202.95	202.19	201.43	200.66
	5.46%	201.71	200.95	200.19	199.43	198.67	197.91	197.15
	5.56%	198.25	197.49	196.74	195.98	195.22	194.47	193.71

CapEX Growth Rate

WACC	206.55	16.29%	17.29%	18.29%	19.29%	20.29%	21.29%	22.29%
	6.70%	239.79	237.50	235.17	232.80	230.39	227.94	225.44
	6.80%	230.52	228.27	225.97	223.64	221.27	218.85	216.39
	6.90%	221.68	219.46	217.20	214.90	212.56	210.18	207.76
	7.00%	213.24	211.04	208.82	206.55	204.24	201.89	199.50
	7.10%	205.16	203.00	200.80	198.57	196.29	193.97	191.62
	7.20%	197.43	195.30	193.13	190.92	188.68	186.39	184.07
	7.30%	190.03	187.92	185.78	183.60	181.39	179.13	176.84

CV Growth of NOPLAT

Pre-Tax Cost of Debt	206.55	2.20%	2.30%	2.40%	2.50%	2.60%	2.70%	2.80%
	5.61%	203.27	206.89	210.67	214.63	218.77	223.10	227.65
	5.71%	200.77	204.32	208.02	211.89	215.94	220.18	224.63
	5.81%	198.31	201.79	205.41	209.20	213.16	217.31	221.66
	5.91%	195.89	199.29	202.84	206.55	210.42	214.48	218.73
	6.01%	193.49	196.83	200.30	203.93	207.73	211.69	215.85
	6.11%	191.13	194.40	197.80	201.36	205.07	208.95	213.02
	6.21%	188.80	192.00	195.34	198.82	202.45	206.25	210.22

Beta

COGS % of Sales	206.55	0.63	0.68	0.73	0.78	0.83	0.88	0.93
	60.74%	282.20	266.41	251.70	237.98	225.14	213.12	201.82
	61.24%	270.52	255.15	240.85	227.50	215.02	203.32	192.33
	61.74%	258.83	243.90	230.00	217.02	204.89	193.52	182.84
	62.24%	247.15	232.64	219.14	206.55	194.76	183.72	173.35
	62.74%	235.46	221.39	208.29	196.07	184.64	173.92	163.86
	63.24%	223.78	210.14	197.44	185.59	174.51	164.13	154.37
	63.74%	212.09	198.88	186.59	175.11	164.39	154.33	144.88

Risk Free Rate

Marginal Tax Rate	206.55	4.28%	4.38%	4.48%	4.58%	4.68%	4.78%	4.88%
	17.05%	232.11	227.12	222.25	217.51	212.88	208.36	203.96
	18.05%	228.45	223.47	218.62	213.89	209.28	204.79	200.40
	19.05%	224.74	219.78	214.95	210.24	205.65	201.17	196.80
	20.05%	220.99	216.05	211.24	206.55	201.98	197.52	193.17
	21.05%	217.19	212.27	207.48	202.81	198.26	193.82	189.50
	22.05%	213.35	208.45	203.68	199.03	194.50	190.09	185.78
	23.05%	209.46	204.59	199.84	195.21	190.71	186.31	182.03