



New Fortress Energy Significantly Reduces Future LNG Supply Costs for 2020

July 6, 2020

NEW YORK--(BUSINESS WIRE)--Jul. 6, 2020-- New Fortress Energy LLC (NASDAQ: NFE) ("New Fortress" or the "Company") announced that the Company entered into an agreement with Centrica LNG Company Limited ("Centrica") to terminate New Fortress's obligation to purchase any additional LNG from Centrica for the remainder of 2020 in exchange for a payment of \$105 million. As a result, New Fortress will now be able to purchase LNG in the open market at prices that are significantly lower than the price previously agreed to with Centrica.

As a result of facilities commencing operations in Puerto Rico in addition to Jamaica, New Fortress has made significant progress toward achieving an Illustrative Annualized Operating Margin Goal⁽¹⁾ from Committed Volumes⁽²⁾ of over \$400 million on an annualized basis during the third quarter of 2020. We expect our annualized cash SG&A⁽³⁾ and annualized cash interest payments⁽⁴⁾ to be approximately \$80 million and \$80 million, respectively, during the same period.

In addition, the Company is currently advancing projects in both Mexico and Nicaragua, with the goal of substantially completing these projects by the end of 2020. Once fully operational, New Fortress aims for these projects to contribute an additional approximately \$150 million toward the Company's Illustrative Annualized Operating Margin Goal from Committed Volumes.

CEO and Chairman Wes Edens remarked, "Our flexibility to opportunistically purchase LNG at market prices completes our transition from a development company to an operating company that we expect will generate significant operating margin and cash flow. We continue to advance a number of compelling new business opportunities and expect significant growth in 2020 and beyond. In spite of the current COVID conditions, we have a very robust pipeline of additional projects. Our current goal is to bring online another 4-8 projects in 2021 of similar size and scale.⁽⁵⁾ We look forward to bringing more affordable and cleaner natural gas and power to our customers this year."

The Company will also provide a supplemental business update, which can be found on our website at ir.newfortressenergy.com/events-and-presentations.

Please refer to our supplemental business update for further information about the following terms:

1) "Illustrative Annualized Operating Margin Goal" means our goal for operating margin under certain illustrative conditions, presented on a run rate basis by multiplying the average volume we expect to sell in the third quarter of 2020 by four. Operating margin means the sum of (i) Net income / (loss), (ii) Selling, general and administrative, (iii) Depreciation and amortization, (iv) Interest expense, (v) Other (income) expense, net (vi) Loss on Mitigation Sales, (vii) Loss on extinguishment of debt, net and (viii) Tax expense (benefit), each as reported on our financial statements. Operating Margin is mathematically equivalent to Revenue minus Cost of sales minus Operations and maintenance, each as reported in our financial statements. This goal reflects the volumes of LNG that it is our goal to sell under binding contracts multiplied by the average price per unit at which we expect to price LNG deliveries, including both fuel sales and capacity charges or other fixed fees, less the cost per unit at which we expect to purchase or produce and deliver such LNG or natural gas, including the cost to (i) purchase natural gas, liquefy it, and transport it to one of our terminals or purchase LNG in strip cargos or on the spot market, (ii) transfer the LNG into an appropriate ship and transport it to our terminals or facilities, (iii) deliver the LNG, regasify it to natural gas and deliver it to our customers or our power plants and (iv) maintain and operate our terminals, facilities and power plants. There can be no assurance that the costs of purchasing or producing LNG, transporting the LNG and maintaining and operating our terminals and facilities will result in the Illustrative Annualized Operating Margins illustrated.

For the purpose of this release, we have assumed an average Operating Margin of between \$5.36 and \$7.57 per MMBtu, because we assume that (i) we purchase gas between \$2.25 and \$3.34 per MMBtu for the remaining periods in 2020 in spot cargos, (ii) our volumes increase over time, and (iii) we will have costs related to shipping, logistics and regasification similar to our current operations because the liquefaction facility and related infrastructure and supply chain to deliver LNG from Pennsylvania does not exist, and those costs will be distributed over the larger volumes.

These costs do not include expenses and income that are required by GAAP to be recorded on our financial statements, including the return of or return on capital expenditures for the relevant project, and selling, general and administrative costs. Our current cost of natural gas per MMBtu are higher than the costs we would need to achieve our Illustrative Annualized Operating Margin Goal, and the primary drivers for reducing these costs are the reduced costs of purchasing gas and the increased sales volumes which result in lower fixed costs being spread over a larger number of MMBtus sold. References to volumes, percentages of such volumes and the Illustrative Annualized Operating Margin Goal related to such volumes (i) are not based on the Company's historical operating results, which are limited, and (ii) do not purport to be an actual representation of our future economics. We cannot assure you if or when we will enter into contracts for sales of additional LNG, the price at which we will be able to sell such LNG, or our costs to produce and sell such LNG. Actual results could differ materially from the illustration and there can be no assurance we will achieve our goal.

2) "Committed Volumes" means our expected volumes to be sold to customers under (i) binding contracts, (ii) non-binding letters of intent, (iii) non-binding memorandums of understanding, (iv) binding or non-binding term sheets or (v) have been officially selected as the winning provider in a request for proposals or competitive bid process. We cannot assure you if or when we will enter into binding definitive agreements for the sales of volumes under non-binding letters of intent, non-binding memorandums of understanding, non-binding term sheets or based on our selection as the winning provider under a request for proposals or competitive bid process. Some but not all of our contracts contain minimum volume commitments, and our expected volumes to be sold to customers reflected in our "Committed Volumes" are substantially in excess of such minimum volume commitments.

3) Annualized cash SG&A is our expected SG&A, excluding non-cash share-based compensation expense and non-capitalizable development related expenses, during the third quarter of 2020, multiplied by four.

4) Annualized cash interest payment represents the payments due under our Credit Agreement, Senior Secured Bonds and Senior Unsecured Bonds, as each is described in our financial statements, during the third quarter of 2020, multiplied by four.

5) "online" or "Operational" means we expect gas to be made available within thirty (30) days, gas has been made available to the relevant project, or that the relevant project is in full commercial operations. Full commercial operations will occur later than, and may occur substantially later than, our reported Operational or online date. We cannot assure you if or when such projects will reach full commercial operations. Actual results could differ materially from our goals and there can be no assurance we will achieve our goals.

About New Fortress Energy LLC

New Fortress Energy is a global energy infrastructure company founded to help accelerate the world's transition to clean energy. The company funds, builds and operates natural gas infrastructure and logistics to rapidly deliver fully integrated, turnkey energy solutions that enable economic growth, enhance environmental stewardship and transform local industries and communities.

Cautionary Statement Concerning Forward-Looking Statements

Certain statements contained in this press release constitute "forward-looking statements," including statements regarding the potential benefits expected to result from the transaction described above. You can identify these forward-looking statements by the use of forward-looking words such as "expects," "may," "will," "approximately," "predicts," "intends," "plans," "estimates," "anticipates," or the negative version of those words or other comparable words. These forward-looking statements represent the Company's expectations or beliefs concerning future events, and it is possible that the results described in this press release will not be achieved. These forward-looking statements are subject to risks, uncertainties and other factors, many of which are outside of the Company's control, that could cause actual results to differ materially from the results discussed in the forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, the risk that our development, construction or commissioning schedules will take longer than we expect, the risk that the volumes we are able to sell are less than we expect due to decreased customer demand or our inability to supply, the risk that our expectations about the price at which we purchase LNG, the price at which we sell LNG or natural gas, the cost at which we produce, ship and deliver LNG or natural gas, and the margin that we receive for the LNG that we sell are not in line with our expectations, risks that our operating or other costs will increase and our expected funding of projects may not be possible, and risks that our downstream Committed project costs are greater than we expect so the expected funding of such projects may not be possible. Accordingly, readers should not place undue reliance on forward-looking statements as a prediction of actual results.

Any forward-looking statement speaks only as of the date on which it is made, and, except as required by law, the Company does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. New factors emerge from time to time, and it is not possible for the Company to predict all such factors. When considering these forward-looking statements, you should keep in mind the risk factors and other cautionary statements included in the Company's annual and quarterly reports filed with the Securities and Exchange Commission, which could cause its actual results to differ materially from those contained in any forward-looking statement

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