

## **Investment Thesis and Asset Overview:**

New Fortress Energy (NFE) management has consolidated debt with an emphasis on debt consolidation and growth prospects for the business with minimal capital expenses. Per CEO commentary in the earnings call, "The market in Puerto Rico is currently around 50 TBtus, but we see the potential to grow this to between 250 and 350 TBtus."; this means the ability for these assets to repay the debt, both in terms of cash flow and asset value is considerably higher than the market is pricing. These assets do not have take or pay service terms at this time, but the Brazil assets also backing the indenture are expected to generate at least \$250M a year in EBITDA for 15 years with take or pay terms. Assuming both projects will bring in approximately \$500M in shared EBITDA per year, we can assume a buyer is willing to pay approximately \$8 billion for the contracts and facilities. These assumptions do not include the possibility of improving contract terms in PR, or any of the expansion available in Brazil in the near term.

## **Credit Rating and Risks:**

The Federal Reserve dot plot has indicated a declining interest rate environment over the life of this paper, potentially providing expedited appreciation from the macro side as well as improved possibility of refinance, which may trigger additional payment terms outlined in the Recover and Early Redemption Section.

## **Recovery and Early Redemption**

Face Value by Redemption Tranche	Face Value	YTW	ELR ( 5 year )	ELR Adj YTW
<26*	\$1,010.00	42.24%	14.88%	35.96%
26-27	\$1,043.75	21.66%	14.88%	18.44%
27-28	\$1,021.88	18.32%	14.88%	15.59%
28-29	\$1,000.00	16.36%	14.88%	13.92%

\* This tranche may have a higher YTW if the accrued interest is higher than 1% as it will increase the amount owed to the bondholder.

\*ELR provided by Moody's 2018 study linked [here](#)

Below tables do not back out specific assets excluded in the indenture and are for the sole purpose of evaluating the company as a whole.

Metric	TTM	Annual Absolute Change (5YR)
Interest Coverage	201%	291.17%
Debt To Assets	72%	27.30%
Debt To Equity	551.54%	15.52%
Debt To EBITDA	-	-

Metric	TTM	Annual Absolute Change (5YR)
Revenue	\$2,444,220,000	258.48%
Gross Margin	48%	106%
Operating Margin	29.30%	96.48%
Net Margin	8%	39.19%