

CHENIERE ENERGY INC
Form 10-Q
October 30, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2015

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____
CHENIERE ENERGY, INC.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization) 001-16383
(Commission File Number) 95-4352386
(I.R.S. Employer Identification No.)

700 Milam Street, Suite 1900
Houston, Texas 77002
(Address of principal executive offices) (Zip code)
(713) 375-5000
(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 20, 2015, the issuer had 236,032,655 shares of Common Stock outstanding.

CHENIERE ENERGY, INC.
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DEFINITIONS

As commonly used in the liquefied natural gas industry, to the extent applicable, and as used in this quarterly report, the terms listed below have the following meanings:

Common Industry and Other Terms

Bcf/d	billion cubic feet per day
Bcf/yr	billion cubic feet per year
Bcfe	billion cubic feet equivalent
DOE	U.S. Department of Energy
EPC	engineering, procurement and construction
FERC	Federal Energy Regulatory Commission
FTA countries	countries with which the United States has a free trade agreement providing for national treatment for trade in natural gas
GAAP	generally accepted accounting principles in the United States
Henry Hub	the final settlement price (in USD per MMBtu) for the New York Mercantile Exchange's Henry Hub natural gas futures contract for the month in which a relevant cargo's delivery window is scheduled to begin
LIBOR	London Interbank Offered Rate
LNG	liquefied natural gas, a product of natural gas consisting primarily of methane (CH ₄) that is in liquid form at near atmospheric pressure
MMBtu	million British thermal units, an energy unit
mtpa	million tonnes per annum
non-FTA countries	countries without a free trade agreement providing for national treatment for trade in natural gas and with which trade is permitted
SEC	Securities and Exchange Commission
SPA	LNG sale and purchase agreement
Train	a refrigerant compressor train used in the industrial process to convert natural gas into LNG
TUA	terminal use agreement

Abbreviated Organizational Structure

The following diagram depicts our abbreviated organizational structure as of September 30, 2015, including our ownership of certain subsidiaries, and the references to these entities used in this quarterly report:

Unless the context requires otherwise, references to “Cheniere,” the “Company,” “we,” “us” and “our” refer to Cheniere Energy Inc. (NYSE MKT: LNG) and its consolidated subsidiaries, including our publicly traded subsidiaries, Cheniere Partners (NYSE MKT: CQP) and Cheniere Holdings (NYSE MKT: CQH).

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PART I. FINANCIAL INFORMATION
ITEM 1. CONSOLIDATED FINANCIAL STATEMENTS
CHENIERE ENERGY, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	September 30, 2015	December 31, 2014
	(unaudited)	
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,340,262	\$ 1,747,583
Restricted cash	652,225	481,737
Accounts and interest receivable	6,645	4,419
LNG inventory	9,032	4,294
Other current assets	78,108	20,844
Total current assets	2,086,272	2,258,877
Non-current restricted cash	118,909	550,811
Property, plant and equipment, net	15,225,250	9,246,753
Debt issuance costs, net	640,399	242,323
Non-current derivative assets	30,770	11,744
Goodwill	76,819	76,819
Other non-current assets	273,840	186,356
Total assets	\$ 18,452,259	\$ 12,573,683
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 11,558	\$ 13,426
Accrued liabilities	457,901	169,129
Deferred revenue	26,653	26,655
Derivative liabilities	33,839	23,247
Other current liabilities	268	18
Total current liabilities	530,219	232,475
Long-term debt, net	15,835,910	9,806,084
Non-current deferred revenue	10,500	13,500
Non-current derivative liabilities	125,473	267
Other non-current liabilities	85,226	19,840
Commitments and contingencies (see Note 11)		
Stockholders' equity		
Preferred stock, \$0.0001 par value, 5.0 million shares authorized, none issued	—	—
Common stock, \$0.003 par value		
Authorized: 480.0 million shares at September 30, 2015 and December 31, 2014	708	712

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Issued and outstanding: 236.0 million shares and 236.7 million shares at September 30, 2015 and December 31, 2014, respectively

Treasury stock: 11.2 million shares and 10.6 million shares at September 30, 2015 and December 31, 2014, respectively, at cost	(337,057)	(292,752)
Additional paid-in-capital	3,029,317	2,776,702
Accumulated deficit	(3,332,851)	(2,648,839)
Total stockholders' deficit	(639,883)	(164,177)
Non-controlling interest	2,504,814	2,665,694
Total equity	1,864,931	2,501,517
Total liabilities and equity	\$18,452,259	\$12,573,683

The accompanying notes are an integral part of these consolidated financial statements.

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CHENIERE ENERGY, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(in thousands, except per share data)

(unaudited)