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LNG Market Volatility Clouds Venture Global Forecasts, Even With Long-Term Contracts in Place

- *Despite the perceived stability offered by long-term contracts, the LNG export business operates in a highly volatile commodity market.*
- *The market's uncertainty was underscored by lower-than-expected average fixed liquefaction fees earned by a pair of Venture Global export terminals.*
- *The lower-than-expected figures prompted investors to cut Venture Global shares by 17%, wiping out \$4 billion in shareholder value in a little more than a day.*
- *Venture Global's inability to accurately project results just one month ahead highlights broader challenges in the LNG industry's capacity to forecast long-term performance.*

Venture Global reported in early April that the number of LNG cargos shipped during the first quarter of 2025 met its projections, but fees from its Calcasieu Pass and Plaquemines LNG export terminals fell short of the company guidance provided less than a month earlier.¹

The news of the shortfall proved more interesting to investors than its announcement of the long-awaited start to commercial operations at Calcasieu Pass. The market cut Venture Global's stock price by 17%, wiping out \$4 billion in shareholder value in a little more than a day.²

A perceived miss relative to company guidance is always unwelcome news, but the disclosure in Venture Global's quarterly 8-K report raised two additional red flags for investors. First, the highly volatile global commodity markets impaired Venture Global's ability to project short-term results. A comparison of the company's March 6 guidance to its April 3 pre-release of results suggest just seven "potential cargos" severely altered the operating margins anticipated for the first quarter's results.

Second, the filing revealed that Venture Global's growing LNG output, which had been seen as stabilizing its financial outlook, may instead increase the company's risk exposure to turbulent global natural gas or LNG market conditions.

As shown in the company's March 6 financial presentation (Table 1), the company provided a framework for its projected range of "consolidated adjusted" EBITDA.³

(Later references to the company's EBITDA will drop the "consolidated adjusted" descriptors for brevity.)

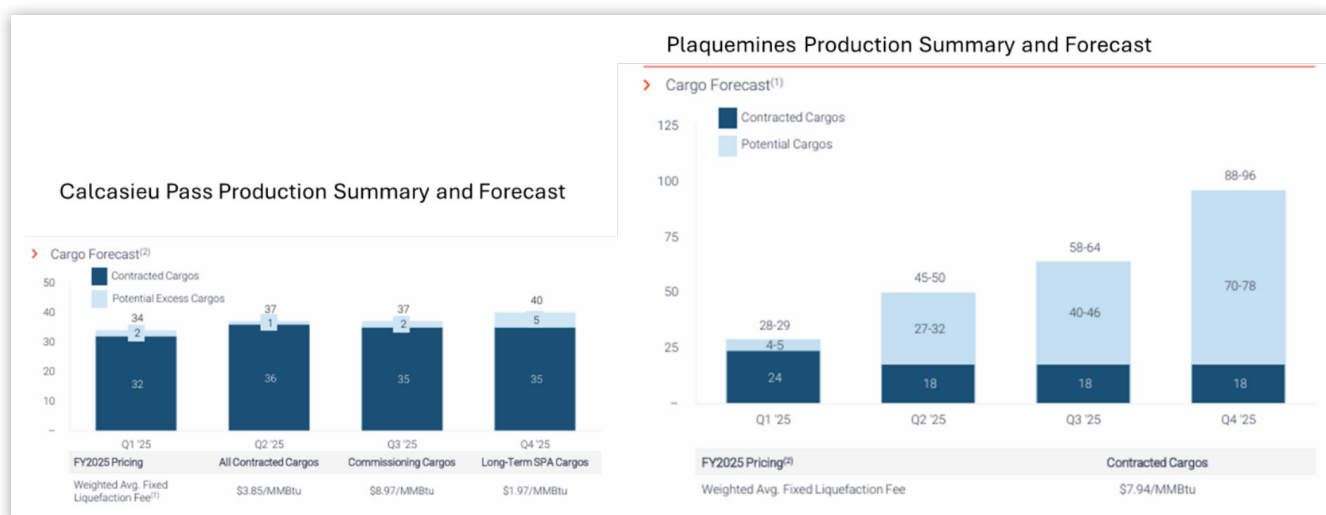
Figure 1: Venture Global FY 2025 Guidance

FY 2025 Guidance	
	2025
	Full Year
Consolidated Adjusted EBITDA ⁽¹⁾⁽²⁾	\$6.8Bn - \$7.4Bn
Consolidated Adjusted EBITDA (+/- \$1/MMBtu) ⁽¹⁾	\$625MM - \$675MM
Calcasieu Pass Cargos	140 - 148
Plaquemines Cargos	219 - 239

Source: Venture Global Earnings Presentation Q4 2024⁴

In the same presentation, the company estimated annual weighted average fixed liquefaction fees; the number of quarterly contracted cargos; and the number of quarterly potential future cargos for its two exporting LNG projects, Calcasieu Pass LNG and Plaquemines LNG (Figure 2).

Figure 2: Production Summary and Forecast for Calcasieu Pass and Plaquemines LNG Facilities



Source: Venture Global Earnings Presentation Q4 2024⁵

IEEFA used Venture Global's figures to estimate the company's quarterly EBITDA for 2025 (Figure 3). IEEFA's model reflects the upper end of the company's forecast—387 cargos, generating \$7.4 billion in EBITDA.

Figure 3: Summary of Venture Global Projected Quarterly 2025 EBITDA

	1Q25	2Q25	3Q25	4Q25	2025
Avg. Fixed Liquefaction Fees (\$/mmBtu)					
Calcasieu Pass Commissioned	\$ 8.97	\$ 8.97	\$ 8.97	\$ 8.97	
Calcasieu Pass COD SPA		\$ 1.97	\$ 1.97	\$ 1.97	
Plaquemines Commissioned	\$ 7.94	\$ 7.94	\$ 7.94	\$ 7.94	
Plaquemines post COD SPA					
Potential Avg. Fixed Liquefaction Fees	\$ 5.33	\$ 5.33	\$ 5.33	\$ 5.33	
Contracted Cargos	56	54	53	53	216
Potential Cargos	7	33	48	83	171
Total Cargos Projected	63	87	101	136	387
Contracted Cargos EBITDA					
Calcasieu Pass Commissioned	1034.2	129.3	0.0	0.0	1163.4
Calcasieu Pass COD SPA	0.0	227.1	248.4	248.4	724.0
Plaquemines Commissioned	686.6	514.9	514.9	514.9	2231.3
Contracted Cargos Total EBITDA	1720.7	871.3	763.3	763.3	4118.7
Potential Cargos EBITDA	134.3	633.2	921.1	1592.7	3281.3
Total Guided EBITDA	\$ 1,855	\$ 1,505	\$ 1,684	\$ 2,356	\$ 7,400
Total T Btu's shipped	227	313	364	490	1,394
Avg Fixed Liquefaction Fee	\$ 8.17	\$ 4.80	\$ 4.63	\$ 4.81	\$ 5.31

Source: Venture Global 2025 Guidance compiled by IEEFA

For modeling purposes, we assumed each cargo contained approximately 3.6 trillion British thermal units (Btus). We estimated average fixed liquefaction fees for uncontracted cargoes, highlighted in red, at \$5.33 per MMBtu to bring Venture Global's quarterly EBITDA in line with the higher end of company's guidance.

The three key average fixed liquefaction fees—\$8.97 per MMBtu for Calcasieu Pass, \$7.94 per MMBtu for Plaquemines, and \$5.33 per MMBtu for potential cargoes—align with the highest number of cargos guided by the company for each segment: 36, 78, and 171 shipments, respectively. When these figures are multiplied by the assumed 3.6 trillion Btus per cargo, the resulting total accounts for approximately 90% of the company's projected EBITDA for 2025.

The remaining portion of the EBITDA projection is accounted for by post-commercial operations date (COD) cargoes, which are governed by fixed liquefaction fees averaging \$1.97 per MMBtu, as specified in the company's Sale and Purchase Agreements (SPAs) with offtakers. The first of these shipments occurred this month, and IEEFA projects a total of 102 such cargos to be shipped over the course of the year.⁶

With the original guidance as a reference point, we can better understand how investors may have valued the company. On March 6, the day Venture Global released its most recent financial outlook, the company's share price closed at \$9.10.⁷ This corresponds to an enterprise value (EV) of \$48.2 billion, based on balance sheet data as of Dec. 31, 2024. Figure 4 illustrates how the company's EV relates to its EBITDA guidance to determine the EV/EBITDA multiple. Using the high end of the company's EBITDA guidance of \$7.4 billion, the calculation implies that the company was trading at an EV/EBITDA multiple of approximately 6.5x.

Figure 4: Derivation of EV/EBITDA Multiple From Venture Global's EV and Its EBITDA Guidance

Closing Price 3/6/25	\$	9.10
Diluted Shares (million)		2585
Valuation (million)		
Market Cap	\$	23,524
Net Debt	\$	24,642
Enterprise Value	\$	48,166
Guided Adj EBITDA	\$	7,400
EV/EBITDA		6.5x

Sources: Company reports⁸, IEEFA, Yahoo! Finance for historical price quotes⁹

Venture Global's shares closed at \$8.98 per share on April 3.¹⁰ Assuming the company's valuation remains appropriately reflected by an EV/EBITDA multiple of 6.5x, the market-implied EBITDA decreased from \$7.4 billion to \$7.3 billion to align with this multiple, as shown in Figure 5. This adjustment suggests a lower enterprise value (EV) consistent with the observed share price.

Also, the share price may reflect a slight discount driven by a decline in natural gas prices. The Henry Hub spot market averaged \$4.12 per metric million British thermal units (MMBtu) in March 2025, down from \$4.19 per MMBtu in February 2025.¹¹ This 1.67% price drop likely contributed to reduced expectations for Venture Global's profitability, prompting the market to reduce the implied EBITDA.



Figure 5: Estimated Decrease in Market-Implied EBITDA Based on Share Value on April 3

Closing Price 4/3/25	\$	8.98
Diluted Shares (million)		2585
Valuation (million)		
Market Cap	\$	23,213
Net Debt	\$	24,642
Enterprise Value	\$	47,855
Market Implied Adj EBITDA	\$	7,352
EV/EBITDA		6.5x

Sources: Company reports, IEEFA, Yahoo! Finance for historical price quotes

As previously noted, Venture Global's stock price fell to \$7.48 per share on April 4, reflecting the market's response to recent developments.¹² Assuming the EV/EBITDA multiple of 6.5x remains appropriate for valuing the company, then the market-implied EBITDA fell from \$7.3 billion to \$6.76 billion to maintain this valuation paradigm, as shown in Figure 6.

Figure 6: Estimated Decrease in Market-Implied EBITDA Based on Share Value on April 4

Closing Price 4/4/25	\$	7.48
Diluted Shares (million)		2585
Valuation (million)		
Market Cap	\$	19,336
Net Debt	\$	24,642
Enterprise Value	\$	43,978
Market Implied Adj EBITDA	\$	6,757
EV/EBITDA		6.5x

Sources: Company reports¹³, IEEFA, Yahoo! Finance for historical price quotes¹⁴

The roughly \$600 million drop in market-implied EBITDA closely aligns with IEEFA's model once recomputed to include the changes in average fixed liquefaction fees announced in the company's 8-K filing:

Figure 7: Summary of Venture Global Projected Quarterly 2025 EBITDA Revised After 8-K Announcement

	1Q25	2Q25	3Q25	4Q25	2025
Avg. Fixed Liquefaction Fees (\$/mmBtu)					
Calcasieu Pass Commissioned	\$ 8.80	\$ 8.80	\$ 8.80	\$ 8.80	
Calcasieu Pass COD SPA		\$ 1.97	\$ 1.97	\$ 1.97	
Plaquemines Commissioned	\$ 7.26	\$ 7.26	\$ 7.26	\$ 7.26	
Plaquemines post COD SPA					
Potential Avg. Fixed Liquefaction Fees	\$ 4.59	\$ 4.59	\$ 4.59	\$ 4.59	
Contracted Cargos	63	54	53	53	223
Potential Cargos	0	33	48	83	164
Total Cargos Projected	63	87	101	136	387
Contracted Cargos EBITDA					
Calcasieu Pass Commissioned	1078.0	126.8	0.0	0.0	1204.8
Calcasieu Pass COD SPA	0.0	227.1	248.4	248.4	724.0
Plaquemines Commissioned	758.5	470.8	470.8	470.8	2171.0
Contracted Cargos Total EBITDA	1836.5	824.8	719.2	719.2	4099.7
Potential Cargos EBITDA	0.0	545.9	794.0	1373.0	2712.9
Total Guided EBITDA	\$ 1,836.5	\$ 1,371	\$ 1,513	\$ 2,092	\$ 6,813
Total T Btu's shipped	227	313	364	490	1,394
Avg Fixed Liquefaction Fee	\$ 8.09	\$ 4.37	\$ 4.16	\$ 4.27	\$ 4.89

Source: Venture Global 2025 Guidance and 8-K announcement as compiled by IEEFA

Modeling Venture Global's EBITDA using company guidance and validating it against market-based metrics reveals two critical insights about the LNG export industry.

First, the LNG export business, despite the perceived stability offered by long-term contracts, operates in a highly volatile commodity market. For instance, natural gas prices on the Henry Hub spot market surged from approximately \$1.49 per MMBtu in March 2024 to \$4.12 per MMBtu in March 2025, more than doubling the average price.¹⁵ Even an industry participant such as Venture Global, with a substantial portfolio of contracted cargos, had trouble forecasting its financial performance just one quarter ahead.

A deduction from its 8-K filing made on April 3 is that the company misjudged the impact of just seven out of 63 cargos on its first quarter 2025 results, with only one month left in the quarter.¹⁶ This misstep, likely driven by erratic fluctuations in domestic and global LNG prices, then led to a market perception of underperformance. The consequence was severe: An almost 17% drop in share price occurred—from \$8.98 to \$7.48 between April 3 and April 4 trading closes—equating to a roughly \$4 billion reduction in market capitalization.¹⁷

Second, Venture Global's inability to accurately project results just one month ahead highlights broader challenges in the LNG industry's capacity to forecast long-term performance. Despite strong incentives to provide reliable guidance, the company's projections fell short, casting doubt on the industry's ability to predict future outcomes.



With additional LNG export capacity expected to come online, price volatility is unlikely to subside, further complicating forecasting efforts.¹⁸

The uncertainty discussed in this analysis suggests that significant caution is needed regarding the timing and scale of new LNG export projects to avoid capital misallocation on ventures that may underperform. Ultimately, this analysis underscores that the LNG market's future—both in terms of LNG demand and LNG pricing—remains highly uncertain, with feedstock price volatility as the only consistent expectation.



Endnotes

- 1 U.S. Securities and Exchange Commission. [Venture Global, Inc. Form 8-K](#). April 3, 2025.
- 2 Yahoo! Finance. [Historical Data for Venture Global, Inc.](#). Viewed on April 24, 2025.
- 3 Venture Global, Inc. [2024 Fourth Quarter and Full Year Presentation](#). March 6, 2025.
- 4 [Ibid.](#)
- 5 [Ibid.](#)
- 6 Venture Global, Inc Press Release. [Venture Global Commences Commercial Operations at Calcasieu Pass](#). April 15, 2025.
- 7 Venture Global, Inc. [2024 Fourth Quarter and Full Year Presentation](#). March 6, 2025.
- 8 U.S. Securities and Exchange Commission. [Venture Global, Inc. Form 10-K](#). March 6, 2025.
- 9 Yahoo! Finance. [Historical Data for Venture Global, Inc.](#). Viewed on April 24, 2025.
- 10 [Ibid.](#)
- 11 U.S. Energy Information Administration. [Henry Hub Natural Gas Spot Prices](#). Viewed on April 24, 2025.
- 12 Yahoo! Finance. [Historical Data for Venture Global, Inc.](#). Viewed on April 24, 2025.
- 13 U.S. Securities and Exchange Commission. [Venture Global, Inc. Form 10-K](#). March 6, 2025.
- 14 Yahoo! Finance. [Historical Data for Venture Global, Inc.](#). Viewed on April 24, 2025.
- 15 U.S. Energy Information Administration. [Henry Hub Natural Gas Spot Prices](#). Viewed on April 24, 2025.
- 16 U.S. Securities and Exchange Commission. [Venture Global, Inc. Form 8-K](#). April 3, 2025.
- 17 Yahoo! Finance. [Historical Data for Venture Global, Inc.](#). Viewed on April 24, 2025.
- 18 U.S. Energy Information Administration. [How will the start-up timing of new U.S. LNG export facilities affect our forecast?](#) April 3, 2025.



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