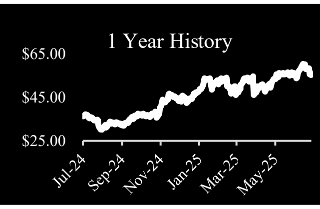
Initiating Coverage:

EQT Corporation ($EQT)

Flowing Free: Cash, Gas, and Optionality

Consortium Research Group
Energy & Sustainability | Gas
July 14th, 2025

Stock Rating:	Overweight
Price Target:	$72.00
Price:	$55.64
Potential Upside/Downside:	+25.9%
Ticker:	$EQT



Energy & Sustainability

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Key Take-away: EQT Corporation is the largest natural gas producer in the U.S. and has been on track to benefit from rising global LNG demand, cost-efficient operations in Appalachia, and a disciplined capital return strategy. By finishing the Mountain Valley Pipeline, the company can now export Appalachian gas to international markets, which means better pricing and stronger profit. EQT also keeps costs low, thanks to its digital tools, and uses its strong balance sheet to support steady buybacks and dividends. As global gas markets tighten, EQT is set to generate healthy free cash flow and sustained shareholder returns.

LNG Access and Global Pricing Optionality: In December 2024, EQT secured long-term capacity on the new Mountain Valley Pipeline - its ticket out of Appalachia and into Southeast and Gulf export hubs. This wasn't just incremental; it solves a major supply bottleneck and gives EQT the flexibility to send more gas to global LNG markets. Leadership describes the MVP as "transformative" because it lets them sell Appalachian gas at global prices rather than being stuck at Henry Hub discounts. As U.S. LNG exports grow in the next few years, MVP gives EQT a clear path to capture higher margins.

Capital Returns and Balance Sheet Strength: In March 2024, EQT added another $2 billion to its stock buyback program, sending a strong signal of confidence in its ability to generate cash and reward investors. This announcement was after a standout Q1, where EQT made over $600 million of free cash flow and continued to lower its debt. EQT's flexible balance sheet and steady capital returns make it clear to investors that they can handle ups and downs in gas prices without losing momentum. The company's clear approach, making careful investments, (but mainly returning cash to shareholders) has kept its financial health stable, even when gas markets get volatile.

Digital Efficiency and Cost Leadership via EQT Tech: EQT continues to leverage its proprietary "EQT Tech" digital platform to drive operational efficiency across its asset base. The system integrates real-time data analytics, automated drilling, and predictive maintenance tools, resulting in a 6% YoY decrease in well costs per lateral foot and a measurable uplift in production efficiency. By optimizing capital allocation and streamlining field operations, EQT has achieved among the lowest unit costs in the industry, with breakevens well below $2.00/Mcf. This enables the company to remain profitable even in challenging gas price environments and gives EQT the flexibility to outlast higher-cost peers during downturns, a key differentiator in volatile energy markets. As natural gas prices remain volatile, this technological edge positions EQT to preserve margins and generate sustainable free cash flow through the cycle.

Valuation: We initiate coverage with a $75.00 PT and an **Overweight** rating.

Company Overview

Company Description: EQT Corporation (NYSE: EQT) is the largest producer of natural gas in the United States and a pure-play Appalachian operator headquartered in Pittsburgh, Pennsylvania. Focused largely in the northeast, EQT benefits from some of the most productive and low-cost gas reserves in North America. The company's strategy increasingly links its Appalachian production to global LNG markets with firm pipeline transportation to Gulf Coast export terminals. This provides exposure to international gas pricing without owning midstream assets directly. Operating in Pennsylvania, a key energy-producing and politically significant state, EQT sits at the center of U.S. energy policy debates as natural gas remains a transition fuel in domestic and global decarbonization plans.

Core Upstream Operations: EQT's upstream footprint spans over one million net acres across Pennsylvania, Ohio, and West Virginia. While Appalachia offers abundant resource potential, operations in the basin come with regulatory complexity, fragmented land ownership, and community pushback, particularly in Pennsylvania, where shale drilling is politically sensitive. EQT's scale and permitting experience give it an edge in navigating these challenges. The company leverages horizontal drilling and advanced well completion designs to consistently drive high gas recovery rates at low cost, with breakeven prices below $2.00/Mcf even in weaker price environments.

EQT Tech Platform: A key differentiator for EQT is its proprietary digital platform, "EQT Tech." This system uses real-time well data, automated drilling controls, predictive maintenance, and AI-driven analytics to optimize operational performance. EQT Tech betters drilling speed, reduces downtime, and improves per-well economics by using dynamic well planning and predictive equipment servicing. Management says that its industry-leading cost structure and consistent free cash flow generation is due to this platform, which has positioned EQT as a technology leader among U.S. upstream gas producers.

Industry Overview

Energy Security & Policy Tailwinds: Global energy markets have been moving away from Russian and Iranian imports, boosting demand for U.S. LNG. In Turkey last winter, U.S. LNG volumes increased by more than double, displacing around 39% of Iranian pipeline gas, as countries diversify to strengthen energy resilience. The recently passed One Big Beautiful Bill supports this recent trend by delaying methane fees until 2035, restoring royalty rates, and fast-tracking LNG and pipeline permits. These new rules simplify approvals and help companies like EQT more easily and quickly ship Appalachian gas abroad.

Digital Innovation & Appalachian Efficiency: To capitalize on export optionality, cost control in Appalachia is critical. Gas producers are deploying real-time monitoring, automated drilling, and predictive analytics—EQT leads this pack with its proprietary EQT Tech platform. This system improves well planning, drilling speed, and uptime, helping EQT sustain industry-low breakevens (~$2/MMcf) even amid the regulatory and land-permitting complexities unique to Pennsylvania, Ohio, and West Virginia. EQT's digital edge turns regulatory constraints into a competitive advantage.

Gas as a Bridge Fuel & ESG Alignment: Even as renewables become more popular, natural gas is still a vital "bridge" fuel, because of its lower emissions (vs. coal) and more reliability than intermittent sources. Compared to wind and solar, which depend on weather and require backup, natural gas plants can generate power on-demand, which is much more reliable for the grid. ESG standards have gone up, and EQT has pre-certified much of its production under MiQ and EO100, installed facility-wide methane monitors, and primed for carbon capture incentives introduced in recent legislation. Their approach puts EQT in line with both regulatory expectations and investor demands for accountable, cleaner energy.

Peer Comparisons

Comparable Companies Analysis
EQT Corporation
Full Table

Financial Data	
Debt	$8,393
Cash	$282
# of Shares Outstanding	624

Comparable Companies
$mm

Ticker	Mkt Cap	EV	P/E LTM	Revenue LTM	EBITDA LTM
Coterra Energy Inc. (NYSE:CTRA)	$19,104	$23,448	14.6x	$5,802	$3,574
Expand Energy Corporation (NasdaqGS:EXI	$26,259	$31,224	-20.4x	$6,568	$1,226
Antero Resources Corporation (NYSE:AR)	$11,552	$15,549	48.3x	$4,610	$1,035
APA Corporation (NasdaqGS:APA)	$7,033	$13,484	7.1x	$10,148	$5,967
EQT Corporation	$34,505	$46,820	85.1x	$6,156	$2,948

Ticker	LTM EV/EBITDA	Gross Margin	EBITDA Margin	EBIT Margin	Yr Rev Growth Rate LF
Coterra Energy Inc. (NYSE:CTRA)	6.6x	74.4%	61.6%	28.6%	9.9%
Expand Energy Corporation (NasdaqGS:EXI	25.5x	41.4%	18.7%	(11.5%)	35.6%
Antero Resources Corporation (NYSE:AR)	15.0x	65.6%	22.5%	4.9%	6.8%
APA Corporation (NasdaqGS:APA)	2.3x	67.3%	58.8%	21.7%	24.9%
EQT Corporation	15.9x	68.4%	47.9%	10.6%	39.4%
High	25.47x	74.4%	61.6%	28.6%	39.4%
75th Percentile	15.88x	68.4%	58.8%	21.7%	35.6%
Average	13.04x	63.4%	41.9%	10.9%	23.3%
Median	15.02x	67.3%	47.9%	10.6%	24.9%
25th Percentile	6.56x	65.6%	22.5%	4.9%	9.9%
Low	2.26x	41.4%	18.7%	-11.5%	6.8%

General Dynamics Valuation		
Implied Enterprise Value (25th Percentile)	$	19,340
Implied Enterprise Value (Median)	**$**	**44,281**
Implied Enterprise Value (75th Percentile)	$	46,820
Implied Share Price (25th Percentile)	$	18.00
Implied Share Price (Median)	**$**	**57.98**
Implied Share Price (75th Percentile)	$	62.05

Source: CapIQ

Investment Theses

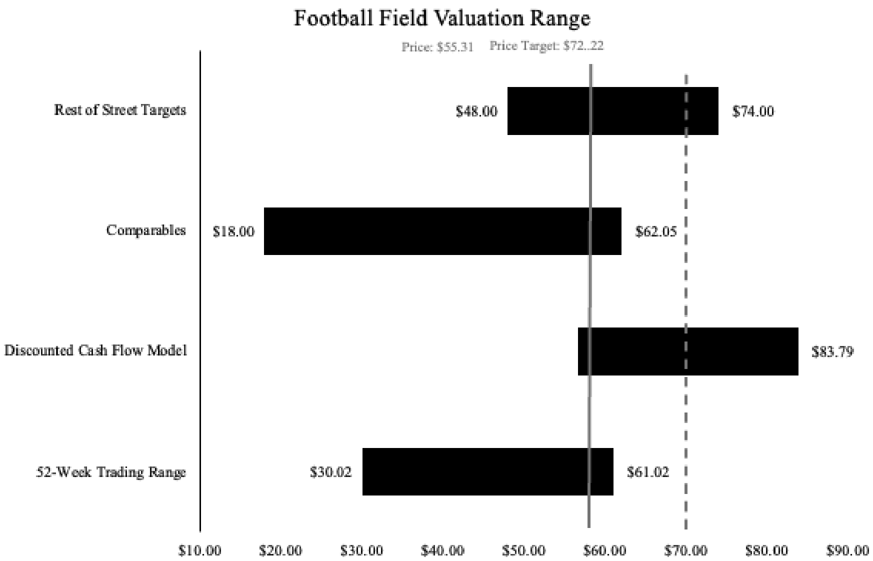
Unlocking LNG-Linked Upside: EQT's long-term strategy to shift more of its gas volumes toward global pricing exposure positions it uniquely among U.S. producers. With the recent completion of the Mountain Valley Pipeline and firm transportation agreements in place, EQT is increasingly able to deliver gas to Gulf Coast terminals for eventual export. As global LNG demand accelerates, particularly from Europe and Asia post-Russia disruption, EQT stands to benefit from a widening spread between domestic Henry Hub and international benchmarks like JKM and TTF.

Digital-Driven Cost Leadership: EQT has developed its own digital system called "EQT Tech," which has steadily cut costs and boosted efficiency across its Appalachian gas operations. By using proprietary data, predictive maintenance, and digital planning for drilling, the company has managed to lower drilling expenses by about 6% each year, while increasing gas recovery per well. This technology advantage helps EQT keep its production costs below $2.00 per Mcf, one of the lowest in the industry.

Capital Returns and Balance Sheet Strength: With net debt/EBITDA falling below 1.5x and over $1 billion in liquidity, EQT has prioritized returning capital to shareholders through both buybacks and dividends. In March 2024, the company expanded its repurchase authorization by $2 billion, highlighting confidence in its cash flow outlook. The firm has also committed to returning 50–70% of annual free cash flow to shareholders, aligning management incentives with investor returns. This capital discipline, paired with a low reinvestment burden, enhances visibility and predictability of returns even in a choppy macro environment, defined by uncertain gas demand, shifting regulatory signals, and uneven economic recovery.

Price Target & Valuation

Our analysis gives ($EQT) a price target of $72.00 and an overweight weight rating.



Potential Downsides to Our Rating

Natural Gas Price Volatility: EQT's performance is very sensitive to changes in natural gas prices. Even though recent regulatory incentives and rising LNG export demand offer support, a sustained decline in benchmark gas prices, which can be due to milder winters, oversupply, or geopolitical de-escalation, potentially would reduce EQT's cash flows and lower investor confidence. With nearly all revenues coming from gas, even small changes in price can have greater impacts on profitability and valuation.

Regulatory and Political Risk: Despite a favorable U.S. policy environment for LNG and pipeline infrastructure, EQT faces mounting long-term risks from shifting political winds. Potential delays or cancellations of key permitting approvals, particularly around Appalachian pipeline projects, could hinder growth. Additionally, increased scrutiny on methane emissions or a future administration pivoting away from natural gas could raise compliance costs and reduce the firm's ability to scale operations.

Capital Allocation and Execution Risk: EQT's strategy of returning cash to shareholders through stock buybacks and lowering debt depends heavily on stable free cash flow. If EQT experiences operational setbacks, rising service costs, or delays in key efficiency projects such as digital initiatives or combo-well development, margins could be negatively affected. Not meeting cost targets or slipping on disciplined spending could also make investors cautious and lower the company's valuation.

Our Price Target: $72.00

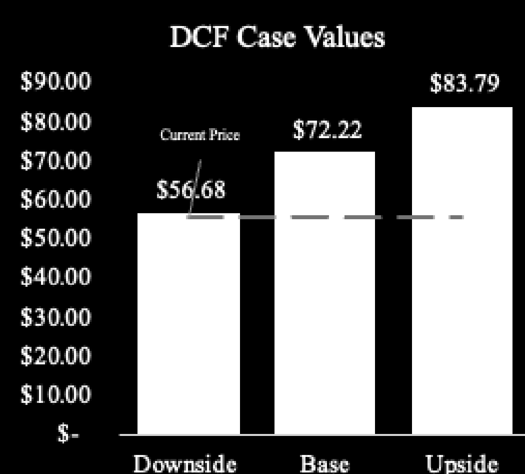
Our base case assumes EQT continues to benefit from stable production, disciplined reinvestment, and its shareholder return framework. We expect supportive macro conditions and gas prices in a mid-range band, enabling sustained free cash flow generation and capital returns through buybacks and debt reduction.

Our Upside Case: $83.00

Our upside scenario includes stronger-than-expected natural gas demand, driven by global decarbonization and LNG export growth. Favorable regulatory conditions, improved capital efficiency, and rising gas prices could push margins and free cash flow above expectations, enabling more aggressive capital returns and rerating.

Our Downside Case: $57.00

Our downside case reflects a prolonged dip in gas prices, possibly from oversupply or weakened global demand. Delays in U.S. LNG capacity expansions, macro volatility, or unfavorable regulation could strain EQT's ability to return capital and pressure its valuation multiple despite operational strengths.



Projections

Income Statement ($mm)	2024A	2025E	2026E	2027E	2028E	CAGR%
Revenue	5,042	7,562	11,723	15,795	23,502	67.0%
EBITDA	2,507	3,053	3,599	4,715	5,685	31.4%
EBIT	344	756	1,465	2,369	4,113	128.6%
NOPAT	(266)	(1,007)	2,912	2,523	337	-208.2%

Margin & Growth Data	2024A	2025E	2026E	2027E	2028E	AVG%
EBITDA Margin	49.7%	40.4%	30.7%	29.9%	24.2%	35.0%
EBIT Margin	6.8%	10.0%	12.5%	15.0%	17.5%	12.4%
Revenue Growth	1.4%	50.0%	55.0%	34.7%	48.8%	38.0%
EBIT Growth	-86.3%	119.6%	93.8%	61.7%	73.6%	52.5%

Valuation Metrics	2024A	2025E	2026E	2027E	2028E	AVG%
P/FCF	31.3x	21.0x	5.3x	4.8x	3.9x	13.3x
EV/Sales	8.5x	5.6x	3.6x	2.7x	1.8x	1.4x
EV/EBITDA	17.0x	14.0x	11.8x	9.0x	7.5x	11.9x
FCF Yield	3.2%	4.8%	18.8%	20.8%	25.6%	14.6%

About $EQT

EQT Corporation ($EQT), founded in 1888, operates as a leading natural gas production company. It focuses on the exploration, development, and production of natural gas, primarily in the Appalachian Basin, including Pennsylvania, West Virginia, and Ohio. EQT operates across upstream and midstream segments, leveraging horizontal drilling and advanced technology to drive scale and efficiency, making it the largest producer of natural gas in the U.S. The company’s core mission is to deliver low-cost, reliable, and sustainable energy while advancing environmental goals through methane abatement and carbon reduction initiatives.

Disclosures & Ratings

Appendix

EQT Corporation
Discounted Cash Flow

Active Case:	**2 Base**
Current Share Price	$55.31

DCF Analysis ($mm)	**FY2020**	**FY2021**	**FY2022**	**FY2023**	**FY2024**	**FY2025**	**FY2026**	**FY2027**	**FY2028**	**FY2029**	**FY2030**
	31/12/2020	**31/12/2021**	**31/12/2022**	**31/12/2023**	**31/12/2024**	**31/12/2025**	**31/12/2026**	**31/12/2027**	**30/12/2028**	**30/12/2029**	**31/12/2030**
Stub						0.51	1.51	2.51	3.51	4.51	5.51
Discount Period						0.24	0.99	1.99	2.99	3.99	4.99
Revenue	2,612	6,840	12,141	4,974	5,042	7,562	11,723	15,795	23,502	29,764	37,370
Revenue Growth	--	*162%*	*78%*	*-59%*	*1%*	*50%*	*55%*	*35%*	*49%*	*27%*	*26%*
Total Revenue	2,612	6,840	12,141	4,974	5,042	7,562	11,723	15,795	23,502	29,764	37,370
EBIT	(409)	(1,008)	2,931	2,507	344	756	1,465	2,369	4,113	6,697	10,277
EBIT Margin	*-16%*	*-15%*	*24%*	*50%*	*7%*	*10%*	*13%*	*15%*	*18%*	*23%*	*28%*
Tax Expense	(143)	(1)	19	(16)	7	7	96	141	129	155	144
Effective Tax Rate	*35%*	*0%*	*1%*	*-1%*	*2%*	*1%*	*7%*	*6%*	*3%*	*2%*	*1%*
NOPAT	(266.10)	(1,007.10)	2,911.63	2,522.58	336.96	748.85	1,369.08	2,228.25	3,984.05	6,542.00	10,133.15
D&A	1,445	1,709	1,666	1,732	2,162	2,296	2,134	2,346	1,572	2,234	1,867
Capex	(1,042)	(1,055)	(1,400)	(2,019)	(2,254)	(2,225)	(2,450)	(2,407)	(2,390)	(3,267)	(3,458)
Changes in NWC	(836)	(1,539)	1,206	952	(820)	(1,001)	(539)	(199)	(872)	(1,274)	(1,762)
UFCF	1,010	1,610	958	379	1,102	1,642	6,492	7,180	8,818	13,317	17,220
PV of FCF						1,615	6,082	6,301	7,249	10,256	12,423

Weighted Average Cost of Capital ($mm)	
Market Risk Premium	4.33%
Beta	0.60
Risk Free Rate	4.39%
Cost of Equity	6.34%
Weighted Average Cost of Debt	2.70%
Tax Rate	14.40%
Cost of Debt	0.22%
Total Equity	$34,505
Total Debt	$8,111
Equity/Total Capitalization	90.60%
Debt/Total Capitalization	9.40%
WACC	6.75%

Terminal Value Perpetuity Growth Method	
2034 FCF	$17,220
Growth	2.50%
Terminal Value	$405,168
PV of Terminal Value	$292,302
PV of Projection Period	$43,927
PV of Terminal Value	$292,302
Implied TEV	$336,229
(-) Debt	$8,393
(+) Cash	$282
Implied Equity Value	$328,118
Basic Shares Outstanding	624
Implied Share Price	$548.12
Upside/Downside	883.70%

Implied Exit BF EV/EBIT	32.7x

Terminal Value Exit Multiple Method	
2034 EBIT	$10,277
EV/EBIT Exit Multiple	1.0x
Terminal Value	$10,277
PV of Terminal Value	$7,414
PV of Projection Period	$43,927
PV of Terminal Value	$7,414
Implied TEV	$51,341
(-) Debt	$8,393
(+) Cash	$282
Implied Equity Value	$43,230
Diluted Shares Outstanding	624
Implied Share Price	$72.22
Upside/Downside	29.6%

Implied PGR	-67.9%

Blended Share Price	
Perpetuity Growth Method	0%
Exit Multiple Method	100%
Blended Share Price	$72.22
Upside/Downside	29.60%