EQT Corporation (EQT)

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Key Metrics

Current Price:	$61	**5 Year CAGR Estimate:**	7.4%	**Market Cap:**	$38 B
Fair Value Price:	$72	**5 Year Growth Estimate:**	3.0%	**Ex-Dividend Date[1]:**	5/6/2026
% Fair Value:	85%	**5 Year Valuation Multiple Estimate:**	3.4%	**Dividend Payment Date:**	6/1/2026
Dividend Yield:	1.1%	**5 Year Price Target**	$84	**Years Of Dividend Growth:**	4
Dividend Risk Score:	C	**Sector:** Energy		**Rating:**	Hold

Overview & Current Events

EQT Corporation (EQT) is engaged in the exploration, production, gathering, and transmission of natural gas, with production primarily in the Appalachian Basin. It sells natural gas, natural gas liquids (NGLs), and oil to various marketers, utilities, and industrial customers. The operations of EQT are concentrated in Pennsylvania, West Virginia, and Ohio, leveraging its significant holdings in the Marcellus Shale, one of the most prolific gas producing regions in the United States. EQT is the largest natural gas producer in the Appalachian Basin, with approximately 2.3 million gross acres of land and a pipeline network of nearly 3,000 miles. The company was founded in 1888 and is headquartered in Pittsburgh, Pennsylvania.

In mid-February, EQT reported (2/17/26) results for the fourth quarter of fiscal 2025. It posted sales volume of 609 Bcfe, above the high end of its guidance of 550-600 Bcfe, thanks to strong well performance and a favorable price environment amid above-average cold winter weather. Earnings-per-share grew 30%, from $0.69 to $0.90, and exceeded the analysts' estimates by $0.14. The company has exceeded the analysts' estimates for 12 consecutive quarters. It also grew its reserves 7% in 2025, to 28 Tcfe. This certainly bodes well for the performance of EQT in the upcoming quarters. Management provided strong guidance for 2026. It expects to grow free cash flow from $2.5 billion in 2025 to $3.5 billion in 2026 and allocate the first $580-$640 million on high-return, infrastructure growth projects.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-$2.71	$8.04	-$8.60	-$4.79	-$3.68	-$3.54	$4.38	$2.29	$1.61	$3.05	***$4.90***	***$5.68***
DPS	0.12	0.12	0.12	0.12	0.03	---	$0.55	$0.61	$0.63	$0.64	***$0.66***	***$0.77***
Shares[2]	167	188	261	255	261	323	407	413	603	629	***650***	***1000***

EQT has operations in the Appalachian Basin, one of the most prolific gas producing regions in the world. It is also the low-cost producer, with a free cash flow breakeven price of $2.00, which is much lower than the currently prevailing price of $3.00. However, as a producer of natural gas, EQT is extremely sensitive to the cycles of gas prices. This is clearly reflected in the volatile performance record of the company, which is depicted in the above table. Notably, EQT has incurred hefty losses in 5 of the last 10 years due to low gas prices in those years. Management tries to mitigate the sensitivity of the earnings to gas prices by hedging a portion of the output but the company remains highly sensitive to the swings of gas prices. Nevertheless, given the expected completion of some growth projects, we expect EQT to grow its earnings-per-share by 3.0% per year on average over the next five years.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
P/E	---	7.5	---	---	---	---	8.5	16.3	23.4	17.6	***12.4***	***14.7***
Avg. Yld.	0.2%	0.2%	0.3%	0.8%	0.2%	---	1.5%	1.6%	1.7%	1.2%	***1.1%***	***0.9%***

[1] Estimated date.

[2] In millions.

Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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EQT is highly cyclical and hence its price-to-earnings ratio experiences wild fluctuations. The stock tends to have high price-to-earnings ratios during periods of suppressed earnings and low price-to-earnings ratios during boom periods. EQT has posted losses in many years and hence its price-to-earnings ratio has been meaningful in just five years over the last decade. The stock is currently trading at a price-to-earnings ratio of 12.4, which is lower than the 9-year average ratio of 14.7. If EQT trades at its average valuation level in five years, it will enjoy a 3.4% annualized valuation gain.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	1%	---	---	---	---	13%	27%	39%	21%	***13%***	***13%***

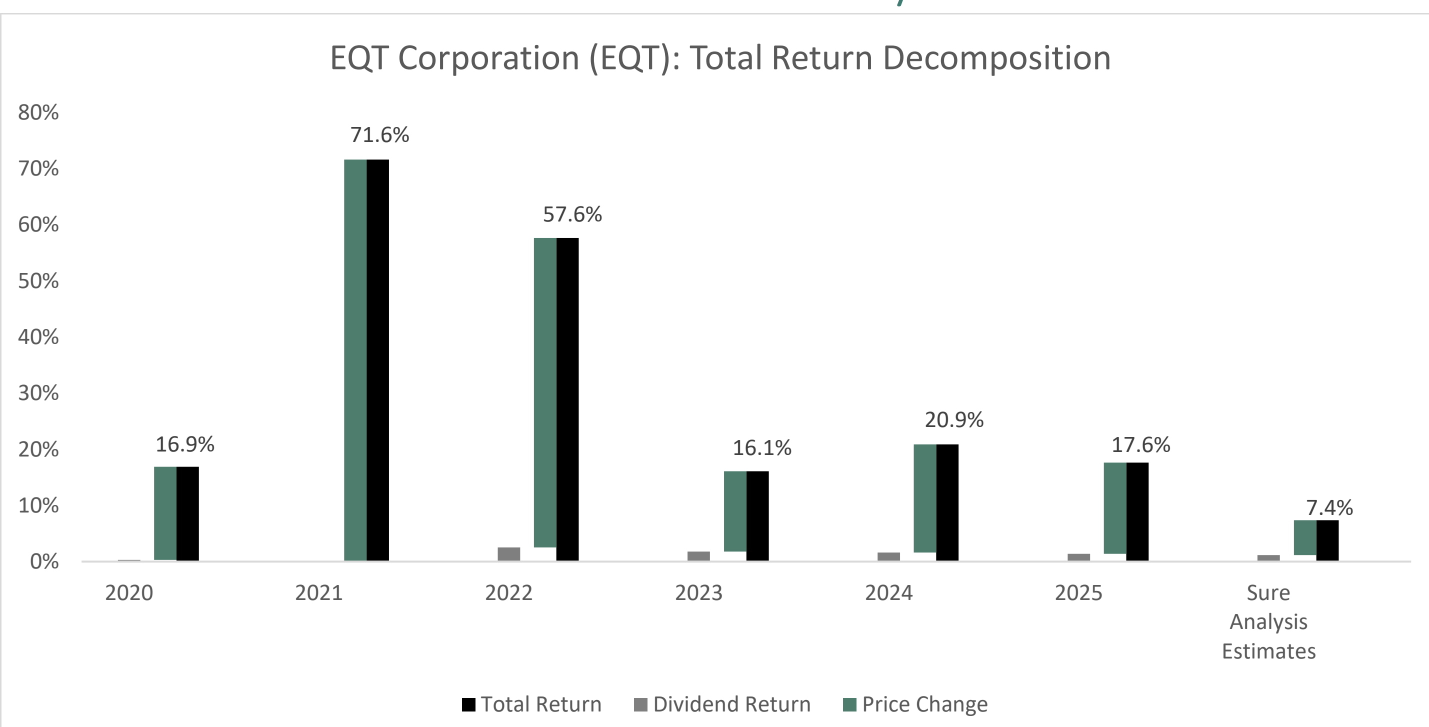
As a commodity producer, EQT is inevitably vulnerable to the downturns of the price of natural gas. Given also its low dividend yield (1.1%), the stock is probably unsuitable for income-oriented investors. On the bright side, natural gas is considered much cleaner than oil products and hence it is relatively resilient to the secular shift from fossil fuels to clean energy sources. In addition, EQT is the leader in the lowest-cost natural gas basin in the U.S., the Appalachian Basin, and has decent growth prospects, partly thanks to the booming energy demand from data centers.

EQT has an investment-grade credit rating of BBB- from S&P and Fitch thanks to a decent balance sheet. It has an interest coverage ratio of 13.7 and its net debt is standing at $12.9 billion, which is just 34% of the market capitalization of the stock. Moreover, management has stated that it aims to reduce leverage even further.

Final Thoughts & Recommendation

The stock of EQT has rallied 23% in the last 12 months, primarily thanks to strong business performance and an improved price environment. Despite its rally, the stock can still offer a 7.4% average annual return over the next five years thanks to 3.0% growth of earnings-per-share, a 1.1% dividend and a 3.4% potential valuation tailwind. The stock receives a hold rating but it is suitable only for investors who can tolerate prolonged periods of suppressed gas prices and the resultant stock price pressure.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	1,802	2,696	4,732	3,800	2,659	6,840	12,141	5,070	5,222	8,353
Gross Profit	240	356	1,222	311	(632)	2,971	8,053	923	654	3,603
Gross Margin	13.3%	13.2%	25.8%	8.2%	-23.8%	43.4%	66.3%	18.2%	12.5%	43.1%
SG&A Exp.	273	209	284	253	175	196	253	236	337	380
D&A Exp.	928	1,088	1,807	1,575	1,419	1,677	1,666	1,732	2,162	2,600
Operating Profit	(33)	147	938	58	(807)	2,705	7,743	602	(32)	2,979
Operating Margin	-1.8%	5.5%	19.8%	1.5%	-30.4%	39.5%	63.8%	11.9%	-0.6%	35.7%
Net Profit	(131)	1,387	(2,381)	(1,222)	(967)	(1,142)	1,781	1,735	242	2,326
Net Margin	-7.3%	51.4%	-50.3%	-32.2%	-36.4%	-16.7%	14.7%	34.2%	4.6%	27.8%
Free Cash Flow	(1,526)	(752)	(23)	249	495	607	2,065	1,160	573	2,838
Income Tax	(263)	(1,188)	(697)	(376)	(299)	(428)	554	369	22	652

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	15,473	29,523	20,721	18,809	18,113	22,751	23,346	26,005	40,624	42,521
Cash & Equivalents	1,390	26	3	5	18	114	1,459	81	202	111
Accounts Receivable	342	665	1,242	610	567	1,438	1,608	824	1,133	1,458
Inventories	-	-	-	-	-	-	-	-	-	-
Goodwill & Int. Ass.	-	590	77	26	-	-	-	-	2,295	2,263
Total Liabilities	6,354	11,108	9,763	9,006	8,851	12,780	12,133	11,224	16,345	15,161
Accounts Payable	310	726	1,060	796	705	1,339	1,575	1,273	1,178	1,367
Long-Term Debt	3,289	5,997	5,497	5,352	4,925	5,644	5,727	5,854	9,425	7,916
Shareholder's Equity	5,860	13,320	10,958	9,804	9,255	9,955	11,172	14,773	20,598	23,753
LTD/E Ratio	0.56	0.45	0.50	0.55	0.53	0.57	0.52	0.40	0.46	0.34

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-0.9%	6.2%	-9.5%	-6.2%	-5.2%	-5.6%	7.7%	7.0%	0.7%	5.6%
Return on Equity	-1.5%	10.1%	-16.2%	-11.8%	-10.1%	-11.9%	16.8%	13.3%	1.2%	9.0%
ROIC	-1.1%	7.5%	-11.7%	-7.7%	-6.6%	-7.6%	10.9%	9.2%	0.9%	6.7%
Shares Out.	167	188	261	255	261	323	407	413	603	629
Revenue/Share	10.79	14.36	18.13	14.89	10.20	21.16	29.87	12.27	10.15	13.57
FCF/Share	(9.14)	(4.00)	(0.09)	0.98	1.90	1.88	5.08	2.81	1.11	4.61

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.