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EQT Corp. (EQT)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Hello and thank you for standing by. My name is Bella, and I will be your conference operator today. At this time, I would like to welcome everyone to EQT Q1 2026 Quarterly Results Conference Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. We request for today's session that you please limit to one question only and one follow-up.
[Operator Instructions]

I would now like to turn the conference over to Cameron Horwitz, Managing Director, Investor Relations & Strategy. You may begin.

Cameron J. Horwitz

Managing Director-Investor Relations & Strategy, EQT Corp.

Good morning and thank you for joining our first quarter 2026 earnings results conference call. With me today are Toby Rice, President and Chief Executive Officer; and Jeremy Knop, Chief Financial Officer. In a moment, Toby and Jeremy will present their prepared remarks, with a question-and-answer session to follow. An updated investor presentation has been posted to the Investor Relations portion of our website, and we will reference certain slides during today's discussion. A replay of today's call will be available on our website beginning this evening.

I'd like to remind you that today's call may contain forward-looking statements. Actual results and future events could materially differ from these forward-looking statements, because the factors described in yesterday's earnings release, in our investor presentation, the Risk Factors section of our most recent Form 10-K, and in subsequent filings we make with the SEC. We do not undertake any duty to update any forward-looking statements.

Today's call also contains certain non-GAAP financial measures. Please refer to our most recent earnings release and investor presentation for important disclosures regarding such measures, including reconciliations to the most comparable GAAP financial measures.

With that, I'll turn the call over to Toby.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

Thanks, Cam, and good morning, everyone. Our historic first quarter results are tangible proof of the differentiated value of EQT's platform. We generated more than \$1.8 billion of free cash flow in the first quarter, another record high for EQT. To put this into perspective, in just 90 days, we generated roughly as much free cash flow as we did during the entirety of 2022, a year when gas prices were over \$6. This is a powerful illustration of how we've strategically transformed EQT over the past several years.

Our vertical integration through the Equitrans acquisition and our low-cost operating model have fundamentally enhanced the earnings power of this company. That transformation has enabled us to enter this high-price environment largely unhedged, capturing the full upside of market volatility and accelerating our deleveraging plans. With leverage now below 1 times net debt to EBITDA and our long-term \$5 billion net debt target within

reach by year-end, EQT has entered a new chapter, one defined by financial strength, durable free cash flow generation, and sustainable growth.

Our operational performance remains the bedrock of our financial results. Despite the challenging weather conditions presented by Winter Storm Fern, our teams coordinated seamlessly to achieve production uptime that outperformed our peers by a factor of more than two times. Even with some minor volume impacts from the storm, production for the quarter came in above the high end of our guidance range. This is a testament to the strong underlying productivity of our asset base, the durability of our infrastructure, and the outstanding coordination across our upstream, midstream and marketing teams to ensure our customers had access to reliable energy when they needed it most.

Shifting to the macro environment, recent geopolitical developments once again highlight the strategic importance of US natural gas and energy independence. Recent events in the Middle East have triggered the second global energy shock of this decade. Supply disruptions across the region have pushed global natural gas prices sharply higher. In fact, European natural gas prices nearly doubled following the disruption of Qatari LNG supply and the closure of the Strait of Hormuz. These developments underscore a clear reality, global energy markets remain highly vulnerable to geopolitical risk. While these challenges are significant, they also reinforce the critical role of American energy and position producers like EQT to help meet the world's growing need for reliable supply.

And yet, despite this global volatility, US natural gas prices have remained stable, continuing to provide affordable energy for American consumers. This divergence highlights one of the most important advantages of US natural gas, energy security, and affordability. While global markets are experiencing sharper price increases, American citizens and businesses continue to benefit from low-cost domestic supply, thanks to the shale revolution. In fact, in energy equivalent terms, the price of US natural gas today is equal to \$16 per barrel of oil, even with record US LNG exports and data center-driven domestic power demand growth.

Recent events also reinforce another key takeaway, energy reliability matters. Global buyers are increasingly prioritizing secure and dependable sources of supply, and the United States has emerged as the most reliable LNG supplier in the world. This reliability is becoming increasingly valuable to global customers, and EQT is positioned to benefit from this dynamic. Our LNG contracts position us to be a supplier of choice internationally, providing secure supply to global buyers who increasingly value reliability and energy security, while at the same time providing attractive international market exposure for our investors.

In fact, if our LNG portfolio was fully online today, with current TTF and JKM spreads to Henry Hub, our projected 2026 free cash flow would be approximately \$6 billion. Positioning the company to materially enhance our free cash flow generation with only 15% of our volumes is a powerful illustration of the value our LNG portfolio could unlock. As global markets continue to prioritize dependable supply, we believe EQT is well positioned to capture demand growth, improve our price realizations, and further enhance the durability of our free cash flow generation. This geopolitical landscape reinforces what we believe for a long time, low-cost, reliable US natural gas is essential for both American consumers and global energy security, and EQT is uniquely positioned at the center of that opportunity.

I'll now turn the call over to Jeremy.

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

Thanks, Toby. As Toby mentioned, the company delivered a record first quarter with outperformance across the board. We delivered sales volumes above the high end of guidance in the peak winter pricing, while our cash

operating expenses and capital costs came in below the low end of guidance due to improved efficiencies. All told, we generated more than \$1.8 billion of free cash flow before the effects of \$475 million of working capital inflows. As promised, we allocated post-dividend free cash flow to strengthening our balance sheet and retired more than \$1.7 billion of senior notes during the quarter.

We exited the quarter with net debt of just under \$5.7 billion. This accelerated deleveraging has already been recognized by the credit rating agencies, with Fitch upgrading EQT to BBB during the quarter. This milestone further strengthens our brand, while mitigating financial risk as we expand our gas sales portfolio. This rapid deleveraging also enhances our capital allocation flexibility. We are well positioned to continue investing in high-return growth projects, build on our track record of base dividend growth, and accumulate cash to aggressively repurchase our shares during times of market weakness.

Turning to hedging, the benefits of our opportunistic strategy were on display as we captured nearly 100% of the surge in natural gas prices in the first quarter due to the attractive ceilings on the collars we put in place during periods of price strength in December. As prices have moderated into the spring, we are realizing the benefits with our balance of year hedge book in the money by \$180 million.

Turning to fundamentals, the global market has tightened meaningfully due to the conflict in the Middle East. Lasting damage to key LNG infrastructure has reduced near-term supply and delayed the timing of Qatar's large-scale expansions. At the same time, Europe is exiting winter with natural gas storage levels at the lowest level since 2022. US LNG exports should be a primary beneficiary in this environment. In the near term, we expect LNG operators will defer maintenance to capture favorable margins, boosting export demand. In the medium term, the risk of an LNG glut and volumes backing up into the US market is effectively gone. This environment also serves as a good case study for our thesis of the asymmetric upside exposure to global natural gas prices that EQT will have through our LNG portfolio.

While our LNG contracts are forecasted to generate \$500 million in annual free cash flow uplift when they begin in 2030 at the current strip, a repeat of the 2026 level volatility could drive that figure to \$2.5 billion. This underscores the significant upside optionality for producers that can access the global markets.

Shifting to the US, momentum in natural gas-fired power growth is accelerating beyond prior expectations. Recent announcements in our own discussions suggest upside to our base case power demand growth forecast of 6 Bcf per day, with our initial bull case of 10 Bcf per day looking more like the new base case. This view is informed by the swelling opportunity set in Appalachia, with a notable pickup in large-scale power, midstream and data center projects where EQT is positioned as the preferred partner. This backdrop is increasing our confidence in the view that demand pull projects will further improve Appalachian fundamentals through the end of the decade and create substantial high-return upstream and midstream growth optionality for EQT.

Turning to the second quarter guidance. After surging production volumes into peak water pricing in Q1, we began tactically curtailing volumes this month to optimize price realizations during shoulder season and have embedded 10 Bcf to 15 Bcf of curtailments into our second quarter production guidance. Our strategic curtailments act as a form of storage, keeping gas in the ground during seasonally low periods of demand and surging volumes above baseline when demand rebounds. This approach allows us to leverage the flexibility of our integrated asset base to maximize value in both peak and trough demand seasons.

From a CapEx standpoint, the second quarter represents our peak capital investment period of the year, driven by the timing of growth investments. We expect to see meaningful declines in capital spending into the third and fourth quarters, which should further support free cash flow generation in the back half of the year.

In closing, this quarter is a tangible demonstration of the value creation possible through EQT's platform. With an integrated operating model, a pure leading cost structure and a fortress balance sheet, the transformation of EQT is now complete. Our teams are now busy positioning the business to capture robust and sustainable growth opportunities, which should lock in the next leg of differentiated value creation for shareholders.

And with that, we will now open the line for questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from the line of Doug Leggate with Wolfe Research. Please go ahead.

Doug Leggate

Analyst, Wolfe Research LLC

Q

Good morning, guys. Thanks for having me on. I got one macro and one EQT transformation question just to pick up on Jeremy's comments there. Toby, I'm always interested in your macro view. Sadly, it seems that, with LNG full, the US is back to an incremental cost of supply market, aka the Permian. The punchline is it seems that gas really hasn't benefited from all the resets that we've seen in terms of domestic demand. So, my question is, what can you do to improve your realizations? And more specifically, can you accelerate your access to LNG on international markets, given your current plan is post 2030? That's my first one. My second one is specifically for Jeremy. The balance sheet you've talked about often, Jeremy, you've talked about the transformation is complete. So, given your inventory depth, why are buybacks the right answer for opportunistic cash flow versus offering EQT as a competitive dividend stock?

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Yeah. Doug, appreciate the questions. I'll tackle the first set. So, when it comes to getting better realized pricing, I think there's a couple of things we think about. One, attracting demand to our backyard, I think, is going to be really important. That will have the impact of strengthening bases, which will benefit our business. We're really excited about the progress that we're seeing. I think you look at the slide we put out on data center demand, there's a lot of activity happening in our backyard.

As it relates to LNG, I think this quarter and what's happening right now around the world just really shows why the strategy that we took to position the company to get exposure to LNG why it matters, because we see the same dynamic that you're seeing. We see prices around the world rising, and we're not seeing that benefit in the US. The only way to solve that is to get exposure to international pricing. So, for us, we're proud of the decisions we've made. We're excited to start trading with LNG in the 2030 timeframe. As far as accelerating that today, we were actually talking about that this morning. But I think getting more exposure that sooner, you're already taken into account the spreads and you're paying for that. So, it's not much of an opportunity in the short term. But we're excited about how we positioned the company in the long term.

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Doug, on the second part of your question, look, our base dividend has been and will continue to be a key part of our capital allocation strategy. That is something we intend to grow annually for the foreseeable future. But when

we step back and think about what creates the most value in the long term for shareholders and what compounds capital, it's not necessarily the dividend. We see the most value upside certainly on an after-tax basis for shareholders being more so in buybacks, but also bringing back top line growth to the business. And in a capital-intensive business, we need capital to be able to invest and do that. And so, what you're seeing us do this year through our midstream growth projects, I think, we continue to search for opportunities. And I think we're really finding some phenomenal ones right now. We plan to lean into those in the years ahead.

And then, I think, at some point, too, there will be an element of upstream growth that I think we bring back is the low-cost producer, some sort of mid to low single-digit level of production growth. But we need to see that sustainable structural demand show up first, and that's what we are working through our midstream strategy to help enable and create and tie into. And I think, when you have a growing top line in a business, both hopefully with price structurally over time but also with production growth, that creates an ideal situation to be buying back the stock along the way and creating outsized returns over the long run.

Doug Leggate

Analyst, Wolfe Research LLC

Q

[indiscernible] (00:16:14) so far, guys. Well, thanks very much for taking my questions.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Thanks, Doug.

Operator: Next question. Your next question comes from the line of Kalei Akamine with Bank of America. Please go ahead.

Kalei Akamine

Analyst, BofA Securities, Inc.

Q

Good morning, guys. Thanks for taking my question. My first question is on data centers. So, more and more projects are getting shovel-ready. They need gas. You're having supply conversations. How would you guys frame up the near-term opportunity set in terms of scale? And also curious if terms are evolving beyond the next plus deals that we've seen so far?

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Yeah. So, a lot of opportunities in our backyard, as we mentioned on the call, on the prepared remarks. When we look high level, just what's happening in basin, there's been some big announcements in Pennsylvania, Ohio, West Virginia and Pennsylvania. NextEra has come out and said that they're going to look at putting 10 gigawatts. We've got that big facility in Ohio that just got announced at Portsmouth that's over 9 gigawatts. And then, West Virginia has come out recently with their 50x50 plan, so installing 50 gigawatts by 2050 in West Virginia. So, these are big plans that are being put out in this area. So, we're really excited about how Appalachia has positioned to be the home for a lot of these projects.

And then, for us, what that translates to EQT specifically, we've got a robust pipeline of these opportunities that are currently being negotiated. I mean, we're looking at multiple Bcf a day of supply opportunities. And other opportunities range from gathering to gas supply. The gas supply opportunity, I think it's important for people to know, we are focusing these opportunities around our asset base. So, that should set the table for some pretty good returns while also being able to offer low cost of service to these customers because we're leveraging our

existing asset base. So, I think all these – a lot of opportunities in the air right now. I think that they're going to start landing in the second half of this year. And it's a really great setup, and we're excited about how we're positioned.

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. Kalei, I think to put some more numbers to that, too, if you look at the projects we've announced so far between our midstream projects and the other data center projects you're – depending on utilization levels, call it, 2 Bcf to 3 Bcf per day of demand growth that we've already partnered with other parties to help underwrite. And then, if we look at the other midstream projects that we are in discussions with people about that we think have a reasonable chance to come into fruition, I mean, that number could increase to 8 Bcf, 10 Bcf a day, potentially, of additional egress and pull out of Appalachia for gas. Some of that goes more short haul into Ohio, as we talked about, but some of it also more down to the south and southeast markets.

So, I think the opportunity for producers, specifically in Southwest Appalachia, what we think of as like the gateway to the basin is really tremendous. And so, going back to Doug's question, as we think about capital allocation, seeing that opportunity potentially coming around the corner and seeing that demand show up in the next two to three years is a phenomenal opportunity for us to reinvest and potentially grow structurally, sustainably and create a lot of value through that.

Kalei Akamine

Analyst, BofA Securities, Inc.

Q

Good stuff, guys. I appreciate that. My second question is on LNG. You guys have gone beyond pure financial exposure here. As you wrap your head around the physical business, are you seeing margin opportunities that maybe have both been overlooked by others? And through your conversations, what kind of contract terms are you seeing being favored by buyers at this point?

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. I mean, I think – so, we think of our LNG business in that book being built out similar to how we have the book on our just base domestic gas business, where we have some deals under longer-term and some under shorter-term tenors, and then a little bit in the spot market, too. I would expect most of that to be index-based. And then, there's potential for structure around that. But look, you can also financially hedge that with structure just like we do domestically in the financial market. So, I think it'll be a combination of all the above. But we really envision that portfolio, I think, geographically being split pretty equally between Asia and Europe. But it's something that we will build out over the coming years, just like we do with our domestic gas book.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Yeah. And I'd just follow up at just one point here. I don't think these opportunities are being overlooked by our peers. I just think they're out of reach. And I think you need to have a large-scale, high-quality business like EQT to be able to play in this market and do it in a balanced way. I mean, for us to be able to take – to reach a level of scale to be effective in this market, but still not be betting the farm on LNG, this is still a nice part of a diversified gas portfolio. Only companies of our scale, I think, can achieve that.

Kalei Akamine

Analyst, BofA Securities, Inc.

Q

Thanks, guys. Good quarter.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

Thank you.

A

Operator: Your next question comes from the line of Arun Jayaram. Please go ahead.

Arun Jayaram

Analyst, JPMorgan Securities LLC

Yeah. Good morning, gentlemen. Jeremy, maybe for you, I was wondering if you could update us on the progress of some of your large-scale supply deals. I'm thinking Homer City, Shippingport, and the Duke Energy and Southern Company deals. I think it's 2.6 Bcf a day of supply in total. I think we're seeing early construction at Homer City, but would love to get an update on both of those key projects.

Q

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

Yeah. Actually, a lot of really great progress on both. I mean, the guys at Homer City are putting a lot of steel up and really moving that project forward. So, we're pretty optimistic about the timing there. There's been a lot of good progress lately on Shippingport, too, with the offtake. So, we're very positive on that both in terms of timing and also just the gas supply. But again, those aren't our projects, so we're going to hold off giving, like, specific updates, and I would look towards the developers on both of those for more specifics. But look, we remain a committed partner to anyone trying to develop anything in the region, both to midstream companies, to data center developers, or power developers. And I think that's why you're seeing us land so many demand projects.

A

As it relates to the in-market, like power plants being built down in the southeast, our understanding is a lot of that will probably come online in – like, between 2029 and 2031. So, I think there will be a ramp post that southeast supply enhancement project on Transco coming online. It won't immediately be consumed, but it will debottleneck the Appalachian markets and bring MVP up to full capacity. But like any of these projects, it takes multiple years to get it built. So, it can't happen overnight. Unfortunately, some of this has to happen sequentially, given the uncertainty of timing for completion of these projects. But everything's moving ahead. We remain opportunistic, and I think the opportunity set for more of these projects to get built is, today, as big as ever and, I think, continuing to accelerate. We're feeling that in our day-to-day conversations.

And I'd say the other thing, too, that that's really changing. It's less so, I think, developers in these sort of upstart outfits trying to put these projects together, but it's increasingly really well-capitalized names who you would recognize, who are sort of playing catch-up, but I think can put real dollars to work and give us a lot more confidence that a lot of this demand ends up showing up. So, we're increasingly excited by it.

Arun Jayaram

Analyst, JPMorgan Securities LLC

Yeah. GEV had some really strong orders. So, I know they raised their expectations on inbound to 110 gigawatts from 100 gigawatts. So, obviously, some good things happening in power. My follow-up, Jeremy and Toby, is just to talk a little bit about your discussions around LNG offtake. You have 6 million tons of capacity post 2030. How would you characterize the nature of those discussions, the post war in Iran? And would it be your expectation that you could sign some offtake in this calendar year?

Q

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Yeah. So, the reaction with Iran, I think, reinforces the reliability of US supply. And that's certainly going to – it was valued before. I think it's even more valued now. So, we think that the interest in US LNG is only going to continue to grow. We do hope to see that the international community steps up and signs up for what we view as 6 Bcf a day of available offtake from these facilities out on the Gulf Coast area. So, there still is opportunity for the market to get more exposure to US LNG. And for us, with the international community, I mean, we're going to be building a portfolio. I think just you're going to see some of those agreements probably timed closer to when that offtake will become available. So, I expect those agreements to be more of a focus sort of in that 2028-2029 timeframe.

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. I just remind you, too, Arun, and I think anyone who's just in the market looking for offtake, the international customers who have signed up for this capacity, whether it's out of Europe or out of Asia, while you see chaos in the global markets, uncertainty over security of physical volumes, but also just price uncertainty, those offtakers are buying gas at Henry Hub plus 115% today. So, by buying US gas, like, they are effectively insulated from what's going on in the world. And so, I think the relative attractiveness both for existing offtakers, but also those still looking for offtake, I think the attractiveness of shifting to the US, just because you do have that inherent price security being able to buy effectively at the same price that US consumers are able to buy at, is really unique, and you're not going to find that anywhere else in the world.

Arun Jayaram

Analyst, JPMorgan Securities LLC

Q

Great. Thanks.

Operator: Your next question comes from the line of Neil Mehta with Goldman Sachs. Please go ahead.

Neil Mehta

Analyst, Goldman Sachs & Co. LLC

Q

Yes. Thank you. We spent a lot of time on the last call just talking about Winter Storm Fern. But now with the clarity of the numbers and how robust the trading and marketing effort was in Q1, maybe, Toby and Jeremy, could you just talk about lessons learned and confidence about the ability to replicate this in another period of high volatility?

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Yes. This is something that we do believe we are going to replicate because this was very well orchestrated. I'd also – I mean, this all starts with operations. The entire team across the board on the commercial team did a fantastic job. But it starts with operations. The playbooks that we put in place that, really, the planning on this started in the summertime are things that we're going to be able to put out there and repeat that. It's hard to see that performance is going to get even better, but – because just look at how our performance vary versus our peers. I mean, we had basically half the downtime than peers did. But there will be some opportunities. But the big part for us is really just continuing to keep the teams in great collaboration and coordinating across, and this is something where our technology platforms really bring that type of sustainability as we continue to scale this business. So, we'll continue to look for ways to streamline communications, and that's a normal part of our business in this large-scale organization.

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. I think what's also unique this time and seeing the stress in the system is that, now that we have the integration with midstream complete and we have effectively control and visibility of the molecule from the wellhead through our own systems for 90% of our volumes down to the end markets, it allows us to have a lot more accountability and visibility into, like, if something goes down, we can figure out what's happening really quickly. Historically, a lot of our traders would find themselves in situations where all of a sudden volume is lost. And volume, maybe they presold and they're trying to figure out where the volume is to balance. They're not able to trade and capture arbitrage when they're trying to just minimize imbalances on the system, avoid OFO penalty.

So, the amount of collaboration this time, the ability to identify issues in the field and get them resolved within hours and allow the traders to do what they're there to do, and that's trade and create value, I think, was on full display this time. But again, it's not just because the trader is doing well or just because ops are doing well. It's the collective effort of the whole team working really well together, and that's what's important.

Neil Mehta

Analyst, Goldman Sachs & Co. LLC

Q

Thank you. Very clear. Look, you guys got a ton of inventory at this point. And I know that the A&D market, it felt like the bid act was pretty wide and it got overheated there for a period of time. Are there opportunities to continue to opportunistically bolt on stuff, or is this really just an organic story, given all the stuff you guys talked about earlier?

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. I mean, look, we were intentionally a first mover in M&A. We thought there would be a snowball effect to that and the best assets would go first. I think what's left is of much lower quality. So, look, we're always opportunistic. But we see, when we look at the opportunity set and where to invest capital right now, it's organically. And gets – compared to where the A&D market is, I think our stock is much better value, candidly. And I think the organic reinvestment opportunity set is a significantly higher return on capital than putting cash into an acquisition of, I think, what would be an inferior asset. So, again, we're going to remain opportunistic and look around as we always have. But I think the odds of something happening in the A&D space are significantly lower.

Neil Mehta

Analyst, Goldman Sachs & Co. LLC

Q

Yeah. Very clear. Thanks, guys.

Operator: Your next question comes from the line of James West with Melius Research. Please go ahead.

James West

Analyst, Melius Research LLC

Q

Thanks. Good morning, guys. Toby, I wanted to quickly ask about – if you're looking at any opportunities outside of Appalachia at this point, there's certainly international sales where you have tons of expertise you could provide. I'm thinking Vaca Muerta, which is probably 10 years behind the Permian or so, maybe seven. But any expansion opportunities outside of your current market that you're at least considering at this point? I know you guys have a ton of employees and there's a ton of growth in the domestic market. But just curious how you're thinking about that.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Yeah. Our view is pretty simple. We've got a massive asset base here in Appalachia that we believe will give us the ability to connect our gas to premium markets domestically around the world. And the key for us unlocking that asset base is going to be to capturing that demand. So, I'm more focused on looking for demand capture opportunities as opposed to supply opportunities. So, we're staying focused on what we have right now. And that's just, because of all the great work we've done over the last five years bolting on and beefing up this asset base, is where our focus is right now.

James West

Analyst, Melius Research LLC

Q

Okay. That's very clear. Maybe a quick follow-up on the LNG strategy. I think you addressed some of this earlier. But we clearly have a tightening of the market and changing dynamics there. Pricing has moved. Anything you think you would move on earlier than that, the time period you've already committed to getting into LNG?

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

I mean, I think, as Toby said earlier, I mean, if you're going to take out capacity sooner, you're effectively buying it at the current strip and spread. So, it's not like you're able to buy it at the same terms. I mean, look, if we have the opportunity, we'd obviously take advantage of it. It would be free money. But I think the odds of that are pretty low.

James West

Analyst, Melius Research LLC

Q

Got it. Thanks, guys.

Operator: Your next question comes from the line of Bob Brackett with Bernstein Research. Please go ahead.

Bob Brackett

Analyst, Bernstein Institutional Services LLC

Q

Good morning. I'm curious around your comments of attracting demand to your backyard. One way to do that is simply, commercially, you're a low-cost operator, you're well plumbed up there, and the other is with some judicious midstream capital. Can you talk about what might be inbounds and out of bounds for the sorts of capital projects you've put to work to attract that demand?

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Yeah. I would say, what's inbounds right now is our goal is to make sure that we're giving customers the best energy, that's the lowest cost energy, most reliable. And the key for us doing that is leveraging our existing asset base, the over 3,000 miles of pipeline infrastructure we have, and building off of that and extending that to be able to service these new – the demand hubs that we're talking about. So, I'd say that's really our big focus. And I'd say we'd stay in that zone until we've exhausted all the opportunities, and then we could look out more broadly. But right now, just given the opportunity set we have in front of us, the cup is full, and now we're just looking to land some of these big opportunities.

Bob Brackett

Analyst, Bernstein Institutional Services LLC

Yes. Very clear. Thanks.

Q

Operator: Your next question comes from the line of Sam Margolin with Wells Fargo. Please go ahead.

Sam Margolin

Analyst, Wells Fargo Securities LLC

Good morning. Thanks for taking the question. First one is on the shape of the CapEx that you referenced. We're at a peak in 2Q for the growth side. Are there any – are there going to be any immediate returns with the start-up of those projects, whether it's in sales mix and realizations or costs that we can expect?

Q

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

No, I wouldn't say it necessarily correlates with that. I think it just – it comes down to the lumpiness of large-scale operations and just the timing of some of our growth capital.

A

Sam Margolin

Analyst, Wells Fargo Securities LLC

Okay. Got it. So, nothing in second half to point to. And then just on the operational side and within liquids, we got this inbound. There was a little bit of a mix shift from C3 to ethane away from guidance. Was that just market-driven natural gas price contracts, or was there anything else to call out that's worth noting? Thank you.

Q

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

Yeah. I mean, just slight tweaks based on GPM assumptions we're making. But I wouldn't say there's anything material to read into on that one.

A

Sam Margolin

Analyst, Wells Fargo Securities LLC

Perfect. Thank you so much.

Q

Operator: Your next question comes from the line of Lloyd Byrne with Jefferies. Please go ahead.

Lloyd Byrne

Analyst, Jefferies LLC

Hey. Good morning, guys. Toby, I just wanted to know if you give me an update on the regulatory standpoint with US infrastructure and whether electricity pricing is finally going to get us over the hump there with respect to probably the northeast.

Q

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

I hope that perm reform happens, and I think it needs to happen in the near term, so in the next few months. I do think that there's a lot of focus on this, and I think the pressure is only ratcheting up on our leaders to take action and create a win for themselves going into midterms, that they're actually doing something to lower America's

A

energy bills that have been up over 40% since 2020. And I think that we saw, just a couple of days ago, Trump put out executive determinations that just continue to reinforce the critical need to get energy infrastructure built. So, all the signals are there. And I think the issues going on around the world, I mean, our energy independence, the value of that is on full display with international prices being up \$10 and the natural gas prices here in the US not moving. We've insulated Americans, but we can't take that for granted. We need more infrastructure to make sure we can preserve this really valuable opportunity we create for Americans. The American energy advantage is sort of at the end of its rope unless we get more infrastructure built. So, I think people are recognizing this, but I hope they act.

Lloyd Byrne

Analyst, Jefferies LLC

Q

Yeah. It feels like we're finally making some progress there. So, all right. Thank you, guys. Good quarter.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Thanks.

Operator: Your next question comes from the line of Phillip Jungwirth with BMO Capital Markets. Please go ahead.

Phillip Jungwirth

Analyst, BMO Capital Markets Corp.

Q

Yeah. Thanks. Good morning. Last quarter, you guys talked about industry having limited Ohio, Utica dry gas inventory left. And then, last month, we saw a 9-gigawatt gas plan announced to power data centers in southern Ohio. So, just as you see projects like this or others in the Midwest announced, how do you see these projects securing gas? And is there an appetite to either expand existing pipelines, or how much momentum do you think there is around proposed new builds right now?

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

So, we think we do see that as a big source of some of the gas supply opportunities we're looking at. And, yeah, while our view is that the dry gas portion of the Utica play in Ohio may be light, all it takes to get back to deep, high-quality inventory in the Marcellus region in Pennsylvania and West Virginia is a 20-mile pipeline. So, that is a very short bridge to build, and these are going to be some opportunities for us to be able to connect to those opportunities.

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah, we see that Ohio market and that Clarington market is one of the greatest opportunities for us. I think there's a lot of low-risk pipe builds of significant size, both backfilling those Utica dry gas declines, but also, I think, a lot of the demand maybe that gets built in Ohio or some of the egress that gets built out of that market through both brownfield or also greenfield expansion. So, again, I think, if you're sitting in Southwest Appalachia with a lot of inventory like EQT is I mean, you're kind of first-row beachfront real estate getting ready for that theme to really pick up. But that's something, as we said last quarter, we're super excited about based on the conversations we're having.

Phillip Jungwirth

Analyst, BMO Capital Markets Corp.

Q

Okay. Great. And then one of the things you haven't talked about in the past is distributed power. It's smaller scale than what you've announced today. But just wondering how you view this demand opportunity and is it something that EQT could look to partner with as just adding another tool to the tool kit?

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. Look, I think there are so many companies and there's so much capital chasing that right now. I'd say it kind of falls in the same vein as like LNG and some of the other things that are tangential to our business. We've looked at it all, we've studied it, and it ultimately comes back to, do we as EQT have an edge? Is the need capital? Is it expertise? Is it equipment? I think where we come back to is there's plenty of money to finance it. It returns inferior, I think, to what we can generate just being a partner to those projects in our base business, and we can create a lot of value by doing what we do best. So, look, we see our position in the market is a partner both to midstream companies, to power companies, to some of these developers of distributed power, to the data center developers. I mean, we're really an ally and partner to everybody. We're not really a competitor with anybody. We're just trying to help enable and facilitate all that gas demand to get built. So, I think that's really one of the key reasons we're seeing so much opportunity right now.

Phillip Jungwirth

Analyst, BMO Capital Markets Corp.

Q

Makes sense. Thanks.

Operator: Your next question comes from the line of Josh Silverstein with UBS Financial. Please go ahead.

Josh Silverstein

Analyst, UBS Securities LLC

Q

Thanks. Good morning, guys. For the 2Q guide, you said you have about 10 Bcf to 15 Bcf of strategic curtailments and it kind of acts like storage. I was curious what kind of price point drove this decision, maybe how much were you could curtail. And then, potentially, if prices go back the other way, how much more could you potentially, say, bring out of your synthetic storage? Thanks.

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. Good question. It changes depending on the season and the shape of the forward curve. We make those decisions really through the lens of a marketer and trader rather than necessarily operations in today's world. And so, it's informed by a lot of different factors. We can curtail a lot, a whole lot more than what we are planning to curtail based on the guidance we gave. We just don't see a need for that, at least at this juncture. There's a chance that later this year, in the fall, we could choose to shut in a lot more. Economically, it's a lot easier to shut in large quantities right ahead of winter because you have so much contango in the curve and the value and effectively storing gas in September or October as a whole lot higher versus storing it going into summer, where the forward curve for the next six to nine months is pretty flat. So, look, we adapt and evolve with the market, but that's kind of the framework through which we think about it.

Josh Silverstein

Analyst, UBS Securities LLC

Q

Got it. Okay. Well, yeah, and that kind of goes to the next question I had, because I was curious if you had strategic curtailments and plan for the back half of this year, because the number of tills is kind of even in kind of the mid-30s number throughout the course of this year, but the production guide is much higher for the first half versus the back half of the year. So, are you planning more of these curtailments? And then, this is kind of the game plan going forward where first half volumes might be higher than second half volumes. Thanks.

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

I wouldn't say it really comes down to planning for curtailments. I mean, our ops plan, we map that out regardless of things like curtailments. Curtailments are what we consider to be an optimization action. I mean, even if we were in growth mode from like a base ops standpoint, we would still choose to curtail based on the factors I mentioned previously. So, they're related, but also not dependent on each other.

Operator: Thank you for that question. Your next question comes from the line of Jacob Roberts with TPH. Please go ahead.

Jacob Roberts

Analyst, Tudor, Pickering, Holt & Co. Securities LLC

Q

Good morning.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Good morning.

Jacob Roberts

Analyst, Tudor, Pickering, Holt & Co. Securities LLC

Q

Hey, Jeremy. We spent some time on data centers, but I'm just curious when I look at slide 16. Can you talk about how internally you guys de-risk some of those numbers as to what might actually happen? And then, you spent quite a bit of time talking about the partnership ability of EQT. I'm just curious if you can remind us where the guardrails are on that in terms of the type of counterparty risk you're willing to take or size or scale of the potential project.

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. I mean, I guess, slide 16 first. And this is data that we bought recently as we're analyzing where these projects are and trying to understand what markets are seeing the most pull. I mean, look, we don't really see it is our role to sort of de-risk this. I think the best thing we can do to help enable these projects to go forward is be a reputable, highly creditworthy, reliable supplier of gas. And the best thing we can do is provide a simple, comprehensive solution, which we, from our platform, see as being one where we can provide midstream if it's needed, we can provide the gas supply, we can manage daily gas volumes and balancing. And we can participate in owning a midstream project. We can let someone else build the midstream and just manage the gas and capacity. It doesn't really matter that much to us. I think, for us, it's really about helping enable creating that demand and then tying that back to our operational and production base so that it effectively stimulates growth for our base business in the years ahead. So, again, I think taking that approach and being a flexible partner is really, like I said before, what's driving a lot of the inbounds we have right now.

Jacob Roberts

Analyst, Tudor, Pickering, Holt & Co. Securities LLC

Q

I appreciate that. And, Toby, I think you briefly mentioned you see the potential for long-haul egress needed out of the northeast, maybe down to the Gulf Coast. And I think we generally agreed we look across the other basins and their staying power in terms of volume growth. So, I'm curious if those conversations are happening now, and potentially if you could opine on whether or not you think that the cost of those pipes could be borne by the end user or we see something similar on the past where you guys might have to pay for that.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

There are conversations right now about some of those pipelines. And then, as far as who will bear the shipping rate for those, I think you look at the open season we had with MVP Boost as an indication on the market that we're in. MVP Boost utilities signed up for 100% of that. And it did not require operators to sign up and take on those liabilities. We think that we're in a demand pole for these type of projects. And certainly, the demand that's being created in the Gulf Coast region, people are waking up and looking for where am I going to get this supply and how can we get the infrastructure built to make sure reliable supply is delivered.

Jacob Roberts

Analyst, Tudor, Pickering, Holt & Co. Securities LLC

Q

Thank you, guys. I appreciate the time.

Operator: Your next question comes from the line of Gabe Daoud with Truist. Please go ahead.

Gabe Daoud

Analyst, Truist Securities, Inc.

Q

Hey. Morning, everyone. Thanks for the time. Maybe just a follow-up on that last question. Maybe from your perspective, what's the latest on the Borealis project? Is there still an open season or any kind of updates you could share as far as incremental egress out of the basin?

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. I would just call that one of many projects that is in the works in counterparties who we are in discussions with. On any of these pipes, I think the answer is going to be just it depends on who the shippers are and what EQT's role is. On many of these pipes, I think it's probably reasonable to assume that we probably build back into basin from certain supply hubs and gather the production and deliver it there. And there's a host of other companies that are looking at projects like the one you mentioned. There are other brownfield expansions of existing interstate pipes that would probably take care of things from there. But again, it's a lot easier to get those built when you have a business like EQT on the supplying end of those pipes.

If you even just look at the Southeast Supply Enhancement project on Transco, the expansion that was needed there, I mean, that was effectively paired up. I mean, the shippers – the named shippers on that pipe effectively paired those agreements up with the gas supply deals we did with them to enable that to happen. And again, it goes back to what I've said a couple of times already. I mean, our goal is to be the partner choice, whether that's with utilities, midstream companies, power companies, or whoever it might be, not really a competitor. We're helping and trying to play our role in helping this market develop. And I think whether it's Borealis or any of these other pipes in discussion, we're going to continue playing that role the best we can.

Gabe Daoud

Analyst, Truist Securities, Inc.

Q

Got it. Thanks. That's helpful. And then just a quick follow-up. I think you alluded to this earlier, but just around growth expectations and maybe what governs that. You have some pretty big projects coming on 2027 [audio gap] (00:48:22) is when we can get a little bit of that growth wedge materializing in numbers? Thanks.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Yeah. The midstream – the growth for – CapEx growth on midstream, I mean, that's in progress right now. And I think we have visibility through 2027, 2028, where these projects will ultimately come online. The conversations we're having right now, the opportunities we have would allow us to extend that runway in that 2028 through 2030 timeframe. And then, that's been the big focus right now on the midstream side, and that will create optionality for us on the upstream side if and when we decide that makes sense.

Gabe Daoud

Analyst, Truist Securities, Inc.

Q

Okay. Got it. Thanks, Toby.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Thanks.

Operator: Your last question comes from the line of Leo Mariani with ROTH. Your line is now open. Please go ahead.

Leo Mariani

Analyst, ROTH Capital Partners LLC

Q

Hey, guys. Just wanted to follow up a little bit on your guidance here in 2026. So, obviously, a great start to the year. Very, very strong volumes here in 1Q. Also, your second quarter guide, while production's down a little bit, also looks very strong. Just relative to kind of your full year guide, certainly starting to make maybe the rest of the year look a bit conservative. You did talk about some more potential shut-ins during the fall to capture that winter premium. But it certainly seems like you guys are trending pretty well versus the guide at this point. So, should people think that you might be a little towards the higher end of the range on production here for the year?

Jeremy T. Knop

Chief Financial Officer, EQT Corp.

A

Yeah. Look, I think, two months after setting our initial guidance, in our view, it's a little early to update something like full year guidance without a material change otherwise. But look, I think the business is humming as evidenced by our Q1 results. I think, if there was a reason to update, we'd probably look typically to do that by midyear. But all else equal, yeah, I think we're at least at midpoint of guide so far through the year. And as we see how the market develops and the likelihood of curtailments this fall, we'll adjust accordingly if it's merited.

Leo Mariani

Analyst, ROTH Capital Partners LLC

Q

Okay. Appreciate that. And then, obviously, and with a lot of discussion on the macro here, gas market's been a little bit weaker of late. Liquids markets have been robust. Does EQT see any optionality of trying to maybe shift activity to slightly more liquids-rich areas? Is that something you guys might consider here?

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

Yeah. I mean, just so you understand how our operations scheduling works, I mean, we developed the most economic projects first. So, if there's opportunity for us to develop more liquids, that's already being taken into account. Just given the size of our asset base, it's going to be hard for us to see – to materially change our liquids mix in our production portfolio. But it is something that is taken into account in our normal operations.

Leo Mariani

Analyst, ROTH Capital Partners LLC

Q

Okay. Thank you.

Toby Z. Rice

President, Chief Executive Officer & Director, EQT Corp.

A

All right. That's a great – oh, sorry, operator.

Operator: That concludes our Q&A session. Thank you all for joining, and you may now disconnect. Everyone, have a great day.

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