Chevron Asset Acquisition



10/27/2020

Cautionary Statements

This presentation contains certain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended, and Section 27A of the Securities Act of 1933, as amended. Statements that do not relate strictly to historical or current facts are forward-looking. Without limiting the generality of the foregoing, forward-looking statements contained in this presentation specifically include the expectations of plans, strategies, objectives and growth and anticipated financial and operational performance EQT Corporation and its subsidiaries (collectively, the Company), including guidance regarding the Company's strategy to develop its reserves; drilling plans and programs; projected natural gas prices; the impact of commodity prices on the Company's business; projected reductions in expenses and operating costs, the projected timing of achieving such reductions and the Company's ability to achieve such reductions; projected increases in production; projected free cash flow, adjusted EBITDA, net debt, leverage and liquidity; the Company's ability to complete its acquisition of assets from Chevron (the Chevron Acquisition) and the timing of closing, if at all; the projected financial, strategic and operational benefits from the Chevron Acquisition, and the Company's ability to successfully integrate the assets and achieve such benefits; potential financing sources and amounts for financing the Chevron Acquisition, and the timing of such financings; the amount and timing of any redemptions, repayments or repurchases of the Company's common stock, outstanding debt securities or other debt instruments; the Company's ability to reduce its debt and the timing of such reductions, if any; the Company's ability to maintain or improve its credit ratings, leverage levels and financial profile; and the Company's hedging strategy.

The forward-looking statements included in this presentation involve risks and uncertainties that could cause actual results to differ materially from projected results. Accordingly, investors should not place undue reliance on forward-looking statements as a prediction of actual results. The Company has based these forward-looking statements on current expectations and assumptions about future events, taking into account all information currently known by the Company. While the Company considers these expectations and assumptions to be reasonable, they are inherently subject to significant business, economic, competitive, regulatory and other risks and uncertainties, many of which are difficult to predict and beyond its control. The risks and uncertainties that may affect the operations, performance and results of the Company's business and forward-looking statements include, but are not limited to, volatility of commodity prices; the costs and results of drilling and operations; access to and cost of capital; uncertainties about estimates of reserves, identification of drilling locations and the ability to add proved reserves in the future; the assumptions underlying production forecasts; the quality of technical data; the Company's ability to appropriately allocate capital and resources among its strategic opportunities; inherent hazards and risks normally incidental to drilling for, producing, transporting and storing natural gas, natural gas liquids and oil; cyber security risks; availability and cost of drilling rigs, completion services, equipment, supplies, personnel, oilfield services and water required to execute the Company's exploration and development plans; the ability to obtain environmental and other permits and the timing thereof; government regulation or action; environmental and weather risks, including the possible impacts of climate change; and disruptions to the Company's business due to acquisitions and other significant transactions. These and other risks are described under Part I, Item 1A, "Risk Factors," and elsewhere in EQT Corporation's Annual Report on Form 10-K for the year ended December 31, 2019, as updated by Part II, Item 1A, "Risk Factors" in EQT Corporation's subsequently filed Quarterly Reports on Form 10-Q. In addition, the Company may be subject to currently unforeseen risks that may have a materially adverse impact on it.

This presentation also refers to adjusted EBITDA, free cash flow and net debt calculations and ratios. These non-GAAP financial measures are not alternatives to GAAP measures and should not be considered in isolation or as an alternative for analysis of the Company's results as reported under GAAP. For additional disclosures regarding these non-GAAP measures, including definitions of these terms, please refer to the appendix of this presentation.

Chevron Asset Acquisition Consistent with EQT's Strategy

Deal highlights

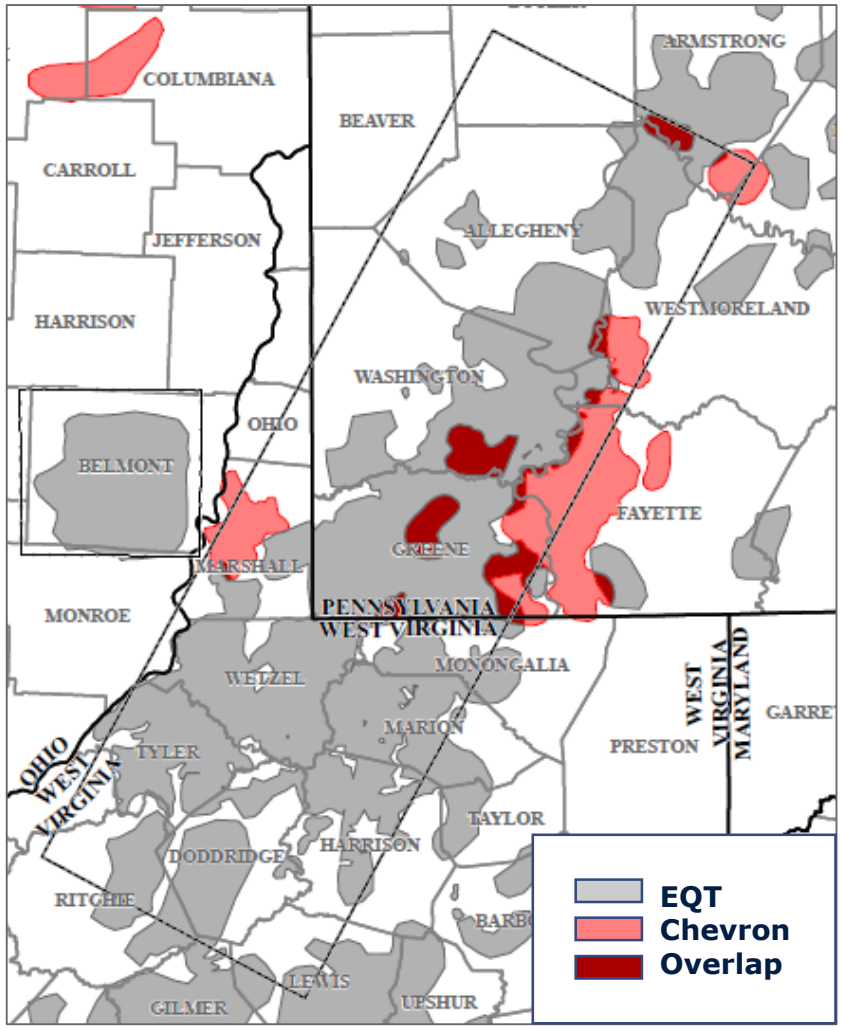
✓ **Highly attractive valuation**	• Deal economics underwritten on proved-developed producing (PDP) value • Work-in-progress (WIP) inventory, undeveloped acreage and water assets provide material upside • Extensive WIP inventory to enhance capital efficiencies
✓ **Low-risk, bolt-on acquisition**	• Overlapping development interests in our backyard • Existing EQT operated areas of mutual interest (AMI's) provide high confidence in asset quality
✓ **Protected deal value through hedging**	• Hedged a large portion of production to lock-in deal value and returns • Hedged production: year 1=75%, year 2=65%, year 3=55%
✓ **Accretive to key financial metrics**	• **Deal expected to be accretive to leverage, FCF/share and NAV/share**
✓ **Accelerates path to Investment Grade metrics**	• **Deal expected to be self-funding**: Free cash flow generation > debt financing in the near term • **Expected to be deleveraging**
✓ **Seamless integration**	• Digital work environment provides easy integration platform • EQT's best-practices will drive efficiencies • Currently operate portions of the acquired assets

Strategy: Be the Operator of Choice | **Maximizing Value Creation**

Overlapping Acreage in EQT's Core Development Area

Asset overview[1]

~450 mmcfe/d of net flowing production	• 75% gas / 25% liquids • 55% PA / 45% WV • Decline rate: year 1 = 30%, year 2 = 20%
~550 gross producing wells	• Approximately 480 PA / 70 WV • ~505 Marcellus / ~35 Utica / ~10 Upper Devonian
~100 work-in-progress wells	• 50% PA / 50% WV • Various stages of the development cycle
~335,000 net Marcellus acres	• 55% in SWPA and Marshall County, WV • 125,000 net acres considered core • 70,000 core net undeveloped acres
Additional infrastructure	**Laurel Mountain Midstream (LMM) – PA gathering asset** • 31% ownership interest, operated by Williams • Interconnects to TETCO, TCO and DTI • ~$15 MM LTM EBITDA[2] **Water Pipeline Systems** • Two water systems: one in PA and one in WV • Centralized water facility in Marshall County, WV • Fresh and produced water handling capabilities



1. *As of 9/30/20. Per management estimates.*
2. *LTM 6/30/20.*

Highly Attractive Valuations Anchored by PDP's

Significant upside exists for future value

Purchase Price: $735 MM = **PDP PV17: ~$635 MM** + **Midstream: $100 MM[2]** + **Upside**

PDP PV17: ~$635 MM
450 mmcfe/d
~$1,410 per flowing mcfe
PV10 = ~$835 MM

Midstream: $100 MM[2]
~$15 MM LTM EBITDA[3]
6.5x multiple

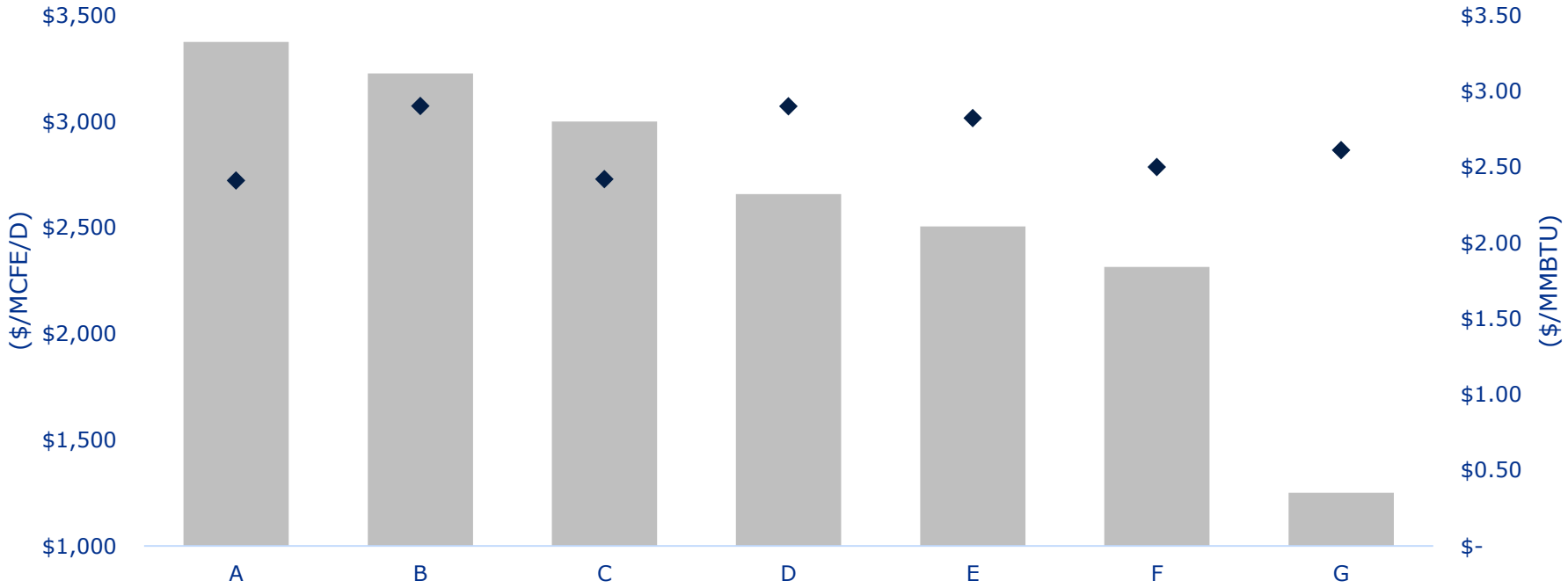
Upside

~100 WIP wells to be completed, driving capital efficiencies in 2021-2024
- Approximately $270 MM invested to date

2 water systems
- Approximately $100 MM invested to date

Undeveloped acreage
- 70,000+ core net undeveloped Marcellus acres
- ~200,000 feet-of-pay contained in EQT's existing development plan
- 180,000+ incremental net Marcellus acres
- 400,000+ net Utica acres

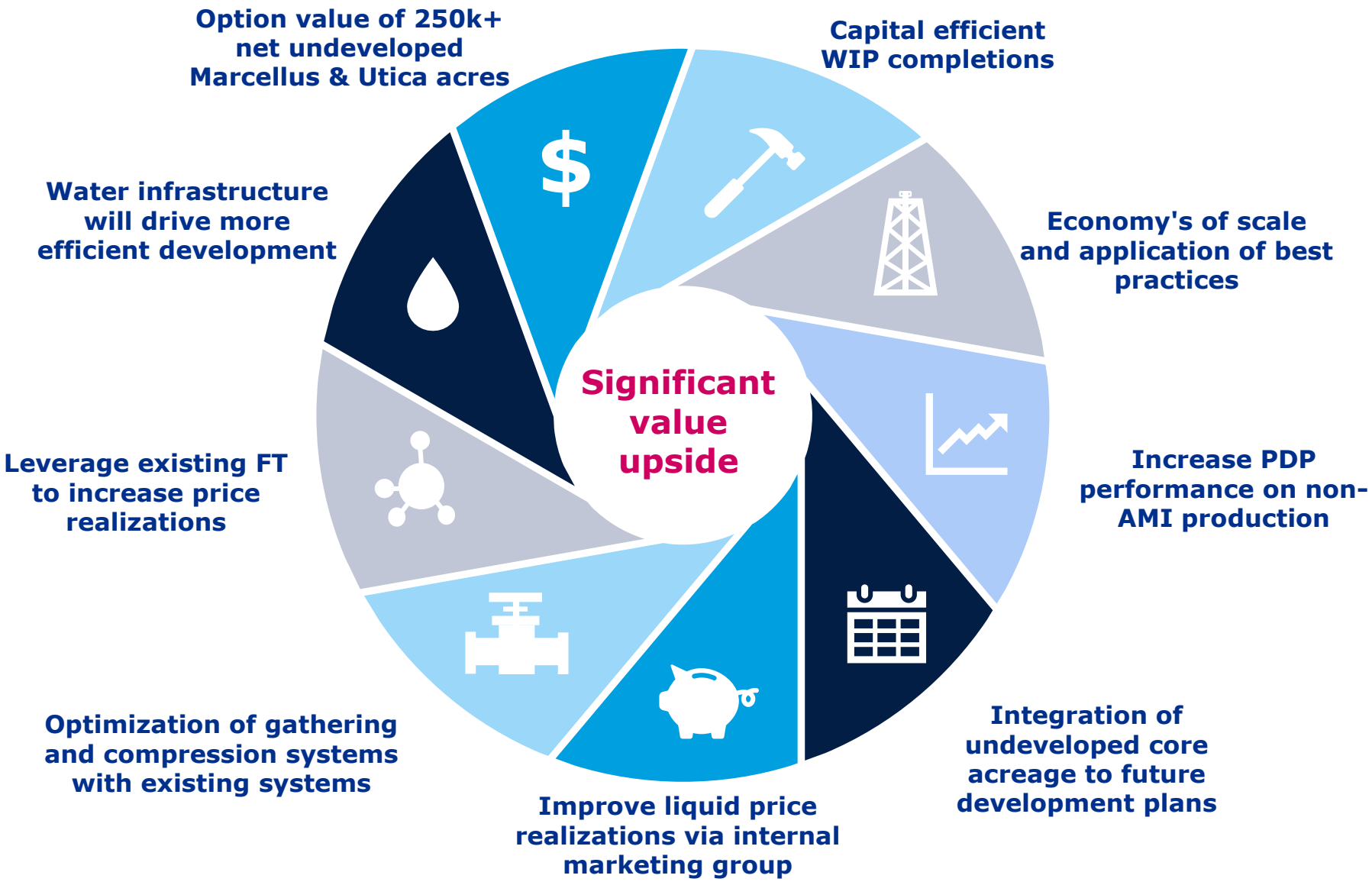
RECENT APPALACHIA TRANSACTIONS[1]



Transaction compares favorably to other recent Appalachian transactions

1. *Sourced from Enervus. Includes Marcellus and Utica transactions from 2018 to 2020.*
2. *Per management estimates.*
3. *LTM 6/30/20.*

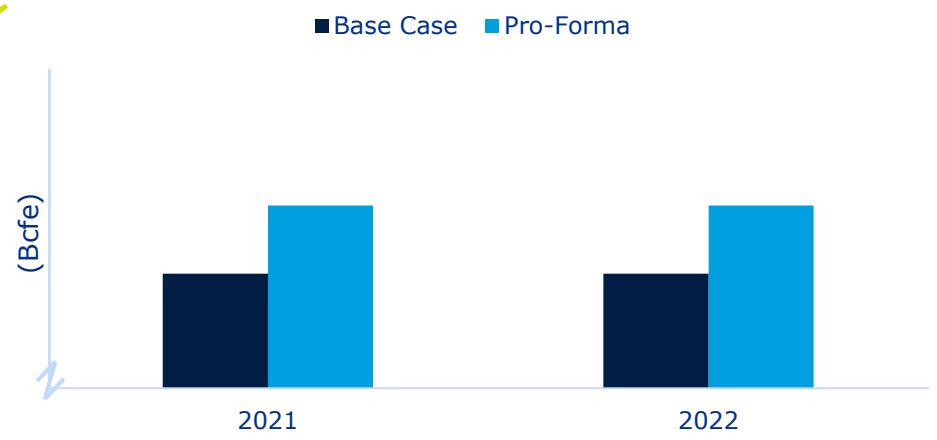
Significant Value Upside



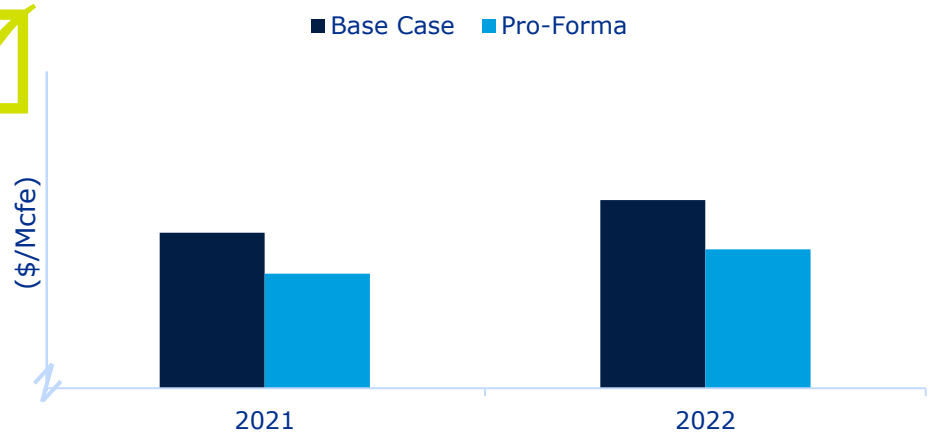
Checks All Boxes for an Attractive M&A Deal

Accretive to key operational & financial metrics[1]

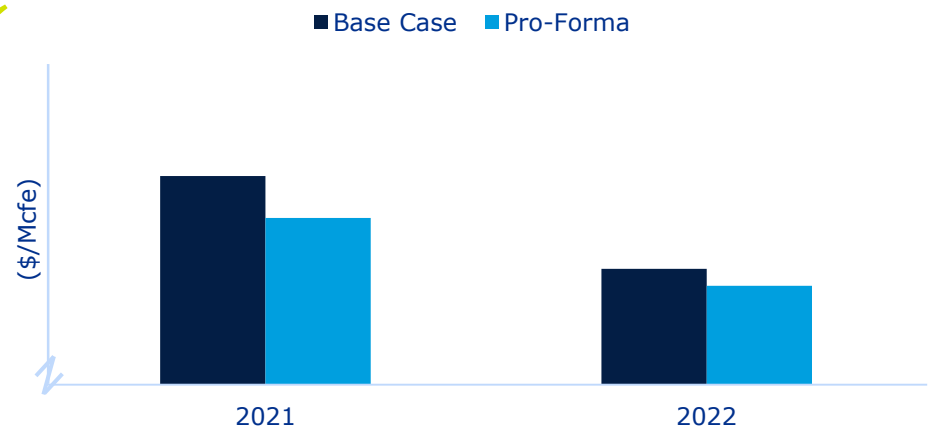
PRODUCTION | Increases by ~10% annually



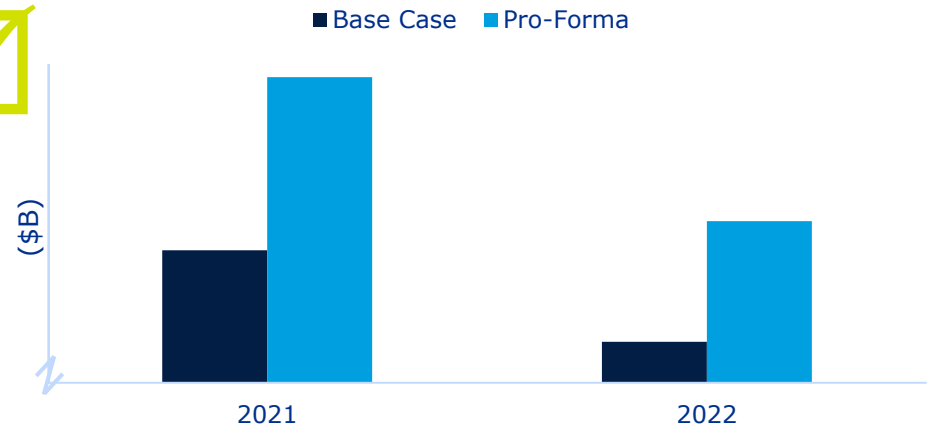
OPERATING COSTS[2] / UNIT | Decrease by ~5% annually



CAPEX EFFICIENCY | Improves by ~5% annually



FCF[3] | Improves by ~35% in 2021 and ~30% in 2022

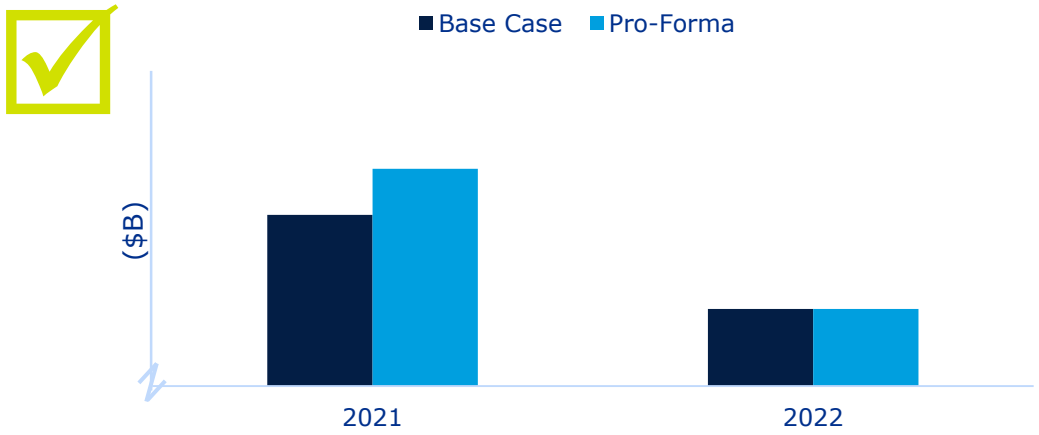


1. *Projections based on Management expectations. Charts not to full scale.*
2. *Operating costs include gathering, transmission, processing, LOE, production taxes, and SG&A expenses.*
3. *Non-GAAP measure. See appendix for definition.*

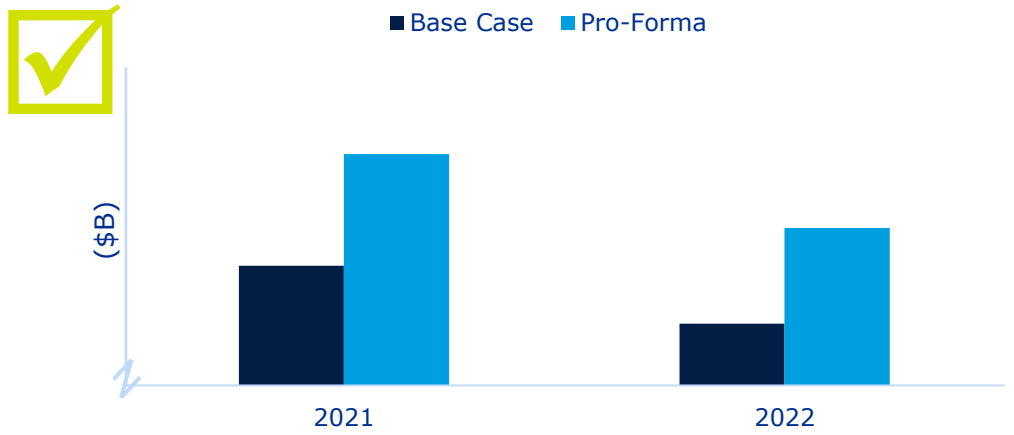
Checks All Boxes for an Attractive M&A Deal

Improves balance sheet metrics[1]

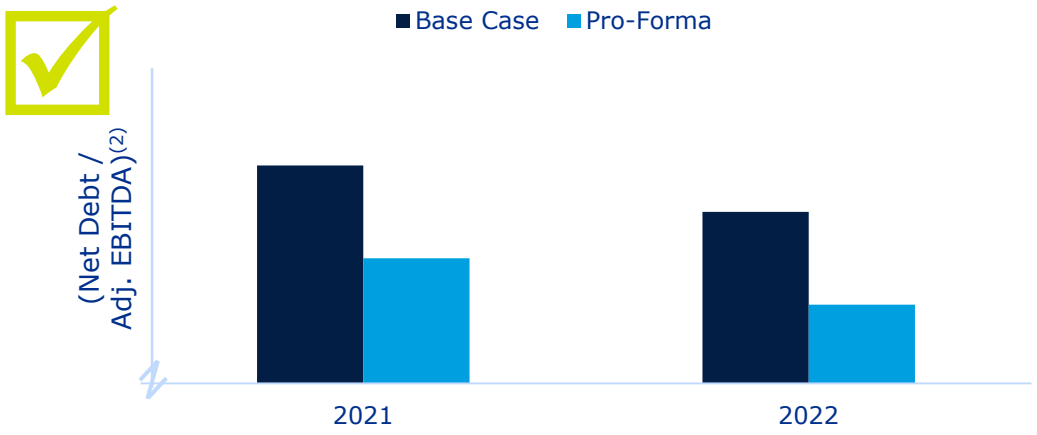
NET DEBT[2] | Neutral by year-end 2022



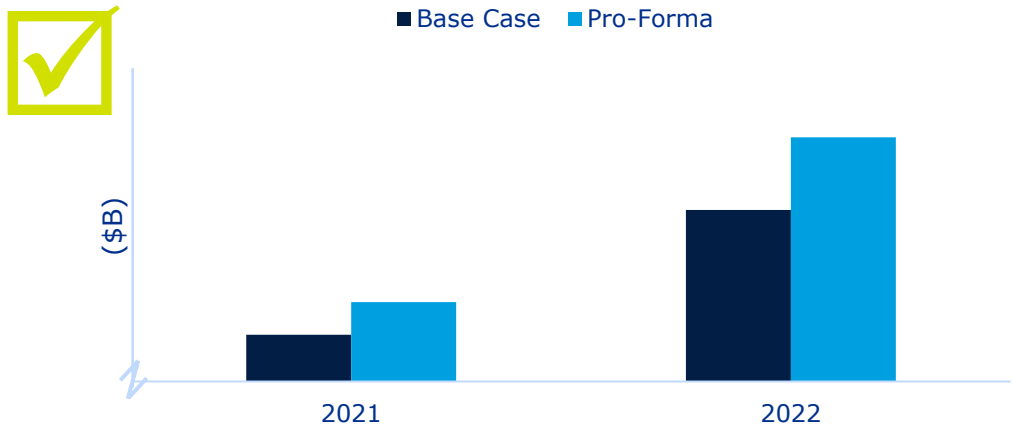
ADJ. EBITDA[2] | Improves by 15%+ in 2021 and 2022



LEVERAGE | Improves by 10%+ in 2021 and 2022



LIQUIDITY| Improves by ~7% in 2021 and ~12% in 2022



Improved financial metrics accelerate leverage metrics and shareholder return initiatives

1. *Projections based on Management expectations. Charts not to full scale.*
2. *Non-GAAP measure. See appendix for definition*

Checks All Boxes for an Attractive M&A Deal

- ✓ **Highly attractive, low-risk acquisition in our backyard**
- ✓ **Valuation underwritten by PDP value, with significant value upside**
- ✓ **Substantial work-in-progress well inventory enhances capital deployment efficiencies**
- ✓ **Favorable operating cost structure immediately improves operating margins**
- ✓ **Capital and operating cost efficiencies drive free cash flow margin improvements**
- ✓ **Accretive to FCF/share, NAV/share and leverage**

Strategy: Be the Operator of Choice

Non-GAAP Financial Measure

Adjusted EBITDA

Adjusted EBITDA is defined as net (loss) income, excluding interest expense, income tax (benefit) expense, depreciation and depletion, amortization of intangible assets, impairments, transaction, proxy and reorganization costs, the revenue impact of changes in the fair value of derivative instruments prior to settlement and certain other items that impact comparability between periods. Adjusted EBITDA is a non-GAAP supplemental financial measure used by the Company's management to evaluate period-over-period earnings trends.

The Company's management believes that this measure provides useful information to external users of the Company's consolidated financial statements, such as industry analysts, lenders and ratings agencies. Management uses adjusted EBITDA to evaluate earnings trends because the measure reflects only the impact of settled derivative contracts; thus, the measure excludes the often-volatile revenue impact of changes in the fair value of derivative instruments prior to settlement. The measure also excludes other items that affect the comparability of results or that are not indicative of trends in the ongoing business. Adjusted EBITDA should not be considered as an alternative to net (loss) income presented in accordance with GAAP.

The Company has not provided projected net (loss) income or a reconciliation of projected adjusted EBITDA to projected net (loss) income, the most comparable financial measure calculated in accordance with GAAP. Net (loss) income includes the impact of depreciation and depletion expense, income tax (benefit) expense, the revenue impact of changes in the projected fair value of derivative instruments prior to settlement and certain other items that impact comparability between periods and the tax effect of such items, which may be significant and difficult to project with a reasonable degree of accuracy. Therefore, projected net (loss) income, and a reconciliation of projected adjusted EBITDA to projected net (loss) income, are not available without unreasonable effort.

Non-GAAP Financial Measure

Net Debt

Net debt is defined as total debt less cash and cash equivalents. Total debt includes the Company's current portion of debt, credit facility borrowings, term loan borrowings, senior notes and note payable to EQM Midstream Partners, LP. Net debt is a non-GAAP supplemental financial measure used by the Company's management to evaluate leverage since the Company could choose to use its cash and cash equivalents to retire debt. The Company's management believes that this measure provides useful information to external users of the Company's consolidated financial statements, such as industry analysts, lenders and ratings agencies. Net debt should not be considered as an alternative to total debt presented in accordance with GAAP.

The Company has not provided projected total debt or a reconciliation of projected net debt to projected total debt, the most comparable financial measure calculated in accordance with GAAP. The Company is unable to project the mix between total debt and cash and cash equivalents for any future period because credit facility borrowings are impacted by the timing of cash receipts and disbursements that may not relate to the periods in which the operating activities occurred. The Company is unable to project these timing differences with any reasonable degree of accuracy and therefore cannot reasonably distinguish between projected cash and cash equivalents and the components of total debt without unreasonable effort. Furthermore, the Company does not provide guidance with respect to its average realized price, among other items that impact components of projected total debt. Natural gas prices are volatile and out of the Company's control, and the timing of transactions and the distinction between cash and cash equivalents as compared to total debt are too difficult to accurately predict. Therefore, projected total debt, and a reconciliation of projected net debt to total debt, are not available without unreasonable effort.

Non-GAAP Financial Measure

Adjusted Operating Cash Flow and Free Cash Flow

Adjusted operating cash flow is defined as net cash provided by operating activities less changes in other assets and liabilities. Free cash flow is defined as adjusted operating cash flow less accrual-based capital expenditures. Adjusted operating cash flow and free cash flow are non-GAAP supplemental financial measures used by the Company's management to assess liquidity, including the Company's ability to generate cash flow in excess of its capital requirements and return cash to shareholders.

The Company’s management believes that these measures provide useful information to external users of the Company's consolidated financial statements, such as industry analysts, lenders and ratings agencies. Adjusted operating cash flow and free cash flow should not be considered as alternatives to net cash provided by operating activities or any other measure of liquidity presented in accordance with GAAP.

The Company has not provided projected net cash provided by operating activities or reconciliations of projected adjusted operating cash flow and free cash flow to projected net cash provided by operating activities, the most comparable financial measure calculated in accordance with GAAP. The Company is unable to project net cash provided by operating activities for any future period because this metric includes the impact of changes in operating assets and liabilities related to the timing of cash receipts and disbursements that may not relate to the period in which the operating activities occurred. The Company is unable to project these timing differences with any reasonable degree of accuracy without unreasonable efforts such as predicting the timing of its payments and its customers' payments, with accuracy to a specific day, months in advance. Furthermore, the Company does not provide guidance with respect to its average realized price, among other items, that impact reconciling items between net cash provided by operating activities and adjusted operating cash flow and free cash flow, as applicable. Natural gas prices are volatile and out of the Company's control, and the timing of transactions and the income tax effects of future transactions and other items are difficult to accurately predict. Therefore, the Company is unable to provide projected net cash provided by operating activities, or the related reconciliations of projected adjusted operating cash flow and free cash flow to projected net cash provided by operating activities, without unreasonable effort.