

Ticker:

EQT

Company Snapshot



EAGLE FUND

EQT CORP (New York: EQT, Currency: USD) 22.53 / 0.58% / 0.13
 Bloomberg Rating: HY1 Sector: Energy Industry: Oil, Gas & Consumable Fuels Sub-Industry: Oil & Gas Exploration & Produc FY End: December 2020 EPS D

Description
 EQT Corporation is an integrated energy company with emphasis on Appalachian area natural-gas supply, transmission, and distribution. The Company, through its subsidiaries, offer natural gas products to wholesale and retail customers.

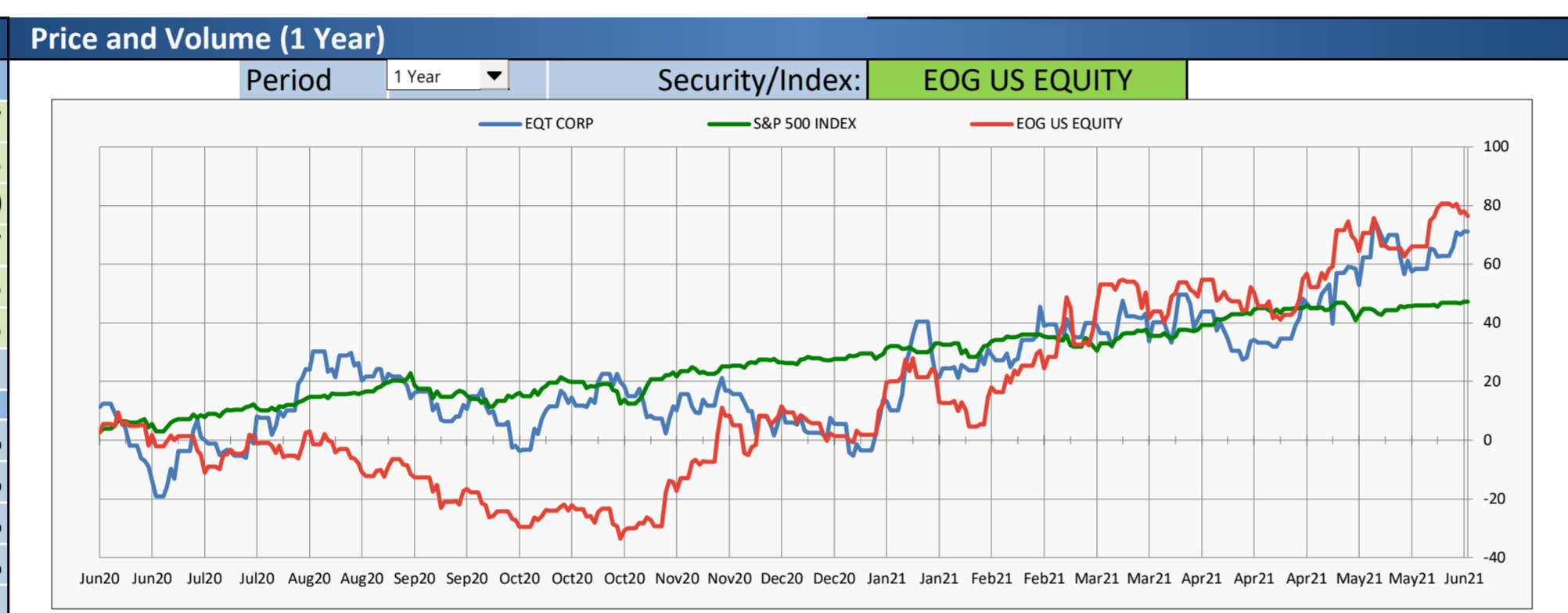
Business Segments (FY: Dec-20)	Revenue
Natural Gas	3,359.58
NGL	
Oil	
Reconciliation	
Net Marketing Services and Other	8.33

Key Statistics	
52-Week Range	10.51 - 23.16
Avg Daily Vol (3 Mo)	4,460,924
Market Value	6,288.1
Current Enterprise Va	11,064.18
Shares Outstanding (E	279.10 M
Dividend Yield	-
Float %	99.2%
Institutional %	112.1%
Analyst Coverage	21 Analysts
Target Price	25.64
LT Growth Rate	1664.0%
Consensus Rating	4.71
Return on Equity	-8.9%

Actual and Estimate Data			
	LTM	12/2021	12/2022
Revenue	3,688.52	4,362.86	4,946.25
% change y/y		22.7%	13.4%
EBITDA	439.40	2,204.38	2,469.56
% Margin		42.5%	12.0%
EPS	-0.170049	0.592	0.854
% change y/y		411.6%	44.3%
EV/Sales	2.7x	2.6x	2.1x
EV/EBITDA	22.7x	5.0x	4.5x
P/Sales	1.6x	1.4x	1.3x
P/Earnings		38.1x	26.4x
P/Book	0.7x	0.7x	0.7x

Relative Comps	Mkt Cap	PE (NTM)
EQT Corp	6.29 B	26.3x
Cabot Oil & Gas Corp	6.91 B	10.1x
Range Resources Corp	4.00 B	11.0x
Antero Resources Corp	4.02 B	12.6x

Measure:	Sales/Revenue/Turnover			
	2019	2020	2021	2022
Q1 Mar	1213.97	959.80	1090.87	1383.57
Q2 Jun	960.53	818.12	986.33	1171.33
Q3 Sep	943.31	853.48	1150.00	1201.50
Q4 Dec	948.36	926.05	1280.29	1259.17
Year	4066.17	3557.45	4362.86	4946.25
Cal Yr	4416.48	3555.82	4362.86	4946.25
Revision				
	1 Week	4 Weeks	3 Months	6 Months
Qtr End 06/21	0.0%	-0.6%	-4.0%	-5.3%
Qtr End 09/21	0.0%	2.9%	15.1%	10.1%
FY End 12/21	0.0%	1.3%	4.7%	3.9%
FY End 12/22	0.0%	6.8%	18.8%	15.3%



Prices/Volume	
YTD Change	77.26%
6 Month Change	55.59%
3 Month Change	30.5%
1 Year Change	146.8%
Daily Volume	3,311,358
Average Volume 30 Day	4,489,955
Average Volume 3 Month	4,460,924
Average Volume 6 Month	5,228,991
Dividend Yld	0.3%
52 Week Beta	0.62

Measure:	Diluted EPS Bef XO Items			
	2019	2020	2021	2022
Q1 Mar	0.75	-0.65	-0.15	0.41
Q2 Jun	0.49	-1.03	0.00	0.04
Q3 Sep	-1.41	-2.35	0.08	0.13
Q4 Dec	-4.61	0.23	0.23	0.17
Year	-4.79	-3.71	0.21	0.59
Cal Yr	-4.79	-3.71	0.21	0.59
Revision				
	1 Week	4 Weeks	3 Months	6 Months
Qtr End 06/21	0.0%	-	-90.0%	-
Qtr End 09/21	0.0%	19.7%	-	-
FY End 12/21	0.0%	-17.0%	-28.3%	-
FY End 12/22	0.0%	-3.8%	68.8%	-

Performance	2012	2013	2014	2015	2016	2017	2018	2019	2020	5 Yr Avg
Price Change	7.6%	52.2%	-15.7%	-31.1%	25.5%	-13.0%	-39.0%	-42.3%	16.6%	-10.4%
S&P 500 INDEX	13.4%	29.6%	11.4%	-0.7%	9.5%	19.4%	-6.2%	28.9%	16.3%	13.6%
Industry (INDU Index)	7.3%	26.5%	7.5%	-2.2%	13.4%	25.1%	-5.6%	22.3%	7.2%	12.5%
Div Yield	2.7%	0.2%	0.3%	0.4%	0.3%	0.4%	0.6%	1.1%	0.2%	0.5%
Financials	12/12 Y	12/13 Y	12/14 Y	12/15 Y	12/16 Y	12/17 Y	12/18 Y	12/19 Y	12/20 Y	5 Yr CAGR
Sales	1,377.2	1,862.0	2,398.2	2,125.7	1,913.3	2,743.9	4,511.6	4,066.2	3,557.4	10.8%
EBITDA	888.7	1,331.2	1,532.7	1,382.4	1,470.7	1,470.7	976.0	480.1	570.1	-16.2%
EBIT	389.6	654.6	853.4	563.1	755.0	382.2	2,783.1	1,152.1	877.7	-209.3%
Net Income	183.4	390.6	387.0	85.2	453.0	1,508.5	2,244.6	1,221.7	967.2	-262.6%
EPS (Diluted)	1.22	2.57	2.54	0.56	-2.71	8.04	-8.60	-4.79	-3.71	-246.0%
Dividends per Share	0.88	0.12	0.12	0.12	0.12	0.12	0.12	0.12	0.03	-24.2%
Shares for Fully Diluted EP	150.5	151.8	152.5	152.9	167.0	187.7	260.9	255.1	260.6	11.2%
Book Value per Share	24.01	26.74	30.23	33.29	33.91	50.39	43.06	38.42	33.25	0.0%
Cash & Near Cash	182.1	845.6	1,077.4	1,601.2	1,103.5	26.3	3.5	4.6	18.2	-59.2%
Total Assets	8,849.9	9,792.1	12,035.4	13,976.2	15,472.9	29,522.6	20,721.3	18,809.2	18,113.5	5.3%
Working Cap	282.4	732.0	1,071.0	1,455.2	1,023.6	69.2	385.3	409.0	547.0	-182.2%
LT Debt	2,503.0	2,490.4	2,793.5	2,793.3	3,289.5	5,984.9	4,793.0	5,306.8	4,796.2	11.4%
Cash Flow-Oper Activities	796.8	1,162.9	1,414.7	1,216.9	1,064.3	1,637.7	2,976.3	1,851.7	1,537.7	4.8%
Capital Expenditures	1,375.3	1,763.4	2,451.5	2,434.0	2,589.4	1,939.2	3,731.8	1,602.5	1,042.2	-15.6%
Free Cash Flow	578.5	600.5	1,036.7	1,217.1	1,525.0	301.5	755.5	249.3	495.5	-183.5%
Ratios	12/12 Y	12/13 Y	12/14 Y	12/15 Y	12/16 Y	12/17 Y	12/18 Y	12/19 Y	12/20 Y	5 Yr Avg
Gross Margin	41.6%	45.9%	53.2%	36.9%	0.1%	15.6%	23.3%	15.3%	8.4%	12.5%
EBITDA Margin	64.5%	71.5%	63.9%	65.0%	9.0%	53.6%	-21.6%	11.8%	16.0%	13.8%
EBIT Margin	28.3%	35.2%	35.6%	26.5%	-39.5%	13.9%	-61.7%	-28.3%	-24.7%	-28.0%
Profit Margin	13.3%	21.0%	16.1%	4.0%	-23.7%	55.0%	-49.8%	-30.0%	-27.2%	-15.1%
Return on Assets	2.1	4.2	3.5	0.7	-3.1	6.7	-8.9	-6.2	-5.2	-3.3
Return on Com Eqty	5.1	10.2	9.0	1.8	-8.3	15.7	-18.5	-11.8	-10.1	-6.6
Asset Turnover	0.2	0.2	0.2	0.2	0.1	0.1	0.2	0.2	0.2	0.2
Assets/Equity	2.3	2.0	1.9	1.7	1.7	1.6	1.9	1.9	2.0	1.8
Net Inc per 1000 Employee	97.9	240.9	221.1	44.5	-250.4	729.8	-2600.9	-1888.2	-1549.9	-1111.9
Days Sales Out (DSO)	45.7	41.8	41.2	41.5	49.6	66.9	77.1	83.1	60.5	67.5
Acc Pay Turn Days (DPO)	134.5	112.8	128.1	100.0	57.6	81.6	94.2	98.3	84.3	83.2
Current Ratio	1.5	2.4	2.3	2.8	2.3	0.9	0.8	1.3	0.7	1.2
Quick Ratio	0.7	2.1	1.7	2.2	1.8	0.6	0.5	0.5	0.3	0.7
Total Debts/Total Capital	39.4	34.0	31.7	27.8	26.5	24.6	33.4	35.3	34.9	30.9
Total Debt/Total Equity	65.0	51.4	46.4	38.5	36.1	32.6	50.2	54.6	53.7	45.4

Growth Rate (CAGR) Summary				
	1Yr	3Yr	5Yr	10Yr
Sales	-12.5%	9.0%	10.8%	10.0%
EBIT	-23.8%	-231.9%	-209.3%	
EBITDA	18.8%	-27.1%	-16.2%	-2.6%
Net Income	-20.8%	-186.2%	-262.6%	
EPS (Diluted)	-22.5%	-177.3%	-246.0%	
Dividends	-75.0%	-37.0%	-24.2%	-28.7%
BVPS	-13.5%	-12.9%	0.0%	4.9%
Free Cash Flow	94.6%	-205.7%	-175.0%	
Valuation Summary				
Latest FY	est FQ			
	5 Year Periodicity: Yearly			
	12/31/2020	High	Low	Avg
P/E (LTM)		23.8x	12.4x	17.0x
P/E (NTM)	31.8x	141.6x	7.9x	46.9x
PEG (NTM)	1.9x	25.7x	1.0x	8.0x
P/Bk	0.4x	1.0x	0.3x	0.6x
P/CF	2.2x	5.6x	1.5x	3.0x
P/Sales	0.9x	3.1x	0.7x	1.6x
EV/EBITDA	14.9x	96.9x	14.9x	36.6x
EV/Sales	2.4x	9.5x	2.0x	5.0x
Div Yield	0.2%	1.1%	0.1%	0.5%

Recommendation
 With its recent accretive acquisition of Alta Resources, significant valuation discount to its peers, and heavy focus on ESG innovation, we view EQT Corp as an attractive investment opportunity in the exploration and production industry.

Fundamental Trends / Catalysts
 As the economy continues to rebound from the effects of the Covid pandemic, we believe demand for natural gas will improve. On the supply front, competitors will be challenged to bring on new supply due to increased government environmental regulations. Favorable supply and demand trends should boost the price of natural gas over the next few years. According to a recent investor presentation by the company, every 10c increase in the price of natural gas will lead to a \$200m improvement in cash flow. Earnings and cashflow should be further supported by costs savings associated with EQT's recent acquisition of Alta, which will reduce their cost per unit by 15%. Although the longer term outlook for fossil fuels is challenged, we believe natural gas is relatively well positioned as cleaner burning bridge fuel (vs coal and oil) for the next few decades until green (solar and wind) infrastructure is fully built out. EQT is currently has the highest ESG scores in its industry, and it new innovative "Project Canary" will seek to expand its certified 'clean gas' initiative.

Balance Sheet / Cash Flow
 EQT's debt increased by \$3b following the Alta acquisition and its debt to capital ratio now stands at 45%, which is about 50% higher than its industry peers. The Alta merger will enable EQT to lower its capital spending as a percentage of Total Assets going forward. EQT expects to generate \$1b in Free Cash Flow in 2022, up 30% from this year. Improving cash generation will allow for a likely dividend reinstatement and credit rating upgrades on their debt.

Valuation
 Trading at \$21.37 per share, EQT is valued at 4.4x EV/Ebitda and 8% Free Cash Flow Yield, which represents a 20% and 50% discount, respectively, to its closest peers Devon and EOG in the natural gas exploration and production industry.

Risks
 Over the long term, the main risk for EQT is secular trend away from fossil fuels towards green energy. We believe this risk is mitigated by its 90% exposure to natural gas (only 10% to crude oil) and strong ESG policies. Higher than average debt levels could pose a challenge if natural gas prices were to decline, although this risk is reduced by a strong hedging program. And finally, short term, there may be a technical overhang in the stock as Alta shareholders may choose to exit their position.