

Power Validation Improved; a Sustained Margin Recovery Has Not

1 KEY RESULTS VS. CONSENSUS			
Metric	Reported	Consensus	vs. Cons.
Revenue	\$1,196.2M	\$1.18B	+1.4%
Adjusted EBITDA	\$141.6M	\$145.7M	-2.8%
Adjusted Net Income	\$9.76M	\$14.5M	-32.7%
Adjusted EPS	\$0.06	\$0.064	-6.3%

2 | GUIDANCE AND OUTLOOK

2026 capital expenditures were reaffirmed at approximately \$1.5 billion, unchanged from July and about 50% above the April plan near \$1.0 billion. Management gave no numerical Q4 or 2027 revenue or EBITDA guidance and declined to endorse a low-single-digit Q4 revenue decline, citing continued demand, deferred Q3 work, and a slightly smaller-than-normal seasonal breakdown. The approximately 500 MW energy services agreement is targeted for execution by December 2026, energizing from Q4 2027 through Q1 2029; high-teens power returns, a five-year payback, and the 3 GW objective through 2029 were reiterated.

3 | EARNINGS ANALYSIS

A REVENUE BEAT, AN EBITDA MISS. Revenue of \$1,196.2 million beat the \$1.18 billion consensus by 1.4%, but adjusted EBITDA of \$141.6 million missed the \$145.7 million estimate by 2.8% and fell 6.3% sequentially. The EBITDA margin contracted to 11.8% from 12.7% in Q2 and 13.5% a year earlier, as drilling-related scheduling gaps, cost inflation, and higher overhead absorbed modest pricing gains. Adjusted EPS of \$0.06 sat just below the \$0.064 consensus, while the separate adjusted net income estimate implied a much larger shortfall the documents do not reconcile.

POWER VALIDATION IS THE PRINCIPAL POSITIVE. The 1.2 GW development agreement with an unidentified frontier AI laboratory carries substantive commercial terms and a \$300 million capacity-fee prepayment that is not contingent on execution of the first energy services agreement, targeted for December 2026 at approximately 500 MW, with energization from Q4 2027 through Q1 2029. It is still a development agreement rather than contracted backlog: the counterparty is undisclosed, the remaining 700 MW is uncontracted, and project financing remains prospective.

CASH TIGHTENED TO FUND THE BUILD. Cash fell from \$555.4 million at June 30 to \$119.0 million at September 30, as quarterly net capital expenditures reached \$621.9 million against reaffirmed 2026 spending of approximately \$1.5 billion. Net debt stands near \$1.2 billion, with \$669 million of total liquidity including \$550 million of undrawn revolver. The \$300 million advance will be recorded as deferred revenue and credited against capacity payments over roughly the first five years: a funding bridge, not earnings.

QUALITY CAVEATS CAP THE CONCLUSION. The \$39.1 million GAAP net loss included \$62.9 million of unrealized investment losses, and depreciation of \$113.7 million absorbed about 80% of adjusted EBITDA. The quarter supports improving utilization and pricing, and it materially improves the probability that Liberty converts its power strategy into funded infrastructure assets. It does not yet demonstrate contracted project economics or a sustained margin recovery: Q3 2024 produced a 21.8% EBITDA margin on lower revenue.

4 | KEY READ-THROUGHS

EQUIPMENT SUPPLIERS RECEIVE VALIDATION BEFORE POWER DEVELOPERS EARN THEIR RETURNS
Caterpillar (CAT), Wärtsilä (WRT1V) | Positive | Moderate for the relevant power-generation businesses
Liberty disclosed approximately \$450 million of Q3 power-generation deposits, and its customer will advance \$300 million before final agreements are executed. Suppliers embedded in the procurement program, Caterpillar under an approximately \$801 million supply agreement among them, collect milestone payments before plants generate cash, while developers carry permitting, construction, and financing risk. Management added no capacity: this validates existing commitments rather than creating new orders.

BEHIND-THE-METER GENERATION EXPANDS ELECTRICAL CONTENT RATHER THAN ELIMINATING IT
Eaton Corporation (ETN), Schneider Electric (SU) | Positive | Potentially material for their data-center electrical businesses
Management said complex installations can require total deployed capital approaching two times the cost of generation equipment, spanning medium- and low-voltage distribution, switchgear, protection, power conditioning, and coordination across generation, controls, customer load, and the grid. Behind-the-meter generation shifts that spending toward privately funded campus systems rather than eliminating it. Neither company was named a supplier, and the multiplier also covers civil works, installation, and gas infrastructure.

LIBERTY VALIDATES PROPWR’S ADDRESSABLE MARKET, BUT ALSO RAISES THE STANDARD FOR BANKABLE PROJECTS
ProPetro Holding (PUMP) | Positive | Potentially material over several years
Liberty’s customer will advance \$300 million before execution, not contingent on the first agreement being signed, under contracts of approximately 15 years: power availability is valuable enough for a sophisticated AI customer to fund a provider well before energization. ProPetro’s PROPWR already operates at a hyperscaler site with approximately 350 MW committed. The flip side is a higher bar: 80% targeted project debt still leaves substantial equity needs.

FULL CALENDARS DO NOT RESOLVE THE CASH-FLOW PROBLEM FOR HIGHLY LEVERAGED OPERATORS
ProFrac Holding (ACDC) | Negative | Potentially material because of financial leverage
Liberty’s quarter is the evidence: revenue rose 0.6%, but adjusted EBITDA fell 6.3% and margin compressed from 12.7% to 11.8%, as scheduling gaps and inflation absorbed price gains. High fixed costs make gaps expensive, and debt magnifies the effect on equity cash flow. ProFrac carries \$1.08 billion of net debt and negative free cash flow: it stays exposed if pricing conversion remains weak.