

## Dana Gas PJSC

Current Price AED 0.95	Target Price AED 1.15	Upside/Downside (%) +20.7%	Rating BUY
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### 4Q25 Net Profit lower than our estimate

- Dana Gas gross revenue decreased 41.5% YOY to USD 93 Mn in 4Q25, driven by lower production in Egypt and a softer realized price environment. Additionally, 4Q24 revenue included USD 46 Mn of revenue resulting from the higher gas price agreed as part of the Consolidation agreement.
- The Company reported a gross profit of USD 46 Mn in 4Q25 as compared to USD 75 Mn in 4Q24 due to higher operating costs and lower revenue.
- Dana Gas reported G&A expenses of AED 3 Mn in 4Q25 compared to AED 2 Mn in 4Q24 with an EBITDA of USD 52 Mn in 4Q25 compared to USD 88 Mn in 4Q24.
- The Company's net profit decreased 30.8% to USD 27 Mn, compared to USD 39 Mn in 4Q24.
- The average production of the Company stood at 53,500 barrels of oil equivalent per day in 2025 compared to 56,500 barrels of oil equivalent per day in 2024.
- Dana Gas' KRI average production grew 2.0% YOY to 40,900 boepd (barrels of oil equivalent per day), however, average production in Egypt fell 23.2% YOY to 12,600 boepd in 2025.

### Earnings Call Summary

- Dana Gas entered 2026 with strong momentum, supported by the successful completion of the KM250 expansion, which added 250 mmscf/d of gas processing capacity eight months ahead of schedule.
- Production ramped up to c. 700 mmscf/d in January 2026 and is expected to reach c. 750 mmscf/d once the new KRI common user pipeline becomes operational, likely in 3Q26, taking total company production towards 75,000 boe/d by end of 2026.
- In the KRI, Dana Gas's share of production increased 2% YOY to 40,900 boe/d in 2025, with further material growth expected in 2026 as KM250 capacity is fully monetized.
- All incremental gas from KM250 is currently directed toward domestic power generation, fully covering regional electricity demand, with industrial demand expected to emerge only after Chemchemal comes onstream.
- Chemchemal is positioned as the next major growth driver, with gas sales agreements already signed for c. 140 mmscf/d with industrial customers.
- Dana Gas expects Chemchemal's long-term economics to be broadly comparable to Khormor, following an appraisal phase, extended well testing, and early production facilities with commercial gas delivery targeted around the end of 2027.
- In Egypt, the Company drilled four wells in 2025 and completed the workover across three additional wells during 2025, which is expected to add 27 mmscf/d of daily production by end of 2026, and a further seven wells plus additional workovers are planned in 2026.
- Dana Gas reported higher operating costs in 2025, primarily due to scheduled maintenance at the El Wustani plant in Egypt and one-off engineering and IT expenses in the Kurdistan Region of Iraq (KRI).
- The Company maintained strong cost discipline, with combined OPEX and G&A costs below USD 4 per barrel of oil equivalent, placing it in the industry's top quartile, and expects further improvement as production ramps up.
- KM250 gas volumes are used mainly for domestic power generation in the KRI, with sufficient supply to meet local electricity demand and some surplus, while industrial sales are not yet included and depend on the Chemchemal project.

- OpEx averaged USD 3.7/boe in 2025 and is targeted to fall below USD 3/boe going forward, supported by higher KM250 volumes, operational efficiencies, and AI-led maintenance, placing the company among the lowest-cost global producers.
- The company recommended dividend for FY2025 which will be considered by the Board in March 2026.

**Dana Gas - P&L**

USD Mn	4Q24	3Q25	4Q25	4Q25F	Var (%)	YOY	QOQ
Revenue	159	84	93	80	16.6%	-41.5%	10.7%
<b>Gross Profit</b>	<b>75</b>	<b>40</b>	<b>46</b>	<b>37</b>	25.3%	<b>-38.7%</b>	<b>15.0%</b>
<b>EBITDA</b>	<b>88</b>	<b>50</b>	<b>52</b>	<b>48</b>	7.9%	<b>-40.9%</b>	<b>4.0%</b>
<b>Net profit</b>	<b>39</b>	<b>30</b>	<b>27</b>	<b>34</b>	<b>-20.6%</b>	<b>-30.8%</b>	<b>-10.0%</b>

*FABS estimate & Co Data*

## Research Rating Methodology:

Rating	Upside/Downside potential
BUY	Higher than +15%
ACCUMULATE	Between +10% to +15%
HOLD	Lower than +10% to -5%
REDUCE	Between -5% to -15%
SELL	Lower than -15%

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