First Look Note | 3Q26

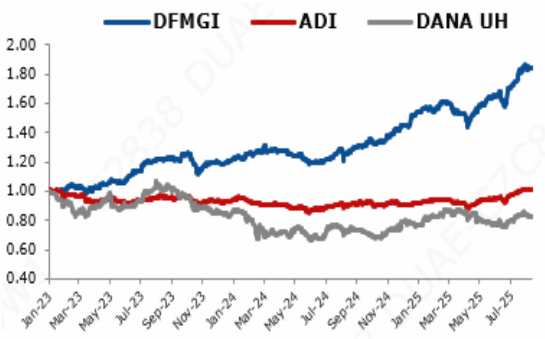
UAE Equity Research | Sector: Energy | Market: ADX

Dana Gas PJSC

Higher volumes and realized prices supported earnings

Current Price	Target Price	Upside/Downside (%)	Rating
AED 0.81	AED 1.15	+42.0%	BUY

- Average production increased 17.0% YOY to 61.4 kboe/d in 3Q26, supported by higher utilisation of the expanded Khor Mor facilities in the KRI and higher production in Egypt.
- Production reached a record 74.3 kboe/d in August 2026, with Khor Mor gas production exceeding 750 MMscf/d, the expanded installed capacity.
- KRI's average production increased 17.6% YOY to 47.6 kboe/d in 3Q26, while Egypt's average production increased 14.9% YOY to 13.8 kboe/d.
- Dana Gas drilled six new wells and recompleted three wells in Egypt during 9M26, with three more exploration wells planned (one before end of 2026 and two in 1Q27).
- Collections totalled USD 230 Mn during 9M26, comprising USD 156 Mn from the KRI and USD 74 Mn from Egypt.



Stock Information	
Market Cap (AED, Mn)	5,708.22
Paid Up Capital (Mn)	1,904.51
52 Week High	1.00
52 Week Low	0.76
3M Avg. daily value (AED)	4,739,380

3Q26 Result Review (USD, Mn)	
Total Assets	2,967
Total Liabilities	392
Total Equity	2,575
EBITDA	80
Net Profit	45

Financial Ratios	
Dividend Yield (12m)	8.01
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	8.59
Price-to-Book Ratio (x)	0.60
Book Value (AED)	0.37
Return-on Equity (%)	7.03

Stock Performance	
5 Days	-0.24%
1 Months	0.37%
3 Months	-6.10%
6 Months	-7.38%
1 Year	-0.49%
Month to Date (MTD%)	-0.12%
Quarter to Date (QTD%)	-1.81%
Year to Date (YTD%)	-5.12%

3Q26 Net Profit slightly lower than our estimate

Dana Gas PJSC ("DANA" or "the Company") reported a 50.0% YOY increase in net profit to USD 45 Mn in 3Q26, slightly lower than our estimate of USD 47 Mn. The increase in net profit was mainly supported by higher revenue and investment & finance income, coupled with lower income tax expense, partially offset by higher royalties, operating costs, other expenses, impairment of financial assets and finance costs.

P&L Highlights

DANA's revenue grew 41.7% YOY to USD 119 Mn in 3Q26, mainly attributed to higher realized prices supported by higher production volumes in both the KRI and Egypt. The Company's average production increased 17.0% YOY to 61.4 kboe/d in 3Q26, with KRI's average production rising 17.6% YOY to 47.6 kboe/d in 3Q26 on higher utilisation of the expanded Khor Mor facilities, while Egypt's average production increased 14.9% YOY to 13.8 kboe/d. By region, KRI revenue increased from USD 52 Mn in 3Q25 to USD 80 Mn in 3Q26, while Egypt revenue rose 22.6% YOY to USD 38 Mn in 3Q26. Royalty payments increased 30.8% YOY to USD 17 Mn in 3Q26 owing to higher revenue in Egypt. As a result, net revenue increased 43.7% YOY to USD 102 Mn in 3Q26. Operating costs & depletion rose 32.3% YOY to USD 41 Mn in 3Q26, as depreciation & depletion increased from USD 13 Mn in 3Q25 to USD 24 Mn in 3Q26 following the completion of the KM250 expansion, while operating costs declined from USD 18 Mn to USD 17 Mn during the same period. Consequently, the gross profit increased from USD 40 Mn in 3Q25 to USD 61 Mn in 3Q26, while the gross profit margin expanded 364 bps YOY to 51.3% in 3Q26. DANA's G&A expenses remained flat at USD 3 Mn in 3Q26. Also, the investment and finance income increased 33.3% YOY to USD 4 Mn in 3Q26. The Company's other expenses stood at USD 3 Mn in 3Q26 compared to nil in 3Q25. Impairment of financial

assets increased to USD 5 Mn in 3Q26 from USD 1 Mn in 3Q25, while share of loss from joint venture was nil in 3Q26 compared to USD 1 Mn in 3Q25. The Company's other income remained stable at USD 1 Mn in 3Q26 compared to 3Q25. Moreover, DANA's operating profit increased from USD 35 Mn in 3Q25 to USD 55 Mn in 3Q26, while operating profit margin expanded from 41.7% in 3Q25 to 46.2% in 3Q26. EBITDA rose from USD 50 Mn in 3Q25 to USD 80 Mn in 3Q26, while EBITDA margin increased from 59.5% in 3Q25 to 67.2% in 3Q26. The Company's finance costs increased from USD 1 Mn in 3Q25 to USD 7 Mn in 3Q26 following the completion of the KM250 expansion. Additionally, income tax expense declined 25.0% YOY to USD 3 Mn in 3Q26.

Balance Sheet Highlights

The Company's cash and bank balance increased from USD 230 Mn in 2Q26 to USD 250 Mn in 3Q26, out of which USD 122 Mn was held at Pearl Petroleum. DANA collected USD 62 Mn in 3Q26 compared to USD 100 Mn in 2Q26, taking collections to USD 230 Mn in 9M26. Additionally, the trade receivables increased from USD 238 Mn in 2Q26 to USD 278 Mn in 3Q26, as KRI billings rose with higher production and the KRI realisation rate stood at 73% in 9M26. Capex on PP&E decreased from USD 34 Mn in 3Q25 to USD 20 Mn in 3Q26. Furthermore, DANA's total gross debt remained broadly stable at USD 292 Mn in 3Q26 compared to USD 291 Mn in 2Q26, with net debt narrowing from USD 61 Mn in 2Q26 to USD 42 Mn in 3Q26.

Target Price and Rating

We maintain our BUY rating on Dana Gas with a target price of AED 1.15. Dana Gas delivered a strong performance in 3Q26, with net profit increasing 50.0% YOY to USD 45 Mn, supported by higher utilisation of the expanded KM250 processing facility at Khor Mor, higher production in Egypt and stronger realized hydrocarbon prices, with average Brent rising from USD 69/bbl in 3Q25 to USD 97/bbl in 3Q26. In the KRI, Khor Mor gas production exceeded 750 MMscf/d in August 2026 and the Company's production reached a record 74.3 kboe/d, while KRI's average production increased 17.6% YOY to 47.6 kboe/d in 3Q26. Planned maintenance at Khor Mor was completed ahead of schedule in October following a brief shutdown that temporarily reduced production during the month. Initial gas deliveries of 100 MMscf/d to Iraq's Ministry of Electricity for the Taza power station in Kirkuk commenced in August, were suspended due to a pipeline technical issue and resumed in November, supporting the diversification of the customer base beyond the KRI. Operationally, Egypt continues to be a key growth driver, with production increasing from 12.05 kboe/d in 3Q25 to 13.8 kboe/d in 3Q26, marking the third consecutive quarter of YOY production growth. During 9M26, the Company drilled six new wells (four exploration and two development) and recompleted three wells, adding 50 Bcf of gas resources and 35 MMscf/d of incremental production. The exploration and development programme has been expanded to 13 wells from 11 originally planned, with one exploration well planned before the end of 2026 and two in 1Q27. Capex totalled USD 75 Mn in 9M26, including c. USD 32 Mn in the KRI and USD 43 Mn in Egypt. Beyond KM250, Chemchemal remains the Company's next major growth project. Pearl Petroleum continues to advance the USD 160 Mn appraisal and early development programme, with drilling planned before the end of 2026 and first gas targeted for late 2027 or early 2028, while long-term gas sales agreements for up to 170 MMscf/d have been secured with industrial customers in the KRI. Post the reporting period, Pearl Petroleum priced a USD 500 Mn five-year senior secured bond at a coupon of 10.375% in October 2026 to refinance the existing USD 350 Mn bond and support further investment in the Khor Mor and Chemchemal fields. The Company's cash and bank balance increased to USD 250 Mn at the end of September 2026, including USD 122 Mn held at Pearl Petroleum, while total gross debt stood at USD 292 Mn, of which USD 224 Mn is the Company's share of Pearl project finance and USD 68 Mn is corporate debt. Collections totalled USD 230 Mn in 9M26 compared to USD 183 Mn in 9M25, with no overdue receivables in Egypt since June 2026, while KRI collections of USD 156 Mn reflected a 73% realisation rate and improving KRI collections remain a priority. The Company also paid USD 124 Mn of cash dividends (6.5 fils per share) in 1H26 and maintaining sustainable dividends remains a priority. Overall, higher utilisation of the KM250 expansion, new gas markets in federal Iraq, sustained production growth in Egypt, continued progress at Chemchemal and a strong balance sheet with low leverage support earnings outlook. Thus, we maintain BUY rating on the stock.

Dana Gas - Relative valuation

(at CMP)	2021	2022	2023	2024	2025F	2026F
PE	4.90	8.48	9.64	10.22	11.87	7.57
PB	0.67	0.67	0.65	0.61	0.61	0.59
EV/EBITDA	5.79	4.84	6.47	5.84	7.37	4.92
BVPS (AED)	1.204	1.207	1.245	1.324	1.337	1.382
EPS (AED)	0.165	0.095	0.084	0.079	0.068	0.107
DPS (AED)	0.080	0.090	NA	0.055	0.065	0.070
Dividend yield	9.9%	11.1%	NA	6.8%	8.0%	8.6%

FABS Estimates & Co Data

Dana Gas – P&L

USD Mn	3Q25	2Q26	3Q26	3Q26F	Var	YOY	QOQ	2025	2026F	Change
Revenue	84	113	119	125	-4.5%	41.7%	5.3%	348	498	43.1%
Royalties	-13	-19	-17	-22	-24.2%	30.8%	-10.5%	-51	-68	32.7%
Net Revenue	**71**	**94**	**102**	**102**	**-0.2%**	**43.7%**	**8.5%**	**297**	**430**	**44.9%**
Operating Costs & Depletion	-31	-40	-41	-42	-2.3%	32.3%	2.5%	-121	-152	25.3%
Gross Profit	**40**	**54**	**61**	**60**	**1.3%**	**NM**	**13.0%**	**176**	**279**	**NM**
G&A expenses	-3	-4	-3	-3	-9.3%	0.0%	-25.0%	-12	-16	37.2%
Investment & finance inc.	3	4	4	4	3.5%	33.3%	0.0%	12	15	24.5%
Other Expenses	0	-9	-3	-1	NM	NM	NM	-7	-18	NM
Impairment of financial assets	-1	-2	-5	0	NM	NM	NM	-4	-14	NM
Impairment of PPE, Inventory, intangible assets & JV	-4	0	0	0	NM	NM	NM	-12	0	NM
Share of loss/(profit) of JV	-1	-1	0	0	NM	NM	NM	-1	-1	0.0%
Other Income	1	0	1	0	NM	0.0%	NM	1	1	24.5%
Operating Profit	**35**	**42**	**55**	**60**	**-8.5%**	**NM**	**31.0%**	**154**	**245**	**NM**
EBITDA	**50**	**62**	**80**	**76**	**4.7%**	**NM**	**29.0%**	**215**	**326**	**NM**
Finance costs	-1	-6	-7	-7	7.1%	NM	16.7%	-8	-26	NM
Profit Before Tax	**34**	**36**	**48**	**54**	**-10.4%**	**41.2%**	**33.3%**	**146**	**219**	**NM**
Income tax expense	-4	-3	-3	-6	NM	-25.0%	0.0%	-16	-15	-4.1%
Net Profit	**30**	**33**	**45**	**47**	**-4.5%**	**50.0%**	**36.4%**	**130**	**204**	**NM**

FABS estimate & Co Data

Dana Gas - Margins

	3Q25	2Q26	3Q26	YOY	QOQ	2025	2026F	Change
Gross Profit	47.6%	47.8%	51.3%	364	347	50.6%	56.0%	538
Operating Profit	41.7%	37.2%	46.2%	455	905	44.3%	49.2%	493
EBITDA	59.5%	54.9%	67.2%	770	NM	61.8%	65.4%	365
Net Profit	35.7%	29.2%	37.8%	210	861	37.4%	41.0%	360

FABS estimate & Co Data

Key Developments:

- **4th August 2026:** Dana Gas and Crescent Petroleum commenced supplying 100 MMscf/d of natural gas from the Khor Mor field to Iraq's Ministry of Electricity under a one-year agreement to fuel the Kirkuk Taza power station. This marks the first commercial utilization of the additional capacity created by the KM250 expansion, which increased Khor Mor's processing capacity by 50% to 750 MMscf/d. The agreement enables Dana Gas to expand beyond its traditional customer base, opening new domestic gas markets in Iraq.

- **6th May 2026:** Dana Gas PJSC signed a MOU with Levidian, a British advanced material company to develop the Sharjah Graphene Park, a phased initiative aimed at establishing graphene production and future localisation of advanced manufacturing capabilities in the UAE. The initial phase targets graphene production capacity of c. 15 tonnes per annum, with investment expected to range between USD 2–5 Mn and potential expansion exceeding USD 50 Mn.

- **17th March 2026:** CP Upstream Holding Limited increased its ownership stake in DANA to 20% through the transfer of 1.4 billion shares from Crescent Petroleum Company International Limited. The transaction was executed as part of an internal group restructuring under the same ultimate ownership and did not involve any financial consideration. Dana Gas confirmed that the transfer will not result in any changes to its business operations.

- **26th January 2026:** DANA and Crescent Petroleum signed long-term gas sales agreements to supply up to 142 MMscf/d of natural gas from the Chemchemal field to major cement and steel producers in the Kurdistan Region of Iraq (KRI). The 10-year agreement starting from 2H27 will support the commercialization of the Chemchemal development.

- **19th January 2026:** DANA achieved a production milestone of 70,000 boepd highest level in seven years, supported by increased output from the Kurdistan Region of Iraq. The ramp-up follows the successful completion of the KM250 gas expansion project at Khor Mor, which added 250 MMscf/d of gas processing capacity and lifted Khor Mor production above 700 MMscf/d. The company expects a further increase in output beyond 75,000 boepd upon completion of the new common-user gas pipeline in Q3 2026.

- **5th January 2026:** DANA received a USD 50 Mn payment from the Government of Egypt under the Consolidation Agreement signed in December 2024. Additionally, the programme recorded four wells drilled in 2025, while seven further wells are planned for 2026. Moreover, executed drilling and workover activities added around 30 MMscf/d of production and 36 bcf of reserves, coupled with a separate workover programme across three wells adding 9 MMscf/d. Similarly, the broader 11-well programme is expected to generate over USD 1 Bn in fuel import savings for Egypt.

Valuation:

We use Discounted Free Cash flow (DCF) and Relative Valuation (RV) to value DANA. We have assigned 70% weight to DCF and 30% to RV method.

Valuation Method	Target	Weight	Weighted Value
DCF Method	1.27	70.0%	0.89
Relative Valuation (RV)	0.90	30.0%	0.27
Weighted Average Valuation (AED)			**1.15**
Current market price (AED)			0.81
Upside/Downside (%)			+42%

1) DCF Method:

DANA is valued using free cash flow to the firm. We have discounted the cash flow using the weighted average cost of capital of 8.8%. It is arrived after using the cost of equity of 8.9% and the interest-adjusted cost of debt of 7.6%. The cost of equity is calculated by using a 10-year government bond yield of 5.4%, a beta of 0.90, and an equity risk premium of 3.9%. Government bond yield is calculated after adding the 10-year CDS spread of Abu Dhabi over the 10-year US risk-free rate. Also, assumed a terminal growth rate of 2.0%.

Sum of PV (USD, Mn)	809
Terminal value (USD, Mn)	1,709
FV to Common shareholders (USD, Mn)	**2,519**
No. of shares (Mn)	6,995
Current Market Price (AED)	0.81
Fair Value per share (AED)	**1.27**

DCF Method

(All Figures in AED Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E	FY 2031E
NOPAT	230	227	228	227	227	226
D&A	82	79	81	84	86	89
(-) Capex	-126	-116	-112	-108	-103	-98
(-/+) Change in Working Capital	-68	23	5	-1	-1	-40
Free Cash Flow to Firm (FCFF)	**118**	**213**	**202**	**202**	**210**	**176**
Discounting Factor	*0.99*	*0.91*	*0.84*	*0.77*	*0.71*	*0.65*
Discounted FCFF	**29[1]**	**193**	**169**	**155**	**148**	**115**

Source: FAB Securities. [1]Adjusted for partial year

2) Relative Valuation:

We have used local as well as international peers to value DANA, and it is valued using the EV/EBITDA multiple. It is valued at a 2027 EV/EBITDA multiple of 5.9x in line with its peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Saudi Arabian Oil Company	1,702,318	5.8	5.5	13.3	13.5
Kimbell Royalty Partners	1,637	8.2	7.8	15.6	16.5
Chevron	432,177	6.1	6.4	12.1	13.5
Santos Ltd	19,414	5.1	4.4	11.2	8.8
Transportadora	145	NA	NA	NA	NA
Average		**6.3x**	**6.0x**	**13.0x**	**13.1x**
Median		**5.9x**	**5.9x**	**12.7x**	**13.5x**
Max		**6.6x**	**6.7x**	**13.9x**	**14.2x**
Min		**5.6x**	**5.2x**	**11.9x**	**12.3x**

Source: FAB Securities

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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