

Dana Gas PJSC

Lower Egypt output and weaker realized prices pressured earnings

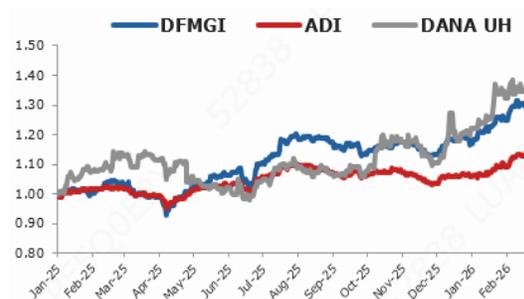
Current Price
AED 0.794

Target Price
AED 1.15

Upside/Downside (%)
+45%

Rating
BUY

- Dana Gas reported a 30.8% YOY decline in net profit during 4Q25, primarily due to lower production in Egypt and a softer average Brent price environment.
- Average production increased from 55,300 boepd in 4Q24 to 55,900 boepd in 4Q25.
- KRI's average production increased by 4.5% YOY to 42,550 boepd, while Egypt's output fell by 8.2% YOY to 13,400 boepd in 4Q25.
- Cash and bank balance increased from USD 183 Mn in 3Q25 to USD 215 Mn in 4Q25, out of which USD 107 Mn is held at Pearl Petroleum.
- Capex grew from USD 67 Mn in 9M25 to USD 105 Mn in 2025.
- The Company recommended a dividend of 5.5 fils per share for 2025, equivalent to AED 385 Mn, subject to shareholder approval.



4Q25 Net Profit lower than our estimate

Dana Gas PJSC ("Dana" or "the Company") reported a 30.8% YOY decline in net profit to USD 27 Mn in 4Q25, lower than our estimate of USD 34 Mn. The decline in net profit was mainly attributed to lower revenue, higher operating costs, higher G&A expenses, and lower investment & finance income, coupled with increased finance costs and higher tax expenses, partially offset by lower royalty payments and lower impairment charges.

P&L Highlights

Dana's revenue declined from USD 159 Mn in 4Q24 to USD 93 Mn in 4Q25, primarily due to lower Egypt volumes and softer realized oil prices, partly offset by improved Egypt gas pricing and stable KRI volumes. The Company's average production increased marginally from 55,300 boepd in 4Q24 to 55,900 boepd in 4Q25. Notably, KRI's average production witnessed a 4.5% YOY increase to 42,500 boepd in 4Q25. Egypt reported an 8.2% YOY decline to 13,400 boepd in 4Q25, mainly due to natural field decline across its Egyptian assets. Royalty payments declined from USD 52 Mn in 4Q24 to USD 12 Mn in 4Q25. However, net revenue fell 24.3% YOY to USD 81 Mn in 4Q25, as the benefit from lower royalties was offset by weaker topline performance. Operating costs rose from USD 32 Mn in 4Q24 to USD 35 Mn in 4Q25, leading to a 38.7% YOY contraction in gross profit to USD 46 Mn in 4Q25. Furthermore, Dana's G&A expenses increased from USD 2 Mn in 4Q24 to USD 3 Mn in 4Q25, while investment and finance income declined 33.3% YOY to USD 2 Mn in 4Q25. Impairment charges declined significantly, with impairments of financial assets remaining flat at USD 1 Mn, while impairments of PPE, inventory, and intangible assets fell to USD 8 Mn in 4Q25 from USD 33 Mn in 4Q24. Moreover, Dana's operating profit declined 16.7% YOY to USD 35 Mn in 4Q25, while operating profit margin expanded from 26.4% in 4Q24 to 37.6% in 4Q25.

Stock Information

Market Cap (AED, Mn)	5,554.33
Paid Up Capital (Mn)	1,904.51
52 Week High	1.00
52 Week Low	0.67
3M Avg. daily value (AED)	16,178,040

4Q25 Result Review (USD, Mn)

Total Assets	2,861
Total Liabilities	314
Total Equity	2,547
EBITDA	52
Net Profit	27

Financial Ratios

Dividend Yield (12m)	6.94
Dividend Pay-out (%)	0.00
Price-Earnings Ratio(x)	11.91
Price-to-Book Ratio (x)	0.60
Book Value (AED)	0.36
Return-on Equity (%)	5.68

Stock Performance

5 Days	-8.10%
1 Months	-16.24%
3 Months	-11.58%
6 Months	4.47%
1 Year	-0.13%
Month to Date (MTD%)	-15.62%
Quarter to Date (QTD%)	-7.67%
Year to Date (YTD%)	-7.67%

EBITDA declined 40.9% YOY to USD 52 Mn in 4Q25. However, EBITDA margin expanded marginally from 55.3% in 4Q24 to 55.9% in 4Q25. Dana's finance costs increased from USD 1 Mn in 4Q24 to USD 4 Mn in 4Q25. Additionally, income tax expense rose from USD 2 Mn in 4Q24 to USD 4 Mn in 4Q25.

Balance Sheet Highlights

The Company's cash and bank balance increased from USD 183 Mn in 3Q25 to USD 215 Mn in 4Q25, out of which USD 107 Mn is held at Pearl Petroleum. Dana collected cash of USD 303 Mn in 2025, compared to USD 183 Mn in 9M25, reflecting improved payment flows and continued engagement with host governments. Additionally, KRI receivables increased from USD 76 Mn in 9M25 to USD 80 Mn in 2025, while receivables from Egypt declined from USD 87 Mn in 9M25 to USD 38 Mn in 2025. Capex grew from USD 67 Mn in 9M25 to USD 105 Mn in 2025, majorly driven by full resumption of KM250 spend and ramp up of Egypt drilling programme. Furthermore, Dana's total gross debt declined from USD 224 Mn in 3Q25 to USD 206 Mn in 4Q25.

Target Price and Rating

We maintain our BUY rating on Dana Gas with an unchanged target price of AED 1.15. The Company's stock price declined 8.2% since our last rating (January 2026). Dana reported a decline in profitability during 4Q25, primarily due to lower production in Egypt and a softer average Brent price environment. Despite this, FY2025 represented a transformational year for the Company, supported by the successful completion of the KM250 expansion project at the Khor Mor field in October 2025, which increased total gas processing capacity to 750 MMscf/d. Peak output has already exceeded 700 MMscf/d during periods of elevated demand. Dana's production reached c.70 kboe/d in January 2026, marking the highest level since 2018, and is expected to increase to c.75 kboe/d following the commissioning of the Khor Mor common-user pipeline in 2H26, which will enable sustained full-capacity utilisation across gas, condensate and LPG streams. However, the recently announced temporary shutdown at the Khor Mor field amid the prevailing regional security situation is likely to weigh on the Company's full-year production. Furthermore, the Company's KM250 project is expected to contribute up to USD 150 Mn in incremental annual revenue at full ramp-up, strengthening cash flow visibility. 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 Chemchemical comes onstream. Additionally, the Company's next growth phase in the KRI is centred on the Chemchemical field, where Pearl Petroleum has committed a USD 160 Mn investment programme to drill appraisal wells and install early production facilities. In January 2026, the consortium signed long-term Gas Sales Agreements to supply up to 142 MMscf/d to six industrial customers, marking the start of commercialisation and potentially increasing the Company's revenues by c.35% once the project reaches full capacity. In Egypt, continued execution of the drilling and workover programme supported operational resilience, with four wells drilled and three recompletions completed in 2025, adding c. 30 MMscf/d of incremental production and 36 Bcf of reserves. Dana has further planned seven additional wells planned for 2026 which are expected to stabilise output and materially reduce rates. Dana also recorded receipt of USD 50 Mn (AED 183 Mn) from the Egyptian government in December 2025 significantly reduced overdue receivables and reinforced the improved fiscal framework supporting upstream investment. Furthermore, the Company maintained a strong balance sheet with a net cash position of USD 215 Mn (including USD 107 Mn held at the Pearl JV). The Board has recommended a cash dividend of 5.5 fils per share for 2025, implying a total payout of AED 385 Mn, reflecting the Company's robust liquidity position and improved cash flow visibility following the commissioning of the KM250 gas expansion project in the KRI, subject to shareholder approval. Collectively, production growth following the KM250 expansion, improved receivables recovery, expanding gas sales and a strengthened balance sheet support a structurally stronger earnings trajectory over 2026–2027. Hence, based on the above-mentioned factors, we maintain our BUY rating on the stock.

Dana Gas - Relative valuation

(at CMP)	2021	2022	2023	2024	2025	2026F
PE	5.03	8.70	9.89	10.48	12.18	7.52
PB	0.69	0.69	0.67	0.63	0.62	0.60
EV/EBITDA	5.94	4.96	6.63	5.99	7.55	5.45
BVPS (AED)	1.204	1.207	1.245	1.324	1.337	1.393
EPS (AED)	0.165	0.095	0.084	0.079	0.068	0.111
DPS (AED)	0.080	0.090	NA	0.055	0.055	0.055
Dividend yield	10.1%	11.3%	NA	6.9%	6.9%	6.9%

FABS Estimates & Co Data
Dana Gas - P&L

USD Mn	4Q24	3Q25	4Q25	4Q25F	Var	YOY	QOQ	2024	2025	Change
Revenue	159	84	93	80	16.6%	-41.5%	10.7%	445	348	-21.8%
Royalties	-52	-13	-12	-14	-13.0%	-76.9%	-7.7%	-109	-51	-53.2%
Net Revenue	107	71	81	66	22.8%	-24.3%	14.1%	336	297	-11.6%
Operating Costs & Depletion	-32	-31	-35	-29	19.7%	9.4%	12.9%	-120	-121	0.8%
Gross Profit	75	40	46	37	25.3%	-38.7%	15.0%	216	176	-18.5%
G&A expenses	-2	-3	-3	-2	75.3%	50.0%	0.0%	-11	-12	9.1%
Investment & finance inc.	3	3	2	3	-41.0%	-33.3%	-33.3%	11	12	9.1%
Other Expenses	0	0	-2	0	NM	NM	NM	-5	-7	40.0%
Impairment of fin. assets	-1	-1	-1	0	NM	0.0%	0.0%	-4	-4	NM
Operating Profit	42	35	35	38	-8.0%	-16.7%	0.0%	174	154	-11.5%
EBITDA	88	50	52	48	7.9%	-40.9%	4.0%	263	215	-18.3%
Finance costs	-1	-1	-4	-1	NM	NM	NM	-11	-8	-27.3%
Profit Before Tax	41	34	31	37	-16.8%	-24.4%	-8.8%	163	146	-10.4%
Income tax expense	-2	-4	-4	-3	24.1%	NM	0.0%	-12	-16	33.3%
Net Profit	39	30	27	34	-20.6%	-30.8%	-10.0%	151	130	-13.9%

FABS estimate & Co Data
Dana Gas - Margins

	4Q24	3Q25	4Q25	YOY	QOQ	2024	2025	Change
Gross Profit	47.2%	47.6%	49.5%	229	184	48.5%	50.6%	204
Operating Profit	26.4%	41.7%	37.6%	NM	-403	39.1%	44.3%	515
EBITDA	55.3%	59.5%	55.9%	57	-361	59.1%	61.8%	268
Net Profit	24.5%	35.7%	29.0%	450	-668	33.9%	37.4%	342

FABS estimate & Co Data

Key Developments:

- **22nd Jan 2025:** Dana revealed a strategic partnership with Levidian to launch a decarbonization initiative using LOOP technology, which transforms methane into hydrogen and graphene. A pilot facility, expected to produce 1.5 tonnes annually, will begin operations in 2025. This effort aligns with the Company's emission reduction objectives and explores graphene's commercial potential, with future units potentially generating over 15 tonnes per year.
- **25th February 2025:** Dana's board proposed an AED 385 Mn payout (5.5 fils/share) for the year 2024.
- **3rd April 2025:** Dana Gas and Crescent Petroleum reported 500 MMboe cumulative output from Khor Mor in Iraq. The Company's KM-250 expansion, aiming for a 50% capacity increase, is scheduled for completion in 1Q26. Dana Gas and Crescent Petroleum also approved a USD 160 Mn investment for the Chemchemical field, with Pearl Petroleum exploring bond financing options.
- **23rd July 2025:** Dana confirmed 9 BCF of reserves and an expected output of 5 MMscfd from the Begonia-2 well in Egypt's Nile Delta. The Company also commenced recompletion work at Balsam 3, adding 4 BCF of reserves and 3 MMscfd of production. Both wells form part of the Company's USD 100 Mn, 11-well investment programme aimed at enhancing reserves and production over the next two years.
- **15th October 2025:** Dana Gas and Crescent Petroleum commenced commercial gas sales from the KM250 expansion project at the Khor Mor field in Iraq, increasing total processing capacity to 750 MMscf/d. Completed eight months ahead of schedule, the USD 1.1 Bn project added 250 MMscf/d of new capacity, utilizing over 6,000 tonnes of steel and 6.2 Mn man-hours. The development was financed through various sources, including a USD 350 Mn bond issuance by Pearl Petroleum in 2024.
- **12 November 2025:** Dana Gas signed a MoU with the Syrian Petroleum Company to evaluate the potential redevelopment of gas fields in central Syria, including the Abu Rabah field. Under the agreement, the company will undertake a comprehensive technical assessment and submit a development plan aimed at enhancing gas production. Notably, this marks the first agreement of its kind between a gas developer and the Syrian Petroleum Company.
- **11 December 2025:** Dana Gas reported a gas discovery at the North El-Basant-1 well in Egypt's Nile Delta, with estimated reserves of 15–25 Bcf and expected output exceeding 8 MMscf/d upon connection to the national grid. The well is the fourth under its USD 100 Mn investment programme, with the fifth well, Daffodil, scheduled to spud in January 2026.

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	1.16	70.0%	0.81
Relative Valuation (RV)	1.13	30.0%	0.34
Weighted Average Valuation (AED)			1.15
Current market price (AED)			0.794
Upside/Downside (%)			+45%

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 8.9%. It is arrived after using the cost of equity of 9.0% 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 4.9%, a beta of 0.90, and an equity risk premium of 4.5%. 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)	613
Terminal value (USD, Mn)	1,644
FV to Common shareholders (USD, Mn)	2,257
No. of shares (Mn)	6,995
Current Market Price (AED)	0.794
Fair Value per share (AED)	1.16

DCF Method

(All Figures in USD Mn)	FY 2026E	FY 2027E	FY 2028E	FY 2029E	FY 2030E
NOPAT	217	213	216	217	218
D&A	57	56	54	55	54
(-) Capex	-120	-122	-118	-114	-109
(-/+) Change in Working Capital	-17	11	8	-1	6
Free Cash Flow to Firm (FCFF)	136	157	160	157	169
Discounting Factor	0.93	0.86	0.79	0.72	0.66
Discounted FCFF	127	135	126	114	112

Source: FAB Securities

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 2026 EV/EBITDA multiple of 7.7x in line with its peers.

Company	Market (USD Mn)	EV/EBITDA (x)		P/E (x)	
		2026F	2027F	2026F	2027F
Saudi Arabian Oil Company	1,751,027	8.0	7.8	16.9	16.4
Kimbell Royalty Partners	1,383	7.7	7.6	24.2	23.6
Chevron	382,695	9.4	8.6	28.1	20.6
Santos Ltd	17,358	5.6	5.3	14.1	12.9
Transportadora	4,915	6.8	6.1	10.6	NA
Average		7.5x	7.1x	18.8x	18.4x
Median		7.7x	7.6x	16.9x	18.5x
Max		8.0x	7.8x	24.2x	21.3x
Min		6.8x	6.1x	14.1x	15.5x

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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