FAB SECURITIES أبوظبي الأول للأوراق المالية

Earnings Call Insight | 2Q26

UAE Equity Research Sector: Energy Market: ADX

Dana Gas PJSC

Current Price	Target Price	Upside/Downside (%)	Rating
AED 0.882	AED 1.15	+30%	BUY

2Q26 Net Profit lower than our estimate

- DANA's revenue increased 41.3% YOY to USD 113 Mn in 2Q26, driven by higher realized prices, increased gas sales volumes in the KRI and higher production in Egypt.
- The Company's net revenue increased 34.3% YOY to USD 94 Mn in 2Q26, despite royalty payments increasing from USD 10 Mn in 2Q25 to USD 19 Mn in 2Q26.
- The Company reported a gross profit of USD 54 Mn in 2Q26 compared to USD 42 Mn in 2Q25, supported by higher revenue despite an increase in operating costs. However, gross profit margin contracted 471 bps YOY to 47.8% in 2Q26.
- The Company's G&A expenses increased to USD 4 Mn in 2Q26 compared to USD 3 Mn in 2Q25.
- EBITDA increased 31.9% YOY to USD 62 Mn in 2Q26. However, EBITDA margin contracted 388 bps YOY to 54.9% in 2Q26.
- The Company's operating profit increased 16.7% YOY to USD 42 Mn in 2Q26, although the operating margin declined from 45.0% in 2Q25 to 37.2% in 2Q26.
- DANA reported a 10.0% YOY increase in net profit to USD 33 Mn in 2Q26, supported by higher revenue, investment & finance income and lower tax expenses, partially offset by higher royalties, operating costs, G&A expenses, other expenses, impairments of financial assets and finance cost.
- The Company's average production increased from 51,500 boe/d in 2Q25 to 52,700 boe/d in 2Q26 supported by production growth in Egypt.
- KRI production remained broadly stable at 39,200 boe/d in 2Q26, while Egypt's average production increased 9.8% YOY to 13,500 boe/d.

Earnings Call Summary

- The production in the KRI region recovered to c.630 MMscf/d following the temporary shutdowns in 2Q26, compared with the expanded processing capacity of 750 MMscf/d, with further production ramp-up expected as operating conditions normalize.
- The regional conflict had a limited impact on KRI realization in 2Q26, with LPG continuing to be sold under long-term contracts and condensate prices remaining broadly stable despite changes in Brent crude prices.
- Chemchemal development programme remains in its early stages, with DANA's economic share of the programme at c.35% and the first well expected to be drilled by late 2026 or early 2027.
- Egypt operations has transitioned to regular monthly collections with all current invoices being settled in full following the clearance of historical legacy overdue receivables, supporting continued upstream investment.
- The Company clarified that the USD 7 Mn impairment is related to two exploration dry holes written off in Egypt during 1Q26, while the broader Egypt drilling programme remains on track.
- KRI collection rates stood at c.78% during 1H26, with collections expected to improve as production normalizes following ongoing regional conflict.
- Collections in Egypt have normalized, while restoring KRI collection rates toward pre-conflict levels remains the Company's key priority.
- The increase in receivables aged 61–90 days is primarily due to a gas metering reconciliation invoice, while collections of regular monthly invoices remain the key focus alongside recovery of historical receivables.

- KRI collections are affected by recent regional disruptions; payments of domestic gas, representing c.40–50% of KRI revenue, have remained regular providing partial support to cash collections.
- Other Operating expenses of USD 9 Mn in 2Q26 primarily comprised arbitration costs against the former KM250 EPC contractor, board-related fees now being expensed and USD 3 Mn provision for overdue joint-venture receivables.
- Finance costs rose as interest capitalized during the KM250 construction phase is now being amortized through the income statement following project completion.
- Operating costs are expected to normalize as production increases and the expanded KM250 facility moves toward higher utilization levels.
- The upward revision in KRI gas production from 28.5 kboe/d to 30.2 kboe/d for 2Q25 is due to adoption of a new gas-to-BOE conversion factor of 5.6.
- Enforcement proceedings against the National Iranian Oil Company remain ongoing across multiple jurisdictions, with DANA carrying a receivable of c. USD 165 Mn without recognizing any accrued interest income.

Dana Gas - P&L

USD Mn	2Q25	1Q26	2Q26	2Q26F	Var	YOY	QOQ
Revenue	80	145	113	116	-2.3%	41.3%	-22.1%
Royalties	-10	-15	-19	-18	6.0%	90.0%	26.7%
Net Revenue	**70**	**130**	**94**	**98**	**-3.9%**	**34.3%**	**-27.7%**
Operating Costs	-28	-35	-40	-38	4.9%	42.9%	14.3%
Gross Profit	**42**	**95**	**54**	**60**	**-9.4%**	**28.6%**	**-43.2%**
General and administrative expenses	-3	-4	-4	-4	-1.7%	33.3%	0.0%
Investment & finance income	3	3	4	3	19.2%	33.3%	33.3%
Other Expenses	-5	-2	-9	-1	NM	80.0%	NM
Impairment of financial assets	-1	-7	-2	0	NM	NM	-71.4%
Operating Profit	**36**	**85**	**42**	**58**	**-27.9%**	**16.7%**	**-50.6%**
EBITDA	**47**	**108**	**62**	**74**	**-15.8%**	**31.9%**	**-42.6%**
Finance costs	-1	-6	-6	-1	NM	NM	0.0%
Profit Before Tax	**35**	**79**	**36**	**57**	**-37.2%**	**2.9%**	**-54.4%**
Income tax expense	-5	-5	-3	-7	-56.4%	-40.0%	-40.0%
Net Profit After NCI	**30**	**74**	**33**	**50**	**-34.6%**	**10.0%**	-55.4%

FABS estimate & Co Data

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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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