Matador Resources (MTDR)

Published January 26th, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	$43	**5 Year CAGR Estimate:**	9.3%	**Market Cap:**	$5.3 B
Fair Value Price:	$46	**5 Year Growth Estimate:**	5.0%	**Ex-Dividend Date[1]:**	2/27/26
% Fair Value:	94%	**5 Year Valuation Multiple Estimate:**	1.2%	**Dividend Payment Date:**	3/13/26
Dividend Yield:	3.5%	**5 Year Price Target**	$58	**Years Of Dividend Growth:**	4
Dividend Risk Score:	C	**Sector:** Energy		**Rating:**	Hold

Overview & Current Events

Matador Resources (MTDR) is an independent oil and gas company that develops, explores, and produces oil and natural gas, with an emphasis on shale oil and gas. It is focused primarily on the oil and liquids-rich portion of the Wolfcamp and Bone Spring plays in the Delaware Basin in Southeast New Mexico and West Texas. Matador also operates in the Haynesville shale and Cotton Valley plays in Northwest Louisiana. In addition, it has a midstream segment, San Mateo, which provides gas processing, oil transportation services and oil & gas gathering services, thus supporting its upstream business. The company produces oil and gas at an approximate ratio of 57/43 and has a market cap of $5.3 billion.

Notably, Matador performed its IPO in 2012, when it had ~7,500 net acres of land and production of ~9,000 barrels per day, and has grown to an oil and gas producer with ~203,000 net acres of land and production of ~209,000 barrels per day. Nevertheless, Matador is highly sensitive to the dramatic cycles of the prices of oil and natural gas.

In late October, Matador reported (10/21/25) financial results for the third quarter of 2025. It grew its output 22% over the prior year's quarter, to a new all-time high of 209,184 barrels per day, exceeding its guidance by 5%. However, the price of oil decreased sharply due to fast-rising global inventories, as OPEC is restoring its output aggressively. As a result, earnings-per-share fell -28%, from $1.89 to $1.36. Nevertheless, thanks to strong production growth, earnings-per-share exceeded the analysts' estimates by $0.13. Matador has exceeded the analysts' estimates for 20 consecutive quarters. This is certainly an impressive streak, which confirms the sustained business momentum of the company. On the other hand, management provided disappointing guidance for 2026, expecting average production of ~210,000 barrels per day, roughly in line with the production in the third quarter of 2025.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	-$8.34	-$1.07	$1.23	$2.41	$0.75	-$5.11	$4.91	$10.11	$6.77	$7.48	***$5.70***	***$7.27***
DPS	---	---	---	---	---	---	$0.13	$0.30	$0.65	$0.85	***$1.50***	***$1.92***
Shares[2]	82	91	103	114	117	116	119	120	120	125	***124***	***130***

As an upstream company, Matador is extremely sensitive to the cycles of the prices of oil and gas. This is clearly reflected in the highly volatile performance record of the company. On the other hand, Matador has an impressive record in business execution, as it has grown its production by 28% per year on average since its IPO in 2012. It also enjoys one of the widest profit margins per barrel among shale oil and gas producers.

In addition, Matador owns a 51% stake in San Mateo, which provides midstream services and is on a sustained growth trajectory. San Mateo has grown its adjusted EBITDA every single year over the last decade and has more than doubled its adjusted EBITDA over the last five years. Overall, Matador is highly vulnerable to the dramatic cycles of the oil and gas industry but it is one of the fastest-growing upstream players. Despite the expected deceleration in production growth in 2026, we expect the company to grow its output meaningfully in the upcoming years. As a result, we expect 5% average annual growth of earnings-per-share over the next five years.

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[1] Estimated date.

[2] In millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	---	---	20.1	12.2	23.1	---	6.2	5.4	8.2	7.8	***7.5***	***8.0***
Avg. Yld.	---	---	---	---	---	---	0.4%	0.5%	1.2%	1.5%	***3.5%***	***3.3%***

As a cyclical business, Matador has fluctuating earnings and price-to-earnings ratios. Excluding 2019, in which depressed earnings caused an abnormally high price-to-earnings ratio, the stock has traded at an average price-to-earnings ratio of 8.0 over the last six years. We view this valuation level as fair for this highly cyclical stock. Matador is trading at a price-to-earnings ratio of 7.5. If it trades at its fair valuation level in five years, it will enjoy a 1.2% annualized valuation gain.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	---	---	---	---	---	---	3%	3%	10%	11%	***26%***	***26%***

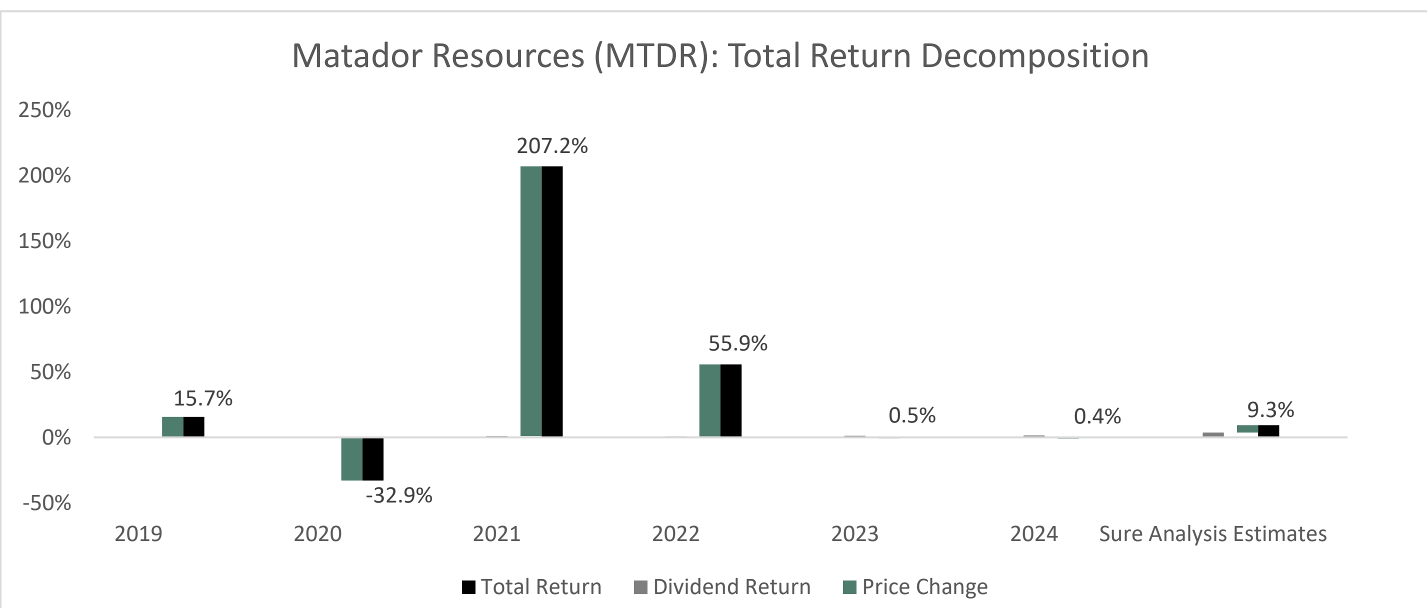
Matador initiated a dividend only in 2021 but it has grown its dividend at a fast pace since then. It just raised its dividend by 20% and thus it has raised its dividend 7 times in the last 4 years. Matador also earned an upgrade in its credit rating from Fitch, from BB- to BB, in May 2025 thanks to strong business execution and its high-quality properties.

However, the company has a somewhat weak balance sheet, with net debt of $5.1 billion or 96% of the market cap of the stock. While this amount of debt is easily manageable under normal business conditions, it is likely to burden the company in the event of a downturn. Matador is inevitably vulnerable to the downturns of the energy sector, as its earnings are extremely sensitive to the prices of oil and natural gas. Consequently, the stock is not suitable for income-oriented investors. It is suitable only for investors with a strong conviction for higher oil and gas prices in the future.

Final Thoughts & Recommendation

The stock of Matador has declined 31% in the last 12 months due to a sharp decline in the price of oil and disappointing guidance for the production level in 2026. However, we expect the company to grow its production significantly in the upcoming years. The stock could offer a 9.3% average annual return over the next five years thanks to 5% growth of earnings-per-share, its 3.5% dividend and a 1.2% potential valuation tailwind. The stock receives a hold rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	280	296	539	832	1,028	855	1,862	3,197	2,818	3,479
Gross Profit	7	69	221	365	360	219	1,089	2,014	1,331	1,536
Gross Margin	2.4%	23.1%	41.1%	43.9%	35.0%	25.6%	58.5%	63.0%	47.2%	44.2%
SG&A Exp.	50	55	66	69	80	63	96	116	110	127
D&A Exp.	180	123	179	267	352	364	347	469	721	980
Operating Profit	(41)	13	155	296	280	156	992	1,898	1,220	1,409
Op. Margin	-14.6%	4.5%	28.8%	35.6%	27.2%	18.3%	53.3%	59.4%	43.3%	40.5%
Net Profit	(680)	(97)	138	300	123	(554)	641	1,286	910	971
Net Margin	-243%	-32.7%	25.6%	36.0%	12.0%	-64.7%	34.4%	40.2%	32.3%	27.9%
Free Cash Flow	(289)	(320)	(521)	(915)	(374)	(303)	320	971	318	280
Income Tax	(147)	(1)	(8)	(8)	36	(46)	75	399	186	292

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,141	1,465	2,146	3,456	4,070	3,687	4,411	5,585	7,765	10,920
Cash & Equivalents	61	214	102	84	65	91	87	547	106	95
Acc. Receivable	34	54	133	130	163	120	213	406	438	592
Inventories	2	3	6	18	11	11	12	15	42	38
Total Liabilities	652	773	888	1,676	2,100	2,174	2,283	2,268	3,637	5,462
Accounts Payable	11	5	12	67	25	14	26	59	68	147
Long-Term Debt	391	574	574	1,298	1,625	1,837	1,543	1,180	2,219	3,399
Total Equity	488	690	1,157	1,689	1,834	1,287	1,907	3,111	3,911	5,089
LTD/E Ratio	0.80	0.83	0.50	0.77	0.91	1.46	0.82	0.39	0.58	0.68

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	-52.7%	-7.5%	7.6%	10.7%	3.3%	-14.3%	15.8%	25.7%	13.6%	10.4%
Return on Equity	-100%	-16.4%	14.2%	19.7%	6.6%	-31.8%	35.2%	47.3%	24.5%	20.3%
ROIC	-65.1%	-9.0%	8.9%	12.2%	3.7%	-15.7%	18.1%	31.3%	16.7%	12.7%
Shares Out.	82	91	103	114	117	116	119	120	120	125
Revenue/Share	3.44	3.25	5.26	7.32	8.78	7.37	15.63	26.61	23.48	28.04
FCF/Share	(3.54)	(3.50)	(5.08)	(8.05)	(3.19)	(2.61)	2.68	8.08	2.65	2.26

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.