



Matador Resources (MTDR)

Updated March 3rd, 2026, by Aristofanis Papadatos

Key Metrics

Current Price:	\$54	5 Year CAGR Estimate:	4.4%	Market Cap:	\$6.7 B
Fair Value Price:	\$46	5 Year Growth Estimate:	5.0%	Ex-Dividend Date:	2/27/26
% Fair Value:	118%	5 Year Valuation Multiple Estimate:	-3.3%	Dividend Payment Date:	3/10/26
Dividend Yield:	2.8%	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 \$6.7 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 ~211,000 barrels per day. Nevertheless, Matador is highly sensitive to the dramatic cycles of the prices of oil and natural gas.

On February 24th, 2026, Matador reported results for the fourth quarter of 2025. It grew its output 1% sequentially, to a new all-time high of 211,290 barrels per day, exceeding its guidance by 2%. However, the price of oil decreased due to fast-rising global inventories, as OPEC is restoring its output aggressively. As a result, earnings-per-share fell -36%, from \$1.36 to \$0.87, though they exceeded analysts' estimates by \$0.11. Matador has beaten the analysts' estimates for 20 consecutive quarters. This is certainly an impressive streak, which confirms the sustained business momentum of the company. Matador provided decent guidance for 2026, expecting 3% growth of production. Moreover, if the current crisis in Iran disrupts oil supply for an extended period, it will provide a strong tailwind to the results of Matador.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-\$1.07	\$1.23	\$2.41	\$0.75	-\$5.11	\$4.91	\$10.11	\$6.77	\$7.48	\$5.76	\$5.70	\$7.27
DPS	---	---	---	---	---	\$0.13	\$0.30	\$0.65	\$0.85	\$1.31	\$1.50	\$1.92
Shares¹	91	103	114	117	116	119	120	120	125	124	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 more than 20% 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. Matador grew its reserves 9% in 2025 thanks to a reserve replacement ratio of 175%. This certainly bodes well for future growth.

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.

¹ In millions.

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Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Now	2031
Avg. P/E	---	20.1	12.2	23.1	---	6.2	5.4	8.2	7.8	8.2	9.5	8.0
Avg. Yld.	---	---	---	---	---	0.4%	0.5%	1.2%	1.5%	2.8%	2.8%	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 seven years. We view this valuation level as fair for this cyclical stock. Matador is trading at a price-to-earnings ratio of 9.5. If it trades at its fair valuation level in five years, it will incur a -3.3% annualized valuation drag.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	---	---	---	---	---	3%	3%	10%	11%	23%	26%	26%

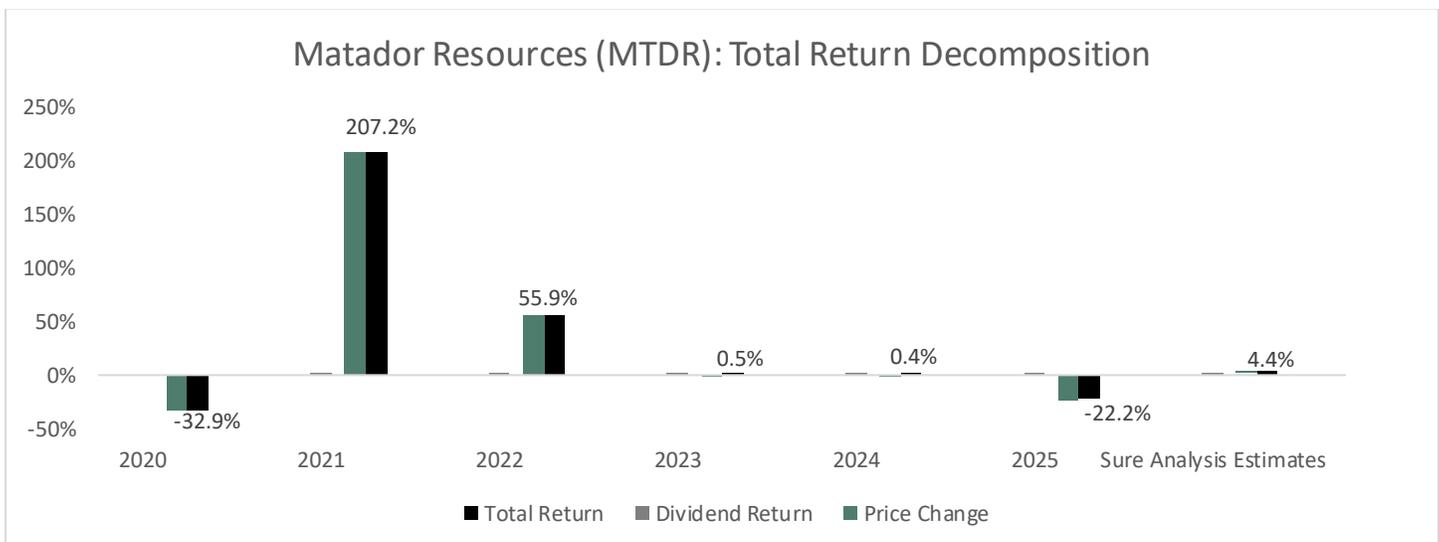
Matador initiated a dividend only in 2021 but it has grown its dividend at a fast pace since then. It raised its dividend by 20% last year and thus it has raised its dividend 7 times in the last 5 years. Matador also earned an upgrade in its credit rating from Fitch, from BB- to BB, in May 2025, thanks to strong business execution and its high-quality properties.

However, the company has a somewhat weak balance sheet, with net debt of \$5.2 billion or 78% 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 surged 28% this year, partly due to the ongoing crisis in Iran, a major global oil producer. We expect the company to grow its production significantly in the upcoming years but the stock has become somewhat richly valued. The stock could offer a 4.4% average annual return over the next five years thanks to 5% growth of earnings-per-share and its 2.8% dividend, partly offset by a -3.3% valuation headwind. The stock receives a hold rating. If the crisis in Iran persists, the stock will have ample upside but geopolitical events are highly unpredictable.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue	296	539	832	1,028	855	1,862	3,197	2,818	3,479	3,657
Gross Profit	69	221	365	360	219	1,089	2,014	1,331	1,536	1,599
Gross Margin	23.1%	41.1%	43.9%	35.0%	25.6%	58.5%	63.0%	47.2%	44.2%	43.7%
SG&A Exp.	55	66	69	80	63	96	116	110	127	137
D&A Exp.	123	179	267	352	364	347	469	721	980	1,203
Operating Profit	13	155	296	280	156	992	1,898	1,220	1,409	1,187
Op. Margin	4.5%	28.8%	35.6%	27.2%	18.3%	53.3%	59.4%	43.3%	40.5%	32.5%
Net Profit	(97)	138	300	123	(554)	641	1,286	910	971	861
Net Margin	-32.7%	25.6%	36.0%	12.0%	-64.7%	34.4%	40.2%	32.3%	27.9%	23.5%
Free Cash Flow	(320)	(521)	(915)	(374)	(303)	320	971	318	280	242
Income Tax	(1)	(8)	(8)	36	(46)	75	399	186	292	173

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets	1,465	2,146	3,456	4,070	3,687	4,411	5,585	7,765	10,920	11,873
Cash & Equivalents	214	102	84	65	91	87	547	106	95	79
Acc. Receivable	54	133	130	163	120	213	406	438	592	426
Inventories	3	6	18	11	11	12	15	42	38	44
Total Liabilities	773	888	1,676	2,100	2,174	2,283	2,268	3,637	5,462	5,876
Accounts Payable	5	12	67	25	14	26	59	68	147	179
Long-Term Debt	574	574	1,298	1,625	1,837	1,543	1,180	2,219	3,399	3,482
Total Equity	690	1,157	1,689	1,834	1,287	1,907	3,111	3,911	5,089	5,658
LTD/E Ratio	0.83	0.50	0.77	0.91	1.46	0.82	0.39	0.58	0.68	0.63

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets	-7.5%	7.6%	10.7%	3.3%	-14.3%	15.8%	25.7%	13.6%	10.4%	7.6%
Return on Equity	-16.4%	14.2%	19.7%	6.6%	-31.8%	35.2%	47.3%	24.5%	20.3%	15.0%
ROIC	-9.0%	8.9%	12.2%	3.7%	-15.7%	18.1%	31.3%	16.7%	12.7%	9.3%
Shares Out.	91	103	114	117	116	119	120	120	125	125
Revenue/Share	3.25	5.26	7.32	8.78	7.37	15.63	26.61	23.48	28.04	29.35
FCF/Share	(3.50)	(5.08)	(8.05)	(3.19)	(2.61)	2.68	8.08	2.65	2.26	1.94

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

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