



## **Dana Gas reports a 150% increase in Net Profit in Q1 2019 to \$35 million (AED 128 mm)**

### **Highlights**

- 6% increase in group production to 68,700 boepd
- Reduction of \$10 million (AED 36 mm) in financing costs
- Incremental production from debottlenecking project in KRI contributed \$14 million
- Separate 20-year GSA signed with KRG for additional 250 MMscf/d; with production expected to commence in 2021
- Cash balance of \$442 million (AED 1.6 bn) before \$105 million dividend

**Sharjah, UAE; 6 May 2019:** Dana Gas PJSC (“Company”), the Middle East’s largest regional private sector natural gas company, today announced its financial results for the first quarter ended 31 March 2019.

Net Profit was up 150% in Q1 2019, reaching \$35 million (AED 128 mm) as compared to \$14 million (AED 51mm) in Q1 2018. The higher Net Profit was principally due to an increase in KRI production which added \$14 million and offset the impact of lower production in Egypt and lower realised prices. Furthermore, a saving of \$10 million of Sukuk profit payments was recognised during the quarter following the successful Sukuk restructuring and buyback programme.

Revenue remained flat at \$119 million (AED 436 mm) as compared to \$120 million (AED 440 mm) in Q1 2018 despite the decline in realised prices and production decline in Egypt, which was offset by a significant increase in output in KRI.

### **Dr Patrick Allman-Ward, CEO of Dana Gas, commented:**

*“We have started the year as we left off in 2018 with a strong operational focus and good financial results. Our revenues and cash-flow are robust and we more than doubled our net profit to \$35 million this quarter. Operationally, we have signed a 20-year gas sales agreement with the KRI which enables us to go-ahead with our expansion plans to increase our production from the current 400 to 650 MMscf/d by 2021. In Egypt, we are moving ahead with plans to spud the high-impact, offshore Merak well, which holds a potential 4 to 6 Tcf of gas and if successful will be a ‘game-changer’ for the Company.”*

**Production & Operations** Group production in Q1 averaged 68,700 boepd, a 6% increase as compared with 65,000 boepd in Q1 2018. The first quarter production increase was led by the KRI, which leapt 24% to 32,750 boepd from 26,300 in Q1 2018, as a result of the debottlenecking project.



The Company continues to pursue its short and mid-term growth projects. In Egypt, Dana Gas contracted for a drillship to drill the high-impact multi-Tcf Merak well, Block 6, offshore Egypt. The well is set to spud in May, and drilling should take around 60-days and so results should be known in the third quarter 2019.

In the KRI, Pearl Petroleum, the company consortium led by Dana Gas and Crescent Petroleum, signed a new 20-year Gas Sales Agreement in February to allow Pearl Petroleum to go-ahead with its expansion plan, that will add a further 250 MMscf/d, or c. 60%, to the consortium's output; and will provide feedstock to boost much needed domestic electricity generation. The first gas train is due to come on-stream in 2021 and is part of the \$800 million expansion plans underway to ultimately raise production to 900 MMscf/d by 2022. Pearl Petroleum is also undertaking a multi-well drilling programme at the Khor Mor and Chemchemal Fields.

### **Sukuk, Liquidity and Collections**

In early 2019, the Company completed the buyback of \$133 million of Sukuk. The buyback has reduced the size of the Sukuk from \$530 million to \$397 million. The Company has satisfied the commitment to buyback \$100 million of Sukuk following the consensual restructuring of the Sukuk in 2018 and has also met the threshold amount of outstanding Sukuk which allows the Company to continue to pay the Sukuk profit rate at 4% per annum rather than increase to 6% per annum.

With regard to collections, in the KRI, the Company billed \$40 million and the full amount has been paid. In Egypt the Company billed \$30 million and collected \$21 million. The receivable position in Egypt has crept up slightly to \$149 million from \$140 million as at 31 December 2018.

At their last meeting Shareholders approved a cash dividend for the second year in a row. This 5.5 fils dividend is a 10% increase on last year's dividend and will be distributed by mid-May.

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### **About Dana Gas**

Dana Gas is the Middle East's first and largest regional private sector natural gas Company established in December 2005 with a public listing on the Abu Dhabi Securities Exchange (ADX). It has exploration and production assets in Egypt, Kurdistan Region of Iraq (KRI) and UAE, with 2P reserves exceeding one billion boe and average production of 68,700 boepd in Q1 2019. With sizeable assets in Egypt, KRI and the UAE, and further plans for expansion, Dana Gas is playing an important role in the rapidly growing natural gas sector of the Middle East, North Africa and South Asia (MENASA) region. Visit: [www.danagas.com](http://www.danagas.com)



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