



9M 2018 Gross Profit up 31% to \$113 million (AED413 mm)

9M 2018 net profit at \$41million (AED149 mm) vs net loss of \$6 million (AED22 mm) in 9M 2017 on a like-for-like basis

Sharjah, UAE; 14 November 2018: Dana Gas PJSC (the “Company”), the Middle East’s largest regional private sector natural gas company, today announced its financial results for the third quarter ended 30 September 2018.

Highlights

- 9M 2018 revenue up 6% to \$351 million (AED1,287 mm) on higher prices
- Completed Sukuk restructuring; \$235 million payment to Sukuk holders
- Executed \$100 million (nominal) buyback of Sukuk subsequent to period end
- Finalised KRI debottlenecking project targeting an output increase of up to 25%
- Completed Balsam-8 ahead of schedule and under budget; adding over 5000 boepd

Financial Results For 9M & Q3 2018

The Company’s 9M 2018 revenue increased 6% to \$351 million (AED1,287 mm) from \$330 million (AED1,210 mm) over the same period last year. Correspondingly, Q3 2018 revenue increased 6% to \$115 million (AED422 mm) from \$108 million (AED396 mm). The increase in revenue, driven by higher realised hydrocarbon prices, helped offset production decreases in Egypt and the UAE.

Gross profit for 9M 2018 was 31% higher at \$113 million (AED413 mm), compared to \$86 million (AED316 mm) in the corresponding period last year, driven by improved price realisations.

The Company’s 9M 2018 net profit was \$41 million (AED149 mm) versus \$125 million (AED458 mm) in 9M 2017. However, 2017 net profit included one-off income (non-cash) arising from entitlement adjustments (\$114 million; AED418 mm) following settlement with the Kurdistan Regional Government (“KRG”) and interest on overdue receivables due from the KRG (\$17 million; AED62 mm). Excluding these one-off items, net profit was \$41 million (AED149 mm) in 9M 2018 as compared to a net loss of \$6 million (AED22 mm) in 9M 2017.

The Company’s Q3 2018 net profit was \$17 million (AED61 mm) versus \$102 million (AED375 mm) in Q3 2017. Similar to 9M, Q3 2017 net profit included one-off income arising from the same entitlement adjustment (\$91 million; AED333 mm) and interest on overdue receivables (\$5 million; AED18 mm). Excluding these one-off items, net profit was \$17 million (AED61 mm) in Q3 2018 as compared to \$6 million (AED22 mm) in Q3 2017.



Dr Patrick Allman-Ward, CEO of Dana Gas, said:

“Our robust financial results for 9M 2018 again reflects excellent performance. We posted a net profit of \$41 million as opposed to a \$6 million adjusted net loss in 2017. In the KRI, we are celebrating our 10th anniversary of operations in-country and the successful execution of the debottlenecking project that is targeting a 25% boost to output. We have a 10- year gas sales agreement with the KRG to supply and sell these additional quantities of gas into the local market for power generation, which will further provide affordable and clean energy to underpin the region’s economic growth and additional revenues for Dana Gas.”

Liquidity and Collections

The Company’s cash position as of 30 September 2018 was \$434 million (AED1,591 mm) compared to \$608 million (AED2,229 mm) as of 31 December 2017. The decrease reflects the completion of the Sukuk restructuring, during which there was a \$235 million (AED861 mm) payment in respect of principal, accrued profit, consent fees and Adhoc committee cost. In addition, a dividend payment of \$95 million (AED348 mm) was made to shareholders in May.

The Group collected a total of \$197 million (AED722 mm) during the period with Egypt, KRI and UAE contributing \$111 million (AED407 mm), \$77 million (AED282 mm) and \$9 million (AED33 mm), respectively.

Subsequent to period end, the Company successfully bought back \$100 million (AED367 mm) of its Sukuk consistent with the terms of the agreed Sukuk refinancing programme, reducing the outstanding Sukuk to \$430 million (AED1,576 mm). This buyback will save the Company an additional \$4 million (AED15 mm) in finance cost per annum. During 9M 2018, the Company reduced its finance costs by 44% to \$31 million (AED114 mm) from \$55 million (AED202 mm) in the same period last year.

Production

Group production during 9M 2018 averaged 62,250 boepd versus 67,600 boepd in 9M 2017. The decrease was due to lower output from Egypt and the UAE. In Egypt, production during 9M 2018 averaged 34,500 boepd versus 39,600 boepd in 9M 2017. This decrease is attributed to natural well declines and reduced investment in drilling activity. Subsequent to period end, the Balsam 8 well was completed and tied in ahead of schedule and under budget adding over 5,000 boepd to the Company’s output. Preparations are on track to drill the Company’s first deepwater offshore exploration well in Egypt’s Block 6, with the drilling date set for the beginning of 2019. In the KRI, 9M 2018 average production was steady year-on-year at 25,800 boepd.

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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 67,600 boepd in 2017. 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

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