# Clean Energy For the MENA Region's Tomorrow



Dana Gas Investor Presentation

February 2015

### Forward Looking Statement



This presentation contains forward-looking statements which may be identified by their use of words like "plans," "expects," "will," "anticipates," "believes," "intends," "projects," "estimates" or other words of similar meaning. All statements that address expectations or projections about the future, including, but not limited to, statements about the strategy for growth, product development, market position, expenditures, and financial results, are forward looking statements.

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### **Presentation Outline**

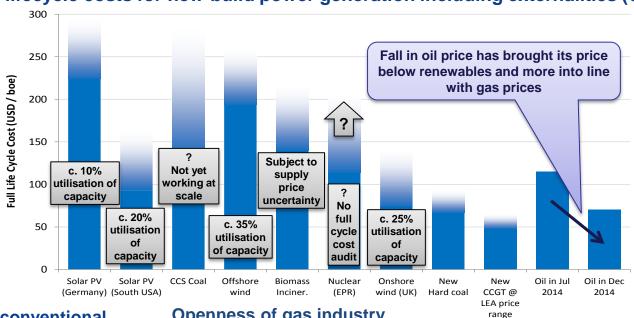


- Increasing role of gas in MENA
- Dana Gas Business Profile
- Country Operations Egypt, KRI and UAE
- Relative Valuations
- Summary

# Gas is the growth fuel of the 21st Century. It has strong environmental credentials, is cost competitive, is accessible and available in abundance



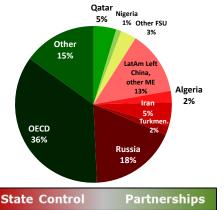
### Current full lifecycle costs for new-build power generation including externalities (USD per boe)



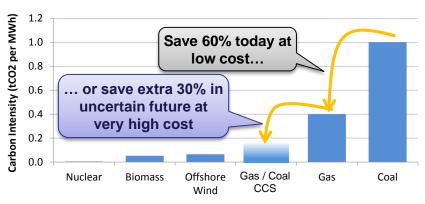
### Huge global conventional and unconventional gas resources



# Openness of gas industry % of 2013 gas production

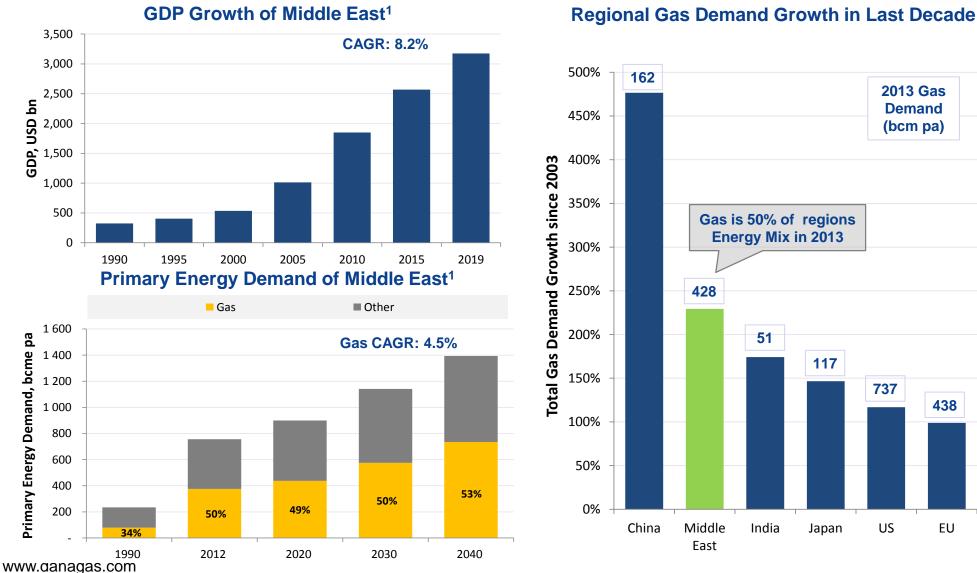


#### CO2 emissions of various fuels in power generation



Middle East gas demand is poised for continued growth as the region's population and economy grows in coming decades.

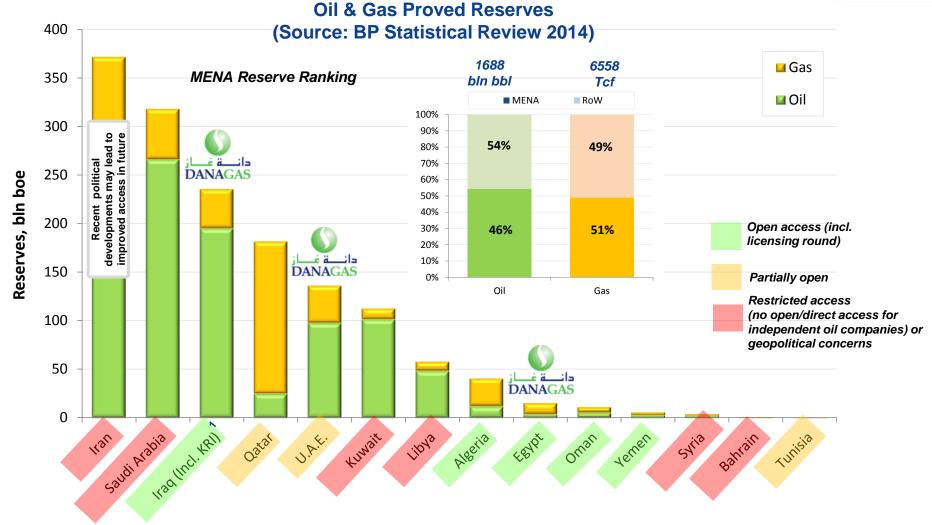




Source: IEA, IMF, BP Statistical Review 2014 5

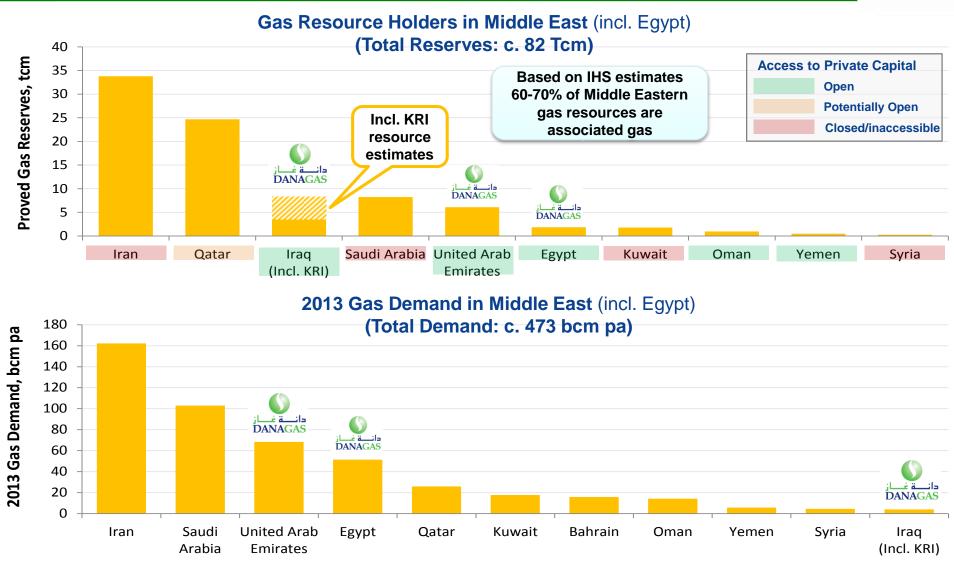
MENA region holds ca. 50% of global oil & gas reserves but with limited access. Dana Gas has established presence in both large resource plays and growth market with open access





### Dana gas as regional gas integrated player focused on matching resource with markets







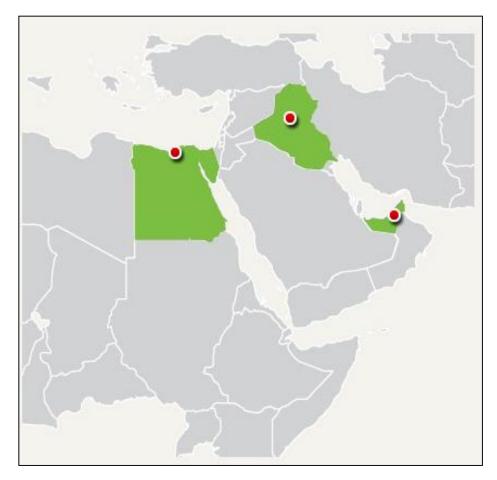
# **Dana Gas – Business Profile**

## Dana Gas: Independent E&P company listed on the ADX



- Dana Gas is a MENASA focused gas independent headquartered in the UAE
- Dana Gas is quoted in the Abu Dhabi
   Securities Exchange. Bloomberg: DANA:UH
- Shares outstanding: ca. 6960 million
   Market capitalisation: approx. \$ 890 million
   Enterprise value: \$ 1.435 billion
- Net Debt/(Cash)<sup>1</sup>: \$ 545 million (4Q 2014)
- Current Production: 68.9 kboepd (2014 YE)
- 2P Reserves<sup>2</sup>: 150 mmboe
- Strong Corporate Governance structure and a unique pan-MENA Board of Directors access to business opportunities in the world's largest hydrocarbon region

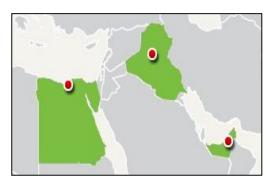
# Dana Gas is operating at the heart of the World's Largest Hydrocarbon region



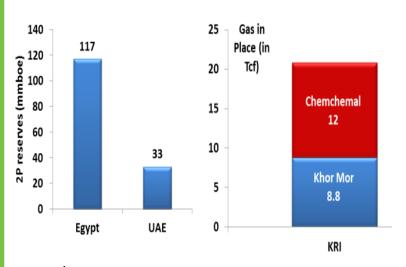
# Dana Gas works across the gas value chain addressing both domestic and export market needs in MENA region



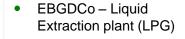
# Dana Gas is operating at the heart of the world's largest hydrocarbon bearing region



Reserve & Resources (YE 2013)

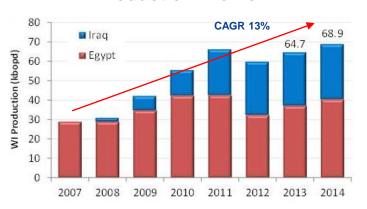


Mid Stream and Downstream assets in MENA



- UGTC & SajGas Gas Transportation and Processing
- 35% in Crescent Natural Gas Corporation Limited (CNGCL) – Gas marketing

**Production Profile** 

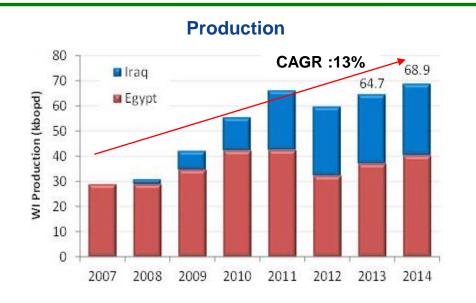


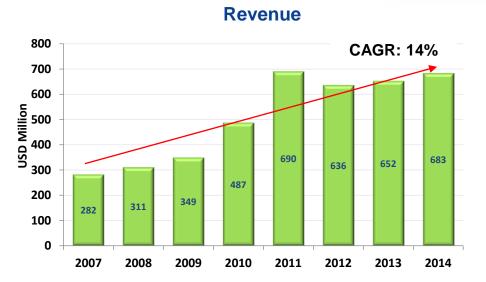
# Business Model across the gas value chain – Meeting energy needs of domestic and export markets



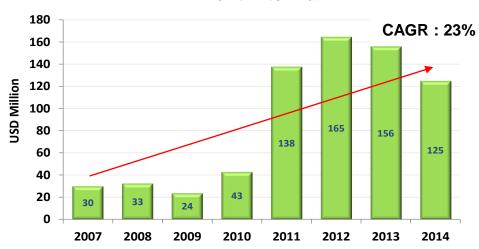
## Consistent growth, delivery and financial performance since 2007







#### **Profit After Tax**

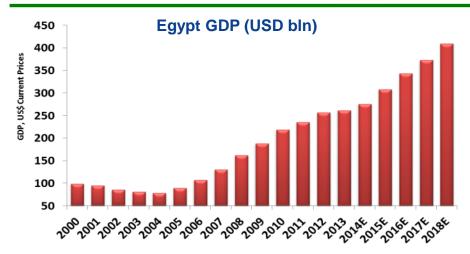




# **Dana Gas: Country Business Highlights**

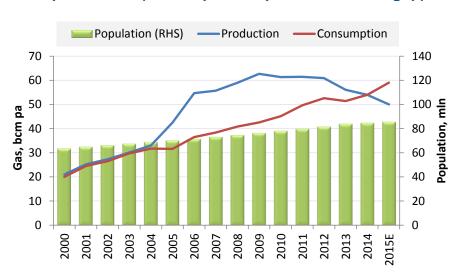
Despite a challenging business environment; Egypt gas fundamentals are robust. Dana Gas continuous to play a key role in increasing gas production in the core Nile Delta region



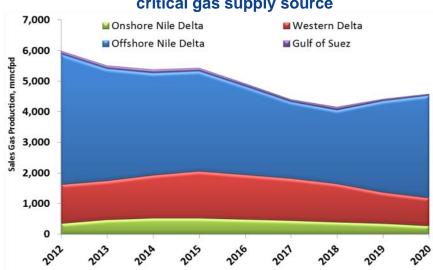


**Egypt Primary Energy Demand (mln toe pa)** 100 Primary Energy Demand (mIn toe pa) Other Renewables 90 Coal Hydro electric ■ Oil 70 Natural Gas 60 50 40 30 20 10 2005 2007 2003 200A 2006 2008 2009

Gas consumption in Egypt in 2015 expected to exceed production (LNG imports expected to fill the gap)

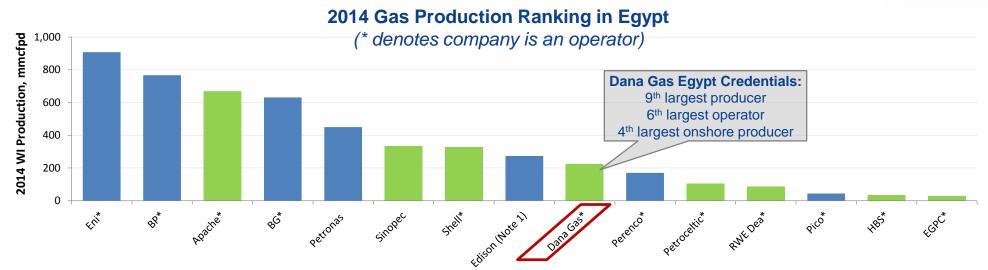


**Onshore Nile Delta steady and** critical gas supply source

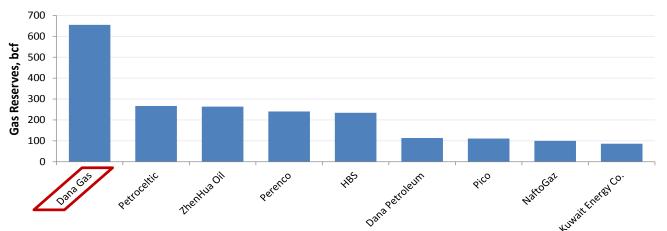


### Dana Gas is the 6<sup>th</sup> largest operator and 4<sup>th</sup> largest onshore producer in Egypt





**Gas Reserve Ranking of Independents in Egypt** 

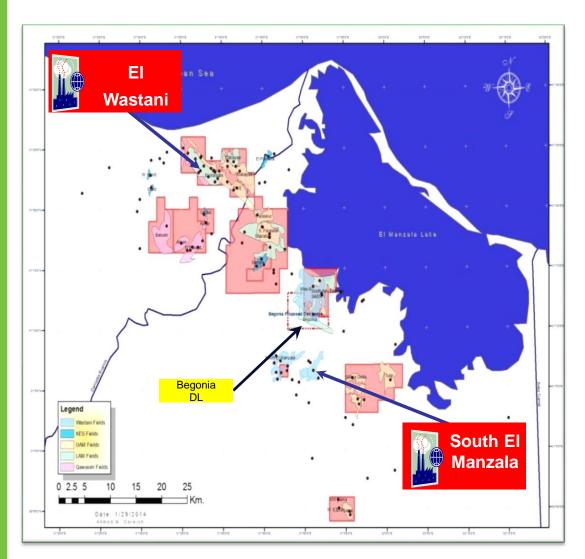


**EBGDCO LPG Plant** (Dana Gas holds 26.4% of the project)



## **Egypt: Nile Delta Operations**





### **Development Leases:**

Onshore acreage consisting of 13
Development Leases in the prolific Nile
Delta region.

One additional DL (Begonia) is expected to be approved before end of Q1/2015.

#### **Production:**

Q4 2014 avg. 37.9 kboepd is lower than Q3 production nevertheless full year production of 40.4 kboepd is above the 2013 average of 37,100 boepd.

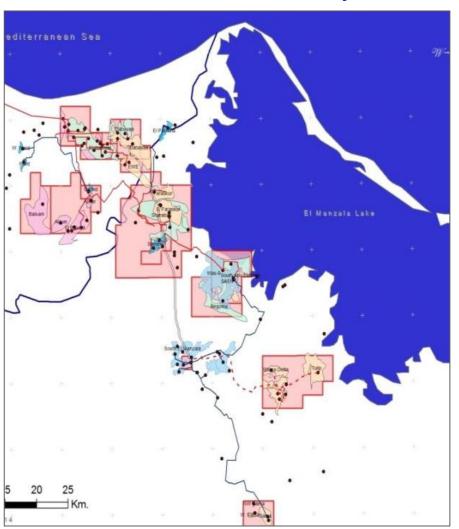
#### Commercial:

Ancillary agreements to the Gas
Production Enhancement Agreement
(GPEA) are expected to be approved this
month

# Gas Production Enhancement Agreement (GPEA) helps Egypt increase production while delivering long term value to Dana Gas



### **GPEA – Project Execution underway**

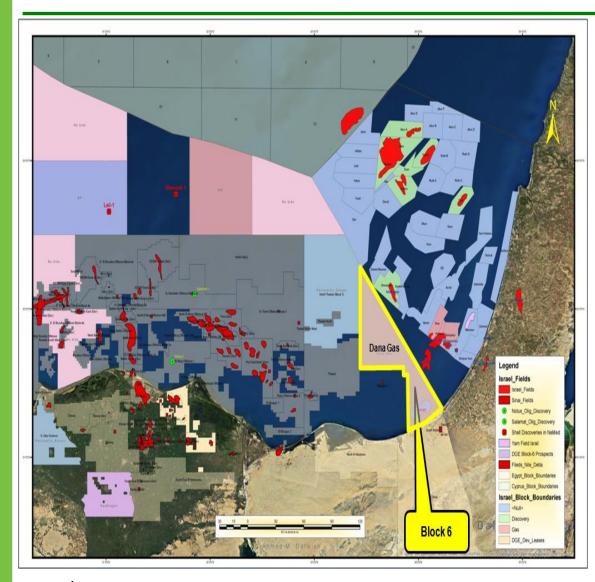


### Highlights:

- 3 rigs currently being secured for drilling start-up by end Q1/2015
- Current plan is to drill 10 wells and approximately 10 work-overs in 2015
- Extensive pipeline infrastructure upgrade underway to support drilling program

### Block 6 – North El Arish Offshore Opportunity



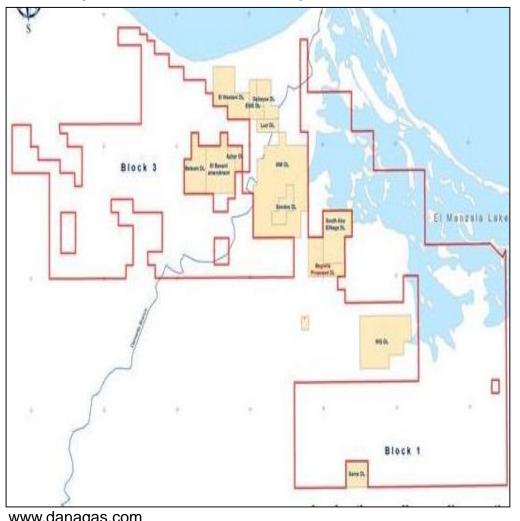


- G&G studies prior to commencing seismic acquisition in Q4-14 / Q2-15
- Environmental Impact Assessment ahead of seismic operations
- Seismic reprocessing of vintage 2D seismic data across the block Q4-14
- The initial seismic acquisition will consist of ~2000 LKM of 2D seismic to cover the deep water portion of the block where there is currently very limited seismic coverage

# Newly awarded exploration blocks in Nile Delta enables Dana Gas to build on its core area production and utilising existing infrastructure



Blocks 1 & 3 located adjacent to Dana Gas' prolific Nile Delta development leases



- Awarded the North El Salhiya (Block 1) and El Matariya (Block 3) onshore concessions in the Nile Delta in 2014 EGAS bidding round
- Block 1 (100% WI) is an extension of the company's successful conventional business
- Block 3 (50% WI), BP as the operator as 50:50 partner. Opportunity to target deeper, high-potential Oligocene play which is proven and tested in offshore Nile Delta by BP & BG
- BP and Dana Gas in discussions on possible joint participation in some of Dana Gas's adjacent Development Leases linked to exploration success in Block 3

## Operations in Kurdistan Region of Iraq

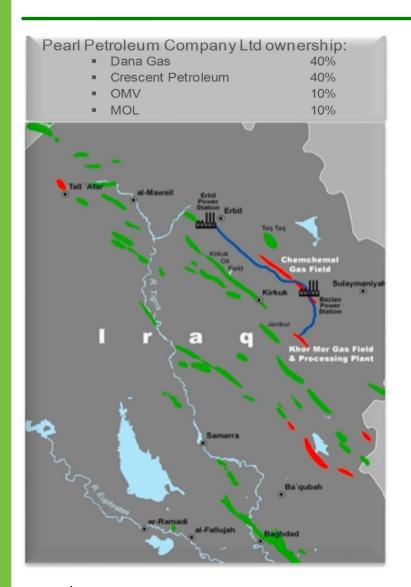




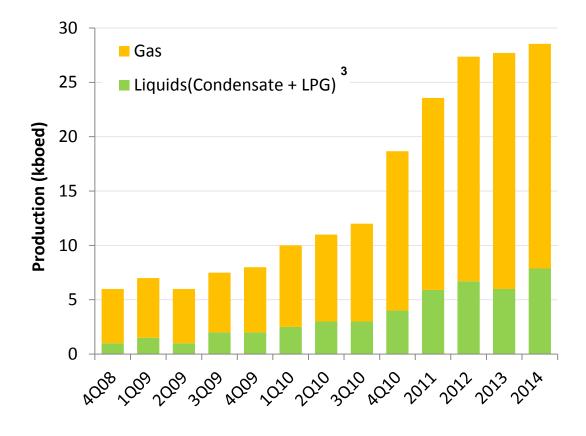
- DG share of production (40%) averaged 28,400 boepd during 4Q 2014:
  - > 119 MMscfd of natural gas
  - > 5,346 bbl/d of condensate
  - > 275 MT/d of LPG
- The Mol sieve beds for both Kor Mor plant trains have been replaced.
- Production of LPG increased from 514 MT/D in 3Q 2014 to 688 MT/D in 4Q 2014; which represents an increase of 34%
- All liquids continue to be sold in the domestic market.

## Rich gas and condensate producer with strong growth track record





#### **Khor Mor Field Production, Dana Gas net share (40%)**

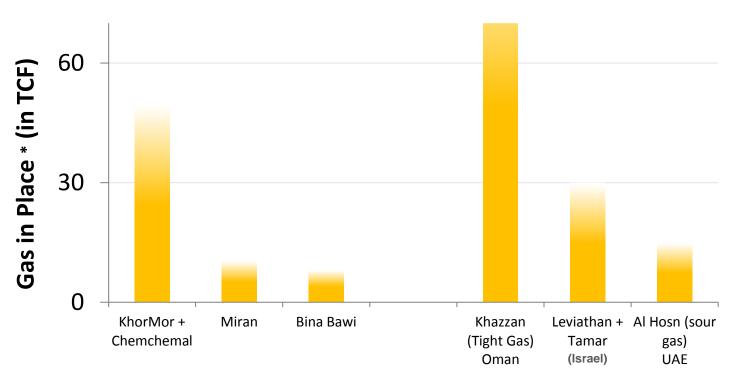


# Khor Mor and Chemchemal are potentially largest gas fields in the KRI and comparable to large scale gas developments in the region



### Large Gas Developments in MENA

(Source: Company disclosure)



**Kurdistan Gas Fields** 

**Key MENA gas fields** under development

<sup>\*</sup> Excludes associated liquid and oil upsides

## **UAE: Zora Project Update**





- Overall project progress is in line with plans for first gas in 1H 2015 with a capacity of 40 mmscfd (6,650 boepd)
- Offshore Pipeline 90% complete
- Offshore platform jacket complete and installation is planned for February 2015.
- Topsides Construction Progress is 64%
- Onshore plant 60% complete.
- Drilling planned to start April 2015.

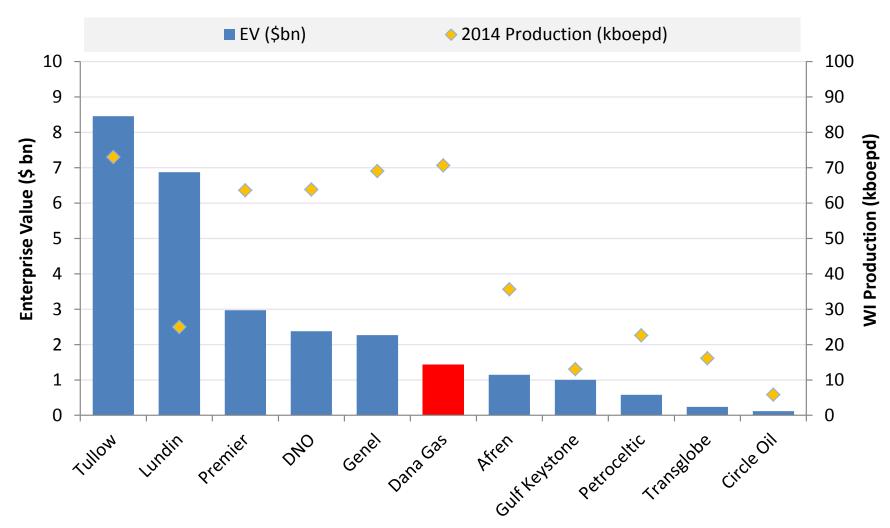


# **Dana Gas: Relative Valuations**

## EV and Production valuation relative to peers

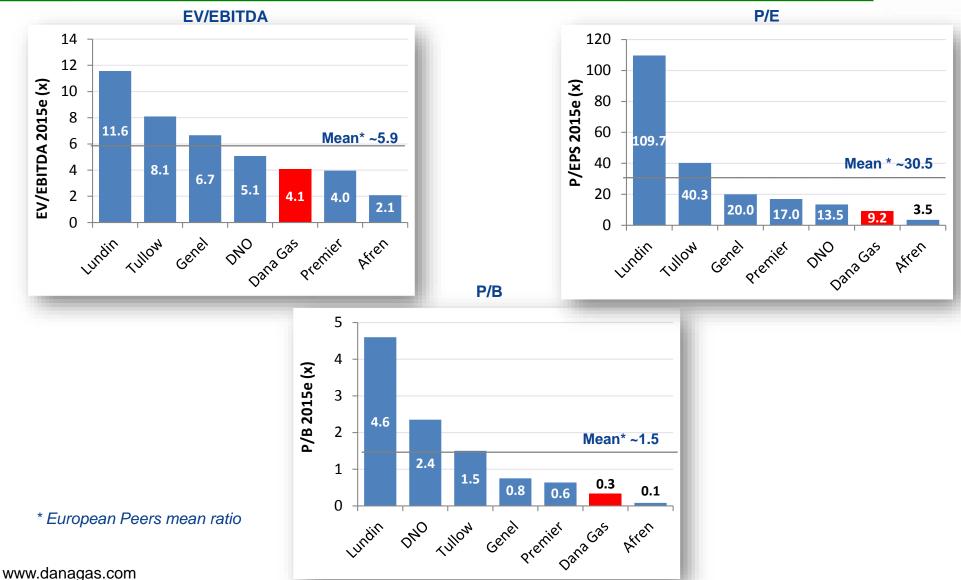


### **Enterprise Value vs. Production (2014E)**



# Significantly undervalued relative to peers

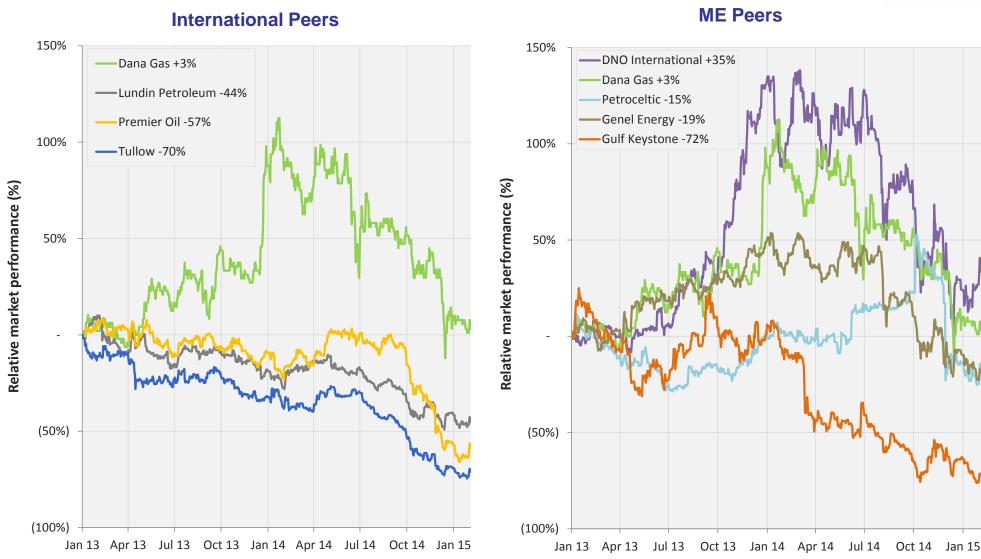




Source: Bloomberg Consensus

# Dana Gas has mostly outperformed International and Middle Eastern (ME) peers since Jan 2013





www.danagas.com

Source: Bloomberg 26



# **Summary**

# Summary



- It has been a difficult operating environment for all of the reasons that have been identified and yet Dana Gas has continued to deliver excellent operating and financial results
  - > This speaks to the quality of our assets, both geological, physical and our staff
- Production has significantly increased (6%) as have revenues despite the significant downturn in oil prices in the second half of 2014
- In Egypt, collections were the highest since our operations began in 2007. In the KRI local sales restarted a revenue stream to cover
  both local costs and to contribute towards corporate commitments. However, despite the collections in Egypt and the KRI overall
  receivables increased to \$ 979 million
- The GPEA in Egypt has put in place a mechanism that allows the Company to recover its receivables gradually through time and to extract the maximum value out of the assets for our shareholders
- Dana Gas and its Consortium partners continue to pursue multi-billion dollar claims in the arbitration against the KRG for breach of contractual commitments, which will be determined in a merits hearing that has been ordered by the Tribunal to take place the week of 20<sup>th</sup> April 2015.
- The Company has put considerable effort into its successful attempts to access opportunities with material growth potential and now
  has assets, which, in case of success, would be transformational for the Company
- A strong operational performance, our improving collections position and focus on lowering costs (Opex and G&A reduced by 17% and 12.5% respectively) on a year-on-year basis has resulted in a stronger balance sheet
- Altogether we are proud of the achievements we have made in 2014 and the contribution we have made to enhancing shareholder value and the quality of life of the communities in which we operate
- Dana Gas is now in a strong position to make significant strides in becoming the largest independent regional E&P company and to generate long-term value for its shareholders



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