

# Clean Energy For the MENA Region's Tomorrow



Dana Gas Investors Presentation

September 2015

# Forward Looking Statement

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*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

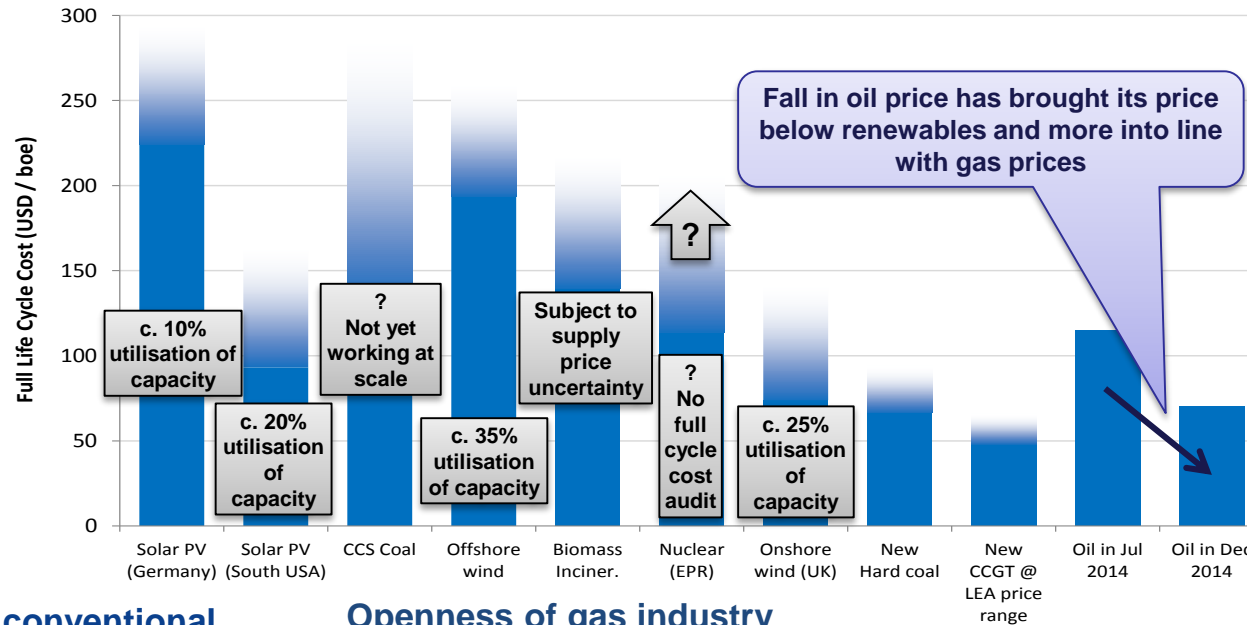
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- Increasing role of gas in MENA
- Dana Gas – Business Profile
- Country Operations – Egypt, KRI and UAE
- Valuation and Credit Metrics
- Summary

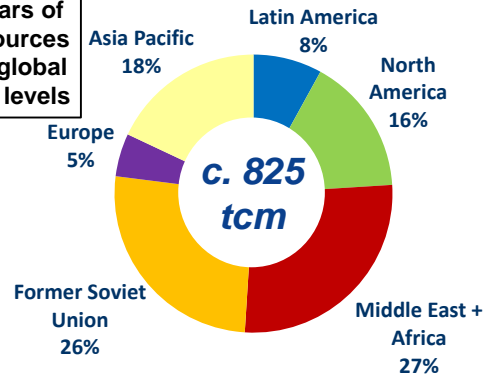
Gas is the growth fuel of the 21<sup>st</sup> Century. It has strong environmental credentials, is cost competitive, is accessible and available in abundance

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

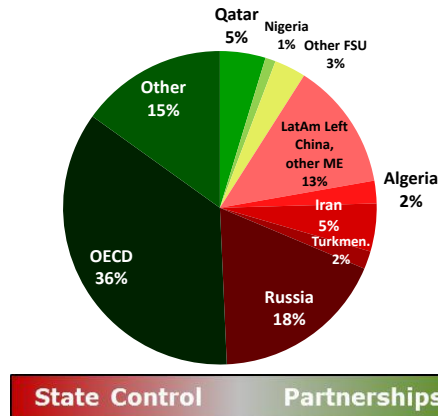


## Huge global conventional and unconventional gas resources

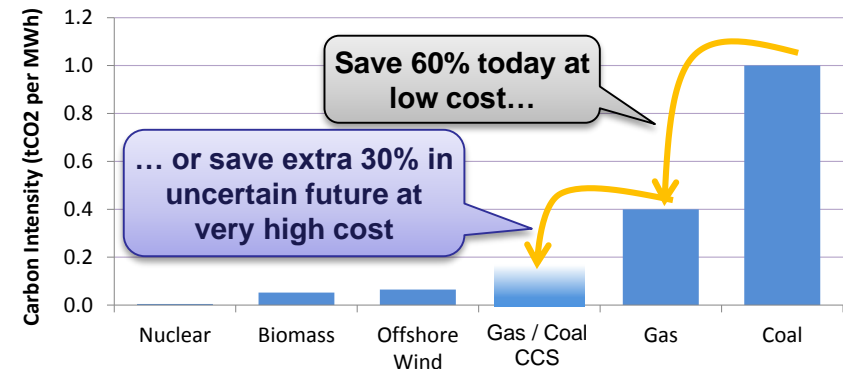
250+ years of gas resources at 2012 global demand levels



## Openness of gas industry % of 2013 gas production

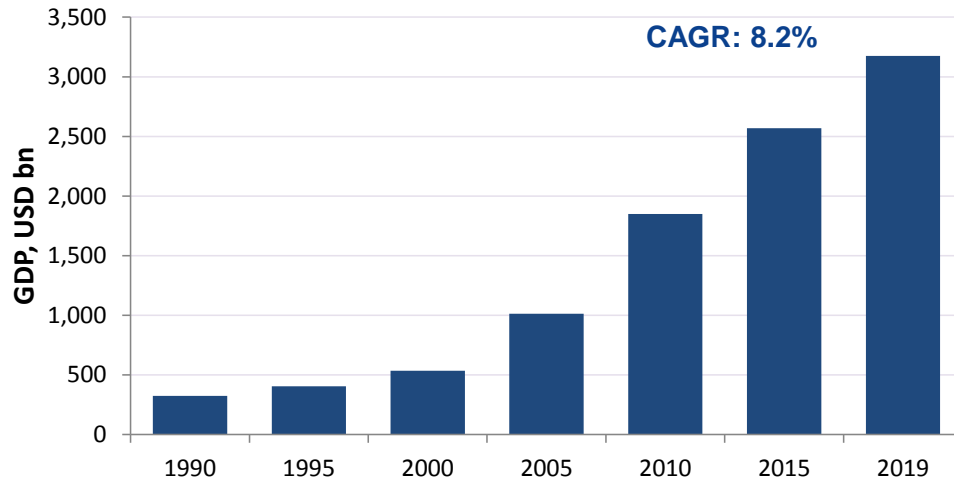


## CO2 emissions of various fuels in power generation

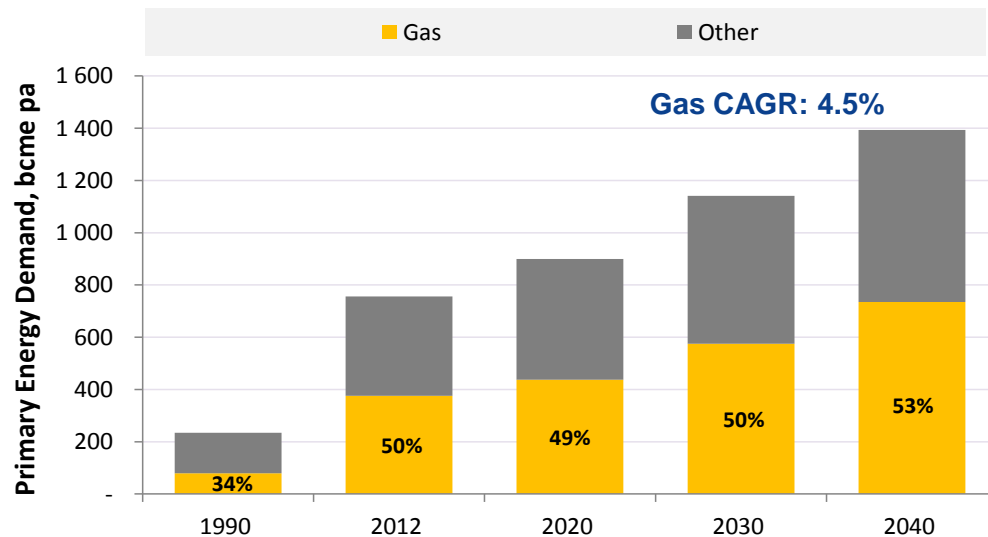


# Middle East gas demand is poised for continued growth as the region's population and economy grows in coming decades

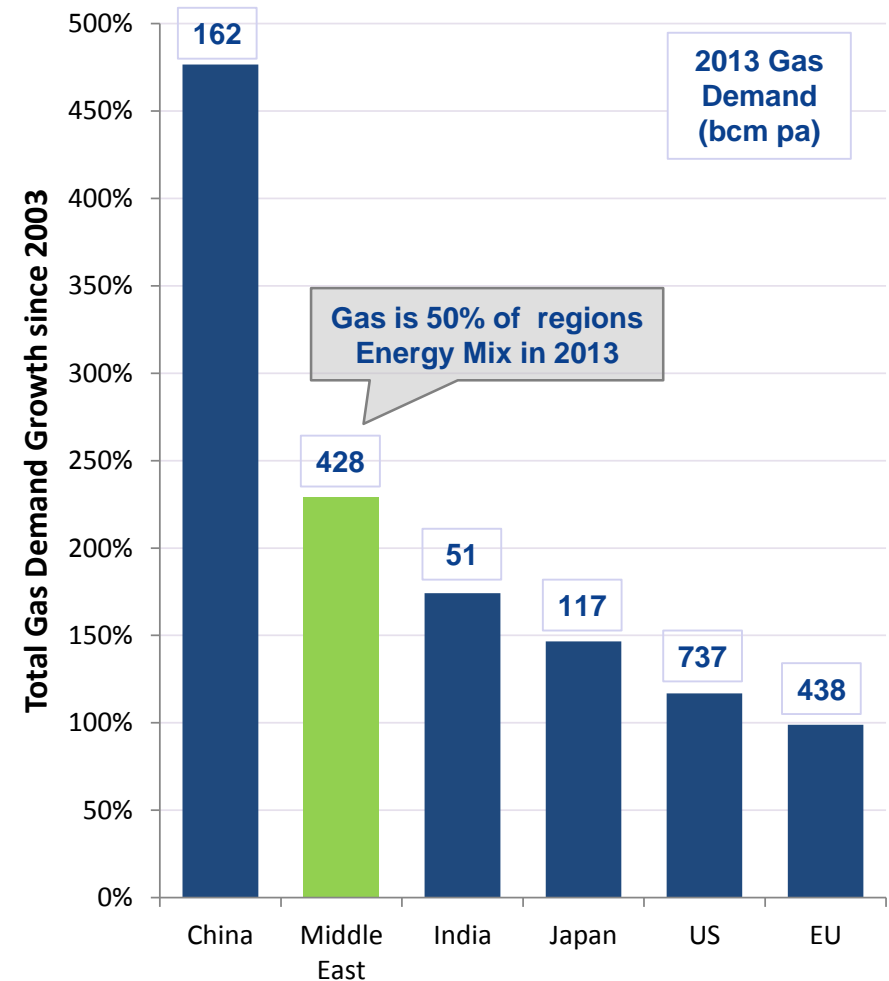
## GDP Growth of Middle East<sup>1</sup>



## Primary Energy Demand of Middle East<sup>1</sup>



## Regional Gas Demand Growth in Last Decade



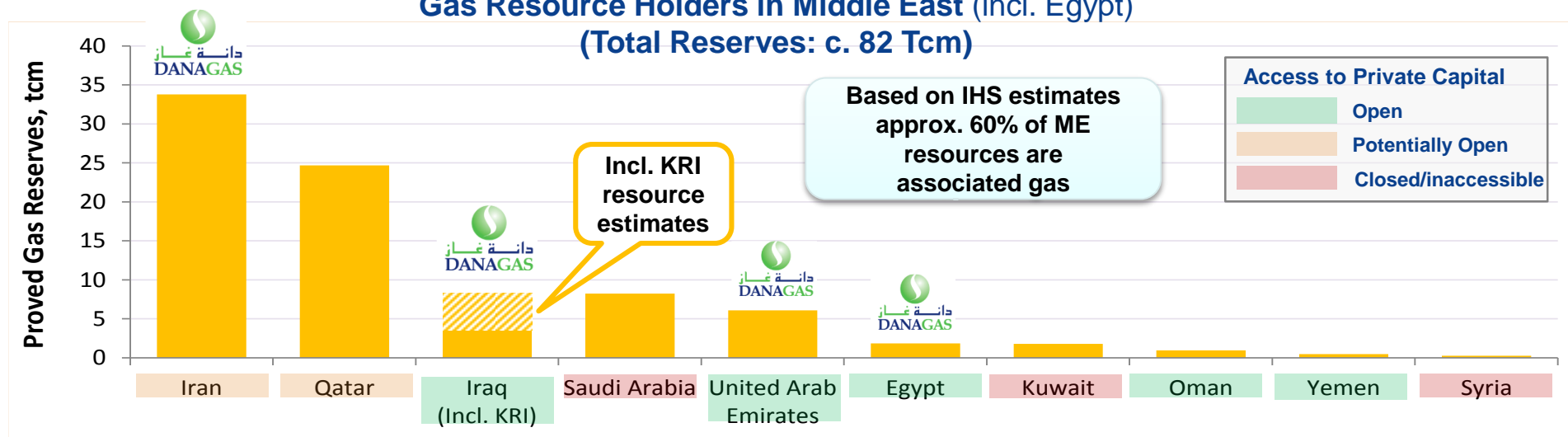
MENA region holds ca. 50% of global oil & gas reserves but with limited access.  
 Dana Gas has established presence in both large resource plays and growth market with open access

## Oil & Gas Proved Reserves (Source: BP Statistical Review 2014)

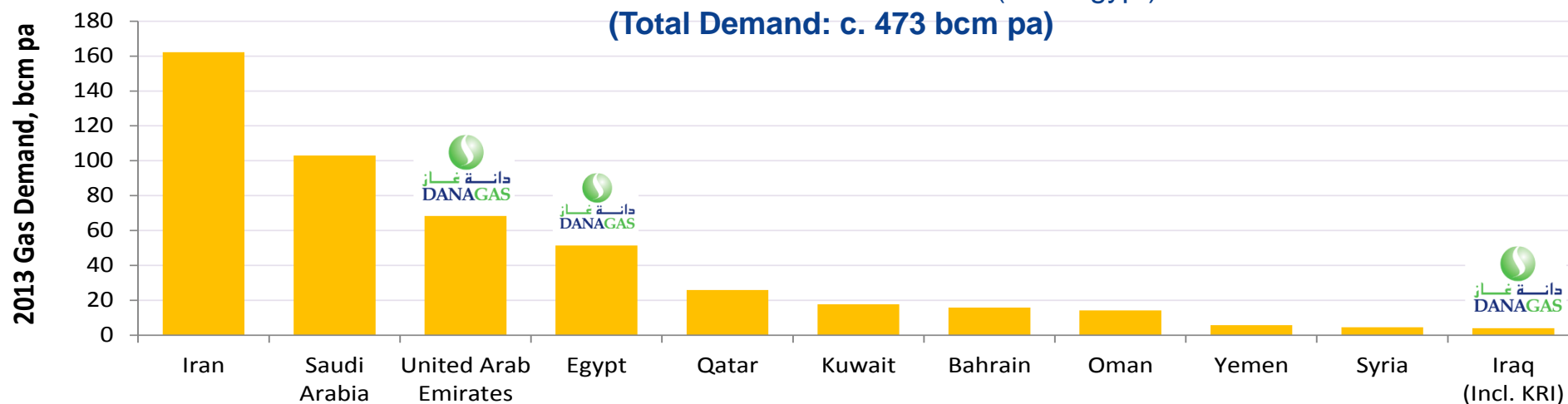


# Dana gas as regional gas integrated player focused on matching resource with markets

**Gas Resource Holders in Middle East (incl. Egypt)**  
(Total Reserves: c. 82 Tcm)



**2013 Gas Demand in Middle East (incl. Egypt)**  
(Total Demand: c. 473 bcm pa)



## 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: c. 6961 million  
Market capitalisation: approx. \$ 950 million  
Enterprise value: \$ 1.60 billion  
Average Daily Traded Volume: 15% of ADX
- Net Debt/(Cash)<sup>1</sup>: \$ 595 million (2015 H1)
- Current Production: 67,200 boepd (2015 H1)
- 2P Reserves<sup>2</sup> : 145 mmboe
- Strong Corporate Governance structure and a unique pan-MENA Board of Directors access to business opportunities in the world's largest hydrocarbon region

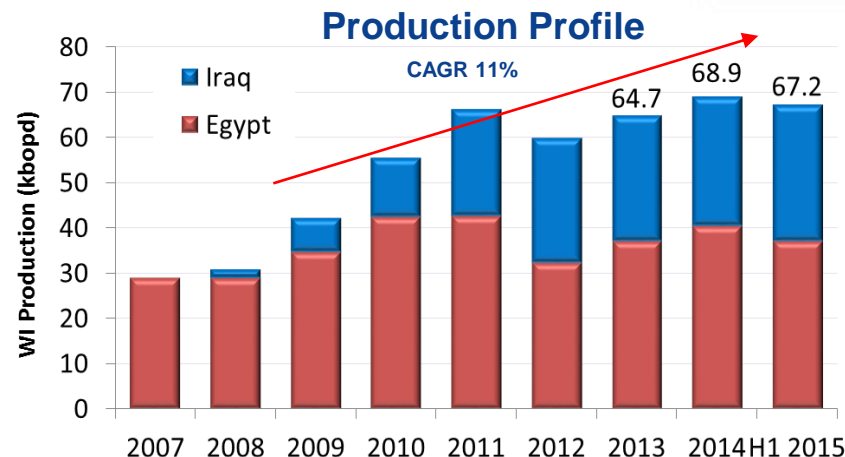
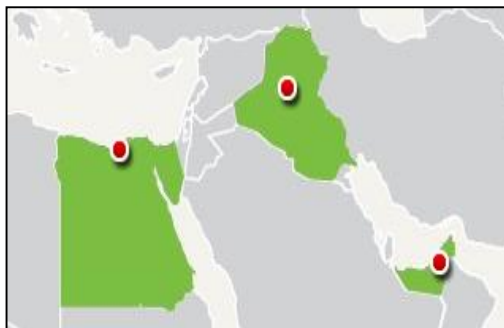
**Dana Gas is operating at the heart of the World's Largest Hydrocarbon region**



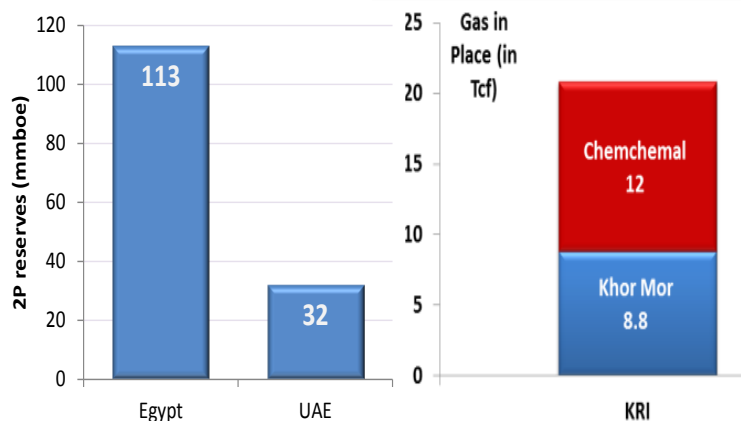
# Dana Gas works across the gas value chain addressing both domestic and export market needs in MENA region



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



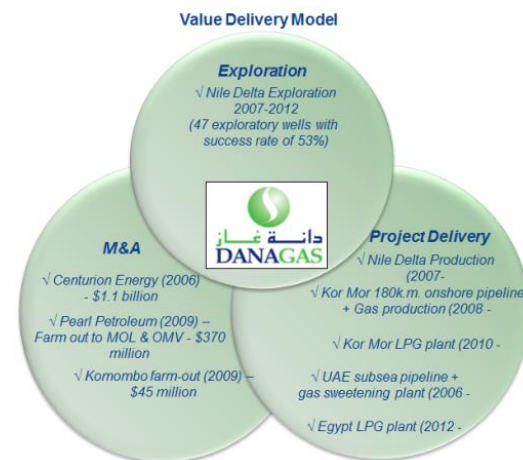
## Reserve & Resources (YE 2014)



## Mid Stream and Downstream assets in MENA

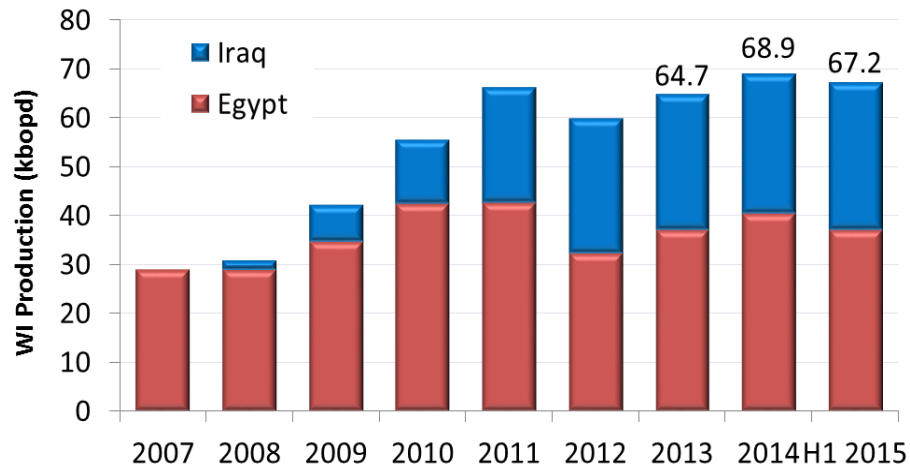
- EBGDCo – Liquid Extraction plant (LPG)
- UGTC & SajGas - Gas Transportation and Processing
- 35% in Crescent Natural Gas Corporation Limited (CNGCL) – Gas marketing

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

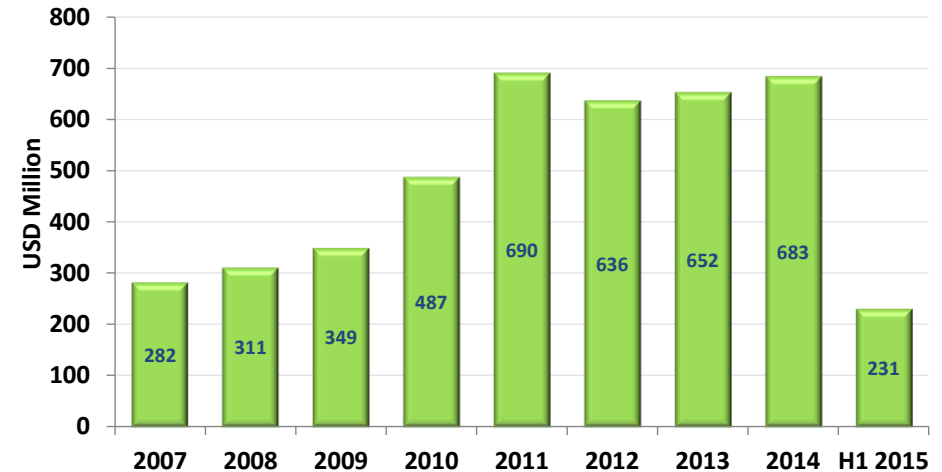


# Consistent growth, delivery and financial performance since 2007

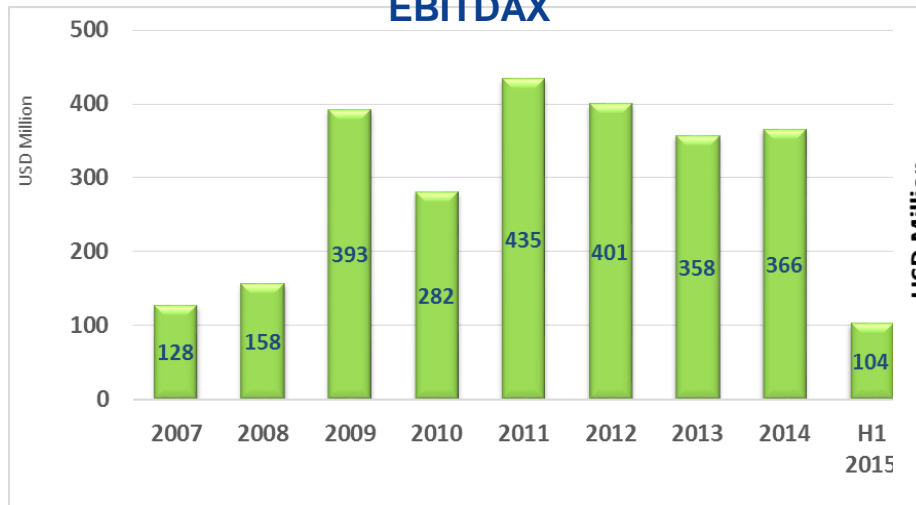
## Production



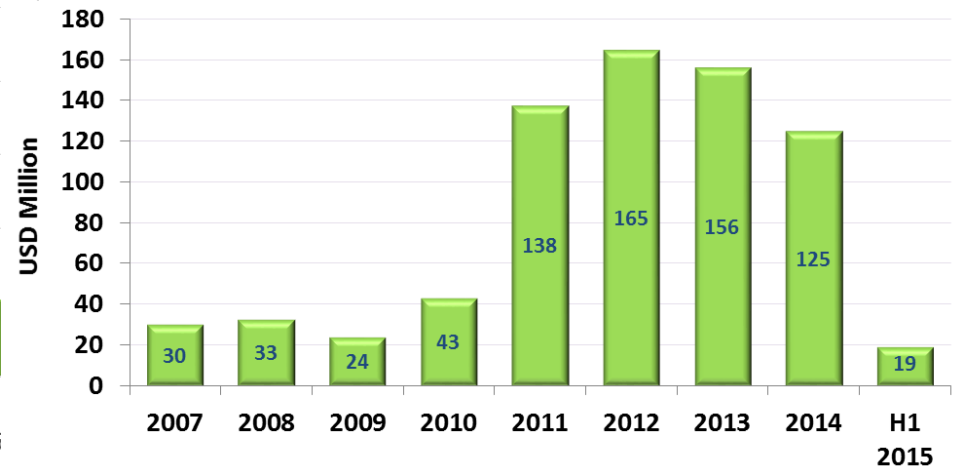
## Revenue



## EBITDAX



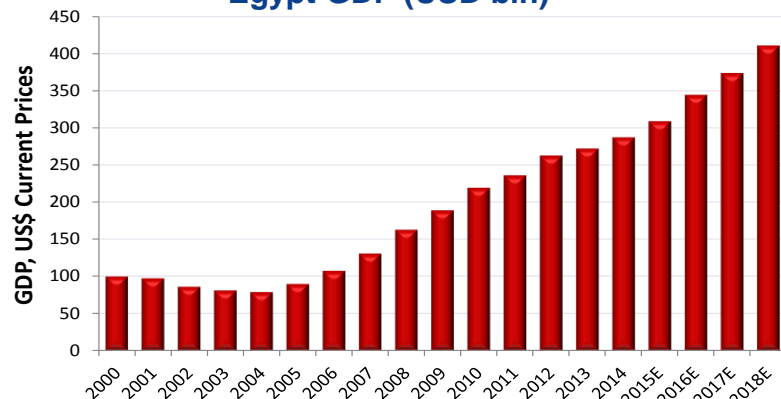
## Profit After Tax



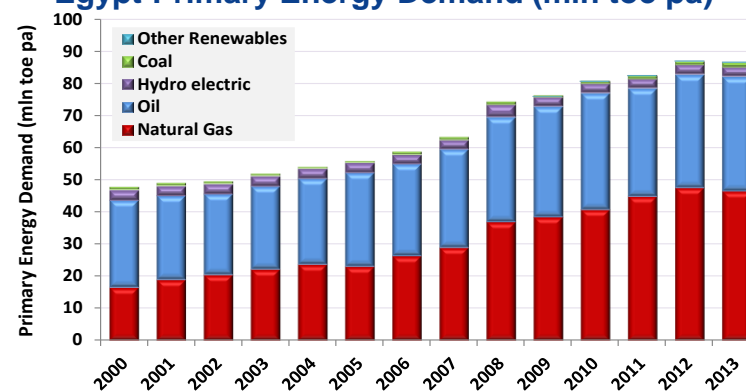
## **Dana Gas: Country Business Highlights**

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

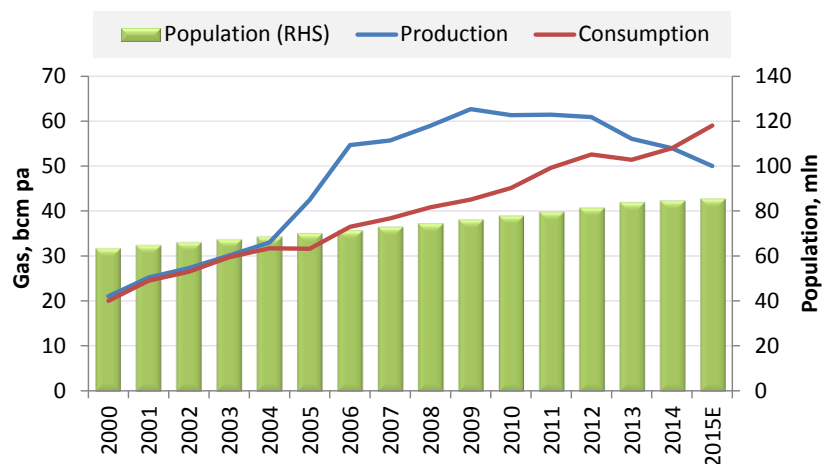
**Egypt GDP (USD bln)**



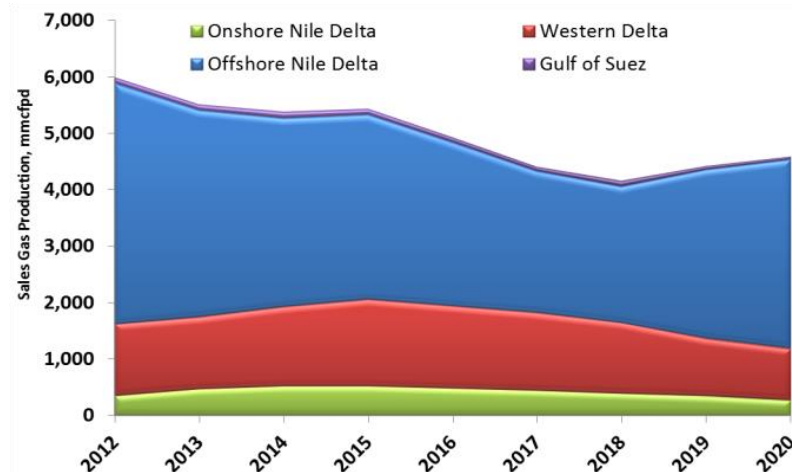
**Egypt Primary Energy Demand (mln toe pa)**



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



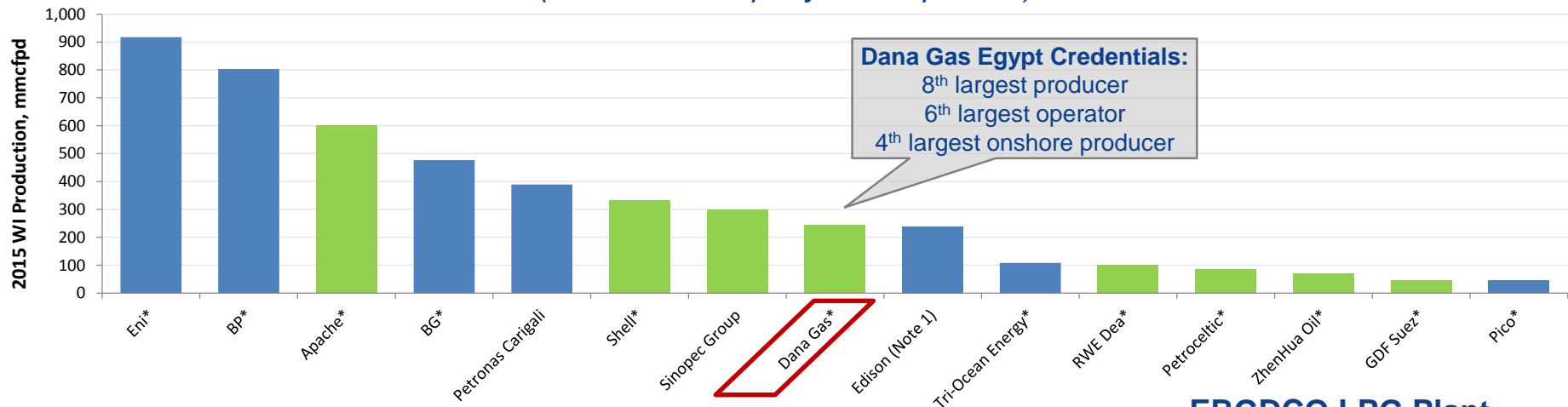
**Onshore Nile Delta steady and critical gas supply source**



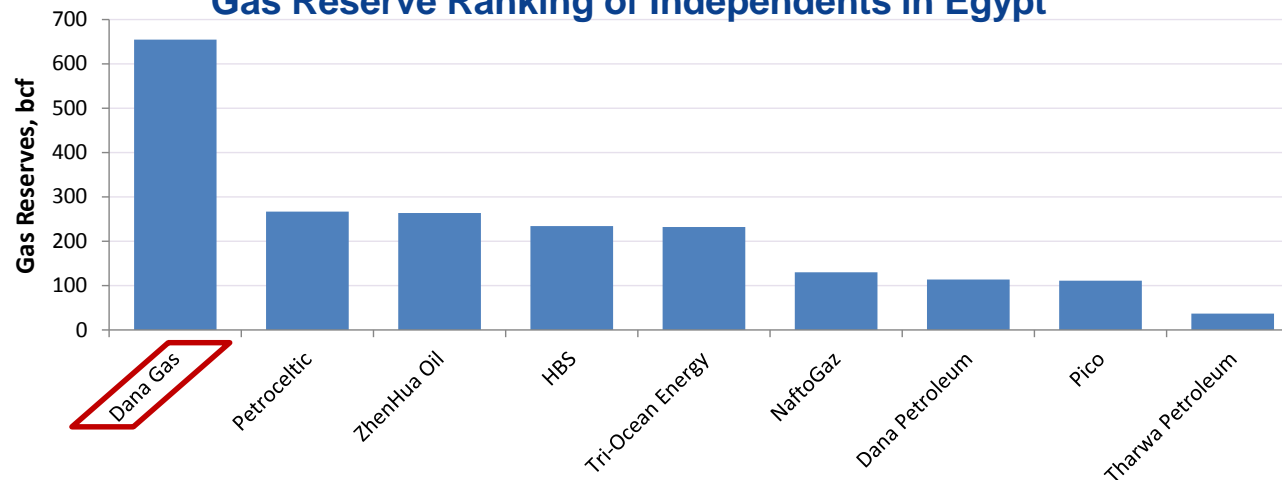
**EGPC official (April 2015): "Egypt will import around \$3.55 billion worth of liquefied natural gas (LNG) in the 2015-2016 financial year"**

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

## 2015e Gas Production Ranking in Egypt (\* denotes company is an operator)



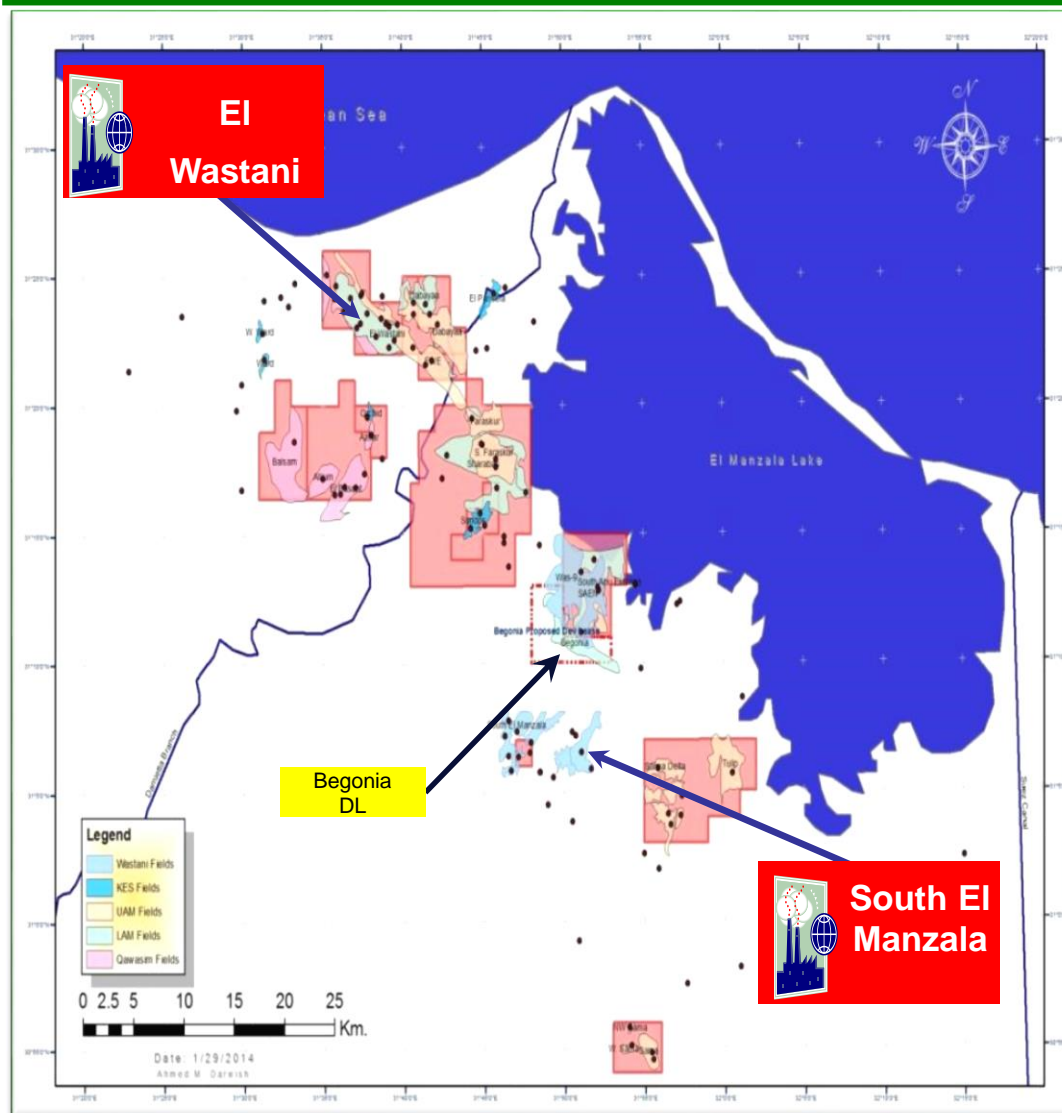
## Gas Reserve Ranking of Independents in Egypt



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



# Egypt: Nile Delta Operations



## Development Leases:

- Onshore acreage consisting of 14 Development Leases in the prolific Nile Delta region. Begonia, the most recently awarded lease, was approved in Jan-15

## Production:

- 2Q 2015 average of 35.01 kboe/d currently on a decline due to natural field decline. Trend to be reversed once tie-ins involving the laying of pipelines & well hook-ups associated with GPEA project are completed

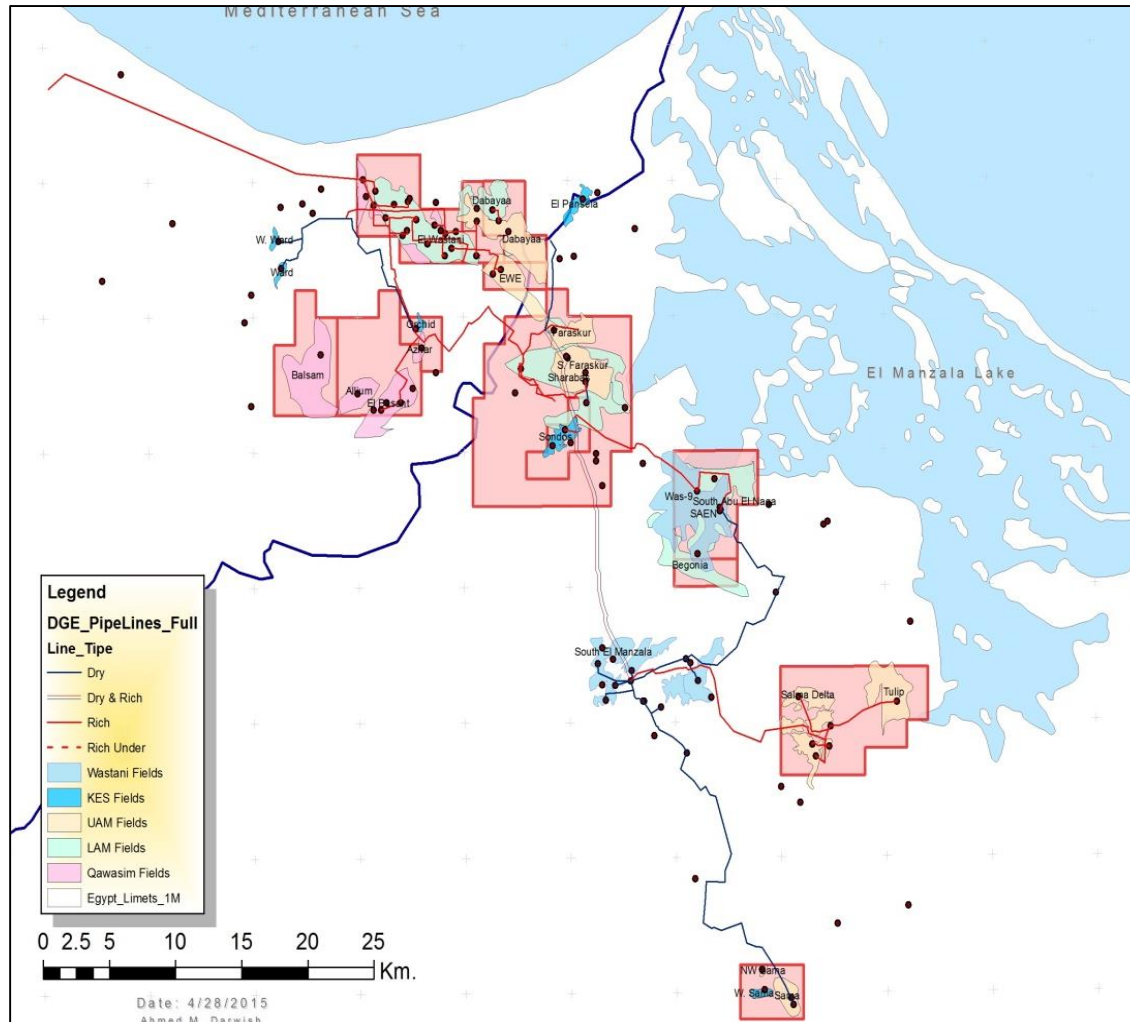
## Operations:

- Drilling of Balsam-2 and Balsam-3 wells are in progress with results due in 4Q 15
- Pilot hole completed on Balsam-2. On-prognosis results: 78 m of net pay in excellent quality reservoir in the primary Qawasim (QP2) objective; and 10.5 m net pay in the secondary QP1 objective



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

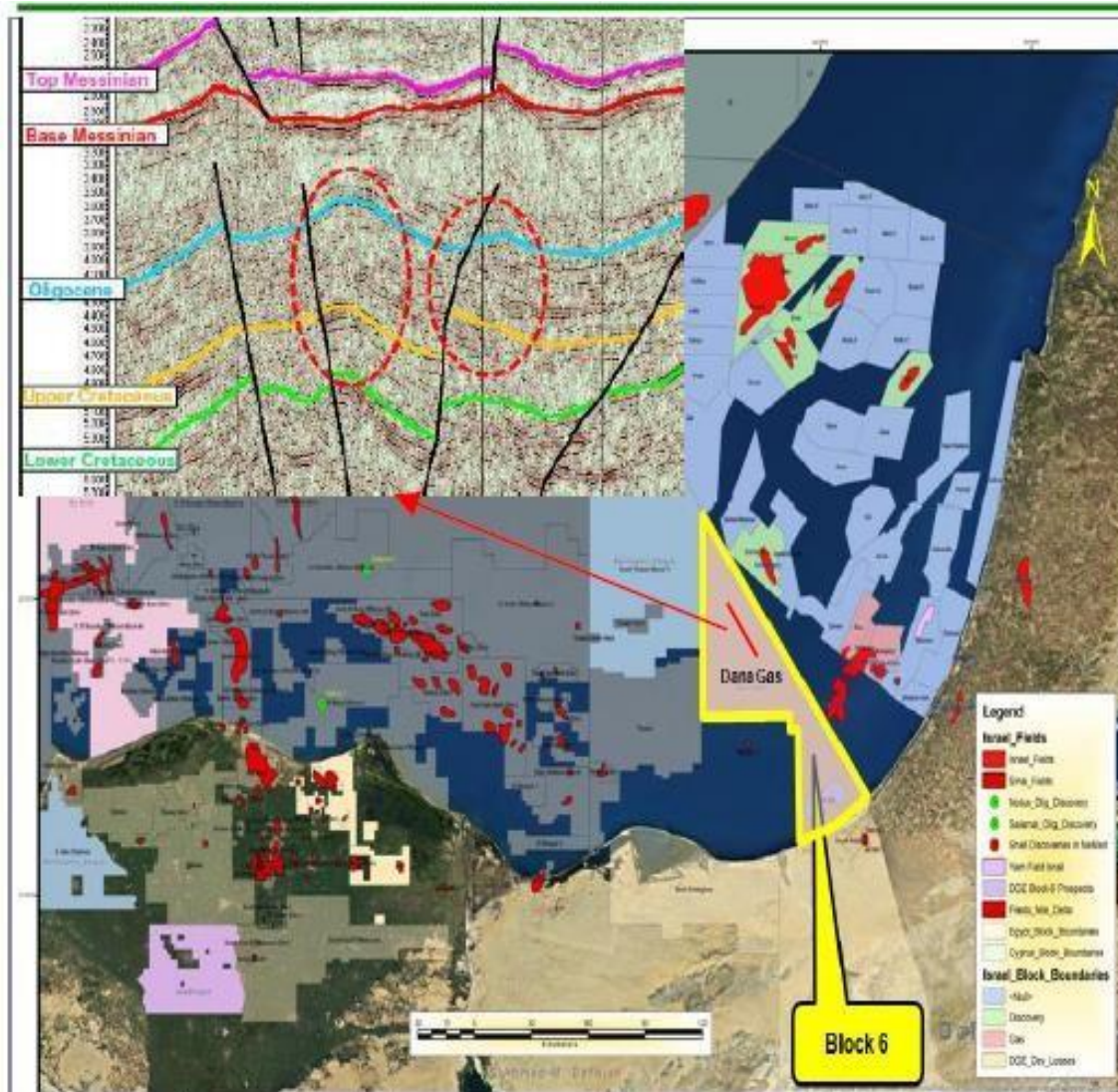
## Gas Enhancement Project – Execution Progress



- 3 drilling and workover rigs secured with spud dates during May/June
  - ✓ 650 HP workover – 14 activities planned, expected start date Sept / Oct 2015
  - ✓ 2000 HP rig - Balsam-2
  - ✓ 1500 HP rig - Balsam-3
- 130 km pipeline to tie new wells into DGE infrastructure
- Upgrade to DGE processing and export capacity from 200 to 250 MMscf/d to accommodate increased production from GPEA project in 2016.



## Block 6 – North El Arish Offshore Opportunity



- Integration of regional 2D multi- client seismic data into evaluation
- Environmental Impact Assessment completed
- Military approval in progress
- ~1750 sqkm of 3D seismic acquisition planned before end 2015, located over the deep-water portion of the block



# Operations in Kurdistan Region of Iraq



- Gross production averaged 75,540 boepd during 1H 2015 including:
  - Gas: 317 MMSCFD
  - Condensates: 14062 boepd
  - LPG: 737 MTD
- Dana Gas has a 40% WI
- Dana gas saw a 6% increase over 1H 2014 as a result of increased LPG production.
- All liquids continue to be sold in the domestic market since September 2014, resulting in cash flow



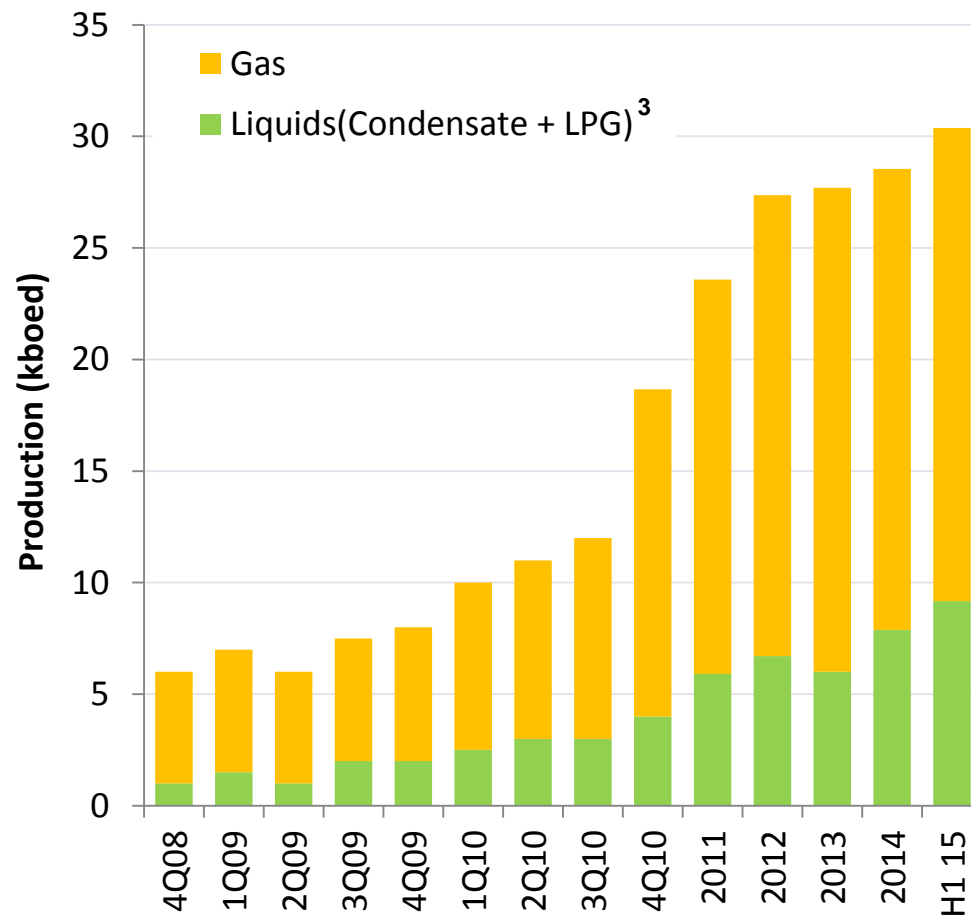
# Rich gas and condensate producer with strong growth track record

## Pearl Petroleum Company Ltd ownership:

▪ Dana Gas	40%
▪ Crescent Petroleum	40%
▪ OMV	10%
▪ MOL	10%

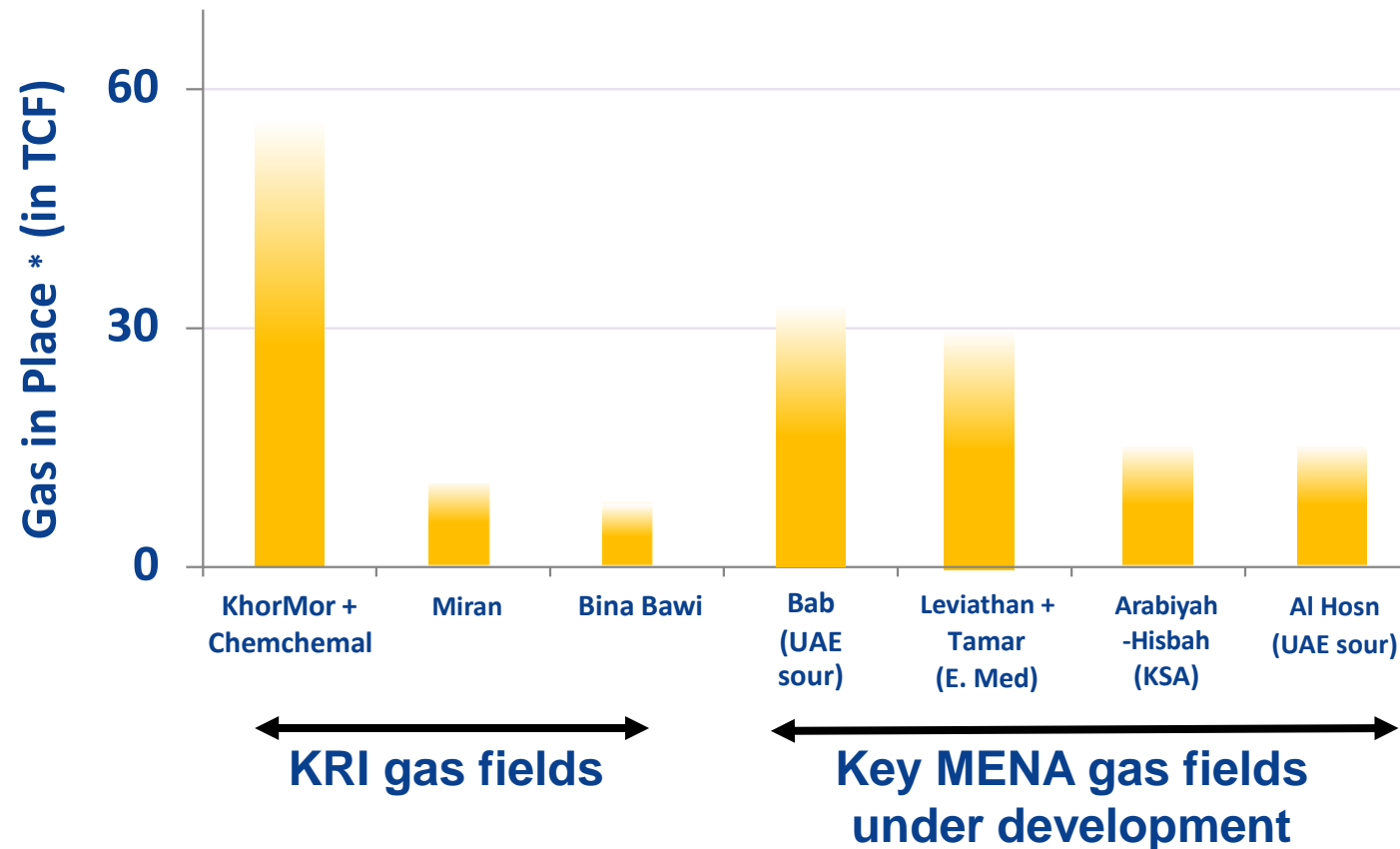


## Khor Mor Field Production, Dana Gas net share (40%)



Khor Mor and Chemchemical are world class assets: potentially largest gas fields in the KRI and comparable to some of the largest gas field developments in the region

### Some Large Gas Developments in MENA



## UAE: Zora Project Update



- Project plan for first gas in 2015 with a capacity of 40 mmscfd (6,650 boepd)
- Offshore Pipeline pre-commissioning complete
- Offshore Platform jacket installed
- Drilling complete and Well stimulation ongoing
- Topsides pre-commissioned
- Onshore plant pre-commissioning ongoing
- Project safety performance: Zero lost time incident

### Offshore Trenching for the Zora Gas Pipeline





# UAE: Zora Project Update



**Slug Catcher  
Being Positioned**



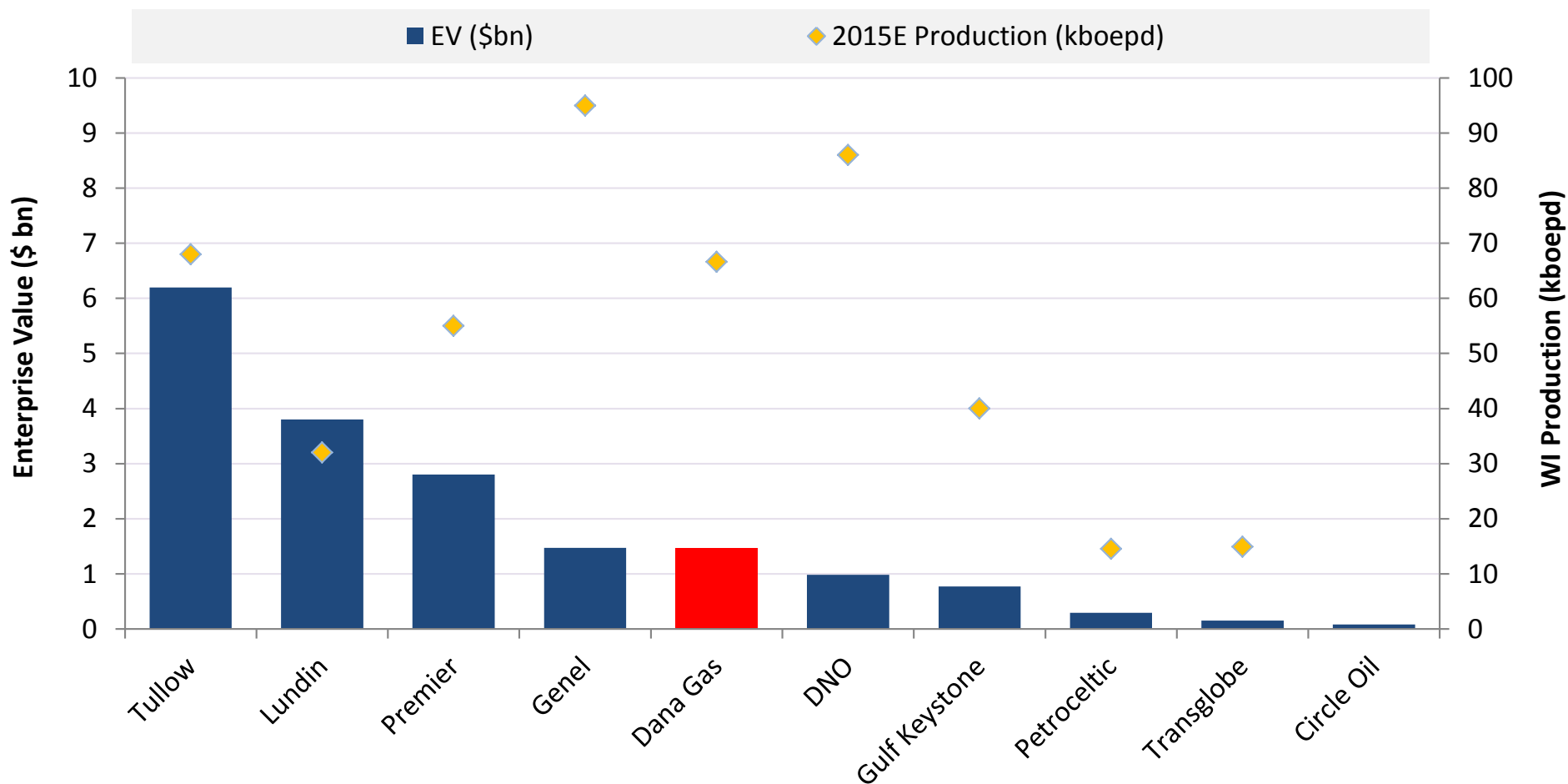
**Onshore Gas  
Plant  
Construction**



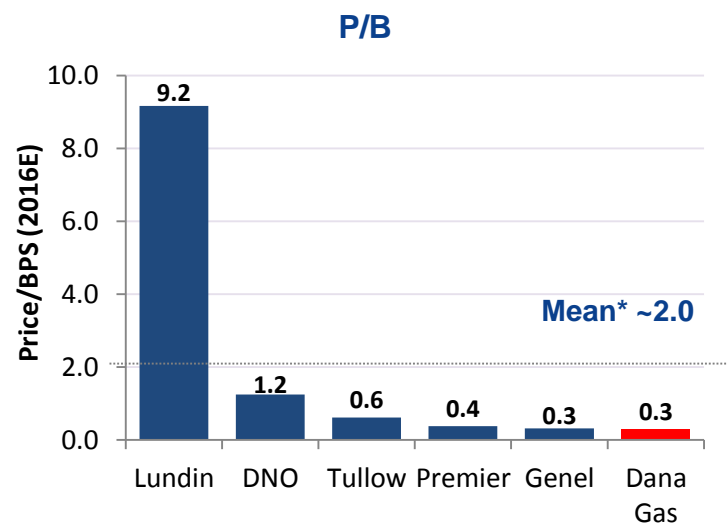
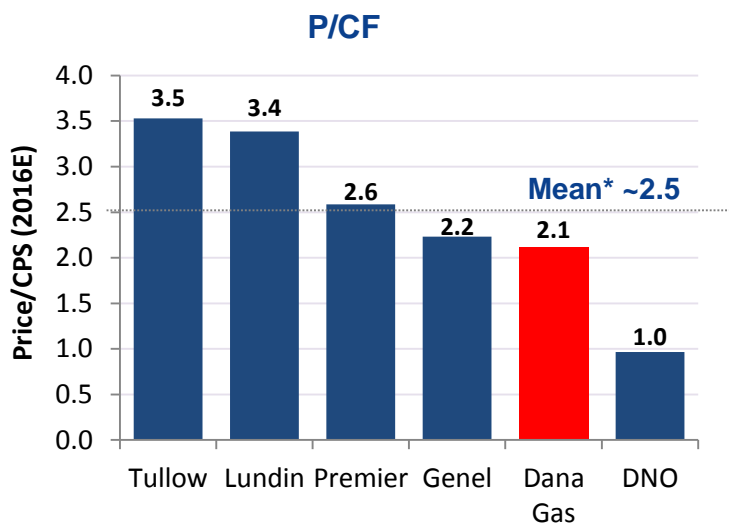
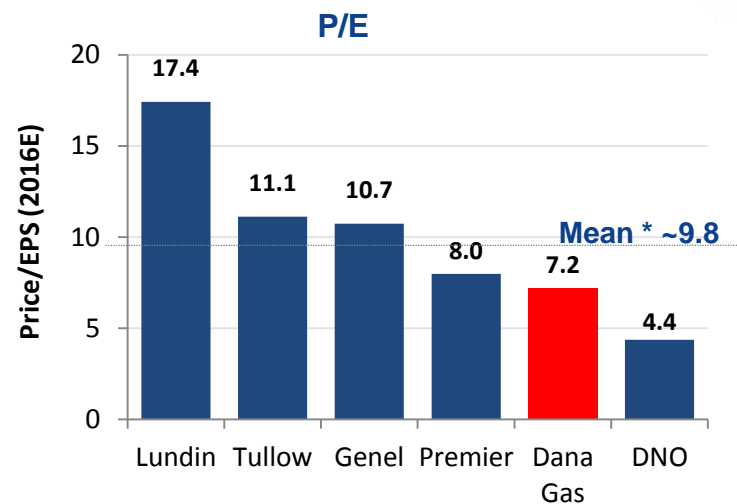
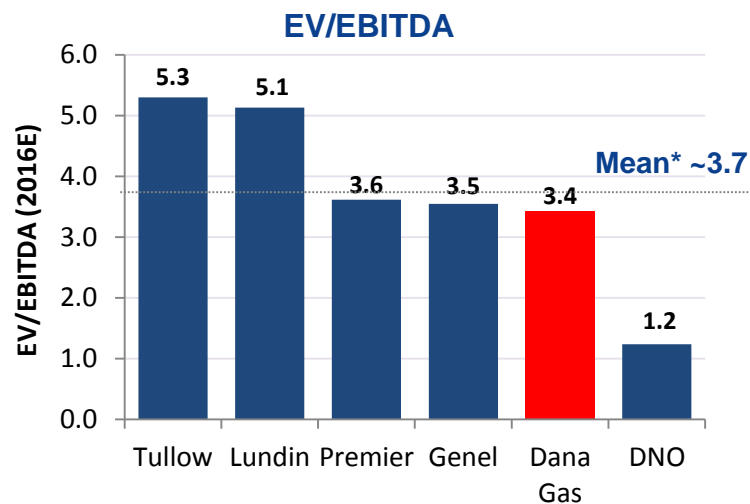
## Dana Gas: Relative Valuations

# EV and Production valuation relative to peers

## Enterprise Value vs. Production (2015E)



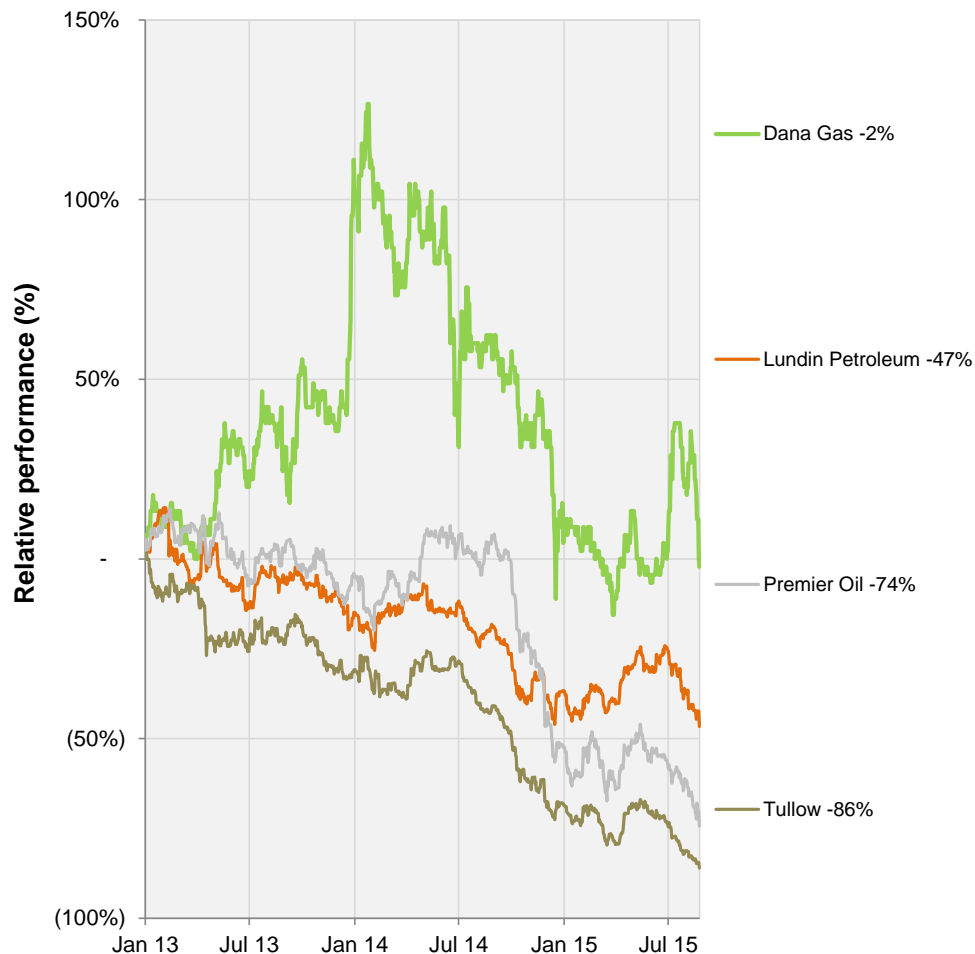
# Significantly undervalued relative to peers



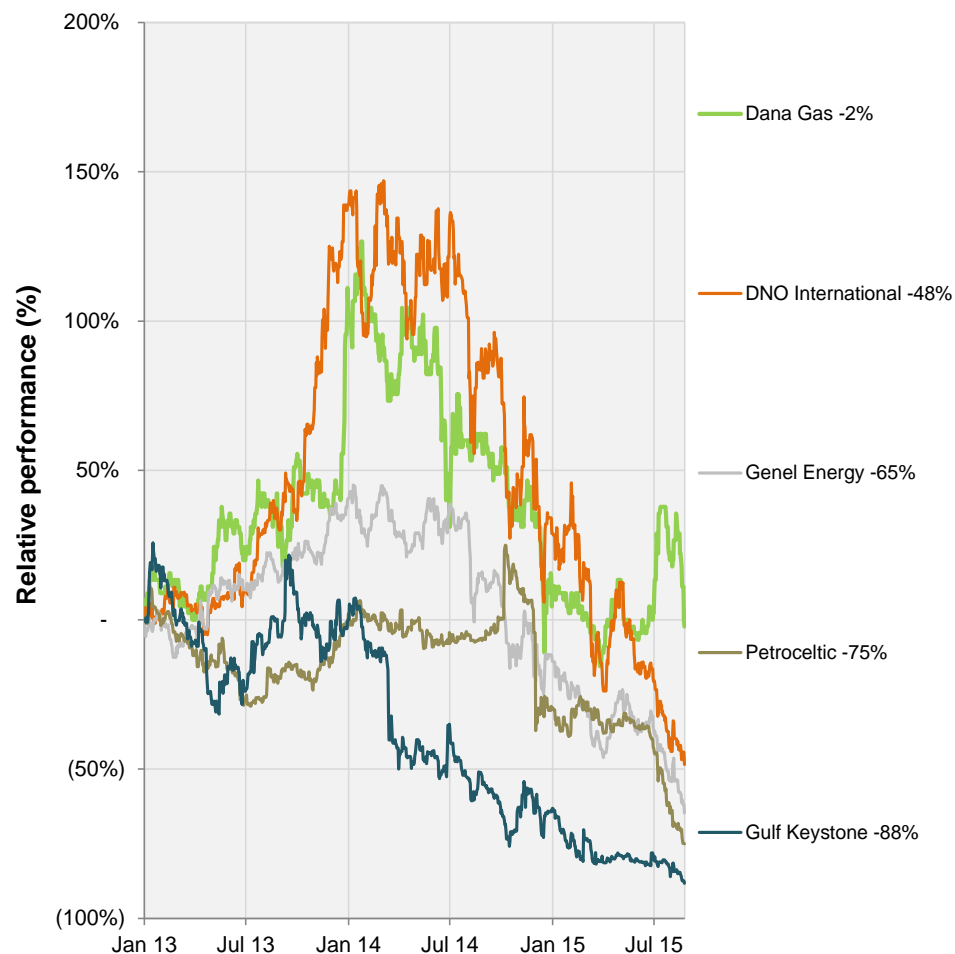
# Dana Gas has mostly outperformed International and Middle Eastern (ME) peers since Jan 2013



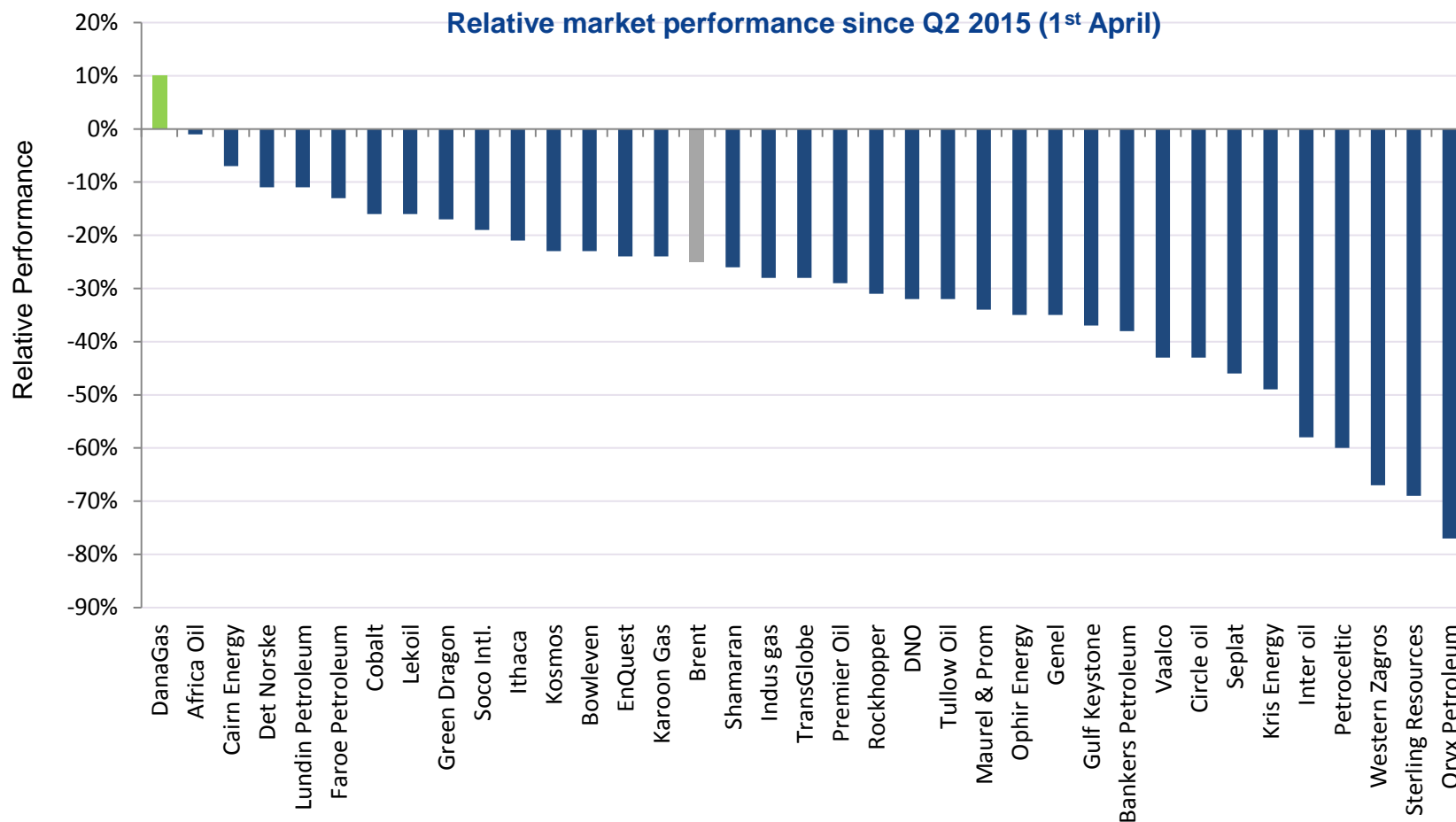
## International Peers



## ME Peers



# Strong performance even in the shorter term (since April 2015)



## Dana Gas: Credit Metrics

# Additional Financial Information

Dana Gas Additional Financial Metrics		
EBITDA (LTM)	\$mIn	252
EBIT (LTM)	\$mIn	149
Net Debt	\$ mIn	595
Net Debt/EBITDA	x	2.4
Interest Cover Ratio (LTM)	x	2.2
Book Leverage (Net debt/Total assets)	x	16%
Weighted Avg Years to Maturity	Years	2.2

# Dana Gas Sukuk Instruments



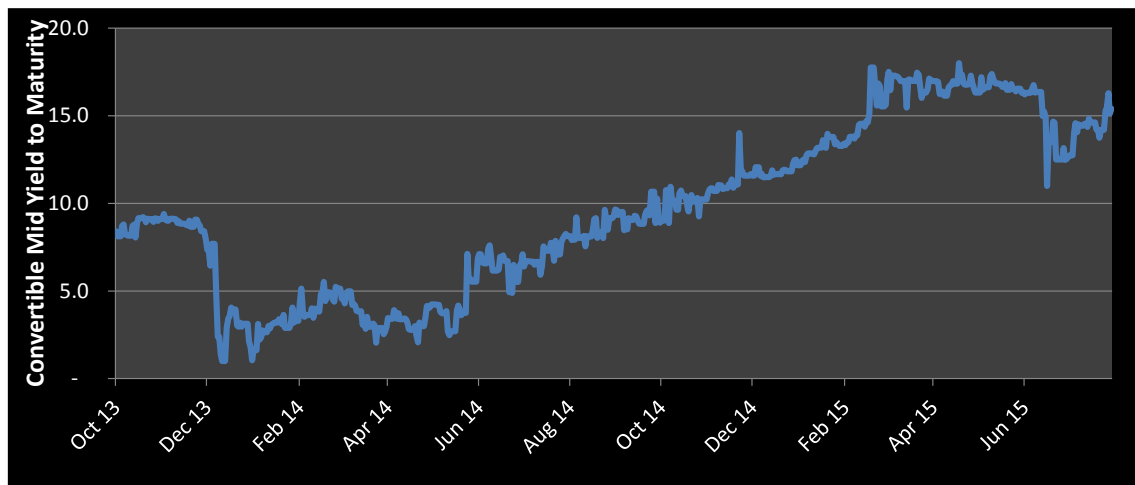
## Convertible Bond Performance



## Convertible Sukuk:

- Principal amount: \$352 mln
- Coupon: 7% (payable quarterly)
- Maturity: 31/10/2017
- Conversion price: 0.75 AED/sh
- Conversion ratio: 48.9733

## Convertible Sukuk Yield to Maturity

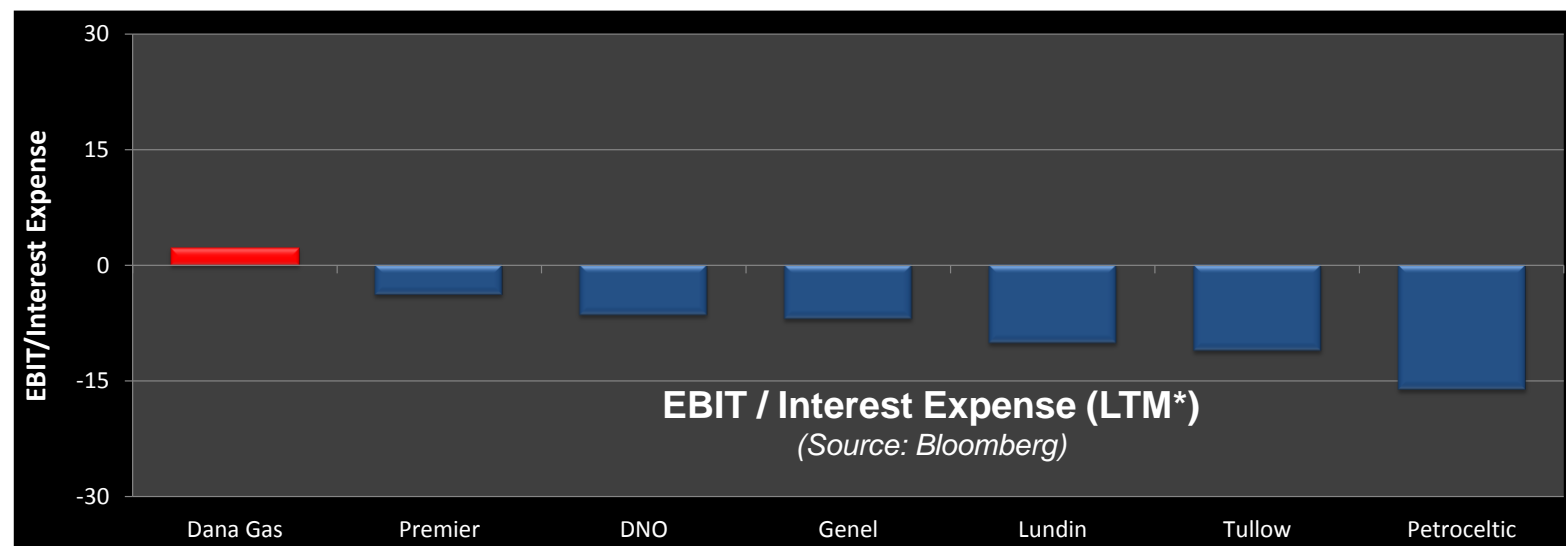
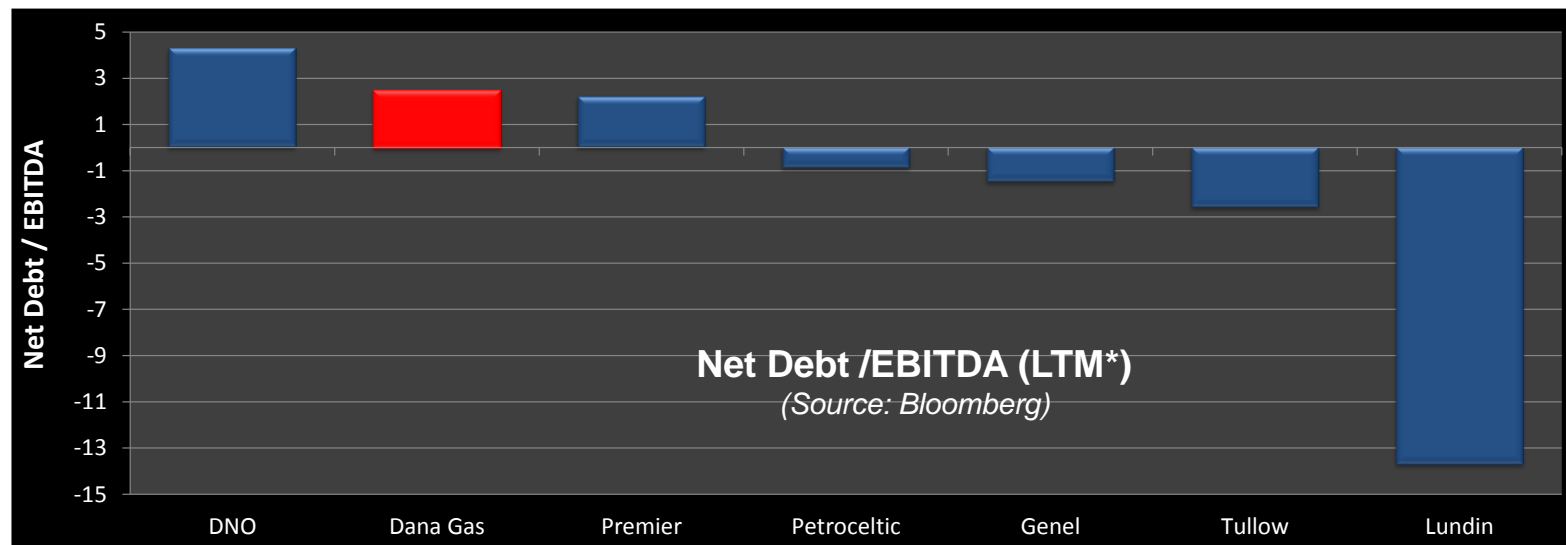


## Ordinary Sukuk:

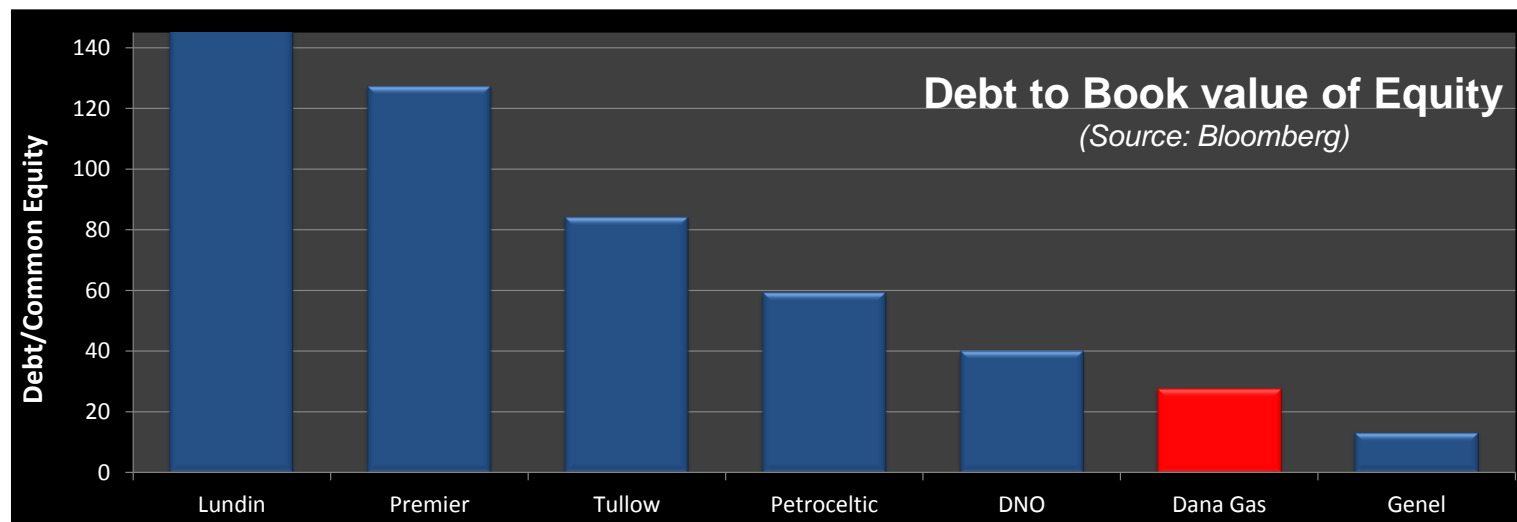
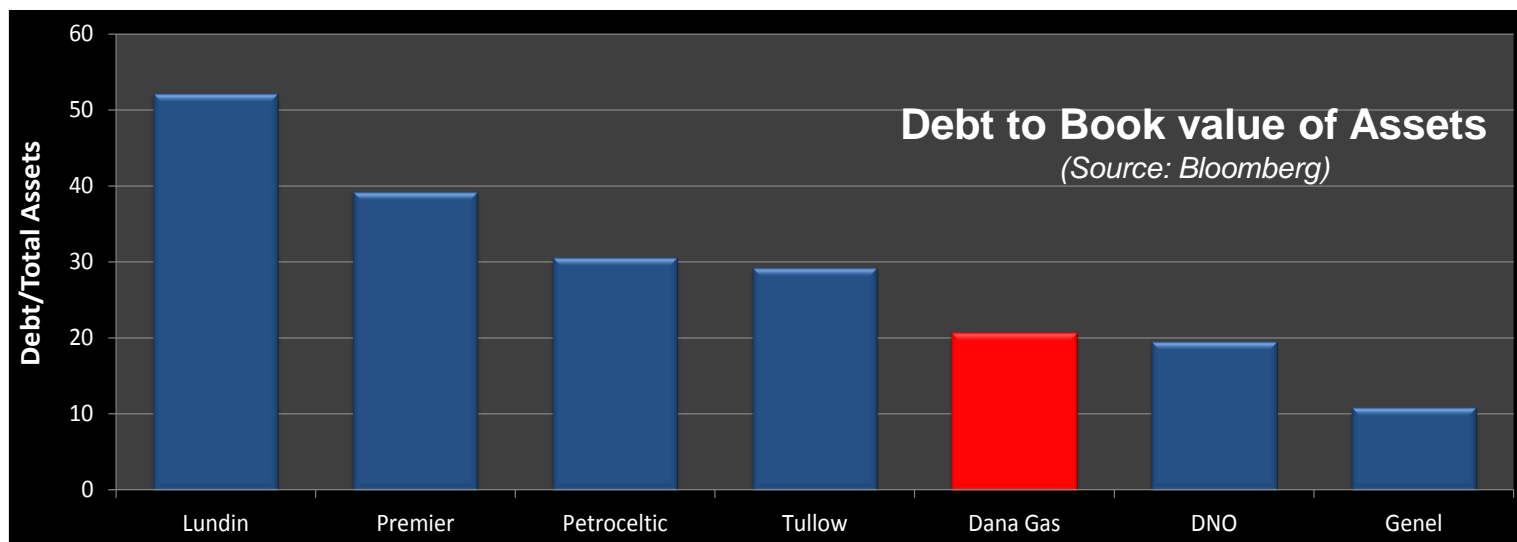
- Principal amount: \$425 mln
- Coupon: 9% (payable quarterly)
- Maturity: 31/10/2017



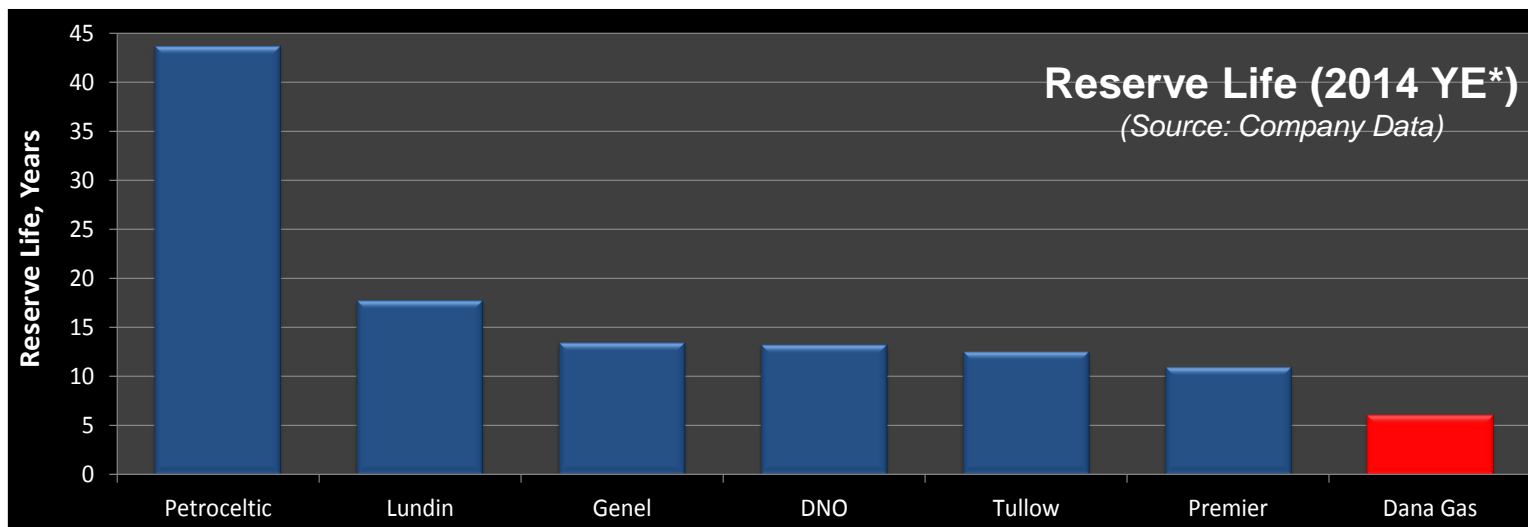
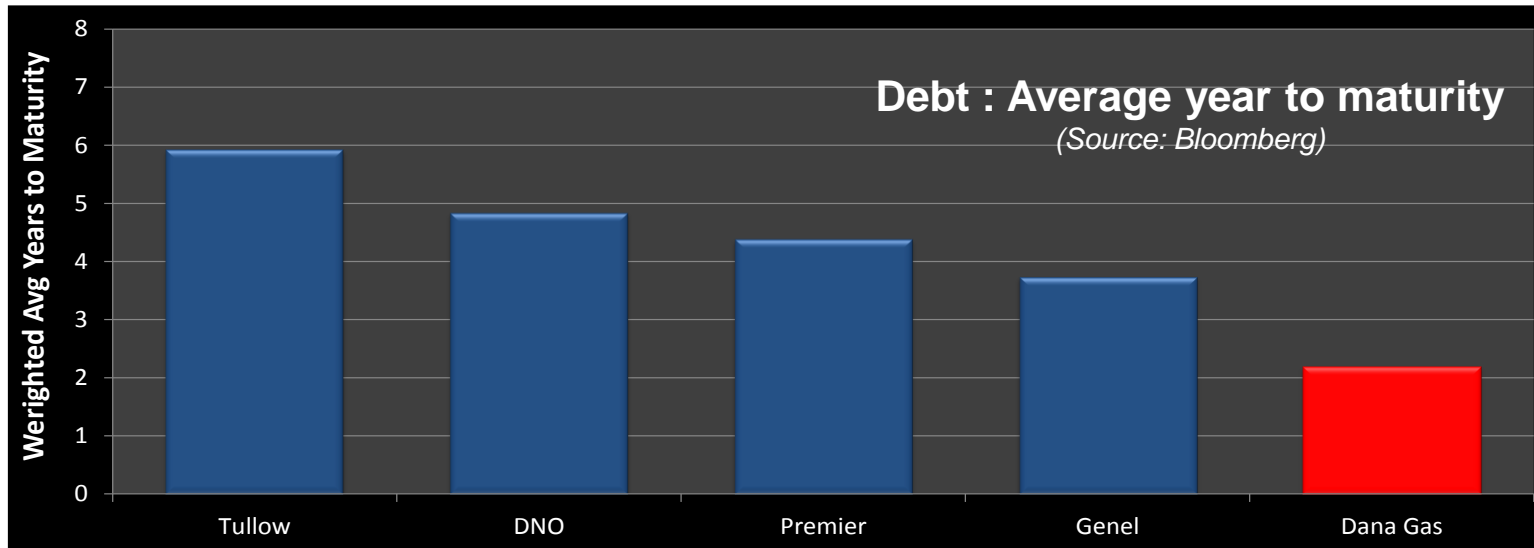
# Leverage and interest coverage ratio in line with peers



# Book gearing and Leverage comparable to industry peers



# Reserve life c. 2 x average year to maturity of Debt



Note: Dana Gas Reserve life excludes KRI production & reserves

## Summary

# Summary

- Marginal reduction in production resulting from natural field decline in Egypt despite the steep fall in oil prices
  - Further upside potential in 2015 with enhanced production following planned commencement of GPEA (Egypt) and Zora gas field (UAE)
- 10% production upside from Zora field development with first gas in 2H 2015
- Ongoing focus on collections and further lowering of G&A and other operating costs
- Capital expenditure remains focused on quick wins (Zora Project – UAE) and strategic growth (GPEA – Egypt)
- Under the GPEA, drilling work on the Balsam-2 development well and Balsam-3 appraisal well in Egypt have commenced and the results from both wells are due in 4Q 2015
- Operations in Kurdistan Region of Iraq (KRI) continue uninterrupted despite security situation with minor increases in production through process optimization
- Kurdistan Arbitrations Update: The Tribunal delivered a partial ruling on the 30<sup>th</sup> June 2015 that confirmed Pearl consortium's (DG 40% shareholder) exclusive, long-term rights to develop and produce gas and petroleum from both Khor Mor and Chemchamal fields for the duration of the contract, being not less than 25 years, as well as the KRG's contractual obligation to pay the consortium for the produced condensate and LPG at international prices including the pricing methodology for each.

## Reach Us:

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