



# Corporate Presentation

Clean Energy For the Future

March 2018



# Disclaimer

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## Operations

- KRG arbitration settlement; plans underway to increase total production by 20% in 2018 and 170% by 2020
- Group production increased 1% in 2017 (67,600 boepd vs 67,050 boepd)
- Egypt 2017 production is 5% higher at 39,500 boepd
- KRI annual production flat at 25,750 boepd
- Zora continues to produce at an average of 1,650 boepd
- Completed successful maintenance shutdown of El Wastani Gas Plant during Ramadan without HSSE incident
- Dana Gas qualified to bid for oil and gas concessions in Iraq

## Liquidity

- Year-end cash position of \$608m
- Received \$210 in cash as part of KRG Settlement
- Received \$110m in industry payment from Egyptian Gov.
- \$22m received from 3x cargo sales of Egyptian condensate
- Egypt collection at 129% – trade receivables at \$228m
- Ongoing difficulties with timely collections from Egypt
- Regular payments received from KRG operations

## Financials

- FY17 gross revenue \$450m vs FY16 \$392m due to improved realized prices and higher production
- FY17 net profit \$83m vs FY16 net loss \$88m due to higher revenue, production and impact of successful settlement with KRG; partly off set by impairment charge on Zora
- FY17 EBITDA \$334m vs FY16 \$207m
- Low G&A and OPEX spend sustained; continuation of a four-year cost reduction and operational efficiency drive

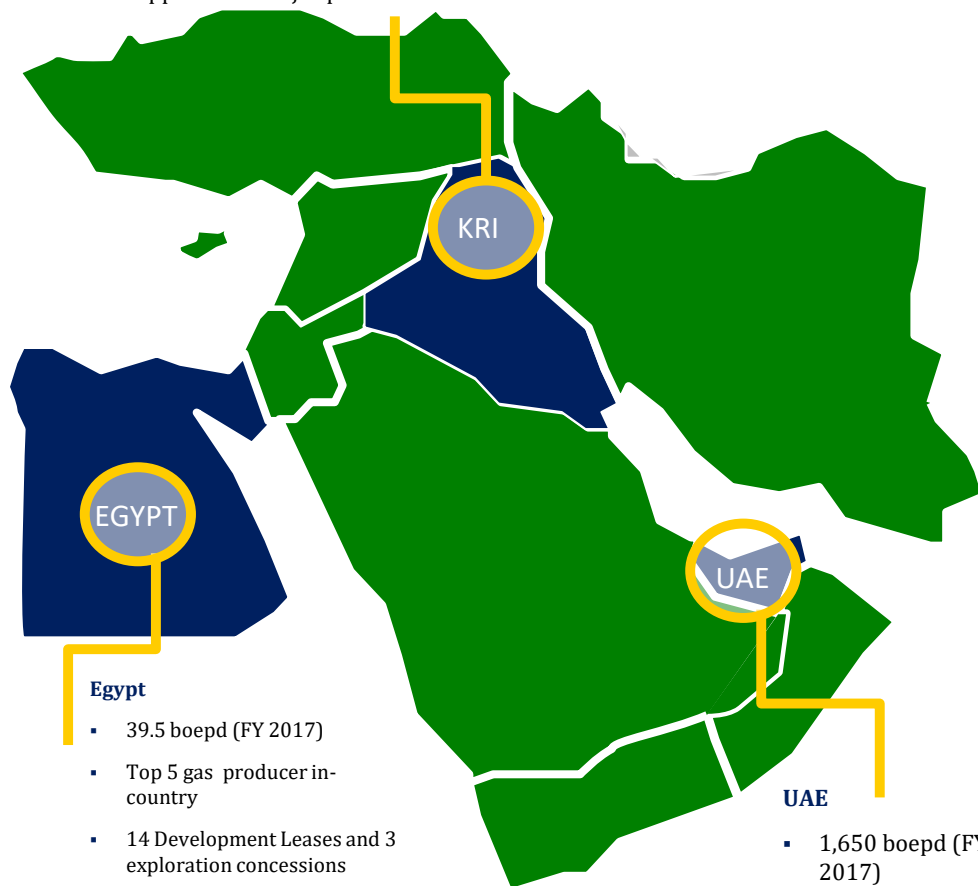
## Arbitration & Sukuk

- Sukuk – current focus is on pursuing the legal route for resolution absent a consensual deal
- NIOC pleadings heard; outcome due in H2 2018
- Dana Gas & Crescent Petroleum initiated arbitration against MOL – hearing scheduled in November 2018

# Where are we today

## Kurdistan Region of Iraq

- 25,750 boepd (FY 2017)
- Two world class fields – largest gas reserves in KRI
- 10 years of historical production
- Supplies two major power-stations



## Egypt

- 39.5 boepd (FY 2017)
- Top 5 gas producer in-country
- 14 Development Leases and 3 exploration concessions
- Significant exploration upside

## UAE

- 1,650 boepd (FY 2017)
- Zora – offshore gas field project

MENA's largest independently listed, natural gas-focused E&P company

**\$83m**

FY 2017 net profit

**\$3.7bn**

Total Assets

**\$608m**

Cash – 31 Dec 2017

**\$341m**

Net Debt

**67.6**

FY 2017 group  
Production (boepd)

**1.13bn**

2P total mmboe  
reserves



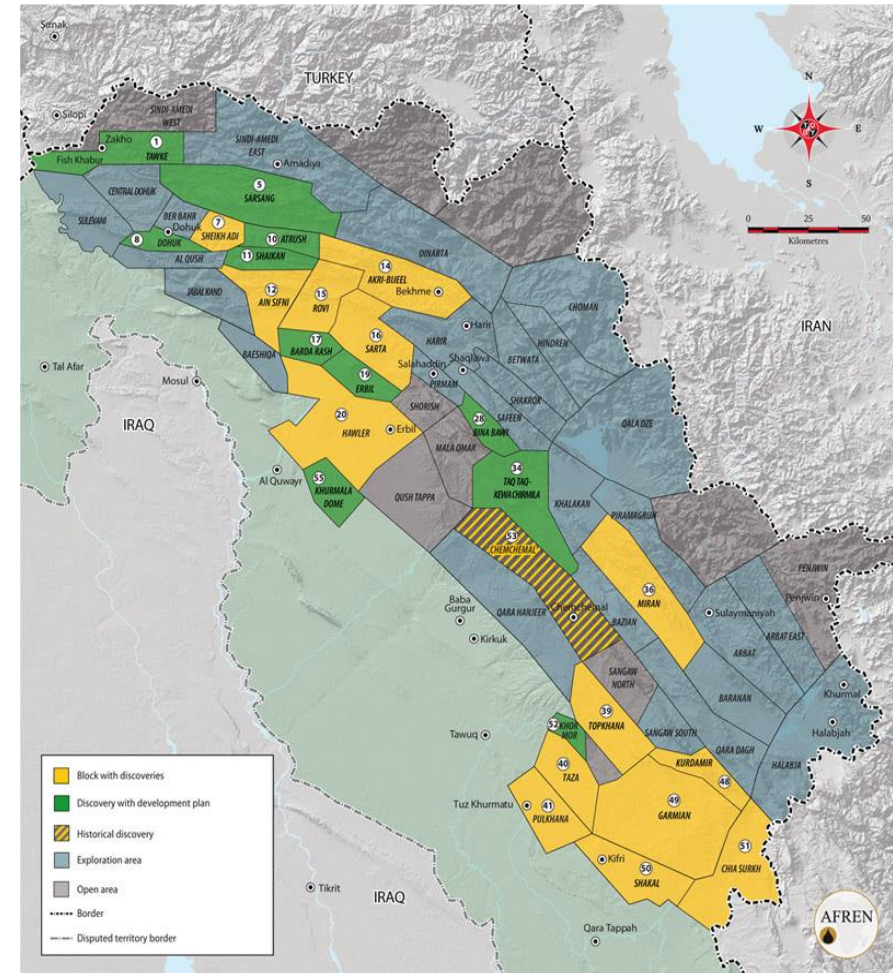
# KRI: World Class Asset

## Pearl Petroleum Company Ltd

- DG holding 35% (Dec 2015)
- Crescent (35%), OMW, MOL, RWE (10%)
- 2 major fields: 75 Tcf GIIP, 7 bln bbls STOIIIP

## Khor Mor and Chemchemal fields

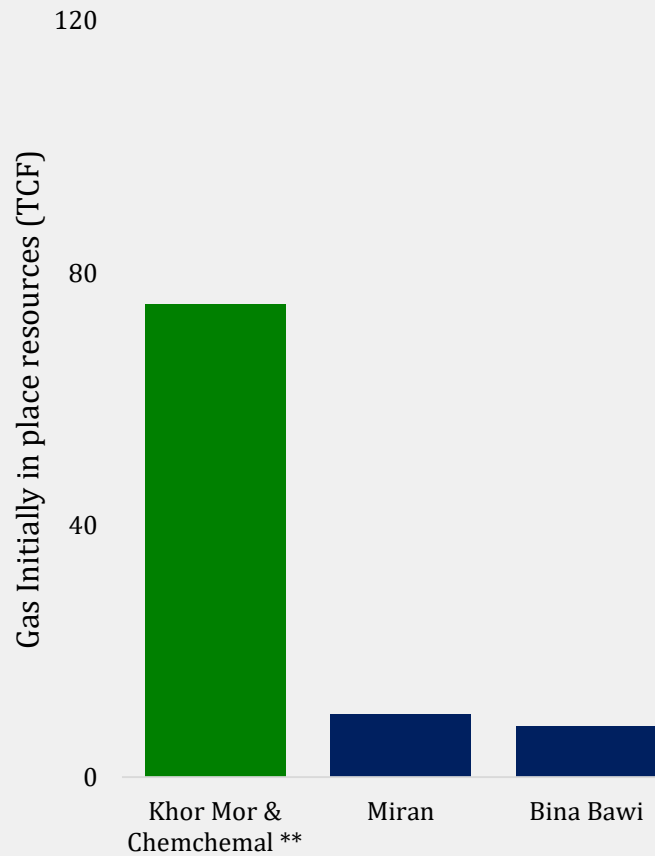
- DG share of production averaged 25,750 boepd during 2017.
- Largest gas reserves in KRI
- \$1.3bn investment to date
- Operations maintained despite security situation
- 9 years of historical production with 150m+ BOE produced since inception
- Supplies gas to two major power-stations with a capacity of 1,750 MW
- Annual savings of \$3.4 bn annually in fuel costs for the KRG



# Two of the largest gas fields in MENA

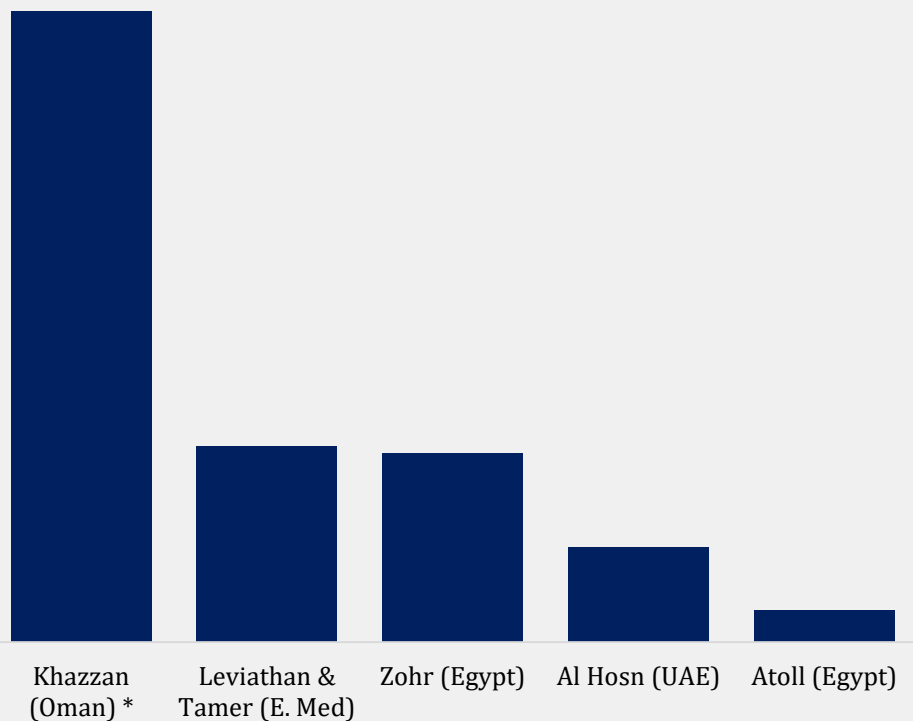
## Large Gas Developments in MENA

### Kurdistan



### MENA

(Source: Company Disclosure)



**Notes:** Volumes exclude associated liquids and oil upsides; \* Recoverable volume expected to be 10-15% of gas initially in place; \*\* PPCL latest P50 estimate of total gas In place resources is 75 TCF

# Sept 2017: KRG & Pearl Reach Final Settlement

“The Parties have **mutually agreed to fully and finally settle all their differences** amicably by terminating the Arbitration and related court proceedings... **implementing a mechanism for settlement of \$2,239 million...**”

## *Settlement Highlights:*

- Pearl Petroleum receive \$1 billion from KRG
- US\$600 million cash and US\$400 million for investment
- Pearl to increase gas and condensate production at Khor Mor by 500 MMscf and 20 mbbl per day respectively - a 160% increase over current production levels – c. 2 years
- Balance of sums, \$1,239 million, to be reclassified as outstanding cost recoverable by Pearl from future revenues generated
- Profit share allocated to Pearl from future revenues adjusted upwards from 10% to 22%.
- **KRG to purchase 50%** of the additional gas on agreed terms to boost gas supply for power plants in the KRI
- Awarded adjacent blocks 19 and 20 to Khor Mor concession and extension of the term of the contact until 2049

## Settlement – in numbers

Total	\$2.239 billion
Cash	\$600 million
Investment fund	\$400 million
Outstanding cost recoverable	\$1.239 billion
Production increase (2 -3 years)	500 MMscf/d
	20,000 bbl/d

- **Targeted production increase by 20% in 2018 and 170% within two to three years**
  
- **2018 Development Plans**  
Developed a detailed Field Development Plan (FDP) for Khor Mor field; appraisal programme for Chemchemical, debottlenecking facility and expansion scheme
  - Fast-track debottlenecking by 50-80 MMscf/d
  - Drilling 2 appraisal wells in Chemchemical, up to 4 development and appraisal wells Khor Mor
  - Work-over six producing wells in Khor Mor
  
  - **Building 2x 250MMscf/d trains sequentially to expand gas production by 500 MMscf/d in Khor Mor**
  
- **Dana Gas wins qualification to bid for oil and gas concessions in Iraq**

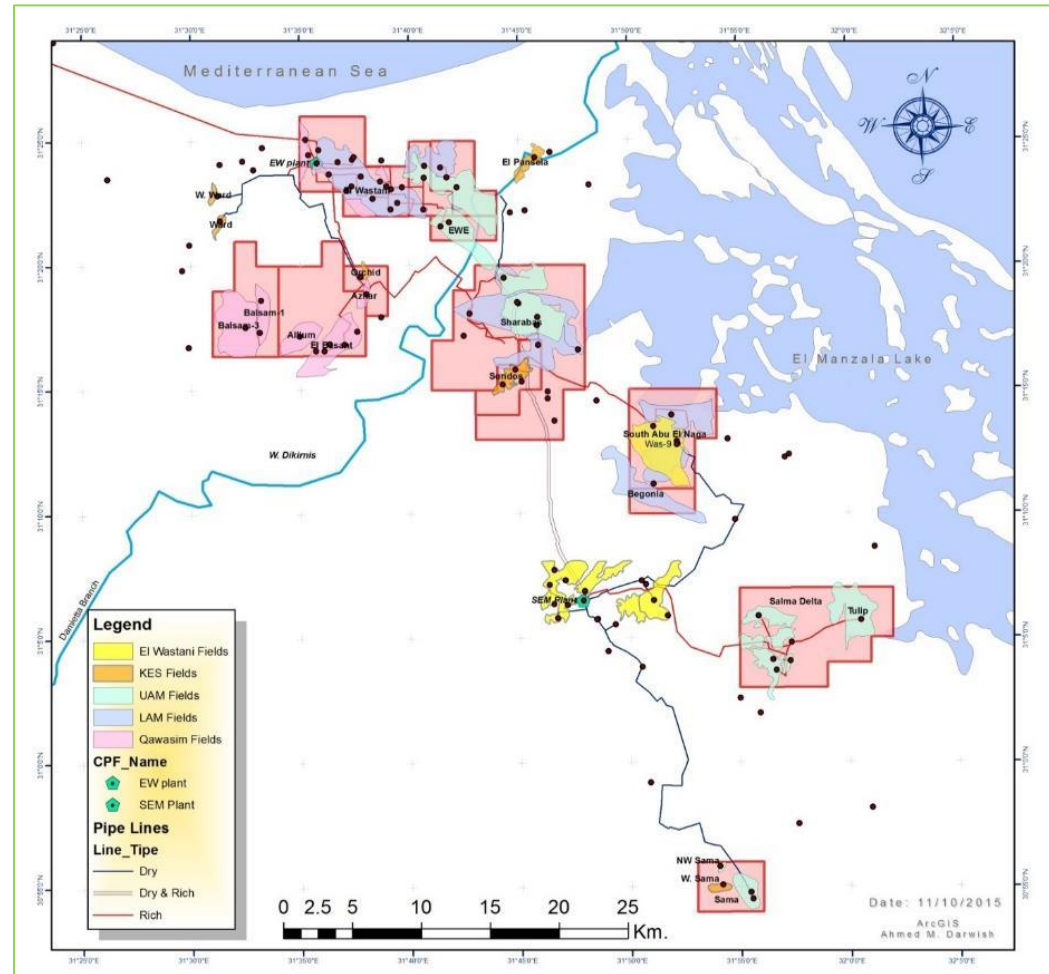


# Egypt: Identifying Upside

- First entered Egypt in 2007
- Nile Delta acreage – 14 leases; 100% ownership; 2 processing plants
- Onshore and offshore blocks
- Production near maximum plant output (40,000 boepd)
- Reserves stand at 117 mmboe (2P)

Aug 2014 – *Gas Production Enhancement Agreement* with government to add production and pay down historical receivables

- Four condensate shipments sold since Jan 2017 – total sales of \$32m.



# Egypt: Growth potential

## North El Salhiya (Block 1 – 100% WI)

- Up to 4 well drilling programme
- Drilling Commenced in Q4 2017 with Bahy-2 and ESAEN
- spudded

## North El Arish (Block 6 - 100% WI)

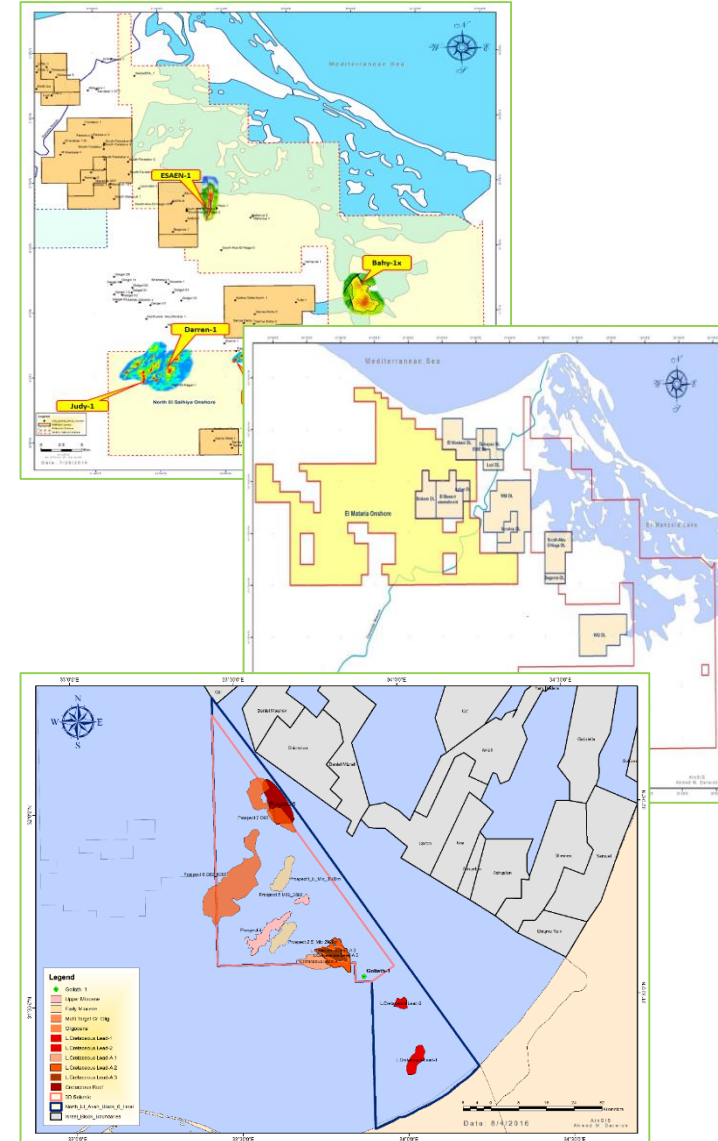
- Substantial and material prospect inventory
- Seeking permit to drill deep-water well in 2019

## Block 3 (50% WI / BP operated)

- Mocha-1 well completed, gas in commercial quantities was not found
- Zero-cost incurred by Dana Gas

## El Wastani Gas Plant

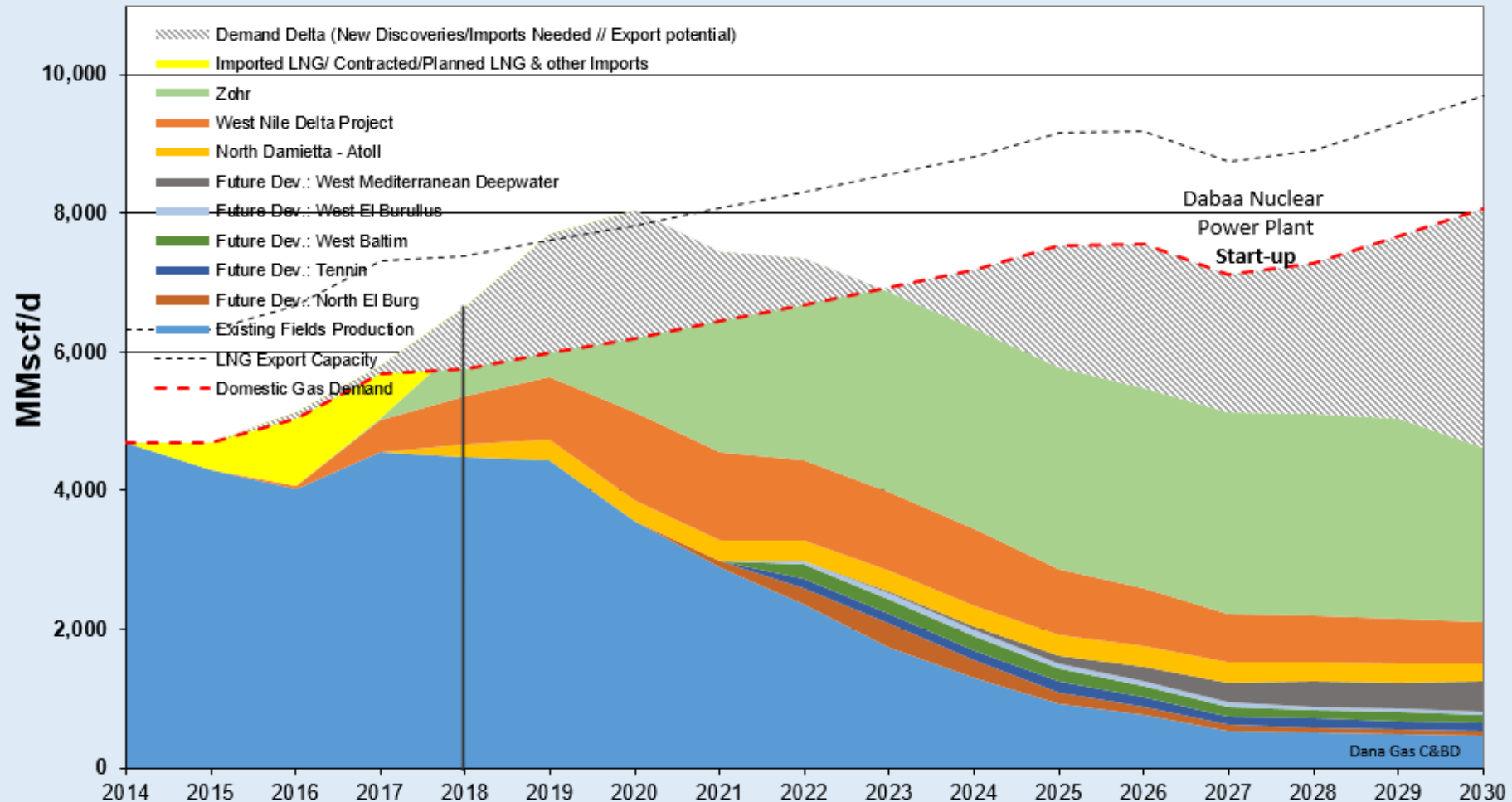
- Planned shut-down of the El Wastani completed on time and budget



# Egypt: Gas Market Fundamentals are Intact

*Separate coloring of major contributors to existing and future gas supplies*

**EGYPT - Gas Supply & Demand Balance (MMscf/d)**  
(Q1 2018 estimates)

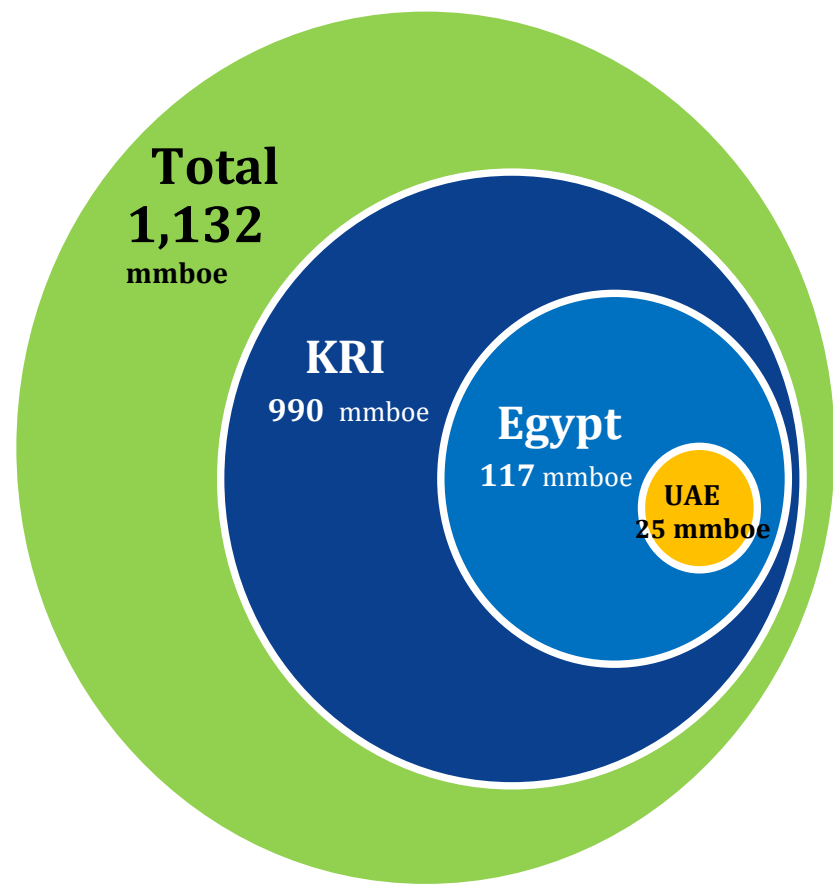


# UAE: Zora Gas Field

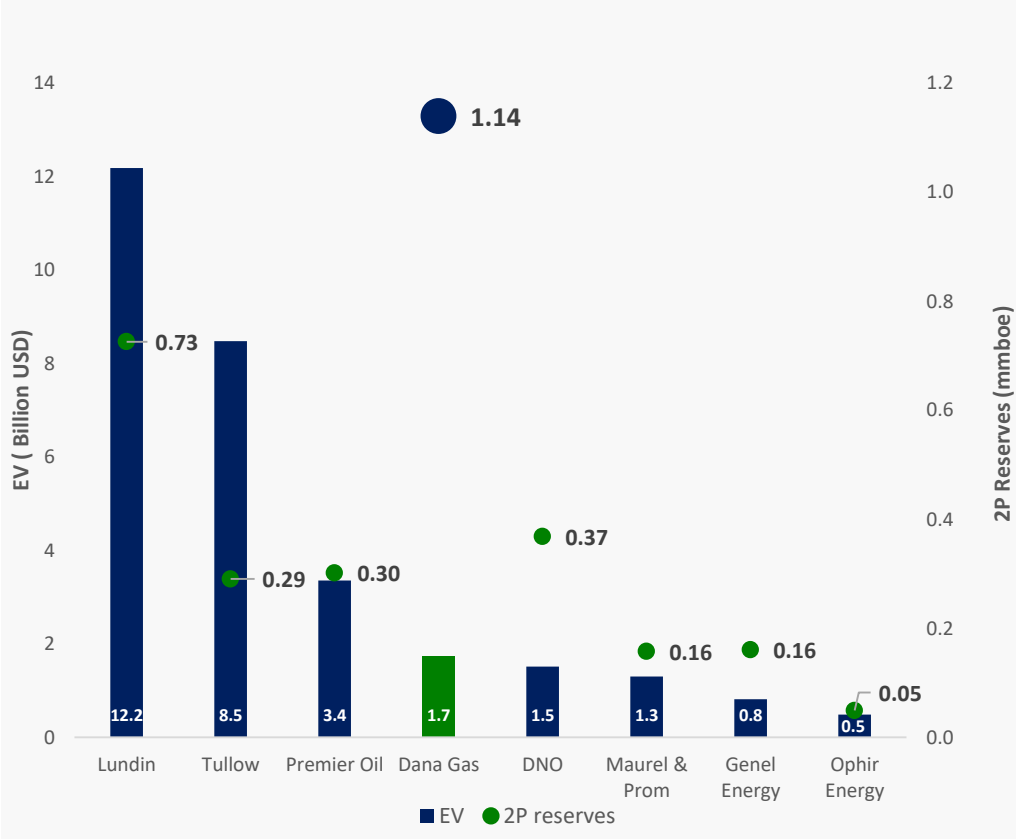
- Producing gas since February 2016
- Production rate of Sharjah-2 well has declined from 2,700 boepd FY16 to 1,500 boepd FY17
- Detailed modelling of future performance conclude not all reservoir is productive with today's technology
- Re-classify a portion of 2P reserve to contingent resource – result in an impairment charge of \$34 million in 2017, based on year-end reserves report
- 2P reserves at 24 mmboe
- Carry-on producing as long as possible



## 2P Reserves



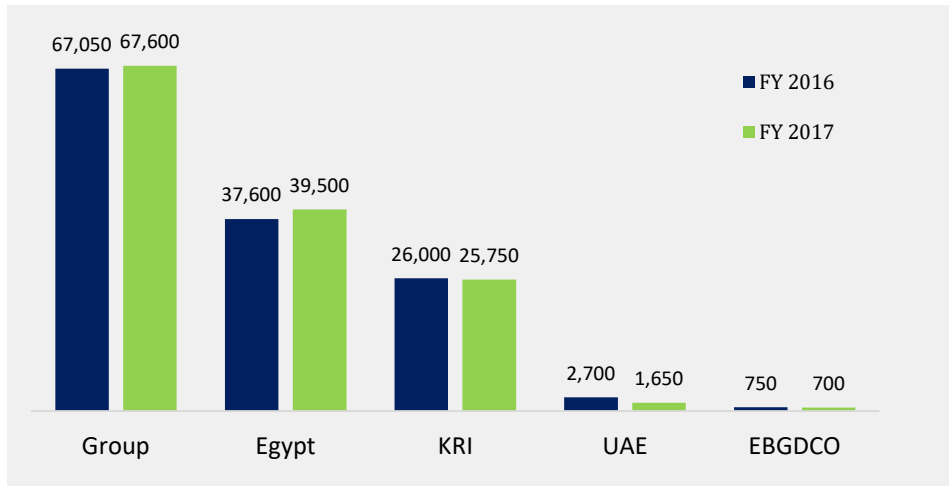
## Reserves Comparison



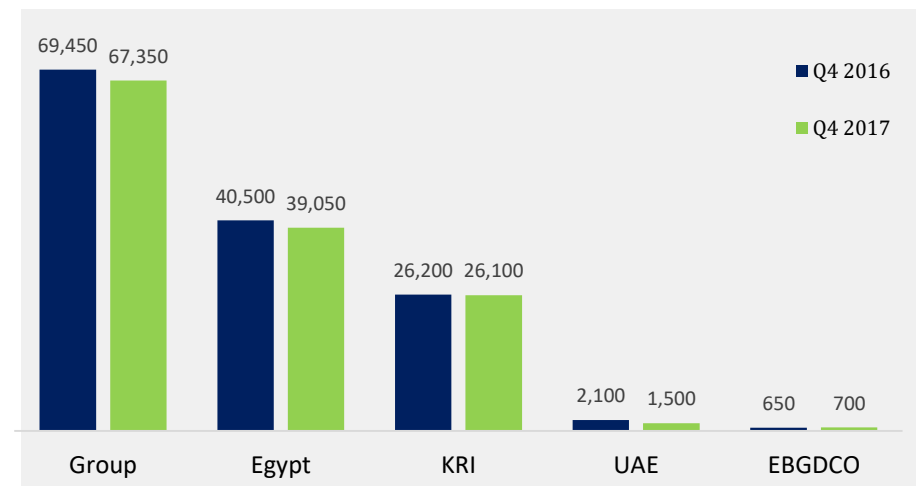


# Production & Realized Prices (boepd)

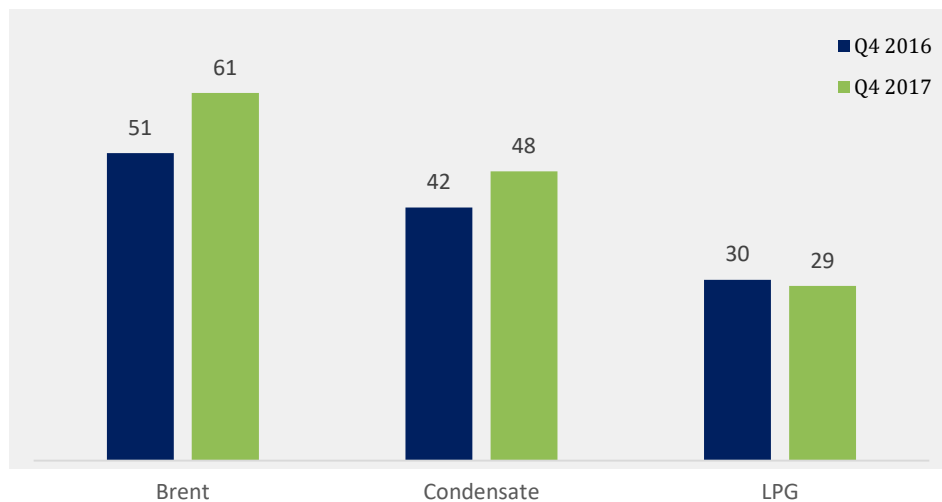
## FY 2017 vs FY 2016



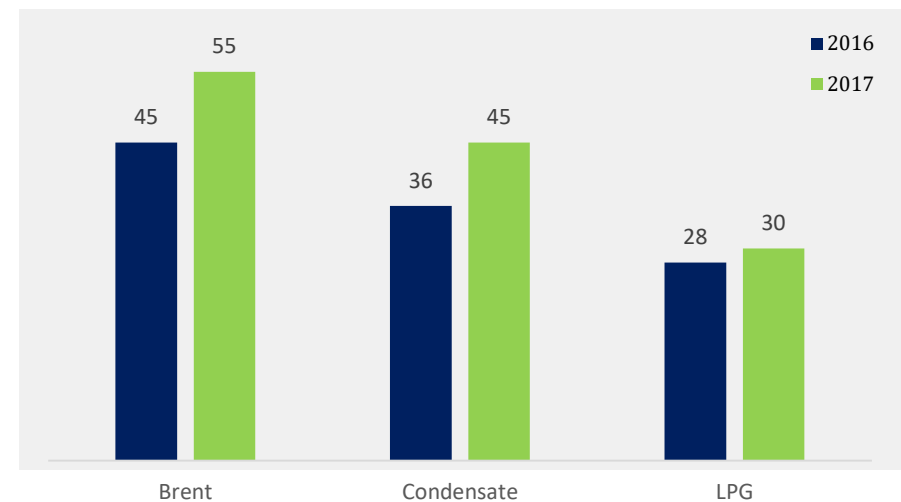
## Q4 2017 vs. Q4 2016



## Average Realized Prices (USD/boe)

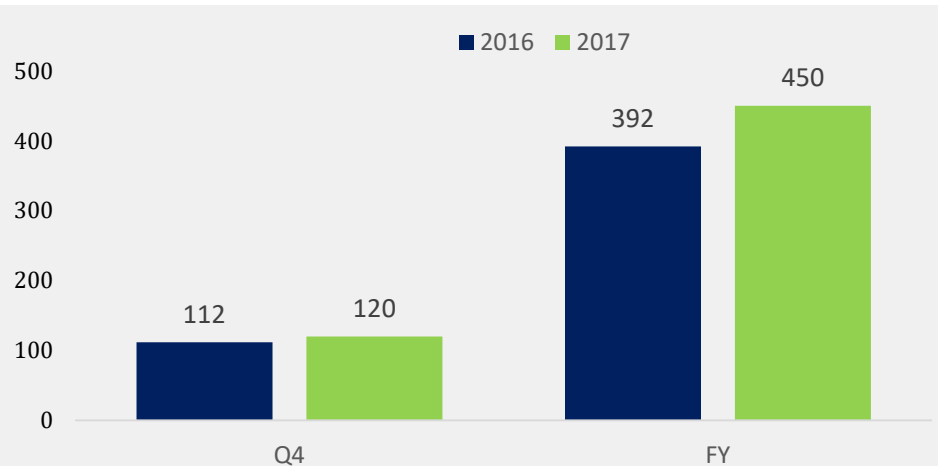


## Average Realized Prices (USD/boe)

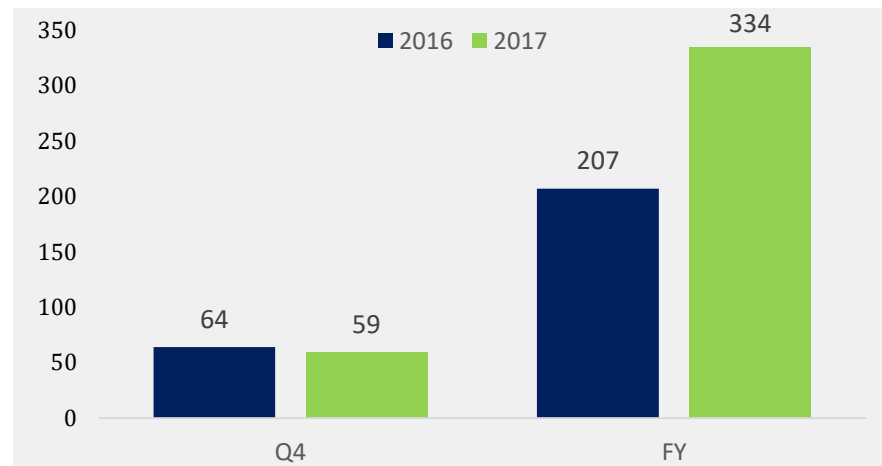


# Financial Highlights

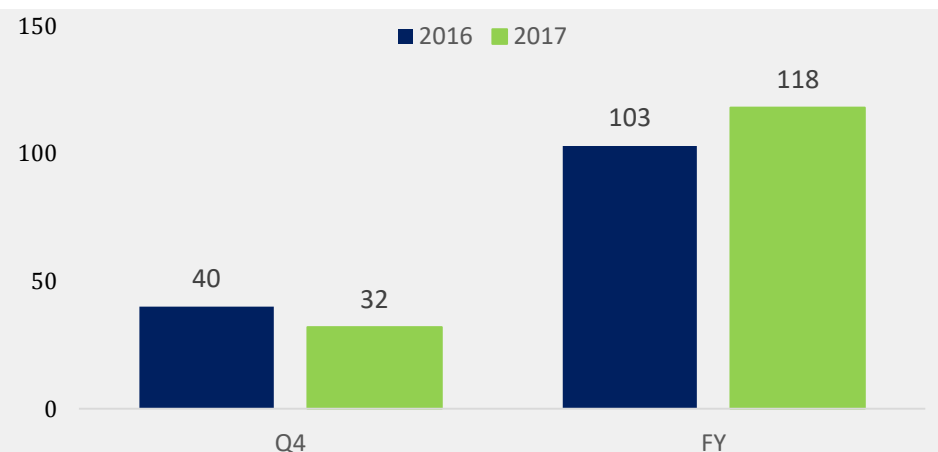
## Gross Revenue (million USD)



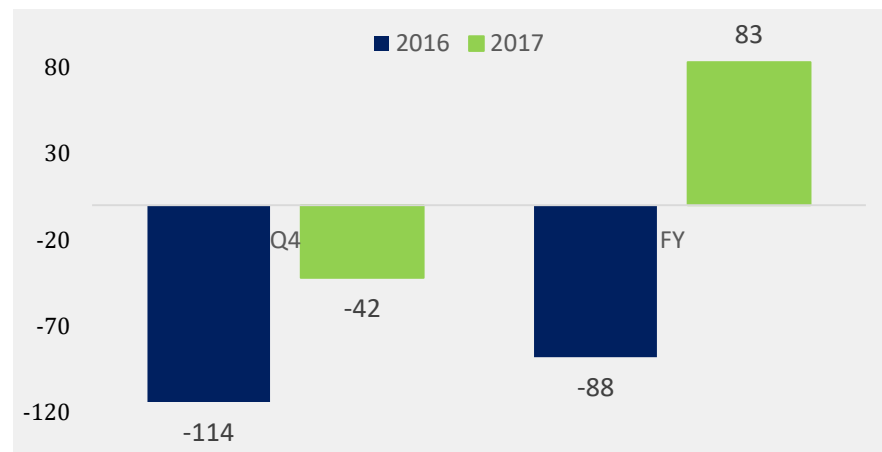
## EBITDA (million USD)



## Gross Profit (million USD)

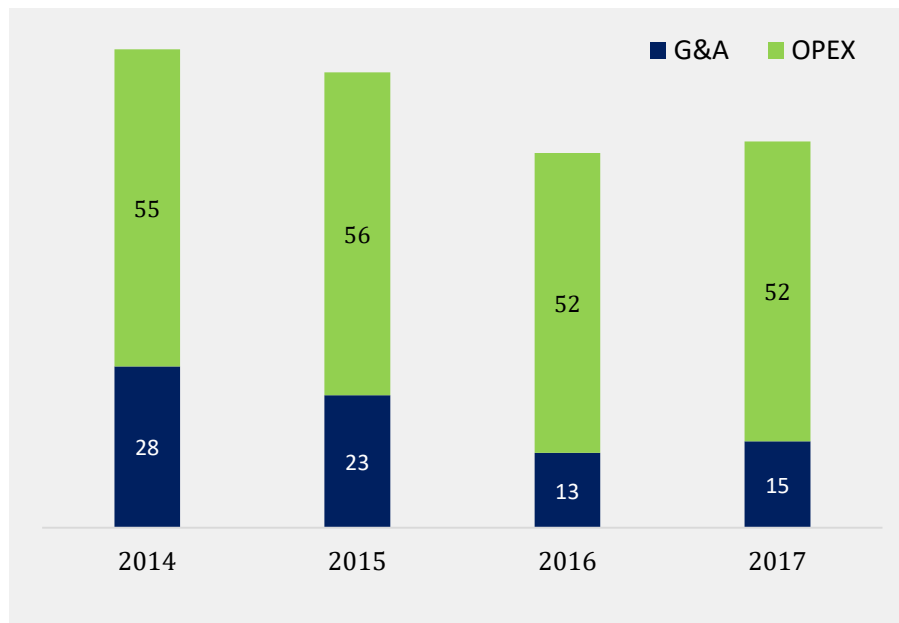


## Net Profit (million USD)



# CAPEX & OPEX

## G&A / OPEX (million USD)



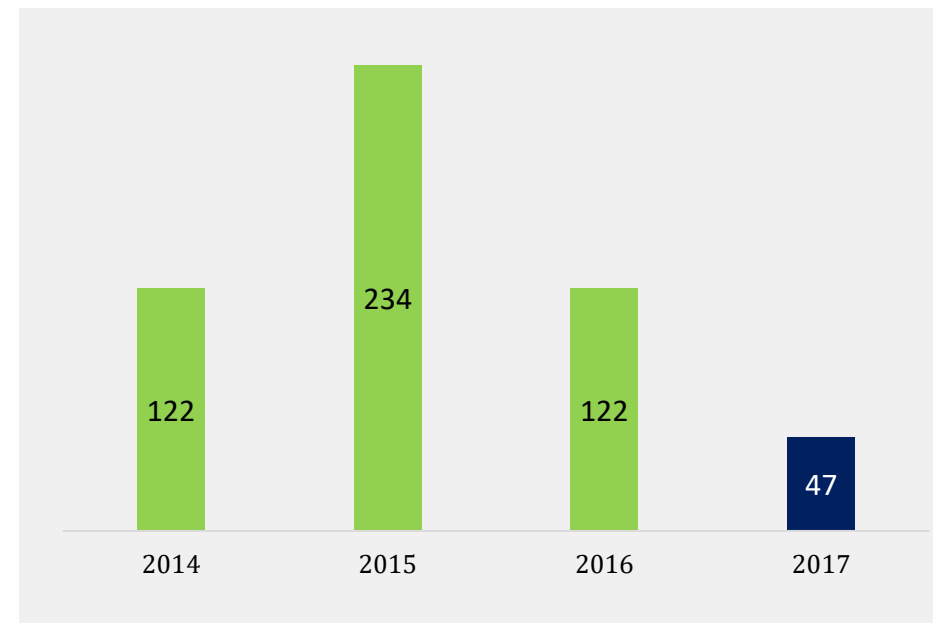
### G&A / OPEX

After significant reduction in costs in 2016, maintained G&A and OPEX year-on-year

19% reduction in G&A and Capex since 2014

Due to rise in geopolitical risk and uncertain payments from Egypt, focus remains on cash conservation

## CAPEX (million USD)



### CAPEX

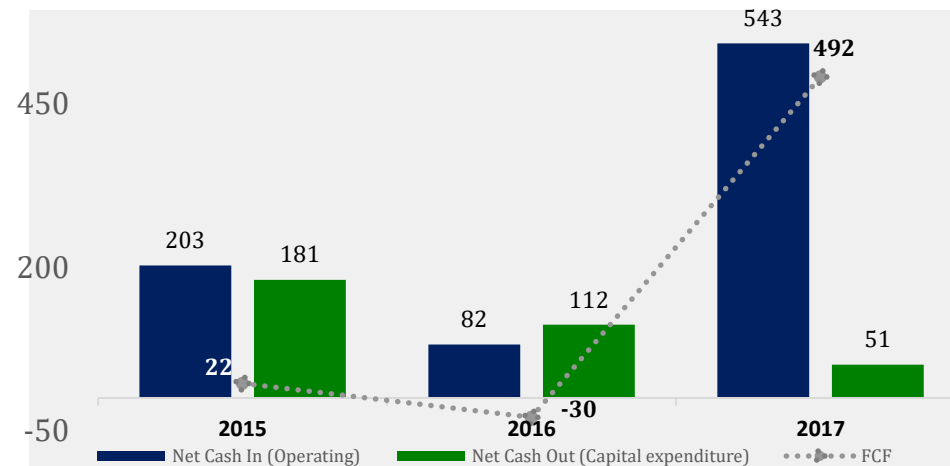
Capital requirement for 2018 drilling and expansion not expected to exceed \$137 million

- KRI: increase production by 20% , Khor Mor and Chemchemical drilling
- Egypt: 4-well drilling programme; already commenced in Q4 2017

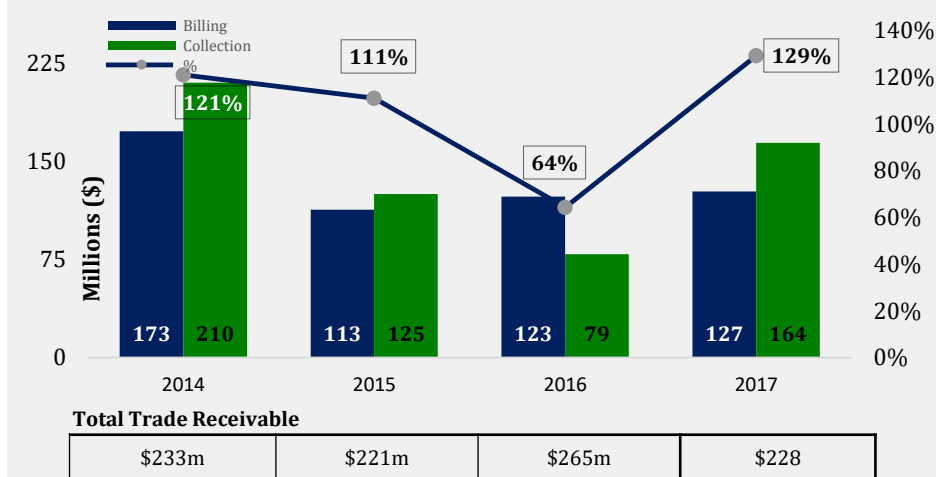
# Cash Flow, Liquidity & Receivables

- \$608 million cash – highest in ten years
- Positive FCF – principally due to KRI Settlement payment; industry payment in Egypt; regular monthly payments in KRG and low CAPEX
- Kurdistan receivables reclassified as *'outstanding costs to be recovered from future revenues'*
- Egypt collection H2 2017 inadequate - \$29m
- Egypt receivables at \$228m
- Cash preservation– matching investments against collections
- Sukuk reclassified from borrowings to capital received on issuance of Sukuk to reflect the Company's legal position

## Free Cash Flow (million USD)



## Receivables (million USD)



Note: % calculated as collection divided by net revenue

## UAE Gas Project (NIOC)

- 2014 Arbitration Award was found in favor of Crescent Petroleum (Dana Gas partner) on all issues
- 18 July 2016, English High Court dismissed remaining grounds of appeal by National Iranian Oil Company (NIOC)
- Hearing to determine damage claims took place on 3 November 2016 in The Hague
- Oral hearings took place in October 2017 – clarifying certain legal matters
- Judgement to decide on amount of damages by October 2018

## MOL (Pearl Petroleum shareholder)

- MOL expressing dissatisfaction with outcome – wanted to renegotiate terms with Pearl (namely certain contingent payments)
- Initiated proceedings in The London Court of International Arbitration
- Hearing set for November 2018

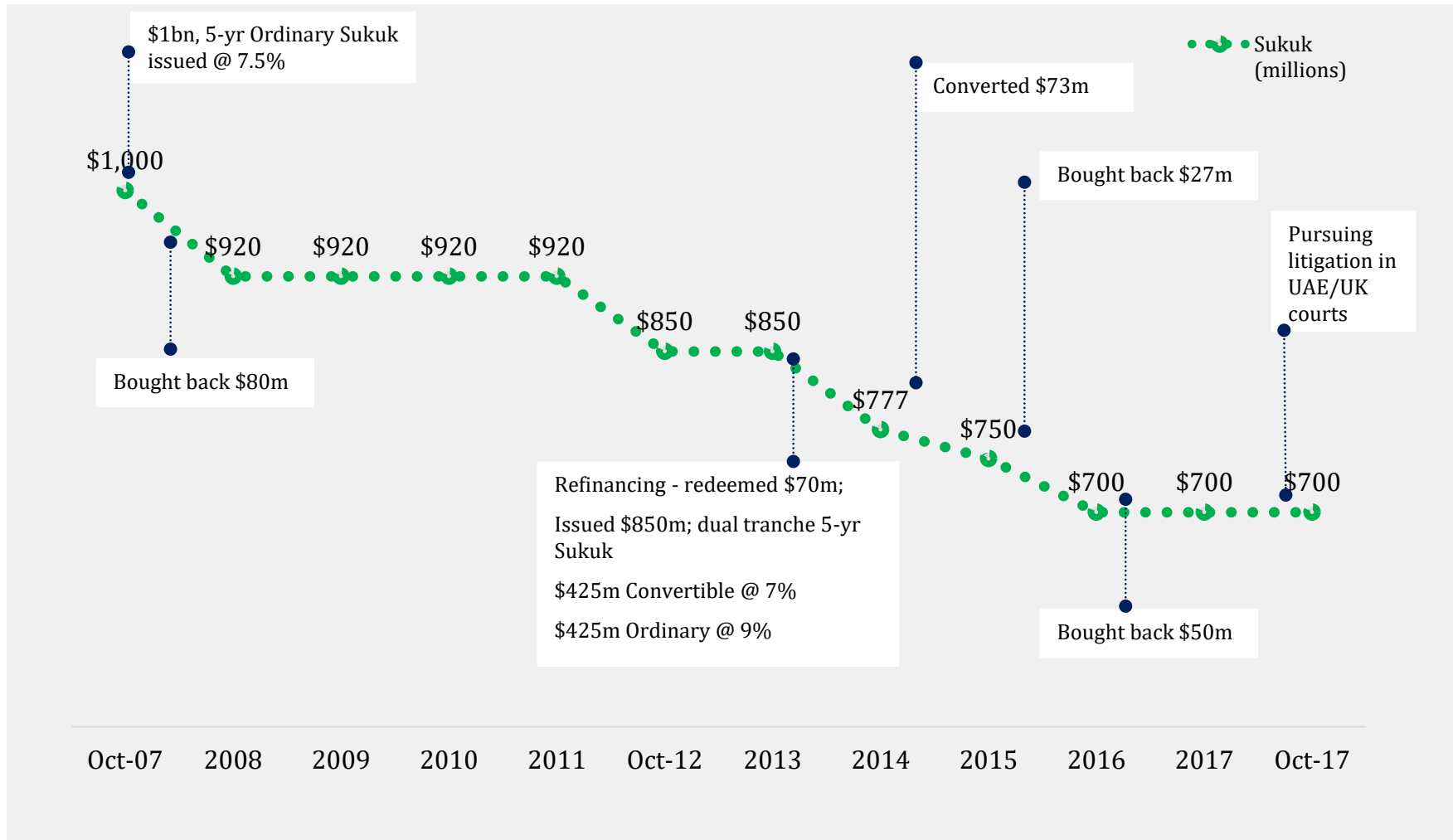
## Sukuk

- DG is pursuing litigation-driven outcomes





## History - Sukuk (\$/million)



# Key Focus / Strategy: 2018

1.

Delivering full asset value through continued operational efficiencies and focus on costs

2.

Development of world-class assets in Kurdistan to more than double production of gas and condensate

3.

Improving collections and reducing receivables

4.

Cash conservation – balancing capex with cash from receivables

5.

Realising material growth potential through high impact drilling programme

6.

Progress arbitrations / litigations whilst remaining open to negotiation

Reach Us:  
Dana Gas PJSC  
P. O. Box 2011, Sharjah, UAE

[www.danagas.com](http://www.danagas.com)  
E-mail : [mohammed.mubaideen@danagas.com](mailto:mohammed.mubaideen@danagas.com)  
Direct : +971 6 519 4401



# Group Production

	Group		Egypt		KRG*		UAE		EBEDCO	
	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Gas (MMSCF/D)	299	301	177	187	307	299	15	9	-	-
Condensate (BBLs/D)	10,899	11,326	5,306	6,018	13,269	12,885	199	98	750	700
LPG ( MT/D)	534	516	245	196	826	914	-	-	-	-
Net Production ( boed)	67,050	67,600	37,600	39,500	26,000	25,750	2,700	1,650	750	700

\* Gross production figures except for net production ( Dana Gas presents 35% of Pearl production)