Clean Energy for the Future

Q2 2018 –Financial Results

14 August 2018

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Contents

1. Headlines

Highlights

Financials

- $50m in H1 net profit – up 117%; excluding Sukuk restructuring costs
- $24m in H1 net profit – up 4%; result of higher realised prices, mainly condensate which contributed $33m to top-line, helped offset production decrease
- $236m in H1 revenue – up 6%; due to higher realized prices
- $82 in H1 gross profit – up 39%; due to prices & cost control

Operations

- Group production averaged 63,600 boepd – down 6%
- Decrease primarily result of natural field declines in Egypt
- Phase 1: KRI expansion plans on track for 25% production increase in Q3 from debottlenecking project > will add $50m annually to the bottom line
  - Signed Gas Sales Agreement to purchase incremental production for next 10-years
- Egypt restarting drilling programme - Balsam-8 well spudded 11 August targeting capacity plant production by year-end
- Block 6 offshore well on track for first drill in early 2019

Liquidity

- Collected $89m in Egypt and $46m in KRI
- Egypt trade receivables lower at $202m; no receivables in KRI
- Collections remain irregular in Egypt; continue to balance investment against collection
- 5th & 6th cargo of Al Wastani condensate sold for $11m apiece
- Cash balance at $613m; despite $95m dividend payment in May
- Paid $235 million on sukuk redemptions, profit payments and early participation fees on 13 August

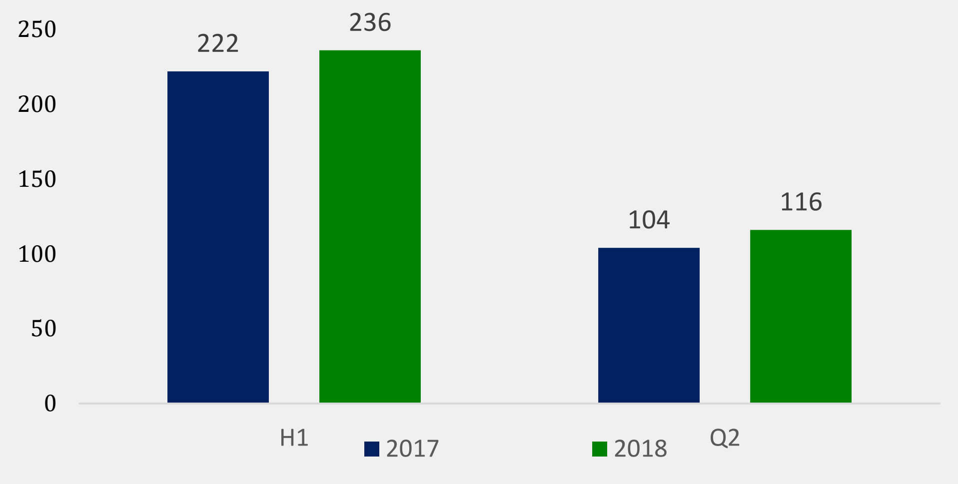
Sukuk and Arbitration

- Sukuk completion achieved on 13 August
- Sukuk new profit rate (4%) will save min. $35m per annum in profit payment fee which will support dividend policy going forwards
- NIOC outcome expected to be delivered by the end of October 2018
- MOL arbitration remains scheduled for Nov 2018

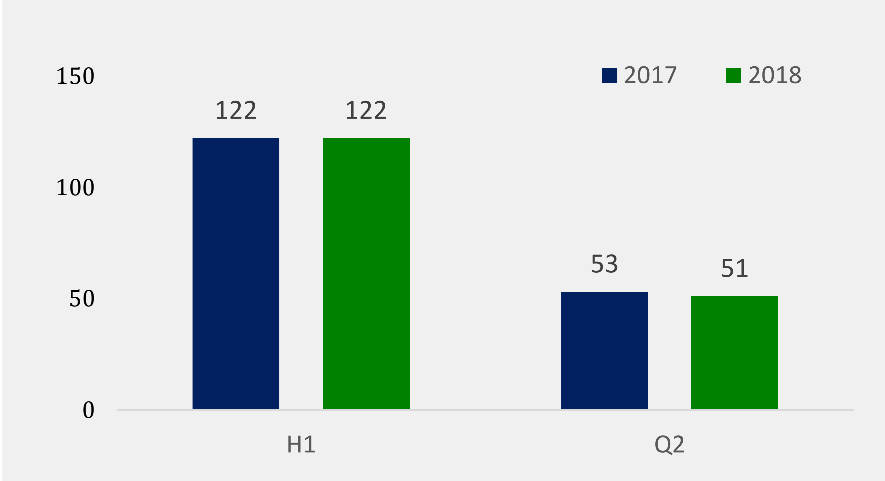
2. Financial Update

Financial Highlights

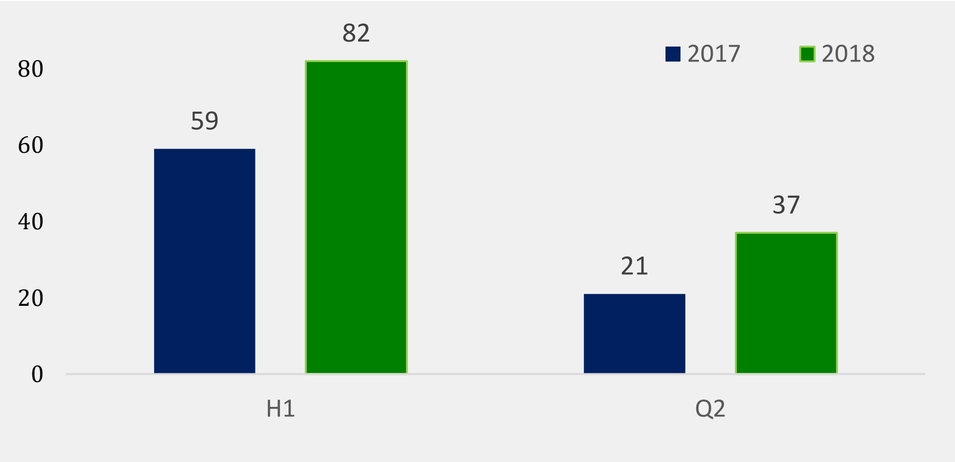
Gross Revenue (million USD)



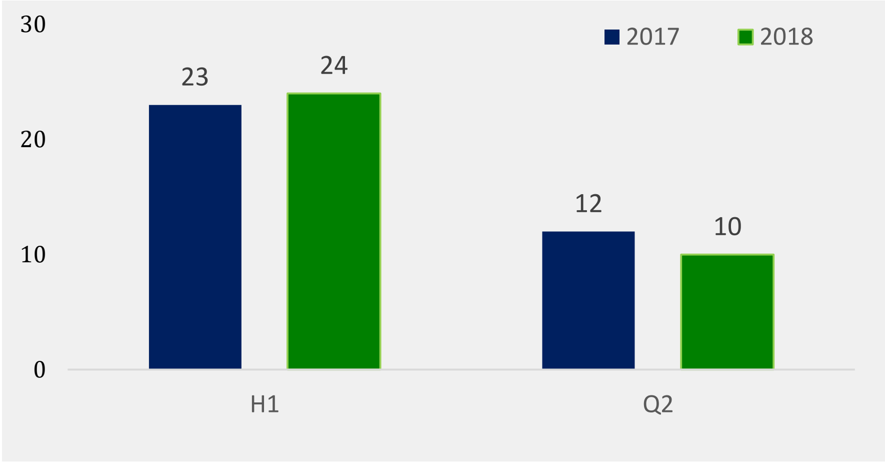
EBITDA (million USD)



Gross Profit (million USD)

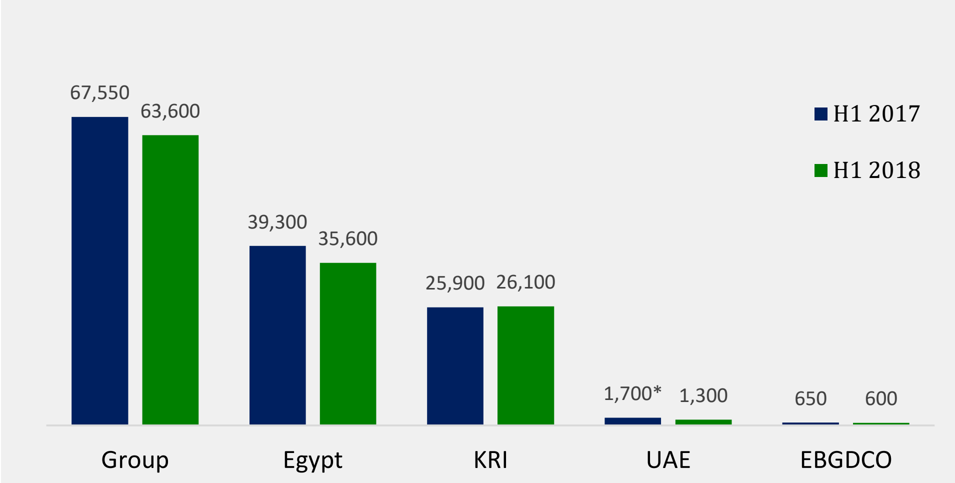


Net Profit (million USD)



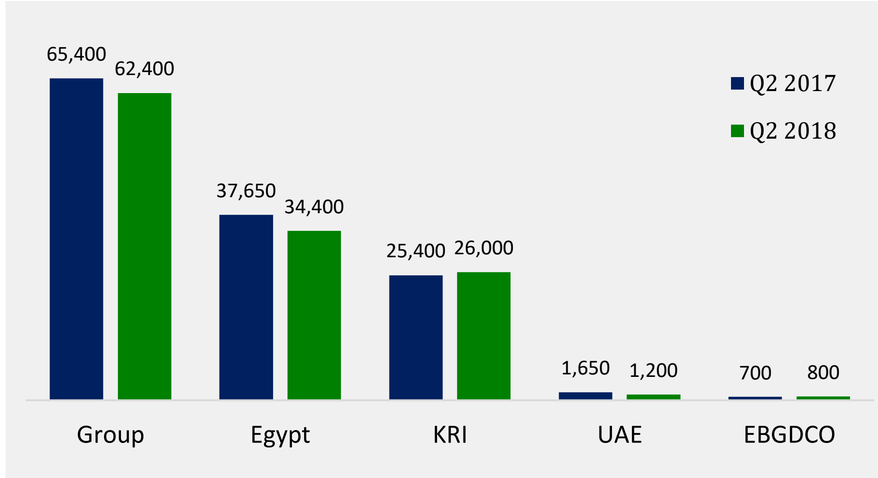
Production (boepd) & Realized Prices (USD/boe)

Average production H1 2018 vs H1 2017

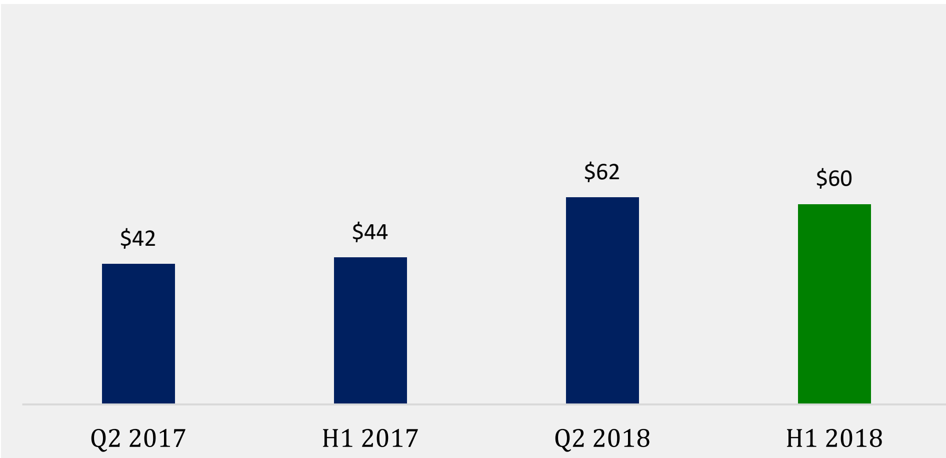


* Normalized

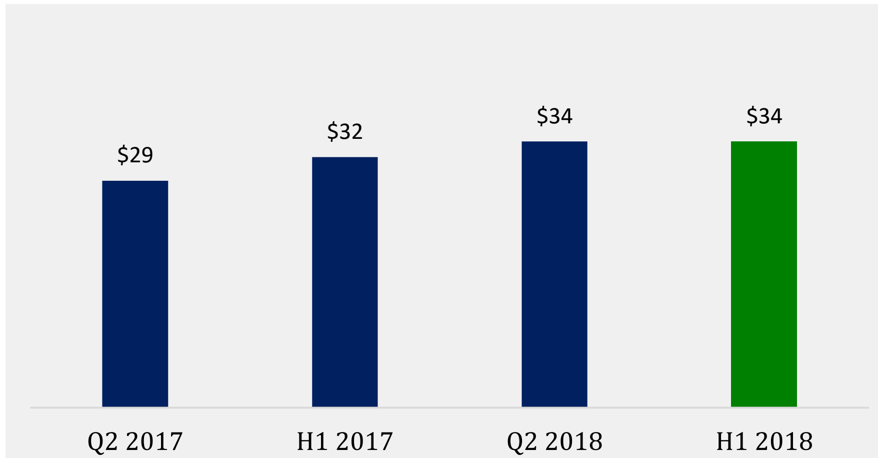
Average production Q2 2018 vs Q2 2017



Average Realized Price-Condensate (USD/bbl)

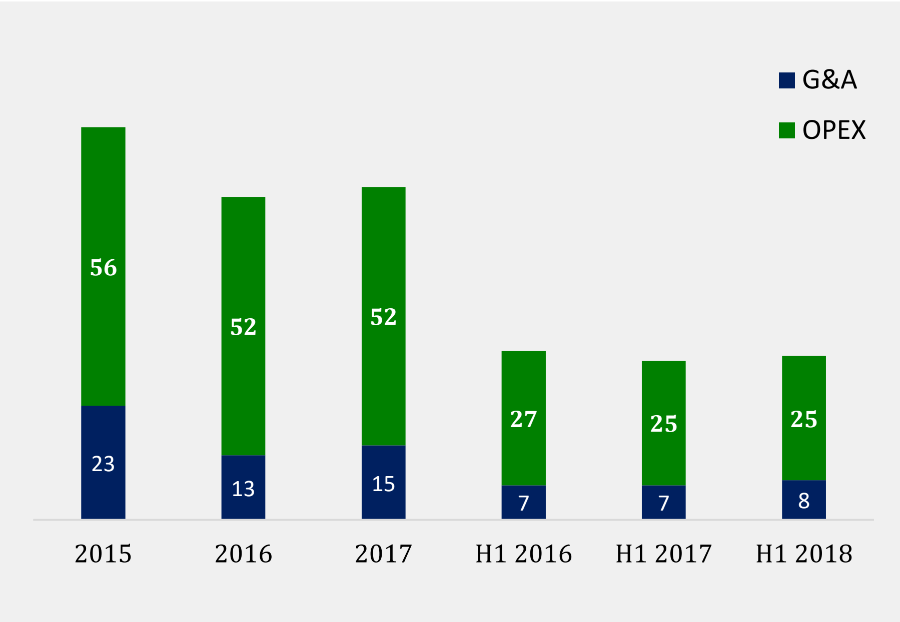


Average Realized Price-LPG (USD/boe)

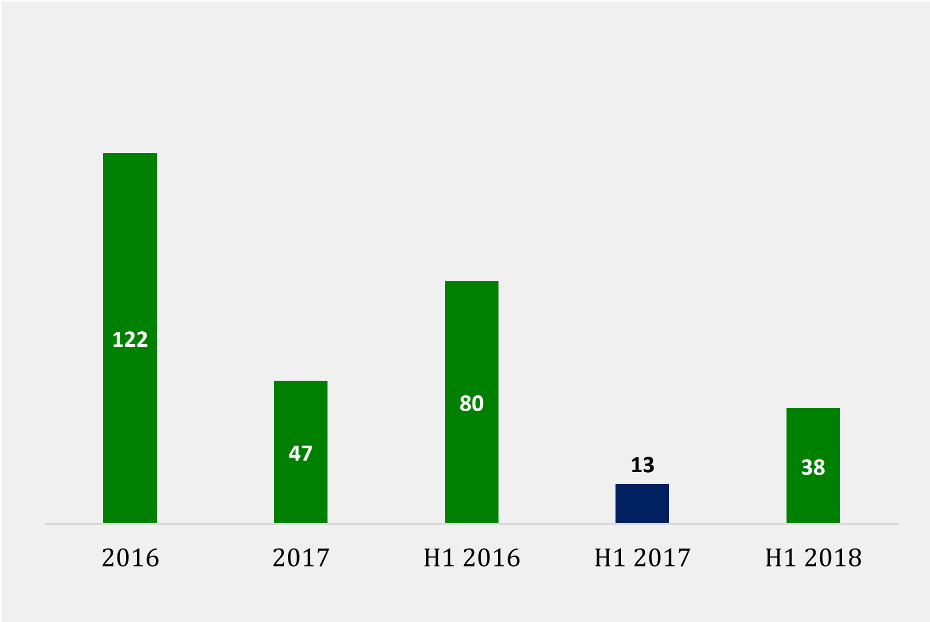


CAPEX & OPEX

G&A / OPEX (million USD)



CAPEX (million USD)



G&A / OPEX

- Company continues to optimise costs
- OPEX at similar level as H1 2017
- Lower OPEX compared to Q2 2017

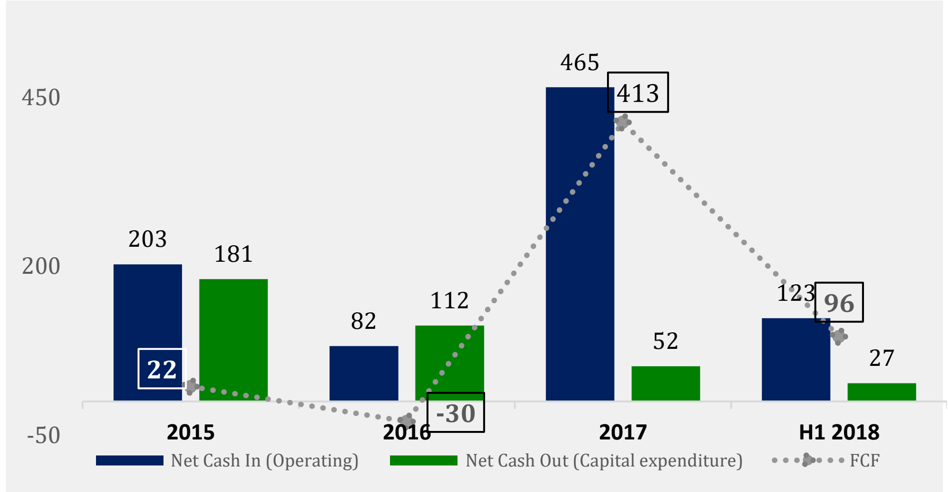
CAPEX

- No capital call on Pearl Petroleum in KRI in 2018
- Matching expenditure with collections in Egypt
- No capex in UAE until negotiations on sales gas price has been concluded

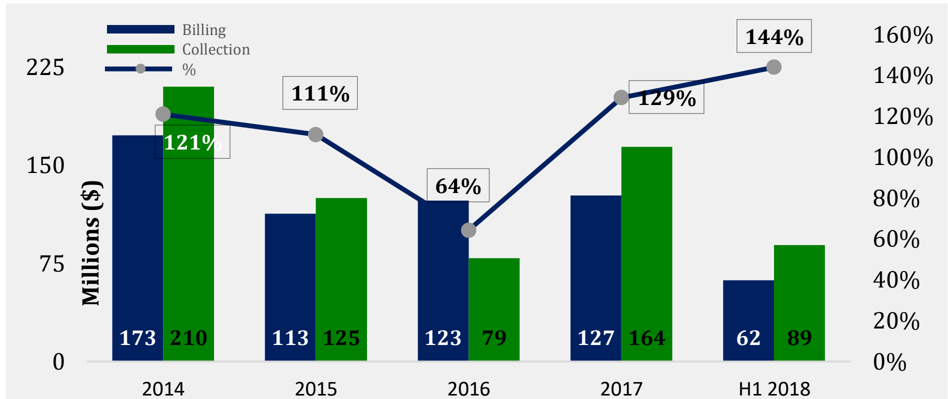
Cash Flow, Liquidity & Receivables

- $613m cash (inc. $95m dividend payment)
- Positive FCF - $96 million
- Sukuk refinancing concluded
  - New profit payment of 4% p.a.; 3-yrs
  - Save $35m+ in financing costs p.a.
- H1 2018 total payments received $141m
  - Regular payments received in KRI $46m collected in H1 2018
  - Egypt H1 2018 collection at $89m of which $21 million from condensate exports; govt collections vs billing 92%
- Egypt H1 2018 trade receivables at $202m (vs $228m end 2017)
- Continuing to face challenges with irregular payments in Egypt, hence remaining prudent in managing and spending money

Free Cash Flow (million USD)



Egypt Receivables (million USD)



Total Trade Receivable

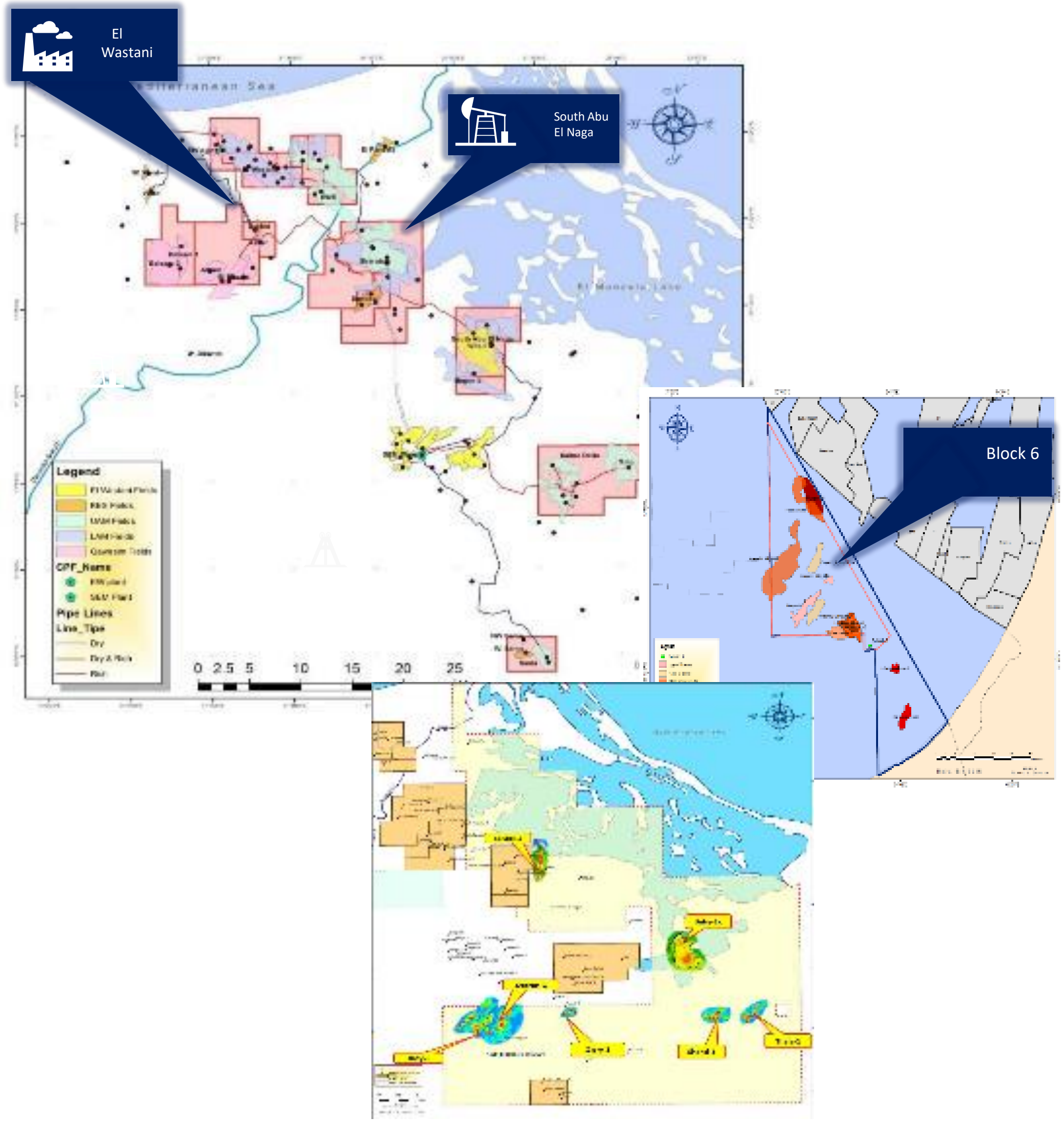
$233m	$221m	$265m	$228	$202

Note: % calculated as collection divided by net revenue

3. Country Performance

Egypt: Programme Overview

- 4 well drilling and work-over programme completed, 14 MMscf/d production capacity added
- Balsam-8 well spudded 11 August
- Additional output from drilling programme expected to come onstream incrementally in H2 2018; bring plant back to operating capacity by year-end
- **Block 6:** exploration well on track for first exploration well to be drilled in early 2019; various companies expressed interest in a potential farm-in
- **GPEA condensate sales**: six cargo sales since 2017 (3 cargoes in 2018);
- Received $54.5m from cargo sales since 2017
  - $22m in 2017 (3 cargoes)
  - $21.3m during H1 2018 (2 cargoes)
  - $11.2m in July



KRI: Expansion plans underway

Ambitious programme to increase production by 170% to 900 MMscf/d by 2021

Phase 1 – 25% production increase expected to add $50m per annum to bottom line

2018 Field Development Plans

Submitted a detailed Field Development Plan (FDP) for Khor Mor field; appraisal programme for Chemchemal, debottlenecking facility and expansion scheme

- Fast-track debottlenecking by 50-80 MMscf/d and drilling 2 appraisal wells in Chemchemal, 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

- Short-term; fast track plans to debottleneck existing plant to increase production by 50 to 80 MMscf/d by Q3 2018
- Drilling program and well-workover has commenced
- Pearl Petroleum signed 10-year Gas Sales Agreement with KRG to supply and sell additional quantities of gas from debottlenecking project

Settlement – in numbers	
Total	$2.239 billion
Cash	$600 million
Cash for development	$400 million
Petroleum cost recoverable	$1.239 billion
Production increase (2 -3 years)	500 MMscf/d
	20,000 bbl/d

UAE

- Producing gas since February 2016
- H2 2018 production average 1,300 boepd
- Any final decision on future expenditure to assess the economic viability of the project will be subject to the outcome of negotiations on sales gas price, which are currently ongoing.
- 2P reserves at 24 mmboe

Arbitration & Sukuk Update

MOL [Kurdistan Region of Iraq]

- MOL arbitration remains scheduled for Nov 2018

UAE Gas Project

- Judgement expected to be delivered by end of October 2018

4. Summary

Summary

1. Strong financial results - $50m in net profit (exc. Sukuk charges) in H1 2018; up 117% year-on-year
2. Sukuk restructuring done – new instrument issued; 4% coupon and savings of $35m p.a. on Sukuk financing
3. Potential for exciting medium-term opportunities in Egypt and development of world class assets in KRI
4. On-track for 25% increase in production in KRI in Q3; will add $50m p.a. to bottom line
5. Egypt drilling programme, incl Balsam-8, expected to reverse output decline and return plant to operating capacity
6. Short-to-mid term priorities are maximizing production for minimal costs and balancing capex to collections in Egypt

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