



## **Dana Gas reports a 246% increase in 9M 2019 Net Profit to \$142 million (AED 521mm)**

### **Highlights**

- Group production rises 8% to 67,100 boepd, boosted by a 23% increase in KRI production
- 85% increase in Net Profit from core operations
- 16.7% increase in Company's collections
- Cash balance stands at \$392mm (AED 1.43bn)

**Sharjah, UAE; 14 November 2019:** Dana Gas PJSC ("Company"), the Middle East's largest regional private sector natural gas company, today announced its financial results for the first nine months ended 30 September 2019.

The Company's net profit jumped 246% to \$142 million (AED 521mm) in 9M 2019 compared to \$41 million (AED 149mm) in 9M 2018. This increase was mainly due to higher other income amounting to \$126 million (AED 462mm) resulting from recognition of financial assets related to certain reserve-based earn-out and other entitlements. This increase was partially offset by a \$60 million (AED 220mm) impairment provision in relation to the Merak-1 well in Egypt which was drilled in Q3 but did not encounter commercial hydrocarbons.

Excluding the increase in other income and the impairment provision, net profit from core operations increased by 85% to \$76 million (AED 279mm) versus \$41 million (AED 149mm) in 9M 2018. This was principally due to an increase in production in Kurdistan Region of Iraq (KRI) post successful completion of the debottlenecking in Q3 2018 and lower debt servicing cost. The Company reported Q3 2019 net profit of \$2 million (AED 8mm) However, after adjusting for one-off items, net profit matched the level of the prior year at \$17m (AED 61mm). Revenues reached \$115 million (AED 422mm), the same in Q3 2019 as it was in Q3 2018.

Revenues rose 2% to \$357 million (AED 1.31bn) in 9M 2019 as compared \$351 million (AED 1.29bn) in 9M 2018 as increased production in the KRI offset lower realised prices and lower production in Egypt and the Company's Zora Gas Field in the UAE. Higher production contributed \$32 million (AED 117m) while reduced realised prices impacted the Company's topline by \$26 million (AED 95m).

**Dr Patrick Allman-Ward, CEO of Dana Gas, commented:**

*"Our strong financial and operational performance over the first nine months of 2019 is a testament to the Company's growing strength as production increases and collections improve. We are also moving ahead with the development and construction of the first of our two gas processing trains in the KRI, which will allow us to produce and sell an additional 250 MMscf/d of gas by 2022."*

**Production & Operations**

The Company's average production in 9M 2019 rose 8% to 67,100 boepd from 62,250 boepd in 9M 2018. KRI output rose significantly, increasing 23% to 31,800 boepd in 9M 2019 compared to 25,800 boepd in 9M 2018. Meanwhile, Egypt production slipped 3% to 33,600 boepd during the same time frame. As of the 3 September 2019, the Company ceased production from the Zora field in the UAE upon acceptance of the relinquishment notice.

**Reserves**

The independently audited report, prepared by Gaffney Cline & Associates (GCA) on behalf of Pearl Petroleum, showed that the total share of the 2P reserves in the Khor Mor and Chemchemal Fields for Dana Gas (as 35% shareholder in Pearl Petroleum), is equivalent to 1,087 million barrels of oil equivalent (MMboe). This is up from 990 MMboe when GCA first certified the fields in April 2016. This confirms that the fields located in the KRI could be the biggest gas fields in the whole of Iraq. The reserves were boosted in part by the booking of oil reserves in the Khor Mor Field for the first time.

**Liquidity and Billings & Collections**

The Company's billings and collections in 9M 2019 were robust, in line with our targets. In the KRI, the Company billed \$116 million (AED 425mm) and collected \$118 million (AED 433mm). The Company also received a \$68 million (AED 249mm) dividend from Pearl Petroleum in 9M 2019. In Egypt, the Company billed \$84 million (AED 308mm) and collected \$105 million (AED 385mm) in payments, thereby successfully reducing its unpaid receivables to \$119 million (AED 436mm). This represents a 43% drop compared to the same period last year.

As at 30 September 2019, the Company's cash position stood at \$392 million (AED 1.43bn), little changed from the \$407 million (AED 1.5bn) at the end of 2018, and includes a dividend payment of \$105 million (AED 384mm) made in May and ongoing Sukuk profit payments.

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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 63,050 boepd in 2018. 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. [www.danagas.com](http://www.danagas.com)

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