

# Clean Energy for the Future

## FY 2019 – Financial Results

12 February 2020



# Disclaimer

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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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# 1. Highlights

# FY 2019: Highlights

## Operations

- **Production:** Group output 66,200 boepd – up 5% Y-o-Y
- **Kurdistan Regio of Iraq:** production up 18% to 31,500boepd, driven by full year production from debottlenecking project (Q418); new 20yr GSA signed to support 2<sup>nd</sup> phase gas train production expansion, facilitate production and sale of additional 250MMscf/d of gas by 2022; completed Khor Mor work-over program
- **Egypt:** Merak-1 deep-water well drill completed. Shallow section was dry but there remains deeper potential that can be accessed at relatively low cost and additional large prospects. Launched Strategic Review of assets in Egypt to optimize portfolio. Production slightly lower

## Financials

- FY 2019 **revenues** of \$459m, down 2% – \$51m in lost revenue resulting from a drop in Egypt and UAE production, and a decline in realised prices, offset by increased production in KRI contributing \$40m to revenue
- FY 2019 **gross profit** of \$127m vs \$140m in 2018 due to a one-off reversal of \$13m in 2018. On a like-for-like, gross profit flat
- FY 2019 **net profit** of \$157m vs. \$186m loss in 2018
- FY 2019 **core net profit**, on a like-for-like basis, excluding one off impairments and earn-out and deferred income, is \$115m, an 80% increase

## Liquidity

- **G&A and OPEX** totaled \$70m; a level below which costs have been maintained since 2016
- **Cash balance** \$425m vs. \$407m FY 2018
- **Total collections** \$285m; Egypt, KRI and UAE contributed \$138m, \$139m and \$8m respectively
- **Egypt receivables** successfully reduced to \$111m– 21% drop Y-o-Y
- **Sukuk** is due to mature in October 2020. In the case that we sell the assets in Egypt the proceeds will go to paying the Sukuk. In the alternative we are considering various options, but these are all in early stages.

## Arbitration

- **NIOC arbitration**
  - Continuing to wait for a damages award; Crescent Petroleum (CP) commenced a new arbitration to address the claims for the remaining contract period (2014-2030)
- **MOL arbitration**
  - Received award from LCIA overwhelmingly in favour of Dana Gas and Crescent

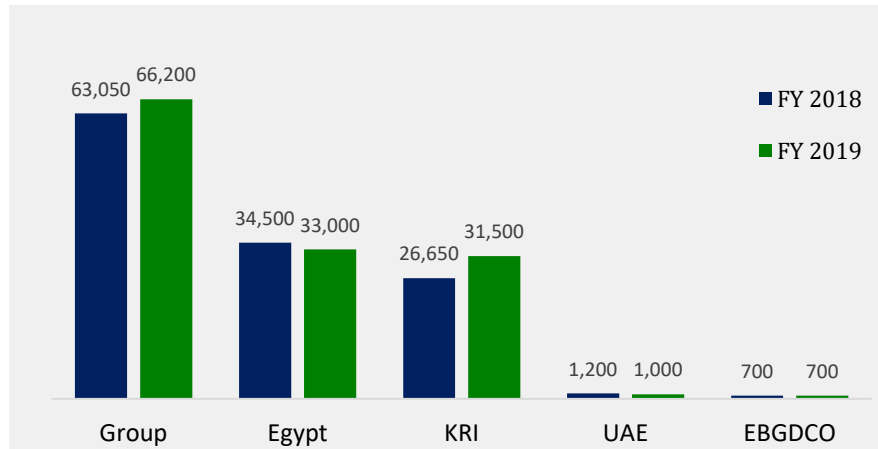




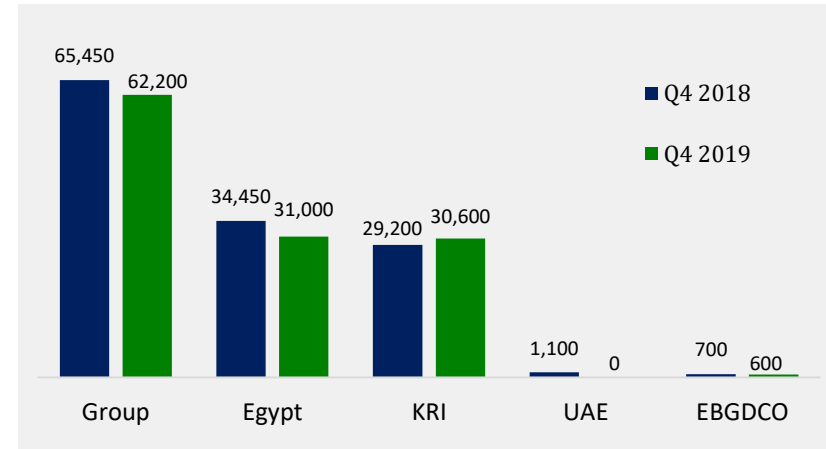
## 2. Operation Update

# Average Production & Average Realized Prices

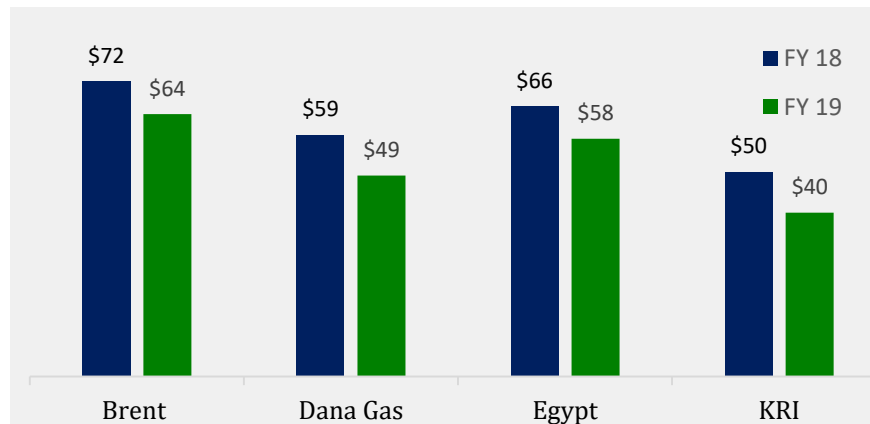
## Production (boepd) FY 2019 Vs FY 2018



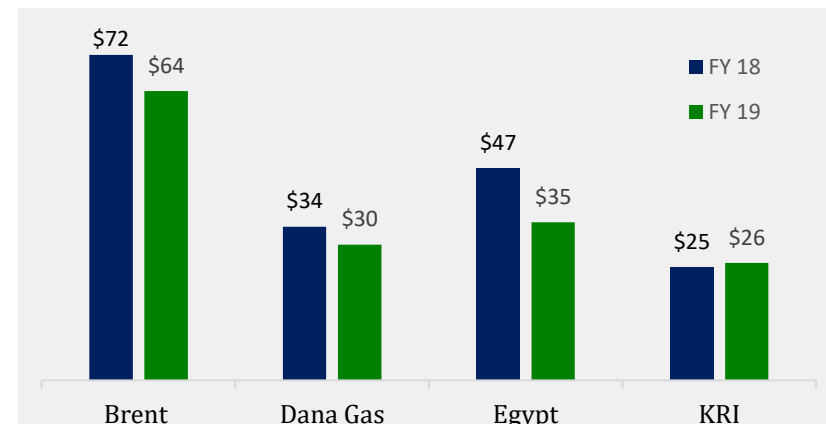
## Production (boepd) Q4 19 Vs Q4 18



## Average Realized Price-Condensate (USD/bbl)



## Average Realized Prices LPG (USD/boe)



# Egypt: Programme Overview

## Strategic Review

- Possible sale of our assets – bids received; evaluation underway
- Quality of assets excellent – producing onshore; material exploration potential offshore
- Matter of portfolio management – if the price is not right we remain committed to operate the assets

## Block 6

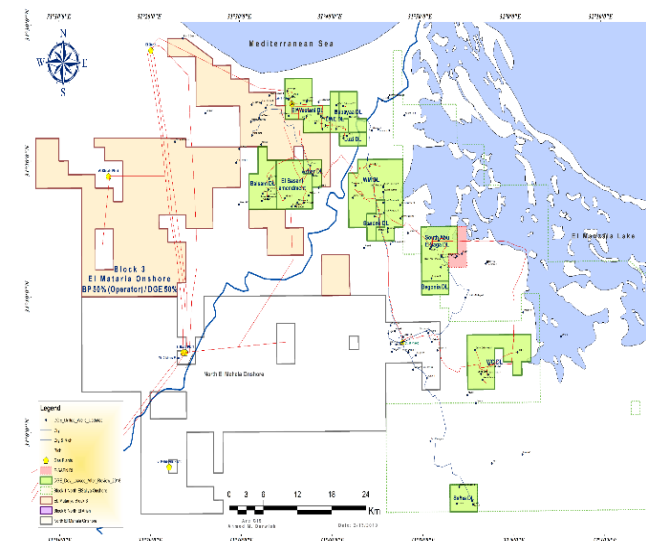
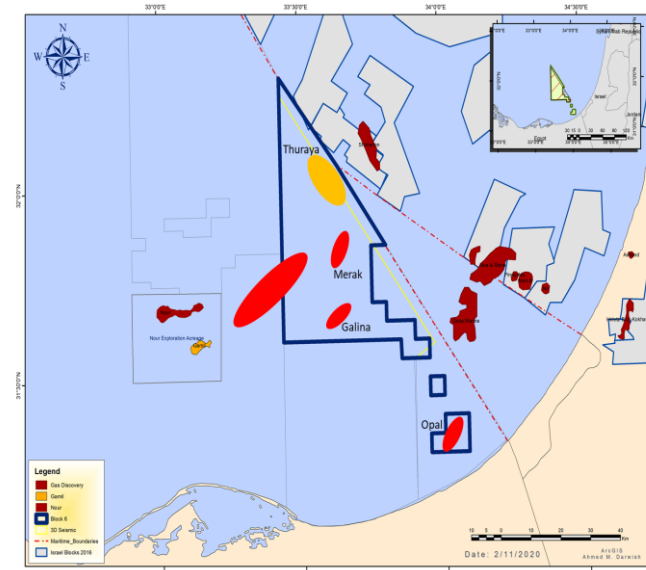
- Merak-1 shallow objective drilling completed in mid-July 2019, on time and below budget
- Well was plugged and abandoned as a dry-hole
- Block contains 3 other material independent prospects including deeper Merak Oligocene objective, accessible by deepening existing well

## GPEA condensate sales

- Since the GPEA has started, Dana Gas Egypt has sold a total 11 cargos of El Wastani condensate for \$104mm
- As of July 2019, all condensate is being delivered to EGPC refinery at Tanta against revolving letter of credit that provides circa. \$6mm per month

## Development Lease programs

- Production from East South Abu El Naga commenced January 2020
- Drilling campaign comprising 4 wells – 3 exploration and 1 development well, will start mid-2020 and extensive work-over program





# KRI: Expansion plans underway

## 10%+ increase in 2P reserves

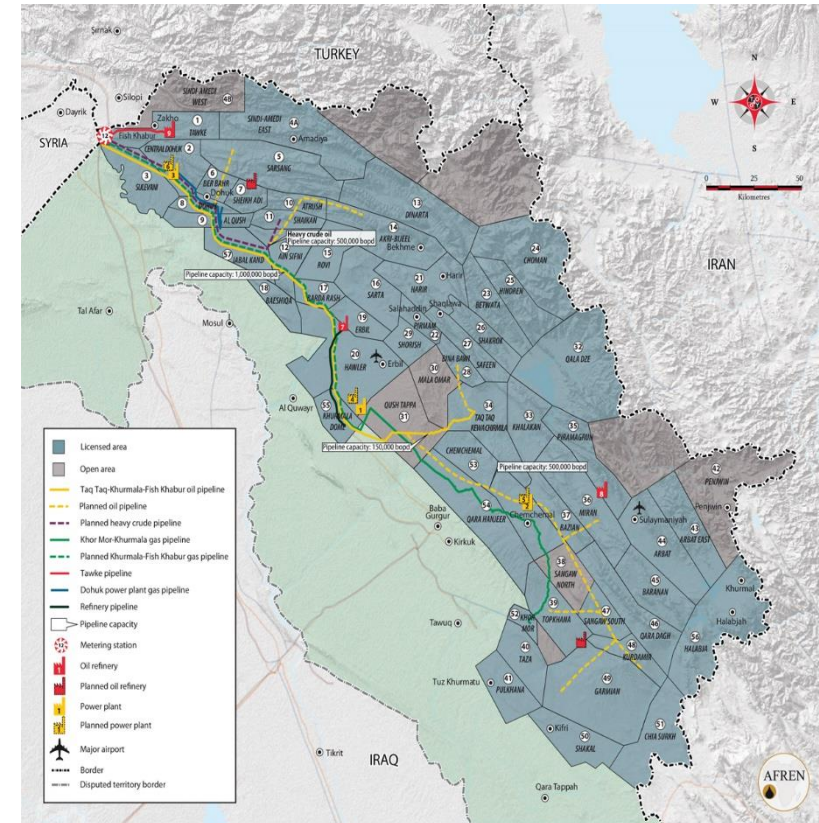
- Recent certification of reserves has increased the Company's 2P reserves by 10% to 1,087 mmboe

## Future Growth Plans

- Signed a 20-year Gas Sales Agreements with the KRG to facilitate the production and sale of an additional 250 MMscf/d
- Two new 250 MMscf/d gas processing trains that will increase gross output to 650 MMscf/d by 2022 and 900 MMscf/d by 2023 from the current 400 MMscf/d

## Operations and development update

- 2019 completed workover & drilling on 7 Khor Mor wells (5 workovers, 2 appraisals) and 1 appraisal well in Chemchamal
- 2020 investment program includes: 1 exploration well in Block 19, start of 5 development well campaign in Khor Mor



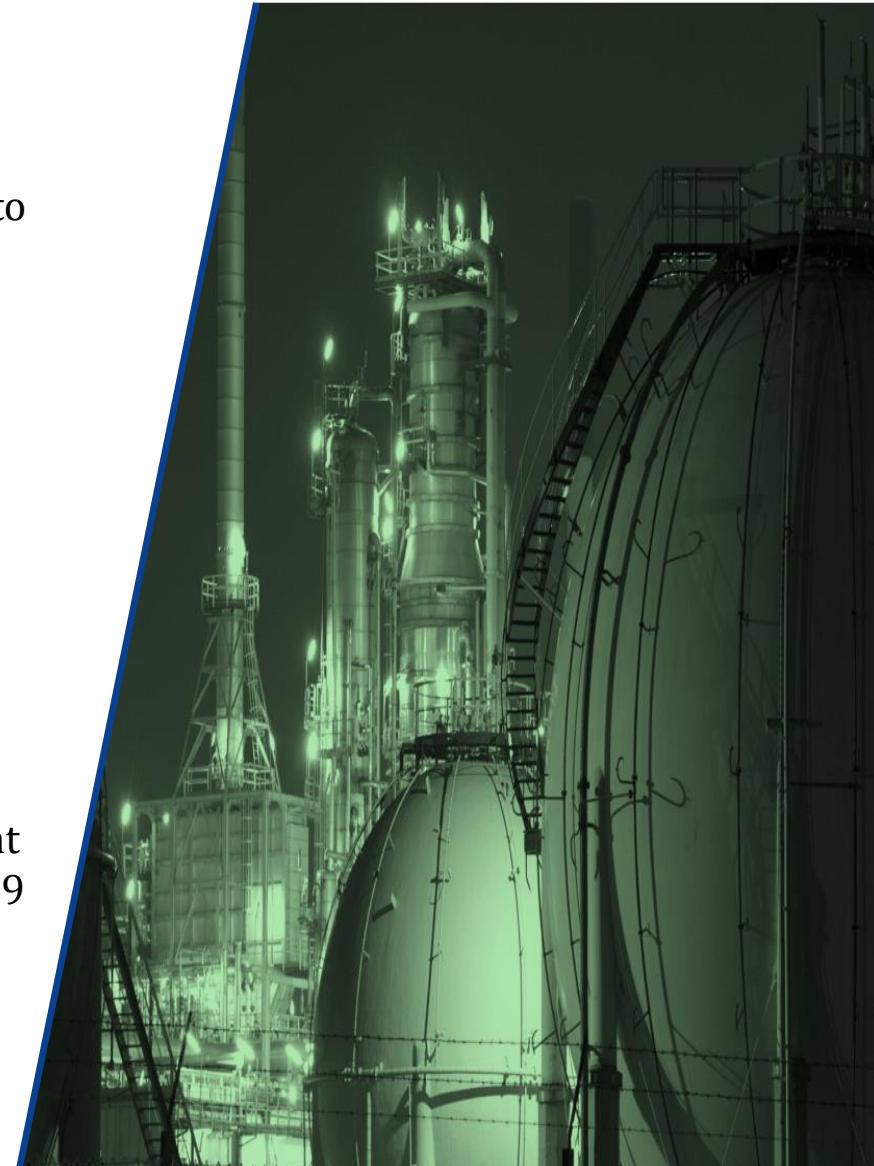
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## UAE Gas Project

- To date no damages claim award has been made by the Tribunal and Dana Gas has not received any updates as to when this may happen
- Crescent Petroleum commenced a new arbitration to address damage claims from 2014 until the end of the contract in 2030

## MOL (Pearl Petroleum shareholder)

- MOL expressed dissatisfaction with the outcome of the highly advantageous Settlement Agreement negotiated with KRG in August 2017 which terminated the arbitration and wanted to renegotiate terms with Dana Gas (and Crescent Petroleum), namely certain contingent payments linked to its share purchase agreement in 2009
- LCIA reached judgement in Q2 and made an award in favor of Dana Gas and Crescent Petroleum on all key points





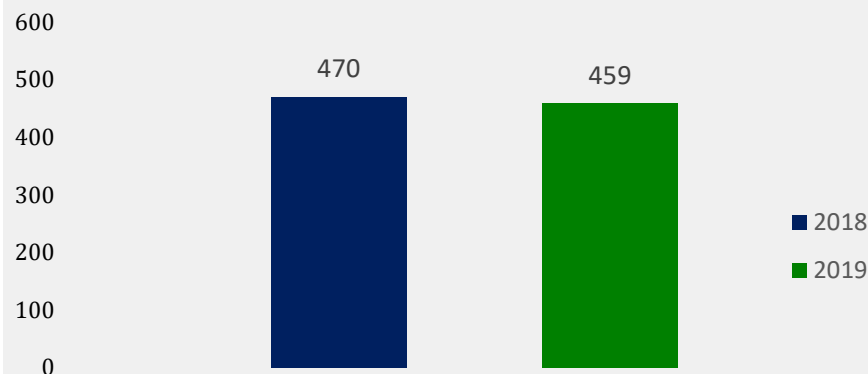


### 3. Financial Update



# Financial Highlights

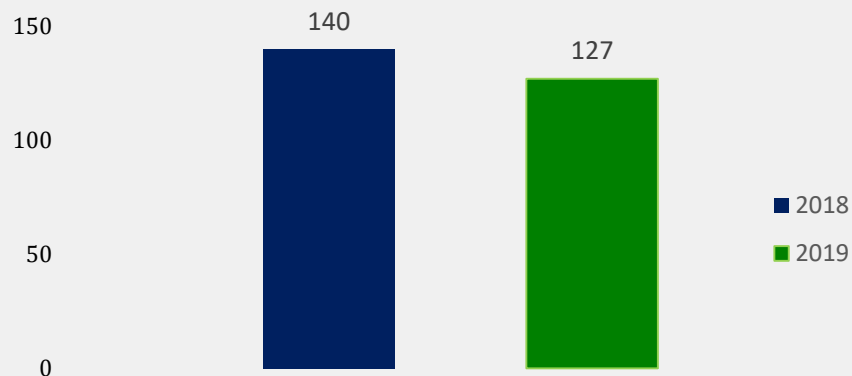
## Gross Revenue (\$mm)



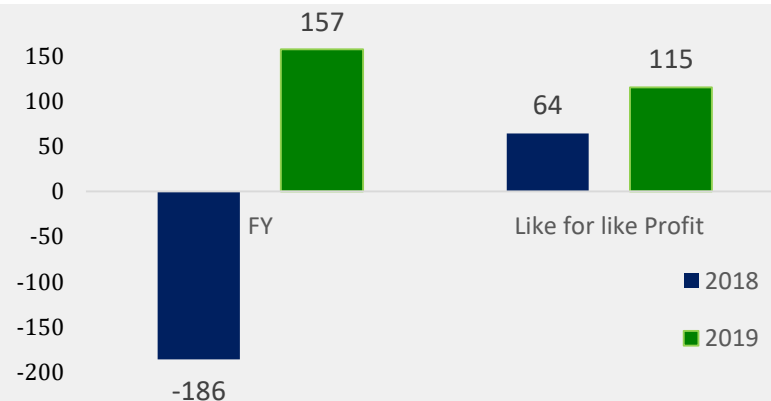
## Like-for-like profit (\$mm)

	2019	2018
Adjusted Profit before one off items	115	64
Impairment	(66)	(250)
Earn out and deferred income	108	-
Reported Net Profit /(Loss)	157	(186)

## Gross Profit (\$mm)

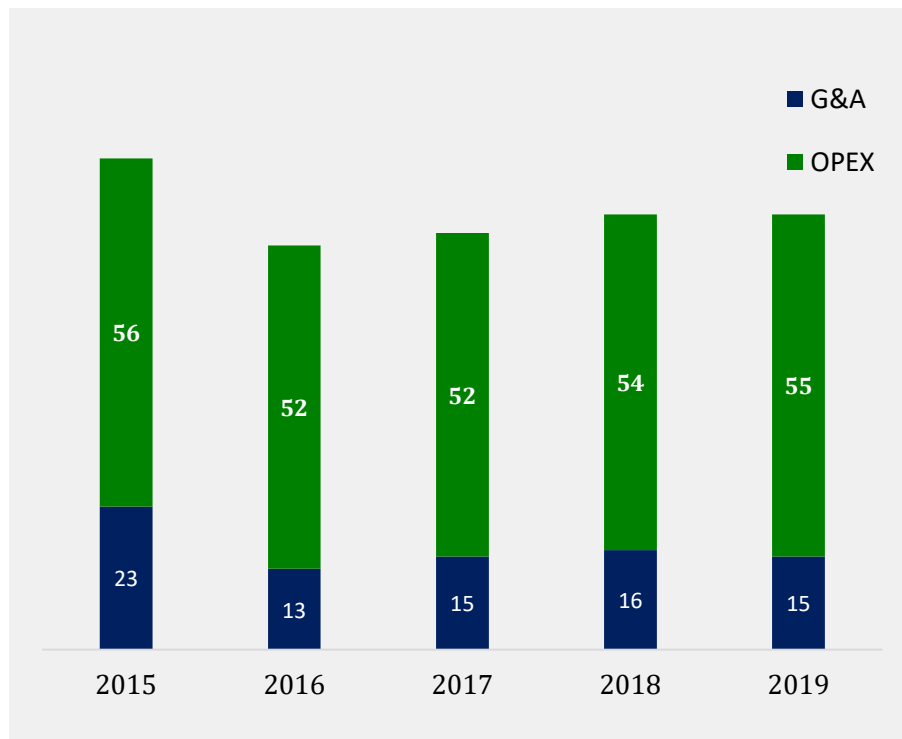


## Net Profit (\$mm)



# CAPEX & OPEX

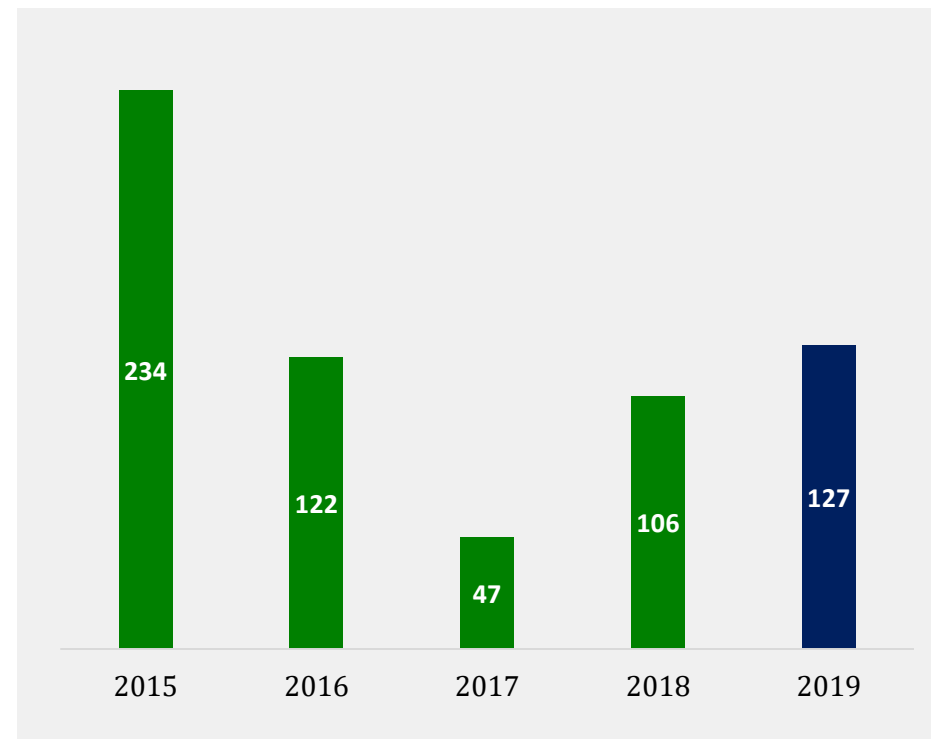
## G&A / OPEX (\$m)



### G&A / OPEX

- G&A and OPEX for the full year totaled \$70m, a level below which costs have been maintained since 2016.
- Costs are firmly under control.

## CAPEX (\$m)



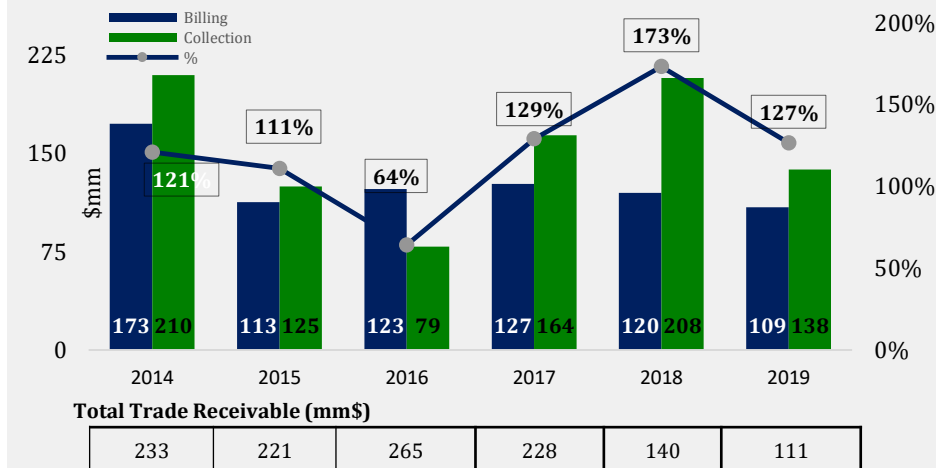
### CAPEX

- \$70m in Egypt and \$57m in KRI
- \$20-30mm annual maintenance Capex in Egypt
- No direct funding requirement in KRI

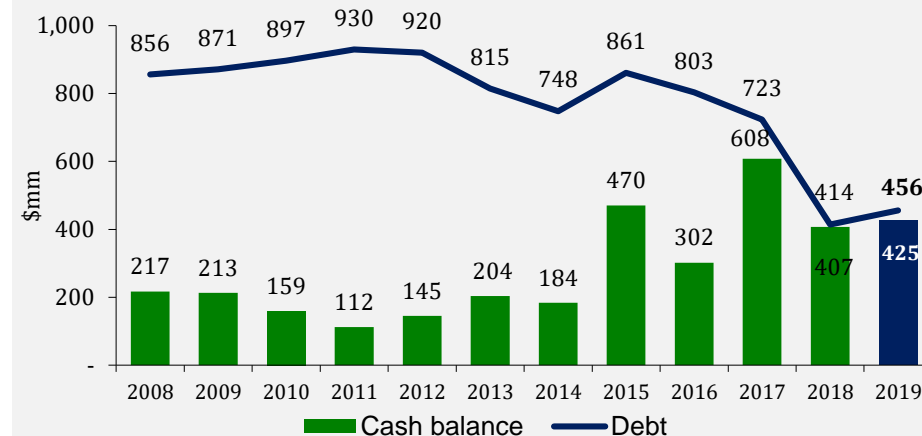
# Liquidity & Receivables

- Year-end cash of \$425m – 4% higher
- \$105m dividend payment in May 2019
- \$8m in share- and \$7m in Sukuk- buyback
- Collected \$285m in FY 2019
  - \$138m in Egypt
  - \$139m in KRI-Pearl Collection (Dana Gas received a \$121m Dividend from Pearl in 2019)
  - \$8m in UAE
- Egypt year-end 2019 trade receivables at \$111m vs \$140m at FY'18
- No outstanding overdue receivables in KRI
- Company's total borrowings stands at \$456m
  - \$397m of outstanding sukuk
  - \$59m non-recourse project debt at Pearl
- Sukuk is due for repayment in October this year. Any proceeds from Egypt will go to paying this down. In case we don't sell Egypt, we are considering various options, but these are all in early stages.

## Egypt Receivables (mm \$)



## Debt and Cash Balance (mm \$)





A photograph of an industrial facility, likely a refinery or chemical plant, featuring several tall, cylindrical distillation columns. The columns are illuminated by bright lights, creating a high-contrast scene against a dark sky. The structure is complex, with numerous pipes, ladders, and platforms. The overall color palette is dominated by dark blues and greys, with bright white and yellow highlights from the lights.

## 4. Summary

1

- We delivered a strong set of financials for the year
- Net profit is \$157 million; and like-for-like is \$115 million – 80% higher
- Our profits is at their highest level in 7 years.

2

- Launched a Strategic Review, which may lead to the sale of the Egypt assets
- Decision is a matter of portfolio management – given the focus on rapidly increasing production from the KRI project
- Evaluation, clarification and due diligence of the offers continue, and a Board decision will be made by the end of the first quarter 2020

3

- Fully focused on KRI, which continues to outperform.
- Production up 5%; Reserves up 10%
- Expansion phase starting imminently; additional 250 MMscf/d in production to come onstream in 2022
- 2020 investment program includes first exploration well in Block 19 with significant potential and commencement of development well program in KM



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