



Dana Gas: Feasibility Study for the Demerger of Dana Gas

Sharjah, UAE; 31 March 2020: Dana Gas PJSC (“Company”), the Middle East’s largest regional private sector natural gas company, today announced its intention to pursue a feasibility study studying a potential demerger of its Upstream Business into a new Company, which, as part of the demerger, will also be listed on the Abu Dhabi Stock Exchange (“ADX”).

Currently, the Company owns upstream oil and gas producing assets including Dana Gas Egypt and a 35% stake in Pearl Petroleum, its Kurdistan Region of Iraq E&P focussed business. These assets will be collectively known as the “Upstream Business”.

The Company’s “Midstream Business” will be the UAE Gas Project. This project is currently under arbitration and two separate damages claims are being made in relation to the periods 2005-2014 and 2014-2030.

If the demerger is executed, the existing Shareholders in Dana Gas PJSC will own shares in two separate entities. Both companies would continue to be publicly listed on the ADX.

The Upstream Business and the Midstream Business have quite distinct investment prospects, and the Dana Gas Board believe that there are a number of advantages to be realised by shareholders from structuring these as separate listed businesses, which is the reason the Company is pursuing a feasibility study on the potential demerger. These advantages include:

- i. The Demerger would allow shareholders greater flexibility to manage investment, as may be desired, towards their preferred company entity with different assets, business risks and opportunities;
- ii. the Demerger would allow the market to more clearly value each separate business;
- iii. as independent groups, the Midstream Business and the Upstream Business would both be able to manage more appropriately the funding of their business strategies, with capital allocation supported by direct access to forms of capital most appropriate to finance growth opportunities; and



- iv. following the Demerger, both the Midstream Business and the Upstream Business would benefit from improved allocation of resources, increased focus and greater flexibility in strategic and operational execution.

A resolution to allow the Board of Directors of the Company to carry out a feasibility study into the Demerger has been included on the AGM invitation published yesterday, 30 March 2020. If the feasibility study authorization is approved by the AGM, then once concluded and the required approvals have been obtained from the competent authorities, including the Securities and Commodities Authority, the Demerger will be presented again to the General Assembly for approval.

Hamid Jafar, Chairman of Dana Gas said:

“We are studying the feasibility of a demerger as we believe it could be value accretive for our shareholders. Our Upstream Business has grown considerably over the last 13 years and will continue to deliver growth in the years to come. A pure-play upstream company may attract significant new investment both locally and internationally linked to future production growth. A pure-play midstream business would be more stable and have less exposure to commodity price changes. The demerger would provide the option to shareholders to remain invested in either or both companies at their discretion, each company having its own business strategy and opportunities.”

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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 66,200 boepd in 2019. 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.

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