



Dana Gas delivers strong and resilient financial and operational performance in H1 2020

H1 2020 Highlights

- Operations continue uninterrupted during the ongoing Covid-19 pandemic with stringent health and safety protocols in place across all assets.
- Net Profit of \$18mm (AED 66m) before one-off impairments despite sharp decline in energy prices.
- Significant cost cuts implemented in Q2; capex cut by 72% to \$25mm (AED 92mm).
- Average group production of 63,250 boepd.
- Cash balance of \$366mm (AED 1,341mm).
- \$88.5mm Sukuk buyback completed between January and August 2020.

Sharjah, UAE; 13 August 2020, Dana Gas PJSC (the “Company”), the Middle East’s largest regional private sector natural gas company, today announced its Financial Results for the half year ended 30 June 2020.

The Company’s H1 2020 net profit was \$18 million (AED 66mm) compared with \$52 million (AED 191mm) in H1 2019 on a like-for-like basis and excluding one-off impairments, earn-out amounts, and deferred income. On an adjusted basis, the Company recorded a loss of \$19 million (AED 69mm) as a result of a \$37 million impairment charge related to oil and gas assets in Egypt due to low oil prices, and decreased value of its financial assets.

Revenue for the first six months of the year stood at \$181 million (AED 664mm) as compared to \$242 million (AED 887mm) in H1 2019, down 25%. The decrease is largely due to lower realised prices during the period, which had a \$42 million impact, and, to a lesser extent, lower production in Egypt as a result of natural field declines. Realised prices in H1 2020 averaged \$30/bbl for condensate and \$28/boe for LPG compared to \$51/bbl and \$33/boe respectively in 1H 2019.

The Company implemented cost cutting measures, achieving \$2 million (AED 7.3mm) saving in G&A costs with further savings expected in H2 2020. Capex was also cut by 72% to \$25m (AED 92mm) as all non-essential work was deferred.

In Q2 2020, Brent averaged \$30/bbl and touched a low of \$9/bbl on 21 April 2020. Despite historical low prices, Dana Gas ended the second quarter close to breakeven with a small net operating loss of \$3 million, demonstrating its ability to stay resilient even in a low oil price environment given its fixed price long term gas contracts.

The Egypt sales process continues although it has been delayed as a result of the COVID-19 pandemic. The Company expects to make a further announcement during H2 2020.



Regarding the Sukuk, the Company continues to explore the various financing options available to it, and as previously announced, has hired financial advisors to assist it in evaluating these options.

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

“The Company has demonstrated a strong and resilient financial and operational performance in the first half of 2020. We generated an operational net profit (before impairments) of \$18m, which demonstrates our ability to operate successfully in low-cost environments. Our gas sales account for approximately half of the Company’s income and are sold under long-term gas sale contracts with host governments, providing us with sustainable revenues even when oil prices are low.

Furthermore, we were able to swiftly execute safety measures to ensure our assets remained operational and production uninterrupted despite the great difficulty of working through the COVID-19 pandemic. I wish to express a big thank you in recognition for the huge efforts made and the dedication shown by our teams in the KRI and Egypt, who managed to maintain an average production of 63,250 boepd in the first half of 2020.

We remain focused on strengthening our balance sheet to better position the Company for the future and we plan to press ahead with certain strategic actions regarding our asset and Sukuk which will benefit all our stakeholders alike.”

Operations & Production

The Company’s average production in H1 2020 was 63,250 boepd, a 7% decrease as compared with 68,200 boepd in H1 2019. The drop in output was due to reduced production in Egypt and the KRI, by 9% and 2%, respectively; and ceasing production from the UAE’s Zora Gas Field. Egypt’s production was 30,950 boepd, reflecting the impact of natural field declines, and the KRI’s production was 31,700 boepd.

Covid-19 has impacted growth plans though not current production in the KRI, where movement restrictions and other preventative measures have impacted Pearl Petroleum’s Khor Mor expansion project. As a result, Pearl Petroleum has experienced delays in the implementation of the first 250 MMscf/d gas processing train which had a declaration of *force majeure* by the EPC contractor due to the border closures and restrictions resulting from the pandemic. While basic engineering works have been completed, major works are expected to resume once conditions on the ground allow. All parties remain committed to implementing the expansion project as soon as possible.

Liquidity and Collections

Dana Gas received \$90 million (AED 330mm) in collections during H1 2020 against total billings of \$111 million (AED 407mm). Its share of receipts by Pearl Petroleum in the KRI contributed \$47 million (AED 172mm) and Dana Gas Egypt brought in \$43 million (AED 158mm) in collections respectively. The Company received a \$50 million (AED 183mm) dividend from Pearl Petroleum in the first half of the year.



As of 30 June 2020, the Company's receivables stood at \$117 million (AED 429mm) in Egypt and \$39 million (AED 143mm) in the KRI. After suspension of certain payments due for the months of December 2019 to February 2020, regular payments in full by the Kurdistan Regional Government have resumed since March allowing the Company to continue regular and timely monthly collections.

The Company's cash position is \$366 million (AED 1,341mm) as at 30 June 2020, lower by 14% compared to \$425 million (AED 1,558mm) in FY 2019. The cash balance includes \$58 million (Dana Gas 35% share) held by Pearl Petroleum. The Company's debt stood at \$452 million consisting of \$380 million of outstanding Sukuk and \$72 million of non-recourse project debt at Pearl level.

In the period following the date of the half-year results, the Company completed a further \$70.7 million Sukuk buyback in the market, taking the total buybacks carried out in 2020 to \$88.5million to date. The overall cost savings to the Company in profit payments and repayments at maturity represents around \$10 million. The outstanding total for the Sukuk is now \$309 million with the full amount due for repayment on 31 October 2020.

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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 66,200boepd 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. Visit: www.danagas.com

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