



Dana Gas delivers resilient operational performance in 9M 2020

Highlights

- Net Profit of \$31mm (AED 113mm) before one-off non-cash impairments
- Production across all assets uninterrupted due to stringent health protocols in place
- Average group production of 63,000 boepd; KRI Q3'20 production up 6% YoY
- Plant bypass project in the KRI added 30MMscf/d to output
- Agreement signed in October for sale of mature Egypt onshore producing assets
- Outstanding Sukuk of \$309 million fully redeemed
- New \$90 million Mashreq facility implemented, no debt at Corporate level on repayment after completion of Egypt asset sale
- The Board is evaluating options regarding a dividend payment in 2021

Sharjah, UAE; 12 November 2020, Dana Gas PJSC (the “Company”), the Middle East’s largest regional private sector natural gas company today announced its financial results for the nine months ended 30 September 2020.

In the nine months of 2020, the Company generated a net profit of \$31 million (AED 113mm) versus \$69 million (AED 254mm) in 9M 2019, excluding one-off non-cash impairments and other income items. Including these one-offs, in the 9M 2020, the Company reported a net loss of \$379 million (AED 1,390mm). Dana Gas’s continued operations contributed \$29 million to the Company’s net profit reflecting the profitability of the remaining business.

A total non-cash impairment charge of \$243 million was taken in relation to our Egyptian operating assets in 2020 and a further \$163 million non-cash impairment of Goodwill following the sale of the Company’s onshore assets in Egypt. The sale of the mature onshore Egyptian assets forms a key part of the Company’s strategy which allows us to strengthen our balance sheet and focus our attention on the development of the growth opportunities in our Egypt exploration blocks and our world class assets in the KRI.

Revenue in the 9M 2020 was \$262 million (AED 960mm) as compared to \$357 million (AED 1,309mm) in 9M 2019. The decrease was due to lower realised prices during the period; lower production in Egypt as a result of natural field declines.

Realised prices in 9M 2020 averaged \$30/bbl for condensate and \$28/boe for LPG compared to \$50/bbl and \$33/boe respectively in 9M 2019. Furthermore, Brent averaged \$41/bbl as compared to \$65/bbl in the same period last year. The COVID-19 pandemic has continued to impact the market environment from onset through to the third quarter of the year.

In October 2020 Dana Gas fully redeemed the \$309 million of the outstanding Sukuk on schedule. This will result in substantial finance cost savings from Q4 onwards thereby enhancing company profitability and cash flow.



The company-wide effort to preserve operating expenses implemented earlier in the year has been effective, with G&A costs reduced by 18% year on year.

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

“The Company’s performance has remained consistently strong over the first nine months of 2020 despite the current economic environment. We generated a net operating profit of \$31m, which is testament to our continued, resilient operating performance. We have countered the pandemic by implementing stringent health and safety measures from the outset and production has continued uninterrupted. We settled all of our Sukuk obligation on schedule and have now further reduced our ongoing financing costs. We also announced the sale of the Company’s mature onshore Egypt producing assets and we look forward to completion early next year, which will allow us to further focus on our core world class assets in the KRI where Dana Gas has over 1 billion boe of 2P reserves and our exciting Block 6 Exploration Concession offshore Egypt that we believe holds more than 20Tcf of potential gas resources.”

Operations & Production

The Company’s average production in 9M 2020 was 63,000 boepd. The slight drop in output from the equivalent 9M period in 2019 was due to reduced production in Egypt as a result of natural field declines.

The KRI operations have continued without interruption and remain fully functioning with stringent health and safety protocols in place. Nine months production in the KRI was flat at 31,900. Third quarter 2020 production grew by 6% to 32,400 boepd as a result of the successful completion of the plant bypass project, which added approx. 30 MMscf/d of additional gas.

Financing & Sukuk

On 2 November 2020, Dana Gas fully redeemed the \$309 million of the outstanding Sukuk on schedule. The Sukuk (with an original balance of \$530 million) was issued on 31 October 2017, with \$221 million of repurchases taking place during the last three years.

Furthermore, the Company entered into a \$90 million credit facility from Mashreq Bank. Financing costs will be significantly reduced, thereby increasing future profitability. Annualised interest cost will be slightly less than \$3 million per annum, lower than the \$21 million run-rate for Sukuk profit payments at the time of issuing the instrument in 2017.

Sale of Egypt assets

After the close of 9M 2020, Dana Gas entered into a binding agreement with IPR Wastani Petroleum Ltd, a member of the IPR Energy Group for the sale of its onshore Egyptian



producing oil and gas assets for a consideration of up to \$236 million including contingent payments. The Company will retain its interests in its onshore and offshore exploration concessions, respectively El Matariya (Block 3) and North El Arish (Block 6).

The sale of Dana Gas' Egyptian assets forms a key part of the Company's portfolio optimisation strategy. Completion of the sale process will allow the Company to strengthen its balance sheet and sharpen focus on the development of its world-class fields in the KRI while exploring for potential farm-in partners for the highly prospective offshore Block 6 in Egypt.

Liquidity & Collections

The Company's cash position as of 30 September 2020 stood at \$299 million. Following the payment to redeem the Sukuk, the cash balance, as of 1 November 2020, was \$98 million. The Board is evaluating options regarding a dividend payment in 2021.

Dana Gas received \$127 million (AED 466mm) in collections in the 9M 2020 against total billings of \$162 million (AED 594mm). Its share of receipts by Pearl Petroleum in the KRI contributed \$74 million (AED 271mm) and Dana Gas Egypt brought in \$53 million (AED 194mm) in collections. The Company received \$83 million (AED 304mm) dividend from Pearl during the first nine months of the year.

As of 30 September 2020, the Company's receivables stood at \$128 million (AED 469mm) in Egypt. The KRG has made regular payments in full, from March through to September 2020. Currently, \$40 million (DG 35% share) remains outstanding mainly for the three-month period, December 2019 to February 2020. Like other international E&P companies operating in the KRI, Dana Gas is in ongoing discussion with the KRG regarding settlement of this amount.

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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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