

# Clean Energy for the Future

FY 2020 – Financial Results

11 February 2021



# 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

## Operations

- Resilient operational performance in 2020
- The sale of Egypt mature onshore assets to IPR Energy in Q4 – Expected close in H1
- Group operations continued uninterrupted
- Completed Kor Mor plant bypass project in Q3
- Group production avg. 63,200 boepd – down 5%
  - Q4 KRI production up 9% to record high
- Pearl Petroleum expansion restarted Dec. 15 following *force majeure*; civil engineering works under way

## Liquidity

- Current consolidated cash balance of \$108m, including \$39m held at the Pearl level (DG share)
- Collected \$182m in total – KRI \$102m and Egypt \$80mm;
- Received \$100m cash dividends from Pearl
- Operational expenses unchanged from 2019 at \$55mm; G&A 20% down

## Financials

- Net Profit of \$36m before one-off impairments despite steep decline in energy prices
  - Including impairments, Net Loss of \$376m
  - Net Profit of \$32m from continued operations
- Revenue of \$349m – 24% lower
  - Due to steep decline in oil prices, lower production in Egypt and ceasing operations in UAE
- Gross profit of \$86m down from \$127m in FY'19

## Corporate

- Signed a \$90m credit facility with Mashreq with significantly reduced financing cost vs Sukuk
- Full redemption of the Company's Sukuk
- Transfer of reserves into retained earnings to support dividend capacity
- Demerger feasibility study is ongoing
- NIOC arbitration; continue to await the award on damages

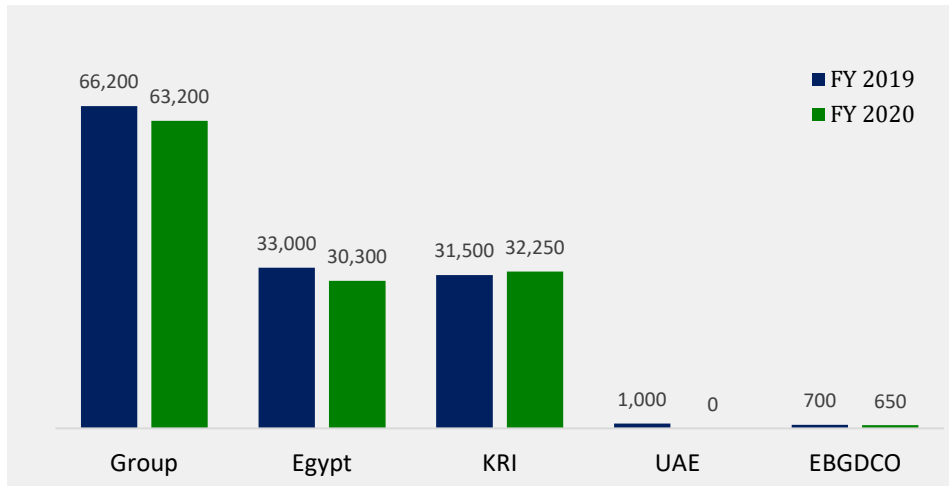




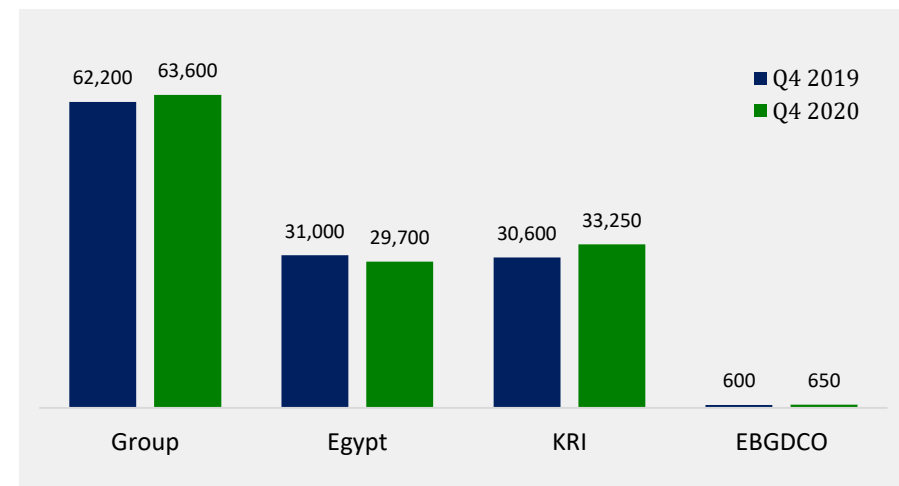
## 2. Operation Update

# Production (boepd) & Realized Prices ( USD/boe)

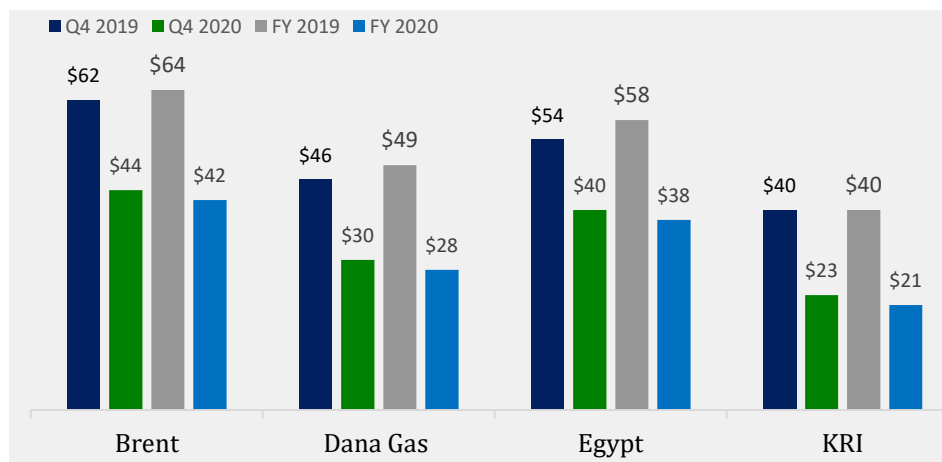
## Average production FY 2020 vs FY 2019



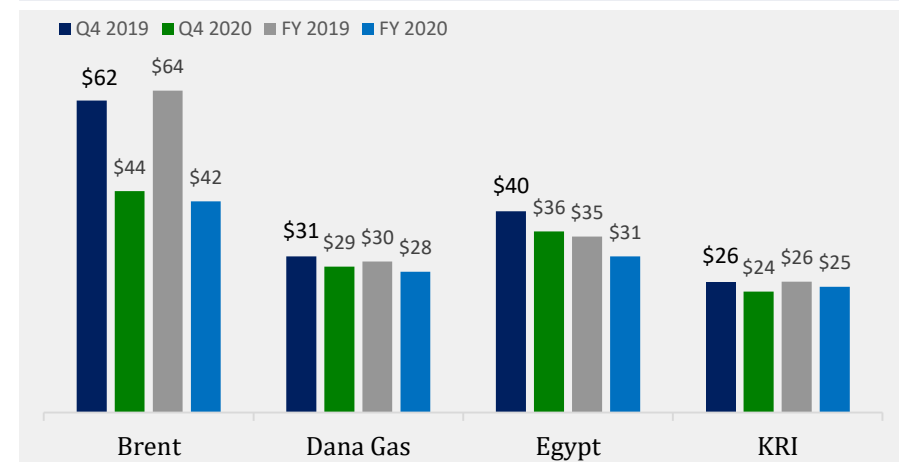
## Average production Q4 2020 vs Q4 2019



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



## Average Realized Price-LPG (USD/boe)



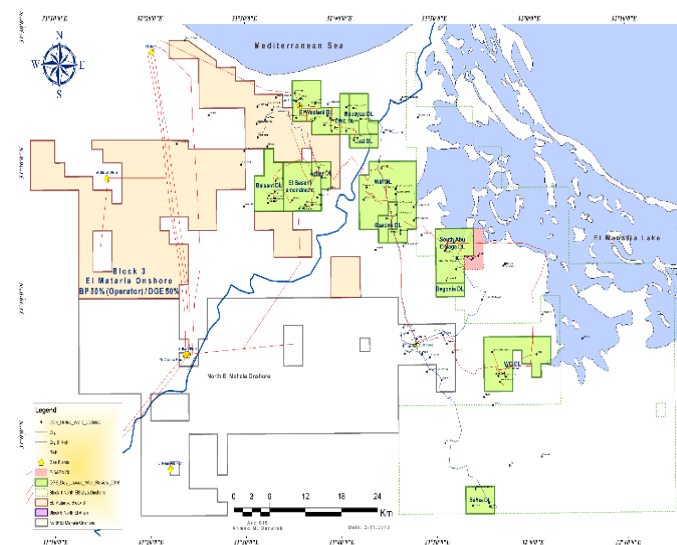
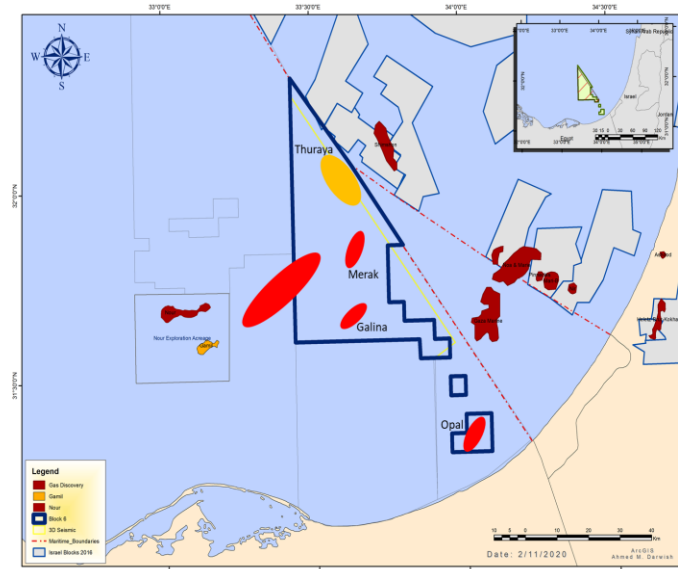
# Egypt Update

## Operations

- Operations continued as normal
- Health and safety measures brought in; no COVID cases reported.
- Production decreased 8% to 30,300 boepd in FY 2020 (143 MMscf of gas; 3980 bbl/d of condensate and 211 MTPD of LPG)

## Sale of Dana Gas onshore assets to IPR Energy

- Transaction includes Dana Gas' 100% working interests in the El Manzala, West El Manzala, West El Qantara and North El Salhiya onshore concessions and associated development leases
- Consideration of up to \$236 million, consisting of \$153 million base cash consideration and contingent payments of up to \$83 million subject to average Brent prices and production performance between 2020-2023 as well as the realization of potential 3rd party business opportunities
- Dana Gas to retain interests in highly prospective offshore North El Arish Block 6 exploration concessions, exited El Matariya (Block 3)
- Transaction is expected to be complete in H1 2021, subject to regulatory approval





# KRI: Energising the country

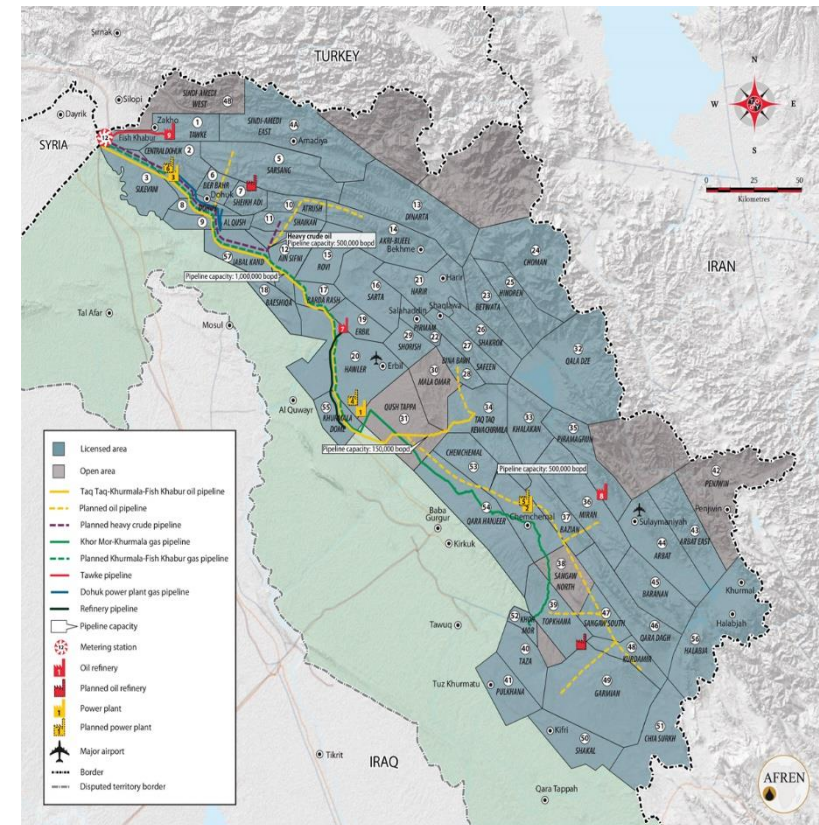
**Ambitious programme to increase daily production to 900 MMscf and 35,000 bbl**

## Operations

- Operations continued as normal
- Reached record gas production of 440 MMscf following the completion of the bypass project at Kor Mor plant
- Production rose 9% in Q4, and 2% in FY 2020 averaging 32,250 boepd (DG share)
- Produced 393 MMscf of gas; 14,800 bbl/d of condensate and 1000 MTPD of LPG in 2020 ( gross)

## Expansion project update

- EPC contractor for the construction of the 1<sup>st</sup> gas processing train (KM250) appointed in Q1'20
- Expansion plan restarted December 15, following a delay due to COVID-19 impact and EPC contractor declaring force majeure
  - Plans in place to enable civil engineering works to be carried out under strict protocol and controls
  - Basic civil engineering work has been completed
  - Plans to drill up to 5 development wells in 2022
  - New completion date of KM 250 is projected in H1 2023
  - All parties remain committed to fully implementing the expansion project



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## UAE Gas Project

- In 2014 Arbitration Award was found in favor of Crescent Petroleum (Dana Gas partner) on all issues
- In October 2017 Tribunal indicated final judgement on the amount of damages (to cover the period from 2005-2014) would likely be delivered in second half of 2018
- The Tribunal did not issue its Award within that period with members of the Tribunal resigning prior to the issuing of an Award. As a result a new Tribunal was constituted
- The new Tribunal agreed they could issue an Award on the basis of the existing evidence and following a clarification hearing
- Clarification hearing was held in August 2020
- The new Tribunal is expected to issue its damages Award in H1 2021
- Crescent Petroleum (CP) commenced a new arbitration to address the claims from 2014 until the end of the contract in 2030





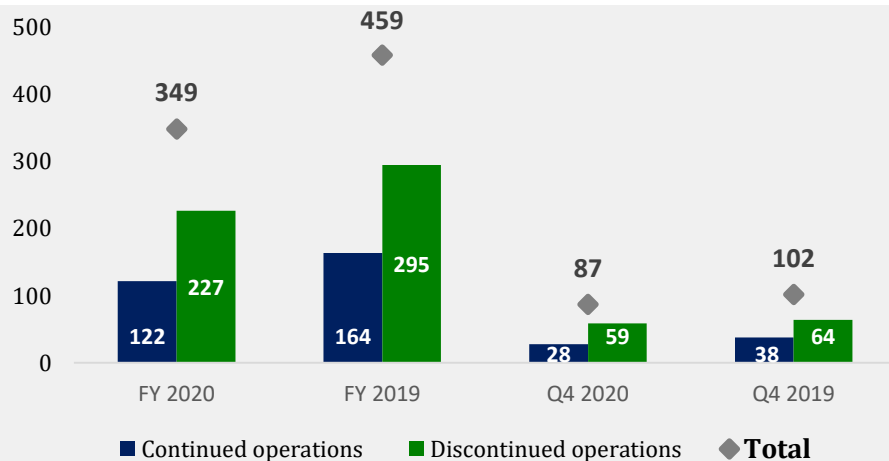


### 3. Financial Update

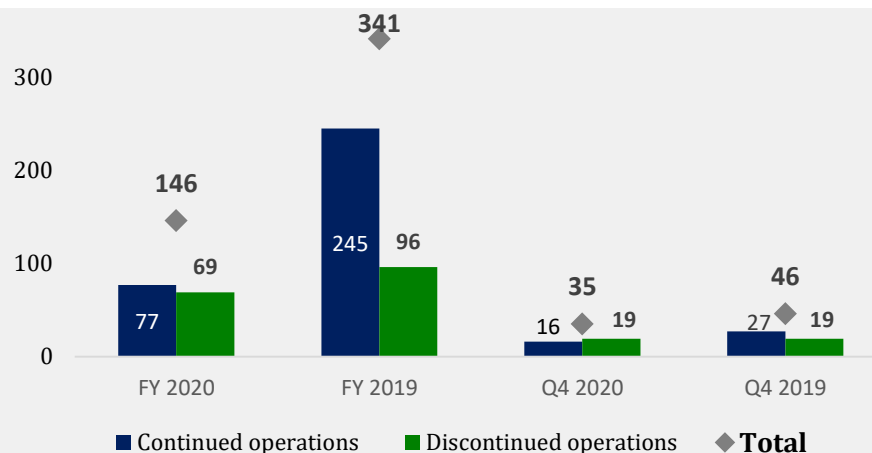


# Financial Highlights

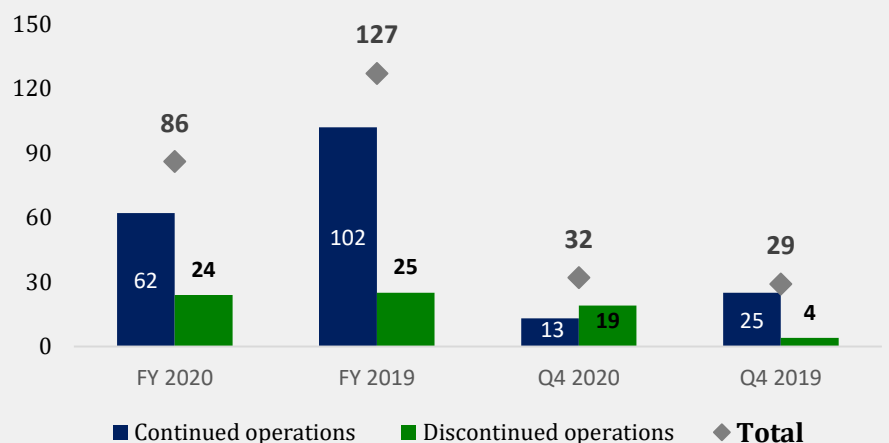
## Gross Revenue (\$mm)



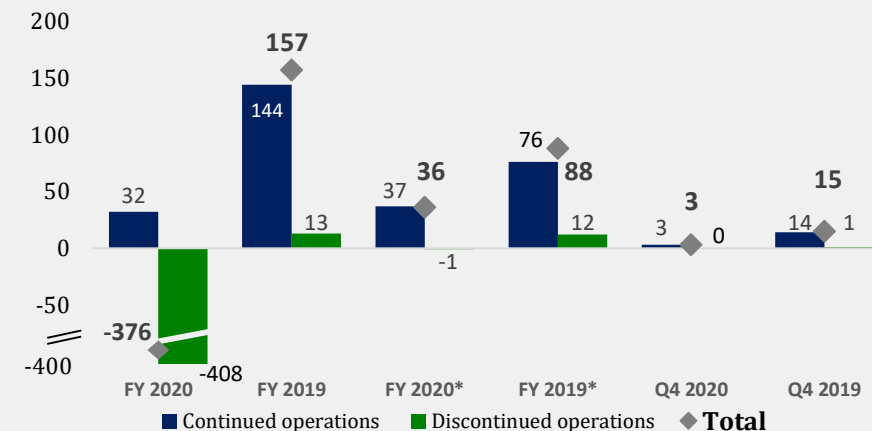
## EBITDA (\$mm)



## Gross Profit (\$mm)



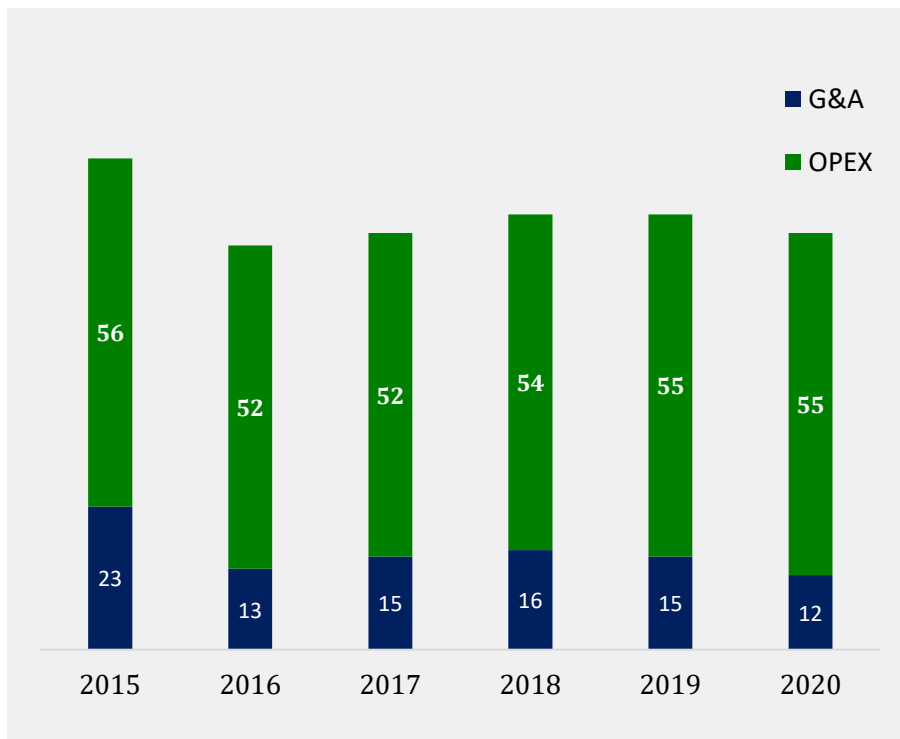
## Net Profit (\$mm)



\* Excluding one-off items

# CAPEX & OPEX

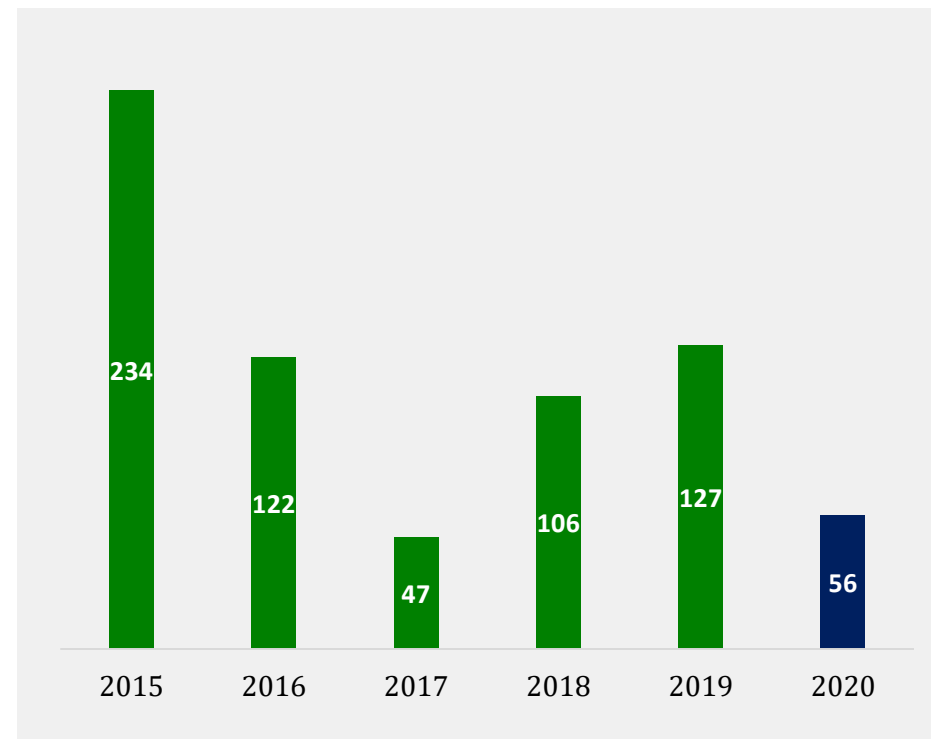
## G&A / OPEX (\$m)



### G&A / OPEX

- G&A and OPEX for the full year totaled \$67m, a level below which costs have been maintained since 2016.
- 20% reduction in G&A
- Costs are firmly under control.

## CAPEX (\$m)



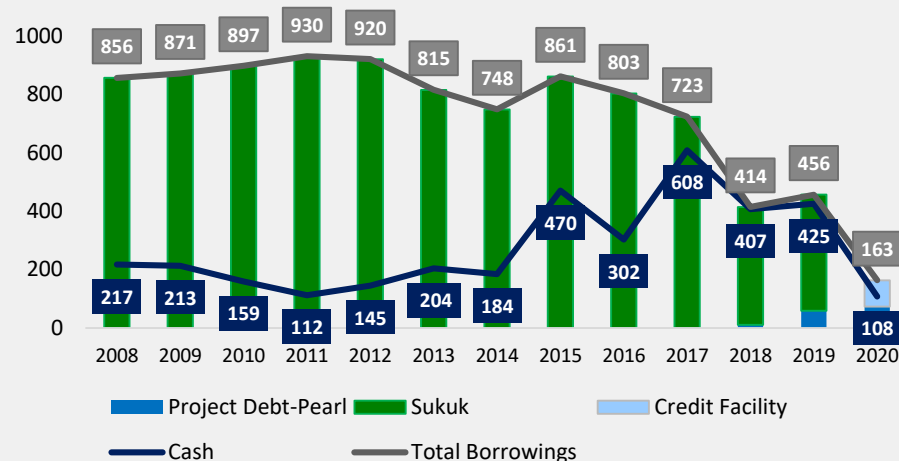
### CAPEX

- 56% reduction in Capex
- \$29m in Egypt and \$27m in KRI
- No direct funding requirement in KRI

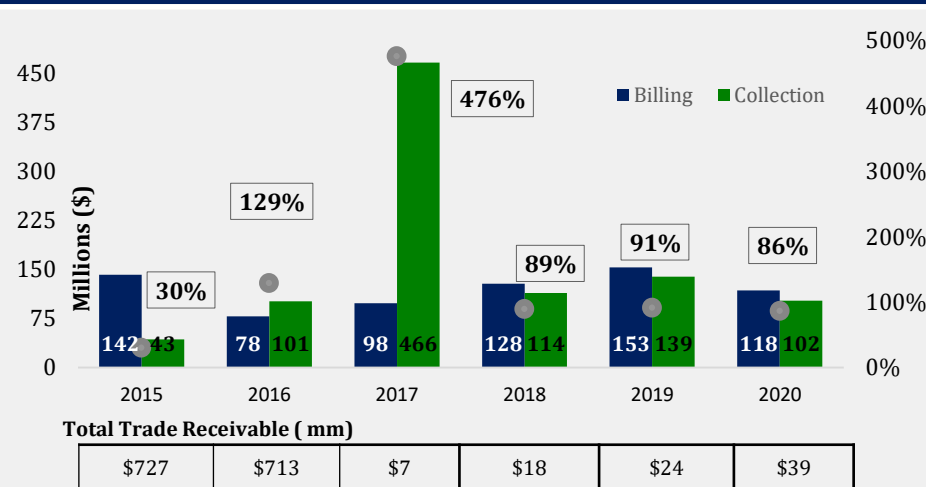
# Cash Flow, Liquidity & Receivables

- Year-end cash of \$108m vs. \$425m FY'19;
  - \$105m dividend payment in May 2020
  - Sukuk buyback/repayment \$397m(par value), profit payment \$12m
  - Sukuk fully redeemed 31 October
  - \$39m of cash currently held at Pearl Petroleum
- Secured \$90m credit facility at favorable terms
  - Initial margin of 3% plus LIBOR for one year
  - Financing costs significantly reduced
  - Facility fully utilized to pay down Sukuk balance
  - Facility will be repaid when the sale of the Egyptian assets is completed
- Company's total borrowings stands at \$163m consisting of:
  - \$90m credit facility and
  - \$73m non-recourse project debt at Pearl
- Collected \$182m in FY 2020
  - \$80m in Egypt; Egypt trade receivables stands at \$130mm
  - KRI realized 86% of billed revenue with \$102m of collections (DG share); KRI receivables stands at \$39m
- Received a \$100m in dividends from Pearl in 2020

## Debt and Cash Balance (mm\$)



## KRI Receivables (mm\$)



Note: % calculated as collection divided by net revenue



A photograph of an industrial facility, likely a refinery or chemical plant, featuring several tall distillation columns and a complex network of pipes and scaffolding. The scene is illuminated by artificial lights, creating a high-contrast, somewhat dramatic effect. The image has a dark, monochromatic color scheme with a blue-green tint.

## 4. Summary

- Strong and resilient operational performance in 2020
  - Operations uninterrupted despite difficulty of working through the pandemic
  - Sustainable revenues through gas sales under long-term contracts with host governments
  - Net profit of \$36m (before non cash impairment) despite low commodity price environment confirms operational efficiency
  - Completion of gas by-pass project on Kor Mor plant and achieving record gas production of over 440 MMscf/d
- Delivered on the two clear strategic objective set out by the Board in 2020
  - Agreement in place to sell Egypt for up to \$236 million
  - \$530 million Sukuk (original balance) fully redeemed
- Strengthened the balance sheet to better position the Company in the future
  - Signed \$90 million credit facility at significantly reduced interest rates vs sukuk
  - Egypt sale proceed will be used to pay down debt
- Focused the Company on its future growth opportunities in the KRI and Egypt
  - Development on world class assets in the KRI
  - Extremely prospective offshore block 6 in Egypt



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