



Dana Gas delivers resilient operational performance in 2020

Highlights

- Production from all assets uninterrupted due to stringent health protocols in place
- KRI Q4 & FY production up 9% and 2% respectively
- \$349mm in revenues despite lower realized prices
- Net Profit of \$36mm (AED 131mm) before one-off non-cash impairments
- Entered into sale agreement on Egypt asset for up to \$236mm; completion H1 2021

Sharjah, UAE; 11 February 2021: Dana Gas PJSC (the “Company”), the Middle East’s largest regional private sector natural gas company, today announced its Preliminary Unaudited Financial Results for the full year ended 31 December 2020.

The Company reported a Net Profit of \$36 million (AED 131mm) versus \$88 million (AED 322mm) in 2019, excluding one-off non-cash impairments and other income. Including these one-offs, the Company reported a Net Loss of \$376 million (AED 1.4bn) versus a Net Profit of \$157 million (AED 575mm).

A total of \$412 million (AED 1,51bn) of impairments were incurred mostly related to the sale of Dana Gas Egypt onshore assets.

Dana Gas’s continued operations (Kurdistan Region of Iraq) contributed an annual net profit of \$32 million reflecting the profitability of the remaining business despite the challenging year caused by the COVID-19 pandemic.

Revenue was \$349 million (AED 1.27bn) in 2020 compared to \$459 million (AED 1.68bn) in 2019 due to both lower realised prices and lower production in Egypt.

The Company’s robust, long-standing programme to control operating expenses helped to effectively navigate the challenging market environment in 2020. G&A costs were reduced by a further 20% year-on-year.

Dana Gas fully redeemed its outstanding Sukuk on schedule in October 2020. The Company closed the year on a strong financial footing, and maintains a positive financial outlook for 2021.

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

“The world experienced unprecedented shocks in 2020 with the COVID pandemic and its impact on the global petroleum markets with prices collapsing to levels not seen for over 20 years. Nevertheless, Dana Gas has shown real resilience both from an operational as well as financial perspective.

“When the pandemic struck, our first priority was the health and safety of our staff. However, we managed to keep our operations on-stream by implementing the most stringent health and safety measures. We not only managed to keep production levels up, but we also carried out a de-bottlenecking project on our Khor Mor plant in July which added a total of 50 MMscf/d of production capacity. In December we consistently obtained record production levels of over 440 MMscf/d. This extraordinary operational performance under the most



testing of circumstances is testament to the commitment, dedication and hard work of our staff who have been outstanding in this challenging time.

“Despite the challenges imposed by the global pandemic, we exited the year in a robust financial position with a strong balance sheet, having agreed upon the sale of our Egypt onshore assets, redeeming our outstanding Sukuk and entering into a new credit facility at a lower interest rate.

“In 2021, we aim to advance the development of our world class assets in the KRI, where over 90% of Dana Gas’s proven reserves of over 1 billion boe are located, while concurrently moving ahead with our plans to prepare for the drilling of the next exploration well in Block 6 in Egypt, which holds exciting, material upside potential.”

Operations & Production

Average group production declined 5% during 2020, averaging 63,200 boepd versus 66,200 boepd in 2019. Production was boosted by a 2% jump in output from the KRI, which reached 32,250 boepd. This helped to offset a drop in production from Egypt, which fell 8% to 30,300 boepd versus 33,000 boepd in 2019 as a result of natural field declines. Fourth quarter 2020 average group production was up 2% to 63,600 boepd. The KRI added 9% to reach 33,250 boepd in fourth quarter production because of the successful completion of the plant bypass project.

The KRI and Egypt operations have continued without interruption and remain fully functioning, un-impacted by the Covid pandemic. The restarting of the expansion plans in the KRI demonstrates that all the parties working on the project are fully committed to executing the expansion project as quickly and as safely as possible. The Pearl consortium remains focused on completing the first 250 MMscf/d gas processing train in Q1 2023 and is also examining ways to bring forward the current schedule.

In 2021 the Company will prepare for the drilling of up to five development wells in the KRI which will begin the following year. It is also moving ahead on the evaluation of the highly prospective Block 6 in Egypt, interpreting the infill seismic data that was acquired in mid-2020 and planning for drilling the next exploration well in 2023.

Sale of Egypt assets

In October 2020 Dana Gas entered into a binding agreement with IPR Wastani Petroleum Ltd, for the sale of its onshore Egyptian producing oil and gas assets for a cash consideration of up to \$236 million including contingent payments. The sale is on track for completion in H1 2021. The Company will retain its interests in its exciting offshore exploration concession, North El Arish (Block 6) which contains material gas resource potential in excess of 20 Tcf.

Liquidity and Collections

The Group’s cash balance at year-end stood at \$108 million. The Board is considering transferring voluntary reserves into retained earnings to support dividend capacity subject to shareholder approval.

The Group collected a total of \$182 million in 2020 (2019: \$285mm) with Egypt and KRI contributing \$80 million (2019: \$138mm) and \$102 million (2019: \$139mm) respectively.

As of 31 December 2020, the Company’s Egypt receivables stood at \$130 million (AED 477mm). In the KRI, regular payments have been received since March 2020. The KRG maintained its



commitment to pay its invoices on time despite facing fiscal challenges throughout the year. Currently, \$39 million is outstanding (DG 35% share). The Company has received notification from the KRG on the mechanism for settlement of the outstanding receivables.

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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 KRI and Egypt, 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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