

# Clean Energy for the Future

Q1 2021 – Financial Results

10 May 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. Headlines

## Operations

- Group operations continued un-interrupted
- Q1 Group production 2% higher at 64,900 boepd
  - Q1 KRI production up 9% to 35,300 boepd
- Pearl Petroleum expansion fully resumed after agreement to lift *force majeure*; civil engineering works underway
- Evaluation of the Block 6 Concession Area ongoing in preparation for drilling an exploration well in H1 2023

## Liquidity

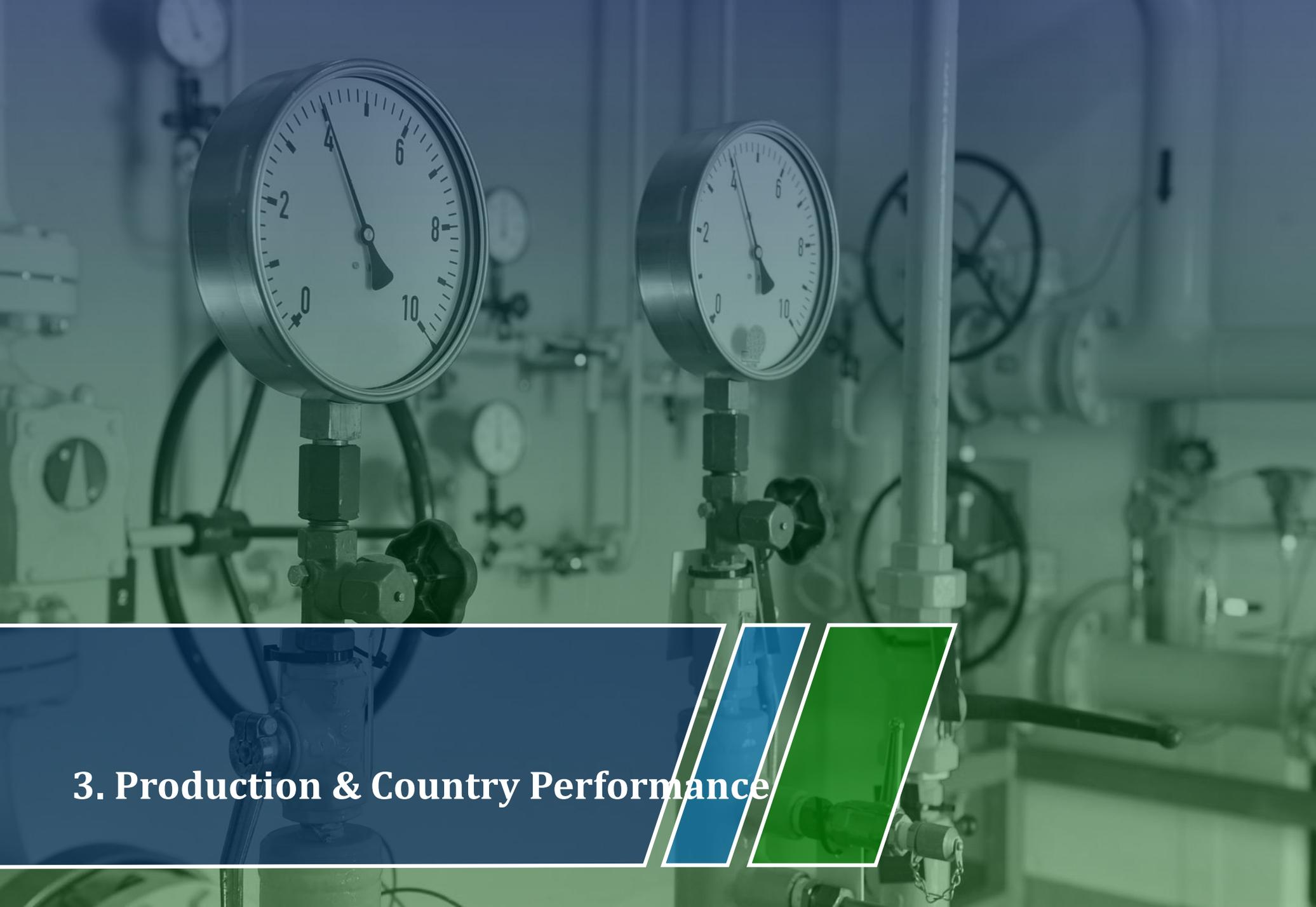
- Current cash balance of \$149m, an increase of 38% compared to \$108m at the end of 2020
- Collected \$58m in total – KRI \$35m and Egypt \$23m
- Received a \$30m dividend from Pearl in Q1 2021

## Financials

- Net Profit of \$24m – 41% higher (Q1'20: \$17m)
- Revenue of \$106m – 2% higher (Q1'20: \$104m)
  - Due to higher production in KRI
- Gross profit of \$45m up from \$33m in Q1'20
- Operational expenses slightly higher at \$15m due to higher OPEX allocation to Egypt due to reduced activity
- G&A at \$3m, unchanged from same period last year

## Corporate

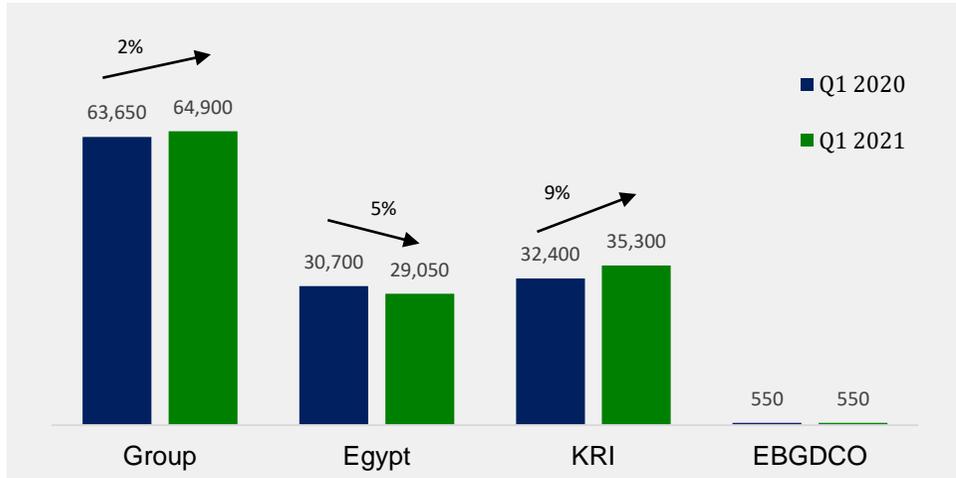
- Cash dividend of \$105 million (May 2021) – dividend policy maintained for the fourth consecutive year despite adverse economic conditions
- Board decision to retain and operate Egypt onshore assets
- Demerger feasibility study is ongoing
- NIOC arbitration; continue to await the award on damages



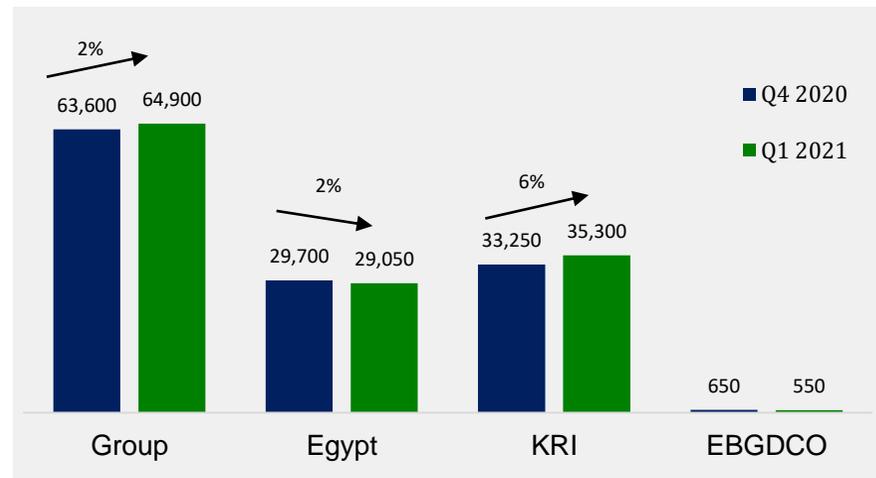
### 3. Production & Country Performance

# Production (boepd) & Realized Prices ( \$/boe)

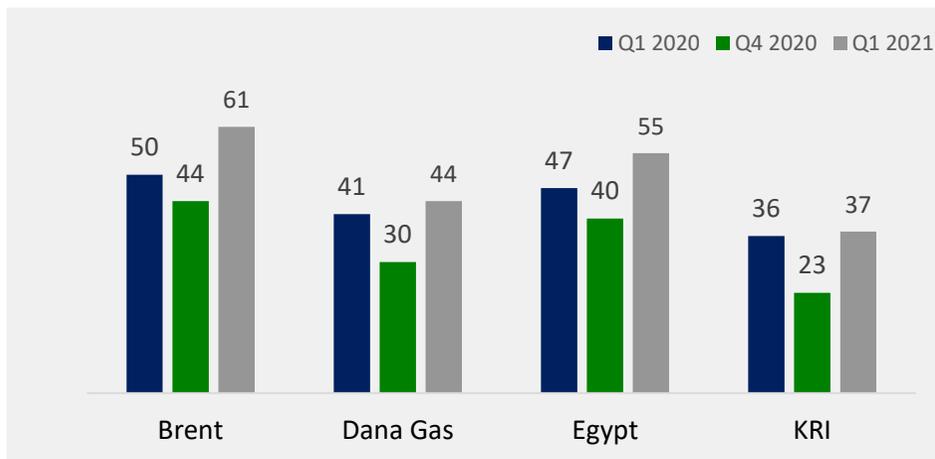
## Average production Q1 2021 Vs Q1 2020



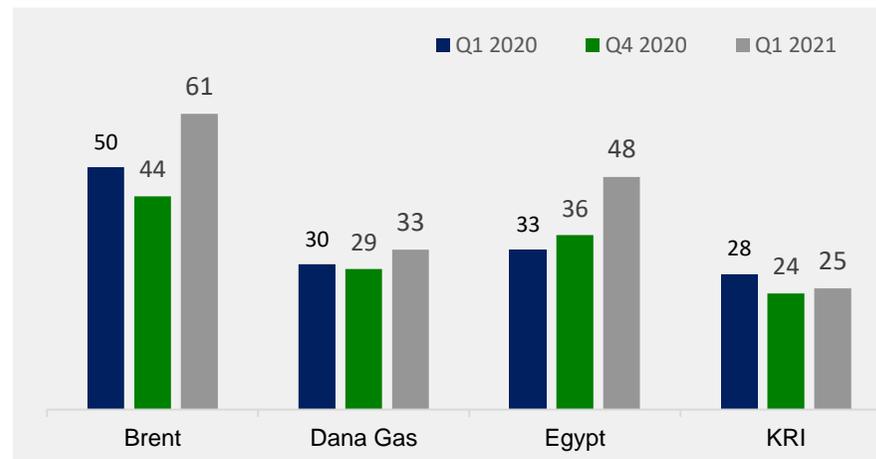
## Average production Q1 2021 Vs Q4 2020



## Average Realized Price-Condensate (\$/bbl)



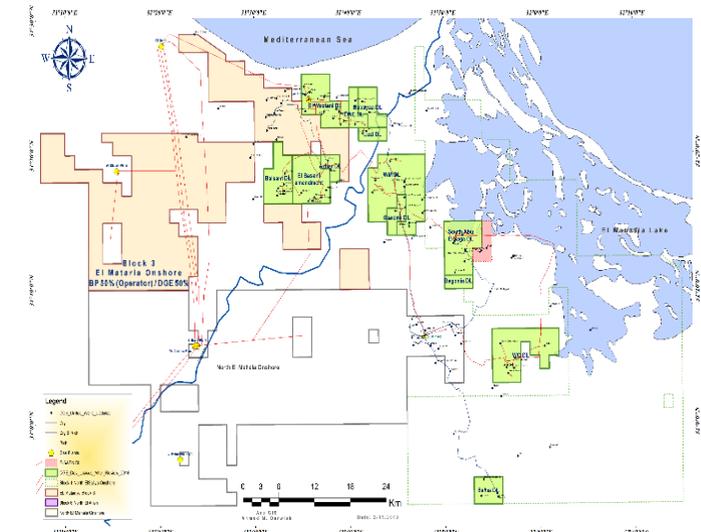
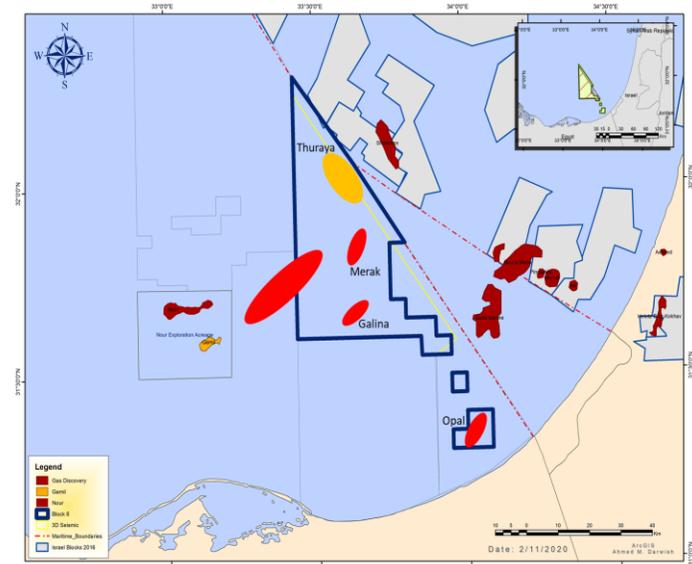
## Average Realized Price-LPG (\$/boe)



# Egypt Update

## Operations

- Production decreased 5% to 29,050 boepd in Q1 2021 (139 MMscf of gas; 3,650 bbl/d of condensate and 201 MTPD of LPG)
- Dana Gas terminated SPA for sale of onshore assets; arbitration initiated by IPR Energy in April 2021
- Dana Gas to retain and operate its Egypt onshore assets
- Dana Gas will continue to retain interests in highly prospective offshore North El Arish Block 6 exploration concessions
  - Currently evaluating Block 6 Concession Area for drilling an exploration well as soon as possible



# KRI: Energising the country

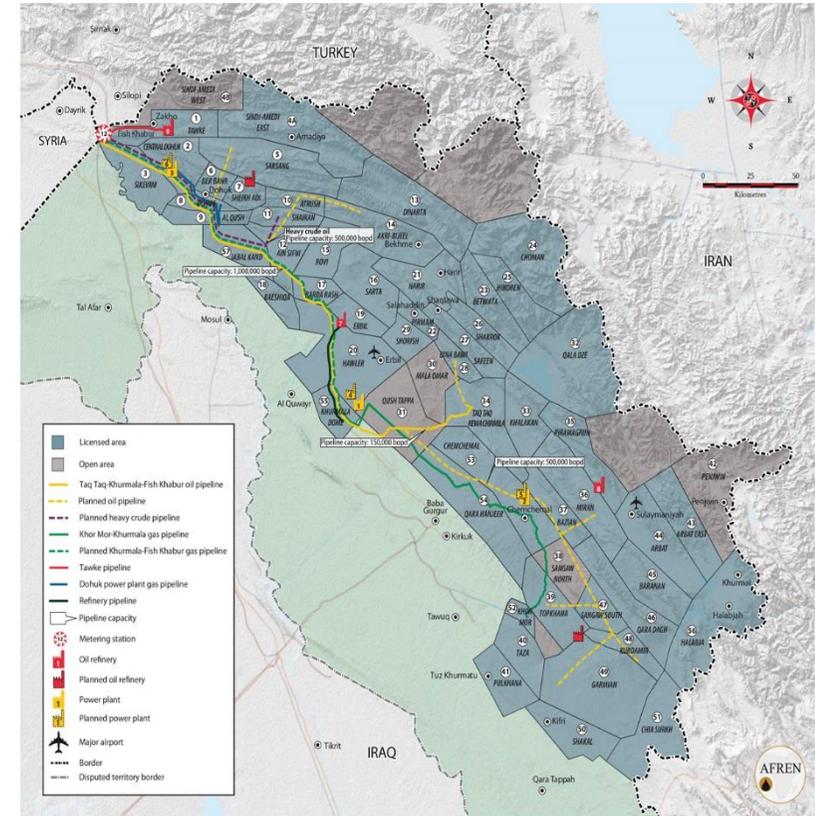
Ambitious programme to increase daily production to 940 MMscf and 35,000 bbl

## Operations

- Operations continued as normal
- Production rose 9% in Q1, averaging 35,300 boepd (DG share)
- Produced 439 MMscf of gas; 15,695 bbl/d of condensate and 1,018 MTPD of LPG in Q1 2021 (gross)

## Expansion project update

- EPC contractor for the construction of the 1st gas processing train (KM250) appointed in Q1'20; construction work put on hold for nine months as contractor declared *force majeure* due to the COVID pandemic
- Expansion plan has fully resumed after agreement to lift the *force majeure*
  - Further investment by Pearl of \$600 million to boost output by almost 60%
  - Civil engineering works being carried out under strict protocol and controls
  - Basic civil engineering work has been completed
  - Plans advancing to drill up to 5 development wells in 2022
  - New completion date of KM 250 is projected in April 2023
  - All parties remain committed to fully implementing the expansion project



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## Sale of Egypt onshore assets

- Dana Gas exercised its right to terminate SPA to sell its Egypt onshore assets
- Since the signing of the SPA to sell its Egypt onshore assets, the completion of conditions precedent in the SPA were not realized to the satisfaction of both parties by the long stop date of 14 April
- Dana Gas exercised its right to terminate the SPA after the expiration of the long stop date
- In April 2021, IPR Energy initiated arbitration
- Dana Gas is confident of its legal position, and will defend the proceedings

## UAE Gas Project

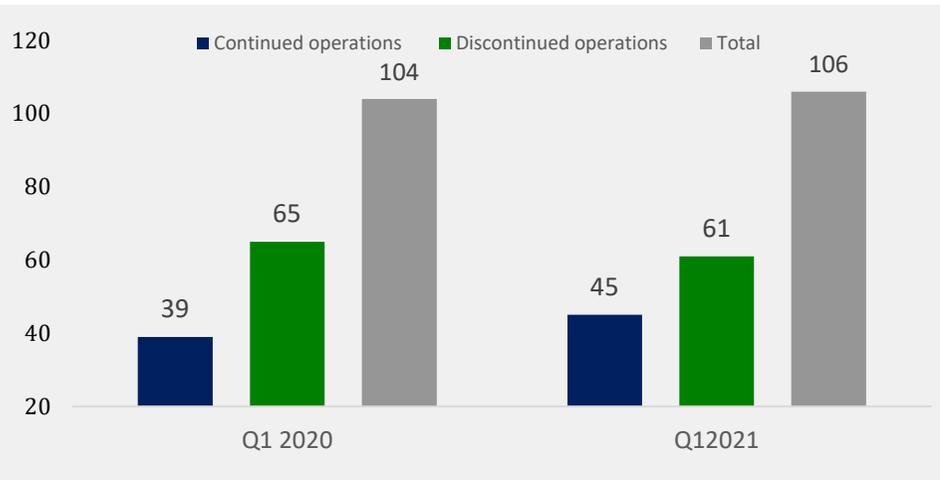
- In October 2017 Tribunal indicated final judgement on the amount of damages (to cover the period from 2005-2014) would likely be delivered in second half of 2018
- The Tribunal did not issue its Award within that period with members of the Tribunal resigning prior to the issuing of an Award. As a result a new Tribunal has been 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 2021
- Crescent Petroleum commenced a new arbitration to address the claims from 2014 until the end of the contract in 2030



## 2. Financial Update

# Financial Highlights

## Gross Revenue (\$mm)



## EBITDA (\$mm)



## Gross Profit (\$mm)



## Net Profit (\$mm)



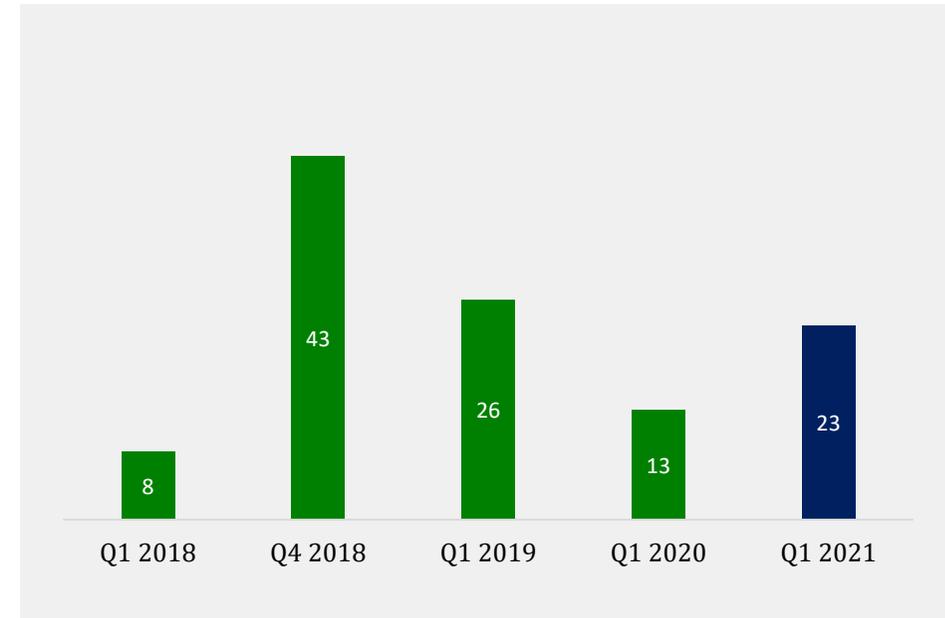
## G&A / OPEX (\$mm)



### G&A / OPEX

- Company continues to optimise costs
- G&A maintained at similar levels in Q1 2021 reflecting continued tight cost control
- Higher opex reflects higher allocation of Egypt G&A to opex due to reduced activity

## CAPEX (\$mm)



### CAPEX

- \$8mm in Egypt and \$15mm in the KRI
- \$20-30mm annual maintenance Capex in Egypt
- No direct funding requirements in the KRI in 2021

# Cash Flow, Liquidity & Receivables

- Positive FCF - \$24mm
- \$149mm of cash as of 31 March 2021
  - Cash Dividend of \$105mm – to be paid in May
  - Decrease in finance cost due to lower borrowing base at Corporate level in Q1 2021
  - \$39mm of cash currently held at Pearl Petroleum
- Company's total borrowings stands at \$173mm consisting of:
  - \$90m credit facility and
  - \$83m non-recourse project debt at Pearl
- Collected \$58mm in Q1 2021
  - \$23mm in Egypt (96% collection rate); Egypt trade receivables stands at \$131mm
  - KRI realized 79% of billed revenue with \$35mm of collections
  - Collected additional \$19mm post Q1 2021 in the KRI, Dana Gas's share of overdue receivable stands at \$14.8mm
  - KRI overdue receivables are expected to be fully settled in Q3 2021
- Received \$30 m in dividends from Pearl in Q1 2021

## Free Cash Flow (\$mm)



## Egypt Receivables (\$mm)



Note: % calculated as collection divided by net revenue



## 4. Summary

- Strong and resilient operational performance in Q1 2021
  - Operations uninterrupted despite difficulty of working through the pandemic
  - Record production in the KRI on the back of successfully executed bypass projects last year
  
- Robust financial health and strong balance sheet. We will continue to remain vigilant regarding cost control and cash management
  - Net profit of \$24m driven by higher production in KRI,
  - Reduction in finance cost due to lower borrowings in Q1 2021
  - We will continue to remain vigilant regarding cost control and cash management
  
- Focused on future growth opportunities in the KRI and Egypt
  - Development on world class assets in the KRI – Pearl investing \$600 million for the KM250 expansion which will boost output by almost 60%
  - Extremely prospective offshore Block 6 in Egypt – plans for drilling an exploration well as soon as possible



Reach Us:  
Dana Gas PJSC  
P. O. Box 2011, Sharjah, UAE

[www.danagas.com](http://www.danagas.com)  
E-mail : [mohammed.mubaideen@danagas.com](mailto:mohammed.mubaideen@danagas.com)  
Direct : +971 6 519 4401

