



09/11/2022

Dana Gas Q3 2022 Financial Results Investor Presentation Script

This is a document which can be read alongside the Q3 2022 results presentation material posted on our website in order to provide additional context to the presentation.

We will not be hosting an investor call for the third quarter. For further discussion please contact the Company's head of Investor Relations mohammed.mubaideen@danagas.com to schedule a call or answer any questions.

Slide 5

The Company delivered a strong set of financial results in the first nine months 2022.

Dana Gas reported a net profit of \$161 million, an increase of 64% versus a normalized net profit of \$98 million. One-off adjustments related to 9M 2021 net profit included 'Other Income' of \$608 million and a corresponding impairment of \$360 million related to the UAE Gas Project assets and an impairment of goodwill of \$145 million. In addition, 9M 2021 profitability also benefited from a \$78 million reversal of impairments related to retention of Egypt assets.

9M 2022 revenues increased 24%, due also to elevated hydrocarbon prices.

The Group's overall production was 63,200 barrels of oil per day (boepd), a 4% decrease from 60,600 boepd in 9M 2021. Production output in the KRI gained 1% in 9M 2022 with production averaging 34,300 boepd versus 34,000 in 9M 2021. This was more than offset by decline in production in Egypt which stood at 26,300 boepd as compared to 29,200 boepd in the corresponding period.

As of September 30, the Company's cash balance stood at \$214 million. Cash balance includes \$74 million held at the Pearl Petroleum level. The Company had collected \$246 million in the first nine months of 2022.



In September the Company's Board approved an interim dividend of 4.5 fils per share for the period 1H 2022, equivalent to \$86mm. This was distributed to shareholders in October. The interim dividend reflects our ongoing confidence in the business and demonstrates our robust operational and financial performance. We are pleased to have been able to reward our shareholders in such a manner.

Slide 7

On the left-hand side, you can see 9M 2022 Group average output decreased to 60,600 boepd, a 4% decline from 63,200 boepd in 9M 2021. Production in the KRI was slightly higher at 34,300 boepd in 9M 2022 versus 34,000 boepd in 9M 2021, while in Egypt production fell by 10% to 26,300 boepd versus 29,200 boepd in 9M 2021 principally due to natural field depletion and reduced investment activity.

Average realised prices are highlighted on the bottom row. In 9M 2022, condensate prices averaged \$85/bbl versus \$51/bbl in 9M 2021. Condensate represents approximately 13% of our total production. Realized prices of LPG, which comprises 11% of our total production, averaged \$43/boe compared to \$34/boe in 9M 2021.

Slide 8

The operational performance of the Company's fields in Egypt and the El Wastani processing plant was steady in Q3 2022, dropping ever so marginally on a sequential basis from 26,200 boepd (Q2 2022) to 25,800 boepd (Q3 2022).

To enhance production and reserves, Dana Gas has identified several exploration and development opportunities in its four existing onshore concessions. Since these opportunities are marginal under the current concession terms, the Company is negotiating new terms with EGAS in order to unlock the remaining potential and extend the life of the assets. This will allow the Company to make meaningful investments in the future and restart its drilling activities, which will have a positive impact on the Company's production in Egypt and would create shareholder value.

Slide 9

In the KRI, our production continued as normal.

Construction operations on our KM250 gas train expansion project is still temporarily suspended as a result of high security alerts on our Khor Mor Field. The Company is closely coordinating with the KRG and actively taking all necessary steps to enhance security measures in Khor Mor to protect the facilities and personnel and to enable the resumption of EPC activities.

We are pleased to announce that production capacity at the Khor Mor Gas Plant has increased by 50 MMscf/d following the successful completion of a further plant de-bottlenecking project.

The project was completed on 9th October and has added 11% of extra sales gas capacity, following a planned partial shutdown of the plant in order to carry out the required modifications and other planned maintenance activities. All activities were executed without incident or injury. This brings the total Khor Mor plant capacity to 500 MMscf/d.

Meanwhile, the KM250 expansion project continues to progress with the drilling of the project's first and second development wells, KM-13 and KM-14, have been completed and the third is currently underway. KM-13 and KM-14 have been tested and showed similar flow rates as the existing production wells.

Slide 11

Excluding a one-off adjustment relating to recognition of other income and impairment (as noted in Slide 5), the Company reported \$161 million in net profit in 9M 2022 compared to \$98 million in 9M 2021, a 64% increase.

On the back of higher realized prices, increased production in the KRI and cost control measures the Company's revenue, gross profit and EBITDA increased 24%, 38% and 34% respectively.

Net profit for Q3 2022 was \$50 million as compared to the adjusted net profit of \$37 million in Q3 2021. The increase in revenue and profit was the result of higher hydrocarbon prices and our successful efforts to manage costs.

Q3 2022 gross revenue increased to \$131 million versus \$118 million in Q3 2021.

Q3 2022 EBITDA increased to \$76 million versus \$69 million in Q3 2021.

Slide 12

9M 2022, G&A was \$9 million compared to \$7 million in 9M 2021, which remains extremely competitive on an industry wide basis for a company of Dana Gas' size. In addition, OPEX was reduced by \$3 million to \$42 million in 9M 2022 from \$45 million in 9M 2021, reflecting the Company's success in optimizing costs..

The Company's capital expenditure totaled \$85 million in 9M 2022 versus \$91 million in 9M 2021. The Capex was split \$11 million in Egypt and \$74 million in the KRI.

Slide 13

During the first nine months 2022, the Company generated \$125 million in free cash flow.

As of September 30, 2022, the Company's cash position was \$214 million, compared to \$185 million at the end of 2021. The cash position includes \$74 million being Dana Gas share of cash held at Pearl Petroleum. The Company distributed on October 21 an interim dividend payment to shareholders for the first six months of 2022 of 4.5 fils per share, equivalent to AED 315 million (\$86mm).

At the end of the first nine months, the Company's total borrowings stood at \$199 million consisting of \$62 million currently outstanding from our corporate credit facility and \$137 million non-recourse project debt at Pearl level.

During the first nine months, Dana Gas received \$246 million in collections. The Company collected \$186 million from the KRI and \$60 million in Egypt. The slight fall off in Egypt collections was due to the challenging macroeconomic conditions; yet trade receivables stand at \$37 million versus \$24 million at end of 2021.

Slide 15

Dana Gas's produced a strong set of financial results in the 9M 2022, driven by strong hydrocarbon prices and a robust operational performance. The Company's net profit of \$161 million reflects our ability to increase production in the KRI while maintaining our low operational cost base.

The financial results also reinforce the robustness of our financial health and balance sheet, which is reflected in the interim dividend of 4.5 fils per share distributed to shareholders in October.

In terms of our drilling activities, we are pleased with the progress we have made, including the successful drilling of our first two developmental wells, and the start of drilling on our third developmental well. We recently completed a plant debottlenecking project which saw our capacity increase to 500 MMscf/d and once complete, the KM250 expansion project will raise our daily production to 750 MMscf/d, enhancing our revenue and profitability.

Meanwhile, in Egypt, we are actively looking at several exploration and development opportunities and are in the process to finalize new concession terms with EGAS and preparing to increase investments in our fields next year.

Dana Gas has produced another set of strong financial results and the outlook for the Company continues to remain positive.