



DANA GAS FIRST HALF 2018 NET PROFIT INCREASES TO \$24 million (AED 88m); \$50 million (AED183m) excluding one off charges

Gross profit up 39% to \$82 million (AED 300m) on higher realised prices and cost control

KRI expansion on track to deliver 25% production increase in Q3

Sharjah, UAE; 14 August 2018: Dana Gas PJSC (“Company”), the Middle East’s largest regional natural gas company, today announced its financial results for the first half ended 30 June 2018:

Highlights

- Net Profit for 1H of \$24 million (AED 88m); 4% higher year-on-year; \$50 million (AED 183m) excluding one off Sukuk restructuring costs.
- Consensual solution on Sukuk restructuring agreed with closing date 13 August, reducing annual debt service costs by 63%. This combined with improved and growing cashflows supports the Company’s planned policy of regular dividend distributions.
- KRI debottlenecking project on track for 25% output increase in Q3. KRI production planned increase of 170% by 2021.

The Company’s First Half Net Profit increased year-on-year to \$24 million (AED 88m) and to \$50 million (AED 183m), a 117% increase, when excluding the one off Sukuk restructuring costs. 2Q Net Profit of \$10 million (AED 37m) was \$2 million lower due to the one off Sukuk restructuring costs; however, excluding these, the 2Q Net Profit is \$36 million (AED 132m), a 200% increase year-on-year, demonstrating the improved underlying business performance. The Sukuk restructuring has delivered a 50% reduction in Sukuk profit rate to 4%, reducing annual debt service costs by an estimated 63%. The saving represents a strong improvement in the Company’s financial position and along with increasing operating cash flows provides the basis for the Company’s planned annual dividend policy.

During 1H 2018, the Company has made major strides in delivering its transformational expansion in the KRI. The Company is on track with its initial debottlenecking project which is expected to increase production by 25% in Q3 of this year. Moreover, drilling for appraisal and development of the Khor Mor and Chemchemal fields has begun. KRI production is planned to increase by 170% by 2021 through the installation of two 250 MMscf/d gas processing trains, increasing production of gas and condensate by 580 MMscf/d and 20,000 barrels per day respectively. The KRG has paid regularly and on time and there are no current outstanding receivables.

The Sukuk restructuring has recently been completed with the issuance and listing of a new Sukuk. The new Sukuk is a fair and consensual deal for the benefit of all our stakeholders and received over 90% votes in favour from Shareholders and Sukukholders. It is a ringing endorsement that the overwhelming majority of Sukukholders chose to remain invested in the Company.

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

“We have delivered a strong financial performance with profits up to \$24 million (AED88m) and up to \$50 million (AED183m) excluding one off Sukuk costs, a 117% increase. The reduction in the Sukuk profit rate will improve the Company’s financial position and ability to fund future dividends. Operationally, it is an exciting time for the Company. This is especially so in the KRI where we are



on track with our debottlenecking project, which is expected to increase production by 25% in Q3, and underway with our larger expansion programme, which will deliver a production increase of 170% by 2021."

FINANCIAL RESULTS FOR H1 2018

Income and expenditure

Revenue increased 6% to \$236 million (AED 865m) as a result of higher realised prices mainly for condensate, which contributed \$33 million (AED 121m) to our top line, and helped offset a production decrease in Egypt and the UAE, which together had an impact of \$19 million (AED70m). On an operating basis, gross profit increased by 39% to \$82 million (AED 300m) due to improved price realisation and cost control. Net profit increased 4% year-on-year to \$24 million (AED 88m). This is principally the result of higher realised prices during H1 2018, partly offset by lower investment and finance income. Excluding the one off Sukuk restructuring costs, net profit for the period would be \$50 million (AED183m), a 117% increase year on year.

Liquidity and Collections

The Company's cash position as of 30 June 2018 increased to \$613 million (AED 2.25bn), despite the dividend distribution of \$95 million (AED 348m) a slight increase on year-end 2017. During the period the net increase in cash due to collections was \$141 million (AED 517m). Subsequent to period end in August, the Company paid \$235 million (AED 861m), in respect of the Sukuk restructuring. There will also be a further \$100 million (AED 367m) used for a Sukuk buyback/redemption program within the next nine months.

Collections from the KRG continued to be regular and on time. In Egypt, the Company billed \$62 million (AED 227m) and collected \$89 million (AED 326m) in H1 2018, of which \$ 21 million (AED 77 m) was from condensate exports. Egypt trade receivables were \$202 million (AED 740m) as of 30 June 2018, down from \$228 million (AED 836m) as at end of 2017. Due to the lack of regular and predictable payment the Company will continue its strategy of balancing its investments in Egypt against its collections in the near term.

Production

Group average production in H1 2018 was 63,600 barrels of oil equivalent per day (boepd), down 6% from 67,550 boepd in H1 2017, due to lower output from Egypt and the UAE. Egypt's production decreased to 35,600 boepd from 39,300 boepd, principally the result of natural field declines, reduced investment in drilling activity and an increase of formation water production from the Balsam-3 and Balsam-5 wells. The Balsam-8 well, onshore Nile Delta, which spud-in on the 11 August is expected to reverse the production decline for the Company in Egypt and bring the plant back to operating capacity by year end. Block 6 is on track for first drilling in early 2019 and several companies have expressed an interest in a farm-in. KRI production slightly increased year-on-year to 26,100 boepd from 25,900 boepd.

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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 67,600 boepd in 2017. 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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