

Dana Gas (DANA.AD)

Rating	OUTPERFORM*
Price (26 Oct 08, Dhs)	1.07
Target Price (Dhs)	1.81 ¹
Market cap. (US\$ m)	1,747.53
Enterprise value (US\$ m)	1,747.53

*Stock ratings are relative to the coverage universe in each analyst's or each team's respective sector.

¹Target price is for 12 months.

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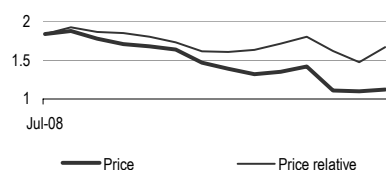
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INITIATION

Ramping up cash generation

- **Initiating with Outperform rating:** We are initiating coverage of Dana Gas with an Outperform rating and a target price of AED1.81 per share, representing 69% potential upside from the current price.
- **Unique regional player:** Dana Gas is the only MENA-based publicly listed privately owned gas company with upstream and midstream operations focused in the Middle East, North Africa and South Asia (MENASA) regions. Dana says it aims to address the region's increasing energy and infrastructure needs by accessing projects viewed by the larger international operators as too small, and via a partnership with a seasoned regional player, Crescent Petroleum. We believe this provides Dana with a unique means to participate in regional ventures.
- **Moving into value realisation:** Dana looks set to benefit from its US\$1.5bn in green-field investments in the region as it expects it will start streaming growing cash flows. We expect the launch and ramp-up of natural gas flow in Kurdistan to help generate a nearly three-fold increase in EBITDA from US\$137m in 2008E to US\$396m in 2009E, leading to attractive cash-flow yields of 17% and 23% in 2009E and 2010E, respectively.
- **Our price target assumes Iran will deliver gas. In our view, the current share price does not assign any value to the UAE gas project:** Despite a delay from protracted negotiations, we forecast significant upside potential to current price levels once gas from Iran starts flowing. The execution of the UAE gas project is central to our thesis. We believe that Dana Gas's share would be worth AED1.31 if the UAE project breaks down.
- **Valuation:** We value Dana based on a sum-of-the-parts approach, applying different discount rates to Dana Gas's various business segments.

Share price performance



The price relative chart measures performance against the MSCI Arabian markets index - GCC CI index which closed at 523.29 on 26/10/08

On 26/10/08 the spot exchange rate was Dhs4.64/Eu 1. - Eu 0.79/US\$1

Performance Over	1M	3M	12M
Absolute (%)	-20.7	-41.8	—
Relative (%)	-7.0	-13.3	—

Financial and valuation metrics

Year	12/07A	12/08E	12/09E	12/10E
Revenue (US\$ m)	165.0	187.4	461.4	714.7
EBIDAX (US\$ m)	81.0	106.1	368.6	496.7
Net Income (US\$ m)	-53.0	-48.6	185.3	269.4
CS adj. EPS (US\$)	-0.01	-0.01	0.02	0.03
P/E (adj., x)	N/A	N/A	12.16	8.36
EV/EBIDAX (x)	21.6	16.5	4.7	3.5
Dividend (2008E, US\$)	—	—	—	—
Net debt current qtr (US\$ m)	—	—	—	—
BV/share (12/08E, US\$)	0.27	—	—	—
EV qtr/GIC (x)	—	—	—	10.0
Free float (%)	73.0	—	—	—
Dividend yield (%)	—	—	—	—
Net debt qtr/total mcap	—	—	—	—
GIC (12/08E, US\$)	—	—	—	—
Current WACC	—	—	—	10.0
Number of shares (m)	—	—	—	6,000.00

Source: FTI, Company data, Datastream, Credit Suisse Securities (EUROPE) LTD. Estimates.

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Investment thesis

We initiate coverage on Dana Gas with an Outperform rating and a price target of AED1.81 per share, representing 69% potential upside to the current price. As more projects come online, we believe EBITDA will reach US\$396m and US\$530m in 2009 and 2010, respectively, from our forecast US\$137m EBITDA for 2008.

Dana Gas is the only MENA-based privately owned natural gas upstream and midstream company focused on the Middle East, North Africa and South Asia (MENASA) regions. The company operates as a strategic partner with Crescent Petroleum, a regional oil company with over 40 years of experience and intimate knowledge of the region, and as a local regional player. It seeks to grow via its upstream and midstream activities and from infrastructure and development projects that are not a good fit for larger oil companies needing projects of more significant size to grow/maintain a larger production base.

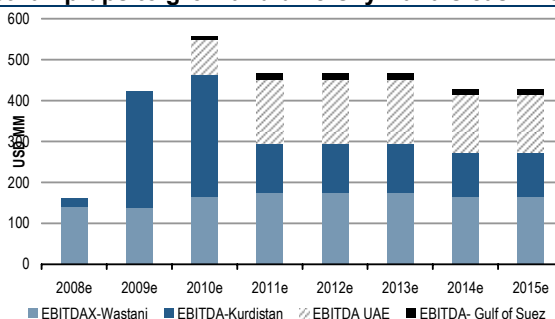
Dana Gas recently started producing its first natural gas in the Kurdistan region of Iraq. It aims to supply Kurdistan's utilities with cleaner and cheaper fuel for the region's power plants. This project has attractive economics owing to the short payback period arising from allocating initial cash flows to the full cost recovery of Dana Gas's initial investment. In addition, Dana has access to more significant gas reserves in the nearby Chemchemal field, which may allow it to top up its cash flows further in the future if it moves ahead with the planned field development and secures buyers for its natural gas production.

In Egypt, Dana has finally secured the requisite drilling rigs that will allow it to embark on an aggressive US\$170m drilling campaign. This should enable it to grow production and cash flows from north Egypt. The recently announced Al Tawil discovery added 20% to Dana's reserves. We believe the campaign has the potential to expand reserves and production further.

Throughout 2008, Dana's stock price performance has been affected not only by the overall decline in regional markets but also by the uncertainties arising from the UAE gas project to import natural gas from Iran. We believe the project will eventually go through owing to the need to secure natural gas for power generation and industrial usage in the UAE's northern Emirates. The current stock price does not assign any value to the UAE gas project, in our view. The assumption that gas will start flowing from Iran is central to our investment thesis, however.

Dana Gas is progressing towards value realisation and delivering a story that has been three years in the making. Major investments have been made. We expect the ramp-up of cash flows from the Kurdistan project to have a positive effect on Dana Gas's stock price performance once its results flow into Dana's numbers in early 2009. The ramp-up of this project to full capacity in 2009 should help Dana achieve an attractive cash flow yield of 17% and 23% in 2009E and 2010E, respectively. An announcement from both Crescent and the Iranian government of a break-through in negotiations would potentially reduce investor uncertainty and improve predictability of company cash flows, in our view.

Figure 1: We expect project ramp-ups to grow and diversify Dana's cash-flow generation sources



Source: Credit Suisse estimates

Valuation

We value Dana Gas at AED 1.81/sh using a sum-of-the-parts approach that is based on a DCF model over the reserve life of its upstream operations and contract duration of its midstream operations. We applied a 10% discount rate to Dana's heavily exploration-dependent upstream operations in Upper Egypt and the Nile Delta, while we apply an 8% discount rate to value the stable midstream operations in Kurdistan and the Gulf of Suez, which should have stable cash-flows from long-term contracts. We assign the UAE project midstream operations with a higher discount rate of 11% to account for the uncertainty arising from the negotiations currently under way with the National Iranian Oil Company (NIOC). In addition, our base-case scenario assumes a one-year delay to the UAE gas project owing to protracted negotiations.

Our bear-case scenario assumes negotiations with NIOC collapse, leading to a termination of the contract and Dana Gas scrapping its investment in the project. The bear-case yields an estimated share-price value of AED 1.31, which is above the current price. The status of the UAE gas project has negatively affected Dana's share price: we believe the current price assigns zero value to the UAE gas project, hence providing upside potential from a breakthrough in negotiations with the NIOC over the gas price.

Figure 2: Dana Gas: EBITDA forecasts

		2008e	2009e	2010e	2011e	2012e	2013e	2014e	2015e
EBITDAX-Wastani	USD m	140	137	165	176	176	176	165	165
EBITDA-Kurdistan	USD m	22	285	301	120	120	120	108	108
EBITDA UAE	USD m	0	0	85	155	155	155	141	141
EBITDA- Gulf of Suez	USD m	0	0	7	16	16	16	14	14
G&A	USD m	23	26	28	30	30	30	30	30
Consolidated EBITDA	USD m	139	396	530	437	437	437	397	397
Income Tax	USD m	33	27	33	35	35	35	33	33
Capex	USD m	-235	-181	0	0	0	0	-30	-30
Free Cash Flow	USD m	-129	188	497	402	402	402	335	335

Source: Credit Suisse estimates

Figure 3: Credit Suisse global energy price forecast for Brent Crude oil (US\$/bbl)

Q4 2008	2009	2010	2011e	2012e	2013e	2014e
73	73	98	108	108	108	98

Source: Credit Suisse estimates

Figure 4: Dana: Base-case valuation

Project	Discount rate	NPV	Per Share
Wastani	10%	1,681 \$	0.22 AED 0.80
Kurdistan	8%	1,545 \$	0.20 AED 0.73
UAE	11%	1,053 \$	0.14 AED 0.50
Gulf of Suez	8%	127 \$	0.02 AED 0.06
G&A		-268 \$	(0.03) (AED 0.13)
Tax		-317 \$	(0.04) (AED 0.15)
Capex		-512 \$	(0.07) (AED 0.24)
Total Cashflow NPV		3,309 \$	0.43 AED 1.57
+ Cash	380 \$	0.05 AED 0.18	
+Other Assets	207 \$	0.03 AED 0.10	
-liabilities	87 \$	0.01 AED 0.04	
NAV	3,809 \$	0.49 AED 1.81	
Value per share in US	\$0.49		
Value per share in AE	AED 1.81		
Current share price	AED 1.07		
Upside	69%		

Source: Credit Suisse estimates

Figure 5: Dana: Valuation metrics—attractive cash-flow yield

Figure 9: Darda: valuation metrics						
attractive cash flow yield						
Current Price AED	1.07					
Current EV (USD m)	2,147					
Current EV (AED m)	7,881					
		2008e	2009e	2010e	2011e	2012e
EBITDA	USD m	137	396	530	437	437
EV/EBITDA	x	15.6	5.4	4.1	4.9	4.9
Net Debt	USD m	577	371	-145	-565	-986
Net debt/equity	x	0.29	0.16	(0.06)	(0.20)	(0.31)
Cash flow per share	AED/sh	0.04	0.18	0.24	0.20	0.22
Cash flow yield	%	4%	17%	23%	19%	21%

Source: Credit Suisse estimates

Figure 6: Dana: Valuation assuming discontinuation of the UAE gas project

	USD m	USD/sh	AED/sh
Base case NAV	3,809	\$ 0.49	AED 1.81
Projects EBITDA NPV			
Wastani	1,681	\$ 0.22	AED 0.80
Kurdistan	1,545	\$ 0.20	AED 0.73
UAE	1,053	\$ 0.14	AED 0.50
Gulf of Suez	127	\$ 0.02	AED 0.06
NAV assuming UAE project halt	2,756	\$ 0.36	AED 1.31

Source: Credit Suisse estimates

Risks to valuation

- **Geopolitical risk:** Iran and Iraq are categorised as areas with high geopolitical risk. If current political tensions between Iran and the West were to escalate, this could potentially disrupt future gas flows through the UAE gas supply project. As for Kurdistan, there have been no accounts of terrorist attacks on pipelines or oil & gas installations in the far north of Iraq, which is currently enjoying a new-found stability owing to fewer internal tensions compared with southern parts of the country. In addition, relations with neighbouring Iran have been calmer. There have been incidents from time to time near Iraq's northern border with Turkey. The Kurdistan Regional Government (KRG) government does not affiliate itself with the Kurdistan Workers Party (PKK), which has occasionally claimed responsibility for attacks in Turkey, triggering a backlash from the Turkish side.
- **Commodity risk.** Sales of LPG and condensate are indexed to the price of crude oil. A significant fall in the oil price would lead to a decrease in future cash-flow generation from Dana's projects. The company does not hedge any of its commodity exposure.
- **Conflict of interest:** Dana's board of directors includes members from Crescent Petroleum, which owns 21% of Dana. A number of Dana's senior managers were originally seconded from Crescent and have slowly been replaced by permanent Dana staff. The 'umbrella' agreement mitigates some of the conflict of interest issues that may arise. However, after the expiry of the umbrella agreement in 2011, there is no guarantee that Crescent Petroleum will continue to provide Dana Gas with access to its projects or asset dropdowns.

Key points

Being a small-cap player is a regional advantage

Dana Gas is relatively smaller than international oil & gas majors, which it has used to its advantage in taking on smaller projects overlooked by its larger industry peers (which would usually target mega projects in order to maintain/grow cash flows and production profiles). To maintain production momentum in Egypt, we think Dana would need to invest reasonable amounts of capex (US\$2–3 per boe on a production base of c.27mboe/d) to replace reserves, which translates into US\$25–30m of replacement capex. In addition, limited competition on smaller projects could limit over-bidding for such ventures, thus potentially improving these projects' economics.

Partnership with Crescent Petroleum supports Dana's operations and project accessibility

Crescent Petroleum, which owns c.21% of Dana shares, is the region's largest and oldest private sector oil company. Crescent and Dana signed a five-year umbrella participation agreement in 2006, whereby Crescent Petroleum will offer a right of first refusal to Dana Gas on any new projects or opportunities that may arise (expiring October 2011). The Kurdistan project partnership was an example of this agreement. We expect Crescent to remain a source of support and technical know-how given its stake in Dana Gas. Under the umbrella agreement, Dana Gas has access to Crescent's in-house skills and existing relationships with regional governments that have been built up since the 1970s.

Cash-flow accumulation could result in payment of a dividend or could be used to fund expansion projects

Our forecasts indicate that Dana will stabilise cash-flow generation by 2010 and should be able to accumulate over US\$1bn in cash by 2012, assuming: 1) no previously unannounced projects or asset acquisitions occur during that time; and 2) convertible bond holders are paid the principal back in cash. This cash-flow accumulation could enable management to either institute a dividend policy or utilise it to finance future expansion. Our valuation does not account for any reinvestment potential of these cash flows, conservatively limiting target value to that derived from current projects.

Low volatility of cash flows

Most of Dana's cash flows are derived from volume midstream business with upside from the sales of higher-value liquids extracted through gas processing. The price exposure of Egypt's upstream activities appears limited, given that natural gas is sold at a contracted price limiting commodity exposure to extracted liquids that are indexed to Brent crude prices.

Figure 7 shows Dana's share price and 2014E EBITDA given different long-term oil price assumptions around our base-case scenario of US\$98/bbl (starting in 2014).

Figure 7: Dana has lower commodity leverage compared to pure E&P plays

Base Case							
Long term oil price (2014 onwards)	\$/bbl	60	80	98	110	130	150
Change from base case	%	-39%	-18%	0%	12%	33%	53%
Dana's Share Value	AED/sh	1.42	1.62	1.81	1.93	2.13	2.34
Change from base case	%	-21%	-10%	0%	7%	18%	29%
Year 2012 EBITDA	USD m	247	326	397	445	524	603
Change from base case	%	-38%	-18%	0%	12%	32%	52%

Source: Credit Suisse estimates

Government-related counterparts with strategic stakes in developmental projects

The UAE gas and Kurdistan gas supply projects have developmental and strategic values for the associated governments, which provide support to ensure successful execution and to lower possible revenue collection risks.

Potential upside from reserve reclassifications or new bookings

The company has budgeted US\$170m of capex to drill about 19 wells in Egypt over 2008 and 2009. Dana has said it expects to have contracted five drilling rigs by year-end to execute the programme. Additional reserves could potentially give the company the option to extend reserve life or could enhance production rates (if the increases justify building the additional gas-processing capacity), thus providing further future cash-flow visibility.

Short payback period on Kurdistan project

The Kurdistan project allows for initial cash flows to be channelled towards recovering Dana's investment in the project, thereby enhancing the project's economics and reducing Dana's exposure to long-term uncertainties. Our model indicates that assuming crude oil prices of between US\$68 and 78/bbl in 2009 and around US\$98/bbl in 2010, Dana should fully recover its investment in the Kurdistan project before the end of 2010. Following this, it should be able to achieve a stable cash-flow stream.

We do not yet factor in cash flows that may arise from starting up the Chemchemical gas field

Besides commencing production at the Khormor field to supply Kurdistan's power plants, Dana will have access to develop and produce natural gas from the nearby Chemchemical field. We have not yet been provided with reserve estimates or the results of seismic surveys for the Chemchemical field beyond the 2–2.5Tcf initial estimate from existing Iraq data. One of the company's proposed utilisations of the Chemchemical gas field is to supply the Dana Gas City concept project (see section entitled *Future prospects*) or export options may be considered after satisfying local needs.

Drilling campaign to move ahead after securing rigs

The current tight market for drilling rigs has resulted in delays in the company's planned US\$170m drilling programme. Dana was able to secure the necessary drilling rigs in Q208. Drilling has commenced on a number of wells including wells that are targeting deeper horizons and therefore offer potentially large reserves. As part of this campaign, Dana recently announced a new major discovery in the Al-Tawil-1 in the West Manzala concession exploratory well in the Nile Delta. This discovery has added around 20mmboe to Dana's reserves.

Midstream operations to dominate revenue structure and decrease volatility

Upstream natural gas from Egypt is sold at fixed contract prices. Dana's market price exposure is limited to the sales of LPG and condensate in Egypt and Kurdistan. Other revenues from gas transport and midstream operations in both Egypt and Kurdistan are fee-based and relatively less exposed to commodity price fluctuations.

Strong management team, supervisory and ownership structures

Dana has an experienced management team supported by a board of directors and International Advisory Board composed of leading industry figures from the region. The group of founding shareholders (which currently owns over 60% of the company), is made up of over 300,000 leading institutions and influential individuals in the GCC region. We believe this structure supports Dana's operations and project accessibility (see management section for senior management profile).

Heavy investment phase over

The start up of natural gas production in Kurdistan and the construction of pipelines and receiving facilities for the UAE gas project mark a milestone for Dana as it moves to realise the returns on years of investment across the region. The company looks poised to increase operating cash flows as it ramps up production in Kurdistan. It does not need additional debt financing, having already secured this for its remaining capex in early 2008 through a US\$1bn convertible sukuk issue.

Figure 8: Dana Gas has over US\$1.5bn of greenfield investments in MENA

Operation	Activity	Gross Investment	Dana's Share in capex	Dana's Investment	Commencement
		USD m	%	USD m	
Kurdistan Region of Iraq	Natural Gas exploration and production, gas processing and transmission	650	50%	325	Production from initial production facility commenced October 2008
Gulf of Suez	LPG extraction	75	26%	19.8	2010
UAE Gas Project	gas processing and transmission	1,100	100%	1100	2009
Sharjah Concession	Exploration and development of Zora field	120	50%	60	2010
		<u>1,945</u>		<u>1,505</u>	

Source: Company data

Uncertainty still surrounds UAE gas project

The UAE gas project, one of Dana's flagships, could still experience delays and execution uncertainty. The Iranian government has threatened to divert the Salman's field natural gas production to internal use if Crescent did not meet the demanded contract price increase. Negotiations with NIOC are handled by Crescent Petroleum, which is purchasing the natural gas directly from NIOC, while Dana will be involved in transporting and processing the natural gas. The marketing company CNGCL (jointly owned by Crescent and Dana Gas) will be marketing the gas to utilities and industrial buyers through its subsidiaries. In our view, the deal will eventually go through after negotiations between Crescent and the NIOC owing to the following:

- 1) The importance of the project to the UAE in terms of obtaining the gas supplies to satisfy growing demand for gas in the northern Emirates (see section *UAE power needs*).
- 2) NIOC has made significant investments to develop the Salman gas field and build the under-sea pipeline structure.
- 3) To switch the gas to domestic use, the NIOC would have to commit further capital to connect the field to onshore facilities. This would also require a lengthy construction period and the unnecessary loss of revenues should the gas be flared.
- 4) A current environment of declining hydrocarbon prices.
- 5) The NIOC defaulting on a legally binding contract could potentially harm its credibility when seeking partnerships with other international companies. A good reputation is needed for Iran to be able to develop its natural resources further and to be able to continue financing infrastructure spending programmes.
- 6) We believe Crescent and Dana should be able to pay a higher price to the NIOC if they are able to resell to northern Emirates customers at higher prices.

We assume a one-year delay owing to further negotiations. Therefore, our forecasts and valuation incorporate a one-year delay in the flow of gas from Iran. In addition, our sum-of-the-parts valuation approach penalises the project with a higher discount rate to reflect its inherent risks.

Asset overview

Figure 9: Dana's current and future operations are based on long-term contracts spanning the MENA region

Operation	Activity	Commencement	Duration
Upper Egypt and Nile Delta	Exploration and production (E&P) operations, Gas processing and LPG	Operational	According to reserve life
Kurdistan Region of Iraq	Natural Gas exploration and production, gas processing and transmission	Production from initial production facility commenced October 2008	25-year contract
Gulf of Suez	LPG extraction	2010	25-year contract
UAE Gas Project	gas processing and transmission	2009	25-year contract
Sharjah Concession	Exploration and development of Zora field	2010	25- year agreement with government of Sharjah for exploration and development

Source: Company data

Egypt–upstream operations (Centurion)

Operating through Centurion, its wholly-owned subsidiary, Dana Gas produced 11.4 and 10.3 mmboe in 2006 and 2007, respectively. The latest Q208 figures indicated an average production of 2.51 mmboe for the quarter (27.5 mboe/d).

Nile Delta

Currently, Dana produces gas from five development leases in El Wastani, El Wastani East, South East Manzala, Luzi and Dabayaa—complemented by the El-Wastani plant to extract liquefied petroleum gas (LPG) from the production stream to increase sales value. The company has a production sharing agreement with Egypt Natural Gas Holding Company (Egas) whereby Dana is allowed to recover cash operating costs in addition to its capital costs amortised over a certain period of time, with the remaining value of hydrocarbons being divided between EGAS and the contractor after cost recovery.

Figure 10: Northern Egypt operations and exploration sites



Source: Company reports

We expect the existing development leases to maintain their current production levels at 28mboe/d, as production from additional reserve reclassifications/bookings resulting from 2008/09 drilling programmes should offset any natural production declines in the foreseeable future. In addition, the exploration programme is also targeting deeper

geological horizons and looks to have the ability to add significant new reserves and production volumes.

Natural gas produced is sold at a fixed price of US\$2.65/mcf while LPG is sold at approximately 70% of the price of Brent crude.

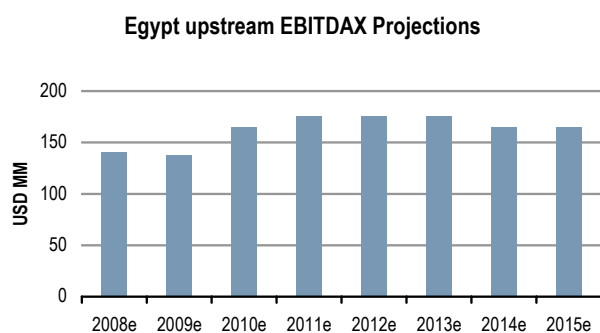
In addition to the exploration potential already identified, we believe Dana Gas has the potential to enhance Al-Wastani's value through: 1) reclassifying further reserves through its planned drilling programme; and 2) increasing liquid extraction capacity to facilitate production ramp-ups and maintain revenue enhancement through selling higher-value extracted liquids.

Upper Egypt

Dana produced 50bpd (through Centurion's 50% of 100bpd total) from the Al Baraka Development Lease on the Komombo Concession commencing in December 2007. In June 2008, the company made a discovery at a new oil zone in its acreage, marking the first discovery in the company's US\$170m drilling campaign for 2008/09. The discovery well, Al Baraka-2, reconfirmed 2007's discovery in the underlying Six Hills formation. The company has since completed a hydraulic fracture of Al Baraka-1 and added performances in Al-Baraka-2, which has resulted in a significant increase in production rates from the field.

In addition to this discovery, the company has commenced drilling of the West Baraka-1 exploration well in a new prospect in the Komombo concession.

Figure 11: Egypt upstream (Centurion) projections



Source: Credit Suisse estimates

Figure 12: Centurion's reserves (as of 30 June 2008)

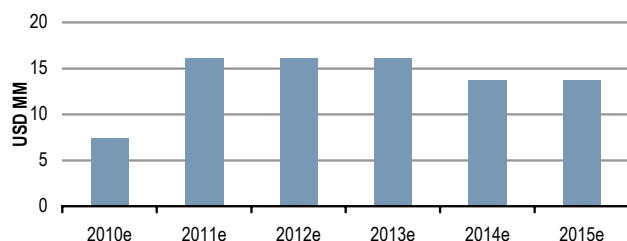
Proved reserves (1P)	mmboe	40.6
Proved+probable (2P)	mmboe	61.5
Risked gas potential	Tcf	3.5
Reserve life based on:		
1P	Years	4.1
2P	Years	6.1

Source: Company data, Credit Suisse estimates

Egypt-midstream operations

Gulf of Suez gas liquids extraction plant

Dana Gas holds an indirect 26% stake in the Gulf of Suez gas liquids extraction plant through its 66% ownership in DanaGaz (Bahraini subsidiary). The plant is a US\$75m joint venture between EGAS (40%), DanaGaz (40%) and APICORP (20%) that is planned to come on line in early 2010. The plant will extract liquids from a 150mmcf/d throughput of gas and is expected to produce LPG at a rate of 120k tonnes per year.

Figure 13: Egypt upstream projections**Gulf of Suez Gas Project Plant EBITDA Projections**

Source: Credit Suisse estimates

Kurdistan region of Iraq

50% interest with Crescent Petroleum

In 2007, Dana Gas entered into agreement with the KRG of Iraq for the development of its gas resources. The KRG granted Dana Gas a 50% stake to develop, process and transport natural gas from the Khor Mor Gas Field (Khor Mor Project) to fuel domestic electric power generation plants that have been constructed near Erbil and Suleymania and to develop the nearby Chemchemical field. The Khor Mor project has a total capital cost of around US\$650m (US\$325m net to Dana Gas). At the time of writing, Dana and Crescent had announced the start-up of natural gas production, processing and transportation by pipeline from the Khor Mor field. We expect throughput to reach 300mmcf/d of natural gas, 1,000 tonnes of LPG and 20kbb/d of condensate as the project achieves full ramp-up in early 2010. The following are the project's main phases:

- **Development of Khor Mor and Chemchemical field:** The Khor Mor field has been idle since the breakout of the first Gulf War between Iran and Iraq (1980–88). According to the Iraqi Ministry of Oil and the KRG Ministry of Natural Resources, initial reserve estimates for the field indicated 2.5 Tcf of natural gas. In addition, the exclusive rights include the appraisal and development of Chemchemical field, which has an initial reserve estimate of approximately 2 Tcf (Dana, however, has said it expects this field to be larger).

As part of the development process, Dana has said it plans to hook up, test and recompleat six existing wells on the Khor Mor field. The company has tested all six of the wells, five of which are in immediately useable condition and have immediate deliverability available. In addition, Dana has said it will conduct an appraisal of the Chemchemical field.

- **Gas processing and transmission:** Current initial production from Khor Mor is via an Early Production Facility until the LPG plant is completed. This LPG plant is under construction near the Khor Mor gas field to extract higher value-added products (LPG) from the natural gas before the dry gas is transmitted through a 180km pipeline delivering gas to the Bazian and Erbil Power stations.

Kurdistan project of strategic importance to Iraq

The strategic importance of this project to Iraq stems from its development value to the Kurdistan region and the substantial cost savings for the Iraqi government. Using diesel to meet Kurdistan's power needs would be extremely expensive compared with cheaper and cleaner natural gas produced from its own resources and delivered by Dana Gas to the newly built gas-fired power plants. Estimated annual savings from the project by replacing diesel fuel with gas are about US\$1.5bn.

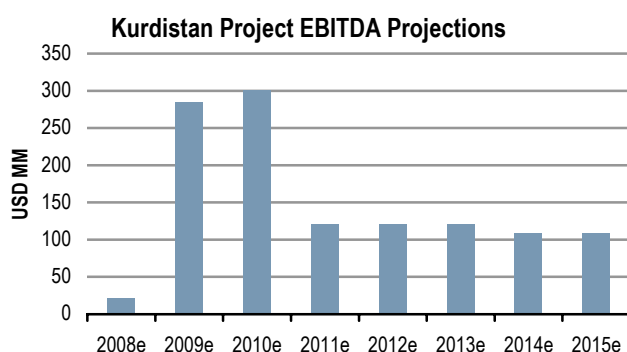
The project should be a source of strong cash-flow realisation for Dana Gas

Dana Gas should see strong cash flows during the initial phase as the company is allowed to recover the full project's cash receipts from the sale of liquids to recover investment costs, after

which Dana is entitled to receive a share of the value of liquids and is also able to participate in gas sales after the needs of the two power stations (c. 300Mmcfd) are satisfied.

Our cash-flow forecast does not reflect potential upside that could arise from successfully developing the Chemchemical gas field and bringing its production online. Dana is entitled to participate in gas marketing (rather than just liquids) after the needs of the power stations are met.

Figure 14: KRG project offers quick investment recovery followed by a stable cash-flow stream



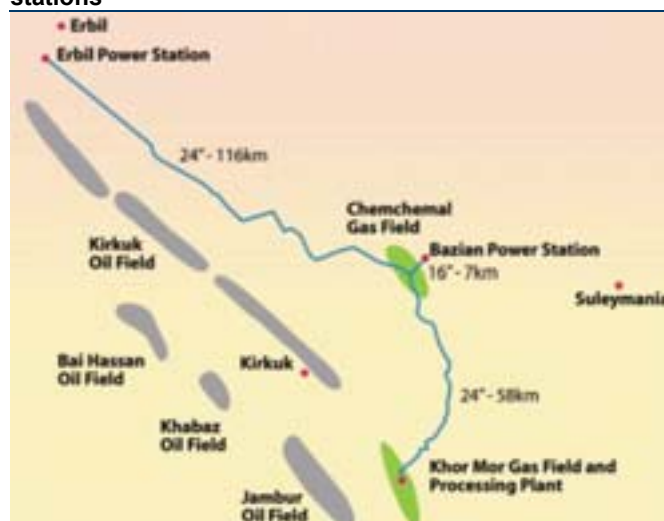
Source: Credit Suisse estimates

Figure 15: Project location within Iraq



Source: Company data

Figure 16: Pipeline connecting gas fields to power stations



Source: Company data

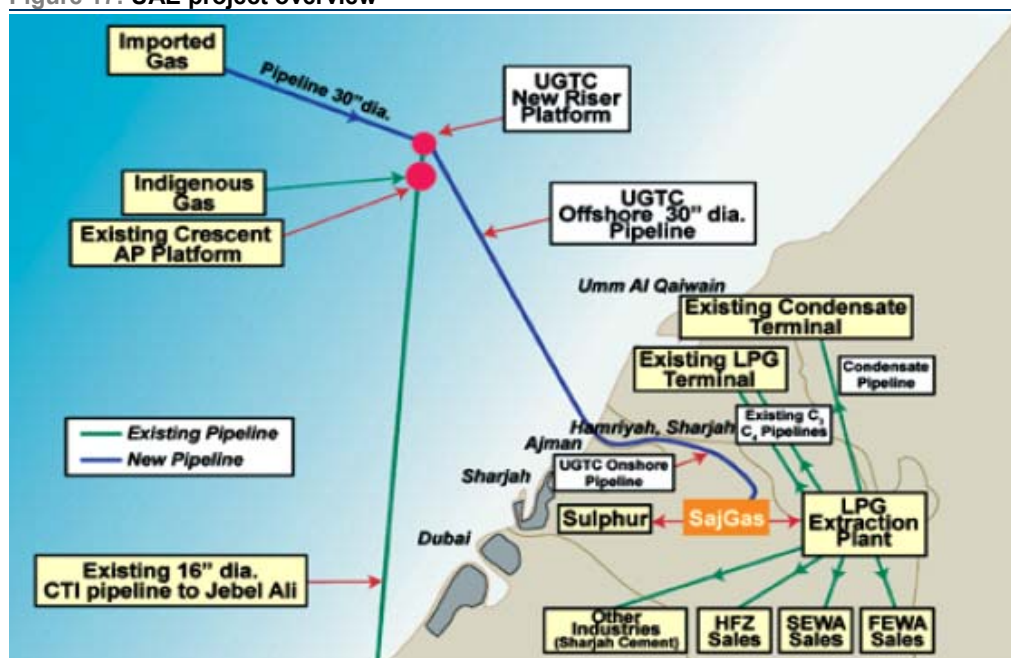
UAE gas project

The UAE gas project was pioneered by Crescent Petroleum to import gas from Iran to the northern Emirates through a 250km pipeline. This involved a US\$1.5bn investment by the National Iranian Oil Company (NIOC) to develop the Salman field and pipeline. The end of the Iranian pipeline marks the exchange point for the natural gas, where it is delivered to Crescent Petroleum and then to the marketing subsidiary CNGCL. CNGCL subsequently uses Dana Gas's UGTC (fully owned subsidiary) receiving platform and transports the natural gas to sweetening facilities owned by SajGas (another wholly owned subsidiary) to be processed at

its Sharjah facilities. The sweetened gas is then processed by Sharjah government-owned processing facilities with liquids and condensate transported to the Hamriyah jetty. The gas is then delivered to end-users in the northern Emirates under 25-year marketing and delivery contracts with CNGCL (35% Dana owned). The facilities (offshore receiving and transport pipelines) have been in place since 2005. The first delivery of gas was originally expected in early 2008. Dana has said that the delay was a result of the Iranian facilities not being completed, in addition to the protracted negotiations concerning the final contract price.

After the arrival of gas at the offshore unit, an 80km pipeline with a design capacity and diameter of 1,000mmcf/d and 30 inches connects the offshore receiving platform to the SajGas plant in Hamriyah, a 600mmcf capacity gas processing and sweetening facility. After processing the gas and extracting sulphur, LPG and condensate, CNGCL sells processed gas to Sharjah Electricity & Water Authority (SEWA), Federal Electricity & Water Authority (FEWA) and CNGCL under long-term contracts. The company has indicated that the capacity of the gas processing and receiving facility could potentially be upgraded at minimal cost.

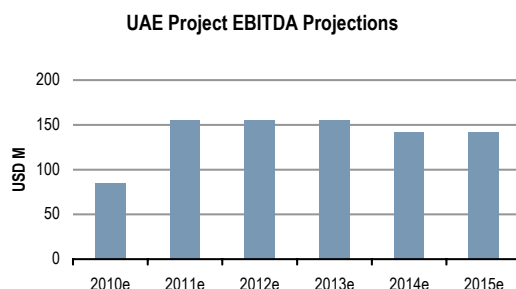
Figure 17: UAE project overview



Source: Company data

The project will offer Dana a stable cash-flow stream as gas transmission fees cover cash operating costs and the sale of LPG, condensate and sulphur.

Figure 18: UAE project EBITDA forecasts (US\$m)



Source: Credit Suisse estimates

UAE–Sharjah Western Offshore Concession

The Sharjah Western Offshore Concession marks Dana Gas's debut on the GCC E&P front—it was awarded the concession last March. The project encompasses a US\$65m exploration programme and the development of the Zora Gas field, which has a tested gas flow of 41mmcf/d, an offshore extraction platform and a 25km line at an estimated cost of US\$55m.

The concession covers an area of 1,000km². As part of the development activity, Dana will resume horizontal drilling of two wells. Further exploration will include geological evaluation studies, seismic survey and drilling of exploration wells.

Future prospects

Liquefied natural gas (LNG)

Dana signed a cooperation agreement with Single Buoy Moorings, a world leader in providing offshore floating solutions for the oil and gas industry, to develop LNG floating storage and regasification facilities. The first terminal is planned to be constructed in Port Qasim near Karachi, Pakistan. The alliance has already secured approvals for the proposed terminal's design and location. The primary estimates for the project costs are c.US\$200m, with a capacity of 3.5 tonnes pa. Dana's focus will be on LNG marketing activities.

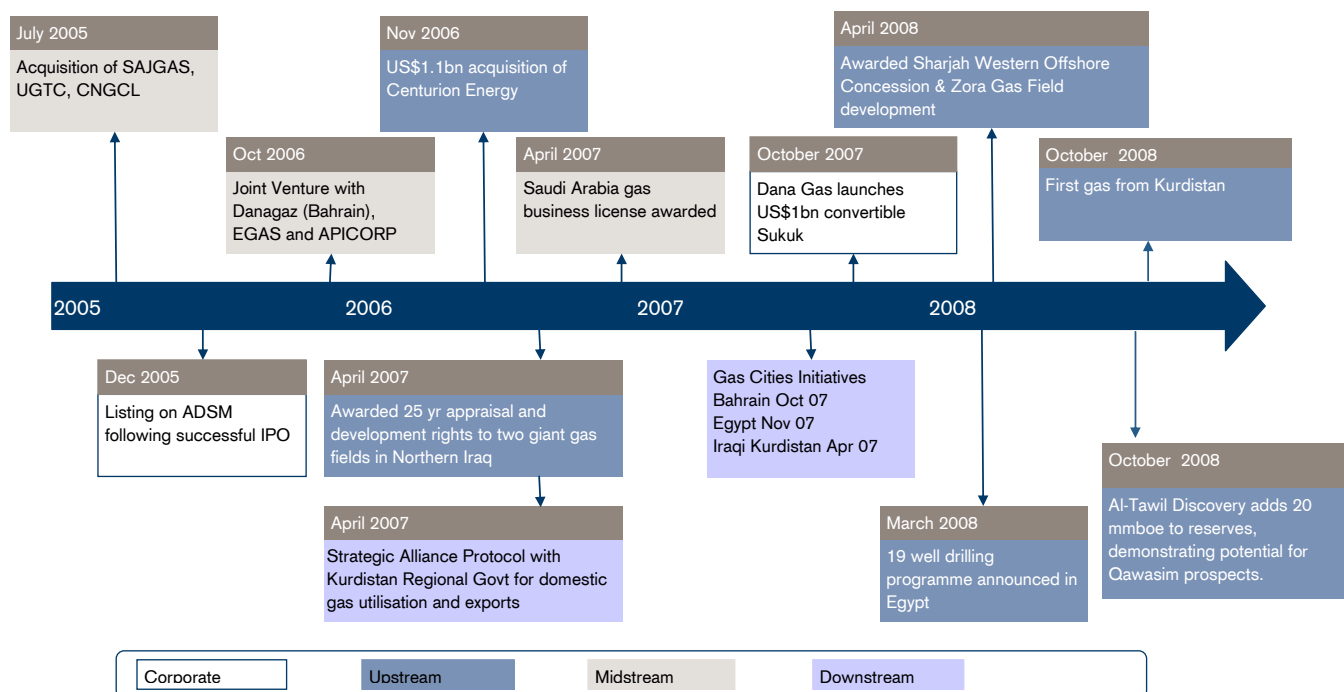
Dana Gas City—Kurdistan

As part of the initiative to develop KRI's natural gas resources, the Dana Gas City is a visionary concept aimed at optimisation and utilisation of KRI's resources by promoting private sector investment in gas-related industries by gathering them in a new gas utilisation industrial complex. Through this initiative, Dana aims to bring companies closer to the energy supply, creating synergistic clusters of companies that help reach the region's developmental goals while providing Dana with increased gas markets in the region by selling gas as feedstock for industries such as petrochemicals, steel, building materials, fertilizers and manufacturing. The Gas City was allocated land by the government near the Chemchemical gas field. Management has indicated it is in discussions with international and regional energy and petrochemical companies to bring them on as prospective Gas City tenants.

Company background

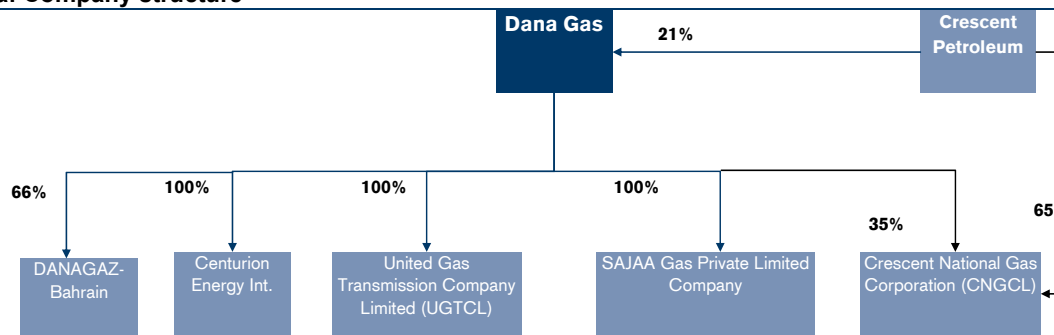
Dana Gas was incorporated in November 2005. Its current structure came about after the transfer to Dana of the shareholdings in Sajaa Gas Private Limited Company (SajGas) and United Gas Transmission Company Limited (UGTC) and Crescent National Gas Corporation Ltd. (CNGCL). The company operates across the natural gas value chain from exploration, production, transportation and distribution.

Figure 19: Corporate timeline



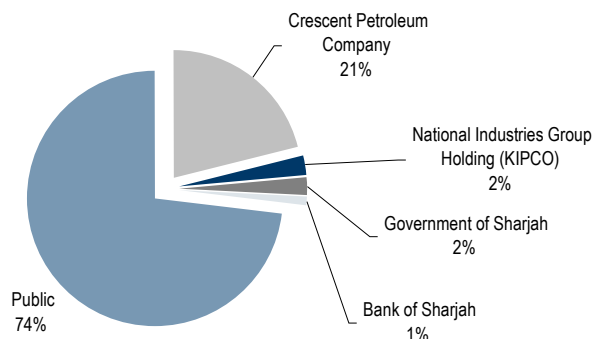
Source: Company data

Figure 20: Dana: Company structure



Source: Company data

Figure 21: Dana: Ownership structure



Source: Zawya

Crescent Petroleum background

Crescent Petroleum has operated as a regional upstream oil and gas company in the United Arab Emirates for almost 40 years. It was the first regional, independent, privately owned Middle Eastern petroleum company to engage in the acquisition, exploration and development of petroleum concessions and the production and sale of crude oil, petroleum products and natural gas. During the 1980s and 1990s, Crescent held concessions in the Middle East, Argentina, Canada, Yugoslavia, France, Tunisia, United Arab Emirates, Egypt, Pakistan and Yemen. Currently, Crescent focuses on energy opportunities within the Middle East, especially the Gulf region, as well as in North Africa, the Caspian Sea region and South Asia. Crescent is owned and chaired by Hamid Jafar, who is also Dana's CEO (see management section).

Risks

- **Geopolitical risk:** Iran and Iraq are categorised as areas with high geopolitical risk. If current political tensions between Iran and the West were to escalate, this could potentially disrupt future gas flows through the UAE gas supply project. As for Kurdistan, there have been no accounts of terrorist attacks on pipelines or oil & gas installations in the far north of Iraq, which is currently enjoying a new-found stability owing to fewer internal tensions compared with southern parts of the country. In addition, relations with neighbouring Iran have been calmer. There have been incidents from time to time near Iraq's northern border with Turkey. The Kurdistan Regional Government (KRG) government does not affiliate itself with the Kurdistan Workers Party (PKK), which has occasionally claimed responsibility for attacks in Turkey, triggering a backlash from the Turkish side.
- **Commodity risk.** Sales of LPG and condensate are indexed to the price of crude oil. A significant fall in the oil price would lead to a decrease in future cash-flow generation from Dana's projects. The company does not hedge any of its commodity exposure.
- **Conflict of interest:** Dana's board of directors includes members from Crescent Petroleum, which owns 21% of Dana. A number of Dana's senior managers were originally seconded from Crescent and have slowly been replaced by permanent Dana staff. The 'umbrella' agreement mitigates some of the conflict of interest issues that may arise. However, after the expiry of the umbrella agreement in 2011, there is no guarantee that Crescent Petroleum will continue to provide Dana Gas with access to its projects or asset dropdowns.

Management

We view Dana management as strong. The cross-regional board of directors has representation from regional and international veterans of the industry, in addition to prominent businessmen. Two of Dana's board members are also on Crescent's board.

Key members of the board of directors

Hamid Diya Jafar. Mr Jafar is Chairman and CEO of the Crescent Petroleum group of companies, headquartered in the Emirate of Sharjah, UAE. Mr Jafar is also Chairman of GulfTainer Ltd, a member of the Board of Directors of Abraaj Capital, and a Director of the URUK Group, as well as having served as Managing Director of Intoil (Bahrain). His other international commercial interests include container terminal operations, trucking, various other industrial undertakings, private equity, and real estate. Mr Jafar has bachelor's and master's degrees in engineering from Cambridge University, with a specialisation in thermodynamics and fluid flow.

Dr Adel Khalid Al-Sabeeh (Deputy Chairman). Dr Al-Sabeeh was previously the Minister for Oil in Kuwait and Chairman of Kuwait Petroleum Corporation in 2001–02. He currently serves as Chairman of the Proclad Group International Ltd and is Chairman and Managing Director of the National Industries Company for Building Materials. He holds a PhD in mechanical engineering from North Carolina State University in the US.

Ahmed Rashid Al-Arbeed (Non-Executive Director). Mr Al-Arbeed has almost 30 years of experience in Kuwait, including as Chairman and Managing Director of Kuwait Oil Company and Kuwait Foreign Petroleum Exploration Company. He established the Oil Development Company as a subsidiary to Kuwait Petroleum Corporation. He was a member of the board of the Kuwait Petroleum Corporation, was in charge of the privatisation programme for select oil activities and in charge of the research and development programme. After his retirement from the Kuwait public oil sector, Mr Al-Arbeed established PetroMal Company in Abu Dhabi in 2006. He holds a bachelor's degree in petroleum and natural gas engineering from Pennsylvania State University in the US.

Majid Hamid Jafar (Non-Executive Director). Mr Jafar currently serves as an Executive Director of Crescent Petroleum. He was previously with Shell International, based in Europe, where he was trained as a Production Technologist for Shell Exploration and Production in The Hague. He later moved to Shell Gas and Power in London, working as a Supply Advisor in the Global Liquefied Natural Gas team. He holds bachelor's and master's degrees in engineering (fluid mechanics and thermodynamics) from Cambridge University; a master's in international studies and diplomacy from the University of London (School of Oriental and African Studies); and an MBA from Harvard Business School.

Senior management

Figure 22: Key senior management

Name	Age	Position
Mr. Rashid Saif Al-Jarwan	56	General Manager
Mr. Neeraj Agrawal	49	Finance Director
Mr. Mohammad Makkawi	54	General Manager – UGTC
Mr. Thomas Watts	50	General Manager – CNGCL
Dr. Hany El-Sharkawi	60	Country Director – Egypt

Source: Company data

Rashid Saif Al-Jarwan (General Manager). Mr Al-Jarwan has 28 years' experience with the Abu Dhabi National Oil Company (ADNOC) and its group of companies, covering technical, operational, commercial and executive responsibilities. He was previously General Manager, Abu Dhabi Gas Liquefaction Co (ADGAS) (Dec 1997–Feb 2006). He has also been a member of the Board of Directors of: National Petroleum Construction

Company (NPCC) (Dec 2004–Jan 2006) and National Drilling Company (NDC) (June 1995–Feb 2001). Mr Al-Jarwan holds a BSc degree in petroleum and natural gas engineering from Pennsylvania State University in the US.

Neeraj Agrawal (Finance Director). Mr Agrawal has over 20 years of experience in the oil and gas industry with Crescent Petroleum, Ernst & Young and PricewaterhouseCoopers covering mergers and acquisitions, financing, treasury, accounting and taxation, with specific experience in upstream project development, farm-outs and joint operations with regional and international oil companies.

Mohammad Makkawi (General Manager–UGTC). Mr Makkawi has 32 years of experience in the field of mechanical engineering with emphasis on management of major onshore and offshore gas transmission projects. He holds a BSc degree in mechanical engineering from the American University of Beirut.

Thomas Watts (General Manager–CNGCL). Mr Watts has 27 years of international experience in the development and management of oil and gas projects specialising in the structuring of the gas-chain (facilities, transportation, processing and distribution) and the marketing and sales of gas and LPG. He holds a BSc degree in mechanical engineering from the University of Birmingham in England.

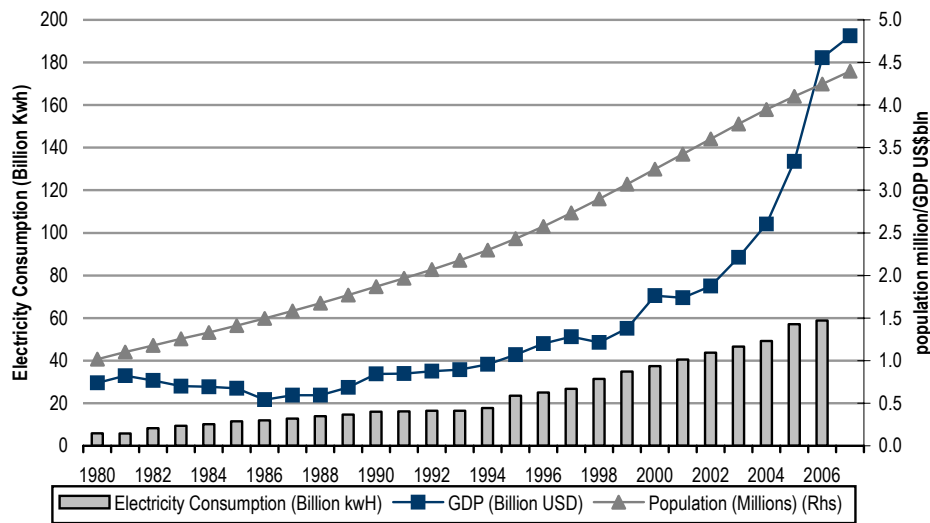
Dr Hany El-Sharkawi (Country Director–Egypt). Dr El-Sharkawi serves as the President and General Manager of Centurion Petroleum Corporation in Egypt. He is responsible for managing all aspects of operations, including exploration, business development and government relations. During his career Dr El-Sharkawi has been involved in projects in Canada, the US, Australia, Egypt, the UK, Libya, Tunisia, Yemen, Bulgaria and Venezuela. He has been active in the oil and gas industry for over 32 years, with Shell, Mobil and Canadian Oxy, and has held several key positions in the industry. Dr El-Sharkawi is credited with the major oil discovery in Canadian Oxy's Masila block in Yemen and other discoveries in Canada, Libya and Egypt. He holds a BSc from Alexandria University in Egypt, and a MSc and a PhD from the University of Manitoba in Canada.

Rising energy and power needs

The area spanning the GCC, Iraq and Iran hosts around 61% and 40% of the world's conventional oil and gas reserves, respectively. A regional economy underpinned by sustained high hydrocarbon prices is fuelling population growth and demand for infrastructure and energy to support increasing demand. APIC estimates that an investment of US\$4,280bn will be required over the next 30 years to meet the region's increasing demand for gas. This figure breaks down into US\$140bn for exploration and production, US\$65bn for gas transformation and storage, US\$64bn for LNG facilities and US\$12bn for local distribution systems.

In the UAE alone, electricity consumption has more than tripled over the last 15 years, with a population of approximately 4.4m, which is double the size it was in 1993.

Figure 23: UAE's population, GDP and electricity consumption trends



Source: BP statistical review, Unistatistics and Credit Suisse Research

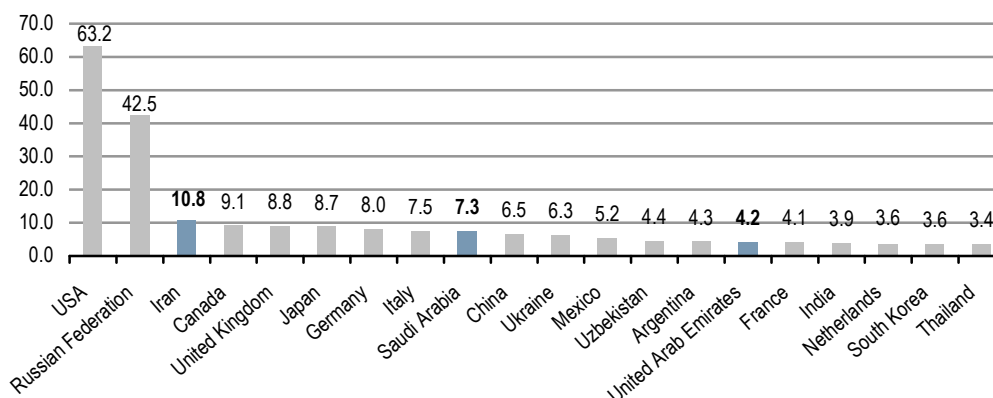
Scaling electricity consumption by population size, the UAE ranks 11th in terms of MWh per capita of consumption (see Figure 24).

Given a rising requirement for electricity and water desalination, and a huge rise in construction projects, the country is embarking on infrastructure expansion to address fast-rising demand.

Figure 24: World's top 15 countries in terms of per capita electricity consumption

Rank	Country	Population	Electricity consumption (MWh)	MWh per Capita
1	Monaco	32,796	2,940,000	89.65
2	Iceland	304,367	8,150,000	26.78
3	Norway	4,644,457	113,900,000	24.52
4	Finland	5,244,749	88,270,000	16.83
5	Canada	33,212,696	540,200,000	16.26
6	Sweden	9,045,389	134,100,000	14.83
7	Kuwait	2,596,799	36,280,000	13.97
8	Qatar	928,635	12,520,000	13.48
9	Luxembourg	486,006	6,320,000	13.00
10	United States	303,824,646	3,816,000,000	12.56
11	United Arab Emirates	4,621,399	52,620,000	11.39
12	Australia	20,600,856	219,800,000	10.67
13	Taiwan	22,920,946	221,000,000	9.64
14	Guam	175,877	1,670,000	9.50
15	New Zealand	4,173,460	37,390,000	8.96

Source: UN

Figure 25: Middle East countries are among the top natural gas consumers**2007 Global Natural Gas Consumption (Bcf/d) - Top 20 Consumers**

Source: BP statistical review

Electric generation in the UAE is split approximately half and half between natural gas and oil. This differs from the fuel mix in regions such as North America, where coal-fired plants contribute around 50% of electricity generation, with gas coming second. Current expansion projects are leaning towards gas as a preferred fuel. We believe it is worth mentioning that the UAE's net export of gas is diminishing: in a few years, we expect to see the UAE become a net importer of gas if growth and a lack of a resource conservation are sustained.

Figure 26: UAE electricity generation capacities

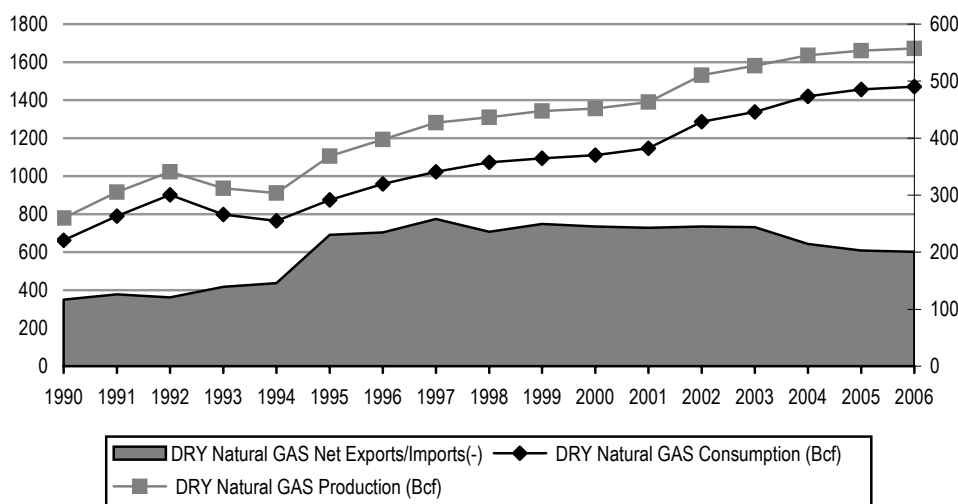
	2007 data
Total UAE	16.67
ADWEA	8
DEWA	5
FEWA	1
SEWA	2

Source: DEWA

Figure 27: UAE generation capacities by fuel type

	UAE (2006)	%
Steam	58.8	49%
Gas	57.6	48%
Diesel	2.4	2%
Total	118.8	

Source: DEWA

Figure 28: Net gas exports in UAE have been declining since 2003 as demand growth has outstripped supply and production growth

Source: BP statistical review

The government aims to increase electric generation capacity by 50% by the end of the decade, with most of the capacity additions being gas-fired.

Figure 29: UAE's capacity generation additions

Client	Project	Additional power capacity (MW)	Value (\$m)	Completion
Emirates Aluminium Limited	Emal project (phase 1)	2,000	1,000	December, 2009
Dubai Electricity and Water Authority	Jebel Ali M plant	2,000	1,800	2009
Fujairah Asia Power Company (ADWEA)	Fujairah F2 IWPP	2,000	3500	2010
Sharjah Electricity and Water Company	Hamriya power plant	1,900	2,720	Q3 2010
Abu Dhabi Water & Electricity Authority	Shuweihat 2 IWPP	1,500	2,500	2011
Dubai Electricity and Water Authority	Aweer Station H (phase 3)	850	na	Q4 2008
Emirates SembCorp Water and Power Company	Fujairah IWPP	225	1,000	
Gulf Total Tracetebe Power Company	Taweelah A1 IWPP	212	200	2009
Dubai Aluminium Company Limited	Dubai cogeneration plant	150	180	

Source: MEED

Financials

Figure 30: Dana Gas: Financial statements
US\$000, unless otherwise stated

		2006	2007	2008e	2009e	2010e	2011e	2012e	2013e	2014e	2015e
CONSOLIDATED INCOME STATEMENT											
Revenues	000 USD										
Egypt upstream-Centurion (net revenues)	000 USD	1,000	165,000	163,366	161,633	188,933	199,865	199,865	199,865	188,933	188,933
Kurdistan Project	000 USD	-	-	24,064	299,737	510,823	564,324	564,324	564,324	512,072	512,072
Egypt midstream operations-Gulf of Suez	000 USD	-	-	-	-	14,959	28,261	28,261	28,261	25,644	25,644
Total revenues	000 USD	1,000	165,000	187,431	461,370	714,715	792,450	792,450	792,450	726,649	726,649
Cash Costs											
Egypt upstream-Centurion	000 USD	-	16,000	23,065	24,267	24,267	24,267	24,267	24,267	24,267	24,267
Kurdistan Project	000 USD	-	-	2,000	15,000	210,179	443,886	443,886	443,886	404,174	404,174
Egypt midstream operations-Gulf of Suez	000 USD	-	-	-	-	7,575	12,176	12,176	12,176	11,915	11,915
Total Cash Costs	000 USD	-	16,000	25,065	39,267	242,021	480,329	480,329	480,329	440,356	440,356
Total projects EBITDAX	000 USD	-	149,000	162,366	422,103	557,661	467,004	467,004	467,004	427,484	427,484
DD&A	000 USD	-	66,000	88,042	114,111	158,111	158,111	158,111	158,111	158,111	158,111
Gross Profit	000 USD	1,000	83,000	74,324	307,992	399,550	308,893	308,893	308,893	269,373	269,373
G&A	000 USD	10,000	22,000	23,000	26,000	28,000	30,000	30,000	30,000	30,000	30,000
Exploration	000 USD	-	10,000	2,000	-	-	-	-	-	-	-
Other Income	000 USD	7,000	57,000	93,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Net Interest Expense	000 USD	(224,000)	32,000	64,613	69,225	69,225	69,225	17,475	225	225	225
EBT	000 USD	222,000	76,000	77,711	300,767	390,325	297,668	349,418	366,668	327,148	327,148
Income Tax	000 USD	-	46,000	33,314	27,473	32,933	35,120	35,120	35,120	32,933	32,933
Net Income	000 USD	222,000	30,000	44,398	273,294	357,391	262,548	314,298	331,548	294,215	294,215
Income tax rate	%	0%	31%	55%	20%	20%	20%	20%	20%	20%	20%
EPS (Basic)	USD/sh	0.037	0.005	0.006	0.035	0.046	0.034	0.041	0.043	0.038	0.038
EPS (Diluted)	USD/sh	0.037	0.005	0.006	0.035	0.046	0.034	0.041	0.043	0.038	0.038
ADJUSTED INCOME											
Net Income	000 USD	222,000	30,000	44,398	273,294	357,391	262,548	314,298	331,548	294,215	294,215
Other income	000 USD	7,000	57,000	93,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
Other adjustments	000 USD	-	(26,000)	-	-	-	-	-	-	-	-
Adjusted Income	USD/sh	215,000	(53,000)	(48,602)	185,294	269,391	174,548	226,298	243,548	206,215	206,215
Adjusted EPS	USD/sh	0.04	(0.01)	(0.01)	0.02	0.03	0.02	0.03	0.03	0.03	0.03
Adjusted Income	USD/sh	215,000	(53,000)	(48,602)	185,294	269,391	174,548	226,298	243,548	206,215	206,215
Interest Expense	USD/sh	(224,000)	32,000.00	64,613	69,225	69,225	69,225	17,475	225	225	225
Depreciation	000 USD	0.00	66,000.00	88,042	114,111	158,111	158,111	158,111	158,111	158,111	158,111
EBITDA	000 USD	(9,000)	117,000	137,366	396,103	529,661	437,004	437,004	437,004	397,484	397,484
Income Tax	000 USD	-	46,000	33,314	27,473	32,933	35,120	35,120	35,120	32,933	32,933
EBIDA	000 USD	(9,000)	71,000	104,052	368,630	496,727	401,884	401,884	401,884	364,551	364,551
Exploration	000 USD	-	10,000	2,000	-	-	-	-	-	-	-
EBIDAX	000 USD	(9,000)	81,000	106,052	368,630	496,727	401,884	401,884	401,884	364,551	364,551
CASH FLOW STATEMENT											
Net Income	000 USD	222,000	30,000	44,398	273,294	357,391	262,548	314,298	331,548	294,215	294,215
DDA	000 USD	-	67,000	88,042	114,111	158,111	158,111	158,111	158,111	158,111	158,111
Other adjustments	000 USD	(231,000)	(26,000)	(19,734)	-	-	-	-	-	-	-
Change in Working Capital	000 USD	(12,000)	23,000	(71,000)	-	-	-	-	-	-	-
Operating cash flow	000 USD	(21,000)	93,000	78,706	387,405	515,502	420,659	472,409	489,659	452,326	452,326
Capex	000 USD	(62,000)	(174,000)	(231,000)	(79,900)	-	-	-	-	(30,000)	(30,000)
Exploration	000 USD	-	-	(46,000)	(101,000)	-	-	-	-	-	-
Acquisitions	000 USD	-	(1,129,000)	-	-	-	-	-	-	-	-
Asset Sales	000 USD	-	-	46,000	-	-	-	-	-	-	-
Other Investing	000 USD	196,000	38,000	(4,000)	-	-	-	-	-	-	-
Investing Cash Flow	000 USD	134,000	(1,265,000)	(235,000)	(180,900)	-	-	-	-	(30,000)	(30,000)
Common Stock Issue	000 USD	1,104,000	-	-	-	-	-	-	-	-	-
Convertible Bonds Issue	000 USD	-	966,000	-	-	-	-	-	-	-	-
Debt Repayment	000 USD	-	(13,000)	-	-	-	-	(920,000)	-	-	-
Finance Lease Obligations	000 USD	-	(1,000)	-	-	-	-	-	-	-	-
Other Financing	000 USD	(530,000)	(42,000)	(38,000)	-	-	-	52,000	-	-	-
Financing Cash Flow	000 USD	574,000	910,000	(38,000)	-	-	-	(972,000)	-	-	-
Total Change in Cash	000 USD	687,000	(262,000)	(194,294)	206,505	515,502	420,659	(499,591)	489,659	422,326	422,326
BALANCE SHEET											
Current Assets	000 USD										
Cash	000 USD	774,000	541,000	346,706	553,211	1,068,713	1,489,373	989,782	1,479,442	1,901,767	2,324,093
AR/ Prepayments	000 USD	1,000	78,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000	102,000
Inventories	000 USD	-	40,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000	46,000
Other	000 USD	-	-	12,000	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Held for Sale Assets	000 USD	-	39,000	-	-	-	-	-	-	-	-
Total Current Assets	000 USD	775,000	698,000	506,706	713,211	1,228,713	1,649,373	1,149,782	1,639,442	2,061,767	2,484,093
Non-Current Assets											
PPPE-Net	000 USD	1,092,000	1,877,000	2,070,813	2,137,601	1,979,490	1,821,379	1,663,268	1,505,157	1,377,046	1,248,935
Goodwill	000 USD	-	308,000	308,000	308,000	308,000	308,000	308,000	308,000	308,000	308,000
Investment Property	000 USD	-	77,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000	105,000
Total Assets	000 USD	1,867,000	2,960,000	2,990,518	3,263,812	3,621,203	3,883,752	3,226,050	3,557,598	3,851,813	4,146,028
Current Liabilities											
Accounts Payables and Accruals	000 USD	8,000	98,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000	78,000
S-T portion of finance Lease obligation	000 USD	-	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Short term borrowings	000 USD	-	-	-	-	-	-	-	-	-	-
Other ST liabilities	000 USD	-	2,000	-	-	-	-	-	-	-	-
Total Current Liabilities	000 USD	8,000	101,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000	79,000
Convertible Bonds	000 USD	-	916,000	923,000	923,000	923,000	923,000	3,000	3,000	3,000	3,000
Finance Lease Obligations	000 USD	-	-	-	-	-	-	-	-	-	-
Asset decommissioning obligation	000 USD	-	4,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Total Non Current Liabilities	000 USD	-	920,000	931,000	931,000	931,000	931,000	11,000	11,000	11,000	11,000
Total Liabilities	000 USD	8,000	1,021,000	1,010,000	1,010,000	1,010,000	1,010,000	90,000	90,000	90,000	90,000
Common Equity	000 USD	1,681,000	1,687,000	1,687,000	1,687,000	1,687,000	1,687,000	1,687,000	1,687,000	1,687,000	1,687,000
Equity Component of convertible bonds	000 USD	-	52,000	52,000	52,000	52,000	52,000	-	-	-	-
Retained Earnings	000 USD	178,000	200,000	241,518	514,812	872,203	1,134,752	1,449,050	1,780,598	2,074,813	2,369,028
Total OE	000 USD	1,859,000	1,939,000	1,980,518	2,253,812	2,611,203	2,873,752	3,136,050	3,467,598	3,761,813	4,056,028
Total Liability and Owner's Equity	000 USD	1,867,000	2,960,000	2,990,518	3,263,812	3,621,203	3,883,752	3,226,050	3,557,598	3,851,813	4,146,028

Source: Company data, Credit Suisse estimates

Companies Mentioned (Price as of 26 Oct 08)
Dana Gas (DANA.AD, 1.10, OUTPERFORM, TP 1.85)

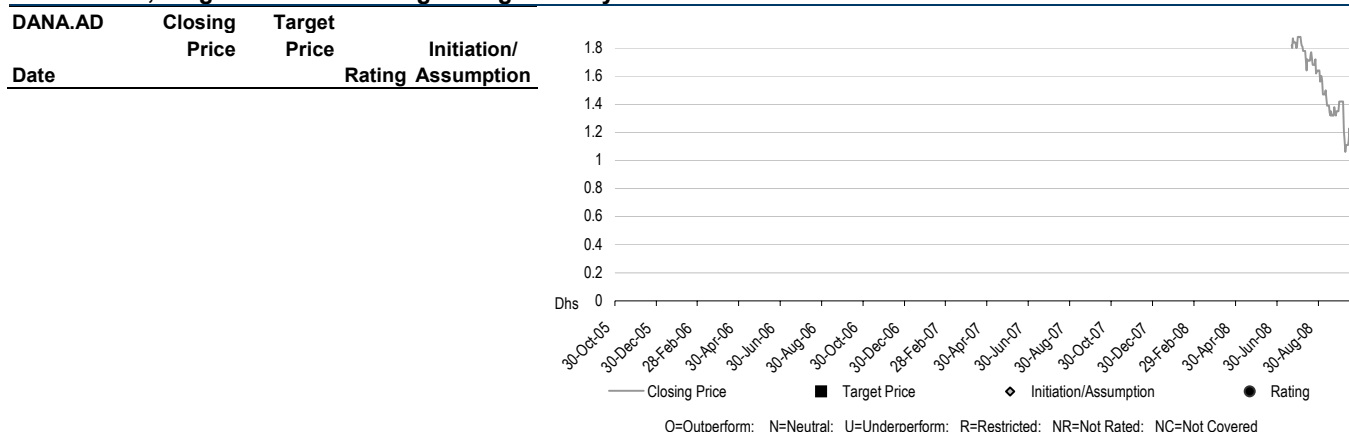
Disclosure Appendix

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3-Year Price, Target Price and Rating Change History Chart for DANA.AD



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Price Target: (12 months) for (DANA.AD)

Method: We use a finite DCF model over the term of Dana Gas's contracts and estimated resource lives applying variable discount rates commensurate with project risks. We applied 10% to the exploration dependent upstream operations, 8% to Kurdistan's and Egypt's midstream operations and 11% to the UAE gas project to account for its uncertainty

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