

Diversified Gas & Oil PLC

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DGOC reports on "transformative" first half

Diversified Gas & Oil PLC (LON:DGOC) shares rose on Tuesday as the group reported on what is described as "a period of transformative growth" following its Alliance and CNX acquisitions.

July's deal to acquire US\$575m of assets from EQT Corporation came after the reporting period ended.

READ: DGOC completes US\$575m acquisition, more than doubling production

The US-based production business generated some US\$58m of revenue in the six months to June 30, and, earnings (adjusted EBITDA) was reported at US\$22.87m for the half year.

DGOC closed the US\$80.7m Alliance acquisition in early March before completing the CNX transaction for US\$89.3m in April.

Daily production averaged 19,300 barrels of oil equivalent per day, and, the period's 'exit rate' measured 27,000 boepd - whereas the EQT deal was expected to lift the daily rate above 60,000 boepd.

"We continued to deliver on our growth strategy and capitalised on compelling, per-share accretive acquisition opportunities in the Appalachian Basin to grow our production by more than 90% since year-end, and we accomplished this growth without risking the balance sheet," said Rusty Hutson, DGOC chief executive.

"Instead, our financial strength has been improved with the addition of our low-cost credit facility and a leverage profile of less than two times adjusted EBITDA."

Hutson added: "The real impact of these game-changing acquisitions will be achieved in the second half of the year and beyond, as we realise the benefits of scale in the form of materially increased cash flow, lower costs and enhanced EBITDA margins, all of which underpin the reliable and peer-leading quarterly dividend.

"Our near-term focus will remain on extracting maximum value from our enlarged portfolio by leveraging operating synergies to drive both top line growth and further cost reductions that collectively elevate our already compelling margins.

"Our operating environment is increasingly positive, and we continue to screen a robust pipeline of growth opportunities from our position as the consolidator of choice in the Appalachian Basin."

DGOC was set up to be a dividend payer, and, today the company confirmed it would now start quarterly pay-outs -

Price: 102

Market Cap: £670.54 m

1 Year Share Price Graph



Share Information

Code: DGOC

Listing: AIM

52 week High Low
135 94.3154

Sector: Oil & Gas

Website: www.diversifiedgasandoil.com

Company Synopsis:

Diversified Gas & Oil PLC (DGO) is an established, independent owner and operator of producing natural gas & oil wells concentrated in the Appalachian Basin in the United States. Our field operations are densely located throughout the neighboring states of Tennessee, Kentucky, Virginia, West Virginia, Ohio, Pennsylvania, and Maryland, where we are one of the largest independent conventional producers.

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with a Q1 2018 dividend of 1.725p per share to be paid on September, while the second quarter payment has now been declared at 2.8 cents and will be paid in December.

In mid-morning trading, DGOC shares were 1.4% higher at 110.5p.

-- Adds share price --

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