

## Consolidated income at 30 June 2016

### ▪ Increase in production offset by lower oil prices

- 43% increase in hydrocarbons production
- 27% drop in oil sales price
- = Decrease in sales limited to 10%

### ▪ Decrease by 10% in opex resulting in a stable EBITDA

- EBITDA margin stable at 40%
- Sharp increase in operating income despite higher depreciation expenses linked to the production increase
- Net income of -€37m versus -€44m in H1 2015, due to an unfavourable exchange rate and the share of loss of equity associates in SEPLAT

### ▪ Adjustment of banking covenants

- Agreement on new ratios adapted to current environment

### ▪ Agreement between Pertamina and Pacifico

- Sale of Pacifico-held M&P shares to Pertamina based on a price of €4.20 + €0.50 earn-out depending on barrel prices in 2017
- Completion of the transaction and share transfer on 25 August 2016

### Main financial aggregates at 30 June 2016:

<i>In €m</i>	H1 2016	H1 2015
Sales	142	158
EBITDA	57	63
<b>Operating income</b>	-5	-33
Financial income	-22	7
Tax	1	-17
Income of equity associates	-12	-1
<b>Consolidated net income</b>	-37	-44
<b>Cash flow from activities</b>	-16	-21
<b>Cash at period-end</b>	230	102

### **Economic environment**

The economic environment continues to be characterised by the low price of Brent since summer 2014. The price dropped from US\$113/bbl at the end of June 2014 to US\$58/bbl at the end of December 2014, US\$38/bbl at the end of December 2015 and US\$50/bbl at the end of June 2016. In the first half of 2016, the average selling price was US\$39.2/bbl versus US\$53.5/bbl in the first half of 2015, a year-on-year drop of 27%.

Over the same period, the dollar depreciated against the euro. The euro-to-dollar exchange rate at 30 June 2016 was 1.1102 versus 1.0887 at 31 December 2015. The average exchange rate for the period was 1.12, consistent with the first half of 2015.

### **43% increase in the Group's hydrocarbon production**

In Gabon, the Group's priority was to increase production by optimising water injection to support pressure and improve oil sweeping in reservoirs.

Production from the Ezanga PSA fields, operated by Maurel & Prom, remained above 28,000 bopd in January and February 2016. In mid-March 2016, the pipeline operator carried out further reinforcement work on the 12" routing line between the Coucal station and the junction with the 18" pipeline. As a result, production was limited between 13 March and 5 April 2016. It gradually picked up to average 27,744 bopd in total production in the second quarter of 2016, or 22,195 bopd for M&P's share, versus an average of 19,910 bopd (M&P share) in the first quarter of 2016, a quarter-to-quarter rise of 11%.

Following the opening of the first two wells at the Mnazi Bay field in Tanzania at the end of August 2015, the amount of gas delivered in the first half of 2016 averaged 49 million cubic feet per day (total production). Gas deliveries depend on demand from the national company, TPDC.

Total production (Gabon and Tanzania) for M&P's share was 25,144 boepd in the first half of 2016 versus 17,581 boepd for the same period in 2015, an increase of 43%.

### **Adjustment of banking covenants**

Maurel & Prom and the banking consortium undertook the adjustment of debt ratios linked to the \$400-million Revolving Credit Facility (RCF) to adapt them to the current environment.

New ratios were accepted by the banking consortium on 24 August 2016, extending the loan's initial maturity accordingly. Specifically, they involve:

- A revised ratio for Group net consolidated debt to EBITDAX of 6 at 30/06/2016, 5.5 at 31/12/2016, 5 at 30/06/2017, 4 at 31/12/2017, 3 from 30/06/2018;
- A security deposit of \$75 million;
- The pledge of Seplat shares equivalent to \$25 million.

### **Agreement between Pertamina and Pacifico**

Pertamina and Pacifico announced on August 25<sup>th</sup> 2016 the purchase by Pertamina of all the shares held by Pacifico in Maurel & Prom. This block trade follows the agreement signed between Pertamina and Pacifico on July 31<sup>st</sup> 2016 whose condition precedents have been cleared on August 25<sup>th</sup>.

The block trade has been completed for €4.20 per share, plus a €0.50 earn-out per share payable if, from January 1st 2017 (included) to December 31st 2017 (included), the Brent price remains above USD 65 per barrel during all trading days within a period of ninety consecutive calendar days.

Should Maurel & Prom's Board of Directors deliver a favourable reasoned advice on the offer following the conclusions of the report from the independent expert, Pertamina undertook to file, to the French market authority, a voluntary tender offer on (i) all Maurel & Prom shares under the same conditions as those offered to Pacifico and on (ii) 2019 and 2021 convertible bonds at their par value plus accrued interests. This offer is expected to be completed by the end of 2016.

Maurel & Prom's Board of Directors has unanimously indicated that it supports the offer and has the intention to recommend the shareholders to tender their shares. In accordance with applicable regulation, Maurel & Prom's Board of Directors will deliver its definitive reasoned opinion on the tender offer once it has obtained the fairness opinion from the independent expert it has appointed.

## Financial information

Sales for the first half of 2016 stood at €142 million versus €158 million for the first half of 2015. This decline was due to the addition of following factors:

- Drop in oil prices: selling price down by 27% to \$39.2/bbl
- Increase in quantities produced in Gabon: +22% to 21,169 bopd for M&P share
- Increase in gas sales in Tanzania: average of 23.7 MMcf/d in H1 2016 for M&P share

The Group's margins have been quite steady thanks to cost reduction measures. At the same time, the rise in quantities produced led to an increase in the depletion expense. This caused the Group to post a current operating loss of €2 million in the first half of 2016.

Financial income for first-half 2016 was -€22 million, which included a €15 million borrowing cost and foreign exchange losses of €5 million.

The Group's share of the income of equity associates was -€11 million for Seplat and +€0.5 million for Maurel & Prom Colombia BV. Seplat's income was heavily impacted by the shutdown of the export terminal, operated by a third party, in mid-February 2016.

The Company has taken steps to reduce its costs and has revised its investment programme downwards. In the first half of 2016, the Group's total investments amounted to €19 million.

At 30 June 2016, Maurel & Prom had cash of €230 million. The €43 million reduction in cash since the start of the year was largely due to changes in working capital requirement (an increase in trade receivables of €29 million and a drop in outstanding payables of €27 million). Pre-tax cash flow generated by operating activities in the amount of €39 million was used to finance €19 million in investment and pay interest of €14 million. The Group also received a €4 million dividend from Seplat.

**The Maurel & Prom Group's business report and the consolidated financial statements and related notes may be viewed on the Company's website [www.maureletprom.fr/en/](http://www.maureletprom.fr/en/)**

To listen the audiocast of Maurel & Prom's 2016 half results, click on the following link at 10 a.m on Wednesday, 31 August 2016:

<http://edge.media-server.com/m/p/qzd4mhbg/lan/en>

French		English		
pieds cubes	pc	cf	cubic feet	
pieds cubes par jour	pc/j	cfpd	cubic feet per day	
milliers de pieds cubes	kpc	Mcf	1,000 cubic feet	
millions de pieds cubes	Mpc	MMcf	1,000 Mcf = million cubic feet	
milliards de pieds cubes	Gpc	Bcf	billion cubic feet	
baril	b	bbl	barrel	
barils d'huile par jour	b/j	bopd	barrels of oil per day	
milliers de barils	kb	Mbbl	1,000 barrels	
millions de barils	Mb	MMbbl	1,000 Mbbl = million barrels	
barils équivalent pétrole	bep	boe	barrels of oil equivalent	
barils équivalent pétrole par jour	bep/j	boepd	barrels of oil equivalent per day	
milliers de barils équivalent pétrole	kbep	Mboe	1,000 barrels of oil equivalent	
millions de barils équivalent pétrole	Mbep	MMboe	1,000 Mbbl = million barrels of oil equivalent	

For more information, visit: [www.maureletprom.fr/en/](http://www.maureletprom.fr/en/)

MAUREL & PROM

Tel: +33 (0)1 53 83 16 00

Press, shareholder and investor relations

Tel: +33 (0)1 53 83 16 45

[ir@maureletprom.fr](mailto:ir@maureletprom.fr)

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