7 August 2020
No. 14-20

Consolidated results at 30 June 2020

- **Operating and financial performance impacted by the current economic situation**
  - Average sale price of oil $34.6/bbl versus $68.4/bbl in first-half 2019, a year-on-year drop of 49%
  - Sales of $142 million in the first half, down 38% from first-half 2019, and EBITDA of $18 million
  - Net income before non-recurring items at negative $61 million

- **Strict financial discipline and preservation of the Group's cash position**
  - Tangible impact of the cost-reduction initiatives deployed since March, with 20% reduction in opex & G&A from first-half 2019 on a like-for-like basis (excluding acquisition of Angolan assets)
  - New debt repayment profile obtained in March 2020 to reduce maturities in 2020 and 2021 and guarantee the Group's liquidity
  - Cash position of $212 million at 30 June 2020 versus $231 million at 31 December 2019, after a $37.5 million repayment towards the Term Loan in first half 2020

- **Recognition of an asset impairment charge reflecting the change in the economic environment**
  - Impairment charge of $474 million on a consolidated basis, plus $40 million for equity associates
  - Non-cash impact, corresponding to the adjustment of assumptions on crude oil prices and production and cost profiles in light of the current situation

Main financial aggregates at 30 June 2020

in $m	H1 2020	H1 2019	*Change*
Income statement			
Sales	**142**	**229**	***-38%***
Opex & G&A	(86)	(88)	
Royalties and production taxes	(21)	(36)	
Change in overlift/underlift position	(24)	23	
Other	6	9	
EBITDA	**18**	**137**	***-87%***
Depreciation, amortisation and provisions and impairment on assets in production and development	(539)	(72)	
Expenses and impairment of exploration assets	(30)	(5)	
Other	(2)	(5)	
Operating income	**(553)**	**56**	***N/A***
Financial income	(12)	(17)	
Income tax	(8)	(32)	
Share of income/loss of associates	(33)	27	
Net income	**(606)**	**33**	
O/w net income before non-recurring items[1]	*(61)*	*33*	
Cash flow			
Cash flow before income tax	17	142	
Income tax paid	(16)	(21)	
Operating cash flow before change in working capital	**1**	**121**	***-99%***
Change in working capital	94	52	
Cash flow from operating activities	**96**	**173**	***-45%***
Development capex	(26)	(70)	
Exploration capex	(45)	(6)	
M&A	–	–	
Free cash flow	**25**	**97**	***-74%***
Net cost of debt	(49)	(13)	
Dividends received	6	6	
Dividends paid	–	-9	
Other	0	–	
Change in cash position	**(19)**	**81**	***N/A***
Opening cash	**231**	**280**	
Closing cash	**212**	**361**	

[1] Reconciliation of net income before non-recurring items can be found on page 4

At its meeting of 6 August 2020, chaired by Aussie Gautama, the Board of Directors of the Maurel & Prom Group ("M&P", "the Group") approved the financial statements for the period ended 30 June 2020.

Olivier de Langavant, Chief Executive Officer of Maurel & Prom, stated: *"M&P has demonstrated its resilience in the face of a challenging economic environment, thanks to a wide-ranging adaptation plan aimed at preserving the Group's liquidity. The reduction in operating and investment expenditure allowed the Group to maintain a relatively stable cash position over the period. We remain committed to actively pursue this financial discipline while actively preparing for the resumption of development and growth activities as soon as conditions allow."*

Economic environment and production

The oil markets were severely disrupted in first-half 2020 as a result of the economic slowdown triggered by the COVID-19 outbreak. Consequently, oil prices plummeted, with Brent dropping below $20/bbl in March, albeit briefly. Prices have since risen gradually and been hovering above $40/bbl since mid-June, most notably following OPEC's announcement of production cuts.

M&P's working interest production for first-half 2020 stood at 26,917 boepd, up 6% from first-half 2019 (25,326 boepd) following the integration of production in Angola.

In Gabon, the Group made voluntary, targeted production cuts on the Ezanga permit in the second quarter, taking advantage of the period of low crude prices to temporarily suspend output at certain wells and consequently improve reservoir conditions for the future. To this effect, and in conjunction with work on water injection, total production was voluntarily limited to 20,000 bopd (or 16,000 bopd for M&P working interest). Further production cuts are expected in the second half of the year, this time under the quotas set by OPEC.

Financial performance

Group consolidated sales totalled $142 million in first-half 2020, down 38% on the same period in 2019. EBITDA stood at $18 million, versus $137 million in first-half 2019. Meanwhile, the cost-reduction plan launched in the second quarter of 2020 has begun to yield results. A 20% reduction in operating and G&A expenses has been observed from first-half 2019 on a like-for-like basis, excluding the acquisition of the assets in Angola.

In addition to depreciation and amortisation totalling $65 million in first-half 2020, the Group recognised a one-time impairment charge on consolidated assets in production and development of $474 million at 30 June 2020. This was driven by adjustments made to assumptions on oil price in light of the current situation (particularly an average Brent price of $37/bbl in 2020, then $43/bbl in 2021, $53/bbl in 2022, and a long-term price of $56/bbl in constant currency), as well as revised cost and production profiles.

A one-time charge of $30 million was also recognised for exploration activities. This comprised $18 million in expenses incurred on the Kama-1 exploration well in Gabon and $11 million in costs related to the seismic acquisition campaign in Sicily.

Financial income came in at negative $12 million versus negative $17 million in first-half 2019. The improvement was due to the decrease in Libor, the benchmark rate for the Group's borrowings. Debt reprofiling costs were capitalised for $3.5 million.

Results from equity associates amounted to negative $33 million. This primarily comprised negative $22 million in respect of the 20.46% stake in Seplat (including $8 million in net income before non-recurring items and negative $30 million in asset impairment) and negative $10 million in asset impairment in respect of other Group equity associates (particularly M&P's interest in Venezuela).

Consequently, net income stood at negative $606 million in first-half 2020 versus $33 million for the same period in 2019. Net income adjusted for exploration and non-recurring items came at negative $61 million.

Reconciliation of recurring and non-recurring items in the first half of 2020

in $m	**Recurring**	**Exploration and other non-recurring items**	**Total**
Sales	142	–	142
Operating income and expenses	-124	–	-124
EBITDA	**18**	**–**	**18**
Depreciation, amortisation and provisions and impairment on assets in production and development	-66	-474	-539
Expenses and impairment of exploration assets	–	-30	-30
Other	–	-2	-2
Operating income	**-48**	**-505**	**-553**
Financial income	-12	–	-12
Income tax	-8	–	-8
Share of income/loss of associates	7	-40	-33
Net income	**-61**	**-546**	**-606**

Cash position

As at 30 June 2020, the Group's cash position stood at $212 million, down slightly compared to the end of fiscal year 2019 ($231 million at 31 December 2019).

The second quarterly instalment of the $600 million Term Loan was paid in June, i.e. a total repayment during the first half of 2020 of $37.5 million.

French			English
pieds cubes	pc	cf	cubic feet
millions de pieds cubes par jour	Mpc/j	MMcfd	million cubic feet per day
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
millions de barils	Mb	MMbbl	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
millions de barils équivalent pétrole	Mbep	MMboe	million barrels of oil equivalent

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