Paris, 10 March 2021
No. 05-21

2020 annual results

- **Strong operational and financial resilience in a challenging economic context; back to positive net income in H2 2020**
    - Sales of $330 million, down sharply (35%) mainly as a result of the 40% year-on-year drop in the average sale price of oil to $40.1/bbl and production reductions in Gabon due to OPEC quotas
    - Decline in production and collapse in crude prices partly offset by the swift implementation of the adaptation plan starting in March 2020: free cash flow positive at $16 million
    - Net income deeply negative in FY 2020 after taking asset impairment in H1 into account, but positive in H2 thanks to cost reduction initiatives and lower depreciation and amortisation charges

- **Robust capital structure and preserved liquidity**
    - Debt repayment of $77 million in 2020, with net debt of $455 million at 31 December 2020, down $14 million from year-end 2019
    - Cash position of $168 million at 31 December 2020, and $100 million available via the undrawn tranche of the Shareholder Loan
    - Debt maturities in 2021: $88 million

- **Continuation of efforts and preparation for the resumption of development**
    - Maintaining financial discipline and cost-reduction initiatives introduced in 2020: free cash flow breakeven before debt servicing reduced to below $30/bbl
    - Resumption of development drilling in Gabon planned in summer 2021

Audio conference for analysts and investors

Maurel & Prom will hold an analyst/investor conference via an audio webcast in French and English, followed by a Q&A session.

To attend this webcast live or listen to the recording, click the following link:
https://www.maureletprom.fr/en/article/audio-webcast-resultats-annuels-2020

Key financial indicators

in $mm	2020	2019	*Change*
Income statement			
Sales	**330**	**504**	***-35%***
Opex and G&A	-164	-180	
Royalties and production taxes	-50	-80	
Change in overlift/underlift position	-27	34	
Other	6	9	
EBITDA	**95**	**286**	***-67%***
Depreciation, amortisation and provisions and impairment of production assets	-592	-163	
Expenses on exploration assets	-31	-48	
Other	-6	-4	
Operating income	**-534**	**70**	***N/A***
Net financial expenses	-11	-31	
Income tax	-29	-62	
Share of income/loss of associates	-18	59	
Net income	**-592**	**35**	***N/A***
O/w net income before non-recurring items[1]	*-54*	*19*	*N/A*
Cash flows			
Cash flow before income tax	91	298	
Income tax paid	-35	-35	
Operating cash flow before change in working capital	**56**	**263**	***-79%***
Change in working capital	53	-102	
Operating cash flow	**109**	**162**	***-33%***
Development capex	-46	-104	
Exploration capex	-47	-43	
M&A	–	-35	
Free cash flow	**16**	**-21**	***N/A***
Net cost of debt	-95	-24	
Dividends received	12	12	
Dividends paid	–	-9	
Other	5	-7	
Change in cash position	**-63**	**-49**	***N/A***
Opening cash	**231**	**280**	
Closing cash	**168**	**231**	

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

At its meeting of 9 March 2021, chaired by John Anis, the Board of Directors of the Maurel & Prom Group ("M&P" or "the Group") approved the financial statements for the year ended 31 December 2020.

Olivier de Langavant, Chief Executive Officer of M&P, stated: *"In a highly challenging economic environment, Maurel & Prom was able to quickly adapt and introduce appropriate measures to protect its cash position. We managed to generate positive free cash flow and reduce the Group's net debt for the 2020 fiscal year, demonstrating the robustness of our economic model and the resilience of our assets. While we are observing a relative improvement in the oil markets in the first quarter of 2021, we will not be relaxing our efforts and remain committed to continue financial discipline while preparing for the resumption of our development capex."*

Financial position

- **Comments on fiscal year 2020**

The Group posted sales of $330 million, down 35% from 2019. This drop was driven by the sharp downturn in oil prices related to the COVID-19 pandemic and the application of the production reduction quotas established by OPEC, which Gabon joined in March 2020. The average oil price fell by 40% to $40.1/bbl versus $67.2/bbl in 2019.

The swift implementation of the adaptation plan in March 2020 significantly reduced the Group's opex and G&A. These amounted to $164 million in 2020, versus $180 million in 2019. It should however be noted that there was a change in perimeter, since fiscal 2019 only included activities in Angola from August onwards. Excluding non-operated assets, opex and G&A were down by $28 million, a 23% decrease from 2019.

EBITDA stood at $95 million, down 67% compared to the previous fiscal year ($286 million). Depreciation, amortisation and charges to provisions were down significantly, mainly due to the asset impairments recorded during the first half of 2020, and stood at $114 million in 2020 versus $163 million the previous year. Current operating income came in at negative $19 million, versus $123 million in 2019.

A total of $514 million in other non-current operating income was recorded for the year, including:

- An impairment charge of $477 million (net of deferred tax effects) on production assets in Gabon, France and Angola, and on drilling rigs;
- $31 million in exploration expenses related to the completion of drilling operations that began in 2019 on the Kari permit and a seismic data acquisition campaign in Sicily;
- $3 million in expenses related to termination payments.

Net financial expenses on the income statement amounted to $11 million for 2020, a sharp drop from the $31 million recorded in 2019. This was due to lower interest rates during the period and a foreign exchange effect in the revaluation of receivables in Gabon.

M&P's share of income from equity associates was negative $18 million, mainly due to negative net income of $17 million recognised on the 20.46% stake in Seplat.

Consequently, net income for the year 2020 stood at negative $592 million, while net income before non-recurring items was negative $54 million. Note that net income before non-recurring items in the second half of 2020 was positive at $7 million. This was due to cost-reduction measures introduced in March 2020 under the adaptation plan and lower depreciation and amortisation expenses following the asset impairments recorded in the first half.

Reconciliation of recurring and non-recurring items for fiscal year 2020

in $mm	Recurring items	Non-recurring items	Total
Sales	330	–	330
Operating income and expenses	-235	–	-235
EBITDA	**95**	–	**95**
Depreciation, amortisation and provisions and impairment of production assets	-114	-477	-592
Expenses on exploration assets	–	-31	-31
Other	–	-6	-6
Operating income	**-19**	**-514**	**-534**
Net financial expenses	-11	–	-11
Income tax	-29	–	-29
Share of income/loss of associates	6	-23	-18
Net income	**-54**	**-537**	**-592**

Cash flow from operating activities before change in working capital was $56 million (versus $263 million in 2019). After change in working capital (positive impact of $53 million), cash flow from operating activities was $109 million.

Development capex was down significantly year-on-year due to the suspension of development drilling in Gabon. It stood at $46 million for fiscal 2020. Exploration capex amounted to $47 million, most of which was spent on drilling the Kama-1 well.

Thanks to the swift implementation of its adaptation plan, the Group posted positive free cash flow in fiscal 2020 of $16 million.

In terms of financing flows, the debt expense amounted to $95 million, of which $77 million was for loan repayments ($75 million in bank borrowings and $2 million in shareholder loan) and $18 million for cost of debt. M&P also received $12 million in dividends from its 20.46% stake in Seplat, the same amount as in 2019.

As at 31 December 2020, M&P's cash position stood at $168 million, a year-on-year decline of $63 million. Debt at 31 December 2020 amounted to $623 million (nominal value), i.e. a net debt of $455 million (versus $469 million at 31 December 2019).

- **Debt repayment**

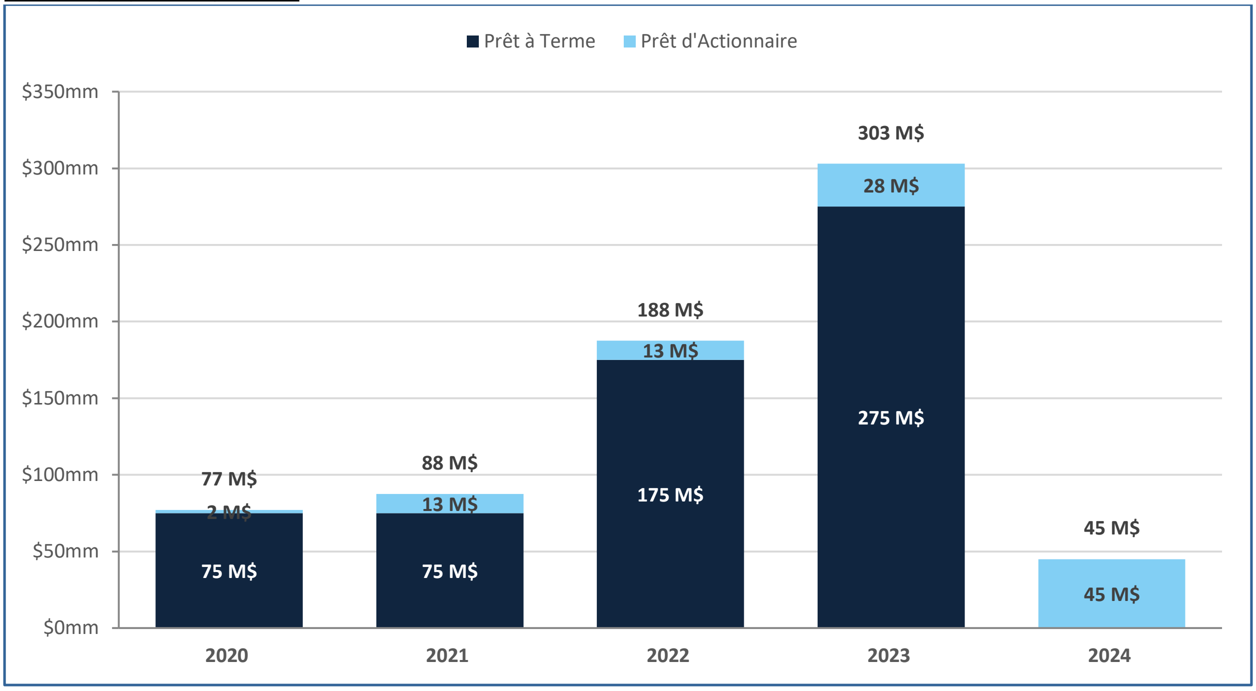
In March 2020, M&P announced the signature of two amendments to re-profile the repayment of its two debt facilities, the $600-million term loan with a syndicate of lenders (the "Term Loan") and the $200-million loan ($100 million drawn and $100 million undrawn) from M&P's controlling shareholder PT Pertamina International Eksplorasi Dan Produksi ("PIEP") (the "Shareholder Loan").

Under the terms of these amendments, the maturities of the two loans were reduced in 2020 and 2021, allowing M&P to maintain sufficient liquidity and better adapt debt repayments to cash flow generation.

The amendment to the Shareholder Loan also demonstrates PIEP's continued support of M&P, as a significant amount of its repayment has now been pushed to 2024, beyond the final maturity date for the Term Loan.

In fiscal 2020, M&P therefore repaid $77 million in debt, which included $75 million for the Term Loan ($525 million remaining at 31 December 2020) and $2 million for the Shareholder Loan ($98 million drawn at 31 December 2020). The amount to be repaid in 2021 is $88 million.

Debt repayment profile:



- **Operating and financial forecasts for 2021**

The Group expects M&P's working interest production to reach 26,400 boepd in 2021, including:

- 16,800 bopd in Gabon (equivalent to gross production of 21,000 bopd at Ezanga)
- 34 mmcfd (equivalent to gross production of 70 mmcfd at Mnazi Bay)
- 4,000 bopd in Angola (equivalent to gross production of 20,000 bopd on Block 3/05)

The figure announced for Gabon assumes OPEC quotas being in place until summer (gross production on the Ezanga permit limited to 19,000 bopd), followed by a resumption in development drilling based on crude prices staying above $45/bbl.

Under these production assumptions, the forecasts for cash flow from operations[2] in 2021 according to various Brent price assumptions are as follows:

- $50/bbl: $175 million
- $60/bbl: $225 million
- $70/bbl: $275 million

Other significant cash outflows budgeted for the year:

[2] Include $43 million paid by GOC and currently on escrow account (proceedings ongoing as of Q1 2021 to obtain release of the funds)

- Development capex: $90 million
    - $50 million in Gabon, based on a resumption of drilling activities in summer 2021
    - $20 million in Angola (non-operated), including in particular a workover campaign
- Financing: $105 million
    - $88 million in debt repayment
    - $17 million in net cost of debt

M&P's internal forecasts for the next 12 months indicate that the Group will be in a position to carry on with its business activities and maintain sufficient liquidity. In addition to its cash on hand ($168 million at 31 December 2020), and assuming a less sustained price environment, M&P has access if necessary to $100 million in immediate liquidity via the undrawn portion of its Shareholder Loan.

2020 activity

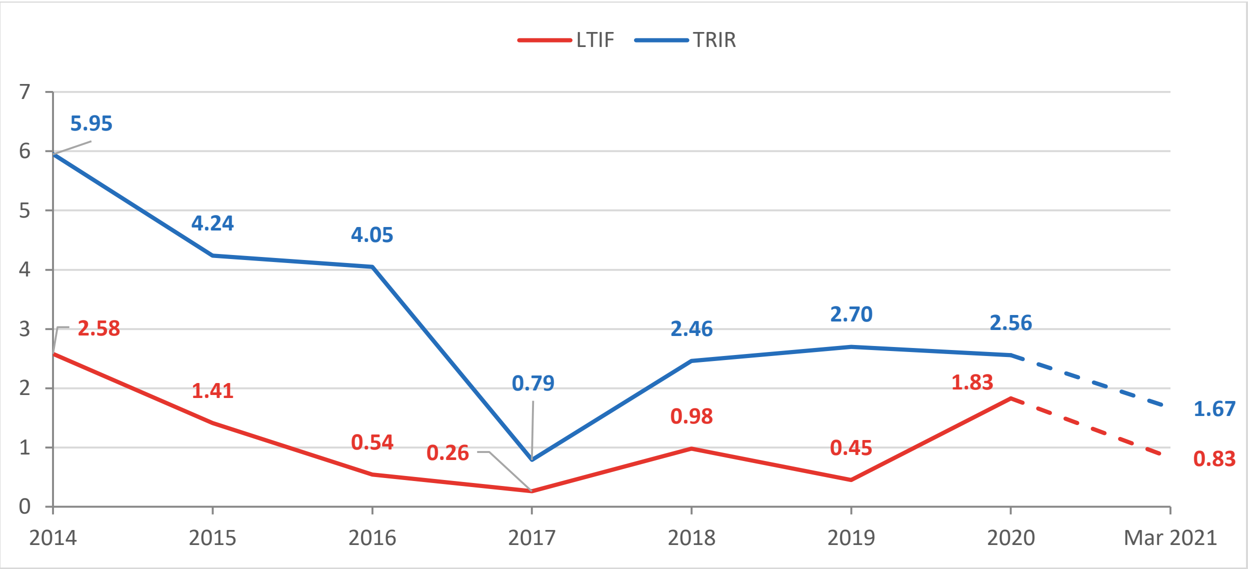
- **Impact of the COVID-19 outbreak on M&P's operations**

M&P is taking all necessary measures to ensure business continuity, in full compliance with all recommendations from relevant health authorities. Working from home is the preferred option whenever possible, and strict measures to minimise contamination risks have been enforced in offices when working from home is not possible. Those initiatives include entry controls, distancing measures, and reinforced hygiene and disinfection practices.

At operational sites, measures exceeding recommendations have been implemented to ensure business continuity, which so far has not been in question since the outbreak began.

- **Environment, Health, Safety and Security (EHS-S) performance**

The Lost Time Injury Frequency ("LTIF") rate was 1.83 in 2020, versus 0.45 in 2019. The Total Recordable Incident Rate ("TRIR") fell from 2.70 in 2019 to 2.56 in 2020. As at 1 March 2021 and over a 12-month rolling period, these indicators fell to 0.83 and 1.67 respectively, as shown in the chart below.



- **Production and sales**

		Q1 2020	Q2 2020	Q3 2020	Q4 2020	12 months 2020	12 months 2019	*2020 vs 2019*
M&P working interest production								
Gabon (oil)	bopd	19,594	16,675	16,245	15,096	16,896	19,828	*-15%*
Angola (oil)	bopd	4,213	4,003	3,793	3,725	3,933	1,879[1]	*109%*
Tanzania (gas)	mmcfd	30.7	25.4	33.1	36.7	31.5	33.8	*-7%*
Total	**boepd**	**28,916**	**24,919**	**25,549**	**24,937**	**26,076**	**27,340**	***-5%***
Average sale price								
Oil	$/bbl	56.5	23.0	46.6	45.0	40.1	67.2	*-40%*
Gas	$/BTU	3.32	3.33	3.31	3.31	3.32	3.26	*2%*
Sales								
Gabon	$mm	83	37	65	57	242	454	*-47%*
Angola	$mm	13	7	10	10	40	31	*30%*
Tanzania	$mm	8	9	11	16	43	34	*26%*
Valued production	**$mm**	**103**	**52**	**85**	**83**	**324**	**519**	***-37%***
Drilling activities	$mm	5	1	0	0	6	12	
Trading of third-party oil	$mm	0	0	0	0	0	7	
Restatement for lifting imbalances and inventory revaluation	$mm	-28	8	-15	34	-1	-34	
Consolidated sales	**$mm**	**80**	**62**	**70**	**117**	**330**	**504**	***-35%***

[1] 4,484 bopd for M&P working interest during the asset-holding period (1 August to 31 December 2019).

M&P's working interest production for 2020 stood at 26,076 boepd, down by 5% from 2019 (27,340 boepd). This decline was largely due to production reductions on the Ezanga permit in Gabon (16,896 bopd for M&P working interest in 2020 versus 19,828 bopd in 2019) after OPEC established new quotas.

The average sale price of oil was $40.1/bbl versus $67.2/bbl in 2019, a drop of 40%.

Group valued production (revenue from production activities, excluding lifting imbalances) stood at $324 million, down 37% from 2019. The restatement of lifting imbalances net of inventory revaluation had a neutral effect overall and resulted in a downwards adjustment of $1 million. After inclusion of the $6 million earned from activities at the drilling subsidiary Caroil, Group consolidated sales for the year came in at $330 million.

- **Production activities**

In Gabon, M&P's working interest oil production (80%) on the Ezanga permit was 16,896 bopd (total production: 21,120 bopd) for 2020, down 15% from 2019. The drop in crude prices and production cuts under OPEC quotas led M&P to limit its production on the Ezanga permit (gross production still limited to 19,000 bopd in the first quarter of 2021).

M&P's working interest gas production (48.06%) on the Mnazi Bay permit in Tanzania stood at 31.5 mmcfd (total production: 65.5 mmcfd) for 2020, down 7% from 2019. This decline was offset at the sales level by the allocation of additional rights to M&P. These rights related to corporate income tax now being charged to the partner TPDC, pursuant to the production sharing contract. Consequently, M&P sales in Tanzania rose by 26% to $43 million, versus $34 million in 2019.

In Angola, M&P's working interest production (20%) in Block 3/05 in 2020 was 3,933 bopd (total production: 19,663 bopd). Despite the drop in crude oil prices, valued production was up by 30% ($40 million versus $31 million in 2019) due to the asset being included over the entire period (versus just five months in 2019).

- **Exploration and appraisal activities**

Due to the COVID-19 outbreak and resulting economic context, the Group's exploration activities were reduced pursuant to the adaptation and cost reduction plan introduced in March 2020. These activities were essentially limited to the completion of operations that began in 2019, namely the drilling of the Kama-1 well on the Kari permit in Gabon and the seismic data acquisition campaign in Sicily.

The Kama-1 exploration well in southern Gabon encountered several series of oil shows, and an oil sample was collected. However, the mediocre quality of the encountered reservoirs meant that commercial testing was not viable. The Kama-1 well also produced data that led to a better understanding of the region's oil system.

In France, a long-term production test began at the end of September 2020 on the Mios permit. Production has been significantly lower than expected, hovering at around 50 bopd for the two wells, CDN-1 and CDN-2, at end-2020.

- **Drilling activities**

Drilling activities at Caroil (the Group's wholly owned subsidiary) were heavily impacted by the sharp reduction in its customers' investments. Following the suspension of development drilling by Maurel & Prom on the Ezanga permit in March and Assala's decision to end its Caroil-led drilling campaign in the first quarter of 2020, all Caroil operating teams were demobilised and the C3, C7, and C16 drilling rigs were stacked in Gabon.

Caroil's management functions have been relocated to France, in readiness for the resumption of activity, planned for 2021.

- **Highlights of the year**

Oil markets were severely disrupted in 2020 by the economic slowdown triggered by the COVID-19 outbreak. Crude oil prices plummeted in the first half of the year, with Brent dropping below $20/bbl in April 2020, before gradually stabilising between $40 and $45/bbl in the second half.

M&P reacted immediately to this drop in prices by drawing up and deploying an adaptation and cost reduction plan in March 2020 aimed at protecting the Group's cash position. The plan's targets were as follows:

- For operated assets, a reduction in operating expenses of more than 20% and in G&A of more than 15% (equivalent to $25 million to $30 million in savings on an annualised basis); and
- More than 60% reduction in development capex compared to the 2020 budget (from $130 million to $50 million).

These targets were achieved during the year, with opex and G&A on operated assets down by $38 million, which was a year-on-year reduction of 23%. Development capex amounted to $47 million for the year. Thanks to this plan, the Group was able to maintain a positive free cash flow of $16 million for fiscal 2020.

Due to the low-price environment, and following impairment tests carried out on assets in production and development at the end of the half-year reporting period in June 2020, the Group recognised a one-time impairment charge of $477 million mainly relating to its assets in Gabon and Angola.

The cost-cutting initiatives and asset impairments recorded during the first half of 2020 significantly lowered the Group's breakeven in terms of net income. At the start of 2021, the net income breakeven was below $45/bbl (excluding exceptional items and share of Seplat's earnings), while the cash breakeven was $30/bbl before debt servicing.

Financially, the $43 million Gabon Oil Company (GOC) liability related to GOC's entry on the Ezanga permit in 2019 and corresponding to the amount due to M&P for carrying costs prior to 2018 was validated during expertise proceedings before the ICC. Proceedings are ongoing as of the first quarter of 2021 to obtain the release of this $43 million, which was not included in the $168-million cash position as at 31 December 2020.

In Venezuela, due to international sanctions against PDVSA, operations conducted locally by the Group are strictly limited to maintenance related to the safety of staff and assets, and to environmental protection. Consequently, no contribution to M&P's net income has been recognised, despite the fact that the asset is still in production (total production of 8,581 bopd in 2020, or 3,432 theoretical bopd for the 40% consolidated stake held by the Group) and still has development potential. It should also be noted that in December 2020, the mixed company, Petroregional del Lago, in which the Group holds a 40% consolidated stake, obtained a 15-year extension of its licence. Its rights on the Urdaneta West oil field now expire in 2041, instead of 2026.

Français			Anglais
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	mmbbls	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

For more information, visit www.maureletprom.fr

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