MAUREL & PROM

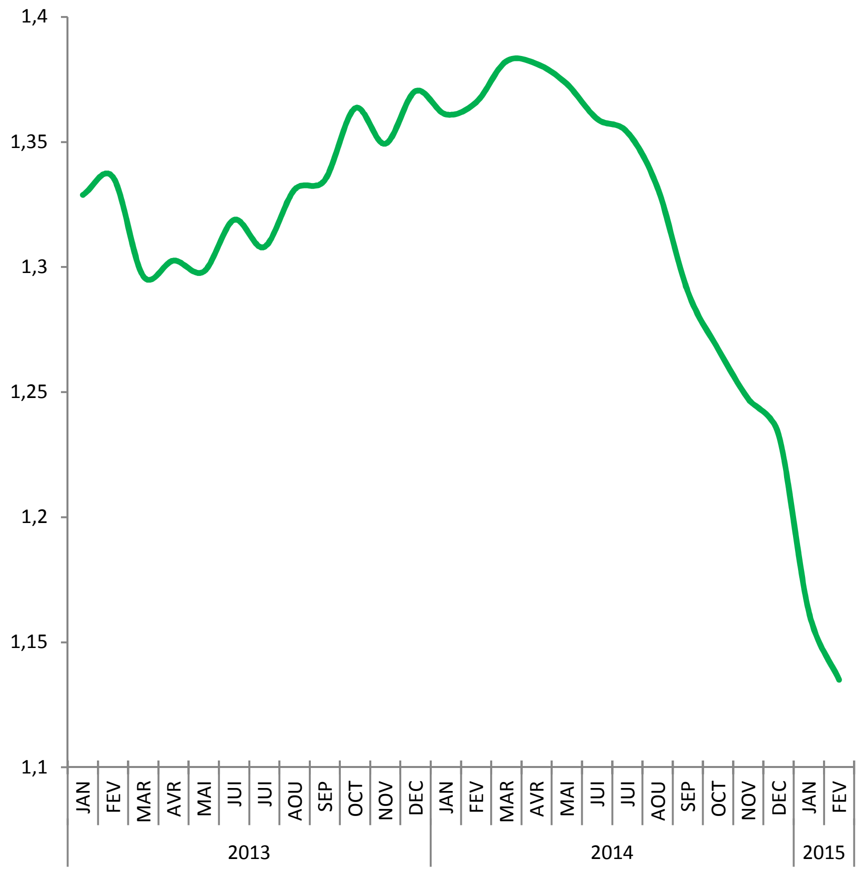
# Management presentation

# FY 14

26 March 2015

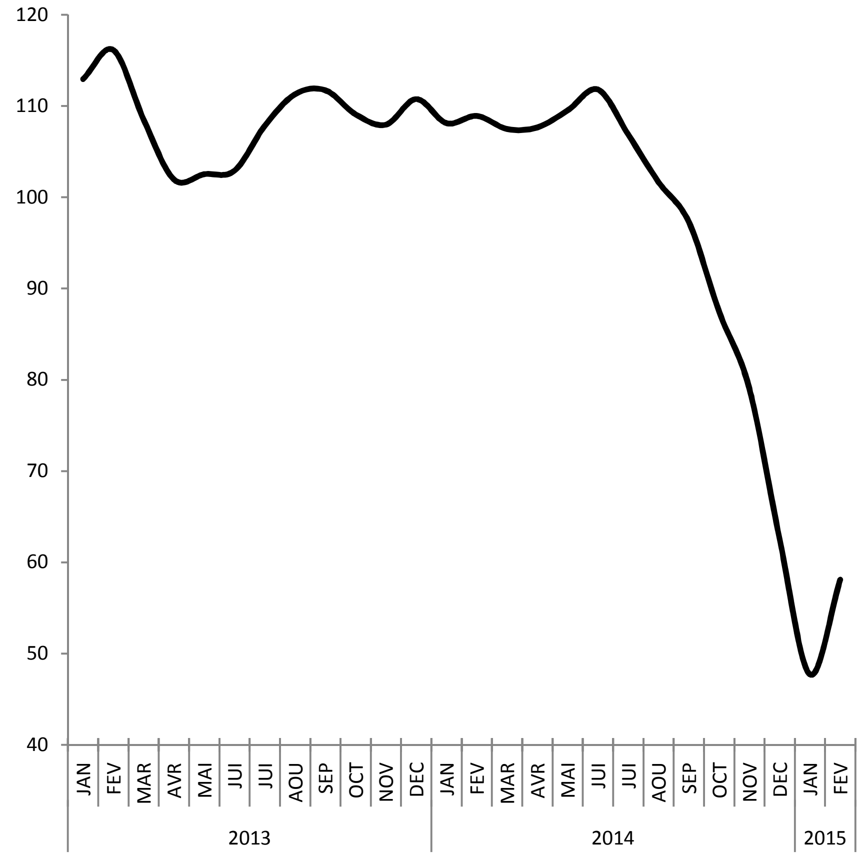
# A difficult economic environment

## EUR/USD




Gain on exchange rate: + €25m
Shareholder equity: + €115m

## BRENT




Impact on sales: -€62m
Impact on EBITDA: -€56m

# Balance sheet protection

## ❑ Strong cash management and new longer debt maturity

- ✓ Cash in hand as of 1st January 2015: €229m
- ✓ Issue of a new CB 2019 for €253m
- ✓ New Revolving Credit Facility of $400m (December 2020)

## ❑ Focus on high potential assets and abandon of non strategic assets

- ✓ Successful partnership in Gabon : signature of a new PSA Ezanga
  - Long term contract in Gabon: 20 years + 20 years
  - Action to make the pressure in the reservoir higher
  - Rapid development of the two last discoveries in Gabon

- ✓ First sales of gas in Tanzania from next Summer
  - Fixed sale price @ 3.07 $/mscf
  - Cash-flow diversification

- ✓ Asset written off
  - Peru
  - Mozambique
  - Congo
  - Part of Tanzania (Mafia Island)

## ❑ Flexible capex program and sharp decrease in exploration expenses

- ✓ Production capex: €186m expected in 2015 versus €207m in 2014
  - Gabon: €162m
  - Tanzania: €24m

- ✓ Exploration expenses: €44m expected in 2015 versus €118m in 2014

# 2014 Key Financial Information

## Difficult economic environment

| | |
|---|---|
| Sales: | €550m, -4% |
| EBITDA: | €352m, -17% |
| Write-offs: | €113m, +€94.5m |
| EBIT: | €141m, -58% |
| Net income: | €13m, -79% |

No impairment on Gabon and Tanzania

## Strong balance sheet

Operating cash flow: +€376m
2014 Capex: €331m
Cash in hand as of 1/1/2015: €229m

New longer debt maturity
Strong selection of capex program
Sharp decrease in exploration expenses

Protection of the future cash-flow

## Building the future performance

### Reserves 2P: 207 MMboe

| | |
|---|---|
| P1: | 148.5 MMboe |
| P2: | 58.6 MMboe |
| Oil: | 171.6 MMbbls |
| Gas: | 213 Bcf, or 35.5 MMboe |

*P1+P2 net of royalty*

## New debt maturity

### Net Debt*: €465m

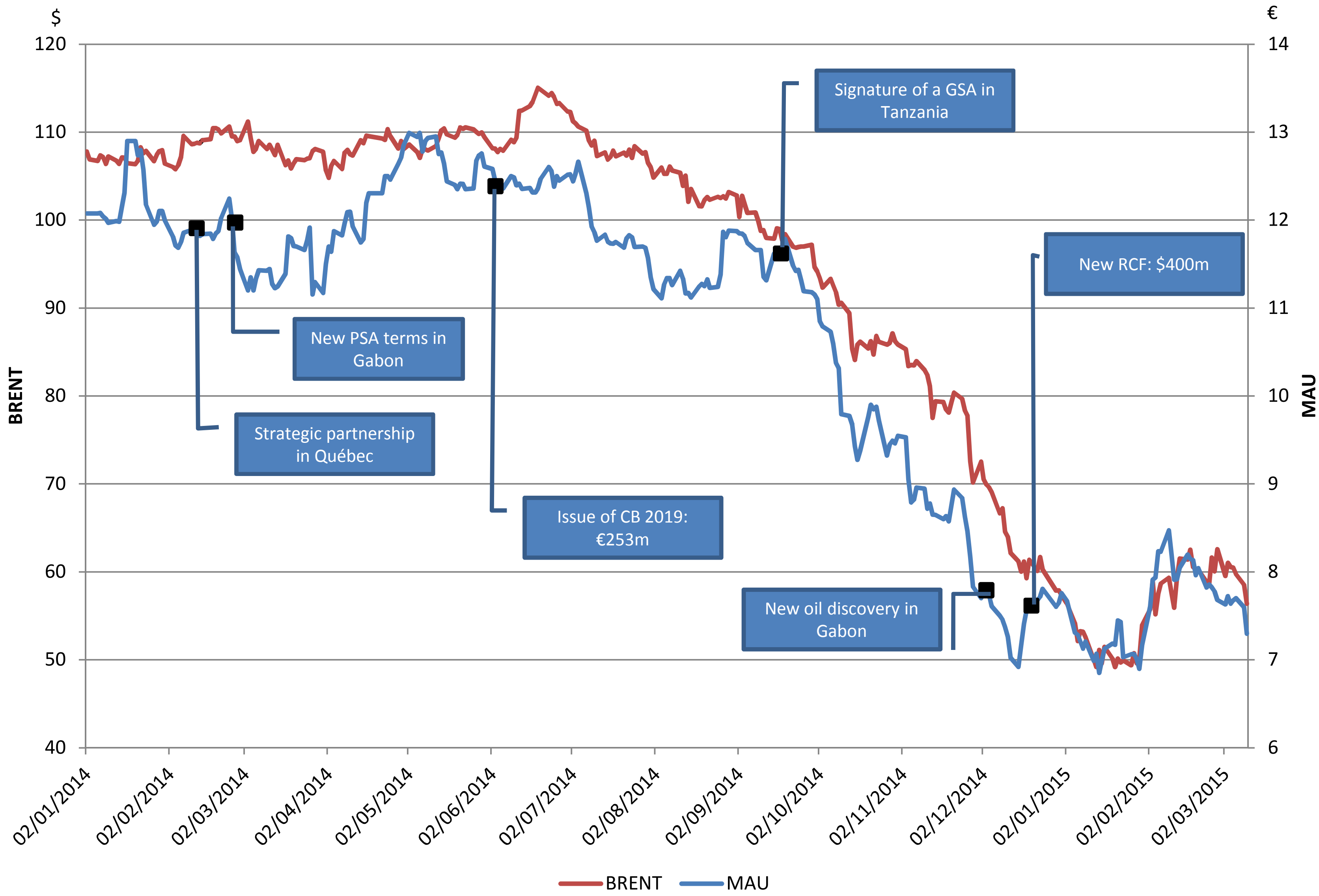
| | |
|---|---|
| Cash 1/1/2015: | €229m |
| Crédit Suisse facility: | $50m |
| RCF: | $400m |
| CB 2015: | €70m |
| CB 2019: | €253m |

** calculated with a EUR/USD = 1,2141*



MAUREL & PROM

# 2014 share price and brent performance



# Financial performance and highlights

# 2014

# Ezanga sales and cash-flow

## Sales of the producing fields in Gabon

| | | 2014 | 2013 | *Var.* |
|---|---|---|---|---|
| Gross operated production | in bopd | 25,018 | 23,763 | *+5%* |
| Entitlement | in bopd | 18,963 | 19,079 | *-1%* |
| Sale price | in $/b | 96.7 | 108.6 | *-11%* |
| **Sales** | in $m | 669 | 756 | *-12%* |
| | in €m | 504 | 569 | *-11%* |

**2014 vs 2013 changes**

| | | |
|---|---|---|
| Impact of the new PSA | €m | -39.7 |
| Production impact | €m | +43.2 |
| Price impact | €m | -62.0 |
| EUR/USD impact | €m | -0.3 |

## Per barrel cash-flow

| | $/b | $m |
|---|---|---|
| **Sales** | 96.7 | 669 |
| Opex | -10.7 | -74 |
| Transport | -3.9 | -27 |
| Change in the inventory | 0.3 | 2 |
| Royalties and taxes | -8.7 | -60 |
| Depletion | -14.4 | -100 |
| G&A | -5.2 | -36 |
| **EBIT Ezanga** | **53.9** | **373** |
| Tax retreatment | | -53 |
| Depletion | | +100 |
| Change in the working capital | | +78 |
| **Operating cash-flow** | | **499** |

Increase in the opex due to workovers in 2014
Increase in royalties according to the new PSA



MAUREL & PROM

# Consolidated EBIT

| *In € millions* | 31/12/2014 | 31/12/2013* |
|---|---|---|
| **Sales** | **550.4** | **570.7** |
| Gross margin | 422.1 | 479.3 |
| ***EBITDA*** | ***351.9*** | ***421.7*** |
| *as % of sales* | *64%* | *74%* |
| Amortisation and depreciation of depletion and other impairment | -86.7 | -66.4 |
| Impairment of exploration and production assets | -113.4 | -18.9 |
| Other operating items | -11.2 | 1.9 |
| **EBIT** | **140.6** | **338.2** |
| *as % of sales* | *26%* | *59%* |
| ** Restated to reflect the application of IFRS 11* | | |

| Arbitrage of current investments | 31/12/2014 |
|---|---|
| **Impairment related to exploration** | **-101.3** |
| Mozambique | -39.3 |
| Tanzania | -37.9 |
| Peru | -10.1 |
| Congo | -14.0 |
| **Impairment related to oil services** | **-9.6** |
| Drilling activities | -9.6 |
| **Other** | **-2.4** |
| **TOTAL** | **-113.4** |

Decrease in EBIT margin

- Lower oil prices
- Drilling business with lower margin now consolidated

Arbitrage on current assets

- Write-offs following dry wells in Peru and Mozambique
- Depreciation of non-strategic assets (Congo, Mafia Island in Tanzania)

No impairment on producing assets in Gabon and in Tanzania

# Financial loss in 2014

| | 2014 | 2013 |
|---|---|---|
| CB 2019/CB 2015 | -25 | -36 |
| Bank debt | -13 | -12 |
| **Gross cost of financial debt** | **-38** | **-47** |
| Impact of exchange rate fluctuations | 28 | -19 |
| Fees | -3 | |
| Premium on CB 2014 | -6 | |
| Option linked to CB 2019 | 12 | |
| Others | -4 | -1 |
| **Financial income/loss** | **-11** | **-67** |

Decrease in interest expenses

- Reimbursement of CB 2014; and
- Issue of new CB 2019

Gain of €12m linked to the option part of the CB 2019

Net foreign exchange gains were linked to the revaluation of the Group's foreign currency positions at the closing rate

# FY 14 consolidated net income

| | | 2014 | 2013* | Var. |
|---|---|---|---|---|
| **Sales** | **€m** | 550.4 | 570.7 | *-4%* |
| **EBITDA** | | **351.9** | **421.7** | ***-17%*** |
| **EBIT** | | **140.6** | **338.2** | ***-58%*** |
| **Financial loss** | **€m** | **-10.8** | **-67.1** | ***-84%*** |
| **Income before tax** | | **129.8** | **271.1** | |
| *Income tax* | | *-101.6* | *-134.5* | |
| **Net income from consolidated companies** | | **28.2** | **136.6** | |
| *Net income from sales of equity associates* | | *-* | *-19.7* | |
| *Equity associates* | | *-15.4* | *-51.7* | |
| *Net income from discontinued activities* | | *-* | *-2.6* | |
| **Net income, Group share** | **€m** | **13.2** | **62.8** | *-79%* |

** restated to account for the change in accounting method*

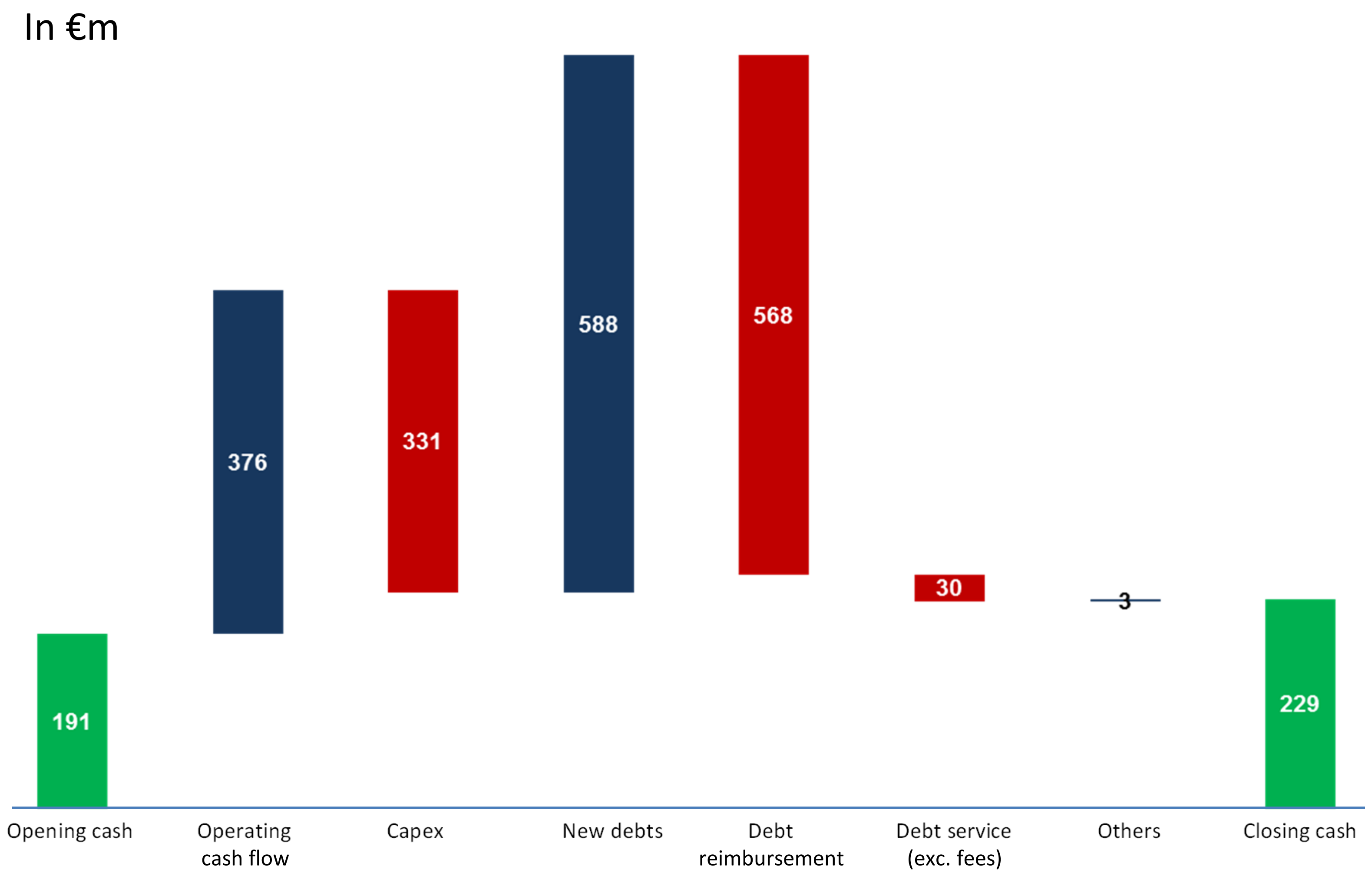
Income before tax

- Payable tax: €43.5m
- Deffered tax: €58.1m

Equity associates: -€15.4m

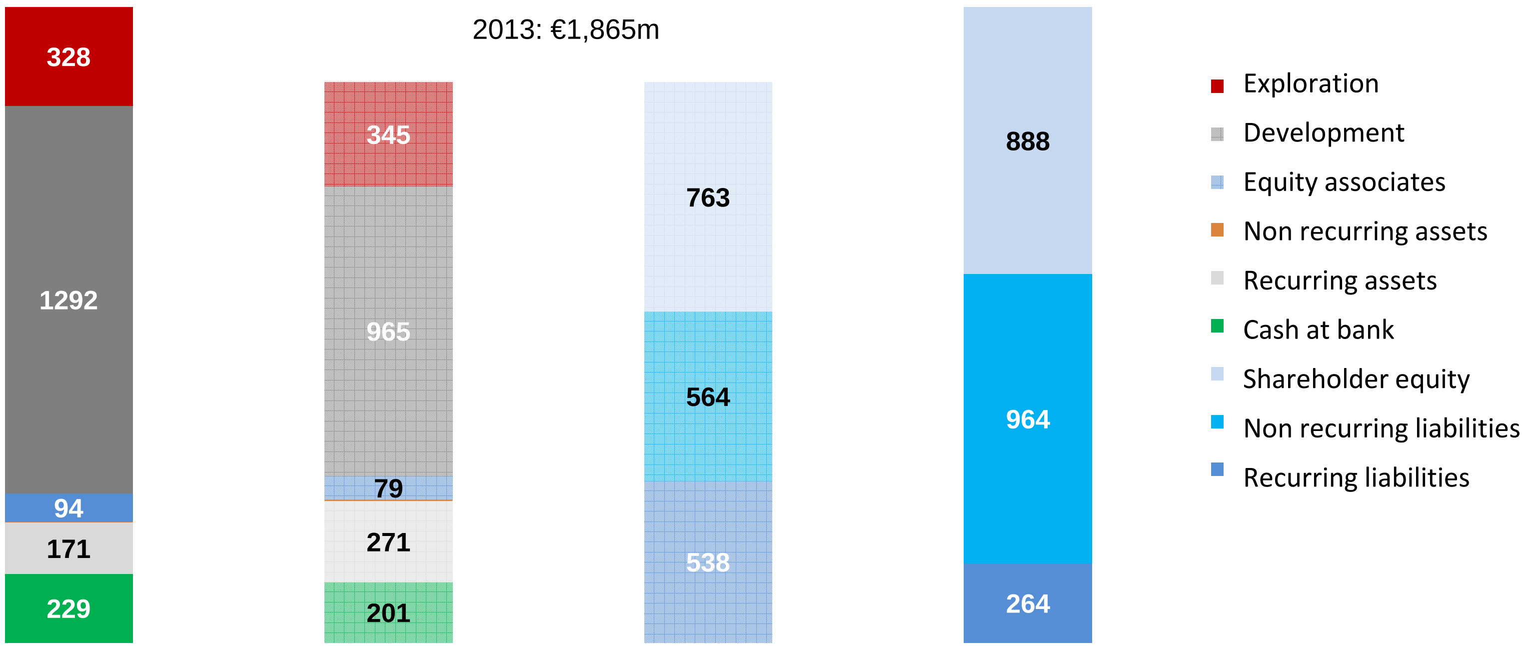
- Saint-Aubin Energie: -€0,7m
- MP Colombia BV: -€11,0m
- MP East Asia: -€2,3m
- MP West Canada: -€1,2m
- Others: -€0,2m

# 2014 cashflow



# 2014 balance sheet

## Total 2014: €2,116m




New debt maturity: increase of non recurring liabilities

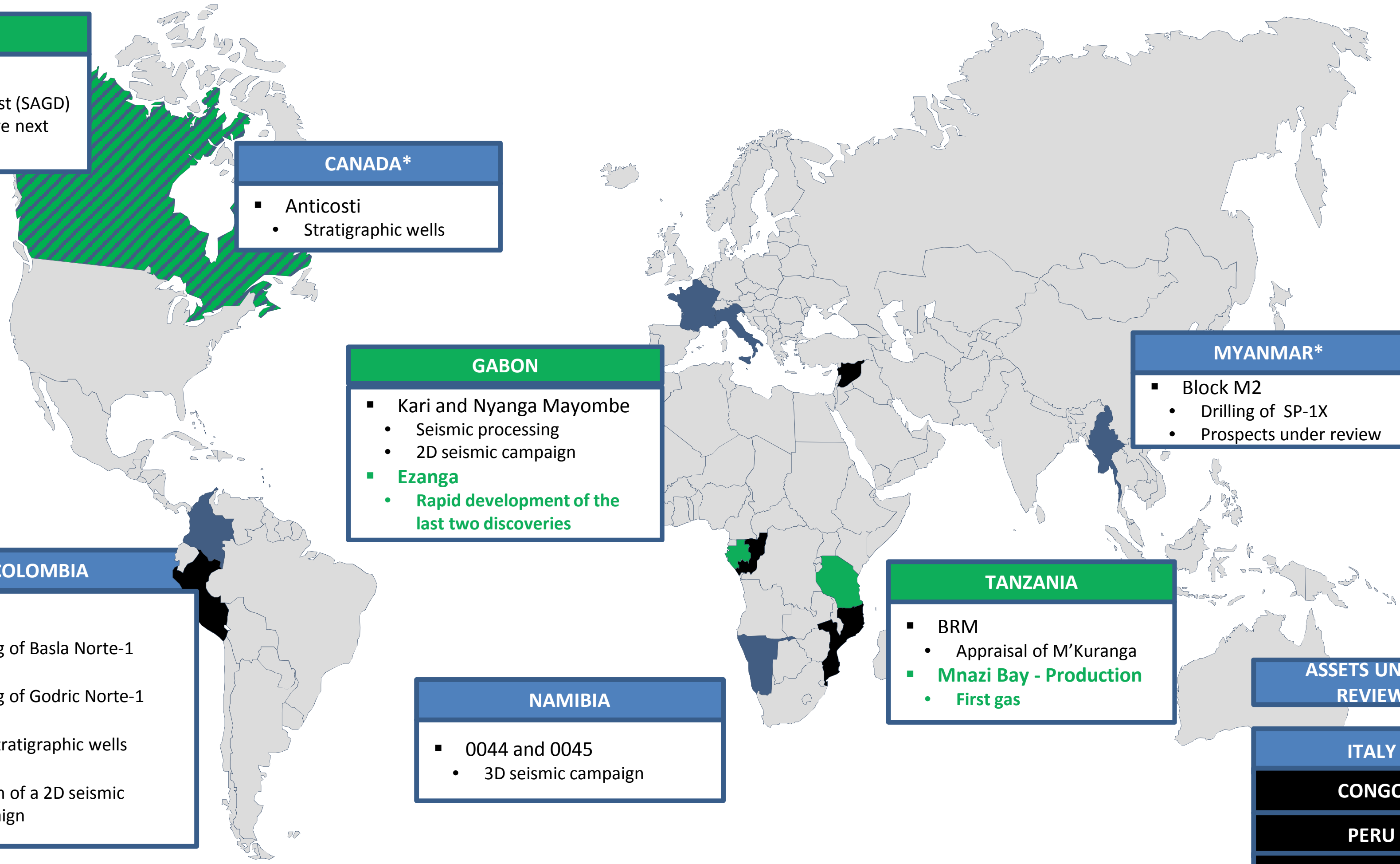
Revaluation of assets at the closure rate EUR / USD (1.2141)

# Outlook

# 2015

# E&P activities in 2015

| *In €m* | 2015e | 2014 |
|---|---|---|
| Exploration expenses | 44 | 118 |
| Production capex | 186 | 207 |
| | **230** | **325** |



**CANADA***
- Alberta
  - Production test (SAGD)
  - Analysis before next step

**CANADA***
- Anticosti
  - Stratigraphic wells

**GABON**
- Kari and Nyanga Mayombe
  - Seismic processing
  - 2D seismic campaign
- **Ezanga**
  - **Rapid development of the last two discoveries**

**MYANMAR***
- Block M2
  - Drilling of SP-1X
  - Prospects under review

**COLOMBIA**
- Muisca
  - Drilling of Basla Norte-1
- CPO-17
  - Drilling of Godric Norte-1
- COR-15
  - Two stratigraphic wells
- SN-11
  - Launch of a 2D seismic campaign

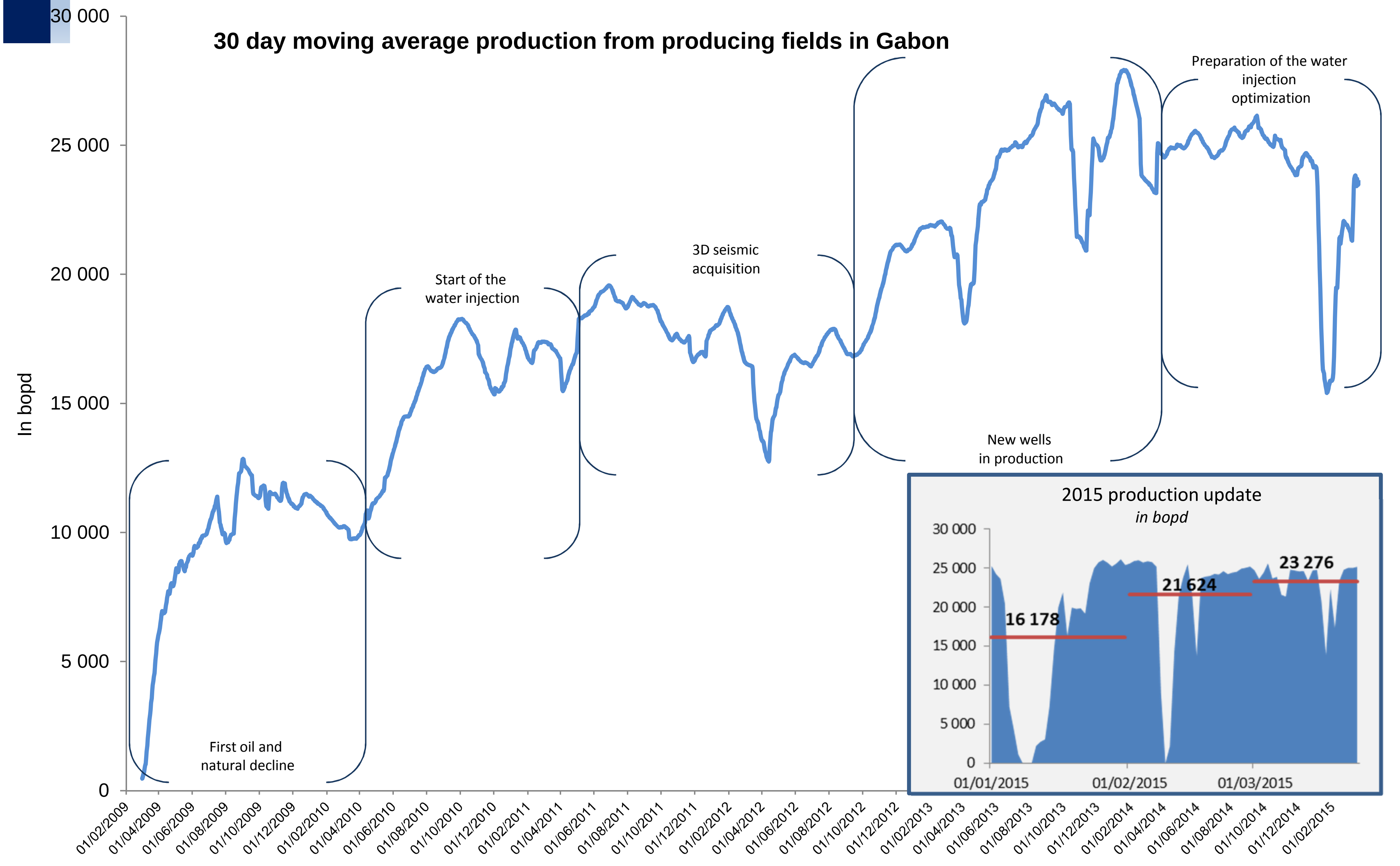
**NAMIBIA**
- 0044 and 0045
  - 3D seismic campaign

**TANZANIA**
- BRM
  - Appraisal of M'Kuranga
- **Mnazi Bay - Production**
  - **First gas**

**ASSETS UNDER REVIEW**
- ITALY
- CONGO
- PERU
- SYRIA
- MOZAMBIQUE

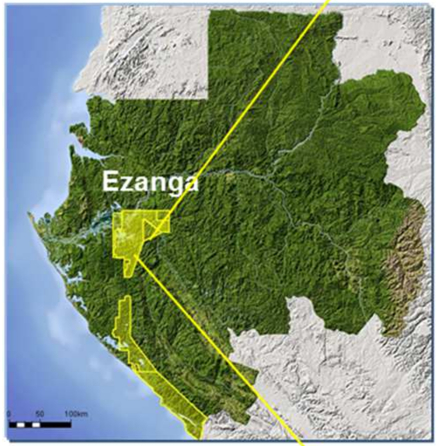
(*): via Saint-Aubin Energie (Maurel & Prom 1/3)

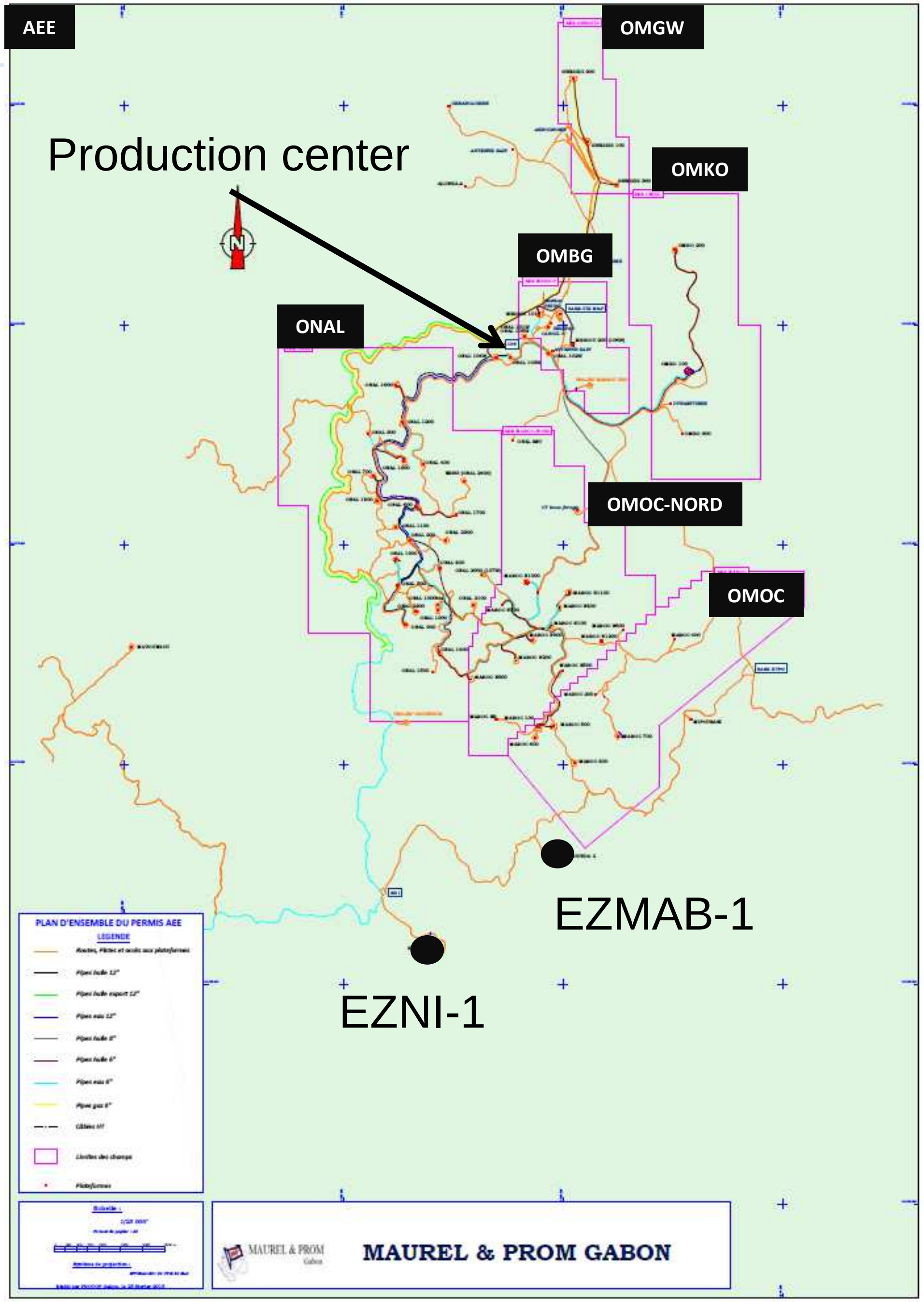
# Production: increase the pressure in the reservoir in 2015



# Onal: surface facilities

# Last two discoveries in Gabon



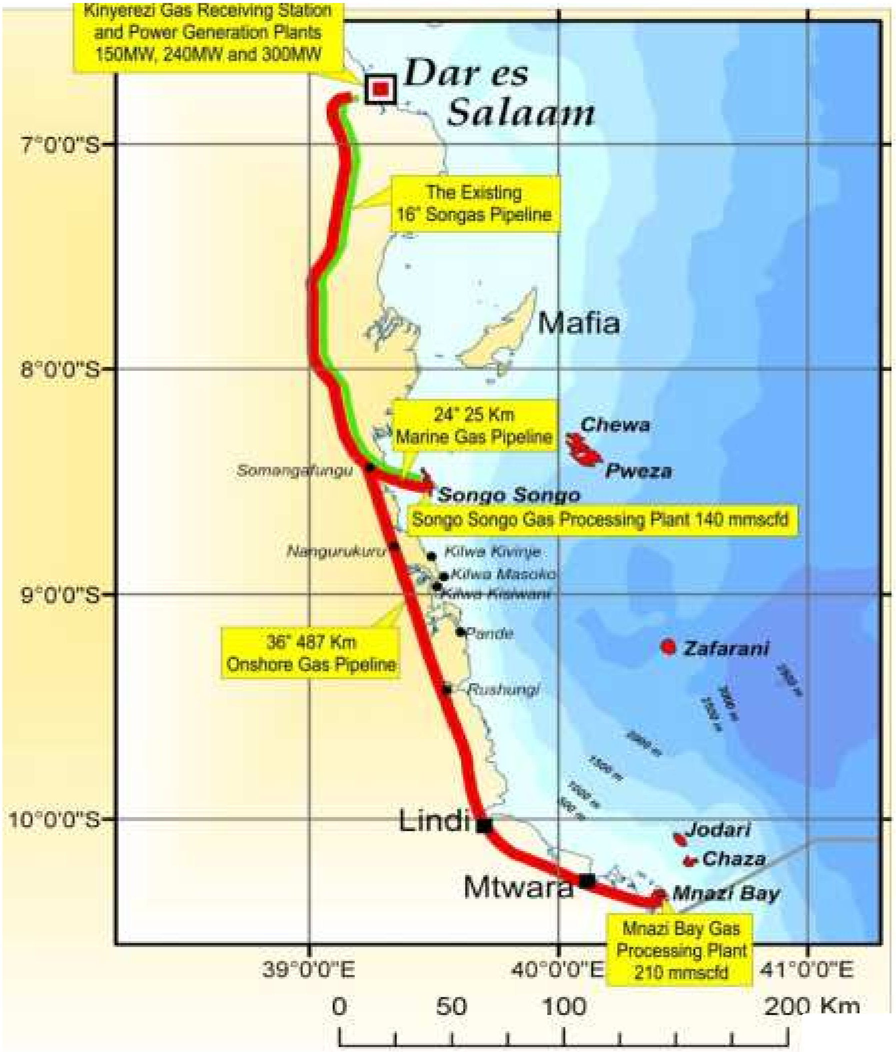
# First gas in Tanzania

- **4 existing wells expected to produce combined 80 mmcfpd**

- **Pipeline nearing completion providing access to market**
  - Government-owned 36'' pipeline from Madimba to Dar Es Salam
  - Pipeline capacity: 750 mmcfpd
  - Completion and commissioning in Summer 2015

- **Gas Sale Agreement now in place**
  - Initial volume: up to 80 mmcfpd
  - After 8 months: up to 130 mmcfpd
  - 17 year term
  - Gas price: US$3.00 per mmbtu (US$3.07 per mcf)
  - Agreement includes payment guarantees, still under negotiation

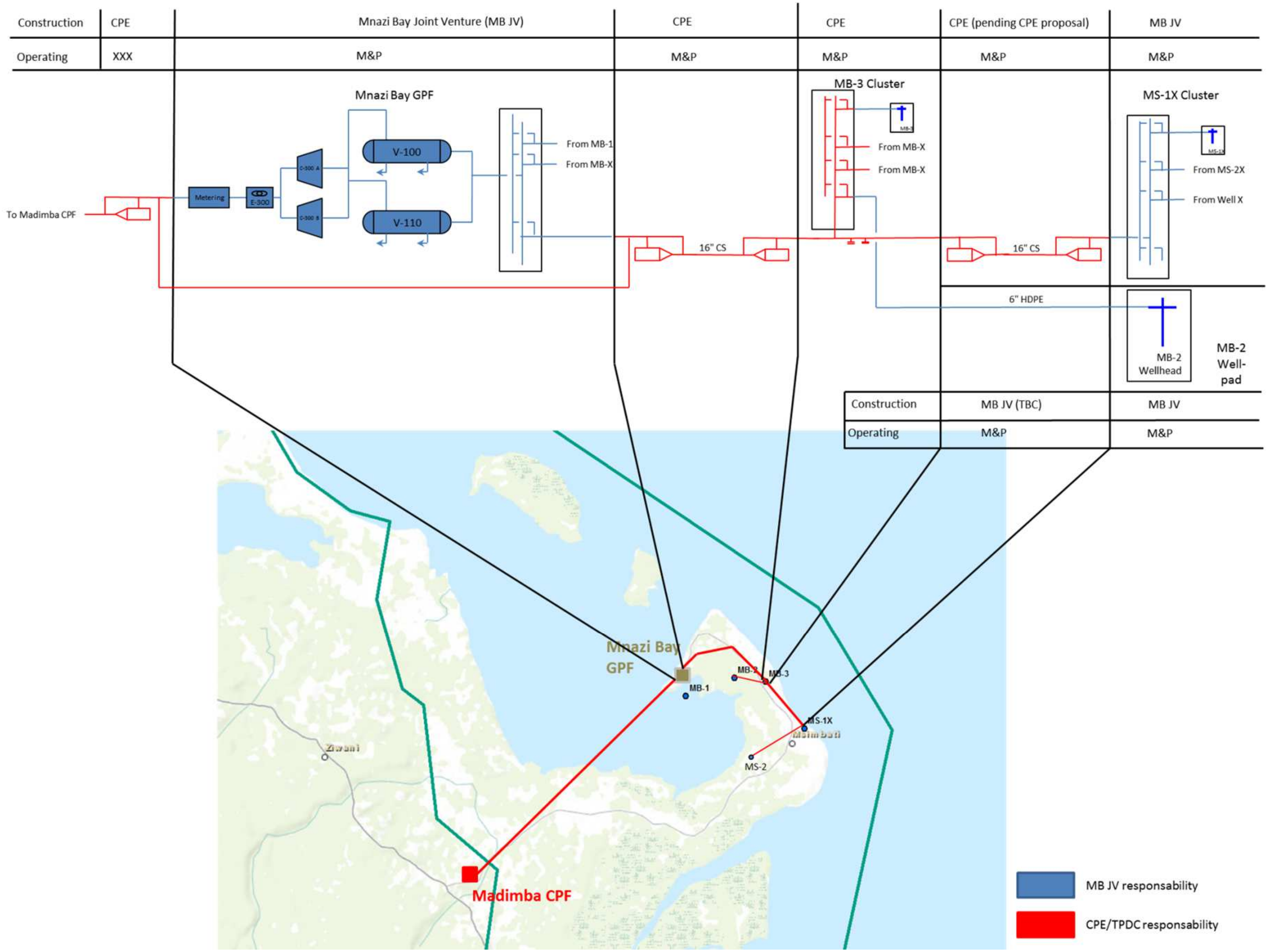
- **M&P operator**
  - Exploration: 60.075%
  - Production: 48.06%



# Surface facilities

# Gasline and connexion to the facilities

# Global overview of Mnazi Bay surface facilities





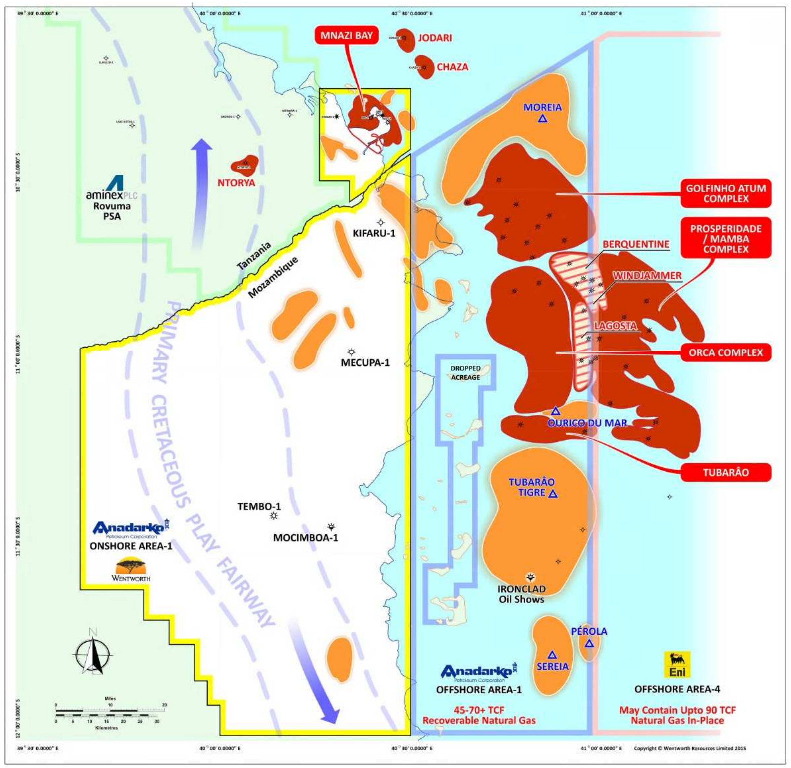



MAUREL & PROM

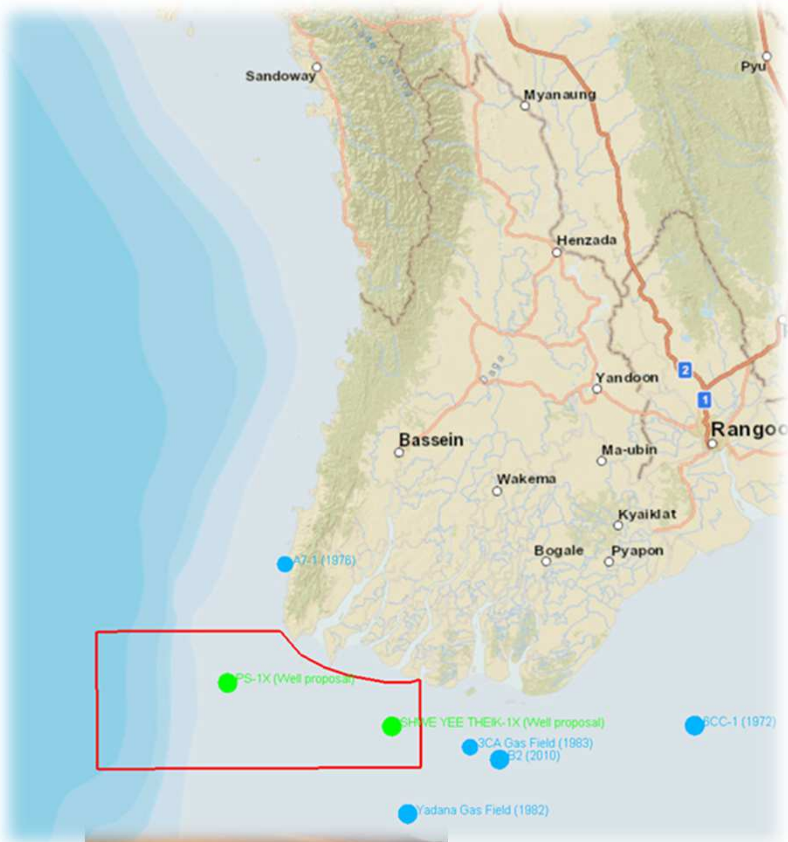
# Exploration update: Mozambique and Myanmar

## Mozambique: Kifaru-1, dry well

Prospect and Play Fairways - Rovuma Basin



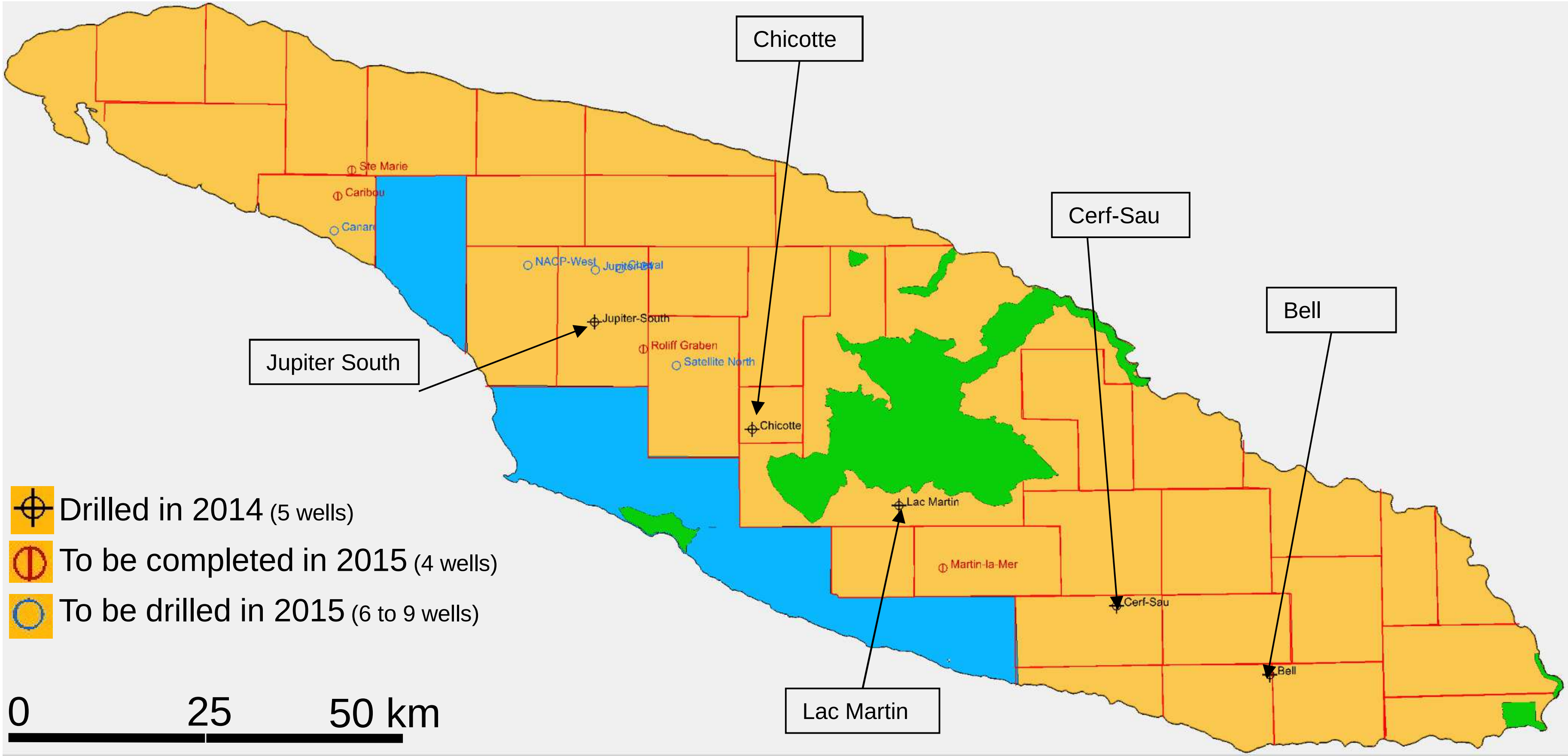

## Myanmar: Results of the SP-1X under review






MAUREL & PROM

# Anticosti: presence of gas and oil fluorescence confirmed



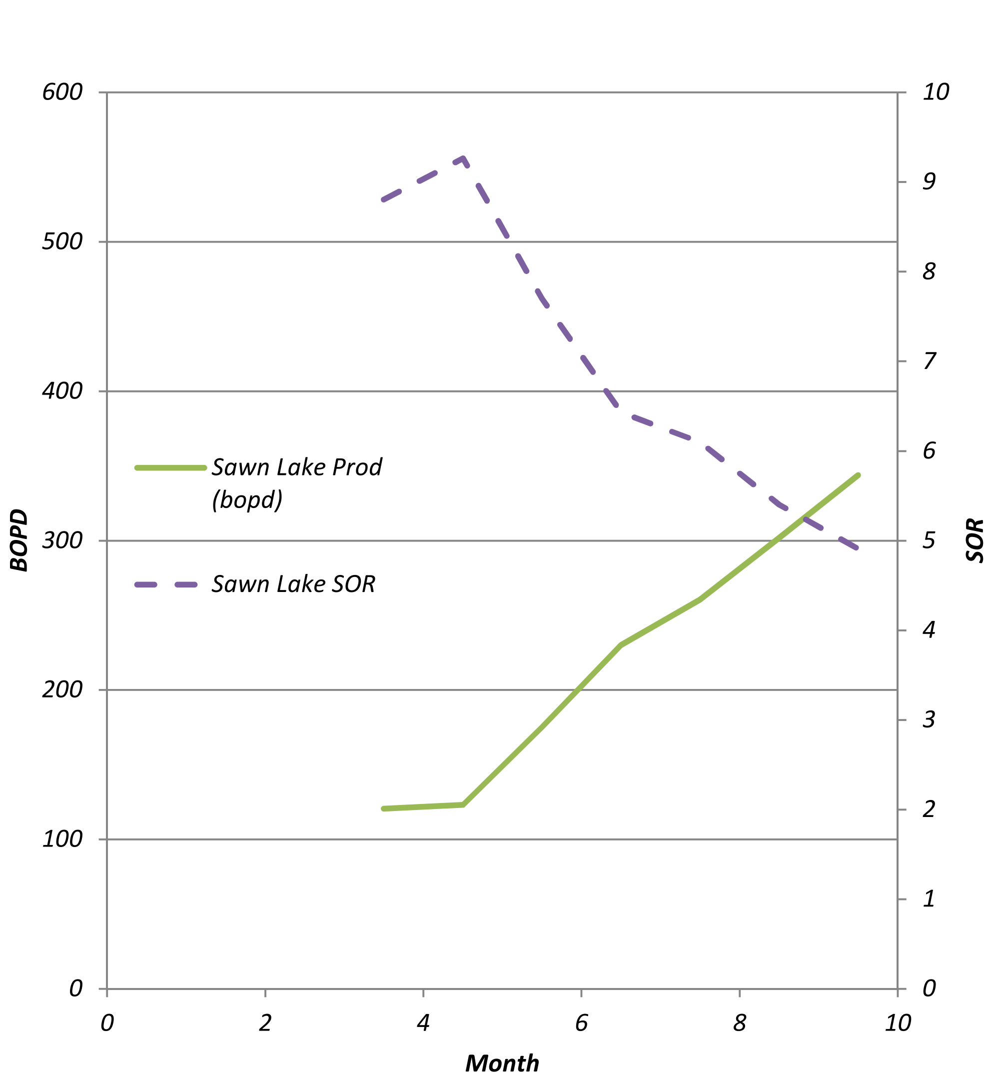
# Alberta: long term production test

- **Start of the steam injection in May 2014**
- **First oil on 12 September 2014**
- **Long term production test**
  - ✓ Increase in production
  - ✓ Decrease in SOR
- **Capex program on-hold**




MAUREL & PROM

# Alberta: long term production test




Pipe rack tank farm


Injector well

SAGD well pair

MAUREL & PROM

# Conclusion

# Q&A

# 2015, a strategic year

## Maurel & Prom owns all the following items

- a strong cash position as of 1/1/2015 of €229m
- a cash flow generation from two assets in Tanzania and Gabon
- an exploration acreage with a high potential
- a long term visibility after debt renegotiation
- recent operational successes for the future growth

To :

- go through the oil crisis
- study all acquisition opportunity