

2016 Annual Results

Key financial aggregates

<i>in €M</i>	2016	2015	<i>Chg.</i>
Sales	317	276	+15%
Gross operating surplus	141	107	+32%
<i>As a % of sales</i>	44%	39%	
Operating income	17	-25	
Financial income	-30	-7	
Group share from equity associates	-28	-95	
Consolidated net income	-50	-95	
Cash flow from operating activities	+86	-7	
Investments	44	178	-75%
Cash position (available and on deposit)	264	274	- 4%
<i>Available cash</i>	193	274	
<i>RCF guarantee deposits</i>	71	-	

- **Consolidated sales up by 15% at €317m**
 - Maurel & Prom share of production up by 37% to 25,202 boepd
 - Selling price down by 9% to \$42.7/bbl
- **Continuing cost reduction initiatives**
 - Increase in gross operating margin (EBITDA rate) from 39% to 44%
 - Operating result showing profit of €17m
- **Cash levels remain high at €264m**
 - Cash flow from operating activities was a positive €86m versus a negative €7m in 2015
 - Reduction in investments: €44m in 2016 versus €178m in 2015
 - Repayment of a portion of the bank loan amounting to €33m
- **Takeover bid by PIEP for Maurel & Prom securities**
 - PIEP now owns 72.65% of Maurel & Prom
 - Partial repayment of the 2019 and 2021 ORNANEs

2016 Activity

The economic environment, characterised by the low price of Brent, has resulted in lower average sale prices than in 2015. The average sale price in 2016 was down 9% at US\$42.7/b, compared with US\$47.1/b in 2015. This drop, however, was offset by a big increase in production relative to 2015, which had been adversely impacted by a production stoppage in Gabon for the entire month of September. M&P share of total production (in Gabon and Tanzania) was up by 37% to 25,202 boepd in 2016, compared with 18,367 boepd in the same period the previous year. Sales were up by 15% to €317 million in 2016, compared with €276 million in 2015.

The EUR/USD exchange rate was steady over the period, averaging 1.11.

The improvement in production output and in the control of fixed costs allowed the Group to increase its gross operating margin (EBITDA rate) from 39% to 44%. The operating result was a €17 million profit.

The cost of gross financial debt was stable at -€36 million, reflecting the early repayment on 13 September 2016 of the US\$33.3 million balance of the US\$50 million credit facility signed on 23 December 2013 between Maurel & Prom Drilling Services BV, Maurel & Prom, Caroil and Crédit Suisse.

The Group's share in the results of equity associates amounted to a loss of €28 million, mainly reflecting SEPLAT losses due to the stoppage at the export terminal, operated by a third party, since mid-February 2016.

Group consolidated net results for 2016 reported a loss of €50 million, compared with a loss of €95 in 2015.

In 2016, Maurel & Prom continued its cost reduction strategy by adjusting its investment plans and tightening its cost structure. In this respect, cash flow from operating activities which had been negative in 2015, amounted to a positive €86 million in 2016. This cash flow, in addition to the €4 million dividend received from SEPLAT, funded the investments mostly in Gabon on the Ezanga permit (€44 million), repaid the Crédit Suisse credit facility (US\$33 million) and paid the loan interest (€20 million).

Accordingly, as at 31 December 2016, the Group reported a cash position (available and on deposit) of €264 million, including €193 million as available cash and US\$75 million as collateral for the Revolving Credit facility.

Note on debt

- [Bank loans](#)

As at 31 December 2016, Maurel & Prom Group had a US\$400 million variable-rate revolving credit facility (RCF) expiring at the end of 2020.

Following Pacifico's transfer of the Company's shares to Pertamina, Crédit Suisse informed the Company of its intent to trigger the change-in-control clause. The Group therefore decided to repay early – on 13 September 2016 – the US\$33.3-million balance on the credit agreement entered into by Maurel & Prom Drilling Services BV, Maurel & Prom, Caroil and Crédit Suisse dated 23 December 2013 for an initial amount of US\$50 million.

Given the economic environment in the first half of 2016, Maurel & Prom and its banking consortium decided to amend some of the terms of the Revolving Credit Facility as follows:

- the Group's net consolidated debt to EBITDAX ratio must now be below 6 at 30/06/2016, and 5.5 at 31/12/2016;
- a security deposit of US\$75 million was paid and is reported under non-current financial assets as a cash deduction;
- pledged SEPLAT shares are equivalent to US\$25 million.

The Company confirms that as at 31/12/2016, it was in compliance with its commitments in respect of the RCF.

- [Bonds](#)

As at 31 December 2016, it had issued two fixed-rate bonds (2019 ORNANEs with an exercise value of €253 million, and 2021 ORNANEs with an exercise value of €115 million).

As part of the takeover bid for Maurel & Prom launched by Pertamina Internasional EP (PIEP), Pertamina bought outright, after reopening its bid on 9 February 2017, 7,635,839 2019 ORNANEs and 4,359,150 2021 ORNANEs. Following the bid, ORNANE owners requested the early redemption of 7,005,394 2019 ORNANEs and 6,076,181 2021 ORNANEs. This early redemption of the ORNANEs on 10 March 2017 was financed by the funds made available to Maurel & Prom by PIEP in the form of a shareholder loan on the same terms as the ORNANEs. The corresponding bonds will now be cancelled.

At present, there are therefore 7,652,775 outstanding 2019 ORNANEs, of which 7,635,839 are held by PIEP and 4,359,390 outstanding 2021 ORNANEs, of which 4,359,150 are held by PIEP.

- [Net debt](#)

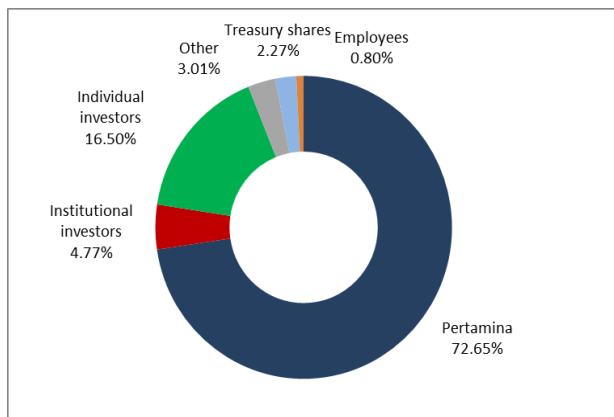
In light of the above, the Group's net debt at the end of the year stood at €470 million.

Events occurring after closing

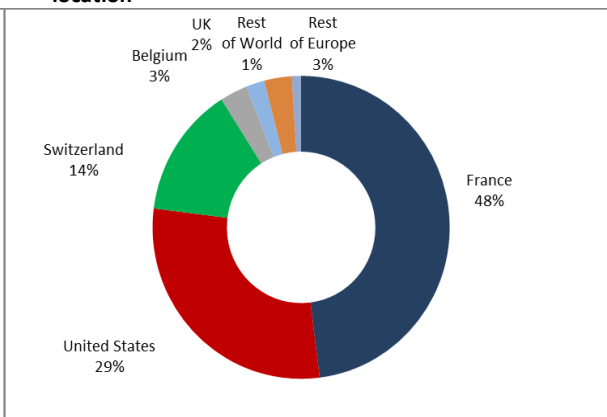
- [New majority shareholder: PIEP](#)

Following the takeover bid initiated by PIEP, the wholly owned subsidiary of Indonesian company Pertamina, for Maurel & Prom securities, which closed on 9 February 2017, PIEP now owns 72.65% of Maurel & Prom's capital.

Breakdown of shareholding by investor type



Breakdown of institutional investors by geographical location



As at 2 March 2017, Maurel & Prom had approximately 31,000 shareholders. The free float portion was 24.28% and no shareholder, with the exception of PIEP, owned more than 2% of the capital.

- [Note about the situation in Gabon](#)

The strike organised by ONEP (the country's oil trade union) on 22 February 2017 – even though, in accordance with regulations, discussions were being held with union representatives, Labour Ministry authorities and the management of Maurel & Prom Gabon – led to an abrupt shutdown of production on the Ezanga permit that afternoon. Operations gradually started up again on 24 February 2017 but have yet to reach optimal levels. Consequently, average production in February was 21,000 bopd, and that of the first quarter was approximately 24,000 bopd for M&P's share.

Outlook and strategy

Following the takeover, PIEP holds 72.65% of the share capital of Maurel & Prom.

For the Indonesian group, the merger with Maurel & Prom is part of its strategy to expand outside its home market, in particular by acquiring exploration and production assets on the African continent.

Maurel & Prom is continuing its activities by acting as a platform for developing the international strategy of Pertamina and PIEP's upstream operations.

Maurel & Prom shares remain listed on Euronext Paris, the free float amounting to approximately 25%. For Maurel & Prom, this transaction gives it the support of a state-owned industrial company enjoying sustained growth and benefiting from the resources required to expand in a context of low raw material prices.

Audit procedures are in the process of being finalised. The consolidated financial statements as at 31 December 2016, approved by the Board of Directors on 31 March 2017, are available on the Company's website. (www.maureletprom.fr)

Next publication:

25 April 2017: Sales for the first half of 2017, released after the markets closed

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	bbbl	barrel
barils d'huile par jour	b/j	bopd	barrels of oil per day
milliers de barils	kb	Mbbbl	1,000 barrels
millions de barils	Mb	MMbbbl	1,000 Mbbbl = 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 Mbbbl = million barrels of oil equivalent

For more information, go to www.maureletprom.fr

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This document may contain forecasts regarding the financial position, results, business and industrial strategy of Maurel & Prom. By nature, forecasts contain risks and uncertainties to the extent that they are based on events or circumstances that may or may not happen in the future. These projections are based on assumptions we believe to be reasonable, but which may prove to be incorrect and which depend on a number of risk factors, such as fluctuations in crude oil prices, changes in exchange rates, uncertainties associated with the valuation of our oil reserves, actual rates of oil production and associated costs, operational problems, political stability, legislative or regulatory reforms, or even wars, terrorism and sabotage.

Maurel & Prom is listed for trading on Euronext Paris

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