

Activity in the first half of 2020

- **Group production of 26,917 boepd for M&P's working interest in the first half of the year**
 - M&P's working interest production of 18,134 bopd on the Ezanga permit, down 8% from second-half 2019, due to voluntary targeted production reductions between May and June
 - M&P's working interest production of 4,108 bopd in Angola and 28.0 mmcfd in Tanzania
 - Consolidated sales of \$142 million in the first half of the year
- **Impairment charge between \$460 million and \$500 million on a consolidated basis for first-half 2020, reflecting the change in business environment**
 - One-time, non-cash charge corresponding to the adjustment of crude price and production profile assumptions in light of the current situation
 - Publication of first-half 2020 accounts on 7 August 2020
- **Sustained financial discipline and continued cost reduction efforts, with a strong cash position of \$212m at 30 June 2020**
 - Implementation of cost-reduction initiatives
 - \$37.5 million of loans repaid in the first half

Key indicators for the first half of 2020

		Q1 2020	Q2 2020	H1 2020	H1 2019	H2 2019	Var. H1 2020 vs. H1 2019 H2 2019	
M&P working interest production								
Gabon (oil)	bopd	19,594	16,675	18,134	20,026	19,633	-9%	-8%
Angola (oil)	bopd	4,213	4,003	4,108	–	3,728 ¹	N/A	N/A
Tanzania (gas)	mmcf	30.7	25.4	28.0	31.8	35.8	-12%	-22%
Total	boepd	28,916	24,919	26,917	25,326	29,321	6%	-8%
Average sale price								
Oil	\$/bbl	56.5	23.0	34.6	68.4	66.3	-49%	-48%
Gas	\$/BTU	3.32	3.33	3.32	3.27	3.26	2%	2%
Sales								
Gabon	\$m	83	37	119	233	221	-49%	-46%
Angola	\$m	13	7	20	–	31	N/A	N/A
Tanzania	\$m	8	9	17	16	18	4%	-9%
Valued production	\$m	103	52	156	249	270	-37%	-42%
Drilling activities	\$m	5	1	6	7	5		
Trading of third-party oil	\$m	0	0	0	0	7		
Restatement for lifting imbalances and inventory remeasurement	\$m	-28	8	-20	-27	-7		
Consolidated sales	\$m	80	62	142	229	275	-38%	-48%

¹ 4,484 bopd for M&P's working interest for the period during which the asset was held in H2 2019 (August to December)

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.

The average sale price of oil in first-half 2020 was \$34.6/bbl, down sharply from the \$68.4/bbl and \$66.3/bbl in first-half and second-half 2019 respectively.

With regard to gas sales in Tanzania, figures were up 4% from first-half 2019, despite a 12% decline in production. This increase was due not only to the slightly higher sale price (up 2%) but also to the technical effect of additional rights corresponding to corporate income tax being charged to the partner TPDC, pursuant to the production sharing contract.

Group valued production (revenue from production activities, excluding lifting imbalances) stood at \$156 million. The restatement for lifting imbalances net of inventory value remeasurement had a negative impact of \$19 million.

Consequently, and after integration of the \$6 million sales from drilling activities, the Group's consolidated sales for first-half 2020 stood at \$142 million.

Production activities

- **Gabon**

M&P's working interest oil production (80%) on the Ezanga permit stood at 18,134 bopd (gross production: 22,668 bopd) for first-half 2020. The second quarter saw a sharp decline in production compared with the first quarter, with 16,675 bopd for M&P's working interest (gross production: 20,844 bopd) versus 19,594 bopd in Q1 (total production: 24,492 bopd).

Indeed, and as announced in April, the Group made voluntary targeted production cuts during the second quarter, taking advantage of the period of low crude prices to temporarily shut certain wells and consequently improve reservoir conditions for the future. In conjunction with work on water injection, gross production was thus voluntarily limited to 20,000 bopd (or 16,000 bopd for M&P's working interest) from the beginning of May to the end of June.

Production tests conducted to date have yielded encouraging results, with increases in productivity. However, the continuation of production cuts is expected in order to comply with OPEC quotas.

- **Tanzania**

M&P's working interest gas production (48.06%) on the Mnazi Bay permit stood at 28.0 mmcf/d (gross production: 58.4 mmcf/d) for first-half 2020, down 12% from first-half 2019. In addition to the usual decline in demand for gas for power generation during the rainy season, there was a drop in industrial demand this year due to the economic downturn caused by the Covid-19 pandemic.

- **Angola**

M&P working interest production (20%) in Block 3/05 in first-half 2020 was 4,108 bopd (gross production: 20,541 bopd).

Asset impairment

In line with what had been explained at the annual results 2019 (note 3.3.2 of consolidated accounts published on 1 April) and in light of the current economic environment, the Group reviewed the assumptions used for the impairment tests on its assets, taking into account:

- An average Brent price of \$37/bbl in 2020, then \$43/bbl in constant currency from 2021, and
- Production and cost profiles adjusted for the cost-saving initiatives implemented in 2020 and 2021, and based on reserve reports prepared by independent appraisers for subsequent years.

With regard to drilling rigs, given the termination of existing contracts and the empty order book, a recoverable value has been maintained only for the two drilling rigs recently refurbished and expected to be able to find new contracts.

This review of the assets should lead to the recognition of an impairment charge of between \$460 million and \$500 million (after impact on deferred taxes) for consolidated operations.

In addition, due to its 20.46% interest in Seplat, the Group will recognise a charge of \$29 million for first-half 2020, corresponding to the impairment recognised by Seplat (in the first quarter of 2020).

These one-time, non-cash charges will significantly reduce depreciation and amortisation charges and result in higher net income in future fiscal years.

Financial 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, taking the amount repaid during the first half of the year to \$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	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	mmbpe	million barrels of oil equivalent

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