



# ANNUAL GENERAL MEETING 2016

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**DECEMBER 2016**



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## Agenda

- ▶ ☐ INTRODUCTION – Julien Moulin, Executive Chairman
  - ☐ FINANCIAL RESULTS AND PERFORMANCE – Johannes Niemetz, CFO
  - ☐ OPERATIONAL RESULTS – Antoine Forcinal, COO
  - ☐ GOVERNANCE – Christophe Charlier and Jean Fontourcy, Non-Executive Directors
  - ☐ STRATEGY AND OUTLOOK – Julien Moulin and Antoine Forcinal
  - ☐ PRESENTATION OF THE AUDITORS REPORT – Daniel Noel, Audit Partner
  - ☐ SHAREHOLDER Q&A
  - ☐ VOTING ON THE RESOLUTIONS
  - ☐ CLOSING OF THE SHAREHOLDERS MEETING – Julien Moulin, Executive Chairman
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❑ VOTING ON THE RESOLUTIONS

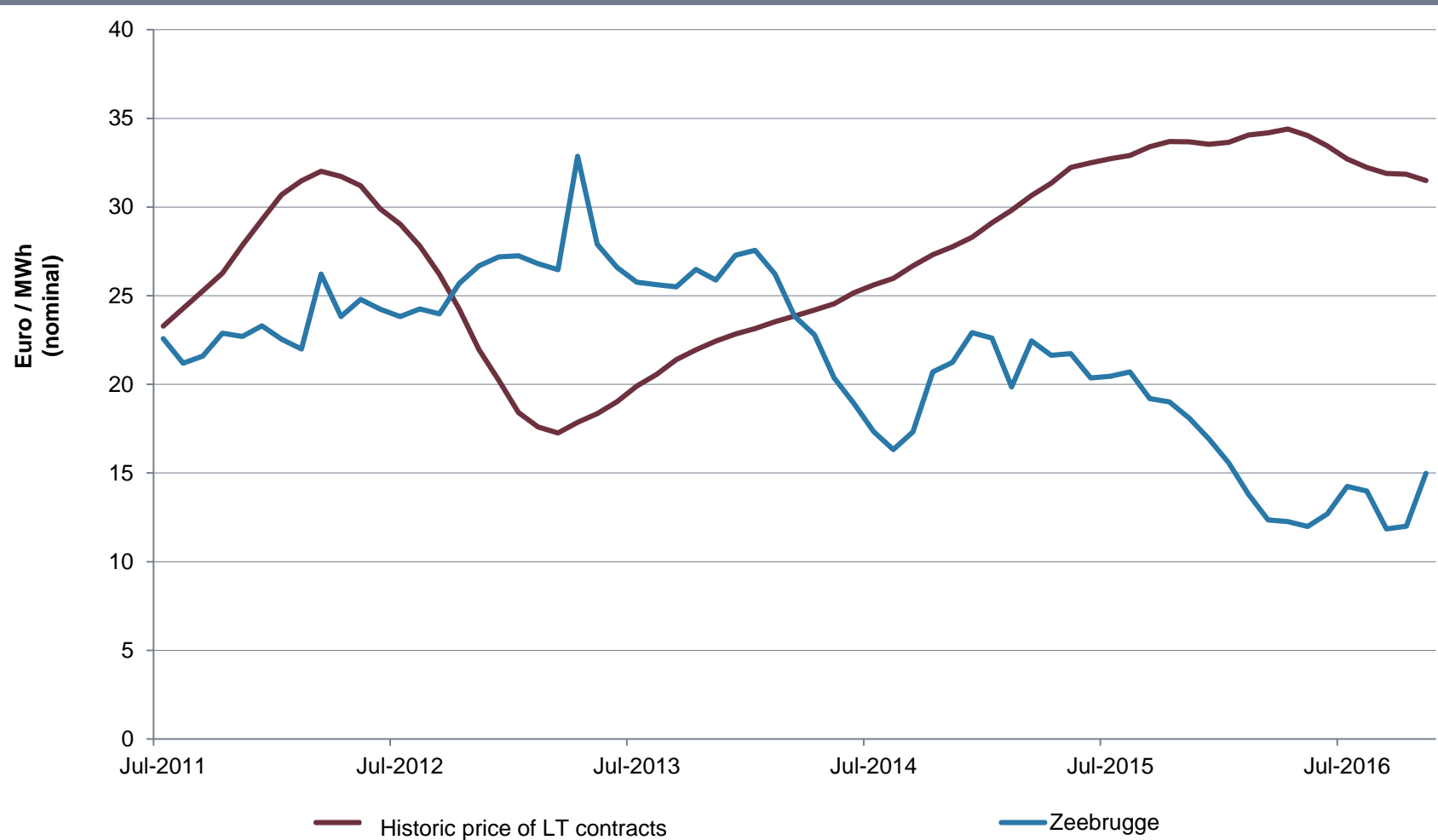
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# A challenging price environment

Gas price in Europe (in Eur / MWh)





## **LFDE becomes the 1st gas producer in France**

### **TRANSFORMATIONAL ACQUISITION OF GAZONOR**

- Acquisition completed in July 2016 for 19.8 m€
- 2 production licenses and 2 exclusive exploration permits
- 225 BCF of 2P reserves and 1.9 TCF of 2C contingent resources.
- CMM green electricity feed in tariff

## **Funding secured through debt & equity**

### **IPO ON EURONEXT IN JUNE 2016**

- 37.5 m€ raised in equity
- Backing of new leading funds in the small cap and energy sector

### **LOI SIGNED WITH RGREEN FOR UP TO 60 M€ DEBT FINANCING FACILITY**

- 8-year credit facility at 8% offering significant funding flexibility



## Taking advantage of the challenging market environment

### DELIVERING ON THE WORK PROGRAMME

#### Lorraine:



- All tenders COMPLETED
- 25 MEUR for the first phase of the pre-development campaign roll-out
- 4 doublets for a total of 8 wells



#### Gazonor:


- A total of 9MW Jenbacher gen-set units to be installed by June 2017 with a max. net production of 4.5MW
- 2 additional compressors ordered
- Infrastructure preparation on-going for 4 sites

### TAKING ADVANTAGE OF THE MARKET SITUATION AND APPLYING COST DISCIPLINE

- Very competitive costs obtained for all services
  - ⇒ **20% COST REDUCTION** across the board vs budget
- **All-in costs of less than 1 m€ per MW of installed capacity**




## LFDE Group FYE June 2016

 **16 people – 8.9m € Opex\***

\* includes 1.9m € of IPO and acquisition related advisory costs; includes Gazonor Opex of 3.2 m€

 **Historic run-rate**

- 250-300 k€ at LFDE before acquisition of Gazonor;
- Gazonor standalone ca. 250 k€ per month

 **Current group run-rate:**

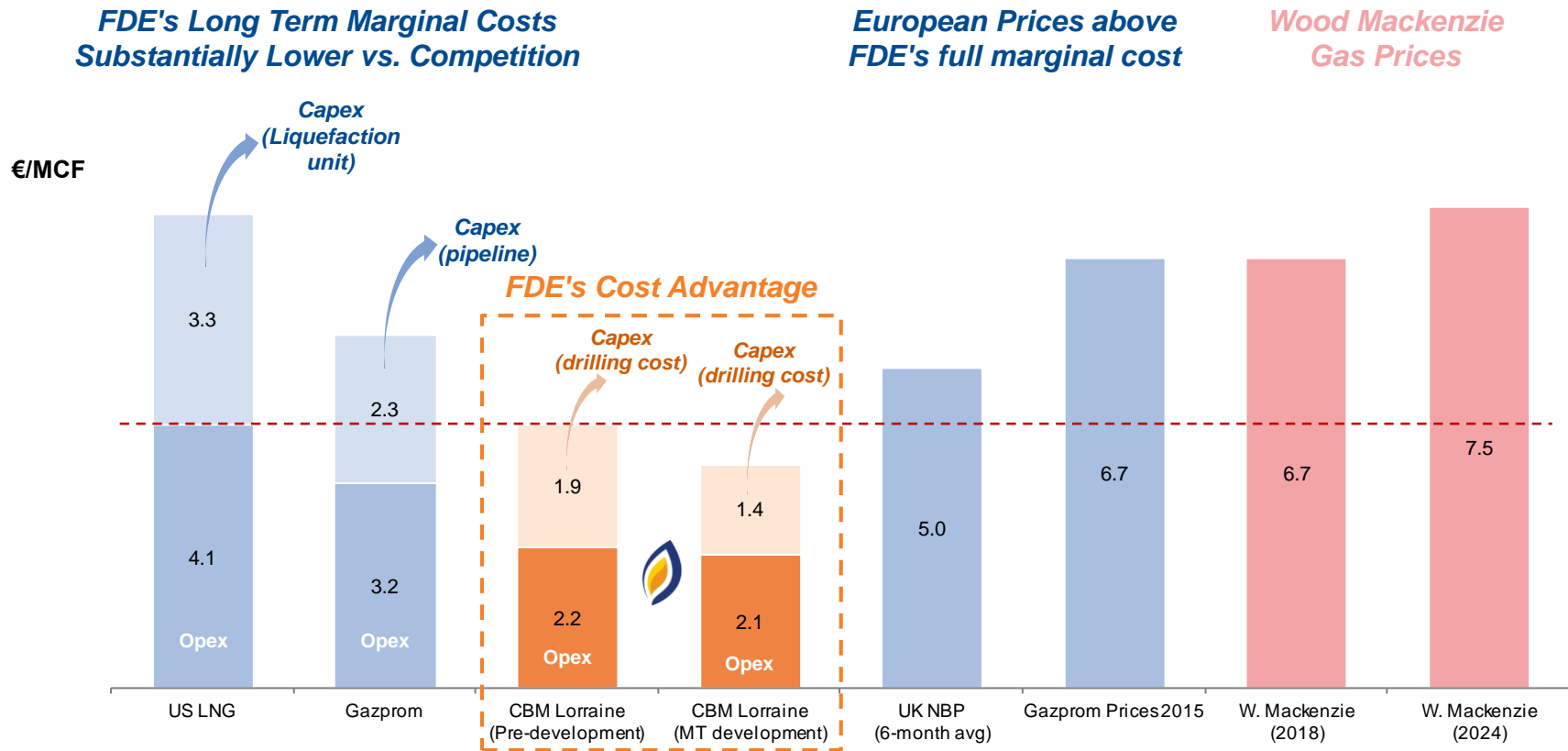
- 425 k€ per month / 5.1 m€ per year

**Group working capital fully covered by the Gazonor activities (gas & electricity sales) from mid 2017 onwards**



# Result => A competitive cost structure

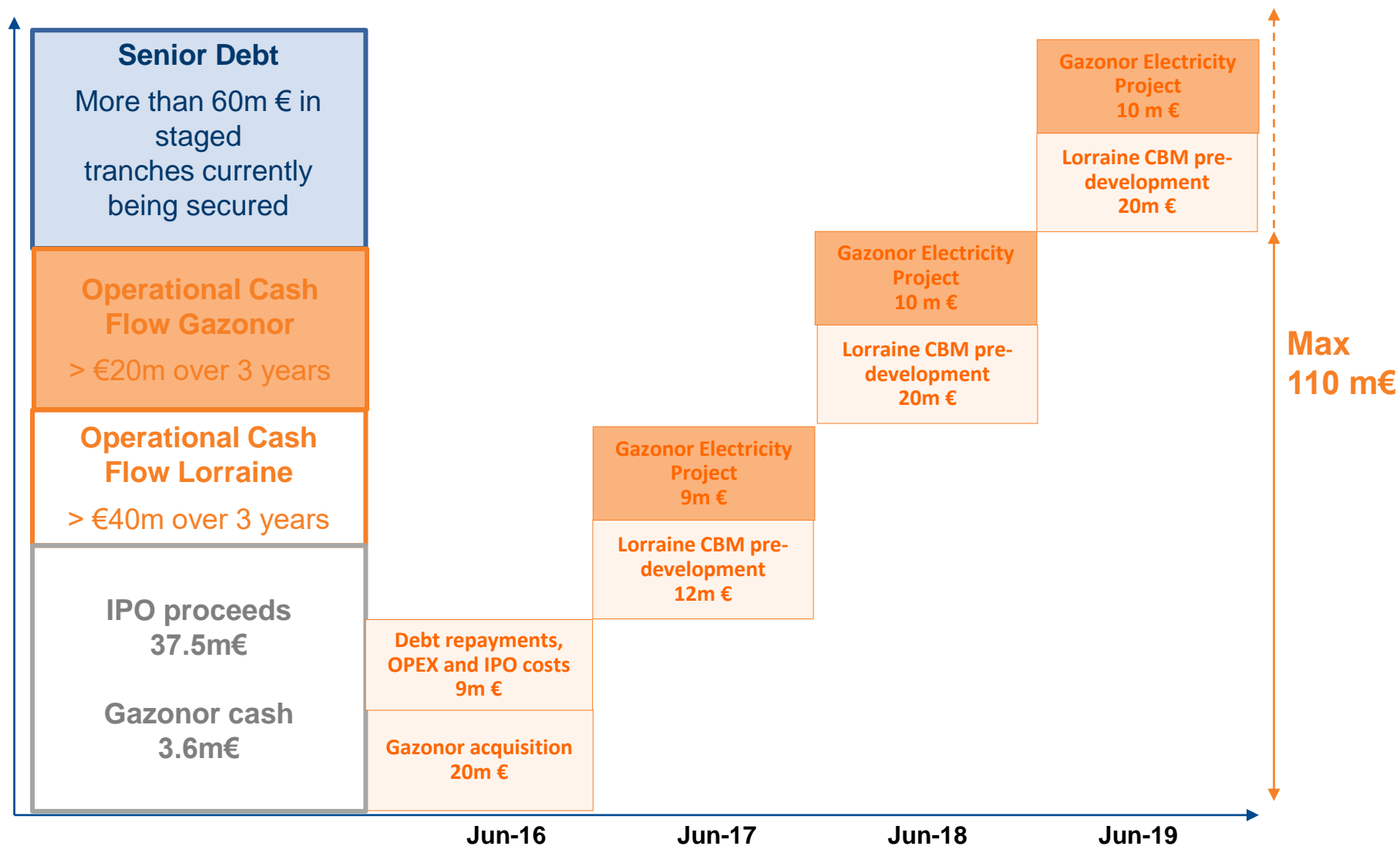
## La Francaise de L'Energie cost (Capex + Opex) breakdown



**FDE's long term La Francaise de L'Energie costs is below to €3.5 / MCF**



# Solid financing structure for roll-out: No Debt





# 2016 Group Financials – Overview

## Key P&L figures (*before acquisition of Gazonor*)

Figures in € as of 30<sup>th</sup> June 2016

P&L ITEM	30 JUNE 2016	30 JUNE 2015
TURNOVER	-	-
<b>OPERATING EXPENSES (1)</b>	<b>(5,656,328)</b>	<b>(2,109,679)</b>
AMORTIZATION	(11,551)	(16,551)
INTEREST EXPENSES (2)	(1,113,750)	(612,783)
OTHER FINANCIAL CHARGES (3)	(1,237,000)	(971,000)
EXCHANGE RATE VARIATIONS	(2,209)	2,093
NEAGTIVE GOODWILL (3)	1,189,556	
TAXES (4)	2,666,622	1,121,308
<b>NET INCOME</b>	<b>(4,164,926)</b>	<b>(2,586,612)</b>

## Exploration Capex on permits

Figures in € as of 30<sup>th</sup> June 2016

BALANCE SHEET ITEM	CAPITALIZED EXPENSES
BLEUE LORRAINE	27,854,409
BLEUE LORRAINE SUD	295,603
<b>TOTAL LORRAINE LICENCES</b>	<b>28,150,012</b>
VALENCIENNOIS (NPC)	229,080
SUD-MIDI (NPC)	366,684
POISSONNIÈRE (NPC)	394,283
<b>TOTAL NPC LICENCES</b>	<b>990,047</b>
LONS-LE-SAUNIER	220,061
GARDANNE	74,259
LA FOLIE DE PARIS	1,941,770
<b>TOTAL OTHER PROJECTS</b>	<b>294,320</b>

- (1) 2016 expenses include other fees of EUR 1.9m, mainly in relation to IPO, acquisitions of Gazonor and Concorde and related advisory costs. **Normalised steady-state run rate of the business is ca. EUR250-300k monthly excluding Gazonor, with Gazonor circa. 425k per month**
- (2) Interest expenses related to the bond holder convertible loan of EUR 8m (which was converted at IPO on 27 June 2016)
- (3) Negative goodwill arising from the Concorde acquisition
- (4) IFRS fair value adjustment of the EGL UK loan covered under the Deed of Release, following a total EUR 8,000,000 write-off in FYE June 2016
- (5) Deferred tax asset arising from fair value adjustment of the EGL UK loan, taxable losses and other items



# Pro Forma 2016

FYE June	2016			2015
	Francaise de L'Energie	Groupe LFDE Int S.A	Total (Pro forma)	Total (Pro forma)
	€	€	€	€
Revenues from gas sales	-	3,860,798	3,860,798	4,890,241
Cost of sales	-	(527,198)	(527,198)	(987,611)
Changes in inventories	-	43,321	43,321	56,282
<b>Gross Profit</b>		<b>3.376.921</b>	<b>3.290.279</b>	<b>3,958,912</b>
Selling General & Administrative expenses	(5,656,328)	(3,221,080)	(8,877,408)	(5,688,383)
Amortisation and depreciation	(11.816)	(341.793)	(353.609)	(358.668)
Reversal of provisions	-	257,100	257,100	-
<b>Operating profit/loss</b>	<b>(5,668,144)</b>	<b>71,148</b>	<b>(5,596,996)</b>	<b>(2,088,139)</b>
Interest and other income	-	(448,080)	(448,080)	14,388
Finance costs	(1,113,750)	-	(1,113,750)	(1,153,456)
Other expenses - FV value adjustment	(1,237,000)	-	(1,237,000)	(971,000)
Foreign exchange difference	(2,209)	-	(2,209)	2,093
Negative goodwill	1,189,556	-	1,189,556	2,093
<b>Profit/loss before taxation</b>	<b>(6,831,548)</b>	<b>(376,932)</b>	<b>(7,208,480)</b>	<b>(4,196,114)</b>
Taxation	2,666,622	(11,761)	2,654,861	1,109,850
<b>Profit/loss after taxation</b>	<b>(4,164,926)</b>	<b>(388,692)</b>	<b>(4,533,619)</b>	<b>(3,086,264)</b>
<b>Total comprehensive income</b>	<b>(4.164.926)</b>	<b>(388,692)</b>	<b>(4.533.619)</b>	<b>-3,086,264</b>



# 2016 Stand Alone Annual Accounts

## Key P&L figures

Figures in € as of 30<sup>th</sup> June 2016

P&L ITEM	30 JUNE 2016	30 JUNE 2015
TURNOVER	-	-
<b>OPERATING EXPENSES</b>	<b>(5,684,043)</b>	<b>(891,009)</b>
FINANCIAL RESULTS	(1,115,959)	(612,783)
EXCEPTIONAL ITEMS	8,000,000	2,200,000
TAXES (4)	(601,378)	-
<b>NET INCOME</b>	<b>598,620</b>	<b>698,301</b>

## KEY Balance Sheet figures

Figures in € as of 30<sup>th</sup> June 2016

BALANCE SHEET ITEM	30 JUNE 2016
<b>TOTAL ASSETS</b>	<b>60,336,023</b>
<b>SHAREHOLDER EQUITY</b>	<b>50,041,537</b>
FINANCIAL DEBT	4,979,778



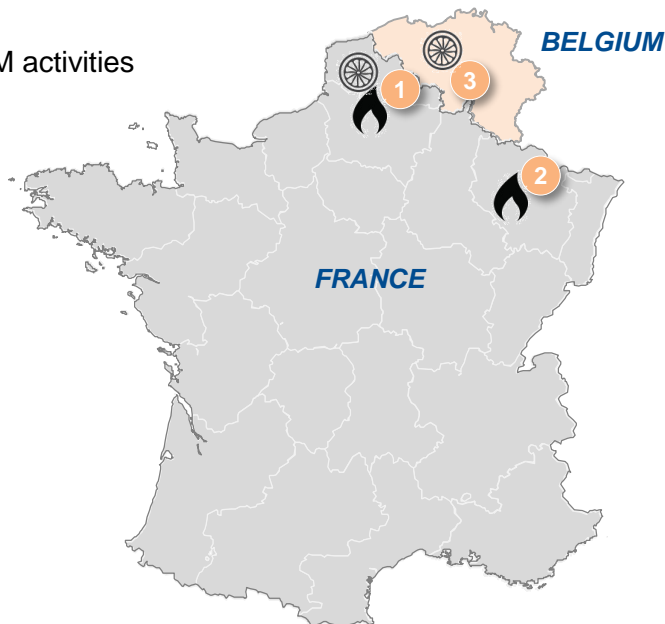
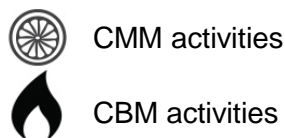


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# Significant gas reserves ready to be developed



1

## Nord-Pas-de-Calais



- Existing Production
- 2 production permits
- Current CMM production and upcoming roll-out of gas-to-power
- CBM exploration



2

## Lorraine



- Production to start in H2 2017
- CBM reserves proved
- CBM appraisal

3

## Belgium



- 2 concessions of 39.5 km<sup>2</sup>
- CMM and gas-to-power opportunities

	Acrage	Reserves			Contingent resources			Prospective resources		
Bcf	Km <sup>2</sup>	1P	2P	3P	1C	2C	3C	low	best	high
NPdC**	1,911	51.0	225	709.4	1,176	1,869	2,877	n.a.	n.a.	n.a.
Lorraine	2,769	5.3	27.9	73.5	1,240	2,032	3,085	1,183	2,209	3,637
LFDE	4,680	56.3	252.9	782.9	2,416	3,901	5,962	1,183	2,209	3,637

~ 10Tcf of resources equivalent to 6 times annual French consumption of gas<sup>(1)</sup>

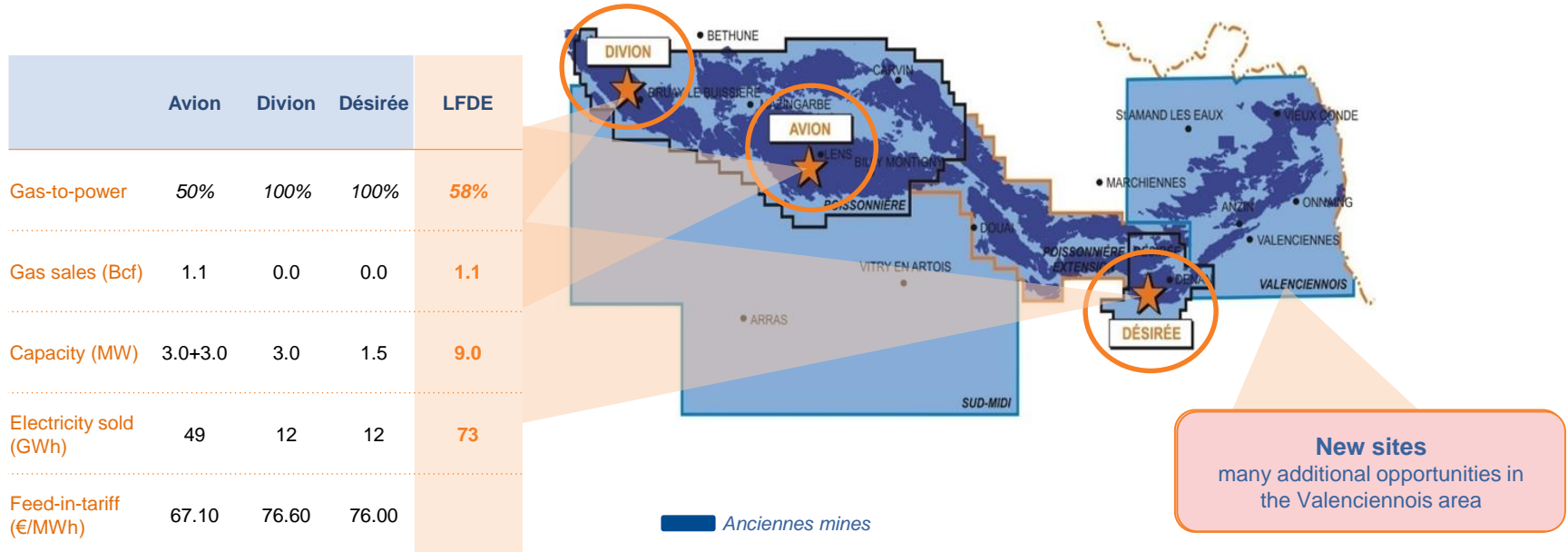
→ Huge unexplored potential: only 29% of Lorraine acreage was studied for resource certification



# CMM – North Region France

(Gazonor)

- **Renewal of the two production permits of Poissonnière et Désirée until 2042: high visibility of LFDE's cash flow generation through the gas to power activity**



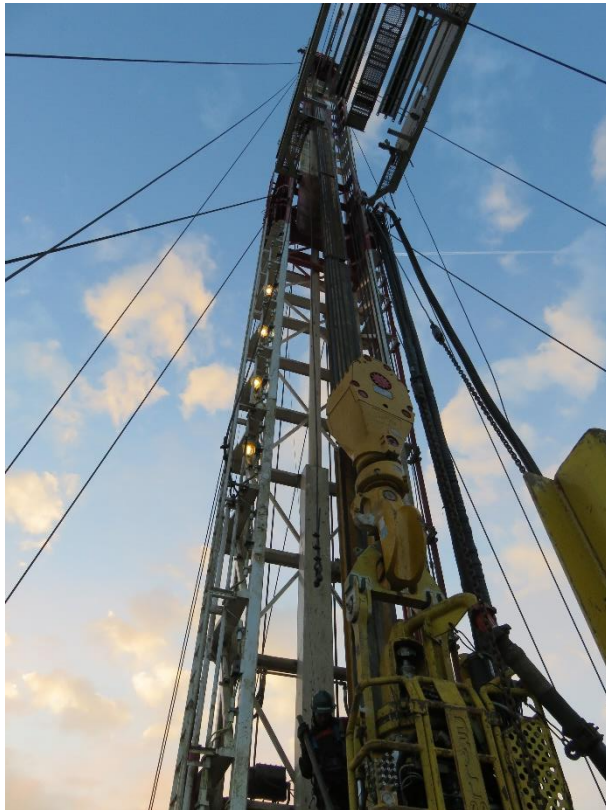
- **Feed in tariff granted for the green electricity produced from CMM. Main characteristics of the guaranteed feed in tariff are:**
  - ✓ Guaranteed price of €76.60 per MWh of electricity produced on small units (1.5 MW) adjusted to €57.60 for larger units (4.5MW and more)
  - ✓ 15 years guarantee by the French State
  - ✓ Inflation linked



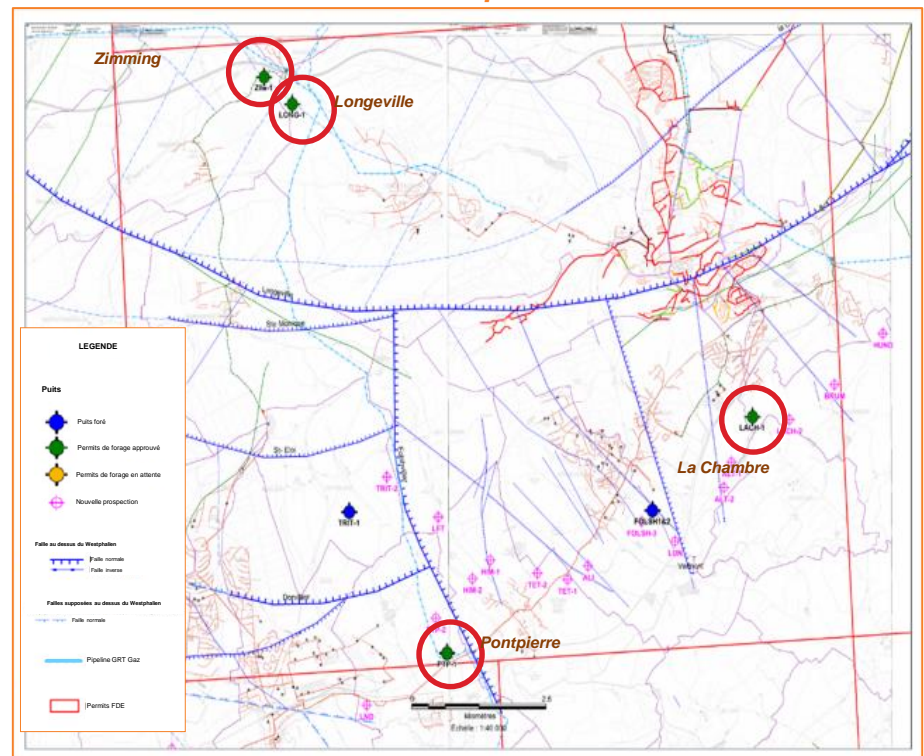
2016-2018

1st production platform to start  
production in 2017

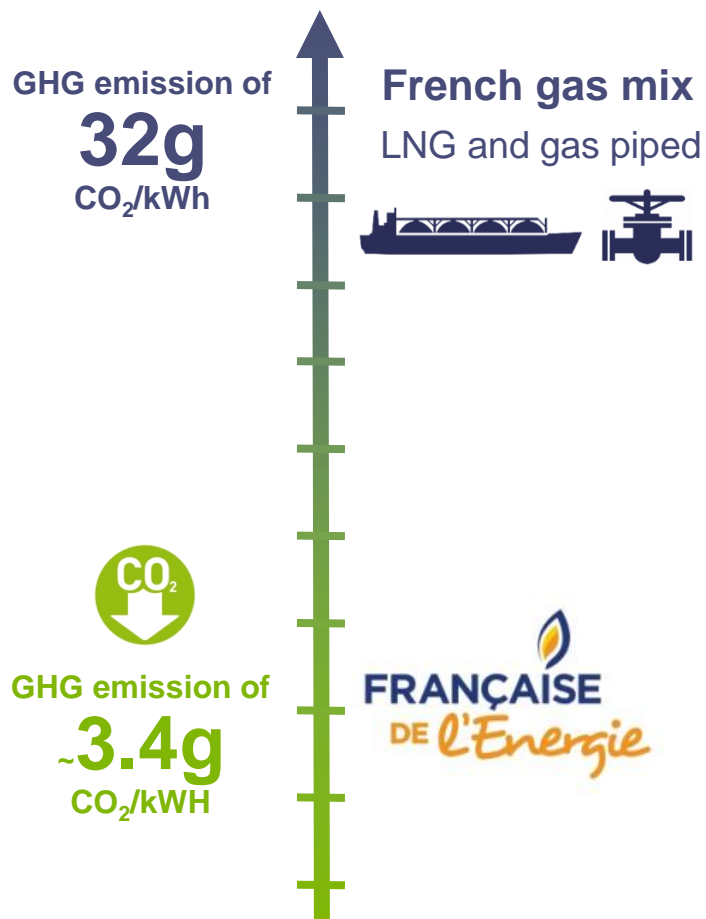
- 14 drilling permits granted in Longeville, Zimming and Lachambre
- Development of 4 adjacent areas on the Bleue Lorraine permit: (Longeville, Zimming, Lachambre and Pontpierre)
- Confirm the commerciality of 4 coal seams in 4 different adjacent geological blocks



Location of the first 4 pads







Carbon  
Footprint  
**10x**  
**LOWER**  
versus imported gas  
mix

**HIGHEST STANDARDS**  
Study conducted in  
accordance with the  
requirement of  
ISO/TS 14067

**INDEPENDENT EXPERTS**  
Prof. Dr. Birgit Grahl –  
INTEGRAHL

Dr. Jacques Pironon   
Grégoire Thonier **Deloitte.**



**A PRAGMATIC SOLUTION TO ENERGY TRANSITION**



- **Integration of Gazonor in LFDE group following completion of the acquisition**
  - Re-organisation of work scope of each of the 8 employees to focus on:
  - Implementation of the first 4 sites of gas to power production
  - Improvement of equipment's' availability
  - New **project manager** (Staff, ex Total E&P)
  - In house training of a new **QHSE manager**
- **Additional training of a blue ribbon **drilling team** in Lorraine with the following key expertise:**
  - 1 drilling manager(Consultant, ex Statoil, Shell, Exxon M)
  - 1 directional drilling specialist (Consultant, ex Schlumberger)
  - 1 logistic and procurement manager (Consultant, ex NOV France)
  - 4 site supervision managers
  - 2 well site geologists
  - 1 HSE





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- **Enlarged board with 5 members**
- **4 new members elected in March 2016**
- **Evolution of the board with creation of two specialised committees:**
  - **Audit**
  - **Remuneration**
- **60% of independent directors**
- **80% of non executive directors**



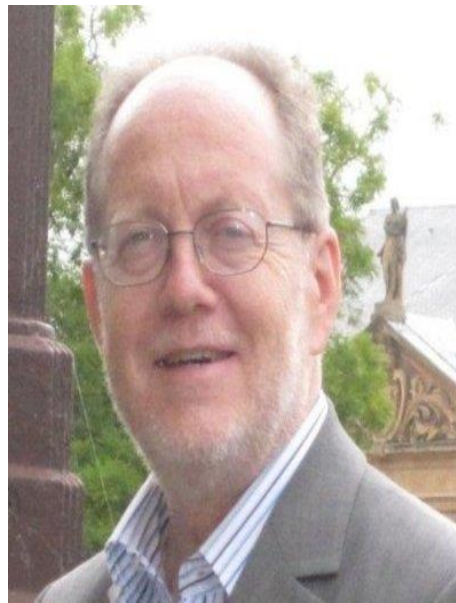
## New board members (nomination already approved at the March 2016 EGM)

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### **Cécile Maisonneuve**

Chairwoman of the Vinci foundation  
Former head of the energy center at IFRI  
Former public relation manager at AREVA



### **Alain Liger**

Former head of the Mining Committee at the  
French ministry of Industry and Economy  
Former head of the Environmental department of  
Alsace and Lorraine  
Former member of the management team of  
BRGM



## New board members (nomination already approved at the March 2016 EGM)

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**Jean Fontourcy**

Former Deputy CEO of Crédit Agricole  
Former Chairman of CDR Holdings  
Acting representative of several LFDE  
shareholders  
President of the remuneration committee



**Christophe Charlier**

Former board member of Rusal, Polyus  
Gold  
Former senior banker at JP Morgan and  
Renaissance  
President of the audit committee



- **Board of Directors**

- 12 meetings

- 87.5% participation ratio

- **Audit committee**

(Created in March 2016)

- 2 meetings

- 100% participation ratio

- **Remuneration committee**

(Created in March 2016)

- 2 meetings

- 100% participation ratio



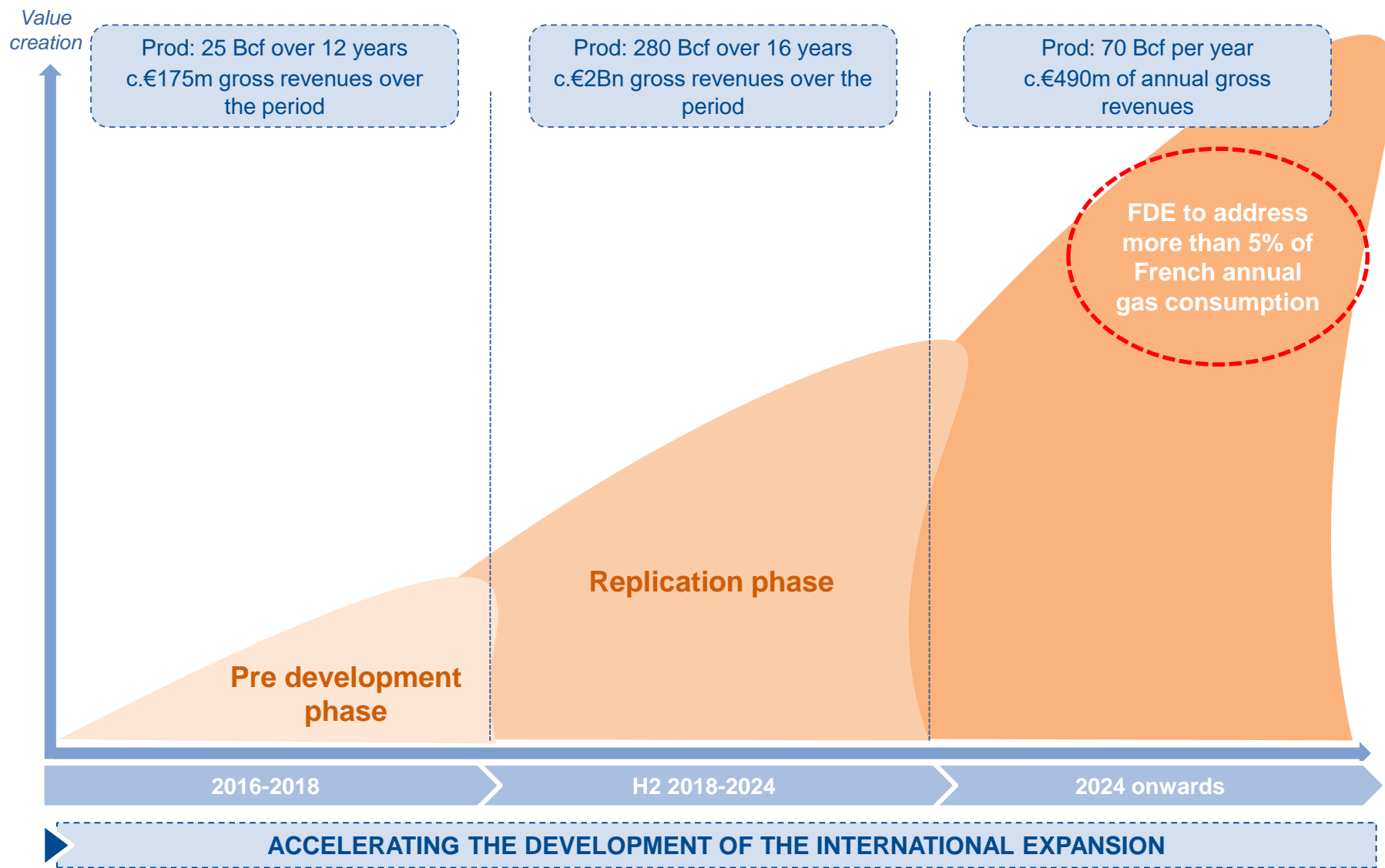


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# Massive ramp up of CBM production







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