QGOG Constellation S.A. Reports
Second Quarter 2016 Results

Luxembourg, August 25, 2016 – QGOG Constellation S.A., ("QGOG Constellation" or the "Company") a market leading provider of offshore and onshore oil and gas contract drilling and FPSO services in Brazil, today reported results for the second quarter ended June 30, 2016.

HIGHLIGHTS

- Net operating revenue increased 16.8% year-over-year to US$289.0 million in 2Q16;
- Revenues from ultra-deepwater (UDW) rigs represented 77.9% of total net revenues in 2Q16, up from 67.4% in 2Q15.
- EBITDA increased to US$211.5 million and EBITDA margin expanded to 73.2% in 2Q16, from US$160.9 million and 65.0%, respectively, in 2Q15.
- Net income increased 41.1% to US$121.2 million in 2Q16.
- The total backlog as of June 30, 2016 was US$3.8 billion of which US$2.1 billion relates to the Company´s operational offshore fleet.
- Average uptime for the UDW fleet increased year-over-year to 96% in 2Q16, from 94% in 2Q15.

RECENT DEVELOPMENTS

- FPSO Cidade de Saquarema began first oil production at the Lula Field in Santos Basin on July 8th, 2016. The new FPSO is operating under a 20-year contract with a consortium formed by Petrobras S.A. (operator), BG E&P Brasil Ltda. – a Royal Dutch Shell subsidiary and Petrogal Brasil S.A.

MANAGEMENT COMMENTARY

The Company achieved improved operational and financial results in the second quarter, reporting strengthened revenues, EBITDA and EBITDA margin during the period. Average uptime for the ultra-deepwater fleet, which accounts for approximately three quarters of total revenues, increased to 96% in the quarter. Our results remain supported by a consistent focus on cost control as well as an environment of superior safety conditions.

As communicated in a press release on April 20, the Company is engaged in discussions with Petrobras in relation to the terms and conditions of its existing charter and service agreements, as part of an initiative that Petrobras is undertaking with certain of its suppliers. The Company will keep the market informed of any material developments.

SECOND QUARTER 2016 RESULTS

Net operating revenue increased 16.8%, or US$ 41.5 million, to US$289.0 million in 2Q16. This increase mainly reflects the commencement of Brava Star operations in the second half of 2015, which contributed US$46.4 million to 2Q16 revenues. Improved operational performance also drove higher revenues. Average uptime of the UDW fleet increased to 96% in 2Q16 from 94% in 2Q16. Average uptime of the midwater rigs increased to 99% in 2Q16 from 93% in the second quarter of 2015. Average uptime of the onshore rigs reached 98% in the 2Q16. The increase in revenues also reflects US$8.8 million of deferred revenue related to technical improvements and MPD system implementation in certain rigs. The deferred revenue is allocated during the rendering of services.

These factors were partially offset by: US$10.8 million decrease due to the contract end of Olinda Star in December 2015; US$5.7 million decrease in onshore revenues due to lower utilization; and US$2.6 million decrease due to the 11 days without revenue related to Lone Star's scheduled five-year survey.

The result was also impacted by the 14.2% year-over-year average depreciation of the Brazilian Real versus the U.S. dollar during the second quarter of 2016. Excluding the depreciation of the BRL, revenues would have grown 19.2% year-over-year.

The Company´s offshore utilization increased to 717 days from 682 days in 2Q15. The commencement of Brava Star was offset by the contract end of Olinda Star and the 11 days without revenue related to Lone Star´s scheduled survey.

Contract drilling expenses (operating costs excluding depreciation) decreased 8.7%, or US$7.5 million, to US$78.5 million in 2Q16. The decrease in operating costs was mostly due to a US$5.3 million decline in payroll, charges and benefits, reflecting the impact of the year-over-year depreciation of the Brazilian Real, in addition to a decrease in the number of employees in the onshore business and also in the Olinda Star. The currency effect, combined with the Company's efforts to streamline the cost structure led to a US$3.8 million decrease in material costs during the period. The year-over-year decrease in operational expenses was partially offset by costs related to Brava Star which commenced operations in August 2015.

General and administrative expenses increased US$ 1.1 million to US$ 11.5 million in 2Q16 versus 2Q15.

EBITDA increased to US$211.5 million and EBITDA margin rose to 73.2% in 2Q16, from US$160.9 million and 65.0%, respectively, in 2Q15. The increase in 2Q16 EBITDA was mainly due to the expansion of the Company's UDW operation, following the commencement of the Brava Star. EBITDA also benefited from improved operational performance of the Company's UDW fleet. The overall increase was partially offset by lower utilization from the Company's deepwater fleet and onshore fleet.

Net financial expenses increased 30.0% year-over-year, or US$7.1 million, to US$30.7 million in 2Q16, primarily due to a US$2.2 million increase in financial expenses on loans and financings. This increase mainly reflects the increase in total debt in the period due to the disbursement of the Brava Star project financing in the 2Q15.

Net income increased to US$121.2 million in 2Q16, compared with US$85.9 million in 2Q15.

CASH FLOW & BALANCE SHEET HIGHLIGHTS

Adjusted cash flow provided by operating activities, which excludes the impact of increased short-term investments, totaled US$189.1 million during 2Q16, compared to US$142.3 million in 2Q15. The improvement is mainly due to increased EBITDA.

Net cash used in investing activities totaled US$30.3 million in 2Q16, compared to US$431.7 million in 2Q15. The reduction is mainly due to milestone payments following the delivery of Brava Star by SHI in 2Q15.

Total cash (which includes cash and cash equivalents, short-term investments and restricted cash) decreased to US$382.0 million as of June 30, 2016, compared to US$498.8 million as of March 31, 2016. Cash available, free of liens, was US$251.0 million at the end of the second quarter. This reduction mainly reflects a dividend distribution to shareholders of US$94.4 million paid in June, in addition to the amortization of debt during the period. Following this payment, the Company's cash position remains solid and, it continues to be in compliance with its target leverage and financial covenants.

Total debt decreased US$155.0 million to US$2.4 billion as of June 30, 2016, reflecting amortization in the second quarter of 2016.

Net debt decreased US$38.2 million to US$2.0 billion as of June 30, 2016 compared to March 31, 2016, mainly reflecting cash generation in the period.

ABOUT QGOG CONSTELLATION S.A.

QGOG Constellation is a market leading provider of offshore and onshore oil and gas contract drilling and FPSO services in Brazil through its subsidiary Queiroz Galvão Óleo e Gás S.A. (QGOG). With continuous operations since 1981, QGOG has built an unmatched reputation for excellence in offshore and onshore drilling services, obtaining ISO 9001, ISO 14001 and OHSAS 18001 certification for its quality management, environmental and safety records and systems.

FORWARD LOOKING STATEMENTS

Matters discussed in this release may constitute forward-looking statements. Forward-looking statements relate to QGOG Constellation's expectations, beliefs, intentions or strategies regarding the future. These statements may be identified by the use of words like "anticipate," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should," "seek," and similar expressions. Forward-looking statements reflect QGOG Constellation's current views and assumptions with respect to future events and are subject to risks and uncertainties.

The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in QGOG Constellation's records and other data available from third parties. Although QGOG Constellation believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond QGOG Constellation's control, QGOG Constellation cannot assure you that it will achieve or accomplish these expectations, beliefs or projections described in the forward-looking statements contained herein. Actual and future results and trends could differ materially from those set forth in such statements.

Important factors that could cause actual results to differ materially from those discussed in the forward-looking statements include (i) factors related to the offshore drilling market, including supply and demand, utilization and day rates; (ii) hazards inherent in the drilling industry causing personal injury or loss of life, severe damage to or destruction of property and equipment, pollution or environmental damage, claims by third parties or customers and suspension of operations; (iii) changes in laws and governmental regulations, particularly with respect to environmental or tax matters; (iv) the availability of competing offshore drilling rigs; (v) the performance of our rigs; (vi) our ability to procure or have access to financing and comply with our loan covenants; (vii) our ability to successfully employ our drilling rigs; (viii) our capital expenditures, including the timing and cost of completion of capital projects; and (ix) our revenues and expenses. Due to such uncertainties and risks, investors are cautioned not to place undue reliance upon such forward-looking statements.

Investor Relations
Phone: +352 20 20 2401
ir@qgogconstellation.com
www.qgogconstellation.com/ir

IR Team:

Andrea Azeredo	aazeredo@qgogconstellation.com
Bernardo Guttmann	bguttmann@qgogconstellation.com
Raquel Smolka	rsmolka@qgogconstellation.com

QGOG Constellation– Financial and Operating Highlights

	For the three–month period ended June 30,		For the six month period ended June 30,	
	2016	2015	2016	2015
Statement of Operations Data:	*(in millions of $, except per share data)*			
Net operating revenue	289.0	247.6	568.0	508.6
Operating Costs	(137.9)	(133.6)	(266.5)	(271.1)
Gross profit	151.1	114.0	301.4	237.5
General and administrative expenses	(11.5)	(10.4)	(21.2)	(18.7)
Other operating income (expenses), net	9.3	0.9	9.3	(0.4)
Operating profit	148.8	104.4	289.5	218.4
Financial expenses, net	(30.7)	(23.6)	(61.6)	(48.9)
Share of results of investments	3.0	8.6	(6.1)	12.8
Profit before taxes	121.2	89.4	221.7	182.3
Taxes	-	(3.5)	(8.2)	(12.5)
Profit for the period	121.2	85.9	213.5	169.8
Profit per share:				
Basic	0.60	0.42	1.06	0.83
Diluted	0.60	0.42	1.06	0.83
Weighted average common shares outstanding (thousands of common shares):				
Basic	189,227	189,227	189,227	189,227
Diluted	189,227	189,227	189,227	189,227

	For the three–month period ended June 30, (unaudited)		For the six month period ended June 30,	
	2016	2015	2016	2015
Other Financial Information:	*(in millions of $)*			
Profit for the period/year	121.2	85.9	213.5	169.8
(+) Financial expenses, net	30.7	23.6	61.6	48.9
(+) Taxes	-	3.5	8.2	12.5
(+) Depreciation	59.6	47.9	118.1	95.8
EBITDA(1)	211.5	160.9	401.5	327.0
EBITDA margin (%) (2)	73.2%	65.0%	70.7%	64.3%

(1) EBITDA is a non-GAAP measure prepared by us. EBITDA consists of: net income, plus net financial expenses taxes and depreciation. EBITDA is not a measure defined under IFRS, should not be considered in isolation, does not represent cash flow for the periods indicated and should not be regarded as an alternative to cash flow or net income, or as an indicator of operational performance or liquidity. EBITDA does not have a standardized meaning, and different companies may use different EBITDA definitions. Therefore our definition of EBITDA may not be comparable to the definitions used by other companies. We use EBITDA to analyze our operational and financial performance, as well as a basis for administrative decisions. The use of EBITDA as an indicator of our profitability has limitations because it does not account for certain costs in connection with our business, such as net financial expenses, taxes, depreciation, capital expenses and other related expenses.

(2) EBITDA margin is a non-GAAP measure prepared by us. EBITDA margin is calculated by dividing EBITDA by net operating revenue for the applicable period.

Statement of Financial Position:	As of June 30, 2016	As of December 31, 2015	As of December 31, 2014
		(in millions of $)	
Cash and cash equivalents	212.1	154.8	147.1
Short-term investments	127.2	246.9	83.5
Restricted cash	42.7	21.7	37.8
Total assets	5,557.9	5,672.2	5,614.9
Total loans and financings	2,407.5	2,621.4	2,434.7
Total liabilities	3,008.5	3,223.8	3,386.8
Shareholders' equity	2,549.4	2,448.4	2,228.1
Net Debt	2,025.4	2,197.9	2,166.3

Statement of Cash Flows:	For the six-month period ended June 30, 2016	For the six-month period ended June 30, 2015	For the year ended December 31, 2015	For the year ended December 31, 2014
		(in millions of $)		
Cash flows provided/used in operating activities:				
Profit for the period	213.5	169.8	316.9	348.6
Adjustments to reconcile net income to net cash used in operating activities	182.0	155.7	387.2	282.2
Net income after adjustments to reconcile net income to net cash used in operating activities	395.5	325.5	704.1	630.8
Decrease (increase) in working capital related to operating activities	109.1	(95.6)	(196.6)	143.6
Cash flows provided by operating activities	504.6	229.9	507.5	774.5
Cash flows used in investing activities	(46.0)	(467.3)	(483.8)	(117.2)
Cash flows provided by (used in) financing activities	(401.6)	324.4	(16.5)	(727.5)
Increase (decrease) in cash and cash equivalents	57.0	87.0	7.2	(70.3)

Non-GAAP Adjusted Cash Flows:	For the six-month period ended June 30, 2016	For the six-month period ended June 30, 2015	For the year ended December 31, 2015	For the year ended December 31, 2014
		(in millions of $)		
Cash flows provided/used in operating activities	504.6	229.9	507.5	774.5
Impact of short-term investments	123.4	(78.5)	(172.1)	195.8
Adjusted cash flows provided by operating activities	381.2	308.4	679.6	578.7

Fleet summary report

Offshore Rig	% Interest	Type	Water Depth (ft)	Delivery Date	Dayrate[4] ($/day) June 30, 2016	Contract Expiration Date
Ultra-deepwater						
Alpha Star	100%	DP; SS	9,000	July 2011	433,186	July 2017
Lone Star	100%	DP; SS	7,900	April 2011	400,469	March 2018
Gold Star	100%	DP; SS	9,000	February 2010	485,300	February 2018
Amaralina Star (1)	55%	DP drillship	10,000	September 2012	424,209	September 2018
Laguna Star (1)	55%	DP drillship	10,000	November 2012	424,209	November 2018
Brava Star	100%	DP drillship	12,000	August 2015	581,003	August 2018
Deepwater						
Olinda Star[3]	100%	Moored; SS	3,600	August 2009 (2)	-	-
Midwater						
Alaskan Star	100%	Moored; SS	1,700	December 2010 (2)	301,920	November 2016
Atlantic Star	100%	Moored; SS	2,000	February 2011 (2)	290,308	July 2018

(1) The Company holds a 55% interest in these drillships through a strategic partnership with Alperton Capital Ltd., or Alperton. We will receive 100% of the charter and services revenues from these drillships until the repayment in full of loans we have made to Alperton (with a maximum term of 12 years) to fund its related equity contributions.
(2) Delivery date corresponds to the date the upgrade of these rigs was concluded.
(3) On December 29, 2015, the Company signed a contract for the deepwater rig Olinda Star with Karoon Petróleo e Gás Ltda. The new contract is expected to commence during the third quarter of 2016, following minor upgrades to the rig in accordance with Karoon's operational standards. The two-well contract can be extended to two additional wells.
(4) The dayrates reflect 100% of the charter and corresponding service contract dayrates and include the applicable performance bonus under each offshore charter and corresponding service contract.

Onshore Rig (1)	Type	Drilling Depth Capacity (ft)	Customer	Charter Expiration Date
QG-I	1600HP	16,500	-	-
QG-II	1600HP	16,500	-	-
QG-III	Heli-portable; 1200HP	11,500	-	-
QG-IV	Heli-portable; 550HP	9,800	-	-
QG-V	Heli-portable; 1600HP	14,800	-	-
QG-VI	2000HP	23,000	-	-
QG-VII	2000HP	23,000	-	-
QG-VIII	Heli-portable; 1600HP	14,800	-	-
QG-IX	Heli-portable; 1600HP	14,800	-	-

(1) The onshore fleet is currently uncontracted.

FPSO	Status	% Interest	Daily Production Capacity (bbl/day)	Storage Capacity (bbl)	Delivery Date	Charter Expiration Date	Total Contract Amount (in millions of $)(1)
Capixaba	Operating	20%	100,000	1,600,000	May 2006	February 2022	1,774.9
Cidade de Paraty	Operating	20%	120,000	2,300,000	June 2013	May 2033	4,254.2
Cidade de Ilhabela	Operating	12.75%	150,000	2,400,000	November 2014	November 2034	5,220.5
P-63 (Papa Terra) (2)	Operating	—	140,000	2,200,000	June 2013	November 2016	89.1
Cidade de Maricá	Operating	5%	150,000	1,600,000	February 2016	February 2036	5,348.0
Cidade de Saquarema	Construction	5%	150,000	1,600,000	July 2016	July 2036	5,273.0

(1) Except in the case of P-63, for which the total contract amount refers to 100% of the amounts to be paid under the service contract, total contract amount refers to 100% of the amounts to be paid under both the charter and corresponding services contract.
(2) The Company owns a 40% participation in the operating contract, but not an ownership interest in the asset. The term of the operating contract is 50 months. Petrobras owns this FPSO.

Backlog[1]

	2016	2017	2018	2019	2020–2036	Total	%
Ultra-deepwater	505.7	927.3	437.7	-	-	1.870.7	49.4%
Deepwater	20.1	-	-	-	-	20.1	0.5%
Midwater	94.5	106.0	58.6	-	-	259.1	6.8%
FPSOs	53.4	105.7	105.7	105.7	1,263.9	1,634.5	43.2%
Onshore	-	-	-	-	-	-	-
Total	**673.7**	**1,139.1**	**602.1**	**105.7**	**1,263.9**	**3,784.5**	**100.0%**

(1) Contract drilling backlog is calculated by multiplying the contracted operating dayrate by the firm contract period and adding any potential rig performance bonuses, which we have assumed will be paid to the maximum extent provided for in the respective contracts. Our calculation also assumes 100% uptime of our drilling rigs for the contract period; however, the amount of actual revenue earned and the actual periods during which revenues are earned may be different from the amounts and periods shown in the tables below due to various factors, including, but not limited to, stoppages for maintenance or upgrades, unplanned downtime, the learning curve related to commencement of operations of additional drilling units, weather conditions and other factors that may result in applicable dayrates lower than the full contractual operating dayrate. Contract drilling backlog includes revenues for mobilization and demobilization on a cash basis and assumes no contract extensions. The Company is no longer considering the backlog from Sete Brasil. In December 2015, QGOG Constellation exercised a Put Option whereby it has formalized its intention to cease its ownership interest in the Sete Brasil rigs by transferring its shares to Sete International in accordance with the Shareholders´ Agreement.

Revenue per asset type

	For the three–month period ended June 30,		% Change	For the six month period ended June 30,		% Change
	2016	2015	2016/ 2015	2016	2015	2016/ 2015
Net revenue per asset type:	*(in millions of $)*			*(in millions of $)*		
Ultra-deepwater	225.1	167.0	34.8%	448.9	338.7	32.5%
Deepwater	4.1	14.8	-72.7	4.1	38.2	-89.4%
Midwater	51.9	47.8	8.5%	99.3	91.1	9.0%
Onshore rigs	6.9	12.6	-45.2%	12.8	31.3	-59.2%
Other	1.1	5.4	-80.0%	2.9	9.3	-68.6%
Total	289.0	247.6	16.8%	568.0	508.6	11.7%

Operating Statistics

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2016	**2015**	**2016**	**2015**
Uptime by asset type [1]:	*(%)*		*(%)*	
Ultra-deepwater	96	94	97	95
Deepwater	-	99	-	94
Midwater	99	93	98	90
Onshore rigs	98	100	99	99

	For the three-month period ended June 30,		Change	For the six-month period ended June 30,		Change
	2016	**2015**	**2016/ 2015**	**2016**	**2015**	**2016/ 2015**
Utilization days [2]:	*(in days)*			*(in days)*		
Ultra-deepwater	535	442	93	1,081	892	189
Deepwater	-	58	(58)	-	148	(148)
Midwater	182	182	-	364	362	2
Onshore rigs	100	397	(297)	282	938	(656)
Total	817	1,079	(262)	1,727	2,340	(613)

(1) Uptime is derived by dividing (i) the number of days the rigs effectively earned a contractual dayrate by (ii) utilization days. Uptime adjusts for planned downtime, such as rig upgrades and surveys.

(2) Utilization days are derived by multiplying the number of rigs by the days under contract. Utilization days consider the impact of scheduled maintenance, reflecting the days without revenue related to planned upgrades and surveys.