QGOG Constellation S.A. Reports
Third Quarter 2014 Results

Luxembourg, November 28, 2014 – QGOG Constellation S.A., ("QGOG Constellation" or the "Company") a market leading Brazilian-controlled provider of offshore and onshore oil and gas contract drilling and FPSO services in Brazil, today reported results for the third quarter ended September 30, 2014.

HIGHLIGHTS

- Net operating revenue increased 4.3% year-over-year to US$279.8 million in 3Q14.
- Revenues from ultra-deepwater (UDW) rigs represented 63.4% of total net revenues in 3Q14, up from 61.3% in 3Q13.
- EBITDA was US$147.8 million and EBITDA margin was 52.8% in 3Q14, compared with US$150.8 million and 56.2%, respectively, in 3Q13.
- Net income was US$75.6 million in 3Q14, compared with US$58.0 million in 3Q13.
- The total backlog as of September 30, 2014 was US$10.2 billion, 4.4 times net debt.
- Average uptime for the UDW fleet increased to 96% in 3Q14 from 94% in 3Q13.

RECENT DEVELOPMENTS

- News reports have been published recently regarding ongoing Brazilian federal police investigations involving allegations of illegal acts at Petrobras. None of QGOG Constellation or its subsidiaries have received any notification that they are under investigation in connection with any of these allegations. QGOG Constellation is fully committed to conducting its business operations in an ethical and lawful manner in accordance with its Code of Ethics and Conduct and its Anticorruption Policy.
- On November 21, 2014, the credit rating agency Standard & Poor's affirmed QGOG Constellation S.A.'s Corporate Credit Rating and its issue-level rating on the Company's $700 million senior unsecured seven-year notes at 'BB+'. The outlook remains stable.
- On November 21, 2014, the Company, through its subsidiary Brava Star Ltd, secured a US$475 million limited recourse project financing with a group of international commercial banks and export credit agencies in order to finance the construction of the Brava Star UDW drillship. The 5-year loan will be disbursed upon delivery of the drillship and bear interest at an annual rate of Libor plus 200bps.
- On November 20, 2014 FPSO Cidade de Ilhabela started operations. By November 24 it was on hire at the Sapinhoá field in the Santos basin.
- On October 22, 2014 the Company's deepwater rig Olinda Star commenced a drilling program for Karoon Gas Australia in the Campos Basin. The two-well contract has an estimated duration of 120 days and can be extended to two additional wells.
- On October 20, 2014, the credit rating agency Fitch Ratings affirmed QGOG Constellation S.A.'s foreign and local currency Issuer Default Ratings (IDRs) and

US$ 700 million senior unsecured notes at 'BB-'. The Rating Outlook has been revised to Positive from Stable.

- On October 14, 2014, the Company signed a contract for the onshore rig QG-IV with Petrobras to operate in the Amazon region in Brazil. Operations started on October 20, 2014 and the contract has a term of 210 days, with the right to extend for an equivalent period by mutual agreement.

THIRD QUARTER 2014 RESULTS

Net operating revenue increased 4.3%, or US$11.6 million, to US$279.8 million in 3Q14 when compared to 3Q13. Average uptime of the UDW rigs increased to 96% in 3Q14 from 94% in 3Q13, while deepwater rig uptime decreased to 87% in 3Q14 from 96% in 3Q13, mainly due to some equipment failure at the beginning of 3Q14. Midwater rig uptime increased to 100% in 3Q14 from 99% in 3Q13, while onshore rigs maintained stable average uptime of 99% in the third quarter of 2014. Improved UDW performance was partially offset by a US$3.7 million decrease in onshore revenues due to the non-utilization of QG-VIII and QG-IX rigs following the termination of their contracts, as well as a US$2.2 million decrease in the deepwater segment revenues related to the beforementioned equipment failure. The Company's offshore fleet was fully utilized, operating 736 days during 3Q14, which is in line with 3Q13.

Operating costs increased 9.0%, or US$14.1 million, to US$169.9 million in 3Q14 when compared with 3Q13. Contract drilling expenses (operating costs excluding depreciation and amortization) increased 12.1%, or US$13.2 million, to US$122.0 million. The increase in operating costs was mostly due to a US$12.0 million increase in materials and maintenance, principally related to certain initiatives aimed at maintaining a consistent level of operational efficiency, including preventive maintenance.

General and administrative expenses decreased 3.4% to US$12.1 million in 3Q14 versus 3Q13, mainly due to certain one-off expenses in 3Q13.

EBITDA was US$147.8 million and EBITDA margin was 52.8% in 3Q14, compared with US$150.8 million and 56.2%, respectively, in 3Q13.

Net financial expenses decreased 41.1% year-over-year, or US$17.0 million, to US$24.3 million in 3Q14, primarily due to a US$15.8 million decrease in financial charges on loans and financings and related derivative expenses. This decline mainly reflects the reduction in total debt in the period due to amortization.

Net income increased to US$75.6 million in 3Q14, compared with US$58.0 million in 3Q13.

CASH FLOW & BALANCE SHEET HIGHLIGHTS

Adjusted cash flow provided by operating activities, which excludes the impact of increased short-term investments, totaled US$116.8 million during 3Q14, compared to US$146.1 million in 3Q13. This decrease mainly reflects a delay in the collection of receivables totaling USUS28.8 million from Petrobras as of September 30, 2014 due to a temporary issue related to documentation. In October 2014, this issue was resolved and the outstanding amount was collected. Please refer to note 6 – Trade and Other Receivables in the September 30, 2014 Financial Statements.

The Company recorded net cash proceeds from investing activities in 3Q14 of US$2.7 million, compared to US$33.5 million of net cash used in 3Q13. This positive result is mainly explained by proceeds of $40.4 million related to equity contributions and the reimbursement of shareholder loans for FPSO Cidade de Maricá, partially offset by capital expenditures of US$7.6 million related to Brava Star.

Total cash (which includes cash and cash equivalents, short-term investments and restricted cash) decreased to US$285.6 million as of September 30, 2014, compared to US$415.7 million as of June 30, 2014. This reduction mainly reflects the amortization of debt during the period.

In September, the Company disbursed US$55 million of the US$150 million working capital credit line signed with Bradesco in May, 2014.

As of September 30, 2014, total debt was US$2.6 billion, of which US$452.4 million represents the current portion of long-term debt. Total debt decreased US$200.0 million in 3Q14, reflecting amortization in the period. Net debt decreased by US$69.9 million to US$2.3 billion, mainly reflecting cash generation in the period.

In September, the Company's Board of Directors approved a new dividend policy. The policy sets a regular dividend annually payable, with a minimum payout ratio of 25%, based on the previous year's earnings, subject to: (i) compliance with covenants under the existing financing agreements; (ii) maintaining targeted net debt/EBITDA ratios lower than 4.5x by the end of 2015, lower than 3.5x by the end of 2016, and lower than 3.0x by the end of 2018 and thereafter; and (iii) Board of Directors' approval.

ABOUT QGOG CONSTELLATION S.A.

QGOG Constellation is a market leading Brazilian-controlled 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 service for onshore and offshore drilling, 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.

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QGOG Constellation– Financial and Operating Highlights

	For the three–month period ended September 30,		For the nine-month period ended September 30,	
	2014	**2013**	**2014**	**2013**
Statement of Operations Data:	*(in millions of $, except per share data)*			
Net operating revenue	279.8	268.2	817.3	800.7
Operating Costs	(169.9)	(155.9)	(469.0)	(459.1)
Gross profit	109.8	112.3	348.3	341.6
General and administrative expenses	(12.1)	(12.5)	(36.6)	(38.5)
Other operating income (expenses), net	0.1	0.5	0.4	(0.5)
Operating profit	97.9	100.3	312.1	302.6
Financial expenses, net	(24.3)	(41.3)	(81.2)	(120.7)
Share of results of investments	1.7	3.1	10.0	38.7
Profit before taxes	75.3	62.1	240.9	220.6
Taxes	0.3	(4.2)	0.9	(5.8)
Profit for the period	75.6	58.0	241.8	214.8
Profit per share:				
Basic	0.40	0.31	1.25	1.24
Diluted	0.40	0.31	1.25	1.24
Weighted average common shares outstanding (thousands of common shares):				
Basic	189,227	175,776	189,227	172,263
Diluted	189,227	175,776	189,227	172,263

	For the three–month period ended September 30, (unaudited)		For the nine-month period ended September 30, (unaudited)	
	2014	**2013**	**2014**	**2013**
Other Financial Information:	*(in millions of $)*			
Profit for the period/year	75.6	58.0	241.8	214.8
(+) Financial expenses, net	24.3	41.3	81.2	120.7
(+) Taxes	(0.3)	4.2	(0.9)	5.8
(+) Depreciation	48.2	47.3	143.7	144.2
EBITDA(1)	147.8	150.8	465.8	485.5
EBITDA margin (%) (2)	52.8%	56.2%	57.0%	60.6%

(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 September 30, 2014	As of December 31, 2013	As of December 31, 2012
		(in millions of $)	
Cash and cash equivalents	117.5	217.5	219.6
Short-term investments	130.3	283.4	213.2
Restricted cash	37.9	38.7	25.5
Total assets	5,628.0	5,497.2	5,309.2
Total loans and financings	2,585.2	3,003.3	3,415.5
Total liabilities	3,493.5	3,592.3	4,026.5
Shareholders' equity	2,134.5	1,904.9	1,282.7
Net Debt	2,299.5	2,463.7	2,957.3

Statement of Cash Flows:	For the nine-month period ended September 30, 2014	For the nine-month period ended September 30, 2013	For the year ended December 31, 2013	For the year ended December 31, 2012
		(in millions of $)		
Cash flows provided/used in operating activities:				
Profit for the period	241.8	214.8	308.5	131.2
Adjustments to reconcile net income (loss) to net cash used in operating activities	224.3	248.1	307.9	297.1
Net income after adjustments to reconcile net income (loss) to net cash used in operating activities	466.1	462.9	616.4	428.4
Increase in working capital related to operating activities	65.6	(157.9)	(106.7)	(125.2)
Cash flows provided by operating activities	531.7	305.0	509.7	303.2
Cash flows used in investing activities	(95.3)	(54.2)	(216.0)	(1,136.3)
Cash flows provided by (used in) financing activities	(536.0)	(115.0)	(294.0)	864.0
Increase (decrease) in cash and cash equivalents	(99.6)	135.8	(0.2)	30.8

Non-GAAP Adjusted Cash Flows:	For the nine-month period ended September 30, 2014	For the nine-month period ended September 30, 2013	For the year ended December 31, 2013	For the year ended December 31, 2012
		(in millions of $)		
Cash flows provided/used in operating activities	531.7	305.0	509.7	303.2
Impact of short-term investments	152.0	(123.9)	(73.4)	(75.9)
Impact of restricted cash	—		—	14.2
Adjusted cash flows provided by operating activities	379.7	428.9	583.1	364.8

Fleet summary report

Offshore Rig	% Interest	Type	Water Depth (ft)	Delivery Date	Dayrate ($/day) September 30, 2014	Contract Expiration Date
Ultra-deepwater (5)						
Alpha Star	100%	DP; SS	9,000	July 2011	433,416	July 2017
Lone Star (6)	100%	DP; SS	7,900	April 2011	362,572	March 2018
Gold Star (4)	100%	DP; SS	9,000	February 2010	353,311	February 2015
Amaralina Star (1)	55%	DP drillship	10,000	September 2012	424,435	September 2018
Laguna Star (1)	55%	DP drillship	10,000	November 2012	424,435	November 2018
Urca	15%	DP; SS	10,000	July 2016	586,820	July 2031
Bracuhy	15%	DP; SS	10,000	January 2018	591,388	January 2033
Mangaratiba	15%	DP; SS	10,000	May 2019	596,012	May 2034
Brava Star	100%	DP drillship	12,000	1Q 2015	578,433	1Q 2018
Deepwater						
Olinda Star(3)	100%	Moored; SS	3,600	August 2009	292,561	December 2015
Midwater						
Alaskan Star	100%	Moored; SS	1,700	December 2010 (2)	304,175	November 2016
Atlantic Star	100%	Moored; SS	2,000	February 2011 (2)	292,476	July 2018

(1) We hold 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 July 11, 2014, Olinda Star was contracted by Karoon Petróleo e Gás Ltda. for a two-well operation offshore Brazil, with a dayrate of $308k/day ($304k/day as of September 30, 2014). The new contract commenced on October 22, 2014. On August 26, 2014, Petrobras contract extension was signed for a period of 150 days starting on August 1, 2015 and with a dayrate of $257k/day plus performance bonus ($251k/day as of September 30, 2014). The contract expiration date on the table refers to the Petrobras extended agreement.
(4) On August 29, 2014, the Gold Star extension contract was secured by Petrobras for a three-year period with a dayrate of $470k/day plus performance bonus.
(5) In September 2014, the Company agreed with Petrobras on certain technical improvements, including the MPD readiness, to Amaralina Star, Laguna Star, Gold Star and Lone Star Rig.
(6) In the case of Lone Star Rig, the upgrade also includes an increased water depth capacity and part of the total capex will be compensated through a day rate increase of $37.5k, which is expected to be implemented in September 2015.

Onshore Rig	Type	Drilling Depth Capacity (ft)	Customer	Charter Expiration Date
QG-I	1600HP	16,500	President Energy	January 2015
QG-II	1600HP	16,500	Petrobras	January 2016(1)
QG-III	Heli-portable; 1200HP	11,500	Petrobras	April 2016(2)
QG-IV	Heli-portable; 550HP	9,800	Petrobras	May 2015
QG-V	Heli-portable; 1600HP	14,800	Petrobras	April 2015
QG-VI	2000HP	23,000	Petrobras	June 2016
QG-VII	2000HP	23,000	Petrobras	June 2015
QG-VIII	Heli-portable; 1600HP	14,800	—	— (3)
QG-IX	Heli-portable; 1600HP	14,800	—	— (3)

(1) Subject to early termination from April 2015.
(2) The contract had a stacking period from April 12, 2014 to July 14, 2014 within which no dayrate was chargeable.
(3) The contracts were terminated on June 30, 2014. Please refer to note 6 – Trade and Other Receivables in the September 30, 2014 Financial Statements.

FPSO	Status	% Interest	Daily Production Capacity (bbl/day)	Storage Capacity (bbl)	Expected/ Delivery Date	Charter Expiration Date	Total Contract Amount (in millions of $)[(3)]
Capixaba	Operating	20%	100,000	1,600,000	May 2006	May 2022	1,774.9
Cidade de Paraty	Operating	20%	120,000	2,300,000	June 2013	April 2033	4,254.2
Cidade de Ilhabela.........	Construction	12.75% [(1)]	150,000	2,400,000	November 2014	August 2034	5,220.5
P-63 (Papa Terra) [(2)]	Operating	—	140,000	2,200,000	June 2013	June 2016	89.1
Cidade de Maricá[(4)]	Construction	5%	150,000	1,600,000	December 2015	November 2035	5,348.0
Cidade de Saquarema[(4)]	Construction	5%	150,000	1,600,000	January 2016	December 2035	5,273.0

(1) We currently own an equity interest of 12.75% with an option to increase our interest to 25.5% after first oil production.
(2) We own 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.
(2) 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.
(3) We currently own an equity interest of 5% with an option to increase our interest to 10% after first oil production.

Backlog[(1)]

	2014	2015	2016	2017	2018–2034	Total	%
Ultra-deepwater	212.6	1,011.4	1,059.5	1,015.7	3,785.6	7,085.0	69.3%
Deepwater.............	21.6	57.0	-	-	-	78.5	0.8%
Midwater	54.9	217.8	203.5	106.8	58.8	641.7	6.3%
FPSOs...................	40.4	89.4	129.6	129.3	1,921.2	2,309.9	22.6%
Onshore	30.5	57.8	15.6	-	-	103.9	1.0%
Total....................	**360.0**	**1,433.3**	**1,408.4**	**1,251.7**	**5,765.6**	**10,219.0**	**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.

Revenue per asset type

	For the three-month period ended September 30,		% Change	For the nine-month period ended September 30,		% Change
	2014	2013	2014/ 2013	2014	2013	2014/ 2013
Net revenue per asset type:	*(in millions of $)*			*(in millions of $)*		
Ultra-deepwater.........................	177.3	164.4	7.8	512.3	489.0	4.8
Deepwater	21.0	23.3	(9.9)	64.6	67.3	(4.0)
Midwater..................................	53.7	53.3	0.8	159.1	158.5	0.4
Onshore rigs..............................	22.3	25.9	(13.9)	66.8	78.4	(14.8)
Other......................................	5.5	1.3	314.9	14.5	7.5	91.4
Total.......................................	279.7	268.2	4.3	817.3	800.7	2.1

Operating Statistics

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2014	2013	2014	2013
Uptime by asset type:	*(%)*		*(%)*	
Ultra-deepwater	96	94	95	94
Deepwater...............................	87	96	90	91
Midwater	100	99	100	99
Onshore rigs	99	99	99	99

	For the three-month period ended September 30,		Change	For the nine-month period ended September 30,		Change
	2014	2013	2014/ 2013	2014	2013	2014/ 2013
Utilization days [1]:	*(in days)*			*(in days)*		
Ultra-deepwater	460	460	-	1,365	1,365	-
Deepwater	92	92	-	273	273	-
Midwater	184	184	-	546	546	-
Onshore rigs	765	828	(63)	2,239	2,448	(209)
Total	1,501	1,564	(63)	4,423	4,632	(209)

(1) Utilization days are derived by multiplying the number of rigs by the days under contract, excluding upgrade periods. Except for certain of our onshore rigs, our rigs are currently under long-term contracts.