QGOG Constellation S.A. Reports
Third Quarter 2017 Results

Luxembourg, November 29, 2017 – 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 unaudited results for the third quarter ended September 30, 2017.

HIGHLIGHTS

- Net operating revenue decreased 25.1% year-over-year to US$ 218.7 million in 3Q17;
- Revenues from ultra-deepwater (UDW) rigs represented 86.3% of total net revenues in 3Q17, up from 80.9% in 3Q16;
- Adjusted EBITDA totaled US$ 138.3 million and the Adjusted EBITDA margin was 63.3% in 3Q17. The result compares with Adjusted EBITDA of US$ 209.8 million and an Adjusted EBITDA margin of 71.9% in 3Q16;
- Net income increased 138.3% year-over-year to US$ 50.0 million in 3Q17, compared to a net loss of US$ 130.4 million in 3Q16;
- The total backlog as of September 30, 2017 was US$ 2.4 billion of which US$ 872 million relates to the Company's offshore drilling fleet;
- Average uptime for the offshore fleet was lower year-over-year at 92% in 3Q17, compared with 96% in 3Q16.

RECENT DEVELOPMENTS

- On April 25, 2017, the Company announced that Olinda Star was awarded a three-year contract with Oil and Natural Gas Corporation ("ONGC"), an Indian state-owned oil and gas exploration and production company, for operations within an offshore area in India. The Olinda Star rig is on route to India and the operations are expected to commence by December 2017.

- In October, the Company signed an agreement to charter and render onshore drilling services for Zeus ÖL S.A., a Paraguayan company based in Asunción. The operation should start by year-end. The agreement is for the drilling of up to two wells in Paraguay using the onshore drilling rig QG-I.

THIRD QUARTER 2017 RESULTS

Net operating revenue decreased 25.1%, or US$ 73.3 million, year-over-year to US$ 218.7 million in 3Q17, primarily due to the expiration of the Alaskan Star and Alpha Star contract in November/16 and July/17, respectively, in addition to lower operating performance of our UDW fleet.

Average uptime of the UDW rigs decreased to 88% in 3Q17 from 96% in 3Q16 mainly due to an equipment failure on the Lone Star and Gold Star. The repairs were completed during the quarter. Average uptime of the midwater fleet was higher at 98% in 3Q17 compared with 97% in the third quarter of 2016.

The Company's offshore utilization decreased to 560 days in 3Q17 from 736 days in 3Q16. The reduction was due to the Alaskan Star's and Alpha Star's contract expirations. The onshore fleet was uncontracted during 3Q17.

Contract drilling expenses (operating costs excluding depreciation) decreased 9.5%, or US$ 8.0 million, to US$ 76.2 million in 3Q17. The decrease in operating costs was mostly due to a 7.6% year-over-year decline in payroll and charges and benefits, primarily reflecting the decrease in the number of employees in the offshore business following the expiration of two offshore rig contracts, in addition to a decrease in the number of employees in the onshore business.

General and administrative expenses decreased 30.1%, or US$ 3.4 million, year-over-year to US$ 7.9 million in 3Q17 versus 3Q16, reflecting the Company's efforts to reduce expenses.

Adjusted EBITDA decreased to US$ 138.3 million and the Adjusted EBITDA margin was 63.3%, compared with US$ 209.8 million and 71.9%, respectively in 3Q16. The reduction in 3Q17 Adjusted EBITDA was mainly due to the lower offshore fleet utilization following the expiration of Alaskan Star and Alpha Star contracts in November/16 and July/17, respectively, combined with lower operating performance for our UDW fleet.

Net financial expenses increased 13.3% year-over-year, or US$ 4.0 million, to US$ 33.9 million in 3Q17, primarily due to a US$ 7 million increase in financial expenses on loans and financings reflecting the new bond issued by the company during the last quarter.

Net income increased 138.3% year-over-year to US$ 50.0 million in 3Q17, compared to a net loss of US$ 130.4 million in 3Q16. Excluding non-cash losses related to Alaskan Star, the net income of the third quarter of 2016 was US$ 115.9 million and QGOG Constellation would have reported a 56.9% decrease year-over-year.

CASH FLOW & BALANCE SHEET HIGHLIGHTS

Adjusted cash flow provided by operating activities, which excludes the impact of decreased short-term investments, totaled US$ 120.0 million during 3Q17, compared to US$ 194.2 million in 3Q16. The reduction is mainly due to lower Adjusted EBITDA.

Net cash used in investing activities (acquisition of property, plant and equipment) totaled US$ 18.2 million in 3Q17, compared to US$ 16.4 million in 3Q16. The increase is related to the purchase of equipment required related to the 5-year survey of Amaralina Star which stopped to the survey in November/17.

Total cash (which includes cash and cash equivalents, short-term investments and restricted cash) decreased to US$ 277.8 million as of September 30, 2017, compared to US$ 420.4 million as of June 30, 2017, reflecting the amortization of debt in the third quarter of 2017, which includes the payment of the US$ 128 million outstanding debt on the Alpha Star facility at maturity. Available cash, free of liens, was US$ 159.6 million at the end of the third quarter.

Total debt decreased US$ 209.8 million to US$ 1.7 billion as of September 30, 2017, compared to June 30, 2017, reflecting the debt amortization.

Net debt decreased US$ 67.2 million to US$ 1.5 billion as of September 30, 2017, compared to June 30, 2017.

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.

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QGOG Constellation– Financial and Operating Highlights

	For the three-month period ended September 30, (unaudited)		For the nine-month period ended September 30, (unaudited)	
	2017	**2016**	**2017**	**2016**
Statement of Operations Data:	*(in millions of $, except per share data)*			
Net operating revenue	218.7	291.9	725.9	859.9
Operating Costs	(133.5)	(143.7)	(397.8)	(410.3)
Gross profit	85.1	148.2	328.1	449.6
General and administrative expenses	(7.9)	(11.3)	(23.6)	(32.5)
Other operating income (expenses), net	(0.8)	(238.6)	(2.2)	(229.3)
Operating profit	76.5	(101.8)	302.3	187.7
Financial expenses, net	(33.9)	(30.0)	(88.4)	(91.6)
Share of results of investments	4.3	4.7	17.3	(1.4)
Profit before taxes	46.9	(127.0)	231.1	94.7
Taxes	3.1	(3.4)	1.1	(11.6)
Profit for the period	50.0	(130.4)	232.2	83.1
Profit per share:				
Basic	0.23	(0.72)	1.16	0.34
Diluted	0.23	(0.72)	1.16	0.34
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 September 30, (unaudited)		For the nine-month period ended September 30, (unaudited)	
	2017	**2016**	**2017**	**2016**
Other Financial Information:	*(in millions of $)*			
Profit for the period/year	50.0	(130.4)	232.2	83.1
(+) Financial expenses, net	33.9	30.0	88.4	91.6
(+) Taxes	(3.1)	3.4	(1.1)	11.6
(+) Depreciation	57.5	59.8	172.3	177.9
EBITDA (1)	138.3	(37.3)	491.8	364.2
EBITDA margin (%) (2)	63.3%	-12.8%	67.8%	42.4%
(+) Non-cash adjustments (3)	-	247.1	-	259.9
Adjusted EBITDA (1)	138.3	209.8	491.8	624.1
Adjusted EBITDA margin (%) (2)	63.3%	71.9%	67.8%	72.6%

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(1) EBITDA is a non-GAAP measure prepared by us and 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. Adjusted EBITDA is also a non-GAAP measure prepared by us and consists of: net income, plus net financial expenses taxes, depreciation and some specified non cash adjustments.

(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. Adjusted EBITDA margin is calculated by dividing Adjusted EBITDA by net operating revenue for the applicable period.

(3) Non cash adjustments considers the impairment charges and inventory's write-off amounting to US$237.2 million and US$9.9 million, respectively, in the 3Q16, and a non-cash loss of US$12.8 million from asset impairments related to the share of results from its investments in the Sete Brasil project during 1Q16, whose shareholders agreed to file for judicial recovery procedure on April 20, 2016.

	As of September 30, (unaudited)	**As of December 31,** (audited)	
	2017	**2016**	**2015**
Statement of Financial Position:		*(in millions of $)*	
Cash and cash equivalents	110.1	293.2	154.8
Short-term investments	128.7	113.9	246.9
Restricted cash	39.0	43.2	21.7
Total assets	5,011.1	5,280.5	5,672.2
Total loans and financings	1,732.2	2,195.7	2,621.4
Total liabilities	2,245.3	2,752.3	3,223.8
Shareholders' equity	2,765.8	2,528.1	2,448.4
Net Debt	1,454.5	1,745.4	2,197.9

	For the nine-month period ended September 30, (unaudited)		**For the year ended December 31,** (audited)	
Statement of Cash Flows:	**2017**	**2016**	**2016**	**2015**
		(in millions of $)		
Cash flows provided/used in operating activities:				
Profit for the period	232.2	83.1	159.6	316.9
Adjustments to reconcile net income to net cash used in operating activities	207.9	508.8	594.5	387.2
Net income after adjustments to reconcile net income to net cash used in operating activities	440.1	591.9	754.1	704.1
Increase (decrease) in working capital related to operating activities	(19.6)	187.1	136.8	(196.6)
Cash flows provided by operating activities	420.5	779.0	890.9	507.5
Cash flows used in investing activities	(41.3)	(56.2)	(71.9)	(483.8)
Cash flows provided by (used in) financing activities	(562.1)	(497.8)	(681.0)	(16.5)
Increase (decrease) in cash and cash equivalents	(183.0)	224.9	138.0	7.2

Non-GAAP Adjusted Cash Flows:	For the nine-month period ended September 30, (unaudited) 2017	2016	For the year ended December 31, (audited) 2016	2015
	(in millions of $)			
Cash flows provided/used in operating activities..	420.5	779.0	890.9	507.5
Impact of short-term investments	(14.2)	203.6	136.2	(172.1)
Adjusted cash flows provided by operating activities..	434.6	575.4	754.7	679.6

Fleet summary report

Offshore Rig	% Interest	Type	Water Depth (ft)	Delivery Date	Dayrate [4] ($/day) September 30, 2017	Contract Expiration Date
Ultra-deepwater						
Alpha Star [5]	100%	DP; SS	9,000	July 2011	-	-
Lone Star	100%	DP; SS	7,900	April 2011	400,148	March 2018
Gold Star	100%	DP; SS	9,000	February 2010	483,394	February 2018
Amaralina Star [1]	55%	DP drillship	10,000	September 2012	423,978	September 2018
Laguna Star [1]	55%	DP drillship	10,000	November 2012	423,978	November 2018
Brava Star	100%	DP drillship	12,000	August 2015	572,561	August 2018
Deepwater						
Olinda Star [3]	100%	Moored; SS	3,600	August 2009 [2]	-	December 2020
Midwater						
Atlantic Star	100%	Moored; SS	2,000	February 2011 [2]	294,446	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 April 25, 2017, the Company announced that Olinda Star was awarded a three-year contract with Oil and Natural Gas Corporation ("ONGC"), an Indian state-owned oil and gas exploration and production company, for operations within an offshore area in India. The Olinda Star rig is on route to India and the operations are expected to commence by December 2017.

(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.

(5) On July 8, 2017, the Alpha Star offshore drilling charter and service rendering agreements with Petrobras expired. Therefore, the company decided to maintain the Alpha rig under preservation at Rio de Janeiro.

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) In October, the Company signed an agreement to charter and render onshore drilling services for Zeus ÖL S.A. The operation should start by year-end. The agreement is for the drilling of up to two wells in Paraguay using the onshore drilling rig QG-I.

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
Cidade de Maricá	Operating	5%	150,000	1,600,000	February 2016	February 2036	5,348.0
Cidade de Saquarema	Operating	5%	150,000	1,600,000	July 2016	July 2036	5,273.0

(2) The total contract amount refers to 100% of the amounts to be paid under both the charter and corresponding services contract.

Backlog (1)

	2017	2018	2019	2020	2021–2036	Total	%
Ultra-deepwater	212.0	435.5	-	-	-	647.5	27.0%
Deepwater.............	19.8	42.4	42.4	32.9	-	137.6	5.7%
Midwater	27.1	59.5	-	-	-	86.6	3.6%
FPSOs...................	27.1	107.4	107.4	107.7	1,176.0	1,525.5	63.6%
Onshore	-	-	-	-	-	-	-
Total....................	**285.9**	**644.8**	**149.8**	**140.6**	**1,176.0**	**2,397.1**	**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 September 30,		% Change	For the nine-month period ended September 30,		% Change
	2017	2016	2017/ 2016	2017	2016	2017/ 2016
Net revenue per asset type:	*(in millions of $)*			*(in millions of $)*		
Ultra-deepwater	188.6	236.0	-20.1%	636.3	684.9	-7.1%
Deepwater	4.1	4.2	-3.2%	4.1	8.2	-50.8%
Midwater	25.8	50.9	-49.3%	78.1	150.2	-48.0%
Onshore rigs	0.2	0.1	+152.6%	7.5	12.9	-42.0%
Other	-	0.7	-101.2%	-	3.7	-100.3%
Total	218.7	291.9	-25.1%	725.9	859.9	-15.6%

Operating Statistics

	For the three-month period ended September 30,		For the nine-month period ended September 30,	
	2017	2016	2017	2016
Uptime by asset type (1)**:**	*(%)*		*(%)*	
Ultra-deepwater	88	96	90	96
Deepwater	-	-	-	-
Midwater	98	97	99	98
Onshore rigs	-	-	99	99

	For the three-month period ended September 30,		Change	For the nine-month period ended September 30,		Change
	2017	2016	2017/ 2016	2017	2016	2017/ 2016
Utilization days (2)**:**	*(in days)*			*(in days)*		
Ultra-deepwater	468	552	(84)	1,554	1,633	(79)
Deepwater	-	-	-	-	-	-
Midwater	92	184	(92)	273	548	(275)
Onshore rigs	-	-	-	136	282	(146)
Total	560	736	(176)	1,963	2,463	(500)

(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 consider the impact of scheduled maintenance, reflecting the days without revenue related to planned upgrades and surveys.