QGOG Constellation S.A. Reports
First Quarter 2017 Results

Luxembourg, May 19, 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 results for the first quarter ended March 31, 2017.

HIGHLIGHTS

- Net operating revenue decreased 7.6% year-over-year to US$ 257.8 million in 1Q17;
- Revenues from ultra-deepwater (UDW) rigs represented 88.6% of total net revenues in 1Q17, up from 80.2% in 1Q16;
- Adjusted EBITDA totaled US$179.2 million and the Adjusted EBITDA margin was 69.5% in 1Q17. The result compares with Adjusted EBITDA of US$202.8 million and an Adjusted EBITDA margin of 72.7% in 1Q16, excluding non-cash losses of US$ 12.8 million;
- Net income was stable year-over-year at US$ 92.7 million in 1Q17;
- The total backlog as of March 31, 2017 was US$2.9 billion of which US$1.3 billion relates to the Company´s operational offshore fleet;
- Average uptime for the UDW fleet was lower year-over-year at 95% in 1Q17, compared with 97% in 1Q16.

RECENT DEVELOPMENTS

- On April 3, 2017, the Company announced an exchange offer ("the Exchange Offer") for any and all of its outstanding 6.250% Senior Notes due 2019 for newly issued 8.500% Senior Notes due 2024. The purpose of the Exchange Offer is to provide the Company with flexibility to navigate industry headwinds by extending the maturity profile of the Existing Notes, thereby facilitating the refinancing of the remainder of its debt and better aligning the Company's balance sheet with the anticipated recovery in industry conditions.

- On April 25, 2017, the Company announced that its deepwater rig, Olinda Star, was awarded a three-year contract with Oil and Natural Gas Corporation, India's largest oil and gas exploration and production company, for operations within the Krishna-Godavari Basin, which is located offshore of India. Subject to certain conditions, the Company expects that the contract will be signed in May 2017, with operations commencing by October 2017.

FIRST QUARTER 2017 RESULTS

Net operating revenue decreased 7.6%, or US$ 21.1 million, year-over-year to US$ 257.8 million in 1Q17, primarily due to the expiration of the Alaskan Star contract in mid-November. The decrease in revenue was partially offset by the 19.4% year-over-year depreciation of the average exchange rate of the U.S. dollar against the Brazilian Real.

Average uptime of the UDW rigs decreased to 95% in 1Q17 from 97% in 1Q16 mainly due to an equipment failure on the Amaralina Star in January. Average uptime of the midwater fleet was 100% in 1Q17 compared with 97% in the first quarter of 2016.

The Company's offshore utilization decreased to 630 days in 1Q17 from 728 days in 1Q16. The reduction was due to the Alaskan Star's contract expiration in November 2016. Onshore fleet utilization decreased to 47 days in 1Q17 from 182 days in 1Q16.

Contract drilling expenses (operating costs excluding depreciation) increased 5.3%, or US$ 3.7 million, to US$ 74.0 million in 1Q17. The increase in operating costs was mostly due to the appreciation of the Brazilian Real against the U.S dollar. Excluding the appreciation of the BRL, operating expenses would have decreased 10.6% year-over-year. The year-over-year increase in operating expenses was partially offset by the expiration of the Alaskan Star contract and lower onshore utilization.

General and administrative expenses decreased US$ 1.9 million year-over-year to US$ 7.8 million in 1Q17 versus 1Q16, reflecting the Company's efforts to reduce expenses and the absence of non-recurring events registered in 1Q16. The year-over-year decrease in G&A expenses was partially offset by the appreciation of the Brazilian Real against the U.S. dollar.

Adjusted EBITDA decreased to US$179.2 million and the Adjusted EBITDA margin was 69.5%, compared with US$ 202.8 million and 72.7%, respectively in 1Q16. The reduction in 1Q17 Adjusted EBITDA was mainly due to lower fleet utilization following the expiration of the Alaskan Star contract, combined with lower utilization on the Company's onshore fleet.

Net financial expenses decreased 12.4% year-over-year, or US$ 3.8 million, to US$ 27.1 million in 1Q17, primarily due to a US$ 2.1 million decrease in financial expenses on loans and financings reflecting lower year-over-year debt outstanding.

Net income was stable at US$ 92.7 million in 1Q17.

CASH FLOW & BALANCE SHEET HIGHLIGHTS

Adjusted cash flow provided by operating activities, which excludes the impact of decreased short-term investments, totaled US$ 157.2 million during 1Q17, compared to US$ 192.0 million in 1Q16. The reduction is mainly due to lower Adjusted EBITDA.

Net cash used in investing activities (acquisition of property, plant and equipment) totaled US$ 15.2 million in 1Q17, compared to US$ 16.1 million in 1Q16.

Total cash (which includes cash and cash equivalents, short-term investments and restricted cash) increased to US$ 462.6 million as of March 31, 2017, compared to US$ 450.3 million as of December 31, 2016. Available cash, free of liens, was US$ 351.0 million at the end of the first quarter.

Total debt decreased US$ 95.3 million to US$ 2.1 billion as of March 31, 2017, compared to December 31, 2016, reflecting the amortization of debt in the first quarter of 2017.

Net debt decreased US$ 107.6 million to US$ 1.6 billion as of March 31, 2017, compared to December 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.

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QGOG Constellation– Financial and Operating Highlights

	For the three–month period ended March 31, (unaudited)		For the year ended December 31, (audited)	
	2017	2016	2016	2015
Statement of Operations Data:	*(in millions of $, except per share data)*			
Net operating revenue	257.8	278.9	1,119.7	1,057.6
Operating Costs	(131.2)	(128.6)	(538.3)	(535.7)
Gross profit	126.2	150.3	581.4	521.9
General and administrative expenses	(7.8)	(9.7)	(44.2)	(43.9)
Other operating income (expenses), net	0.5	0.1	(249.7)	(52.3)
Operating profit	119.2	140.7	287.6	425.7
Financial expenses, net	(27.1)	(30.9)	(118.7)	(108.1)
Share of results of investments	2.6	(9.2)	3.4	23.6
Profit before taxes	94.7	100.6	172.2	341.2
Taxes	(2.1)	(8.2)	(12.6)	(24.2)
Profit for the period	92.7	92.3	159.6	316.9
Profit per share:				
Basic	0.47	0.45	0.73	1.56
Diluted	0.47	0.45	0.73	1.56
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 March 31, (unaudited)		For the year ended December 31, (audited)	
	2017	2016	2016	2015
Other Financial Information:	*(in millions of $)*			
Profit for the period/year	92.7	92.3	159.6	316.9
(+) Financial expenses, net	27.1	30.9	118.7	108.1
(+) Taxes	2.1	8.2	12.6	24.2
(+) Depreciation	57.4	58.5	233.8	207.3
EBITDA (1)(4)	179.2	190.0	524.8	656.5
EBITDA margin (%) (2)(4)	69.5%	68.1%	46.9%	62.1%
(+) Non-cash adjustments (3)(4)	-	12.8	280.7	63.1
Adjusted EBITDA (1)(4)	179.2	202.8	805.5	719.6
Adjusted EBITDA margin (%) (2)(4)	69.5%	72.7%	71.9%	68.0%

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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) In 1Q16, the Company recognized 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 whose shareholders agreed to file for judicial recovery procedure on April 20.

(4) Unaudited financial information for the years ended December 31, 2016 and 2015.

	As of March 31, (unaudited)	**As of December 31,** (audited)	
	2017	**2016**	**2015**
Statement of Financial Position:		*(in millions of $)*	
Cash and cash equivalents	195.6	293.2	154.8
Short-term investments	234.3	113.9	246.9
Restricted cash	32.7	43.2	21.7
Total assets	5,263.3	5,280.5	5,672.2
Total loans and financings	2,100.4	2,195.7	2,621.4
Total liabilities	2,637.8	2,752.3	3,223.8
Shareholders' equity	2,625.5	2,528.1	2,448.4
Net Debt	1,637.8	1,745.4	2,197.9

	For the three-month period ended March 31, (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	92.7	92.3	159.6	316.9
Adjustments to reconcile net income to net cash used in operating activities	72.5	105.2	594.5	387.2
Net income after adjustments to reconcile net income to net cash used in operating activities	165.1	197.5	754.1	704.1
Decrease (increase) in working capital related to operating activities	(127.6)	(9.6)	136.8	(196.6)
Cash flows provided by operating activities	37.5	187.9	890.9	507.5
Cash flows used in investing activities	(15.2)	(22.1)	(71.9)	(483.8)
Cash flows provided by (used in) financing activities	(119.5)	(95.6)	(681.0)	(16.5)
Increase (decrease) in cash and cash equivalents	(97.2)	70.1	138.0	7.2

Non-GAAP Adjusted Cash Flows:	For the three-month period ended March 31, (unaudited) 2017	2016	For the year ended December 31, (audited) 2016	2015
	(in millions of $)			
Cash flows provided/used in operating activities..	37.5	187.9	890.9	507.5
Impact of short-term investments	(119.8)	(4.1)	136.2	(172.1)
Adjusted cash flows provided by operating activities...	157.3	192.0	754.7	679.6

Fleet summary report

Offshore Rig	% Interest	Type	Water Depth (ft)	Delivery Date	Dayrate [4] ($/day) March 31, 2017	Contract Expiration Date
Ultra-deepwater						
Alpha Star	100%	DP; SS	9,000	July 2011	433,699	July 2017
Lone Star	100%	DP; SS	7,900	April 2011	402,512	March 2018
Gold Star	100%	DP; SS	9,000	February 2010	487,127	February 2018
Amaralina Star [1]	55%	DP drillship	10,000	September 2012	424,712	September 2018
Laguna Star [1]	55%	DP drillship	10,000	November 2012	424,712	November 2018
Brava Star	100%	DP drillship	12,000	August 2015	576,546	August 2018
Deepwater						
Olinda Star [3]	100%	Moored; SS	3,600	August 2009 [2]	-	-
Midwater						
Atlantic Star	100%	Moored; SS	2,000	February 2011 [2]	294,442	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's deepwater rig, Olinda Star, was awarded a three-year contract with Oil and Natural Gas Corporation, India's largest oil and gas exploration and production company, for operations within the Krishna-Godavari Basin, which is located offshore of India. Subject to certain conditions, QGOG expects that the contract will be signed in May 2017, with operations commencing by October 2017. In addition, on April 25, 2017, we notified Karoon Petróleo e Gás Ltda. that Olinda Star has been awarded a three-year contract for operations within an offshore area in India. We are currently discussing the terms of its existing charter and services agreement with Karoon.

(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	Rosneft	June 2017
QG-IX	Heli-portable; 1600HP	14,800	-	-

(1) The onshore fleet was uncontracted during 4Q16. On October 03, 2016, the Group signed an agreement to charter the onshore drilling rig QG-VIII and render drilling services for Rosneft Brasil E&P Ltda. ("Rosneft"), and thus the mobilization started on January 09, 2017. The purpose of the agreements is to drill one oil well in the Solimões Basin (Brazil), using the onshore drilling rig QG-VIII under a 170 days minimum term as from February 12, 2017, the commencement day. The agreements can be extended by two periods of one year by mutual agreement between the parties.

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

(1) 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	680.2	437.2	-	-	-	1,117.4	39.1%
Deepwater.............	17.2	-	-	-	-	17.2	0.6%
Midwater	81.0	59.5	-	-	-	140.4	4.9%
FPSOs...................	80.5	106.8	106.8	107.1	1,172.6	1,573.9	55.1%
Onshore	5.6	-	-	-	-	5.6	0.2%
Total....................	**864.4**	**603.6**	**106.8**	**107.1**	**1,172.6**	**2,854.5**	**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 March 31,		% Change	For the year ended December 31,		% Change
	2017	2016	2017/ 2016	2016	2015	2016/ 2015
Net revenue per asset type:	*(in millions of $)*			*(in millions of $)*		
Ultra-deepwater................................	228.3	223.8	2.0%	902.7	747.4	20.8%
Deepwater	-	-	-	12.4	55.8	-77.8%
Midwater	26.0	47.4	-45.1%	187.9	193.6	-2.9%
Onshore rigs	3.5	5.9	-41.5%	12.9	46.9	-72.5%
Other	-	1.9	-100.0%	3.9	14.0	-72.4%
Total	257.8	278.9	-7.6%	1,119.7	1,057.6	5.9%

Operating Statistics

	For the three-month period ended March 31,		For the year ended December 31,	
	2017	2016	2016	2015
Uptime by asset type [1]:	*(%)*		*(%)*	
Ultra-deepwater	95	97	95	96
Deepwater................................	-	-	-	76
Midwater	100	97	98	95
Onshore rigs	99	100	99	99

	For the three-month period ended March 31,		Change	For the year ended December 31,		Change
	2017	2016	2017/ 2016	2016	2015	2016/ 2015
Utilization days [2]:	*(in days)*			*(in days)*		
Ultra-deepwater	540	546	(6)	2,171	1,945	226
Deepwater	-	-	-	-	299	(299)
Midwater	90	182	(92)	684	730	(46)
Onshore rigs	47	182	(135)	282	1,437	(1,155)
Total	677	910	(233)	3,137	4,411	(1,274)

(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.