QGOG Constellation S.A. Reports
Fourth Quarter and Full-Year 2013 Results

Luxembourg, April 17, 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 fourth quarter and full year 2013 results.

2013 HIGHLIGHTS

- Net operating revenue increased 33.8% year-over-year to US$1.1 billion in FY13.
- Revenues from ultra-deepwater (UDW) rigs represented 61.5% of total net revenues in 2013, up from 50.3% in 2012.
- EBITDA increased to US$637.0 million and the EBITDA margin expanded to 59.0%.
- Net income increased 135.1% year-over-year to US$308.5 million in FY13.
- Average uptime of the UDW rigs was 94% in 2013.
- The total backlog as of December 31, 2013 was US$9.8 billion, 3.9 times net debt.

FOURTH QUARTER HIGHLIGHTS

- Net operating revenue increased 20.7%, or US$47.8 million, to US$278.6 million.
- EBITDA increased to US$151.5 million and EBITDA margin increased to 54.4%, from US$116.0 million and 50.3% in 4Q12, in line with the expansion of the UDW fleet
- Net income increased 371.1% year-over-year to US$93.7 million
- Average uptime of the UDW rigs was 96% in 4Q13
- Second milestone payment of US$119.6 million made for Brava Star, the new UDW drillship under construction at SHI

RECENT DEVELOPMENTS

- On March 21, 2014, the Group signed an agreement to charter and render drilling services for President Energy PLC for a 210-day term. The purpose of the contract is to drill two wells in Paraguay, using the onshore drilling rig QG-I. Operations are expected to start in May, 2014.
- In December, the hull of Urca, a UDW semisubmersible arrived in Brazil. The construction will be concluded at Brasfels, a Keppel Fels shipyard in Angra dos Reis. QGOG owns a 15% equity interest through a strategic partnership with Sete Brasil, and will be the sole operator.
- In December, FPSO Cidade de Ilhabela arrived in Brazil for the integration of the process modules, the final phase of its construction. Delivery is expected to occur in 3Q2014.

MANAGEMENT COMMENTARY ON 2013 RESULTS

Net income more than doubled in 2013 due to EBITDA and margin expansion, combined with a double-digit increase in revenue. Strong year-over-year earnings growth reflected the commencement of operations of two new drillships in the second half of 2012 and improved operational performance, alongside a continued focus on cost control.

The US$300 million equity injection from CIPEF and the Queiroz Galvão family further strengthens the Company's capital structure. The proceeds will be used to fund current and new investments, such as the ultra-deepwater drillship Brava Star, underpinning the Company's continued strong growth prospects. In relation to Brava Star, we are participating in ongoing tenders and are well positioned to capture a contract in the coming months. Moreover, in our partnerships in the FPSO business, we also achieved important milestones with the operational commencement of Cidade de Paraty in June and P-63 (Papa Terra) in July. In addition, we signed charter and operation contracts for the FPSOs Cidade de Maricá and Cidade de Saquarema, with delivery expected by end 2015 and early 2016, respectively. During the year, QGOG partnered with global industry leaders, performing services for Shell and currently has a contract to drill in Paraguay in the near future for the independent exploration and production company, President Energy.

FOURTH QUARTER AND FULL YEAR 2013 RESULTS

Net operating revenue increased 20.7%, or US$47.8 million, to US$278.6 million in the 4Q13 when compared to the same period of 2012. This increase mainly reflects the commencement of operations of Amaralina Star and Laguna Star on September 19 and November 20, 2012, respectively, which contributed US$26.9 million to the increase in 4Q13 revenue. Average uptime of the UDW rigs increased to 96% in 4Q13 from 91% in 4Q12. Deepwater rig uptime increased to 100% in 4Q13 from 87% in 4Q12. Average uptime of the midwater rigs was stable year-over-year at 99% in 4Q13. Onshore rig uptime was stable year-over-year at 99% in 2013. As a result of the commencement of operations of Laguna Star in 4Q12, the Company's total offshore utilization days increased by 50 to 460 days in 4Q13, when compared to the same period of 2012.

Net operating revenue increased 33.8%, or US$272.6 million, to US$1.1 billion in 2013 when compared to 2012. This increase mainly reflects the commencement of operations of Amaralina Star and Laguna Star in the second half of 2012, which contributed US$234.9 million to the increase in 2013 revenues. In addition, the increase in net revenues in 2013 reflects higher uptime of the offshore fleet.

Operating costs increased 11.7%, or US$17.3 million, to US$164.8 million in 4Q13 when compared to 4Q12. Contract drilling expenses (operating costs excluding depreciation and amortization) rose 18.9%, or US$18.7 million, to US$117.7 million. The increase in operating costs primarily reflects the commencement of operations of Amaralina Star and Laguna Star. Payroll, charges and benefits increased US$6.3 million, mainly due to the expansion of the Company's fleet. For the same reason, materials and maintenance rose US$4.9 million and US$4.7 million, respectively, in the same period.

General and administrative expenses decreased to US$13.7 million in 4Q13 from US$18.2 million in 4Q12, mainly due to a revision in the calculation of the provision for employee profit sharing, which occurred in the 4Q12.

EBITDA increased to US$151.5 million and EBITDA margin increased to 54.4% in 4Q13, from US$116.0 million and 50.3%, respectively, in 4Q12. The improvement in EBITDA was mainly driven by the expansion of the Company's UDW operations and improved operational performance on certain units.

In 2013, EBITDA increased to US$637.0 million and EBITDA margin expanded to 59.0%, from US$441.6 million and 54.7%, respectively, in 2012. The improvement reflects the same factors that underpinned fourth quarter results, combined with a gain of US$ 32.6 million due to the financial leasing treatment of the charter agreement for FPSO Cidade de Paraty in 2Q13. Excluding this one off gain, EBITDA would have increased to US$604.4 million and EBITDA margin would have expanded to 56.0% in 2013.

Net financial expenses decreased 87.8% year-over-year, or US$36.7 million, to US$5.1 million in 4Q13, mainly due to the positive effect of the changes in the fair value of derivative contracts related to the Amaralina Star and Laguna Star (see Note 18 - "Derivatives" of the Financial Statements for the accounting treatment of derivative contracts).

Net income increased 371.1% year-over-year to US$93.7 million in 4Q13 compared to US$19.9 million in 4Q12.

CASH FLOW & BALANCE SHEET HIGHLIGHTS

Adjusted cash flow provided by operating activities, excluding the impact of increased short-term investment and reduced restricted cash, totaled US$154.2 million in 4Q13, compared to adjusted cash flow of US$122.2 million in the same period of 2012. The increase mainly reflects the commencement of operations of Laguna Star in November, 2012.

Capital expenditures recorded as cash flow used in investing activities totaled US$139.9 million in 2013, compared to US$1.0 billion in 2012. In October 2013, the Company made, through one of its subsidiaries, a second milestone payment of US$119.6 million for Brava Star, the new UDW drillship under construction at SHI. The decrease is explained by the milestone payment in connection with the delivery of Amaralina Star and Laguna Star, amounting to US$930.8 million in 2Q12. Additionally, the Company recorded capital contributions to investments in the amount of US$73.3 million in 2013 compared to US$67.3 million in 2012.

Total cash (which includes cash and cash equivalents, short-term investments and restricted cash) increased to US$539.6 million as of December 31, 2013 compared to US$458.3 million as of December 31, 2012. This increase mainly reflects the equity contribution totaling US$300 million concluded in September 2013, partially offset by the investing activities in the period.

As of December 31, 2013, total debt was US$3.0 billion, consisting of US$609.9 million of short-term debt and US$2.4 billion of long-term debt. Total debt decreased US$412.3 million in 2013, reflecting amortization in the period. Net debt decreased to US$2.5 billion as of December 31, 2013, mainly reflecting the cash generation and the equity contribution in the period.

In relation to our investments in FPSOs, on April 2, 2014, SBM Offshore N.V., the parent company of SBM Holding Inc. (one of QGOG Constellation's partners included in associates and joint venture investments in FPSO projects), announced through a press release the results of an internal investigation carried out by third party experts that no credible evidence had been found with regards to alleged improper sales practices. Other related governmental investigations remain ongoing. See Note 12 – "Investments" for further information.

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 December 31, (unaudited)		For the year ended December 31, (audited)	
	2013	2012	2013	2012
Statement of Operations Data:	*(in millions of $, except per share data)*			
Net operating revenue	278.6	230.7	1,079.3	806.7
Operating Costs	(164.8)	(147.6)	(623.9)	(490.0)
Gross profit	113.7	83.2	455.4	316.7
General and administrative expenses	(13.7)	(18.2)	(52.2)	(49.7)
Other operating expenses, net	0.8	0.7	0.2	2.5
Operating profit	100.8	65.7	403.4	269.5
Financial expenses, net	(5.1)	(41.8)	(125.8)	(136.0)
Share of results of investments	3.2	1.4	42.0	3.8
Profit (loss) before taxes	99.0	25.3	319.6	137.3
Taxes	(5.3)	(5.4)	(11.1)	(6.1)
Profit (loss) for the period	93.7	19.9	308.5	131.2
Profit (loss) per share:				
Basic	0.50	0.12	1.74	0.77
Diluted	0.50	0.12	1.74	0.77
Weighted average common shares outstanding (thousands of common shares):				
Basic	189,227	170,477	176,539	170,477
Diluted	189,227	170,477	176,539	170,477

	For the three–month period ended December 31, (unaudited)		For the year ended December 31, (unaudited)	
	2013	2012	2013	2012
Other Financial Information:	*(in millions of $)*			
Profit (loss) for the period/year	93.7	19.9	308.5	131.2
(+) Financial expenses, net	5.1	41.8	125.8	136.0
(+) Taxes	5.3	5.4	11.1	6.1
(+) Depreciation	47.4	48.9	191.6	168.3
EBITDA(1)(2)	151.5	116.0	637.0	441.6
EBITDA margin (%) (3)	*54.4%*	*50.3%*	*59.0%*	*54.7%*

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(1) Excluding FPSO Cidade de Paraty one-off gain of US$ 32.6 million in 2Q13, EBITDA would have reached US$604.4 million (56.0% EBITDA margin) in 2013.

(2) 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.

(3) 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 December 31, 2013	2012	2011
	(in millions of $)		
Cash and cash equivalents	217.5	219.6	188.9
Short-term investments	283.4	213.2	138.7
Restricted cash	38.7	25.5	26.3
Total assets	5,497.2	5,309.2	4,734.1
Total loans and financings	3,003.3	3,415.5	2,440.5
Total liabilities	3,592.3	4,026.5	3,611.7
Shareholders' equity	1,904.9	1,282.7	1,122.4
Net Debt	2,463.7	2,957.2	2,086.6

Statement of Cash Flows:	For the year ended December 31, 2013	2012	2011
	(in millions of $)		
Cash flows provided by (used in) operating activities:			
Net income (loss) for the year	308.5	131.2	(43.5)
Adjustments to reconcile net income (loss) to net cash provided by operating activities	307.9	297.2	260.7
Net income after adjustments to reconcile net income (loss) to net cash provided by operating activities	616.4	428.4	217.2
Decrease in working capital related to operating activities	(106.7)	(125.2)	(99.3)
Cash flows provided by operating activities	509.7	303.2	117.9
Cash flows used in investing activities	(216.0)	(1,136.3)	(277.8)
Cash flows provided by (used in) financing activities	(294.0)	864.0	262.4
Increase (decrease) in cash and cash equivalents	(0.2)	30.8	102.5

Non-GAAP Adjusted Cash Flows:	For the year ended December 31, 2013	2012	2011
	(in millions of $)		
Cash flows provided/used in operating activities	509.7	303.2	117.9
Impact of short-term investments	(73.4)	(75.9)	(131.8)
Impact of restricted cash	-	14.2	3.3
Adjusted cash flows provided by operating activities	583.1	364.8	246.4

Fleet summary report

Offshore Rig	% Interest	Type	Water Depth (ft)	Delivery Date	Dayrate ($/day) December 31, 2013(3)	Contract Expiration Date
Ultra-deepwater						
Alpha Star	100%	DP; SS	9,000	July 2011	428,424	July 2017
Lone Star	100%	DP; SS	7,900	April 2011	338,598	March 2018
Gold Star	100%	DP; SS	9,000	February 2010	351,730	February 2015
Amaralina Star (1)	55%	DP drillship	10,000	September 2012	419,547	September 2018
Laguna Star (1)	55%	DP drillship	10,000	November 2012	419,547	November 2018
Urca	15%	DP; SS	10,000	July 2016	517,306	July 2031
Bracuhy	15%	DP; SS	10,000	January 2018	521,255	January 2033
Mangaratiba	15%	DP; SS	10,000	May 2019	525,200	May 2034
Brava Star	100%	DP drillship	12,000	January 2015	No Contract	No Contract
Deepwater						
Olinda Star	100%	Moored; SS	3,600	August 2009	293,383	August 2014
Midwater						
Alaskan Star	100%	Moored; SS	1,700	December 2010 (2)	305,673	November 2016
Atlantic Star	100%	Moored; SS	2,000	February 2011 (2)	293,917	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) Dayrates reflect 100% of the charter and corresponding service contract dayrates and include the applicable performance bonus under each contract. We are eligible for (i) an up to 10% performance bonus with respect to each of our Alpha Star, Amaralina Star, Laguna Star and Olinda Star units, (ii) an up to 15% performance bonus with respect to each of our Urca, Bracuhy, Mangaratiba, Lone Star, Alaskan Star and Atlantic Star units and (iii) no performance bonus with respect to our Gold Star rig.

Onshore Rig	Type	Drilling Depth Capacity (ft)	Customer	Charter Expiration Date
QG-I	1600HP	16,500	President Energy	October 2014
QG-II	1600HP	16,500	Petrobras	January 2016(1)
QG-III	Heli-portable; 1200HP	11,500	Petrobras	April 2014
QG-IV	Heli-portable; 550HP	9,800	Petrobras	April 2014
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 2014
QG-VIII	Heli-portable; 1600HP	14,800	HRT	April 2015
QG-IX	Heli-portable; 1600HP	14,800	HRT	April 2015

(1) Subject to early termination from January 2015.

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	September 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 and no charter agreement exists.
(3) 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.
(4) 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	720.6	607.7	641.4	600.2	3,762.1	6,332.0	64.5%
Deepwater.............	62.6	0.0	0.0	0.0	0.0	62.6	0.6%
Midwater	218.8	218.8	204.4	107.2	59.1	808.3	8.2%
FPSOs	125.6	119.7	133.1	133.9	1,963.3	2,475.6	25.2%
Onshore	92.4	35.0	8.3	0.0	0.0	135.7	1.4%
Total....................	**1,220.0**	**981.2**	**987.2**	**841.3**	**5,784.5**	**9,814.2**	**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 December 31,		% Change	For the year ended December 31,		% Change
	2013	2012	2013/ 2012	2013	2012	2013/ 2012
Net revenue per asset type:	*(in millions of $)*			*(in millions of $)*		
Ultra-deepwater	174.8	130.2	34.3	663.7	405.4	63.7
Deepwater....................................	25.4	20.3	25.1	92.8	91.3	1.6
Midwater	52.1	52.5	(0.8)	210.6	193.2	9.0
Onshore rigs	23.9	26.2	(8.8)	102.3	113.3	(9.7)
Other	2.4	1.5	60.0	9.9	3.5	182.9
Total	278.6	230.7	20.8	1,079.3	806.7	33.8

Operating Statistics

Uptime by asset type:	For the three-month period ended December 31, 2013	2012	For the year ended December 31, 2013	2012
	(%)		(%)	
Ultra-deepwater	96	91	94	90
Deepwater	100	87	94	94
Midwater	99	100	99	93
Onshore rigs	99	98	99	99

	For the three-month period ended			
Uptime:	March 31, 2013	June 30, 2013	September 30, 2013	December 31, 2013
	(%)	(%)	(%)	(%)
Ultra-deepwater	93	94	94	96
Deepwater	90	89	96	100
Midwater	100	99	99	99
Onshore rigs	99	100	99	99

Utilization days (1):	For the three-month period ended December 31 2013	2012	Change 2013/ 2012	For the year ended December 31 2013	2012	Change 2013/ 2012
	(in days)			(in days)		
Ultra-deepwater	460	410	50	1,825	1,244	581
Deepwater	92	92	-	365	366	(1)
Midwater	184	184	-	730	732	(2)
Onshore rigs	736	828	(92)	3,184	3,294	(110)
Total	1,472	1,514	(42)	6,104	5,636	468

(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.