QGOG Constellation S.A. Reports
Second Quarter 2013 Results

Luxembourg, August 29, 2013– 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 three-month and six-month period ended June 30, 2013.

HIGHLIGHTS

- Net operating revenue increased 38.1% year-over-year to US$273.7 million in 2Q13;
- Revenues from ultra-deepwater (UDW) rigs represented 61.4% of total net revenues in 2Q13, up from 48.4% in 2Q12;
- EBITDA increased to US$189.6 million and EBITDA margin expanded to 69.3% in 2Q13, which includes a gain of US$32.6 million due to the financial leasing treatment of the charter agreement for FPSO Cidade de Paraty. Excluding this one-off gain, EBITDA would have increased to US$157.0 million and EBITDA margin would have expanded to 57.4% in 2Q13 from US$112.2 million and 56.6%, respectively, in 2Q12;
- Net income increased 157.0% year-over-year to US$101.7 million in 2Q13;
- The total backlog as of June 30, 2013 was US$10 billion, 3.6 times net debt;
- In July, 2013, QGOG Constellation entered into certain agreements with Capital International Private Equity Funds ("CIPEF") and the Queiroz Galvão family to provide a total equity contribution of US$ 300 million, consisting of US$250 million from CIPEF and US$50 million from Queiroz Galvão family. The equity injection is subject to certain conditions customary for a transaction of this nature, including the antitrust authority approval. The antitrust authority approval was published on August 19, 2013 and, under the Brazilian antitrust law, the parties must observe a waiting period of fifteen days from such publication to implement the transaction. The proceeds from the equity contribution are expected to be received by mid-September;
- The Company commenced operations of Shell Brasil's onshore rig QG-I in the São Francisco Basin, Brazil, in July, 2013;
- The Company signed, through its subsidiary Queiroz Galvão Óleo e Gás S.A., two contracts for charter and service agreements for two new FPSOs, Cidade de Maricá and Cidade de Saquarema, for the Consortium BM-S-11 operated by Petrobras, in July, 2013;
- FPSO Cidade de Paraty began first oil production at the Lula Field in the Santos Basin in June, 2013. The FPSO is the result of a partnership with SBM Offshore, Itochu and Nippon Yusen Kabushiki Kaisha. The first oil production occurred within the time scheduled by the consortium BM-S-11 formed by Petrobras S.A. (operator), BG E&P Brasil Ltda. and Petrogal Brasil S.A..

MANAGEMENT COMMENTARY ON FIRST HALF RESULTS

Second quarter earnings increased significantly year-over-year mainly due to two new drillships commencing operations in the second half of 2012, strong operating performance and margin expansion amid continued focus on cost control. These same factors underpinned a substantial rise in first half profitability. Net income increased 139.5% year-over-year in the first half, driven by a 41.3% rise in net operating revenue, together with a 47.9% increase in EBITDA and 250 basis points of margin expansion, excluding the gain on FPSO Cidade de Paraty.

The equity injection of $300 million from CIPEF and the Queiroz Galvão family will further strengthen the Company's capital structure and reinforce its position as a leading provider of offshore drilling and production services in Brazil. The proceeds will be used to fund current and new investments.

SECOND QUARTER 2013 RESULTS

Net operating revenue increased 38.1%, or US$75.5 million, to US$273.7 million in the 2Q13 when compared to the same period of 2012. This increase mainly reflects the commencement of operations of Amaralina Star and Laguna Star in the second half of 2012, which contributed US$72.8 million to the increase in 2Q13 revenues. Average uptime of the midwater rigs increased to an outstanding level of 99% average uptime in 2Q13 compared to 90% in 2Q12. Average uptime of the UDW rigs remained stable at 94%. Deepwater rig uptime decreased to 89% in 2Q13 from 95% in 2Q12, mainly due to equipment failure at the beginning of 2Q13. Onshore rigs maintained a stable uptime of 100% in 2Q13. As a result of the commencement of new rigs in 2012, the Company's total offshore utilization days increased by 182 to 728 days in 2Q13, when compared to the same period of 2012.

Operating costs increased 30.8%, or US$35.7 million, to US$151.6 million in 2Q13 when compared to 2Q12. Contract drilling expenses (operating costs excluding depreciation and amortization) increased 35.9%, or US$27.4 million, to US$103.8 million. The increase in operating costs was mostly due to the commencement of operations of Amaralina Star and Laguna Star. Payroll, charges and benefits increased by US$17.4 million, mainly explained by the expansion of the Company's fleet. For the same reason, depreciation, materials and maintenance also increased US$8.2 million, US$2.1 million and US$3.5 million, respectively, in the same period.

General and administrative expenses increased to US$14.3 million in 2Q13 from US$11.3 million in the 2Q12, primarily due to an increase in payroll, charges and benefits mainly explained by an increase in administrative headcount to support the expansion of the Company's operations.

EBITDA increased to US$189.6 million and EBITDA margin expanded to 69.3% in 2Q13, from US$112.2 million and 56.6%, respectively, in 2Q12. The improvement was mainly driven by the expansion of the Company's UDW operations, with two new drillships deployed during the second half of 2012. In addition, we had a gain of $32.6 million with the application of the equity method of accounting for the Company's 20% share in FPSO Cidade de Paraty results, which classified the charter agreement as a financial lease agreement. In accordance with IAS 17, it recognized the present value of the minimum lease payments of the 20-year charter agreement, with the corresponding recognition of the cost of the equipment at the start of operations (see Note 9 "Investments" of the Financial Statements). Excluding FPSO Cidade de Paraty positive impact, EBITDA would have increased to US$157.0 million and EBITDA margin would have expanded to 57.4% in 2Q13.

Net financial expenses increased 18.8% year-over-year, or US$6.0 million, to US$38.1 million in 2Q13. This increase reflects higher interest expense related to the US$700 million corporate bond issued in November 2012 and the financing of the Amaralina Star and Laguna Star rigs, as the interest expense was capitalized prior to the commencement of operation of these units. These factors were partially offset by lower interest expense on other project financings due to the amortization of these facilities over the year and lower derivative expenses.

Net income totaled US$101.7 million in 2Q13 compared to US$39.6 million in 2Q12. Excluding the FPSO Cidade de Paraty gain of US$32.6 million, net income would have been US$69.1 million in 2Q13.

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$150.4 million in 2Q13, compared to adjusted cash flow of US$97.5 million in the same period of 2012.

Adjusted cash flow provided by operating activities totaled US$282.8 million during 1H13, compared to adjusted cash flow of US$177.4 million in the same period of 2012. The increase mainly reflects rigs commencing operations in 2H2012, increased EBITDA and the positive impact of decreased trade and other receivables as a consequence of contract based VAT reimbursements during 1Q13.

Capital expenditures recorded as cash flow used in investing activities totaled US$8.0 million in 1H13, compared to US$56.2 million in 1H12. The decrease is explained by the delivery of two new units in 2H12 and lower capital expenditures associated with the new builds.

Total cash (which includes cash and cash equivalents, short-term investments and restricted cash) decreased to US$421.5 million as of June 30, 2013 compared to US$458.3 million as of December 31, 2012. This reduction mainly reflects the amortization of debt during the period.

As of June 30, 2013, total debt was US$3,215.0 million, consisting of US$561.6 million of short-term debt and US$2,653.4 million of long-term debt. Total debt decreased US$144.6 million and US$200.5 million in the last three and six-month periods, respectively, reflecting amortization in the period. As a result, net debt decreased US$88.5 million and US$163.7 million, respectively, to US$2,793.5 million.

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

Statement of Operations Data:	For the three–month period ended June 30, 2013	2012	For the six–month period ended June 30, 2013	2012
	(in millions of $, except per share data)			
Net operating revenue	273.7	198.2	532.5	376.8
Operating Costs	(151.6)	(115.9)	(303.2)	(233.0)
Gross profit	122.1	82.3	229.3	143.8
General and administrative expenses	(14.3)	(11.3)	(26.1)	(21.1)
Other operating expenses, net	0.3	0.7	(1.0)	0.5
Operating profit	108.1	71.7	202.2	123.2
Financial expenses, net	(38.1)	(32.1)	(79.4)	(59.0)
Share of results of investments	33.5	0.7	35.6	1.8
Profit (loss) before taxes	103.5	40.3	158.4	66.0
Taxes	(1.8)	(0.7)	(1.7)	(0.5)
Profit (loss) for the period	101.7	39.6	156.7	65.5
Profit (loss) per share:				
Basic	0.63	0.24	0.94	0.39
Diluted	0.63	0.24	0.94	0.39
Weighted average common shares outstanding (thousands of common shares):				
Basic	170,477	170,477	170,477	170,477
Diluted	170,477	170,477	170,477	170,477

Other Financial Information:	For the three–month period ended June 30, (unaudited) 2013	2012	For the six-month period ended June 30, (unaudited) 2013	2012
	(in millions of $)			
Profit (loss) for the period/year	101.7	39.6	156.7	65.5
(+) Financial expenses, net	38.1	32.1	79.4	59.0
(+) Taxes	1.8	0.7	1.7	0.5
(+) Depreciation	48.0	39.8	96.9	79.3
EBITDA(1)(2)	189.6	112.2	334.7	204.3
EBITDA margin (%) (3)	*69.3%*	*56.6%*	*62.9%*	*54.2%*

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(1) Excluding FPSO Cidade de Paraty one-off gain of R$ 32.6 million in 2Q13, EBITDA would have reached US$157.0 million (57.4% EBITDA margin) in 2Q13 and US$302.1 million (56.7% EBITDA margin) in the 1H13

(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 June 30, 2013	As of December 31, 2012	As of December 31, 2011
		(in millions of $)	
Cash and cash equivalents	138.4	219.6	188.9
Short-term investments	247.1	213.2	138.7
Restricted cash	36.0	25.5	26.3
Total assets	5,250.0	5,309.2	4,734.1
Total loans and financings	3,215.0	3,415.5	2,440.5
Total liabilities	3,775.5	4,026.5	3,611.7
Shareholders' equity	1,474.5	1,282.7	1,122.4

Statement of Cash Flows:	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012	For the year ended December 31, 2012	For the year ended December 31, 2011
		(in millions of $)		
Cash flows provided/used in operating activities:				
Net income (loss) for the period	156.8	65.5	131.2	(43.5)
Adjustments to reconcile net income (loss) to net cash used in operating activities	153.0	134.0	297.1	260.7
Net income after adjustments to reconcile net income (loss) to net cash used in operating activities	309.8	199.4	428.4	217.2
Increase in working capital related to operating activities	(63.4)	56.1	(125.2)	(99.3)
Cash flows provided by operating activities	246.4	255.5	303.2	117.9
Cash flows used in investing activities	(21.3)	(69.4)	(1,136.3)	(277.8)
Cash flows provided by (used in) financing activities	(306.8)	492.3	864.0	262.4
Increase (decrease) in cash and cash equivalents	(81.6)	678.4	30.8	102.4

Non-GAAP Adjusted Cash Flows:	For the six-month period ended June 30, 2013	For the six-month period ended June 30, 2012	For the year ended December 31, 2012	For the year ended December 31, 2011
		(in millions of $)		
Cash flows provided/used in operating activities	246.4	255.5	303.2	117.9
Impact of short-term investments	(36.4)	63.8	(75.9)	(131.8)
Impact of restricted cash	—	14.2	14.2	3.3
Adjusted cash flows provided by operating activities	282.8	177.4	364.8	246.4

Fleet summary report

Offshore Rig	% Interest	Type	Water Depth (ft)	Delivery Date	Dayrate ($/day) June 30, 2013 [3]	Contract Expiration Date
Ultra-deepwater						
Alpha Star	100%	DP; SS	9,000	July 2011	430,624	July 2017
Lone Star	100%	DP; SS	7,900	April 2011	346,559	March 2018
Gold Star	100%	DP; SS	9,000	February 2010	354,022	February 2015
Amaralina Star [1]	55%	DP drillship	10,000	September 2012	421,701	September 2018
Laguna Star [1]	55%	DP drillship	10,000	November 2012	421,701	November 2018
Urca	15%	DP; SS	10,000	July 2016	535,754	July 2031
Bracuhy	15%	DP; SS	10,000	January 2018	539,864	January 2033
Mangaratiba	15%	DP; SS	10,000	May 2019	543,982	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	291,856	August 2014
Midwater						
Alaskan Star	100%	Moored; SS	1,700	December 2010 [2]	305,704	November 2016
Atlantic Star	100%	Moored; SS	2,000	February 2011 [2]	293,947	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 onus 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	Shell	November 2013
QG-II	1600HP	16,500	Petrobras	January 2014
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 2014
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

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	Construction	20%	120,000	2,300,000	May 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] ..	Construction	—	140,000	2,200,000	July 2013	June 2016	89.1

(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.

Backlog[1]

	2013	2014	2015	2016	2017–2034	Total	%
Ultra-deepwater	363.3	720.7	607.1	637.6	4,352.4	6,681.1	67.1%
Deepwater.............	53.7	62.5	0.0	0.0	0.0	116.2	1.2%
Midwater...............	110.3	218.9	218.9	204.5	166.4	918.9	9.2%
FPSOs...................	51.3	126.8	120.5	113.2	1,685.5	2,097.3	21.1%
Onshore................	60.1	65.5	17.1	0.0	0.0	142.7	1.4%
Total....................	**638.8**	**1,194.3**	**963.5**	**955.3**	**6,204.3**	**9,956.3**	**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 June 30,		% Change	For the six-month period ended June 30,		% Change
	2013	**2012**	**2013/ 2012**	**2013**	**2012**	**2013/ 2012**
Net revenue per asset type:	*(in millions of $)*			*(in millions of $)*		
Ultra-deepwater	168.0	95.9	75.2	324.6	176.6	83.8
Deepwater....................................	22.9	23.4	(2.1)	44.1	47.5	(7.2)
Midwater	52.9	48.2	9.8	105.2	91.2	15.4
Onshore rigs	25.7	29.5	(12.9)	52.4	59.7	(12.2)
Other	4.2	1.2	250.0	6.2	1.8	244.4
Total	273.7	198.2	38.1	532.5	376.8	41.3

Operating Statistics

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2013	2012	2013	2012
Uptime by asset type:	*(%)*		*(%)*	
Ultra-deepwater	94	94	94	86
Deepwater................................	89	95	89	96
Midwater	99	90	99	89
Onshore rigs	100	99	99	99

	For the three-month period ended June 30		Change	For the six-month period ended June 30		Change
	2013	2012	2013/ 2012	2013	2012	2013/ 2012
Utilization days [(1)]:	*(in days)*			*(in days)*		
Ultra-deepwater	455	273	182	905	546	359
Deepwater................................	91	91	-	181	182	(1)
Midwater	182	182	-	362	364	(2)
Onshore rigs	819	819	-	1,620	1,638	(18)
Total	1,547	1,365	182	3,068	2,730	338

(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.