



## News Release

### EDC 2013 Interim Results

MOSCOW, August 29, 2013 -Eurasia Drilling Company Limited ("EDC" or the "Company" - LSE: EDCL), the leading onshore and offshore drilling service provider in the CIS, today released its Interim Consolidated Financial Results, prepared in accordance with US GAAP, for the six month period ended June 30, 2013.

The reviewed 2013 Interim Consolidated Financial Statements for the six months ended June 30, 2013, and the Management Report on 2013 Interim Period Results, can be found under the following link: [http://www.eurasiadrilling.com/financial\\_information.html](http://www.eurasiadrilling.com/financial_information.html)

#### 1H 2013 FINANCIAL HIGHLIGHTS\*:

- Top line revenue up 7.6% to USD 1,695 million (1H 2012: USD 1,575 million);
- EBITDA increased 17.0% to USD 441 million (1H 2012: USD 377 million);
- EBITDA margin amounted to 26.0% (1H 2012: 23.9%);
- Net Income increased 14.8% to USD 217 million (1H 2012: USD 189 million);
- Earnings per share (basic/diluted) up 14.7% to USD 1.48 (1H 2012: USD 1.29);
- Capital expenditures for property, plant and equipment were USD 179 million (1H 2012: USD 282 million);
- In April 2013 the Company placed its debut Eurobond, due in 2020, for the amount of USD 600 million with coupon rate at 4.875% per annum;
- Net debt as of June 30, 2013 was USD 527 million (December 31, 2012 net debt position was USD 395 million); and
- Dividends paid for the year ended December 31, 2012 amounted to USD 0.70 per share.

*\*- In 2012 we changed our revenue recognition policy from units-of-delivery method to the percentage-of-completion method. This change was prompted by our intention to convert from US GAAP to IFRS next year. Prior periods have been adjusted to conform to the current period presentation. For full disclosure refer to our interim consolidated financial statements as of June 30, 2013 (unaudited), available on our web-site.*

#### W. Richard Anderson, EDC's Chief Financial Officer, commented:

"The first half of 2013 demonstrated another solid set of results for EDC. This reflects our leading position in the world's second largest oil field services market. All of our key financial metrics improved in the first half of 2013, including our EBITDA and EBITDA margin, both of which expanded to record levels. Such outstanding results are driven by higher total metres drilled period-over-period with the continued shift towards high-value complex drilling and



sustained cost control efforts by our management team. The first half of 2013 was also marked by our debut Eurobonds placement which received a very high level of interest from fixed income investors and an upgrade to 'BB+' with a stable outlook by S&P. As we move further into the rest of 2013 and beyond, we expect to continue to meet our financial and operational targets."

#### **1H 2013 OPERATIONAL HIGHLIGHTS:**

- **Drilling output was up 5.9% to 3.039 million metres, compared to the output achieved in the corresponding period of 2012 (2.871 million metres);**
- **Horizontal metres drilled was 492 thousand, an increase of 19.6% from the corresponding period of 2012;**
- **Exploration drilling volumes increased by 12.8% during the first half of 2013 compared to the corresponding period of 2012;**
- **Sidetracking activity remained at strong levels with 119 well sidetracks performed during the first half of 2013, an increase of 16.7% from the corresponding period of 2012;**
- **The share of our largest customer, LUKOIL, amounted to 57% of our total metres drilled during 1H 2013 (1H 2012: 56%); however overall LUKOIL drilling volumes increased by 7.3% for the same period;**
- **The share of Rosneft, our second largest customer, was 24% of our total metres drilled (1H 2012: 27%);**
- **Our market share was approximately 29% based on metres drilled onshore in Russia during 1H 2013;**
- **During the first half of 2013 our ASTRA jack-up rig was employed in Russian waters of the Caspian Sea;**
- **Our SATURN jack-up rig continued its operations for PETRONAS Carigali (Turkmenistan) Sdn Bhd in Turkmen waters of the Caspian Sea; during 1H 2013 one geological sidetrack was performed;**
- **We drilled and completed three wells on LUKOIL's Yuri Korchagin field platform in the Caspian Sea including two extended-reach horizontal development wells;**



- **Fabrication of our third and fourth new-build jack-ups, *NEPTUNE* and *MERCURY*, continued on schedule during the first half of 2013.**

**Dr. Alexander Djaparidze, EDC's Chief Executive Officer, added:**

"The Russian drilling market continued to expand in the first half of 2013 in line with our expectations. Our strong backlog in Russia onshore together with significant investments made to our rig fleet and employees enabled us to continue to outperform the market and generate solid results, which I'm very pleased to report. As we anticipated, the demand for more complex drilling continues to be strong as we help our customers to achieve their production targets. Horizontals account for 16% of our total drilling volumes in the first half of 2013 and we expect that to continue to increase. Our offshore business continues to deliver outstanding results as our jack-ups are committed for multi-year work. We are delivering an excellent level of growth across our operations and we are, therefore, optimistic for the rest of the year and committed to delivering strong results in line with our expectations."

**Conference Call Details**

A conference call for investors and analysts hosted by the Company's senior management, will be held on the same day at 3:00 p.m. BST. Equivalent times for other locations: 4:00 p.m. Central Europe, 6:00 p.m. Moscow, 10:00 a.m. New York.

Participants dial-in details:

**UK Tel:** +44-207-153-2027

**US Tel:** +1-480-629-9726

**Conference ID:** 4636132

**Conference title:** Eurasia Drilling Company 2013 Interim Results

Toll free numbers are also available:

UK: 0800-358-0886

USA: 1-877-941-2930

A replay of the conference call will be available until midnight (BST) September 12, 2013 on:

UK Tel: +44 207 154 2833

US Tel: +1 303 590 3030

Access code to all the replay numbers: 4636132#

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EDC is the largest provider of onshore drilling services in Russia, as measured by the number of metres drilled, providing onshore integrated well construction services and workover services. The Company also provides offshore drilling services in the Caspian Sea and is the largest provider of such services in the sectors where it operates based on the number of jack-up drilling rigs. The Company offers its onshore integrated well construction services and workover services to local and international oil and gas companies primarily in Russia and its offshore drilling services to Russian and international oil and gas companies in the Russian, Kazakh and Turkmen sectors of the Caspian Sea. In addition, the Company provides onshore drilling services in Iraq. The Company is traded on the London Stock Exchange under the symbol "EDCL".

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