



## News Release

### **EDC Third Quarter 2013 Update**

MOSCOW, October 22, 2013 - Eurasia Drilling Company Limited ("EDC" or the "Company" - LSE: EDCL), the leading onshore & offshore drilling service provider in the CIS, today announced its operational and financial update for the nine months ending September 30, 2013. The financial data is based on management assessment only and has not been reviewed by external auditors.

#### **THIRD QUARTER AND NINE MONTHS 2013 FINANCIAL HIGHLIGHTS:**

- **Top line revenue up 9.5% to USD 2,631 million for the first nine months of 2013 (9M 2012: USD 2,402 million);**
- **EBITDA margin amounted to approximately 26.9% for the first nine months of 2013 (9M 2012: 25.6%);**
- **Net debt was USD 254 million as of September 30, 2013;**
- **Capital expenditures for property, plant and equipment were USD 295 million for the first nine months of 2013 (9M 2012: USD 436 million).**

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

"We are very pleased to have delivered another strong set of results which reflects our leading position in the high-growth Russian oilfield services market and excellent operational performance. We achieved record EBITDA margin with significant improvement across all our business segments. This was driven by the continued shift towards more complex drilling as well as our focus on maintaining effective cost controls. Our strong balance sheet and sustained growth across all our operations means that we are in excellent shape to meet both our operational and financial targets for the year."

#### **THIRD QUARTER AND NINE MONTHS 2013 OPERATIONAL HIGHLIGHTS:**

- **Drilling output was up 3.3% to 4,731,754 metres for the first nine months of 2013 (9M 2012: 4,582,644 metres drilled);**
- **Horizontal meters drilled in the first nine months of 2013 were up 35.3% to 893,651 metres (9M 2012: 660,471 metres drilled);**
- **Exploration drilling volumes were up 4.9% during the first nine months of 2013 compared to the same period in 2012;**
- **The shares of total drilling volumes of our largest customers, LUKOIL and ROSNEFT, remained flat at 56% and 25%, respectively, during the first nine months of 2013;**



- Our market share in terms of metres drilled onshore Russia was estimated at 29% for the nine months of 2013, based on CDU TEK data;
- During the first nine months of 2013 our *ASTRA* jack-up rig was employed in Russian waters of the Caspian Sea for LUKOIL and Kazakh waters for CMOC; two wells were drilled during the period;
- Our *SATURN* jack-up rig continued to operate for PETRONAS Carigali in Turkmen waters of the Caspian Sea; two geological sidetracks were performed;
- Our *NEPTUNE* jack-up has undergone final commissioning during the third quarter of 2013, while the assembly of *MERCURY*'s new-build jack-up first blocks commenced in the shipyard in the Caspian Sea;
- During the first nine months of 2013 we drilled and completed four wells on LUKOIL's Yuri Korchagin field platform in the Caspian Sea including three extended-reach horizontal development wells and commenced drilling the fifth well.

#### **THIRD QUARTER 2013 STRATEGIC HIGHLIGHTS:**

- In September 2013, EDC was awarded by Dragon Oil plc a three year contract for the provision and management of jack-up rigs *NEPTUNE* and *MERCURY* in the Cheleken Contract Area, Turkmenistan in the Caspian Sea.

The new build *NEPTUNE* drilling rig is expected to be available in early 4Q 2013 and will provide well drilling services for nine months; the second new build *MERCURY* drilling rig is anticipated to be available in 4Q 2014 and will provide well drilling services for the remainder of the term.

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

"Our business continued to benefit from ever growing demand for more complex drilling and related services from our clients. As we expected, the volumes of horizontal drilling picked up significantly, up more than 35.3 per cent in the first nine months in comparison with the same period last year. Our offshore business secured a three year contract with Dragon Oil in the Caspian Sea for our *NEPTUNE* and *MERCURY* jack-up rigs which was an important strategic development. Overall we are on track to achieve another record year by every measure and look forward with confidence to next year given our leading market position in high growth markets."



### **Conference Call Details**

A conference call for investors and analysts hosted by senior management of the Company, will be held today 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:** +1-480-629-9673

**Conference ID:** 4644772

**Conference title:** Eurasia Drilling Company 3Q 2013 Results Update

Toll free numbers are also available:

UK: 0800-358-0886

USA: 1-877-941-1469

A replay of the conference call will be available until midnight (GMT) November 5, 2013 on:

UK Tel: +44 207 154 2833

US Tel: +1 303 590 3030

Access code to all the replay numbers: 4644772#

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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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### **For further information, please contact:**

Tom O'Gallagher, Marketing and Investor Relations

Evgeniya Bitsenko, Investor Relations

+44 (0) 207 717 9707

[investors.relations@eurasiadrilling.com](mailto:investors.relations@eurasiadrilling.com)

### **Hudson Sandler**

Andrew Hayes/ Maria Ignatova

+44 (0)20 7796 4133

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22 October 2013