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News Release

EDC Reports 2013 Full Year Results

MOSCOW, March 27, 2014 -Eurasia Drilling Company Limited ("EDC" or the "Company" - LSE: EDCL), the leading onshore & offshore drilling service provider in the CIS, today announced its consolidated financial results for the year ended December 31, 2013, prepared in accordance with US GAAP.

The audited Consolidated Financial Statements for the twelve months ended December 31, 2013, and Management's Report on 2013 Results, can be found under the following link: http://www.eurasiadrilling.com/financial_information.html

2013 FINANCIAL HIGHLIGHTS:

- Top line revenue up 8% to US \$3,488 million (2012: US \$3,237 million);
- Adjusted EBITDA up 19% to US \$940 million (2012: US \$790 million);
- Adjusted EBITDA margin up to 26.9% (2012: 24.4%);
- Net income up 13% to US \$432 million (2012: US \$382 million);
- Net income margin up to 12.4% (2012: 11.8%)
- Capital expenditure US \$508 million (2012: US \$620 million);
- Net debt as of December 31, 2013 was US \$337 million (December 31, 2012: \$395 million);
- Cash flow from operations amounted to a record US \$751 million (2012: US \$592 million);
- In April 2013 the Company placed its debut Eurobond, due in 2020, for US \$600 million with a coupon of 4.875% per annum;
- Dividends declared for the year ended December 31, 2013 were \$0.92 per share (2012: \$0.70 per share).

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

"2013 was another year of consistent growth in line with our financial and operating objectives. The sustained strength in the underlying fundamentals of the Russian drilling market coupled with stable commodity prices led to further increases in demand for our services. We continued our investments in technology, people and facilities to support our customers and deliver on their ever more challenging drilling programs. With net debt to EBITDA of only 0.4 at the end of 2013 we retain a very strong financial position. Our track record, expertise and technology give us confidence in the future even in light of the current uncertainties."

2013 OPERATIONAL HIGHLIGHTS:

- A record 6.264 million metres drilled onshore in 2013; a 3.5% increase on 2012 (6.051 million metres);
- Horizontal metres drilled in 2013 were up by 50.3% to 1.296 million metres;
- Exploration drilling volumes were down 10.2% in 2013 compared to 2012 as the industry focused more on improving the productivity and efficiency of existing production and development;
- The share in total drilling volumes of our largest customer, LUKOIL, with whom we operate on the basis of a three-year framework agreement (concludes December 31, 2015) remained flat at 57% during 2013;



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- The contribution of ROSNEFT to our total drilling volumes was also flat at 24%, while GAZPROMNEFT's share increased to 12% from 10% in 2012;
 - Our market share remained stable and amounted to approximately 29% based on metres drilled onshore in Russia during 2013, according to CDU TEK data;
 - During 2013 the *ASTRA* jack-up rig operated for LUKOIL and CMOC in Russian and Kazakh waters of the Caspian Sea, drilling three wells over the period;
 - The *SATURN* jack-up rig continued its operations for PETRONAS Carigali (Turkmenistan) Sdn Bhd (Petronas) in the Turkmen waters of the Caspian Sea; during 2013 two wells, each with two geological sidetracks, were completed and drilling commenced on a third well;
 - Five wells were drilled and completed on LUKOIL's Yuri Korchagin field platform in the Caspian Sea including three extended-reach horizontal development wells;
 - In September 2013, Dragon Oil awarded EDC a three year contract for the provision and management of jack-up rigs the *NEPTUNE* and *MERCURY* in the Cheleken Contract Area, Turkmenistan in the Caspian Sea;
 - The *NEPTUNE* jack-up underwent final commissioning in 3Q 2013, and moved to the drilling site to commence drilling for Dragon Oil in accordance with contract terms;
 - Construction of our fourth new-build jack-up, *MERCURY*, continued on schedule during 2013. Assembly of its first modules began in a shipyard in the Caspian Sea.

OUTLOOK

The fundamentals of the Russian OFS markets remain strong as most E&P companies have continued to deliver on their capex budgets. Demand is growing for more complex drilling solutions with new technology and heavy rigs and we expect the share of horizontal drilling in our portfolio to grow by 15% in 2014. Our customer mix onshore will continue to evolve, and we expect to increase significantly our activity with LUKOIL and GAZPROMNEFT, while activity with ROSNEFT is expected to decline. During 2014 we expect 80% of the onshore drilling rigs deployed by ROSNEFT to be reallocated to other customers at what should be satisfactory terms, while the remaining 20% will continue to work for ROSNEFT for the full year. Due to the depreciation of the ruble and a significant increase in rig redeployment in early 2014, we expect a decrease in our revenues compared to 2013 and our EBITDA margin to be unchanged vs. guidance given on January 28, 2014 with growth returning in 2015 and beyond.

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

"Our focus on further developing our operational capabilities and delivering improved performance to our customer base has enabled EDC to maintain strong momentum in all of our business segments and generate record results in 2013. We continued to benefit from a positive economic environment with our leading market position enabling us to exploit opportunities. In 2013, the Russian OFS market experienced strong demand in horizontal drilling from the continuing shift towards more complex well designs. We managed to outperform the market for more complex drilling having increased the amount of horizontal metres drilled by 50%. Our offshore division 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. We enter 2014 in an excellent position to deliver on our strategy and achieve our goals, while at the same time securing attractive returns for our shareholders. 2014 is shaping up to be a year of consolidation as we adjust our client mix and face the business risk environment in the coming months."



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Income Statement for the years ended December 31, 2013 and 2012 (millions US dollars)

	2013 (audited)	2012 (audited)
Revenues		
Drilling and related services	3,474	3,223
Other sales and services	14	14
Total revenues	3,488	3,237
Cost of services, excluding depreciation and taxes	(2,221)	(2,151)
General and administrative expenses, excluding depreciation and taxes	(169)	(161)
Taxes other than income taxes	(158)	(135)
Depreciation	(266)	(250)
Litigation settlement	(51)	-
Gain on disposal of property, plant and equipment	2	5
Income from operating activities	625	545
Interest expense	(58)	(54)
Interest income	17	12
Currency transaction (loss) gain	(1)	1
Other expenses	(1)	(-)
Income before income taxes	582	504
Income tax expense	(150)	(122)
Net income	432	382
Basic earnings per share of common stock (US dollars)	2.94	2.60
Diluted earnings per share of common stock (US dollars)	2.94	2.59

Balance Sheet as of December 31, 2013 and 2012 (millions US dollars)

	2013 (audited)	2012 (audited)
Assets		
Current assets		
Cash and cash equivalents	778	305
Accounts receivable, net	530	529
Inventories	213	213
Other assets	70	52
Total current assets	1,591	1,099
Property, plant and equipment	2,009	1,768
Other non-current assets	122	168
Total assets	3,722	3,035
Liabilities and stockholder's equity		
Current liabilities		
Accounts payable and accrued liabilities	539	465
Current portion of long-term debt	104	258
Other current liabilities	127	99
Total current liabilities	770	822
Long-term debt	1,010	442



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Other long-term liabilities	125	108
Total liabilities	1,905	1,372
Stockholder's equity		
Paid in capital & APIC less treasury stock	653	684
Retained earnings	1,369	1,072
Accumulated other comprehensive loss	(205)	(93)
Total stockholder's equity	1,817	1,663
Total liabilities and stockholder's equity	3,722	3,035

Cash Flow Statement for the periods ended December 31, 2013 and 2012 (millions US dollars)

	2013 (audited)	2012 (audited)
Cash flows from operating activities		
Net income	432	382
Adjustments for non-cash items:		
Non- cash adjustments (Depreciation)	266	250
Changes in working capital	53	(40)
Net cash provided by operating activities	751	592
Cash flows from investing activities		
Purchases of property, plant and equipment	(508)	(620)
Other investing activities	12	2
Net cash used in investing activities	(496)	(618)
Cash flows from financing activities		
Net change in loans	384	(128)
Dividends paid	(103)	(69)
Purchase of treasury stock	(32)	-
Net cash provided by (used in) financing activities	249	(197)
Effect of exchange rate changes on cash	(31)	18
Net increase (decrease) in cash and cash equivalents	473	(205)
Cash and cash equivalents at beginning of period	305	510
Cash and cash equivalents at end of period	778	305

Non-US GAAP Measure

Reconciliation of Net Income to Adjusted EBITDA (millions US dollars)

	2013*	2012
Net Income	432	382
Income Tax Expense	150.4	122
Gain on disposal of PP&E	(1.6)	(5)
Currency transaction loss (gain)	1	(1)
Litigation settlement	51	-
Interest income	(17)	(12)
Interest expense	58.2	54
Depreciation	266	250
EBITDA	940	790

*2013 EBITDA is adjusted for litigation settlement in the amount of US \$ 51.0 million.



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Conference Call Details

A conference call for investors and analysts hosted by senior management of the Company, will be held on the 27th March 2014 at 2:00 p.m. GMT. Equivalent times for other locations: 3:00 p.m. Central Europe, 6:00 p.m. Moscow, 10:00 a.m. New York.

Participants dial-in details:

UK Tel: 0844-493-3800

US Tel: +1-631-510-7498

International Tel: +44-1452-555566

Conference ID: 9267636

Conference title: Eurasia Drilling Company 2013 Results Conference Call

Toll free numbers are also available:

UK: 0800-694-0257

USA: 1-866-966-9439

A replay of the conference call will be available until midnight (BST) April 7, 2014 on:

UK Tel: 0844-338-6600

International: +44-1452-550000

Toll free numbers are also available:

UK: 0800-953-1533

USA: 1-866-247-4222

Access code to all the replay numbers: 9267636#

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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