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## News Release

### EDC NINE MONTHS 2014 Update

MOSCOW, October 30, 2014 - 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, 2014. The financial data is based on management assessment only and has not been reviewed by external auditors.

#### NINE MONTHS 2014 FINANCIAL HIGHLIGHTS:

- Top line revenue was US \$2,371 million, 9.9% below revenue for the first nine months of 2013 in the amount of US \$2,631 million;
- EBITDA margin was 28.3% compared to EBITDA margin of 26.9% in the first nine months of 2013;
- Net debt on a comparable basis was US \$473 million as of September 30, 2014 compared to US \$541 million as of June 30, 2014;
- Capital expenditures were US \$353 million compared to US \$295 million during the first nine months of 2013;
- The average exchange rate for the first nine months of 2014 was 35.4 Rubles per US Dollar compared to 31.6 Rubles per US Dollar during the corresponding period of 2013.

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

"Overall we are pleased with our results for the first nine months of 2014 in the context of a challenging market environment, high geopolitical tensions, declining oil prices and weakening ruble. The strong results, with the expansion of EBITDA margin to a record 28.3%, reflect our progress in executing our strategic priorities including our focus on maintaining effective cost controls, improving core drilling efficiency and higher value drilling both onshore and offshore. As we continue to leverage our competitive advantages and our leading position in the Russian OFS market, our priority is to create further shareholder value through our efforts to maintain a strong conservatively leveraged balance sheet with stable results across all our operations. As a result, we are well placed to meet both our operational and financial targets for this and future years."

#### NINE MONTHS 2014 OPERATIONAL HIGHLIGHTS:

- Drilled 4.380 million metres, 7% below metres drilled during the corresponding period of 2013 in the amount of 4.732 million metres;
- Horizontal metres drilled in the first nine months of 2014 were up 7% compared to the first nine months of 2013 and account for 22% of total metres drilled compared to 19% during the same period of 2013;
- The share of our largest customer, LUKOIL, increased to 62% of our total metres drilled during the first nine months of 2014, as compared to 56% during the first nine months of 2013;
- The share of our second largest customer, GAZPROMNEFT, increased to 20% of our total metres drilled during the first nine months of 2014, as compared to 12% during the first nine months of 2013;



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- The share of ROSNEFT decreased to 9% of our total metres drilled during the first nine months of 2014, as compared to 25% during the first nine months of 2013;
  - Our market share was approximately 28% based on metres drilled onshore in Russia during the first nine months of 2014;
  - Our *ASTRA* jack-up rig was on paid stand-by for most of the first quarter 2014, completed one well for LUKOIL and one well for KNK during the second and the third quarters of 2014 and afterwards commenced drilling of one well for LUKOIL in the Russian sector of the Caspian Sea;
  - Our *SATURN* jack-up rig continued its operations for PETRONAS Carigali (Turkmenistan) Sdn Bhd (Petronas) in the Turkmen waters of the Caspian Sea; two geological sidetracks were 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 and commenced drilling another extended-reach horizontal development well;
  - The new-build *NEPTUNE* jack-up rig continued drilling for Dragon Oil in Turkmen waters of the Caspian Sea; two wells were completed and a third was begun;
  - Our fourth new-build jack-up, *MERCURY*, is complete with all required equipment and is being prepared for commissioning.

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

"We've had a very busy third quarter and I'm very pleased to report that we've managed to deliver again on our financial and operational targets. Both our onshore and offshore business execution was excellent and I'd like to thank all our employees for their hard work. At EDC we've been very disciplined in making decisions regarding our investments both organically and inorganically which in turn will support our operational and financial performance in this challenging market environment. We look forward for continued growth."

#### **Conference Call Details**

A conference call for investors and analysts hosted by senior management of the Company, will be held on the same day at 3:00 p.m. GMT. Equivalent times for other locations: 4:00 p.m. Central Europe, 6:00 p.m. Moscow, 11:00 a.m. New York.

Participants dial-in details:

**UK Tel:** 08444-933-800

**US Tel:** +1-631-510-7498

**International Tel:** +44-1452-555566

**Conference ID:** 18959790

**Conference title:** Eurasia Drilling Company Nine Months 2014 Results Update

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 (GMT) November 12, 2014 on:

UK Tel: 0844-338-6600

International: +44-1452-550000

Toll free numbers are also available:



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UK: 0800-953-1533

USA: 1-866-247-4222

Access code to all the replay numbers: 18959790#

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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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October 30, 2014

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