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News Release

EDC Reports 2014 Full Year Results

MOSCOW, April 9, 2015 -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, 2014, prepared in accordance with US GAAP.

The audited Consolidated Financial Statements for the twelve months ended December 31, 2014, and Management's Report on 2014 Results, can be found under the link:

http://www.eurasiadrilling.com/financial_information.html

2014 FINANCIAL HIGHLIGHTS:

- Top line revenue was US \$2,975 million, 14.5% below revenue for the year ended December 31, 2013, in the amount of US \$3,478 million;
- Adjusted EBITDA was US \$834 million, 11.3% below adjusted EBITDA for the year ended December 31, 2013, in the amount of US \$940 million;
- Adjusted EBITDA margin increased to a record 28.0% compared to 27.0% for 2013;
- Net income was US \$421 million, 2.5% below net income for the year ended December 31, 2013 in the amount of US \$432 million;
- Net income margin increased to 14.1% compared to net income margin of 12.4% for 2013;
- Capital expenditure was US \$530 million (2013: US \$508 million);
- Dividends declared and paid for the year ended December 31, 2014 were \$1.0 per share (2013: \$0.92 per share);
- Cash flow from operations amounted to US \$641 million (2013: US \$751 million);
- The average exchange rate for 2014 was 38.4 Rubles per US Dollar (2013: 31.8 Rubles per US Dollar).

Taleh Aleskerov, EDC's Chief Financial Officer, commented:

"We've reported another strong set of results despite the challenging market environment, high geopolitical tensions, declining oil prices and the weakening Ruble. Our revenues, adjusted EBITDA and net income in US Dollar terms declined mostly because of Ruble devaluation. In spite of these challenges, our adjusted EBITDA margin and net income margin grew to new record highs as a result of all the actions we've taken to improve the efficiency of our business. Despite increased leverage, which was also due to the Ruble devaluation, we continue to have a strong balance sheet and are positioned well to meet further head winds from the low oil price."

2014 OPERATIONAL HIGHLIGHTS:

- Drilled 5.669 million metres, a 9.5% decrease compared to the corresponding period of 2013 with 6.264 million metres drilled;
- Share of horizontal metres drilled out of total metres drilled increased to 23% during 2014 compared to 21% during the same period of 2013;
- The share of our largest customer, LUKOIL, increased to 63% of our total metres drilled during 2014, compared to 57% during 2013;
- The share of our second largest customer, GAZPROMNEFT, increased to 22% of our total metres drilled during 2014, compared to 12% during 2013;
- The share of ROSNEFT decreased to 7% of our total metres drilled during 2014, compared to 24% during 2013;
- Market share was approximately 27% based on metres drilled onshore in Russia during 2014;



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- Signed a long-term agreement with GAZPROMNEFT for well construction and sidetracking services for a three year period;
- Signed a Framework Agreement with BENTEC for rig manufacturing by the Company's minority owned drilling rig production facility located in Kaliningrad;
- Our *ASTRA* jack-up rig was on paid stand-by in ice free waters for most of the first quarter 2014, before completing two exploration wells for LUKOIL and one exploration well for KNK in the Russian and Kazakh sectors of the Caspian Sea, respectively;
- Our *SATURN* jack-up rig continued its operations for PETRONAS Carigali (Turkmenistan) Sdn Bhd (Petronas) in the Turkmen waters of the Caspian Sea; four geological sidetracks were performed;
- 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 commenced drilling for Dragon Oil in Turkmen waters of the Caspian Sea; four wells were drilled and completed;
- Our fourth new-build jack-up, *MERCURY*, was completed with all required equipment and was being commissioning at year end.

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

"We've had another successful year at EDC 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 has been excellent and I'd like to thank all our employees for their hard work. The year 2014 was our tenth anniversary as an independent drilling company and was marked by significant changes in the market, while our team performed strongly by consistently focusing on our operational capabilities and improvements in efficiency. We are well positioned to continue to provide superior services and respond to our customers' needs, which is now even more important in the challenging low oil price environment."

Income Statement for the years ended December 31, 2014 and 2013 (millions US dollars)

	2014 (audited)	2013 (audited)
Revenues		
Drilling and related services	2,972	3,474
Other sales and services	3	4
Total revenues	2,975	3,478
Cost of services	(2,252)	(2,622)
Selling, general and administrative expenses	(168)	(187)
(Loss) gain on disposal of property, plant and equipment	(-)	2
Gain on disposal of materials	1	5
Litigation settlement	(2)	(51)
Other income (expense)	1	(1)
Income from operating activities	555	624
Interest expense	(33)	(58)
Interest income	27	17
Foreign currency exchange rate loss	(13)	(1)
Income before income taxes	536	582
Income tax expense	(115)	(150)
Net income	421	432
Basic and diluted earnings per share of common stock (US dollars)	2.89	2.94



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Balance Sheet as of December 31, 2014 and 2013 (millions US dollars)

	2014 (audited)	2013 (audited)
Assets		
Current assets		
Cash and cash equivalents	327	778
Accounts receivable, net	359	530
Inventories	140	213
Other assets	32	70
Total current assets	858	1,591
Property, plant and equipment	1,724	2,009
Other non-current assets	104	122
Total assets	2,686	3,722
Liabilities and stockholder's equity		
Current liabilities		
Accounts payable and accrued liabilities	242	539
Current portion of long-term debt	69	70
Current portion of long-term liabilities for PP&E	57	34
Other current liabilities	46	127
Total current liabilities	414	770
Long-term debt	907	964
Long-term liabilities for PP&E	86	47
Other long-term liabilities	93	124
Total liabilities	1,500	1,905
Stockholder's equity		
Paid in capital & APIC less treasury stock	596	653
Retained earnings	1,645	1,369
Accumulated other comprehensive loss	(1,055)	(205)
Total stockholder's equity	1,186	1,817
Total liabilities and stockholder's equity	2,686	3,722

Cash Flow Statement for the periods ended December 31, 2014 and 2013 (millions US dollars)

	2014 (audited)	2013 (audited)
Cash flows from operating activities		
Net income	421	432
Adjustments for non-cash items:		
Non-cash adjustments (depreciation)	278	266
Changes in working capital (litigation settlement payable)	(54)	51
Changes in working capital (other)	(4)	2
Net cash provided by operating activities	641	751
Cash flows from investing activities		
Purchases of property, plant and equipment	(530)	(508)
Other investing activities	(4)	12
Net cash used in investing activities	(534)	(496)
Cash flows from financing activities		



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Net change in loans	9	409
Payments for PP&E by installments	(33)	(25)
Dividends paid	(280)	(103)
Purchase of treasury stock	(57)	(32)
Net cash (used in) provided by financing activities	(361)	249
Effect of exchange rate changes on cash	(197)	(31)
Net (decrease) increase in cash and cash equivalents	(451)	473
Cash and cash equivalents at beginning of period	778	305
Cash and cash equivalents at end of period	327	778

Non-US GAAP Measure

Reconciliation of Net income to adjusted EBITDA (millions US dollars)

	2014*	2013*
Net income	421	432
Income tax expense	115	150
Loss (gain) on disposal of PP&E	-	(2)
Foreign currency exchange rate loss	13	1
Other (income) expense	(1)	1
Litigation settlement	2	51
Interest income	(27)	(17)
Interest expense	33	58
Depreciation	278	266
Adjusted EBITDA	834	940

*2014 & 2013 EBITDA is adjusted for litigation settlement in the amount of US \$2.6 million and US\$51.0 million respectively.

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. BST. Equivalent times for other locations: 5:00 p.m. Moscow, 9:00 a.m. Houston, 10:00 a.m. New York, 4:00 p.m. Central Europe.

Participants dial-in details:

UK Tel: 08444-933-800

US Tel: +1-631-510-7498

International Tel: +44-1452-555566

Conference ID: 17945627

Conference title: Eurasia Drilling Company 2014 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 23, 2015 on:

UK Tel: 0844-338-6600

International: +44-1452-550000

Toll free numbers are also available:

UK: 0800-953-1533



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USA: 1-866-247-4222

Access code to all the replay numbers: 17945627#

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 ticker "EDCL".

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