

**Latina Offshore Holding Limited**  
**Unaudited consolidated financial information**  
**Second quarter results 2017**  
**(In thousands of US dollars)**

Mexico City, 31 August 2017, Latina Offshore Holding Limited (the “Company”), a subsidiary of Constructora y Perforadora Latina, S.A. de C.V. (“Latina”), reports the unaudited consolidated financial results as of 30 June 2017.

The Company, through its subsidiaries, owns two (2) Jack-ups (La Santa Maria and La Covadonga, jointly referred to as the “Jack-ups”) and one (1) modular rig (Modular 01, referred to as the “Modular”). The Jack-ups and the Modular are indirectly leased to Pemex on long-term drilling contracts. La Santa Maria commenced operations on 15 February 2014, La Covadonga on 28 May 2014, and the Modular on 5 July 2016.

Latina has long-term drilling contracts that are expected to end as follows:

- La Santa Maria on 5 February 2023
- La Covadonga on 14 March 2023
- Modular on 20 September 2020

## **1. Contracts with PEMEX**

Latina has been in dialogue with PEMEX regarding an amendment of its contractual terms under the existing drilling contracts for the Jack-ups and the Modular. Latina expects to sign the amendments shortly, and the agreed terms are as follows;

- Jack-ups: A daily rate of \$95,000 for the period starting 15 August 2017 and ending 31 December 2017.
- Modular: A daily rate of \$52,200 for the period starting 1 June 2017 and ending 30 November 2017. In return, the contractual term for the Modular has been extended with 183 days.
- Furthermore, the amendment will introduce a floor to the daily rate of \$111,300 and \$52,200 for the Jack-ups and the Modular, respectively. The daily rates will be adjusted every six months according to a formula based on the Global Jack-ups Average Index published by Clarkson

Research on a monthly basis. The first adjustment will take place on 1 December 2017 for the Modular and 1 January 2018 for the Jack-ups. The cap of the daily rates will be the amount established in the contracts, in the case of the Jack-ups is \$158,000 and the Modular is \$78,000.

Neither the early termination clause by decision of Pemex nor the suspension clause without payment by decision of both Latina and Pemex have changed in the contracts.

Based on the conditions mentioned above and taken into account that the maturity of the bonds will occur during the course of 2018, the Company is working on various alternatives with the purpose of reflecting the correct level of debt in accordance with the cash flow of the contracts.

## 2. Operations Highlights

	<b>Q2 2017</b>
Revenue	\$15,663
Average Efficiency of La Santa Maria	100.00%
Average Efficiency of La Covadonga	100.00%
Average Efficiency of Modular	98.80%
EBITDA	\$14,943
Interest expenses	\$8,505
Total debt	\$356,250

	<b>YTD 2017</b>	<b>FY 2016</b>
Revenue	\$28,353	\$23,600
Average Efficiency of La Santa Maria	99.63%	100.00%
Average Efficiency of La Covadonga	98.83%	99.74%
Average Efficiency of Modular	98.70%	79.72%
EBITDA	\$26,922	\$16,608
Interest expenses	\$17,057	\$31,728
Total debt	\$356,250	\$356,250

## Revenue

The revenue for Q2 2017 was \$15,663 all of which was received under the bareboat charter contracts between La Santa Maria Limited, La Covadonga Limited, and Latina Modular 01 Limited (indirect subsidiaries of the Company) and Latina.

The bareboat charters were as follows:

	<b>YTD 2017 bareboat rate</b>	<b>YTD 2017 (revenues)</b>	<b>FY 2016 bareboat rate</b>	<b>FY 2016 (revenues)</b>
La Santa María	\$48.6	\$8,805	\$35	\$9,100
La Covadonga	\$79.0	\$14,299	\$35	\$9,100
Modular	\$29.0	5,249	\$30	\$5,400

## EBITDA

The EBITDA for Q2, 2017 was \$14,943. This corresponds to a percentage of accumulated revenue equal to 95.40%. The accumulated EBITDA was \$26,922, 94.95% of the revenue.

### 3. Invoice and factoring

As of 30 June 2017 and today, Latina's account receivables are as follows:

	Jack-ups- Account receivables					
	Invoices no factored			Invoices factored		
	Lease	VAT	Total	Lease	VAT	Total
Balance as of 31 Mach 2017	\$ 13,278	\$ 2,125	\$ 15,403	\$ 2,153	\$ 344	\$ 2,497
Invoice in Q2 2017	105	17	122	17,678	2,829	20,507
Collection in Q2 2017	(13,278)	(2,125)	(15,403)	(2,153)	(344)	(2,497)
Balance as of 30 June 2017	105	17	122	17,678	2,829	20,507
Invoice in Q3 2017	10,642	1,703	12,344	3,339	534	3,873
Collection in Q3 2017	-	-	-	(12,726)	(2,036)	(14,762)
Balance as of today	\$ 10,747	\$ 1,719	\$ 12,466	\$ 8,292	\$ 1,327	\$ 9,618
	Modular- Account receivables					
	Invoices no factored			Invoices factored		
	Lease	VAT	Total	Lease	VAT	Total
Balance as of 31 Mach 2017	\$ -	\$ -	\$ -	\$ 9,997	\$ 1,610	\$ 11,607
Invoice in Q2 2017	-	-	-	3,458	553	4,011
Collection in Q2 2017	-	-	-	(9,997)	(1,610)	(11,607)
Balance as of 30 June 2017	-	-	-	3,458	553	4,011
Invoice in Q3 2017	2,418	387	2,805	2,291	367	2,658
Collection in Q3 2017	-	-	-	(1,839)	(294)	(2,134)
Balance as of today	\$ 2,418	\$ 387	\$ 2,805	\$ 3,909	\$ 626	\$ 4,535

The invoices factored have been made without any form of recourse.

As of today, the total amount not yet invoiced for the Jack-ups is equal to \$3,290. This amount corresponds to; (i) 17 days from August 2016, (ii) 30 days from September 2016 for La Covadonga.

#### **4. Latina's pro-forma consolidated income statement**

The following consolidated income statements are included only for additional information, reflecting the business offshore as a project.

#### **For the Q2 2017 and the year ended 31 December 2016 (In thousands of US dollars)**

	<b>YTD 2017</b>	<b>FY 2016</b>
Operating lease income	\$ 43,307	\$ 58,737
Operating expenses:		
Operating cost and expenses	13,585	19,891
Other expenses (incomes), net	650	1,509
Corporate expenses	3,258	5,958
Depreciation	<u>24,014</u>	<u>40,857</u>
Total operating expenses	41,507	68,215
Operating income (loss)	<u>\$ 1,800</u>	<u>(\$ 9,478)</u>
EBITDA	<u>\$ 25,814</u>	<u>\$ 31,379</u>