

**Latina Offshore Holding Limited**  
**Unaudited consolidated financial information**  
**Second quarter results 2018**  
**(In thousands of US dollars)**

Mexico City, 28 August 2018, 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 2018.

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 and repairing 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 1 April 2023
- La Covadonga on 14 March 2023
- Modular on 8 September 2020

Today all these assets are working to repair and drill holes in the Gulf of Mexico, La Santa Maria in Abkatun Pol Chuc, and La Covadonga and Modular in Xanab Litoral Tabasco.

## **1. Contracts with PEMEX**

In May, Latina signed an amendment to the lease agreements we have in effect with Pemex regarding the early termination clause, with this it is possible to finish each contract at their current termination dates. Due these amendments, which were on effect since 1 April 2018, the day rates were reduced from \$111.3 to \$102 in the Jack-ups and from \$52.2 to \$48.2 in the Modular. The new floor daily rates are \$100 for the Jack-ups and \$48.2 for the Modular.

As of today, the adjustment of the daily rates in accordance with the formula based on the Global Jack-ups Index published by Clarkson Research did not happen as there was no change. The next adjustment is going to be in October 2018 and then every January and July of each of the following years to the end of the contracts.

Latina has been in discussions with Pemex in relation to the relocation of the Modular, the following conditions will be signed in the agreement.

- The Modular will complete its use at the Xanab-C oilfield on 31 August 2018, and the Modular will be moved to Xanab-D.
- The relocation will affect the operations. The new oilfield is under construction, because of this the Modular's operations are suspended without any day rate from 1 September to 15 October 2018.
- During the mobilization to the Xanab-D oilfield the Modular will not be earning any day rate but will receive a mobilization fee of \$3,764, that amount will be similar to the mobilization expenses.
- Once the mobilization is completed and operations at the Xanab-D oilfield starts, the Modular will be earning regular day rates for the drilling of two wells. It is currently estimated that the operations at the Xanab-D oilfield will commence on 16 November 2018.

The Relocation does not represent a material change to the Pemex Contract, due to the fact that such relocation is included within the Pemex Contract.

## **2. Restructuring bonds**

As mentioned above, the Modular is being relocated and its agreement will be suspended under the terms of the Pemex Contract, affecting the liquidity which is required for continued operations. The Company agrees with the bondholders of the \$49,000 bond about the following conditions that are in process of being signed:

- The obligations of the Company to repay the Bonds in installments of \$510 due on 31 July 2018, 31 October 2018 and 31 January 2019 pursuant to Clause 10.1.1 of the Bond Agreement is waived and the relevant amounts shall be payable on the Maturity Date; and
- Accrued interest of the Interest Payment Dates on 31 July 2018, 31 October 2018 and 31 January 2019 pursuant to Clause 9 of the Bond Agreement, shall be paid on 30 April 2019.

The Company is in talks with the bondholder group about the conditions of the restructuring regarding the \$306,250 bond which matures on 30 September 2018.

### 3. Operations Highlights

	Q2 2018	YTD 2018	Q2 2017	FY 2017
Revenue	14,516	30,905	15,663	58,313
EBITDA	13,589	29,045	14,943	55,390
Interest expenses	8,797	17,265	8,410	34,035
Total debt	355,250	355,250	356,250	356,250

	Santa Maria		Covadonga		Modular	
	Efficiency					
	Earnings	Operational	Earnings	Operational	Earnings	Operational
Q2 2018	100%	99.96%	100%	100%	100%	99.87%
YTD 2018	100%	99.98%	100%	99.98%	100%	99.88%
Q2 2017	100%	100%	100%	100%	99.31%	98.75%
FY2017	99.91%	99.81%	99.53%	99.32%	99.54%	99.19%

### Revenue

The revenue for Q2 2018 was \$14,516, 7% less than Q2, 2017 as a consequence of the decreased of the daily rate for the modification of the early termination clause, 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>Q2 2018 bareboat</b>	<b>Q2 2018 revenues</b>	<b>Q2 2017 bareboat</b>	<b>Q2 2017 revenues</b>
La Santa María	\$68.20	\$6,207	\$62.14	\$5,655
La Covadonga	\$68.20	\$6,207	\$81.96	\$7,459
Modular	\$23.10	\$2,102	\$28.01	\$2,549

	<b>YTD 2018 bareboat</b>	<b>YTD 2018 (revenues)</b>	<b>FY 2017 bareboat</b>	<b>FY 2017 (revenues)</b>
La Santa María	\$72.83	\$13,183	\$57.85	\$21,117
La Covadonga	\$72.83	\$13,183	\$72.90	\$26,611
Modular	\$25.08	\$4,539	\$29.00	\$10,585

#### **EBITDA**

The EBITDA for Q2, 2018 was \$13,589, 9% less than Q2, 2017. This corresponds to a percentage of accumulated revenue equal to 93.61%, similar to Q2, 2017.

#### **4. Invoice and factoring**

As of 31 June 2018 up to 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 March 2018	\$ 19,023	\$ 3,044	\$ 22,067	\$ -	\$ -	\$ -
Invoice in Q2 2018	20,479	3,277	23,756	-	-	-
Collection in Q2 2018	(19,023)	(3,044)	(22,067)	-	-	-
Balance as of 30 June 2018	20,479	3,277	23,756	-	-	-
Invoice in Q3 2018	12,379	1,981	14,360	-	-	-
Collection in Q3 2018	(13,579)	(2,173)	(15,751)	-	-	-
Balance as of today	\$ 19,280	\$ 3,085	\$ 22,365	\$ -	\$ -	\$ -

  

	Modular- Account receivables					
	Invoices no factored			Invoices factored		
	Lease	VAT	Total	Lease	VAT	Total
Balance as of 31 March 2018	\$ -	\$ -	\$ -	\$ 4,311	\$ 690	\$ 5,001
Invoice in Q2 2018	3,184	509	3,694	1,618	259	1,877
Collection in Q2 2018	-	-	-	(4,311)	(690)	(5,001)
Balance as of 30 June 2018	3,184	509	3,694	1,618	259	1,877
Invoice in Q3 2018	2,820	451	3,271	-	-	-
Collection in Q3 2018	(1,566)	(251)	(1,817)	(1,618)	(259)	(1,877)
Balance as of today	\$ 4,438	\$ 710	\$ 5,149	\$ -	\$ 0	\$ 0

The account receivables are paid 90 days after issuing the invoices.

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

## 5. 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 six months ended June 30, 2018 and 2017 (In thousands of US dollars)

	Q2 2018			Q2 2017		
	Jack-ups	Modular	Total	Jack-ups	Modular	Total
Operating lease income	19,141	4,510	23,651	17,669	4,717	22,386
Operating expenses:						
Operating cost and expenses	5,348	2,173	7,521	5,069	2,155	7,224
Other expenses (incomes), net	50	(10)	40	(48)	202	154
Corporate expenses	1,365	273	1,638	1,365	273	1,638
Depreciation	9,414	2,763	12,177	9,314	2,825	12,139
Total operating expenses	16,177	5,199	21,376	15,700	5,455	21,155
Operating results	2,964	(689)	2,275	1,969	(738)	1,231
EBITDA	<b>12,378</b>	<b>2,074</b>	<b>14,452</b>	<b>11,283</b>	<b>2,087</b>	<b>13,370</b>

  

	FY 2018			FY 2017		
	Jack-ups	Modular	Total	Jack-ups	Modular	Total
Operating lease income	38,598	9,084	47,682	72,949	19,042	91,991
Operating expenses:						
Operating cost and expenses	10,740	4,360	15,100	20,721	8,660	29,381
Other expenses (incomes), net	12	(16)	(4)	131	(144)	(13)
Corporate expenses	2,715	543	3,258	5,475	1,095	6,570
Depreciation	18,798	5,567	24,365	37,046	10,872	47,918
Total operating expenses	32,265	10,454	42,719	63,373	20,483	83,856
Operating results	6,333	(1,370)	4,963	9,576	(1,441)	8,135
EBITDA	<b>25,131</b>	<b>4,197</b>	<b>29,328</b>	<b>46,622</b>	<b>9,431</b>	<b>56,053</b>