

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

Mexico City, 30 November 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 September 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**

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 has not happened as there has been no change. The next adjustment is going to be in January 2019.

In relation to the relocation of the Modular, we announce the following conditions.

- The installation of Pemex's platform for Xanab-D is nearly finished. It was delayed because of weather conditions. We estimate it to be ready in the second week of December 2018.
- The Modular finished deinstallation at the Xanab-C oilfield and it is ready for installation at Xanab-D. We estimate 35 days to complete installations and restart operations during the third week of January 2019.
- The Modular's relocation affected activity and operations were suspended without any day rate from 1 September to the third week of January 2019 (the suspension period). The suspension period is going to be extended in the contract.
- During the mobilization to the Xanab-D oilfield, the Modular will not earn any day rate, but will receive a mobilization fee of \$3,764. That amount will be similar to the mobilization expenses.

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

## **2. Restructuring bonds**

As mentioned above, the Modular has been delayed, affecting the liquidity which is required for continued operations. The Company needs to confirm the operation date and the total cash necessary for its operations and, if it is necessary, a new waiver with the bondholder.

The Company agrees with the bondholders of the \$306,250 bond about the extension of the maturity with the following conditions that are in the process of being signed:

- the maturity date is extended to 3 October 2019 and may be further extended upon request by the Issuer, subject to approval of the Bondholders.
- payments of interest and installments are changed to quarterly payments. The Company shall pay quarterly installments equal to any remaining cash available.

- the authorized amount for the operations are: operating expenditure (fixed at USD 30,000 per Rig, per day), all capital expenditure (fixed at USD 5,500 per Rig per day) and all SG&A (fixed at USD 12,000 per Rig, per day). If the day rates increase under the applicable contract in the amount of USD 3,000, the SG&A will be increase up to USD 15,000.

### 3. Operations Highlights

	Q3 2018	YTD 2018	Q3 2017	FY 2017
Revenue	13,983	44,888	15,699	58,313
EBITDA	13,153	42,198	15,173	55,390
Interest expenses	8,608	25,872	8,458	34,035
Total debt	355,250	355,250	356,250	356,250

	Santa Maria		Covadonga		Modular (1)	
	Efficiency					
	Earnings	Operational	Earnings	Operational	Earnings	Operational
Q3 2018	100%	99.73%	100%	100%	100%	100.00%
YTD 2018	100%	99.89%	100%	99.98%	100%	99.91%
Q3 2017	100%	100%	100%	99.61%	99.84%	99.19%
FY2017	99.91%	99.81%	99.53%	99.32%	99.54%	99.19%

(1) The Modular during the Q3 2018 worked during July and August.

#### Revenue

The revenue for Q3 2018 was \$13,983, 11% less than Q3, 2017 because of the Modular's suspension.

The bareboat charters were as follows:

	Q3 2018 bareboat	Q3 2018 revenues	Q3 2017 bareboat	Q3 2017 revenues
La Santa María	68.20	6,275	70.82	\$6,516
La Covadonga	68.20	6,275	70.82	\$6,516
Modular	23.11	1,433	28.98	\$2,667

	<b>YTD 2018 bareboat</b>	<b>YTD 2018 (revenues)</b>	<b>FY 2017 bareboat</b>	<b>FY 2017 (revenues)</b>
La Santa María	71.27	19,458	57.85	\$21,117
La Covadonga	71.27	19,458	72.90	\$26,611
Modular	24.57	5,972	29.00	\$10,585

## **EBITDA**

The EBITDA for Q3, 2018 was \$13,153, 13% less than Q3, 2017. This corresponds to a percentage of accumulated revenue equal to 94.06%.

## **4. Invoice and factoring**

As of 30 September 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 30 June 2018	\$20,479	\$ 3,277	\$ 23,756	\$ -	\$ -	\$ -
Invoice in Q3 2018	12,379	1,981	14,360			-
Collection in Q3 2018	(20,479)	(3,277)	(23,756)			-
Balance as of 30 September 2018	12,379	1,981	14,360	-	-	-
Invoice in Q4 2018	16,885	2,702	19,586			-
Collection in Q4 2018	(12,379)	(1,981)	(14,360)			-
Balance as of today	\$16,884	\$ 2,702	\$ 19,586	\$ -	\$ -	\$ -

  

	Modular- Account receivables					
	Invoices no factored			Invoices factored		
	Lease	VAT	Total	Lease	VAT	Total
Balance as of 30 June 2018	\$ 3,184	\$ 509	\$ 3,694	\$ -	\$ -	\$ -
Invoice in Q3 2018	2,820	451	3,271			-
Collection in Q3 2018	(3,184)	(509)	(3,694)			-
Balance as of 30 September 2018	2,820	451	3,271	-	-	-
Invoice in Q4 2018	1,494	239	1,733	-	-	-
Collection in Q4 2018	(2,820)	(451)	(3,271)			-
Balance as of today	\$ 1,494	\$ 239	\$ 1,733	\$ -	\$ -	\$ -

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

## 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 nine months ended September 30, 2018 and for the year ended  
December 2017  
(In thousands of US dollars)**

	<b>Q3 2018</b>			<b>Q3 2017</b>		
	Jack-ups	Modular	Total	Jack-ups	Modular	Total
Operating lease income	18,768	2,989	21,757	19,551	4,795	24,346
Operating expenses:						
Operating cost and expenses	5,466	1,156	6,622	5,641	2,278	7,919
Other expenses (incomes), net	(1)	(87)	(88)	(365)	(109)	(474)
Corporate expenses	1,380	276	1,656	1,377	276	1,653
Depreciation	3,076	992	4,068	9,211	2,597	11,808
Total operating expenses	9,921	2,337	12,258	15,864	5,042	20,906
Operating results	8,847	652	9,499	3,687	(247)	3,440
EBITDA	<b>11,923</b>	<b>1,644</b>	<b>13,567</b>	<b>12,898</b>	<b>2,350</b>	<b>15,248</b>

  

	<b>FY 2018</b>			<b>FY 2017</b>		
	Jack-ups	Modular	Total	Jack-ups	Modular	Total
Operating lease income	57,366	12,073	69,439	72,949	19,042	91,991
Operating expenses:						
Operating cost and expenses	16,206	5,516	21,722	20,721	8,660	29,381
Other expenses (incomes), net	11	(103)	(92)	131	(144)	(13)
Corporate expenses	4,095	819	4,914	5,475	1,095	6,570
Depreciation	21,874	6,559	28,433	37,046	10,872	47,918
Total operating expenses	42,186	12,791	54,977	63,373	20,483	83,856
Operating results	15,180	(718)	14,462	9,576	(1,441)	8,135
EBITDA	<b>37,054</b>	<b>5,841</b>	<b>42,895</b>	<b>46,622</b>	<b>9,431</b>	<b>56,053</b>

During Q3, 2018, the Company reviewed and changed some estimated useful lives of the Jack-ups and the Modular, consequently, during this quarter, the depreciation had a benefit in the amount of \$8,000 million. The annual benefit will be in the amount of \$10.6 million.