

Latina Offshore Holding Limited
Unaudited consolidated financial information
Third quarter results 2020
(In thousands of US dollars)

Mexico City, 30 November 2020, 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 2020.

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 (as part of services) to Pemex on long-term exploration, 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 1st April 2023
- La Covadonga on 14 March 2023
- Modular on 16 March 2021

As of September 30th, 2020, La Covadonga and the Modular were drilling wells in the Gulf of Mexico, Pokche and Xanab fields. La Santa Maria in Abkatun Pol Chuc, and La Covadonga.

1. Contracts with Pemex

The daily rates from January 1st to June 30, 2020 are \$127.500 and \$60.250 for the Jack-ups and the Modular, respectively.

The Pandemic declared by the WHO generated a lower oil demand and consequently a significant oil price reduction that resulted in Pemex rationalizing their investments, so Latina entered discussions with Pemex. The following conditions will be signed in the agreements: i) a temporary suspension of La Santa Maria for four months that was planned from July 1st till October 31st ; suspension started August 7th and is planned to restart operations in the coming month, ii) day rates for the Jack-ups of \$95.000 and \$45.000 for the Modular from July 1st, 2020 to December 31st, 2020. Starting January 1st, 2021, day rates will be restated to the formula based on the Global Jack-ups Index published by Clarkson Research and iii) an increase to the credit term from 90 to 180 days till December 31st, 2020.

Latina took advantage of the temporary suspension of La Santa Maria to complete the Special Survey that was planned next year.

On August 26, 2020 at 2:00 am, Latina reported there was a rigdown incident in La Covadonga caused by a human error at a depth of 5,730 meters, stopping the current rig operations, which restarted on August 30, 2020 at 4:00 pm. Latina jointly with Pemex analyzed the root cause of this problem, and the outcome resulted in zero financial impact to Latina.

2. Amendments to the Bond Agreement with the Creditor

As a result of the agreements with Pemex, as mentioned above, Latina has agreed the following amendments to their outstanding bonds; see below a summary of the amended terms:

Key amendments to the USD \$53,390 Bond:

1. The "Maturity Date" was extended to 16 March 2021.
2. The minimum daily rate as set out in the definition of "Employment Contract" shall be reduced from USD48,200 to USD 45,000 from July 1st to December 31, 2020.
3. The Liquidity Buffer shall be exceptionally increased from USD860,000 to USD2,580,000 to cover Operating Expenses, SG&A Costs and Capital Expenditure for 90 days (rather than the current 30 days) until January 15, 2021.
4. The payment of the Instalment Cash Sweep shall be temporary suspended (with effect from 30 June 2020), so that the next calculation of the Instalment Cash Sweep shall occur on 31 March 2021.
5. The requirement for the Instalment Cash Sweep to be not less than USD500,000 plus 2 % shall be temporarily suspended (with effect from 30 June 2020 to the first payment of the Instalment Cash Sweep after 31 January 2021).

Key amendments to the USD \$287,601 Bond:

1. The payment of the Instalment Cash Sweep on July 15 was suspended.
2. The minimum daily rate as set out in the definition of "Charter Contract" shall be reduced from USD 100,000 to USD 95,000.
3. The Santa Maria Special Survey costs will be capped at USD 3,000.0 (the "Santa Maria Survey Costs") and will be funded by way of an exceptional one-time release.
4. Upon the Covadonga Special Survey in 2021, similar adjustments as described in item 3, will apply, where the cost of any such Special Survey will also be capped at USD 3,000.0 with the exception of reasonable, market mobilization and demobilization costs.

3. Operations Highlights

	Q3 2020	YTD 2020	Q3 2019	FY 2019
Revenue	8,106	43,960	16,284	56,547
EBITDA	8,090	43,659	15,952	55,101
Interest expenses	8,538	25,486	9,059	34,629
Total debt	340,991	340,991	352,408	352,408

	Santa Maria		Covadonga		Modular	
	Efficiency					
	Earnings	Operational	Earnings	Operational	Earnings	Operational
Q3 2020	100%	100%	100%	99.73%	100%	100%
YTD 2020	100%	99.95%	100%	99.87%	99.97%	99.87%
Q3 2019	100%	100%	100%	100%	99.70%	99.51%
FY 2019	100%	99.95%	100%	100%	97.33%	97.17%

Revenue

The revenue for Q3 2020 was \$8,106 and it is 50% lower than previous year same quarter due to La Santa Maria suspension and daily rate reduction. The bareboat charters were as follows:

	Q3 2020 bareboat rate	Q3 2020 revenues	Q3 2019 bareboat rate	Q3 2019 revenues
La Santa María	50	1,850	74.00	6,808
La Covadonga	50	4,600	74.00	6,808
Modular	18	1,656	29.00	2,668

	YTD 2020 bareboat rate	YTD 2020 revenues	FY 2019 bareboat rate	FY 2019 revenues
La Santa María	76.59	16,774	67.55	24,657
La Covadonga	71.26	19,524	67.55	24,657
Modular	27.96	7,662	27.18	7,233

EBITDA

The Q3 2020 EBITDA amount is \$8,090 and is 50.71% lower than Q3 2019 and is impacted by revenue reduction.

4. Invoice and factoring

As of 30 September 2020, and up to today, the movement of Latina's invoiced 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 2020	\$ -	\$ -	\$ -	\$ 839	\$ 134	\$ 974
Invoice in Q3 2020	8,912	1,426	10,338	16,255	2,601	18,856
Collection in Q3 2020	-	-	-	(839)	(134)	(974)
Balance as of 30 September 2020	8,912	1,426	10,338	16,255	2,601	18,856
Invoice in Q4 2020	16,632	2,661	19,294	882	141	1,023
Collection in Q4 2020	-	-	-	(13,310)	(2,130)	(15,440)
Balance as of today	\$25,544	\$ 4,087	\$ 29,631	\$ 3,827	\$ 612	\$ 4,439

	Modular- Account receivables					
	Invoices no factored			Invoices factored		
	Lease	VAT	Total	Lease	VAT	Total
Balance as of 30 June 2020	\$ -	\$ -	\$ -	\$ 1,868	\$ 299	\$ 2,167
Invoice in Q3 2020	-	-	-	3,675	588	4,263
Collection in Q3 2020	-	-	-	(1,868)	(299)	(2,167)
Balance as of 30 September 2020	-	-	-	3,675	588	4,263
Invoice in Q4 2020	1,395	223	1,618	1,395	223	1,618
Collection in Q4 2020	-	-	-	(1,868)	(299)	(2,167)
Balance as of today	\$ 1,395	\$ 223	\$ 1,618	\$ 3,203	\$ 512	\$ 3,715

As of 30 September 2020, and up to today Latina's invoiced and accrued account receivables are as follows:

Accounts Receivables			
Month	Jack ups	Modular	Balance as of today
June 2020	-	1,808	1,808
September 2020	-	1,350	1,350
October 2020	2,945	1,395	4,340
November 2020	2,850	1,350	4,200
Subtotal Accrued Receivables	5,795	5,903	11,698
March 2020	5,192	-	5,192
April 2020	133	-	133
May 2020	4,585	-	4,585
June 2020	8,874	-	8,874
July 2020	3,416	1,618	5,034
August 2020	4,124	-	4,124
September 2020	3,306	-	3,306
Subtotal Invoiced Receivables	29,631	1,618	31,249
Total Receivables	35,426	7,521	42,947

The account receivables are paid 180 days after issuing the invoices. The invoices factored have been made without any form of resource.

5. Latina's pro-forma consolidated income statement

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

For the nine months ended September 30, 2020 and 2019

(In thousands of US dollars)

	Q3 2020			Q3 2019		
	Jack-ups	Modular	Total	Jack-ups	Modular	Total
Operating lease income	12,296	4,140	16,436	21,980	5,178	27,158
Operating expenses:						
Operating cost and expenses	5,057	2,255	7,312	5,562	2,307	7,869
Other expenses (incomes), net	(147)	(39)	(186)	(42)	(99)	(141)
Corporate expenses	2,208	276	2,484	2,760	276	3,036
Depreciation	7,342	2,610	9,952	6,800	2,282	9,082
Total operating expenses	14,460	5,102	19,562	15,080	4,766	19,846
Operating results	(2,164)	(962)	(3,126)	6,900	412	7,312
EBITDA	5,178	1,648	6,826	13,700	2,694	16,394

	FY 2020			FY 2019		
	Jack-ups	Modular	Total	Jack-ups	Modular	Total
Operating lease income	58,878	15,100	73,978	82,440	14,147	96,587
Operating expenses:						
Operating cost and expenses	16,154	6,660	22,814	22,197	6,513	28,710
Other expenses (incomes), net	(324)	(76)	(400)	(297)	4,048	3,751
Corporate expenses	7,668	822	8,490	10,950	1,095	12,045
Depreciation	19,495	7,769	27,264	31,917	11,805	43,722
Total operating expenses	42,993	15,175	58,168	64,767	23,461	88,228
Operating results	15,885	(75)	15,810	17,673	(9,314)	8,359
EBITDA	35,380	7,694	43,074	49,590	2,491	52,081