

H1 2014, RESULTS:

- Revenues and Profitability at high
 - DIETSWELL is now definitively focused in services
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- Revenues progress by 57%, all divisions contributing to that performance
 - Operational profitability improvement for the last two years is confirmed, with Gross Margin at 14.1 % of Revenue, (vs 9,8 % in H1 2013)
 - Book Order of €12.9m by June 30 (vs €8.4m in June 2013)
 - The exceptional and final impairment of both the Sedlar 160 and Sedlar 250 Rigs reflects a step up in the strategic plan to refocus entirely on Services and symbolizes the refocusing of Dietswell, which is now a widely recognized player in the fast-growing Onshore and Offshore Engineering, Technical Assistance, Audit & Inspection and Rig Management markets.

DIETSWELL, a company specialized in well and drilling services, releases today its audited results by June 30, 2014.

Main figures by June 30, 2014

<i>In Million Euros (French norms)</i>	H1 2014	H1 2013	Change % / x
Book Order	12.92	8.41	+54 %
Consolidated Revenues	12.31	7.84	+57 %
Gross Margin	1.73	0.77	x2,2
EBITDA ⁽¹⁾	0.84	(0.02)	ns
EBIT ⁽²⁾	0.75	(0.11)	ns
Net Result			
- Before exceptional depreciation of assets	0.62	(0.18)	ns
- After exceptional depreciation of assets	(12.93)	(0.18)	ns
Net Debt	0.92	0.73	ns
Equity			
- Before exceptional depreciation of assets	20.25	19.11	ns
- After exceptional depreciation of assets	6.69	19.11	ns

(1) EBITDA : Earnings Before Interest Taxes Depreciation and Amortization

(2) EBIT : Earnings Before Interest Taxes

Pierre Laborie, the Chairman and Chief Executive Officer of Dietswell, and Jean-Claude Bourdon, the company's Executive Vice-Chairman and founder, made the following comments regarding these results: *"Dietswell is now at a turning point in its history. The 2014 first half results confirm the merits of the profitable and capital-efficient growth strategy implemented in 2012, as underlined by the positive trend in all of the business activities and the significant increase in profitability over the past few half-yearly periods.*

The recent successes recorded by the Group in each of its business lines, regardless of whether those successes involved the Oil Majors and large engineering companies recognizing Dietswell Solutions' ability to solve their engineering problems, the framework agreement for Factorig with Lukoil in Iraq, the powerful growth momentum of the Technical Assistance activities or, in the rig management area, the contract to upgrade and operate the drilling rig on the Gaviota Platform, which is operated by Enagás, the leading Spanish gas operator.

These technical, human and operating achievements have boosted Dietswell's short-term growth outlook, as demonstrated by the 23.5% increase in the order book, which amounted to €12.9 million, compared with the end of December 2013. Furthermore, the new Dietswell Do Brasil subsidiary, which is now fully operational with ultra-deep water offshore gas and oil reserves, is optimally positioning all of the Group's businesses in a fast-growing market.

This business model, which is based on expanding high-margin service activities and is capital-efficient, currently has three major advantages:

- *During periods where the oil price is falling, engineering investments prove very resilient compared with physical investments, especially in production. In a period of stabilization, or indeed where there is a decline in oil companies' physical investments, we usually observe an increase in so-called "intellectual" investments, especially in engineering in the case of Dietswell Solutions, which enable us to efficiently prepare for a recovery.*
- *Moreover, the many risks relating to major accidents such as the Macondo accident in the Gulf of Mexico in 2010 have led operators to significantly strengthen their rig audit and inspection policies, as well as their training policies, which Factorig will continue to benefit from.*
- *Lastly, the development of rig management outsourcing strategies, as well as training and technical assistance strategies, is directly benefiting the business activities of Dietswell Contracting and Dietswell Services.*

In December 2012, within the framework of this choice for Dietswell to increasingly focus on Services, a decision had been taken to realize the value of the Sedlar 160 and 250 Rigs under long-term lease, hire purchase contracts, a sale and management agreement, or even via an outright sale.

The signing of an agreement last March aimed at carrying out a drilling program in Gabon with the Sedlar 160 Rig did not materialize. The transfer of the equipment between Tunisia, where it was located as a result of a previous agreement, and Gabon gave rise to significant administrative issues beyond Dietswell's control, which resulted in the agreement falling through. The Sedlar 160 Rig is currently being stored in Spain

Accordingly, and given the lack of prospects for their near-term use, Dietswell took the decision to sell both the Sedlar 160 and 250 Rigs. The first stages of this process have been completed, and now enable an overall value of \$5 million to be envisaged over the coming months, based on estimates provided by international brokers who specialize in the sale of rigs. Lastly, the sale of these rigs will result in a decrease in the expenses relating to their warehousing, guarding and basic maintenance.

For the time being, an exceptional provision covering the difference between the residual book value of the two rigs and their current value of €13.6 million, estimated on a conservative basis, was recorded in the financial statements for the period ending June 30 2014. This provision, which was unanimously approved by Dietswell's Board of Directors, has no impact on the Group's cash position. The cash arising from the sale of the two rigs will primarily be allocated to strengthening and expanding the service activities".

◆ **57% growth of Revenues, with an improved contribution from all the divisions**

First Half year 2014 Revenues are set to €12.31m, improving by 57% versus H1 2013.

Growth momentum has been confirmed with high quarter figures: in sequence €5.81m for Q1, and €6.51m for Q2.

<i>In million Euros (French norms)</i>	H1 2014	H2 2013	Change % / x
Dietswell Services	6.62	6.23	+6 %
Dietswell Solutions	2.79	0.42	x6,6
Factorig	1.75	1.19	+47 %
Dietswell contracting	1.15	-	ns
TOTAL	12.31	7.84	+57 %

- **Dietswell Services (Technical Assistance):** Revenues are improving by 6% to reach €6.62m. In addition to H1 2014 figures, a significant number of commercial successes were registered, and will be reflected in the business volumes for the second half, especially in Gabon and the United Arab Emirates (UAE) via our branch in Abu Dhabi. At the same time, the division is continuing to reinforce its organizational structure in order to support its clients on their markets, via our representative offices in the Congo and Brazil.
- **Dietswell Solutions (Engineering Onshore & Offshore):** Revenues are set to €2.79m, strongly improved versus H1 2013. The diversification of this department, and its positioning on high value-added contracts are becoming more evident as innovative solutions are being offered, including:
 - Technology solutions: nuclear and production processes;
 - Contractual solutions: managing suppliers of specific equipment that provides cutting-edge turn-key solutions.
- **Factorig (Audit and Inspection):** this division Revenue reached €1,75m, improving by 47% versus H1 2013. From a commercial standpoint, the first half was characterized by an increase in business volumes in Africa and Asia, initially in China, and latterly in Indonesia. Moreover, Factorig is pursuing its efforts to roll out its services in the training field, and to boost its presence in the Offshore segment.
- **Dietswell Contracting (Drilling & Project Management):** strong Revenue of €1.15m are coming from ENAGAS's contract, 1st Spanish Gas Operator. First phase of this contract is for the revamping of the Gaviota platform, locate on Bermeo seashore in Spain, where ENAGAS is operating since 1994 a natural underground reservoir for gas storage.

By June 30 2014, the Book Order amounts to €12.9m, growing by 23% versus December 31 2013, and by 35% versus H1 2013.

◆ Comments on Profitability and Financial Structure

Gross Margin on H1 2014 doubled to reach €1.73m, accounting for 85% of the Gross Margin of 2013 full year. Expressed in Revenue, the Gross Margin is set to 14.1%, which is 4 points above the level reached in H1 2013, highlighting the control of administrative charges as well as the improvement of the operational contribution.

EBITDA turns back to positive at €0.84m, as well as EBIT at €0.74m. These figures support the strong momentum of return to profitability, started on 2012 and confirmed since then in 2013.

Net income amounted to €0.62 million before the inclusion of the exceptional €13.6 million impairment charge recorded as part of the planned sale of both the Sedlar 160 and 250 Rigs.

Gross financial debt amounted to €3 million as at June 30 2014, compared with €3.2 million at the end of 2013. It includes €2.1 million in convertible bonds as well as BPI innovation finance loans amounting to €0.75 million. Meanwhile, net debt amounted to €0.9 million. Shareholders' equity amounted to €20.25 million before the inclusion of the exceptional impairment charge, and to €6.69 million, i.e. €1.26 per share, including that charge.

◆ New Developments

- Dietswell Do Brasil, new affiliate opened since end of 2013, is now operational. This affiliate puts Dietswell in an optimal position on a fast-growing market, which boosts ultra-deep water (i.e. at depths of over 5,000 meters) offshore gas and oil reserves.

These developments are encouraging domestic and international operators to adopt an aggressive strategy in relation to Brazil, which is reflected in very sizeable investments and in the use of innovative technologies. Accordingly, Dietswell is now in a position to respond to this increasing and sustainable demand in a thorough and competitive manner, both from the drilling and production, and the maintenance and inspection standpoints.

- EDF has selected Dietswell, in collaboration with Principia, to carry out a study on the feasibility of implementing a power plant cooling system that uses a water drilling system including the well, the pipe network and the pumps at the bottom of the well.

The success of this feasibility study would be likely to create greater opportunities for Dietswell in the civil nuclear power market, which is one of the natural areas for the roll-out of its drilling expertise.

- Success in supplying equipment that enables a major international company to drill in ultra-deep water at no risk and in extreme weather conditions may enable this supply to be established on a long-term basis. In fact, the project involves an exploration well, and a major drilling program is likely to be launched in the event of a discovery, which would enable Dietswell to sell several units of this innovative solution. The same would apply in the event that other operators embark on this kind of market.

The successful achievements from a technical, operating and financial standpoint over the past few years, together with the exploration of new markets enables us to be very confident in Dietswell's future development.

About DIETSWELL (www.dietswell.com)

Founded in 2000, Dietswell is an international expert in drilling operations and design of drilling equipment for the oil industry. The multidisciplinary services offered by DIETSWELL in the drilling sector, are backed by a flexible and responsive operational structure, composed of industry experts.

With its highly qualified and experienced teams, Dietswell also conducts quality audits and drilling equipment design studies, for onshore as well as offshore rigs. Dietswell follows the highest quality and safety standards in the industry, is certified OSEO (French Innovation Agency), as well as ISO 9001, ISO/TS 29001 and ISO 14001 for its technical support, audit services & engineering department.



DIETSWELL is listed on Alternext (by NYSE Euronext) - ISIN: FR0010377127 - Alias: ALDIE
DIETSWELL is eligible to PEA-PME

DIETSWELL

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