



## FOURTH QUARTER 2013

### Financials

*(Figures in brackets refer to the corresponding period of 2012)*

#### Full year 2013

Operating profit for 2013 amounted to USD 245.1 million (USD 222.4 million), with utilisation of the fleet rising to 83 per cent (82 per cent). The improved result is mainly attributable to higher day rates.

In 2013, Prosafe had over 1 million exposure hours and zero lost time injuries. The company also showed positive development on other HSE measures.

Net financial expenses for 2013 amounted to USD 41.3 million (USD 44.4 million). In accordance with IFRS, interest costs totalling USD 4.5 million (USD 3.7 million) have been allocated to new build and refurbishment projects, and consequently capitalised as part of the vessel costs.

Net profit for 2013 equalled USD 199.1 million (USD 177.5 million) and diluted earnings per share were USD 0.85 (USD 0.80).

#### Fourth quarter

Operating profit for the fourth quarter amounted to USD 67 million (USD 45.5 million). Utilisation of the fleet was 82 per cent (82 per cent). The rise in operating profit is mainly due to higher day rates.

Safe Caledonia, Safe Concordia, Safe Lancia, Jasminia, Safe Hibernia, Safe Britannia and Safe Regency were in full operation throughout the quarter.

Safe Concordia was on contract in Brazil and the average effective day rate in the quarter was approximately USD 141 000.

Safe Caledonia continued operation for BP in the North Sea during the quarter.

Safe Scandinavia completed the contract with ConocoPhillips UK on 12 November, and is currently undertaking a life extension refurbishment and a five-year special period survey (SPS) at the Remontowa yard in Gdansk in Poland, before commencing a contract with Statoil in Norway.

Regalia completed operations for Shell on 24 November. The vessel is currently at Keppel Verolme in the Netherlands for refurbishment work and a five-year SPS. The vessel will subsequently operate for Statoil in Norway.

Safe Bristolia was in full operation for Elf Exploration in UK until 20 December and is scheduled to commence the next contract in April 2014.

Safe Astoria remained at the yard in Batam until 26 December, when she started mobilising for a contract with Swiber in Indonesia. The vessel earned a mobilisation day rate until operations commenced on 5 January 2014.

Net financial costs amounted to USD 6.8 million (USD 4.9 million). Interest income is down due to the settlement of the seller's credit agreement entered into in relation to the sale of Safe Esbjerg in 2012.

Net profit equalled USD 59.7 million (USD 42.3 million), corresponding to diluted earnings per share of USD 0.25 (USD 0.19).

Total assets at 31 December amounted to USD 1 618 million (USD 1 487.2 million). Net interest-bearing debt equalled USD 666.2 million (USD 706.8 million), while the book equity ratio increased to 45.7 per cent (34.6 per cent).

### **New builds**

In November 2013, Prosafe completed firm turnkey contracts with COSCO (Qidong) Offshore Co., Ltd. for the engineering, procurement and construction of two semi-submersible accommodation vessels, with options for four further units.

The vessels will be the most advanced and flexible units for worldwide operations excluding Norway, and will be ready for operations in 2016.

The vessels will be of Gusto MSC's Ocean 500 design, and will be equipped with 500 beds, DP3 station keeping systems, 10-point chain mooring and 300 tonne cranes.

Total value of the of the contracts is in excess of USD 400 million, and the vessels will be financed through cash flow from operations, existing debt facilities and new debt commitments.

In 2011 and 2012, Prosafe ordered two Norway compliant semi-submersible accommodation vessels, Safe Boreas and Safe Zephyrus, from Jurong Shipyard Pte Ltd. in Singapore. The construction process is going well, and when delivered,

the vessels will be the most sophisticated and well-equipped accommodation vessels in the market.

Both vessels have already secured contracts, with Safe Boreas going to work for Lundin Petroleum in Norway for a minimum six-month period from Q2 2015. Safe Zephyrus is scheduled to work for Statoil in UK for eight months commencing in the spring of 2016. Statoil also has an option to extend the contract for up to a total of three years.

### **Dividend**

The Board of Directors has resolved to declare an interim dividend equivalent to USD 0.16 per share to shareholders of record as of 18 February 2014.

The shares will trade ex-dividend on 14 February 2014. The dividend will be paid in the form of NOK 1.00 per share on 28 February 2014.

### **Possible UK Tax Changes**

In its Autumn Statement 2013, HM Revenue & Customs in the UK proposed changes to the taxation of offshore contractors. Depending on the final outcome this may increase the tax cost in respect of contracts for operations in the UK.

### **Outlook**

Prosafe saw a strong contract inflow during 2013, and the gross value of the contract backlog amounted to approximately USD 1.7bn (incl. options) at the end of the year, by far the highest level ever seen in Prosafe's history.

The accommodation market remains busy with a large amount of enquiries from

clients both in the North Sea and the rest of the world. There are, however, fewer tenders taking place than at the same point in time last year, and it is likely that the contract inflow in 2014 will be lower than the record level experienced in 2013.

The underlying long-term demand drivers remain positive. Oil fields are constantly growing older at the same time as the prospects for increased oil recovery is improving. This in turn bodes well for demand for services related to maintenance, modifications and upgrades. Furthermore, there are several large hook-up and commissioning projects in the pipeline, particularly in Norway, although the pace of new developments in the period from 2017 to 2019 could be lower than in the period from 2014 to 2016.

A number of new semi-submersible accommodation vessels are scheduled to enter the market over the next couple of years. The supply side is anticipated to almost double in size during the period from 2012 to 2016. This increase in part is as a consequence of a possible under-

supply situation historically and partly as a consequence of a positive underlying demand development which has arisen during the past years. Furthermore, it should be noted that the growth in number of units is made up by vessels of a varying degree of quality, both in respect of technical specifications, owners' operating capabilities and financing structures.

In addition to being the world's largest owner and operator of semi-submersible accommodation vessels, the company also has the longest track-record in terms of operations and HSEQ. Furthermore, it has the most efficient cost structure through economies of scale, the world's most cost efficient fleet and an efficient financing structure. Accordingly, Prosafe is well placed to further enhance its position in the accommodation market over the coming years.

Singapore, 6 February 2014

The Board of Directors of Prosafe SE

## CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Q4 13	Q3 13	Q4 12	2013	2012
Operating revenues	134.8	159.4	113.1	523.5	510.4
Operating expenses	(53.4)	(50.8)	(52.6)	(216.9)	(230.3)
<b>Operating profit before depreciation</b>	<b>81.4</b>	<b>108.6</b>	<b>60.5</b>	<b>306.6</b>	<b>280.1</b>
Depreciation	(14.4)	(18.2)	(15.0)	(61.5)	(57.7)
<b>Operating profit</b>	<b>67.0</b>	<b>90.4</b>	<b>45.5</b>	<b>245.1</b>	<b>222.4</b>
Interest income	0.1	0.4	1.0	1.3	1.1
Interest expenses	(8.4)	(8.4)	(8.0)	(34.2)	(40.9)
Other financial items	1.4	4.6	2.1	(8.5)	(4.6)
<b>Net financial items</b>	<b>(6.9)</b>	<b>(3.4)</b>	<b>(4.9)</b>	<b>(41.4)</b>	<b>(44.4)</b>
<b>Profit before taxes</b>	<b>60.1</b>	<b>87.0</b>	<b>40.6</b>	<b>203.7</b>	<b>178.0</b>
Taxes	(0.4)	(1.8)	1.7	(4.6)	(0.5)
<b>Net profit</b>	<b>59.7</b>	<b>85.2</b>	<b>42.3</b>	<b>199.1</b>	<b>177.5</b>
<b>EPS</b>	<b>0.25</b>	<b>0.36</b>	<b>0.19</b>	<b>0.85</b>	<b>0.80</b>
<b>Diluted EPS</b>	<b>0.25</b>	<b>0.36</b>	<b>0.19</b>	<b>0.85</b>	<b>0.80</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)	Q4 13	Q3 13	Q4 12	2013	2012
<b>Net profit for the period</b>	<b>59.7</b>	<b>85.2</b>	<b>42.3</b>	<b>199.1</b>	<b>177.5</b>
Foreign currency translation	(1.2)	0.0	(0.3)	(0.4)	(0.9)
Revaluation hedging instruments	10.9	(4.4)	3.4	35.4	(3.7)
<b>Other comprehensive income</b>	<b>9.7</b>	<b>(4.4)</b>	<b>3.1</b>	<b>35.0</b>	<b>(4.6)</b>
<b>Comprehensive income</b>	<b>69.4</b>	<b>80.8</b>	<b>45.4</b>	<b>234.1</b>	<b>172.9</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	31.12.13	30.09.13	31.12.12
Goodwill	226.7	226.7	226.7
Vessels	946.9	926.2	896.3
New builds	248.9	152.5	135.6
Other non-current assets	4.9	16.5	21.9
<b>Total non-current assets</b>	<b>1 427.4</b>	<b>1 321.9</b>	<b>1 280.5</b>
Cash and deposits	113.4	118.0	103.6
Other current assets	77.2	102.8	103.1
<b>Total current assets</b>	<b>190.6</b>	<b>220.8</b>	<b>206.7</b>
<b>Total assets</b>	<b>1 618.0</b>	<b>1 542.7</b>	<b>1 487.2</b>
Share capital	65.9	65.9	63.9
Other equity	673.8	639.8	452.4
<b>Total equity</b>	<b>739.7</b>	<b>705.7</b>	<b>516.3</b>
Interest-free long-term liabilities	25.1	40.5	66.8
Interest-bearing long-term debt	779.6	697.7	745.6
<b>Total long-term liabilities</b>	<b>804.7</b>	<b>738.2</b>	<b>812.4</b>
Other interest-free current liabilities	73.6	64.8	93.7
Current portion of long-term debt	0.0	34.0	64.8
<b>Total current liabilities</b>	<b>73.6</b>	<b>98.8</b>	<b>158.5</b>
<b>Total equity and liabilities</b>	<b>1 618.0</b>	<b>1 542.7</b>	<b>1 487.2</b>

## CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q4 13	Q3 13	Q4 12	2013	2012
Profit before taxes	60.1	87.0	40.6	203.7	178.0
Unrealised currency (gain)/loss on debt	(4.4)	0.9	5.7	(27.1)	15.0
Gain on sale of non-current assets	0.0	0.0	0.0	0.0	(4.8)
Depreciation	14.4	18.2	15.0	61.5	57.7
Financial income	(0.1)	(0.4)	(1.0)	(1.3)	(1.1)
Financial costs	8.4	8.4	8.0	34.2	40.9
Change in working capital	34.4	(10.3)	(6.4)	5.8	4.0
Other items from operating activities	(6.1)	(1.7)	(4.9)	(11.3)	(6.6)
<b>Net cash flow from operating activities</b>	<b>106.7</b>	<b>102.1</b>	<b>57.0</b>	<b>265.5</b>	<b>283.1</b>
Acquisition of tangible assets	(131.7)	(19.9)	(98.6)	(223.4)	(188.1)
Proceeds from sale of tangible assets	11.8	0.0	38.5	15.0	38.5
Interests received	0.1	0.4	1.0	1.3	1.1
<b>Net cash flow from investing activities</b>	<b>(119.8)</b>	<b>(19.5)</b>	<b>(59.1)</b>	<b>(207.1)</b>	<b>(148.5)</b>
Proceeds from new interest-bearing debt	212.3	21.0	100.0	404.1	317.1
Repayment of interest-bearing debt	(160.0)	(20.0)	(60.0)	(407.8)	(282.2)
New share issue	0.0	(0.3)	0.0	128.9	0.0
Dividends paid	(35.4)	(35.4)	(29.7)	(139.6)	(118.6)
Sale of own shares	0.0	0.0	0.2	0.0	0.2
Interests paid	(8.4)	(8.4)	(8.0)	(34.2)	(40.9)
<b>Net cash flow from financing activities</b>	<b>8.5</b>	<b>(43.1)</b>	<b>2.5</b>	<b>(48.6)</b>	<b>(124.4)</b>
<b>Net cash flow</b>	<b>(4.6)</b>	<b>39.5</b>	<b>0.4</b>	<b>9.8</b>	<b>10.2</b>
Cash and deposits at beginning of period	118.0	78.5	103.2	103.6	93.4
<b>Cash and deposits at end of period</b>	<b>113.4</b>	<b>118.0</b>	<b>103.6</b>	<b>113.4</b>	<b>103.6</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q4 13	Q3 13	Q4 12	2013	2012
Equity at beginning of period	705.7	660.6	500.4	516.3	461.8
New share issue	0.0	(0.3)	0.0	128.9	0.0
Comprehensive income for the period	69.4	80.8	45.4	234.1	172.9
Sale of own shares	0.0	0.0	0.2	0.0	0.2
Dividends	(35.4)	(35.4)	(29.7)	(139.6)	(118.6)
<b>Equity at end of period</b>	<b>739.7</b>	<b>705.7</b>	<b>516.3</b>	<b>739.7</b>	<b>516.3</b>

## **NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

### **NOTE 1: GENERAL INFORMATION**

Prosafe SE is a public limited company domiciled in Larnaca, Cyprus. Prosafe SE is listed on the Oslo Stock Exchange with ticker code PRS. The consolidated financial statements for the fourth quarter of 2013 were authorised for issue in accordance with a resolution of the board of directors on 6 February 2014. The accounting figures are unaudited.

### **NOTE 2: ACCOUNTING PRINCIPLES**

This interim financial report has been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 Interim Financial Reporting. The accounting principles adopted are consistent with those of the previous financial year.

### **NOTE 3: SHARE ISSUE AND CANCELLATION OF TREASURY SHARES**

On 15 March 2013, the Company announced the successful completion of a private placement of 13 000 000 new shares directed towards Norwegian and international institutional investors after close of the Oslo Stock Exchange on 14 March 2013. The over-subscribed placement was made at a subscription price of NOK 58 per share, and the share capital increase represented approximately 5.7 per cent of the issued shares in the Company. Gross proceeds amounted to NOK 754 million, and will be used to fund value enhancing growth investments.

The issuance of the new shares was resolved by the Company's board of directors pursuant to an authorisation granted at the Company's annual general meeting on 23 May 2012. The shares allocated in the private placement were issued and registered in the Norwegian Central Securities Depository (VPS) on 18 March 2013, and thus tradable on the Oslo Stock Exchange from the same date. The new share capital of the Company was increased by EUR 3 250 000 to EUR 60 734 197.50, divided into 242 936 790 shares with a nominal value of EUR 0.25 per share.

On 14 May 2013, the annual general meeting approved the reduction of the issued share capital from EUR 60 734 197.50 divided into 242 936 790 ordinary shares of EUR 0.25 each, to EUR 58 993 264.75 divided into 235 973 059 ordinary shares of EUR 0.25 each by the cancellation of 6 963 731 ordinary shares held by the Company as treasury shares. On 18 May 2013, these treasury shares were cancelled in the Norwegian Central Securities Depository (VPS).

### **NOTE 4: INTEREST-BEARING DEBT**

On 4 January 2013, Prosafe completed a NOK 500 million unsecured bond issue with maturity in January 2020. In connection with this bond issue, Prosafe bought back NOK 156 million in one of the existing bonds, PRS06 PRO, with maturity 14 October 2013 at 102.25. For details on the other facilities and the bond loans, please refer to the annual report for 2012. In October 2013, Prosafe completed a NOK 700 million unsecured bond issue maturing in October 2018. The bond carries an interest of 3-month NIBOR plus 2.95 per cent. Settlement date was 22 October 2013. The proceeds will be used for refinancing and for general corporate purposes.

### **NOTE 5: SETTLEMENT OF SELLER'S CREDIT AGREEMENT**

Reference is made to the sale of Safe Esbjerg in 2012 and the related seller's credit agreement. On 7 October 2013, the remaining loan and interest balance of USD 11.8 million was repaid early by the buyer, and the amount is now fully settled.

<b>KEY FIGURES</b>	<b>Q4 13</b>	<b>Q3 13</b>	<b>Q4 12</b>	<b>2013</b>	<b>2012</b>
Operating margin	49.7 %	56.7 %	40.2 %	46.8 %	43.6 %
Equity ratio	45.7 %	45.7 %	34.7 %	45.7 %	34.7 %
Return on equity	33.0 %	49.9 %	34.6 %	31.7 %	48.4 %
Net interest bearing debt (USD million)	666.2	613.7	706.8	666.2	706.8
Number of shares (1 000)	235 973	235 973	229 937	235 973	229 937
Average no. of outstanding shares (1 000)	235 973	235 973	222 963	233 806	222 961
USD/NOK exchange rate at end of period	6.08	6.01	5.57	6.08	5.57
Share price (NOK)	46.80	48.00	47.32	46.80	47.32
Share price (USD)	7.70	7.99	8.50	7.70	8.50
Market capitalisation (NOK million)	11 044	11 327	10 881	11 044	10 881
Market capitalisation (USD million)	1 816	1 885	1 953	1 816	1 953

#### **NOTES TO KEY FIGURES**

Operating margin = (Operating profit / Operating revenues) \* 100

Equity ratio = (Equity / Total assets) \* 100

Return on equity = Annualised [Net profit / Average book equity]

Net interest-bearing debt = Interest-bearing debt - Cash and deposits