



FIRST QUARTER 2017

Operations

Good operating performance in the quarter. Safety and compliance have the highest focus in Prosafe.

Fleet utilisation¹ was 40 per cent in the first quarter of 2017 (37 per cent in the first quarter of 2016).

The Company is delivering against its cost and capex reduction targets and maintains focus on continuous improvements.

Safe Boreas continued the contract with Repsol Sinopec in UK and was in full operation throughout the quarter. This contract at Montrose was extended until 24 April 2017 at market adjusted rates.

Safe Zephyrus completed the contract with Aker BP in Norway at the end of January and is currently laid-up in the UK.

Safe Notos commenced its three-year and 222 day contract for Petrobras on 7 December 2016 and was on contract throughout the quarter.

Safe Concordia was fully contracted in the quarter for Petrobras and continues on short-term extensions at a market adjusted day rate.

The Safe Scandinavia Tender Support Vessel (TSV) was fully contracted in the quarter with Statoil. This contract has a firm period until July 2018.

Safe Caledonia is undergoing a five-year SPS before commencing a 134 day plus 30-day option contract with Total in UK in mid-May 2017.

Safe Lancia was sold for scrap in the US in March 2017.

Regalia, Safe Bristolia, Safe Astoria and Safe Regency were idle in the quarter. Regalia and Safe Bristolia are laid up in Norway while Safe Astoria is laid up in Indonesia. Safe Regency is laid up in Curaçao, and the company has taken the decision to sell the vessel for scrap in the near term. This will be the fifth vessel Prosafe has sold for scrap since summer 2016 to preserve cash and to increase competitiveness of the fleet.

Safe Eurus is in a preserved, strategic stacking mode with COSCO (Qidong) Offshore Co., Ltd. (COSCO) in China. Prosafe remains in negotiations with COSCO and related parties with the aim of reaching an acceptable commercial solution regarding timing and terms of delivery for the Safe Nova and the Safe Vega. If an agreement is not reached, Prosafe has the right to cancel the newbuild contracts due to delay and claim a refund of the gross deposit of approx. USD 60 million secured by Bank of China.

Financials

(Figures in brackets refer to the corresponding period of 2016)

Operating loss for the first quarter amounted to USD 2.6 million (operating profit of USD 21.9 million). Operating profit for the first quarter last year benefitted from the mobilisation fee on the Safe Scandinavia TSV (USD 12 million) and a re-phasing charge related to the Safe Boreas Mariner contract of USD 30 million. Operating profit this quarter is impacted by higher depreciation compared to the same period last year. Taking these factors into account, the underlying performance in the quarter has improved compared to the same period last year.

Net financial expenses for the first quarter were USD 14.9 million (USD 20.3 million).

Net loss amounted to USD 19.1 million (USD

¹ Fleet utilisation = actual vessel days in operation in the period / possible vessel days in the period x 100

1.8 million), and diluted earnings per share were USD 0.22 negative (USD 1.00 negative).

Total assets at 31 March amounted to USD 2,655.8 million (USD 2,630.8 million). The book equity ratio increased to 42 percent at the end of 2016 due to the financial restructuring completed during last year and remained at 42 percent at 31 March (25.9 per cent). Net interest-bearing debt stood at USD 1,133.6 million (USD 1,650.7 million).

Outlook

At end April Prosafe was awarded the flotel contract on Johan Sverdrup.

The award is anticipated to position Safe Zephyrus well for any additional work for the Johan Sverdrup development. Contract value is between USD 51 million and USD 53 million depending on the duration and start date nominated by Statoil, and includes mobilisation, demobilisation and fuel consumption.

The building of order back-log and longevity combined with the retained optionality of other

vessels in the fleet represents a balanced situation for Prosafe.

The market remains generally soft and current accommodation activity is predominantly related to hook-up and commissioning work. Market improvement will require the maintenance and modification part of the market to return.

After several years of sharp decline in the global E&P spending, the company now sees market expectations of only moderate E&P capex reduction in 2017 and an increase in 2018/2019. Such a development is anticipated to be generally positive for the overall activity within the oil and gas sector as well as for offshore accommodation services beyond 2017. It is however anticipated that further scrapping and industry restructuring will be required in addition to activity increase, for the offshore accommodation market to recover.

Prosafe continues to rebuild its position by taking the lead in respect of cost efficiency, scrapping, fleet renewal and consolidation while retaining its focus on safe operations at all times.

Larnaca, 10 May 2017

The Board of Directors of Prosafe SE

CONDENSED CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Q1 17	Q4 16	Q1 16	2016
Operating revenues	75.7	125.8	103.0	474.0
Operating expenses	(44.9)	(47.8)	(57.7)	(220.8)
EBITDA	30.8	78.0	45.3	253.2
Depreciation	(33.4)	(34.1)	(23.4)	(115.7)
Impairment	0.0	(84.7)	0.0	(84.7)
Operating profit/(loss)	(2.6)	(40.8)	21.9	52.8
Interest income	0.1	0.1	0.0	0.3
Interest expenses	(18.6)	(18.4)	(19.9)	(85.6)
Other financial items	3.6	33.7	(0.4)	222.2
Net financial items	(14.9)	15.4	(20.3)	136.9
Profit/(Loss) before taxes	(17.5)	(25.4)	1.6	189.7
Taxes	(1.6)	(7.3)	(3.4)	(17.1)
Net profit/(loss)	(19.1)	(32.7)	(1.8)	172.6
EPS	(0.27)	(0.51)	(1.00)	8.36
Diluted EPS	(0.22)	(0.47)	(1.00)	8.10

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)	Q1 17	Q4 16	Q1 16	2016
Net profit/(loss) for the period	(19.1)	(32.7)	(1.8)	172.6
Foreign currency translation	0.5	(1.5)	0.7	1.7
Revaluation hedging instruments	3.3	3.3	(31.6)	(22.2)
Other comprehensive income	3.8	1.8	(30.9)	(20.5)
Comprehensive income	(15.3)	(30.9)	(32.7)	152.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	31.03.17	31.12.16	31.03.16
Goodwill	226.7	226.7	226.7
Vessels	1 997.8	2 029.3	1 581.6
New builds	123.3	122.2	635.3
Other non-current assets	13.9	13.9	4.7
Total non-current assets	2 361.7	2 392.1	2 448.3
Cash and deposits	250.6	205.7	71.0
Other current assets	43.5	89.1	111.5
Total current assets	294.1	294.8	182.5
Total assets	2 655.8	2 686.9	2 630.8
Share capital	7.9	7.9	72.1
Other equity	1 106.3	1 121.6	610.4
Total equity	1 114.2	1 129.5	682.5
Interest-free long-term liabilities	61.1	62.2	90.8
Interest-bearing long-term debt	1 336.3	1 342.9	1 554.9
Total long-term liabilities	1 397.4	1 405.1	1 645.7
Other interest-free current liabilities	96.3	104.4	135.8
Current portion of long-term debt	47.9	47.9	166.8
Total current liabilities	144.2	152.3	302.6
Total equity and liabilities	2 655.8	2 686.9	2 630.8

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q1 17	Q4 16	Q1 16	2016
Profit/(Loss) before taxes	(17.5)	(25.4)	1.6	189.7
Unrealised currency (gain)/loss on debt	0.0	0.0	18.8	18.3
Gain on forgiveness of bond debt	0.0	0.0	0.0	(197.6)
Loss/(Gain) on sale of non-current assets	0.0	(0.8)	0.5	(0.6)
Depreciation	33.4	34.1	23.4	115.7
Impairment	0.0	84.7	0.0	84.7
Financial income	(0.1)	(0.1)	0.0	(0.3)
Financial costs	18.6	18.4	19.9	85.6
Change in working capital	37.5	0.4	(50.4)	(59.4)
Other items from operating activities	1.9	(44.6)	(19.9)	(50.2)
Net cash flow from operating activities	73.8	66.7	(6.1)	185.9
Acquisition of tangible assets	(3.0)	(3.2)	(433.5)	(483.9)
Proceeds from sale of tangible assets	0.0	0.0	0.0	0.7
Interests received	0.1	0.1	0.0	0.3
Net cash flow from investing activities	(2.9)	(3.1)	(433.5)	(482.9)
Proceeds from new interest-bearing debt	0.0	0.0	503.3	503.3
Repayment of interest-bearing debt	(7.4)	(36.3)	(29.9)	(112.5)
New share issue	0.0	13.4	0.0	140.4
Interests paid	(18.6)	(18.4)	(19.9)	(85.6)
Net cash flow from financing activities	(26.0)	(41.3)	453.5	445.6
Net cash flow	44.9	22.3	13.9	148.6
Cash and deposits at beginning of period	205.7	183.4	57.1	57.1
Cash and deposits at end of period	250.6	205.7	71.0	205.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q1 17	Q4 16	Q1 16	2016
Equity at beginning of period	1 129.5	1 077.0	715.2	715.2
New share issue	0.0	83.4	0.0	262.2
Comprehensive income for the period	(15.3)	(30.9)	(32.7)	152.1
Equity at end of period	1 114.2	1 129.5	682.5	1 129.5

NOTES TO THE CONDENSED INTERIM 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 first quarter of 2017 were authorised for issue in accordance with a resolution of the board of directors on 10 May 2017. The accounting figures are unaudited.

NOTE 2: ACCOUNTING PRINCIPLES

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

IASB has issued new standards that may impact the Group; IFRS 9 Financial Instruments, IFRS 15 Revenue and IFRS 16 Leases. These standards are not yet effective, and the Group has not adopted these standards at this stage. The Group has not yet finalised the full analysis of the impact of these standards on the Group's consolidated financial statements, but the effect on the consolidated financial statements is not expected to be significant.