



## THIRD QUARTER 2014

### Financials

*(Figures in brackets refer to the corresponding period of 2013)*

Operating profit for the third quarter amounted to USD 93 million (USD 90.4 million). This quarterly result is the highest ever in Prosafes's history. Utilisation of the vessels was 96 per cent (91 per cent).

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

Safe Concordia is operating on a three-year contract with Petrobras in Brazil. The average effective day rate in the third quarter was approximately USD 158,000.

Regalia completed the work for Statoil at the Grane field in Norway in early-August and commenced the contract with Talisman for accommodation support at the Montrose field in the UK in late-August.

Safe Bristolia was off-hire for 9 days between completion of the contract with ConocoPhillips at the Judy field in the UK and commencement of the work for BG Group at the Everest field. Operation of the vessel was suspended in mid October due to storm damage to her lifeboats and the vessel has been demobilised for repair works to be carried out.

Safe Astoria completed its Indonesian operations for Swiber in May. In mid-July, the vessel commenced mobilisation to the

Malampaya field in the Philippines, with the firm contract period of 11 months starting 1 August.

Net financial costs amounted to USD 17.7 million (USD 3.4 million). This change is mainly due to revaluation of forward exchange contracts.

Net profit equalled USD 67.4 million (USD 85.2 million), corresponding to diluted earnings per share of USD 0.29 (USD 0.36).

Total assets at 30 September amounted to USD 1 769 million (USD 1 543 million). Net interest-bearing debt equalled USD 773.3 million (USD 613.7 million), while the book equity ratio declined to 41.1 per cent (45.7 per cent).

### Dividend

The Board of Directors has resolved to declare an interim dividend equivalent to USD 0.053 per share to shareholders of record as of 14 November 2014. The shares will trade ex dividend on 12 November 2014. The dividend will be paid in the form of NOK 0.36 per share on 26 November 2014.

### Dividend policy

The Board has re-affirmed the long-term dividend policy of paying out up to 75 per cent of the preceding year's net profit, adopted in 2011.

The exact level of dividend to be paid in each period will depend on the supply/demand balance in the market, the investment level and the overall financial position of the Group.

On the basis of a faster fleet growth, the Board will normally target a pay out ratio in the range of 40 to 60 per cent of the preceding year's net profit. In periods with exceptional conditions the pay-out ratio may be outside that range.

### **Guidance for the coming period**

In light of the current weak market outlook in the North Sea and the increase in overall supply, the Board of Directors shall focus on strengthening the balance sheet and securing strategic flexibility. Therefore, for the period until the end of 2016 the Board is targeting quarterly dividend payments corresponding to an annual payout ratio in the range of 25 to 35 per cent of the preceding year's net profit.

### **New builds**

The new build projects are progressing well and cost forecasts remain as previously communicated.

Delivery of the first vessel, Safe Boreas, is on track for delivery during the fourth quarter, giving adequate time for mobilisation for the first contract, commencing in April/May 2015. Its sister vessel, Safe Zephyrus, will be ready for operations during the summer of 2015.

Construction of the Safe Notos and Safe Eurus at COSCO Quidong in China is progressing as planned and the vessels should be ready for operations during the first and second half of 2016 respectively.

### **Outlook**

Statoil, Premier Oil and Prosafe have entered into an agreement for the

assignment of Safe Scandinavia from the Snorre field in the Norwegian Continental Shelf, to the Solan field in the UK Continental Shelf with effect from early October 2014. Upon completion of the assignment, Safe Scandinavia will demobilise to the Westcon yard in Norway where it will undergo a temporary conversion to a tender support vessel (TSV). The TSV contract with Statoil at the Oseberg Øst field is expected to commence mid 2015.

As a result of E&P companies' spending and cost cutting initiatives there has been a softening of demand for accommodation vessels in the North Sea region. Several projects both in Norway and in the UK have been descoped and/or postponed, resulting in a temporary reduction in demand for accommodation support. Overall, this will most likely lead to a reduction in the North Sea contract inflow going forward, compared to the levels experienced during the past two to three years.

The demand outlook in Mexico remains positive. The activity level in shallow waters is high, evidenced by substantial growth in the number of drilling jack-ups under contract in the region. This bodes well for continued robust demand for accommodation support services in the short-to-medium-term.

The recently introduced energy reform in Mexico should encourage increased exploration and, eventually, development activity in the deep-water areas. Although this does not affect demand for accommodation support services in the near-term, it represents substantial potential opportunities in the longer-term.

The outlook for further demand growth in Brazil is positive and there should be potential for further contract awards in the coming year. However, the Brazilian

market is characterised by a crowded and fragmented supply side. Accordingly, competition for contracts will continue to be strong.

Larnaca, 5 November 2014

The Board of Directors of Prosafe SE

## CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Q3 14	Q2 14	Q3 13	9M 14	9M 13	2013
Operating revenues	169.5	133.4	159.4	394.6	388.7	523.5
Operating expenses	(59.9)	(62.4)	(50.8)	(175.9)	(163.5)	(216.9)
<b>EBITDA</b>	<b>109.6</b>	<b>71.0</b>	<b>108.6</b>	<b>218.7</b>	<b>225.2</b>	<b>306.6</b>
Depreciation	(16.6)	(16.0)	(18.2)	(47.8)	(47.1)	(61.5)
<b>Operating profit</b>	<b>93.0</b>	<b>55.0</b>	<b>90.4</b>	<b>170.9</b>	<b>178.1</b>	<b>245.1</b>
Interest income	0.2	0.0	0.4	0.3	1.2	1.3
Interest expenses	(10.0)	(8.8)	(8.4)	(27.1)	(25.8)	(34.2)
Other financial items	(7.9)	(1.2)	4.6	(4.9)	(9.9)	(8.5)
<b>Net financial items</b>	<b>(17.7)</b>	<b>(10.0)</b>	<b>(3.4)</b>	<b>(31.7)</b>	<b>(34.5)</b>	<b>(41.4)</b>
<b>Profit before taxes</b>	<b>75.3</b>	<b>45.0</b>	<b>87.0</b>	<b>139.2</b>	<b>143.6</b>	<b>203.7</b>
Taxes	(7.9)	(2.9)	(1.8)	(11.4)	(4.2)	(4.6)
<b>Net profit</b>	<b>67.4</b>	<b>42.1</b>	<b>85.2</b>	<b>127.8</b>	<b>139.4</b>	<b>199.1</b>
<b>EPS</b>	<b>0.29</b>	<b>0.18</b>	<b>0.36</b>	<b>0.54</b>	<b>0.60</b>	<b>0.85</b>
<b>Diluted EPS</b>	<b>0.29</b>	<b>0.18</b>	<b>0.36</b>	<b>0.54</b>	<b>0.60</b>	<b>0.85</b>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)	Q3 14	Q2 14	Q3 13	9M 14	9M 13	2013
<b>Net profit for the period</b>	<b>67.4</b>	<b>42.1</b>	<b>85.2</b>	<b>127.8</b>	<b>139.4</b>	<b>199.1</b>
Foreign currency translation	(0.6)	0.7	0.0	(6.4)	0.8	(0.4)
Revaluation hedging instruments	7.0	(16.0)	(4.4)	(21.2)	24.5	35.4
<b>Other comprehensive income</b>	<b>6.4</b>	<b>(15.3)</b>	<b>(4.4)</b>	<b>(27.6)</b>	<b>25.3</b>	<b>35.0</b>
<b>Comprehensive income</b>	<b>73.8</b>	<b>26.8</b>	<b>80.8</b>	<b>100.2</b>	<b>164.7</b>	<b>234.1</b>

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	30.09.14	30.06.14	31.12.13	30.09.13
Goodwill	226.7	226.7	226.7	226.7
Vessels	1 004.1	995.8	946.9	926.2
New builds	293.7	275.6	248.9	152.5
Other non-current assets	5.2	5.1	4.9	16.5
<b>Total non-current assets</b>	<b>1 529.7</b>	<b>1 503.2</b>	<b>1 427.4</b>	<b>1 321.9</b>
Cash and deposits	145.6	77.4	113.4	118.0
Other current assets	93.6	109.3	79.1	102.8
<b>Total current assets</b>	<b>239.2</b>	<b>186.7</b>	<b>192.5</b>	<b>220.8</b>
<b>Total assets</b>	<b>1 768.9</b>	<b>1 689.9</b>	<b>1 619.9</b>	<b>1 542.7</b>
Share capital	65.9	65.9	65.9	65.9
Other equity	660.7	624.7	673.8	639.8
<b>Total equity</b>	<b>726.6</b>	<b>690.6</b>	<b>739.7</b>	<b>705.7</b>
Interest-free long-term liabilities	45.2	53.1	25.1	40.5
Interest-bearing long-term debt	919.4	876.6	779.6	697.7
<b>Total long-term liabilities</b>	<b>964.6</b>	<b>929.7</b>	<b>804.7</b>	<b>738.2</b>
Other interest-free current liabilities	77.7	69.6	75.5	64.8
Current portion of long-term debt	0.0	0.0	0.0	34.0
<b>Total current liabilities</b>	<b>77.7</b>	<b>69.6</b>	<b>75.5</b>	<b>98.8</b>
<b>Total equity and liabilities</b>	<b>1 768.9</b>	<b>1 689.9</b>	<b>1 619.9</b>	<b>1 542.7</b>

## CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q3 14	Q2 14	Q3 13	9M 14	9M 13	2013
Profit before taxes	75.3	45.0	87.0	139.2	143.6	203.7
Unrealised currency (gain)/loss on debt	(20.4)	(9.9)	0.9	(24.4)	(22.7)	(27.1)
Loss on sale of non-current assets	0.0	0.0	0.0	0.0	0.0	2.4
Depreciation	16.6	16.0	18.2	47.8	47.1	61.5
Financial income	(0.2)	0.0	(0.4)	(0.3)	(1.2)	(1.3)
Financial costs	10.0	8.8	8.4	27.1	25.8	34.2
Change in working capital	23.8	(44.9)	(10.3)	(12.3)	(28.6)	5.8
Other items from operating activities	(9.4)	(2.9)	(1.7)	(18.9)	(5.2)	(11.3)
<b>Net cash flow from operating activities</b>	<b>95.7</b>	<b>12.1</b>	<b>102.1</b>	<b>158.2</b>	<b>158.8</b>	<b>267.9</b>
Acquisition of tangible assets	(43.1)	(45.8)	(19.9)	(150.1)	(91.7)	(227.2)
Proceeds from sale of tangible assets	0.0	0.0	0.0	0.0	3.2	16.4
Interests received	0.2	0.0	0.4	0.3	1.2	1.3
<b>Net cash flow from investing activities</b>	<b>(42.9)</b>	<b>(45.8)</b>	<b>(19.5)</b>	<b>(149.8)</b>	<b>(87.3)</b>	<b>(209.5)</b>
Proceeds from new interest-bearing debt	162.2	100.0	21.0	332.2	191.8	404.1
Repayment of interest-bearing debt	(99.0)	0.0	(20.0)	(168.0)	(247.8)	(407.8)
New share issue	0.0	0.0	(0.3)	0.0	128.9	128.9
Dividends paid	(37.8)	(37.7)	(35.4)	(113.3)	(104.2)	(139.6)
Interests paid	(10.0)	(8.8)	(8.4)	(27.1)	(25.8)	(34.2)
<b>Net cash flow from financing activities</b>	<b>15.4</b>	<b>53.5</b>	<b>(43.1)</b>	<b>23.8</b>	<b>(57.1)</b>	<b>(48.6)</b>
<b>Net cash flow</b>	<b>68.2</b>	<b>19.8</b>	<b>39.5</b>	<b>32.2</b>	<b>14.4</b>	<b>9.8</b>
Cash and deposits at beginning of period	77.4	57.6	78.5	113.4	103.6	103.6
<b>Cash and deposits at end of period</b>	<b>145.6</b>	<b>77.4</b>	<b>118.0</b>	<b>145.6</b>	<b>118.0</b>	<b>113.4</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q3 14	Q2 14	Q3 13	9M 14	9M 13	2013
Equity at beginning of period	690.6	701.5	660.6	739.7	516.3	516.3
New share issue	0.0	0.0	(0.3)	0.0	128.9	128.9
Comprehensive income for the period	73.8	26.8	80.8	100.2	164.7	234.1
Dividends	(37.8)	(37.7)	(35.4)	(113.3)	(104.2)	(139.6)
<b>Equity at end of period</b>	<b>726.6</b>	<b>690.6</b>	<b>705.7</b>	<b>726.6</b>	<b>705.7</b>	<b>739.7</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 second quarter of 2014 were authorised for issue in accordance with a resolution of the board of directors on 20 August 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: NEW BUILDS

Prosafe has two vessels under construction at Jurong in Singapore which will be ready for operation in 2015 plus two vessels under construction at Cosco in China which will be ready for operation in 2016.

<b>KEY FIGURES</b>	<b>Q3 14</b>	<b>Q2 14</b>	<b>Q3 13</b>	<b>9M 14</b>	<b>9M 13</b>	<b>2013</b>
Operating margin	54.9 %	41.2 %	56.7 %	43.3 %	45.8 %	46.8 %
Equity ratio	41.1 %	40.9 %	45.7 %	41.1 %	45.7 %	45.7 %
Return on equity	37.8 %	24.2 %	49.9 %	23.2 %	30.4 %	31.7 %
Net interest bearing debt (USD million)	773.8	799.2	613.7	773.8	613.7	666.2
Number of shares (1 000)	235 973	235 973	235 973	235 973	235 973	235 973
Average no. of outstanding shares (1 000)	235 973	235 973	235 973	235 973	233 075	233 806
USD/NOK exchange rate at end of period	6.45	6.15	6.01	6.45	6.01	6.08
Share price (NOK)	37.58	50.60	48.00	37.58	48.00	46.80
Share price (USD)	5.83	8.23	7.99	5.83	7.99	7.70
Market capitalisation (NOK million)	8 868	11 940	11 327	8 868	11 327	11 044
Market capitalisation (USD million)	1 375	1 942	1 885	1 375	1 885	1 816

#### **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