Prosafe

FOURTH QUARTER 2014

Financials

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

Full year 2014

Operating profit for 2014 amounted to USD 248.3 million (USD 245.1 million), with utilisation of the fleet rising to 87 per cent (83 per cent).

Net financial expenses for 2014 amounted to USD 57 million (USD 41.3 million). The main reason for this increase is fair value adjustments of currency forward contracts. In accordance with IFRS, interest costs totalling USD 7.9 million (USD 4.5 million) have been allocated to new build and refurbishment projects, and consequently capitalised as part of the vessel costs.

Net profit for 2014 equalled USD 178.8 million (USD 199.1 million) and diluted earnings per share were USD 0.76 (USD 0.85).

Fourth quarter 2014

Operating profit for the fourth quarter amounted to USD 77.4 million (USD 67 million). Utilisation of the fleet was 92 per cent (82 per cent). The rise in operating profit is mainly due to the increased utilisation.

Safe Caledonia, Safe Scandinavia, Regalia, Safe Concordia, Safe Astoria, 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 fourth quarter was approximately USD 162,000.

As announced previously, Safe Bristolia sustained damage to lifeboats after experiencing bad weather during work at the Everest field in UK in early October. Operations were suspended, and the vessel was brought to a shipyard in Norway to carry out repair work. A provision of USD 7.5 million has been made in the fourth quarter accounts to cover extra-ordinary expenses related to the Safe Bristolia incident.

Net financial costs amounted to USD 25.3 million (USD 6.8 million). This increase is mainly due to a fair value adjustment of currency forward contracts.

Net profit equalled USD 51 million (USD 59.7 million), corresponding to diluted earnings per share of USD 0.22 (USD 0.25).

Total assets at 31 December amounted to USD 1 817 million (USD 1 618 million). Net interest-bearing debt equalled USD 707.7 million (USD 666.2 million), while the book equity ratio declined to 41.2 per cent (45.7 per cent).

Refinancing

Prosafe has entered into a new USD 1,300 million loan facility for the refinancing of the existing USD 1,100 million and USD 420 million facilities. The new loan has a seven-year tenor and an interest rate of LIBOR plus 1.90 per cent for the first five years and LIBOR plus 2.15 per cent thereafter.

Despite the falling oil price and challenging market conditions, the new loan facility has been entered into on improved terms and conditions, including both a lower interest rate and longer maturity and repayment profile than the refinanced facilities. This demonstrates the strength of Prosafe's reputation in the credit markets and the banks' strong commitment to the company.

With the new facility, Prosafe has put in place a robust long-term funding structure, with financial flexibility and lower refinancing risk for the coming years. This should further strengthen the company's leading position in the global accommodation support vessel market.

Dividend

The Board of Directors has resolved to declare an interim dividend equivalent to USD 0.048 per share to shareholders of record as of 19 February 2015. The shares will trade ex dividend on 18 February 2015. The dividend will be paid in the form of NOK 0.36 per share on 3 March 2015.

Outlook

Safe Scandinavia will work at the Solan field in UK for Premier Oil throughout February. Thereafter works will commence at a yard in Norway to convert the unit to a tender support vessel in preparation for the long-term contract with Statoil at Oseberg Øst in Norway.

Regalia is under contract with Talisman UK until November 2015.

Safe Caledonia is under contract with Nexen until April 2015. In July it will commence a 13-month contract with BP for work at the ETAP field in UK.

Safe Bristolia is scheduled to commence the contract with BG in the second quarter of 2015.

Safe Astoria is working for Shell at the Malampaya field in the Philippines under a contract that expires at the end of July 2015. Shell has the option to extend the contract by up to two months.

Safe Concordia is under a long-term charter with Petrobras in Brazil. In mid-February the vessel will go the Maua yard in Brazil to undergo a special periodic survey. As a result, the vessel will be off-hire for approximately 10 weeks before re-commencing the contract with Petrobras.

Safe Britannia and Safe Hibernia are currently working on shorter term contract extensions in Mexico.

The new build, Safe Boreas, was delivered from Jurong Shipyard in Singapore in January. The vessel is currently in transit to Norway, where it will commence a six-month contract with Lundin Norway for support in connection with the hook-up and commissioning of the Edvard Grieg platform in late April or early May. The client has the option to extend the contract by two months.

Increasingly over the past 12 to 18 months, oil companies have announced reduction of spending and cost cutting programmes. Consequently this has resulted in lower demand for assets and services related to exploration, development and production of oil and gas resources.

In the accommodation support market, the reduction in demand has been particularly visible in the North Sea segment. However, although the outlook has weakened relative to earlier expectations, opportunities still exist which could lead to new contracts being awarded over the coming year.

In Mexico long-term demand outlook continues to look promising, although the recent drop in oil price has caused some near-term uncertainty. The cost of shallow water production in Mexico is relatively low, and the recent drop in the price of oil is not expected to affect production volumes negatively. As such, demand for services to support the oil recovery rate, including accommodation support, is expected to continue.

In Brazil, accommodation support vessels are mostly used for safety and maintenance purposes on producing fields. All the vessels servicing the Brazilian market currently operate in the Campos basin. In the longer term it is likely that there will also be demand from other areas. Accordingly, the outlook for further growth in Brazil remains positive, despite higher, near-term uncertainty resulting from recent developments in the global oil market.

Prosafe is the world's largest owner and operator of semi-submersible accommodation vessels, with the longest track-record in terms of operations and HSEQ. In addition, through its highly competitive cost structure from economies of scale, cost efficient fleet and strong financing structure, Prosafe is well placed to take advantage of weaker market conditions to further enhance its position in the accommodation market over the coming years.

6 February 2015

The Board of Directors of Prosafe SE

CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Q4 14	Q3 14	Q4 13	2014	2013
Operating revenues	154.1	169.5	134.8	548.7	523.5
Operating expenses	(60.2)	(59.9)	(53.4)	(236.1)	(216.9)
EBITDA	**93.9**	**109.6**	**81.4**	**312.6**	**306.6**
Depreciation	(16.5)	(16.6)	(14.4)	(64.3)	(61.5)
Operating profit	**77.4**	**93.0**	**67.0**	**248.3**	**245.1**
Interest income	0.0	0.2	0.1	0.3	1.3
Interest expenses	(10.2)	(10.0)	(8.4)	(37.3)	(34.2)
Other financial items	(15.1)	(7.9)	1.4	(20.0)	(8.5)
Net financial items	**(25.3)**	**(17.7)**	**(6.9)**	**(57.0)**	**(41.4)**
Profit before taxes	**52.1**	**75.3**	**60.1**	**191.3**	**203.7**
Taxes	(1.1)	(7.9)	(0.4)	(12.5)	(4.6)
Net profit	**51.0**	**67.4**	**59.7**	**178.8**	**199.1**
EPS	**0.22**	**0.29**	**0.25**	**0.76**	**0.85**
Diluted EPS	**0.22**	**0.29**	**0.25**	**0.76**	**0.85**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)	Q4 14	Q3 14	Q4 13	2014	2013
Net profit for the period	**51.0**	**67.4**	**59.7**	**178.8**	**199.1**
Foreign currency translation	0.2	(0.6)	(1.2)	(6.2)	(0.4)
Revaluation hedging instruments	(16.8)	7.0	10.9	(38.0)	35.4
Other comprehensive income	**(16.6)**	**6.4**	**9.7**	**(44.2)**	**35.0**
Comprehensive income	**34.4**	**73.8**	**69.4**	**134.6**	**234.1**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	31.12.14	30.09.14	31.12.13
Goodwill	226.7	226.7	226.7
Vessels	1 027.3	1 004.1	946.9
New builds	311.8	293.7	248.9
Other non-current assets	5.7	5.2	4.9
Total non-current assets	**1 571.5**	**1 529.7**	**1 427.4**
Cash and deposits	122.4	145.6	113.4
Other current assets	122.9	93.6	79.1
Total current assets	**245.3**	**239.2**	**192.5**
Total assets	**1 816.8**	**1 768.9**	**1 619.9**
Share capital	65.9	65.9	65.9
Other equity	682.6	660.7	673.8
Total equity	**748.5**	**726.6**	**739.7**
Interest-free long-term liabilities	55.9	45.2	25.1
Interest-bearing long-term debt	830.1	919.4	779.6
Total long-term liabilities	**886.0**	**964.6**	**804.7**
Other interest-free current liabilities	182.3	77.7	75.5
Total current liabilities	**182.3**	**77.7**	**75.5**
Total equity and liabilities	**1 816.8**	**1 768.9**	**1 619.9**

CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q4 14	Q3 14	Q4 13	2014	2013
Profit before taxes	52.1	75.3	60.1	191.3	203.7
Unrealised currency (gain)/loss on debt	(59.3)	(20.4)	(4.4)	(83.7)	(27.1)
Loss on sale of non-current assets	2.3	0.0	0.0	2.3	2.4
Depreciation	16.5	16.6	14.4	64.3	61.5
Financial income	0.0	(0.2)	(0.1)	(0.3)	(1.3)
Financial costs	10.2	10.0	8.4	37.3	34.2
Change in working capital	75.3	23.8	34.4	63.0	5.8
Other items from operating activities	(7.0)	(9.4)	(6.1)	(25.9)	(11.3)
Net cash flow from operating activities	**90.1**	**95.7**	**106.7**	**248.3**	**267.9**
Acquisition of tangible assets	(60.9)	(43.1)	(131.7)	(211.0)	(227.2)
Proceeds from sale of tangible assets	0.3	0.0	11.8	0.3	16.4
Interests received	0.0	0.2	0.1	0.3	1.3
Net cash flow from investing activities	**(60.6)**	**(42.9)**	**(119.8)**	**(210.4)**	**(209.5)**
Proceeds from new interest-bearing debt	0.0	162.2	212.3	332.2	404.1
Repayment of interest-bearing debt	(30.0)	(99.0)	(160.0)	(198.0)	(407.8)
New share issue	0.0	0.0	0.0	0.0	128.9
Dividends paid	(12.5)	(37.8)	(35.4)	(125.8)	(139.6)
Interests paid	(10.2)	(10.0)	(8.4)	(37.3)	(34.2)
Net cash flow from financing activities	**(52.7)**	**15.4**	**8.5**	**(28.9)**	**(48.6)**
Net cash flow	**(23.2)**	**68.2**	**(4.6)**	**9.0**	**9.8**
Cash and deposits at beginning of period	145.6	77.4	118.0	113.4	103.6
Cash and deposits at end of period	**122.4**	**145.6**	**113.4**	**122.4**	**113.4**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q4 14	Q3 14	Q4 13	2014	2013
Equity at beginning of period	726.6	690.6	705.7	739.7	516.3
New share issue	0.0	0.0	0.0	0.0	128.9
Comprehensive income for the period	34.4	73.8	69.4	134.6	234.1
Dividends	(12.5)	(37.8)	(35.4)	(125.8)	(139.6)
Equity at end of period	**748.5**	**726.6**	**739.7**	**748.5**	**739.7**

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 2014 were authorised for issue in accordance with a resolution of the board of directors on 4 February 2015. 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

As of 31 December 2014 Prosafe had 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 are scheduled for operation in 2016.

KEY FIGURES	Q4 14	Q3 14	Q4 13	2014	2013
Operating margin	50.2 %	54.9 %	49.7 %	45.3 %	46.8 %
Equity ratio	41.2 %	41.1 %	45.7 %	41.2 %	45.7 %
Return on equity	28.1 %	37.8 %	33.0 %	24.0 %	31.7 %
Net interest bearing debt (USD million)	707.7	773.8	666.2	707.7	666.2
Number of shares (1 000)	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	233 806
USD/NOK exchange rate at end of period	7.43	6.45	6.08	7.43	6.08
Share price (NOK)	23.00	37.58	46.80	23.00	46.80
Share price (USD)	3.10	5.83	7.70	3.10	7.70
Market capitalisation (NOK million)	5 427	8 868	11 044	5 427	11 044
Market capitalisation (USD million)	730	1 375	1 816	730	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