



Prosafe

SECOND QUARTER AND FIRST HALF REPORT 2015

Financials

(Figures in brackets refer to the corresponding period of 2014)

Second quarter

Revenues for the second quarter of 2015 were USD 92.5 million (USD 133.4 million). Revenues are reduced by USD 12.7 million as a result of a commercial agreement which overall will result in a net positive revenue effect in the longer term.

Operating profit amounted to USD 22.8 million (USD 55.0 million).

Net financial expenses for the second quarter were USD 7.0 million (USD 10.0 million). This change is mainly due to favourable currency effects partly offset by higher interest costs.

Net profit amounted to USD 12.2 million (USD 42.1 million), corresponding to diluted earnings per share of USD 0.05 (USD 0.18).

Total assets at 30 June amounted to USD 2,241.7 million (USD 1,689.9 million), while the book equity ratio declined to 33.9 per cent (40.9 per cent). Net interest-bearing debt stood at USD 1,123.7 million (USD 799.2 million).

Operations

The fleet utilisation rate in the second quarter of 2015 was 58 per cent.

Regalia, Safe Astoria, Safe Regency, Safe Lancia and Safe Hibernia were fully utilised during the quarter.

Safe Britannia underwent a planned DP upgrade during the second quarter and was off-hire for 30 days. Jasminia remains off-hire after going off contract in late February 2015.

Safe Concordia completed a five-year special periodic survey and upgrade works at the Maua Shipyard in Brazil during the quarter. The contract with Petrobras re-commenced late June 2015.

The new build Safe Boreas arrived in Norway in April. The contract with Lundin Norway AS for support in connection with the hook-up and commissioning of the Edvard Grieg platform in the North Sea commenced in mid-May. In addition, Lundin Norway has exercised the first of the one-month options.

Safe Caledonia was contracted to Nexen Petroleum U.K. until the end of April. The contract with BP Exploration Operating Company Limited for support at the Andrew field in UK commenced early July 2015.

Safe Bristolia completed repair work at the Hanøytangen shipyard in Norway during the quarter. The contract with BG International Limited for work at the Everest field in UK commenced at the beginning of June 2015 in accordance with the announcement made on 22 May 2015.

The contract for Safe Astoria with Shell Philippines Exploration BV at the Malampaya field has been extended until late August.

New builds and projects

The conversion of Safe Scandinavia to a tender support vessel at the Westcon yard in Ølensvåg, Norway, continued during the

second quarter. The project is experiencing some further delays and the start-up of the contract for Statoil is expected to take place during the fourth quarter of 2015.

As stated in the operational update published on 29 July 2015, the total capital expenditure for 2015 is expected to increase by 5 to 10 per cent relative to previous guidance, as a result of the extended yard stays for Safe Scandinavia and Safe Concordia and further cost increases related to the Safe Bristolia repair work.

The cost forecasts for the new builds remain as previously communicated.

Safe Boreas was delivered from the yard in Singapore in January 2015, with delivery of its sister vessel Safe Zephyrus scheduled for Q4 2015.

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

New contracts

Prosafe has entered into contracts of a total gross value of approximately USD 240 million in August. From Q1 2017 Safe Eurus will work for three years for Petrobras in Brazil. Safe Notos will be deployed on an eight month contract in the UK from Q2 2016, with Safe Zephyrus covering a short period at the start of the contract.

In addition, the contract for Safe Astoria in the Philippines has been extended to late August 2015 and Lundin Norway has exercised an option to extend the contract for Safe Boreas by one month to December 2015.

With these new contracts Prosafe has now secured work for all four new builds.

Outlook

The oil and gas services market remains challenging, and in the current lower oil price environment Prosafe has seen prospects

being deferred or work scopes being reduced. However, Prosafe has been awarded several new contracts and extensions, resulting in improved short term revenue visibility. Set against this relatively robust short term outlook, uncertainty remains in respect of the medium term. Nevertheless, the company should be well placed to continue to take relative advantage of market conditions in the longer term.

Dividend

The Board of Directors resolved to declare an interim dividend equivalent to USD 0.048 per share to shareholders of record as of 28 August 2015. The shares will trade ex dividend on 27 August 2015. The dividend will be paid in the form of NOK 0.40 per share on 10 September 2015.

Risk

Prosafe's key risks are described in detail in the Directors' Report as set out in the Annual Report 2014 and include Prosafe's main operational risks e.g. day rate level and utilisation rate of the accommodation vessels. The company's results also depend (inter alia) on operating costs, interest expenses and exchange rates.

Statement from the Board, the CEO and the CFO

We confirm that, to the best of our knowledge, the financial statements for the first half year of 2015, which have been prepared in accordance with IAS 34 Interim Financial Statements as adopted by the European Union and the requirements of the Cyprus Companies Law, give a true and fair view of the company's assets, liabilities, financial position and profit or loss of the company, and that the interim management report includes a fair review of the information required under the Norwegian Securities Trading Act section 5-6 fourth paragraph and the Cyprus Companies Law and Cyprus Transparency Requirements Law No:190(1) 2007 section 10.

Larnaca, 20 August 2015

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CONDENSED CONSOLIDATED INCOME STATEMENT

| (Unaudited figures in USD million) | Q2 15 | Q1 15 | Q2 14 | 6M 15 | 6M 14 | 2014 |
|------------------------------------|--------------|---------------|---------------|---------------|---------------|---------------|
| Operating revenues | 92.5 | 124.2 | 133.4 | 216.7 | 225.1 | 548.7 |
| Operating expenses | (51.0) | (51.8) | (62.4) | (102.8) | (116.0) | (236.1) |
| EBITDA | 41.5 | 72.4 | 71.0 | 113.9 | 109.1 | 312.6 |
| Depreciation | (18.7) | (17.0) | (16.0) | (35.7) | (31.2) | (64.3) |
| Operating profit | 22.8 | 55.4 | 55.0 | 78.2 | 77.9 | 248.3 |
| Interest income | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 | 0.3 |
| Interest expenses | (12.8) | (10.2) | (8.8) | (23.0) | (17.1) | (37.3) |
| Other financial items | 5.7 | (15.9) | (1.2) | (10.2) | 3.0 | (20.0) |
| Net financial items | (7.0) | (26.1) | (10.0) | (33.1) | (14.0) | (57.0) |
| Profit before taxes | 15.8 | 29.3 | 45.0 | 45.1 | 63.9 | 191.3 |
| Taxes | (3.6) | (2.3) | (2.9) | (5.9) | (3.5) | (12.5) |
| Net profit | 12.2 | 27.0 | 42.1 | 39.2 | 60.4 | 178.8 |
| EPS | 0.05 | 0.11 | 0.18 | 0.17 | 0.26 | 0.76 |
| Diluted EPS | 0.05 | 0.11 | 0.18 | 0.17 | 0.26 | 0.76 |

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| (Unaudited figures in USD million) | Q2 15 | Q1 15 | Q2 14 | 6M 15 | 6M 14 | 2014 |
|------------------------------------|-------------|---------------|---------------|--------------|---------------|---------------|
| Net profit for the period | 12.2 | 27.0 | 42.1 | 39.2 | 60.4 | 178.8 |
| Foreign currency translation | 2.0 | (1.9) | 0.7 | 0.1 | (5.8) | (6.2) |
| Revaluation hedging instruments | 12.7 | (17.2) | (16.0) | (4.5) | (28.2) | (38.0) |
| Other comprehensive income | 14.7 | (19.1) | (15.3) | (4.4) | (34.0) | (44.2) |
| Comprehensive income | 26.9 | 7.9 | 26.8 | 34.8 | 26.4 | 134.6 |

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| (Unaudited figures in USD million) | 30.06.15 | 31.03.15 | 30.06.14 | 31.12.14 |
|---|----------------|----------------|----------------|----------------|
| Goodwill | 226.7 | 226.7 | 226.7 | 226.7 |
| Vessels | 1 611.5 | 1 096.1 | 995.8 | 1 027.3 |
| New builds | 211.1 | 567.6 | 275.6 | 311.8 |
| Other non-current assets | 6.0 | 6.0 | 5.1 | 5.7 |
| Total non-current assets | 2 055.3 | 1 896.4 | 1 503.2 | 1 571.5 |
| Cash and deposits | 94.9 | 151.4 | 77.4 | 122.4 |
| Other current assets | 91.5 | 109.7 | 109.3 | 122.9 |
| Total current assets | 186.4 | 261.1 | 186.7 | 245.3 |
| Total assets | 2 241.7 | 2 157.5 | 1 689.9 | 1 816.8 |
| Share capital | 65.9 | 65.9 | 65.9 | 65.9 |
| Other equity | 694.7 | 679.2 | 624.7 | 682.6 |
| Total equity | 760.6 | 745.1 | 690.6 | 748.5 |
| Interest-free long-term liabilities | 59.4 | 71.6 | 53.1 | 55.9 |
| Interest-bearing long-term debt | 1 185.6 | 1 096.7 | 876.6 | 830.1 |
| Total long-term liabilities | 1 245.0 | 1 168.3 | 929.7 | 886.0 |
| Other interest-free current liabilities | 203.1 | 212.0 | 69.6 | 182.3 |
| Current portion of long-term debt | 33.0 | 32.1 | 0.0 | 0.0 |
| Total current liabilities | 236.1 | 244.1 | 69.6 | 182.3 |
| Total equity and liabilities | 2 241.7 | 2 157.5 | 1 689.9 | 1 816.8 |

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

| (Unaudited figures in USD million) | Q2 15 | Q1 15 | Q2 14 | 6M 15 | 6M 14 | 2014 |
|--|----------------|----------------|---------------|----------------|----------------|----------------|
| Profit before taxes | 15.8 | 29.3 | 45.0 | 45.1 | 63.9 | 191.3 |
| Unrealised currency (gain)/loss on debt | 9.8 | (29.8) | (9.9) | (20.0) | (4.0) | (83.7) |
| Loss on sale of non-current assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 2.3 |
| Depreciation | 18.7 | 17.0 | 16.0 | 35.7 | 31.2 | 64.3 |
| Financial income | (0.1) | 0.0 | 0.0 | (0.1) | (0.1) | (0.3) |
| Financial costs | 12.8 | 10.2 | 8.8 | 23.0 | 17.1 | 37.3 |
| Change in working capital | 9.3 | 42.9 | (44.9) | 52.2 | (36.1) | 63.0 |
| Other items from operating activities | (1.1) | (5.7) | (2.9) | (6.8) | (9.5) | (25.9) |
| Net cash flow from operating activities | 65.2 | 63.9 | 12.1 | 129.1 | 62.5 | 248.3 |
| Acquisition of tangible assets | (177.6) | (341.9) | (45.8) | (519.5) | (107.0) | (211.0) |
| Proceeds from sale of tangible assets | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.3 |
| Interests received | 0.1 | 0.0 | 0.0 | 0.1 | 0.1 | 0.3 |
| Net cash flow from investing activities | (177.5) | (341.9) | (45.8) | (519.4) | (106.9) | (210.4) |
| Proceeds from new interest-bearing debt | 80.0 | 1 030.0 | 100.0 | 1 110.0 | 170.0 | 332.2 |
| Repayment of interest-bearing debt | 0.0 | (701.5) | 0.0 | (701.5) | (69.0) | (198.0) |
| Dividends paid | (11.4) | (11.3) | (37.7) | (22.7) | (75.5) | (125.8) |
| Interests paid | (12.8) | (10.2) | (8.8) | (23.0) | (17.1) | (37.3) |
| Net cash flow from financing activities | 55.8 | 307.0 | 53.5 | 362.8 | 8.4 | (28.9) |
| Net cash flow | (56.5) | 29.0 | 19.8 | (27.5) | (36.0) | 9.0 |
| Cash and deposits at beginning of period | 151.4 | 122.4 | 57.6 | 122.4 | 113.4 | 113.4 |
| Cash and deposits at end of period | 94.9 | 151.4 | 77.4 | 94.9 | 77.4 | 122.4 |

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| (Unaudited figures in USD million) | Q2 15 | Q1 15 | Q2 14 | 6M 15 | 6M 14 | 2014 |
|-------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Equity at beginning of period | 745.1 | 748.5 | 701.5 | 748.5 | 739.7 | 739.7 |
| Comprehensive income for the period | 26.9 | 7.9 | 26.8 | 34.8 | 26.4 | 134.6 |
| Dividends | (11.4) | (11.3) | (37.7) | (22.7) | (75.5) | (125.8) |
| Equity at end of period | 760.6 | 745.1 | 690.6 | 760.6 | 690.6 | 748.5 |

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 second quarter of 2015 were authorised for issue in accordance with a resolution of the board of directors on 20 August 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 - Safe Boreas and Safe Zephyrus - under construction at Jurong in Singapore plus two vessels under construction at Cosco in China - Safe Eurus and Safe Notos. Prosafe took delivery of the Safe Boreas in January 2015, and in Q2 2015 the vessel commenced a contract with Lundin for support in connection with the hook-up and commissioning of the Edvard Grieg platform.

NOTE 4: REFINANCING

In February 2015, the company secured a new credit facility for the refinancing of the existing USD 1,100 million and USD 420 million credit facilities. The credit facility, which has a maturity of seven years, consists of two term loan tranches of USD 800 million (drawn on closing) and USD 200 million (drawn on delivery of the Safe Zephyrus) and a revolver loan tranche of USD 300 million. The availability under the term loan tranches is reduced semi-annually, starting 6 months after delivery of the tranche security, with an amount that reduces the term loan commitments to zero by the final maturity. The annual interest rate on the credit facility is 1.90 per cent above 3-month LIBOR for the first five years and 2.15 per cent above 3-month LIBOR thereafter.

Financial covenants:

Liquidity: Minimum USD 65 million (including up to USD 25 million of total commitments available for utilisation)

Leverage ratio: Net debt/EBITDA must not exceed 5.0 (4.5 after 3rd anniversary)

Value adjusted equity ratio: Minimum 35 per cent

Collateral maintenance: Market value vessels/Total outstanding loans above 150 per cent

| KEY FIGURES | Q2 15 | Q1 15 | Q2 14 | 6M 15 | 6M 14 | 2014 |
|---|---------|---------|---------|---------|---------|---------|
| Operating margin | 24.6 % | 44.6 % | 41.2 % | 36.1 % | 34.6 % | 45.3 % |
| Equity ratio | 33.9 % | 34.5 % | 40.9 % | 33.9 % | 40.9 % | 41.2 % |
| Return on equity | 6.7 % | 14.5 % | 24.2 % | 10.4 % | 16.9 % | 23.9 % |
| Net interest bearing debt (USD million) | 1 123.7 | 977.4 | 799.2 | 1 123.7 | 799.2 | 707.7 |
| 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 | 235 973 | 235 973 |
| USD/NOK exchange rate at end of period | 7.86 | 8.09 | 6.15 | 7.86 | 6.15 | 7.43 |
| Share price (NOK) | 27.20 | 22.20 | 50.60 | 27.20 | 50.60 | 23.00 |
| Share price (USD) | 3.46 | 2.74 | 8.23 | 3.46 | 8.23 | 3.10 |
| Market capitalisation (NOK million) | 6 418 | 5 239 | 11 940 | 6 418 | 11 940 | 5 427 |
| Market capitalisation (USD million) | 817 | 648 | 1 942 | 817 | 1 942 | 730 |