



SECOND QUARTER AND FIRST HALF REPORT 2017

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

Operations

The fleet utilisation rate¹ in the second quarter of 2017 was 38.5 per cent (41 per cent).

The Safe Scandinavia tender support vessel (TSV) was fully contracted in the quarter with Statoil for a firm contract period until the end of June 2018.

Safe Notos commenced a three-year and 222 day contract for Petrobras on 7 December 2016 and was on contract throughout the second quarter. From 1 July 2017 Safe Notos was off-hire to allow preventive maintenance and repair of the gangway. Safe Notos recommenced operations with Petrobras in early August.

Safe Concordia was fully contracted in the second quarter for Petrobras at a market adjusted dayrate. The vessel completed contracted operations with Petrobras late July and will transit to Curacao for lay-up and is available for future work.

Safe Boreas continued the Repsol Sinopec contract in the UK at market adjusted rates until 24 April 2017. Following preparation and mobilisation, the vessel commenced a 13 month firm

period with Statoil at the Mariner installation in the UK in early August.

Safe Caledonia commenced a contract with Total for firm period of 134 days plus a 30 day option in the UK mid May 2017.

Safe Zephyrus, Regalia, Safe Bristolia and Safe Astoria were idle in the quarter. Safe Zephyrus, Regalia and Safe Bristolia are laid up in Norway, while Safe Astoria is laid up in Indonesia.

During June 2017, Safe Regency was sold for recycling for USD 1.25 million. Prosafe has now scrapped five vessels as part of its strategy to high grade the fleet and preserve cash flow.

Safe Eurus is in a preserved, strategic stacking mode with COSCO (Qidong) Offshore Co. Ltd. (COSCO) in China.

The standstill agreement between Prosafe and COSCO relating to Safe Nova and Safe Vega has been extended until December 2017. Prosafe remains in negotiations with COSCO and related parties for a workable commercial solution for these vessels. The aim is to include Safe Eurus in a commercial solution along with the Safe Nova and Safe Vega to improve flexibility and terms also for that vessel. If an agreement is not reached, Prosafe has the right to cancel the Safe Nova and Safe Vega newbuild contracts due to delay and claim a refund of the gross deposit of approx. USD 60 million secured by Bank of China, and retain the current agreement

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

and financing for the Safe Euruss.

Financials

Revenues for the second quarter of 2017 were USD 61.7 million (USD 115.4 million). This decline reflects lower utilisation and day rates for Safe Boreas, Safe Caledonia, Regalia and Safe Bristolia compared to the same period last year.

Operating expenses declined to USD 37.3 million (USD 53.8 million). This reduction is due to cost savings and lower activity. EBITDA was USD 24.4 million in the quarter (USD 61.6 million).

Depreciation increased to USD 33.8 million (USD 29.1 million) mainly due to the new build vessel, Safe Notos. Operating loss was USD 9.4 million (operating profit of USD 32.5 million).

Net financial expenses for the second quarter were USD 22.5 million (USD 26.4 million).

Net loss amounted to USD 33 million (net profit of USD 5.2 million).

Total assets at 30 June amounted to USD 2,591.3 million (USD 2,599.7 million). The book equity ratio increased to 41.9 per cent (26.1 per cent) due to the financial restructuring completed during last year and remained steady in the quarter. Net interest-bearing debt stood at USD 1,134.8 million (USD 1,648.5 million).

Outlook

Prosafe was awarded the contract for the Johan Sverdrup field in the quarter. The contract has a duration of 12 months and will commence during the summer in 2018. The total value is approx. USD 53 million and provides visibility and stability

in a generally soft market with low visibility.

Continued low oil prices and cautious E&P spending are indicating that activity levels may stay lower for longer than previously expected. Consequently the near term market activity in terms of bidding has reduced. However the prospect list with a three-year look-out remains at a relatively high level.

In the medium to longer term, it is anticipated that a combination of efficiency gains implemented and accumulating work related to producing and ageing infrastructure, will lead to activity growth. It is further anticipated that exploration activity, new field developments and tie backs will result in demand also for offshore accommodation services. From a longer term perspective, activity may also be supported by the decommissioning market.

Prosafe retains its focus on efficiency measures and improvements, both in the organisation and across its fleet of vessels, whilst prioritising and ensuring safe and efficient operations. The goal is to continue to rebuild its position to be well placed for global opportunities as they arise.

Risk

Prosafe's key risks are described in detail in the Directors' Report as set out in the Annual Report 2016 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 CFO

We confirm that, to the best of our knowledge, the financial statements for the first half year of 2017, 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, 23 August 2017

Glen Ole Rødland
Chair

Roger Cornish

Birgit Aagaard-Svendsen

Nancy Erotocritou

Svend Anton Maier

Kristian Johansen

Jesper Kragh Andresen
*CEO
Prosafe Management AS*

Stig Harry Christiansen
*Deputy CEO and CFO
Prosafe Management AS*

CONDENSED CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Q2 17	Q1 17	Q2 16	6M 17	6M 16	2016
Operating revenues	61.7	75.7	115.4	137.4	218.4	474.0
Operating expenses	(37.3)	(44.9)	(53.8)	(82.2)	(111.5)	(220.8)
EBITDA	24.4	30.8	61.6	55.2	106.9	253.2
Depreciation	(33.8)	(33.4)	(29.1)	(67.2)	(52.5)	(115.7)
Impairment	0.0	0.0	0.0	0.0	0.0	(84.7)
Operating profit/(loss)	(9.4)	(2.6)	32.5	(12.0)	54.4	52.8
Interest income	0.4	0.1	0.1	0.5	0.1	0.3
Interest expenses	(18.0)	(18.6)	(18.6)	(36.6)	(38.5)	(85.6)
Other financial items	(4.9)	3.6	(7.9)	(1.3)	(8.3)	222.2
Net financial items	(22.5)	(14.9)	(26.4)	(37.4)	(46.7)	136.9
Profit/(Loss) before taxes	(31.9)	(17.5)	6.1	(49.4)	7.7	189.7
Taxes	(1.1)	(1.6)	(0.9)	(2.7)	(4.3)	(17.1)
Net profit/(loss)	(33.0)	(19.1)	5.2	(52.1)	3.4	172.6
EPS	(0.46)	(0.27)	0.02	(0.73)	0.01	8.36
Diluted EPS	(0.38)	(0.22)	0.02	(0.59)	0.01	8.10

CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(Unaudited figures in USD million)	Q2 17	Q1 17	Q2 16	6M 17	6M 16	2016
Net profit/(loss) for the period	(33.0)	(19.1)	5.2	(52.1)	3.4	172.6
Foreign currency translation	0.8	0.5	(0.6)	1.3	0.1	1.7
Revaluation hedging instruments	3.3	3.3	(8.6)	6.6	(40.2)	(22.2)
Other comprehensive income	4.1	3.8	(9.2)	7.9	(40.1)	(20.5)
Comprehensive income	(28.9)	(15.3)	(4.0)	(44.2)	(36.7)	152.1

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	30.06.17	31.03.17	31.12.16	30.06.16
Goodwill	226.7	226.7	226.7	226.7
Vessels	1 967.0	1 997.8	2 029.3	1 559.0
New builds	124.9	123.3	122.2	654.9
Other non-current assets	12.3	13.9	13.9	4.3
Total non-current assets	2 330.9	2 361.7	2 392.1	2 444.9
Cash and deposits	218.8	250.6	205.7	68.2
Other current assets	41.6	43.5	89.1	86.6
Total current assets	260.4	294.1	294.8	154.8
Total assets	2 591.3	2 655.8	2 686.9	2 599.7
Share capital	7.9	7.9	7.9	72.1
Other equity	1 077.4	1 106.3	1 121.6	606.4
Total equity	1 085.3	1 114.2	1 129.5	678.5
Interest-free long-term liabilities	68.2	61.1	62.2	98.4
Interest-bearing long-term debt	1 335.7	1 336.3	1 342.9	1 520.7
Total long-term liabilities	1 403.9	1 397.4	1 405.1	1 619.1
Other interest-free current liabilities	84.2	96.3	104.4	106.1
Current portion of long-term debt	17.9	47.9	47.9	196.0
Total current liabilities	102.1	144.2	152.3	302.1
Total equity and liabilities	2 591.3	2 655.8	2 686.9	2 599.7

CONDENSED CONSOLIDATED CASH FLOW STATEMENT

(Unaudited figures in USD million)	Q2 17	Q1 17	Q2 16	6M 17	6M 16	2016
Profit/(Loss) before taxes	(31.9)	(17.5)	6.1	(49.4)	7.7	189.7
Unrealised currency (gain)/loss on debt	0.0	0.0	(2.8)	0.0	16.0	18.3
Gain on forgiveness of bond debt	0.0	0.0	0.0	0.0	0.5	(197.6)
Loss/(Gain) on sale of non-current assets	(1.0)	0.0	0.0	(1.0)	0.0	(0.6)
Depreciation	33.8	33.4	29.1	67.2	52.5	115.7
Impairment	0.0	0.0	0.0	0.0	0.0	84.7
Financial income	(0.4)	(0.1)	(0.1)	(0.5)	(0.1)	(0.3)
Financial costs	18.0	18.6	18.6	36.6	38.5	85.6
Change in working capital	(10.2)	37.5	(4.8)	27.3	(55.2)	(59.4)
Other items from operating activities	10.8	1.9	(1.7)	12.7	(21.6)	(50.2)
Net cash flow from operating activities	19.1	73.8	44.4	92.9	38.3	185.9
Acquisition of tangible assets	(3.0)	(3.0)	(26.1)	(6.0)	(459.6)	(483.9)
Proceeds from sale of tangible assets	1.0	0.0	0.4	1.0	0.4	0.7
Interests received	0.4	0.1	0.1	0.5	0.1	0.3
Net cash flow from investing activities	(1.6)	(2.9)	(25.6)	(4.5)	(459.1)	(482.9)
Proceeds from new interest-bearing debt	0.0	0.0	0.0	0.0	503.3	503.3
Repayment of interest-bearing debt	(31.3)	(7.4)	(3.0)	(38.7)	(32.9)	(112.5)
New share issue	0.0	0.0	0.0	0.0	0.0	140.4
Interests paid	(18.0)	(18.6)	(18.6)	(36.6)	(38.5)	(85.6)
Net cash flow from financing activities	(49.3)	(26.0)	(21.6)	(75.3)	431.9	445.6
Net cash flow	(31.8)	44.9	(2.8)	13.1	11.1	148.6
Cash and deposits at beginning of period	250.6	205.7	71.0	205.7	57.1	57.1
Cash and deposits at end of period	218.8	250.6	68.2	218.8	68.2	205.7

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(Unaudited figures in USD million)	Q2 17	Q1 17	Q2 16	6M 17	6M 16	2016
Equity at beginning of period	1 114.2	1 129.5	682.5	1 129.5	715.2	715.2
New share issue	0.0	0.0	0.0	0.0	0.0	262.2
Comprehensive income for the period	(28.9)	(15.3)	(4.0)	(44.2)	(36.7)	152.1
Equity at end of period	1 085.3	1 114.2	678.5	1 085.3	678.5	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 second quarter of 2017 were authorised for issue in accordance with a resolution of the board of directors on 23 August 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.