



Prosafe



Oslo, 11 May 2007

First quarter 2007 results

Disclaimer

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Agenda

- The quarter in brief
- Financial result for 1st quarter 2007
- Business divisions: status, strategy and outlook
- Summary



Q1 2007 in brief – Offshore Support Services

- New rig contracts:
 - Safe Bristolia: 6-month contract
 - MSV Regala: 7-month contract
 - Safe Bristolia: 85-day contract extension
- Safe Caledonia and Safe Scandinavia in the yard



Safe Caledonia

Steadily increasing day rates

Q1 2007 in brief – Floating Production

- New FPSO contract for Apache in Australia
- Breakthrough for in-house developed disconnectable turret
- Installation of FPSO Polvo and FPSO Umuroa according to plan



FPSO Umuroa upon its arrival in New Zealand

Growth continues at higher pace

Income statement

<u>(Unaudited figures in USD million)</u>	Q1 07	Q4 06	Q1 06	2006
Operating revenues	88.2	103.2	75.1	365.6
Operating expenses	(39.9)	(41.2)	(31.7)	(157.9)
Operating profit before depreciation	48.3	62.0	43.4	207.7
Depreciation	(15.3)	(17.3)	(11.8)	(57.7)
Operating profit	33.0	44.7	31.6	150.0
Interest income	1.9	3.6	1.4	8.5
Interest expenses	(12.3)	(11.1)	(5.1)	(32.1)
Other financial items	(1.9)	2.4	4.2	16.6
Net financial items	(12.3)	(5.1)	0.5	(7.0)
Profit before taxes	20.7	39.6	32.1	143.0
Taxes	(4.6)	(7.2)	(1.4)	(14.9)
Net profit	16.1	32.4	30.7	128.1
EPS, basic and diluted (USD)	0.07	0.14	0.18	0.64

Balance sheet

(Unaudited figures in USD million)	31.03.07	31.03.06	31.12.06
Goodwill	355.0	128.3	355.0
Rigs	753.8	355.4	763.4
Ships	631.0	354.6	538.7
Other non-current assets	271.5	8.3	262.4
Total non-current assets	2 011.3	846.6	1 919.5
Cash and deposits	141.4	218.8	147.2
Other current assets	64.8	57.8	79.2
Total current assets	206.2	276.6	226.4
Total assets	2 217.5	1 123.2	2 145.9
Share capital	63.9	44.8	63.9
Other equity	1 045.5	420.5	1 025.8
Total equity	1 109.4	465.3	1 089.7
Interest-free long-term liabilities	104.0	120.9	101.7
Interest-bearing long-term debt	813.8	347.3	622.0
Total long-term liabilities	917.8	468.2	723.7
Dividends payable	0.0	0.0	147.0
Other interest-free current liabilities	158.1	152.9	168.6
Current portion of long-term debt	32.2	36.8	16.9
Total current liabilities	190.3	189.7	332.5
Total equity and liabilities	2 217.5	1 123.2	2 145.9

Offshore Support Services

(Unaudited figures in USD million)	Q1 07	Q4 06	Q1 06	2006
Operating revenues	66.4	77.3	51.5	272.6
Operating expenses	(28.7)	(27.9)	(19.7)	(113.6)
EBITDA	37.7	49.4	31.8	159.0
Depreciation	(11.3)	(13.0)	(8.4)	(41.7)
Operating profit	26.4	36.4	23.4	117.3

Floating Production

(Unaudited figures in USD million)	Q1 07	Q4 06	Q1 06	2006
Operating revenues	21.7	25.8	23.4	92.6
Operating expenses	(8.5)	(12.0)	(10.6)	(39.1)
EBITDA	13.2	13.8	12.8	53.5
Depreciation	(3.9)	(4.2)	(3.3)	(15.7)
Operating profit	9.3	9.6	9.5	37.8

Cash flow

(Unaudited figures in USD million)	Q1 07	Q4 06	Q1 06	2006
Net cash flow from operating activities	42.9	19.1	111.2	232.8
Net cash flow from investing activities	(107.1)	(105.9)	(157.2)	(1 207.4)
Net cash flow from financing activities	58.4	(49.3)	(38.8)	818.2
Net cash flow	(5.8)	(136.1)	(84.8)	(156.4)
Cash and deposits at beginning of period	147.2	283.3	303.6	303.6
Cash and deposits at end of period	141.4	147.2	218.8	147.2

Key figures

	Q1 07	Q4 06	Q1 06	2006
Operating margin	37.4 %	43.3 %	42.1 %	41.0 %
Equity ratio	50.0 %	50.8 %	41.4 %	50.8 %
Return on equity	8.2 %	11.3 %	27.3 %	16.8 %
Return on capital employed	10.0 %	10.3 %	15.5 %	11.6 %
Net interest bearing debt	704.6	491.7	165.3	491.7

Shareholders

AS AT 07.05.2007	No. of shares Ownership	
BW Group	55 932 990	24.3 %
Folketrygdfondet	14 239 935	6.2 %
Euroclear Bank (nom.)	12 790 881	5.6 %
UBS (nom.)	10 763 750	4.7 %
Cater Allen International Ltd	9 112 400	4.0 %
State Street Bank & Trust (nom.)	6 993 352	3.0 %
JP Morgan Chase Bank (nom.)	5 918 022	2.6 %
Brown Brothers Harriman	3 753 276	1.6 %
Pareto	3 683 850	1.6 %
Morgan Stanley (nom.)	3 622 890	1.6 %
Total 10 largest shareholders	126 811 346	55.2 %
Total no. of shares:	229 936 790	Foreign holding: 79.1 %

Financial capacity and capital return policy

- § High rig dayrates increase free cash flow
- Balance sheet supports future increased leverage
- Investments towards long-term contracts are ideal for debt financing
- New dividend policy
 - total payments of at least NOK 5 per share in 2007 and 2008, followed by a dividend pay-out ratio of approximately 75% of net profits

Unique opportunity for direct returns and sustainable growth



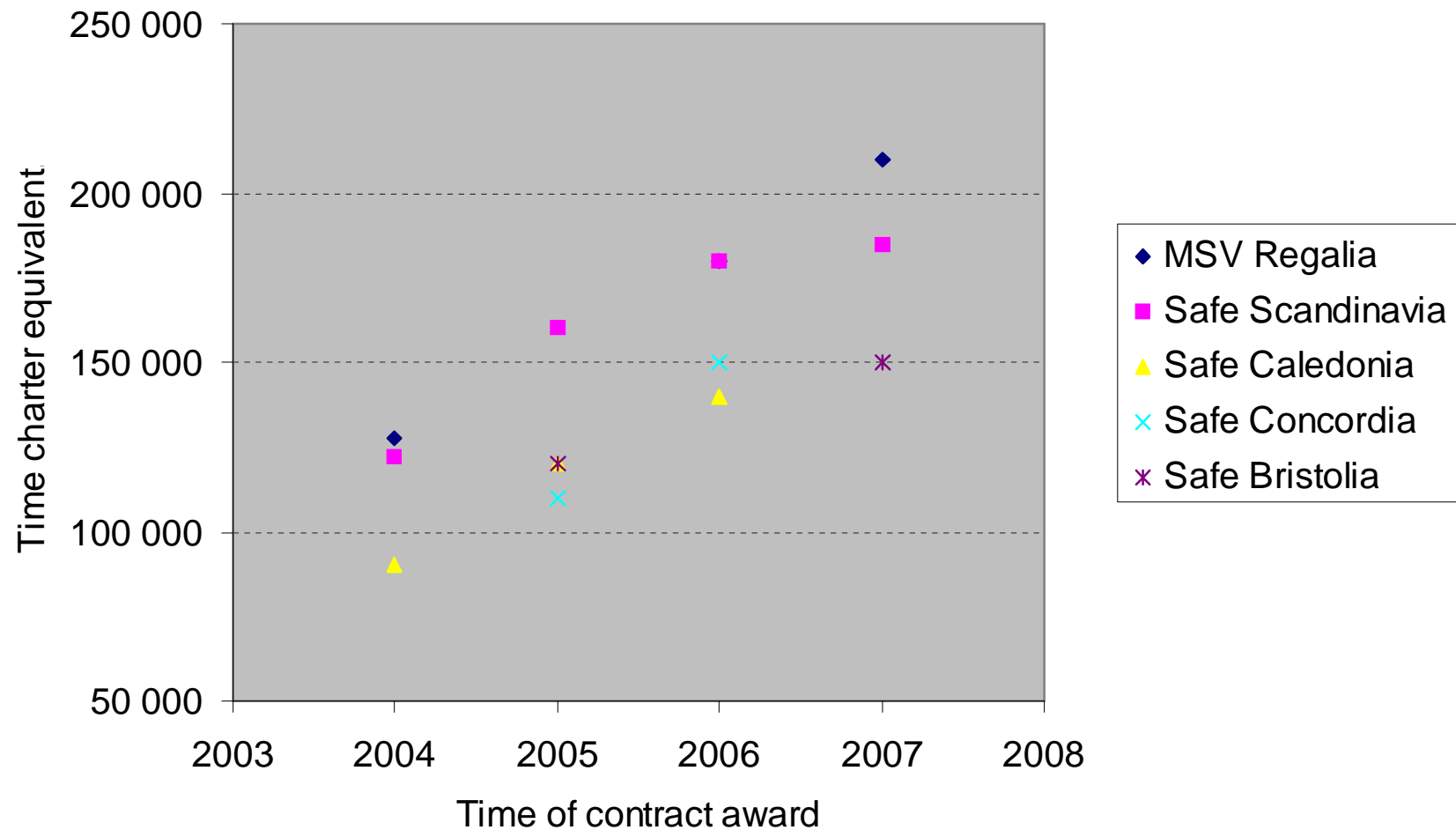
Offshore Support Services – status

- Six-month contract for Safe Bristolia on the UKCS
- 85-day extension for Safe Bristolia at Sakhalin
- Four-month decommissioning contract for MSV Regalia
- Upgrade of Safe Caledonia and Safe Scandinavia
- Strong operational performance
- Number of new prospects continues to increase



Safe Bristolia

Continuous increase in dayrates



Offshore Support Services – outlook

- Strong demand for available units
- Increasing dayrates going forward
 - Available rigs will benefit from the increasing dayrates
- Interesting situation in 2008 with the renewal of the Mexico contracts – will result in increased earnings
- Prosafe is the dominant player

Steadily increasing dayrates



Floating Production – status

- FPSO contract for Apache in Australia
- First application of in-house developed disconnectable turret
- FPSO Polvo and FPSO Umuroa have arrived at their respective fields
- Significant increase in earnings after production has commenced



Floating Production – status (cont)

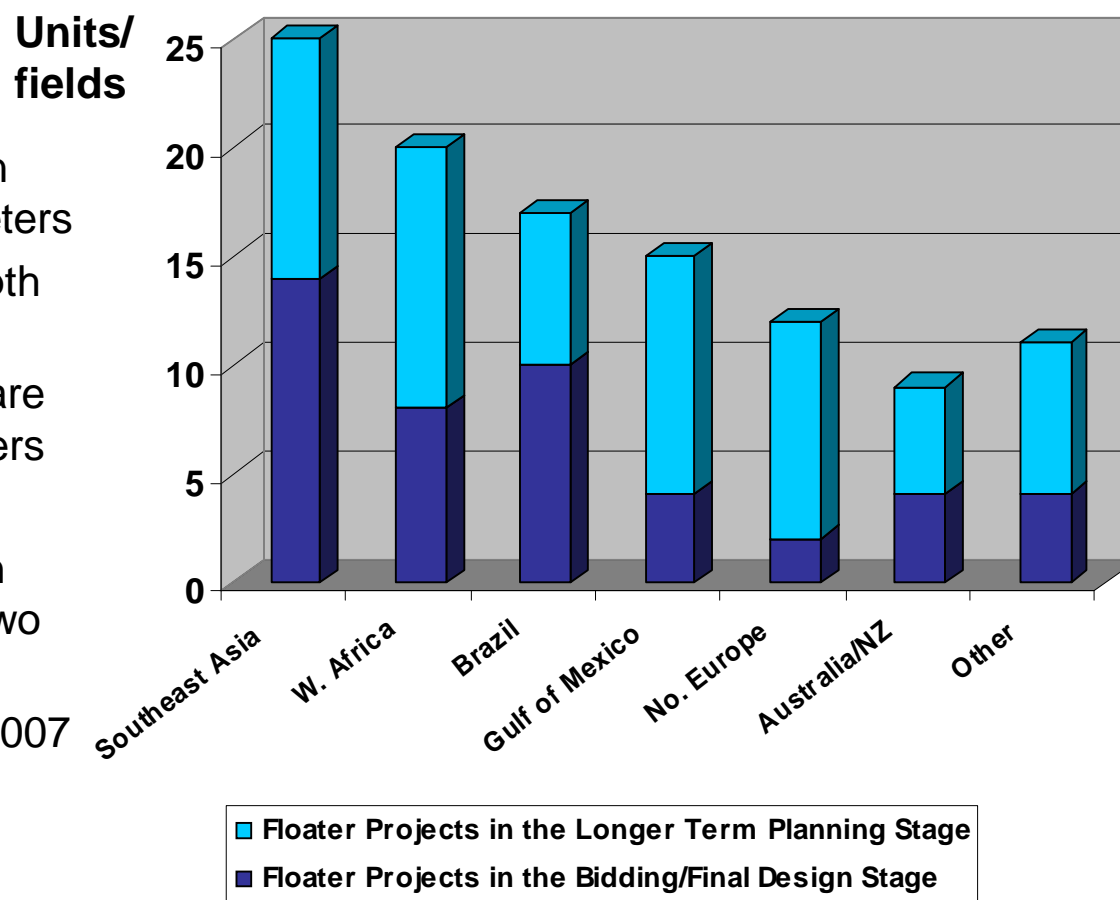
- Strong competitive edge based on
 - Unique patented in-house technology
 - Solid project management experience
 - Excellent operational track-record
- Capacity to conduct one additional conversion project as from late 2007

Capacity to support sustainable growth



109 floaters in the planning stages – 60-70 are likely to be FPSOs

- § 30 of the 109 projects are in ultra-deepwater > 1 500 meters
- § Another 23 are in water depth of 1000 - 1500 meters
- § The remaining 56 projects are in water depth < 1 000 meters
- § Order backlog of production floaters up 75% over past two years
 - ú 62 units at mid-March 2007 (46 FPSOs)



Continued strong FPSO demand

Recent FPSO contract awards

Contract award	FPSO owner	Field operator	Field / location	Type of contract	Lease period
Jul 2005	Modec	Petrobras	Espadarte Sul, Brazil		8 + 4 yrs
Aug 2005	Saipem	Petrobras	Golfinho, Brazil		9 + 3 yrs
Sep 2005	Prosafe	Devon	Polvo		7 + 8 yrs
Nov 2005	Prosafe	AWE	Tui, New Zealand		5 + 5 yrs
Jan 2006	SBM	ExxonMobil	Mondo, Angola		15 yrs
Feb 2006	Tanker Pacific	OMV	Maari, New Zealand		
Mar 2006	Modec	BHP Billiton Petroleum	Stybarrow, Australia		10 + 5 yrs
May 2006	SBM	Chevron	Frade, Brazil	EPCI contract	3 yrs ops
Jun 2006	Maersk	Woodside	Vincent, Australia		7 yrs
Sep 2006	Tanker Pacific	Coogee Resources	Montara, Australia		5 yrs
Sep 2006	Saipem	Sonangol P&P	Gimboa, Angola		6 + 5 yrs
Sep 2006	Teekay Petrojarl	Petrobras	Siri, Brazil	EPS	2 + 1 yrs
Oct 2006	BWO	Peak Petroleum	Bilabri, Nigeria	Upgrade of BW Endeavour	3 + 7 yrs
Oct 2006	Prosafe	Lol undisclosed client	West Africa		7 + 8 yrs
Nov 2006	SBM	Shell	BC-10, Brazil		15 + 5 yrs
Dec 2006	Fred Olsen	CNR	Olowi, Gabon		10 + 10 yrs
Dec 2006	Prosafe	Petrobras	Brazil	Gas compression FPSO	9 + 6 yrs
Dec 2006	Modec	Petrobras	Opportunity oil FPSO		9 + 6 yrs
Jan 2007	SBM	ExxonMobil	Saxi-Batuque, Angola		15 yrs
Jan 2007	Aker Floating Production	Reliance Industries	India	Gas compression FPSO + surf package delivery	5 yrs
Feb 2007	Maersk	Norsk Hydro/Anadarko	Peregrino, Brazil	New build	
May 2007	Prosafe	Apache	Van Gogh, Australia		7 + 8 yrs

A leading player in the FPSO market

Disconnectable turret

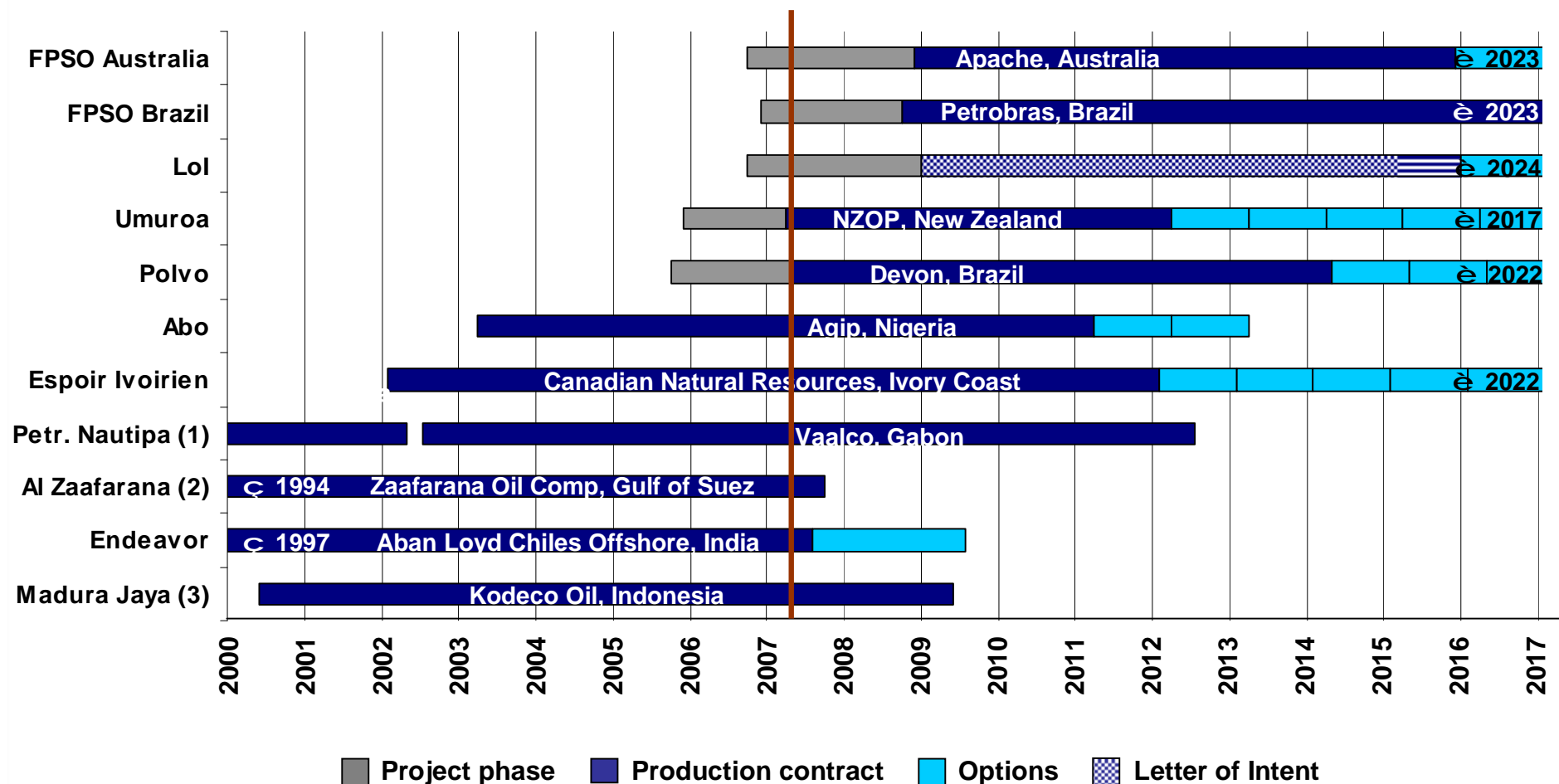
- First application for Apache
- Opens new geographical areas for Prosafe's FPSOs
 - Typhoon/hurricane areas such as Australia and GoM
- Strong competitive advantage
 - Reduced cost compared with solutions from third parties
 - Better control with lead time
 - Increased control during project stage
 - Facilitates maintenance during operations

FPSO with drilling capacity (FDPSO)

- Developed FPSO with drilling capacity
- Cost-efficient solution to develop deepwater marginal fields
 - Modular drilling technology
 - Earlier production



Floating Production - contract status



(1) 50% ownership: 5- year term, cancellable from September 2011; (2) Management contract;
 (3) 50% ownership

Status FPSO Polvo and FPSO Umuroa

- Both vessels have arrived at their respective fields
 - Installation and commissioning
- Estimated time of start-up: Q2 2007



FPSO Polvo

Status FPSO Cidade de São Mateus for Petrobras

- Contract awarded 11 December 2006
- Conversion of the VLCC M/T Navarin
- Project team in place
- Engineering in progress
- Long lead items have been ordered
- Vessel will arrive at conversion yard in June 2007
- Target arrival in field Q4 2008



M/T Navarin

Status FPSO for undisclosed client (LOI)

- Conversion of the VLCC M/T Europe
- Project team in place
- Engineering started
- Commitments made for long lead items (covered by LOI)
- Vessel in conversion yard early Q3 2007
- Target arrival in field Q4 2008



M/T Europe

Status FPSO for Apache

- Conversion of the Aframax M/T Kudam
- Application of in-house developed disconnectable turret
- Project team in place
- Engineering started
- Commitments made for long lead items
- Vessel in conversion yard early Q3 2007
- Target arrival in field Q4 2008



M/T Kudam

Floating Production – outlook

- Continued high level of bidding activity
- Well positioned in high growth markets
- Strong competitive edge based on in-house technology and project experience
- Capacity to commence one additional FPSO conversion in the second half of 2007



FPSO Umuroa

Growth continues at higher pace

Summary and outlook

- Rig dayrates continue to climb
- Strongly positioned in the top segment of the FPSO market
- Expect strong improvement in earnings in 2007, 2008 and 2009

