



**Prosafe**



Oslo, 2 November 2007

## Third quarter 2007 results

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## Agenda

- The quarter in brief
- Financial result for 3rd quarter 2007
- Business divisions: status, strategy and outlook
- Summary





## Q3 2007 in brief

- Best financial quarter ever
- Several contract awards
- Overall good operating performance
- FPSO conversion projects on schedule
- Transfer of the registered office to Cyprus

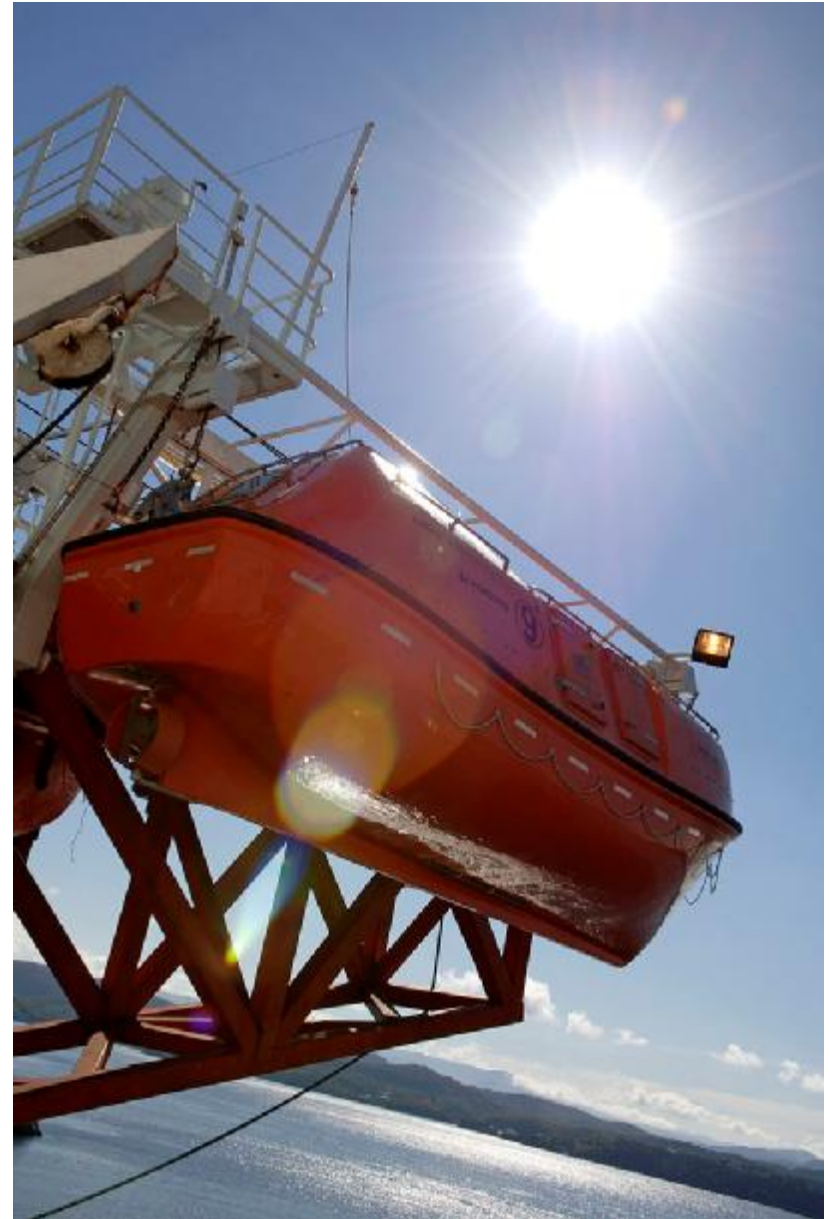


Safe Concordia

**Steady operations and predictable high cash flow going forward**

## Strategic evaluation

- Board evaluation of the possible effects of a split of Prosafe into two focused, listed companies
- Decision is anticipated by year-end



# Income statement

(Unaudited figures in USD million)	Q3 07	Q2 07	Q3 06	30.09.07	30.09.06	2006
Operating revenues	149.6	118.8	112.0	356.6	262.4	365.6
Operating expenses	(55.6)	(54.0)	(45.2)	(149.5)	(116.7)	(157.9)
<b>EBITDA</b>	<b>94.0</b>	<b>64.8</b>	<b>66.8</b>	<b>207.1</b>	<b>145.7</b>	<b>207.7</b>
Depreciation	(23.7)	(15.9)	(16.1)	(54.9)	(40.4)	(57.7)
<b>EBIT</b>	<b>70.3</b>	<b>48.9</b>	<b>50.7</b>	<b>152.2</b>	<b>105.3</b>	<b>150.0</b>
Interest income	1.6	1.6	2.2	5.1	4.9	8.5
Interest expenses	(15.6)	(13.8)	(10.5)	(41.7)	(21.0)	(32.1)
Other financial items	(2.3)	7.1	(3.8)	2.9	14.2	16.6
<b>Net financial items</b>	<b>(16.3)</b>	<b>(5.1)</b>	<b>(12.1)</b>	<b>(33.7)</b>	<b>(1.9)</b>	<b>(7.0)</b>
<b>Profit before taxes</b>	<b>54.0</b>	<b>43.8</b>	<b>38.6</b>	<b>118.5</b>	<b>103.4</b>	<b>143.0</b>
Taxes	(8.0)	2.4	(3.7)	(10.2)	(7.7)	(14.9)
<b>Net profit</b>	<b>46.0</b>	<b>46.2</b>	<b>34.9</b>	<b>108.3</b>	<b>95.7</b>	<b>128.1</b>
<b>EPS, basic and diluted (USD)</b>	<b>0.20</b>	<b>0.20</b>	<b>0.16</b>	<b>0.47</b>	<b>0.50</b>	<b>0.64</b>

## Balance sheet

(Unaudited figures in USD million)	30.09.07	30.06.07	31.12.06	30.09.06
Goodwill	355.0	355.0	355.0	352.9
Rigs	748.4	760.3	763.4	772.0
Ships	824.8	701.2	538.7	448.8
Other non-current assets	309.7	281.3	262.4	248.6
<b>Total non-current assets</b>	<b>2 237.9</b>	<b>2 097.8</b>	<b>1 919.5</b>	<b>1 822.3</b>
Cash and deposits	142.6	117.6	147.2	283.3
Other current assets	112.1	121.0	79.2	73.2
<b>Total current assets</b>	<b>254.7</b>	<b>238.6</b>	<b>226.4</b>	<b>356.5</b>
<b>Total assets</b>	<b>2 492.6</b>	<b>2 336.4</b>	<b>2 145.9</b>	<b>2 178.8</b>
Share capital	63.9	63.9	63.9	63.9
Other equity	1 093.7	1 045.9	1 025.8	1 132.2
<b>Total equity</b>	<b>1 157.6</b>	<b>1 109.8</b>	<b>1 089.7</b>	<b>1 196.1</b>
Interest-free long-term liabilities	103.4	91.6	101.7	127.1
Interest-bearing long-term debt	937.5	862.8	622.0	655.2
<b>Total long-term liabilities</b>	<b>1 040.9</b>	<b>954.4</b>	<b>723.7</b>	<b>782.3</b>
Dividends payable	0.0	0.0	147.0	0.0
Other interest-free current liabilities	145.5	166.4	168.6	170.5
Current interest-bearing debt	148.6	105.8	16.9	29.9
<b>Total current liabilities</b>	<b>294.1</b>	<b>272.2</b>	<b>332.5</b>	<b>200.4</b>
<b>Total equity and liabilities</b>	<b>2 492.6</b>	<b>2 336.4</b>	<b>2 145.9</b>	<b>2 178.8</b>

## Offshore Support Services

(Unaudited figures in USD million)	Q3 07	Q2 07	Q3 06	30.09.07	30.09.06	2006
Operating revenues	107.9	95.8	90.8	270.1	195.3	272.6
Operating expenses	(39.0)	(43.0)	(36.0)	(110.7)	(85.7)	(113.6)
<b>EBITDA</b>	<b>68.9</b>	<b>52.8</b>	<b>54.8</b>	<b>159.4</b>	<b>109.6</b>	<b>159.0</b>
Depreciation	(11.6)	(11.4)	(12.0)	(34.3)	(28.7)	(41.7)
<b>EBIT</b>	<b>57.3</b>	<b>41.4</b>	<b>42.8</b>	<b>125.1</b>	<b>80.9</b>	<b>117.3</b>
Total assets	1 247.8	882.0	1 483.1	1 247.8	1 483.1	1 591.6



# Floating Production

(Unaudited figures in USD million)	Q3 07	Q2 07	Q3 06	30.09.07	30.09.06	2006
Operating revenues	41.7	22.9	21.2	86.3	66.8	92.6
Operating expenses	(13.4)	(8.1)	(7.5)	(30.0)	(27.1)	(39.1)
<b>EBITDA</b>	<b>28.3</b>	<b>14.8</b>	<b>13.7</b>	<b>56.3</b>	<b>39.7</b>	<b>53.5</b>
Depreciation	(12.1)	(4.4)	(4.1)	(20.4)	(11.5)	(15.7)
<b>EBIT</b>	<b>16.2</b>	<b>10.4</b>	<b>9.6</b>	<b>35.9</b>	<b>28.2</b>	<b>37.8</b>
Total assets	1 029.9	908.3	676.9	1 029.9	676.9	774.0

# Cash flow

(Unaudited figures in USD million)	Q3 07	Q2 07	Q3 06	30.09.07	30.09.06	2006
Operating activities	75.8	6.1	46.1	124.8	213.7	232.8
Investing activities	(163.8)	(102.4)	(227.2)	(373.3)	(1 101.5)	(1 207.4)
Financing activities	113.0	72.5	253.5	243.9	867.5	818.2
<b>Net cash flow</b>	<b>25.0</b>	<b>(23.8)</b>	<b>72.4</b>	<b>(4.6)</b>	<b>(20.3)</b>	<b>(156.4)</b>
Cash at beginning of period	117.6	141.4	210.9	147.2	303.6	303.6
<b>Cash at end of period</b>	<b>142.6</b>	<b>117.6</b>	<b>283.3</b>	<b>142.6</b>	<b>283.3</b>	<b>147.2</b>

## Key figures

	<b>Q3 07</b>	<b>Q2 07</b>	<b>Q3 06</b>	<b>30.09.07</b>	<b>30.09.06</b>	<b>2006</b>
Operating margin	47.0 %	41.2 %	45.3 %	42.7 %	40.1 %	41.0 %
Equity ratio	46.4 %	47.5 %	54.9 %	46.4 %	54.9 %	50.8 %
Return on equity	16.2 %	16.7 %	16.8 %	12.9 %	15.6 %	16.8 %
Return on capital employed	13.3 %	10.0 %	15.5 %	10.2 %	10.7 %	11.6 %
Net interest bearing debt	943.5	851.0	401.8	943.5	401.8	491.7

# Shareholders

<b>AS AT 24.10.2007</b>	<b>No. of shares</b>	<b>Ownership</b>
BW Offshore	55 932 990	24.3 %
Folketrygdfondet	14 257 135	6.2 %
Brown Brothers Harriman	12 244 797	5.3 %
JP Morgan Chase Bank (nom.)	10 878 020	4.7 %
Bank of New York	5 939 663	2.6 %
GMO	5 513 785	2.4 %
DnB	5 376 464	2.3 %
State Street Bank & Trust (nom.)	5 056 813	2.2 %
UBS (nom.)	4 114 236	1.8 %
Pareto	3 841 050	1.7 %
<b>Total 10 largest shareholders</b>	<b>123 154 953</b>	<b>53.6 %</b>

Total no. of shares: 229 936 790

## Offshore Support Services – status

- Excellent operational performance
- High rig utilisation
- Two-year contract for Safe Astoria at Sakhalin
- Extension of Safe Concordia contract in the US Gulf



**Safe Astoria**





## Offshore Support Services – outlook

- Strong market in a long term perspective
- Increasing dayrates going forward
- Renewal of the current Mexico contracts



Safe Bristolia in stormy weather

**Solid order backlog and increasing dayrates**

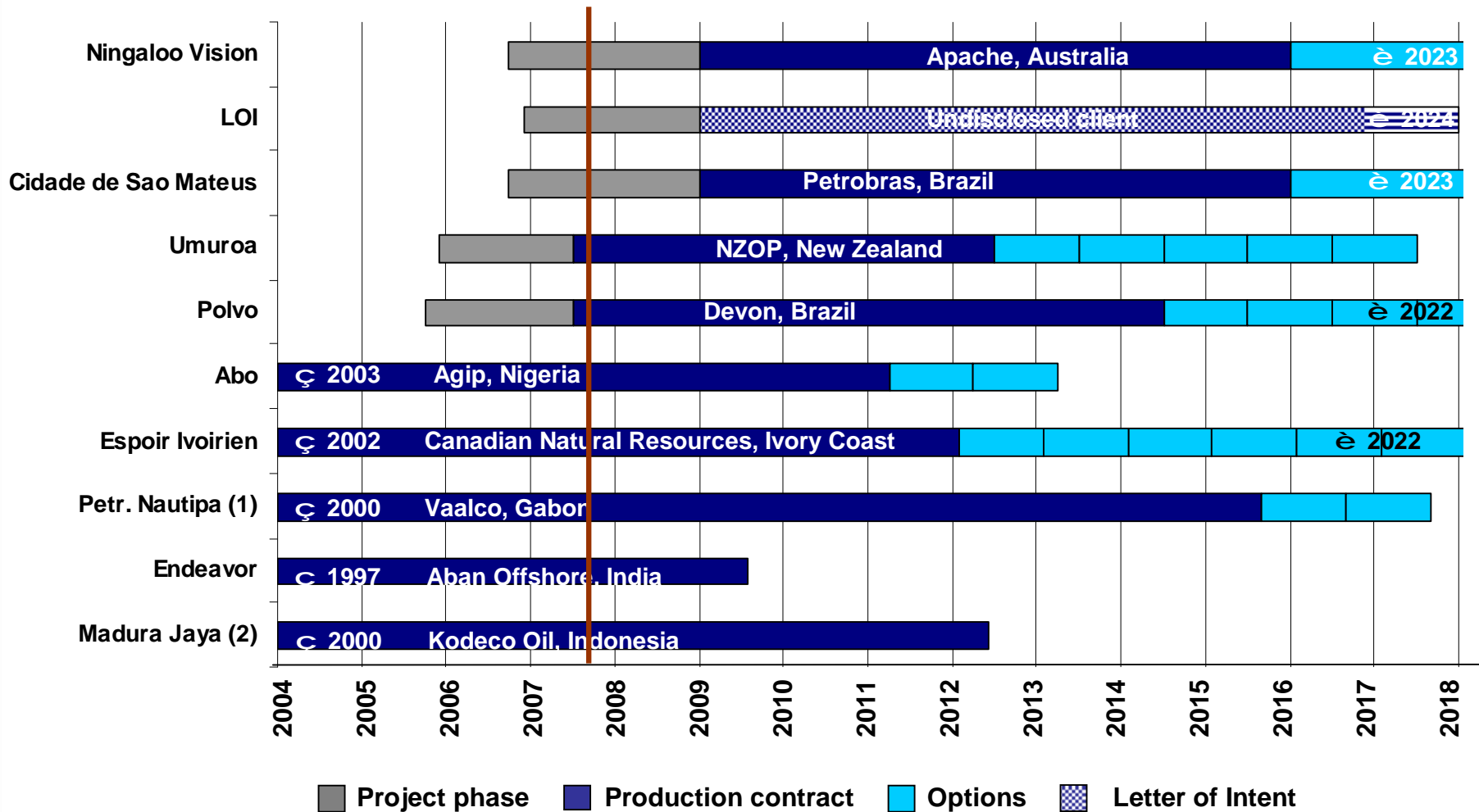
## Floating Production – status

- Strong underlying performance and high uptime (100%)
- Two-year contract extension of FSO Endeavor
- Four-year contract extension of FPSO Petr leo Nautipa
- Contract for upgrade of FPSO Espoir Ivoirien
- Conversion projects are progressing according to schedule



FPSO Petr leo Nautipa

# Floating Production - contract status



(1) 50% ownership, can be terminated if the vessel requires drydocking in 2012; (2) 50% ownership

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## Status conversion projects

FPSO Cidade de São Mateus for Petrobras

FPSO for undisclosed client (LOI)

FPSO Ningaloo Vision for Apache

- Repair and life extension work is progressing according to plan
- Long lead items have been ordered
- Target arrival in field: Q4 2008
- Target first oil: late 2008 / early 2009





## Floating Production – outlook

- Strong market
- Well positioned in high growth markets
- Ambition and capacity to commence:
  - One additional FPSO conversion around year-end and another in 2008



FPSO Polvo

**High activity level and attractive growth prospects**

## Expected developments Q4 2007

- Continued high activity in both business divisions
- Renewal of Mexico rig contracts
- Aim to win a new FPSO contract
- Extraordinary general meeting is planned for 6 December
  - Distribution of special dividend within year-end
- Possible decision on split



## Summary and outlook

- Best financial quarter ever
- Excellent operational results
- Solid contracts backlog
- Strong market positions
- Attractive growth prospects
- Expect significant increase in future cash flow

**Steady operations and predictable high cash flow going forward**

