



**Prosafe**



**Oslo, 28 August 2008**

**Q2 2008 results**

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## Agenda

- Highlights Q2 2008
- Financial results
- Status and outlook
- Summary



## The quarter in brief

- Best-ever financial quarterly result
- Split process completed
- Positive market outlook
- Day rates continue to increase
- Strong operational performance
- High utilisation rate (99%)



Safe Esbjerg

**Set for continued strong development**

# Income statement

(Unaudited figures in USD million)	Q2 08	Q1 08	Q2 07	H1 08	H1 07	2007
Operating revenues	125.9	105.0	95.9	230.9	162.4	376.7
Operating expenses	(50.6)	(51.0)	(45.9)	(101.6)	(77.3)	(167.3)
<b>EBITDA</b>	<b>75.3</b>	<b>54.0</b>	<b>50.0</b>	<b>129.3</b>	<b>85.1</b>	<b>209.4</b>
Depreciation	(11.9)	(12.0)	(11.5)	(23.9)	(22.9)	(46.4)
<b>EBIT</b>	<b>63.4</b>	<b>42.0</b>	<b>38.5</b>	<b>105.4</b>	<b>62.2</b>	<b>163.0</b>
Interest income	1.3	1.1	1.3	2.4	2.8	5.6
Interest expenses	(13.4)	(18.3)	(13.7)	(31.7)	(26.0)	(58.8)
Other financial items	(2.6)	2.4	7.6	(0.2)	5.4	(13.9)
<b>Net financial items</b>	<b>(14.7)</b>	<b>(14.8)</b>	<b>(4.8)</b>	<b>(29.5)</b>	<b>(17.8)</b>	<b>(67.1)</b>
<b>Profit before taxes</b>	<b>48.7</b>	<b>27.2</b>	<b>33.7</b>	<b>75.9</b>	<b>44.4</b>	<b>95.9</b>
Taxes	(0.2)	(3.1)	3.4	(3.3)	(0.1)	(5.1)
<b>Net profit continuing operations</b>	<b>48.5</b>	<b>24.1</b>	<b>37.1</b>	<b>72.6</b>	<b>44.3</b>	<b>90.8</b>
<b>Net profit discontinued operations</b>	<b>9.9</b>	<b>28.1</b>	<b>9.1</b>	<b>38.0</b>	<b>18.0</b>	<b>52.9</b>
<b>Net profit</b>	<b>58.4</b>	<b>52.2</b>	<b>46.2</b>	<b>110.6</b>	<b>62.3</b>	<b>143.7</b>
<b>Earnings per share</b>	<b>0.25</b>	<b>0.23</b>	<b>0.20</b>	<b>0.48</b>	<b>0.27</b>	<b>0.63</b>
<b>EPS continuing operations</b>	<b>0.21</b>	<b>0.10</b>	<b>0.16</b>	<b>0.32</b>	<b>0.19</b>	<b>0.40</b>

## Offshore Support Services

(Unaudited figures in USD million)	<b>Q2 08</b>	<b>Q1 08</b>	<b>Q2 07</b>	<b>H1 08</b>	<b>H1 07</b>	<b>2007</b>
Operating revenues	126.5	97.9	95.8	224.4	162.2	376.1
Operating expenses	(49.4)	(48.6)	(43.0)	(98.0)	(71.7)	(154.3)
<b>EBITDA</b>	<b>77.1</b>	<b>49.3</b>	<b>52.8</b>	<b>126.4</b>	<b>90.5</b>	<b>221.8</b>
Depreciation	(11.9)	(11.9)	(11.4)	(23.8)	(22.7)	(46.0)
<b>EBIT</b>	<b>65.2</b>	<b>37.4</b>	<b>41.4</b>	<b>102.6</b>	<b>67.8</b>	<b>175.8</b>

## Corporate and eliminations

(Unaudited figures in USD million)	Q2 08	Q1 08	Q2 07	H1 08	H1 07	2007
Operating revenues	(0.6)	7.1	0.1	6.5	0.2	0.6
Operating expenses	(1.2)	(2.4)	(2.9)	(3.6)	(5.6)	(13.0)
<b>EBITDA</b>	<b>(1.8)</b>	<b>4.7</b>	<b>(2.8)</b>	<b>2.9</b>	<b>(5.4)</b>	<b>(12.4)</b>
Depreciation	0.0	(0.1)	(0.1)	(0.1)	(0.2)	(0.4)
<b>EBIT</b>	<b>(1.8)</b>	<b>4.6</b>	<b>(2.9)</b>	<b>2.8</b>	<b>(5.6)</b>	<b>(12.8)</b>

## Balance sheet

(Unaudited figures in USD million)	<b>30.06.08</b>	<b>31.03.08</b>	<b>31.12.07</b>	<b>30.06.07</b>
Goodwill	226.7	226.7	355.0	355.0
Rigs	760.7	753.6	749.6	760.3
Ships	0.0	0.0	926.5	701.2
Other non-current assets	3.2	1.5	304.6	281.3
<b>Total non-current assets</b>	<b>990.6</b>	<b>981.8</b>	<b>2 335.7</b>	<b>2 097.8</b>
Cash and deposits	118.6	74.9	162.0	117.6
Other current assets	253.5	106.6	126.3	121.0
<b>Total current assets</b>	<b>372.1</b>	<b>181.5</b>	<b>288.3</b>	<b>238.6</b>
<b>Assets discontinued operations</b>	<b>0.0</b>	<b>1 689.0</b>	<b>0.0</b>	<b>0.0</b>
<b>Total assets</b>	<b>1 362.7</b>	<b>2 852.3</b>	<b>2 624.0</b>	<b>2 336.4</b>
Share capital	63.9	63.9	63.9	63.9
Other equity	136.4	1 005.7	974.7	1 045.9
<b>Total equity</b>	<b>200.3</b>	<b>1 069.6</b>	<b>1 038.6</b>	<b>1 109.8</b>
Interest-free long-term liabilities	110.2	138.0	97.0	91.6
Interest-bearing long-term debt	820.9	1 153.7	1 184.1	862.8
<b>Total long-term liabilities</b>	<b>931.1</b>	<b>1 291.7</b>	<b>1 281.1</b>	<b>954.4</b>
Other interest-free current liabilities	91.3	106.2	137.3	166.4
Current portion of long-term debt	140.0	182.9	167.0	105.8
<b>Total current liabilities</b>	<b>231.3</b>	<b>289.1</b>	<b>304.3</b>	<b>272.2</b>
<b>Liabilities discontinued operations</b>	<b>0.0</b>	<b>201.9</b>	<b>0.0</b>	<b>0.0</b>
<b>Total equity and liabilities</b>	<b>1 362.7</b>	<b>2 852.3</b>	<b>2 624.0</b>	<b>2 336.4</b>



## Key figures

	<b>Q2 08</b>	<b>Q1 08</b>	<b>Q2 07</b>	<b>H1 08</b>	<b>H1 07</b>	<b>2007</b>
Operating margin	50.4 %	40.0 %	41.2 %	45.6 %	39.6 %	43.3 %
Equity ratio	14.7 %	37.5 %	47.5 %	14.7 %	47.5 %	39.6 %
Return on equity	36.8 %	19.2 %	16.7 %	35.7 %	11.3 %	13.5 %
Net interest bearing debt	842.3	1 327.3	851.0	842.3	851.0	1 189.1

# Shareholders

<u>AS AT 20.08.2008</u>	<u>No. of shares Ownership</u>	
Folketrygdfondet	16 961 735	7.4 %
UBS (nom.)	14 130 209	6.1 %
Brown Brothers Harriman	9 549 314	4.2 %
GMO	8 590 985	3.7 %
State Street Bank & Trust (nom.)	6 171 464	2.7 %
Pareto	6 137 800	2.7 %
Storebrand	4 878 985	2.1 %
Fidelity Funds	4 800 000	2.1 %
Vital	4 481 375	1.9 %
RBC Dexia (nom.)	3 923 751	1.7 %
<b>Total 10 largest</b>	<b>79 625 618</b>	<b>34.6 %</b>

## Operating revenues Offshore Support Services

<u>(USD million)</u>	<u>YTD</u>	<u>Q2 08</u>	<u>Q1 08</u>
Charter income	172.4	98.6	73.8
Mob/demob income	13.4	0.7	12.7
Other income	38.6	27.2	11.4
<b>Total</b>	<b>224.4</b>	<b>126.5</b>	<b>97.9</b>

## Demand is increasing

- High exploration drilling activity
- High oil company E&P spending
- Growth in the number of new installations, especially in deep water
- Increasing repair and maintenance work
- Future growth in decommissioning activities

**Positioned to benefit from positive market outlook**



# Repair and maintenance market

## UK and Norwegian North Sea

- Visible strong demand for accommodation rigs into 2011 in connection with maintenance and modification activities



## Gulf of Mexico

- Steady demand for accommodation rigs in relation to construction and maintenance

## Emerging markets

### West Africa

- Visible demand for flotels in connection with the support of installation and construction of new production facilities into 2012

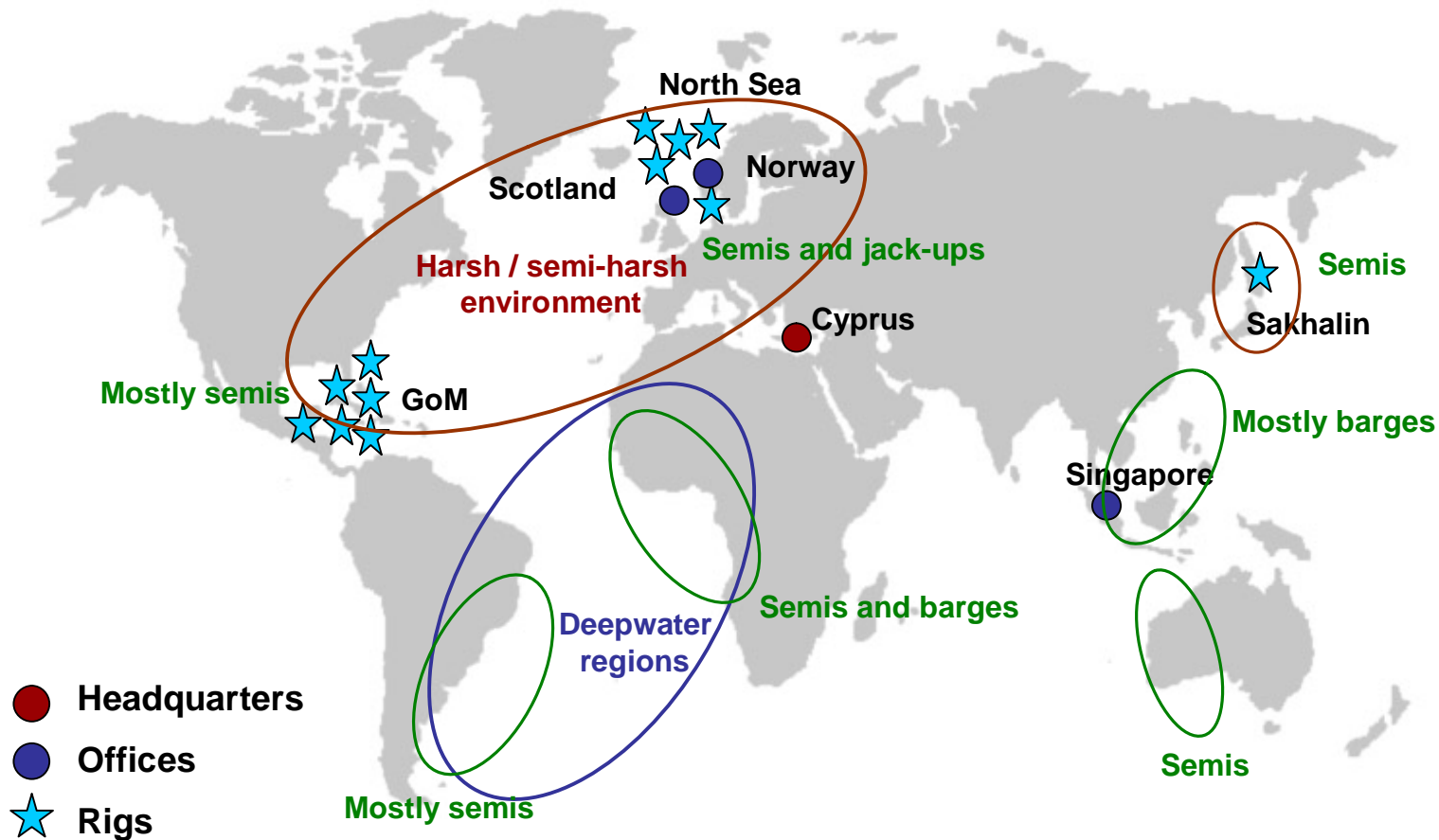
### Brazil

- Emerging market, possibilities for DP units for work in 2009



MSV Regalia alongside Bonga FPSO

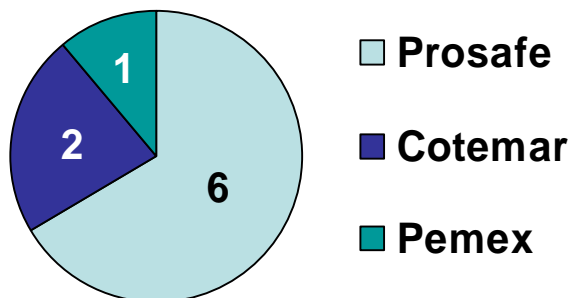
# Dominant position in harsh environments



# Competitor situation

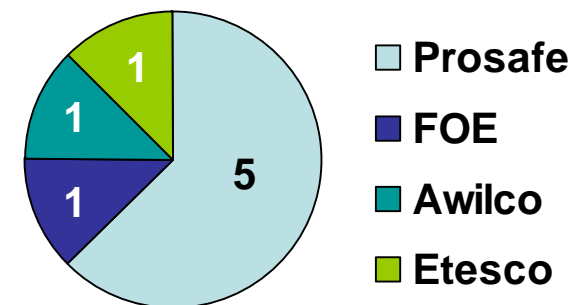
## Dynamically positioned semi rigs

- Advanced units with high operational versatility:
  - All water depths
  - Any seabed infrastructure
  - Against fixed installations and most floaters like FPSOs, Semis and Spars



## Anchored semi rigs

- Primary strengths:
  - Shallow to medium waterdepths
  - Fixed installations
  - Some floaters, e.g. TLPs



**High quality fleet with versatile applications**



## Newcomers

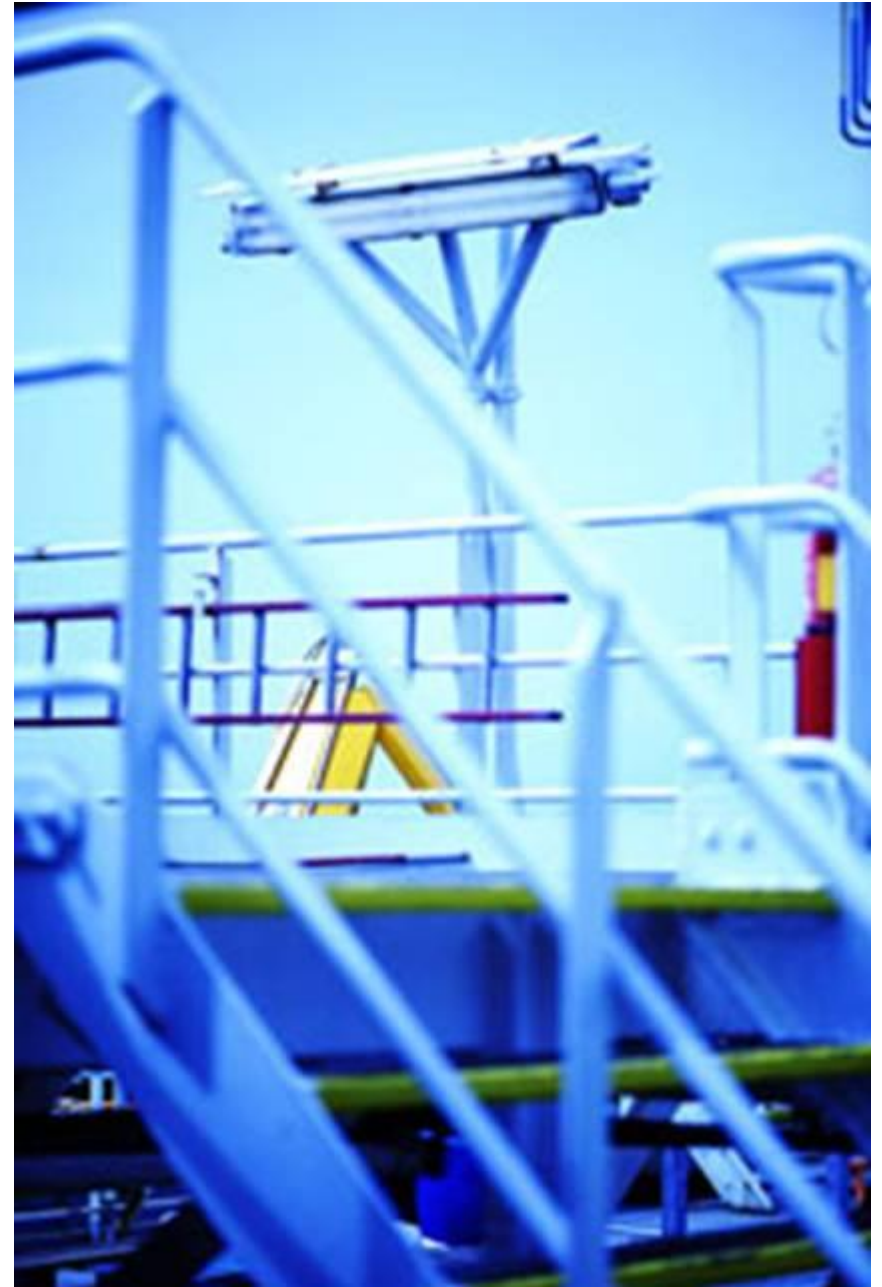
- Expected new entrants in the form of both mono-hulls and semi-submersibles
- Deliveries 2009 – 2011
- Uncertain funding situation and construction cost



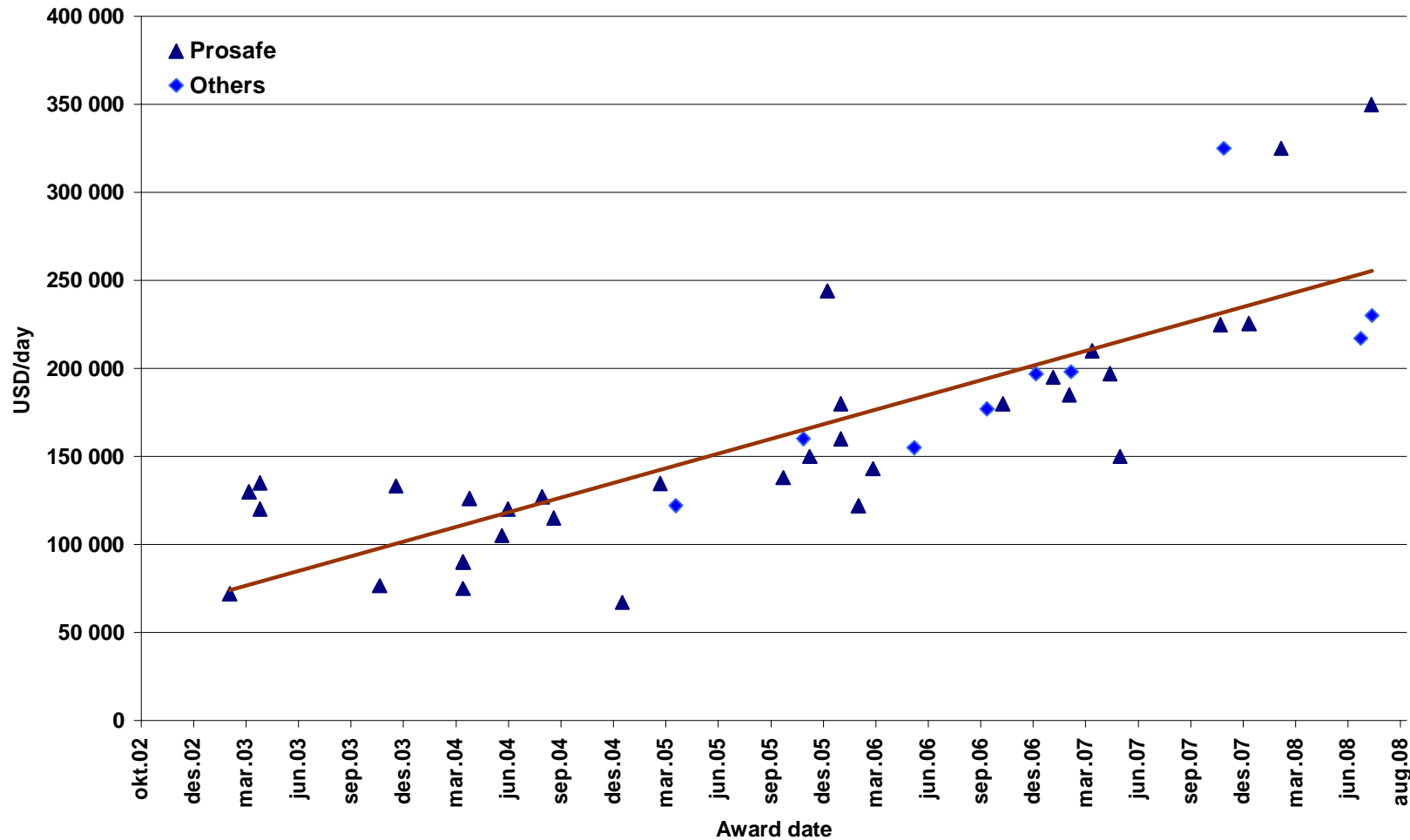


## Status operations

- Q2 was characterised by a high utilisation rate (99%) and solid operations
- Operational downtime on MSV Regalia in July
- 65-day contract for Safe Scandinavia in the UK sector of the North Sea at day rate of USD 350 000
- 6-month option for Safe Esbjerg exercised



# Day rates for rigs with North Sea capabilities



**Steadily increasing day rates**

## Upgrade and life extension of MSV Regalia

- Contract with yard in place
- Rig will enter the yard after the completion of current contract for Aker Kværner at MCP-01
- Upgrade ensures 20 year further life in Norway
- Project to be completed in May 2009



MSV Regalia

## Main objectives for Q3/Q4

- Secure contracts for:
  - Safe Bristolia
  - Safe Concordia
  - Jasminia
- Investigate new growth opportunities



## Strategy going forward

- Seize interesting growth opportunities
- Share buy-back if and when appropriate
- Continue dividend payment

**Improved performance and  
continued growth**



## Summary

- Positive market outlook
- Leading market position
- Unique, versatile rig fleet
- Solid track record
- Strong financial platform
- Solid earnings visibility

**Set for continued strong  
development**





# Attachments

# Fleet overview



<b>Name</b>	<b>MSV Regalia</b>	<b>Safe Scandinavia</b>	<b>Safe Caledonia</b>
Geographical area	Harsh environment, NCS	Harsh environment, NCS	Harsh environment
Mooring system	-	12 point chain winches	10 point wire winches
Station keeping	NMD3	Moored	DP2 / TAMS
No of beds	160/380	583	516
Deck area	3,250 m <sup>2</sup>	400 m <sup>2</sup>	900 m <sup>2</sup>
Payload	1,000 – 2,000 t	1,000 t	700 t
<b>Current contract</b>			
Client	Aker Kværner	StatoilHydro	Total
Field	MCP-01, North Sea	Sleipner B, North Sea	Dunbar Elgin/Franklin, NS
Water depth	94m	110m	93m
Type of installation	Concrete platform	Unmanned wellhead platform	Jack-up

# Fleet overview


**Name**
**Safe Astoria**
**Safe Bristolina**
**Safe Esbjerg**

Geographical area

Moderately harsh env.

Moderately harsh env.

Harsh environment

Mooring system

8 point wire winches

8 point wire winches

4 point wire winches

Station keeping

Moored

Moored

Jack-up

No of beds

245

612

139

Deck area

 620 m<sup>2</sup>

 400 m<sup>2</sup>

 750 m<sup>2</sup>

Payload

1,800 t

1,800 t

variable, max 725 t

**Current contract**

Client

Samsung

ConocoPhillips

Maersk

Field

Sakhalin, Russia

Britannia, North Sea

Gorm, Denmark

Water depth

40-50m

40-50m

40-50m

Type of installation

Jacket structure platform

Jacket structure platform

Jacket structure platform

# Fleet overview



<b>Name</b>	<b>Safe Britannia</b>	<b>Safe Lancia</b>	<b>Safe Hibernia</b>
Geographical area	Harsh env.	Moderately harsh env.	Harsh environment
Mooring system	9 point wire winches	8 point chain winches	12 point wire winches
Station keeping	DP2 / TAMS	DP2	Moored
No of beds	812	600	500
Deck area	1,300 m <sup>2</sup>	1,100 m <sup>2</sup>	750 m <sup>2</sup>
Payload	1,245 t (620 DP mode)	626 t	1,000 t
<b>Current contract</b>			
Client	Ocean Oil	Ocean Oil	Ocean Oil
Field	Cantarell, GoM	Cantarell, GoM	Cantarell, GoM
Water depth	40-50m	40-50m	40-50m
Type of installation	Jacket structure platform	Jacket structure platform	Jacket structure platform

# Fleet overview



## Name

Geographical area

Mooring system

Station keeping

No of beds

Deck area

Payload

## Safe Regency

Harsh environment

8 point wire winches

DP1

771

800 m<sup>2</sup>

550 t

## Safe Concordia

Benign environment

4 point wire winches

DP2

390

1,300 m<sup>2</sup>

1,400 t

## Jasminia

Benign environment

8 point wire winches

Moored

535

690 m<sup>2</sup>

640 t

## Current contract

Client

Field

Water depth

Type of installation

Ocean Oil

Cantarell, GoM

40-50m

Jacket structure platform

Ocean Oil

Cantarell, GoM

40-50m

Jacket structure platform

Ocean Oil

Cantarell, GoM

40-50m

Jacket structure platform

## Financial calendar and IR contacts

### Financial calendar

#### **6 Nov 2008**

Publication, presentation and web cast of Q3 2008 result

#### **12 Feb 2009**

Publication, presentation and web cast of Q4 2008 result

### IR contacts

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