



**19-22 February 2013**

# **Company Presentation**



# Disclaimer

All statements in this presentation other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties, and assumptions that are difficult to predict and are based upon assumptions as to future events that may not prove accurate. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believe”, “may”, “will”, “should”, “would be”, “expect” or “anticipate” or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans or intentions. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation as anticipated, believed or expected. Prosafe does not intend, and does not assume any obligation to update any industry information or forward-looking statements set forth in this presentation to reflect subsequent events or circumstances.

# Prosafe – the leading accommodation rig company

- The world's leading owner and operator of semi-submersible accommodation rigs in harsh environments
- Fleet growth in the high-end segment within the accommodation market
- Long track record with versatile operations for national and major oil companies
- High cash flow generation, return of capital to shareholders, strong balance sheet and low cost of funding



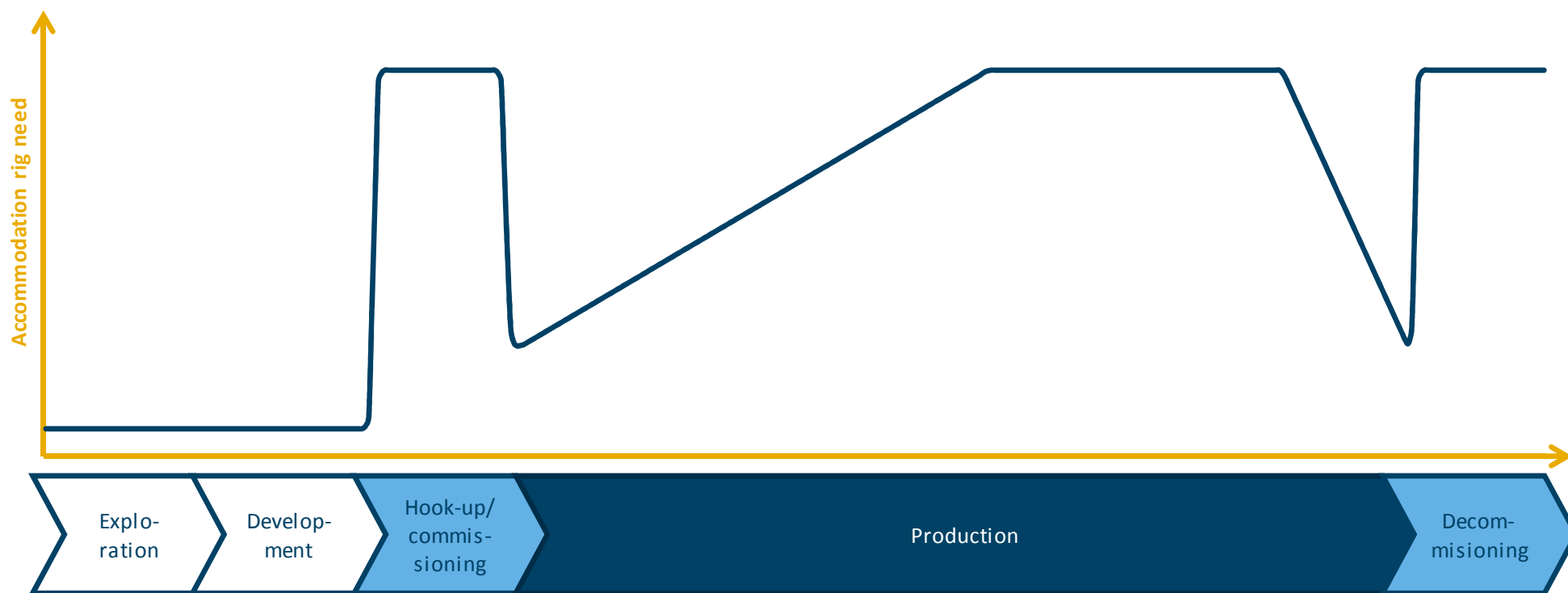


# Agenda

- **Positive outlook**
- Attractive financials
- Steady operations
- Appendix



# Offshore accommodation – a late cyclical market

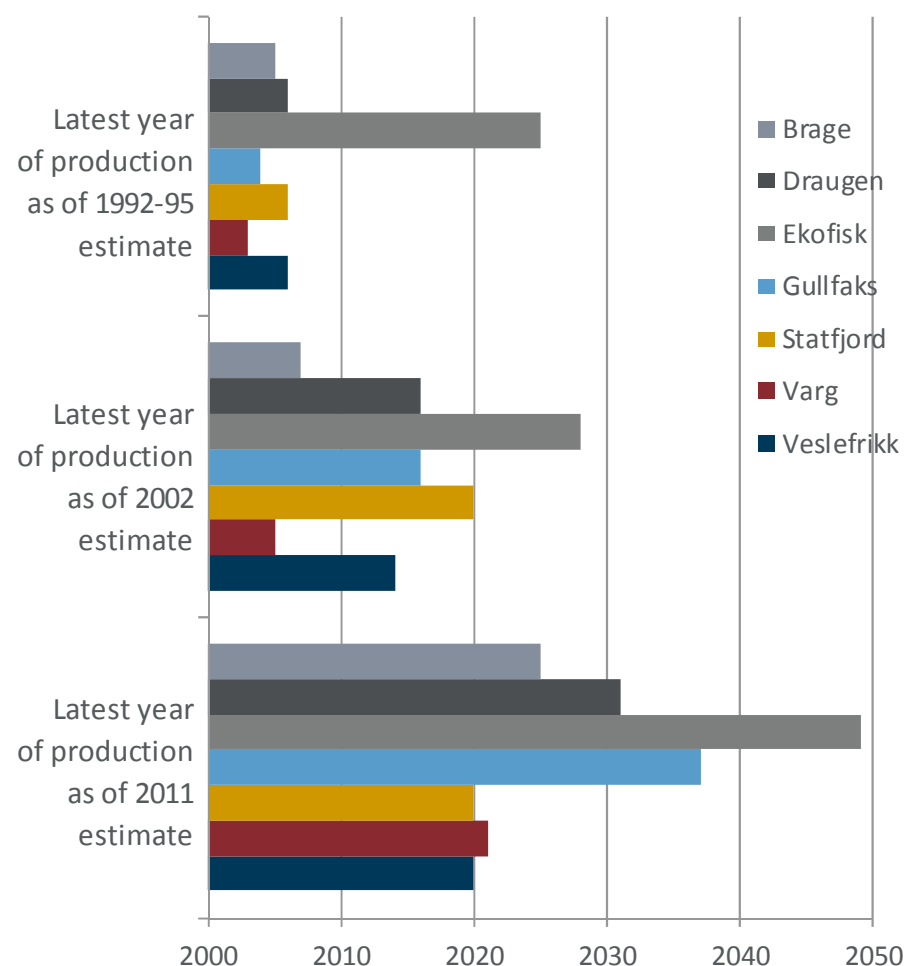


- Hook-up/commissioning of new installations
- Maintenance, modifications, IOR projects and tie-ins of satellite fields to existing installations
- Decommissioning of old installations
- Disaster recovery

# Norway – several commissioning projects planned

- Several hook-up and commissioning projects in the coming years
- Tie-ins and high focus on improved recovery resulting in increased field life expectancy
  - Upgrade of existing facilities

Increase in field life expectancy  
at selected fields in Norway



# UK – aging infrastructure supports demand

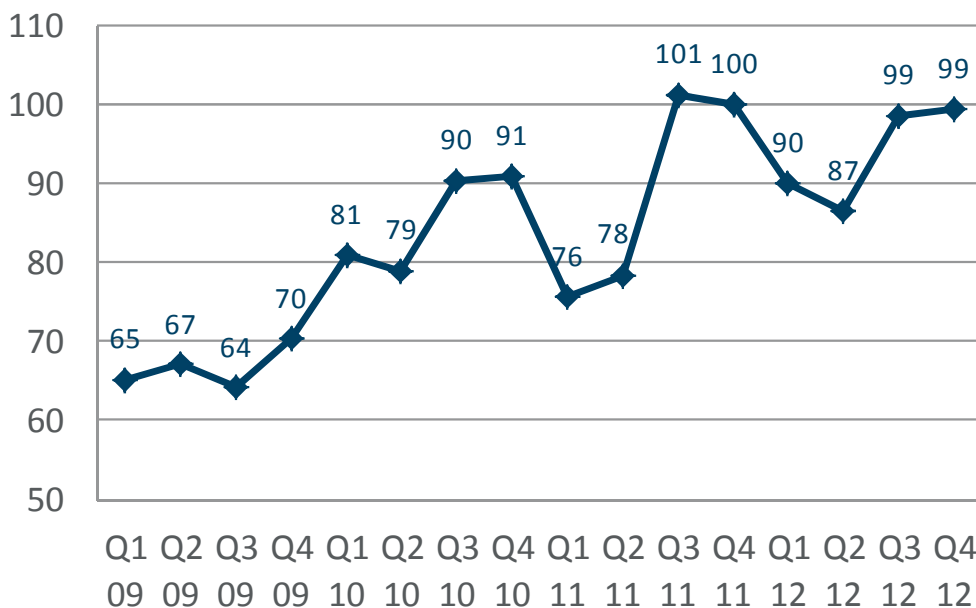
- A significant amount of infrastructure in the UKCS is over 30 years old
  - Focus on maintenance and renewal of existing facilities to sustain integrity and improve reliability
- Field developments and tie-ins will require additional accommodation in years to come
- More independents carrying out redevelopment projects



# Positive development in North Sea demand index

- Growing underlying demand trend
- New prospects for 2014-2016 have appeared recently
- Increasing amount of prospects related to hook-up and commissioning

## North Sea accommodation rig demand index

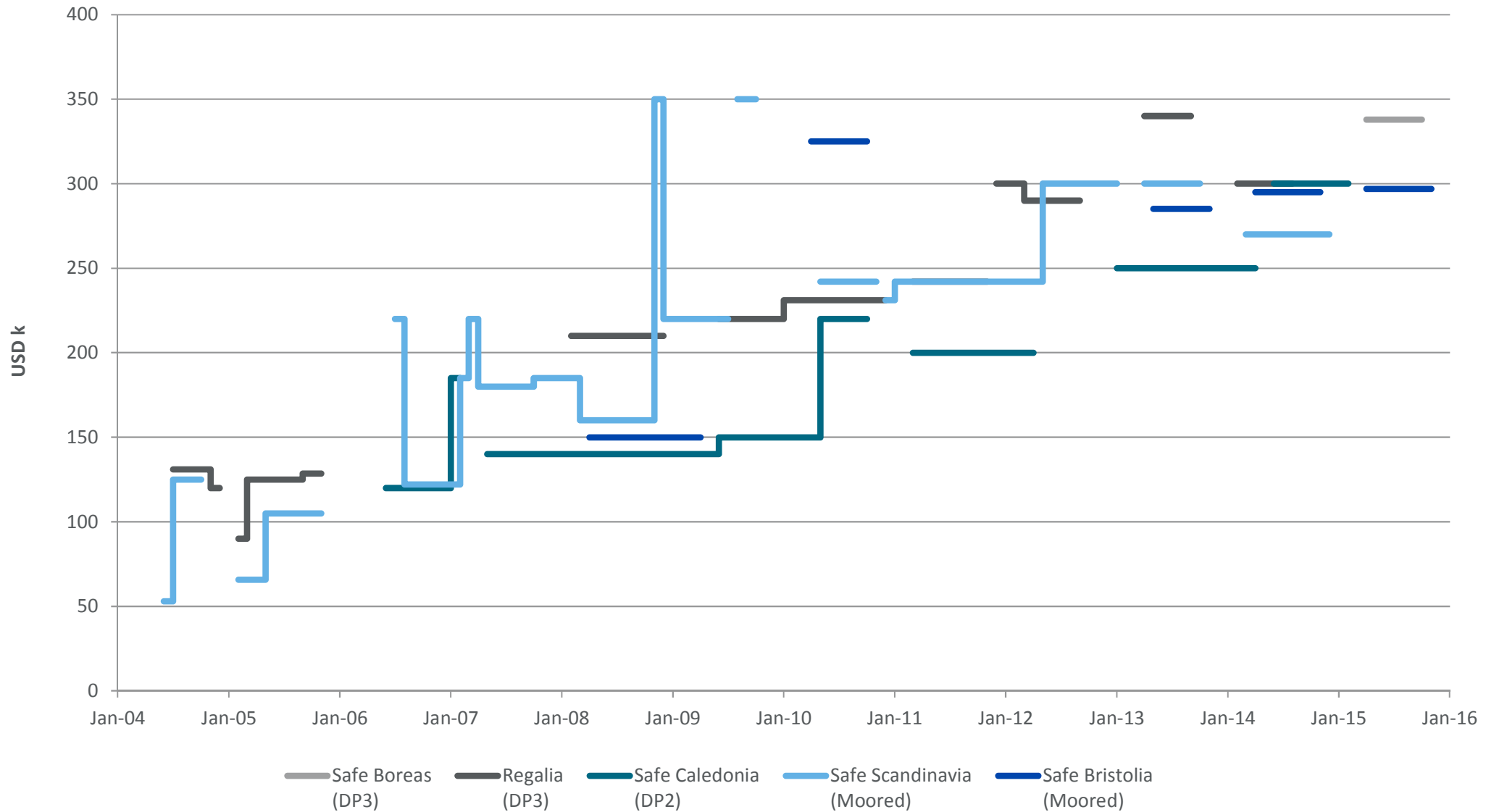


Based on firm contracts, extension options, projects in the tendering phase and prospects for the next 36 months. Index based on number of days in demand. Q4 11 = 100

Source: Prosafe



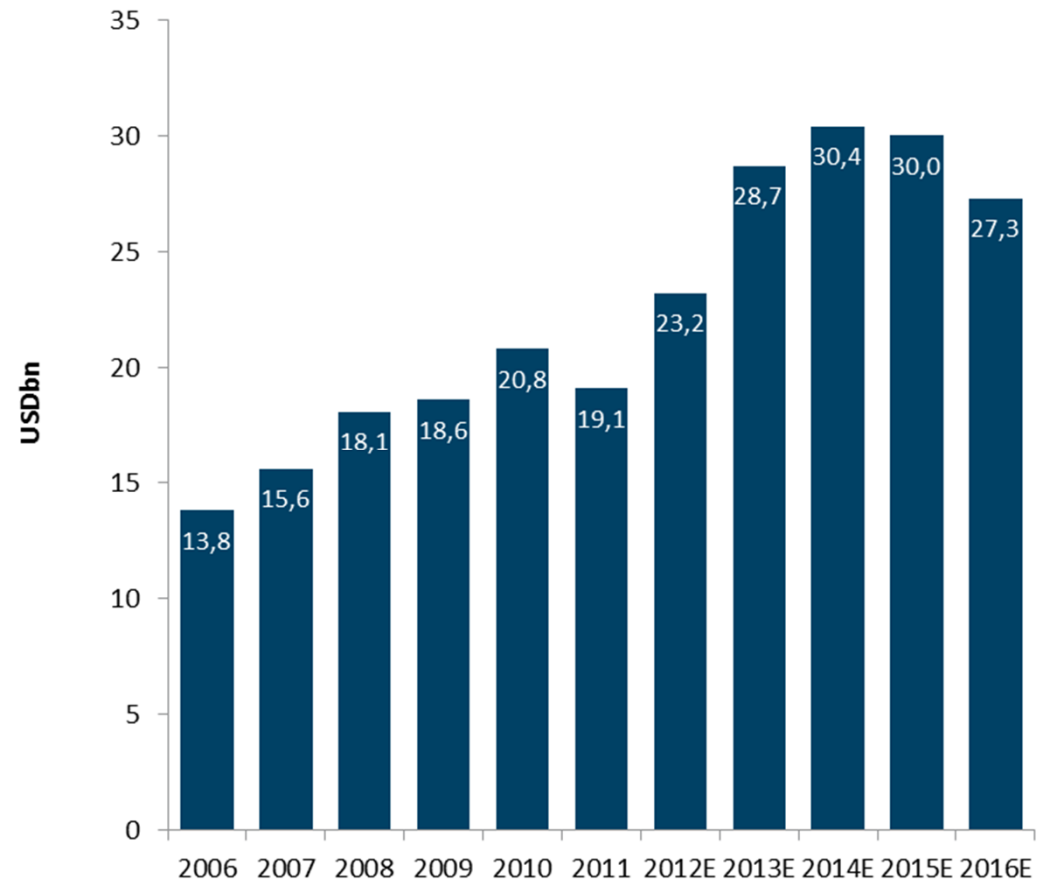
# North Sea dayrates (time charter)



# Mexico – stable outlook

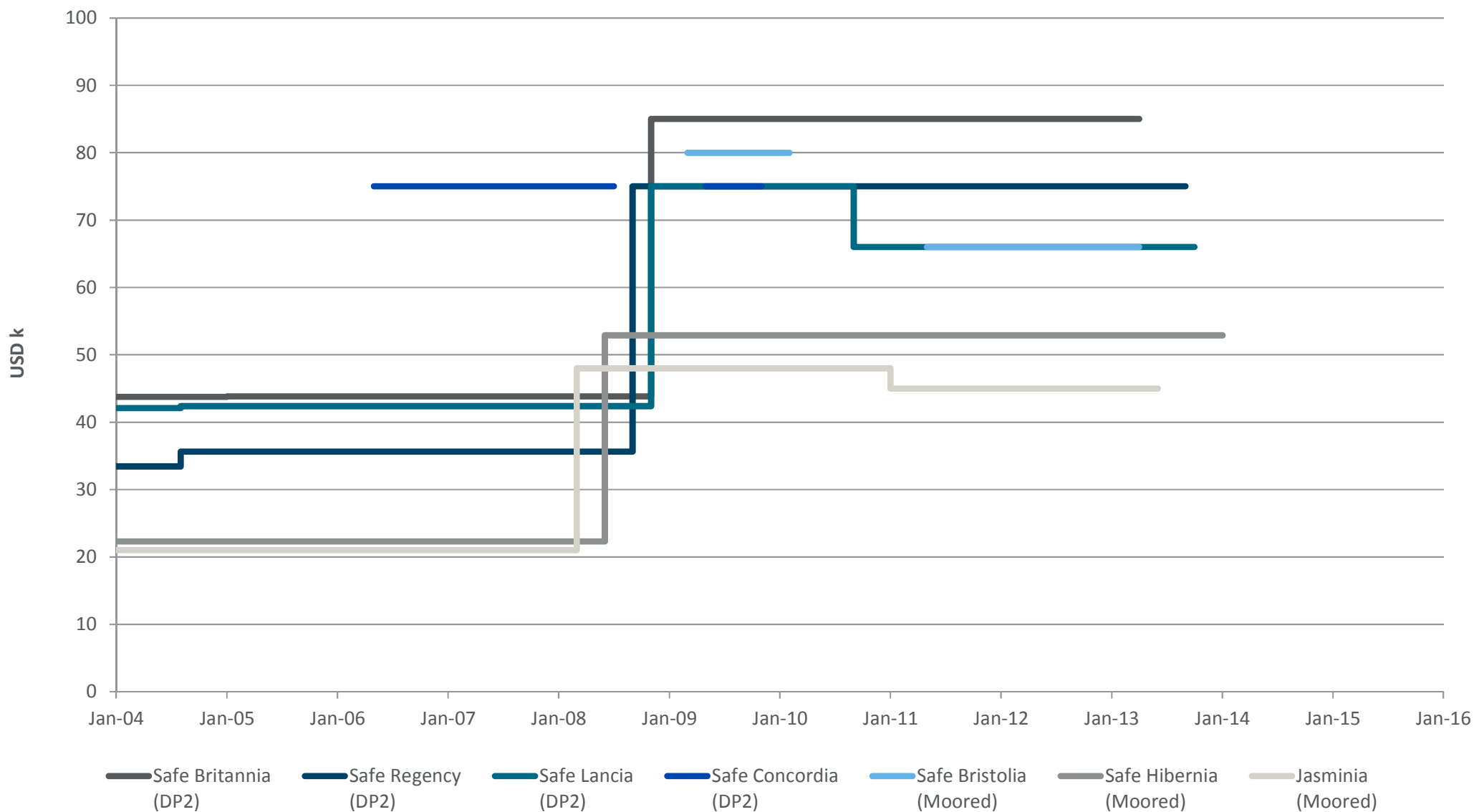
- Stable activity in Mexico
- Investment level estimated to increase going forward
- Should bode well for demand for offshore accommodation
- Exploration in deepwater areas in early stages

## Pemex investments



Source: Pemex

# Gulf of Mexico dayrates (bareboat)



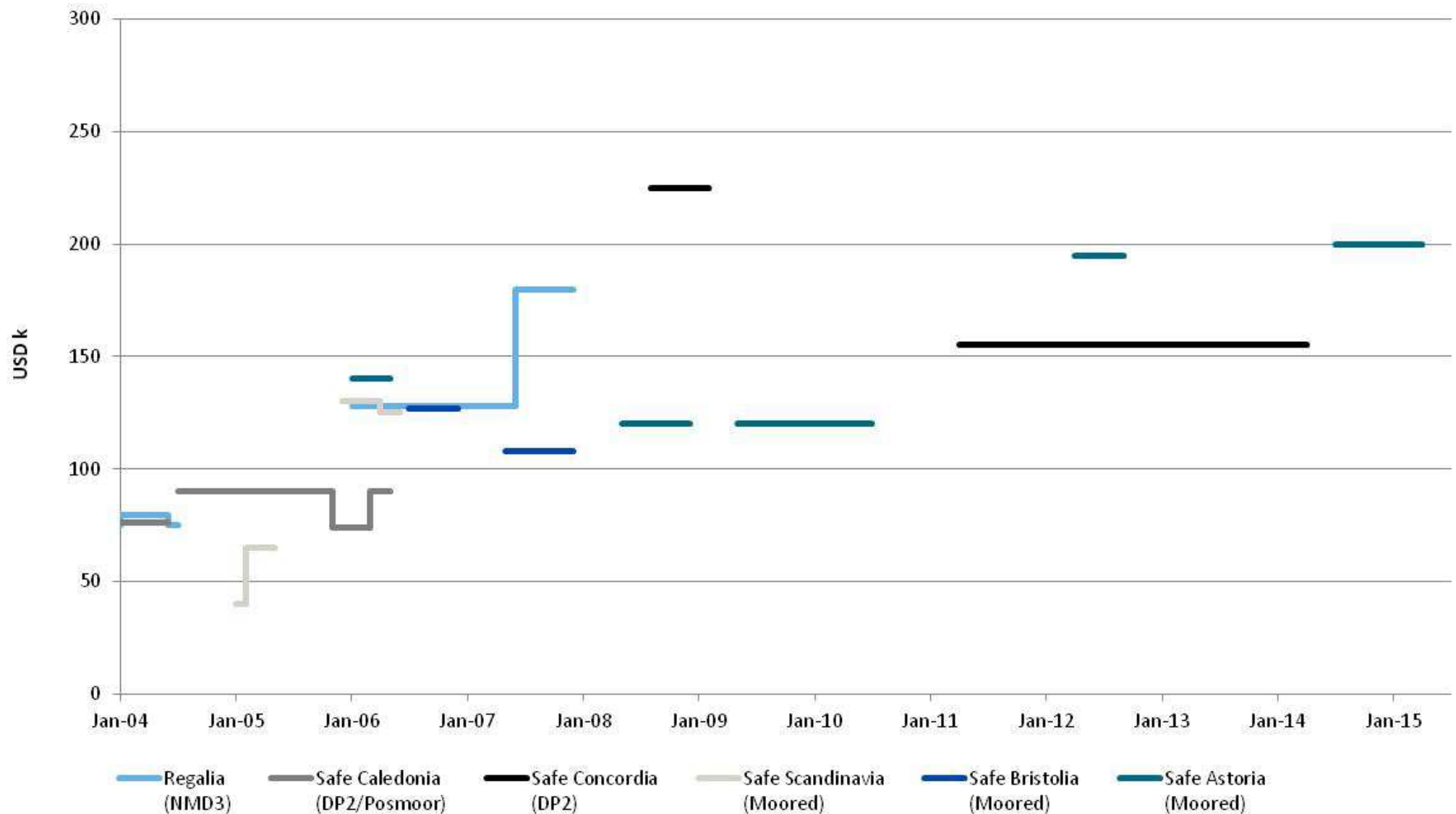
# Brazil – promising demand outlook

- Currently three units working in the Campos basin
  - Likely that more units are needed in the short- to medium-term
- In the long-term, there should be significant growth potential in other basins



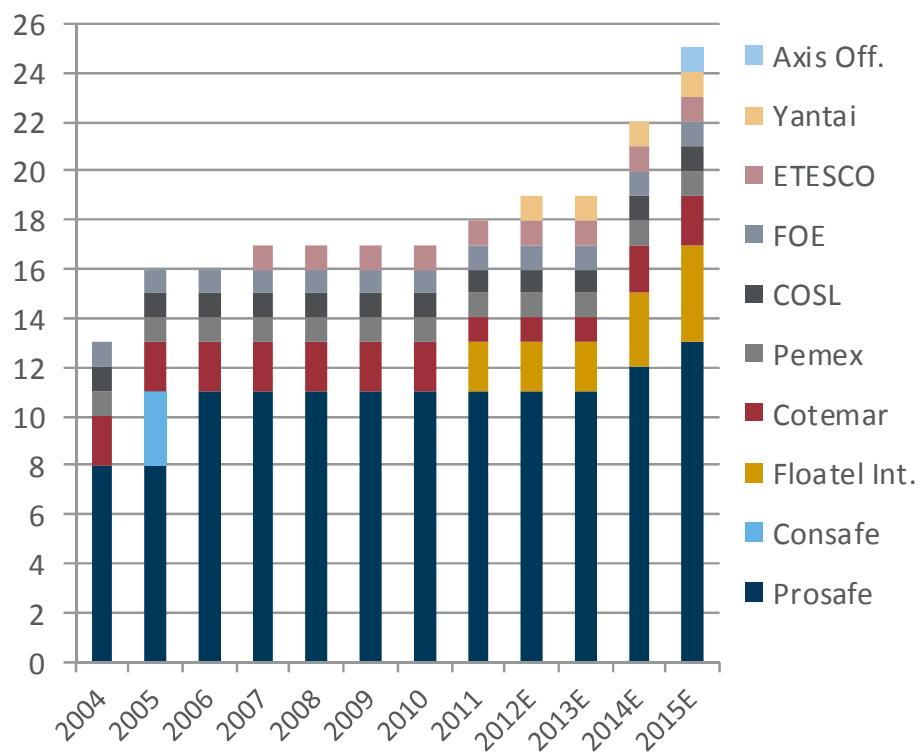


# Rest of World dayrates (time charter)

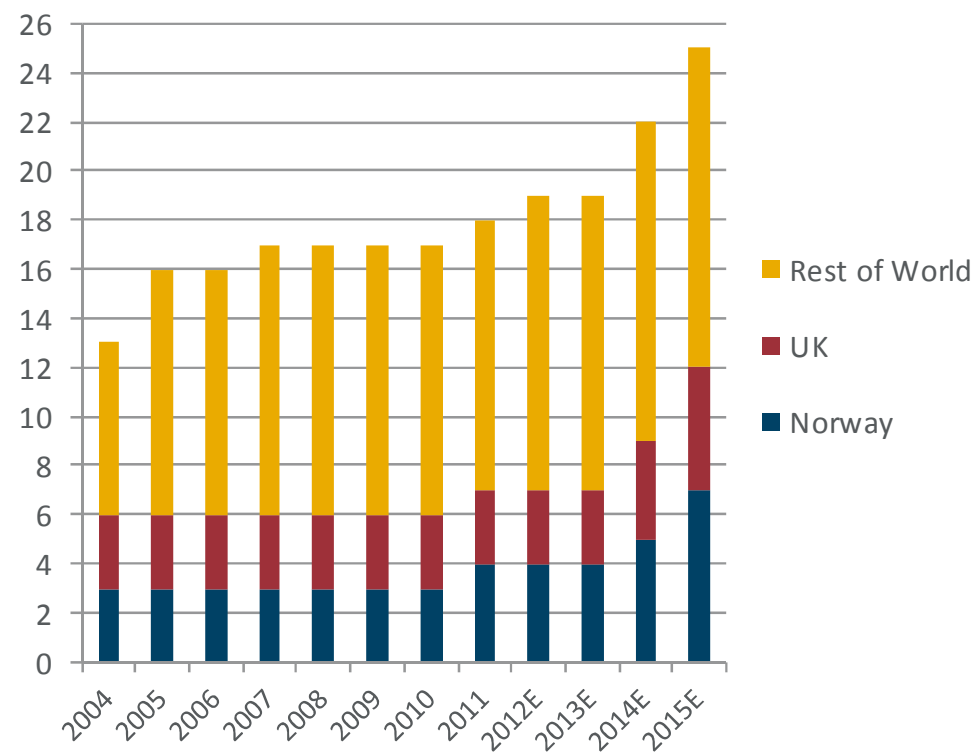


# Prosafe is the clear market leader

No. of accommodation semis by owner



No. of accommodation semis by regional capabilities



# Agenda

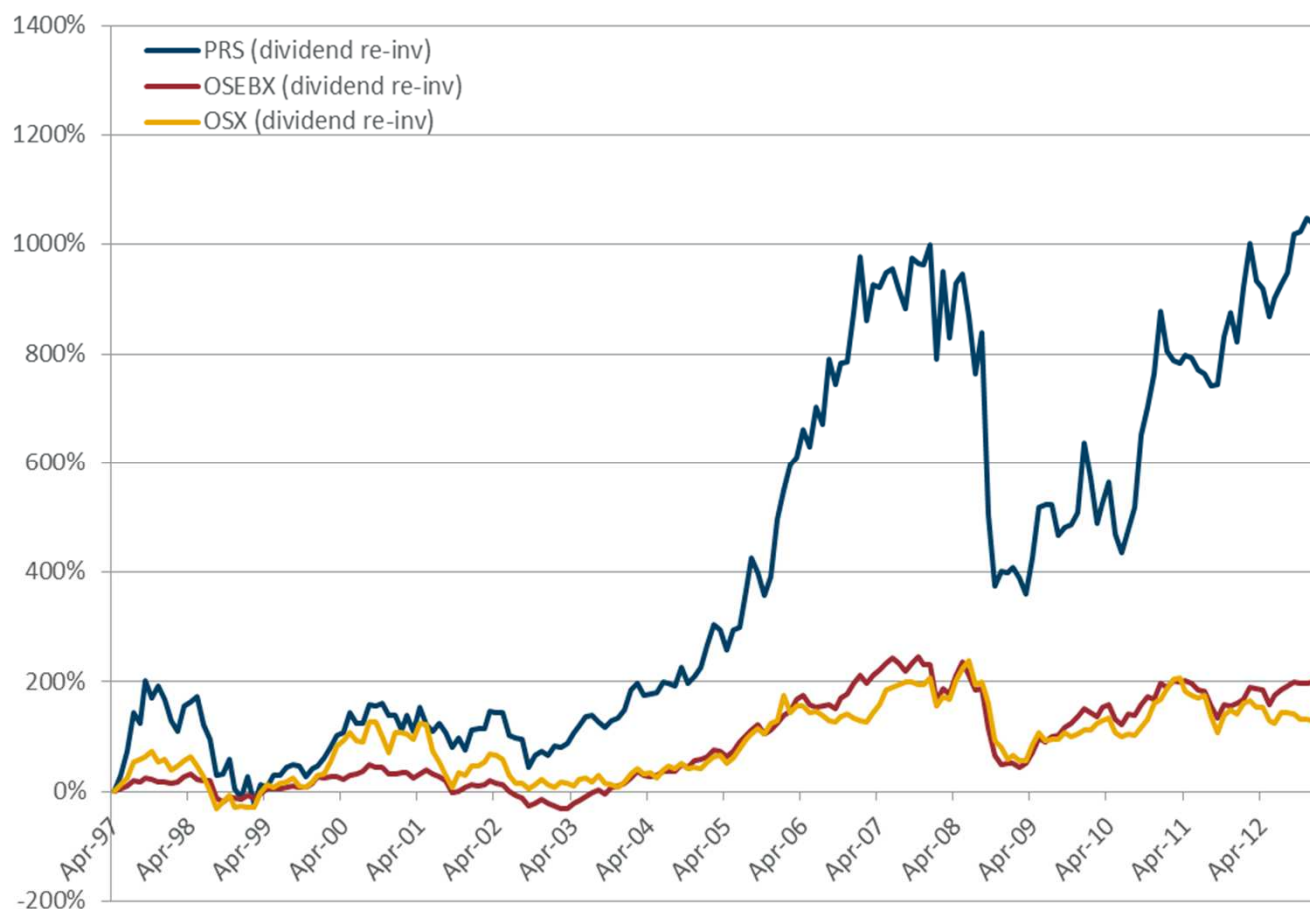
- Positive outlook
- **Attractive financials**
- Steady operations
- Appendix



# Growth achieved with a robust financial position

## Growth achieved by:

- Good operating performance
- At all times, a robust financial position
- An efficient financing and tax structure (low cost of funding)
- Returning capital to shareholders (high dividend payouts)



Annual equivalent return since PRS listing in April 1997

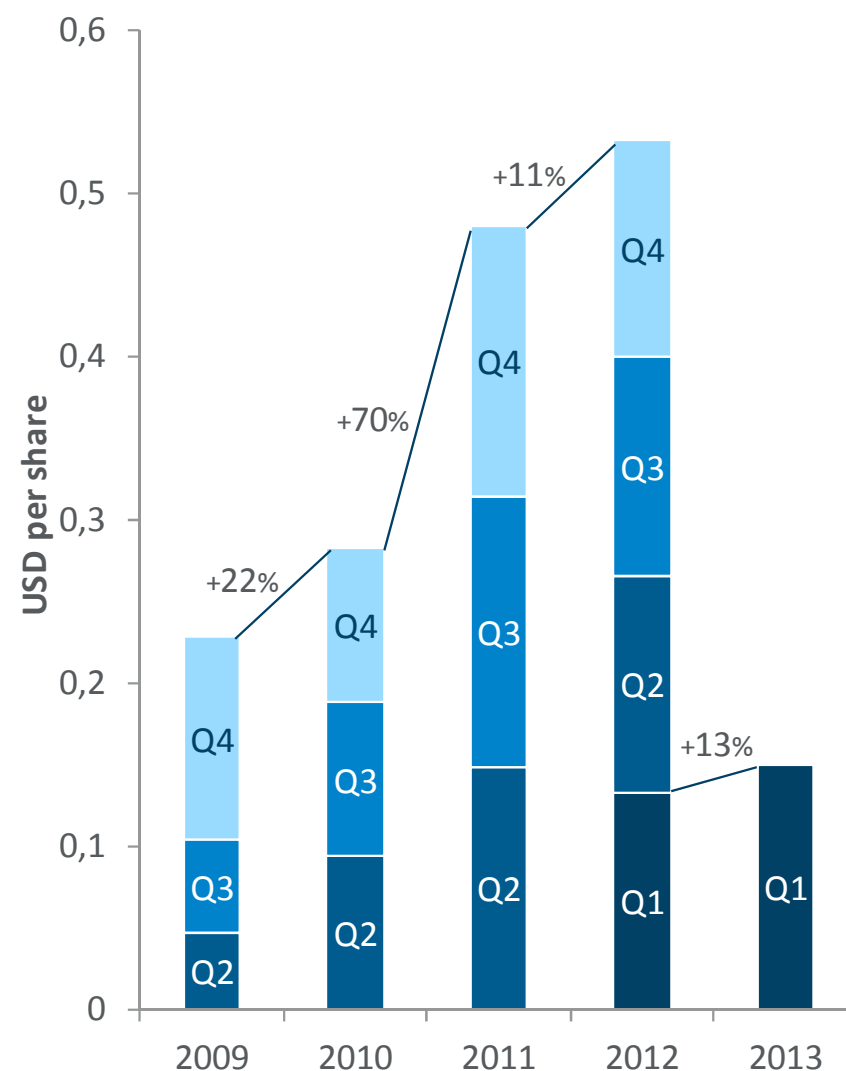
Prosaf SE (dividends re-inv.)	17.4%
OSEBX	7.5%
OSX	6.1%



# Steady growth in dividend

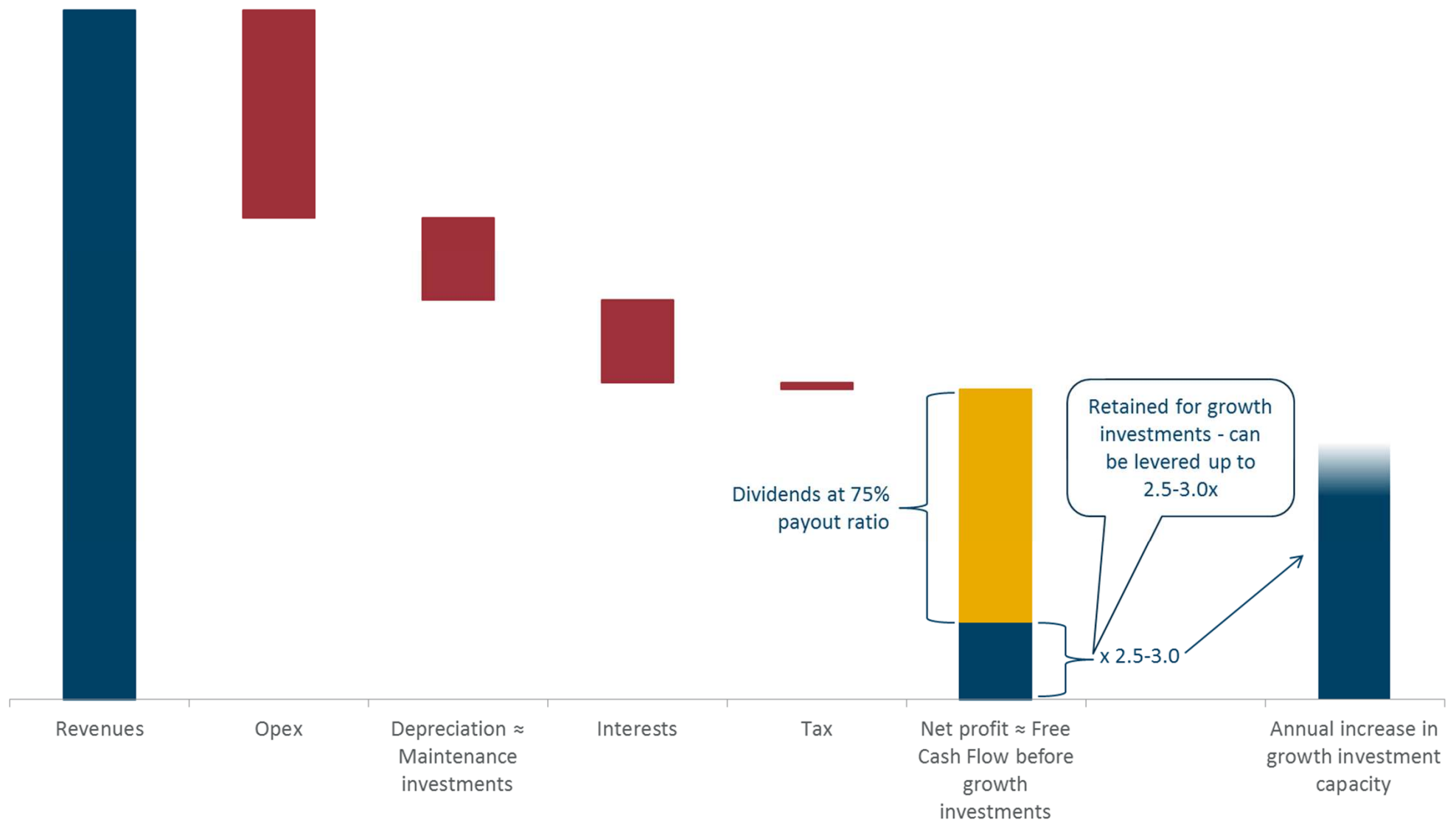
- Policy of paying out up to 75 per cent of previous year's net profit in four quarterly payments
- Q1 2013 dividend of USD 0.15 per share – 13 per cent increase over last year's quarterly run rate

## Dividend payments



# Dividend policy and growth investments

Generic illustration



# Financing for new builds in place

## 1. USD 420 million term loan

- ❑ Closing took place in mid-December 2012
- ❑ To be drawn in connection with delivery of each rig
- ❑ Key terms:
  - Tenor of five years
  - Repayment profile 12 years
  - Interest rate of 3-month USD LIBOR plus 2.95 per cent

## 2. Bond financing

- ❑ Four loans currently outstanding
- ❑ NOK 500 million 7-year loan issued in early January (NIBOR plus 3.75 per cent)

## 3. Retained earnings

# Agenda

- Positive outlook
- Attractive financials
- **Steady operations**
- Appendix

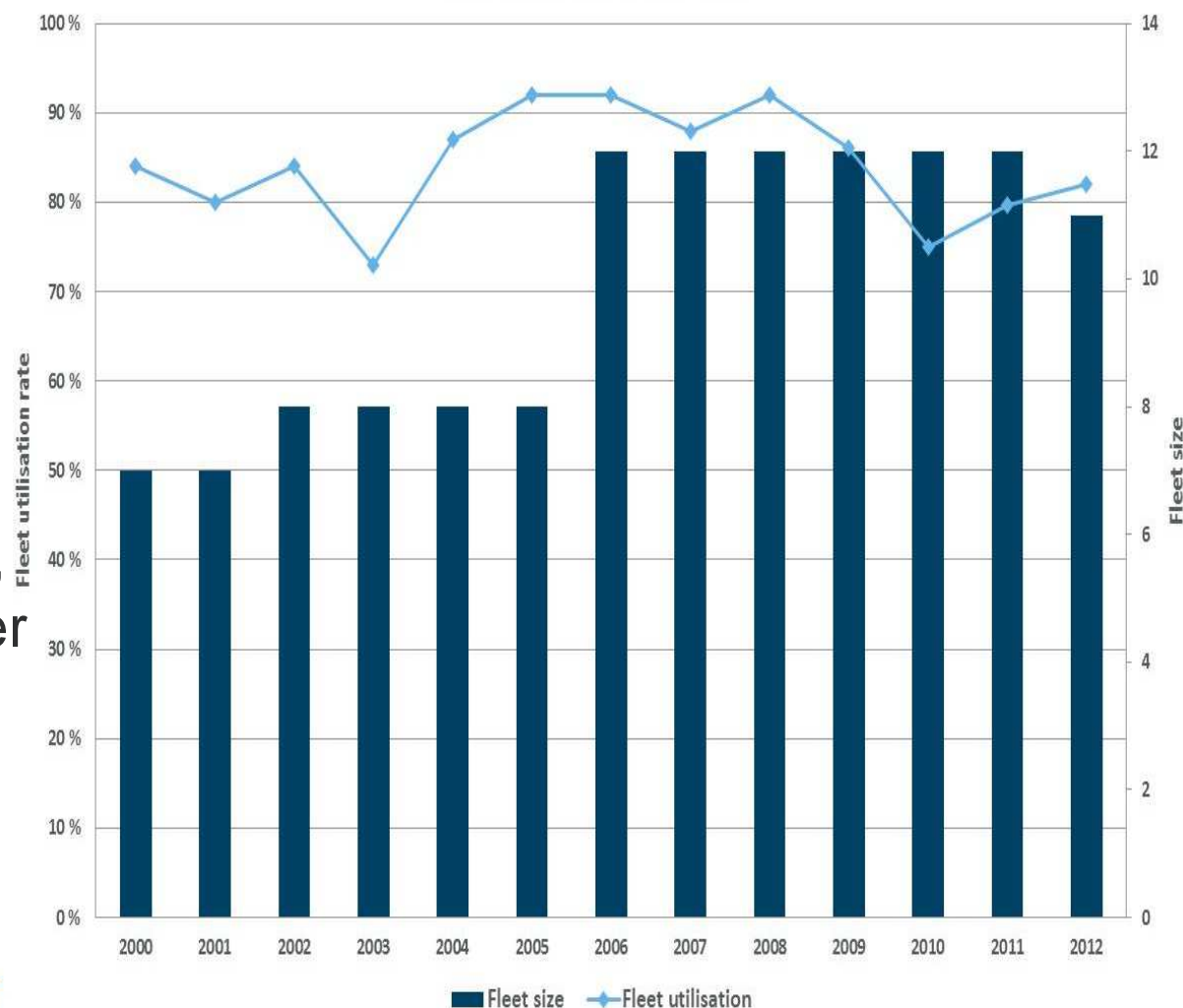




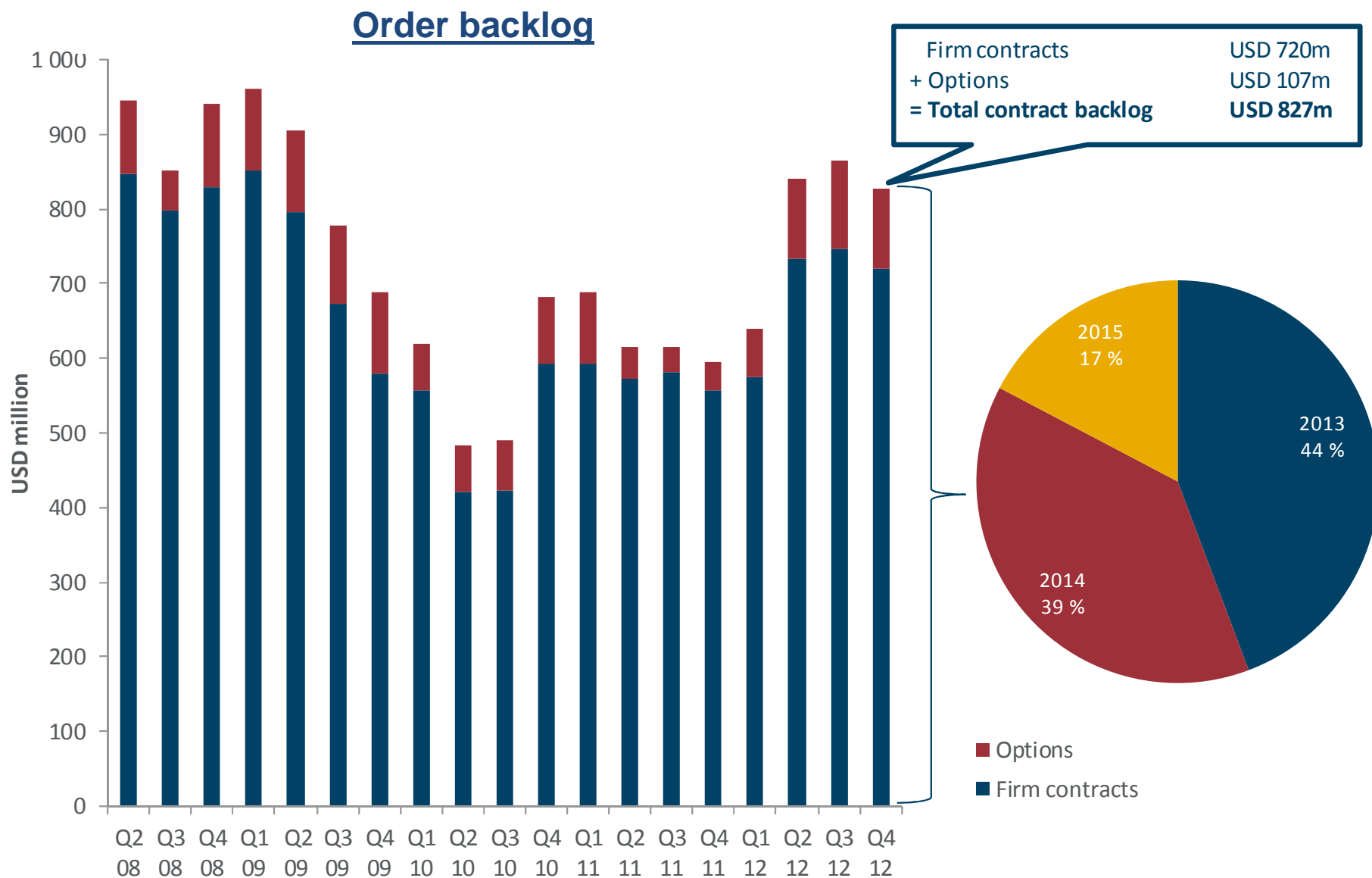
# Consistent high fleet utilisation

## Fleet size and utilization

- Considerable fleet size means lower risk
- Fleet utilisation has consistently been at high levels
- Low counter-party risk
  - Clients are typically national oil companies, super majors and larger independents:



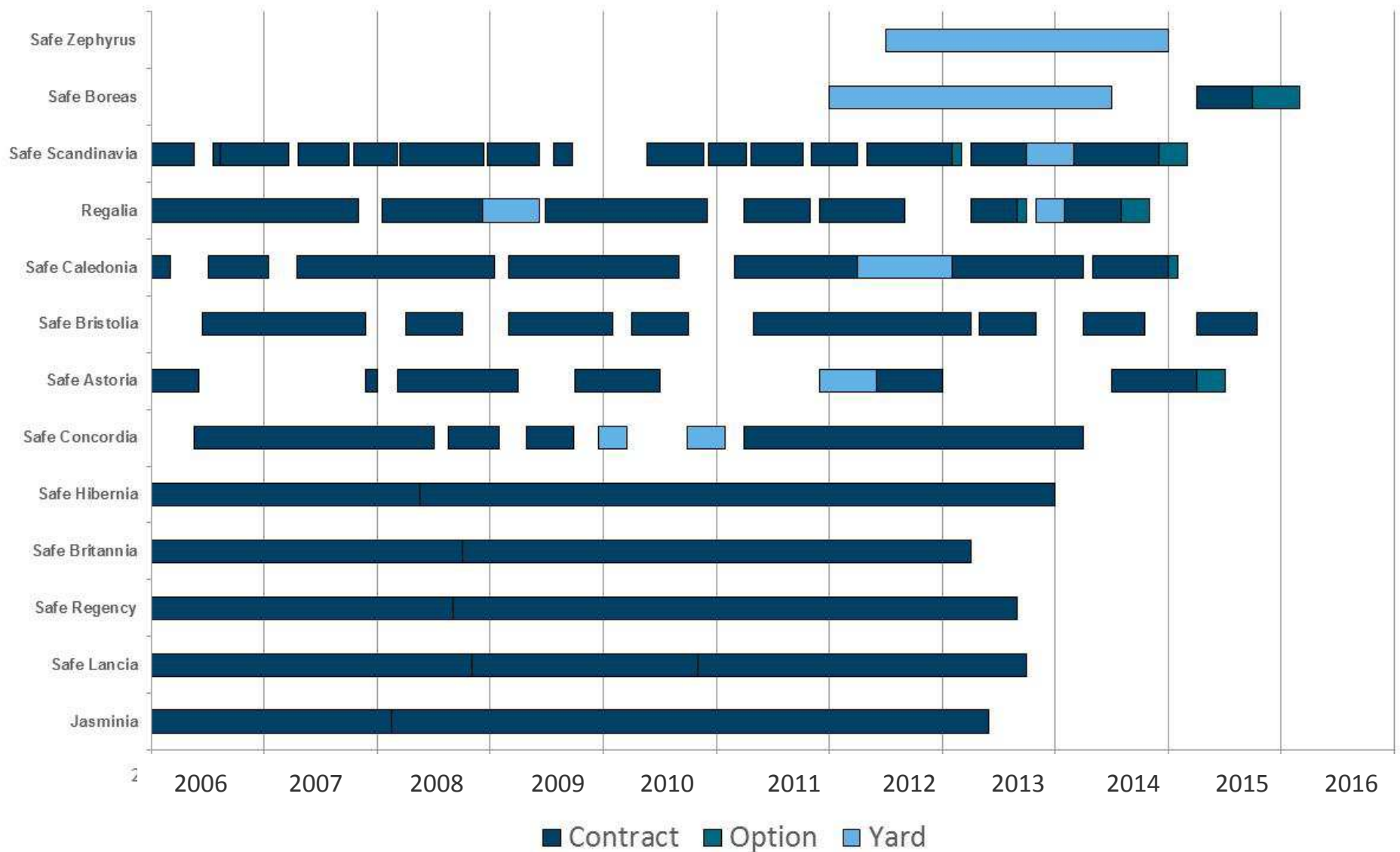
# Solid contract backlog with tier 1 clients



# Recent contract awards

Rig	Client	Country	Contract year	Duration	Dayrate (USD)
Safe Bristolia	BG International	UK	2014	197 days	295,000
Safe Bristolia	BG International	UK	2015	197 days	297,000
Safe Bristolia	Elf Exploration (Total)	UK	2013	173 days	285,000
Safe Scandinavia	ConocoPhillips	UK	2013	187 days	300,000
Safe Boreas (new build)	Lundin	Norway	2015	6 months (+ 5 optional months)	338,000
Safe Caledonia	BP	UK	2013/2014	15 months	250,000
Safe Scandinavia	Statoil	Norway	2014	9 months (+ 3 optional months)	270,000
Regalia	Statoil	Norway	2014	5 months	300,000

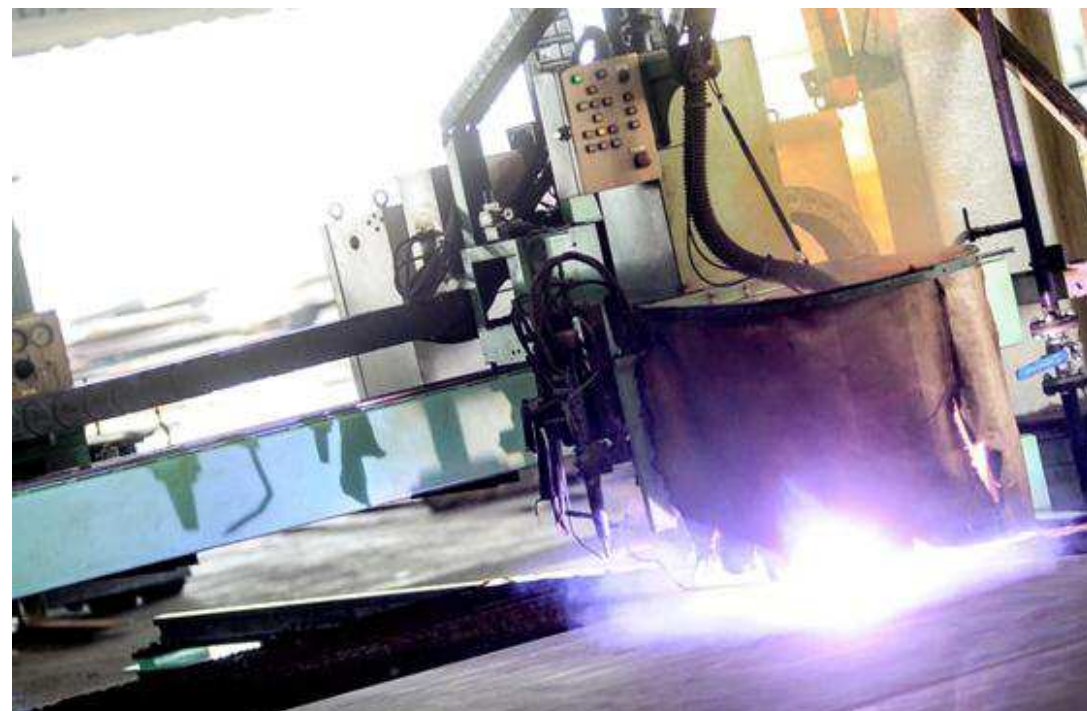
# High North Sea contract coverage for 2013-15





# Safe Boreas progress

- Semi-submersible to be built as NCS compliant/ harsh environment
- Striking of steel in October 2012
- Scheduled delivery from yard summer 2014
- Awarded a six-month firm contract (+ options) by Lundin for operations in Norway in 2015



Financial status Q4 12	USDm
Book value o.b.	71
Book value c.b.	73
Capitalised in quarter	2
Estimated total cost	350

# Safe Zephyrus

- Contract signed with Jurong in Q4 2012
  - Similar design as Safe Boreas
  - DP3 and 12-point mooring
  - Ready for operations in the North Sea for the summer season of 2015
- 
- Three options
    - Units for either NCS/North Sea or world-wide operations outside of North Sea



Financial status Q4 12	USDm
Book value o.b.	0
Book value c.b.	63
Capitalised in quarter	63
Estimated total cost	350

# Safe Caledonia refurbishment and life extension

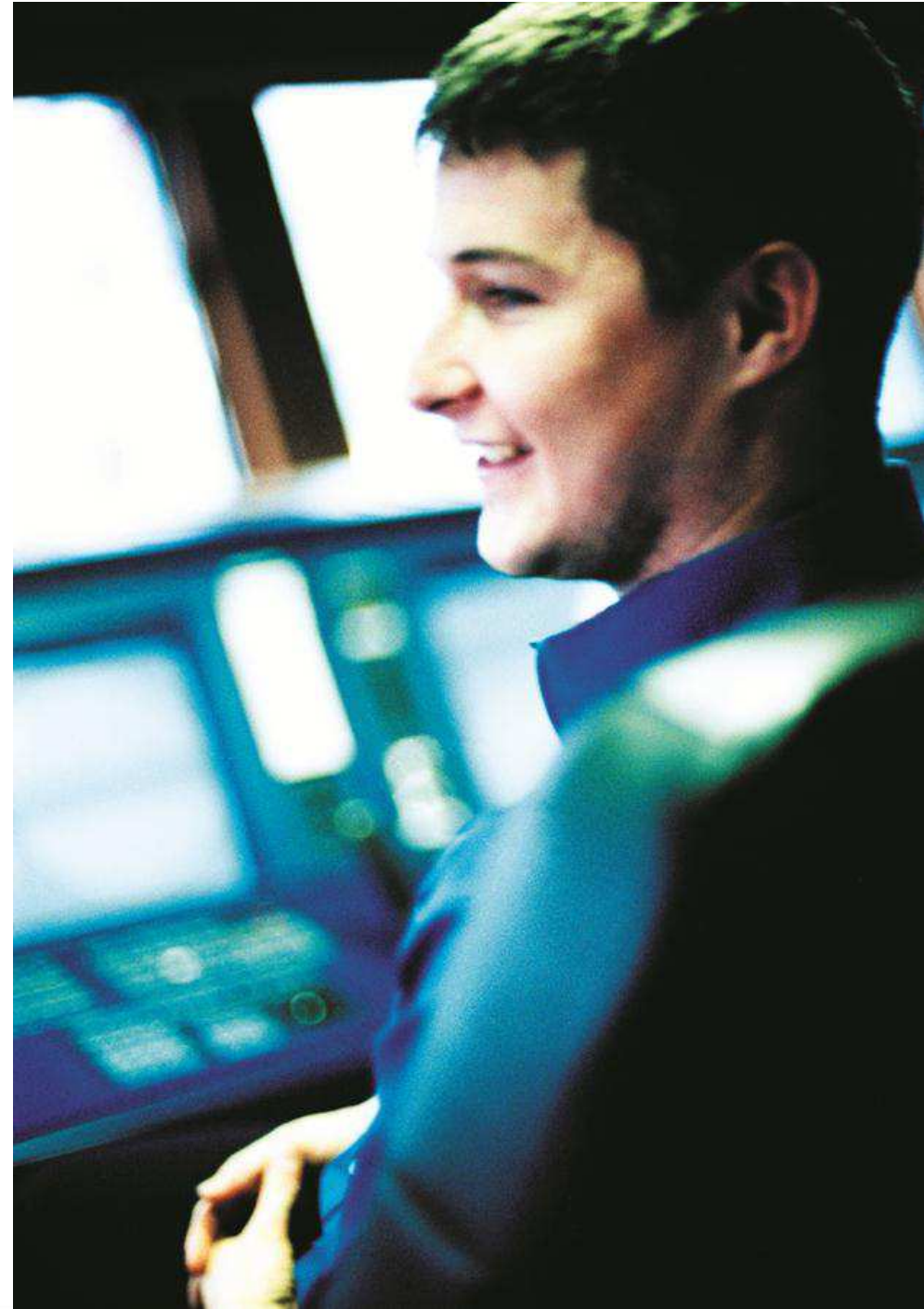
- Rig now in very good condition and life extended by 20 years
- Longer yard stay than initially planned due to increased scope
- Capex USD 125 million, of which USD 25 million in Q1 2013
- Contract with BP in the UK North Sea expected to commence end-February 2013





# Summary

- Tight accommodation market with a high number of prospects
- Fleet growth in the high-end segment of the market
- Prosafe is well positioned
  - Clear market leader
  - High-quality, diversified fleet
  - Strong cash flow
  - Robust financial position
  - High dividend combined with fleet growth



# Agenda

- Positive outlook
- Attractive financials
- Steady operations
- **Appendix**



# Income statement

(Unaudited figures in USD million)	Q4 12	Q3 12	Q4 11	2012	2011
Operating revenues	113.1	142.3	121.7	510.4	449.6
Operating expenses	(52.6)	(61.4)	(53.2)	(230.3)	(192.0)
<b>EBITDA</b>	<b>60.5</b>	<b>80.9</b>	<b>68.5</b>	<b>280.1</b>	<b>257.6</b>
Depreciation	(15.0)	(14.4)	(16.7)	(57.7)	(65.3)
<b>Operating profit</b>	<b>45.5</b>	<b>66.5</b>	<b>51.8</b>	<b>222.4</b>	<b>192.3</b>
Interest income	1.0	0.0	0.1	1.1	0.3
Interest expenses	(8.0)	(10.6)	(11.9)	(40.9)	(42.4)
Other financial items	2.1	(3.1)	(3.0)	(4.6)	6.9
<b>Net financial items</b>	<b>(4.9)</b>	<b>(13.7)</b>	<b>(14.8)</b>	<b>(44.4)</b>	<b>(35.2)</b>
<b>Profit before taxes</b>	<b>40.6</b>	<b>52.8</b>	<b>37.0</b>	<b>178.0</b>	<b>157.1</b>
Taxes	1.7	(1.0)	(0.5)	(0.5)	0.9
<b>Net profit</b>	<b>42.3</b>	<b>51.8</b>	<b>36.5</b>	<b>177.5</b>	<b>158.0</b>
 <b>EPS</b>	 <b>0.19</b>	 <b>0.23</b>	 <b>0.16</b>	 <b>0.80</b>	 <b>0.71</b>
<b>Diluted EPS</b>	<b>0.19</b>	<b>0.23</b>	<b>0.16</b>	<b>0.80</b>	<b>0.71</b>



# Operating revenues

(USD million)	Q4 12	Q3 12	Q4 11	2012	2011
Charter income	94.0	111.7	106.6	423.9	400.7
Mob/demob income	0.0	0.0	2.0	2.0	4.1
Gain on sale of Safe Esbjerg	0.0	4.8	0.0	4.8	0.0
Other income	19.1	25.8	13.1	79.7	44.8
<b>Total</b>	<b>113.1</b>	<b>142.3</b>	<b>121.7</b>	<b>510.4</b>	<b>449.6</b>

# Balance sheet

(Unaudited figures in USD million)	31.12.12	30.09.12	31.12.11
Goodwill	226.7	226.7	226.7
Rigs	896.3	876.9	893.7
New builds	135.6	71.1	58.3
Other non-current assets	21.9	22.2	5.1
<b>Total non-current assets</b>	<b>1 280.5</b>	<b>1 196.9</b>	<b>1 183.8</b>
Cash and deposits	103.6	103.2	93.4
Other current assets	103.1	149.3	98.9
<b>Total current assets</b>	<b>206.7</b>	<b>252.5</b>	<b>192.3</b>
<b>Total assets</b>	<b>1 487.2</b>	<b>1 449.4</b>	<b>1 376.1</b>
Share capital	63.9	63.9	63.9
Other equity	452.4	436.5	397.9
<b>Total equity</b>	<b>516.3</b>	<b>500.4</b>	<b>461.8</b>
Interest-free long-term liabilities	66.8	76.5	68.3
Interest-bearing long-term debt	745.6	764.7	756.9
<b>Total long-term liabilities</b>	<b>812.4</b>	<b>841.2</b>	<b>825.2</b>
Other interest-free current liabilities	93.7	107.8	85.5
Current portion of long-term debt	64.8	0.0	3.6
<b>Total current liabilities</b>	<b>158.5</b>	<b>107.8</b>	<b>89.1</b>
<b>Total equity and liabilities</b>	<b>1 487.2</b>	<b>1 449.4</b>	<b>1 376.1</b>

# Key figures

KEY FIGURES	Q4 12	Q3 12	Q4 11	2012	2011
Operating margin	40.2 %	46.7 %	42.6 %	43.6 %	42.8 %
Equity ratio	34.7 %	34.5 %	33.6 %	34.7 %	33.6 %
Return on equity	34.6 %	43.1 %	33.5 %	48.4 %	36.2 %
Net interest bearing debt (USD million)	706.8	661.5	667.1	706.8	667.1
Number of shares (1 000)	229 937	229 937	229 937	229 937	229 937
Average no. of outstanding shares (1 000)	222 963	222 961	222 950	222 961	222 949
USD/NOK exchange rate at end of period	5.57	5.70	5.99	5.57	5.99
Share price (NOK)	47.32	47.28	40.99	47.32	40.99
Share price (USD)	8.50	8.29	6.84	8.50	6.84
Market capitalisation (NOK million)	10 881	10 871	9 425	10 881	9 425
Market capitalisation (USD million)	1 953	1 907	1 573	1 953	1 573

# Credit facility

- Total commitments end of Q4 2012: USD 927 million
- Maturity: August 2017
- The current applicable credit margin on the credit facility is 1.875%
- The availability under the credit facility is reduced semi-annually with USD 68 million. Balloon of USD 247 million
  
- **Financial covenants:**
  - Maximum leverage ratio of 5.0 and 4.5 after August 2013
  - Minimum liquidity (including up to USD 25 million of undrawn amounts under the credit facility) of USD 65 million in the group
  - Minimum value adjusted equity ratio of 35 per cent
  - Market value vessels/total commitments above 150 per cent

# Capital expenditure

- 2012: USD 190 million
- Major items:
  - ❑ Safe Caledonia life extension
  - ❑ Safe Zephyrus initial instalment
  - ❑ Safe Boreas project
  - ❑ Safe Astoria upgrade
- 2013: USD 100 million +
  - ❑ Includes new builds, Regalia SPS, Safe Scandinavia SPS and Safe Caledonia completion



# Current bond loan portfolio

Bond loans	Outstanding	Maturity	Margin
NOK 500 million bond (2009-13)	NOK 204.5 million	Q4 2013	400 bps
NOK 500 million bond (2011-16)	NOK 500 million	Q1 2016	350 bps
NOK 500 million bond (2012-17)	NOK 500 million	Q1 2017	375 bps
NOK 500 million bond (2013-20)	NOK 500 million	Q1 2020	375 bps



# Shareholders

<b>SHAREHOLDERS AS AT 30.01.2013</b>	<b>No. of shares</b>	
State Street Bank & Trust (nom)	28 612 129	12.4 %
Folketrygdfondet	15 801 685	6.9 %
State Street Bank & Trust (nom)	15 518 309	6.7 %
Pareto	9 884 210	4.3 %
FLPS	7 900 000	3.4 %
Prosafe SE	6 963 731	3.0 %
JP Morgan Chase Bank (nom)	6 388 984	2.8 %
Goldman Sachs (nom)	6 153 506	2.7 %
Clearstream Banking (nom)	5 628 598	2.4 %
JP Morgan Chase Bank (nom)	5 146 187	2.2 %
<b>Total 10 largest</b>	<b>107 997 339</b>	<b>47.0 %</b>

Total no. of shares: 229 936 790

## The table below shows the 20 largest shareholders as of 31 October 2012 and the change from the previous analysis dated 22 August \*

Fund Manager	Shares	Absolute change	% at 31 Oct. 12
M&G Investment Management	22,235,418	1,159,418	9.67
State Street, USA (various underlying investors)	22,179,787	6,500,556	9.65
Folketrygdfondet	18,666,685	123,463	8.12
Pareto AS	11,387,288	-1,147,830	4.95
H Partners Management	11,247,297	0	4.89
Fidelity Management & Research	7,900,000	0	3.44
Prosafe SE	6,975,818	0	3.03
Swedbank Robur	6,601,927	-19,660	2.87
Henderson Global Investors	6,346,812	301,674	2.76
Invesco Perpetual	5,784,821	-1,041,256	2.52
Threadneedle Investments	5,674,570	723,502	2.47
Clearstream, Frankfurt (various underlying investors)	5,551,723	67,324	2.41
GMO	5,400,769	1,368,928	2.35
Delta Lloyd Asset Management	5,400,640	-869,246	2.35
Kempen Capital Management	4,865,607	-152,273	2.12
Standard Life Investments	4,594,944	0	2.00
SSGA	4,071,499	3,861,868	1.77
Nordea Fonder (Finland)	3,579,418	-9,462	1.56
Asset Value Investors	2,992,220	2,992,220	1.30
Kuwait Investment Office	2,954,194	0	1.28
<b>Total for the filtered Fund Managers</b>			<b>71.50</b>

\* The data are provided by RD IR and are obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Prosafe VPS share register. Whilst every effort is made to produce what is as accurate an analysis as possible, the true size and nature of some holdings may not be exactly reflected.