



June 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.

# Agenda

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



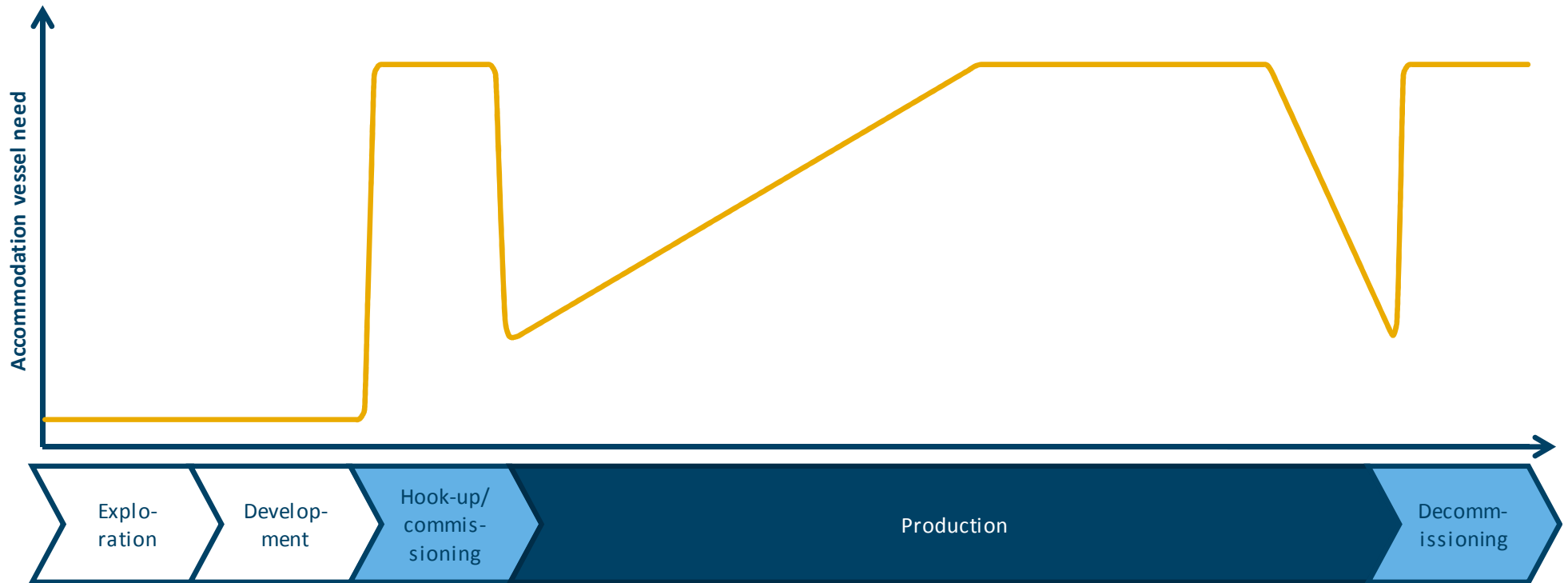


# Prosafe – the leading accommodation company

- The world's leading owner and operator of semi-submersible accommodation vessels 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



# 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 – strong hook-up and upgrade demand

- Strong demand related to hook-up and commissioning projects in the coming years
  - Contract in place for Edvard Grieg hook-up (2015) and Ivar Aasen hook-up (2016)
- Tie-ins and IOR projects resulting in increased field life expectancy
  - Upgrade and redevelopment of existing facilities
  - Solid activity within MMO





# UK – aging infrastructure supports demand

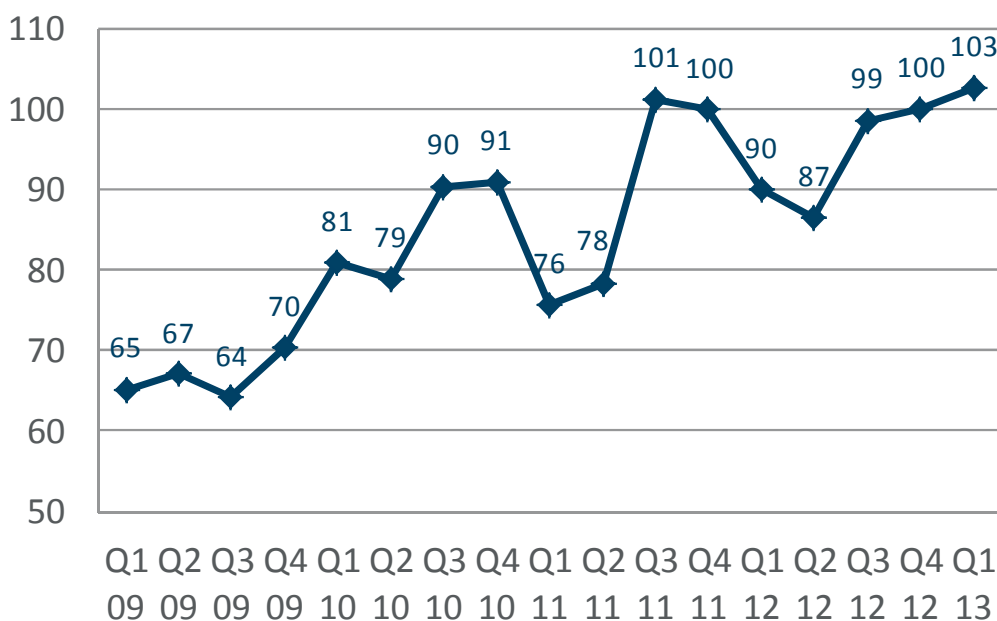
- A significant amount of infrastructure in the UKCS is over 30 years old
  - Focus on maintenance and renewal of existing facilities to sustain integrity and improve reliability
- More independents carrying out redevelopment projects



# Positive development in North Sea demand index

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

North Sea accommodation rig demand index

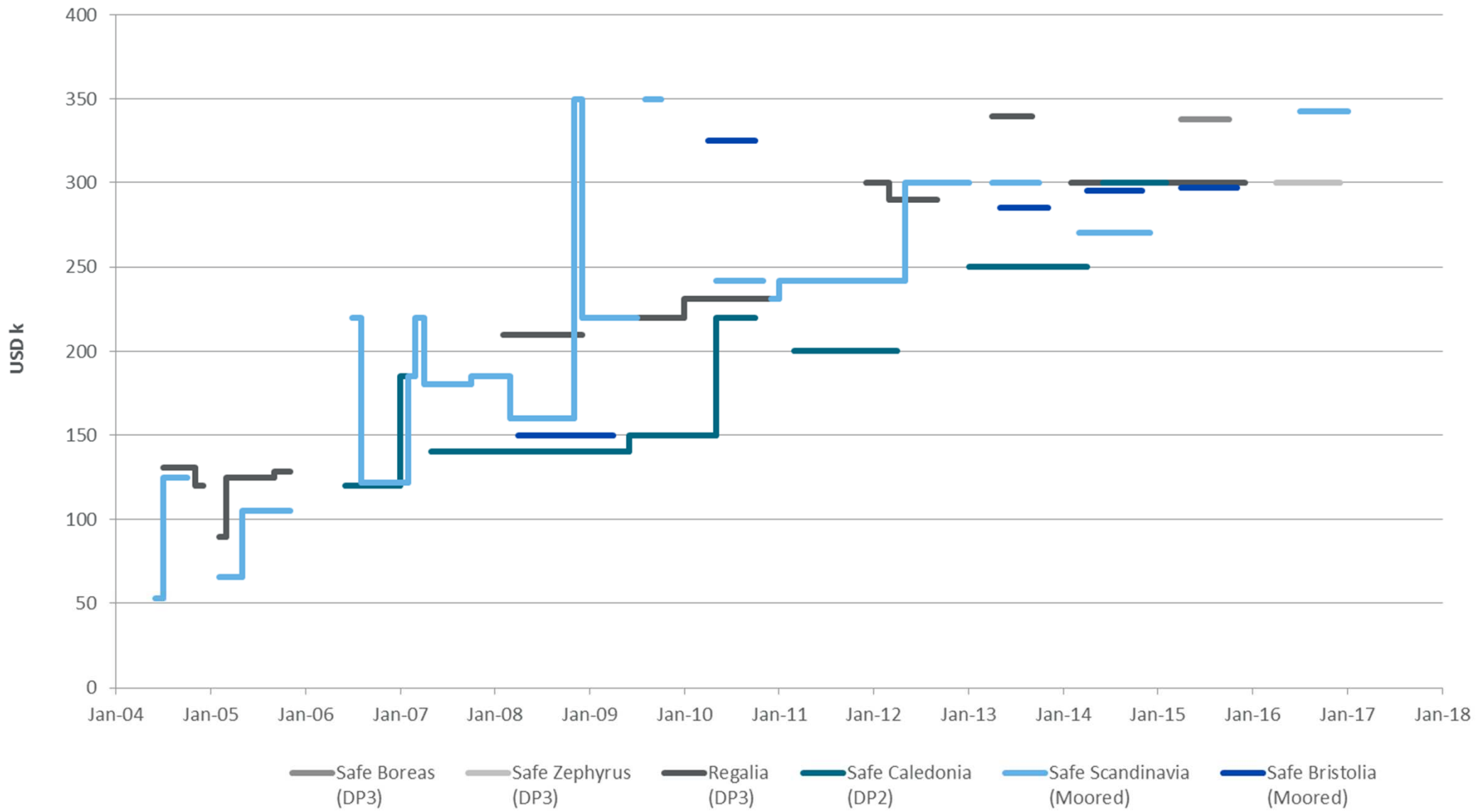


Based on firm contracts, extension options, projects in the tendering phase and prospects for the next 36 months. Index based on number of days in demand. Q4 11 = 100

Source: Prosafe



## North Sea dayrates (time charter)

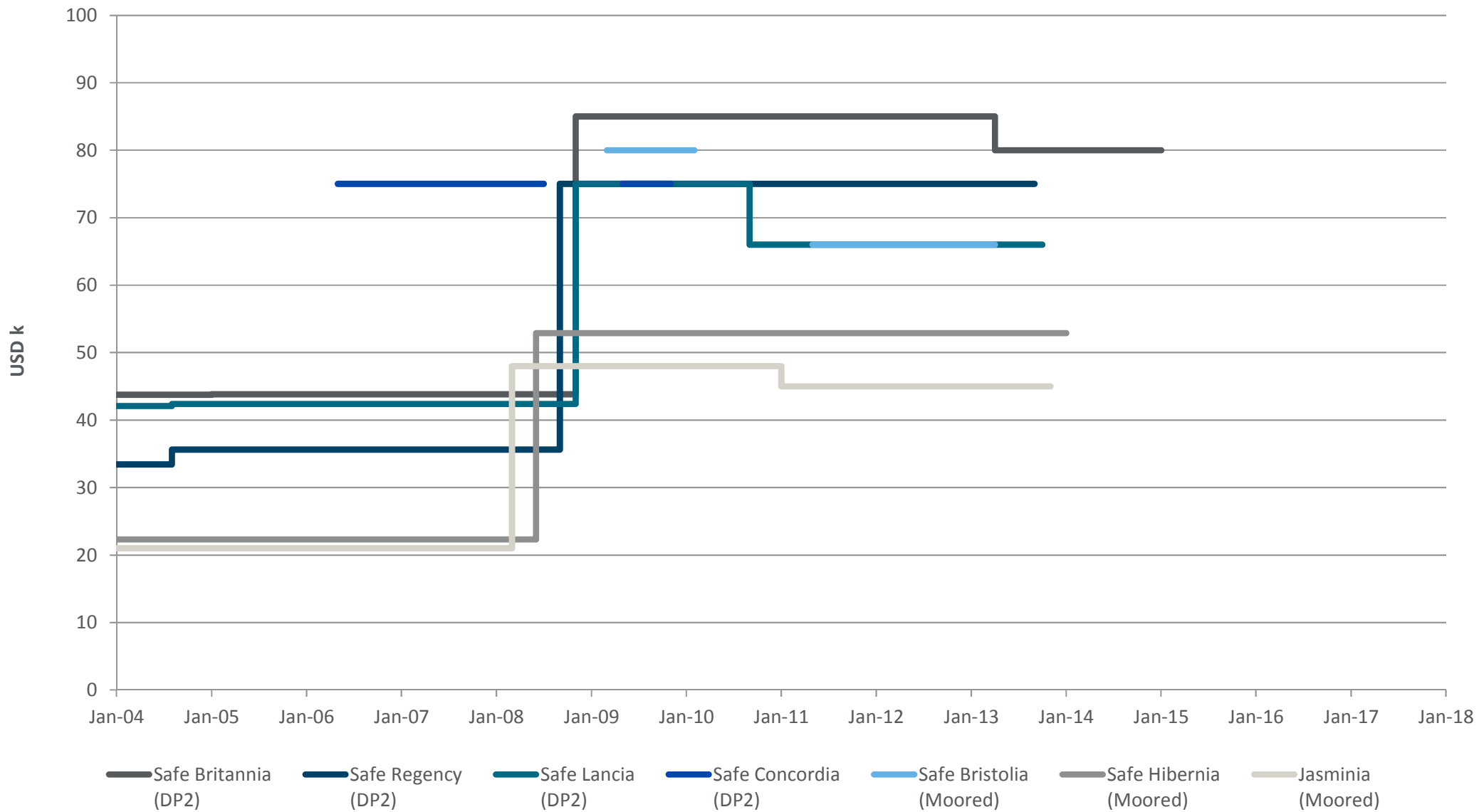


# Mexico – stable offshore activity

- E&P spending level expected to increase in coming years
- Strong focus on extending life of current fields
- Long-term growth potential in deep water areas



## Gulf of Mexico dayrates (bareboat)



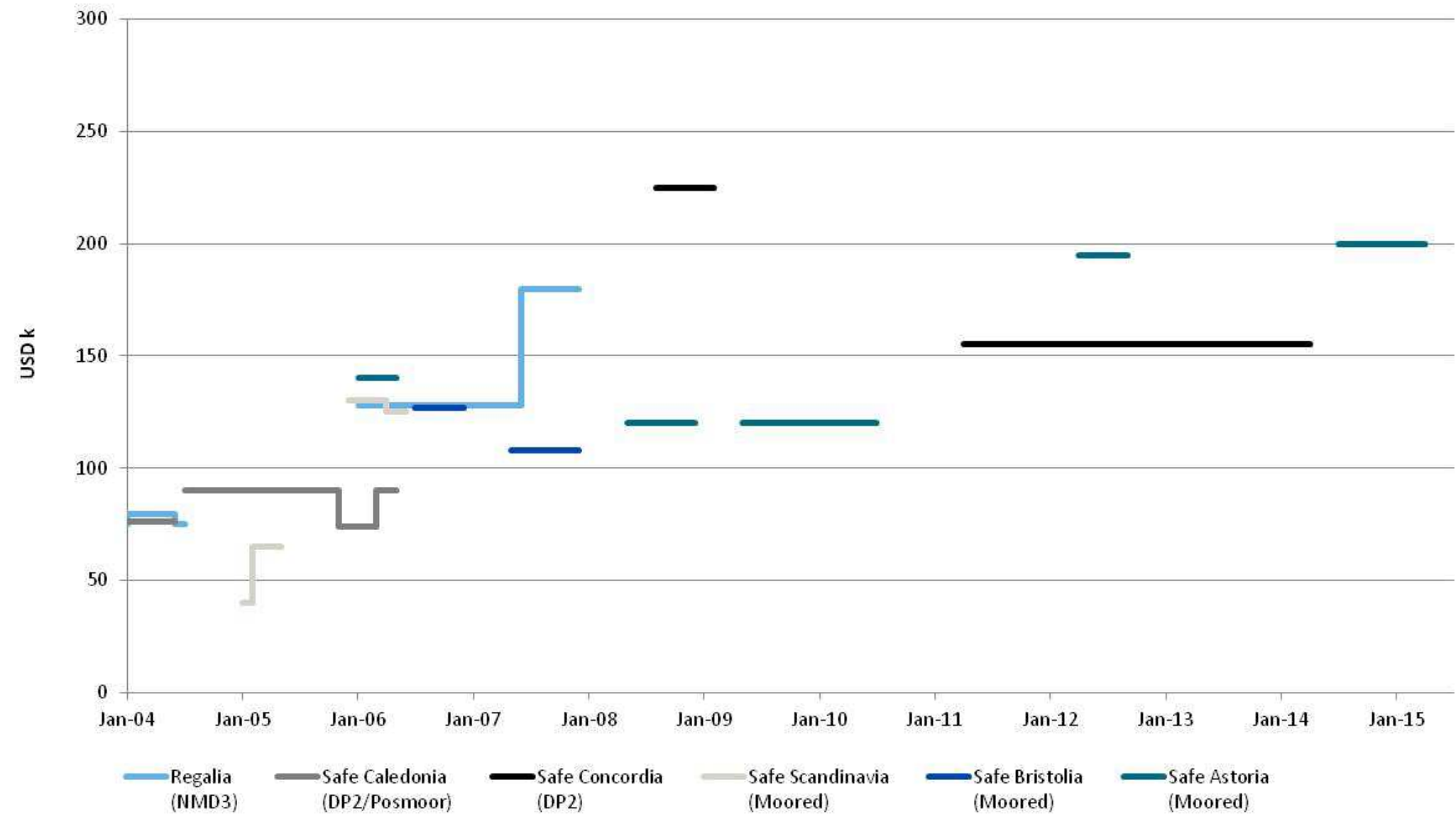


# Brazil – more accommodation needed

- Currently three vessels working in the Campos basin
  - Two semi-submersibles and one monohull
- Three contracts with start-up in 2013/14 recently awarded
- Further contract awards expected in the coming year
- Interesting long-term demand potential



## Rest of World dayrates (time charter)



# Strong contract inflow recently

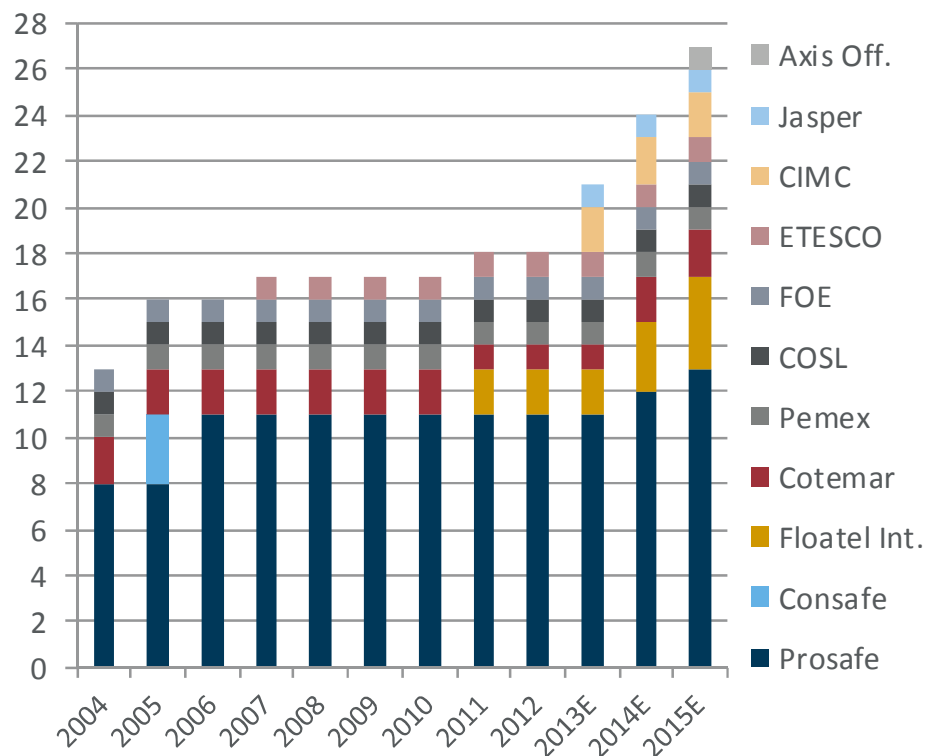
Rig	Client	Country	Contract year	Until early	Until early	Dayrate (USD)
Safe Zephyrus/ Safe Boreas	Statoil	UK	2016	244 days	Until early 2019	300,000
Safe Scandinavia	Det Norske	Norway	2016	182 days	4 months	343,000
Safe Britannia	Cotemar Group	Pemex	2013-14	640 days	n/a	80,000*
Jasminia	Cotemar Group	Pemex	2013	155 days	n/a	45,000*
Regalia	Talisman	UK	2014-15	450 days	4 months	300,000
Safe Bristolia	BG International	UK	2014	197 days	n/a	295,000
Safe Bristolia	BG International	UK	2015	197 days	n/a	297,000
Safe Bristolia	Elf Exploration (Total)	UK	2013	173 days	n/a	285,000
Safe Scandinavia	ConocoPhillips	UK	2013	187 days		300,000

\* Bareboat contracts



# Clear market leader in the high-end segment

No. of accommodation semis by owner



No. of accommodation semis by regional capabilities



# Agenda

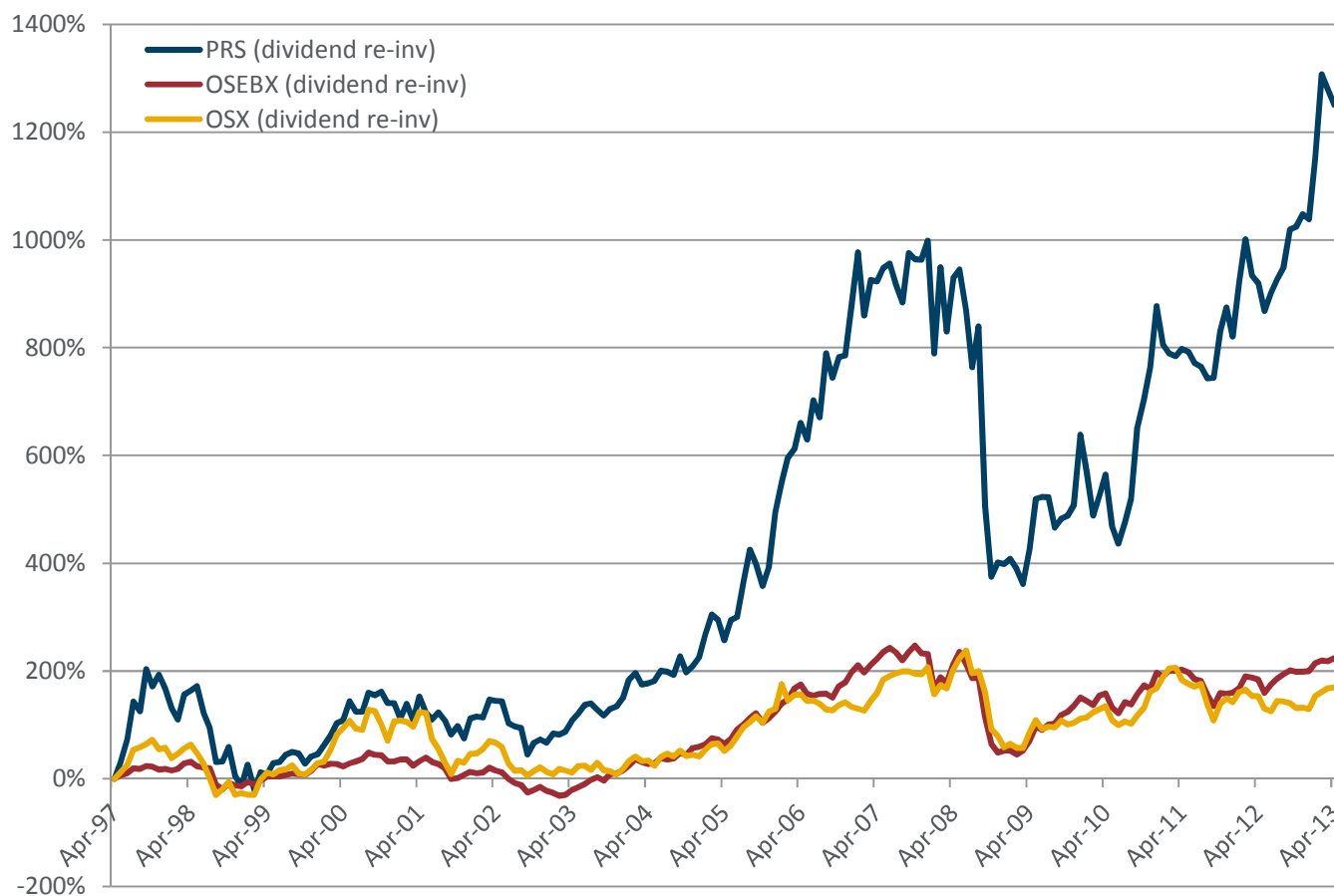
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# Growth achieved with a robust financial position

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)



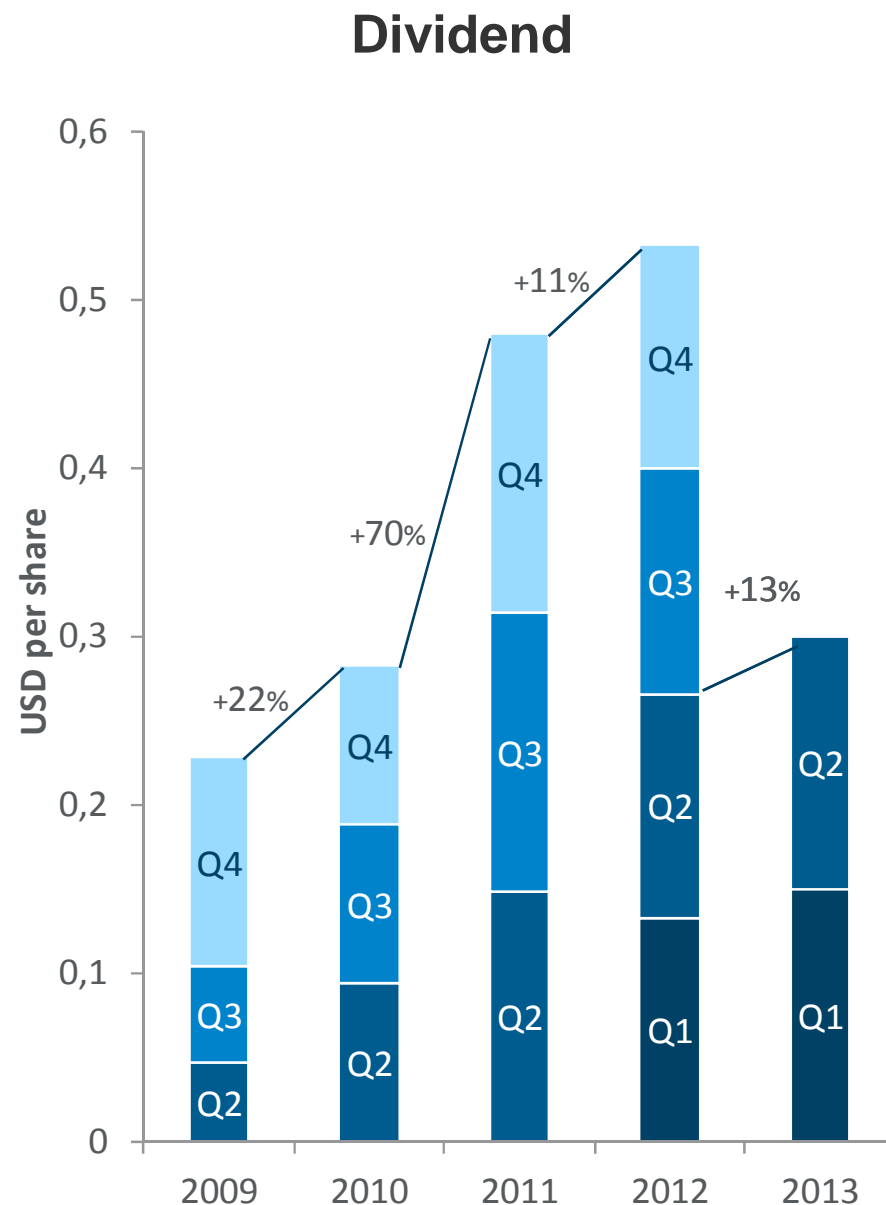
Annual equivalent return since PRS listing in April 1997

Prosafe SE (dividends re-inv.)	17.7%
OSEBX	7.6%
OSX	6.4%



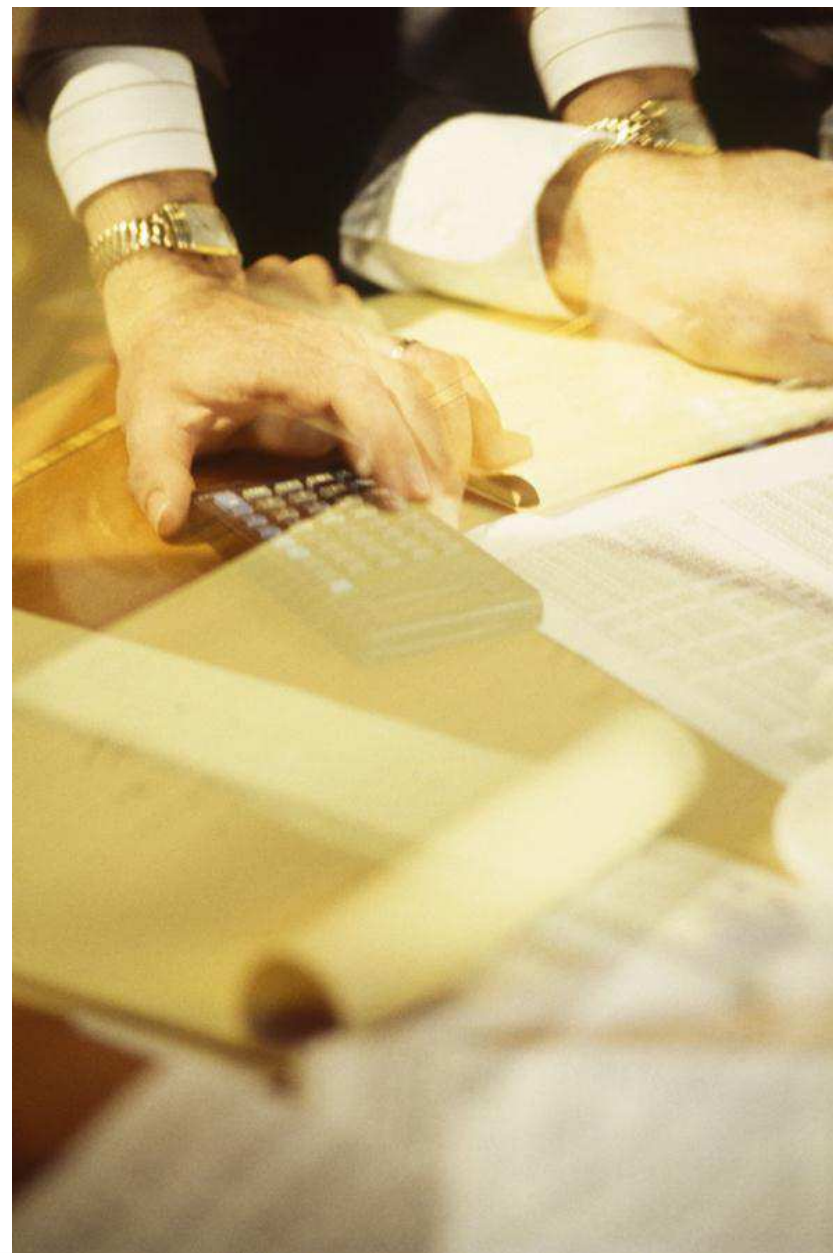
# Steady growth in dividend

- An interim dividend equivalent to USD 0.15 per share declared
- The shares will trade ex-dividend on 23 May
- The dividend will be paid in the form of NOK 0.87 per share on 7 June



# Share issue to fund growth completed in March

- 13 million new shares issued through private placing in March
  - Proceeds of ~USD 130 million (share price of NOK 58)
  - Proceeds to fund value creative growth investments
- On 14 May 2013 the AGM resolved to cancel 6,963,731 treasury shares



# Share issue to fund growth completed in March

Reasons for issue in March:

- Fund value enhancing growth investments
- Long-term demand for accommodation vessels is being supported by high offshore activity
- Given the positive market outlook it is likely that opportunities for value creative growth investments
  - beyond what is allowed for in the dividend policy and balance sheet
  - will appear in the short-to-medium term



# Agenda

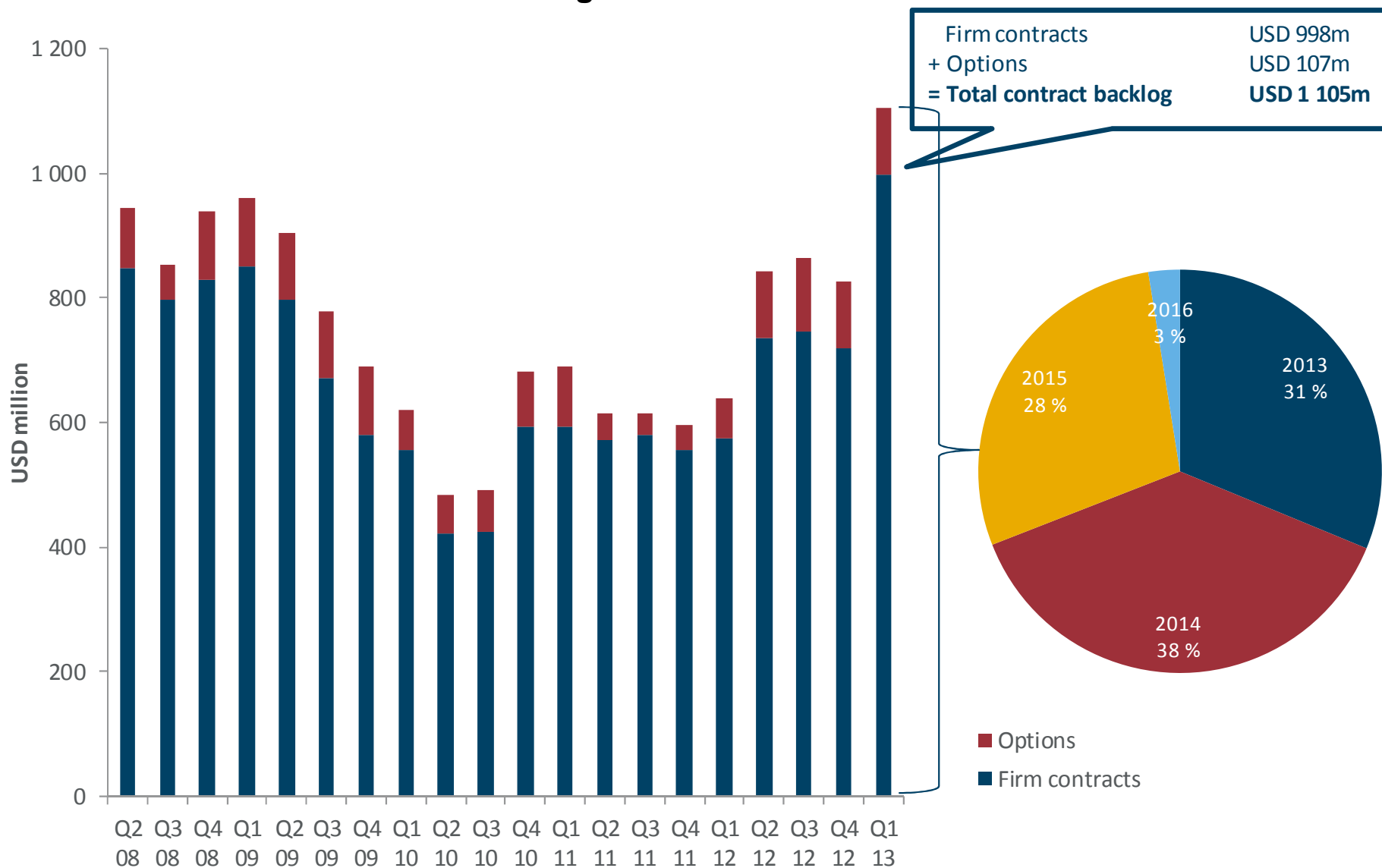
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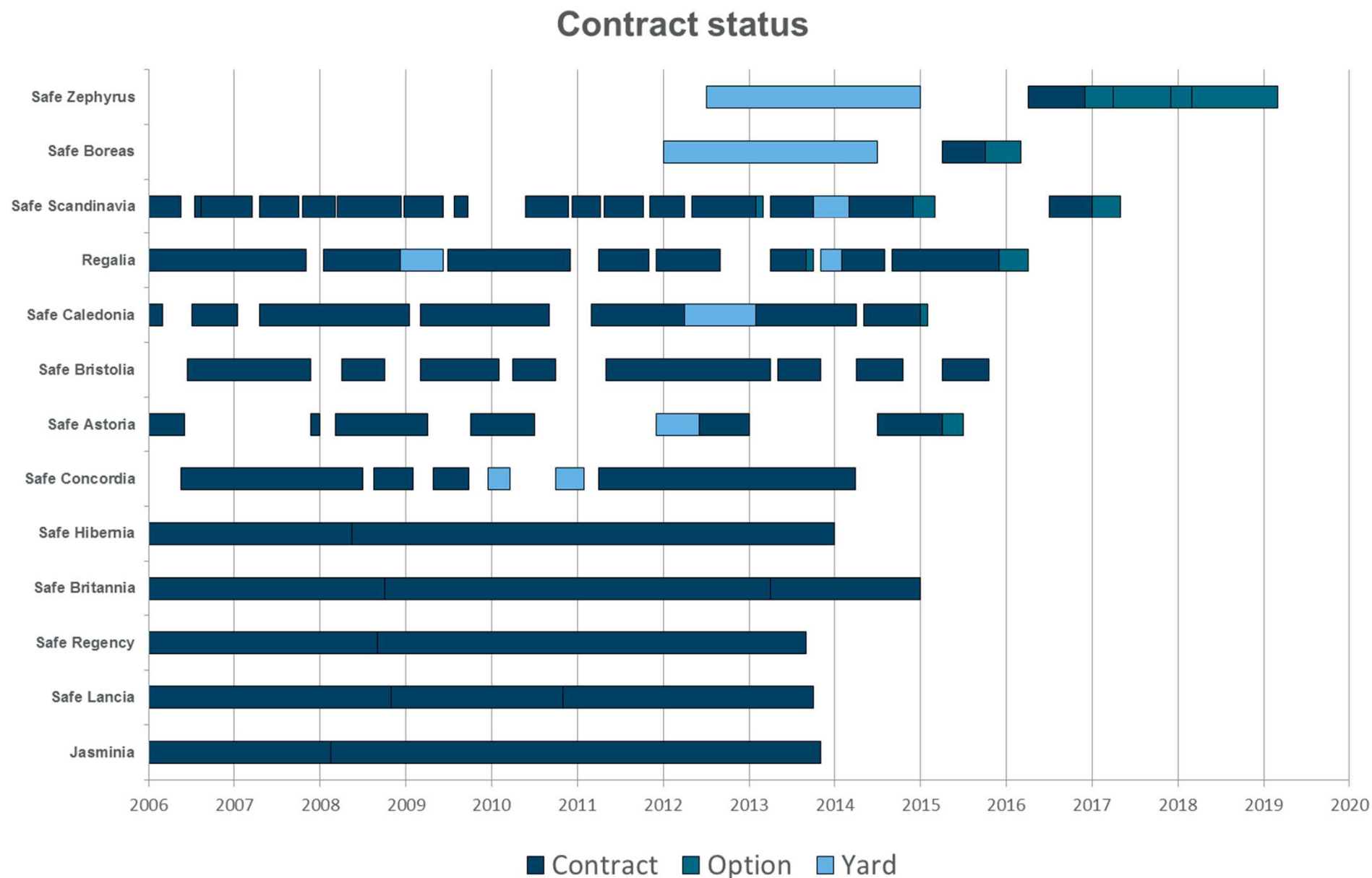


# Order backlog at all-time-high

Order backlog



# High North Sea contract coverage for 2013-15

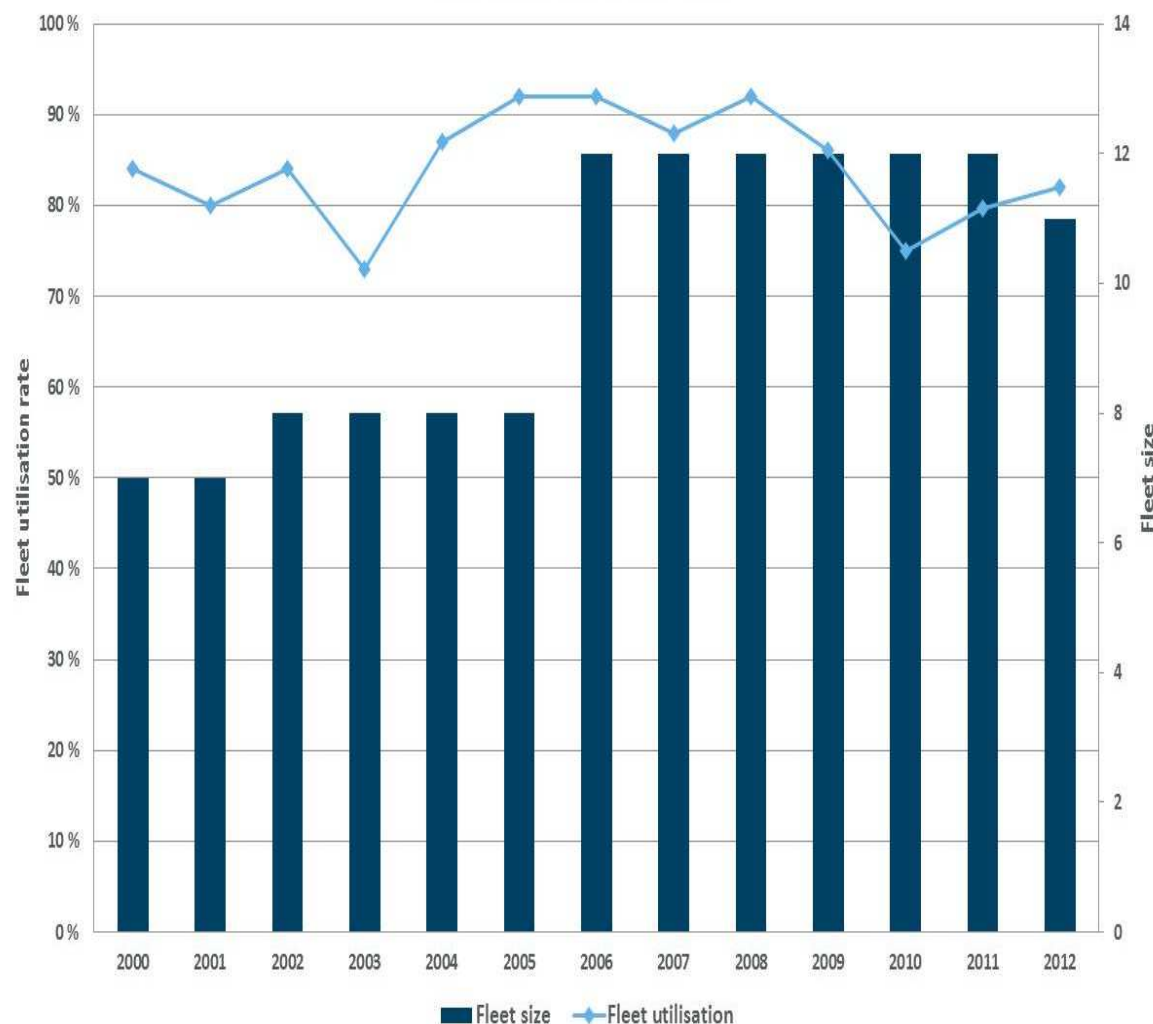


# Consistent high yearly fleet utilisation

- 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:



Fleet size and utilisation



# Safe Boreas progress

- Semi-submersible to be built as NCS compliant/ harsh environment
- Keel laying ceremony on 15 April
- Scheduled delivery from yard summer 2014
- Awarded a six-month firm contract (+ options) by Lundin for hook-up of Edvard Grieg in Norway in 2015



Financial status Q1 13	USDm
Book value o.b.	73
Book value c.b.	79
Capitalised in quarter	6
Estimated total cost	350



# Safe Zephyrus progress

- Similar design as Safe Boreas
  - ❑ NCS compliant
  - ❑ DP3 and 12-point mooring
- Strike steel ceremony on 15 April
- Ready for operations in the North Sea for the summer season of 2015
- Three options
  - ❑ Vessels for either North Sea or world-wide operations outside of North Sea



Financial status Q1 13	USDm
Book value o.b.	63
Book value c.b.	63
Capitalised in quarter	0
Estimated total cost	350

# Capital expenditure 2013

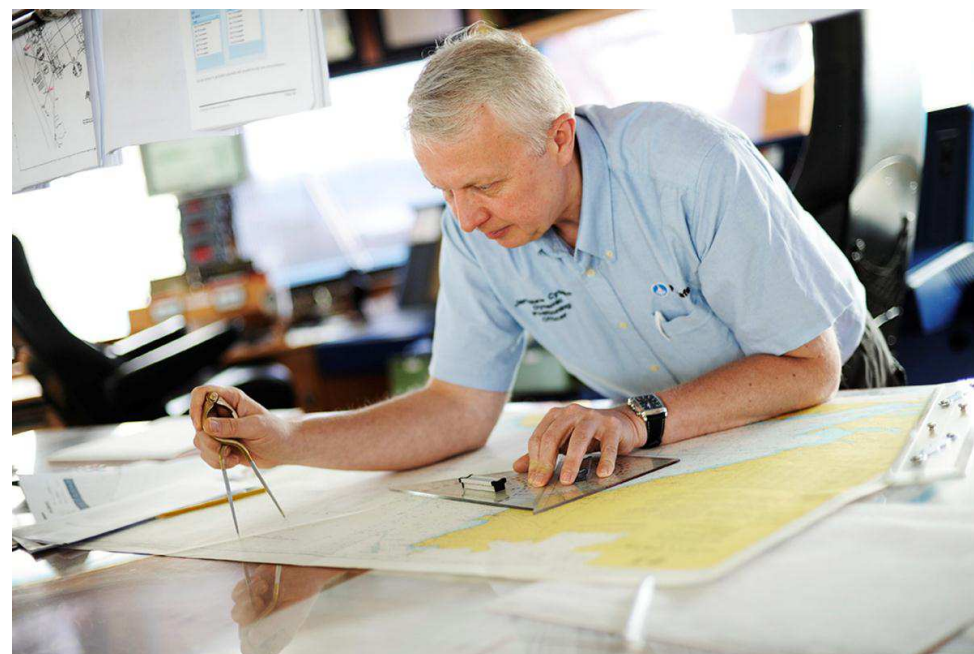
- 2013: USD 130-150 million with major items being:
  - ❑ Safe Caledonia completion
  - ❑ Safe Boreas new build project
  - ❑ Safe Zephyrus new build project
  - ❑ Regalia SPS and cranes/thrusters
  - ❑ Safe Scandinavia SPS and mooring winches
  
- USD 50 million capitalised in Q1 with major items being:
  - ❑ Safe Caledonia completion
  - ❑ Regalia forward crane/thrusters





# Summary

- Strong contract inflow recently
- Order backlog at all-time-high
- Positive market outlook
- Prosafe is well positioned
  - ❑ Clear market leader
  - ❑ High-quality, diversified fleet
  - ❑ Strong cash flow
  - ❑ Robust financial position
  - ❑ High dividend combined with fleet growth



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# Income statement

(Unaudited figures in USD million)	Q1 13	Q4 12	Q1 12	2012
Operating revenues	85.8	113.1	125.7	510.4
Operating expenses	(52.4)	(52.6)	(51.1)	(230.3)
<b>EBITDA</b>	<b>33.4</b>	<b>60.5</b>	<b>74.6</b>	<b>280.1</b>
Depreciation	(14.4)	(15.0)	(14.0)	(57.7)
<b>Operating profit</b>	<b>19.0</b>	<b>45.5</b>	<b>60.6</b>	<b>222.4</b>
Interest income	0.5	1.0	0.0	1.1
Interest expenses	(9.0)	(8.0)	(11.8)	(40.9)
Other financial items	(10.1)	2.1	(0.7)	(4.6)
<b>Net financial items</b>	<b>(18.6)</b>	<b>(4.9)</b>	<b>(12.5)</b>	<b>(44.4)</b>
<b>Profit before taxes</b>	<b>0.4</b>	<b>40.6</b>	<b>48.1</b>	<b>178.0</b>
Taxes	(1.1)	1.7	(0.6)	(0.5)
<b>Net profit</b>	<b>(0.7)</b>	<b>42.3</b>	<b>47.5</b>	<b>177.5</b>
 <b>EPS</b>	 <b>0.00</b>	 <b>0.19</b>	 <b>0.21</b>	 <b>0.80</b>
<b>Diluted EPS</b>	<b>0.00</b>	<b>0.19</b>	<b>0.21</b>	<b>0.80</b>

# Operating revenues

(USD million)	Q1 13	Q4 12	Q1 12	2012
Charter income	75.3	94.0	115.1	423.9
Mob/demob income	1.7	0.0	0.0	2.0
Gain on sale of Safe Esbjerg	0.0	0.0	0.0	4.8
Other income	8.8	19.1	10.6	79.7
<b>Total</b>	<b>85.8</b>	<b>113.1</b>	<b>125.7</b>	<b>510.4</b>

# Balance sheet

(Unaudited figures in USD million)	31.03.13	31.12.12	31.03.12
Goodwill	226.7	226.7	226.7
Rigs	926.3	896.3	901.9
New builds	142.0	135.6	59.4
Other non-current assets	20.3	21.9	5.0
<b>Total non-current assets</b>	<b>1 315.3</b>	<b>1 280.5</b>	<b>1 193.0</b>
Cash and deposits	81.5	103.6	88.9
Other current assets	62.4	103.1	96.1
<b>Total current assets</b>	<b>143.9</b>	<b>206.7</b>	<b>185.0</b>
<b>Total assets</b>	<b>1 459.2</b>	<b>1 487.2</b>	<b>1 378.0</b>
Share capital	68.2	63.9	63.9
Other equity	544.6	452.4	419.2
<b>Total equity</b>	<b>612.8</b>	<b>516.3</b>	<b>483.1</b>
Interest-free long-term liabilities	64.3	66.8	65.8
Interest-bearing long-term debt	654.5	745.6	749.0
<b>Total long-term liabilities</b>	<b>718.8</b>	<b>812.4</b>	<b>814.8</b>
Other interest-free current liabilities	92.5	93.7	80.1
Current portion of long-term debt	35.1	64.8	0.0
<b>Total current liabilities</b>	<b>127.6</b>	<b>158.5</b>	<b>80.1</b>
<b>Total equity and liabilities</b>	<b>1 459.2</b>	<b>1 487.2</b>	<b>1 378.0</b>

# Key figures

KEY FIGURES	Q1 13	Q4 12	Q1 12	2012
Operating margin	22.1 %	40.2 %	48.2 %	43.6 %
Equity ratio	42.0 %	34.7 %	35.1 %	34.7 %
Return on equity	-0.5 %	34.6 %	40.2 %	48.4 %
Net interest bearing debt (USD million)	608.1	706.8	660.1	706.8
Number of shares (1 000)	242 937	229 937	229 937	229 937
Average no. of outstanding shares (1 000)	224 362	222 963	222 961	222 961
USD/NOK exchange rate at end of period	5.83	5.57	5.69	5.57
Share price (NOK)	56.50	47.32	45.28	47.32
Share price (USD)	9.69	8.50	7.96	8.50
Market capitalisation (NOK million)	13 726	10 881	10 412	10 881
Market capitalisation (USD million)	2 354	1 953	1 830	1 953



# Shareholders

<b>SHAREHOLDERS AS AT 30.04.2013</b>	<b>No. of shares</b>	<b>Ownership</b>
State Street Bank & Trust (nom)	30 200 310	12.4 %
Folketrygdfondet	18 901 685	7.8 %
State Street Bank & Trust (nom)	14 000 695	5.8 %
Pareto	9 397 277	3.9 %
Clearstream Banking (nom)	8 311 649	3.4 %
FLPS	7 900 000	3.3 %
Prosafe SE	6 963 731	2.9 %
JP Morgan Chase Bank (nom)	6 768 984	2.8 %
Goldman Sachs (nom)	6 141 404	2.5 %
KAS Depositary Trust (nom)	4 460 265	1.8 %
<b>Total 10 largest</b>	<b>113 046 000</b>	<b>46.5 %</b>

Total no. of shares: 242 936 790

# 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

# 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