



December 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

- **Introduction**
- Projects and operations
- Outlook
- Attachments



# Prosafe – the leading accommodation company

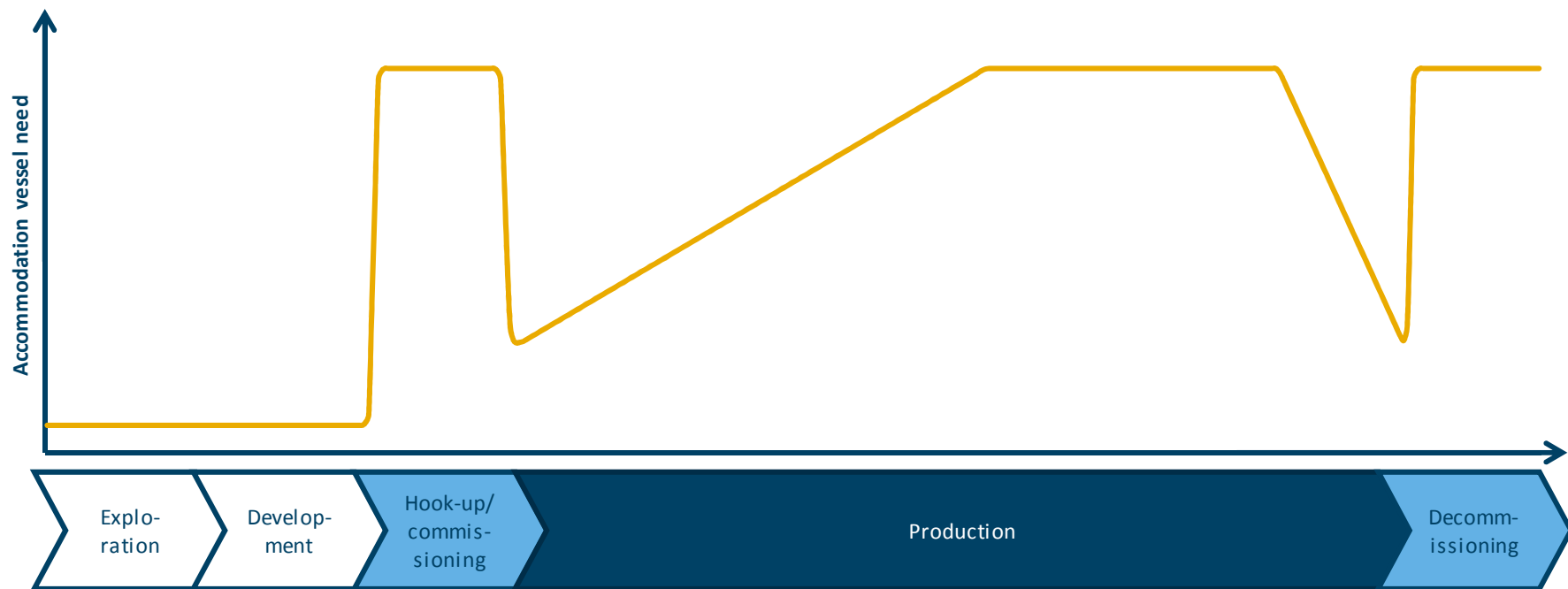
- The world's leading owner and operator of semi-submersible accommodation vessels in harsh environments
- Fleet growth in the high-end segment within the accommodation market
- Long track record with versatile operations for national and major oil companies
- High cash flow generation, strong balance sheet and low cost of funding
- Market capitalisation of ~USD 1.9bn<sup>1</sup> – EV of ~USD 2.5bn<sup>2</sup>



1. As of 11 November 2013 2. Based on net debt as at 30 Sep 2013



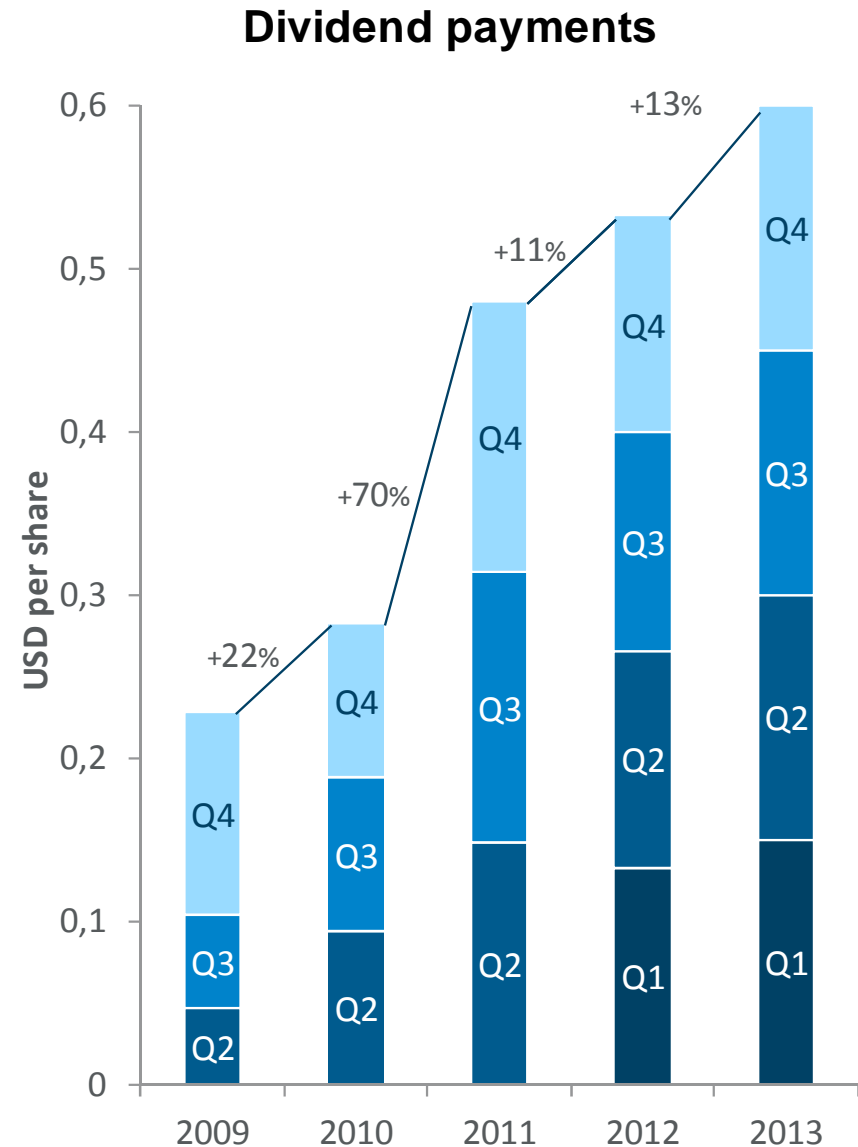
# Offshore accommodation – a late cyclical market



- 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

# Steady growth in dividend

- Steady growth in dividend
- An interim dividend equivalent to USD 0.15 per share declared in November
- The dividend was paid in the form of NOK 0.89 per share on 27 November



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# Ordering two new accommodation vessels

- Contracts with COSCO Qidong for two semi-submersible accommodation vessels
- The most advanced and flexible units for worldwide operations excluding Norway
- Ready for operations in 2016
- Two contracts, each in excess of USD 200 million
- To be financed through cash flow from operations, existing debt facilities and new debt commitments



Source: Gusto MSC



## Two new vessels – key specifications

Design:	Gusto MSC Ocean 500
Cabins:	28 single, 236 double
Total accommodation capacity:	500 persons
Air gap survival mode:	14.0 meters
Air gap operational mode:	7.5-10.0 meters
Operating displacement:	33,300 tonnes
Deck area:	1,500 m <sup>2</sup> plus
DP class:	DP3
Thrusters:	6 x 3,700 kW
Mooring:	10 x 612 t chain
Engines:	6 x 4,800 kW
Gangway:	38.5 (+/- 8.5) meters
Cranes:	1 x 300 t + 1 x 55 t

# Safe Boreas progress

- Semi-submersible to be built as NCS compliant/ harsh environment
  - ❑ DP3 and 12-point mooring
- Scheduled delivery from yard end of Q3 2014
- First contract (six-month plus options) with Lundin for hook-up of Edvard Grieg in Norway in Q2 2015

Financial status Q3 13	USDm
Book value o.b.	82
Book value c.b.	84
Capitalised in quarter	2
Estimated total cost	350



# Safe Zephyrus progress

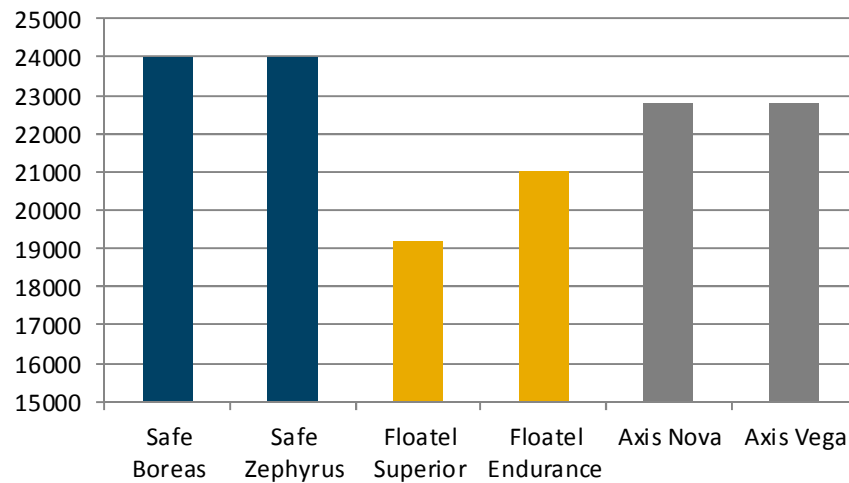
- Semi-submersible to be built as NCS compliant/ harsh environment
  - DP3 and 12-point mooring
- Ready for operations in the North Sea in the summer season of 2015
- Contract in 2016 with Statoil for Mariner in the UK and options until early 2019

Financial status Q3 13	USDm
Book value o.b.	67
Book value c.b.	68
Capitalised in quarter	1
Estimated total cost	350

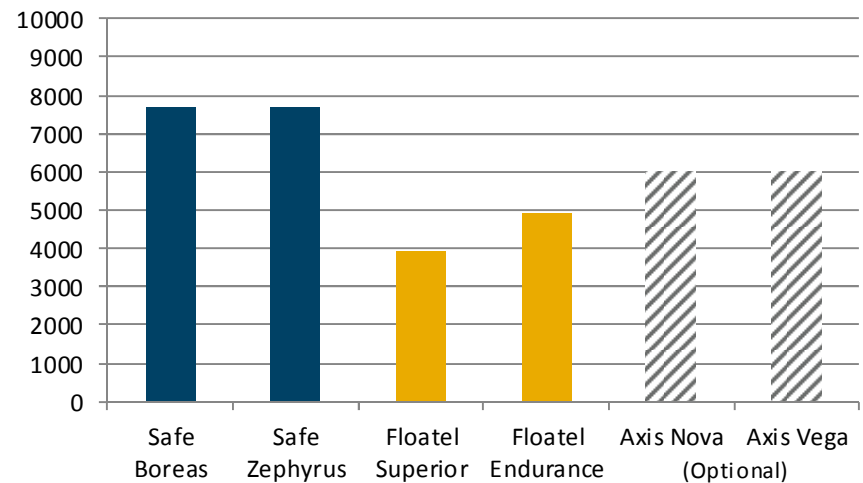


# Prosafe aims at being the best in Norway and UK

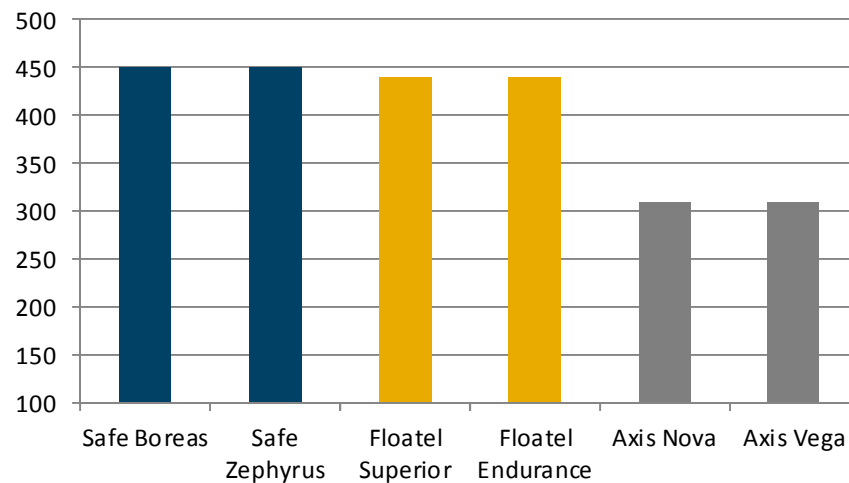
**Thruster power (kW)**



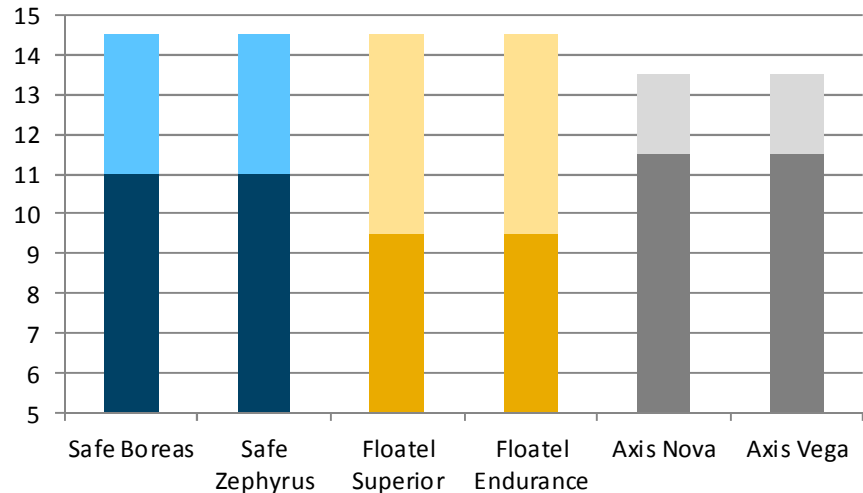
**Combined mooring strength (tonnes)**



**PoB (one person per cabins)**

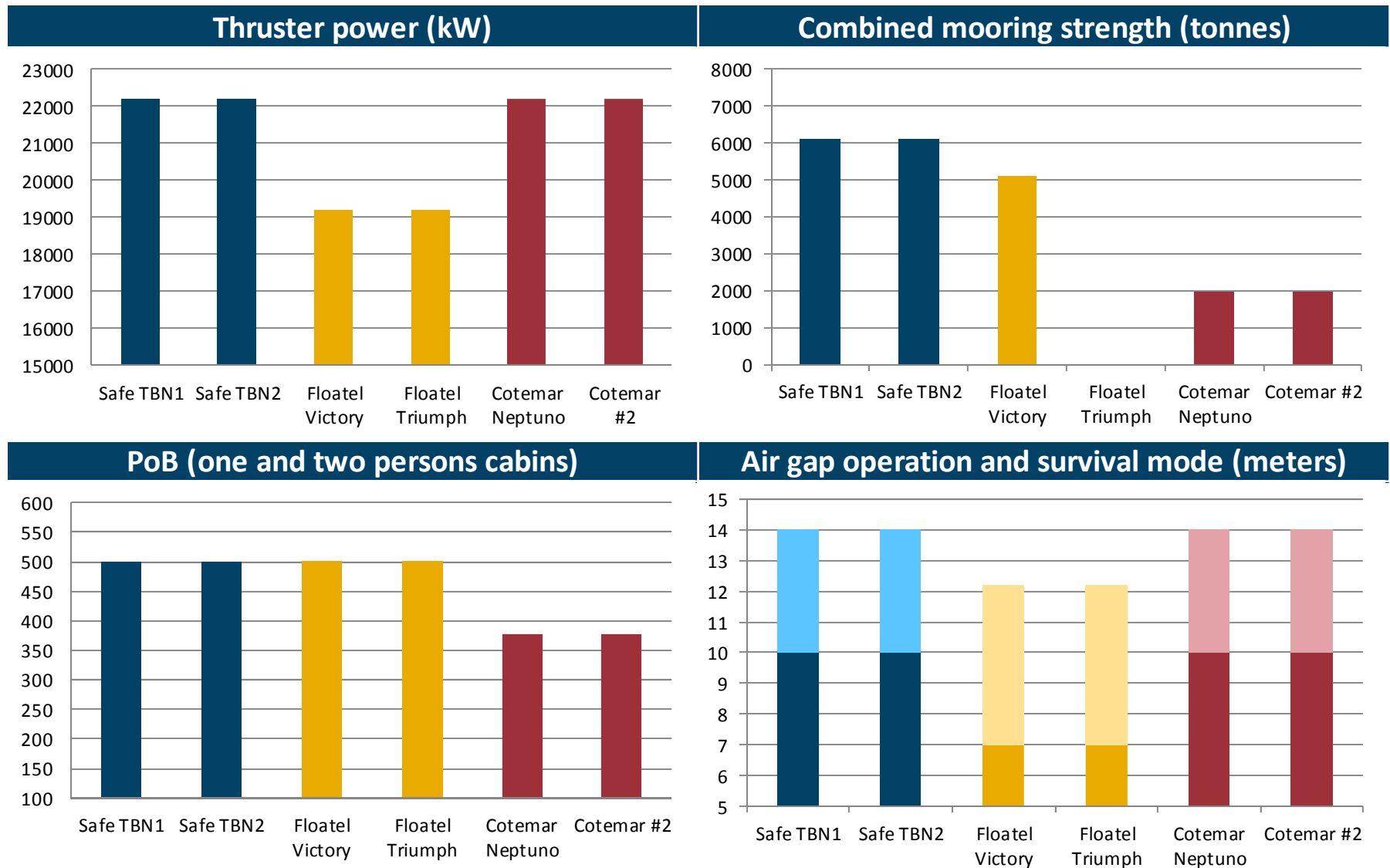


**Air gap operation and survival mode (meters)**





# Prosafe aims at being the best in UK, RoW excl. NCS



# Capital expenditure 2013

- USD 130-150 million of which about USD 90 million capitalised in Q1/Q2/Q3 2013
- Major items
  - ❑ Safe Caledonia completion
  - ❑ Safe Scandinavia SPS, mooring winches and life extension
  - ❑ Regalia SPS and cranes/thrusters
  - ❑ Safe Boreas new build project
  - ❑ Safe Zephyrus new build project



# Safe Scandinavia SPS and life extension

- Some scope added to aim for 20 years life extension
- Take advantage of rare three-month yard period
- Fatigue life enhancement
- New cranes, 2 x Liebherr
- Upgrade mooring system
  - New and stronger
- Partly refurbish accommodation
- Estimated project capex (H2 2013/H1 2014): USD 80 million



New fairleads and winch motors



# Excellent North Sea fleet

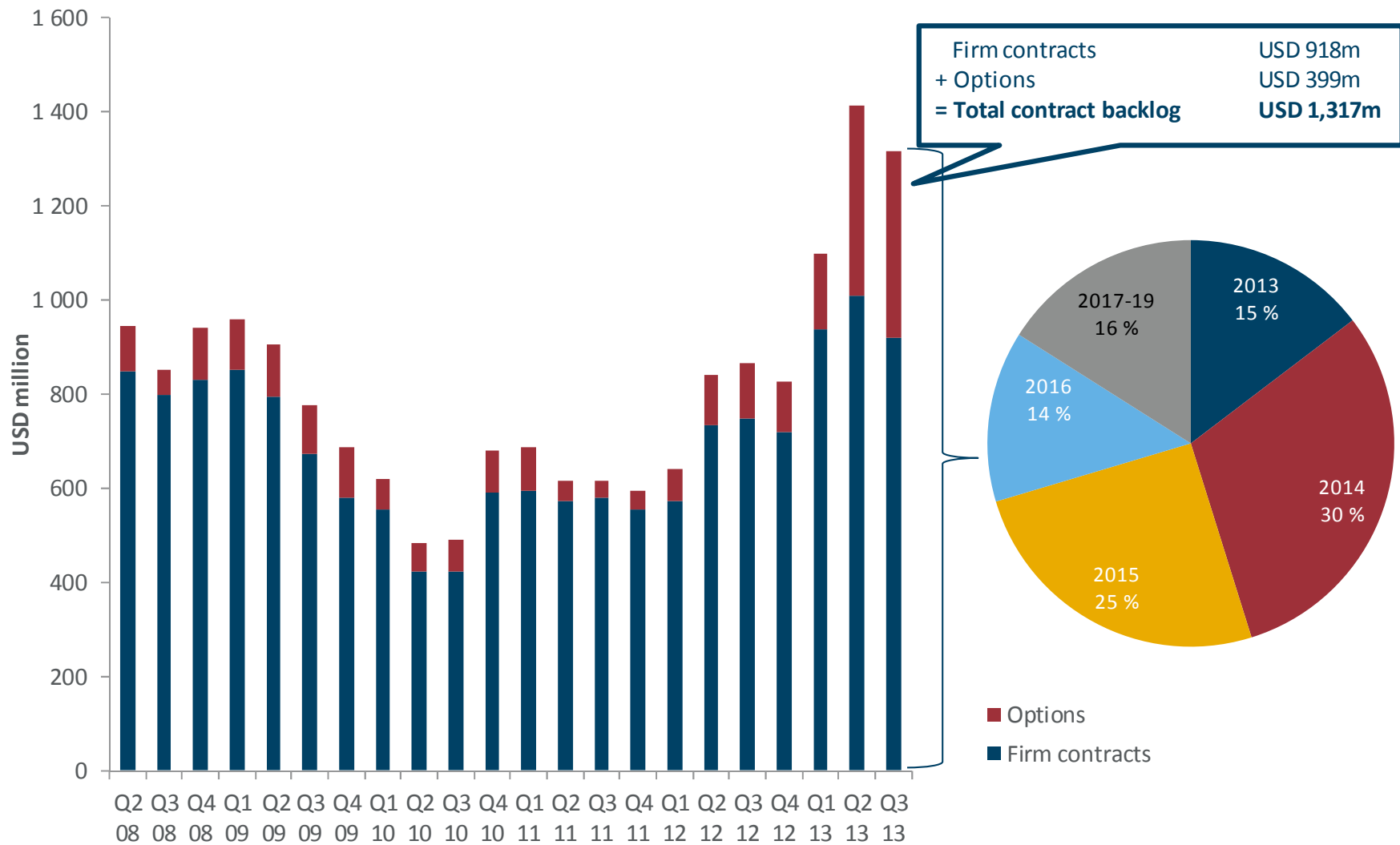
- Safe Notos – new build
- Safe Eurus – new build
- Safe Boreas – new build
- Safe Zephyrus – new build
- Safe Scandinavia – life extension in 2014 (20 years)
- Safe Caledonia – life extension in 2013 (20 years)
- Regalia – life extension in 2009 (20 years)
- Safe Bristolia – converted and refurbished in 2006



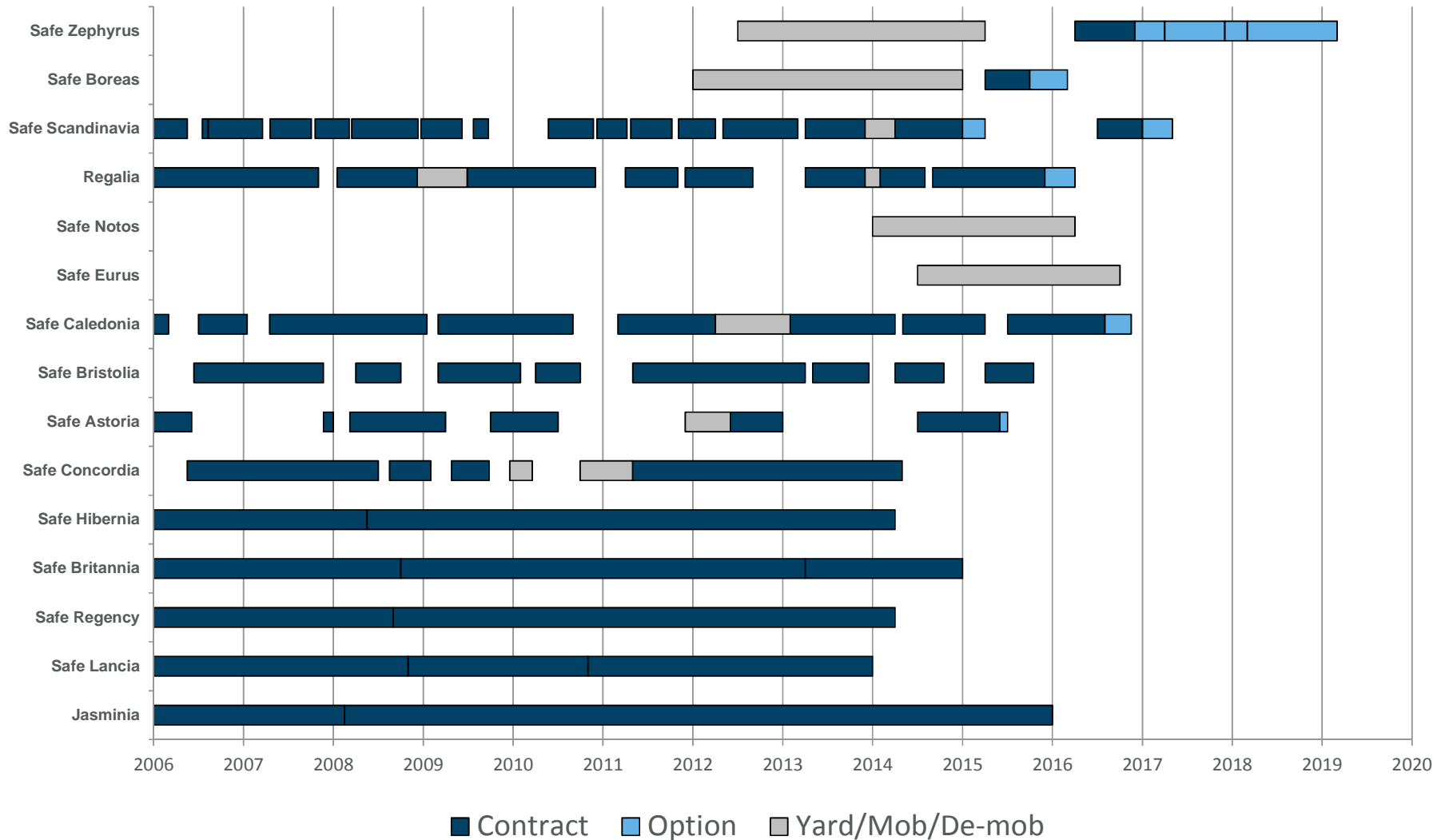


# Robust contract backlog

Positive development likely to continue going forward



# High contract visibility

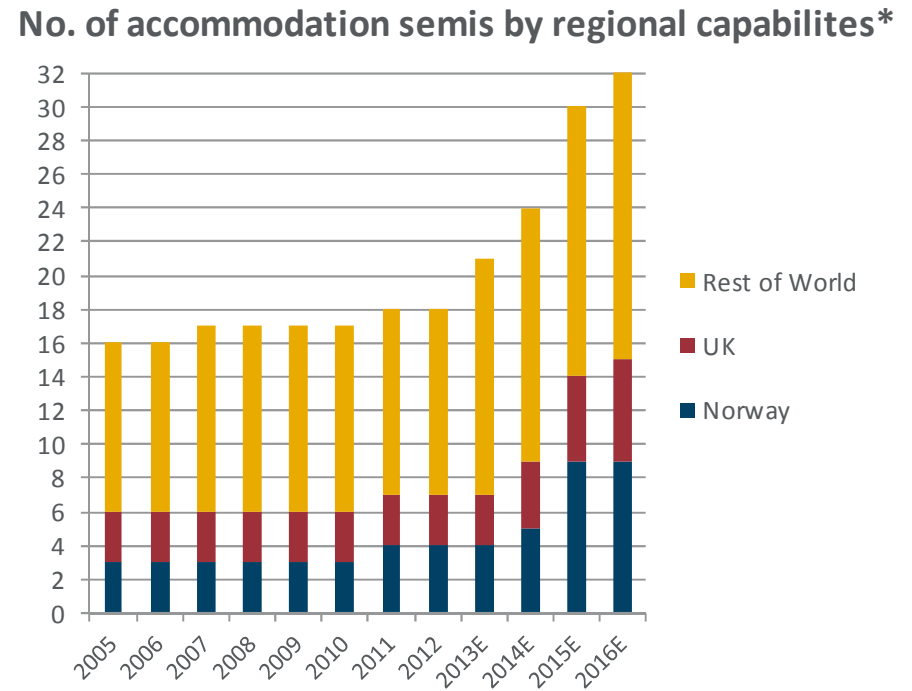
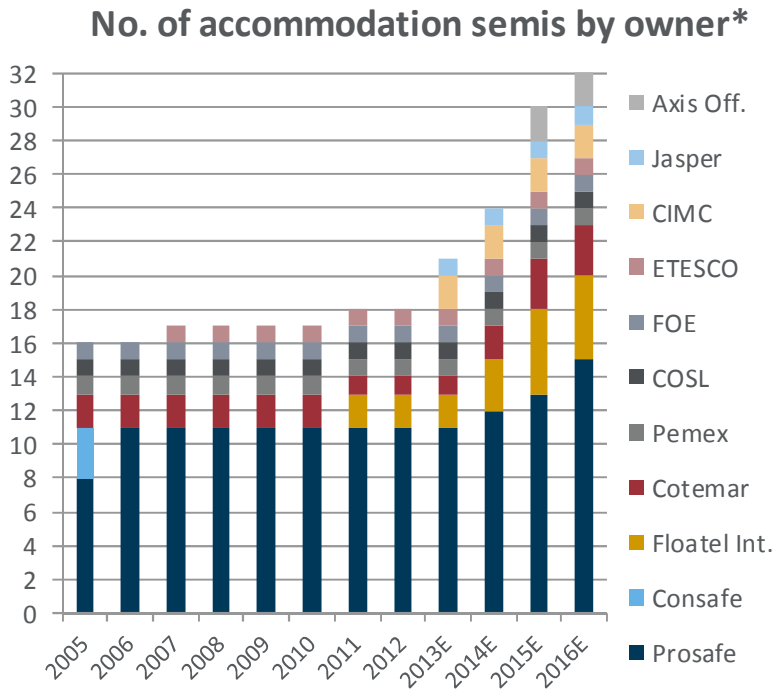


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# Clear market leader in the high-end segment



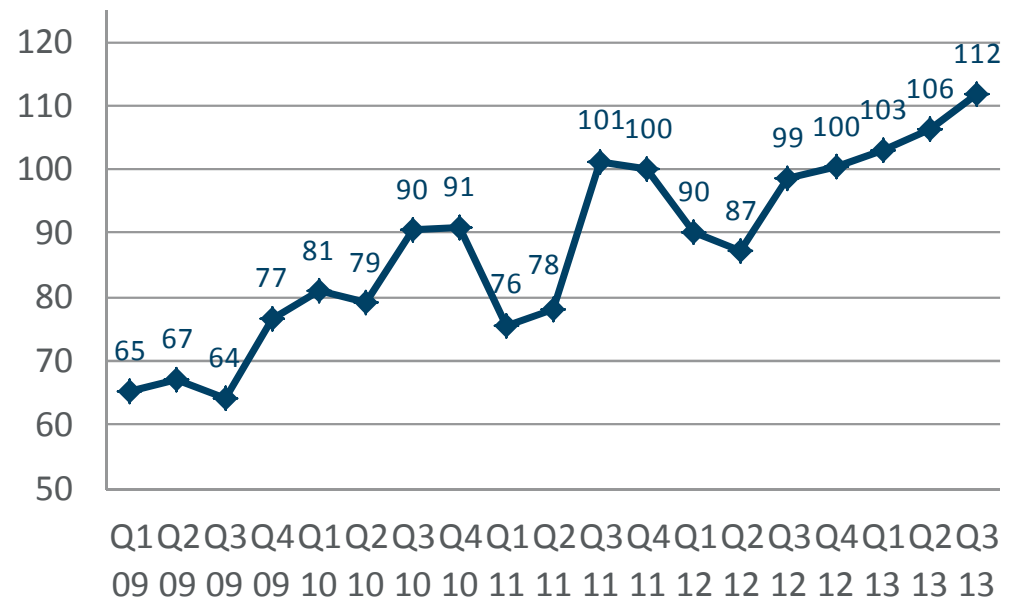
\* In addition, there are other types of vessels that from time to time will be potential competitors in certain regions



# North Sea demand index shows robust demand

- Increase in demand related to hook-up and commissioning work
  - Driven by exploration success, particularly in Norway
- High MMO activity
  - Continued increase in recovery rates
- Existing infrastructure is old, particularly in UK

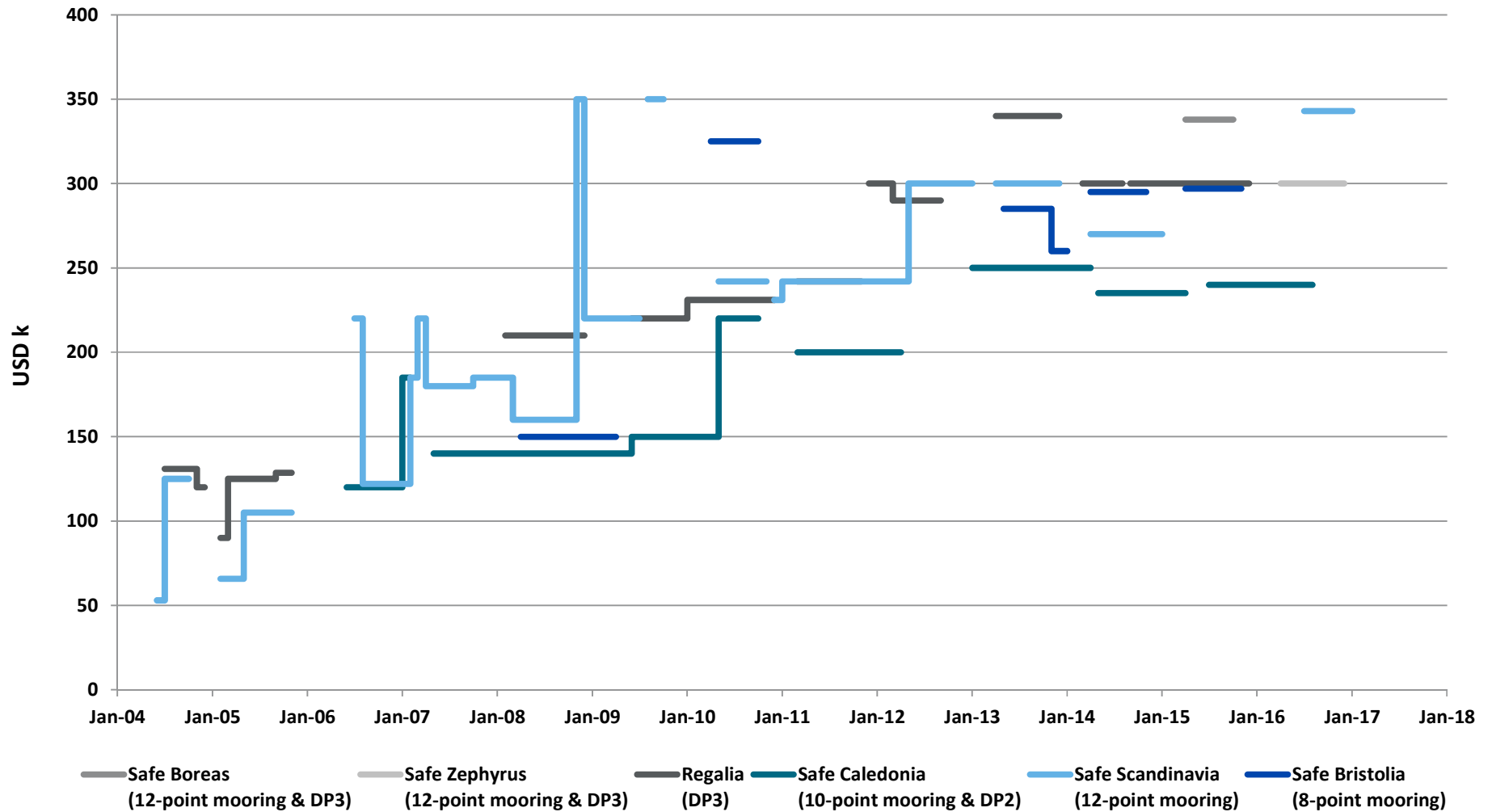
North Sea accommodation rig demand index



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

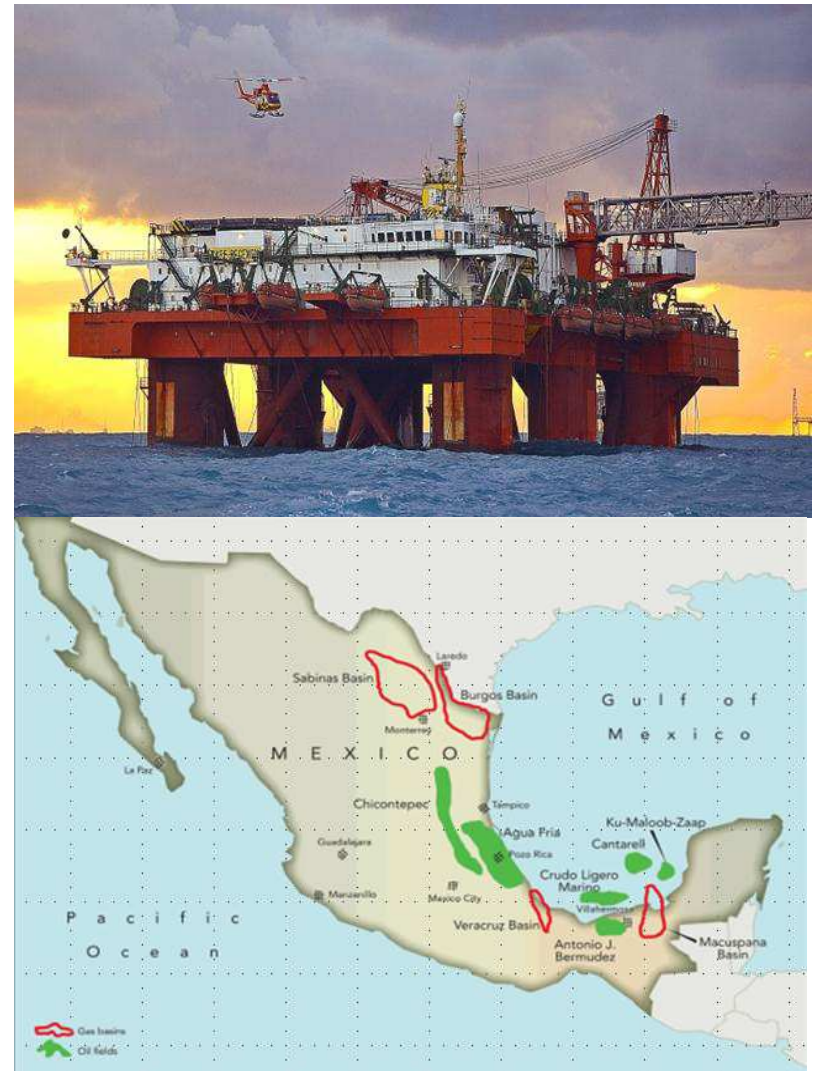
Source: Prosafe

# North Sea dayrates (time charter)

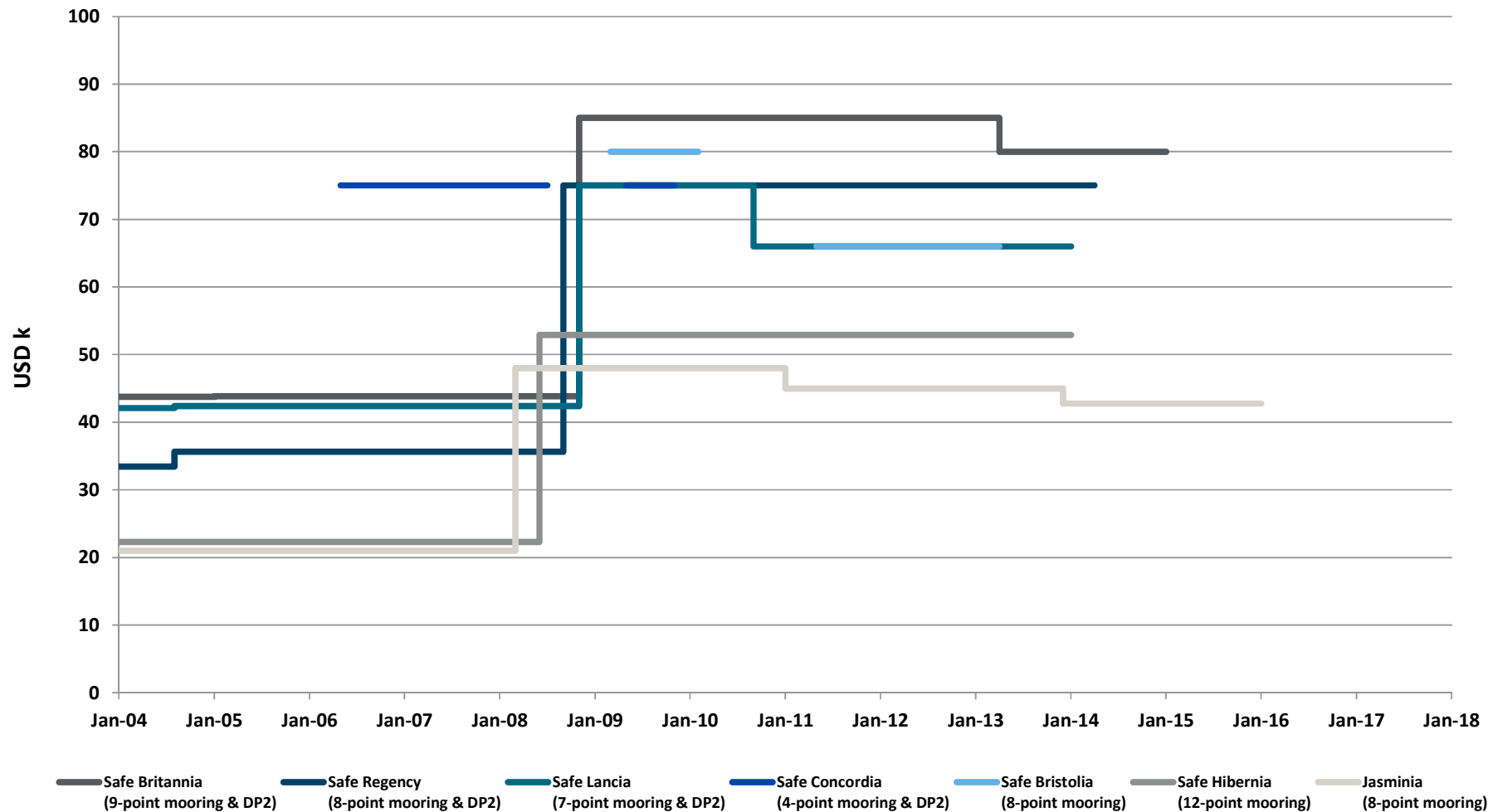


# Mexico - stable demand outlook

- Pemex appears to still require a substantial amount of beds offshore
- Currently accommodation vessels in operation at the Cantarell field and adjacent areas
- Longer-term it is anticipated that there will also be demand from deep water areas



# Gulf of Mexico dayrates (bareboat)





# Brazil – growth market

- Long-term requirements, mainly driven by maintenance
  - ❑ Hook-up work can appear longer term
  - ❑ Currently eight different types of units in operation
- All vessels required so far have gone to the Campos basin
  - ❑ Campos basin likely to require additional units
  - ❑ Demand may evolve from other areas as well in due course
    - ✓ Santos, Espirito Santo, pre-salt



# Rest of the world – interesting opportunities

## ■ Australia

- ❑ Several contract awards at attractive economics lately
- ❑ Interesting prospects still in the pipeline

## ■ South East Asia

- ❑ Dominated by barges due to benign weather
- ❑ Some demand for semis related to mid and deep water work

## ■ West Africa

- ❑ Dominated by low-end assets due to benign weather conditions
- ❑ Some ad-hoc demand for hook-up and commissioning work

## ■ US GoM

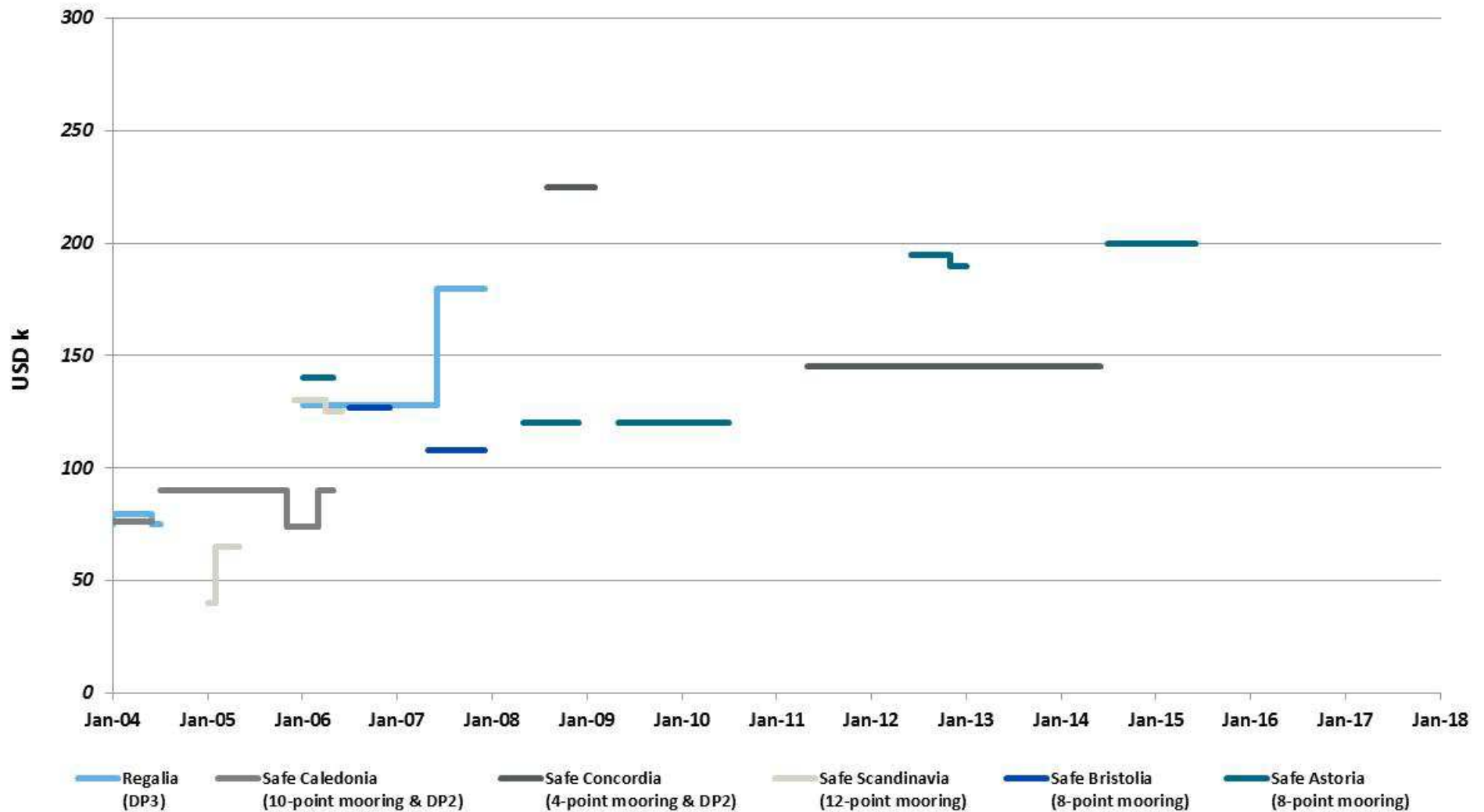
- ❑ Increased demand expected from deep water areas as production reaches more mature stage

## ■ Icy/cold areas

- ❑ Long-term potential (Northern Norway, Canada, Russia)



# Rest of world dayrates (time charter)



# Prosafe in strong competitive position

- Well positioned to meet a potential increase in demand and competition, by having by far...
  - ❑ ...the best and longest operational and HSE track-record
  - ❑ ...the largest and most versatile fleet
  - ❑ ...the most efficient cost and financing structure





# Summary

- Record high Q3 results
- Strong order book
- Positive outlook
- Continued growth – combined with high dividends
- Prosafe is well positioned
  - Clear market leader
  - High-quality, diversified fleet with growth in the high-end segment
  - Strong cash flow
  - Robust financial position





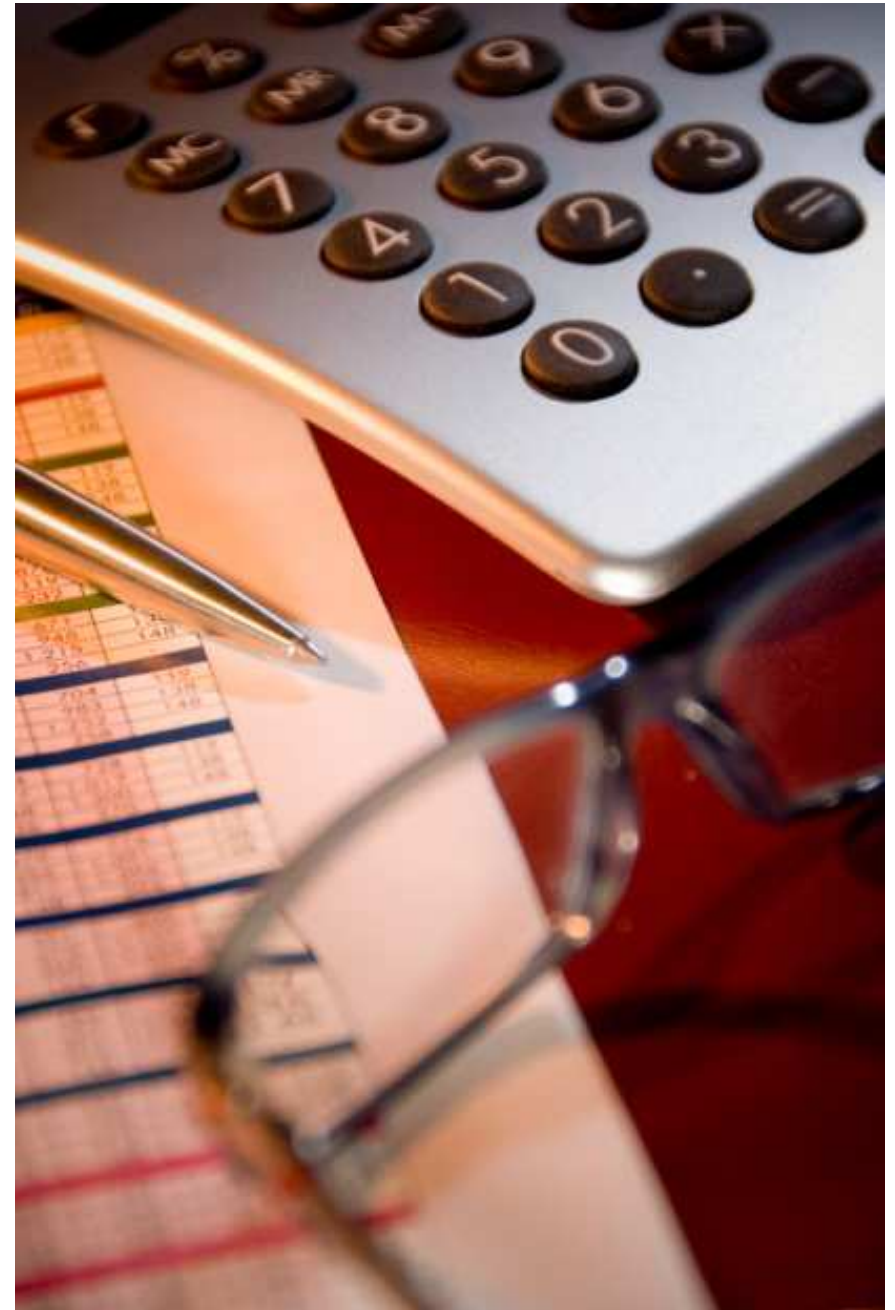
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# New bond loan issued

- NOK 700 million bond loan issued on 9 October
- 5 years maturity
- Interest rate of 3-months NIBOR + 2.95 per cent
  - Lowest credit margin in the Norwegian high-yield market since 2008
- Oversubscribed
- Enhances growth capacity



# Income statement

(Unaudited figures in USD million)	Q3 13	Q2 13	Q3 12	9M 2013	9M 2012	2012
Operating revenues	159.4	143.5	142.3	388.7	397.3	510.4
Operating expenses	(50.8)	(60.3)	(61.4)	(163.5)	(177.7)	(230.3)
<b>EBITDA</b>	<b>108.6</b>	<b>83.2</b>	<b>80.9</b>	<b>225.2</b>	<b>219.6</b>	<b>280.1</b>
Depreciation	(18.2)	(14.5)	(14.4)	(47.1)	(42.7)	(57.7)
<b>Operating profit</b>	<b>90.4</b>	<b>68.7</b>	<b>66.5</b>	<b>178.1</b>	<b>176.9</b>	<b>222.4</b>
Interest income	0.4	0.3	0.0	1.2	0.1	1.1
Interest expenses	(8.4)	(8.4)	(10.6)	(25.8)	(32.9)	(40.9)
Other financial items	4.6	(4.4)	(3.1)	(9.9)	(6.7)	(4.6)
<b>Net financial items</b>	<b>(3.4)</b>	<b>(12.5)</b>	<b>(13.7)</b>	<b>(34.5)</b>	<b>(39.5)</b>	<b>(44.4)</b>
<b>Profit before taxes</b>	<b>87.0</b>	<b>56.2</b>	<b>52.8</b>	<b>143.6</b>	<b>137.4</b>	<b>178.0</b>
Taxes	(1.8)	(1.3)	(1.0)	(4.2)	(2.2)	(0.5)
<b>Net profit</b>	<b>85.2</b>	<b>54.9</b>	<b>51.8</b>	<b>139.4</b>	<b>135.2</b>	<b>177.5</b>
 <b>EPS</b>	 <b>0.36</b>	 <b>0.23</b>	 <b>0.23</b>	 <b>0.60</b>	 <b>0.61</b>	 <b>0.80</b>
<b>Diluted EPS</b>	<b>0.36</b>	<b>0.23</b>	<b>0.23</b>	<b>0.60</b>	<b>0.61</b>	<b>0.80</b>

# Operating revenues

(USD million)	Q3 13	Q2 13	Q3 12	9M 2013	9M 2012
Charter income	146.0	127.5	111.7	348.8	329.9
Mob/demob income	0.0	3.7	0.0	5.4	2.0
Gain on sale of Safe Esbjerg	0.0	0.0	4.8	0.0	4.8
Other income	13.4	12.3	25.8	34.5	60.6
<b>Total</b>	<b>159.4</b>	<b>143.5</b>	<b>142.3</b>	<b>388.7</b>	<b>397.3</b>

# Balance sheet

(Unaudited figures in USD million)	30.09.13	30.06.13	31.12.12	30.09.12
Goodwill	226.7	226.7	226.7	226.7
Rigs	926.2	926.6	896.3	876.9
New builds	152.5	148.6	135.6	71.1
Other non-current assets	16.5	18.3	21.9	22.2
<b>Total non-current assets</b>	<b>1 321.9</b>	<b>1 320.2</b>	<b>1 280.5</b>	<b>1 196.9</b>
Cash and deposits	118.0	78.5	103.6	103.2
Other current assets	102.8	104.2	103.1	149.3
<b>Total current assets</b>	<b>220.8</b>	<b>182.7</b>	<b>206.7</b>	<b>252.5</b>
<b>Total assets</b>	<b>1 542.7</b>	<b>1 502.9</b>	<b>1 487.2</b>	<b>1 449.4</b>
Share capital	65.9	65.9	63.9	63.9
Other equity	639.8	594.7	452.4	436.5
<b>Total equity</b>	<b>705.7</b>	<b>660.6</b>	<b>516.3</b>	<b>500.4</b>
Interest-free long-term liabilities	40.5	36.0	66.8	76.5
Interest-bearing long-term debt	697.7	695.9	745.6	764.7
<b>Total long-term liabilities</b>	<b>738.2</b>	<b>731.9</b>	<b>812.4</b>	<b>841.2</b>
Other interest-free current liabilities	64.8	76.5	93.7	107.8
Current portion of long-term debt	34.0	33.9	64.8	0.0
<b>Total current liabilities</b>	<b>98.8</b>	<b>110.4</b>	<b>158.5</b>	<b>107.8</b>
<b>Total equity and liabilities</b>	<b>1 542.7</b>	<b>1 502.9</b>	<b>1 487.2</b>	<b>1 449.4</b>



# Key figures

KEY FIGURES	Q3 13	Q2 13	Q3 12	9M 2013	9M 2012	2012
Operating margin	56.7 %	47.9 %	46.7 %	45.8 %	44.5 %	43.6 %
Equity ratio	45.7 %	44.0 %	34.5 %	45.7 %	34.5 %	34.7 %
Return on equity	49.9 %	34.5 %	43.1 %	30.4 %	37.5 %	48.4 %
Net interest bearing debt (USD million)	613.7	651.3	661.5	613.7	661.5	706.8
Number of shares (1 000)	235 973	235 973	229 937	235 973	229 937	229 937
Average no. of outstanding shares (1 000)	235 973	235 973	222 961	233 075	222 961	222 961
USD/NOK exchange rate at end of period	6.01	5.90	5.70	6.01	5.70	5.57
Share price (NOK)	48.00	53.35	47.28	48.00	47.28	47.32
Share price (USD)	7.99	9.04	8.29	7.99	8.29	8.50
Market capitalisation (NOK million)	11 327	12 589	10 871	11 327	10 871	10 881
Market capitalisation (USD million)	1 885	2 134	1 907	1 885	1 907	1 953

# Credit facility

- Total commitments end of Q3 2013: USD 791 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 4.5
  - 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 175 per cent

# Safe Zephyrus and Safe Boreas financing

- USD 420 million term loan for post delivery financing of Safe Boreas and Safe Zephyrus in place
- Tenor is five years
- Repayment profile is 12 years
- Interest rate of USD 3-month LIBOR plus 2.95 per cent

# Current bond loan portfolio

Bond loans (unsecured)	Outstanding	Maturity	Margin
PRS07 NOK 500 million bond (2011-16)	NOK 500m	Q1 2016	350 bps
PRS08 NOK 500 million bond (2012-17)	NOK 500m	Q1 2017	375 bps
PRS09 NOK 500 million bond (2013-20)	NOK 500m	Q1 2020	375 bps
PRS10 NOK 700 million bond (2013-18)	NOK 700m	Q4 2018	295 bps

# Shareholders

<b>SHAREHOLDERS AS AT 04.11.2013</b>	<b>No. of shares</b>	<b>Ownership</b>
State Street Bank & Trust (nom)	32 562 700	13.8 %
Folketrygdfondet	17 489 519	7.4 %
State Street Bank & Trust (nom)	17 923 937	7.6 %
Pareto	8 729 861	3.7 %
Clearstream Banking (nom)	8 810 960	3.7 %
FLPS	7 900 000	3.3 %
JP Morgan Chase Bank (nom)	6 761 846	2.9 %
Goldman Sachs (nom)	6 054 302	2.6 %
JP Morgan Chase Bank (nom)	4 739 562	2.0 %
Pimco (nom)	4 328 246	1.8 %
<b>Total 10 largest</b>	<b>115 300 933</b>	<b>48.9 %</b>
 Total no. of shares:	 235 973 059	