



28 May 2014

Q1 2014 results



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# Agenda

- **Recent developments**
- Financial results
- Projects
- Outlook

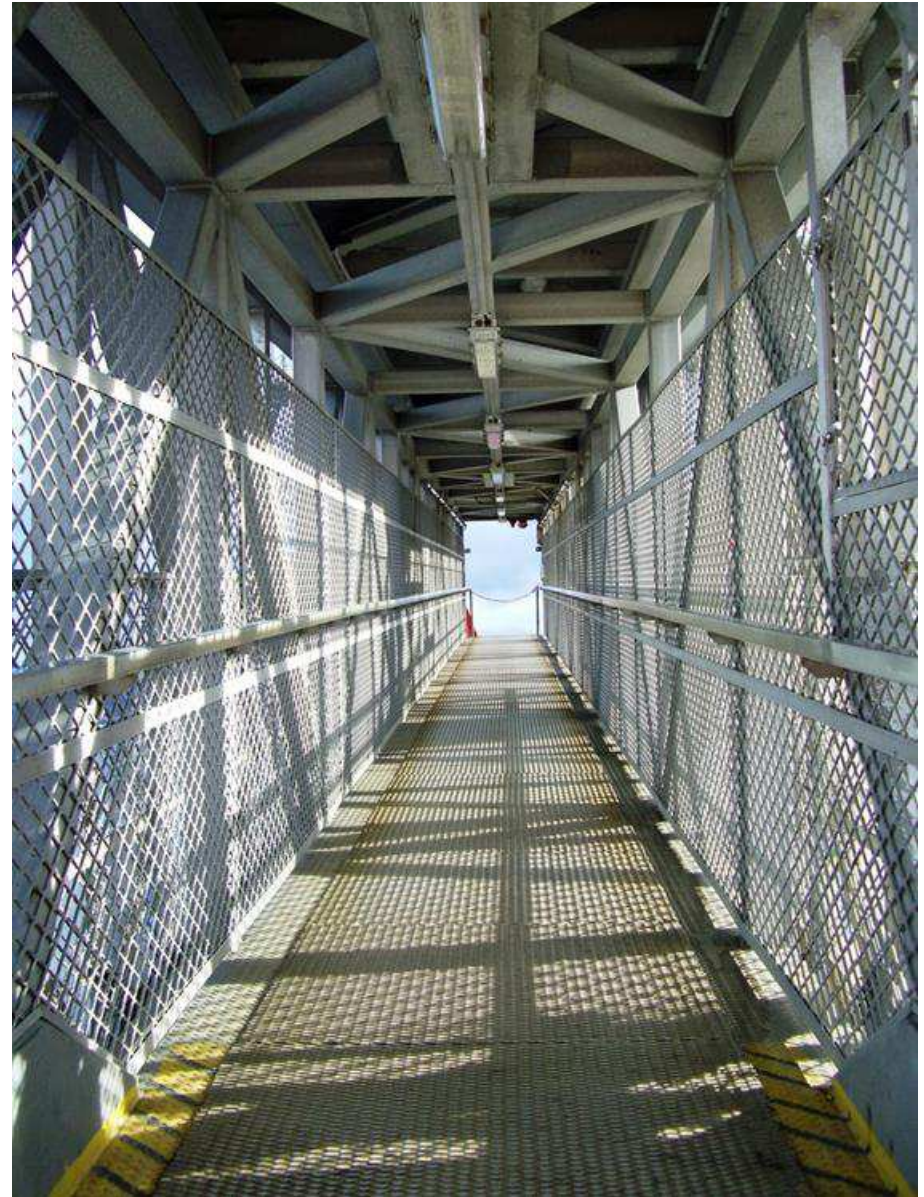


# Recent developments

- Q1 utilisation of 76 per cent
- High order intake in the quarter
  - TSV-contract with firm value of USD 443 million
- Projects and new builds
  - Safe Scandinavia completed life extension and SPS
  - Regalia completed SPS
  - New build projects progressing well
- New build financing in place for Safe Notos and Safe Eurus

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# Income statement

(Unaudited figures in USD million)	Q1 14	Q4 13	Q1 13	2013
Operating revenues	91.7	134.8	85.8	523.5
Operating expenses	(53.6)	(53.4)	(52.4)	(216.9)
<b>EBITDA</b>	<b>38.1</b>	<b>81.4</b>	<b>33.4</b>	<b>306.6</b>
Depreciation	(15.2)	(14.4)	(14.4)	(61.5)
<b>Operating profit</b>	<b>22.9</b>	<b>67.0</b>	<b>19.0</b>	<b>245.1</b>
Interest income	0.1	0.1	0.5	1.3
Interest expenses	(8.3)	(8.4)	(9.0)	(34.2)
Other financial items	4.2	1.4	(10.1)	(8.5)
<b>Net financial items</b>	<b>(4.0)</b>	<b>(6.9)</b>	<b>(18.6)</b>	<b>(41.4)</b>
<b>Profit before taxes</b>	<b>18.9</b>	<b>60.1</b>	<b>0.4</b>	<b>203.7</b>
Taxes	(0.6)	(0.4)	(1.1)	(4.6)
<b>Net profit</b>	<b>18.3</b>	<b>59.7</b>	<b>(0.7)</b>	<b>199.1</b>
 <b>EPS</b>	 <b>0.08</b>	 <b>0.25</b>	 <b>0.00</b>	 <b>0.85</b>
<b>Diluted EPS</b>	<b>0.08</b>	<b>0.25</b>	<b>0.00</b>	<b>0.85</b>

# Operating revenues

(USD million)	Q1 14	Q4 13	Q1 13	2013
Charter income	80.5	120.4	75.3	469.2
Mob/demob income	1.1	3.7	1.7	9.1
Other income	10.1	10.7	8.8	45.2
<b>Total</b>	<b>91.7</b>	<b>134.8</b>	<b>85.8</b>	<b>523.5</b>

# Balance sheet

(Unaudited figures in USD million)	<b>31.03.14</b>	<b>31.12.13</b>	<b>31.03.13</b>
Goodwill	226.7	226.7	226.7
Vessels	981.3	946.9	926.3
New builds	260.3	248.9	142.0
Other non-current assets	5.1	4.9	20.3
<b>Total non-current assets</b>	<b>1 473.4</b>	<b>1 427.4</b>	<b>1 315.3</b>
Cash and deposits	57.6	113.4	81.5
Other current assets	66.4	79.1	62.4
<b>Total current assets</b>	<b>124.0</b>	<b>192.5</b>	<b>143.9</b>
<b>Total assets</b>	<b>1 597.4</b>	<b>1 619.9</b>	<b>1 459.2</b>
Share capital	65.9	65.9	68.2
Other equity	635.6	673.8	544.6
<b>Total equity</b>	<b>701.5</b>	<b>739.7</b>	<b>612.8</b>
Interest-free long-term liabilities	37.8	25.1	64.3
Interest-bearing long-term debt	786.5	779.6	654.5
<b>Total long-term liabilities</b>	<b>824.3</b>	<b>804.7</b>	<b>718.8</b>
Other interest-free current liabilities	71.6	75.5	92.5
Current portion of long-term debt	0.0	0.0	35.1
<b>Total current liabilities</b>	<b>71.6</b>	<b>75.5</b>	<b>127.6</b>
<b>Total equity and liabilities</b>	<b>1 597.4</b>	<b>1 619.9</b>	<b>1 459.2</b>

# Key figures

KEY FIGURES	Q1 14	Q4 13	Q1 13	2013
Operating margin	25.0 %	49.7 %	22.1 %	46.8 %
Equity ratio	43.9 %	45.7 %	42.0 %	45.7 %
Return on equity	10.2 %	33.0 %	-0.5 %	31.7 %
Net interest bearing debt (USD million)	728.9	666.2	608.1	666.2
Number of shares (1 000)	235 973	235 973	242 937	235 973
Average no. of outstanding shares (1 000)	235 973	235 973	224 362	233 806
USD/NOK exchange rate at end of period	5.99	6.08	5.83	6.08
Share price (NOK)	47.98	46.80	56.50	46.80
Share price (USD)	8.01	7.70	9.69	7.70
Market capitalisation (NOK million)	11 322	11 044	13 726	11 044
Market capitalisation (USD million)	1 890	1 816	2 354	1 816

## New build financing in place

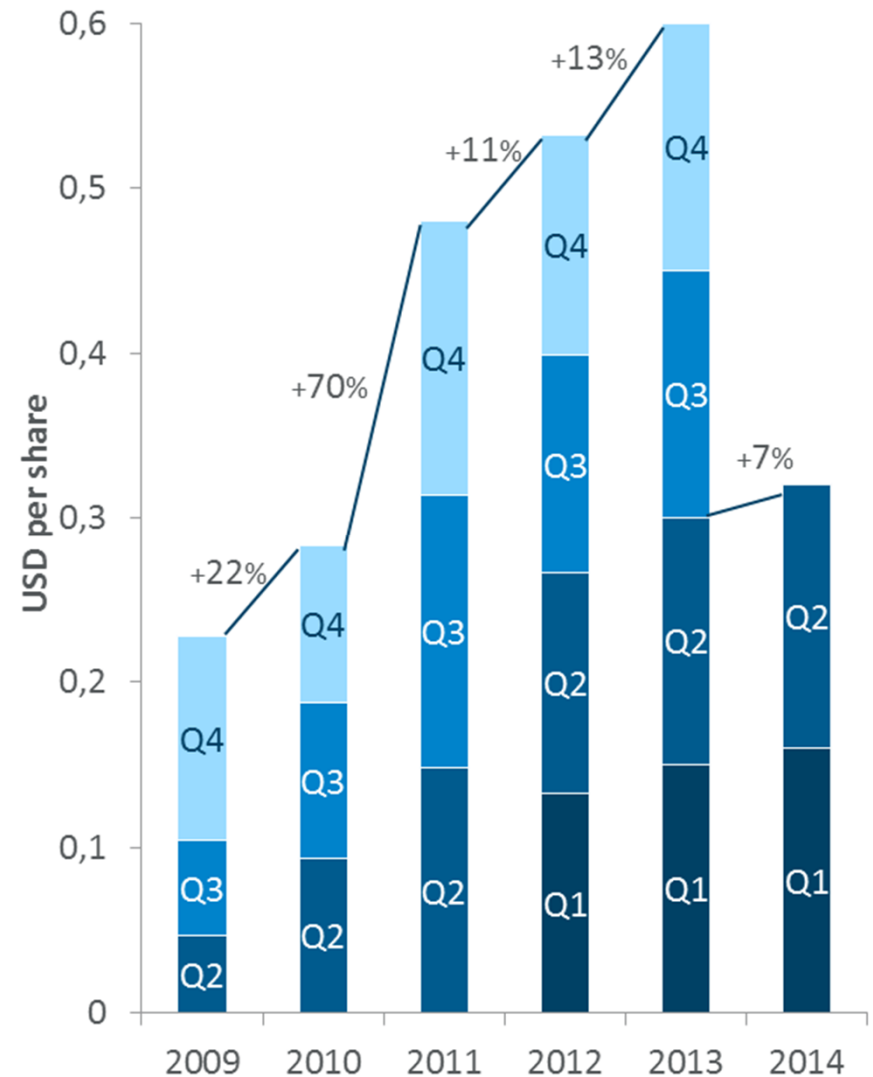
- Prosafe has closed a seven-year term loan facility of USD 288 million for the post-delivery financing of Safe Notos and Safe Euris
- The facility has an interest rate of 3-month USD LIBOR plus 2.25 per cent
- Repayment profile of 12 years
- The loan is provided by a syndicate consisting of The Export-Import Bank of China, Nordea, DnB, ABN, Danske Bank, SEB and Swedbank

# Interest-bearing debt portfolio

Loan	Commitment	Maturity	Margin
USD 1100 million credit facility (2011-17)	USD 723 million	Q3 2017	187.5 bps
USD 420 million credit facility (2012-17)	USD 420 million	Q4 2017	295 bps
USD 288 million credit facility (2014-2021)	USD 288 million	Q2 2021	225 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
NOK 700 million bond (2013-18)	NOK 700 million	Q4 2018	295 bps

# Steady growth in dividend

- Declared an interim dividend equivalent to USD 0.16 per share
- The shares will trade ex-dividend on 4 June
- The dividend will be paid in the form of NOK 0.95 per share on 18 June



# Agenda

- Recent developments
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- **Projects**
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# Safe Scandinavia

- SPS and life extension completed in April
  - ❑ Aim: operate in NCS or UK waters, with 12 point mooring for 20 years (2014-2034)
- Commenced accommodation contract in Norway end April
- Conversion in 2015 for TSV work for Statoil
  - ❑ Engineering ongoing
  - ❑ Long lead items ordered



# Safe Boreas

- Living quarters and cabins installed
- Construction work in final phase
- Mechanical completion and commissioning commenced
- Ready for operations in 2015

Financial status Q1 14	USDm
Book value o.b.	95
Book value c.b.	102
Capitalised in quarter	7
Estimated total cost	350



# Safe Zephyrus

- pontoons are now fully assembled
- Preparing for launch and docking in June
- Ready for operations in 2015

Financial status Q1 14	USDm
Book value o.b.	69
Book value c.b.	72
Capitalised in quarter	3
Estimated total cost	350



# Safe Notos and Safe Eurus

- Strong capabilities
  - ❑ The most advanced and flexible vessels for worldwide operations excluding Norway
- Number 3 and 4 in a series of Gusto MSC Ocean 500 units built by Cosco
- Ready for operations in 2016
- Steel cutting Safe Notos in March



Source: Gusto MSC

# State of the art North Sea fleet

- Safe Boreas – new build
- Safe Zephyrus – new build
- Safe Notos – new build
- Safe Eurys – 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

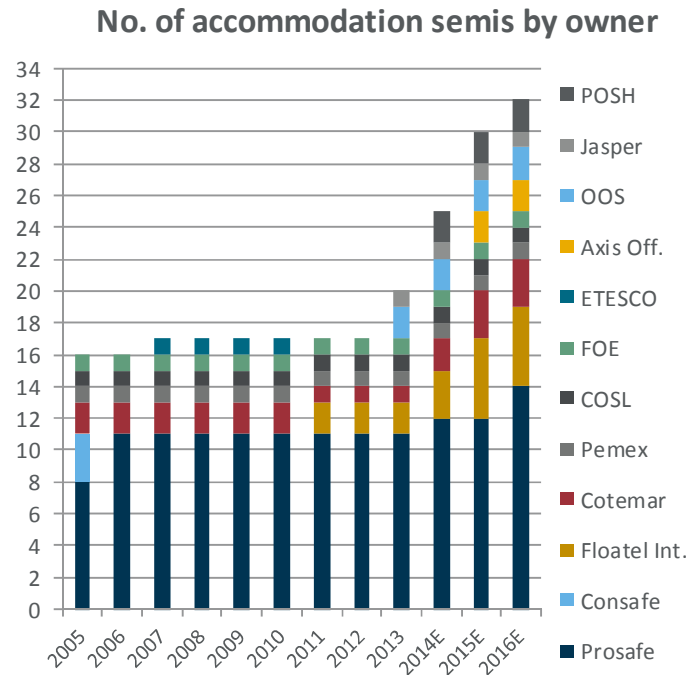


# Agenda

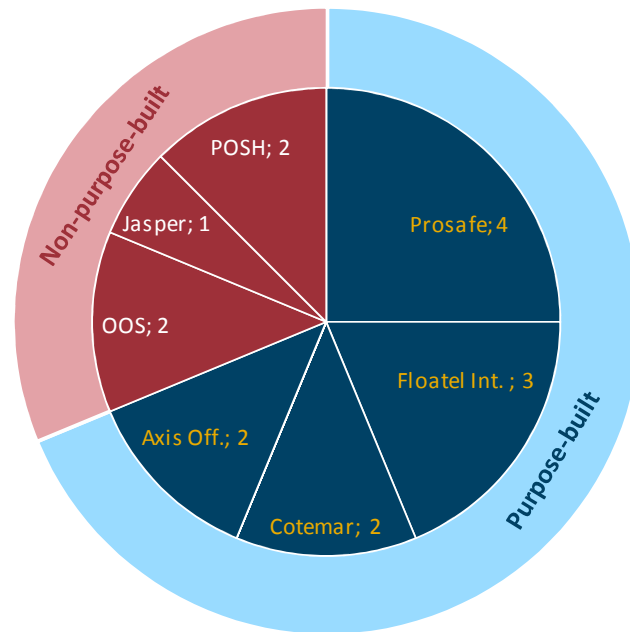
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# Clear market leader in the high-end segment



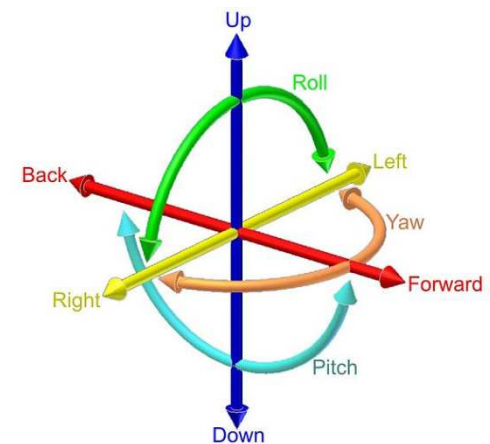
**Overview of incoming vessels 2012-2016**



- Substantial growth in semi accommodation vessel fleet
  - ❑ Possible under-supply situation historically
  - ❑ Positive underlying demand development seen over the past years
  - ❑ Substantial share of incoming vessels not originally designed for accommodation purposes
  - ❑ Safe Scandinavia going into TSV market for a minimum of three years from 2015

# Vessel motion characteristics

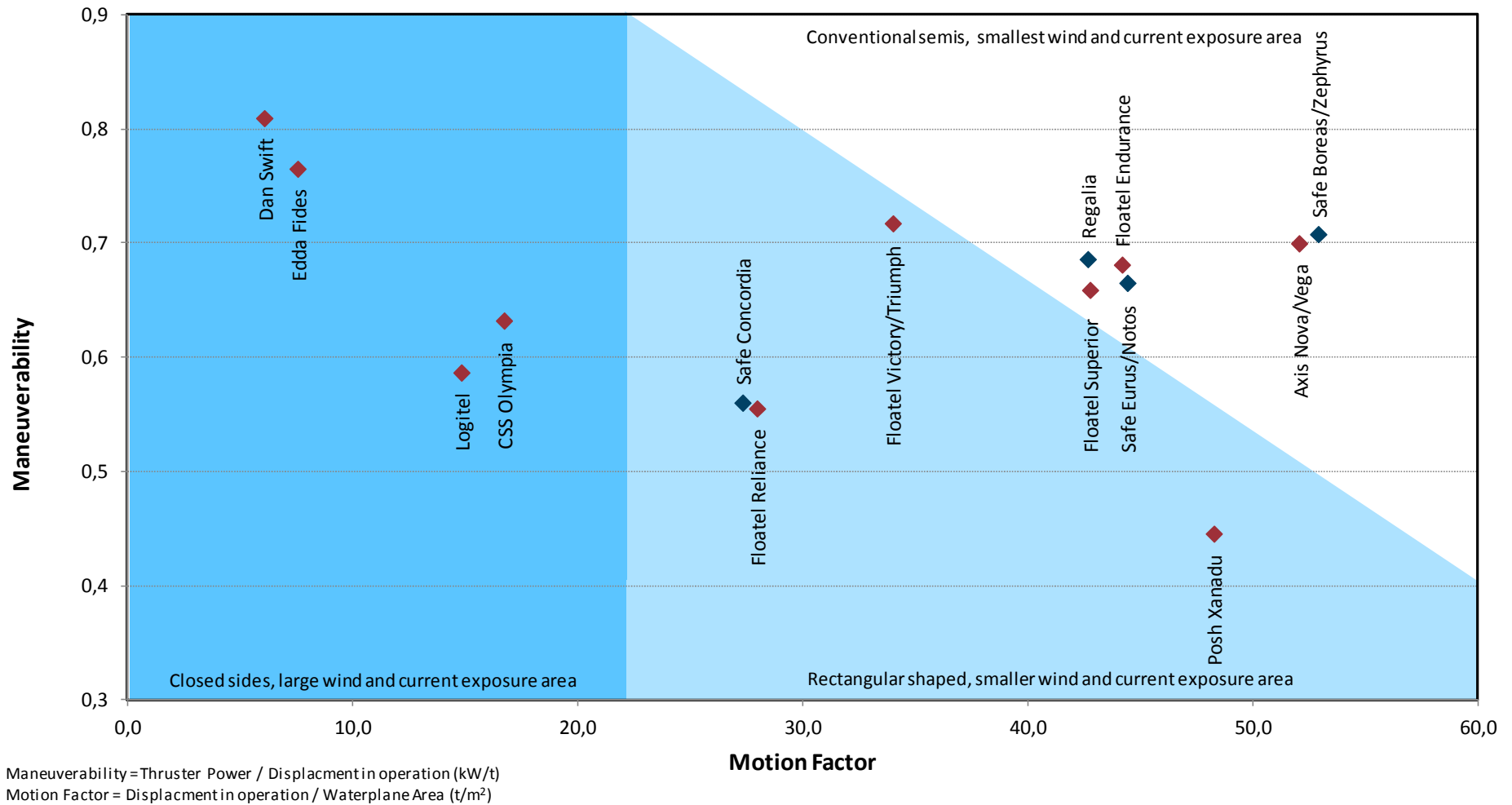
- Six degrees of freedom refers to the freedom of movement of a rigid body in a three-dimensional space
- The body is free to move (translation) along three axes
  - ❑ Surge (forward/backward or forward/astern)
  - ❑ Sway (left/right or port/starboard)
  - ❑ Heave (up/down)
- The body is free to rotate (rotation) about three axes
  - ❑ Pitch (about surge axis)
  - ❑ Roll (about sway axis)
  - ❑ Yaw (about heave axis)



# Vessel motion characteristics

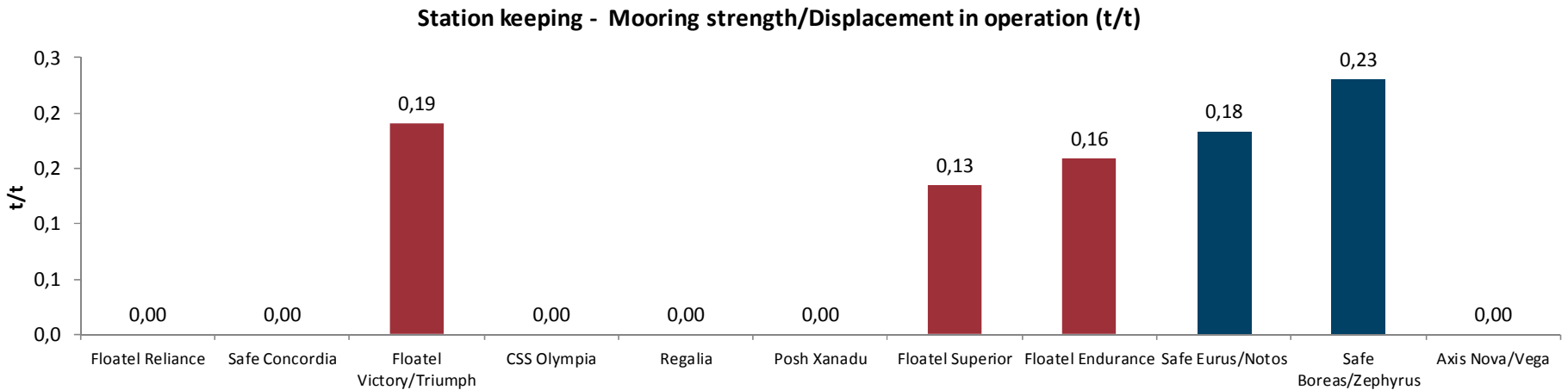
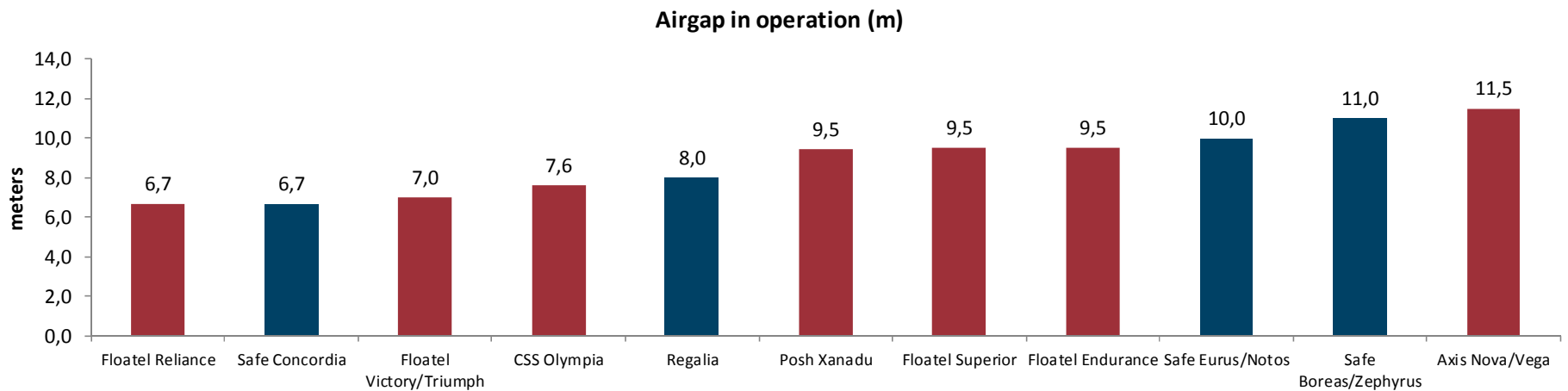
- Gangway connecting to a fixed target
  - ❑ Connect the gangway – Maintain position
  - ❑ Accommodation vessel should move as little as possible
- Gangway connecting to a moving target
  - ❑ Connect the gangway – Follow target
  - ❑ Accommodation vessel should move as required
- Key variables for offshore accommodation vessels
  - ❑ Thruster power / Displacement in operation (kW/t) (maneuverability)
  - ❑ Displacement in operation / Waterplane area (t/m<sup>2</sup>) (motion)
  - ❑ Air gap in operation (m)

# Vessel motion characteristics DP vessels



Source: Prosafe estimates based on available technical specifications

# Harsh environment capabilities DP vessels

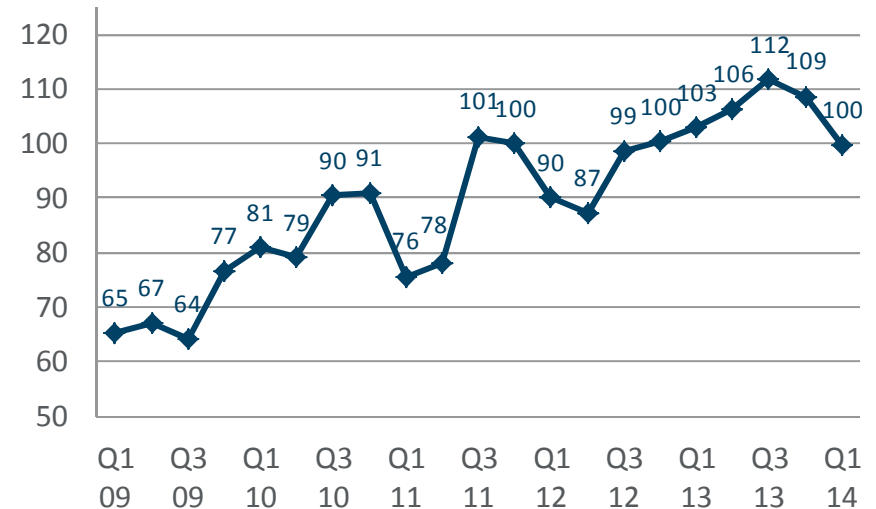


Source: Prosafe estimates based on available technical specifications

# North Sea – robust demand

- Maintenance and modification
  - ❑ Aging infrastructure
  - ❑ Strong focus on IOR
  - ❑ Accommodation demand should remain robust
- Hook-up and commissioning
  - ❑ The pace of new developments seems to be slowing down beyond 2016
  - ❑ Strong licencing interest
    - 173 applications for 370 blocks in latest UK DECC round
    - On the NCS, licensing activity reached record levels in 2013 with strong interest in the Barents
- Complementary opportunities
  - ❑ Lol for TSV operations from 2015 for minimum 3 years plus options

**North Sea accommodation demand index**

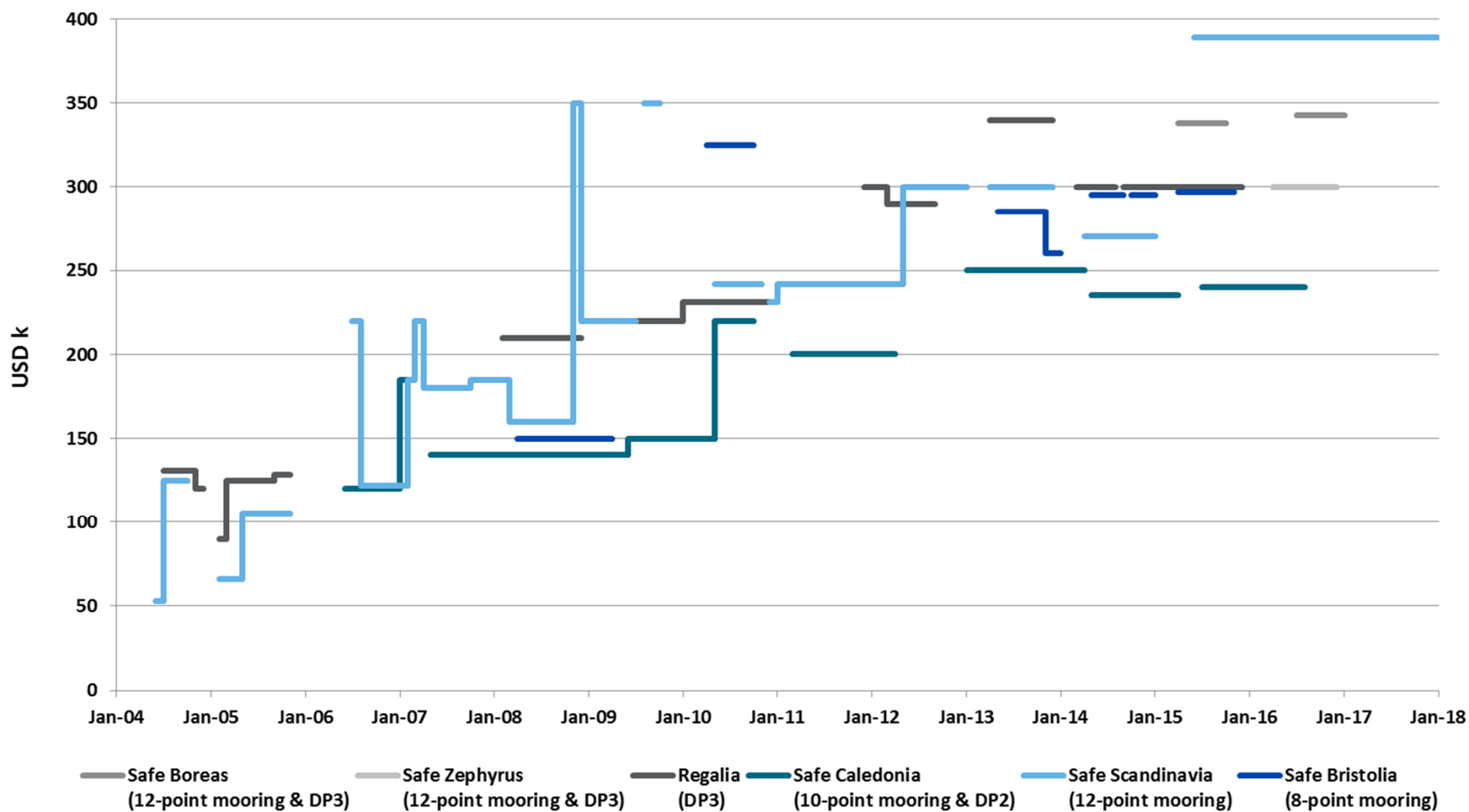


Based on firm contracts, extension options, projects in the tendering phase and prospects for the next 36 months. Index based on number of days in demand. Q4 11 = 100

Source: Prosafe

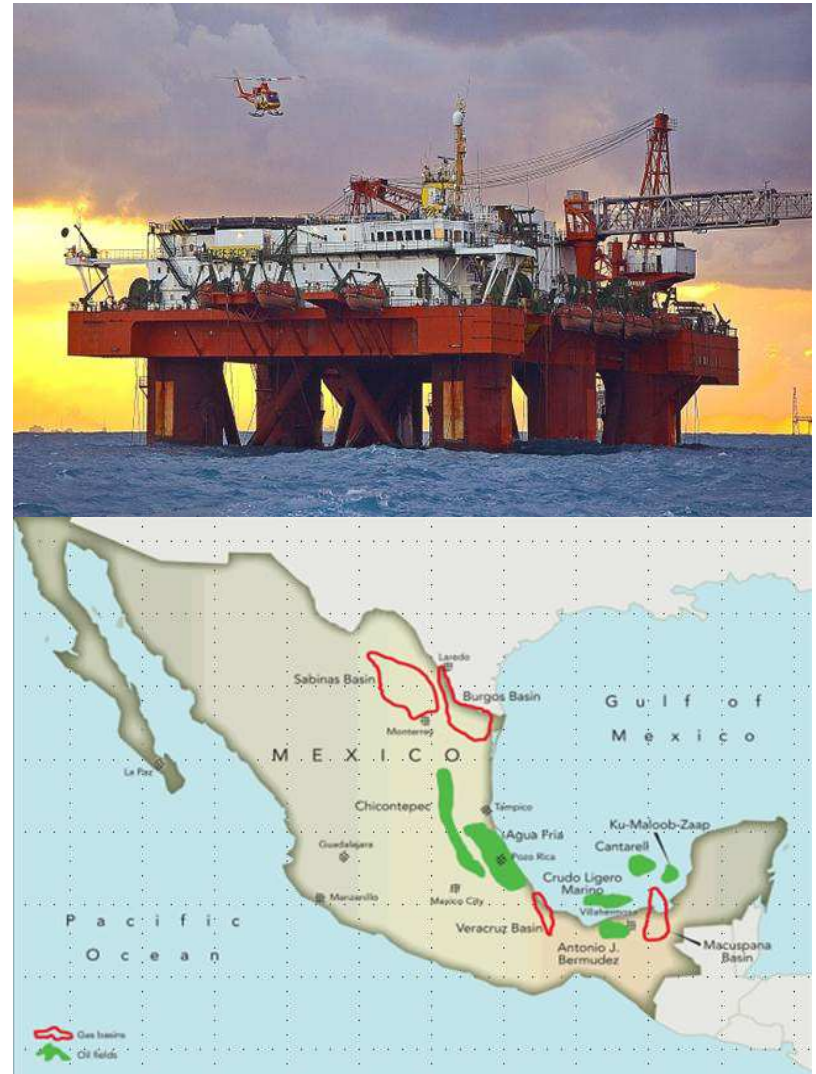
- Demand index down in Q1 14
  - ❑ Consumed more contract days during the quarter than days added by new prospects
  - ❑ Haven option for 2015-16 not declared by CoP

## North Sea dayrates (time charter)

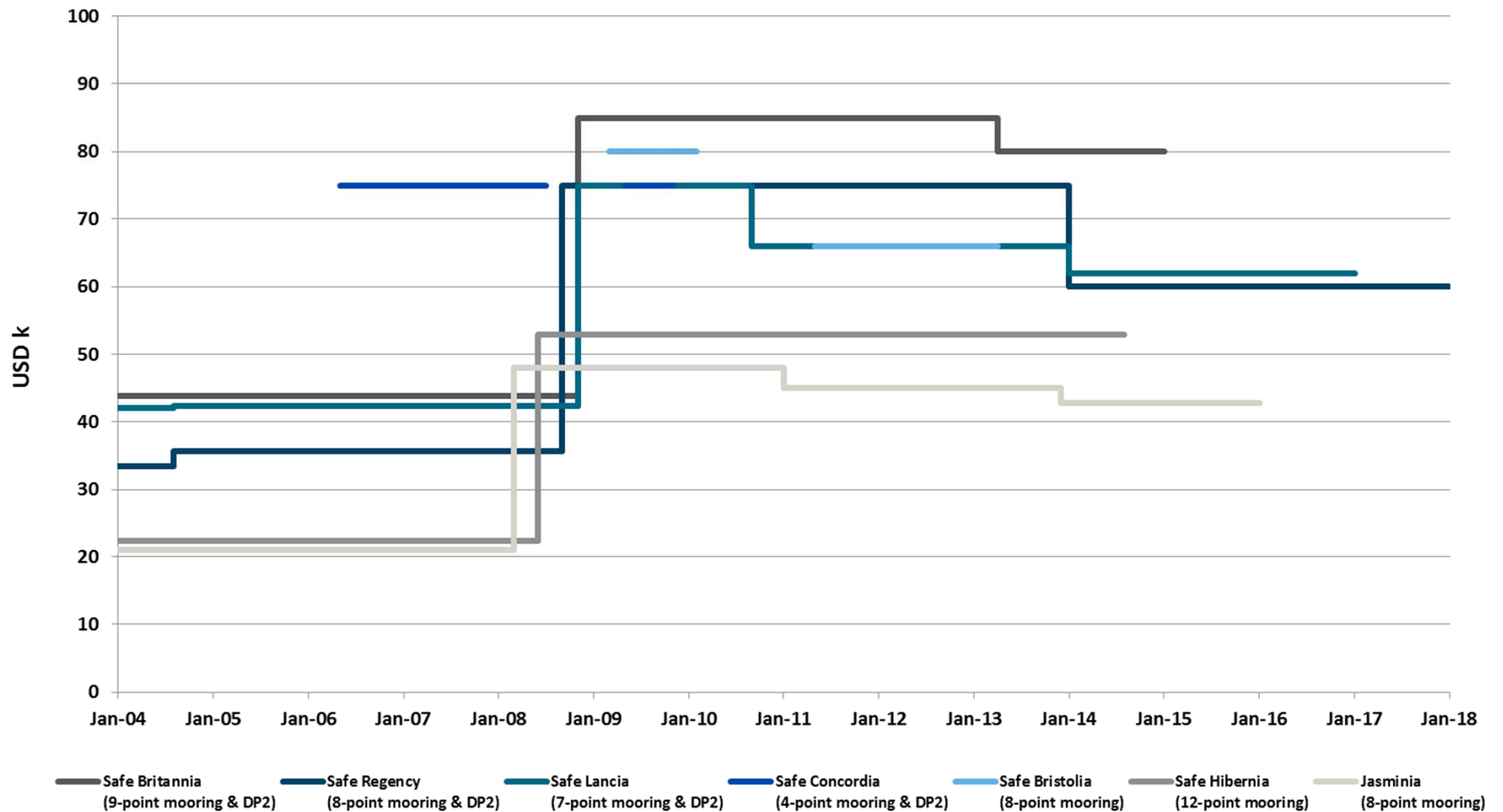


# Mexico – high activity level

- All accommodation vessels currently operates in mature shallow-water areas at Cantarell and adjacent fields
- Steep rise in drilling jack-up count indicates increasing activity in shallow waters
- New legislation opens up for participation of international companies in deep water areas – supportive for long-term outlook



## Gulf of Mexico dayrates (bareboat)



# Brazil – continued growth

- High activity in the Campos basin
  - Primarily maintenance requirements
- Santos basin opportunities
  - Multiple FPSOs due to be commissioned in coming years
- Operators other than Petrobras showing interest in accommodation vessels
- Competitive and fragmented market
  - The nine contracted vessels are owned by eight different companies
- Difficult to achieve the desired level of return despite the strong demand growth



# Rest of the world – interesting opportunities

## ■ Australia

- ❑ Accommodation vessel activity within 2015 and 2016 although declining number of prospects thereafter

## ■ South East Asia

- ❑ Some demand for semis related to mid and deep water work
- ❑ Safe Astoria operations in Indonesia extended through into May and from August 2014 in the Philippines

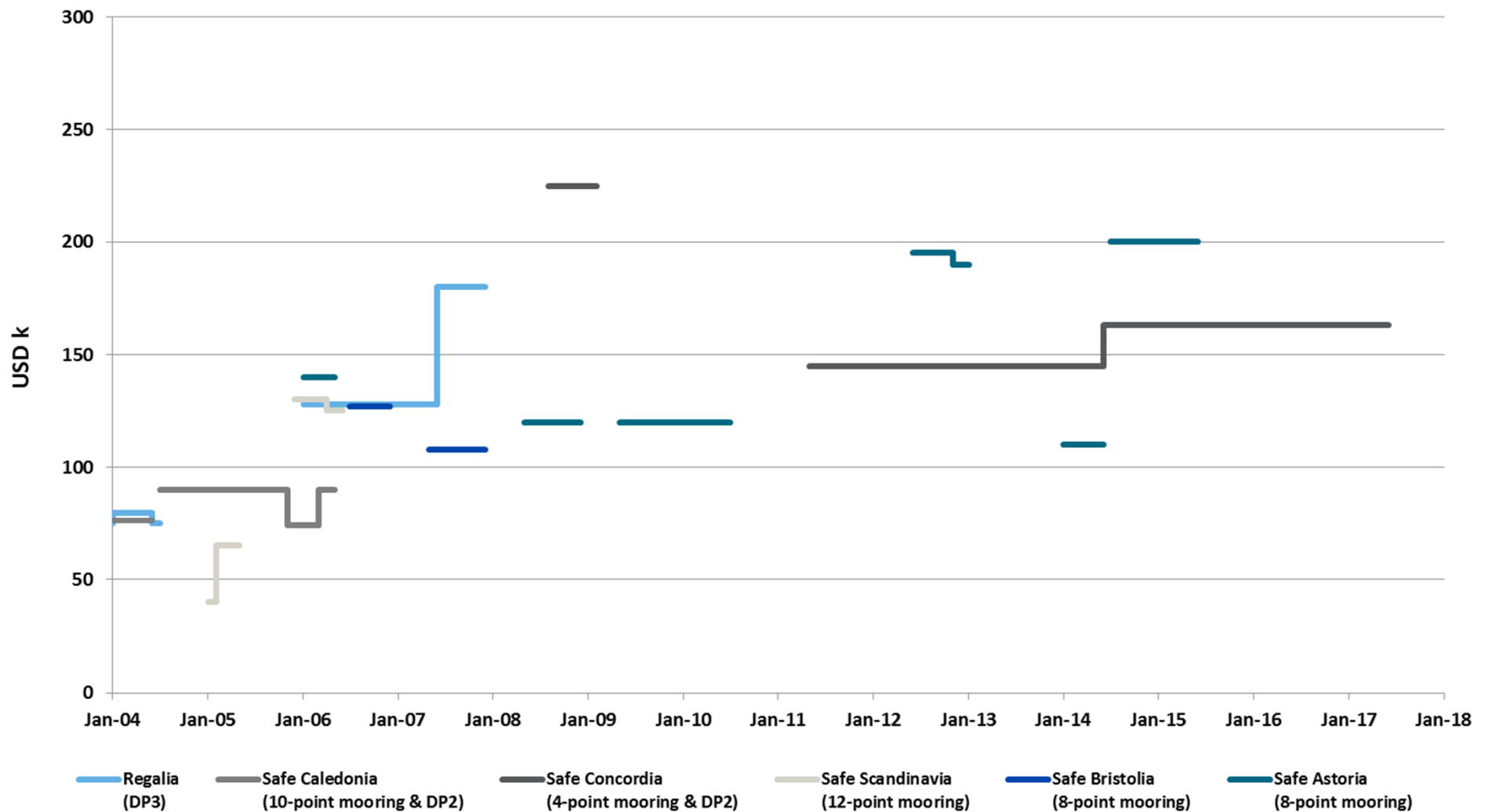
## ■ US GoM

- ❑ A number of prospects developing in the mid and deep water areas

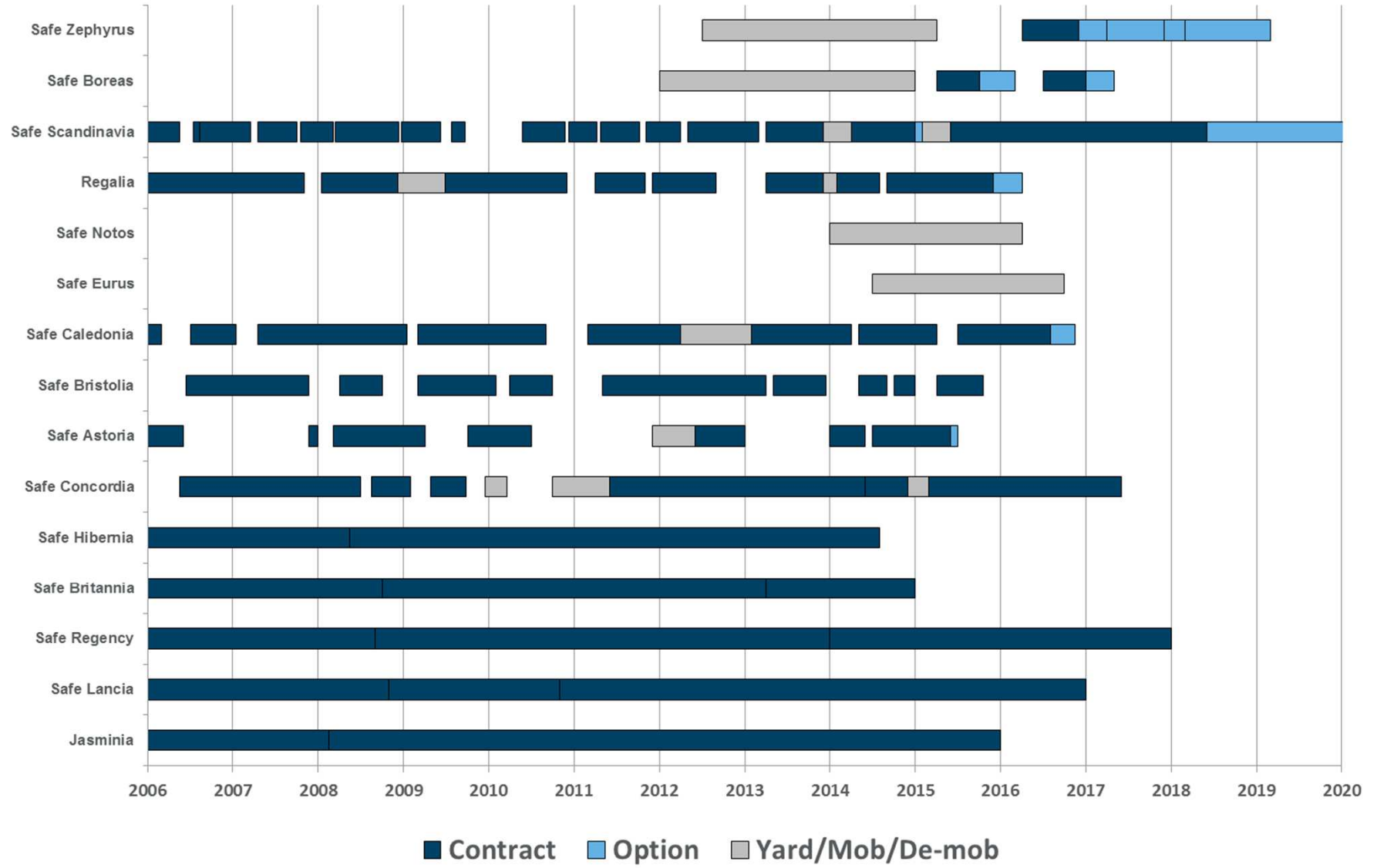
## ■ West Africa

- ❑ Opportunities as operators plan for major hook-up and commissioning projects

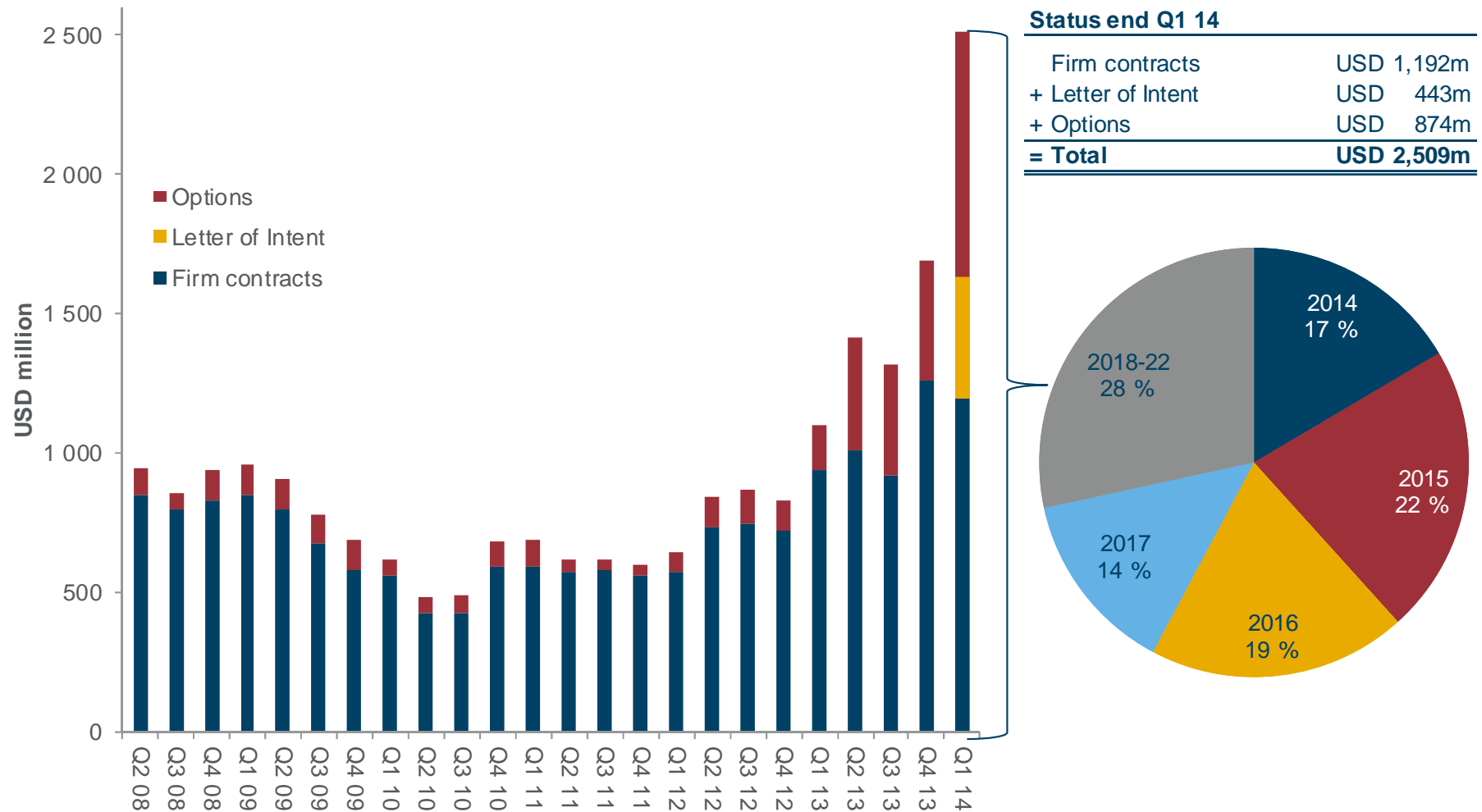
## Rest of World dayrates (time charter)



# High contract visibility



# Record high contract backlog



# Prosafe is well positioned

- Record high order backlog
- Robust demand
- High quality vessels
- Strong financial position
  - New build financing in place
- Steadily increase in dividend payments

