



5 November 2014

Q3 2014 results



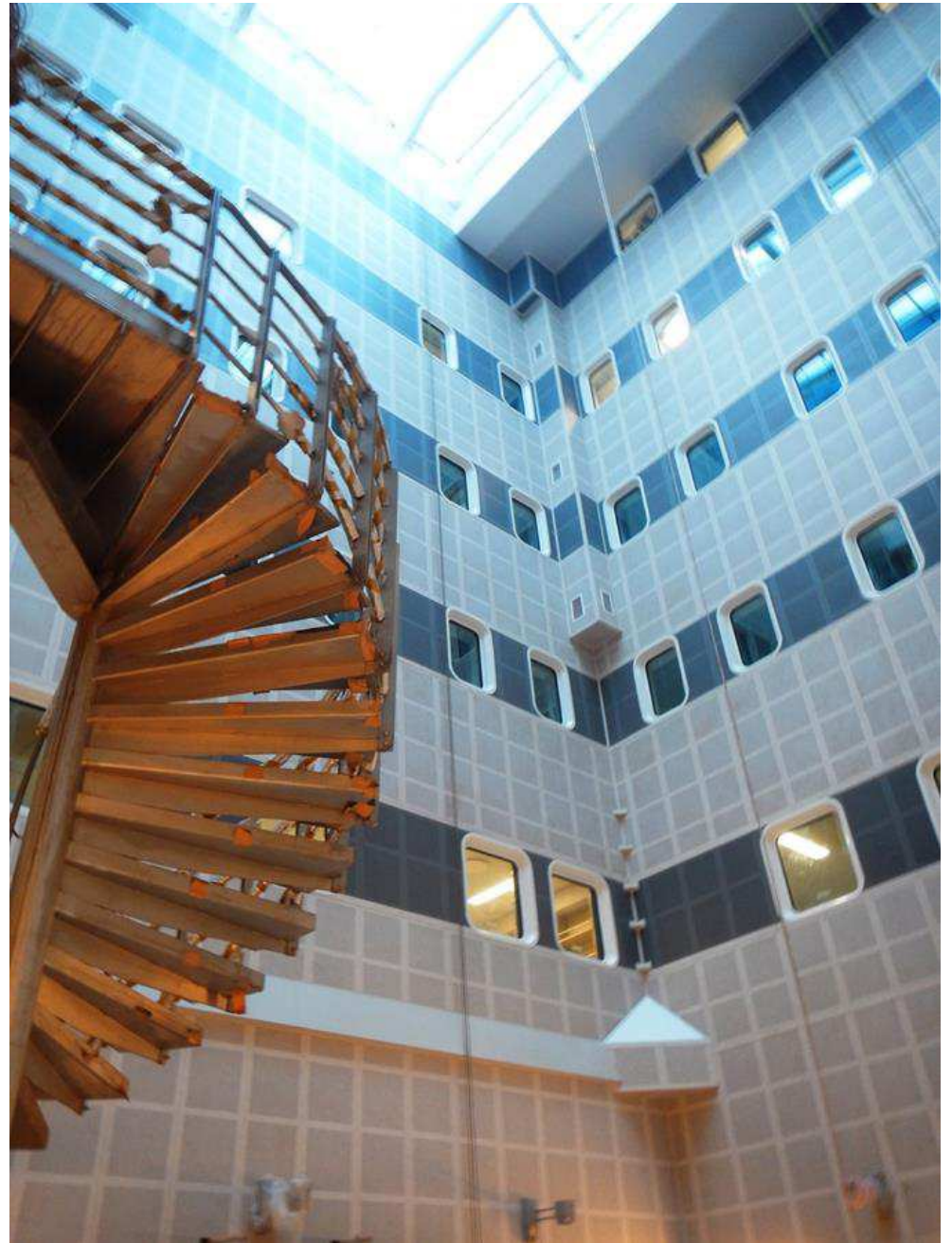
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Agenda

- **Recent developments**

- Financial results
- Operations/projects
- Outlook
- Appendix



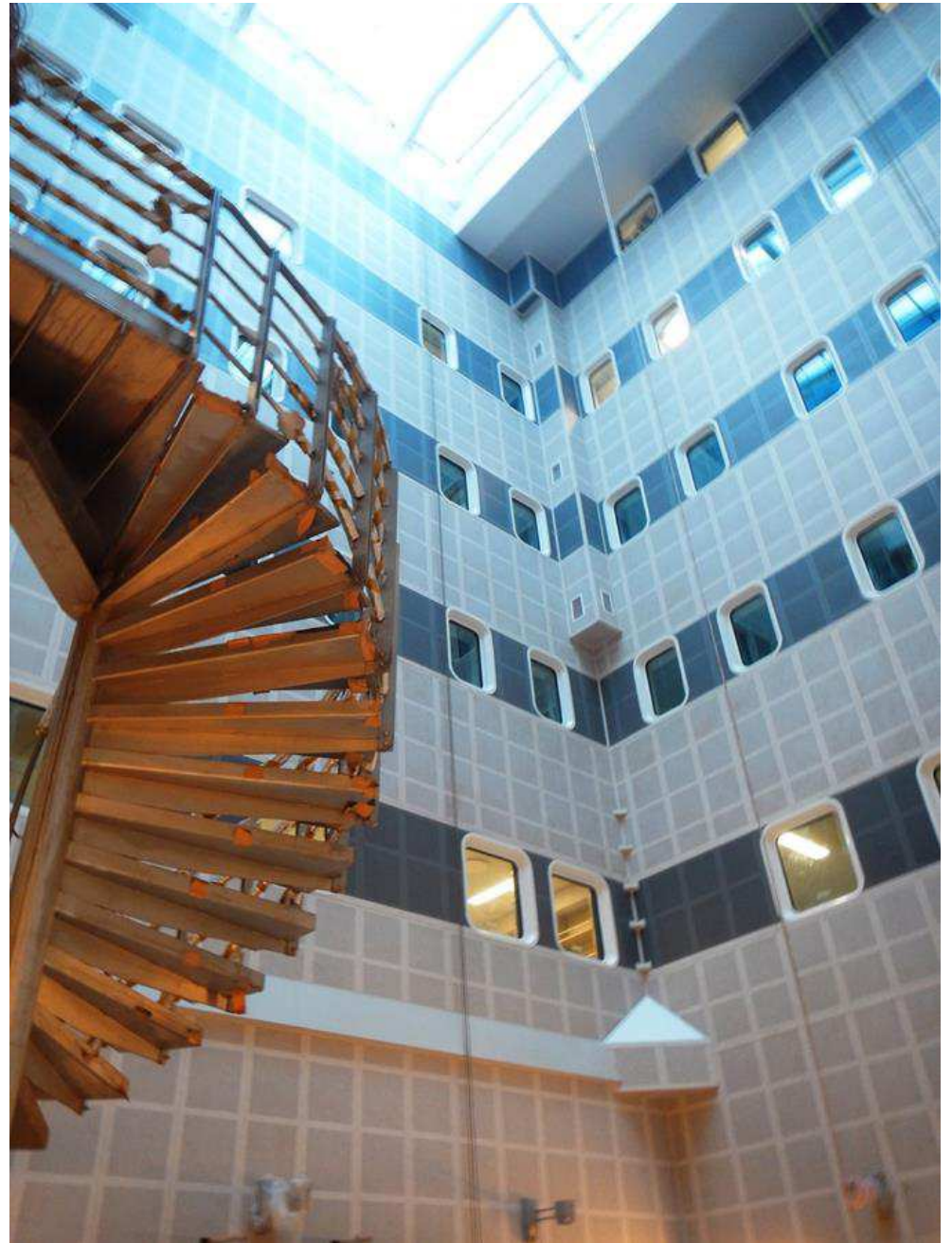
Recent developments

- Q3 utilisation of 96 per cent
- Best operating result ever in Q3
- Construction of first new build approaching completion
- Safe Bristolia operation suspended due to weather damages to equipment
- Near-term outlook still uncertain – demand softness in the North Sea region



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Income statement

(Unaudited figures in USD million)	Q3 14	Q2 14	Q3 13	9M 14	9M 13	2013
Operating revenues	169.5	133.4	159.4	394.6	388.7	523.5
Operating expenses	(59.9)	(62.4)	(50.8)	(175.9)	(163.5)	(216.9)
EBITDA	109.6	71.0	108.6	218.7	225.2	306.6
Depreciation	(16.6)	(16.0)	(18.2)	(47.8)	(47.1)	(61.5)
Operating profit	93.0	55.0	90.4	170.9	178.1	245.1
Interest income	0.2	0.0	0.4	0.3	1.2	1.3
Interest expenses	(10.0)	(8.8)	(8.4)	(27.1)	(25.8)	(34.2)
Other financial items	(7.9)	(1.2)	4.6	(4.9)	(9.9)	(8.5)
Net financial items	(17.7)	(10.0)	(3.4)	(31.7)	(34.5)	(41.4)
Profit before taxes	75.3	45.0	87.0	139.2	143.6	203.7
Taxes	(7.9)	(2.9)	(1.8)	(11.4)	(4.2)	(4.6)
Net profit	67.4	42.1	85.2	127.8	139.4	199.1
EPS	0.29	0.18	0.36	0.54	0.60	0.85
Diluted EPS	0.29	0.18	0.36	0.54	0.60	0.85

Operating revenues

(USD million)	Q3 14	Q2 14	Q3 13	9M 14	9M 13	2013
Charter income	148.8	114.7	146.0	344.0	348.8	469.2
Mob/demob income	3.0	3.7	0.0	7.8	5.4	9.1
Other income	17.7	15.0	13.4	42.8	34.5	45.2
Total	169.5	133.4	159.4	394.6	388.7	523.5

Balance sheet

(Unaudited figures in USD million)	30.09.14	30.06.14	31.12.13	30.09.13
Goodwill	226.7	226.7	226.7	226.7
Vessels	1 004.1	995.8	946.9	926.2
New builds	293.7	275.6	248.9	152.5
Other non-current assets	5.2	5.1	4.9	16.5
Total non-current assets	1 529.7	1 503.2	1 427.4	1 321.9
Cash and deposits	145.6	77.4	113.4	118.0
Other current assets	93.6	109.3	79.1	102.8
Total current assets	239.2	186.7	192.5	220.8
Total assets	1 768.9	1 689.9	1 619.9	1 542.7
Share capital	65.9	65.9	65.9	65.9
Other equity	660.7	624.7	673.8	639.8
Total equity	726.6	690.6	739.7	705.7
Interest-free long-term liabilities	45.2	53.1	25.1	40.5
Interest-bearing long-term debt	919.4	876.6	779.6	697.7
Total long-term liabilities	964.6	929.7	804.7	738.2
Other interest-free current liabilities	77.7	69.6	75.5	64.8
Current portion of long-term debt	0.0	0.0	0.0	34.0
Total current liabilities	77.7	69.6	75.5	98.8
Total equity and liabilities	1 768.9	1 689.9	1 619.9	1 542.7

Key figures

KEY FIGURES	Q3 14	Q2 14	Q3 13	9M 14	9M 13	2013
Operating margin	54.9 %	41.2 %	56.7 %	43.3 %	45.8 %	46.8 %
Equity ratio	41.1 %	40.9 %	45.7 %	41.1 %	45.7 %	45.7 %
Return on equity	37.8 %	24.2 %	49.9 %	23.2 %	30.4 %	31.7 %
Net interest bearing debt (USD million)	773.8	799.2	613.7	773.8	613.7	666.2
Number of shares (1 000)	235 973	235 973	235 973	235 973	235 973	235 973
Average no. of outstanding shares (1 000)	235 973	235 973	235 973	235 973	233 075	233 806
USD/NOK exchange rate at end of period	6.45	6.15	6.01	6.45	6.01	6.08
Share price (NOK)	37.58	50.60	48.00	37.58	48.00	46.80
Share price (USD)	5.83	8.23	7.99	5.83	7.99	7.70
Market capitalisation (NOK million)	8 868	11 940	11 327	8 868	11 327	11 044
Market capitalisation (USD million)	1 375	1 942	1 885	1 375	1 885	1 816

Solid funding structure in place

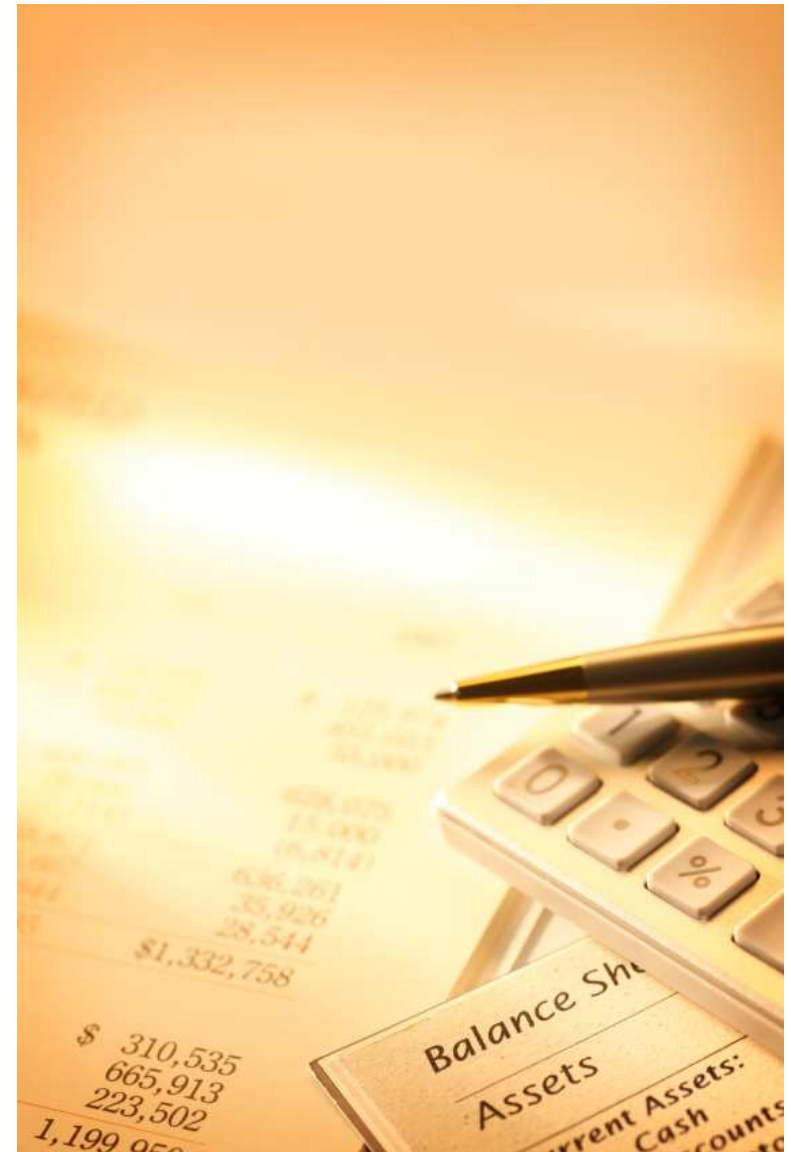
Interest-bearing debt portfolio

Facility	Commitment	Maturity	Margin
USD 1,100 million credit facility (2011-17)	USD 655 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
NOK 700 million bond (2014-19)	NOK 700 million	Q3 2019	310 bps

New bond loan
placed in August

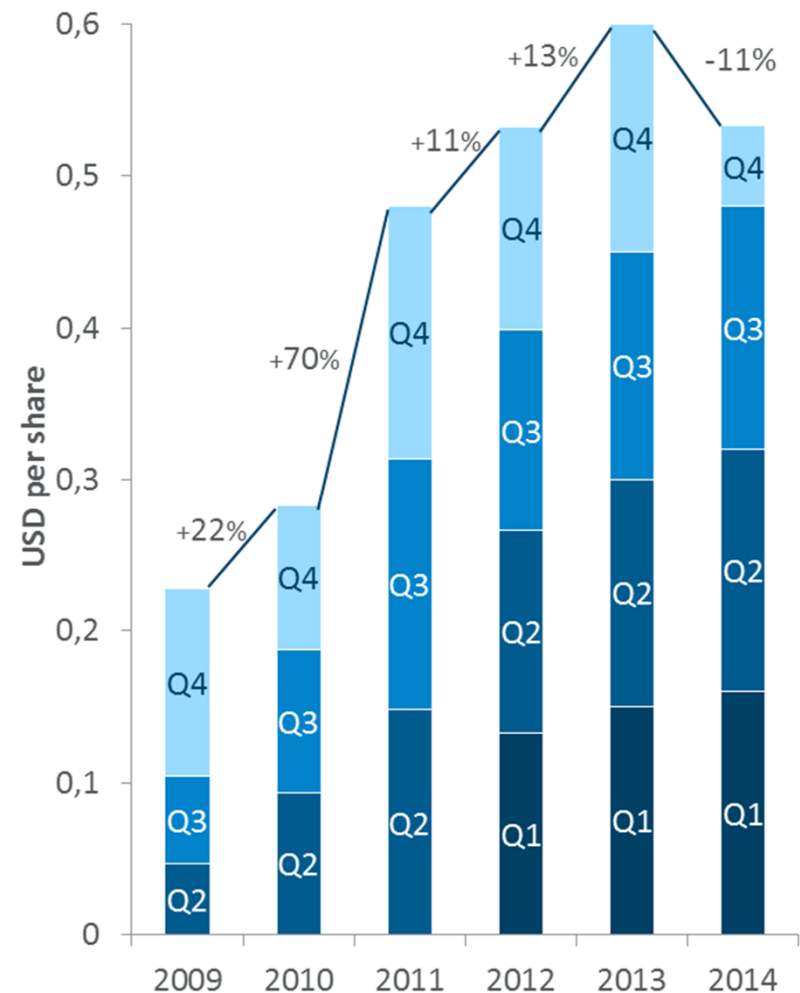
Dividend policy

- Paying out up to 75 per cent of previous year's net profit
 - Exact level to be paid in each period dependent on
 - Supply/demand balance in the market
 - Investment level
 - Overall financial position of the Group
- Detailed guidance:
 - 40-60 per cent normally
 - Up to 75 per cent in stronger periods
- Lower payout for the period until end 2016 in order to strengthen balance sheet and securing financial flexibility in a weaker market
 - 25-35 per cent



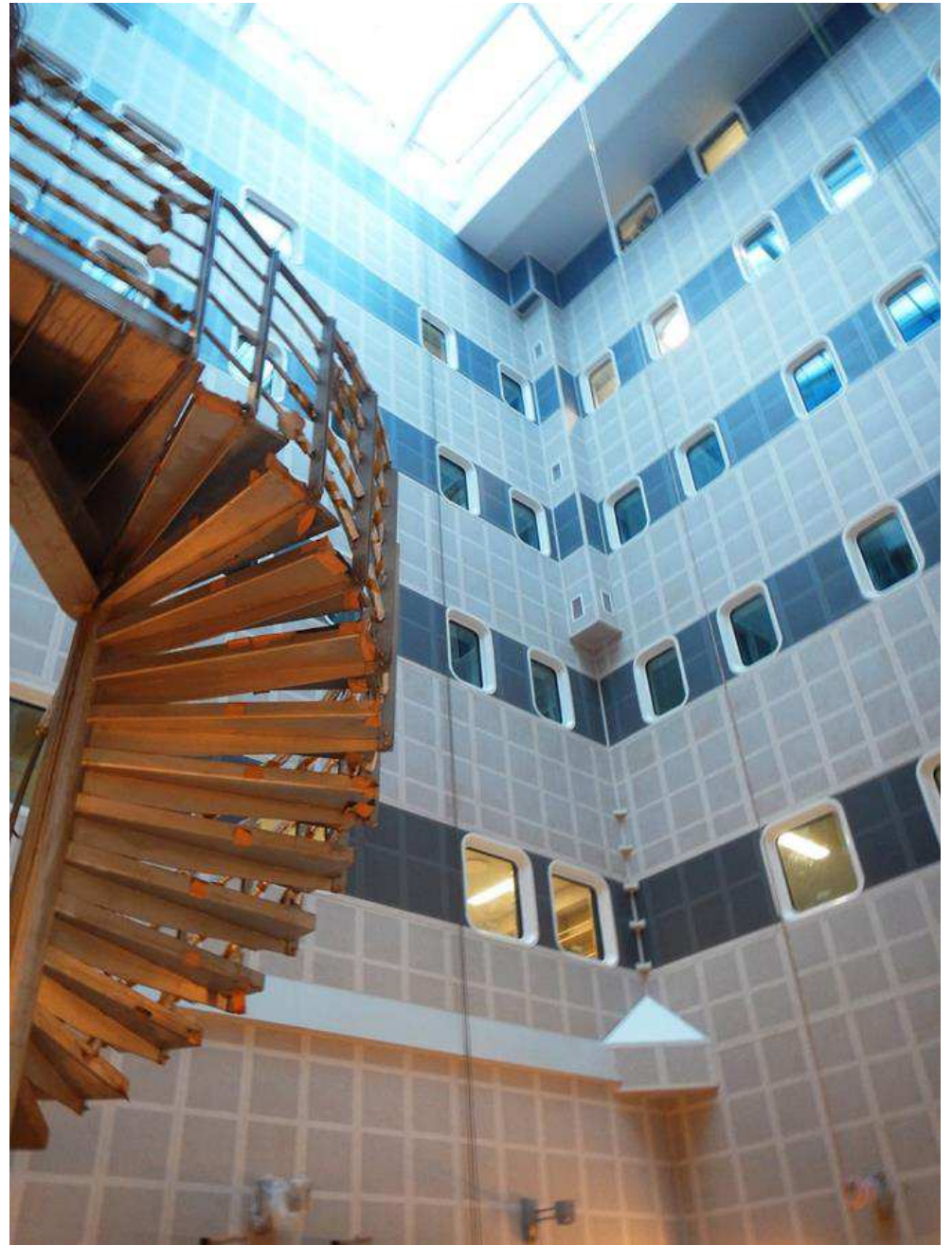
Dividend

- Declared an interim dividend equivalent to USD 0.053 per share
- The shares will trade ex-dividend on 13 November
- The dividend will be paid in the form of NOK 0.36 per share on 26 November
- Reflecting a payout ratio of 25 per cent of last year's net profit



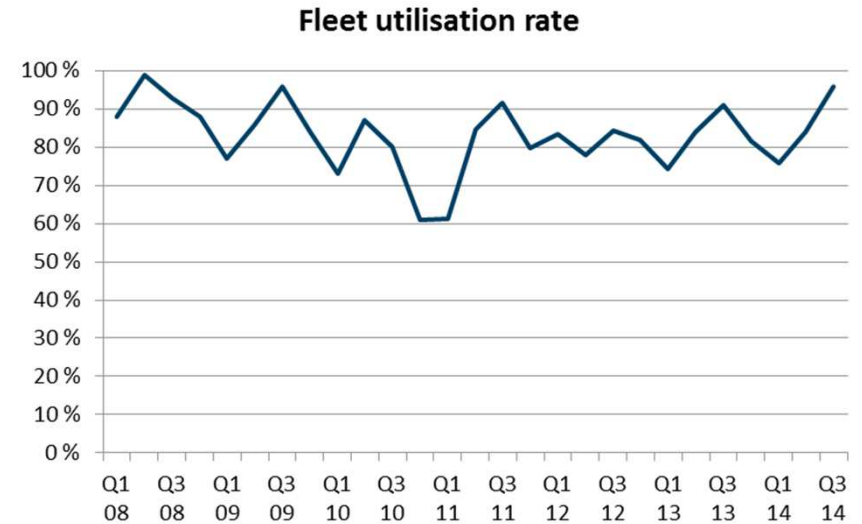
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Operations

- Solid operations in Q3
- Utilisation rate of 96 per cent
- Safe Bristolia sustained damages to lifeboats after experiencing extreme weather conditions around mid October



Safe Boreas

- Commissioning ongoing
- Sea trials to commence during next few weeks
- On track for start-up of operations in Norway in late April/early May
 - First contract for Lundin at the Edvard Grieg field in Norway

Financial status Q3 14	USDm
Book value o.b.	109
Book value c.b.	117
Capitalised in quarter	8
Estimated total cost	350



Safe Boreas



Safe Zephyrus

- Major items of equipment installed
- Installation of cabins ongoing
- Ready for operations in 2015

Financial status Q3 14	USDm
Book value o.b.	79
Book value c.b.	84
Capitalised in quarter	4
Estimated total cost	350



Safe Notos and Safe Eurus

- Projects developing as planned
 - ❑ Fast start: Steel cutting taking place 4 months after contract and keel lay 8.5 months after contract
 - ❑ Engineering and procurement progressing well
- Strong capabilities
 - ❑ The most advanced and flexible vessels for worldwide operations excluding Norway
- Ready for operations in 2016



Pontoon and column block construction

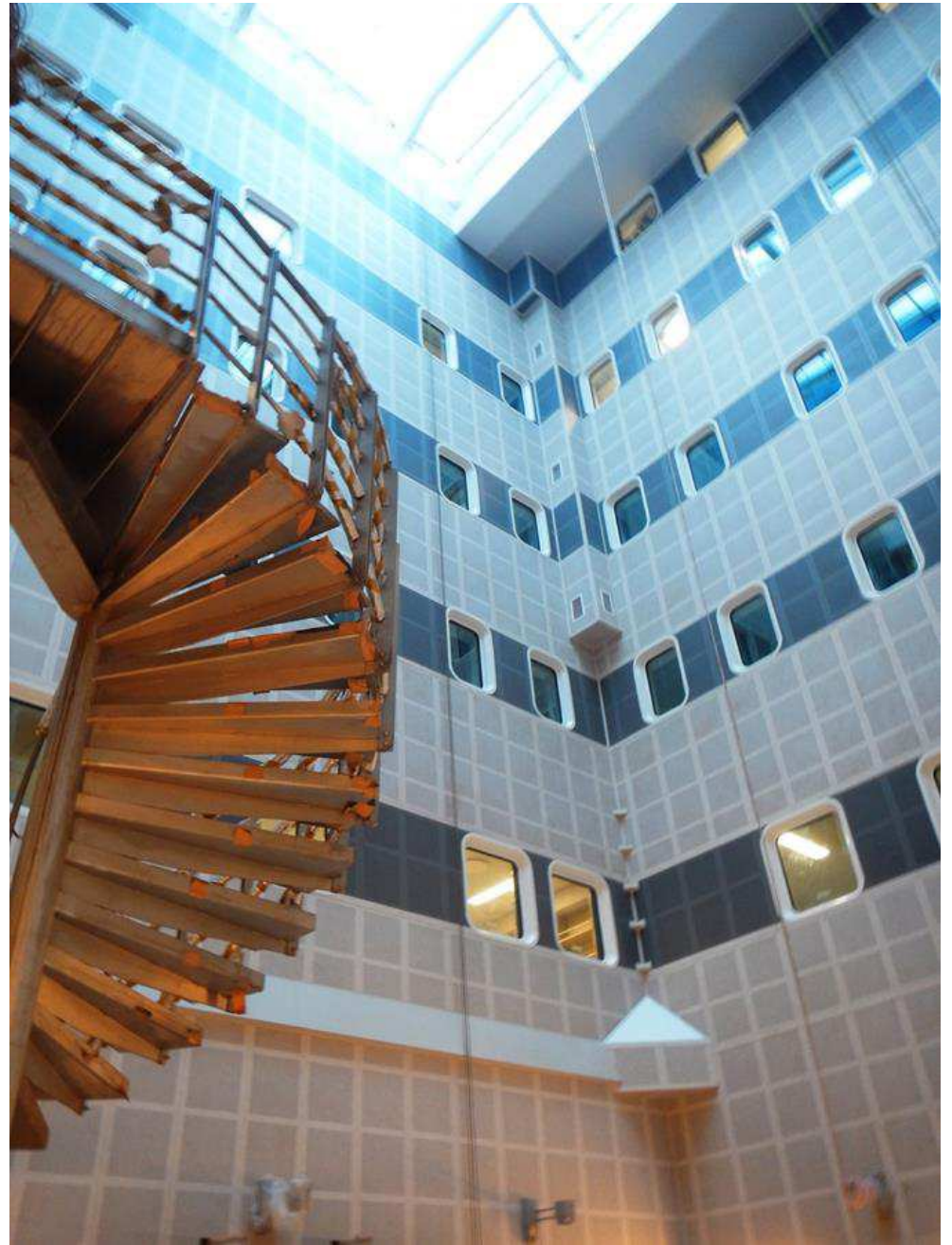
State of the art North Sea fleet

- 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

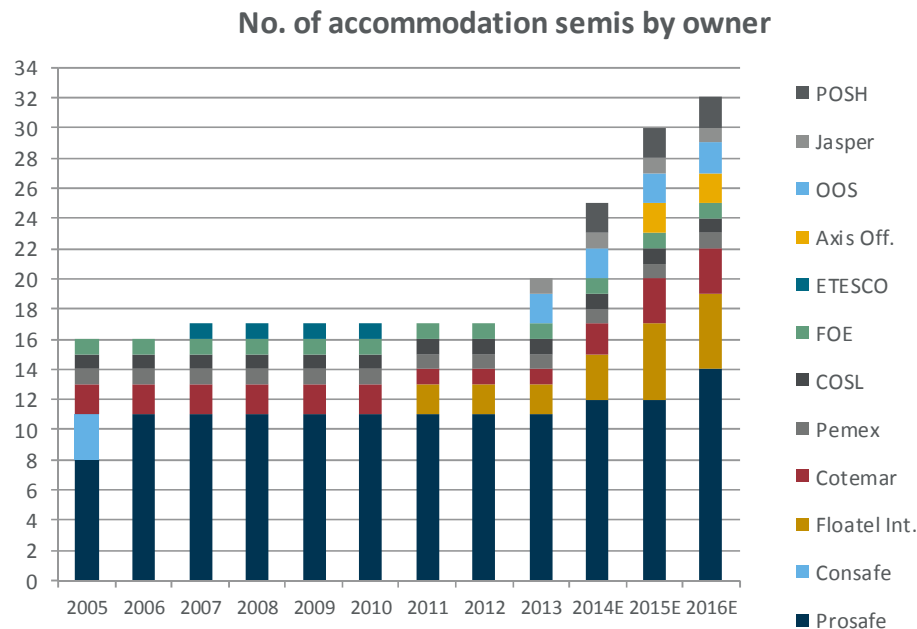


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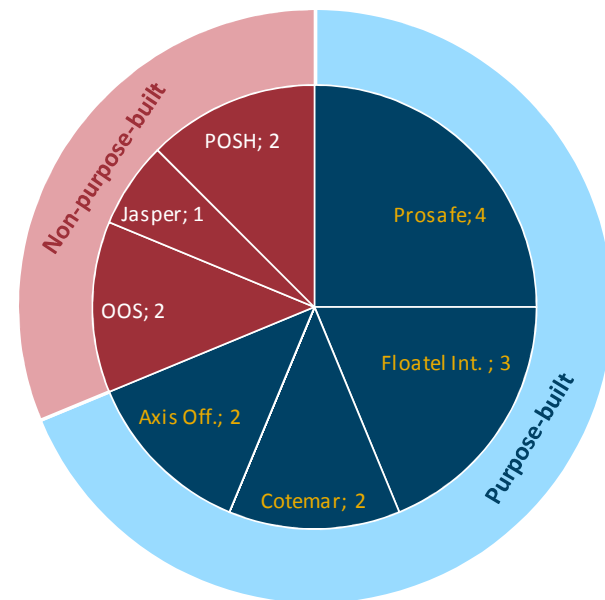
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Substantial growth in semi accommodation fleet



Overview of incoming vessels 2012-2016

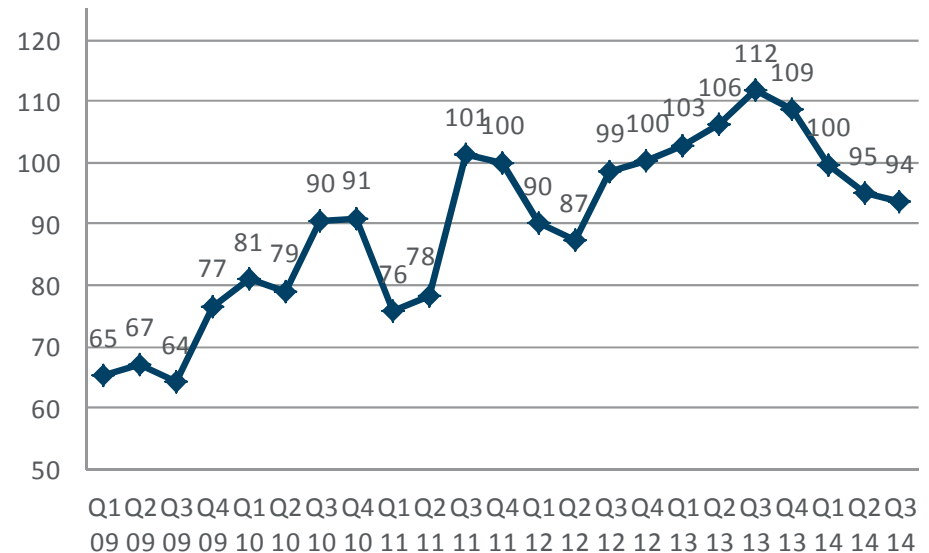


- Significant share of incoming vessels not originally designed for accommodation purposes
 - Not ideally designed and equipped for high end accommodation support operations
- Vessel exits
 - Safe Scandinavia going into TSV market for a minimum of three years from 2015
 - Some low-quality vessels may be retired/moved to lower-end segments, particularly if demand weakness persists

North Sea – weaker demand

- Short-to-medium term weakness
 - ❑ More uncertain demand situation due to reduced spending by oil companies
 - ❑ Several maintenance, modification and upgrade projects de-scoped/postponed
- Long term demand drivers intact
 - ❑ Aging infrastructure
 - ❑ Recovery rates trending upwards
 - ❑ Large new fields to come on stream in coming years
 - ❑ High interest in recent licensing rounds
 - ❑ Significant potential for work related to decommissioning in due course

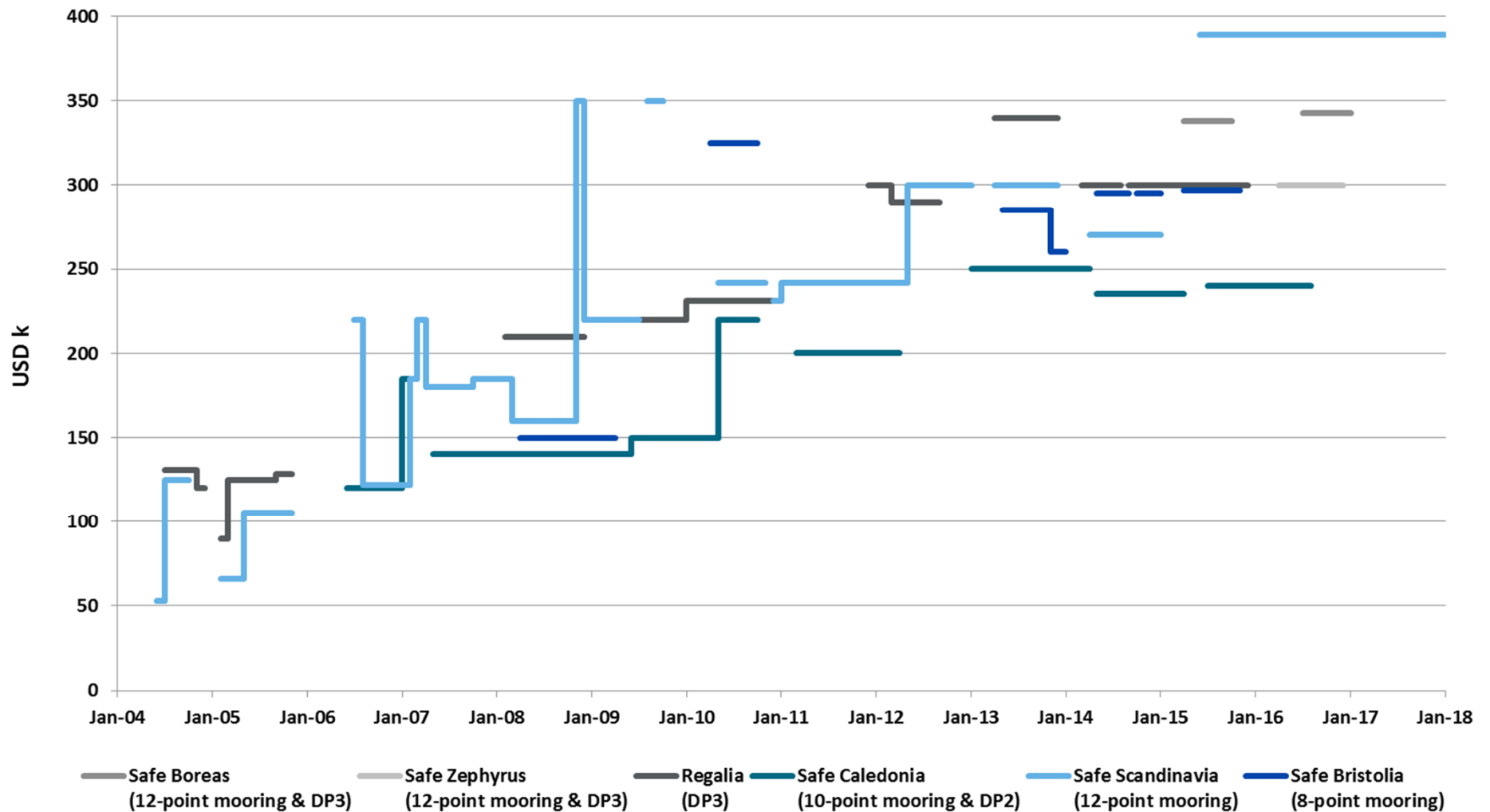
North Sea accommodation demand index



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

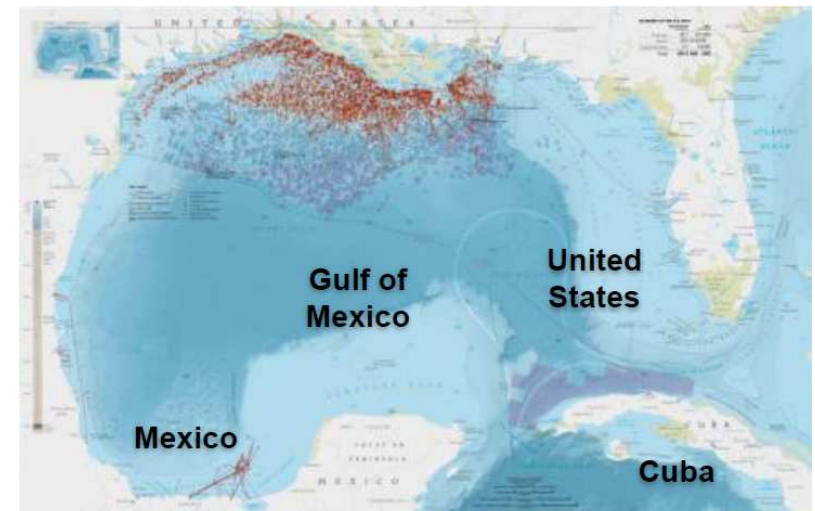
North Sea day rates (time charter)



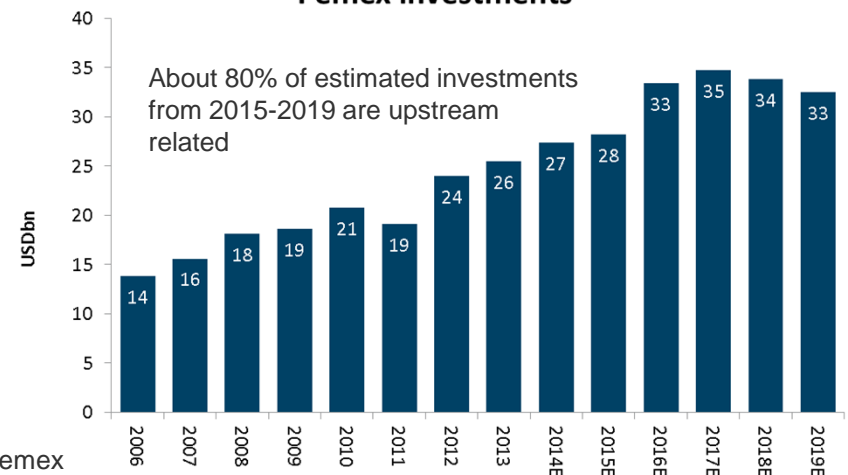
Mexico – stable outlook

- High activity level in shallow waters evidenced by an increasing number of drilling jack-ups under contract
- Interesting potential also in other shallow water areas besides Cantarell
- Energy reform has been approved
 - Opening up for international oil companies
 - Should lead to increased exploration in deep waters
 - May develop into demand for accommodation vessels also in deep waters in the long term

GoM infrastructure map

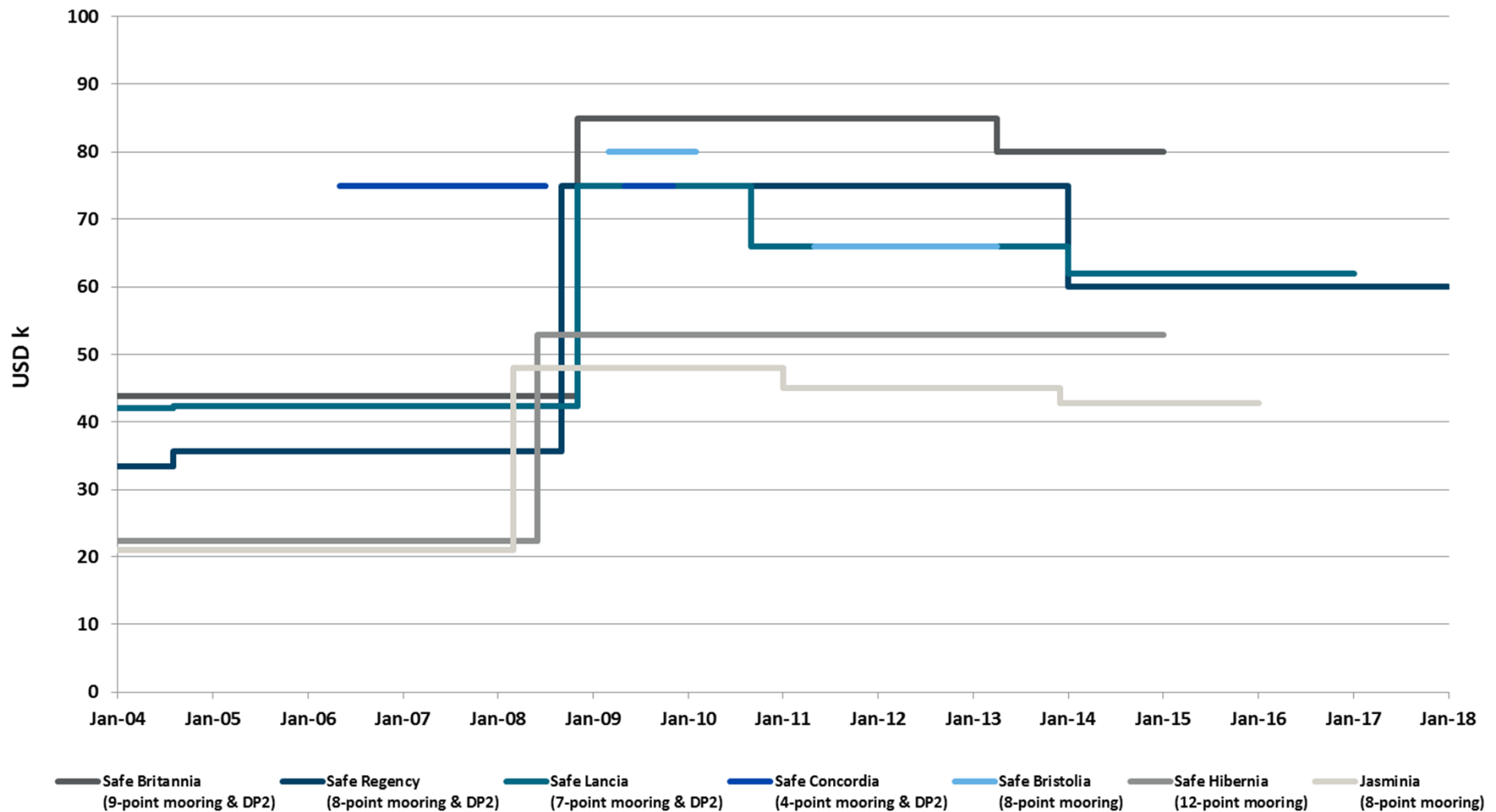


Pemex investments



Source: Pemex

Mexico day rates (bareboat)

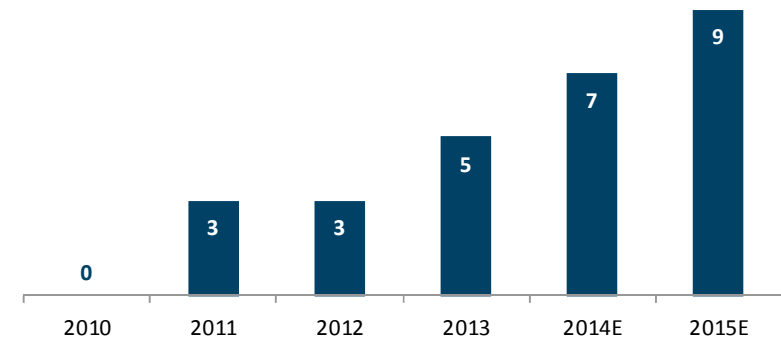


Brazil – continued demand growth

- Positive demand outlook
 - High activity in the Campos basin
 - Primarily maintenance requirements
 - Santos basin opportunities
 - Operators other than Petrobras showing interest in accommodation vessels
- Potential for further contract awards in the coming year
- Fragmented supply side leading to strong competition



Number of accommodation vessels in Brazil



Based on contracts awarded. Includes all vessel types

Rest of the world – interesting opportunities

■ Australia

- ❑ Some demand related to hook-up and commissioning
- ❑ As fields are getting older, there should be potential for more maintenance and modification related work

■ South East Asia

- ❑ Some demand for semis in mid and deep waters, mostly related to hook-up and commissioning

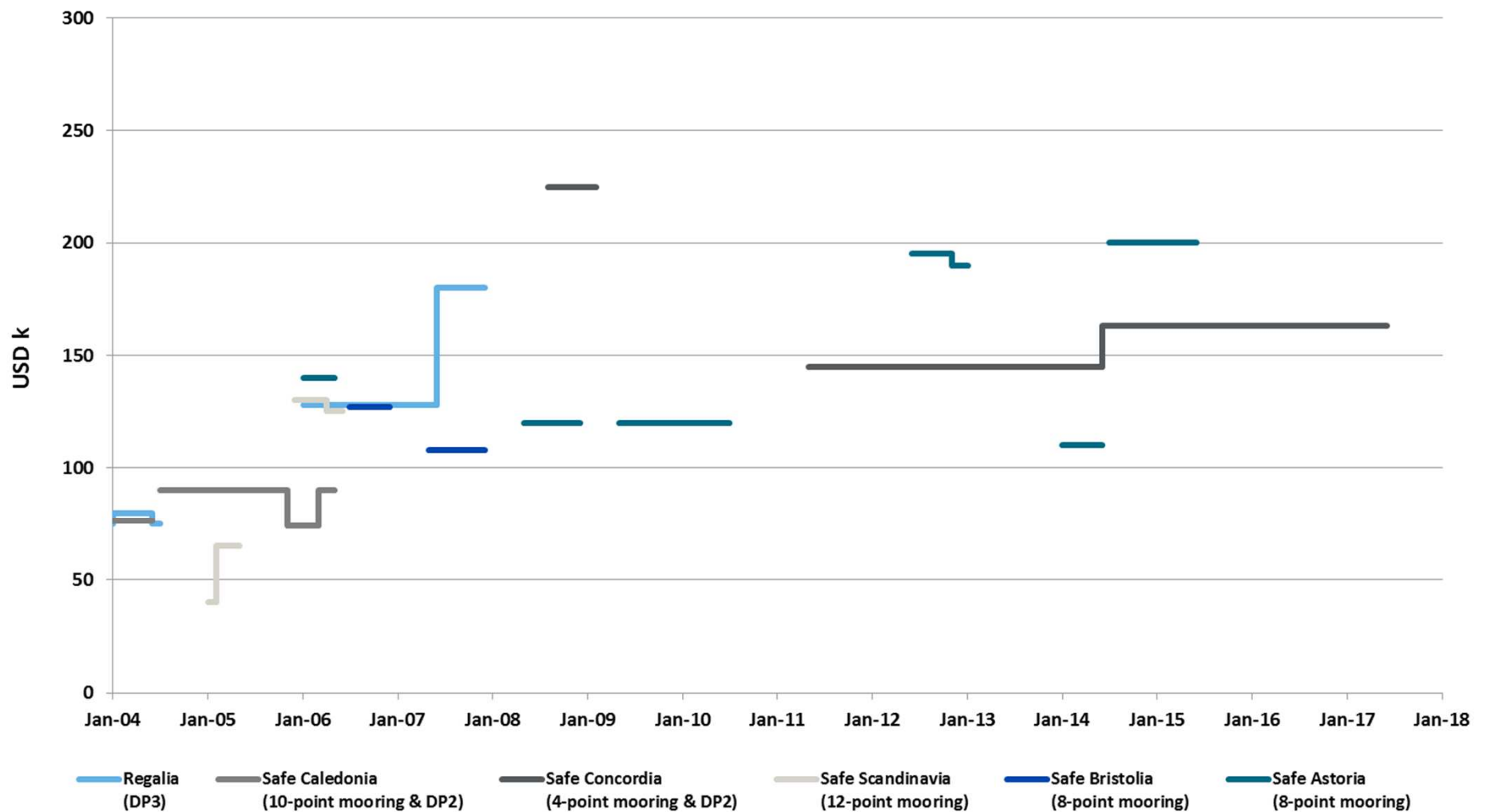
■ US GoM

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

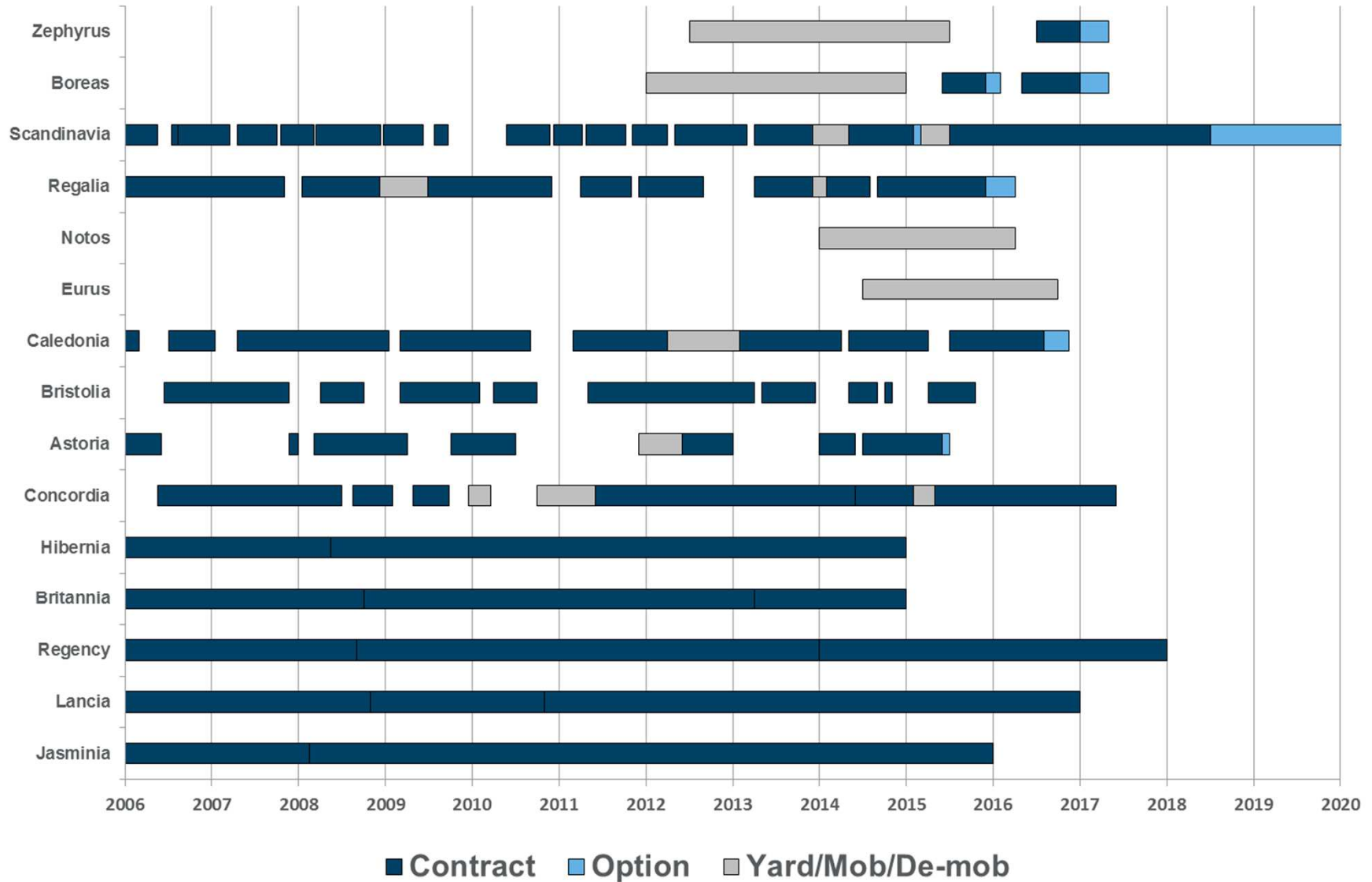
■ West Africa

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

Rest of the World day rates (time charter)



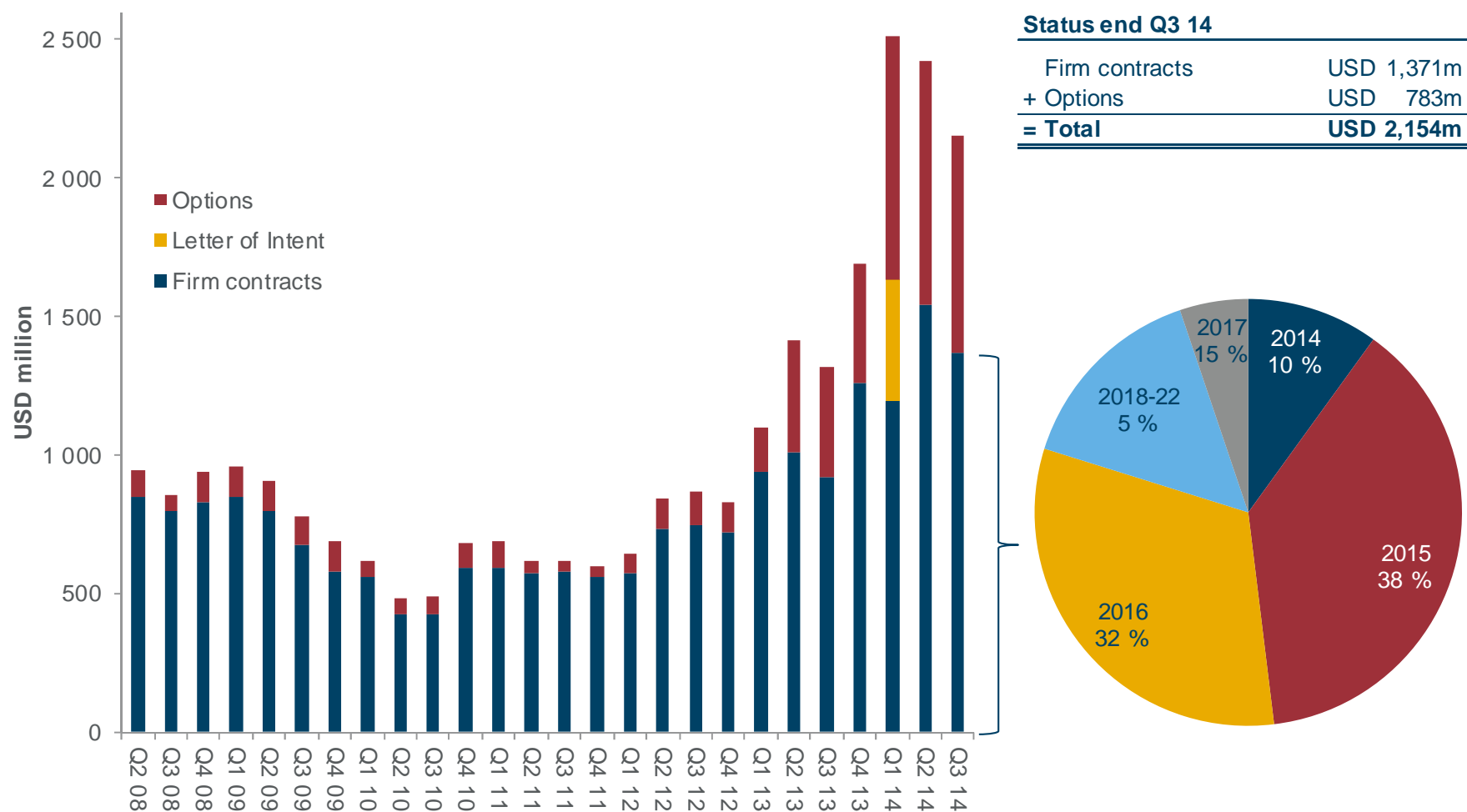
High contract visibility



Robust contract backlog

But no new contracts signed over past six months

Gross value of charter contracts



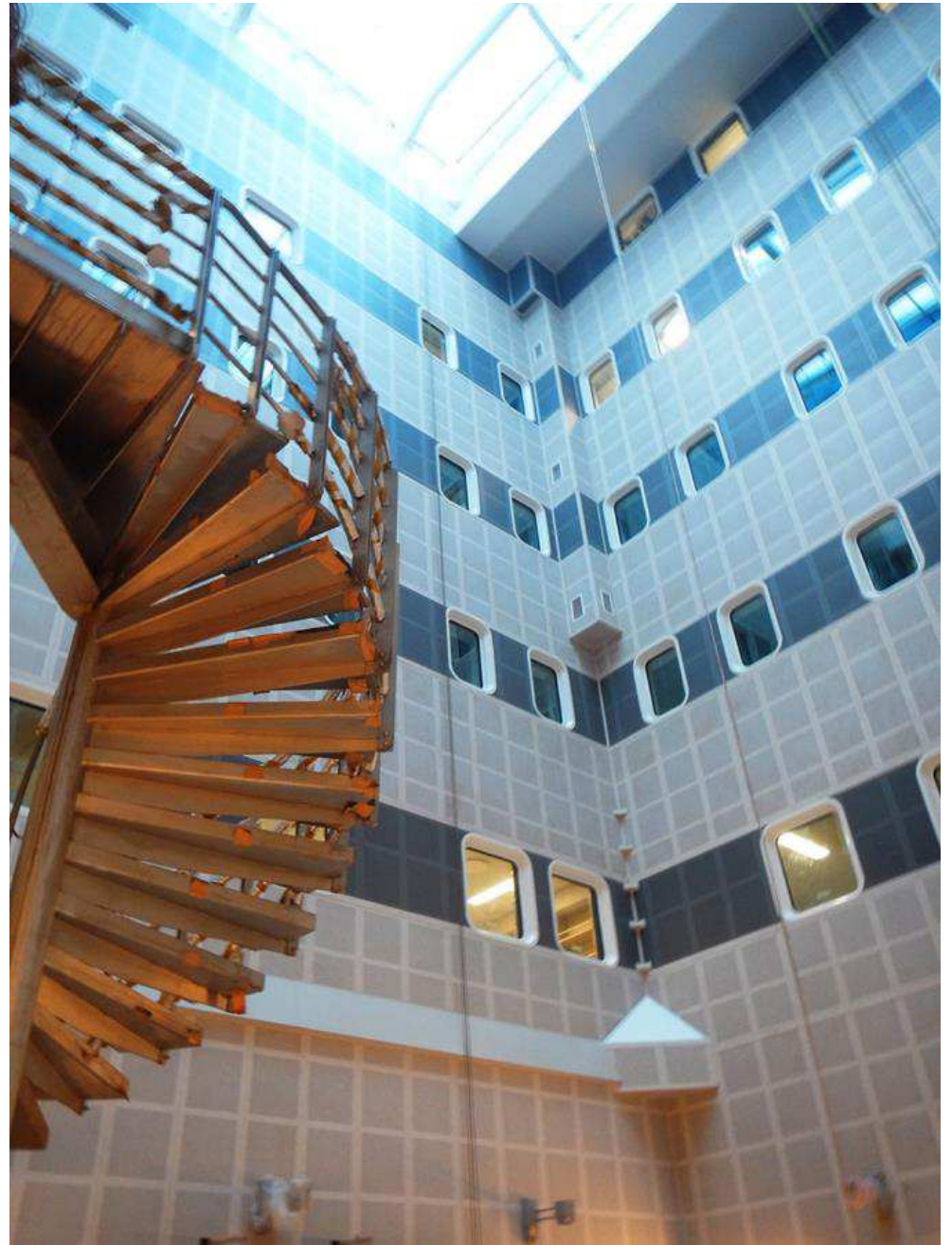
Summary

- New build projects
 - ❑ Safe Boreas in completion phase
 - ❑ Safe Zephyrus ready for operations in 2015
- Positive outlook in Mexico and Brazil
- Weak North Sea demand
- Dividend reduced in order to strengthen balance sheet and securing financial flexibility in a weaker market



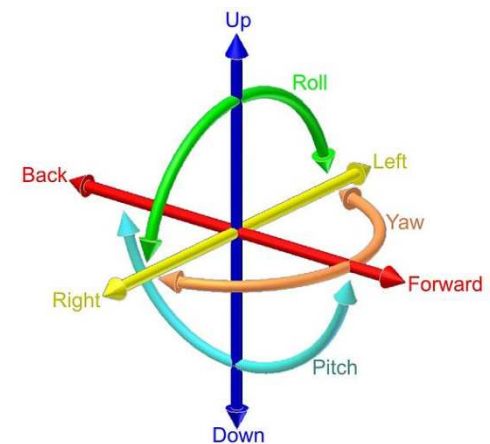
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Vessel motion characteristics

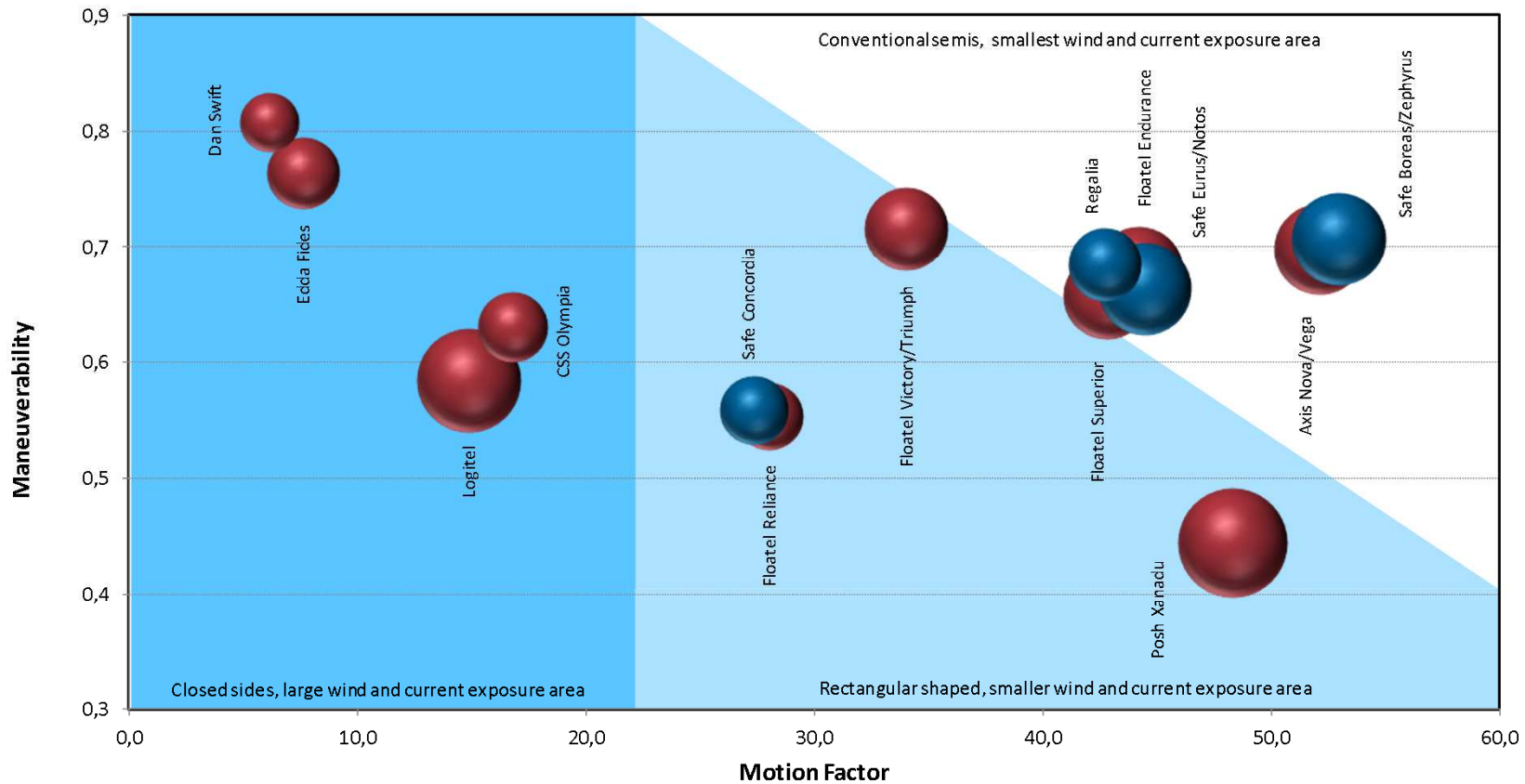
- Six degrees of freedom refers to the freedom of movement of a rigid body in a three-dimensional space
- The body is free to move (translation) along three axes
 - ❑ Surge (forward/backward or forward/astern)
 - ❑ Sway (left/right or port/starboard)
 - ❑ Heave (up/down)
- The body is free to rotate (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/m²) (motion)
 - ❑ Air gap in operation (m)

Vessel motion characteristics DP vessels

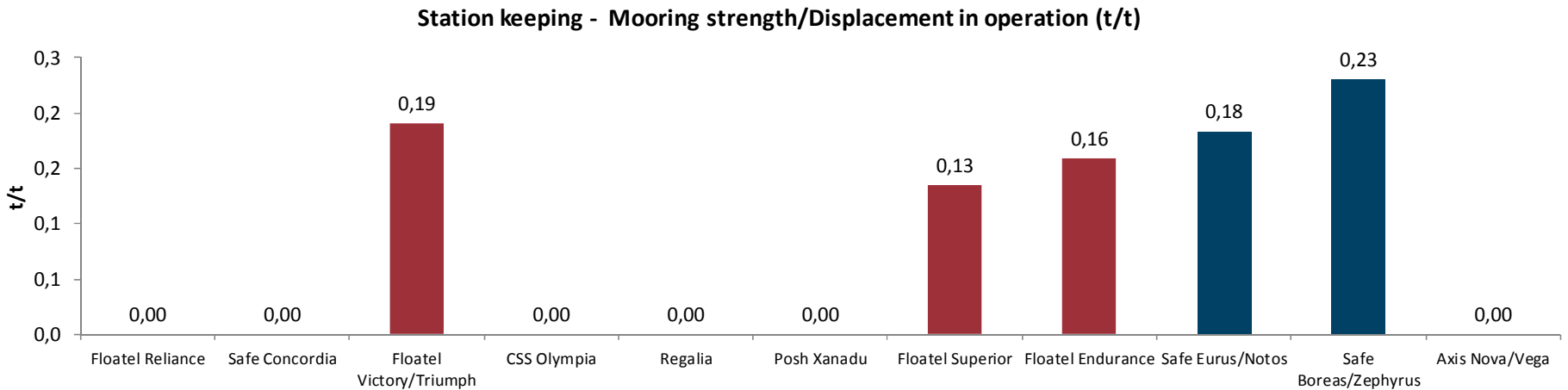
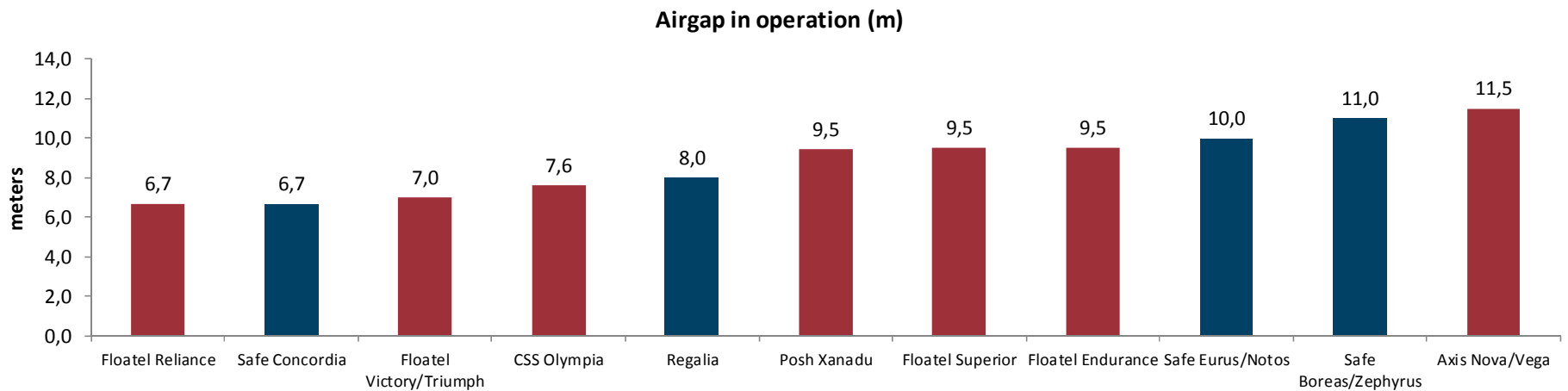


Maneuverability = Thruster Power / Displacement in operation (kW/t)
 Motion Factor = Displacement in operation / Waterplane Area (t/m²)
 Size of bubble = Displacement in operation
 Blue = Prosafe vessel, Red = competitor vessel

See appendix and latest issue of the "Prosafe Now" magazine (can be found at www.prosafe.com) for more details

Source: Prosafe estimates based on available technical specifications

Harsh environment capabilities DP vessels



Source: Prosafe estimates based on available technical specifications