



9 February 2015

Q4 2014 results



Disclaimer

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Agenda

- **Recent developments**

- Financial results
- Operations/projects
- Outlook
- Appendix



Recent developments

- Q4 utilisation of 92 per cent
- Safe Bristolia incident affects results negatively – still the best 4th quarter operating result ever
- Safe Boreas delivered from yard in January – currently in transit to Norway
- Oil price drop leading to increased market uncertainty
- Cost efficiency measures being implemented
- New USD 1,300 million bank facility entered into at favourable terms



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Income statement

(Unaudited figures in USD million)	Q4 14	Q3 14	Q4 13	2014	2013
Operating revenues	154.1	169.5	134.8	548.7	523.5
Operating expenses	(60.2)	(59.9)	(53.4)	(236.1)	(216.9)
EBITDA	93.9	109.6	81.4	312.6	306.6
Depreciation	(16.5)	(16.6)	(14.4)	(64.3)	(61.5)
Operating profit	77.4	93.0	67.0	248.3	245.1
Interest income	0.0	0.2	0.1	0.3	1.3
Interest expenses	(10.2)	(10.0)	(8.4)	(37.3)	(34.2)
Other financial items	(15.1)	(7.9)	1.4	(20.0)	(8.5)
Net financial items	(25.3)	(17.7)	(6.9)	(57.0)	(41.4)
Profit before taxes	52.1	75.3	60.1	191.3	203.7
Taxes	(1.1)	(7.9)	(0.4)	(12.5)	(4.6)
Net profit	51.0	67.4	59.7	178.8	199.1
 EPS	 0.22	 0.29	 0.25	 0.76	 0.85
Diluted EPS	0.22	0.29	0.25	0.76	0.85

Operating revenues

(USD million)	Q4 14	Q3 14	Q4 13	2014	2013
Charter income	137.2	148.8	120.4	481.2	469.2
Mob/demob income	1.0	3.0	3.7	8.8	9.1
Other income	15.9	17.7	10.7	58.7	45.2
Total	154.1	169.5	134.8	548.7	523.5

Balance sheet

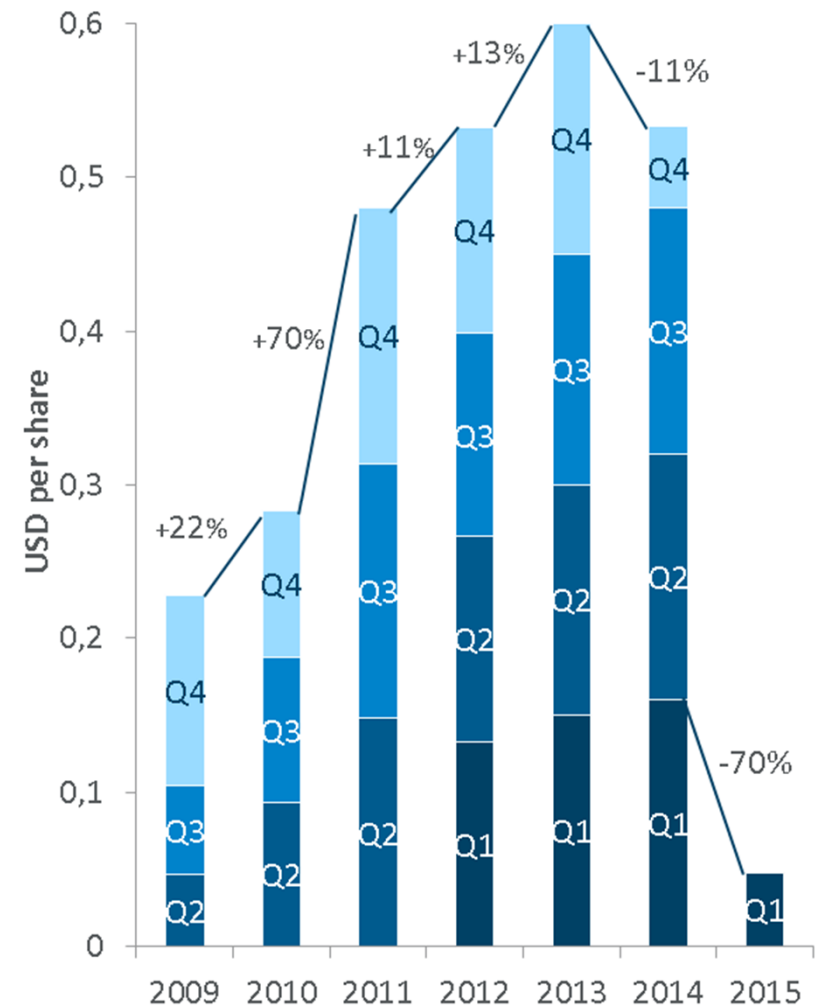
(Unaudited figures in USD million)	31.12.14	30.09.14	31.12.13
Goodwill	226.7	226.7	226.7
Vessels	1 027.3	1 004.1	946.9
New builds	311.8	293.7	248.9
Other non-current assets	5.7	5.2	4.9
Total non-current assets	1 571.5	1 529.7	1 427.4
Cash and deposits	122.4	145.6	113.4
Other current assets	122.9	93.6	79.1
Total current assets	245.3	239.2	192.5
Total assets	1 816.8	1 768.9	1 619.9
Share capital	65.9	65.9	65.9
Other equity	682.6	660.7	673.8
Total equity	748.5	726.6	739.7
Interest-free long-term liabilities	55.9	45.2	25.1
Interest-bearing long-term debt	830.1	919.4	779.6
Total long-term liabilities	886.0	964.6	804.7
Other interest-free current liabilities	182.3	77.7	75.5
Total current liabilities	182.3	77.7	75.5
Total equity and liabilities	1 816.8	1 768.9	1 619.9

Key figures

KEY FIGURES	Q4 14	Q3 14	Q4 13	2014	2013
Operating margin	50.2 %	54.9 %	49.7 %	45.3 %	46.8 %
Equity ratio	41.2 %	41.1 %	45.7 %	41.2 %	45.7 %
Return on equity	28.1 %	37.8 %	33.0 %	24.0 %	31.7 %
Net interest bearing debt (USD million)	707.7	773.8	666.2	707.7	666.2
Number of shares (1 000)	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	233 806
USD/NOK exchange rate at end of period	7.43	6.45	6.08	7.43	6.08
Share price (NOK)	23.00	37.58	46.80	23.00	46.80
Share price (USD)	3.10	5.83	7.70	3.10	7.70
Market capitalisation (NOK million)	5 427	8 868	11 044	5 427	11 044
Market capitalisation (USD million)	730	1 375	1 816	730	1 816

Dividend

- Board of Directors has declared an interim dividend equivalent to USD 0.048 per share
- The shares will trade ex-dividend on 18 February
- The dividend will be paid in the form of NOK 0.36 per share on 3 March



New debt facility – key terms & conditions

- New USD 1,300 million bank facility to refinance existing USD 1,100 million and USD 420 million facilities
- Loan agreement signed, closing expected shortly
- Key terms & conditions:
 - Interest rate: LIBOR + 1.90 per cent for five years
LIBOR + 2.15 per cent last two years
 - Tenor: 7 years (maturity in 2022)
 - Repayment: Semi-annual reductions of USD USD 65 million,
balloon payment of USD 390 million
(10 years repayment profile)
 - Security: Safe Boreas, Safe Zephyrus, Safe Scandinavia,
Regalia, Safe Caledonia, Safe Bristolia, Safe
Astoria, Safe Concordia

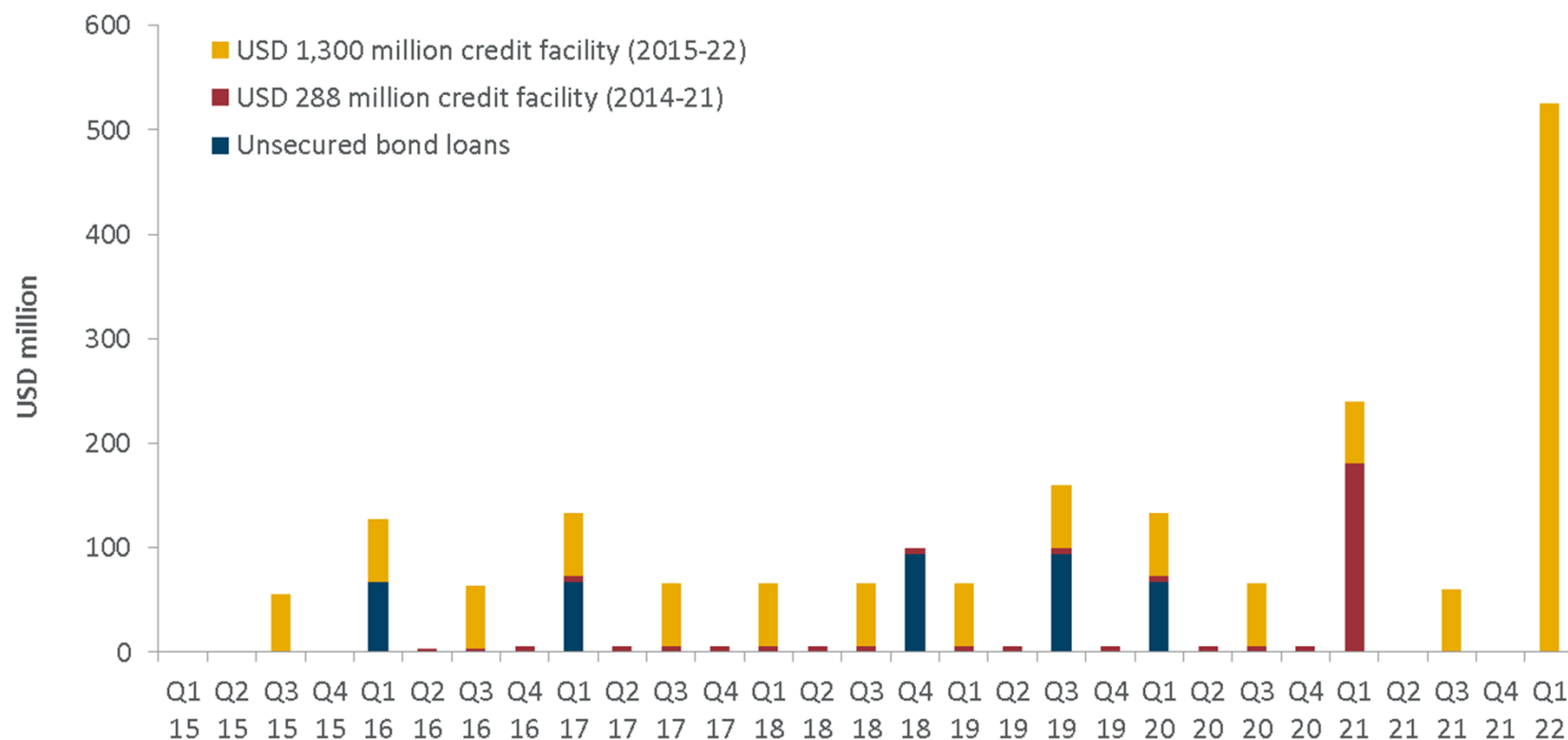
New debt facility – financial covenants

- Minimum liquidity
 - Cash¹ > USD 65 million
- Leverage ratio²
 - 2015-2017: Net Debt²/EBITDA³ < 5.0
 - 2018-2022: Net Debt²/EBITDA³ < 4.5
- Equity ratio³
 - Value Adjusted Equity Ratio > 35 per cent

1. Including up to USD 25 million of undrawn facilities
2. Excluding debt related to new builds under construction
3. Annualisation of contribution from new vessels that have not been in operation for a full year
4. Adjusted for market value of vessels



Debt instalment profile



Note: As the new USD 1,300 million facility includes a revolving tranche the scheduled instalments do not necessarily imply a reduction of cash (or gross interest-bearing debt)

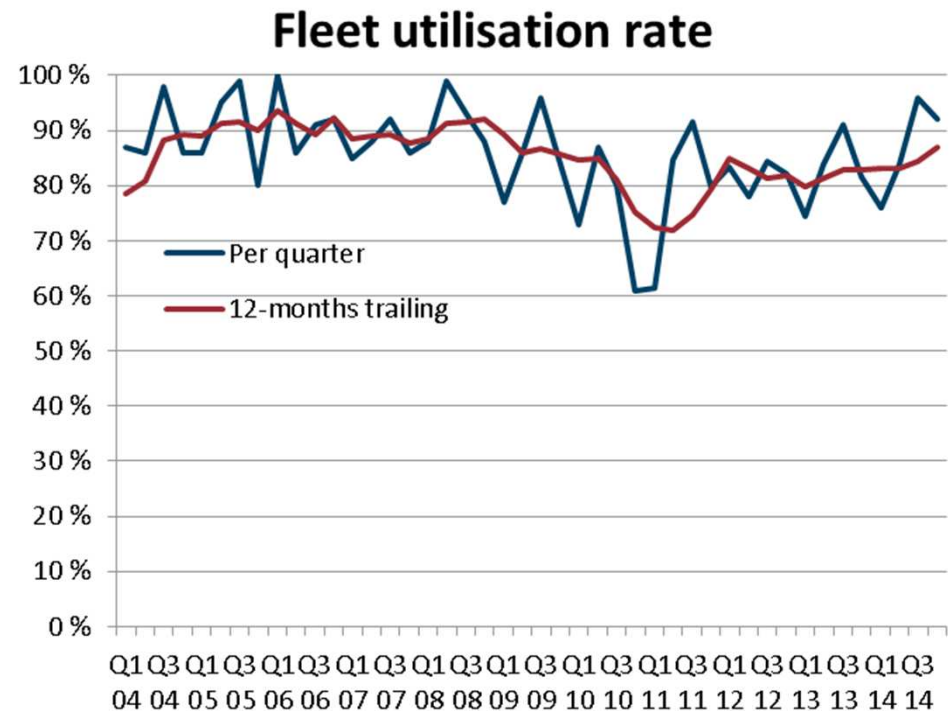
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Operations

- Utilisation rate of 92 per cent in Q4
- Operating performance as expected, except Safe Bristolia incident
- Safe Bristolia sustained damages to lifeboats after experiencing extreme weather conditions in early October



Safe Boreas

- Vessel delivered from yard in mid-January
- Currently in transit to Norway
- On track for start-up of operations in Norway in late April/early May
 - First contract for Lundin Norway at the Edvard Grieg field in Norway



Financial status Q4 14	USDm
Book value o.b.	117
Book value c.b.	125
Capitalised in quarter	8
Estimated total cost	350

Safe Zephyrus

- Engines have been started
- Mechanical completion in progress
- Ready for operations in 2015



Financial status Q4 14	USDm
Book value o.b.	84
Book value c.b.	91
Capitalised in quarter	7
Estimated total cost	350

Safe Notos and Safe Eurus



- Projects developing as planned
 - ❑ Float-out of Safe Notos hull in mid-January
 - ❑ Keel-laying Safe Eurus in end January
- Strong capabilities
 - ❑ The most advanced and flexible vessels for worldwide operations excluding Norway
- Ready for operations in 2016

Safe Scandinavia and Safe Concordia

■ Safe Scandinavia TSV project

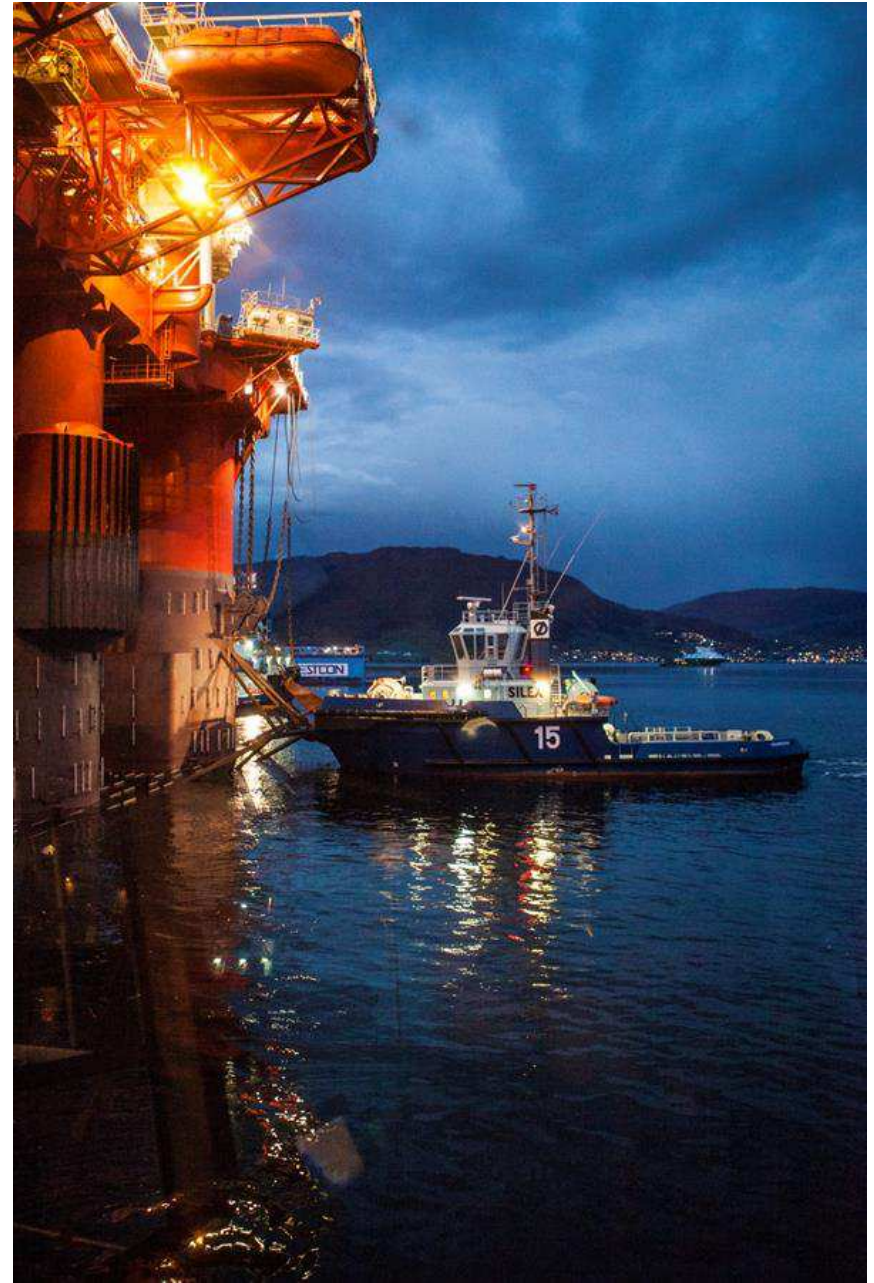
- ❑ 3 years firm (+4 years of options) contract with Statoil for use of the vessel as a Tender Support Vessel (TSV) at Oseberg Øst in Norway
- ❑ Vessel to go to Westcon yard in Norway after completion of contract with Premier Oil in late February
- ❑ Fabrication of equipment packages progressing well
- ❑ Start-up of operations at Oseberg Øst scheduled for mid 2015

■ Safe Concordia SPS

- ❑ Vessel to go to the Maua yard in Brazil in mid February
- ❑ Expected to be off-hire for approximately 10 weeks

2015 capital expenditure

- Expected capital expenditure in 2015: USD 700-750 million
- Major items:
 - ❑ Final yard instalment Safe Boreas
 - ❑ Final yard instalment Safe Zephyrus
 - ❑ Safe Scandinavia TSV conversion
 - ❑ Safe Concordia SPS
 - ❑ Safe Notos/Safe Eurys new build projects

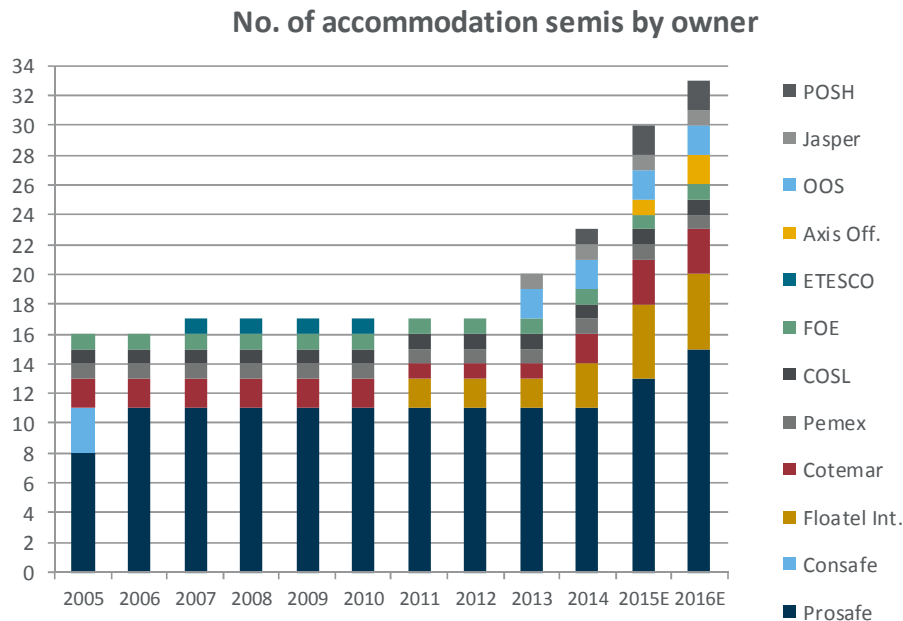


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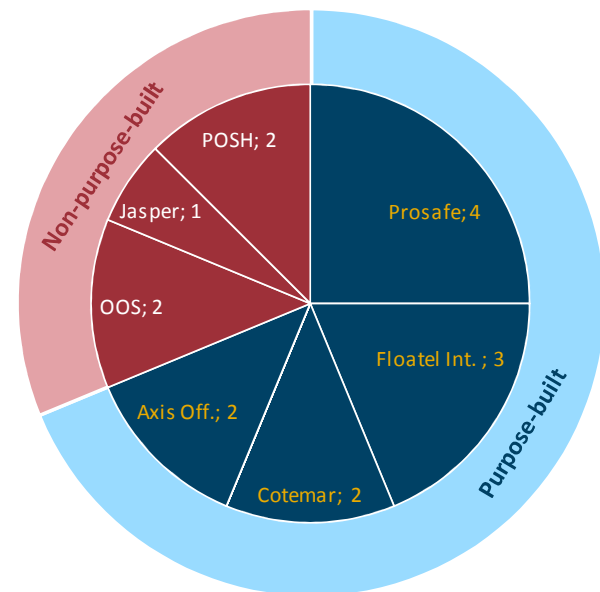
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Substantial growth in semi accommodation fleet



Overview of incoming vessels 2012-2016

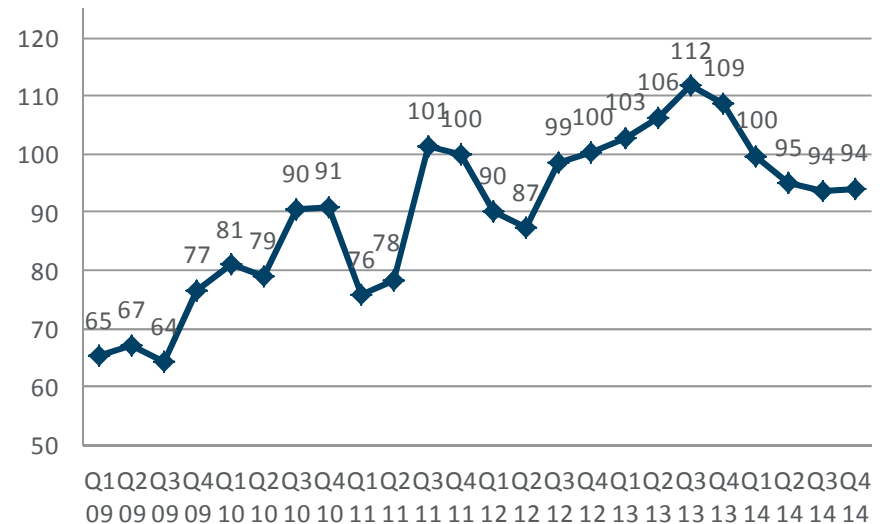


- Significant share of incoming vessels not originally designed for accommodation purposes
 - ❑ Not ideally designed and equipped for high-end accommodation support operations
- Vessel exits
 - ❑ Safe Scandinavia going into TSV market for a minimum of three years from 2015
 - ❑ Some low-quality vessels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

North Sea – lower activity level

- Short-to-medium term weakness
 - ❑ De-scoping, postponement and cancellation of projects
 - ❑ Longer decision processes
 - ❑ Some prospects that can lead to contract awards over the coming year
- 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

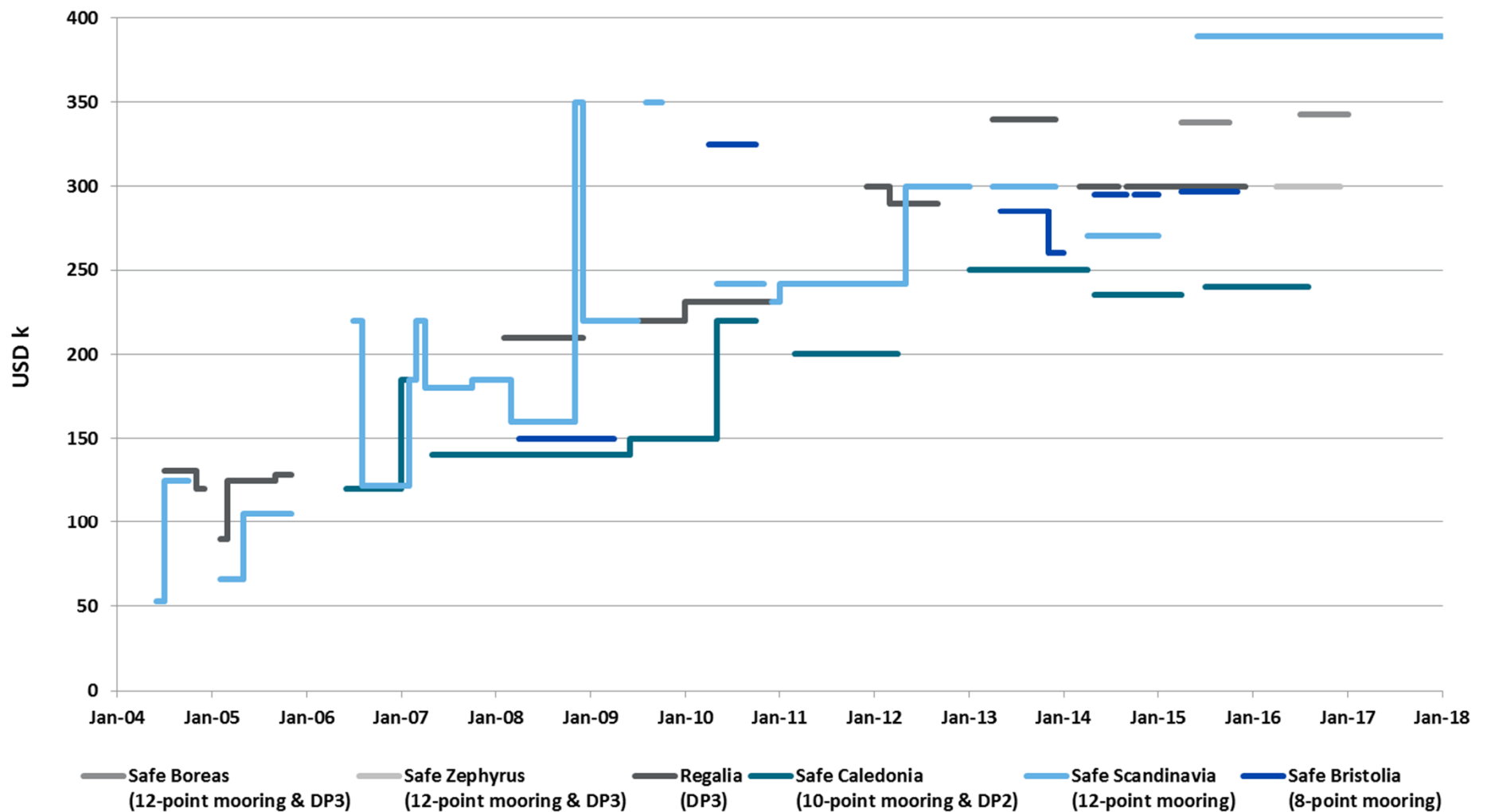
North Sea accommodation demand index



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)

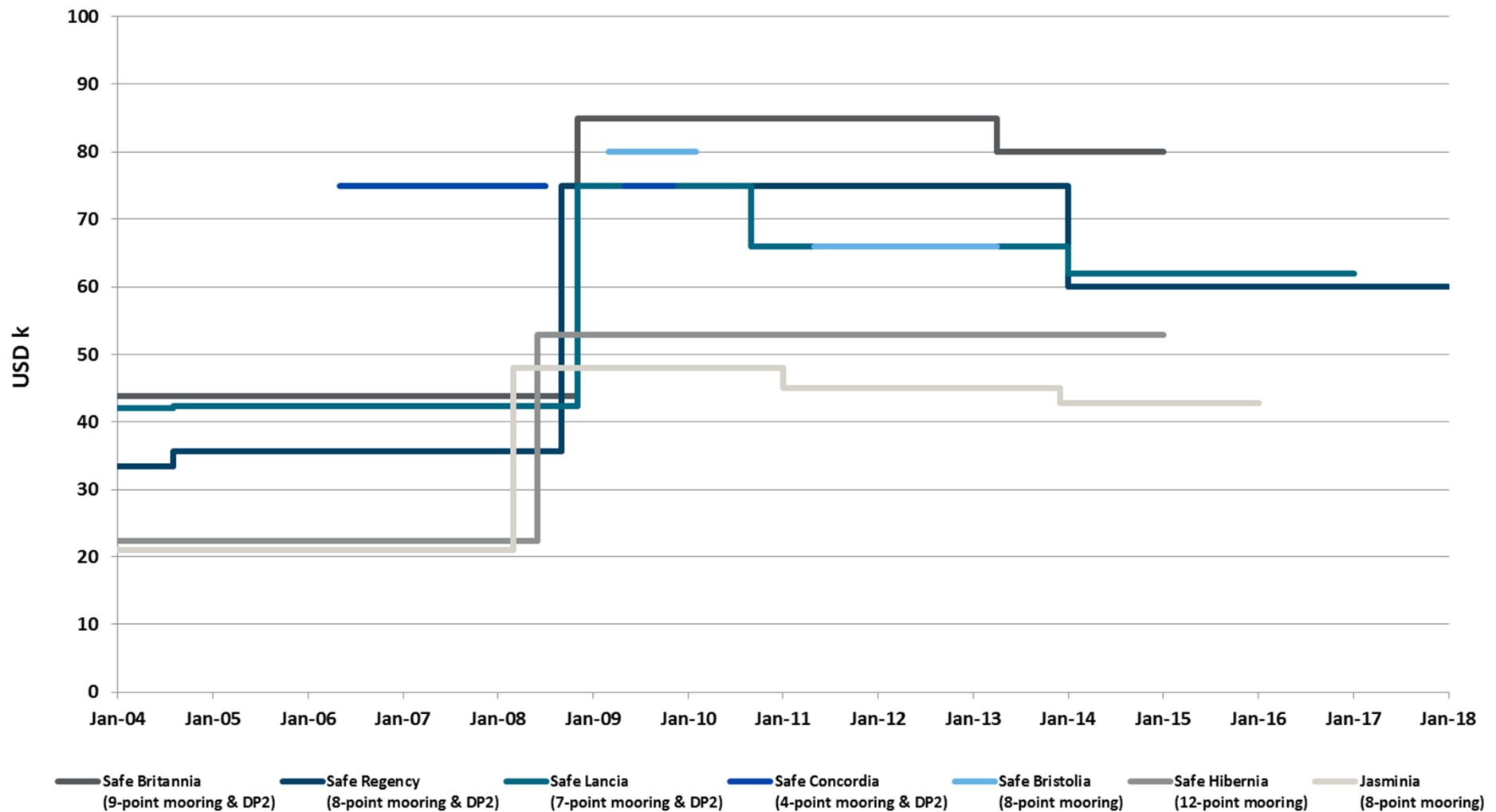


Mexico – rising short-term uncertainty

- Promising long-term demand picture
 - ❑ Interesting potential also in other shallow water areas besides Cantarell
 - ❑ Energy reform should lead to more deepwater exploration
- Oil price drop has created short-term uncertainty
 - ❑ But production volumes not expected to be negatively affected
 - ❑ Should imply continued demand for services supporting production and recovery rates, such as accommodation support



Mexico day rates (bareboat)



Brazil – potential for further contract awards

- Accommodation vessels used for safety and maintenance purposes at producing fields
- Outlook for further growth is still positive
 - Potential for further contract awards over the coming year
- But oil price drop creates uncertainty also in the Brazilian market



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

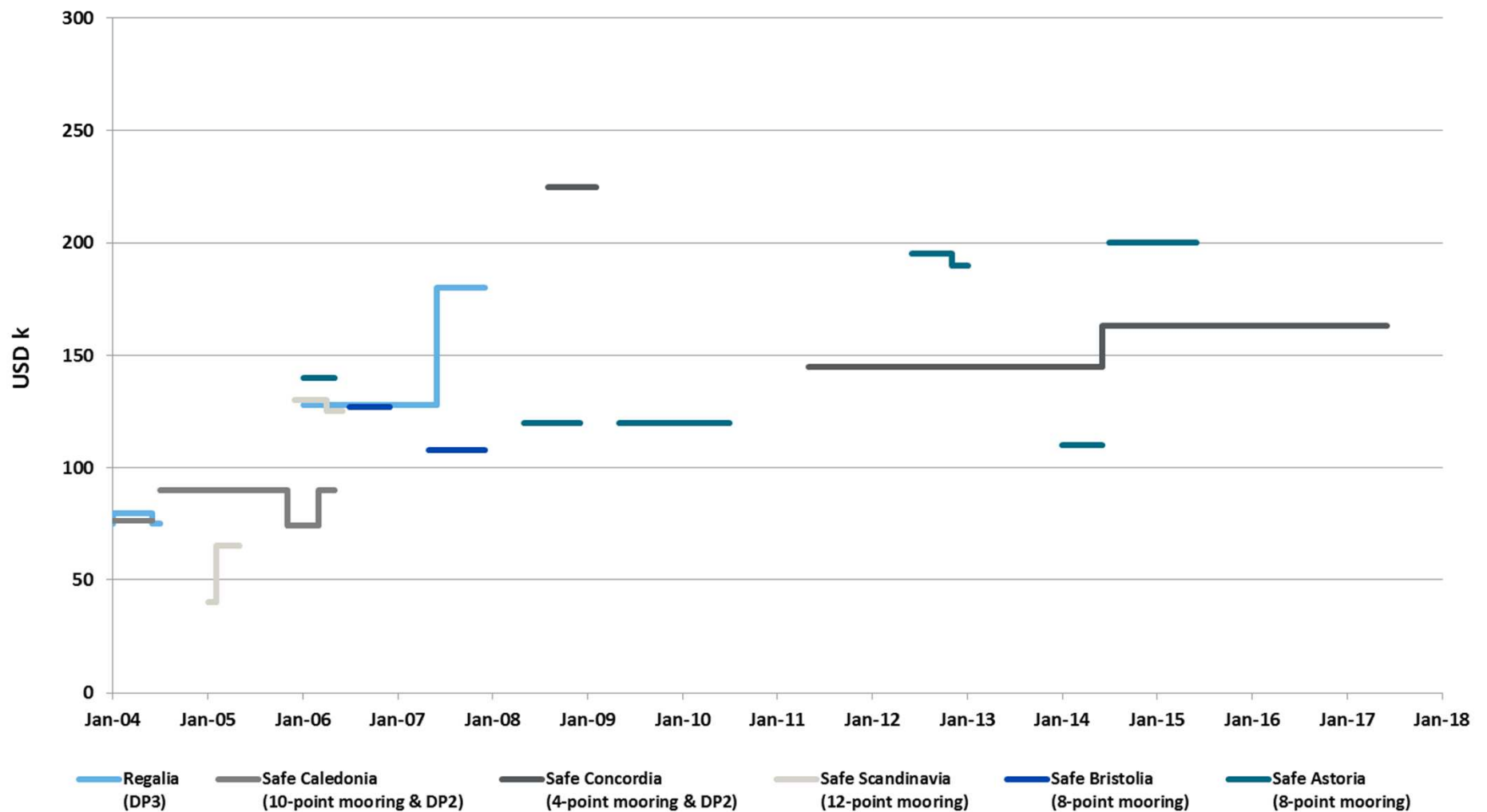
■ US GoM

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

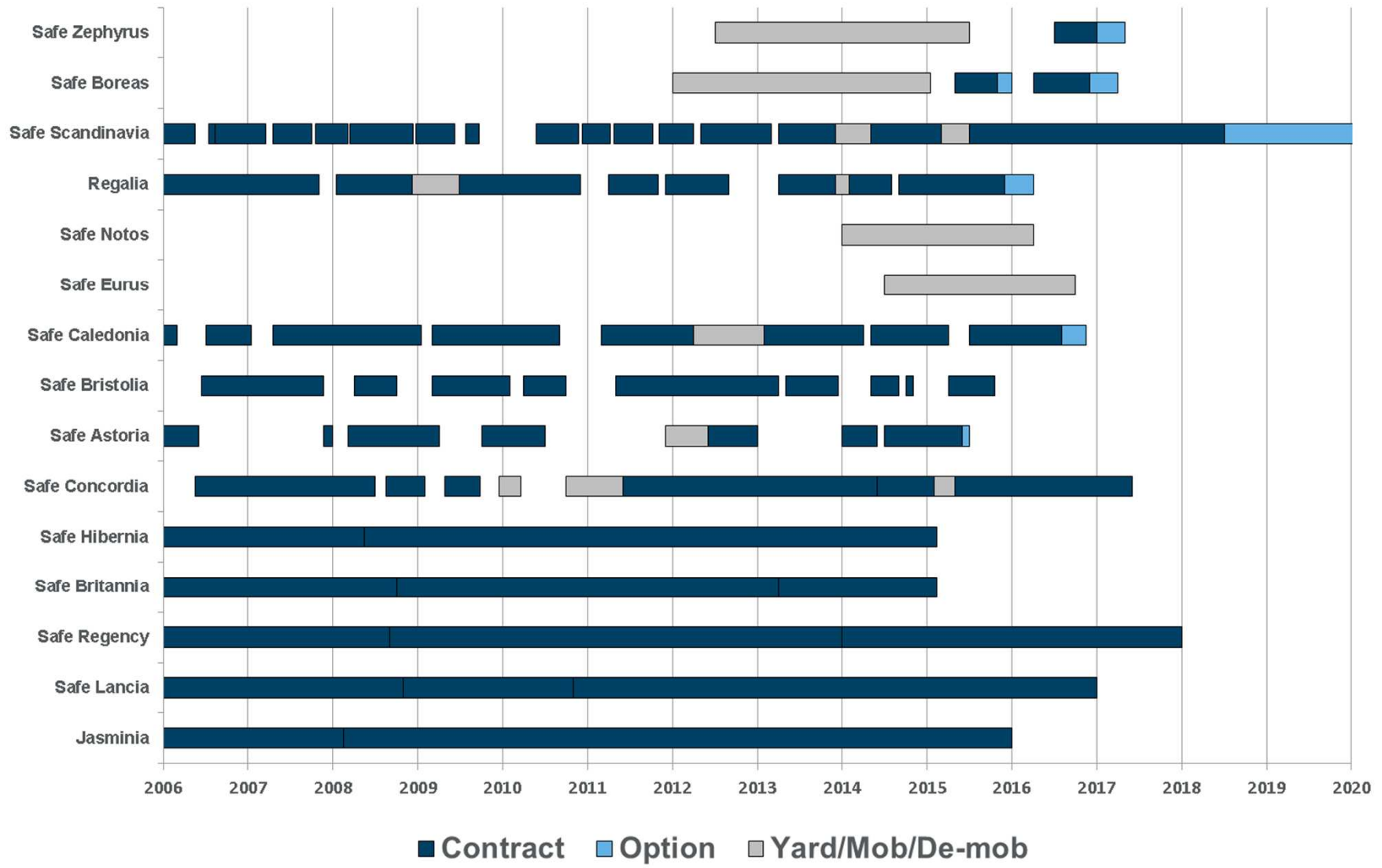
■ West Africa

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

Rest of the World day rates (time charter)



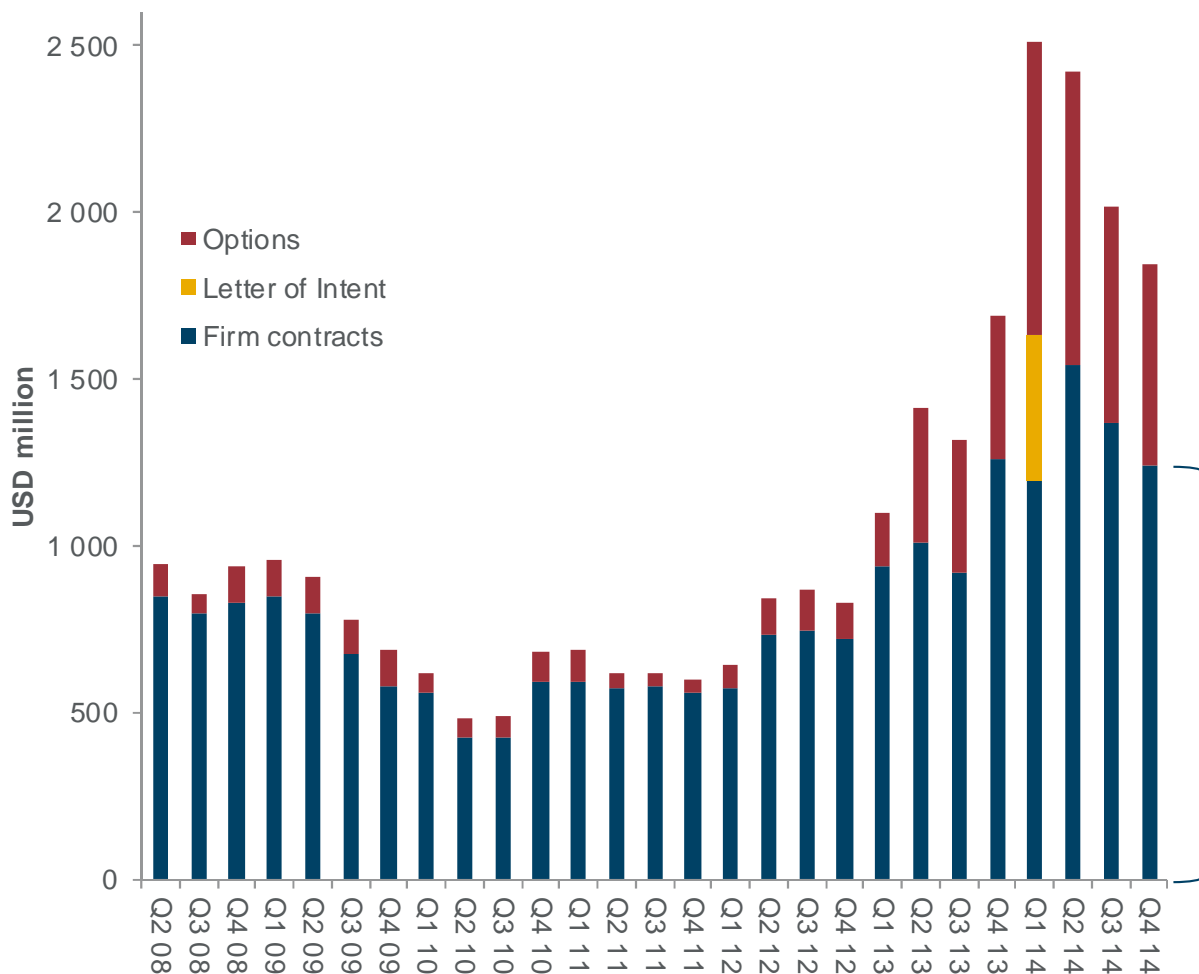
High contract visibility



Contract backlog still robust

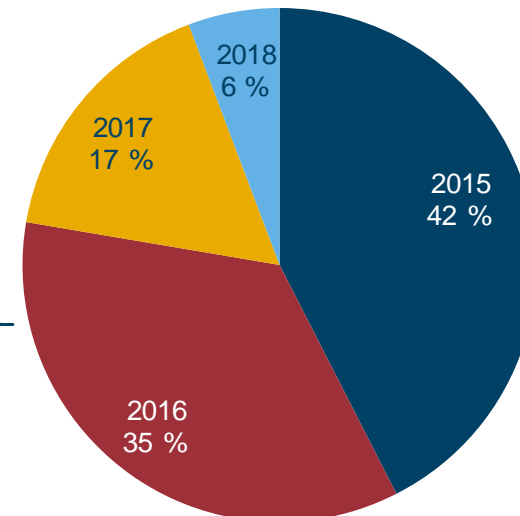
But no new contracts signed over the past nine months

Gross value of charter contracts



Status end Q4 14

Firm contracts	USD 1,239m
+ Options	USD 604m
= Total	USD 1,843m



Cost efficiency measures

- Review of cost reduction potential has been initiated in light of the weaker market outlook
- The whole cost structure, both onshore and offshore, will be evaluated
- Some measures already implemented, others to follow in the coming months



Summary

- Safe Boreas delivered from yard and in transit to Norway
 - Other projects also progressing well
- Refinancing provides increased financial flexibility and reduces refinancing risk
- Increased market uncertainty following further drop in oil price



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Debt facilities

Loan	Commitment	Maturity	Margin
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 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
NOK 500 million bond (2013-20)	NOK 500 million	Q1 2020	375 bps
USD 288 million credit facility (2014-21)	USD 288 million	Q1 2021	225 bps
USD 1,300 million credit facility (2015-22) (1)	USD 1,300 million	Q1 2022	190bps
USD 1,100 million credit facility (2011-17) (2)	USD 791 million	Q3 2017	187.5 bps
USD 420 million credit facility (2012-17) (2)	USD 420 million	Q4 2017	295 bps

1. New facility. Closing expected in February 2015

2. To be repayed on closing of the new USD 1,300 million facility

Fleet overview – North Sea



Name	Regalia	Safe Scandinavia	Safe Caledonia
Geographical area	Norway/North Sea	Norway/North Sea	North Sea
Mooring system	DP	12 point chain winches	10 point wire winches
Station keeping	NMD3	Moored	DP2 / TAMS
No of beds	282	583	387
Deck area	3,250 m ²	400 m ²	900 m ²
Design	GVA 3000E	Aker H-3.2E	F+G Pacesetter
Built	1985	1984	1982
Converted/upgraded	2003, 2009*, 2014	2003, 2005, 2014*	2004, 2012*

* 20-year life extensions

Fleet overview – North Sea



Name

Safe Boreas

Safe Zephyrus

Geographical area

Norway/North Sea

Norway/North Sea

Mooring system

12 point wire winches

12 point wire winches

Station keeping

DP3

DP3

No of beds

450

450

Deck area

2,100 m²

2,100 m²

Design

GVA 3000E

GVA 3000E

Built

2014

2015

Fleet overview – North Sea



Name

Geographical area

Mooring system

Station keeping

No of beds

Deck area

Design

Built

Converted/upgraded

Safe Notos

North Sea

10 point chain winches

DP3

500

1,500 m²

Gusto MSC Ocean 500

2016

n/a

Safe Eurus

North Sea

10 point chain winches

DP3

500

1,500 m²

Gusto MSC Ocean 500

2016

n/a

Safe Bristolia

North Sea

8 point wire winches

Moored

587 (UK: 316)

400 m²

Sedco 600

1983

2006, 2008

Fleet overview – non-North Sea



Name	Safe Astoria	Safe Concordia
Geographical area	Non-North Sea	Non-North Sea
Mooring system	8 point wire winches	4 point wire winches
Station keeping	Moored	DP2
No of beds	349	461
Deck area	620 m ²	1,300 m ²
Design	Sedco 600	KFELS
Built	1983	2005
Converted/upgraded	2005, 2012	n/a

Fleet overview – Mexico



Safe Britannia

Name	Safe Britannia
Geographical area	Mexico(/North Sea)
Mooring system	9 point wire winches
Station keeping	DP2 / TAMS
No of beds	812
Deck area	1,300 m ²
Design	F+G Pacesetter
Built	1980
Converted/upgraded	1987, 2003



Safe Lancia

Name	Safe Lancia
Geographical area	Mexico
Mooring system	8 point chain winches
Station keeping	DP2
No of beds	600
Deck area	1,100 m ²
Design	GVA 200
Built	1984
Converted/upgraded	2003



Safe Hibernia

Name	Safe Hibernia
Geographical area	Mexico(/North Sea)
Mooring system	12 point wire winches
Station keeping	Moored
No of beds	500
Deck area	750 m ²
Design	Aker H-3
Built	1977
Converted/upgraded	1991, 1994, 2006

Fleet overview – Mexico



Name	Safe Regency	Jasminia
Geographical area	Mexico(/North Sea)	Mexico
Mooring system	8 point wire winches	8 point wire winches
Station keeping	DP2	Moored
No of beds	771	535
Deck area	800 m ²	690 m ²
Design	F+G Pacesetter	GVA 2000
Built	1982	1982
Converted/upgraded	2003, 2008	2002