



5 November 2015

Q3 2015 results



Disclaimer

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Agenda

- **Recent developments**
- Financial results
- Operations/projects
- Outlook



Recent developments

- Contract inflow of approx. USD 260 million in the quarter
- Q3 utilisation of 81 per cent
 - Eight vessels were fully contracted during the quarter
- In light of the near term reduction in industry activity levels, it has been decided to temporarily suspend dividend payments



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Income statement

| (Unaudited figures in USD million) | Q3 15 | Q2 15 | Q3 14 | 9M 15 | 9M 14 | 2014 |
|------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating revenues | 154.1 | 92.5 | 169.5 | 370.8 | 394.6 | 548.7 |
| Operating expenses | (56.5) | (51.0) | (59.9) | (159.3) | (175.9) | (236.1) |
| EBITDA | 97.6 | 41.5 | 109.6 | 211.5 | 218.7 | 312.6 |
| Depreciation | (26.3) | (18.7) | (16.6) | (62.0) | (47.8) | (64.3) |
| Operating profit | 71.3 | 22.8 | 93.0 | 149.5 | 170.9 | 248.3 |
| Interest income | 0.0 | 0.1 | 0.2 | 0.1 | 0.3 | 0.3 |
| Interest expenses | (8.2) | (12.8) | (10.0) | (31.2) | (27.1) | (37.3) |
| Other financial items | (7.4) | 5.7 | (7.9) | (17.6) | (4.9) | (20.0) |
| Net financial items | (15.6) | (7.0) | (17.7) | (48.7) | (31.7) | (57.0) |
| Profit before taxes | 55.7 | 15.8 | 75.3 | 100.8 | 139.2 | 191.3 |
| Taxes | (2.5) | (3.6) | (7.9) | (8.4) | (11.4) | (12.5) |
| Net profit | 53.2 | 12.2 | 67.4 | 92.4 | 127.8 | 178.8 |
| EPS | 0.23 | 0.05 | 0.29 | 0.39 | 0.55 | 0.76 |
| Diluted EPS | 0.23 | 0.05 | 0.29 | 0.39 | 0.55 | 0.76 |

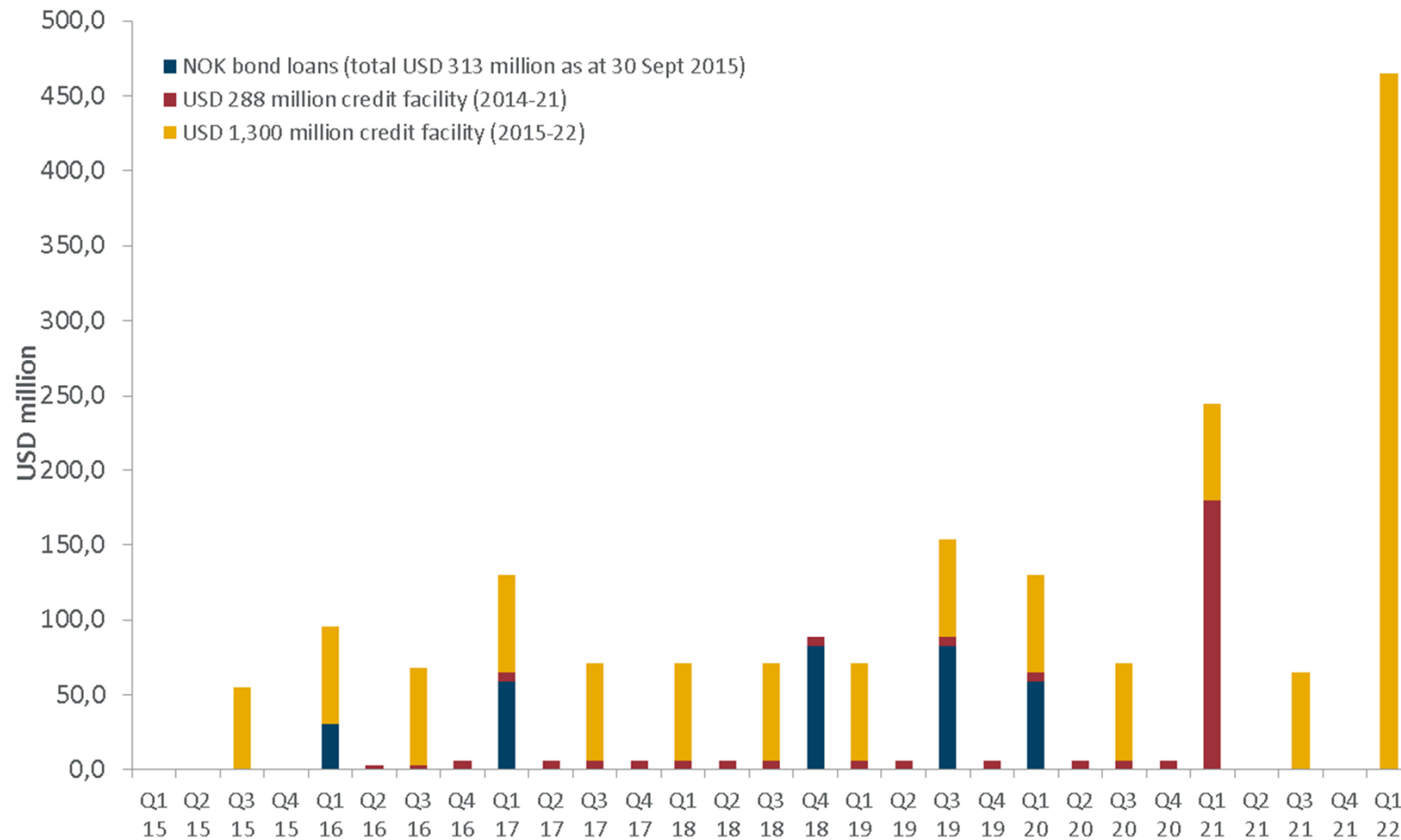
Operating revenues

| (USD million) | Q3 15 | Q2 15 | Q3 14 | 9M 15 | 9M 14 | 2014 |
|------------------|--------------|-------------|--------------|--------------|--------------|--------------|
| Charter income | 139.9 | 80.0 | 148.8 | 331.7 | 344.0 | 481.2 |
| Mob/demob income | 2.1 | 0.8 | 3.0 | 3.9 | 7.8 | 8.8 |
| Other income | 12.1 | 11.7 | 17.7 | 35.2 | 42.8 | 58.7 |
| Total | 154.1 | 92.5 | 169.5 | 370.8 | 394.6 | 548.7 |

Balance sheet

| (Unaudited figures in USD million) | 30.09.15 | 30.06.15 | 30.09.14 | 31.12.14 |
|---|----------------|----------------|----------------|----------------|
| Goodwill | 226.7 | 226.7 | 226.7 | 226.7 |
| Vessels | 1 698.3 | 1 611.5 | 1 004.1 | 1 027.3 |
| New builds | 213.6 | 211.1 | 293.7 | 311.8 |
| Other non-current assets | 5.5 | 6.0 | 5.2 | 5.7 |
| Total non-current assets | 2 144.1 | 2 055.3 | 1 529.7 | 1 571.5 |
| Cash and deposits | 85.2 | 94.9 | 145.6 | 122.4 |
| Other current assets | 112.9 | 91.5 | 93.6 | 122.9 |
| Total current assets | 198.1 | 186.4 | 239.2 | 245.3 |
| Total assets | 2 342.2 | 2 241.7 | 1 768.9 | 1 816.8 |
| Share capital | 65.9 | 65.9 | 65.9 | 65.9 |
| Other equity | 711.2 | 694.7 | 660.7 | 682.6 |
| Total equity | 777.1 | 760.6 | 726.6 | 748.5 |
| Interest-free long-term liabilities | 81.9 | 59.4 | 45.2 | 55.9 |
| Interest-bearing long-term debt | 1 277.3 | 1 185.6 | 919.4 | 830.1 |
| Total long-term liabilities | 1 359.2 | 1 245.0 | 964.6 | 886.0 |
| Other interest-free current liabilities | 175.3 | 203.1 | 77.7 | 182.3 |
| Current portion of long-term debt | 30.6 | 33.0 | 0.0 | 0.0 |
| Total current liabilities | 205.9 | 236.1 | 77.7 | 182.3 |
| Total equity and liabilities | 2 342.2 | 2 241.7 | 1 768.9 | 1 816.8 |

Debt profile



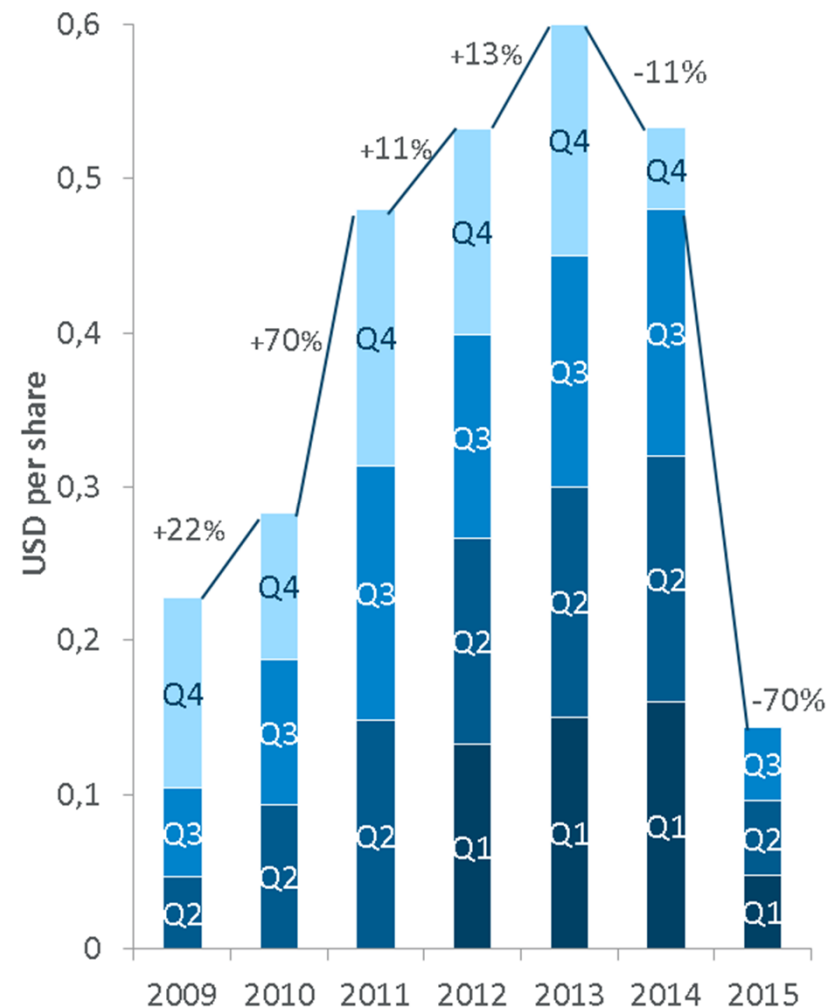
Adjustment mechanism in bank covenant leverage ratio

- Leverage ratio is reported with certain adjustments
 - EBITDA contribution from new builds or acquired vessels that have not been in operation for a full year is annualised and debt related to new builds under construction is excluded
- Reported leverage ratio in Q3 2015: 2.8
 - Without any adjustments as referred to above: 4.0
- Leverage ratio in bank facilities
 - 2015-2017: Adj. Net Debt/ Adj. EBITDA < 5.0
 - 2018-2022: Adj. Net Debt/Adj. EBITDA < 4.5



Temporary suspension of dividend payments

- The company believes that this will be beneficial for the company, both from a commercial, financial and strategic perspective, and it will improve financial robustness and optionality
- The company reaffirms the long-term dividend policy as described in the Q3 2014 report



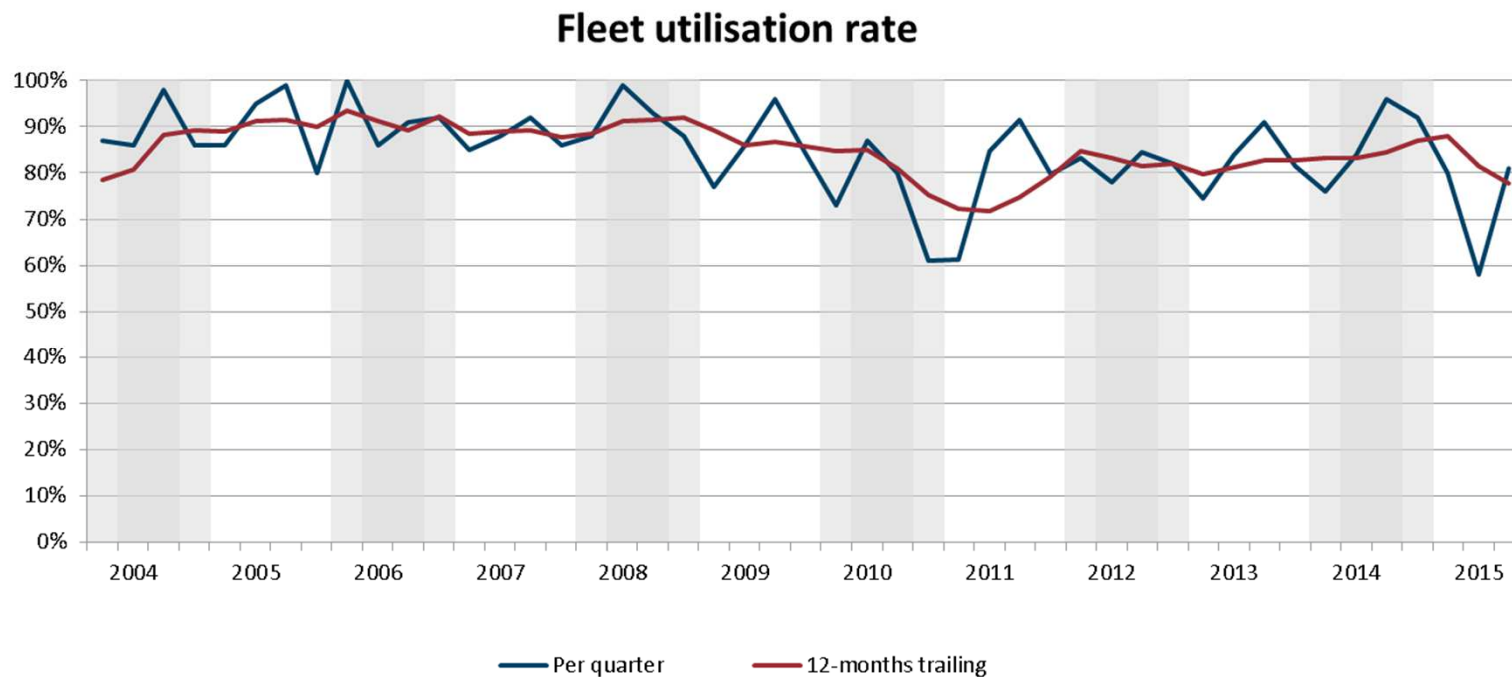
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High fleet utilisation in the third quarter

- Utilisation rate of 81 per cent in the quarter
- Eight vessels were fully contracted



New build update

- Construction of the new builds is progressing within the timeframes previously communicated
- Capex forecasts remain as previously guided
- Advanced and flexible vessels for North Sea and worldwide operations
 - DP and moored capabilities
- Contracts in place for clients in the North Sea and in Brazil



Safe Scandinavia TSV project

- 3 years firm (+4 years of options) contract with Statoil as a Tender Support Vessel (TSV) at Oseberg Øst in Norway
- Arrived at Westcon yard in Norway for TSV conversion in March
- Operations expected to commence towards the end of Q4 2015



Capital expenditure 2015

- Maintain previous guidance of capital expenditure in 2015 of up to USD 900 million
- Major capex items in 2015
 - New builds
 - Safe Scandinavia TSV conversion
 - Safe Concordia SPS and upgrade
 - Safe Bristolia repair work

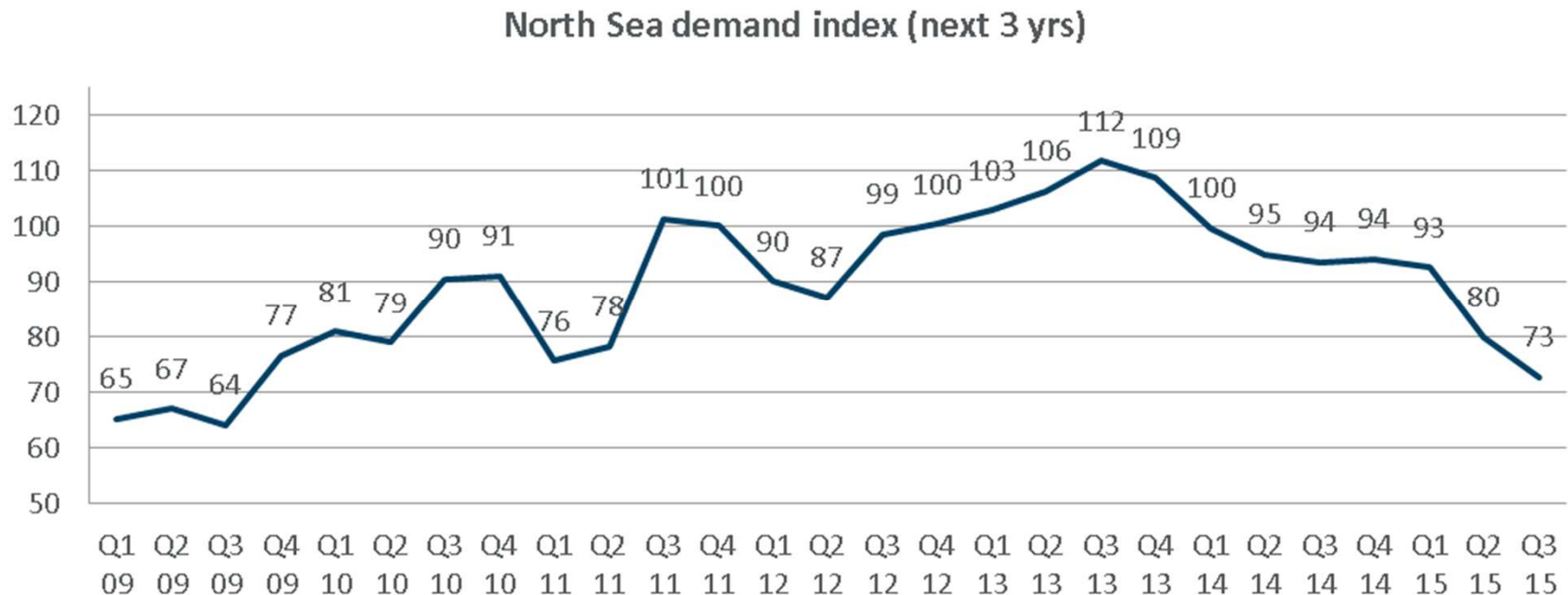


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- **Outlook**



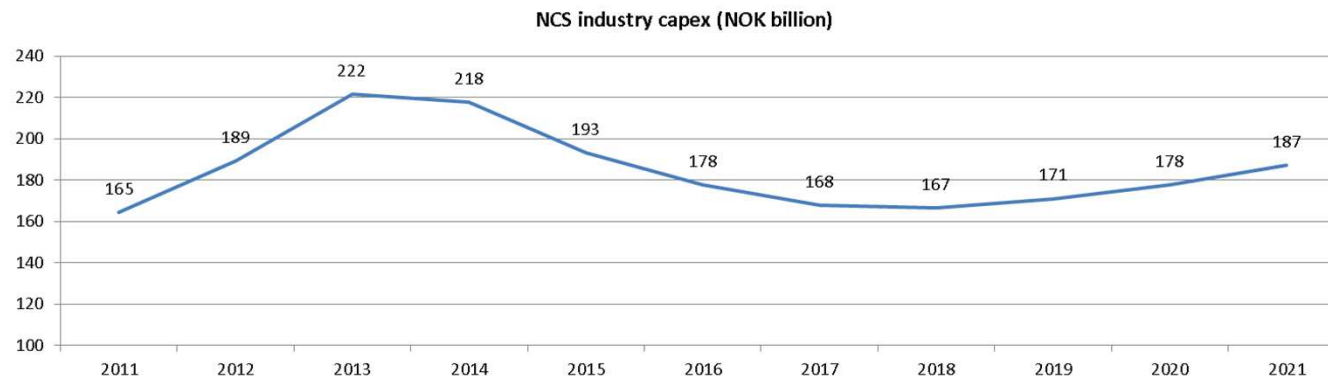
Near-term demand drying up as projects are temporarily postponed



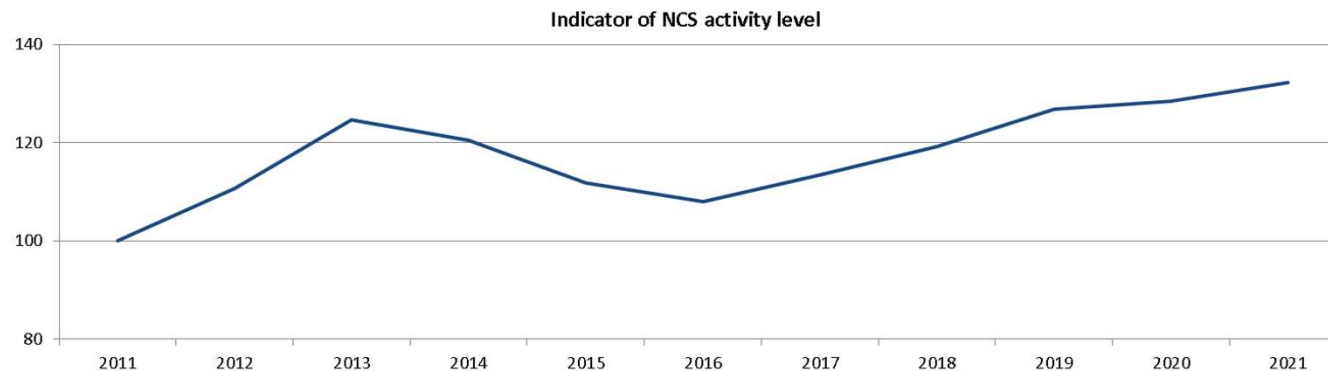
Based on firm contracts, extension options, projects in the tendering phase and prospects likely to go to tender in the next 36 months. Index based on number of days in demand. Q4 11 = 100

Source: Prosafe

Activity level forecasted to rebound in 2018 when cost levels have been reduced



Source: Norwegian Ministry of Finance



Index based on the industry total capex and the cost level going forward

Lower cost – Higher activity (given same capex)

Peak cost level assumed in 2014
25% cost reduction assumed by 2019

2011 = 100 (activity level)

Source: Norwegian Ministry of Finance / Prosafe

North Sea – expect increase in activity from 2018

- Projects have been postponed
- Cost reduction is crucial to improve the competitiveness of the North Sea
- E&P companies are stating they are seeing cost reductions for future projects in the range of about 20-25 per cent
- In addition the NOK depreciation has boosted the relative competitiveness of Norway's E&P sector
 - A major effect on both capex and opex on the NCS
- In summary, with lower cost, activity is expected to increase from 2018 onwards



Mexico – short-term uncertainty

- Safe Britannia has received a contract extension until end December 2015
- Short /medium term uncertainty
 - Prosafe has been informed that Pemex payment terms will be up to 180 days until further notice from September 2015
 - Safe Hibernia continues to be deployed on the Jasminia contract since end February
 - Jasminia remains off-hire
 - Anticipate shorter contracts in the future
- Long-term outlook more positive
 - Substantial amount of maintenance, refurbishment and re-fitting work in the pipeline for the coming years

Brazil – three-year contract awarded in Q3

- Three-year contract signed in August with Petrobras
- Short term, Petrobras focuses on reducing costs
- Long term outlook remains positive for high end vessels
 - ❑ Recent tender only allowed DP semi-submersibles



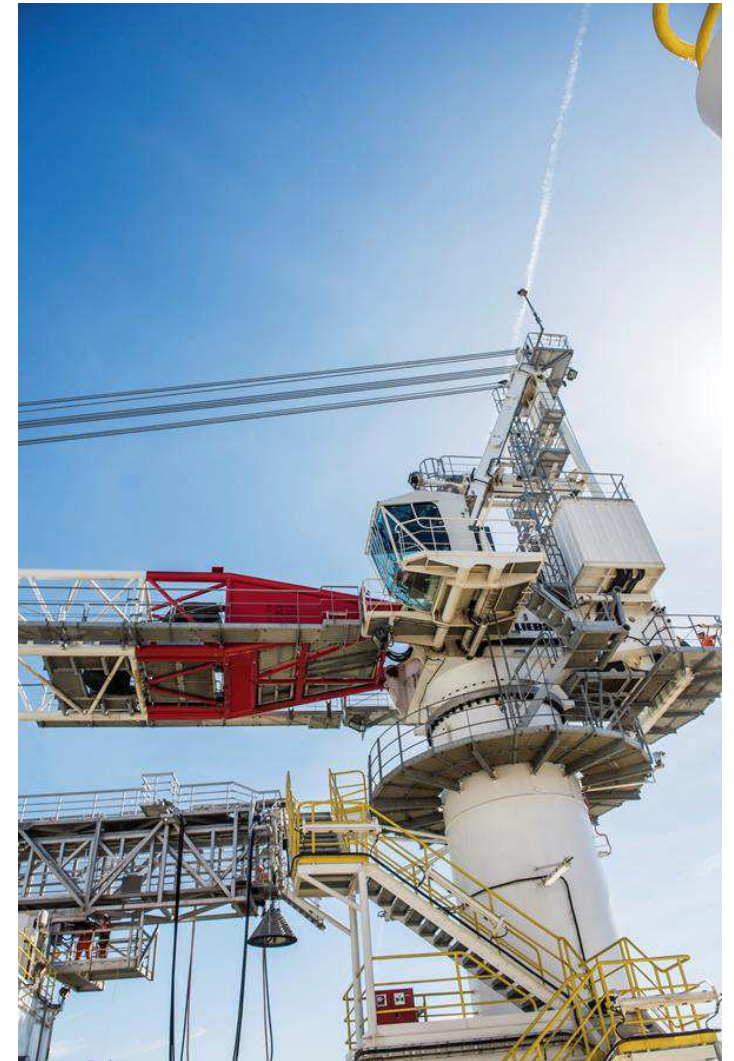
How is Prosafe placed to handle the down-turn?

- Vessels
 - ❑ Large and versatile fleet
 - ❑ High quality vessels
 - ❑ Fleet renewal and new builds
- Operations and organisation
 - ❑ By far the largest operator in high-end offshore accommodation
 - ❑ Unmatched operational track-record from accommodation operations worldwide
 - ❑ Highly competent organisation
- Finance
 - ❑ Lower cost of capital than competitors
- Commercial
 - ❑ Robust order backlog

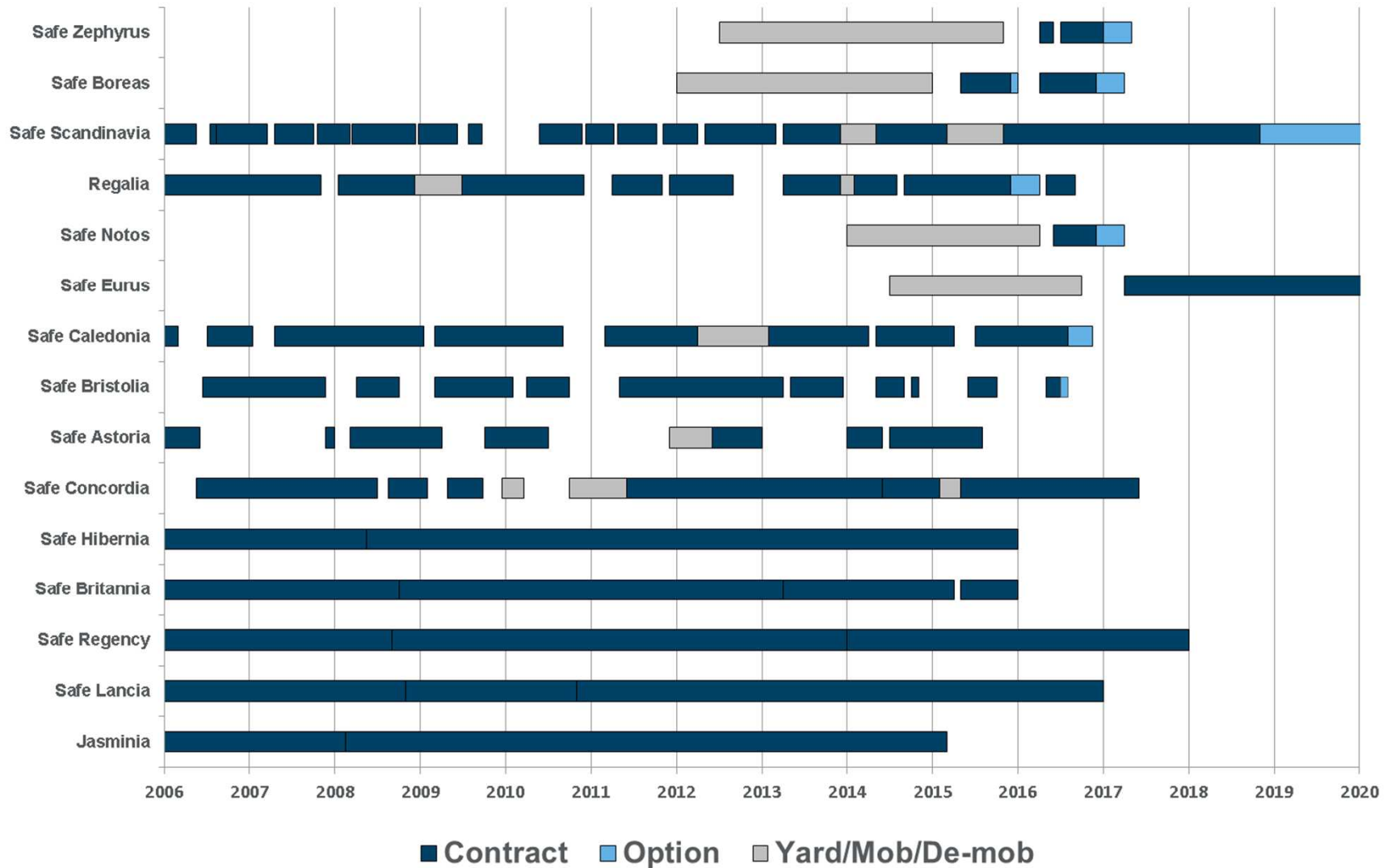


What is Prosafe doing to handle the down-turn?

- Vessels (capex)
 - Long-term planning of fleet investments to ensure optimal capital allocation both short and long term
- Operations and organisation (opex)
 - Substantial operating cost reduction as a consequence of activity level adjustments, natural currency hedges and cost efficiency measures
- Finance (finance cost)
 - Maintaining a good relationship with all funding sources
- Commercial (revenue)
 - Aim for win-win agreements with clients



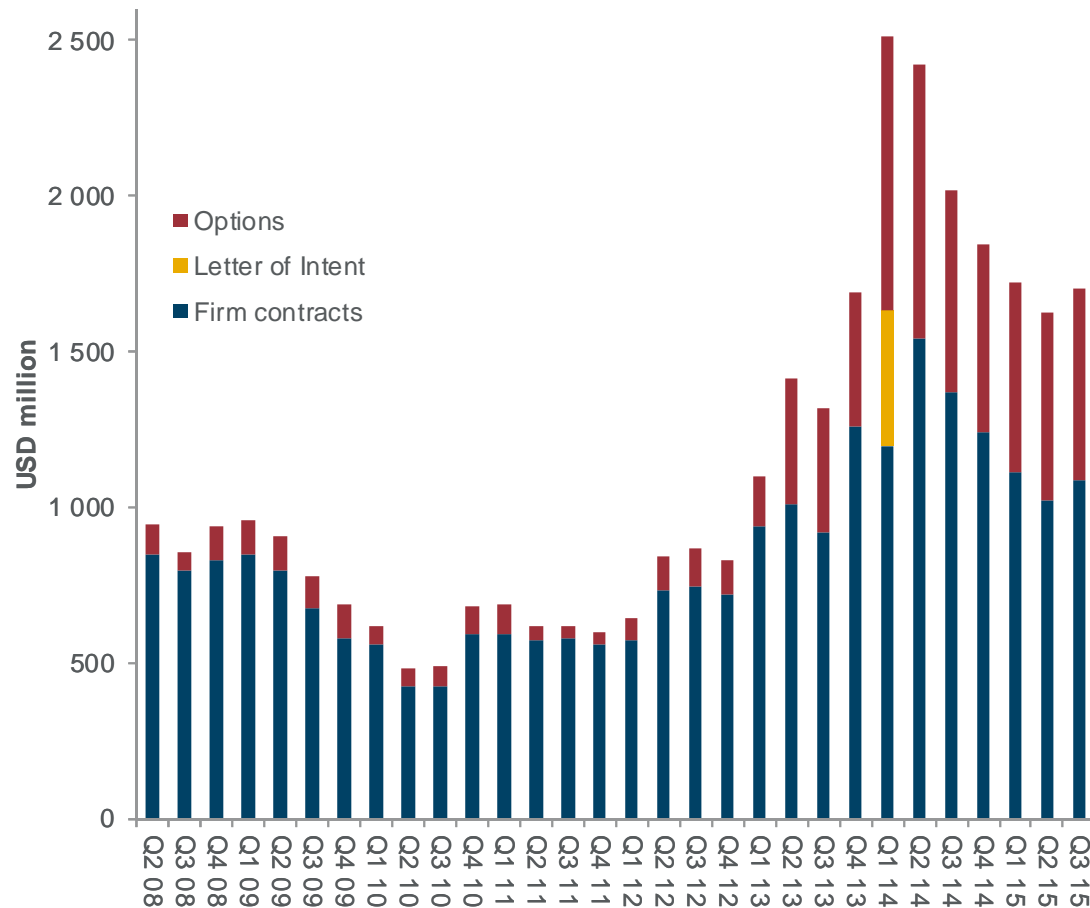
Contract coverage



Contract backlog robust

Increased backlog end Q3 compared to previous quarter

Gross value of charter contracts



Status end Q3 15

| | | |
|----------------|------------|-------------|
| Firm contracts | USD | 1084 |
| + Options | USD | 621 |
| = Total | USD | 1705 |

Summary

- The oil and gas services market remains challenging near term
- Increase in activity is expected from 2018 onwards
- Prosafe is well placed in the competitive landscape with a high quality and versatile fleet and an unmatched operational track record

