9 February 2017

Q4 2016 results & market update

Disclaimer

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Agenda

- **Highlights**
- Plan the work - Work the plan
- Financial results
- Status, strategy and outlook
- Summary

Prosafe

Highlights

- Reinforcing safety culture
- Good operating performance and strong EBITDA
  - Impairment of Safe Astoria MUSD 85: No cash effect and no impact on covenants
- Closing of Axis transaction; 100% of Safe Nova and Safe Vega and 25% of Safe Swift
- New contract for the Safe Caledonia for Total in the UK in 2017
- Extensions for the Safe Boreas and Safe Zephyrus
- Safe Notos commencing contract and Safe Concordia continuing to work
- Johan Sverdrup ITT for 2018 and 2019 received
- Current market is dominated by “Greenfield” – delays could create opportunities
- Cost optimisation ahead of plan with further measures in progress
- Strengthened management team in place

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Plan the work - Work the plan

Rebuilding of Prosafe - status

- Company refinanced
- Strengthened management structure and team in place
- Reorganisation and substantial cuts for efficiency
- Spend reduction for max cash
- Fleet high-grading from scrapping
- Consolidation and fleet renewal
- Flexible models for strategic optionality
- Commercial strategy adapted to circumstances

Strengthening management team

Working the plan to rebuild leading position and create shareholder value

General Manager,
Georgina Georgiou

CEO,
Jesper K. Andresen
(previously CEO of Axis Offshore,
Master in Law & MBA from Insead)

DCEO & CFO,
Stig H. Christiansen
(previously CFO and Acting CEO in Prosafe and CEO in add energy,
Bcom & MBA from Aalborg)

CCO,
Ryan Stewart

Strategic Projects,
TBD

COO,
Ian Young

Deputy CFO,
Robin T D Laird

CIO,
Eirik Fjelde

Update on Cost and capex

	2011-2015 annual average levels	Initial target levels	Run rate (January 2017)	Ambition By Q2
Offshore opex[1)]	USD 180m	USD 140 – 150m	USD 130 – 140m	Further reductions of 10%+/-
Onshore opex	USD 40m	USD 28m (-USD 10-12 m/ 25-30%))	USD 24m/-40% (= 18% versus 10% indicated in Q3)	Further reductions of 10%+/-
Annual fleet capex[2)]	USD 60m	USD 20-30m	USD 10-15m	USD 10-15m
Headcount reduction (in %)		35-40 percent		45-50% onshore. Offshore pending vessel activity – 20-35%

1) Will to some extent be affected by activity level
2) Excluding new-builds and conversions, updated from Q2 presentation

Update on vessel's cost per day

- CPD for vessels in operation being reduced by ca. 20-30% since 2014*

Opex (CPD k/d) (figures in USD)	**NCS/UK**	**NCS (TSV)**	**UKCS**	**Brazil**
	DP	**Moored**	**Moored**	**DP**
2014	75-80/60-65	100-105	50-55	60-65
2017e	60-65/45-50	85-90	35-40	40-45
% reduction	19%/24%	15%	29%	32%

Stacking CPD (k/d) (figures in USD)	**High-spec vessels (cold/warm)** [1)]	**Low-spec vessels (cold/warm)** [1)]
August '16 estimate	15-30	5-10
Now	15-25	5-10

1) Will depend on location and duration and cold/warm/hot stack
2) * slightly less on TSV given complexity of operations

Prosafe

Fleet renewal and rightsizing

- Completed the acquisition of the Safe Nova and Safe Vega
  - Termination rights and USD 60 mill refund guarantee intact
  - Started marketing of the Safe Swift (pre. Dan Swift)
- Dialogue for optimal flexibility and value creation commenced with yard in China
- Continued scrapping with Safe Lancia being the 4th vessel

Prosafe

Diversified fleet and flexible models

Prosafe will pursue value enhancing activities by also considering:

- **Management (e.g. Safe Swift)**
- **Part ownership**
- **Pooling arrangements**

In addition Prosafe has termination rights and refund rights of ca. USD 60 mill. On this basis Prosafe has commenced negotiations with Cosco and related parties for an acceptable commercial solution

Strategic optionality to meet client needs in most regions

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Income statement

(Unaudited figures in USD million)	Q4 16	Q3 16	Q4 15	2016	2015
Operating revenues	125.8	129.8	103.9	474.0	474.7
Operating expenses	(47.8)	(61.5)	(52.5)	(220.8)	(211.8)
EBITDA	**78.0**	**68.3**	**51.4**	**253.2**	**262.9**
Depreciation	(34.1)	(29.1)	(24.5)	(115.7)	(86.5)
Impairment	(84.7)	0.0	(145.6)	(84.7)	(145.6)
Operating profit/loss	**(40.8)**	**39.2**	**(118.7)**	**52.8**	**30.8**
Interest income	0.1	0.1	0.1	0.3	0.2
Interest expenses	(18.4)	(28.7)	(10.4)	(85.6)	(41.6)
Other financial items	33.7	196.8	(11.9)	222.2	(29.5)
Net financial items	**15.4**	**168.2**	**(22.2)**	**136.9**	**(70.9)**
Profit/(Loss) before taxes	**(25.4)**	**207.4**	**(140.9)**	**189.7**	**(40.1)**
Taxes	(7.3)	(5.5)	(2.1)	(17.1)	(10.5)
Net profit/(loss)	**(32.7)**	**201.9**	**(143.0)**	**172.6**	**(50.6)**
EPS	**(0.51)**	**16.13**	**(58.85)**	**8.36**	**(21.29)**
Diluted EPS	**(0.47)**	**15.78**	**(58.85)**	**8.10**	**(21.29)**

Operating revenue and expenses - key points

(USD million)	Q4 16	Q3 16	Q4 15	2016	2015
Charter income	95.8	114.4	93.7	375.5	425.4
Mob/demob income	17.5	2.1	1.5	34.0	5.4
Other income	12.5	13.3	8.7	64.5	43.9
Total	**125.8**	**129.8**	**103.9**	**474.0**	**474.7**

- Non-recurring cost items of MUSD 62
  - Britannia/Hibernia/Jasminia (stacking, mobilisation and prepare for scrap cost): MUSD 40
  - Financial restructuring: MUSD 12
  - Resizing of organization: MUSD 7
  - Axis acquisition: MUSD 3

Balance sheet & covenant update

(Unaudited figures in USD million)	31.12.16	30.09.16	31.12.15
Goodwill	226.7	226.7	226.7
Vessels	2 029.3	1 887.3	1 578.6
New builds	122.2	318.8	228.5
Other non-current assets	13.9	4.1	4.9
Total non-current assets	**2 392.1**	**2 436.9**	**2 038.7**
Cash and deposits	205.7	183.4	57.1
Other current assets	89.1	90.9	91.4
Total current assets	**294.8**	**274.3**	**148.5**
Total assets	**2 686.9**	**2 711.2**	**2 187.2**
Share capital	7.9	6.7	72.1
Other equity	1 121.6	1 070.3	643.1
Total equity	**1 129.5**	**1 077.0**	**715.2**
Interest-free long-term liabilities	62.2	102.1	58.9
Interest-bearing long-term debt	1 342.9	1 373.3	1 107.5
Total long-term liabilities	**1 405.1**	**1 475.4**	**1 166.4**
Other interest-free current liabilities	104.4	105.8	166.1
Current portion of long-term debt	47.9	53.0	139.5
Total current liabilities	**152.3**	**158.8**	**305.6**
Total equity and liabilities	**2 686.9**	**2 711.2**	**2 187.2**

Covenants - large headroom:

- Liquidity minimum MUSD 65
  - Q4: MUSD 205.7
- Interest coverage ratio (adjusted EBITDA : Net interest expense over previous 12 month period) minimum 1.0
  - Q4: 4.2

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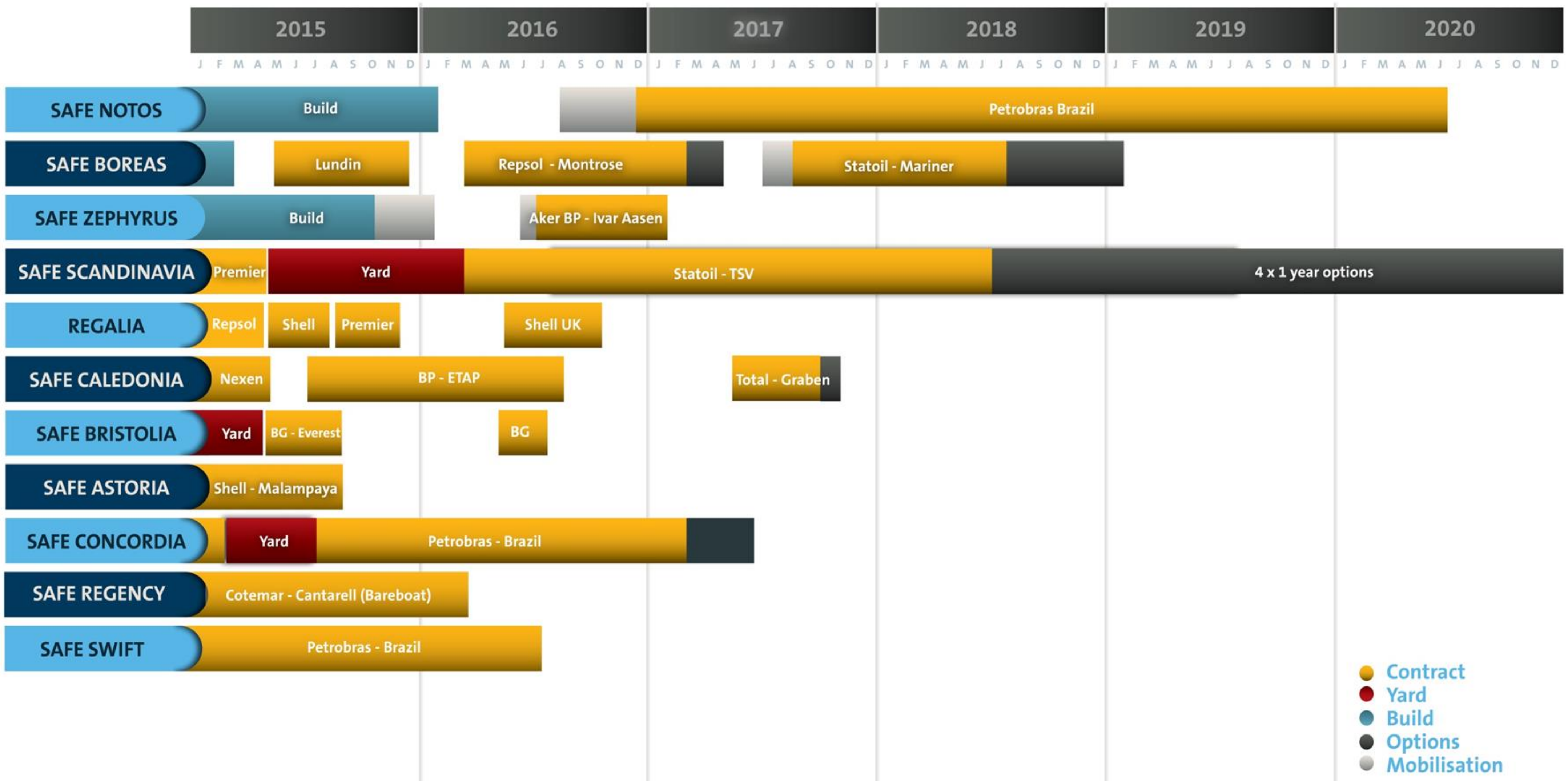
Prosafe

From 80% average utilization to 30%+firm in 2017

Total order book of almost USD 1 billion, ca 50/50 split firm/options



Prosafe

Being active in the restructuring of the industry

Creation:

Merger between Procon Offshore and Safe Offshore

1997

Regalia ('85/'09)

Growth and consolidation:

1. Acq. of Discoverer ASA
2. Acq. of Safe Scandinavia
3. Acq. of MSV Regalia
4. Acq. of Polyconcord/SH
5. Acq. of Consafe Offsh.

1998-2006

Fleet renewal and rightsizing:

1. Renewal
2. Conversion to TSV
3. Scrapping

2011-2016

Engaging in M&A:

1. Acq. Of Nova/Vega

2016

«Next phase restructuring»

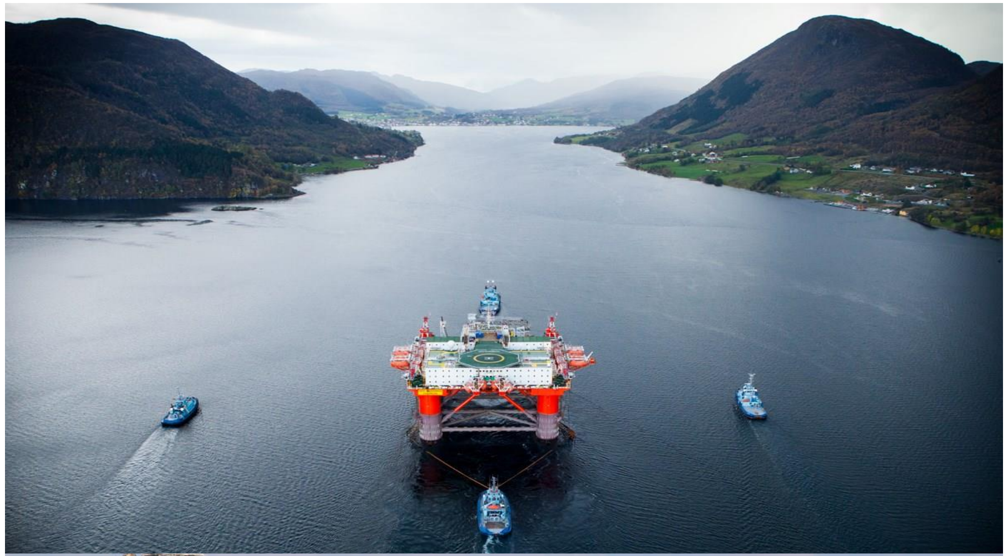
1.Consolidation
2. More scrapping

2017

Prosafe

Status TSV Safe Scandinavia at Oseberg East

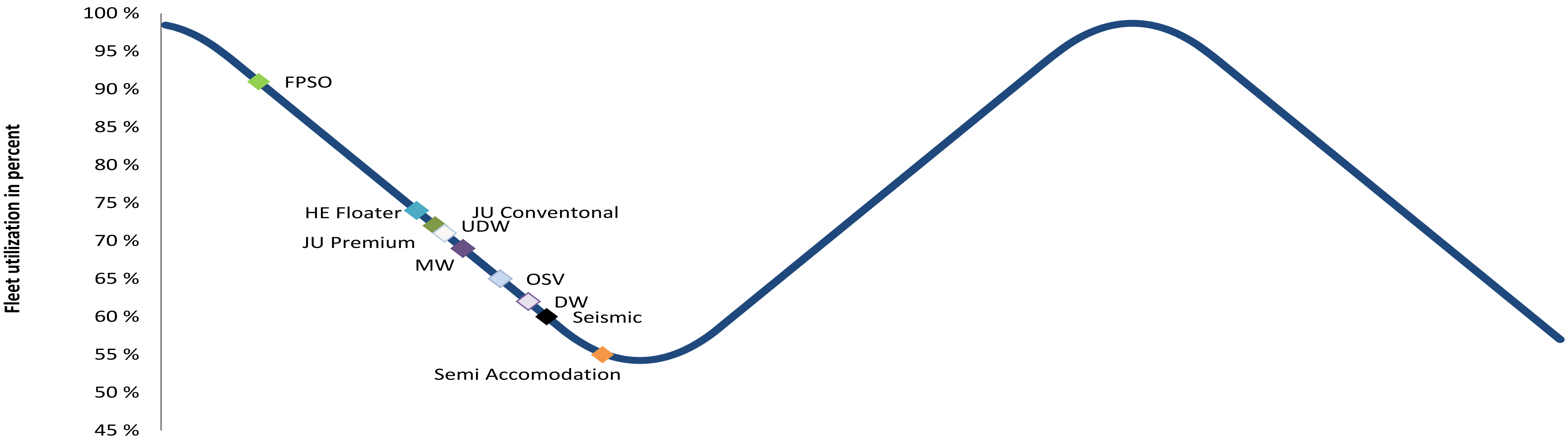
- Firm contract till summer 2018
- Strong technical performance
- Goal to be the safest operator as per **Zero mindset – no compromise**.
  - Full focus on PSA Order and LTI
- Remain cautiously optimistic about extended life at Oseberg East given technical performance and production development



Prosafe

The market is slowly but surely bottoming out

Capacity Utilization by Offshore Segment



Source: Clarksons Platou Securities AS

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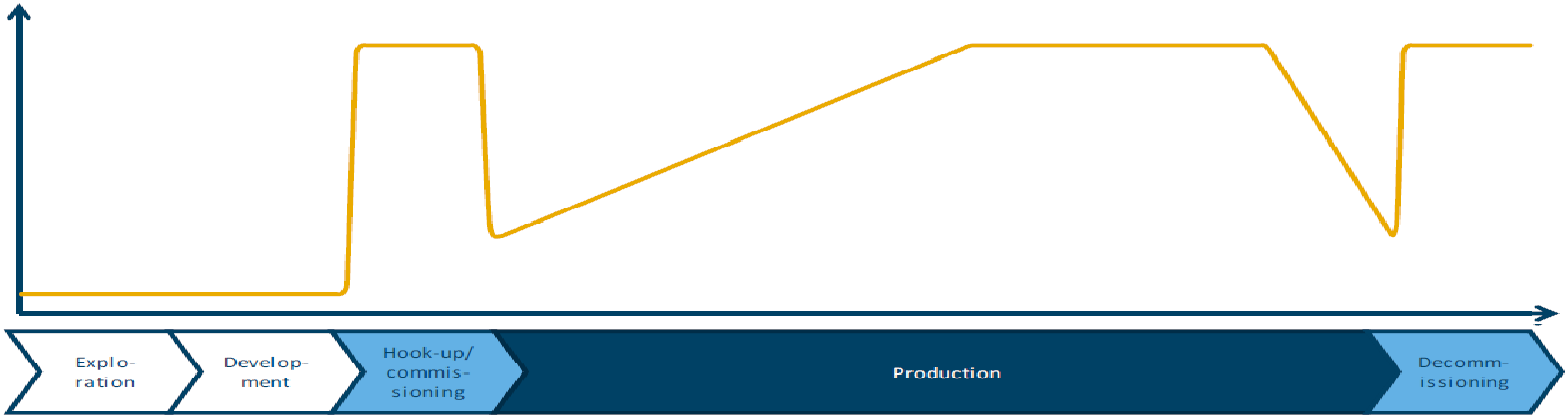
Also dayrates bottoming out?

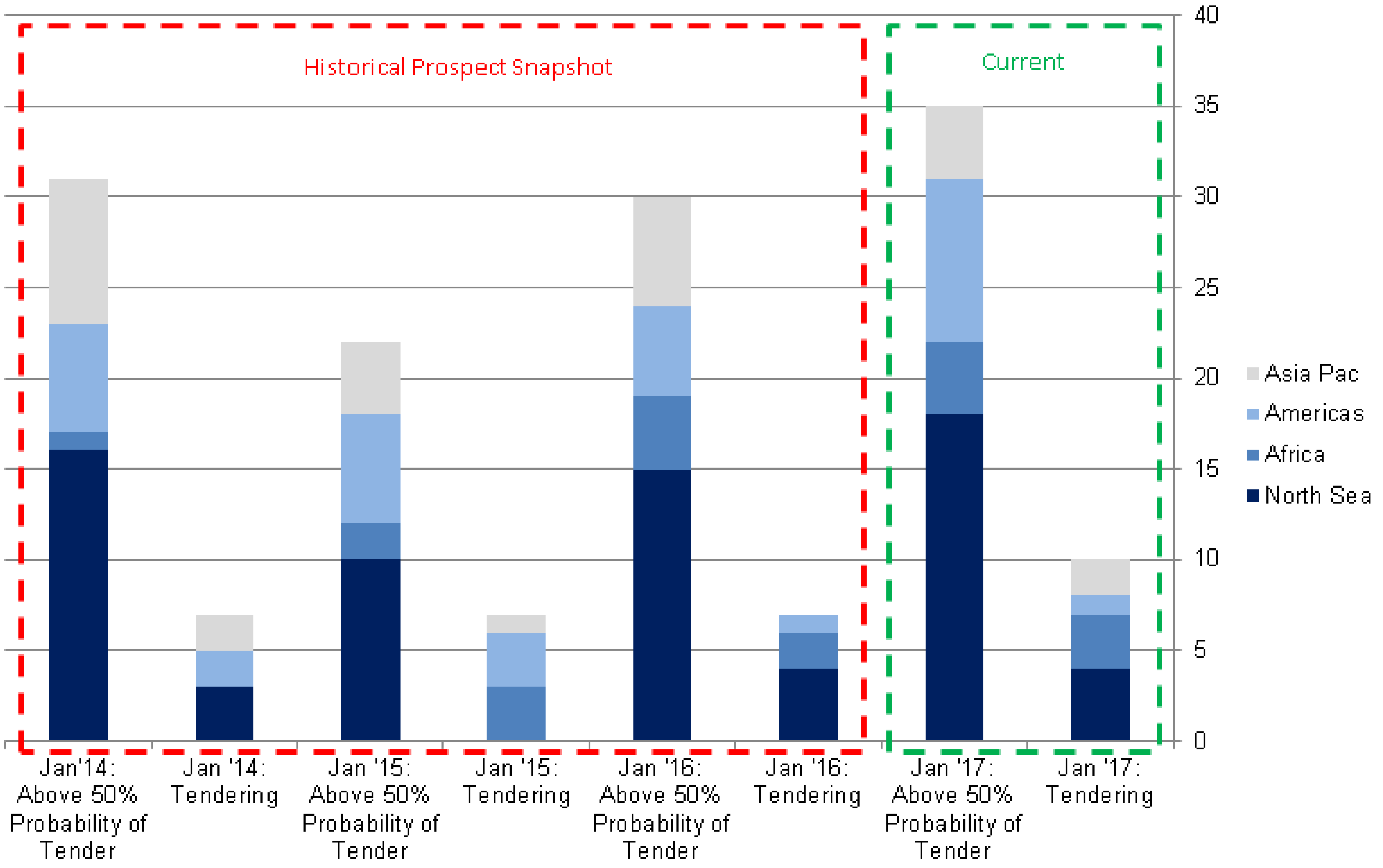
- North Sea recent awards indicate a significant dayrate reduction through 2016 and 2017
- Other regions somewhat less affected
- Some signs, however, of higher rates from 2018 onwards
- Positive rate development anticipated to continue pending demand pick up and supply side

Market anticipated to normalise with spend-more MMO

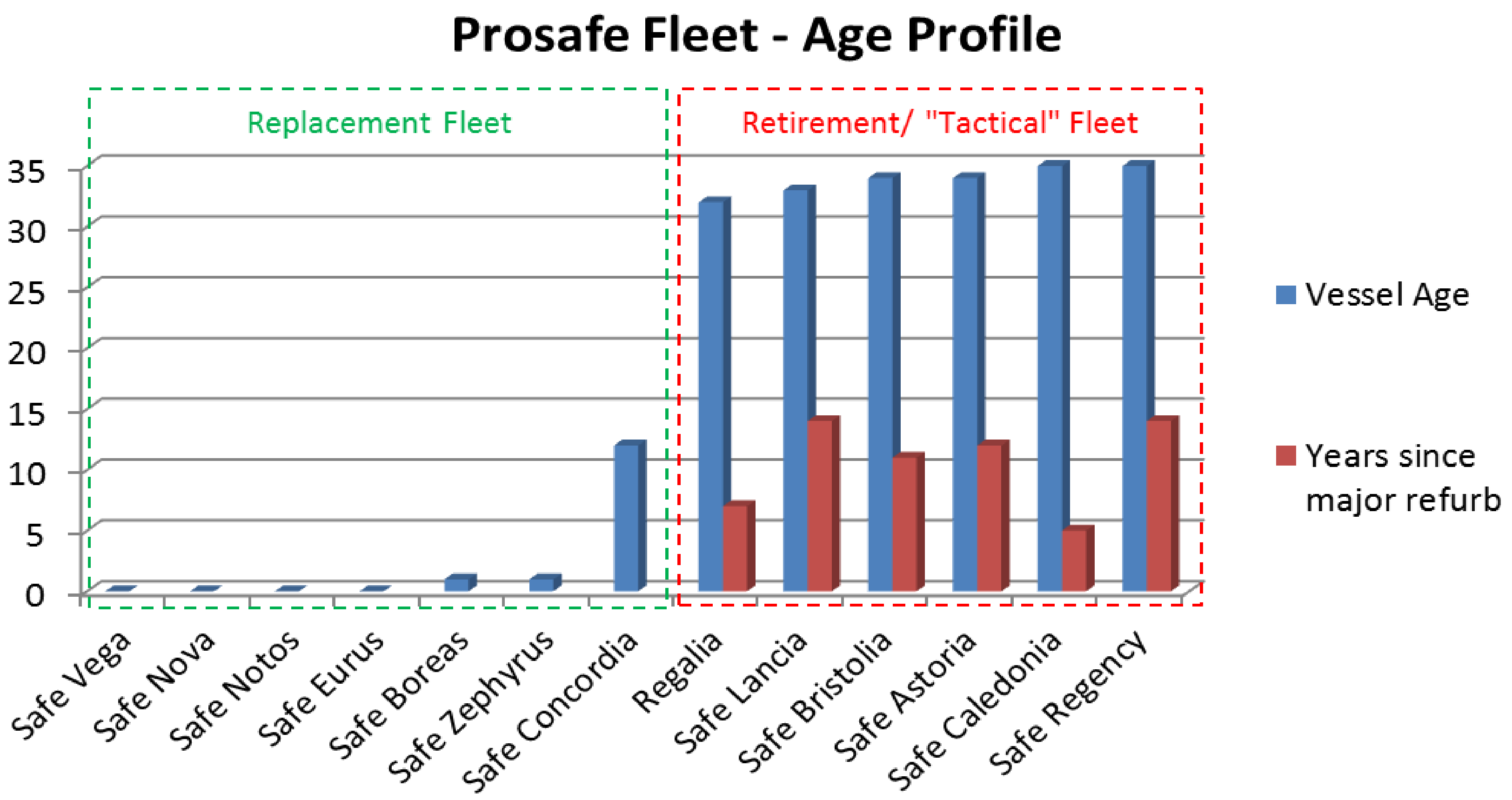


Share of market (ca.)	**25%**	**75%**	**0-10%**
Market visibility	**High**	**Low**	**Medium**
Lead time	**Long**	**Short**	**Medium**
Average duration	**8 months**	**6 months**	**Anticipated longer**
Key drivers	**Project sanctioning, hookup and commissioning**	**Age of installed topsides, subsea tieback projects**	**Shutdowns and platform removal**
Current market	**80%**	**20%**	

Improved tendering indicating pick up from 2018?



Prosafe fleet renewal – A managed process…



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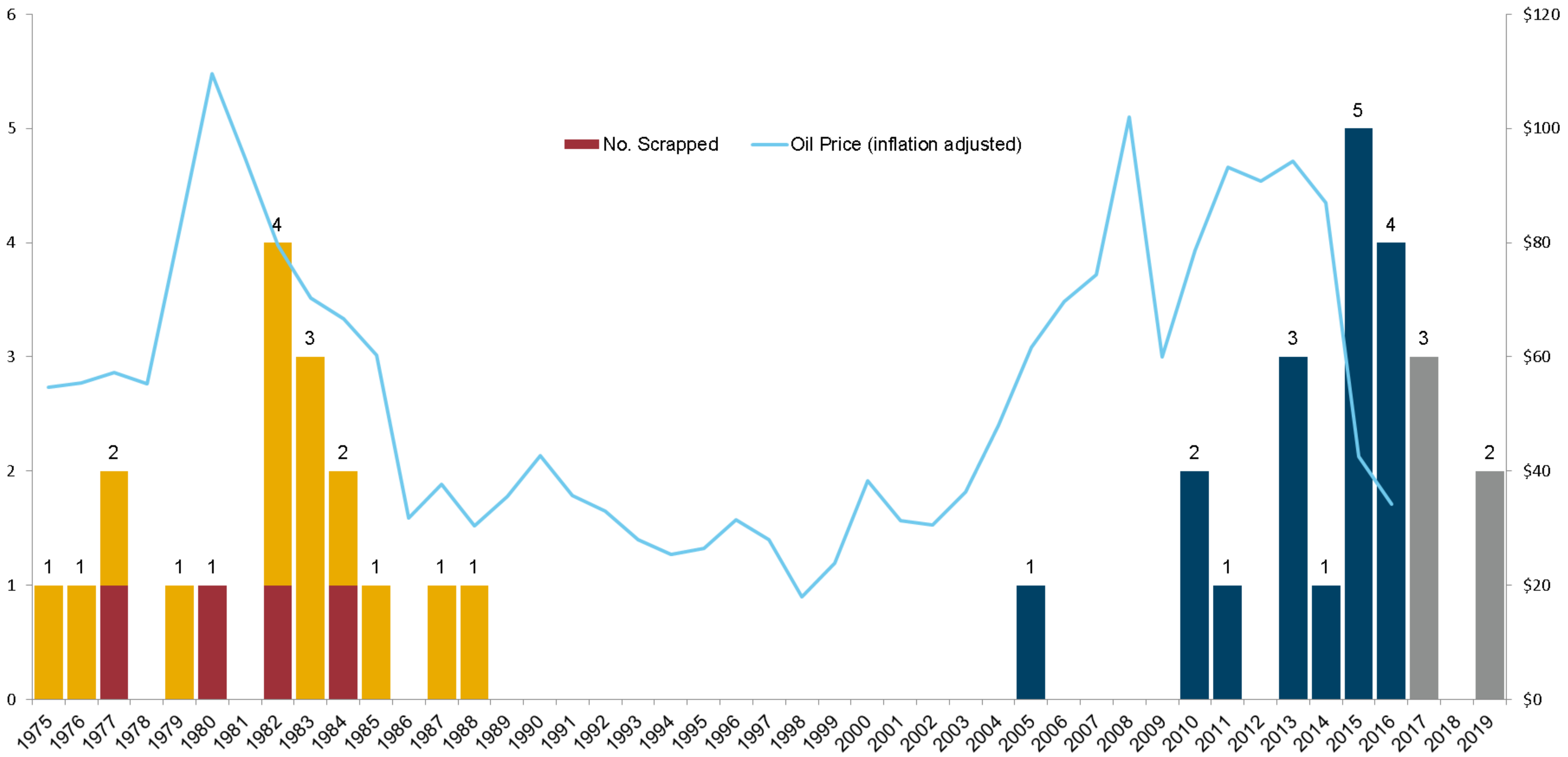
Contributing to replacement and rebalancing



Prosafe

EBITDA and capex guidance

Previous guidance	
~~2016 and 2017 combined~~	~~MUSD 320+~~
~~=> 2017~~	~~MUSD 110+/-~~
~~Capex per year~~	~~MUSD 20-30~~

Current guidance	
2016 and 2017 combined	MUSD 365 +/- (slight increase)
2017 remain low point (anticipated)	MUSD 110 +
Capex per year	MUSD 10-15*
Onshore cost & headcount	Additional 10% +/-
Liquidity – cash flow from operations	Neutral at ca. MUSD 100** p.a => Runway is “protected”

*) Incl. SPS for the Safe Caledonia

**) 2017 is however also impacted by USD 30 m repayment of sellers credit to Jurong

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Summary

- Reinforcing safety culture
- Strengthening the management team
- Solid underlying performance and cash control
- Further cost reductions underway
- New contract and extensions despite soft market
- Focus on safe and efficient operations of the TSV
- Prosafe will continue to be active and assist in the supply side rebalance towards 2020
- Guarded optimism as market activity anticipated to gradually pick up from 2018 driven mainly by a normalization of brownfield markets
- Continue to rebuild Prosafe to take the lead in industry development