August 2016

Company presentation

Disclaimer

All statements in this presentation other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties, and assumptions that are difficult to predict and are based upon assumptions as to future events that may not prove accurate. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believe”, “may”, “will”, “should”, “would be”, “expect” or “anticipate” or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans or intentions. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation as anticipated, believed or expected. Prosafe does not intend, and does not assume any obligation to update any industry information or forward-looking statements set forth in this presentation to reflect subsequent events or circumstances.

Agenda

- **Recent developments**
- Restructuring
- Operations review
- Strategy & Outlook
- Summary

Recent developments

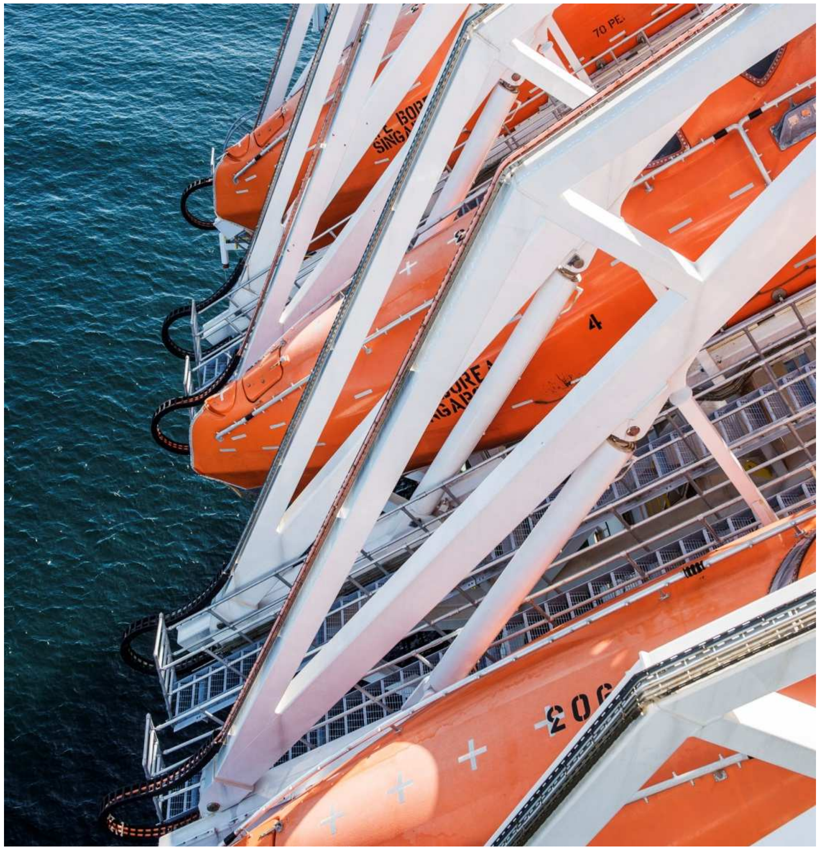
- Will secure runway through 2020 after comprehensive refinancing
- Will significantly improve debt structure and cash flow
- Will have limited covenants and significantly improved room to manoeuvre
- Re-organisation into a lean organisation
  - Safe and cost efficient management of fleet
  - 35-40% headcount reduction
  - 20-30% opex reduction and 40% capex reduction
- Amendment and contract extension signed with Petrobras – revenue flow through to mid 2020
- Safe Britannia, Safe Hibernia and Jasminia sold for scrap
- Good activity for Prosafe´s vessels in the North Sea in Q2/Q3
- Safe Zephyrus awarded Acknowledgement of Compliance from the Petroleum Safety Authority Norway and commenced contract

Agenda

- Recent developments
- **Restructuring**
- Operations review
- Strategy update
- Summary

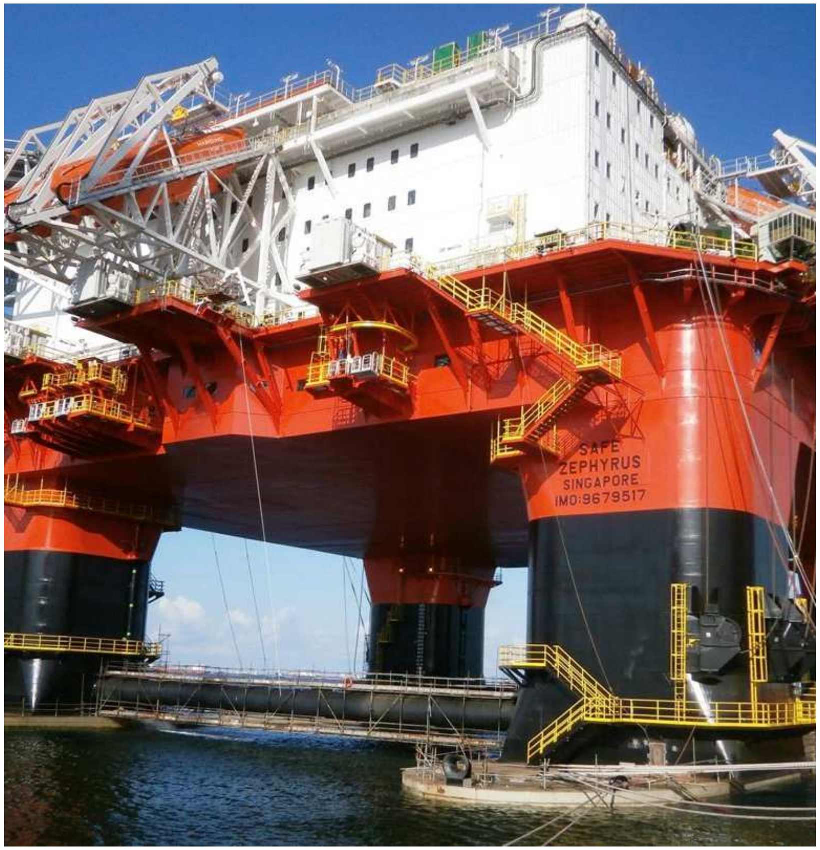
Restructuring

- **1. Restructuring goal**
- 2. Financial restructuring
- 3. Operation cost/efficiency restructuring
- 4. Supply side restructuring



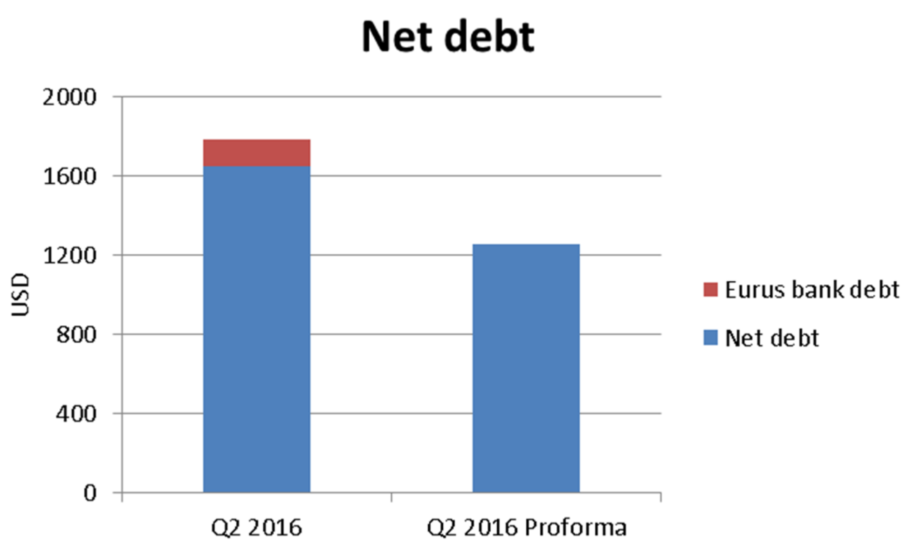
1. Restructuring goal: re-establishing the Prosafe investment case

1. ***Premium asset base, purpose built for key markets***
2. ***Extensive fleet renewal program successfully completed, further securing Prosafe's "license to operate"***
3. ***Capable technical organisation with broad support amongst clients – renewed focus on operational leadership***
4. ***Long operational track-record from global operations***
5. ***Significantly improved debt structure, low cost of capital and significantly improved cash flow***
6. ***History of delivering strong ROCE***



2.Financial restructuring: recapitalisation and net debt

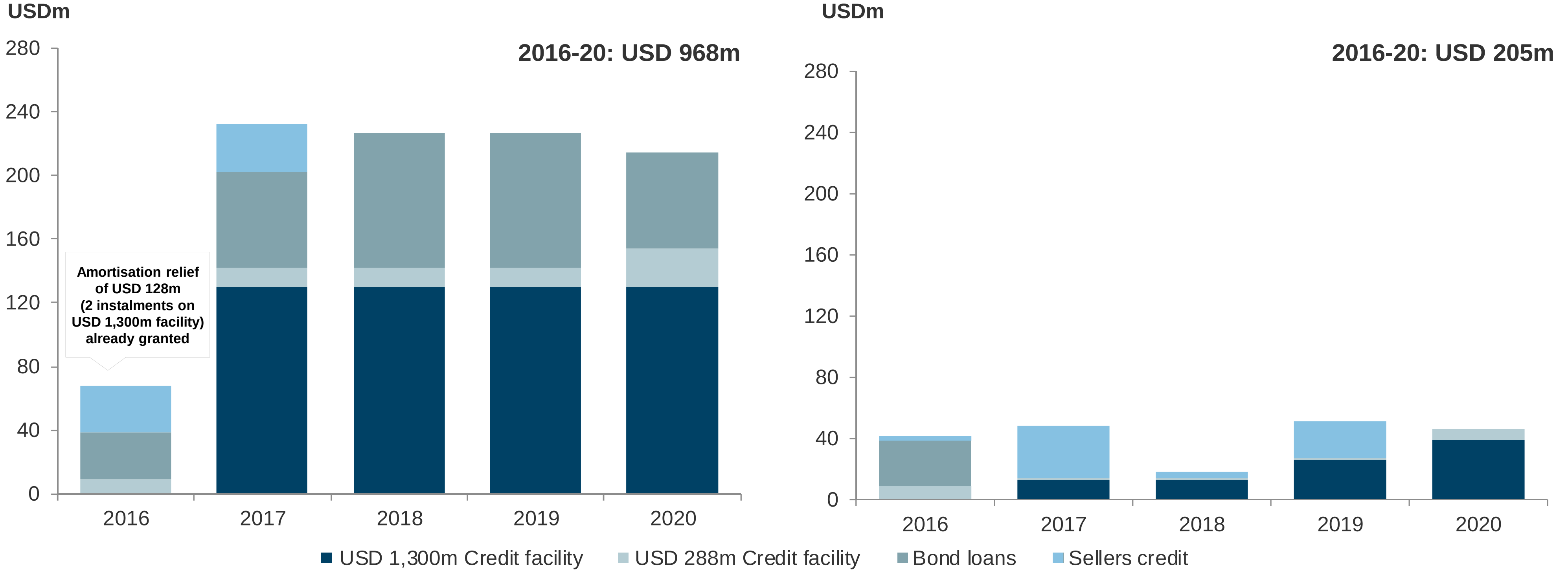
- **Improved cash flow 2017-2020 of approx. USD 1,023 million**
  - Reduction of debt/new build investment USD 530 million
  - Reduction of amortisation of USD 470 million
  - Interest saving from swap restructuring of approx. USD 23m



Prosafe

2. Financial restructuring : significantly improved debt profile

Current amortisation profile[1]	*Amortisation profile after recapitalisation[1]*



Note 1) USD 30m outstanding on PRS07 (after repurchase) was repaid in Q1 2016

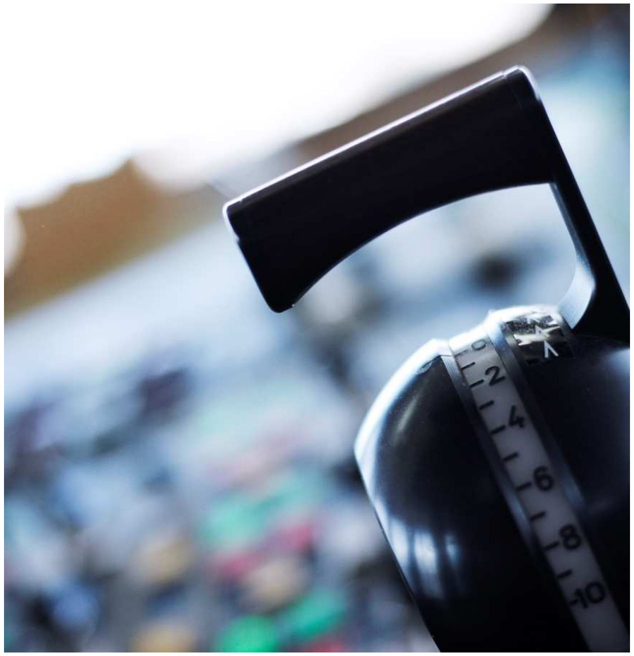
2. Financial restructuring: Pro-forma balance sheet per Q2 post refinancing

(Unaudited figures in USD million)	Reported 30.06.16	Adj.	Adjusted 30.06.16
Goodwill	226,7		226,7
Vessels	1 559,0		1 559,0
New builds	654,9		654,9
Other non-current assets	4,3		4,3
Total non-current assets	**2 444,9**	**0,0**	**2 444,9**
Cash and deposits	68,2	105,3	173,5
Other current assets	86,6		86,6
Total current assets	**154,8**	**105,3**	**260,1**
Total assets	**2 599,7**	**105,3**	**2 705,0**
Share capital	72,1	(64,1)	8,0
Other equity	606,4	455,1	1 061,5
Total equity	**678,5**	**391,0**	**1 069,5**
Interest-free long-term liabilities	98,4		98,4
Interest-bearing long-term debt	1 520,7	(137,7)	1 383,0
Total long-term liabilities	**1 619,1**	**(137,7)**	**1 481,4**
Other interest-free current liabilities	106,1		106,1
Current portion of long-term debt	196,0	(148,0)	48,0
Total current liabilities	**302,1**	**(148,0)**	**154,1**
Total equity and liabilities	**2 599,7**	**105,3**	**2 705,0**

- Reduced debt
- Improved liquidity
- Solid business platform

2. Revised covenants - room to manoeuvre

- Liquidity minimum MUSD 65million (from closing of transaction)
- Interest coverage ratio
  - Minimum 1.0 X (from closing of transaction until 31 Dec’ 2019)
  - Minimum 1.5 X (from 1 Jan’ 2020 onwards)
- Leverage ratio
  - Suspended until 31 Dec’ 2020
- Minimum market value
  - Suspended until 31 Dec’ 2018
  - Covenant set at 110% from 31 Dec’ 2019 onwards (in respect of 2 consecutive test dates)
  - For the USD 288 million facility only, a step up in the market value covenant in March 2021 to 125%
- Dividend restrictions
  - No distributions until all bank lenders received repayments equal to all deferred instalments



Prosafe

2. Refinancing status

Approvals

- Cosco deal agreed/signed
- 4 Bonds approved
- EGM approved the refinancing
- Bank lenders representing 89 per cent of outstanding bank debt have approved or provided in principle agreement for the refinancing
- The Board has decided to conduct a repair issue of up to 504 million shares (USD 15 million) – only shareholders at 12 July 2016, who did not participate in private placement, can subscribe

Timeline

- Subject to timely receipt of final bank approvals, completion of refinancing, including payment and delivery in private placement, expected to occur late August / early September
- Immediate OTC listing of new class A shares issued as part of refinancing, pending publication of prospectus, capital reduction and Oslo Børs listing
- Prospectus expected to be published towards end of September 2016
- Subscription period repair issue to start once prospectus is published (2 week subscription period)

3. Substantial cost/efficiency improvements - on target

- Target of sustainable cost reductions (efficiencies) of USD 30-40 million per annum
  - Target to reduce headcount by 35-40 per cent by Q4 2016/Q1 2017
  - Effects more visible from Q3 16 onwards, and full effect on measures from Q1 2017 onwards
- Improved underlying cost development in H1 2016 compared to H1 2015
  - Non-recurring items of approx. USD 40 million H1 2016
    - Off-hire and demobilisation costs for vessels in Mexico of USD 37.5 million
    - Restructuring cost of approx. USD 4 million

3. Cost Reduction – offshore

- Now seeing cost per day (CPD) for vessels in operation being reduced by 20-25 per cent compared to 2014

Opex (CPD k/d) (figures in USD)	**NCS**	**UKCS**	**Brazil**
	DP	**Moored**	**DP**
2014	75-80	50-55	60-65
2016e	60-65	40-45	45-50

Stacking CPD (k/d) (figures in USD)	**High-spec vessels[1)]**	**Low-spec vessels[1)]**
	15-30	5-10

[1)] Will depend on location and duration and cold/warm/hot stack

3. Cost reduction - onshore

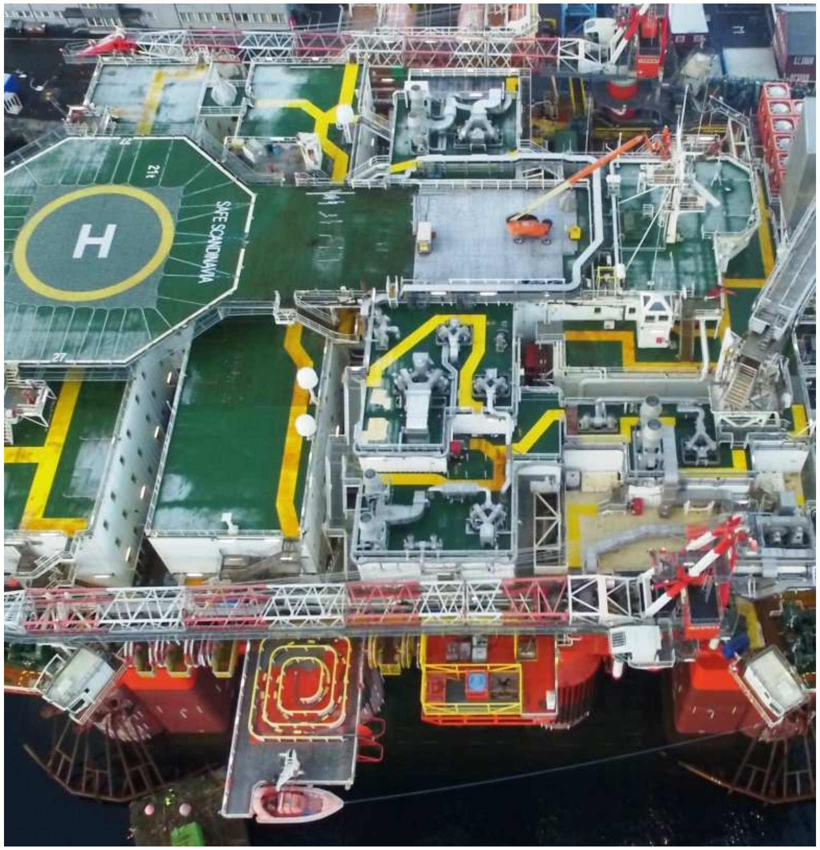
- Onshore costs in 2014 and 2015 average USD 40m p.a
  - Overall onshore costs are trending down – cost saving initiatives
  - Slim lining of organisation – significant headcount reductions

- **From 2017 onshore cost down by USD 10-12 million per annum (30%)**

Prosafe

3. Lower Capex – return to maintenance

- Strategic projects - new-builds and major conversions all completed
- Focus will return to maintenance capex / 5 year Special Periodic Survey
- Short to medium term target of maintenance/fleet capex of USD 20-30 million per annum



3. Cost and capex reduction summary

- Target set in Q1 2016 : USD 30-40 million per annum in cost cuts / efficiencies
- Full effects visible from Q1 2017 onward

	2011-2015 annual average levels	Revised target levels	Target savings 2017
Offshore opex[1)]	USD 180m	USD 140 – 150m	USD 30-40m (20%)
Onshore opex	USD 40m	USD 28m	USD 12m (30%)
Annual fleet capex[2)]	USD 60m	USD 20 - 30m	USD 30-40m (40%)
Headcount reduction (in %)		35-40 percent	

1) Will to some extent be affected by activity level
2) Excluding new-builds and conversions

4. The Prosafe development: consolidation story

Taking the lead in consolidation, scrapping and restructuring

Taking the lead

«Creation»:

Merger between Procon Offshore and Safe Offshore

«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 Offshore

«Restructuring»:

1. Renewal
2. Conversion to TSV
3. Scrapping

1997 | **1998-2006** | **2011-2016** | **2016/17 ->**

Agenda

- Recent developments
- Restructuring
- **Operations review**
- Strategy update
- Summary

Prosafe

Highly competitive vessels with increased earnings capacity

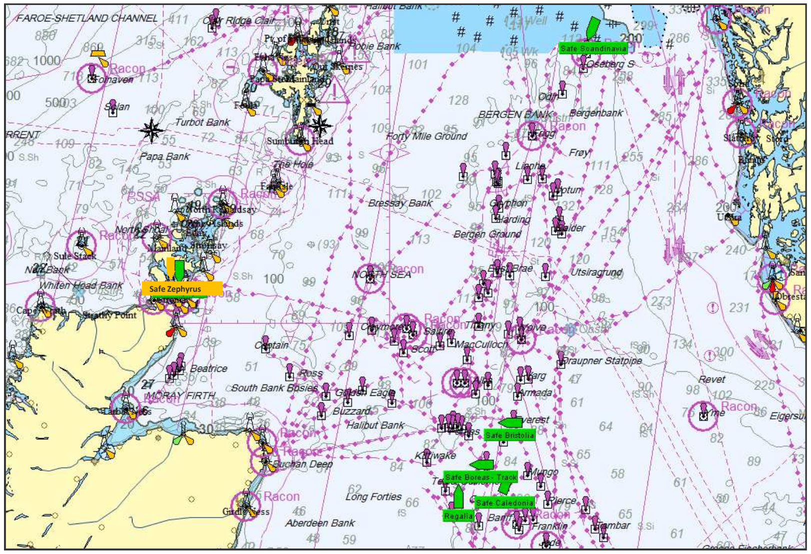
State-of-the-art North Sea capable fleet

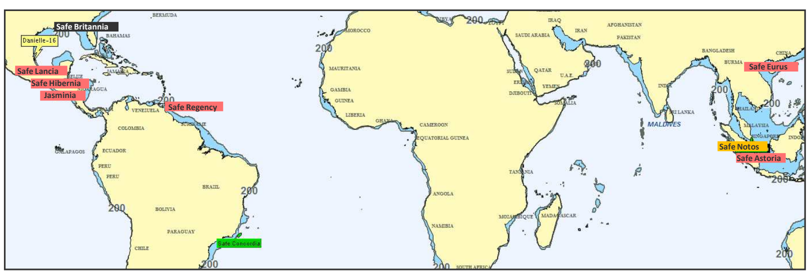
- Fleet renewal program completed with capex spend of approx. USD 1.35bn since 2012
- Core fleet of 7 state-of-the-art North Sea capable vessels (including Eurus)
- ~80% of fleet value capable of North Sea operations; a high barrier market

Prosafe

Operations overview

Geographic overview



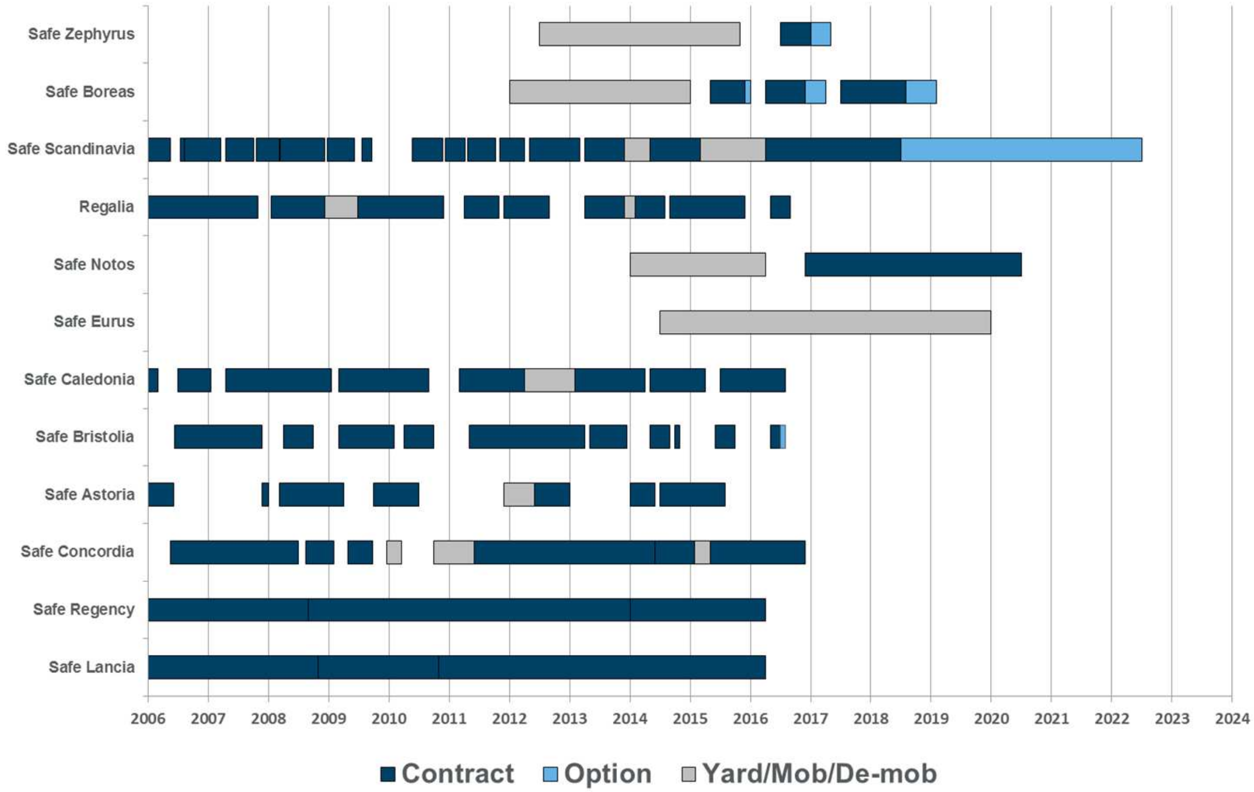


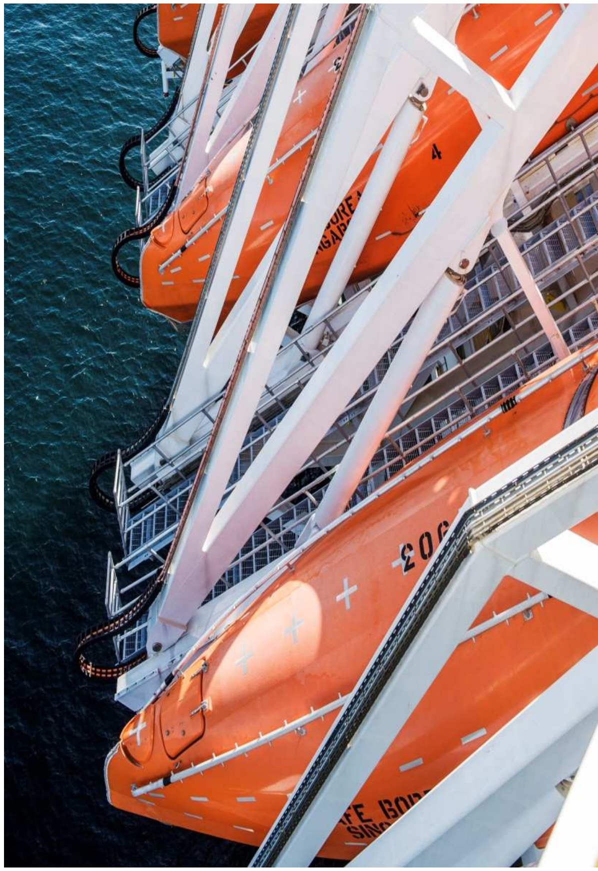
Key comments

- **In Operation:**
  - Regalia, Shell, Brent Charlie, UKCS
  - Safe Boreas, Talisman, Montrose A, UKCS
  - Safe Concordia, Petrobras, P56, Brazil
  - Safe Scandinavia (TSV), Statoil, Oseberg Øst, NCS
  - Safe Zephyrus, Det Norske, Ivar Aasen, NCS
- **Mobilising:**
  - Safe Notos; transit to Brazil
- **Lay – up / Construction:**
  - Safe Caledonia, Scapa Flow
  - Safe Bristolia; lay-up, Norway
  - Safe Astoria; Cold stack, in Batam, Indonesia
  - Safe Lancia; Cold stack in Port Isobel, USA
  - Safe Regency; lay-up, Curaçao
  - Safe Eurus; Under construction COSCO, Qidong, China
- **Recycling/Scrap:**
  - Safe Britannia/ Safe Hibernia / Jasminia

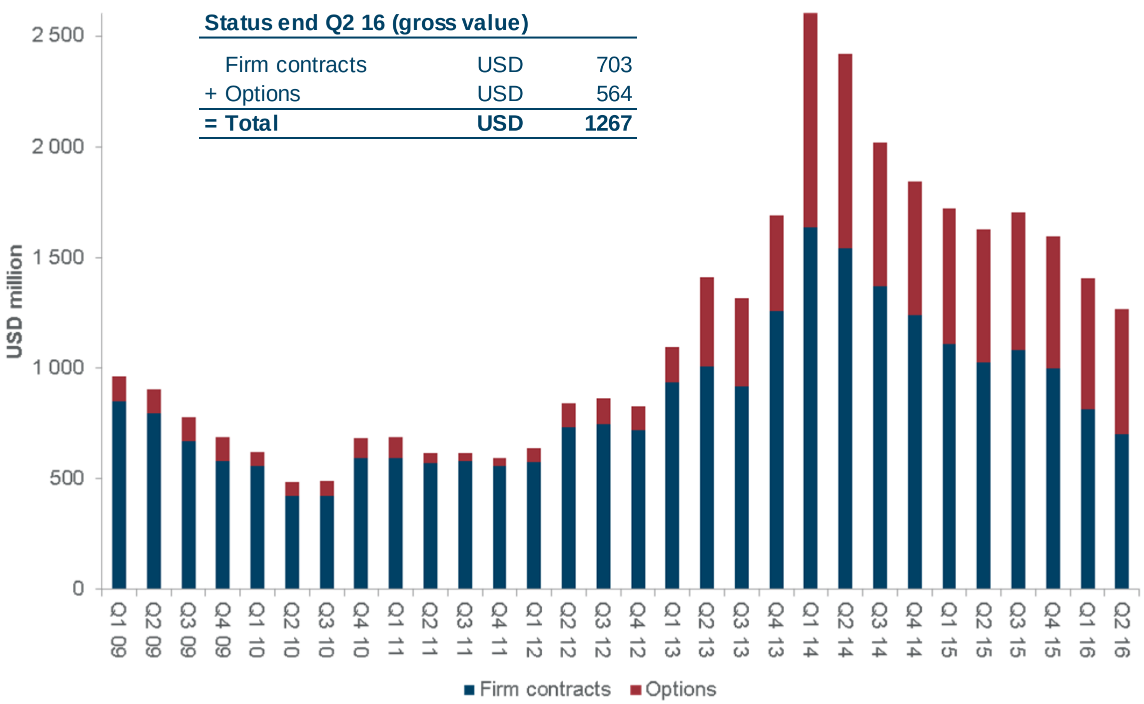
Prosafe

Contract coverage





Orderbook – superior track record in North Sea awards



Status end Q2 16 (gross value)

Firm contracts	USD	703
+ Options	USD	564
= Total	**USD**	**1267**

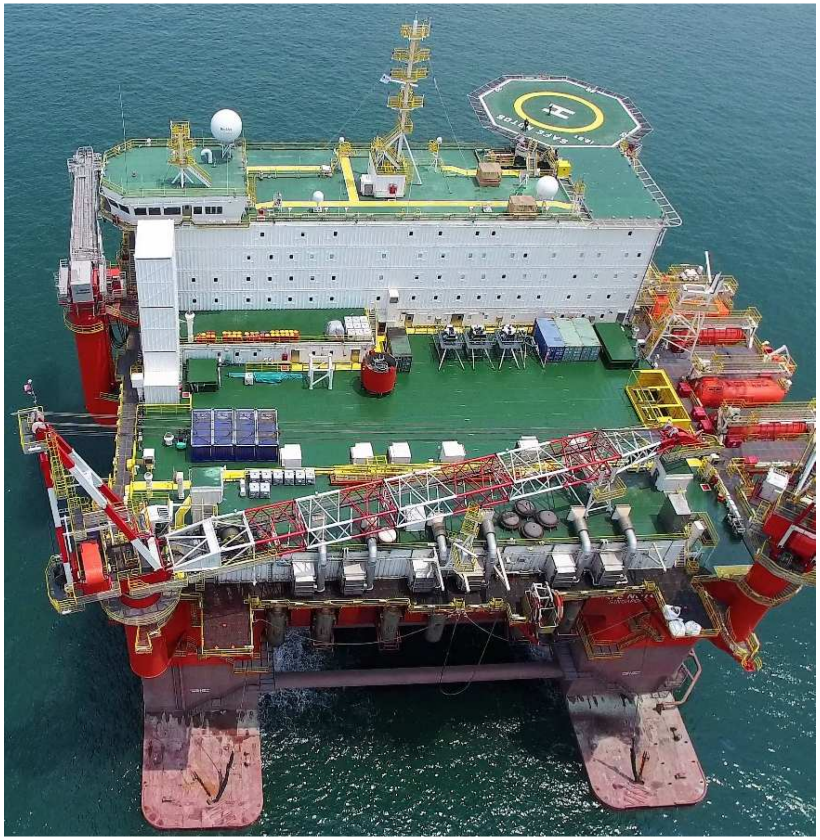
Q2 2016: The amendment of the Petrobras contract (published press release on 7 July 2016) is taken into account as of end Q2 2016 figures

- Prosafe has won 17 out of 23 new awards in the North Sea since 2012, demonstrating continous superior competitiveness in this key region
- Diversified track record
  - 6 awards on Norwegian Continental Shelf
  - 11 awards on UK Continental Shelf
  - Wide range of installations
- High standing with blue-chip customers:

Prosafe

Capital expenditure 2016

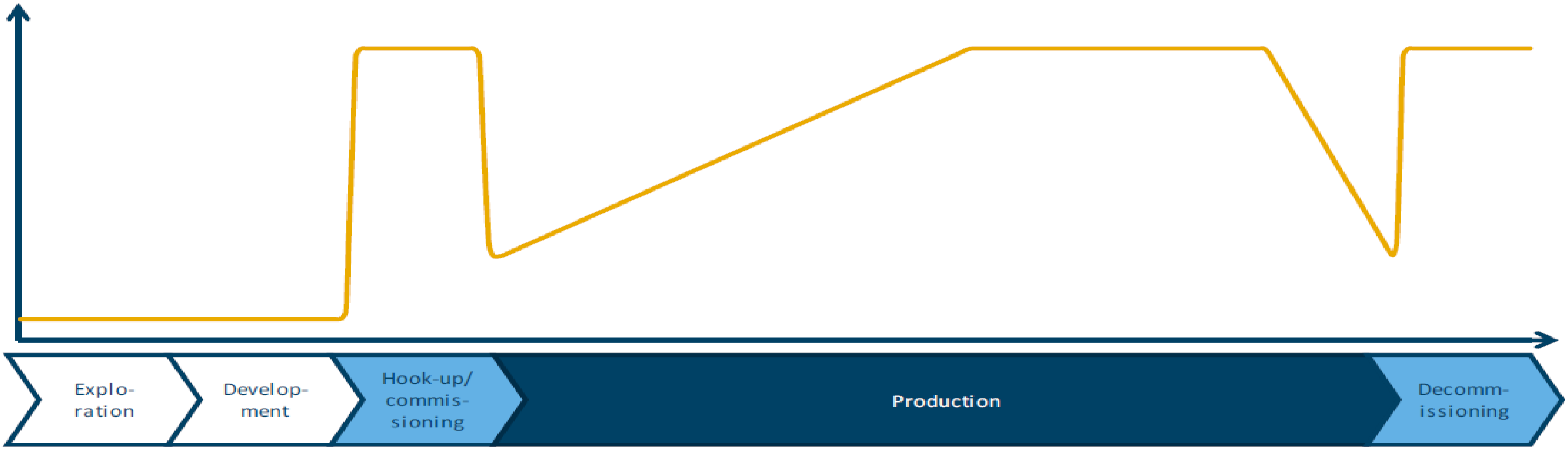
- Agreed deferred delivery to 31 December 2019 for Safe Eurus – therefore reduced capex for 2016. In addition Prosafe can cancel.
- Aggregate capital expenditure – adjusting for Safe Eurus delivery - for 2016 is in line with previous indications of approx. USD 500 million
- Remaining capex for H2 2016 of approx. USD 30 million
- Major capex items in 2016:
  - Final delivery instalments on Safe Notos and Safe Zephyrus delivered in Q1 2016



Agenda

- Recent developments
- Restructuring
- Operations review
- **Strategy update**
- Summary

Back to normal: accommodation market demand drivers



Share of market	10-30%	60-80%	0-10%
Market visibility	High	Low	Medium
Lead time	Long	Short	Medium
Key drivers	Project sanctioning, hookup and commissioning	Age of installed topsides, subsea tieback projects	Shutdowns and platform removal

Activity level forecasted to recover from 2018

2014 – 16; "Hook-ups"

2016 – 20; "Back to normal"

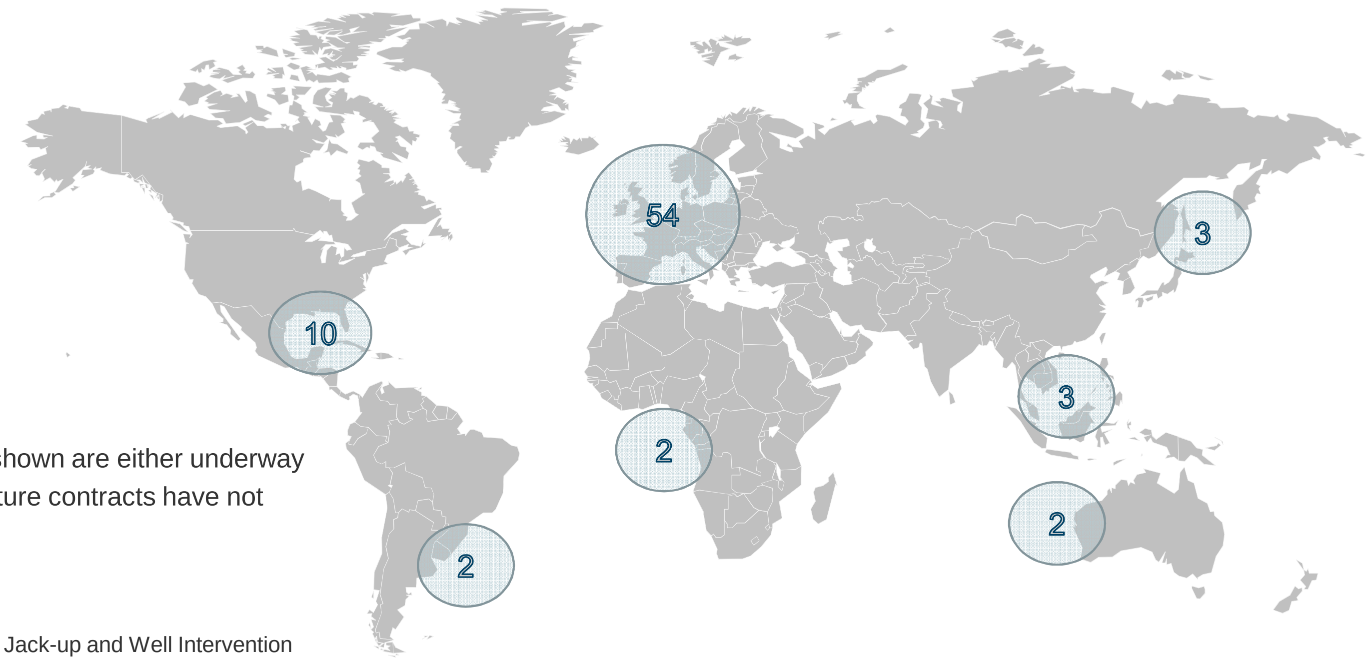
Returning to traditional demand (maintenance and modification) with shorter lead times compared to hook-up projects

1. Continuous growth in installed base with significant number of new fields in production during recent years
2. Increasing share of platforms older than 20 years, triggering strong demand for maintenance work
3. Platforms increasing lifetime beyond design life driving need for substantial modification work
4. Strong backlog of tieback projects triggering need for modification work at host platforms
5. Significant drop in modification capex leading to large backlog of outstanding maintenance projects building up in current down-turn

Source: Prosafe, Page 16, "Offshore Floating Accommodation Market Drivers", Report to Prosafe by Rystad Energy, April 20, 2016.

Geographical demand

- Semi-submersible vessels have been deployed in a wide range of geographical locations, although primarily in highly regulated, harsh and/or deep water environments such as UK North Sea and Norwegian Continental Shelf.
- Prosafe has conducted 76 semi-submersible accommodation vessel projects of varying duration since 2000*:



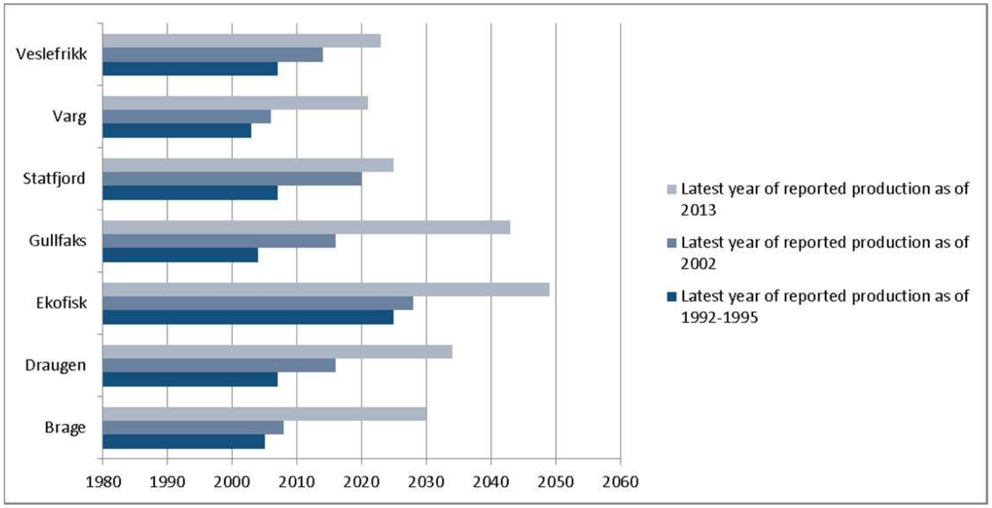
Note: Contracts shown are either underway or completed. Future contracts have not been included

* Not including TSV, Jack-up and Well Intervention

Prosafe

Increasing lifetime trigger need for modifications

Lifetime for selected fields in Norway

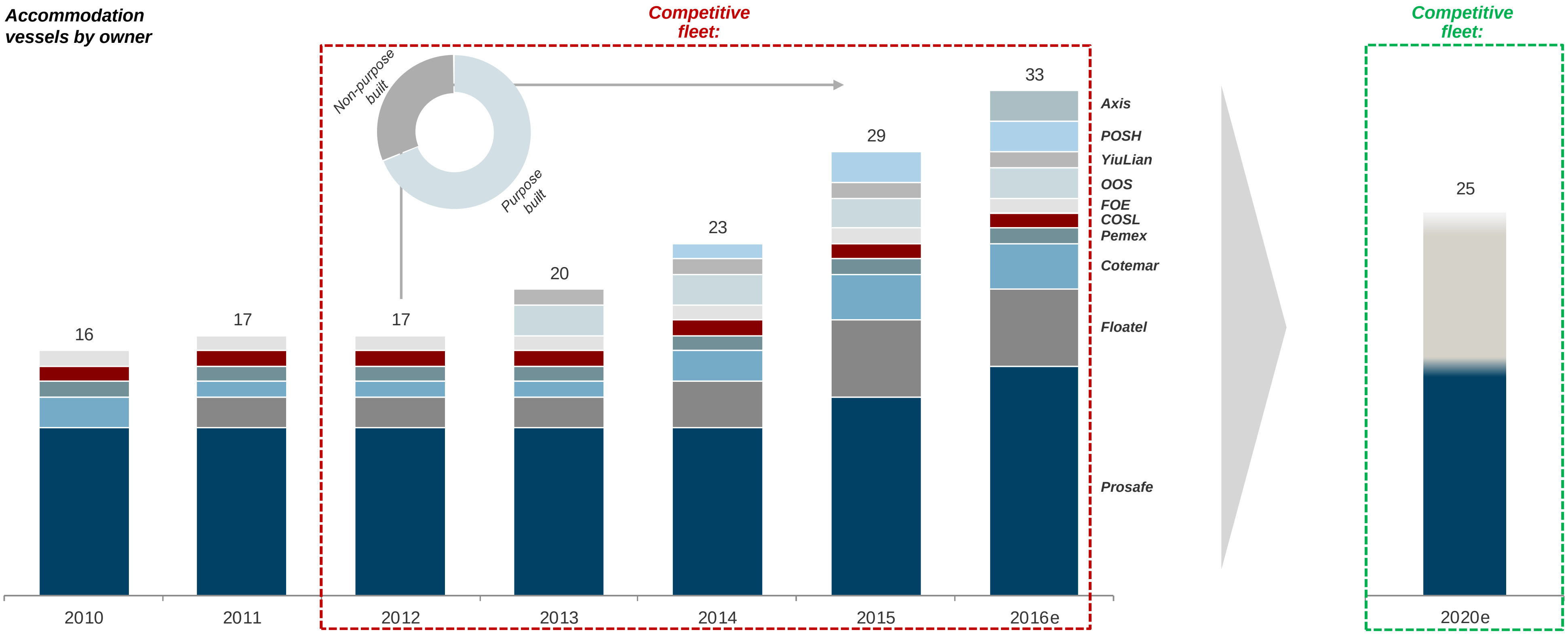


Source: NPD Facts 2014, http://www.npd.no/en/Publications/Facts/Facts-2014/Background-data-for-some-of-the-figures-in-Facts-2014/

- History has shown that fields seldom cease operation at the end of the designed field life
  - But rather increase life time with 10-25 years
- Platforms increasing lifetime beyond design life trigger need for modifications – which again might trigger the need for additional accommodation capacity

Indicative: global accommodation market anticipated to rebalance by 2020

High fleet growth combined with weaker market – "low end" vessels at risk by 2020



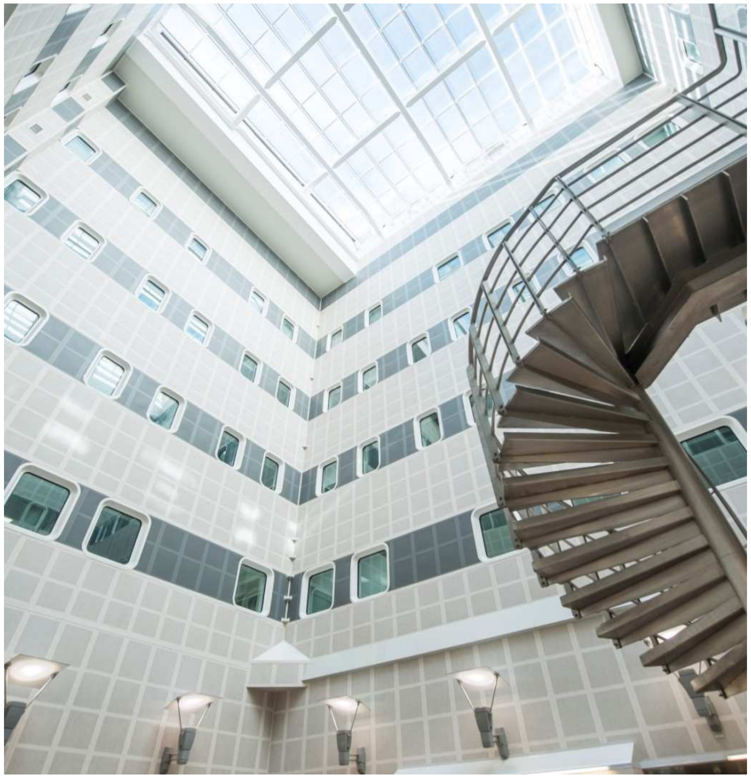
Source: Prosafe estimates

Agenda

- Recent developments
- Restructuring
- Financial results
- Operations review
- Strategy update
- **Summary**

Summary

- Will secure runway through 2020 after comprehensive refinancing
- Will significantly improve debt structure and cash flow
- Will have limited covenants and significantly improved room to manoeuvre
- Re-organisation into a lean organisation
  - Focus continues on safe and cost efficient management of fleet
- Substantial cost and capex cuts
- Market outlook remains uncertain near term – continue to see 2017 to be low point; however expectations are for gradual market recovery from 2018



Prosafe

Appendix

Recapitalisation summary

Capital raise	• Equity capital raise of USD 130m • USD 40m to be used to buy-back part of the Company's senior unsecured bonds • The Board has decided to conduct a subsequent offering of up to USD 15m (repair issue)

Restructuring of bonds	• NOK 2.4 billion in aggregate face value of the Company's outstanding senior unsecured bonds in PRS08, PRS09, PRS10 and PRS11 are converted into a mix of new convertible bond or ordinary shares at 30% of the face value and cash
	  • The Company will issue (i) a convertible bond of NOK 82.79 million convertible into 331,163,764 new shares; (ii) 1,396,836,250 new shares as consideration for the bond conversion
	  • The cash-out offer was USD 40m at 35% of face value

Bank amendments	• Amortisation relief of USD 128m in 2017 and 2018 (90% reduction), USD 114m in 2019 (90% reduction in H1 and 70% reduction in H2), and USD 100m in 2020 (70% reduction) – combined with swap restructuring provides total positive liquidity effect for the Company of approximately USD 493m
	  • USD 1.3 bn facility final maturity in February 2022
	  • USD 288m facility final maturity May 2021 – extended availability of undrawn USD 144m Eurus tranche to Q4 2019. Reinstatement of original amortisation profile on Eurus tranche of the USD 288 million facility
	• Amended financial covenants for all facilities
	• Revised margin and cash sweep mechanism to be included

COSCO	• Secured additional flexibility with Cosco on taking delivery of Safe Eurus
	  • Deferred delivery of Safe Eurus to Q4 2019 (or such earlier time required by the Company)
	  • Limitation on any further liability in the event Prosafe does not take delivery of Safe Eurus
	  • Deferred maturity date of the USD 29m seller's credit agreement to Q4 2019

Income statement

(Unaudited figures in USD million)	Q2 16	Q1 16	Q2 15	6M 16	6M 15	2015
Operating revenues	115.4	103.0	92.5	218.4	216.7	474.7
Operating expenses	(53.8)	(57.7)	(51.0)	(111.5)	(102.8)	(211.8)
EBITDA	**61.6**	**45.3**	**41.5**	**106.9**	**113.9**	**262.9**
Depreciation	(29.1)	(23.4)	(18.7)	(52.5)	(35.7)	(86.5)
Impairment	0.0	0.0	0.0	0.0	0.0	(145.6)
Operating profit	**32.5**	**21.9**	**22.8**	**54.4**	**78.2**	**30.8**
Interest income	0.1	0.0	0.1	0.1	0.1	0.2
Interest expenses	(18.6)	(19.9)	(12.8)	(38.5)	(23.0)	(41.6)
Other financial items	(7.9)	(0.4)	5.7	(8.3)	(10.2)	(29.5)
Net financial items	**(26.4)**	**(20.3)**	**(7.0)**	**(46.7)**	**(33.1)**	**(70.9)**
Profit/(Loss) before taxes	**6.1**	**1.6**	**15.8**	**7.7**	**45.1**	**(40.1)**
Taxes	(0.9)	(3.4)	(3.6)	(4.3)	(5.9)	(10.5)
Net profit/(loss)	**5.2**	**(1.8)**	**12.2**	**3.4**	**39.2**	**(50.6)**
EPS	**0.02**	**(0.01)**	**0.05**	**0.01**	**0.17**	**(0.21)**
Diluted EPS	**0.02**	**(0.01)**	**0.05**	**0.01**	**0.17**	**(0.21)**

Balance sheet

(Unaudited figures in USD million)	30.06.16	31.03.16	31.12.15	30.06.15
Goodwill	226.7	226.7	226.7	226.7
Vessels	1 559.0	1 581.6	1 578.6	1 611.5
New builds	654.9	635.3	228.5	211.1
Other non-current assets	4.3	4.7	4.9	6.0
Total non-current assets	**2 444.9**	**2 448.3**	**2 038.7**	**2 055.3**
Cash and deposits	68.2	71.0	57.1	94.9
Other current assets	86.6	111.5	91.4	91.5
Total current assets	**154.8**	**182.5**	**148.5**	**186.4**
Total assets	**2 599.7**	**2 630.8**	**2 187.2**	**2 241.7**
Share capital	72.1	72.1	72.1	65.9
Other equity	606.4	610.4	643.1	694.7
Total equity	**678.5**	**682.5**	**715.2**	**760.6**
Interest-free long-term liabilities	98.4	90.8	58.9	59.4
Interest-bearing long-term debt	1 520.7	1 554.9	1 107.5	1 185.6
Total long-term liabilities	**1 619.1**	**1 645.7**	**1 166.4**	**1 245.0**
Other interest-free current liabilities	106.1	135.8	166.1	203.1
Current portion of long-term debt	196.0	166.8	139.5	33.0
Total current liabilities	**302.1**	**302.6**	**305.6**	**236.1**
Total equity and liabilities	**2 599.7**	**2 630.8**	**2 187.2**	**2 241.7**

Operating revenues

(USD million)	Q2 16	Q1 16	Q2 15	6M 16	6M 15	2015
Charter income	109.1	56.2	80.0	165.3	191.8	425.4
Mob/demob income	0.5	13.9	0.8	14.4	1.8	5.4
Other income	5.8	32.9	11.7	38.7	23.1	43.9
Total	**115.4**	**103.0**	**92.5**	**218.4**	**216.7**	**474.7**

Covenants Q2 2016

- Liquidity minimum MUSD 65*
  - Cash Q2: MUSD 68
- Book equity minimum 25 percent
  - Book equity Q2: 26 per cent
- Leverage ratio maximum 6.0
  - Net debt/adjusted EBITDA Q2: 3.6

* In April, Prosafe obtained a reduced minimum liquidity covenant of USD 20 million until the end of the third quarter 2016