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Pareto Securities' 23rd annual Oil & Offshore Conference

Stig H. Christiansen, Acting CEO

Disclaimer

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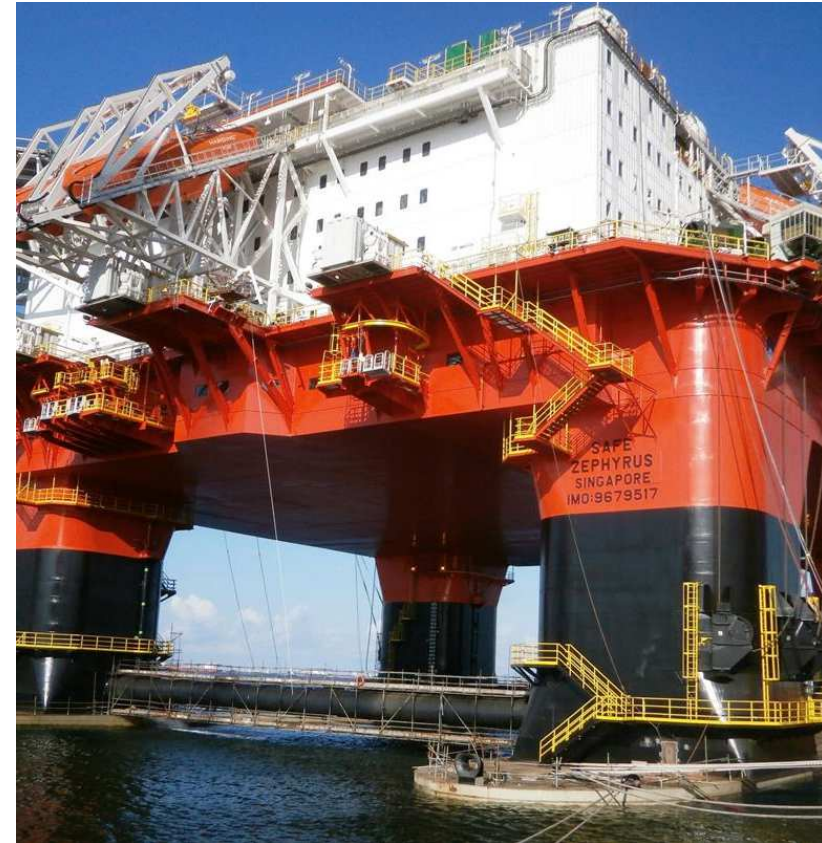
Agenda

- **Prosafe in brief**
- Financial restructuring
- Reorganization and efficiencies
- Fleet and contracts
- Market update – current
- Strategy & Market outlook
- Summary



Prosafe in brief

- 1 *World's most diversified fleet of (10) semi-submersible accommodation-, service- and safety rigs*
- 2 *Long operational track-record from global operations*
- 3 *Entered the drilling support niche with TSV Scandinavia*
- 4 *Upgraded and renewed fleet*
- 5 *Revitalizing competitive position via financial restructuring, reorganization, fleet restructure and efficiency measures*
- 6 *Ambition to develop its market position and take the lead also in future restructuring*



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Pro-forma B/S per Q2 post financial restructuring

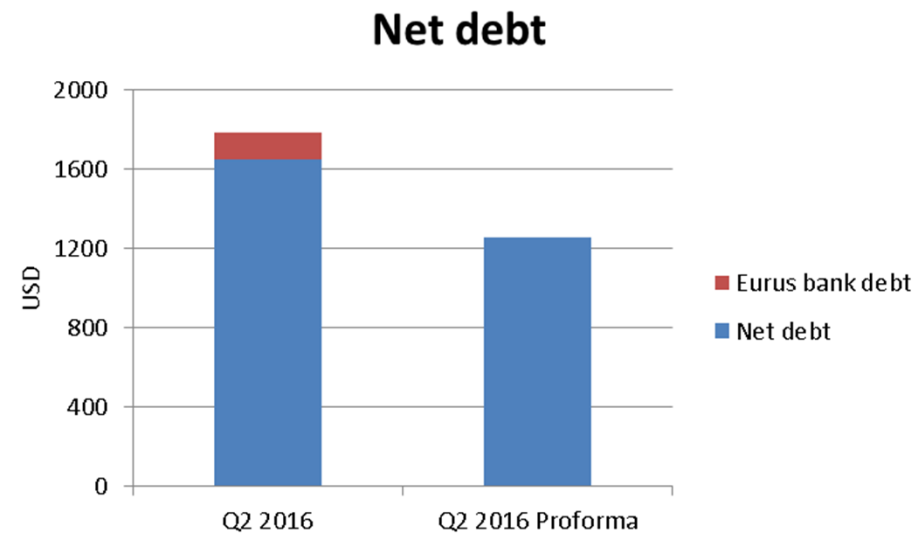
(Unaudited figures in USD million)	Reported 30.06.16	Adj.	Adjusted 30.06.16
Goodwill	226,7		226,7
Vessels	1 559,0		1 559,0
New builds	654,9		654,9
Other non-current assets	4,3		4,3
Total non-current assets	2 444,9	0,0	2 444,9
Cash and deposits	68,2	105,3	173,5
Other current assets	86,6		86,6
Total current 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

- Still leveraged, however
 - Net debt down 24% from USD 1650 to USD 1250
 - Book equity from 26% to 40%
- And in essence...

...A billion dollar runway secured through 2020

■ **Improved cash flow 2017-2020 of more than USD 1 billion from**

- Reduction of debt/new build investment USD 530 million
 - USD 290 mill bonds converted
 - USD 105 mill in equity proceeds
 - USD 135 mill in reduced Eurus commitment
- Reduction of amortisation of USD 470 million
- Interest saving from swap restructuring of approx. USD 23m



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Reorganization and efficiency summary

- Reorganization in to a lean, operationally focused organization
- Target of USD 30-40 million per annum in cost cuts / efficiencies
- Reorganization provisions in Q316
- Full effects from cost and spend cuts from Q1 2017 onward

	2011-2015 annual average levels	Revised target levels	Target savings 2017
Offshore opex¹⁾	USD 180m	USD 140 – 150m	USD 30-40m (20%)
Onshore opex	USD 40m	USD 28m	USD 12m (30%)
Annual fleet capex²⁾	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

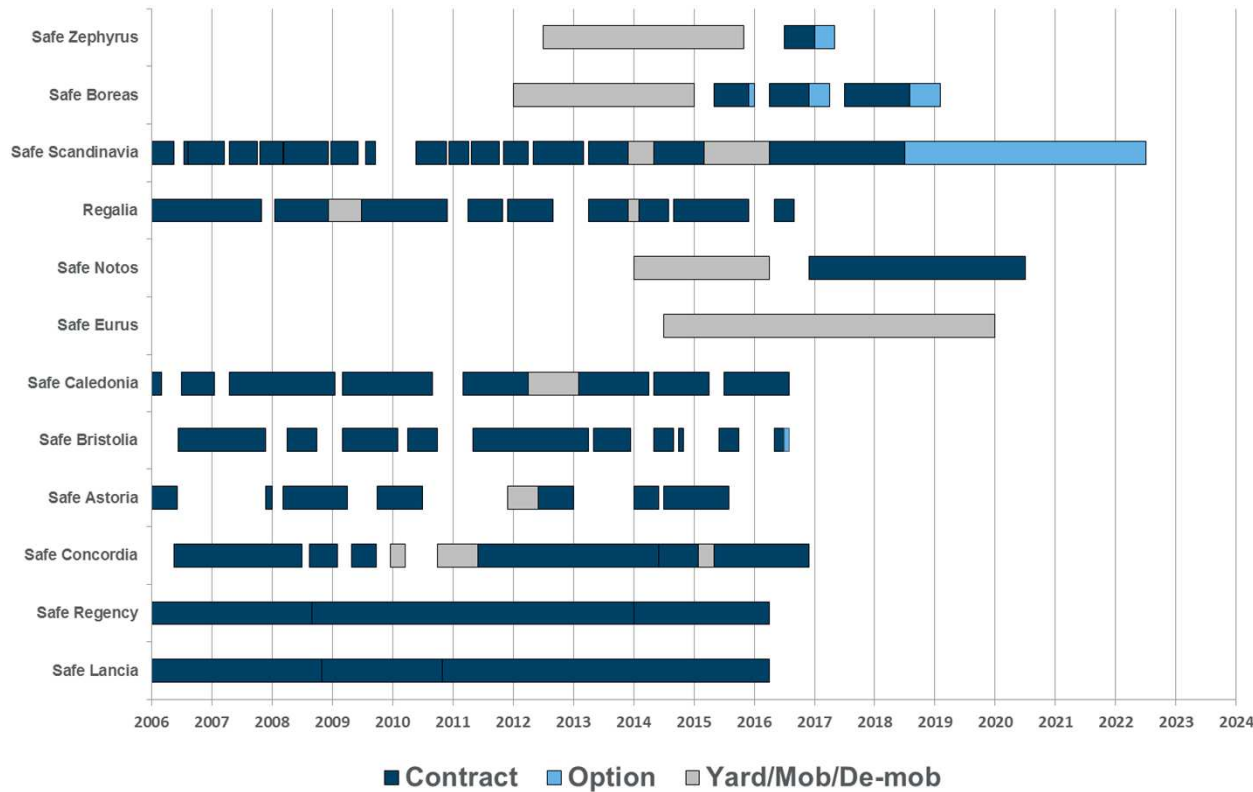
2) Excluding new-builds and conversions

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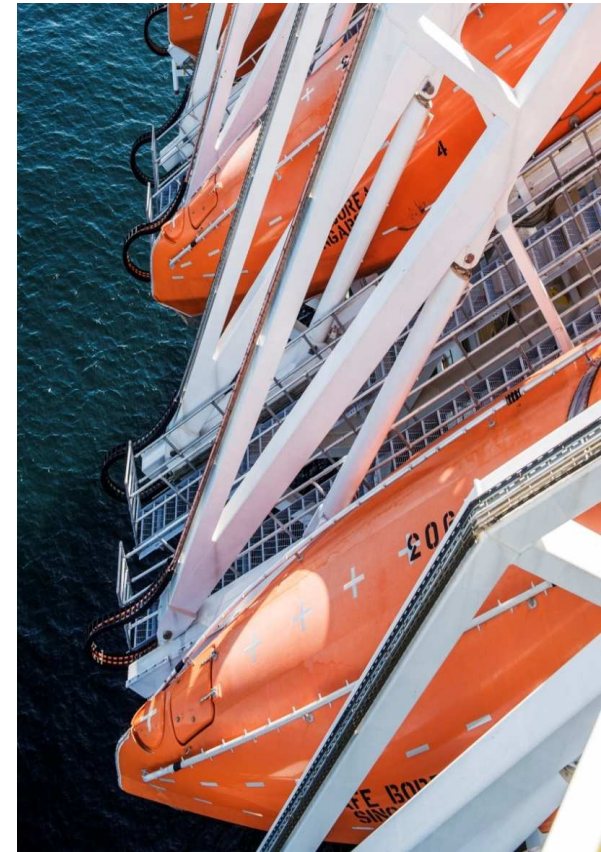
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Contract coverage – USD 1267* mill. backlog per Q216



*) Incl. Options. Ca. 55% firm



Tender support operation for Statoil at Oseberg Øst

- Safe Scandinavia is supporting drilling operations on the field by providing mud pumping, mud mixing and storage, cuttings and slop handling and extra offices and accommodation
- The drilling campaign, which could not have been done without a support vessel like Safe Scandinavia, is an important measure towards increasing recovery rates and extending the lifetime of Oseberg Øst
 - Statoil is expecting to increase the recovery rate from around 20% to up to 30% with the first planned wells¹⁾
 - Statoil has the possibility of drilling more wells and further increasing the recovery rate towards 40%, which is almost double the rate in the plan for development and operation¹⁾
- Firm contract until July 2018 with four one-year options



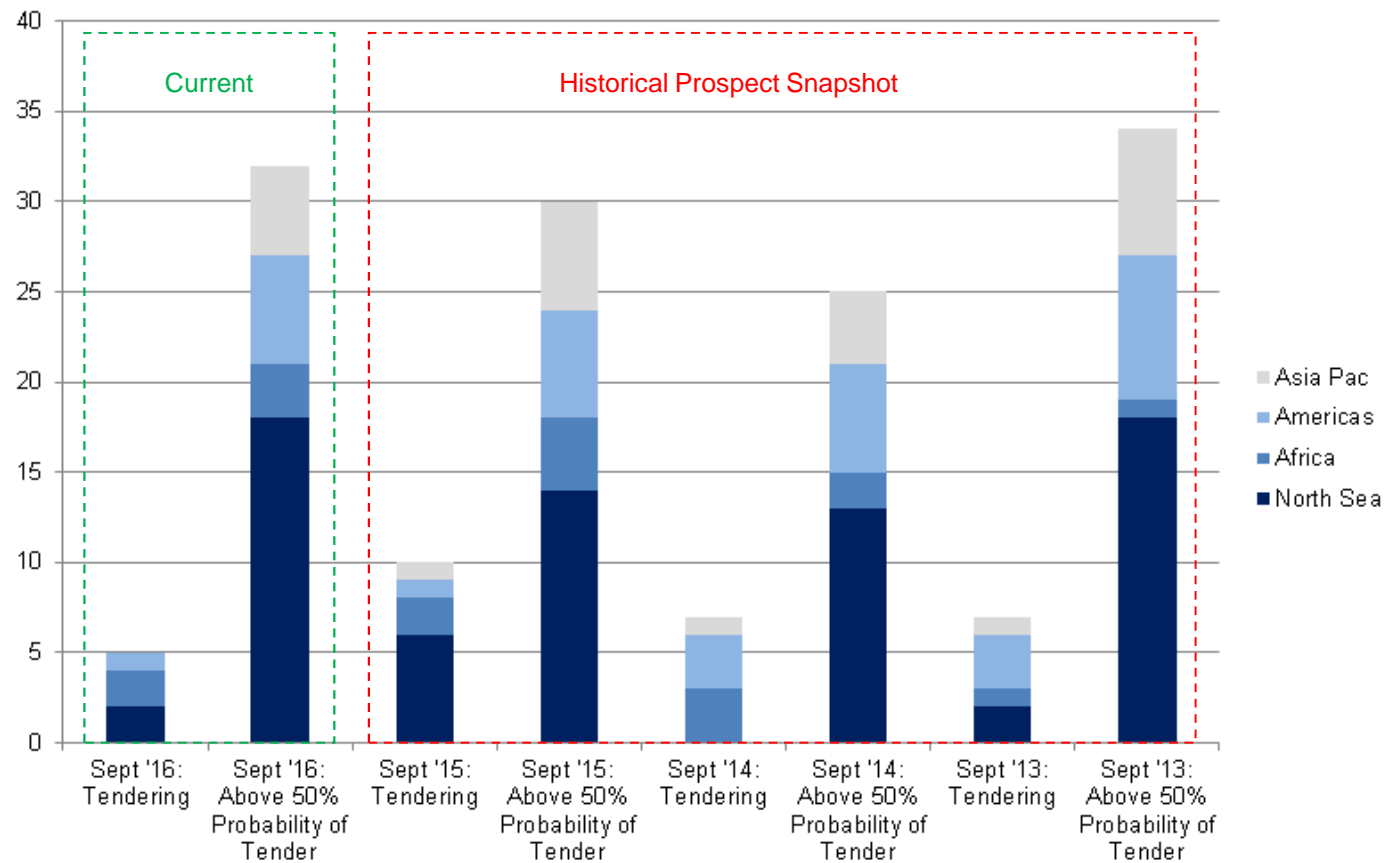
1) More oil from Oseberg Øst with new drilling campaign,
http://www.statoil.com/en/NewsAndMedia/News/2014/Pages/2Jul_MoreOilOsebergEast.aspx

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Market update – current



Dayrate averages and indications

- **Bottoming out with market softness – with recovery from 2018 onwards...**

- North Sea recent awards indicate a dayrate reduction through 2016 and 2017 of up to as much as ca. 50%
- Other regions less affected with an average reduction of ca. 20-25%
- Recovery indicators from 2018 onwards
- Leading broker present dayrate indications;

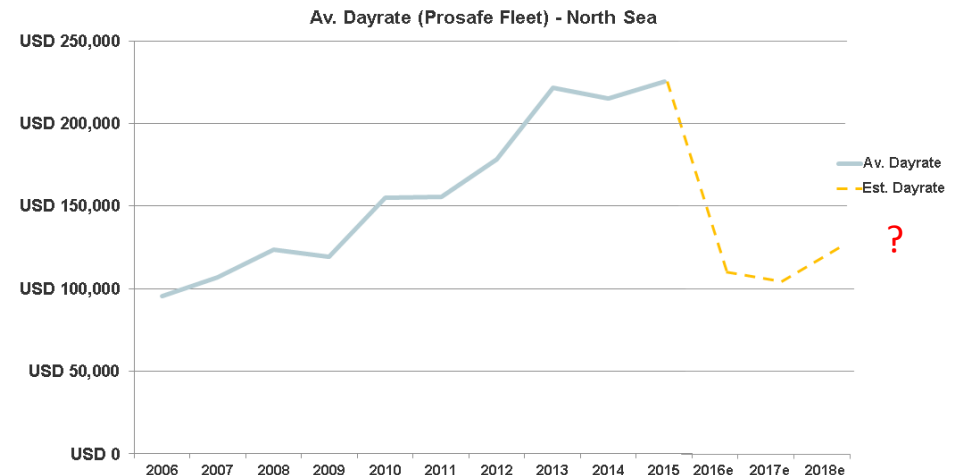
North Sea older Non DP Semi-Submersible
\$80,000 - \$140,000 pdpr

North Sea DP Semi-Submersible
\$140,000 - \$200,000 pdpr

Global DP Semi-Submersible
\$70,000 - \$140,000 pdpr

Note on Dayrates: They are just an indication as dayrates will fluctuate depending on the prevailing conditions and specific requirements.

Source: Clarksons Platou Offshore Limited: Offshore Accommodation Quarterly Q2 2016



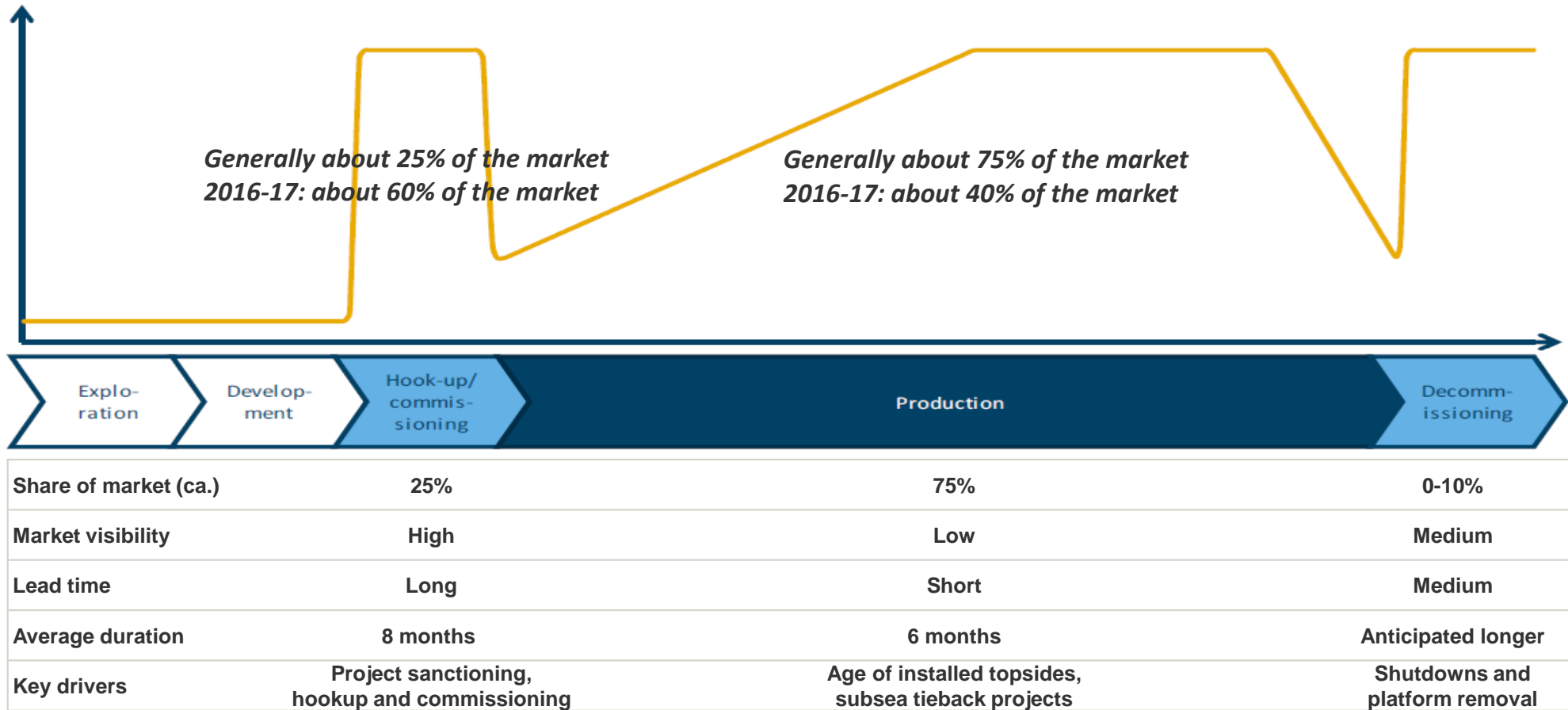
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Accommodation market normalizing

- Return to brownfield / MMO as main demand driver – driving activity recovery from 2018



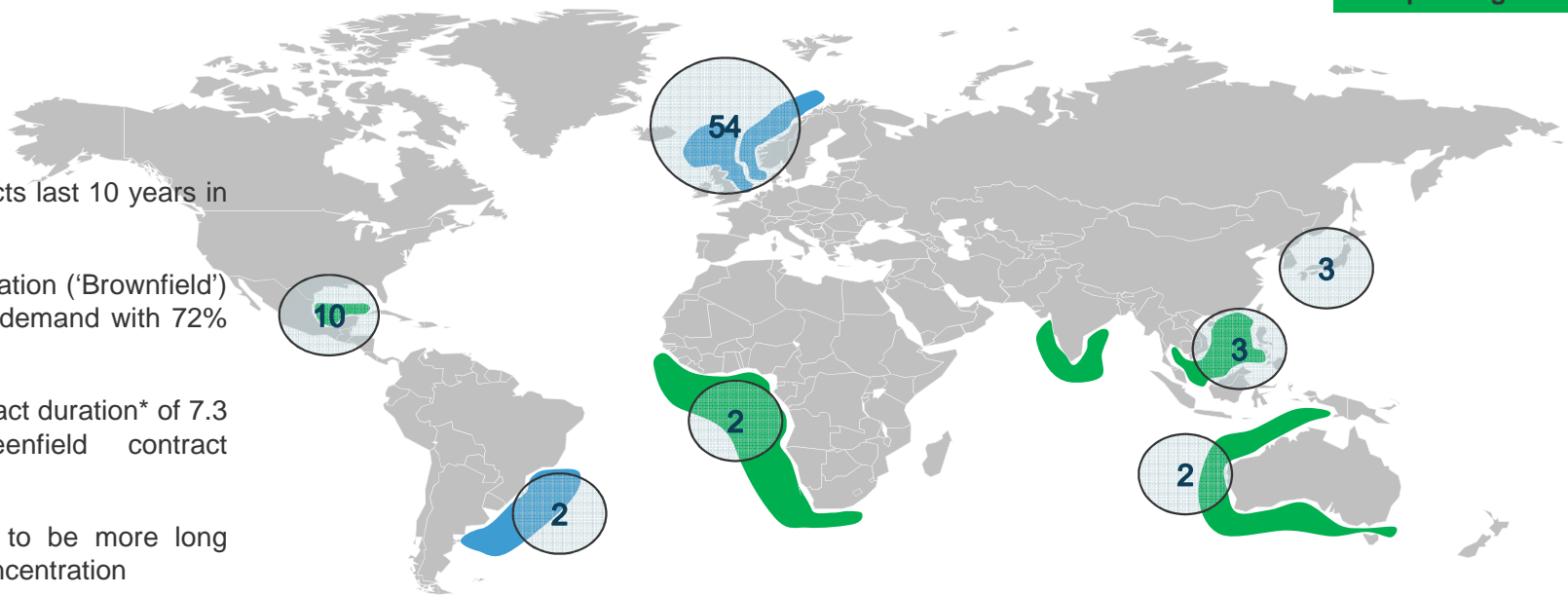
Historical demand / projects by region

Present core markets

Prospect regions

- Majority of Prosafe projects last 10 years in North Sea
- Maintenance and Modification ('Brownfield') driving 79% of historical demand with 72% demand in North Sea;
- Average brownfield contract duration* of 7.3 months, average greenfield contract duration* of 7.8 months.
- Mexico and Brazil tend to be more long term due to a.o. client concentration
- Mexico anticipated to return in the future
- Australia and Asia potentially offering future opportunities

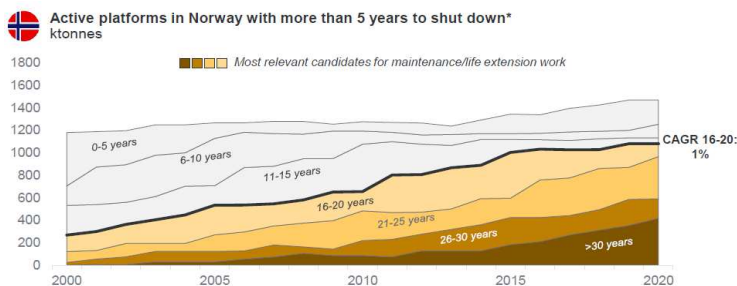
*Excluding Mexico, West Africa & Brasil



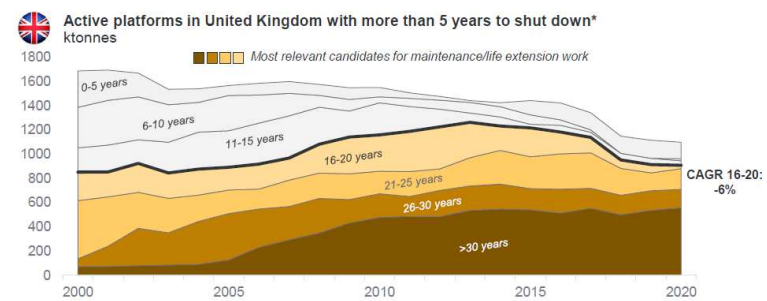
North Sea remain key market with additional growth in other regions hence

Accumulating demand supporting eventual strong recovery

- Several hundred producing fields in the North Sea
- Increasing share of platforms older than 20 years, triggering strong demand for maintenance work
- History shows that fields tend to be extended well beyond their initial design life due to a.o. enhanced oil recovery focus
- Platforms increasing lifetime beyond design life driving need for substantial modification work. Suggested that maintenance projects are now deferred by well over two years and the need is accumulating
- Strong backlog of tieback projects triggering need for modification work at host platforms
- Presentation by Rystad Energy at ONS: “Communicated PDOs are already making the years towards 2020 look promising for the field development market”



Source: Rystad Energy research and analysis, [Swedbank](#)



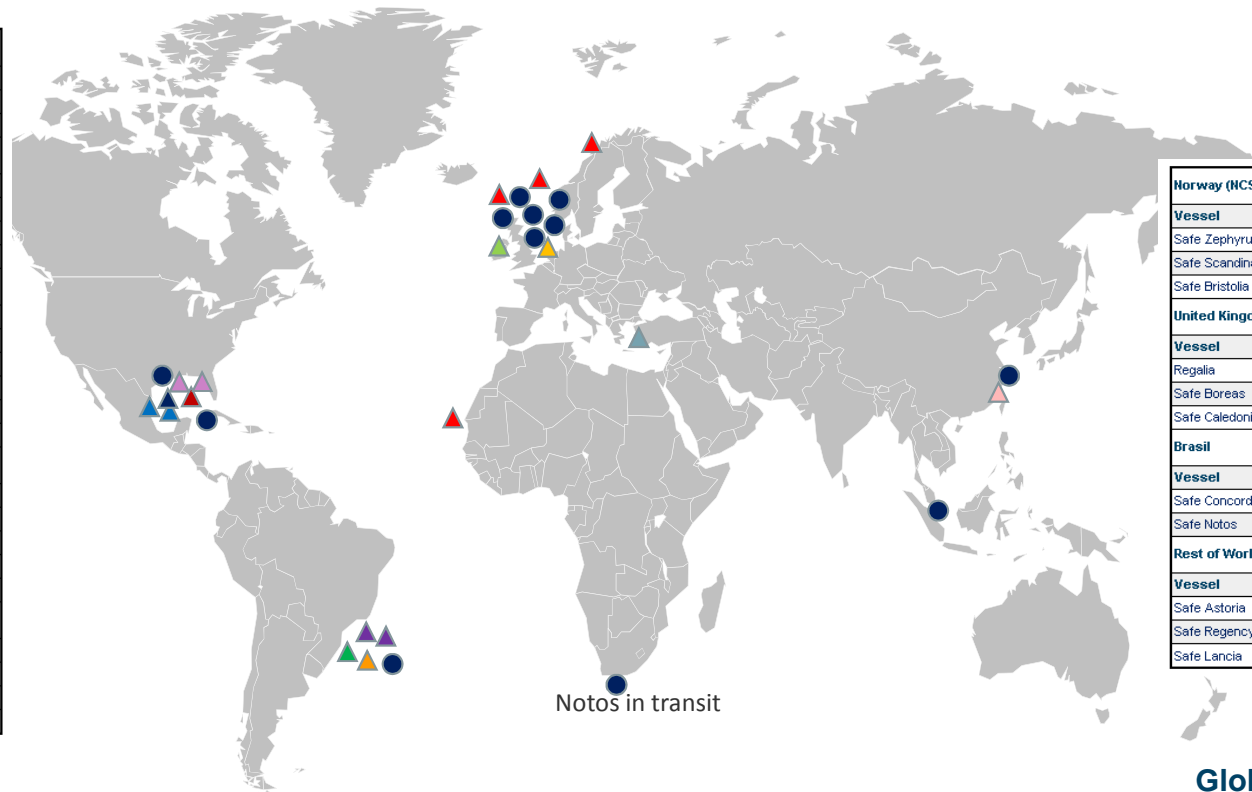
Source: Rystad Energy research and analysis, [Swedbank](#)

Regionalization: Global fleet and locations

- Regionalization reducing competitive intensiveness

Norway (HCS)		
Vessel	Location	Until
Floatel Superior	Cold Stack	Ongoing
Floatel Endurance	Stat. Gina Krog	Apr-17 +
United Kingdom (UKCS)		
Vessel	Location	Until
Floatel Victory	BP Clair Ridge	Dec-17 +
Borgholm Dolphin	Cold Stack	Ongoing
COSL Rival	CoP Judy	Nov-16
Mexico		
Vessel	Location	Until
Cotemar Neptuno	Campeche	~Dec 16
Cotemar Atlantis	Campeche	~Dec 16
Chemul	Campeche	Rolling
Iolair	Campeche/Idle	2020
Semi 1 & Semi 2	Marino d Mexico	2020
Brasil		
Vessel	Location	Until
OOS Gretha	Macaé	Apr-18
OOS Prometheus	Macaé	Apr-18
Arendal Spirit	Rio	Jun-18
POSH Xanadu	Rio	Mar-17
Rest of World		
Vessel	Location	Until
Floatel Reliance	Tenerife Warm Stack	N/A
Jasper Cos.	China Cold Stack	N/A
Elasco Millenium	Turkey Cold Stack	N/A

**Main Competitor's
Global Fleet Placement**



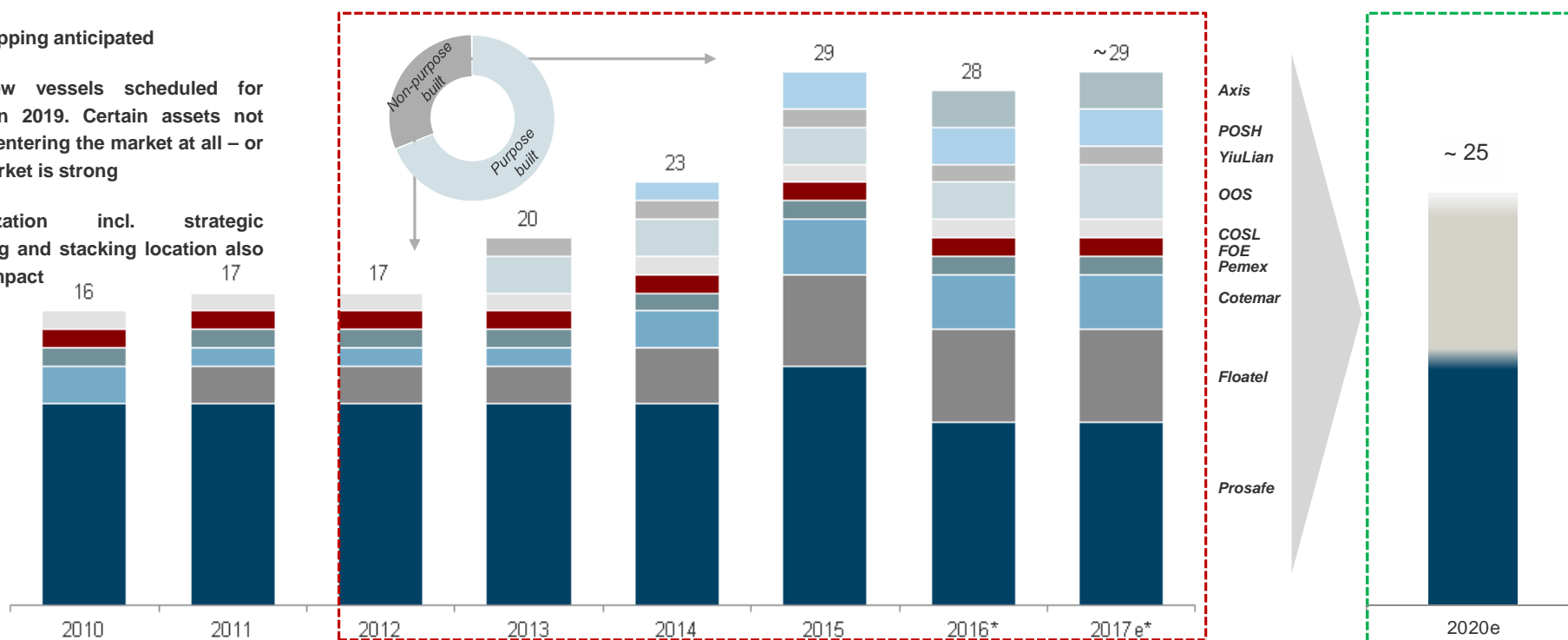
Norway (HCS)		
Vessel	Location	Until
Safe Zephyrus	Ivar Aasen	Jan-17 +
Safe Scandinavia	Oseberg East	Jul-18 +
Safe Bristolia	Cold Stack	Ongoing
United Kingdom (UKCS)		
Vessel	Location	Until
Regalia	Brent C	Oct-16
Safe Boreas	Montrose	Nov-16 +
Safe Caledonia	Warm Stack	Ongoing
Brasil		
Vessel	Location	Until
Safe Concordia	Rio	Dec-16
Safe Notos	en-route to Rio	Jun-20
Rest of World		
Vessel	Location	Until
Safe Astoria	Batam Cold Stack	Ongoing
Safe Regency	Curacao Warm Stack	N/A
Safe Lancia	Texas Cold Stack	N/A

**Prosafe
Global Fleet Placement**

Semi accommodation market expected to rebalance by 2020

Scrapping and non-delivery likely to positively impact market balance

- Prosafe has scrapped 3 vessels and
* converted Safe Scandinavia to TSV
- More scrapping anticipated
- Some new vessels scheduled for delivery in 2019. Certain assets not assumed entering the market at all – or before market is strong
- Regionalization incl. strategic positioning and stacking location also likely to impact



...And Prosafe's ambition is to continue to take the lead...



Prosafe



«Creation»:

Merger between Procon Offshore and Safe Offshore

«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.

«Fleet renewal and rightsizing»:

1. Renewal
2. Conversion to TSV
3. Scrapping

«Next phase restructuring»:

Ambition to take the lead also in future consolidation

1997

1998-2006

2011-2016

2016/17 ->



Prosafe

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Summary

- Secured runway through 2020 after comprehensive refinancing
 - A billion dollar runway
- Re-organised and cost efficient
- Substantial cost and capex cuts
- Uncertain near term market outlook, however
 - Positive long term outlook from accumulating demand and anticipated improved market balance
- Ambition to take lead also in future restructuring

