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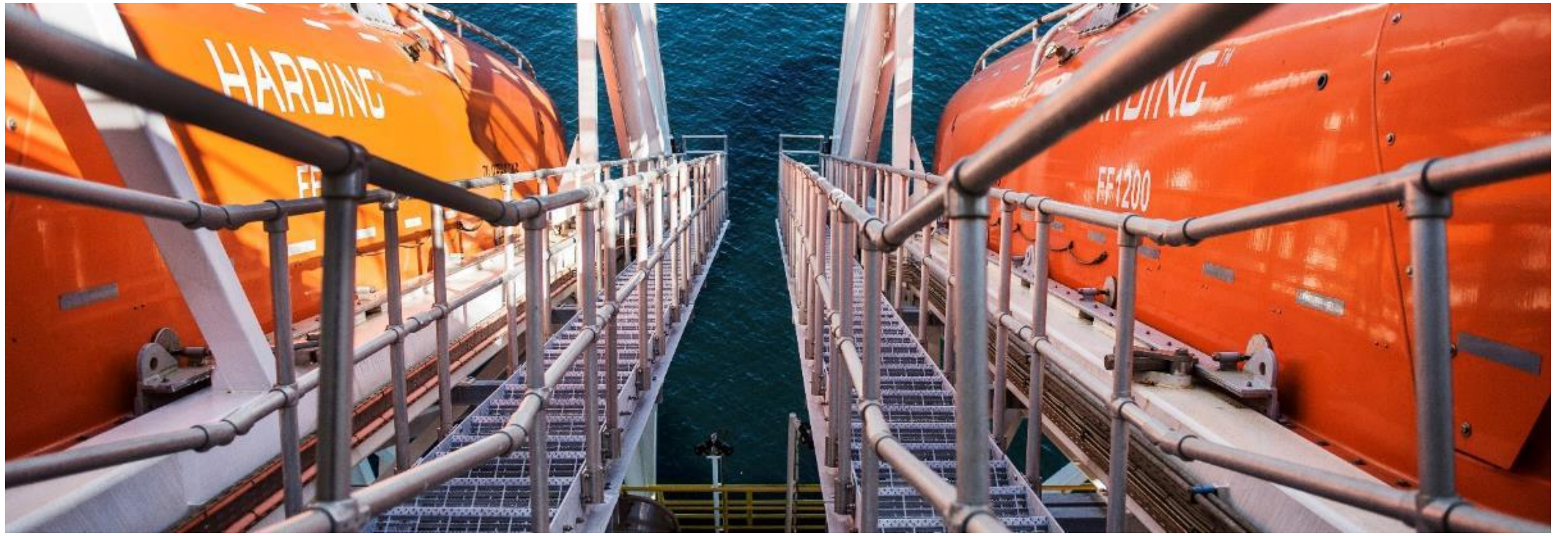


11 May 2017

# Q1 2017 results and market update

# 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

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




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# Highlights

- Awarded important long-term contract for Safe Zephyrus at Johan Sverdrup field in Norway
- Good operating performance
- Focus on safety and compliance
- Utilisation of 40 per cent in the quarter
- Safe Concordia still on contract in Brazil, with potential for a short extension
- Options exercised for Safe Boreas and Safe Zephyrus
- Delivering on cost and capex reductions. Focus on continuous improvement remains
- Looking for optionality and value creation potential from financing terms, price and timing of delivery of COSCO new builds
- Safe Regency in process of being sold for scrap to protect cash and to increase competitiveness of the fleet

# Awarded Johan Sverdrup contract

- Important contract for the company to win
- Will provide longevity of operations for the Safe Zephyrus and generate firm cash flow in a soft market
- The award is anticipated to position Safe Zephyrus well for any additional work for the Johan Sverdrup development
- Contract value between MUSD 51 and MUSD 53 depending on alternative and includes mobilisation, demobilisation and fuel consumption
- ***The combination of building order book and longevity with the retained optionality from other vessels in the fleet represents a balanced situation for Prosafe***

*@ Statoil ASA*



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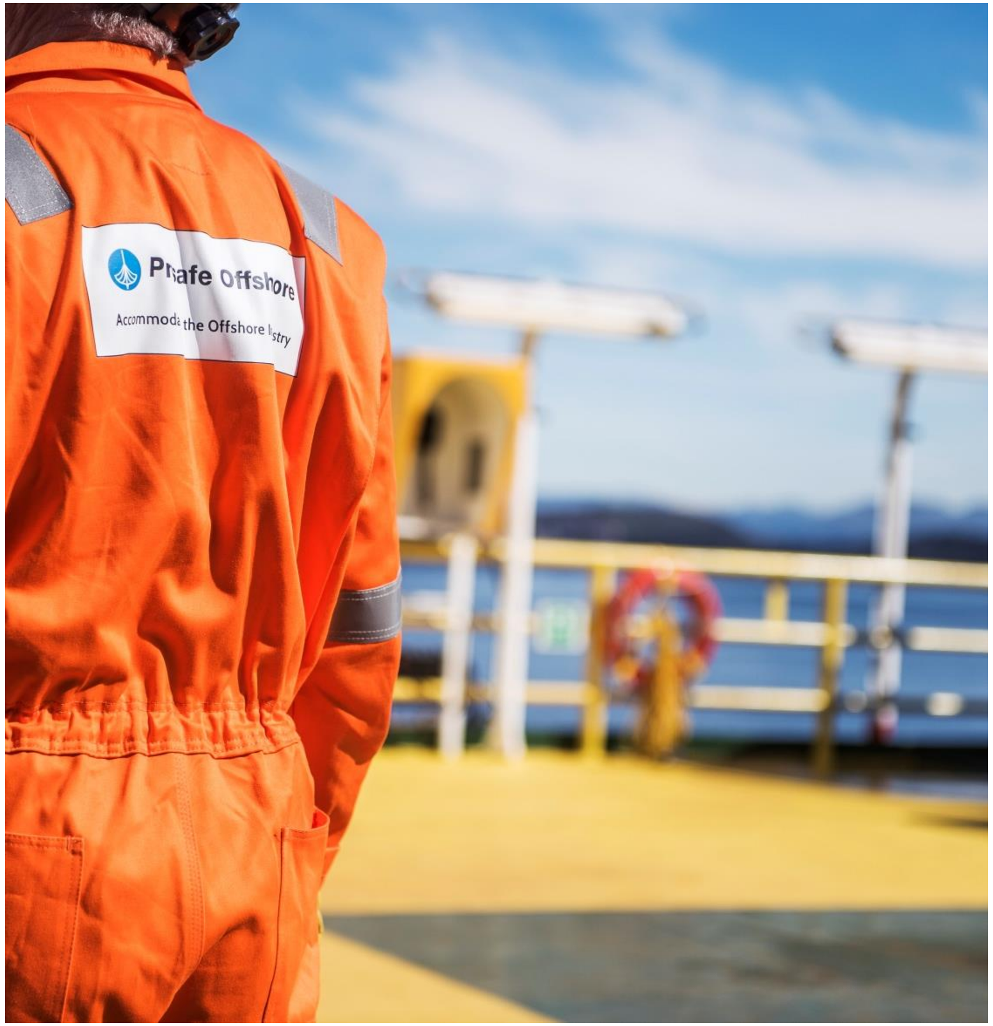
# Plan the work  - Work the plan

<u>Rebuilding of Prosafe</u>

- Reorganisation and substantial cost cuts
- Capex reduction and liquidity preservation
- Optimising lay-up, stacking and reactivation
- Fleet high-grading and industry restructuring
- Commercial strategy adapted to circumstances
- Positioning the Safe Scandinavia towards and beyond summer 2018
- China vessels: Pursuing optionality and value creation
- Target to strengthen the position as global leader in offshore accommodation



# Lead the industry restructuring

**Creation:**

Merger between Procon Offshore and Safe Offshore

*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.

**Fleet renewal and rightsizing:**

1. Renewal
2. Conversion to TSV
3. Scrapping

**Engaging in M&A:**

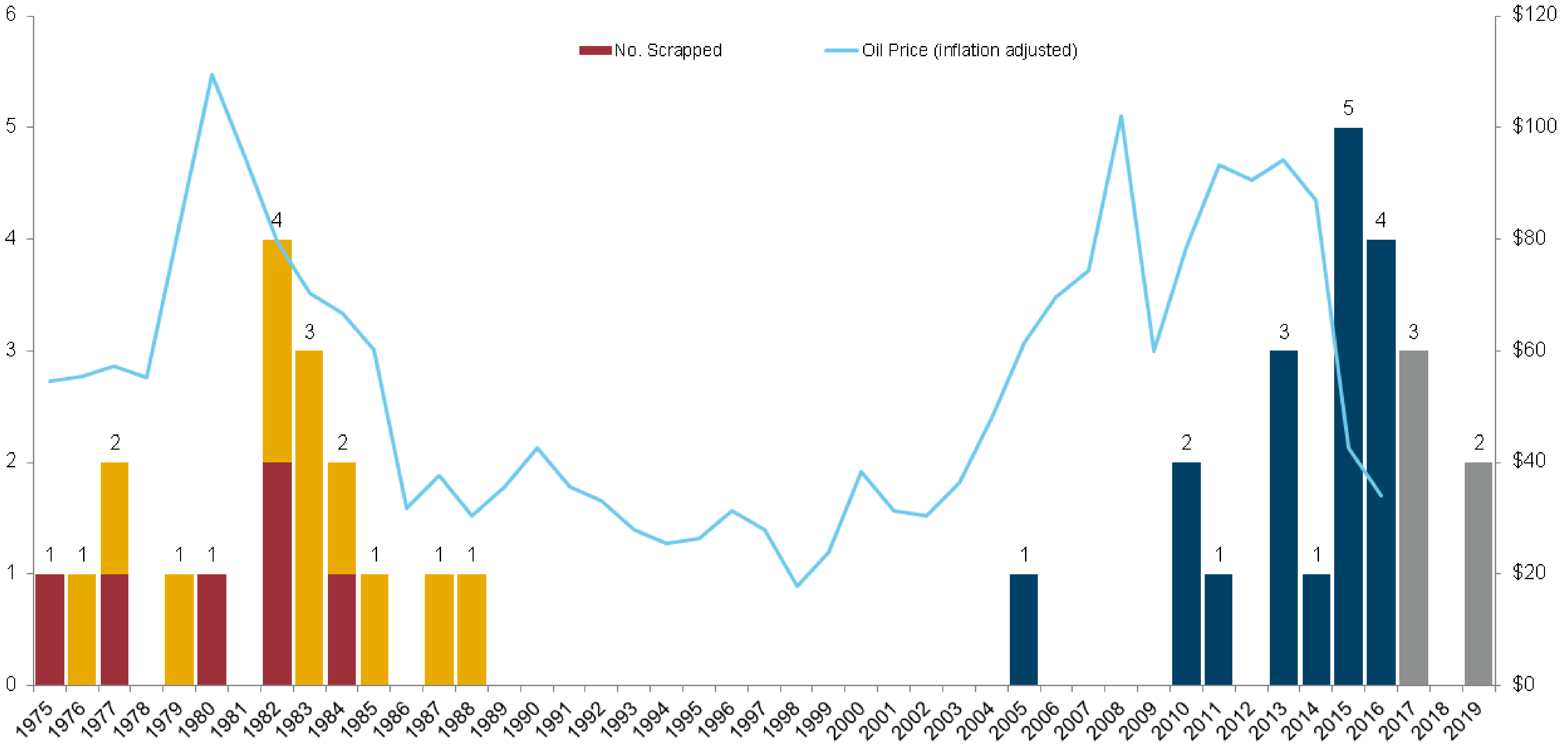
1. Acq. Of Nova/Vega

**«Next phase restructuring»**

1.Consolidation
2. More scrapping

| 1997 | 1998-2006 | 2011-2016 | 2016 | 2017+ |
|---|---|---|---|---|

# Contributing to replacement and rebalancing



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# TSV Safe Scandinavia

- Firm contract with Statoil till summer 2018 at Oseberg on the NCS
- Strong operational and technical performance
- Drilling program well ahead of plan
- Focus on positioning the Safe Scandinavia towards and beyond 2018

# New builds – dialogue with COSCO

- Negotiations with COSCO regarding Nova, Vega and Eurus ongoing
- Looking for optionality and value creation potential from financing terms, price and timing of delivery
- Solid downside protection in cancellation rights with approx. USD 60 million secured by a refund guarantee from Bank of China

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# Income statement

| (Unaudited figures in USD million) | Q1 17 | Q4 16 | Q1 16 | 2016 |
|---|---|---|---|---|
| Operating revenues | 75.7 | 125.8 | 103.0 | 474.0 |
| Operating expenses | (44.9) | (47.8) | (57.7) | (220.8) |
| **EBITDA** | **30.8** | **78.0** | **45.3** | **253.2** |
| Depreciation | (33.4) | (34.1) | (23.4) | (115.7) |
| Impairment | 0.0 | (84.7) | 0.0 | (84.7) |
| **Operating profit/(loss)** | **(2.6)** | **(40.8)** | **21.9** | **52.8** |
| Interest income | 0.1 | 0.1 | 0.0 | 0.3 |
| Interest expenses | (18.6) | (18.4) | (19.9) | (85.6) |
| Other financial items | 3.6 | 33.7 | (0.4) | 222.2 |
| **Net financial items** | **(14.9)** | **15.4** | **(20.3)** | **136.9** |
| **Profit/(Loss) before taxes** | **(17.5)** | **(25.4)** | **1.6** | **189.7** |
| Taxes | (1.6) | (7.3) | (3.4) | (17.1) |
| **Net profit/(loss)** | **(19.1)** | **(32.7)** | **(1.8)** | **172.6** |
| | | | | |
| **EPS** | **(0.27)** | **(0.51)** | **(1.00)** | **8.36** |
| **Diluted EPS** | **(0.22)** | **(0.47)** | **(1.00)** | **8.10** |

# Balance sheet

| (Unaudited figures in USD million) | 31.03.17 | 31.12.16 | 31.03.16 |
|---|---|---|---|
| Goodwill | 226.7 | 226.7 | 226.7 |
| Vessels | 1 997.8 | 2 029.3 | 1 581.6 |
| New builds | 123.3 | 122.2 | 635.3 |
| Other non-current assets | 13.9 | 13.9 | 4.7 |
| **Total non-current assets** | **2 361.7** | **2 392.1** | **2 448.3** |
| Cash and deposits | 250.6 | 205.7 | 71.0 |
| Other current assets | 43.5 | 89.1 | 111.5 |
| **Total current assets** | **294.1** | **294.8** | **182.5** |
| **Total assets** | **2 655.8** | **2 686.9** | **2 630.8** |
| Share capital | 7.9 | 7.9 | 72.1 |
| Other equity | 1 106.3 | 1 121.6 | 610.4 |
| **Total equity** | **1 114.2** | **1 129.5** | **682.5** |
| Interest-free long-term liabilities | 61.1 | 62.2 | 90.8 |
| Interest-bearing long-term debt | 1 336.3 | 1 342.9 | 1 554.9 |
| **Total long-term liabilities** | **1 397.4** | **1 405.1** | **1 645.7** |
| Other interest-free current liabilities | 96.3 | 104.4 | 135.8 |
| Current portion of long-term debt | 47.9 | 47.9 | 166.8 |
| **Total current liabilities** | **144.2** | **152.3** | **302.6** |
| **Total equity and liabilities** | **2 655.8** | **2 686.9** | **2 630.8** |

# Update on cost and capex

| | 2011-2015 annual average levels | Initial target levels | Run rate (May 2017) |
|---|---|---|---|
| **Offshore opex**[1)] | USD 180m | USD 140 – 150m | USD 130 – 140m |
| **Onshore opex** | USD 40m | USD 28-30m (-25-30%) | USD 22m (-45%) |
| **Annual fleet capex**[2)] | USD 60m | USD 20-30m | USD 10-15m |
| **Headcount reduction (in %)** | | 35-40% onshore | Ca. 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 in operation being reduced by an average of ca. 30% since 2014

| **Opex (CPD k/d)*<br>(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** | 60-65/40-45 | 85-90 | 30-35 | 40-45 |
| **% reduction** | 19%/32% | 15% | 38% | 32% |

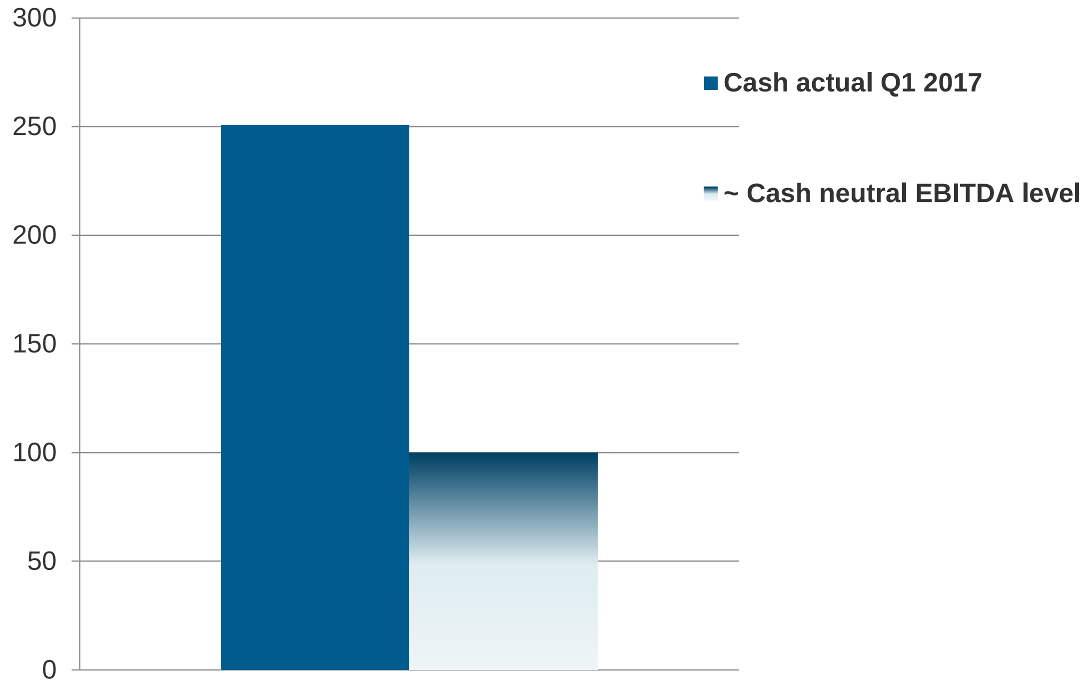
* Excl. fuel cost, any additional crew and project related costs

| **Stacking CPD (k/d)**<br>(figures in USD) | **High-spec vessels (cold/warm)** [1)] | **Low-spec vessels (cold/warm)** [1)] |
|---|---|---|
| August 2016 estimate | 15-30 | 5-10 |
| From Q3 2017 | 10-20 | 5-10 |

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

# Protecting the runway

- Good cash flow generation
  - Reduced cost and capex
- Cash neutral at EBITDA of approx. USD 100 million[1)]




[1)] 2017 is, however, impacted by USD 30 million repayment of sellers credit to Jurong in June. On the RCF, MUSD 30 was prepaid in Q4 2016 and utilised for a bank guarantee (BG).
If and when this BG is deleted, the company will have MUSD 30 available under the RCF to draw.

# EBITDA and capex guidance

| Current guidance | |
|---|---|
| 2017 EBITDA | Ca. MUSD 120+ [1)] |
| Capex per year | MUSD 10-15 [2)] |

1) May vary with currency movements
2) Incl. SPS for the Safe Caledonia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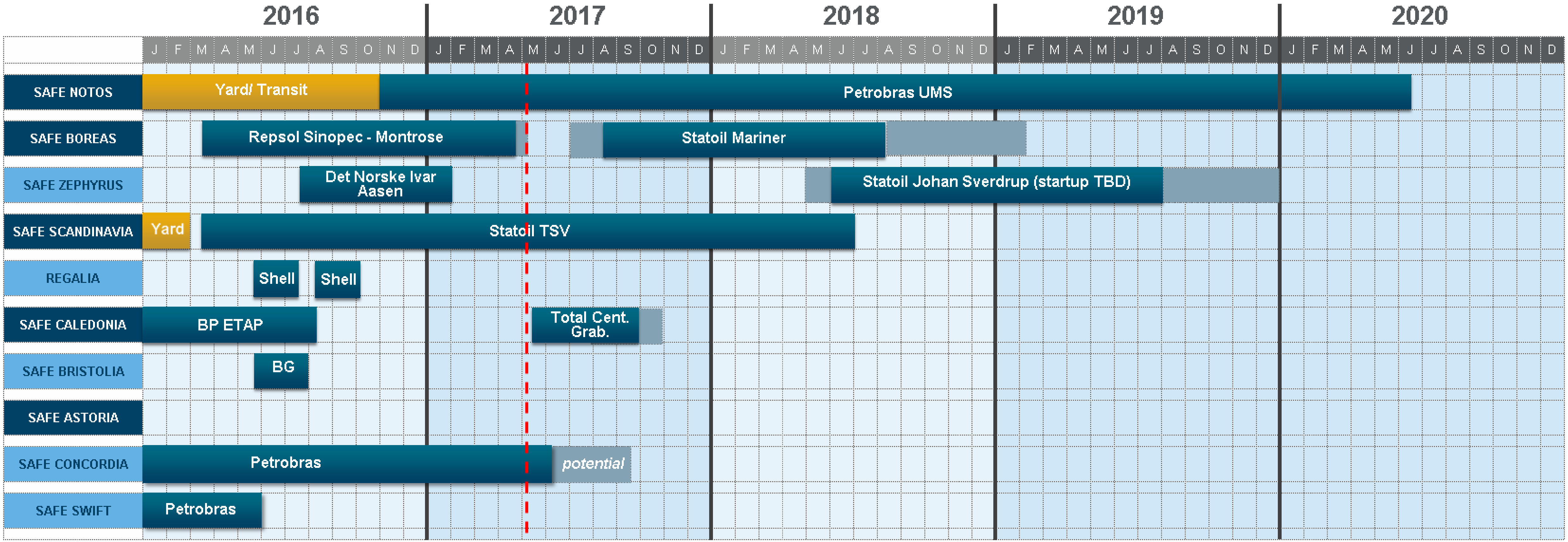
# Increased firm contract visibility beyond 2017





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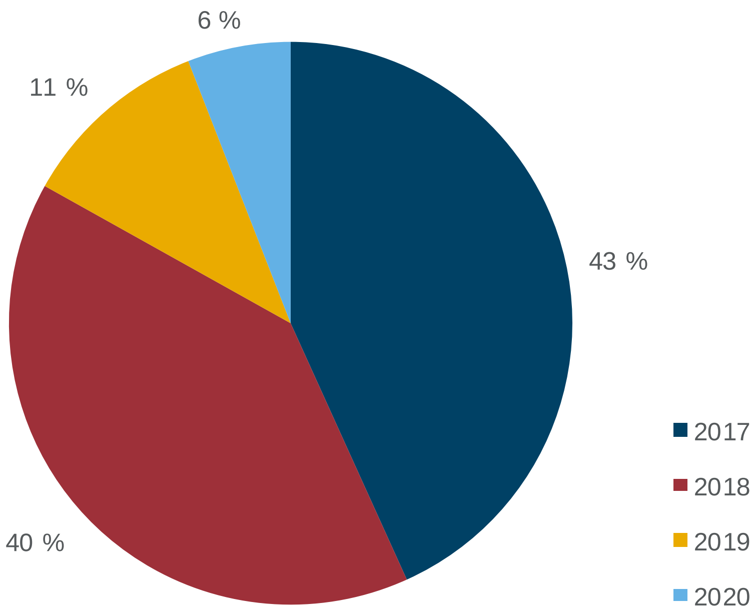
# Order book

Firm order book at end Q1 2017 of approx. MUSD 450


Q2 2017 YTD: MUSD 51-53 contract inflow with the Johan Sverdrup contract award in April



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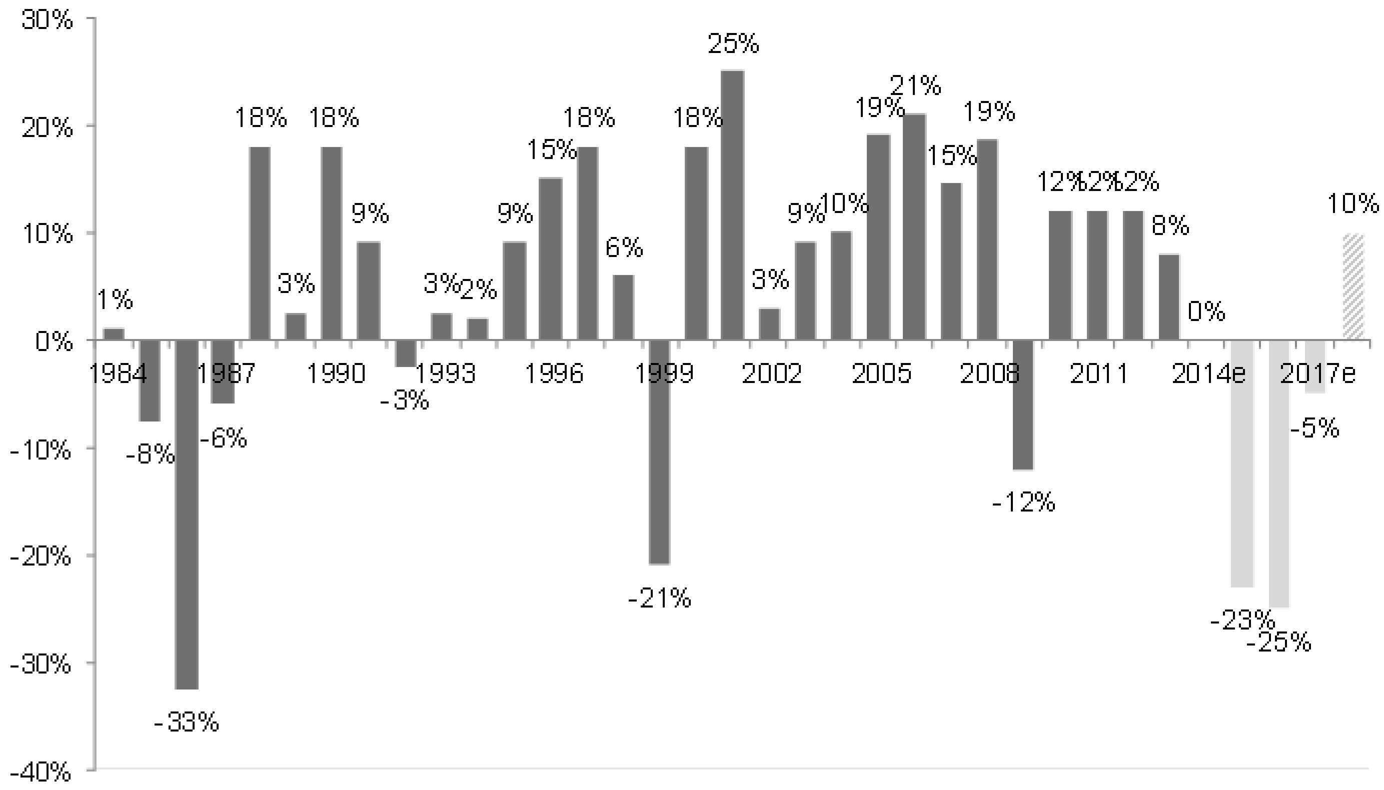
# Moderate capex fall in 2017 and an increase in 2018

## Global E&P capex change y-o-y (USDm)*




Source: Swedbank

***** Capex changes 2014e-2017e shown in the chart are Swedbank Research estimates based on a wide range (40-50) of oil companies.

- Expecting moderate fall in 2017, after two years of sharp decline
- Note that a modest drop in 2017 spending may imply a small uptick in activity
- And an increase in capex expected in 2018



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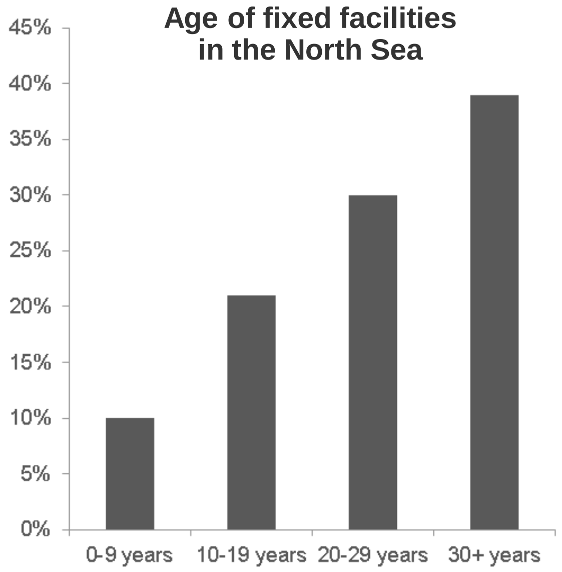
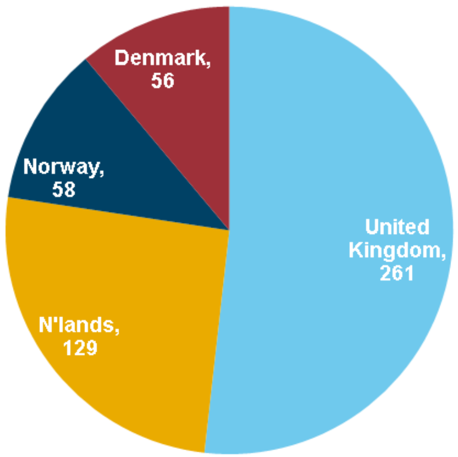
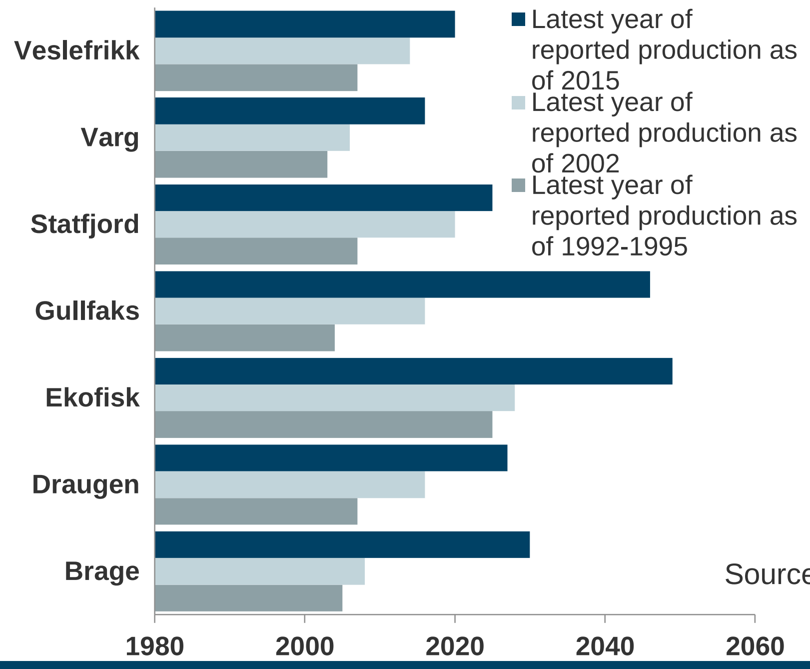
# General MMO indicators

- Oil and gas fields in the North Sea on stream longer than initially planned for
- Current market remains predominantly hook-up and commissioning work
- Anticipated that life extension, upgrade, modification and maintenance (MMO) will come back stronger down the road




Number of fixed facilities in the North Sea




Source: www.norskpetroleum.no



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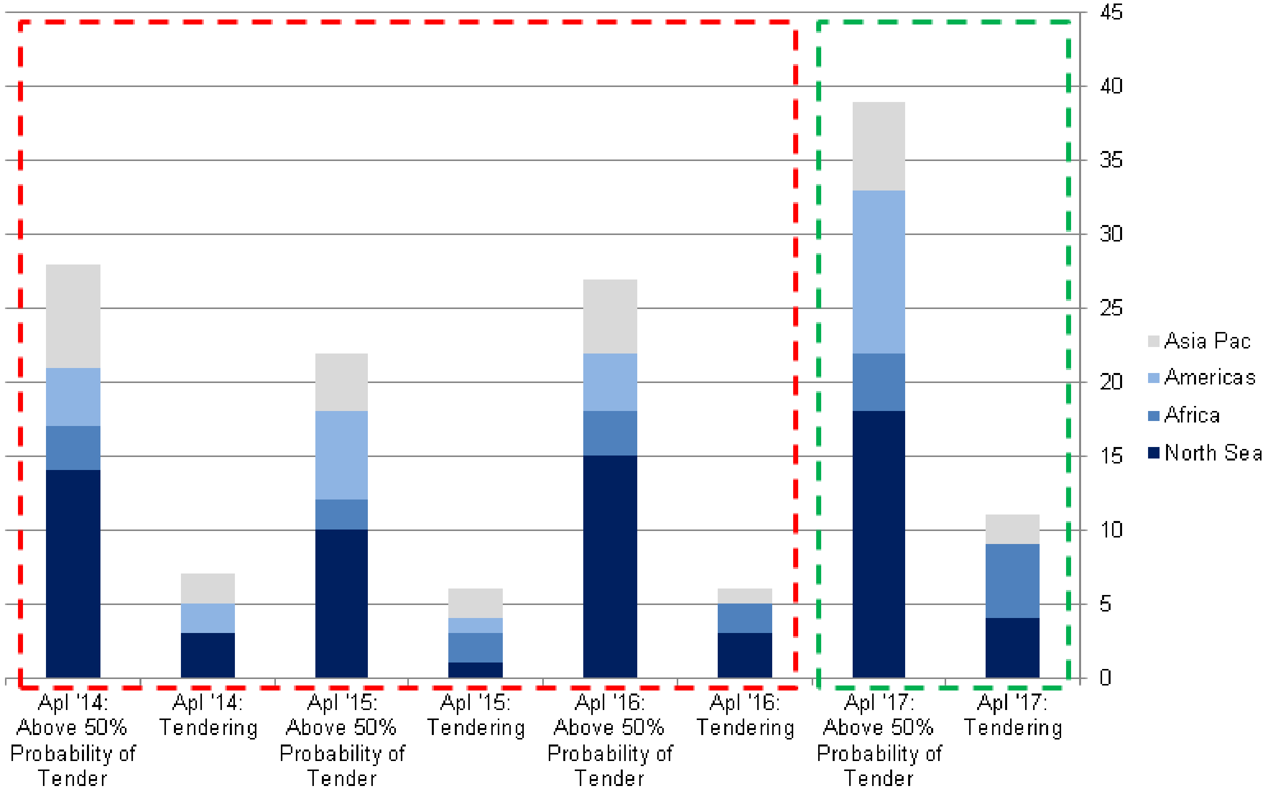
# Prospects and tendering

- Number of prospects and tenders increased compared to the previous three years
- Generally slow decision making but early contact. Activity level moving sideways
- Indicating an anticipated gradual improvement from 2018/2019

Tenders and Prospects - outlook is three years




Number of tenders (number of projects/potential contracts) and number of potential projects with above 50% probability of going to an accommodation tender in the next three years. Source: Prosafe

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# Summary

- Good operating performance - 40% utilisation in the quarter
- Safety focus – zero mindset – no compromise
- Awarded Johan Sverdrup contract for Zephyrus with firm revenue in 2018 and 2019
- Focus on positioning the Safe Scandinavia towards and beyond summer 2018
- Market remains generally soft. Current activity predominantly hook-up and commissioning work. Market improvement requires the MMO market to improve
- Delivering on cost and capex reductions. Focus on continuous improvement remains
- Negotiations ongoing with COSCO for optionality and maximum value creation potential
- Regency in process of being sold for scrap to protect cash and to increase competitiveness of the fleet. 5th vessel sold for scrap since Q2 2016
- Aim to continue to be active in industry restructuring



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# Appendix

# Operating revenue and expenses

| (USD million) | Q1 17 | Q4 16 | Q1 16 | 2016 |
|---|---|---|---|---|
| Charter income | 66.3 | 95.8 | 56.2 | 375.5 |
| Mob/demob income | 1.1 | 17.5 | 13.9 | 34.0 |
| Other income | 8.3 | 12.5 | 32.9 | 64.5 |
| **Total** | **75.7** | **125.8** | **103.0** | **474.0** |