



6 February 2018



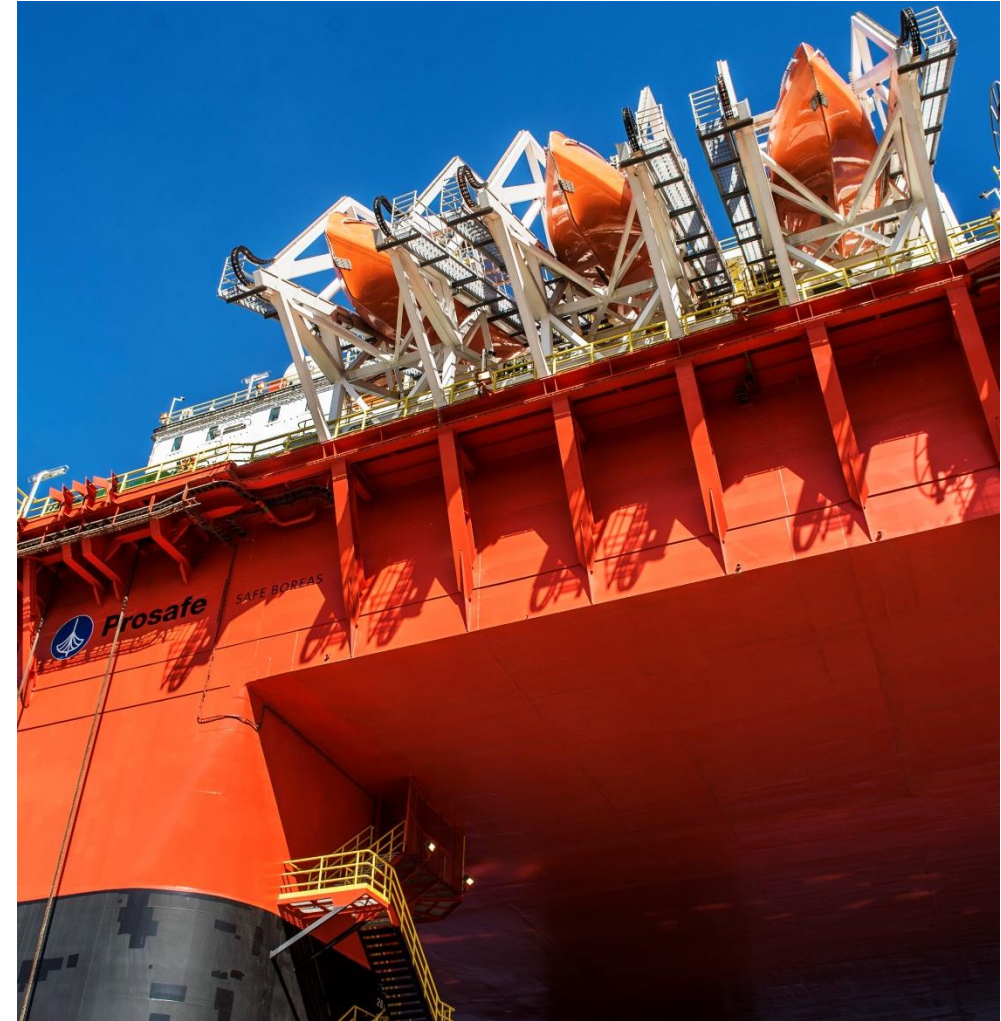
## Q4 2017 results and market update

# 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.

# Q4 2017 Highlights

- Good operating performance
- Utilisation of 36.1 per cent in the quarter (43 per cent)
- Operating revenues at USD 76.7 mill.
- Cash flow from operations at USD 44.2 mill.
- Delivering on cost and capex reductions. Focus on continuous improvement remains
- Business development presence established in Mexico and Houston
- Positive macro indicators
- Foresee gradual pick-up in accommodation demand from 2019





# Agenda

- **Financial results**
- Business & Operations
- Outlook
- Summary



# Income statement

| (Unaudited figures in USD million) | Q4 17        | Q3 17          | Q4 16         | 2017           | 2016         |
|------------------------------------|--------------|----------------|---------------|----------------|--------------|
| Operating revenues                 | 76.7         | 68.9           | 125.8         | 283.0          | 474.0        |
| Operating expenses                 | (36.6)       | (41.3)         | (47.8)        | (160.1)        | (220.8)      |
| <b>EBITDA</b>                      | <b>40.1</b>  | <b>27.6</b>    | <b>78.0</b>   | <b>122.9</b>   | <b>253.2</b> |
| Depreciation                       | (25.2)       | (34.8)         | (34.1)        | (127.2)        | (115.7)      |
| Impairment                         | 0.0          | (609.0)        | (84.7)        | (609.0)        | (84.7)       |
| <b>Operating profit/(loss)</b>     | <b>14.9</b>  | <b>(616.2)</b> | <b>(40.8)</b> | <b>(613.3)</b> | <b>52.8</b>  |
| Interest income                    | 0.4          | 0.5            | 0.1           | 1.4            | 0.3          |
| Interest expenses                  | (19.2)       | (19.1)         | (18.4)        | (74.9)         | (85.6)       |
| Other financial items              | 11.4         | 2.3            | 33.7          | 12.4           | 222.2        |
| <b>Net financial items</b>         | <b>(7.4)</b> | <b>(16.3)</b>  | <b>15.4</b>   | <b>(61.1)</b>  | <b>136.9</b> |
| <b>Profit/(Loss) before taxes</b>  | <b>7.5</b>   | <b>(632.5)</b> | <b>(25.4)</b> | <b>(674.4)</b> | <b>189.7</b> |
| Taxes                              | (2.6)        | (2.5)          | (7.3)         | (7.8)          | (17.1)       |
| <b>Net profit/(loss)</b>           | <b>4.9</b>   | <b>(635.0)</b> | <b>(32.7)</b> | <b>(682.2)</b> | <b>172.6</b> |
| <b>EPS</b>                         | <b>0.07</b>  | <b>(8.89)</b>  | <b>(0.51)</b> | <b>(9.47)</b>  | <b>8.36</b>  |
| <b>Diluted EPS</b>                 | <b>0.06</b>  | <b>(7.22)</b>  | <b>(0.47)</b> | <b>(7.75)</b>  | <b>8.10</b>  |

# Balance sheet

| (Unaudited figures in USD million)      | 31.12.17       | 30.09.17       | 31.12.16       |
|---|----------------|----------------|----------------|
| Goodwill                                | 0.0            | 0.0            | 226.7          |
| Vessels                                 | 1 527.2        | 1 555.0        | 2 029.3        |
| New builds                              | 125.2          | 124.9          | 122.2          |
| Other non-current assets                | 10.5           | 11.2           | 13.9           |
| <b>Total non-current assets</b>         | <b>1 662.9</b> | <b>1 691.1</b> | <b>2 392.1</b> |
| Cash and deposits                       | 231.9          | 207.8          | 205.7          |
| Other current assets                    | 52.2           | 58.4           | 89.1           |
| <b>Total current assets</b>             | <b>284.1</b>   | <b>266.2</b>   | <b>294.8</b>   |
| <b>Total assets</b>                     | <b>1 947.0</b> | <b>1 957.3</b> | <b>2 686.9</b> |
| Share capital                           | 9.0            | 7.9            | 7.9            |
| Other equity                            | 453.5          | 447.7          | 1 121.6        |
| <b>Total equity</b>                     | <b>462.5</b>   | <b>455.6</b>   | <b>1 129.5</b> |
| Interest-free long-term liabilities     | 57.5           | 67.9           | 62.2           |
| Interest-bearing long-term debt         | 1 329.1        | 1 329.0        | 1 342.9        |
| <b>Total long-term liabilities</b>      | <b>1 386.6</b> | <b>1 396.9</b> | <b>1 405.1</b> |
| Other interest-free current liabilities | 79.3           | 86.2           | 104.4          |
| Current portion of long-term debt       | 18.6           | 18.6           | 47.9           |
| <b>Total current liabilities</b>        | <b>97.9</b>    | <b>104.8</b>   | <b>152.3</b>   |
| <b>Total equity and liabilities</b>     | <b>1 947.0</b> | <b>1 957.3</b> | <b>2 686.9</b> |

# Agenda

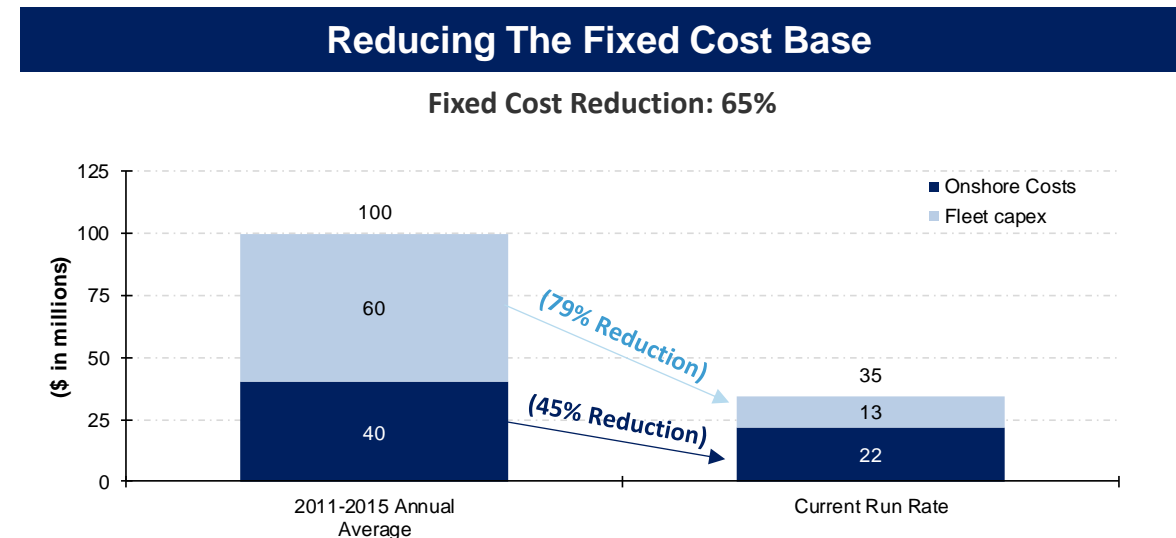
- Financial results
- **Business and Operations**
- Outlook
- Summary





# Significant reduction in costs

- Prosafe has operated with a resilient focus on reducing costs across the organisation since the downturn started
  - Reduced onshore operating costs by ~45%
  - Reduced onshore headcount by ~ 50%
  - Reduced vessel operating costs by 20%-40%
  - Reduced stacking costs by 30%-50%
- Operating as efficiently and as lean as possible, while maintaining market leading safety and operating metrics





# TSV Safe Scandinavia – Westcon dispute

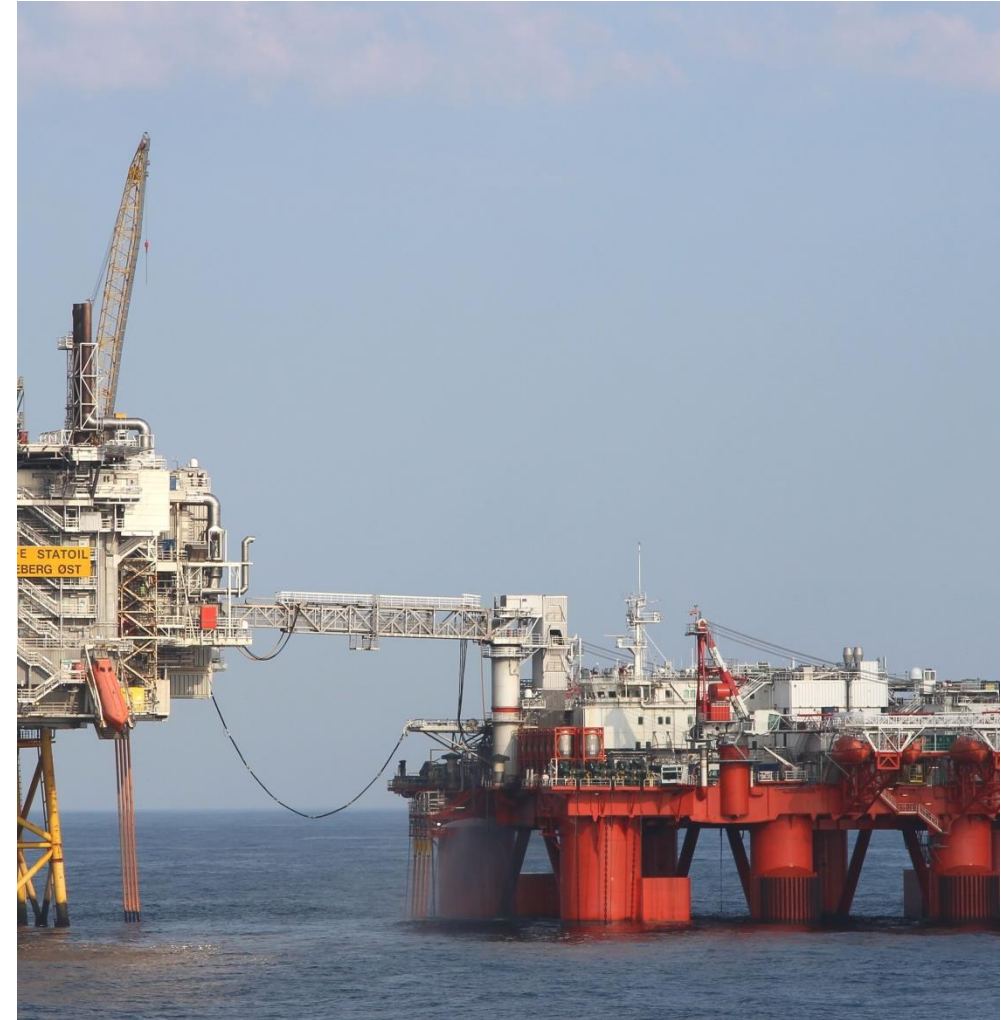
- Court proceedings commenced 22 August 2017
- The yard's budget for the work matured to approx. NOK 1.07 billion after several revisions
- Total cost claimed by yard approx. NOK 2.4 billion
  - Prosafe has already paid approx. NOK 2.1 billion
  - Yard has claimed additional approx. NOK 300 million\*
- Prosafe has claimed:
  - Re-payments of approx. NOK 300 million\*
  - And compensation for losses in connection with delayed start-up of contract
- Ruling is expected by early March 2018

\* excl. interest and legal cost



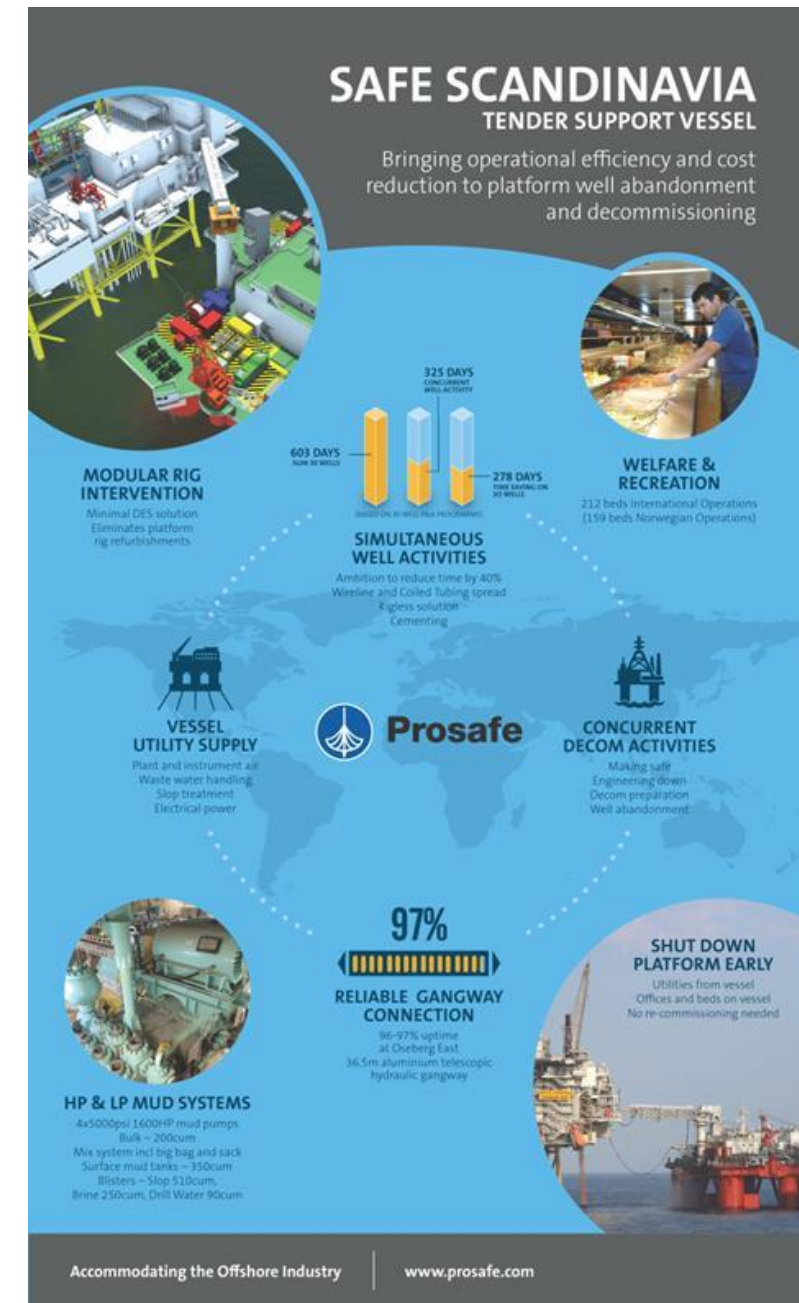
# TSV Safe Scandinavia - strong performance at Oseberg

- Firm contract with Statoil until end June 2018 at Oseberg East on the NCS
- Strong and efficient operational and technical performance
  - Drilling with TSV support started in March 2016
  - Services provided: Drilling support, well intervention, accommodation and other vessel support



# Safe Scandinavia future opportunities

- In addition to TSV and Accommodation services, dialogue with blue chip companies to collaborate within Plug and Abandonment (P&A) and decommissioning:
  - Well Plug & Abandonment: Ambition to reduce the total project time for P&A by 30-50% with activities undertaken in parallel
  - Well intervention
  - “Making Safe” / other Decommissioning preparation activities concurrently with P&A
- Vessel being marketed - North Sea focus





# Fleet renewal – controlling 3 new builds at COSCO

- Negotiations with COSCO regarding Safe Nova, Safe Vega and Safe Eurus ongoing
  - The standstill agreement between Prosafe and COSCO related to Safe Nova and Safe Vega has been extended until early April 2018
- Looking for optionality and value creation potential from financing terms, price and timing of delivery
- Right to cancel Safe Nova and Safe Vega newbuild contracts and claim a refund of instalments plus interest equal to approx. USD 60 million secured by Bank of China





# Exploring all opportunities for strategic positioning

## High End | Operated



Zephyrus ('16)



Notos ('16)



Boreas ('15)



Caledonia ('82/'12)



Nova ('17E)



Vega ('17E)



Eurys ('19E)

## Mid Water | Operated/Managed



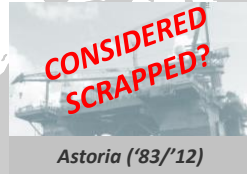
Regalia ('85/'09)



Concordia ('05/'15)



Bristolia ('83/'08)



Astoria ('83/'12)

## Drilling Support | Operated



Scandinavia ('84/'15)

## RoW | Marketed



Dan Swift ('85/'09)

## Opportunities

1. Fleet enhancement
2. Consolidation
3. Pooling
4. Management agreements

Exploring all opportunities for strategic positioning

# Prosafe strategic focus

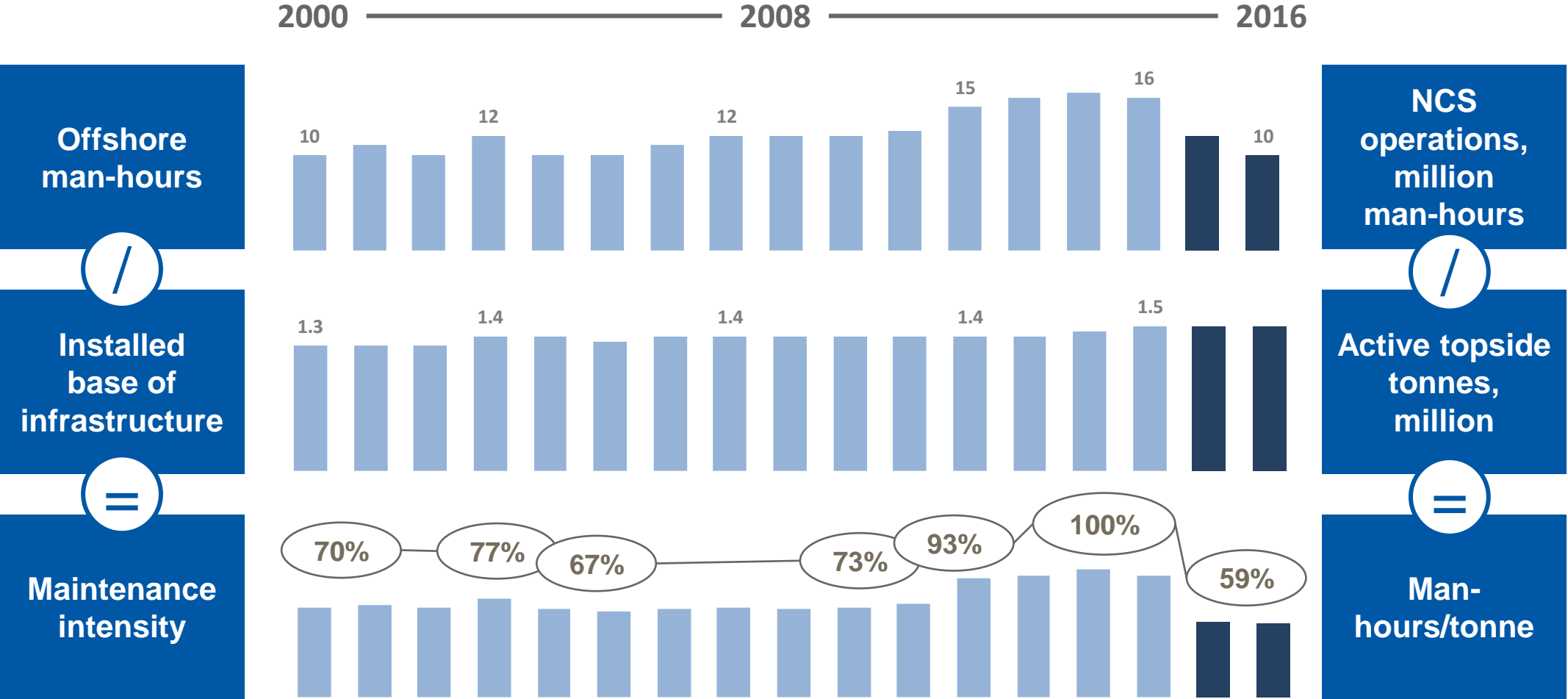
- Be a leading offshore accommodation company globally
- Fleet management in anticipation of market recovery
  - Fleet renewal
  - Scrapping
- Financial planning to deliver on strategic goals and be robust in anticipation of market recovery
- Consolidation and other commercial arrangements
- Streamlined and efficient organisation

# Agenda

- Financial results
- Business and Operations
- **Outlook**
- Summary



# Strategy-driven effects prevalent in today's market

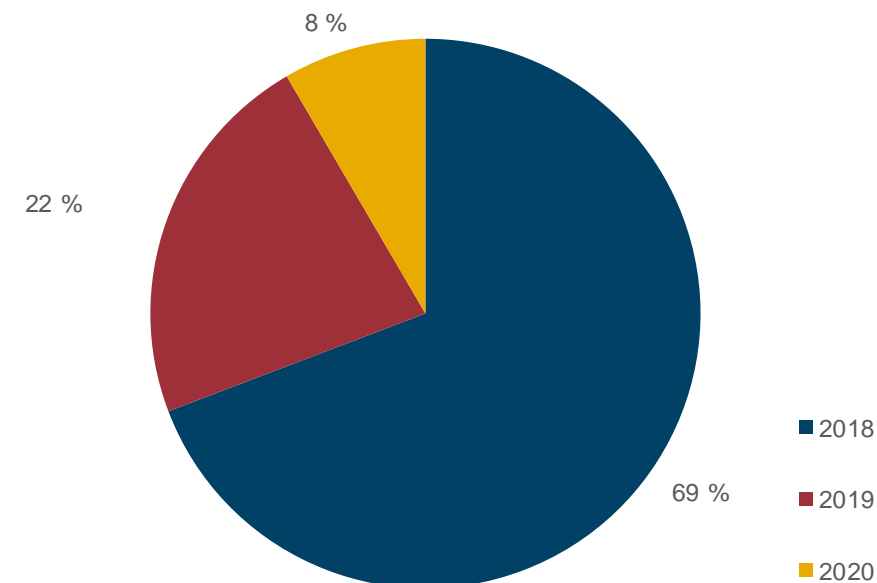
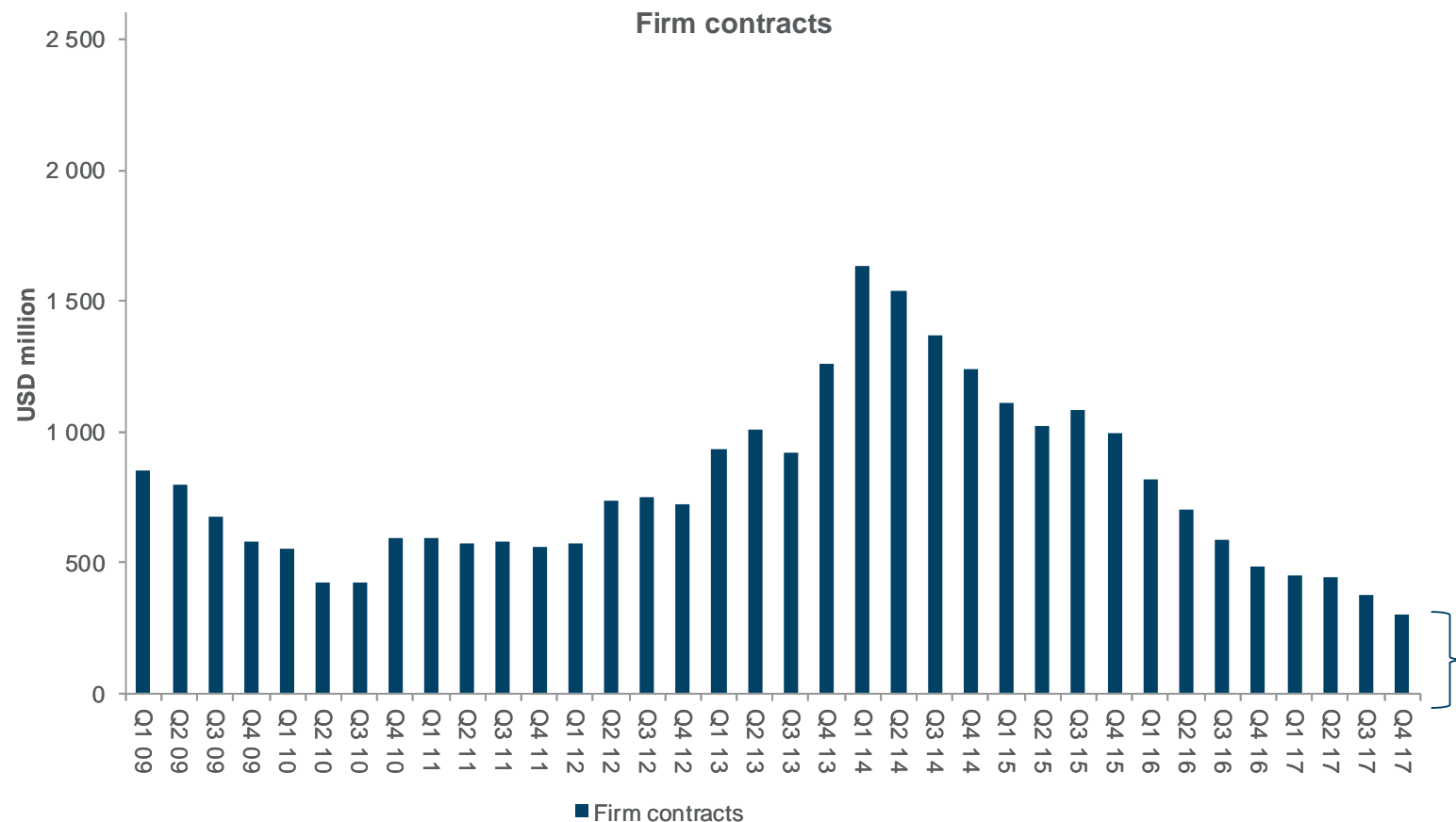


Maintenance intensity significantly down with the MMO-market as victim

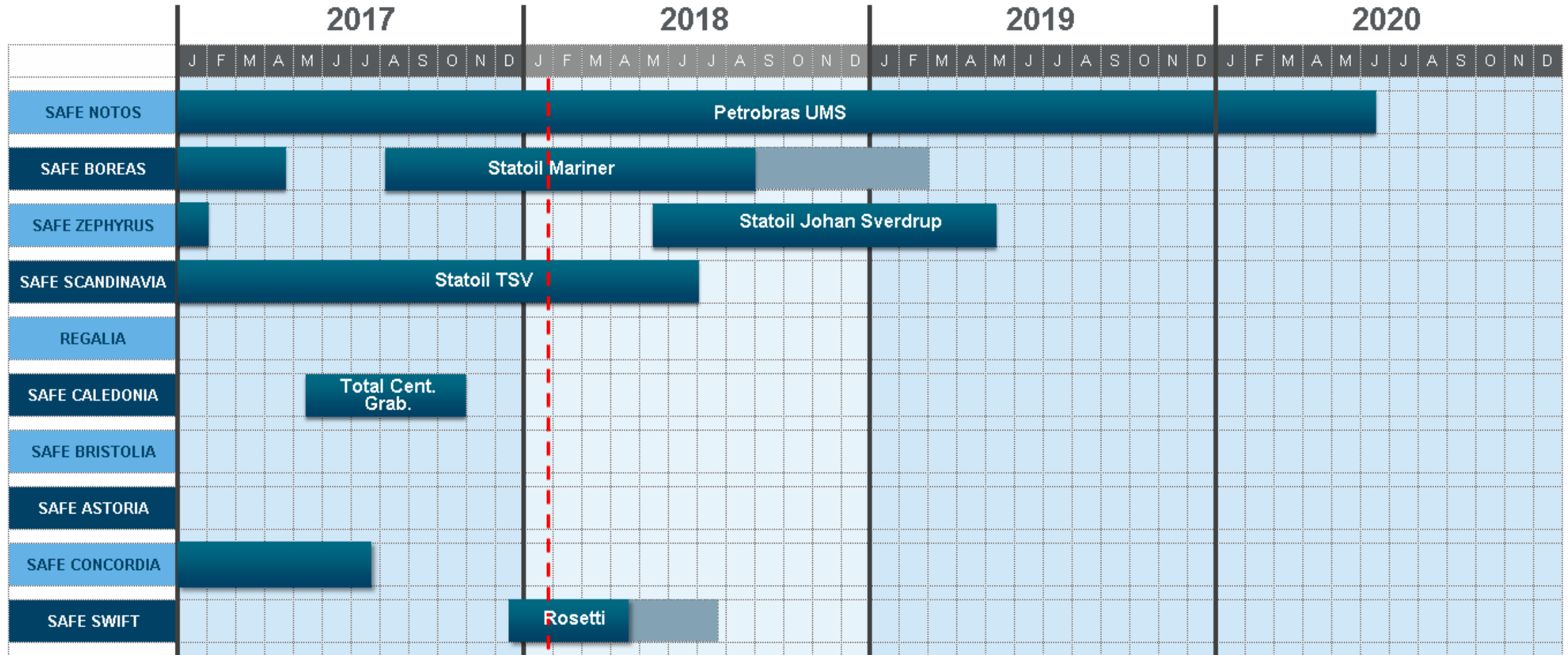
Source: Rystad Energy



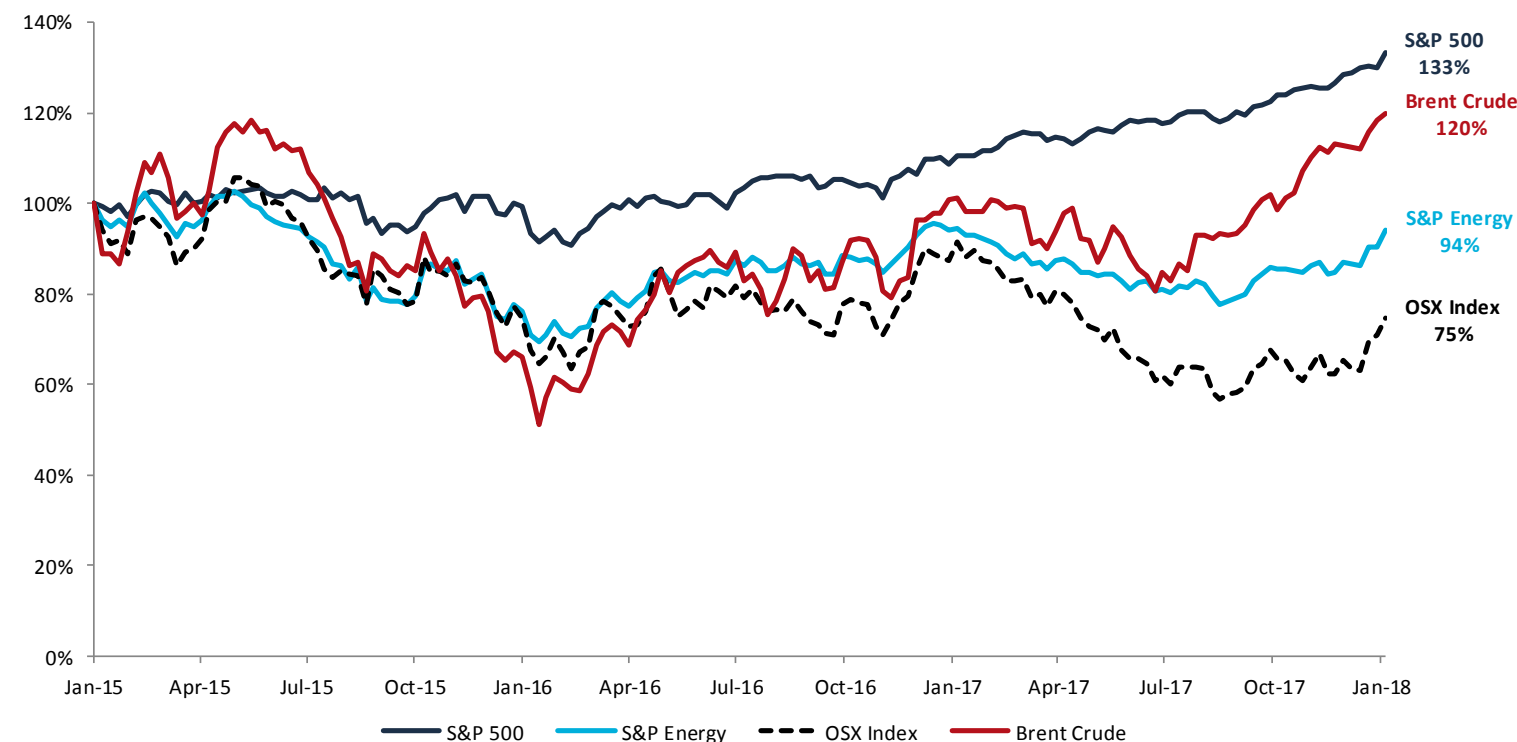
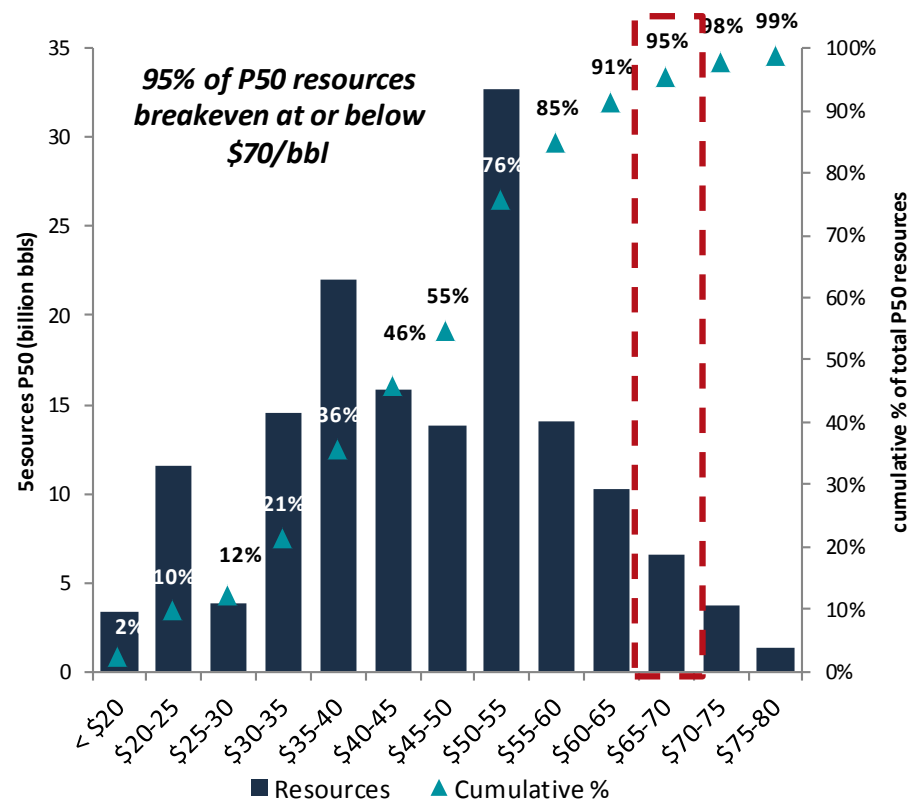
# Order backlog per YE 2017: MUSD 340 incl. options



# Contracts

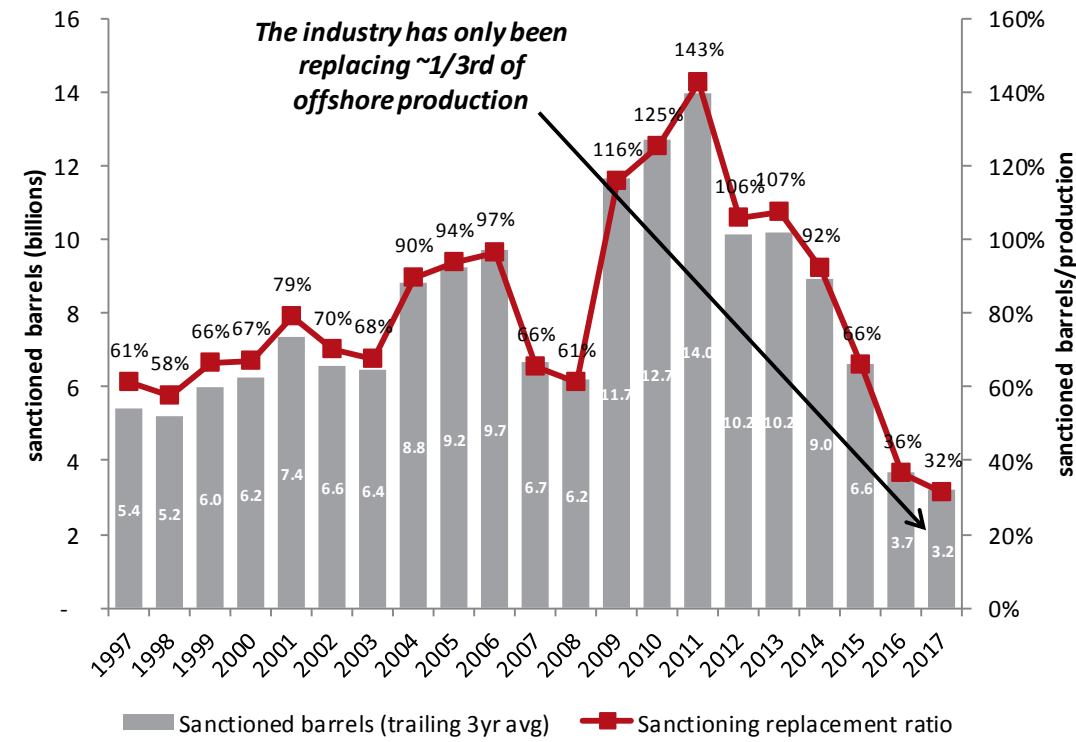
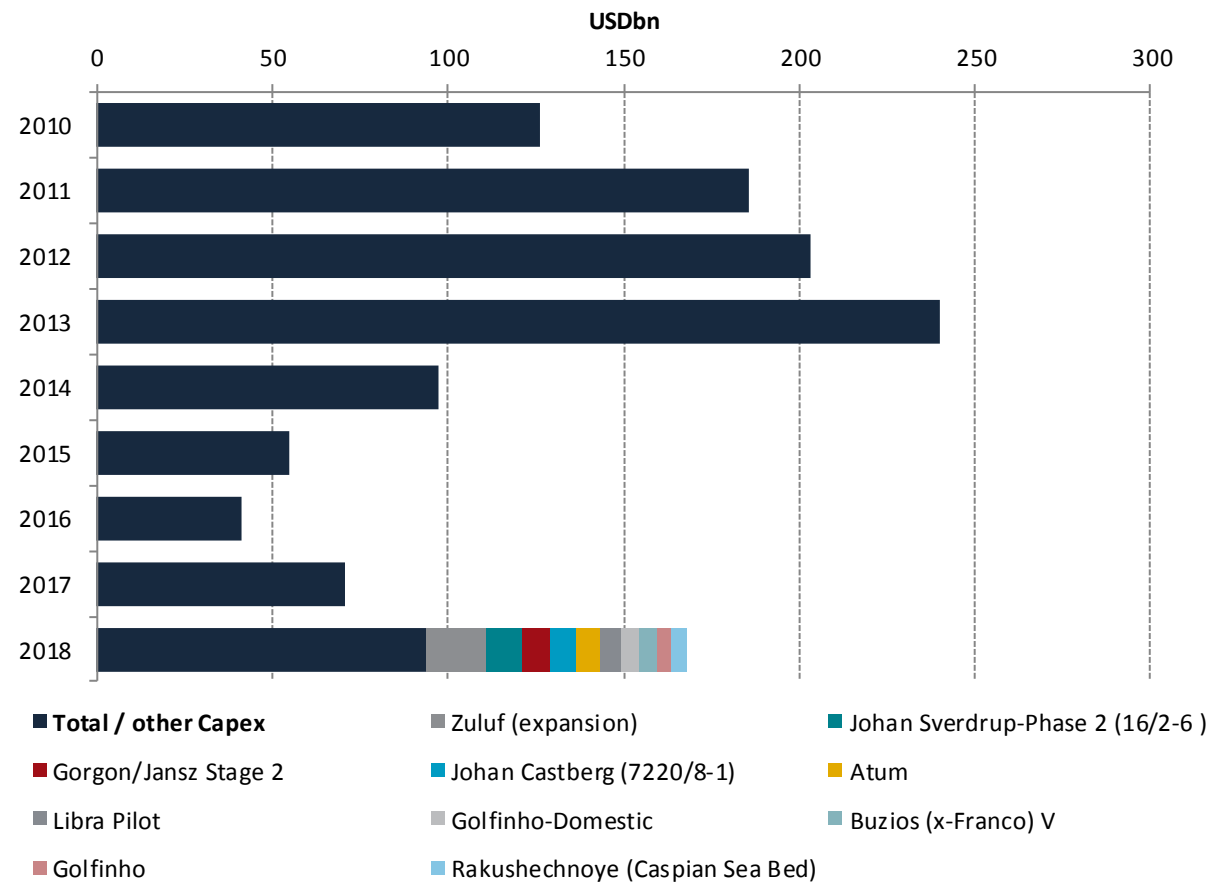


# Positive macro indicators: Oil price & Break-even



Source: Oil Services Quarterly, January 2018, Clarksons Platou

# Positive macro indicators: E&P Capex & RRR

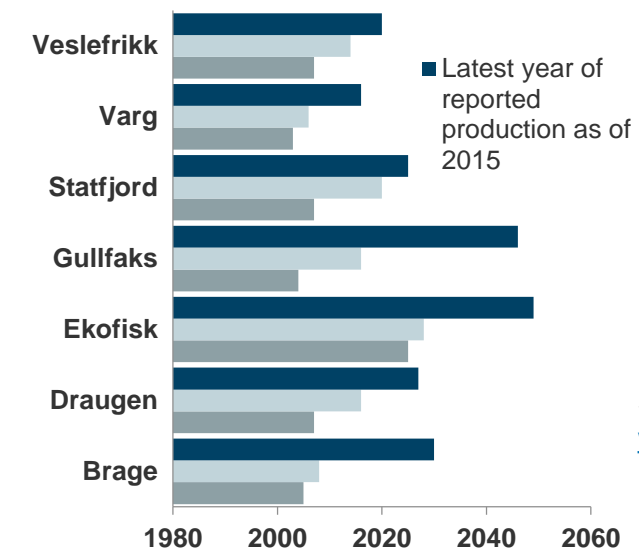
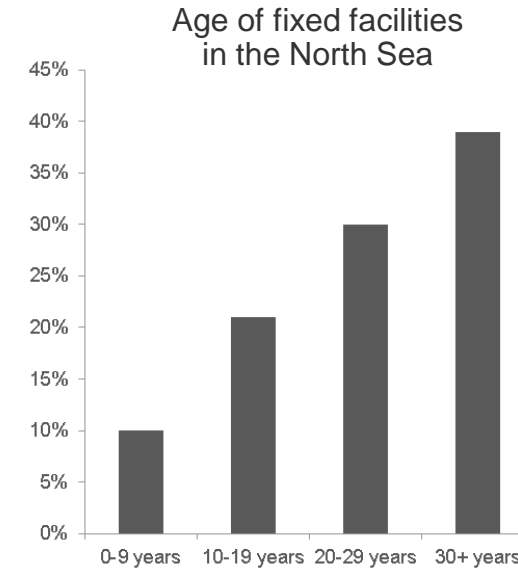


Source: Oil Services Quarterly, January 2018, Clarksons Platou



# North Sea hit hardest

- North Sea was one of the hardest hit regions during the downturn
  - ~ 65% fall from 2013 peak
- Current activity is largely related to hook-up and commissioning (HUC) projects awarded prior to 2015
  - Next round HUC projects expected to commence beyond 2020
- The rebound in MMO expected to begin from 2019 driven by accumulating maintenance need on aging infrastructure



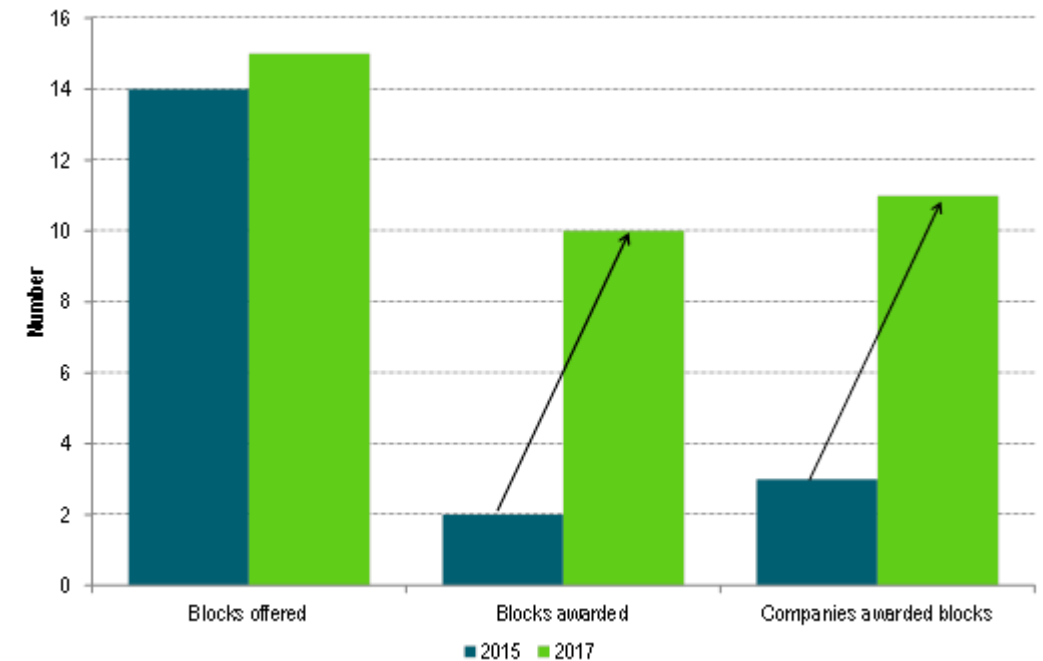
Source:  
[www.norskpetroleum.no](http://www.norskpetroleum.no)

# International markets will be increasingly important

## ■ Mexico

- Mexico is dominated by MMO activity
- Majority of activity is related to fixed platforms in shallow, benign waters relatively close to shore
- Although historically HUC was not a primary demand driver, this may change – although likely beyond 2020
- Supply in Mexico has been falling due to units being removed from the market

Mexico offshore licensing rounds, blocks and participation

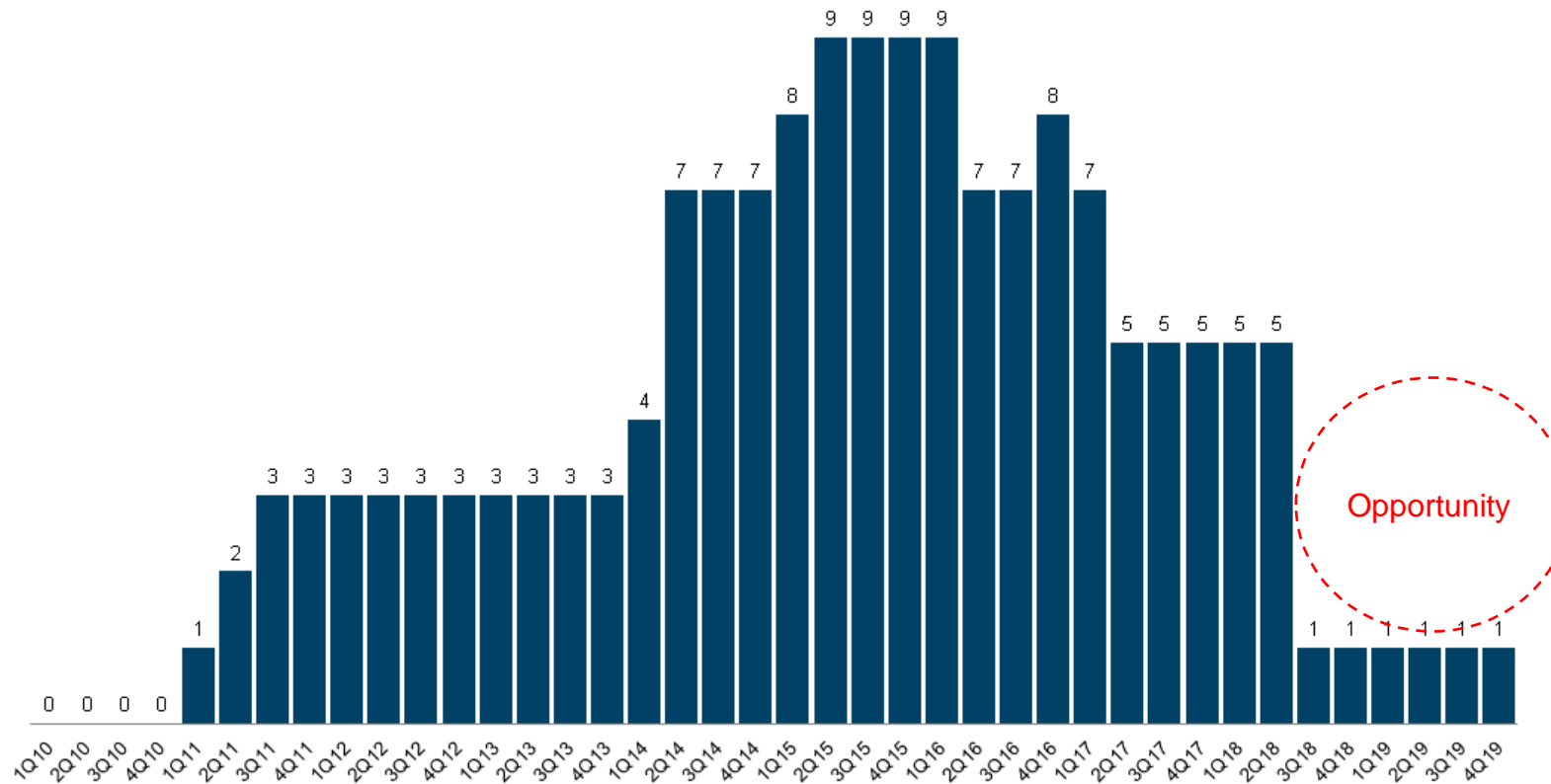


Source: SEB

# Brazil: Anticipate tender activity

**Brazil Contracted**

■ Contracted Vessels



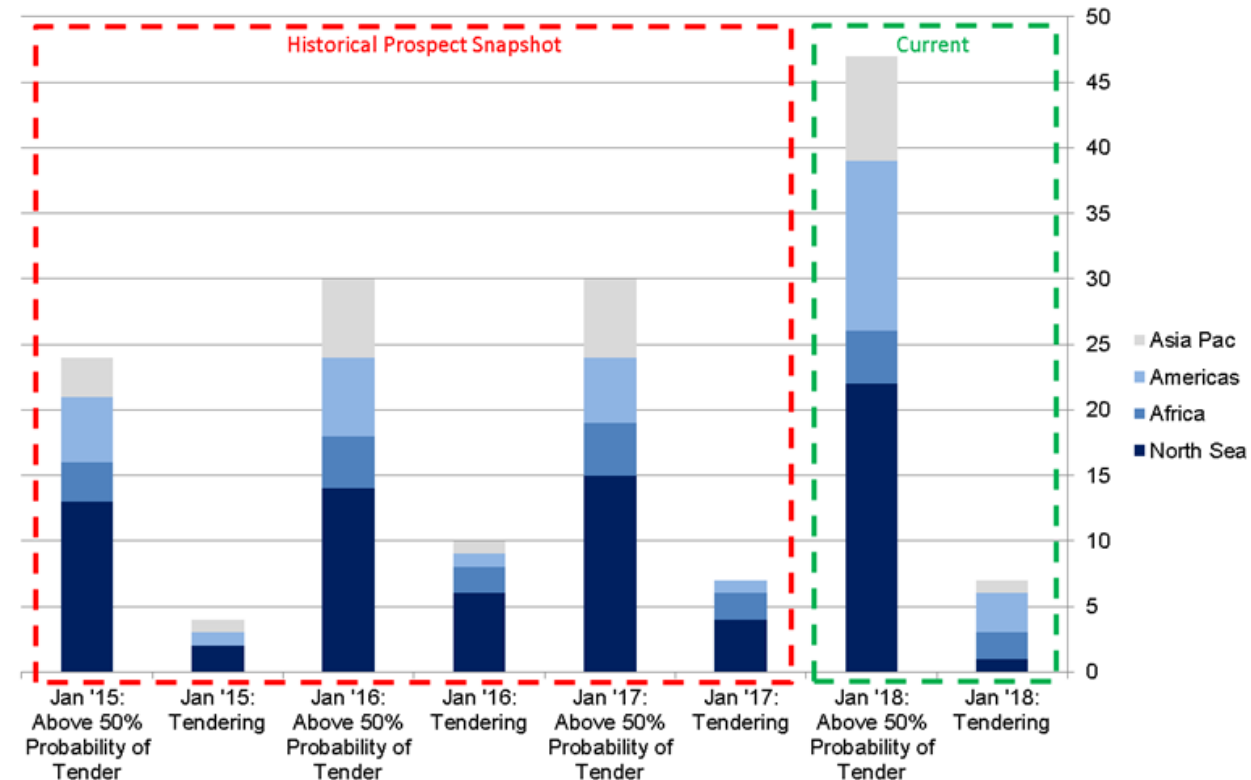
GTD: General Technical Description (minimum technical requirements)  
Source: Prosafe

- Petrobras technical specifications ('GTD') have evolved substantially since 2010 – some of the highest requirements of any operator
- 9 vessels of 8 owners operating in 2015
- Presently 5 vessels contracted, reducing to 1 vessel by mid-2018
- Anticipated tender activity to address vessel shortage
- With demand forecasted to be in the 5 - 6 unit range, this will be a demand driver in the next 6 -18 months, although completion will be prevalent

# Prospects and tendering – Prosafe business intel

- Seven tenders ongoing for 2018 through 2020 – one in the North Sea
- The prospect list with a three-year look-out remains at a relatively high level
- 23 prospects with high probability of going to tender

Tenders and Prospects - outlook is generally three years



P90, P50 and P10 are prospects probability of moving to a tender.

Source: Prosafe



# Agenda

- Financial results
- Business and Operations
- Outlook
- **Summary**



# Summary

- Good operating performance
- Good cash position
- Delivering on cost and capex reductions. Focus on continuous improvement remains
- Business development presence established in Mexico and Houston
- Positive macro indicators
- Foresee gradual pick-up in accommodation demand from 2019
- Continue to be proactive in industry restructuring



# Appendix

# Operating revenue

| (USD million)    | Q4 17       | Q3 17       | Q4 16        | 2017         | 2016         |
|------------------|-------------|-------------|--------------|--------------|--------------|
| Charter income   | 70.5        | 62.9        | 95.8         | 256.0        | 375.5        |
| Mob/demob income | 0.5         | 1.0         | 17.5         | 3.9          | 34.0         |
| Other income     | 5.7         | 5.0         | 12.5         | 23.1         | 64.5         |
| <b>Total</b>     | <b>76.7</b> | <b>68.9</b> | <b>125.8</b> | <b>283.0</b> | <b>474.0</b> |