March 2017

Company update
Disclaimer

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Agenda

- **Prosafe in brief**
- Plan the work - Work the plan
- Status and Outlook
- Summary
Who we are

1. World’s most diversified fleet of 9 semi-submersible accommodation-, service- and safety vessels and one TSV vessel

2. Late cyclical, typically exposed to brownfield MMO type work as well as hook-up and decommissioning

3. EBITDA from USD 300 mill in 2014 to guidance of USD 110 + in 2017
   Total assets of USD 2.7 billion / Book equity 40%

4. Headquartered in Cyprus - offices in Brazil, UK, Norway and Singapore

5. Working the plan to be the world leader
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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
- Capex reduction for liquidity preservation
- Fleet high-grading from scrapping
- Consolidation and fleet renewal
- Flexible models for strategic optionality
- Commercial strategy adapted to circumstances
Strengthening the management team
Functional responsibility

- Clearly defined roles and responsibilities

CEO, Jesper K. Andresen  
Prosafe Management AS

DCEO & CFO, Stig H. Christiansen  
Prosafe Management AS

Strategic Projects  
Commercial  
Operations  
Finance  
Business Support
## Update on cost and capex

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

¹) Will to some extent be affected by activity level
Protecting the runway

- Strong cash flow generation in Q4
  - EBITDA higher than anticipated
  - Capex lower than anticipated
  - Cost lower than anticipated

- Cash neutral at EBITDA of about USD 100 million\(^1\)

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

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

Engaging in M&A:
1. Acq. Of Nova/Vega

«Next phase restructuring»
1. Consolidation
2. More scrapping

Fleet renewal and rightsizing

- Completed the acquisition of the Safe Nova and Safe Vega
  - Termination rights and USD 60 million 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
Diversified fleet and flexible models

High End | Operated
---
Zephyrus ('16)
Notas ('16)
Boreas ('15)
Caledonia ('82/'12)
Axis Nova ('17E)
Axis Vega ('17E)
Eurus ('19E)

Mid Water | Operated/Managed
---
Regalia ('85/09)
Astoria ('83/12)
Concordia ('05/15)
Bristolia ('83/08)
Dan Swift ('85/09)
Regency ('82/03)

Drilling Support | Operated
---
Scandinavia ('84/15)

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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From 80% average utilization to 30%+firm in 2017
At year-end total order book of almost USD 1 billion, ca 50/50 split firm/options
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
- Remain cautiously optimistic about extended life at Oseberg East given technical performance and production development
The market is slowly but surely bottoming out

Capacity Utilization by Offshore Segment

Fleet utilization in percent

Source: Clarksons Platou Securities AS
Also day rates bottoming out?

- North Sea recent awards indicate a significant day rate 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

<table>
<thead>
<tr>
<th>Share of market (ca.)</th>
<th>25%</th>
<th>75%</th>
<th>0-10%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market visibility</td>
<td>High</td>
<td>Low</td>
<td>Medium</td>
</tr>
<tr>
<td>Lead time</td>
<td>Long</td>
<td>Short</td>
<td>Medium</td>
</tr>
<tr>
<td>Average duration</td>
<td>8 months</td>
<td>6 months</td>
<td>Anticipated longer</td>
</tr>
<tr>
<td>Key drivers</td>
<td>Project sanctioning, hookup and commissioning</td>
<td>Age of installed topsides, subsea tieback projects</td>
<td>Shutdowns and platform removal</td>
</tr>
<tr>
<td>Current market</td>
<td>80%</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>
Ageing infrastructure still producing – demand for MMO

- Oil and gas fields on the NCS on stream longer than initially planned for
  - New discoveries and improved recovery techniques have extended the lifetime of a number of fields
  - Increasing number of tie-backs prolongs the life of fields
  - Life extension, upgrade and modification investments required
- The company expects the maintenance and modification part of the market to grow going forward

Source: www.norskpetroleum.no
Seeing moderate capex fall in 2017 and an increase in 2018

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

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

* Capex change 2014e-2017e shown in the chart are Swedbank Research estimates based on a wide range (40-50) of oil companies.
Improved tendering indicating pick up from 2018?

- Several recent contract extensions and new contract
  - New contract for the Safe Caledonia for Total in 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

Number of tenders (number of projects/potential contracts) and number of potential projects with above 50% probability of going to accommodation tender. Source: Prosafe
Prosafe fleet renewal – A managed process…
Contributing to replacement and rebalancing
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Summary

- Strengthening the management team
- Goal to be the safest operator
- 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
## Income statement

(Unaudited figures in USD million)

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

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

- Non-recurring cost items of MUSD 62 in 2016
  - 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)

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

### 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
Update on vessels’ cost per day

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

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

<table>
<thead>
<tr>
<th>Stacking CPD (k/d) (figures in USD)</th>
<th>High-spec vessels (cold/warm) 1)</th>
<th>Low-spec vessels (cold/warm) 1)</th>
</tr>
</thead>
<tbody>
<tr>
<td>August 2016 estimate</td>
<td>15-30</td>
<td>5-10</td>
</tr>
<tr>
<td>Feb 2017 estimate</td>
<td>15-25</td>
<td>5-10</td>
</tr>
</tbody>
</table>

1) Will depend on location and duration and cold/warm/hot stack
* Slightly less on TSV given complexity of operations
# EBITDA and capex guidance

## Previous guidance

<table>
<thead>
<tr>
<th>2016 and 2017 combined</th>
<th>MUSD 320+</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>MUSD 110+/–</td>
</tr>
<tr>
<td>Capex per year</td>
<td>MUSD 20-30</td>
</tr>
</tbody>
</table>

## Current guidance

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

*) Incl. SPS for the Safe Caledonia  
**) 2017 is however also impacted by USD 30 m repayment of sellers credit to Jurong