



12 September 2018



# Pareto Oil & Offshore Conference

# 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.

# Who we are

- 1 World's most diversified fleet of 8 semi-submersible accommodation-, service- and safety vessels and one monohull under management, three new builds and one TSV vessel
- 2 Mid to late cyclical, typically exposed to brownfield MMO type work as well as hook-up and decommissioning
- 3 2018: Transforming agreement reached with Cosco for the Safe Eurus, Safe Nova and Safe Vega. Financial runway extended
- 4 Total assets of ca. USD 1.95 billion, book equity 25%, ca. 380 employees
- 5 Offices in Brazil, UK, Norway and Singapore
- 6 Working to be the world leader within offshore accommodation. Continued strategic positioning and consolidation on the agenda





# Agenda

- **Delivering on targets**
- Prosafe transformed
- Market status and outlook
- Summary - positioned for next phase



# ...Since last (Pareto conference)

- Looking for optionality and value creation of COSCO new builds
  - Transforming agreement reached end August 2018
- Improved financial flexibility
  - Financial runway extended in agreement with lenders end August 2018
- Westcon court case
  - Clear win in the first instance (appealed)
- Consolidation & Re-enter Mexico
  - Remains a priority
- Positioning TSV Safe Scandinavia towards and beyond June 2018:
  - New contract secured
- Cost and capex significantly reduced
  - Efforts continue and results are improving
- The way we work
  - Organizational changes and renewal implemented and ongoing

Safe Eurus



Safe Nova



Safe Vega





# Agenda

- Delivering on targets
- **Prosafe transformed**
- Market status and outlook
- Summary - positioned for next phase



# The Prosafe transformation 2018 - Agreement with Cosco & Lenders

1

## Cosco Vessels

**Safe Eurus**



**Safe Nova**



**Safe Vega**



2

## Cosco Agreement

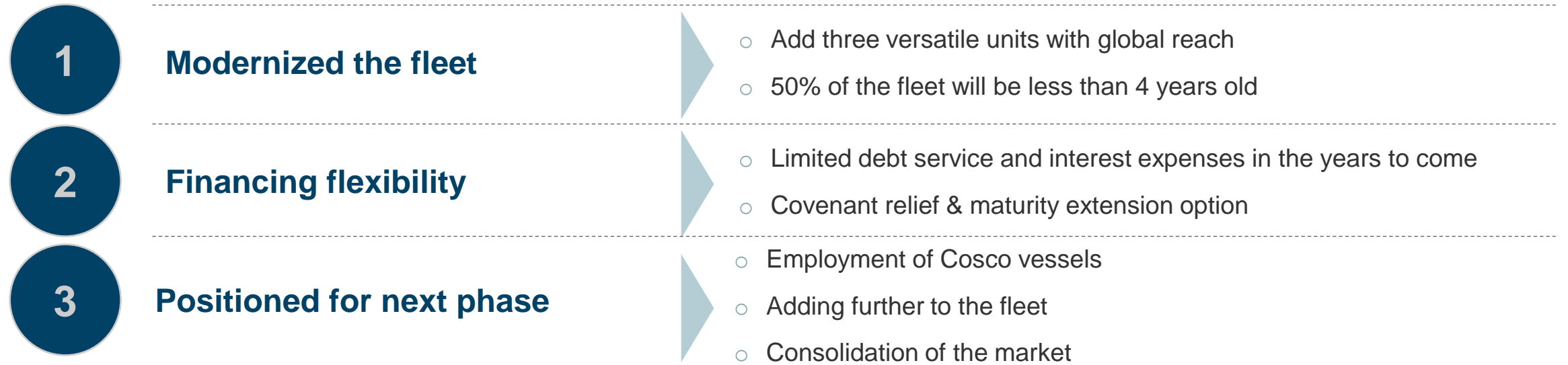
- Average price per vessel ca. MUSD 215. 8% headline price reduction
- New financing of USD 431.2m for the takeout of the 3 new Cosco units. USD 100m payment on delivery for all 3 vessels
- Low minimum debt service scalable with rig earnings
- Interest free first two years after delivery, thereafter interest is based on average day rates achieved
- Flexible delivery up to 5 years and ultimately option to not take delivery of rigs. No layup cost until delivery

3

## Debt Facilities Enhancements

- Liquidity: Amortisation relief of USD 156m (in addition to amortization relief agreed in 2016)
- Option for Prosafe to extend final maturity of existing USD 1.3 billion by 1 year to February 2023
- Covenant ease for both existing loan agreements
- Consent to COSCO agreement and use of Prosafe's existing cash and cash flow in connection with delivery of the COSCO units
- Cash and cost savings ability to scrap 3 legacy units without loan repayment
- Warrant cap of 9.78m reached

# Prosafe anno 2018





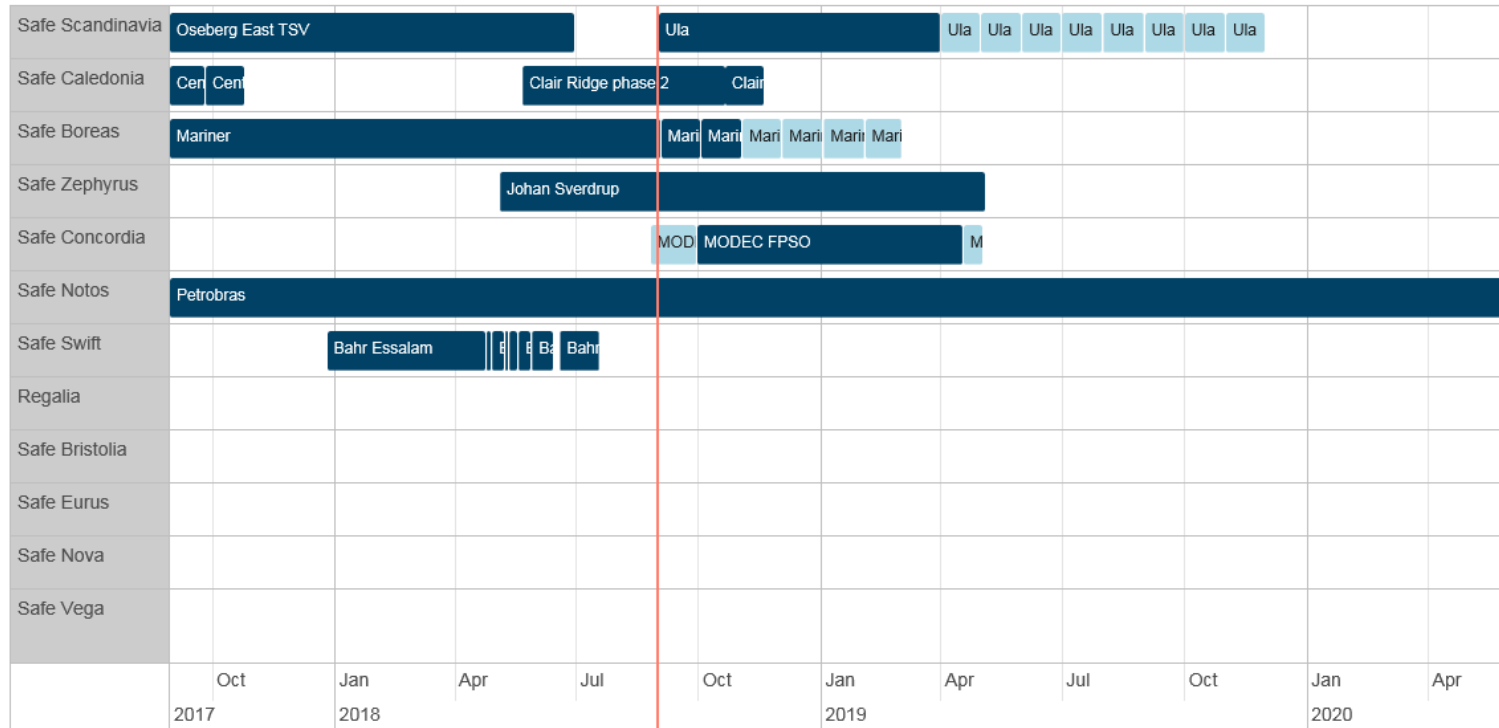
# Agenda

- Delivering on targets
- Prosafe transformed
- **Market status and outlook**
- Summary - positioned for next phase



# Fleet status: Contract wins and extensions

## Contract backlog



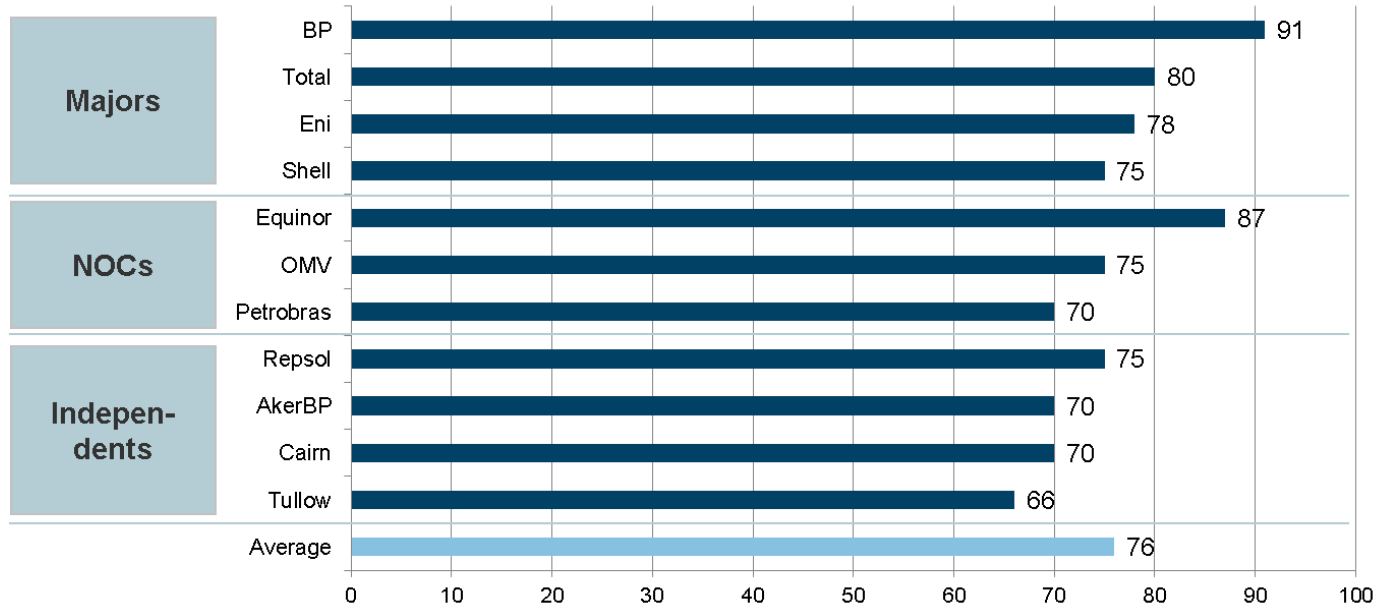
## Contracting update

### Fixtures summer 2018

- **Safe Scandinavia** 7 months firm commencing September 2018 plus 8 months of options with Aker BP at Ula, NCS
- **Safe Concordia** 200 days firm plus 15 days of options with Modec supporting FPSO maintenance in Brazil
- **Safe Boreas** 2 months extension with Equinor at Mariner, UKCS
- **Safe Caledonia** 1 month extension with BP at Clair Ridge, UKCS

# Free cash flow for oil producers

## Oil companies' long-term Brent oil price outlook (USD/bbl)



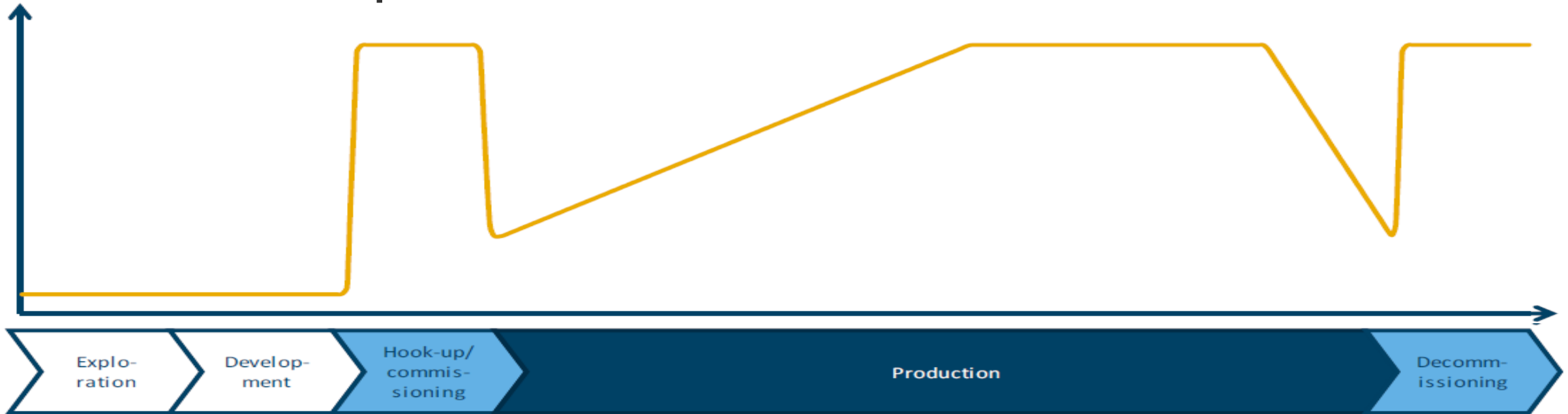
## Free cash flow for oil producers

- The free cash flow for the oil producers will this year reach an all time high on above 500 bn, and it will increase the two next years

(Source: Rystad Energy)



# Market anticipated to normalise as MMO returns

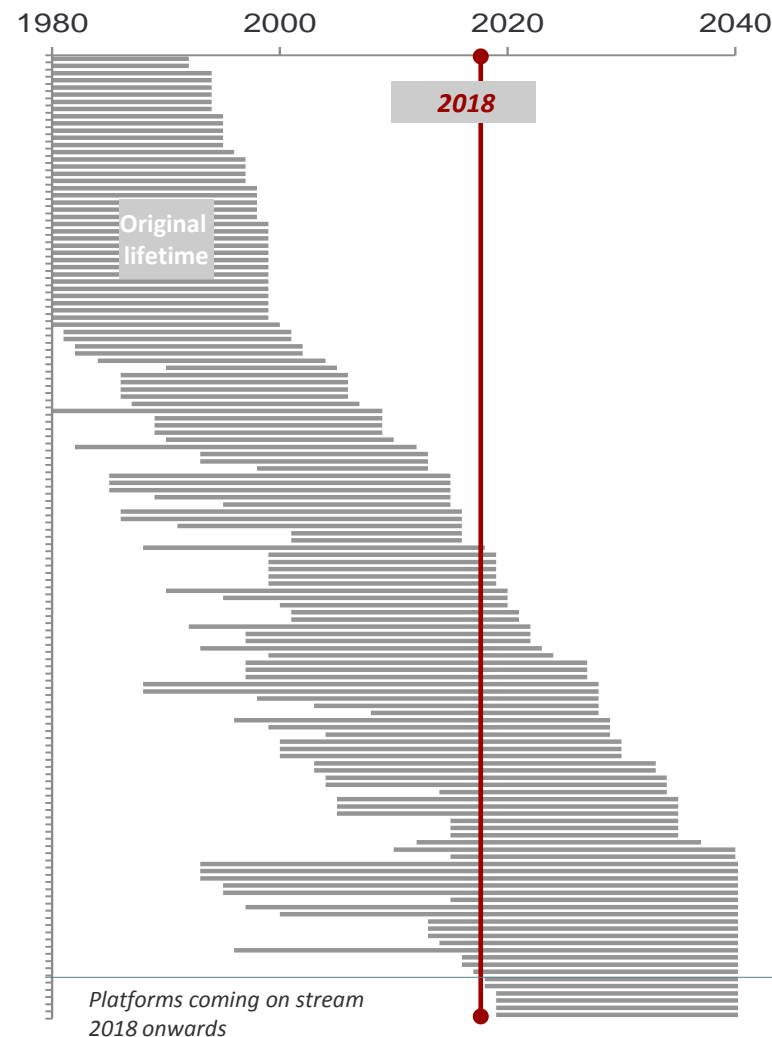


Share of market (ca.)	25%		75%		0-10%
Market visibility	High		Low		Medium
Lead time	Long		Short		Medium
Average duration	8 months		6 months		Anticipated longer
Key drivers	Project sanctioning, hook-up and commissioning		Age of installed topsides, subsea tieback projects		Shutdowns and platform removal
Current market activity	80%		20%		-
Current tenders	<50%		>50%		-

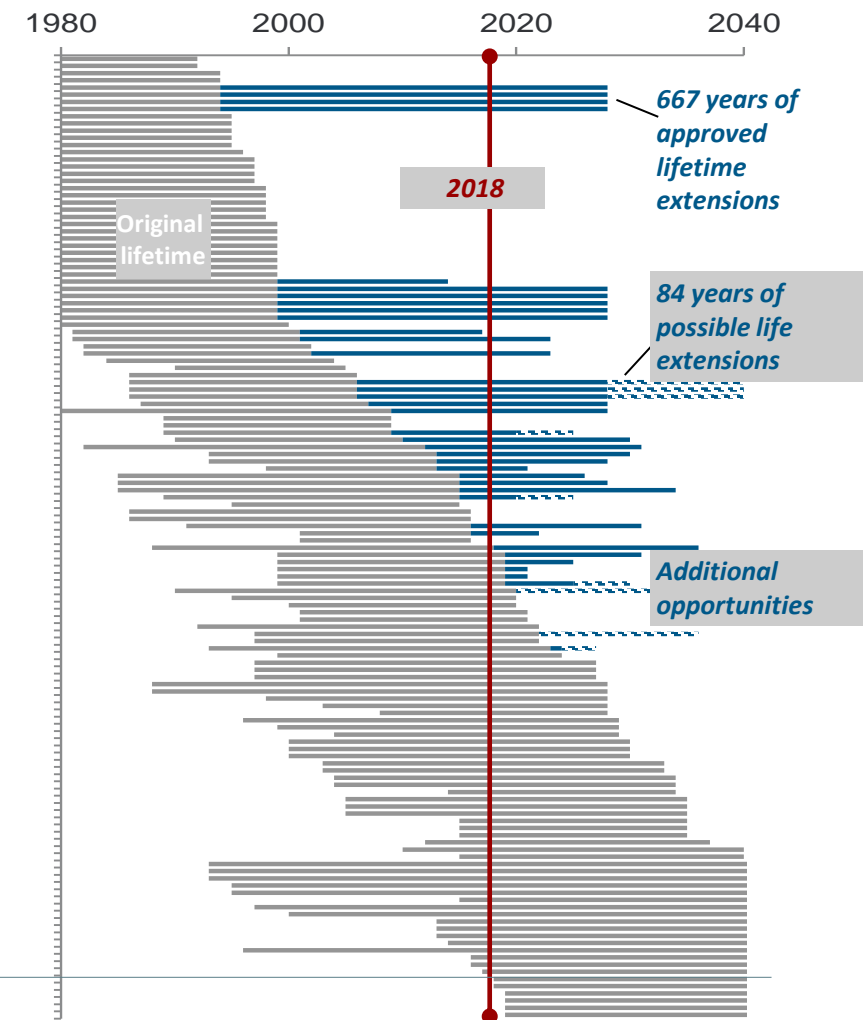
# NCS: Demand to return on back of MMO activity

- In order to extend the lifetime, operators often perform – or plan to perform – large modifications
- The charts show approved lifetime for all NCS platforms\* before (left) and after (right) granted lifetime extension(s)
- Several older platforms at fields including Ekofisk, Statfjord, Valhall, Gullfaks, Heimdal, Ula and Oseberg have extended lifetimes by 10-30 years
- A total of 667 years have been added to the original life time

NCS platforms with original lifetime



.... and with approved + possible lifetime extensions



\*Includes all platforms (surface facilities) with processing, water injection, riser, living quarter, drilling, wellhead or flare stack. Includes shut down, currently active and upcoming. FSUs and WHPs are disregarded. Note that life time extensions are often given in stages. The blue bar can thus consist of several extensions. Source: Rystad Energy research and analysis; NPD

# NCS: Record number of wells and lifetime extensions

- Over the coming decades Equinor plans to drill up to 3000 production and exploration wells. This is almost as many wells as the company has drilled since it was established close to 50 years ago.
- Equinor's plans for the next decades also call for a lifetime extension of more than 20 fields. The production lifetime of Equinor's NCS fields is already two to three times longer than assumed in original plans.



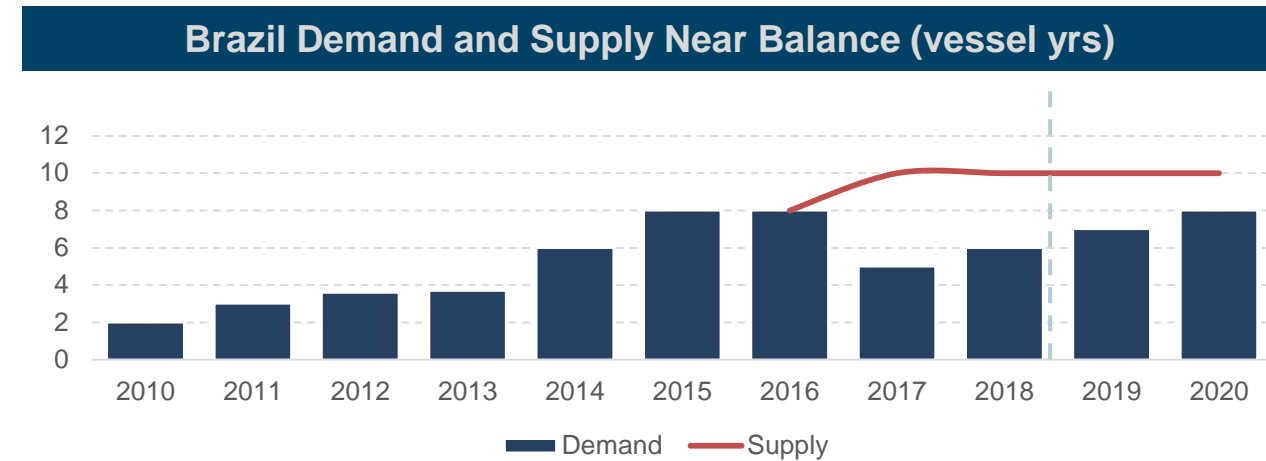
Source: Equinor



# International markets to demand high end vessels

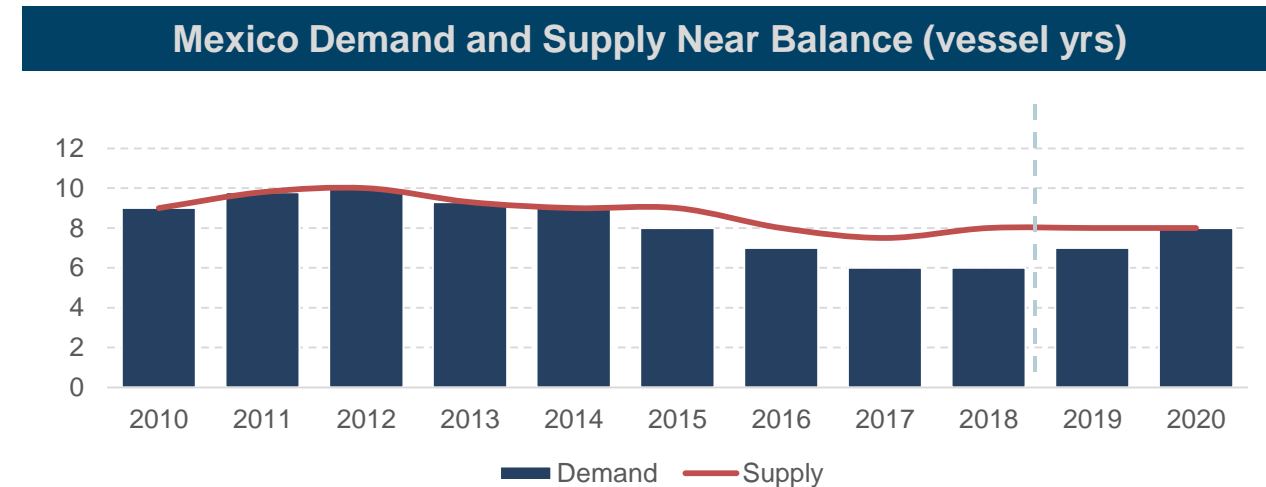
## Brazil

- Prosafe units that meet the current and anticipated future technical specifications for Petrobras requirements operating in this segment are the Boreas, Zephyrus, Notos, Eurus, Nova and Vega
- Bulk of demand has been the modification of mature fields in the Campos Basin
- Long-term tenders anticipated



## Mexico

- Primarily 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
- Political uncertainty towards Pemex may lead to changes in contracting philosophies
- Anticipated to offer opportunities again



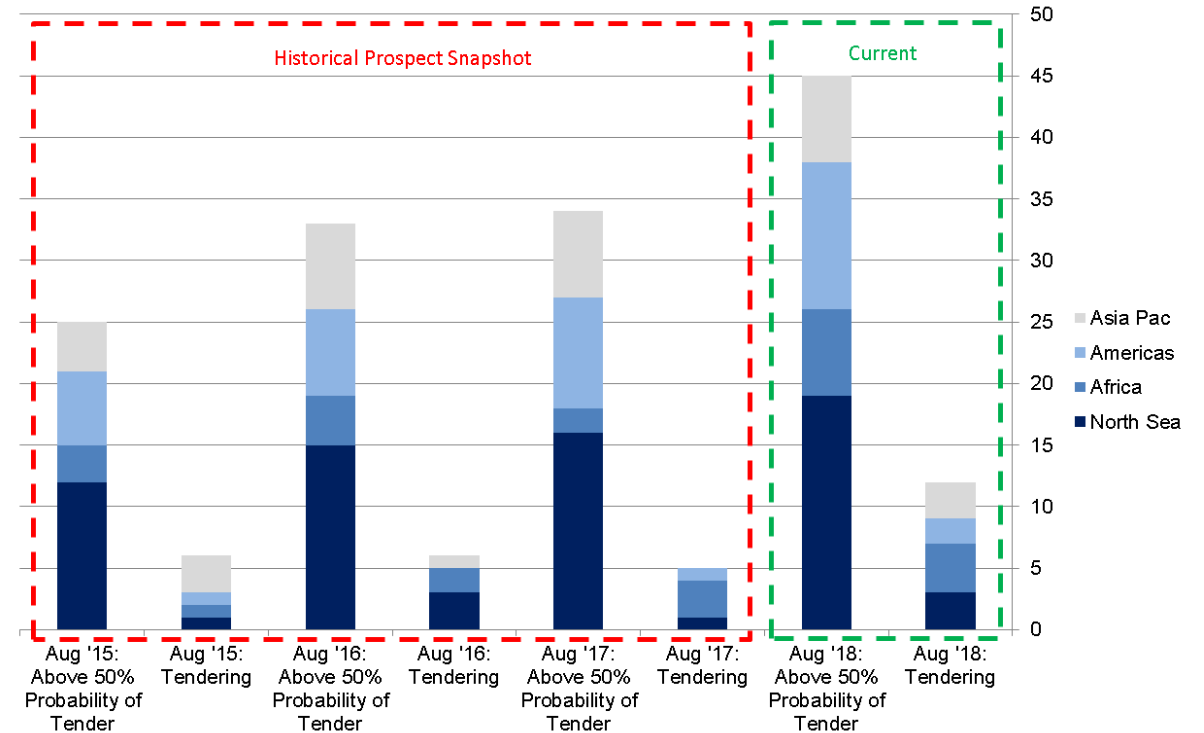
Source: Rystad Energy

# Prospects & Tendering

## Global Opportunities

- 12 tenders ongoing for 2018 through 2020 – double the amount since Q1 2018
- 6 tenders with commencement dates in 2019
- 17 North Sea prospects with high probability of going to tender next 3 years
- Longer term prospects outside the North Sea anticipated to materialise within Q4 2018/ Q1 2019

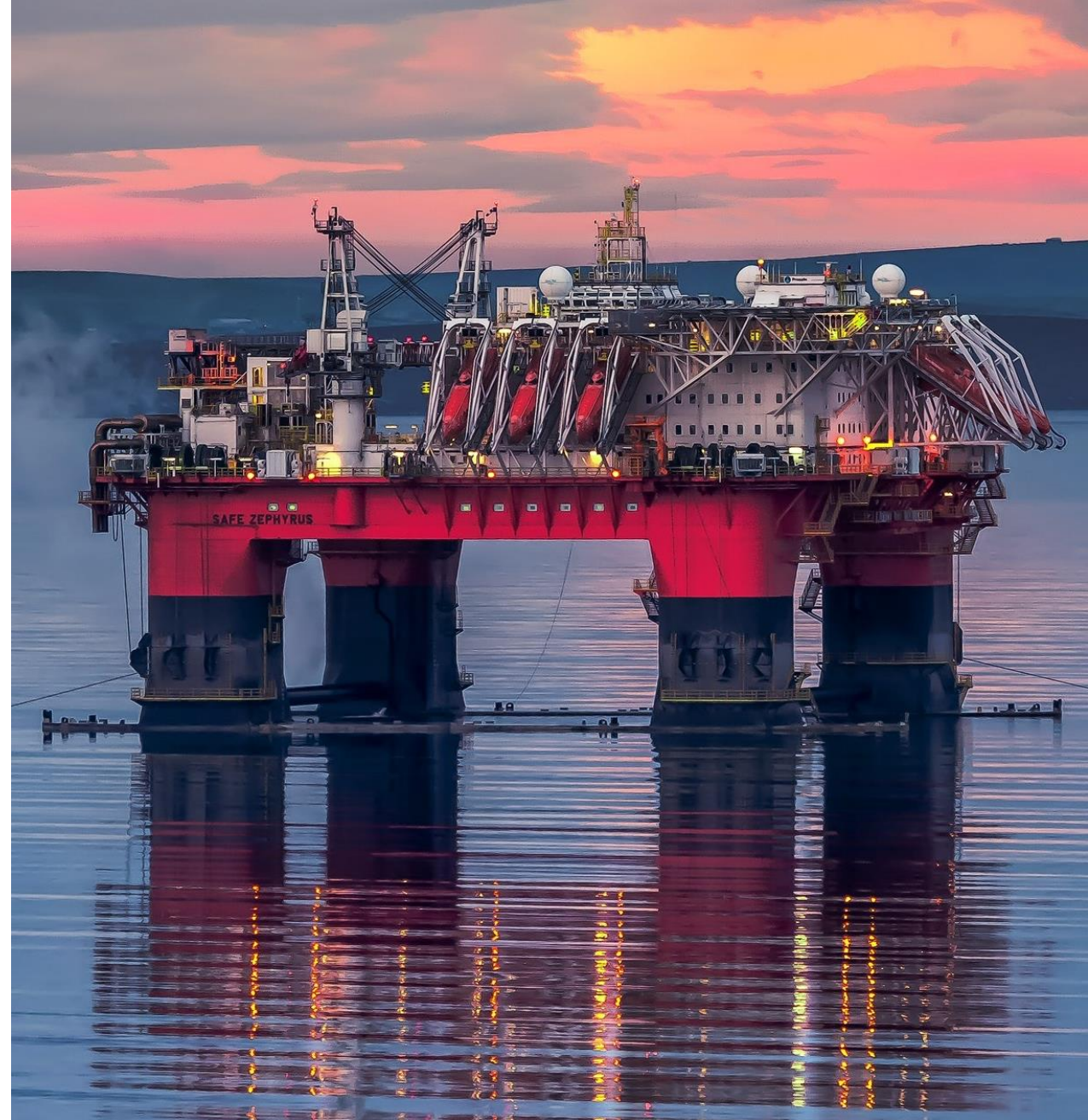
## Tendering Activity – 3 year Profile



P90, P50 and P10 are prospects probability of moving to a tender  
Source: Prosafe

# Agenda

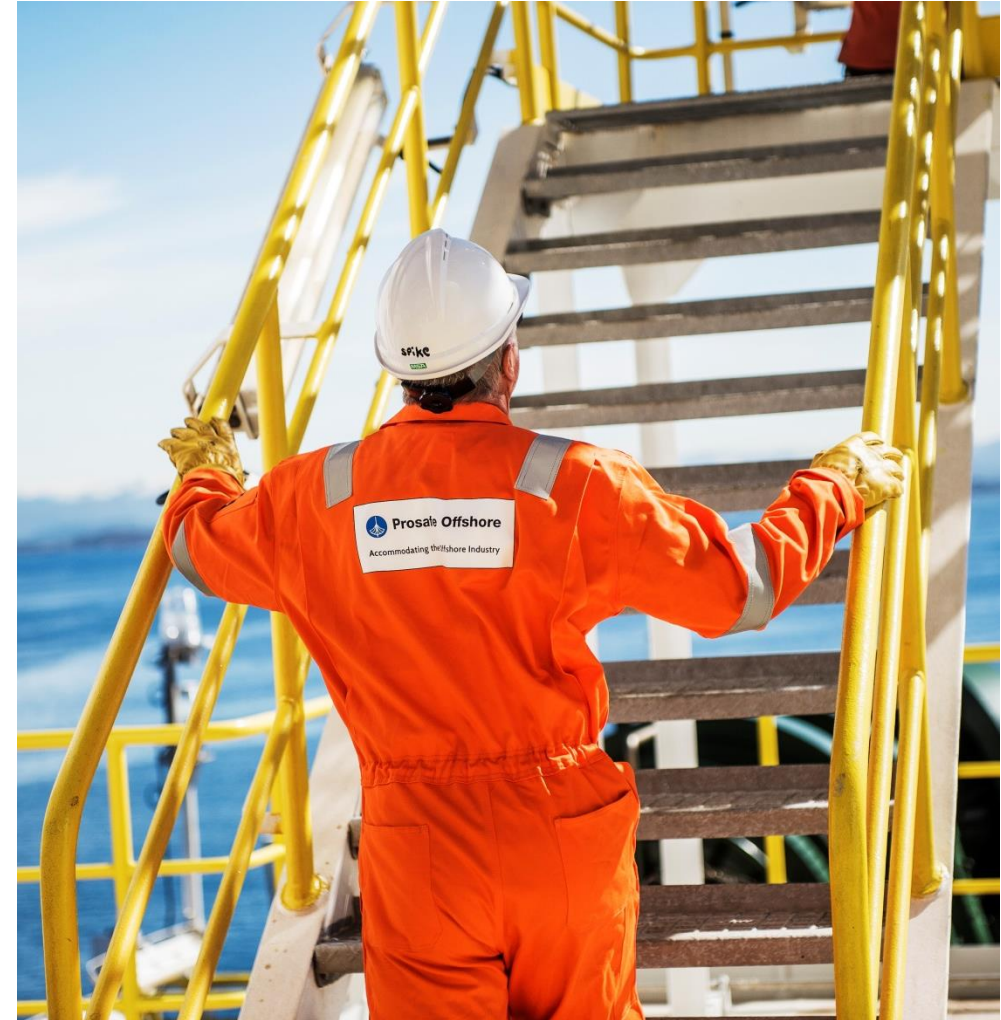
- Delivering on targets
- Prosafe transformed
- Market status and outlook
- **Summary - positioned for next phase**





# In summary – positioned for the next phase

- Modernized fleet
- Improved financial runway
- Activity and fleet utilisation improving driven by re-emerging MMO activity in the North Sea and increasing market share internationally
- Improved average rate levels anticipated to follow activity pick-up from 2020
- Further adding to the fleet



# Q&A