



4 May 2018



Q1 2018 results and market update

Disclaimer

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Q1 2018 highlights

- Continued good operating performance
- Utilisation of 33.3 per cent in the quarter
- Operating revenues at USD 82.8 million
- Cash flow from operations at USD 51.3 million
- Safe Caledonia awarded a five-month contract for BP in the UK with start-up around end of May
- Prosafe wins Westcon dispute regarding the TSV Safe Scandinavia conversion
- Established in Mexico
- Delivering on cost and capex reductions. Focus on continuous improvement remains



Agenda

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



Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)

	Q1 18	Q4 17	Q1 17	2017
Operating revenues	82.8	76.7	75.7	283.0
Operating expenses	(33.6)	(34.6)	(42.9)	(152.1)
Operating result before depreciation	49.2	42.1	32.8	130.9
Depreciation	(27.3)	(27.2)	(35.4)	(135.2)
Impairment	(0.1)	35.1	0.0	(573.9)
Operating profit/(loss)	21.8	50.0	(2.6)	(578.2)
Interest income	0.4	0.4	0.1	1.4
Interest expenses	(20.6)	(19.2)	(18.6)	(74.9)
Other financial items	17.5	11.4	3.6	12.4
Net financial items	(2.7)	(7.4)	(14.9)	(61.1)
Profit/(Loss) before taxes	19.1	42.6	(17.5)	(639.3)
Taxes	(3.2)	(2.6)	(1.6)	(7.8)
Net profit/(loss)	15.9	40.0	(19.1)	(647.1)
EPS	0.20	0.56	-0.27	-8.98
Diluted EPS	0.18	0.45	-0.22	-7.35

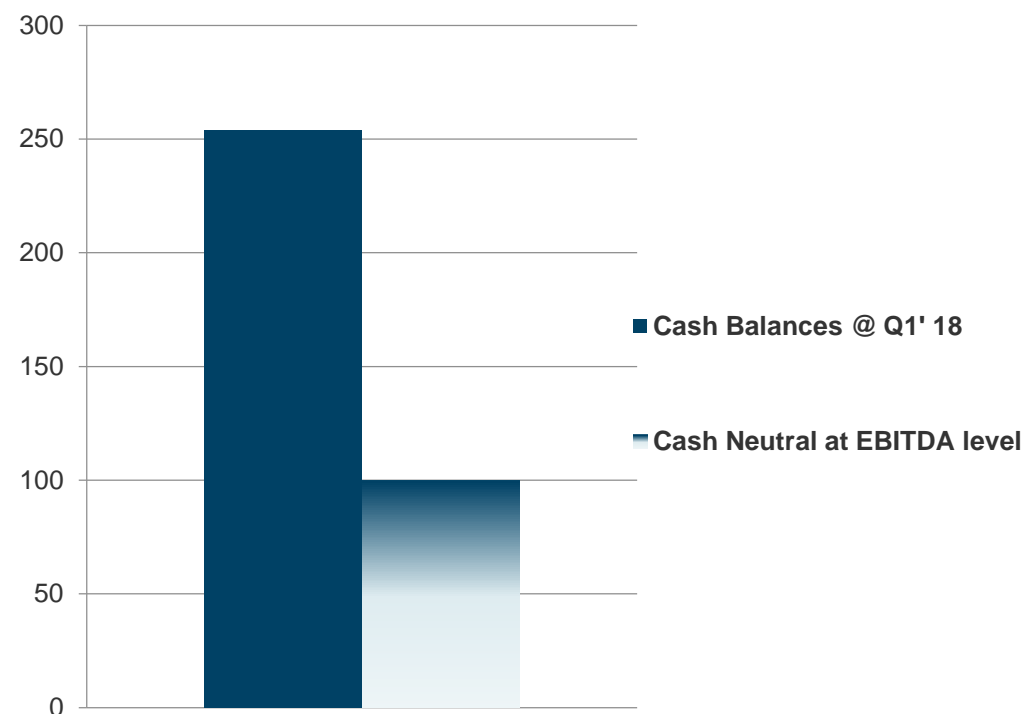
Balance sheet

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	31/03/18	31.12.17	31/03/17
Goodwill	0.0	0.0	226.7
Vessels	1,501.1	1,527.2	1,997.8
New builds	125.2	125.2	123.3
Other non-current assets	10.2	10.5	13.9
Total non-current assets	1,636.5	1,662.9	2,361.7
Cash and deposits	254.0	231.9	250.6
Other current assets	49.9	52.2	43.5
Total current assets	303.9	284.1	294.1
Total assets	1,940.4	1,947.0	2,655.8
Share capital	8.9	8.9	7.9
Other equity	477.6	488.7	1,106.3
Total equity	486.5	497.6	1,114.2
Interest-free long-term liabilities	43.9	57.5	61.1
Interest-bearing long-term debt	1,324.7	1,329.1	1,336.3
Total long-term liabilities	1,368.6	1,386.6	1,397.4
Other interest-free current liabilities	66.7	44.2	96.3
Current portion of long-term debt	18.6	18.6	47.9
Total current liabilities	85.3	62.8	144.2
Total equity and liabilities	1,940.4	1,947.0	2,655.8

Efficiently protecting the cash position

- Good cash flow generation
 - Operating cash-flow of USD 51.3 million in Q118
 - Comfortable cash position: USD 254 million per Q118 (USD 231.9 million per YE 2017)
- Cash neutral at EBITDA of approx. USD 90-100 million¹⁾



¹⁾ 2018 is, however, impacted by IFRS 15 revenue adjustment of approx. USD 25 million. The adjustment will increase revenue and EBITDA, but is a non-cash item.

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Prosafe wins the Westcon dispute

- Ruling on 8 March:
 - The Court issued its judgement in favour of Prosafe, and decided that Westcon must pay Prosafe NOK 344 million plus interest and NOK 10.6 million legal costs.
- Westcon has filed an appeal. Prosafe will file a counter appeal.
- Prosafe will continue to pursue its case in order to improve on the result in the first instance.



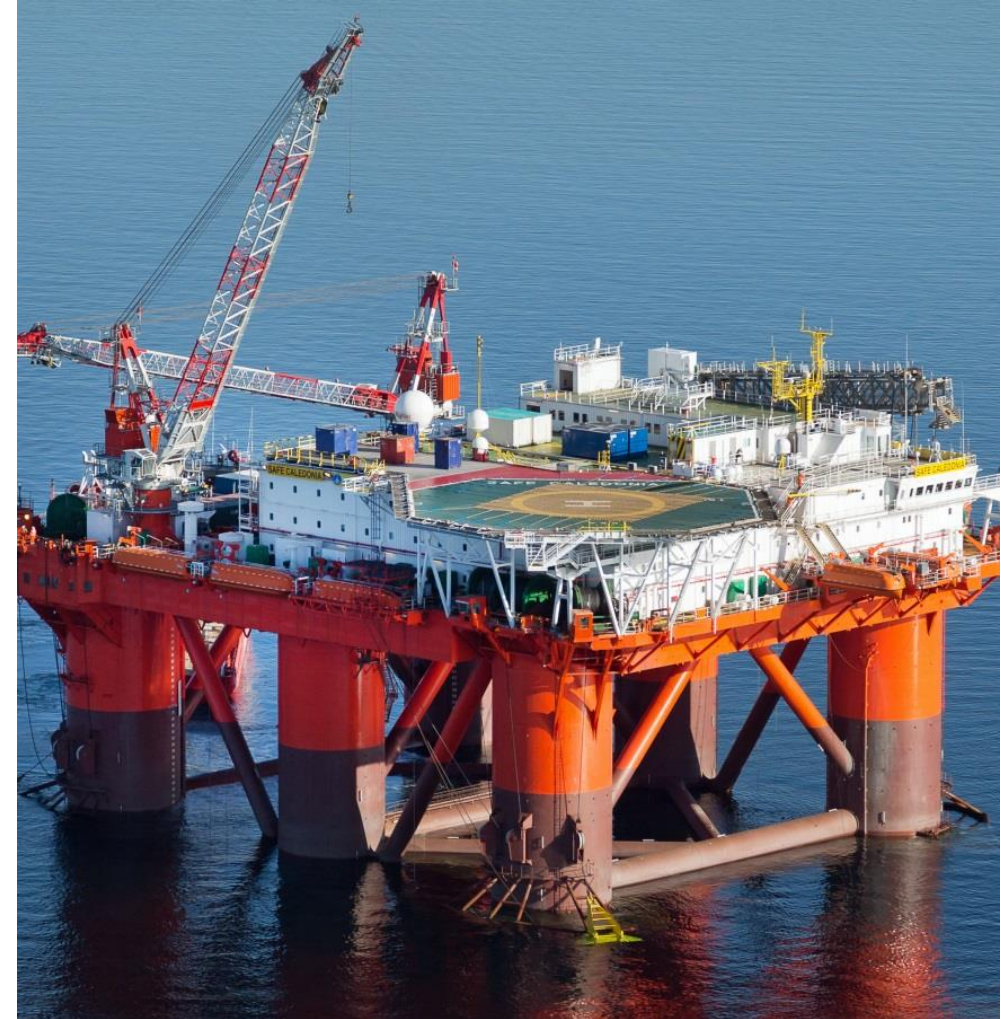
Fleet renewal strategy – controlling 3 new builds at COSCO

- A key strategic goal for Prosafe is fleet renewal
- Negotiations with COSCO regarding Safe Nova, Safe Vega and Safe Eurys is ongoing.
 - The standstill agreement between Prosafe and COSCO related to Safe Nova and Safe Vega has been extended until 20 May 2018.
- Prosafe is looking for optionality and value creation potential primarily from financing terms and timing of delivery, as well as price
 - Downside protection from the 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.

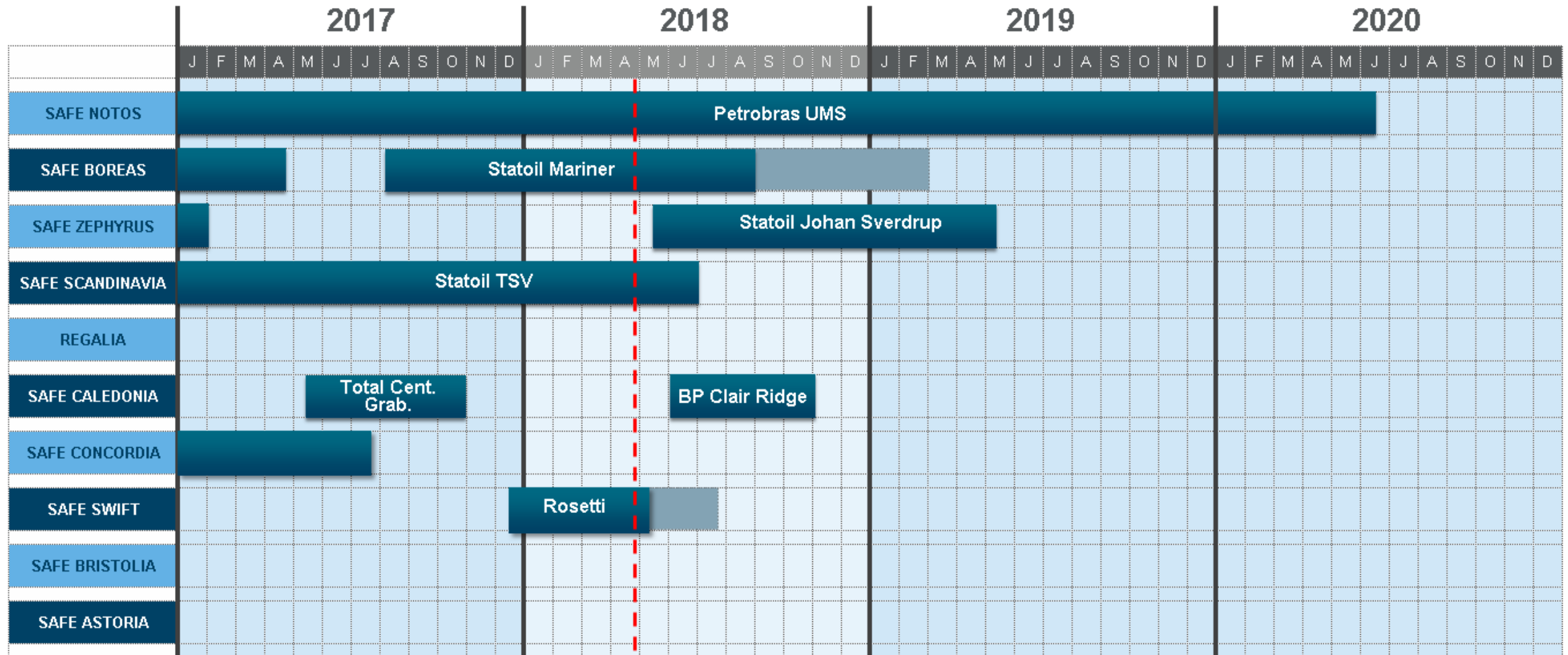


New contract for Safe Caledonia

- Five-month contract with BP for the provision of the Safe Caledonia at the Clair Ridge platform West of Shetland on the UKCS.
 - The contract will commence end-May 2018 providing gangway connected operations to support hook up and commissioning activities.
 - Total value of the contract period is approximately USD 13.5 million.

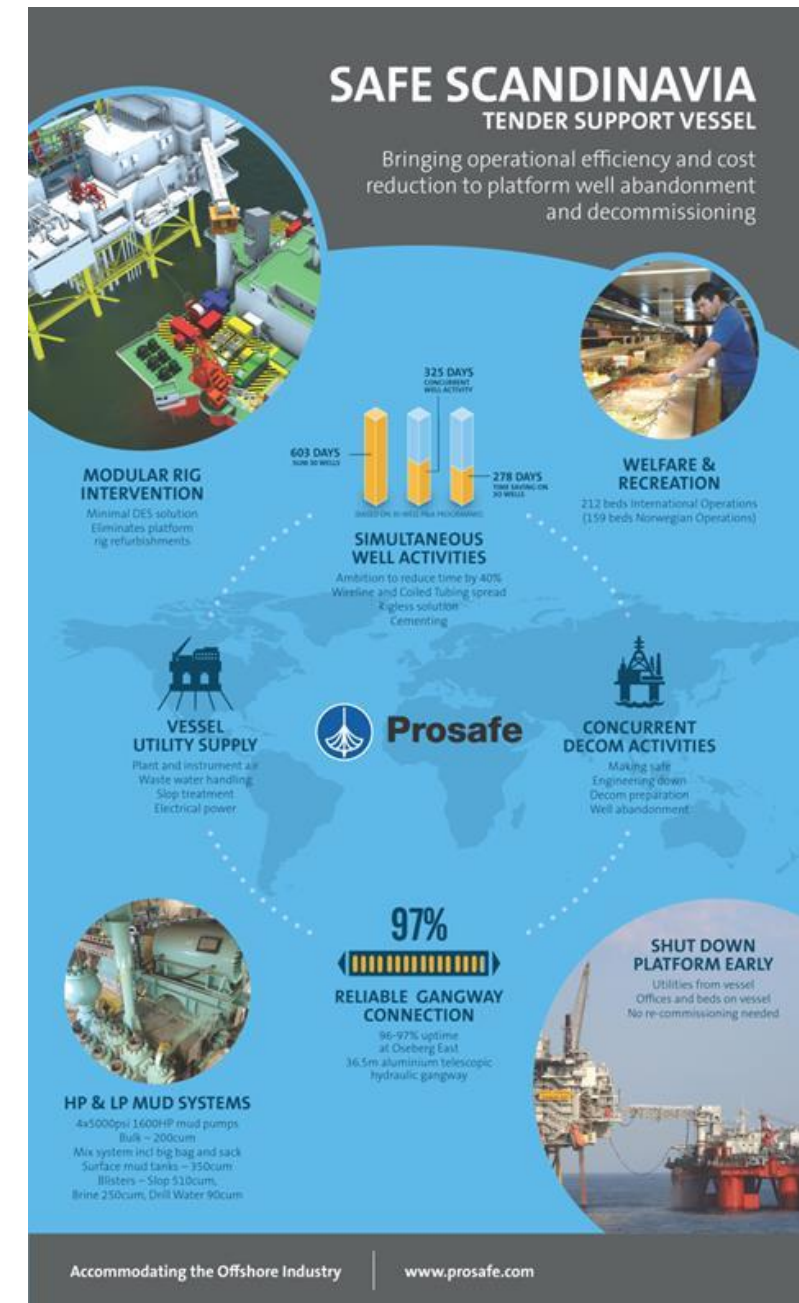


Contract status



Safe Scandinavia future opportunities

- In addition to marketing the vessel for TSV- and Accommodation Services, Prosafe is in 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 is being marketed globally



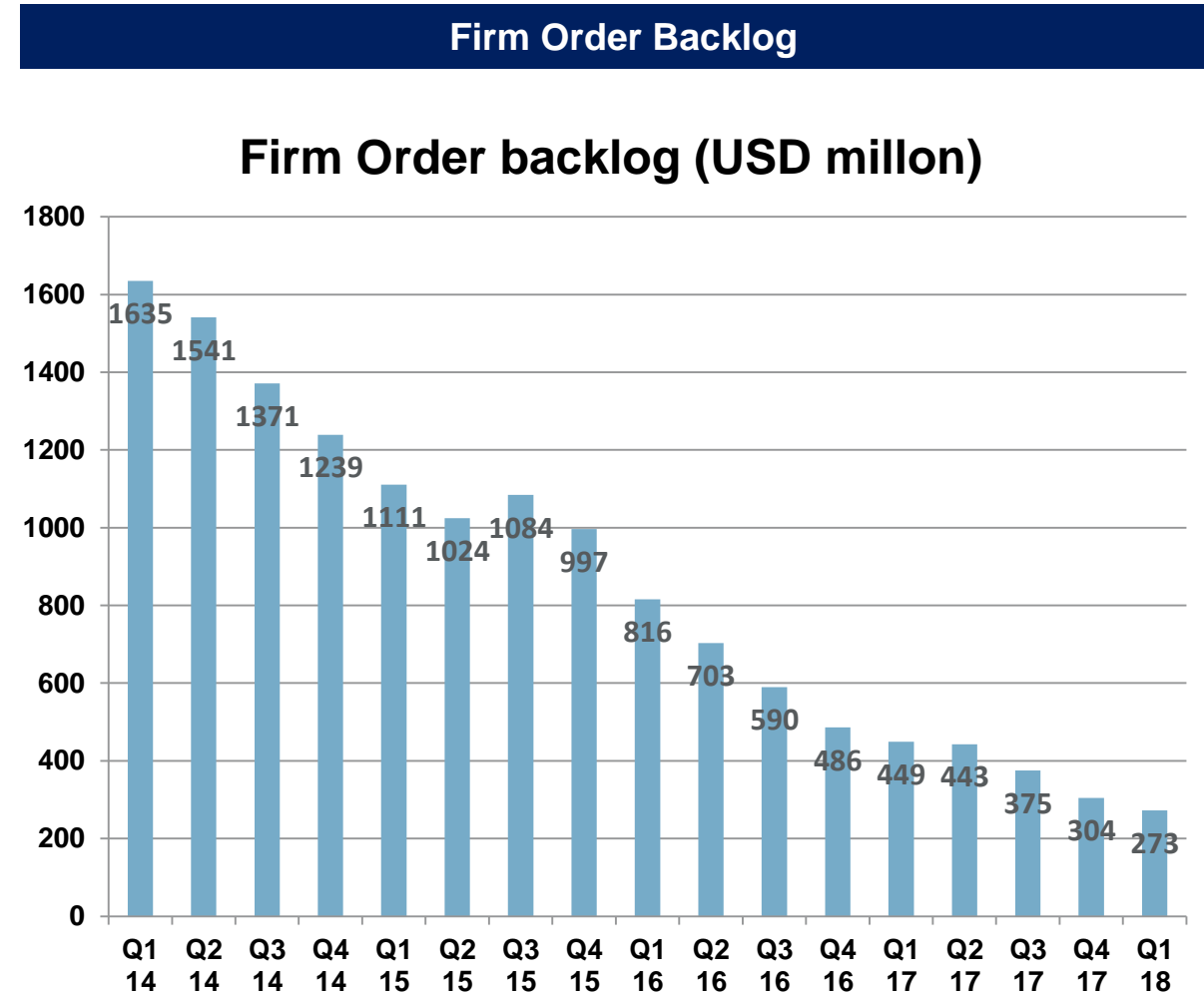
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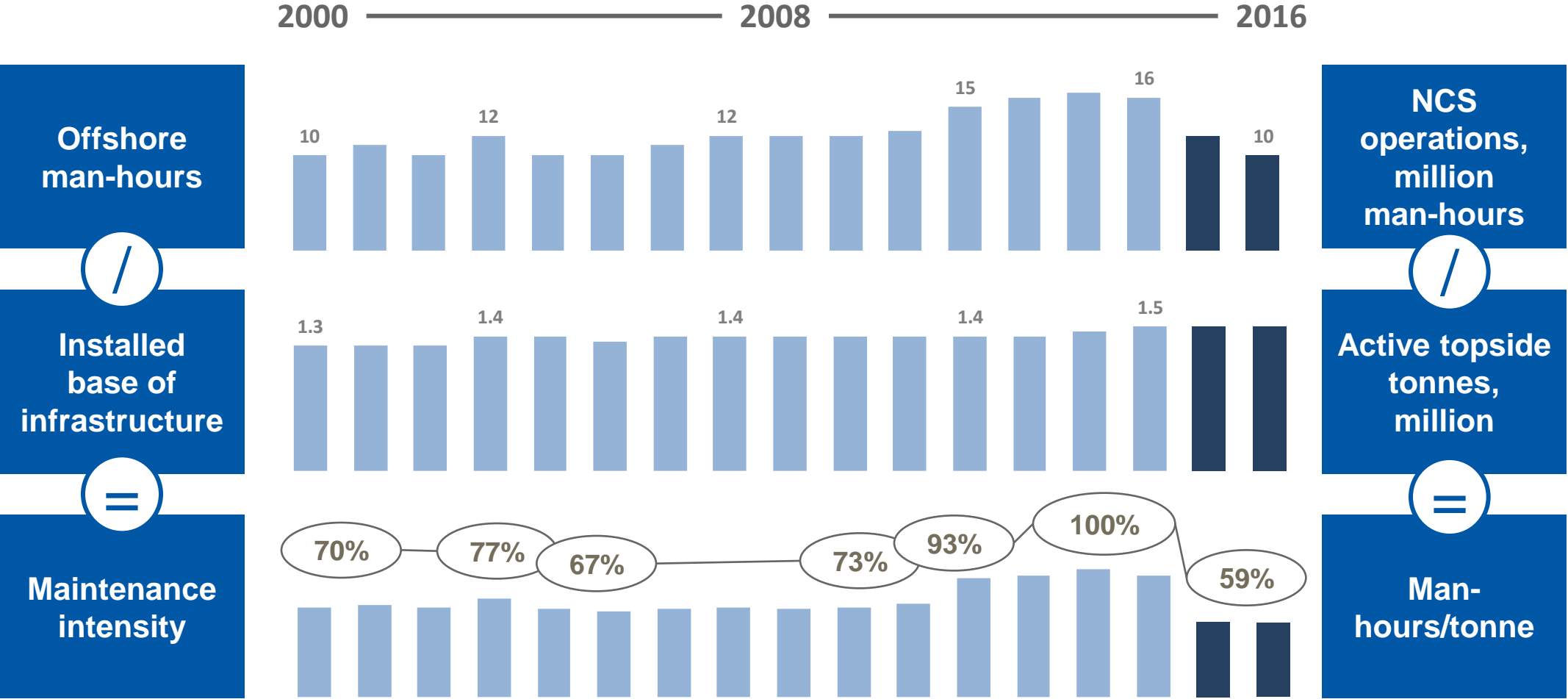


Firm order backlog development

- Prosafe's firm backlog has fallen to USD 273 million per Q1 2018
- Strategy of fleet renewal to be well positioned in all key markets when demand returns
- Require M&M to come back to replace current activity which is predominantly HUC
- Require demand to pick up in both North Sea, Brazil and Mexico



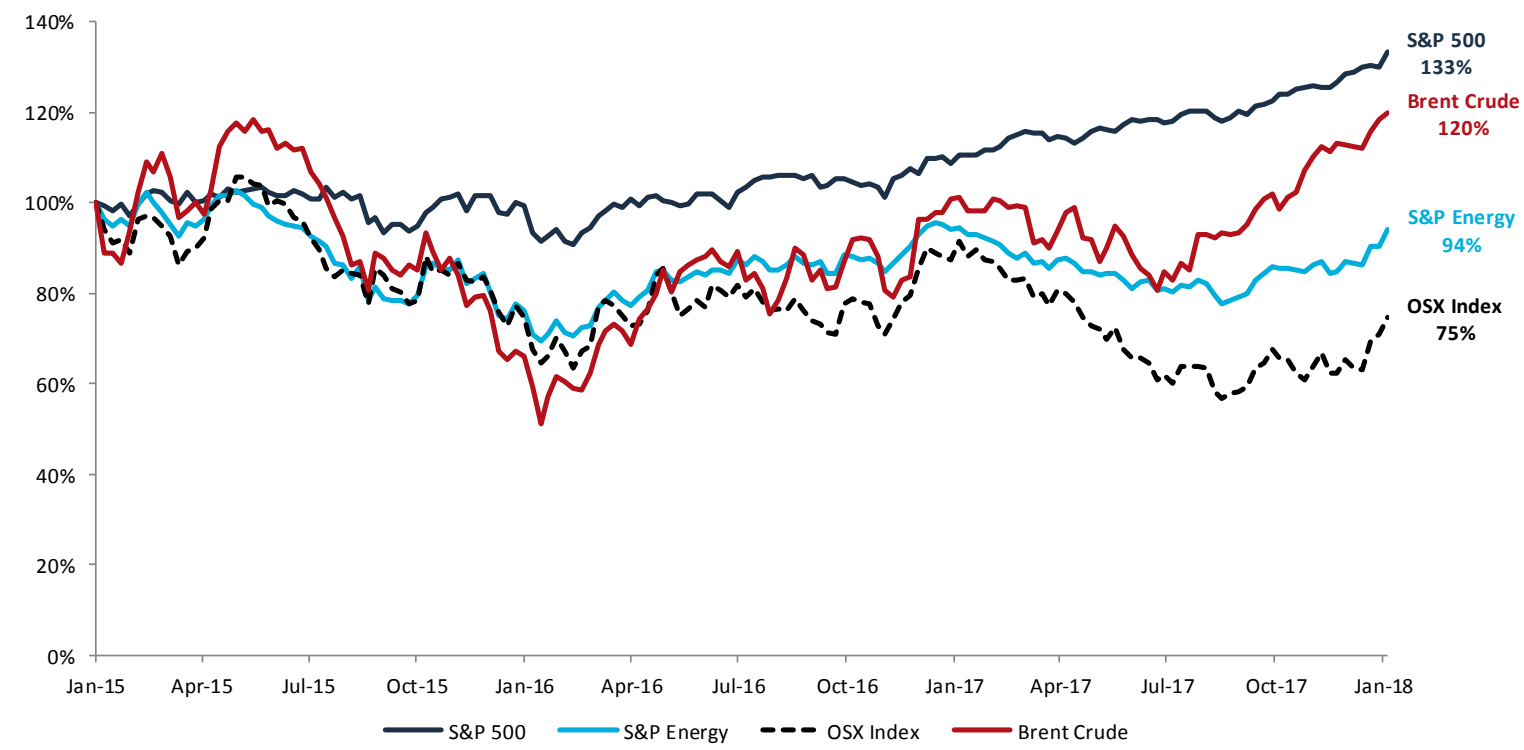
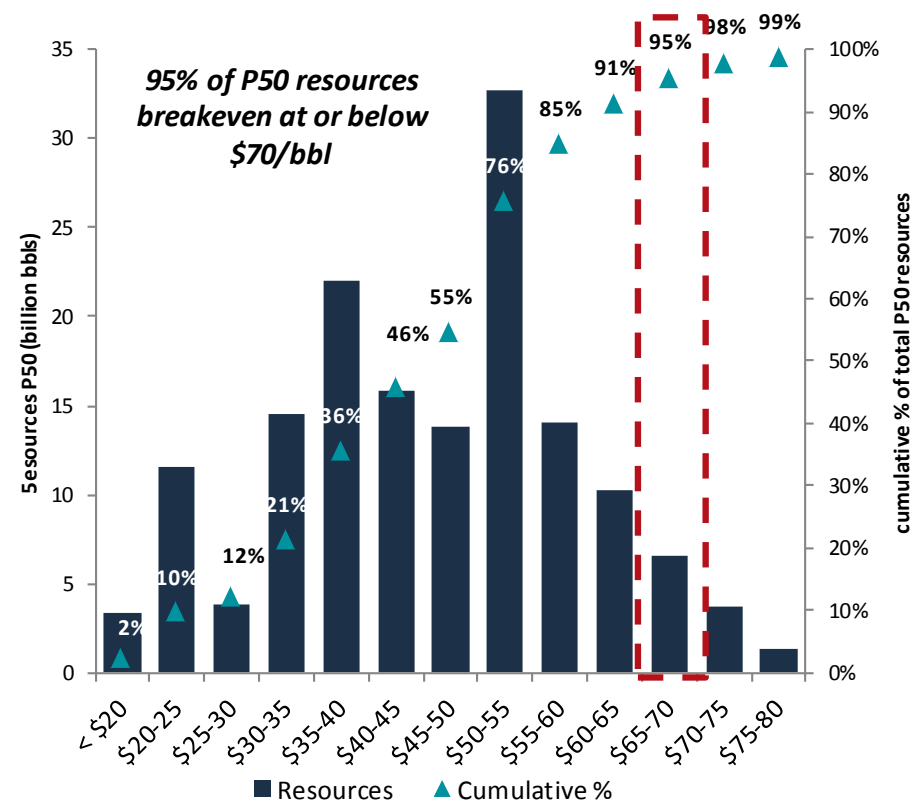
M&M impacted by significant reduction in intensity



Maintenance intensity significantly down with the M&M-market as victim

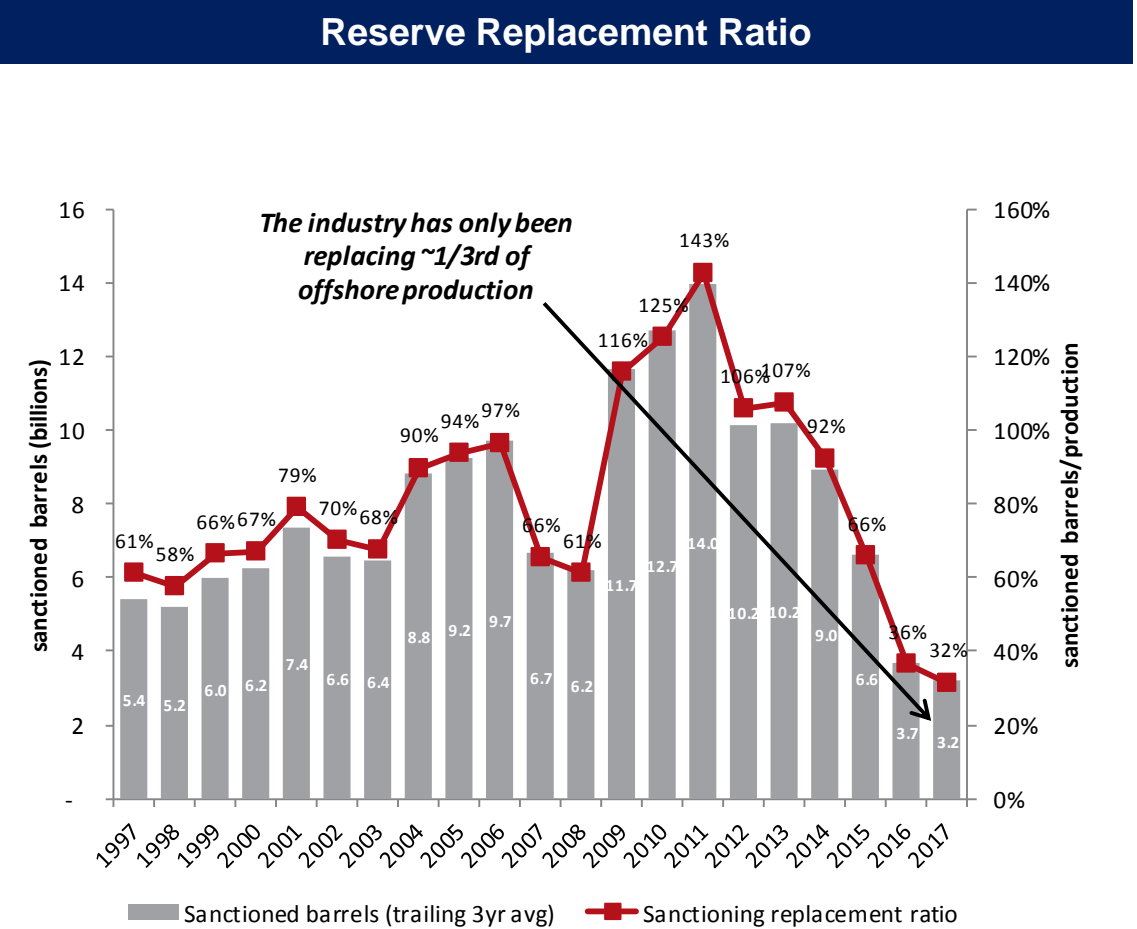
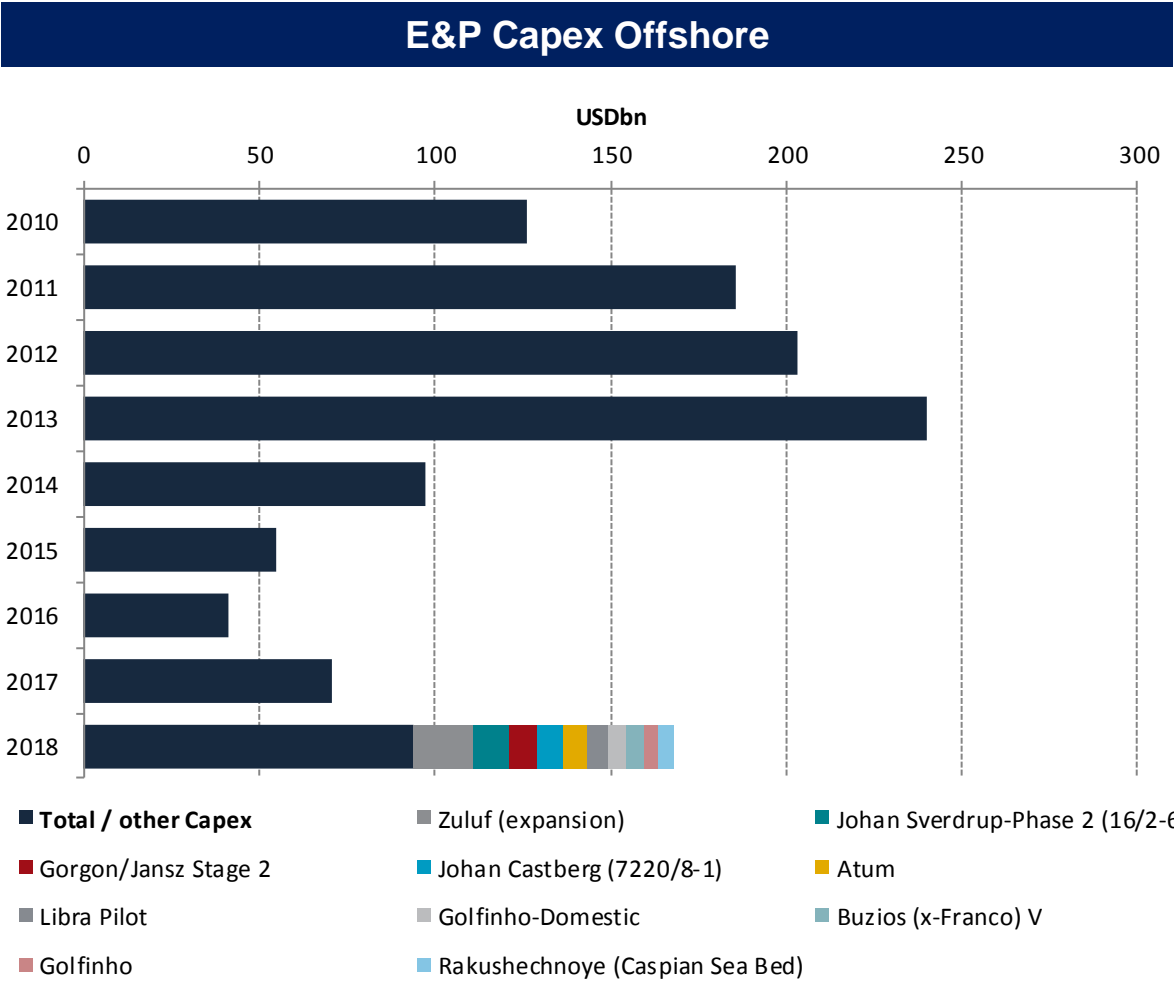
Source: Rystad Energy

Positive macro indicators: Oil price & break-even



Source: Oil Services Quarterly, January 2018, Clarksons Platou

Positive macro indicators: E&P Capex & RRR

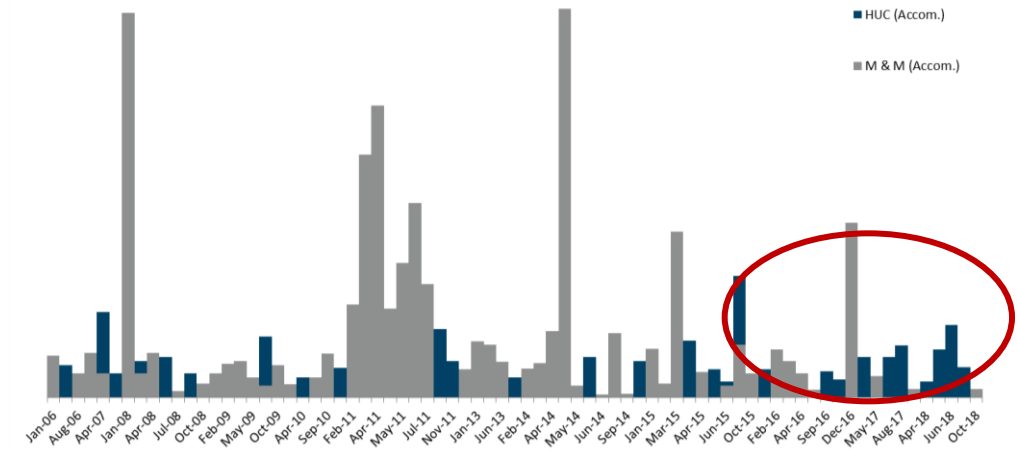


Source: Oil Services Quarterly, January 2018, Clarksons Platou

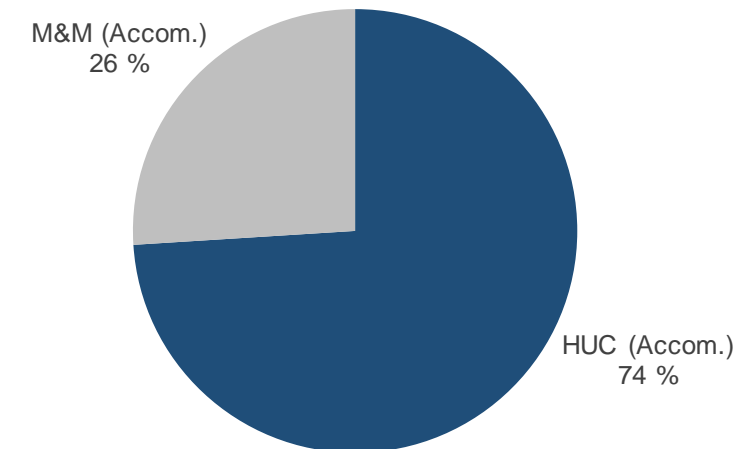
North Sea activity – Currently only HUC – Waiting for M&M

- M&M work has been the primary driver of demand on the North Sea, comprising of 74% of the historical work by duration.
 - However, in 2017 and into 2018, this has flipped with the only work being done being primarily HUC.
 - This is primarily based on high dayrate contracts entered into in the previous up-cycle.
- HUC work is typically long-lead time and long duration. The forward visibility is about 2 to 3 years.

North Sea Activity Profile (months)

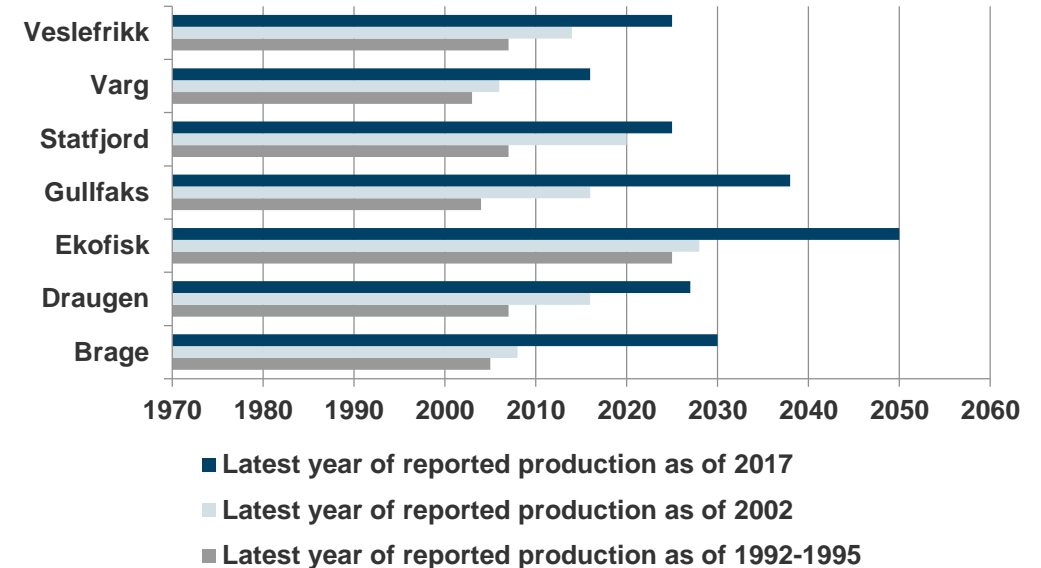
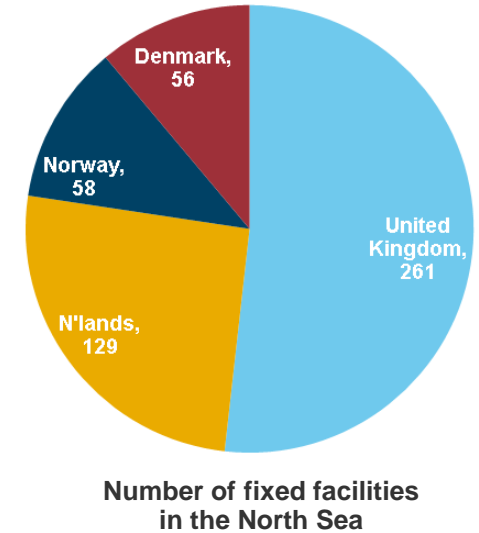
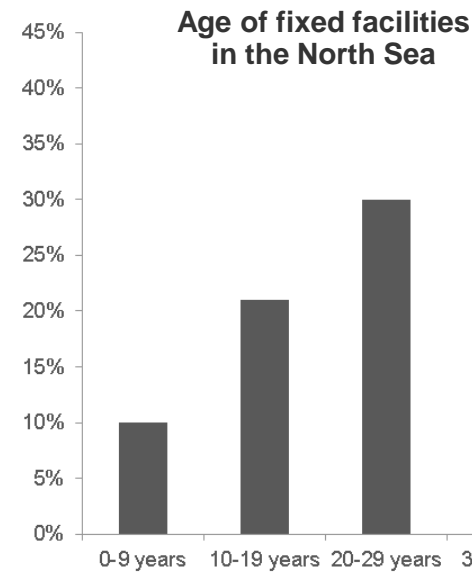


North Sea Activity Profile (Current)



General M&M indicators - NS

- 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 (M&M) will come back stronger down the road.



Source: www.norskpetroleum.no

International will be a focus...but will require compliant vessels

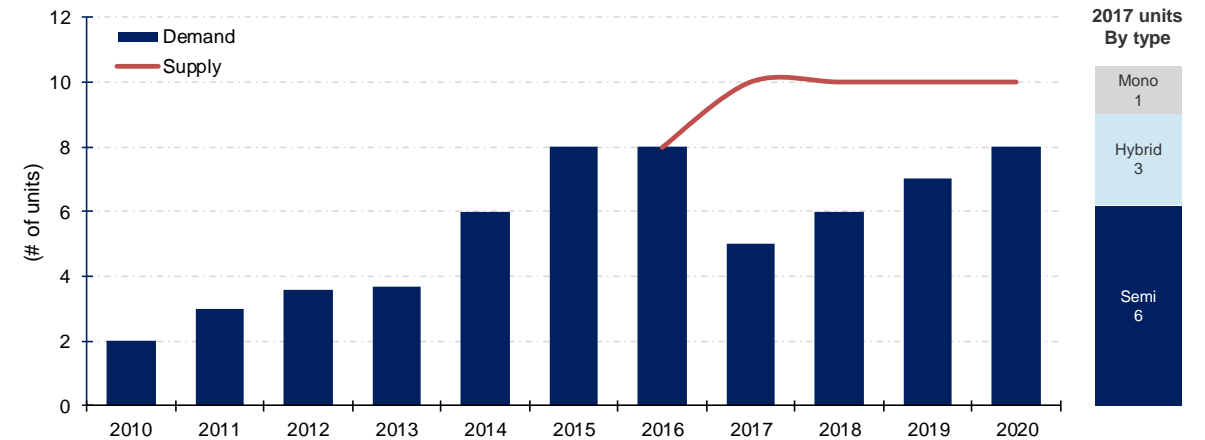
Brazil

- Commoditised market for assets that meet Petrobras' General Technical Descriptions ("GTD").
- Prosafe units that meet the current GTD and can operate in this segment are the Boreas, Zephyrus and Notos.
- Bulk of demand has been the modification of old projects in the Campos Basin.
- Only known unit for HUC is the installation of two wellhead platforms on Statoil's Peregrino field.

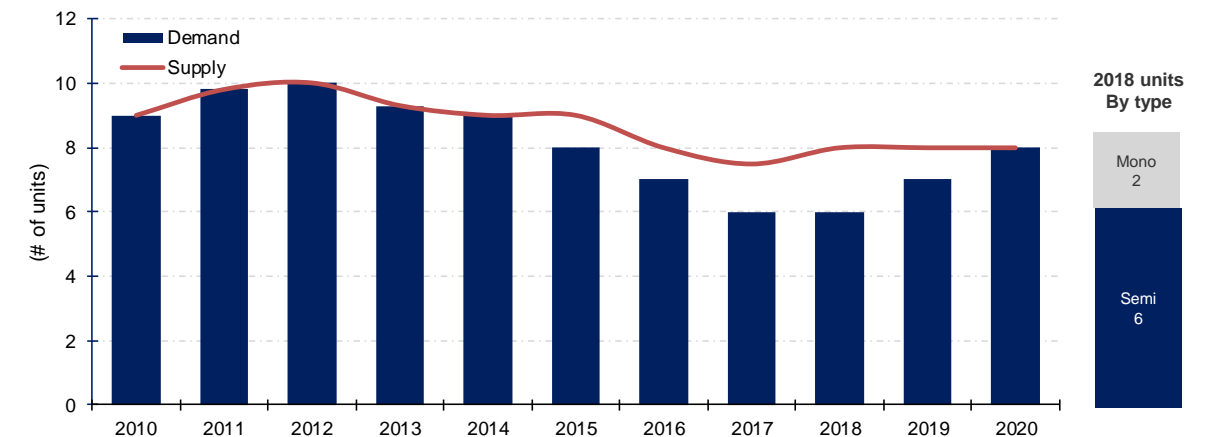
Mexico

- Mexico is similar to Brazil, 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.
- Supply in Mexico has been falling due to units being removed from the market.

Brazil Demand and Supply Near Balance (vessel yrs)



Mexico Demand and Supply Near Balance (vessel yrs)

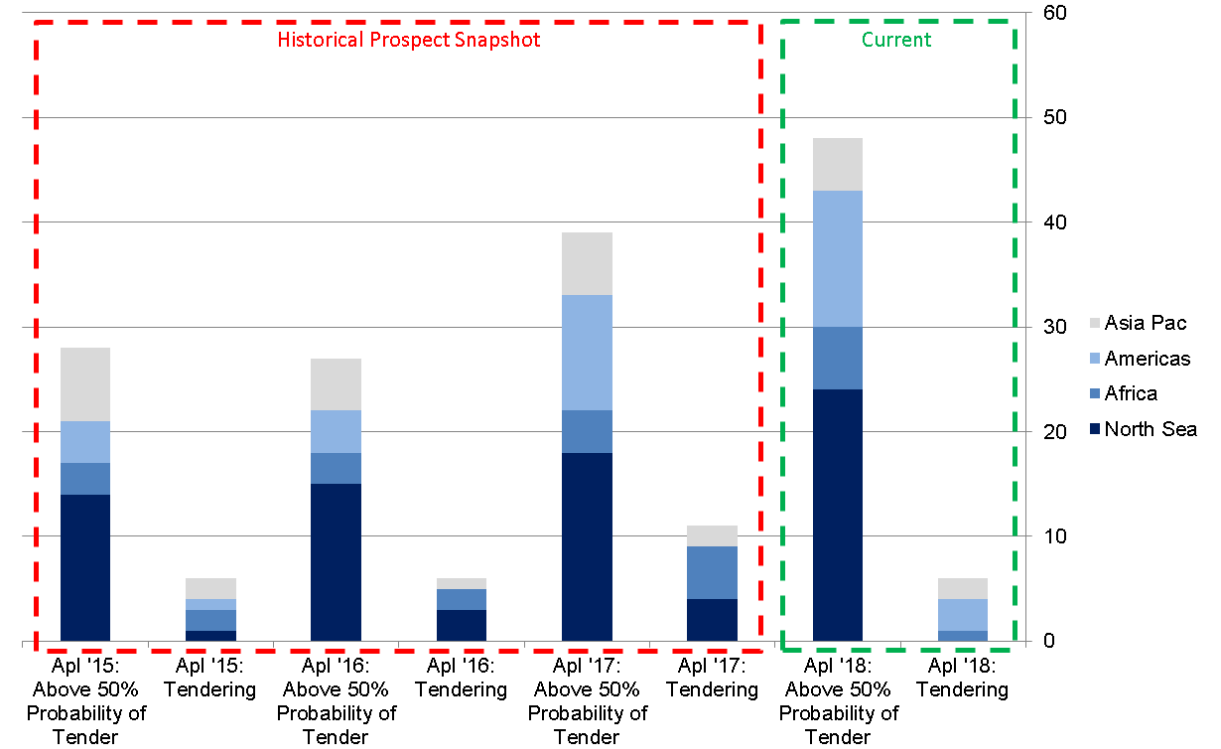


Source: Rystad Energy

Prospects & Tendering

- Six tenders ongoing for 2018 through 2020.
- The prospect list with a three-year look-out remains at a high level.
- 22 North Sea prospects with high probability of going to tender next 3 years.
- Risk related to projects being pushed out in time.

Tendering Activity – Three Year Outlook

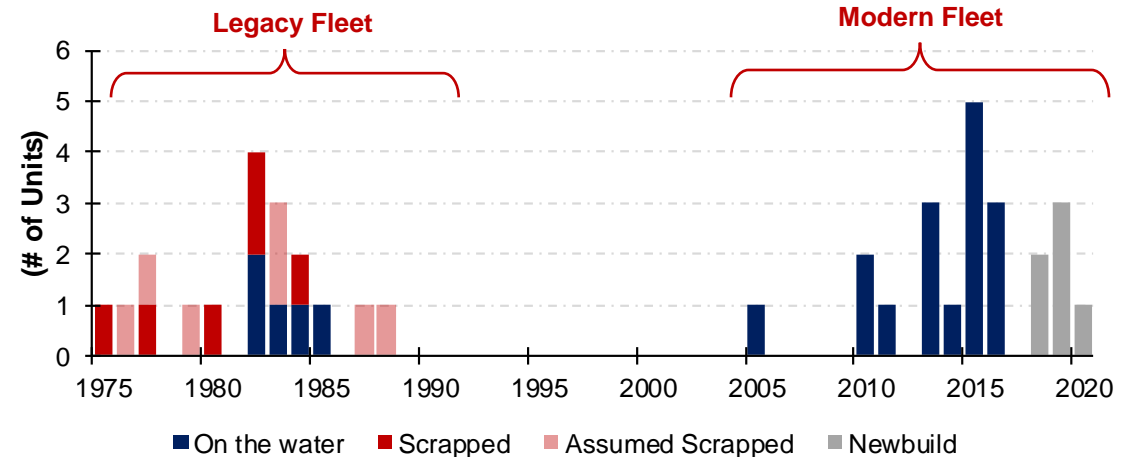


P90 and P50 are prospects probability of moving to a tender
Source: Prosafe

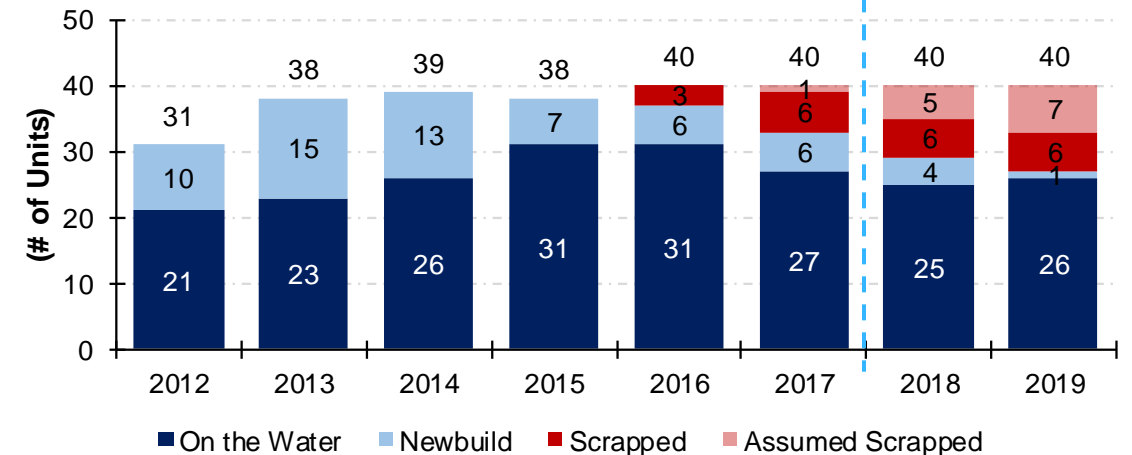
Rebalancing and fleet renewal to continue

- Bifurcation of industry by legacy and modern fleet:
 - Legacy fleet of 18 units (6 have been scrapped and another 7 units assumed scrapped in '18-'19)
 - Modern fleet of 22 units (6 newbuilds)
 - 50% of newbuilds owned by Prosafe
- Prosafe 2017 utilisation by segment:
 - Legacy fleet – about 10%
 - Modern fleet – about 70%
- Long-term, the global fleet is expected to fall from ~40 units to 25-27 units, a reduction of ~33% of supply (~ fleet size of 2014).

Floating Accommodation Supply (by year delivered)



Total Floating Accommodation Supply



Source: Rystad Energy and Prosafe estimates

Exploring all opportunities for strategic positioning

High End | Operated



Zephyrus ('16)



Notos ('16)



Boreas ('15)



Caledonia ('82/'12)



Nova ('17E)



Vega ('17E)



Eurus ('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

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Prosafe

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Prosafe strategic focus

- Cost and efficiency measures – protect the runway.
- Fleet management in anticipation of market recovery.
 - Fleet renewal
 - Scrapping
- Financial planning to deliver on strategic goals and to be robust in anticipation of market recovery.
- Consolidation and other commercial arrangements.

Summary

- Good operating performance
- Good cash flow and position
- Safe Caledonia awarded a five-month contract for BP in the UK with start-up around end of May
- Prosafe wins Westcon dispute regarding the TSV Safe Scandinavia conversion. Westcon has appealed and Prosafe is ready to defend or improve its position
- Established in Mexico
- Delivering on cost and capex reductions. Focus on continuous improvement remains
- Positive macro indicators
- Foresee gradual pick-up in accommodation demand from 2019
- Aim to be proactive in industry restructuring



Appendix

Operating revenue

(Unaudited figures in USD million)	Q1 18	Q4 17	Q1 17	2017
Charter income	67.8	70.6	66.3	256.1
Other income (incl amortization of fees)	15.0*	6.1	9.4	26.9
Total	67.8	76.7	75.7	283.0

* Q1 18 other income includes IFRS 15 revenue adjustment of USD 8.7 million