23 August 2018

Q2 2018 results and market update

Disclaimer

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Recent highlights

- Transforming agreement reached with Cosco for the Safe Eurus, Safe Nova and Safe Vega
- Financial runway being extended
- Improved Q2 utilisation of 45.8 (38.5) per cent in the quarter
- EBITDA of USD 57.1 (26.4) million reflecting higher utilization and cost control
- Improved cash flow at USD 43.5 (19.1) million
- Safe Scandinavia awarded a 7-15 month MMO contract with AkerBP at Ula on the NCS
- Safe Concordia awarded a 200-day contract by MODEC in Brazil
- Equinor calls second option and extends Safe Boreas further till early November 2018 and Safe Caledonia extended with one month

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Agenda

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

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Income statement

CONDENSED CONSOLIDATED INCOME STATEMENT

(Unaudited figures in USD million)	Q2 18	Q1 18	Q2 17	6M 18	6M 17	2017
Operating revenues	100.3	82.8	61.7	183.1	137.4	283.0
Operating expenses	(43.2)	(33.6)	(35.3)	(76.8)	(78.2)	(152.1)
EBITDA	**57.1**	**49.2**	**26.4**	**106.3**	**59.2**	**130.9**
Depreciation	(27.7)	(27.3)	(35.8)	(55.0)	(71.2)	(135.2)
Impairment	(0.2)	(0.1)	0.0	(0.3)	0.0	(573.9)
Operating profit/(loss)	**29.2**	**21.8**	**(9.4)**	**51.0**	**(12.0)**	**(578.2)**
Interest income	0.8	0.4	0.4	1.2	0.5	1.4
Interest expenses	(20.9)	(20.6)	(18.0)	(41.5)	(36.6)	(74.9)
Other financial items	(0.8)	17.5	(4.9)	16.7	(1.3)	12.4
Net financial items	**(20.9)**	**(2.7)**	**(22.5)**	**(23.6)**	**(37.4)**	**(61.1)**
Profit/(Loss) before taxes	**8.3**	**19.1**	**(31.9)**	**27.4**	**(49.4)**	**(639.3)**
Taxes	(0.9)	(3.2)	(1.1)	(4.1)	(2.7)	(7.8)
Net profit/(loss)	**7.4**	**15.9**	**(33.0)**	**23.3**	**(52.1)**	**(647.1)**
EPS	**0.09**	**0.20**	**(0.46)**	**0.29**	**(0.73)**	**(9.06)**
Diluted EPS	**0.08**	**0.18**	**(0.37)**	**0.26**	**(0.59)**	**(7.36)**

- Higher revenues due to higher utilisation, cost control and total dayrates

- Operating expenses impacted by mobilisation of 2 vessels for contract

- Strong improvement in EBITDA and operating profit

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Balance sheet

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(Unaudited figures in USD million)	30.06.18	31.03.18	31.12.17	30.06.17
Goodwill	0.0	0.0	0.0	226.7
Vessels	1,475.2	1,501.1	1,527.2	1,967.0
New builds	125.2	125.2	125.2	124.9
Other non-current assets	10.0	10.2	10.5	12.3
Total non-current assets	**1,610.4**	**1,636.5**	**1,662.9**	**2,330.9**
Cash and deposits	274.6	254.0	231.9	218.8
Other current assets	61.8	49.9	52.2	41.6
Total current assets	**336.4**	**303.9**	**284.1**	**260.4**
Total assets	**1,946.8**	**1,940.4**	**1,947.0**	**2,591.3**
Share capital	9.0	8.9	8.9	7.9
Other equity	487.3	477.6	488.7	1,077.4
Total equity	**496.3**	**486.5**	**497.6**	**1,085.3**
Interest-free long-term liabilities	40.3	43.9	57.5	68.2
Interest-bearing long-term debt	1,326.1	1,324.7	1,329.1	1,335.7
Total long-term liabilities	**1,366.4**	**1,368.6**	**1,386.6**	**1,403.9**
Other interest-free current liabilities	65.6	66.7	44.2	84.2
Current portion of long-term debt	18.5	18.6	18.6	17.9
Total current liabilities	**84.1**	**85.3**	**62.8**	**102.1**
Total equity and liabilities	**1,946.8**	**1,940.4**	**1,947.0**	**2,591.3**

- Total assets of about USD 2 bn
- Book equity of 25.5%
- Working capital in the quarter impacted by activity increase
- Strong cash position of USD 274.6 million

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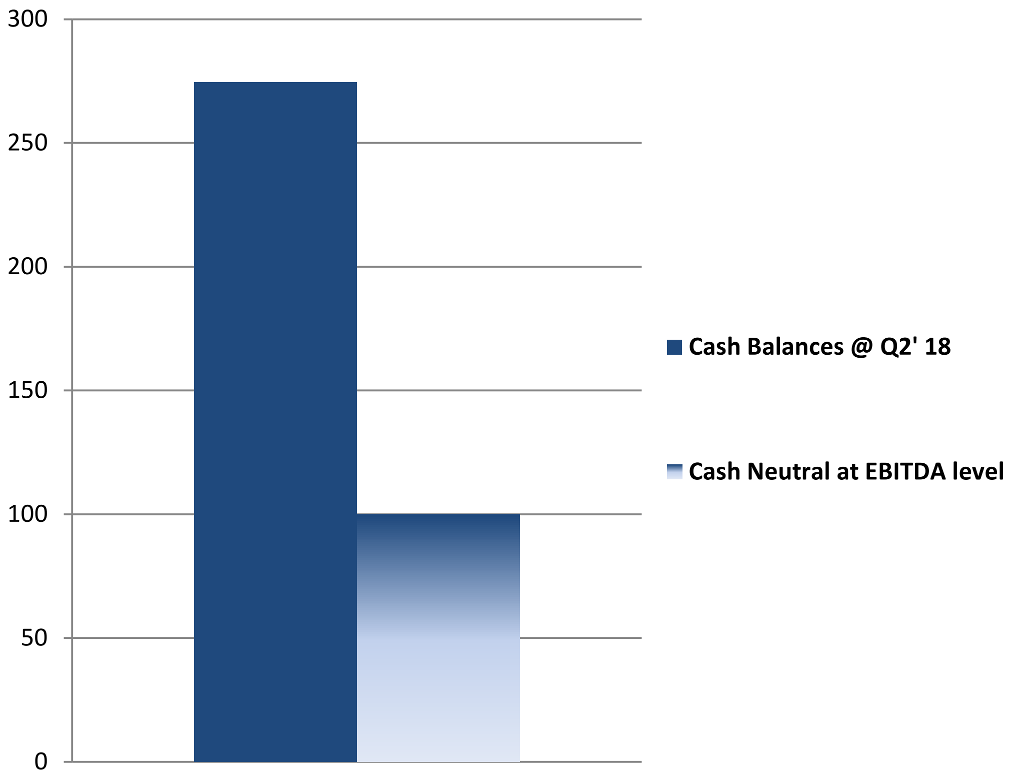
Cash break-even EBITDA and cash position

- Good cash flow and strong cash position
  - Operating cash-flow of USD 43.5 million in Q218
  - Strong cash position: USD 274.6 million per Q218 (USD 254 million per Q118 and USD 231.9 million per YE 2017)
- Cash neutral at EBITDA of around USD 100 million in the near years



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The Prosafe transformation 2018 - Agreement with Cosco & Lenders

Positioning for the next phase

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
- 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

3 Debt Facilities Enhancements

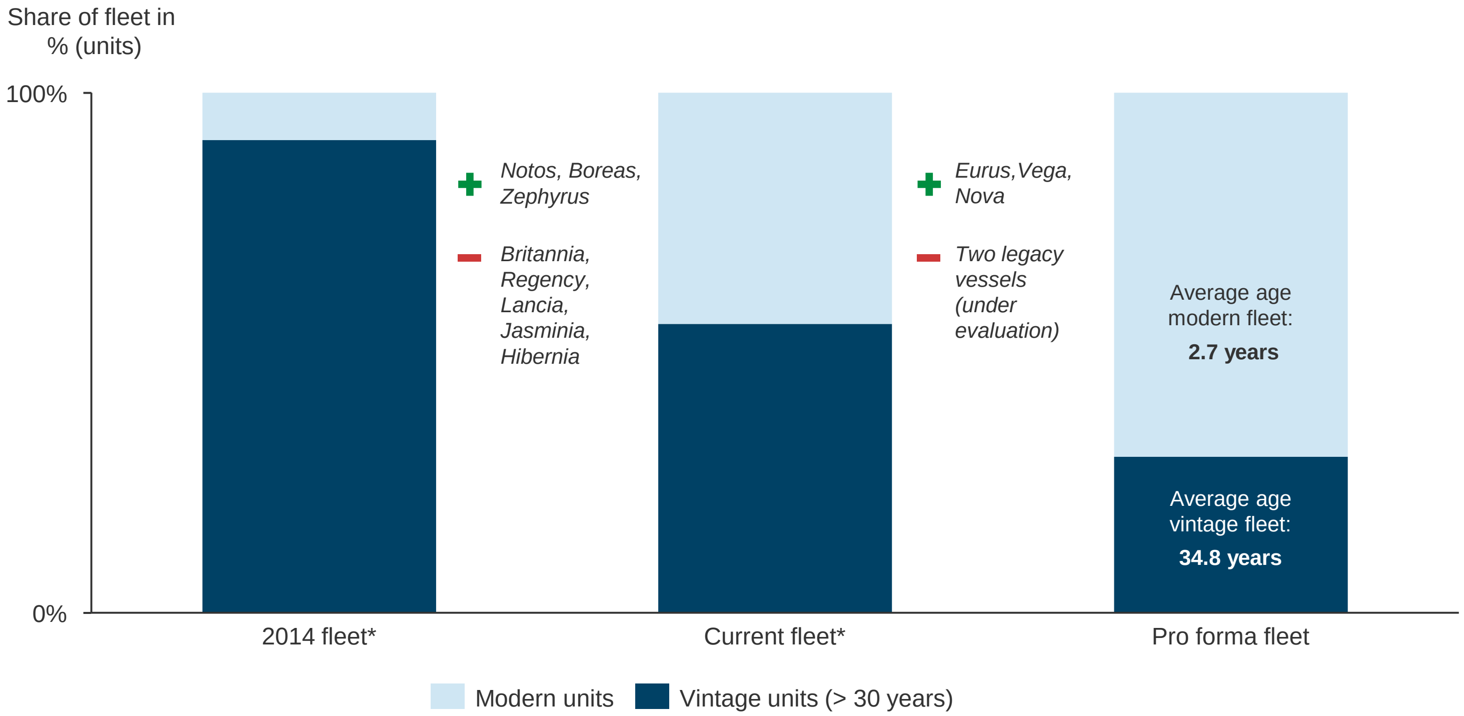
- Liquidity: Amortisation relief of USD 156m (in addition to amortization relief agreed in 2016)
- Option for Prosafe to extend final maturity of existing USD 1.3 billion by 1 year to February 2023
- Covenant ease for both existing loan agreements
- Consent to COSCO agreement and use of Prosafe’s existing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

The Prosafe transformation 2018 - Reshaping the fleet

From aging to modern fleet with economic life and earnings potential ahead

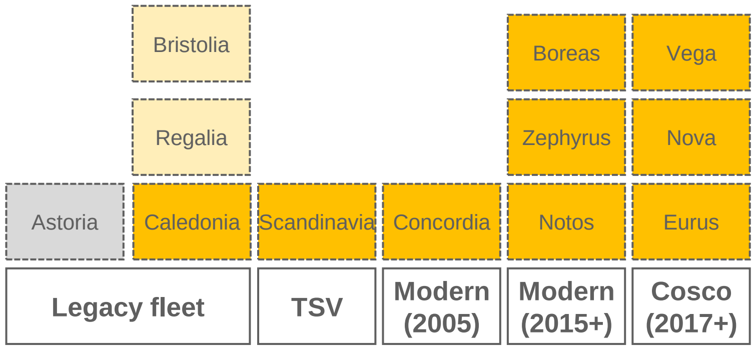
Development in Prosafe's fleet

	2014 fleet*	Current fleet*	Pro forma fleet
Average fleet age	31	22	13
Number of units	11	9	10



*Excluding vessels under construction

The fleet



- Modern/Core fleet: the most modern and versatile accommodation fleet globally
- Legacy fleet
- Decided scrapped August 2018 (accumulated sixth vessel scrapped since 2016)

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Update on 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 filed a counter appeal on 28 May 2018
- Prosafe will continue to pursue its case in order to improve on the result in the first instance

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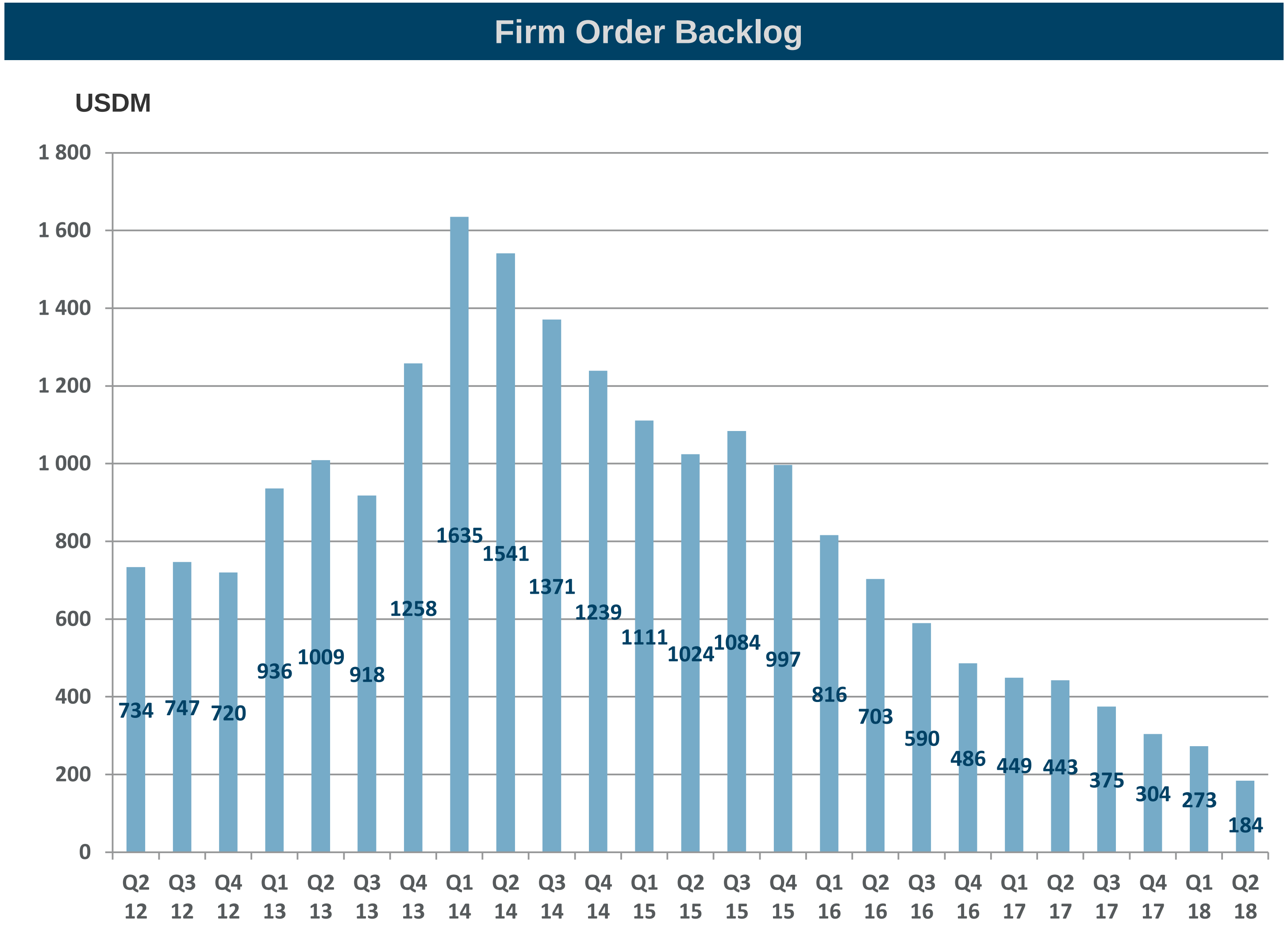
Firm order backlog development

- Order backlog development to date reflecting industry downturn
- However recent contracts, ongoing tenders and prospect list indicating market is about to turn positive



New contracts/ extensions after Q2

- 7-month contract with Aker BP for the provision of the Safe Scandinavia at the Ula platform on the NCS
  - The contract commenced end-August 2018 providing gangway connected operations to support maintenance activities
  - Total value of the contract period is approximately USD 25.5 million
  - 8 one-month options available for Aker BP
- 200-day contract commencing September 2018 for Safe Concordia in Brazil for MODEC
- Two one-month extensions for Safe Boreas with Equinor at Mariner
- One-month extension for Safe Caledonia with BP at Clair Ridge

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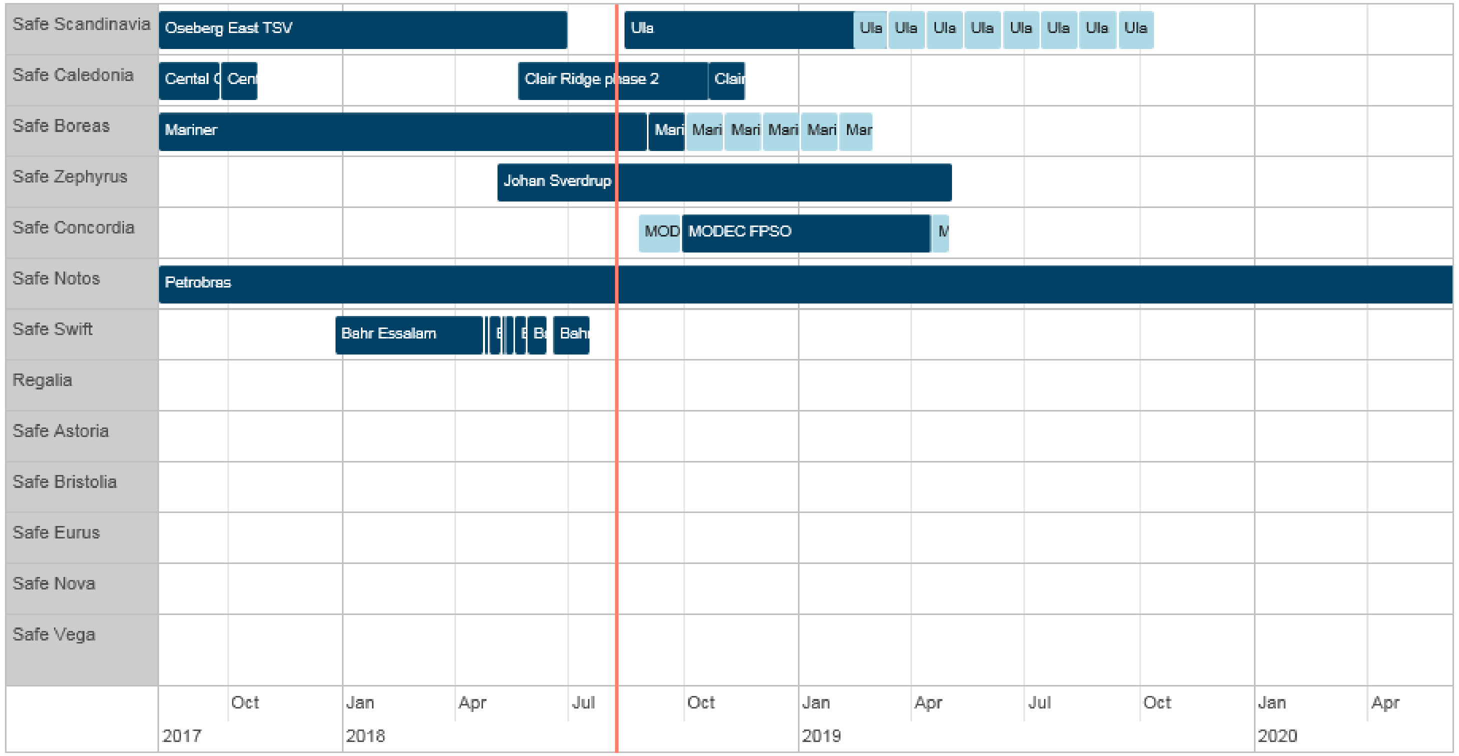
Current fleet status

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

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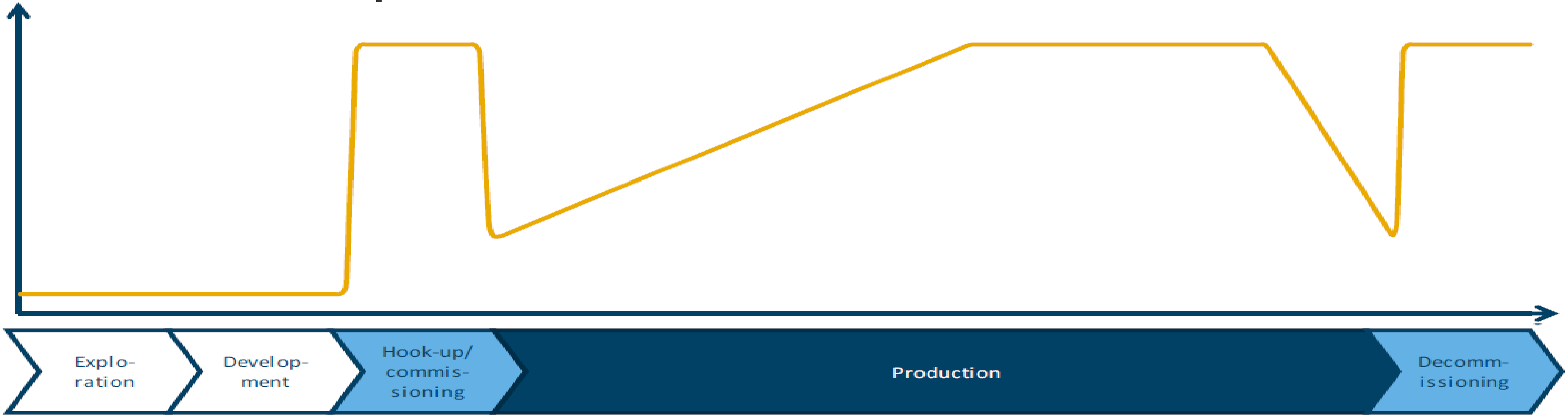
Market anticipated to normalise as MMO returns



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%**	**-**

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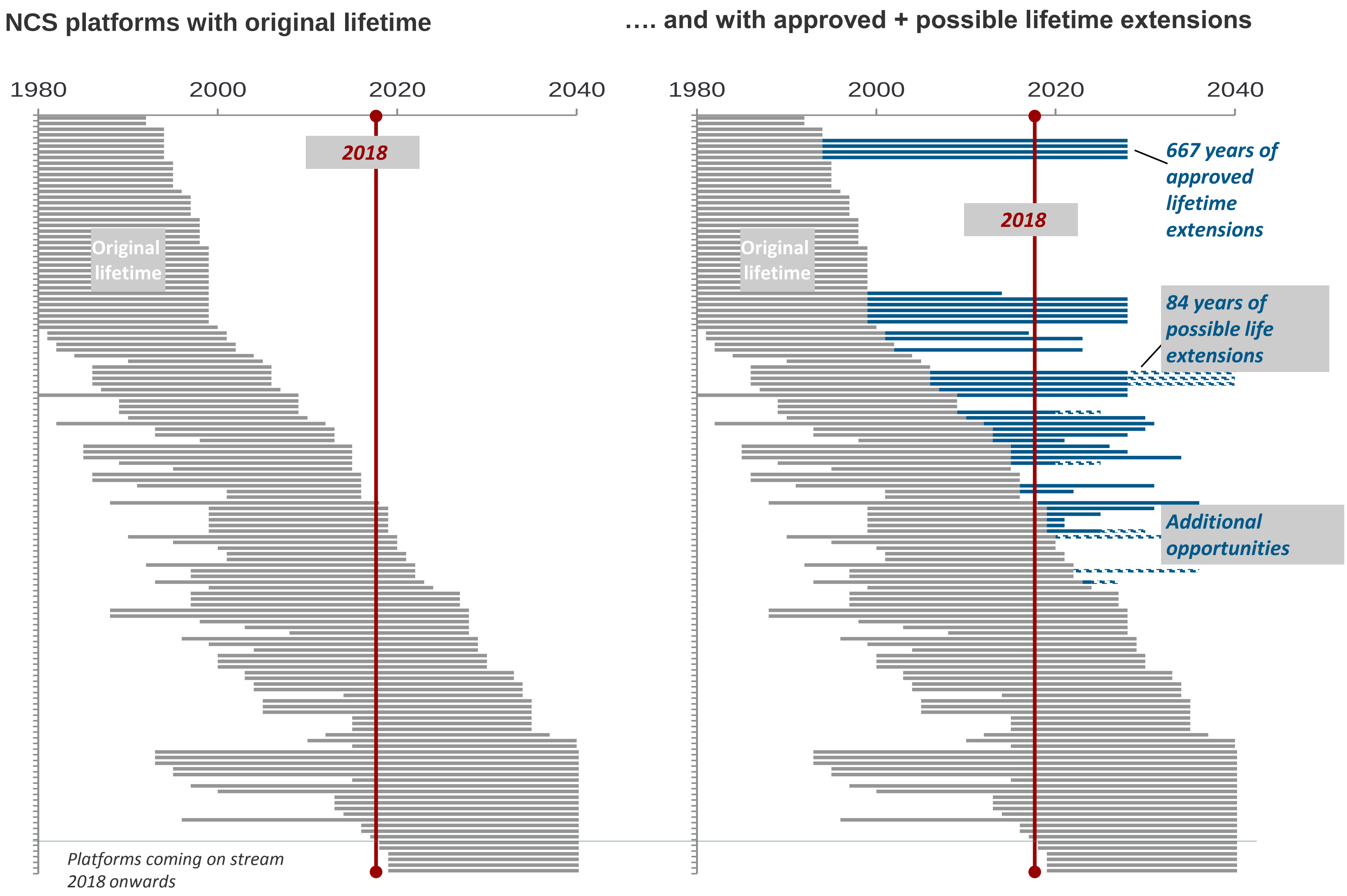
Demand to return on back of MMO activity

- Platforms are usually designed to be in operation for 10-25 years
- Fields seldom cease operation at the end of the designed platform life time, rather increase life time with some additional 10-25 years – often more than doubling their original lifetime
- At the NCS, as a platform approaches the end of designed lifetime, an application has to be sent to the Petroleum Safety Authority (PSA) in order to extend the lifetime. In order to fulfill criteria set by the PSA, 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



*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

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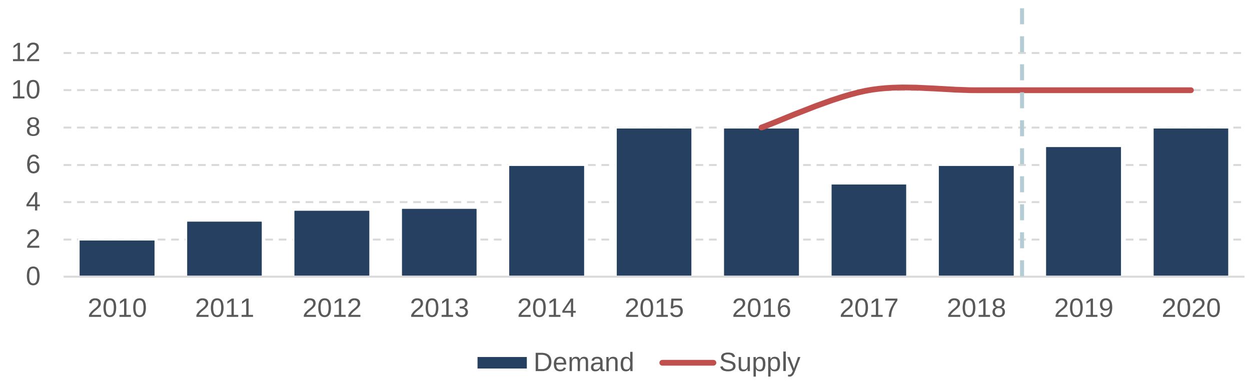
International markets to demand high end vessels

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 old projects in the Campos Basin
- Long-term tenders anticipated

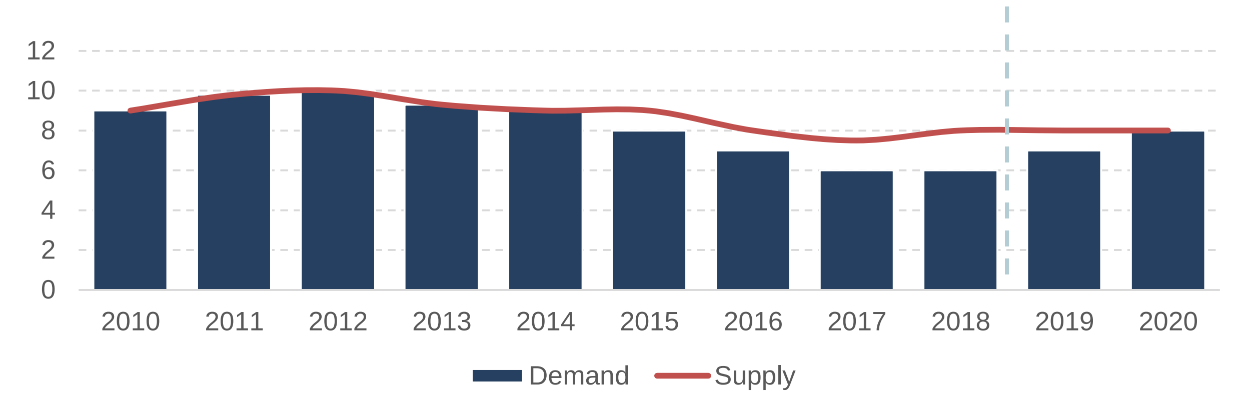
Brazil Demand and Supply Near Balance (vessel yrs)



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

Mexico Demand and Supply Near Balance (vessel yrs)



Source: Rystad Energy

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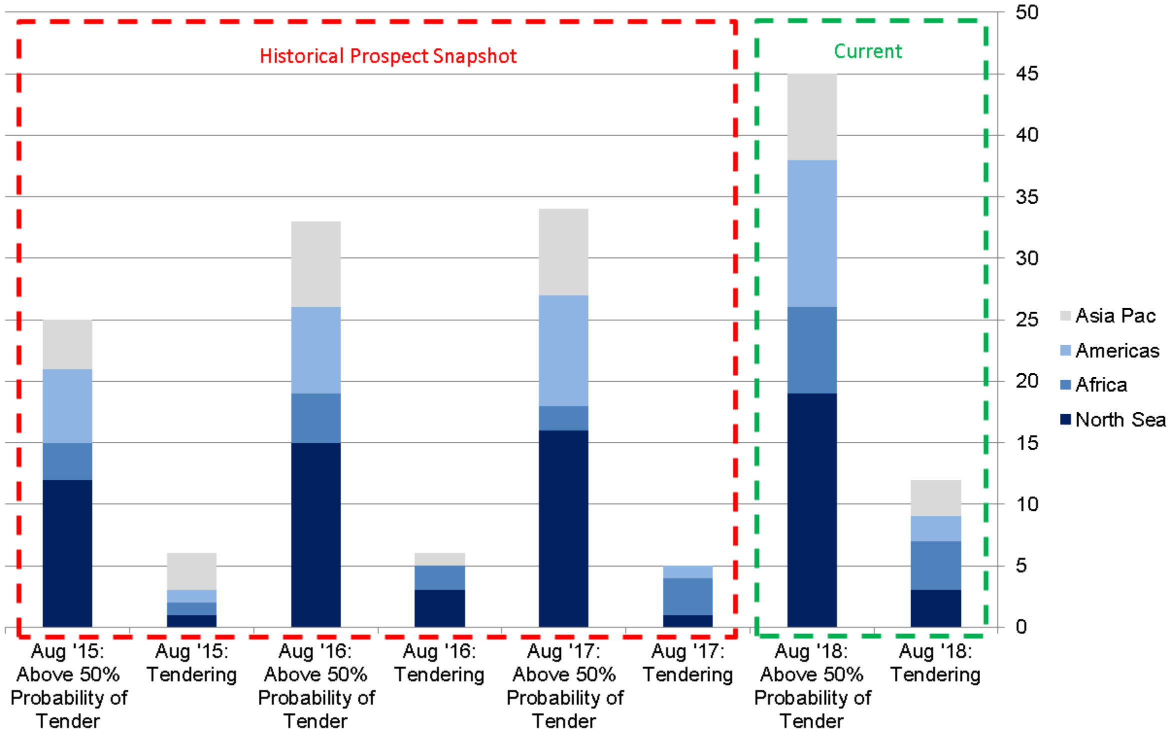
Prospects & Tendering

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

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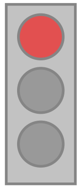
Operational and financial flexibility

Lower for longer



Delay / skip delivery

Accelerate scrapping

Cut costs

Cut investments

Optimise organisation

Management toolbox

Commercial positioning

Operational excellence

Timing of delivery

Timing of scrapping

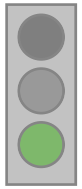
Optimise cost base

Optimise investments

Optimise organisation

Proactive in consolidation

Accelerated market recovery



Accelerated delivery

Delay scrapping

Fleet redeployment

Summary

- Prosafe transformed with Cosco agreement as market indicators turn positive
- Financial runway to be extended
- Improved utilisation
- Improved EBITDA
- Several new contracts and contract extensions after end of Q2
- Continued strategic positioning and consolidation on the agenda
- Activity and fleet utilisation anticipated to gradually improve as MMO market recovers
- Better average rate levels anticipated to follow activity pick-up from 2020

Appendix

Operating revenue

(USD million)	Q2 18	Q1 18	Q2 17	6M 18	6M 17	2017
Charter income	79.0	67.8	56.3	146.8	122.6	256.1
Other income (incl amortization of fees)	21.3	15.0	5.4	36.3	14.8	26.9
Total	**100.3**	**82.8**	**61.7**	**183.1**	**137.4**	**283.0**

* Q2 18 other income includes IFRS 15 revenue adjustment of USD 8.7 millin; 6M 18 other income includes IFRS 15 revenue adjustment of USD 17.4 million