



24 August 2017



Q2 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.

Agenda

- **Highlights**
- Financial results and guidance
- Plan the work – work the plan
- Status and outlook
- Summary



Highlights

- Good operating performance
- Safety focus – zero mindset – no compromise
- Utilisation of 38.5 per cent in the quarter
- Q3 event: Safe Notos off hire for 35 days for preventative repair and maintenance of gangway
- Safe Boreas commenced firm 13 month contract early August for Statoil at Mariner in the UK
- Statoil nominated the firm 12 month period with the earliest start-up date (June 2018) for Safe Zephyrus at Johan Sverdrup field in Norway
- Delivering on cost and capex reductions. Focus on continuous improvement remains
- Positioning TSV Safe Scandinavia towards and beyond summer 2018 for strategic optionality based on vessel's unique characteristics in drilling and well support operations
- Safe Regency the 5th vessel sold for scrap to preserve cash and to high-grade the fleet
- Looking for optionality and value creation potential from financing terms, price and timing of delivery of COSCO new builds. Stand-still and termination right extended to December 2017



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Income statement

(Unaudited figures in USD million)	Q2 17	Q1 17	Q2 16	6M 17	6M 16	2016
Operating revenues	61.7	75.7	115.4	137.4	218.4	474.0
Operating expenses	(37.3)	(44.9)	(53.8)	(82.2)	(111.5)	(220.8)
EBITDA	24.4	30.8	61.6	55.2	106.9	253.2
Depreciation	(33.8)	(33.4)	(29.1)	(67.2)	(52.5)	(115.7)
Impairment	0.0	0.0	0.0	0.0	0.0	(84.7)
Operating profit/(loss)	(9.4)	(2.6)	32.5	(12.0)	54.4	52.8
Interest income	0.4	0.1	0.1	0.5	0.1	0.3
Interest expenses	(18.0)	(18.6)	(18.6)	(36.6)	(38.5)	(85.6)
Other financial items	(4.9)	3.6	(7.9)	(1.3)	(8.3)	222.2
Net financial items	(22.5)	(14.9)	(26.4)	(37.4)	(46.7)	136.9
Profit/(Loss) before taxes	(31.9)	(17.5)	6.1	(49.4)	7.7	189.7
Taxes	(1.1)	(1.6)	(0.9)	(2.7)	(4.3)	(17.1)
Net profit/(loss)	(33.0)	(19.1)	5.2	(52.1)	3.4	172.6
 EPS	 (0.46)	 (0.27)	 0.02	 (0.73)	 0.01	 8.36
Diluted EPS	(0.38)	(0.22)	0.02	(0.59)	0.01	8.10

Balance sheet

(Unaudited figures in USD million)	30.06.17	31.03.17	31.12.16	30.06.16
Goodwill	226.7	226.7	226.7	226.7
Vessels	1 967.0	1 997.8	2 029.3	1 559.0
New builds	124.9	123.3	122.2	654.9
Other non-current assets	12.3	13.9	13.9	4.3
Total non-current assets	2 330.9	2 361.7	2 392.1	2 444.9
Cash and deposits	218.8	250.6	205.7	68.2
Other current assets	41.6	43.5	89.1	86.6
Total current assets	260.4	294.1	294.8	154.8
Total assets	2 591.3	2 655.8	2 686.9	2 599.7
Share capital	7.9	7.9	7.9	72.1
Other equity	1 077.4	1 106.3	1 121.6	606.4
Total equity	1 085.3	1 114.2	1 129.5	678.5
Interest-free long-term liabilities	68.2	61.1	62.2	98.4
Interest-bearing long-term debt	1 335.7	1 336.3	1 342.9	1 520.7
Total long-term liabilities	1 403.9	1 397.4	1 405.1	1 619.1
Other interest-free current liabilities	84.2	96.3	104.4	106.1
Current portion of long-term debt	17.9	47.9	47.9	196.0
Total current liabilities	102.1	144.2	152.3	302.1
Total equity and liabilities	2 591.3	2 655.8	2 686.9	2 599.7

EBITDA and capex guidance

Current guidance	
2017 EBITDA	Ca. MUSD 120 ¹⁾
Capex per year	MUSD 10-15 ²⁾

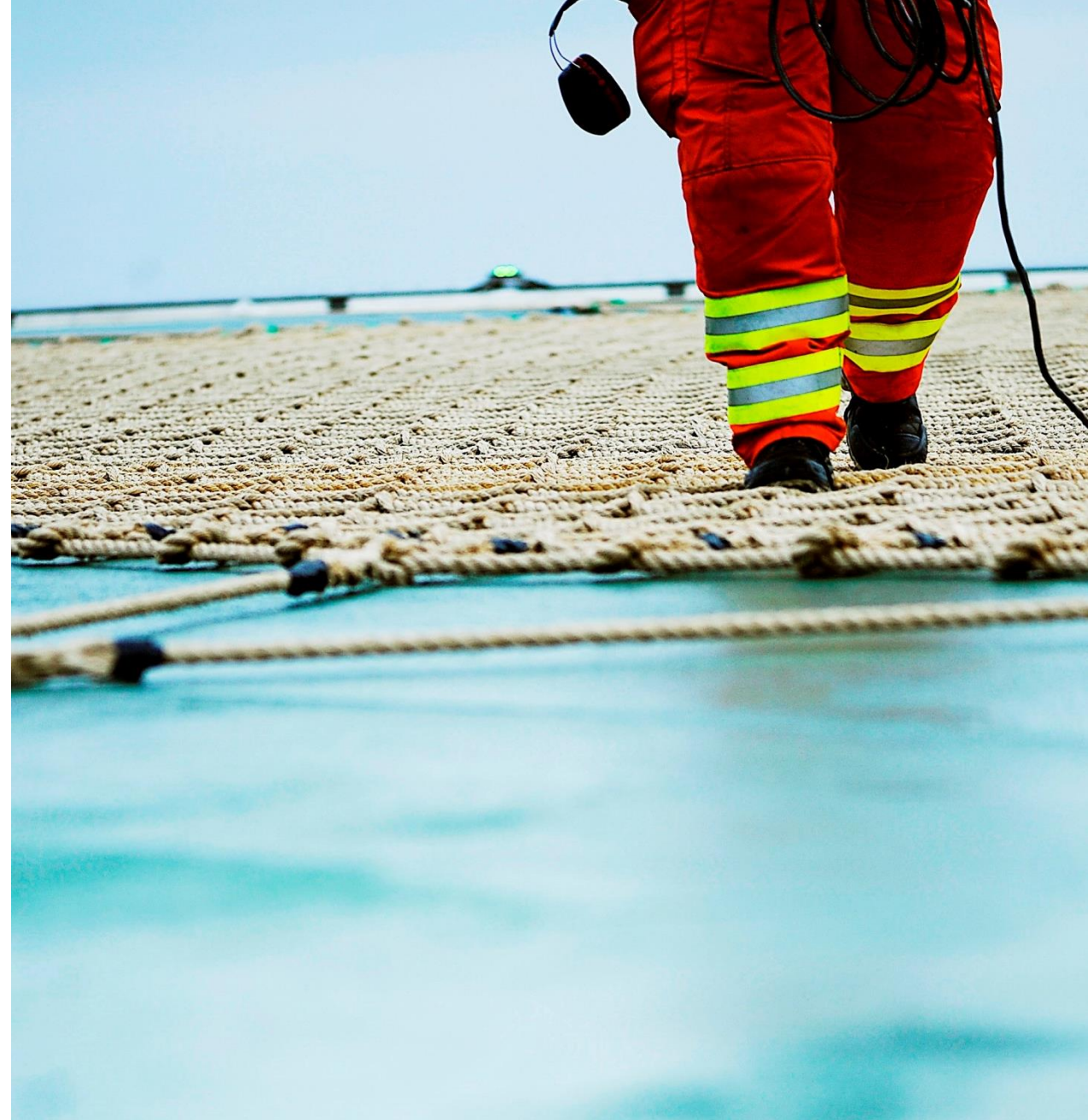
1) May vary with currency movements

2) Incl. SPS for the Safe Caledonia



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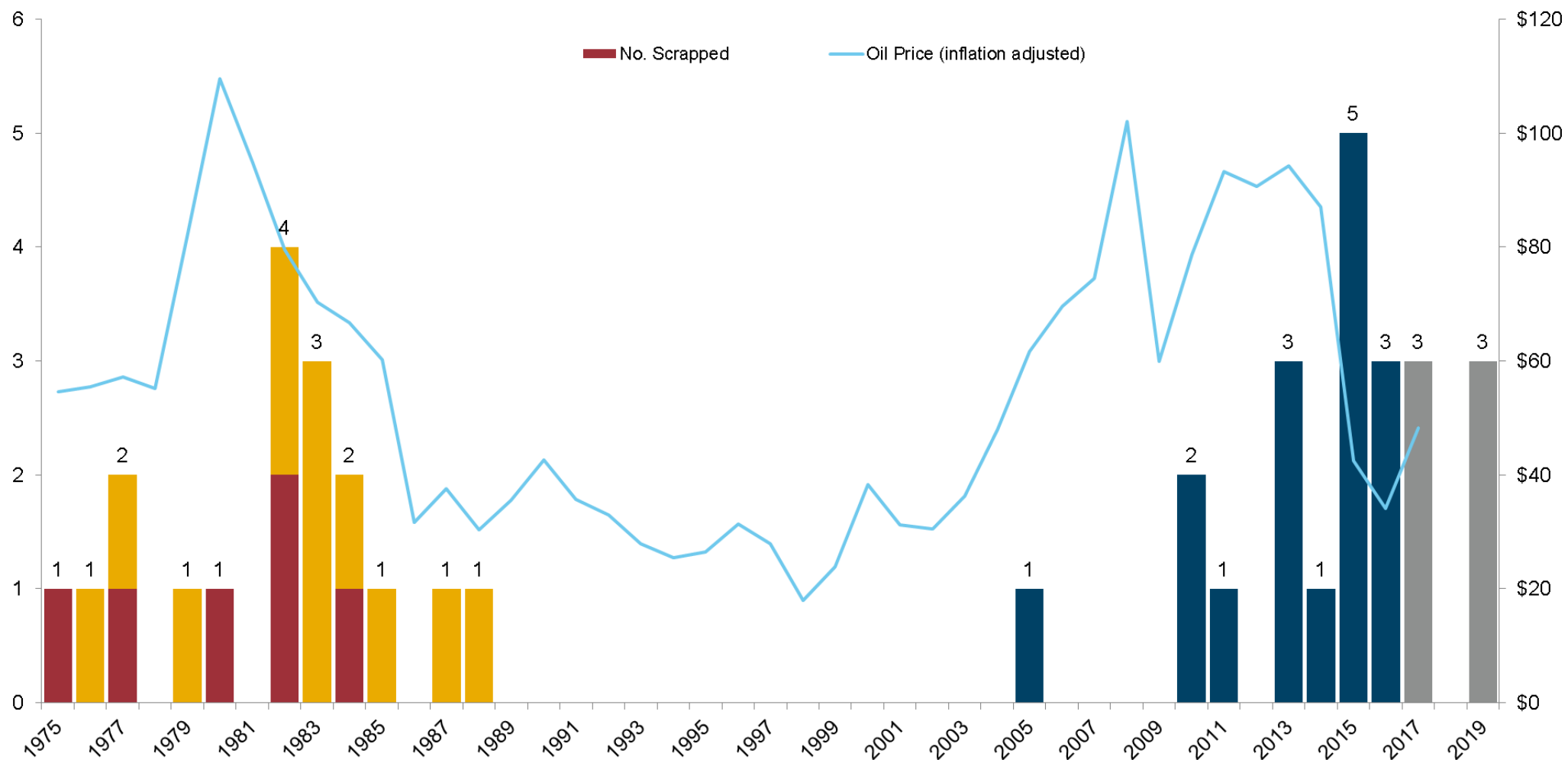
TSV Safe Scandinavia – Westcon dispute

- 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
- Expect ruling before year-end

* excl. interest and legal cost

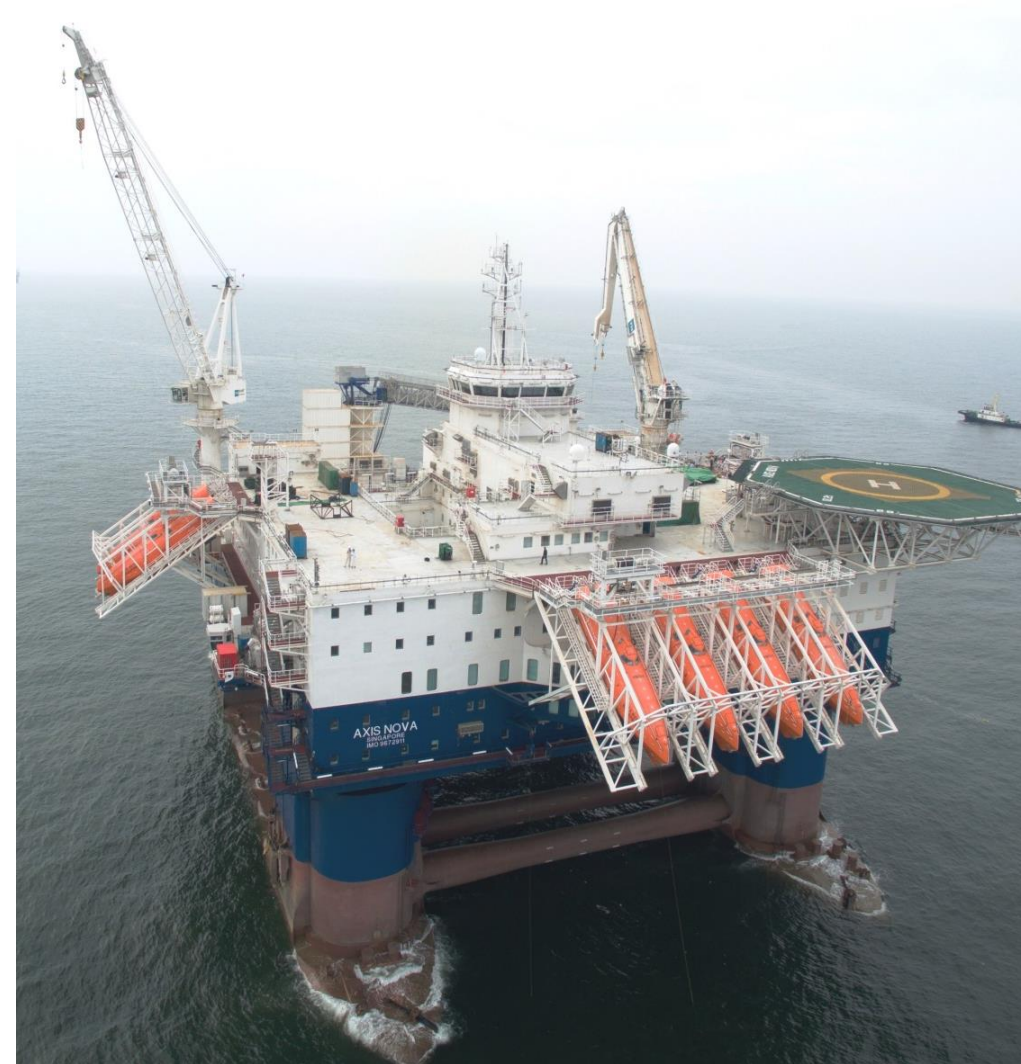


Contributing to fleet renewal and high-grading



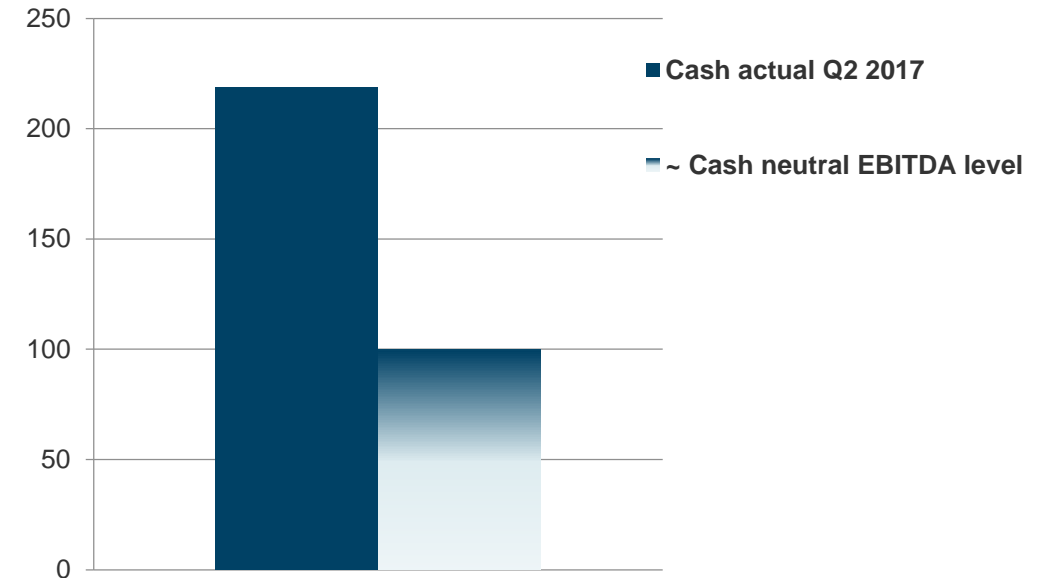
Fleet renewal – controlling 3 new builds at COSCO

- Negotiations with COSCO regarding Nova, Vega and Eurus ongoing
 - The standstill agreement between Prosafe and COSCO related to Safe Nova and Safe Vega has been extended until December 2017
- Looking for optionality and value creation potential from financing terms, price and timing of delivery
- Solid downside protection (Nova and Vega) in cancellation rights with approx. USD 60 million secured by a refund guarantee from Bank of China



Protecting the runway

- Good cash flow generation
 - Reduced cost and capex
- Cash neutral at EBITDA of approx. USD 100 million¹⁾



¹⁾ 2017 is, however, impacted by USD 30 million repayment of sellers credit to Jurong in June. On the RCF, MUSD 30 was prepaid in Q4 2016 and utilised for a bank guarantee (BG).

If and when this BG is deleted, the company will have MUSD 30 available under the RCF to draw.

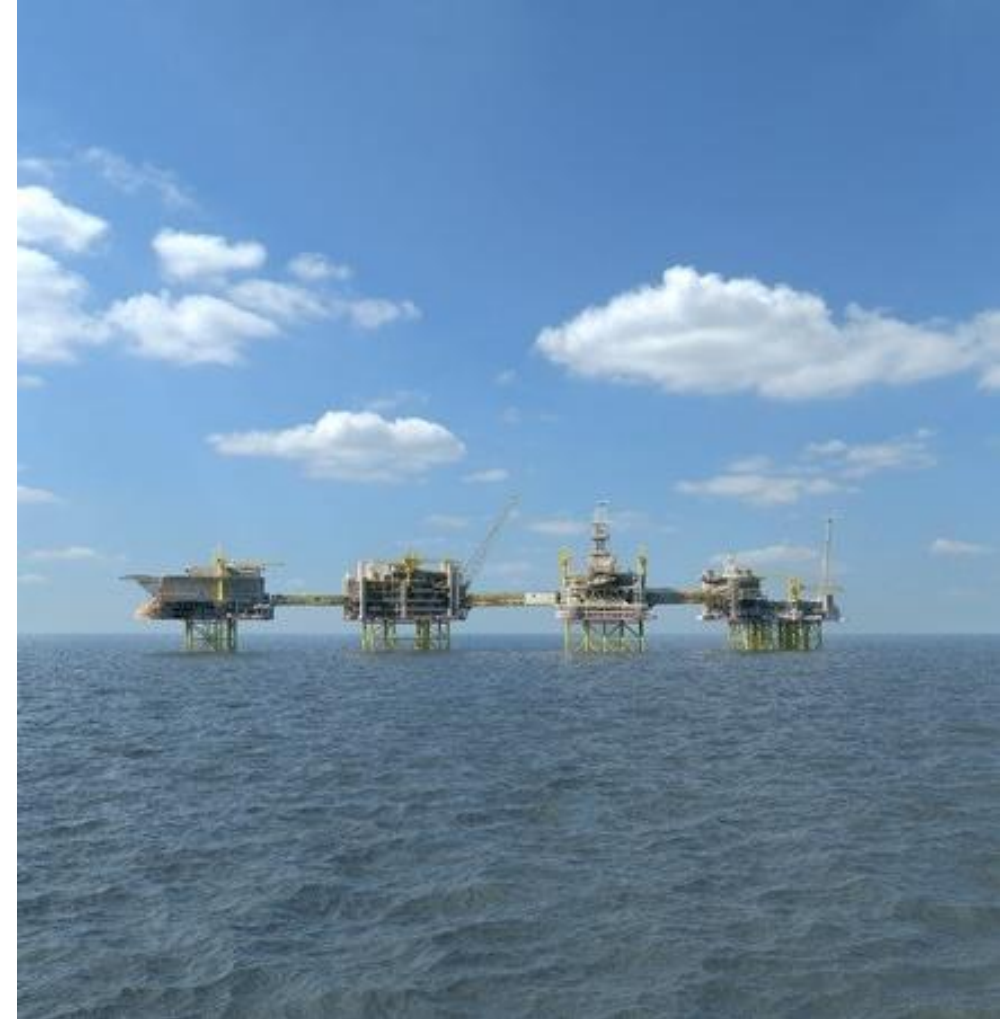
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Johan Sverdrup contract - building order book and longevity

- Will provide longevity of operations for the Safe Zephyrus and generate firm cash flow in a soft market
- Statoil has nominated the 12 month firm period with start-up 1 June 2018 +/- 30 days
 - Firm contract value of MUSD 53 and this includes mobilisation, demobilisation and fuel consumption
- The contract is anticipated to position Safe Zephyrus well for any additional work for the Johan Sverdrup development



@ Statoil ASA

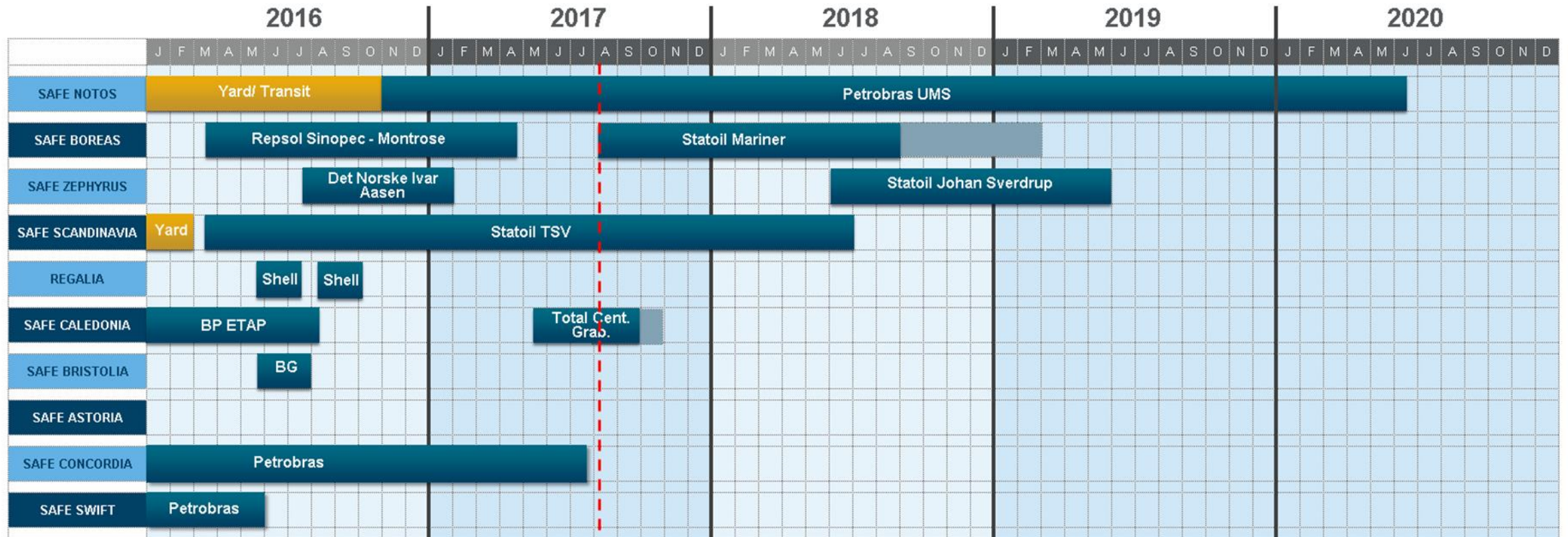
TSV Safe Scandinavia

- Firm contract with Statoil till summer 2018 at Oseberg on the NCS
- Strong operational and technical performance
 - Drilling program well ahead of plan
- Focus on Safety & Compliance
- Focus on positioning the TSV Safe Scandinavia towards and beyond 2018
 - Unique vessel characteristics and drilling support experience gained provide strategic optionality and value creation opportunities in the medium to long term



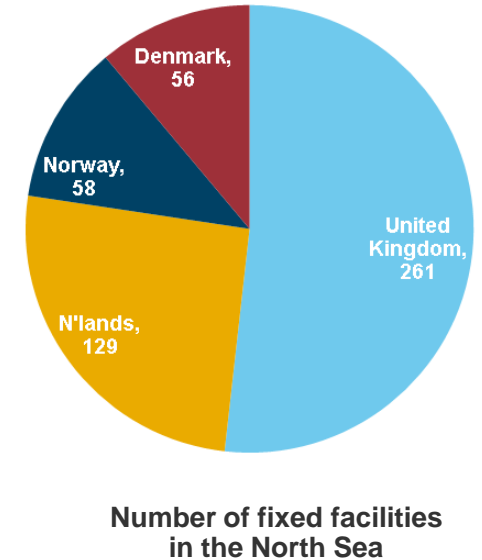
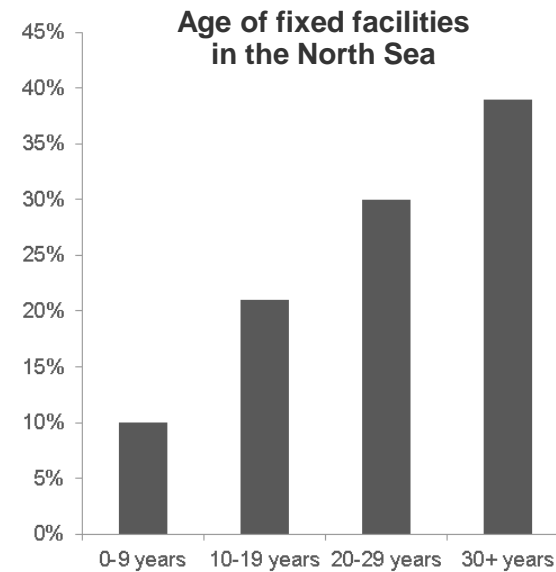
Contract portfolio

Firm order book at end Q2 2017 of approx. MUSD 443



Outlook

- For the near term, continued oil price volatility and low E&P spending are causing uncertainty
- In the longer term, a combination of cost reduction, the low reserve replacement ratios and accumulating work related to producing and ageing infrastructure is expected to contribute to increased spending and activity
 - Falling capex per barrel should be positive for sanctioning of new projects medium to longer term

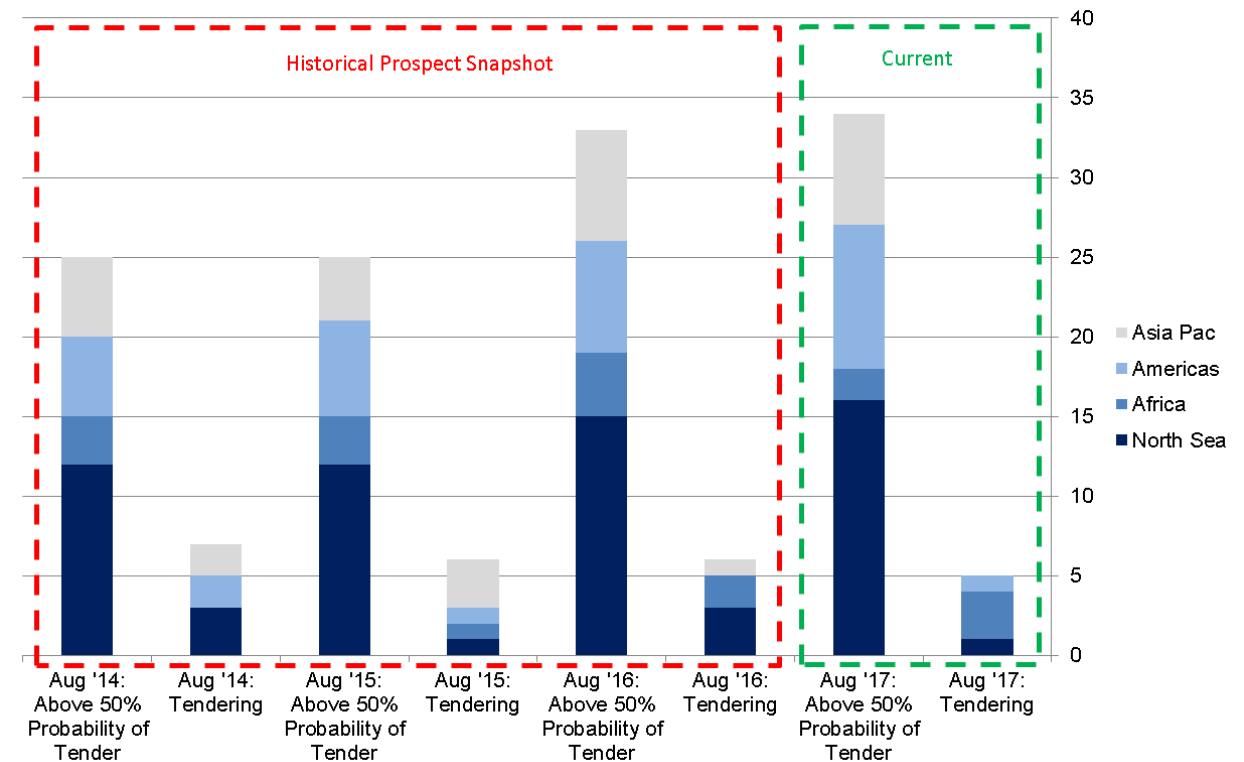


Source: www.norskipetroleum.no

Prospects and tendering

- The near term market activity in terms of bidding is reduced compared to April this year
 - Compared to April, some tenders, like Johan Sverdrup has been awarded and some tenders have been cancelled
 - Current tenders predominantly outside the North Sea
- However the prospect list with a three-year look-out remains at a relatively high level
 - High number of potential projects going to tender in the North Sea in the next three years

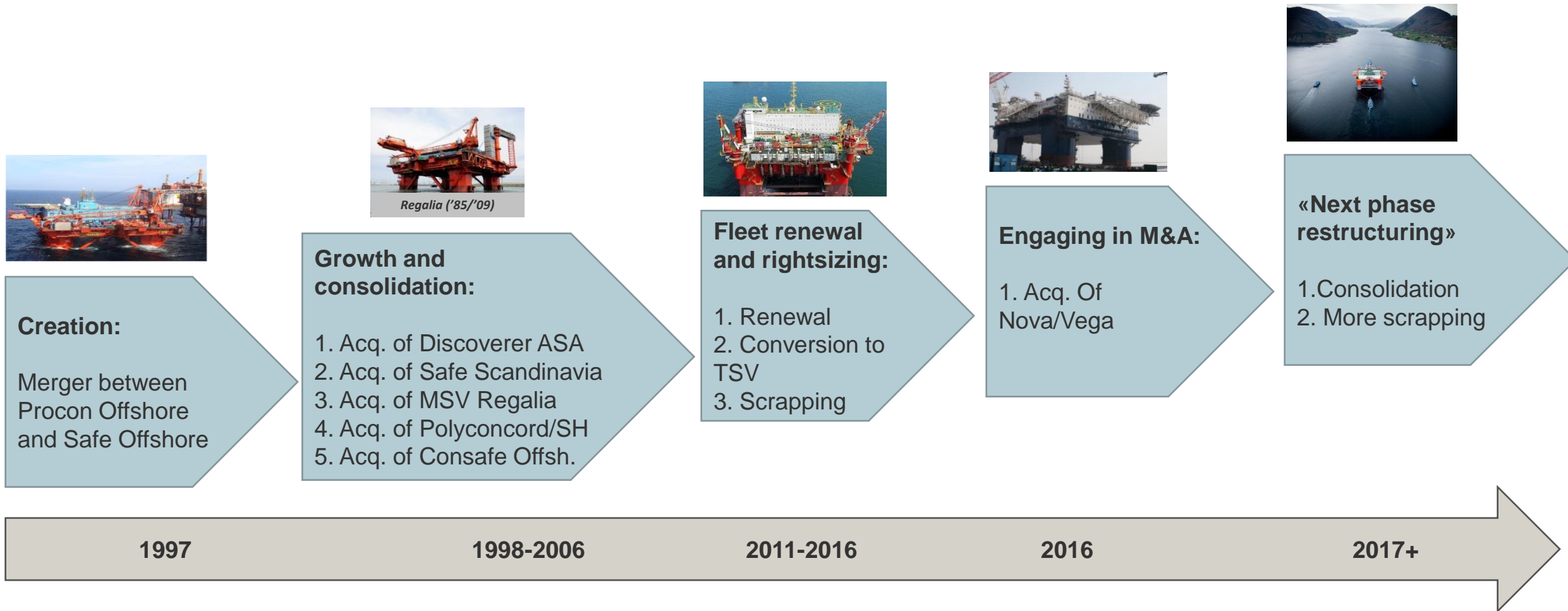
Tenders and Prospects - outlook is generally three years



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

Source: Prosafe

Proactive in restructuring of industry



Position and strategy

- Prosafe is restructured – financially and organisationally
- Cost and capex reductions protect runway in a lower for longer scenario
- 69% of current order book available for 2018 onwards
- Prosafe is well positioned across a global market
- TSV niche and bespoke characteristics of the TSV provide strategic optionality
- Anticipated scrapping and consolidation globally will lead to a more balanced industry
- Prosafe continues to be proactive in restructuring of the industry



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- Continue to be proactive in industry restructuring



Appendix

Operating revenue

(USD million)	Q2 17	Q1 17	Q2 16	6M 17	6M 16	2016
Charter income	56.3	66.3	109.1	122.6	165.3	375.5
Mob/demob income	1.3	1.1	0.5	2.4	14.4	34.0
Other income	4.1	8.3	5.8	12.4	38.7	64.5
Total	61.7	75.7	115.4	137.4	218.4	474.0

Update on vessel's cost per day

- CPD in operation being reduced by an average of ca. 30% since 2014

Opex (CPD k/d)* (figures in USD)	NCS/UK	NCS (TSV)	UKCS	Brazil
	DP	Moored	Moored	DP
2014	75-80/60-65	100-105	50-55	60-65
2017e	60-65/40-45	85-90	30-35	40-45
% reduction	19%/32%	15%	38%	32%

* Excl. fuel cost, any additional crew and project related costs

Stacking CPD (k/d) (figures in USD)	High-spec vessels (cold/warm) ¹⁾	Low-spec vessels (cold/warm) ¹⁾
August 2016 estimate	15-30	5-10
From Q3 2017	10-20	5-10

¹⁾ Will depend on location and duration and cold/warm/hot stack

Update on cost and capex

	2011-2015 annual average levels	Initial target levels	Run rate (May 2017)
Offshore opex¹⁾	USD 180m	USD 140 – 150m	USD 130 – 140m
Onshore opex	USD 40m	USD 28-30m (-25-30%)	USD 22m (-45%)
Annual fleet capex²⁾	USD 60m	USD 20-30m	USD 10-15m
Headcount reduction (in %)		35-40% onshore	Ca. 50% onshore. Offshore pending vessel activity – 20-35%

1) Will to some extent be affected by activity level

2) Excluding new-builds and conversions, updated from Q2 presentation

Order book

Firm order book at end Q2 2017 of approx. MUSD 443

