

8 February 2013

Q4 2012 results



Disclaimer

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Agenda

- **Introduction**
- Financial results
- Operations
- Outlook
- Attachments



Recent Prosafe developments

- Rig utilisation rate of 82 per cent in Q4 and 82 per cent in 2012
- Safe Caledonia life extension project finalised in February
- Ordering of second new build
- Contract for Bristolia in UK 2014 and 2015
- New build financing in place
- 7-year bond of MNOK 500 issued



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Income statement

(Unaudited figures in USD million)	Q4 12	Q3 12	Q4 11	2012	2011
Operating revenues	113.1	142.3	121.7	510.4	449.6
Operating expenses	(52.6)	(61.4)	(53.2)	(230.3)	(192.0)
EBITDA	60.5	80.9	68.5	280.1	257.6
Depreciation	(15.0)	(14.4)	(16.7)	(57.7)	(65.3)
Operating profit	45.5	66.5	51.8	222.4	192.3
Interest income	1.0	0.0	0.1	1.1	0.3
Interest expenses	(8.0)	(10.6)	(11.9)	(40.9)	(42.4)
Other financial items	2.1	(3.1)	(3.0)	(4.6)	6.9
Net financial items	(4.9)	(13.7)	(14.8)	(44.4)	(35.2)
Profit before taxes	40.6	52.8	37.0	178.0	157.1
Taxes	1.7	(1.0)	(0.5)	(0.5)	0.9
Net profit	42.3	51.8	36.5	177.5	158.0
 EPS	 0.19	 0.23	 0.16	 0.80	 0.71
Diluted EPS	0.19	0.23	0.16	0.80	0.71

Operating revenues

(USD million)	Q4 12	Q3 12	Q4 11	2012	2011
Charter income	94.0	111.7	106.6	423.9	400.7
Mob/demob income	0.0	0.0	2.0	2.0	4.1
Gain on sale of Safe Esbjerg	0.0	4.8	0.0	4.8	0.0
Other income	19.1	25.8	13.1	79.7	44.8
Total	113.1	142.3	121.7	510.4	449.6

Balance sheet

(Unaudited figures in USD million)	31.12.12	30.09.12	31.12.11
Goodwill	226.7	226.7	226.7
Rigs	896.3	876.9	893.7
New builds	135.6	71.1	58.3
Other non-current assets	21.9	22.2	5.1
Total non-current assets	1 280.5	1 196.9	1 183.8
Cash and deposits	103.6	103.2	93.4
Other current assets	103.1	149.3	98.9
Total current assets	206.7	252.5	192.3
Total assets	1 487.2	1 449.4	1 376.1
Share capital	63.9	63.9	63.9
Other equity	452.4	436.5	397.9
Total equity	516.3	500.4	461.8
Interest-free long-term liabilities	66.8	76.5	68.3
Interest-bearing long-term debt	745.6	764.7	756.9
Total long-term liabilities	812.4	841.2	825.2
Other interest-free current liabilities	93.7	107.8	85.5
Current portion of long-term debt	64.8	0.0	3.6
Total current liabilities	158.5	107.8	89.1
Total equity and liabilities	1 487.2	1 449.4	1 376.1

Key figures

KEY FIGURES	Q4 12	Q3 12	Q4 11	2012	2011
Operating margin	40.2 %	46.7 %	42.6 %	43.6 %	42.8 %
Equity ratio	34.7 %	34.5 %	33.6 %	34.7 %	33.6 %
Return on equity	34.6 %	43.1 %	33.5 %	48.4 %	36.2 %
Net interest bearing debt (USD million)	706.8	661.5	667.1	706.8	667.1
Number of shares (1 000)	229 937	229 937	229 937	229 937	229 937
Average no. of outstanding shares (1 000)	222 963	222 961	222 950	222 961	222 949
USD/NOK exchange rate at end of period	5.57	5.70	5.99	5.57	5.99
Share price (NOK)	47.32	47.28	40.99	47.32	40.99
Share price (USD)	8.50	8.29	6.84	8.50	6.84
Market capitalisation (NOK million)	10 881	10 871	9 425	10 881	9 425
Market capitalisation (USD million)	1 953	1 907	1 573	1 953	1 573

New bond loan issued

- NOK 500 million unsecured 7-year bond loan with maturity in January 2020
- The bond carries an interest of 3-month NIBOR plus 3.75 per cent



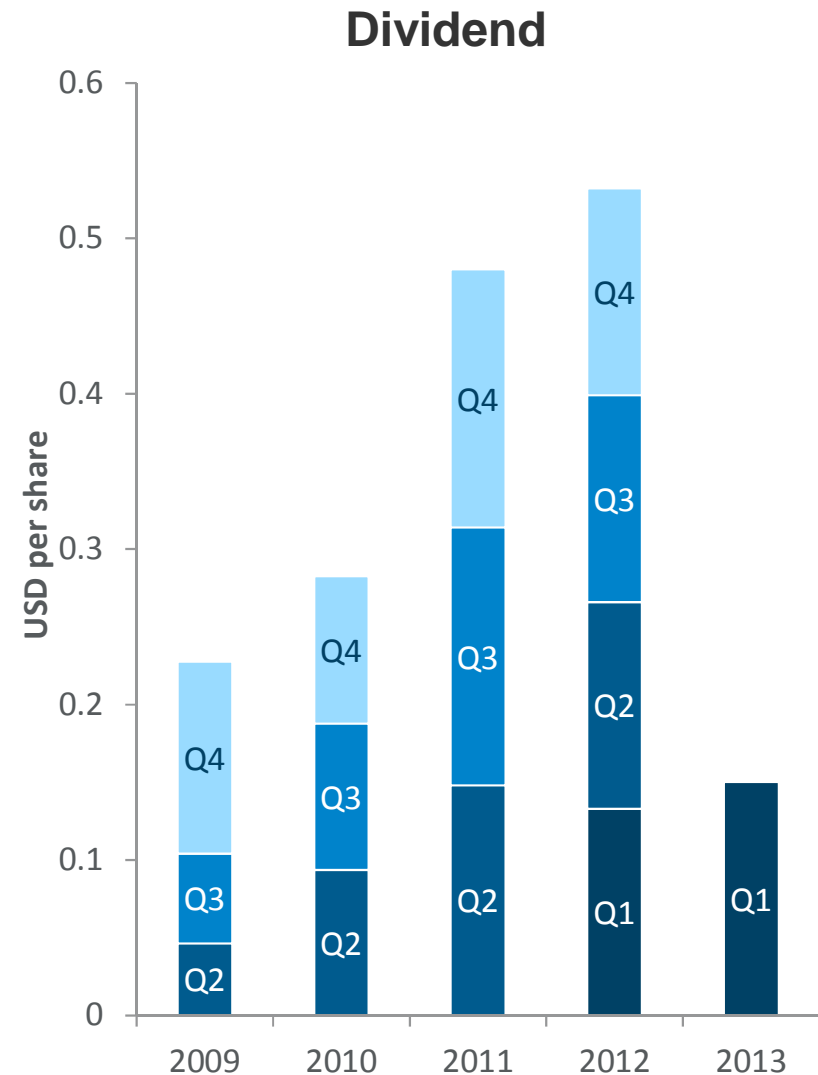
New build financing in place

- A USD 420 million term loan for post delivery financing of Safe Boreas and Safe Zephyrus in place
 - ❑ Closing took place in mid-December 2012
 - ❑ To be drawn in connection with delivery of each rig
- Key terms:
 - ❑ Tenor of five years
 - ❑ Repayment profile 12 years
 - ❑ Interest rate of 3-month USD LIBOR plus 2.95 per cent



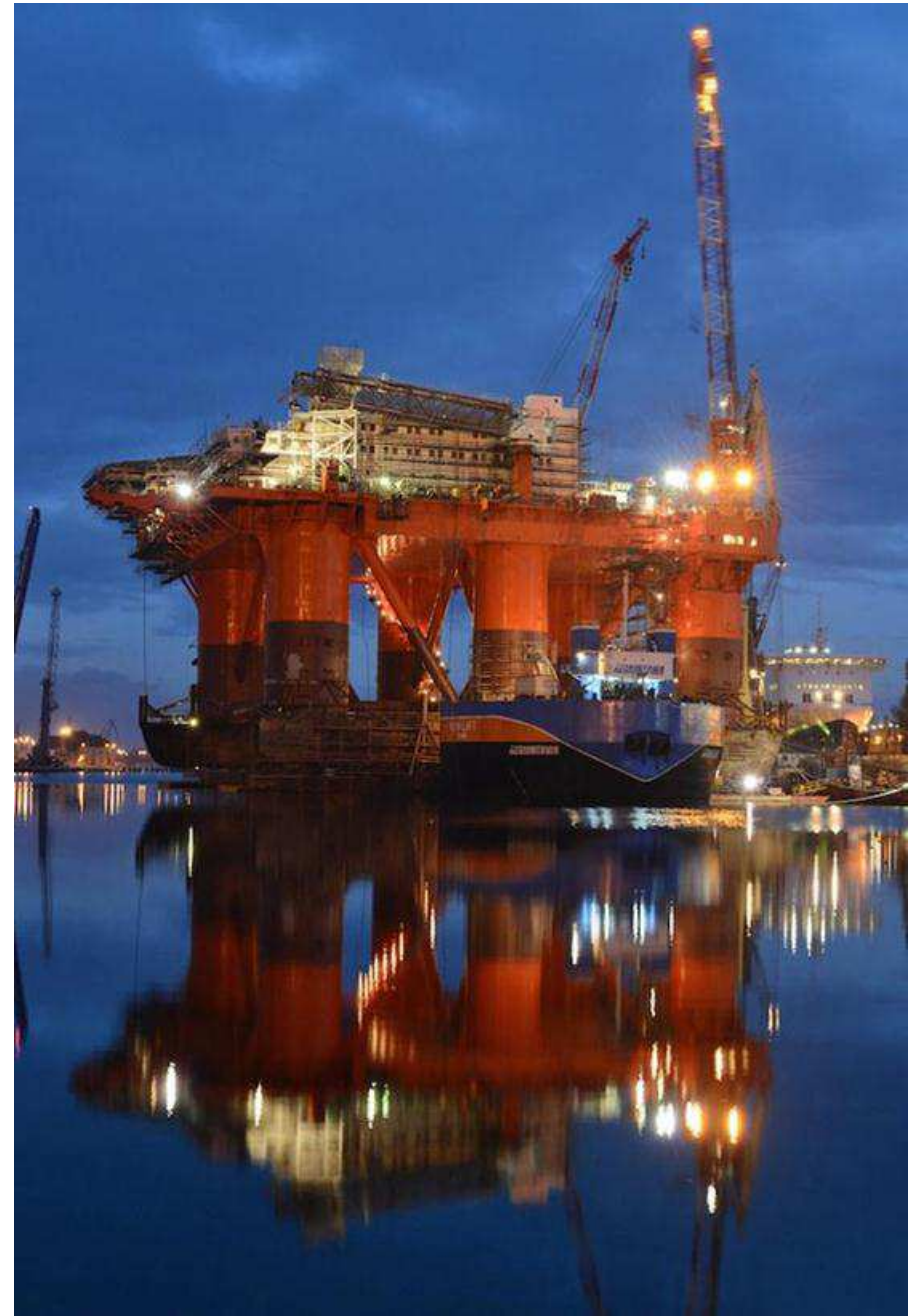
Steady growth in dividend

- An interim dividend equivalent to USD 0.15 per share declared
 - ▣ 13 per cent increase compared to 2012 quarterly dividends
- Will be paid in the form of NOK 0.82 per share on 28 February
- Trade ex-dividend on 14 February
- Policy of paying out up to 75 per cent of previous year's net profit



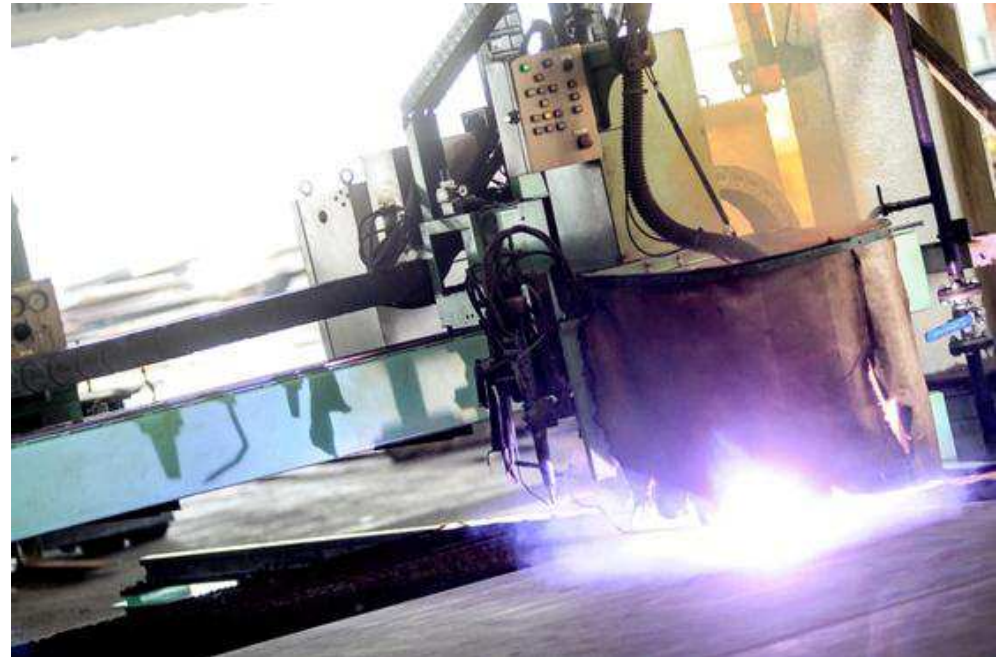
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Safe Boreas progress

- Semi-submersible to be built as NCS compliant/harsh environment
- Striking of steel in October 2012
- Scheduled delivery from yard summer 2014
- Awarded a six-month firm contract (+ options) by Lundin for operations in Norway in 2015



Financial status Q4 12	USDm
Book value o.b.	71
Book value c.b.	73
Capitalised in quarter	2
Estimated total cost	350

Safe Zephyrus

- Contract signed with Jurong in Q4 2012
- Similar design as Safe Boreas
- DP3 and 12-point mooring
- Ready for operations in the North Sea for the summer season of 2015
- Three options
 - Units for either NCS/North Sea or world-wide operations outside of North Sea



Financial status Q4 12	USDm
Book value o.b.	0
Book value c.b.	63
Capitalised in quarter	63
Estimated total cost	350

Safe Caledonia refurbishment and life extension

- Rig now in very good condition and life extended by 20 years
- Due to extra work, longer yard stay than initially planned
- Capex USD 125 million, of which USD 25 million in Q1 2013
- Contract with BP in the UK North Sea expected to commence end-February 2013



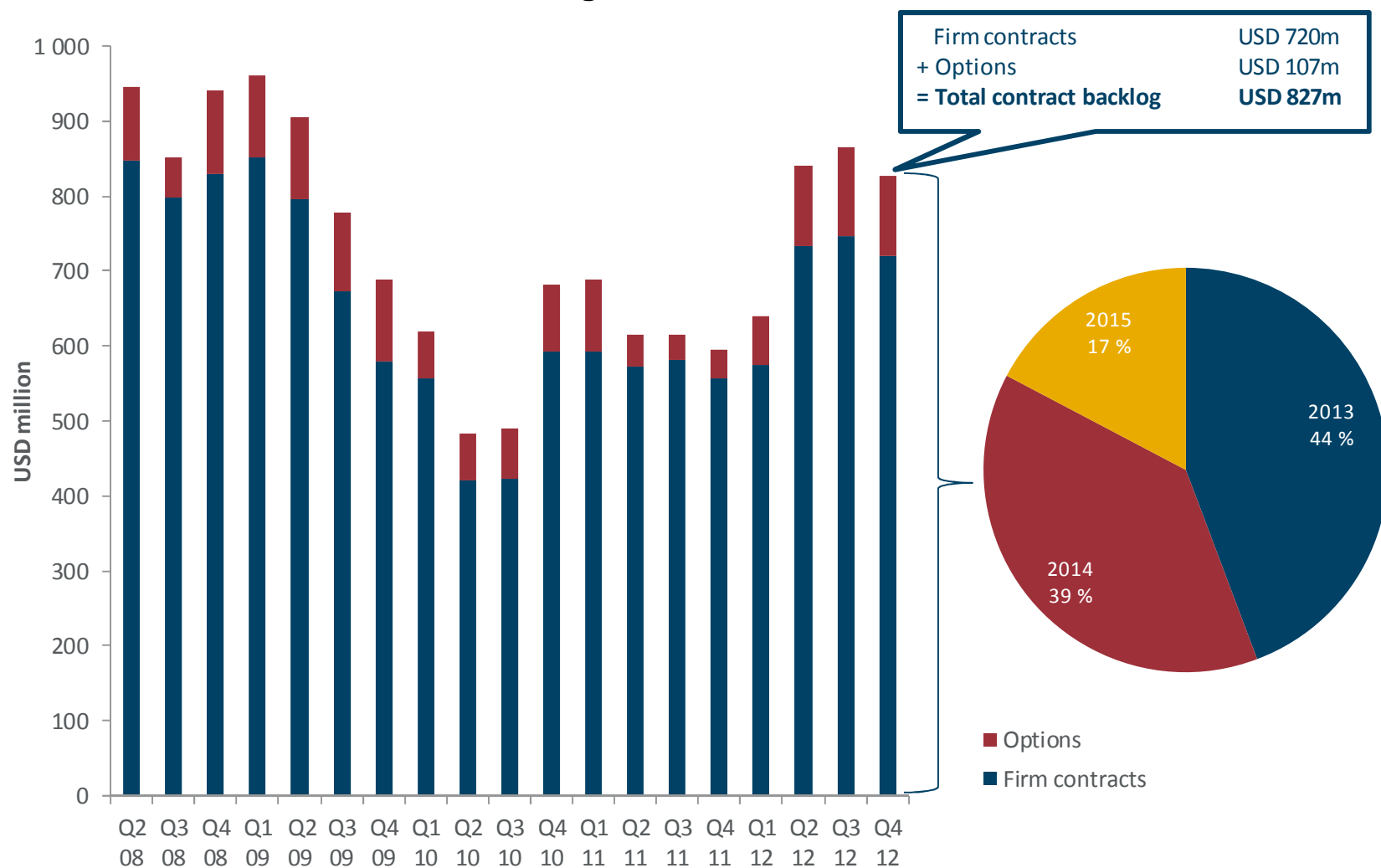
Capital expenditure

- 2012: USD 190 million
- Major items:
 - ❑ Safe Caledonia life extension
 - ❑ Safe Zephyrus initial instalment
 - ❑ Safe Boreas project
 - ❑ Safe Astoria upgrade
- 2013: USD 100 million +
 - ❑ Includes new builds, Regalia SPS, Safe Scandinavia SPS and Safe Caledonia completion

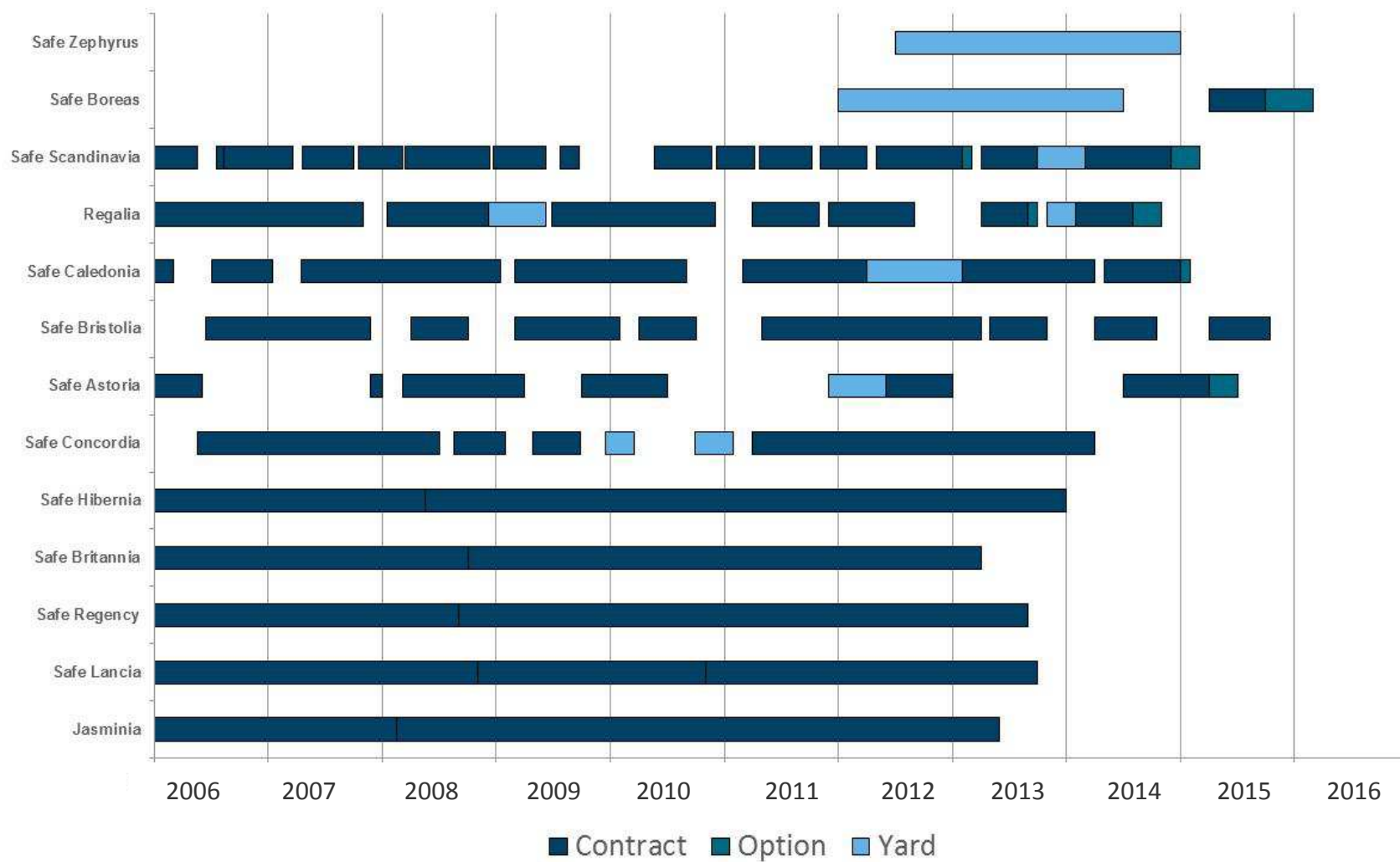


Robust contract backlog

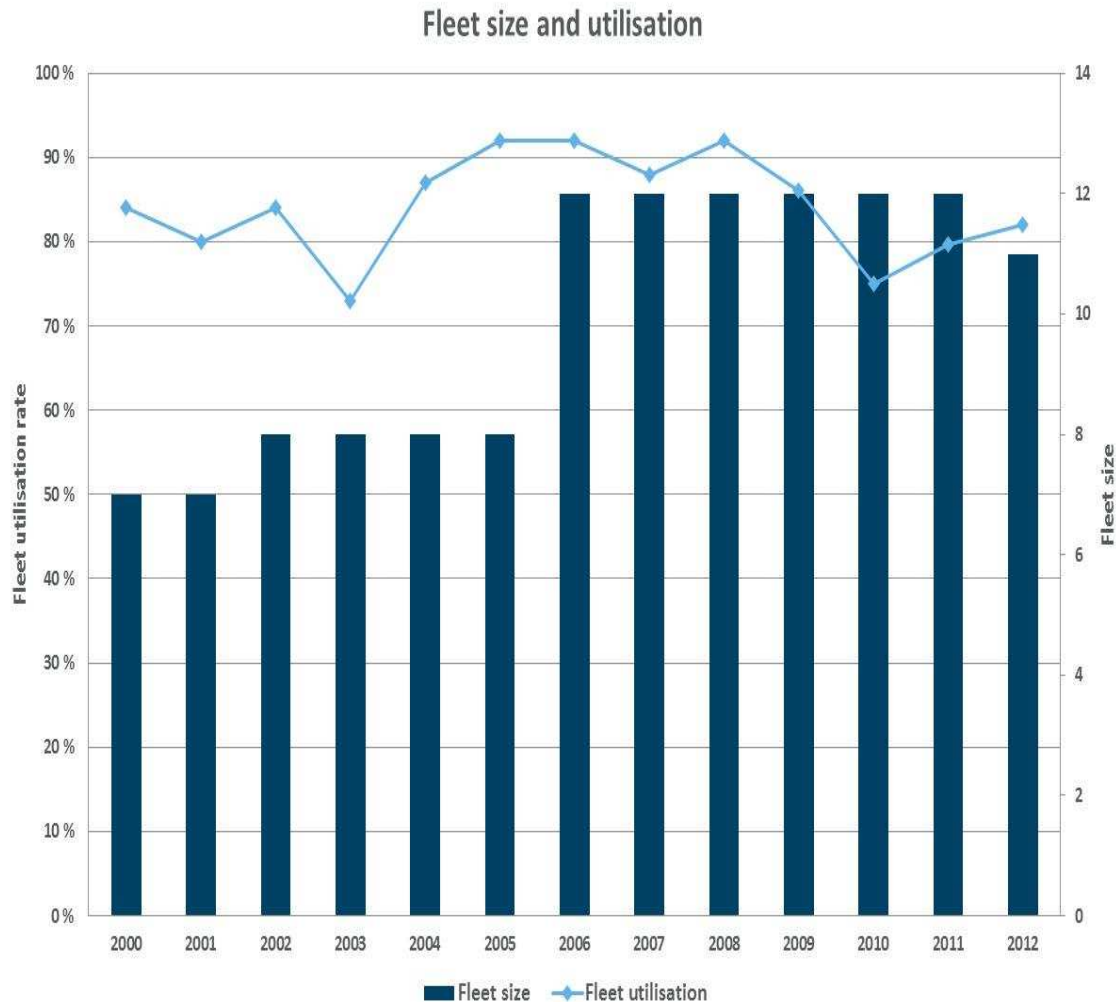
Order backlog



High North Sea contract coverage for 2013-15



Consistent high fleet utilisation



- Considerable fleet size means lower risk
- Fleet utilisation has consistently been at high levels
- Low counter-party risk
 - Clients are typically national oil companies, super majors and larger independents:



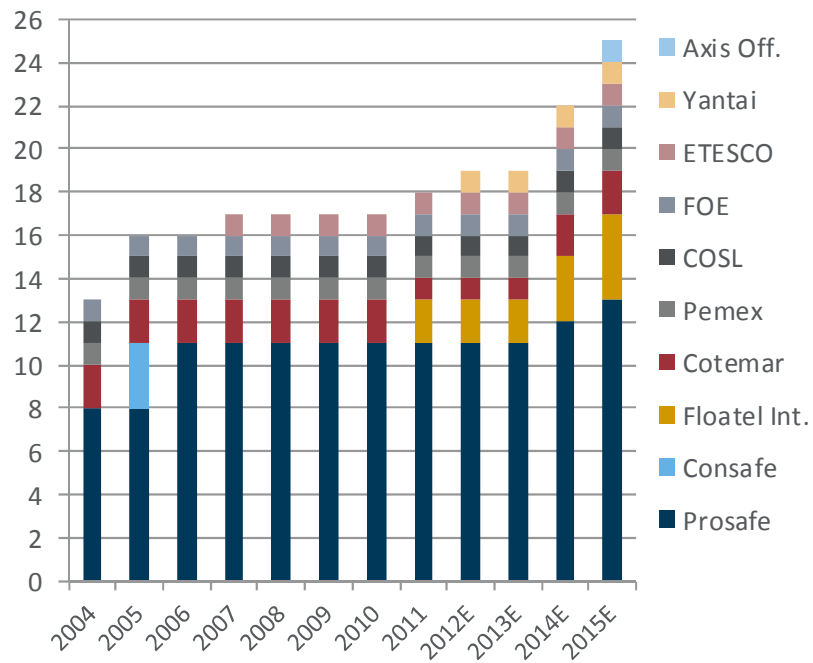
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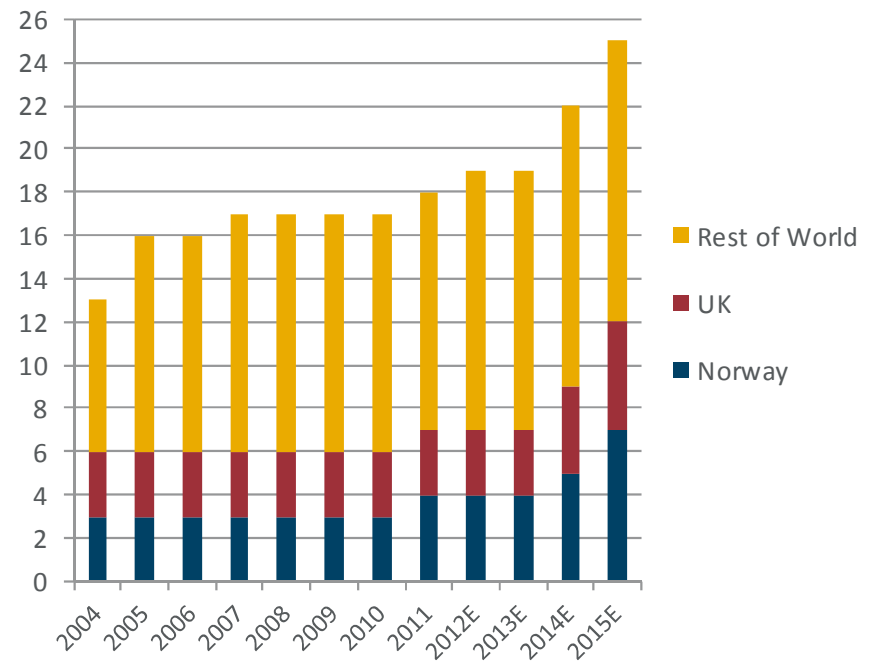


Prosafe is the clear market leader

No. of accommodation semis by owner



No. of accommodation semis by regional capabilities



Norway – several commissioning projects planned

- Several hook-up and commissioning projects in the coming years
- Tie-ins and high focus on improved recovery resulting in increased field life expectancy
 - Upgrade of existing facilities



UK – aging infrastructure supports demand

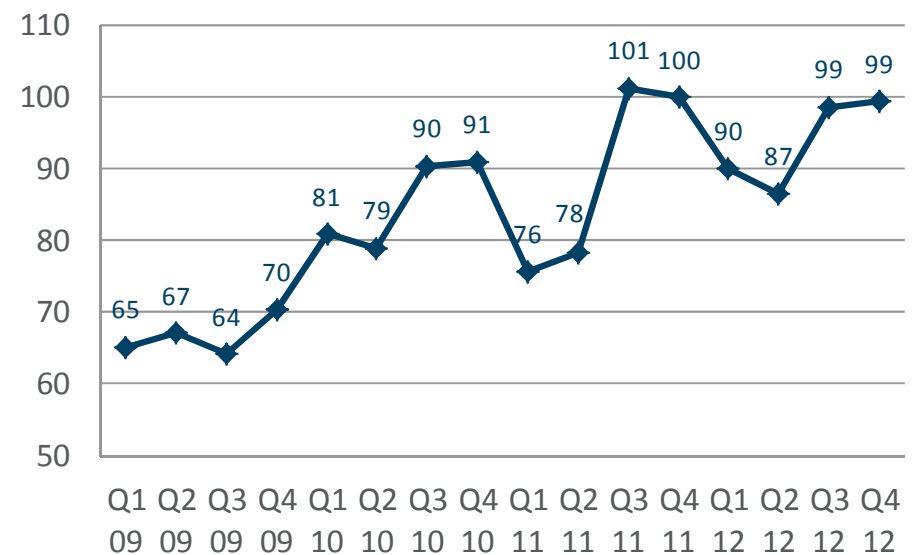
- A significant amount of infrastructure in the UKCS is over 30 years old
 - Focus on maintenance and renewal of existing facilities to sustain integrity and improve reliability
- Field developments and tie-ins will require additional accommodation in years to come
- More independents carrying out redevelopment projects



Positive development in North Sea demand index

- Growing underlying demand trend
- New prospects for 2014-2016 have appeared recently
- Increasing amount of prospects related to hook-up and commissioning

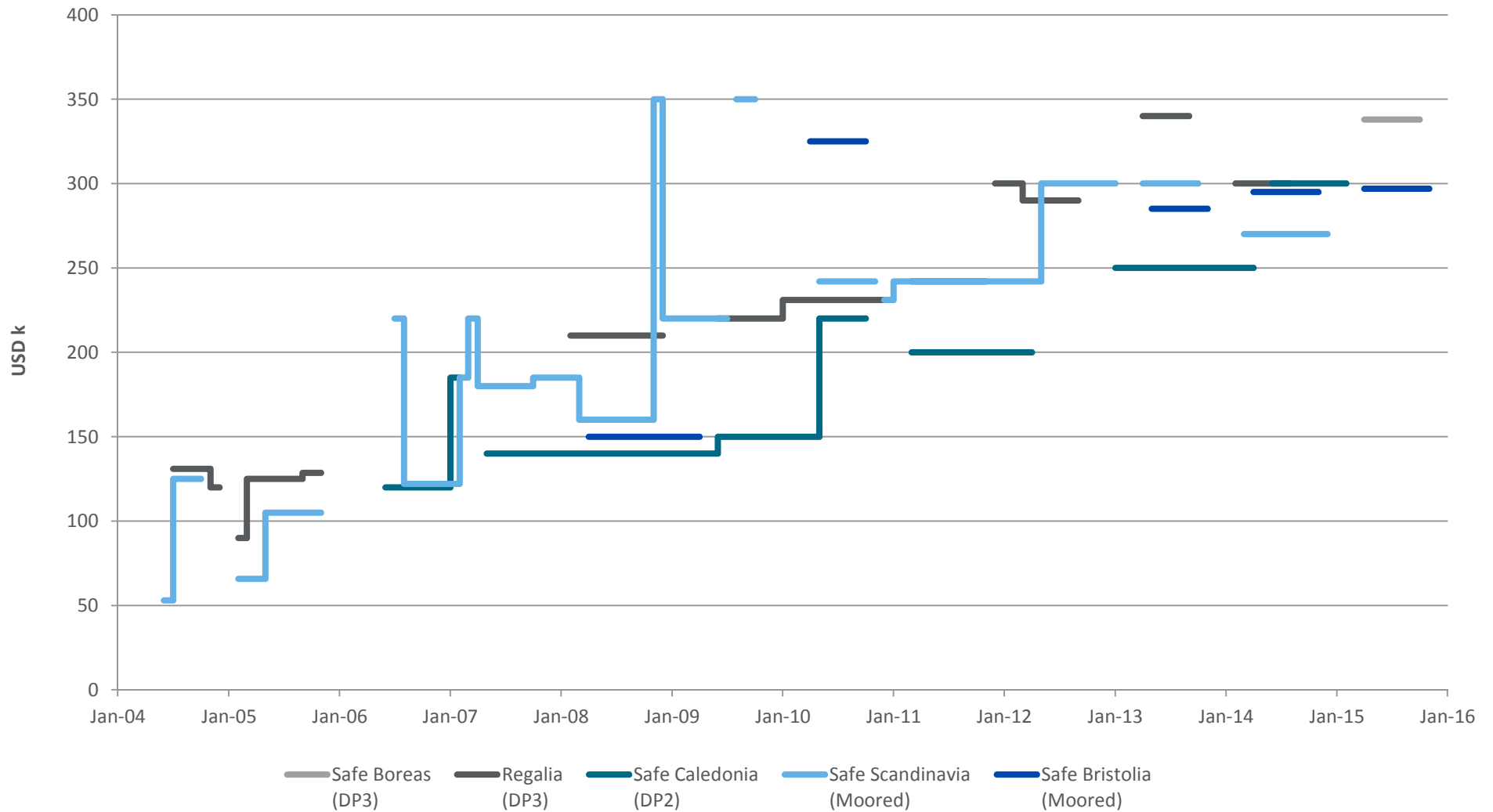
North Sea accommodation rig demand index



Based on firm contracts, extension options, projects in the tendering phase and prospects for the next 36 months. Index based on number of days in demand. Q4 11 = 100

Source: Prosafe

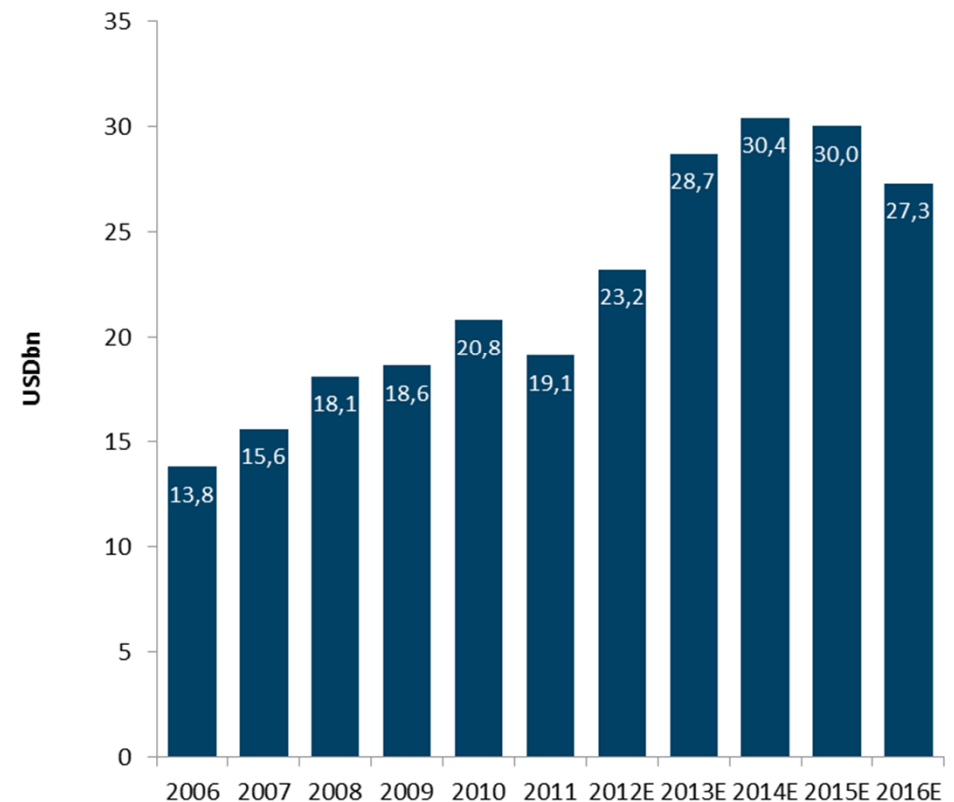
North Sea dayrates (time charter)



Demand – robust demand in Mexico

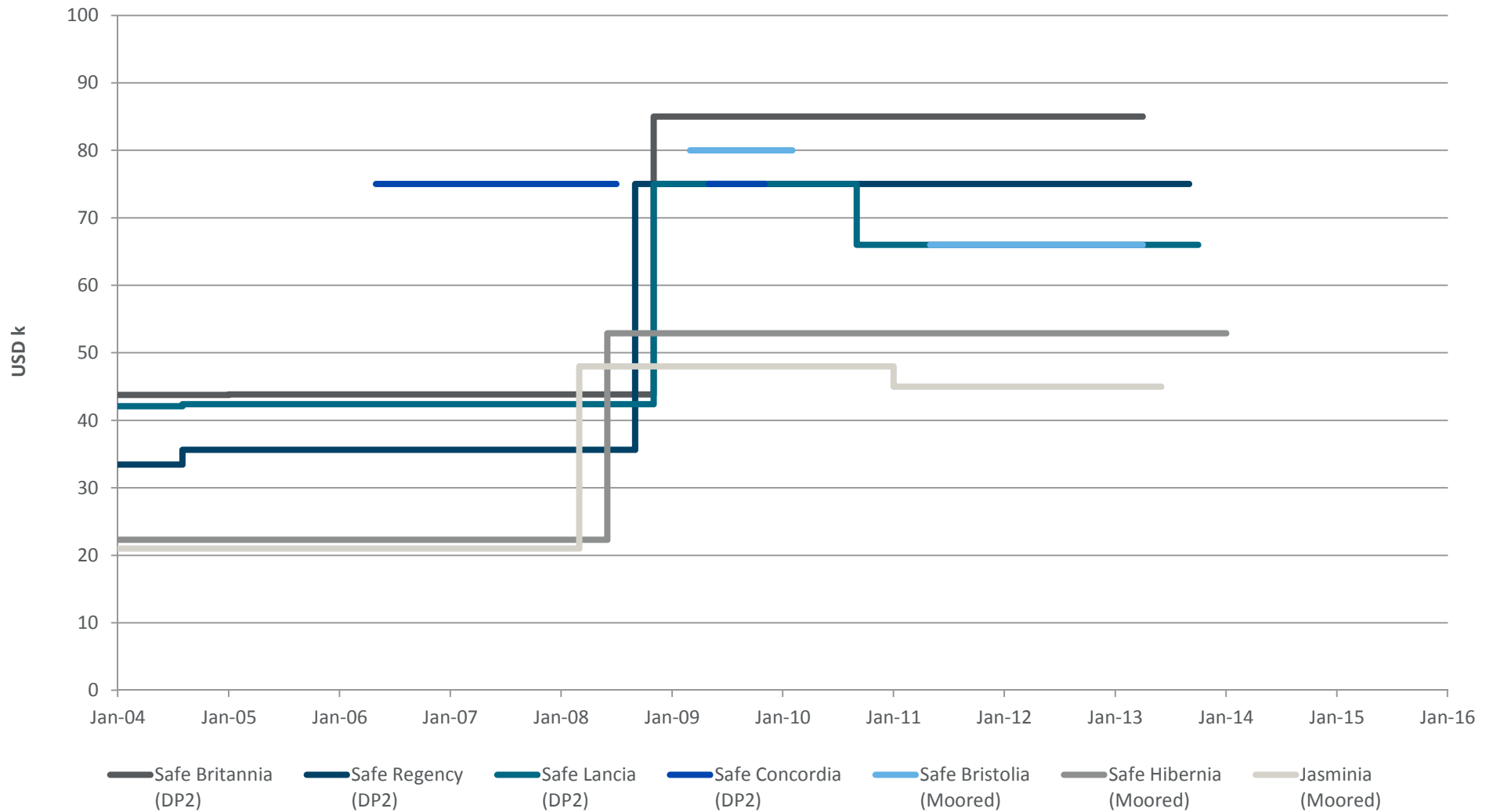
- Stable activity in Mexico
- Investment level estimated to increase going forward
- Should bode well for demand for offshore accommodation
- Exploration in deepwater areas in early stages

Pemex investments



Source: Pemex

Gulf of Mexico dayrates (bareboat)

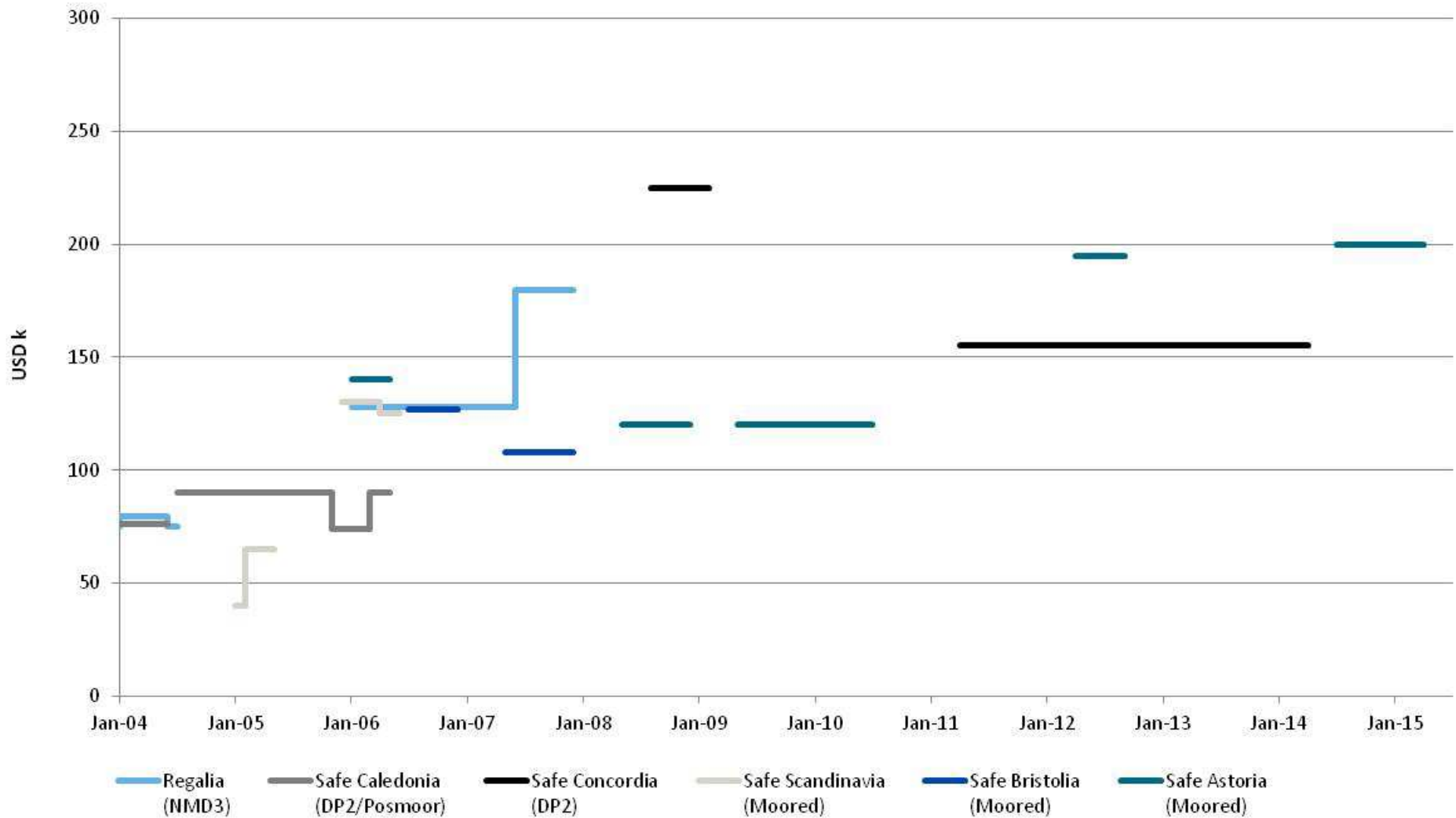


Brazil – good demand outlook

- Currently three units working in the Campos basin
 - Likely that more units are needed in the short- to medium-term
- In the long-term, there should be significant growth potential in other basins

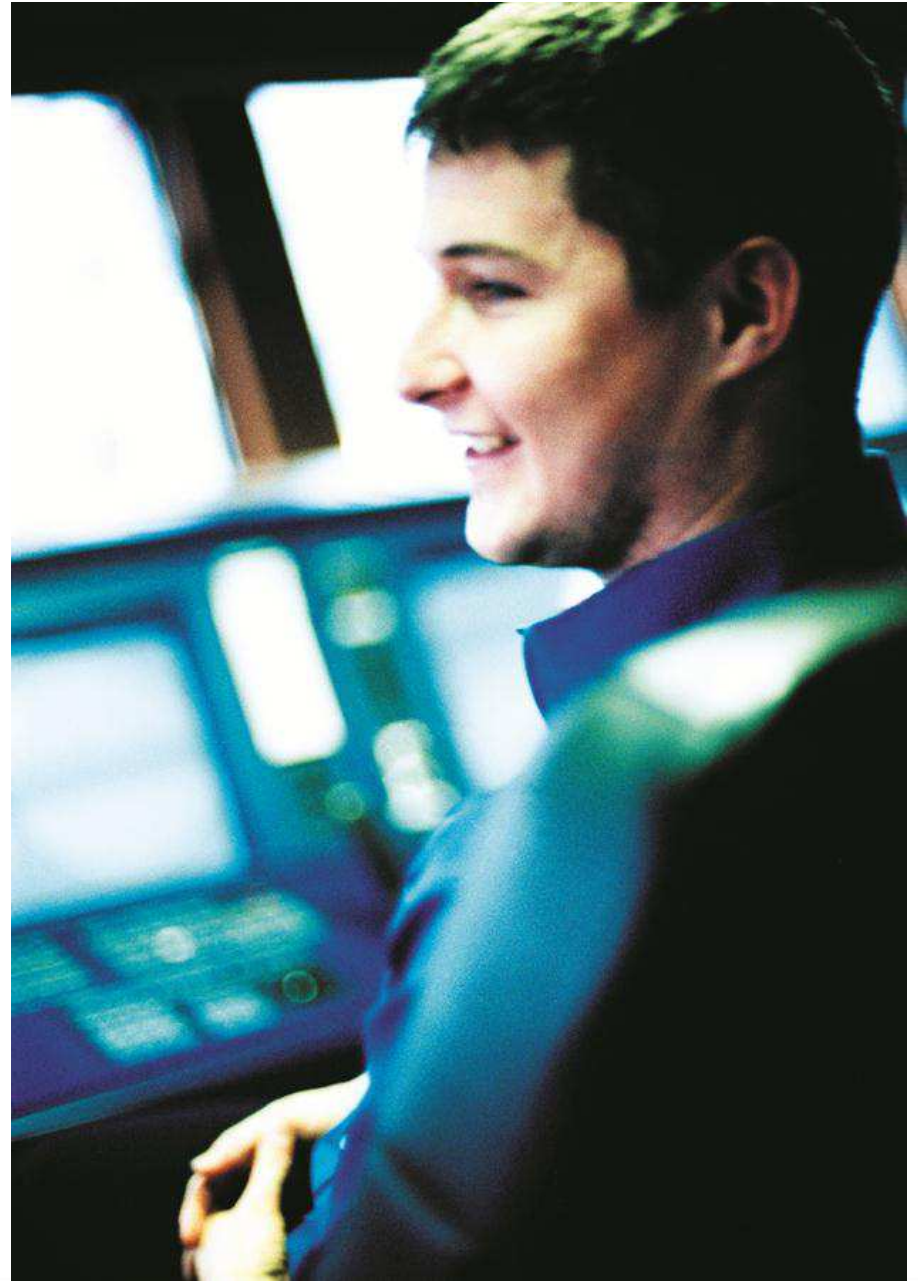


Rest of World dayrates (time charter)



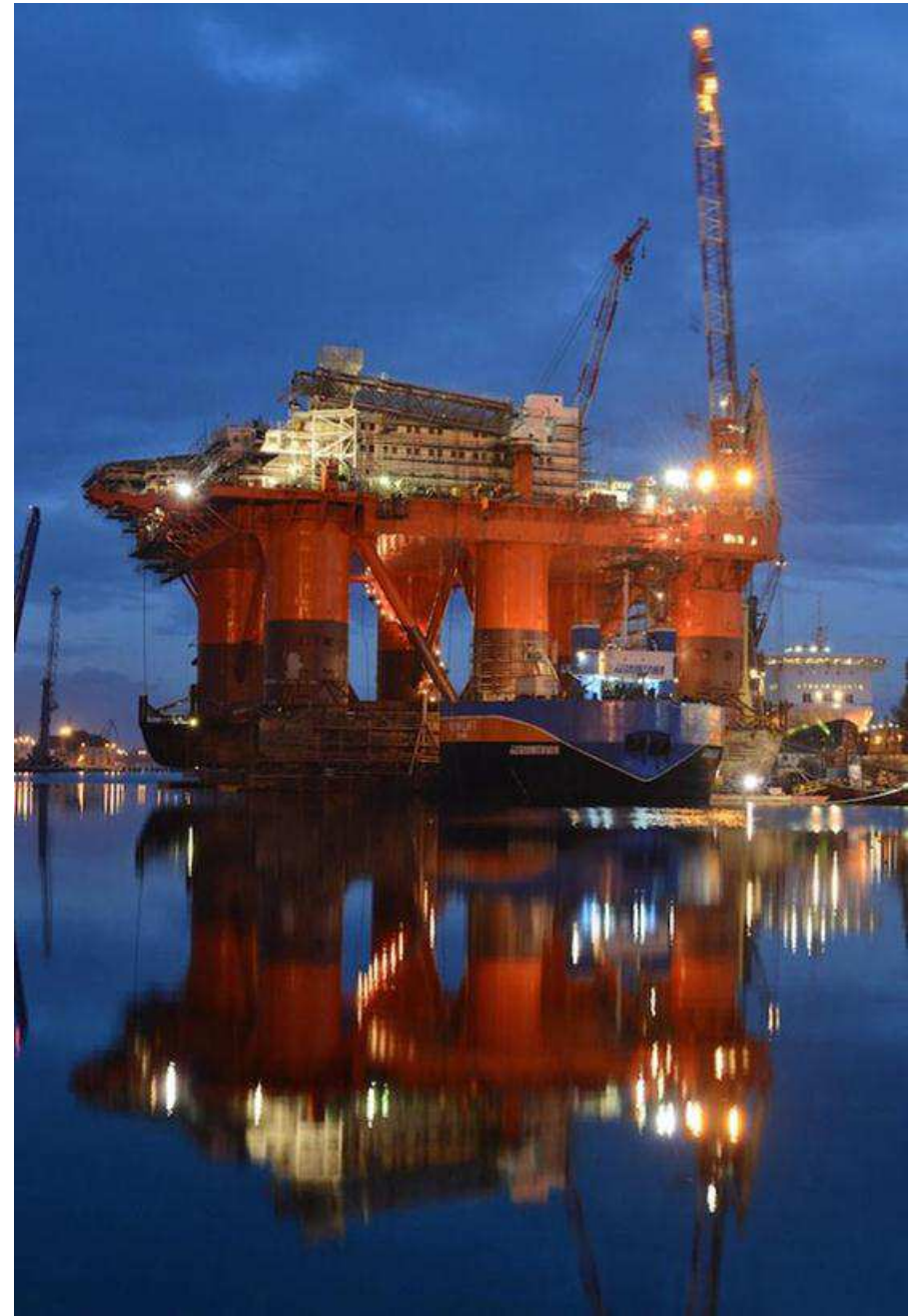
Summary

- Busy accommodation market with a high number of prospects
- Fleet growth in the high-end segment of the market
- Prosafe is well positioned
 - Clear market leader
 - High-quality, diversified fleet
 - Strong cash flow
 - Robust financial position
 - High dividend combined with fleet growth



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Credit facility

- Total commitments end of Q4 2012: USD 927 million
- Maturity: August 2017
- The current applicable credit margin on the credit facility is 1.875%
- The availability under the credit facility is reduced semi-annually with USD 68 million. Balloon of USD 247 million.

- Financial covenants:
 - Maximum leverage ratio of 5.0 and 4.5 after August 2013
 - Minimum liquidity (including up to USD 25 million of undrawn amounts under the credit facility) of USD 65 million in the group
 - Minimum value adjusted equity ratio of 35 per cent
 - Market value vessels/total commitments above 150 per cent

Current bond loan portfolio

Bond loans	Outstanding	Maturity	Margin
NOK 500 million bond (2009-13)	NOK 204.5 million	Q4 2013	400 bps
NOK 500 million bond (2011-16)	NOK 500 million	Q1 2016	350 bps
NOK 500 million bond (2012-17)	NOK 500 million	Q1 2017	375 bps
NOK 500 million bond (2013-20)	NOK 500 million	Q1 2020	375 bps

Shareholders

SHAREHOLDERS AS AT 30.01.2013	No. of shares	
State Street Bank & Trust (nom)	28 612 129	12.4 %
Folketrygdfondet	15 801 685	6.9 %
State Street Bank & Trust (nom)	15 518 309	6.7 %
Pareto	9 884 210	4.3 %
FLPS	7 900 000	3.4 %
Prosafe SE	6 963 731	3.0 %
JP Morgan Chase Bank (nom)	6 388 984	2.8 %
Goldman Sachs (nom)	6 153 506	2.7 %
Clearstream Banking (nom)	5 628 598	2.4 %
JP Morgan Chase Bank (nom)	5 146 187	2.2 %
Total 10 largest	107 997 339	47.0 %

Total no. of shares: 229 936 790

The table below shows the 20 largest shareholders as of 31 October 2012 and the change from the previous analysis dated 22 August *

Fund Manager	Shares	Absolute change	% at 31 Oct. 12
M&G Investment Management	22,235,418	1,159,418	9.67
State Street, USA (various underlying investors)	22,179,787	6,500,556	9.65
Folketrygdfondet	18,666,685	123,463	8.12
Pareto AS	11,387,288	-1,147,830	4.95
H Partners Management	11,247,297	0	4.89
Fidelity Management & Research	7,900,000	0	3.44
Prosafe SE	6,975,818	0	3.03
Swedbank Robur	6,601,927	-19,660	2.87
Henderson Global Investors	6,346,812	301,674	2.76
Invesco Perpetual	5,784,821	-1,041,256	2.52
Threadneedle Investments	5,674,570	723,502	2.47
Clearstream, Frankfurt (various underlying investors)	5,551,723	67,324	2.41
GMO	5,400,769	1,368,928	2.35
Delta Lloyd Asset Management	5,400,640	-869,246	2.35
Kempen Capital Management	4,865,607	-152,273	2.12
Standard Life Investments	4,594,944	0	2.00
SSGA	4,071,499	3,861,868	1.77
Nordea Fonder (Finland)	3,579,418	-9,462	1.56
Asset Value Investors	2,992,220	2,992,220	1.30
Kuwait Investment Office	2,954,194	0	1.28
Total for the filtered Fund Managers			71.50

* The data are provided by RD IR and are obtained through an analysis of beneficial ownership and fund manager information provided in replies to disclosure of ownership notices issued to all custodians on the Prosafe VPS share register. Whilst every effort is made to produce what is as accurate an analysis as possible, the true size and nature of some holdings may not be exactly reflected.