



22 August 2019



Q2 2019 results and market update

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Agenda

- Highlights
- Financial results
- Operations & Outlook
- Update: Merger process with Floatel
- Summary



Highlights – Q2 2019

- Utilisation
 - Utilisation of 71.6% (45.8%)
- Financial results
 - Reported EBITDA was USD 53.1 million. Underlying EBITDA in the quarter adjusted for non-recurring items was USD 36.9 million
 - Cash flow from operations was USD 18.1 million (USD 43.5 million). Total liquidity reserve of USD 241 million
- High activity
 - Safe Eurus awarded a three-year contract
 - Safe Concordia awarded a new contract in 2020
 - Safe Caledonia awarded a 162-day contract + one 30-day option
- Merger process with Floatel International ongoing



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Income statement

(Unaudited figures in USD million)

	Q2 19	Q2 18
Operating revenues	75	100
Operating expenses	(22)	(43)
Operating results before depreciation	53	57
Depreciation	(25)	(28)
Impairment	0	(0)
Operating (loss) profit	28	29
Interest expenses	(15)	(21)
Other financial items	(10)	(1)
Net financial items	(25)	(21)
(Loss) Profit before taxes	3	8
Taxes	(1)	(1)
Net (Loss) Profit	2	7
EPS	0.02	0.09
Diluted EPS	0.02	0.08

- High fleet utilisation at 71.6% (Q2 2018: 45.8%).
- Lower operating revenues despite higher utilisation due to lower average dayrates – approx. USD 123k in 2019 vs approx. USD 235k in 2018.
- Despite higher fleet utilisation, operating expenses for the quarter were lower mainly impacted by a reversal of the accrued lay up costs for the Safe Euris (USD 19 million). Non-recurring costs of approx. USD 3 million were mostly related to merger activity with Floatel.
- EBITDA of USD 53 million was negatively impacted by lower average day rates but offset by higher fleet utilisation and the positive accounting effect from the reversal of accrued lay up costs.
- Other financial items was impacted by fair value adjustment on rate swaps and caps of approximately USD 7.8 million negative (Q2 2018: USD 4.8 million positive).

Balance sheet

(Unaudited figures in USD million)	30.06.19	31.03.19	30.06.18
Vessels	1,379	1,401	1,475
New builds	149	126	125
Other non-current assets	3	3	10
Total non-current assets	1,531	1,530	1,610
Cash and deposits	121	109	275
Other current assets	54	45	62
Total current assets	174	154	336
Total assets	1,705	1,684	1,947
 Total equity	 374	 372	 496
Interest-free long-term liabilities	30	22	40
Interest-bearing long-term debt	1,202	1,171	1,326
Total long-term liabilities	1,232	1,193	1,366
Other interest-free current liabilities	54	75	66
Current portion of long-term debt	44	44	19
Total current liabilities	98	119	84
Total equity and liabilities	1,705	1,684	1,947
 Key figures:			
Working capital	76	36	252
Liquidity reserve	241	264	275
Interest-bearing debt	1,246	1,215	1,345
Net Interest-bearing debt	1,126	1,106	1,070
Book equity ratio	22%	22%	25%

- Total assets of USD 1.7 billion.
- **Liquidity reserve** incl. committed revolving credit facility per Q2 2019 of USD 241 million.
- Long-term debt balance increased slightly, mainly due to the delivery of the Safe Euris.
- Book equity remains consistent at 22%.

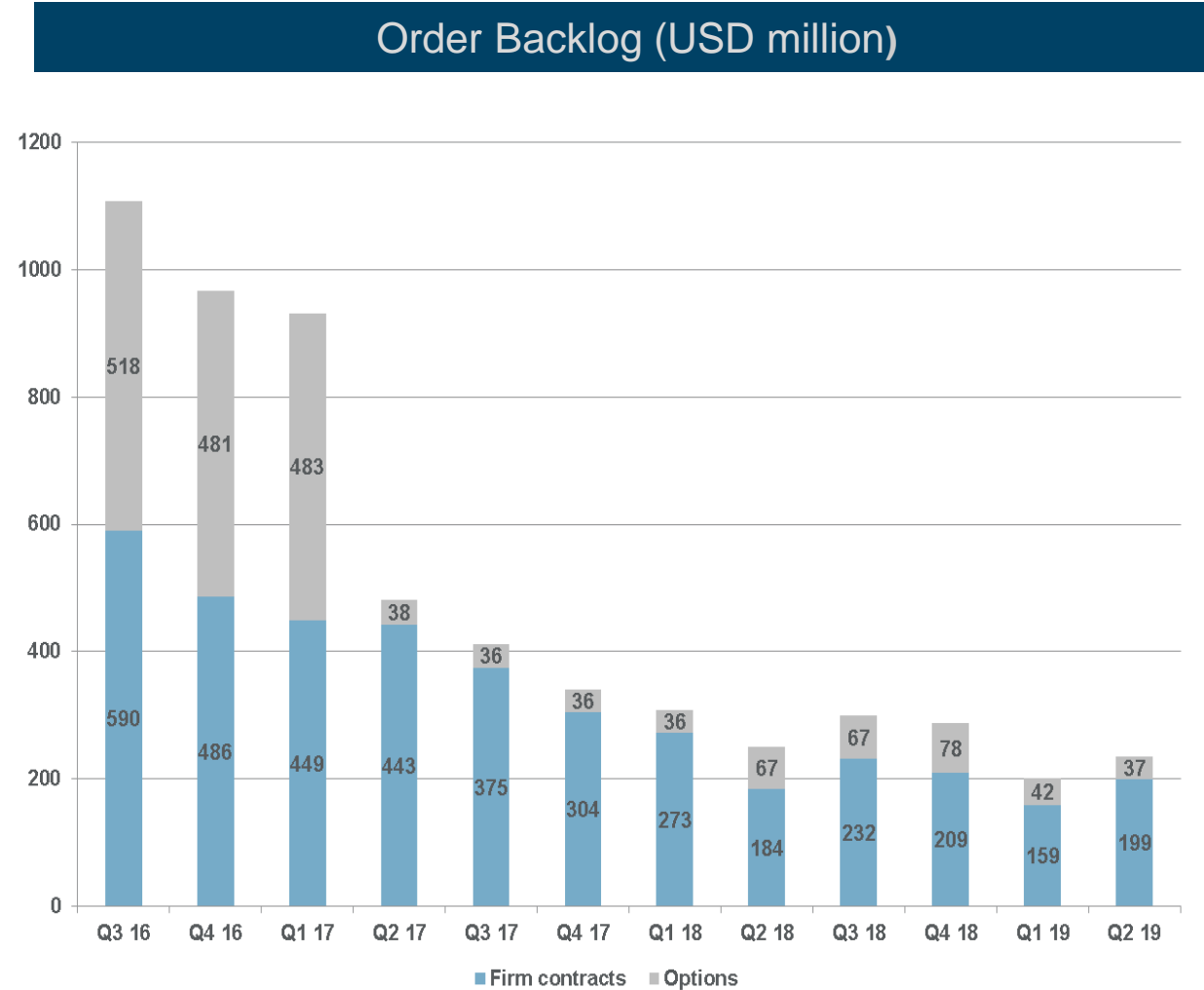
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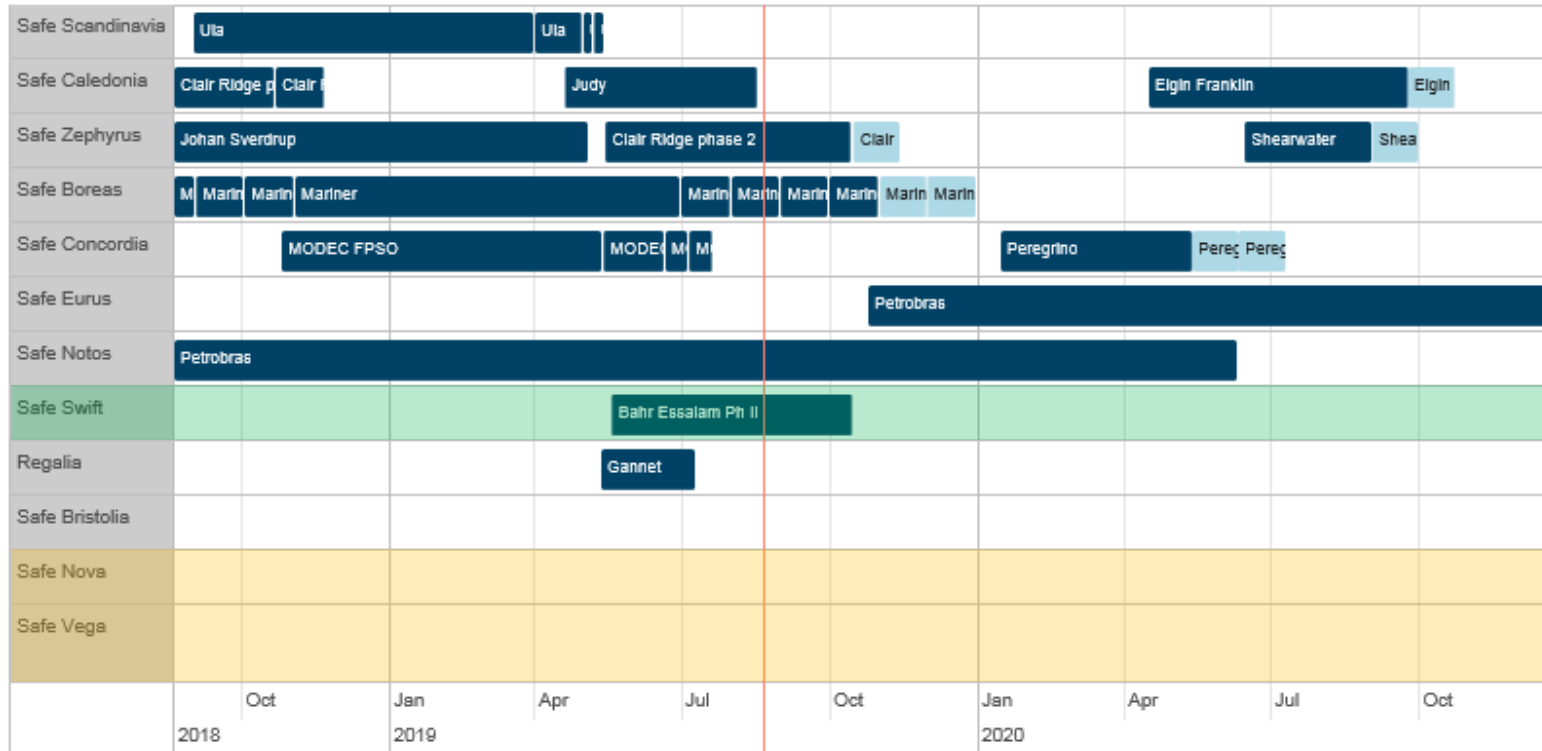
Order backlog per end Q2 2019

- Prosafe's firm backlog was USD 199 million
- Order backlog is improved from Q1 2019



Fleet status: Contracts, wins and extensions

Contract backlog



: Safe Swift technically and commercially managed on behalf of owners

Contracting update

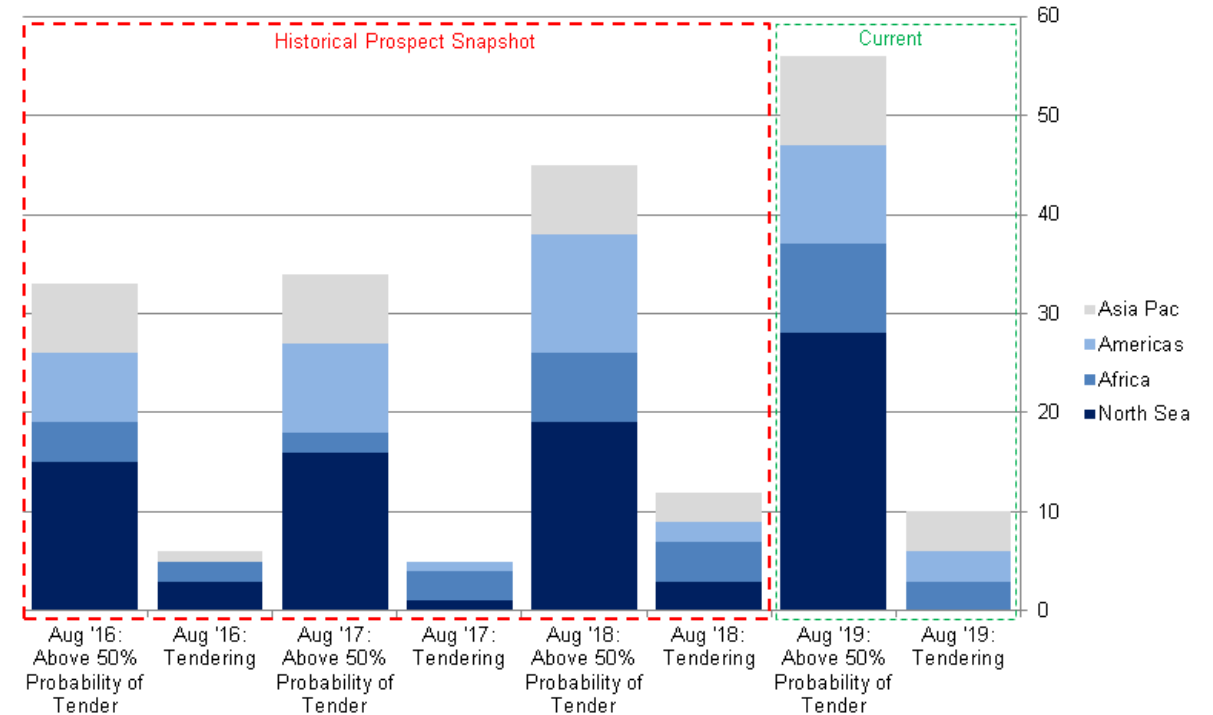
- **Safe Caledonia** contracted by Total UK for 162 days from mid-April 2020 with a 30-day option. Subsequently, either Safe Boreas or Safe Zephyrus will conduct the Shell Shearwater contract;
- **Safe Eurus** 3-year contract with Petrobras signed and vessel delivered early July. Contract commencement within fourth quarter 2019;
- **Safe Concordia** contracted by Equinor Brazil from January 2020 for 120 days plus up to 60 days of options;
- **Safe Boreas** extended by Equinor at Mariner through October 2019.

Prospects & tendering

Global opportunities

- 10 tenders ongoing for 2019 through 2021
- Three tenders ongoing in Brazil, however, general tender activity decreased in Q2
- MMO will be key for activity in 2020

Tendering activity – 3 year rolling forecast



Source: Prosafe

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Update: Merger process with Floatel

- Merger among equals agreement with Floatel International Ltd. announced in June
- Agreed exchange ratio in an all share transaction is 55/45 (PRS/FIL) on a fully diluted basis
 - Subject to competition clearance in Norway and UK – process ongoing
 - Subject to creditor approvals – process ongoing
 - Subject to EGM in Prosafe
- Creditor process
 - Prosafe and Floatel have received support from their majority banks to the merger subject satisfactory documentation, approval by Floatel bondholders, competition authorities and EGM
- Timing of closing depending on the competition authorities' process

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Summary

- High activity
 - Utilisation of 71.6% (45.8%)
 - Lower average dayrates (approx. USD 123k in 2019 vs approx. USD 235k in 2018)
- Three recent contract awards
- Total liquidity reserve of USD 241 million
- MMO will be key for activity in 2020
- Merger process with Floatel International ongoing



Appendix

Operating revenue

(USD million)	Q2 19	Q1 19	Q2 18	2018
Charter income	63.7	56.8	91.2	293.2
Other income	11.6	10.5	9.1	37.6
Total	75.3	67.3	100.3	330.8