



16 - 17 September 2020

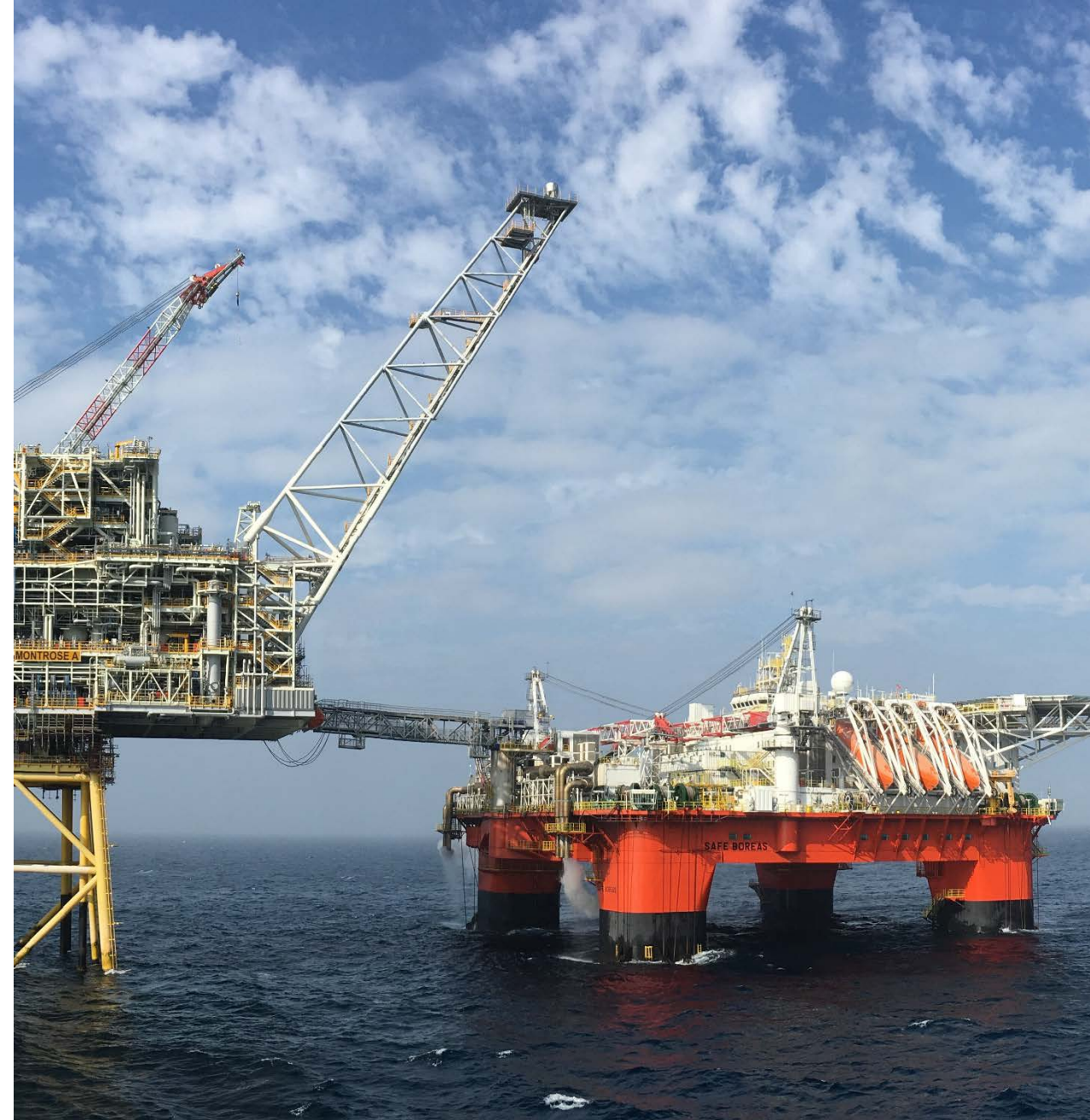
# Pareto Securities' Energy Conference

# Disclaimer

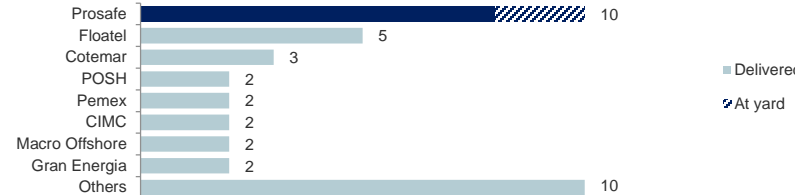

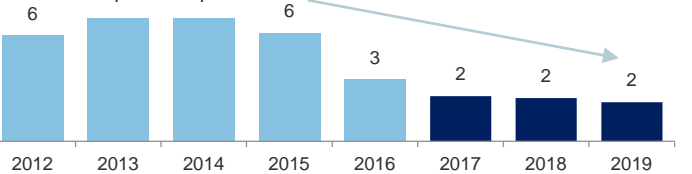
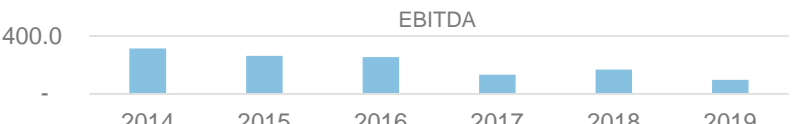
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# Agenda

- **Prosafe anno 2020**
- Update on financial process
- Strategy & Outlook

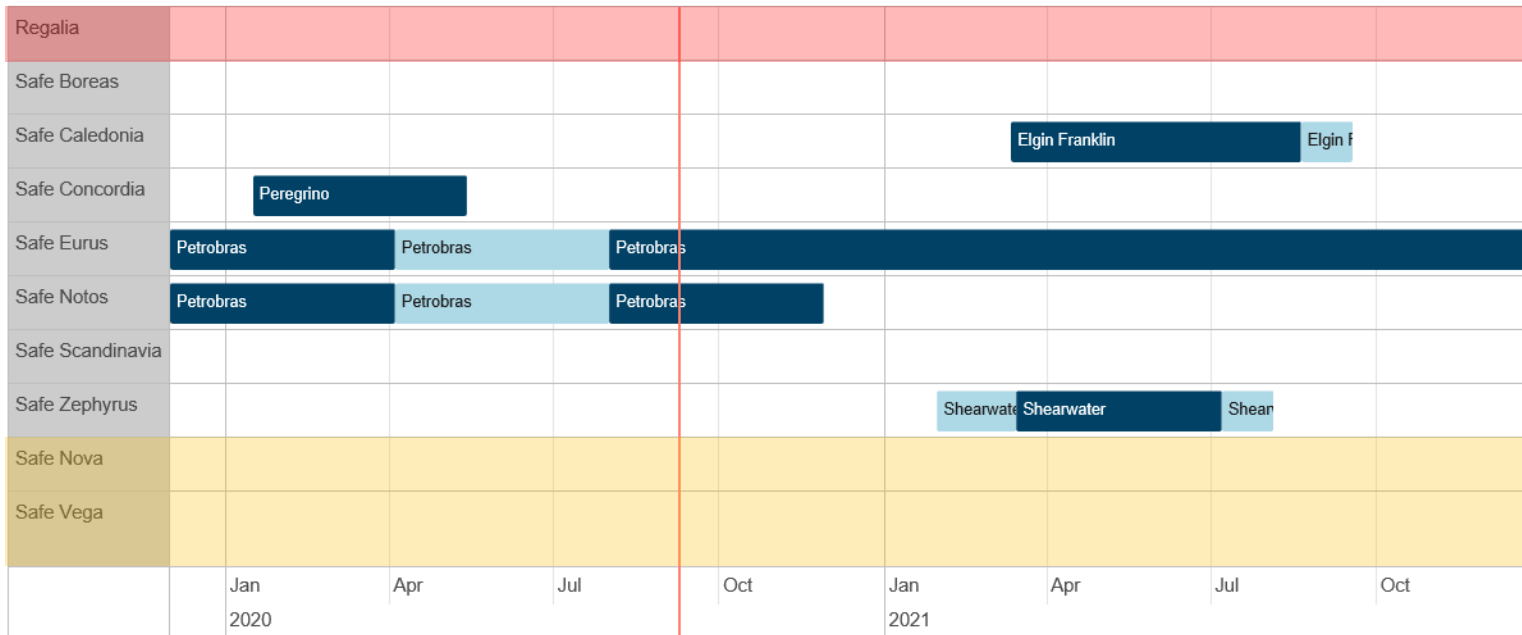


# Prosafe anno 2020

<p><b>Largest player in an industry in need of consolidation</b></p>	<ul style="list-style-type: none"> <li>The worlds largest owner of semisubmersible accommodation vessels (flotels)</li> <li>Outperform since 2016: Market share ~50 %. Achieved with ~25 % of the global fleet</li> <li>Best suited to drive consolidation</li> <li>Operational ESG initiatives ongoing</li> </ul>	<p><b># vessels per owner (Total: 38)</b></p> 																
<p><b>Core fleet well suited for core markets</b></p>	<ul style="list-style-type: none"> <li>Five vessels with an average age of 4 years + two units at yard</li> <li>Core fleet well suited to operate in the key markets</li> </ul>	<p><b>Prosafe fleet</b></p> <table border="1" data-bbox="1719 442 2407 606"> <tr> <td>Scandinavia</td> <td></td> <td>Boreas</td> <td>Vega (at yard)</td> </tr> <tr> <td>Regalia</td> <td></td> <td>Zephyrus</td> <td>Nova (at yard)</td> </tr> <tr> <td>Caledonia</td> <td>Concordia</td> <td>Notos</td> <td>Eurus</td> </tr> <tr> <td>1980s</td> <td>2005</td> <td>2015+</td> <td>2019+</td> </tr> </table>	Scandinavia		Boreas	Vega (at yard)	Regalia		Zephyrus	Nova (at yard)	Caledonia	Concordia	Notos	Eurus	1980s	2005	2015+	2019+
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1980s	2005	2015+	2019+															
<p><b>Global presence – diversified earnings potential</b></p>	<ul style="list-style-type: none"> <li>Prosafe is the only flotel operator with a strong track record in all of the three core regions; North Sea, Brazil and Mexico -&gt; Ensures best possible fleet utilization, diversification of earnings and regional arbitrage opportunities</li> </ul>	<p><b>Prosafe presence</b></p> 																
<p><b>Cost leader &amp; modest capex needs</b></p>	<ul style="list-style-type: none"> <li>Rightsized and preserving cash: SG&amp;A, opex &amp; capex significantly down since 2016</li> <li>Adapting the operating model: Flexible operational cost base which can be adjusted to match activity in cooperation with partners</li> </ul>	<p><b>Prosafe SG&amp;A costs per active vessel (excl. bareboats)</b></p> 																
<p><b>Sustainable balance sheet</b></p>	<ul style="list-style-type: none"> <li>Business as usual – full support to trade</li> <li>Consensual solution pursued</li> <li>Agreement before 2021 envisaged</li> </ul>	<p><b>Prosafe aims to achieve a sustainable balance sheet</b></p> 																

# Fleet status: Contracts, wins and extensions

## Contract backlog



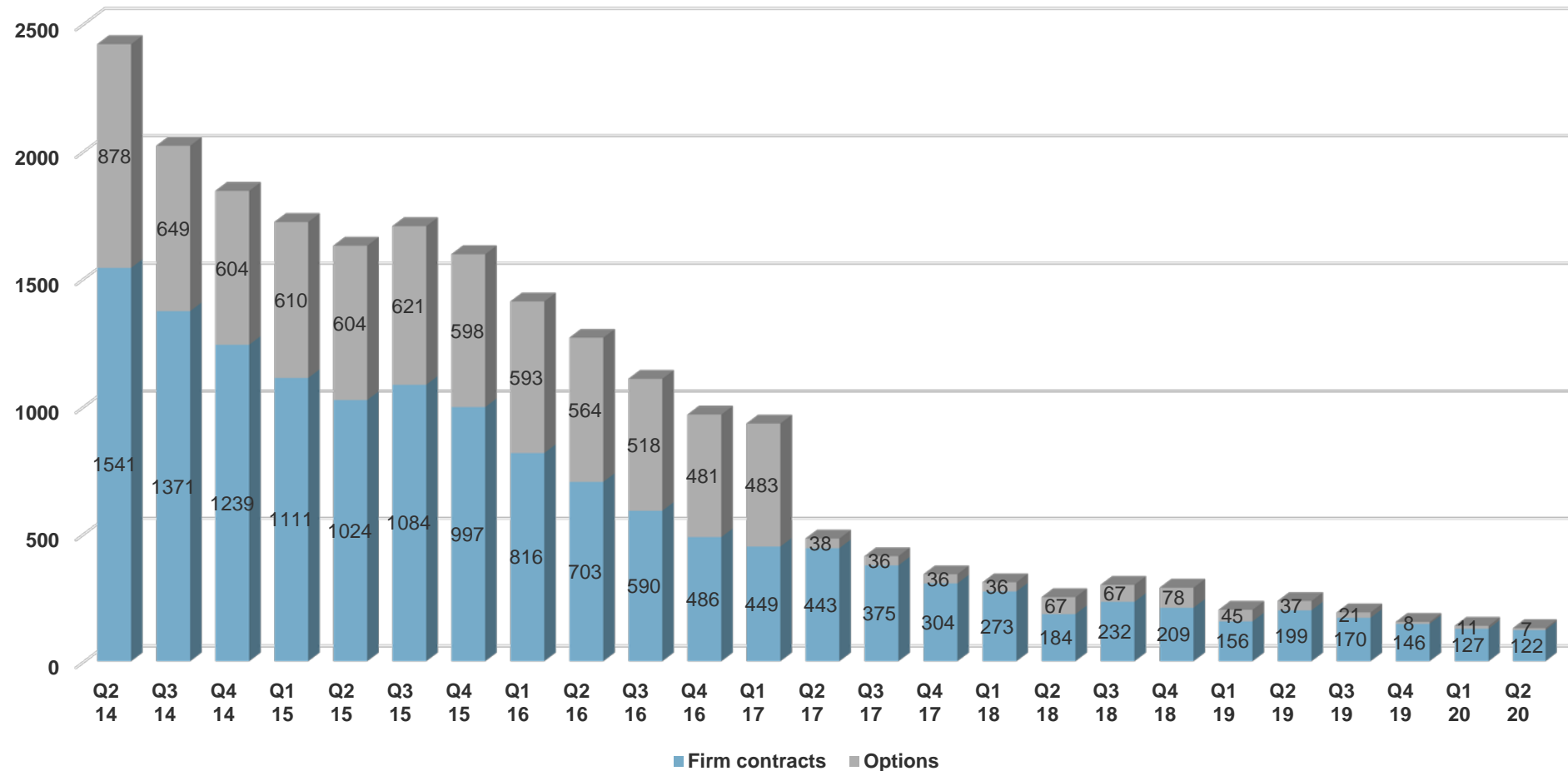
Regalia: The process leading to possible recycling of Regalia in 2021 is underway

Safe Vega and Safe Nova: newbuilds at the yard

## Contracting update

- **Safe Notos** contract with Petrobras under suspension for 120 days from April 2020 with gangway connected operation anticipated commencement within October 2020
- **Safe Eurus** will recommence gangway connected operations in September 2020
- **Safe Zephyrus** contract with Shell at Shearwater moved to March 2021 for 115 days with front and back end options
- **Safe Caledonia** contract with Total rescheduled to March 2021

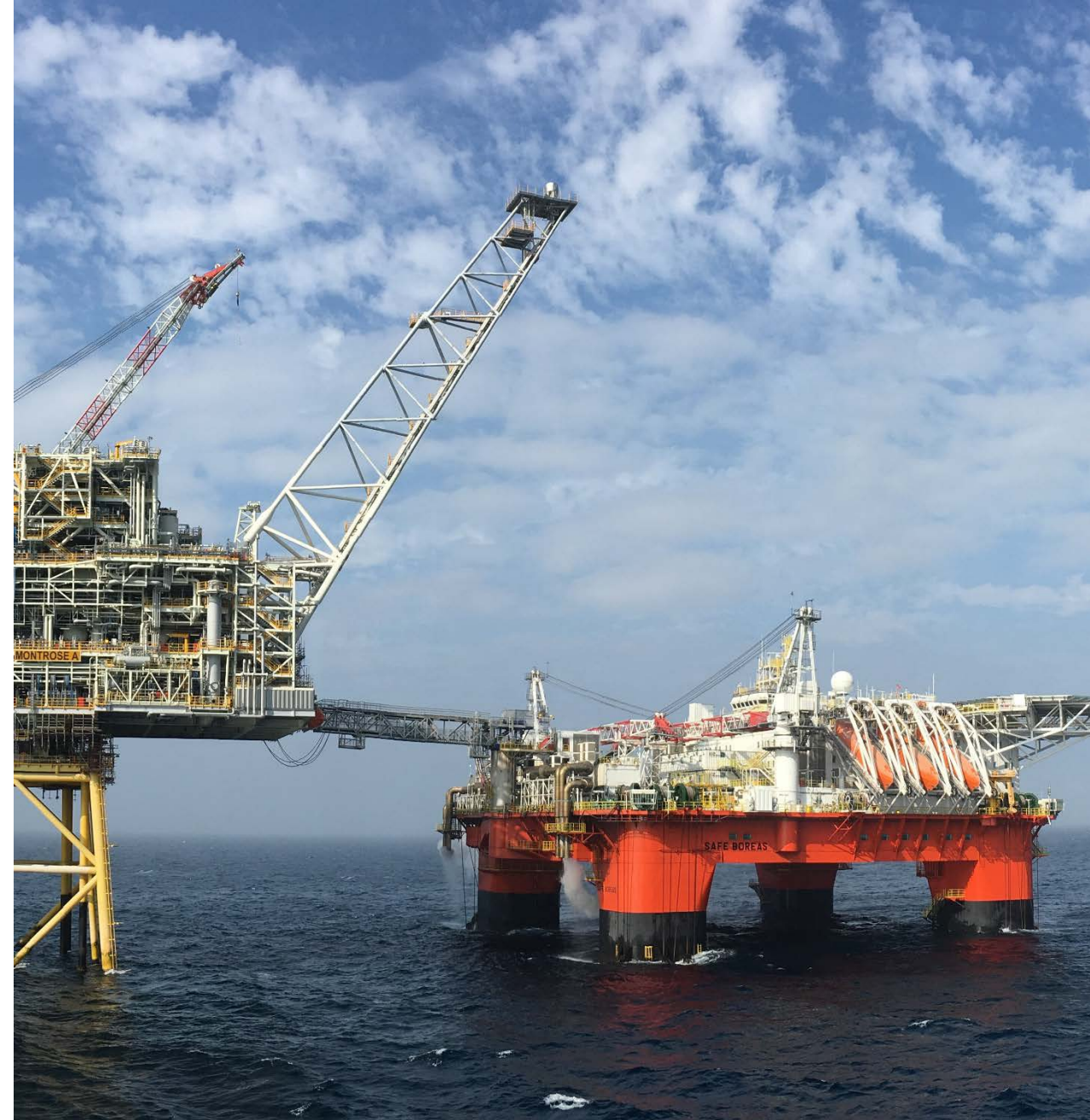
# Order backlog per end Q2 2020



Prosafe's firm backlog was USD 122 million as at end Q2 2020

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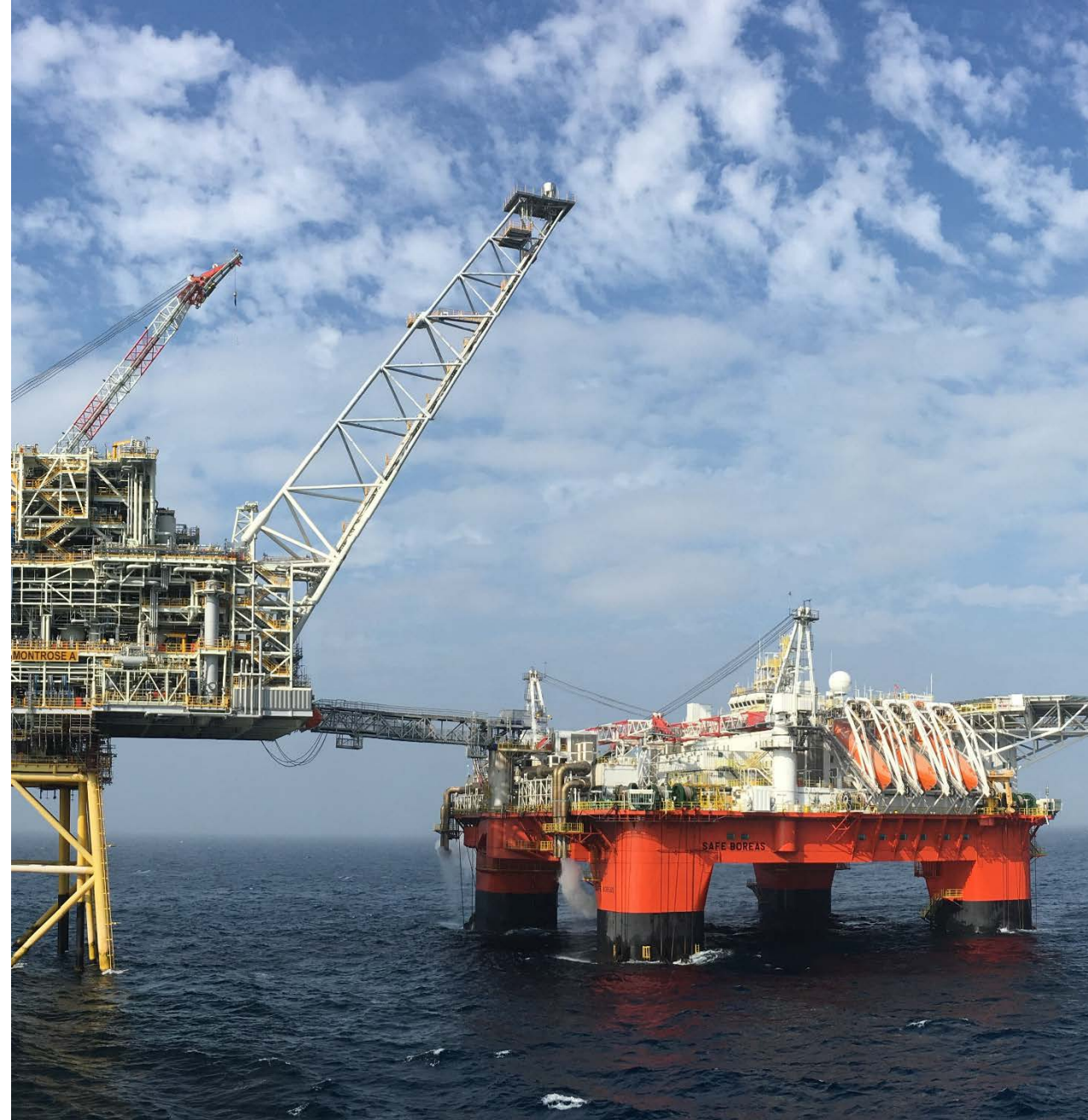
# Constructive process with lenders ongoing

- Prosafe has been engaged in a constructive process with its lenders since Q4 2019
- The company aims at achieving a sustainable balance sheet in line with many other companies in the oil and gas services industry
  - The company has received continued support from a majority of lenders across the loan facilities while lenders reserve their rights
  - Pending outcome of the process, the company will continue to defer making payments of scheduled instalments and interests and to operate on a business as usual basis to protect and create value through challenging market conditions
  - The company expects to complete the refinancing process in the second half of 2020
- Meanwhile the company has sufficient liquidity reserve at USD 178 million per Q2 2020



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# Key focus areas

1

Modernize the fleet



Prosafe's most competitive fleet, average age of 6 years

2

Sustainable financial solution



Constructive process with lenders ongoing

3

Commercial wins



Maintain or improve commercial out performance

4

ESG – Energy Efficiency



Optimizing fuel and energy consumption to reduce emissions

5

Westcon court case

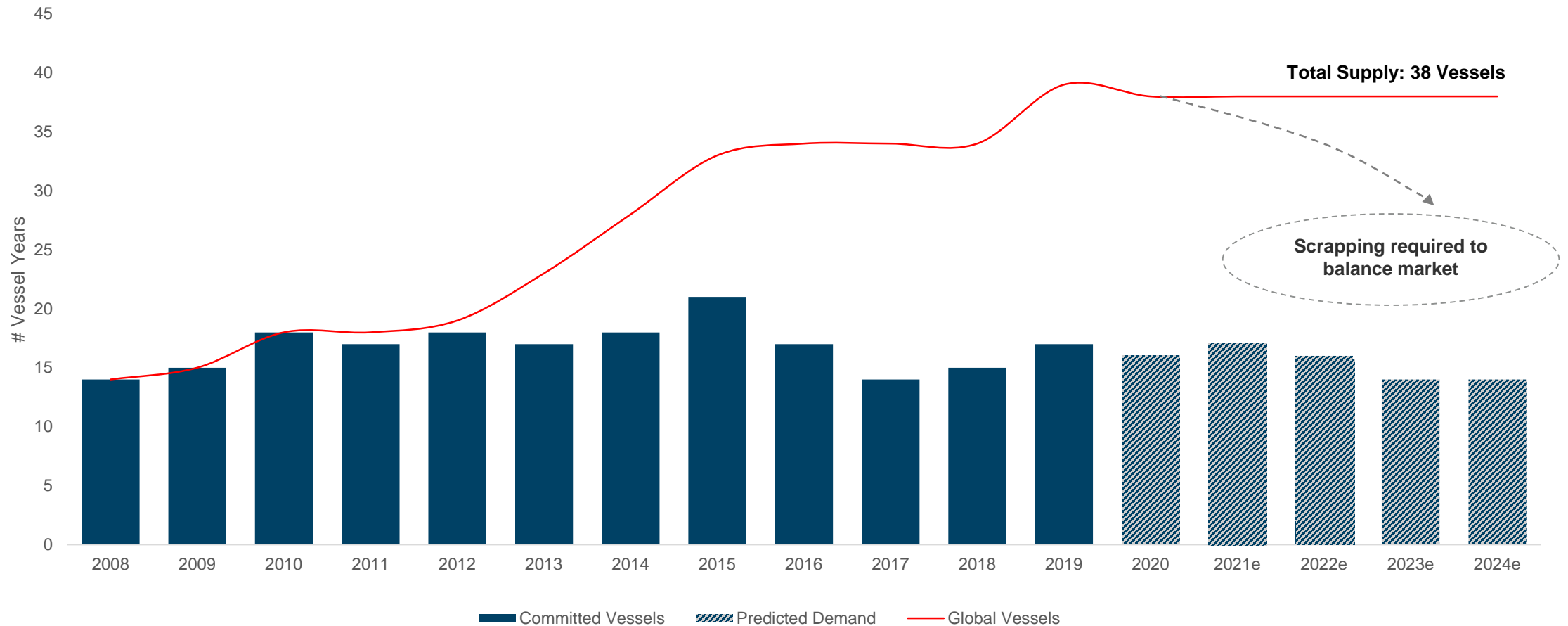


Court case ongoing. Final decision anticipated Q1 2021

# Global oversupply of vessels

- Fleet enhancement and consolidation remains on the agenda

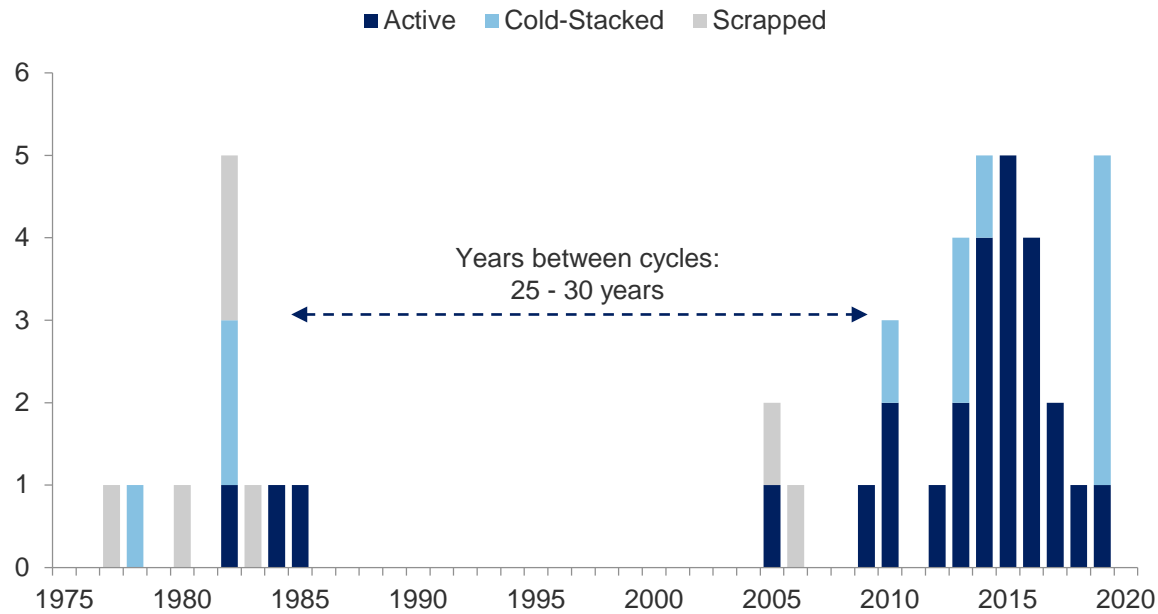
## Global supply demand outlook



# Scrapping anticipated to gradually reduce oversupply

- But might take time

## Current supply based on year of delivery



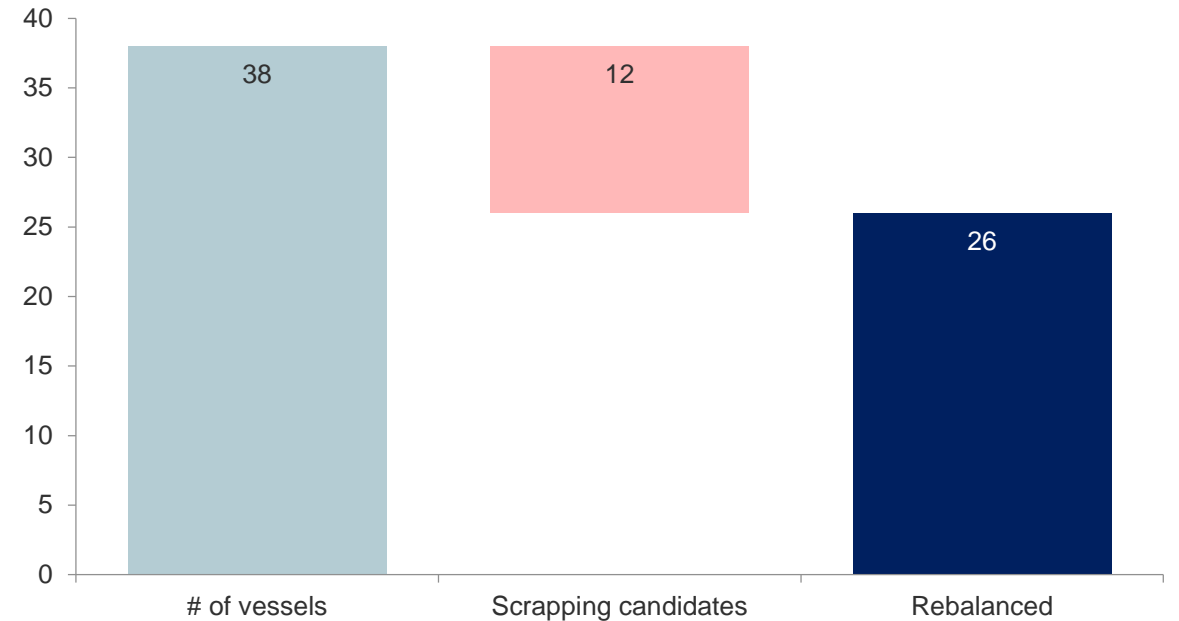
Current supply is 38:

- 29 of 38 vessels are delivered after 2005

Average age:

- Whole fleet: 11.4 years
- Most competitive fleet: 6.1 years

## Scrapping candidates

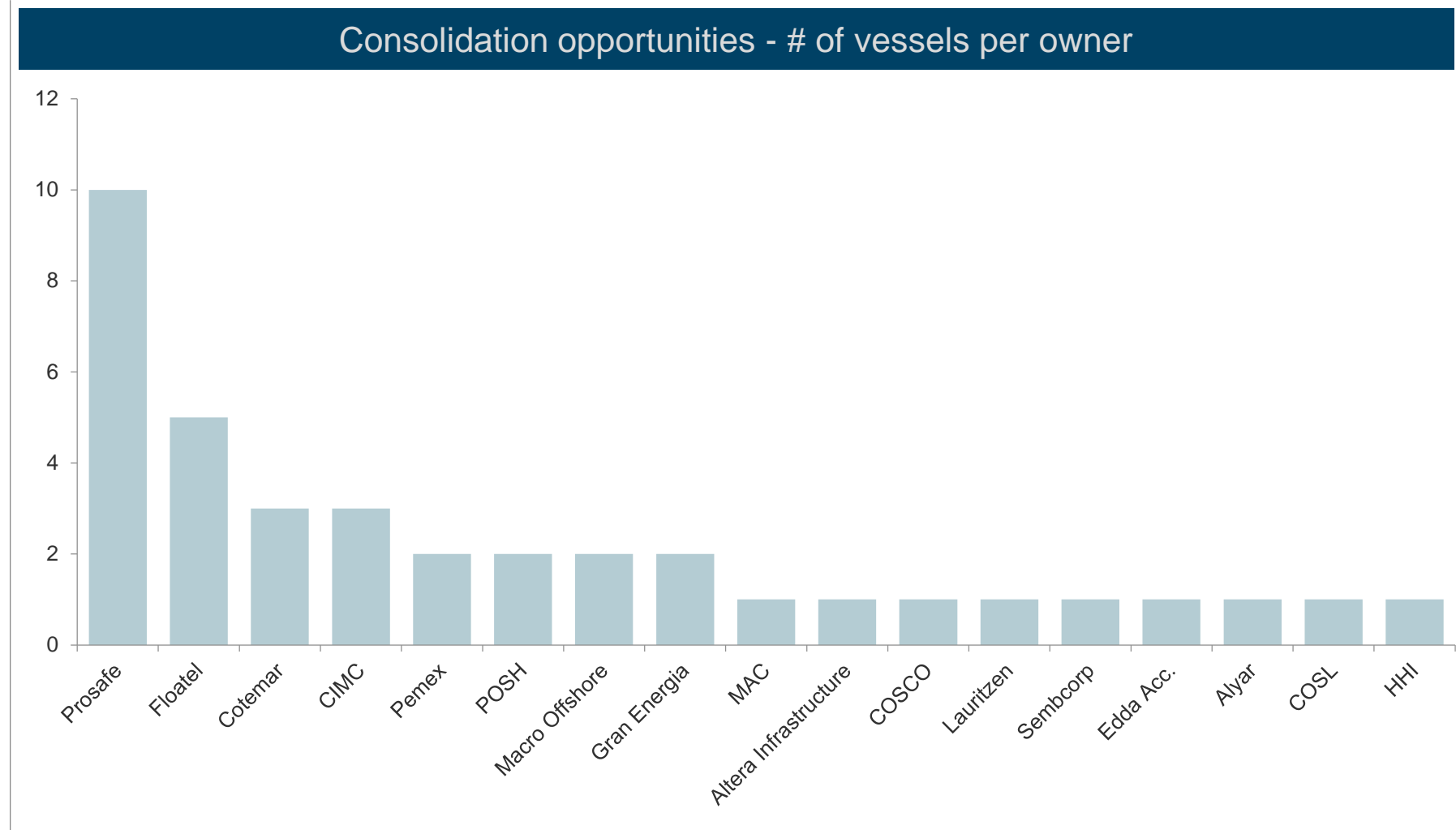


- We expect a gradual replacement of older and less competitive vessels
- We have identified 12 scrapping candidates which we believe have negative or marginal NPV.

# High consolidation potential

## Consolidation opportunities

- Prosafe is well placed to drive consolidation in the industry due to its strong commercial outperformance, cost leadership and global presence
- Operating 1 - 2 flotels is not efficient



# Summary

- 2020 – a lost year from an operational activity and financial results point of view
- Adapting operating model to a new reality; cost, spend, flexibility and sourcing from partners
- Working with lenders to arrive at a sustainable financial solution
- Aim to maintain commercial outperformance
- ESG: Energy management initiatives ongoing
- Market outlook:
  - small activity spike expected in 2021 where the deferred 2020 work will come on top of the planned work for 2021
- Consolidation remains part of the strategic ambition

