# Q4 2023 Results

01 February 2024

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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. Although we believe that the expectations reflected in such forward -looking statements are reasonable, these forward-looking statements are based on a number of assumptions and forecasts that, by their nature, involve risk and uncertainty. Various factors could cause our actual results to differ materially from those projected in a forward-looking statement or affect the extent to which a particular projection is realized. 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. To the extent this information includes information sourced from third parties, such as concerning the industry in which Prosafe operates, has not prepared such information and assumes no responsibility for it. 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.

# Key events Q4 2023

## Outlook

- Four out of six options declared for Safe Concordia, increasing firm backlog with USD 12.7 million and extending the fixed term to November 2024
- Controlling significant share of high-end available accommodation capacity in 2024-2026
- North Sea operators planning future campaigns with ongoing bidding for 2025. No longer in dialogue regarding the announced NCS contract for 2025
- Strong demand in Brazil with further long and short-term contracts expected

## Operations and HSSE

- Good operating and safety performance on all vessels
- Utilisation of 50%, four out of seven vessels operating during the quarter
- Safe Concordia, Safe Notos and Safe Zephyrus with 100% uptime. Safe Eurus 50% on-hire due to SPS in quarter

## Financials

- Q4 revenue of USD 29.6 million and EBITDA of USD (2.7) million
- FY 2023 revenue of USD 97.7 million and EBITDA of USD (10.5) million
- Liquidity of USD 74.6 million at year end
- Strong investor support, USD 34.7 million in proceeds from private placement and subsequent offering




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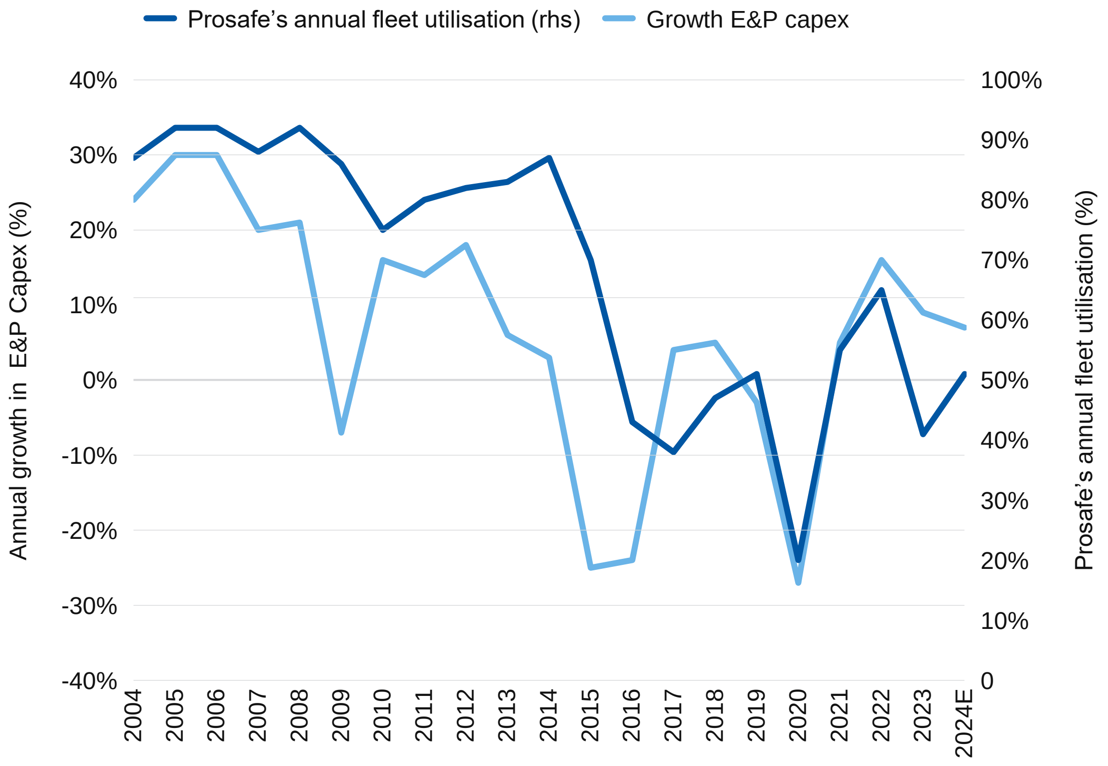
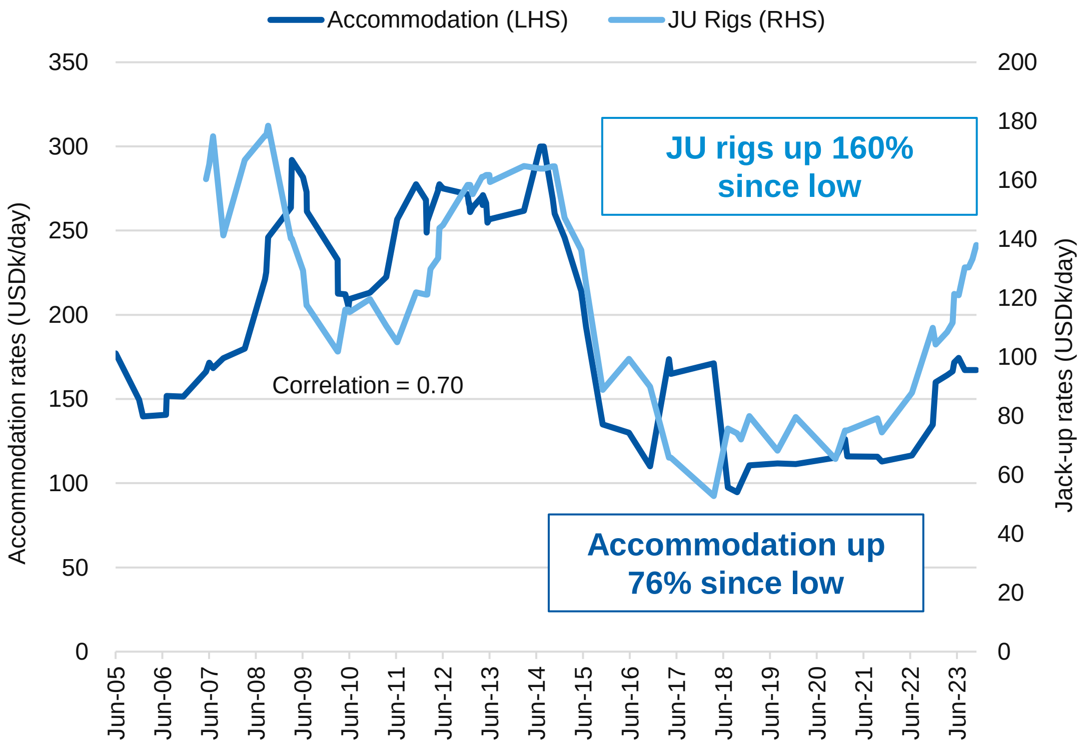
# Market

# Late-cyclical market trailing E&P spending and drilling rates

## Growth in E&P Capex vs. fleet utilisation




## Trailing 12-month average fixture rates Jack-up vs. accommodation

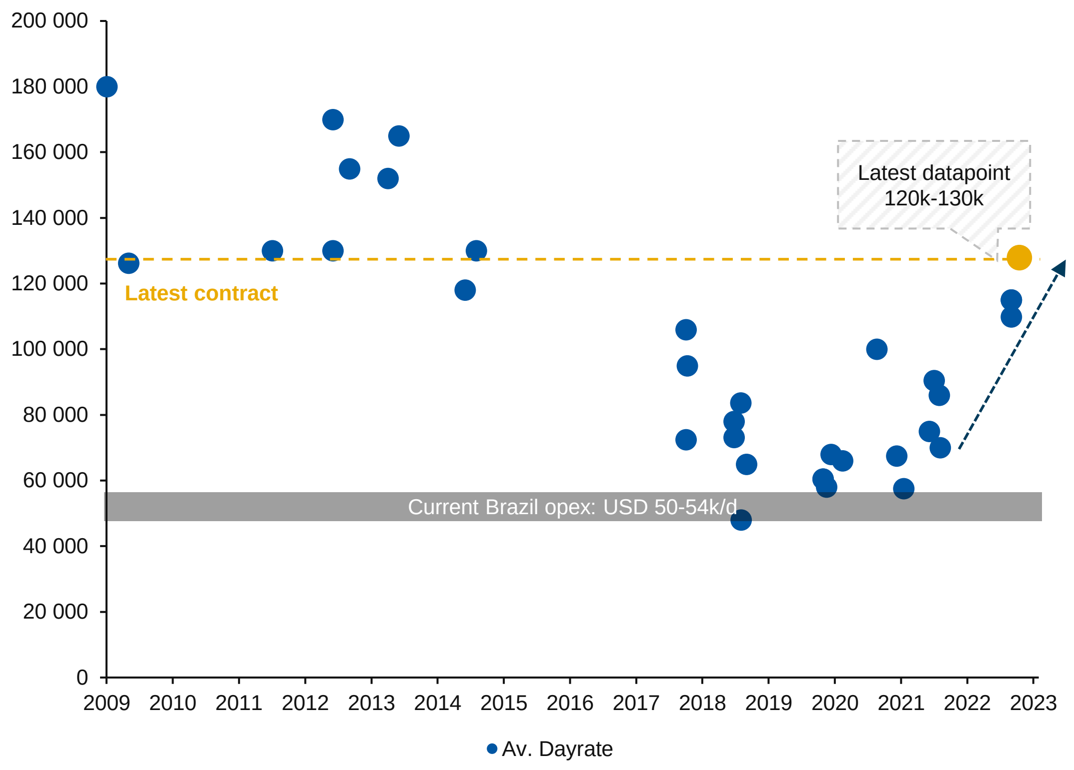




Source: Rigbase, SB1 Markets

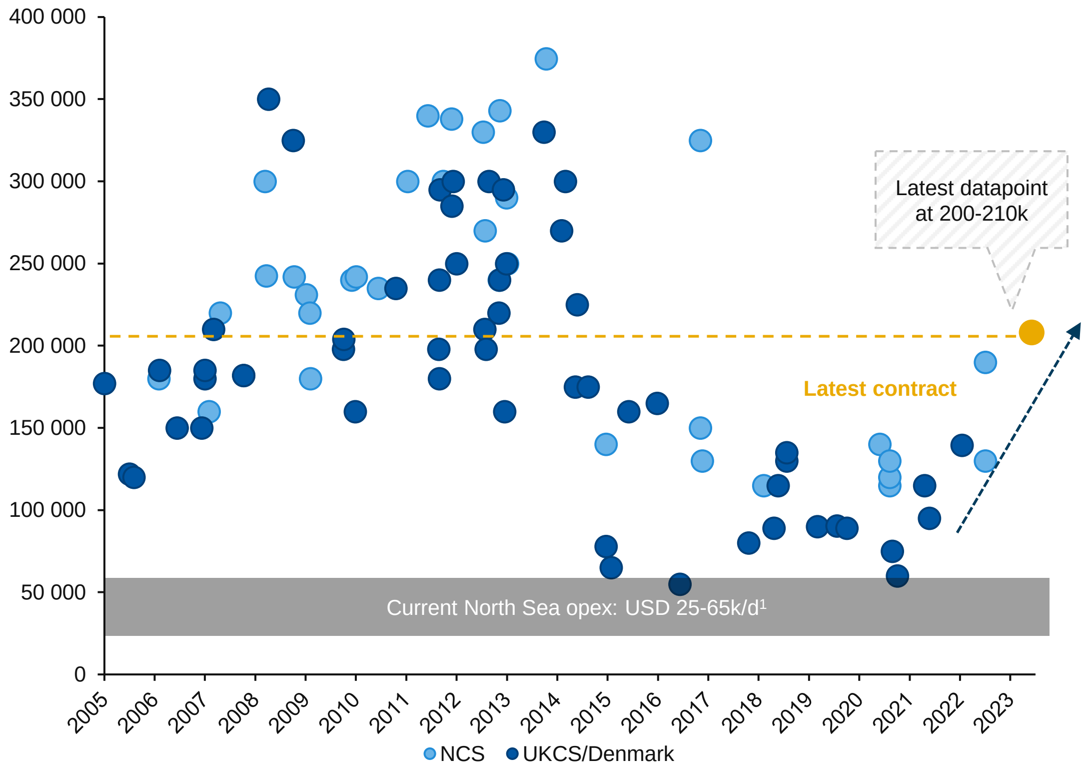
# Rates in Brazil and the North Sea reaching 2015 levels

## Brazil day rate development (USD/d)




**Avg day rate of USD 130k/day would equate to approx. USD 30m EBITDA**

## North Sea day rate development (USD/d)




**Avg day rate of USD 250k/day for 6 months[2] would equate to approx. USD 36m EBITDA**

[1] Depends on region and if the vessel is moored, DP or non-DP
[2] Assuming only summer work in the North Sea



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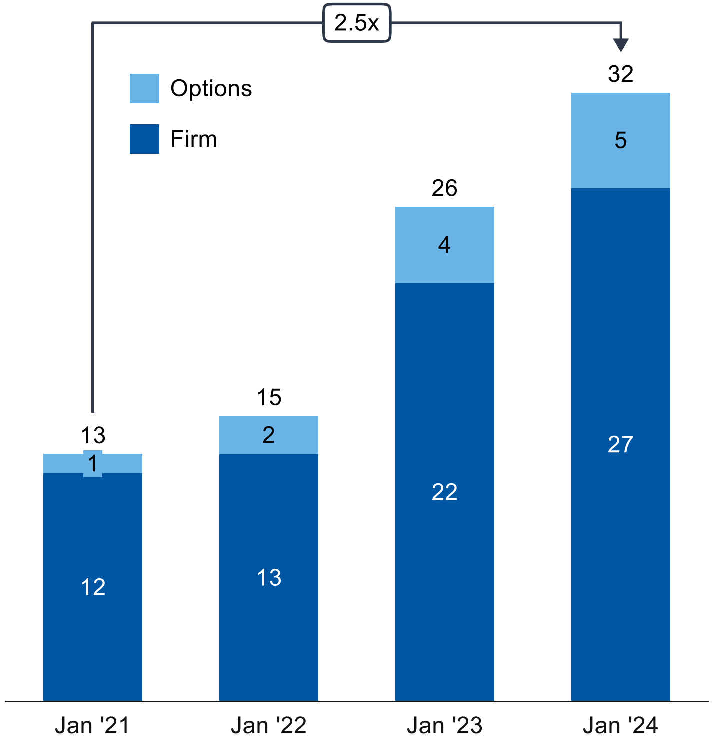
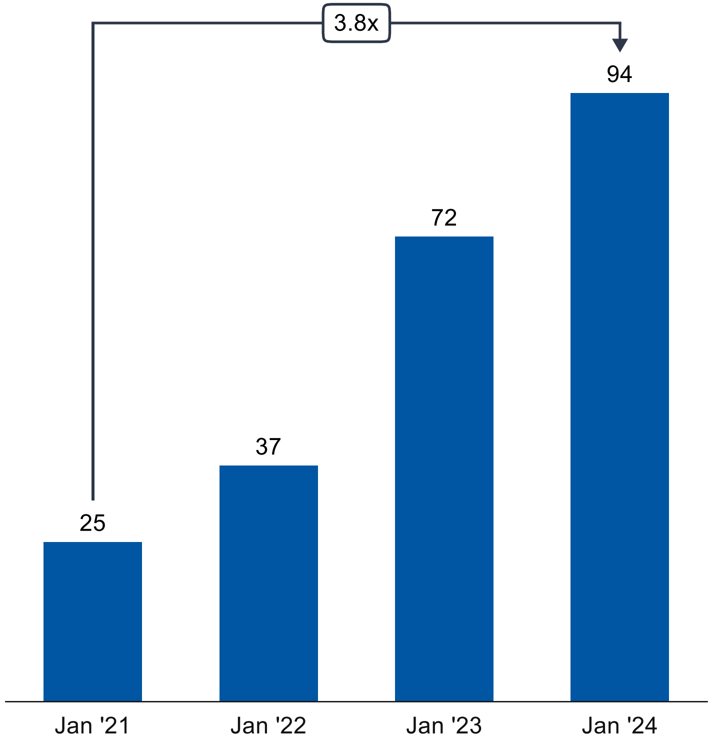
# Durations, backlog and contract horizon confirm tight market[1]

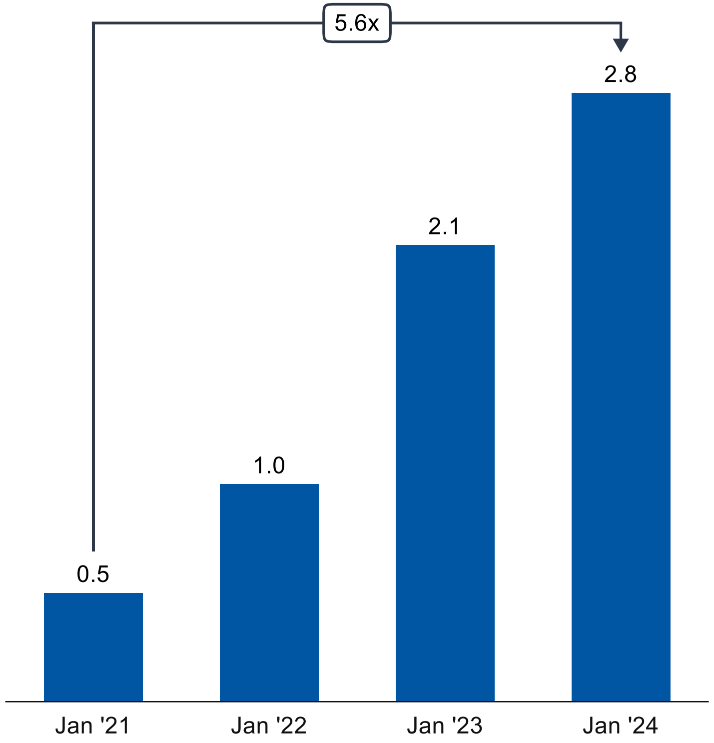
## Median backlog per rig (months)




## Median revenue backlog per rig (USD million)




## Median fixing horizon (years to end of last contract)[2]




1) Includes high end (tier-1) units in North Sea, Brazil, GoM, Canada and Australia (13 units), including options
2) Time to the end of latest firm fixture (including gaps between contracts)

Source: Prosafe, company and market reports



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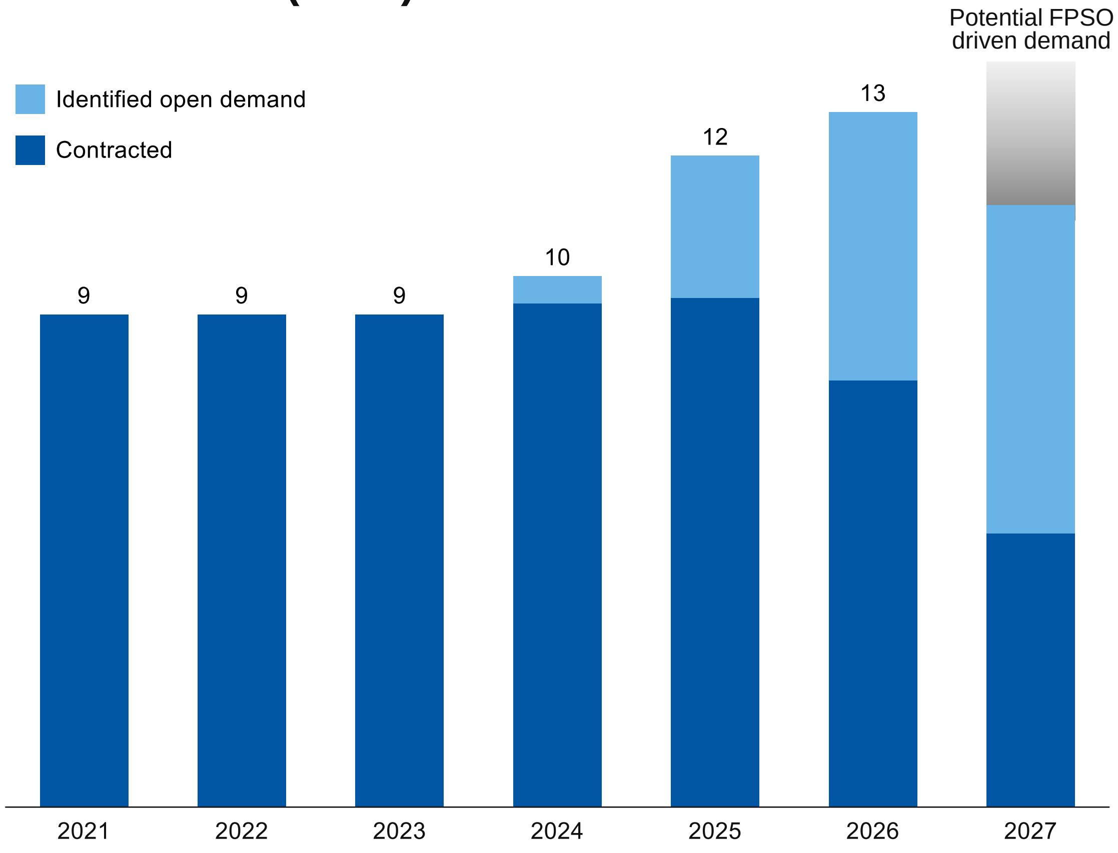
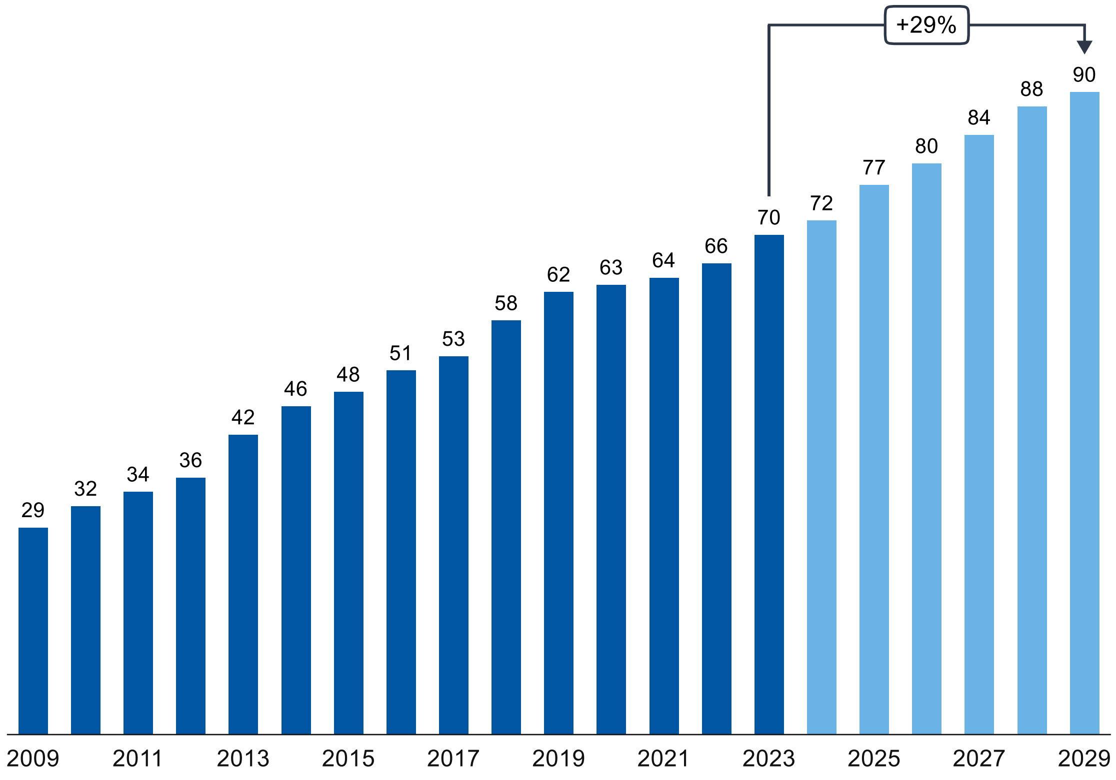
# Brazil FPSO growth driving increased demand

## Brazil market (units)[1]




## Floating production units in Brazil[2]






1) Source: Prosafe, company and market reports
2) Source: Petrobras Strategic Plan 2024-28, market reports

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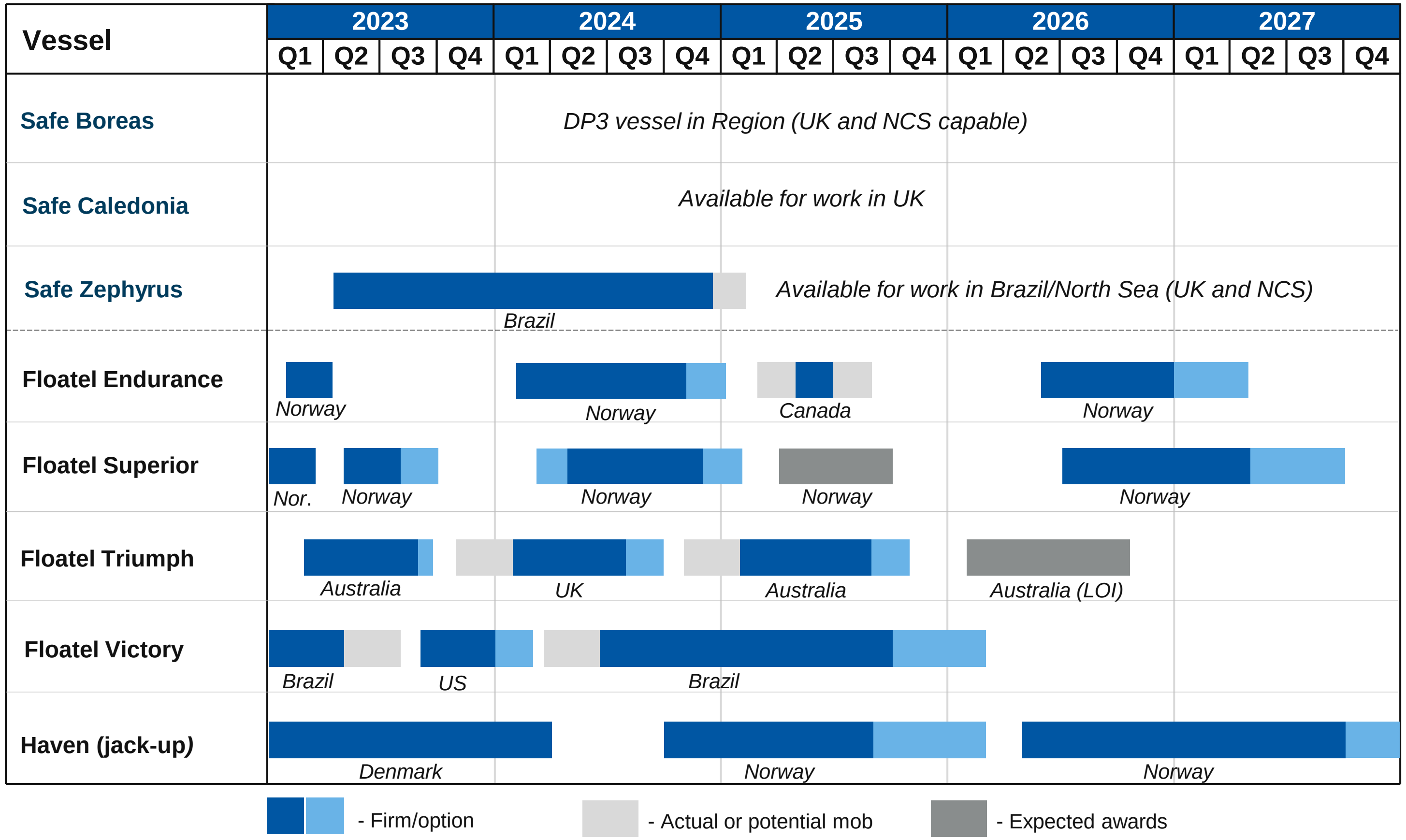
# Tight North Sea market with Prosafe holding capacity

## North Sea capable accommodation rigs (UK+NCS)




## Comment

- North Sea operators planning future campaigns
- Ongoing bidding for 2025 and awards expected in H1 2024
- Safe Boreas only DP3 semi in North Sea region available for 2024 and 2025 summer work
- Safe Caledonia available for UK work with limited competition in coming years
- Currently, limited prospects for 2024
- Controlling the open capacity in 2026 when adjusted for vessel location / mobilisation
- Upside potential in rates from last high fixture of USD 200-210k per day



Source: Prosafe, company and market reports

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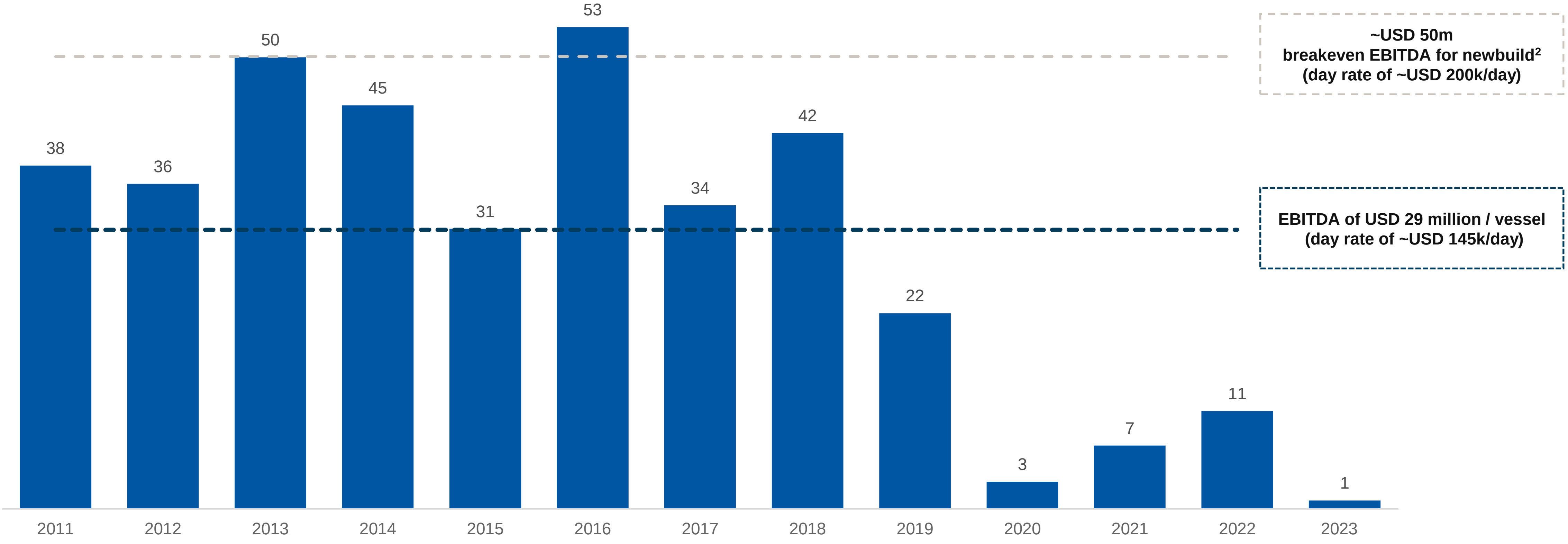
# Past EBITDA per vessel of USD 29 million from current fleet[1]




1) Based on historical current fleet of Safe Concordia, Safe Caledonia, Safe Eurus, Safe Notos, Safe Zephyrus, Safe Boreas and Safe Scandinavia (excluding TSV contract). Excluding SG&A
2) Assumes Brazil capable vessel at a total cost of USD 350m, discounted at 12.5% WACC, rig life of 30 years, USD 56k/d opex, 3% topline tax, USD 4m in capex per year (incl. SPS)

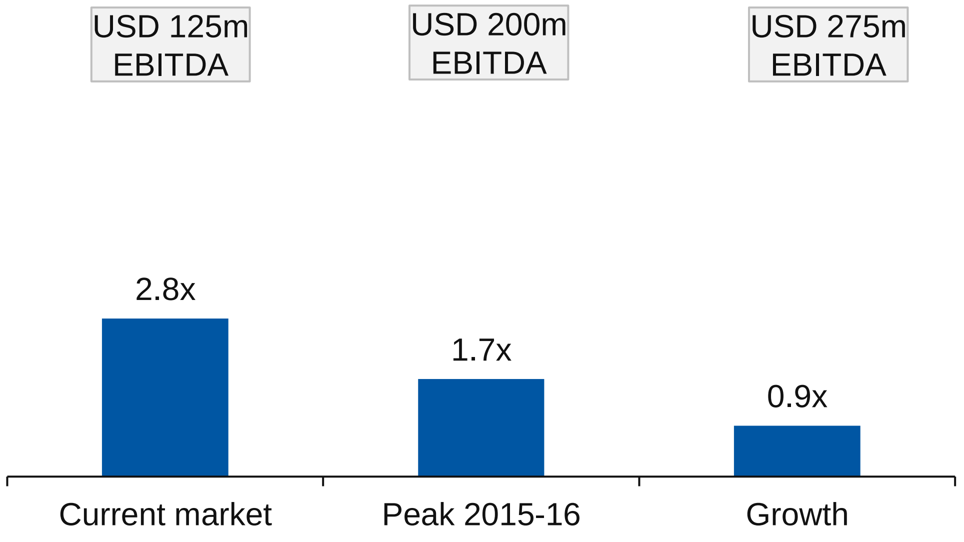
Source: Prosafe, SB1M

# Indicative earnings potential in an improving market

## Current fleet EBITDA potential

| USD million | Current market[1] | Peak[2] 2014-15 | Growth Case[3] |
|---|---|---|---|
| EBITDA/vessel North Sea | **22** | 50 | 40 |
| EBITDA/vessel Brazil/RoW | **25** | 30 | 30 |
| # vessels in North Sea | **2** | 2 | 3 |
| # vessels in Brazil/RoW | **4** | 4 | 6 |
| EBITDA | **144** | 220 | 300 |
| Selling, General & Administrative (SG&A)[4] | **(19)** | (20) | (25) |
| **Illustrative EBITDA** | **125** | **200** | **275** |

## Current NIBD of USD 345m[5] vs EBITDA potential




1) Based on latest observable and relevant fixtures of USD 200k/day in North Sea and USD 120k/day in Brazil, excluding Safe Scandinavia
2) Excluding Mexico and Safe Scandinavia during TSV operation. Excludes Safe Scandinavia
3) Includes newbuilds Nova and Vega plus Safe Scandinavia, calculations exclude required delivery payments, mobilisation and reactivation costs
4) Expected underlying SG&A run rate
5) NIBD per Q4'23, NIBD is reduced by a USD 9.5 million fair value adjustment of which USD 2.9 million is short-term



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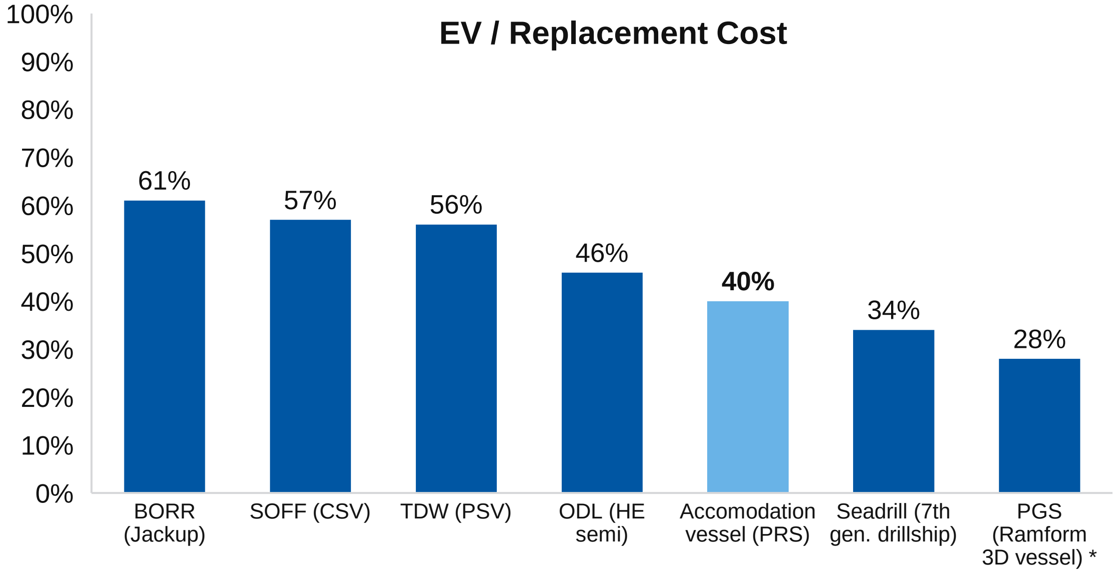
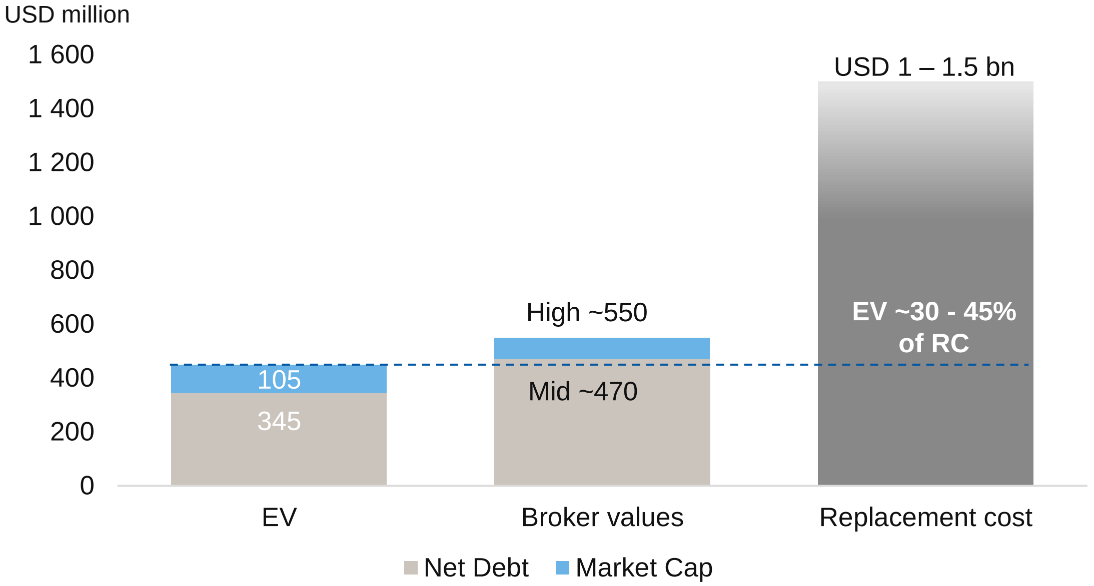
# Enterprise value to replacement cost among the lowest

### Accommodation vessels attractively priced compared to other assets[1]




- Lower Average EV / replacement than other assets

### Low Prosafe asset valuation relative to replacement cost[2]




- Accommodation vessels trading at 30% to 45% of historical newbuild cost
- Broker valuations confirm robust asset backing to EV

1) Source: Sparebank 1 Markets, Factset, Prosafe. Note* Implied value of PGS' fleet is highly sensitive to assumed MC library value.
2) Source: Prosafe, independent brokers. Replacement cost estimated in range of USD 1 to 1.5bn.



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# Operations



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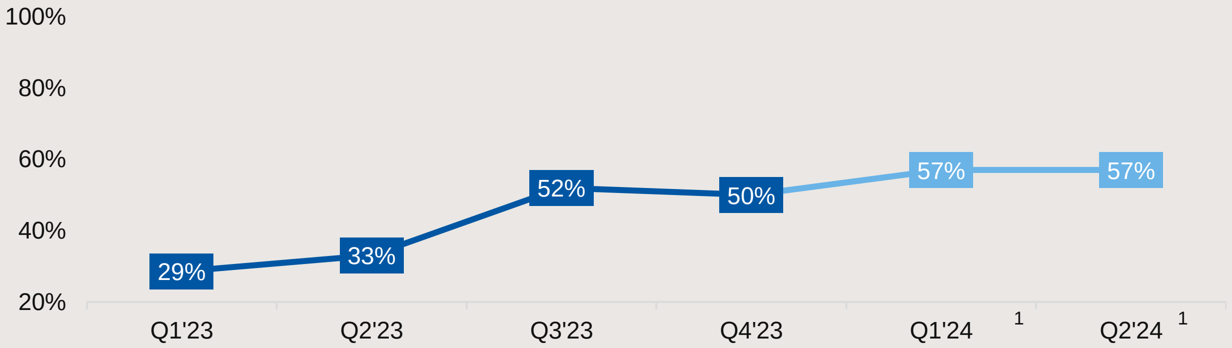
# Good operations

- Safe Notos and Safe Zephyrus on contract with Petrobras in Brazil with 100% utilisation
- Safe Concordia on-hire in US Gulf of Mexico and extended to 09 November 2024 with additional options outstanding
- Safe Eurus was off-hire for SPS during Q4
- TSV Safe Scandinavia laid up in Norway and marketed for both tender support and accommodation work
- Safe Boreas and Safe Caledonia laid up in Norway and UK respectively and being actively tendered for 2025 work


## Fleet utilisation (%)




1) Expected utilisation rate based on firm contracts



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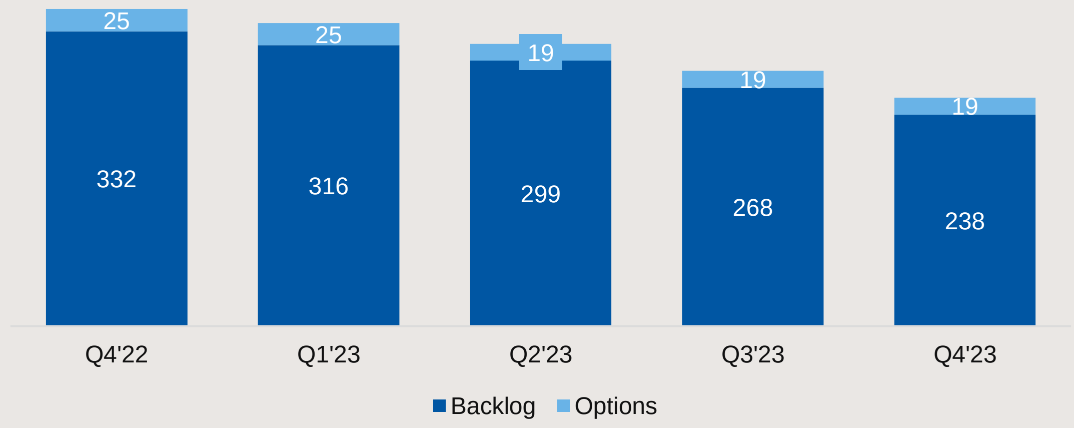
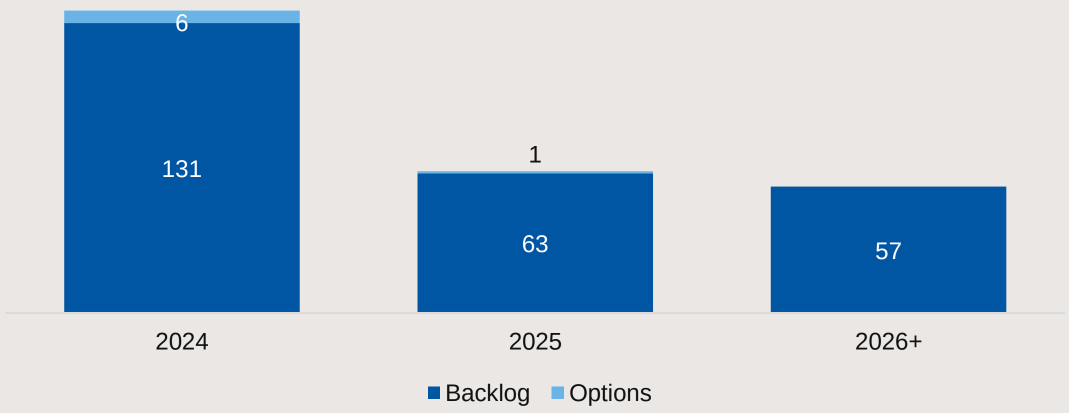
# Backlog into 2027

- Year-end backlog of USD 238 million
- Safe Eurus, Safe Notos, Safe Zephyrus and Safe Concordia contracts
- Safe Concordia firm contract extended to 9 November 2024 with 2x30-day options to January 2025 thereafter

## Order backlog (USD million)




## Expected phasing of order backlog (USD million)



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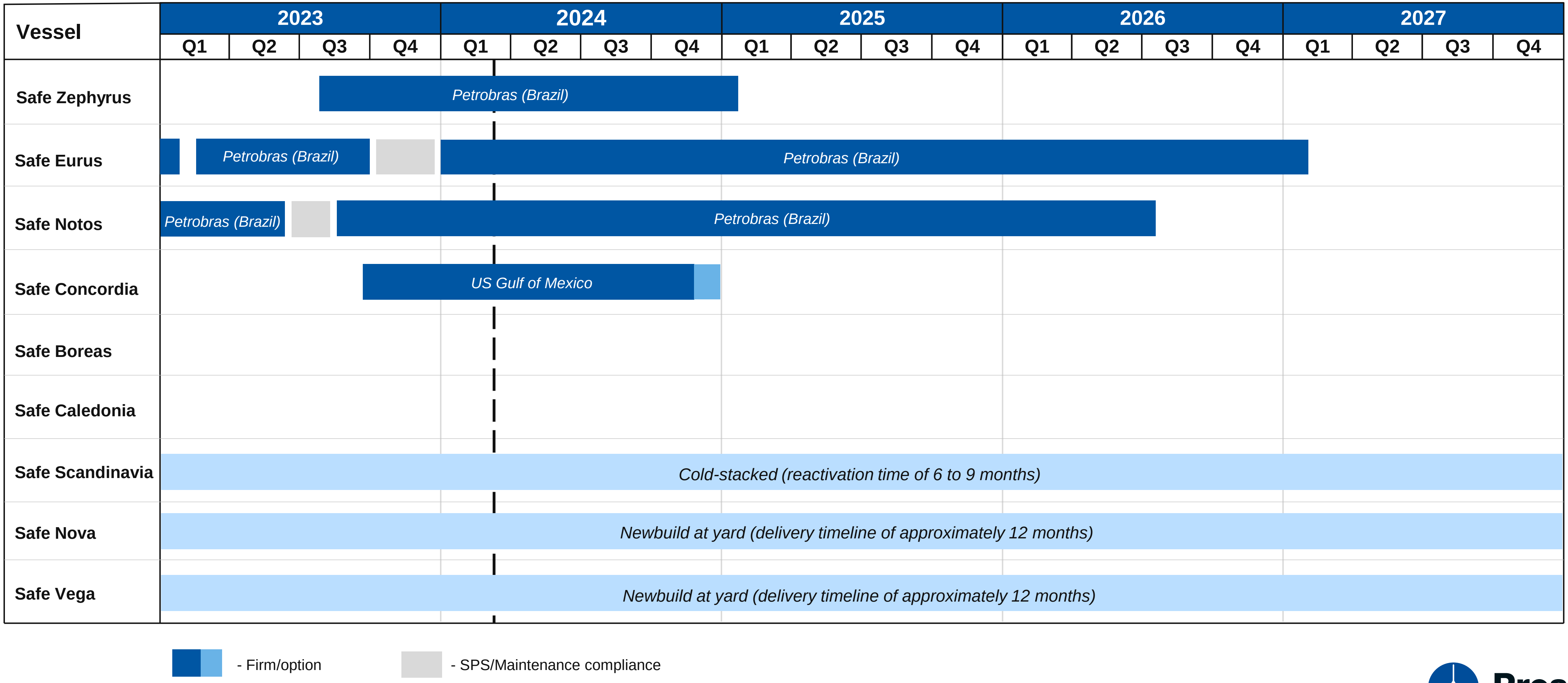
# Improved utilisation in 2024 with 4 of 7 rigs operating



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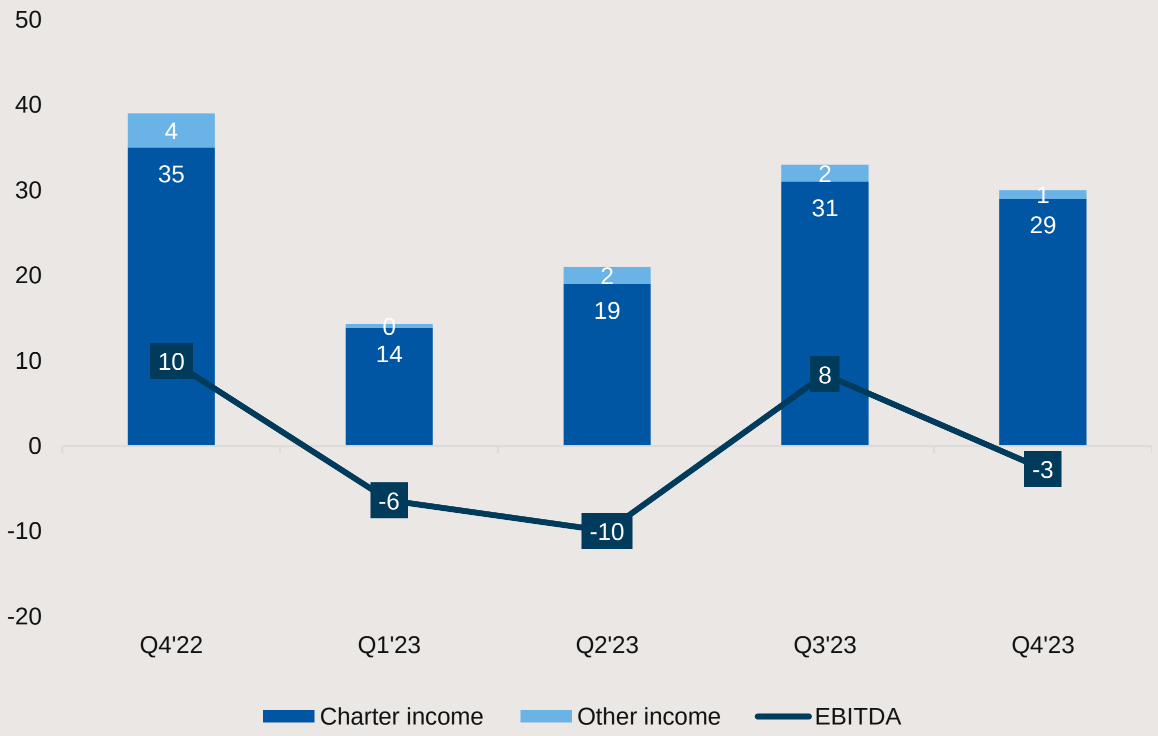
# Financials

# Operating revenues

- Charter income of USD 29 million in Q4, with lower utilisation due to Safe Eurus SPS
  - USD 1 million other income in Q4
- EBITDA negatively impacted by off hire of Safe Eurus for SPS during the quarter

**Operating revenues and EBITDA (USD million)**



# Income statement

- Operating result before depreciation (EBITDA) of USD (2.7) million in Q4 and USD (10.5) million for 2023
- Interest expense was USD 8.0 million in Q4 (USD 6.3 million), with interest rate of 7.6% in Q4 (5.9%). For the year, interest expense was USD 30.9 million (18.7 million), with an interest rate of 7.3% (4.4%)
- Tax income of USD 6.5 million in Q4 (USD (1.2) million) mainly due to reversal of UK tax accrual. For the year, tax income was USD 5.4 million (USD (8.3) million) mainly due to UK tax reversal and no contract in Trinidad & Tobago in 2023
- Remaining net mobilisation[1)] costs to be amortised are USD 3.1 million for Concordia and USD 3.0 million for Zephyrus through respective firm contract periods

| (Unaudited figures in USD million) | Q4 2023 | Q4 2022 | 12M 2023 | 12M2022 |
|---|---|---|---|---|
| Operating revenues | 29.6 | 38.9 | 97.7 | 198.9 |
| Operating expenses | (32.3) | (29.3) | (108.2) | (137.5) |
| **Operating results before depreciation** | **(2.7)** | **9.6** | **(10.5)** | **61.4** |
| Depreciation | (9.9) | (7.7) | (31.1) | (29.5) |
| **Operating profit/(loss)** | **(12.6)** | **1.9** | **(41.6)** | **31.9** |
| Interest income | 0.5 | 0.3 | 2.1 | 0.7 |
| Interest expenses | (8.0) | (6.3) | (30.9) | (18.7) |
| Other financial items | (1.1) | (1.8) | (2.8) | (4.1) |
| **Net financial items** | **(8.6)** | **(7.8)** | **(31.6)** | **(22.1)** |
| **(Loss)/Profit before taxes** | **(21.2)** | **(5.9)** | **(73.2)** | **9.8** |
| Taxes | 6.5 | (1.2) | 5.4 | (8.3) |
| **Net (loss)/profit** | **(14.7)** | **(7.1)** | **(67.8)** | **1.5** |
| **EPS** | **(1.01)** | **(0.81)** | **(6.00)** | **0.17** |
| **Diluted EPS** | **(1.01)** | **(0.81)** | **(6.00)** | **0.17** |



1) Mobilisation cost is incurred before contract start and is directly related to the contract performance hence its amortised over the firm contract period

# Balance sheet

- Total assets of USD 492.7 million, reduction from last year mainly related to the reduction in cash balance
- Cash position of USD 74.6 million
- Net working capital[1] USD 5.1 million (USD 9.8 million), reduction driven by increase in accounts payable
- Equity ratio of 6.9%
- Q4 NIBD[2] of USD 344.9 million whereof USD 4.0 million is short-term debt

| (Unaudited figures in USD million) | 31.12.23 | 31.12.22 |
|---|---|---|
| Vessels | 383.7 | 376.8 |
| New builds | 0.0 | 0.0 |
| Other non-current assets | 1.8 | 1.2 |
| **Total non-current assets** | **385.5** | **378.0** |
| Accounts and other receivables | 24.9 | 24.1 |
| Other current assets | 7.7 | 6.3 |
| Cash and deposits | 74.6 | 91.6 |
| **Total current assets** | **107.2** | **122.0** |
| **Total assets** | **492.7** | **500.0** |
| Share capital | 24.8 | 12.4 |
| Other equity | 9.0 | 24.9 |
| **Total equity** | **33.8** | **37.3** |
| Interest-free long-term liabilities | 1.8 | 1.9 |
| Interest-bearing long-term debt | 415.5 | 418.5 |
| **Total long-term liabilities** | **417.3** | **420.4** |
| Accounts and other payables | 27.4 | 20.6 |
| Tax payable | 10.1 | 18.0 |
| Current portion of long-term debt | 4.0 | 3.7 |
| **Total current liabilities** | **41.6** | **42.3** |
| **Total equity and liabilities** | **492.7** | **500.0** |

1) Net working capital is equal to (Total current assets excl. cash – Total current liabilities excl. Tax payable and current portion long-term debt)
2) Net Interest-bearing is equal to Interest-bearing debt less cash. NIBD is reduced by a USD 9.5 million fair value adjustment of which USD 2.9 million is short term



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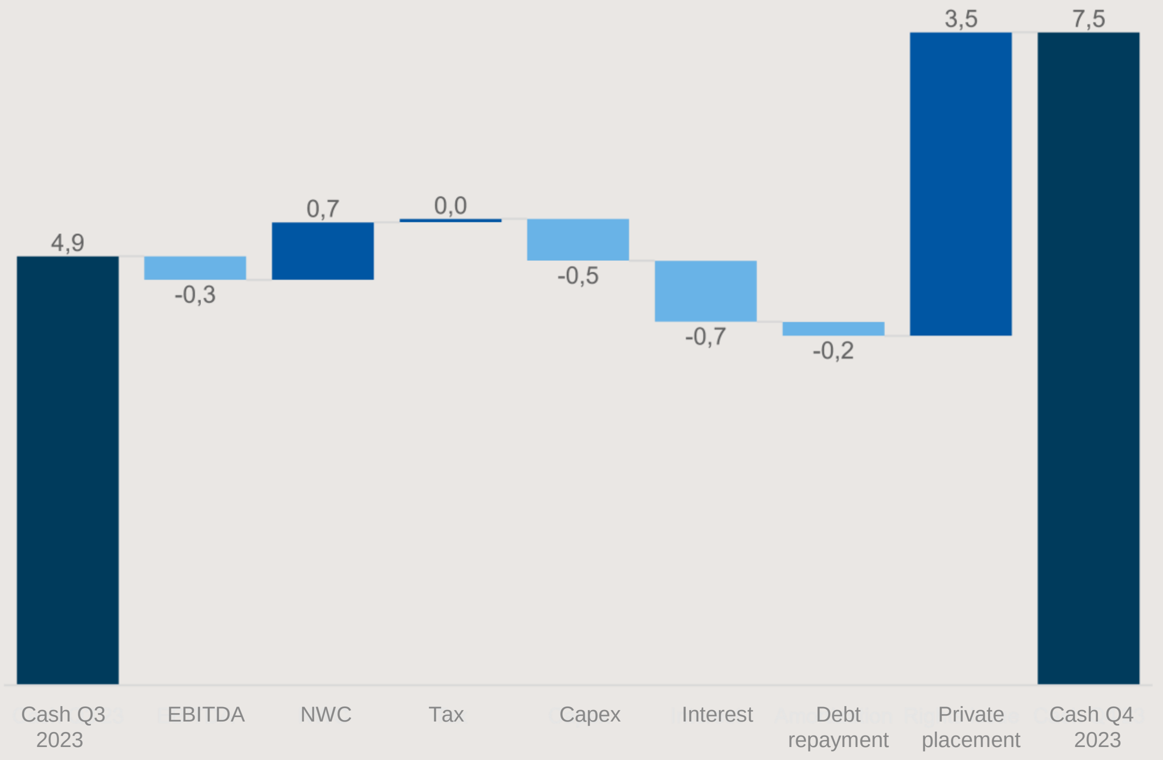
# Operating cash flow

- Operating cash flow of USD 3.8 million in Q4 and USD (11.5) million for full year
- Capex spend of USD 4.8 million in Q4 driven by Safe Eurus SPS and USD 37.7 million for full year
- Positive working capital impact due to increase in accounts payable, relating mainly to SPS of Safe Eurus
- Net proceeds from private placement and secondary offering of USD 34.7 million in Q4
- Cash position of USD 74.6 million at 31 December 2023[1]

**Cash flow in the quarter (USD million)**




1) Cash Position includes USD 4.3 million in cash held in the New Group which is excluded for covenant calculation purposes

# Summary and outlook



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# Summary

- Good operating and safety performance on all vessels
- 2023 has been a challenging year with lower utilisation than expected and increased costs related to mobilisation, hull cleaning and SPS
- Strong investor support during the year with two private placements
- Four out of six option periods secured for Safe Concordia
- Controlling a significant share of open high-end accommodation capacity in 2024 to 2026
- Strong and improving Brazil market with further long and short-term contracts expected
- North Sea operators planning future campaigns with ongoing bidding for 2025
- Trend of increasing day rates and utilisation expected

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# Appendix

# Vessel update - Brazil

## Safe Eurus
DP3 – Worldwide[1]

- Contracted to Petrobras until February 2027
- 100% utilisation in 2023 excluding SPS

## Safe Notos
DP3 – Worldwide[1]

- Contracted to Petrobras until July 2026
- 100% utilisation in 2023 excluding hull cleaning

## Safe Zephyrus
DP3 - Worldwide operations

- Contracted to Petrobras until February 2025
- 100% utilisation since contract start May 2023
- Marketed for Brazil and North Sea contracts

1) Worldwide operations excluding Norwegian Continental Shelf (NCS)



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# Vessel update – North Sea and Gulf of Mexico

## Safe Concordia
DP2 – Worldwide[2]

- Firm contract extended to 10 November 2024 with 2x30-day options to January 2025 in US Gulf of Mexico
- 100% utilisation since contract start August 2023
- SPS due March 2025

## Safe Boreas
DP3 - Worldwide

- Actively marketed, currently in Norway
- Potentially only NCS DP3-vessel available in 2025 and 2026 for work in North Sea

## Safe Caledonia
TAMS - UK North Sea

- Actively marketed, currently in the UK

## Safe Scandinavia
TSV/accommodation - UK / NCS

- Tender assist (“TSV”) or accommodation support
- Accommodation capacity
  - 155 beds NCS
  - ~300 beds UK / Rest of world

2) Worldwide excluding North Sea (UK and NCS)
NCS – Norwegian Continental Shelf
TAMS – Thruster assisted mooring system

# Two newbuilds available at yard

- Only two DP3 newbuild semis available at yard
  - 500 POB and suited for Petrobras requirements
  - Ongoing dialogue with the yard on how to facilitate delivery in expected future Petrobras tenders
  - Long-term contracts required to justify delivery
  - Typhoon in late September 2022 caused material damage that must be repaired prior to delivery
  - The yard is in the process of undertaking repairs


**Agreed delivery terms with COSCO (under discussion):**

- Remaining purchase price for vessels:
  - $210m (Nova), $212m (Vega), total $422m, includes mobilisation costs of ~$20m each
- Funding at favorable credit terms:
  - Sellers Credit: $165m (Nova), $167m (Vega), 10 year term from August 2018
  - Estimated cash/equity requirement[1]: $45m (Nova), $45m (Vega), total for both vessels of $90m

**Fixed interest rate mechanism**

| Average day rate | Year 1-2 | Year 3-5 | Year 6 to maturity |
|---|---|---|---|
| < USD 99k | - | - | 2 % |
| USD 100k - 124k | - | 2 %-3% | 3 %-5% |
| USD 125k - 149k | - | 3 %-4% | 5 %-8% |
| > USD150k | - | 4 % | 8 % |

1) Cash / equity requirement includes USD 25 million in yard installment due on delivery plus USD 20 million in estimated mobilization costs. Additional costs may be required subject to agreement with COSCO



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# SPS/maintenance capex

- Maintenance capex of ~USD 1-2 million per vessel per year. Higher in Brazil than North Sea and increasing over time
- 5-year SPS cost of USD 5 to 7 million per vessel, excluding life extension works
- 10-year thruster overhaul cost of USD 6 to 7 million per vessel may be required in coming 12 to 24 months for Boreas and Zephyrus
- SPS usually takes 1-2 months to complete and is targeted to be completed in off hire season in North Sea or between contracts in Brazil
- Safe Concordia SPS due in March 2025, which is estimated at USD 15 to 20 million. Life extension will require additional capex
- Reactivation of Safe Scandinavia is estimated to require USD ~20 million. Cost is highly dependent on whether vessel used for accommodation, TSV and contract location

## SPS Schedule

| | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|
| Boreas | | Jan 2025 | | |
| Zephyrus | | Nov 2025 | | |
| Concordia | | March 2025 | | |
| Notos | | | Feb 2026 | |
| Eurus | | | | |
| Caledonia | *Before contract* | | | |
| Scandinavia | *Before contract* | | | |



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# Analytical information

## P&L information

| Item | 2024 Estimated (USDm) | Comment |
|---|---|---|
| SG&A | ~18-20[1] | SG&A may increase depending on activity |
| Depreciation | ~32-33 | Straight line depreciation |
| Interest expense payable | ~29-31 | Exposed to interest rate changes |
| Tax payable | ~2-3 | Norwegian deferred tax asset base of USD 1.7bn per year end 2022, local and contract specific taxes |
| Maintenance / contract specific capex | ~14-15 | 2024 capex mainly for Safe Eurus, Safe Notos, Safe Concordia and new ERP system. Excludes potential re-activation capex / cost for 2025 |

## Indicative opex/day by region

| Region | 2024 Opex Estimated (USDk/day) |
|---|---|
| UK (DP-Boreas/Zephyrus) | 35-45k |
| UK (Moored – Caledonia) | 25-30k |
| Brazil[3] | 50-54k |
| Norway (DP – Boreas/Zephyrus) [2] | 60-65k |
| RoW (Concordia) | 35-45k |
| US GoM (Concordia)[2] | 45-50k |
| Scandinavia (cold) | 2.5-3k |
| Stacking (warm)[4] | 10-20k |

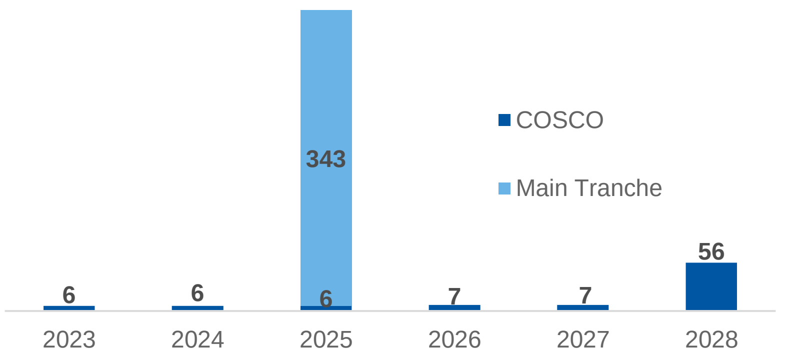
1) Expected run-rate level, excluding one-offs and non-cash option costs. May increase based on activity
2) Excluding amortisation of mobilisation cost.
3) Including approximately USD 5 -10/day in fuel cost
4) Ramp-up and ramp-down before and after contract at full operational cost. Stacking cost and re-activation highly dependent on time in lay-up and region

# Outstanding debt

Two tranches

| | Main tranche | COSCO Sellers Credit |
|---|---|---|
| Outstanding debt | $343m (250m + 93m Notos) | $93m |
| Pledged vessels | Boreas, Zephyrus, Caledonia, Concordia, Scandinavia, Notos | Eurus |
| Interest rate | SOFR + Credit Adjustment Spread* + 2.5%. Unhedged | 0% (increase to 2% from 2026) |
| Amortizations | Cash sweep above $67m forecasted liquidity on 12-month forward basis | 50-50 EBITDA split. Minimum $6m/year, $7m/year from Q3 2026 |
| Maturity | 2025 | ~Q3 2028 or when debt reaches ~$50m |
| PCG | PSE fully liable | $60m |
| Financial Covenant | 2022 cash > $18 million<br>2023 cash > $23 million<br>2024 cash > $28 million | |
| | Cash held in the COSCO tranche shall be deducted when calculating compliance with the cash covenant. On 31 December, USD 4.3m was held in the COSCO tranche | *Newbuilds (Nova and Vega) could be added to the COSCO silo* |
| | Major corporate actions including M&A, new indebtedness and delivery of new vessels require 2/3 approval by the lenders | *Delivery of newbuilds requires 2/3 approval of lenders in main tranche* |

## Debt maturity profile




Ringfenced structure with annual upstreaming to main tranche.

Cash flow on COSCO tranche coming from Safe Eurus which is contracted with Petrobras to 2027

*Change from LIBOR to SOFR resulted in a Credit Adjustment Spread of 0,26%



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# Tax

- Prosafe SE is a permanent tax resident in Norway and its Norwegian tax resident subsidiaries have a base for deferred tax assets of approximately USD 1.7 billion as at end 2022. The deferred tax assets are currently not recognized in the financial statements. In Q4 2023, the Norwegian tax authorities initiated a review of the basis for a portion of the deferred tax losses. This review may lead to a reduction in the unrecognized deferred tax asset base. At this time, Prosafe does not believe that this will have a material impact on Prosafe's financial position irrespective of the outcome of this review
- The company will from time to time operate in countries where local taxes will apply. These taxes are included in the opex assumptions in this presentation where applicable. In relation to the historical Concordia contract in Trinidad and Tobago, a tax provision of USD 6 million is provided for in the 2022 accounts
- At year end 2023, Prosafe released non-cash tax provisions of USD 8 million related to historical UK tax enquiries which were favorably resolved in late 2023
- Prosafe and OSM Thome have jointly received a Tax Assessment from the Brazilian Tax Authorities imposing import taxes and customs penalties related to the challenging of the special customs regimes used to import the Safe Concordia for the Modec contract in the period from October 2018 to July 2019. Both Prosafe and OSM Thome have presented an administrative defence, challenging the view of the Brazilian Tax Authorities. Based on external advice, Prosafe is of the view that the enquiry has no merit, hence it has not made any provisions in the financial statements



Prosafe

Prosafe

We are headquartered in Norway and have offices in the UK, Brazil  and Singapore

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