



20 August 2020



## Q2 2020 results and business update

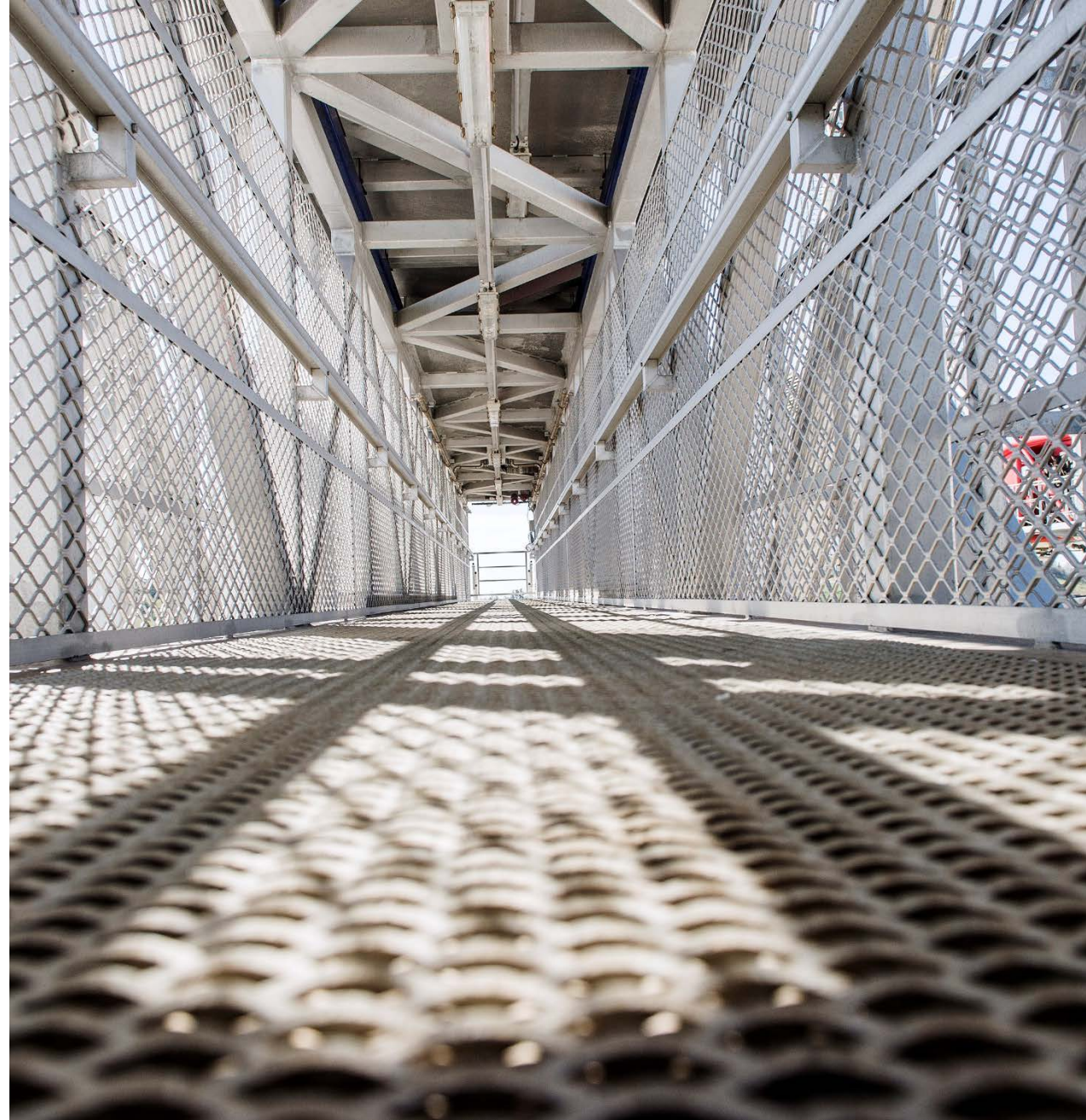
# Disclaimer

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**
- Update on financial situation
- Financial results
- Strategy & Summary





# Highlights – Q2 2020

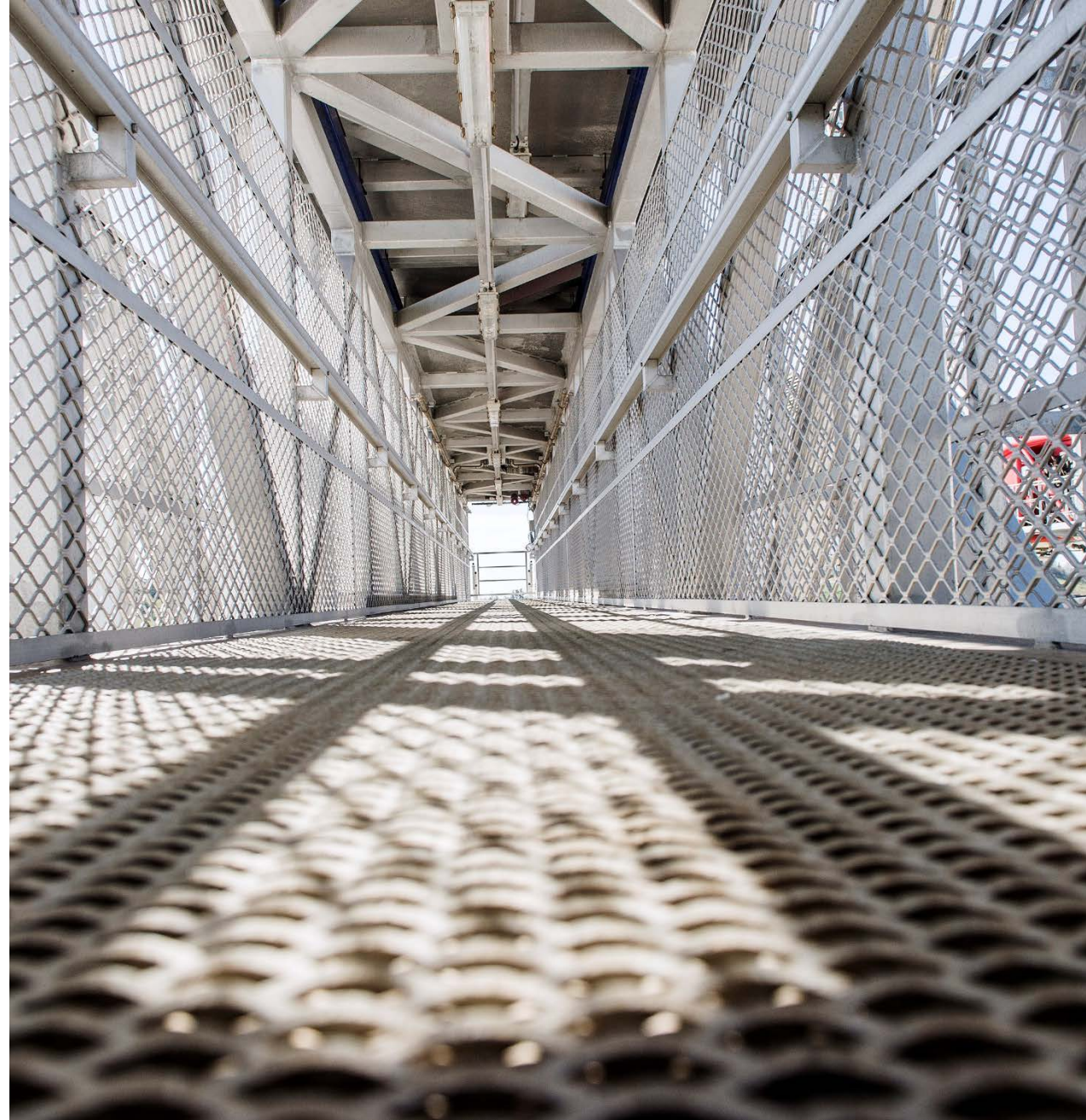
- 2020 – a lost year:
  - All time low activity: Utilisation of 6.5% in Q2 (71.6%)
  - Financial results:
    - Reported EBITDA of USD 10 million negative
    - Cash flow from operations was USD 5.5 million negative (USD 19.9 million)
- However:
  - The company has successfully implemented Covid-19 plans to safeguard people and assets, as well as cost-saving initiatives to protect liquidity and efforts to position the company through the turmoil
- Total liquidity reserve of USD 178 million per Q2 2020 (USD 241 million)
- Remain in constructive dialogue with lenders regarding a sustainable financial solution. The company expects to complete the refinancing process in the second half of 2020
- Commercial status
  - Total contract moved from 2020 to 2021
  - Safe Notos remains off hire and discussions continue
  - Safe Eurus will reassume operations on 24 September 2020
  - Further fleet enhancement: The process to sell Regalia for recycling has commenced





# Agenda

- Highlights
- **Update on financial situation**
- Financial results
- Strategy & Summary



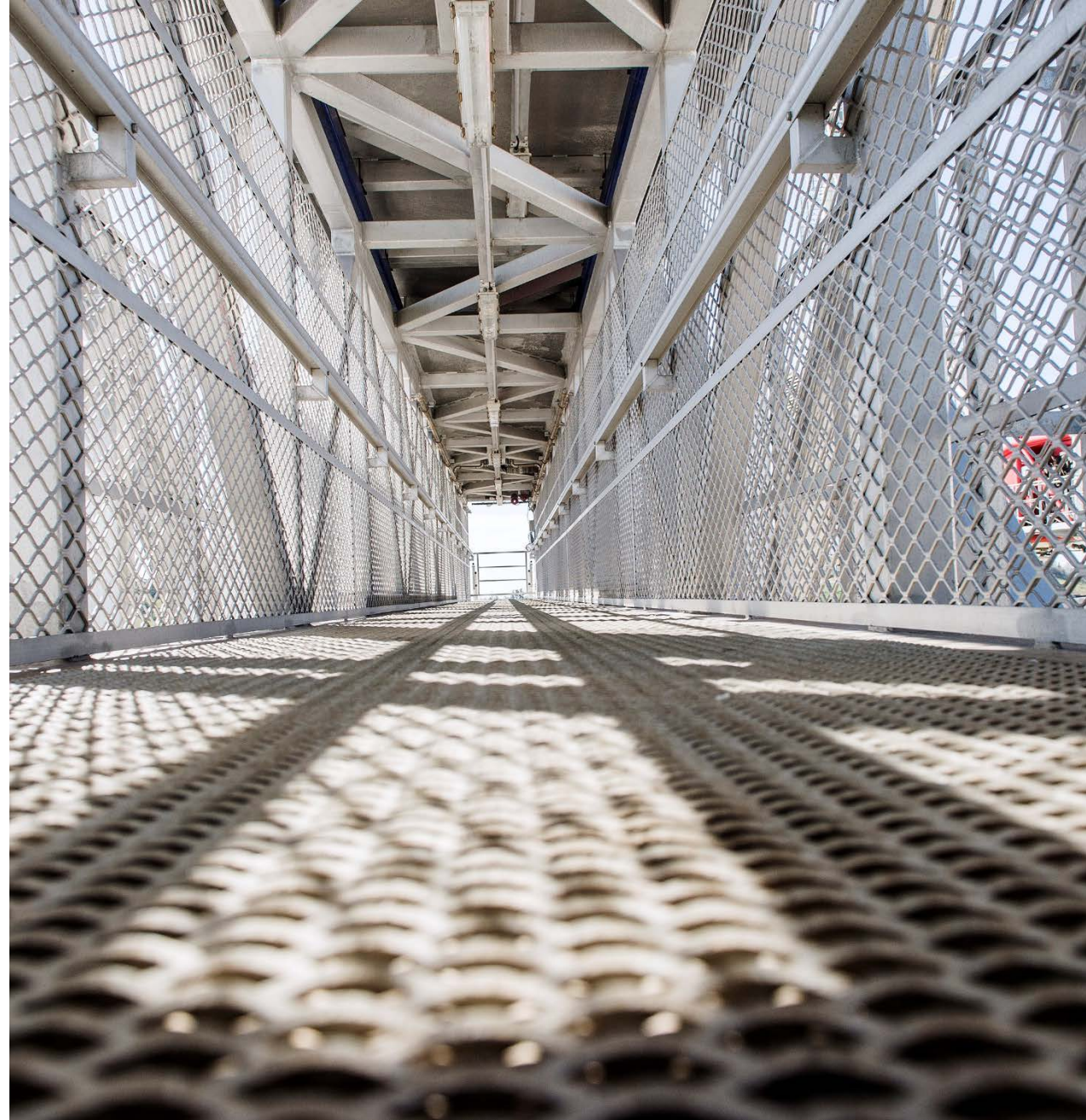
# Update on financial situation

- After several years of low activity across the industry and an unsustainable debt level, the company has been engaged in process with its lenders since end of 2019 to ensure sufficient financial flexibility for the longer term
- The process with the lenders to agree a sustainable financial solution is constructive and progressing, and the company has received continued support from a majority of lenders across the loan facilities while lenders reserve their rights
- While the process is ongoing, the company will continue to defer making payments of scheduled instalments and interests under both facilities. Similarly, payment of the final instalment owed and due under the seller credit to Cosco for the Safe Notes, remains as first time reported on 13 February subject to ongoing discussions with lenders
- Pending outcome of the process, the company continues to operate on a business as usual basis to protect and create value through challenging market conditions
- Prosafe expects to complete the refinancing process in the second half of 2020 and will revert with further information in due course



# Agenda

- Highlights
- Update on financial situation
- **Financial results**
- Strategy & Summary



# Income statement

(Unaudited figures in USD million)

	Q2	
	2020	2019
Operating revenues	5	75
Operating expenses	(15)	(22)
<b>Operating results before depreciation</b>	<b>(10)</b>	<b>53</b>
Depreciation	(11)	(25)
<b>Operating (loss) profit</b>	<b>(21)</b>	<b>28</b>
Interest income	0	0
Interest expenses	(15)	(15)
Other financial items	(5)	(10)
<b>Net financial items</b>	<b>(20)</b>	<b>(25)</b>
<b>(Loss) Profit before taxes</b>	<b>(41)</b>	<b>3</b>
Taxes	(1)	(1)
<b>Net (Loss) Profit</b>	<b>(42)</b>	<b>2</b>
<b>EPS</b>	<b>(0.48)</b>	<b>0.02</b>
<b>Diluted EPS</b>	<b>(0.48)</b>	<b>0.02</b>

- Low fleet utilisation at 6.5% (Q2 2019: 71.6%) due to commercial developments driven by Covid-19 and oil price collapse
- Lower operating revenues due to low utilisation
- Reported EBITDA of USD 10 million negative
- Q2 2019 underlying operating expenses, adjusted by a one-off reversal of accrued lay up costs for the Safe Eurus of USD 19 million, were USD 41 million. As such, operating expenses in Q2 2020 were significantly lower (USD 26 million) compared to the same quarter last year, not only driven by lower activity, but also by significant cost initiatives. For example:
  - Off-hire CPD: 2020 costs were 30-40% lower than 2019
  - SG&A: 2020 level excl. one-offs was approx. 30% lower vs. 2019
- Lower depreciation due to the lower carrying value of assets following the impairments in Q3 2019 and Q1 2020
- Lower other financial costs were mainly due to lower negative effect from fair value of derivatives



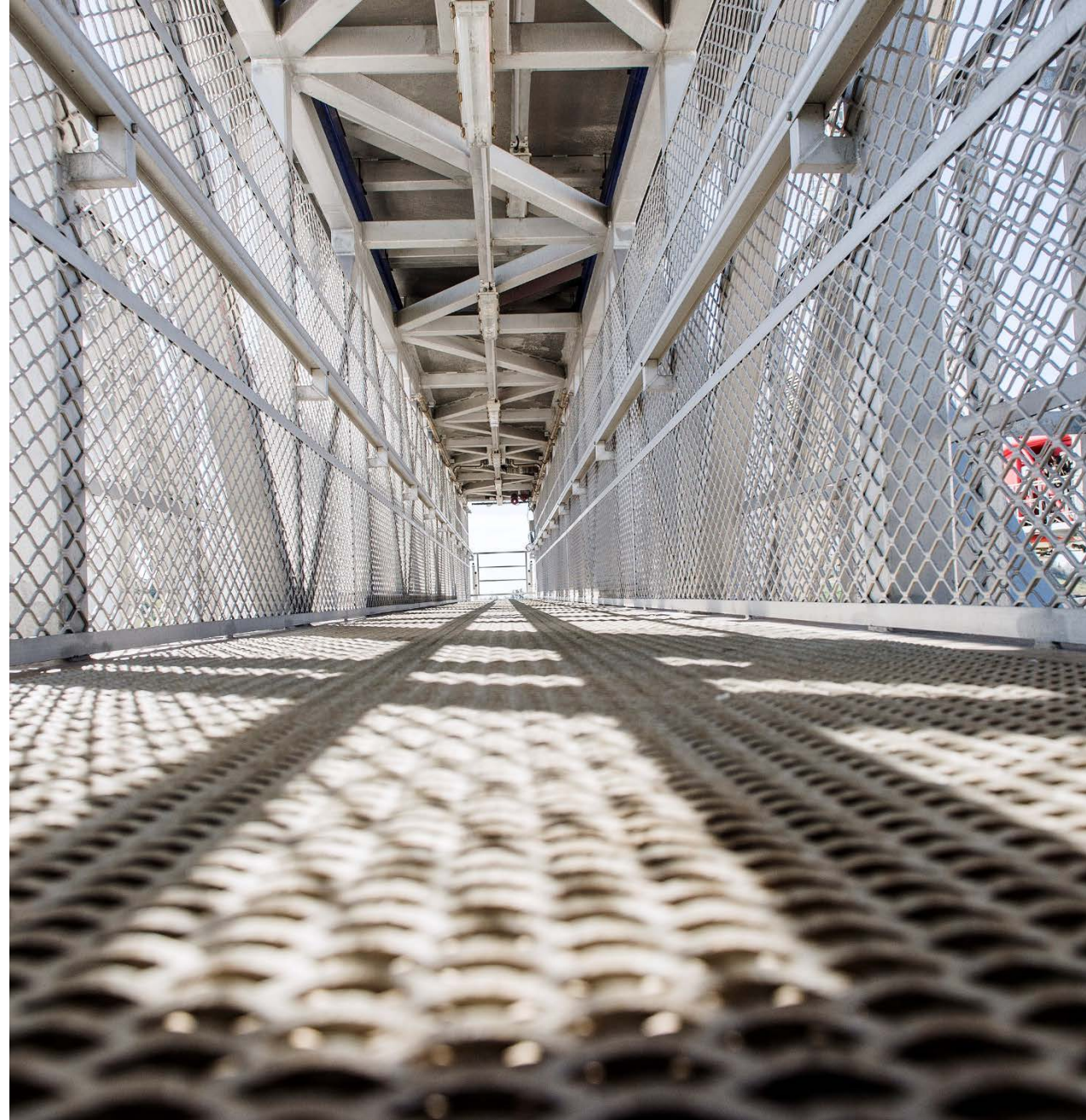
# Balance sheet

(Unaudited figures in USD million)	30.06.20	30.06.19
Vessels	426	1,379
New builds	1	149
Other non-current assets	3	3
<b>Total non-current assets</b>	<b>431</b>	<b>1,531</b>
Cash and deposits	178	121
Other current assets	7	54
<b>Total current assets</b>	<b>184</b>	<b>174</b>
<b>Total assets</b>	<b>615</b>	<b>1,705</b>
Share capital	9	9
Other equity	(908)	365
<b>Total equity</b>	<b>(899)</b>	<b>374</b>
Interest-free long-term liabilities	16	30
Interest-bearing long-term debt	79	1,202
<b>Total long-term liabilities</b>	<b>95</b>	<b>1,232</b>
Other interest-free current liabilities	26	54
Current portion of long-term debt	1,393	44
<b>Total current liabilities</b>	<b>1,419</b>	<b>98</b>
<b>Total equity and liabilities</b>	<b>615</b>	<b>1,705</b>
<b><u>Key figures:</u></b>		
Working capital	(1,235)	76
Liquidity reserve	178	241
Interest-bearing debt	1,473	1,246
Net Interest-bearing debt	1,295	1,126
Book equity ratio	(146)%	22%

- Total assets of USD 615 million, significantly reduced from the same quarter last year mainly due to the impairments carried out in Q3 2019 and Q1 2020
- **Liquidity reserve** per Q2 2020 of **USD 178 million**, down by USD 63 million from Q2 2019, largely due to the payment of the final Safe Eurus instalment to the yard of USD 50 million.
- Net interest-bearing debt increased mainly due to taking delivery of the Safe Eurus last year plus termination of two swaps in the current quarter, partially offset by a one-off positive adjustment of USD 28.7 million related to amortised cost of interest bearing debts resulting from lenders re-electing PIK margin instead of warrants at Q4 last year
- Book equity was USD 899 million negative by end Q2 2020. However, the company anticipates that an agreement with lenders regarding sufficient financial flexibility for the longer term will improve the balance sheet significantly

# Agenda

- Highlights
- Update on financial situation
- Financial results
- **Strategy & Summary**





# Strategy & focus areas

Protect and create value from being a leading provider of offshore accommodation services globally

## Commercial wins:

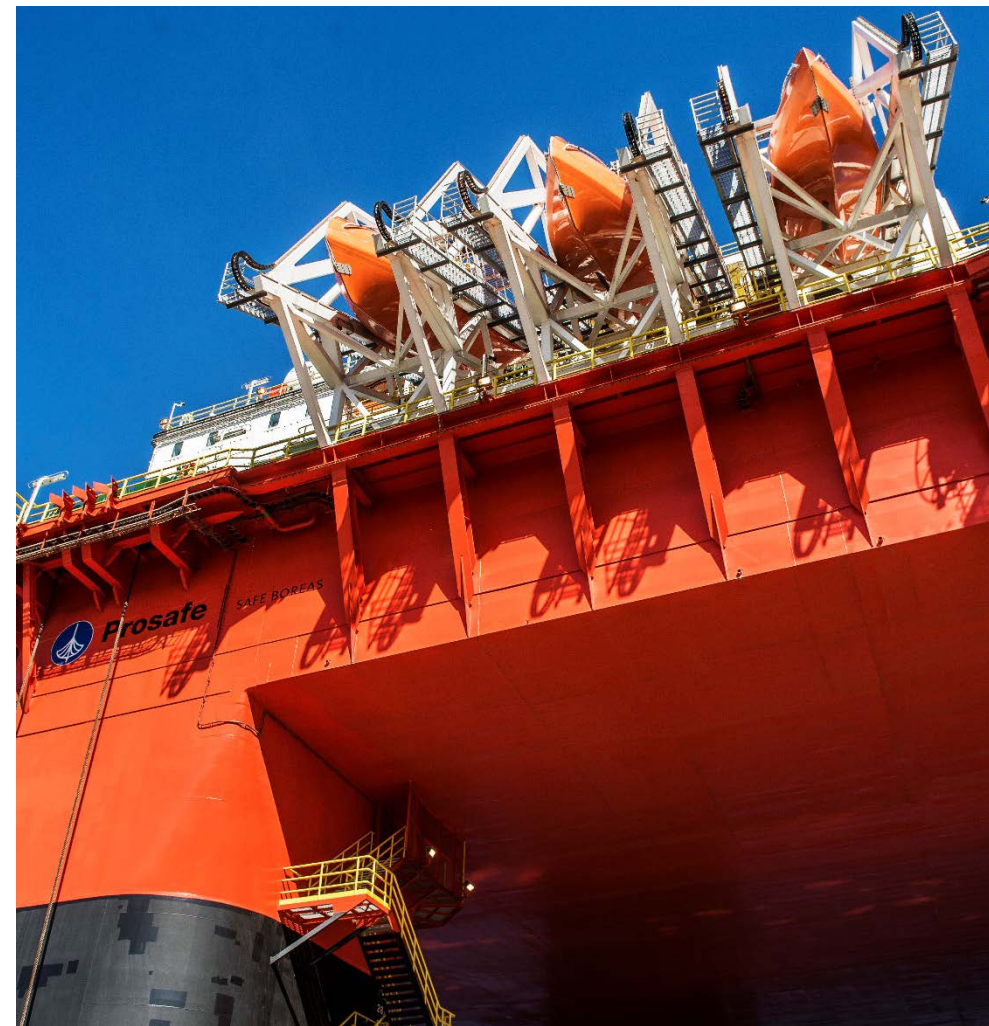
- Keep vessels working
- Best in class OPEX in operations and in lay-up
- Efficiency through core teams and HSSEQ excellence

## Financing and cash preservation:

- Reduce costs and spend to preserve cash
- Work constructively with lenders to agree long-term financial solution

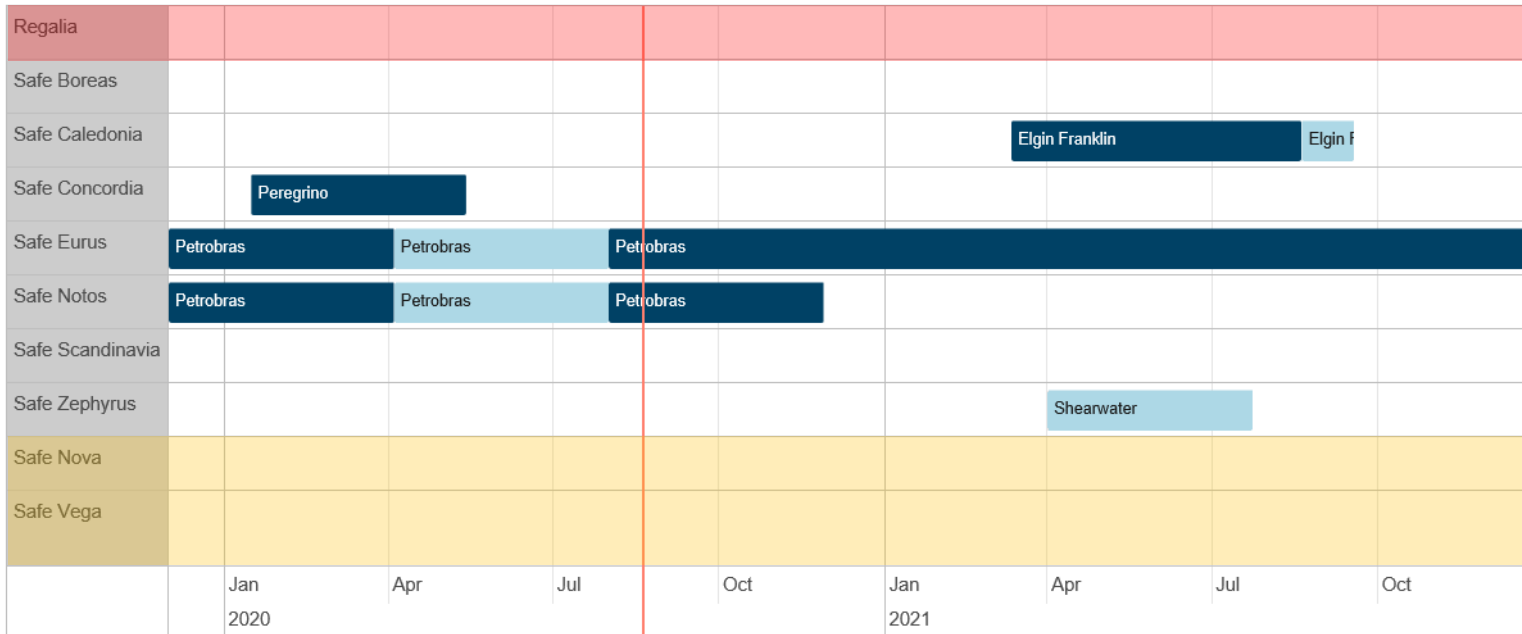
## Fleet enhancement and Consolidation:


- Continue to evaluate further recycling and consolidation opportunities



# Fleet status: Contracts, wins and extension

## Contract backlog



 Regalia: in the process of recycling

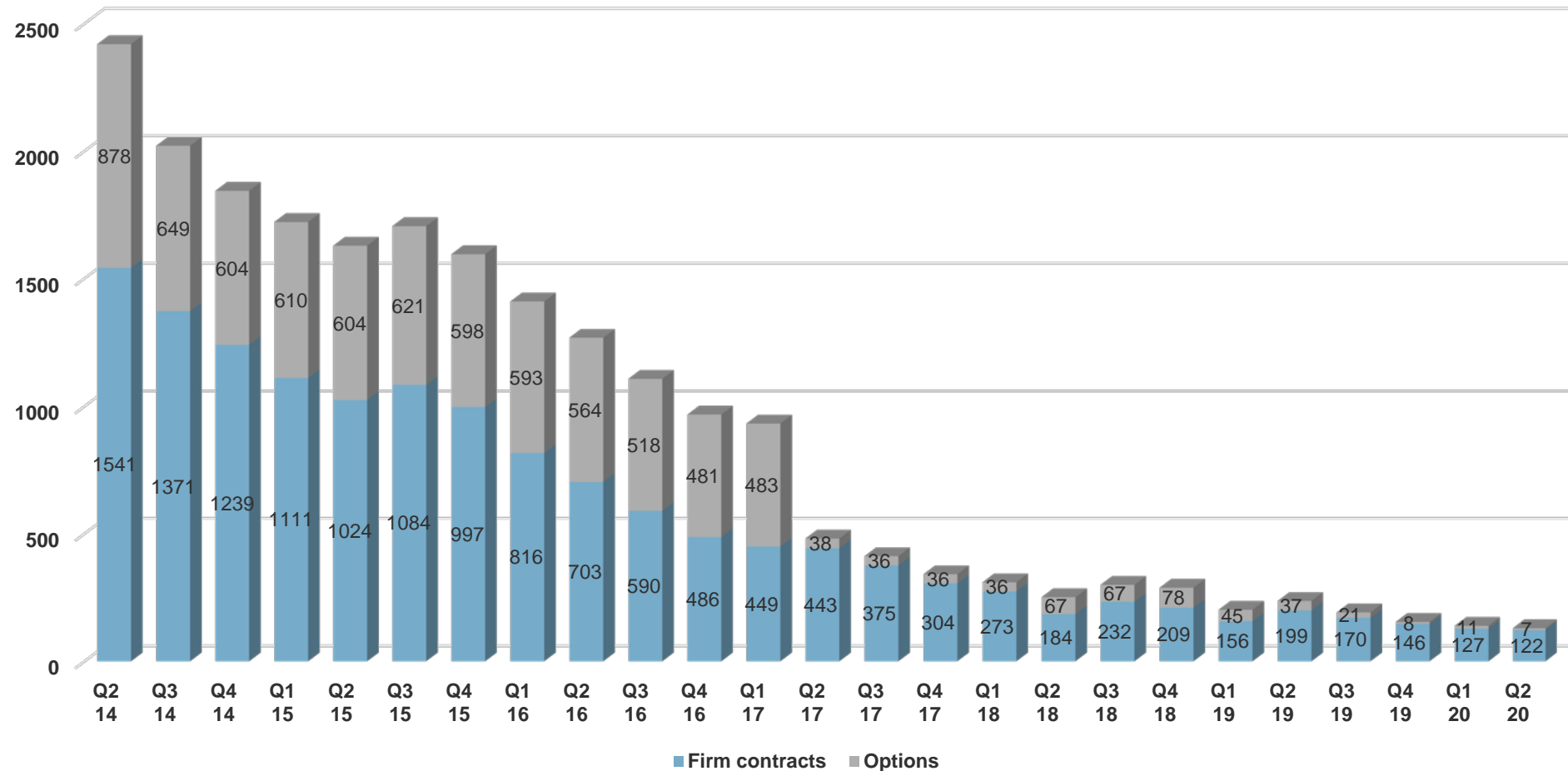
 Safe Vega and Safe Nova – newbuilds at yard

## Contracting update

- **Safe Concordia** contract with Equinor Brazil at Peregrino successfully completed
- **Safe Notas** contract with Petrobras under suspension since early April 2020
- **Safe Eurus** will reassume operations on 24 September 2020
- **Safe Zephyrus** contract with Shell for 2021 under discussion
- **Safe Caledonia** contract with Total rescheduled to March 2021
- **Regalia** sale process for recycling has commenced



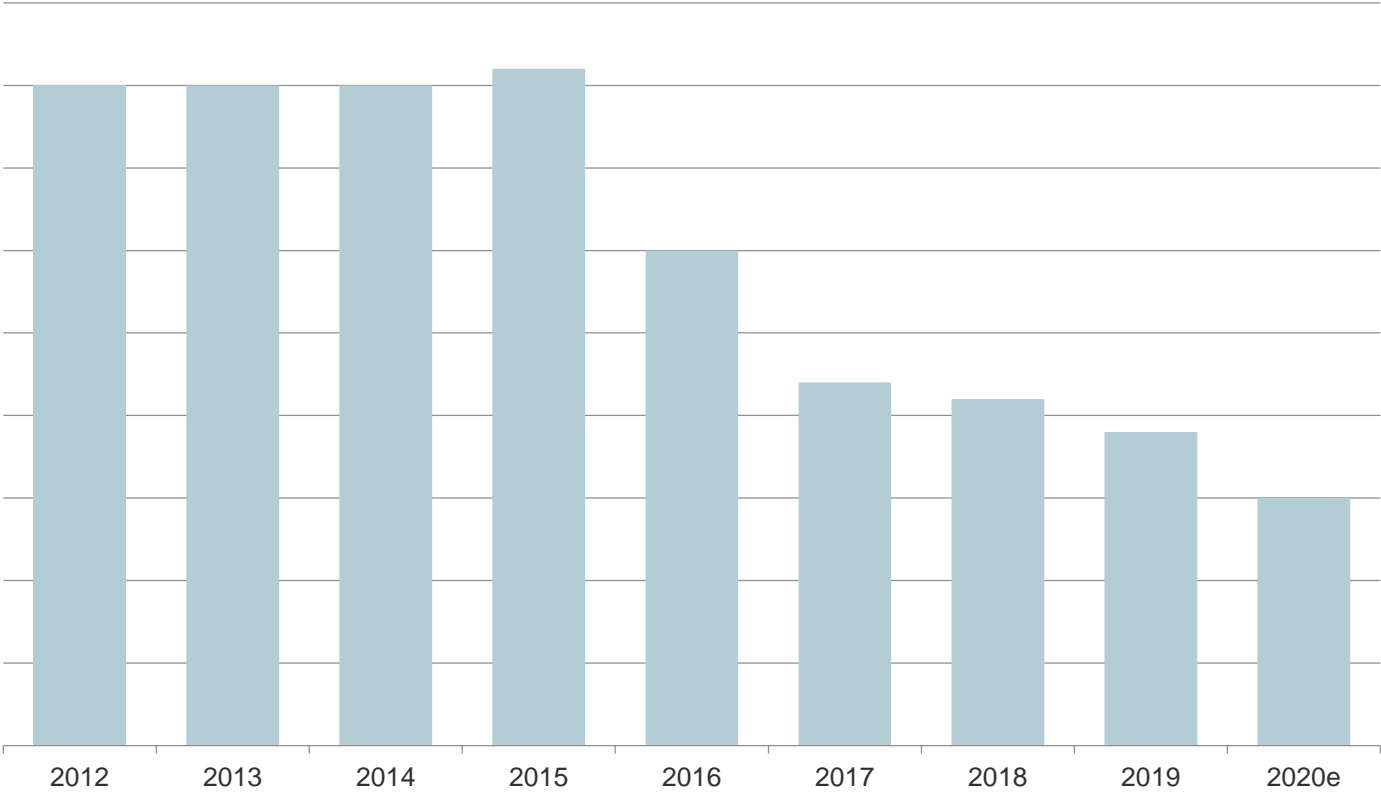
# Order backlog per end Q2 2020



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

# Reducing the cost base to improve competitiveness and preserve cash

**SG&A\* costs down over 60% since 2015**



\*Excluding one-offs

**CPD down 35-40% on average**

Opex (CPD USD k/d)	NCS	UK	NCS (TSV)	UKCS	Brazil
	DP	DP	Moored	Moored	DP
2015-2019	- ~20%	- ~45%	- ~25%	- ~50%	- ~42%

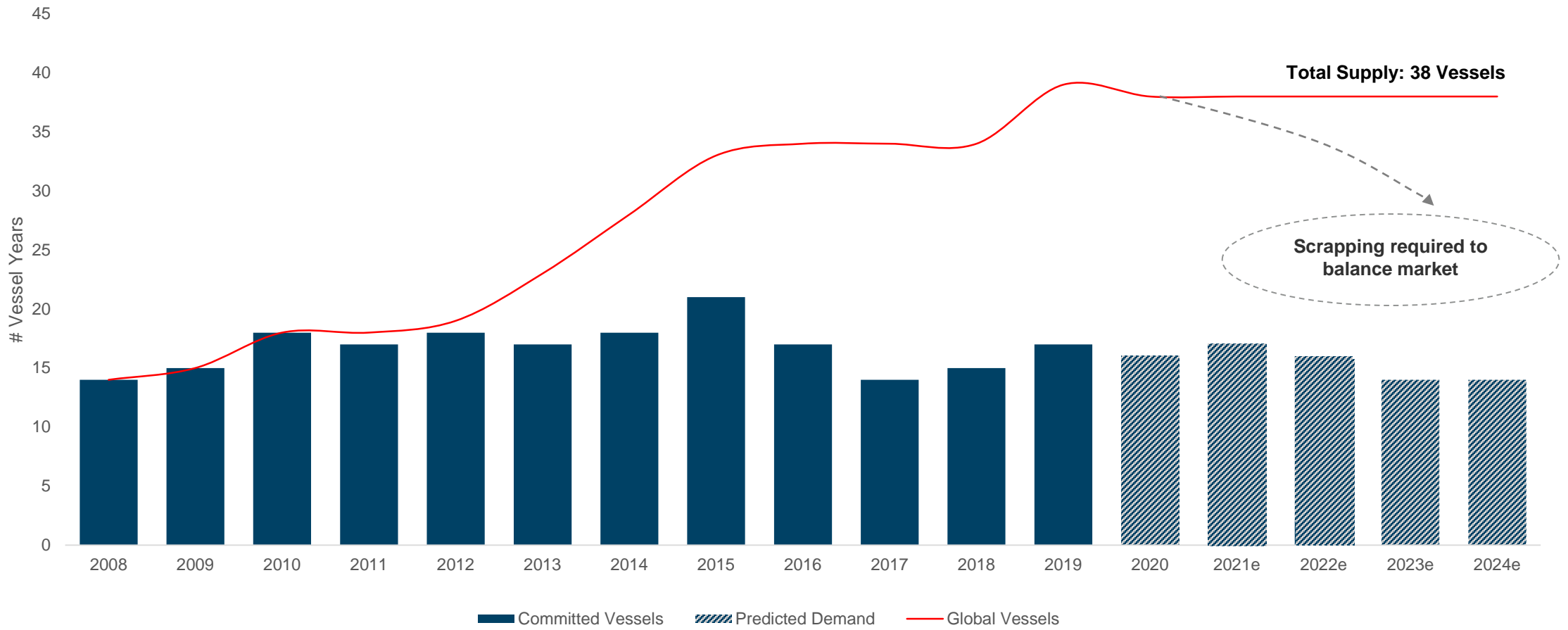
Stacking CPD (USD k/d)	Warm stack	Cold stack
2015 - 2019	- ~38%	- ~33%



# Global oversupply of vessels

- Fleet enhancement and consolidation remains on the agenda

## Global supply demand outlook



# Summary

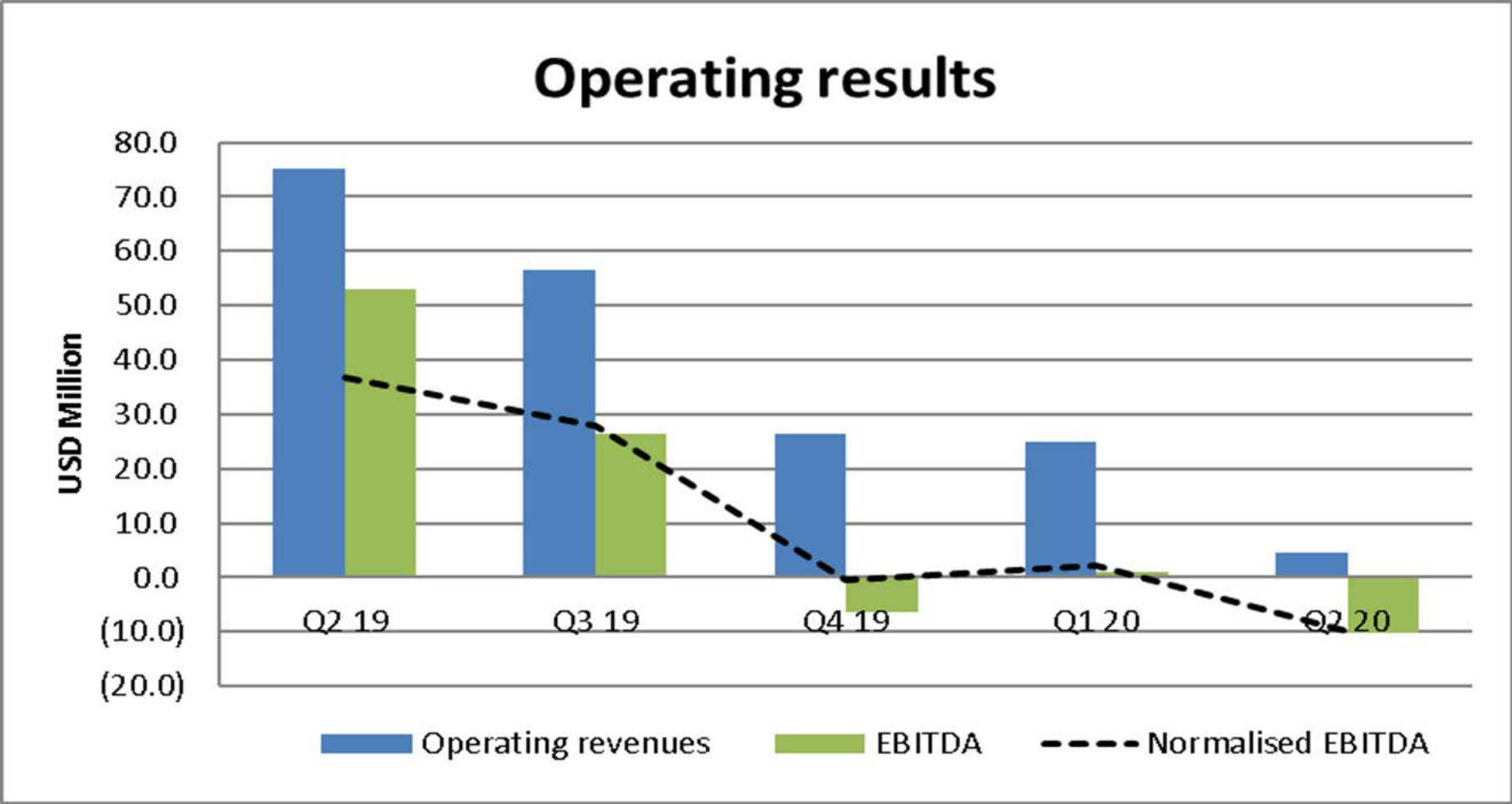
- 2020 – a lost year:
  - Utilisation of 6.5% in Q2 (71.6%)
  - Reported EBITDA of USD 10 million negative
  - Cash flow from operations was USD 5.5 million negative (USD 19.9 million)
- However:
  - Total liquidity reserve of USD 178 million (USD 241 million)
  - Successfully implemented measures to protect people, assets and liquidity and efforts to position the company through the turmoil
  - Remain in constructive dialogue with lenders regarding a sustainable financial solution. The company expects to complete the refinancing process in the second half of 2020
- Commercial status
  - Total contract moved from 2020 to 2021
  - Safe Notos remains off hire and discussions continue
  - Safe Eurus will reassume operations on 24 September 2020
  - Further fleet enhancement: The process to sell Regalia for recycling has commenced
- Outlook
  - Anticipate tender activity in addition to further conclusions on ongoing commercial discussions later this year, which could lead to a decent activity level in 2021 and 2022



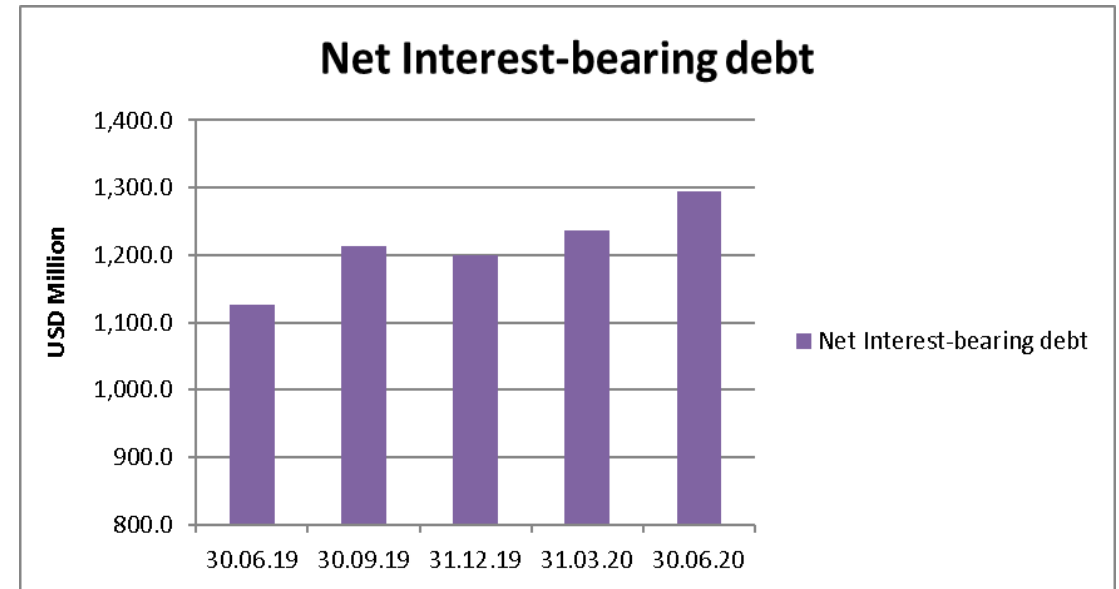
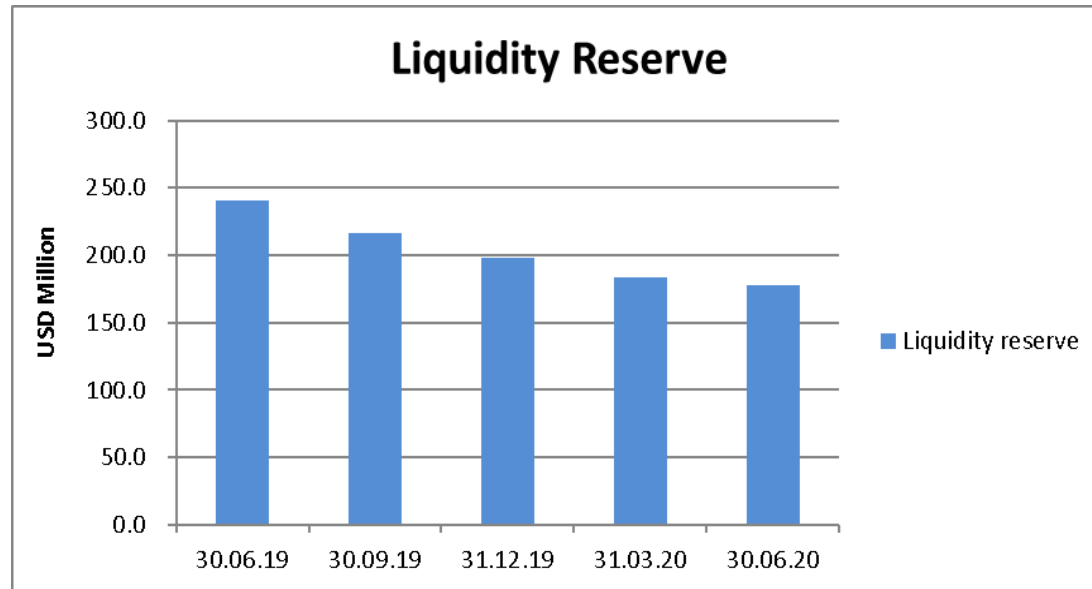
# Appendix



# Development of operating results



# Liquidity reserve & Net interest-bearing debt



# Operating revenue

(USD million)	Q2 20	Q2 19	Q1 20	2019
Charter income	4.4	63.7	24.4	191.7
Other income	0.1	11.6	0.6	33.7
<b>Total</b>	<b>4.5</b>	<b>75.3</b>	<b>25.0</b>	<b>225.4</b>