5 November 2020

Q3 2020 results and business update

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Agenda

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

Highlights – Q3 2020

- Successfully protected order backlog through Covid-19, although utilization in 2020 specifically is marginalized
- Operating status and financial results
  - Utilisation of 16.4% in Q3 (48.2%)
  - Reported EBITDA of USD 1.2 million negative
  - Cash flow from operations was USD 12.3 million negative (USD 40 million)
- Commercial status
  - On 26 October 2020, secured a 90-day contract with an option of up to 60 days and start-up in Q2 2022 on the Norwegian Continental Shelf.
  - Total and Shell contracts moved from 2020 to 2021
  - Safe Notos and Safe Eurus back on hire
  - Several ongoing tenders for 2021 and 2022
- 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
- Sufficient liquidity buffer based on total liquidity reserve of USD 164.5 million per Q3 2020 (USD 216 million)
- Remains in constructive dialogue with lenders regarding a sustainable financial solution and aims to conclude the refinancing process by end of 2020. Although it is too early to say what a final solution may look like, it is anticipated that there will be a significant equalization of debt which is likely to result in minimal or no recovery for current shareholders.

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Update on financial situation

- The process with the lenders to agree a sustainable financial solution is constructive and progressing while lenders reserve their rights. Although it is too early to say what a final solution may look like, it is anticipated that there will be a significant equalization of debt which is likely to result in minimal or no recovery for current shareholders.
- 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 Notos 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 aims to complete the refinancing process by end of 2020 and will revert with further information in due course

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Income statement

(Unaudited figures in USD million)	Q3 2020	Q3 2019
Operating revenues	12	57
Operating expenses	(13)	(30)
Operating results before depreciation	**(1)**	**26**
Depreciation	(8)	(24)
Impairment	0	(341)
Operating (loss) profit	**(9)**	**(339)**
Interest income	0	0
Interest expenses	(14)	(17)
Other financial items	(1)	(3)
Net financial items	**(15)**	**(20)**
(Loss) Profit before taxes	**(24)**	**(359)**
Taxes	(0)	(2)
Net (Loss) Profit	**(24)**	**(361)**
EPS	**(0.28)**	**(4.10)**
Diluted EPS	**(0.28)**	**(4.10)**

- Low fleet utilisation at 16.4% (Q3 2019: 48.2%) due to commercial developments driven by Covid-19 and the oil price collapse. Contracts deferred to 2021
- Lower operating revenues due to low utilisation
- Reported EBITDA was close to break-even at USD 1 million negative
- Operating expenses in Q3 2020 were significantly lower compared to the same quarter last year, not only driven by lower activity, but also by cost initiatives. For example:
  - Operating CPD: 2020 costs were approx. 20% lower than in 2019
  - Off-hire CPD: 2020 costs were 30-40% lower than in 2019
  - SG&A: 2020 level excl. one-offs was approx. 30% lower than in 2019
- Lower depreciation due to the lower carrying value of assets following the impairments in Q3 2019 and Q1 2020

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Balance sheet

(Unaudited figures in USD million)	30.09.20	30.09.19
Vessels	419	1,016
New builds	1	259
Other non-current assets	3	3
Total non-current assets	**423**	**1,278**
Cash and deposits	165	216
Other current assets	14	31
Total current assets	**179**	**247**
Total assets	**602**	**1,524**
Share capital	9	9
Other equity	(932)	5
Total equity	**(923)**	**14**
Interest-free long-term liabilities	14	31
Interest-bearing long-term debt	80	1,389
Total long-term liabilities	**94**	**1,420**
Other interest-free current liabilities	24	49
Current portion of long-term debt	1,406	41
Total current liabilities	**1,430**	**90**
Total equity and liabilities	**602**	**1,524**
Key figures:		
Working capital	(1,252)	156
Liquidity reserve	165	216
Interest-bearing debt	1,486	1,430
Net Interest-bearing debt	1,322	1,214
Book equity ratio	(153)%	1%

- Total assets of USD 602 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 Q3 2020 of **USD 165 million**
- Interest-bearing debt increased mainly due to accumulated interest expenses and termination of two swaps in Q2 2020
- Book equity was USD 923 million negative end of Q3 2020. However, the company anticipates that an agreement with lenders regarding sufficient financial flexibility for the longer term will improve the balance sheet significantly

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Strategy & focus areas

1. **Goal**

- Aims to protect and create value from being a leading provider of offshore accommodation services globally

2. **Commercial**

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

3. **Financing and liquidity**

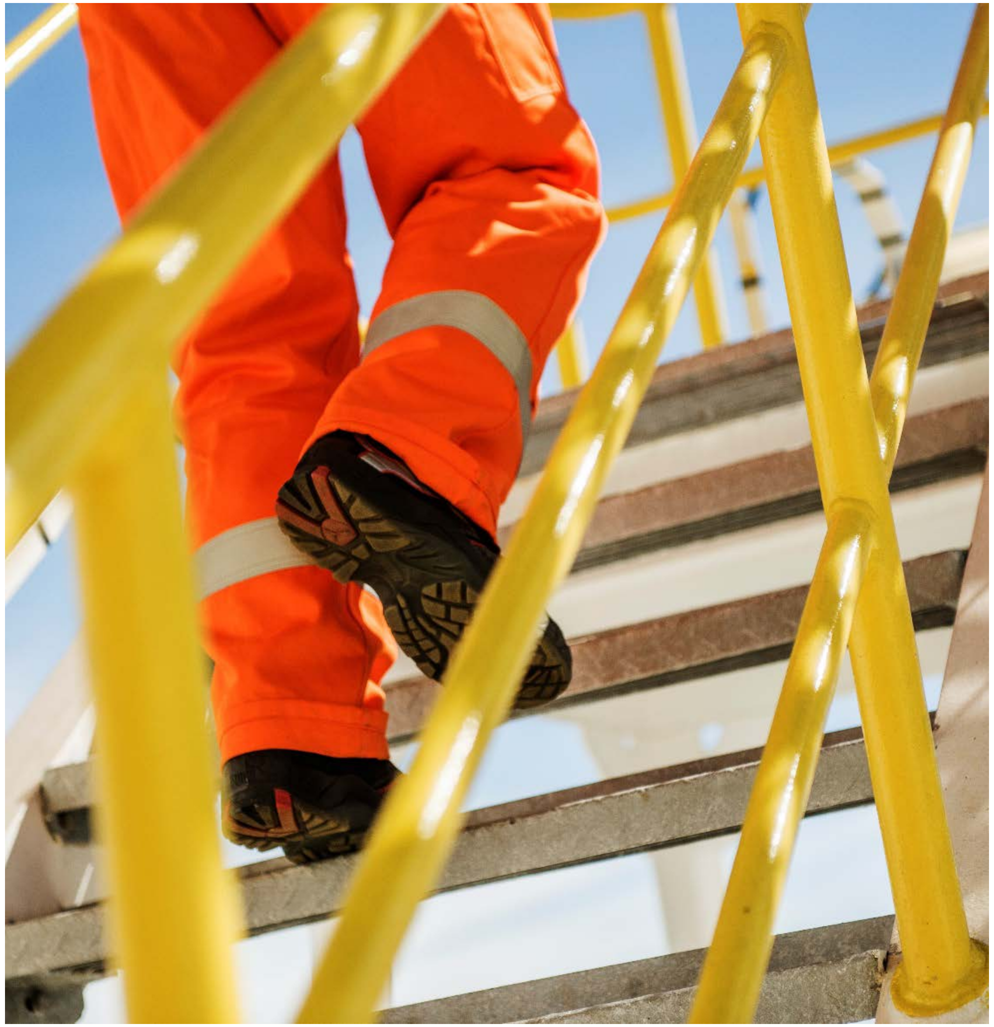
- Reduce costs and spend to preserve cash
- Work constructively with lenders to agree long-term financial solution

4. **Fleet enhancement and Consolidation remains on agenda**

5. **Westcon court case ongoing. Anticipate a final verdict in Q1 2021**

6. **ESG**

- The company is adapting to ISO 50001 and exploring energy efficiency measures



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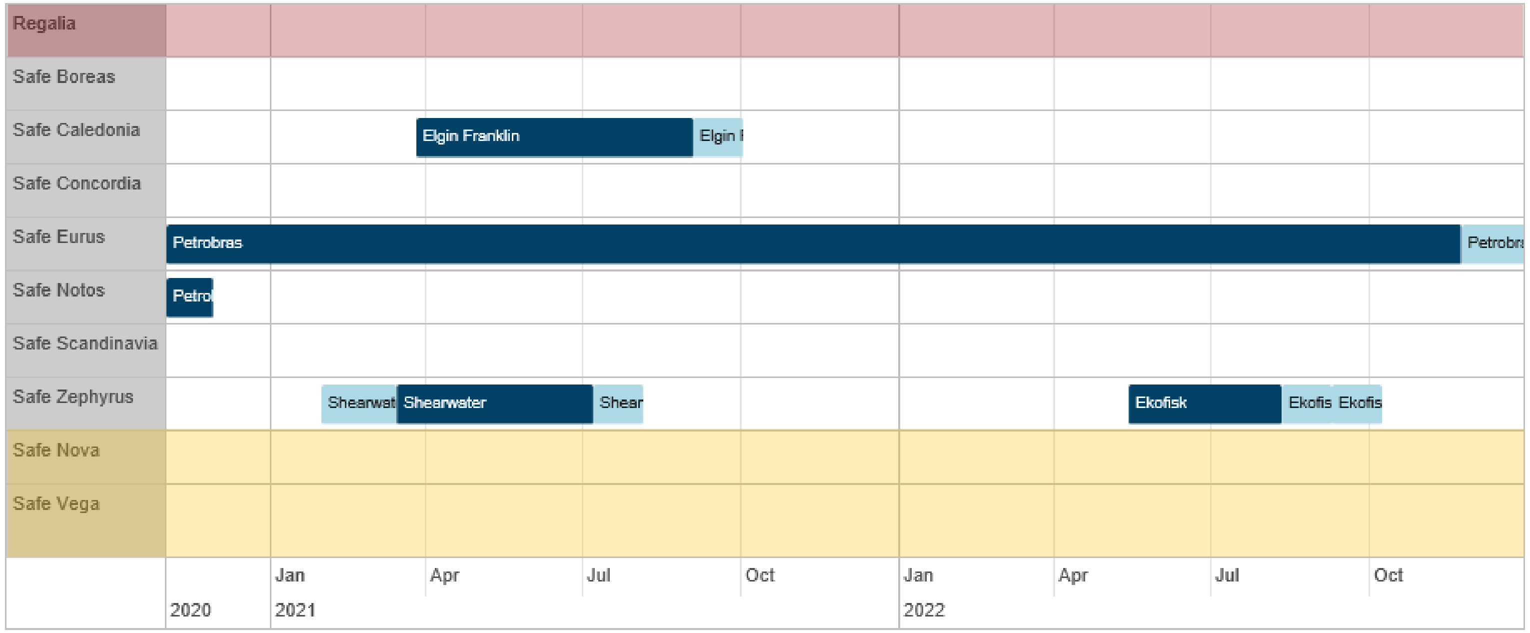
Fleet status: Contracts, wins and extension

Contract backlog



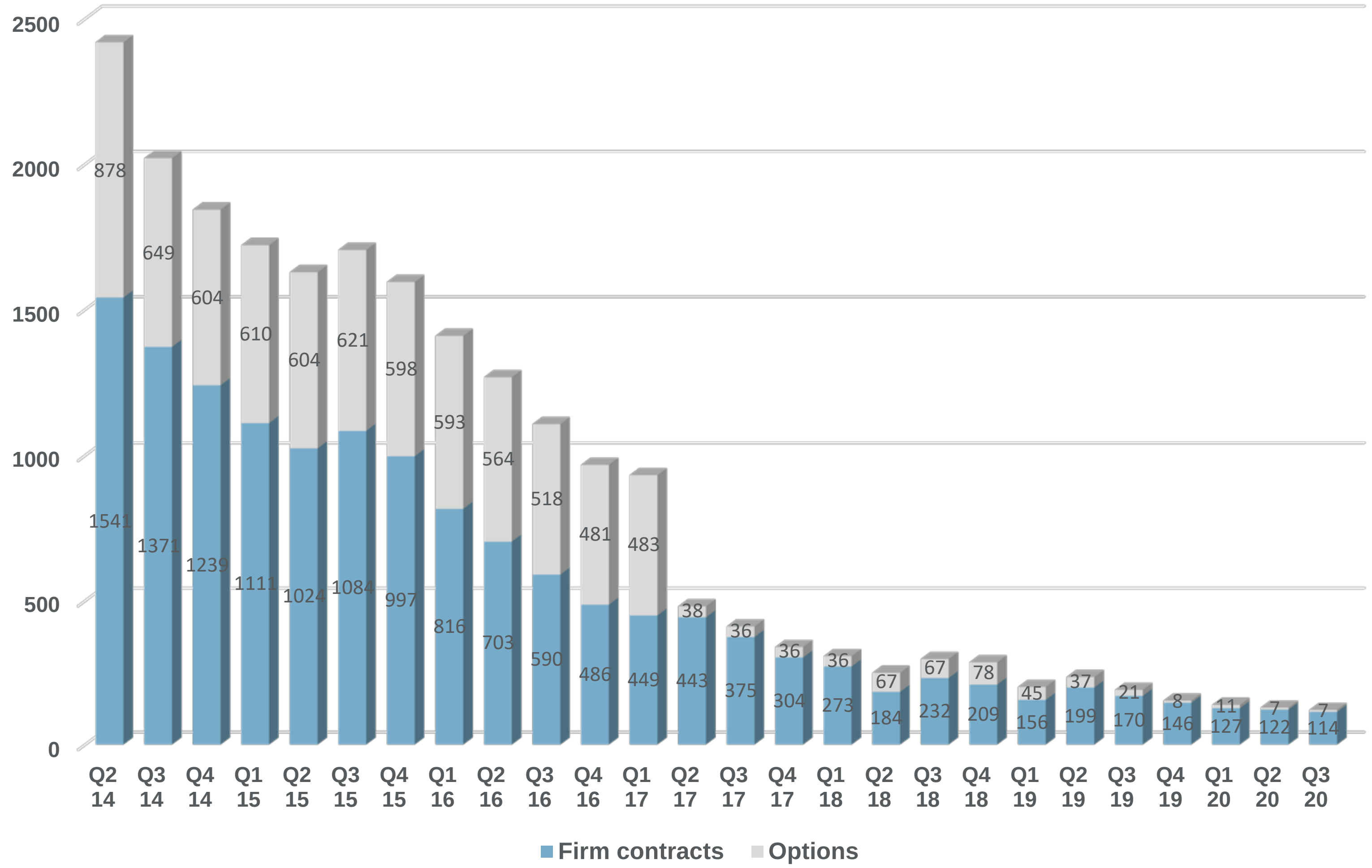
Regalia: in the process of recycling

Safe Vega and Safe Nova – newbuilds at yard

Contracting update

- **Safe Concordia** currently laid up in Brazil waters and available for contracting
- **Safe Notos** on standby rate since early August and resumed operation early October with remaining contract through to mid-November.
- **Safe Eurus** on standby rate since early August and resumed operation on 24 September 2020
- **Safe Boreas or Safe Zephyrus**: 90-day contract with an option of up to 60 days and start-up in Q2 2022 on the Norwegian Continental Shelf
- **Safe Zephyrus** contract with Shell rescheduled to March 2021
- **Safe Caledonia** contract with Total rescheduled to March 2021
- **Regalia** sale process for recycling has commenced

Order backlog per end Q3 2020 (USD million)



- Prosafe protects its order book by moving contracts from 2020 to 2021
- Order backlog per end of Q3 2020 was USD 114 million
- The newly secured 90-day contract on the Norwegian Continental Shelf has not yet been included in the backlog

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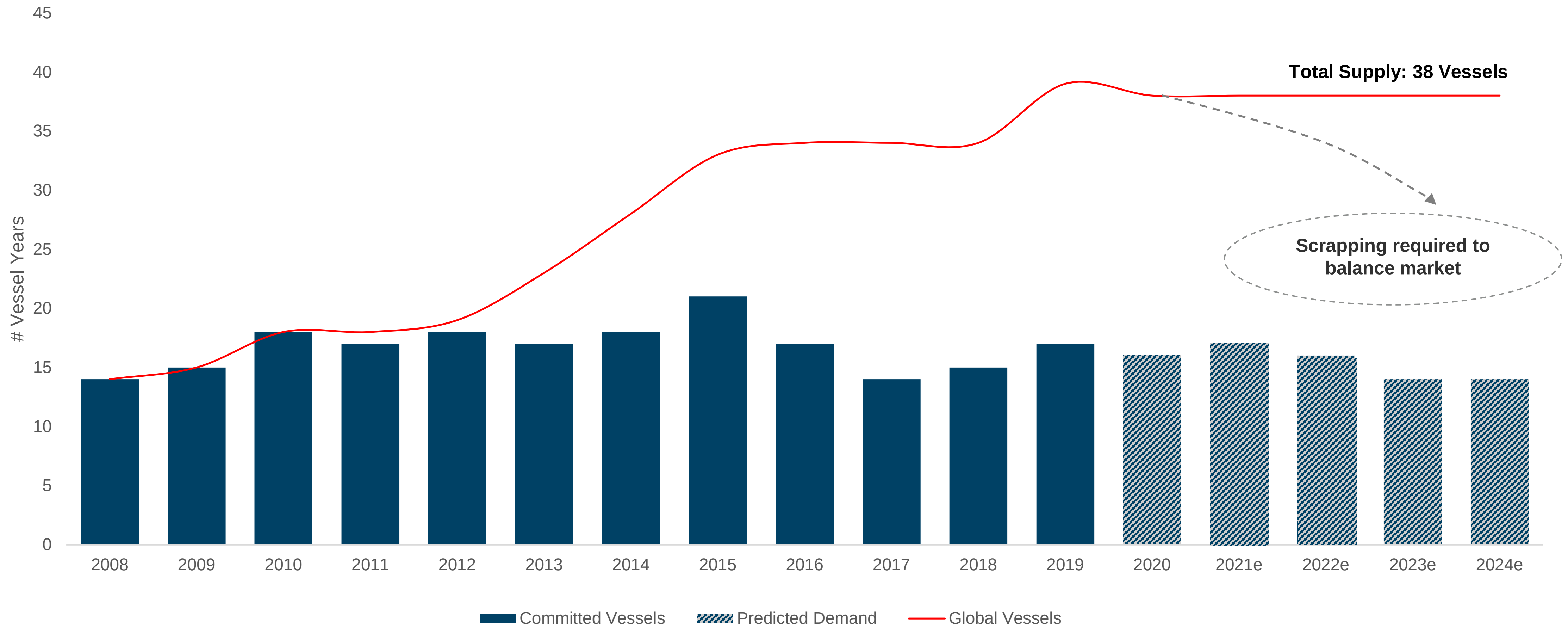
Global oversupply of vessels
- Fleet enhancement and consolidation remains on the agenda

Global supply demand outlook



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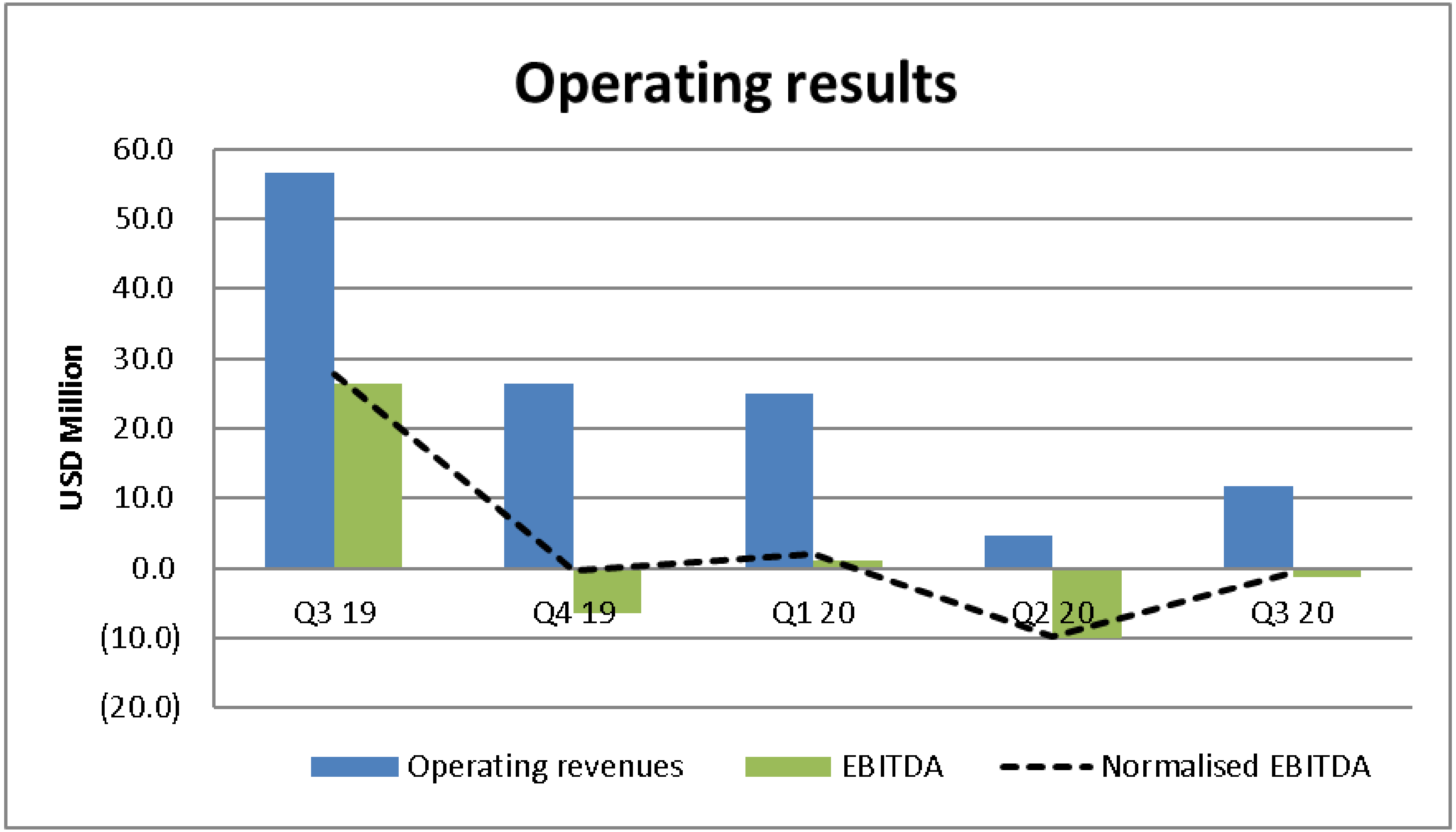
- North Sea tendering activity for operations in both 2021 and 2022 is on the increase

Appendix

Development of operating results



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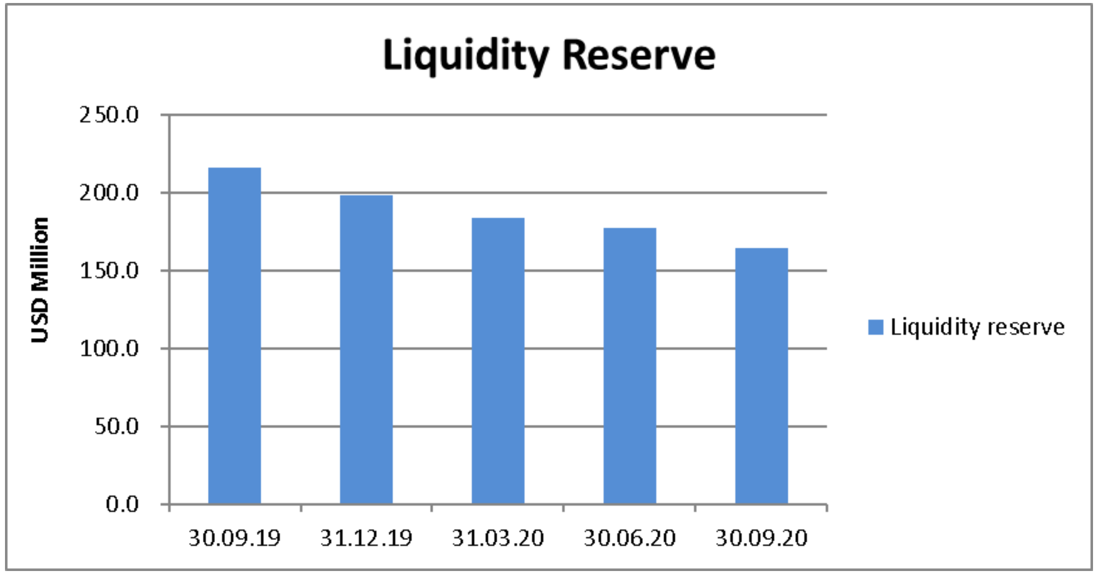
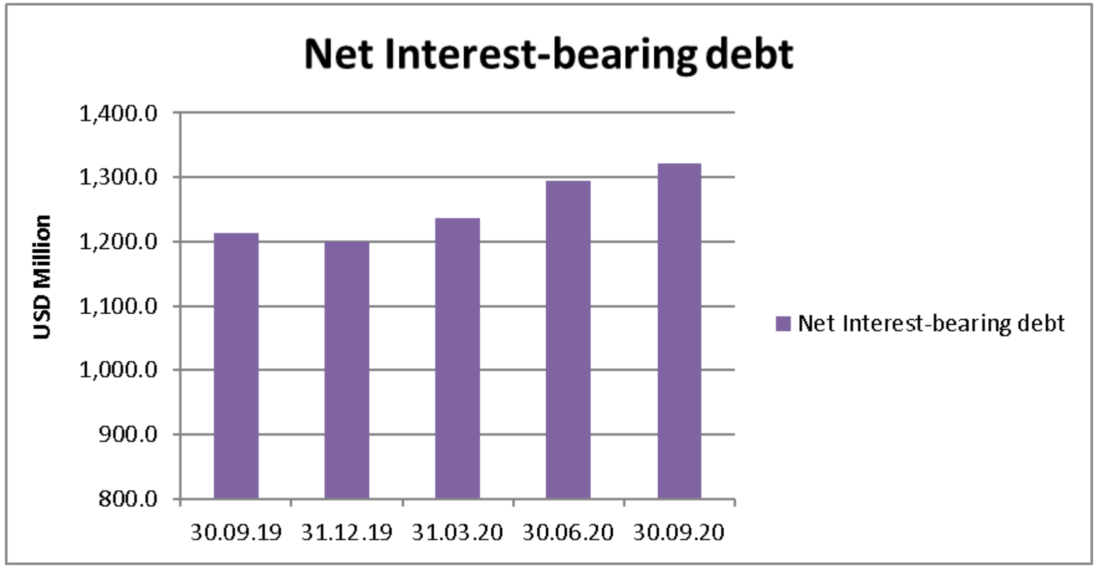
Liquidity reserve & Net interest-bearing debt





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Operating revenue

(USD million)	Q3 20	Q3 19	Q2 20	2019
Charter income	10.9	46.8	4.4	191.7
Other income	0.8	9.7	0.1	33.7
Total	**11.7**	**56.5**	**4.5**	**225.4**