5 February 2019

Q4 2018 results and market update

Disclaimer

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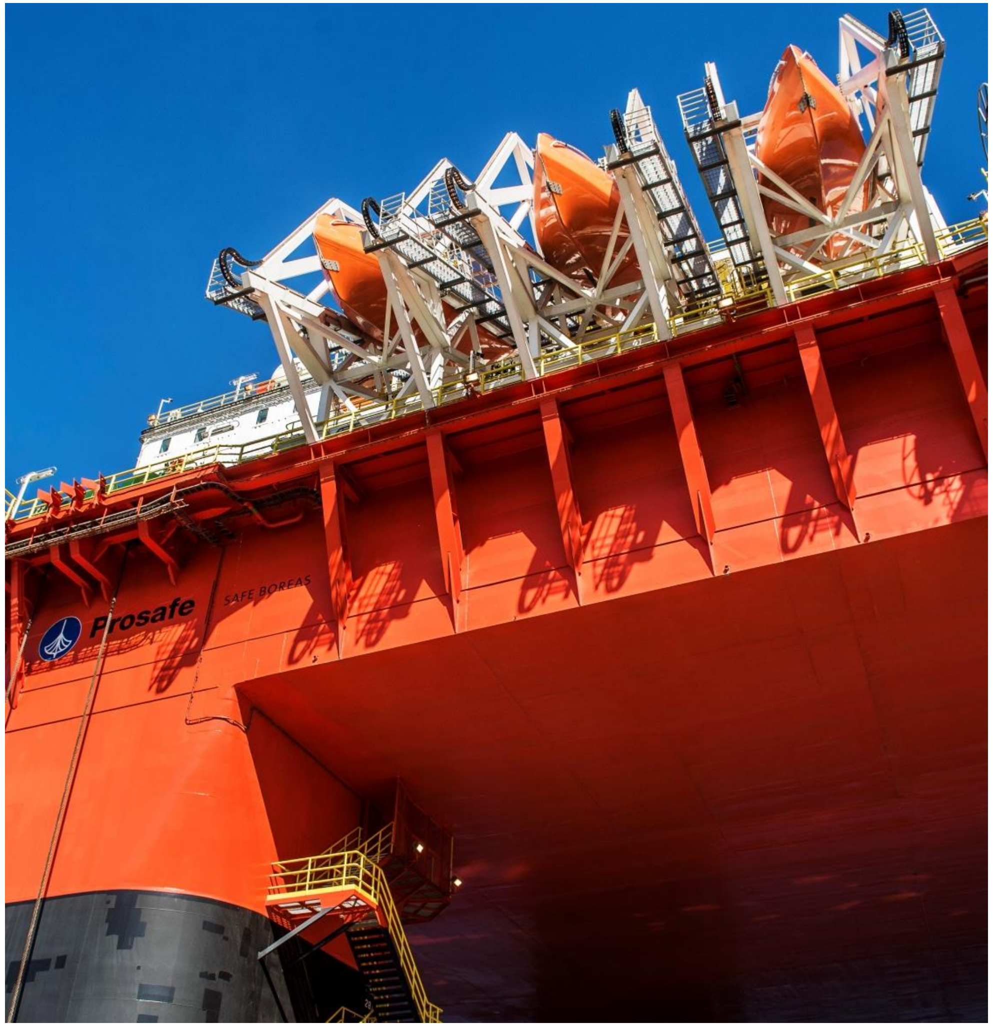
Agenda

- Highlights
- Financial results
- Business & Operations
- Outlook
- Summary

Recent highlights – Q4 2018

- Strong utilisation
  - Utilisation of 100% owned vessels in Q4 of 63% (36.1%) – the highest utilisation since Q3 2015. Utilisation for the full year 2018 was 47.3% (38.4%)
- Financial results
  - EBITDA before non-recurring items of USD 31.7 million (USD 29 million reported)
  - Cash flow from operations was USD 25.6 million (USD 44.2 million) and cash balance of USD 140.3 million (USD 231.9 million) with a total liquidity reserve of USD 277.3 million
- High activity
  - In January, Prosafe came first in Brazil auction. Will mobilize Safe Eurus if contract awarded
  - Safe Concordia commenced contract in Brazil
  - Contract wins for Regalia in 2019 and for Safe Caledonia in 2020
  - Maintenance & Modification activity returning
  - Tender activity continues to pick up



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Income statement

(Unaudited figures in USD million)	Q4 18	Q4 17
Operating revenues	74	77
Operating expenses	(45)	(35)
Operating results before depreciation	**29**	**42**
Depreciation	(29)	(27)
Impairment	(1)	35
Operating profit/(loss)	(1)	50
Interest income	1	0
Interest expenses	(16)	(19)
Other financial items	(11)	11
Net financial items	**(26)**	**(7)**
Profit (Loss) before taxes	**(27)**	**43**
Taxes	1	(3)
Net Profit (Loss)	**(26)**	**40**
EPS	**(0.3)**	**0.6**
Diluted EPS	**(0.3)**	**0.5**

- Highest quarterly fleet utilisation since Q3 2015 at 63% (Q4 2017: 36.1%).
- Lower operating revenues despite higher utilisation due to lower average dayrates – approx. USD 125k in 2018 vs approx. USD 230k in 2017.
- Higher operating expenses mainly driven by higher fleet utilisation and specifically more units in operation, the mobilisation cost of ca. USD 3 million relating to Safe Concordia’s return to the Brazil market, and USD 2.7 million of non-recurring costs
- EBITDA of USD 29 million was negatively impacted by lower average day rates.
- Net financial items of - USD 26 million largely from fair value adjustment on rate swaps and caps (Q4 2017: USD 7 million negative)

Balance sheet

(Unaudited figures in USD million)	31.12.18	30.09.18	31.12.17
Vessels	1,423	1,451	1,527
New builds	126	126	125
Other non-current assets	10	16	11
Total non-current assets	**1,559**	**1,593**	**1,663**
Cash and deposits	140	266	232
Other current assets	38	48	52
Total current assets	**178**	**314**	**284**
Total assets	**1,737**	**1,907**	**1,947**
Total equity	**400**	**423**	**498**
Interest-free long-term liabilities	19	34	58
Interest-bearing long-term debt	1,199	1,372	1,329
Total long-term liabilities	**1,217**	**1,406**	**1,387**
Other interest-free current liabilities	75	60	44
Current portion of long-term debt	45	19	19
Total current liabilities	**120**	**78**	**63**
Total equity and liabilities	**1,737**	**1,907**	**1,947**
Key figures:			
Working capital	59	236	221
Liquidity reserve	277	266	232
Interest-bearing debt	1,243	1,390	1,348
Net interest-bearing debt	1,103	1,124	1,116
Book equity ratio	23%	22%	26%

- Total assets of ca. USD 1.7 billion
- Reduced cash balance due to repayment of USD 137 million into committed Revolving Credit Facility (RCF) for optimal cash management . **Liquidity reserve** per Q4 2018 remains strong at USD 277 million
- Long term debt balance decreased mainly as a result of the repayment of USD 137 million into the RCF
- The increase in current debt was mainly due to reclassification of the remaining COSCO seller's credit balance from "long term" to "short term'
- Book equity at 23%

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Prosafe - Transformed and repositioned

1 **Modernized the fleet**

- Add three versatile units with global reach
- 50% of the fleet will be less than 4 years old
- Safe Astoria scrapped – 6th vessel scrapped since 2016

2 **Financing flexibility**

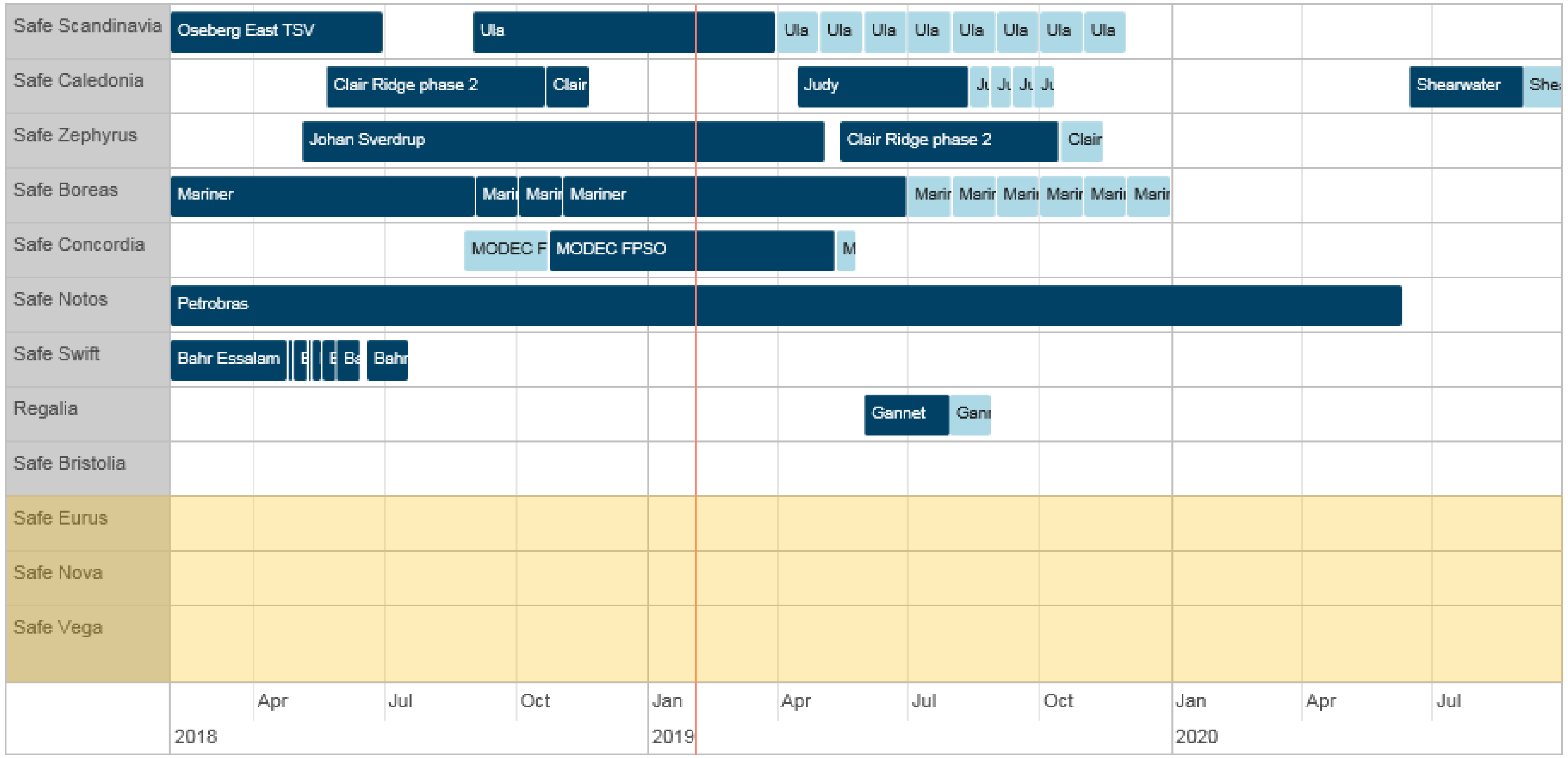
- Limited debt service and interest expenses in the years to come
- Covenant relief & maturity extension option

3 **Positioned for next phase**

- Employment of Cosco vessels – First in Brazil auction for 3-year contract
- Consider opportunities to add further to the fleet
- Consolidation

Fleet status: Contracts, wins and extensions

Contract backlog



Contracting update

Fixtures Q4 2018

- **Safe Caledonia** 80 days firm award with a 30-day option with a major oil and gas operator, UKCS. Ability to substitute the vessel with another from within the fleet; Summer 2020
- **Regalia** 60 days firm award with a 30-day option with a major oil and gas operator, UKCS; Summer 2019

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Agenda

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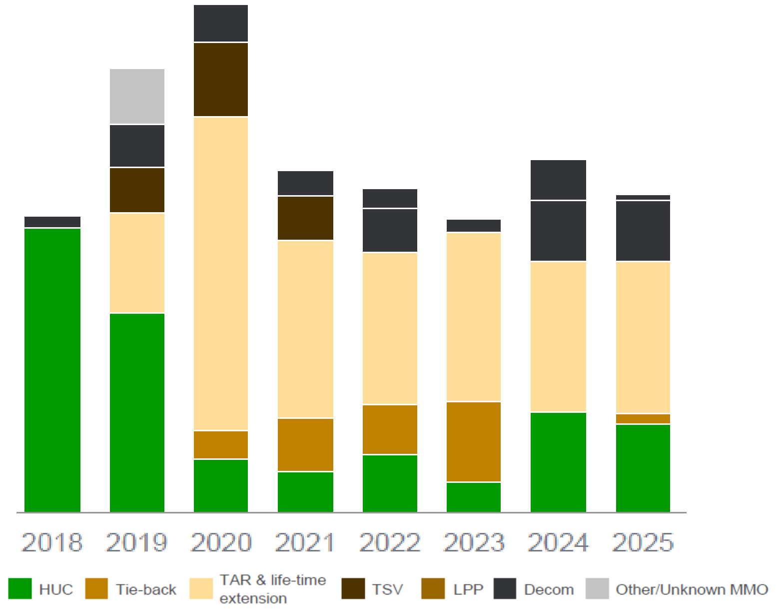
UKCS surge in MMO

- High demand in recent years driven by major hook up and commissioning activity, although transition to MMO going forward
- Turnaround and life-time extensions expected to drive significand demand in the next 5 years
- 2020 Forties pipeline maintenance shutdown is triggering activity on production hubs
- 1990's installed platforms primarily are calling for high shares of MMO demand due to 'lean design'
- Significant interest from 13 operators to grow UKCS portfolio
- Production decline from 2025 will stimulate extended oil recovery and exploration activity



Source: Rystad Energy

Norwegian Shelf – positive activity indications

- Anticipated demand driven primarily by maintenance requirements linked to lifetime extension
- Entrance of new operators – like in the UK – could be a positive factor supporting this type of activity
- Optimism warranted for the longer term

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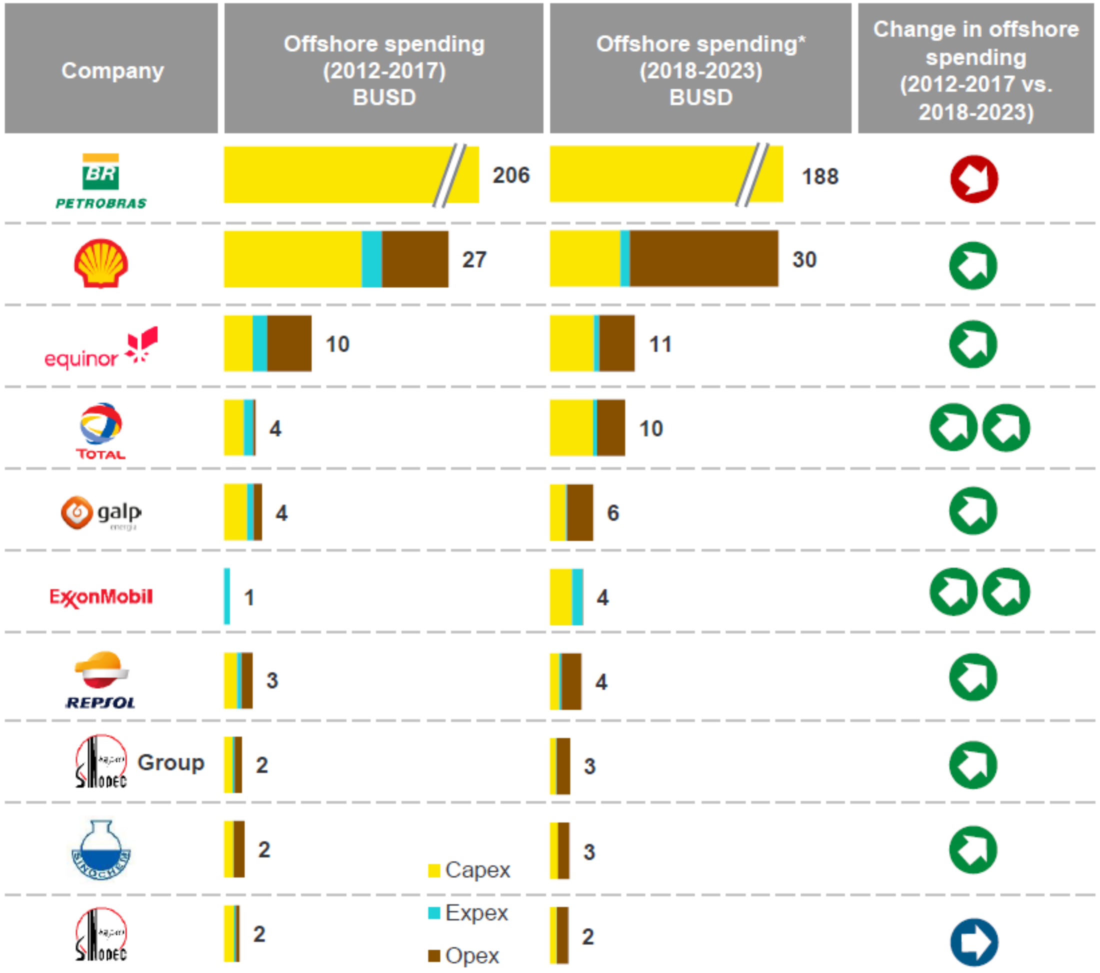
Key Brazil developments

- Prosafe came first in Brazil auction. Will mobilize Safe Eurus if contract awarded
- Even upon conclusion of the tenders, contracted supply considered insufficient to meet Petrobras' near/ medium term demand
- Petrobras offshore MMO spending forecast to exceed US$3.5 billion in 2020 – the first time this threshold will be exceeded
- IOC's will also drive demand, with Equinor anticipated to have requirements over the existing contracted units based on committed and forecasted spending increase

IOC offshore spending increase



Source: Rystad Energy

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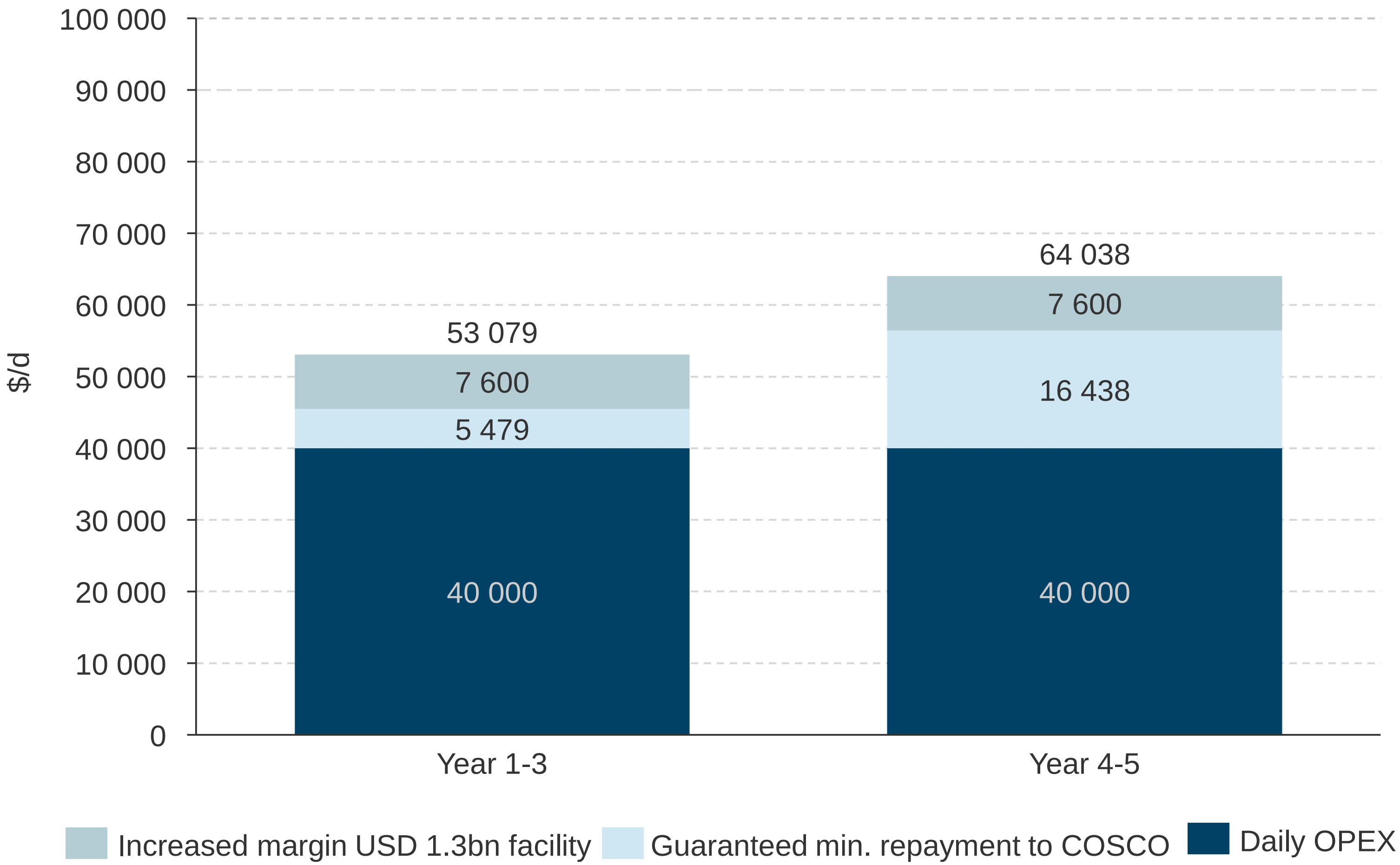
Indicative re Prosafe’s newbuild COSCO units *

- Very competitive cash break-even

Comment

- Illustration shows minimum cash cost elements with COSCO financing package (assuming indicative USD 40k/day OPEX)
- Significantly lower cash break even rates than with a conventional debt financing structure
- The delivery of Safe Vega and Safe Nova would increase the margin with 22.5 bps each (45 bps in total) of the USD 1.3 billion facility and/or issuing of warrants (see lender chapter)
- Assuming no interest applies under the yard financing

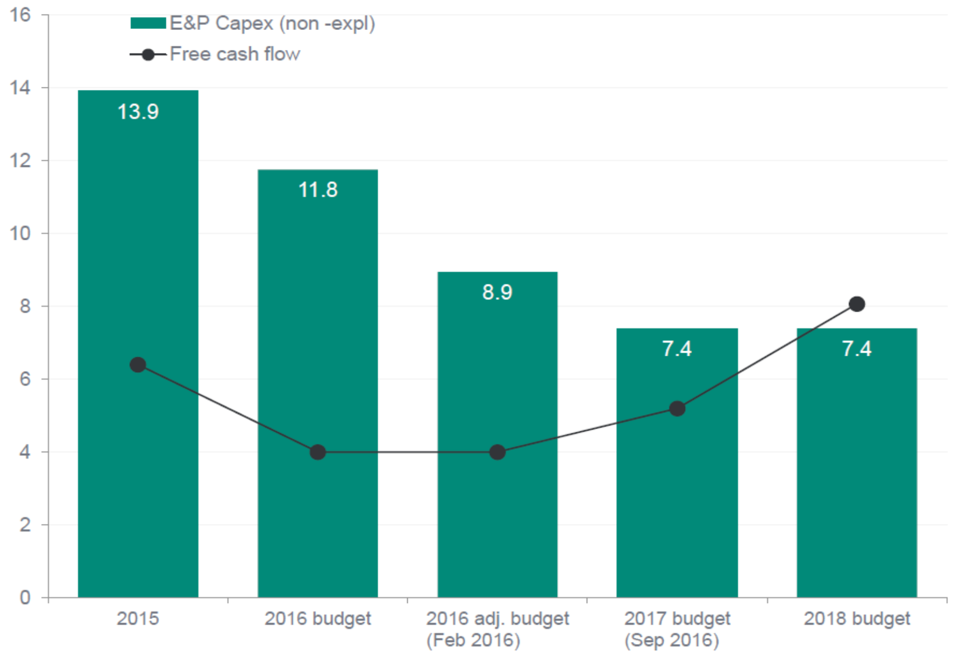
Cash break even – cost per day



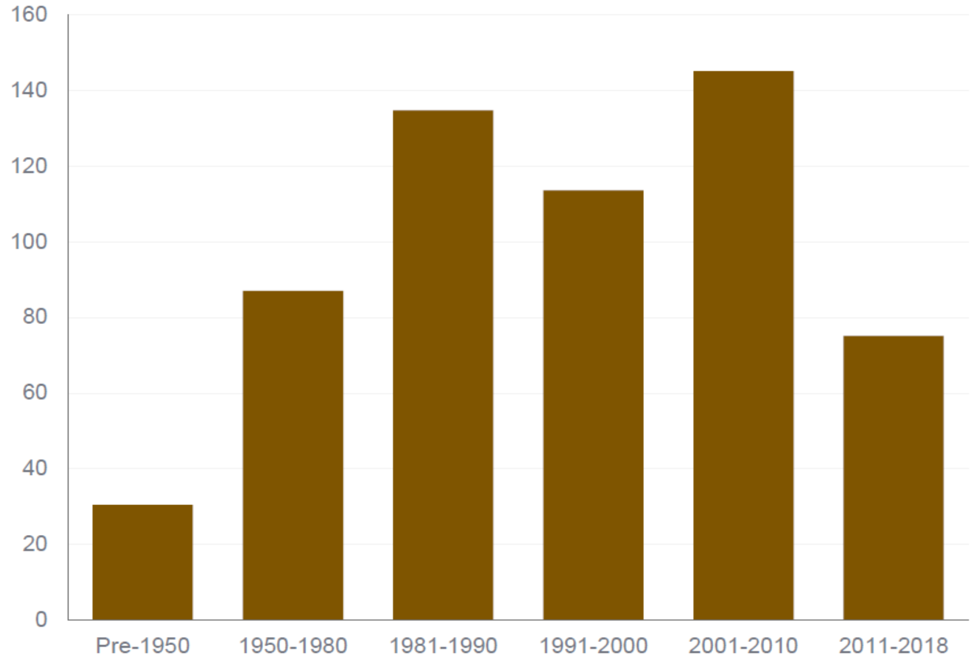
* From August 2018 presentation

Mexico – Indicators pointing to activity growth from 2020

- Average age of offshore facilities in Mexico is over 25 years
- Over 50% of infrastructure weight was installed prior to 1991
- New President ‘AMLO’ focus on increasing production by 800,000 bpd to 2.6m bpd
- Increase in production will have a USD 20 billion price tag
- Free cash flow increasing since 2016
- Budget stabilizing – growth next?
- Tenders ongoing in other segments – e.g drilling



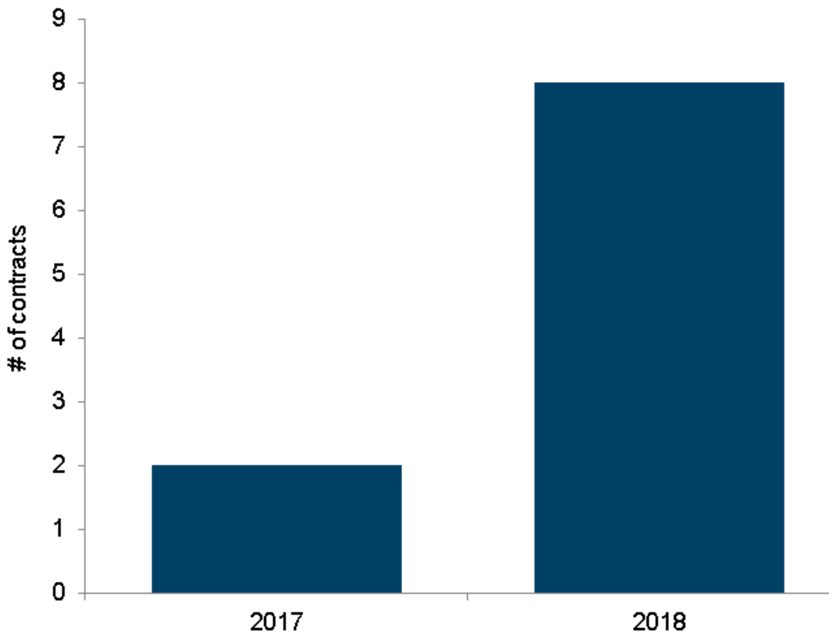
Offshore facilities by installation year (topside weight)



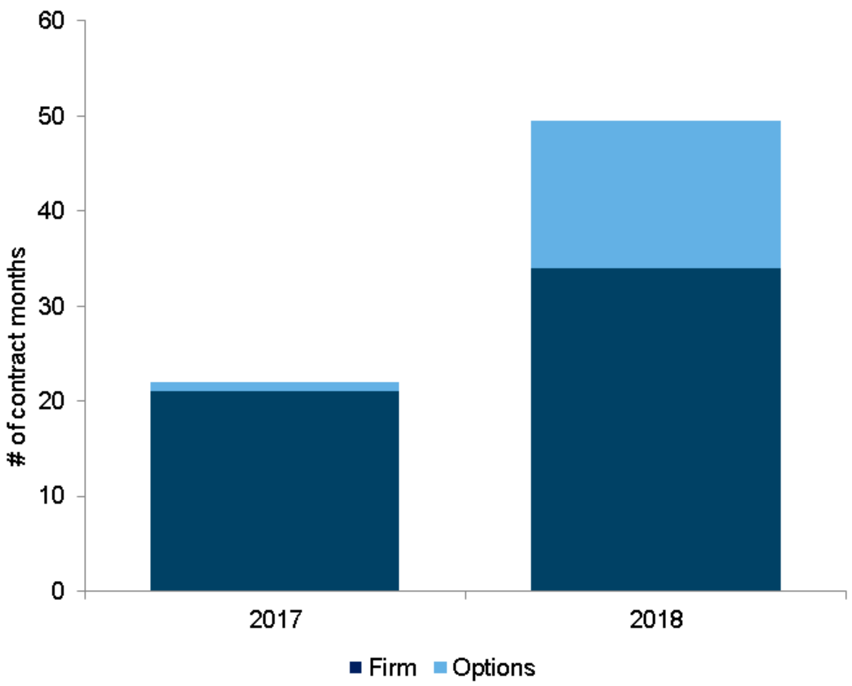
Source: Rystad Energy / Prosafe

Tender activity significantly increased in 2018

Number of contracts



Contract months



Comments

- Awards in 2018 offer activity rebound in to 2019:
  - In 2018 Prosafe saw more than a doubling in the number of new contract awards
  - 50% of the new contracts are for MMO work
  - 92% of options historically exercised *

Demand has finally started to materialize on the back of strong market fundamentals

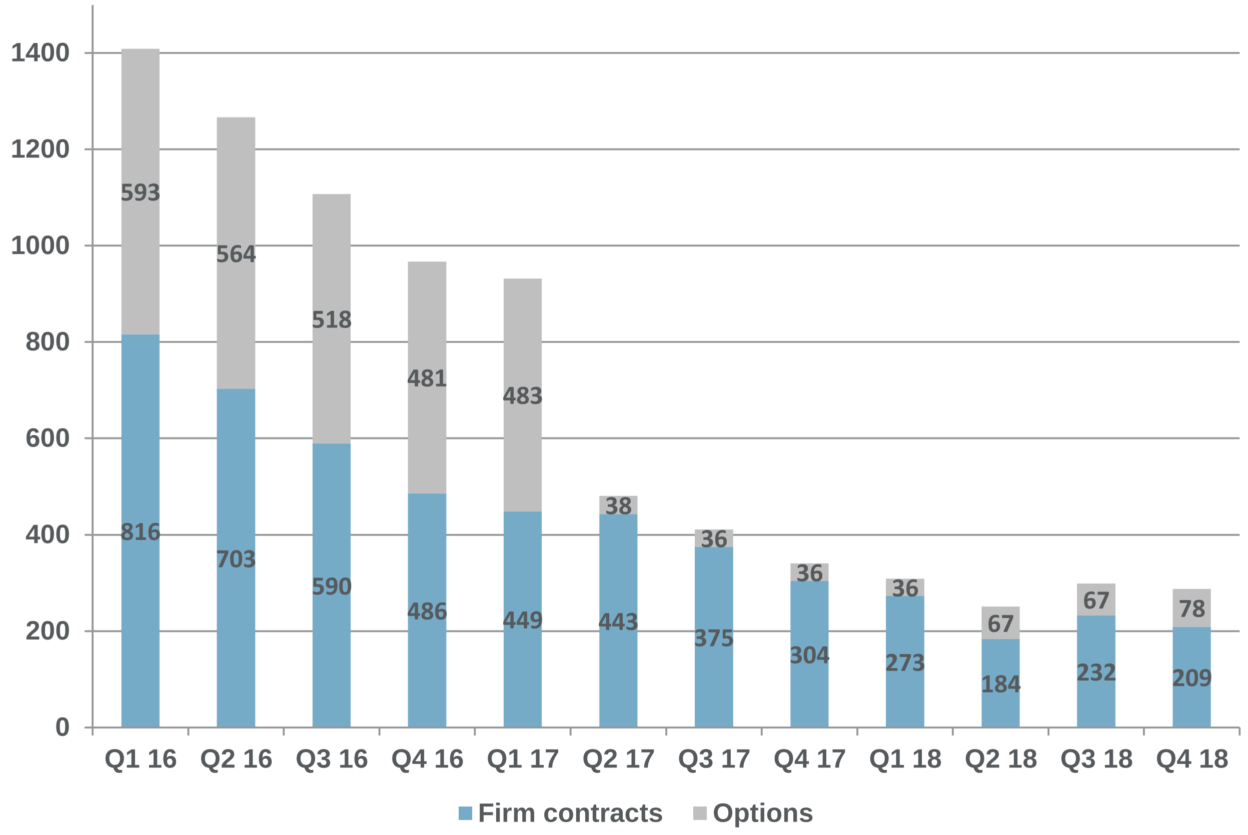
Source: Prosafe SE

** Not including TSV*

Order backlog

- Prosafe's firm backlog was USD 209 million per end Q4 2018
- Awarded 41% and 76%, respectively, of global and North Sea contracts' bid for last 6 years

Order Backlog (USD million)



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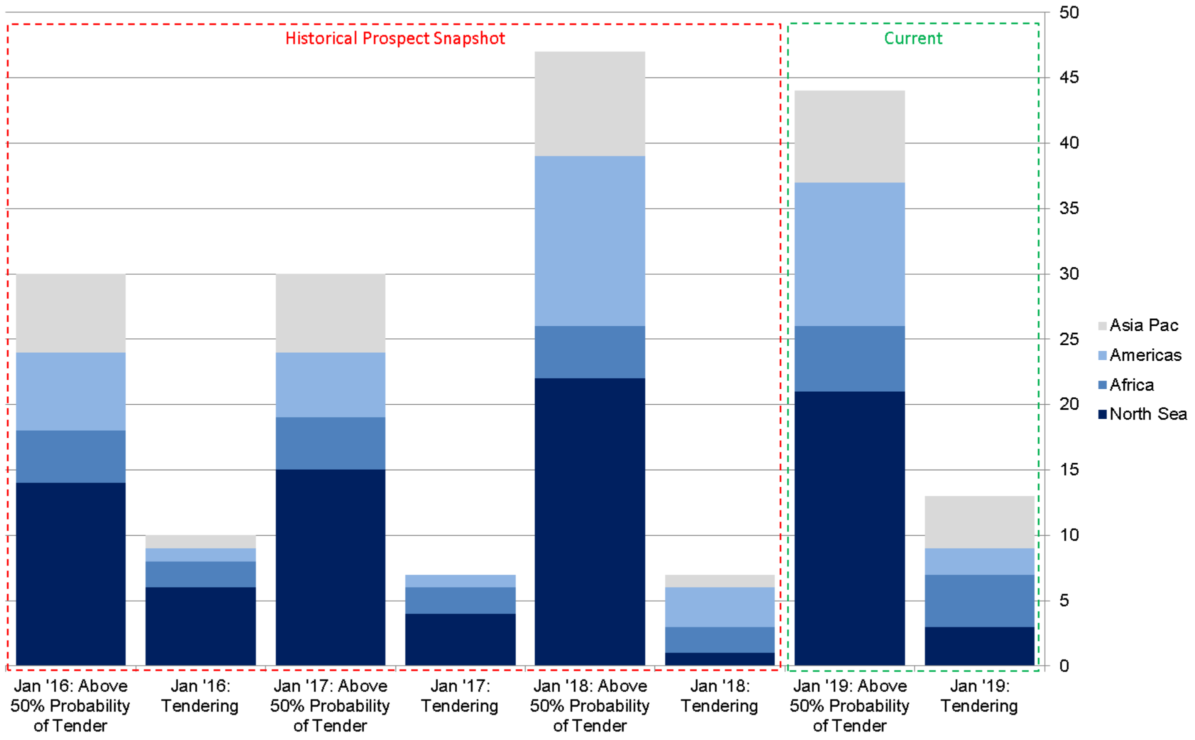
Prospects & tendering – 3 year lookout

Global opportunities

- 13 tenders ongoing for 2019 through 2021
- 12 tenders with commencement dates in 2019
- 21 North Sea prospects with high probability of going to tender next 3 years
- 11 prospects with high probability of going to tender within Americas
- Longer term tenders materialised outside the North Sea
- Tender activity at a high level

Tendering activity – 3 year profile



Source: Prosafe

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Prosafe

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  - Safe Concordia commenced contract in Brazil
  - Contract wins for Regalia in 2019 and for Safe Caledonia in 2020
  - Tender activity continues to pick up
  - Dayrates anticipated to continue to improve following activity increase from 2020
- Consolidation / fleet enhancement remains on the agenda

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Appendix

Operating revenue

(USD million)	Q4 18	Q3 18	Q4 17	12M 18	12M 17	2017
Charter income	59.3	54.5	70.6	260.6	256.1	256.1
Other income (incl amortization of fees)	14.8	19.1	6.1	70.2	26.9	26.9
Total	**74.1**	**73.6**	**76.7**	**330.8**	**283.0**	**283.0**

* Q4 18 other income includes IFRS 15 revenue adjustment of USD 1.8 million; 12M 18 other income includes IFRS 15 revenue adjustment of USD 24.5 million