



9 May 2019



Q1 2019 results and market update

Disclaimer

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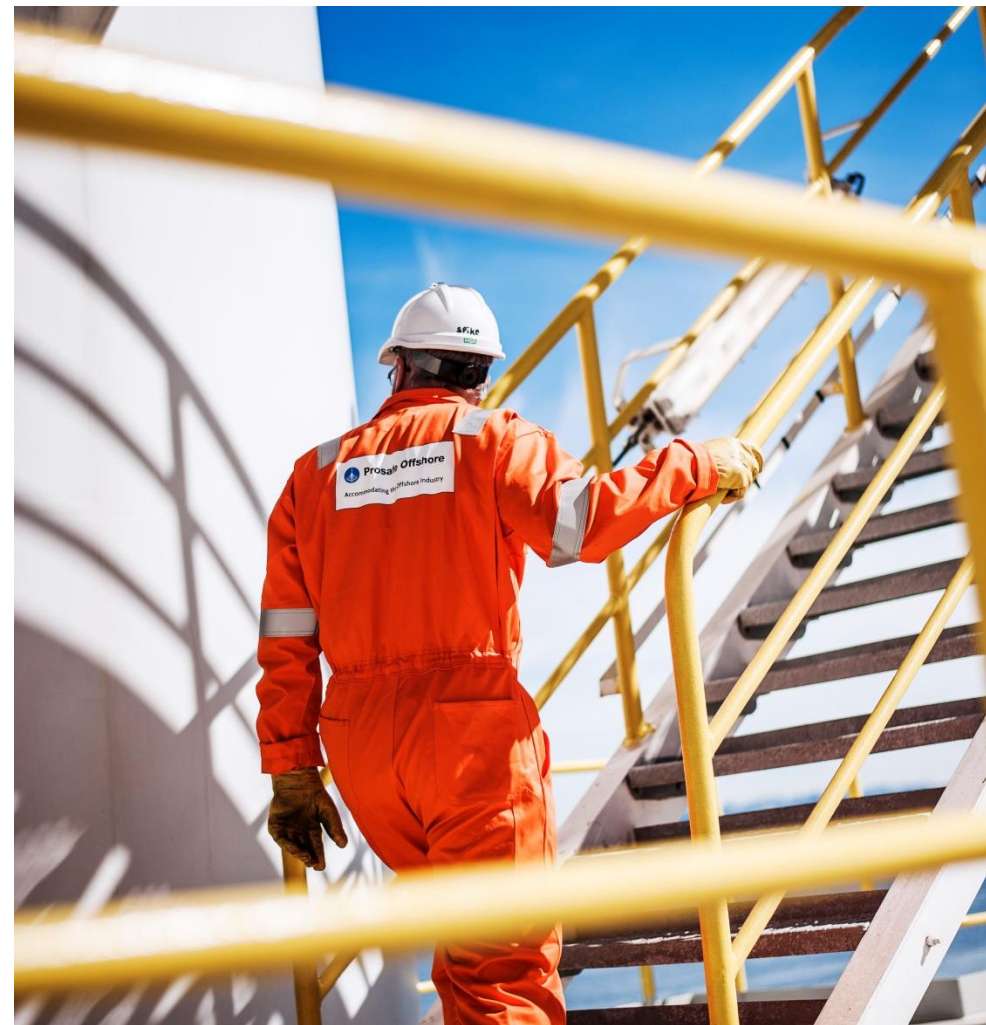
Agenda

- Highlights
- Financial results
- Contract status
- Outlook
- Summary



Recent highlights – Q1 2019

- High utilisation
 - Utilisation of fully owned vessels in Q1 of 62.5% (33.3%)
- Financial results
 - EBITDA before non-recurring items of USD 25.9 million (USD 24.1 million reported)
 - Cash flow from operations was USD 14.7 million (USD 51.4 million) and cash balance of USD 109 million (USD 254 million) with a total liquidity reserve of USD 264 million
- High activity
 - In January, Prosafe came first in Brazil auction.
 - Safe Scandinavia contract restructured
 - Safe Swift awarded new contract
 - Safe Boreas extended through September 2019



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Income statement

(Unaudited figures in USD million)

	Q1 19	Q1 18
Operating revenues	67	83
Operating expenses	(43)	(34)
Operating results before depreciation	24	49
Depreciation	(26)	(27)
Impairment	(4)	(0)
Operating (loss) profit	(7)	22
Interest expenses	(15)	(21)
Other financial items	(5)	18
Net financial items	(20)	(3)
(Loss) Profit before taxes	(27)	19
Taxes	(1)	(3)
Net (Loss) Profit	(28)	16
EPS	(0.3)	0.2
Diluted EPS	(0.3)	0.2

- High utilisation of fully owned vessels of 62.5% (Q1 2018: 33.3%).
- Lower operating revenues despite higher utilisation due to lower average dayrates – approx. USD 125k in 2019 vs approx. USD 280k in 2018.
- Higher operating expenses mainly driven by higher activity and more units in operation, and USD 1.8 million of non-recurring costs
- EBITDA of USD 24 million was negatively impacted by lower average day rates.
- An impairment charge of USD 4.4 million relating to the investment in Dan Swift Pte Ltd was recognised as it is not expected to recover in the future.
- Net financial item was impacted by fair value adjustment on rate swaps and caps of approximately USD 6 million negative (Q1 2018: USD 16 million positive)

Operating revenue

(USD million)	Q1 19	Q4 18	Q1 18	2018
Charter income	56.8	63.7	76.5	293.2
Other income	10.5	10.4	6.3	37.6
Total	67.3	74.1	82.8	330.8

Balance sheet

(Unaudited figures in USD million)	31.03.19	31.12.18	31.03.18
Vessels	1,401	1,423	1,501
New builds	126	126	125
Other non-current assets	3	10	10
Total non-current assets	1,530	1,559	1,637
Cash and deposits	109	140	254
Other current assets	45	38	50
Total current assets	154	178	304
Total assets	1,684	1,737	1,940
Total equity	372	400	487
Interest-free long-term liabilities	22	19	44
Interest-bearing long-term debt	1,171	1,199	1,325
Total long-term liabilities	1,193	1,217	1,369
Other interest-free current liabilities	75	75	67
Current portion of long-term debt	44	45	19
Total current liabilities	119	120	85
Total equity and liabilities	1,684	1,737	1,940
Key figures:			
Working capital	36	59	219
Liquidity reserve	264	277	254
Interest-bearing debt	1,215	1,243	1,343
Net Interest-bearing debt	1,106	1,103	1,089
Book equity ratio	22%	23%	25%

- Total assets of ca. USD 1.7 billion
- Reduced cash balance mainly due to further repayment into committed Revolving Credit Facility (RCF) for optimal cash management. End of March, the available balance in the committed RCF is at USD 155 million.
- **Total liquidity reserve** per Q1 2019 remains strong at USD 264 million
- Long term debt balance decreased mainly due to further repayment into the RCF
- Book equity at 22%
- No equity covenant
- Full covenant compliance

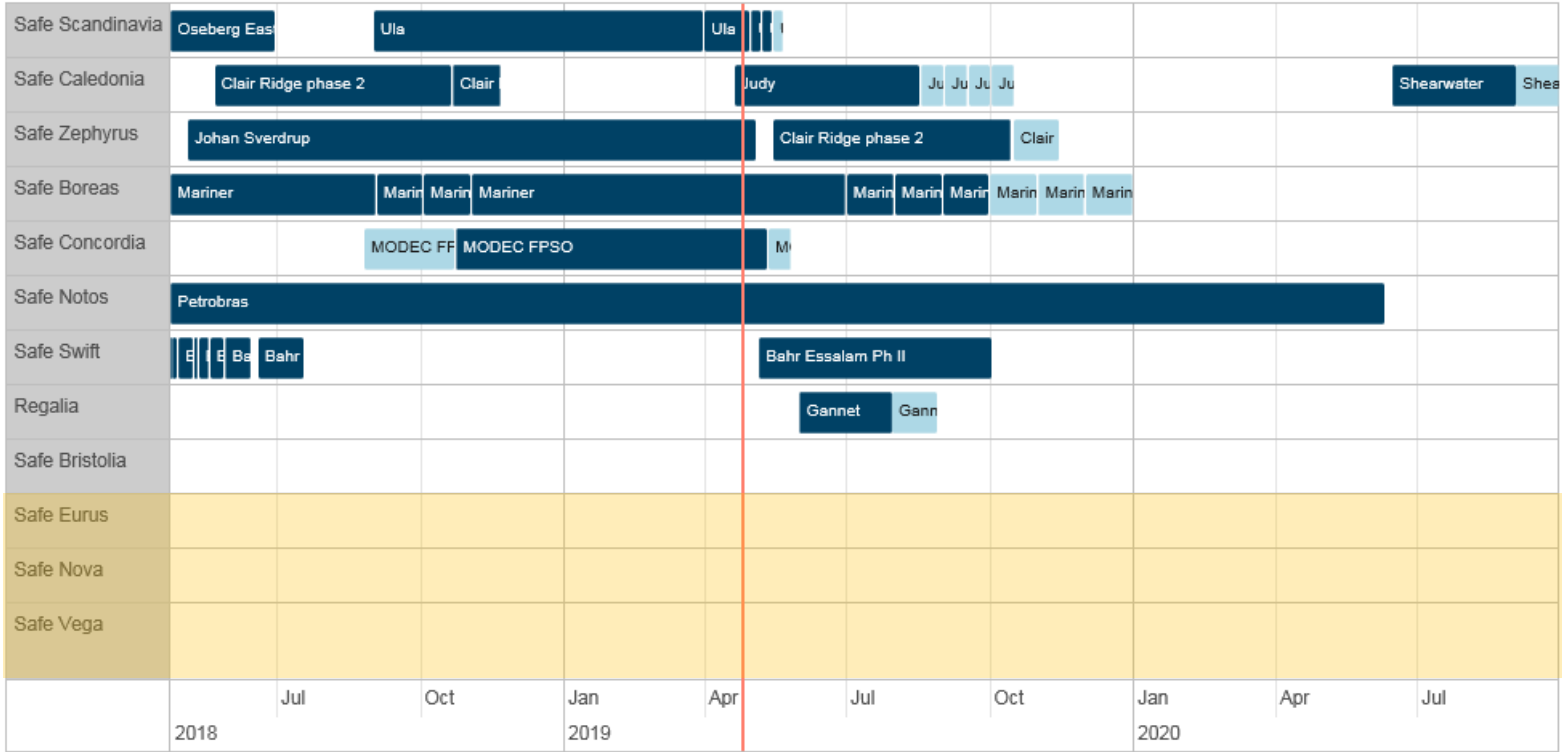
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Fleet status: Contracts, wins and extensions

Contract backlog



Contracting update

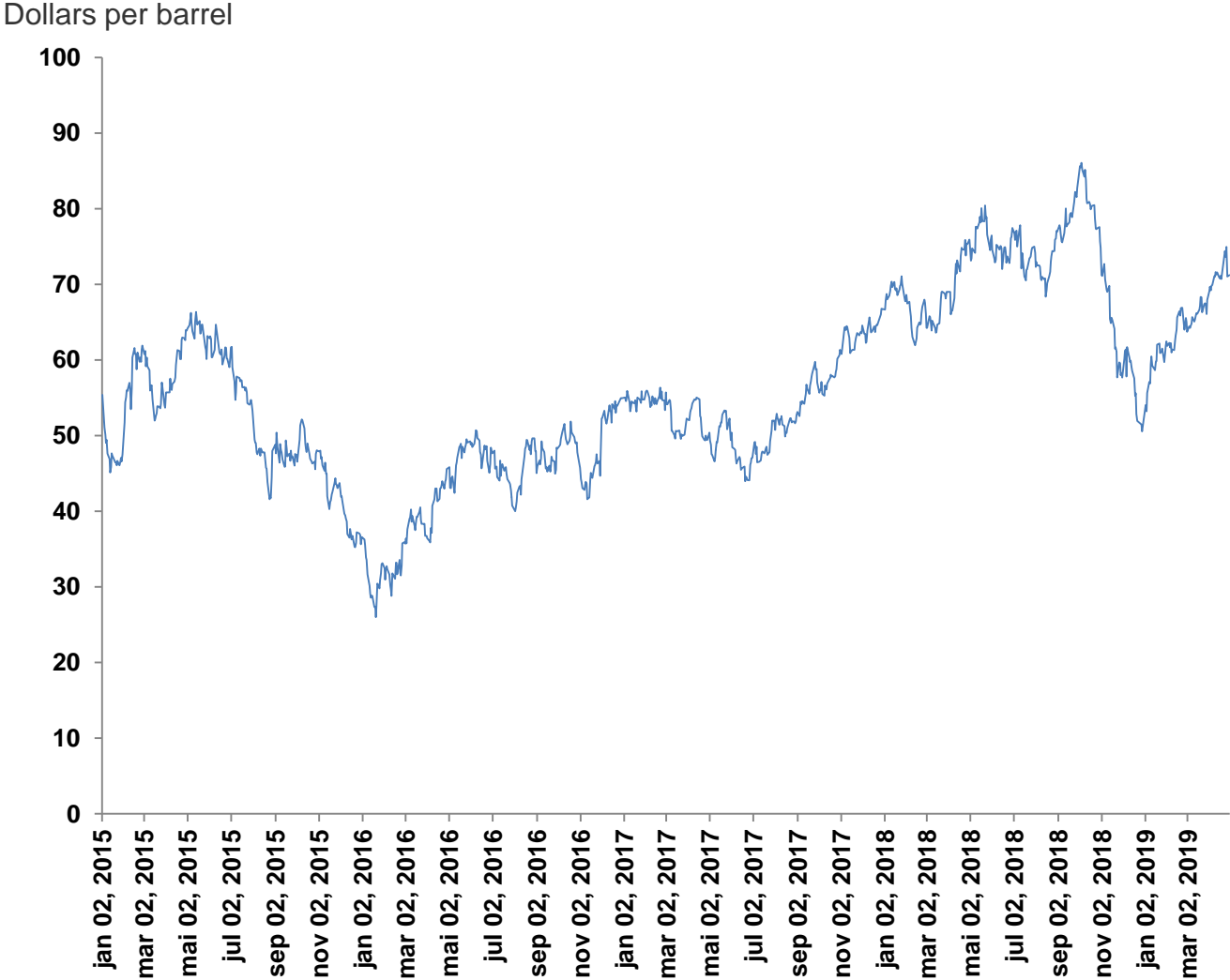
- **Safe Boreas** three of six one-month options exercised at the Mariner project in the UK sector of the North Sea. Operations presently through September 2019.
- **Safe Scandinavia** extended through to mid-May 2019 at Ula in the Norwegian sector of the North Sea.
- **Safe Swift** awarded a five-month contract commencing May 2019.

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Healthy oil price

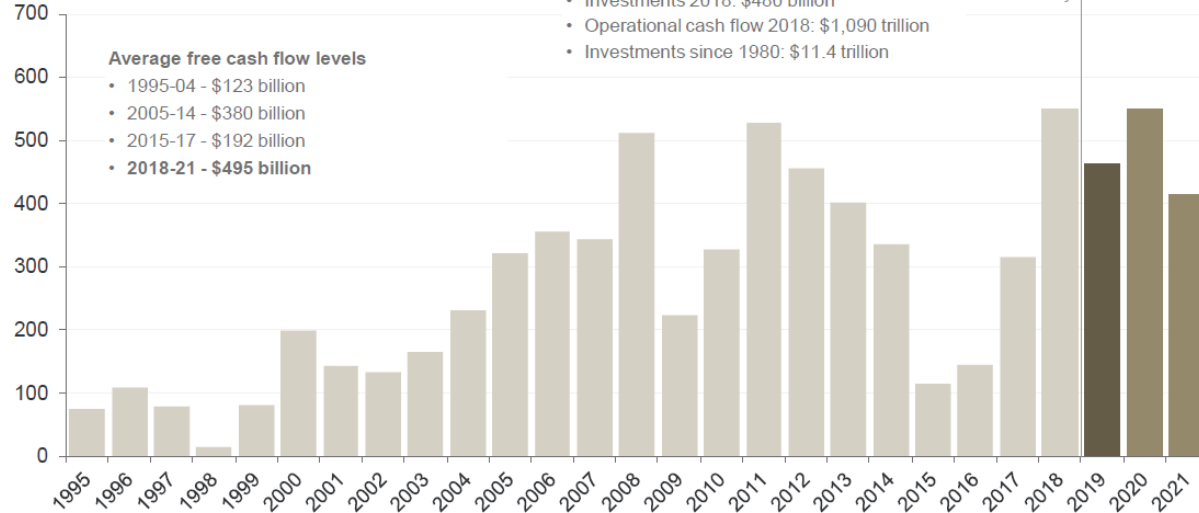


Source: EIA

Global: Cashflow and sanctioning increase

Record high cash flows for E&Ps in 2018 onwards

Global free cash flow after investments
USD billion nominal



Global offshore greenfield capex by sanctioning year

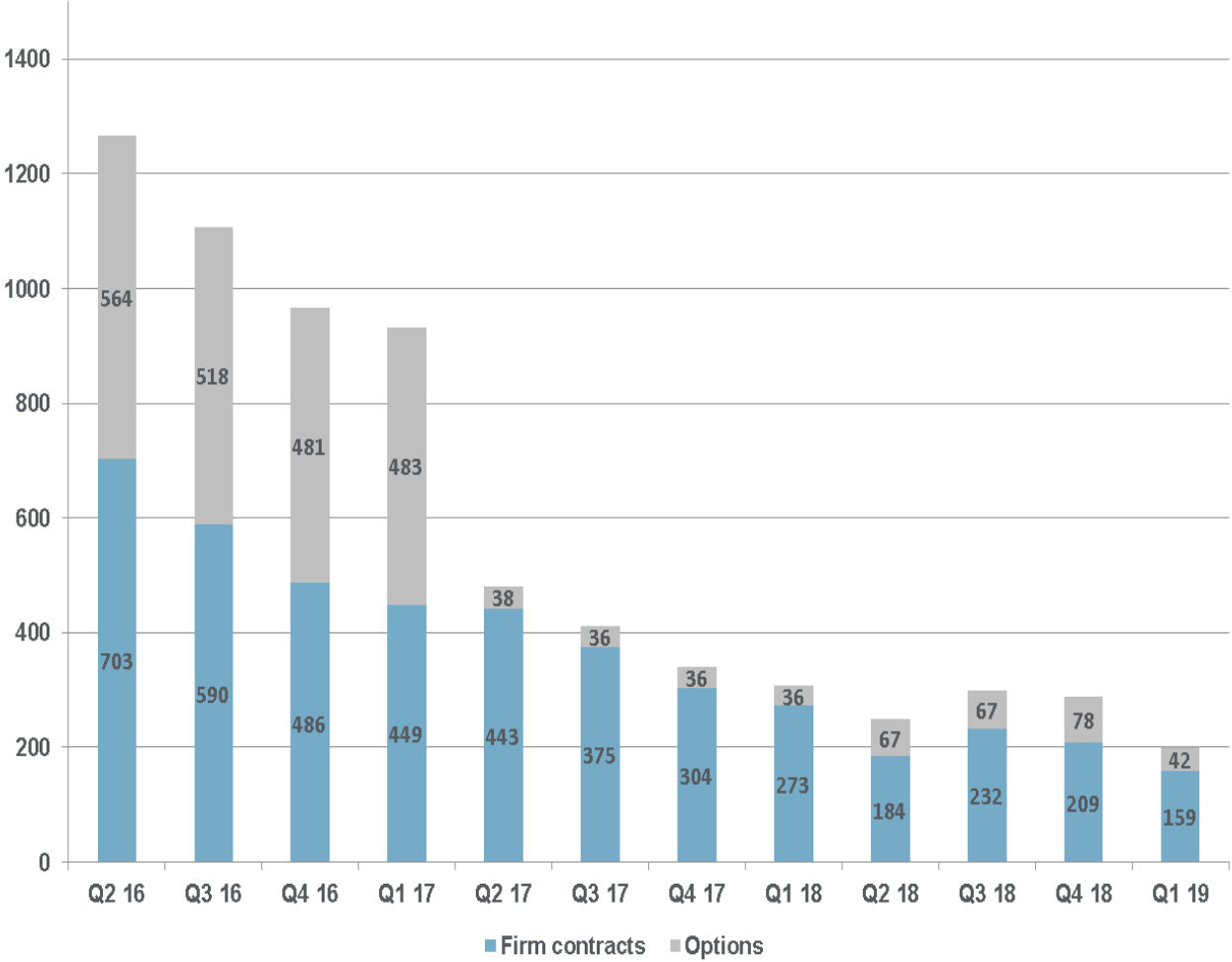
Nominal billion USD



Source: Rystad Energy

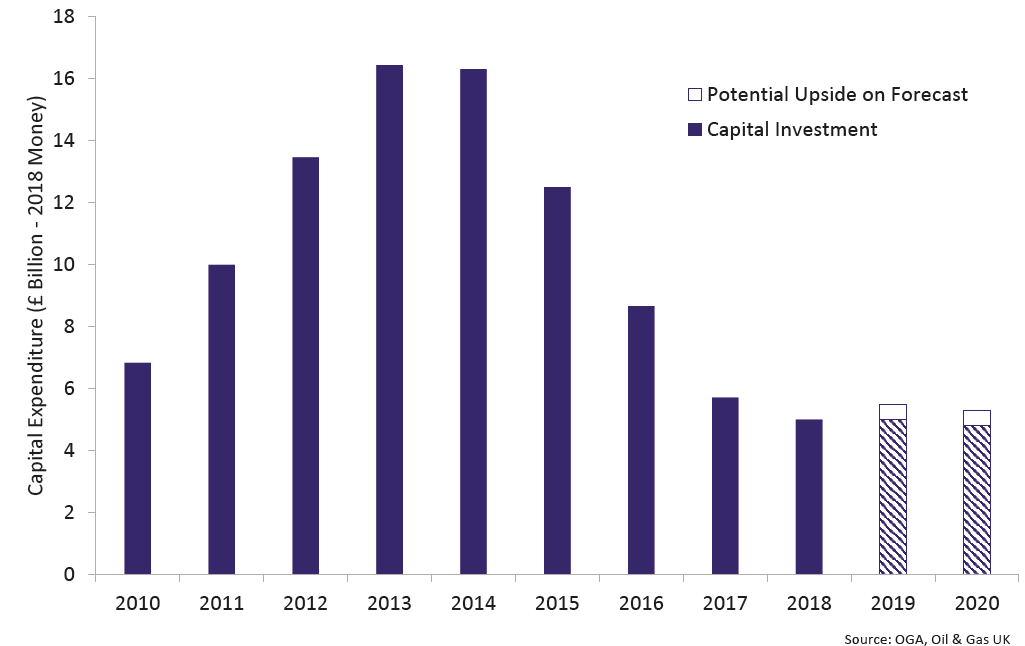
Status - Order backlog

Firm backlog was USD 159 million per end Q1 2019



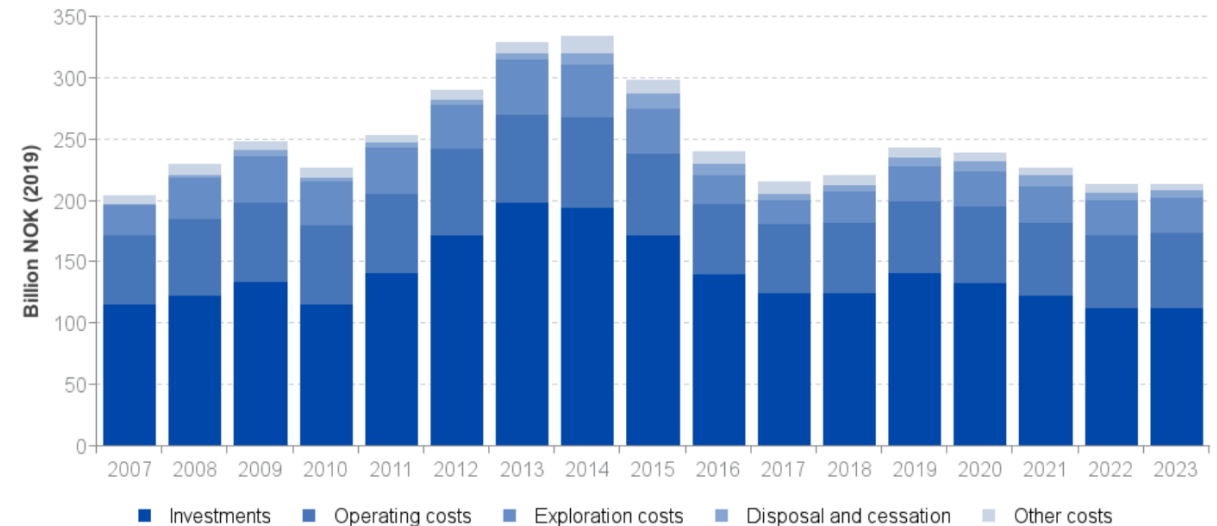
UKCS: £200 billion investment requirement

- In 2018, oil and gas accounted for 75 per cent of the UK's primary energy demand and the UK Government forecasts that it will still be required to meet around two-thirds of primary energy needs in 2035
- US\$5.5 billion of new investments sanctioned in 2018 and more than 400 million boe of new reserves
- 2019 should see a similar investment level sanctioned
- Following 14 years of decline, production has increased by a fifth over the past five years
- Significant transactions in 2018 include Equinor acquiring a stake in Rosebank, and Neptune Energy acquiring stakes into Seagull and Isabella



NCS: Investment rise and exploration success

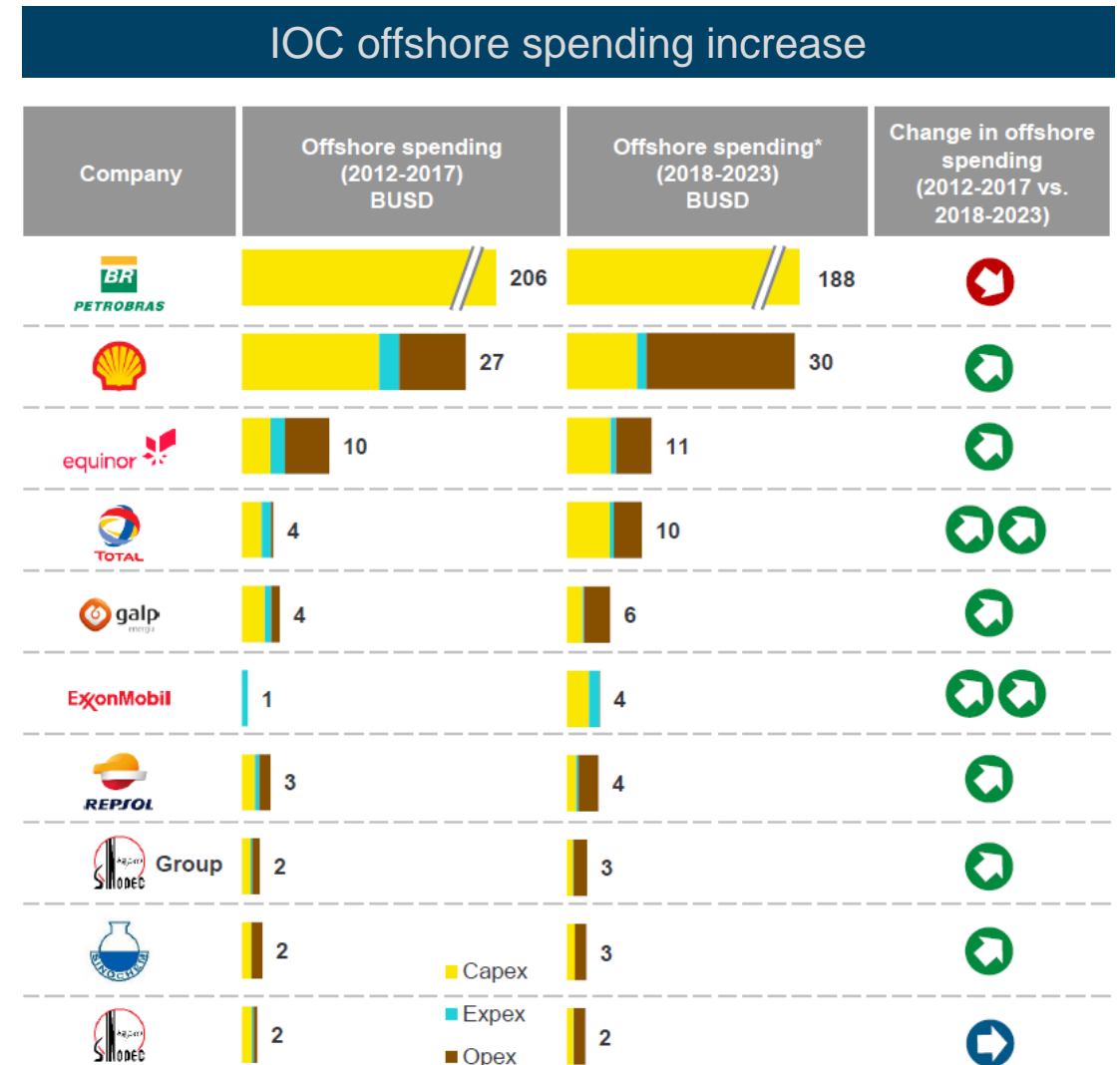
- Investments are expected to rise to USD 21.5 billion in 2019 from USD 18.5 billion last year, according to a forecast from the Norwegian Oil & Gas Association
- Spending is likely to remain little changed at about USD 21.3 billion in 2020
- After peak spending year of 2012 through 2015, spending has normalized
- Norway leads with highest number of oil and gas discoveries in Q1 2019



Source: NPD

Brazil: High ambitions and tender activity ongoing

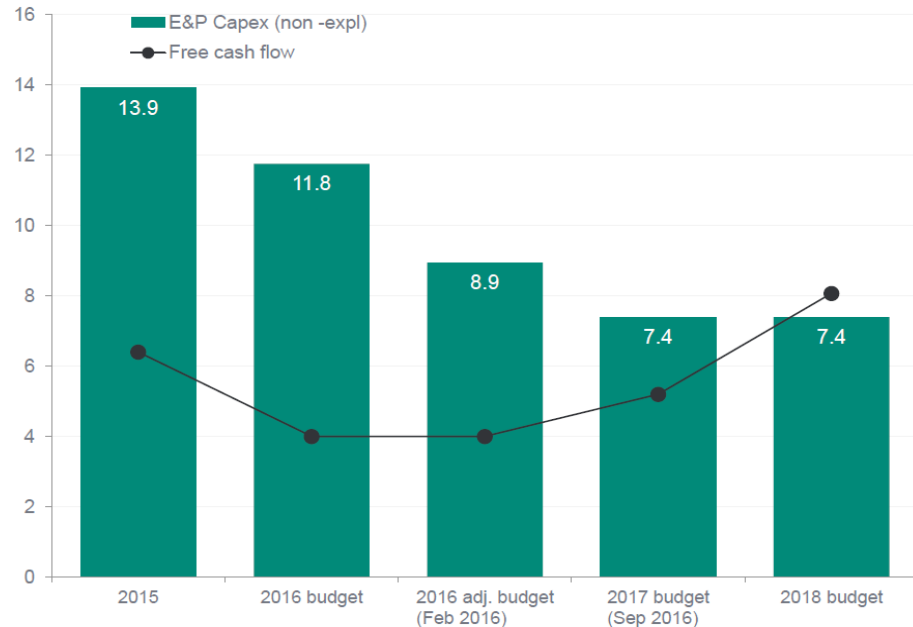
- Even upon conclusion of the tenders, contracted supply is considered insufficient to meet Petrobras' near/medium term demand
- Petrobras offshore MMO spending forecast to exceed USD 3.5 billion in 2020 – the first time this threshold will be exceeded
- IOC's will also drive demand, with Equinor anticipated to have requirements over the existing contracted units based on committed and forecasted spending increase



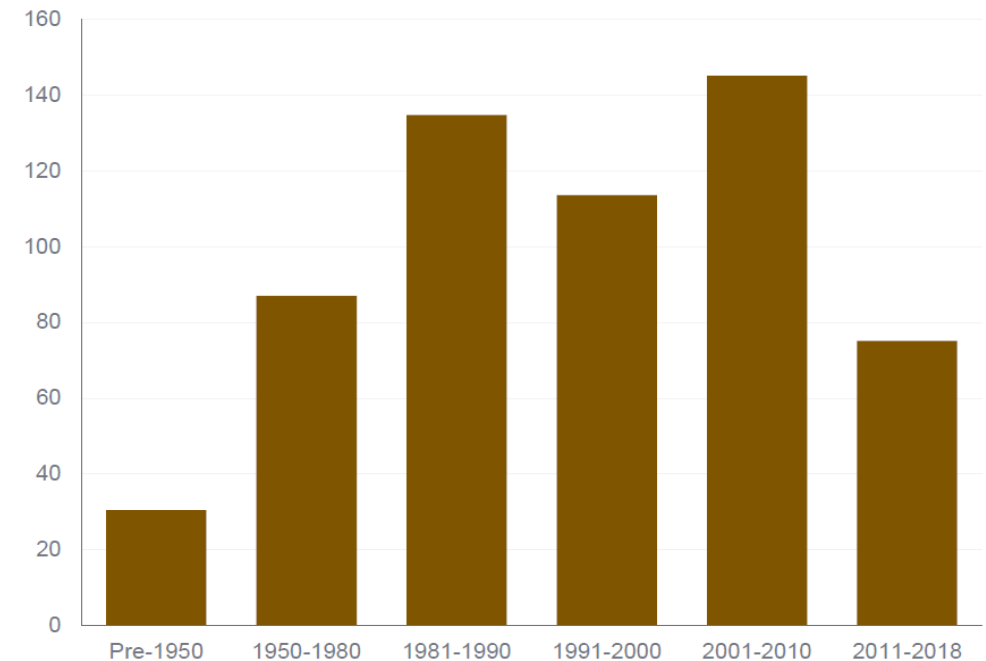
Source: Rystad Energy

Mexico: Activity growth from 2020 anticipated

- 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)



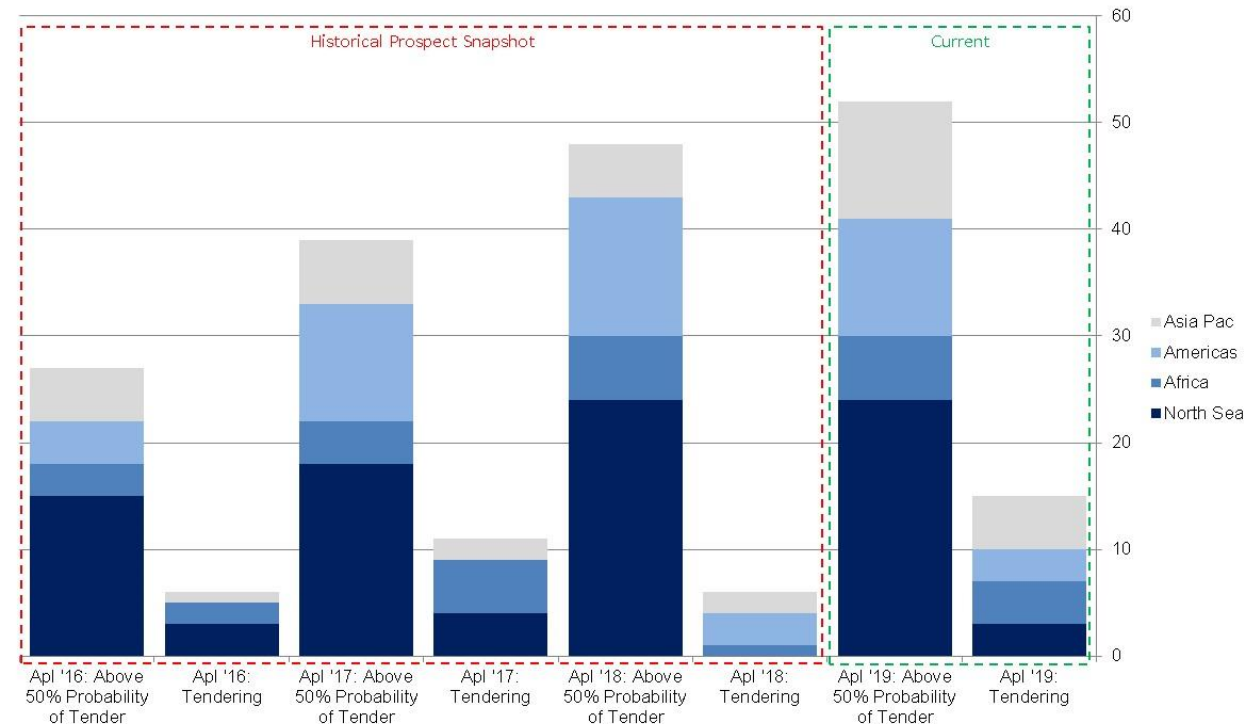
Source: Rystad Energy / Prosafe

Prospects & tendering – 4 year comparison

Global opportunities

- 16 tenders ongoing for 2019 through 2021
- 24 North Sea prospects greater than 50% probability of going to tender next 3 years
- 11 prospects likely going to tender within Americas
- Longer term tenders materialised outside the North Sea and in particular Asia/ Pacific

Tendering activity – 4 year profile



Source: Prosafe

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Summary

- High activity
 - Utilisation of fully owned vessels in Q1 of 62.5% (33.3%)
 - Two contract extensions and one award
- Performance on track
- Strong liquidity position
 - Total liquidity reserve of USD 264 million
- Outlook unchanged. Improvement anticipated from 2020/2021
- Consolidation and fleet renewal on agenda

