



19 August 2022

# Q2 2022 results and business update

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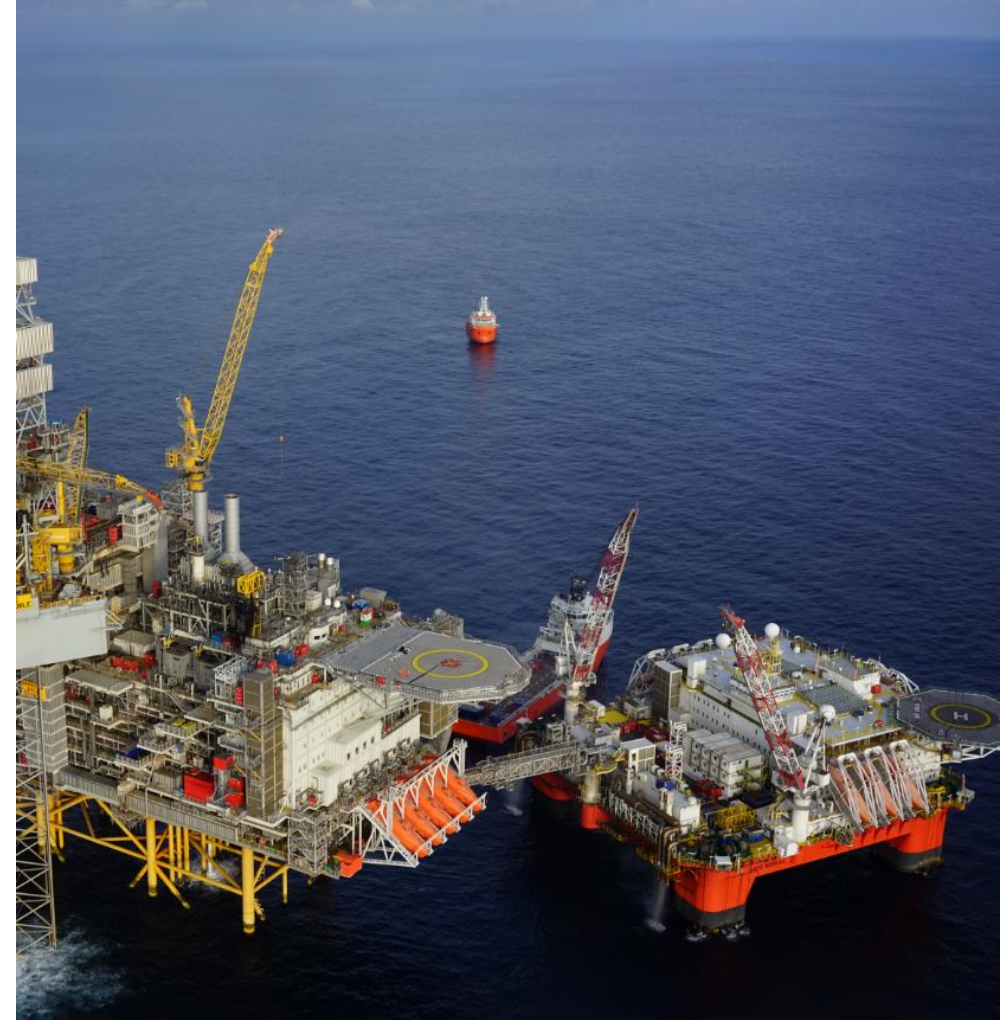
# Agenda

- **Highlights Q2 2022**
- Financial results Q2 2022
- Commercial update
- Status and strategy



# Highlights – Q2 2022

- Fleet utilisation and financial results
  - The highest quarterly fleet utilisation of 81.0 per cent (65.8 per cent) since Q3 2015
  - EBITDA of USD 22.8 million for the quarter (USD 18.1 million)
  - Cash flow from operations in Q2 was USD 0.4 million (negative USD 21.9 million). In the quarter, an increase in working capital, driven by increased accounts receivable due to improved vessel activity, offset the improved operating result
  - Liquidity of USD 57.6 million (USD 119.9 million) at quarter end
  - Book equity improved by 36% from last quarter
- Operations and commercial
  - 5 out of 7 vessels were in full operation throughout the quarter, while Safe Boreas was working part of the quarter
  - Good operating performance and zero incidents in the quarter
  - Two four-year contracts were awarded by Petrobras to Safe Notos and Safe Eurus, and a short duration contract was secured for Safe Boreas in the UK, adding approximately USD 240 million in backlog
  - After the quarter end, BP Trinidad and Tobago LLC exercised all four weeks of options for the Safe Concordia



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# Income statement

(Unaudited figures in USD million)

	Q2	
	2022	2021
Operating revenues	61	50
Operating expenses	(38)	(32)
<b>Operating results before depreciation</b>	<b>23</b>	<b>18</b>
Depreciation	(7)	(9)
Impairment	0	(1)
<b>Operating (loss) profit</b>	<b>16</b>	<b>8</b>
Interest income	0	1
Interest expenses	(4)	(14)
Other financial items	1	(6)
<b>Net financial items</b>	<b>(3)</b>	<b>(19)</b>
<b>(Loss) Profit before taxes</b>	<b>13</b>	<b>(11)</b>
Taxes	(2)	(0)
<b>Net (Loss) Profit</b>	<b>11</b>	<b>(11)</b>
<b>EPS</b>	<b>1.20</b>	<b>(127.29)</b>
<b>Diluted EPS</b>	<b>1.20</b>	<b>(127.29)</b>

- The highest quarterly fleet utilisation of 81.0 per cent since Q3 2015 (Q2 2021: 65.8 per cent)
- Higher operating revenues, mainly driven by high fleet utilisation, together with well managed operating costs, contributed to a good operating result in the quarter
- Significantly reduced interest expenses and minimum other financial costs after the completion of the financial restructuring last year
- Taxes were mainly related to the Trinidad and Tobago project

# Balance sheet

(Unaudited figures in USD million)	30.06.22	30.06.21
Vessels	389	407
Other non-current assets	2	3
<b>Total non-current assets</b>	<b>391</b>	<b>410</b>
Cash and deposits	58	120
Other current assets	46	50
<b>Total current assets</b>	<b>104</b>	<b>170</b>
<b>Total assets</b>	<b>495</b>	<b>579</b>
Share capital	12	9
Other equity	22	(1,058)
<b>Total equity</b>	<b>34</b>	<b>(1,049)</b>
Interest-free long-term liabilities	2	2
Interest-bearing long-term debt	421	81
<b>Total long-term liabilities</b>	<b>423</b>	<b>83</b>
Other interest-free current liabilities	34	84
Current portion of long-term debt	3	1,462
<b>Total current liabilities</b>	<b>37</b>	<b>1,546</b>
<b>Total equity and liabilities</b>	<b>495</b>	<b>579</b>
<b>Key figures:</b>		
Working capital	67	(1,376)
Liquidity reserve	58	120
Interest-bearing debt	424	1,542
Net Interest-bearing debt	367	1,422
Book equity ratio	7.0 %	-181.1%

- Total assets of USD 495 million
- **Liquidity** per Q2 2022 was approx. **USD 58 million.** There was slight reduction in cash position vs. the last quarter. This was largely driven by an increase in working capital due to increased rig activity and related receivables
- **Book equity** improved to USD 34 million from last quarter of USD 25 million
- Net interest-bearing debt of USD 367 million per Q2 2022, whereof only USD 3 million is short-term debt
- The significant improvement in working capital, major reduction in net interest-bearing debt and positive equity ratio are mainly consequences of the successful completion of the financial restructuring in December 2021

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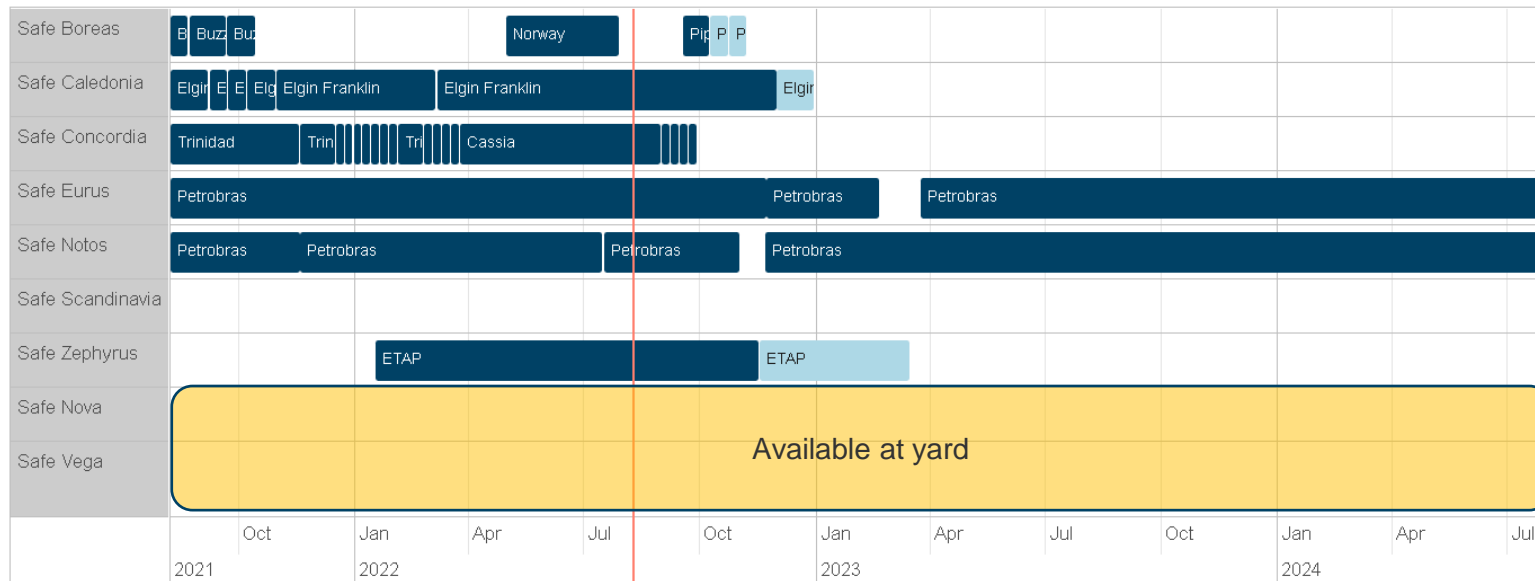
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# 6 of 7 vessels working in 2022

## Contract backlog

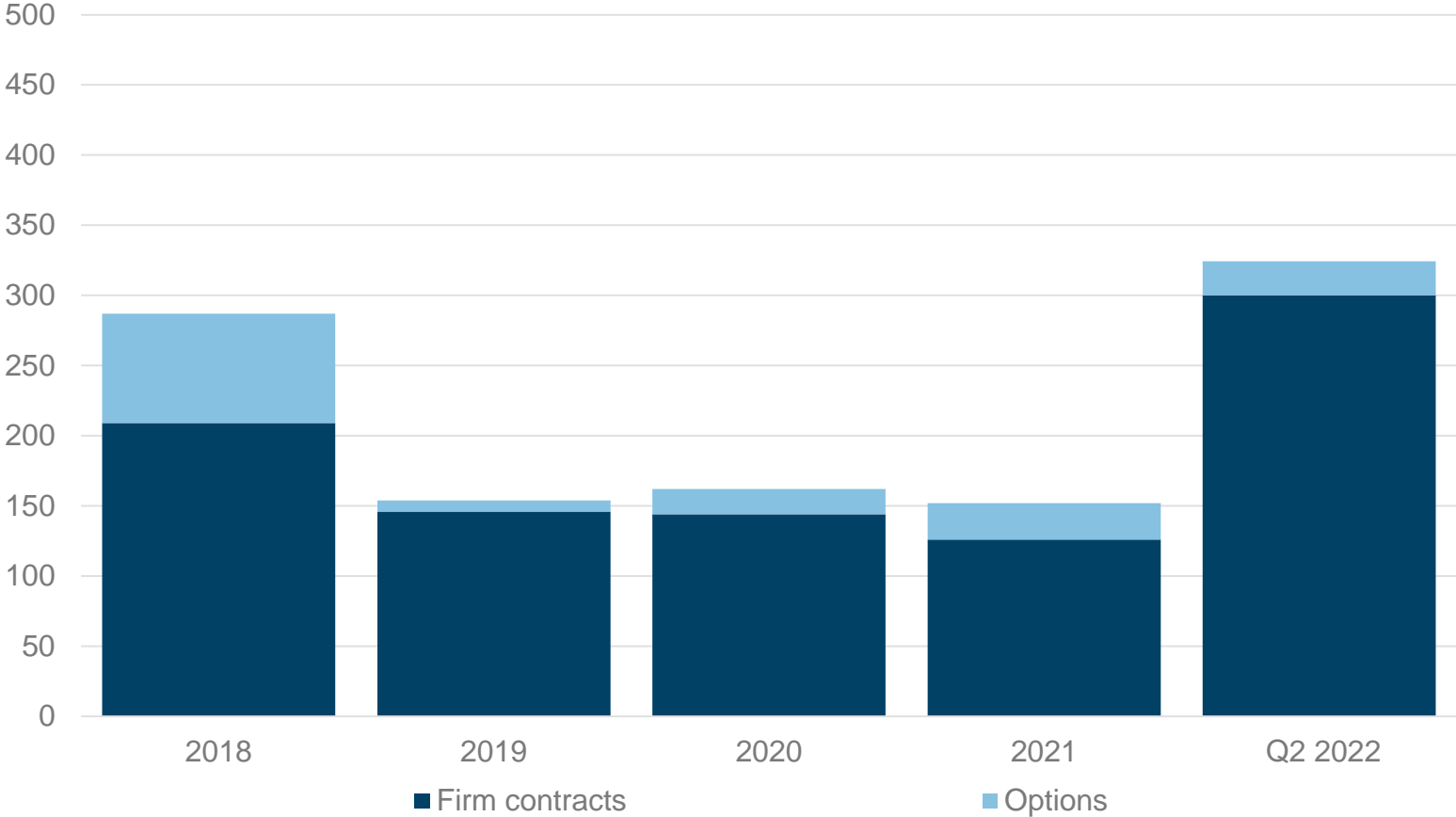


## Contracting update

- **Safe Boreas:** Commenced a 90-day contract on the Norwegian Continental Shelf on 1 May 2022. The contract has been completed. A new contract was signed with a UK client for 21 days plus 2 x 15-day options commencing mid/ late September 2022 with a firm period value of USD\$3.7 million
- **Safe Caledonia:** Commenced a 270-day contract with one 30-day option in early March 2022
- **Safe Concordia:** Has been operating in Trinidad since 15 July 2021. After four one-week options were exercised on 27 July 2022, the vessel will be in operation through September 2022
- **Safe Eurus:** On contract with Petrobras until late Q1 2023. Safe Eurus was awarded a contract for a four-year, USD 126 million contract by Petrobras, commencing in March 2023 on conclusion of the current contract and after a period of off-hire for hull cleaning
- **Safe Notos:** Safe Notos was awarded a four-year, USD 110 million, contract with Petrobras. The contract commenced in July 2022 in direct continuation of the ongoing contract with Petrobras. An off-hire period in November will be required for hull cleaning
- **Safe Scandinavia:** The rig is in lay up and being actively marketed.
- **Safe Zephyrus:** On 22 January 2022, the vessel commenced a 10-month firm contract with 4 x one-month options with bp at ETAP in the UKCS.
- **Safe Nova and Safe Vega:** The delivery date was initially 31 August 2021. Prosafe did not request delivery and Cosco did not tender ready for delivery. Prosafe and COSCO have agreed on deferred delivery principles

# Improved order backlog and ambition to improve further

Order backlog (USD million)\*



Ongoing commercial processes

- **Safe Boreas:** the 650-day Petrobras tender was cancelled and a new Request for Information was issued
- Ongoing tenders in the North Sea and Brazil for 2023 and 2024 commencement
- Above 50% of contractual options have historically been called. There are also several cases where all options have been called and the contracts ran well beyond the initial period and agreed options

\* Four weeks of options exercised by BP (USD 3.5 million) are not included in the Q2 order backlog

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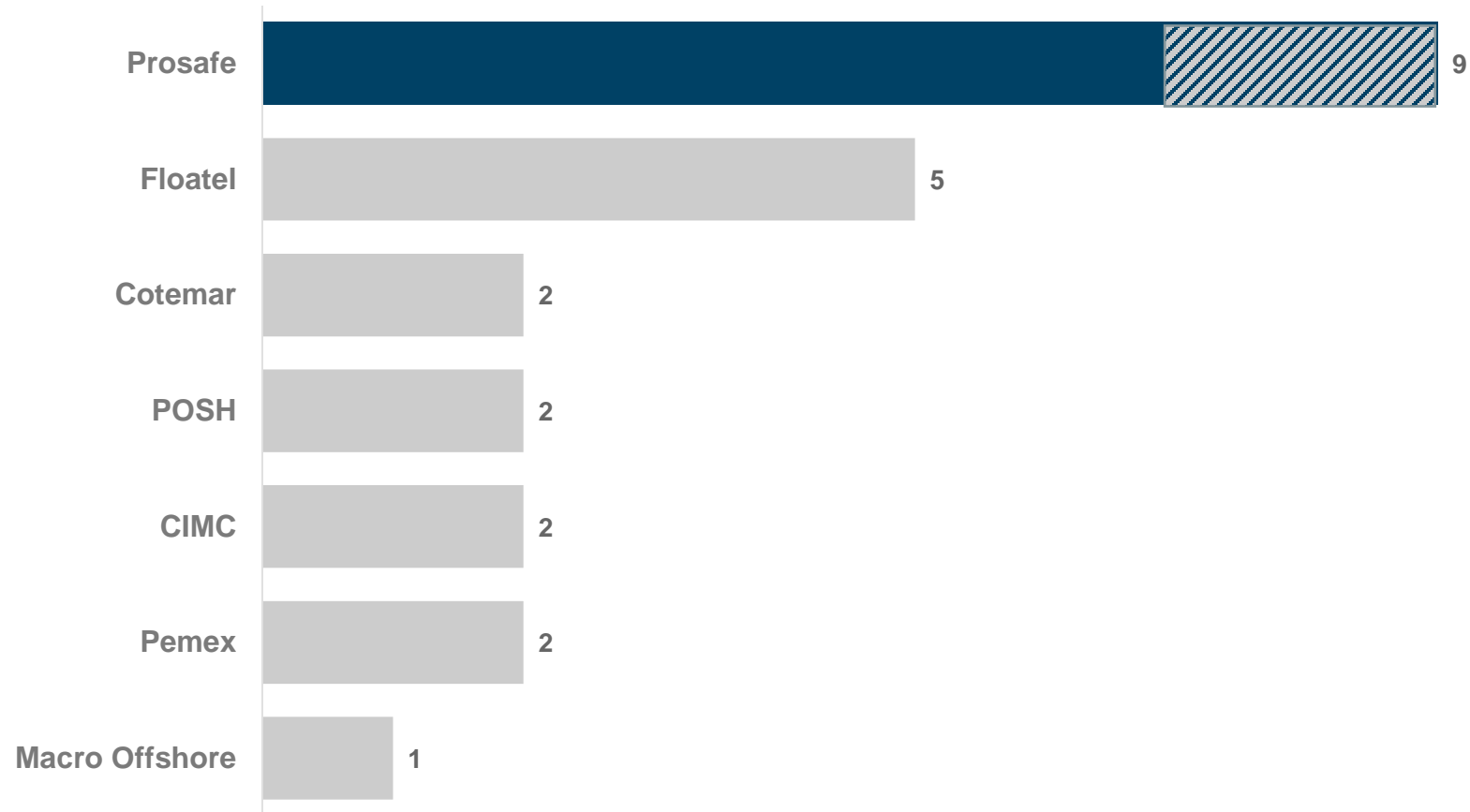
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# The largest owner of offshore accommodation vessels

- Controls 9 of the global fleet of about 23 vessels (incl. two newbuilds at yard)

# accommodation vessels per operator\*



\*graph does not include a comprehensive list of minor vessel owners

# Efficient cost and spend levels anticipated over the next years

- Next SPS'es are in 2024-2026\*

## Opex

- Modern and versatile vessels with 10-30 years remaining life
- SG&A costs of ca USD 14 million per year
- Offhire cost of ca USD 3 – 12k/ day depending on layup mode, duration and location
- Safe Scandinavia is an older vessel and has been cold stacked since 2019. Current running costs of ca USD 3k/day. Future requirements will determine the need for an SPS
- Maintenance capex of ca USD 1-2 million/year per vessel on average, including SPS costs expected to be around of USD 4-5 million/vessel every 5 years.

## SPS Schedule

	2022	2023	2024	2025	2026
Boreas					
Zephyrus					
Eurus					
Notos					
Caledonia					
Concordia					
Scandinavia					

*Actively marketed*

\*) Brazil contracts may lead to earlier SPSs to ensure continuous operations

# Oil and gas will play a role through the energy transition

## Outlook

The process of adapting to the energy transition will be complex and time consuming.

Oil and gas is a contributor in all IEA's scenarios for future energy consumption.

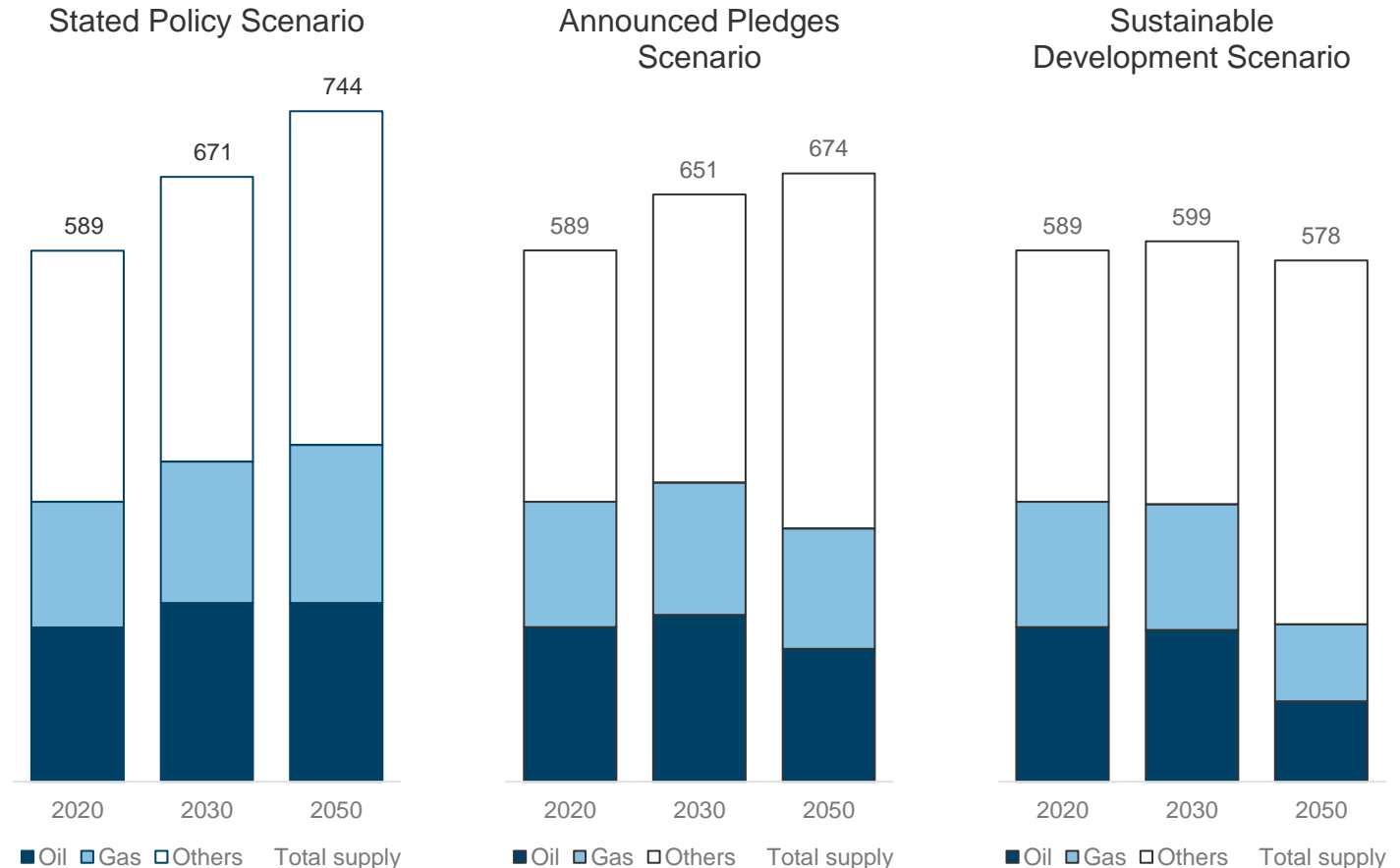
### Key challenges:

- Oil and gas reservoirs deplete naturally as they are produced
- The easy barrels are produced first

### Key implications:

- Need for new discoveries and field developments
- Maximizing production from existing assets
- Maintaining existing infrastructure

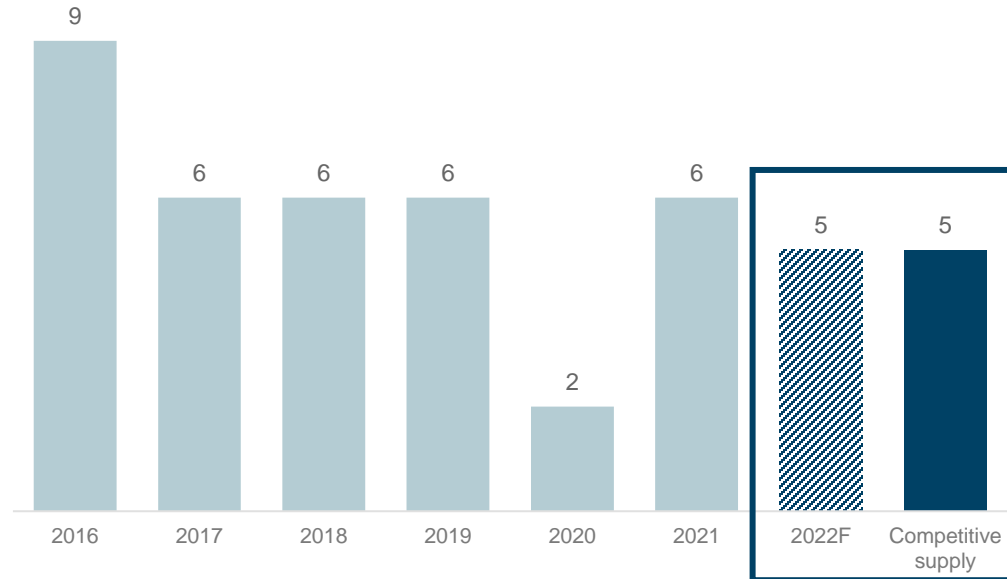
## Global energy supply according to IEA



Gas includes unabated and natural gas with CCUS

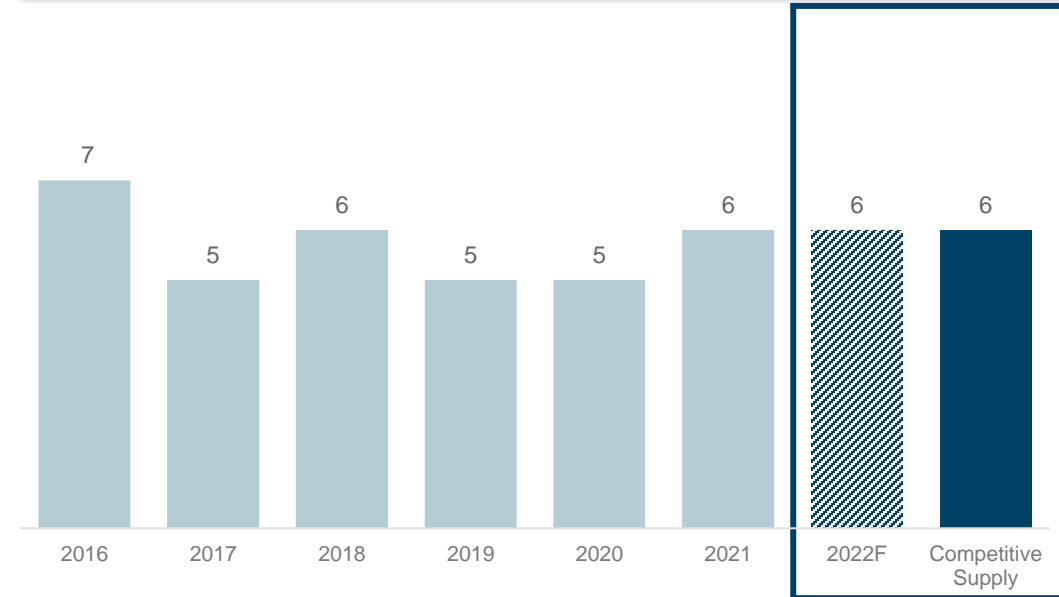
# Markets tightening in Brazil and in the North Sea

North Sea: # vessels working\*



- Of the 23 global fleet, only 5 vessels can presently operate in Norway
- The North Sea market is tightening and all five competitive vessels are booked for work in 2022
- Only less competitive vessels available (stacked vessels including Safe Scandinavia)

Brazil: # vessels working for Petrobras\*



- Brazilian market tightening as activity is picking up
- Petrobras is the largest client and its fleet of flotels (UMS) will increase from 5 to at least 6 next year based on the recent and announced tenders and awards. Petrobras' current technical requirement effectively limits supply to newer and traditional DP3 semi-submersibles
- Remaining available supply is stacked and/or less competitive units

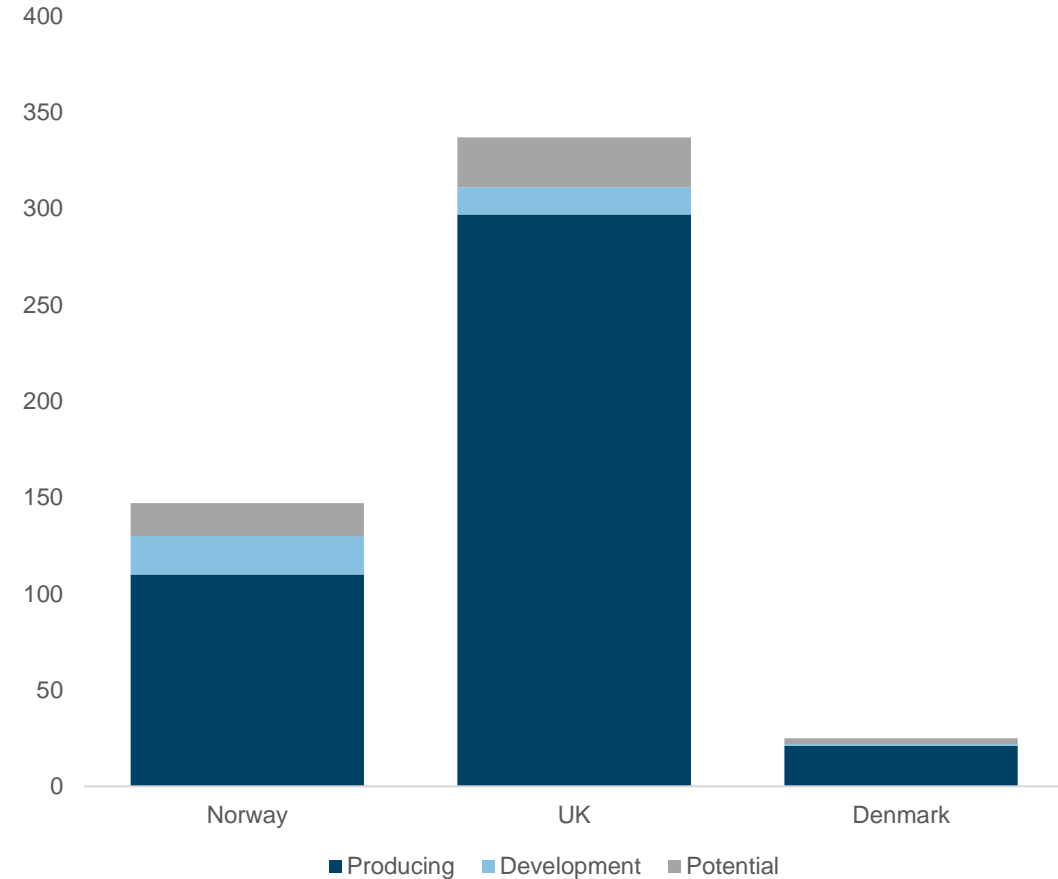
\*Excluding vessels on contract in other regions. 2022: semis following Petrobras technical qualifications

# North Sea market: high 2022 activity. Positive indicators

## North Sea

- The North Sea will continue to be attractive driven by cost competitiveness, low emissions, and long-term oriented regulators
- Norwegian activity is increasing after the introduction of the favourable tax package; More than 35 developments underway (primarily subsea)
- The long-term view is positive as illustrated by the recent APA round in Norway, where more than 50 licenses were awarded to more than 20 operators. Stable regulatory regime.
- Electrification and Carbon Capture Storage (CCS) may add activity going forward

## # Fields in production (source: Spinerge)



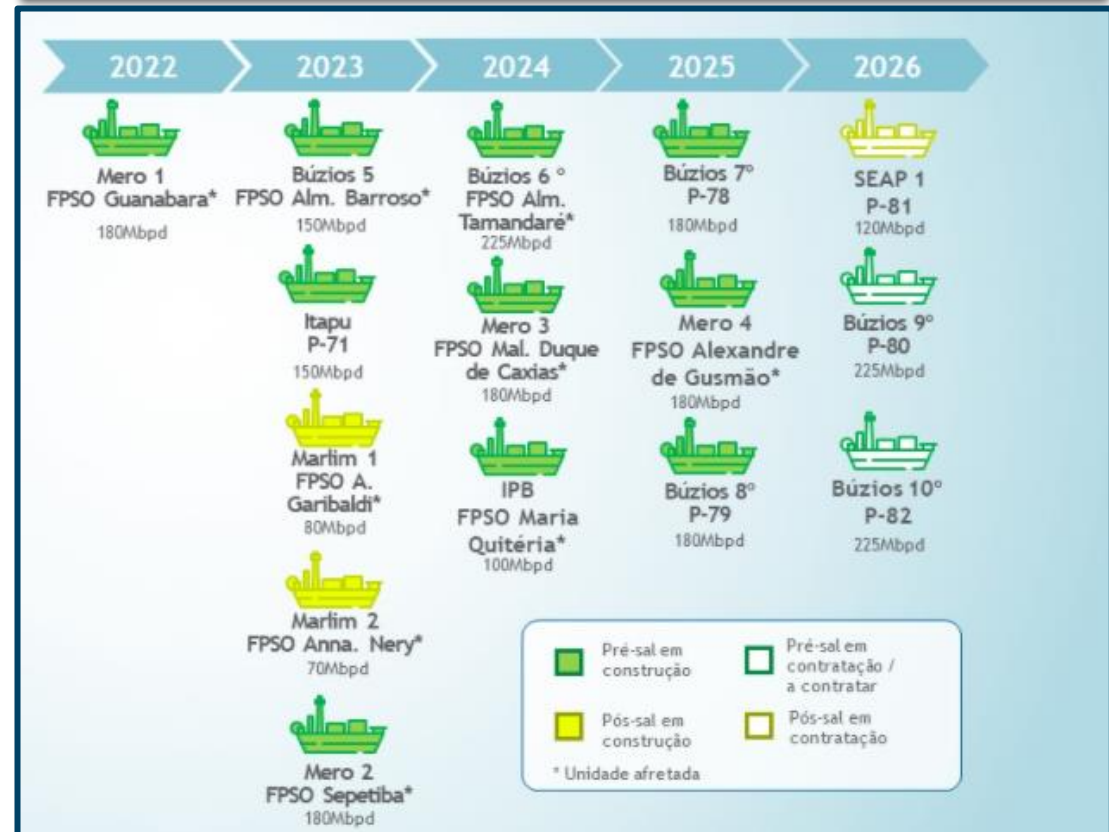


# Brazil: Increasing activity and focus on high-end vessels

## Brazil

- 20 new FPSOs announced & planned to be installed over the next years
- Some of existing fleet to be phased out but large potential in life-extension projects
- New FPSOs have additional topside weight & equipment (up to 60% more versus current FPSOs) and less space to carry out maintenance
- Brazilian authorities are increasingly auditing the asset integrity management of all FPSO operators in Brazil
- Corrosive environment requiring continuous maintenance

## Brazil FPSO Projects 2022 – 2025 (Source: Petrobras)



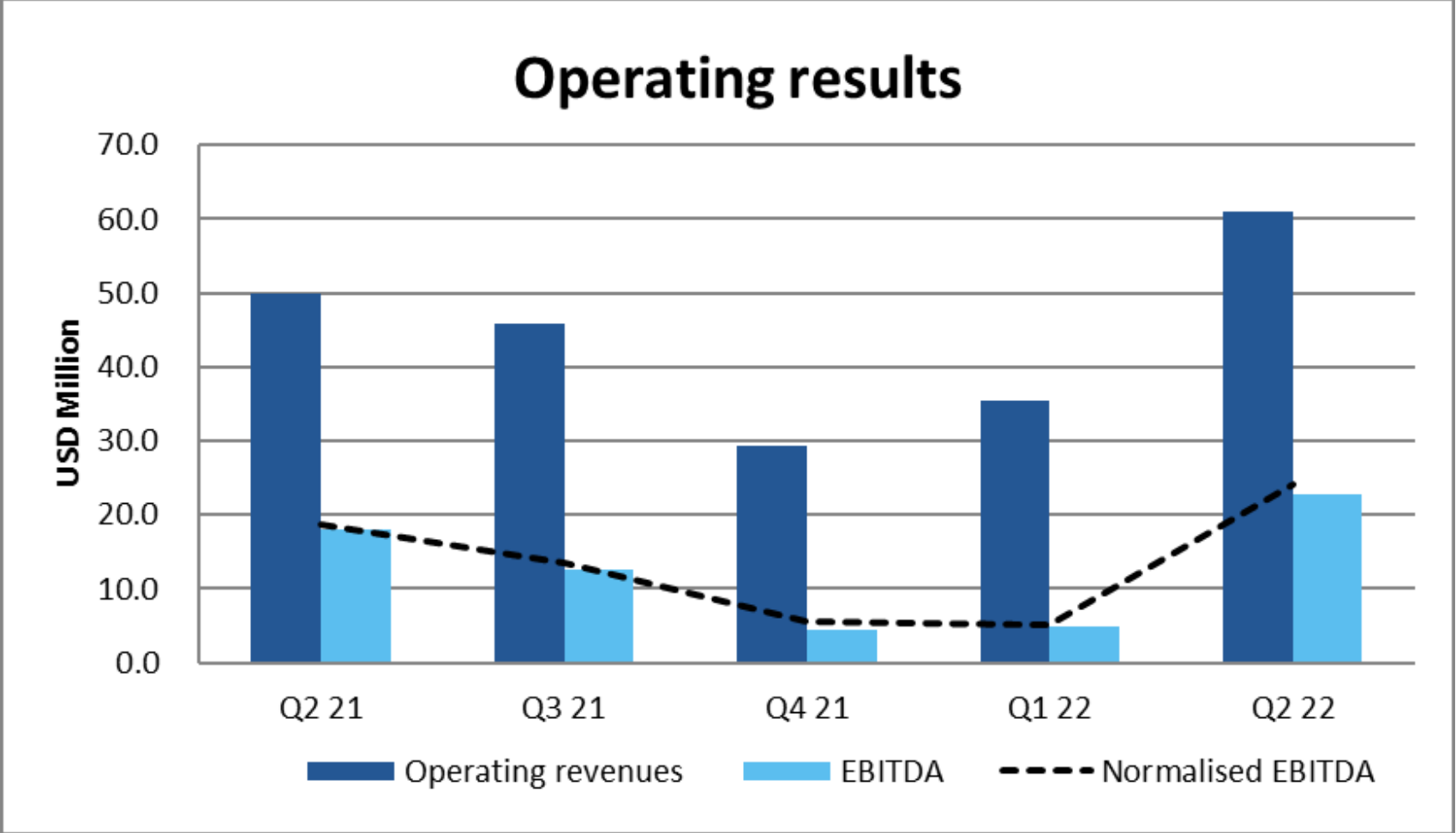
# Summary – Q2 2022

- Q2 highlights
  - The highest quarterly fleet utilisation of 81.0 per cent since Q3 2015 (65.8 per cent)
  - EBITDA of USD 22.8 million (USD 18.1 million), and book equity improved by 36% from last quarter
  - Liquidity of USD 57.6 million (USD 119.9 million) at quarter end
  - Good operating performance and zero incidents in the quarter
  - Two four-year contracts were awarded by Petrobras to Safe Notos and Safe Eurus, and a short duration contract was secured for Safe Boreas in the UK, adding approximately USD 240 million in backlog
- Outlook and strategic focus
  - Positive macro indicators and high activity levels expected in the oil and gas industry
  - Strive for best commercial and operational performance
  - Actively address GHG emissions on our vessels
  - Opportunistically pursue consolidation opportunities in the market
  - Pursue opportunities which may arise given the increased focus on energy transition and energy security

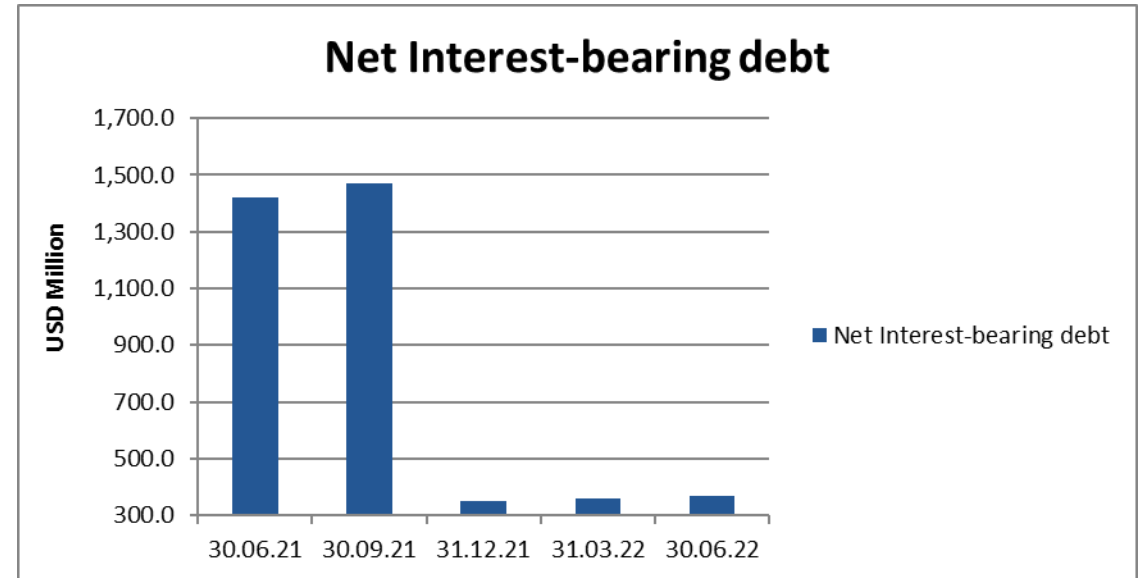
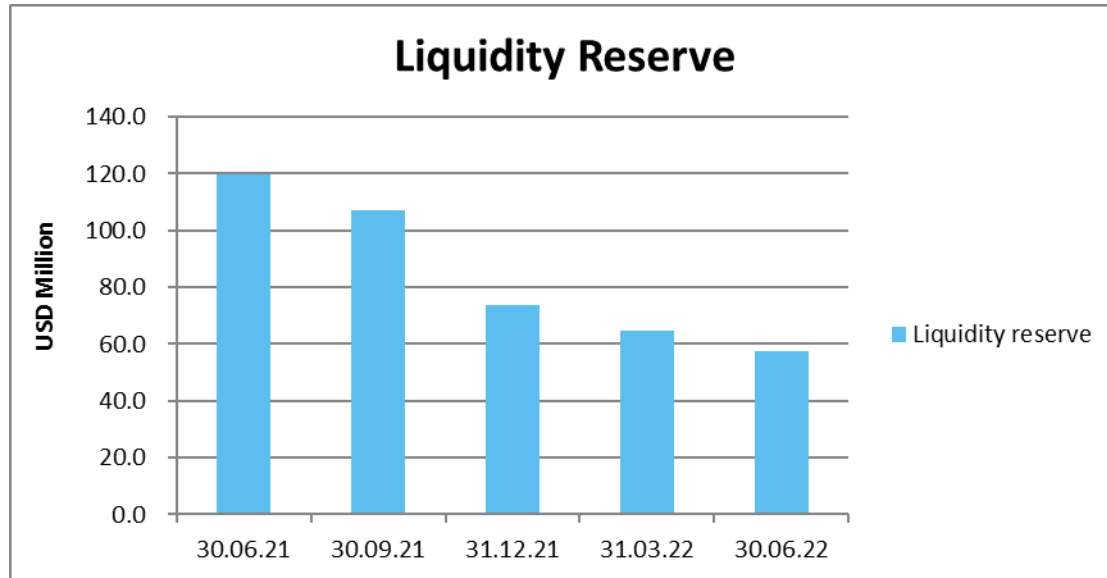


# Appendix

# Best operating results in five quarters



# Liquidity reserve and net interest-bearing debt



- Over USD 1 billion improvement on net interest-bearing debt since December 2021 driven by financial restructuring

# Operating revenue

(USD million)	Q2 22	Q2 21	Q1 22	2021
Charter income	52.6	43.2	32.3	121.7
Other income	8.3	6.7	3.2	19.4
<b>Total</b>	<b>60.9</b>	<b>49.9</b>	<b>35.5</b>	<b>141.1</b>