

# Company presentation

Pareto Securities' Energy Conference  
20 September 2023



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# Prosafe at a glance

- Leading owner and operator of high-end accommodation vessels
- Global operations, Brazil and North Sea presence
- 4 modern vessels built for the harshest environments, 3 legacy assets
- Two additional high-end vessels at yard
- Attractive low-cost financing with first major debt maturity end 2025
- Improving market outlook across key North Sea and Brazil markets

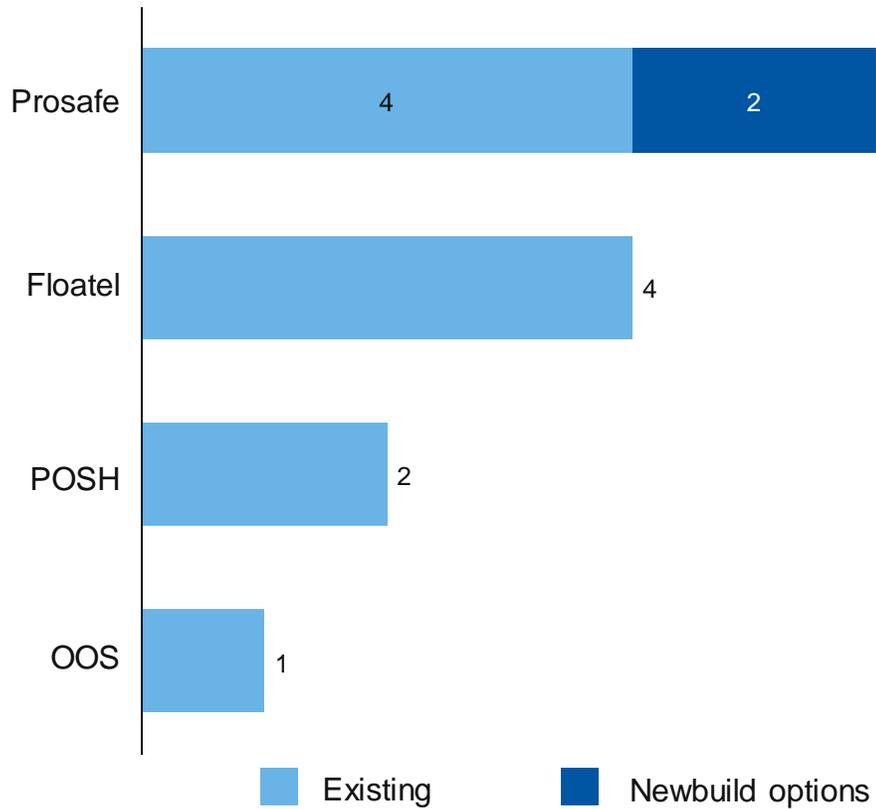
## World class offshore accommodation and maintenance



- Safe and efficient gangway connection
- Large deck space for storage and workshops
- Accommodation for 450-500 people

# Largest operator of high-end accommodation vessels

## High-end semi-submersible DP3 vessels



## Recent operations



## Fleet utilisation (%)



# A trusted service provider throughout the offshore asset lifecycle



## Demand drivers

- ✓ Oil and gas price
- ✓ E&P spending
- ✓ Discoveries

- ✓ Age and number of installations
- ✓ Nearby discoveries
- ✓ Geography
- ✓ Electrification

- ✓ Field economics
- ✓ Regulations

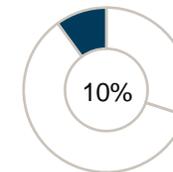
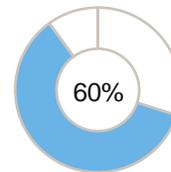
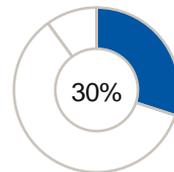
## Demand triggers

- Project sanctioning
- Commissioning of new fields

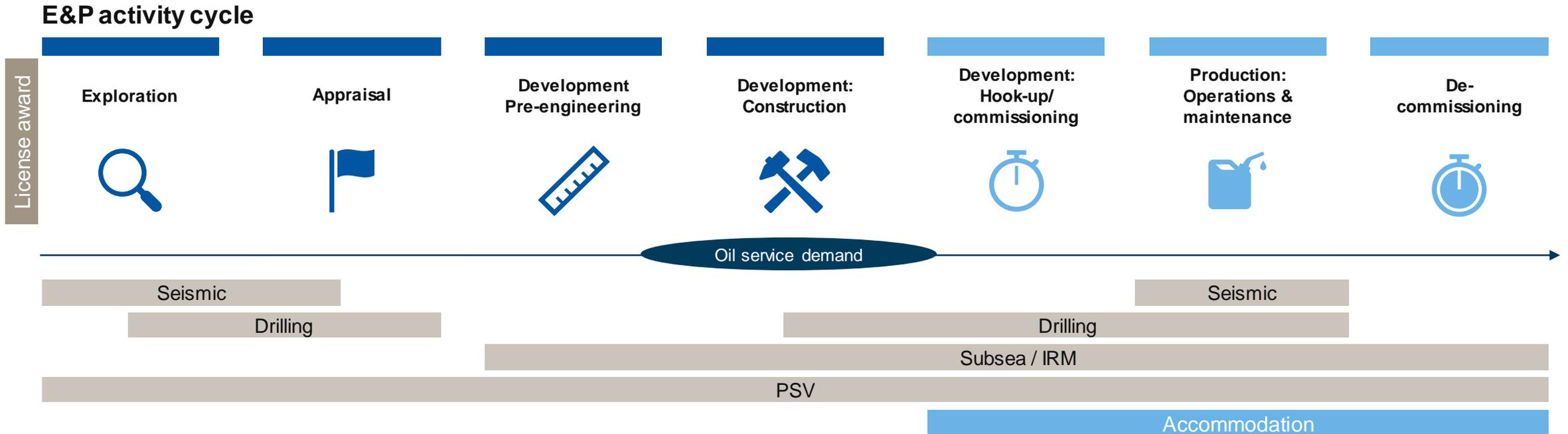
- Maintenance of installations
- Subsea tie-back projects

- Shutdown and removal of installations

## Expected relevance 2023-2030



# Accommodation services are late in the E&P cycle



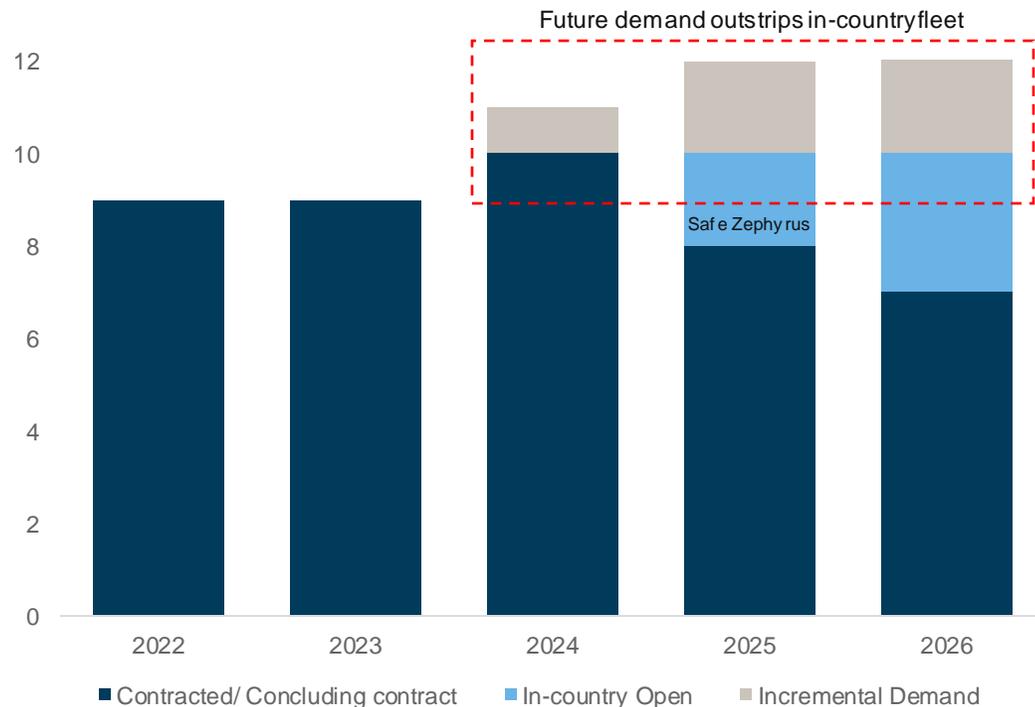
# Controlling a significant share of open North Sea capacity

Contract overview										
Safe Boreas	Available in tightening market									
Safe Caledonia	End Mar '27									
Safe Concordia	US Gulf		Monthly options							
Safe Eurus	Petrobras									
Safe Notos	Petrobras									
Safe Zephyrus	Petrobras									
Safe Nova	Optional newbuilds at yard									
Safe Vega	Optional newbuilds at yard									
Safe Scandinavia	TSV – Cold stacked									
	Jul 2023	Oct	Jan 2024	Apr	Jul	Oct	Jan 2025	Apr	Jul	Oct

- Seeking sustainable rates in a tightening market
- Safe Boreas the only DP3 vessel available for full UK/NCS 2024 summer seasons
- Safe Caledonia is available for work on the UK sector
- Strong market position in Brazil with three vessels on long-term charters
- Optimistic on the market outlook in both the North Sea and Brazil

# Improving Brazil market with in-country units re-contracted at near double day rates and increased durations

## Brazil market balance (units)<sup>1</sup>



- 4 major Petrobras tenders pending award
- Further tenders expected from Petrobras and other operators late 2023 with start-up from late 2024
- Incremental demand likely to favour high-end units
- Potential “sold out” position emerging with additional vessels required from the North Sea or other regions

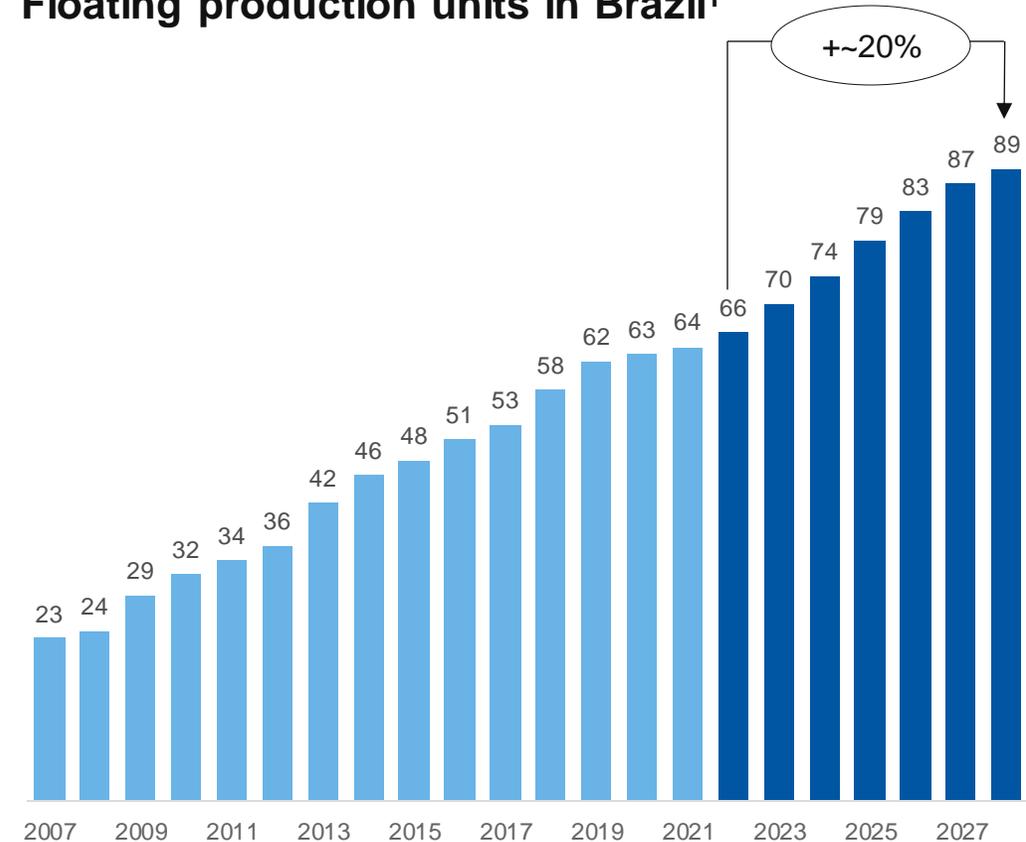
### Winning bids – recent Petrobras Brazil tenders in 2023<sup>2</sup>

	Day rates (USDk/d)			Duration (years)	
	New	Old	Change	New	Old
POSH Arcadia	115	60.5	+ 90%	4	3
POSH Xanadu	115	-	Est. + 90%	4	3
Aquarius Brazil	110	66	+ 69%	4	1.7
CSS Venus	117	-	Est. + 90%	1.6	0.5
<b>Average day rates + 85%</b>			<b>Average duration + 67%</b>		

# FPSO growth in Brazil set to drive increased accommodation demand

- Petrobras and other E&P companies increasing investments to drive oil production growth
- Petrobras to install 23 new FPSOs by 2030 (18 are part of Strategic Plan 2023-27), decommission older units
- FPSOs require maintenance after ~2 - 5 years, new and large units favor high-end accommodation rigs
- At least 2 tenders for high-end vessels expected in 2023 with start-up from 2H'24 onward

**Floating production units in Brazil<sup>1</sup>**



## Two-tier market

### High-end serving large FPSOs

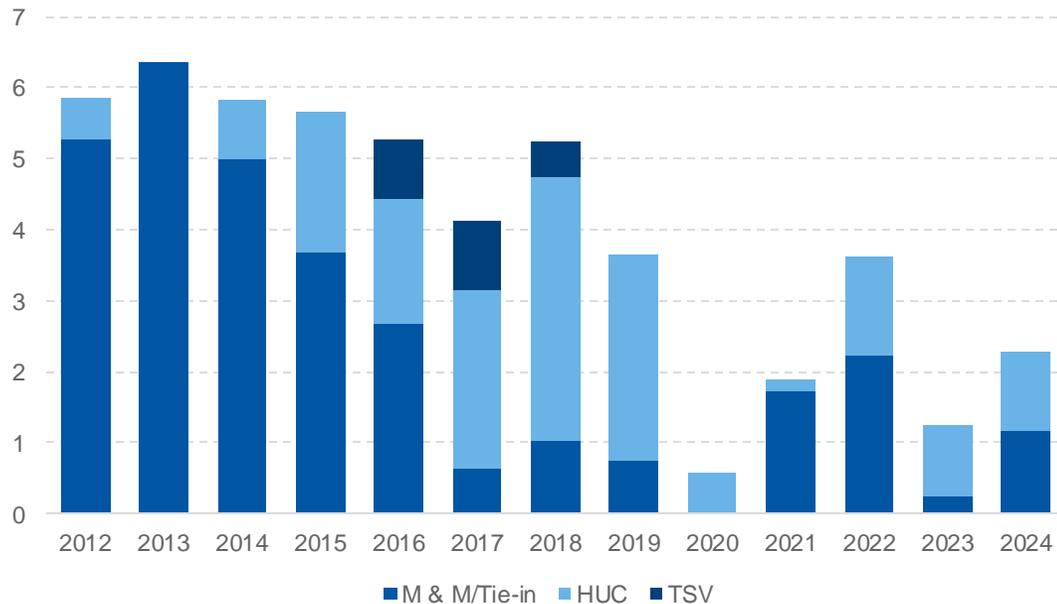


### Mid-range serving older assets



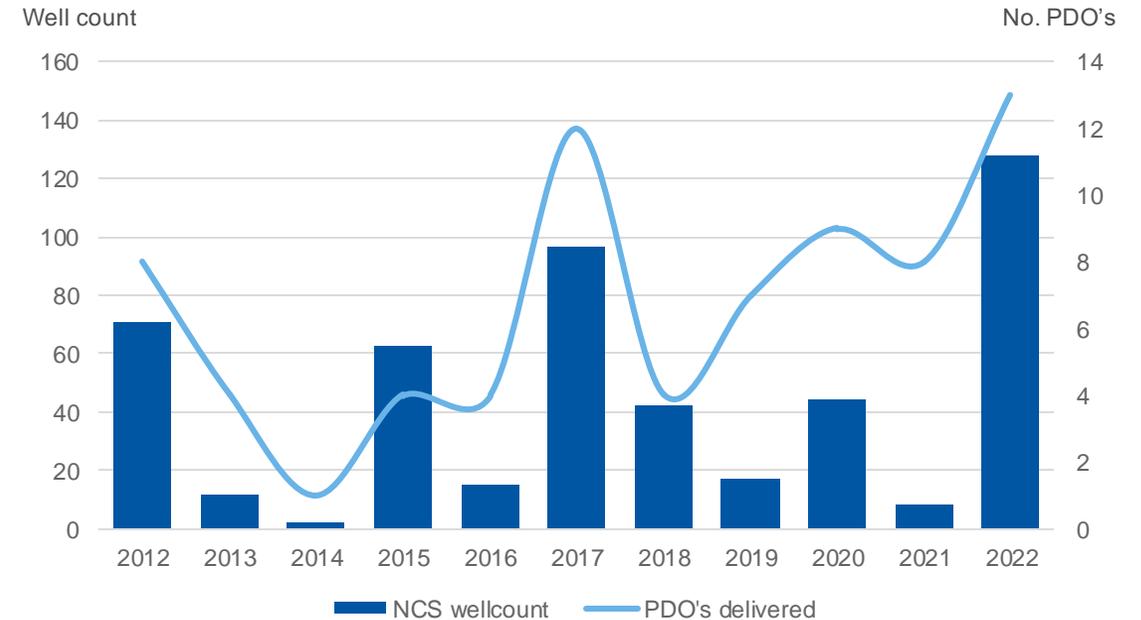
# Improving North Sea demand drivers

## North Sea activity (# of vessel years)



- Activity returned to the North Sea in 2022 on back of catch-up in maintenance works
- Slow 2023 before ramp up of activity from 2024 and onwards

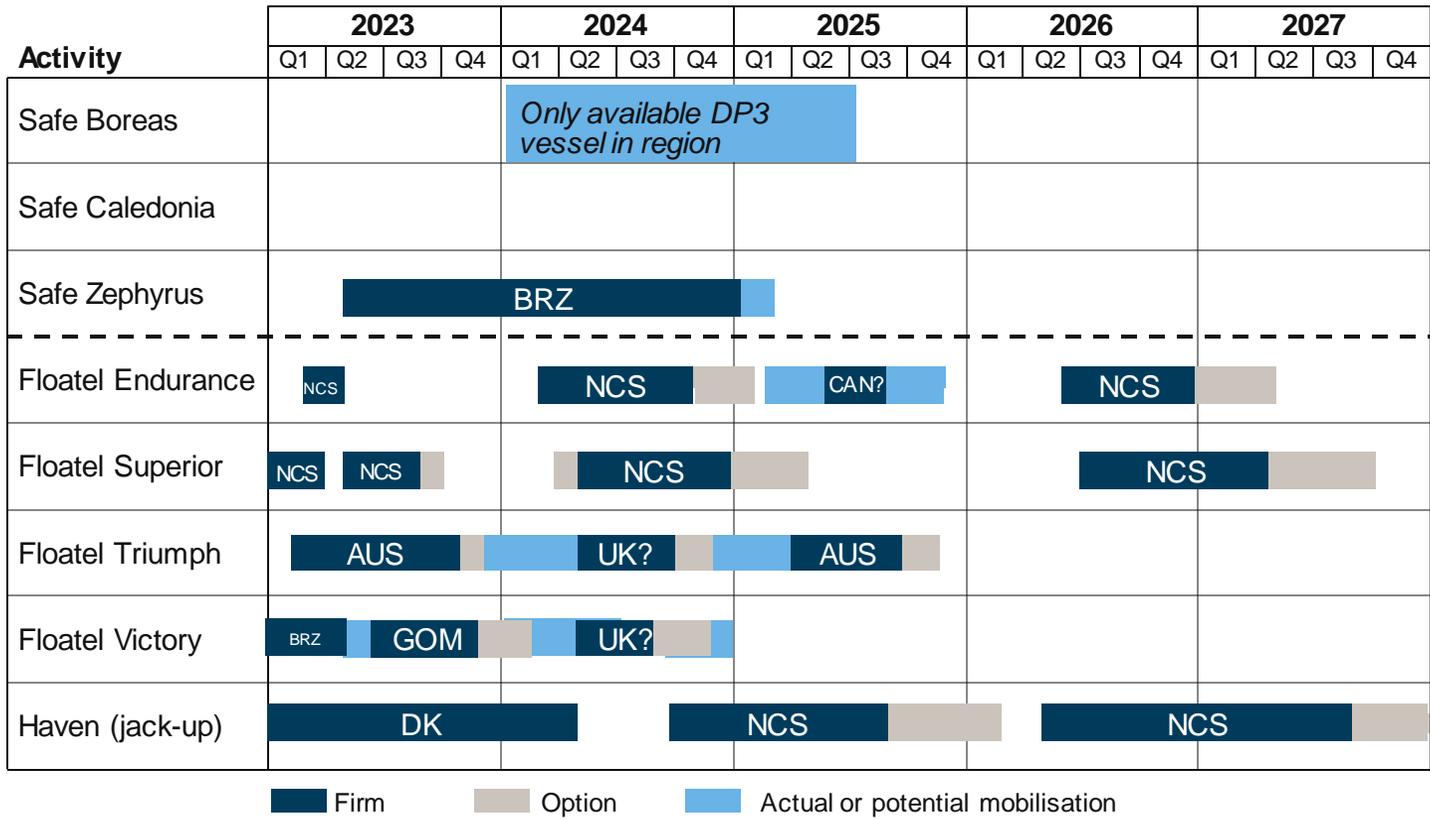
## Historical PDO's<sup>1)</sup> delivered and well-count on the NCS



- Number of PDO's<sup>1)</sup> delivered is reaching all-time highs after a temporary tax incentive schemes for PDO's delivered before YE'22
- Higher maintenance and tie-back activity in the UK and Norway, particularly from 2024 and 2025 onwards

# Tight North Sea market as clients plan significant campaigns for 2025

## North Sea capable accommodation rigs (UK+NCS)<sup>1</sup>

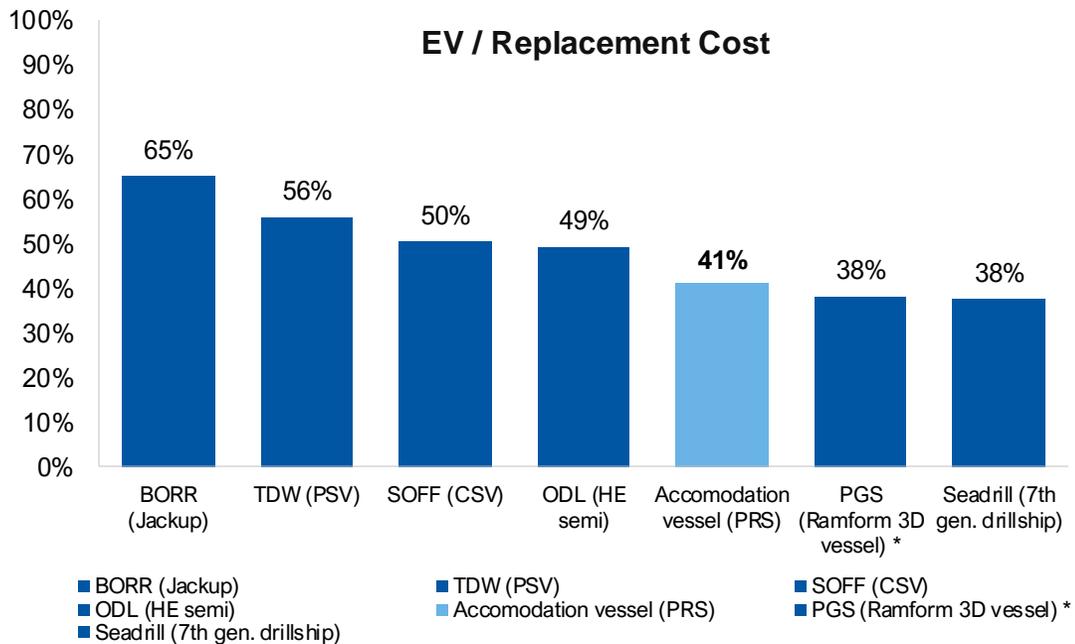


- Safe Boreas only DP3 semi in region available for 2024 summer work, low visibility on demand
- Controlling most of open capacity in 2025 and 2026 adjusted for vessel location/mobilisation
- Operators are planning significant maintenance/tie-in campaigns for 2025 and beyond, discussions ongoing
- Additional long-term work in Brazil for high-end units could reduce available capacity further from H2'24 and 2025
- Upside potential in rates from latest high fixture of USD 190,000 per day

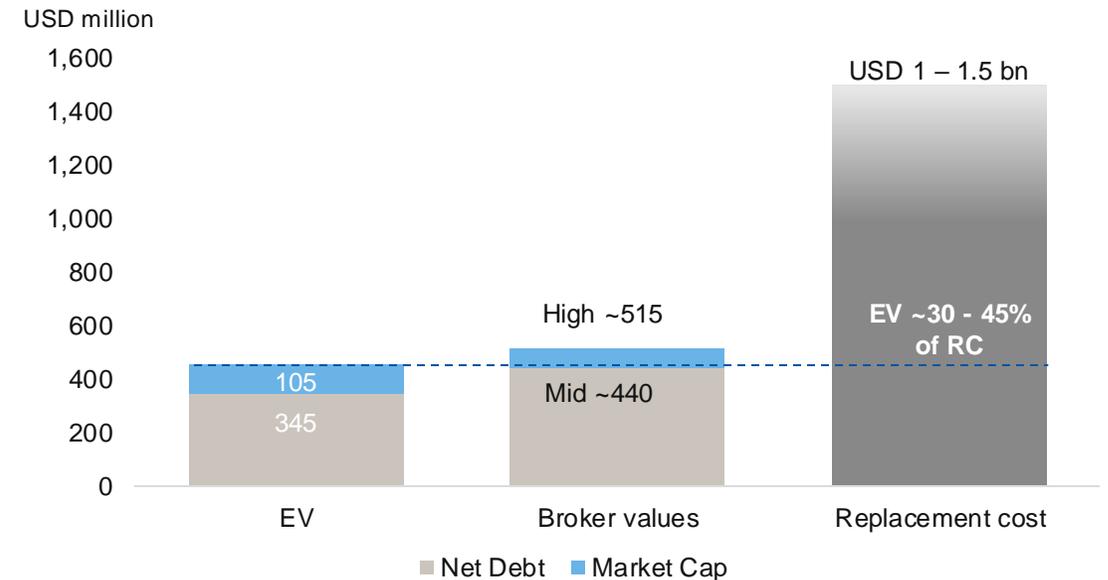
1) Source: Prosafe, company and market reports

# Enterprise value (EV) to replacement cost lowest in offshore space

## Accommodation vessels attractively priced compared to other assets<sup>1</sup>



## Low Prosafe asset valuation relative to replacement cost<sup>2</sup>



- Lower Average EV / replacement than other assets

- Accommodation vessels trading at 30% to 45% of historical newbuild cost
- Broker valuations confirm robust asset backing to EV

1) Source: Pareto Equity Research, Factset, Prosafe. Note\* Implied value of PGS' fleet is highly sensitive to assumed MC library value, here at USD 600m.

2) Source: Prosafe, independent brokers. Replacement cost estimated in range of USD 1 to 1.5bn.

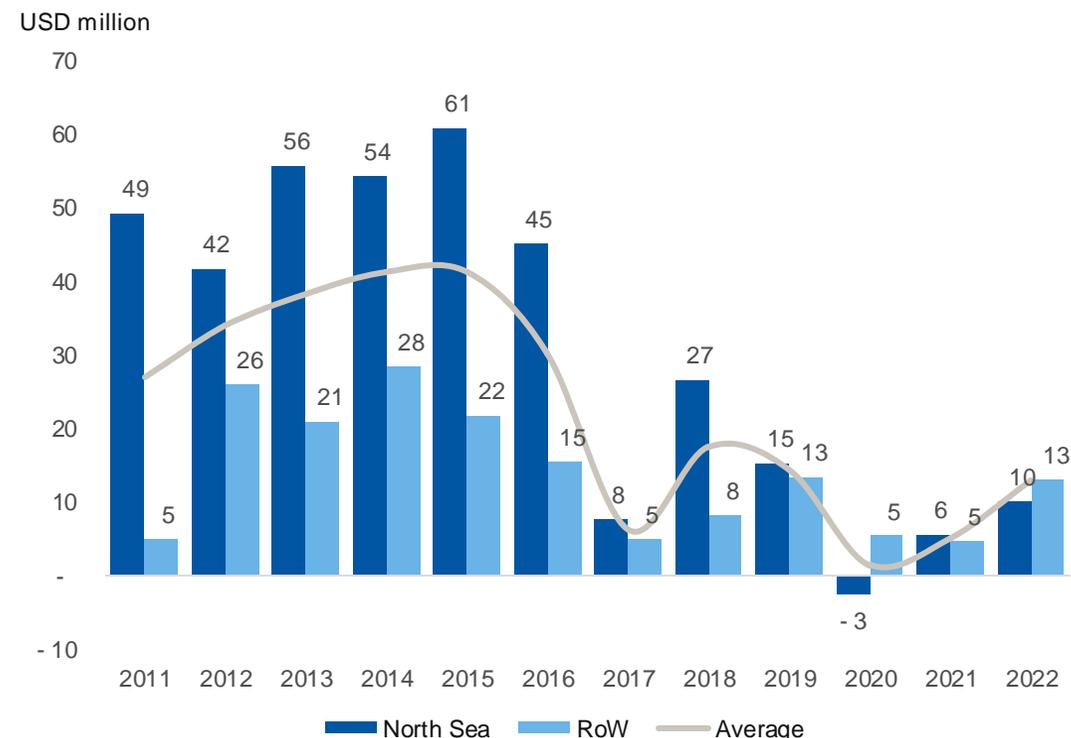
# Indicative earnings potential in an improving market

## Current fleet EBITDA potential

USD million	Current market *	Average <sup>1</sup> 2011-22	Average <sup>1</sup> 2011-16	Peak <sup>1</sup> 2014-15
EBITDA/vessel	17	22	35	41
# of vessels on long-term charter in Brazil	2	2	2	2
# remaining fleet <sup>2</sup>	5	5	5	5
EBITDA ex. long term charters	86	110	175	205
EBITDA Safe Eurus & Safe Notos	24	24	24	24
Selling, General & Administrative (SG&A) <sup>3</sup>	(17)	(17)	(17)	(17)
<b>Illustrative EBITDA</b>	<b>93</b>	<b>117</b>	<b>183</b>	<b>212</b>
<b>Current NIBD/EBITDA <sup>4</sup></b>	<b>3.7x</b>	<b>2.8x</b>	<b>1.8x</b>	<b>1.6x</b>

\* Based on latest observable and relevant fixtures

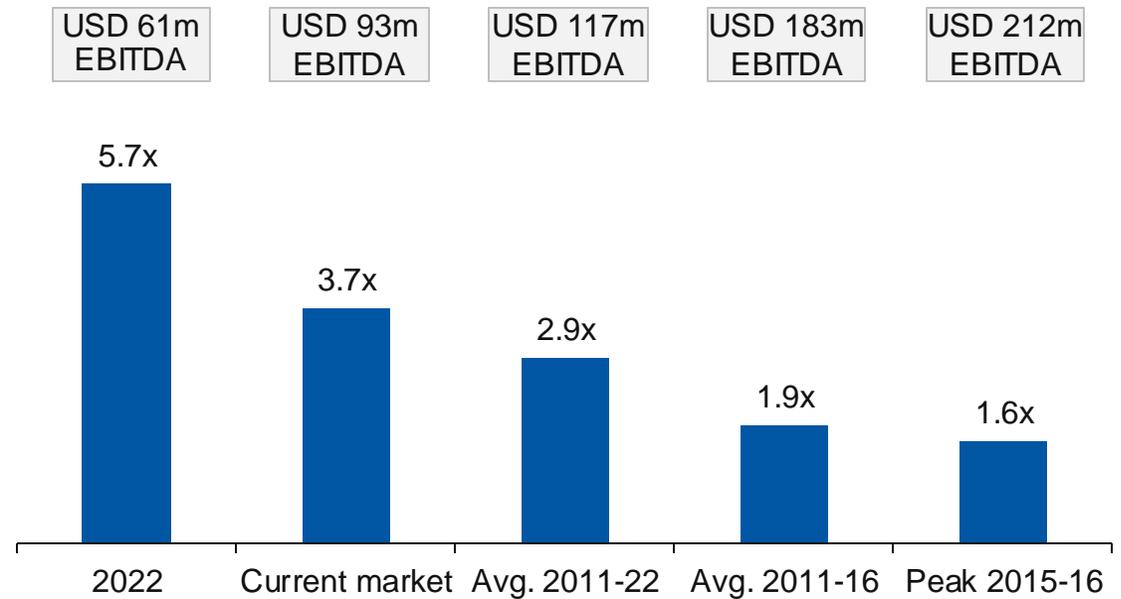
## Historical EBITDA/vessel<sup>1</sup> for Prosafe vessels per region



# Balance sheet and liquidity

- Low cost financing terms with limited fixed amortisation and low interest rate of SOFR + 2.76%<sup>1</sup> on main facility
- First major debt maturity end 2025
- Large and supportive shareholders

## Current NIBD of USD 345m at historical EBITDA multiples<sup>2</sup>



<sup>\*\*</sup>Current market is based on latest market observable and relevant fixtures, NIBD as reported per Q2 2023

1) Includes a Credit Adjustment Spread of 0.26% following change from LIBOR to SOFR

2) Excluding Mexico and Safe Scandinavia during TSV operation. NIBD is reduced by a USD 11.4 million fair value adjustment of which USD 3.8 million is short-term



## Key investment highlights

- 1 | Leader in high-end accommodation vessels
- 2 | Significant share of available capacity in a tightening market
- 3 | Positioned for long-term value creation driven by North Sea and Brazil demand
- 4 | Transparent financial position with first major debt maturity at end 2025
- 5 | Access to newbuild capacity at favorable lead time



[prosafe.com](https://prosafe.com)

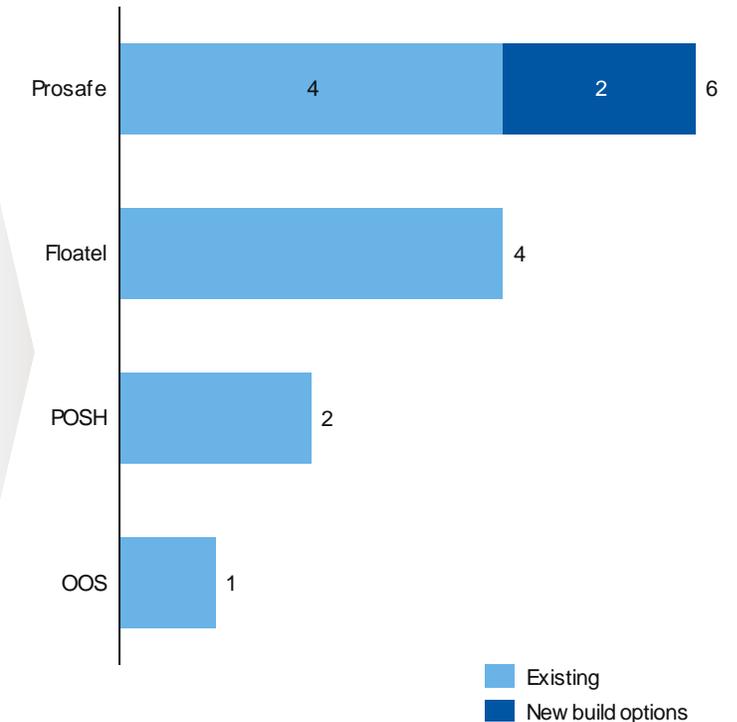
# Appendix



# Leading position in the high-end accommodation segment

	Other vessel types (non competing)	Other competitive design	Prosafe operating units	
			DP3 semis	NCS DP3 semis
				
Global fleet	Variable	11	7	4 (+1) <sup>2</sup>
# Prosafe vessels	0	3	2 + 2 new builds	2
Geographies	South-East Asia, Africa	South-East Asia, Africa and Americas	Global operations exc. Norway	Global operations
Capabilities	Jackups and barges suitable for accommodation	DP2, moored, compact and cylindrical semis + large monohulls + advanced jackups	DP3 tailored for global operations and all environments (Norway excluded)	DP3 tailored for global operations and all environments including Norway (AoC) <sup>1</sup>
When is the vessel typically used	Maintenance and modification campaigns	Maintenance, modification and hook-up projects	Maintenance, modification and hook-up projects	Maintenance, modification and hook-up projects
Water depth	Shallow and still water only	Mid-deep water, moderate environment	All water depths, including harsh environments	All water depths, including harsh environments
People onboard (POB)	50-500	200-500	400+	400+
Replacement cost	Variable	~\$100-200 million	~\$250 million	~\$350 million

## Leading global DP3 operators



# Prosafe has the largest fleet of high-spec assets capable of working in all regions

## NCS DP3 semis

High-end vessels certified to work on the Norwegian Continental Shelf (NCS)



<b>Type</b>	DP3, AoC <sup>1</sup>
<b>Built</b>	2015
<b># beds</b>	450
<b>Building cost</b>	\$344m



<b>Type</b>	DP3, AoC <sup>1</sup>
<b>Built</b>	2016
<b># beds</b>	450
<b>Building cost</b>	\$322m

## Rest of world DP3 semis

High-end accommodation and maintenance service vessels certified to work in Brazil and UK North Sea



<b>Type</b>	DP3
<b>Built</b>	2019
<b># beds</b>	500
<b>Building cost</b>	\$204m <sup>2</sup>



<b>Type</b>	DP3
<b>Built</b>	2016
<b># beds</b>	500
<b>Building cost</b>	\$210m <sup>2</sup>



<b>Type</b>	DP3
<b>Built</b>	New build
<b># beds</b>	500
<b>Building cost</b>	\$213m <sup>2</sup>



<b>Type</b>	DP3
<b>Built</b>	New build
<b># beds</b>	500
<b>Building cost</b>	\$216m <sup>2</sup>

## DP2 and moored semis

Dedicated accommodation semis



<b>Type</b>	DP2
<b>Built</b>	2005/2015
<b># beds</b>	389
<b>Building cost</b>	\$63m <sup>3</sup>

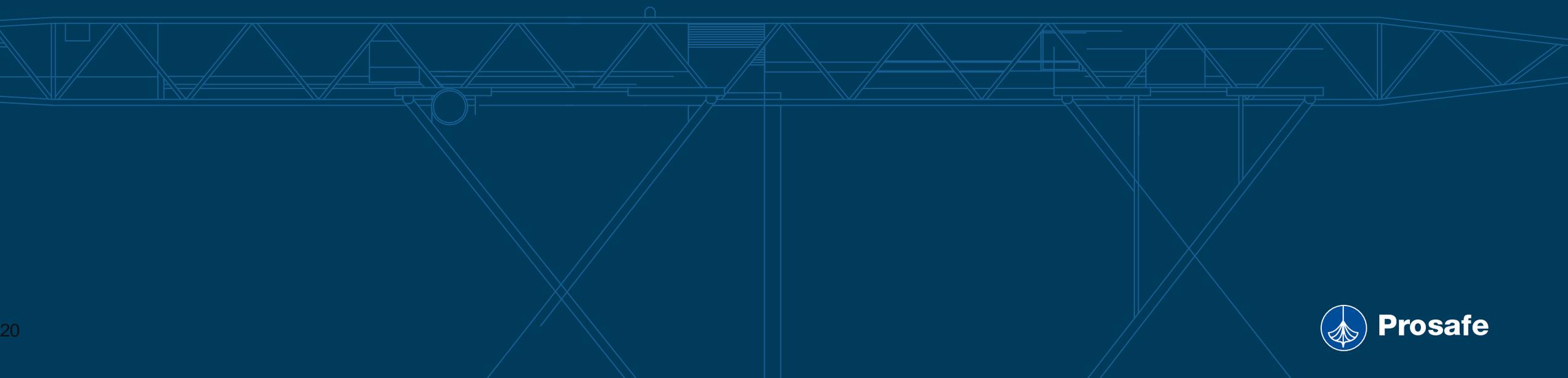


<b>Type</b>	POSMOORATA
<b>Built</b>	1982/2004/2012
<b># beds</b>	454
<b>Building cost</b>	\$148m <sup>3</sup>



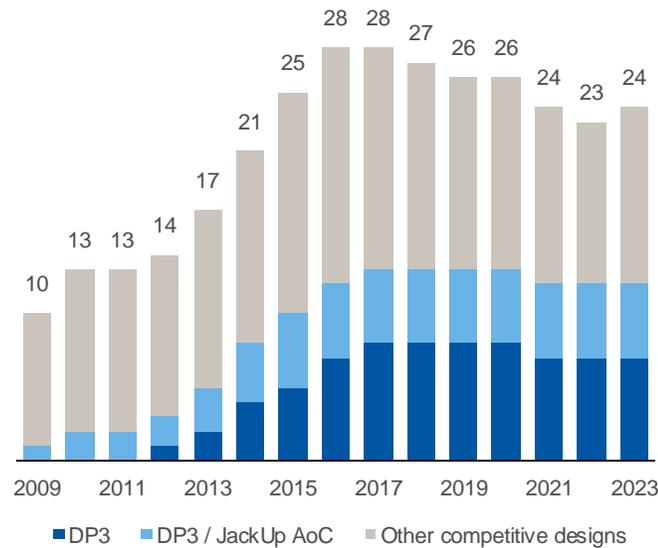
<b>Type</b>	TSV, AoC <sup>1</sup>
<b>Built</b>	1984/2016
<b># beds</b>	309 (159 on NCS)
<b>Building cost</b>	\$445m <sup>4</sup>

# Accommodation market



# Significant tightening of market balance for high end vessels

**Stable fleet<sup>1</sup>**



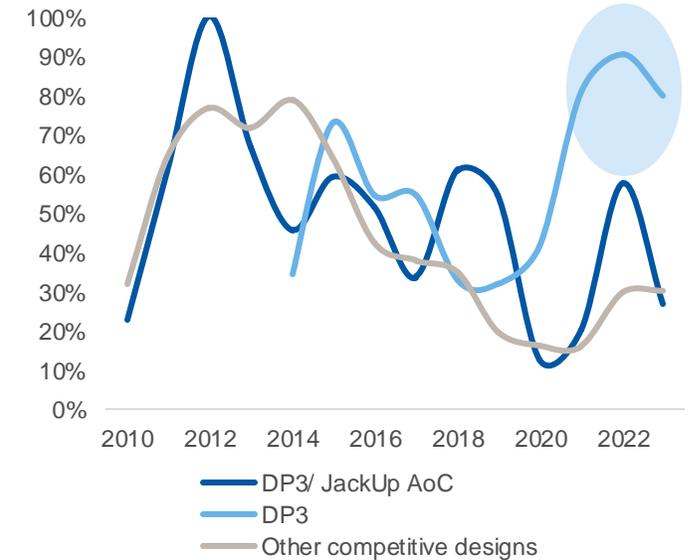
- Older less competitive vessels were recycled during market downturn in 2016-2020. Deliveries since 2020:
  - 1 new DP3 monohull in 2023
- Limited orderbook, Prosafe controlling the high specification vessels:
  - 2x DP3 semis (Safe Nova and Safe Vega)

**Increasing demand (# of vessel years)<sup>1</sup>**



- High activity in 2022
- Slower 2023 market materializing as expected
- Overall increased oil and gas activity reflecting the early phase of a likely new long-term investment cycle

**Global accommodation vessel utilisation<sup>2</sup>**

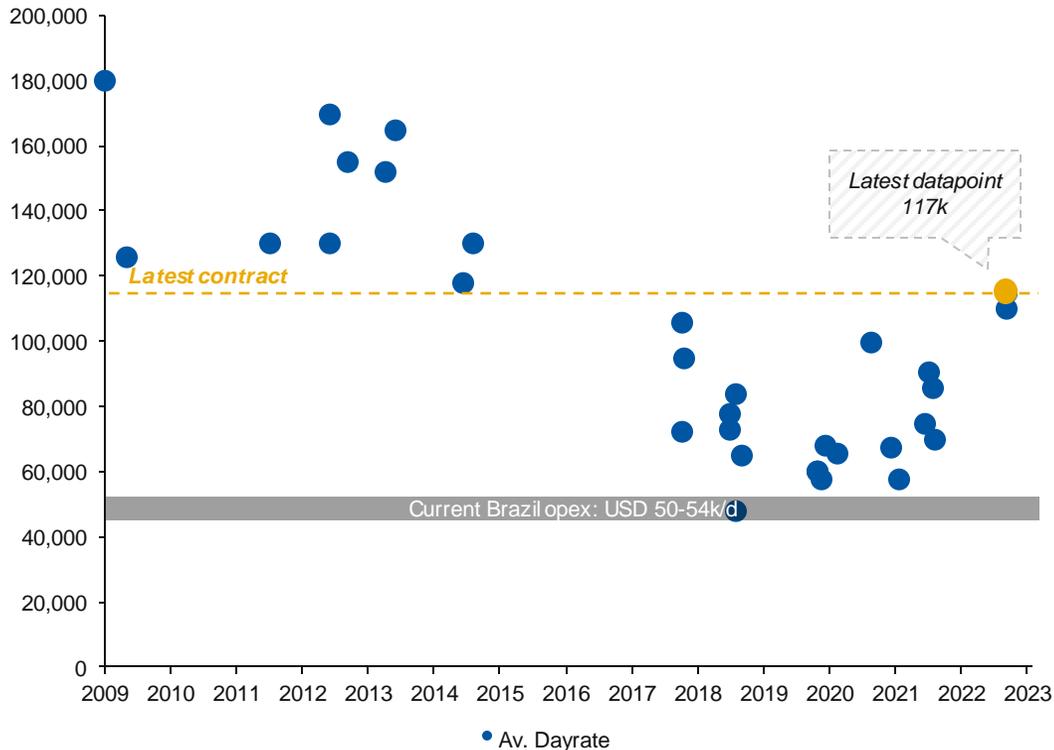


- Market utilisation of high specification accommodation vessels increasing to over 70% in 2022
- COVID19 left the market in standstill with utilisation of high-spec DP3 units below 30% and the remaining market bottomed out at approx. 10% utilisation
- Peak total utilisation in 2011-14 period of ~70%

1) DP3 = DP3 semis or equivalent. Vessels years based on actual utilization. In North Sea, not uncommon for 2 vessels required to achieve 1 vessel year. Excluding Mexico vessels. DP3/ Jackup AoC = DP vessels with Acknowledgement of Compliance for Norway operation and includes Haven Jack-up  
 2) Source: Prosafe, excluding Mexico

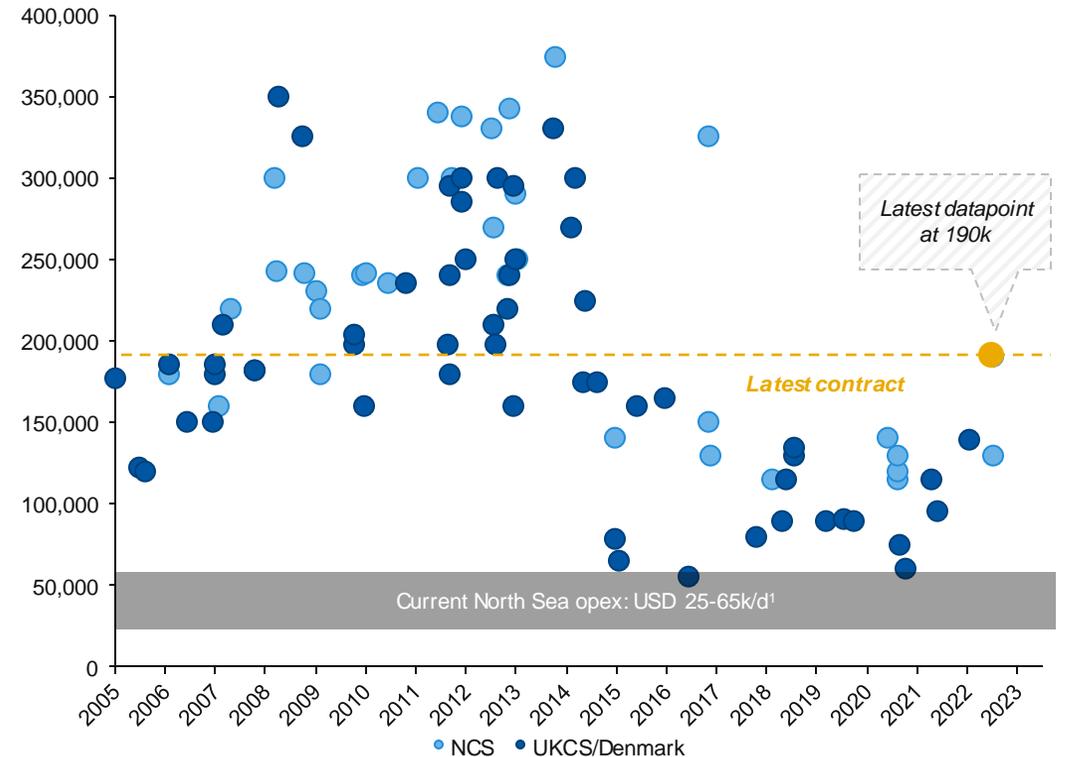
# Dayrates are picking up as the market is tightening

## Brazil day rate development (USD/d)



Avg dayrate of USD 130k/day would equate to approx. USD 30m EBITDA

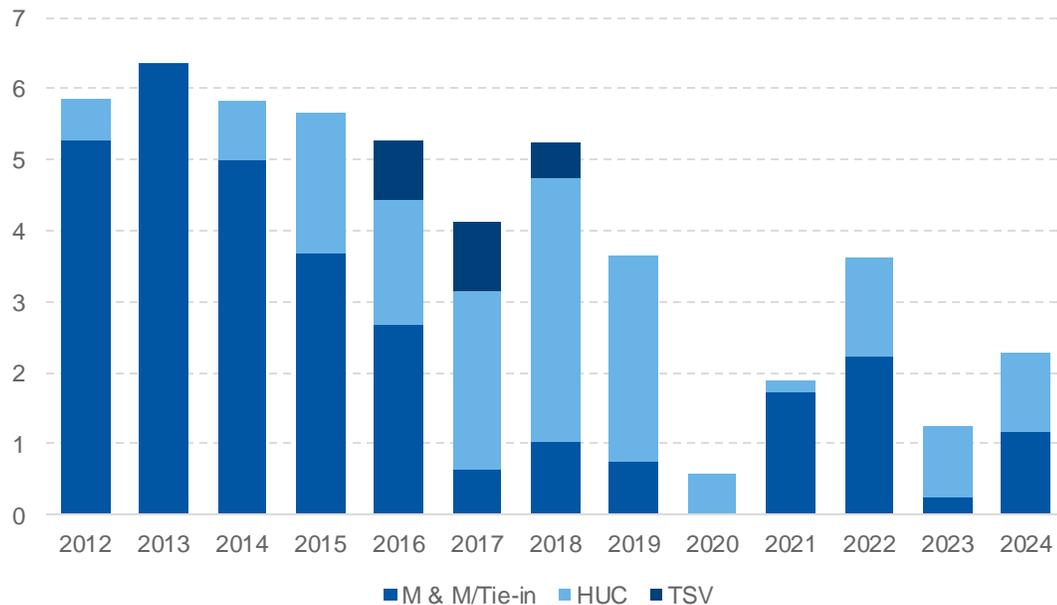
## North Sea day rate development (USD/d)



Avg dayrate of USD 250k/day for 6 months² would equate to approx. USD 36m EBITDA

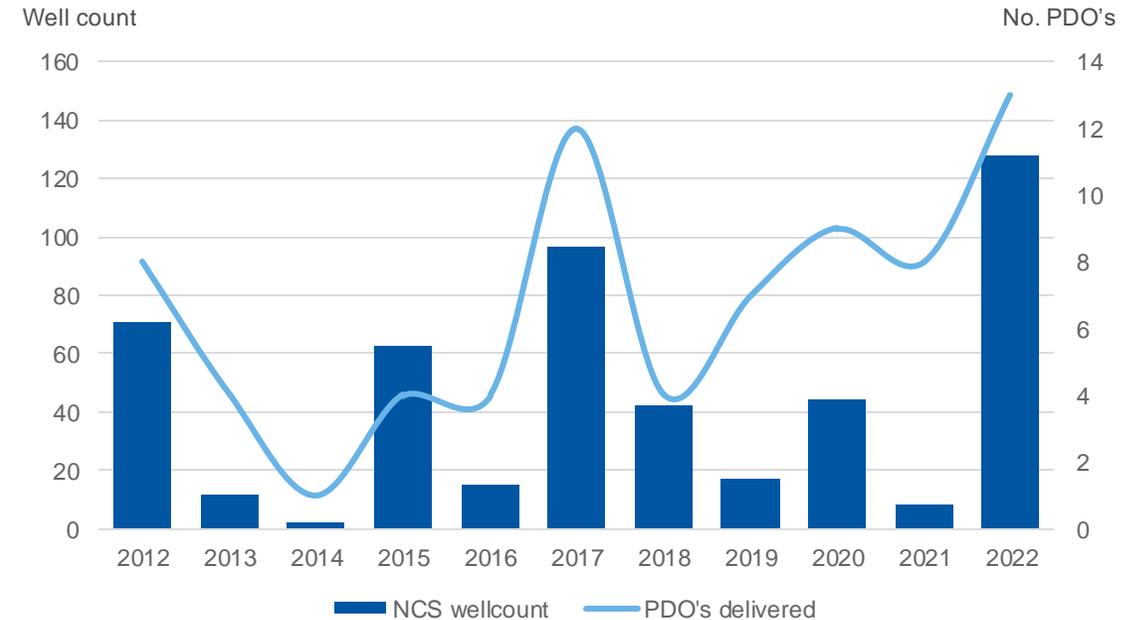
# Strong development in North Sea demand drivers

## North Sea activity (# of vessel years)



- Activity returned to the North Sea during 2022
  - Catch-up in maintenance works, increased regulatory scrutiny of maintenance as well as increased oil and gas activity reflecting the early phase of a likely new long-term investment cycle
- Positive medium- and long-term outlook
  - Slower 2023 materialising before expected ramp up activity from 2024 and onwards

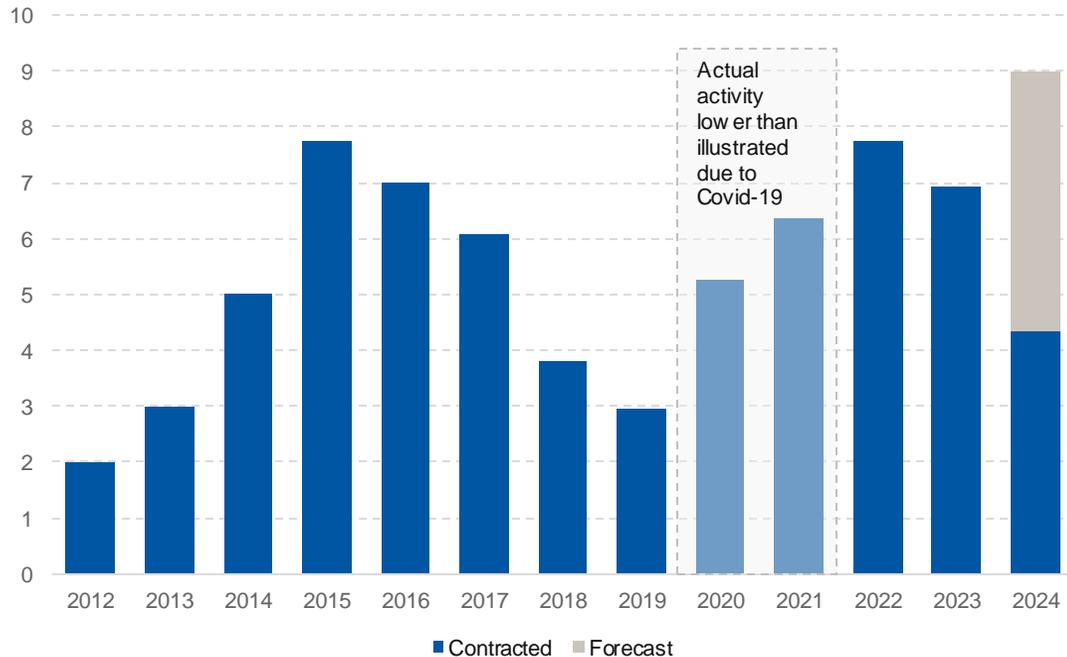
## Historical PDO's<sup>1)</sup> delivered and well-count on the NCS



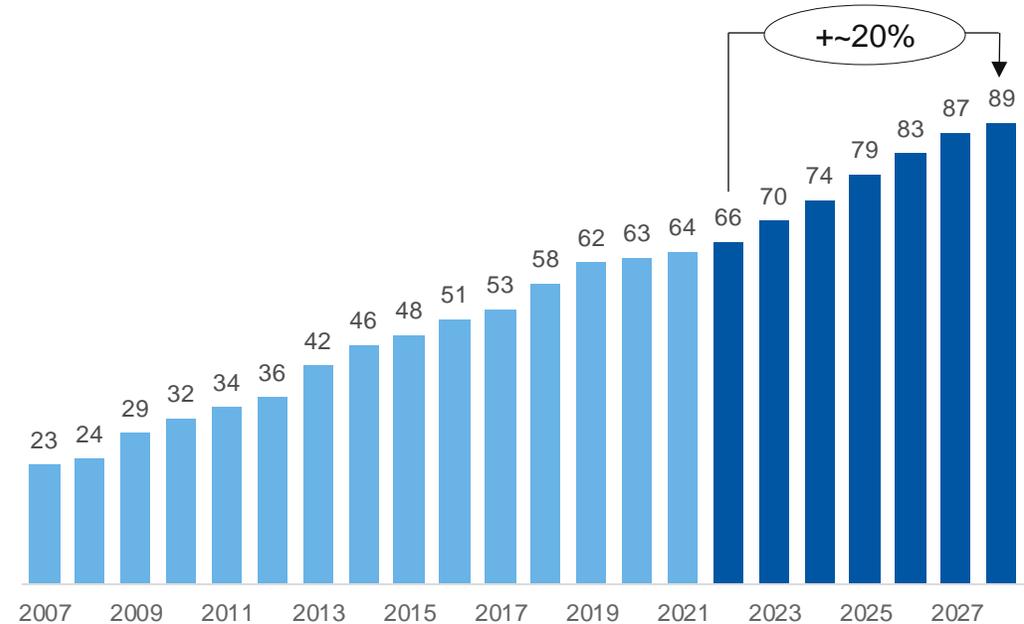
- Number of PDO's<sup>1)</sup> delivered is reaching all-time highs after a temporary tax incentive schemes for PDO's delivered before YE'22
  - A significant number of PDO's were approved in Q2 2023
- Positive demand outlook
  - Higher maintenance and tie-back activity in the UK and Norway, particularly from 2024 and 2025 onwards

# Increasing flotel demand in Brazil

## Brazil activity (# of vessel years)



## Number of Floating Production units in Brazil



- High activity level in Brazil continued. Activity increased to the second highest level ever and close to 2015 peak
- Increased activity by large independents (SBM, Equinor, Modec) further driving demand
- New FPSOs in 2016/17 driving demand today

- Brazil's oil production has increased steadily for three years and is expected to keep increasing
- Petrobras' most important asset, the Búzios field, will be allocated 7 new FPSOs into operation in order to lift current capacity of 600k bpd<sup>1)</sup> to target >2m bpd
- FPSOs require maintenance after ~2-5 years
- Expect a minimum of additional 2 high specification tenders to be released in 2023 for operations commencing in 2024

# Operations and Financials

# Option to take delivery of two newbuilds available at yard

- Prosafe has option to take delivery of the only two DP3 newbuild semis available at yard
  - 500 POB and suited for Petrobras requirements
  - Long-term contracts at higher than prevailing day rates required to justify delivery
  - Ongoing dialogue with the yard on how to facilitate delivery in expected future Petrobras tenders
- Typhoon in late September 2022 caused material damage that must be repaired prior to delivery
  - The yard is in the process of undertaking repairs



## Agreed delivery terms with COSCO (under discussion):

- Remaining purchase price for vessels:
  - \$210m (Nova), \$212m (Vega), total \$422m, includes mobilisation costs of ~\$20m each
- Funding at favourable credit terms:
  - Sellers Credit: \$165m (Nova), \$167m (Vega)
  - Cash/equity requirement: \$45m (Nova), \$45m (Vega), total for both vessels of \$90m

## Fixed interest rate mechanism

Average dayrate	Year 1-2	Year 3-5	Year 6 to maturity
< USD 99k	-	-	2 %
USD 100k - 124k	-	2 %-3%	3 %-5%
USD 125k - 149k	-	3 %-4%	5 %-8%
> USD150k	-	4 %	8 %

# Analytical information

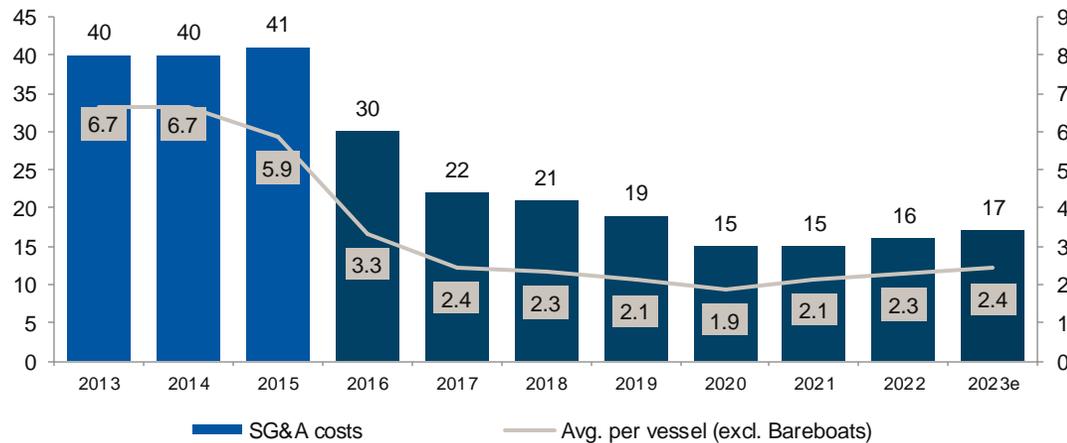
Item	2023 (USDm)	Comment
SG&A	~17-18 <sup>1</sup>	In a tightening market SG&A is likely to increase somewhat
Depreciation	~30-33	Straight line depreciation
Interest expense	~26-30	Exposed to rising interest rates
Tax	~2	Norwegian deferred tax assets of USD 1.9 bn, local and contract specific taxes
Net working capital build	~10-20	Unwind of sales and increasing payables in H1 2023 , followed by sales ramp up and payables unwind in H2 2023
Maintenance / contract specific capex	~35-37	Capex in 2023 mainly for Eurus, Notos, Concordia, Zephyrus. Increase from Q1 estimate of USD 28 to 30 million mainly tied to Concordia and timing of Eurus SPS and compliance works moving from 2024 to 2023

# Prosafe recent firm period fixtures

Vessel	Client	Award date	Start	Finish	# months	Region	Positioning	Work type	Day rate	Total Award
Safe Zephyrus	Petrobras	Des-22	May-23	Feb-25	21	Brasil	DP	H & M	\$112 500	\$73 125 000
Safe Concordia	Confidential	Oct-22	Jul/Oct-23	Jun/Sep-24	11	US GoM	DP	HUC	\$93 500	\$33 364 900
Safe Eurus	Petrobras	Jun-22	Mar-23	Mar-27	48	Brasil	DP	M & M	\$86 000	\$125 560 000
Safe Boreas	RepsolSinopec	Jun-22	Sep-22	Oct-22	1	UKCS	DP	M & M	\$139 500	\$3 729 500
Safe Notos	Petrobras	May-22	Oct-22	Sep-26	48	Brasil	DP	M & M	\$75 000	\$109 500 000
Safe Concordia	bp	Feb-22	Mar-22	Aug-22	5	Trinidad	DP	HUC	\$121 500	\$19 440 000
Safe Notos	Petrobras	Nov-21	Nov-21	Jul-22	8	Brasil	DP	M & M	\$67 500	\$16 200 000
Safe Caledonia	TotalEnergies	Oct-21	Mar-22	Dec-22	9	UKCS	Moored	M & M	\$95 000	\$26 340 000
Safe Zephyrus	bp	Sep-21	Jan-22	Nov-22	10	UKCS	DP	M & M	\$115 000	\$35 960 000
Safe Boreas	CNOOC	Jan-21	Apr-21	Jul-21	3	UKCS	DP	HUC	\$75 000	\$8 500 000
Safe Concordia	McDermott	Dec-20	Jul-21	Oct-21	4	Trinidad	DP	HUC	\$84 000	\$10 828 000
Safe Notos	Petrobras	Nov-20	Nov-20	Nov-21	12	Brasil	DP	M & M	\$68 000	\$25 363 000
Safe Boreas	ConocoPhillips	Oct-20	May-22	Jul-22	3	NCS	DP	Tie-in	\$140 000	\$13 600 000
Safe Caledonia	TotalEnergies	Jul-19	Mar-21	Aug-21	5	UKCS	Moored	M & M	\$90 000	\$15 580 000
Safe Eurus	Petrobras	May-19	Nov-19	Nov-22	36	Brasil	DP	M & M	\$73 100	\$80 044 500
Safe Zephyrus	Shell	Dec-18	Feb-21	Aug-21	4	UKCS	DP	M & M	\$138 000	\$17 770 000

# SG&A and Opex increasing driven by inflationary pressure

## SG&A<sup>1</sup> cost development (USDm)



## Opex per day (USDk/day)

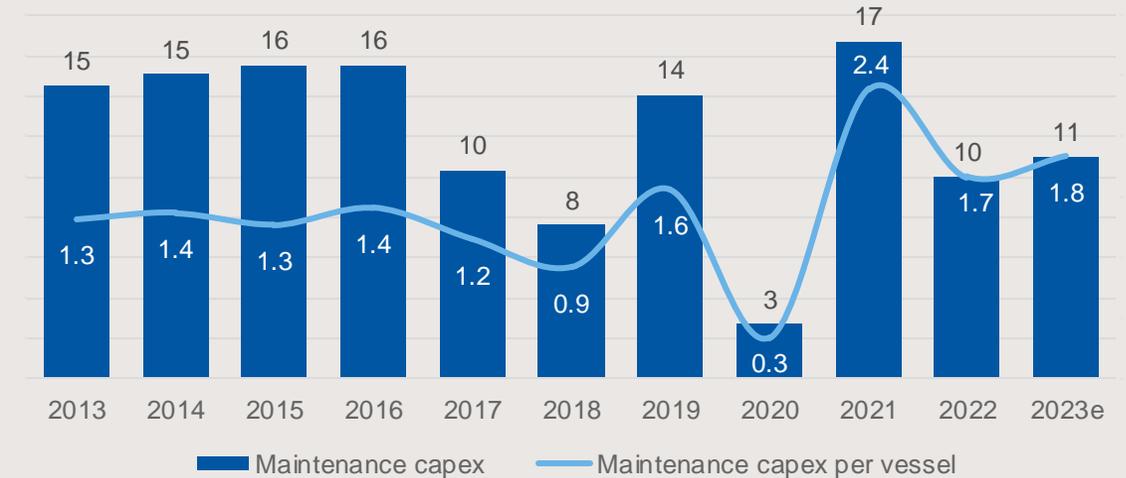
UK (DP – Boreas/Zephyrus)	\$35 – 45k
UK (Moored - Caledonia)	\$25 – 30k
Brazil <sup>***</sup>	\$50 – 54k (incl. fuel)
Norway (DP – Boreas/Zephyrus)	\$60 – 65k
RoW (Concordia)	\$35 – 45k
US GoM (Concordia)	\$45 – 55k
Scandinavia (cold)	\$2.5 – 3k
Stacking (warm) <sup>**</sup>	\$10-20k

- Adapting cost base and structure to be more flexible
- Reduction in number of active vessels (from 14 to 7)
- Reduced onshore headcount (from ~150 to 60)
- Efficiency improvements

# Historic SPS and maintenance capex

- Maintenance capex of ~USD 1-2 million per vessel per year. Higher in Brazil than North Sea and increasing over time
- 5-year SPS cost of USD 5 to 7 million per vessel, excluding life extension works
- SPS usually takes 1-2 months to complete and is targeted to be completed in off hire season in North Sea or between contracts in Brazil
- Reactivation of Safe Scandinavia is estimated to require USD ~20 million. Cost is highly dependent on whether for accommodation, TSV and contract location

## SPS and maintenance capex (USDm)<sup>1</sup>



## SPS Schedule

	2022	2023	2024	2025	2026
Boreas				Or 2024 before contract	
Zephyrus					
Eurus		Nov/Dec			
Notos					
Caledonia			Before contract		
Concordia				Before contract	
Scandinavia		Currently layup			

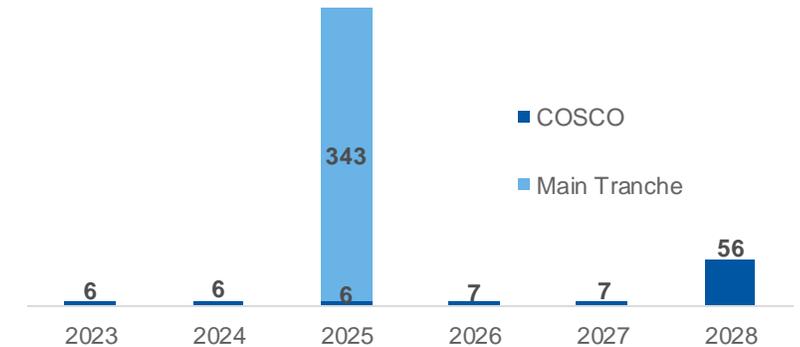
1) 2021 includes USD 11 for SPS for Boreas and Zephyrus  
 2) 2023 excludes USD 24 for Concordia and Zephyrus in mobilisation cost and contract compliance work

# Outstanding debt

## Two tranches

	Main tranche	COSCO Sellers Credit
Outstanding debt	\$343m (250m + 93m Notos)	\$93m
Pledged vessels	Boreas, Zephyrus, Caledonia, Concordia, Scandinavia, Notos	Eurus
Interest rate	SOFR + Credit Adjustment Spread* + 2.5%. Unhedged	0% (increase to 2% from 2026)
Amortizations	Cash sweep above \$67m forecasted liquidity on 12-month forward basis	50-50 EBITDA split. Minimum \$6m/year, \$7m/year from Q3 2026
Maturity	2025	~Q3 2028 or when debt reaches ~\$50m
PCG	PSE fully liable	\$60m
Financial Covenant	2022 cash > \$18 million 2023 cash > \$23 million 2024 cash > \$28 million  Cash held in the COSCO tranche shall be deducted when calculating compliance with the cash covenant. At 30 June, approximately USD ~5.1m was held in the COSCO tranche  Major corporate actions including M&A, new indebtedness and delivery of new vessels require 2/3 approval by the lenders	<i>Newbuilds (Nova and Vega) could be added to the COSCO silo</i>  <i>Delivery of newbuilds requires 2/3 approval of lenders in main tranche</i>

## Debt maturity profile



Ringfenced structure with annual upstreaming to main tranche.  
 Cash flow on COSCO tranche coming from Safe Eurus which is contracted with Petrobras to 2027

# Tax

- Prosafe SE is a permanent tax resident in Norway. As at end 2022, the company has deferred tax assets of approximately USD 1.7 billion, which can be utilized as tax deduction in the future and is not recognized in the accounts
- The company will from time to time operate in countries where local taxes will apply. These taxes are included in the opex assumptions in this presentation where applicable. In relation to the historical Concordia contract in Trinidad and Tobago, a tax provision of USD 6 million was provided for in the 2022 accounts
- Prosafe and OSM Thome have jointly received a Tax Assessment from the Brazilian Tax Authorities imposing import taxes and customs penalties related to the challenging of the special customs regimes used to import the Safe Concordia for the Modec contract in the period from October 2018 to July 2019. Prosafe presented an administrative defense on 11 August 2023, challenging the view of the Brazilian Tax Authorities. Based on external advice, Prosafe is of the view that the enquiry has no merit, hence it has not made any provisions in the financial statements



We are headquartered in Norway and have offices  
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