Prosafe

4 February 2020

Q4 2020 results and business update

Disclaimer

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Agenda

- **Update on financial situation**
- Highlights
- Financial results
- Commercial update
- Summary & Outlook

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Update on financial situation

- The process with the lenders to agree a sustainable financial solution continues in a constructive manner with a majority of lenders providing their support to the Company and process while retaining their rights.
- While the process is ongoing, the company will continue to defer making payments of scheduled instalments and interests under its USD 1,300 million and USD 144 million facilities. Similarly, payment of the final instalment owed and due under the seller credit to Cosco for the Safe Notos remains as reported on 14 April 2020 subject to ongoing discussions with Cosco and lenders.
- Prosafe aims to complete the refinancing process as soon as possible and will revert with further information in due course. Although it is unclear what a final solution may look like, it is anticipated that there will be a significant equitization of debt <u>which is likely to result in minimal or no recovery for current shareholders.</u>
- 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.

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Highlights – Q4 2020

- Operating status and financial results
  - Utilisation of 25% in Q4 (23%)
  - Despite lower average day rates, reported EBITDA of USD 0.7 million (USD 6.4 million negative) due to good cost performance; while the underlying EBITDA adjusted for one-offs was USD 2.8 million (USD 0.4 million negative)
  - Cash flow from operations was USD 2.3 million negative (a positive of USD 9.5 million)
- Commercial status
  - Secured a 90-day contract with an option of up to 60 days for ConocoPhillips commencing Q2 2022
  - Secured an extension for the Safe Notos with Petrobras in Brazil through to mid-November 2021,with a 30-day SPS time-out in Q1 2021
  - Awarded a 117-day contract in Trinidad commencing June/July 2021 for the Safe Concordia
  - Ongoing tenders for 2021 and 2022
- Total liquidity reserve of USD 160.3 million at year end of 2020 (USD 198.1 million).

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Income statement

(Unaudited figures in USD million)	Q4 2020	Q4 2019
Operating revenues	16	26
Operating expenses	(15)	(33)
Operating results before depreciation	**1**	**(6)**
Depreciation	(8)	(18)
Impairment	0	(0)
Operating (loss) profit	**(7)**	**(25)**
Interest income	0	1
Interest expenses	(14)	13
Other financial items	(8)	(1)
Net financial items	**(22)**	**13**
(Loss) Profit before taxes	**(29)**	**(12)**
Taxes	(0)	(1)
Net (Loss) Profit	**(29)**	**(13)**
EPS	**(0.33)**	**(0.15)**
Diluted EPS	**(0.33)**	**(0.15)**

* EBTIDA refers to operating results before depreciation

- Low fleet utilisation at 25% (Q4 2019: 23%). Contracts deferred to 2021
- Lower operating revenues mainly due to lower average day rate
- Operating expenses in Q4 2020 were significantly lower ~ approximately down by 50% ~ compared to the same quarter last year, mainly driven by cost-saving initiatives
- Despite lower average day rates, reported EBITDA was positive by approximately USD 1 million (USD 6 million negative) due to good cost performance
- Underlying EBITDA adjusted for one-offs was USD 2.8 million (USD 0.4 million negative). One-off costs in 2020 were mainly related to Westcon court case
- Lower depreciation due to the lower carrying value of assets following the impairments in Q1 2020
- Positive interest expenses in 2019 were mainly due to non-cash and a one-off positive adjustment to amortised cost of interest-bearing debts of USD 29 million

Balance sheet

(Unaudited figures in USD million)	31.12.20	31.12.19
Vessels	412	1,205
New builds	1	61
Other non-current assets	2	2
Total non-current assets	**416**	**1,267**
Cash and deposits	160	198
Other current assets	12	15
Total current assets	**172**	**213**
Total assets	**588**	**1,480**
Share capital	9	9
Other equity	(958)	(7)
Total equity	**(949)**	**2**
Interest-free long-term liabilities	6	30
Interest-bearing long-term debt	79	77
Total long-term liabilities	**85**	**107**
Other interest-free current liabilities	21	50
Current portion of long-term debt	1,431	1,321
Total current liabilities	**1,452**	**1,371**
Total equity and liabilities	**588**	**1,480**

Key figures:		
Working capital	(1,279)	(1,158)
Liquidity reserve	160	198
Interest-bearing debt	1,509	1,398
Net Interest-bearing debt	1,349	1,200
Book equity ratio	(161.4)%	0.2%

- Total assets of USD 588 million, significantly reduced from the same quarter last year mainly due to the impairments carried out in Q1 2020
- **Liquidity reserve** per Q4 2020 of **USD 160 million**
- Interest-bearing debt increased mainly due to accumulated interest expenses and termination of three swaps during 2020
- Book equity was USD 949 million negative at year-end 2020. However, the company anticipates that an agreement with lenders regarding sufficient financial flexibility for the longer term will change the balance sheet significantly

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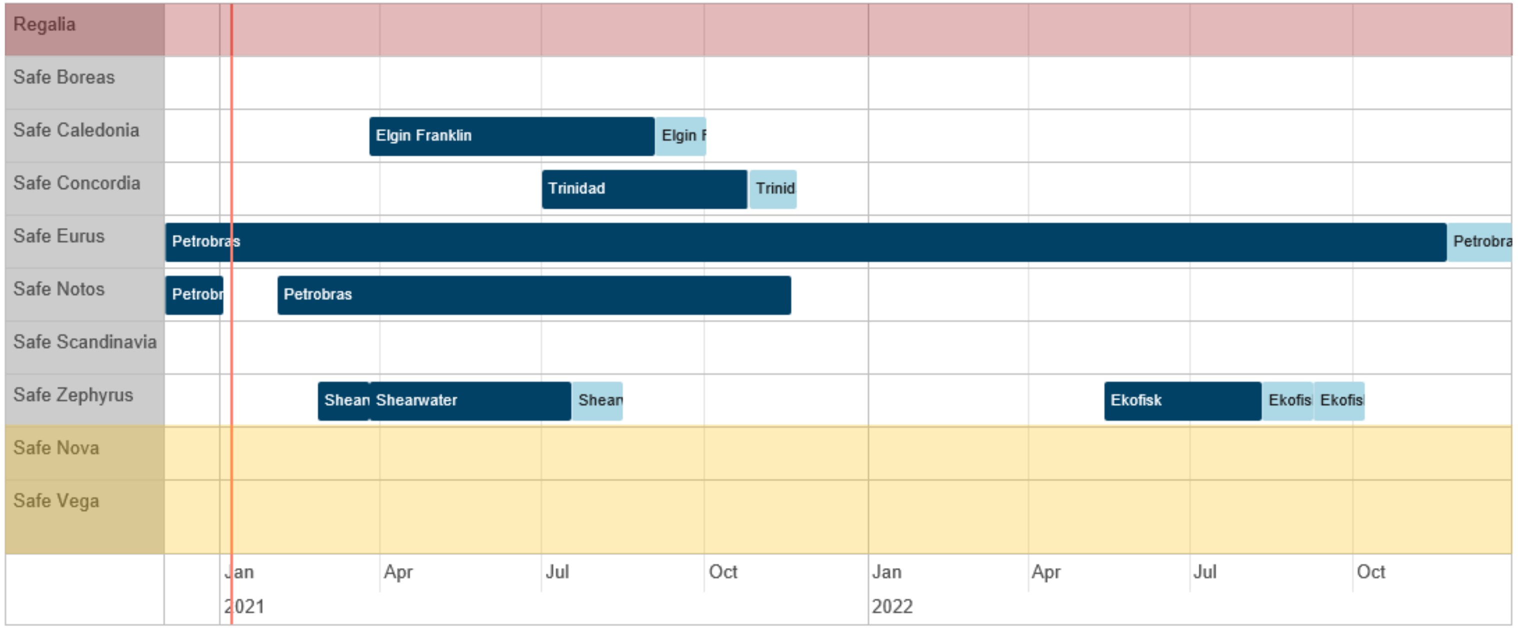
Fleet status: Contracts, wins and extension

Contract backlog



Regalia: in the process of recycling

Safe Vega and Safe Nova – newbuilds at yard

Commercial update

- **Safe Concordia** new contract in Trinidad from June/July 2021
- **Safe Notos** on contract with Petrobras through to mid-November 2021 with 30-day SPS time-out in January 2021
- **Safe Eurus** on contract with Petrobras
- **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 2021 with 30 day extended firm period and earlier commencement date within February
- **Safe Caledonia** contract with Total rescheduled to March 2021 with option to extend
- Initiatives in process to strengthen ESG profile

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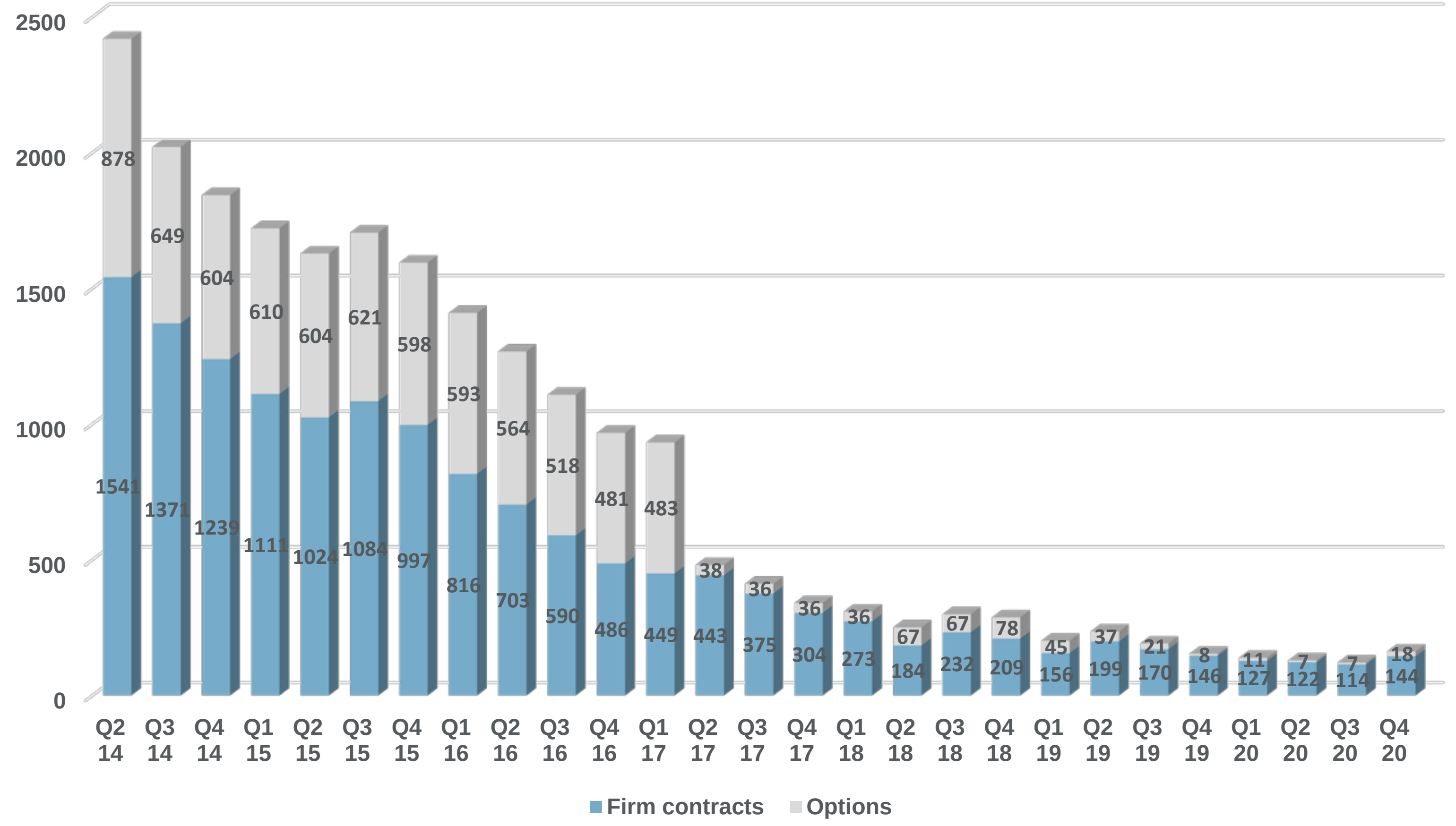
Order backlog per end Q4 2020 (USD million)



- Successfully maintained its order book by moving contracts from 2020 to 2021 and adding new contract and extension
- Order backlog per Q4 2020 was USD 144 million

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Summary & Outlook

SUMMARY

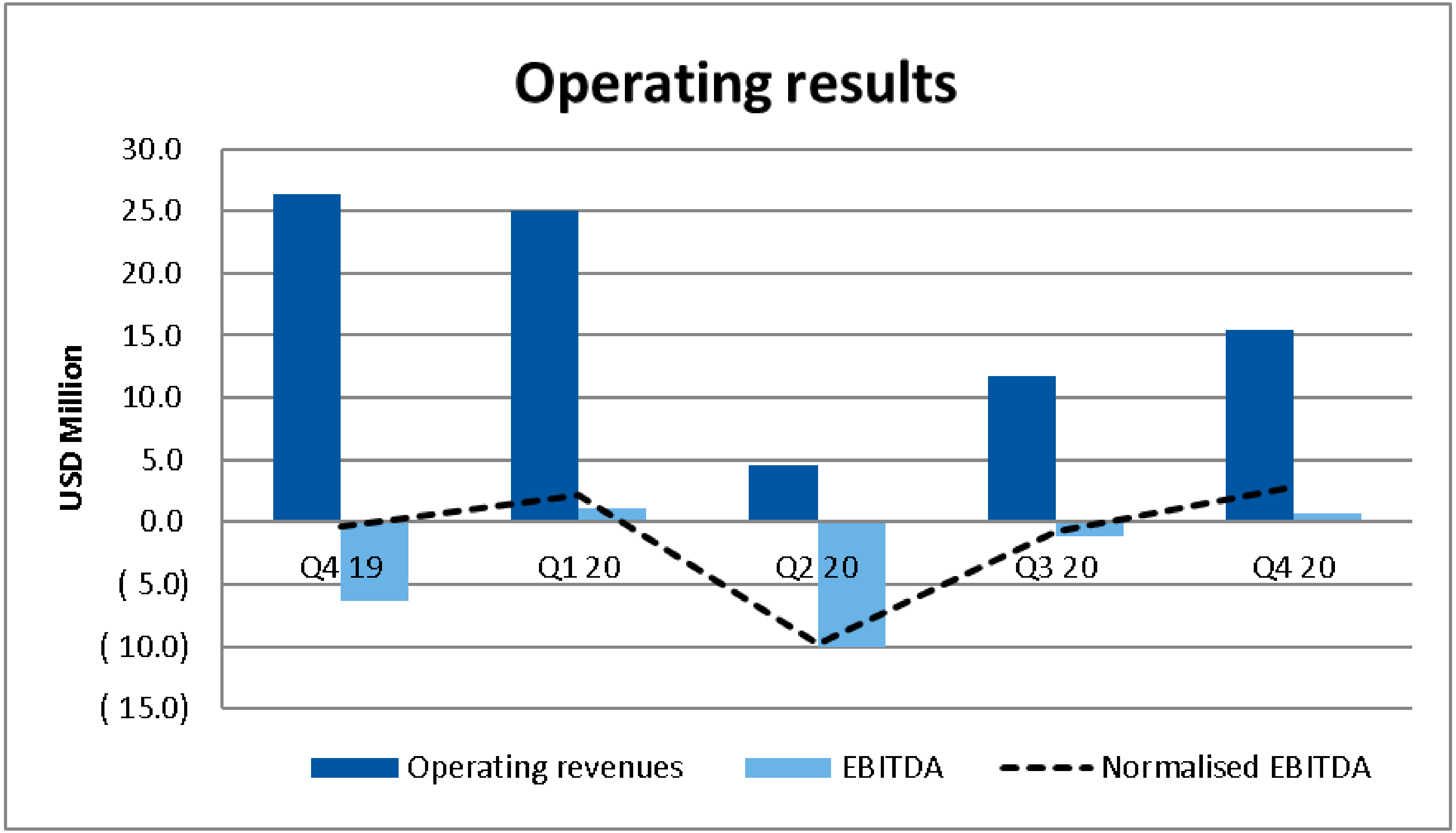
- Operating status and financial results
  - Positive EBITDA despite utilisation of 25% in Q4 (23%) and lower average day rates
- Commercial status
  - Awarded two new contracts in respectively 2021 and 2022 and extended the Safe Notos in Brazil through to mid-November 2021
  - Ongoing tenders for 2021 and 2022
- Total liquidity reserve of USD 160.3 million at year end 2020 (USD 198.1 million)
- Initiatives in process to strengthen ESG profile

OUTLOOK

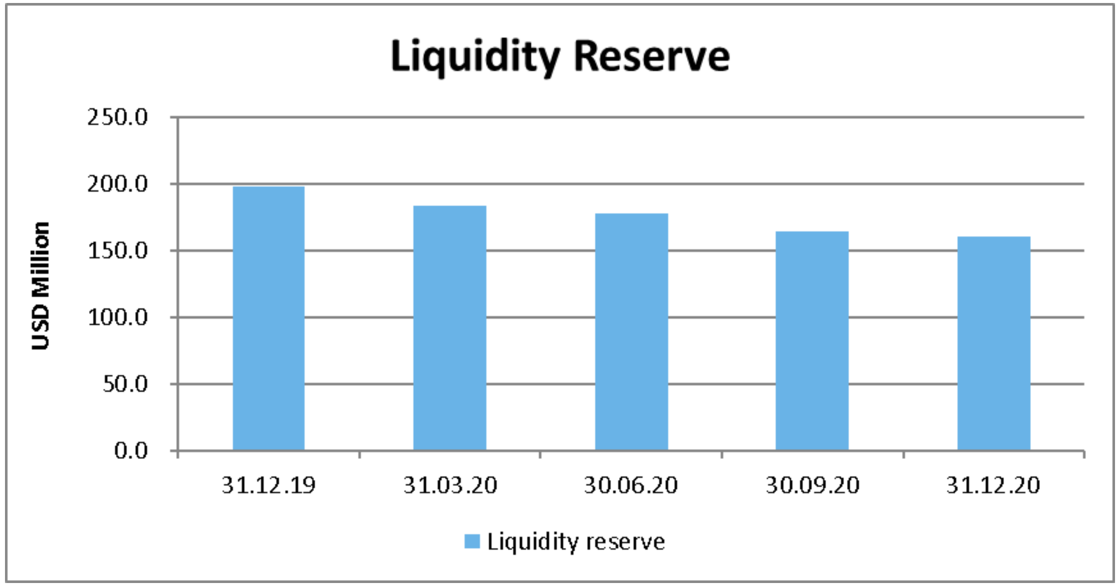
- The company believes that there will be a need for accommodation vessels and a gradual move towards a sustainable market. The company is, however, of the opinion that the supply side in the industry is too fragmented and in need of significant reduction of the fleet. Meaningful consolidation and continued scrapping are needed to contribute to a faster normalization of the return in our industry. In this perspective, Prosafe will continue to be active in further consolidation of the offshore accommodation industry to protect and create value.

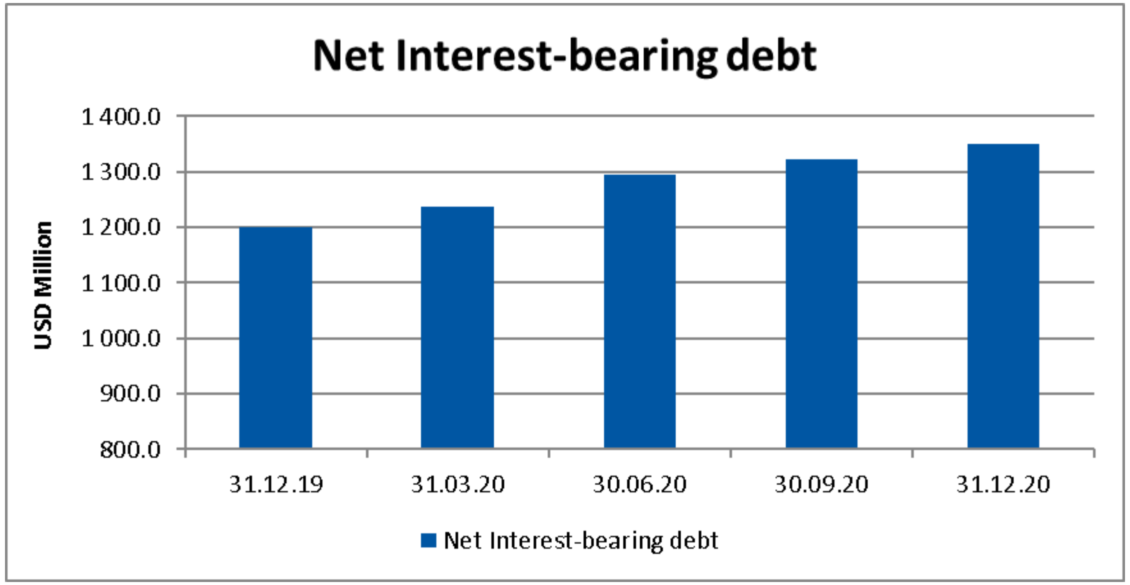
Appendix

Development of operating results



Liquidity reserve & Net interest-bearing debt





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Operating revenue

(USD million)	Q4 20	Q4 19	Q3 20	2020	2019
Charter income	13.3	24.4	10.9	53.0	191.7
Other income	2.2	1.9	0.8	3.7	33.7
Total	**15.5**	**26.3**	**11.7**	**56.7**	**225.4**