



7 July 2016



# Prosafe Recapitalisation

# Disclaimer

All statements in this presentation other than statements of historical fact are forward-looking statements, which are subject to a number of risks, uncertainties, and assumptions that are difficult to predict and are based upon assumptions as to future events that may not prove accurate. Certain such forward-looking statements can be identified by the use of forward-looking terminology such as “believe”, “may”, “will”, “should”, “would be”, “expect” or “anticipate” or similar expressions, or the negative thereof, or other variations thereof, or comparable terminology, or by discussions of strategy, plans or intentions. Should one or more of these risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary materially from those described in this presentation as anticipated, believed or expected. Prosafe does not intend, and does not assume any obligation to update any industry information or forward-looking statements set forth in this presentation to reflect subsequent events or circumstances.

# Agenda

- **Transaction highlights**
- Company update
- Market update
- Summary
- Appendix: Risk factors



# Key highlights

- Fleet renewal program completed
  - Market leader in high end segments
- Prosafe will have a financial buffer to weather through the down-cycle following the recapitalisation
  - Overall goal has been to secure a financial platform that is expected to safeguard the company until the end of 2020
- Continued efforts on reorganisation and cost cutting ensuring a lean and efficient structure going forward
- Capital raise supported by largest existing shareholders
- Transaction is supported by large bondholders in all bond series and from the Company's largest shareholders
- Total liquidity effect of USD 867<sup>1</sup> million by 2020



# Recapitalisation summary

## ***Capital raise***

- Equity capital raise of USD 130m to USD 150m
  - USD 40m to USD 60m will be used to buy-back part of the Company's senior unsecured bonds
- Intention to conduct a subsequent offering of up to USD 15m

## ***Restructuring of bonds***

- NOK 2.4 billion in aggregate face value of the Company's outstanding senior unsecured bonds in PRS08, PRS09, PRS10 and PRS11 will be converted into a mix of ordinary shares at 30% of the face value and cash
  - The shares to the bondholders will be issued at NOK 0.25. For bondholders that cannot hold ordinary shares due to restrictions in their mandates there will be an option to choose a convertible bond as an alternative to conversion to shares. The convertible bond will be a subordinated, zero coupon, 5 year bond that will be settled with shares at maturity at a conversion price of NOK 0.25.
  - The cash-out offer will be of minimum USD 40m and maximum USD 60 million. The cash-out offer will be constructed as a reverse book building where bondholders subscribe for preferred cash redemption in the range 25%-35% of the face value.

## ***Bank amendments***

- Amortisation relief of USD 128m in 2017 and 2018 (90% reduction), USD 114m in 2019 (90% reduction in H1 and 70% reduction in H2), and USD 108m in 2020 (70% reduction) – total positive liquidity effect for the Company of USD 477m
  - USD 1.3 bn facility final maturity in February 2022
  - USD 288m facility final maturity May 2021 – extended availability of undrawn USD 144m Eurur tranche to Q4 2020
- Amended financial covenants for all facilities
- Revised margin and cash sweep mechanism to be included

## ***COSCO***

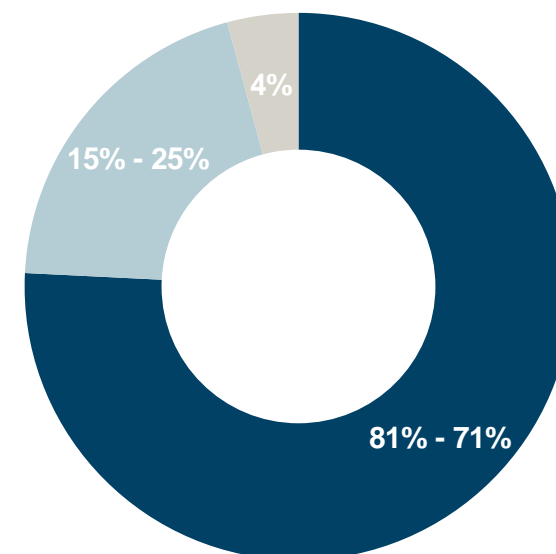
- Secured additional flexibility with Cosco on taking delivery of Safe Eurur
  - Deferred delivery of Safe Eurur to Q4 2019 (or such earlier time required by the Company)
  - Limitation on any further liability in the event Prosafe does not take delivery of Safe Eurur
  - Deferred maturity date of the USD 29m seller's credit agreement to Q4 2019

# Capital raise and pro-forma ownership post recapitalisation

## Key terms of USD 150m equity capital raise

<b>Issuer:</b>	Prosafe SE (Ticker:PRS/Oslo Børs).
<b>Shares outstanding:</b>	259,570,359 shares outstanding prior to the private placement.
<b>Pre- money market cap:</b>	Approximately NOK 64.9 million (based on NOK 0.25 per share), or USD 7.7 million.
<b>Private placement:</b>	The private placement comprises minimum 4,368,000,000 and up to 5,040,000,000 new shares (raising gross proceeds of USD 130m - USD 150m)
<b>Pre Subscription</b>	NOK 712 million (USD 85 million) of the Private Placement is pre-subscribed by Prosafe's two largest shareholders, North Sea Strategic Investments AS and M&G.
<b>Use of proceeds:</b>	The proceeds will be used to strengthen the Company's balance sheet and liquidity position, bond redemption of between USD 40m to USD 60m as well as for general corporate purposes.
<b>Issue price:</b>	NOK 0.25 per share.
<b>Minimum application:</b>	The share equivalent of at least NOK 1,000,000.
<b>Bookbuilding period:</b> (subject to change)	From 7 July 2016 at 16:30 CET to 12 July 2016 at 16:30 CET. The Company may at its own discretion extend or shorten the bookbuilding period.
<b>Allocation, settlement and trading:</b> (subject to change)	Notification of conditional allocation: 13 July 2016. First day of trading of allocated shares: Expected medio/ultimo August 2016. Payment: Expected medio/ultimo August 2016.
<b>Conditions for completion:</b>	Completion of the private placement is inter alia subject to required corporate resolutions by the Company, including the approval of the Company's refinancing plan by senior lenders, bondholders and shareholders and fulfilment of relevant conditions thereunder.
<b>Subsequent offering</b>	The Board will propose that the EGM also authorise the Board to carry out a subsequent offering to existing eligible shareholders of up to USD 15 million
<b>Bookrunners:</b>	ABG Sundal Collier, DNB Markets, Nordea Markets, Pareto Securities and SEB

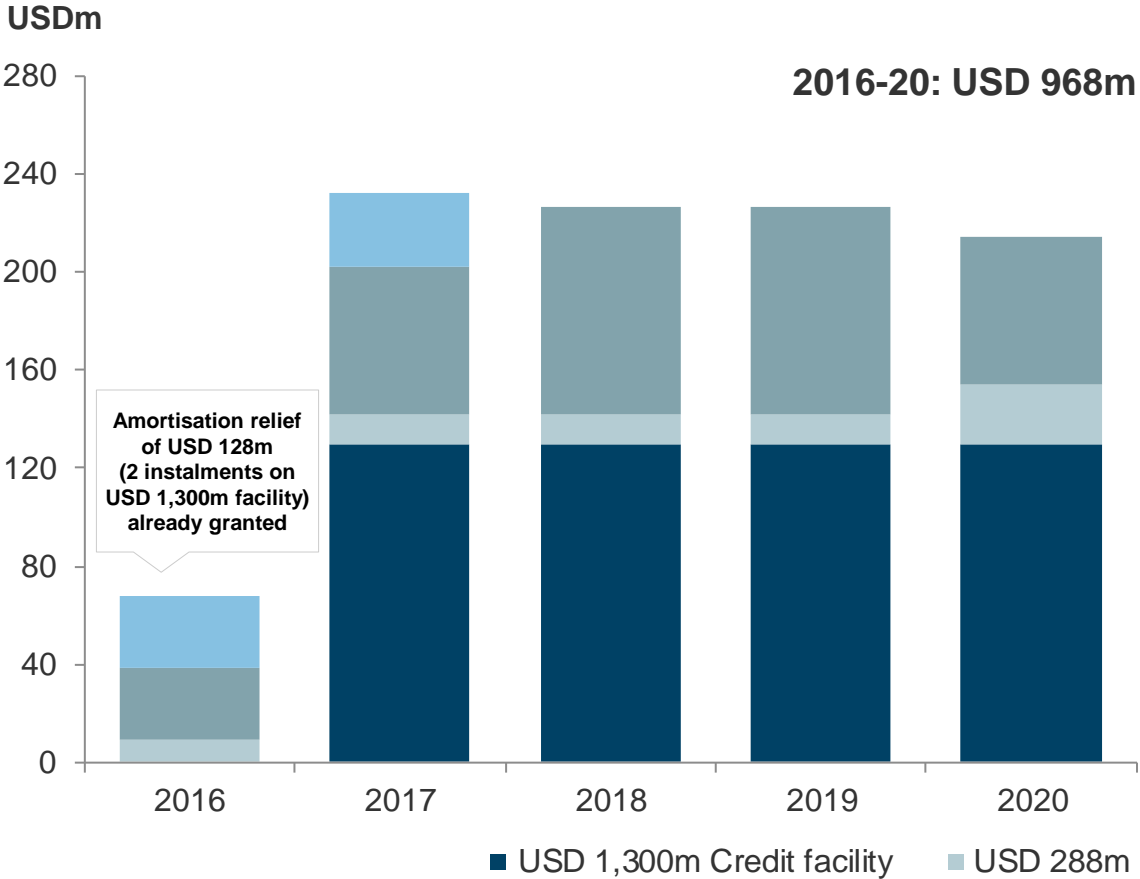
## Pro-forma ownership (fully diluted)<sup>1</sup>



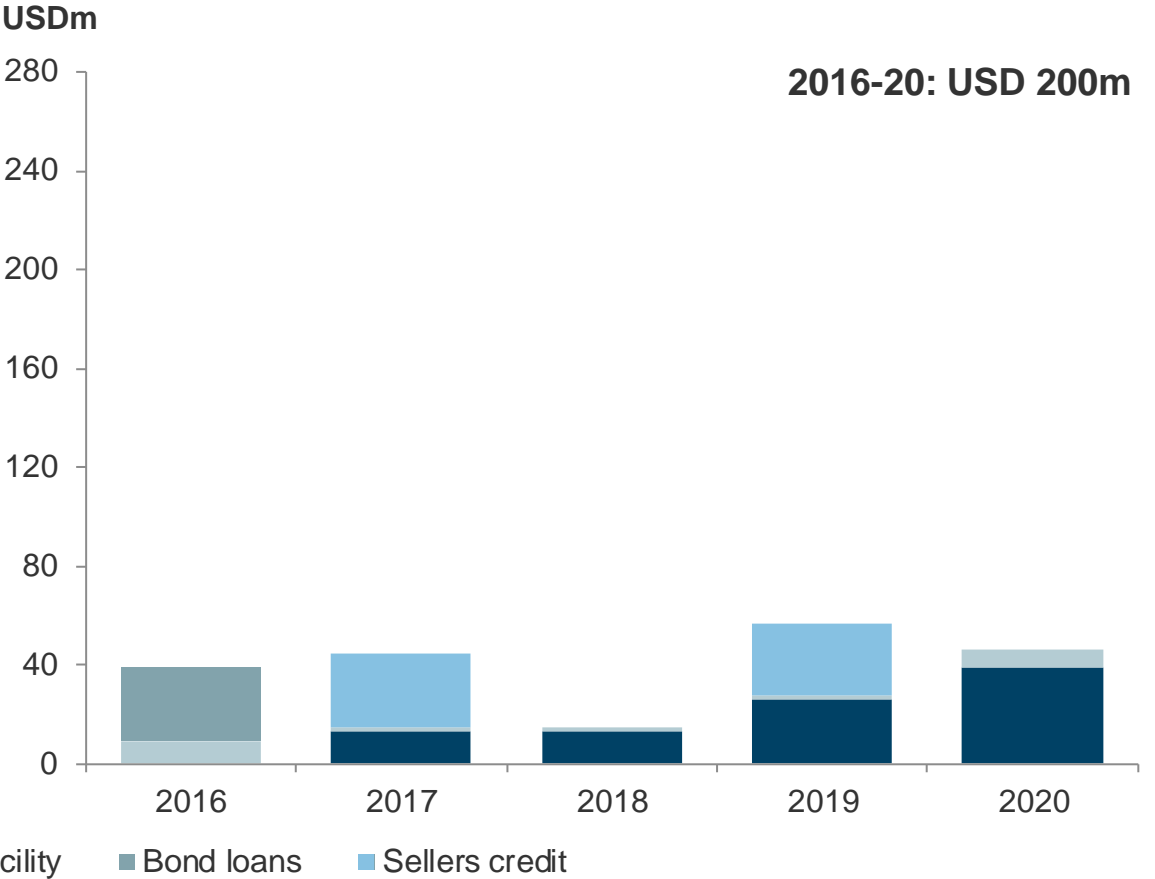
■ New equity    ■ Bondholders (incl. CB)    ■ Existing shareholders

# Significantly improved debt profile

*Current amortisation profile<sup>1</sup>*

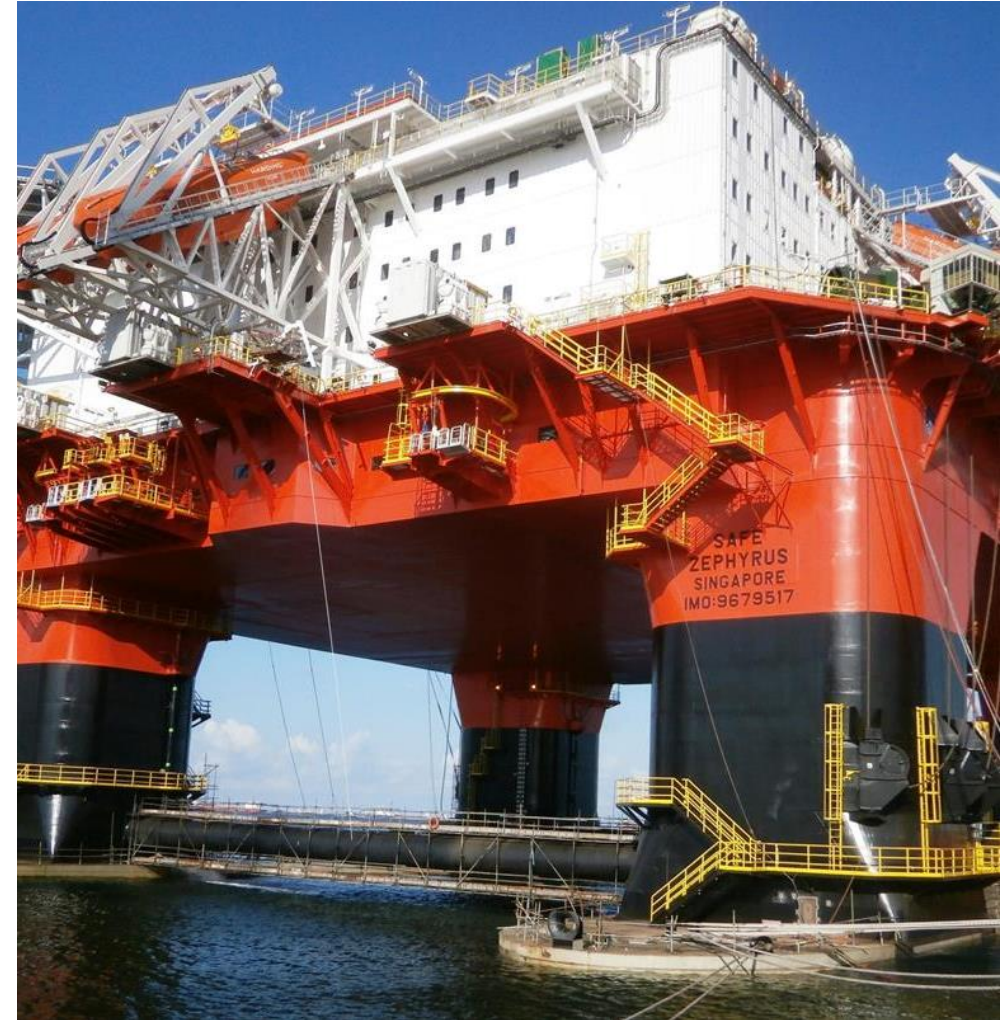


*Amortisation profile after recapitalisation<sup>1</sup>*



# Re-establishing the Prosafe investment case

- 1 *Premium asset base, purpose built for key markets*
- 2 *Extensive fleet renewal program successfully completed, further securing Prosafe's "license to operate"*
- 3 *Capable technical organisation with broad support amongst clients*
- 4 *Long operational track-record from global operations*
- 5 *Improved debt structure and low cost of capital after recapitalisation*
- 6 *History of delivering strong ROCE – renewed focus on operational leadership*



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# General background

## ***Significant recent changes in expectations***

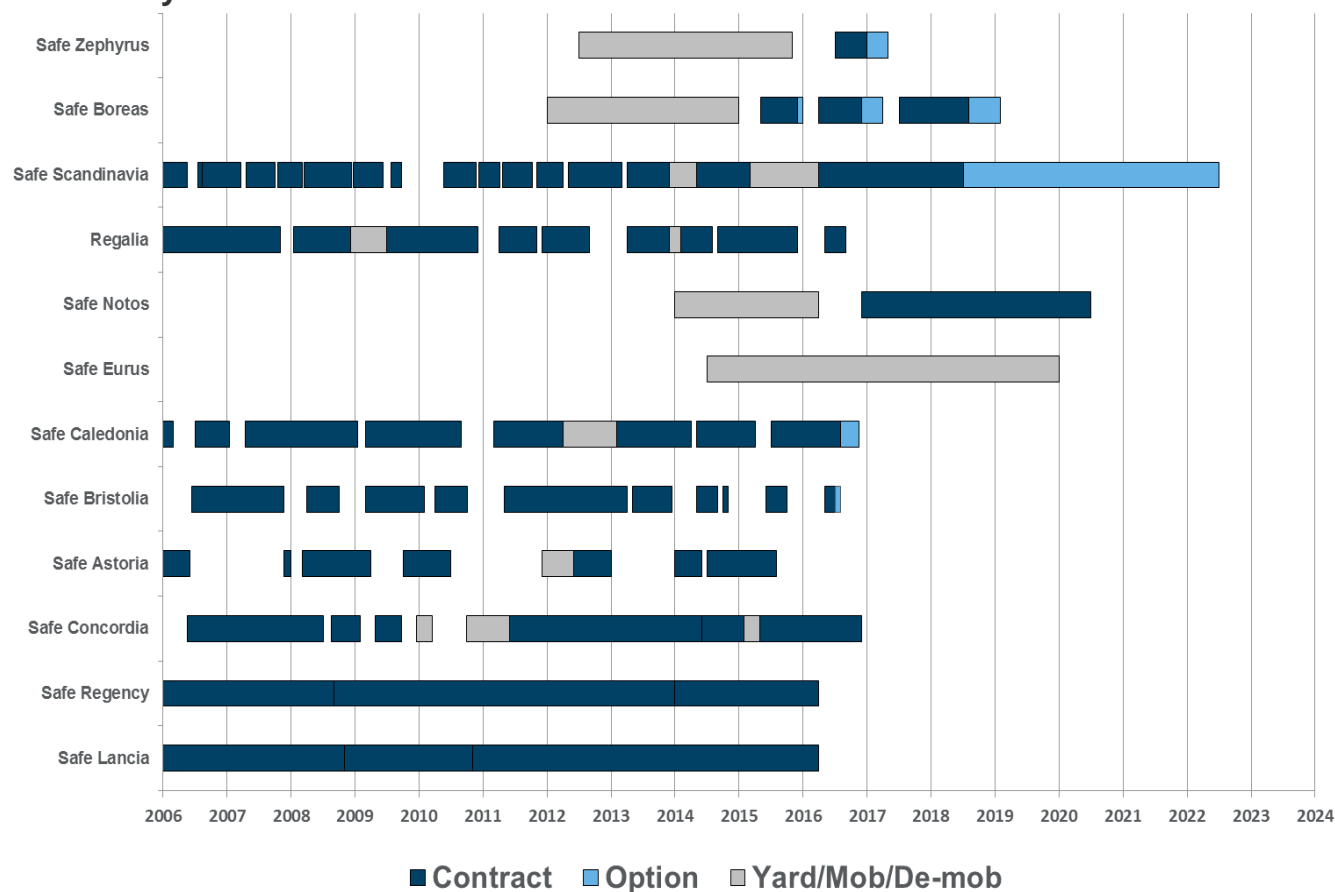
- Significant supply growth due to available yards and attractive financing
  - From 17 vessels in 2012 to 33 vessels expected in 2016 including vessels under construction
- Oil price from USD 125 to low USD 30 since 2012 a game changer for the industry
  - Oil companies into protective mode
  - Clients focusing on cost cutting and cash preservation
- New Pemex CEO planning for USD 25 oil - Mexico cancelling contracts huge impact for Prosafe

## ***Prosafe***

- Fleet renewal program completed - Capex since 2012 of USD 1,350 million
  - 3 new accommodation vessels delivered (Safe Eurys deferred to 2019)
  - 2 recent 20 year life extensions
- Safe Scandinavia additional cost plus loss of revenue - however critical asset in the coming period
- Gross debt position has increased to USD 1.7 bn
  - Short term unsecured bonds challenging to refinance in current market

# Contract update – Scandinavia, Notos/Eurus and Mexico

As of July 2016



## 1 Safe Scandinavia

- Significant cost overruns and loss of revenue
- Unit on contract by mid-March - contract assumed shortened in line with delay (i.e. to Q2 2018)

## 2 Safe Notos / Eurus

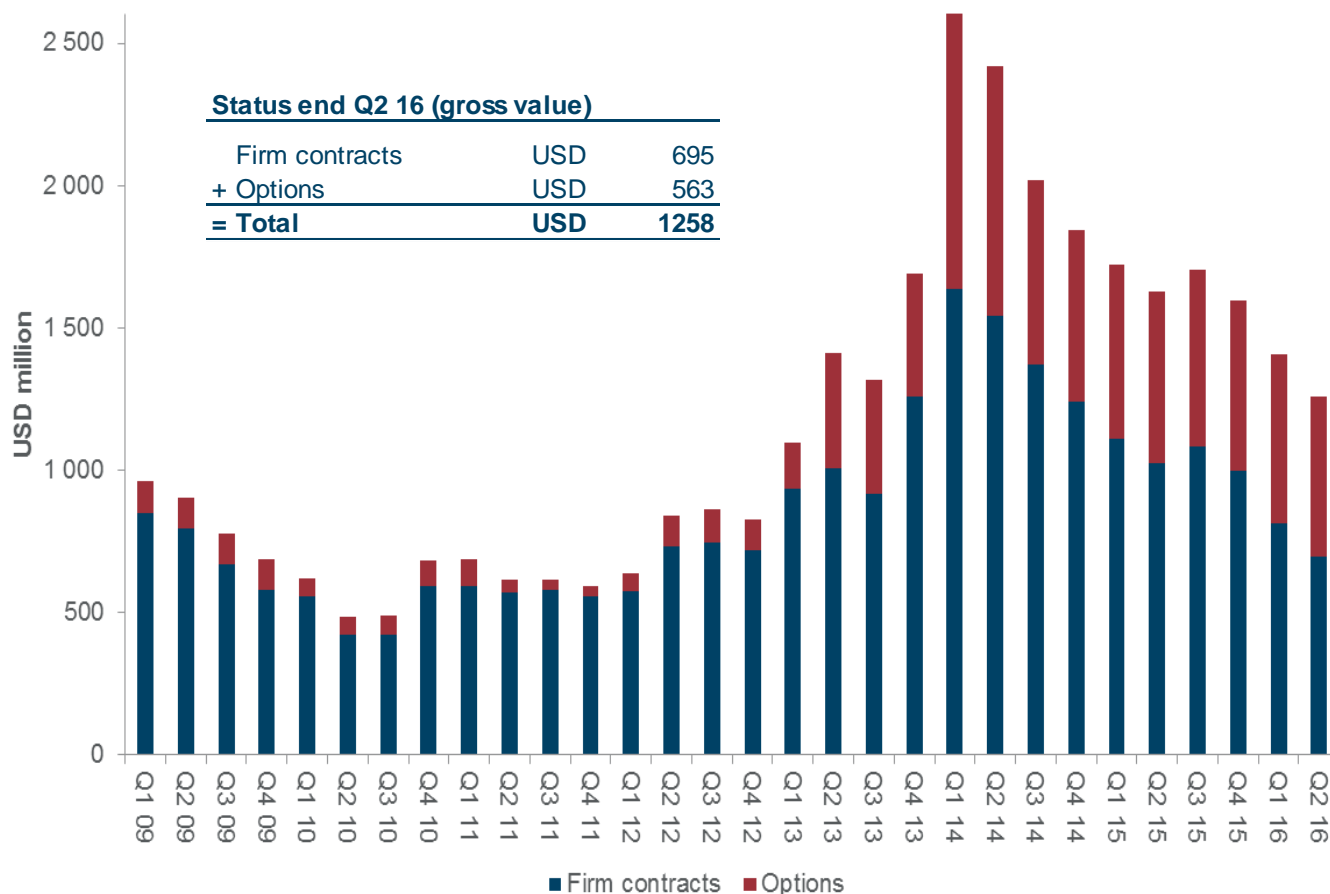
- Safe Notos will replace Safe Eurus and commence its contract with Petrobras within Q4 2016 (previously Q1 2017)
- The original contract will be extended by an additional 222 days – the total value of the extended Safe Notos contract is approx. USD 189m
- As part of the agreement, Prosafe has agreed a dayrate reduction of approx. 14% for Safe Concordia from Q2 2016 and providing Petrobras the option to early terminate the contract on commencement of Safe Notos operations

## 3 Mexico

- Safe Hibernia, Safe Britannia and Jasminia scrapped in 2016
- Lancia and Regency assumed stacked in 2016/17

# Orderbook – superior track record in North Sea awards

As of Q2 2016



■ Prosafe has won 17 out of 23 new awards in the North Sea since 2012, demonstrating continuous superior competitiveness in this key region

■ Diversified track record

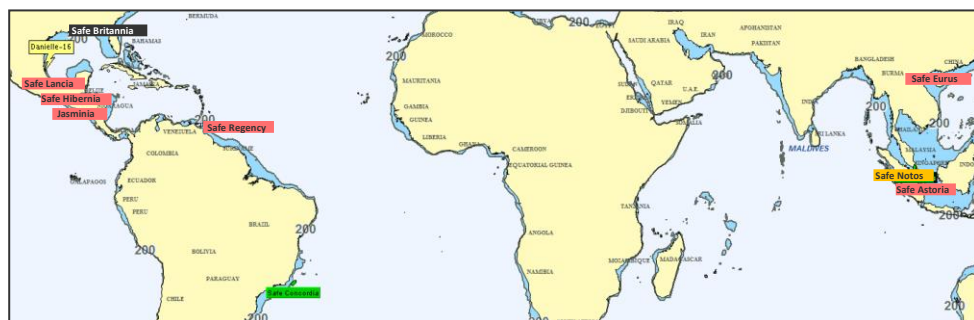
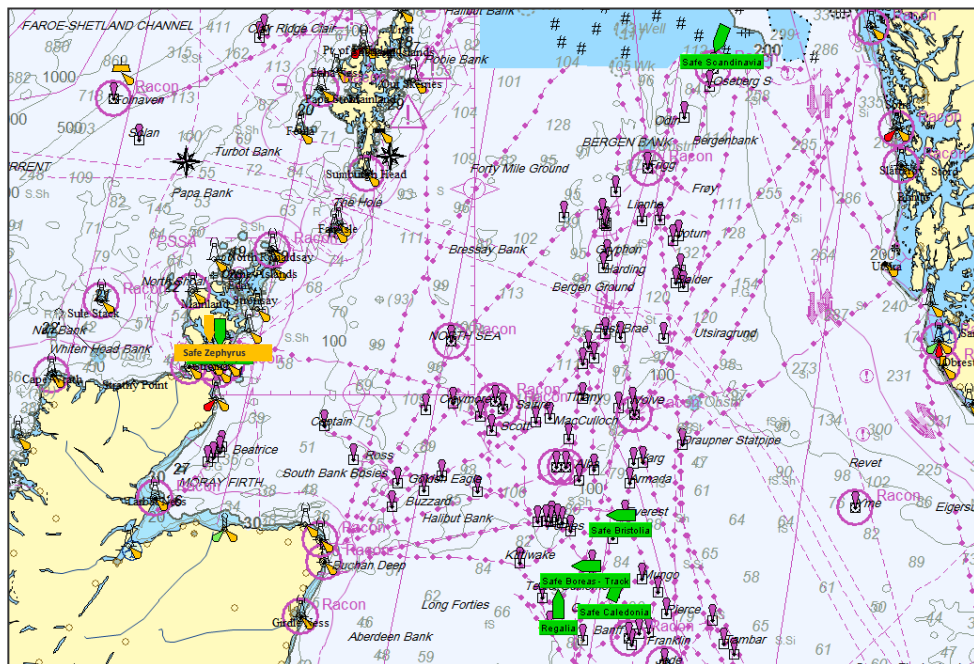
- 6 awards on Norwegian Continental Shelf
- 11 awards on UK Continental Shelf
- Wide range of installations

■ High standing with blue-chip customers:



# Operations overview

## Geographic overview



## Key comments

### In Operation:

- Regalia, Shell Gannet UKCS
- Safe Bristolia, BG, North Everest, UKCS
- Safe Boreas, Talisman, Montrose A, UKCS
- Safe Caledonia, BP, ETAP, UKCS
- Safe Concordia, Petrobras, P56, Brazil
- Safe Scandinavia (TSV), Statoil, Oseberg Ost, NCS

### Mobilising:

- Safe Zephyrus; Stand-by in Scapa Flow, transit to Stavanger for mobilisation for Det Norske Ivar Aasen hook up
- Safe Notos; Stand-by international waters, Singapore, awaiting departure to Brazil via Cape of Good Hope



### Lay – up / Construction:

- Safe Astoria; Cold stack, in Batam, Indonesia
- Safe Euris; Under construction COSCO, Quidong, C
- Safe Lancia: Cold stack in Port Isabel, USA
- Safe Regency; Warm stack, moored offshore in Aruba

### Recycling/Scrap:

- Safe Britannia; Sale concluded
- Safe Hibernia / Jasminia; Negotiating sale, “as is, where is” with a potential buyer outside US

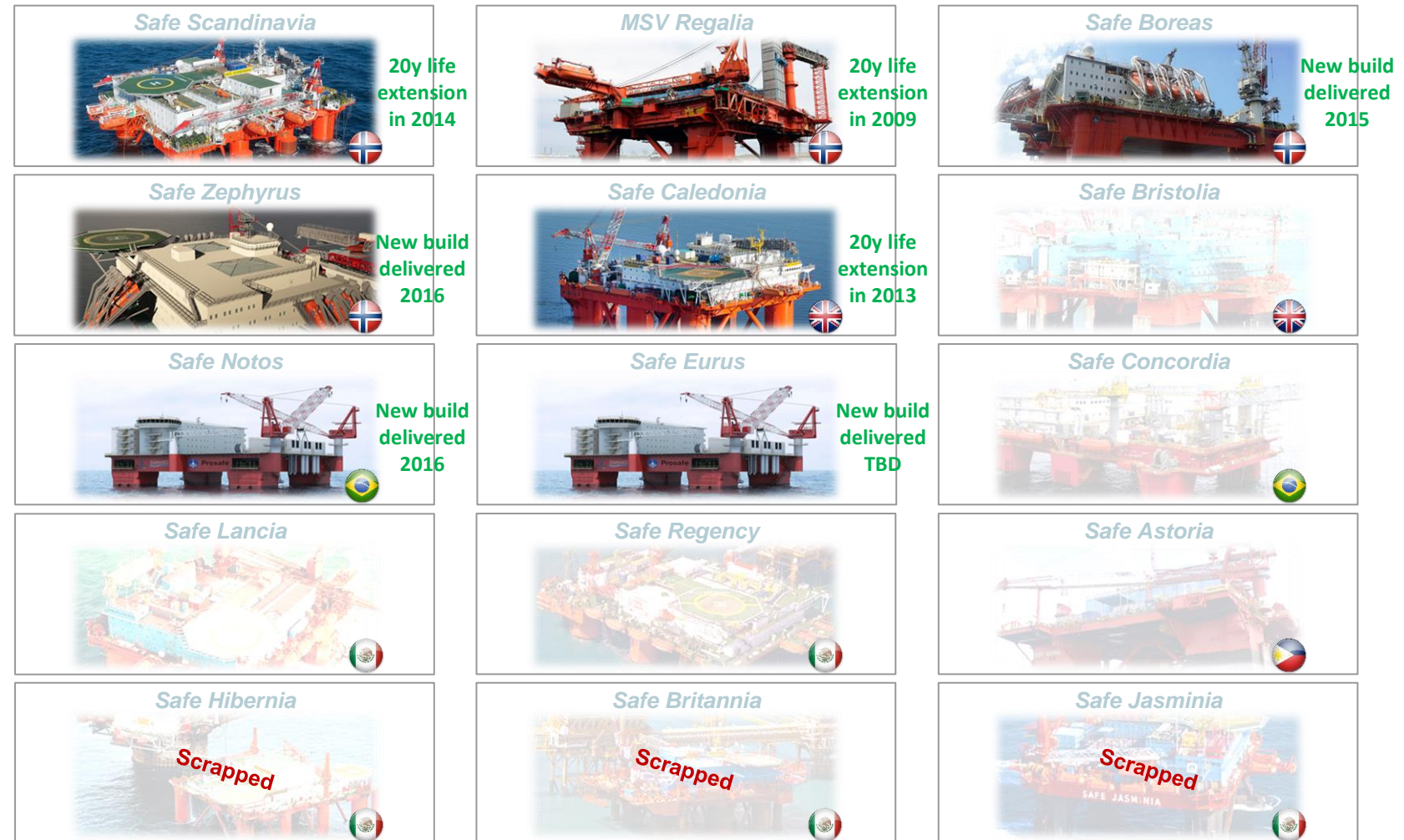
# Projects update

	PROJECT	UPDATE	
MAJOR PROJECTS – ONLY 1 REMAINING	Safe Eurus construction and completion in China	<ul style="list-style-type: none"> <li>Project 2 of 2 for Prosafe at COSCO, Qidong – projects went well – on budget</li> <li>Intention is to lay up at shipyard after technical acceptance</li> </ul> <hr/> <ul style="list-style-type: none"> <li>Metrics at 29<sup>th</sup> May 2016                             <ul style="list-style-type: none"> <li>Construction at 98.2% vs 98.9% planned</li> <li>Mechanical completion at 74.9% vs 73.1% planned</li> <li>Commissioning at 48.5% at 54.7% planned</li> </ul> </li> </ul>	
	Key parameters of deal with COSCO	<ul style="list-style-type: none"> <li>Deferred delivery of Safe Eurus to Q4 2019 (or such earlier time required by the Company)</li> <li>Limitation on any further liability in the event Prosafe does not take delivery of Safe Eurus</li> </ul>	
MINOR PROJECTS	Safe Notos preparation for Brazil – ongoing Singapore – under control	<ul style="list-style-type: none"> <li>Steel for new client warehouse module installed onboard</li> <li>Internal accommodation modifications virtually complete</li> </ul> <hr/>	
	Safe Zephyrus preparation for Ivar Aasen	<ul style="list-style-type: none"> <li>Install temp. client workshop</li> </ul> <hr/>	
	Safe Boreas/Zephyrus	<ul style="list-style-type: none"> <li>Green water investigations and potential modifications following COSL Innovator accident</li> </ul>	

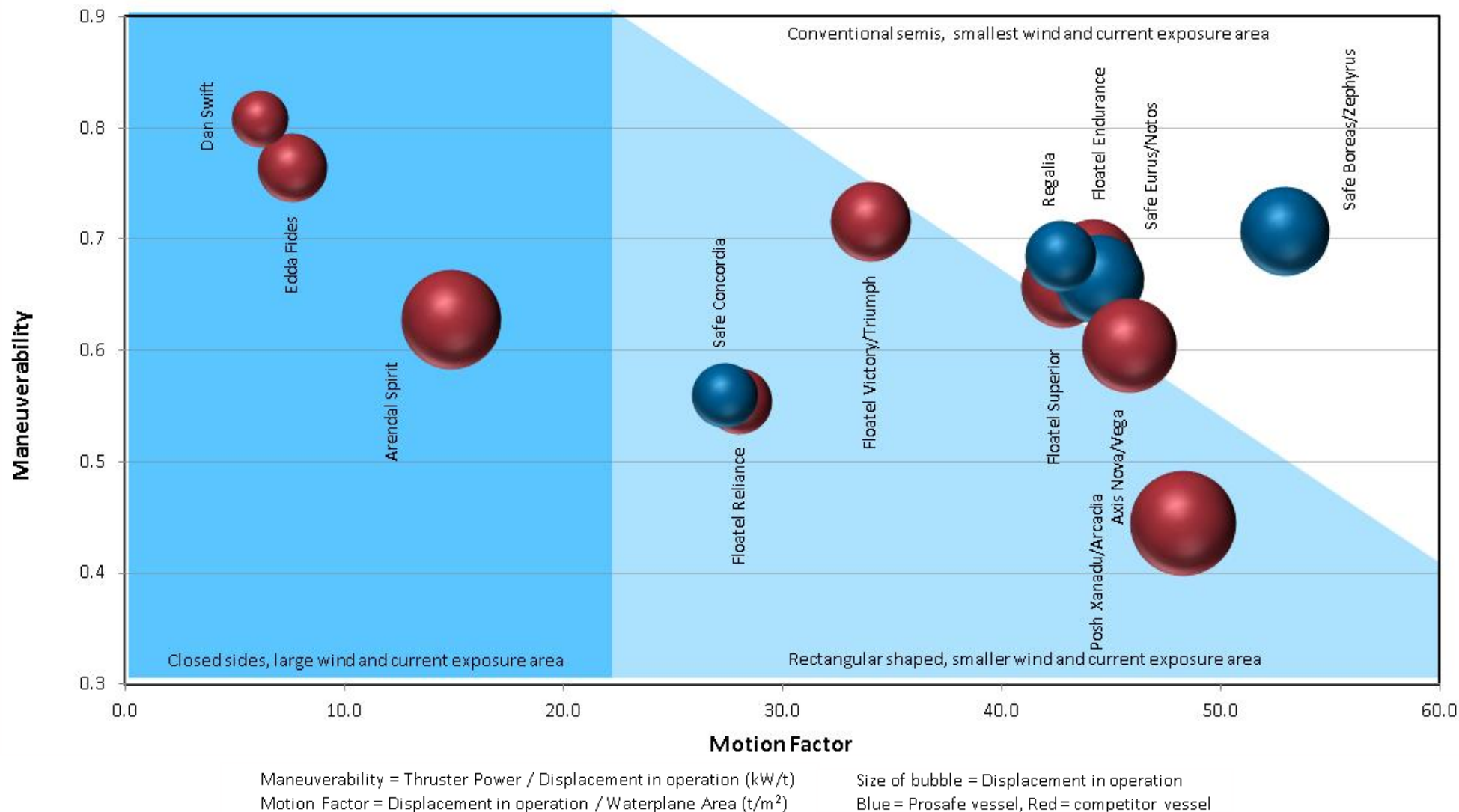
# Highly competitive vessels with increased earnings capacity

## State-of-the-art North Sea capable fleet

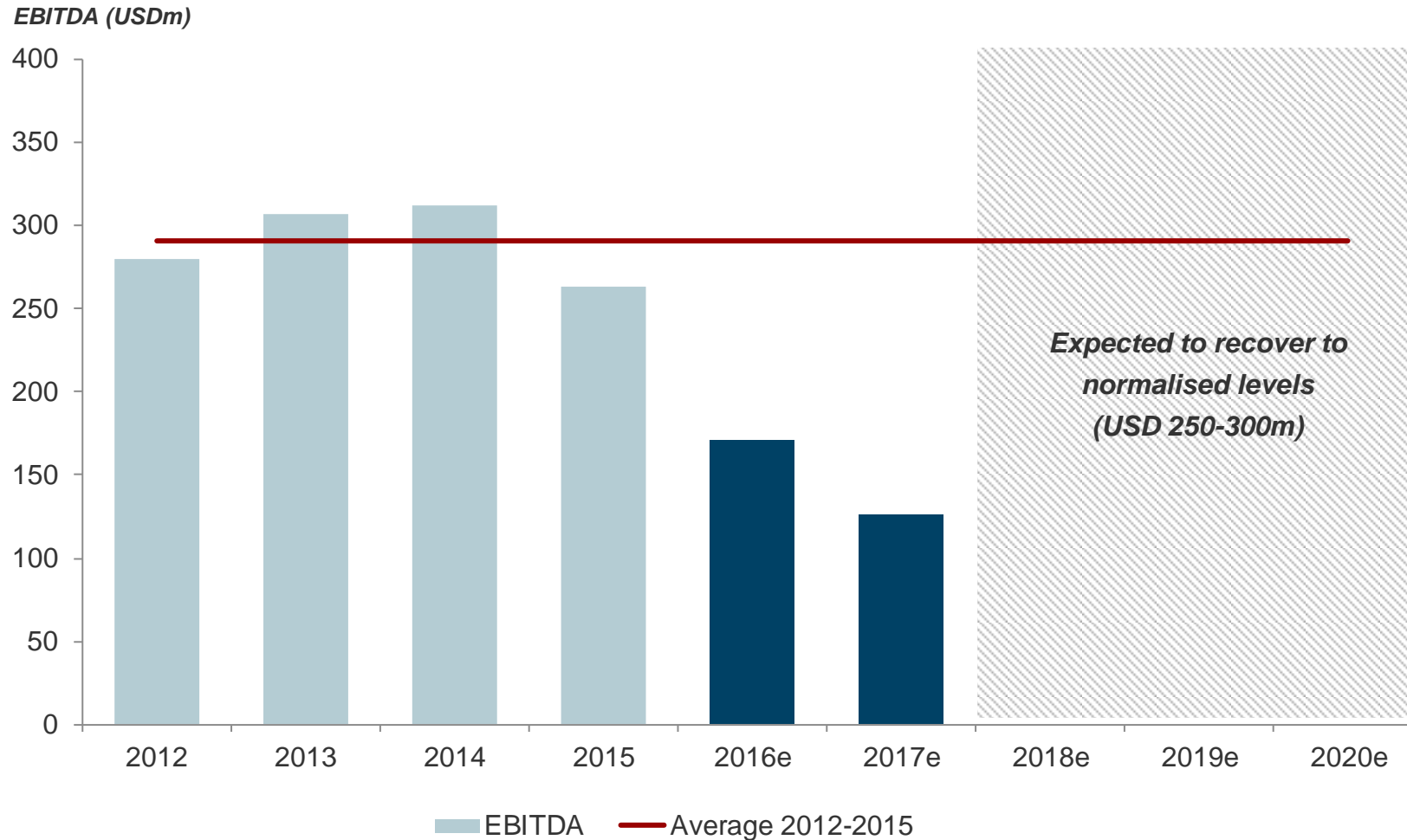
- Fleet renewal program completed with capex spend of approx. USD 1.35bn since 2012
- Core fleet of 7 state-of-the-art North Sea capable vessels (including Eurus)
- ~80% of fleet value capable of North Sea operations; a high barrier market



# High end vessels with market leading capabilities



# Prosafe 2014 vs. 2020

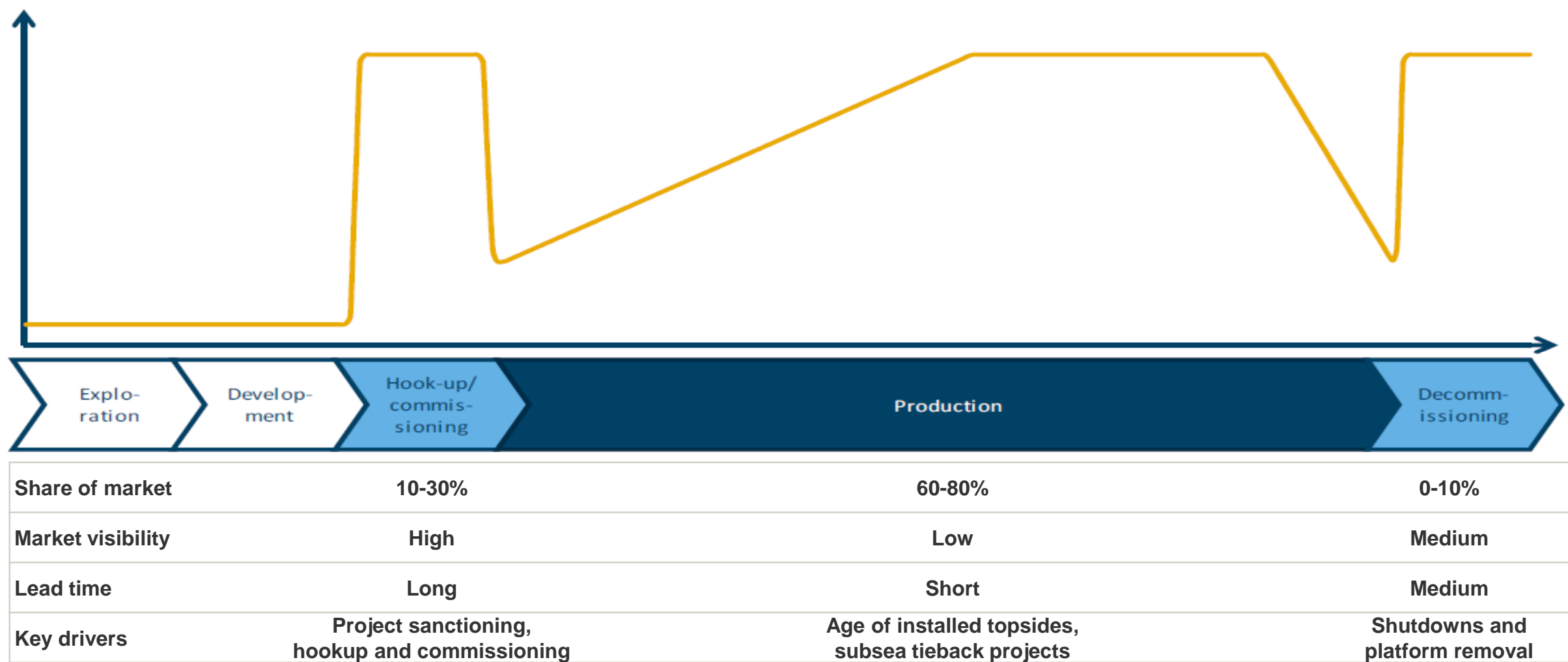


- North Sea activity expected to recover from 2018
- The highly competitive fleet puts Prosafe in a favourable position to benefit from improved market conditions
- Significant improvement in net debt position expected
  - YE '14: USD 708m (2.3x LTM EBITDA)
  - Q1 '16: USD 1,650m (7.1x LTM EBITDA)

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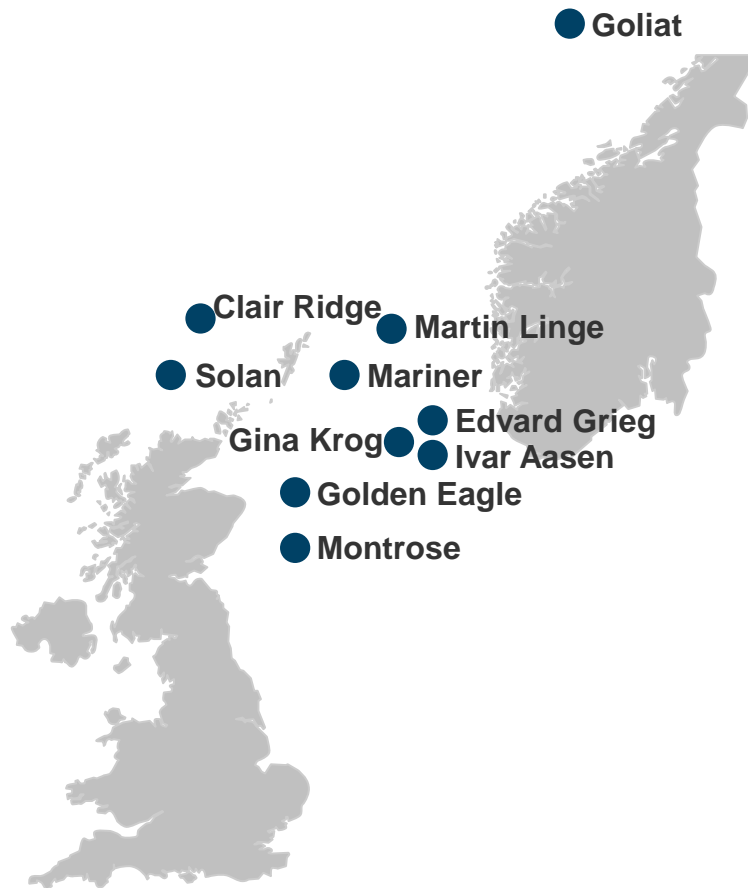
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# Accommodation market demand drivers



# Activity level forecasted to recover from 2018

## 2014 – 16; “Hook-ups”



## 2016 – 20; “Back to normal”

***Returning to traditional demand (maintenance and modification) with shorter lead times compared to hook-up projects***

- 1 Continuous growth in installed base with significant number of new fields in production during recent years
- 2 Increasing share of platforms older than 20 years, triggering strong demand for maintenance work
- 3 Platforms increasing lifetime beyond design life driving need for substantial modification work
- 4 Strong backlog of tieback projects triggering need for modification work at host platforms
- 5 Significant drop in modification capex leading to large backlog of outstanding maintenance projects building up in current down-turn

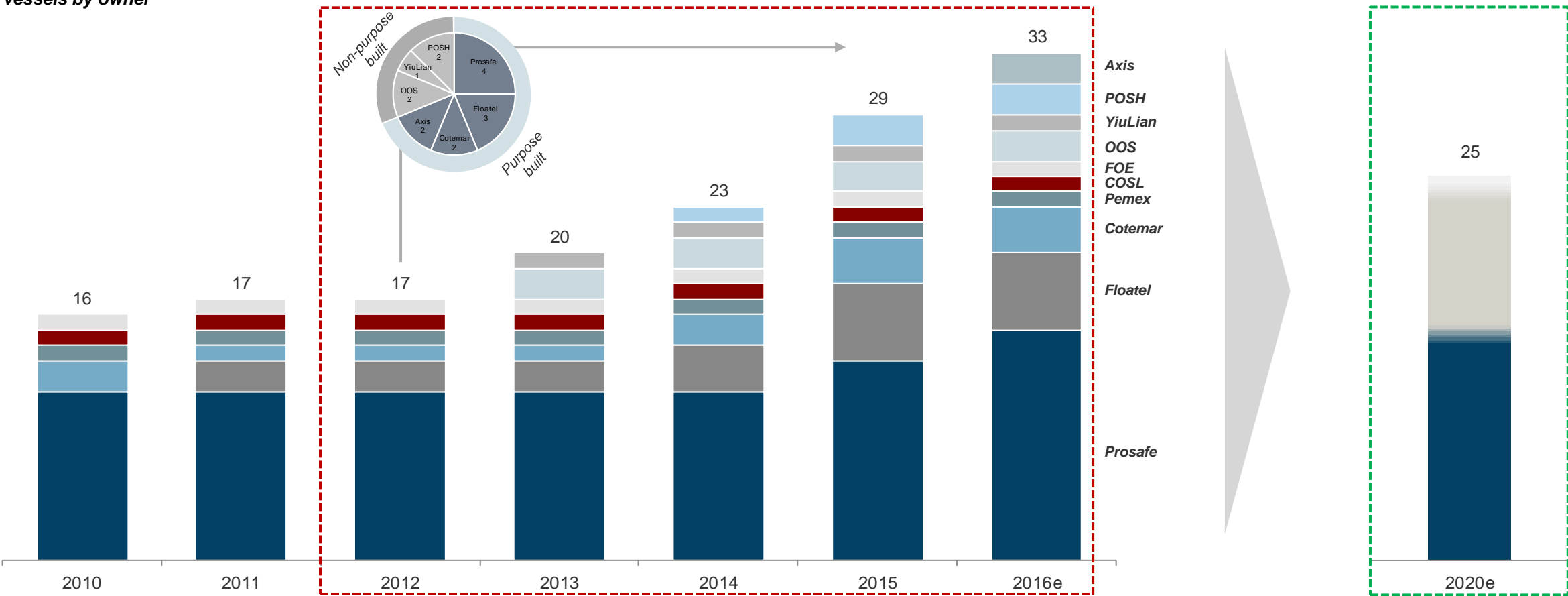
# Global accommodation market expected to rebalance by 2020

*High fleet growth combined with weaker market – “low end” vessels at risk by 2020*

Accommodation  
vessels by owner

Competitive  
fleet:

Competitive  
fleet:



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# Summary

- Prosafe will have a financial buffer to weather through the down-cycle following the recapitalisation
  - Overall goal has been to secure a financial platform that is expected to safeguard the company until the end of 2020
- Prosafe faces the current downturn with a premium asset base, having completed a substantial fleet renewal over recent years – holds a market leading position in the high end segments
  - Negotiated flexibility with Cosco on Safe Eurys new build if market recovery takes longer than anticipated
- Continued efforts on reorganisation and cost cutting ensuring a lean and efficient structure going forward
- Capital raise significantly funded by largest existing stakeholders
- Transaction is supported by large bondholders in all bond series and from the Company's largest shareholders
- Total liquidity effect of USD 867<sup>1</sup> million by 2020

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# Key Risk Factors

Investing in shares issued by the Company involves inherent risks. Before deciding whether or not to invest in the shares, an investor should consider carefully all of the information set forth in this Presentation and otherwise publicly available, including without limitation the Company's stock exchange announcements and periodic financial statements.

The risks described below are not the only ones facing the Company. Additional risks not presently known to the Company, or that the Company currently deems immaterial, may also impair the Company's business operations and adversely affect the price of the shares and its ability to service its debt obligations. The order in which the risks are presented is not intended to provide any indication of the likelihood of their occurrence nor of their severity or significance. If any of the events or circumstances discussed actually occur, the Company's business, financial position and operating results could be materially and adversely affected, and this might have a material adverse effect on the price of the securities, as well as its ability to meet its obligations (including the payment of principal and interest) under the financial indebtedness of the Company.

An investment in shares is suitable only for investors who understand the risk factors associated with this type of investment and who can afford a loss of all or part of the investment. The information provided is as of the date hereof and is subject to change, completion or amendment without notice.

## **RISKS RELATING TO THE MARKET IN WHICH THE GROUP OPERATES**

- Oil and gas prices: The profitability and cash flow of the Group's operations depends upon the reaction of the Group's clients to the market price of oil and gas, which in turn is affected by numerous factors beyond the Group's control. A substantial or prolonged period with low oil and gas prices could lead to a lower utilization of accommodation vessels thus affecting the financial position of the Group.
- Oversupply of accommodation vessels: The supply of accommodation vessels in the industry is affected by, inter alia, assessments of the demand for these units by the customers. Any over-estimation of demand has, from time to time, created an oversupply of accommodation vessels and has caused and could continue to cause a decline in utilization and contract rates when the vessels enter the market. Lower utilization and contract rates could have a material adverse effect on the business and results of operations of the Group.
- Regulations governing operations: As the Group conducts operations in a variety of jurisdictions, it is subject to regulatory risks in multiple jurisdictions, and applicable laws and regulations could change, including on short notice, or be subject to changing interpretations. Changes in applicable laws or regulations or in the interpretation or enforcement of such laws or regulations could require the Group to modify the manner in which it operates, increase the costs to the Group of its operations, require the Group to make significant capital expenditures or to curtail aspects of its operations. Any of the foregoing could have a material adverse effect on the Group's financial condition and results of operations.
- Geopolitical risks: There are risks inherent in doing business internationally. These include unexpected changes in regulatory requirements, difficulties in staffing and managing foreign operations, social and political instability, fluctuations in currency exchange rates, potentially adverse tax consequences, legal uncertainties regarding liability and enforcement, and changes in local laws and controls on the repatriation of capital or profits. Any of these risks could materially affect the Group's overseas operations and, consequently, the financial position and profit of the Group.
- Risk of war, other armed conflicts and terrorist attacks: War, military tension and terrorist attacks have among other things caused instability in the world's financial and commercial markets. This has in turn significantly increased political and economic instability in some of the geographic markets in which the Group operates (or may operate in the future), and has contributed to high levels of volatility in prices for among other things oil and gas.

## **RISKS FACTORS RELATING TO THE GROUP AND ITS BUSINESS**

- Project risk: The Group provides its services on the basis of contracts that are awarded through competitive bidding. The Group's financial condition, operating results and cash flows could be adversely affected by early termination of contracts, contract renegotiations or cessation of day rates under any of the foregoing circumstances. The Group's corporate policy is to seek to mitigate project risk at all times by having a strict policy on termination risk, breakdown risk, off-hire situations, force majeure risk etc. However, there can be made no assurance that the Group will be able to sufficiently mitigate these project risks, and any such risk could negatively affect the financial position and results of operations of the Group.

# Key Risk Factors (cont'd)

- Insurance and uninsured risk: Operational risks can inter alia cause personal injury, the loss of a unit, operational disruption, off hire and termination of contract. The Group coverage includes annual aggregate policy limits. If a significant accident or other event occurs that is not fully covered by the insurance or an enforceable or recoverable indemnity from a client, the occurrence could adversely affect the Group's financial position, results of operations or cash flows.
- Vessel operation: The Group only has a limited number of vessels. The Group's fleet is exposed to operational risks associated with offshore operations such as breakdown, bad weather, technical problems, force majeure situations (e.g. nationwide strikes), collisions, grounding, as well as accidents and similar events, which may have a material adverse effect on the earnings and value of the Group.
- Reliance on third parties: The Group relies on third parties to perform certain services. A failure by one or more of these third parties to satisfactorily provide, on a timely basis, the agreed upon services may have an adverse impact on the Group's ability to perform its obligations under drilling contracts.
- Charter risks: The ability of the Group to renew contracts or obtain new contracts and the terms of any such contracts will depend, among other things, on market conditions, the specifications, suitability and deployment potential of its vessels, and the contractual terms, including rates, that the Group agrees to operate under. The Group may be unable to renew expiring contracts or obtain new contracts for its vessels under contracts that have expired or been terminated, and the rates under any new contracts may be substantially below existing rates, which could materially reduce the revenues and profitability of the Group. The Company can provide no assurance that the Group will be able to perform under its contracts due to events beyond its control or that the Group will be able to ultimately execute a definitive agreement in cases where one does not currently exist. In addition, the Group can provide no assurance that its customers will be able to or willing to fulfill their contractual commitments to the Group. The Group can provide no assurance that the contracts included in the contract revenue backlog will generate the specified revenues or that the specified revenues will in fact be generated during the periods indicated.
- Service life and technical risk: The service life of a vessel is generally assumed to be more than 25 years, but will ultimately depend on its efficiency. There can be no assurance that the Group's units will be successfully deployed for such period of time. The capital associated with the repair and maintenance of each vessel increases with age. In addition, there may be technical and environmental risks associated with ageing vessels, including operational problems and regulatory requirements leading to unexpectedly high operating/maintenance costs and/or lost earnings, and which may have a material adverse effect on the financial position of the Group.
- Unexpected repair cost: The timing and costs of repairs on the Group's units are difficult to predict with certainty and may be substantial. Many of these expenses, such as certain repairs for normal wear and tear, are typically not covered by insurance. Large repair expenses could decrease the Group's profits. In addition, repair time may imply a loss of revenue for the Group.
- Key personnel for operations and profitability: The Group's ability to continue to attract, retain and motivate key personnel, and other senior members of the management team and experienced personnel will have an impact on the Company's operations.
- Mobilization risk: Mobilization of vessels involves a number of risks (including regulatory approval and reliance on third party equipment) which can cause damage to the vessels and/or result in delays in start-up.

## RISKS RELATING THE GROUP'S FINANCIAL SITUATION

- Significant third party indebtedness: On 7 July 2016 the Group announced a comprehensive refinancing. Even after a refinancing is completed, the Group will continue to have a significant amount of third party indebtedness and there can be no assurances that the Group in the future may not become in default of the terms of such. A breach of the terms of the Group's loan agreements may cause the lenders to require repayment of the financing immediately and to enforce the security granted over substantially all of the Group's assets, including its vessels. If the Group's operating cash flows are not sufficient to meet its operating expenses and the debt payment obligations of the Group, the Group may be forced to do one or more of the following: (i) delay or reduce capital expenditures; (ii) sell certain of its assets; (iii) forego business opportunities, including acquisitions and joint ventures, and/or (iv) obtain new capital, which may be dilutive to current stakeholders.

# Key Risk Factors (cont'd)

- The Group has exposure for financial covenants: The Group's credit and borrowing facilities contain financial and other covenants. There can be no assurance that the Group will be able to meet all such covenants relating to current or future indebtedness contained in its funding agreements or that its lenders will extend waivers or amend terms to avoid any actual or anticipated breaches of such covenants. Failure to comply with covenants may have an adverse effect on the Group's financial condition, and also potential increased financial costs, requirements for additional security or cancellation of loans.
- Foreign currency risk management: The Company reports in USD and generates income in USD, whereas parts of its operating costs are in other currencies such as NOK and GBP. The Company attempts to minimize the foreign currency risks by implementing hedging arrangements as appropriate.
- Interest rate risk management: The Group is exposed to fluctuations in interest rates for USD and NOK. The Group's interest costs on its bank loan and credit facility are subject to floating interest rate (LIBOR and NIBOR) plus a margin. Consequently, the Group is exposed to fluctuation in interest rates. The risk is managed by the use of interest rate swaps.
- Credit risk management: Due to the nature of the Group's operations, revenues and related receivables are typically concentrated amongst a relatively small customer base of international oil and gas companies. The maximum credit risk is equal to the capitalised value of trade receivables and incurred revenue not billed.
- Availability of funding: The Group is dependent upon having access to long term funding. There can be no assurance that the Group may not experience net cash flow shortfalls exceeding the Group's available funding sources nor can there be any assurance that the Group will be able to raise new equity, or arrange new borrowing facilities, on favorable terms, in amounts necessary, or new financing at all, to conduct its ongoing and future operations, should this be required.
- Value of the accommodation vessels and market rates: The value of the accommodation vessels owned by the Group may fluctuate with market conditions. In the even a further or prolonged downturn in the market results in breaches of the financial covenants in its loan agreements sales of the Group's accommodation vessels could be forced at prices that represent a potential loss of value.

## DEFERRED DELIVERY OF VESSEL UNDER CONSTRUCTION

- The Group has one accommodation vessel under construction at Cosco (Quidong) Offshore Co. Ltd.. The Group has entered into a term sheet which allows for deferred delivery of the vessel under construction, limited exposure in the event the Group does not take delivery at the deferred delivery date and deferred maturity of the seller's credit agreement already entered into.
- The deferrals and amendments set out above are subject to final agreements being entered into and certain condition precedent being satisfied, which in practice also includes approval of a refinancing proposal. If the conditions precedent are not satisfied or the agreements terminated due to lack of approval of a refinancing proposal, the Group would have to take delivery of the vessel at the original date and the original maturity date of the seller's credit will apply. Should the Group not be able to take delivery of the vessel at the original date, then this could have a material adverse impact on the Group's financial position.

## WESTCON

- Westcon Yards AS ("WCY") and Prosafe Rigs Pte Ltd ("Prosafe Rigs") entered into an EPC contract (the "Contract") on 25 February 2015 for the conversion of Safe Scandinavia into a tender support vessel (the "Vessel"). The conversion of the Vessel has experienced a substantial cost overrun compared to the price estimate given by WCY when the Contract was entered into. To date Prosafe Rigs has paid to WCY an amount of MNOK 2 077. Another MNOK 45 will fall due on 13 September 2016 (six months following the Vessel's sail away).
- WCY has through initiating litigation proceedings made a claim of approx. MNOK 306 (plus interest). Prosafe Rigs intends to dispute WCY's claim for additional compensation and present a claim for repayment for approx. MNOK 270. The risk is that Prosafe Rigs is not awarded their claim and in addition will have to pay the claim from WCY which is approx. MNOK 306 (plus interest) plus legal fees for both WCY and Prosafe Rigs.

# Key Risk Factors (cont'd)

## RISKS RELATING TO THE SECURITIES

- The market price of the shares may fluctuate significantly in response to a number of factors: The price of securities of publicly traded companies can be highly volatile, and the shares and bonds of the Company have been subject to substantial volatility. The price at which the shares may be quoted and the price for which holders may realize their shares will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect the industry as a whole or stock exchange listed companies generally.
- Future sales of shares by the Company's major shareholders or any of its primary insiders or sale of shares resulting from debt conversion may depress the price of the shares: The market price of the shares could decline as a result of sales of a large number of shares in the market or the perception that such sales could occur, or any sale of shares by any of the Company's major shareholders or primary insiders from time to time. Such sales, or the possibility that such sales may occur, might also make it more difficult for the Company to issue or sell equity or equity-linked securities in the future at a time and at a price it deems appropriate.
- Liquidity of the new shares: The new shares issued as part of the refinancing will for a certain period of time as further set out in the terms of the refinancing be shares of a new separate class A, which pending conversion to ordinary shares will not be listed on any regulated market. This may limit the shares' liquidity in the trading market, which could have an adverse effect on the then prevailing market price for the shares.
- Shareholders may not be able to exercise their voting rights for shares registered in a nominee account: Beneficial owners of shares that are registered in a nominee account or otherwise through a nominee arrangement (such as through brokers, dealers or other third parties) may not be able to exercise voting rights and other shareholder rights as readily as shareholders whose shares are registered in their own names with the VPS prior to the Company's general meetings.
- Dilution: Shareholders not participating in future share issues may be diluted.
- Limitations on the ability to make claims against the Company: The Company is a European public company limited by shares organized under the laws of the Republic of Cyprus. The Company's directors and executive officers, as well as the Group's assets are located in various jurisdictions. As a result, it may be difficult for investors in other jurisdictions to effect service of process upon the Company, its affiliates or its directors and executive officers in such other jurisdictions or to enforce judgments obtained in other jurisdictions against the Company, its affiliates or its directors and executive officers.
- The Company's investors outside of Norway are subject to exchange rate risk: The Company's shares are traded in NOK and any investor outside of Norway who wishes to invest in the shares, or to sell shares, will be subject to an exchange rate risk which may cause additional costs to the investor.



