



3 November 2016



Q3 2016 results

Disclaimer

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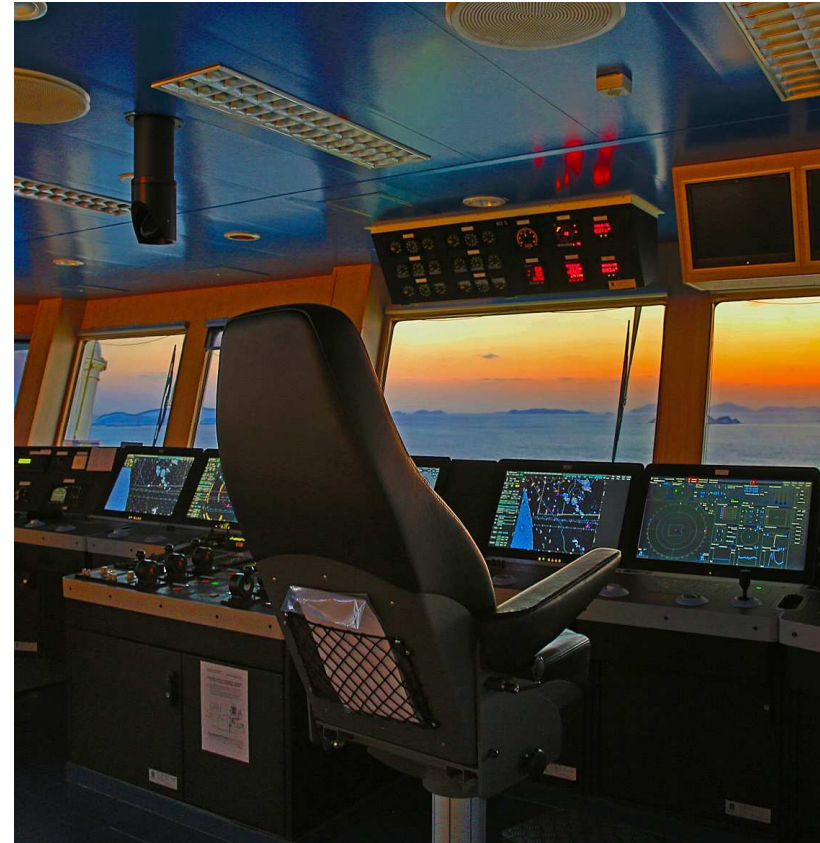
Agenda

- **Quarter highlights**
- Work the plan
- Financial results
- Operations review
- Strategy and Outlook
- Summary



Quarter highlights

- Working the plan
 - Completed comprehensive financial restructuring and secured runway through 2020
 - Significantly improved debt structure and cash flow
 - Limited covenants and significantly improved room to manoeuvre
 - Phase1 re-organization and cuts in cost and capex ongoing till end 2016
 - Phase 2 being planned
 - Continues fleet renewal and rightsizing
 - Safe Britannia, Safe Hibernia and Jasminia sold for scrap
- Five Prosafe vessels operational in the North Sea in Q3
- Solid underlying performance and on track towards targets defined



Agenda

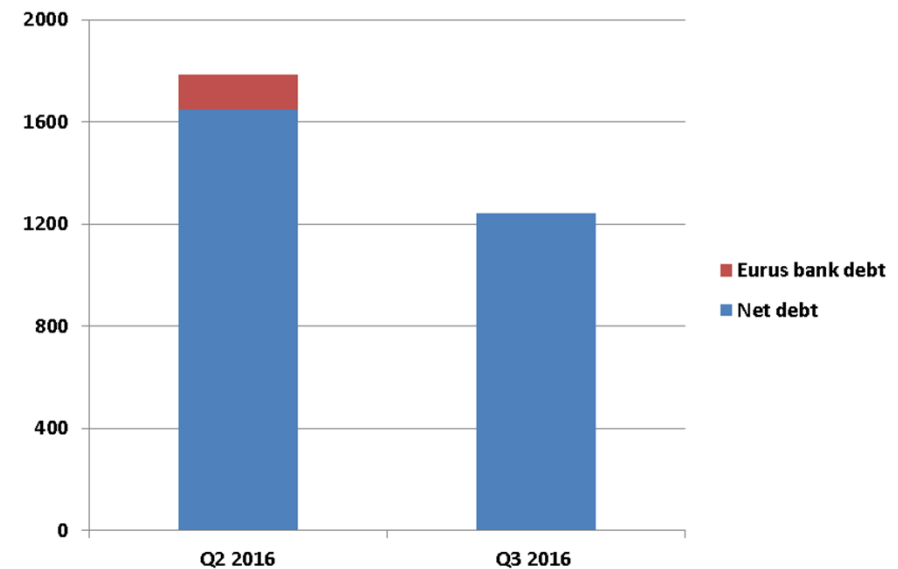
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1. Work the plan: Refinancing

- A billion dollar runway through 2020

- Improved cash flow 2017-2020 of more than USD 1 billion from
 - Reduction of debt/new build investment USD 530 million
 - Reduction of amortisation of USD 470 million
 - Interest saving from swap restructuring of approx. USD 23m
- Book equity from 26% to 40%
- Significant operating head-room achieved from relaxed covenants



2. Work the Plan: Reorganization

- From matrix to simple line organization
- Fewer departments
- Slimmer management team
- Phase 1 complete at start of 2017
 - Total headcount reduction 35-40%
 - From ca 800 to ca 500, of which ca 115 onshore as of Q1 2017
- Phase 2 being planned














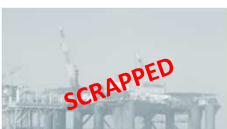



3. Work the Plan: Cost and capex cut targets

	2011-2015 annual average levels	Revised target levels	Target savings 2017
Offshore opex¹⁾	USD 180m	USD 140 – 150m	USD 30-40m (20%)
Onshore opex	USD 40m	USD 28m	USD 12m (30%)
Annual fleet capex²⁾	USD 60m	USD 10-15m	USD 40-45m (70%)
Headcount reduction (in %)		35-40 percent	

1) Will to some extent be affected by activity level

2) Excluding new-builds and conversions, updated from Q2 presentation

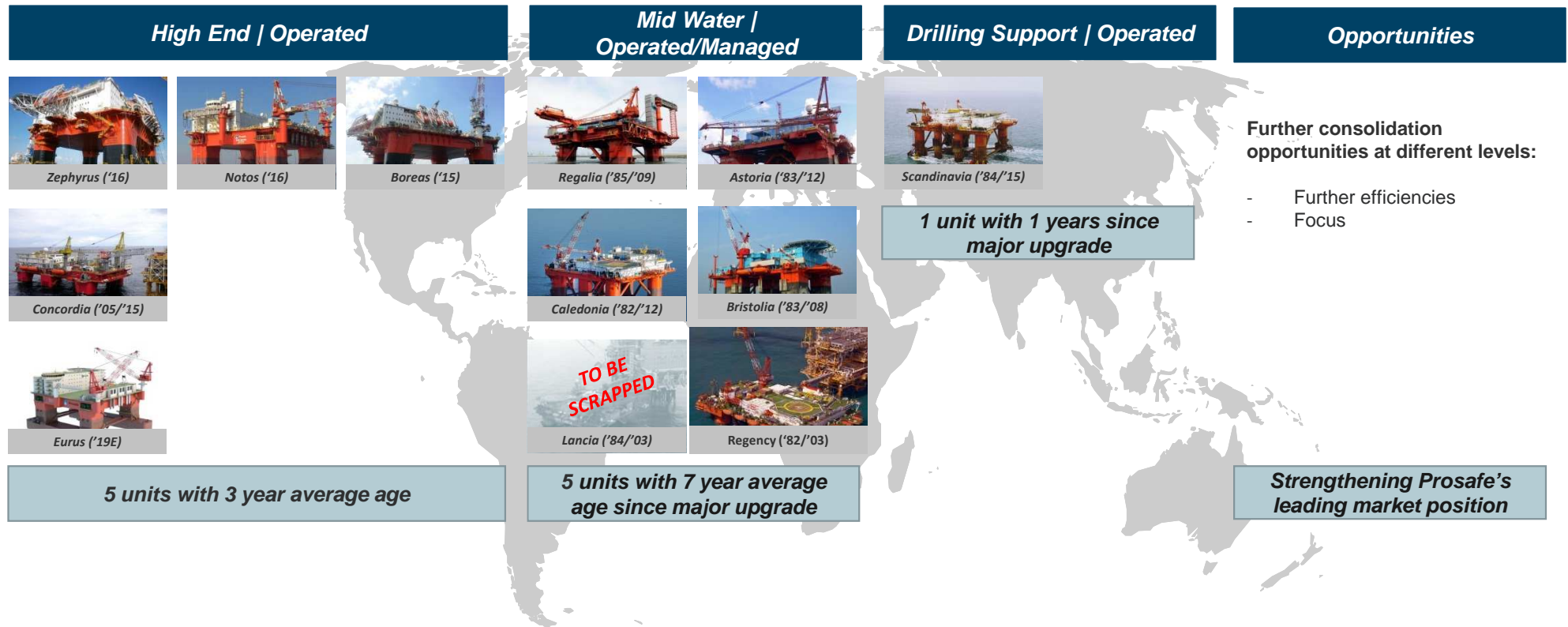
4. Work the Plan: Rightsizing by scrapping

New & modern fleet (5x rigs)	 Zephyrus ('16)	 Notos ('16)	 Boreas ('15)	 Concordia ('05/'15)	 Eurus ('19E)
Seasoned fleet (5x rigs)	 Regalia ('85/'09)	 Astoria ('83/'12)	 Bristolina ('83/'08)	 Caledonia ('82/'12)	 Regency ('82/'03)
Scrapping candidates (1x rigs)	 Lancia ('84/'03)	 Hibernia ('77)	 Jasminia ('82)	 Britannia ('80)	
TSV (1x rigs)	 Scandinavia ('84/'15)				

(1) Includes Safe Eurus newbuild.

5. Work the Plan: Indicative Operating Model

- Three divisions



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Income statement

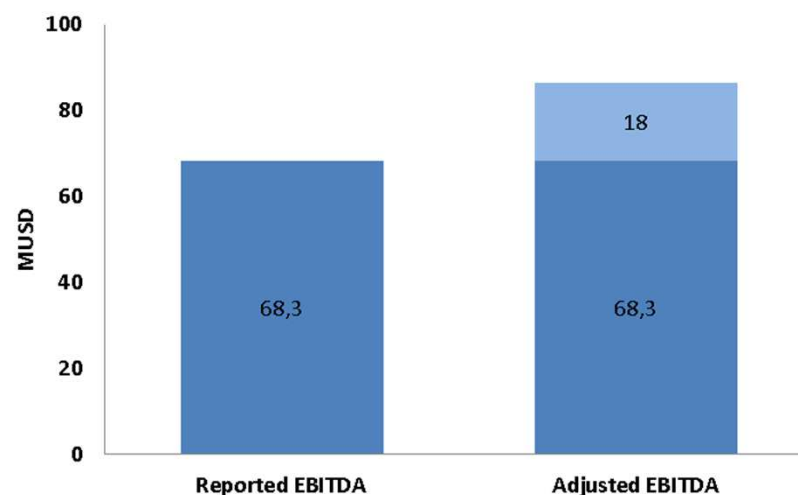
(Unaudited figures in USD million)	Q3 16	Q2 16	Q3 15	9M 16	9M 15	2015
Operating revenues	129.8	115.4	154.1	348.2	370.8	474.7
Operating expenses	(61.5)	(53.8)	(56.5)	(173.0)	(159.3)	(211.8)
EBITDA	68.3	61.6	97.6	175.2	211.5	262.9
Depreciation	(29.1)	(29.1)	(26.3)	(81.6)	(62.0)	(86.5)
Impairment	0.0	0.0	0.0	0.0	0.0	(145.6)
Operating profit	39.2	32.5	71.3	93.6	149.5	30.8
Interest income	0.1	0.1	0.0	0.2	0.1	0.2
Interest expenses	(28.7)	(18.6)	(8.2)	(67.2)	(31.2)	(41.6)
Other financial items	196.8	(7.9)	(7.4)	188.5	(17.6)	(29.5)
Net financial items	168.2	(26.4)	(15.6)	121.5	(48.7)	(70.9)
Profit/(Loss) before taxes	207.4	6.1	55.7	215.1	100.8	(40.1)
Taxes	(5.5)	(0.9)	(2.5)	(9.8)	(8.4)	(10.5)
Net profit/(loss)	201.9	5.2	53.2	205.3	92.4	(50.6)
EPS	0.16	0.02	0.23	0.34	0.39	(0.21)
Diluted EPS	0.16	0.02	0.23	0.34	0.39	(0.21)

Specification of non-recurring cost items

- refinancing and reorganization

- Non-recurring cost items of MUSD 18 expensed (P&L effect) in the quarter
 - Britannia/Hibernia/Jasminia (have been sold for scrap/recycling): MUSD 2.6
 - Financial restructuring: MUSD 8.7
 - Resizing of organization: MUSD 6.7

- Costs related to the share issue
 - Quarter cost (taken direct to equity): MUSD 4.3



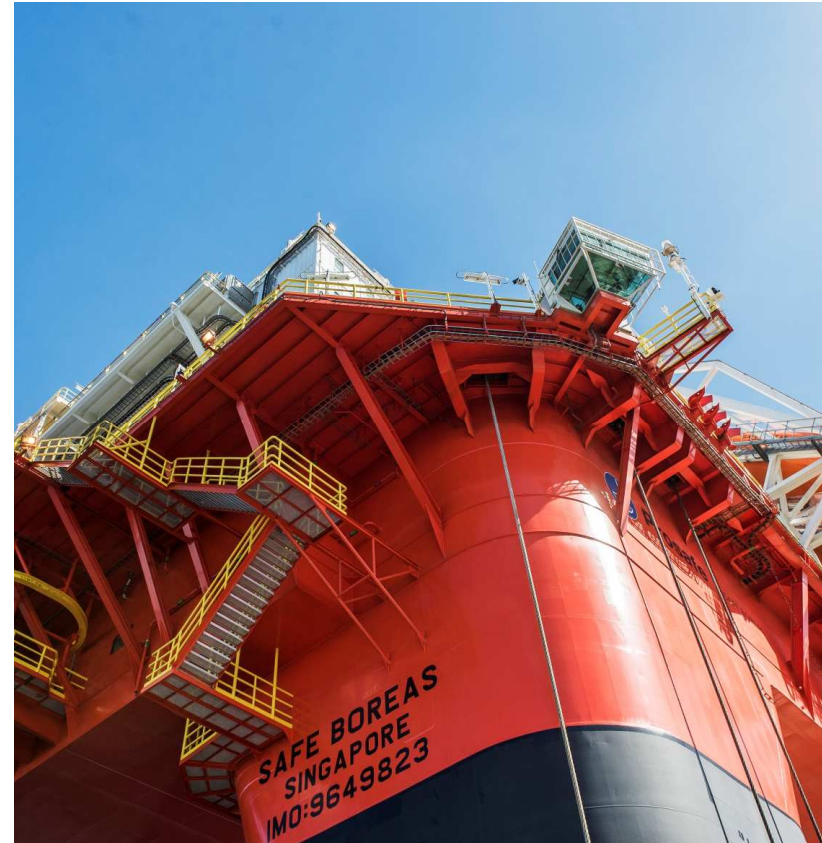
Balance sheet

(Unaudited figures in USD million)	30.09.16	30.06.16	31.12.15	30.09.15
Goodwill	226.7	226.7	226.7	226.7
Vessels	1 887.3	1 559.0	1 578.6	1 698.3
New builds	318.8	654.9	228.5	213.6
Other non-current assets	4.1	4.3	4.9	5.5
Total non-current assets	2 436.9	2 444.9	2 038.7	2 144.1
Cash and deposits	183.4	68.2	57.1	85.2
Other current assets	90.9	86.6	91.4	112.9
Total current assets	274.3	154.8	148.5	198.1
Total assets	2 711.2	2 599.7	2 187.2	2 342.2
Share capital	6.7	72.1	72.1	65.9
Other equity	1 070.3	606.4	643.1	711.2
Total equity	1 077.0	678.5	715.2	777.1
Interest-free long-term liabilities	102.1	98.4	58.9	81.9
Interest-bearing long-term debt	1 373.3	1 520.7	1 107.5	1 277.3
Total long-term liabilities	1 475.4	1 619.1	1 166.4	1 359.2
Other interest-free current liabilities	105.8	106.1	166.1	175.3
Current portion of long-term debt	53.0	196.0	139.5	30.6
Total current liabilities	158.8	302.1	305.6	205.9
Total equity and liabilities	2 711.2	2 599.7	2 187.2	2 342.2

Covenants - large headroom

- Liquidity minimum MUSD 65
 - Q3: MUSD 183.4

- Interest coverage ratio (adjusted EBITDA : Net interest expense over previous 12 month period) minimum 1.0
 - Q3: 4.7

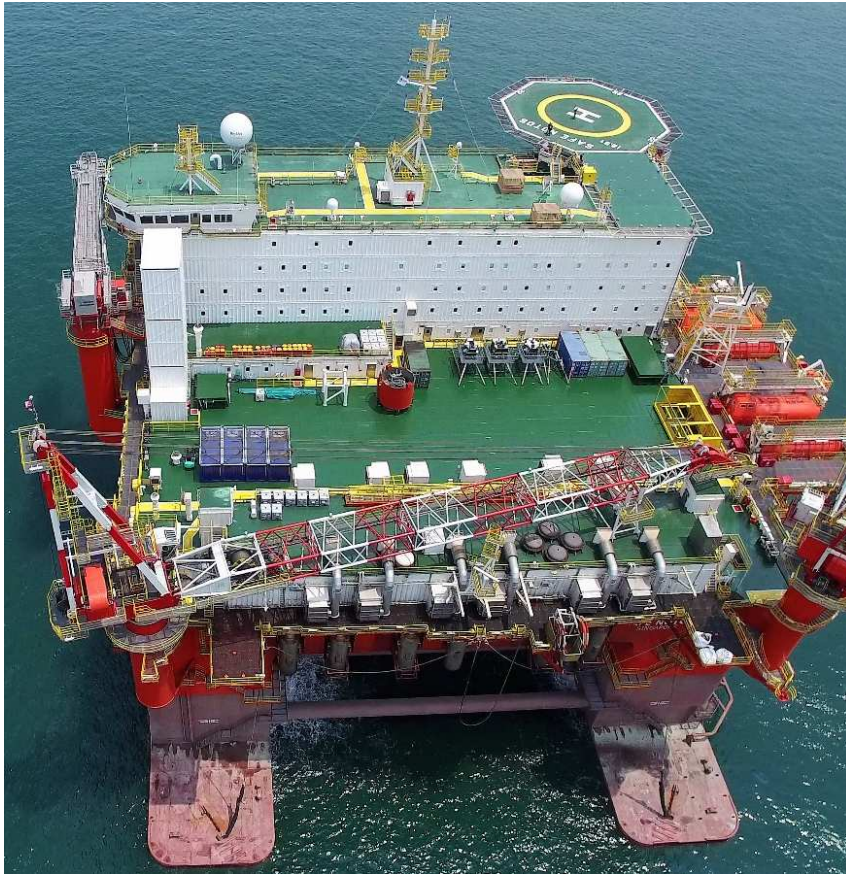


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Operations overview



Key comments

■ In operation:

- Safe Boreas, Repsol, Montrose A, UKCS
- Safe Concordia, Petrobras, P48, Brazil
- Safe Scandinavia (TSV), Statoil, Oseberg Ost, NCS
- Safe Zephyrus, Det Norske, Ivar Aasen, NCS

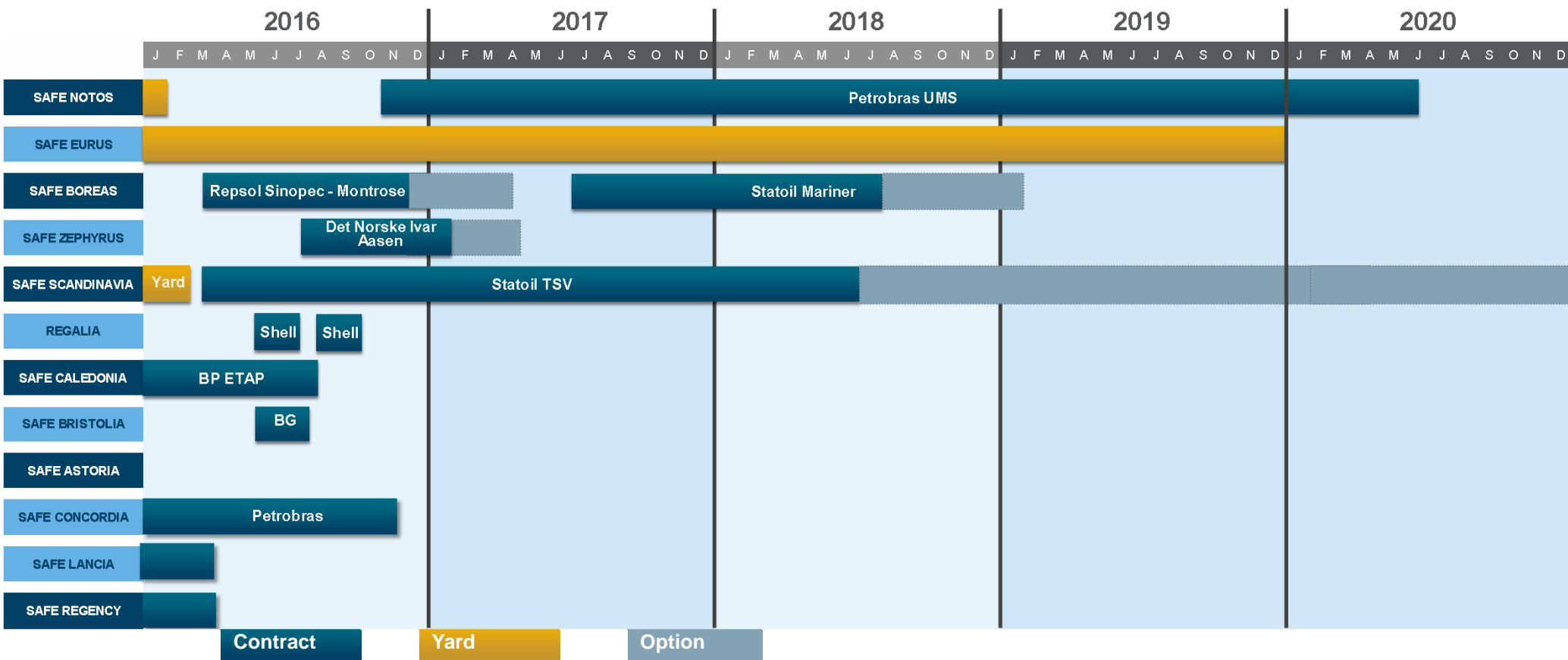
■ Mobilising:

- Safe Notos; mobilisation in Brazil

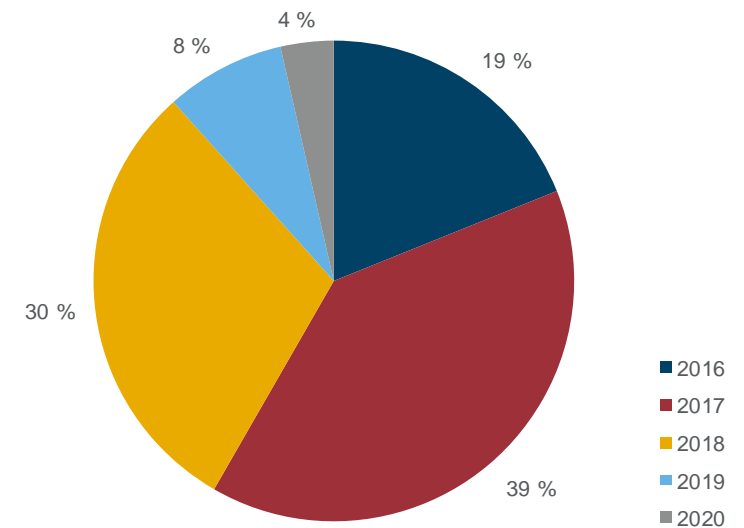
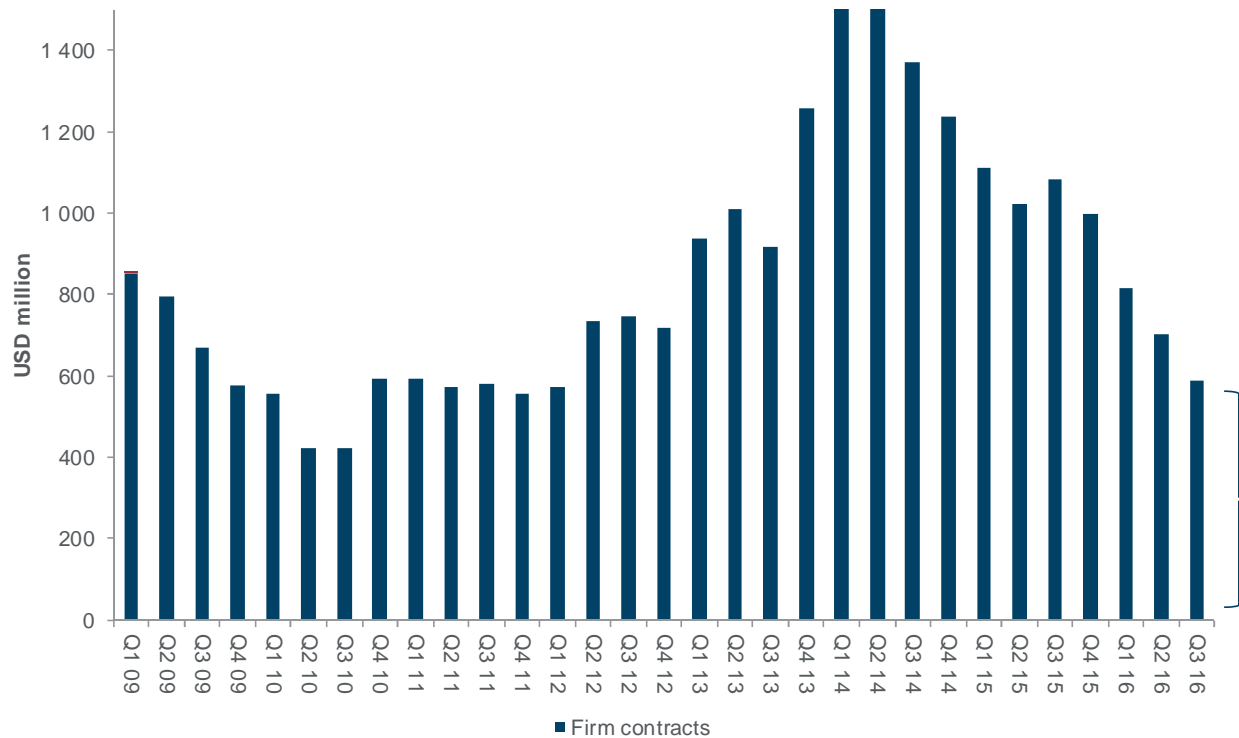
■ Lay-up/yard:

- Safe Caledonia; stacked, Scapa Flow, UK
- Regalia; stacked, Scapa Flow, UK
- Safe Bristolia; stacked, Norway
- Safe Astoria; cold stack, in Batam, Indonesia
- Safe Lancia; cold stack in Port Isabel, USA
- Safe Regency; lay-up, Curaçao
- Safe Eurus; COSCO, Qidong, China

Contract portfolio



Firm order-book as of end of Q3 2016



Agenda

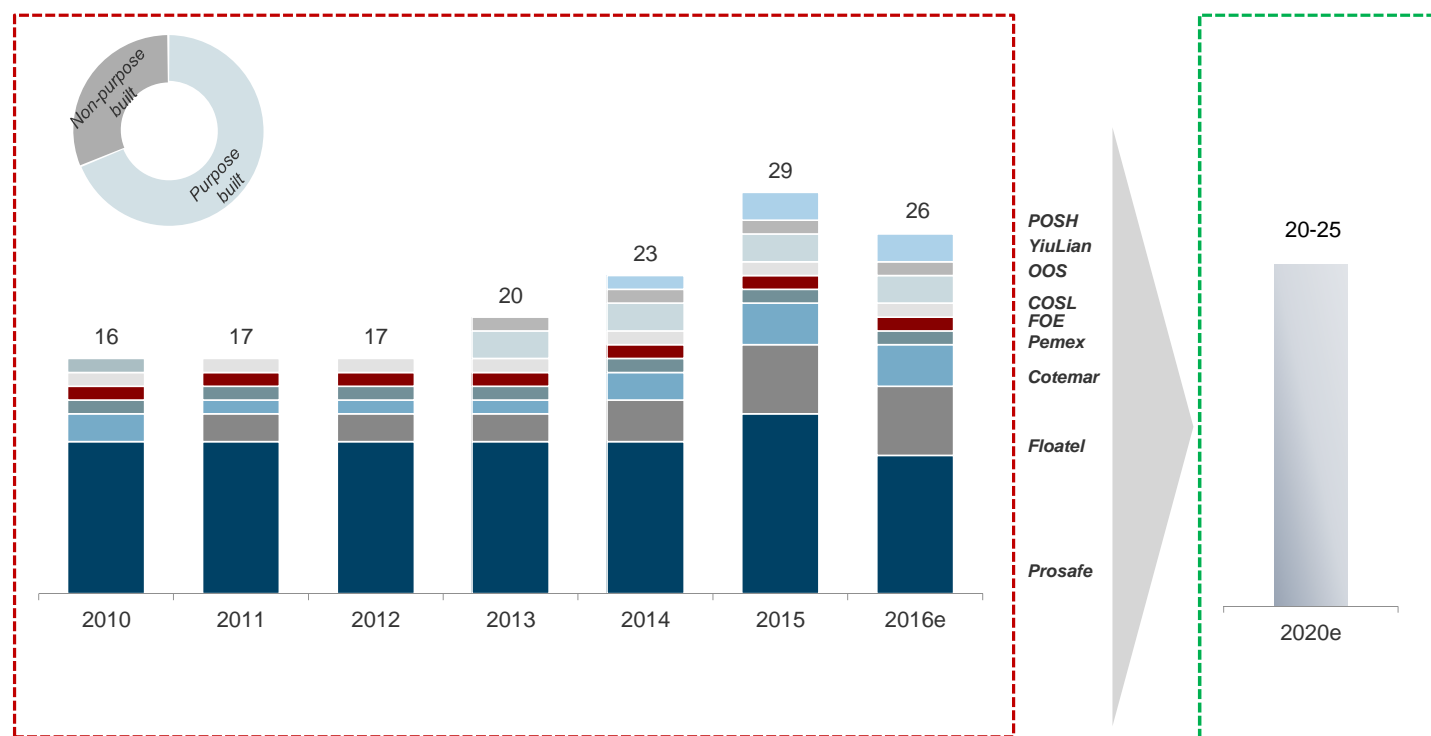
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Semi accommodation market expected to rebalance by 2020

Scrapping, non-delivery and consolidation likely to positively impact market balance

- Safe Scandinavia is a Tender Support Vessel (TSV) and has been taken out of accommodation supply in 2016
- Prosafe has scrapped 3 vessels in 2016
- More scrapping anticipated
- Some new vessels scheduled for delivery in 2019 (Prosafe, Axis, OOS)
- Certain assets not assumed entering the market at all – or before market is strong



Dayrate averages and indications

- **Bottoming out of market softness – with anticipated recovery from 2018 onwards...**

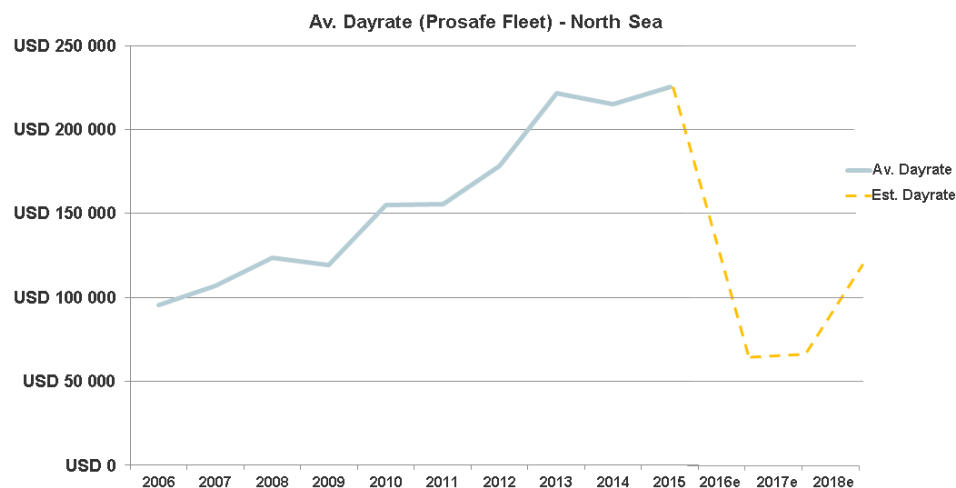
- North Sea recent awards indicate a significant dayrate reduction through 2016 and 2017
- Other regions less affected
- Recovery indicators from 2018 onwards
- Leading broker present dayrate indications;

North Sea older non DP semi-submersible
\$80,000 - \$140,000 pdpr
































North Sea DP semi-submersible
\$140,000 - \$200,000 pdpr

Global DP semi-submersible
\$70,000 - \$140,000 pdpr

Note on Dayrates: They are just an indication as dayrates will fluctuate depending on the prevailing conditions and specific requirements.



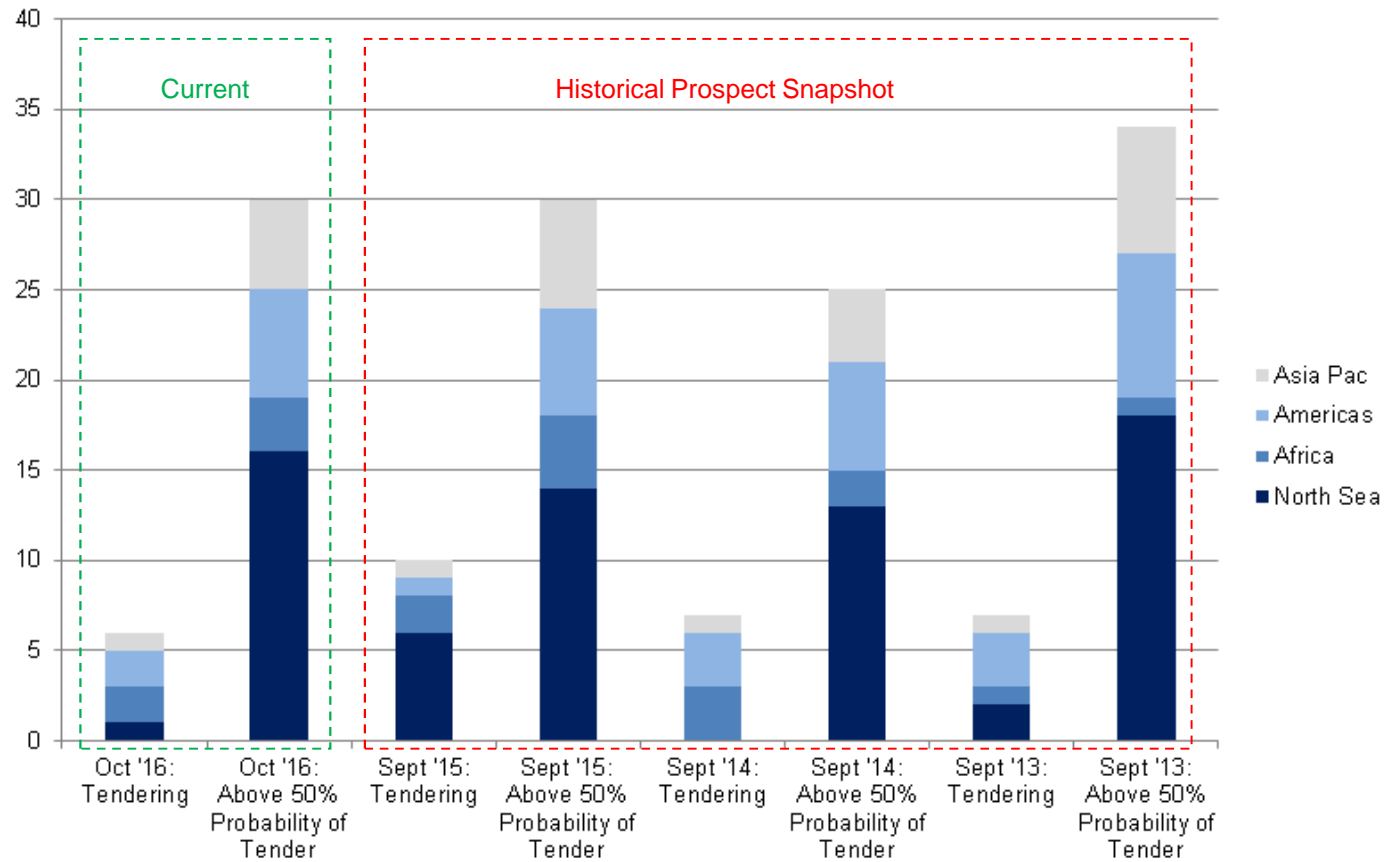
Longer Term Indicators of Market Recovery from 2018

		Hook-up and commissioning	Brownfield – maintenance and modification	Decommissioning	Outlook for accommodation market drivers from 2016 level towards 2020*
		 Market share: 10-30% Market visibility: High	 Market share: 60-80% Market visibility: Low	 Market share: 0-10% Market visibility: Medium	
 Norway		 Weak outlook with only two unsanctioned and highly uncertain projects pre-2020. Possible extra unit on Johan Sverdrup	 Growth in installed base, with increased share of 30+ year units, combined with strong future tieback portfolio	 Several projects with earlier than expected shutdown (e.g. Gyda, Veslefrikk, Varg, Jotun), but limited decom volume	 Modification market expected to have comeback potential with increase in oil prices. Limited HUC and decommissioning activity towards 2020.
 UK		 Most contracts awarded short term, but potential new HUC towards 2020 hinging on sanctioning of discoveries	 Decline in installed base of platforms, combined with challenging cash flow situation for the average field	 Large wave of production shutdown and following decom expected towards 2020, with varying scope, e.g. single/multiple lift	 Installed base of platforms in structural decline, reducing future modification opportunities. The most active decom market towards 2020.
 Brazil		 High development activity, but primarily FPSO-developments with low likelihood of flotel demand	 Strong growth in installed base of platforms combined with improved financial situation with production increase	 Few shutdown plans have been communicated by the operators/Petrobras	 Maintenance and modification market expected to grow with installed base of ageing platforms.
 Mexico		 Few identified new projects triggering flotel demand	 Limited growth in installed base, but large share of units 30+ years. Declining production limits potential for financial comeback.	 Few shutdown plans have been communicated by the operators/Pemex	 Although the installed base of production units are both large in numbers and old of age, the overall outlook is not positive towards 2020 with a production in steep decline
RoW**		 New developments are driven by an increase in West Africa	 Steady growth in installed base of platforms 16+ years and robust portfolio of tieback candidates	NOT ASSESSED	 Market growth driven by a growing installed base of platforms, with ad-hoc demand for hook-up, commissioning and decom.

**RoW includes Canada, US GoM, Australia and West Africa.

Source: Rystad Energy research and analysis

Shorter Term Market Update



Taking the lead in consolidation, renewal and scrapping



«Creation»:

Merger between Procon Offshore and Safe Offshore



«Growth and Consolidation»:

1. Acq. of Discoverer ASA
2. Acq. of Safe Scandinavia
3. Acq. of MSV Regalia
4. Acq. of Polyconcord/SH
5. Acq. of Consafe Offsh.



«Fleet renewal and rightsizing»:

1. Renewal
2. Conversion to TSV
3. Scrapping

«Next phase restructuring»:

Ambition to take the lead also in future consolidation

1997

1998-2006

2011-2016

2016/17 ->

EBITDA and capex guidance

Previous guidance	
2016	MUSD 170-220
2017	MUSD 110-140
2016 and 2017 combined	MUSD 280-360
Capex per year	MUSD 20-30

Current guidance	
2016 and 2017 combined	MUSD 320+ (in line)
Higher in 2016 than previous guidance, lower in 2017	
Capex per year	MUSD 10-15



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Summary

- Solid underlying performance
- On track re cost- and capex cuts
 - Phase 2 being planned
- Consolidation required
- Scrapping and fleet rightsizing ongoing
- Market anticipated to rebalance towards 2020
- Market activity anticipated to improve and demand to gradually pick up from 2018 driven by a mix of demand drivers
- Working to strengthen competitive position and continue to take the lead in the high end accommodation segment



Appendices

Operating revenues

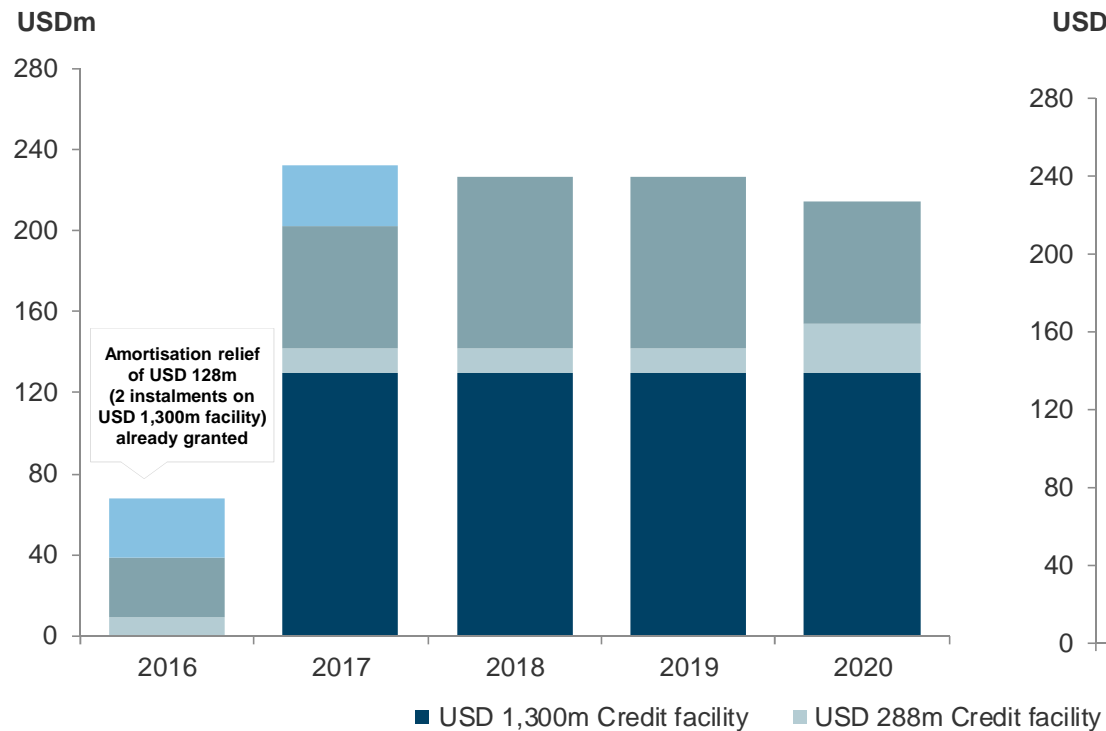
(USD million)	Q3 16	Q2 16	Q3 15	9M 16	9M 15	2015
Charter income	114.4	109.1	139.9	279.7	331.7	425.4
Mob/demob income	2.1	0.5	2.1	16.5	3.9	5.4
Other income	13.3	5.8	12.1	52.0	35.2	43.9
Total	129.8	115.4	154.1	348.2	370.8	474.7

Q3 Debt overview

- **Prosafe SE - total bank credit facilities MUSD 1383**
 - Long term portion of MUSD 1366 and short term portion of MUSD 17
 - MUSD 1300 facility: fully drawn; outstanding MUSD 1245
 - MUSD 288 facility: tranche drawn related to Safe Notos; outstanding MUSD 138
 - MUSD 144 tranche undrawn and available for Safe Eurus
- **PRPL - total sellers' credits: MUSD 59.3**
 - Safe Zephyrus and Safe Notos seller credits
 - Short term portion MUSD 36.0 (Safe Zephyrus MUSD 30, Safe Notos MUSD 6)
 - Long term portion MUSD 23.3 (Safe Notos)
- **Unamortised refinancing cost (deducted from gross interest bearing debt): MUSD 16**

Significantly improved debt profile

Previous amortisation profile



Current profile after recapitalisation

