

Analytical information

It is Prosafe's key aim to encourage the broadest possible coverage and interest in the company through providing sufficient information on a timely basis to stock market participants.

Prosafe does not want to provide guidance on assessments or methodologies for judging the underlying value of the group's business. It prefers leaving the valuation of the company to the capital market, based on assessments of operations, developments, market prospects and other information in the public domain. The capital market has traditionally based its valuation of Prosafe on a combination of net asset value and earnings-based methods.

Debt service

As of 31 December 2008, the group's interest-bearing debt totalled USD 960 million. Of this, unsecured bond loans accounted for USD 110 million and bank loans secured by mortgages for USD 850 million. The bond debt is divided into two loans of NOK 411 million maturing March 2010 and USD 50 million maturing March 2012. These loans are listed on the Oslo Stock Exchange with ticker codes PRS02 and PRS03, respectively.

The prices estimated by the Norwegian Securities Dealers Association as of 31 December 2008 were 92.50 for PRS02 and 86.02 for PRS03 (par value 100.00).



In connection with the split of Prosafe in May 2008, the company secured a new credit facility. The credit facility initially had a total availability of USD 1.1 billion and a maturity of seven years. The availability under the credit facility will be reduced semi-annually by USD 70 million, starting November 2008. In May 2009, the credit facility will be reduced to USD 960 million. Based on a drawn amount of USD 850 million at the end of the fourth quarter of 2008, the first mandatory reduction will be in May 2010.

Applicable margin on the credit facility was 0.85 per cent per annum in 2008. From 2009 onwards, it will vary in the range from 0.65 per cent to 0.95 per cent per annum depending on leverage ratio. The leverage ratio is defined as the ratio of total debt to 12 month historical EBITDA.

DEBT SERVICE

	Amount drawn	Maturity	Interest	Loan margin
PRS02	NOK 411 million	March 2010	floating	1.15%
PRS03	USD 50 million	March 2012	floating	1.40%

Financial covenants on the credit facility:

- Minimum cash of USD 65 million in the group.
- Maximum leverage ratio of 5 (4.5 following the second annum after closing, i.e. in May 2010) .
- Minimum value adjusted equity ratio of 35 per cent.
- Market value vessels/total commitments above 150 per cent.
- Working capital (including unutilised credit lines with maturity in excess of 12 months) larger than zero.

The only financial covenant on the bond loans is that adjusted shareholder equity on a consolidated basis in relation to the borrowers' total consolidated liabilities must be above 35 per cent.

Prosafe has during 2008 been in compliance with all financial covenants.



Investment and required return

Since its formation in 1997, Prosafe has been through a period of major investments in the form of organic growth and acquisition of companies.

Prosafe assesses new projects and investments on the basis of expected return in relation to risk. The required rate of return is calculated on the basis of the specific project's strategic and financial risk.

Prosafe does not normally have ordinary maintenance investment on the rigs that are on long-term bareboat contracts in Mexico, since this is taken care of by the bareboat charterer. Given today's fleet and contract coverage, ordinary maintenance investment will typically be about USD 25-30 million per annum for the company.

In addition, value-enhancing investments will from time to time be made in the different accommodation rigs, both larger and smaller in size. The MSV *Regalia* refurbishment and life extension project started in 2008 and will be finished in May 2009.

Solid order backlog

Orders in hand as of 31 December 2008 were USD 800 million (31 December 2007: USD 500 million), of which about USD 340 million relates to 2009. In addition, there are options for contract extensions worth in excess of USD 100 million.

End January 2009, orders in hand totalled USD 830 million, of which about USD 360 million relates to 2009. The major part of the order backlog in 2011-2013 is related to the bareboat contracts in Mexico. Prosafe does not have operating costs for rigs on bareboat contracts, meaning that the order backlog from these contracts is direct EBITDA contribution.

End January 2009, a rig utilisation factor of 83 per cent had been secured for 2009.

Further details about the contract status is found in the chapter Operations on page 49.

ORDER BACKLOG AS OF END OF JANUARY 2009

