

PRS – Record profits in 2000

Highlights

- ProSafe presents its best year-end result ever:
 - Operating revenues increased by 47% over the prior year to MNOK 2,305.
 - Operating profit increased by 206% to MNOK 609.
 - EPS increased by NOK 13.72 to NOK 14.60. EPS adjusted for currency loss was NOK 18.34.
- ProSafe presents a voluntary offer to acquire all shares in Nortrans Offshore Ltd.
- Ocean Oil awards ProSafe a new bareboat contract for the use of the accommodation and service rig *Jasminia* on the Cantarel field in Mexico. The contract has a duration of 674 days, and the estimated contribution is approx. MNOK 200.

(Figures in brackets refer to the same period last year)

Main Figures

In 2000, ProSafe achieved an operating profit of MNOK 609 (MNOK 199). This is the best year-end operating profit ever for the company, mainly by reason of high utilisation within Offshore Support Services.

Operating profit for the 4th quarter equalled MNOK 151 (MNOK 54). All business areas showed an improvement compared to the same period last year.

In 2000, ProSafe achieved a profit after taxes of MNOK 386 (MNOK 23). Cash flow amounted to MNOK 586 (MNOK 293), and earnings and cash flow per share equalled NOK 14.60 (NOK 0.88) and NOK 22.16 (NOK 11.27), respectively. Adjusted for a currency loss of MNOK 99 on the company's long term USD loans, earnings per share equalled NOK 18.34 (NOK 2.93).

In the 4th quarter, profit after taxes totalled MNOK 157 (MNOK 17). Cash flow equalled MNOK 162 (MNOK 62), and earnings and cash flow per share equalled NOK 5.92 (NOK 0.67) and NOK 6.11 (NOK 2.39), respectively. Adjusted for a currency gain of MNOK 55 on the company's long term USD loans, earnings per share equalled NOK 3.85 (NOK 1.69).

Business Areas

In 2000, *Offshore Support Services* achieved an operating profit of MNOK 554 (MNOK 156). Included in the operating profit is a gain of MNOK 20 from the sale of the *Discoverer I* drillship to Seatankers Management. The utilisation ratio for the fleet was 84% in 2000, an increase of 23 percentage points over 1999. The high utilisation ratio and the expansion of the rig fleet produced improved profits within this business area.

Operating profit for the 4th quarter amounted to MNOK 110 (MNOK 52). The utilisation ratio was 77%, an increase of 12 percentage points over the same period last year.

ProSafe ASA

Risavika Havnering 224
P.O. Box 143
N-4098 Tananger, Norway

Telephone: +47 51 64 25 00
Telefax: +47 51 64 25 01
E-mail: prosafe@prosafe.no

The ProSafe Group

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NO 977 356 059 VAT

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Our reference

In 2000, *Offshore Drilling & Related Services* achieved an operating profit of MNOK 78 (MNOK 78). During 2000, it has been decided to transfer the operation in Baku, Azerbaijan from Other Business to this business area. The operating profit from the Baku operation amounted to MNOK 12 (MNOK 0) in 2000 and is attributable to one particularly well performed project. In 2000, the drilling operations and technical services in Norway reached an operating profit of MNOK 66 (MNOK 78). The decrease compared to 1999 is due to the shortfall of the Valhall operation.

Operating profit in the 4th quarter amounted to MNOK 41 (MNOK 16), out of which MNOK 16 related to a project in Baku. Drilling operations and technical services had an operating profit of MNOK 25 (MNOK 16). The increase over the same period last year is attributable to Rubicon which was on contract during the entire 4th quarter 2000.

In 2000, *Other Business* showed an operating profit of MNOK 3 (-MNOK 6). The year has been characterised by a moderate activity level. Order backlog per year-end was MNOK 136.

Prospects

The board expects that the acquisition of Nortrans will strengthen ProSafe's ambition of being a leading provider of products and services within selected niches of the global oil and gas industry. Nortrans is a leading provider within segments of the floating production market. The board is of the opinion that this is a market which will grow significantly in the years ahead. In the longer term, the board expects that considerable commercial synergies can be gained through Nortrans' presence in all important oil regions world wide, in addition to the North Sea. Specifically, parts of ProSafe's fleet can be applied to special projects for floating production. Further, the geographical market for ProSafe's ambition within subsea well intervention will be expanded. A combination of Nortrans' marine competence, production skills, engineering resources and market presence with ProSafe's skills within marine operations, drilling, its well and technical competence, as well as the company's strong capital structure, will enable the combined company to develop further on the back of the strong growth in the global oil and gas industry which is expected in the years ahead.

ProSafe is listed on the Oslo Stock Exchange with ticker code PRS.

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For further information, please contact:

Arne Austreid
CEO
Phone +47 51642581/+47 90077334

Stig Christiansen
CFO
Phone +47 51642530/+47 90085961

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 - EPS increased by NOK 13.72 to NOK 14.60. EPS adjusted for currency loss was NOK 18.34.
- ProSafe presents a voluntary offer to acquire all shares in Nortrans Offshore Ltd.
- Ocean Oil awards ProSafe a new bareboat contract for the use of the accommodation and service rig *Jasminia* on the Cantarel field in Mexico. The contract has a duration of 674 days, and the estimated contribution is approx. MNOK 200.

(Figures in brackets refer to the same period last year)

Main Figures

In 2000, ProSafe achieved an operating profit of MNOK 609 (MNOK 199). This is the best year-end operating profit ever for the company, mainly by reason of high utilisation within Offshore Support Services.

Operating profit for the 4th quarter equalled MNOK 151 (MNOK 54). All business areas showed an improvement compared to the same period last year.

In 2000, ProSafe achieved a profit after taxes of MNOK 386 (MNOK 23). Cash flow amounted to MNOK 586 (MNOK 293), and earnings and cash flow per share equalled NOK 14.60 (NOK 0.88) and NOK 22.16 (NOK 11.27), respectively. Adjusted for a currency loss of MNOK 99 on the company's long term USD loans, earnings per share equalled NOK 18.34 (NOK 2.93).

In the 4th quarter, profit after taxes totalled MNOK 157 (MNOK 17). Cash flow equalled MNOK 162 (MNOK 62), and earnings and cash flow per share equalled NOK 5.92 (NOK 0.67) and NOK 6.11 (NOK 2.39), respectively. Adjusted for a currency gain of MNOK 55 on the company's long term USD loans, earnings per share equalled NOK 3.85 (NOK 1.69).

At the end of the period, total assets amounted to MNOK 3,777 (MNOK 2,739), whilst the equity ratio was 44.5% (46.5%). The increase in total assets compared to the same period last year is due to the expansion of the rig fleet and increased activity levels.

Subsequent events

In January 2001, ProSafe decided to present a voluntary offer to acquire all shares in Nortrans Offshore Ltd. ProSafe has already obtained acceptance for 59.85% of the shares, and the shareholders of Nortrans will be offered a cash consideration of NOK 50 plus 0.3846 shares in ProSafe for each share in Nortrans. The shares consideration is based on a ProSafe share price of NOK 130, and is subject to an adjustment of 50% of the difference between NOK 130 and the average trading price 3-5 days before settlement, which is expected to be in the first half of March. Based on a ProSafe share price of NOK 130, Nortrans is valued at MNOK 1,800, the equivalent of NOK 100 per share. The cash consideration will be financed through ProSafe's own bank deposits and a new long term loan.

Business areas

In 2000, *Offshore Support Services* achieved an operating profit of MNOK 554 (MNOK 156). Included in the operating profit is a gain of MNOK 20 from the sale of the Discoverer I drillship to Seatankers Management. The utilisation ratio for the fleet was 84% in 2000, an increase of 23 percentage points over 1999. The high utilisation ratio and the expansion of the rig fleet produced improved profits within this business area.

Operating profit for the 4th quarter amounted to MNOK 110 (MNOK 52). The utilisation ratio was 77%, an increase of 12 percentage points over the same period last year.

At the end of the year, ProSafe had four rigs located on the Cantarel field in Mexico. In December 2000, Ocean Oil awarded a new contract for the use of *Jasminia* through to November 2002. *Safe Regency* is on contract until the end of 2002, whilst *Safe Lancia* is on a fixed contract until the end of August 2001. *Safe Caledonia* commenced on a 9-months fixed contract on the Cantarel field in early February 2001. At present, *MSV Regalia* undergoes an annual maintenance period and minor upgrades for the contract with BP west of Shetland, which will start during the spring of 2001. At the same time, the rig is engaged by Petroleum Geo Services on the Banff field until February/March. *Safe Britannia* went off contract in mid October 2000, whilst *Safe Scandinavia* went off at the end of December 2000. *Safe Scandinavia* will commence a 42-days contract for Phillips on the Judy field in April/May 2001.

In 2000, *Offshore Drilling & Related Services* achieved an operating profit of MNOK 78 (MNOK

78). During 2000, it has been decided to transfer the operation in Baku, Azerbaijan from Other Business to this business area. The reason for this is the ambition of a geographical expansion of the market for the maintenance and modification services which technical services are providing. Further, it is a strategic ambition to internationalise the operations of this business area, also with a view to potential future drilling operations in the Caspian Sea. The operating profit from the Baku operation amounted to MNOK 12 (MNOK 0) in 2000 and is attributable to one particularly well performed project. In the short term, the board expects that the Baku operation only will produce marginal profits. In 2000, the drilling operations and technical services in Norway reached an operating profit of MNOK 66 (MNOK 78). The decrease compared to 1999 is due to the shortfall of the Valhall operation. The start-up on the drilling contract on Oseberg South had a positive impact. Technical services achieved a profit in line with the prior year.

Operating profit in the 4th quarter amounted to MNOK 41 (MNOK 16), out of which MNOK 16 related to a project in Baku. Drilling operations and technical services had an operating profit of MNOK 25 (MNOK 16). The increase over the same period last year is attributable to Rubicon which was on contract during the entire 4th quarter 2000. The drilling contract on Grane for Norsk Hydro is currently out for tender, and a decision is expected in the summer of 2001. The board expects strong competition for this contract.

In 2000, **Other Business** showed an operating profit of MNOK 3 (-MNOK 6). The year has been characterised by a moderate activity level. Order backlog per year-end was MNOK 136.

Operating profit in the 4th quarter was MNOK 5 (-MNOK 9). The reason for the improvement over the same period last year, is an increasing activity level.

Prospects

The general market outlook for the global oil and gas industry is optimistic with regards to the oil price and the oil companies' investment levels. In general the order situation for ProSafe is sound, but the 1st quarter 2001 is characterised by Safe Britannia and Safe Scandinavia not yet being engaged for the quarter.

The board expects that the acquisition of Nortrans will strengthen ProSafe's ambition of being a leading provider of products and services within selected niches of the global oil and gas industry. Nortrans is a leading provider within segments of the floating production market. The board is of the opinion that this is a market which will grow significantly in the years ahead. In the longer term, the board expects that considerable commercial synergies can be gained through Nortrans' presence in all important oil regions world wide, outside the the North Sea. Specifically, parts of ProSafe's fleet can be applied to special projects for floating production. Further, the geographical market for ProSafe's ambition within subsea well intervention will be expanded. A combination of Nortrans' marine competence, production skills, engineering resources and market presence with ProSafe's skills within marine operations, drilling, its well and technical competence, as well as the company's strong capital structure, will enable the combined company to develop further on the back of the strong growth in the global oil and gas industry which is expected in the years ahead.

ProSafe 4th quarter 2000 - Main Figures

Profit & Loss Account

(NOK million)	4Q 00	3Q 00	4Q 99	2000	1999
Operating revenues	679	693	361	2 305	1 573
Operating expenses	-469	-388	-264	-1 491	-1 198
Merger and reorganisation expenses	0	0	0	0	-19
Operating profit before depreciation	210	305	97	814	356
Depreciation	-59	-55	-43	-205	-157
Operating profit	151	250	54	609	199
Interest income	12	9	7	35	28
Interest expenses	-34	-26	-17	-103	-65
Other financial items	40	-71	-21	-93	-111
Profit before other items	169	162	23	448	51
Other items	0	-38	-2	-44	-19
Profit before taxes	169	124	21	404	32
Taxes	-12	-8	-4	-18	-9
Profit for the period	157	116	17	386	23
EPS fully diluted (in NOK)	5,92	4,40	0,67	14,60	0,88

Other items include all revenues and expenses related to the operations of Consafe (Burntisland) Ltd. which ProSafe will not remain committed to. The comparison figures have been restated accordingly.

Balance Sheet

(NOK million)	31-12-00	30-09-00	31-12-99
Rigs	2 487	2 422	1 636
Other fixed assets	163	240	265
Total fixed assets	2 650	2 662	1 900
Other current assets	500	575	433
Cash and deposits	627	380	405
Total current assets	1 127	955	838
Total assets	3 777	3 617	2 739
Share capital	262	262	258
Other equity	1 420	1 264	1 016
Total equity	1 682	1 526	1 274
Interest free long term liabilities	37	35	32
Interest bearing long term liabilities	1 614	1 663	1 120
Total long term liabilities	1 651	1 698	1 153
Interest free short term liabilities	444	393	312
Total short term liabilities	444	393	312
Total equity and liabilities	3 777	3 617	2 739

Key Figures	4Q 00	3Q 00	4Q 99	2000	1999
Operating margin ¹⁾	22,2 %	36,1 %	15,0 %	26,4 %	13,9 %
Equity ratio	44,5 %	42,2 %	46,5 %	44,5 %	46,5 %
Cash flow ¹⁾ (NOK million)	162	253	62	586	293
Cash flow per share ¹⁾ (NOK)	6,11	9,61	2,39	22,16	11,27
Interest service ratio ¹⁾	5,97	5,77	2,26	4,92	1,88
Number of outstanding shares (1,000 shares)	26 179	26 166	25 798	26 179	25 798
Av. no. of outst. and potential shares (1,000 shares)	26 520	26 338	26 029	26 439	25 978
Market value (NOK million)	3 560	3 781	2 128	3 560	2 128
Employees	1 279	1 330	1 369	1 279	1 369

¹⁾ Excl. merger and reorganisation expenses.

Key Figures - Definitions

Operating margin (%)	(Operating profit / Operating revenues) * 100
Equity ratio (%)	(Equity / Total assets) * 100
Cash flow (NOK million)	Profit before taxes + Depr. + Write downs - Taxes paid +/- Unrealised curr. loss/gain
Cash flow per share (NOK)	Cash flow / Average number of outstanding and potential shares
Interest service ratio	(Profit before taxes + Interest expenses) / Interest expenses
Profit per share fully diluted (NOK)	Profit for the period / Average number of outstanding and potential shares

Summary of shareholders as at 30-01-01

Number of shares: 26.178.870

Owned by foreign shareholders: 33,36%

Shareholder	Number of shares	Percentage
JCE Group and associated companies	3 847 154	14,70 %
Storebrand	2 344 627	8,96 %
Gjensidige NOR	1 063 690	4,06 %
Odin	936 600	3,58 %
Denver Investment Agency	879 736	3,36 %
Kreditkassen	874 237	3,34 %
Vital	699 265	2,67 %
Avanse	680 879	2,60 %
Folketrygdfondet	667 050	2,55 %
Chase Manhattan Bank	527 300	2,01 %
Total 10 largest shareholders	12 520 538	47,83 %

ProSafe 4th quarter 2000 - Business Areas

(NOK million)	Offshore Support Services				
	4Q 00	3Q 00	4Q 99	2000	1999
Operating revenues	244	354	106	982	348
Operating expenses	-85	-75	-20	-263	-62
Merger and reorganisation expenses	0	0	0	0	-8
Operating profit before depreciation	159	279	86	719	277
Depreciation	-49	-43	-34	-165	-121
Operating profit	110	236	52	554	156
Total assets	2 800	2 733	1 863	2 800	1 863
Employees	69	76	41	69	41

(NOK million)	Offshore Drilling & Related Services				
	4Q 00	3Q 00	4Q 99	2000	1999
Operating revenues	341	275	213	1 065	923
Operating expenses	-293	-247	-191	-957	-818
Merger and reorganisation expenses	0	0	0	0	0
Operating profit before depreciation	48	28	22	108	105
Depreciation	-7	-9	-6	-30	-27
Operating profit	41	19	16	78	78
Total assets	690	596	552	690	552
Employees	1 005	1 039	968	1 005	968

(NOK million)	Other Business				
	4Q 00	3Q 00	4Q 99	2000	1999
Operating revenues	101	73	53	285	341
Operating expenses	-94	-69	-59	-274	-334
Merger and reorganisation expenses	0	0	0	0	-6
Operating profit before depreciation	7	4	-6	11	1
Depreciation	-2	-2	-3	-8	-7
Operating profit	5	2	-9	3	-6
Total assets	235	189	192	235	192
Employees	173	167	204	173	204

As from the 4th quarter 2000, the operation in Azerbaijan has been transferred from 'Other Business' to 'Offshore Drilling & Related Services'. The comparative figures have been adjusted accordingly.