



Q3 2016 Results

November 22, 2016



Forward Looking Statements

This presentation includes forward looking statements. Such statements are generally not historical in nature, and specifically include statements about the Company's plans, strategies, business prospects, changes and trends in its business and the markets in which it operates. These statements are made based upon management's current plans, expectations, assumptions and beliefs concerning future events impacting the Company and therefore involve a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, which speak only as of the date of this news release. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to offshore drilling market conditions including supply and demand, day rates, customer drilling programs and effects of new rigs on the market, contract awards and rig mobilizations, contract backlog, dry-docking and other costs of maintenance of the drilling rigs in the Company's fleet, the cost and timing of shipyard and other capital projects, the performance of the drilling rigs in the Company's fleet, delay in payment or disputes with customers, our ability to successfully employ our drilling units, procure or have access to financing, ability to comply with loan covenants, liquidity and adequacy of cash flow from operations, fluctuations in the international price of oil, international financial market conditions changes in governmental regulations that affect the Company or the operations of the Company's fleet, increased competition in the offshore drilling industry, and general economic, political and business conditions globally. Consequently, no forward-looking statement can be guaranteed. When considering these forward-looking statements, you should keep in mind the risks described from time to time in the Company's filings with the SEC, including its Annual Report on Form 20-F. The Company undertakes no obligation to update any forward looking statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, the Company cannot assess the impact of each such factors on its business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward looking statement.



- 1 Highlights
- 2 Financial Performance
- 3 Market Outlook
- 4 Summary and Q&A

➤ **Operations**

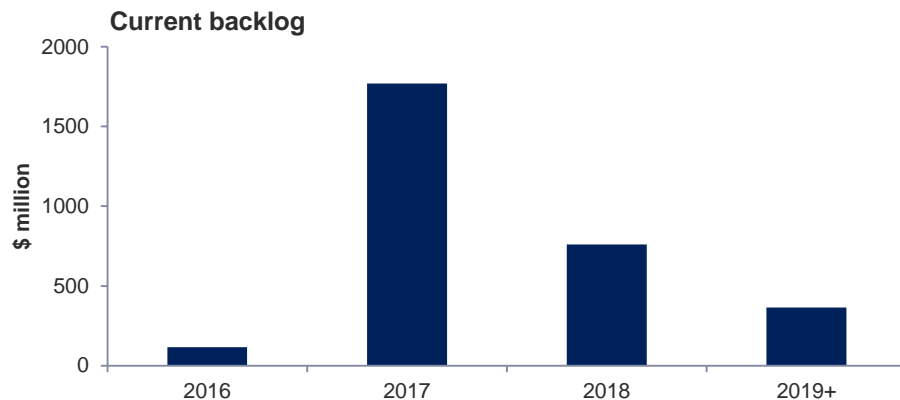
- Seadrill Limited economic utilisation of 95%

➤ **Commercial**

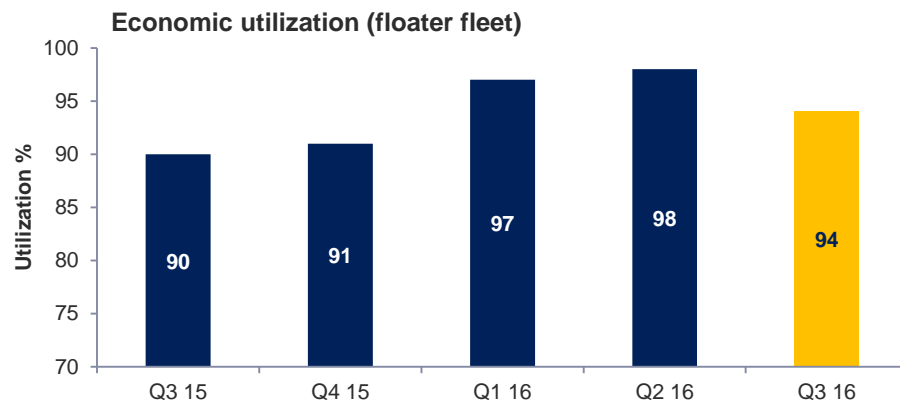
- Active spot market

➤ **Costs**

- Expecting cost savings to be more sustainable



- Current order backlog of \$3.0 billion
 - \$7.0 billion for Seadrill Group



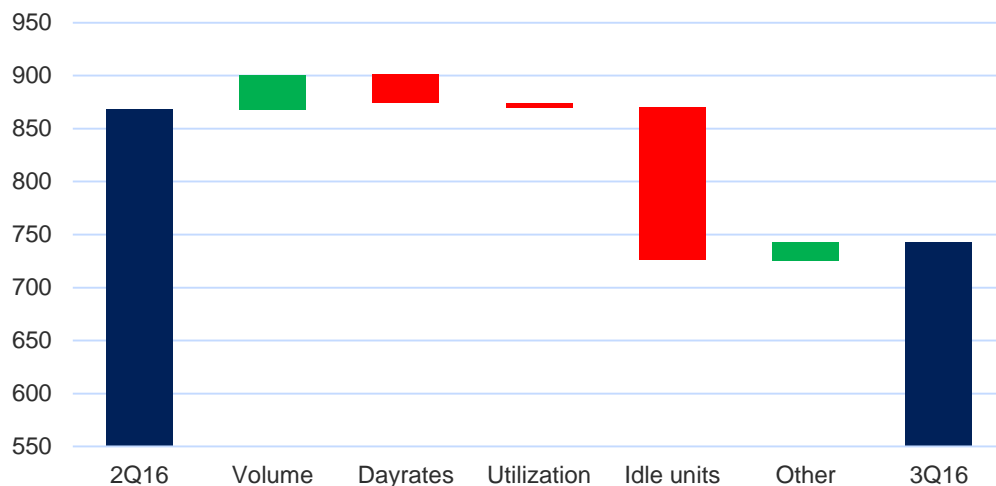
- Safe and efficient operations
 - 94% economic utilization for floater fleet
 - 97% for jack-up fleet

- **No instalments due in 2016**
- **All newbuilds successfully deferred from original deliveries**
- **2017 scheduled deliveries as currently contracted**
 - 5 Jack-Ups with Dalian
 - 2 Drillships with Samsung
 - 1 Semi-Submersible with Cosco
- **We don't plan to take deliveries in 2017 without suitable contracts**

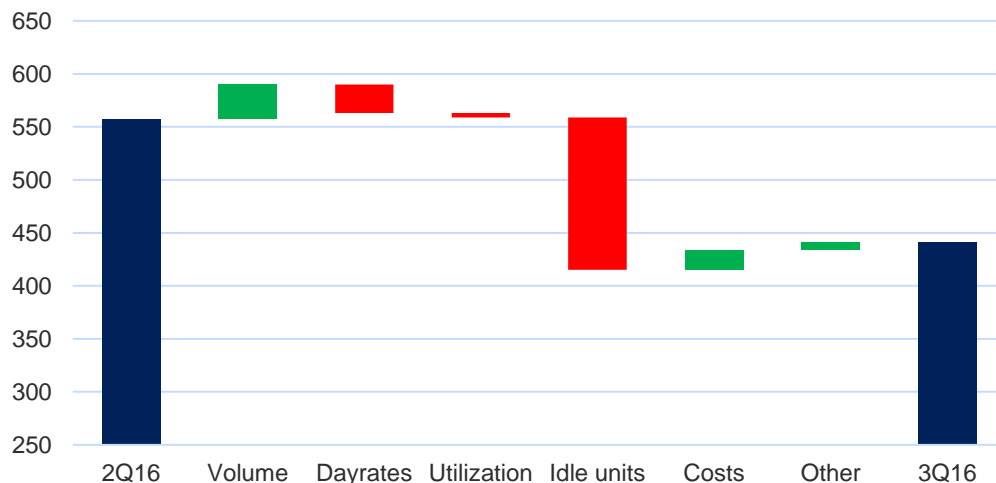
Financial Performance

Revenue & EBITDA* bridge

Revenue



EBITDA



- **Volume:** Full quarter of operations for the West Eclipse and the commencement of operations for the West Vigilant
- **Dayrates:** Reduced dayrate on the West Freedom, West Gemini and AOD I and II
- **Utilization:** Reduced uptime
- **Idle units:** West Orion, West Phoenix, West Alpha, West Pegasus and Sevan Driller became idle during the quarter
- **Costs:** Improved opex on operating units and lower stacking costs
- **Other:** West Alpha de-winterization

Loss on impairment of investments	
SDLP	806
Seamex	76
Total	882

Balance sheet main movements

Quarter over quarter	September 30, 2016	June 30, 2016	Change
Marketable securities – current	93	141	(48)
Accounts receivables	630	727	(97)
Investment in associated companies	2,014	2,656	(642)
Current portion of long term debt	3,136	2,347	789
Other current liabilities	1,525	1,666	(141)
Long-term debt	6,728	7,717	(989)
Total assets	22,043	23,016	(4%)
Total liabilities	12,274	12,695	(3%)
Total equity	9,769	10,321	(5%)

- Good progress on an agreement to re-profile and defer all bank facilities
- Restructuring plan reduces fixed amortization and amends financial covenants
- Initiated engagement with bondholders and new capital participants
- Extension of West Eminence facility provides time to conclude negotiations
- Expect to execute an agreement before the end of April 2017

Q4 2016 guidance

- EBITDA* is forecasted to be around \$340 million, based on forecasted Operating Income of around \$146 million.

** EBITDA is defined in the Appendix*

Market Outlook



- **Strong operating quarter**
- **Cost reductions proving to be more sustainable**
- **Continue to manage yard commitments**
- **Good progress on restructuring plan**

Q&A



Appendix: Seadrill Limited Financials



Appendix – Non-GAAP Financial Measures



* **EBITDA** is defined as 'Earnings Before Interest, Tax, Depreciation and Amortization' and has been calculated by taking operating income plus depreciation and amortization, but excluding gains or losses on disposals and impairment charges against goodwill. Contingent consideration realized relates to Seadrill's ongoing residual interest in the West Vela and West Polaris customer contracts, and has been included within EBITDA. Additionally, in any given period the Company may have significant, unusual or non-recurring gains or losses which it may exclude from its Non GAAP earnings for that period. When applicable, these items would be fully disclosed and incorporated into the required reconciliations from US GAAP to Non GAAP measures.

	Q4 2016 guidance	Q3 2016	Q2 2016
Net Operating Income	\$146	\$247	\$364
Depreciation	\$194	\$194	\$193
EBITDA	\$340	\$441	\$557

Financial Performance Highlights



	Q3 2016	Q2 2016	Change	% Change
Total operating revenue	\$743	\$868	(\$125)	(14%)
Contingent consideration realized	\$5	\$5	\$—	—%
Total operating expenses	\$501	\$509	(\$8)	(2%)
Net operating income	\$247	\$364	(\$117)	(32%)
EBITDA	\$441	\$557	(\$116)	(21%)

Balance Sheet Summary

	September 30, 2016	June 30, 2016	Change	%Change
Total Current Assets	\$2,907	\$3,056	(\$149)	(5%)
Non-current assets				—%
Investment in associated companies	\$2,014	\$2,656	(\$642)	(24%)
Newbuildings	\$1,518	\$1,507	\$11	1%
Drilling units	\$14,488	\$14,637	(\$149)	(1%)
Other	\$1,116	\$1,160	(\$44)	(4%)
Total non-current assets	\$19,136	\$19,960	(\$824)	(4%)
TOTAL ASSETS	\$22,043	\$23,016	(\$973)	(4%)
Current Liabilities				
Current portion of long-term debt	\$3,136	\$2,347	\$789	34%
Other	\$1,757	\$1,968	(\$211)	(11%)
Total current liabilities	\$4,893	\$4,315	\$578	13%
Non-current liabilities				
Total Long-term Debt	\$6,728	\$7,717	(\$989)	(13%)
Other	\$653	\$663	(\$10)	(2%)
Total non-current liabilities	\$7,381	\$8,380	(\$999)	(12%)
TOTAL LIABILITIES	\$12,274	\$12,695	(\$421)	(3%)
Equity				
Total shareholder's equity	\$9,769	\$10,321	(\$552)	(5%)
Total liabilities and shareholder's equity	\$22,043	\$23,016	(\$973)	(4%)

- Total assets of \$22,043 million as at September 30, 2016
- Total net interest bearing debt decreased to \$8,948 million due to repayment of loans

Operating Income - 3Q16

<i>Unaudited accounts in USD millions</i>	Total	Floaters	Jack-ups	Other
Contract revenues	657	462	195	—
Reimbursable revenues	15	11	4	—
Other revenues	71	55	—	16
Total operating revenues	743	528	199	16
Contingent consideration realized	5	5	—	—
Vessel and rig operating expenses	243	161	69	13
Reimbursable expenses	13	10	3	—
Depreciation and amortization	194	143	51	—
Loss on impairment of goodwill	—	—	—	—
General and administrative expenses	51	37	14	—
Total operating expenses	501	351	137	13
Net operating income	247	182	62	3

Operating Income - Floaters

<i>Unaudited accounts in USD millions</i>	3Q16	2Q16	1Q16	4Q15
Total operating revenues	528	610	616	644
Loss on disposals*	—	—	—	(89)
Contingent consideration realized	5	5	5	19
Vessel and rig operating expenses	161	152	181	235
Reimbursable expenses	10	13	14	29
Depreciation and amortization	143	142	148	147
General and administrative expenses	37	38	41	46
Total operating expenses	351	345	384	457
Net operating income/(loss)	182	270	237	117

* Loss on sale of assets at 4Q15 primarily relates to West Rigel

Operating Income – Jack-up Rigs

<i>Unaudited accounts in USD millions</i>	3Q16	2Q16	1Q16	4Q15
Total operating revenues	199	234	246	282
Loss on disposals	—	—	—	(4)
Vessel and rig operating expenses	69	75	88	107
Reimbursable expenses	3	1	4	—
Depreciation and amortization	51	51	52	50
General and administrative expenses	14	15	16	19
Total operating expenses	137	142	160	176
Net operating income	62	92	86	102

Operating Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	3Q16	2Q16	1Q16	4Q15
Total operating revenues	743	868	891	959
Loss on sale of assets*	—	—	—	(93)
Contingent consideration realized	5	5	5	19
Vessel and rig operating expenses	243	248	290	369
Reimbursable expenses	13	14	18	29
Depreciation and amortization	194	193	200	197
General and administrative expenses	51	54	60	67
Total operating expenses	501	509	568	662
Net operating income/(loss)	247	364	328	223

**Loss on sale of assets at 4Q15 primarily relates to West Rigel*

Net Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	3Q16	2Q16	1Q16	4Q15
Net operating income/(loss)	247	364	328	223
Financial items and other income				
Interest income	17	16	20	18
Interest expense	(98)	(105)	(102)	(98)
Loss on impairment of investments	(882)	—	(24)	—
Share in results from associated companies*	67	58	39	119
Gain/(loss) on derivative financial instruments	53	(60)	(87)	40
Gain on debt extinguishment	—	47	—	—
Foreign exchange (loss)/gain	(11)	10	(15)	31
Other financial items, net	—	2	13	17
Total financial items and other (expense)/income, net	(854)	(32)	(156)	127
(Loss)/income before income taxes	(607)	332	172	350
Income taxes	(49)	(56)	(84)	(71)
Net (loss)/income	(656)	276	88	279
Basic (loss)/earnings per share (\$)	(1.29)	0.52	0.15	0.58

* Dividends received from marketable securities have been represented in other financial items for current and prior periods

Balance Sheet - Assets

Unaudited accounts in USD millions

	September 30, 2016	June 30, 2016	December 31, 2015
Current assets			
Cash and cash equivalents	1,250	1,287	1,092
Restricted cash	117	96	104
Marketable securities	93	141	286
Accounts receivables, net	630	727	710
Other current assets	817	805	949
Total current assets	2,907	3,056	3,141
Non-current assets			
Investment in associated companies	2,014	2,656	2,583
Newbuildings	1,518	1,507	1,496
Drilling units	14,488	14,637	14,767
Goodwill	—	—	—
Assets held for sale – non current	128	128	128
Restricted cash	32	35	35
Deferred tax assets	73	84	86
Other non-current assets	883	913	829
Total non-current assets	19,136	19,960	19,924
Total assets	22,043	23,016	23,065

Balance Sheet – Liabilities & Shareholder's Equity



Unaudited accounts in USD millions

	September 30, 2016	June 30, 2016	December 31, 2015
Current liabilities			
Current portion of long-term debt	3,136	2,347	1,278
Trade accounts payable	122	158	152
Other current liabilities	1,635	1,810	1,804
Total current liabilities	4,893	4,315	3,234
Non-current liabilities			
Long-term interest bearing debt	6,728	7,717	9,205
Deferred taxes	188	161	153
Other non-current liabilities	465	502	437
Total non-current liabilities	7,381	8,380	9,795
Equity			
Total shareholder's equity	9,769	10,321	10,036
Total liabilities and shareholder's equity	22,043	23,016	23,065