



# Q1 2016 Results

*May 26, 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.



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- 3 Market Outlook
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## ➤ **Operations**

- Strong operational uptime
- Seadrill Group economic utilisation of 97%

## ➤ **Costs**

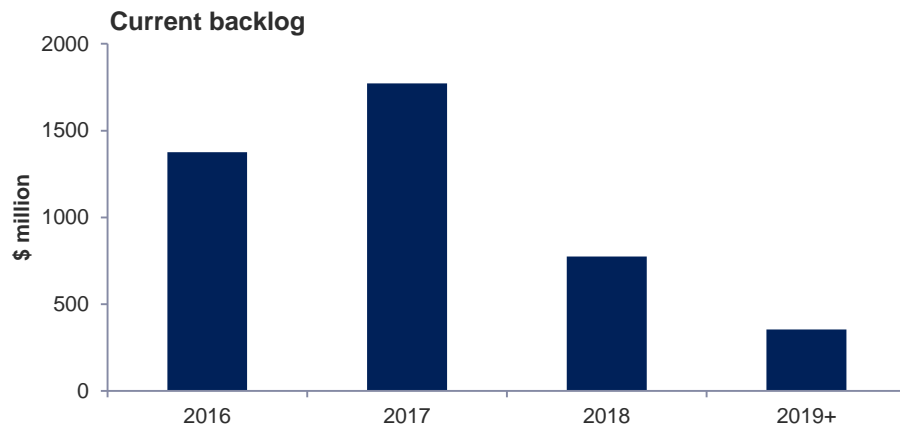
- Total operating costs reduced by \$79 million during the quarter with no incremental idle units

## ➤ **Newbuilds**

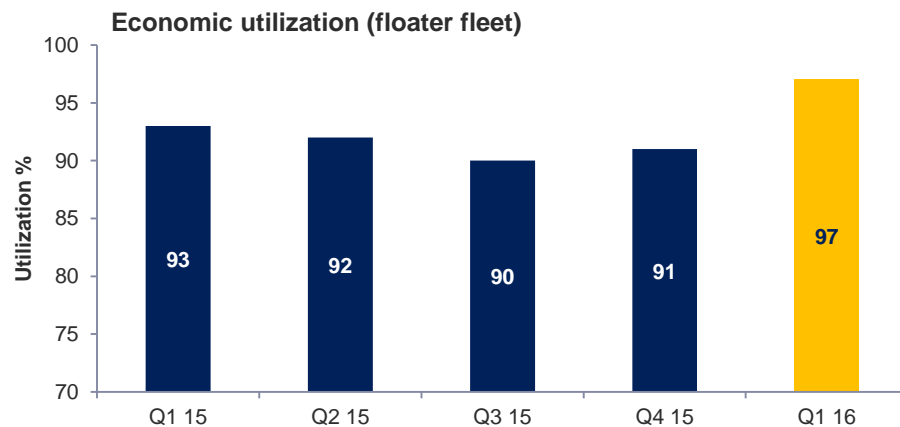
- Agreement reached with DSME to defer the delivery of the West Aquila and West Libra, until Q2 2018 and Q1 2019, respectively
- Agreement reached with Dalian to further defer all eight jack-ups under construction.

## ➤ **Financing update**

- Step 1 completed: Near term facility maturities extended and covenants amended across all secured credit facilities
- Step 2 ongoing: Expect completion of broader package by year-end



- Current order backlog of \$4.3 billion
  - \$9.1 billion for Seadrill Group



- Safe and efficient operations
  - 97% economic utilization for floater fleet
  - 96% for jack-up fleet

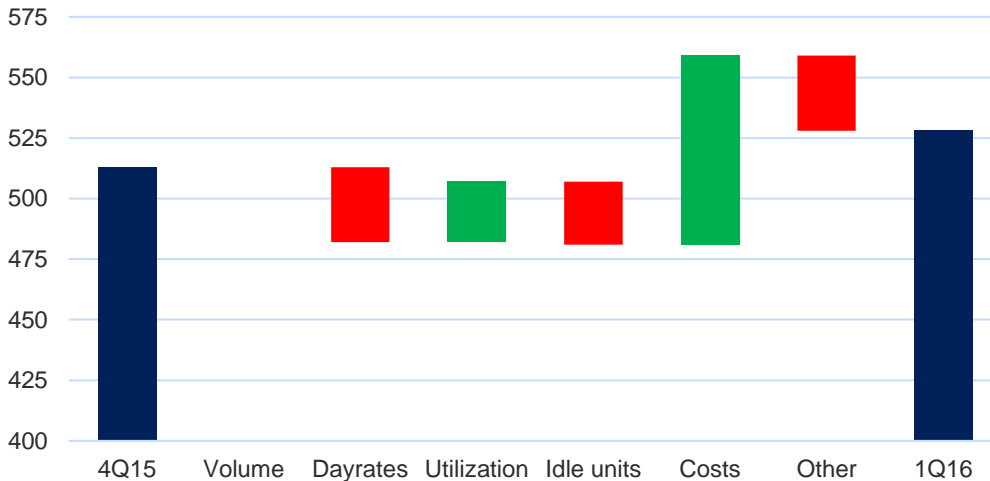
# Financial Performance

# Revenue & EBITDA bridge

## Revenue



## EBITDA



- **Volume:** No change
- **Dayrates:** Dayrate reductions on the West Tellus, Sevan Brasil, West Mischief, AOD I, II, and III
- **Utilization:** Improved uptime
- **Idle units:** Full quarter of idle time on the Sevan Driller and West Telesto
- **Costs:** Improved opex on operating units and lower stacking costs
- **Other:** West Polaris dayrate reduction, add-on sales and reimbursable items

# Balance sheet main movements

Quarter over quarter	March 31, 2016	December 31, 2015	Change
Restricted cash – current	104	50	54
Restricted cash – non current	35	198	(163)
Marketable securities – current	286	96	190
Marketable securities – non current	-	228	(228)
Current portion of long term debt	1,278	1,489	(211)
Long-term debt due to related party	254	438	(184)
Long-term debt	9,205	9,054	(151)
Other non- current liabilities	183	401	(218)
<b>Total assets</b>	23,065	23,470	(2%)
<b>Total liabilities</b>	13,029	13,495	(3%)
<b>Total equity</b>	10,036	9,975	1%



## ➤ **Q1 liquidity**

- \$1.09 billion in cash and cash equivalents at quarter end
- Operations continue to generate good cashflow

## ➤ **Cost benefits coming through**

- Rig operating costs down \$79 million quarter over quarter
- Total cost savings for the year targeted at \$305 million

## ➤ **No newbuild instalments or rig deliveries expected in 2016**

- Three nearest maturing facilities extended
- Covenants amended in our secured credit facilities
- Milestones in place
- Expect to conclude by year end

## Q2 2016 guidance

- EBITDA is forecasted to be around \$510 million

# Market Outlook



- **Record operating quarter**
- **Step 1 of refinancing completed**
- **Managing yard commitments**
  - No newbuild deliveries planned in 2016

# Q&A



# Appendix: Seadrill Limited Financials



# Operating Income - 1Q16

<i>Unaudited accounts in USD millions</i>	<b>Total</b>	<b>Floaters</b>	<b>Jack-ups</b>	<b>Other</b>
Contract revenues	808	566	242	—
Reimbursable revenues	18	14	4	—
Other revenues	65	36	—	29
<b>Total operating revenues</b>	<b>891</b>	<b>616</b>	<b>246</b>	<b>29</b>
<b>Contingent consideration realized</b>	<b>5</b>	<b>5</b>	<b>—</b>	<b>—</b>
Vessel and rig operating expenses	290	181	88	21
Reimbursable expenses	18	14	4	—
Depreciation and amortization	200	148	52	—
General and administrative expenses	60	41	16	3
<b>Total operating expenses</b>	<b>568</b>	<b>384</b>	<b>160</b>	<b>24</b>
<b>Net operating income</b>	<b>328</b>	<b>237</b>	<b>86</b>	<b>5</b>



# Operating Income - Floaters

<i>Unaudited accounts in USD millions</i>	1Q16	4Q15	3Q15	2Q15
<b>Total operating revenues</b>	<b>616</b>	<b>644</b>	<b>647</b>	<b>786</b>
<b>Loss on disposals*</b>	—	(89)	(80)	(75)
<b>Contingent consideration realized</b>	5	19	19	6
Vessel and rig operating expenses	181	235	233	265
Reimbursable expenses	14	29	24	12
Depreciation and amortization	148	147	140	142
Impairment loss on Goodwill	—	—	563	—
General and administrative expenses	41	46	36	41
<b>Total operating expenses</b>	<b>384</b>	<b>457</b>	<b>996</b>	<b>460</b>
<b>Net operating income/(loss)</b>	<b>237</b>	<b>117</b>	<b>(410)</b>	<b>257</b>

\* Loss on sale of assets at 4Q15 primarily relates to West Rigel, at 3Q15 primarily relates to the disposal of West Mira and at 2Q15 relates to the disposal of West Polaris to Seadrill Partners

# Operating Income – Jack-up Rigs

<i>Unaudited accounts in USD millions</i>	1Q16	4Q15	3Q15	2Q15
<b>Total operating revenues</b>	<b>246</b>	<b>282</b>	<b>306</b>	<b>328</b>
<b>Loss on disposals</b>	—	(4)	(3)	—
Vessel and rig operating expenses	88	107	117	128
Reimbursable expenses	4	—	4	7
Depreciation and amortization	52	50	51	50
General and administrative expenses	16	19	17	20
<b>Total operating expenses</b>	<b>160</b>	<b>176</b>	<b>189</b>	<b>205</b>
<b>Net operating income</b>	<b>86</b>	<b>102</b>	<b>114</b>	<b>123</b>

# Operating Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	1Q16	4Q15	3Q15	2Q15
<b>Total operating revenues</b>	<b>891</b>	<b>959</b>	<b>985</b>	<b>1,147</b>
<b>Loss on sale of assets*</b>	—	(93)	(82)	(75)
<b>Contingent consideration realized</b>	5	19	19	6
Vessel and rig operating expenses	290	369	374	422
Reimbursable expenses	18	29	29	19
Depreciation and amortization	200	197	192	192
Impairment loss on Goodwill	—	—	563	—
General and administrative expenses	60	67	55	61
<b>Total operating expenses</b>	<b>568</b>	<b>662</b>	<b>1,213</b>	<b>694</b>
<b>Net operating income/(loss)</b>	<b>328</b>	<b>223</b>	<b>(291)</b>	<b>384</b>

*\*Loss on sale of assets at 4Q15 primarily relates to West Rigel  
 Loss on sale of assets at 3Q15 primarily relates to the disposal of West Mira  
 Loss on sale of assets at 2Q15 relates to the disposal of West Polaris to Seadrill Partners*

# Net Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	1Q16	4Q15	3Q15	2Q15
<b>Net operating income/(loss)</b>	<b>328</b>	<b>223</b>	<b>(291)</b>	<b>384</b>
<b>Financial items and other income</b>				
Interest income	20	18	15	17
Interest expense	(102)	(98)	(105)	(100)
Loss on impairment of investments	(24)	—	(1,274)	—
Share in results from associated companies*	39	119	(39)	97
(Loss)/gain on derivative financial instruments	(87)	40	(177)	44
Foreign exchange (loss)/gain	(15)	31	4	(22)
Gain on sale of tender rig business	—	—	—	22
Other financial items, net	13	17	1	26
<b>Total financial items and other (expense)/income, net</b>	<b>(156)</b>	<b>127</b>	<b>(1,575)</b>	<b>84</b>
Income/(loss) before income taxes	172	350	(1,866)	468
Income taxes	(84)	(71)	(34)	(45)
<b>Net income/(loss)</b>	<b>88</b>	<b>279</b>	<b>(1,900)</b>	<b>423</b>
<b>Basic earnings/(loss) per share (\$)</b>	<b>0.15</b>	<b>0.58</b>	<b>(3.70)</b>	<b>0.77</b>

\* 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*

	March 31, 2016	December 31, 2015	September 30, 2015
<b>Current assets</b>			
Cash and cash equivalents	1,092	1,044	1,181
Restricted cash	104	50	71
Marketable securities	286	96	247
Accounts receivables, net	710	718	729
Other current assets	949	1,034	873
<b>Total current assets</b>	<b>3,141</b>	<b>2,942</b>	<b>3,101</b>
<b>Non-current assets</b>			
Investment in associated companies	2,583	2,590	2,488
Newbuildings	1,496	1,479	1,659
Drilling units	14,767	14,930	15,036
Goodwill	—	—	—
Assets held for sale – non current	128	128	—
Restricted cash	35	198	212
Deferred tax assets	86	81	87
Other non-current assets	829	1,122	1,101
<b>Total non-current assets</b>	<b>19,924</b>	<b>20,528</b>	<b>20,583</b>
<b>Total assets</b>	<b>23,065</b>	<b>23,470</b>	<b>23,684</b>

# Balance Sheet – Liabilities & Shareholder's Equity



Unaudited accounts in USD millions

	March 31, 2016	December 31, 2015	September 30, 2015
<b>Current liabilities</b>			
Current portion of long-term debt	1,278	1,489	1,645
Trade accounts payable	152	141	116
Other current liabilities	1,804	1,836	1,805
<b>Total current liabilities</b>	<b>3,234</b>	<b>3,466</b>	<b>3,566</b>
<b>Non-current liabilities</b>			
Long-term interest bearing debt	9,205	9,054	9,319
Deferred taxes	153	136	130
Other non-current liabilities	437	839	842
<b>Total non-current liabilities</b>	<b>9,795</b>	<b>10,029</b>	<b>10,291</b>
<b>Equity</b>			
<b>Total shareholder's equity</b>	<b>10,036</b>	<b>9,975</b>	<b>9,827</b>
<b>Total liabilities and shareholder's equity</b>	<b>23,065</b>	<b>23,470</b>	<b>23,684</b>