



# Q1 2017 Results

*May 24, 2017*



# 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
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## ➤ **Operations**

- Seadrill Limited economic utilisation of 98%

## ➤ **Commercial**

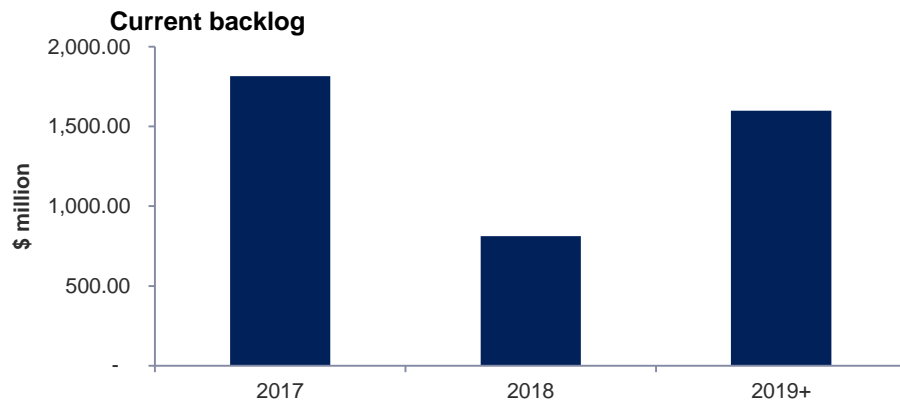
- Active spot market
- \$900 million net backlog increase

## ➤ **Costs**

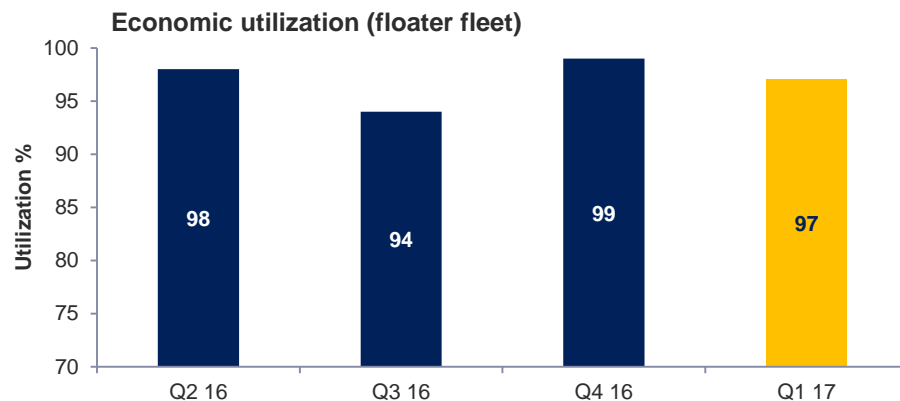
- Headcount reduced 26% from year end 2015

## ➤ **Newbuilds**

- West Mira arbitration settlement concluded
- Ongoing constructive dialogue to further defer deliveries



- Current order backlog of \$3.4 billion
  - \$7.1 billion for Seadrill Group



- Safe and efficient operations
  - 97% economic utilization for floater fleet
  - 98% for jack-up fleet

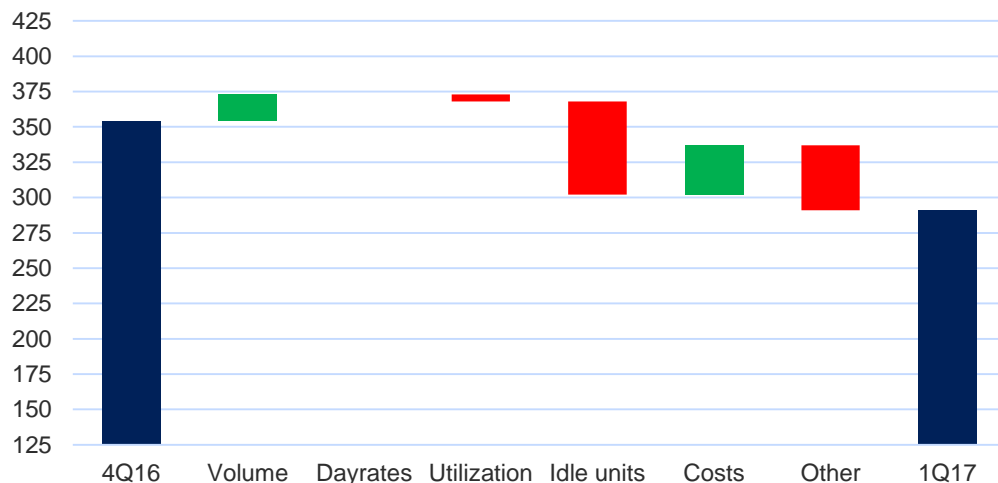
# **Financial Performance**

# Revenue & EBITDA\* bridge

## Revenue



## EBITDA



- **Volume:** Full quarter of operations on the West Castor and the West Phoenix commenced operations
- **Dayrates:** No change
- **Utilization:** Decreased uptime
- **Idle units:** The West Saturn became idle during the quarter and we had a full quarter of idle time on the West Epsilon and West Vigilant
- **Costs:** Additional idle units, Lower personnel, IT and restructuring costs
- **Other:** Primarily attributable to contract termination fee recognition in the fourth quarter and a decrease in related party revenues

\* EBITDA is defined in the Appendix

# Balance sheet main movements

## Quarter over quarter

	March 31, 2017	December 31, 2016	Change
Marketable securities	94	110	(16)
Accounts receivables	377	462	(85)
Amount due from related party – current	327	376	(49)
Other current assets	285	495	(210)
Other current liabilities	1,215	1,352	(137)
<b>Total assets</b>	<b>21,305</b>	<b>21,666</b>	<b>(2%)</b>
<b>Total liabilities</b>	<b>11,205</b>	<b>11,603</b>	<b>(3%)</b>
<b>Total equity</b>	<b>10,100</b>	<b>10,063</b>	<b>1%</b>



- Long stop date extended to July 31
- New money proposal received
- Certain bondholders have become restricted again
- Likely requirement to convert bonds to equity
- Shareholders likely to receive minimal recovery for existing shares
- Implementation via C11 or schemes of arrangement likely.

## **Q2 2017 guidance**

- EBITDA\* is forecasted to be around \$240 million,  
based on forecasted Operating Income of around \$40 million.

# Market Outlook



- **Strong operating quarter**
- **Growing backlog**
- **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 long-lived assets. 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.

*Unaudited accounts in USD millions*

	Q2 2017 guidance	Q1 2017	Q4 2016
Net operating income	40	83	87
Depreciation	200	208	223
Loss on impairment of long-lived assets	—	—	44
<b>EBITDA</b>	<b>240</b>	<b>291</b>	<b>354</b>

# Financial Performance Highlights

*Unaudited accounts in USD millions*

	Q1 2017	Q4 2016	Change	% Change
Total operating revenue	569	667	(98)	(15%)
Contingent consideration realized	5	6	(1)	(17%)
Total operating expenses	491	586	(95)	(16%)
Net operating income	83	87	(4)	(5%)
EBITDA	291	354	(63)	(18%)



# Balance Sheet Summary

Unaudited accounts in USD millions

	March 31, 2017	December 31, 2016	Change	%Change
<b>Total current assets</b>	<b>2,640</b>	<b>2,886</b>	<b>(246)</b>	<b>(9%)</b>
<b>Non-current assets</b>				
Investment in associated companies	2,230	2,168	62	3%
Newbuildings	1,543	1,531	12	1%
Drilling units	14,100	14,276	(176)	(1%)
Other	792	805	(13)	(2%)
<b>Total non-current assets</b>	<b>18,665</b>	<b>18,780</b>	<b>(115)</b>	<b>(1%)</b>
<b>TOTAL ASSETS</b>	<b>21,305</b>	<b>21,666</b>	<b>(361)</b>	<b>(2%)</b>
<b>Current liabilities</b>				
Current portion of long-term debt	3,364	3,195	169	5%
Other	1,368	1,528	(160)	(10%)
<b>Total current liabilities</b>	<b>4,732</b>	<b>4,723</b>	<b>9</b>	<b>—%</b>
<b>Non-current liabilities</b>				
Total long-term debt	5,948	6,319	(371)	(6%)
Other	525	561	(36)	(6%)
<b>Total non-current liabilities</b>	<b>6,473</b>	<b>6,880</b>	<b>(407)</b>	<b>(6%)</b>
<b>TOTAL LIABILITIES</b>	<b>11,205</b>	<b>11,603</b>	<b>(398)</b>	<b>(3%)</b>
<b>Equity</b>				
<b>Total shareholder's equity</b>	<b>10,100</b>	<b>10,063</b>	<b>37</b>	<b>—%</b>
<b>Total liabilities and shareholder's equity</b>	<b>21,305</b>	<b>21,666</b>	<b>(361)</b>	<b>(2%)</b>

Total assets of \$21,305 million as at March 31, 2017

Total net interest bearing debt decreased to \$8,177 million due to repayment of loans

# Operating Income - 1Q17

<i>Unaudited accounts in USD millions</i>	<b>Total</b>	<b>Floaters</b>	<b>Jack-ups</b>	<b>Other</b>
Contract revenues	510	333	177	—
Reimbursable revenues	13	10	3	—
Other revenues	46	26	1	19
<b>Total operating revenues</b>	<b>569</b>	<b>369</b>	<b>181</b>	<b>19</b>
<b>Contingent consideration realized</b>	<b>5</b>	<b>5</b>	<b>—</b>	<b>—</b>
Vessel and rig operating expenses	211	123	70	18
Reimbursable expenses	11	9	2	—
Depreciation and amortization	208	153	55	—
General and administrative expenses	61	40	21	—
<b>Total operating expenses</b>	<b>491</b>	<b>325</b>	<b>148</b>	<b>18</b>
<b>Net operating income</b>	<b>83</b>	<b>49</b>	<b>33</b>	<b>1</b>

# Operating Income - Floaters

<i>Unaudited accounts in USD millions</i>	1Q17	4Q16	3Q16	2Q16
<b>Total operating revenues</b>	<b>369</b>	<b>458</b>	<b>528</b>	<b>610</b>
<b>Contingent consideration realized</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>5</b>
Vessel and rig operating expenses	123	133	161	152
Reimbursable expenses	9	14	10	13
Depreciation and amortization	153	167	143	142
General and administrative expenses	40	49	37	38
<b>Total operating expenses</b>	<b>325</b>	<b>363</b>	<b>351</b>	<b>345</b>
<b>Net operating income</b>	<b>49</b>	<b>101</b>	<b>182</b>	<b>270</b>

# Operating Income – Jack-up Rigs

<i>Unaudited accounts in USD millions</i>	1Q17	4Q16	3Q16	2Q16
<b>Total operating revenues</b>	<b>181</b>	<b>186</b>	<b>199</b>	<b>234</b>
Vessel and rig operating expenses	70	81	69	75
Reimbursable expenses	2	2	3	1
Depreciation and amortization	55	56	51	51
General and administrative expenses	21	20	14	15
<b>Total operating expenses</b>	<b>148</b>	<b>159</b>	<b>137</b>	<b>142</b>
<b>Net operating income</b>	<b>33</b>	<b>27</b>	<b>62</b>	<b>92</b>

# Operating Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	1Q17	4Q16	3Q16	2Q16
<b>Total operating revenues</b>	<b>569</b>	<b>667</b>	<b>743</b>	<b>868</b>
<b>Contingent consideration realized</b>	<b>5</b>	<b>6</b>	<b>5</b>	<b>5</b>
Vessel and rig operating expenses	211	234	243	248
Reimbursable expenses	11	16	13	14
Depreciation and amortization	208	223	194	193
Loss on impairment of long-lived assets	—	44	—	—
General and administrative expenses	61	69	51	54
<b>Total operating expenses</b>	<b>491</b>	<b>586</b>	<b>501</b>	<b>509</b>
<b>Net operating income</b>	<b>83</b>	<b>87</b>	<b>247</b>	<b>364</b>

# Net Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	1Q17	4Q16	3Q16	2Q16
<b>Net operating income</b>	<b>83</b>	<b>87</b>	<b>247</b>	<b>364</b>
<b>Financial items and other income</b>				
Interest income	20	13	17	16
Interest expense	(99)	(107)	(98)	(105)
Loss on impairment of investments	—	—	(882)	—
Share in results from associated companies <sup>1</sup>	58	112	63	61
Gain/(loss) on derivative financial instruments <sup>1</sup>	8	(16)	59	(72)
Gain on debt extinguishment	—	—	—	47
Foreign exchange (loss)/gain	(5)	34	(11)	10
Other financial items, net	(13)	(30)	—	2
<b>Total financial items and other (expense)/income, net</b>	<b>(31)</b>	<b>6</b>	<b>(852)</b>	<b>(41)</b>
<b>Income/(loss) before income taxes</b>	<b>52</b>	<b>93</b>	<b>(605)</b>	<b>323</b>
Income tax benefit/(expense)	5	(10)	(49)	(56)
<b>Net income/(loss)</b>	<b>57</b>	<b>83</b>	<b>(654)</b>	<b>267</b>
<b>Basic earnings/(loss) per share (\$)</b>	<b>0.13</b>	<b>0.18</b>	<b>(1.29)</b>	<b>0.50</b>

<sup>1</sup> 2Q16 and 3Q16 balances have been restated to correct the counterparty credit risk in the derivative valuations. For further information, please refer to Seadrill Annual Report on Form 20-F.

# Balance Sheet - Assets

Unaudited accounts in USD millions

	March 31, 2017	December 31, 2016	December 31, 2015
<b>Current assets</b>			
Cash and cash equivalents	1,462	1,368	1,044
Restricted cash	95	75	50
Marketable securities	94	110	96
Accounts receivables, net	377	462	718
Other current assets	612	871	1,034
<b>Total current assets</b>	<b>2,640</b>	<b>2,886</b>	<b>2,942</b>
<b>Non-current assets</b>			
Investment in associated companies	2,230	2,168	2,592
Marketable Securities	—	—	195
Newbuildings	1,543	1,531	1,479
Drilling units	14,100	14,276	14,930
Assets held for sale – non current	128	128	128
Restricted cash	—	—	198
Deferred tax assets	12	12	81
Other non-current assets	652	665	894
<b>Total non-current assets</b>	<b>18,665</b>	<b>18,780</b>	<b>20,497</b>
<b>Total assets</b>	<b>21,305</b>	<b>21,666</b>	<b>23,439</b>

# Balance Sheet – Liabilities & Equity

*Unaudited accounts in USD millions*

	March 31, 2017	December 31, 2016	December 31, 2015
<b>Current liabilities</b>			
Debt due within one year	3,364	3,195	1,489
Trade accounts payable	97	93	141
Other current liabilities	1,271	1,435	1,712
<b>Total current liabilities</b>	<b>4,732</b>	<b>4,723</b>	<b>3,342</b>
<b>Non-current liabilities</b>			
Long-term debt	5,948	6,319	9,054
Deferred taxes	109	112	136
Other non-current liabilities	416	449	839
<b>Total non-current liabilities</b>	<b>6,473</b>	<b>6,880</b>	<b>10,029</b>
<b>Equity</b>			
<b>Total equity</b>	<b>10,100</b>	<b>10,063</b>	<b>10,068</b>
<b>Total liabilities and equity</b>	<b>21,305</b>	<b>21,666</b>	<b>23,439</b>