



## **Deutsch Bank Leveraged Finance Conference**

*John Roche – Corporate Finance & Investor Relations Director*

*September 2014*

**Seadrill** 

# Forward Looking Statements



The statements described in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements which could be made include, but are not limited to, statements involving prospects for the Company, expected revenues, capital expenditures, costs and results of operations and contingencies and other factors discussed in the Company's most recent annual report on the Form 20-F for the year ended December 31, 2013 and in the Company's other filings with the SEC, which are available free of charge on the SEC's website at [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those indicated. All subsequent written and oral forward-looking statements attributable to the Company or to persons acting on our behalf are expressly qualified in their entirety by reference to these risks and uncertainties. You should not place undue reliance on forward-looking statements. Each forward-looking statement speaks only as of the date of the particular statement, and we undertake no obligation to publicly update or revise any forward-looking statements.



# What Makes Seadrill Unique?

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1 Strategic Focus on Premium Asset Classes

2 Robust Backlog and High Quality Customers

3 Limited Exposure to Current Dayrate Environment

4 High Degree of Equity Funding

5 Balanced Capital Structure

6 Long Term Commitment from John Fredriksen

# Scale & Strategic Focus on Premium Asset Classes

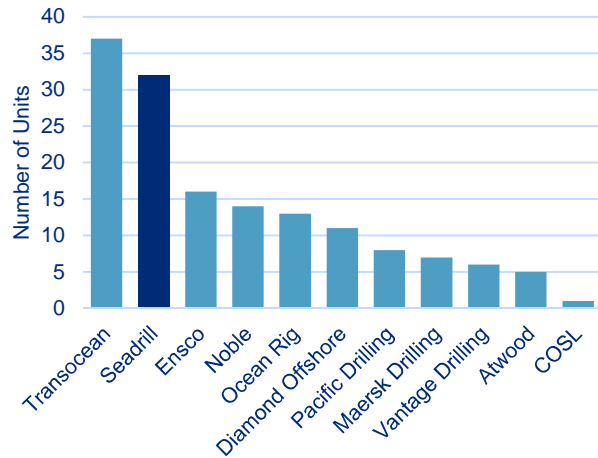


One of the largest Offshore Drillers...

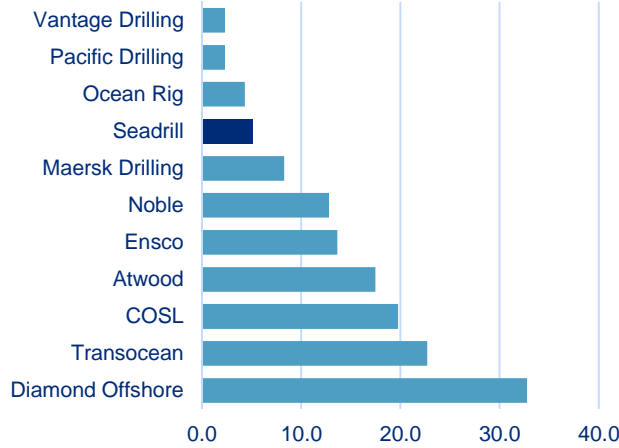
...with a Modern Fleet...

...and Exposure to Premium Segments

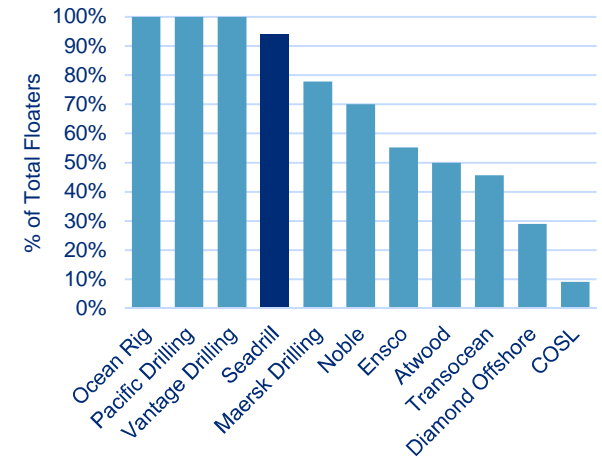
Ultra-Deepwater Units



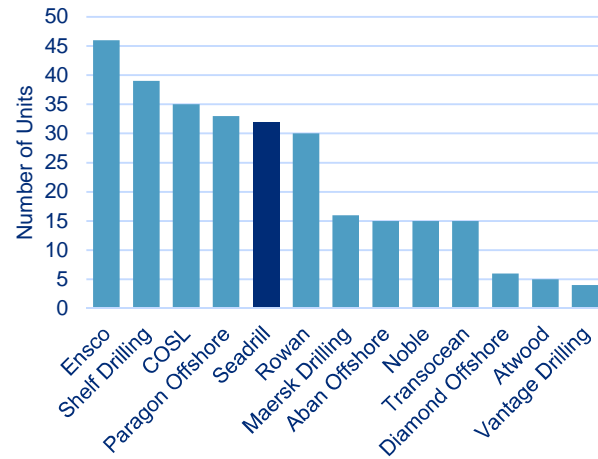
Average UDW Floater Age



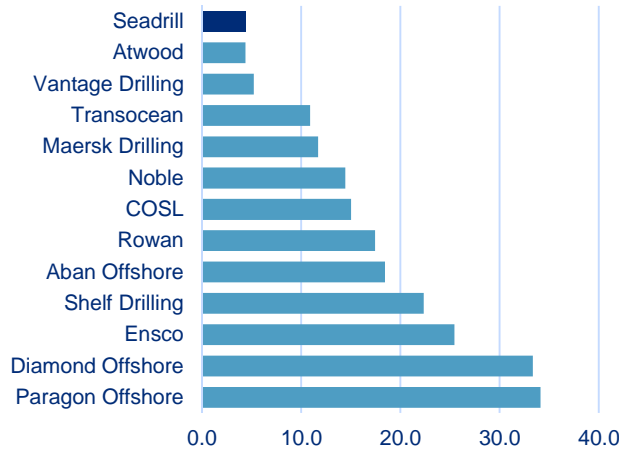
% Ultra-Deepwater of Total Floaters



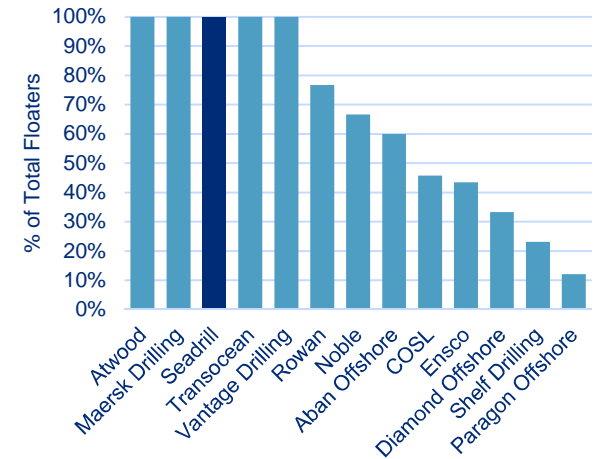
Jack-up Units



Average Jack-up Age



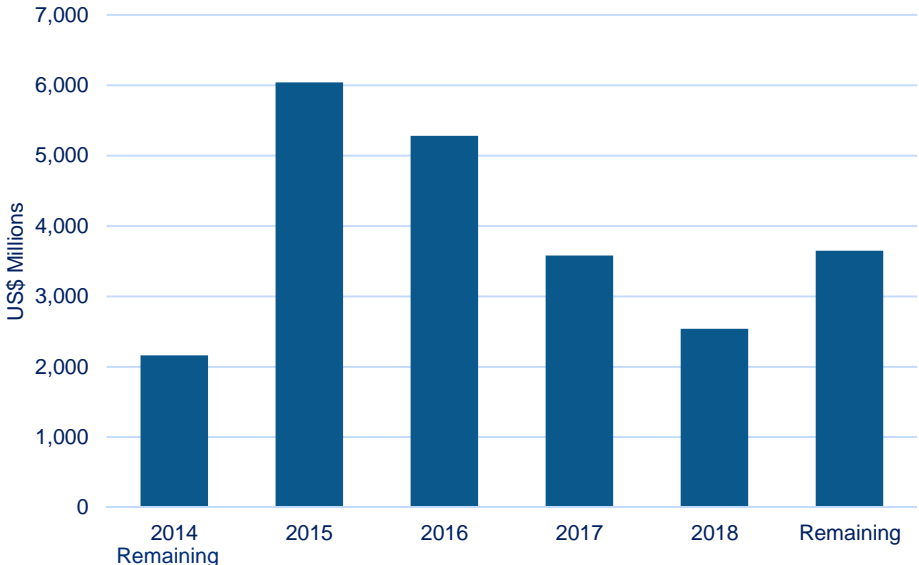
% of Jack-up Fleet > 350' Water Depth



# Robust Backlog & High Quality Customers



**Seadrill Group Current Backlog  
US\$23.3 billion**



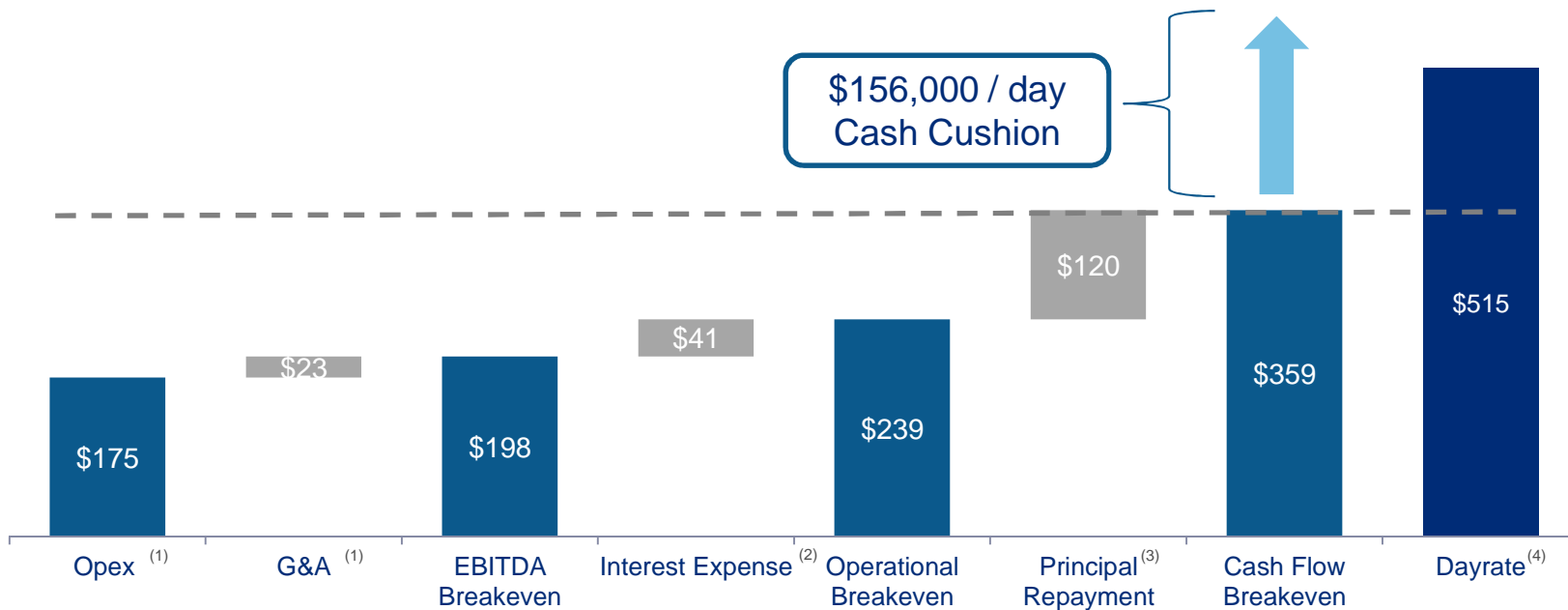
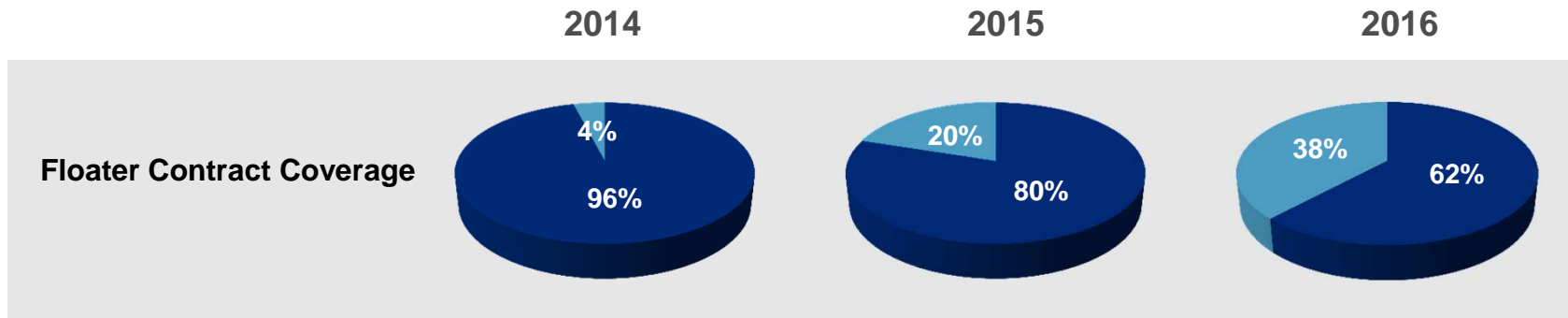
Seabras Sapura Participacoes



50% of US\$3.8 billion



# Limited Exposure to Current Dayrate Environment



(1) Based on LTM average for the West Sirius, West Leo, West Aquarius and West Capella

(2) Assuming \$450 million of debt @ L+ 3%

(3) Assuming 10% amortization per year

(4) Assumes 95% utilization and 4.25% tax on revenues

Source: Morgan Stanley and Rystad Energy

# Consistent Access to Equity Funding



West Sirius /  
West Leo  
Dropdown

11.2 million shares of SDLP raising approximately  
**\$330 million** in equity proceeds

West Auriga  
Dropdown

10.4 million shares of SDLP raising approximately  
**\$318 million** in equity proceeds

OPCO Unit  
Dropdown

6.1 million shares of SDLP raising approximately  
**\$200 million** in equity proceeds

September  
Equity  
Offering

8 million shares of SDLP raising approximately **\$256 million** in equity proceeds

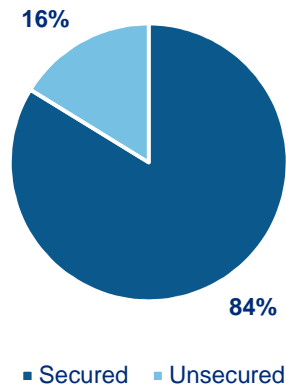
NADL  
IPO

North Atlantic Drilling listed on NYSE with **\$125 million** IPO

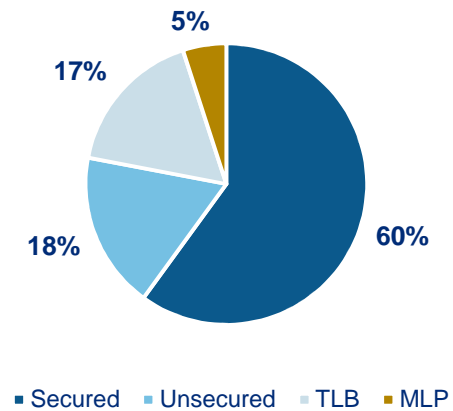
***Access to Funding, High Utilization, Large Backlog → Stability in Current Market***

# Balanced Capital Structure with Staggered Debt Maturities

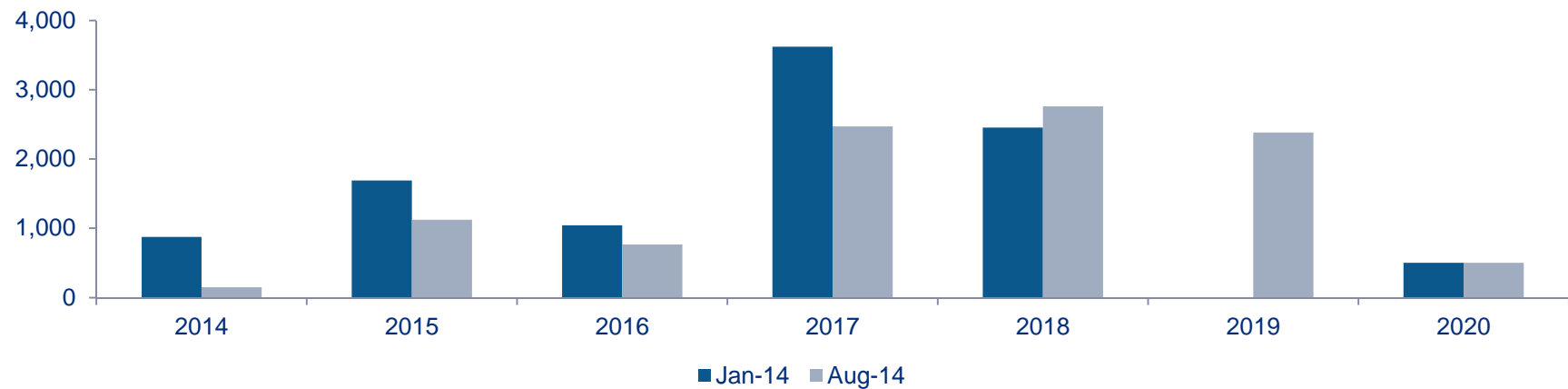
## 2009 Capital Structure



## Current Capital Structure



## Debt Maturity Profile



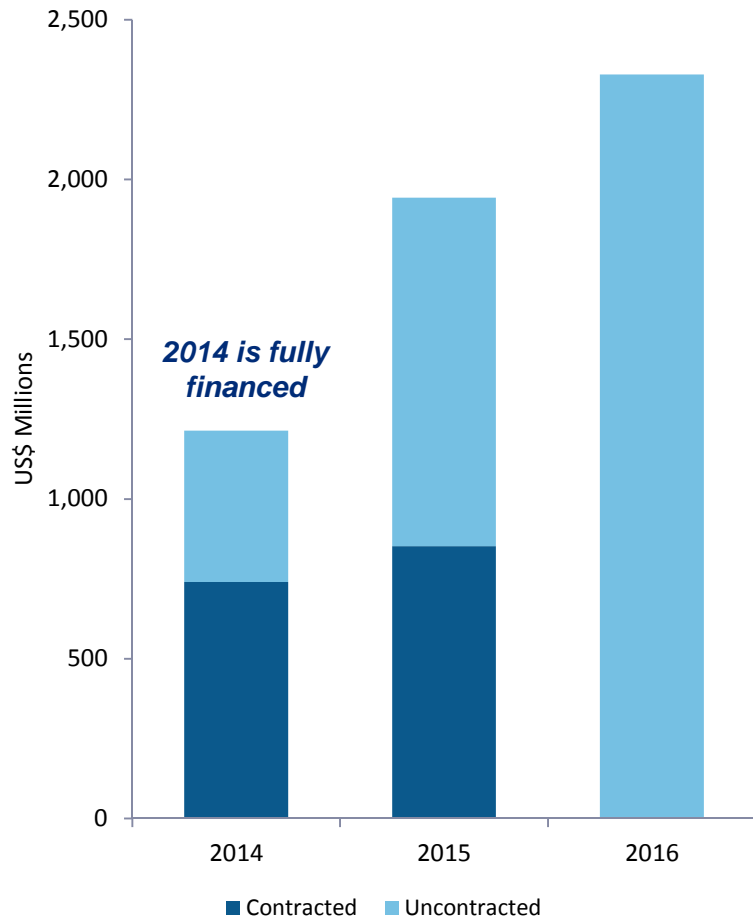
***US\$3bn Reduction in Bank & ECA Debt in 2014***



# Illustrative Funding Profile



## Remaining Yard Instalments



## 2015 Funding Required

- Floater**
- West Rigel
  - West Mira
  - West Carina

- Jack-ups**
- West Titan
  - West Proteus
  - West Rhea
  - West Tethys

## 2016 Funding Required

- Floater**
- West Draco
  - West Dorado
  - West Aquila
  - West Libra

- Jack-ups**
- West Hyperion
  - West Umbriel
  - West Dione
  - West Mimas

***Well Defined & Manageable Funding Requirements***

# The Fredriksen Group



Market Cap: ~\$2.9 billion



Market Cap: ~\$1.6bn



Market Cap: ~\$0.5bn



Market Cap:  
~\$13.4bn



Market Cap: ~\$0.8bn



Market Cap: ~\$0.1bn



Market Cap: ~\$5.7bn

# Seadrill Strategy



*2005:*

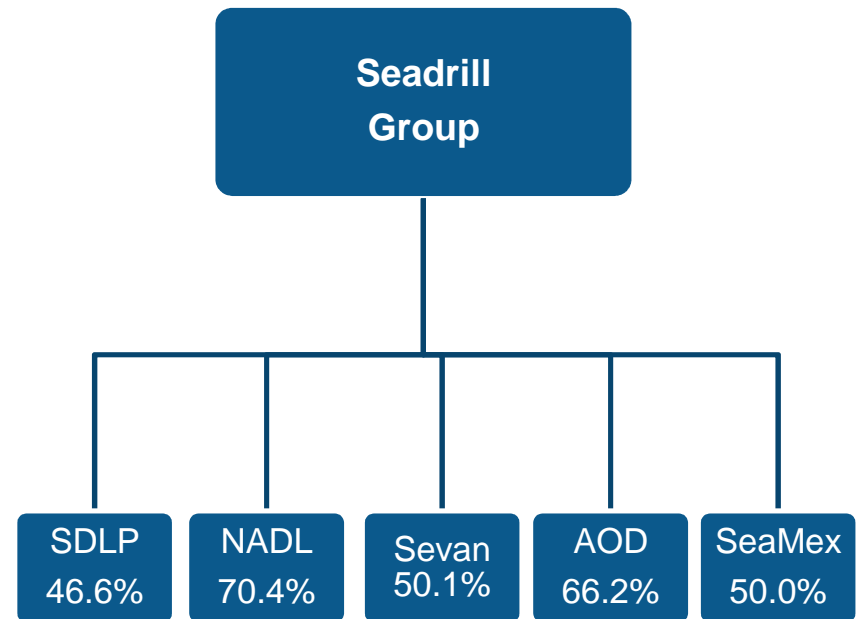
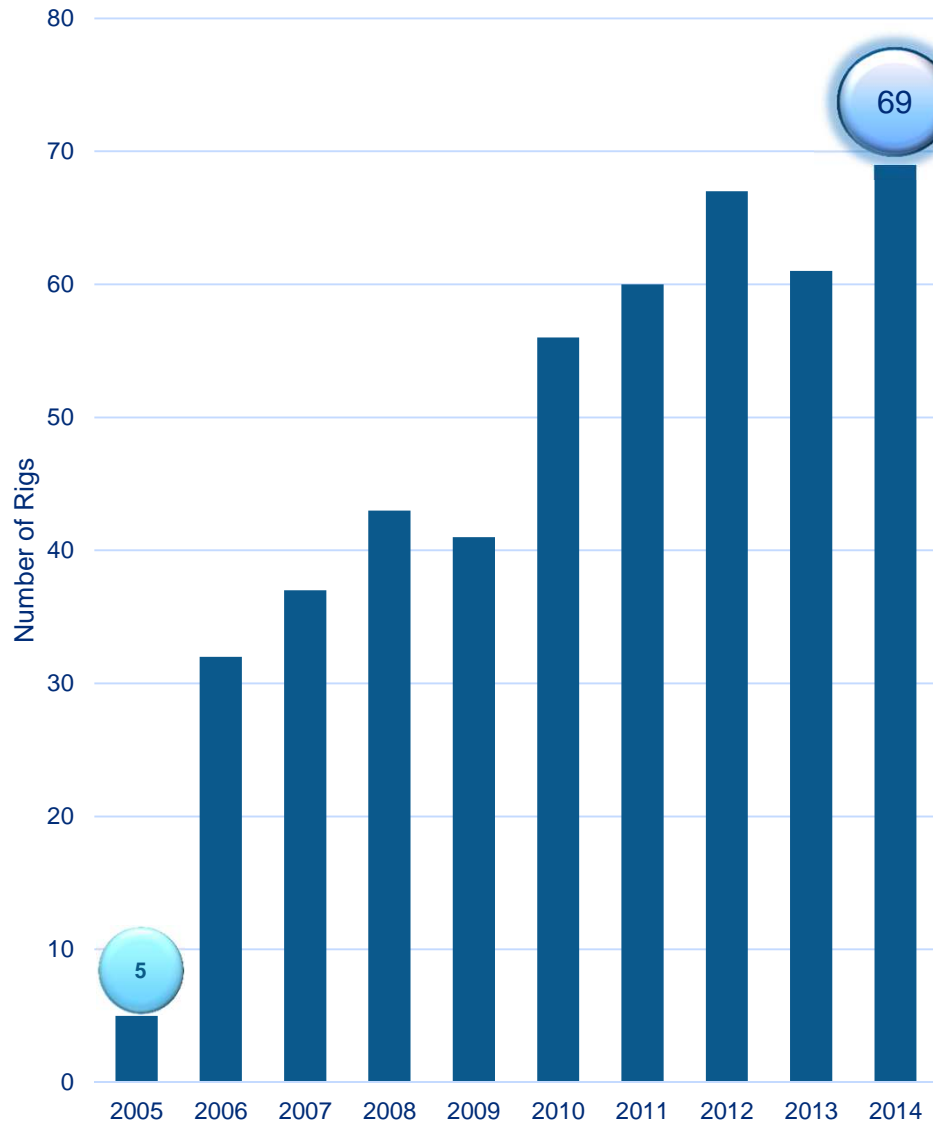
## **This was the story**

- "Crazy speculators..."
- "They cannot build all these rigs..."
- "No one will ever award them a contract..."
- "They have no people and cannot operate..."

**...Where did we go from here?**

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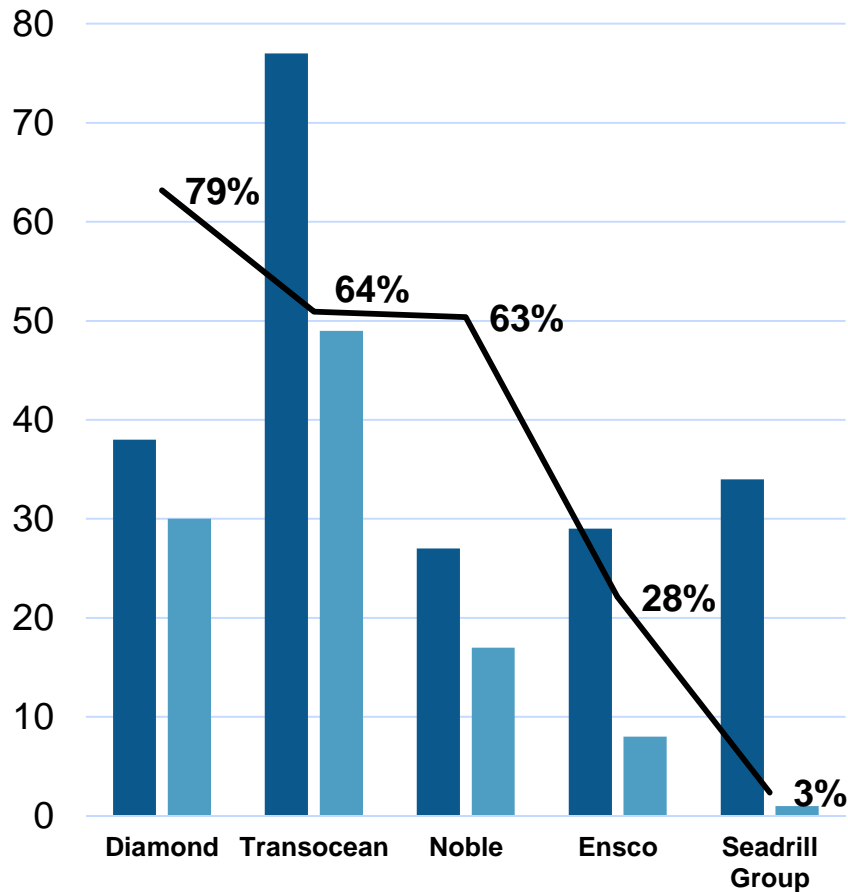
# The World's Leading Drilling Company



# Strongest Fleet Profile in the Industry

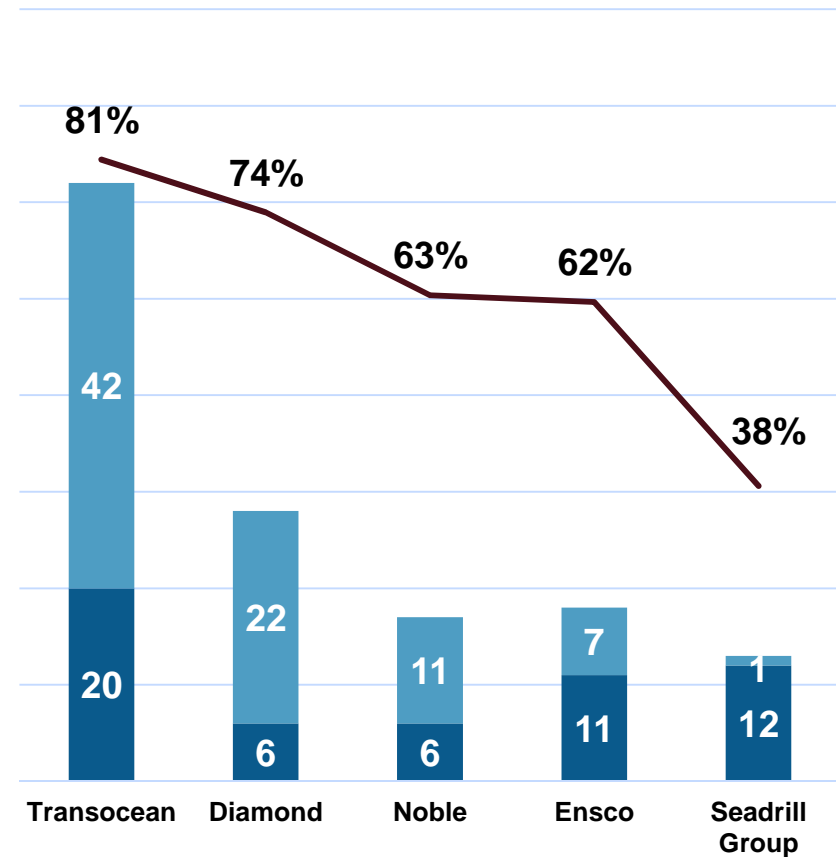


**% of Fleet Older than 15 Years**



■ Total delivered floater fleet by end of 2016  
■ # floaters built before 2000  
— % of floater fleet built before 2000

**Free and Clear Floater Availability Until End of 2016**

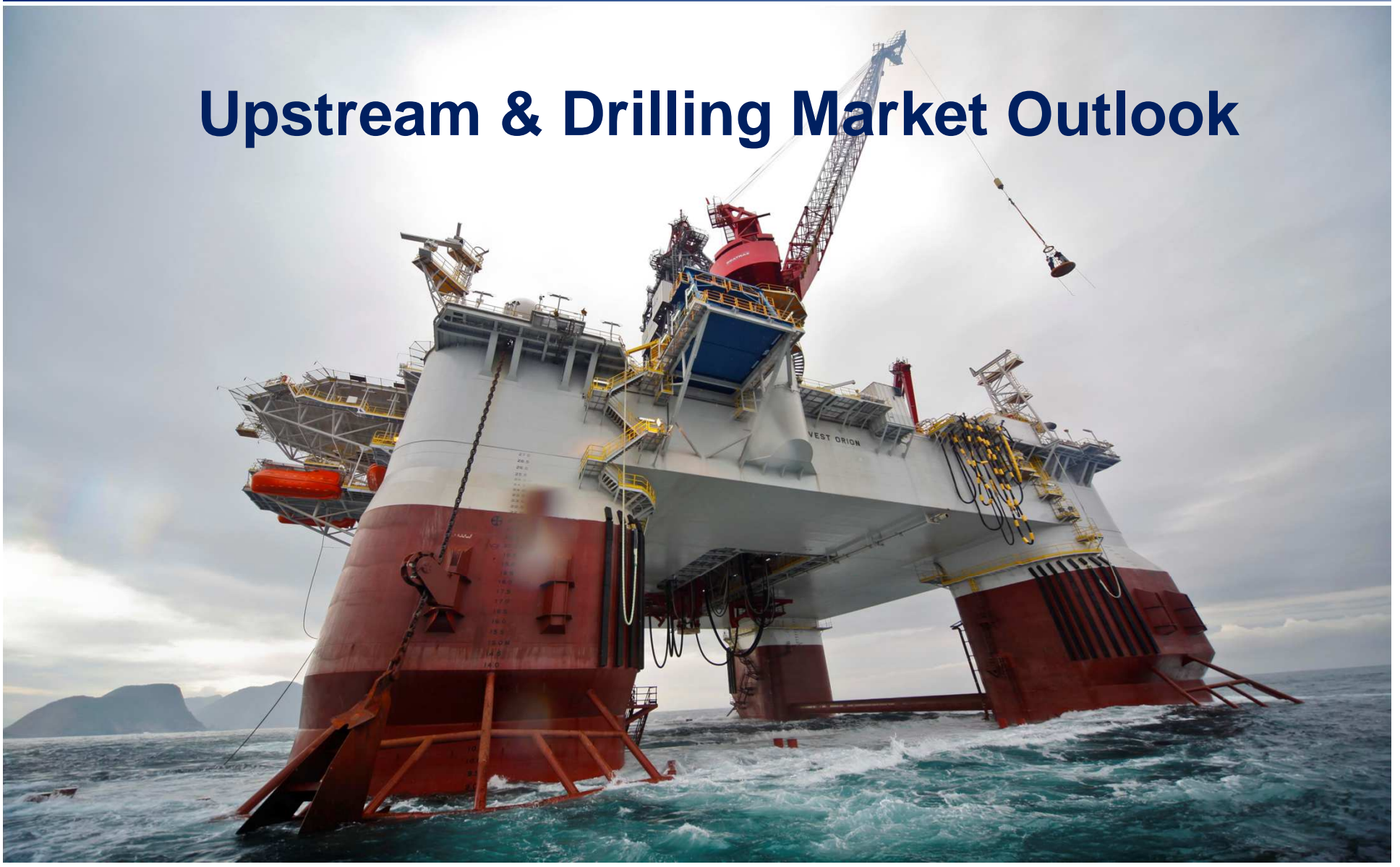


■ Floaters > 7,500 ft ■ Floaters 0 - 7,500 ft  
— % of floater fleet

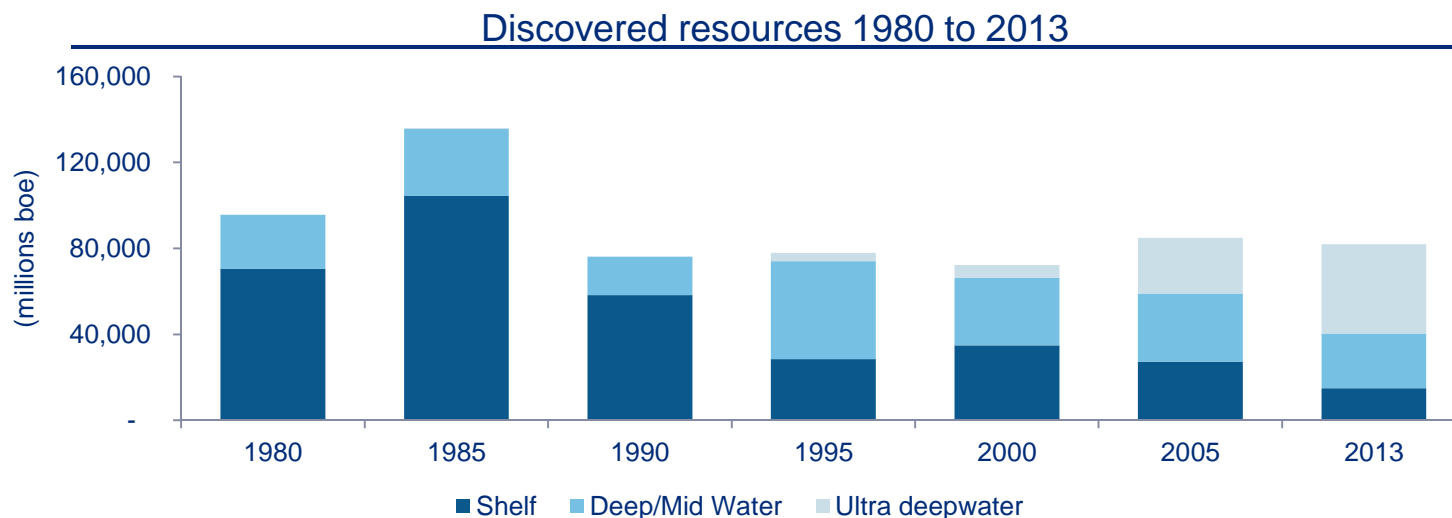
Source: IHS PetroData

- Free and Clear Availability
- Includes stacked units
- Total fleet measured including deliveries until end of 2016

# Upstream & Drilling Market Outlook



# Recent Discoveries to Become Produced Volumes

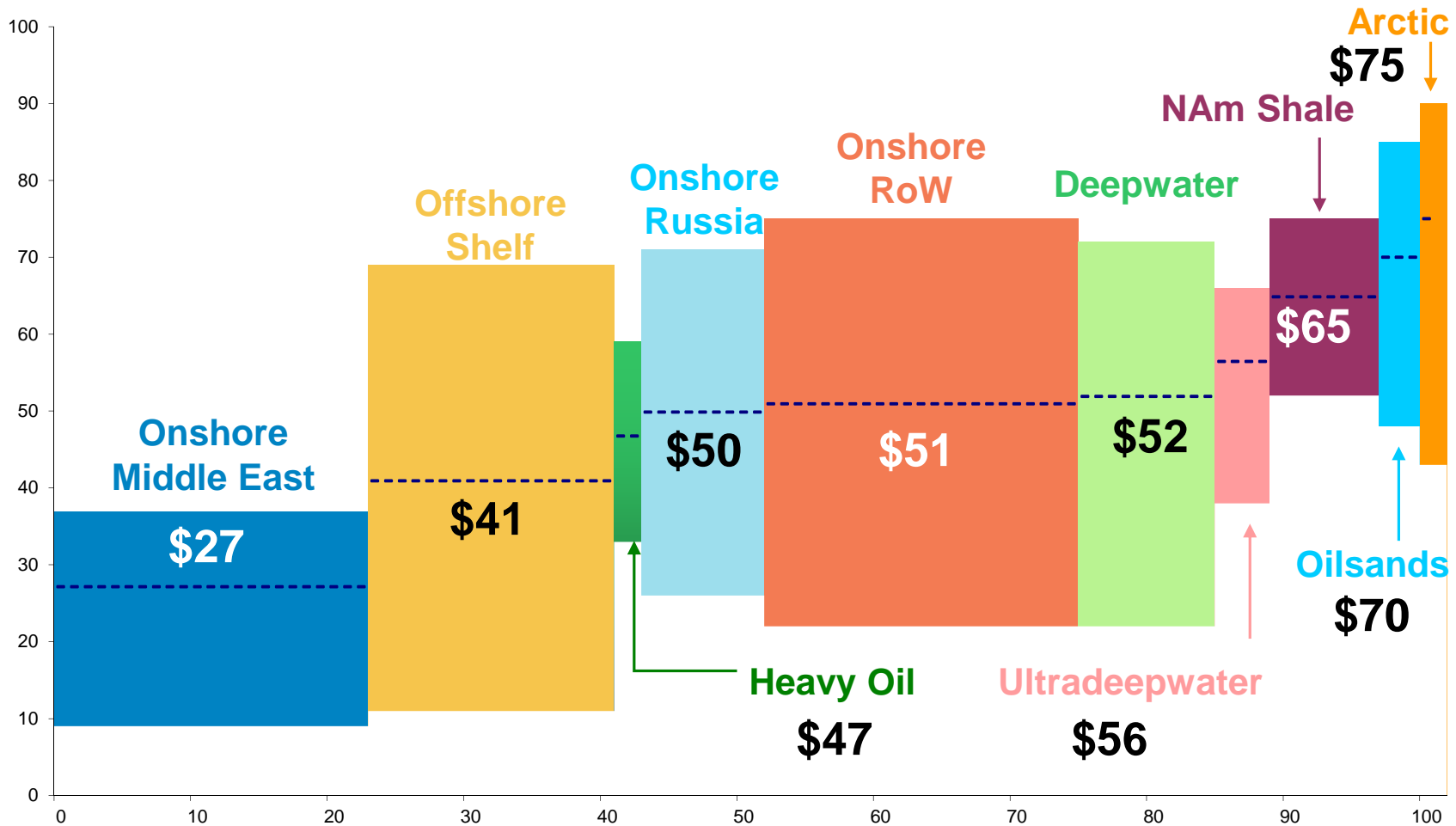


## Resources discovered and produced 2000-2013

Group	Waterdepth	Produced (bn boe)	Discovered (bn boe)	Replacements (ratio)
Off-shore	Ultra Deepwater: 7,500 ft	0.5	8	16.4
	Deep / Mid: 400 - 7,599 ft	63	154	2.5
	Shelf: 400 ft	163	77	0.5
	<b>Total</b>	<b>227</b>	<b>239</b>	<b>1.1</b>
On-shore	On-shore	485	456	0.9
On-shore Off-shore	<b>Global</b>	<b>712</b>	<b>695</b>	<b>1.0</b>



# Margin Drives Long Term Investments

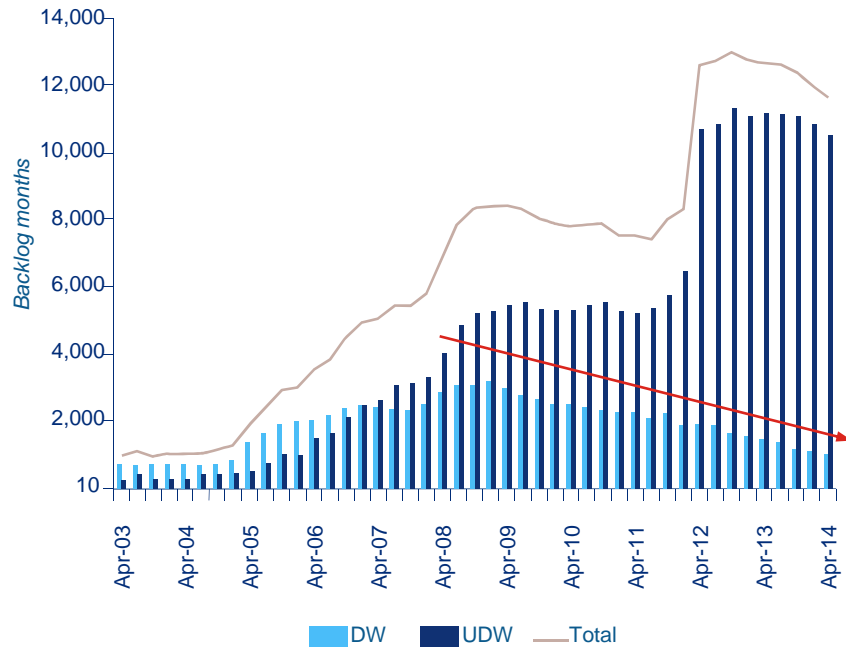


**Deep and Ultra-deep Well Positioned on Cost Curve**

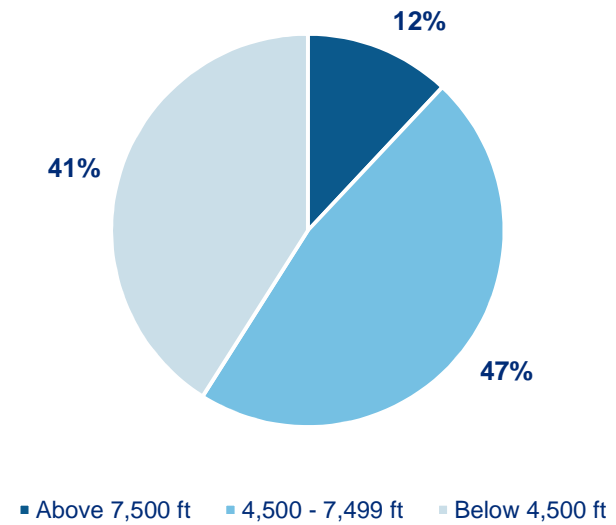
(1) Average IEA crude oil import price  
 Source: Morgan Staley Equity Research

# Preferential Demand for Newer Rigs

### Contract Backlog UDW & DW



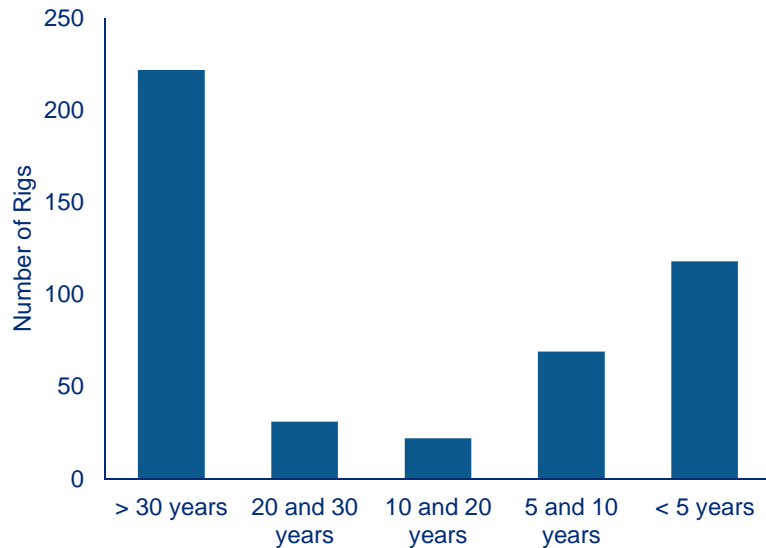
### Operating Water Depth



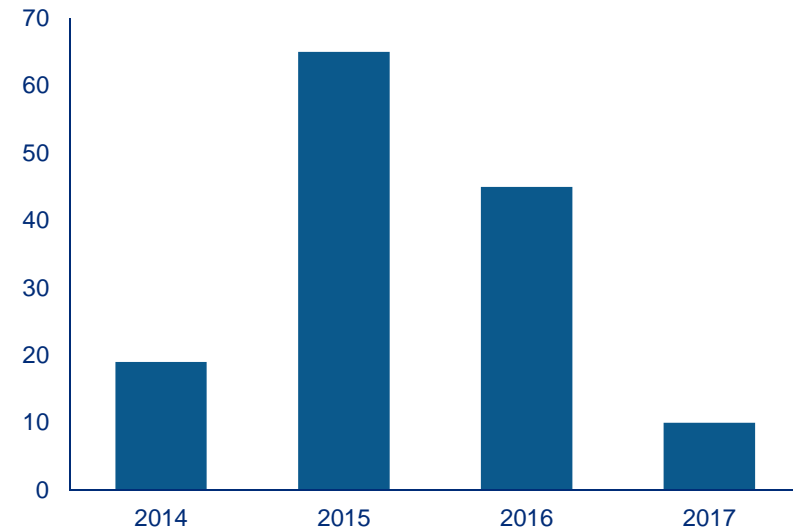
***Bifurcation is a Reality***

# Jack-Up Market Fundamentals

### Jack-up Fleet Age



### Jack-up Delivery Schedule



- **Current Jack-up market is tight, however...**
- **139 Jack-ups to be delivered until the end of 2017, or ~30% addition to supply**  
→ This picture is not as bad as it seems...
- **222 rigs in the current fleet are in excess of 30 years old, and scrapping of units likely**
- **Long term fundamentals are intact, operators continue to appreciate benefits of high specification units**

# Seadrill Partners



# Long Term Contracts & High Quality Customers

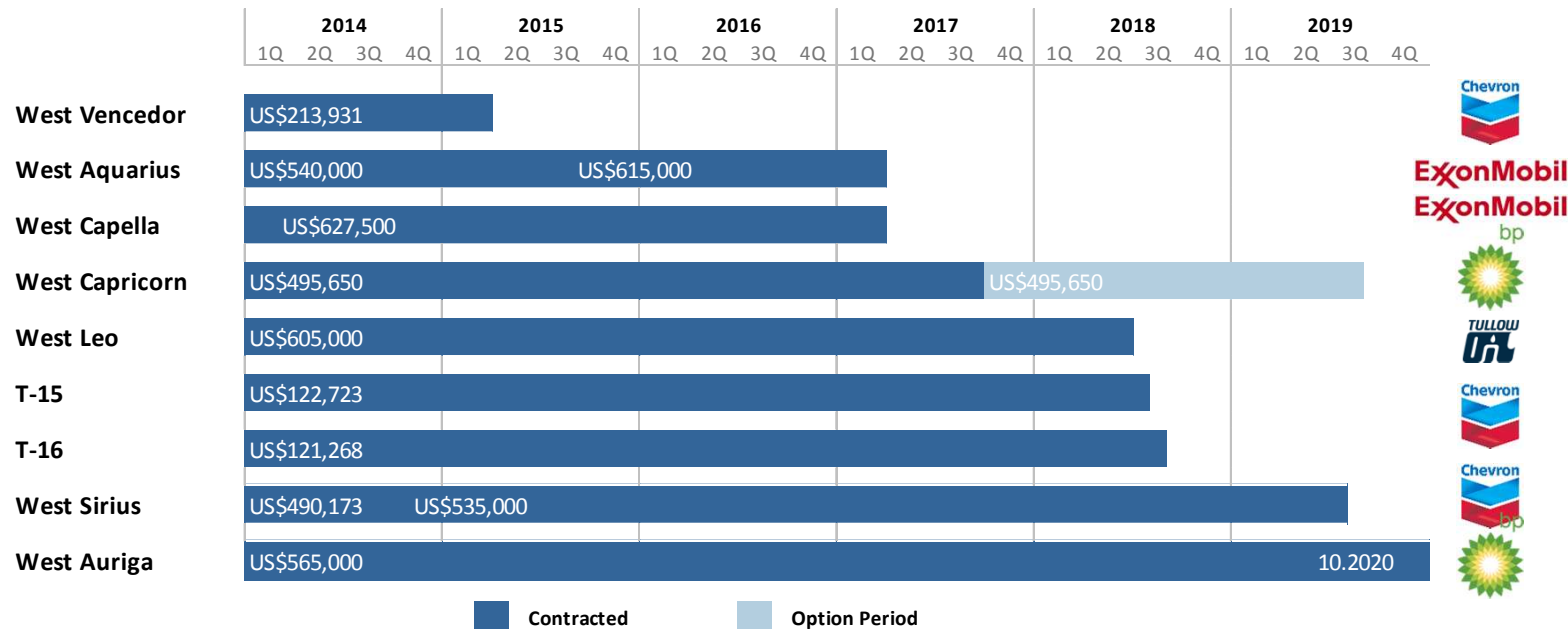


(NYSE: SDLP)

Market Cap: ~\$2.9 billion <sup>(1)</sup>

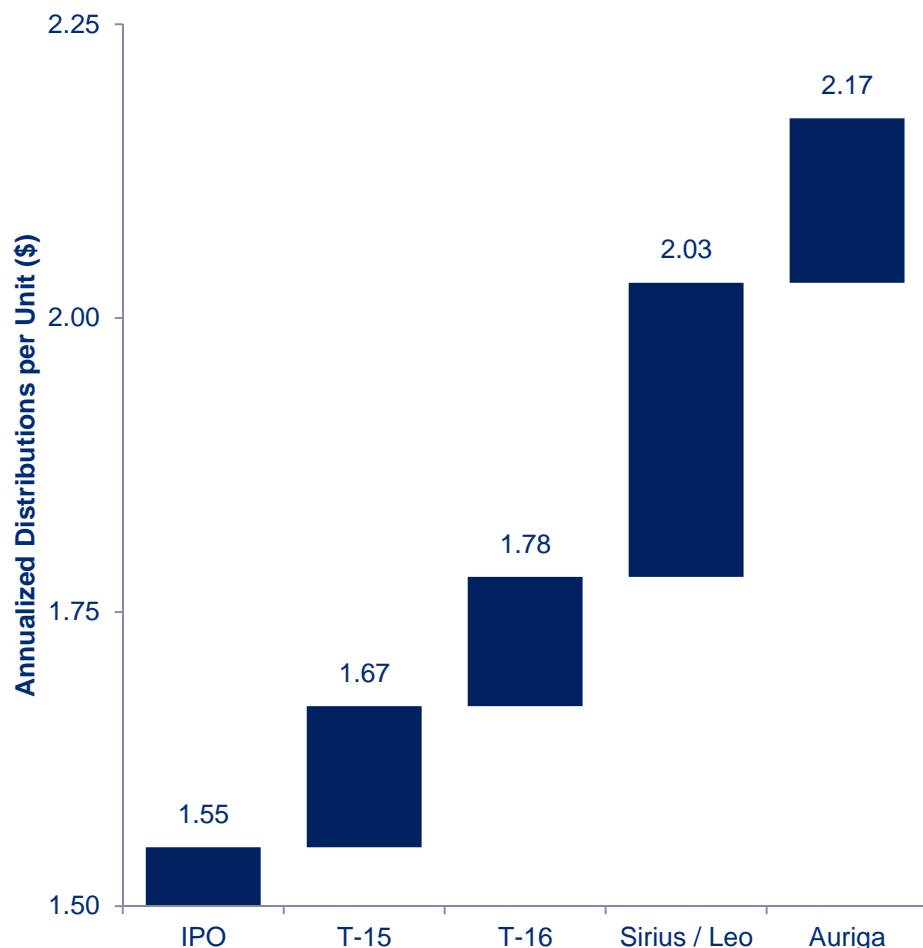
## Key Characteristics

- Long-term contracted modern deepwater drilling assets
- Managed growth via dropdowns and third-party acquisitions
- No newbuild construction and startup risk



(1) As of September 29, 2014

# Significant Progress Since IPO – More Growth to Come



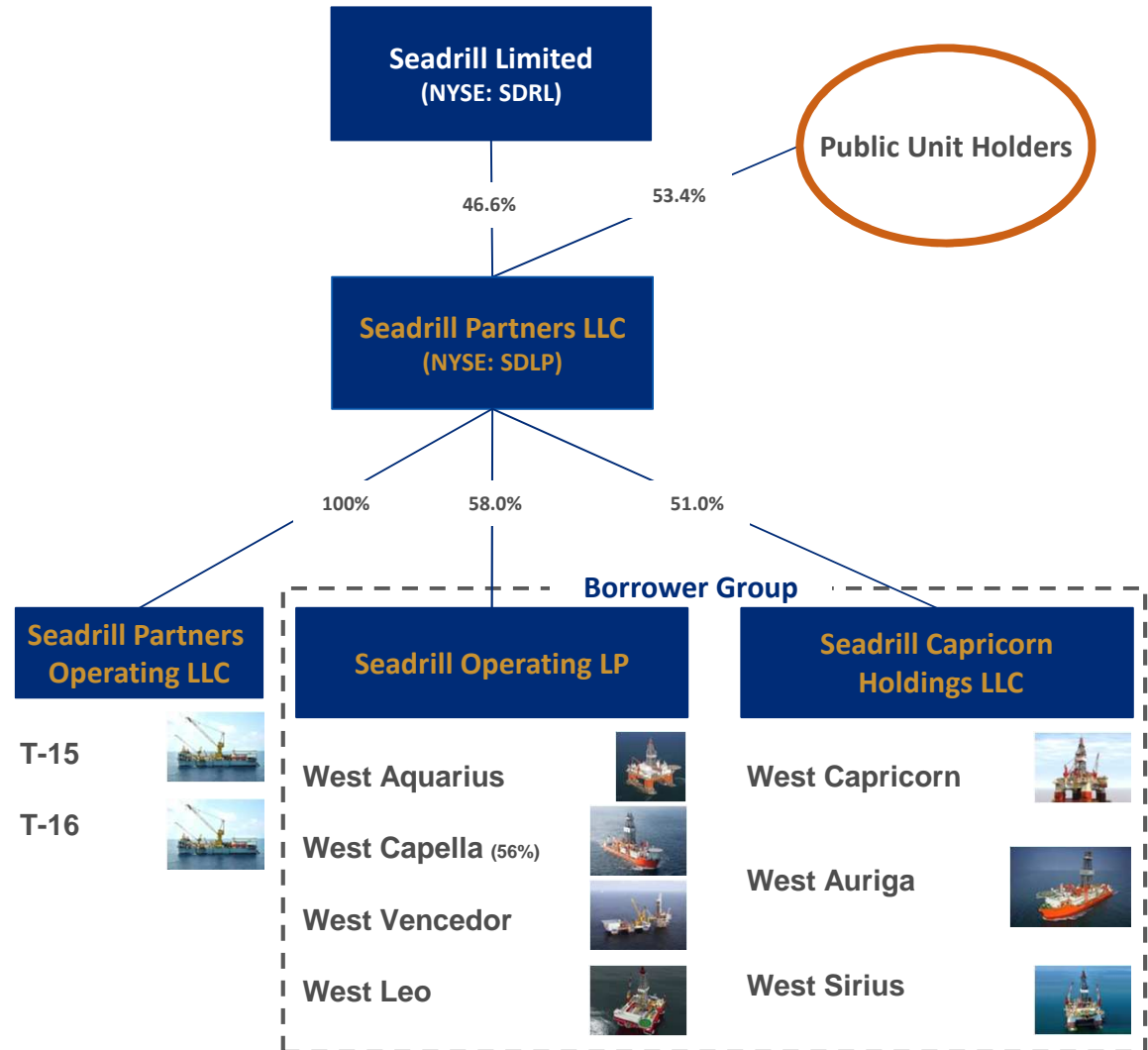
## Major Events to Date

- Tender rig T-15 acquired for US\$210 million
- Tender rig T-16 acquired for US\$200 million
- West Sirius and West Leo acquired for a total consideration of US\$2.3 billion on a 100% basis
- US\$1.8 billion term loan B and US\$100 million revolver executed, creating a more efficient capital structure
- West Auriga acquired for US\$1.24 billion on a 100% basis
- US\$1.1 billion add-on term loan B
- Public offering of US\$192 million, and private placement to Seadrill Limited of \$100 million
- Acquired an additional 28% interest in Seadrill Operating LP for approximately \$373 million
- Public offering of US\$256 million

# Add-on Term Loan B Refinancing

## Refinances Existing Debt Facilities

- Issued \$1.1bn add-on to existing \$1.8bn Term Loan B facility
- More efficient 1% annual amortization profile
- Frees additional funds to re-invest in fleet growth
- Debt maturity profile staggered against contract rollovers and extends maturity profile
- Priced at existing rate of Libor plus 3%, swapped to fixed of ~5.5%



# Growth - Additional UDW rigs from Seadrill



Unit	Customer	2014			2015				2016				2017						
		2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
West Alpha	ExxonMobil	US\$537,000												US\$552,000		Rosneft			
West Vela	BP	US\$565,000												11.2020					
West Auriga	BP	US\$565,000												10.2020					
West Rigel	Rosneft	Newbuild						Rosneft						07.2020					
West Mira	Husky	Newbuild						Transit		US\$590,000						06.2020			
West Navigator	Centrica Energi NUF / Rosneft	US\$589'			US\$628'			Rosneft						01.2020					
West Jupiter	Total	Newbuild			Transit			US\$567,000						11.2019					
West Sirius	BP	US\$490			US\$535,000						07.2019								
Sevan Brasil	Petrobras	US\$396,572												07.2018					
West Leo	Tullow Oil	US\$605,000												07.2018					
West Polaris	ExxonMobil	US\$656,736												03.2018					
West Capricorn	BP	US\$495,650												US\$495'					
West Hercules	Statoil	US\$503,000												US\$503,000					
West Neptune	LLOG	Newbuild			Transit			US\$570,000											
West Gemini	Total	US\$656,000																	
West Capella	ExxonMobil	US\$627,500																	
West Aquarius	ExxonMobil	US\$540,000						US\$615,000											
Sevan Louisiana	LLOG	US\$505,000																	
West Saturn	ExxonMobil	Newbuild						US\$610,000											
West Eclipse	Total	US\$450,000												US\$455,000					
West Pegasus	PEMEX	US\$555'			US\$461,362			Market Rate											
West Orion	Petrobras	US\$624,460																	
Sevan Driller	Petrobras	US\$421,641																	
West Phoenix	Total	US\$465,000																	
West Venture	Statoil	US\$448,000																	
West Eminence	Petrobras	US\$624,460																	
West Taurus	Petrobras	US\$656,662																	
West Tellus	Chevron	\$635																	
Sevan Developer	-	Newbuild																	
West Carina	-	Newbuild																	
West Draco	-	Newbuild																	
West Dorado	-	Newbuild																	
West Aquila	-	Newbuild																	
West Libra	-	Newbuild																	

Floaters

Option    Yard or transit period    SDLP Rigs





## Core Assets

- 32 6<sup>th</sup> generation ultra-deepwater units
- 2 Midwater harsh environment semi-submersible rigs
- 29 High-specification jack-ups
- 3 Harsh environment jack-ups
- 3 Tender rigs

## Financial Investments



8.18% of SapuraKencana –  
Market Value ~US\$630mm



50.11% of Sevan Drilling –  
Market Value ~US\$100mm



39.9% of Archer –  
Market Value ~US\$320mm