

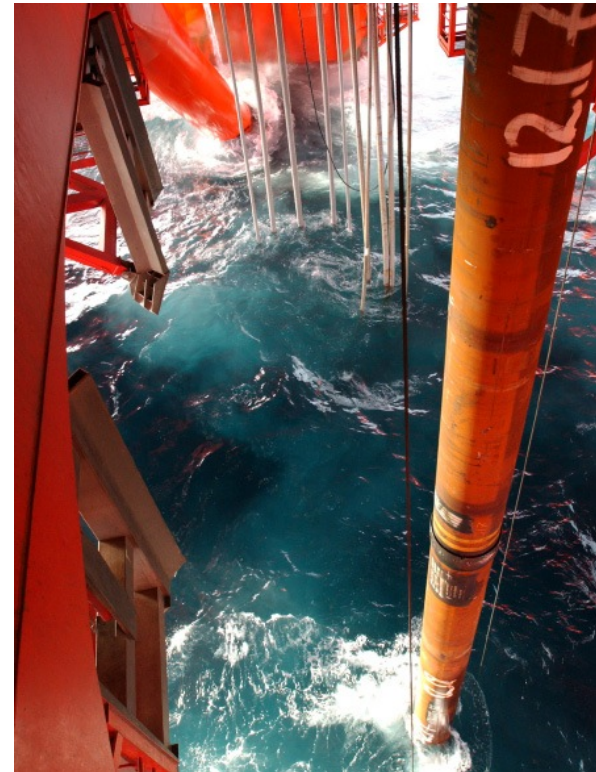
# 2Q 2012

## Conference call – 2Q 2012 results

*August 27, 2012*

**Seadrill** 

- Highlights 2Q 2012
- Market outlook
  - Floaters
  - Jack-ups
  - Tender rigs
- Contract backlog
- 2Q 2012 accounts
  - Seadrill
  - North Atlantic Drilling
- Q&A session

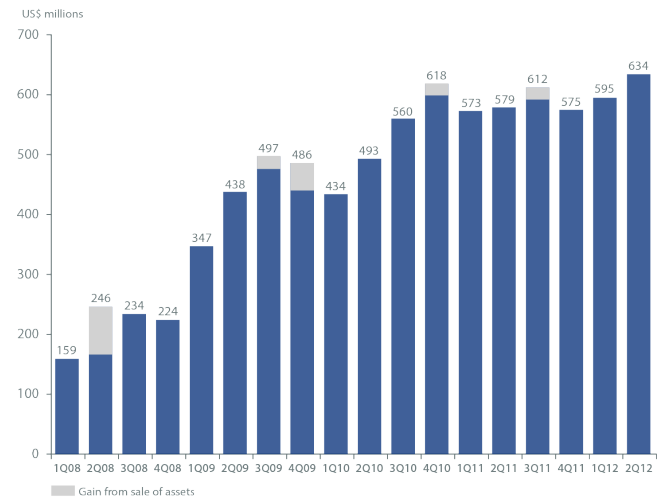


# Highlights – Second quarter 2012

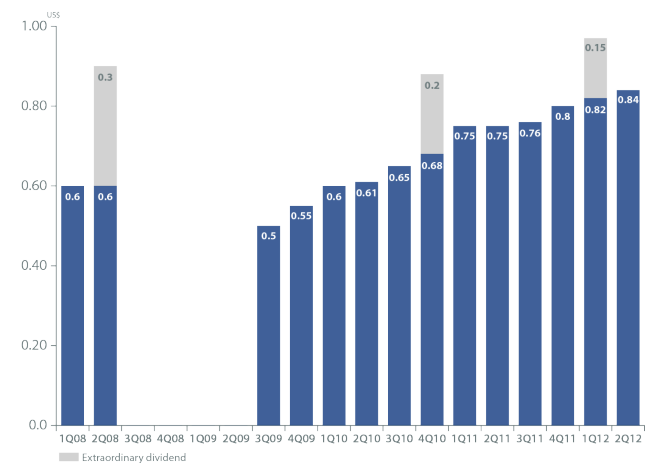


- Seadrill generates second quarter 2012 EBITDA of US\$634 million
- Seadrill reports second quarter 2012 net income of US\$554 million and earnings per share of US\$1.12
- Continued strong operational performance
- Since 1<sup>st</sup> quarter reporting, Seadrill has secured new contracts and commitments totaling US\$7.6 billion
- Seadrill increases regular quarterly cash dividend per share from US\$0.82 to US\$0.84

Quarterly EBITDA



Dividend distribution per share



# Global Operational Footprint

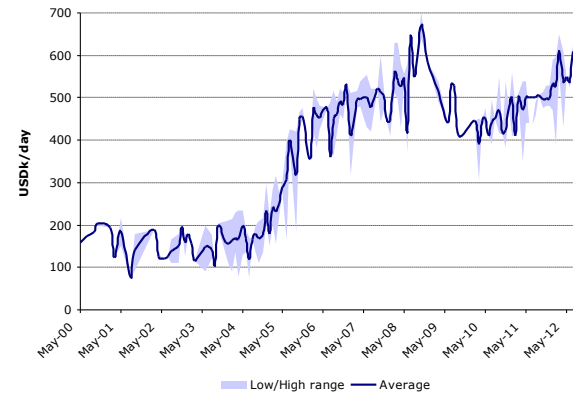


**Significant part of our jack-up fleet has been on the move**

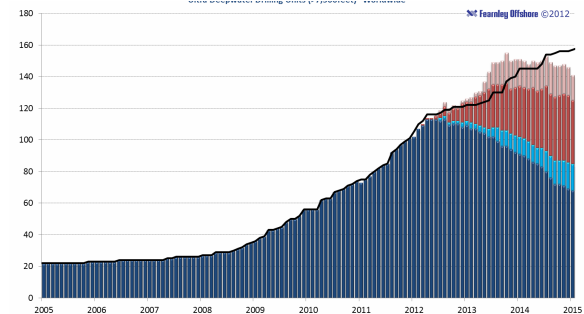
\*Includes five tender rigs owned by Varia Perdana

- Market more or less sold out for 2013, limited availability in 2014
- Daily rates are approaching the previous high level seen in 2008
- More customers are re-contracting rigs
- Development drilling programs are materializing – activity expected to increase
- 70% of ultra-deepwater fleet performing exploration drilling
- Emphasis from customers on quality equipment and track-record of operations
- Harsh environment: significant discoveries, ageing fleet and barriers to entry; all catering for additional demand for newbuilds

Historical daily rates for ultra-deepwater rigs



Ultra-deepwater supply/demand



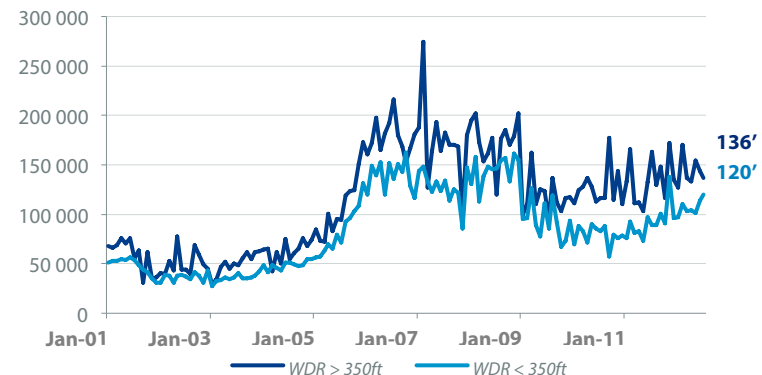
**Demand outpacing supply ... limited rig availability**

- Daily rates improving
- Near term availability decreasing
- Bifurcation between premium and standard jack-ups continuing
- Strong demand from Middle East and SE Asia
- Slight increase in newbuild prices and reduction in newbuild orders
- Decrease in number of stacked jack-ups, but not many left to reactive

Utilization for jack-up rigs



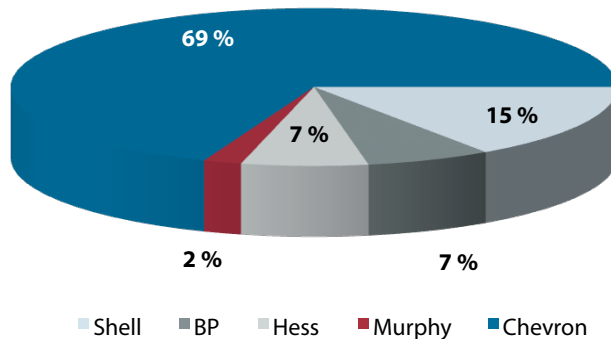
Jack-up dayrates



**Market improving – newbuilds from 2010 & 2011 absorbing demand**

- Daily rates improving with long-term contracts
- West Africa is increasingly attracted to this concept
- New rigs replacing an ageing fleet
- Seadrill has 54% of the market, customers increasingly value track-record
- Seadrill is driving the market and has the technological know-how

Customers

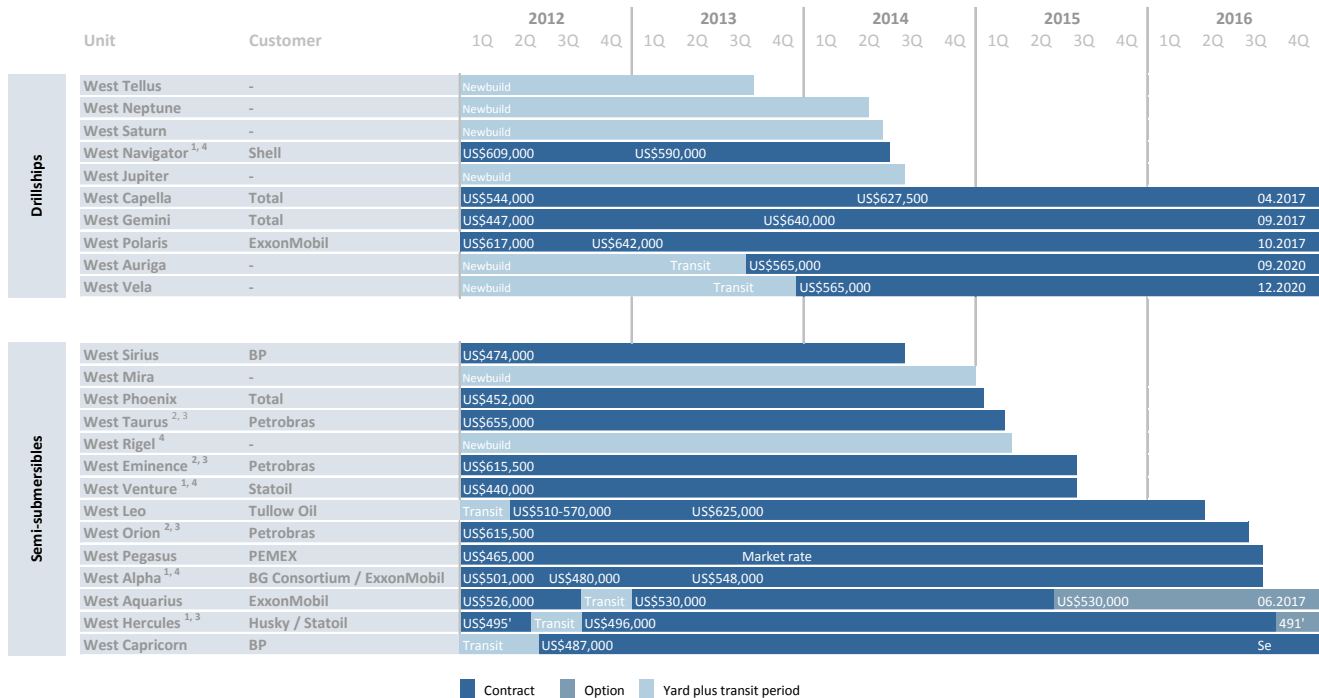


Recent Fixtures

Unit	Dayrate	Term	Area
West Setia	US\$223,000	2.0yr	West Africa
West Esperanza	US\$235,000	1.5yr	Equatorial Guinea
T11	US\$127,500	4.0yr	Thailand
T17	US\$118,000	5.0yr	Thailand

***Quality equipment required for enhanced reservoir recovery***

# Floaters - US\$15.5 billion contract backlog



<sup>1</sup> Dayrate is partly in Norwegian kroner (USD /NOK 5.90)

<sup>2</sup> Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax.

<sup>3</sup> Dayrate will in the accounts be booked partly net of service tax.

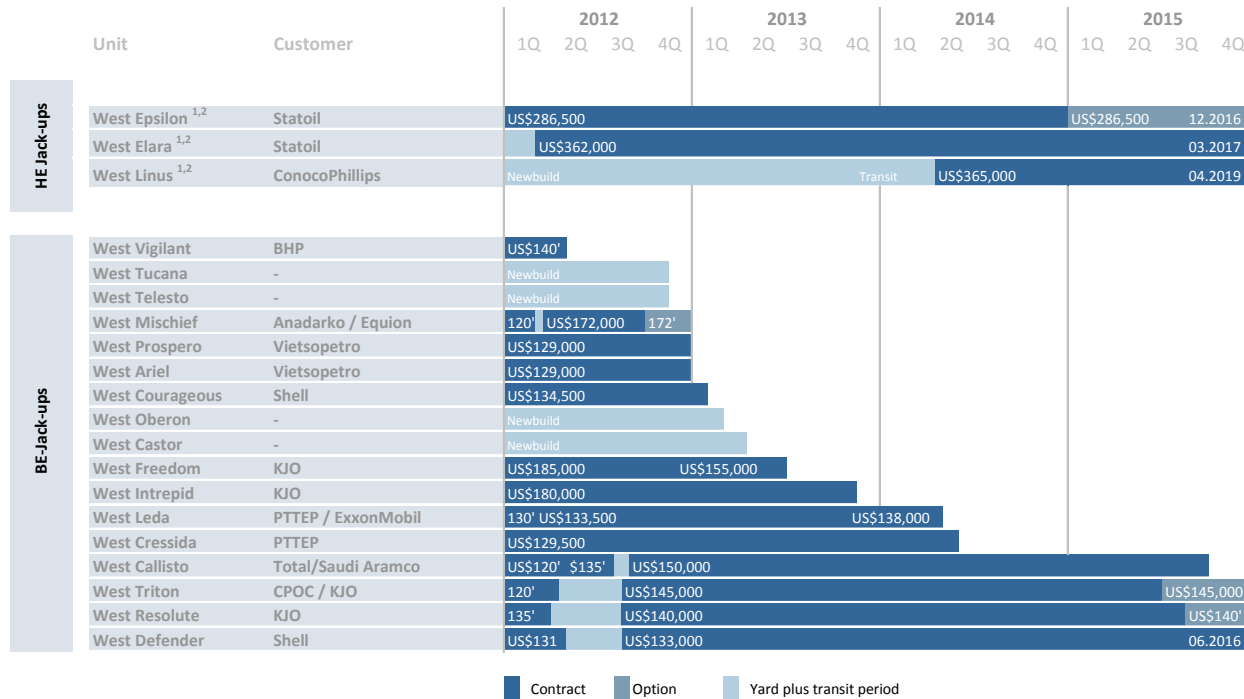
<sup>4</sup> Ownership 73%

## Sold out 2013...prime position with newbuilds in 2014





# Jack-ups - US\$2.6 billion contract backlog



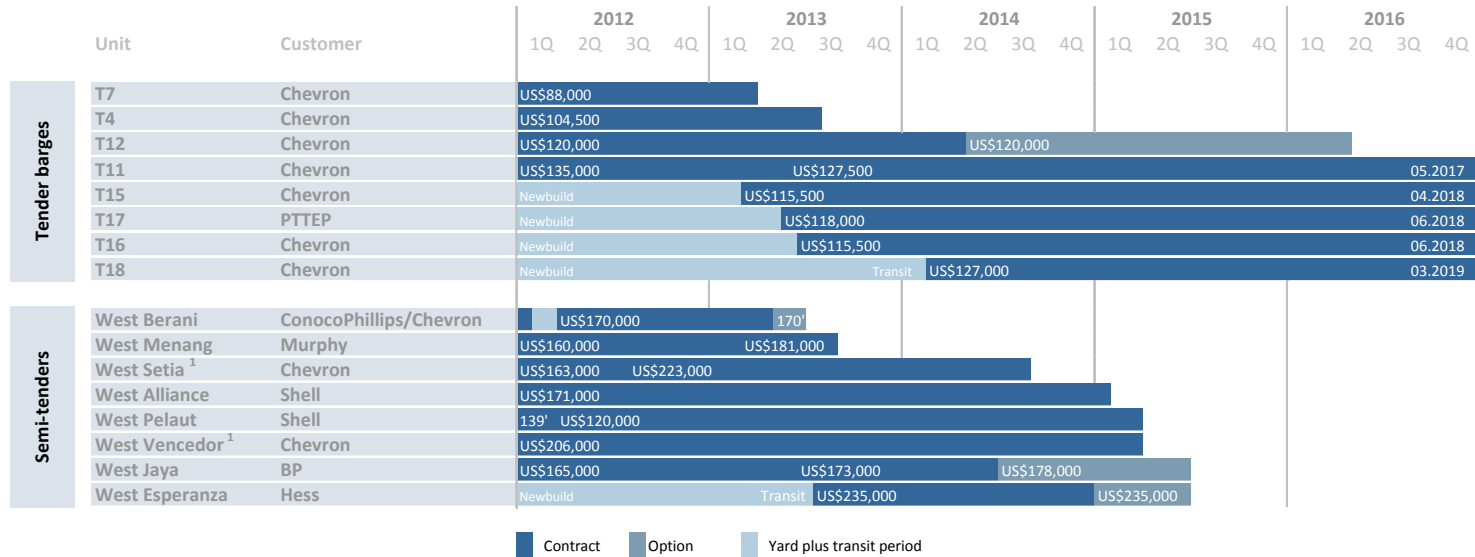
<sup>1</sup> Ownership 73%

<sup>2</sup> Dayrate is partly in Norwegian kroner (USD/NOK 5.90)

## Diverse portfolio of short and long-term contracts



# Tender rigs - US\$2.2 billion contract backlog

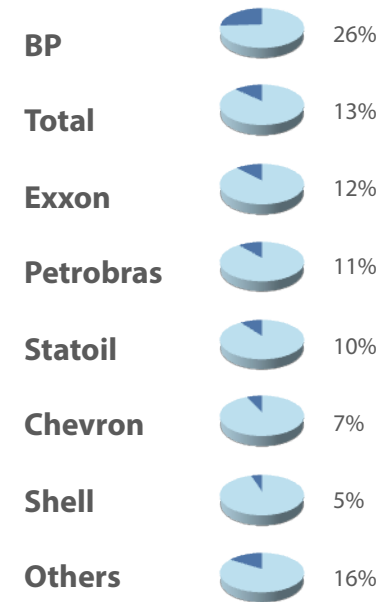
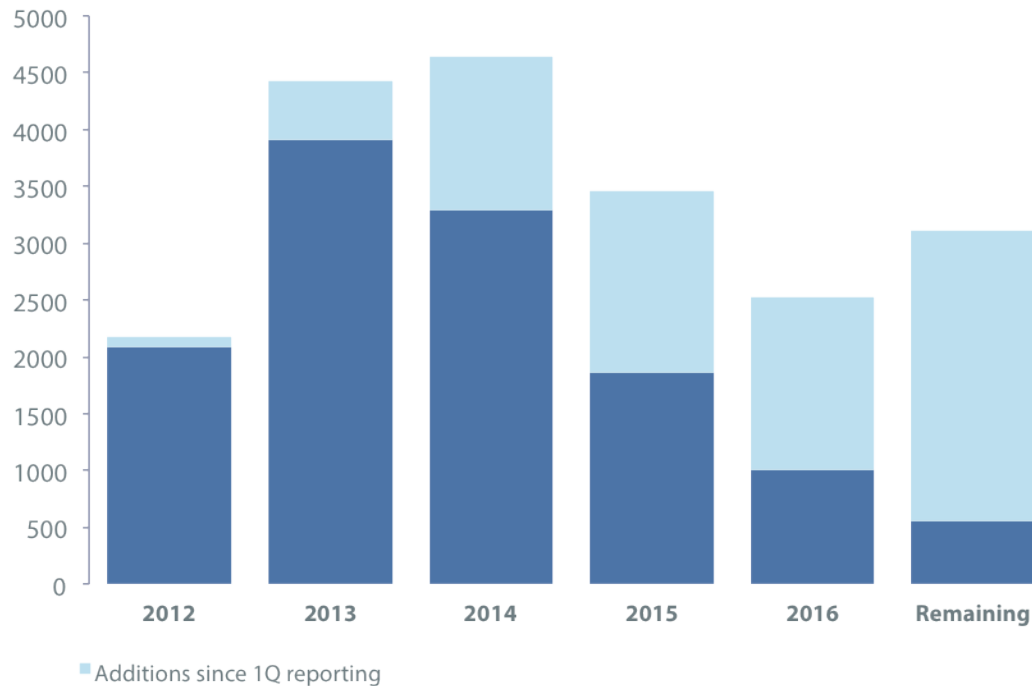


<sup>1</sup> Dayrate is partly in Euros (EUR/USD 1.30)

## Strong performance...solid customers...long-term contracts



# US\$20.3 billion contract backlog



***Attractive backlog.....quality customers...superb visibility***

- Strong operational performance
- Record high revenue backlog and earnings visibility
- US\$6 billion investment program in the best market seen in the last 10 years
- US\$4 billion EBITDA target still remains
- Advanced discussions to fund the newbuilding program, ECA financing, bonds, strong support from commercial banks
- Shareholder return still paramount

**Positioned to deliver shareholder return**



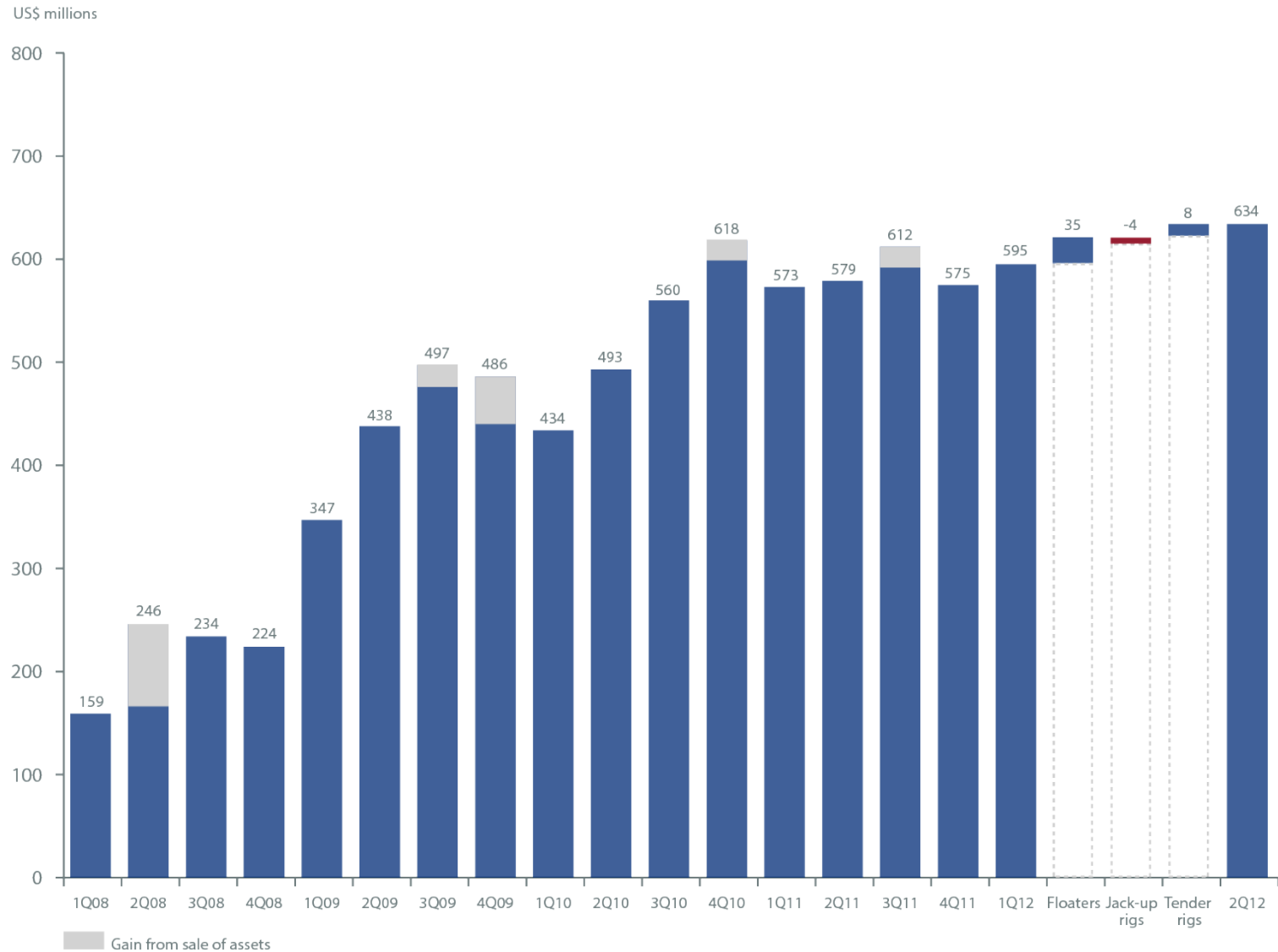
# Financial performance highlights



# Financial performance highlights

	This quarter	Previous quarter
EBITDA	US\$634 m	US\$595 m
Earnings per share	US\$1.12	US\$0.89
Operating profit	US\$483 m	US\$456 m
Financial items	US\$114 m	US\$24 m
Cash flow from operating activities	US\$482 m	US\$454 m
Dividend declared per share	US\$0.84	US\$0.82
Extraordinary dividend per share	-	US\$ 0.15

# EBITDA contribution



# Operating Income - Floaters

<i>Unaudited accounts in USD millions</i>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>
Operating revenues	718	656	674	673
Reimbursables	11	9	14	18
Other revenues	0	0	2	2
<b>Total operating revenues</b>	<b>728</b>	<b>665</b>	<b>690</b>	<b>693</b>
Gain on sale of assets	-	-	-	-
Vessel and rig operating expenses	247	212	218	205
Reimbursable expenses	9	8	13	17
Depreciation and amortisation	101	94	94	89
General and administrative expenses	26	33	37	34
<b>Total operating expenses</b>	<b>383</b>	<b>347</b>	<b>362</b>	<b>345</b>
<b>Net operating income</b>	<b>346</b>	<b>318</b>	<b>328</b>	<b>349</b>



# Operating Income – Jack-up rigs

<i>Unaudited accounts in USD millions</i>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>
Operating revenues	186	199	199	188
Reimbursables	16	11	5	4
Other revenues	(3)	(3)	(6)	(6)
<b>Total operating revenues</b>	<b>199</b>	<b>207</b>	<b>198</b>	<b>186</b>
Gain on sale of assets	0	0	(1)	23
Vessel and rig operating expenses	73	88	114	95
Reimbursable expenses	16	10	4	3
Depreciation and amortisation	36	32	33	31
General and administrative expenses	15	10	10	9
<b>Total operating expenses</b>	<b>140</b>	<b>140</b>	<b>161</b>	<b>138</b>
<b>Net operating income</b>	<b>59</b>	<b>67</b>	<b>36</b>	<b>71</b>

# Operating Income – Tender rigs

<i>Unaudited accounts in USD millions</i>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>
Operating revenues	183	169	167	146
Reimbursables	10	6	3	2
Other revenues	2	3	0	0
<b>Total operating revenues</b>	<b>195</b>	<b>178</b>	<b>170</b>	<b>148</b>
Gain on sale of assets	0	0	(1)	23
Vessel and rig operating expenses	85	79	74	68
Reimbursable expenses	9	6	3	1
Depreciation and amortisation	14	13	12	12
General and administrative expenses	8	9	9	7
<b>Total operating expenses</b>	<b>117</b>	<b>107</b>	<b>99</b>	<b>88</b>
<b>Net operating income</b>	<b>78</b>	<b>71</b>	<b>72</b>	<b>60</b>

# Operating Income – Total Seadrill Limited

<i>Unaudited accounts in USD millions</i>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>
Operating revenues	1087	1025	1040	1007
Reimbursables	37	25	22	24
Other revenues	(1)	0	(3)	(2)
<b>Total operating revenues</b>	<b>1122</b>	<b>1050</b>	<b>1059</b>	<b>1029</b>
Gain on sale of assets	0	0	(1)	23
Vessel and rig operating expenses	404	381	406	367
Reimbursable expenses	34	23	21	22
Depreciation and amortisation	151	139	139	132
General and administrative expenses	50	51	56	51
<b>Total operating expenses</b>	<b>639</b>	<b>594</b>	<b>622</b>	<b>572</b>
<b>Net operating income</b>	<b>483</b>	<b>456</b>	<b>436</b>	<b>480</b>

# Net Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>	<b>3Q11</b>
Net operating income	483	456	436	480
<b>Financial items</b>				
Interest income	4	4	4	5
Interest expense	(76)	(71)	(75)	(64)
Share in results from associated companies	15	18	(482)	26
Gain/(Loss) in financial derivatives	(96)	91	33	(330)
Foreign exchange gain/(loss)	12	(20)	14	(4)
Realization of marketable securities	85	0	0	0
Gain on decline in ownership interest	169	0	0	0
Other financial items	1	2	5	(6)
<b>Total financial items</b>	<b>114</b>	<b>24</b>	<b>(501)</b>	<b>(372)</b>
Income/(loss) before income taxes	597	480	(65)	108
Income taxes	(43)	(41)	(41)	(50)
<b>Net income/(loss)</b>	<b>554</b>	<b>439</b>	<b>(106)</b>	<b>58</b>
<b>Earnings/(loss) per share (US\$)</b>	<b>1.12</b>	<b>0.89</b>	<b>(0.28)</b>	<b>0.07</b>

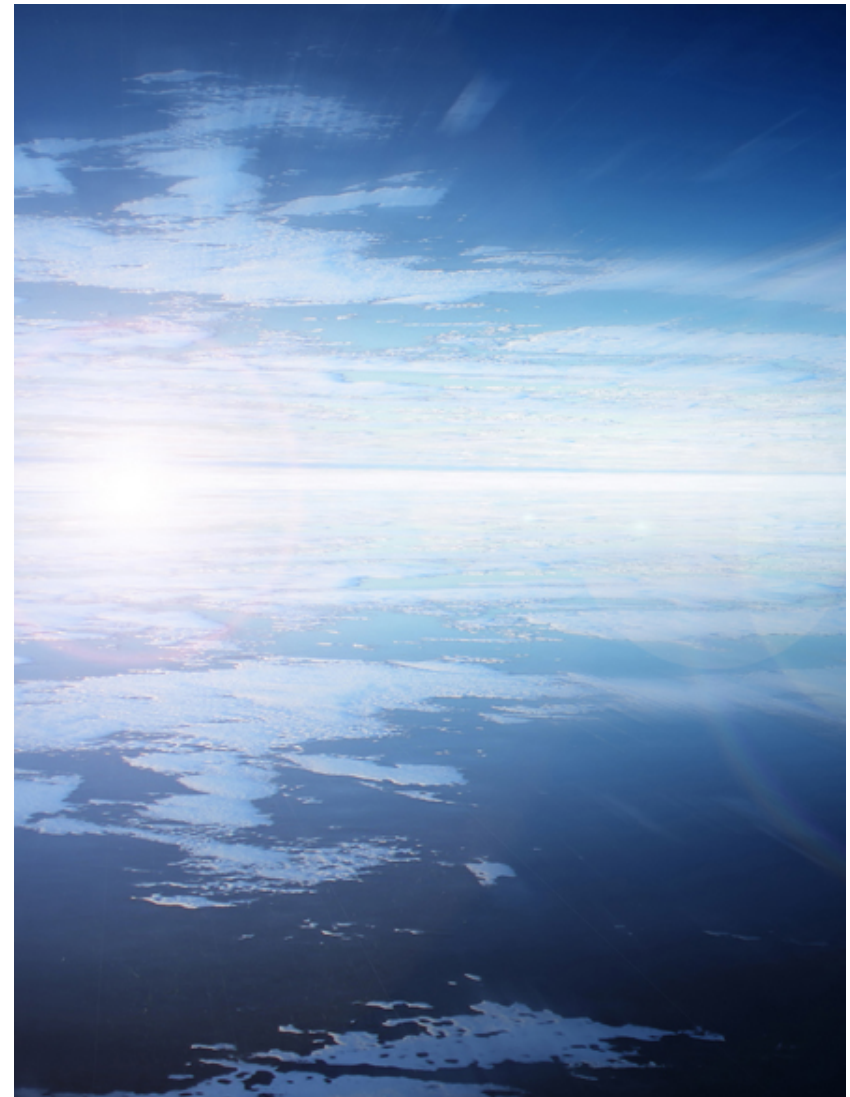
# Balance sheet - Assets

<i>Unaudited accounts in USD millions</i>	<b>June 30, 2012</b>	<b>March 31, 2012</b>
<b>Current assets</b>		
Cash and cash equivalents	276	445
Restricted cash	162	134
Marketable securities	227	20
Accounts receivables, net	866	806
Amount due from related party	190	234
Other current assets	251	304
<b>Total current assets</b>	<b>1972</b>	<b>1943</b>
<b>Non-current assets</b>		
Investment in associated companies	700	753
Newbuildings	1404	2518
Drilling units	13011	11630
Goodwill	1320	1320
Restricted cash	227	255
Deferred tax assets	21	31
Equipment	33	30
Other non-current assets	245	222
<b>Total non-current assets</b>	<b>16962</b>	<b>16759</b>
<b>Total assets</b>	<b>18934</b>	<b>18702</b>

## Balance Sheet – Liabilities and Shareholdre’s Equity

	June 30, 2012	March 31, 2012
<b>Current liabilities</b>		
Current portion of long-term debt	1462	1459
Trade accounts payable	55	65
Other current liabilities	1271	1295
<b>Total current liabilities</b>	<b>556</b>	<b>532</b>
<b>Non-current liabilities</b>		
Long-term interest bearing debt	8376	8675
Long-term debt to related party	787	435
Deferred taxes	15	32
Other non-current liabilities	253	231
<b>Total non-current liabilities</b>	<b>9431</b>	<b>9373</b>
<b>Equity</b>		
<b>Total shareholder’s equity</b>	<b>6715</b>	<b>6510</b>
<b>Total liabilities and shareholder’s equity</b>	<b>18934</b>	<b>18702</b>

- West Elara completes its first full quarter of operations under 5 year contract with Statoil at close to 100% economical utilization
- Two year contract extension for West Alpha with ExxonMobil with an estimated revenue value of US\$410 million
- Order backlog of more than US\$3.6 billion
- Several prospects for West Rigel – high interest from clients



	This quarter	Previous quarter
EBITDA	US\$156 m	US\$123 m
Earnings per share	US\$0.062	US\$0.051
Operating profit	US\$114 m	US\$86 m
Financial items	US\$(33) m	US\$(28) m
Cash flow from operating activities	US\$106 m	US\$102 m
Dividend declared per share	US\$0.045	US\$0.045



North Atlantic Drilling  
**Operating Income - Total**



<i>Unaudited accounts in USD millions</i>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>
Operating revenues	251	219	226
Reimbursables	16	14	7
Other revenues	0	0	3
<b>Total operating revenues</b>	<b>267</b>	<b>233</b>	<b>235</b>
Vessel and rig operating expenses	86	86	83
Reimbursable expenses	15	13	6
Depreciation and amortisation	42	37	37
General and administrative expenses	11	11	11
<b>Total operating expenses</b>	<b>153</b>	<b>147</b>	<b>137</b>
<b>Net operating income</b>	<b>114</b>	<b>86</b>	<b>99</b>

<i>Unaudited accounts in USD millions</i>	<b>2Q12</b>	<b>1Q12</b>	<b>4Q11</b>
Net operating income	114	86	99
<b>Financial items</b>			
Interest expense	-20	-22	-23
Gain on derivatives	-21	6	-1
Other financial items	8	-13	0
<b>Total financial items</b>	<b>-33</b>	<b>-28</b>	<b>-22</b>
Income before income taxes	81	58	77
Income taxes	-10	-7	-29
<b>Net income</b>	<b>71</b>	<b>51</b>	<b>48</b>
<b>Earnings per share (US\$)</b>	<b>0.062</b>	<b>0.051</b>	<b>0.048</b>

North Atlantic Drilling  
**Balance Sheet- Assets**



	June 30, 2012	March 31, 2012
<b>Current assets</b>		
Cash and cash equivalents	107	179
Restricted cash	19	7
Accounts receivables, net	172	167
Related party receivables	175	-
Deferred tax assets	10	10
Other current assets	32	53
<b>Total current assets</b>	<b>515</b>	<b>416</b>
<b>Non-current assets</b>		
Newbuildings	225	105
Drilling units	2448	2499
Goodwill	481	481
Deferred tax assets	22	25
Other non-current assets	144	148
<b>Total non-current assets</b>	<b>3321</b>	<b>3258</b>
<b>Total assets</b>	<b>3836</b>	<b>3674</b>

# Balance Sheet- Liabilities and Shareholders Equity

	June 30, 2012	March 31, 2012
<b>Current liabilities</b>		
Current portion of long-term debt	167	167
Related party transaction	63	14
Tax payable	145	166
Deferred taxes	11	12
Other current liabilities	171	173
<b>Total current liabilities</b>	<b>556</b>	<b>532</b>
<b>Non-current liabilities</b>		
Long-term interest bearing debt	1667	1708
Related party liability	660	500
Deferred taxes	18	21
Pension liabilities	36	36
Other non-current liabilities	49	46
<b>Total non-current liabilities</b>	<b>2430</b>	<b>2312</b>
<b>Equity</b>		
<b>Total shareholder's equity</b>	<b>850</b>	<b>830</b>
<b>Total liabilities and shareholder's equity</b>	<b>3836</b>	<b>3674</b>

**Seadrill selectively growing  
its already modern fleet  
at attractive rig prices**

