



Q2 2017 Results

August 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 & Market Outlook
- 2 Financial Performance
- 3 Summary and Q&A

➤ **Operations**

- Seadrill Limited economic utilisation of 97%

➤ **Commercial**

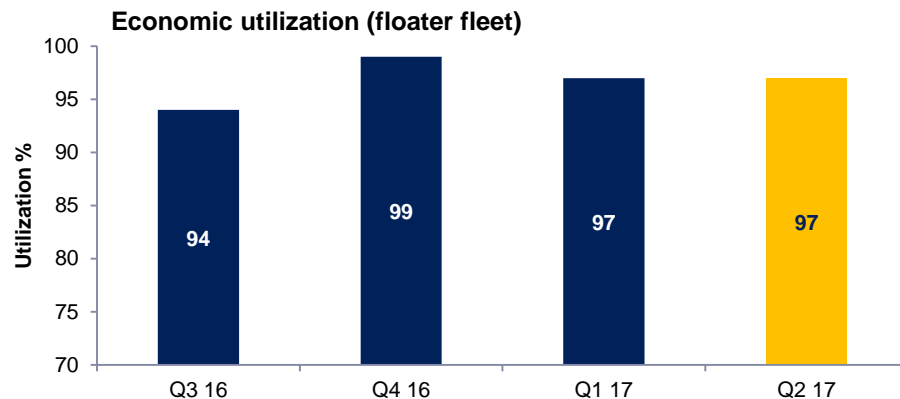
- Increased tendering activity
- 10 new commercial agreements since Q1 2017

➤ **Costs**

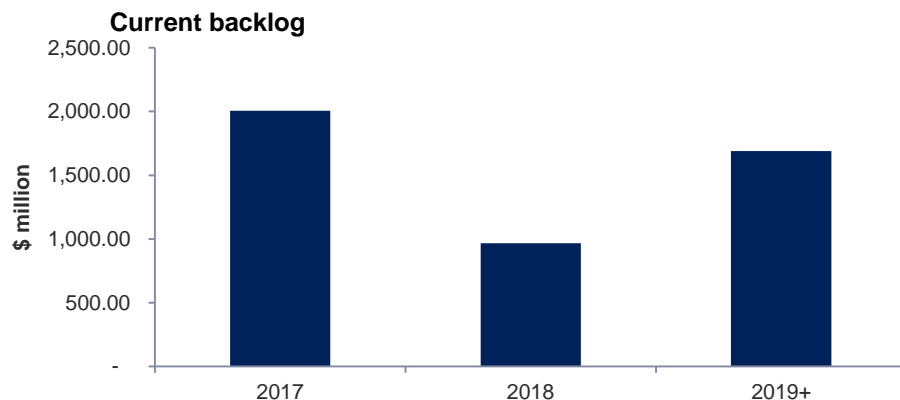
- Projected FY17 G&A excluding restructuring costs of \$220 million

➤ **Newbuilds**

- Sevan Developer delivery period deferred until June 2020
- Ongoing constructive dialogue to further defer deliveries



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

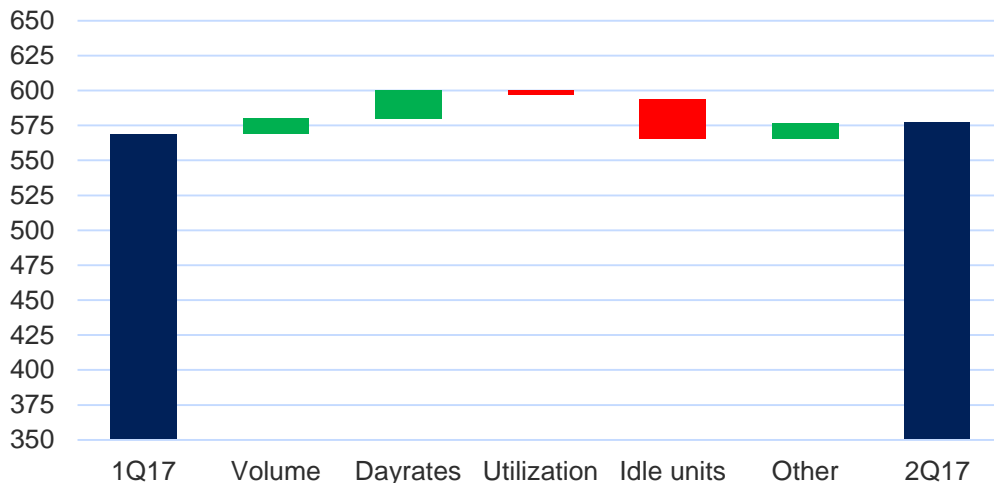


- Current order backlog of \$3.1 billion
 - \$6.5 billion for Seadrill Group

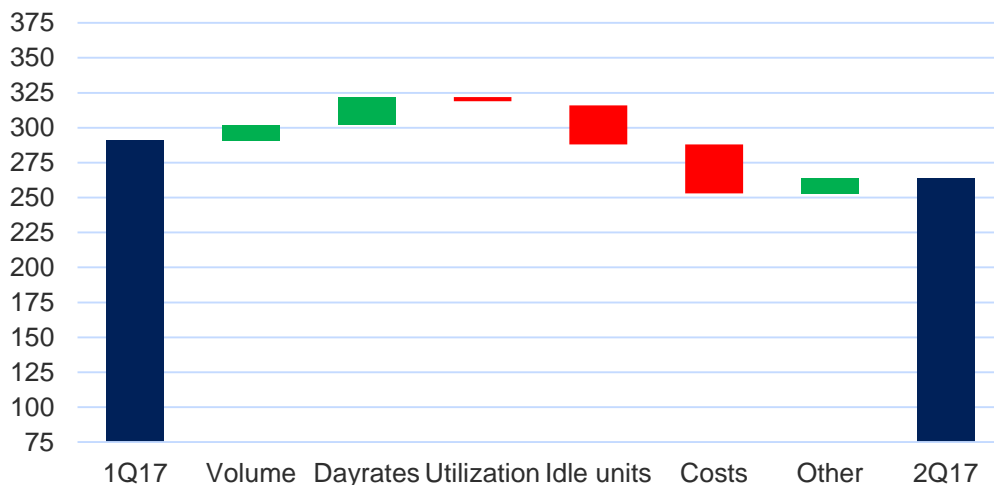
Financial Performance

Revenue & EBITDA* bridge

Revenue



EBITDA



- **Volume:** Full quarter of operations on the West Phoenix, and the West Saturn was operational for 2 months out of the quarter.
- **Dayrates:** Increased revenue on the West Freedom and West Gemini, partially offset by lower dayrate for the quarter on the West Elara, West Linus, and foreign exchange movements.
- **Utilization:** Reduced uptime.
- **Idle units:** The West Tucana and Sevan Louisiana became idle during the quarter and the West Hercules termination fees recognized in the first quarter were not repeated.
- **Costs:** Increased operating costs related to upfront costs for stacking units and certain supplier rebates, and higher G&A due to increased restructuring costs.
- **Other:** Primarily attributable to an increase in demobilization, related party revenues, and bonuses achieved offset by a decrease in reimbursable revenues and the amortization of mobilization revenue.

Balance sheet main movements

Quarter over quarter

	June 30, 2017	March 31, 2017	Change
Marketable securities	116	94	22
Assets held for sale – non current	202	128	74
Drilling units	13,537	14,100	(563)
Current debt	3,725	3,364	361
Long term debt	5,284	5,948	(664)
Other non-current liabilities	61	89	(28)
Total assets	20,717	21,305	(3%)
Total liabilities	10,771	11,205	(4%)
Total equity	9,946	10,100	(2%)

- Long stop date extended to September 12

- Advanced stage of negotiations with key stakeholders and new money investors that will likely see:
 - \$1 billion of new capital
 - Conversion of bonds to equity
 - 5-year maturity extensions on bank facilities
 - Deferral of amortization

- Insulation of key non-consolidated entities now concluded

- Chapter 11 filing expected on or before 12th September

Q3 2017 guidance

- EBITDA* is forecasted to be around \$175 million, based on forecasted Operating Loss of around \$20 million.

- **Strong operating quarter**
- **Progress on restructuring plan**
- **Well positioned for a recovery**

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

	Q3 2017 guidance	Q2 2017	Q1 2017
Net operating (loss)/income	(20)	(100)	83
Depreciation	195	198	208
Loss on disposal	—	166	—
EBITDA	175	264	291

Financial Performance Highlights



Unaudited accounts in USD millions

	Q2 2017	Q1 2017	Change	% Change
Total operating revenue	577	569	8	1%
Loss on disposals	(166)	—	(166)	—%
Contingent consideration realized	6	5	1	20%
Total operating expenses	517	491	26	5%
Net operating (loss)/income	(100)	83	(183)	(220%)
EBITDA	264	291	(27)	(9%)

Balance Sheet Summary

Unaudited accounts in USD millions

	June 30, 2017	March 31, 2017	Change	%Change
Total current assets	2,494	2,640	(146)	(6%)
Non-current assets				
Investment in associated companies	2,259	2,230	29	1%
Newbuildings	1,553	1,543	10	1%
Drilling units	13,537	14,100	(563)	(4%)
Other	874	792	82	10%
Total non-current assets	18,223	18,665	(442)	(2%)
TOTAL ASSETS	20,717	21,305	(588)	(3%)
Current liabilities				
Current portion of long-term debt	3,725	3,364	361	11%
Other	1,281	1,368	(87)	(6%)
Total current liabilities	5,006	4,732	274	6%
Non-current liabilities				
Total long-term debt	5,284	5,948	(664)	(11%)
Other	481	525	(44)	(8%)
Total non-current liabilities	5,765	6,473	(708)	(11%)
TOTAL LIABILITIES	10,771	11,205	(434)	(4%)
Equity				
Total shareholder's equity	9,946	10,100	(154)	(2%)
Total liabilities and shareholder's equity	20,717	21,305	(588)	(3%)

- Total assets of \$20,717 million as at June 30, 2017
- Total net interest bearing debt decreased to \$7,978 million due to repayment of loans

Operating Income - 2Q17

<i>Unaudited accounts in USD millions</i>	Total	Floaters	Jack-ups	Other
Contract revenues	530	353	177	—
Reimbursable revenues	5	3	2	—
Other revenues	42	19	—	23
Total operating revenues	577	375	179	23
Loss on disposals	(166)	—	(166)	—
Contingent consideration realized	6	6	—	—
Vessel and rig operating expenses	226	125	80	21
Reimbursable expenses	5	3	2	—
Depreciation and amortization	198	148	50	—
General and administrative expenses	88	59	29	—
Total operating expenses	517	335	161	21
Net operating (loss)/income	(100)	46	(148)	2

Operating Income - Floaters

<i>Unaudited accounts in USD millions</i>	2Q17	1Q17	4Q16	3Q16
Total operating revenues	375	369	458	528
Contingent consideration realized	6	5	6	5
Vessel and rig operating expenses	125	123	133	161
Reimbursable expenses	3	9	14	10
Depreciation and amortization	148	153	167	143
General and administrative expenses	59	40	49	37
Total operating expenses	335	325	363	351
Net operating income	46	49	101	182

Operating Income – Jack-up Rigs

<i>Unaudited accounts in USD millions</i>	2Q17	1Q17	4Q16	3Q16
Total operating revenues	179	181	186	199
Loss on disposals	(166)	—	—	—
Vessel and rig operating expenses	80	70	81	69
Reimbursable expenses	2	2	2	3
Depreciation and amortization	50	55	56	51
General and administrative expenses	29	21	20	14
Total operating expenses	161	148	159	137
Net operating (loss)/income	(148)	33	27	62

Operating Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	2Q17	1Q17	4Q16	3Q16
Total operating revenues	577	569	667	743
Loss on sale of assets	(166)	—	—	—
Contingent consideration realized	6	5	6	5
Vessel and rig operating expenses	226	211	234	243
Reimbursable expenses	5	11	16	13
Depreciation and amortization	198	208	223	194
Loss on impairment of long-lived assets	—	—	44	—
General and administrative expenses	88	61	69	51
Total operating expenses	517	491	586	501
Net operating (loss)/income	(100)	83	87	247

Net Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	2Q17	1Q17	4Q16	3Q16
Net operating (loss)/income	(100)	83	87	247
Financial items and other income				
Interest income	16	20	13	17
Interest expense	(96)	(99)	(107)	(98)
Loss on impairment of investments	—	—	—	(882)
Share in results from associated companies ¹	33	58	112	63
Loss/gain on derivative financial instruments ¹	(1)	8	(16)	59
Gain on debt extinguishment	19	—	—	—
Foreign exchange (loss)/gain	(24)	(5)	34	(11)
Other financial items, net	(12)	(13)	(30)	—
Total financial items and other (expense)/income, net	(65)	(31)	6	(852)
(Loss)/income before income taxes	(165)	52	93	(605)
Income tax benefit/(expense)	7	5	(10)	(49)
Net (loss)/income	(158)	57	83	(654)
Basic (loss)/earnings per share (\$)	(0.28)	0.13	0.18	(1.29)

¹ 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

	June 30, 2017	March 31, 2017	December 31, 2016
Current assets			
Cash and cash equivalents	1,345	1,462	1,368
Restricted cash	96	95	75
Marketable securities	116	94	110
Accounts receivables, net	380	377	462
Other current assets	557	612	871
Total current assets	2,494	2,640	2,886
Non-current assets			
Investment in associated companies	2,259	2,230	2,168
Newbuildings	1,553	1,543	1,531
Drilling units	13,537	14,100	14,276
Assets held for sale – non current	202	128	128
Deferred tax assets	16	12	12
Other non-current assets	656	652	665
Total non-current assets	18,223	18,665	18,780
Total assets	20,717	21,305	21,666

Balance Sheet – Liabilities & Equity

Unaudited accounts in USD millions

	June 30, 2017	March 31, 2017	December 31, 2016
Current liabilities			
Debt due within one year	3,725	3,364	3,195
Trade accounts payable	90	97	93
Other current liabilities	1,191	1,271	1,435
Total current liabilities	5,006	4,732	4,723
Non-current liabilities			
Long-term debt	5,284	5,948	6,319
Deferred taxes	106	109	112
Other non-current liabilities	375	416	449
Total non-current liabilities	5,765	6,473	6,880
Equity			
Total equity	9,946	10,100	10,063
Total liabilities and equity	20,717	21,305	21,666