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## BoA Merrill Lynch – Global Energy Conference

CFO Esa Ikaheimonen

November 16, 2011

Seadrill

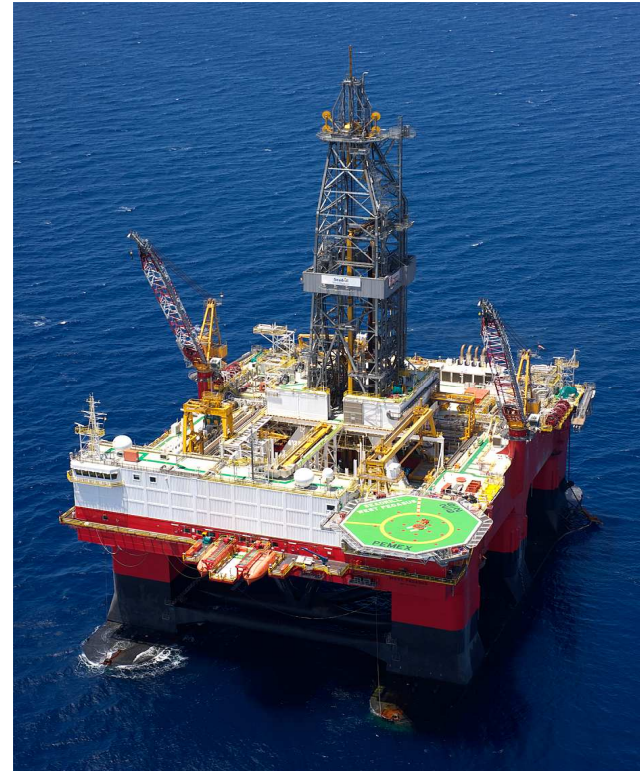
## Forward-looking statements

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, 2010 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. All non-GAAP financial measure reconciliations to the most comparative GAAP measure are displayed in quantitative schedules on the company's web site at [www.seadrill.com](http://www.seadrill.com).



# *Contents*

- Company profile
- Market outlook
- Rig fleet
- Financial gearing
- Value creation
- Strategy



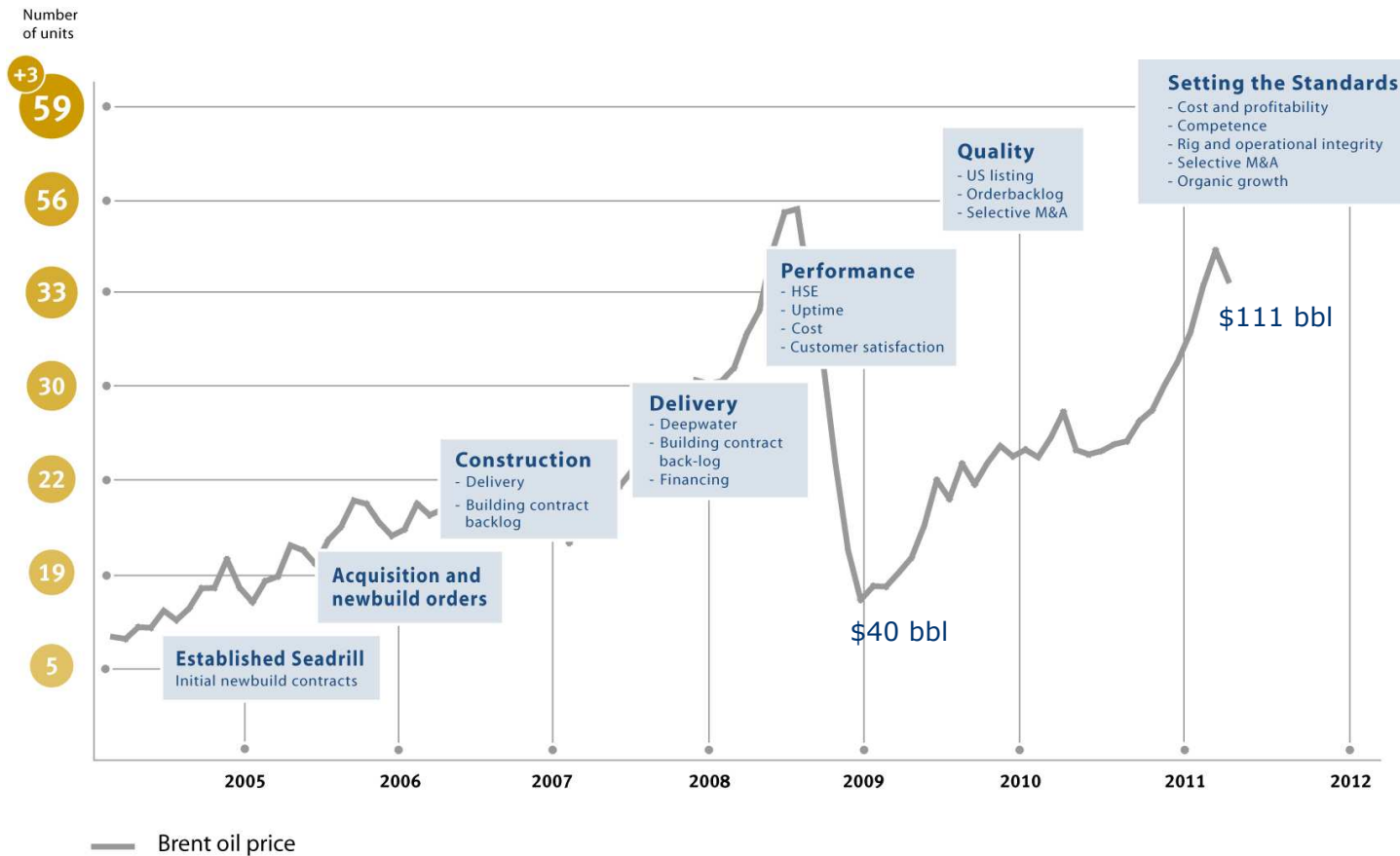
## ***Company profile***

- Largest offshore driller based on Enterprise Value
- 2<sup>nd</sup> largest ultra-deepwater fleet
- Largest and most modern jack-up and tender rig fleet
- 2Q/11 EBITDA annualized ~ US\$2.3 billion
- Contract backlog ~ US\$13.9 billion
- Quarterly dividend annualized ~ US\$1.4 billion
- Current market capitalization ~ US\$15.9 billion
- Strong shareholder involvement

**Presence in all key markets ... state-of-the-art equipment**



# Seadrill growth story



**Growth ... Performance ... Scale benefits**



## ***Newbuild orders, acquisitions and disposals***

- **Ultra-deepwater** (5 rigs, \$3bn worth of investment)
  - 3 ultra-deepwater drillships at Samsung @ US\$600m per unit ordered
  - 2 Seadragon ultra-deepwater units @ US\$600m per unit acquired
  
- **Shallow water** (added 9+3 rigs, sold 3, \$1.9 bn worth of investment)
  - 1 x CJ70 HE jack-up rig ordered @ US\$530 m against 5-year contract
  - 4 benign environment jack-up rigs @ US\$200 m
  - 3 tender rigs @ US\$120m
  - 1 semi-tender @ US\$200m
  - 33.75% shareholding acquired in the 3+1 jack-up rig company AOD
  - Divested 2 older jack-ups, retired 1 old tender barge and sold 1 new jack-up rig

**Growth in modern assets ... cash dividend**

## Quality assets built at quality yards

### 33 Rigs Delivered & Acquired

#### 3 Drillships

- 3 x Samsung: Q308, Q408, Q210

#### 8 Semi-submersibles

- 2 x Samsung: Q108, Q109
- 4 x Jurong: Q108, Q408, Q210, Q211
- 2 x Daewoo: Q4'08, Q1'09

#### 16 Jack-ups

- 2 x Jurong: Q408, Q311 (HE)
- 10 x Keppel: Q207 (2), Q307, Q407, Q208 (2), Q308, Q109, Q310, Q410
- 2 x PPL: Q108, Q310
- 2 x Lamprell: Q209, Q210

#### 6 Tender rigs

- 3 semis x Keppel: Q107, Q409, Q211
- 3 barges x Malaysia Marine: Q307, Q208, Q110

### 17 Rigs Under Construction

#### 3 Drillships

- 3 x Samsung: Q113, Q213, Q313

#### 2 Semi-submersibles

- 2 x Jurong: Q411(2)

#### 8 Jack-ups

- 2 x Jurong: Q412, Q113
- 1 x Jurong (Harsh Environment): Q313
- 2 x Dalian: Q412, Q113
- 3 x Keppel: Q113, Q213, Q313

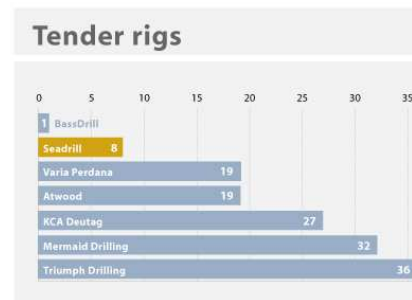
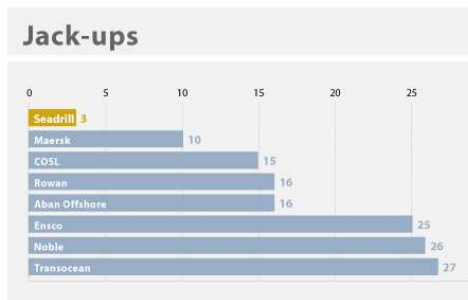
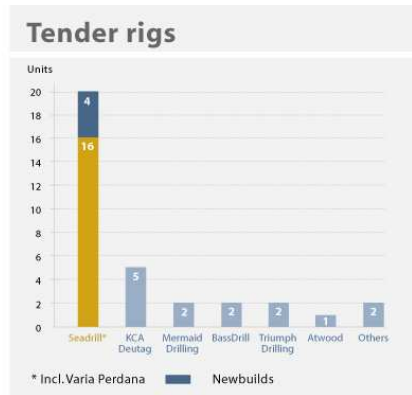
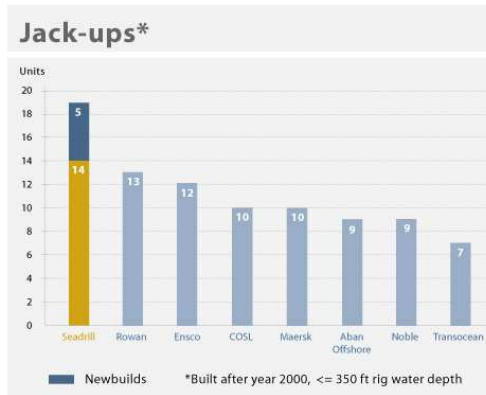
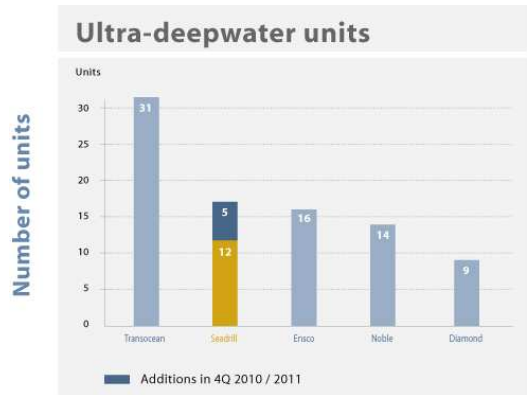
#### 4 Tender rigs

- 1 semi x Keppel: Q213
- 3 barges x COSCO: Q113 (2), Q313

First mover ... Right yards ... Market outlook



# Leading player in our markets

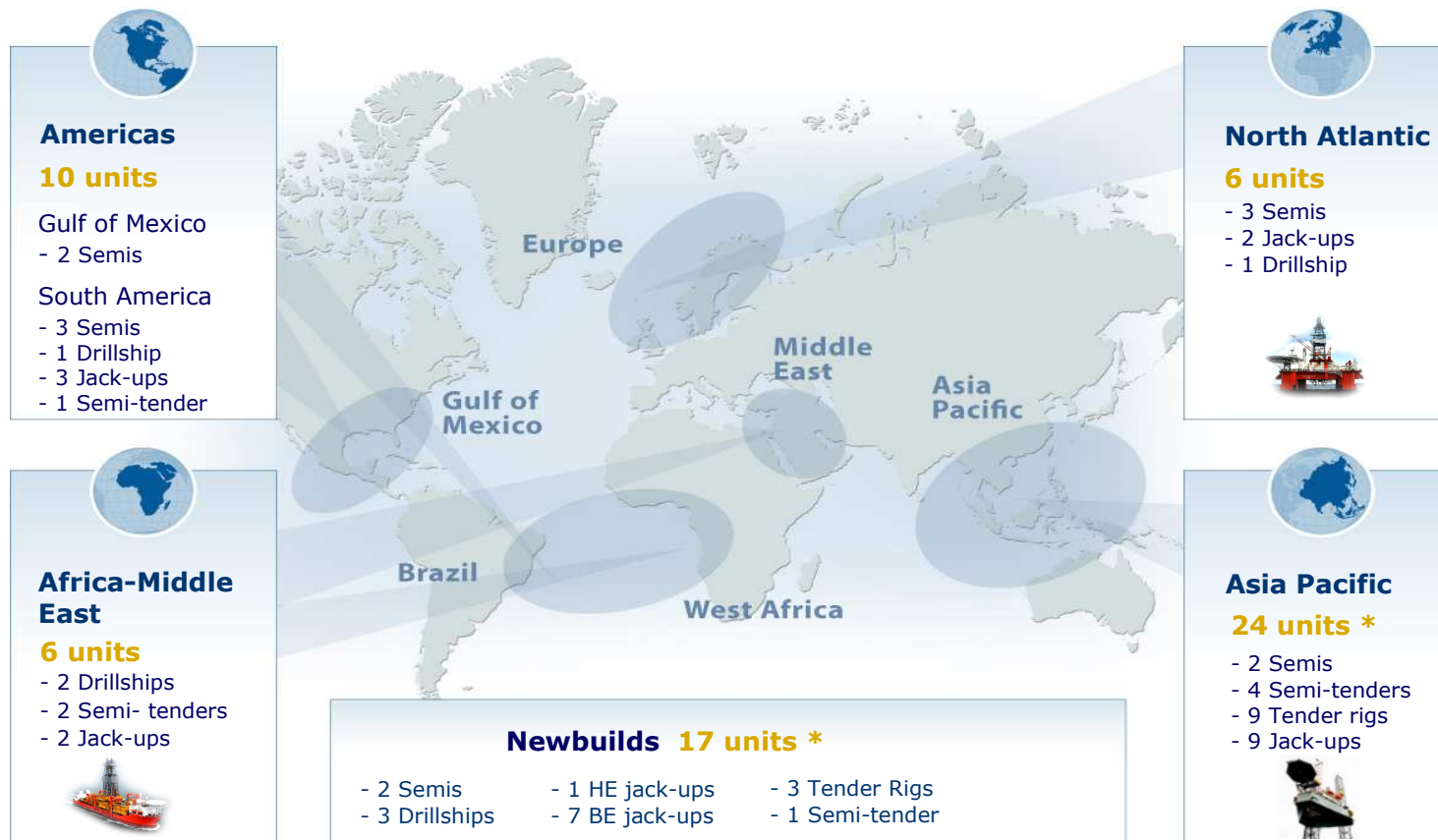


**Largest modern fleet in our industry**





# Worldwide operations

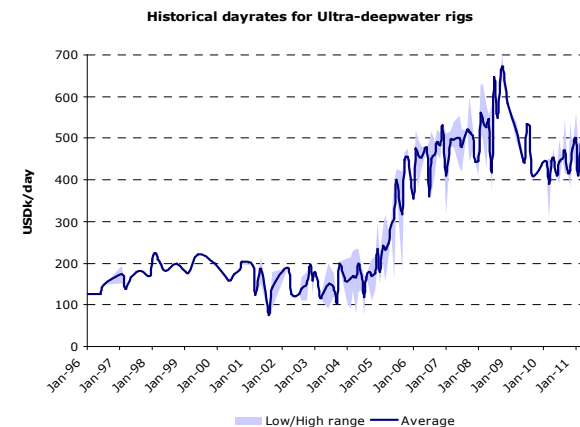
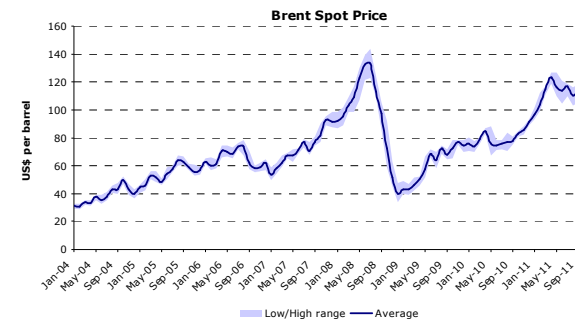


**Operations in all important oil and gas regions**



## Market outlook and trends

- Sound oil price environment
- Strong growth in E&P spending
- Trend towards more challenging and complex resources continues
- Industry focused on new equipment continues with bifurcation in jack-up, tender rig and floater market
- Significant increase in tenders and request from customers
- Recent fixtures suggest tighter market balance



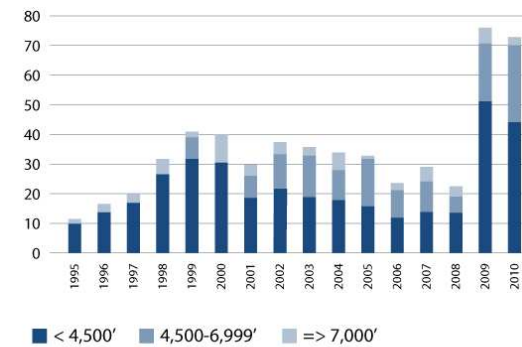
**Strong fundamentals - demand for modern rigs**



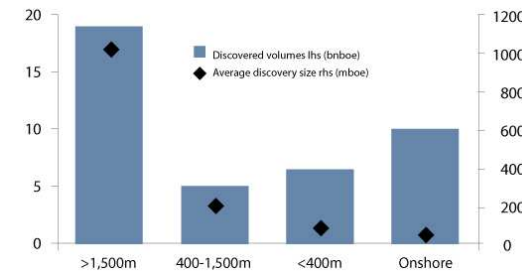
# Major deepwater regions



**Deepwater Discoveries**



**Discovered reserves in 2010, by water depth**

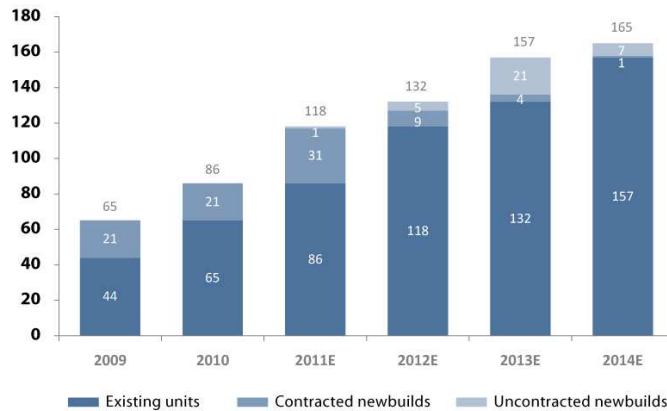


**Strong combination of exploration success and new areas**

# Ultra-deepwater market development

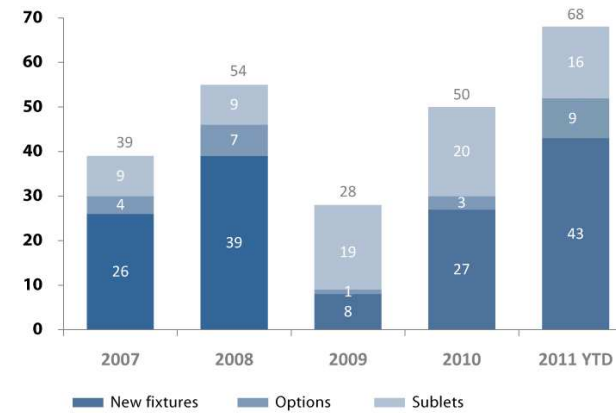
## UDW FLEET WILL GROW TO 165 UNITS BY 2014

Number of UDW rigs



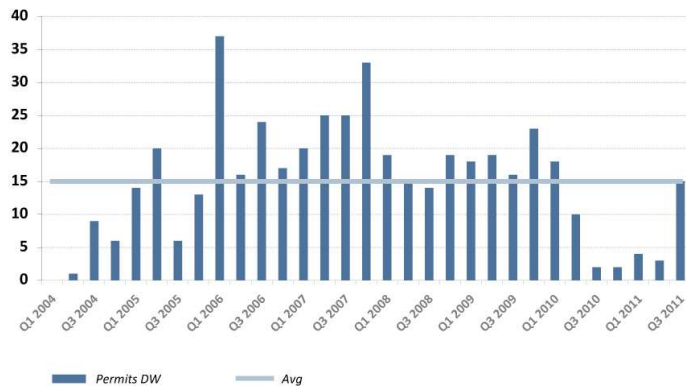
## UDW FIXTURES

Number of UDW fixtures



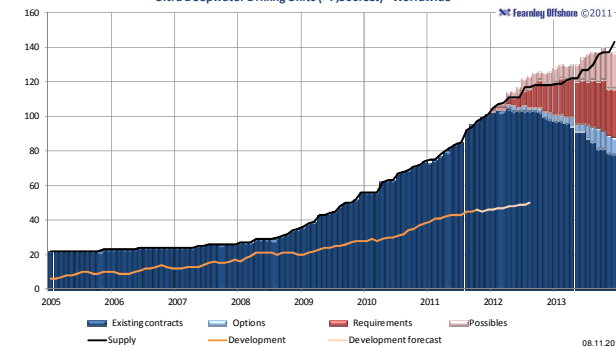
## US GoM INCREASINGLY ABSORBING THE PREMIUM ASSETS

# of permits for new DW wells



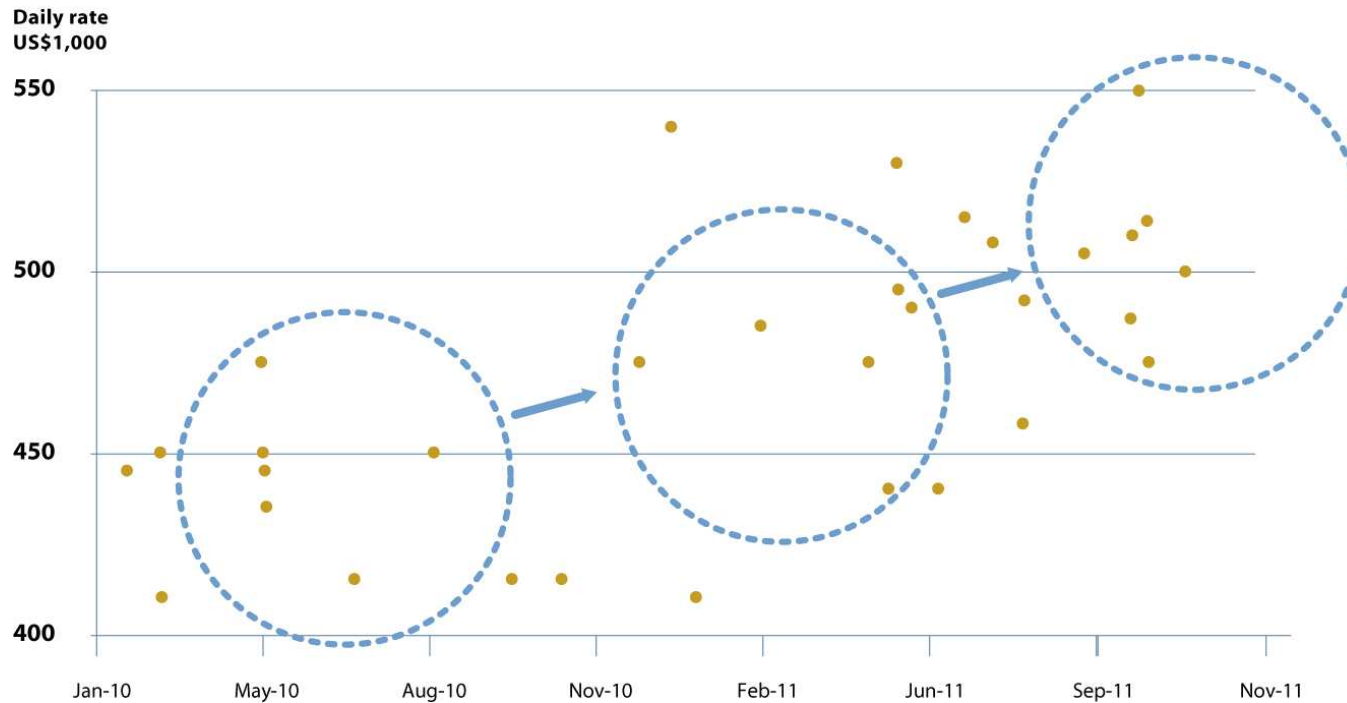
## UDW CONTRACT COVERAGE AND RIG AVAILABILITY

Contract Status & Expected Demand 2005-2013: Ultra Deepwater Drilling Units (>7,500feet) - Worldwide





## Ultra-deepwater daily rates development



**UDW dayrates reflect tighter market**

## ***Recent Seadrill ultra-deepwater contracts***

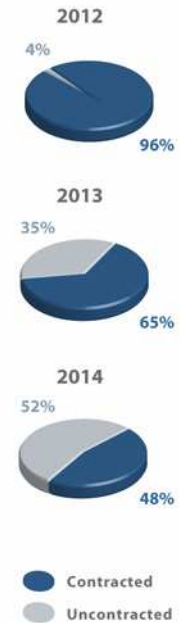
<b>Rig:</b>	<b>West Hercules</b>	<b>West Capricorn</b>	<b>West Leo</b>
Dayrate	US\$505,000	US\$487,500	US\$510-561,000
Contract term	4+1 years	5+2 years	1 year
Rig type	Semi	Semi	Semi
Area of operation	Norway	US GoM	Ghana
Customer	Statoil	TBA	Tullow

**Confirmation of strong long-term fundamentals**



# US\$9.5 billion contract backlog - Floaters

	Unit	Customer	2011				2012				2013				2014				2015				
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
Semi-submersibles	West Aquarius	Exxon	US\$526,000																				
	West Leo	Tullow Oil	Newbuild					Transit	US\$560,500														
	West Alpha <sup>1,4</sup>	BG Consortium / Exxon	US\$503,000						US\$477,500			US\$477,500											
	West Sirius	BP	US\$474,000																				
	West Phoenix <sup>1,4</sup>	Total	US\$547,000					US\$445,000															
	West Taurus <sup>2,3</sup>	Petrobras	US\$650,000																				
	West Eminence <sup>2,3</sup>	Petrobras	US\$618,500																				
	West Venture <sup>1,4</sup>	Statoil	US\$440,000																				
	West Orion <sup>2,3</sup>	Petrobras	US\$618,500																				
	West Pegasus	PEMEX	Newbuild					Transit	US\$465,000														07.2016
	West Hercules <sup>2,3</sup>	Husky / Statoil	US\$515,000					US\$495,000															09.2016
	West Capricorn	Undisclosed	Newbuild						Transit	US\$487,500													
Drillships	West Polaris	Exxon	US\$560,000						US\$618,000														
	West Navigator <sup>1,4</sup>	Shell	US\$610,000																				
	West Auriga	-	Newbuild																				
	West Vela	-	Newbuild																				
	West Tellus	-	Newbuild																				
	West Gemini	Total	US\$445,000										US\$445,000										
	West Capella	Total	US\$542,000																				



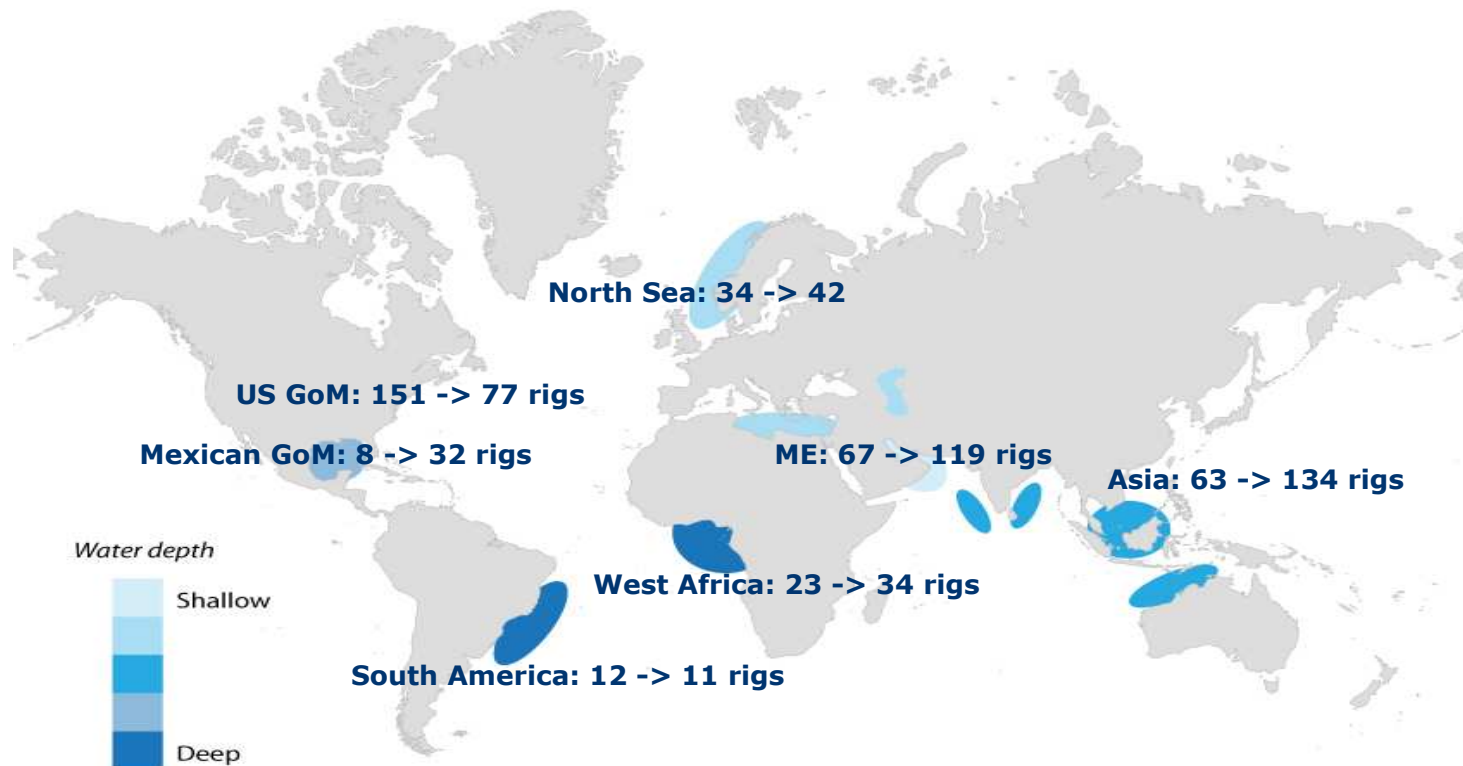
<sup>1</sup> Dayrate is partly in Norwegian kroner (USD /NOK 5.50)  
<sup>2</sup> Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax.  
<sup>3</sup> Dayrate will in the accounts be booked partly net of service tax.  
<sup>4</sup> Ownership 75%

**Staggered contract portfolio offers flexibility**





## Jack-up rig market - 2011 versus 2001



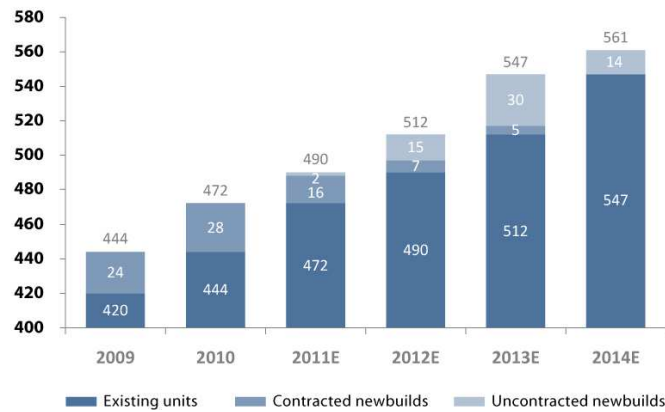
**Strong migration of rigs Eastwards**



# Jack-up market development

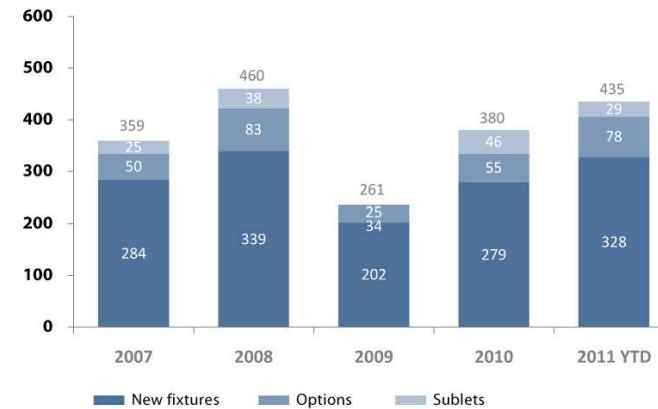
JACK-UP FLEET EXPANSION

Number of jack-ups

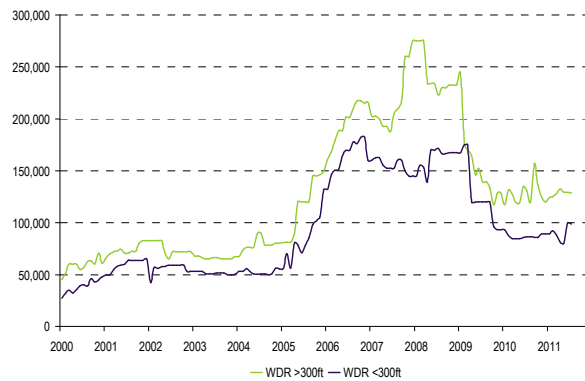


JACK-UP FIXTURES YTD

Number of jack-up fixtures



AVERAGE DAILY RATES JACK-UPS



AVERAGE UTILIZATION RATES JACK-UPS





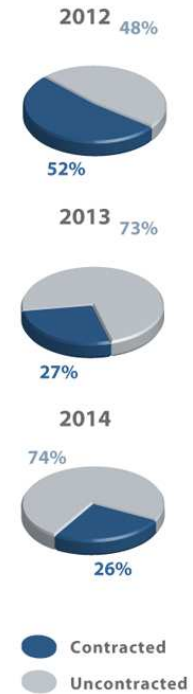
# US\$2.6 billion contract backlog - Jack-ups

Unit	Customer	2011				2012				2013				2014					
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
BE Jack-ups	West Janus	PCPOC	US\$149,500		\$92'														
	West Callisto	Premier	US\$119,500																
	West Prospero	Vietsopetro	US\$108,000																
	West Ariel	Vietsopetro	US\$122,500																
	Offshore Defender	Petrobras	US\$131,000																
	West Leda	PTTEP	US\$138'	US\$130,000															
	Offshore Mischief	Anadarko	US\$119,000																
	Offshore Vigilant	BHP	US\$155,000	US\$133'	US\$140'														
	West Tucana	-	Newbuild																
	West Telesto	-	Newbuild																
	Offshore Intrepid	Odffell	US\$180,000																
	Offshore Courageous	Shell	US\$159,500			US\$134,500													
	West Castor	-	Newbuild																
	West Oberon	-	Newbuild																
	Offshore Freedom	Odffell	US\$185,000																
	West Cressida	PTTEP	US\$129,500																
	West Triton	CPOC / KJO	US\$119,500			US\$145,000												02.2015	
	Offshore Resolute	BHP / Santos / KJO		US\$128'	US\$135'	135'	US\$140,000												04.2015
HE Jack-ups	West Epsilon <sup>1,2</sup>	Statoil	US\$284,000																
	West Eljara <sup>1,2</sup>	Statoil	Newbuild	Transit	US\$359,000													11.2016	
	West Linus <sup>1,2</sup>	ConocoPhillips	Newbuild									Transit	US\$362,000					12.2018	

<sup>1</sup> Ownership 75%

<sup>2</sup> Dayrate is partly in Norwegian kroner (USD/NOK 5.50)

■ Contract   ■ Option   ■ Yard plus transit period

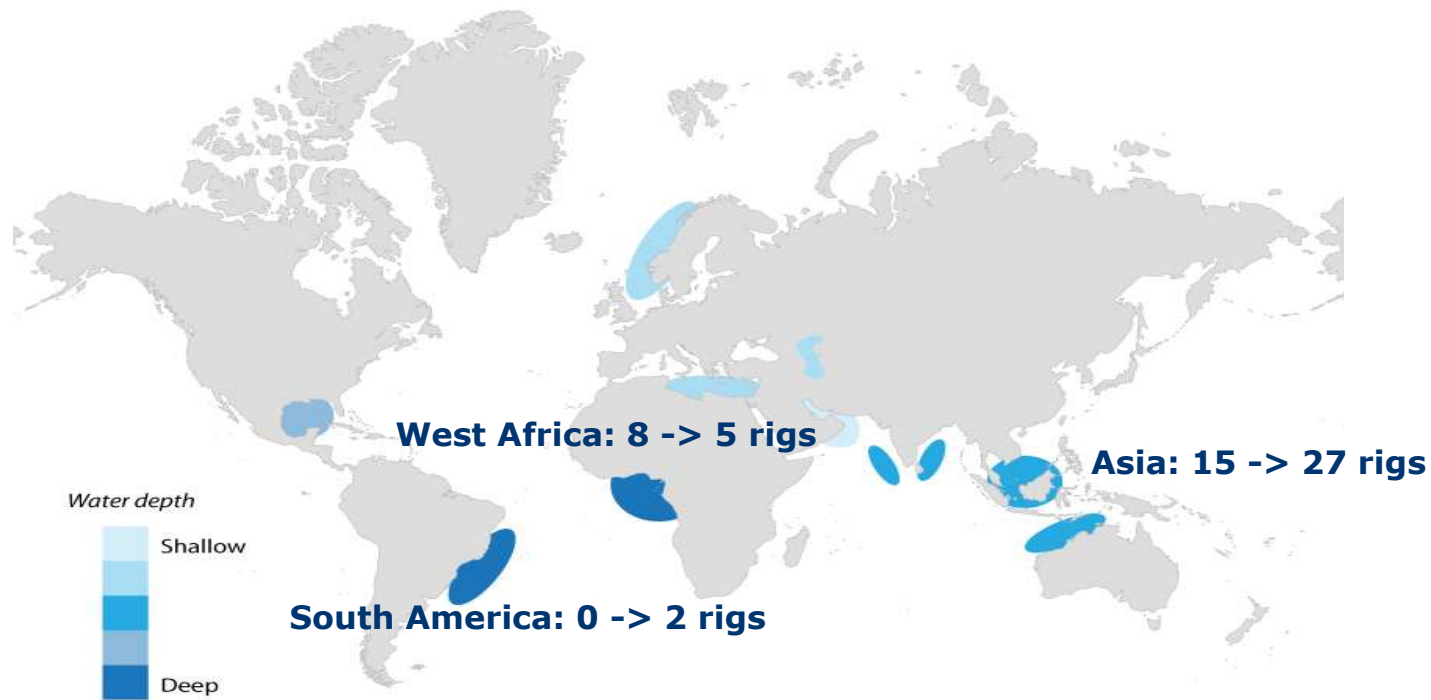


**Strong interest in premium rigs continues**





## Tender rig market - 2011 versus 2001



Market for tender rigs are expanding to the Americas

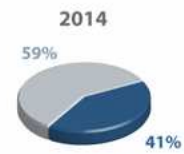
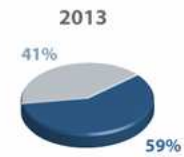
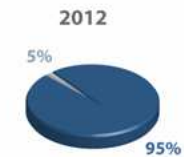


# US\$1.8 billion contract backlog – Tender rigs

	Unit	Customer	2011				2012				2013				2014				2015					
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
<b>Tender barges</b>	T7	Chevron	US\$64,000		US\$88,000																			
	T17	-	Newbuild																					
	T11	Chevron	US\$132,500																					
	T4	Chevron	US\$106,000																					
	T12	Chevron	US\$85'	US\$120,000										US\$120,000									04.2016	
	T15	Chevron	Newbuild								US\$115,500													05.2018
	T16	Chevron	Newbuild											US\$115,500										11.2018
<b>Semi-tenders</b>	West Setia <sup>1</sup>	Chevron	US\$167,000																					
	West Berani	ConocoPhillips/Chevron	US\$164,000		US\$170,000																			
	West Menang	Murphy		US\$160,000																				
	West Esperanza	-	Newbuild																					
	West Jaya	BP	Transit	US\$165,000		US\$173,000				US\$178,000														
	West Alliance	Shell	US\$171,000																					
	West Pelaut	Shell	US\$138,500			US\$120,000																		
	West Vencedor <sup>1</sup>	Chevron	US\$210,000																					

<sup>1</sup> Dayrate is partly in Euros (EUR/USD 1.40)

■ Contract    ■ Option    ■ Yard plus transit period



● Contracted  
● Uncontracted

**Long-term visibility ... strong EBITDA margins**



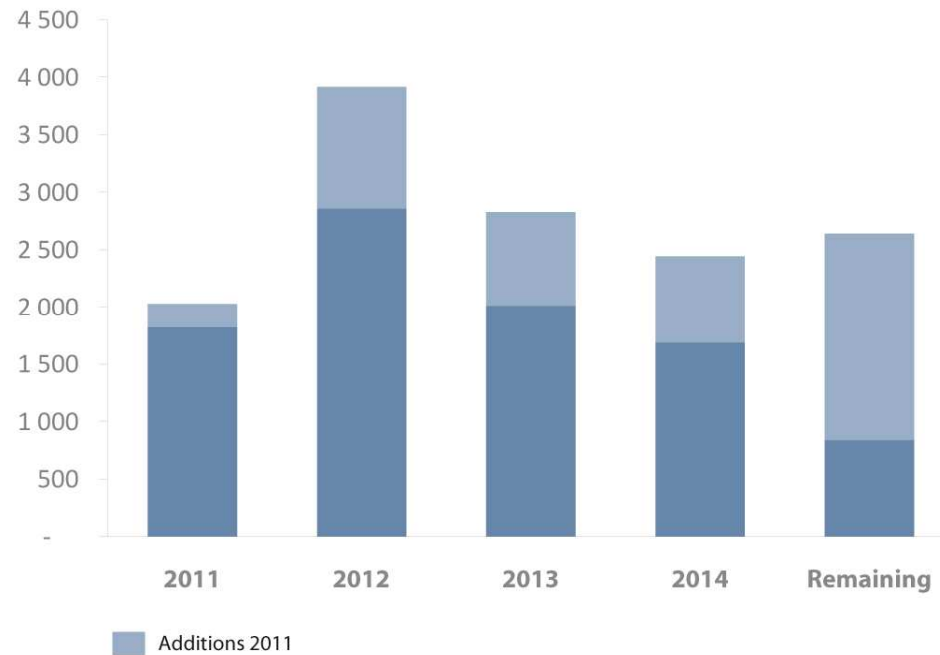
## ***US\$13.9 bn revenue backlog***

	<b>#units</b>	<b>Average term</b>	<b>Average dayrate</b>	<b>Current market rate</b>
Floaters	19	2.4Y	US\$527,000	US\$500,000+
HE Jack-up rigs	3	4.4Y	US\$340,000	US\$360,000
Jack-up rigs	18	0.8Y	US\$147,000	US\$135,000
Semi-tenders	8	1.8Y	US\$167,000	US\$170,000
Tender barges	7	2.3Y	US\$116,000	US\$115,000

**Strong visibility locked in at favorable rates ...  
market for open position strengthening**

## US\$13.9 bn contract backlog

US\$ Millions



THIS YEAR    LAST YEAR

Customer	THIS YEAR	LAST YEAR
Petrobras	21%	30%
Statoil	17%	15%
BP	11%	6%
Total	10%	15%
Chevron	8%	6%
Shell	6%	8%
Pemex	6%	0%
Exxon	5%	8%
Others	16%	12%

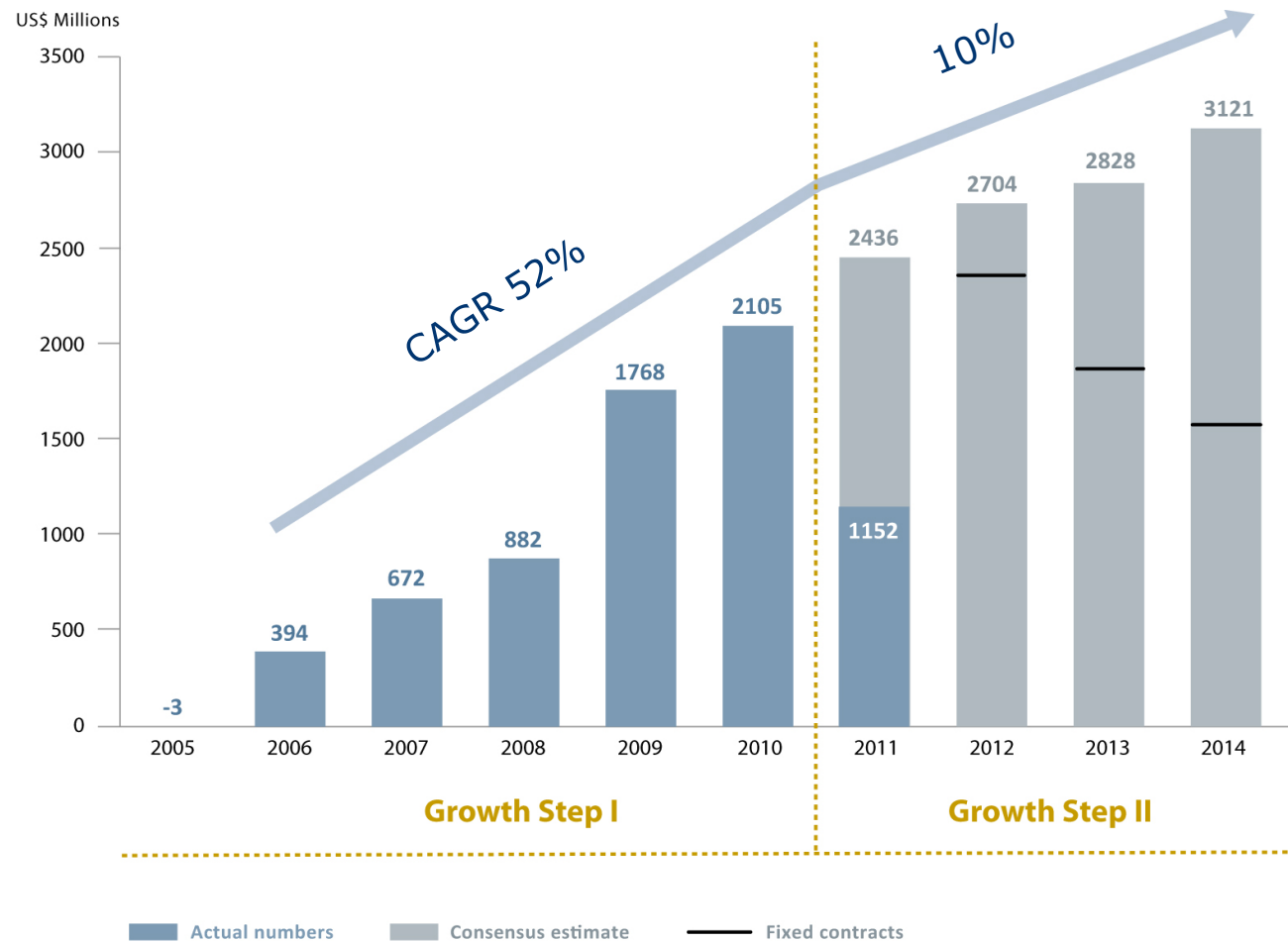
Quality customers .... superb visibility

## ***Rig investment economics***

	<b>UDW floaters</b>	<b>Jack-ups</b>	<b>Tender rigs</b>
Dayrate	US\$500,000	US\$145,000	US\$170,000
Opex incl. G&A	US\$170,000	US\$60,000	US\$60,000
Tax (of revenues)	3.5%	3.5%	3.5%
5Y cash-flow	US\$526 million	US\$133 million	US\$175 million
Investment	US\$600 million	US\$200 million	US\$200 million
<b>Repaid in</b>	5.7Y	7.5Y	5.7Y

**Right purchase price and timing ... superior return**

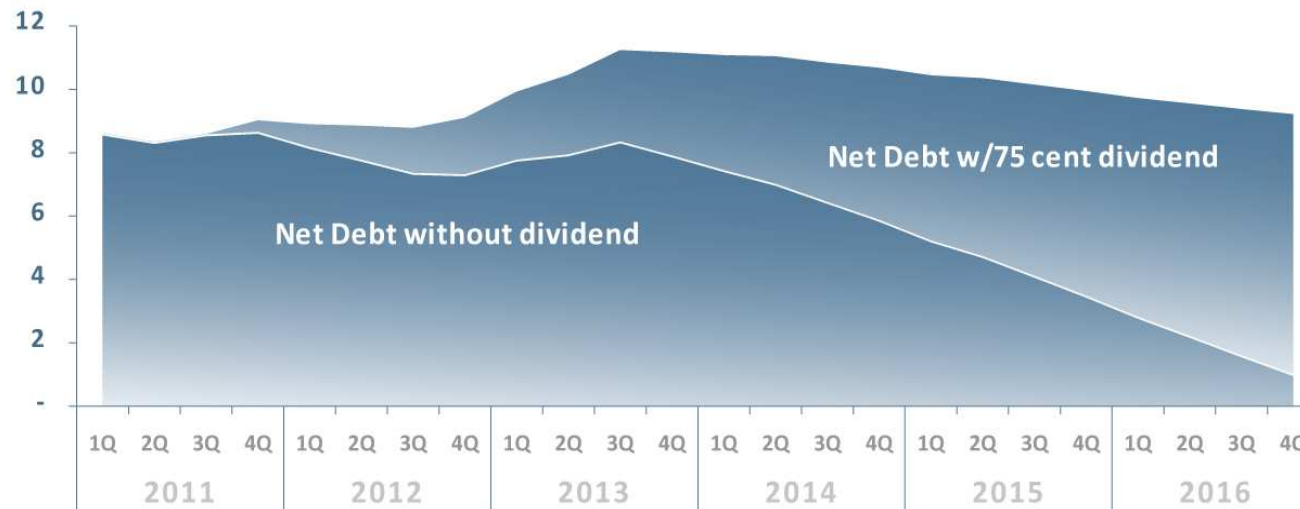
# EBITDA\* development





# Net interest bearing debt and dividend

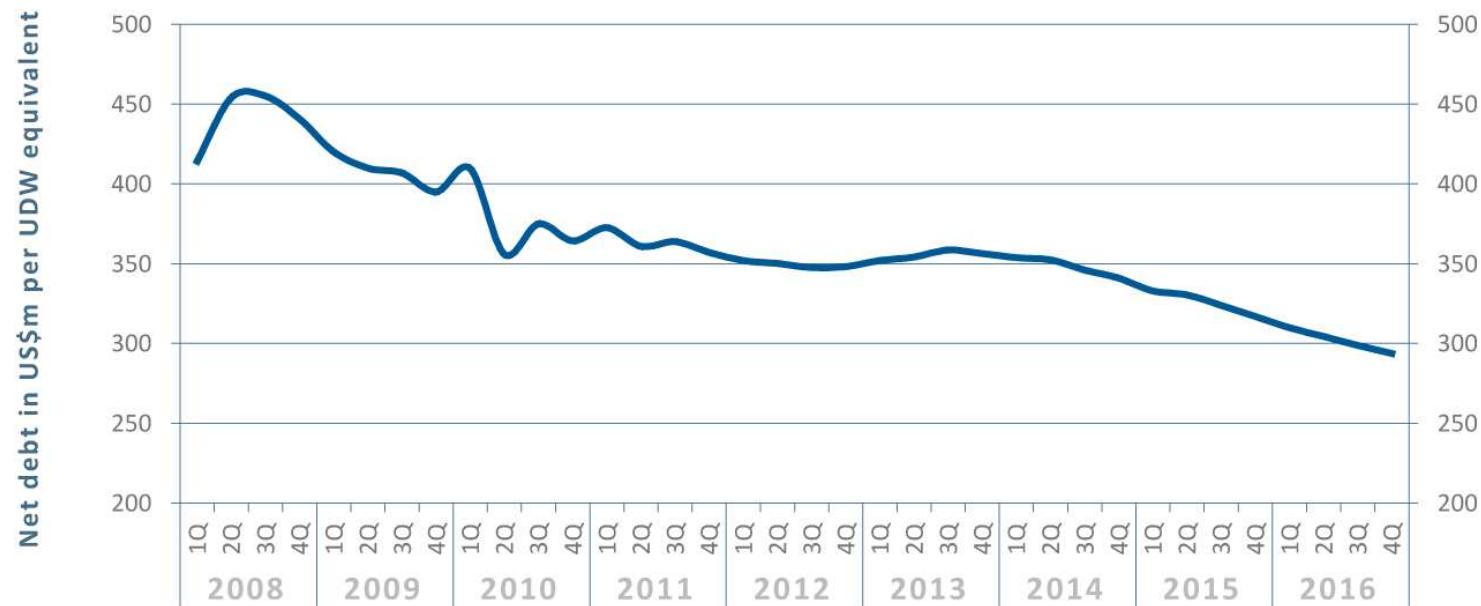
US\$ Billions



- Rigs re-contracted at latest market dayrate
- UDW floaters – \$500'  
BE Jack-ups – \$135'  
Semi-tenders – \$170'  
Tender barges – \$115'
- Debt refinanced at similar terms
- No conversion has been assumed for the US\$650m convertible bonds

**Dividend level is sustainable**

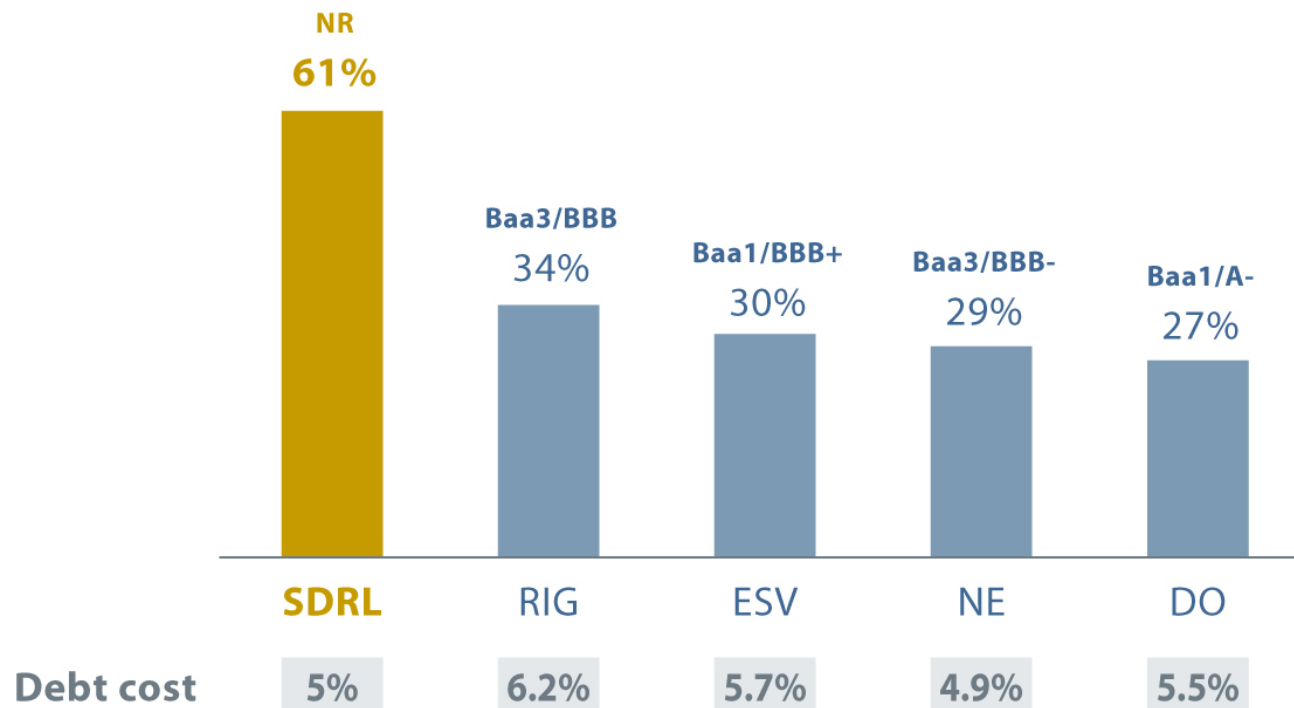
## Net interest bearing debt in deepwater unit equivalents



**Relative gearing significantly reduced per unit**

*Assumptions: 75 cent quarterly dividend, UDW dayrates US\$500', jack-up dayrates US\$135' and tender rig dayrates US\$115'-170'*

## Leverage peer group



**Active use of secured leverage provide superior equity return**

## Value creation and dividends

	Share price Nov. 2010	Share price Nov. 2011	Total dividend paid (US\$ mill)	Share price increase*	Dividend Yield
<b>Seadrill</b>	33	34	1,161	11 %	8.9 %
<b>Rowan</b>	32	35	-	9 %	-
<b>EnSCO</b>	49	51	231	6 %	2.7 %
<b>Noble</b>	38	37	141	-2 %	1.8 %
<b>Diamond</b>	74	65	487	-8 %	5.4 %
<b>Transocean</b>	70	49	505	-27 %	6.4 %

\* Adjusted for dividends

**Consistently outperforming peers ... top dividend yield globally**



## ***Seadrill is uniquely positioned***

***While the other major drillers are spending cash on maintaining and replacing their aging fleet ...***

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

**Shareholder value through cycles**



## Asset portfolio

**Core fleet – 50 units built after Y2000**

**10 built before Y2000**



17 Ultra-Deepwater Units + 1 Mid-water semi

1 Mid-water Semi



20 High Specification Jack-ups

2 Jack-ups



13 Tender Rigs

7 Tender Rigs

## Shareholdings



3.5% of EnSCO (MV - US\$421m)



23.6% of Sapura Crest (MV - US\$394m)



39.9% of Archer (MV - US\$571m)



33.75% of AOD (MV - US\$63m)

ASIA OFFSHORE DRILLING