



Q4 2016 Results

February 28, 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.



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➤ **Operations**

- Seadrill Limited economic utilisation of 99%

➤ **Commercial**

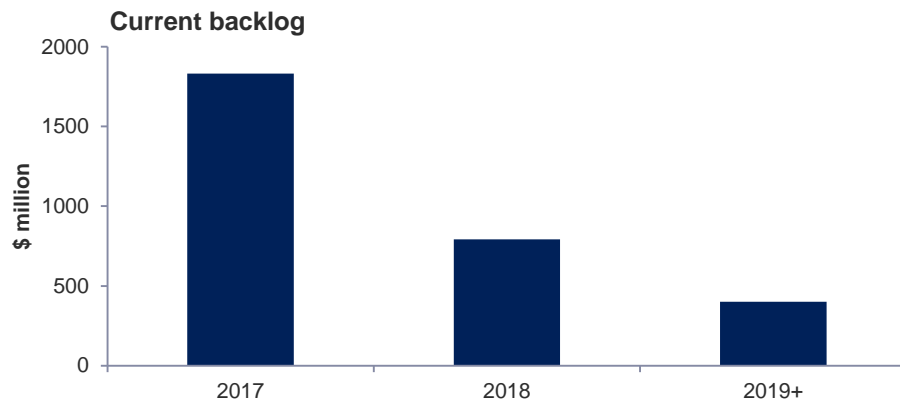
- Active spot market

➤ **Costs**

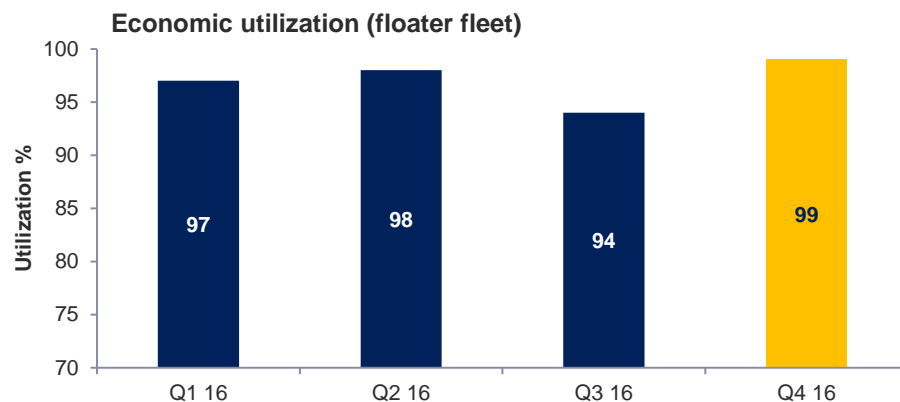
- Rig and operating costs reduced from \$1.61 billion FY15 to \$1.02 billion FY16

➤ **Newbuilds**

- Ongoing constructive dialogue to further defer deliveries



- Current order backlog of \$2.5 billion
 - \$6.4 billion for Seadrill Group



- Safe and efficient operations
 - 99% economic utilization for floater fleet
 - 99% for jack-up fleet

Financial Performance

Revenue & EBITDA* bridge

Revenue



EBITDA



- **Volume:** No impact from new contracts during the quarter
- **Dayrates:** Reduced dayrate on the West Saturn
- **Utilization:** Improved uptime
- **Idle units:** The West Epsilon and West Vigilant became idle during the quarter, and we had a full quarter of idle time on the Sevan Driller, West Hercules, West Orion, West Alpha, West Phoenix, West Pegasus
- **Costs:** Higher personnel, IT and restructuring costs
- **Other:** Primarily attributable to contract termination fee recognition and an increase in related party revenues, partly offset by the West Alpha dewinterization settlement recognized in Q3

Balance sheet main movements

Quarter over quarter

	December 31, 2016	September 30, 2016*	Change
Restricted cash – current	75	117	(42)
Marketable securities	110	93	17
Accounts receivables	462	630	(168)
Amount due from related party – current	376	493	(117)
Trade accounts payable	93	122	(29)
Total assets	21,703	22,051	(2%)
Total liabilities	11,602	12,114	(4%)
Total equity	10,101	9,937	2%

- Strong preference for a consensual solution
- Additional amendments to the terms of the proposed bank amendments necessary
- Likely requirement to convert bonds to equity based on feedback
- 30 April long stop date
- Contingency plans in progress

Q1 2017 guidance

- EBITDA* is forecasted to be around \$250 million, based on forecasted Operating Income of around \$50 million.

Market Outlook



- **Strong operating quarter**
- **Improved bidding activity**
- **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 goodwill. 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

	Q1 2017 guidance	Q4 2016	Q3 2016
Net operating income	50	118	247
Depreciation	200	223	194
Loss on Fixed Asset Impairment	—	13	—
EBITDA	250	354	441

Financial Performance Highlights



Unaudited accounts in USD millions

	Q4 2016	Q3 2016	Change	% Change
Total operating revenue	667	743	(76)	(10%)
Contingent consideration realized	6	5	1	20%
Total operating expenses	555	501	54	11%
Net operating income	118	247	(129)	(52%)
EBITDA	354	441	(87)	(20%)

Balance Sheet Summary

<i>Unaudited accounts in USD millions</i>	December 31, 2016	September 30, 2016 <i>As Restated</i>	Change	%Change
Total Current Assets	2,716	2,907	(191)	(7%)
Non-current assets				
Investment in associated companies	2,161	2,022	139	7%
Newbuildings	1,531	1,518	13	1%
Drilling units	14,276	14,488	(212)	(1%)
Other	1,019	1,116	(97)	(9%)
Total non-current assets	18,987	19,144	(157)	(1%)
TOTAL ASSETS	21,703	22,051	(348)	(2%)
Current Liabilities				
Current portion of long-term debt	3,195	3,136	59	2%
Other	1,527	1,597	(70)	(4%)
Total current liabilities	4,722	4,733	(11)	—%
Non-current liabilities				
Total Long-term Debt	6,319	6,728	(409)	(6%)
Other	561	653	(92)	(14%)
Total non-current liabilities	6,880	7,381	(501)	(7%)
TOTAL LIABILITIES	11,602	12,114	(512)	(4%)
Equity				
Total shareholder's equity	10,101	9,937	164	2%
Total liabilities and shareholder's equity	21,703	22,051	(340)	(2%)

- Total assets of \$21,703 million as at December 31, 2016
- Total net interest bearing debt decreased to \$8,476 million due to repayment of loans

Operating Income - 4Q16

<i>Unaudited accounts in USD millions</i>	Total	Floaters	Jack-ups	Other
Contract revenues	576	403	173	—
Reimbursable revenues	17	15	2	—
Other revenues	74	40	11	23
Total operating revenues	667	458	186	23
Contingent consideration realized	6	6	—	—
Vessel and rig operating expenses	234	133	81	20
Reimbursable expenses	16	14	2	—
Depreciation and amortization	223	167	56	—
Loss on impairment of goodwill	13	—	—	13
General and administrative expenses	69	49	20	—
Total operating expenses	555	363	159	33
Net operating income/(loss)	118	101	27	(10)

Operating Income - Floaters

<i>Unaudited accounts in USD millions</i>	4Q16	3Q16	2Q16	1Q16
Total operating revenues	458	528	610	616
Contingent consideration realized	6	5	5	5
Vessel and rig operating expenses	133	161	152	181
Reimbursable expenses	14	10	13	14
Depreciation and amortization	167	143	142	148
General and administrative expenses	49	37	38	41
Total operating expenses	363	351	345	384
Net operating income	101	182	270	237

Operating Income – Jack-up Rigs

<i>Unaudited accounts in USD millions</i>	4Q16	3Q16	2Q16	1Q16
Total operating revenues	186	199	234	246
Vessel and rig operating expenses	81	69	75	88
Reimbursable expenses	2	3	1	4
Depreciation and amortization	56	51	51	52
General and administrative expenses	20	14	15	16
Total operating expenses	159	137	142	160
Net operating income	27	62	92	86

Operating Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	4Q16	3Q16	2Q16	1Q16
Total operating revenues	667	743	868	891
Contingent consideration realized	6	5	5	5
Vessel and rig operating expenses	234	243	248	290
Reimbursable expenses	16	13	14	18
Depreciation and amortization	223	194	193	200
Impairment loss on goodwill	13	—	—	—
General and administrative expenses	69	51	54	60
Total operating expenses	555	501	509	568
Net operating income	118	247	364	328

Balance Sheet - Assets



Unaudited accounts in USD millions

	December 31, 2016	September 30, 2016	December 31, 2015
		<i>As Restated</i>	<i>As Restated</i>
Current assets			
Cash and cash equivalents	1,368	1,250	1,044
Restricted cash	75	117	50
Marketable securities	110	93	96
Accounts receivables, net	462	630	718
Other current assets	701	817	1,034
Total current assets	2,716	2,907	2,942
Non-current assets			
Investment in associated companies	2,161	2,022	2,592
Newbuildings	1,531	1,518	1,479
Drilling units	14,276	14,488	14,930
Assets held for sale – non current	128	128	128
Restricted cash	—	32	198
Deferred tax assets	12	73	81
Other non-current assets	879	883	1,089
Total non-current assets	18,987	19,144	20,497
Total assets	21,703	22,051	23,439

Balance Sheet – Liabilities & Equity

Unaudited accounts in USD millions

	December 31, 2016	September 30, 2016	December 31, 2015
		<i>As Restated</i>	<i>As Restated</i>
Current liabilities			
Current portion of long-term debt	3,195	3,136	1,489
Trade accounts payable	93	122	141
Other current liabilities	1,434	1,475	1,712
Total current liabilities	4,722	4,733	3,342
Non-current liabilities			
Long-term interest bearing debt	6,319	6,728	9,054
Deferred taxes	112	188	136
Other non-current liabilities	449	465	839
Total non-current liabilities	6,880	7,381	10,029
Equity			
Total equity	10,101	9,937	10,068
Total liabilities and equity	21,703	22,051	23,439