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# 2010



## **Barclays Capital CEO Energy-Power Conference**

CEO Alf C Thorkildsen

September 2010

**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, 2009 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
- Achievements last 12months
- Recent investments
- Rig fleet
- Market outlook
- Cash dividends
- Strategy



## Company profile

- 2<sup>nd</sup> largest offshore driller based on EV
- 2<sup>nd</sup> largest ultra-deepwater fleet
- Largest and most modern jack-up and tender rig fleet
- 2Q/10 EBITDA annualized ~ US\$2.0 billion
- Contract backlog ~ US\$12.3 billion
- Quarterly dividend annualized ~ US\$1.0 billion
- Strong shareholder involvement
- Current market capitalization ~ US\$10.6 billion

**Focus on quality operations & shareholder value**

## 2010 versus 2009

	Sept. 2009	Sept. 2010
▪ SDRL Share Price	US\$17.7	US\$25.5
▪ WTI Oil price	~US\$70	~US\$75
▪ Deepwater dayrates	~US\$500,000	~US\$430,000
▪ Premium Jack-up dayrates	~US\$100,000	~US\$125,000
▪ Semi-tender rigs	~US\$150,000	~US\$150,000
▪ Contract backlog	US\$11.5bn	US\$12.3bn
▪ Additions to contract backlog	US\$0.1bn	US\$3.4bn
▪ Number of rigs	41	48
▪ Number of rigs in operation	32	44

**Strong business fundamentals prevail**

# What have we achieved over the last twelve months

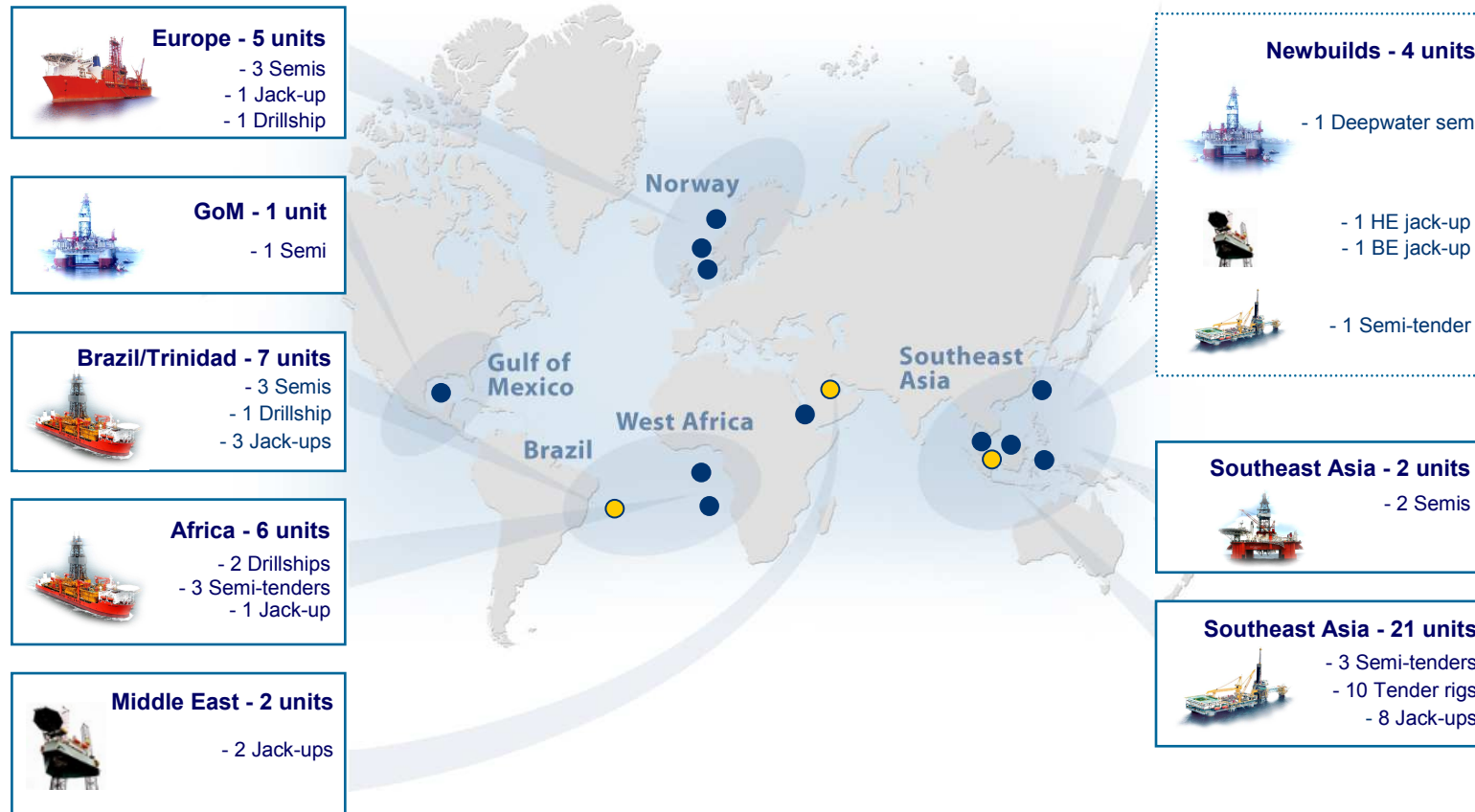
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- Acquired 7 jack-ups through the Scorpion acquisition
  - Bought the CJ70 harsh environment jack-up rig
  - Secured US\$3.4 bn in new contracts
  - Resumed regular quarterly cash dividends
  - Raised US\$2.4 bn in new debt financing and US\$320 million in new equity
  - Listed on NYSE April 2010
  - Taken delivery of 2 deepwater units, 3 jack-ups and 2 tender rig on time and cost
  - Added 9 rig years of ultra-deepwater experience
- 

**Secured strong growth in line with Company strategy**



# Worldwide operations

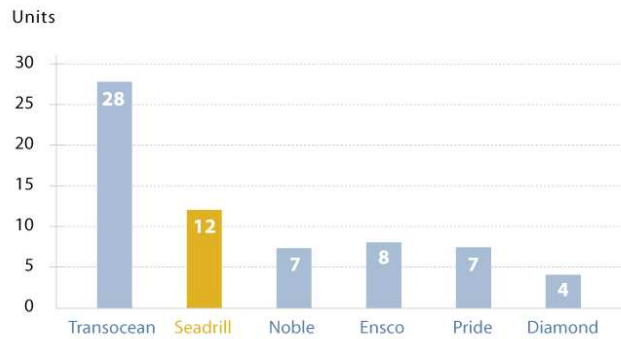


**Increased presence in all important oil and gas regions**

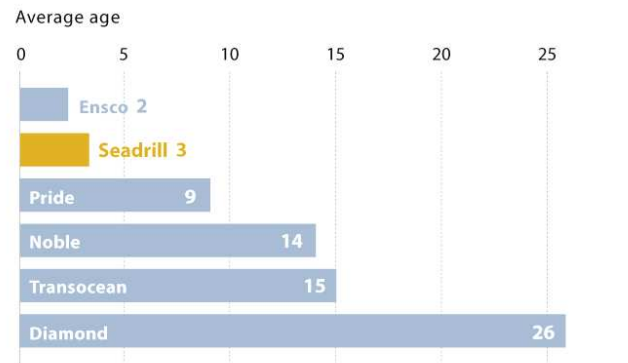


# Second largest in deepwater - most modern fleet in the industry

Ultra-deepwater units



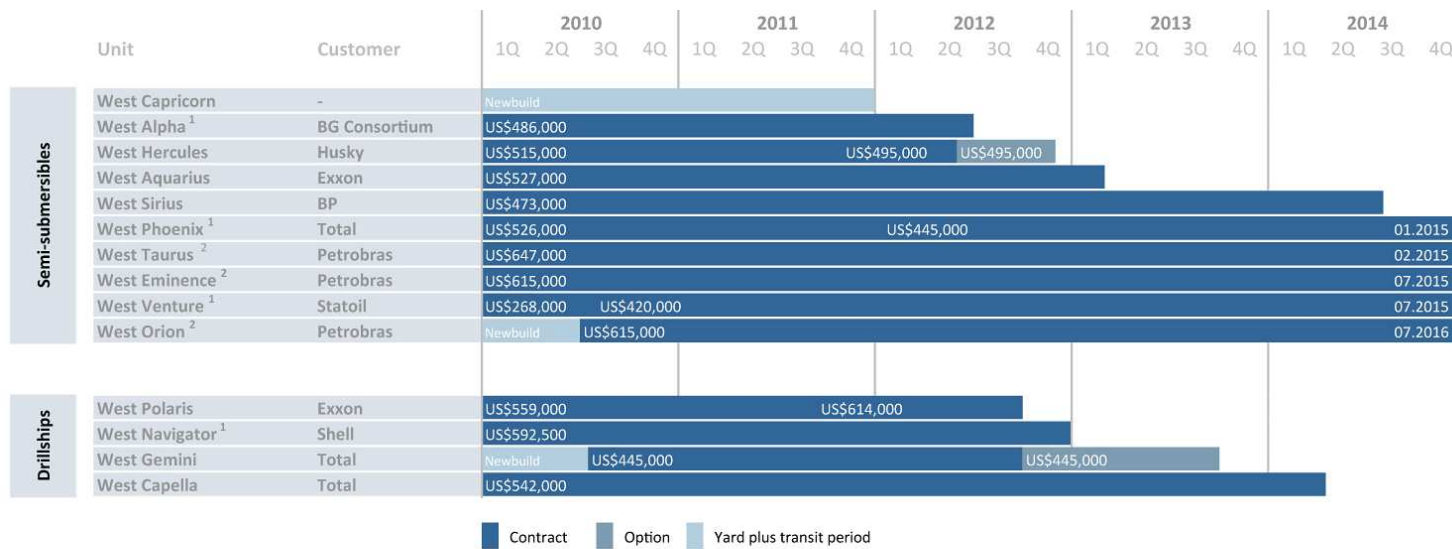
Average age - Deepwater units



**Age related issues underestimated**



# US\$9.1 billion contract backlog - Floaters



<sup>1</sup> Dayrate is partly in Norwegian kroner

<sup>2</sup> Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax.  
Dayrate will in the accounts be booked partly net of tax.

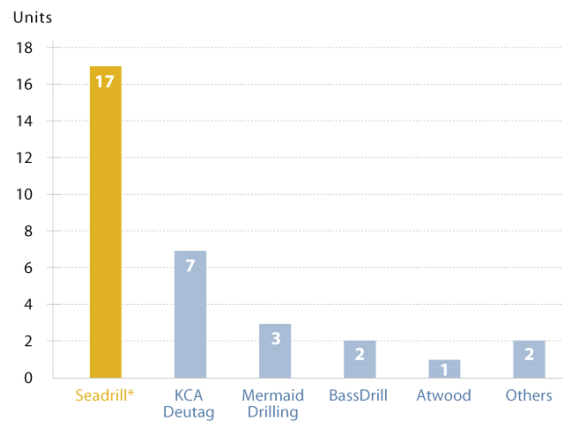
Superb earnings visibility





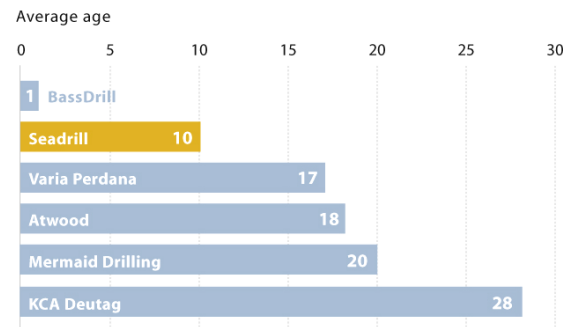
# Largest operator of tender rigs - most modern fleet in the industry

Tender rigs



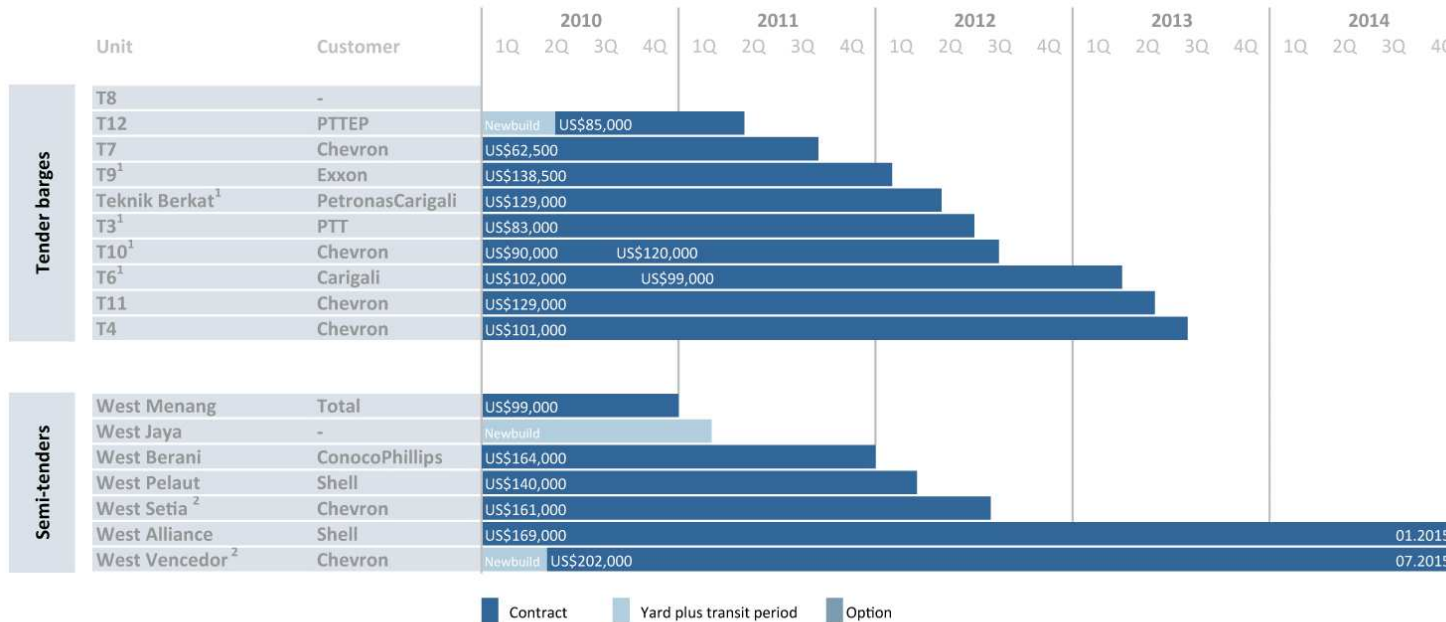
\* Incl. Varia Perdana

Average age - Tender rigs



Maintaining market share

# US\$1.5 billion contract backlog - Tender rigs



<sup>1</sup> Ownership 49%

<sup>2</sup> Dayrate is partly in Euro

**Improved market condition**





## Jack-up rig acquisitions last 6 months

- 1 harsh environment jack-up CJ70
  - Gusto MSC CJ70 X150A design
  - 450ft water depth capacity
  - Delivery scheduled in the 2Q 2011
  - 5-year contract awarded by Statoil for operations in Norway
- 7 benign environment jack-ups
  - Seven LeTourneau Super 116 (C&E) jack-up rigs
  - 350ft water depth capacity
  - Backlog of US\$600 million
  - Average contract backlog of 1.4 years per rig

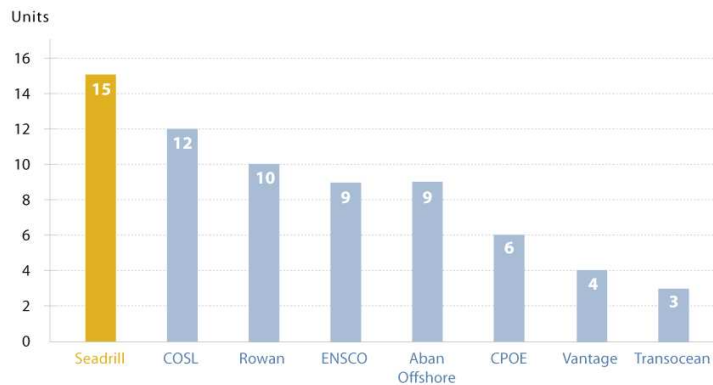


**US\$1.6 billion in new rig exposure**

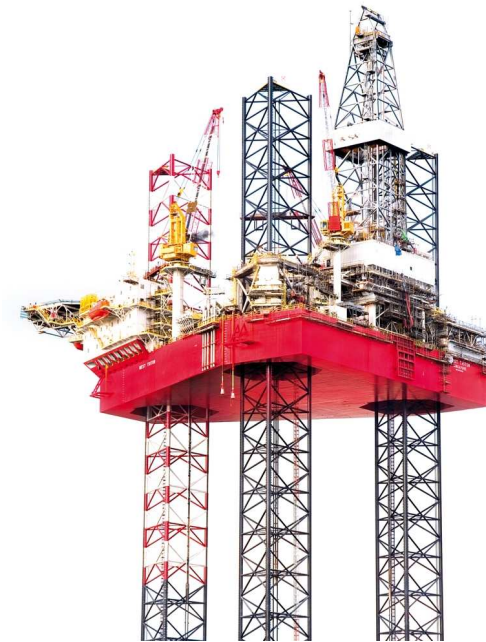
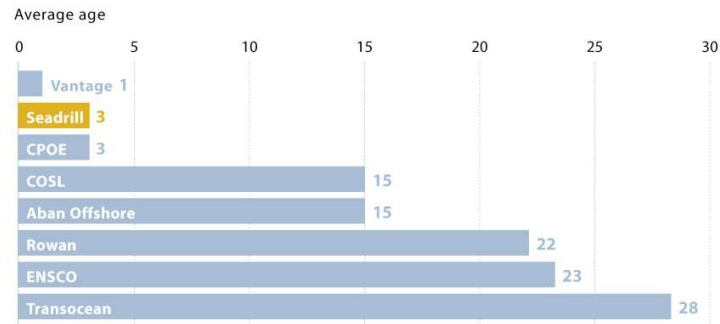


# Largest operator of premium jack-up rigs built after Year 2000

Jack-ups



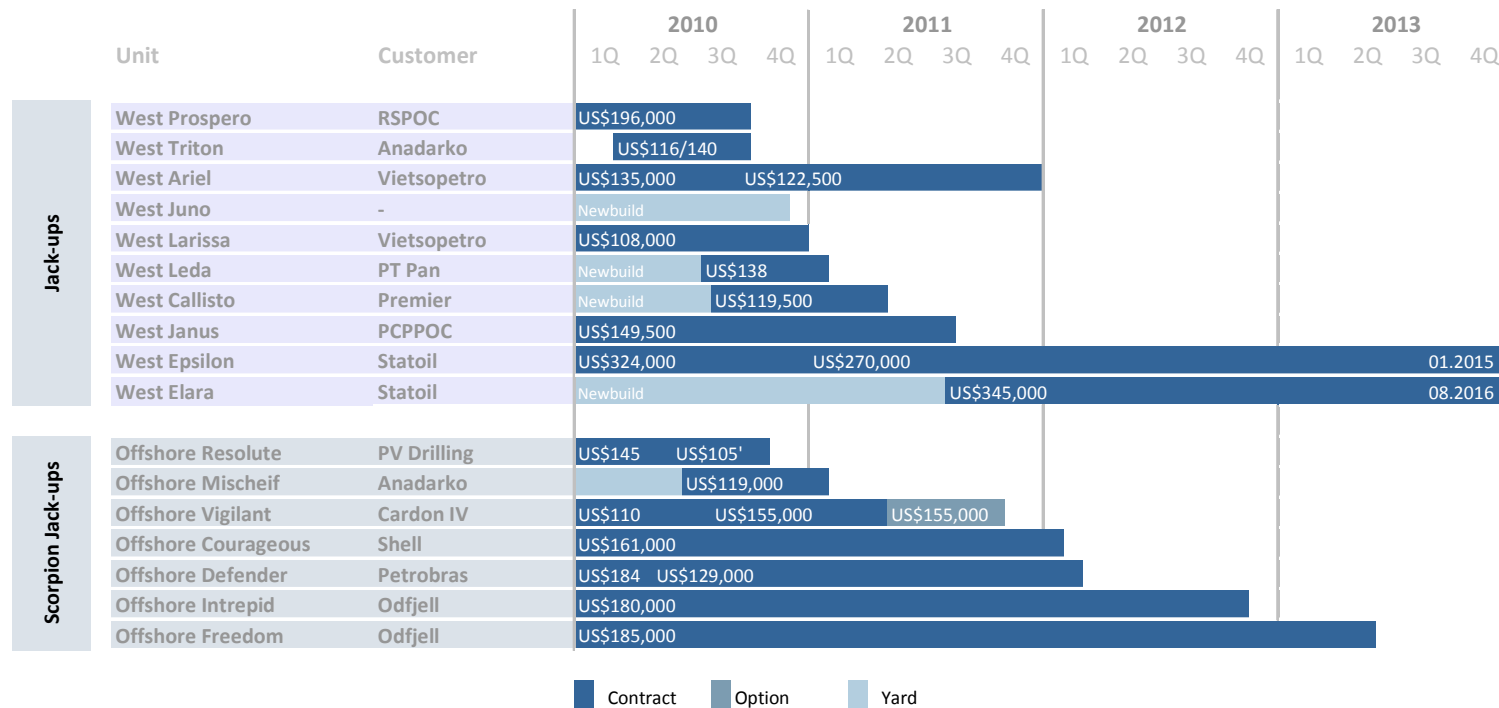
Average age - Jack-ups



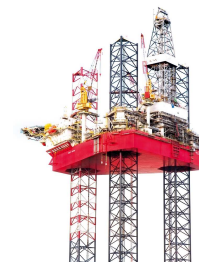
**Most modern fleet**



# US\$1.9 billion contract backlog - Jack-ups



**Sound market outlook for premium rigs**





## Why investment in new jack-up rigs

### Growing demand for new jack-ups

- The “easy” oil is gone – operators require jack-up rigs with greater capabilities than the typical rig built in the 1980s
- *Targeting:* deeper water, deeper wells, more challenging reservoirs, more remote locations and redevelopment of older fields
- *Using:* larger diameter well bores, larger and more complex completions and advanced drilling fluids

### Benefits of new jack-up rigs

- Increased deck-load and open deck space
- Greater engine horsepower
- Longer cantilever
- Higher torque top-drives
- Larger mud pumps and greater drilling fluids capacities
- Longer independent-leg configurations
- Safer working environment

**Jack-up market segmentation ... focus on high capacity units**

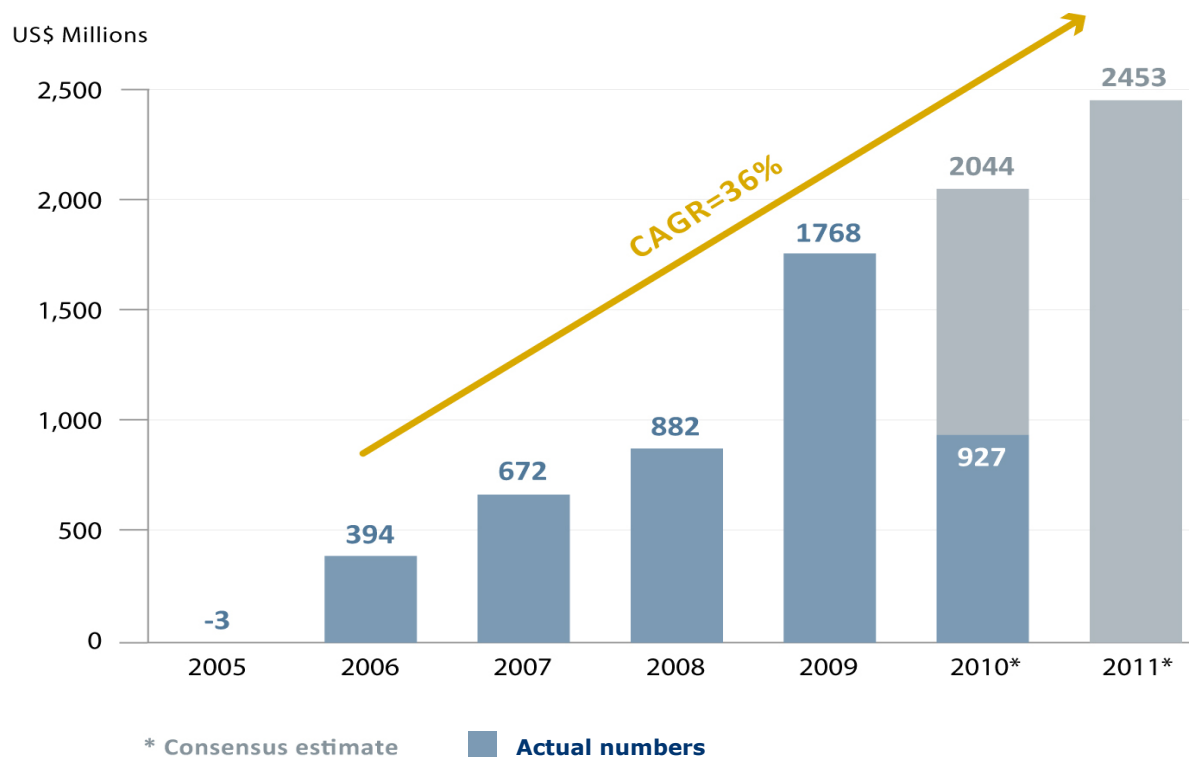
## Economics of jack-up investments

Harsh environment Actual 5Y contract – CJ70		Benign environment Assumed contract terms	
Dayrate	US\$345,000	Dayrate	US\$130,000
Opex incl. G&A	US\$120,000	Opex incl. G&A	US\$50,000
Tax	3.5%	Tax	3.5%
5Y cash-flow	US\$376 million	5Y cash-flow	US\$133 million
Investment	US\$410 million	Investment	US\$175 million
Repaid in	5.4Y	Repaid in	6.6Y

**Selective investments still create strong returns**

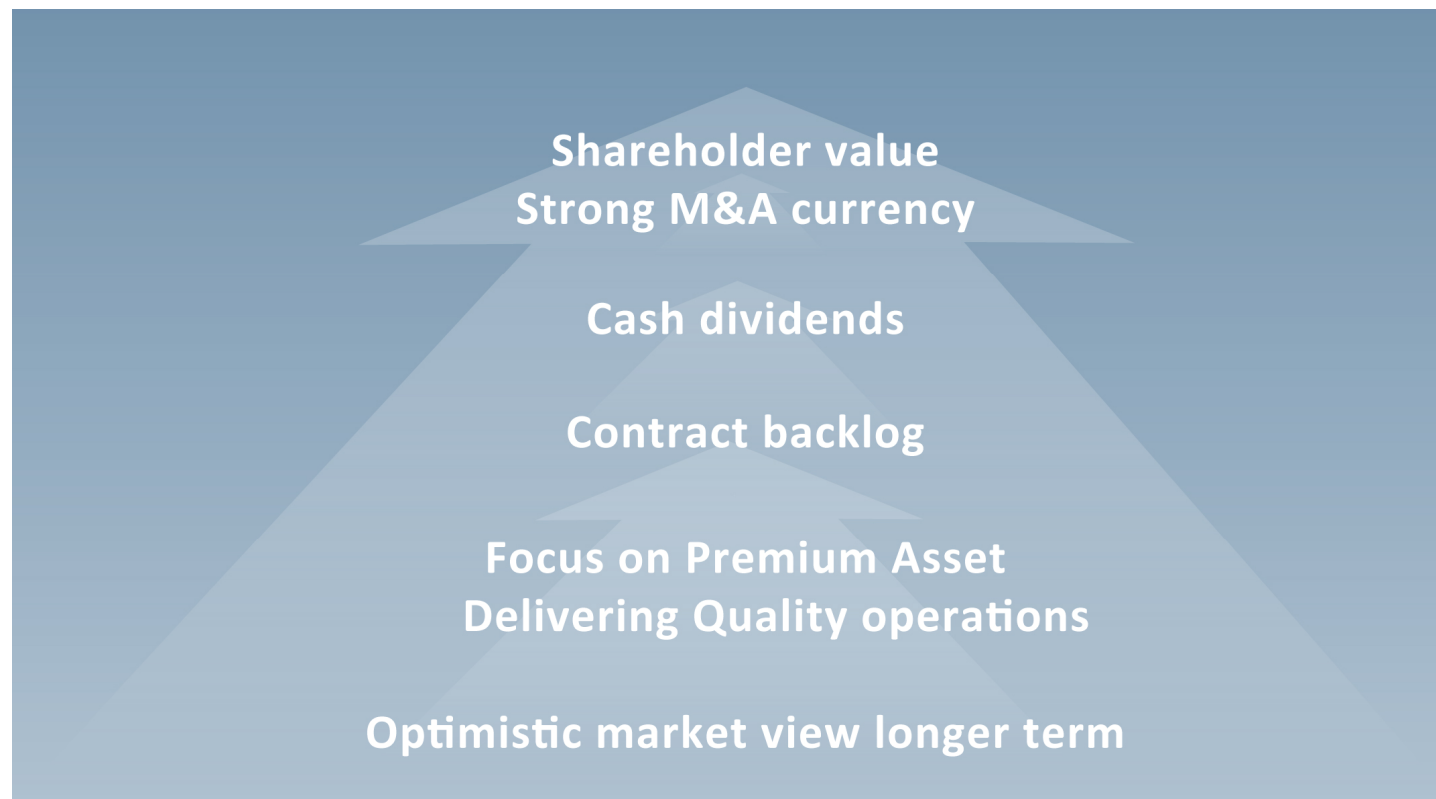


# EBITDA\* development



**Unique opportunity to continue growth**

## How do Seadrill continue its growth ?



**Single assets acquisitions, selective newbuilds and M&As**

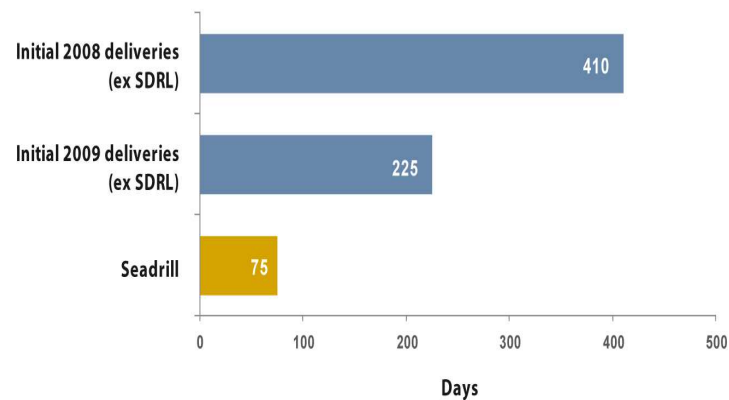
## Market Outlook

- Long term market drivers intact as global oil basins mature and decline rates increase/stay high
- Exploration for oil and gas reserves takes place in more challenging areas
- Significant exploration success in new areas will lead to more growth in development activities
- Macondo oil spill in the GoM reminds the industry of the risk involved and stresses the requirement to high-grade the world rig fleet

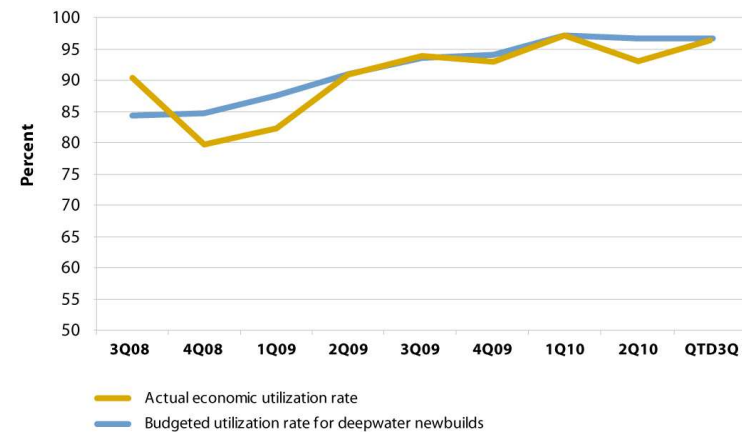
**Favorable outlook for premium rigs with operational track record**

# Strong operational performance and project execution

Delays in delivery deepwater units

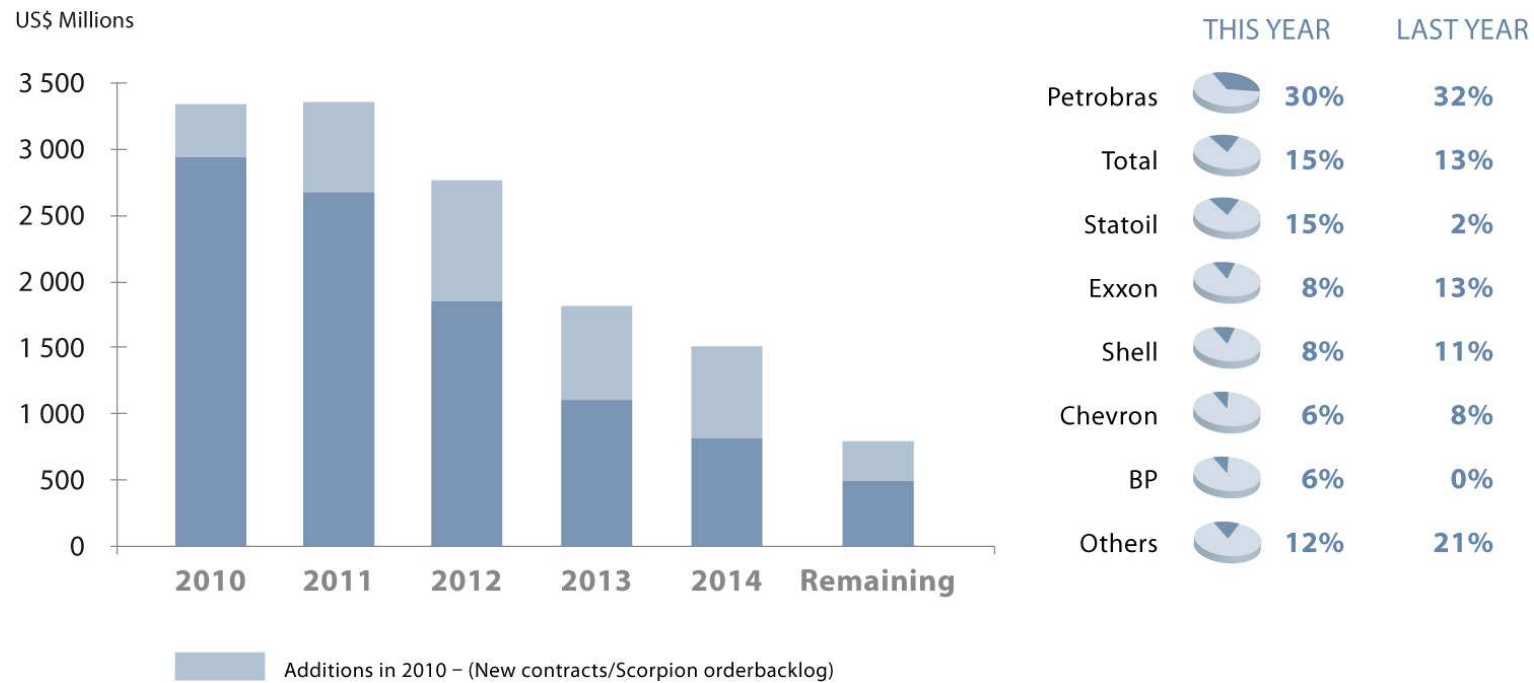


Effective start-up of deepwater newbuilds



Performance second to none

# US\$12.3 bn contract backlog



**Quality customers .... superb visibility**

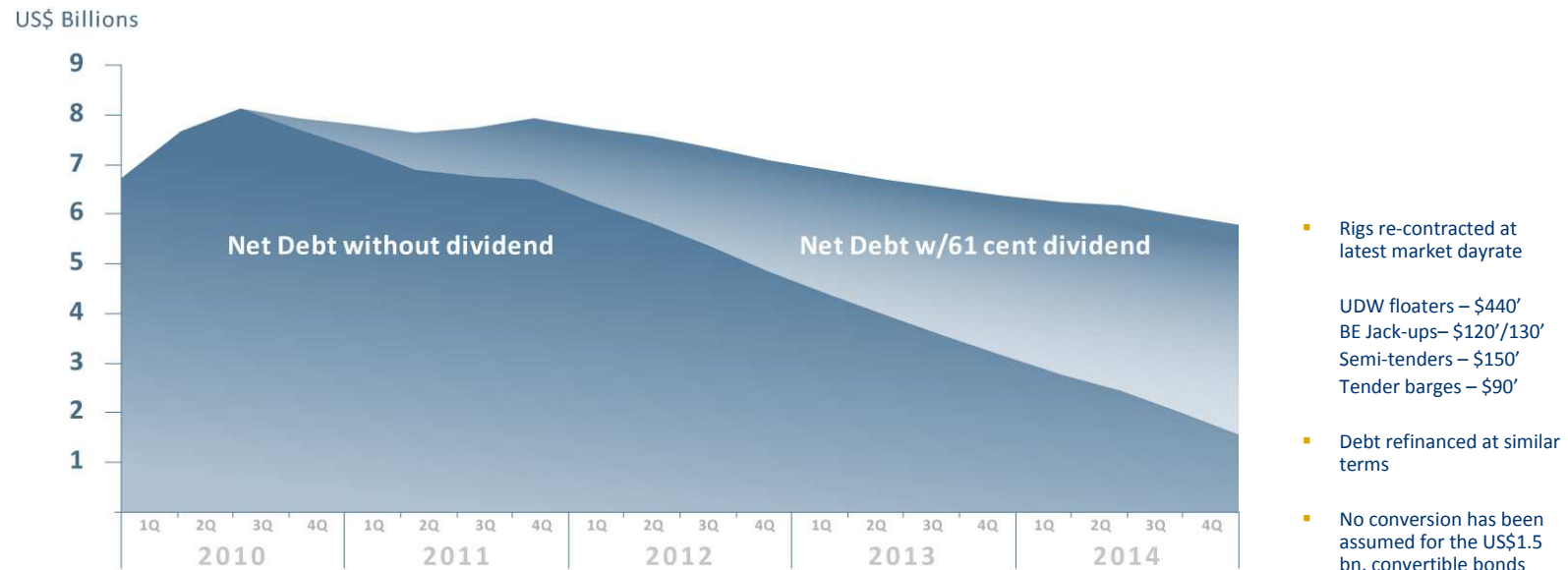
## Share price and dividends

	Share price sep.09	Share price sep.10	Share price increase *	Total dividend paid (US\$ mill)	Dividend Yield
<b>Seadrill</b>	18	25	57 %	927	9.6%
<b>Rowan</b>	20	30	48 %	-	-
<b>EnSCO</b>	36	44	25 %	111	1.8%
<b>Pride</b>	25	27	5 %	-	-
<b>Noble</b>	34	35	4 %	171	1.9%
<b>Diamond</b>	88	62	-22 %	886	10.2%
<b>Transocean</b>	75	59	-22 %	-	-

\*Adjusted for dividends

**Outperforming peer group**

# Net interest bearing debt and dividend



**Dividend level sustainable ... currently US\$1 bn per year**

## Seadrill uniquely positioned

- Brand new fleet of rigs
- Sound operations
- Global presence
- Strong contract backlog and earnings visibility
- Unique bank relationships
- Confidence and trust from the equity markets
- Track record of accretive investments and M&A transactions




**Thinking shareholder value 24/7**









# Asset portfolio

**Core fleet – 36 units built after 2000** **12 built before 2000**

	12 Ultra Deepwater Units + 1 Deepwater Unit	1 Mid-water semi
	14 High Specification Jack-ups	3 Jack-ups
	9 Tender Rigs	8 Tender Rigs

**Shareholdings**

	9.4% of Pride (MV - US\$439m)
	23.6% of Sapura Crest (MV - US\$239m)

	52.3% of Seawell (MV - US\$442m)
	9.3% of Seahawk (MV - US\$9m)