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## Barclays Capital CEO Energy-Power Conference

CEO Alf C Thorkildsen

September 6, 2011

Seadrill



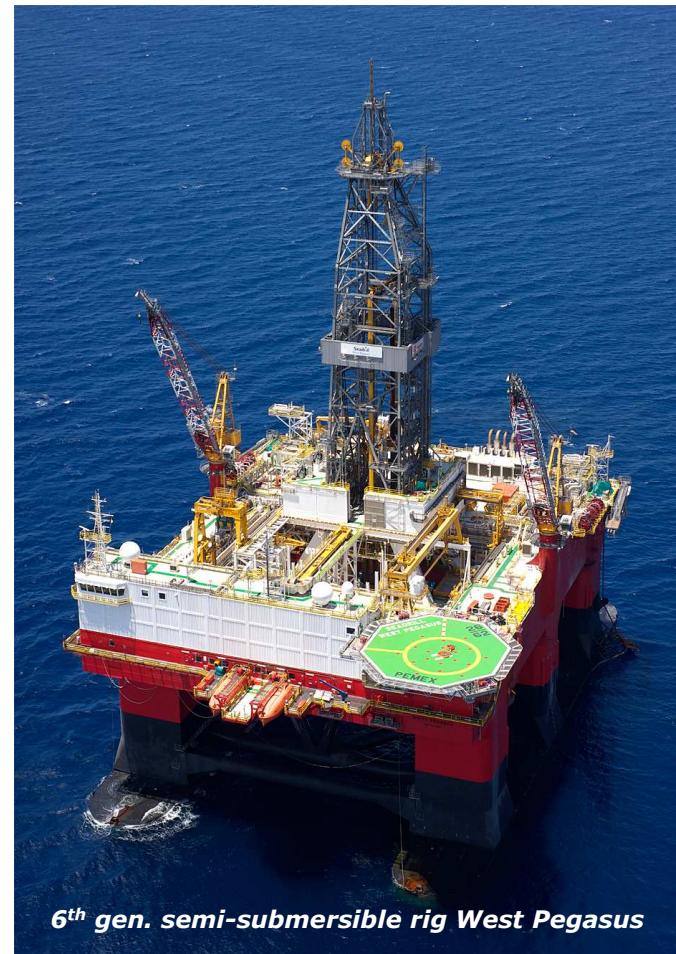
## **Forward-looking statements**

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
- Developments last 12m
- Market outlook
- Rig fleet
- Financial gearing
- Value creation
- Strategy





## ***Company profile***

- Second 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\$12.2 billion
- Quarterly dividend annualized ~ US\$1.4 billion
- Current market capitalization ~ US\$15.2 billion
- Strong shareholder involvement

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



## **2011 versus 2010 & 2009**

	<i>Sep. 2009</i>	<i>Sep. 2010</i>	<i>Sep. 2011</i>
<b>SDRL Share Price</b>	US\$17.7	US\$25.5	US\$32.4
<b>Brent oil price</b>	US\$70	US\$75	US\$113
<b>Deepwater dayrates</b>	US\$500,000	US\$430,000	US\$500,000
<b>Premium Jack-up dayrates</b>	US\$100,000	US\$125,000	US\$135,000
<b>Semi-tender rigs</b>	US\$150,000	US\$150,000	US\$170,000
<b>Contract backlog</b>	US\$11.5bn	US\$12.2bn	US\$12.2bn
<b>Additions to contract backlog</b>	US\$0.1bn	US\$3.3bn	US\$3.5bn
<b>Number of rigs (incl. newbuilds)</b>	35+6	44+4	45+14

**Strong backlog ... significant growth potential**



## ***Company development – last 12 months***

### **Deepwater** (5 rigs, \$3bn invested)

- 3 ultra-deepwater vessels 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 invested)

- 1 x CJ70 harsh environment jack-up rig @ US\$530 m against a five-year contract
- 4 benign environment jack-up rigs @ US\$200 m
- 3 tender rigs @ US\$120 m
- 1 semi-tender @ US\$200m
- 33.75% 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

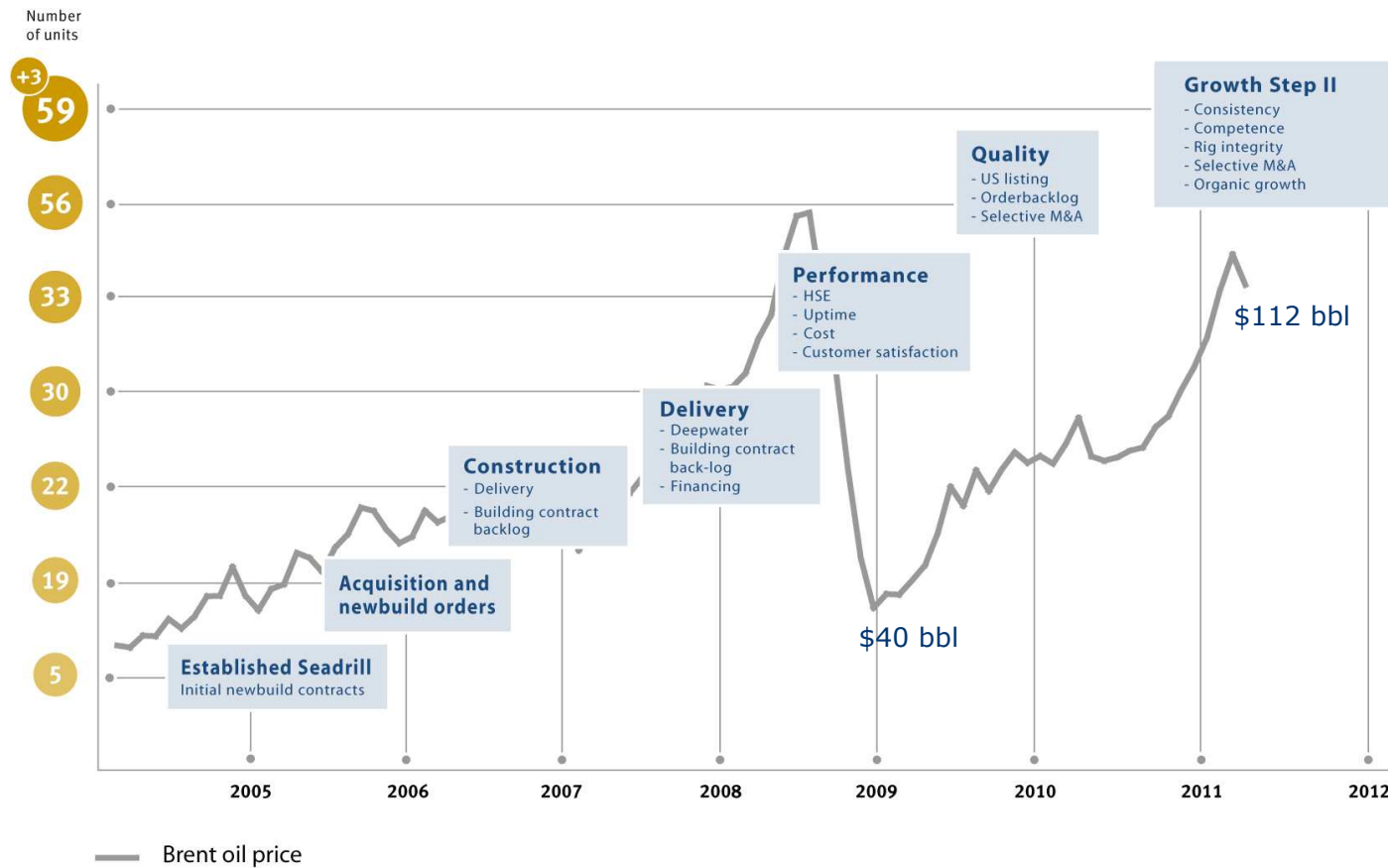
### **Finance** (converted \$1.5 bn of CBs and raised \$2.7bn in incremental debt)

- Increased regular quarterly cash dividends from 50 cent to 75 cent per quarter
- Converted US\$1.5bn of convertible debt to equity & raised US\$2.7bn in incremental new debt
- Listed our European operation in a separate company called North Atlantic Drilling (NADL) and raised US\$425m in equity

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



# Seadrill growth story Step II



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



## Quality assets built at quality yards

### 33 Rigs Delivered

#### 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

### 14 Rigs Under Construction

#### 3 Drillships

- 3 x Samsung: Q113, Q213, Q313

#### 2 Semi-submersibles

- 2 x Jurong: Q411(2)

#### 5 Jack-ups

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

#### 4 Tender rigs

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

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





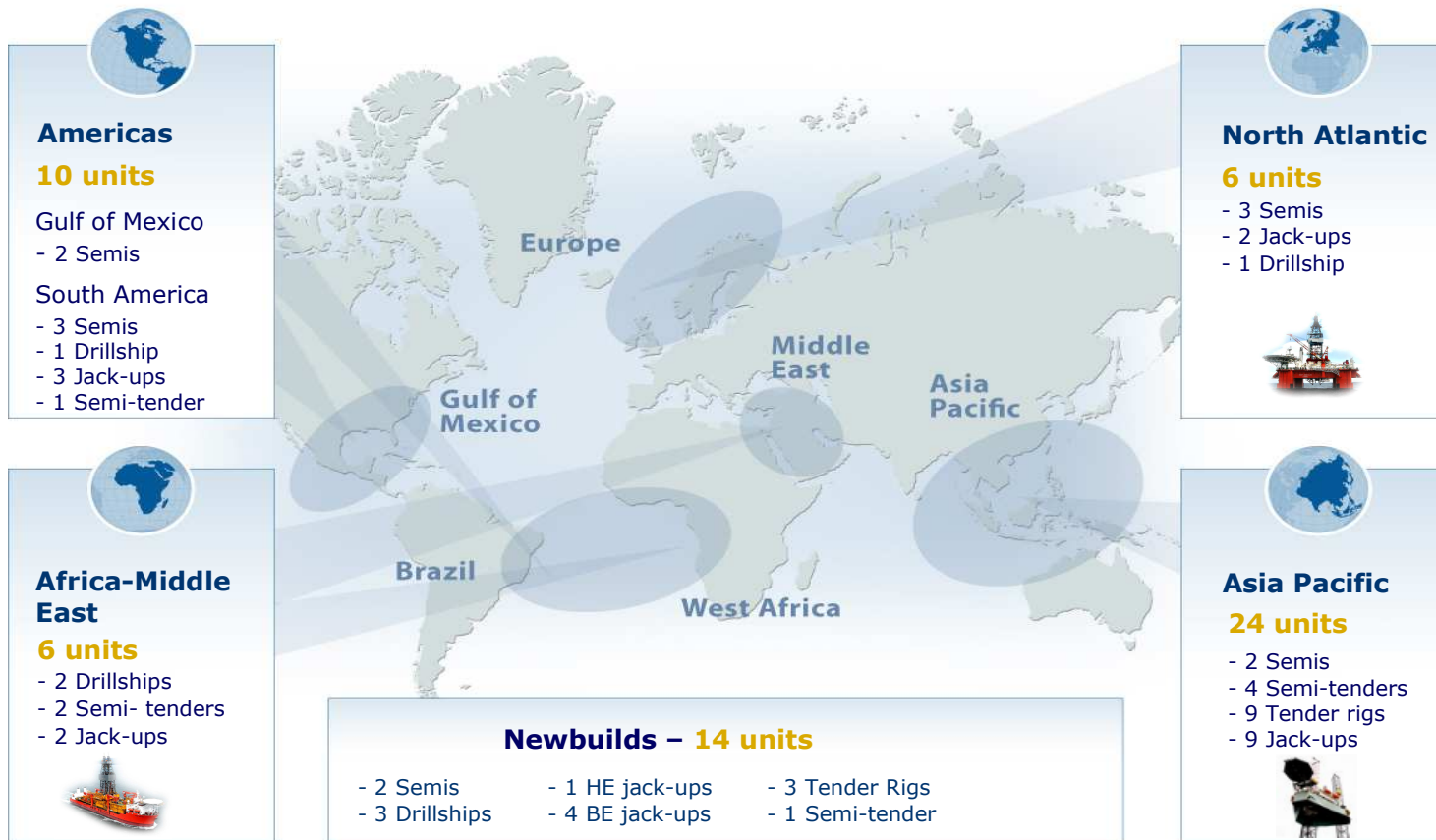
# Leading player in our markets



**Largest modern fleet in our industry**



# Worldwide operations



Operations in all important oil and gas regions



# ***Seadrill business approach***

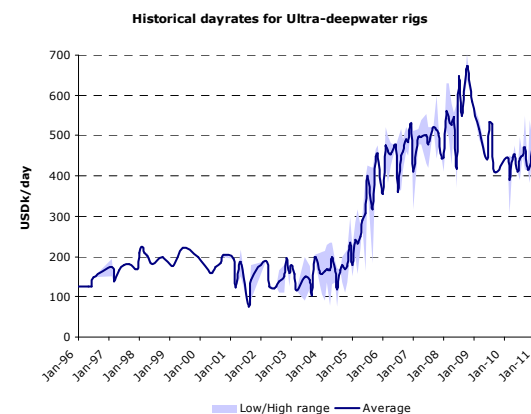
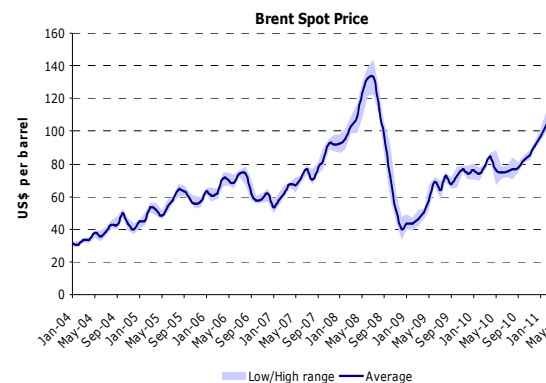


**Strengthening of regional presence for performance and growth**



## 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



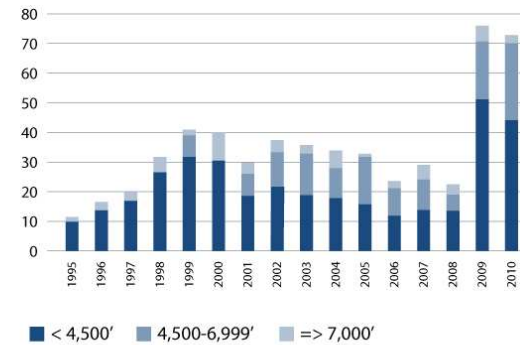
**Exceptional offshore finds ... demand for modern rigs**



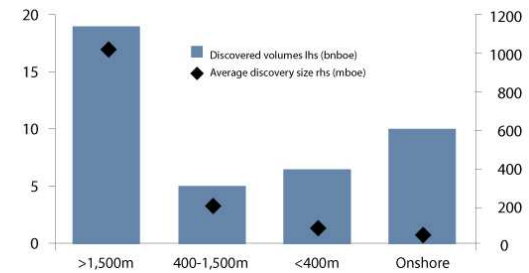
# Major deepwater regions



Deepwater Discoveries



Discovered reserves in 2010, by water depth

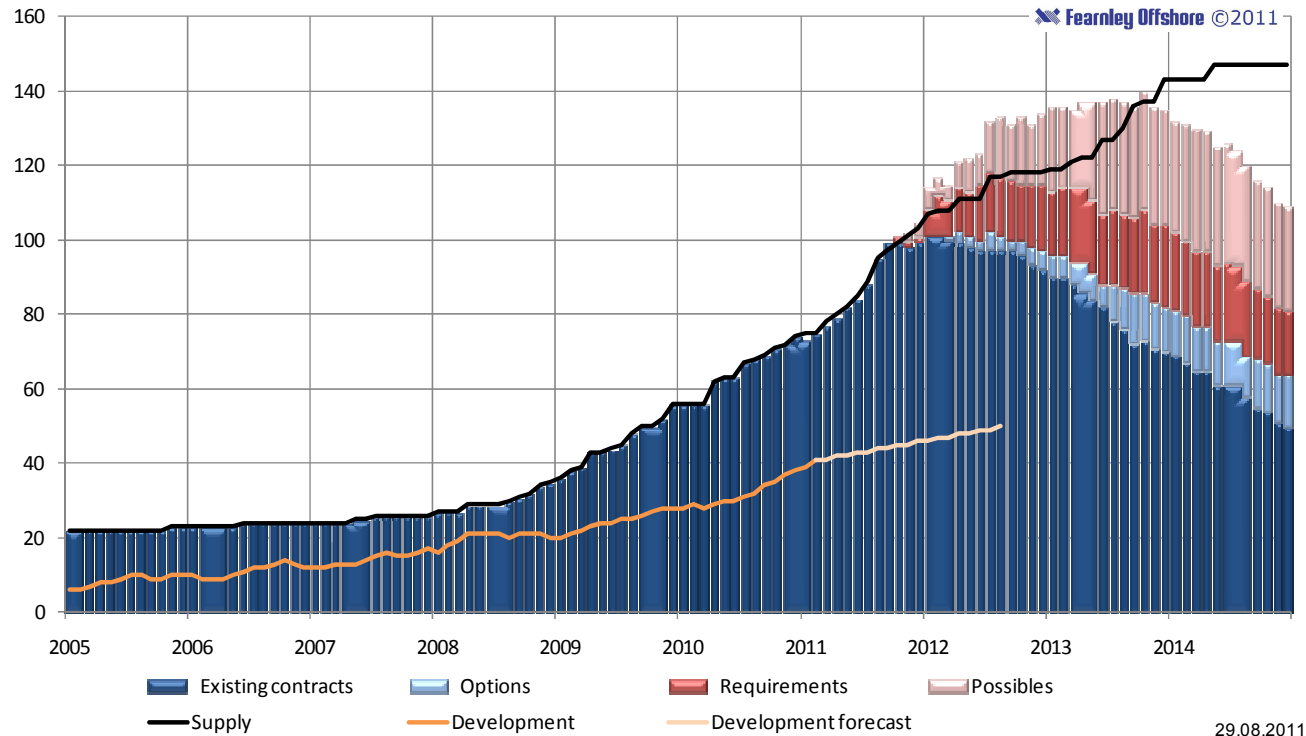


**Strong combination of exploration success and new areas**



# Ultra-deepwater demand

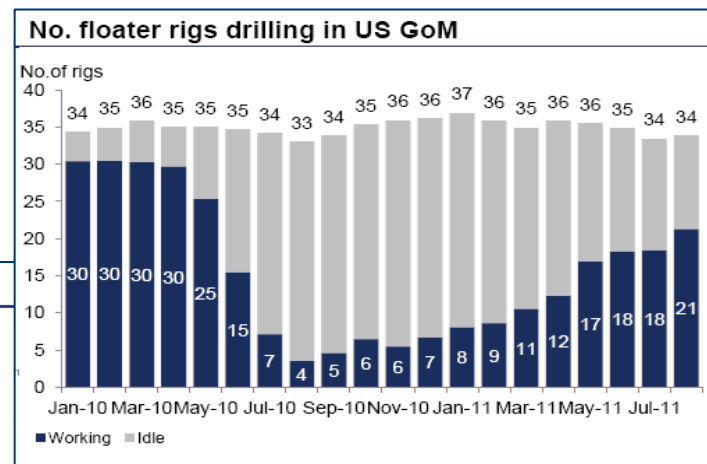
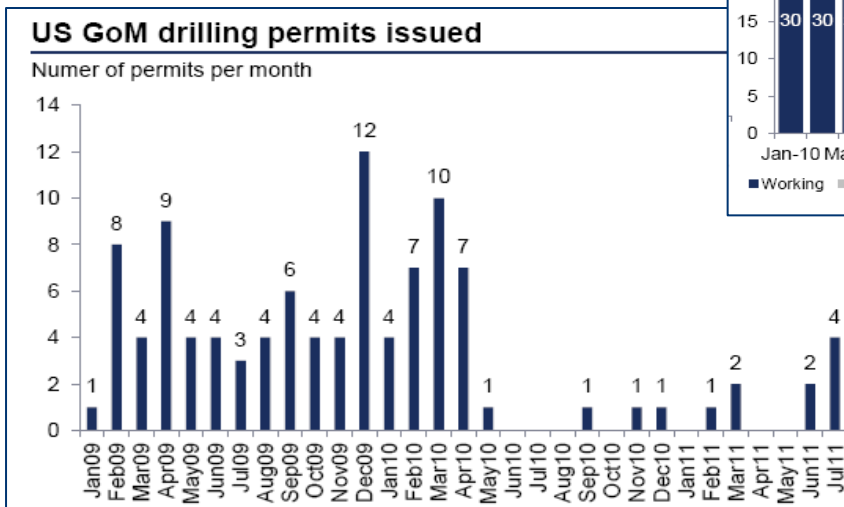
Contract Status & Expected Demand 2005-2015:  
Ultra Deepwater Drilling Units (>7500feet) - Worldwide



Promising outlook ... given recent exploration success



# Floater and US GoM drilling permits

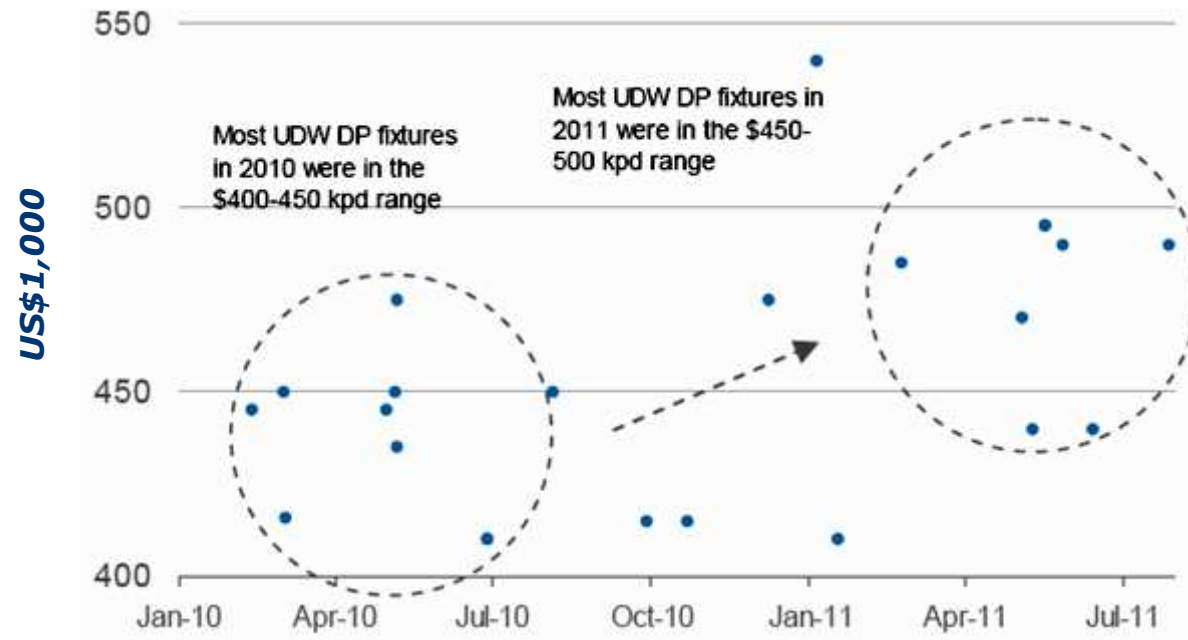


**Significant pent-up demand to be unlocked**



# Ultra-deepwater daily rates development

## Dayrate

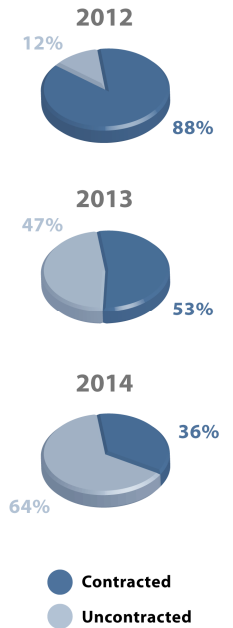
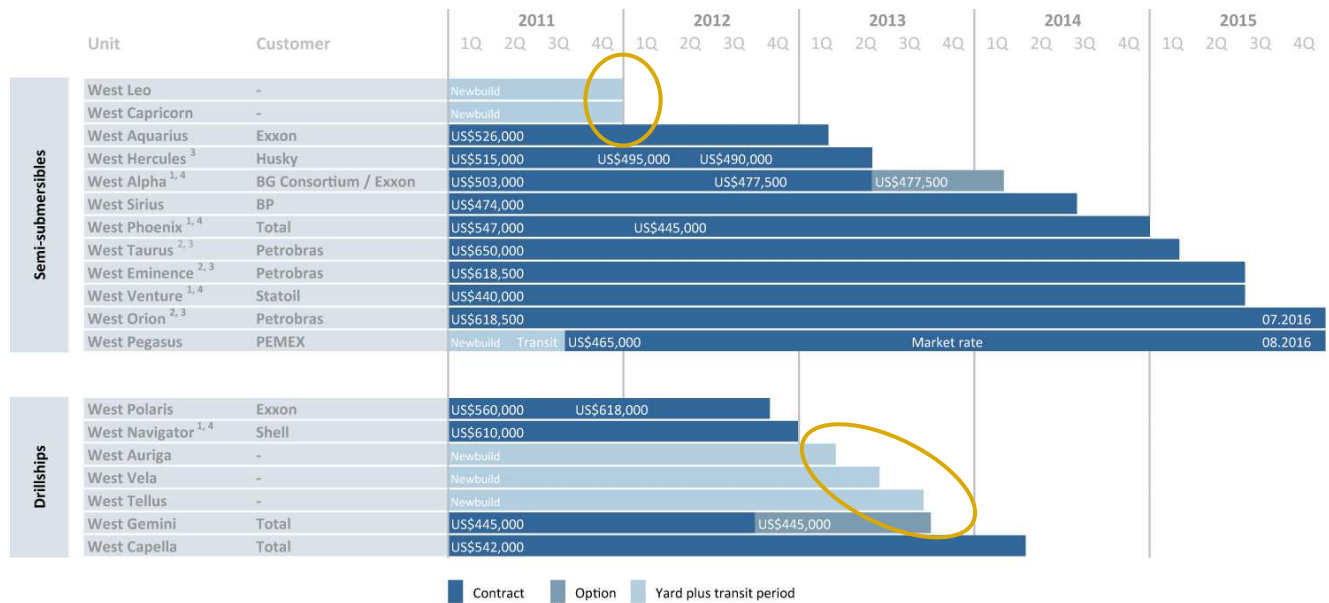


**UDW dayrates reflect tighter market ... rates \$500,000**





# US\$7.8 billion contract backlog - Floaters



<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%

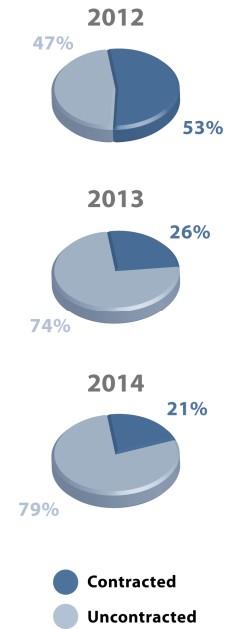
**Staggered contract portfolio offers flexibility**





# 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	PCPPOC	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		US\$119'												
	Offshore Vigilant	BHP	US\$155,000	US\$133'	US\$140'												
	West Tucana	-	Newbuild														
	West Telesto	-	Newbuild														
	Offshore Intrepid	Odfjell	US\$180,000														
	Offshore Courageous	Shell	US\$159,500			US\$134,500											
	West Castor	-	Newbuild														
	West Oberon	-	Newbuild														
	Offshore Freedom	Odfjell	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 Elara <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)

**Strong interest in premium rigs continues**



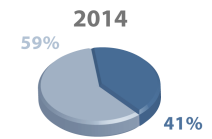
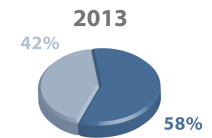
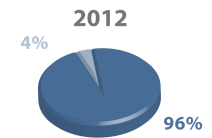


# US\$1.8 billion contract backlog – Tender rigs

	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																							

■ Contract
 ■ Option
 ■ Yard plus transit period

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



● Contracted  
● Uncontracted

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





## ***US\$12.2 bn revenue backlog***

	<b>#units</b>	<b>Average term</b>	<b>Average dayrate</b>	<b>Current market rate</b>
Floaters	19	2.1Y	US\$534,000	US\$500,000
HE Jack-up rigs	3	4.5Y	US\$340,000	US\$360,000
Jack-up rigs	18	0.9Y	US\$145,000	US\$135,000
Semi-tenders	8	2.0Y	US\$167,000	US\$170,000
Tender barges	7	2.4Y	US\$116,000	US\$115,000

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



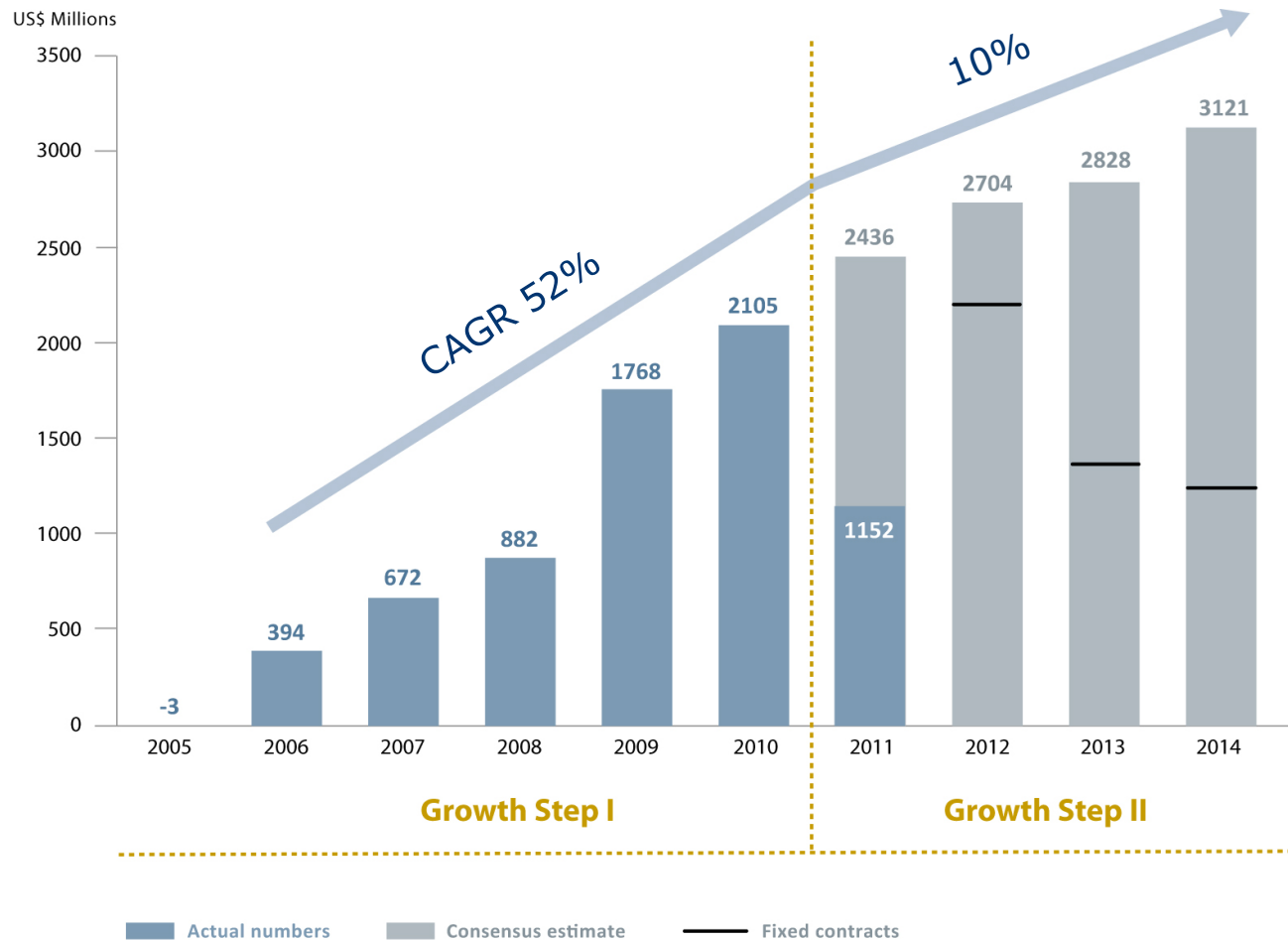
## ***Rig investment economics***

	<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**



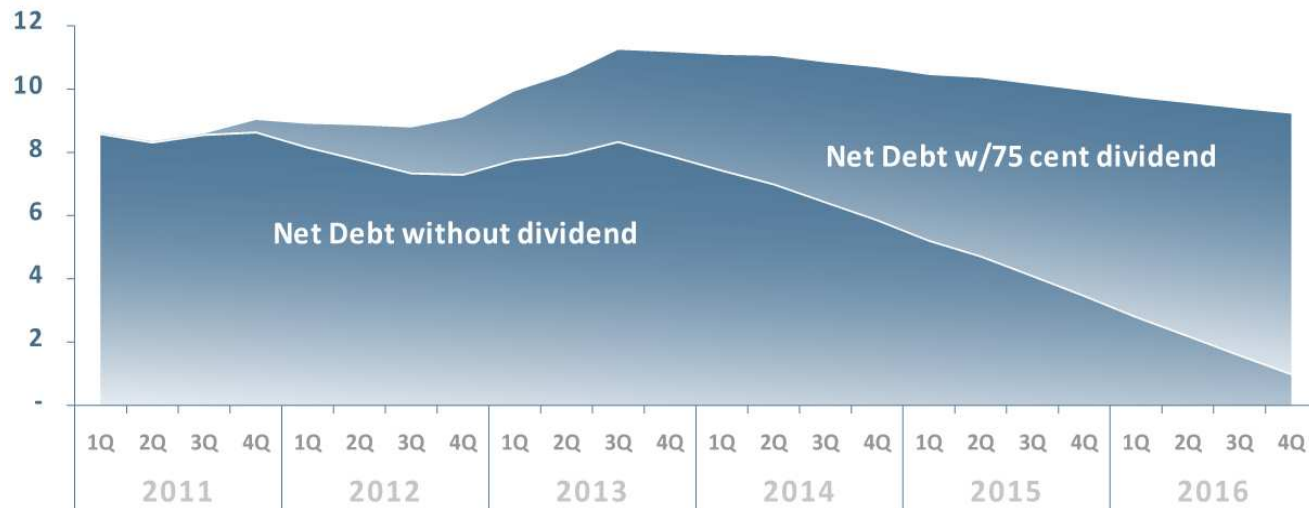
# EBITDA\* development





## ***Net interest bearing debt and dividend***

US\$ Billions

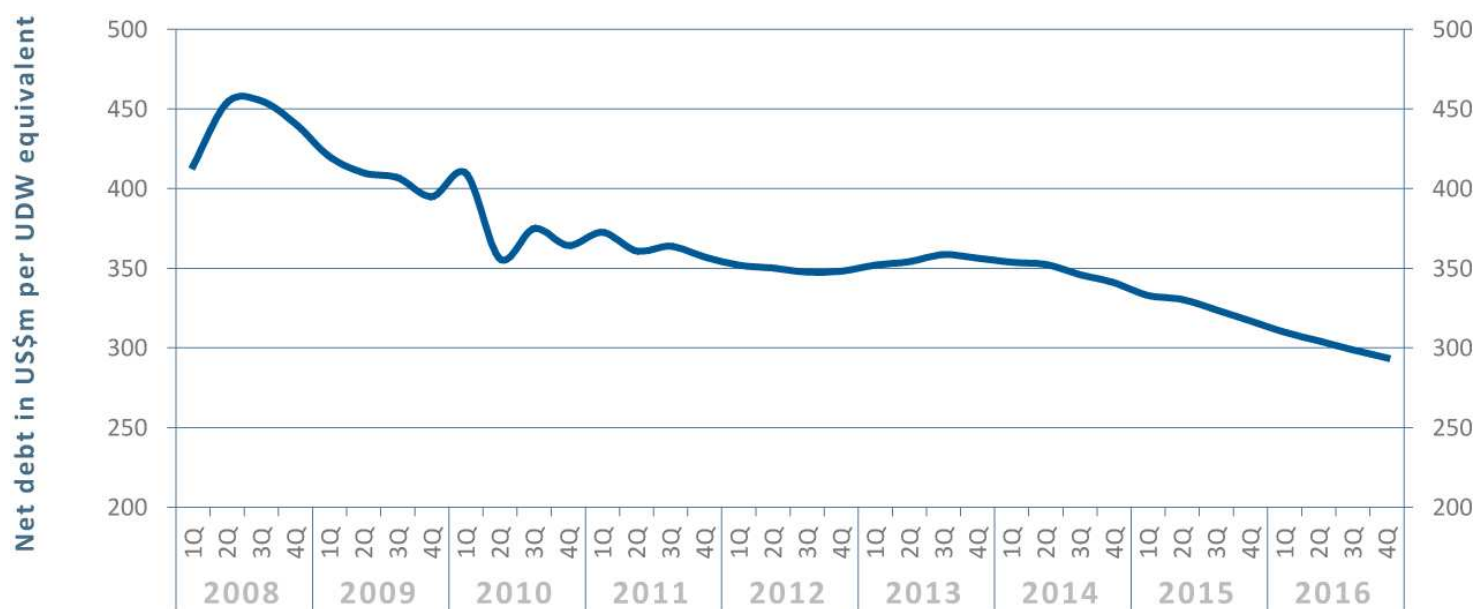


- Rigs re-contracted at latest market dayrate
  
- UDW floaters – \$500’  
BE Jack-ups – \$135’  
Semi-tenders – \$170’  
Tender barges – \$115’
  
- Debt refinanced at similar terms
  
- No conversion has been assumed for the US\$650m convertible bonds

**Dividend level sustainable**



## ***Net interest bearing debt in deepwater unit equivalents***



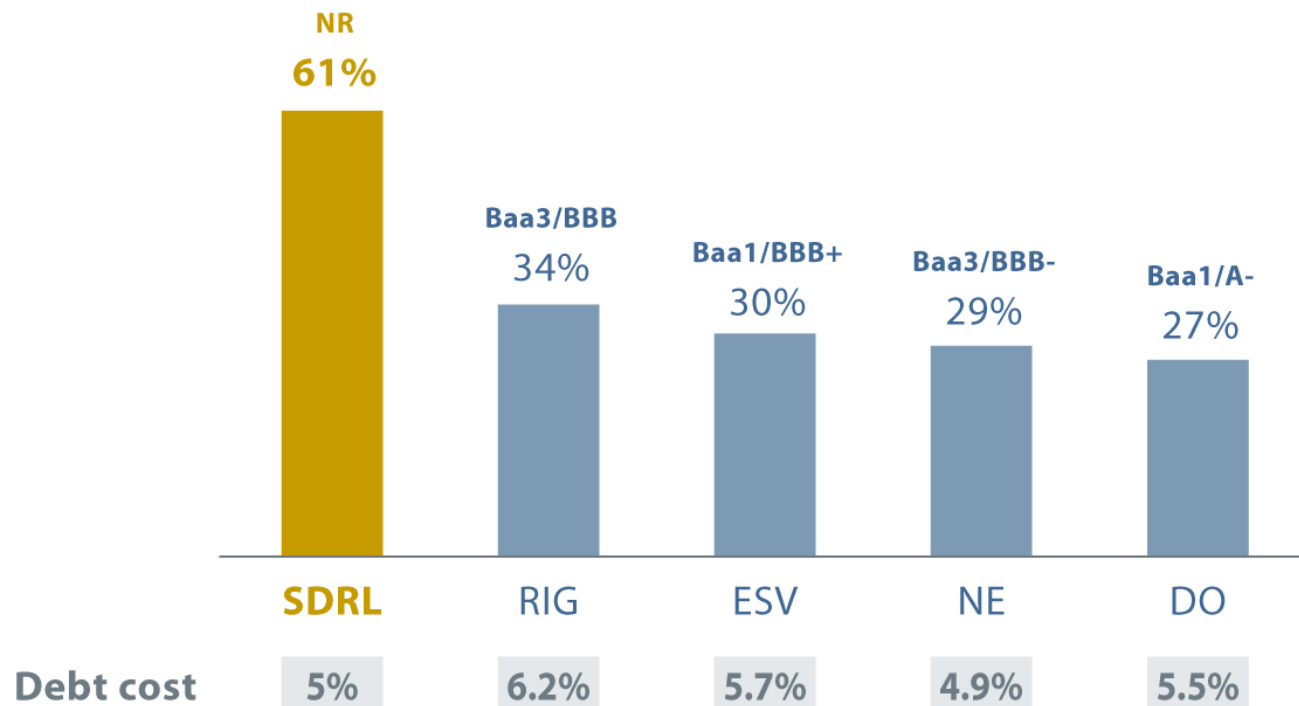
**Relative gearing significantly reduced per unit**

*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 Sep. 2010	Share price Sep. 2011	Total dividend paid (US\$ mill)	Share price increase*	Dividend Yield
<b>Seadrill</b>	26	32	1,161	38 %	9.3 %
<b>Rowan</b>	28	36	-	29 %	-
<b>Ensco</b>	43	49	231	17 %	2.9 %
<b>Diamond</b>	61	63	487	10 %	5.5 %
<b>Transocean</b>	54	56	505	6 %	5.7 %
<b>Noble</b>	33	34	141	5 %	2.0 %

\* 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**



## ***Key success factors***



The Seadrill eye™