Seadrill XOAS: SDRL

2Q22 Earnings Presentation

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2Q22 at a glance

$284m	**$75m**
Steady operating revenues in line with expectation	Strong adj. EBITDA, supported by high utilization
$940m	**1.32**
Backlog added during the quarter	Outperforming TRIF industry standards of 1.75
22	**6**
Rigs currently in operation across 5 continents*	Rig reactivation and contract preparation projects ongoing to service long-term contracts
98% Technical	**98%** Economic

Maintaining high utilization

* Owned and managed operating rigs

Overview of the ADES jack-up transaction

Transaction Overview

- ✓ Seadrill has entered into a binding agreement with subsidiaries of ADES Arabia Holding Ltd ("ADES") to sell seven jack-ups in the Kingdom of Saudi Arabia and the associated business
- ✓ Upon completion, the ownership of the seven rigs as well as employment of the crews and the drilling contracts will be transferred to ADES
- ✓ The total consideration is $628 million in cash, subject to adjustment for working capital and other items, and reimbursement to Seadrill for any project costs spent at the time of closing in relation to the reactivation of the three stacked jack-ups
- ✓ This translates into approximately $100 million per rig on a ready to drill basis

Rig Name	Built	Client /Status
AOD I	2013	Saudi Aramco Operating
AOD II	2013	Saudi Aramco Operating
AOD III	2013	Saudi Aramco Operating
West Calisto	2010	Saudi Aramco Operating
West Ariel	2008	Undisclosed Client Contract Prep.
West Cressida	2009	Undisclosed Client Contract Prep.
West Leda	2010	Undisclosed Client Contract Prep.

Strategic Rationale

Monetize assets at attractive values

Significantly deleverage the balance sheet

Maintain advantaged positioning in core markets

High value, high quality contract wins added to backlog

Order Backlog as at August 31, 2022

Floaters **$1.6bn**

Harsh Environment **$0.6bn**

Jack-ups **$0.8bn**

Approximately $1 billion added to backlog since the start of 2Q22

$159m*

Angola
TotalEnergies

$217m

US Gulf of Mexico
Talos / LLOG

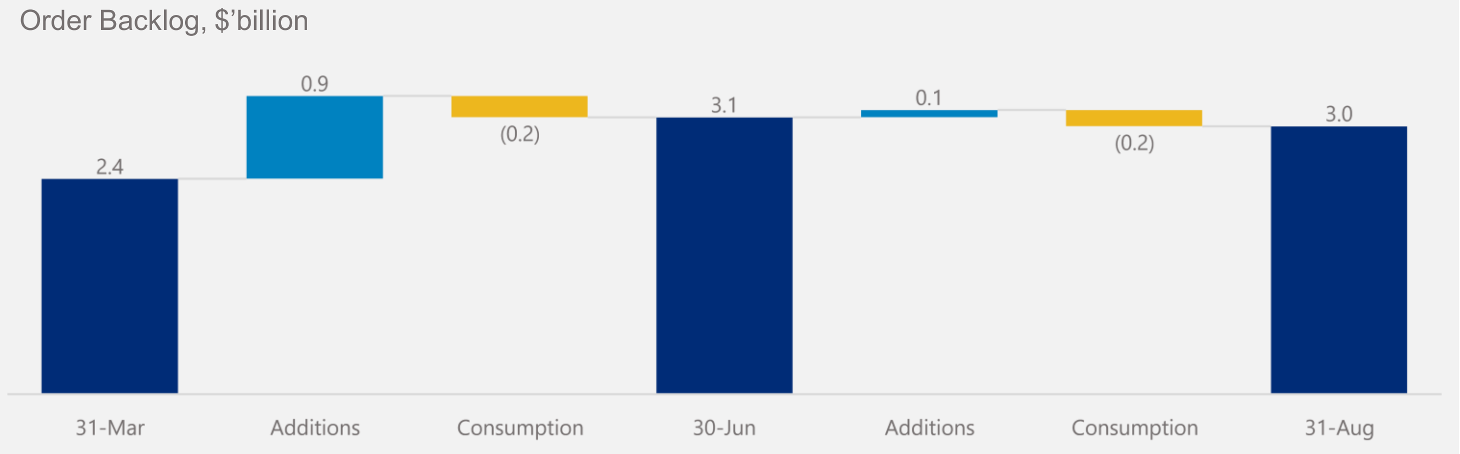
$305m

Middle East
Undisclosed client

$361m

Middle East
Saudi Aramco

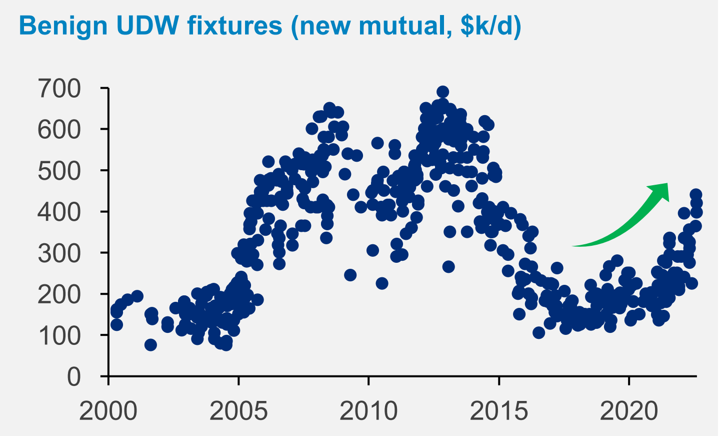
Substantial contract additions outstripping backlog consumption

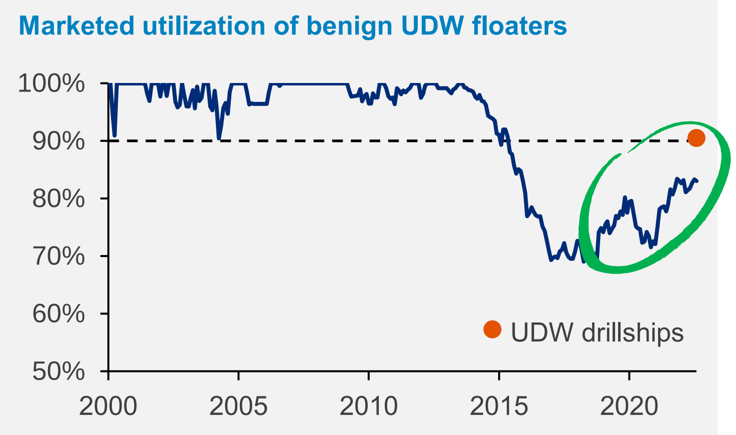


* TotalEnergies contract is with Sonadrill. Seadrill to receive a management fee for managing and operating the rig on behalf of Sonadrill

Operational and market overview

Strong market recovery*





Strategically positioned across key geographies

Well-positioned to benefit from UDW recovery from strong relationships with key operators

* Benign UDWs defined as rigs with rig water depth ≥ 7,500m and a non-harsh market category in IHS Rigpoint. Data as of 28 August 2022. Source: IHS Rigpoint, DNB Markets

2Q22 Review

Revenue and EBITDA performance

Strong quarterly performance, in line with expectations

Income highlights	2Q22	1Q22	%
In $'million	Successor	Combined*	
Total operating revenue	284	293	(3)
Adjusted EBITDA	75	78	(4)
Adjusted EBITDA margin (%)	26.4	26.6	(1)

- ✓ **Revenue marginally lower quarter-on-quarter, largely driven by shipyard time for the West Saturn and completion of West Bollsta operations, partially offset by higher dayrates on the Sevan Louisiana and West Hercules**
- ✓ **Management contract revenue and other revenues remained relatively consistent with 1Q22**
- ✓ **Strong adj. EBITDA continued in line with expectations, supported by high rig utilization**

High economic utilization supporting revenue and earnings

West Tellus
Continued operations in Brazil with Shell, which are expected to conclude early September, when the rig will begin preparatory work for Petrobras campaign

Quenguela
First full quarter of operations in Angola with TotalEnergies for the rig's maiden campaign

Sevan Louisiana
Continued operations in the US GoM with ENI, which concluded in Q3, when the rig commenced follow-on operations with Talos

West Hercules
Mobilized to Canada and commenced follow-on operations with Equinor

* Combined non-GAAP results for successor and predecessor period from January 1, 2022 to March 31, 2022. Refer to the financial highlight section "Fresh Start accounting" within the 1Q22 earnings report for more details

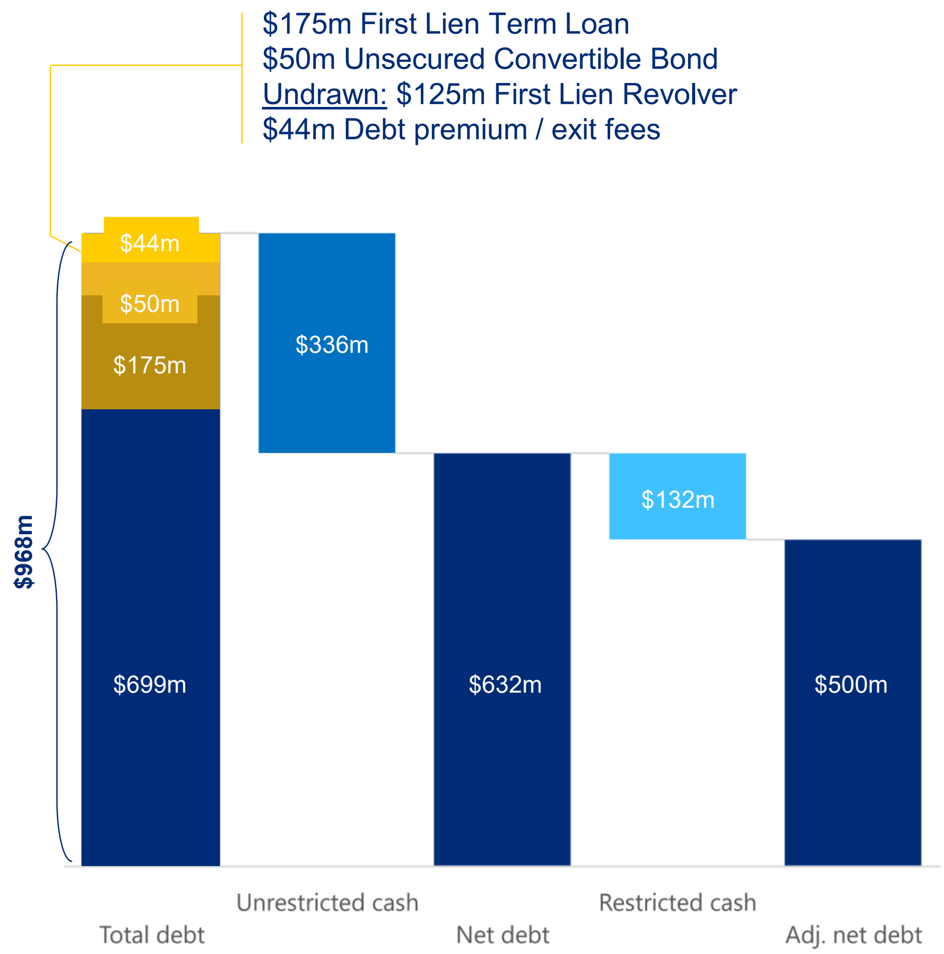
Balance sheet and capital structure

Strong capital structure, with access to additional liquidity

In $'million	June 30, 2022	March 31, 2022
Cash and cash equivalents	336	393
Restricted cash	132	160
Other current assets	447	410
Non-current assets	2,008	2,008
Total assets	**2,923**	**2,971**
Other current liabilities	337	348
Non-current liabilities	1,116	1,120
Equity	1,470	1,503
Total liabilities and equity	**2,923**	**2,971**

- ✓ **Invested in our existing drilling fleet in preparation for long-term contracts across key basins**
- ✓ **Sustained ample liquidity across the period, supported by favourable EBITDA**
- ✓ **Net debt increased quarter-on-quarter, mainly as a result of capex on strategic reactivations and capitalization of interest on second lien debt**

Current build-up to net debt



Revenue, EBITDA and CAPEX guidance for FY22

$1.050bn - $1.125bn	$240m - $280m	$320m - $360m
Total Revenue	**Adjusted EBITDA**	**CAPEX and long-term maintenance**

Guidance notes

1. Full Year 2022 Guidance is a non-GAAP financial measure, including predecessor period.
2. Total Revenue excludes forecasted mobilization revenues to be received of approximately $65 million which will be deferred on the balance sheet and amortized through revenue over firm contract periods beyond 2022
3. Adjusted EBITDA excludes both forecasted mobilization revenue and forecasted mobilization costs to be incurred of approximately $95 million which will be deferred on the balance sheet and amortized through operating expenses over firm contract periods beyond 2022
4. Capital Expenditure includes upgrades, special periodic surveys, reactivations and long-term maintenance but excludes mobilization costs which are deferred on the balance sheet and amortized through operating expenses over the firm term of the relevant contract. Several reactivation and upgrade projects are expected to span the year-end and could materially impact the level of expenditure recognized in 2022 compared with the guidance provided
5. The guidance provided above has not been adjusted to reflect the potential closing of the announced jack-up sale in 2022. However, the announced sale is not expected to have a material impact on our revenue and EBITDA guidance for 2022. Our capex and long-term maintenance guidance range of $320 - $360 million could change materially depending on the date the transaction closes. Approximately $120 million of expenditures relating to the reactivation and upgrading of the West Leda, West Ariel and West Cressida is included within the range disclosed. The range is likely to reduce to the extent the transaction closes prior to year-end as expenditures subsequent to the transaction closing will be incurred by the buyer. Furthermore, any such capital expenditures incurred on these rigs prior to closing will be fully reimbursed by the buyer on closing of the transaction.

Q&A


Seadrill
NO SMOKING
WEST GEMINI
WEST GEMINI
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