



## Conference Call – 4Q 2013 Results

*February 25, 2014*

**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, 2012 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 [seadrill.com](http://seadrill.com).



# Seadrill Fourth Quarter Call Agenda

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- Highlights 4Q 2013
- Subsequent events during 1Q 2014
- Seadrill Strategy & Market Outlook
- Financial Performance Highlights
- Appendix: Seadrill Limited Financials

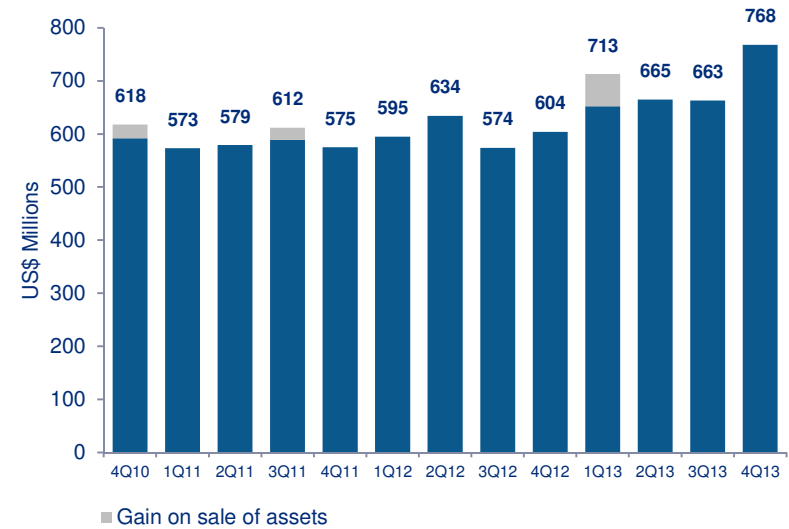


# Financial Performance Highlights

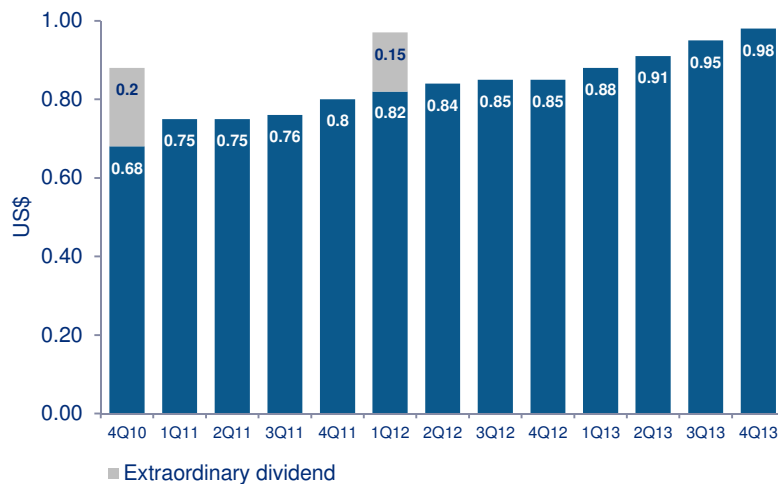


- Seadrill generates EBITDA of US\$768 million for the fourth quarter 2013
- Economic utilization for our floaters was 94 percent and 98 percent for jack-ups
- Seadrill reports fourth quarter 2013 net income of US\$281 million and earnings per share of US\$0.49
- Seadrill increases quarterly cash dividend by 3 cents to US\$0.98 per share

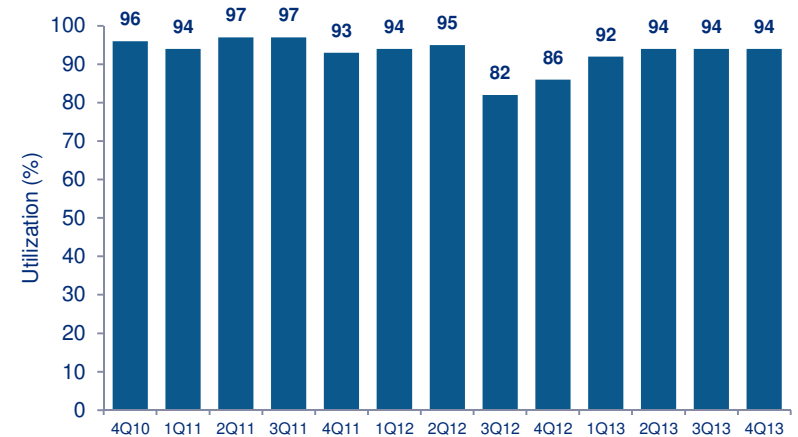
Quarterly EBITDA



Dividend distribution per share



Ultra-Deepwater Economic Utilization



## Fourth Quarter 2013

- Seadrill Partners announces settlement agreement and 18 month contract extension for the West Aquarius with a total estimated revenue potential of US\$337 million
- Total S.A. exercised their option with Seadrill Partners to convert the contract extension for the West Capella from 5 years to 3 years. As a result of this change in contract terms the dayrate has increased from US\$580,000 per day to US\$627,500 per day
- Seadrill executes a one year contract extension for the West Leda with ExxonMobil in Malaysia with a total estimated revenue potential of US\$60 million
- Seadrill Limited sells the tender rig T-16 to Seadrill Partners for US\$200 million
- North Atlantic Drilling completes private placement of NOK1.5 billion unsecured bond issue maturing in 2018
- Seadrill acquires high specification jack-up rig, Prospector 3, for US\$235 million
- Seadrill enters into a Heads of Agreement with PEMEX for 5 potential jack-up contracts beginning in the first half of 2014. Cumulative duration of the contract is more than 30 rig years with a total revenue potential in excess of US\$1.8 billion
- Seadrill Limited sells the semi-submersible rigs, West Leo and West Sirius, to Seadrill Partners financed with a US\$456 million equity offering and intercompany loans

# Subsequent Events

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## First Quarter 2014

- North Atlantic Drilling completes private placement of US\$600 million unsecured bond issue maturing 2019
- North Atlantic Drilling completes its initial public offering of 13,513,514 common shares and began trading on January 29, 2014 on the New York Stock Exchange under the symbol "NADL".
- Seadrill Partners completes US\$1.8 billion term loan B and US\$100 million senior secured revolver.
- Seadrill secures contracts for 5 jack-up units with Pemex in Mexico for a total of 30 rig years and US\$1.8 billion in backlog
- Seadrill announces the establishment of SeaMex, a 50/50 Joint Venture with an investment fund controlled by Fintech Advisory Inc. formed for the purpose of owning and managing the jack-up drilling units as well as to develop and pursue further opportunities in the region
- Orderbacklog currently at US\$20.2 billion

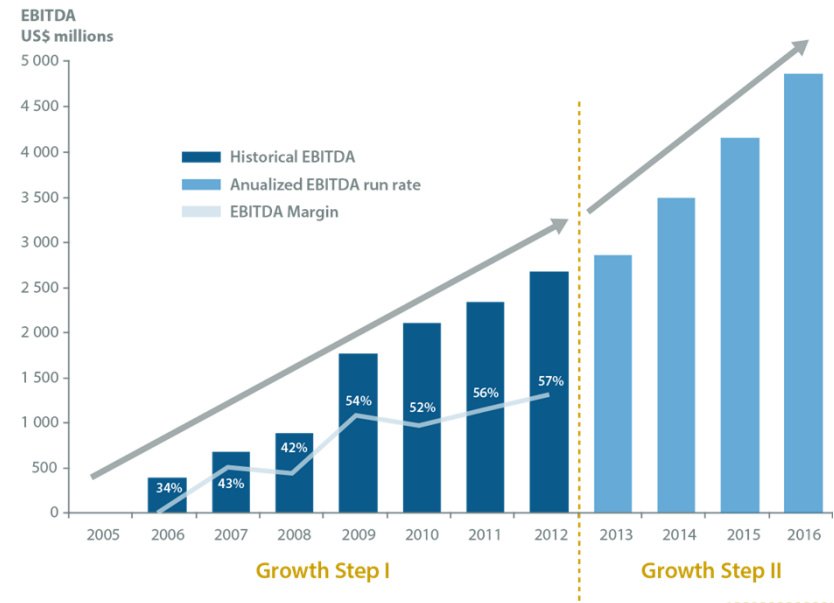
# Seadrill Strategy & Market Outlook



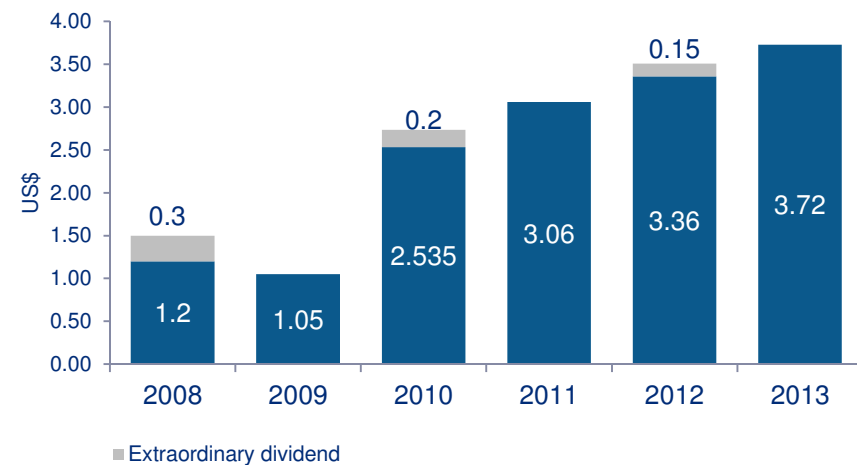
# Dividend Growth Continues to be a Priority... while maintaining a Growth Profile



- Key objective to grow quarterly dividends
- Quarterly cash dividend raised from 95 cents to 98 cents per share in Q4
- Increase reflects improved free cash flow and newbuilds commencing operation in 2H 2013
- Future dividends depend on:
  - Contract coverage
  - Market outlook
  - Leverage capacity
  - Future earnings





## Annual dividends





# Establishing Vehicles to Offer Exposure to Key Themes

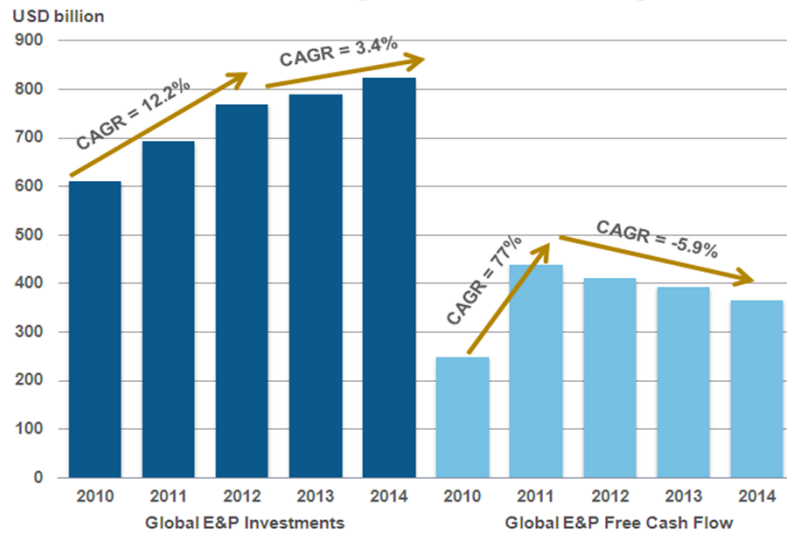


Company	Investment Highlights
	<ul style="list-style-type: none"><li>› <b>Largest modern fleet</b> of globally fungible assets</li><li>› <b>M&amp;A and newbuild exposure</b></li><li>› <b>Opportunistic market approach</b></li></ul>
	<ul style="list-style-type: none"><li>› <b>Long-term contracted assets</b> at attractive rates</li><li>› <b>High stability of cash flows</b></li><li>› <b>Growth through equity funded acquisitions</b></li></ul>
	<ul style="list-style-type: none"><li>› <b>Premium harsh environment fleet</b></li><li>› <b>Exposure to North Atlantic and Arctic growth</b></li><li>› <b>High and sustainable barriers to entry</b></li></ul>

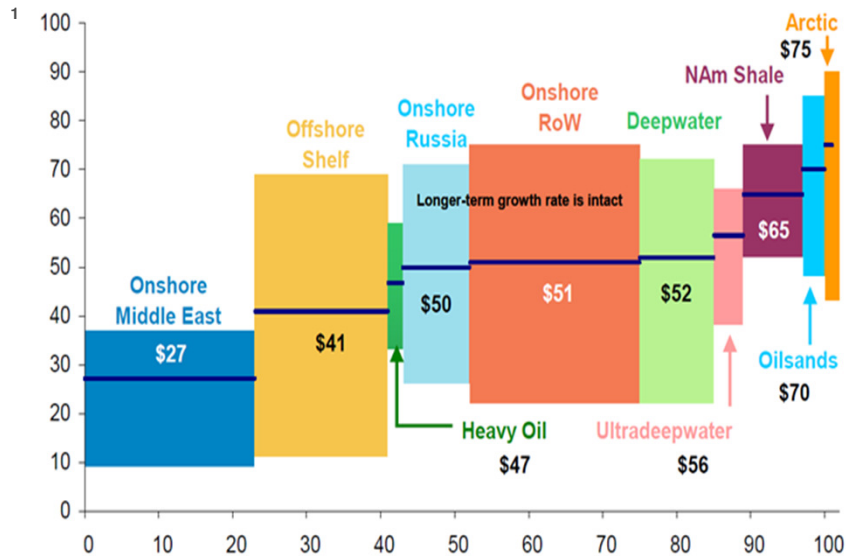
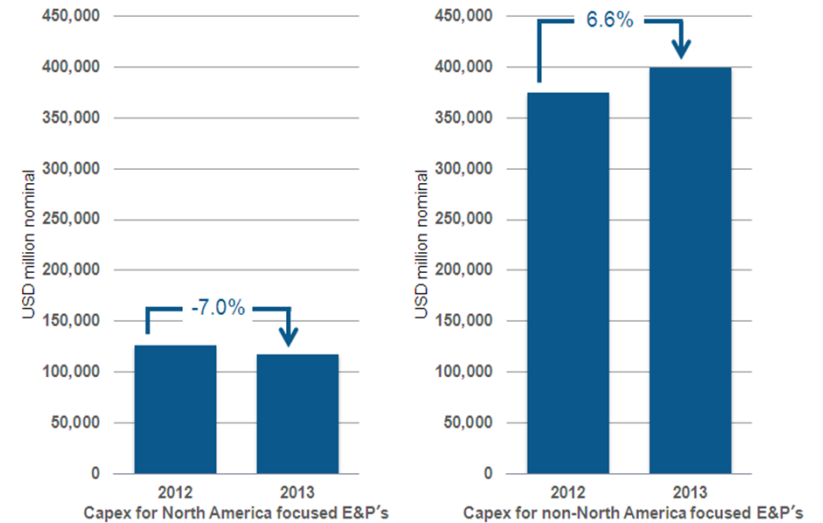
# Near Term Outlook



Investment Slowing & Cash Flow Declining...



...However, Slowdown Driven by Onshore...



## 2014 Projects Pushed to 2015

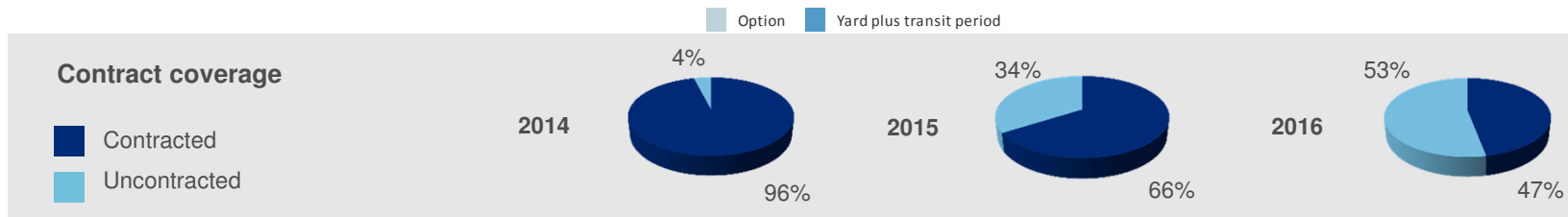
- **Block 32**  
→ Total – Angola
- **Mad Dog 2**  
→ BP – Gulf of Mexico
- **Stampede**  
→ Hess – Gulf of Mexico
- **Chevron Indonesia**  
→ Chevron – Indonesia
- **Bonga**  
→ 2 rigs - Nigeria

<sup>1</sup> X-axis: total liquids production mbpd; Y-axis: avg Brent equivalent breakdown price, \$/bbl  
Source: Morgan Stanley and Rystad Energy

# Floater – US\$15.5 Billion Contract Backlog



	Unit	Customer	2013					2014				2015				2016				2017			
			4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Drillships	West Saturn	-	Newbuild																				
	West Jupiter	-	Newbuild																				
	West Carina	-	Newbuild																				
	West Draco	-	Newbuild																				
	West Dorado	-	Newbuild																				
	West Aquila	-	Newbuild																				
	West Libra	-	Newbuild																				
	West Tellus	Chevron	610'	US\$635'																			
	West Navigator	Shell / Centrica Energi NUF	US\$602,000		US\$621'																		
	West Capella	ExxonMobil	US\$62,120		US\$627,500																		
	West Gemini	Total	US\$640,000																				
	West Neptune	LLOG	Newbuild		Transit				US\$570,000														
	West Polaris	ExxonMobil	US\$653,121																				
	West Auriga	BP	US\$565,000																				
West Vela	BP	US\$565,000																					
Semi-submersibles	Sevan Developer	-	Newbuild																				
	West Rigel	-	Newbuild																				
	West Taurus	Petrobras	US\$656,662																				
	West Phoenix	Total	US\$454,000																				
	West Eminence	Petrobras	US\$624,460																				
	West Venture	Statoil	US\$441,000																				
	Sevan Driller	Petrobras	US\$419,817																				
	West Orion	Petrobras	US\$624,460																				
	West Pegasus	PEMEX	US\$555,000		Market rate																		
	West Eclipse	Total	US\$435'	US\$450,000				US\$455,000															
	Sevan Louisiana	LLOG	Newbuild		US\$505,000																		
	West Aquarius	ExxonMobil	US\$540,000		US\$615,000												US\$547,000						
	West Alpha	ExxonMobil	US\$479	US\$532,000				US\$547,000															
	West Hercules	Statoil	US\$497,000																				
	West Capricorn	BP	US\$495,650																				
	West Leo	Tullow Oil	US\$605,000																				
	Sevan Brasil	Petrobras	US\$398,559																				
	West Sirius	BP	US\$490,173		US\$535,000										US\$495'								
West Mira	Husky	Newbuild		Transit				US\$590,000															

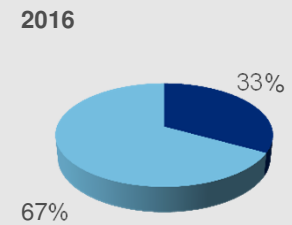
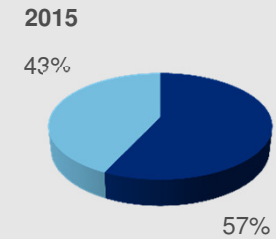
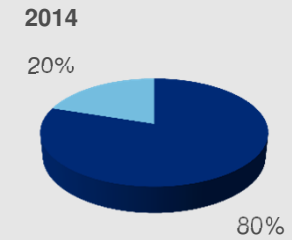


# Jack-ups - US\$4.2 Billion Contract Backlog



Unit	Customer	2013		2014				2015				2016			
		4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
<b>HE Jack-ups</b>															
West Epsilon	Statoil	US\$286,000													
West Elara	Statoil	US\$360,000												03.2017	
West Linus	ConocoPhillips	NB	Transit		US\$375,000				05.2019						
<b>BE Jack-ups</b>															
West Oberon	PEMEX	Transit		US\$171,500				03.2020							
West Intrepid	PEMEX	Transit		US\$155,500				10.2020							
West Defender	Shell / PEMEX	US\$136	Transit		US\$155,500				04.2020						
West Courageous	Hess / PEMEX	US\$150'	Transit		US\$155,500				05.2021						
West Titania	-	Transit													
West Prospero	Vietsovpetro	US\$170,000													
West Ariel	Vietsovpetro	US\$170,000													
West Cressida	PTTEP	US\$129,500													
West Telesto	Premier	US\$149,5		US\$156											
West Tucana	PVEP	US\$164'		US\$167,000											
West Vigilant	Talisman	US\$167,000													
West Titan	-	Newbuild													
West Leda	ExxonMobil	US\$138,000		US\$165,000											
West Proteus	-	Newbuild													
West Mischief	ENI	US\$175,000		US\$175'											
West Rhea	-	Newbuild													
West Tethys	-	Newbuild													
West Hyperion	-	Newbuild													
West Umbriel	-	Newbuild													
West Dione	-	Newbuild													
AOD I	Saudi Aramco	US\$180,000													
West Castor	Shell	US\$155,000													
AOD II	Saudi Aramco	US\$180,000													
West Triton	KJO	US\$145,000		US\$145,000											
West Mimas	-	Newbuild													
AOD III	Saudi Aramco	US\$180,000													
West Resolute	KJO	US\$140,000		US\$140,000											
West Callisto	Saudi Aramco	US\$150,000		US\$150,000											
West Freedom	Repsol / Cardon IV	Transit		US\$187'		US\$225,000									

■ Contracted  
■ Uncontracted



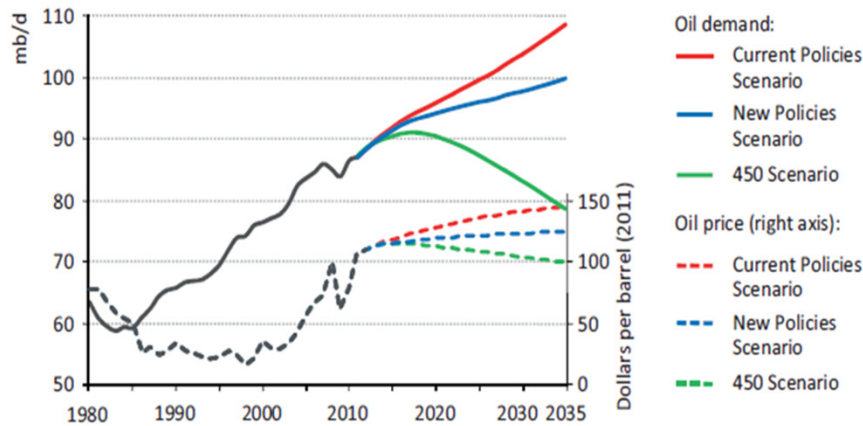
■ Option    ■ Yard plus transit period

Note: Backlog generated by the tender rigs (T15, T16 and West Vencedor) is US\$0.5 billion.

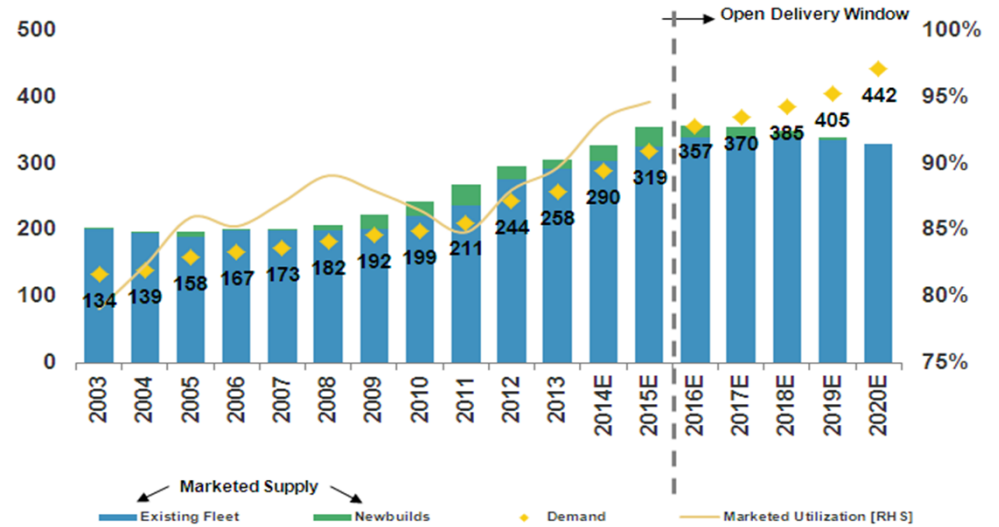
# Well Positioned to Weather the Storm.....



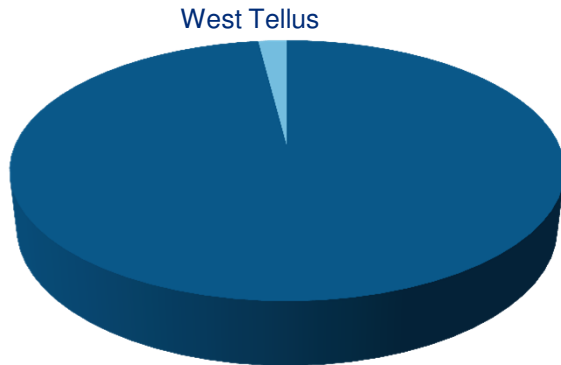
World oil demand and oil price\* by scenario



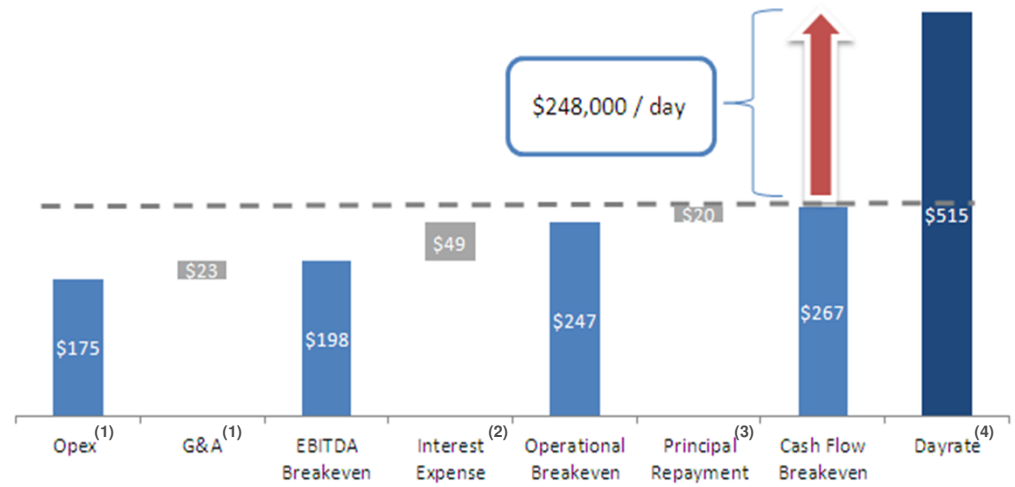
Floater supply and demand



Seadrill UDW Coverage 2014



Illustrative daily liquidity cushion



(1) Based on LTM average for the West Sirius, West Leo, West Aquarius and West Capella

(2) Assuming \$1,700 million of debt @4.25%

(3) Assuming 5% amortization per year

(4) Based on average contract dayrates for West Sirius, West Leo, West Aquarius and West Capella, assumes 95% utilization and 4.25% tax on revenues

Source: Morgan Stanley and Rystad Energy

# Financial Performance Highlights



# Demonstrated Access to Capital Markets

## SDLP Dropdowns

- West Sirius and West Leo acquired by Seadrill Partners
- **US\$465 million** equity offering to finance dropdown
- Generated cash proceeds of **US\$356 million** to Seadrill Limited

## NADL IPO and Bond Issuance

- NADL completes listing on NYSE with **US\$125 million** IPO
- Issues **US\$600 million** unsecured bond
- NADL is now independently financed and in prime position to be the premier player in harsh environment and Arctic operations

## SDLP Debt Restructuring

- SDLP launches **US\$1,800 million Term Loan B**
- Creating a cleaner capital structure with lower annual amortization
- Seadrill Limited benefits by receiving proceeds of **~US\$500 million**

***Access to Funding, High Utilization, Large Backlog → Stability in Current Market***

# Financial Performance Highlights



	This quarter	Previous quarter
EBITDA	US\$768 m	US\$663 m
Earnings per share	US\$0.49	US\$0.61
Operating profit	US\$568 m	US\$471 m
Financial items and other income	US\$(286) m	US\$(96) m
Cash flow from operating activities	US\$408 m	US\$1,204 m
Dividend declared per share	US\$0.98	US\$0.95

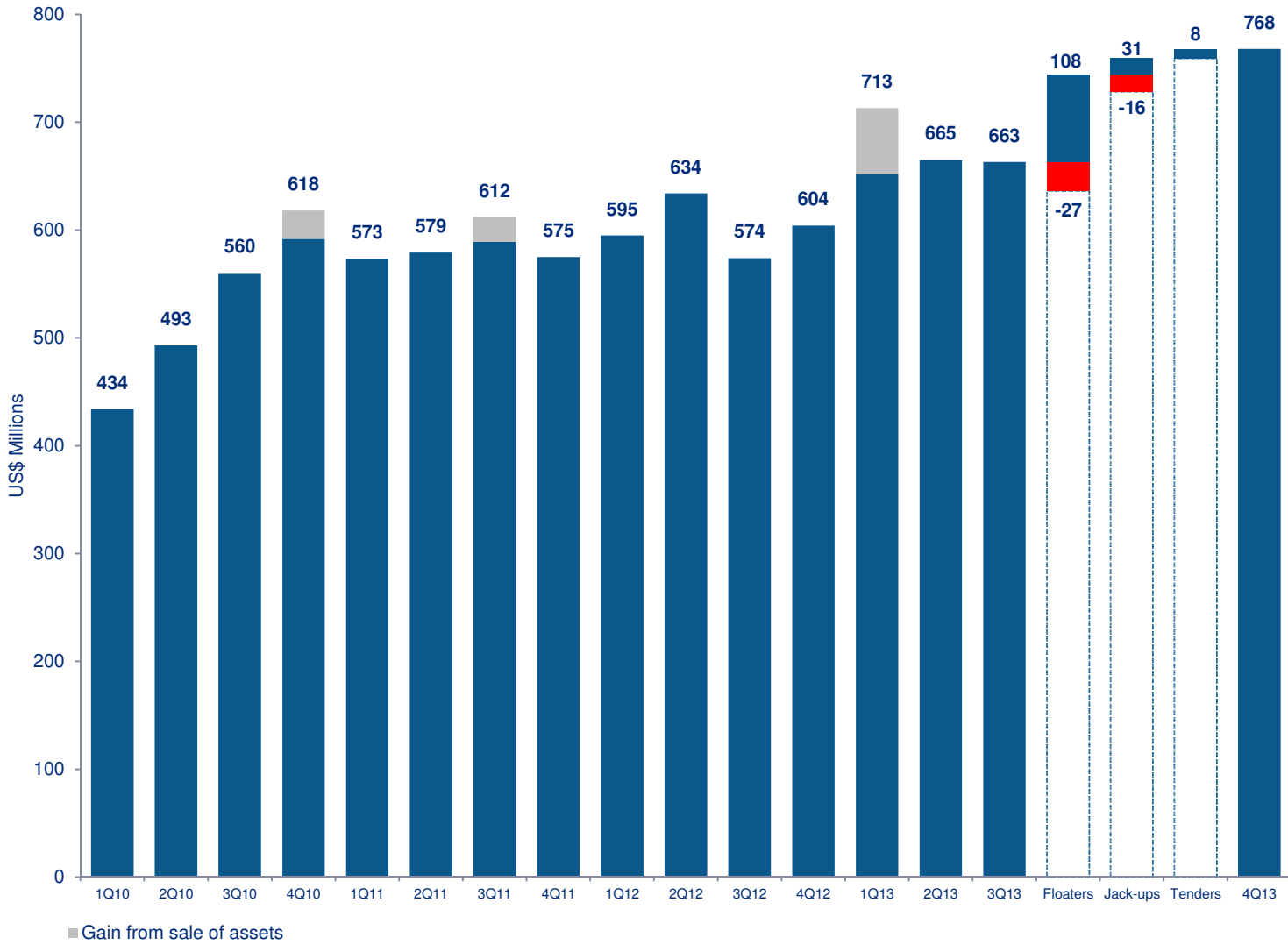


# Balance Sheet Summary



	December 31, 2013	September 30, 2013
<b>Total Current Assets</b>	<b>2,833</b>	<b>2,562</b>
<b>Non-current assets</b>		
Newbuildings	3,419	4,900
Drilling units	17,193	14,778
Other	2,855	2,739
<b>Total non-current assets</b>	<b>23,467</b>	<b>22,417</b>
<b>TOTAL ASSETS</b>	<b>26,300</b>	<b>24,979</b>
<b>Current Liabilities</b>		
Current portion of long-term debt	1,566	2,645
Other	2,259	2,994
<b>Total current liabilities</b>	<b>3,825</b>	<b>5,639</b>
<b>Non-current liabilities</b>		
Total Long-term Debt	11,900	10,087
Other	2,373	1,487
<b>Total non-current liabilities</b>	<b>14,273</b>	<b>11,574</b>
<b>TOTAL LIABILITIES</b>	<b>18,098</b>	<b>17,213</b>
<b>Equity</b>		
<b>Total shareholder's equity</b>	<b>8,202</b>	<b>7,766</b>
<b>Total liabilities and shareholder's equity</b>	<b>26,300</b>	<b>24,979</b>

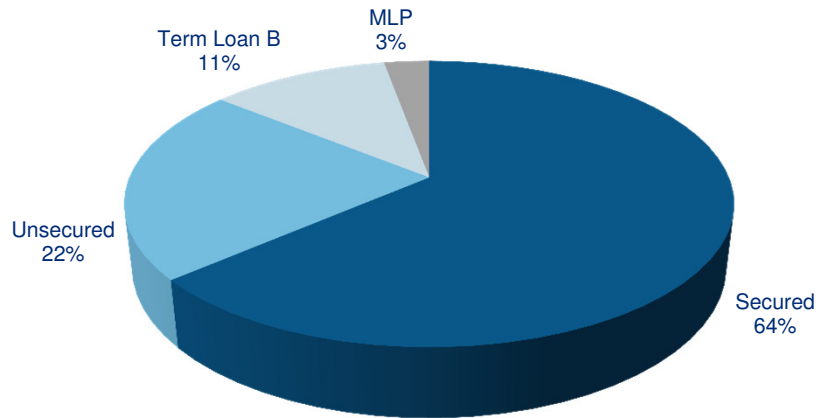
# EBITDA Contribution



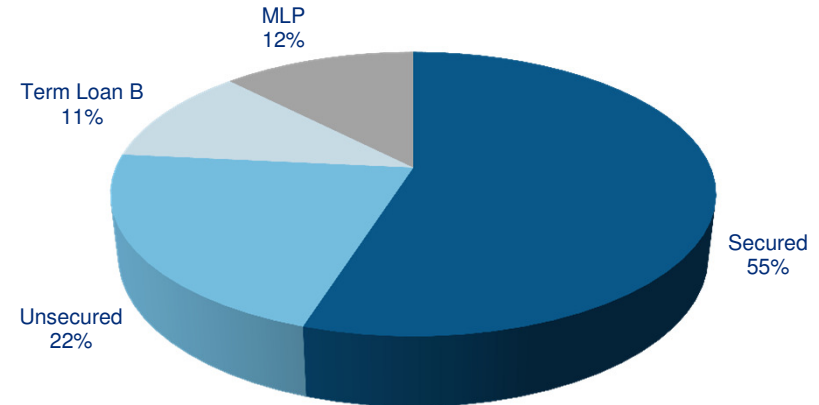
# Financial Flexibility



**Feb 2014 Actual**



**2015 Illustrative**



## 2013-2014 Financing Summary

### Unsecured Financing

- NOK 1,800m bond
- NOK 1,500m bond (NADL)
- US\$ 500m bond
- US\$600m Bond (NADL)
- US\$125m NADL NYSE IPO

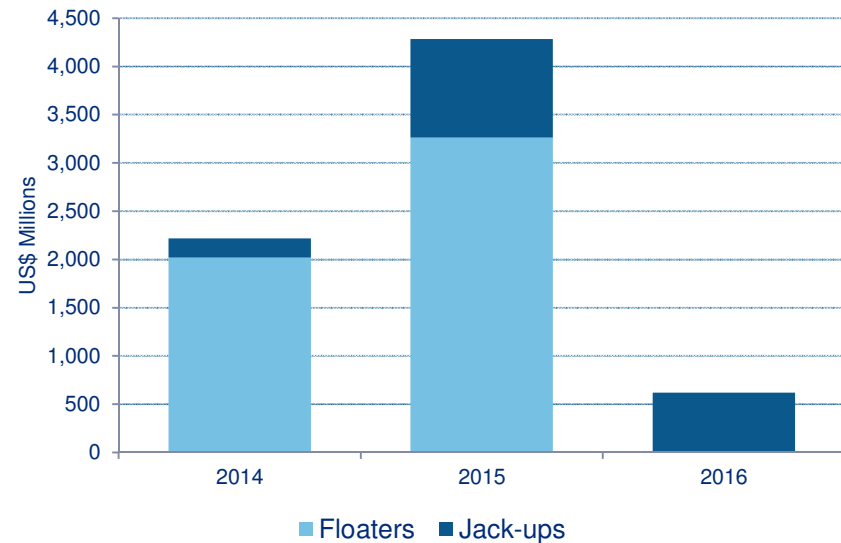
### Secured Financing

- 8 new facilities
- Total of US\$ 5,310m

### MLP

- US\$ 356m contribution to SDRL through the sale of Sirius and Leo
- US\$1,800m TLB

## Capex Per Year





## Core Assets

- 32 6<sup>th</sup> generation ultra-deepwater units
- 2 Midwater harsh environment semi-submersible rigs
- 29 High-specification jack-ups
- 3 Harsh environment jack-ups
- 3 Tender rigs

## Financial Investments



*12% of SapuraKencana –  
Market Value ~US\$960mm*



*50.11% of Sevan Drilling –  
Market Value ~US\$220mm*



*39.9% of Archer –  
Market Value ~US\$280mm*

# Appendix: Seadrill Limited Financials



# Operating Income - Floaters



<i>Unaudited accounts in USD millions</i>	<b>4Q13</b>	<b>3Q13</b>	<b>2Q13</b>	<b>1Q13</b>
<b>Total operating revenues</b>	<b>1,069</b>	<b>939</b>	<b>913</b>	<b>807</b>
Vessel and rig operating expenses	392	357	301	290
Reimbursable expenses	35	29	88	40
Depreciation and amortisation	150	146	118	117
General and administrative expenses	61	53	37	42
<b>Total operating expenses</b>	<b>638</b>	<b>585</b>	<b>544</b>	<b>489</b>
<b>Net operating income</b>	<b>431</b>	<b>354</b>	<b>369</b>	<b>318</b>

# Operating Income – Jack-up Rigs



<i>Unaudited accounts in USD millions</i>	4Q13	3Q13	2Q13	1Q13
<b>Total operating revenues</b>	<b>349</b>	<b>292</b>	<b>274</b>	<b>269</b>
Gain on sale of assets	-	-	-	61
Vessel and rig operating expenses	155	122	111	112
Reimbursable expenses	13	6	9	13
Depreciation and amortisation	46	42	38	37
General and administrative expenses	24	23	20	23
<b>Total operating expenses</b>	<b>238</b>	<b>193</b>	<b>178</b>	<b>185</b>
<b>Net operating income</b>	<b>111</b>	<b>99</b>	<b>96</b>	<b>145</b>

# Operating Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	4Q13	3Q13	2Q13	1Q13
<b>Total operating revenues</b>	<b>1,469</b>	<b>1,280</b>	<b>1,268</b>	<b>1,265</b>
Gain on sale of assets	-	-	-	61
Vessel and rig operating expenses	565	491	439	482
Reimbursable expenses	50	48	100	59
Depreciation and amortisation	200	192	158	161
General and administrative expenses	86	78	64	72
<b>Total operating expenses</b>	<b>901</b>	<b>809</b>	<b>761</b>	<b>774</b>
<b>Net operating income</b>	<b>568</b>	<b>471</b>	<b>507</b>	<b>552</b>



# Net Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	<b>4Q13</b>	<b>3Q13</b>	<b>2Q13</b>	<b>1Q13</b>
<b>Net operating income</b>	568	471	507	552
<b>Financial items and other income</b>				
Interest income	8	-	6	4
Interest expense	(134)	(107)	(96)	(108)
Share in results from associated companies	(189)	(10)	(26)	2
Gain on re-measurement of previous held equity	-	-	-	10
Gain on bargain purchase	-	-	-	15
Gain/(Loss) in financial derivatives	2	(5)	141	(5)
Foreign exchange gain/(loss)	25	-	14	13
Other financial items	2	26	(3)	1
Gain on sale of tender rigs	-	-	1,256	-
<b>Total financial items and other income</b>	<b>(286)</b>	<b>(96)</b>	<b>1,292</b>	<b>(68)</b>
Income before income taxes	282	375	1,799	484
Income taxes	(1)	(60)	(49)	(44)
<b>Net income</b>	<b>281</b>	<b>315</b>	<b>1,750</b>	<b>440</b>
<b>Earnings per share (US\$)</b>	<b>0.49</b>	<b>0.61</b>	<b>3.68</b>	<b>0.87</b>

# Balance Sheet - Assets



<i>Unaudited accounts in USD millions</i>	December 31, 2013	September 30, 2013	June 30, 2013
<b>Current assets</b>			
Cash and cash equivalents	744	551	437
Restricted cash	168	244	224
Marketable securities	416	316	936
Accounts receivables, net	1,042	1,043	1,015
Other current assets	463	408	366
<b>Total current assets</b>	<b>2,833</b>	<b>2,562</b>	<b>2,978</b>
<b>Non-current assets</b>			
Newbuildings	3,419	4,900	3,524
Drilling units	17,193	14,778	12,891
Restricted cash	150	171	177
Deferred tax assets	37	22	35
Other non-current assets	2,668	2,546	2,196
<b>Total non-current assets</b>	<b>23,467</b>	<b>22,417</b>	<b>18,823</b>
<b>Total assets</b>	<b>26,300</b>	<b>24,979</b>	<b>21,801</b>

## Balance Sheet – Liabilities & Shareholder’s Equity



	December 31, 2013	September 30, 2013	June 30, 2013
<b>Current liabilities</b>			
Current portion of long-term debt	1,566	2,645	2,873
Trade accounts payable	90	131	66
Other current liabilities	2,169	2,863	1,458
<b>Total current liabilities</b>	<b>3,825</b>	<b>5,639</b>	<b>4,397</b>
<b>Non-current liabilities</b>			
Long-term interest bearing debt	11,900	10,087	8,521
Deferred taxes	60	19	70
Other non-current liabilities	2,313	1,468	973
<b>Total non-current liabilities</b>	<b>14,273</b>	<b>11,574</b>	<b>9,564</b>
<b>Equity</b>			
<b>Total shareholder’s equity</b>	<b>8,202</b>	<b>7,766</b>	<b>7,840</b>
<b>Total liabilities and shareholder’s equity</b>	<b>26,300</b>	<b>24,979</b>	<b>21,801</b>