Q3 2019 Results

November 21, 2019

Seadrill

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Agenda

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1 Highlights & Commercial

2 Financial Performance

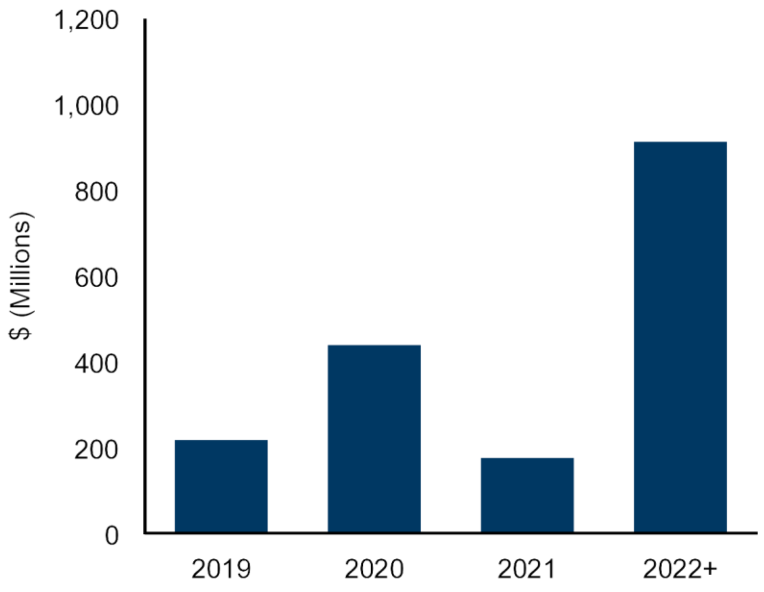
3 Q&A

Q3 2019 Highlights

- **Board changes with new Chairman**
- **Economic utilization of 93%, 95% excluding West Linus 5-year classing**
- **Added $123 million of backlog**
- **First Sonadrill rig Libongos in operations following contract award adding $101 million in backlog to the joint venture**
- **West Mira: first floating rig to receive DNV GL Battery (Power) class notation**
- **Seadrill Partners investment impairment $302 million**
- **Total cash of $1.4 billion**

Commercial

Backlog[1]



Total backlog as at 30 September is $1.8bn

Backlog additions	$millions
New Contracts	74
Contract extension	49
Total backlog additions in Q3 2019	**123**

Over $250 million awards post quarter end

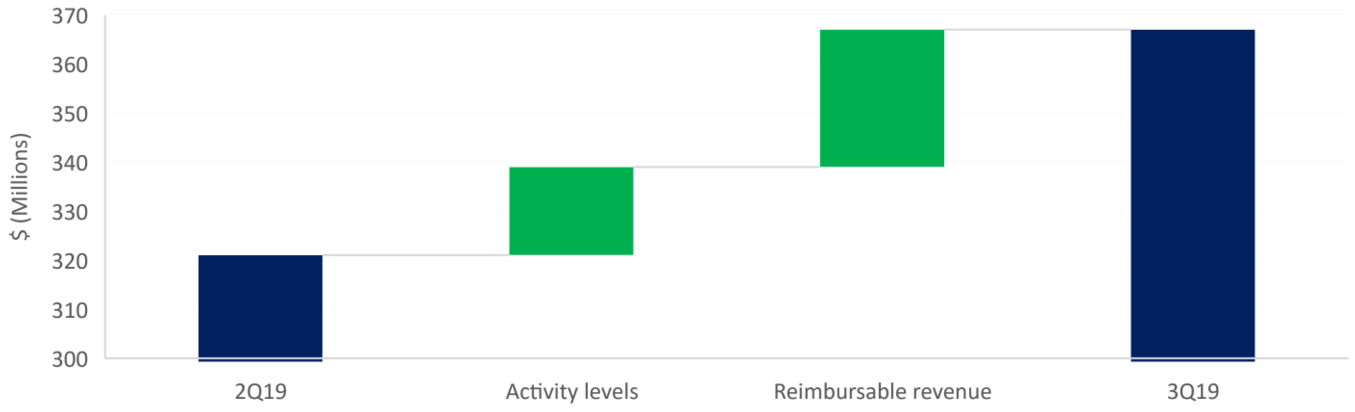
(1)We define contract backlog as the maximum contractual operating dayrate multiplied by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization and contract preparation or other incentive provisions.

Financial Performance

Stuart Jackson, Chief Financial Officer

Revenue and EBITDA Bridge

Revenue:



Adjusted EBITDA:

Revenue - $367m (Q219 : $321m)

- **14% increase predominantly driven by an increase in reimbursable costs charged to Sonadrill and Northern Drilling**
- **10% higher operating days representing good performance in the field**

EBITDA - $85m (Q219 : $69m)

- **Higher level of activity and therefore costs with full operation of the West Phoenix, West Hercules and West Telesto**
- **Reimbursable costs up in line with revenue**
- **Settlement of Sevan Louisiana loss of hire insurance claim in the quarter**

Results from Associated Companies

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Despite strong operational performance, at a net contribution level our investments are still loss making

Joint Ventures - $(33)m (Q219 : $(23)m) P&L impact			
Seadrill Partners LLC	8 floaters 3 tenders	~65%	▪ 95% utilization delivering $92m EBITDA in the quarter ▪ Suspension from NYSE triggering impairment of Seadrill's investment
Seamex	5 jackups	50%	▪ 99% utilization delivering $38m EBITDA in the quarter
Sonadrill	4 floaters	50%	▪ Completed mobilization of Sonangol Libongos and now operational
Gulfdrill	5 jackups	50%	▪ Ongoing establishment of the joint venture activities

Non-drilling investments			
Archer The well company	Well services & land/platform drilling	~16%	▪ $23m EBITDA delivered in the quarter
Seabras	6 PLSVs	50%	▪ 97% utilization delivering $60m EBITDA in the quarter ▪ New contract signed for Topazio running through to December 2020 ▪ $19m payment to Seadrill through distributions and loan repayment

Abbreviated Income Statement

$millions	3Q19	2Q19
Adjusted EBITDA[1]	85	69
Depreciation and amortization	(143)	(142)
Operating loss	**(58)**	**(73)**
Share in results from associated companies	(33)	(23)
Net loss on debt extinguishment	—	(22)
Loss on impairment of investments	(302)	—
Other financial items	(125)	(118)
Loss before income taxes	**(518)**	**(236)**
Income tax (expense)/benefit	(3)	30
Net loss	**(521)**	**(206)**

- Income Statement is dominated by impairment of the Seadrill Partners investment:
  - Triggered by suspension from NYSE and discussion with lenders
  - Considered Other Than Temporary impairment trigger
  - $302m impairment reduces Seadrill's investments in Seadrill Partners from $438m to $136m
- Prior quarter income tax benefit related to release of Uncertain Tax Positions because of US tax legislation changes

1 See appendix for definition

Abbreviated Cash Flow

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$millions	3Q19	2Q19
Net Loss	**(521)**	**(206)**
Adjustments to reconcile net loss to net cash provided by operating activities[1]	494	206
Distributions received from associated company	9	1
Settlement of payment-in-kind interest on senior secured notes	-	(6)
Payments for long-term maintenance	(36)	(20)
Changes in operating assets and liabilities	38	(60)
Total operating cash flows	**(16)**	**(85)**
Total investing activities	8	(13)
Total financing activities	(12)	(339)
Effect of exchange rate changes on cash	(4)	4
Net movement in total cash	**(24)**	**(433)**

- LTM spend increased due to classing costs for the West Gemini
- Investing activities showed a net contribution due to repayments of shareholder loans from Seabras JV
- Financing activities relate to repayment of bank debt from our Ship Finance Variable Interest Entities

1 See appendix for definition

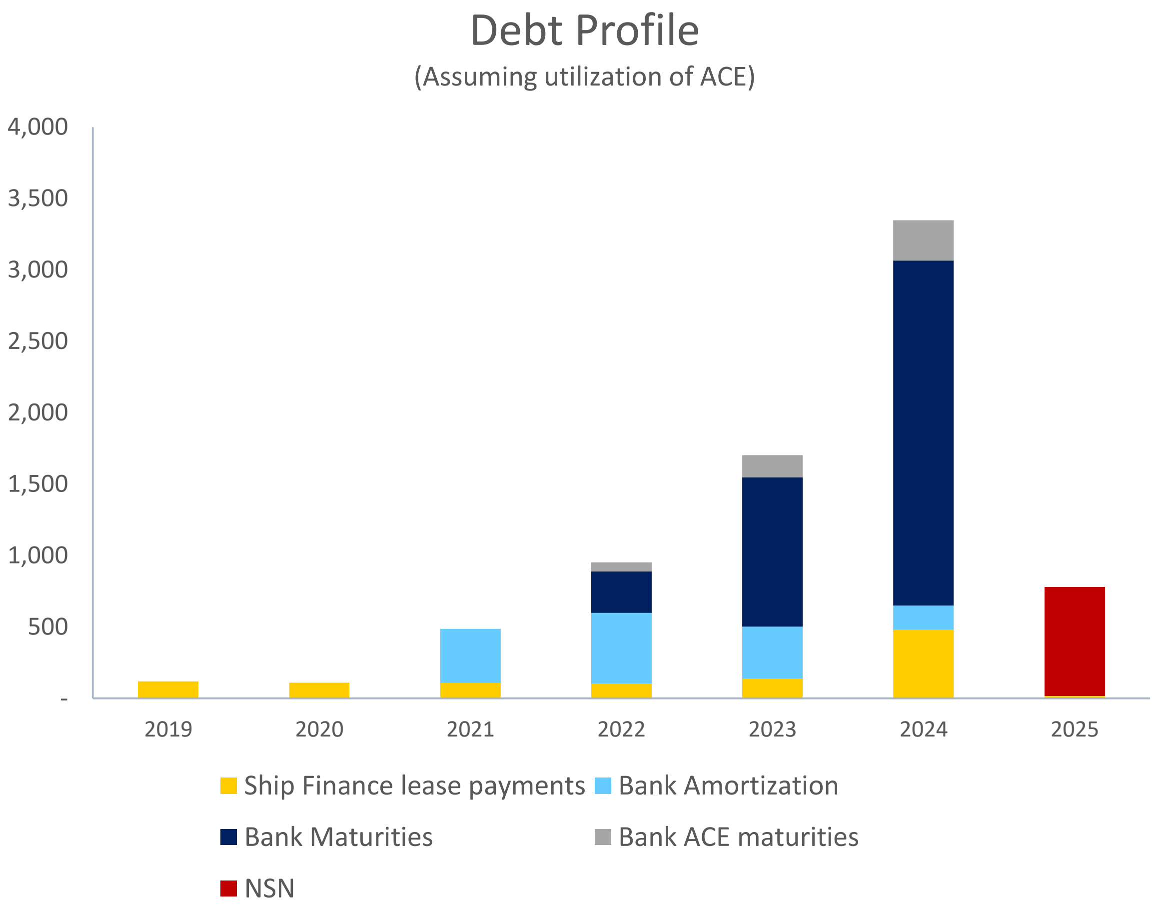
Abbreviated Balance Sheet

$millions	3Q19	2Q19
Cash and restricted cash	1,445	1,469
Other current assets	605	644
Other non-current assets	7,441	7,859
Total assets	**9,491**	**9,972**
Current liabilities	711	575
Non-current liabilities	6,735	6,827
Equity and redeemable non-controlling interest	2,045	2,570
Total liabilities, redeemable non-controlling interest and equity	**9,491**	**9,972**

- Restricted cash of $229 million increased due to payments received from the Seabras JV
- Other non-current assets reflect the impairment of Seadrill Partners
- Current liabilities increased because classification of debt liabilities with a corresponding offset in Non-current liabilities.

Capital Structure and Liquidity

- Period end cash was $1.4 billion
- Debt facilities have longer dated maturities:
  - No debt maturities before June 2022
  - $500m ACE provides 5 quarters of amortisation deferral, delaying repayments until early 2021
  - No financial covenants until 2021, other than minimum liquidity
- Remain focused on early, proactive management of the capital structure



* ACE = Amortization Conversion Election

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Q&A

Appendix - Non-GAAP Financial Measures

*__Adjusted EBITDA__ represents operating income before depreciation, amortization and similar non-cash charges. Additionally, in any given period we may have significant, unusual or non-recurring items which we may exclude from Adjusted EBITDA for that period. When applicable, these items are fully disclosed and incorporated into the reconciliation provided below. Adjusted EBITDA is a non-GAAP financial measure used by investors to measure our ongoing financial and operating strength. We believe that Adjusted EBITDA assists investors by excluding the potentially disparate effects between periods of interest, other financial items, taxes and depreciation and amortization, which are affected by various and possibly changing financing methods, capital structure and historical cost basis and which may significantly affect operating income between periods. Adjusted EBITDA should not be considered as an alternative to operating income or any other indicator of Seadrill's performance calculated in accordance with the US GAAP.

Unaudited accounts in USD millions	**4Q19 Guidance Range**	**3Q19**	**2Q19**
Net operating loss	(90)	(58)	(73)
Depreciation	107	106	104
Amortization of intangibles	23	37	38
Adjusted EBITDA	**40**	**85**	**69**

Adjustments to reconcile net loss to net cash provided by operating activities includes depreciation, amortization of favorable and unfavorable contracts, share of results of joint ventures and associates, impairment loss on associated companies, unrealized gains and losses on derivatives, unrealized gains and losses on marketable securities, deferred tax expense and other non-cash items shown under the sub-heading "adjustments to reconcile net loss to net cash provided by operating activities" in the Consolidated Statements of Cash Flows presented in the Consolidated Financial Statements included in this report. considered as an alternative to operating income or any other indicator of Seadrill's performance calculated in accordance with the US GAAP.