

# Shaping the future



## **Pareto Oil & Offshore Service Conference**

CEO Alf C Thorkildsen  
September 2, 2009

**Seadrill** 



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- Company profile (2009 vs. 2008)
- Deepwater operations
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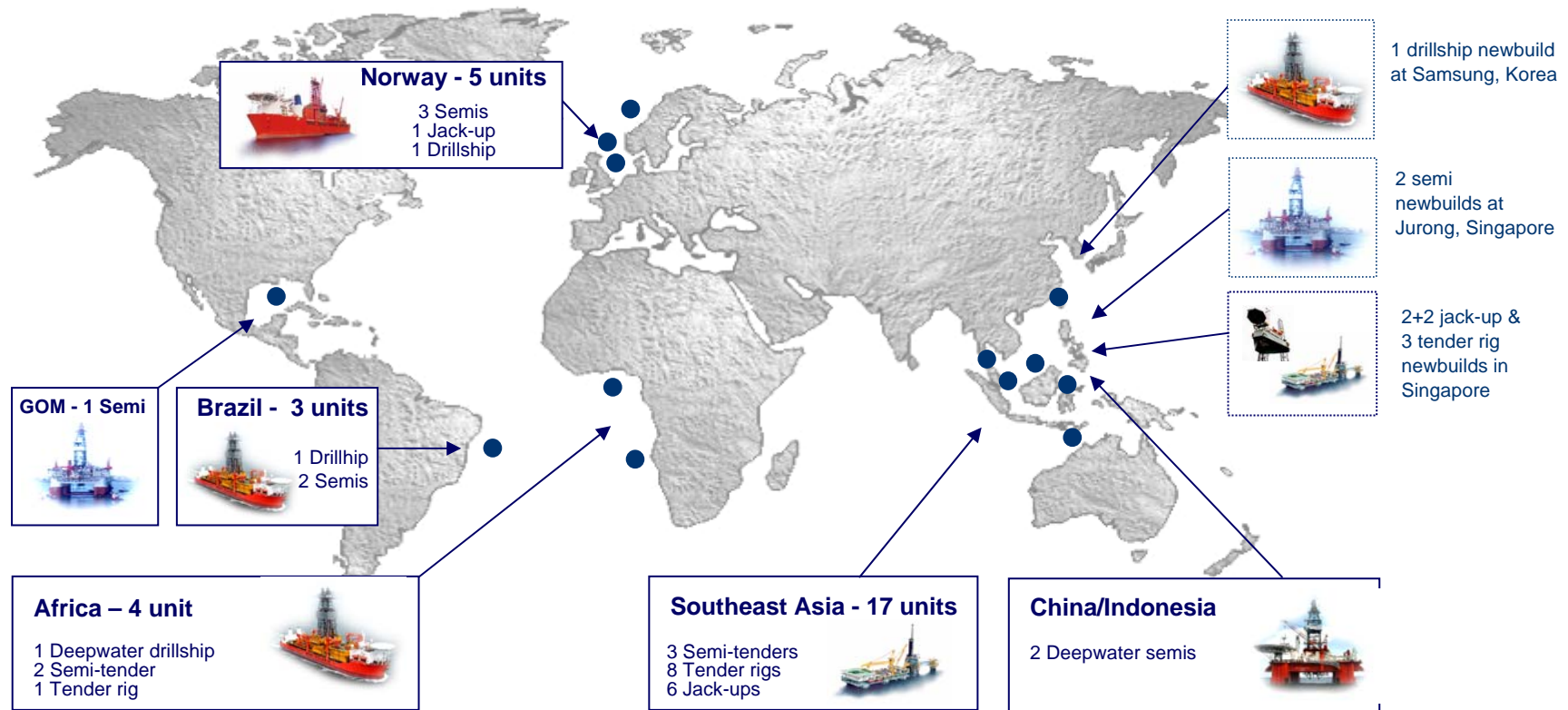
## 2009 versus 2008

	Sept. 2008	Sept. 2009
Oil price	~US\$100	~US\$70
Share price	NOK124	NOK107
Order backlog	US\$12.5bn	US\$11.5bn
Deepwater newbuilds in operation	1	8
New deepwater areas operations	GoM	GoM, China, Brazil, Nigeria, Indonesia
Rigs in operations	25	32
Financing of our newbuild program	Incomplete	Complete
Deepwater dayrates	~US\$625,000	~US\$500,000
Jack-up dayrates	~US\$200,000	~US\$100,000

**Global slowdown .... strong SDRL growth**



# Worldwide operations



**42 units including 10 under construction**



## All original 2008 deepwater newbuilds in operation



USA - 3Q08



Brazil - 4Q08



China - 4Q08



Norway - 1Q09



Brazil - 1Q09



Nigeria - 1Q09



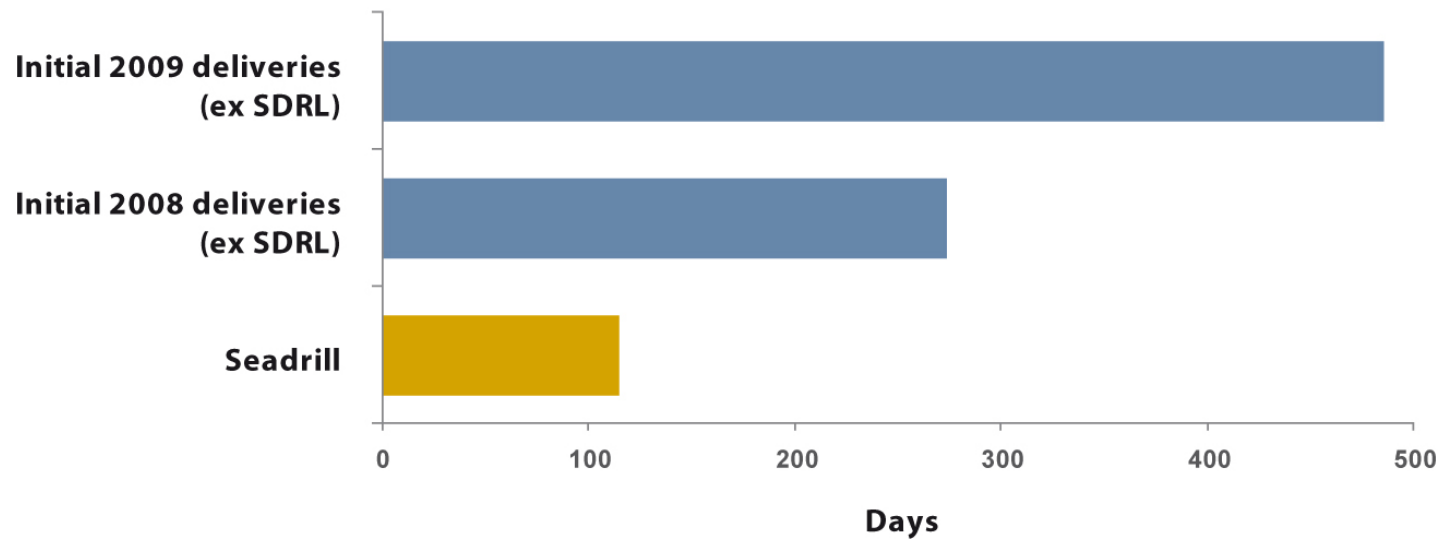
Indonesia - 1Q09



Brazil - 2Q09

# Projects execution vs. peer group

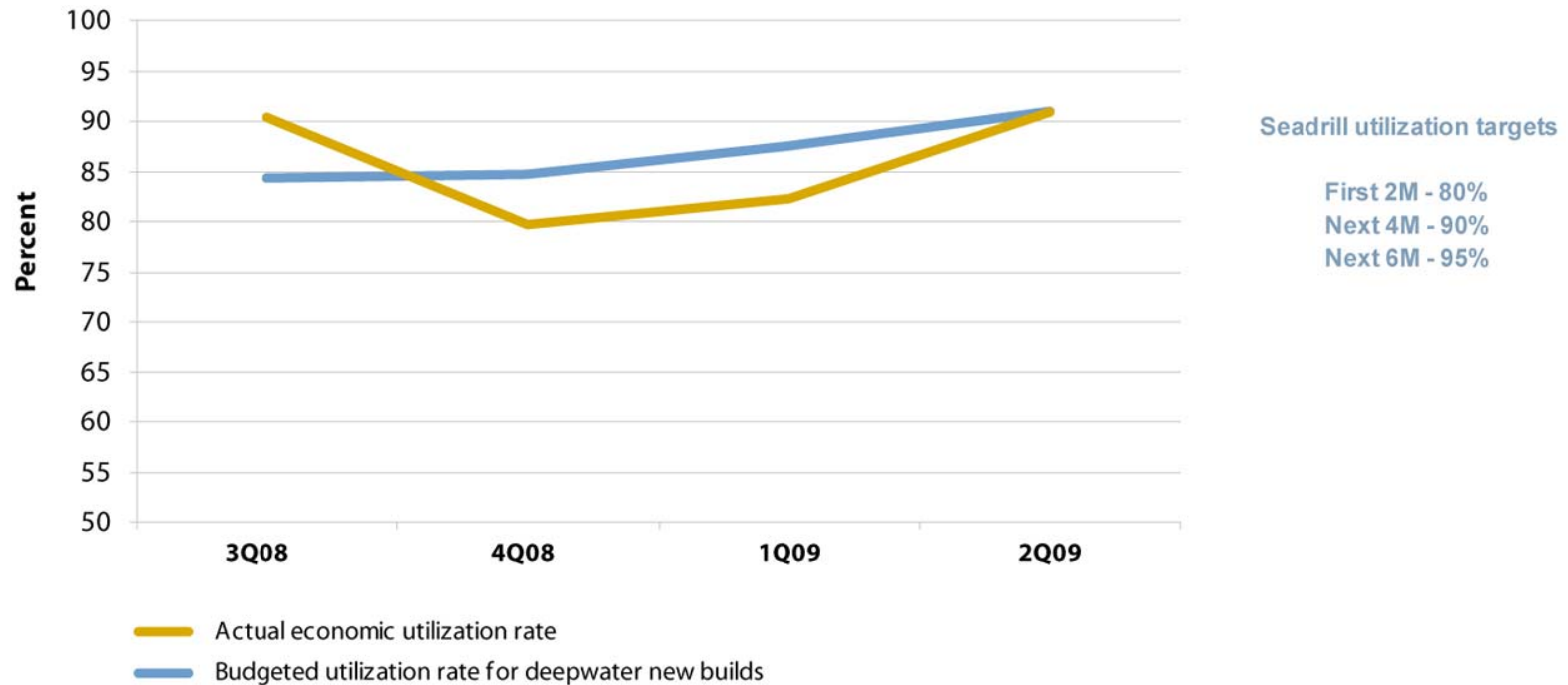
Delays in delivery deepwater newbuilds



**Strong performance compared to peers**



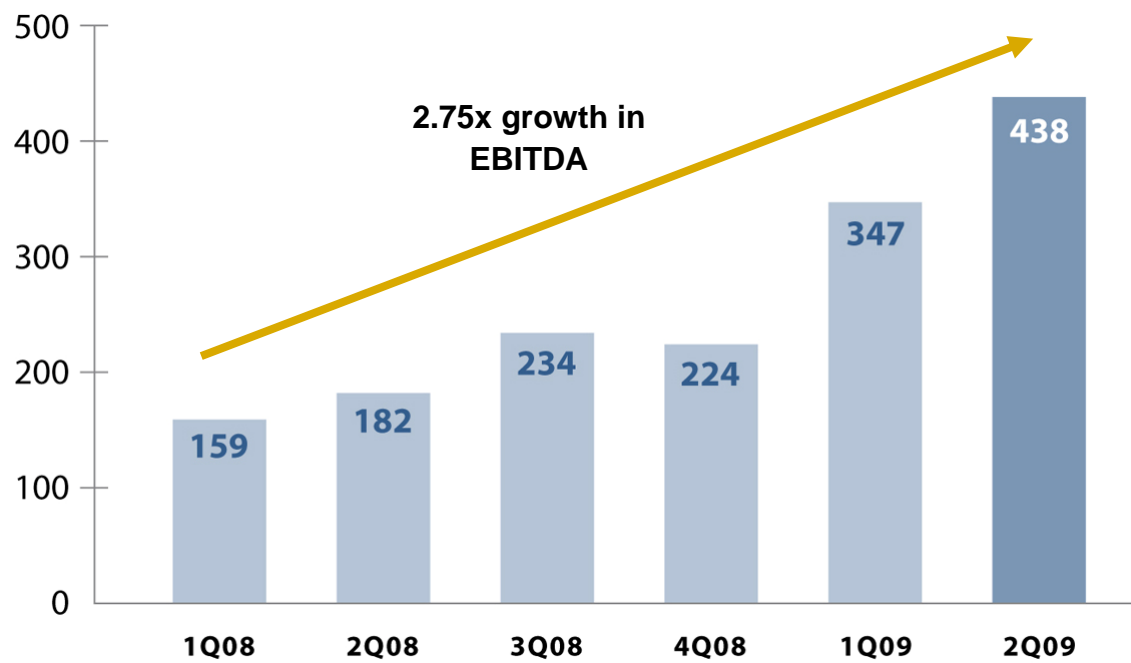
## Average utilization rate deepwater newbuilds



**Start-up experience transferred to sister vessels**

# Quarterly EBITDA development

US\$ MILLION



Significant Q/Q increase in contribution





## Human resources



	Number of people*	Average experience
■ Deepwater rig managers	16	23 years
■ Drilling section leaders	25	20 years
■ Tool pushers	51	15 years
■ Drillers	62	12 years

**Young Company .... experienced hands**



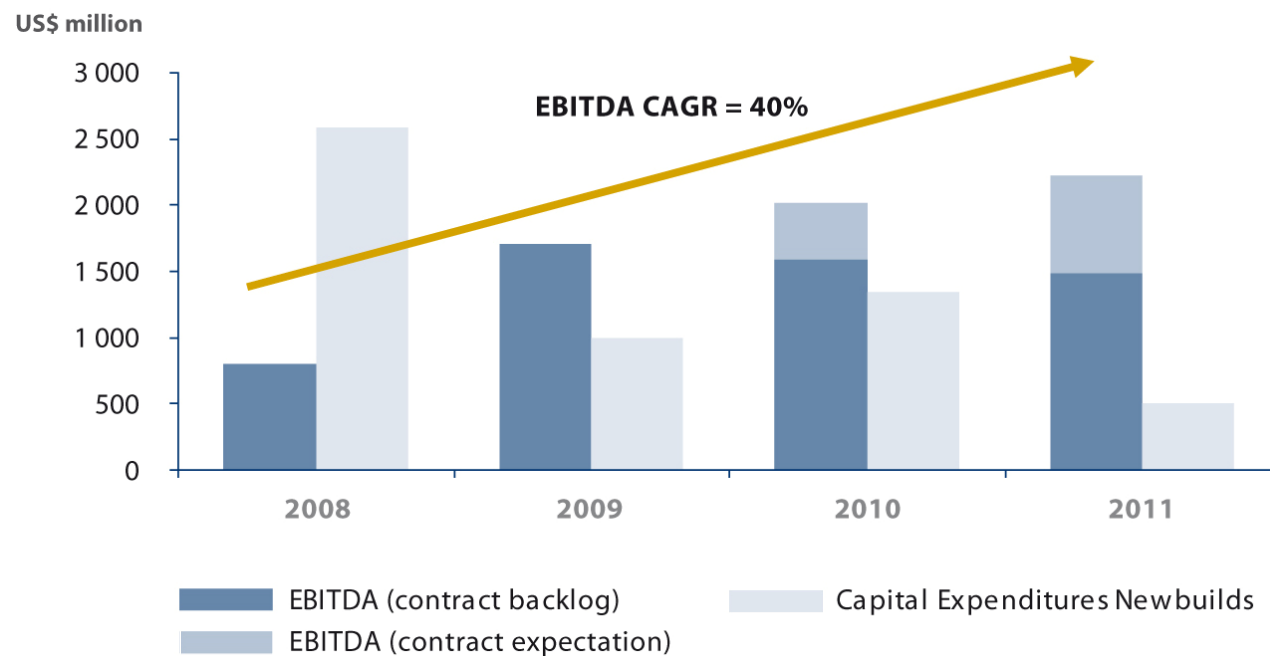
# 10 newbuilds remaining will deliver growth

- **Deepwater floaters**
  - Drillship West Gemini – 2Q2010
  - Semi West Orion – 2Q2010
  - Semi West Capricorn – 4Q2011
  
- **Tender rigs**
  - Tender barge T12 – 1Q2010
  - Semi-tender West Vencedor – 1Q2010
  - Semi-tender West Berani III – 1Q2011
  
- **Jack-ups**
  - West Leda – 3Q2010
  - West Callisto – 3Q2010
  - West Elara – 4Q2010
  - West Juno – 4Q2010



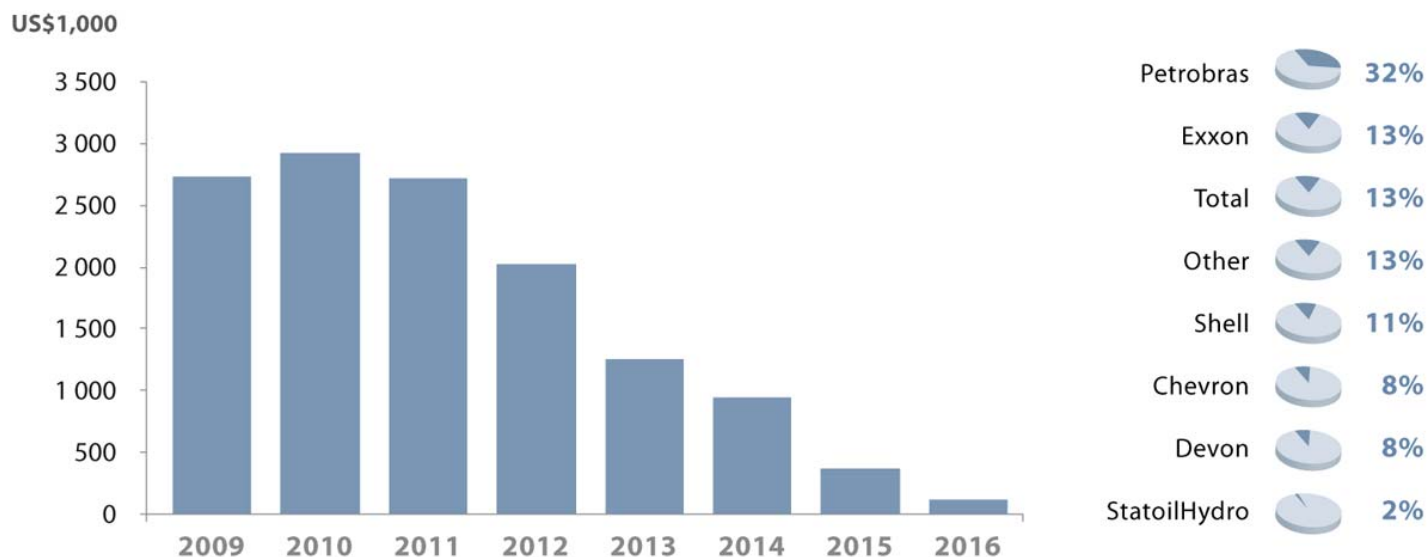
Transfer of experience ensuring quality delivery and performance

# EBITDA growth replacing investments



**Majority of EBITDA secured through long-term contracts**

# US\$11.5bn revenue backlog \*



Quality contracts with the best credit in the industry

# US\$9.5 billion order backlog floaters

Customer	2009				2010				2011				2012				2013				2014			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Semi-submersibles</b>																								
West Venture <sup>1</sup>	US\$258,000				US\$258,000																			
West Hercules	US\$531,000																							
West Phoenix <sup>1</sup>	US\$513,000																							
West Capricorn	Newbuild																							
West Alpha <sup>1</sup>	US\$479,000																							
West Aquarius	US\$529,500																							
West Sirius	US\$473,000																							
West Eminence <sup>2</sup>	US\$613,000																				06.2015			
West Taurus <sup>2</sup>	US\$644,000																				02.2015			
West Orion <sup>2</sup>	Newbuild				US\$613,000																07.2016			
<b>Drillships</b>																								
West Gemini	Newbuild																							
West Polaris	US\$559,000												US\$614,000											
West Navigator <sup>1</sup>	US\$578,000																							
West Capella	US\$546,000																							

■ Yard plus transit period  
 ■ Contract  
 ■ Option

<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

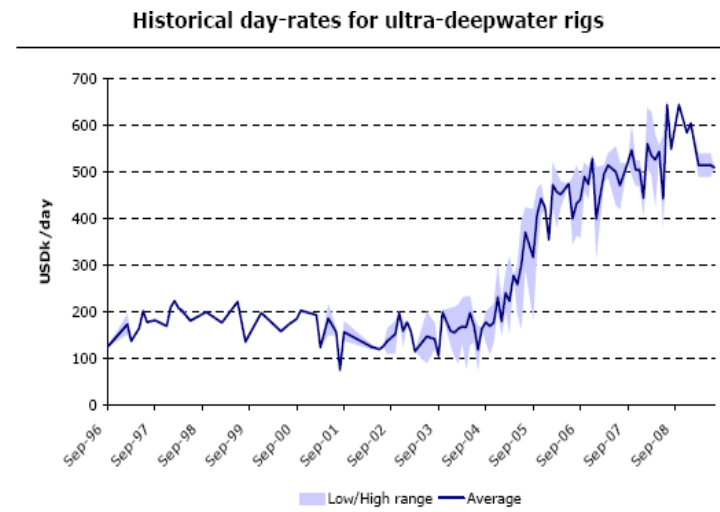
Continued strong earnings visibility





# Deepwater market outlook

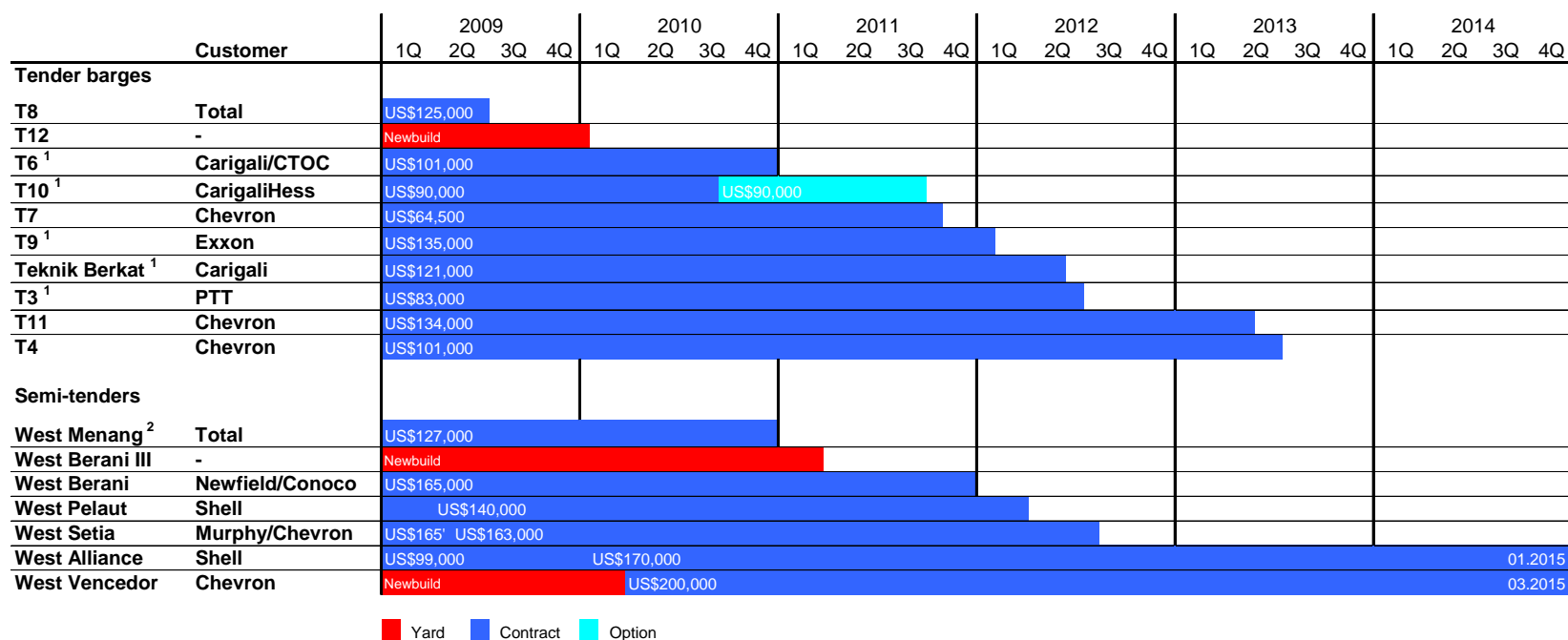
- Long-term market drivers intact as global oil basins mature and decline rates steepening
- Exploration for larger reserves taking place in more challenging and rig intensive deepwater markets
- Floater market driven by more stable capital spending of oil majors and national oil companies
- Strong contract coverage for ultra deepwater fleet
- Brazilian pre-salt development



Source: ODS-Petrodata and DnB NOR Markets

Stop in newbuild orders secures balanced market

# US\$1.8 billion tender rig order backlog



<sup>1</sup> Ownership 49%

<sup>2</sup> Early termination fee of US\$99,000 per day will be received from June, 2009

**Strong portfolio of term contracts**





# Contract status jack-ups

Customer	2009				2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Jack-ups</b>												
<b>West Epsilon</b> <b>StatoilHydro</b>	US\$316,000											
<b>West Janus</b> <b>PCPPOC</b>	US\$149,500											
<b>West Ariel</b> <b>Vietsovpetro</b>	US\$187,000				US\$142,000							
<b>West Larissa</b> <b>Vietsovpetro</b>	US\$126,000											
<b>West Atlas</b> <b>PTTEP Australia</b>	US\$255,000											
<b>West Triton</b> <b>PTTEP Australia</b>				US\$175'								
<b>West Prospero</b>												
<b>West Callisto</b> -	Newbuild at KFELS											
<b>West Juno</b> -	Newbuild at KFELS											
<b>West Leda</b> -	Newbuild at PPL											
<b>West Elara</b> -	Newbuild at PPL											

■ Yard     
 ■ Contract     
 ■ Option not to take delivery

**US\$400 million order backlog**







## Key focus areas

- Operations
  - HSE
  - Uptime
  - Optimize cost
- Customer satisfaction
- Financial flexibility
  - Secure additional financing
  - Develop backlog
  - Dividends
- Opportunities



**Safe and effective operations**



## What differentiates Seadrill

- Fleet focused on brand new assets
- Ultra-deepwater is key exposure
- Contracting strategy based on opportunistic market view
- Leverage structures applied to maximized exposure to the offshore drilling market
- Strong shareholder involvement



**Returning cash to shareholders**

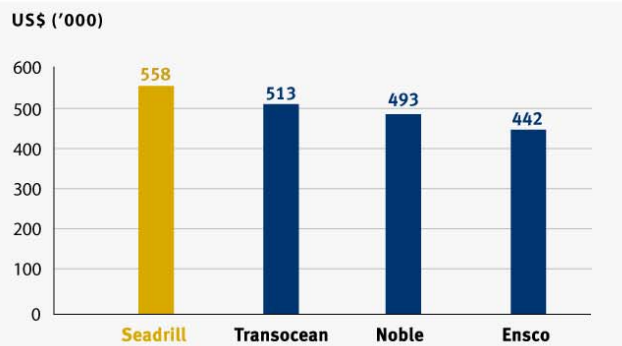
## Strategy

- Focus SDRL on premium deepwater operations
- Entertain further consolidation through M&A activities
- Develop current shareholdings in Pride, Scorpion and SapuraCrest
- Seek alliances to create a large jack-up entity
- Leverage the balance sheet and add term and flexibility
- Reinstate distribution of cash dividends
- Target US listing within first quarter 2010

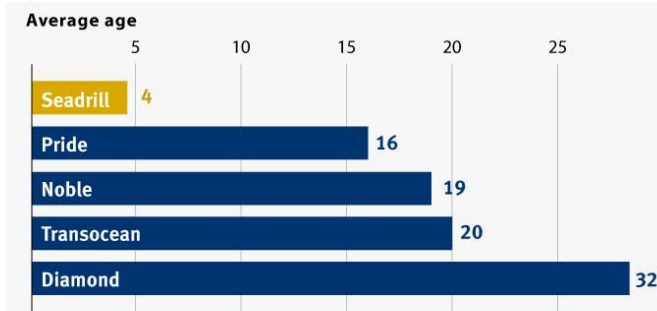
**Grow Company .... build shareholder value**

# Quality ultra-deepwater exposure

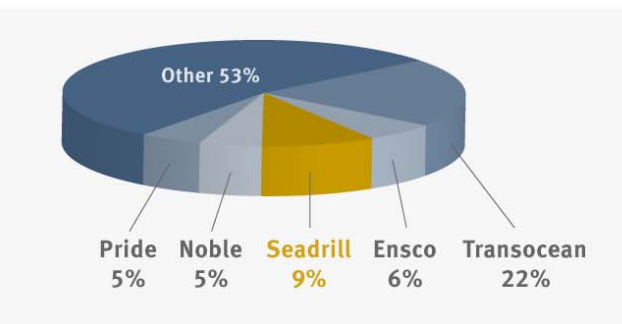
Ultra-deepwater fixtures



Average age floaters



Ultra-deepwater market share



EBITDA contribution deepwater

	2008	2010
<b>Seadrill Limited</b>	<b>15%</b>	<b>68%</b>
Transocean	23%	37%
Pride International	19%	29%
Noble Corp.	7%	29%
Diamond Offshore Inc.	15%	14%

Sound platform for shaping the future



StatoilHydro



ExxonMobil



# Seadrill

Seadrill working for quality customers