



## Conference Call – 1Q 2014 Results

*May 28, 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 First Quarter Call Agenda



- Highlights 1Q 2014
- Subsequent events during 2Q 2014
- Seadrill Strategy & Market Outlook
- Financial Performance Highlights
- Appendix: Seadrill Limited Financials

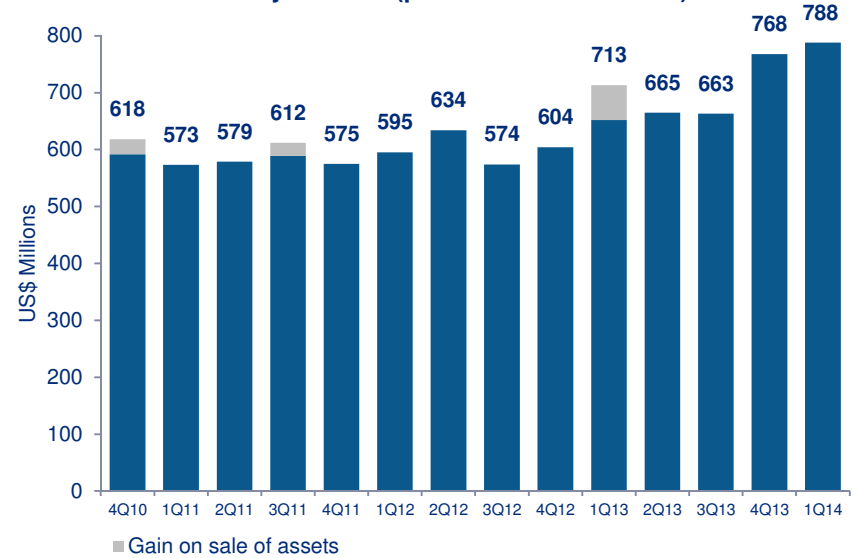


# Financial Performance Highlights

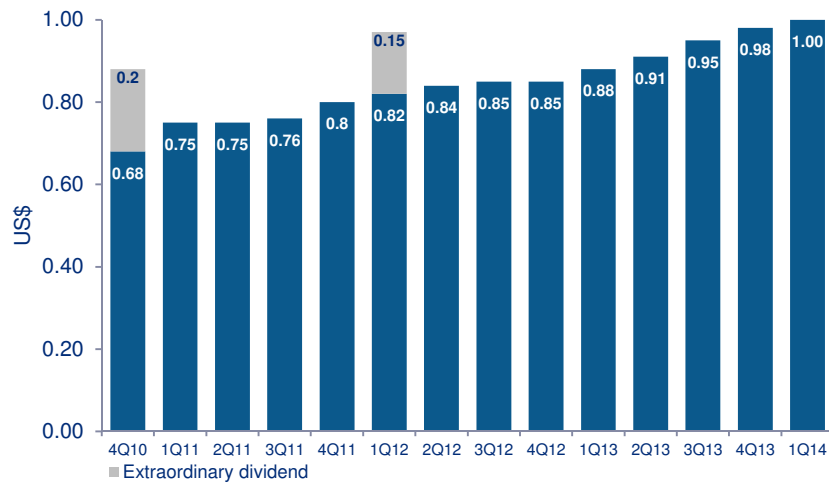


- Seadrill generates consolidated EBITDA of US\$788 million for the first quarter 2014
- Economic utilization for our floaters on a consolidated basis was 88 percent
- Seadrill increases the quarterly cash dividend by 2 cents to 1.00 dollar per share

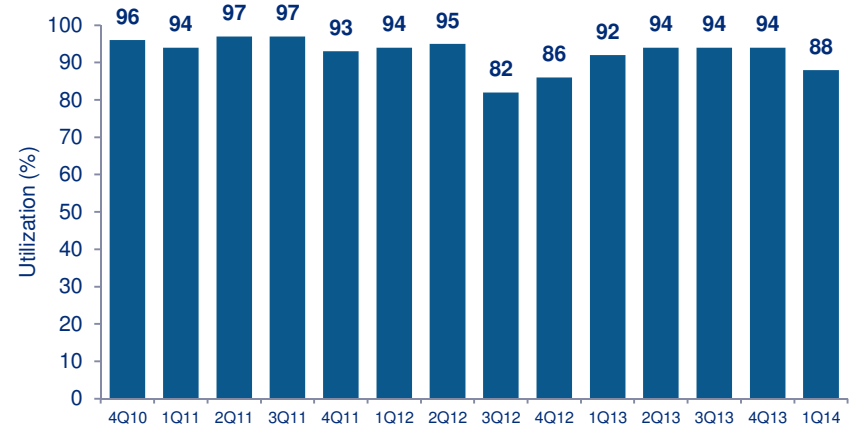
Quarterly EBITDA (proforma consolidated)



Dividend distribution per share



Ultra-Deepwater Economic Utilization (proforma consolidated)



## 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 completes placement of SEK 1,500 unsecured bond issue
- Seadrill executes contracts for four Jack-up units with Pemex in Mexico and establishes SeaMex, a 50/50 Joint Venture with 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
- Seadrill Limited sells part of the ultra-deepwater drillship West Auriga to Seadrill Partners for US\$1.24 billion, financed with a US\$416 million equity offering and intercompany loans
- The financial results of Seadrill Partners LLC have been deconsolidated from the financial results of Seadrill effective from January 2, 2014

# Subsequent Events

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## Second Quarter 2014

- Seadrill secures contracts for the jack-up units West Tucana, West Telesto, West Ariel, and West Prospero. Additionally, the contract for the West Mischief has been extended by four months. The total revenue potential for the four new contracts and one extension is approximately US\$433 million.
- Seadrill sells 230 million shares of SapuraKencana raising approximately US\$300 million in proceeds. Seadrill continues to own approximately 490 million shares, representing an approximate 8% ownership stake in SapuraKencana.
- North Atlantic Drilling announces extensive Investment and Co-operation Agreement with Rosneft to partner in the Russian market.

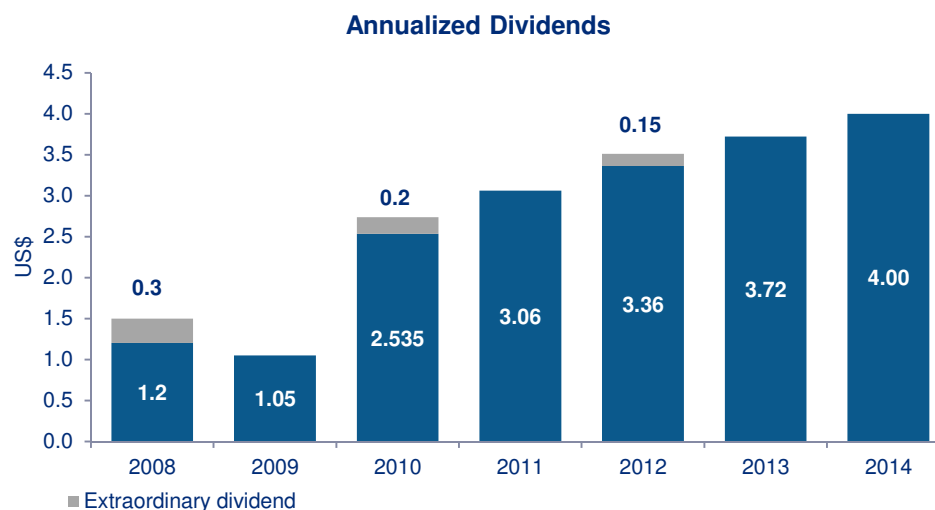
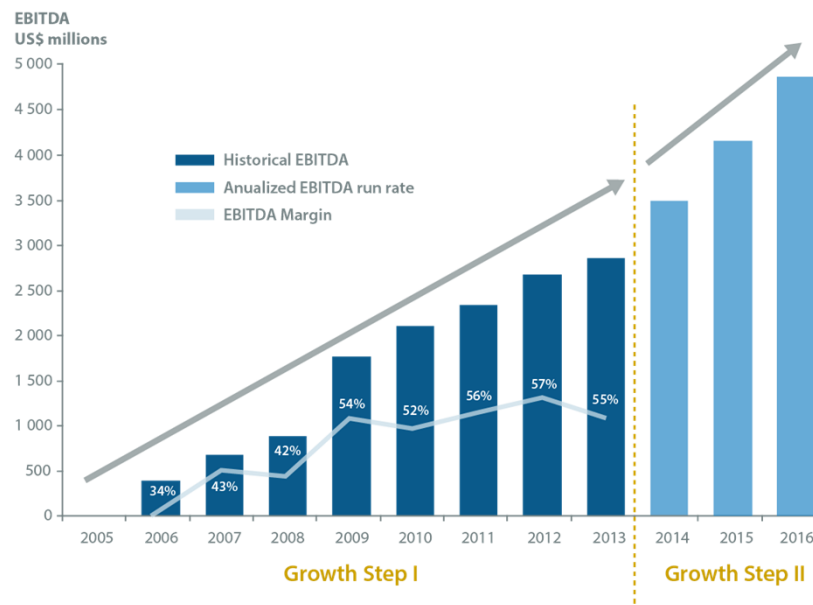
# Seadrill Strategy & Market Outlook



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



- Key objective to grow quarterly dividends in a normalized market
- Quarterly cash dividend increased to 1.00 dollars per share in the first quarter
- Future dividends depend on:
  - Contract coverage
  - Market outlook
  - Leverage capacity
  - Future earnings



The Q1 2013 dividend was paid in Q4 2012  
Proforma consolidated



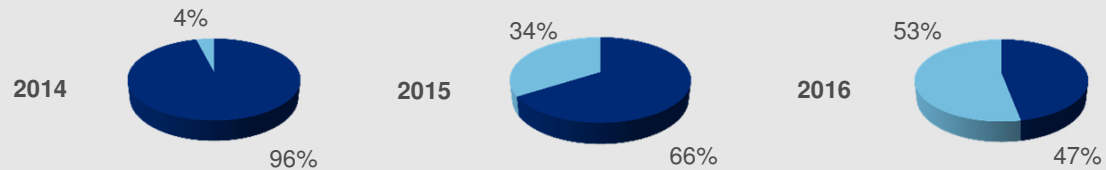
# Floater – US\$14.1 Billion Contract Backlog



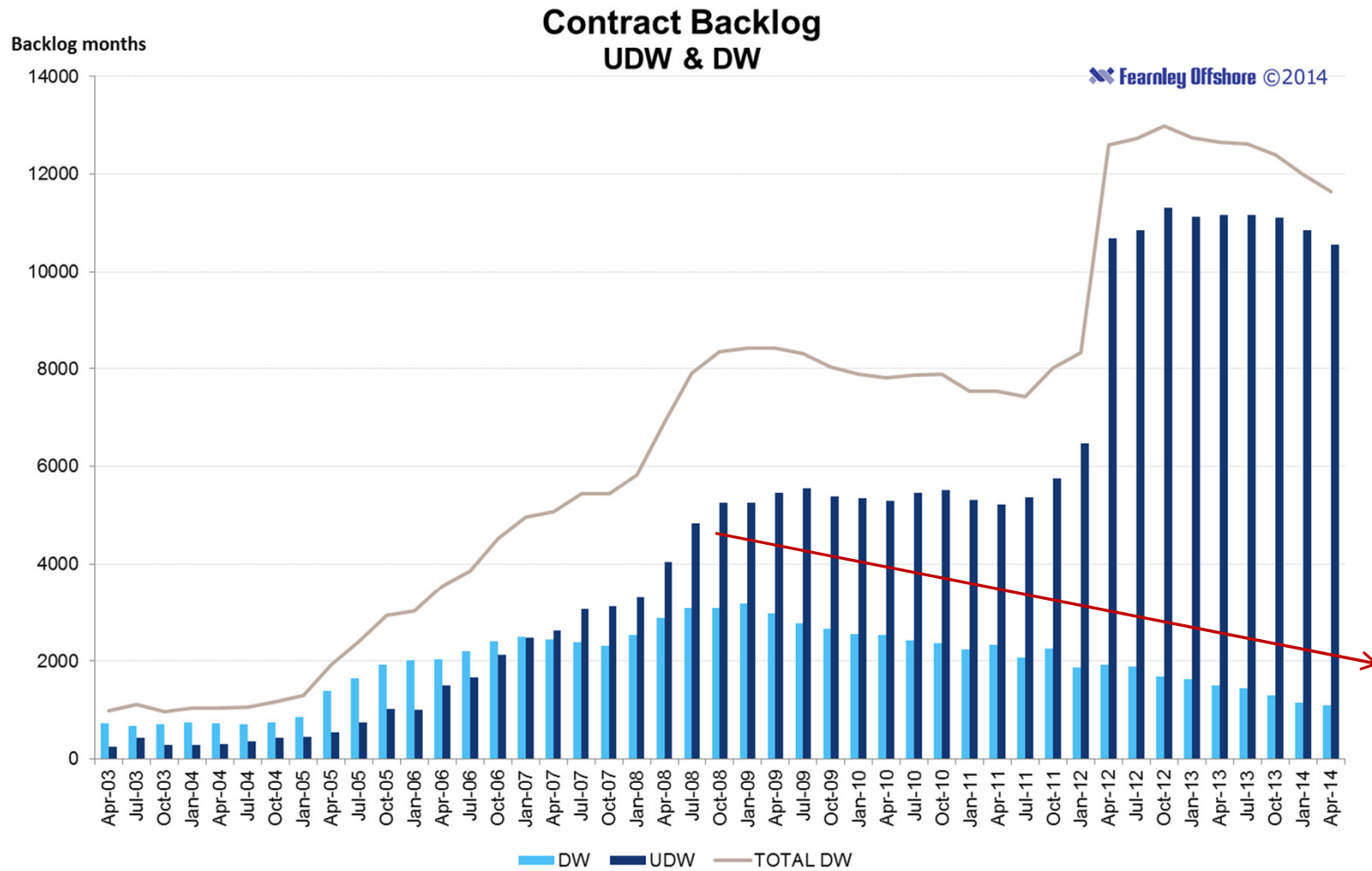
Unit	Customer	2014				2015				2016				2017					
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q		
Drillships	West Saturn	-	Newbuild																
	West Jupiter	-	Newbuild																
	West Carina	-	Newbuild																
	West Draco	-	Newbuild																
	West Dorado	-	Newbuild																
	West Aquila	-	Newbuild																
	West Libra	-	Newbuild																
	West Tellus	Chevron	US\$635,000																
	West Navigator	Shell / Centrica Energi NUF	US\$589,000				US\$621'												
	West Capella	ExxonMobil	US\$627,500																
	West Gemini	Total	US\$656,000																
	West Neptune	LLOG	Newbuild		Transit		US\$570,000												
	West Polaris	ExxonMobil	US\$656,736																03.2018
	West Auriga	BP	US\$565,000																10.2020
	West Vela	BP	US\$565,000																11.2020
Semi-submersibles	Sevan Developer	-	Newbuild																
	West Rigel	-	Newbuild																
	West Taurus	Petrobras	US\$656,662																
	West Eminence	Petrobras	US\$624,460																
	West Venture	Statoil	US\$441,000																
	West Phoenix	Total	US\$464,000																
	Sevan Driller	Petrobras	US\$419,817																
	West Orion	Petrobras	US\$624,460																
	West Pegasus	PEMEX	US\$555,000				Market rate												
	West Eclipse	Total	US\$450,000				US\$455,000												
	Sevan Louisiana	LLOG	Transit		US\$505,000														
	West Aquarius	ExxonMobil	US\$540,000				US\$615,000												
	West Alpha	ExxonMobil	US\$535,000				US\$547,000												
	West Hercules	Statoil	US\$497,000				US\$497,000												
	West Capricorn	BP	US\$495,650				US\$495'												
	West Leo	Tullow Oil	US\$605,000																06.2018
	Sevan Brasil	Petrobras	US\$398,559																07.2018
West Sirius	BP	US\$490,173		US\$535,000														07.2019	
West Mira	Husky	Newbuild		Transit		US\$590,000												06.2020	

## Contract coverage

■ Contracted  
■ Uncontracted



# Bifurcation is a Reality

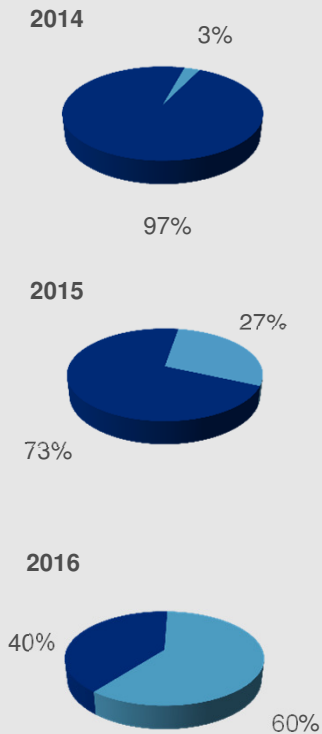


# Jack-ups - US\$4.3 Billion Contract Backlog



	Unit	Customer	2014				2015				2016			
			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											
	West Linus	ConocoPhillips	Transit US\$375,000											
<b>BE Jack-ups</b>	West Oberon	PEMEX	Transit US\$171,500											
	West Intrepid	PEMEX	Transit US\$155,500											
	West Defender	PEMEX	Transit US\$155,500											
	West Courageous	Hess / PEMEX	\$150' Transit US\$155,500											
	West Titania	-	Transit											
	West Cressida	PTTEP	US\$129,500											
	West Vigilant	Talisman	US\$167,000											
	West Telesto	Premier Origin Energy Limited	US\$149,5 US\$157 US\$265'											
	West Titan	-	Newbuild											
	West Leda	ExxonMobil	US\$165,000											
	West Mischief	ENI	US\$175,000 US\$195'											
	West Proteus	-	Newbuild											
	West Ariel	Vietsovetro / ENI	US\$170,000 US\$220,000											
	West Rhea	-	Newbuild											
	West Tethys	-	Newbuild											
	West Hyperion	-	Newbuild											
	West Umbriel	-	Newbuild											
	West Dione	-	Newbuild											
	West Prospero	Vietsovetro / JVPC	US\$163 US\$155,770											
	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 Tucana	PVEP / Cabina Gulf Oil	US\$167,000 US\$220,000												
West Callisto	Saudi Aramco	US\$150,000 US\$150,000												
West Freedom	Repsol / Cardon IV	US\$187' US\$225,000												

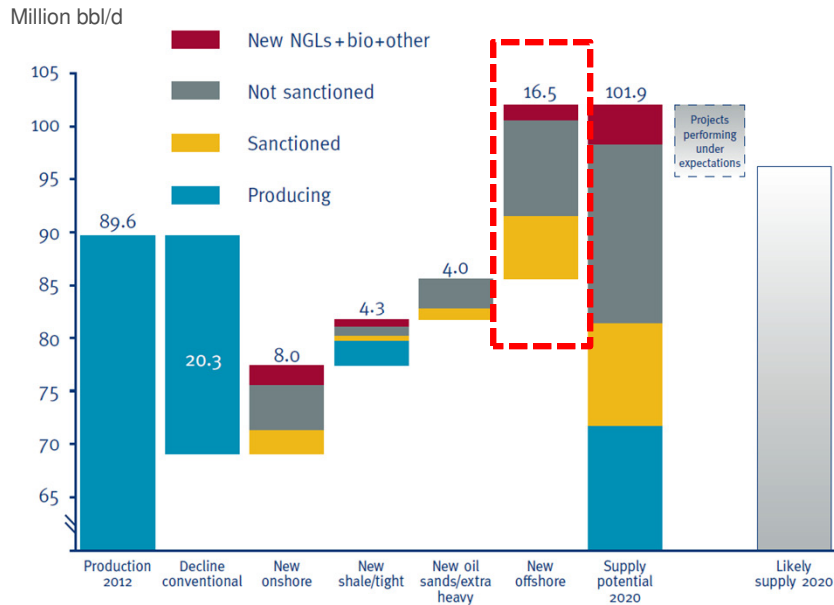
■ Contracted  
■ Uncontracted



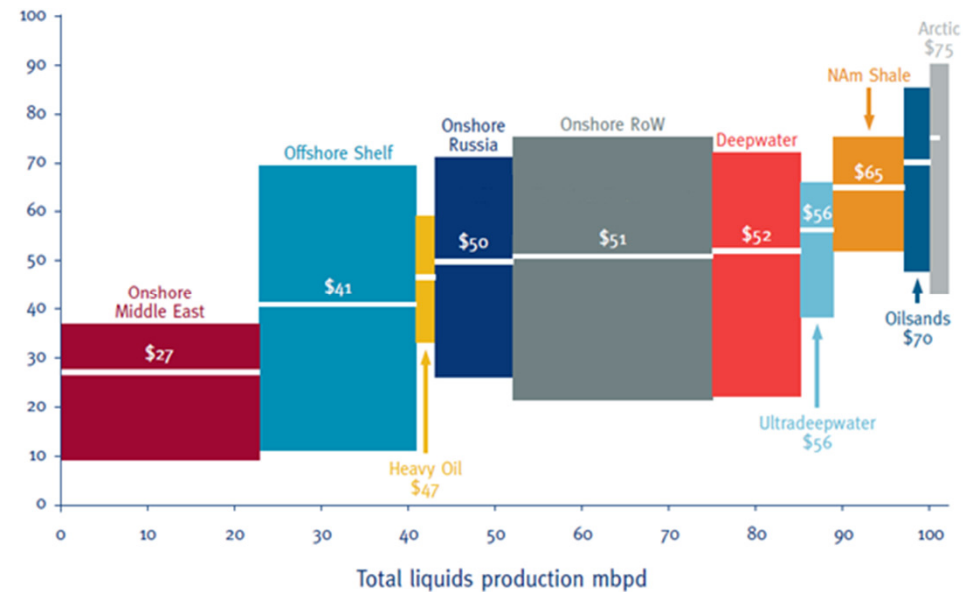
Note: Backlog generated by the tender rigs (T15, T16 and West Vencedor) is US\$0.4 billion.  
 Proforma consolidated backlog

# Offshore is Key to Deliver Required Volumes

Global change of liquids supply from 2012 to 2020



NAm shale and Canadian oil sands represent marginal incremental production



- **Shale / tight oil / non-conventionals alone cannot meet incremental forecasted demand and offset production declines**
- **Deep and Ultradeepwater well positioned on the cost of supply curve**



# Financial Performance Highlights



# Deconsolidation of Seadrill Partners

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- The financial results of Seadrill Partners LLC will be deconsolidated from the financial results of Seadrill effective from January 2, 2014 and accounted for as an investment in an affiliate
- First quarter results reflect deconsolidation and summary financials are shown on a consolidated basis in order to be comparable to prior quarterly results
- Main impacts of deconsolidation are:
  - De-recognize assets and liabilities associated with Seadrill Partners, replaced by recognizing the fair value of Seadrill's investment in Seadrill Partners
  - Future dropdowns will be at fair value (vs common control treatment) and gains/losses will be recognized
  - Cash contributions received from Seadrill Partners derived from ownership of common units and IDR's will be recognized as dividend income
  - Cash contributions received from direct rig ownership in operating companies and subordinated units are reflected as a reduction in our investment
- From an operational and managerial standpoint the relationship between Seadrill Limited and Seadrill Partners is unchanged

# Financial Performance Highlights



	Q1 2014 Stand alone	Q1 2014 Proforma Consolidated	Q4 2013 Consolidated
Total Operating Revenue	US\$1,221 m	US\$1,436 m	US\$1,469 m
Total Operating Expenses	US\$771 m	US\$863	US\$901 m
Net Operating Income	US\$890 m	US\$574 m	US\$568 m
EBITDA *	US\$624 m	US\$788	US\$768 m
Dividend declared per share	US\$1.00	US\$1.00	US\$0.98

\* Excluding gain on sale for the West Auriga

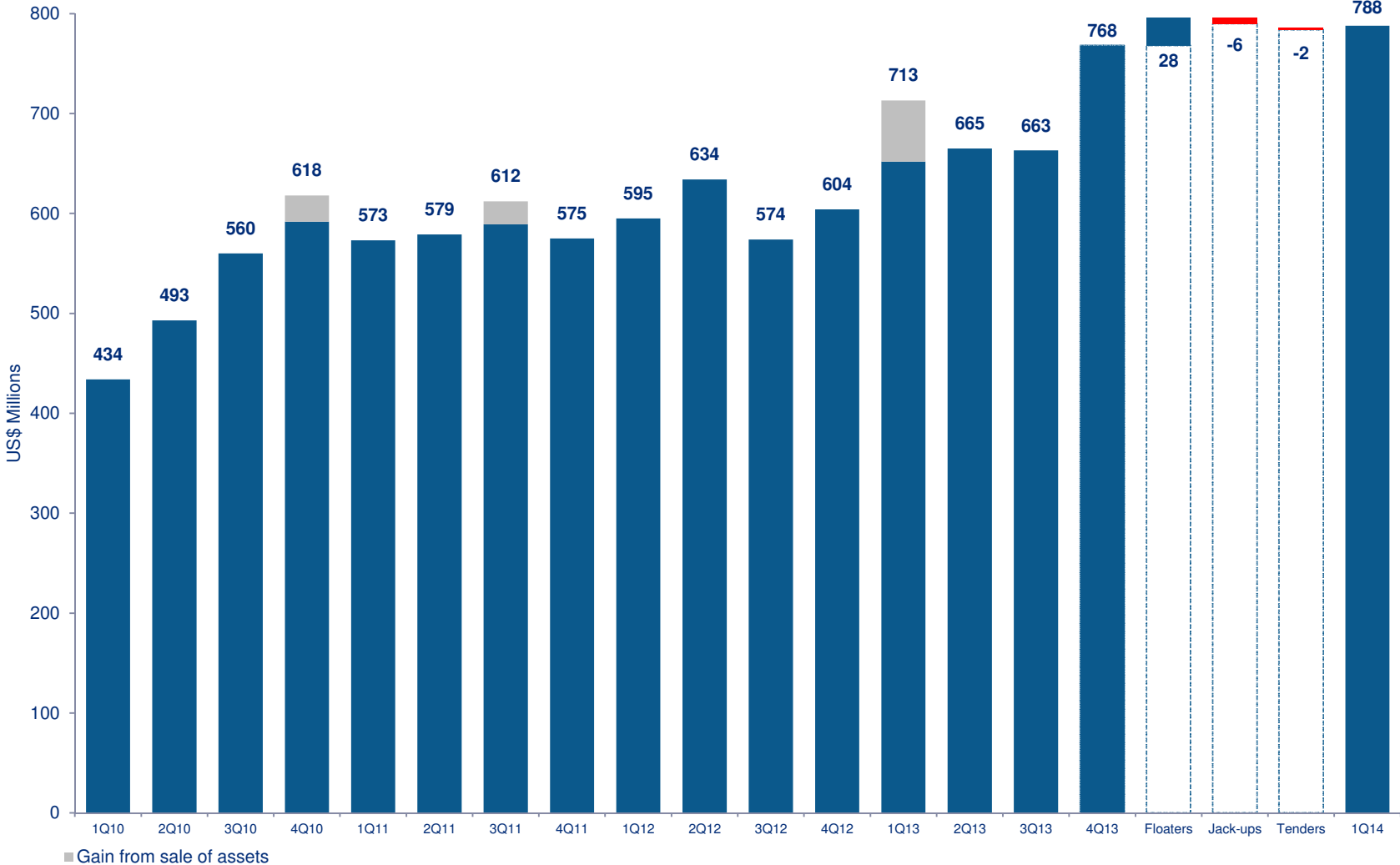
# Balance Sheet Summary



	March 31, 2014	December 31, 2013
<b>Total Current Assets</b>	<b>4,031</b>	<b>2,833</b>
<b>Non-current assets</b>		
Newbuildings	3,917	3,419
Drilling units	13,163	17,193
Other	6,380	2,855
<b>Total non-current assets</b>	<b>23,460</b>	<b>23,467</b>
<b>TOTAL ASSETS</b>	<b>27,491</b>	<b>26,300</b>
<b>Current Liabilities</b>		
Current portion of long-term debt	1,662	1,566
Other	2,732	2,259
<b>Total current liabilities</b>	<b>4,394</b>	<b>3,825</b>
<b>Non-current liabilities</b>		
Total Long-term Debt	10,728	11,900
Other	1,696	2,373
<b>Total non-current liabilities</b>	<b>12,424</b>	<b>14,273</b>
<b>TOTAL LIABILITIES</b>	<b>16,818</b>	<b>18,098</b>
<b>Equity</b>		
<b>Total shareholder's equity</b>	<b>10,673</b>	<b>8,202</b>
<b>Total liabilities and shareholder's equity</b>	<b>27,491</b>	<b>26,300</b>

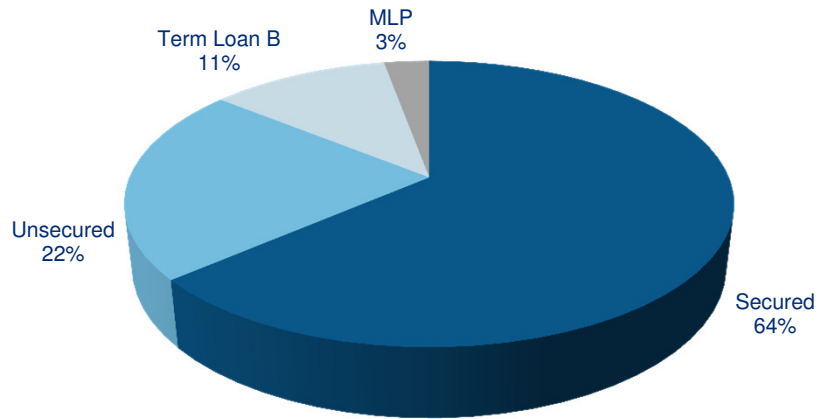


# EBITDA Contribution

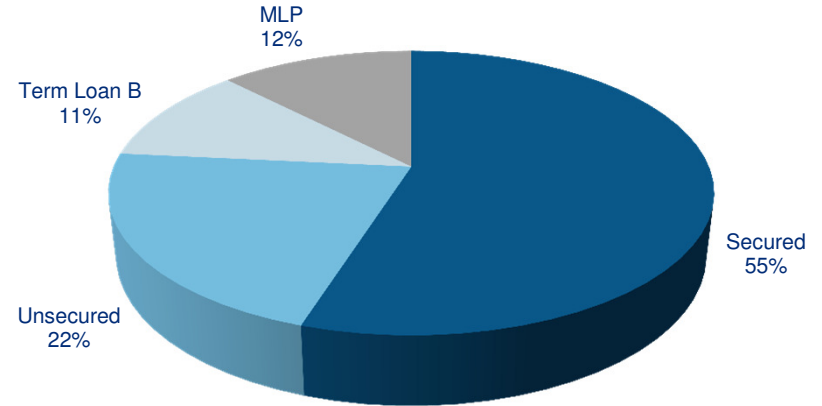


# Financial Flexibility

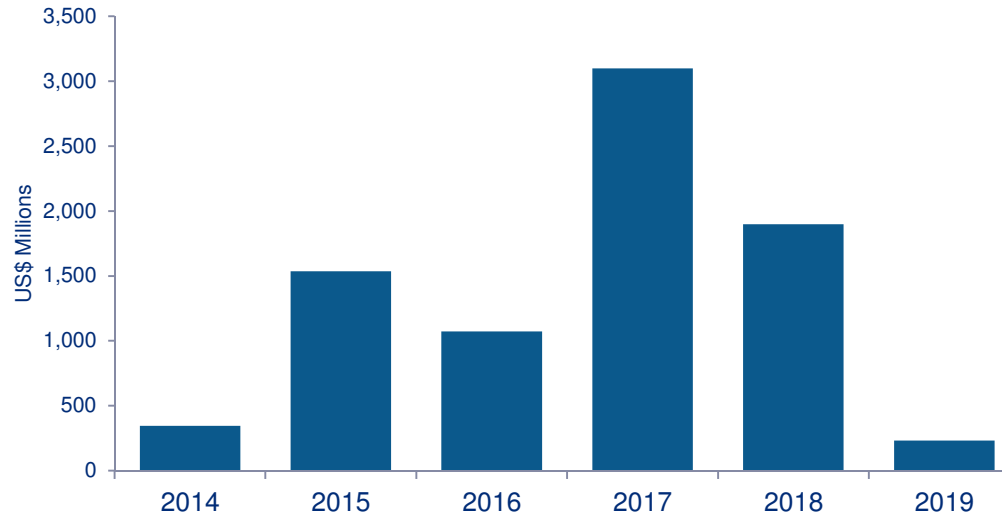
**Q1 2014 Actual**



**2015 Illustrative**



**Debt Maturities**





## 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



*8.18% of SapuraKencana –  
Market Value ~US\$625mm*



*50.11% of Sevan Drilling –  
Market Value ~US\$160mm*



*39.9% of Archer –  
Market Value ~US\$365mm*

# Appendix: Seadrill Limited Financials



# Operating Income - Floaters



<i>Unaudited accounts in USD millions</i>	1Q14	4Q13	3Q13	2Q13
<b>Total operating revenues</b>	<b>859</b>	<b>1,030</b>	<b>939</b>	<b>913</b>
Gain on Sale	440	-	-	-
Vessel and rig operating expenses	318	370	357	301
Reimbursable expenses	23	17	29	88
Depreciation and amortisation	127	150	146	118
General and administrative expenses	48	62	53	37
<b>Total operating expenses</b>	<b>515</b>	<b>599</b>	<b>585</b>	<b>544</b>
<b>Net operating income</b>	<b>875</b>	<b>431</b>	<b>354</b>	<b>369</b>

# Operating Income – Jack-up Rigs



<i>Unaudited accounts in USD millions</i>	1Q14	4Q13	3Q13	2Q13
<b>Total operating revenues</b>	<b>319</b>	<b>339</b>	<b>292</b>	<b>274</b>
Vessel and rig operating expenses	135	148	122	111
Reimbursable expenses	9	11	6	9
Depreciation and amortisation	47	46	42	38
General and administrative expenses	25	24	23	20
<b>Total operating expenses</b>	<b>217</b>	<b>229</b>	<b>193</b>	<b>178</b>
<b>Net operating income</b>	<b>102</b>	<b>110</b>	<b>99</b>	<b>96</b>

# Operating Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	1Q14	4Q13	3Q13	2Q13
<b>Total operating revenues</b>	<b>1,221</b>	<b>1,469</b>	<b>1,280</b>	<b>1,268</b>
Gain on sale of assets	440	-	-	-
Vessel and rig operating expenses	492	565	491	439
Reimbursable expenses	32	50	48	100
Depreciation and amortisation	174	200	192	158
General and administrative expenses	73	86	78	64
<b>Total operating expenses</b>	<b>771</b>	<b>901</b>	<b>809</b>	<b>761</b>
<b>Net operating income</b>	<b>890</b>	<b>568</b>	<b>471</b>	<b>507</b>

# Net Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	<b>1Q14</b>	<b>4Q13</b>	<b>3Q13</b>	<b>2Q13</b>
<b>Net operating income</b>	890	568	471	507
<b>Financial items and other income</b>				
Interest income	11	8	-	6
Interest expense	(118)	(134)	(107)	(96)
Share in results from associated companies	(20)	(189)	(10)	(26)
Gain on re-measurement of previous held equity	-	-	-	-
Gain on bargain purchase	-	-	-	-
Gain/(Loss) in financial derivatives	(37)	2	(5)	141
Foreign exchange gain/(loss)	(15)	25	-	14
Other financial items	39	2	26	(3)
Gain on sale of tender rigs				1,256
Gain on deconsolidation of Seadrill Partners	2,339	-	-	-
<b>Total financial items and other income</b>	<b>2,239</b>	<b>(286)</b>	<b>(96)</b>	<b>1,292</b>
Income before income taxes	3,129	282	375	1,799
Income taxes	(35)	(1)	(60)	(49)
<b>Net income</b>	<b>3,094</b>	<b>281</b>	<b>315</b>	<b>1,750</b>
<b>Earnings per share (US\$)</b>	<b>6.54</b>	<b>0.49</b>	<b>0.61</b>	<b>3.68</b>



# Balance Sheet - Assets



<i>Unaudited accounts in USD millions</i>	March 31, 2014	December 31, 2013	September 30, 2013
<b>Current assets</b>			
Cash and cash equivalents	912	744	551
Restricted cash	206	168	244
Marketable securities	1,072	416	316
Accounts receivables, net	780	1,042	1,043
Other current assets	1,061	463	408
<b>Total current assets</b>	<b>4,031</b>	<b>2,833</b>	<b>2,562</b>
<b>Non-current assets</b>			
Newbuildings	3,917	3,419	4,900
Drilling units	13,163	17,193	14,778
Restricted cash	146	150	171
Deferred tax assets	28	37	22
Other non-current assets	6,206	2,668	2,546
<b>Total non-current assets</b>	<b>23,460</b>	<b>23,467</b>	<b>22,417</b>
<b>Total assets</b>	<b>27,491</b>	<b>26,300</b>	<b>24,979</b>

## Balance Sheet – Liabilities & Shareholder’s Equity



	March 31, 2014	December 31, 2013	September 30, 2013
<b>Current liabilities</b>			
Current portion of long-term debt	1,662	1,566	2,645
Trade accounts payable	111	90	131
Other current liabilities	2,621	2,169	2,863
<b>Total current liabilities</b>	<b>4,394</b>	<b>3,825</b>	<b>5,639</b>
<b>Non-current liabilities</b>			
Long-term interest bearing debt	10,728	11,900	10,087
Deferred taxes	48	60	19
Other non-current liabilities	1,648	2,313	1,468
<b>Total non-current liabilities</b>	<b>12,424</b>	<b>14,273</b>	<b>11,574</b>
<b>Equity</b>			
<b>Total shareholder’s equity</b>	<b>10,673</b>	<b>8,202</b>	<b>7,766</b>
<b>Total liabilities and shareholder’s equity</b>	<b>27,491</b>	<b>26,300</b>	<b>24,979</b>