



Q2 2019 Results

August 20, 2019

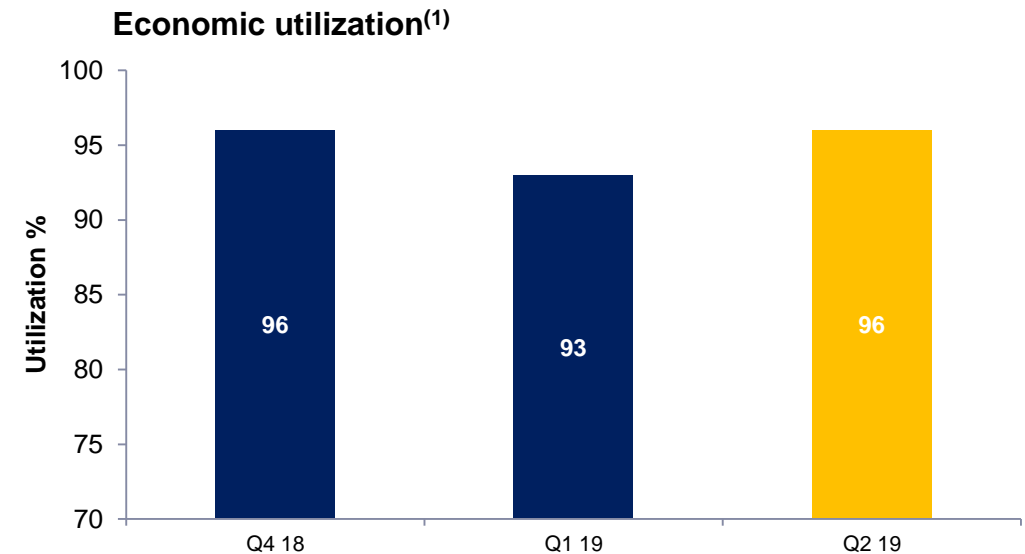


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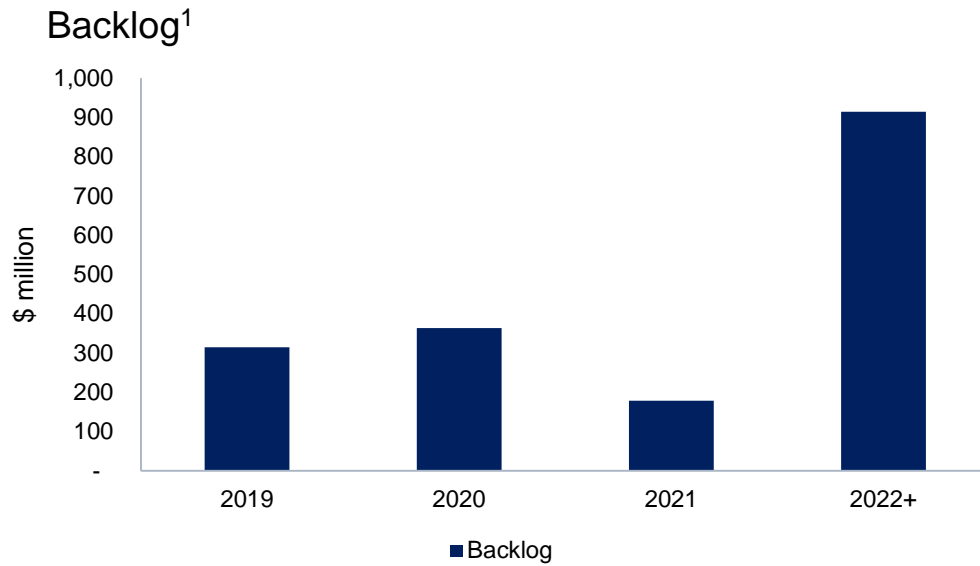
- 1** Highlights & Market Outlook
- 2** Financial Performance
- 3** Q&A



- **Economic utilization of 96%**
- **Successfully took delivery of 3 rigs in our managed fleet**
- **Gulfdrill joint venture**
- **Total cash of \$1.5 billion**
- **Completed \$311 million tender offer of Senior Secured Notes**



(1) Economic utilization is calculated as total contract revenue excluding bonuses for the period as a proportion of the full operating dayrate multiplied by the number of days in the period



Backlog Additions	\$millions
New Contracts	109
Option Exercise	33
Extensions to existing contracts	18
Total backlog additions in Q2 2019	160
Additions post Q2 2019	14
Total backlog additions	174

- **Total backlog is currently \$1.9 billion**

(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.

- **Seadrill and GDI have formed Gulfdrill**

- **Gulfdrill will initially operate 5 premium jackups**

- Seadrill: West Telesto and West Castor
- 3 third party newbuilds

- **5 long term contracts with Qatar Petroleum**

- Contract Value of \$656 million
- Option value of \$700 million

- **Attractive opportunity**

- No upfront investment required
- Bareboat charter plus dividends in the future
- Critical mass of assets in a sizeable & long-term market



50%

50%



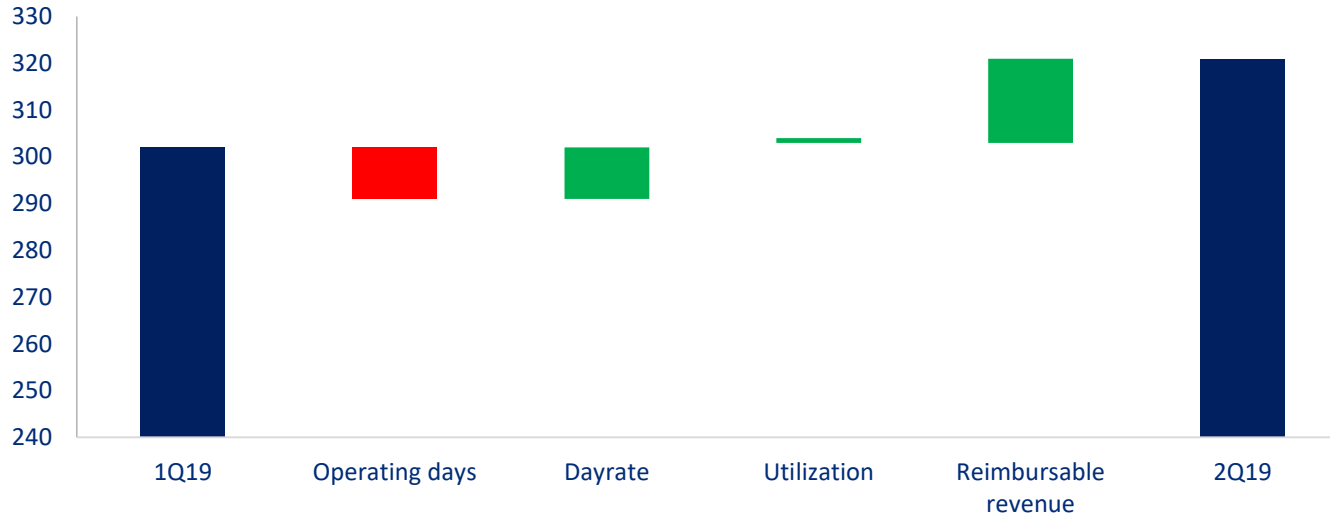
Financial Performance

Stuart Jackson, Chief Financial Officer

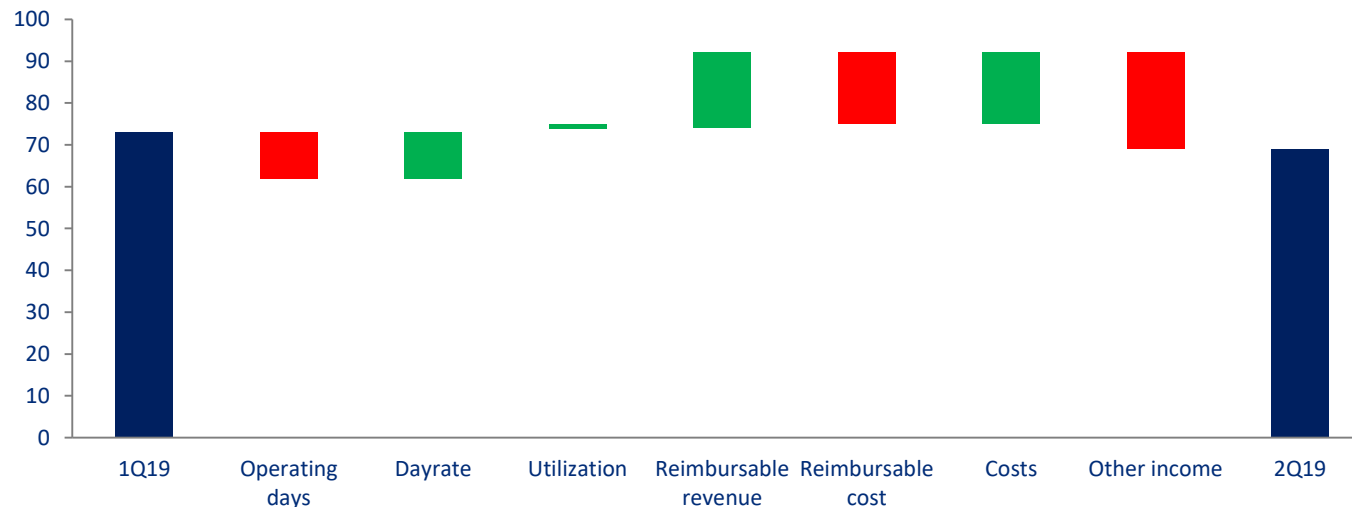


Revenue and EBITDA Bridge

Revenue:



Adjusted EBITDA:



- **Operating Days:** Idle time between contracts offset by the West Castor operating for a full quarter
- **Dayrate:** West Gemini, West Phoenix, West Hercules and West Telesto moving to a new contract at a higher dayrate
- **Utilization:** marginally higher uptime in the quarter
- **Reimbursable revenue and costs:** Related to the West Mira and Sonangol rigs management contract
- **Costs:** Lower costs due to idle time between contracts and lower costs on stacked rigs due to location change
- **Other income:** Overdue receivable settled in Q1 not repeated in Q2

Abbreviated Income Statement

\$millions	2Q19	1Q19
Adjusted EBITDA	69	72
Depreciation	(104)	(108)
Amortization of favorable and unfavorable contracts	(38)	(35)
Operating loss	(73)	(71)
Interest expense	(122)	(132)
Share in results from associated companies	(23)	(42)
Loss on derivative financial instruments	(6)	(27)
Net loss on debt extinguishment	(22)	-
Loss on marketable securities	(14)	(21)
Other financial items	24	15
Loss before income taxes	(236)	(278)
Income tax benefit/(expense)	30	(18)
Net loss	(206)	(296)

Abbreviated Cash Flow

\$millions	2Q19	1Q19
Operating loss	(73)	(71)
Other operating cashflows	(12)	(28)
Total operating cash flows	(85)	(99)
Total investing activities	(13)	2
Total financing activities	(339)	(4)
Effect of exchange rate changes on cash	4	-
Net movement in total cash	(433)	(101)
Total cash at the start of the period	1,902	2,003
Total cash at the end of the period	1,469	1,902

Abbreviated Balance Sheet

\$millions	2Q19	1Q19
Cash and restricted cash	1,469	1,902
Other current assets	644	714
Other non-current assets	7,859	7,931
Total assets	9,972	10,547
Current liabilities	575	811
Non-current liabilities	6,827	6,957
Equity and redeemable non-controlling interest	2,570	2,779
Total liabilities, redeemable non-controlling interest and equity	9,972	10,547



Investments

35% stake in SDLP common units
16 million subordinated units
49% stake in Seadrill Capricorn Holdings LLC
42% stake in Seadrill Operating LP
39% direct stake in the West Capella

Operations

- 8 floaters and 3 tender rigs
- Backlog: \$697 million
- Revenue: \$179 million
- Adjusted EBITDA: \$80 million

Balance Sheet

- Cash: \$712 million
- Debt of \$3.0 billion



Investment

50/50 joint venture with Fintech

Operations

- 5 high-spec jack-ups
- Backlog: \$1.0 billion
- Revenue: \$60 million
- EBITDA: \$34 million

Balance Sheet

- Cash: \$121 million
- Debt: \$262 million bank debt
- Debt: \$409 million Seadrill provided Seller's Credit and working capital loan



Investment

50/50 joint venture with Sapura Energy

Operations

- 6 pipe-lay support vessels
- Backlog: \$1.5 billion
- Revenue: \$121 million
- EBITDA: \$75 million

Balance Sheet

- Cash: \$226 million
- Debt: \$748 million
- c. \$80m of loans due from the JV



Investment

15.7% equity stake

\$45 million convertible note

Operations

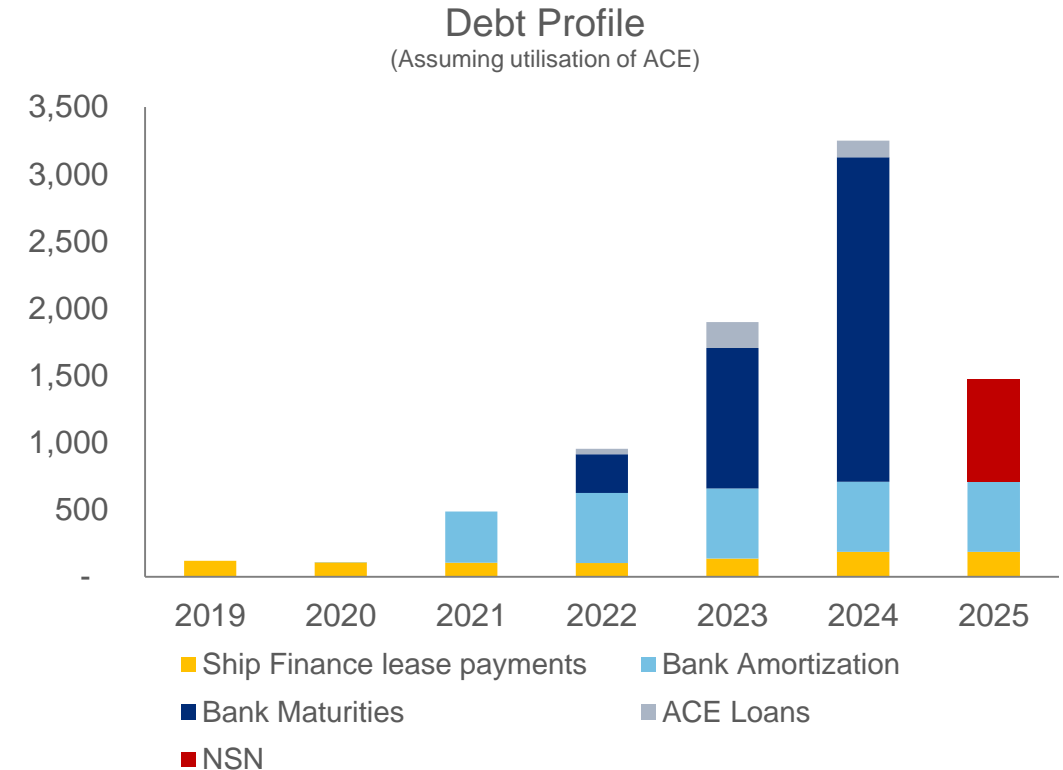
- Revenue: \$236 million
- EBITDA: \$24 million

Balance Sheet

- Cash: \$51 million
- Debt: \$588 million

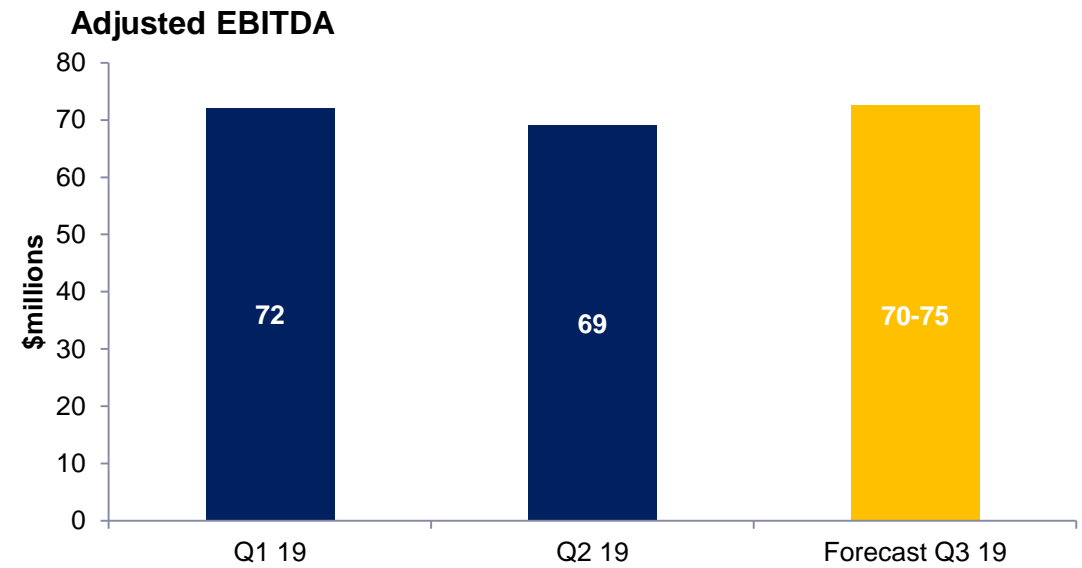
- **Period end cash was \$1.5 billion**
- **No debt amortisation payments until 2020, with the ability to defer up to 2021 using ACE**
- **No debt maturities until June 2022**
- **No financial covenants until 2021, other than minimum liquidity**
- **Net leverage and DSCR** covenants in 2021 only affect borrowing margin**
- **Remain focused on proactively management capital structure**

• ACE = Amortization Conversion Election
• **Debt Service Cover Ratio



Q3 2019 guidance

- Adjusted EBITDA is forecasted to be in the range of \$70 million to \$75 million.



Q&A

Seadrill 

Appendix: Seadrill Limited Financials



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.

<i>Unaudited accounts in USD millions</i>	Q3 2019 Guidance Range	Q2 2019	Q1 2019
Net operating loss	(70) to (75)	(73)	(71)
Depreciation	107	104	108
Amortization of favourable and unfavourable contracts	38	38	35
Adjusted EBITDA	70 to 75	69	72