



## Conference Call – 2Q 2013 results

*August 28, 2013*

**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 Second Quarter Call Agenda

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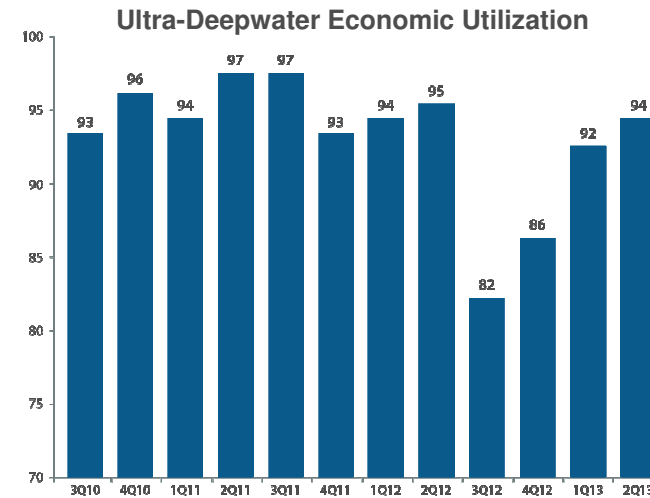
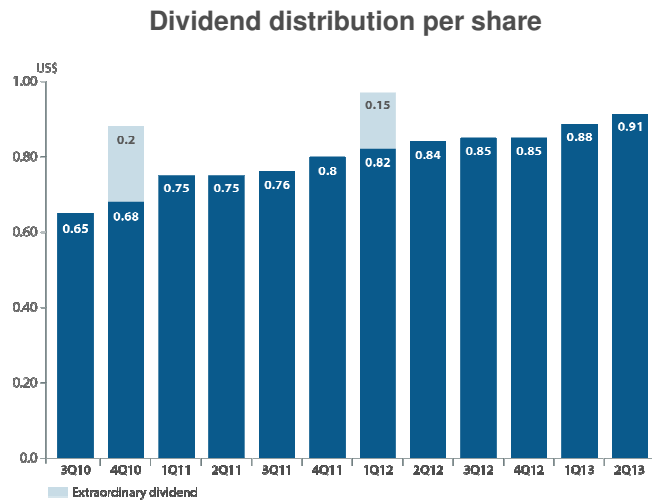
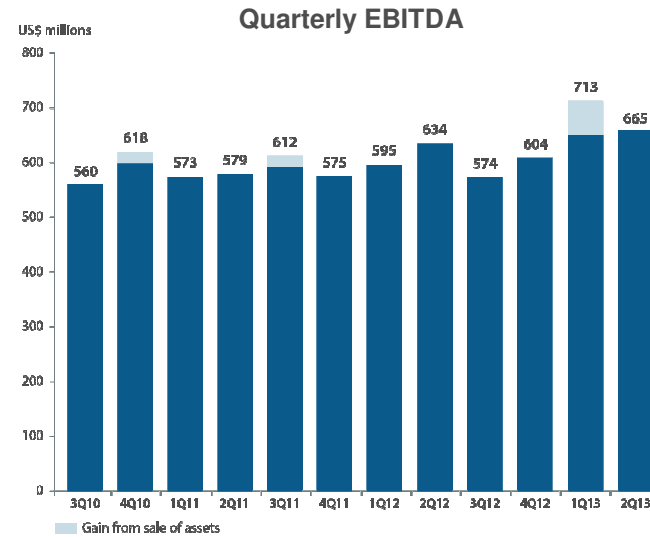
- Highlights 2Q 2013
- Contract backlog
- Market outlook
- Dividend policy
- Summary
- 2Q 2013 financial accounts
  - Seadrill
  - North Atlantic Drilling
- Q&A



# Financial Performance Highlights



- Seadrill generates a record EBITDA of US\$665 million for the second quarter 2013
- Economic utilization for our floaters increased to 94 percent, up from 92 percent in the first quarter 2013
- Seadrill reports second quarter 2013 net income of US\$1,750 million and earnings per share of US\$3.68
- Seadrill increases quarterly cash dividend by US\$0.03 to US\$0.91 per share



# Highlights & Subsequent Events

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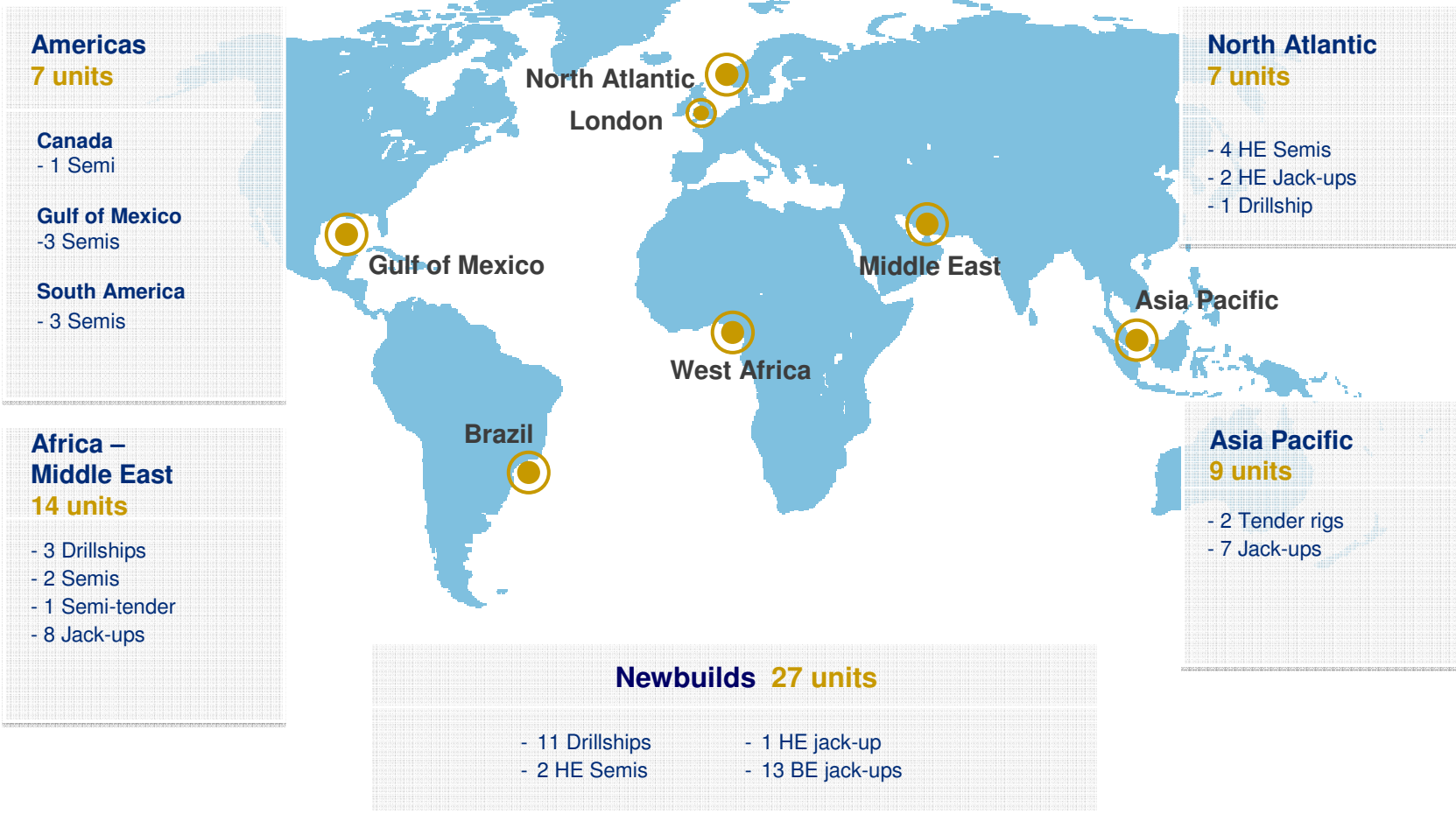
## Second Quarter 2013

- Ordered two high specification jack-ups for US\$230 million per rig
- Secured a three-year contract for the newbuild drillship West Neptune with a total estimated revenue potential of US\$662 million
- Completed the integration of the tender rig business into SapuraKencana Petroleum Bhd. for a total consideration of US\$2.9 billion
- Completed the sale of the tender rig T-15 to Seadrill Partners for a total consideration of US\$210 million

## Subsequent Events

- Ordered four ultra-deepwater drillships for a total estimated project price below US\$600 million per rig, with deliveries in the second half of 2015 and the first half of 2016
- Ordered two jack-ups for a total estimated project price of US\$230 million per rig, with deliveries in the second and third quarters of 2016
- Reached 50.1% ownership in Sevan Drilling and launched mandatory offer for all outstanding shares
- Secured a 180 day contract for the newbuild ultra-deepwater drillship West Tellus with a total revenue potential of US\$150 million
- Secured a 2.5 year contract for the jack-up rig West Freedom with a total revenue potential of US\$222 million

# Global Operational Footprint

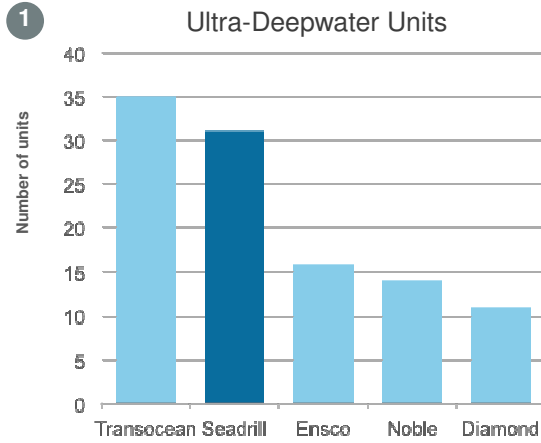


***Presence in all important oil and gas regions***

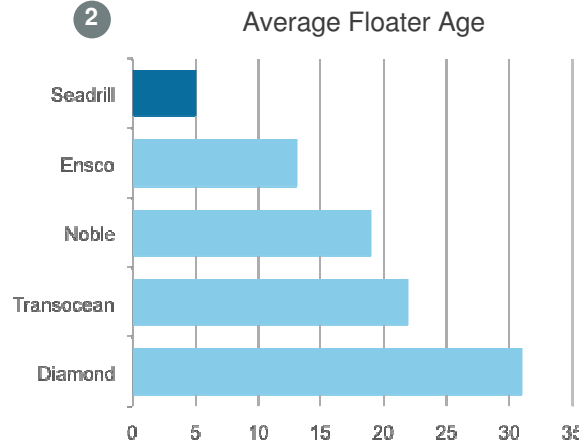
# Modern Fleet & High Exposure to Premium Segments



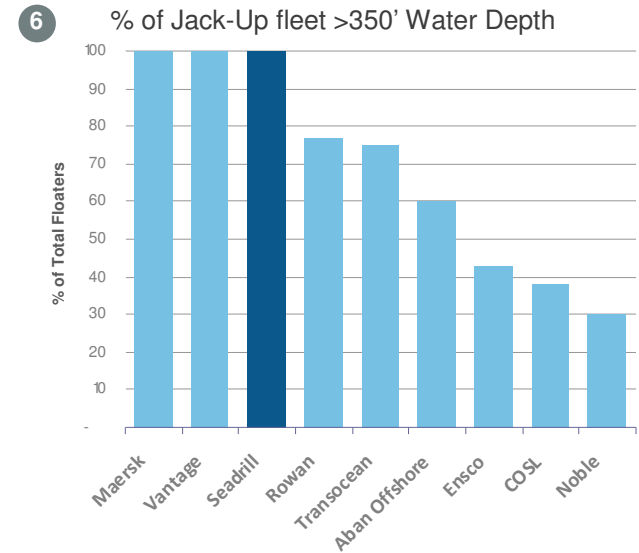
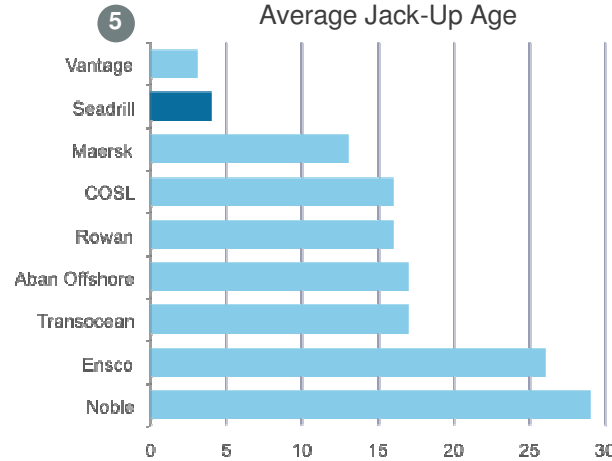
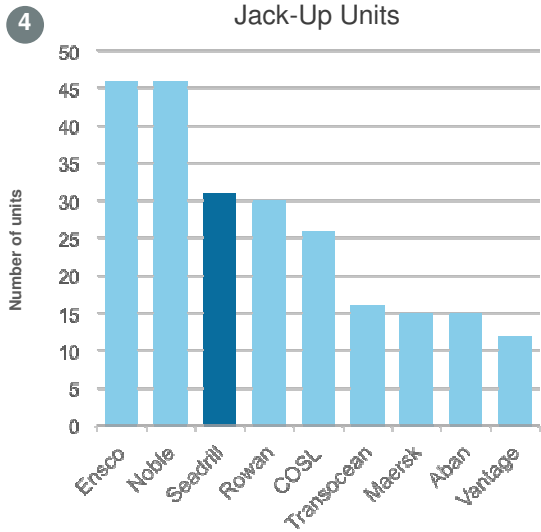
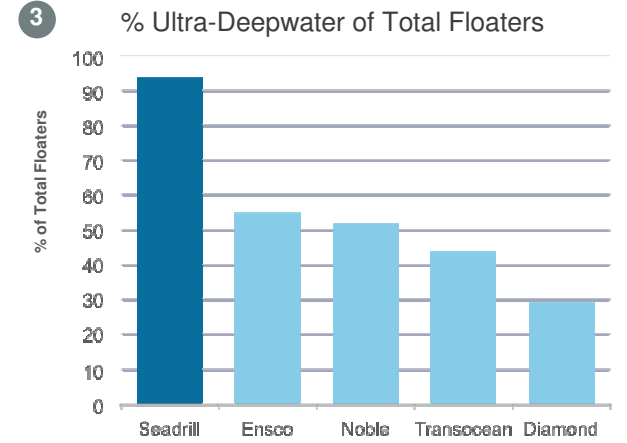
## One of the largest Offshore Drillers...



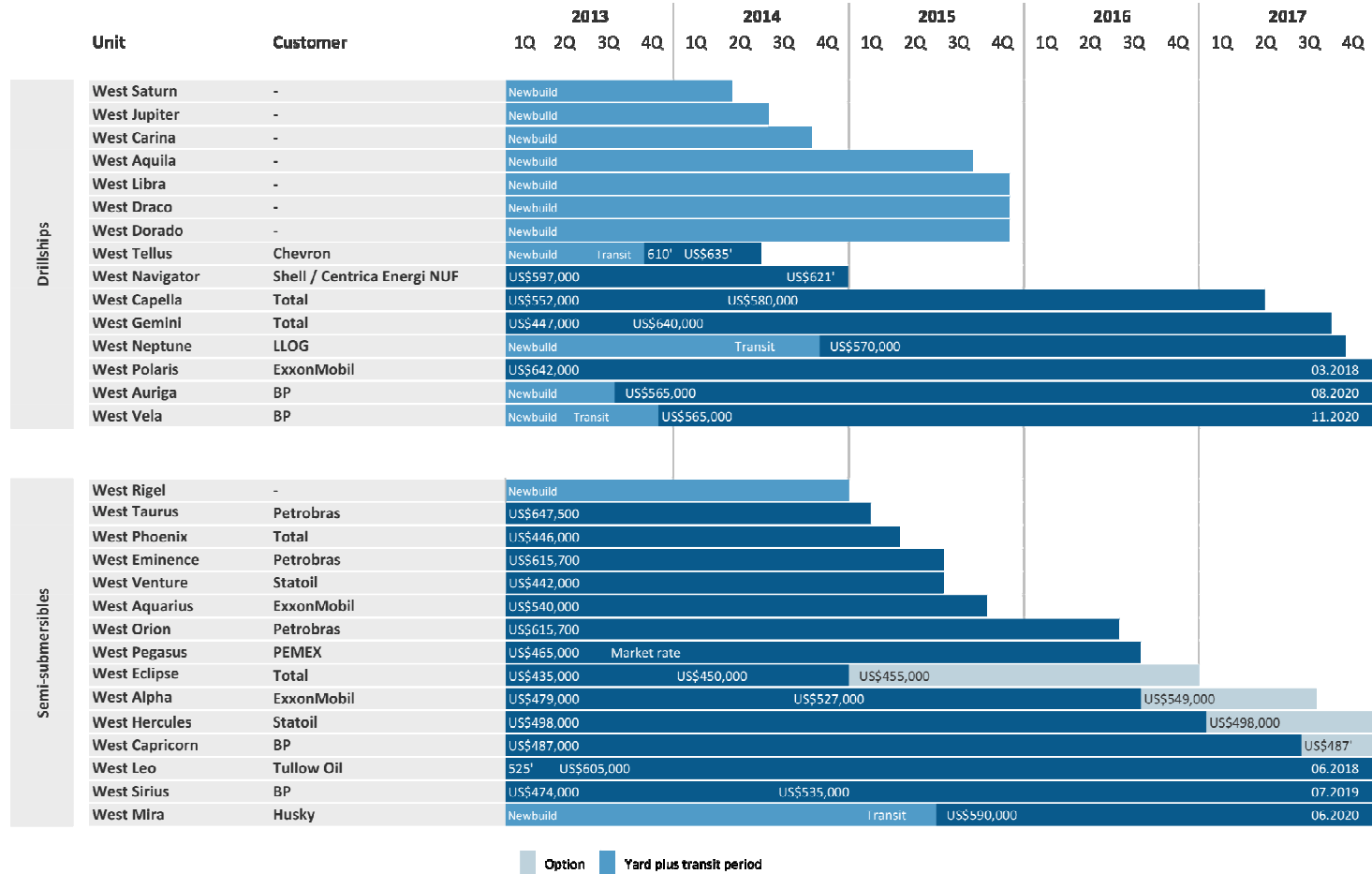
## ...with a Modern Fleet...



## ...and Exposure to Premium Segments



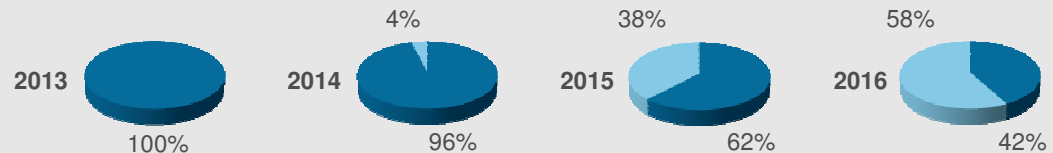
# Floater – US\$15.4 Billion Contract Backlog



Option Yard plus transit period

## Contract coverage

Contracted  
Uncontracted



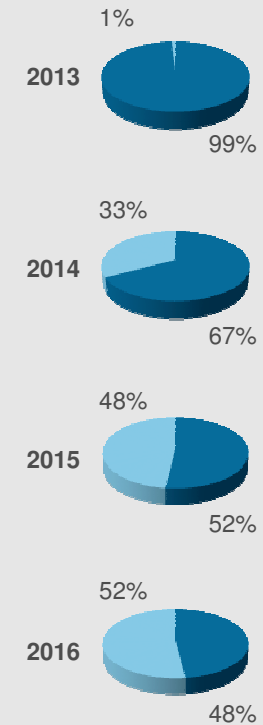


# Jack-ups - US\$3.1 Billion Contract Backlog



	Unit	Customer	2013				2014				2015						
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q			
HE Jack-ups	West Epsilon	Statoil	US\$286,000								12.2016						
	West Elara	Statoil	US\$359,000								03.2017						
	West Linus	ConocoPhillips	Newbuild				Transit				US\$375,000				04.2019		
BE Jack-ups	AOD I	Saudi Aramco	Transit		US\$180,000								05.2016				
	AOD II	Saudi Aramco	Newbuild		US\$180,000								06.2016				
	AOD III	Saudi Aramco	Newbuild		US\$180,000								10.2016				
	West Castor	-	Newbuild														
	West Oberon	-	Newbuild														
	West Intrepid	KJO	US\$180,000														
	West Courageous	Hess	US\$150,000														
	West Prospero	Vietsovetro	US\$151,000		US\$170,000												
	West Ariel	Vietsovetro	US\$151,000		US\$170,000												
	West Leda	ExxonMobil	US\$133,500		US\$138'												
	West Telesto	Premier	Newbuild		US\$149,5		US\$156,9/5										
	West Tucana	PVEP	Newbuild		US\$164'		US\$167,000										
	West Cressida	PTTEP	US\$129,500														
	West Vigilant	Talisman	US\$146,000		US\$167,000												
	West Titan	-	Newbuild														
	West Proteus	-	Newbuild														
	West Mischief	ENI	US\$175,000		US\$175'												
	West Rhea	-	Newbuild														
	West Tethys	-	Newbuild														
	West Triton	KJO	US\$145,000		US\$145'												
	West Resolute	KJO	US\$140,000		140'												
	West Callisto	Saudi Aramco	US\$150,000		150'												
	West Defender	Shell	US\$133,000		05.2016												
	West Freedom	GDF Suez / Cardon IV	US\$155,000		US\$225,000		03.2016										
West Hyperion	-	Newbuild															
West Umbriel	-	Newbuild		Q1 2016													
West Dione	-	Newbuild		Q2 2016													
West Mimas	-	Newbuild		Q3 2016													

■ Contracted  
■ Uncontracted

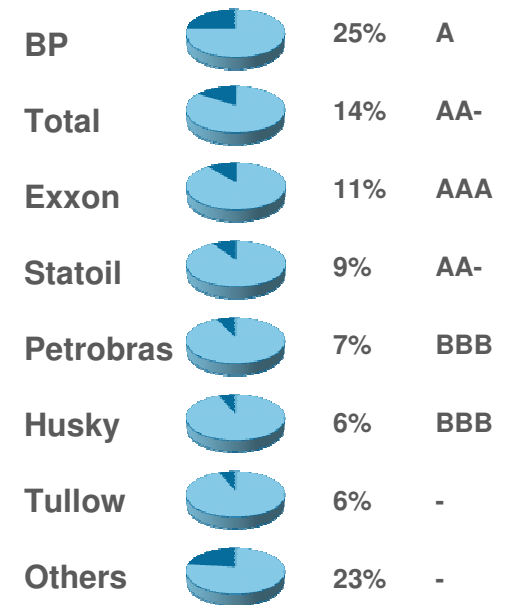
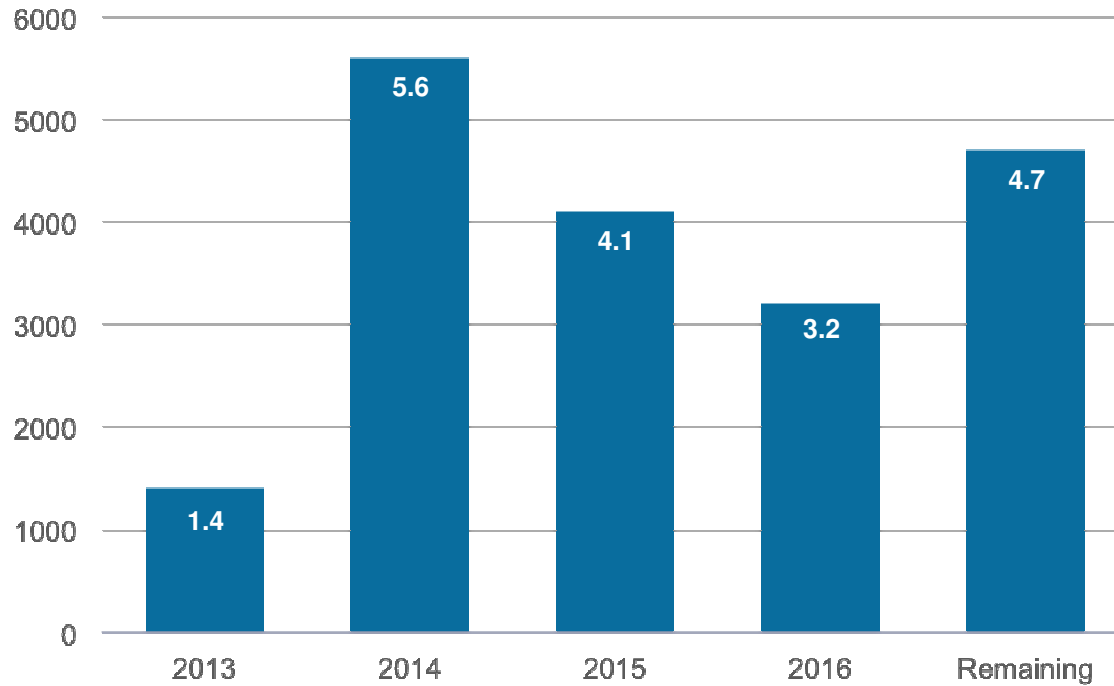


Note: Backlog generated by the tender rigs (T15, T16 and West Vencedor) is US\$0.5 billion.

# Orderbacklog – US\$19 bn



US\$ Millions

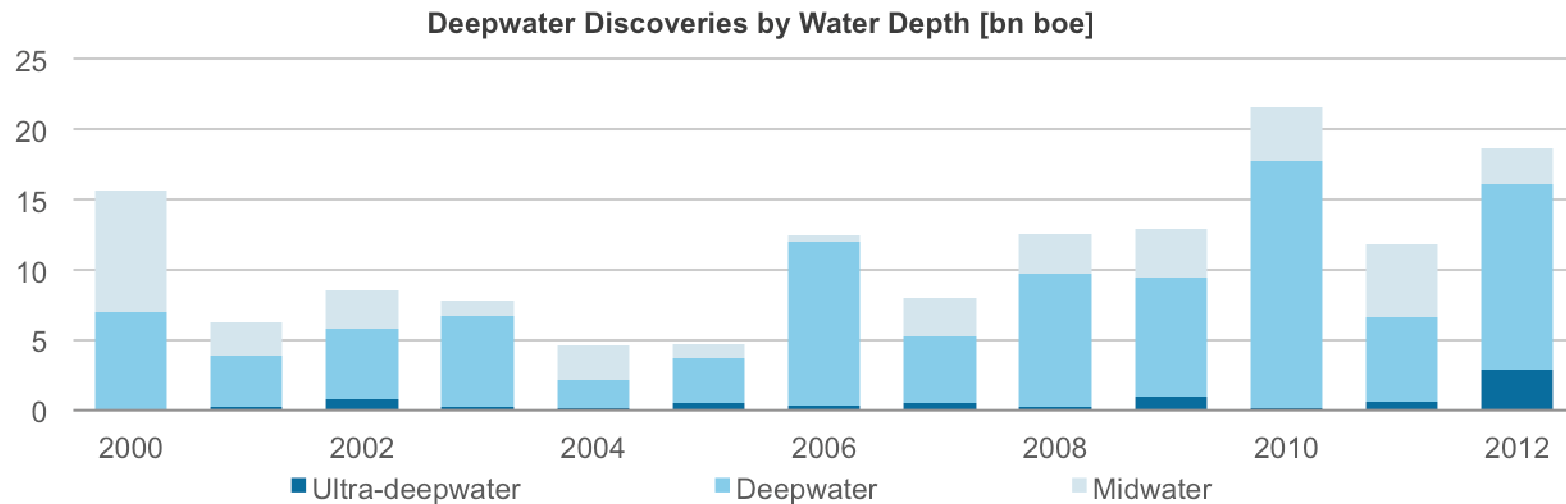
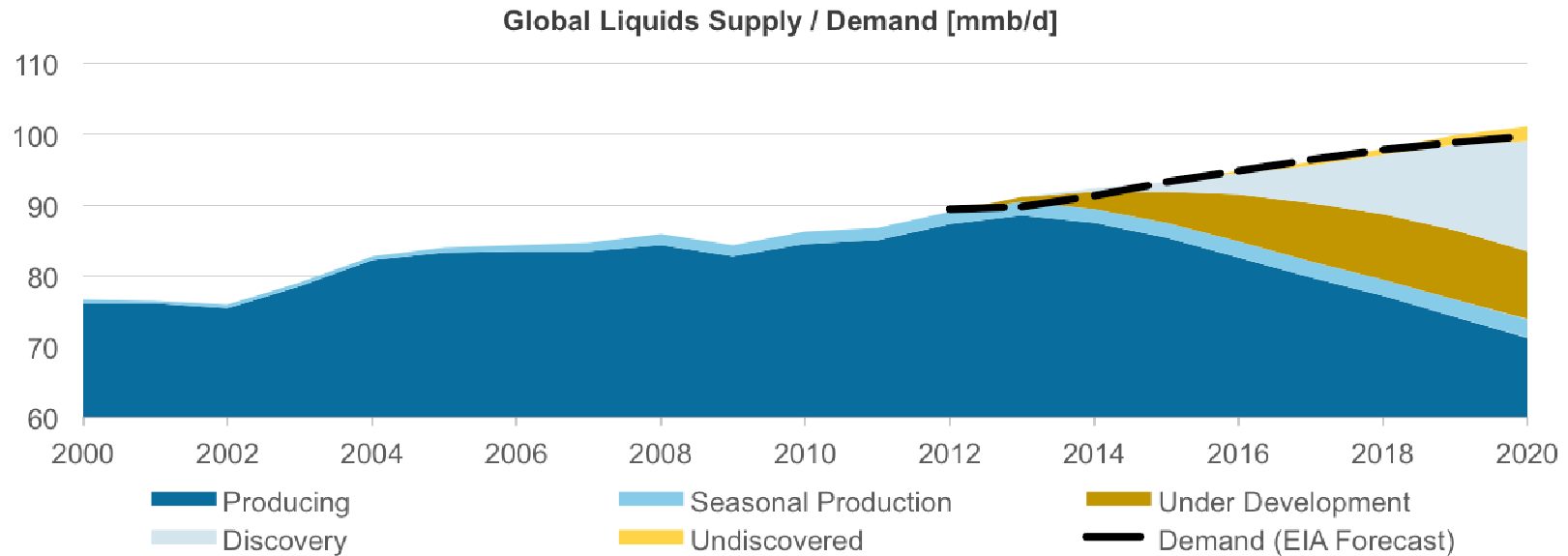


***High Quality Customer Base & Dividend Visibility***

# Market Outlook

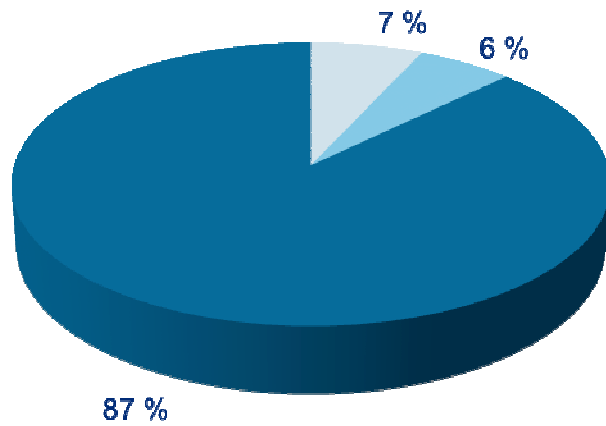


# Production Growth to Come From Deepwater



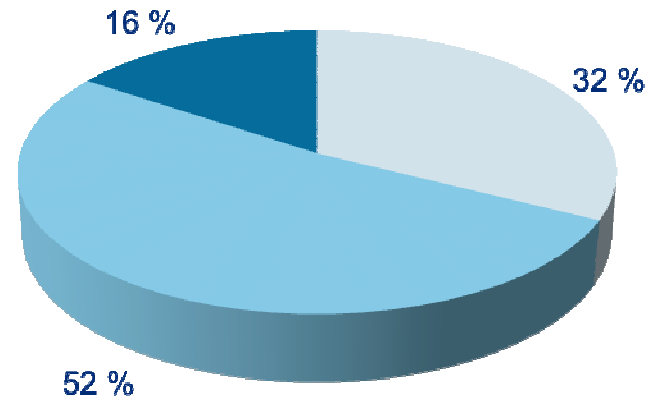
# UDW Replacing Aging Deepwater Fleet

### Newbuild Water Depth



■ Less than 4500 ■ 4500-7500 ■ greater than 7500

### Operating Water Depth



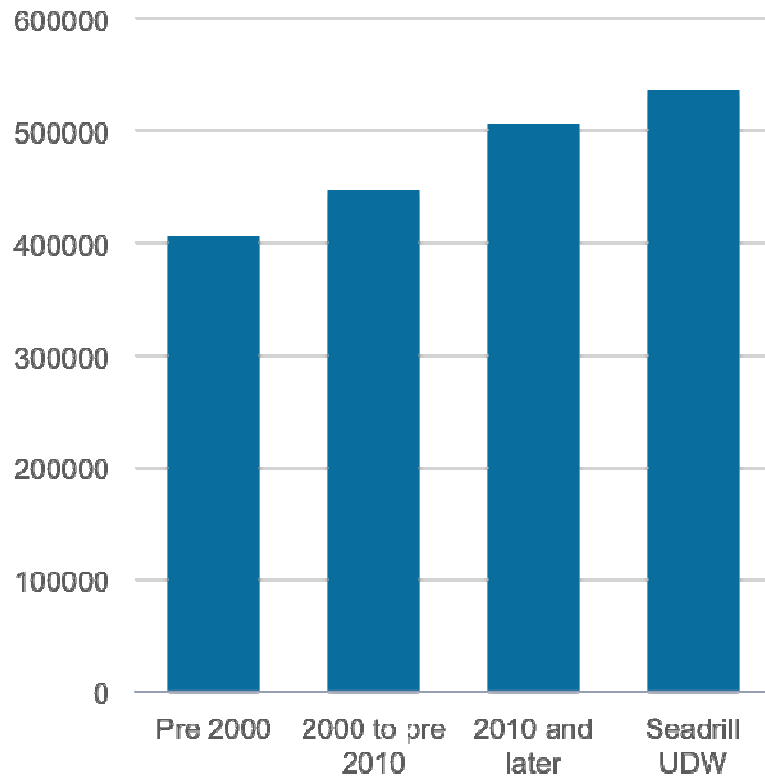
■ Less than 4500 ■ 4500-7500 ■ greater than 7500

***~16% of the Ultra-Deepwater Fleet is Operating in Ultra-Deepwater***

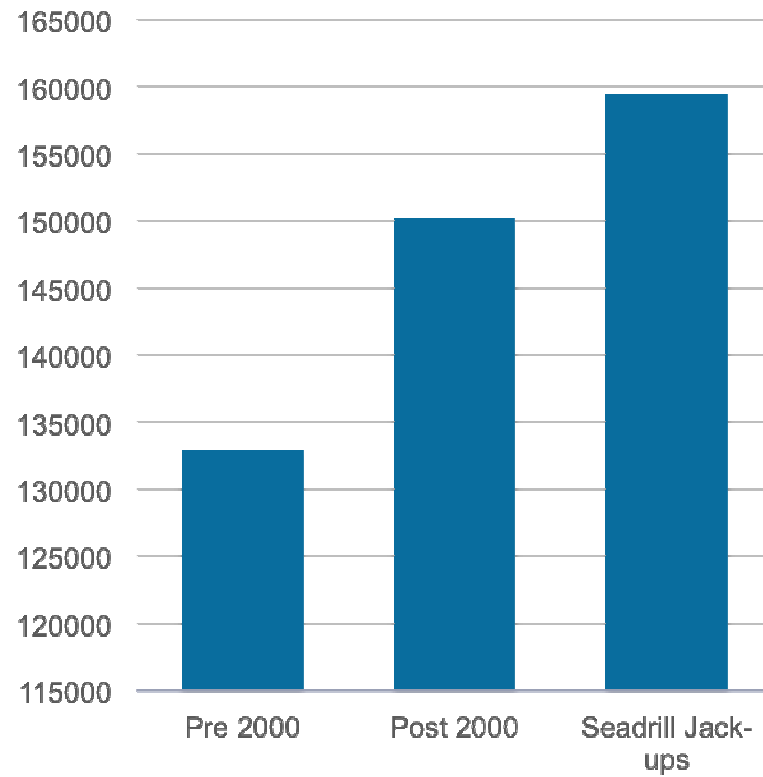
# New Equipment Commanding Higher Dayrates



### Ultra-Deepwater Floaters

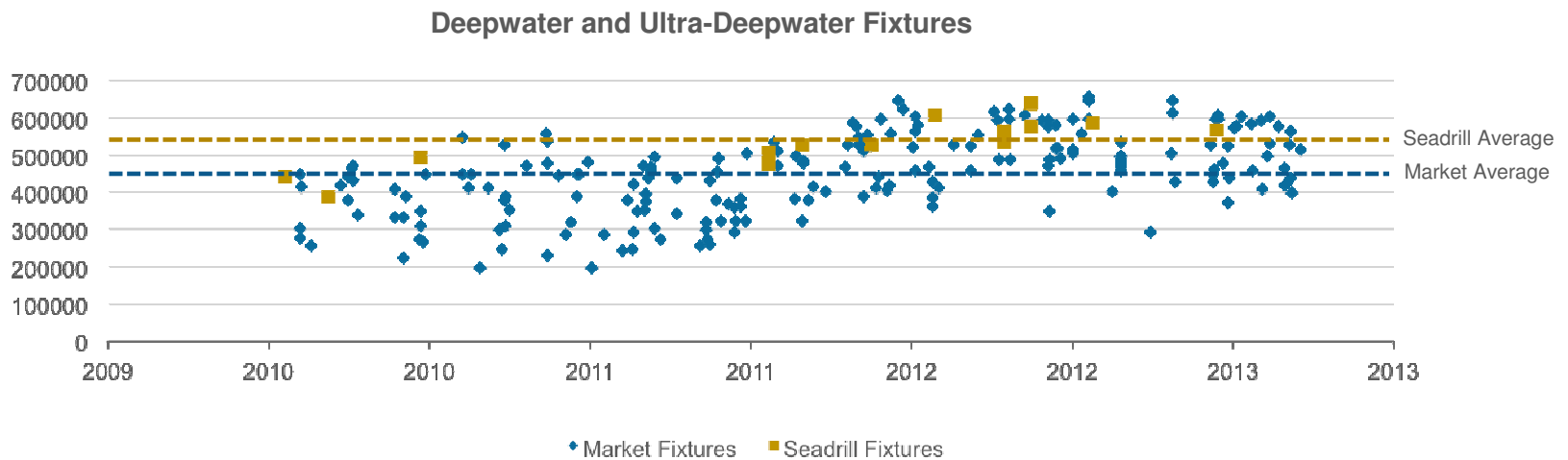
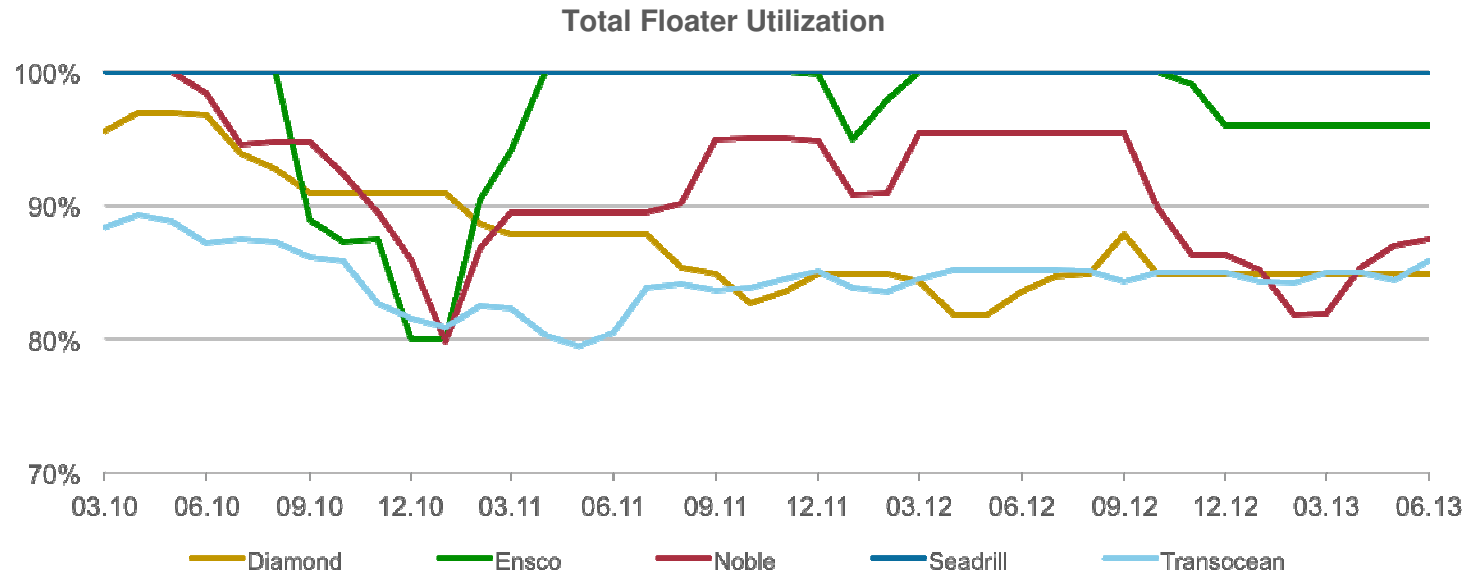


### Jack-ups >350' Water Depth



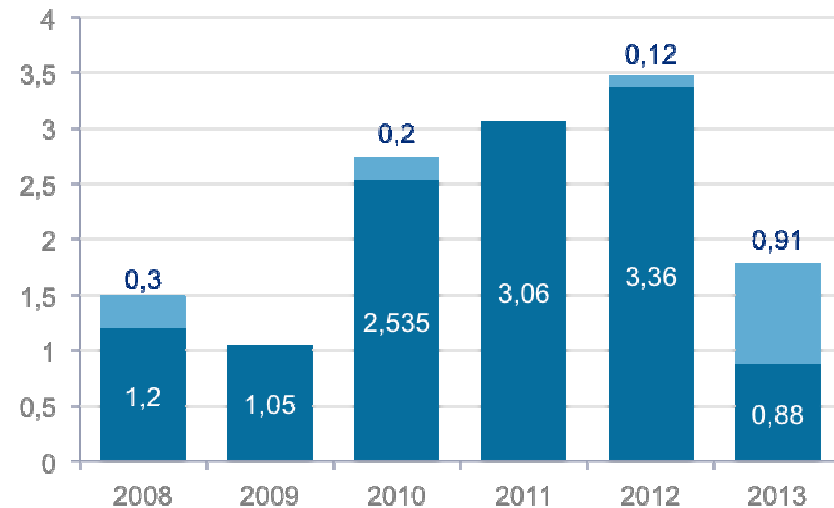
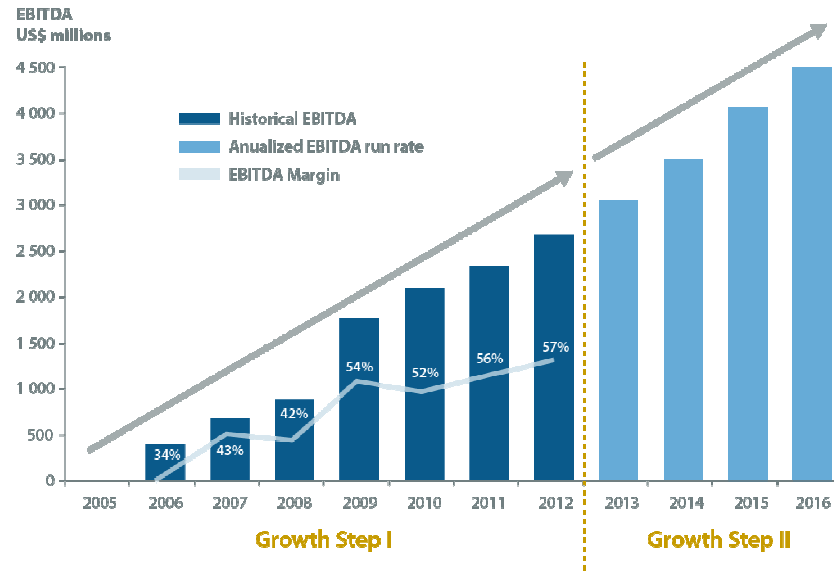
***Customers Demand Better Performance and Safety of New Equipment***

# Operational Excellence Translates to Pricing Power



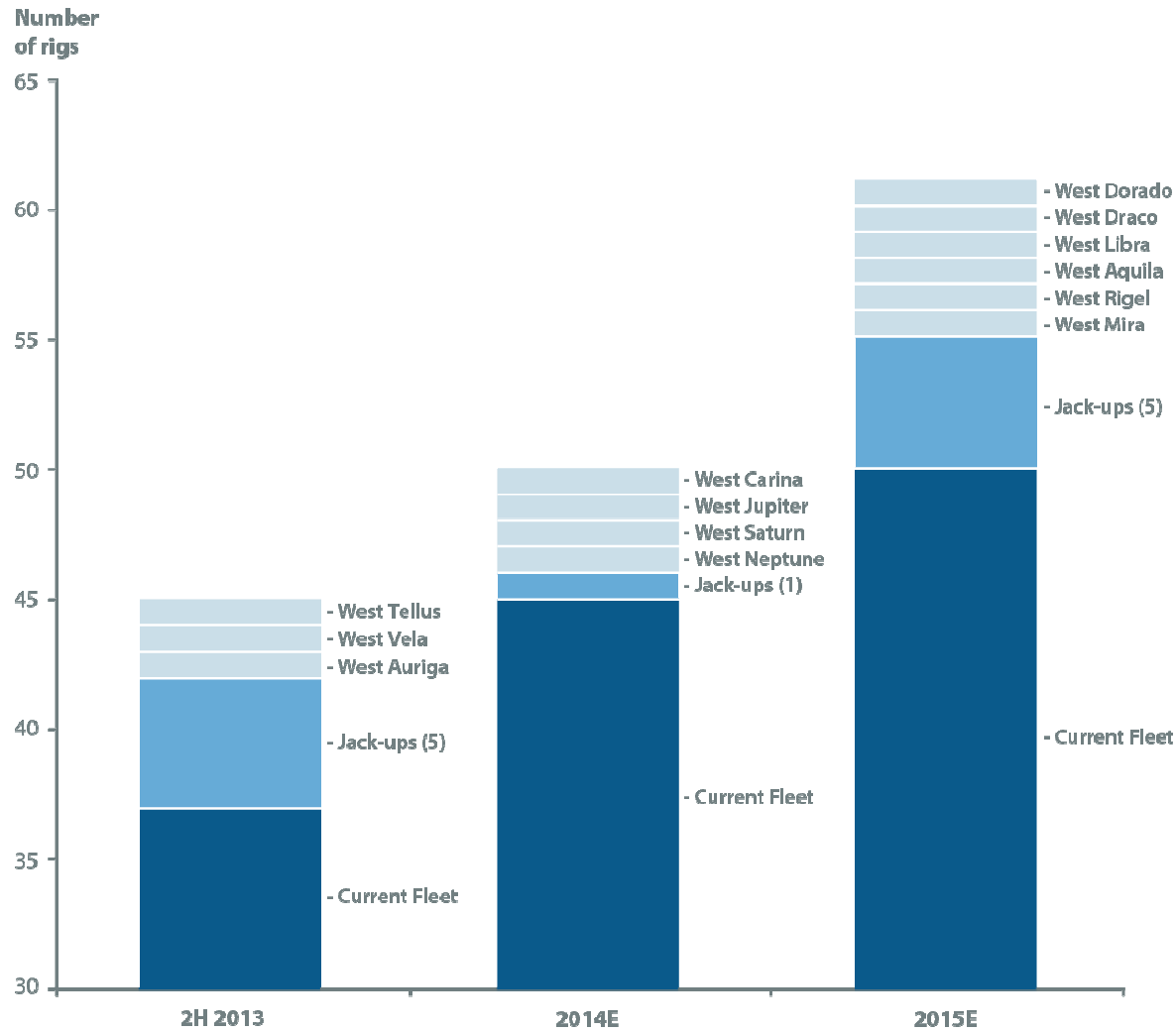
# Dividend Policy

- Key objective to distribute quarterly dividends
- Quarterly cash dividend resolved at 91 cents per share
- Increase reflects improved free cash flow and newbuilds commencing operation this year
- Future dividends depend on:
  - Contract coverage
  - Capital expenditure
  - Leverage capacity
  - Future earnings





# Summary – Industry Leading Growth



**~\$4.5 Billion in 2016 Annualized EBITDA**

# Financial Performance Highlights

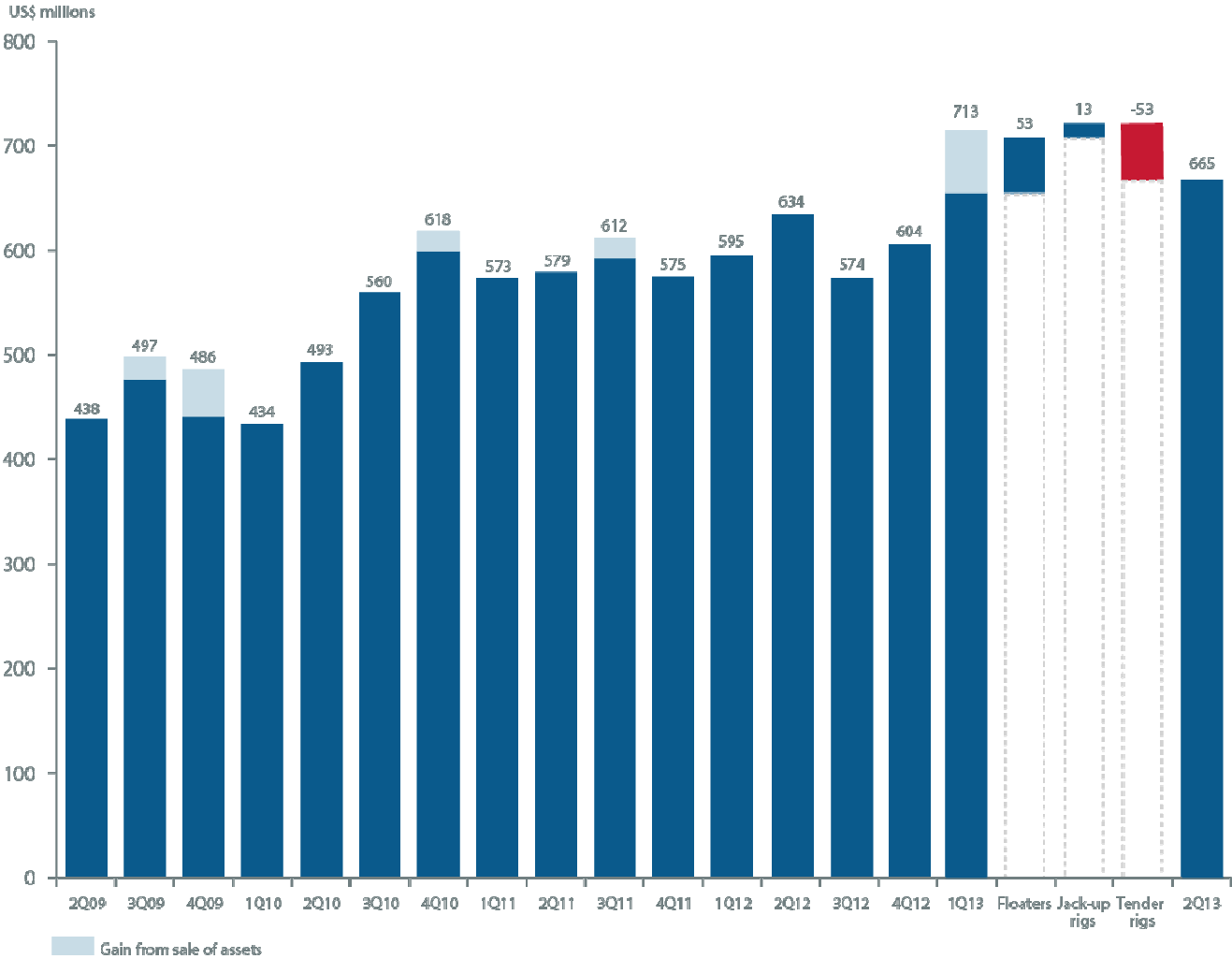


# Financial Performance Highlights



	This quarter	Previous quarter
EBITDA	US\$665 m	US\$713 m
Earnings per share	US\$3.68	US\$0.87
Operating profit	US\$507 m	US\$552 m
Financial items and other income	US\$1,292 m	US\$(68) m
Cash flow from operating activities	US\$248 m	US\$423 m
Dividend declared per share (Previous quarter dividend distributed early December 2012)	US\$0.91	US\$0.88

# EBITDA Contribution



# Operating Income - Floaters



<i>Unaudited accounts in USD millions</i>	<b>2Q13</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>
Operating revenues	805	757	700	674
Reimbursables	97	43	63	22
Other revenues	8	7	1	3
<b>Total operating revenues</b>	<b>910</b>	<b>807</b>	<b>764</b>	<b>699</b>
Gain on sale of assets	-	-	-	-
Vessel and rig operating expenses	297	290	243	254
Reimbursable expenses	88	40	59	21
Depreciation and amortisation	118	117	109	107
General and administrative expenses	38	42	49	35
<b>Total operating expenses</b>	<b>541</b>	<b>489</b>	<b>460</b>	<b>417</b>
<b>Net operating income</b>	<b>369</b>	<b>318</b>	<b>304</b>	<b>282</b>

# Operating Income – Jack-up Rigs



<i>Unaudited accounts in USD millions</i>	<b>2Q13</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>
Operating revenues	262	256	233	203
Reimbursables	10	15	14	5
Other revenues	1	(2)	0	0
<b>Total operating revenues</b>	<b>273</b>	<b>269</b>	<b>247</b>	<b>209</b>
Gain on sale of assets	-	61	-	-
Vessel and rig operating expenses	110	112	121	98
Reimbursable expenses	9	13	11	5
Depreciation and amortisation	38	37	38	39
General and administrative expenses	19	23	25	20
<b>Total operating expenses</b>	<b>177</b>	<b>185</b>	<b>195</b>	<b>162</b>
<b>Net operating income</b>	<b>96</b>	<b>145</b>	<b>52</b>	<b>47</b>

# Operating Income – Tender Rigs



<i>Unaudited accounts in USD millions</i>	2Q13	1Q13	4Q12	3Q12
Operating revenues	78	182	193	178
Reimbursables	3	6	7	6
Other revenues	4	2	2	(1)
<b>Total operating revenues</b>	<b>85</b>	<b>190</b>	<b>202</b>	<b>183</b>
Gain on sale of assets	-	-	-	-
Vessel and rig operating expenses	32	80	85	69
Reimbursable expenses	2	5	7	5
Depreciation and amortisation	2	7	15	15
General and administrative expenses	7	8	10	10
<b>Total operating expenses</b>	<b>43</b>	<b>100</b>	<b>117</b>	<b>99</b>
<b>Net operating income</b>	<b>42</b>	<b>90</b>	<b>85</b>	<b>84</b>

# Operating Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	<b>2Q13</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>
Operating revenues	1,145	1,195	1,126	1,056
Reimbursables	110	64	85	33
Other revenues	13	6	3	2
<b>Total operating revenues</b>	<b>1,268</b>	<b>1,265</b>	<b>1,215</b>	<b>1,092</b>
Gain on sale of assets	-	61	-	-
Vessel and rig operating expenses	439	482	448	423
Reimbursable expenses	100	59	78	30
Depreciation and amortisation	158	161	163	161
General and administrative expenses	64	72	84	65
<b>Total operating expenses</b>	<b>761</b>	<b>774</b>	<b>774</b>	<b>679</b>
<b>Net operating income</b>	<b>507</b>	<b>552</b>	<b>441</b>	<b>413</b>



# Net Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	<b>2Q13</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>
<b>Net operating income</b>	507	552	441	413
<b>Financial items and other income</b>				
Interest income	6	4	11	5
Interest expense	(96)	(108)	(91)	(102)
Share in results from associated companies	(26)	2	(214)	(38)
Gain on re-measurement of previous held equity	-	10	-	-
Gain on bargain purchase	-	15	-	-
Gain/(Loss) in financial derivatives	141	(5)	(12)	20
Foreign exchange gain/(loss)	14	13	(19)	(43)
Realization of marketable securities	-	-	(1)	-
Other financial items	(3)	1	(9)	-
Gain on sale of tender rigs	1,256	-	-	-
<b>Total financial items and other income</b>	<b>1,292</b>	<b>(68)</b>	<b>(335)</b>	<b>(158)</b>
Income before income taxes	1,799	484	106	255
Income taxes	(49)	(44)	(108)	(39)
<b>Net income</b>	<b>1,750</b>	<b>440</b>	<b>(2)</b>	<b>216</b>
<b>Earnings per share (US\$)</b>	<b>3.68</b>	<b>0.87</b>	<b>(0.04)</b>	<b>0.40</b>

# Balance Sheet - Assets



<i>Unaudited accounts in USD millions</i>	June 30, 2013	March 31, 2013	December 31, 2012
<b>Current assets</b>			
Cash and cash equivalents	437	328	318
Restricted cash	224	174	184
Marketable securities	936	314	333
Accounts receivables, net	1,015	884	917
Amount due from related party	56	264	293
Current assets held for sale	-	195	-
Other current assets	310	191	309
<b>Total current assets</b>	<b>2,978</b>	<b>2,350</b>	<b>2,354</b>
<b>Non-current assets</b>			
Investment in associated companies	399	420	509
Newbuildings	3,524	2,654	1,882
Drilling units	12,891	12,746	12,894
Goodwill	1,200	1,200	1,320
Restricted cash	177	201	218
Deferred tax assets	35	12	13
Equipment	40	41	40
Non-current assets held for sale	-	1,188	-
Other non-current assets	557	394	402
<b>Total non-current assets</b>	<b>18,823</b>	<b>18,856</b>	<b>17,278</b>
<b>Total assets</b>	<b>21,801</b>	<b>21,206</b>	<b>19,632</b>

## Balance Sheet – Liabilities & Shareholder’s Equity



	June 30, 2013	March 31, 2013	December 31, 2012
<b>Current liabilities</b>			
Current portion of long-term debt	2,873	2,598	2,066
Trade accounts payable	66	58	72
Current liabilities associated with assets held for sale	-	155	-
Other current liabilities	1,458	1,971	1,475
<b>Total current liabilities</b>	<b>4,397</b>	<b>4,782</b>	<b>3,613</b>
<b>Non-current liabilities</b>			
Long-term interest bearing debt	8,521	7,883	8,695
Long-term debt to related party	630	935	935
Deferred taxes	70	32	77
Non-current liabilities associated with assets held for sale	-	701	-
Other non-current liabilities	343	343	288
<b>Total non-current liabilities</b>	<b>9,564</b>	<b>9,894</b>	<b>9,995</b>
<b>Equity</b>			
<b>Total shareholder’s equity</b>	<b>7,840</b>	<b>6,530</b>	<b>6,024</b>
<b>Total liabilities and shareholder’s equity</b>	<b>21,801</b>	<b>21,206</b>	<b>19,632</b>

## Non-financial highlights

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- New sale and leaseback transactions for West Linus with Ship Finance securing gross proceeds of US\$600 million in long-term financing.
- Extension of contract and new contract for West Navigator with Shell and Centrica, securing employment until December 2014, with total estimated revenue potential of US\$98 million.
- Steady operational results for the second quarter taking into account completion of the 5-year SPS for West Phoenix. With no more yard-stays scheduled this year we expect to see improvements in the financial results in the next quarters.
- North Atlantic Drilling and Seadrill announce preliminary agreement for a new partnership with a strong industrial player to foster continued growth of the Company with particular focus on the Russian Continental Shelf.
- Listing process resumed in the third quarter. Next version of the registration documents are expected to be filed with the US Securities and Exchange Commission in the fourth quarter 2013.



# Financial reporting highlights

	This quarter	Previous quarter
EBITDA	US\$132 m	US\$135 m
Earnings per share	US\$0.281	US\$0.240
Operating profit	US\$87 m	US\$92 m
Financial items	US\$(15) m	US\$(30) m
Cash flow from operating activities	US\$96 m	US\$133 m
Dividend declared per share	US\$0.225	US\$0.225

## Operating Income - Total

<i>Unaudited accounts in USD millions</i>	2Q13	1Q13	4Q12	3Q12
Operating revenues	280	272	241	244
Reimbursables	95	46	42	17
<b>Total operating revenues</b>	<b>375</b>	<b>318</b>	<b>283</b>	<b>261</b>
Vessel and rig operating expenses	137	125	89	86
Reimbursable expenses	90	42	38	16
Depreciation and amortisation	45	44	43	42
General and administrative expenses	16	15	16	12
<b>Total operating expenses</b>	<b>288</b>	<b>226</b>	<b>186</b>	<b>155</b>
<b>Net operating income</b>	<b>87</b>	<b>92</b>	<b>98</b>	<b>106</b>

# Net Income - Total

<i>Unaudited accounts in USD millions</i>	<b>2Q13</b>	<b>1Q13</b>	<b>4Q12</b>	<b>3Q12</b>
Net operating income	87	92	98	106
<b>Financial items</b>				
Interest expense	(21)	(19)	(22)	(19)
Gain / (loss) on derivatives	9	(6)	2	(4)
Other financial items	(3)	(5)	1	(9)
<b>Total financial items</b>	<b>(15)</b>	<b>(30)</b>	<b>(19)</b>	<b>(32)</b>
Income before income taxes	72	62	79	74
Income taxes	(8)	(7)	(84)	(9)
<b>Net income / (loss)</b>	<b>64</b>	<b>55</b>	<b>(5)</b>	<b>65</b>
<b>Earnings per share (US\$)</b>	<b>0.281</b>	<b>0.240</b>	<b>(0.023)</b>	<b>0.286</b>

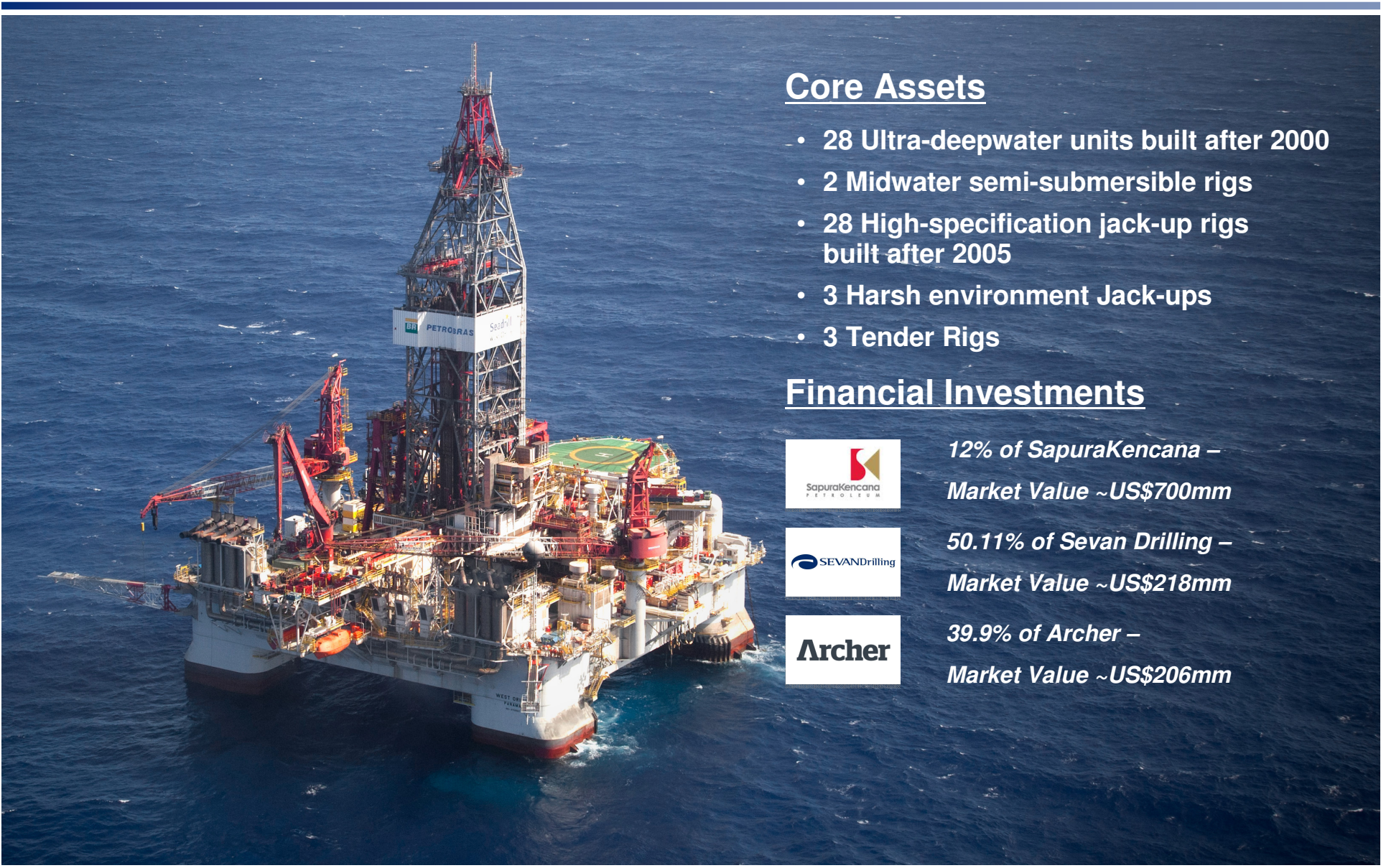
## Balance Sheet - Assets

	June 30, 2013	March 31, 2013	December 31, 2012
<b>Current assets</b>			
Cash and cash equivalents	180	120	98
Restricted cash	23	19	24
Accounts receivables, net	255	225	212
Related party receivables	13	142	243
Deferred tax assets	10	10	10
Other current assets	35	28	42
<b>Total current assets</b>	<b>516</b>	<b>544</b>	<b>629</b>
<b>Non-current assets</b>			
Newbuildings	263	255	249
Drilling units	2 412	2 419	2 416
Goodwill	481	481	481
Deferred tax assets	19	23	26
Other non-current assets	138	135	138
<b>Total non-current assets</b>	<b>3 313</b>	<b>3 313</b>	<b>3 310</b>
<b>Total assets</b>	<b>3 829</b>	<b>3 857</b>	<b>3 939</b>



## Balance Sheet – Liabilities and Shareholder’s Equity

	June 30, 2013	March 31, 2013	December 31, 2012
<b>Current liabilities</b>			
Current portion of long-term debt	167	167	167
Related party transaction	12	11	47
Tax payable	8	48	71
Deferred taxes	12	12	12
Other current liabilities	243	397	405
<b>Total current liabilities</b>	<b>442</b>	<b>635</b>	<b>702</b>
<b>Non-current liabilities</b>			
Long-term interest bearing debt	1 500	1 542	1 583
Related party liability	909	718	703
Deferred taxes	40	40	22
Pension liabilities	37	35	50
Other non-current liabilities	44	44	40
<b>Total non-current liabilities</b>	<b>2 530</b>	<b>2 379</b>	<b>2 398</b>
<b>Equity</b>			
<b>Total shareholder’s equity</b>	<b>857</b>	<b>843</b>	<b>838</b>
<b>Total liabilities and shareholder’s equity</b>	<b>3 829</b>	<b>3 857</b>	<b>3 939</b>



## Core Assets

- 28 Ultra-deepwater units built after 2000
- 2 Midwater semi-submersible rigs
- 28 High-specification jack-up rigs built after 2005
- 3 Harsh environment Jack-ups
- 3 Tender Rigs

## Financial Investments



*12% of SapuraKencana –  
Market Value ~US\$700mm*



*50.11% of Sevan Drilling –  
Market Value ~US\$218mm*



*39.9% of Archer –  
Market Value ~US\$206mm*