

#### Conference call – Q1 2011 results May 27, 2011





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### Highlights – First quarter 2011

the story

- EBITDA of US\$573m compared to US\$592m in the preceding quarter (ex gain on sale)
- Net income of US\$823m, including US\$477m in accounting gain on Seawell merger, and earnings per share of US\$1.84

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- Cash dividend of US\$0.75 per share
- Establishes a harsh environment focused drilling company, North Atlantic Drilling Ltd
- Orders a new harsh environment jack-up rig and signs a five-year contract with ConocoPhillips
- Orders two tender rigs against five-year contracts from Chevron
- Takes delivery of one ultra-deepwater semi-submersible rig and one semi-tender rig
- Seawell completes the merger with Allis-Chalmers Energy Inc and is deconsolidated in Seadrill's accounts



#### **Subsequent events**

- Exercises our right to call the remaining US\$750 million of the 2012 convertible bond
- Repurchases 2.5 million of its own common shares
- Orders a new ultra-deepwater drillship at Samsung for an all-in cost of US\$600 million
- Secures new contracts with an estimated value of US\$1.2 billion
- Orders a new tender rig from COSCO in China for a total consideration of US\$115 million
- Agrees to sell the jack-up rig West Juno for a total consideration of US\$248.5 million
- Transfers construction contract for jack-up West Linus and drilling contract to North Atlantic Drilling Ltd

# **Financial performance highlights**

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Changed segment reporting, introduced Jack-up rigs as a separate segment

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Seawell, now renamed Archer deconsolidated February 23, 2011

EBITDA US\$573m (US\$592m)
Earnings per share US\$1.84 per share (US\$0.61 per share)

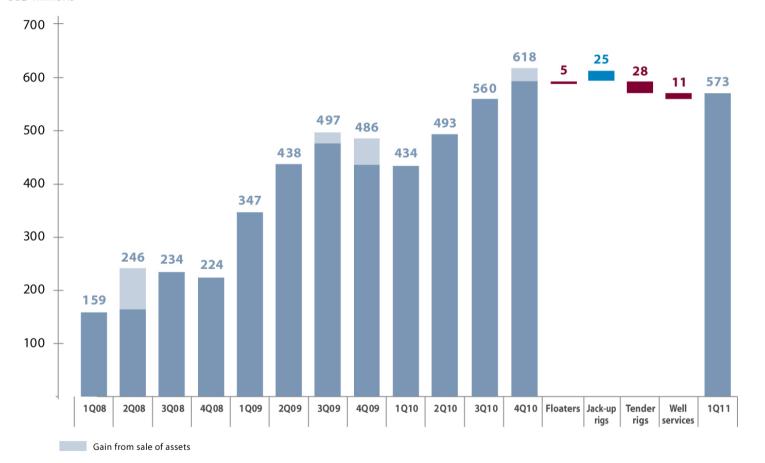
- Operating profit US\$430m (US\$453m)
- Financial items US\$441m (-US\$176m)
  - Including a gain of US\$477 related to loss of control in Seawell
- Cash flow from operating activities US\$509m (US\$374m)
- Dividend declared US\$0.75 per share

(US\$0.675 + 0.2 per share)



#### **EBITDA** contribution

USD millions



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#### Total Seadrill

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Unaudited accounts in USD millions	1Q11	4Q10	3Q10	2Q10
Operating revenues	1 081	1 105	1 022	886
Reimbursables	26	60	60	39
Other revenues	3	4	4	8
Total operating revenues	1 110	1 169	1 086	933
Gain on sale of assets	0	26	0	(
Vessel and rig operating expenses	460	465	425	364
Reimbursable expenses	25	54	56	37
Depreciation and amortisation	143	139	129	109
General and administrative expenses	52	58	45	39
Total operating expenses	680	716	655	549
Net operating income	430	479	431	384

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#### **Net Income**

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#### Total Seadrill

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Unaudited accounts in USD millions	1Q11	4Q10	3Q10	2Q10
Net operating income	430	479	431	384
Financial items				
Interest income	6	6	9	9
Interest expense	-77	-109	-98	-58
Share in results from associated companies	19	10	15	5
Gain on derivatives	41	77	75	-168
Other financial items	452	-160	-34	212
Total financial items	441	-176	-33	0
Income before income taxes	871	303	398	384
Income taxes	-48	-35	-41	-54
Net income	823	268	357	330
Earnings per share (US dollar)	1.84	0.61	0.85	0.77

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#### Floaters

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Unaudited accounts in USD millions	1Q11	4Q10	3Q10	2Q1
Operating revenues	624	616	550	50
Reimbursables	17	11	27	1
Other revenues	9	10	10	
Total operating revenues	650	637	587	52
Gain on sale of assets	0	0	0	
Vessel and rig operating expenses	205	191	160	14
Reimbursable expenses	16	9	26	1
Depreciation and amortisation	89	84	79	7
General and administrative expenses	28	31	26	2
Total operating expenses	338	315	291	25
Net operating income	312	322	296	27

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#### Jack-up rigs

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Unaudited accounts in USD millions	1Q11	4Q10	3Q10	2Q10
Operating revenues	204	181	192	117
Reimbursables	2	7	10	2
Other revenues	-6	-6	-6	-2
Total operating revenues	200	182	196	117
Gain on sale of assets	0	26	0	0
Vessel and rig operating expenses	89	92	88	51
Reimbursable expenses	2	5	8	2
Depreciation and amortisation	34	33	30	19
General and administrative expenses	11	12	8	5
Total operating expenses	136	142	134	77
Net operating income	64	66	62	40

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#### Tender rigs

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Unaudited accounts in USD millions	1Q11	4Q10	3Q10	2Q10
Operating revenues	126	136	125	123
Reimbursables	3	2	3	:
Other revenues	0	0	0	
Total operating revenues	129	138	128	12
Gain on sale of assets	0	0	0	
Vessel and rig operating expenses	56	41	48	4
Reimbursable expenses	3	1	2	
Depreciation and amortisation	13	15	15	1
General and administrative expenses	8	6	5	
Total operating expenses	80	63	70	7
Net operating income	49	75	58	5

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#### Well Services

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Unaudited accounts in USD millions	1Q11	4Q10	3Q10	2Q1(
Operating revenues	127	172	155	142
Reimbursables	4	41	20	24
Other revenues	0	0	0	
Total operating revenues	131	213	175	16
Gain on sale of assets	0	0	0	
Vessel and rig operating expenses	110	141	129	11
Reimbursable expenses	4	39	20	2
Depreciation and amortisation	7	6	5	
General and administrative expenses	5	9	6	
Total operating expenses	126	195	160	14
Net operating income	5	18	15	1

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### **Seadrill Balance Sheet**

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Assets

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Unaudited accounts in USD millions	31.03.11	31.12.10
Current assets		
Cash (incl restrictive)	971	910
Marketable securities	759	598
Accounts receivable	440	696
Other current assets	595	679
Total current assets	2 765	2 883
Non-current assets		
Investments in associated companies	930	205
Newbuildings	2 167	1 247
Drilling units	10 912	10 795
Goodwill	1 320	1 676
Other non-current assets	479	691
Total non-current assets	15 808	14 614
Total assets	18 573	17 497

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### **Seadrill Balance Sheet**

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Liabilities and Shareholders Equity

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Unaudited accounts in USD millions	31.03.11	31.12.10
Current liabilities		
Current portion of long-term debt	987	981
Other current liabilities	1 326	1 534
Total current assets	2 313	2 515
Non-current liabilities		
Long-term interest bearing debt	8 838	8 176
Long-term debt to related party	435	435
Other non-current liabilities	356	434
Total non-current liabilities	9 629	9 045
Temporary non-controlling interest	425	0
Shareholders' equity	6 206	5 937
Total shareholders' equity	6 206	5 937
Total liabilities and shareholders' equity	18 573	17 497

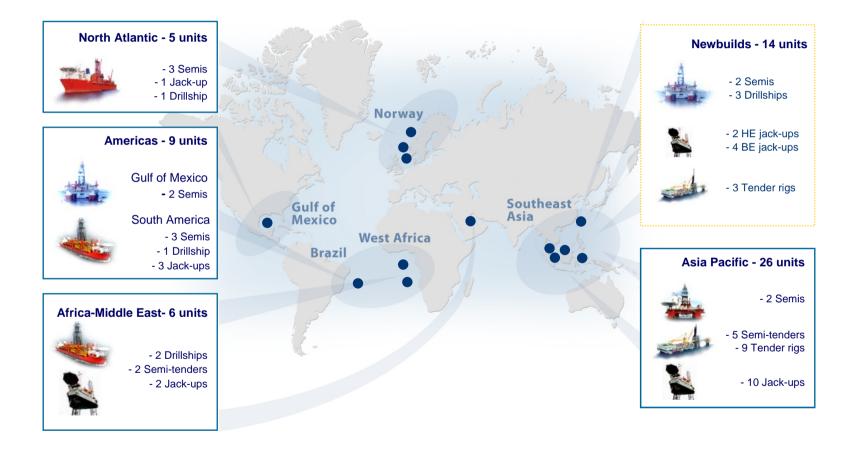
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#### **Worldwide operations**



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

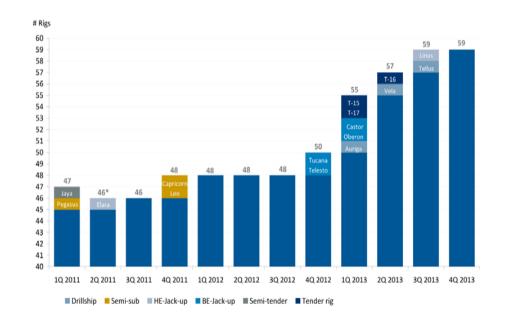
#### Newbuild portfolio increased by 5 units

 1 HEJU ordered from Jurong for US\$530m against 5 year contract with ConocoPhillips

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- 1 ultra-deepwater drillships ordered on speculation from Samsung for US\$600 million
- 3 tender rigs ordered from COSCO for a price per rig of US\$115m of which 2 of the 3 rigs simultaneously secured 5 year contracts with Chevron.

#### Fleet development



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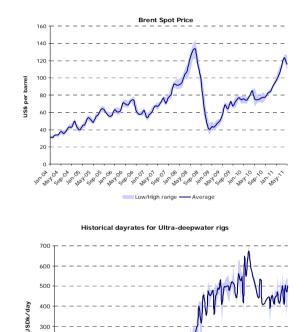
#### Further invests US\$1.5 billion in new quality rigs

### Market development

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- Favorable oil price environment
- Strong growth in E&P spending
- Trend towards more challenging and complex resources continues
- Industry focused on new equipment continues with bifurcation in both jackup and floater market
- Significant increase in tenders and request from customers
- Recent fixtures suggest tighter market balance



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Keeping our finger on the pulse of the market

#### **US\$8.4 billion contract backlog - Floaters**

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			2011 2012 2013 2014 201	.5
	Unit	Customer	1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q	3Q 4Q
	West Leo		Newbulld	
	West Capricorn		Newbuild	
	West Aquarius	Exxon	US\$525,000	
es	West Hercules <sup>3</sup>	Husky	US\$515,000 US\$495,000 US\$490,000	
Semi-submersibles	West Alpha <sup>1,4</sup>	BG Consortium	US\$503,000 US\$477,500 US\$477,500	
ner	West Sirius	BP	US\$474,000	
iqn	West Phoenix 1, 4	Total	US\$547,000 US\$445,000	
ni-s	West Taurus <sup>2,3</sup>	Petrobras	U\$\$650,000	
Ser	West Eminence 2, 3	Petrobras	US\$618,500	
	West Venture 1, 4	Statoil	US\$440,000	07.2017
	West Orion <sup>2, 3</sup>	Petrobras	US\$618,500	07.2016
	West Pegasus	PEMEX	Newbuild Transit US\$465,000	08.2016
	West Polaris	Exxon	US\$560,000 US\$618,000	
	West Navigator <sup>1, 4</sup>	Shell	US\$610,000	
b	West Auriga		Newbuild	
Drillships	West Vela		Newbuild	
Dri	West Tellus	14	Newbuild	
	West Gemini	Total	US\$445,000 US\$445,000	
	West Capella	Total	U\$\$542,000	

<sup>1</sup> Dayrate is partly in Norwegian kroner (USD /NOK 5.50)

<sup>2</sup> Dayrate is partly in Brazilian Real and includes five percent performance incentive as well as estimated compensation for tax.

<sup>3</sup> Dayrate will in the accounts be booked partly net of service tax.

<sup>4</sup> Ownership 75%

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Staggered contract portfolio offers flexibility

# **US\$2.4 billion contract backlog - Jack-ups**

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la O Resolute us con listo spero	Customer PT Pan PTTEP/ Rimbunan BHP PCPPOC CPOC	US\$138' 130' US\$149,	125' 128'	Q 4Q	10	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
o Resolute us con listo	PTTEP/ Rimbunan BHP PCPPOC CPOC	130' US\$149,	128'													
o Resolute us con listo	PTTEP/ Rimbunan BHP PCPPOC CPOC	130' US\$149,	128'													
us ton listo	BHP PCPPOC CPOC	US\$149,	128'													
ton listo	CPOC															
listo		in the second second	500													
		US\$119,	500													
spero	Premier	US\$119,	500													
	Vietsopetro	US\$108,	000													
el	Vietsopetro	US\$122,	500													
Courageous	Shell	US\$159,	500													
Mischief	Anadarko	US\$119,	000	US	\$119'											
Defender	Petrobras	US\$131,	000													
Vigilant	Cardon IV / BHP	US\$155,	000 U	S\$133' U	S\$140'											
ana		Newbuild														
esto	-	Newbuild														
Intrepid	Odfjell	US\$180,	000													
tor	-	Newbuild														
eron		Newbuild														
Freedom	Odfjell	US\$185,	000													
ssida	PTTEP	US\$129,	500													
ilon <sup>1,2</sup>	Statoil	US\$284,	000	_												
ra <sup>1,2</sup>	Statoil	Newbuild		sit US\$3	59,000										10.2	2016
	ConocoPhillips	Newbuild										eit US	\$362,00	00	12.2	2018
us <sup>1,2</sup>																
	1,2	<sup>1,2</sup> Statoil	1,2 Statoil Newbuild 1,2 ConocoPhillips Newbuild	1,2 Statoil Newbuild Tran	1.2 Statoil Newbuild Transit US\$3 1.2 ConocoPhillips Newbuild	1.2 Statoil Newbuild Transit US\$359,000 1.2 ConocoPhillips Newbuild	1.2 Statoil Newbuild Transit US\$359,000 1.2 ConocoPhillips Newbuild	L2         Statoil         Newbuild         Transit         US\$359,000           1,2         ConocoPhillips         Newbuild         Transit         US\$359,000	1.2 Statoil Newbuild Transit US\$359,000 1.2 ConocoPhillips Newbuild	L2     Statoil     Newbuild     Transit     US\$359,000       1,2     ConocoPhillips     Newbuild	L2     Statoil     Newbuild     Transit     US\$359,000       1,2     ConocoPhillips     Newbuild     Instrumentation	1.2 Statoil Newbuild Transit US\$359,000 1.2 ConocoPhillips Newbuild Transit US\$359,000	1.2 Statoil Newbuild Transit US\$359,000 1.2 ConocoPhillips Newbuild Transit US	L2     Statoil     Newbuild     Transit     US\$359,000       1,2     ConocoPhillips     Newbuild     Transit     US\$362,00	L2     Statoil     Newbuild     Transit     US\$359,000       1,2     ConocoPhillips     Newbuild     Transit     US\$362,000	L2     Statoil     Newbuild     Transit     US\$359,000     10.2       1.2     ConocoPhillips     Newbuild     Transit     US\$362,000     12.2

<sup>1</sup> Ownerhsip 75%

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<sup>2</sup> Dayrate is partly in Norwegian kroner (USD/NOK 5.50)



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#### Strong interest in premium rigs continues

### US\$1.8 billion contract backlog - Tender rigs

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			Ĩ.	2011	1	20	12	1		20	)13		1	20	14		Î.	20	15	
	Unit	Customer	1Q 2	Q 3Q	4Q 1	Q 2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	40
	Τ7	Chevron	US\$64,00	0																
	T9 <sup>1</sup>	Exxon	US\$140,0	00																
	Teknik Berkat <sup>1</sup>	PetronasCarigali	US\$131,0	00																
s	T3 <sup>1</sup>	PTTEP	US\$84,50	0																
rge	T10 <sup>1</sup>	Chevron	US\$120,0	00																
Tender barges	T17		Newbuild																	
der	T11	Chevron	US\$132,5	00																
ene	T4	Chevron	US\$102,0	00																
μ.	T6 <sup>1</sup>	Carigali	US\$99,00	0						US\$99	,000									
	T12	PTTEP / Chevron	US\$85' U	\$\$120,000	й.									US\$1	120,000	)			04.2	2016
	T15	Chevron	Newbuild							US	\$115,0	00							05.2	2018
	T16	Chevron	Newbuild									US	\$115,00	0			_		11.2	2018
	West Berani	ConocoPhillips	US\$164,0	00																
S	West Setia <sup>2</sup>	Chevron	US\$167,0	00																
<u>e</u>	West Menang	Murphy		US\$:	160,000															
2					JS\$165,000		US	\$173,00	00		U	S\$178,	000							
tenc	West Jaya	BP		isit L	122102,000															
mi-tenc	West Jaya West Alliance	BP Shell	Trar US\$171,0		155105,000															
Semi-tenders			-	00	133103,000	US\$120					_			_	_					

<sup>1</sup> Ownership 49%

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<sup>2</sup> Dayrate is partly in Euros (EUR/USD 1.40)



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Market support strong EBITDA margins

#### **Dividend distribution and policy**

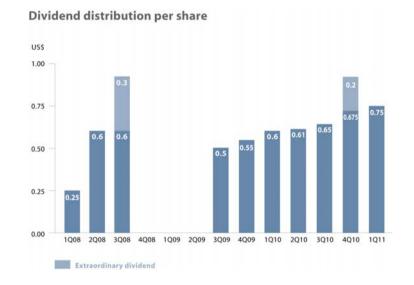
Cash dividend resolved at US\$0.75 per share

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 Increase reflects improved free cash flow and earnings visibility

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- Future dividend depends on:
  - Contract coverage
  - Capital expenditure programs and other investments
  - Debt leverage
  - Business outlook
- Distribution of quarterly cash dividend is a key objective



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US\$	Regular cash dividend per share	Extraordinary cash dividend per share	EX dividend date	Payable date
1Q 2011	0.75		Jun 6, 2011	Jun 17, 2011
4Q 2010	0.68	0.20	Mar 2, 2011	Mar 16, 2011
3Q 2010	0.65		Dec 16, 2010	Dec 30, 2010
2Q 2010	0.61		Sep 8, 2010	Sep 24, 2010
1Q 2010	0.60		Jun 15, 2010	Jul 2, 2010
4Q 2009	0.55		Mar 15, 2010	March 26, 2010
3Q 2009	0.50		Nov 23, 2009	Dec 7, 2009

#### Long term objective is to grow our cash dividend

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# Seadrill is uniquely positioned

- Diverse versatile fleet of brand new rigs
- Operations expanded to new geographical regions

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Strong operational performance

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- Market prospects are improving for all asset classes
- Flexibility to meet demand growth though newbuild program and newbuild options
- NADL subsidiary increase financial flexibility and creates M&A tool

#### Fleet composition match customers future demand



# **Asset portfolio**

Core fleet -	- 50 units built after Y2000	10 built before Y2000
	17 Ultra-Deepwater Units + 1 Mid-water sem	i 1 Mid-water Semi
	20 High Specification Jack-ups	2 Jack-ups
	12 Tender Rigs	7 Tender Rigs

#### Shareholdings



9.3% of Pride (MV - US\$686m)



23.6% of Sapura Crest (MV - US\$373m)



36.5% of Archer (MV - US\$720m)