Q1 2019 Results

23 May 2019

Seadrill

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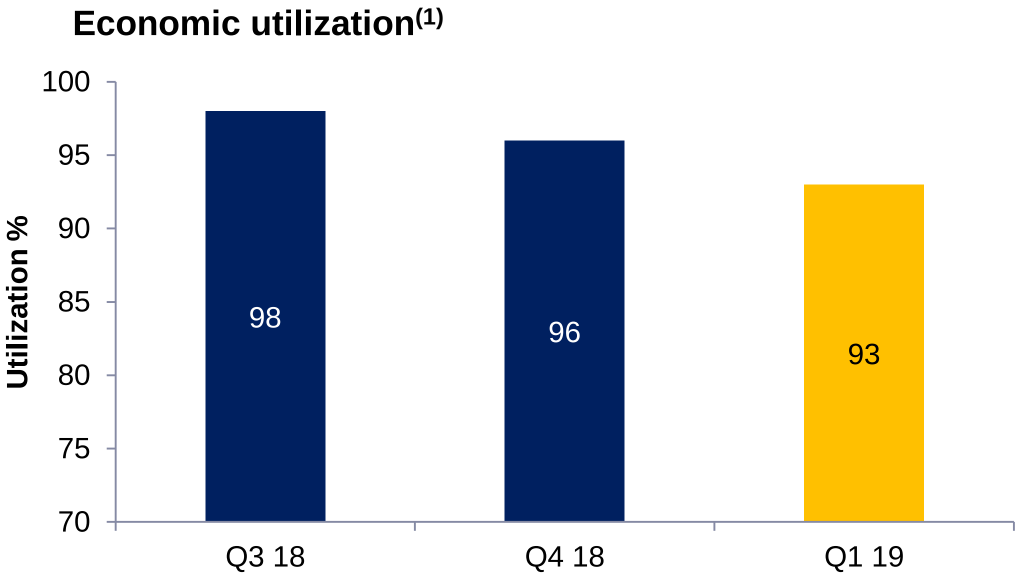
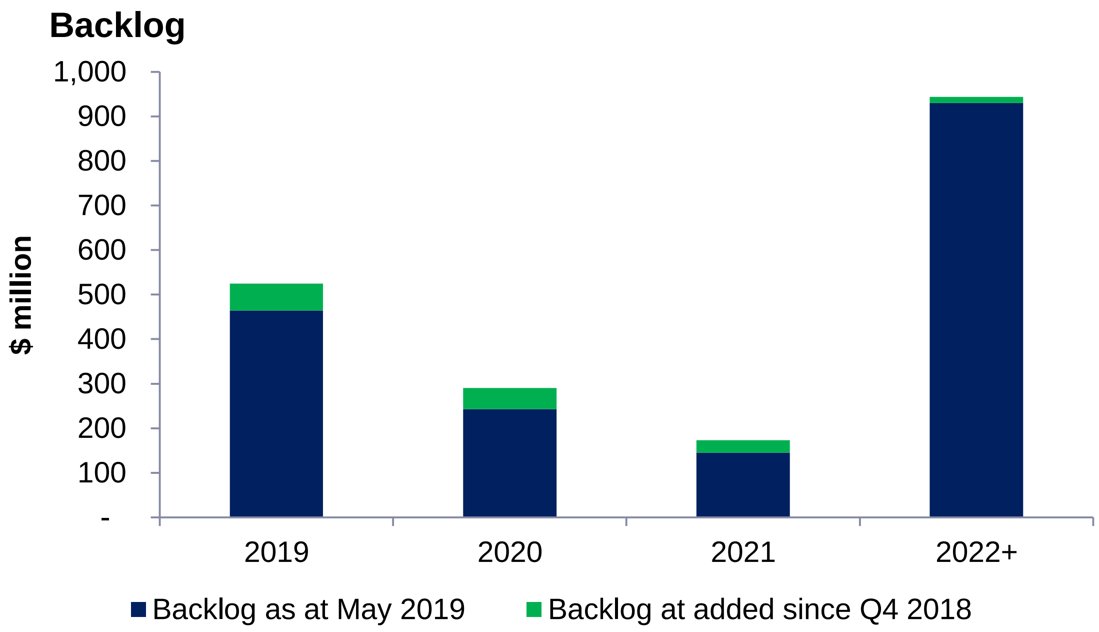
Agenda

1. Highlights & Market Outlook
2. Financial Performance
3. Q&A

Q1 2019 Highlights

- **Economic utilization of 93%**
- **Backlog of $1.9 billion**
- **Total cash of $1.9 billion**





(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

Commercial

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- **Since the end of the fourth quarter we added $130 million of backlog:**

Backlog	$millions
New Contracts	107
Option Exercise	17
Extensions to existing contracts	6
Total backlog additions since Q4 2018	**130**

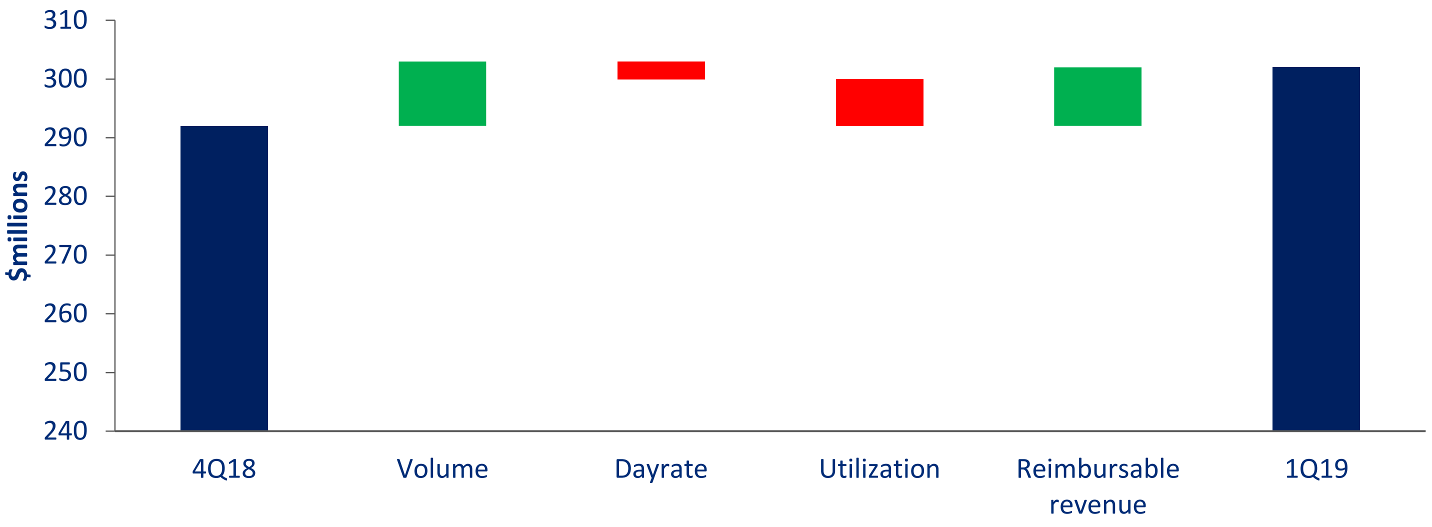
- **Total backlog is currently $1.9 billion**

Financial Performance

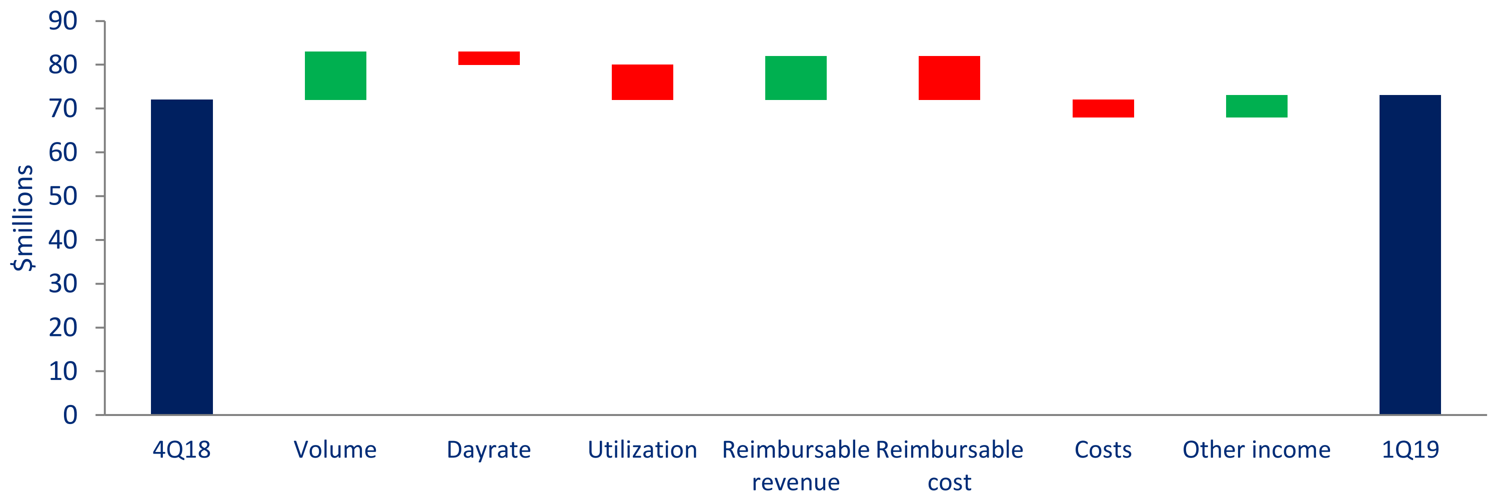
Mark Morris, Chief Financial Officer

Revenue and EBITDA Bridge

Revenue:



Adjusted EBITDA:



- **Volume: West Carina commencing its contract in the quarter**
- **Dayrate: West Callisto moving to a new contract at a lower dayrate**
- **Utilization: Unplanned downtime on four floater units**
- **Reimbursable revenue and costs: Related to the West Mira management contract.**
- **Costs: Higher costs due to West Carina commencing operations**
- **Other income: Final instalment of the an overdue receivable collected in the quarter**

Balance Sheet Main Movements

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$millions	1Q19	4Q18	Change
Current assets	2,616	2,767	(5)%
Non-current assets	7,931	8,081	(2)%
Total assets	**10,547**	**10,848**	**(3)%**
Current liabilities	811	464	75%
Non-current liabilities	6,957	7,311	(5)%
Equity and redeemable non-controlling interest	2,779	3,073	(10)%
Total liabilities, redeemable non-controlling interest and equity	**10,547**	**10,848**	**(3)%**

Our joint ventures and investment holdings

Seadrill Partners LLC

- **Backlog: $757 million**
- **Revenue: $204 million**
- **Adjusted EBITDA: $109 million**
- **Cash: $773 million**
- **Debt of $3.0 billion**

Investment Holdings:

- ***35% stake in SDLP common units (c.$52 million market cap)***
- ***16 million subordinated units***
- ***49% stake in Seadrill Capricorn Holdings LLC***
- ***42% stake in Seadrill Operating LP***
- ***39% direct stake in the West Capella***
- ***8 floaters and 3 tender rigs***

Seamex

- **Backlog: $1.0 billion**
- **Revenue: $55 million**
- **EBITDA: $32 million**
- **Cash: $105 million**
- **Debt: $676 million comprised of:**
  - $274 million bank debt
  - $402 million Seller's Credit and working Capital loan (both provided by Seadrill)
- ***50/50 joint venture with Fintech***
- ***5 high-spec jack-ups***

Seabras

- **Backlog:$1.6 billion**
- **Revenue: $122 million**
- **EBITDA: $78 million**
- **Cash: $235 million**
- **Debt: $829 million**
- **c. $78m of loans due from the JV**
- ***50/50 joint venture with Sapura Energy***
- ***6 Pipe-lay Support Vessels***

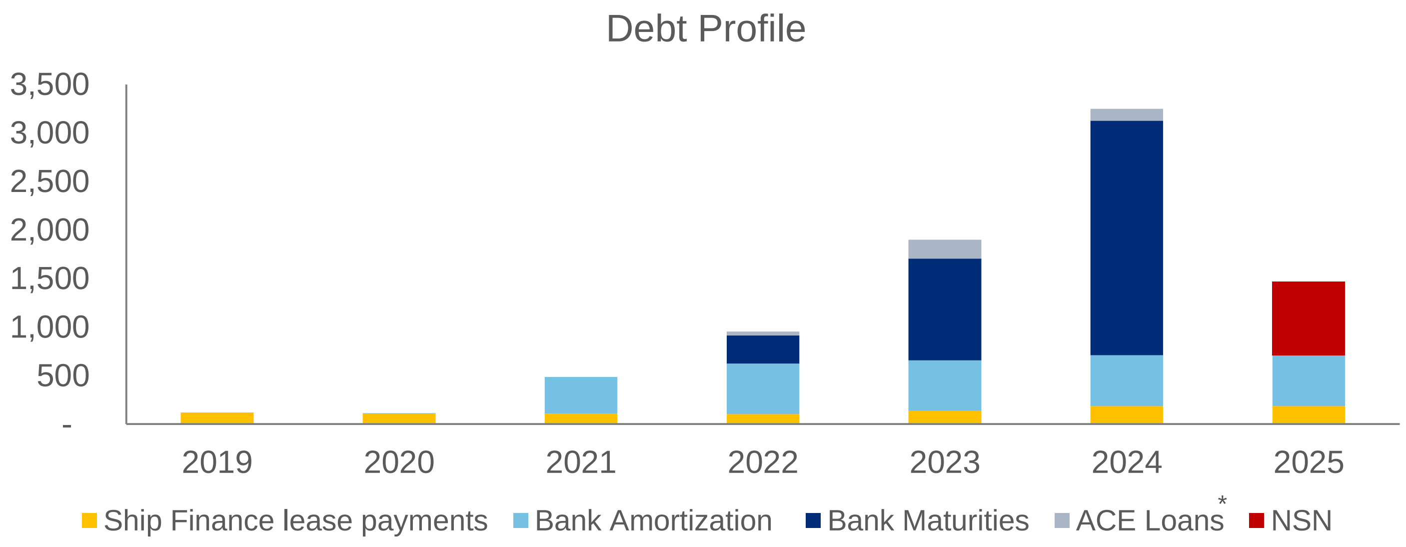
Archer The well company

- **Revenue: $226 million**
- **EBITDA: $25 million**
- **Cash: $32 million**
- **Debt: $584 million**
- **$45 million convertible note**
- ***16% equity stake (c.$70 million market cap)***

***Note:** Cash, debt, revenue and EBITDA figures are as of Q1 2019. Backlog is as at May 2019.*

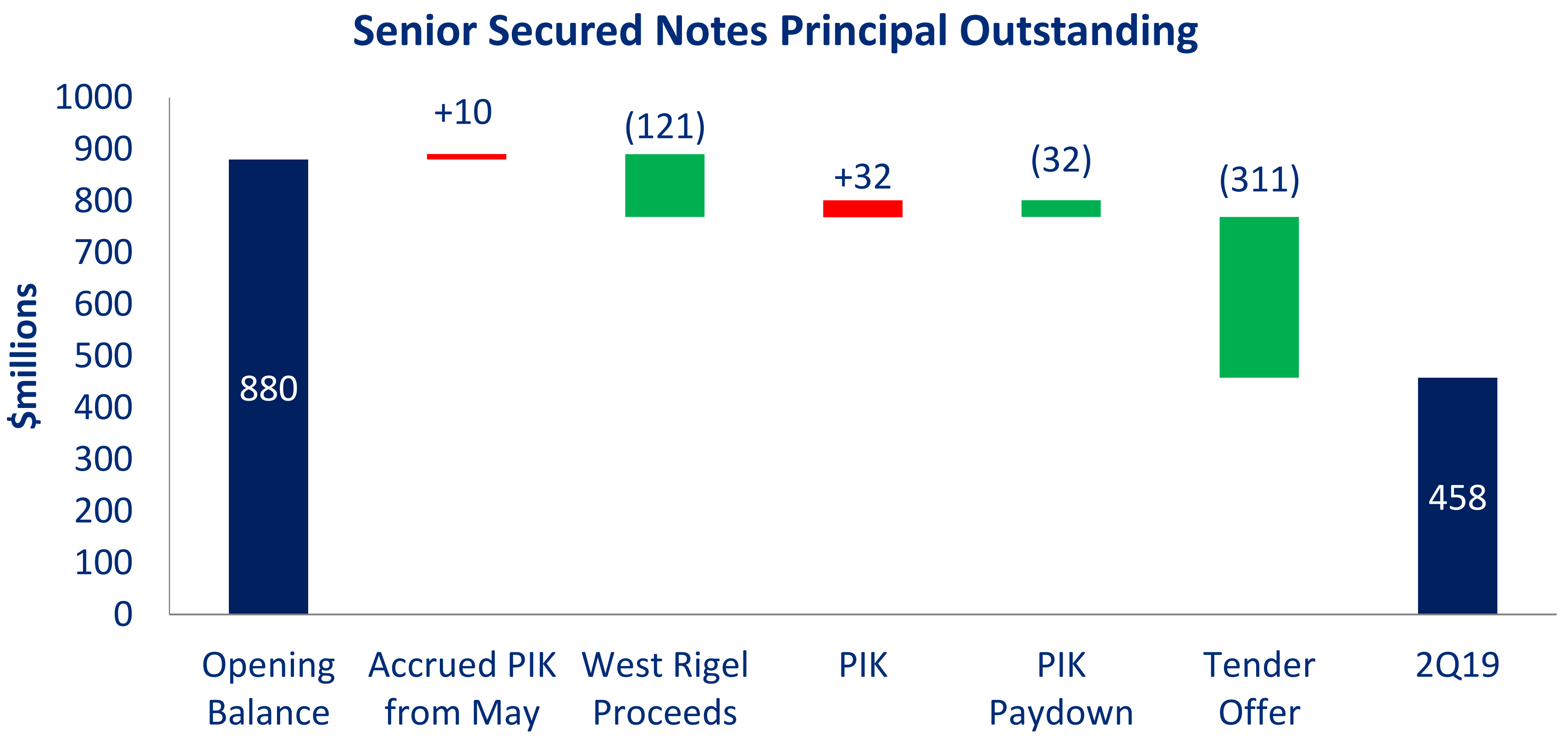
Financing and Liquidity

- **Good liquidity with $1.9 billion of cash at Q1 2019**
- **No debt amortisation payments until 2020, with the ability to defer up to 2021**
- **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**



* ACE = Amortization Conversion Election

Reducing leverage – Senior Secured Notes



The above graph does not include cash interest

Q2 Guidance

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Q2 2019 guidance

- **Adjusted EBITDA* is forecasted to be around $55 million.**

Q&A

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.

Unaudited accounts in USD millions	**Q2 2019 guidance**	**Q1 2019**
Net operating loss	(93)	(71)
Depreciation	109	108
Amortization of favourable and unfavourable contracts	39	35
Adjusted EBITDA	**55**	**72**