



## **Seadrill – Howard Weil 42nd Annual Energy Conference**

CFO - Rune Magnus Lundetrae

*New Orleans, March 2014*

**Seadrill** 

# Forward Looking Statements



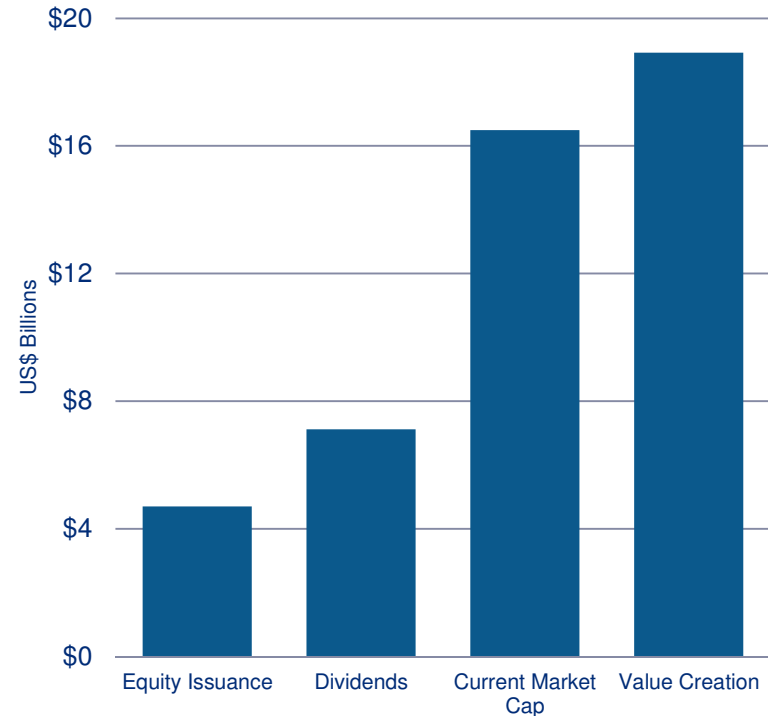
The statements described in this presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements which could be made include, but are not limited 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 Limited Overview



- Most modern fleet of all the major offshore drillers
- Diverse asset base of 69<sup>(1)</sup> units
  - 34 drillships & semi-submersibles (11 Under Construction)
  - 32 jack-up rigs (9 Under Construction)
  - 3 tender rigs
- Global reach including harsh environment
- Current market capitalization ~ US\$16 bn
- Broad customer base with contract backlog ~ US\$20 bn
- Dividend annualized ~ US\$1.8 bn





***Market Leading Track Record of Value Creation***

(1) Includes rigs contributed to Seadrill Partners.

# Establishing Vehicles to Offer Exposure to Key Themes



Company	Investment Highlights
	<ul style="list-style-type: none"><li>› <b>Largest modern fleet</b> of globally fungible assets</li><li>› <b>M&amp;A and newbuild exposure</b></li><li>› <b>Opportunistic market approach</b></li></ul>
	<ul style="list-style-type: none"><li>› <b>Long-term contracted assets</b> at attractive rates</li><li>› <b>High stability of cash flows</b></li><li>› <b>Growth through equity funded acquisitions</b></li></ul>
	<ul style="list-style-type: none"><li>› <b>Premium harsh environment fleet</b></li><li>› <b>Exposure to North Atlantic and Arctic growth</b></li><li>› <b>High and sustainable barriers to entry</b></li></ul>

# Demonstrated Access to Capital Markets

## Seadrill Partners Dropdowns

- West Sirius and West Leo
  - **US\$465 million** in equity raised
  - Cash proceeds of **US\$356 million** to Seadrill Limited
- West Auriga
  - **US\$400 million** in equity raised
  - Cash proceeds of **US\$350 million** to Seadrill Limited

## NADL IPO and Bond Issuance

- NADL completes listing on NYSE with **US\$125 million** IPO
- Issues **US\$600 million** unsecured bond
- NADL is now independently financed and in prime position to be the premier player in harsh environment and Arctic operations

## Seadrill Partners Debt Restructuring

- SDLP launches **US\$1,800 million Term Loan B**
- Creating a cleaner capital structure with lower annual amortization
- Seadrill Limited benefits by receiving proceeds of **~US\$500 million**

***Access to Funding, High Utilization, Large Backlog → Stability in Current Market***

# Key Investment Highlights



# Key Investment Highlights



**Global Operational Footprint**



**Modern Fleet with Exposure to Premium Segments**



**Significant Contracted Backlog Providing Dividend Visibility**



**Innovative Capital Structure and Funding Strategy**



**Dividend Growth a Priority... While Maintaining Earnings Growth Profile**



# Global Operational Footprint



## Newbuilds 20 units

- 8 Drillships
- 3 Semis
- 9 BE jack-ups

*Presence in all important oil and gas regions*



# Strategic Focus on Premium Asset Classes

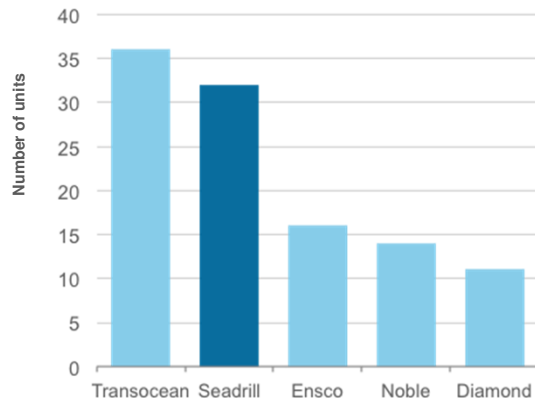


One of the largest Offshore Drillers...

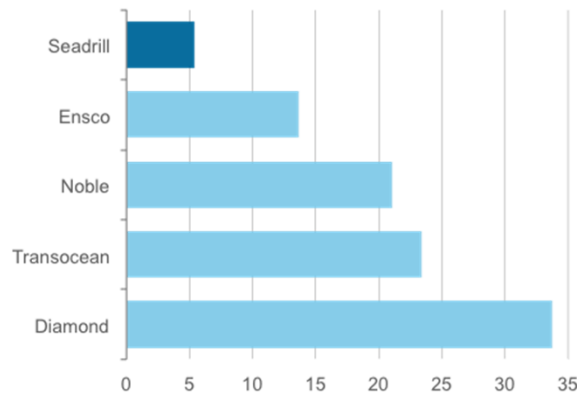
...with a Modern Fleet...

...and Exposure to Premium Segments

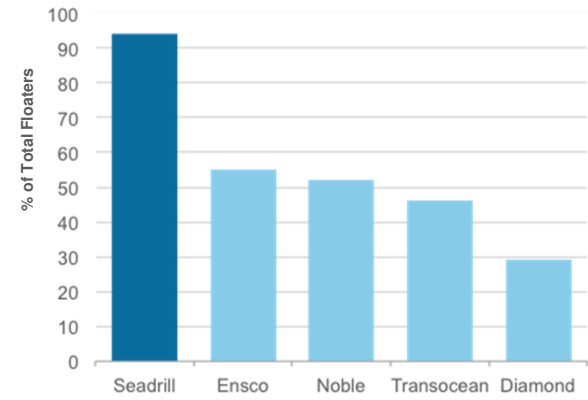
Ultra-Deepwater Units



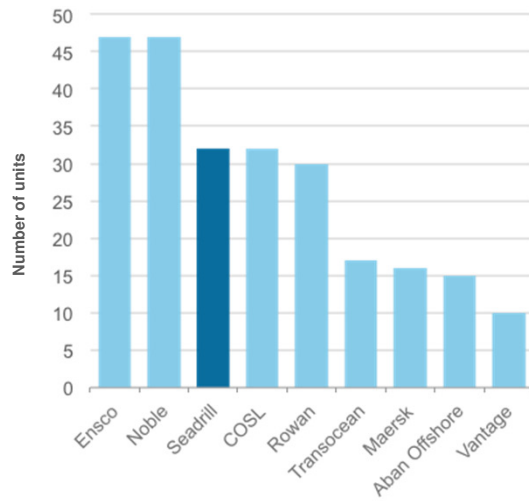
Average Floater Age



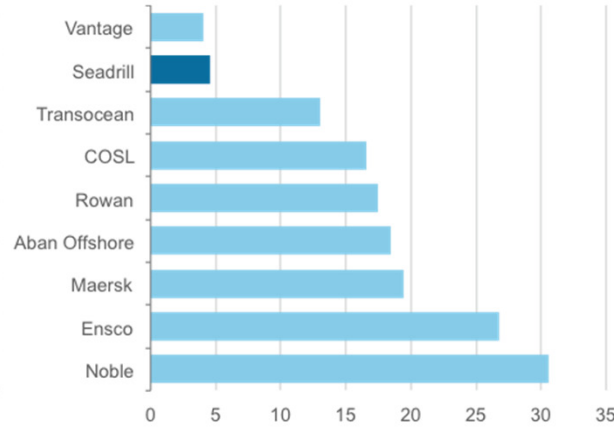
% Ultra-Deepwater of Total Floaters



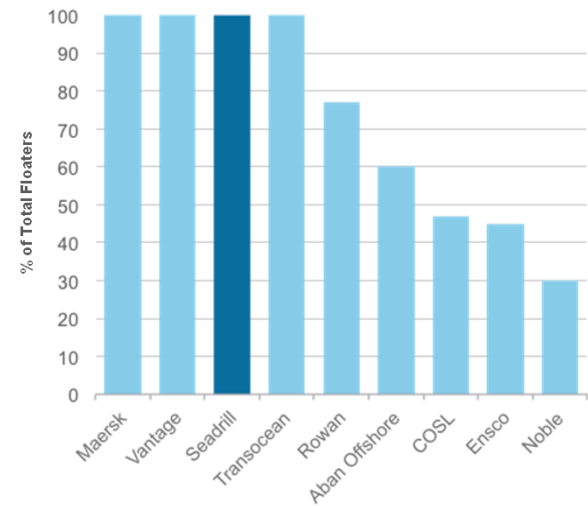
Jack-Up Units



Average Jack-Up Age



% of Jack-Up fleet >350' Water Depth



# Floater – US\$15.4 Billion Contract Backlog

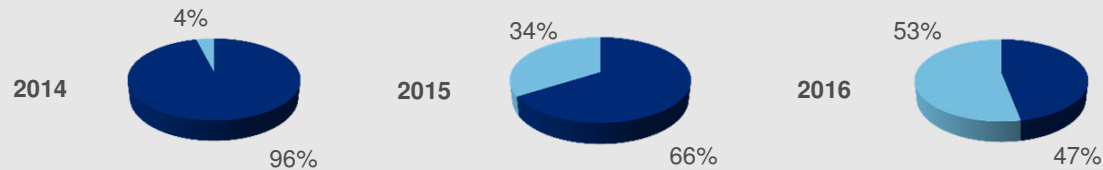


	Unit	Customer	2013					2014				2015				2016				2017			
			4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q				
Drillships	West Saturn	-	Newbuild																				
	West Jupiter	-	Newbuild																				
	West Carina	-	Newbuild																				
	West Draco	-	Newbuild																				
	West Dorado	-	Newbuild																				
	West Aquila	-	Newbuild																				
	West Libra	-	Newbuild																				
	West Tellus	Chevron	610'	US\$635'																			
	West Navigator	Shell / Centrica Energi NUF	US\$602,000 US\$621'																				
	West Capella	ExxonMobil	US\$62,120 US\$627,500																				
	West Gemini	Total	US\$640,000																				
	West Neptune	LLOG	Newbuild		Transit		US\$570,000																
	West Polaris	ExxonMobil	US\$653,121 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 Phoenix	Total	US\$454,000																				
	West Eminence	Petrobras	US\$624,460																				
	West Venture	Statoil	US\$441,000																				
	Sevan Driller	Petrobras	US\$419,817																				
	West Orion	Petrobras	US\$624,460																				
	West Pegasus	PEMEX	US\$555,000 Market rate																				
	West Eclipse	Total	US\$435'	US\$450,000				US\$455,000															
	Sevan Louisiana	LLOG	Newbuild		US\$505,000																		
	West Aquarius	ExxonMobil	US\$540,000 US\$615,000																				
	West Alpha	ExxonMobil	US\$479	US\$532,000				US\$547,000								US\$497,000							
	West Hercules	Statoil	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																	

Option Yard plus transit period

## Contract coverage

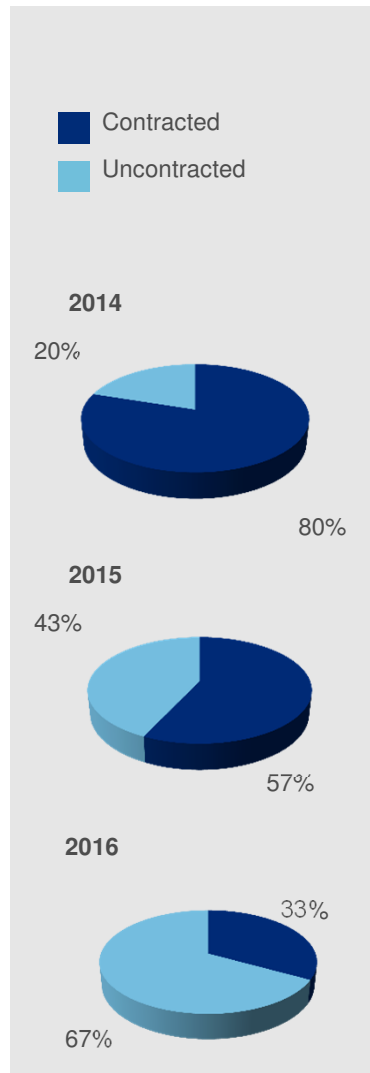
Contracted  
Uncontracted



# Jack-ups - US\$4.2 Billion Contract Backlog



Unit	Customer	2013		2014				2015				2016			
		4Q	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												03.2017	
West Linus	ConocoPhillips	NB	Transit	US\$375,000										05.2019	
<b>BE Jack-ups</b>															
West Oberon	PEMEX	Transit	US\$171,500											03.2020	
West Intrepid	PEMEX	Transit	US\$155,500											10.2020	
West Defender	Shell / PEMEX	US\$136	Transit	US\$155,500											04.2020
West Courageous	Hess / PEMEX	US\$150'	Transit	US\$155,500											05.2021
West Titania	-	Transit													
West Prospero	Vietsovpetro	US\$170,000													
West Ariel	Vietsovpetro	US\$170,000													
West Cressida	PTTEP	US\$129,500													
West Telesto	Premier	US\$149,5	US\$156												
West Tucana	PVEP	US\$164'	US\$167,000												
West Vigilant	Talisman	US\$167,000													
West Titan	-	Newbuild													
West Leda	ExxonMobil	US\$138,000	US\$165,000												
West Proteus	-	Newbuild													
West Mischief	ENI	US\$175,000	US\$175'												
West Rhea	-	Newbuild													
West Tethys	-	Newbuild													
West Hyperion	-	Newbuild													
West Umbriel	-	Newbuild													
West Dione	-	Newbuild													
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 Callisto	Saudi Aramco	US\$150,000	US\$150,000												
West Freedom	Repsol / Cardon IV	Transit	US\$187'	US\$225,000											

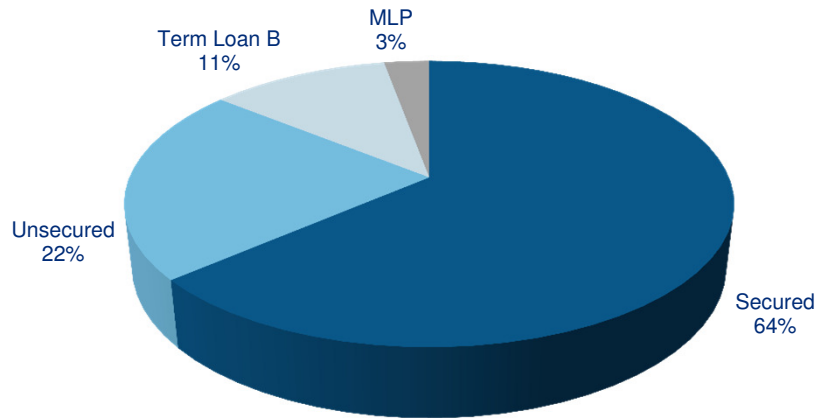


Note: Backlog generated by the tender rigs (T15, T16 and West Vencedor) is US\$0.5 billion.

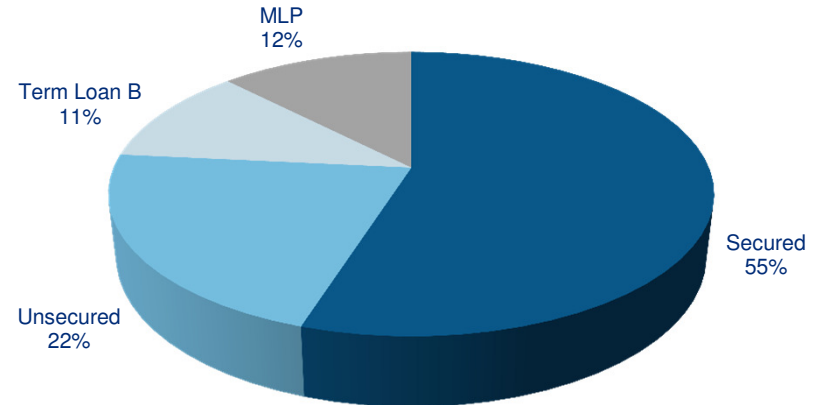
# Financial Flexibility



**Feb 2014 Actual**



**2015 Illustrative**



## 2013-2014 Financing Summary

### Unsecured Financing

- NOK 1,800m bond
- NOK 1,500m bond (NADL)
- US\$ 500m bond
- US\$600m Bond (NADL)
- US\$125m NADL NYSE IPO
- SEK 1,500 bond

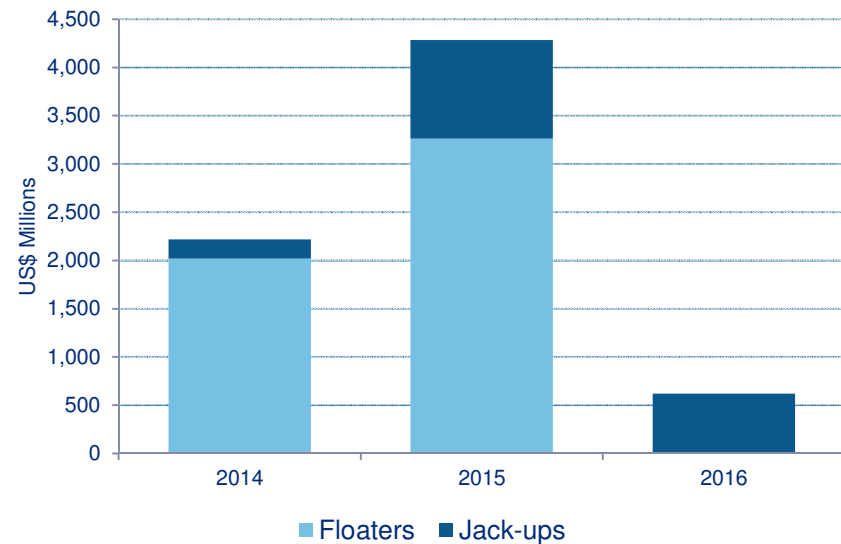
### Secured Financing

- 8 new facilities
- Total of US\$ 5,310m

### MLP

- US\$356m – West Sirius and West Leo sale to SDLP
- US\$1,800m TLB
- US\$350m – West Auriga sale to SDLP

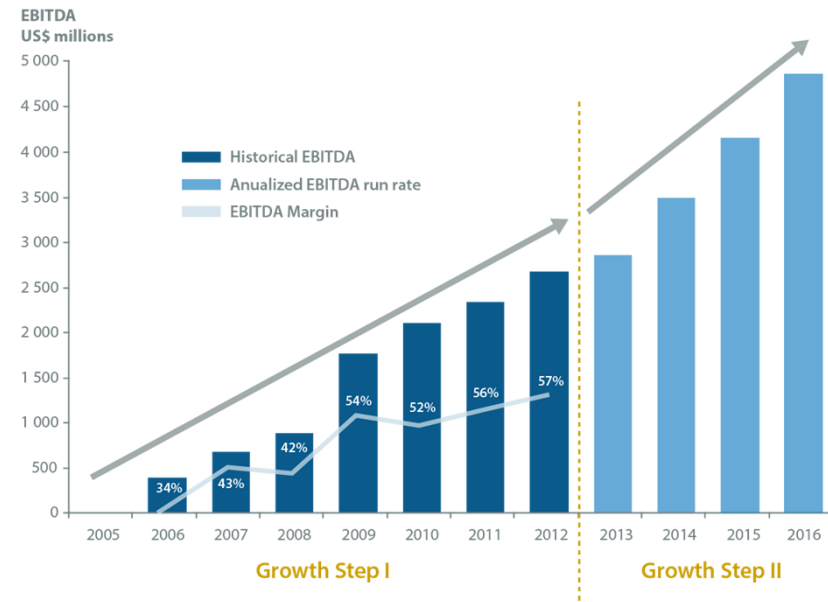
## Capex Per Year



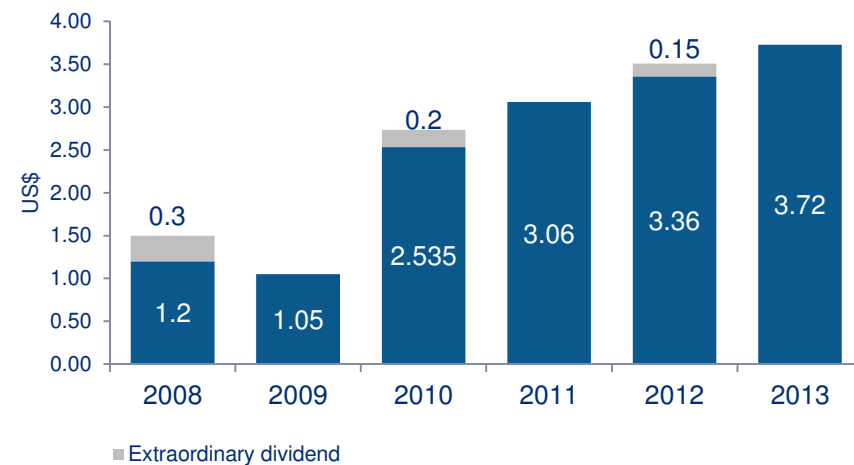
# Dividend Growth Continues to be a Priority... while maintaining a Growth Profile



- Key objective to grow quarterly dividends
- Quarterly cash dividend raised from 95 cents to 98 cents per share in Q4
- Increase reflects improved free cash flow and newbuilds commencing operation in 2H 2013
- Future dividends depend on:
  - Contract coverage
  - Market outlook
  - Leverage capacity
  - Future earnings



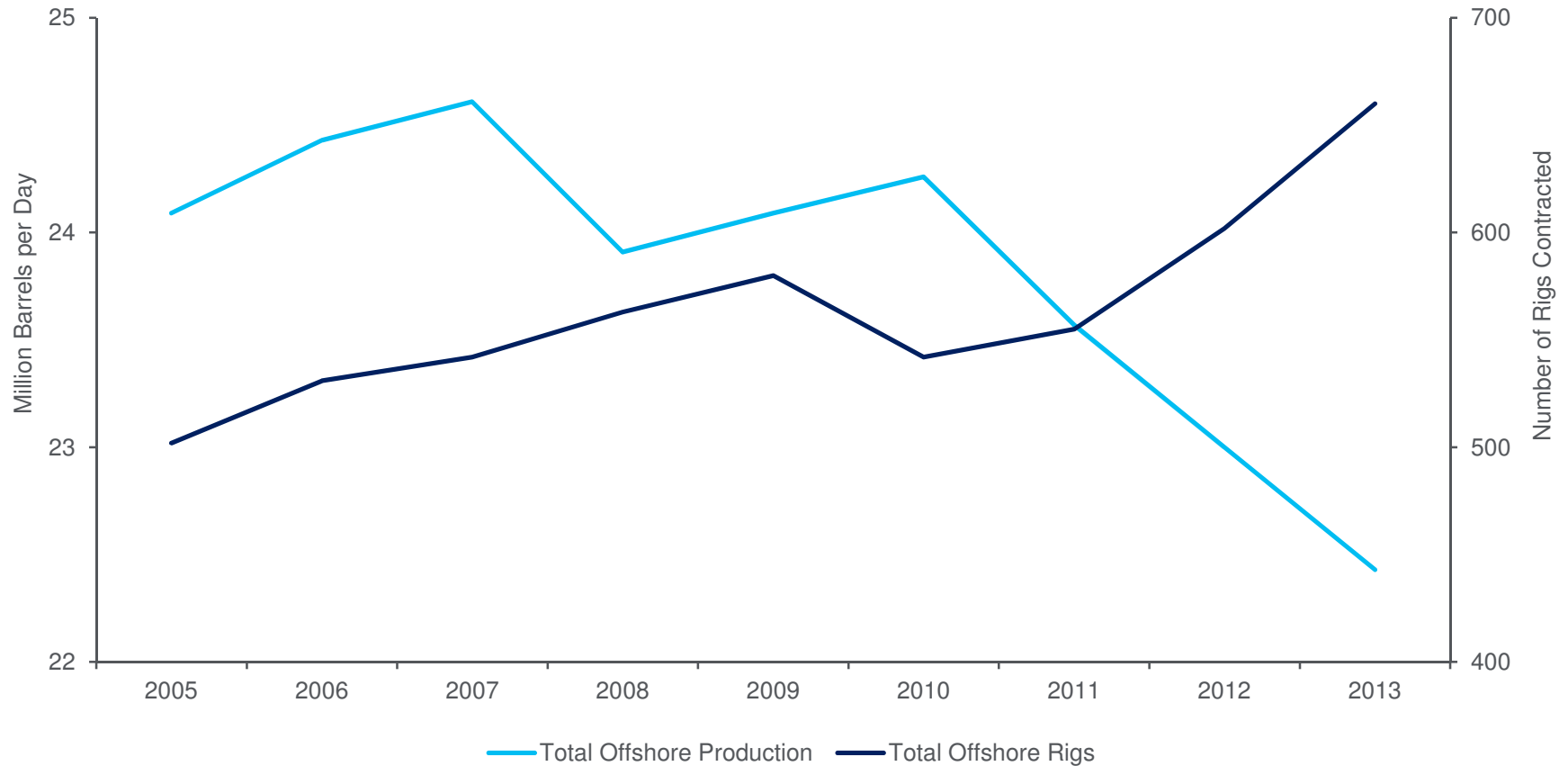
## Annual dividends



# Upstream Market Outlook

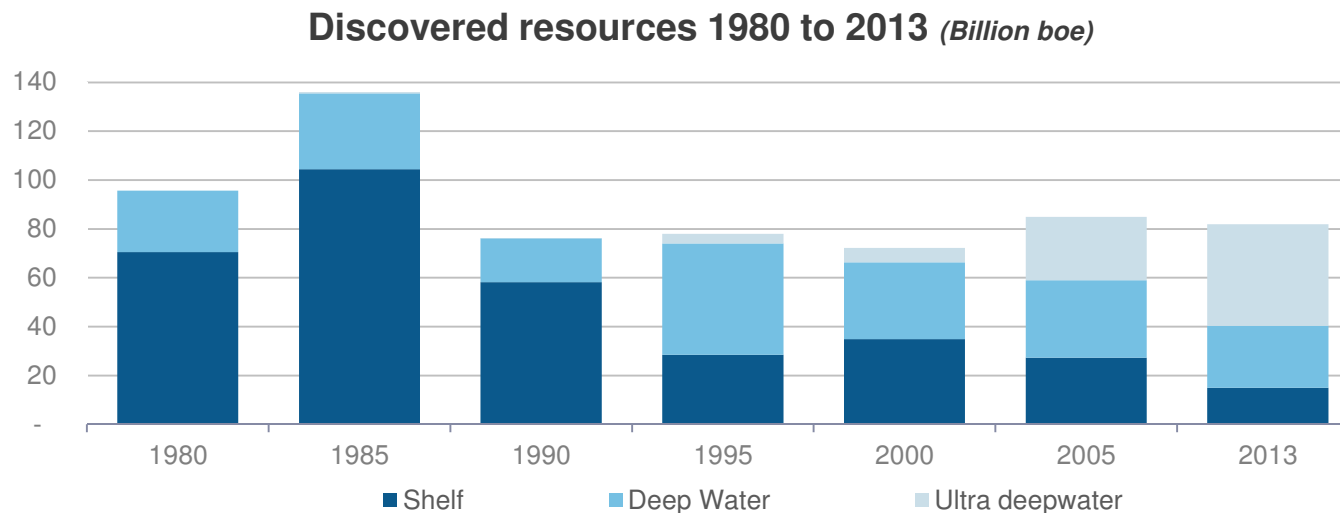


# Increased Service Intensity



***More Rigs Working, but Declining Oil Production***

# Recent Discoveries to Become Produced Volumes



## Resources discovered and produced 2000-2012 (Billion boe)

Group	Waterdepth	Produced <i>Billion boe</i>	Discovered <i>Billion boe</i>	Replacements <i>Ratio</i>
Off-shore	Ultra Deepwater - 7500 ft +	1	8	16,4
	Deep - 400 - 7499 ft	63	154	2,5
	Shelf - 400 ft	163	77	0,5
	<b>Total</b>	<b>227</b>	<b>239</b>	<b>1,1</b>
On-shore	On-shore	485	456	0,9
On-shore Off-shore	<b>Global</b>	<b>712</b>	<b>695</b>	<b>1,0</b>

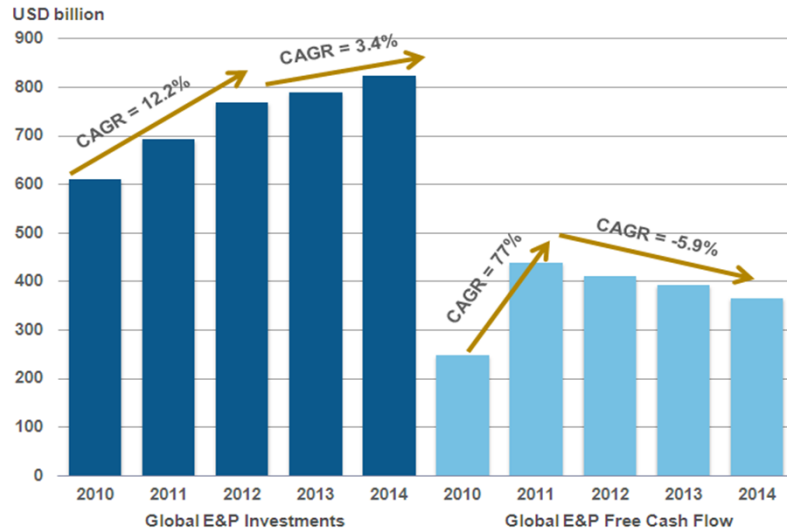




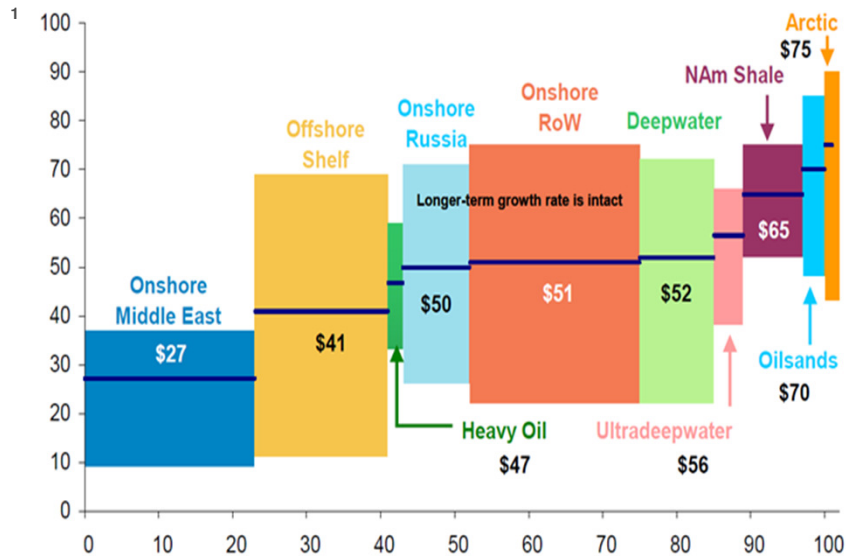
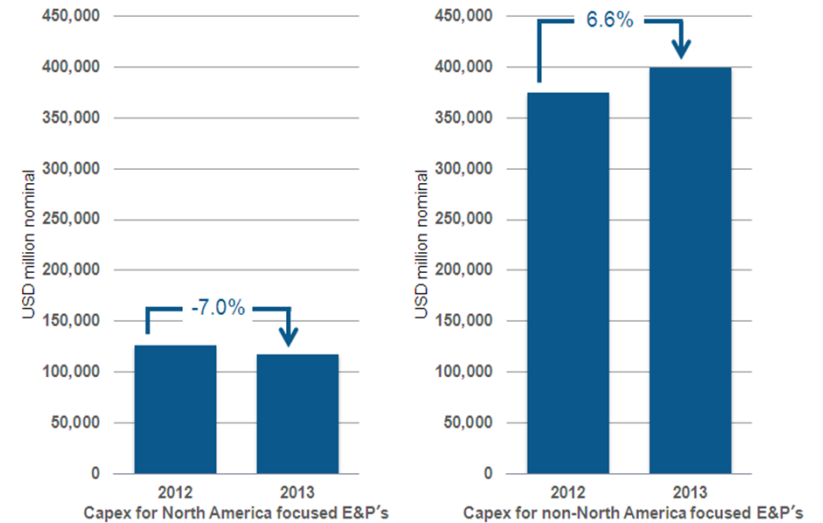
# Near Term Outlook



Investment Slowing & Cash Flow Declining...



...However, Slowdown Driven by Onshore...



## 2014 Projects Pushed to 2015

- **Block 32**  
→ Total – Angola
- **Mad Dog 2**  
→ BP – Gulf of Mexico
- **Stampede**  
→ Hess – Gulf of Mexico
- **Chevron Indonesia**  
→ Chevron – Indonesia
- **Bonga**  
→ 2 rigs - Nigeria

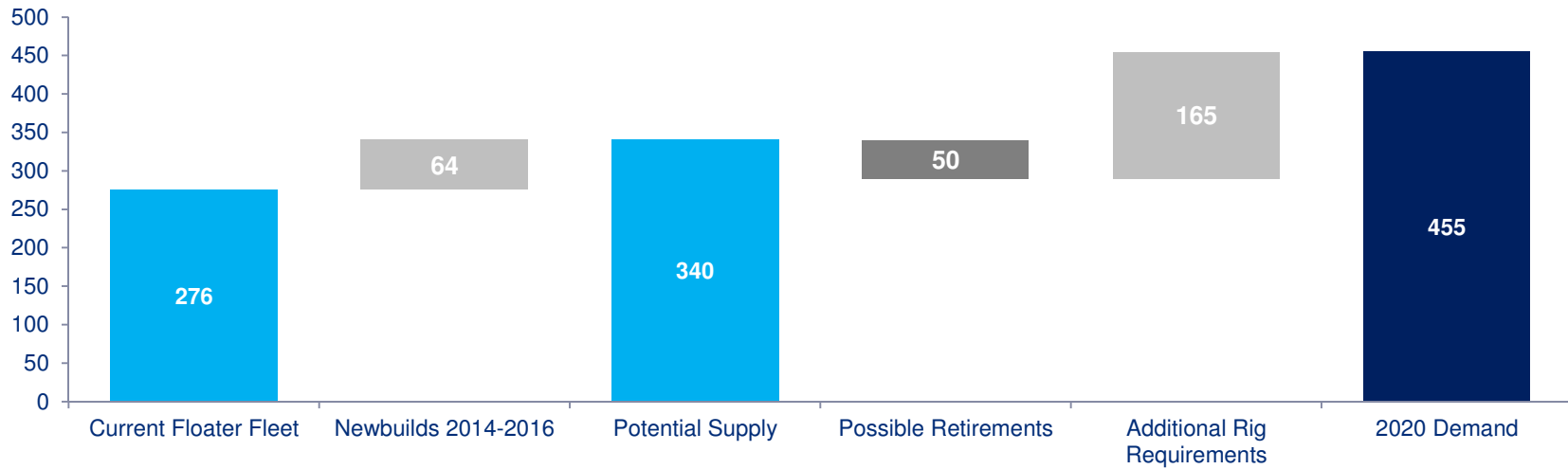
<sup>1</sup> X-axis: total liquids production mbpd; Y-axis: avg Brent equivalent breakeven price, \$/bbl  
Source: Morgan Stanley and Rystad Energy

# Drilling Market Outlook

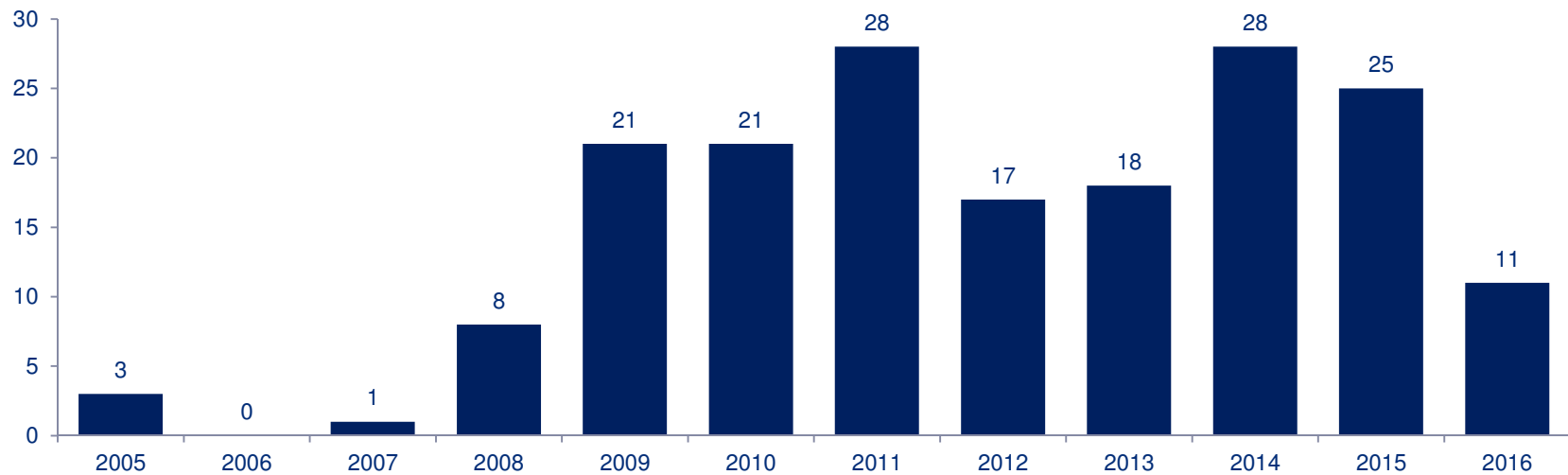


# Global Rig Supply & Demand Imbalance Favors Contractors **Seadrill**

Significant Newbuilds Required to Bridge Expected Demand Gap



Ultra-Deep Water Deliveries

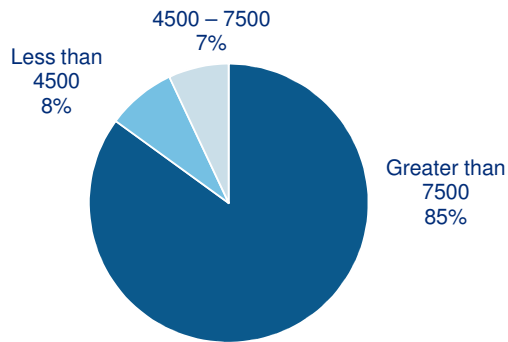


# Bifurcation in Deepwater is a Reality

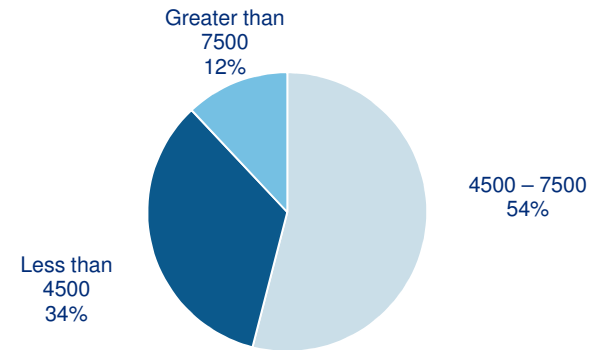


## Customers Demand Better Performance and Safety of New Equipment

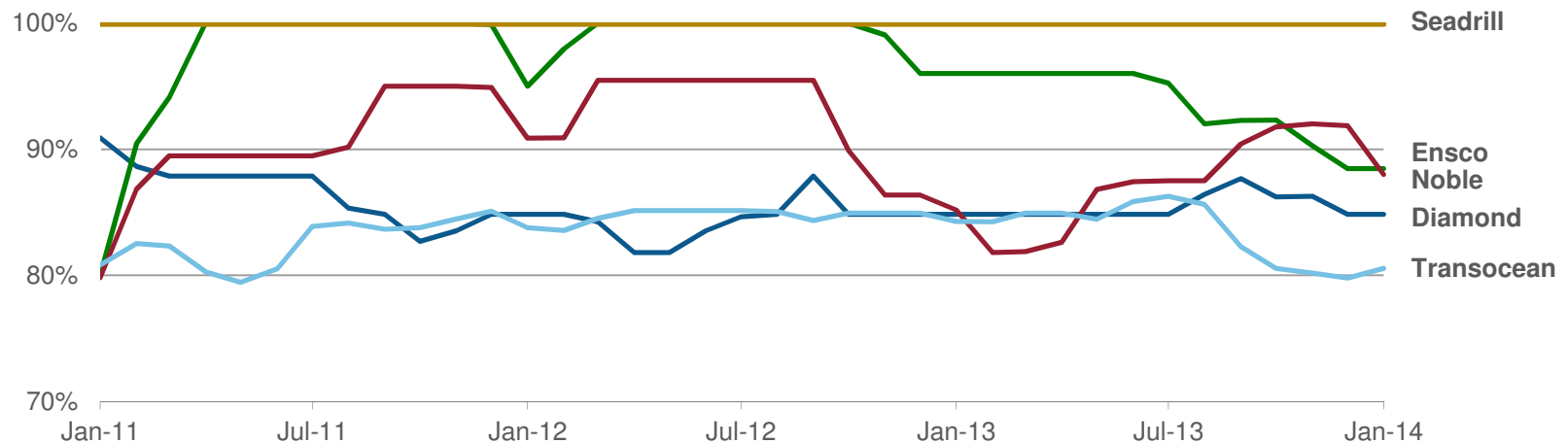
**Newbuild water depth**



**Operating water depth**

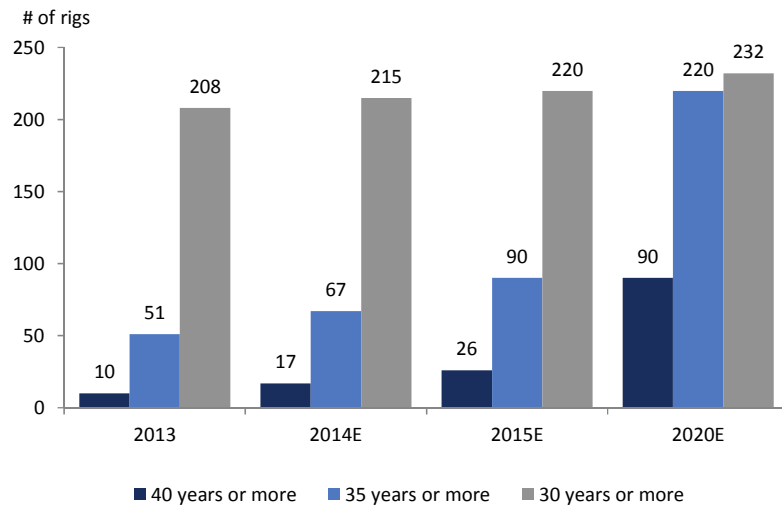


**Total floater utilization**

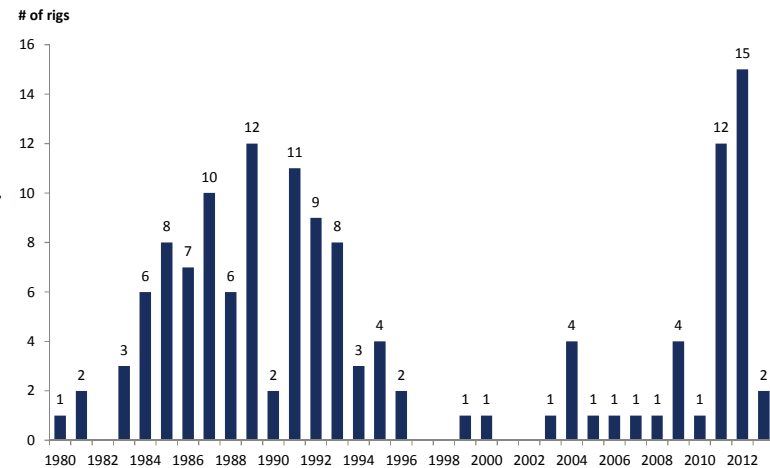


# Robust Jack-up Fundamentals

## Age Development of Contracted Jack-up Fleet



## Jack-ups Removed from the Market



- In 2015 more than 220 of the currently contracted Jack-up fleet will be more than 30 years old
- 90 of the units will be more than 35 years old
- Scrapping & Conversion of older units increased in 2011 and 2012 with trend expected to continue

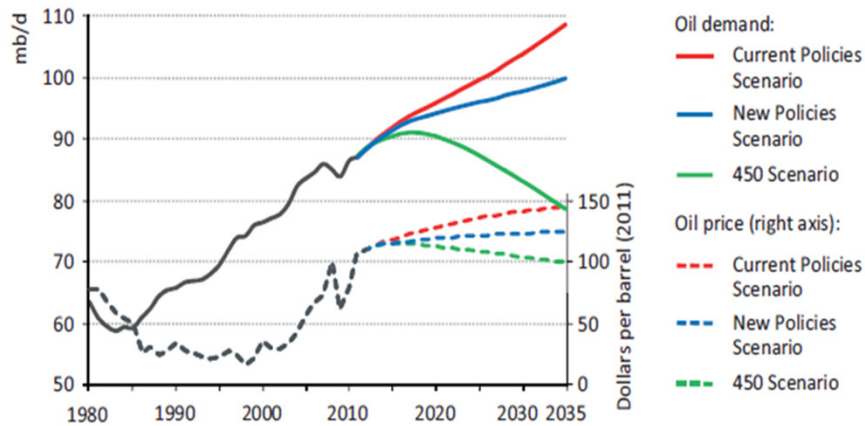
# Conclusion



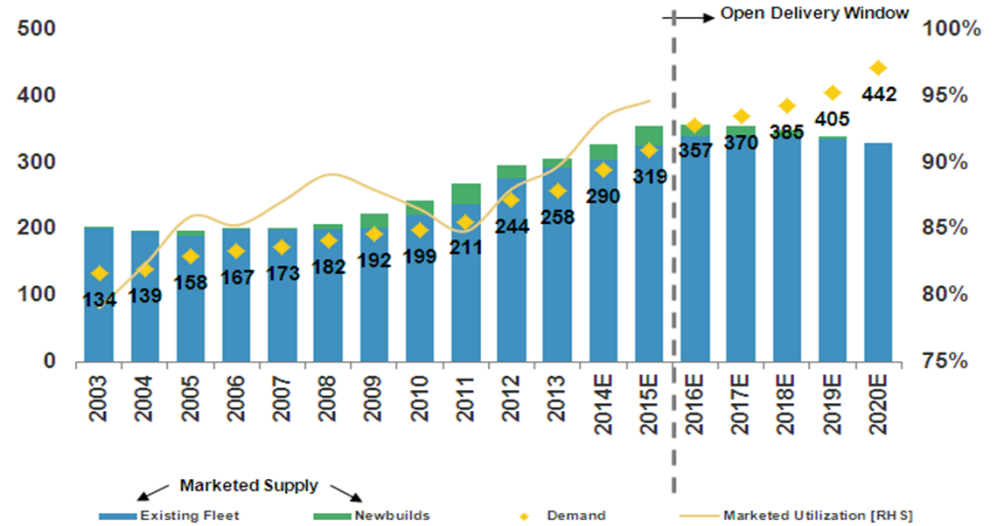
# Well Positioned to Weather the Storm.....



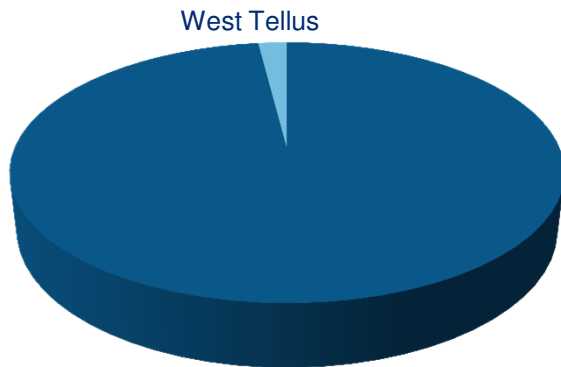
World oil demand and oil price\* by scenario



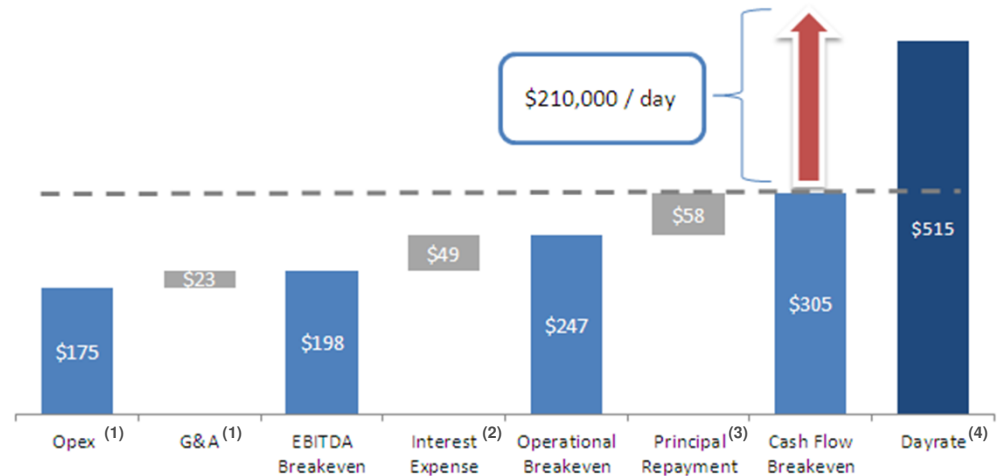
Floater supply and demand



Seadrill UDW Coverage 2014



Illustrative daily liquidity cushion



(1) Based on LTM average for the West Sirius, West Leo, West Aquarius and West Capella

(2) Assuming \$1,700 million of debt @4.25%

(3) Assuming 5% amortization per year

(4) Based on average contract dayrates for West Sirius, West Leo, West Aquarius and West Capella, assumes 95% utilization and 4.25% tax on revenues

Source: Morgan Stanley and Rystad Energy



## 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



*12% of SapuraKencana –  
Market Value ~US\$920mm*



*50.11% of Sevan Drilling –  
Market Value ~US\$200mm*



*39.9% of Archer –  
Market Value ~US\$280mm*