



## A Different Drilling Contractor

New York June 2007

**Seadrill**

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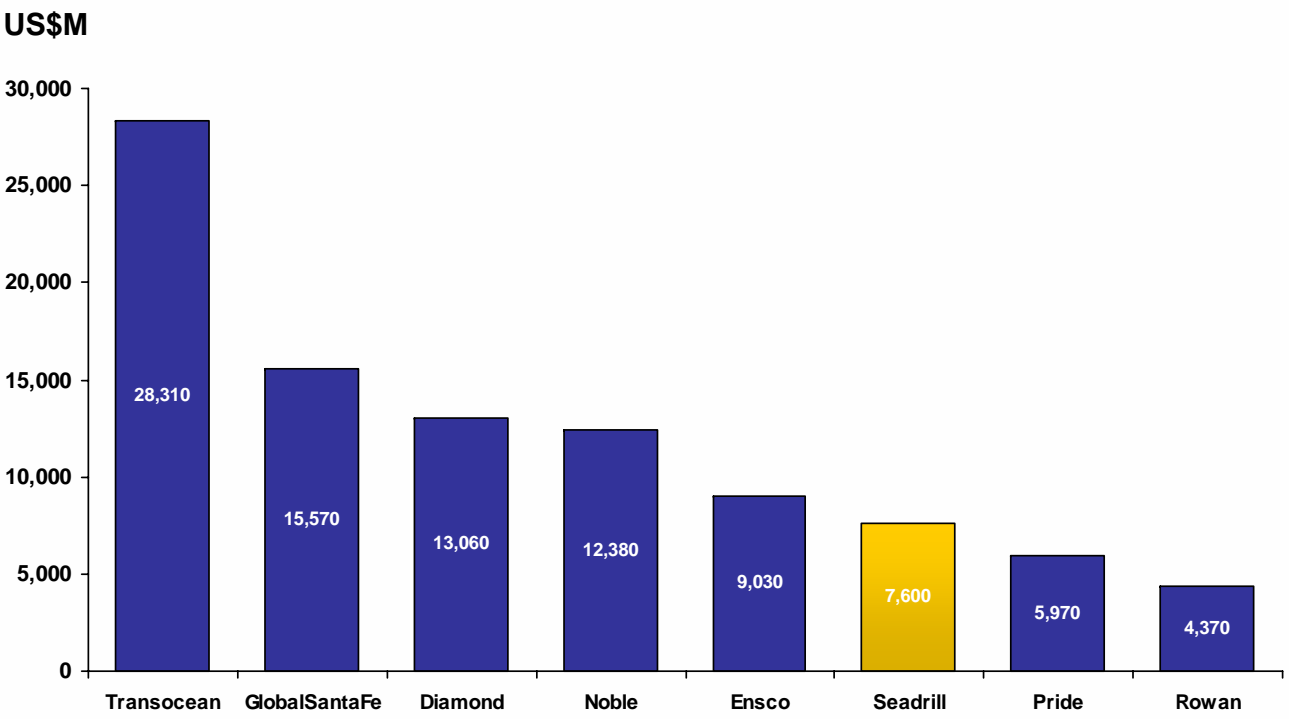
## Mission statement

Create a world leading drilling contractor within 5 years

~ May 2005



# Market cap. offshore drilling peers



No 6 ..... with ambition to grow



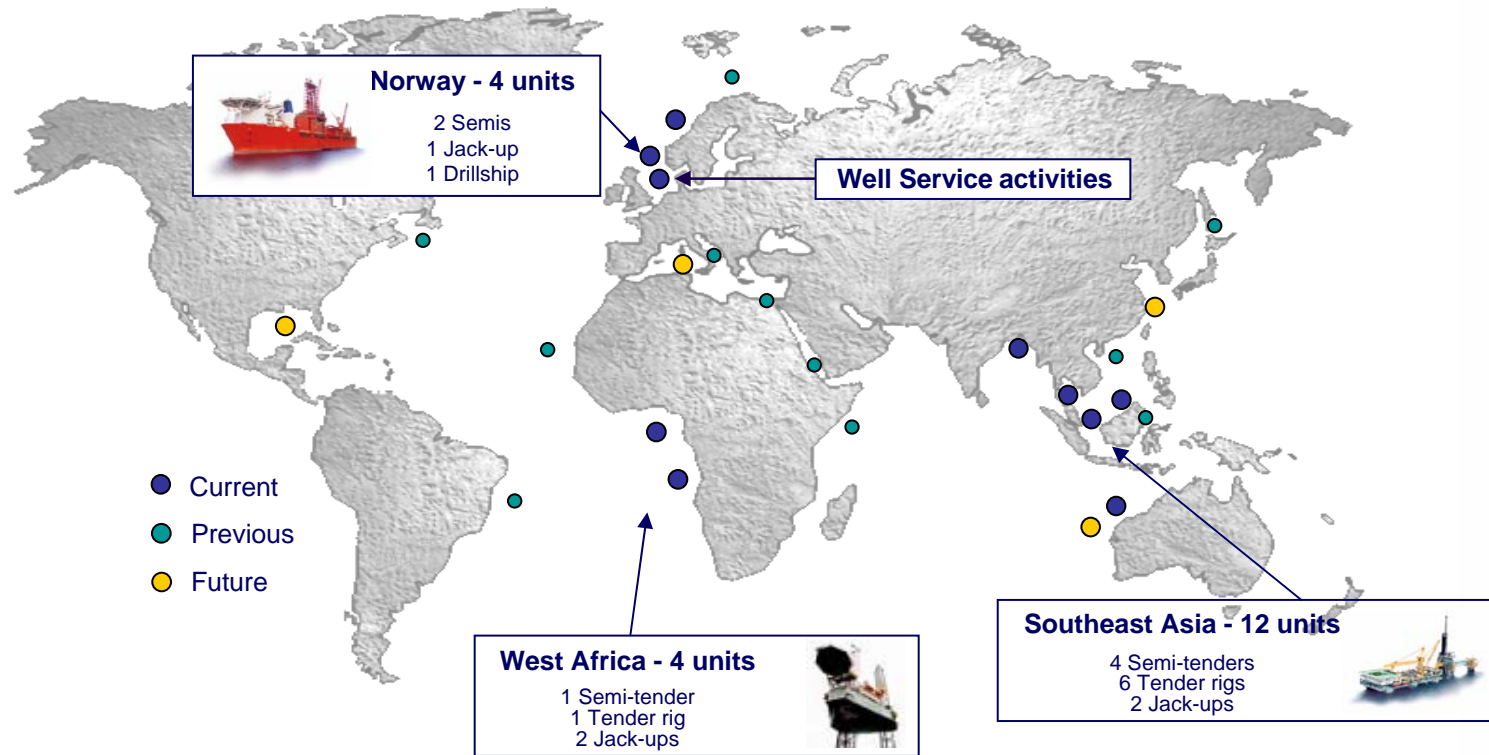
## Company profile

- Bermuda based offshore drilling company
- 20 offshore units in operations
  - 1 drillship, 2 semi-submersible units, 5 jack-ups and 12 tender rigs
- 15 offshore drilling units under construction
  - 2 drillships, 7 semi-submersible units, 4 jack-ups and 2 tender rigs
- Operations in the North Sea, West Africa, Southeast Asia and Australia
- Listed on the Oslo Stock Exchange

**Creating the 2nd largest ultra-deepwater player**



# Offshore drilling operations



Presence in key offshore drilling markets



## Largest newbuild program ever

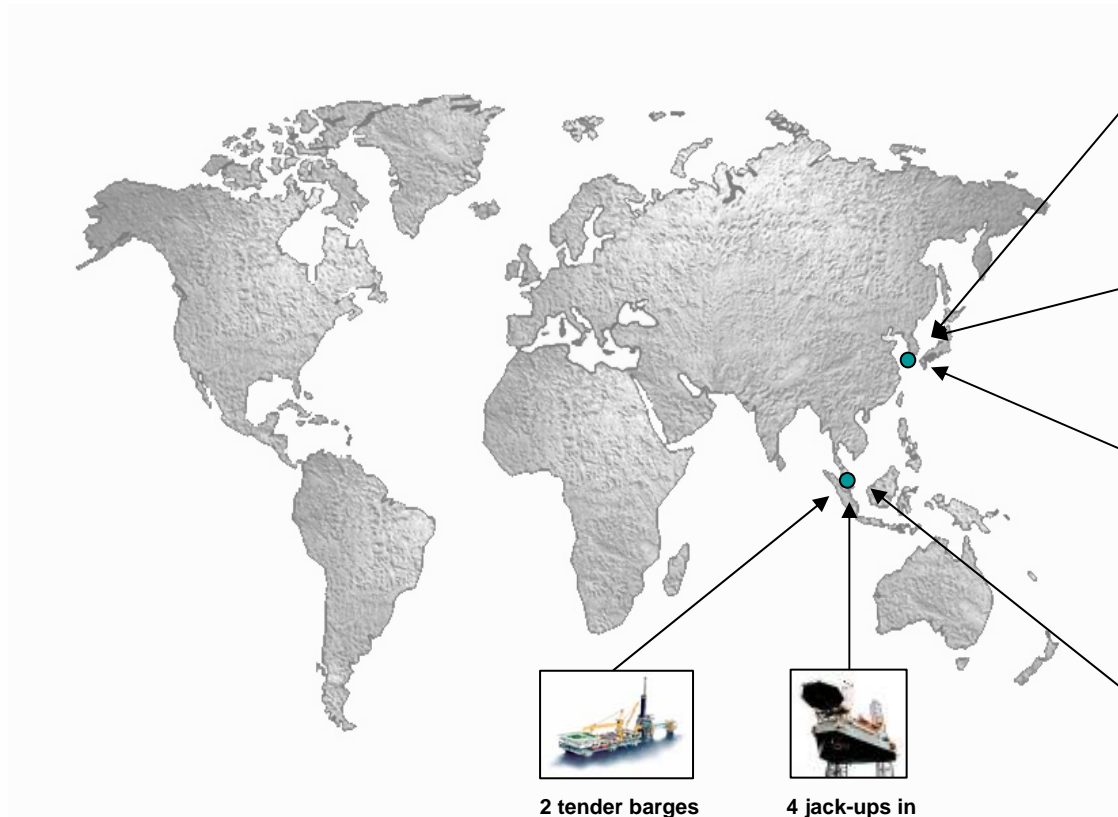
- Largest newbuild program ever undertaken by a drilling contractor totaling some US\$5.1 billion
  - 2 drillships totaling some US\$956m\*
  - 7 semi-submersible units totaling some US\$3,486m\*
  - 4 jack-ups totaling some US\$518m\*
  - 2 tender rigs totaling some US\$170m\*
- Successful delivery already taken of one jack-up and one tender rig on time and budget

\* Excluding spares, construction supervision, capitalized interest and operation preparation





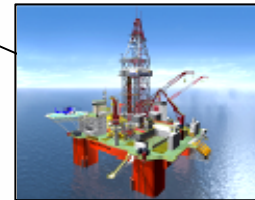
# 15 newbuild projects



2 drillships at Samsung Korea



2 semis at Samsung Korea



2 semis at Daewoo Korea



2 tender barges in Malaysia



4 jack-ups in Singapore



3 semis at Jurong Singapore

**Building the most modern fleet at quality yards**



## Third ultra-deepwater unit ordered at Jurong

- Fixed price turnkey US\$532 million contract
- Copy of existing units under construction
- Delivery scheduled in April 2010
- Favorable installment schedule
  - ☺ 15% at signing, 20% end 2007, 15% end 2008 and 50% at delivery



Creating significant shareholder value



# Newbuild deepwater program – 9 units

## West E-drill and West Eminence

- Two semi-submersible rigs
- Builder: Samsung
- Delivery: 1Q/3Q 2008
- Design: DP Drilling Vessel
- Rated water depth: 10,000ft
- Rated drilling dept: 30,000ft
- Dual Derrick
- Risers: 4,100ft
- Contract price: US\$502/520 million \*



\* Excluding spares, construction supervision, capitalized interest, operation preparations and mobilization

## West Sirius, West Taurus and West TBA

- Three semi-submersible rigs
- Builder: Jurong
- Delivery: 2Q/4Q 2008 & 2Q 2010
- Design: Friede Goldman ExD
- Rated water depth: 10,000ft
- Rated drilling dept: 35,000ft
- Risers: 10,000ft
- Top Drive: MH DDM 750/1,000 AC
- Contract price: US\$443/451/532 million \*



\* Excluding spares, construction supervision, capitalized interest, operation preparations and mobilization

## West Hercules and West Aquarius

- Two semi-submersible rigs
- Builder: Daewoo
- Delivery: 2Q/3Q 2008
- Design: GVA 7500
- Rated water depth: 10,000ft
- Rated drilling depth: 35,000ft
- Risers: 10,000ft
- Top Drive: MH DDM 750/1,000 AC
- Contract price: US\$512/526 million \*



\* Excluding spares, construction supervision, capitalized interest, operation preparations and mobilization

## West Polaris and West Capella

- Two deepwater drillships
- Builder: Samsung
- Delivery: 2Q/4Q 2008
- Design: Samsung 10000
- Rated water depth: 10,000ft
- Rated drilling depth: 35,000ft
- Riser: 10,000ft
- Top Drive: 2 HPS 1,000 short tons (dual motor AC)
- Contract price: US\$478/478 million \*



\* Excluding spares, construction supervision, capitalized interest, operation preparations and mobilization



# West E-drill





**West Sirius**



# West Hercules



West Polaris

## Seadrill newbuild characteristics

- Copies of existing units
- Proven technology
- Quality yards
- Delivery time reflects previous experience
- First units to be ordered
- Main yard installments to be paid on delivery
- Fixed price turnkey contracts





# Newbuild deepwater program

	Project phases			% complete *
	Engineering	Construction	Commissioning	
West E-drill	----->	----->		86%
West Eminence	----->	----->		47%
West Sirius (J1)	----->	----->		81%
West Taurus (J2)	----->	----->		58%
West Hercules (D1)	----->	----->		52%
West Aquarius (D2)	----->	----->		23%
West Polaris (M1)	----->	----->		52%
West Capella (M2)	----->	----->		NA

**Main milestones reached according to plan**

\* May 15, 2007



## Newbuild deepwater projects

- Progress to date generally as planned
- Equipment component sub-contractors under severe workload pressure
- Individual component delays observed
- Focus on eliminating/mitigating critical line effects

**First in line ... a clear advantage**



## Six shallow water newbuilds

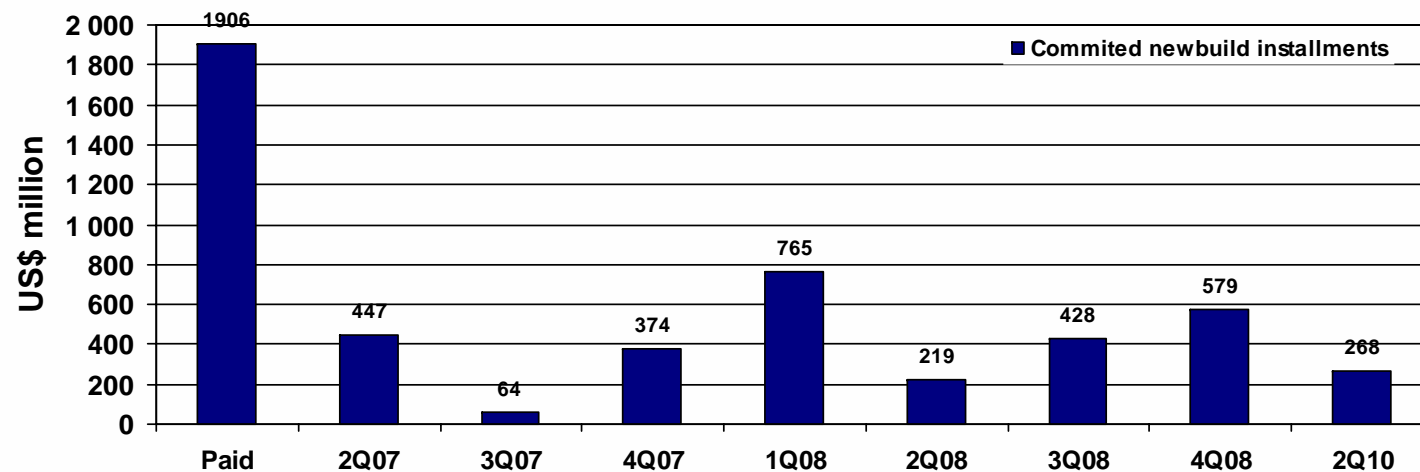
- Three jack-ups at KFELS
  - Two units to be delivered in 3Q07
  - One unit to be delivered in 2Q08
- One jack-up at PPL
  - Delivery scheduled for 1Q08
- Two tender rigs at Malaysia Marine & Heavy Engineering
  - Delivery scheduled for 3Q07 & 2Q08



Assignments secured for five out of six newbuilds



## Committed newbuild installments

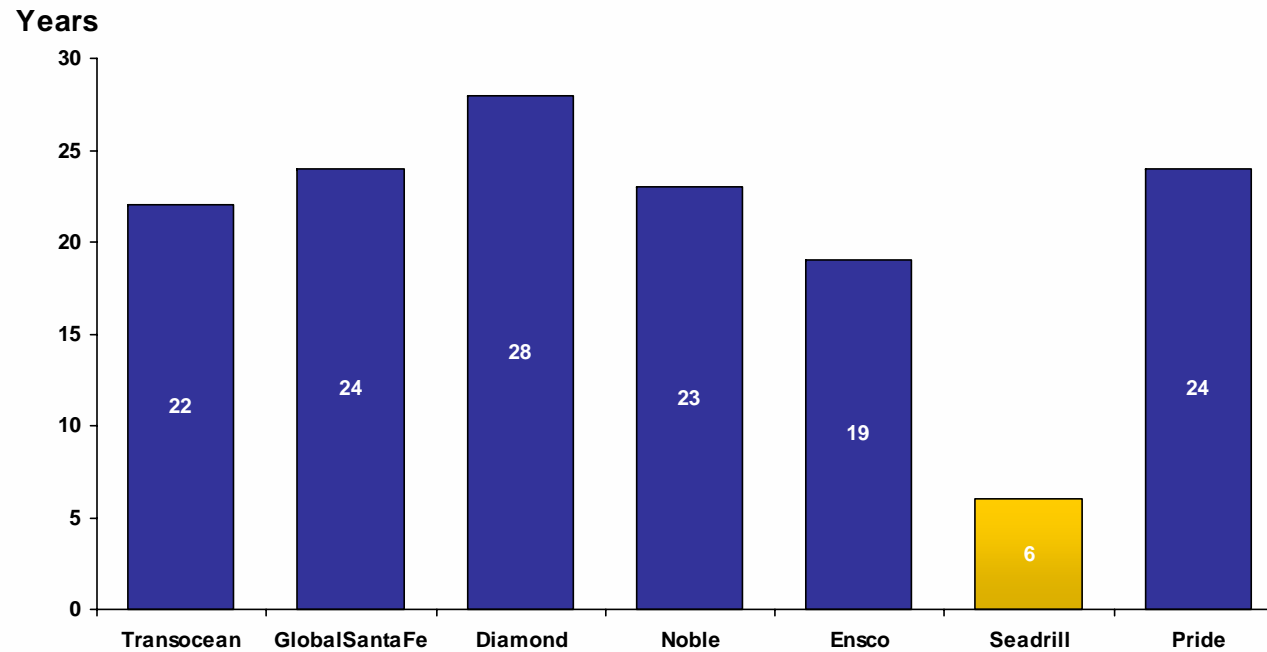


- Committed newbuild installment schedule amounts to approximately US\$5.1 billion
- The installments do not include spares, construction supervision, operation preparation and mobilization or capitalized interests
- Covers Daewoo I+II, Eastern I+II, Mosvold I+II, Jurong I+II+III, T11 and 4 newbuild jack-ups

Scheduled delivery incentives through backload payments



## Average rig fleet age



**Seadrill is building the most modern floater fleet**

Average age: Jack-ups and floaters

Source: Pareto and ODS



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## Contract status floaters

Customer	2007				2008				2009				2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Semi-submersibles</b>																				
West Alpha	Statoil																			
US\$255,000																				
West Venture	Norsk Hydro																			
US\$230,000																				
West E-drill <sup>1 &amp; 2</sup>	Total																			
Newbuild - US\$502M																				
West Eminence <sup>1 &amp; 4</sup>	Newbuild - US\$520M																			
West Hercules (D1) <sup>1</sup>	Husky																			
Newbuild - US\$512M																				
West Aquarius (D2) <sup>1 &amp; 4</sup>	Newbuild - US\$526M																			
West Sirius (J1) <sup>1 &amp; 3</sup>	Devon																			
Newbuild - US\$443M																				
West Taurus (J2) <sup>1 &amp; 4</sup>	Newbuild - US\$451M																			
Jurong III (J3) <sup>1</sup>	Newbuild - US\$532M																			
<b>Drillships</b>																				
West Navigator	Shell																			
US\$240,000																				
West Polaris (M1) <sup>1</sup>	Exxon																			
Newbuild - US\$478M																				
West Capella (M2) <sup>1</sup>	Newbuild - US\$478M																			

■ Yard ■ Contract ■ Option

<sup>1</sup> Ex. spares, construction supervision, operation preparation and mobilization or capitalized interests

<sup>2</sup> The contract could be extended by two years at dayrate US\$465,000

<sup>3</sup> The contract could be extended by one or two years reducing the dayrates for the contract period to US\$450,000 or US\$440,000 respectively

<sup>4</sup> Seadrill has secured LOI for 5 year contract at US\$518,000 for one deepwater unit

Order backlog of approx. US\$3,500 million



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# Contract status jack-ups

Customer	2007				2008				2009				2010				2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Jack-ups</b>																				
West Epsilon	Statoil				US\$305,000				US\$305,000											
West Atlas (S1) <sup>1</sup>	Coogee				Newbuild - US\$129M				US\$257,500											
West Triton (S2) <sup>1</sup>	ADA				Newbuild - US\$129M				US\$275,000											
West Ceres (S3)	Total				US\$166,000				Market rate											
West Prospero (S4) <sup>1</sup>	Exxon				Newbuild - US\$128M				US\$205,000											
West Larissa (S5)	Premier/VietsoPetro				US\$125-195,000				US\$183,500											
West Janus (S6)	Cairn				US\$185,000															
West Titania (S7)					US\$150,000															
West Ariel (S8) <sup>1</sup>					Newbuild - US\$132M															

■ Yard   
 ■ Contract   
 ■ Option

<sup>1</sup> Ex. spares, construction supervision, operation preparation and mobilization or capitalized interests

Order backlog of approx. US\$840 million



# Contract status tender rigs

	Customer	2007				2008				2009				2010				2011			
		1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
<b>Tender barges</b>																					
T3 <sup>1</sup>	PTT	US\$42'	US\$51,000	US\$58,000	US\$70,000																06.2012
T4	Chevron	US\$46,000				US\$85,000															06.2013
T6 <sup>1</sup>	Carigali/CTOC	US\$64,000			US\$85,500																
T7	Chevron	US\$53,000																			
T8	Total	US\$63'	US\$85,000			Market rate															
T9 <sup>1</sup>	Exxon	US\$66,000						Market rate													
T10 <sup>1</sup>	Carigali/Hess	Newb - US\$89M	US\$78,000										US\$78,000								
T11	Chevron	Newbuild - US\$100M				US\$112,000															07.2013
Teknik Berkas <sup>1</sup>	Carigali	US\$57,000	US\$65,000					US\$65,000													
<b>Semi-tenders</b>																					
West Alliance	Shell	US\$72,000			US\$85,000																
West Berani	Newfield/Chevron	US\$120,000						US\$151,000 <sup>2</sup>													03.2012
West Menang	Total	US\$88,000			US\$115,000																
West Pelaut	Shell	US\$61,000						US\$61,000													03.2014
West Setia	Murphy/Conoco	US\$82,000						US\$163,000 <sup>2</sup>													02.2012

■ Yard ■ Contract ■ Option

<sup>1</sup> Ownership 49%

<sup>2</sup> Seadrill has the option to use either West Berani or West Setia depending on rig availability

**Order backlog of approx. US\$1,450 million**



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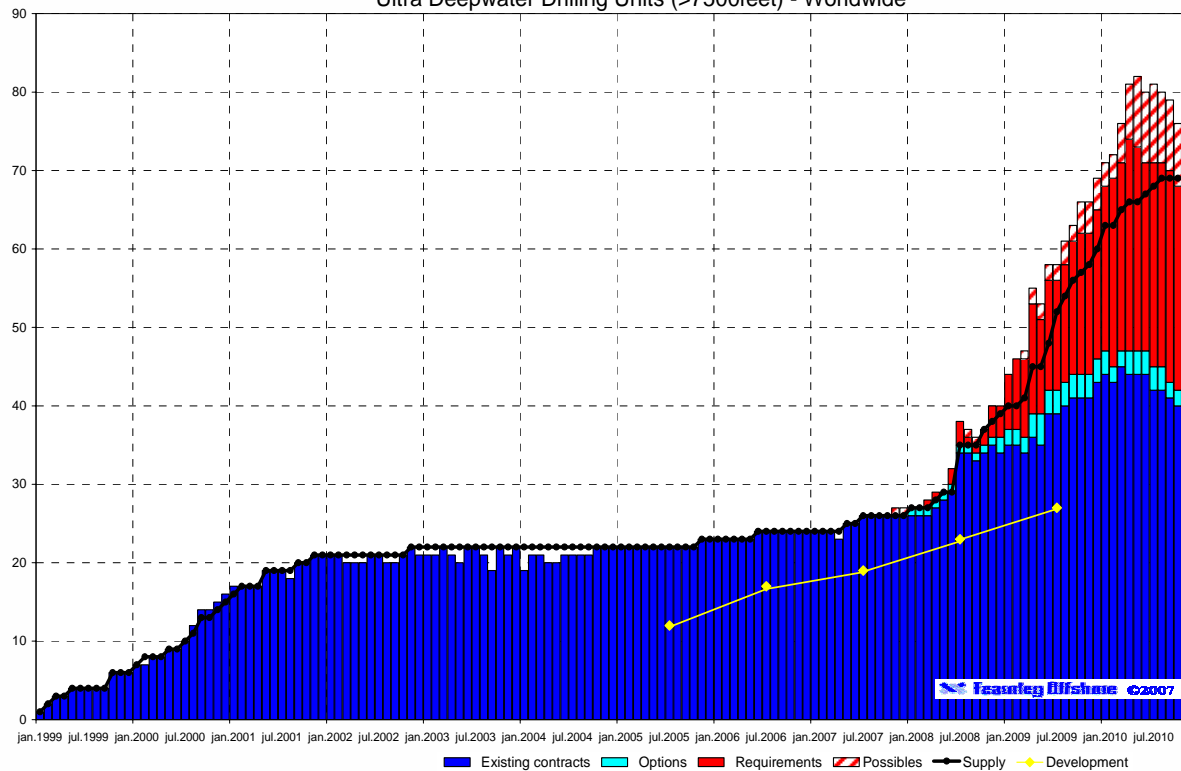
## Key current drivers

- Oil prices around US\$70/bbl
- Focus on infill drilling to mitigate production decline
- “Material Oil” strategies
- “Integrated Gas” strategies
- Significant further exploration required
- Long-term exploration drilling contracts



# Ultra-deepwater demand supply 1999-2010

**Contract Status & Expected Demand 1999-2010:**  
Ultra Deepwater Drilling Units (>7500feet) - Worldwide

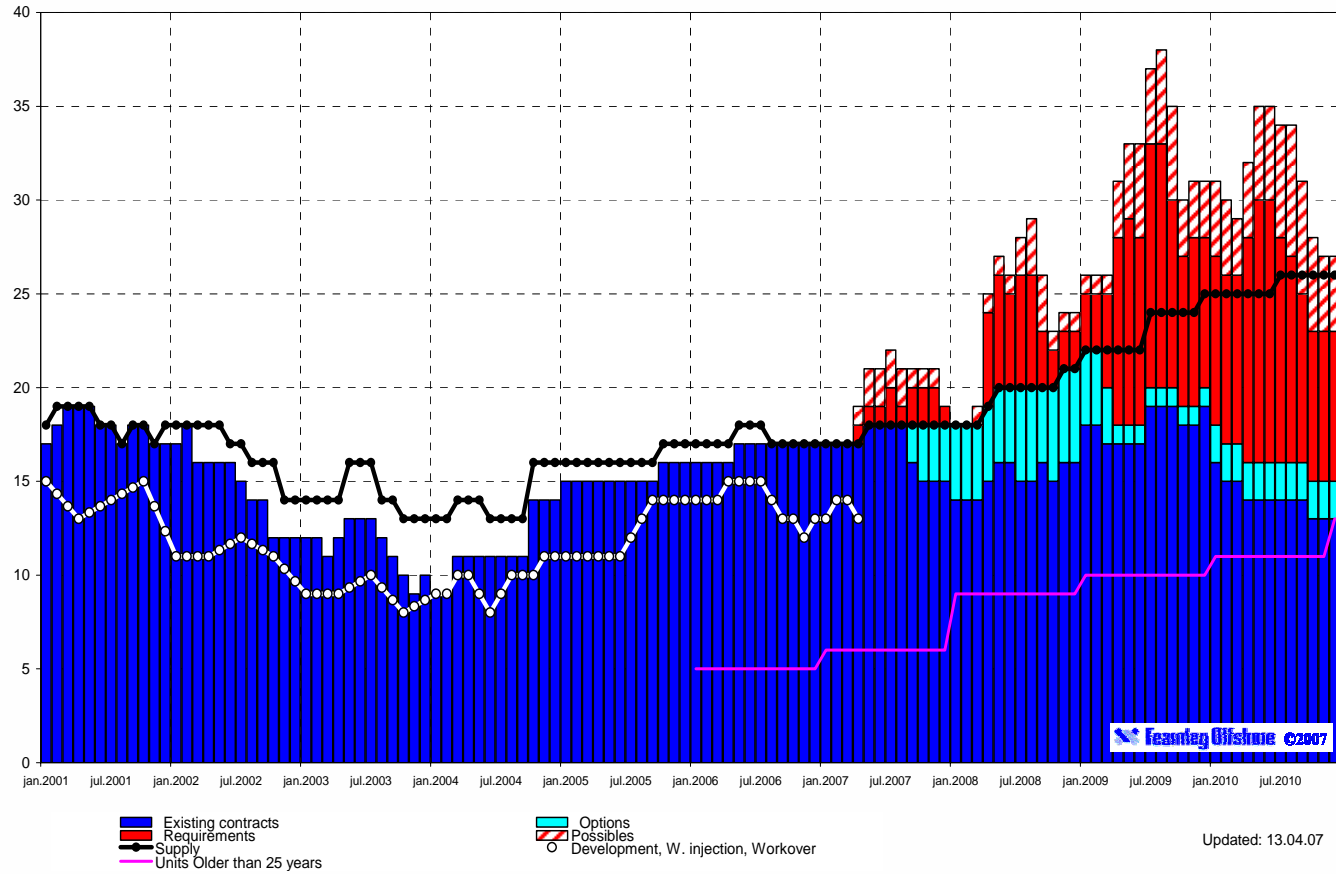


Source: Fearnley Offshore



# Demand supply Norway

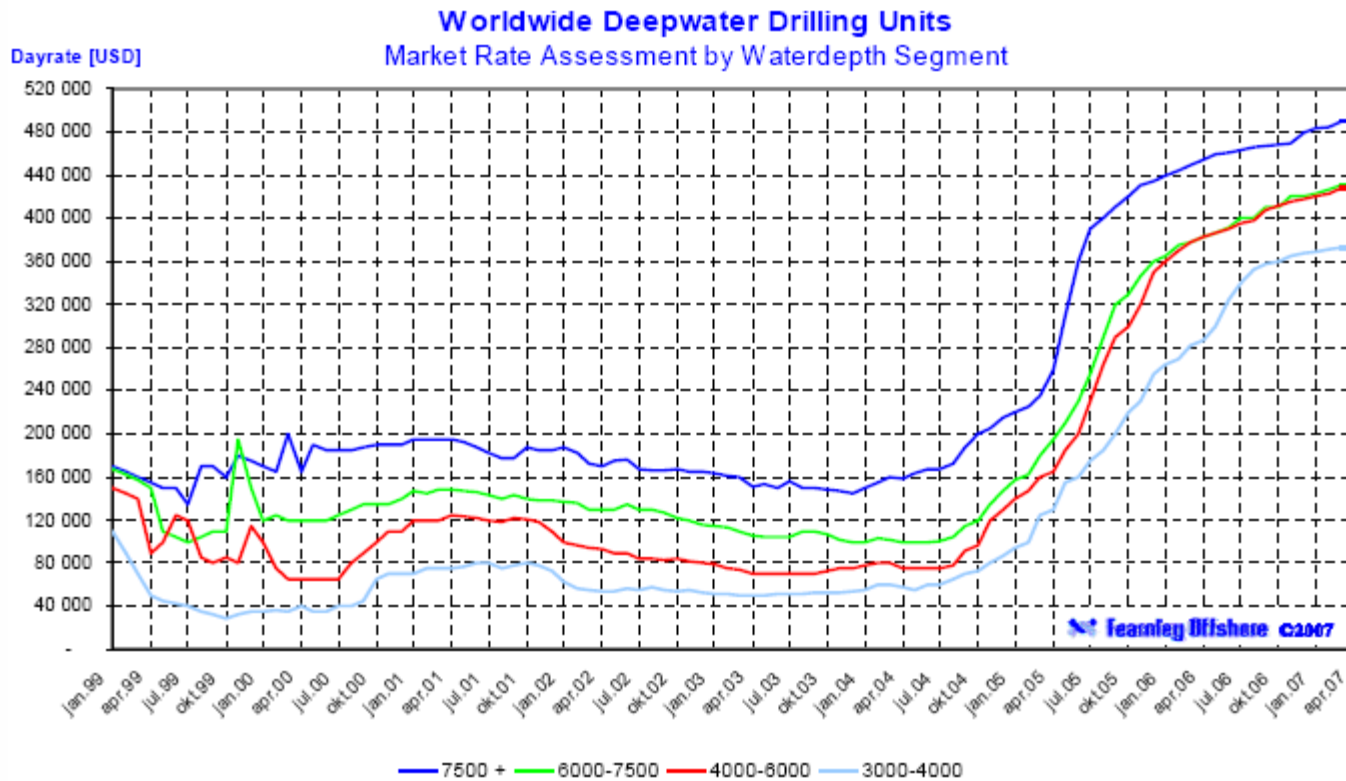
Norway/Russia 2001 - 2011: Floaters



Source: Fearnley Offshore



# Deepwater dayrates



Source: Fearnley Offshore



# Targeted dayrate level

## Our Investment Rule:

$$\frac{\text{5 year charter income} - \text{5 year all operating expenses (incl. taxes)}}{\text{Total investments incl. pre-delivery funding}}$$

> 1

**Newbuilds repaid in five years**



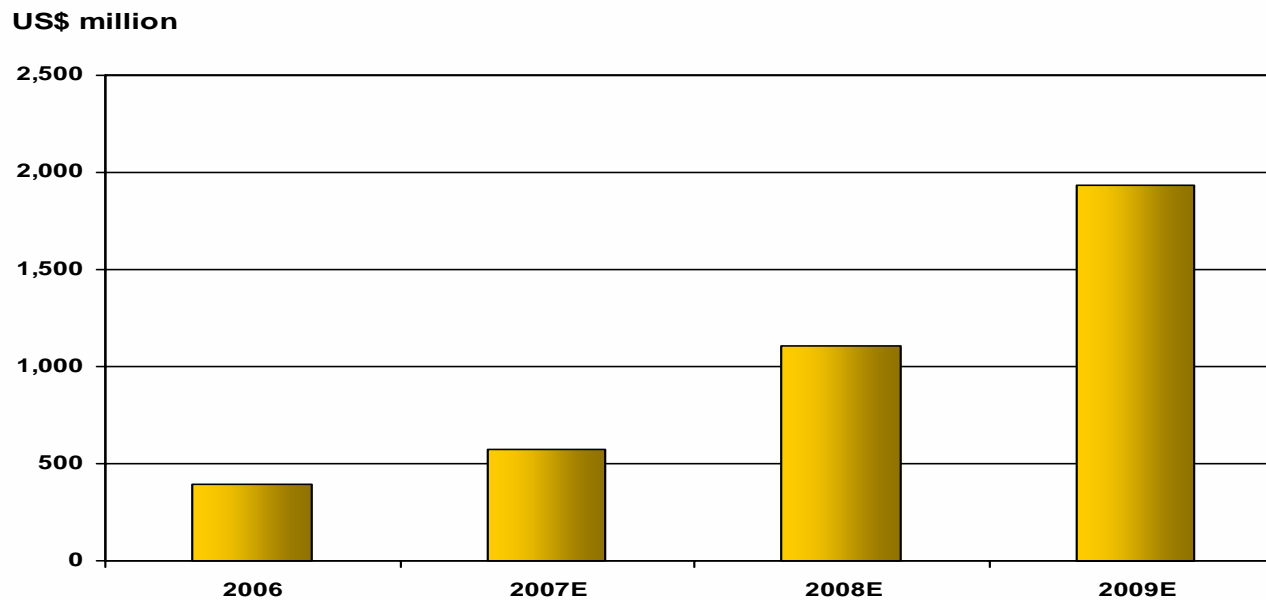
## Financial strategy

- Secure term contracts
- Maintain high financial leverage
- Employ various leverage structures such as sale/leaseback, MLPs etc. in addition to traditional bank debt

**High leverage to accompany high equity return**



## Possible EBITDA development (Market consensus)



**Growth supported by strong order backlog**

Source: SME Direkt May 2007



## Human resources

- Currently a pool of 5,200 employees as a basis
- More than 25 different nationalities
- Significant organic growth capacity
- Some 2,000 people to be hired over the next two years
- State of the art rig fleet

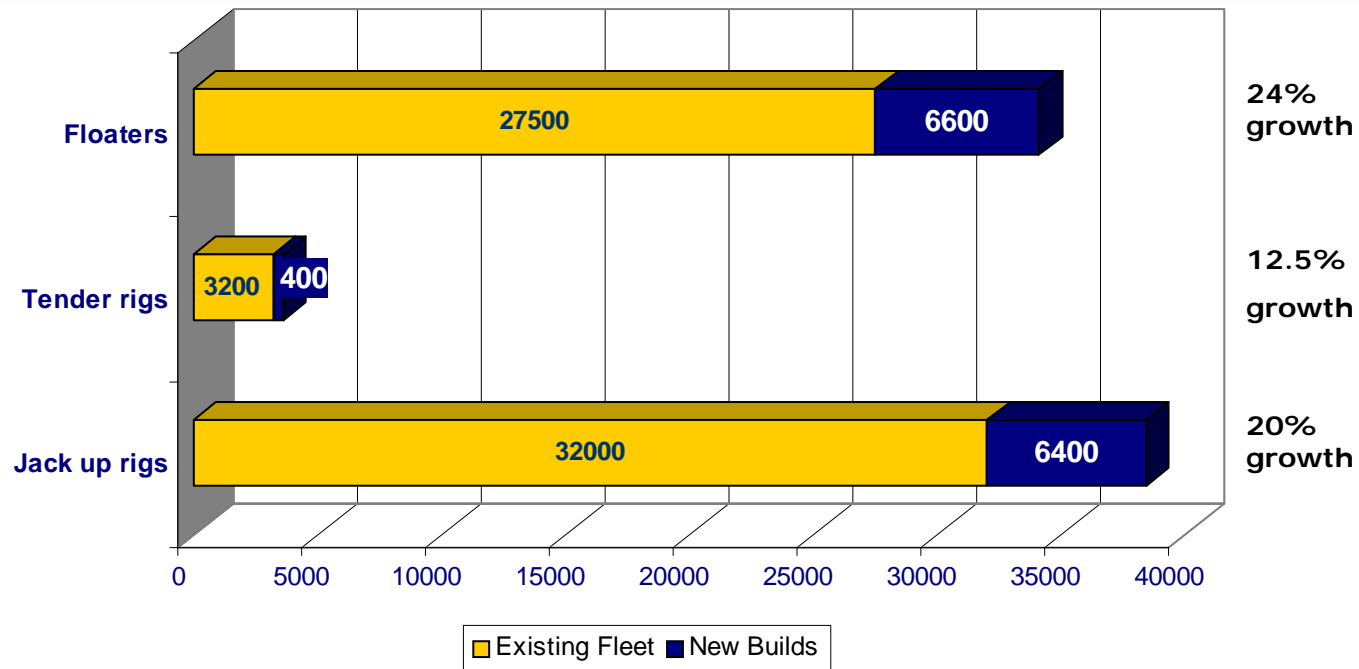


**An attractive employer long term**





## Expected global crew needs 2007 - 2010



**Total industry requirement is approximately 13,400 people representing 21% growth**




## Summary

- Newbuilding projects are in the main progressing as planned
- Acceptable term assignments secured for five out of nine deepwater newbuilds
- Strong market outlook in all segments builds the order backlog
- Actively pursuing leveraged financing structures for existing as well as new assets
- Continue to explore consolidation opportunities but equity return is main focus

**Creating a world leading drilling contractor**



Seadrill 



## Highlights 1Q 2007

- Net income of US\$168.2 million and EPS of US\$0.44
- All drilling units in operation with the exception of West Titania
- Jack-up sale and leaseback with Ship Finance for West Prospero at US\$210 million
- Disposal of FPSOs Crystal Ocean and Crystal Sea with gains of US\$123.3 million
- New assignments secured for the jack-ups West Janus and West Larissa as well as the newbuild jack-up West Triton (currently under construction)
- Mandatory offer for remaining outstanding shares in Eastern Drilling ASA
- Order of a third deepwater semi-submersible rig at Jurong for US\$532 million with delivery April 2010
- Letter of intent for deepwater unit for 5-year contract at dayrate US\$518,000



## Condensed Income Statement 1Q 2007

<i>Unaudited accounts in USD million</i>	<b>Actual 1Q07</b>	<b>Actual 4Q06</b>
<b>Revenues</b>		
Operating revenues	305.9	309.9
Reimbursables	28.2	48.8
Other revenues	145.1	28.4
<b>Total revenues</b>	<b>479.2</b>	<b>387.1</b>
<b>Operating expenses</b>		
Vessel and rig operating expenses	178.3	197.1
Reimbursable expenses	26.9	46.7
Depreciation and amortisation	43.1	42.4
General and administrative expenses	25.4	22.0
<b>Total operating expenses</b>	<b>273.7</b>	<b>308.2</b>
<b>Operating profit</b>	<b>205.5</b>	<b>78.9</b>
Interest income	2.5	5.0
Interest expense	(23.0)	(26.0)
Share of results from associated companies	6.9	2.7
Other financial items	(8.2)	(3.1)
<b>Net financial items</b>	<b>(21.8)</b>	<b>(21.4)</b>
<b>Income before income taxes and minority interest</b>	<b>183.7</b>	<b>57.5</b>
Income taxes	(13.7)	(0.3)
Minority interest	(1.8)	(2.1)
<b>Net income</b>	<b>168.2</b>	<b>55.1</b>
Earnings per share ( <i>in USD</i> )	0.44	0.14



## Condensed Consolidated Segment Information

<b>Mobile Units *</b>	<b>Actual</b>	<b>Actual</b>
<i>Unaudited accounts in USD million</i>	<b>1Q07</b>	<b>4Q06</b>
Operating revenues	174.1	178.3
Reimbursables	5.1	15.5
Other revenues	18.7	24.3
<b>Total revenues</b>	<b>197.9</b>	<b>218.1</b>
Vessel and rig operating expenses	92.1	106.1
Reimbursable expenses	4.4	14.0
Depreciation and amortisation	31.4	33.6
General and administrative expenses	18.2	16.8
<b>Total operating expenses</b>	<b>146.1</b>	<b>170.5</b>
<b>Operating profit</b>	<b>51.8</b>	<b>47.6</b>
Utilization	83%	97%
Average dayrate US\$	176,988	182,270

\* Excluding gains from sale of Crystal Ocean and Crystal Sea.



## Condensed Consolidated Segment Information

<b>Tender Rigs</b>	<b>Actual</b>	<b>Actual</b>
<i>Unaudited accounts in USD million</i>	<b>1Q07</b>	<b>4Q06</b>
Operating revenues	52.9	44.9
Reimbursables	4.0	4.4
Other revenues	3.0	4.1
<b>Total revenues</b>	<b>59.9</b>	<b>53.4</b>
Vessel and rig operating expenses	20.4	19.3
Reimbursable expenses	3.8	4.2
Depreciation and amortisation	9.8	7.1
General and administrative expenses	3.3	2.0
<b>Total operating expenses</b>	<b>37.3</b>	<b>32.6</b>
<b>Operating profit</b>	<b>22.6</b>	<b>20.8</b>
Utilization	100%	92%
Average dayrate US\$	73,854	68,670



## Condensed Consolidated Segment Information

### Well Services

	Actual 1Q07	Actual 4Q06
<i>Unaudited accounts in USD million</i>		
Operating revenues	78.9	86.7
Reimbursables	19.2	28.9
Total revenues	98.1	115.6
Vessel and rig operating expenses	65.7	71.7
Reimbursable expenses	18.8	28.4
Depreciation and amortisation	1.9	1.8
General and administrative expenses	3.9	3.2
Total operating expenses	90.3	105.1
Operating profit	7.8	10.5





## Condensed Consolidated Balance Sheet

Unaudited accounts in USD million

	31.03.07	31.12.06
<i>Current assets</i>		
Cash and cash equivalents	471.6	210.4
Receivables	408.8	463.5
Other investments	122.6	105.9
<b>Total current assets</b>	<b>1,003.0</b>	<b>779.8</b>
<i>Non-current assets</i>		
Investment in associated companies	161.9	238.1
Other non-current assets	68.3	46.1
Newbuildings	2,342.6	2,027.4
Drilling units	2,232.5	2,293.3
Goodwill	1,284.2	1,284.2
<b>Total non-current assets</b>	<b>6,089.5</b>	<b>5,889.1</b>
<b>Total assets</b>	<b>7,092.5</b>	<b>6,668.9</b>

Unaudited accounts in USD million

	31.03.07	31.12.06
<i>Current liabilities</i>		
Short-term interest bearing debt	1,015.5	255.4
Other current liabilities	404.4	465.3
<b>Total current liabilities</b>	<b>1,419.9</b>	<b>720.7</b>
<i>Non-current liabilities</i>		
Deferred taxes	234.0	227.8
Long-term interest bearing debt	2,033.6	2,559.3
Other non-current liabilities	183.3	195.4
<b>Total non-current liabilities</b>	<b>2,450.9</b>	<b>2,982.5</b>
Minority interest	257.2	208.0
<i>Shareholders' equity</i>		
Paid-in capital	2,449.8	2,449.8
Retained earnings	514.7	307.9
<b>Total shareholders' equity</b>	<b>2,964.5</b>	<b>2,757.7</b>
<b>Total shareholders' equity and liabilities</b>	<b>7,092.5</b>	<b>6,668.9</b>

