


# Seadrill – Howard Weil 42nd Annual Energy Conference

CFO - Rune Magnus Lundetrae

*New Orleans, March 2014*

Seadrill

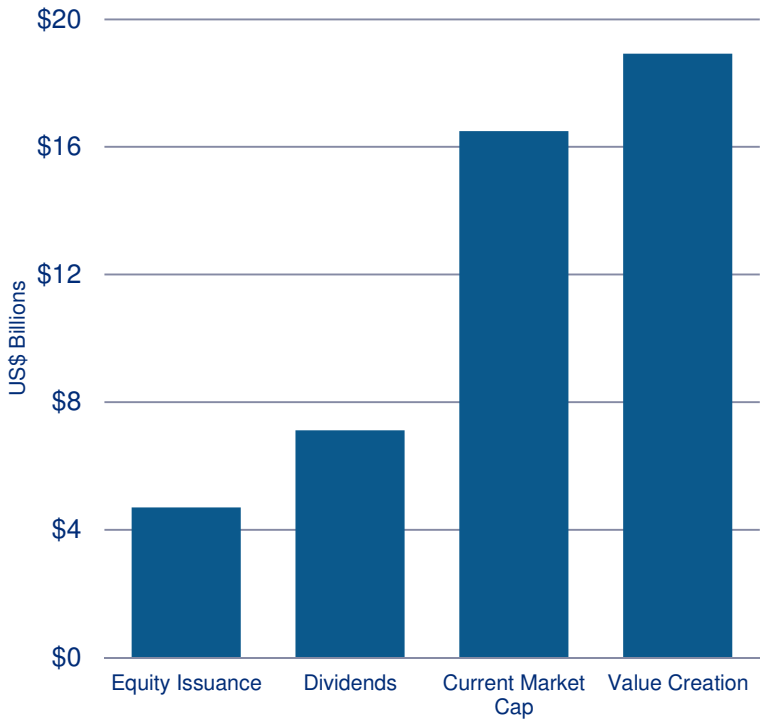
# Forward Looking Statements

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. 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.



# Seadrill Limited Overview

- Most modern fleet of all the major offshore drillers
- Diverse asset base of 69[(1)] 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 |
|---|---|
| Seadrill | › **Largest modern fleet** of globally fungible assets<br>› **M&A and newbuild** exposure<br>› **Opportunistic** market approach |
| Seadrill Partners LLC | › **Long-term contracted** assets at attractive rates<br>› **High stability** of cash flows<br>› Growth through equity funded **acquisitions** |
| NORTH ATLANTIC DRILLING | › Premium **harsh environment** fleet<br>› Exposure to **North Atlantic and Arctic growth**<br>› **High and sustainable barriers** to entry |

# 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




**Americas**
**12 units**

- 2 Drillships
- 5 Semis
- 5 jack-ups

**North Atlantic**
**7 units**

- 4 HE Semis
- 2 HE Jack-ups
- 1 Drillship

**Brazil**
**5 units**

- 5 Semis

**Africa – Middle East**
**15 units**

- 4 Drillships
- 2 Semis
- 1 Semi-tender
- 8 Jack-ups

**Asia Pacific**
**10 units**

- 2 Tender rigs
- 8 Jack-ups

**Newbuilds 20 units**

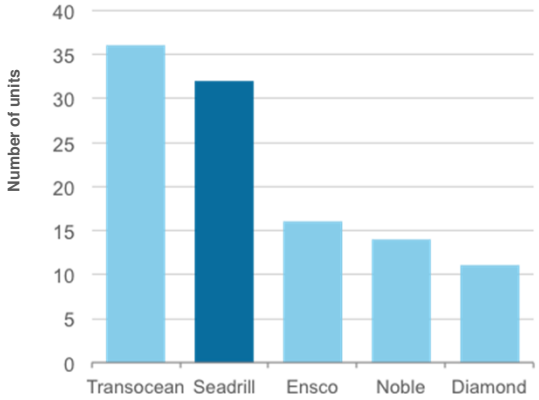
- 8 Drillships
- 3 Semis
- 9 BE jack-ups

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

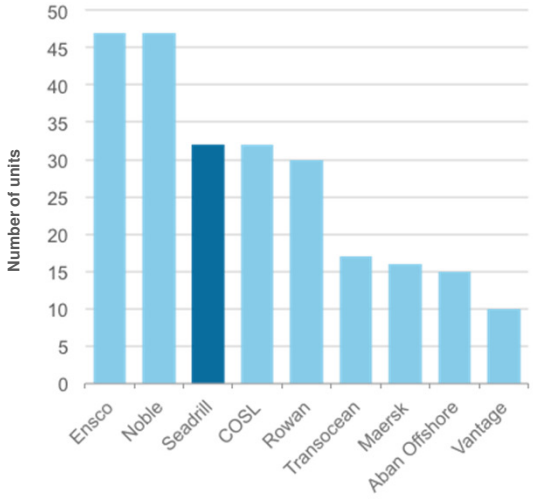
# Strategic Focus on Premium Asset Classes

## One of the largest Offshore Drillers…

Ultra-Deepwater Units

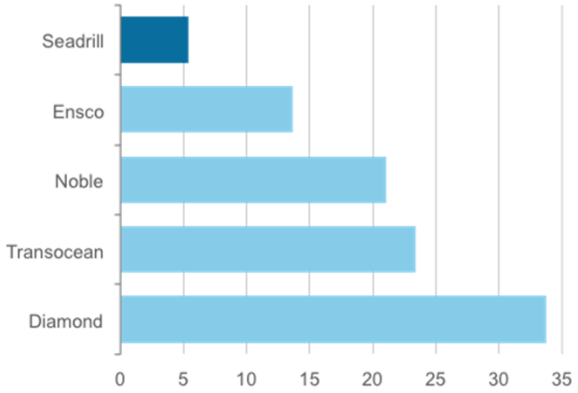



Jack-Up Units

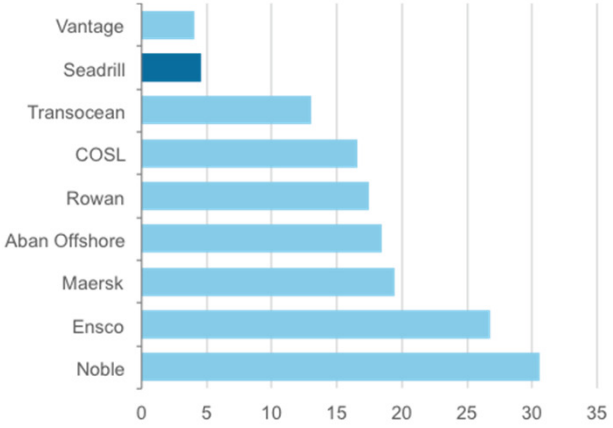



## …with a Modern Fleet…

Average Floater Age

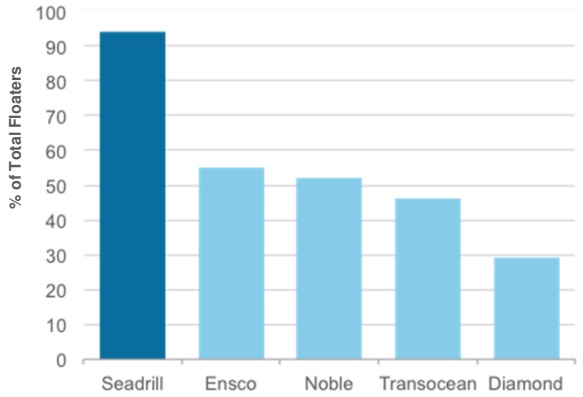



Average Jack-Up Age

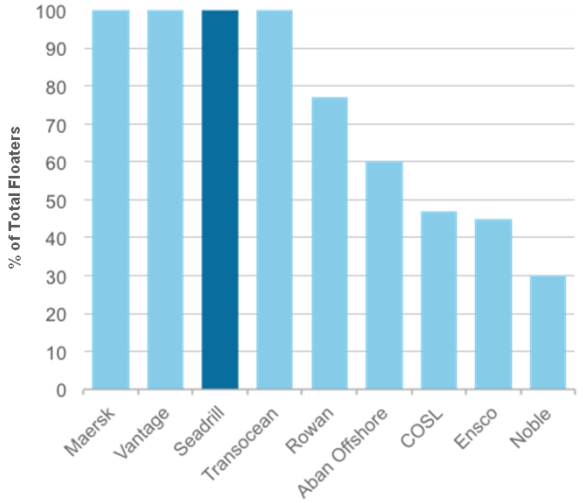



## …and Exposure to Premium Segments

% Ultra-Deepwater of Total Floaters

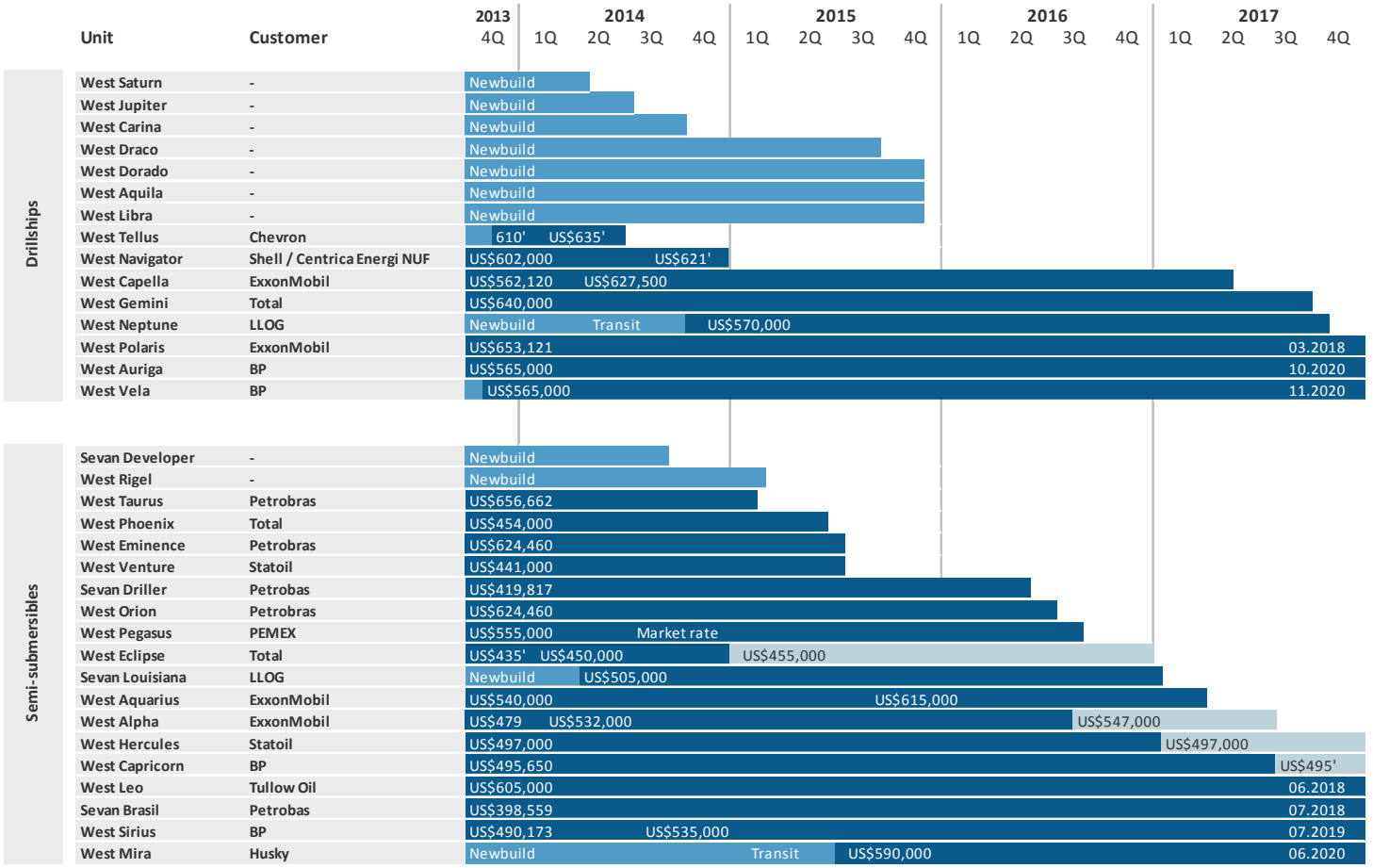


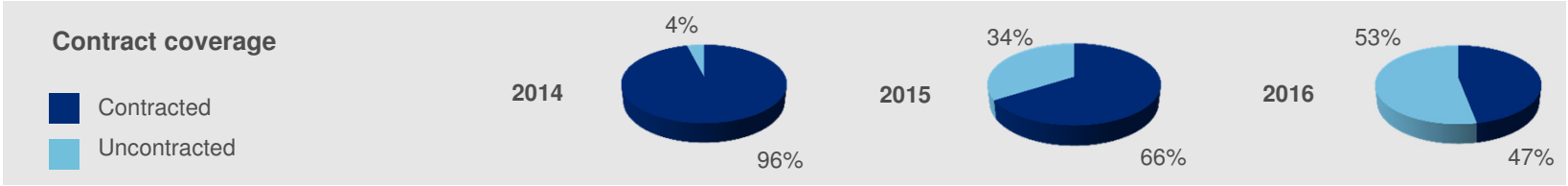

% of Jack-Up fleet >350' Water Depth



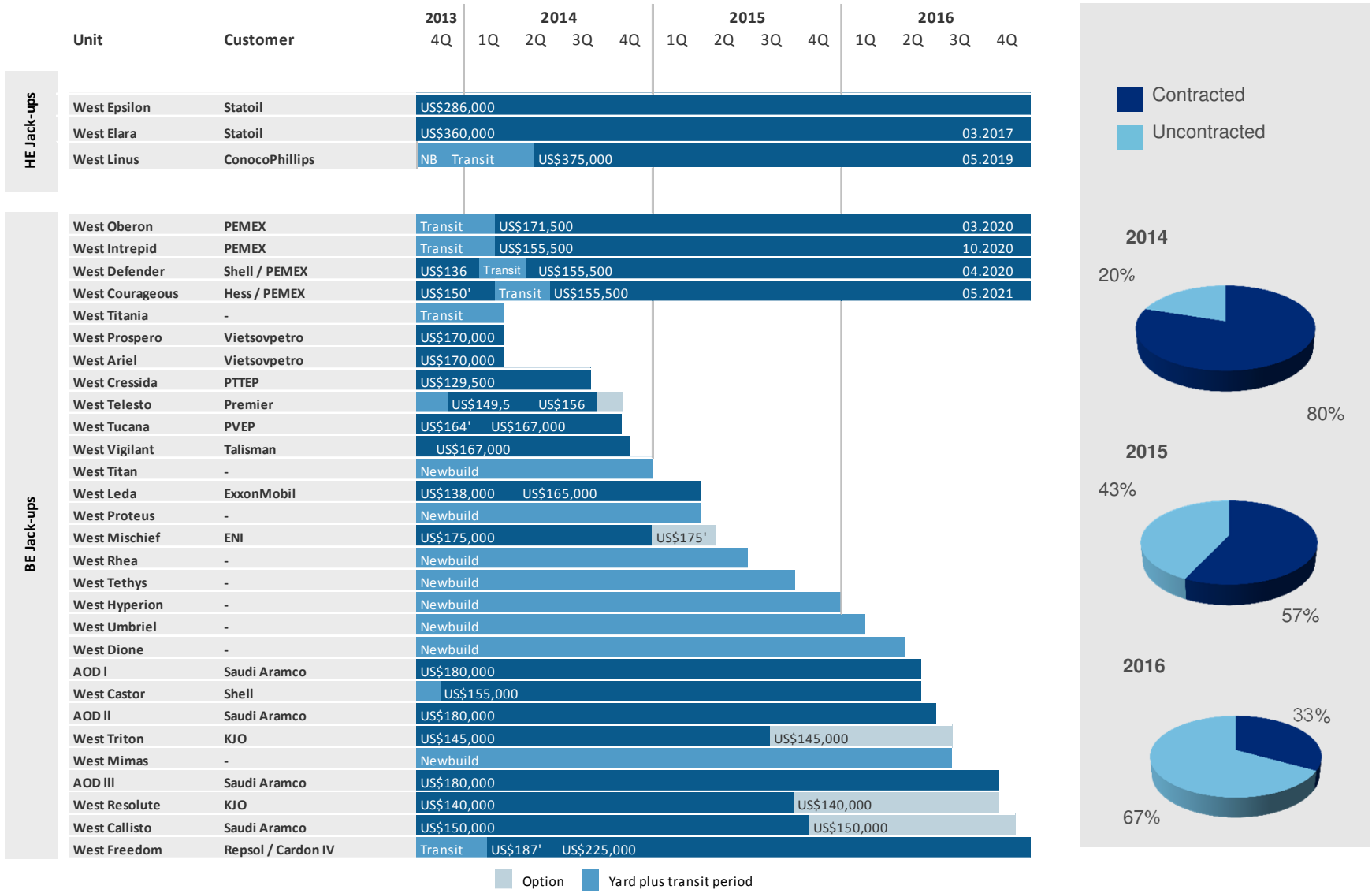

*Source: ODS Petrodata.*

# Floaters – US$15.4 Billion Contract Backlog



# Jack-ups - US$4.2 Billion Contract Backlog

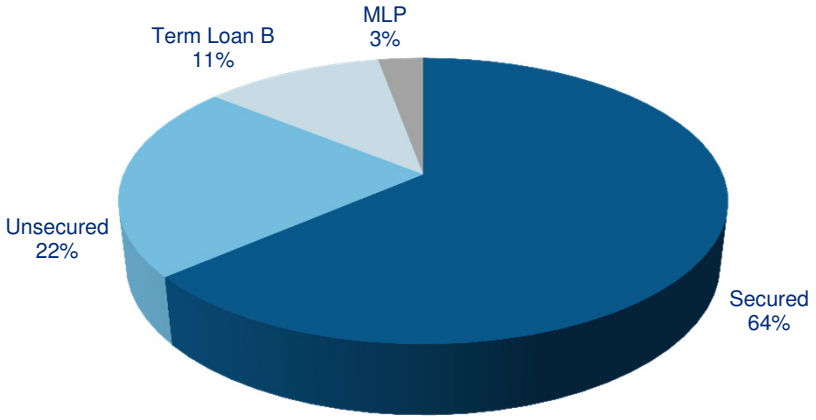



*Note: Backlog generated by the tender rigs (T15, T16 and West Vencedor) is US$0.5 billion.*

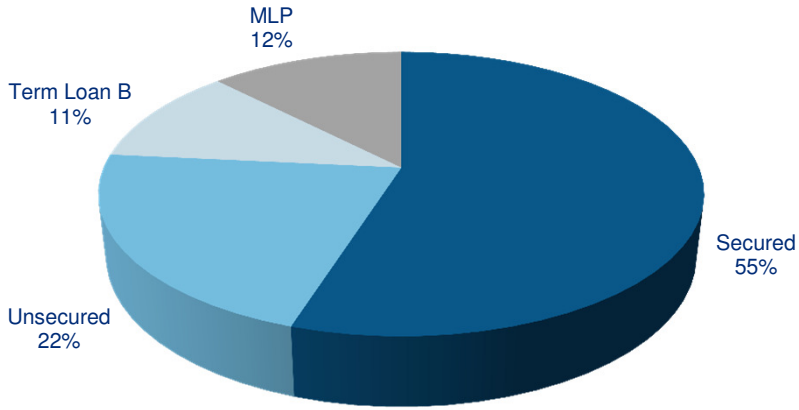
# Financial Flexibility

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## 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

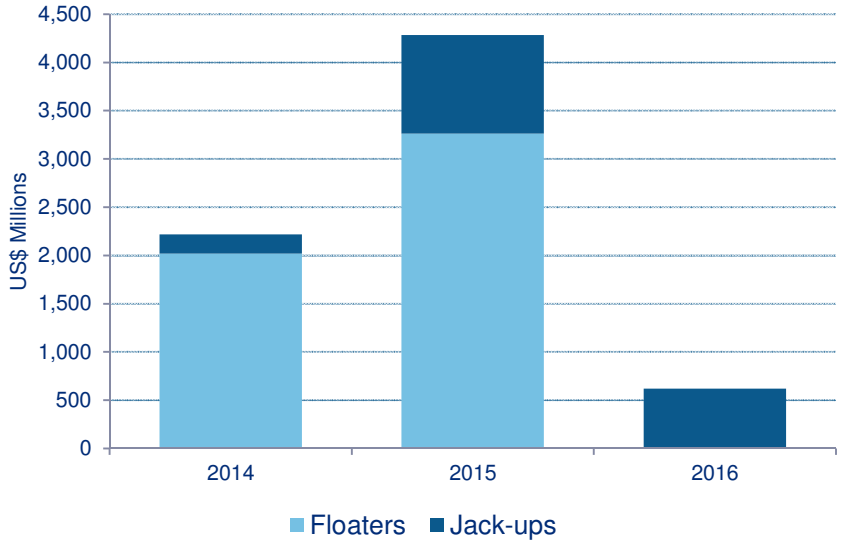
**Secured Financing**

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

**MLP**

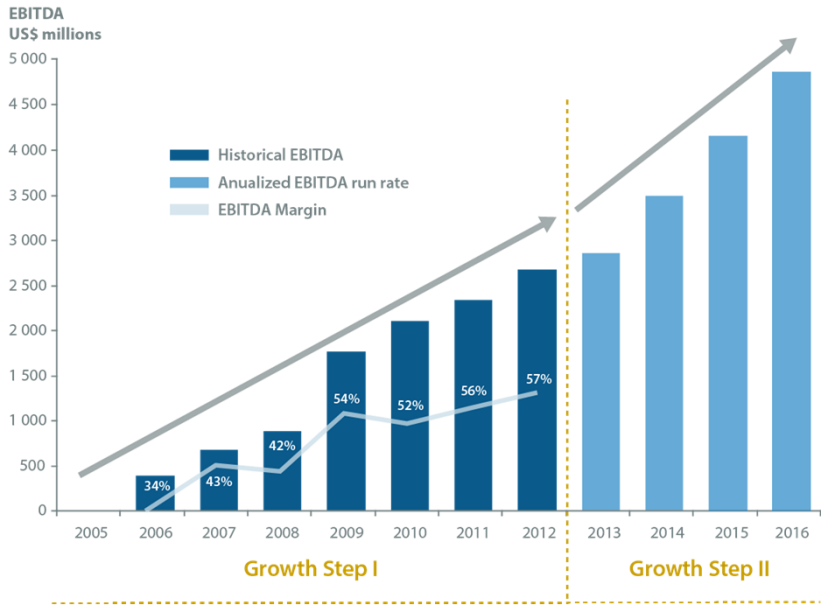
- US$356m – West Sirius and West Leo sale to SDLP
- US$1,800m TLB
- US$350m – West Auriga sale to SDLP

## Capex Per Year

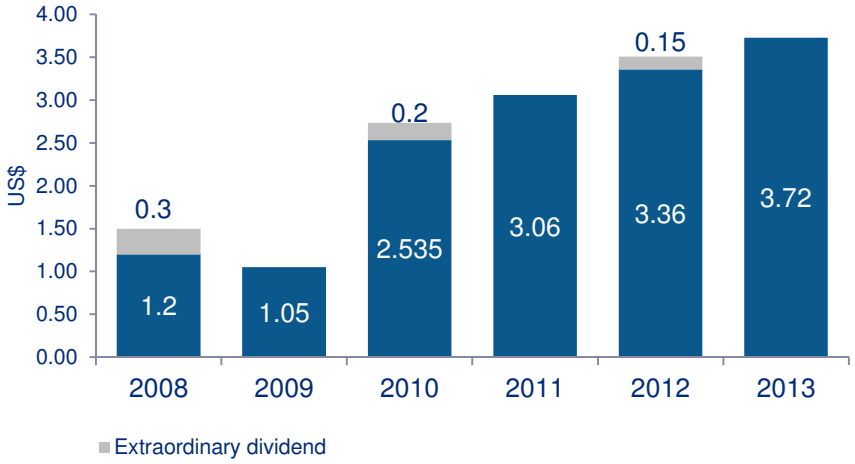


# Dividend Growth Continues to be a Priority… while maintaining a Growth Profile

- 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**

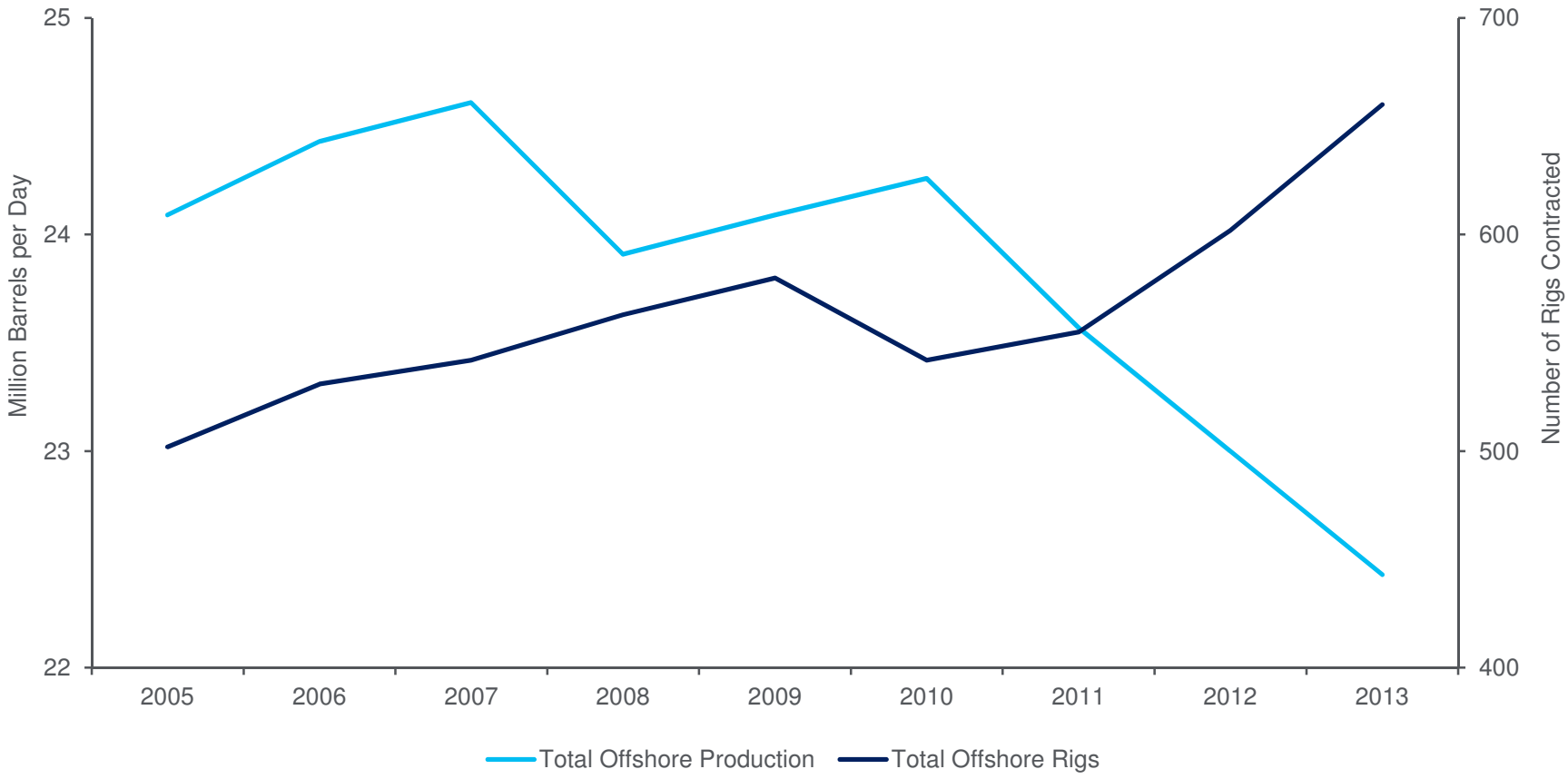



*The Q1 2013 dividend was paid in Q4 2012*

# Upstream Market Outlook



# Increased Service Intensity

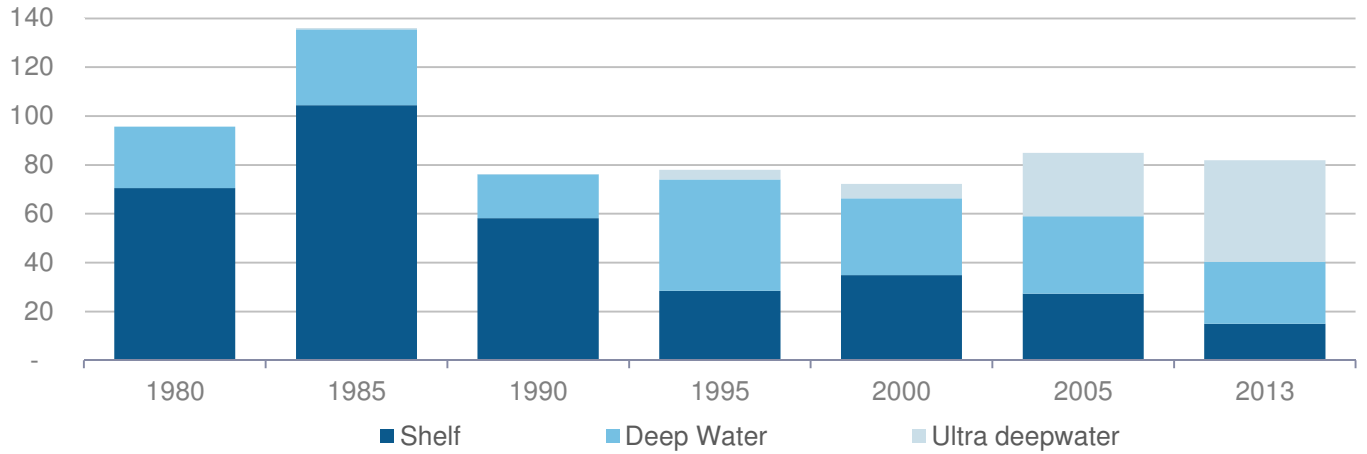



***More Rigs Working, but Declining Oil Production***

*Source: IEA, IHS, Wood Mackenzie, EIA, ODS Petrodata.*

# Recent Discoveries to Become Produced Volumes

## Discovered resources 1980 to 2013 *(Billion boe)*




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

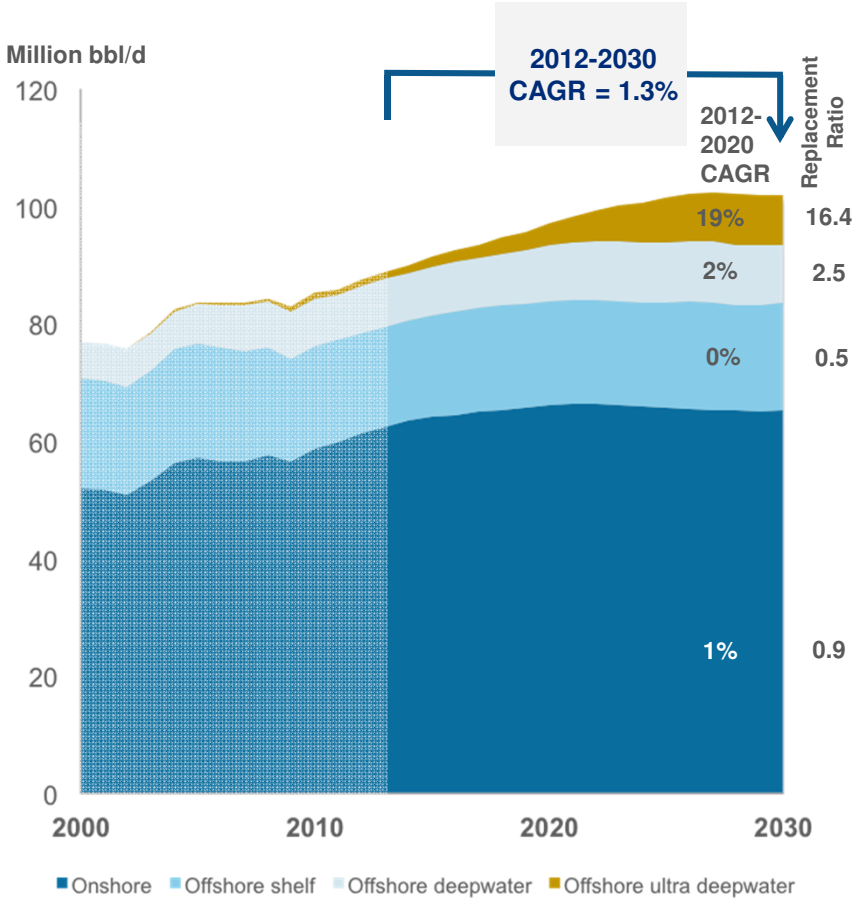
| Group | Waterdepth | Produced *Billion boe* | Discovered *Billion boe* | Replacements *Ratio* |
|---|---|---|---|---|
| Off-shore | Ultra Deepwater - 7500 ft + | 1 | 8 | 16,4 |
| | Deep - 400 - 7499 ft | 63 | 154 | 2,5 |
| | Shelf - 400 ft | 163 | 77 | 0,5 |
| | **Total** | **227** | **239** | 1,1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

*Source: Rystad Energy research and analysis; UCube*

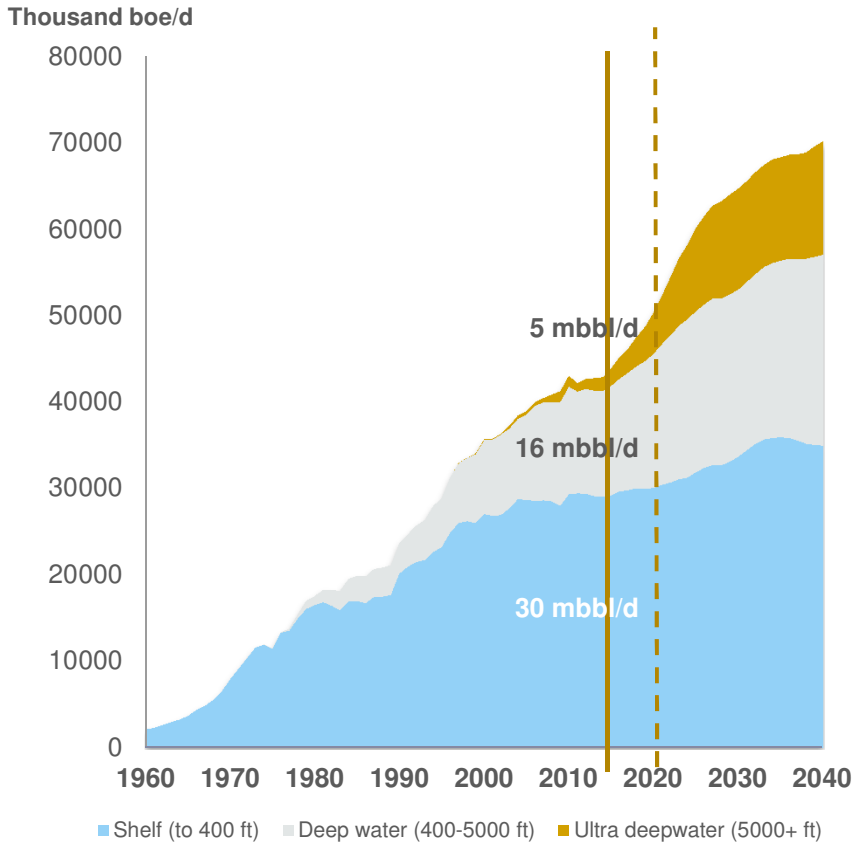
# Ultra-Deepwater Production Growth Accelerating

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## Global liquids production, by land and water depth

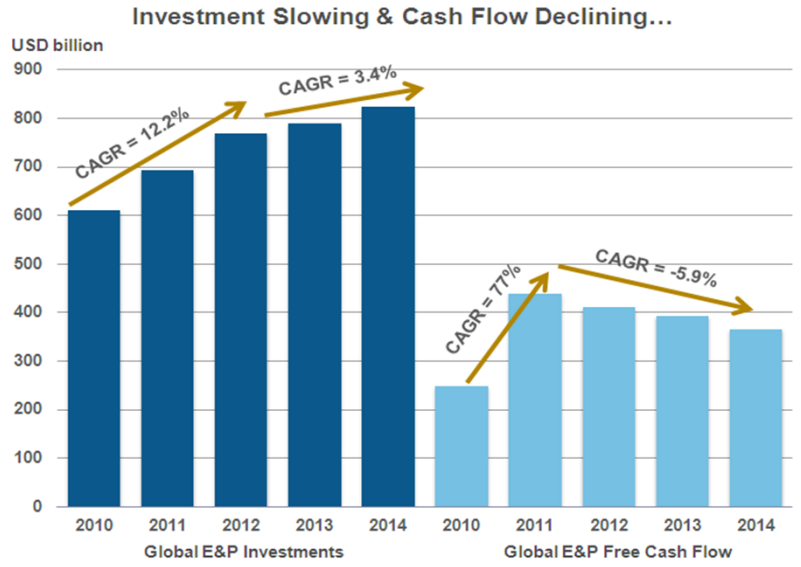


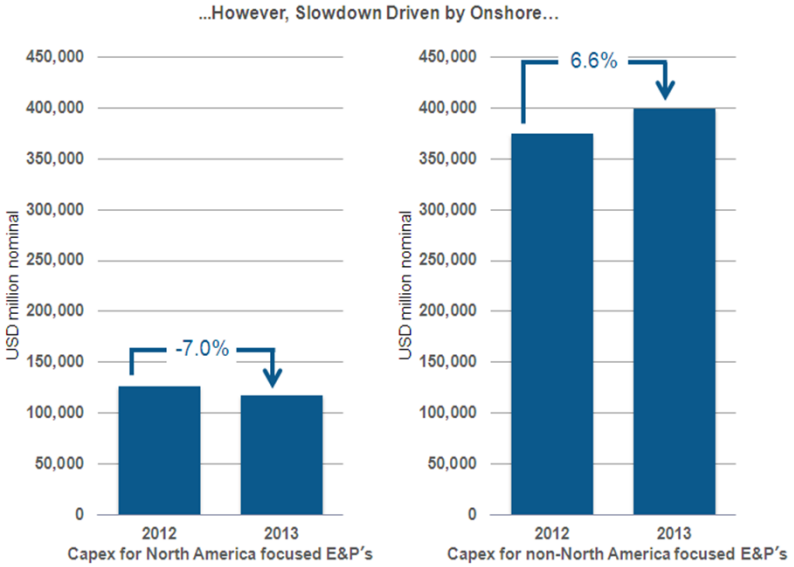

## Global offshore production by water depth 1960 - 2040



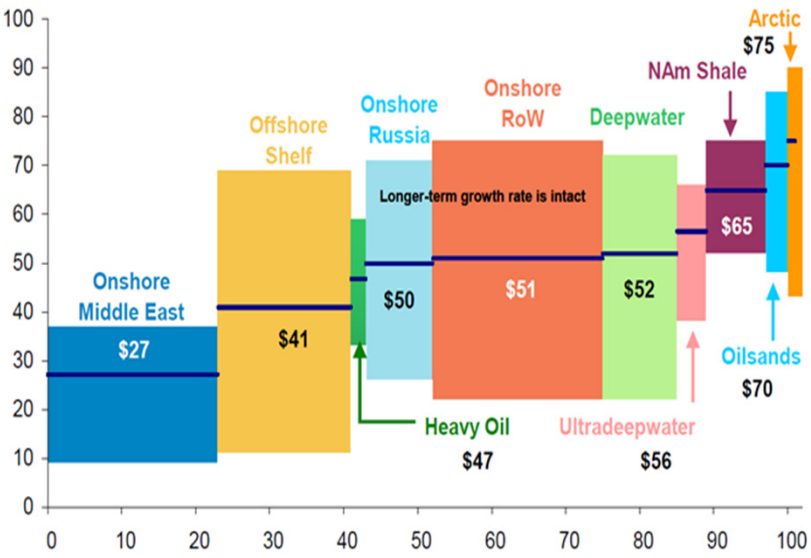

*Source: Rystad Energy.*

# Near Term Outlook




[1]




## 2014 Projects Pushed to 2015

- **Block 32**

→ Total – Angola

- **Mad Dog 2**

→ BP – Gulf of Mexico

- **Stampede**

→ Hess – Gulf of Mexico

- **Chevron Indonesia**

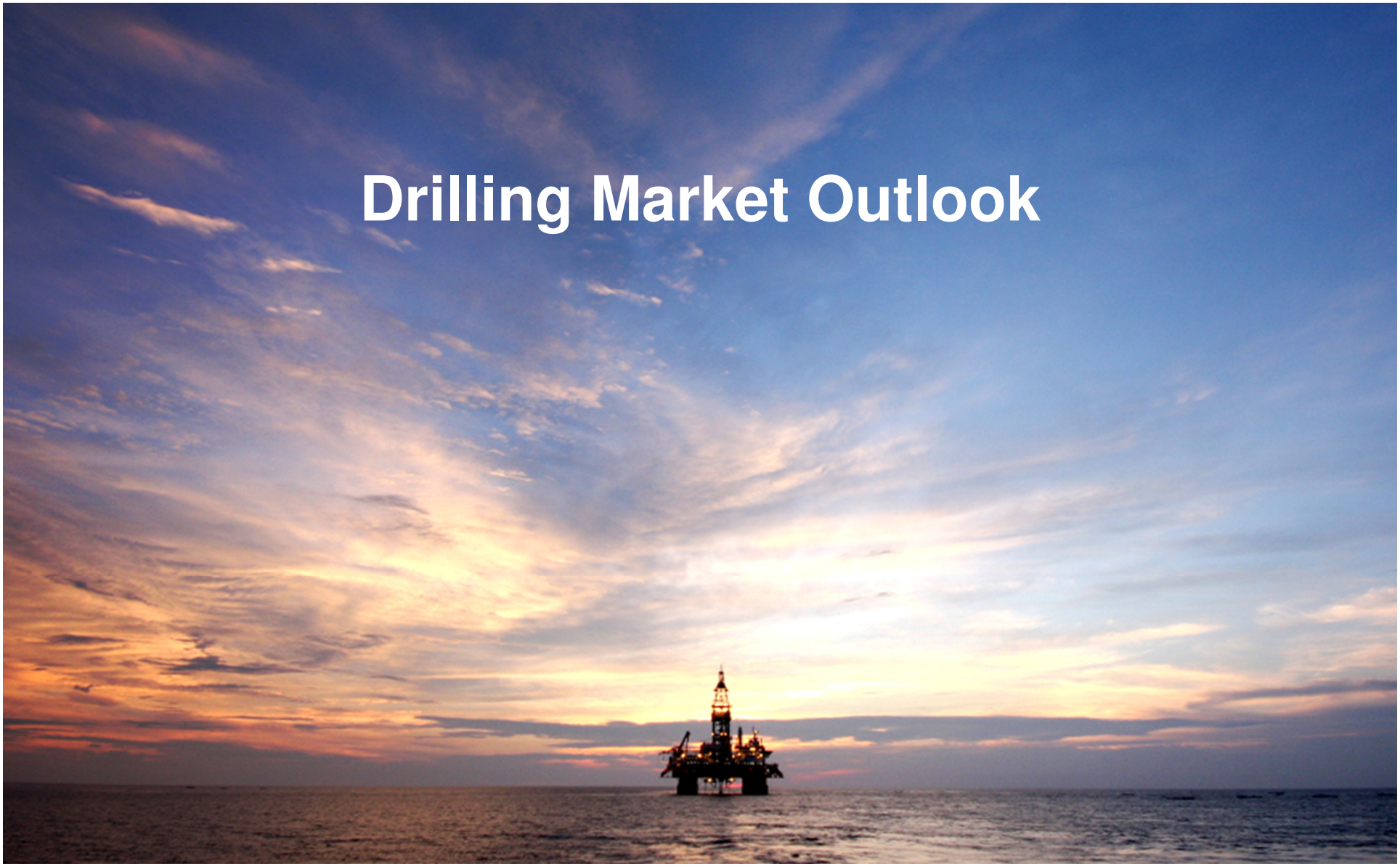
→ Chevron – Indonesia

- **Bonga**

→ 2 rigs - Nigeria

[1] **X-axis: total liquids production mbpd; Y-axis: avg Brent equivalent breakeven price, $/bbl**
*Source: Morgan Stanley and Rystad Energy*

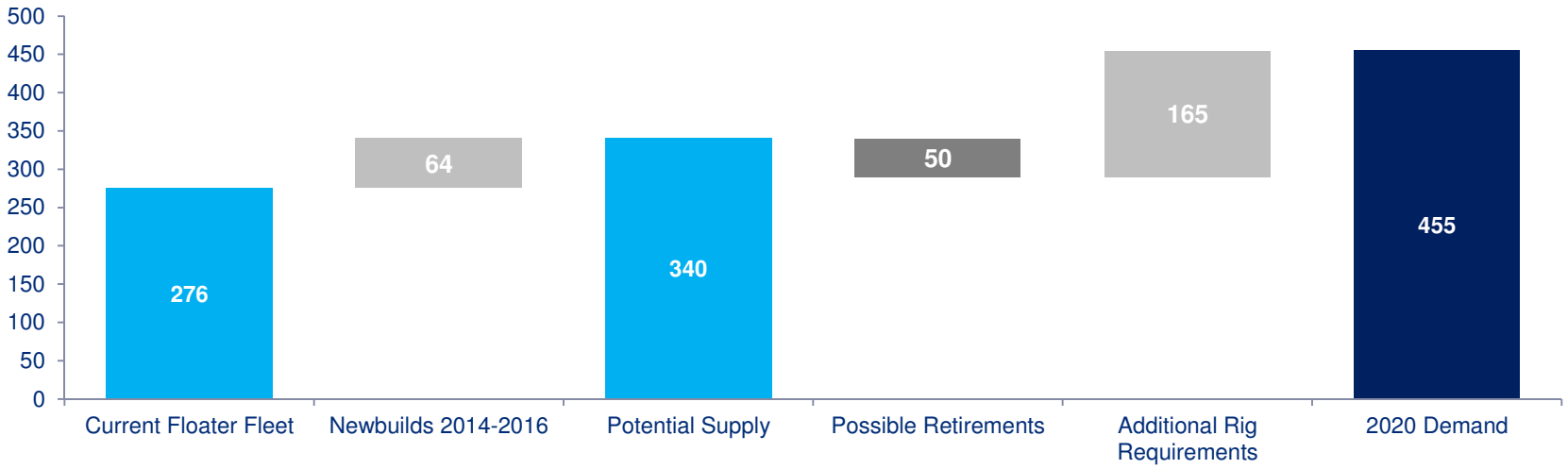
# Drilling Market Outlook



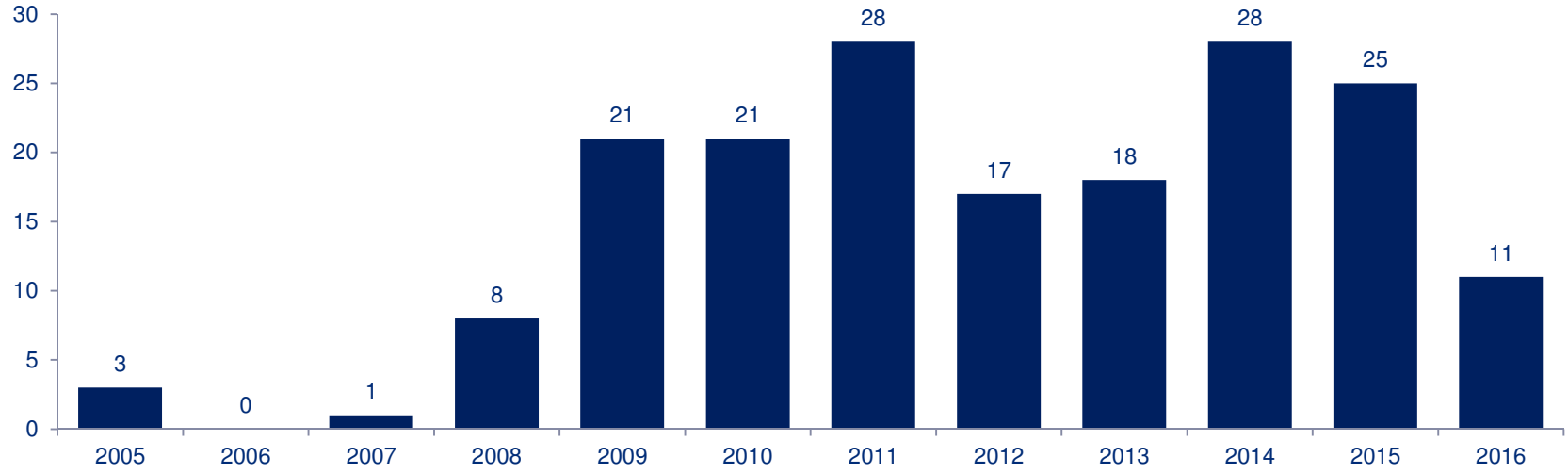
# Global Rig Supply & Demand Imbalance Favors Contractors

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**Significant Newbuilds Required to Bridge Expected Demand Gap**




**Ultra-Deep Water Deliveries**

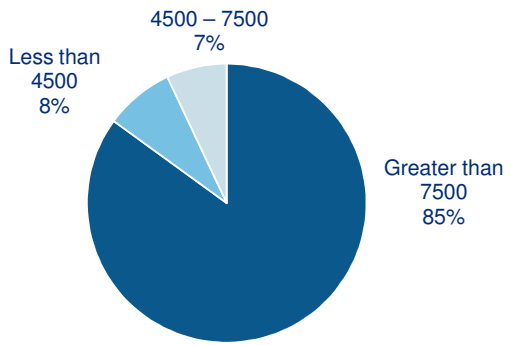



*Source: Rystad Energy, ODS Petrodata*

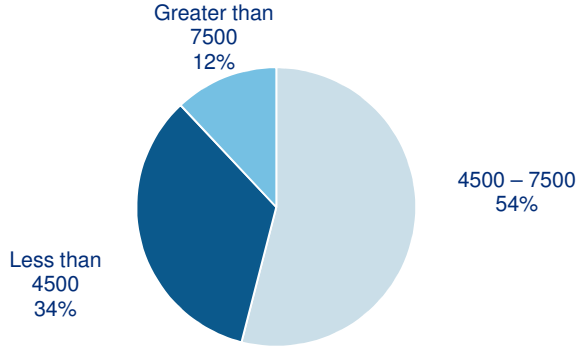
# Bifurcation in Deepwater is a Reality

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

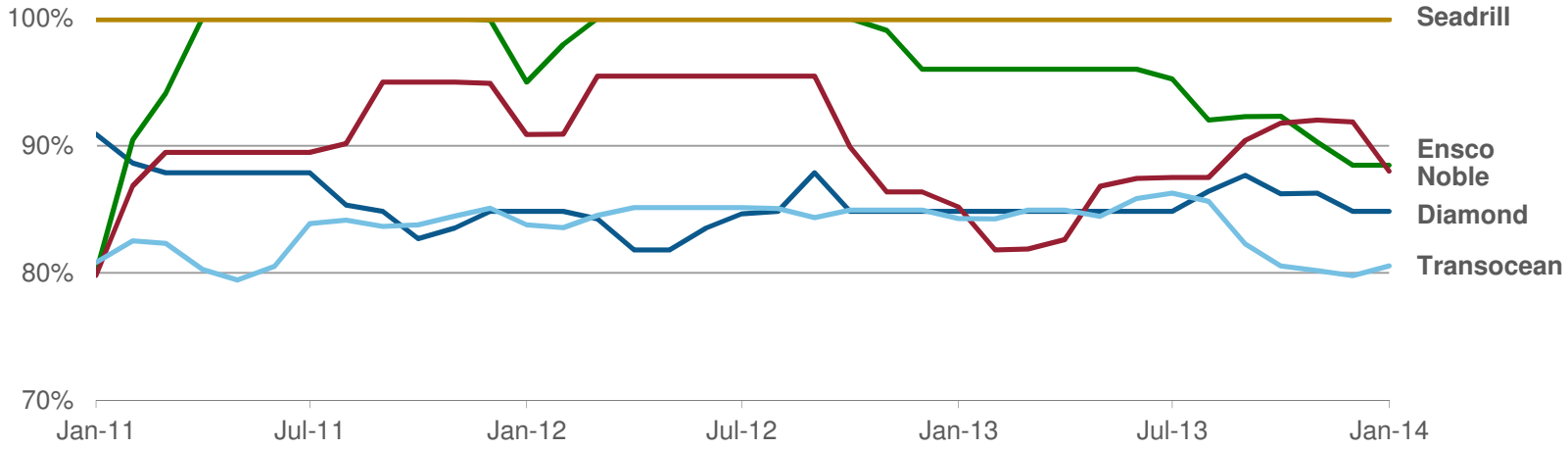
### Newbuild water depth




### Operating water depth



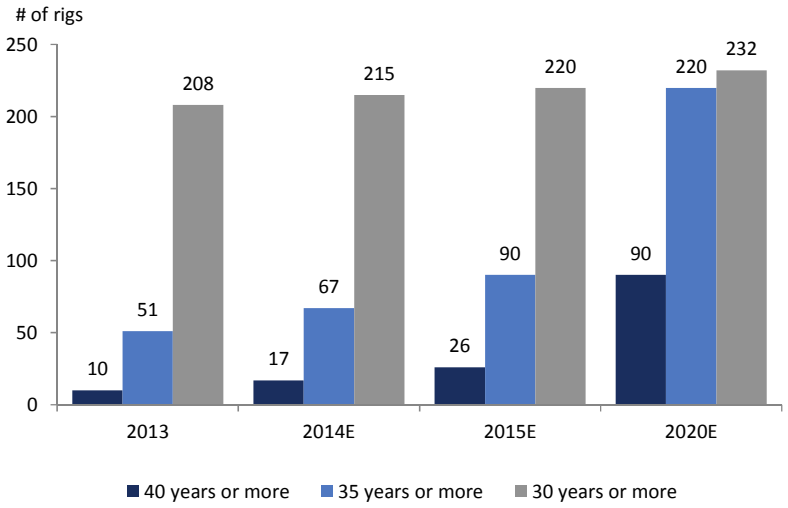

### Total floater utilization



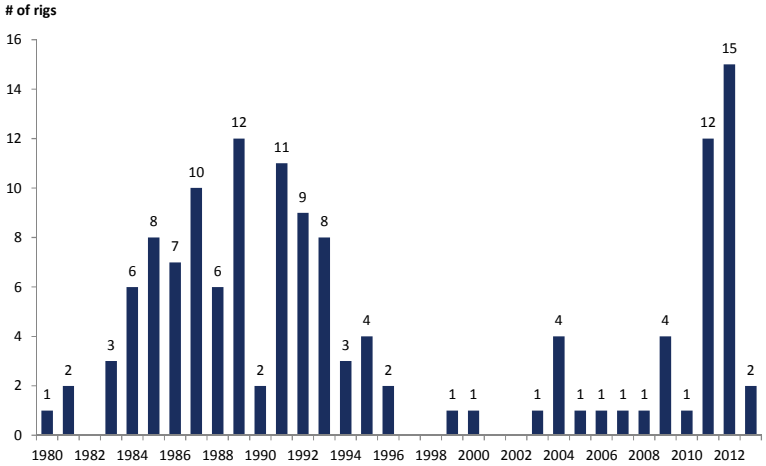

*Source: ODS Petrodata*

# Robust Jack-up Fundamentals

## Age Development of Contracted Jack-up Fleet




## Jack-ups Removed from the Market



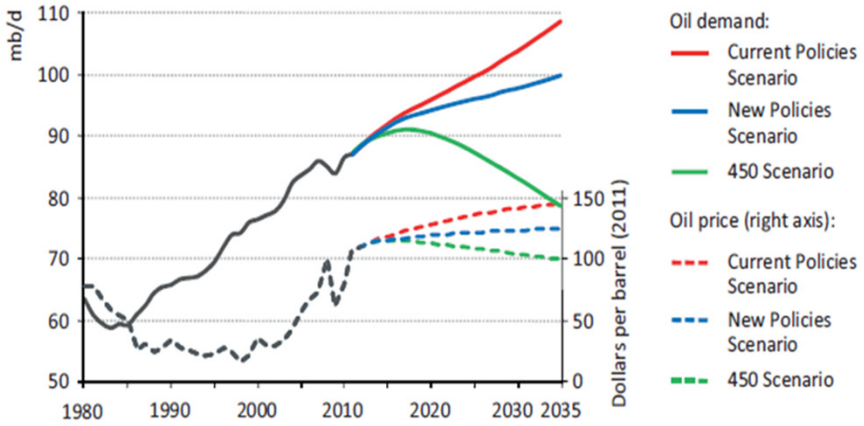

- In 2015 more than 220 of the currently contracted Jack-up fleet will be more than 30 years old
- 90 of the units will be more than 35 years old
- Scrapping & Conversion of older units increased in 2011 and 2012 with trend expected to continue

*Source: Pareto*


Conclusion

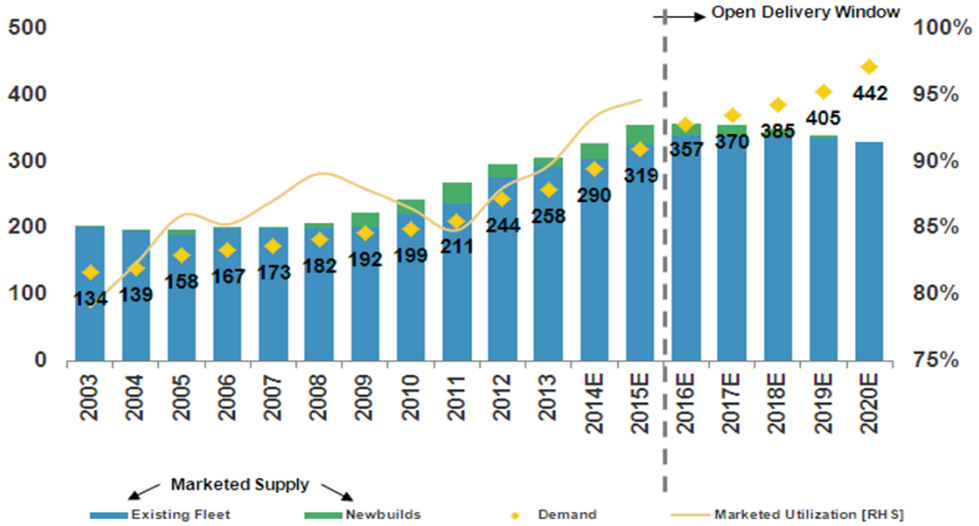
# Well Positioned to Weather the Storm…..

## World oil demand and oil price* by scenario

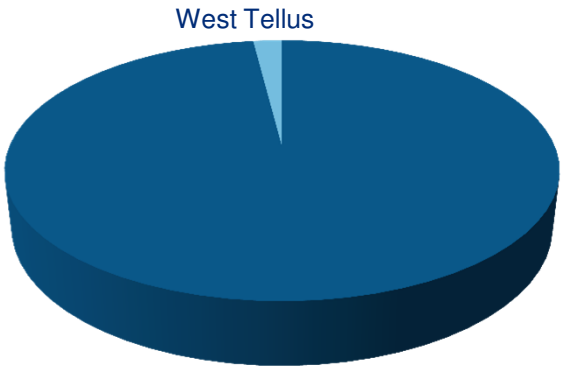



* Average IEA crude oil import price.

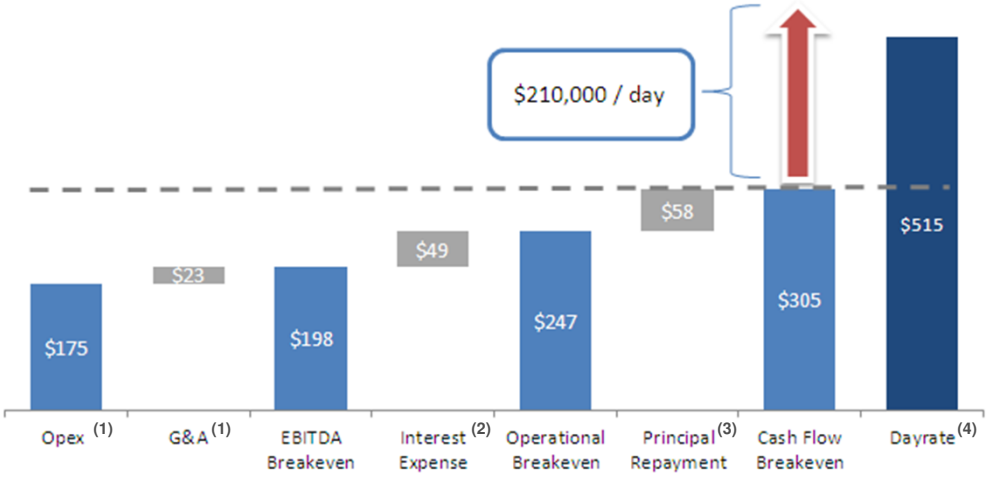
## Floater supply and demand




## 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 contrat 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 6th 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*