

Conference Call – 1Q 2014 Results

May 28, 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.



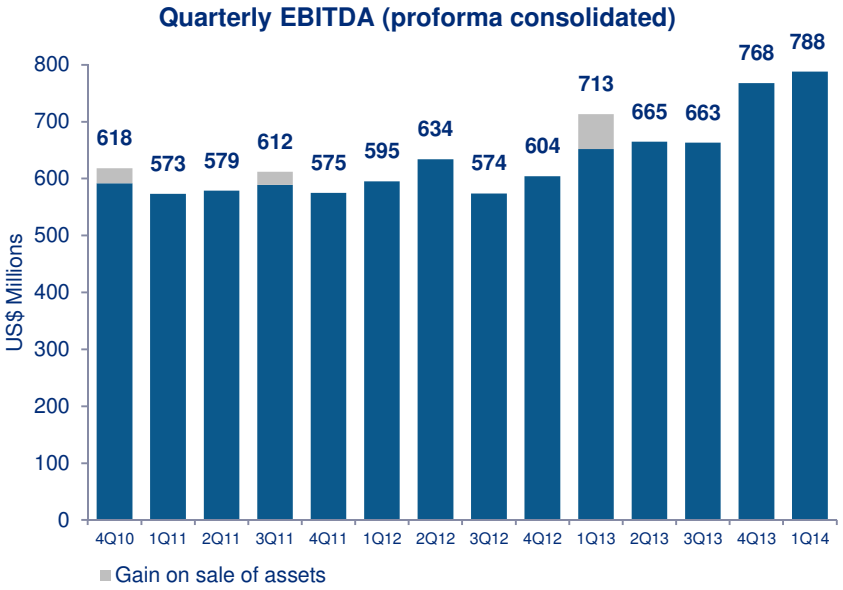
Seadrill First Quarter Call Agenda

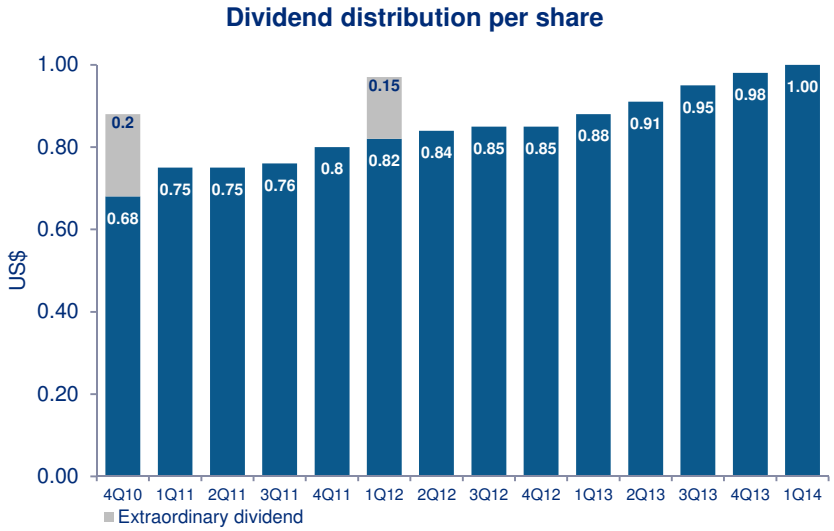
- Highlights 1Q 2014
- Subsequent events during 2Q 2014
- Seadrill Strategy & Market Outlook
- Financial Performance Highlights
- Appendix: Seadrill Limited Financials

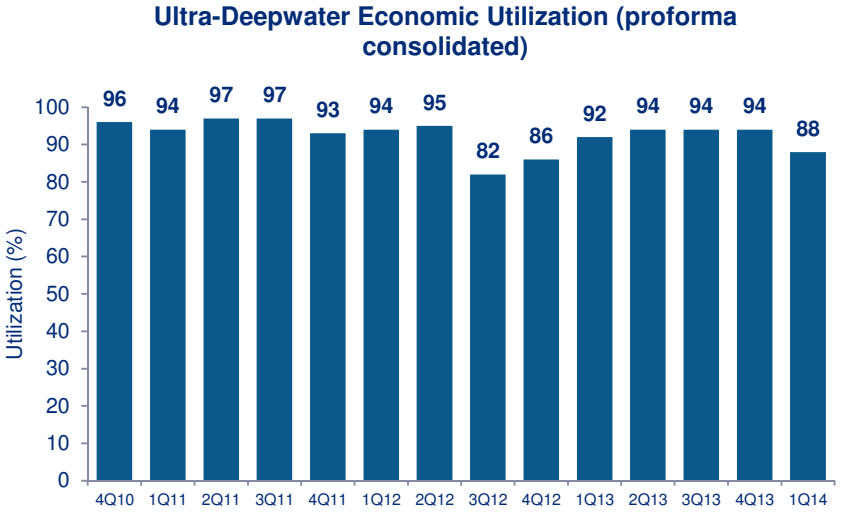


Financial Performance Highlights

- Seadrill generates consolidated EBITDA of US$788 million for the first quarter 2014
- Economic utilization for our floaters on a consolidated basis was 88 percent
- Seadrill increases the quarterly cash dividend by 2 cents to 1.00 dollar per share







Highlights

First Quarter 2014

- North Atlantic Drilling completes private placement of US$600 million unsecured bond issue maturing 2019
- North Atlantic Drilling completes its initial public offering of 13,513,514 common shares and began trading on January 29, 2014 on the New York Stock Exchange under the symbol "NADL".
- Seadrill Partners completes US$1.8 billion term loan B and US$100 million senior secured revolver.
- Seadrill completes placement of SEK 1,500 unsecured bond issue
- Seadrill executes contracts for four Jack-up units with Pemex in Mexico and establishes SeaMex, a 50/50 Joint Venture with Fintech Advisory Inc. formed for the purpose of owning and managing the jack-up drilling units as well as to develop and pursue further opportunities in the region
- Seadrill Limited sells part of the ultra-deepwater drillship West Auriga to Seadrill Partners for US$1.24 billion, financed with a US$416 million equity offering and intercompany loans
- The financial results of Seadrill Partners LLC have been deconsolidated from the financial results of Seadrill effective from January 2, 2014

Subsequent Events

Second Quarter 2014

- Seadrill secures contracts for the jack-up units West Tucana, West Telesto, West Ariel, and West Prospero. Additionally, the contract for the West Mischief has been extended by four months. The total revenue potential for the four new contracts and one extension is approximately US$433 million.

- Seadrill sells 230 million shares of SapuraKencana raising approximately US$300 million in proceeds. Seadrill continues to own approximately 490 million shares, representing an approximate 8% ownership stake in SapuraKencana.

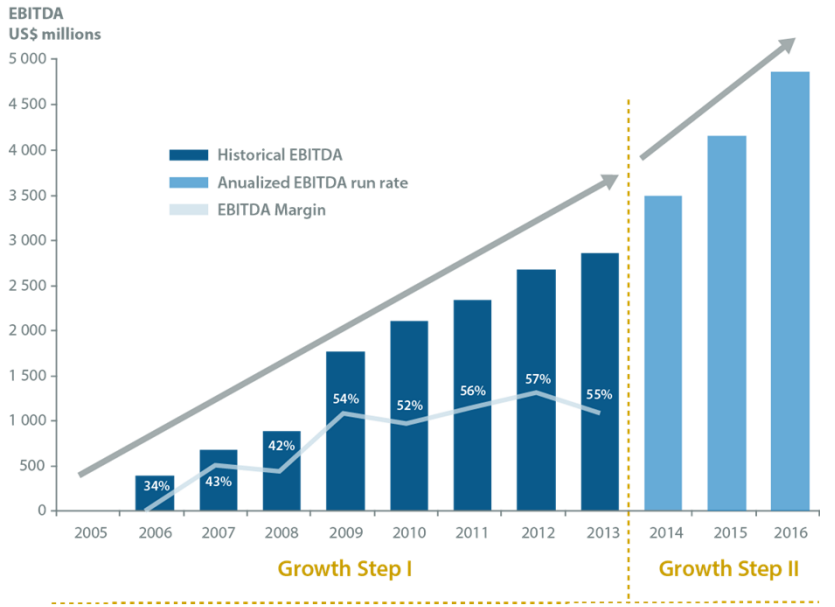
- North Atlantic Drilling annonces extensive Investment and Co-operation Agreement with Rosneft to partner in the Russian market.

Seadrill Strategy & Market Outlook

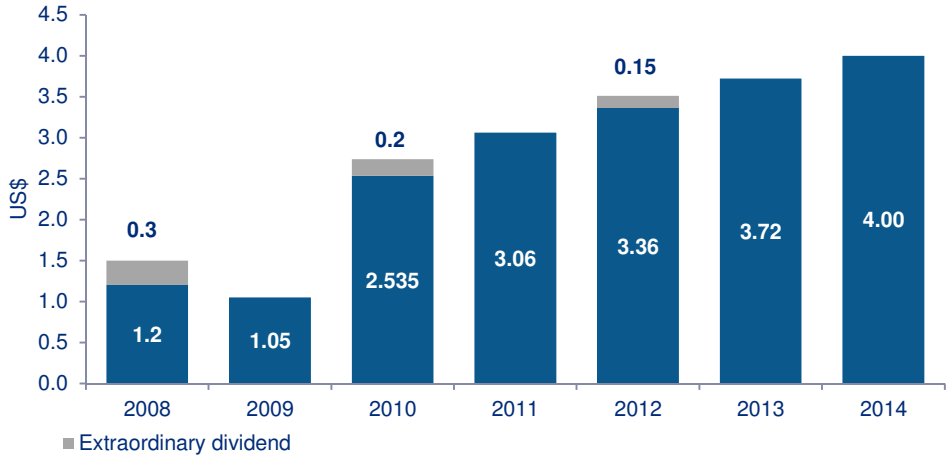


Dividend Distribution Continues to be a Priority… while maintaining a Growth Profile

- Key objective to grow quarterly dividends in a normalized market
- Quarterly cash dividend increased to 1.00 dollars per share in the first quarter
- Future dividends depend on:
  - Contract coverage
  - Market outlook
  - Leverage capacity
  - Future earnings

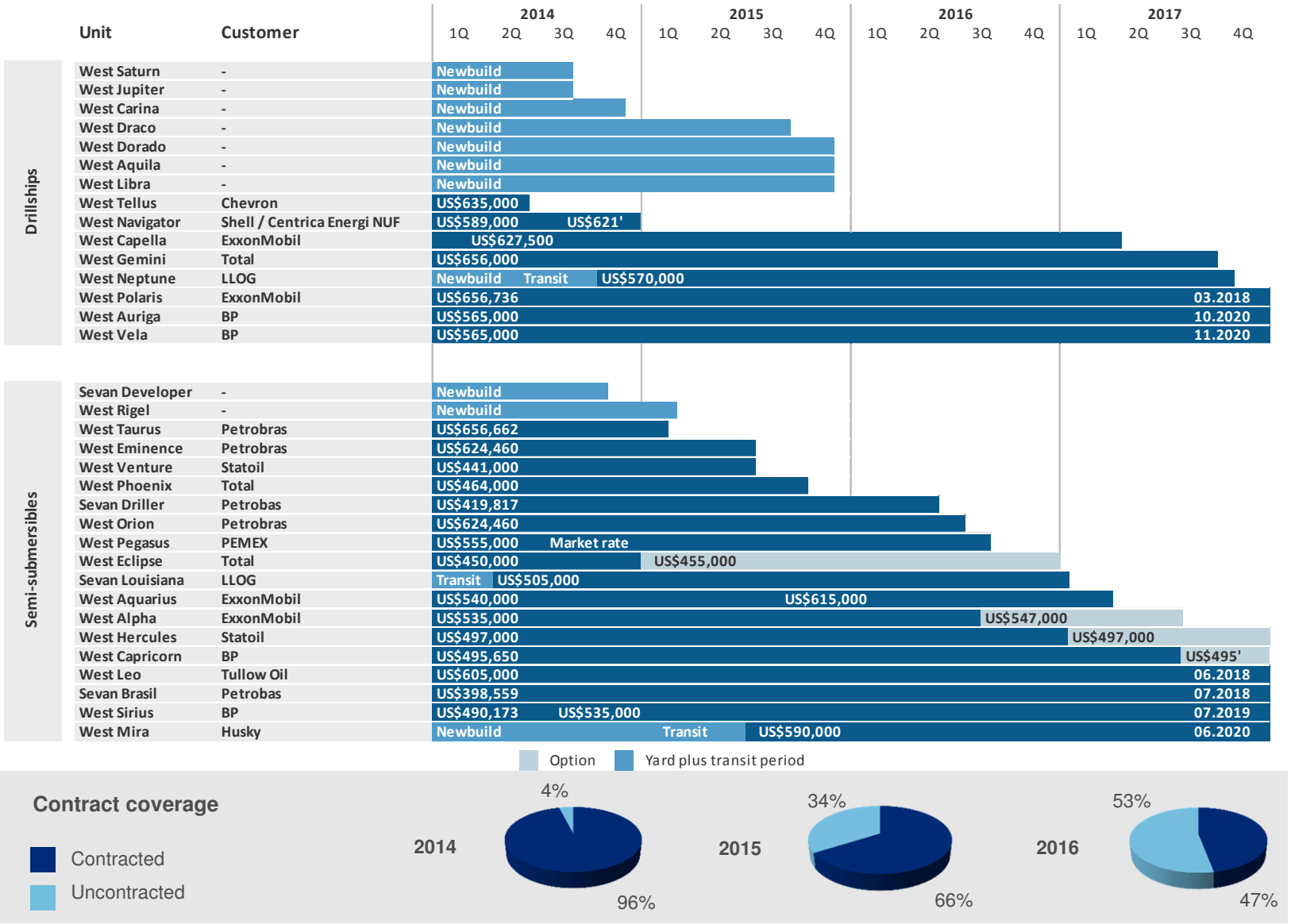


Annualized Dividends



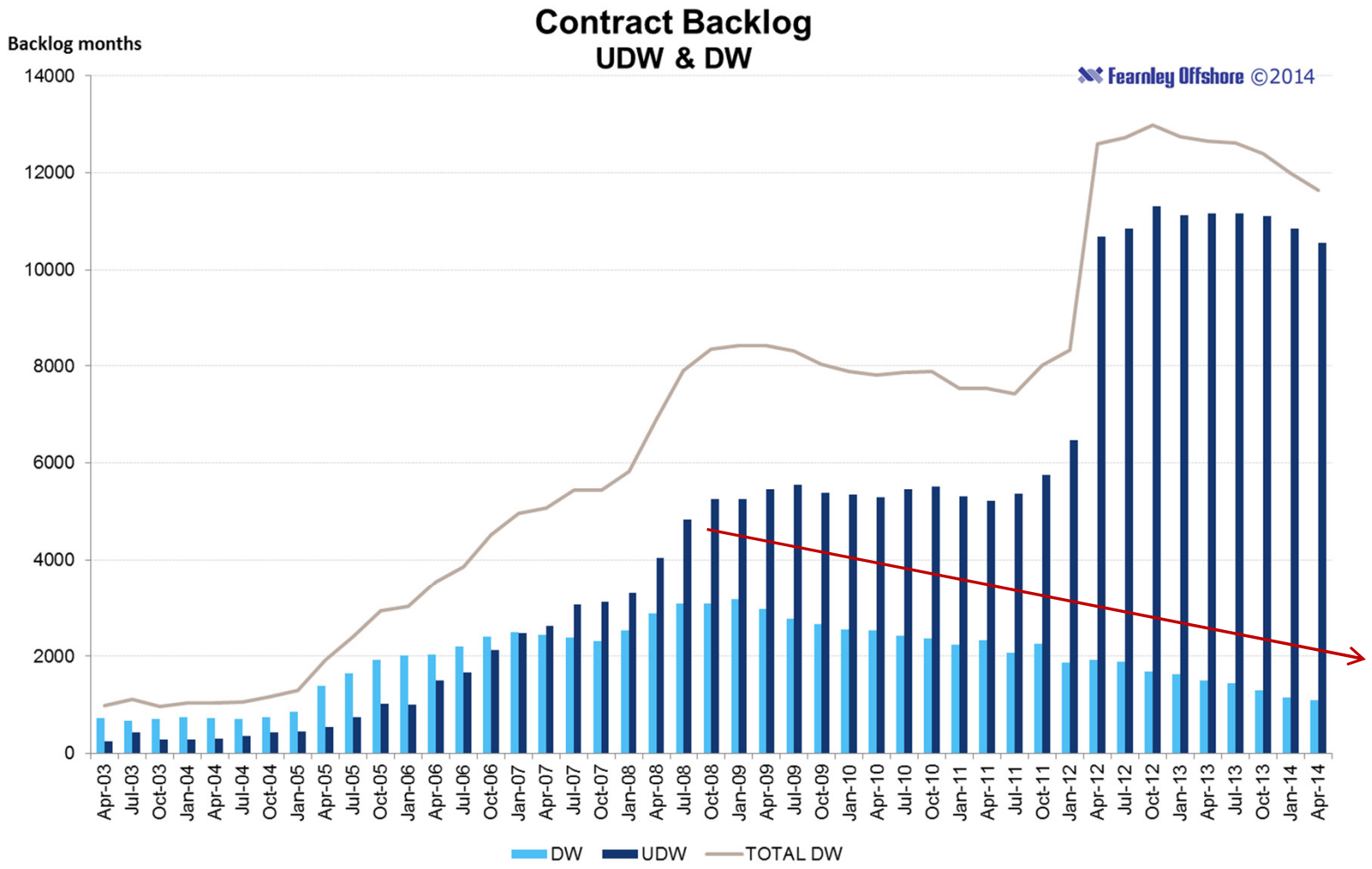
The Q1 2013 dividend was paid in Q4 2012
Proforma consolidated

Floaters – US$14.1 Billion Contract Backlog

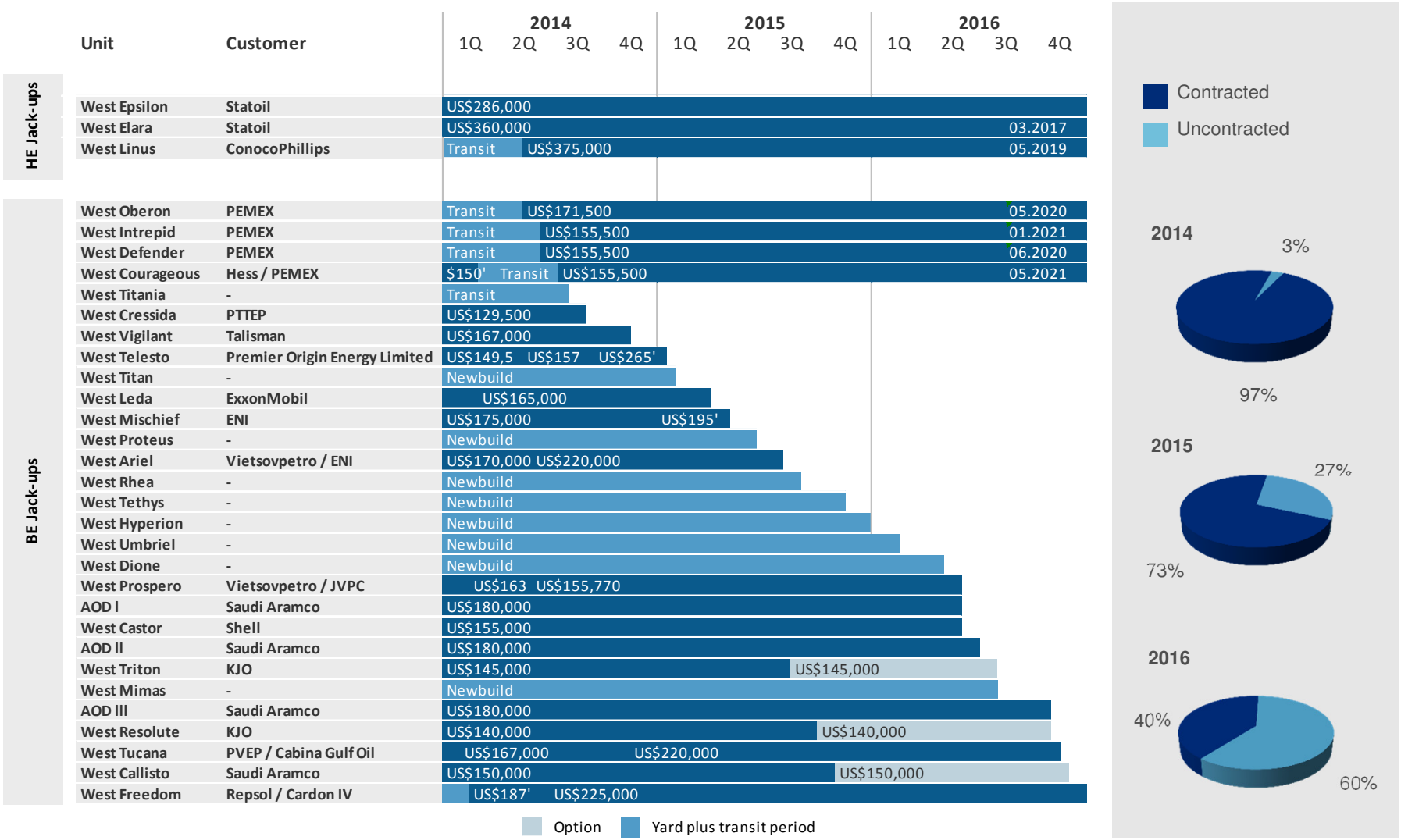


Proforma consolidated backlog

Bifurcation is a Reality



Jack-ups - US$4.3 Billion Contract Backlog

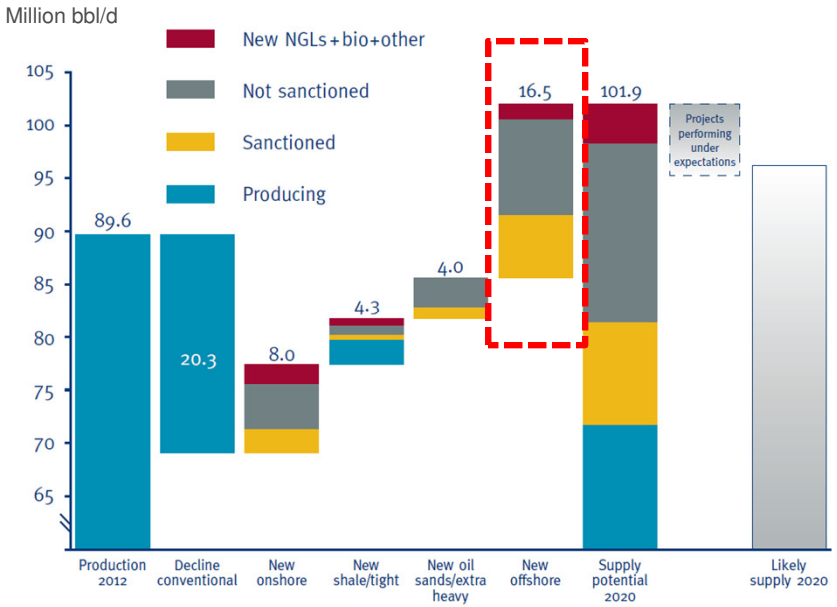


Note: Backlog generated by the tender rigs (T15, T16 and West Vencedor) is US$0.4 billion.
Proforma consolidated backlog

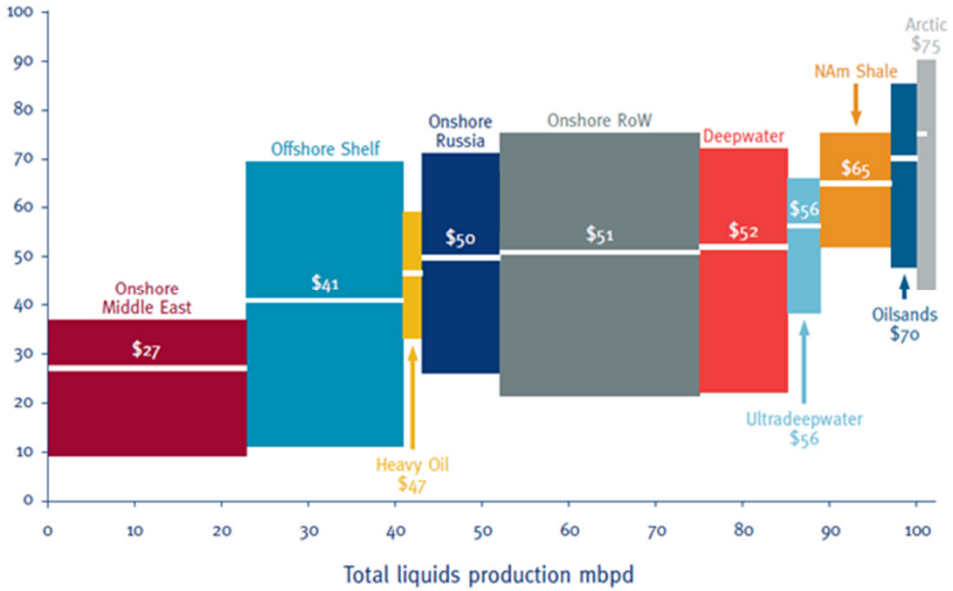
Offshore is Key to Deliver Required Volumes

Seadrill

Global change of liquids supply from 2012 to 2020



NAm shale and Canadian oil sands represent marginal incremental production



- **Shale / tight oil /non-conventionals alone cannot meet incremental forecasted demand and offset production declines**
- **Deep and Ultradeepwater well positioned on the cost of supply curve**



Source: Rystad Energy, Morgan Stanley

Financial Performance Highlights



Deconsolidation of Seadrill Partners

- The financial results of Seadrill Partners LLC will be deconsolidated from the financial results of Seadrill effective from January 2, 2014 and accounted for as an investment in an affiliate
- First quarter results reflect deconsolidation and summary financials are shown on a consolidated basis in order to be comparable to prior quarterly results
- Main impacts of deconsolidation are:
  - De-recognize assets and liabilites associated with Seadrill Partners, replaced by recognizing the fair value of Seadrill's investment in Seadrill Partners
  - Future dropdowns will be at fair value (vs common control treatment) and gains/losses will be recognized
  - Cash contributions received from Seadrill Partners derived from ownership of common units and IDR's will be recognized as dividend income
  - Cash contributions received from direct rig ownership in operating companies and subordinated units are a reflected as a reduction in our investment
- From an operational and managerial standpoint the relationship between Seadrill Limited and Seadrill Partners is unchanged

Financial Performance Highlights

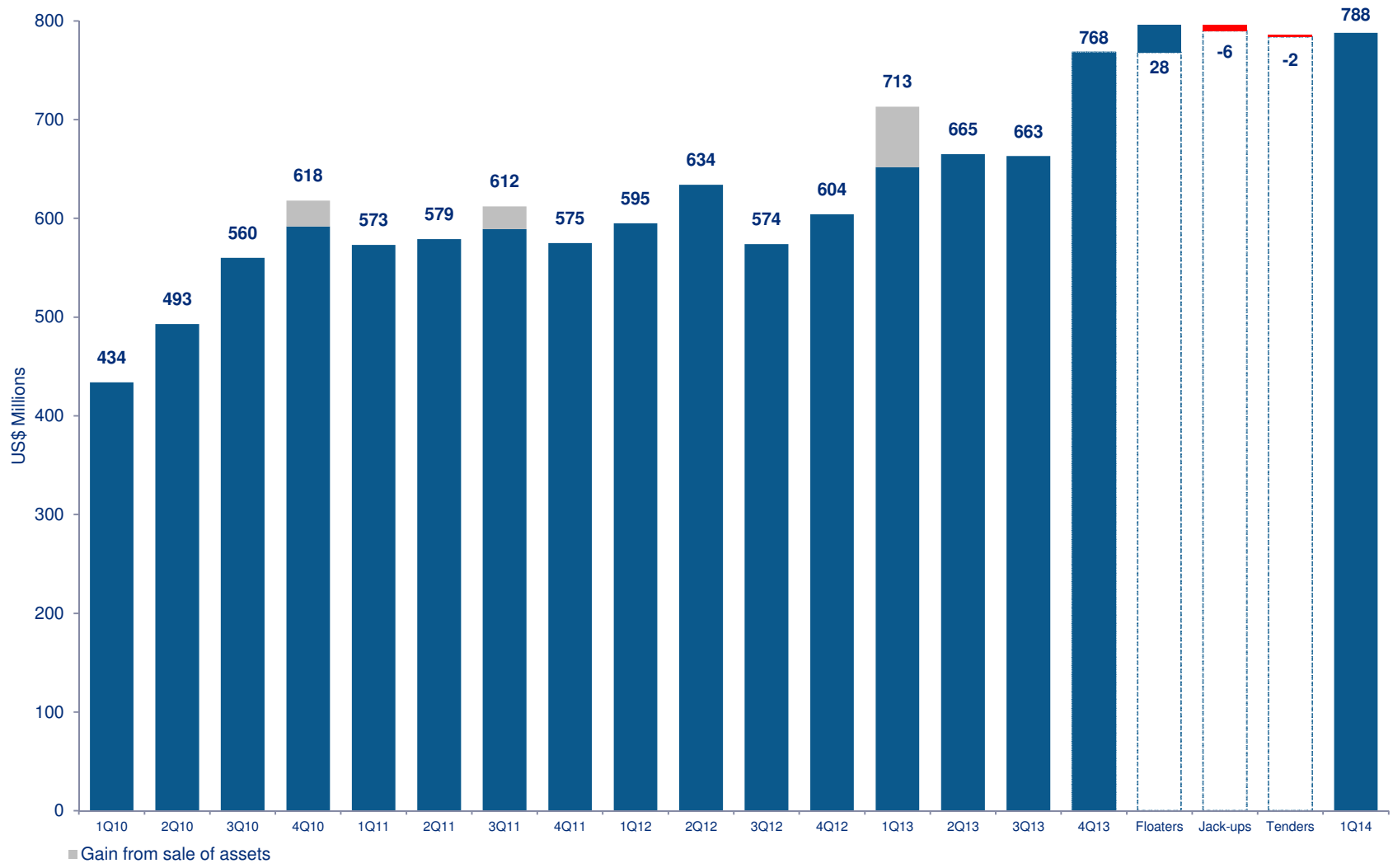
	Q1 2014 Stand alone	Q1 2014 Proforma Consolidated	Q4 2013 Consolidated
Total Operating Revenue	US$1,221 m	US$1,436 m	US$1,469 m
Total Operating Expenses	US$771 m	US$863	US$901 m
Net Operating Income	US$890 m	US$574 m	US$568 m
EBITDA *	US$624 m	US$788	US$768 m
Dividend declared per share	US$1.00	US$1.00	US$0.98

**** Excluding gain on sale for the West Auriga***

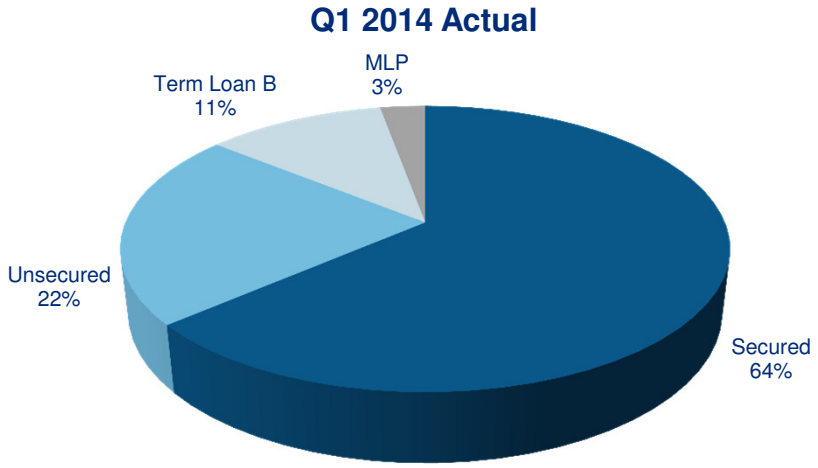
Balance Sheet Summary

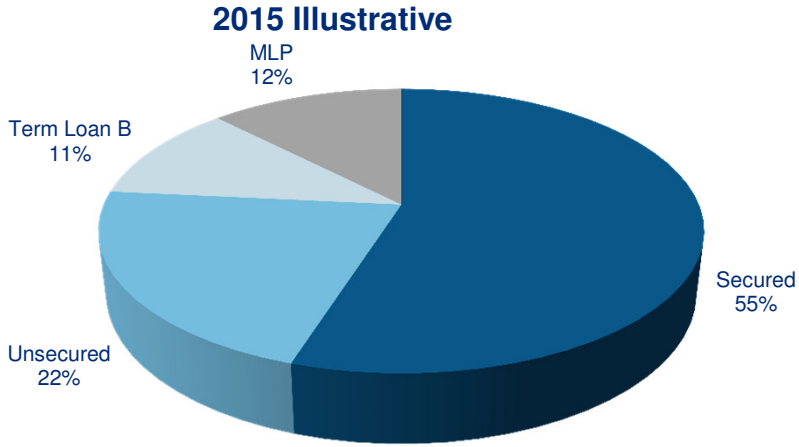
	March 31, 2014	December 31, 2013
Total Current Assets	**4,031**	**2,833**
Non-current assets		
Newbuildings	3,917	3,419
Drilling units	13,163	17,193
Other	6,380	2,855
Total non-current assets	**23,460**	**23,467**
TOTAL ASSETS	**27,491**	**26,300**
Current Liabilities		
Current portion of long-term debt	1,662	1,566
Other	2,732	2,259
Total current liabilities	**4,394**	**3,825**
Non-current liabilities		
Total Long-term Debt	10,728	11,900
Other	1,696	2,373
Total non-current liabilities	**12,424**	**14,273**
TOTAL LIABILITIES	**16,818**	**18,098**
Equity		
Total shareholder's equity	**10,673**	**8,202**
Total liabilities and shareholder's equity	**27,491**	**26,300**

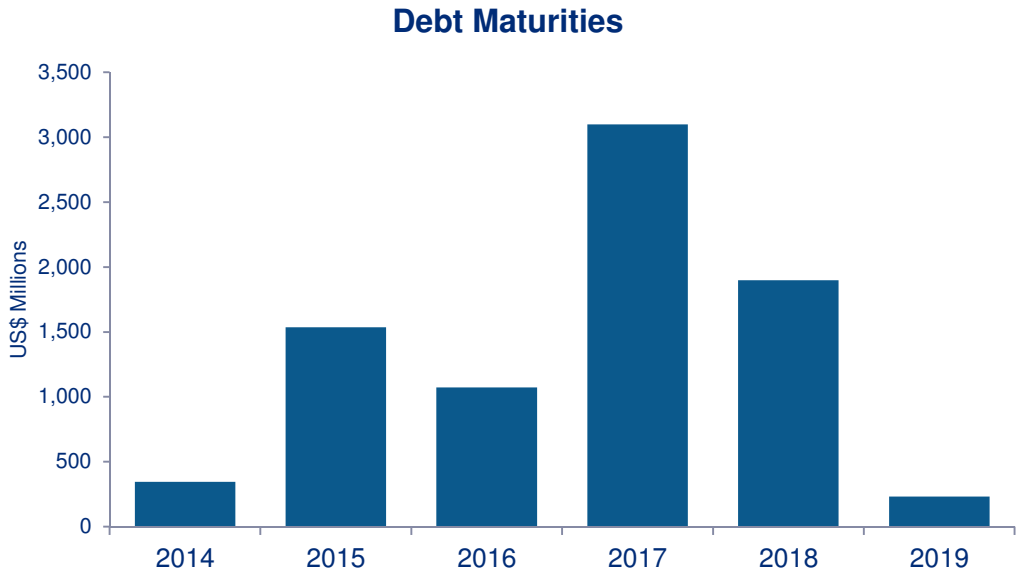
EBITDA Contribution



Financial Flexibility







Proforma consolidated



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

8.18% of SapuraKencana – Market Value ~US$625mm

50.11% of Sevan Drilling – Market Value ~US$160mm

39.9% of Archer – Market Value ~US$365mm



Appendix:
Seadrill Limited Financials

Operating Income - Floaters

Unaudited accounts in USD millions	1Q14	4Q13	3Q13	2Q13
Total operating revenues	**859**	**1,030**	**939**	**913**
Gain on Sale	440	-	-	-
Vessel and rig operating expenses	318	370	357	301
Reimbursable expenses	23	17	29	88
Depreciation and amortisation	127	150	146	118
General and administrative expenses	48	62	53	37
Total operating expenses	**515**	**599**	**585**	**544**
Net operating income	**875**	**431**	**354**	**369**

1Q14 deconsolidated financials
2Q13 – 4Q13 includes Seadrill Partners

Operating Income – Jack-up Rigs

Unaudited accounts in USD millions	1Q14	4Q13	3Q13	2Q13
Total operating revenues	**319**	**339**	**292**	**274**
Vessel and rig operating expenses	135	148	122	111
Reimbursable expenses	9	11	6	9
Depreciation and amortisation	47	46	42	38
General and administrative expenses	25	24	23	20
Total operating expenses	**217**	**229**	**193**	**178**
Net operating income	**102**	**110**	**99**	**96**

1Q14 deconsolidated financials
2Q13 – 4Q13 includes Seadrill Partners

Operating Income – Total Seadrill Limited

Unaudited accounts in USD millions	1Q14	4Q13	3Q13	2Q13
Total operating revenues	**1,221**	**1,469**	**1,280**	**1,268**
Gain on sale of assets	440	-	-	-
Vessel and rig operating expenses	492	565	491	439
Reimbursable expenses	32	50	48	100
Depreciation and amortisation	174	200	192	158
General and administrative expenses	73	86	78	64
Total operating expenses	**771**	**901**	**809**	**761**
Net operating income	**890**	**568**	**471**	**507**

1Q14 deconsolidated financials
2Q13 – 4Q13 includes Seadrill Partners

Net Income – Total Seadrill Limited

Unaudited accounts in USD millions	1Q14	4Q13	3Q13	2Q13
Net operating income	890	568	471	507
Financial items and other income				
Interest income	11	8	-	6
Interest expense	(118)	(134)	(107)	(96)
Share in results from associated companies	(20)	(189)	(10)	(26)
Gain on re-measurement of previous held equity	-	-	-	-
Gain on bargain purchase	-	-	-	-
Gain/(Loss) in financial derivatives	(37)	2	(5)	141
Foreign exchange gain/(loss)	(15)	25	-	14
Other financial items	39	2	26	(3)
Gain on sale of tender rigs				1,256
Gain on deconsolidation of Seadrill Partners	2,339	-	-	-
Total financial items and other income	**2,239**	**(286)**	**(96)**	**1,292**
Income before income taxes	3,129	282	375	1,799
Income taxes	(35)	(1)	(60)	(49)
Net income	**3,094**	**281**	**315**	**1,750**
Earnings per share (US$)	**6.54**	**0.49**	**0.61**	**3.68**

1Q14 deconsolidated financials
2Q13 – 4Q13 includes Seadrill Partners

Balance Sheet - Assets

Unaudited accounts in USD millions	March 31, 2014	December 31, 2013	September 30, 2013
Current assets			
Cash and cash equivalents	912	744	551
Restricted cash	206	168	244
Marketable securities	1,072	416	316
Accounts receivables, net	780	1,042	1,043
Other current assets	1,061	463	408
Total current assets	**4,031**	**2,833**	**2,562**
Non-current assets			
Newbuildings	3,917	3,419	4,900
Drilling units	13,163	17,193	14,778
Restricted cash	146	150	171
Deferred tax assets	28	37	22
Other non-current assets	6,206	2,668	2,546
Total non-current assets	**23,460**	**23,467**	**22,417**
Total assets	**27,491**	**26,300**	**24,979**

1Q14 deconsolidated financials
2Q13 – 4Q13 includes Seadrill Partners

Balance Sheet – Liabilities & Shareholder's Equity

	March 31, 2014	December 31, 2013	September 30, 2013
Current liabilities			
Current portion of long-term debt	1,662	1,566	2,645
Trade accounts payable	111	90	131
Other current liabilities	2,621	2,169	2,863
Total current liabilities	**4,394**	**3,825**	**5,639**
Non-current liabilities			
Long-term interest bearing debt	10,728	11,900	10,087
Deferred taxes	48	60	19
Other non-current liabilities	1,648	2,313	1,468
Total non-current liabilities	**12,424**	**14,273**	**11,574**
Equity			
Total shareholder's equity	**10,673**	**8,202**	**7,766**
Total liabilities and shareholder's equity	**27,491**	**26,300**	**24,979**

1Q14 deconsolidated financials
2Q13 – 4Q13 includes Seadrill Partners