

Q3 2015 Results

November 24, 2015

Seadrill

Forward Looking Statements

This presentation includes forward looking statements. Such statements are generally not historical in nature, and specifically include statements about the Company's plans, strategies, business prospects, changes and trends in its business and the markets in which it operates. These statements are made based upon management's current plans, expectations, assumptions and beliefs concerning future events impacting the Company and therefore involve a number of risks, uncertainties and assumptions that could cause actual results to differ materially from those expressed or implied in the forward-looking statements, which speak only as of the date of this news release. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to offshore drilling market conditions including supply and demand, day rates, customer drilling programs and effects of new rigs on the market, contract awards and rig mobilizations, contract backlog, dry-docking and other costs of maintenance of the drilling rigs in the Company's fleet, the cost and timing of shipyard and other capital projects, the performance of the drilling rigs in the Company's fleet, delay in payment or disputes with customers, our ability to successfully employ our drilling units, procure or have access to financing, ability to comply with loan covenants, liquidity and adequacy of cash flow from operations, fluctuations in the international price of oil, international financial market conditions changes in governmental regulations that affect the Company or the operations of the Company's fleet, increased competition in the offshore drilling industry, and general economic, political and business conditions globally. Consequently, no forward-looking statement can be guaranteed. When considering these forward-looking statements, you should keep in mind the risks described from time to time in the Company's filings with the SEC, including its Annual Report on Form 20-F. The Company undertakes no obligation to update any forward looking statements to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for us to predict all of these factors. Further, the Company cannot assess the impact of each such factors on its business or the extent to which any factor, or combination of factors, may cause actual results to be materially different from those contained in any forward looking statement.



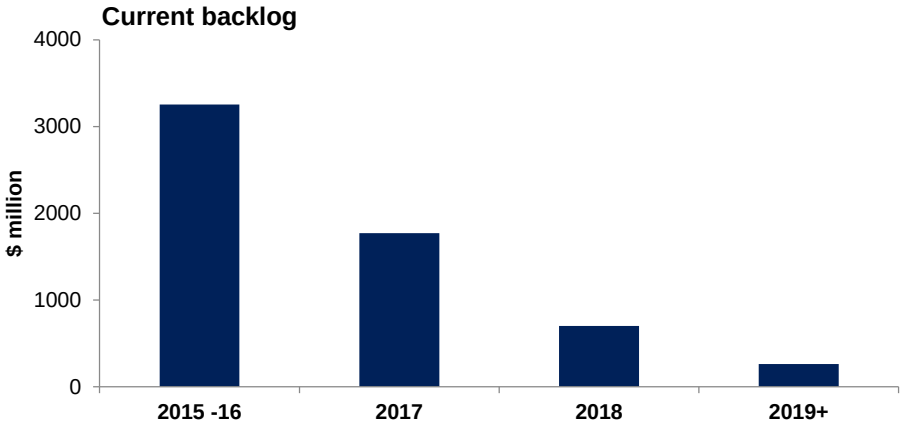
Agenda

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

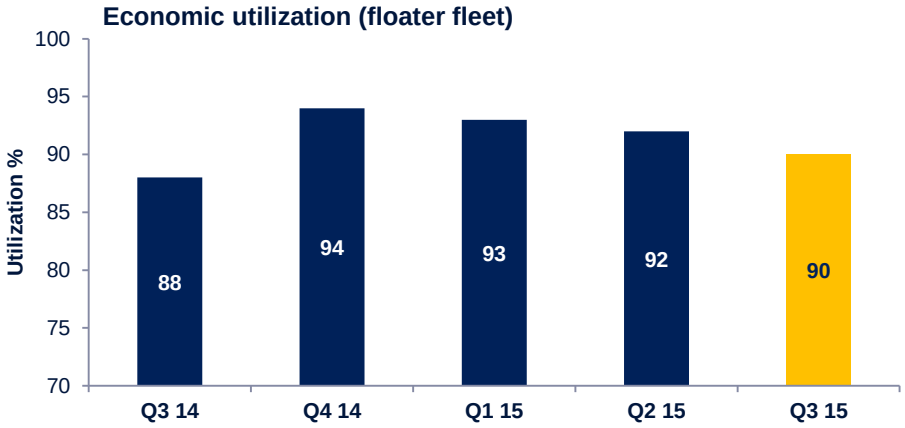
Summary

- **Q3 results underpinned by strong operational performance**
  - Strong operational uptime
  - Seadrill Group economic utilisation of 93%
- **Increased cash savings expected during 2015**
  - Cost management programme initiated in 2014
  - Seadrill Group targeting cash savings of $600 million for 2015
- **Yard update**

Operational highlights: Q3 2015



- Current order backlog of $6.0 billion
  - $12.0 billion for Seadrill Group



- Safe and efficient operations
  - 90% economic utilization for floater fleet
  - 98% for jack-up fleet

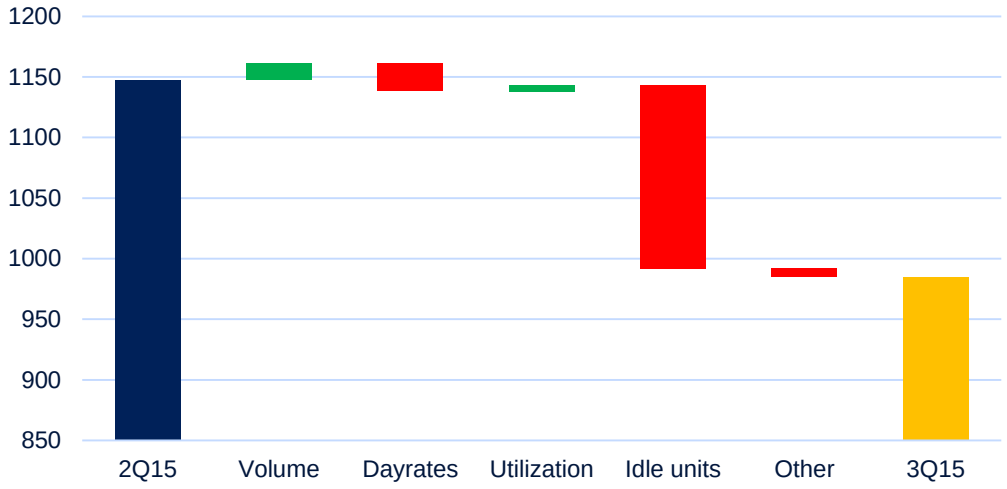
Financial Performance

Impairments

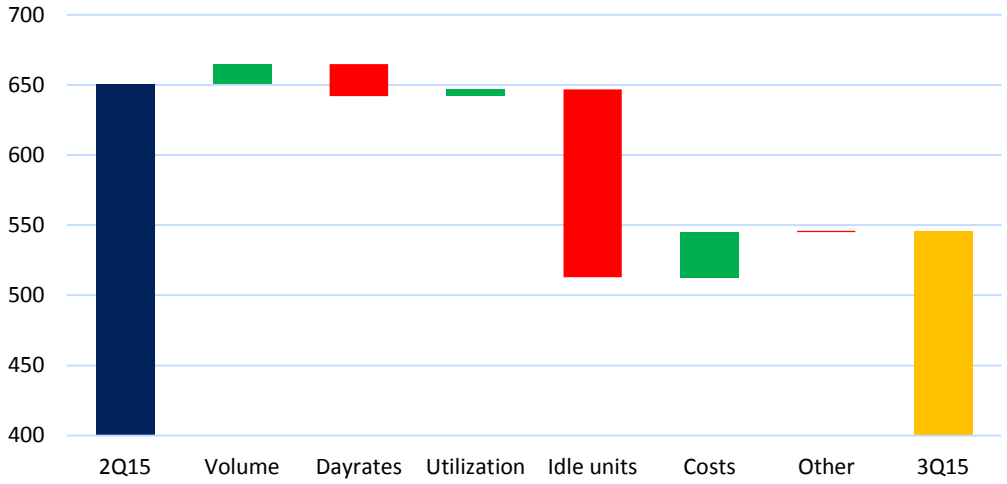
Loss on impairment of investments	
SDLP	1,107
SapuraKencana	167
Subtotal	**1,274**
Loss on impairment of goodwill	**563**
Total	**1,837**

Revenue & EBITDA bridge

Revenue



EBITDA



- **Volume**: Full quarter benefit from West Tellus and West Tucana and commencement of operations for the West Carina in Q3, partially offset by the sale of the West Polaris in Q2
- **Dayrates**: Dayrate reductions from the West Phoenix, West Pegasus and West Ariel
- **Utilization**: Up 1%, good operating quarter
- **Idle units**: Increased idle time on the West Eminence, West Eclipse, West Venture, West Vigilant and West Leda
- **Costs**: Opex and G&A savings
- **Other**: Includes add-on sales, reimbursable revenues and deferred considerations

Balance sheet main movements

Quarter over quarter

	September 30, 2015	June 30, 2015	%Change
Newbuildings	$1,659	$1,920	**(14%)**
Goodwill	$—	$563	**(100%)**
Investment in associated companies	$2,488	$3,058	**(19%)**
Other non-current assets	$356	$164	**117%**

Guidance

Q4 EBITDA is expected to be approximately $30 million less than the third quarter driven by:

- More idle time on the following units relative to the third quarter:
  - West Venture
  - West Phoenix
  - West Vigilant
  - West Leda
  - West Telesto

- Loss of revenue from planned 5-year classing for the West Orion

Operationally, performance in the fourth quarter is strong to date with 98% utilization to date

Market Outlook



Summary

- Safe and efficient operating quarter
- Exceeding $600 million in cash savings
- Controlling what we can control
- Managing the challenges of the downcycle
- Challenging market conditions will remain in 2016

Q&A




Appendix:
Seadrill Limited Financials

Operating Income - 3Q15

Unaudited accounts in USD millions	Floaters	Jack-ups	Other	Total
Contract revenues	602	301	—	903
Reimbursable revenues	23	5	—	28
Other revenues	22	—	32	54
Total operating revenues	**647**	**306**	**32**	**985**
(Loss)/gain on disposals*	(80)	(3)	1	(82)
Contingent consideration realized	19	—	—	19
Vessel and rig operating expenses	233	117	24	374
Reimbursable expenses	24	4	1	29
Depreciation and amortization	140	51	1	192
Loss on impairment of goodwill	563	—	—	563
General and administrative expenses	36	17	2	55
Total operating expenses	**996**	**189**	**28**	**1,213**
Net operating income	**(410)**	**114**	**5**	**(291)**

**** Loss on disposals primarily relates to the cancellation of West Mira in the Floaters Segment***

Operating Income - Floaters

Unaudited accounts in USD millions	3Q15	2Q15	1Q15(1)	4Q14
Total operating revenues	**647**	**786**	**846**	**801**
(Loss)/gain on disposals*	(80)	(75)	—	192
Contingent consideration realized	19	6	4	—
Vessel and rig operating expenses	233	265	267	268
Reimbursable expenses	24	12	19	12
Depreciation and amortization	140	142	141	132
Impairment loss on Goodwill	563	—	—	—
General and administrative expenses	36	41	47	58
Total operating expenses	**996**	**460**	**474**	**470**
Net operating (loss)/income	**(410)**	**257**	**376**	**523**

(1) 1Q15 recasted for segment reallocation

** Loss on sale of assets at 3Q15 primarily relates to the disposal of West Mira, at 2Q15 relates to the disposal of West Polaris to Seadrill Partners and at 4Q14 Gain on sale of assets relates to the disposal of West Vela to Seadrill Partners*

Operating Income – Jack-up Rigs

Unaudited accounts in USD millions	3Q15	2Q15	1Q15(1)	4Q14
Total operating revenues	**306**	**328**	**385**	**420**
(Loss)/gain on disposals*	(3)	—	186	—
Contingent consideration realized	—	—	—	—
Vessel and rig operating expenses	117	128	168	184
Reimbursable expenses	4	7	3	4
Depreciation and amortization	51	50	57	48
Impairment loss on Goodwill	—	—	—	232
General and administrative expenses	17	20	18	25
Total operating expenses	**189**	**205**	**246**	**493**
Net operating income/(loss)	**114**	**123**	**325**	**(73)**

(1) Q115 recasted for segment reallocation

** Gain on sale of assets at 1Q15 relates to the deconsolidation of Seamex*

Operating Income – Total Seadrill Limited

Unaudited accounts in USD millions	3Q15	2Q15	1Q15	4Q14
Total operating revenues	**985**	**1,147**	**1,244**	**1,261**
(Loss)/gain on sale of assets*	(82)	(75)	186	192
Contingent consideration realized	19	6	4	—
Vessel and rig operating expenses	374	422	446	488
Reimbursable expenses	29	19	22	18
Depreciation and amortization	192	192	198	180
Impairment loss on Goodwill	563	—	—	232
General and administrative expenses	55	61	65	83
Total operating expenses	**1,213**	**694**	**731**	**1,001**
Net operating (loss)/income	**(291)**	**384**	**703**	**452**

Loss on sale of assets at 3Q15 primarily relates to the disposal of West Mira
Loss on sale of assets at 2Q15 relates to the disposal of West Polaris to Seadrill Partners
Gain on sale of assets at 1Q15 relates to the deconsolidation of Seamex
Gain on sale of assets at 4Q14 relates to the disposal of West Vela to Seadrill Partners

Net Income – Total Seadrill Limited

Unaudited accounts in USD millions	3Q15	2Q15	1Q15	4Q14
Net operating (loss)/income	**(291)**	**384**	**703**	**452**
Financial items and other income				
Interest income	15	17	17	18
Interest expense	(105)	(100)	(112)	(122)
Loss on impairment of investments	(1,274)	—	—	—
Share in results from associated companies	(21)	115	32	41
(Loss)/gain on derivative financial instruments	(177)	44	(181)	(285)
Foreign exchange gain/(loss)	4	(22)	50	105
Gain on sale of tender rig business	—	22	—	—
Other financial items	(25)	8	(3)	(8)
Total financial items and other income	**(1,575)**	**84**	**(197)**	**(251)**
Income before income taxes	(1,866)	468	506	201
Income taxes	(34)	(45)	(58)	(51)
Net (loss)/income	**(1,900)**	**423**	**448**	**150**
Basic (loss)/earnings per share ($)	**(3.70)**	**0.77**	**0.86**	**0.32**

Balance Sheet - Assets

Unaudited accounts in USD millions	September 30, 2015	June 30, 2015	December 31, 2014
Current assets			
Cash and cash equivalents	1,181	918	831
Restricted cash	71	71	268
Marketable securities	247	324	426
Accounts receivables, net	729	837	1,017
Other current assets	880	1,038	767
Total current assets	**3,108**	**3,188**	**3,309**
Non-current assets			
Investment in associated companies	2,488	3,058	3,002
Newbuildings	1,659	1,920	2,030
Drilling units	15,036	15,086	15,145
Goodwill	—	563	604
Assets held for sale – non current	—	—	1,105
Restricted cash	212	155	181
Deferred tax assets	80	99	30
Other non-current assets	1,101	1,075	891
Total non-current assets	**20,576**	**21,956**	**22,988**
Total assets	**23,684**	**25,144**	**26,297**

Balance Sheet – Liabilities & Shareholder's Equity

Unaudited accounts in USD millions	September 30, 2015	June 30, 2015	December 31, 2014
Current liabilities			
Current portion of long-term debt	1,645	1,662	2,267
Trade accounts payable	116	56	84
Other current liabilities	1,805	1,733	2,181
Total current liabilities	**3,566**	**3,451**	**4,532**
Non-current liabilities			
Long-term interest bearing debt	9,319	9,518	10,208
Deferred taxes	130	121	67
Other non-current liabilities	842	895	1,100
Total non-current liabilities	**10,291**	**10,534**	**11,375**
Equity			
Total shareholder's equity	**9,827**	**11,159**	**10,390**
Total liabilities and shareholder's equity	**23,684**	**25,144**	**26,297**