



## Q4 2015 Results

*February 25, 2016*



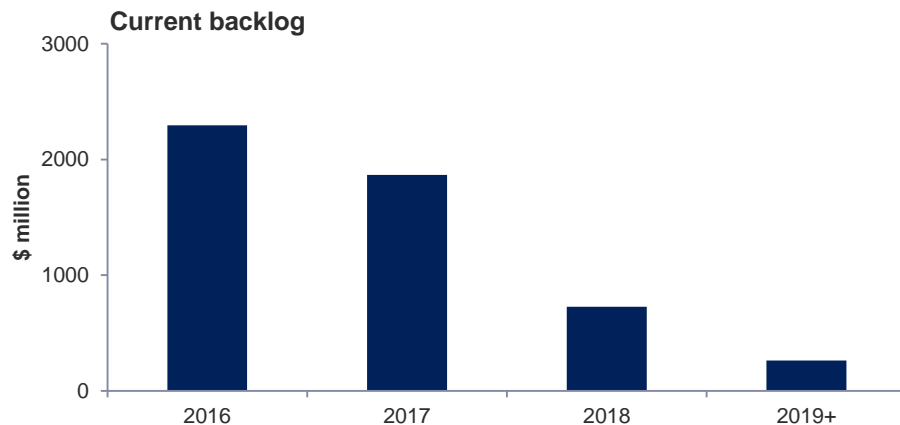
# Forward Looking Statements

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.

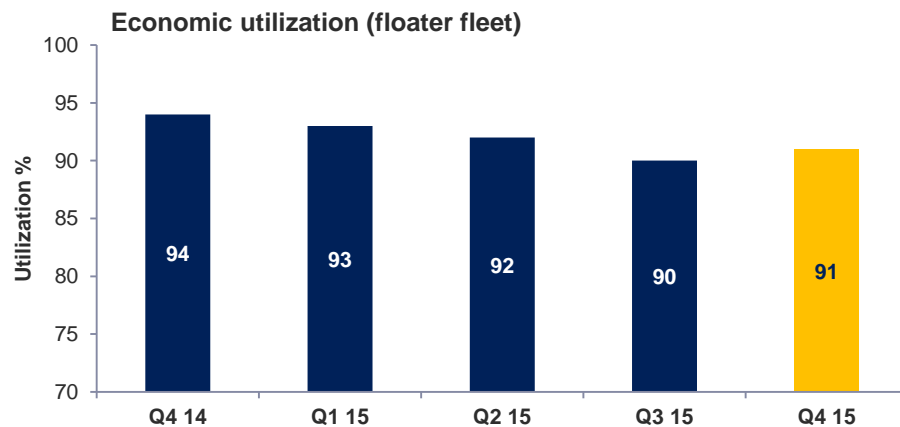


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- 3 Market Outlook
- 4 Summary and Q&A

- **Q4 results underpinned by strong operational performance**
  - Strong operational uptime
  - Seadrill Group economic utilisation of 95%
  
- **Cash savings**
  - Headcount reduced by approximately 25%
  - Seadrill Group achieved cash savings of \$832 million during 2015
  
- **Yard update**
  - Standstill and subsequent JV agreement with Jurong for the West Rigel.



- Current order backlog of \$5.1 billion
  - \$10.7 billion for Seadrill Group



- Safe and efficient operations
  - 91% economic utilization for floater fleet
  - 96% for jack-up fleet

# **Financial Performance**

# Revenue & EBITDA bridge

## Revenue



## EBITDA



- **Volume:** No change
- **Dayrates:** West Mischief new contract at lower dayrate
- **Utilization:** Up 1%, good operating quarter
- **Idle units:** Full quarter idle time on the West Venture, West Phoenix, West Eclipse, and newly idle West Telesto and Sevan Driller
- **Costs:** Short term impact of headcount reduction initiative
- **Other:** Includes add-on sales and reimbursable revenues

# Balance sheet main movements

Quarter over quarter	December 31, 2015	September 30, 2015	%Change
Newbuildings	\$1,479	\$1,659	(11%)
Assets held for sale – non current	128	-	100%
Short term marketable securities	\$96	\$247	(61%)
Total assets	23,470	23,684	(1%)
Total liabilities	13,495	13,857	(3%)
Total equity	9,975	9,827	2%



## ➤ **Liquidity in 2016**

- Cash and cash equivalents in excess of \$1 billion currently
- Operations continue to generate good cashflow
- 2016 contracted revenue of \$2.3 billion

## ➤ **\$260 million further cost savings:**

- Majority of 2016 planned savings will be sustainable
- Targeting Opex and G&A areas such as
  - Onshore and Offshore headcount
  - Compensation and benefits
  - Supplier price reductions

## ➤ **No newbuild instalments or rig deliveries expected in 2016**

## ➤ **2 maturing facilities in the year:**

- West Eminence - \$317 million - Q2 2016
- US\$400 Jack-up facility - \$200 million - Q4 2016

## Objective

- Bridge to a recovery in the market
- Ensure we remain competitive
- Protect the value of the business

## Plan

- Address liquidity and capital structure through the downturn
- Address:
  - Maturities & amortizations
  - Covenants
  - MVC prepayment risk
  - Funding requirements through the downturn

## Status

- Advisors hired to evaluate alternatives
- We aim to communicate our plans in H1 2016

## Q1 2016 guidance

- EBITDA is forecasted to be around \$450 million



# Market Outlook

- **Financing will be addressed in H1-2016 and we will communicate to the market when ready**
- **\$260 million further cash savings expected in 2016**
- **Managing yard commitments**
  - No newbuild deliveries planned in 2016

# Q&A



# Appendix: Seadrill Limited Financials



# Operating Income - 4Q15



<i>Unaudited accounts in USD millions</i>	<b>Total</b>	<b>Floaters</b>	<b>Jack-ups</b>	<b>Other</b>
Contract revenues	853	575	278	—
Reimbursable revenues	37	37	—	—
Other revenues	69	32	4	33
<b>Total operating revenues</b>	<b>959</b>	<b>644</b>	<b>282</b>	<b>33</b>
<b>(Loss)/gain on disposals*</b>	(93)	(89)	(4)	—
<b>Contingent consideration realized</b>	19	19	—	—
Vessel and rig operating expenses	369	235	107	27
Reimbursable expenses	29	29	—	—
Depreciation and amortization	197	147	50	—
General and administrative expenses	67	46	19	2
<b>Total operating expenses</b>	<b>662</b>	<b>457</b>	<b>176</b>	<b>29</b>
<b>Net operating income</b>	<b>223</b>	<b>117</b>	<b>102</b>	<b>4</b>

\* Loss on disposals primarily relates to West Rigel in the Floaters Segment



# Operating Income - Floaters

<i>Unaudited accounts in USD millions</i>	4Q15	3Q15	2Q15	1Q15(1)
<b>Total operating revenues</b>	<b>644</b>	<b>647</b>	<b>786</b>	<b>846</b>
<b>(Loss)/gain on disposals*</b>	(89)	(80)	(75)	—
<b>Contingent consideration realized</b>	19	19	6	4
Vessel and rig operating expenses	235	233	265	267
Reimbursable expenses	29	24	12	19
Depreciation and amortization	147	140	142	141
Impairment loss on Goodwill	—	563	—	—
General and administrative expenses	46	36	41	47
<b>Total operating expenses</b>	<b>457</b>	<b>996</b>	<b>460</b>	<b>474</b>
<b>Net operating (loss)/income</b>	<b>117</b>	<b>(410)</b>	<b>257</b>	<b>376</b>

<sup>(1)</sup> 1Q15 recasted for segment reallocation

# Operating Income – Jack-up Rigs

<i>Unaudited accounts in USD millions</i>	4Q15	3Q15	2Q15	1Q15(1)
<b>Total operating revenues</b>	<b>282</b>	<b>306</b>	<b>328</b>	<b>385</b>
<b>(Loss)/gain on disposals*</b>	(4)	(3)	—	186
<b>Contingent consideration realized</b>	—	—	—	—
Vessel and rig operating expenses	107	117	128	168
Reimbursable expenses	—	4	7	3
Depreciation and amortization	50	51	50	57
Impairment loss on Goodwill	—	—	—	—
General and administrative expenses	19	17	20	18
<b>Total operating expenses</b>	<b>176</b>	<b>189</b>	<b>205</b>	<b>246</b>
<b>Net operating income/(loss)</b>	<b>102</b>	<b>114</b>	<b>123</b>	<b>325</b>

<sup>(1)</sup> Q115 recasted for segment reallocation

# Operating Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	4Q15	3Q15	2Q15	1Q15
<b>Total operating revenues</b>	<b>959</b>	<b>985</b>	<b>1,147</b>	<b>1,244</b>
<b>(Loss)/gain on sale of assets*</b>	(93)	(82)	(75)	186
<b>Contingent consideration realized</b>	19	19	6	4
Vessel and rig operating expenses	369	374	422	446
Reimbursable expenses	29	29	19	22
Depreciation and amortization	197	192	192	198
Impairment loss on Goodwill	—	563	—	—
General and administrative expenses	67	55	61	65
<b>Total operating expenses</b>	<b>662</b>	<b>1,213</b>	<b>694</b>	<b>731</b>
<b>Net operating income/(loss)</b>	<b>223</b>	<b>(291)</b>	<b>384</b>	<b>703</b>

\*Loss on sale of assets at 4Q15 primarily relates to West Rigel  
 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

# Net Income – Total Seadrill Limited



<i>Unaudited accounts in USD millions</i>	<b>4Q15</b>	<b>3Q15</b>	<b>2Q15</b>	<b>1Q15</b>
<b>Net operating income/(loss)</b>	<b>223</b>	<b>(291)</b>	<b>384</b>	<b>703</b>
<b>Financial items and other income</b>				
Interest income	18	15	17	17
Interest expense	(98)	(105)	(100)	(112)
Loss on impairment of investments	—	(1,274)	—	—
Share in results from associated companies*	119	(39)	97	14
Gain/(loss) on derivative financial instruments	40	(177)	44	(181)
Foreign exchange gain/(loss)	31	4	(22)	50
Gain on sale of tender rig business	—	—	22	—
Other financial items, net	17	1	26	15
<b>Total financial items and other income/(expense), net</b>	<b>127</b>	<b>(1,575)</b>	<b>84</b>	<b>(197)</b>
Income/(loss) before income taxes	350	(1,866)	468	506
Income taxes	(71)	(34)	(45)	(58)
<b>Net income/(loss)</b>	<b>279</b>	<b>(1,900)</b>	<b>423</b>	<b>448</b>
<b>Basic earnings/(loss) per share (\$)</b>	<b>0.58</b>	<b>(3.70)</b>	<b>0.77</b>	<b>0.86</b>

\* Dividends received from marketable securities have been represented in other income for current and prior periods

# Balance Sheet - Assets

Unaudited accounts in USD millions

	December 31, 2015	September 30, 2015	December 31, 2014
<b>Current assets</b>			
Cash and cash equivalents	1,044	1,181	831
Restricted cash	50	71	268
Marketable securities	96	247	426
Accounts receivables, net	718	729	1,017
Other current assets	1,034	880	767
<b>Total current assets</b>	<b>2,942</b>	<b>3,108</b>	<b>3,309</b>
<b>Non-current assets</b>			
Investment in associated companies	2,590	2,488	2,898
Newbuildings	1,479	1,659	2,030
Drilling units	14,930	15,036	15,145
Goodwill	—	—	604
Assets held for sale – non current	128	—	1,105
Restricted cash	198	212	181
Deferred tax assets	81	87	30
Other non-current assets	1,122	1,094	995
<b>Total non-current assets</b>	<b>20,528</b>	<b>20,576</b>	<b>22,988</b>
<b>Total assets</b>	<b>23,470</b>	<b>23,684</b>	<b>26,297</b>

# Balance Sheet – Liabilities & Shareholder's Equity



Unaudited accounts in USD millions

	December 31, 2015	September 30, 2015	December 31, 2014
<b>Current liabilities</b>			
Current portion of long-term debt	1,489	1,645	2,267
Trade accounts payable	141	116	84
Other current liabilities	1,836	1,805	2,181
<b>Total current liabilities</b>	<b>3,466</b>	<b>3,566</b>	<b>4,532</b>
<b>Non-current liabilities</b>			
Long-term interest bearing debt	9,054	9,319	10,208
Deferred taxes	136	130	67
Other non-current liabilities	839	842	1,100
<b>Total non-current liabilities</b>	<b>10,029</b>	<b>10,291</b>	<b>11,375</b>
<b>Equity</b>			
<b>Total shareholder's equity</b>	<b>9,975</b>	<b>9,827</b>	<b>10,390</b>
<b>Total liabilities and shareholder's equity</b>	<b>23,470</b>	<b>23,684</b>	<b>26,297</b>