



# Transocean Ltd.

Pareto Securities 20<sup>th</sup> Annual Oil & Offshore Conference

September 5, 2013

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- **Company Overview**
- **Value Creation**
  - **Operations**
  - **Capital deployment**
  - **Assets**
- **Market Overview**

# Company Overview

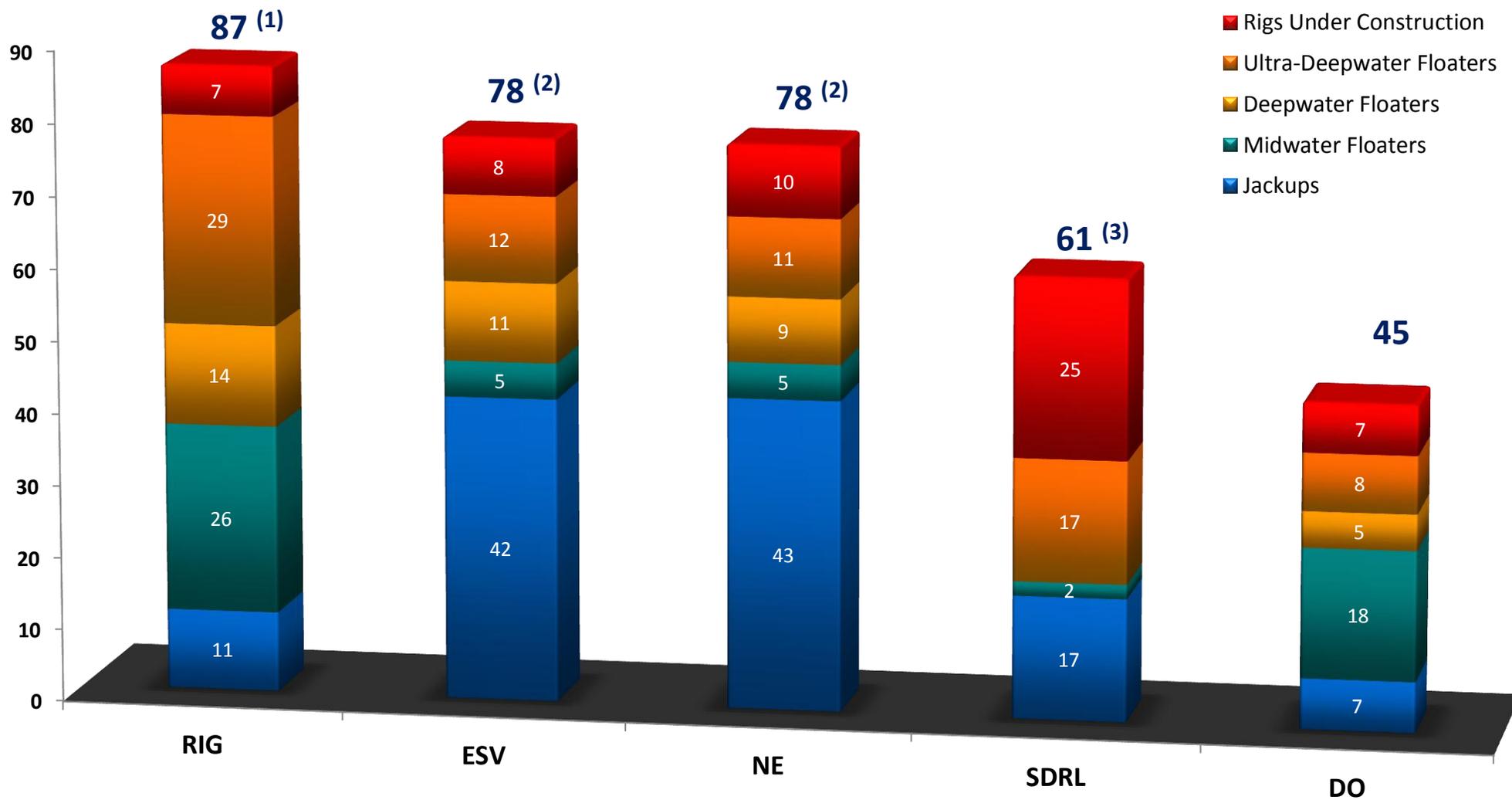
## Industry Leader



- Premier position in ultra-deepwater market segment
- Largest fleet of high spec and midwater floaters
- Operates in most major markets worldwide
- Significant relationships across the customer spectrum
- Size and technical capabilities create reinvestment opportunities

# Company Overview

## Largest Worldwide Rig Fleet



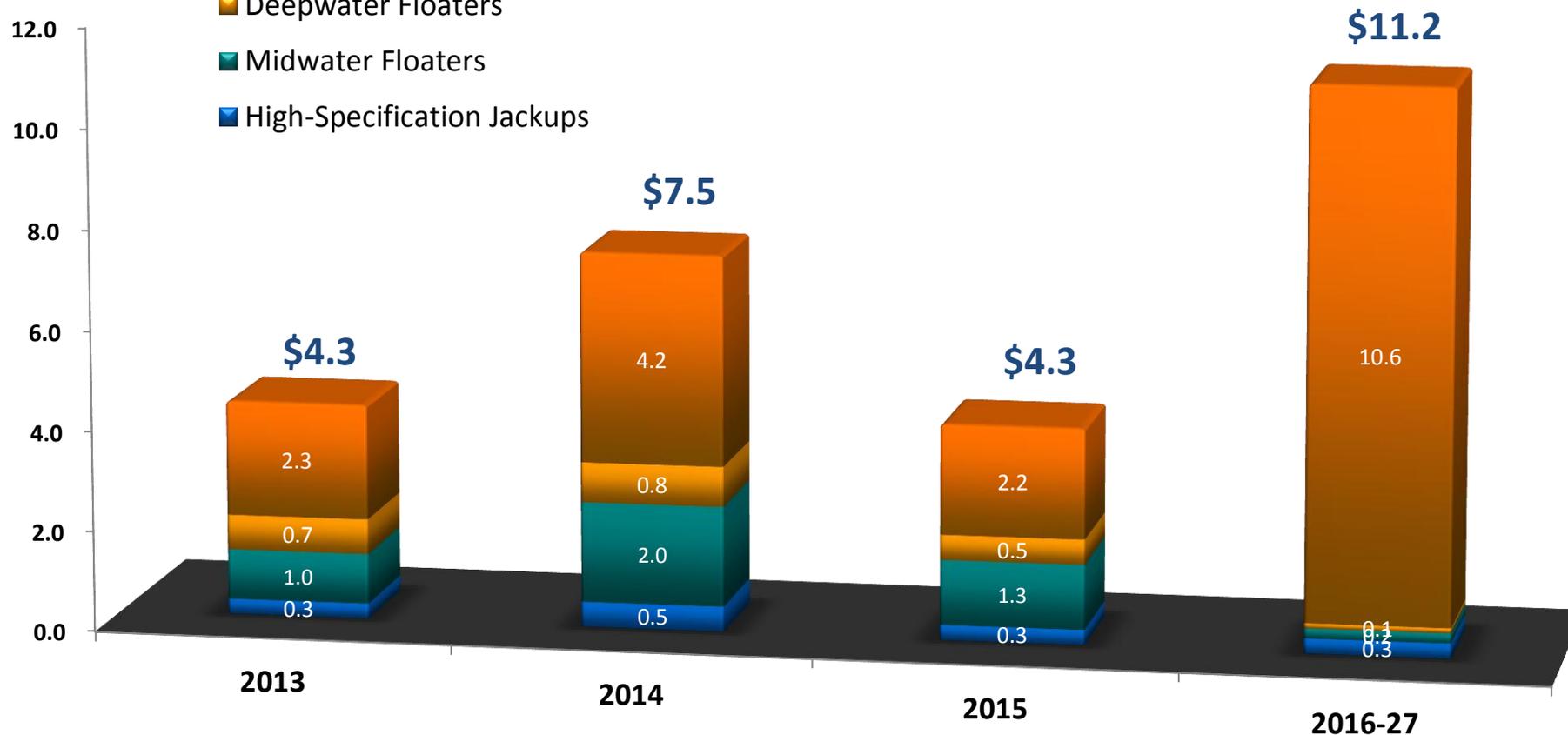
# Company Overview

## Strong Backlog



(US\$ billions)

- Ultra-Deepwater Floaters
- Deepwater Floaters
- Midwater Floaters
- High-Specification Jackups



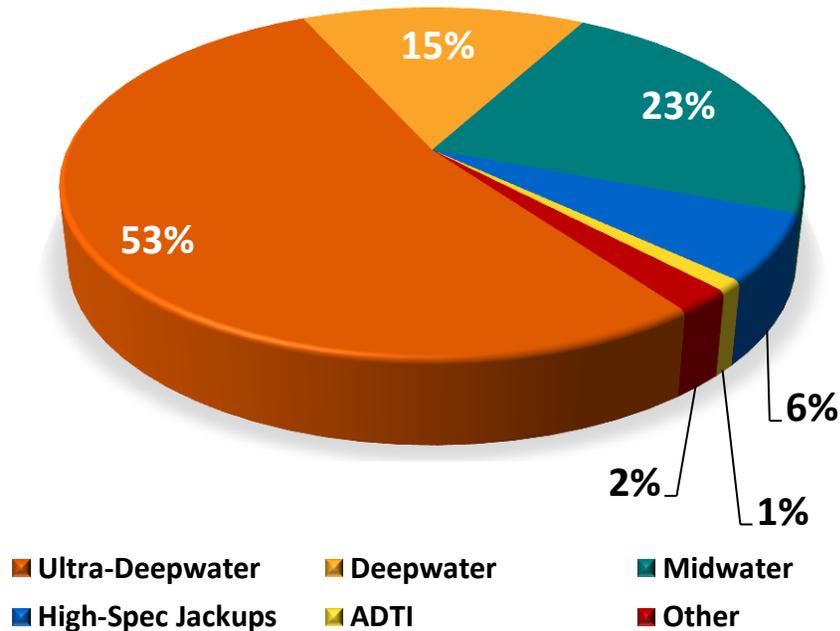
**Total Backlog From Continuing Operations - \$27.3 billion<sup>(4)</sup>**

# Company Overview

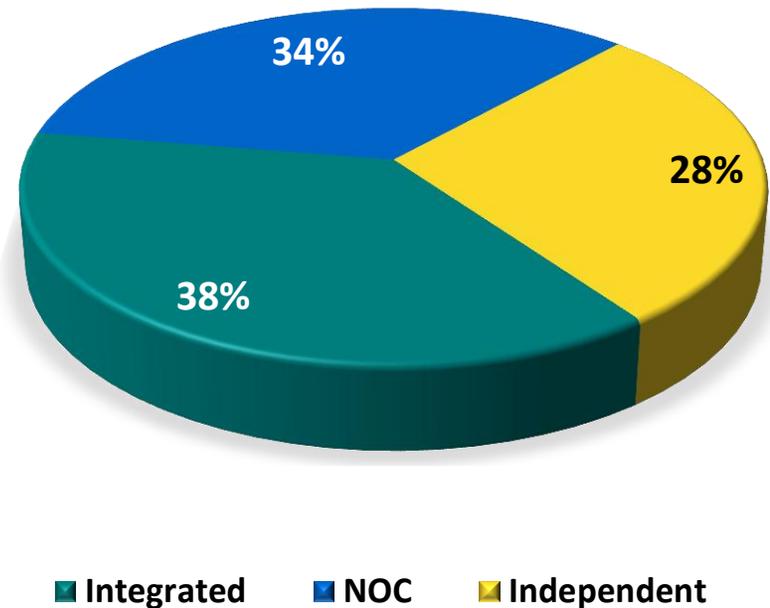
## Diversified Revenue Sources



### By Asset Class



### By Customer



YTD June 30, 2013 Revenues - \$4.6 billion

# Company Overview

## Litigation Update



### Macondo

- **Civil and criminal settlement agreements reached with DOJ comprising \$1.4B paid over five years**
  - Phase 1 of trial concluded 4/17/13; parties completed post-trial briefing; court has not yet issued rulings
  - Phase 2 of trial scheduled to start 9/30/13

### Brazil – Frade

- **Criminal case against Transocean and employees dismissed by Court 3/15/13**
- **Vigorously pursuing final and comprehensive resolution of underlying litigation**
  - Currently no restrictions on Transocean in Brazil

### Norway Tax Case

- **Norwegian Court overturned Arcade civil tax assessment; state filed appeal**
- **Criminal trial commenced December 2012; decisions anticipated early 2014**
- **Believe our tax returns are materially correct as filed and continue to vigorously contest assertions to the contrary**

# Value Creation

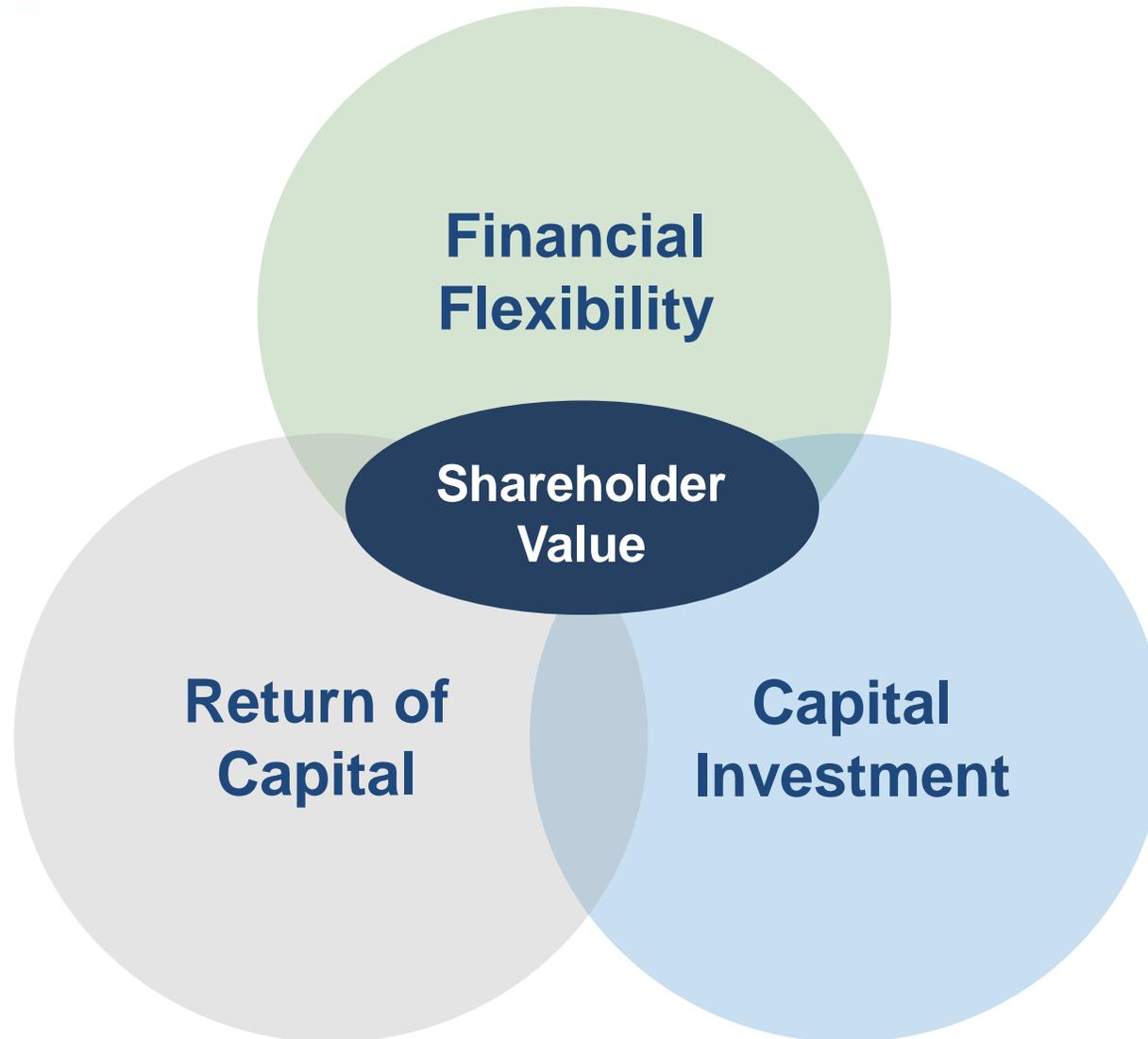
## Strategic Objectives



- **Continue to improve operational performance**
- **Maintain financial flexibility and strong balance sheet**
- **Execute asset strategy**
- **Resolution of remaining uncertainties**

- **Focus on performance and improving operating margins**
  - **Increase revenue efficiency**
  - **Manage scheduled out-of-service time**
  - **Reduce operating and maintenance costs**

- **Continue to make progress**
  - **Revenue efficiency trends are favorable**
  - **Adjusted operating EPS increased 23% year-over-year**
  - **Created \$5.3B in contract backlog in 2013**



- **Maintain financial flexibility in context of uncertainties**
  - **Manage financial exposure**
  - **Sustain investment grade rating**
  - **Continue to divest select non-core assets**
- **Return excess cash to shareholders**

- **Investment in high-specification rigs is essential to remain competitive**
  - **Prefer to not add incremental capacity to market**
  - **Apply disciplined economic criteria to prospective investments**

# Value Creation Asset Strategy

- **Grow our leadership position in high-spec assets**
  - Build, acquire, divest and / or spin-off
- **Core, strategic asset portfolio**
  - Ultra-deepwater
  - Harsh Environment
  - High-spec Jackups
  - Other high-quality floaters and jackups



- **10 Ultra-Deepwater newbuilds – concluded in 2011**
- **Seven contracted newbuilds currently under construction**

<u>Rig</u>	<u>Delivery</u>	<u>Contract</u>
<i>Transocean Ao Thai</i>	3Q 2013	4Q 2013
<i>Deepwater Asgard</i>	4Q 2013	1Q 2014
<i>Deepwater Invictus</i>	1Q 2014	3Q 2014
<i>Ultra-Deepwater Drillship TBN#1</i>	2Q 2015	4Q 2015
<i>Ultra-Deepwater Drillship TBN#2</i>	4Q 2015	2Q 2016
<i>Ultra-Deepwater Drillship TBN#3</i>	2Q 2016	4Q 2016
<i>Ultra-Deepwater Drillship TBN#4</i>	4Q 2016	2Q 2017

- **Divestitures reduce fleet diversity and improve competitiveness**
  - **Sold 38 standard jackups to Shelf Drilling**
  - **Since 2011, divested 20 additional individual non-core rigs**

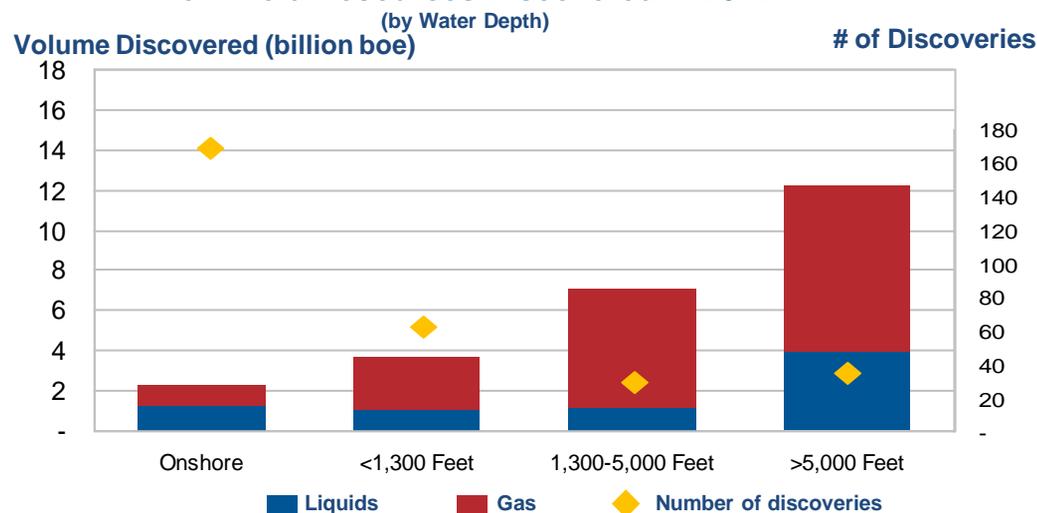
# Market Overview

Positioned for Ultra-Deepwater Demand



- Robust deepwater exploration performance in 2012 provides strong pipeline for future demand
- Transocean's disciplined, high-return investment strategy is primarily focused on high-specification assets
- Ultra-deepwater rig market remains favorable
  - Dayrates for highest specification stable at \$550K-\$600K

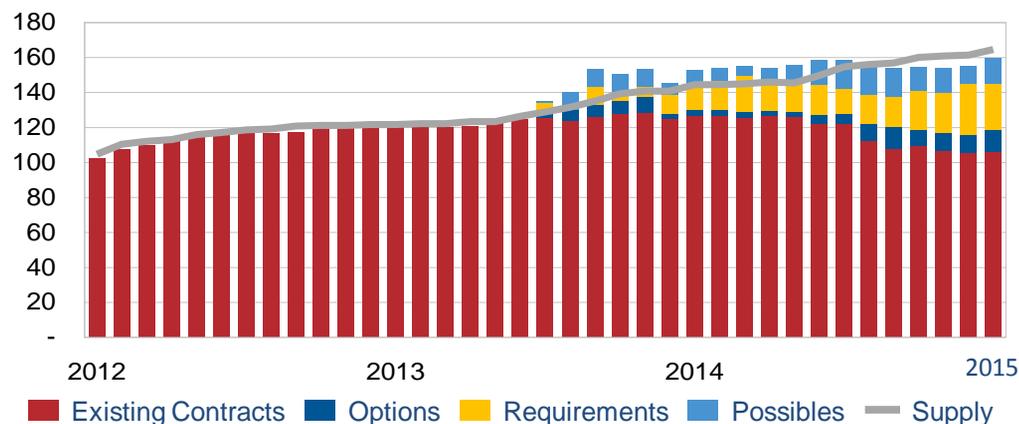
## New Field Resources Discovered in 2012



Source: Wood Mackenzie

## Contract Status and Expected Demand 2005 – 2015

Ultra-Deepwater Drilling Units (>7,500 feet) – Worldwide



Source: Fearnley Offshore

Note  
\* Represents deepwater and ultra-deepwater as classified by Wood Mackenzie

# Market Overview

## High-Spec Jackups



*Transocean Honor*

- High utilization and improving dayrates in the medium term
- Market utilization 97% <sup>(5)</sup>
- Key demand areas of Asia, Mexico and the Middle East
- Rates moving over \$180K/day in West Africa and well over \$210K/day in the UK

## Midwater



*Polar Pioneer*

- Strong presence in the UK and Norway sectors of the North Sea
- Market utilization 94% <sup>(5)</sup>
- Petrobras creates some short-term uncertainty
- Rates now over \$400K/day in the UK and \$250K - \$300K/day in West Africa

## Deepwater



*Discoverer Seven Seas*

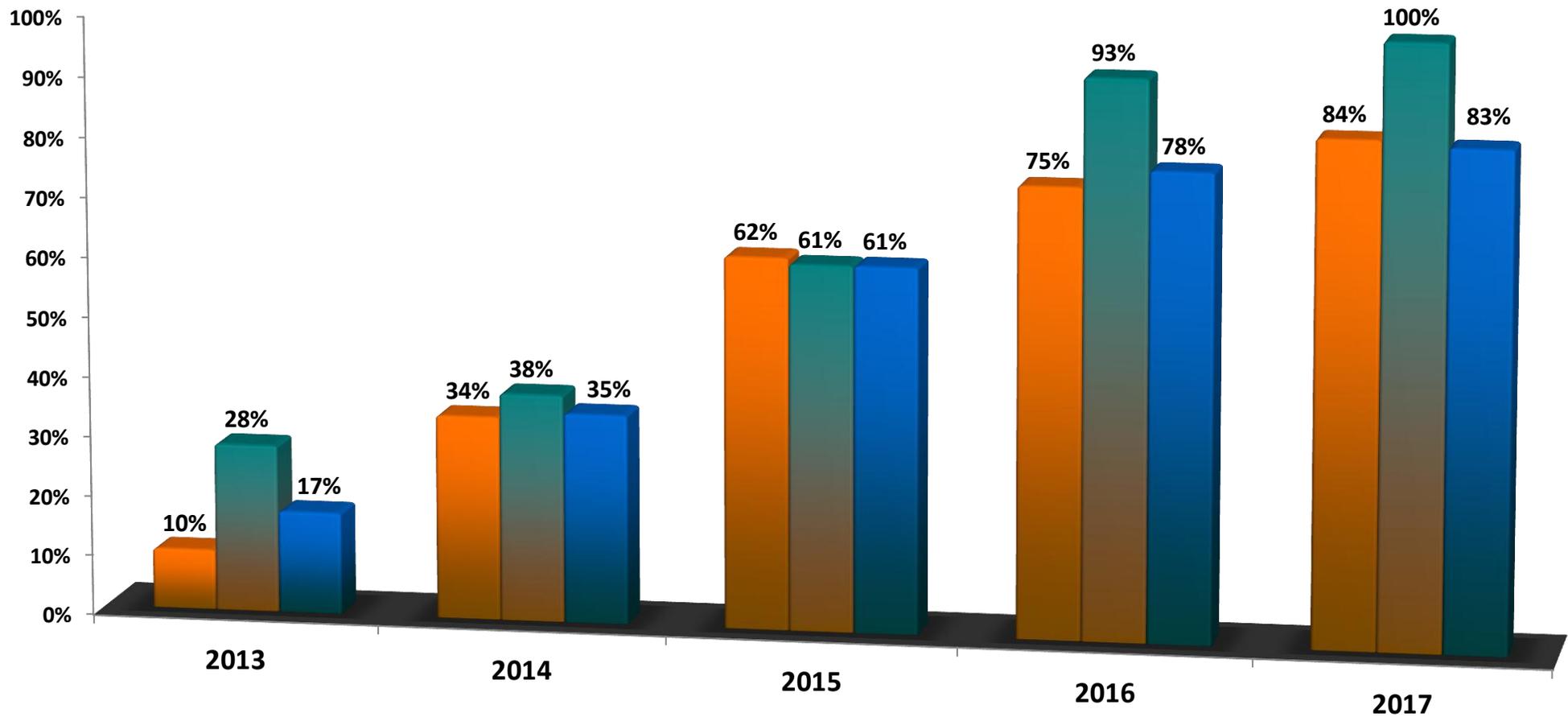
- Strong market demand due to level of new field volume discoveries
- Market utilization 93% <sup>(5)</sup>
- Most activity occurring in West Africa and Australia
- Rates now over \$440K/day to \$500K/day for near term availability

# Market Overview

## Transocean's Uncommitted Fleet <sup>(6)</sup>



■ High-Specification Floaters    ■ Midwater Floaters    ■ High-Specification Jackups



- **Industry leader committed to customers, employees, and shareholders**
- **Clearly defined strategies to create value**
  - **Operations**
  - **Capital deployment**
  - **Assets**
- **Well positioned to capture global opportunities in an improving market**
- **Backlog provides long-term visibility**

# Q&A



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- (1) Per Fleet Status Report issued August 19, 2013. Floater classifications are by water depth as described in the Fleet Status Report. Harsh Environment Floaters are included in the appropriate water depth classification. Rig count associated with continuing operations is 80, plus 7 newbuilds. Rigs Under Construction are inclusive of rigs to be accepted by the customer subsequent to August 19, 2013. “Idle” and “Stacked” rig classifications are as described in the Fleet Status Report.
- (2) Excludes submersible rigs.
- (3) Excludes tender rigs.
- (4) Calculated by multiplying the contracted operating dayrate by the firm contract period for 2013 and future periods as of the Fleet Status Report issued July 17, 2013, for continuing operations only. Firm commitments are represented by signed drilling contracts or, in some cases, by other definitive agreements awaiting contract execution. Our contract backlog is calculated by multiplying the full contractual operating dayrate by the number of days remaining in the firm contract period, excluding revenues for mobilization, demobilization and contract preparation or other incentive provisions, which are not expected to be significant to our contract drilling revenues. The contractual operating dayrate may be higher than the actual dayrate we receive or we may receive other dayrates included in the contract, such as a waiting-on-weather rate, repair rate, standby rate or force majeure rate. The contractual operating dayrate may also be higher than the actual dayrate we receive because of a number of factors, including rig downtime or suspension of operations. In certain contracts, the dayrate may be reduced to zero if, for example, repairs extend beyond a stated period of time.
- (5) Data from ODS-Petrodata as of August 21, 2013. Analysis by Transocean. Includes competitive rigs which have completed construction on or before August 21, 2013. High-Specification Jackups are defined as competitive, independent cantilever rigs with water depths of 350’ and greater.
- (6) The uncommitted fleet rate is defined as the number of uncommitted days divided by the total number of available rig calendar days in the measured period, expressed as a percentage. An uncommitted day is defined as a calendar day during which a rig is idle or stacked, is not contracted to a customer and is not committed to a shipyard. The rate is as of July 17, 2013.
- (7) This presentation is unaudited.