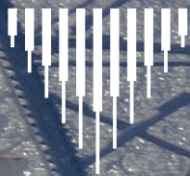


VALARIS



ARO

DRILLING

أرامكو روان للحفر

ARO Drilling

November 2021

Forward-Looking Statements

Statements contained in this investor presentation that are not historical facts are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include words or phrases such as “anticipate,” “believe,” “estimate,” “expect,” “intend,” “plan,” “project,” “could,” “may,” “might,” “should,” “will” and similar words. Such statements are subject to numerous risks, uncertainties and assumptions that may cause actual results to vary materially from those indicated, including the Company’s ability to access financing sources, debt restrictions that may limit our liquidity and flexibility, the COVID-19 outbreak and global pandemic, the related public health measures implemented by governments worldwide, the volatility in oil prices caused in part by the COVID-19 pandemic, and cancellation, suspension, renegotiation or termination of drilling contracts and programs, including drilling contracts which grant the customer termination rights if final investment decision (FID) is not received with respect to projects for which the drilling rig is contracted. In particular, the unprecedented nature of the current economic conditions, pandemic, and industry decline may make it particularly difficult to identify risks or predict the degree to which identified risks will impact the Company’s business and financial condition. In addition to the numerous factors described above, you should also carefully read and consider “Item 1A. Risk Factors” in Part I and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Part II of our most recent annual report on Form 10-K, as updated in our subsequent quarterly reports on Form 10-Q, which are available on the Securities and Exchange Commission’s website at www.sec.gov or on the Investor Relations section of our website at www.valaris.com. Each forward-looking statement speaks only as of the date of the particular statement and we undertake no obligation to update or revise any forward-looking statements, except as required by law. This includes both the nature and timing of financial guidance, which may vary going forward.

ARO Drilling is a 50/50 joint venture between Valaris and Saudi Aramco

Overview:

- ARO Drilling (“ARO”) is a 50/50 joint venture between Valaris and Saudi Aramco that owns and operates jackup drilling rigs in the Kingdom of Saudi Arabia
- Over the next decade, ARO intends to construct 20 newbuild rigs, supported by attractive, long term contracts with Saudi Aramco
- ARO operates independently with a separate dedicated management team; both the CEO and the Managing Director are from Valaris; the CFO is from Saudi Aramco
- ARO Board of Directors is comprised of three members from Valaris and three members from Saudi Aramco; the Chairman is from Saudi Aramco
- ARO is treated as an equity investment by Valaris for accounting purposes, with financial results recognized primarily on the equity income line (not consolidated)

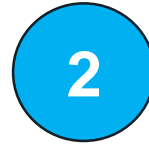
Financing:

- Saudi Aramco and Valaris do not anticipate contributing additional capital into ARO for the newbuild program, however the program is supported by a \$1.25 billion capital commitment from each shareholder, which ratchets down over time as rigs are delivered
- Valaris expects the newbuilds to be fully financed by ARO, through ARO-generated cash flow and external financing, supported by long term contracts at ARO
- As of September 30, 2021, ARO had a cash balance of \$309 million
- As of September 30, 2021, the principal amount of Valaris’ shareholder note was \$443 million
- ARO EBITDA¹ in 2020 was \$137 million

Value Drivers



Owned Rigs

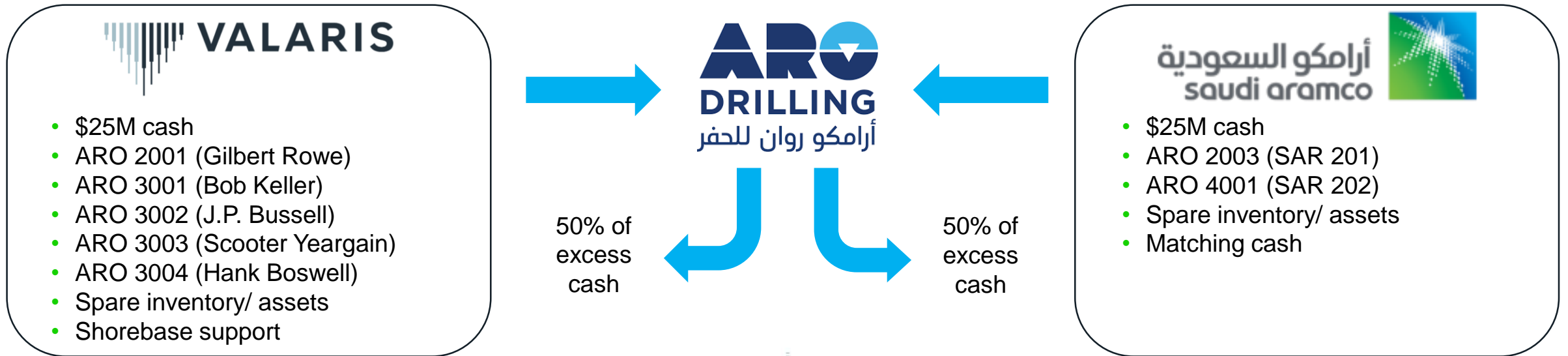


Leased Rigs



Newbuild Rigs

1 Owned Rigs: Overview of Contributions and Cash Flows



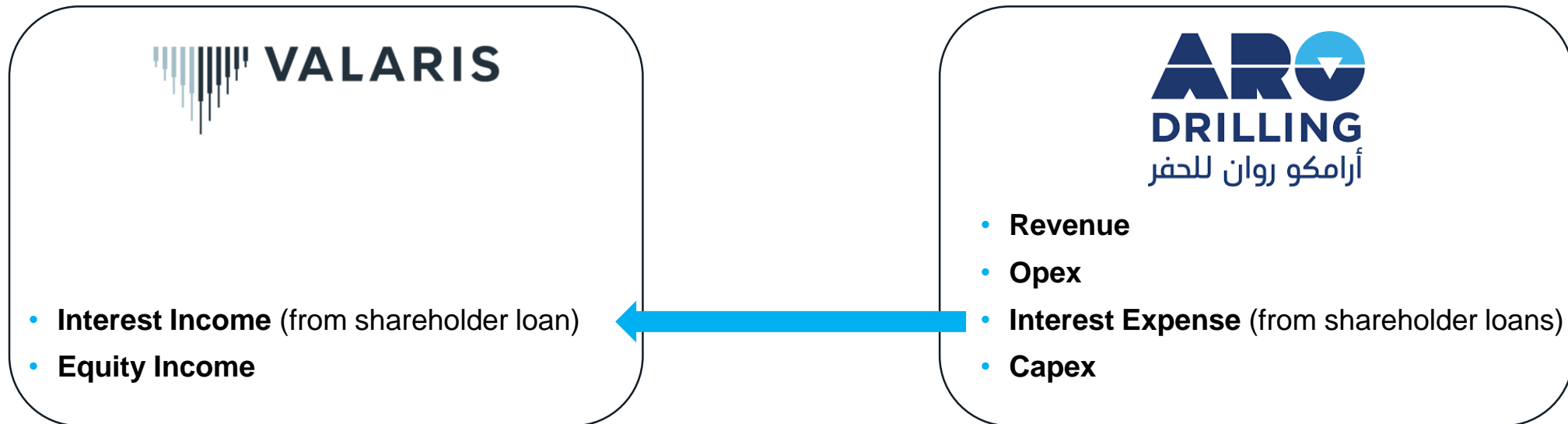
- \$25M cash
- ARO 2001 (Gilbert Rowe)
- ARO 3001 (Bob Keller)
- ARO 3002 (J.P. Bussell)
- ARO 3003 (Scooter Yeargain)
- ARO 3004 (Hank Boswell)
- Spare inventory/ assets
- Shorebase support

- \$25M cash
- ARO 2003 (SAR 201)
- ARO 4001 (SAR 202)
- Spare inventory/ assets
- Matching cash

- In 2Q 2017, Valaris and Saudi Aramco contributed 25 million cash each to form ARO
- In 4Q 2017, Valaris transferred three jackups, and Saudi Aramco transferred two jackups and additional cash
- ARO commenced operations on October 17, 2017
- In 4Q 2017, Valaris and Saudi Aramco received \$88 million each as a cash distribution

- In 4Q 2018, Valaris transferred two jackups and Saudi Aramco transferred a matching contribution in cash
- In 4Q 2018, Valaris and Saudi Aramco received \$95 million each as a cash distribution
- On an annual basis, ARO Board of Directors elects to make interest payments in cash or payment-in-kind (LIBOR + 2%)
- As of September 30, 2021, the principal amount of Valaris' shareholder note was \$443 million

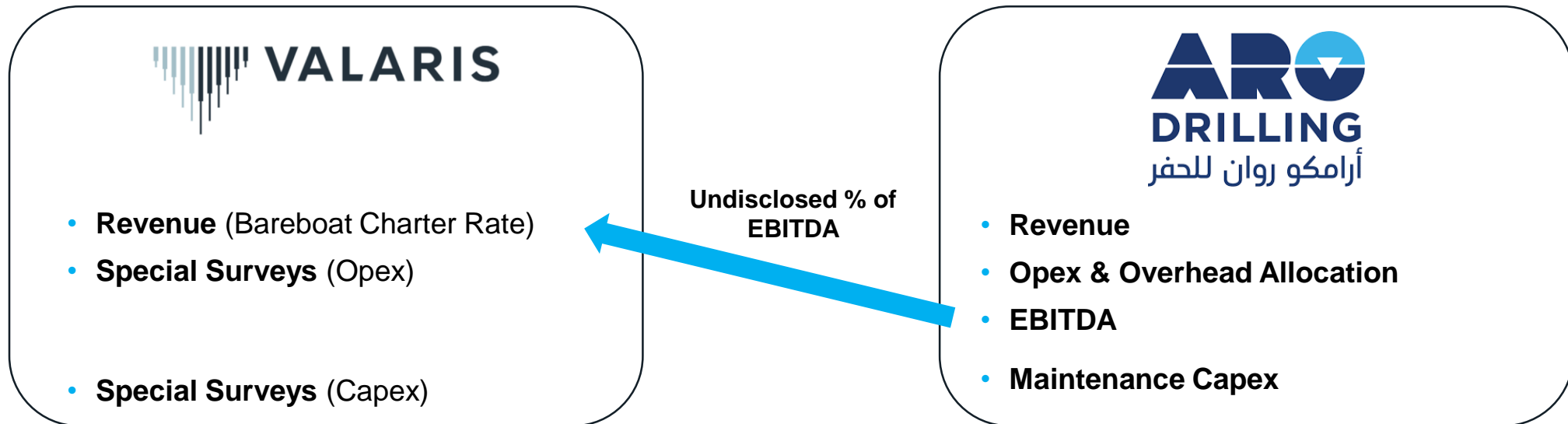
1 Owned Rigs: Income and Cash Flow Impacts



- Valaris receives interest income on its shareholder loan balance outstanding either in the form of a cash payment or payment-in-kind added to the principal balance of the note
- Owned rigs impact ARO net income, 50% of which flow through equity in earnings of ARO line in Valaris' income statement

- Owned rig results are recorded directly on ARO's income statement
- ARO receives revenues from rigs contracted to Saudi Aramco and incurs all operating costs associated with these rigs
- ARO is also responsible for all capital expenditures associated with owned rigs
- ARO records interest expense on the shareholder loans due to Valaris and Saudi Aramco

2 Leased Rigs: Overview and Financial Impact



- Currently seven Valaris rigs leased to ARO
- Valaris receives a percentage of rig EBITDA (after an ARO overhead allocation), which is recognized as revenue on Valaris' income statement
- Five-year special surveys are paid by Valaris
- Leased rigs impact ARO net income, 50% of which flow through equity in earnings of ARO line in Valaris' income statement

- Day rates for the leased rigs will be “consistent with the Pricing Mechanism, unless otherwise agreed”
- The market pricing mechanism is based on a global index of similar rigs (excluding Norway and other niche harsh environment markets) with a modest discount to market, and a floor that provides a minimum level of profitability
- Rig revenue and opex recorded on ARO's income statement
- Allocation of overhead costs based on rig's proportion of total ARO revenue
- Maintenance capex paid by ARO

3 Newbuild Rigs: Overview and Financial Impact

Overview:

- ARO intends to build 20 jackups over the next decade, with the first two scheduled to be delivered in the second half of 2022
- The first two jackups are being built at the Lamprell shipyard in UAE
- Thereafter, new rigs will be built at the new Maritime Yard - The King Salman International Complex for Maritime Industries and Services, a cornerstone project in the Saudi 2030 Vision
- The Maritime Yard is a joint venture between Saudi Aramco, Bahri, Hyundai Heavy Industries and Lamprell
- Newbuild rigs will be designed fit-for-purpose for Saudi Aramco operations. The first two newbuild rigs are based on the LeTourneau 116E design

Financial Impact:

- Day rates for the initial eight-year contracts will be determined using a pricing mechanism that targets a six-year payback for construction costs on an EBITDA basis
- These will be followed by a minimum of another eight years of term, re-priced every three years, based on a market pricing mechanism
- The market pricing mechanism is based on a global index of similar rigs (excluding Norway and other niche harsh environment markets) with a modest discount to market, and a floor that provides a minimum level of profitability
- Thereafter, if the rigs meet the technical specifications and the operational requirements of Saudi Aramco, preference for new Saudi Aramco drilling contracts will be given to these rigs
- Newbuild rigs impact ARO net income, 50% of which flow through equity in earnings of ARO line in Valaris' income statement

Summary: Valaris and ARO Financials



REVENUE	<ul style="list-style-type: none"> Leased Rigs – Bareboat Charter Fee 	<ul style="list-style-type: none"> Owned Rigs Leased Rigs Newbuild Rigs
OPEX	<ul style="list-style-type: none"> Leased Rigs – Special Survey 	<ul style="list-style-type: none"> Owned Rigs Leased Rigs Newbuild Rigs G&A Expense
OTHER INCOME / EXPENSE	<ul style="list-style-type: none"> Interest Income on Shareholder Loan 	<ul style="list-style-type: none"> Interest Expense on Shareholder Loan
50% of ARO net earnings flow through equity in earnings of ARO line in Valaris' income statement		
CAPEX	<ul style="list-style-type: none"> Leased Rigs – Special Survey 	<ul style="list-style-type: none"> Owned Rigs Leased Rigs – Maintenance Capex Newbuild Rigs

Boldly First

