



# VALARIS (NYSE: VAL)

## Investor Presentation

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January 2023

# Forward-Looking Statements

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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," "likely," "plan," "project," "could," "may," "might," "should," "will" and similar words and specifically include statements regarding expected financial performance; expected utilization, day rates, revenues, operating expenses, rig commitments and availability, cash flows, contract status, terms and duration, contract backlog, capital expenditures, insurance, financing and funding; the offshore drilling market, including supply and demand, customer drilling programs, stacking of rigs, effects of new rigs on the market and effect of the volatility of commodity prices; expected work commitments, awards and contracts; letters of intent; scheduled delivery dates for rigs; performance of our joint venture with Saudi Aramco; the timing of delivery, mobilization, contract commencement, availability, relocation or other movement of rigs; future rig reactivations; expected divestitures of assets; general economic, market, business and industry conditions, including inflation and recessions, trends and outlook; general political conditions, including political tensions, conflicts and war (such as the ongoing conflict in Ukraine); future operations; increasing regulatory complexity; the outcome of tax disputes; assessments and settlements; and expense management. The forward-looking statements contained in this investor presentation are subject to numerous risks, uncertainties and assumptions that may cause actual results to vary materially from those indicated, including cancellation, suspension, renegotiation or termination of drilling contracts and programs, including drilling contracts which grant the customer termination right if FID is not received with respect to projects for which the drilling rig is contracted; potential additional asset impairments; failure to satisfy our debt obligations; our ability to obtain financing, service our debt, fund capital expenditures and pursue other business opportunities; adequacy of sources of liquidity for us and our customers; the COVID-19 outbreak and global pandemic and the related public health measures implemented by governments worldwide, which may, among other things, impact our ability to staff rigs and rotate crews; the effects of our emergence from bankruptcy on the Company's business, relationships, comparability of our financial results and ability to access financing sources; actions by regulatory authorities, or other third parties; actions by our security holders; commodity price fluctuations and volatility, customer demand, new rig supply, downtime and other risks associated with offshore rig operations; severe weather or hurricanes; changes in worldwide rig supply and demand, competition and technology; consumer preferences for alternative fuels; increased scrutiny of our Environmental, Social and Governance practices and reporting responsibilities; changes in customer strategy; future levels of offshore drilling activity; governmental action, civil unrest and political and economic uncertainties; terrorism, piracy and military action; risks inherent to shipyard rig reactivation, upgrade, repair, maintenance or enhancement; our ability to enter into, and the terms of, future drilling contracts; suitability of rigs for future contracts; the cancellation of letters of intent or letters of award or any failure to execute definitive contracts following announcements of letters of intent, letters of award or other expected work commitments; the outcome of litigation, legal proceedings, investigations or other claims or contract disputes; governmental regulatory, legislative and permitting requirements affecting drilling operations; our ability to attract and retain skilled personnel on commercially reasonable terms; environmental or other liabilities, risks or losses; debt restrictions that may limit our liquidity and flexibility; and cybersecurity risks and threats. In addition to the numerous factors described above, you should also carefully read and consider "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in our most recent annual report on Form 10-K, and our subsequently filed quarterly reports on Form 10-Q, which are available on the SEC's website at [www.sec.gov](http://www.sec.gov) or on the Investor Relations section of our website at [www.valaris.com](http://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.

# Valaris Overview

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# Valaris is the industry leader in offshore drilling with unmatched scale and financial strength

## Fleet



11 drillships  
5 semisubmersibles  
36 jackups

- High-quality modern fleet with a gross asset value of > \$8 billion<sup>1</sup>
- ARO Drilling
  - Unconsolidated 50/50 joint venture with Saudi Aramco
  - 15 rigs operating and 20-rig newbuild program planned
  - \$403 million shareholder notes due from ARO

## Operational

- Demonstrated track record of safety and operational excellence
  - Rated No. 1 offshore driller in EnergyPoint Research's 2022 customer satisfaction survey
  - 97% revenue efficiency YTD 2022<sup>2</sup> and 98% in 2021
- Presence and scale in nearly all key offshore basins
- Strong customer relationships with major IOCs, NOCs & independents

## Financial

- Strong balance sheet with net cash of \$102 million<sup>3</sup> as of September 30, 2022
- \$2.3 billion of contract backlog as of October 31, 2022
- Significant operating leverage in an improving market
- Industry-leading cost structure that is easily scalable

# We are focused, value driven and responsible in our decision making



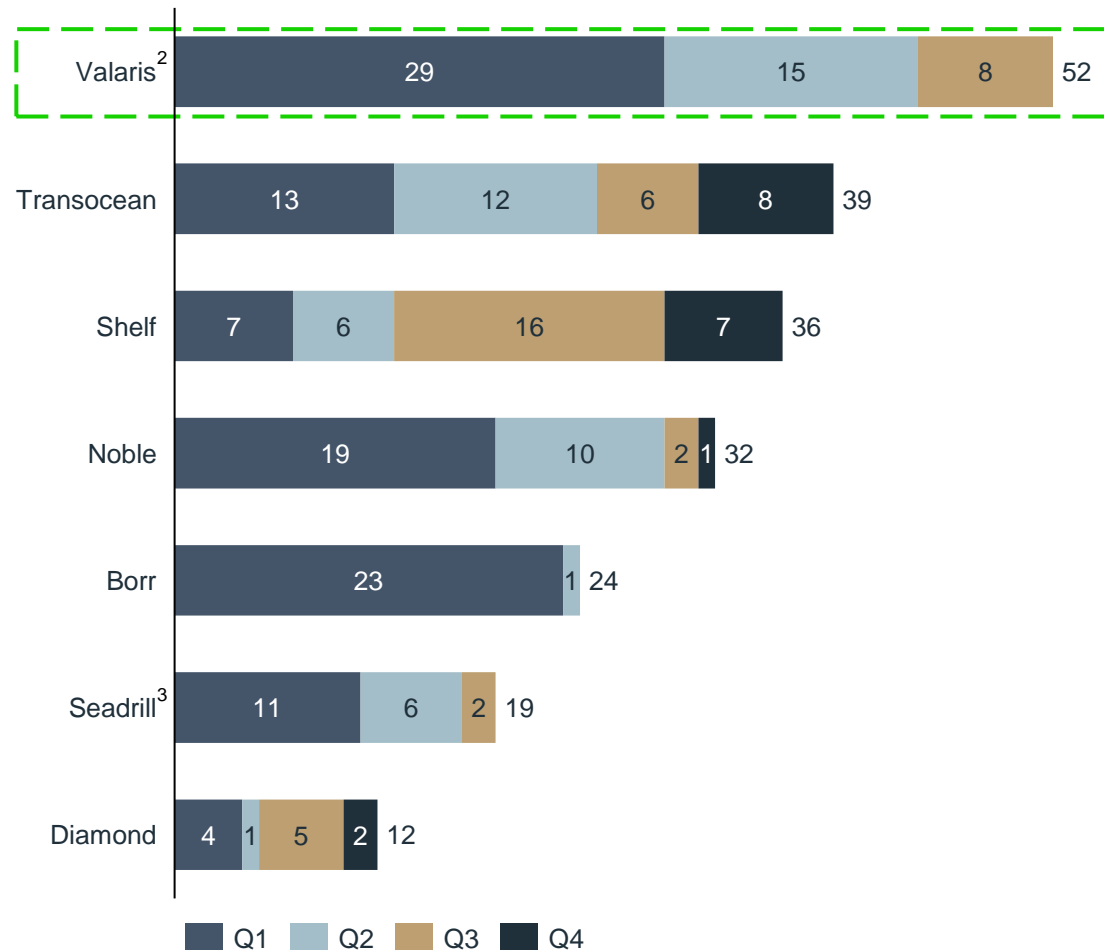


## Largest fleet of modern offshore drilling rigs in the industry



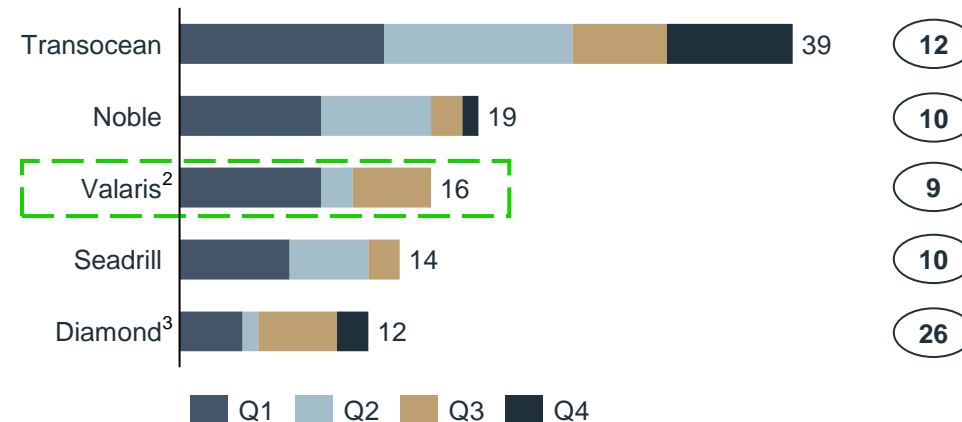
# Largest fleet of high-specification assets

Fleet Quality of Major International Offshore Drillers

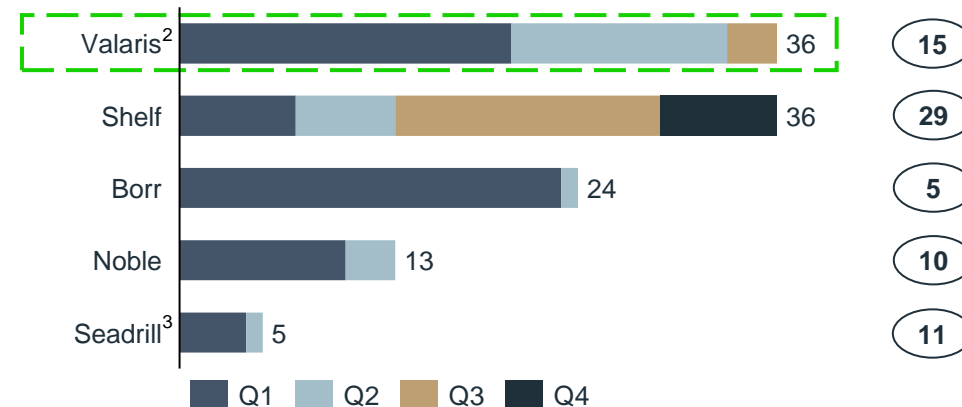


Floaters

Avg. Age<sup>1</sup>



Jackups



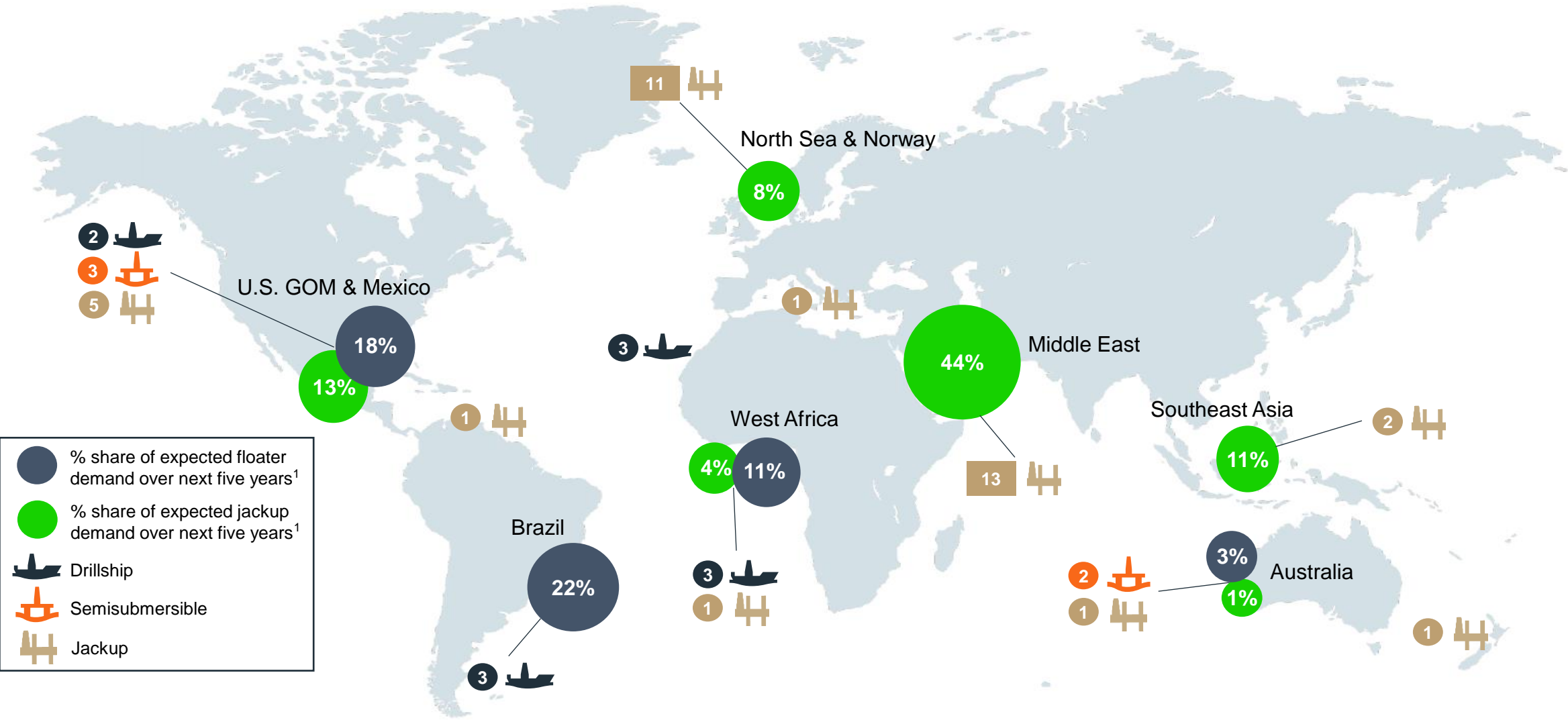
Source: S&P Global Petrodata as of December 2022; Rystad Energy. Rigs ranked into quartiles using Rystad Rig Score (Q1 = top quartile). Floaters and jackups ranked separately.  
 1 Average age includes delivered rigs only; 2 Excludes two drillships that Valaris has the option to purchase before year-end 2023. Includes eight jackup rigs leased to ARO Drilling;  
 3 Includes rigs owned by Seadrill Ltd and pro forma for Aquadrill acquisition announced in December 2022

## Strong customer relationships with major IOCs, NOCs and independents

Majors <sup>1</sup>				National Oil Companies and Other Select Customers <sup>1</sup>			
	<u>Floaters</u>	<u>Jackups</u>	<u>Locations</u>		<u>Floaters</u>	<u>Jackups</u>	<u>Locations</u>
	✓	✓	Latin America, Southeast Asia, West Africa			✓	Middle East
	✓	✓	U.S. GOM, West Africa		✓	✓	Brazil, Norway
	✓	✓	Mexico, North Sea			✓	North Sea
	✓		West Africa		✓		U.S. GOM
	✓	✓	North Sea, Southeast Asia, West Africa		✓		Brazil
	✓		Brazil		✓		Australia

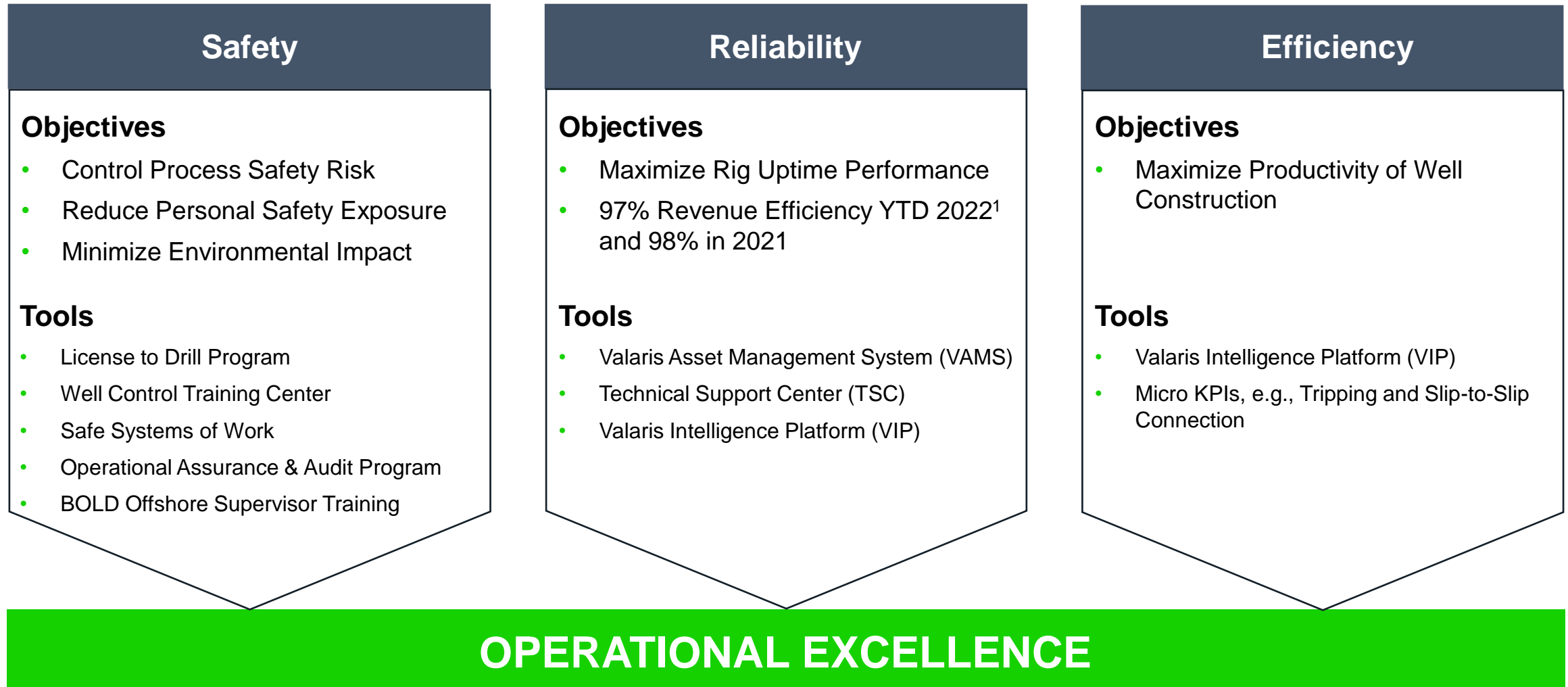


# Focused on key basins expected to drive a large share of future demand



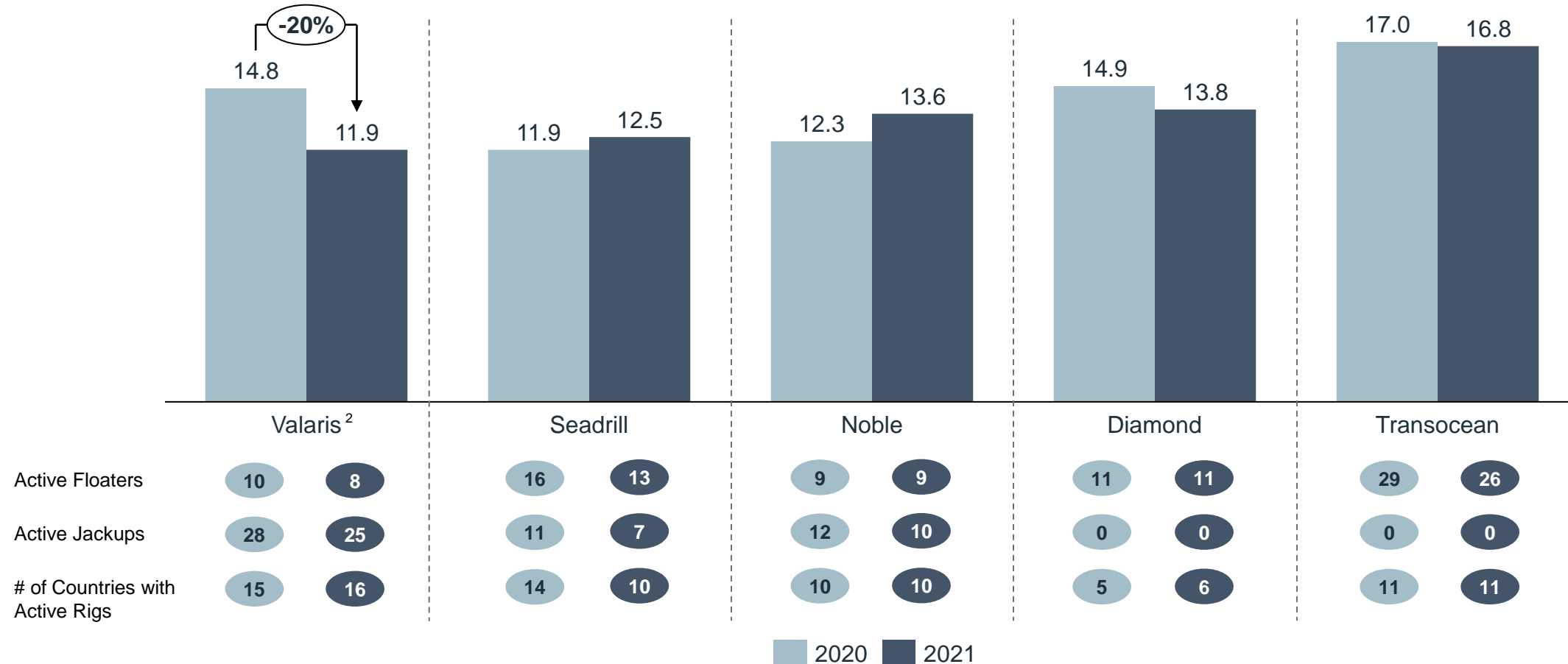
<sup>1</sup> Demand by country/region represents rig years as a % of total rig years for floaters and jackups, excluding China and Iran, per Rystad Cube Dashboards as of October 2022  
 Note: Rigs that are currently stacked with a future contract are shown in the location of the future contract. Includes eight jackup rigs owned by Valaris that are leased to ARO Drilling in Saudi Arabia. Excludes nine jackup rigs owned by ARO Drilling (operating and under construction), two rigs that Valaris manages on behalf of a customer and two drillships that Valaris has the option to purchase by year-end 2023.

# Delivering safe, reliable and efficient operations is our primary focus



# Industry-leading cost structure

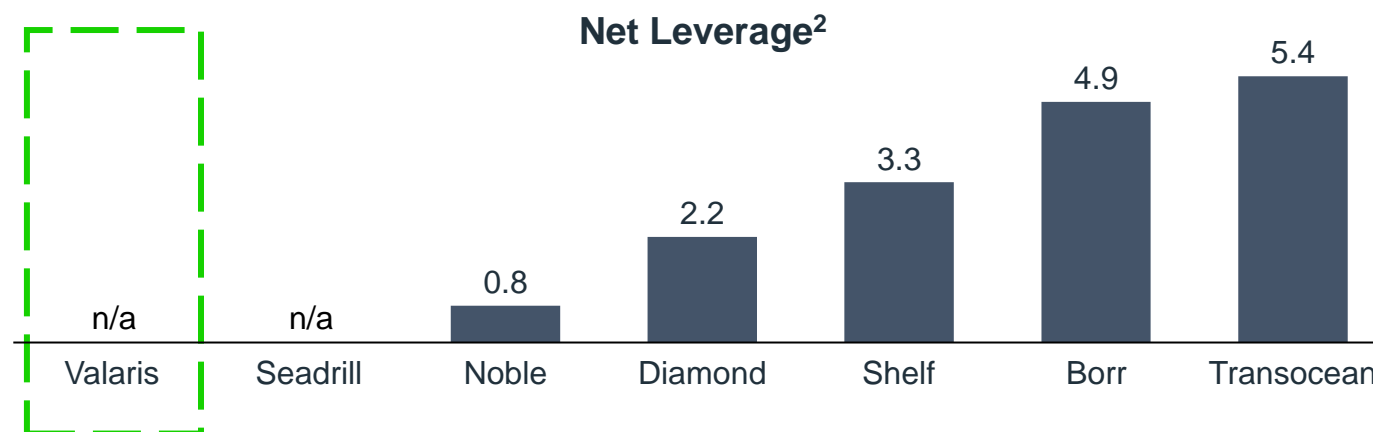
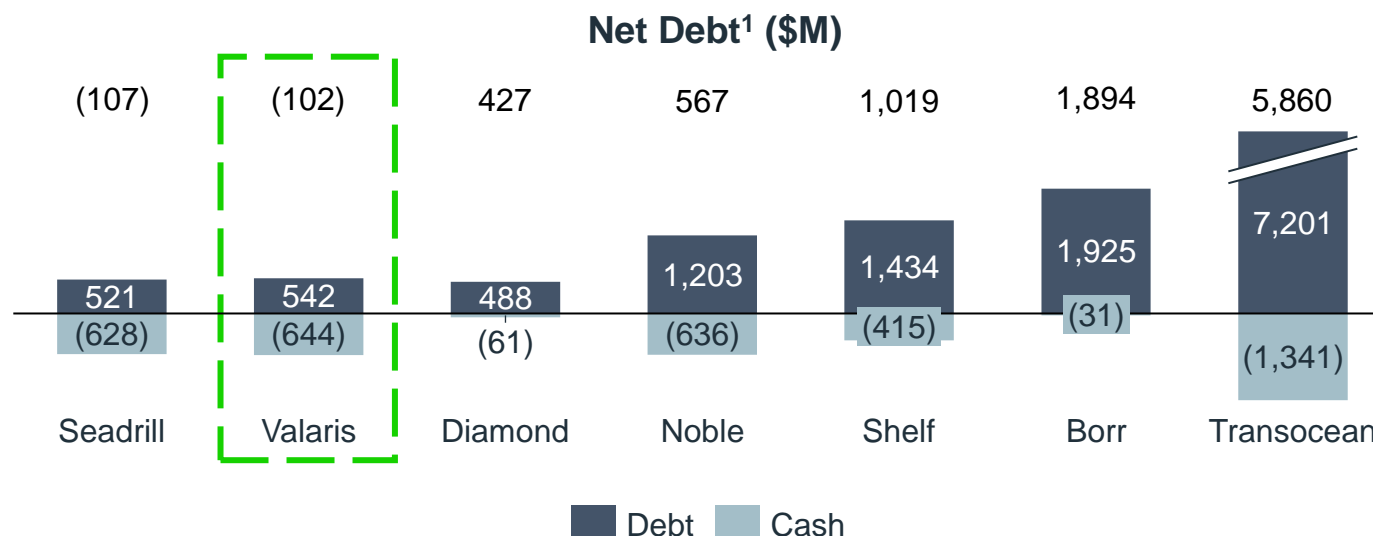
Operating, Support and G&A Costs per Weighted Active Rig (\$M)<sup>1</sup>



Source: Company filings; S&P Global Petrodata

<sup>1</sup> Contract drilling expense (excluding reimbursable items) and general and administrative expense for each available period divided by weighted average rig count. Active rig weighting determined by cost complexity for discrete asset types: 1.0 for drillships, 1.3 for North Sea/Australia semisubmersibles, 0.9 for benign environment semisubmersibles, 0.9 for jackups active in Norway and 0.5 for all other jackups. Active rigs defined as rigs that are not cold stacked or under construction. Active rigs and countries per S&P Global Petrodata Current Activity Report. Represents an average of each quarter end in the given period. <sup>2</sup> Valaris operating costs exclude costs related to two rigs managed on behalf of a customer as they are not included in the active rig count.

## Strongest balance sheet in the offshore drilling sector



- Valaris is one of only two major offshore drillers with a net cash position
- \$644M<sup>3</sup> total liquidity to fund operations and support rig reactivations
- Only tranche of debt is \$550M senior secured notes due 2028
  - First call in April 2023
  - Recently amended indenture to increase flexibility
- Annual cash interest expense of \$45M<sup>4</sup>
- No newbuild capital commitments



# Disciplined fleet management strategy focused on driving long term shareholder value

## Optimization



- Priority is to ensure that the active fleet remains highly utilized
- Portfolio approach to contracting with a mix of longer and shorter duration contracts and staggered rollovers
- Aim to have a critical mass of rigs in priority basins to benefit from economies of scale

## Reactivations



- Only reactivate rigs for opportunities that provide meaningful returns
- Proven ability to win work for preservation stacked assets, with five long-term floater contracts awarded since mid-2021
- Demonstrated track record of reactivating rigs on time and within our cost guidance

## Divestitures



- Regularly assess fleet for retirement and divestiture candidates
- Jackups VALARIS 113 and 114, each of which had been stacked for more than six years, were sold in 2022 for a combined total of \$125 million
- Agreed to sell 40-year old jackup VALARIS 54 following its current contract for \$28.5 million

# Strong framework in place for advancing our sustainability program

## Board and Executive Management Oversight

- Board of Directors has a dedicated Environmental, Social and Governance (ESG) Committee
- New executive management position focused on Sustainability and New Energy
- Green Sustainability Committee – cross-functional working group that identifies and evaluates opportunities to promote sustainable business practices

## Monitoring and Reporting

- Annual Sustainability Report published in accordance with the Sustainability Accounting Standards Board (SASB)
- Report Scope 1, 2 and 3 GHG emissions
- Valaris Intelligence Platform (VIP) enables near real-time data of fuel consumption and GHG emissions across the fleet



**2021 Sustainability Report**  
Aligned to SASB framework

# Reduce emissions from our own operations and partner with customers

## Reduce Emissions from our own Operations

- Engine optimization to lower SO<sub>x</sub> and CO<sub>2</sub> emissions
  - Completed on VALARIS DS-12 – the first vessel globally to achieve ABS Enhanced Electrical System Notation EHS-E
  - Planned for VALARIS DS-17
- Selective Catalytic Reduction (SCR) systems reduce NO<sub>x</sub> emissions by up to 90%
  - SCR implemented on four drillships and one jackup

## Partner with Customers on their Energy Transition Efforts

- Carbon capture and storage
  - Drilled carbon capture pilot wells for two customers in the North Sea – Porthos project in the Netherlands and Northern Endurance Partnership in the UK
  - Future projects planned offshore Australia and in the U.S. Gulf
- Performance based incentives for fuel savings
  - Engine optimization and enhanced monitoring resulted in 14% fuel savings vs. baseline target for contract offshore Norway



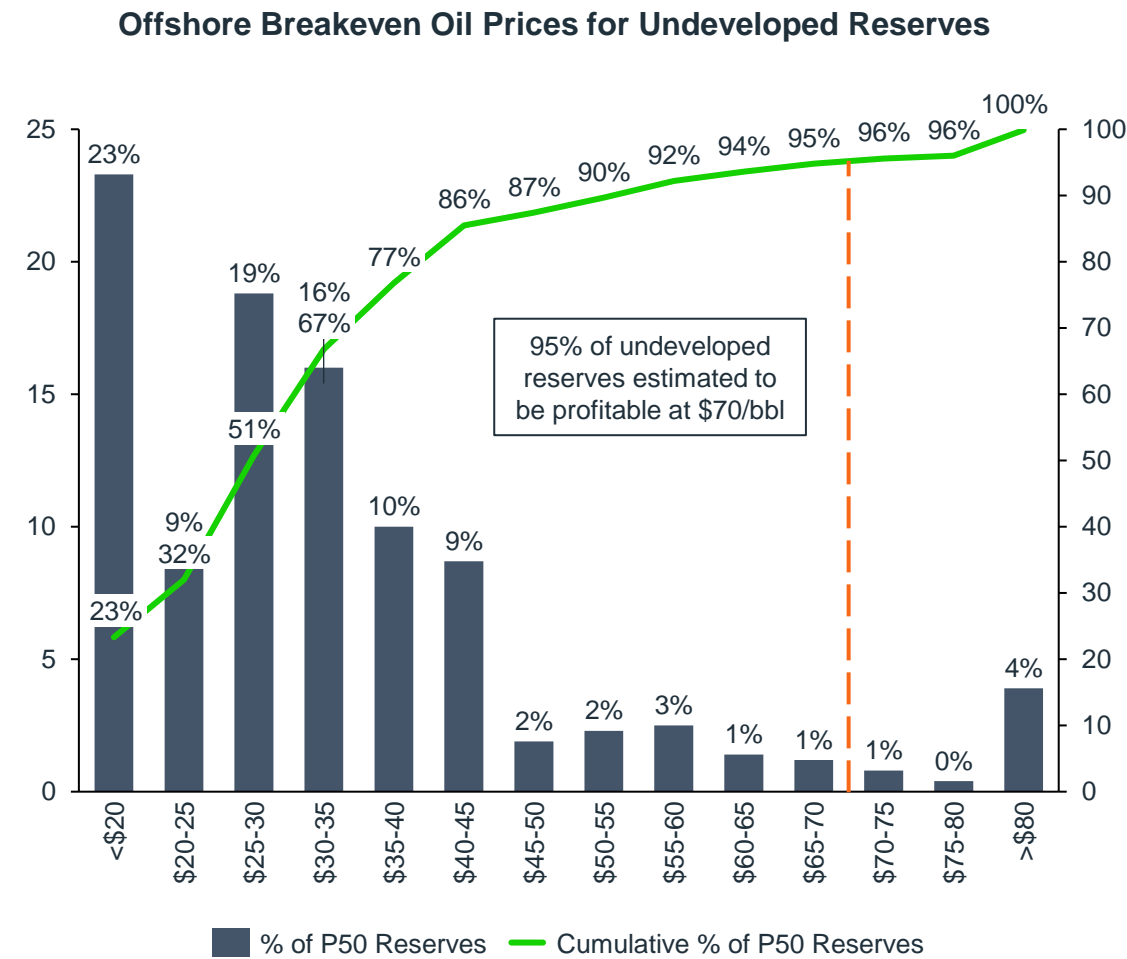
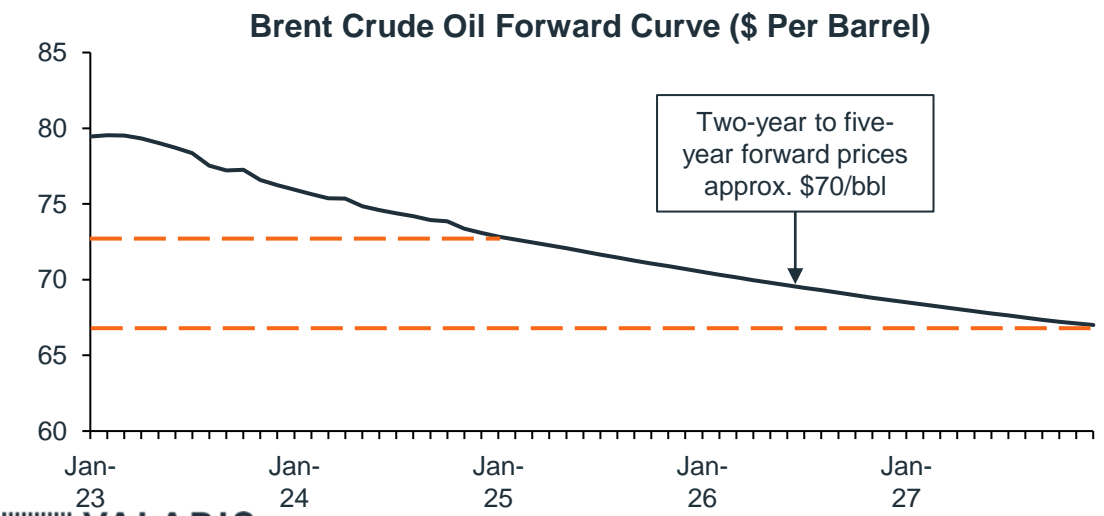
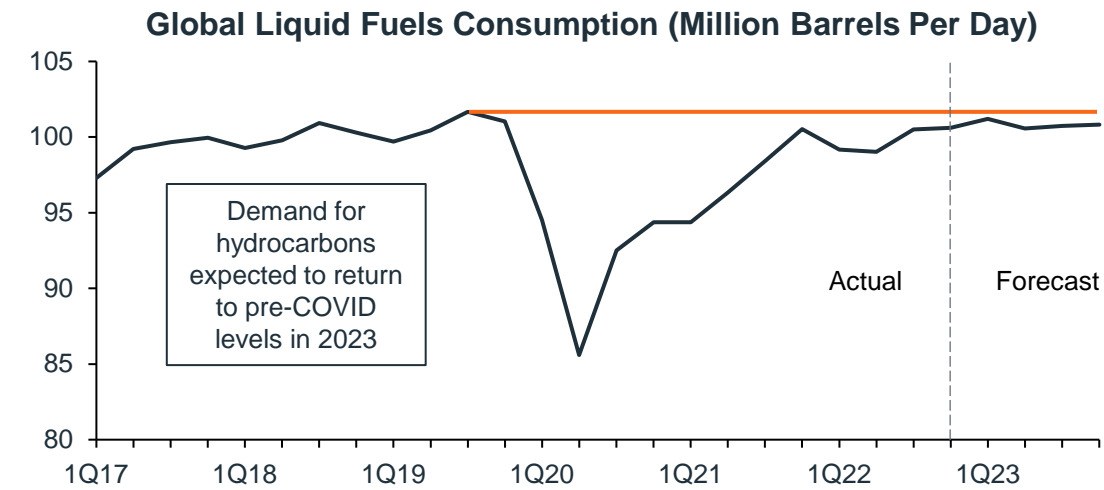


# Offshore Market Overview

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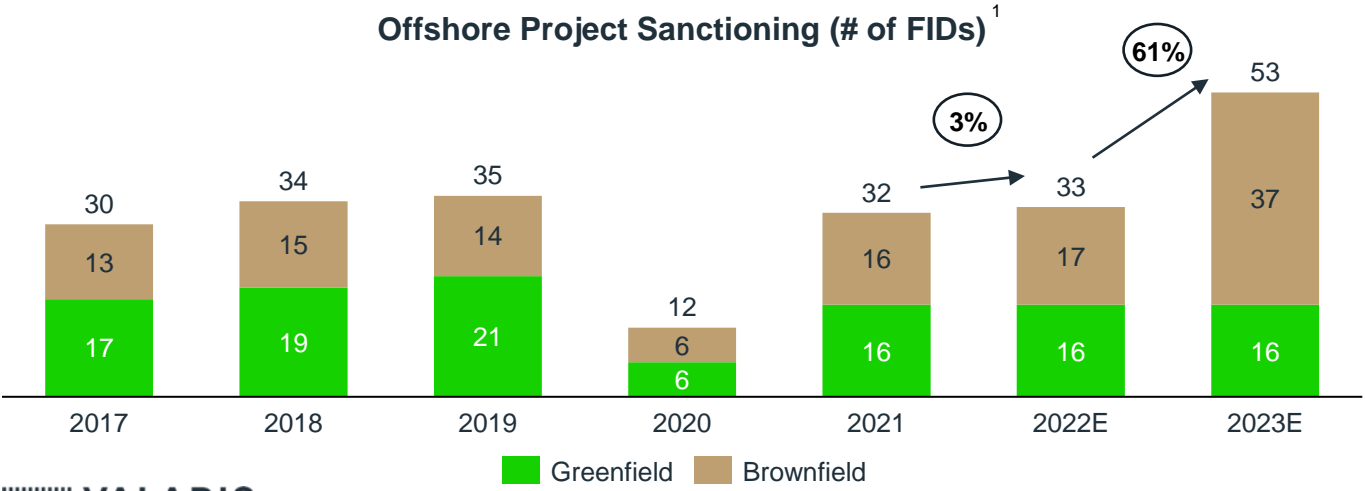
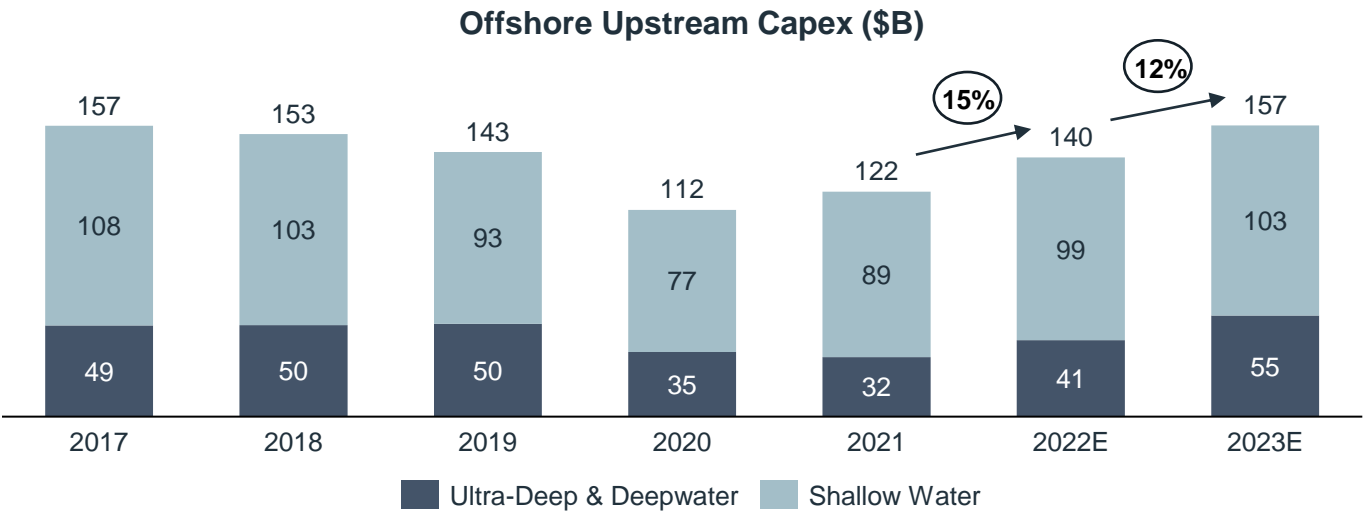


# Commodity supply and demand is constructive for our industry



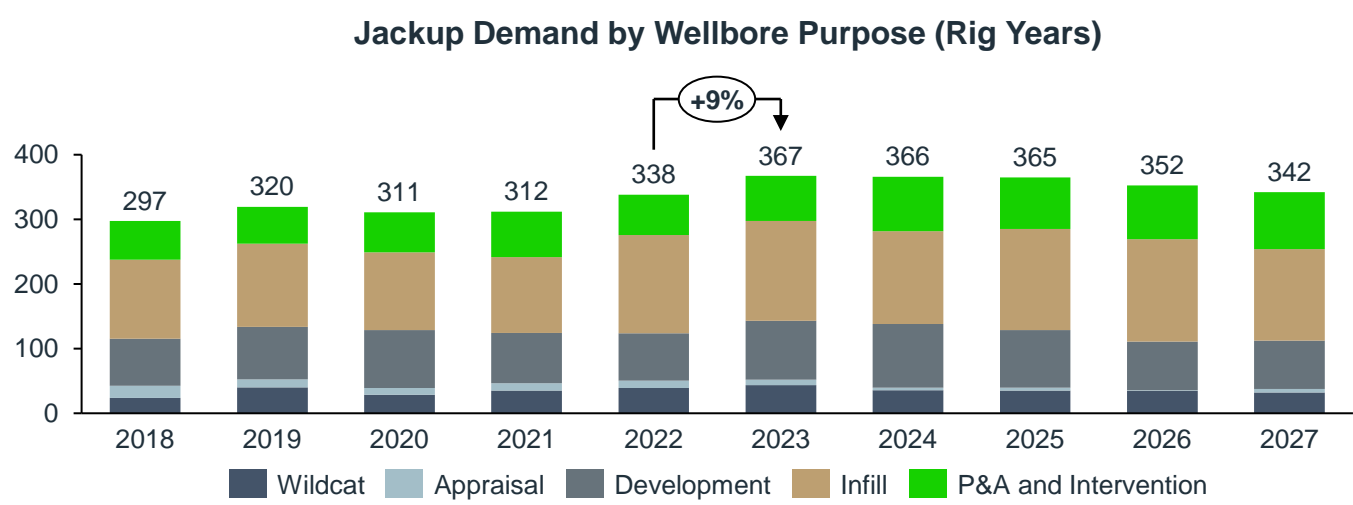
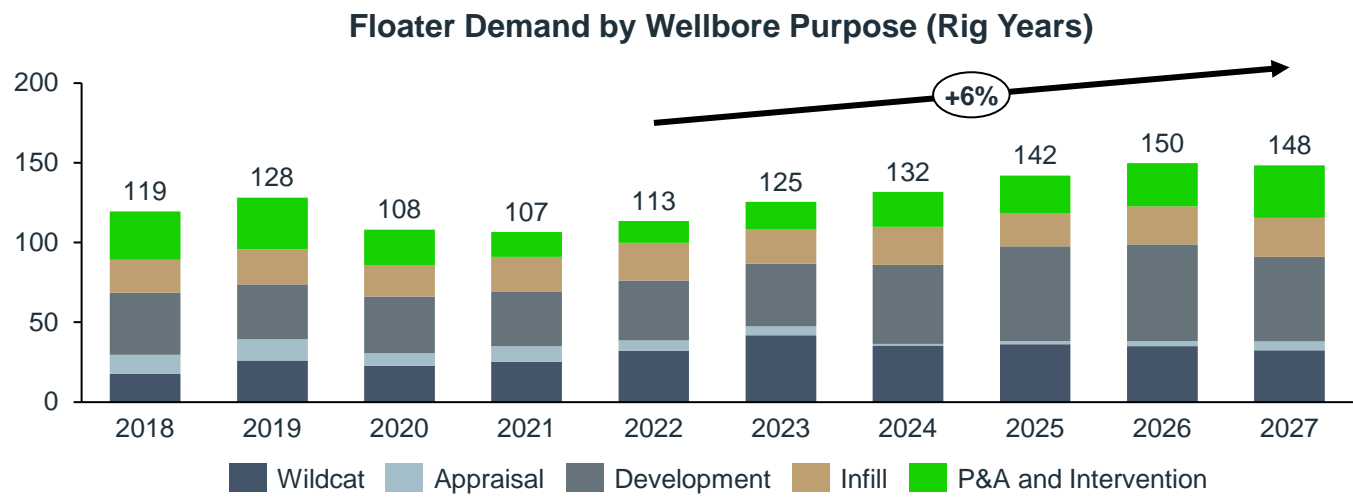
P50 reserves: reserves volume with a probability of recovery of between 50% and 90%

# Offshore upstream capex and new project sanctioning are expected to increase



- Offshore upstream capex is expected to increase by 12% in 2023
- This growth in offshore spending is primarily expected to come from investments in ultra-deep and deepwater projects
- Shallow water remains approximately two-thirds of expected spending with steady growth projected
- Offshore project sanctioning is also expected to increase meaningfully in 2023, with more final investment decisions (FIDs) expected than any other year since the start of the industry downturn

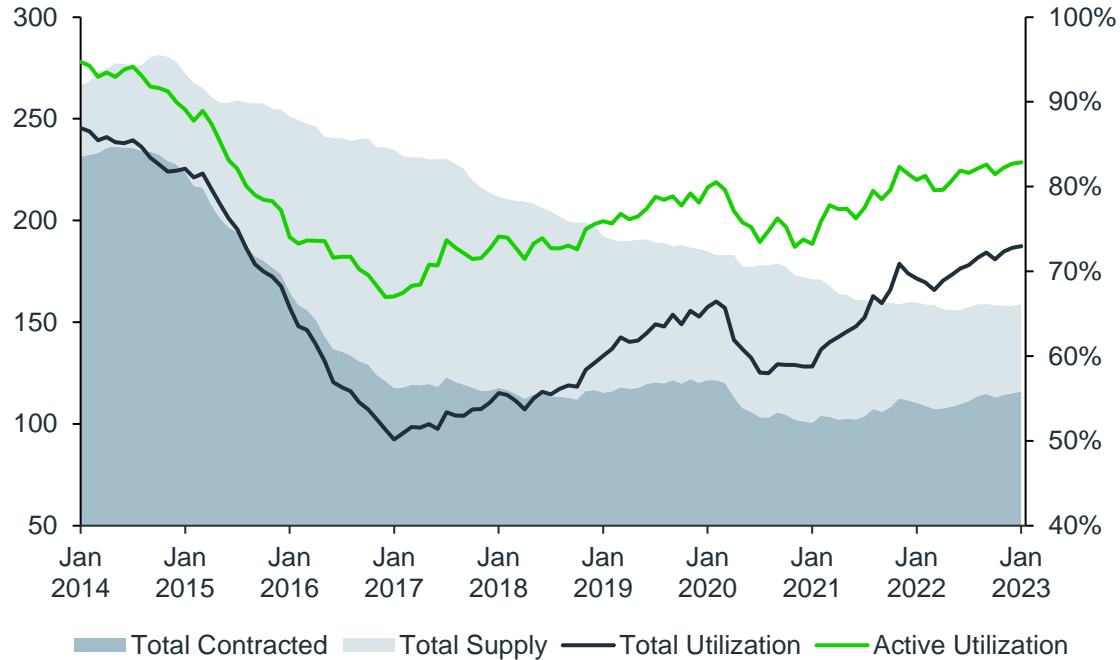
# Demand for offshore drilling is expected to increase over the next several years



- Floater demand is expected to increase at a compound annual growth rate (CAGR) of 6% over the next five years
- Approximately two-thirds of floater demand over the next five years is expected to be for exploration (wildcat) and development drilling
- This is a strong signal of customers' conviction on the economics for deepwater projects and is positive for longer-term demand for these rigs
- Jackup demand is anticipated to increase further in 2023 as operators with exposure to shorter cycle barrels are expected to ramp up production to benefit from high commodity prices
- The primary driver of jackup demand is different than for floaters, with more than 40% of all demand over the next five years expected to come from infill drilling

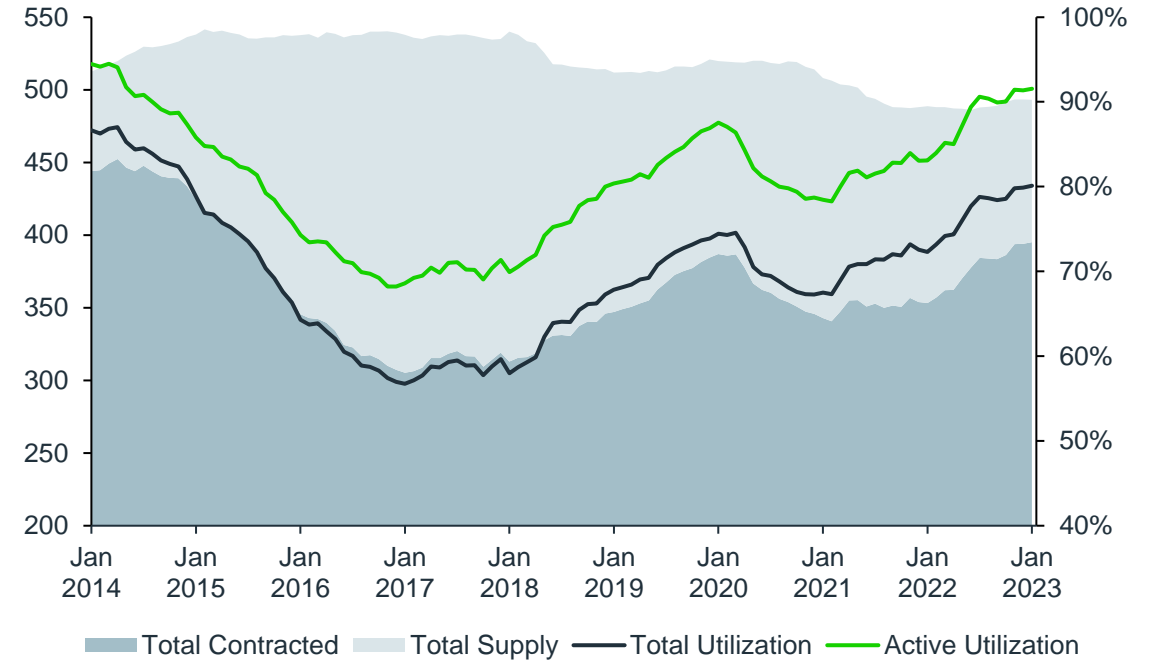
# Significant supply rationalization over the past several years has improved market balance

## Benign Environment Floater Supply and Utilization



- Benign environment floater supply has declined by 43% to 159 from a peak of 281 in late 2014
- Majority of current supply are modern assets. Only 16% of current supply is > 20 years of age

## Jackup Supply and Utilization



- Jackup supply has declined by 9% to 493 from a peak of 542 in early 2015
- 33% of current supply is > 30 years of age with limited useful lives remaining



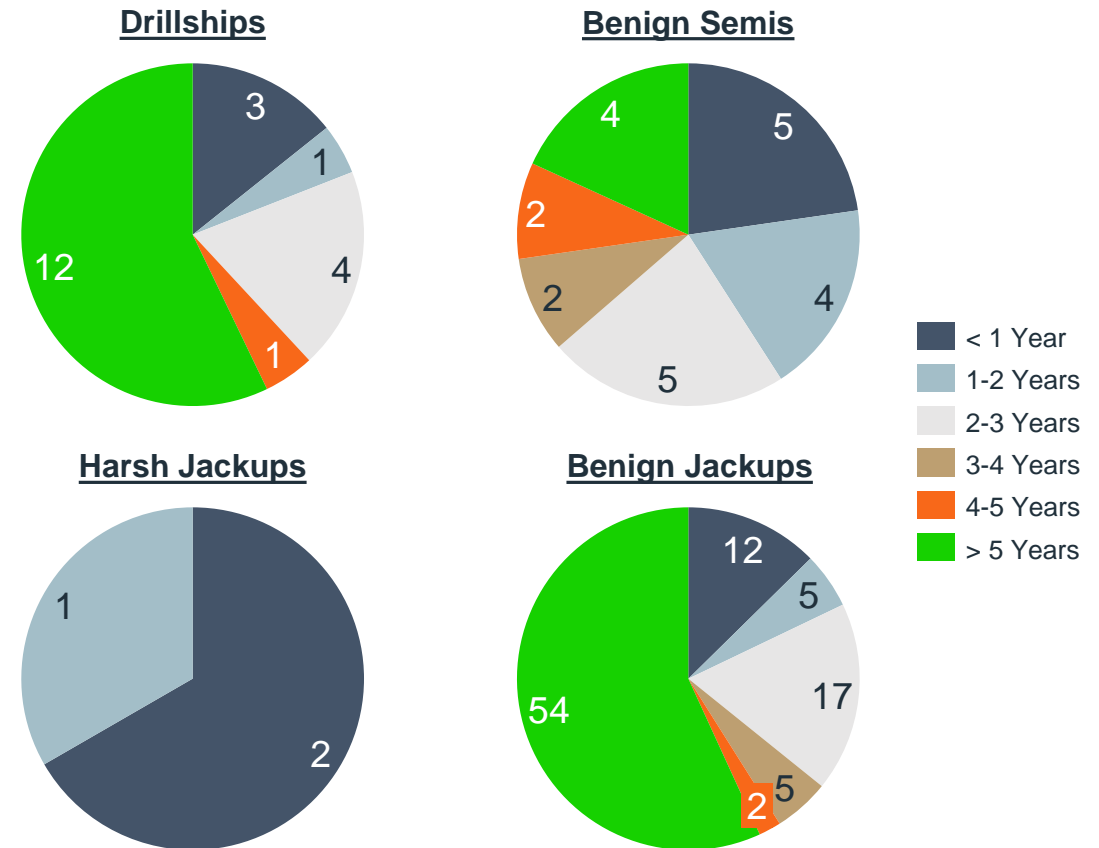
# Current rig fleet will form the basis of supply for the foreseeable future

*Current active utilization ~90%+ for most asset classes*

*Some of the rigs that have been stacked for prolonged periods likely never to return to the active fleet*

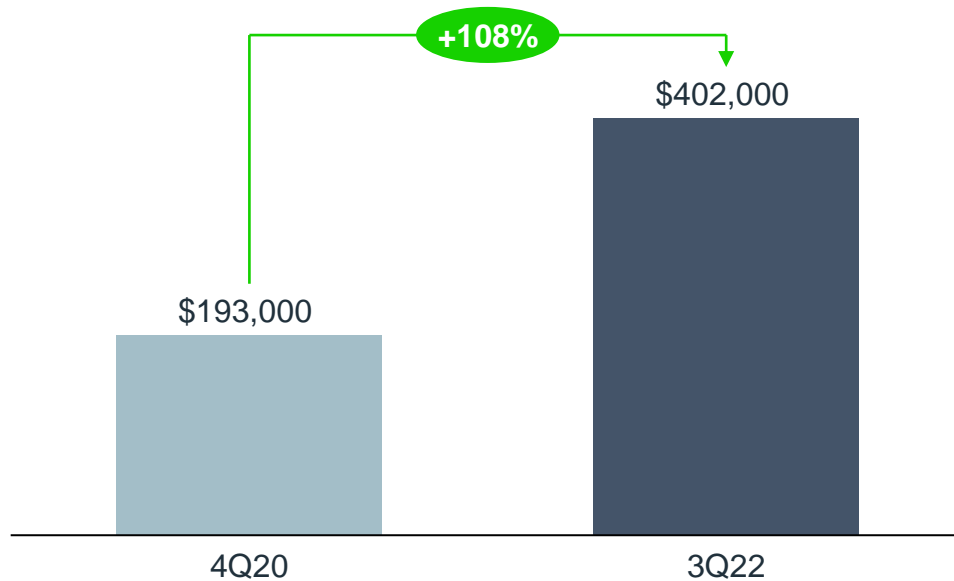
Delivered Rigs	Drillships	Benign <sup>1</sup> Semis	Harsh <sup>1</sup> Jackups	Benign <sup>1</sup> Jackups
Contracted	76	40	30	365
Available	9	15	3	33
Active Fleet	85	55	33	398
Cold Stacked	12	7	-	62
Total Fleet	97	62	33	460
Active Utilization	89%	73%	91%	92%
Total Utilization	78%	65%	91%	79%
Newbuilds	14	3	5	15

Time Stacked – Available and Cold Stacked Rigs



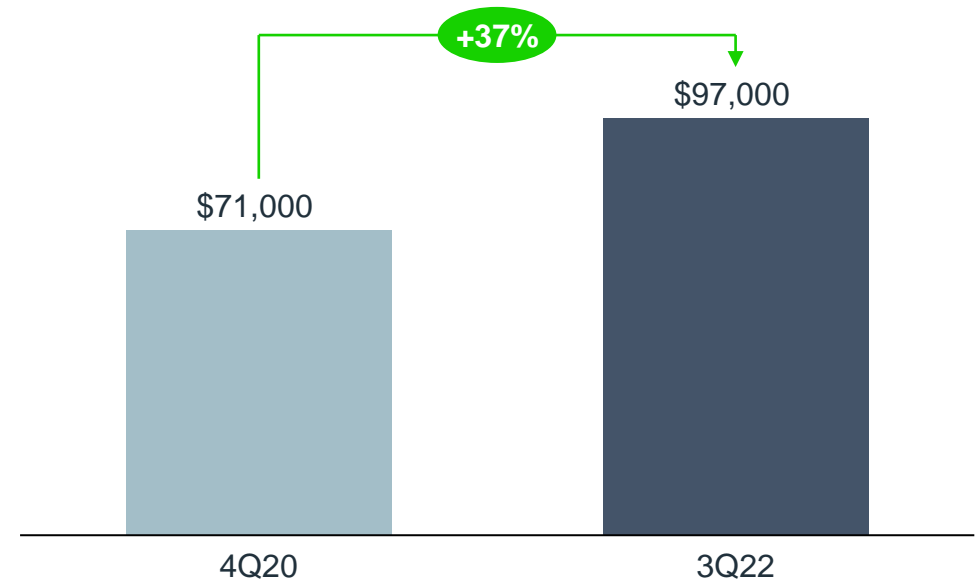
# Day rates have increased meaningfully since late 2020

Average Day Rates for Drillship Fixtures Signed <sup>1</sup>



- Average day rates for drillship fixtures signed in 3Q22 have more than doubled since 4Q20
- Recently, some fixtures have been awarded at above \$425K/day
- Active utilization for drillships is approximately 90%

Average Day Rates for Benign Environment Jackup Fixtures Signed <sup>1</sup>



- Average day rates for benign jackup fixtures signed in 3Q22 are nearly 40% higher than 4Q20
- Recently, some fixtures have been awarded at above \$120K/day
- Active utilization for benign jackups is approximately 90%

# Value Proposition

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# Valaris has a compelling value proposition built on four key elements

## 1 Active Fleet

- 33 rigs including drillship VALARIS DS-17 that is currently being reactivated
- Active fleet generated adjusted operating margin (excluding one-time reactivation costs) of \$344 million in 2021<sup>1,2</sup>
- Earnings power from the active fleet expected to increase meaningfully due to improving utilization and day rates

## 2 Stacked Fleet and Newbuild Drillship Options

- 11 high-quality modern assets and two newbuild drillship options
- Significant operating leverage in an improving market environment
- Proven ability to win work for preservation stacked assets, with five long-term floater contracts awarded since mid-2021

## 3 Leased and Managed Rigs

- Eight rigs owned by Valaris currently leased to ARO Drilling under bareboat charter agreements, provide high levels of utilization and stable cash flows
- Two managed rigs, which Valaris operates on behalf of a customer
- 2021 operating margin was \$85 million<sup>1</sup>

## 4 ARO Drilling

- Unconsolidated 50/50 joint venture with Saudi Aramco, the largest customer for jackups in the world
- ARO 2021 EBITDA was \$91 million and ARO had cash of \$174 million as of September 30, 2022
- 20-rig newbuild program provides future growth with guaranteed contracts at attractive economics
- Asset sales and attractive public company valuations in Middle East highlight value inherent in ARO



# Stacked rigs and newbuild options provide operating leverage in an improving market

## Stacked Fleet Overview

- Stacked fleet includes 11 high-quality modern assets with a total build cost of ~\$4.0B and significant useful lives remaining
- Proven ability to win work for preservation stacked assets, with five long-term floater contracts awarded since mid-2021
- Three uncontracted high-specification drillships provide operating leverage
- Disciplined approach to reactivations – economics are attractive at current day rates
- Capitalizing incremental EBITDA at market multiples offers substantial uplift
- Additional exposure to drillship market from purchase options on two newbuilds with purchase price of ~\$119M and ~\$218M<sup>1,2</sup>
  - Recent transactions and broker NAVs range from high \$200M to mid \$300M

## Asset Value

Illustrative Asset Value of Stacked Fleet				As Built Cost
Value per Floater (5 Rigs)	\$100M	\$200M	\$300M	~\$600M
Value per Jackup (6 Rigs)	\$25M	\$50M	\$75M	~\$150M
<b>Total Asset Value</b>	<b>\$650M</b>	<b>\$1,300M</b>	<b>\$1,950M</b>	<b>~\$4,000M</b>

## Reactivation Economics

Illustrative Drillship Example	3Q21	3Q22
Reactivation Costs	\$40-45M	\$65-75M
Customer Contribution	\$–	~\$20M
Net Investment	\$40-45M	\$45-55M
Average Day Rate <sup>3</sup>	\$239,000	\$402,000
Annualized Rig-Level EBITDA <sup>4</sup>	~\$40M	~\$95M
<b>EBITDA Payback Period</b>	<b>~13 Months</b>	<b>~6 Months</b>

## Significant earnings potential in a market recovery scenario

Total Rigs	Rigs Under Contract or with Future Contract	Illustrative Annual EBITDA from Valaris Fleet <sup>1</sup>				2014 <sup>2</sup>
11	8	Drillship Day Rates	\$350K	\$400K	\$450K	~\$500K
5	3	Benign Semisubmersible Day Rates	\$250K	\$300K	\$350K	~\$400K
12	11	HD Ultra-Harsh & Harsh Jackup Day Rates <sup>3</sup>	\$125K	\$150K	\$175K	~\$220K
21	16	Modern HD & SD Jackup Day Rates <sup>3</sup>	\$75K	\$100K	\$125K	~\$160K
		Fleet Utilization	70%	75%	80%	85%
		<b>Illustrative Operating Margin<sup>4</sup></b>	<b>~\$880M</b>	<b>~\$1,440M</b>	<b>~\$2,060M</b>	<b>~\$2,800M</b>
		Total Onshore Costs (2021)	~\$200M	~\$200M	~\$200M	~\$200M
		<b>Illustrative EBITDA<sup>4</sup></b>	<b>~\$680M</b>	<b>~\$1,240M</b>	<b>~\$1,860M</b>	<b>~\$2,600M</b>

# ARO Drilling joint venture provides strong presence in the largest jackup market in the world

## ARO Drilling Overview

- ARO Drilling (“ARO”) is an unconsolidated 50/50 joint venture with Saudi Aramco that owns and operates jackup rigs in Saudi Arabia
- Strategic partnership with the largest global customer for jackups
- ARO owns seven jackup rigs operating under contracts with Saudi Aramco with contract backlog of **\$871M** as of October 31, 2022
- ARO leases eight jackup rigs from Valaris, each operating under contracts with Saudi Aramco
- ARO is scheduled to purchase 20 newbuild jackup rigs over the next decade, backed by long-term contracts with Saudi Aramco, which are expected to be financed by third-party financing non-recourse to Valaris<sup>1</sup> and cash from ARO operations
- Valaris has shareholder notes receivable with a principal balance of **\$403M** from ARO as of September 30, 2022
- Asset sales and attractive public company valuations in Middle East highlight value inherent in ARO



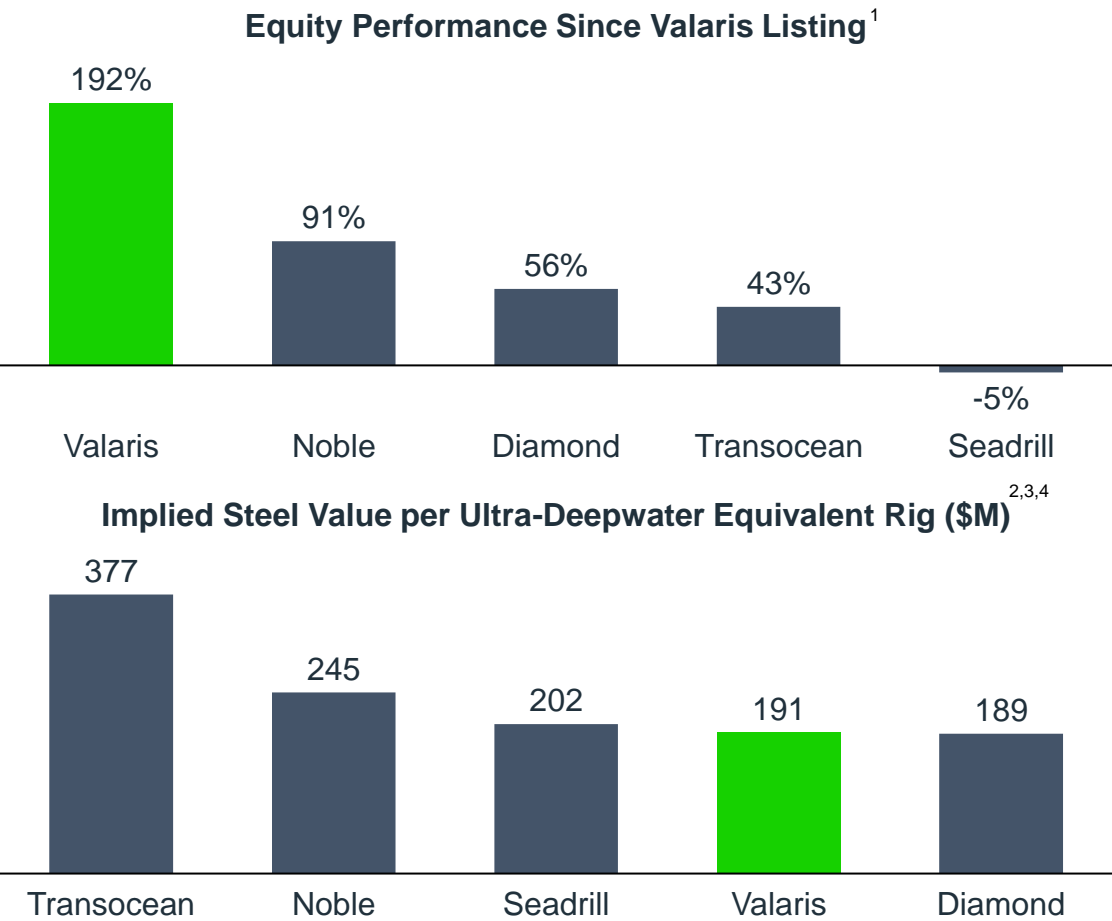
## Income Statement Highlights

	2021
Revenue	\$471M
<b>EBITDA</b>	<b>\$91M</b>

## Balance Sheet Highlights

	Sep 30, 2022
Cash	\$174M
Shareholder Notes	\$822M
Third-Party Debt	Zero

# Equity trades at a significant discount to largest peers and recent market transactions



### Recent Market Transactions for Drillships

Rig Name	Buyer	Seller	Price
Crete	Stena Drilling	SAMSUNG HEAVY INDUSTRIES	\$320 million
Santorini	SAIPEM	SAMSUNG HEAVY INDUSTRIES	\$305 million <sup>5</sup>
Aquila	LIQUILA VENTURES	DSME	\$275 million
Cobalt Explorer	TÜRKİYE PETROLLERİ ANONİM ORTAKLIĞI	DSME	\$255 million

- Recent market transactions for drillships have averaged ~\$290 million (including an estimated \$75 million of reactivation costs per rig) – approx. 1.5x the implied steel value Valaris is currently trading at for similar assets

## Disciplined approach to capital allocation and focus on free cash flow generation

### Disciplined

- Exercise operational leverage in a disciplined manner
- Rigs only reactivated for opportunities that provide meaningful returns on reactivation costs
- Three high-specification uncontracted drillships remaining
- Purchase options on newbuild drillships VALARIS DS-13 and DS-14

### Opportunistic

- Regularly assess fleet for divestiture candidates
- Recently agreed to sale of 40-year old jackup VALARIS 54 for \$28.5 million
- Previous sale of stacked jackups VALARIS 113 and 114 for a total of \$125 million was highly accretive
- Continual evaluation of strategic opportunities to create shareholder value with Board, including Strategy Committee

### Returns Focused

- Investments in our fleet in the near-term will help to maximize future earnings and free cash flow
- Strong balance sheet provides capital allocation flexibility
- Recent actions increase flexibility to return capital to shareholders over time
  - Consent solicitation on senior notes
  - \$100 million share repurchase authorization



## Key takeaways

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- 1 Largest fleet of high-specification rigs with a significant presence in all key offshore basins
- 2 Strong customer relationships with major IOCs, NOCs and independents
- 3 Industry leading cost structure and balance sheet
- 4 Improved rig supply and demand dynamics driving day rates higher
- 5 Significant operating leverage in an improving market
- 6 Advantaged position in the world's largest jackup market through ARO Drilling joint venture
- 7 Disciplined approach to fleet management and capital allocation with a focus on free cash flow

# Appendix

Appendix

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# Contract Backlog as of October 31, 2022

## Contract Backlog <sup>(1) (2)</sup>

(\$ millions)	2022	2023	2024+	Total
Drillships	\$ 91.1	\$ 509.2	\$ 394.8	\$ 995.1
Semis	33.0	235.8	110.7	379.5
<b>Floaters</b>	<b>\$ 124.1</b>	<b>\$ 745.0</b>	<b>\$ 505.5</b>	<b>\$ 1,374.6</b>
HD - Ultra-Harsh & Harsh	\$ 43.6	\$ 111.9	\$ 29.6	\$ 185.1
HD & SD - Modern	40.1	203.8	151.4	395.3
SD - Legacy	13.0	58.0	11.3	82.3
<b>Jackups</b>	<b>\$ 96.7</b>	<b>\$ 373.7</b>	<b>\$ 192.3</b>	<b>\$ 662.7</b>
Leased Rigs	\$ 10.7	\$ 57.6	\$ 61.2	\$ 129.6
Managed Rigs	12.6	75.7	5.4	93.7
<b>Other <sup>(3)</sup></b>	<b>\$ 23.4</b>	<b>\$ 133.3</b>	<b>\$ 66.6</b>	<b>\$ 223.3</b>
<b>Total</b>	<b>\$ 244.2</b>	<b>\$ 1,252.0</b>	<b>\$ 764.4</b>	<b>\$ 2,260.6</b>

ARO Drilling <sup>(4)</sup>	2022	2023	2024+	Total
Owned Rigs	\$ 41.2	\$ 246.6	\$ 582.9	\$ 870.7
Leased Rigs	46.3	202.9	224.1	473.3
<b>Total</b>	<b>\$ 87.5</b>	<b>\$ 449.5</b>	<b>\$ 807.0</b>	<b>\$ 1,344.0</b>

## Valaris 50% Share of ARO

Owned Rigs	\$ 20.6	\$ 123.3	\$ 291.5	\$ 467.5
<b>Adjusted Total <sup>(5)</sup></b>	<b>\$ 264.8</b>	<b>\$ 1,375.3</b>	<b>\$ 1,055.8</b>	<b>\$ 2,695.9</b>

## Contracted Days <sup>(1) (2)</sup>

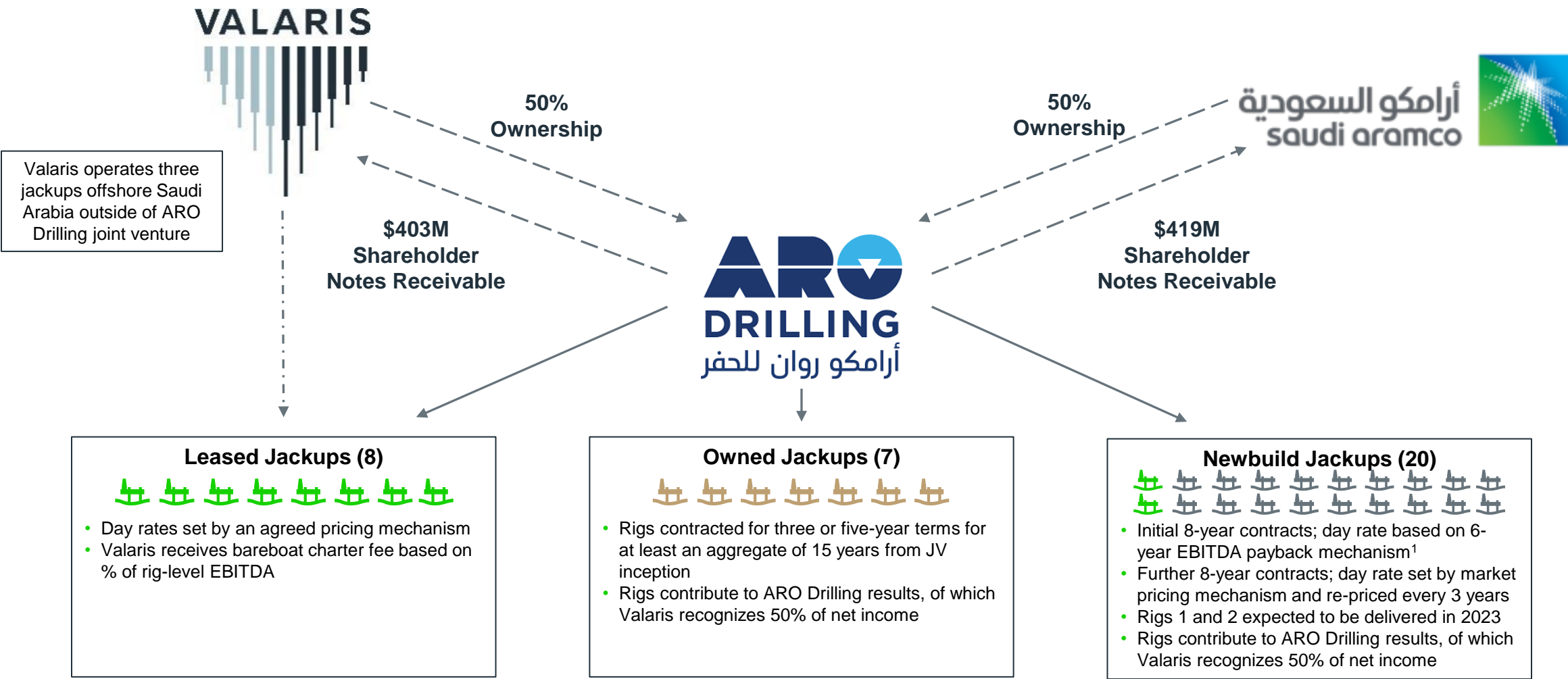
	2022	2023	2024+
Drillships	427	2,100	1,304
Semis	176	978	487
<b>Floaters</b>	<b>603</b>	<b>3,078</b>	<b>1,791</b>
HD - Ultra-Harsh & Harsh	427	1,065	233
HD & SD - Modern	477	2,328	1,507
SD - Legacy	183	785	174
<b>Jackups</b>	<b>1,087</b>	<b>4,178</b>	<b>1,914</b>
Leased Rigs	467	2,243	2,472
Managed Rigs	122	730	52
<b>Other <sup>(3)</sup></b>	<b>589</b>	<b>2,973</b>	<b>2,524</b>
<b>Total</b>	<b>2,279</b>	<b>10,229</b>	<b>6,229</b>

## Average Day Rates <sup>(1) (2)</sup>

	2022	2023	2024+
Drillships	\$ 213,000	\$ 242,000	\$ 303,000
Semis	187,000	241,000	227,000
<b>Floaters</b>	<b>\$ 206,000</b>	<b>\$ 242,000</b>	<b>\$ 282,000</b>
HD - Ultra-Harsh & Harsh	\$ 102,000	\$ 105,000	\$ 127,000
HD & SD - Modern	84,000	88,000	100,000
SD - Legacy	71,000	74,000	65,000
<b>Jackups</b>	<b>\$ 89,000</b>	<b>\$ 89,000</b>	<b>\$ 100,000</b>

(1) Contract backlog, contracted days and average day rates as of October 31, 2022. (2) Contract backlog and average day rates exclude certain types of non-recurring revenues such as lump sum mobilization payments. Contract backlog and contracted days include backlog and days when a rig is under suspension. Average day rates are adjusted to exclude suspension backlog and days. (3) Other represents contract backlog and contracted days related to bareboat charter agreements and management services contracts. (4) ARO Drilling contract backlog as of October 31, 2022. (5) Adjusted total is Valaris consolidated total plus 50% share of ARO owned rigs; HD = Heavy Duty; SD = Standard Duty. Heavy duty jackups are well-suited for operations in tropical revolving storm areas

# Valaris owns 50% of joint venture with Saudi Aramco, the world's largest jackup customer



<sup>1</sup> Down payment on each newbuild rig is no more than 25% before delivery

# Non-GAAP Reconciliations

(In millions)

	Year-Ended December 31, 2021
<b>ACTIVE FLEET</b>	
Operating income (loss)	\$ (410.5)
Add (subtract):	
Depreciation and amortization, net	132.6
Loss on impairment	419.2
Support and other costs	110.6
Operating margin	\$ 251.9
Add (subtract):	
Reactivation costs	91.6
Adjusted operating margin	\$ 343.5

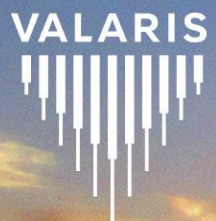
(In millions)

	Year-Ended December 31, 2021
<b>LEASED &amp; MANAGED RIGS</b>	
Operating income (loss)	\$ 55.6
Add (subtract):	
Depreciation and amortization, net	19.5
Loss on impairment	-
Support and other costs	10.1
Operating margin	\$ 85.2

(In millions)

	Year-Ended December 31, 2021
<b>ARO</b>	
Net income	\$ 4.0
Add (subtract):	
Income tax expense	7.9
Other expense, net	13.4
Operating income	\$ 25.3
Add (subtract):	
Depreciation expense	65.2
EBITDA	\$ 90.5





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