# VALARIS (NYSE: VAL)

## Investor Presentation

FOCUSED | VALUE DRIVEN | RESPONSIBLE

May 2023

# 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," "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, 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, contracts and letters of intent; scheduled delivery dates for rigs; performance of our joint ventures, including our joint venture with Saudi Aramco; the availability, delivery, mobilization, contract commencement, availability, relocation or other movement of rigs and the timing thereof; rig reactivations; suitability of rigs for future contracts; 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); cybersecurity attacks and threats; impacts and effects of public health crises, pandemics and epidemics, such as the COVID-19 pandemic; future operations; increasing regulatory complexity; targets, progress, plans and goals related to environmental, social and governance (“ESG”) matters; 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; 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; future share repurchases; actions by regulatory authorities, or other third parties; actions by our security holders; internal control risk; commodity price fluctuations and volatility, customer demand, loss of a significant customer or customer contract, downtime and other risks associated with offshore rig operations; adverse weather, including hurricanes; changes in worldwide rig supply, including as a result of reactivations and newbuilds; and demand, competition and technology; supply chain and logistics challenges; consumer preferences for alternative fuels and forecasts or expectations regarding the global energy transition; increased scrutiny of our ESG targets, including our Scope 1 emissions intensity reduction target, initiatives and reporting and our ability to achieve such targets or initiatives; changes in customer strategy; future levels of offshore drilling activity; governmental action, civil unrest and political and economic uncertainties, including recessions, volatility affecting the banking system and financial markets, inflation and adverse changes in the level of international trade activity; 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; compliance with our debt agreements and debt restrictions that may limit our liquidity and flexibility; cybersecurity risks and threats; and changes in foreign currency exchange rates. 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, which is 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.

# Valaris Overview

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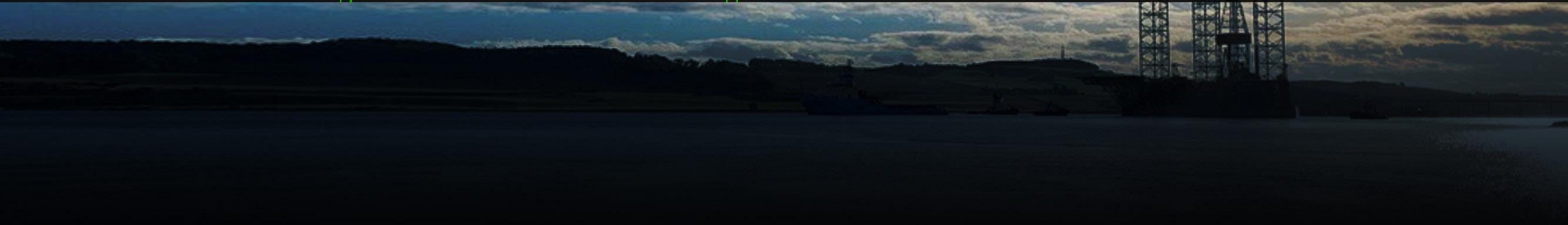


# Valaris is the industry leader in offshore drilling with unmatched scale and financial strength

## Fleet

- 11 Drillships
- 5 Semisubmersibles
- 35 Jackups

Gross asset value > $9 billion[1]

- ARO Drilling – 50/50 JV with Saudi Aramco
- 15 rigs operating & 20-rig newbuild program
- $403 million shareholder notes receivable

## Operational

- Demonstrated track record of safety and operational excellence
- Presence and scale in nearly all key offshore basins
- Strong customer relationships with major IOCs, NOCs and independent operators

## Financial

- Strong balance sheet – Net cash $257 million[2] / Liquidity $1.3 billion[2] / Contract backlog $2.8 billion
- Industry-leading cost structure that is easily scalable
- Committed to returning capital to shareholders – $300 million share repurchase authorization

1 Gross asset value per research report published by Fearnley Securities as of April 2023
2 Pro forma for refinancing transaction that closed on April 19, 2023; Net cash includes $22 million of restricted cash

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

**Purpose**

**To Provide Responsible Solutions That Deliver Energy to the World**

**Strategy**

## Focused

**Building enduring presence and long-term relationships**

- Operate a high spec jackup and floater fleet
- Build deep customer and partner relationships
- Identify and commit to priority basins

## Value Driven

**Exercising financial discipline and driving efficiency**

- Deliver operational excellence (Safe, Reliable & Efficient)
- Operate an efficient and scalable cost structure
- Exercise disciplined capital allocation / be returns focused

## Responsible

**Advancing our sustainability program**

- Decarbonize our operations
- Be transparent on our ESG progress
- Partner with customers on their energy transition efforts
- Monitor compatible opportunities within the energy transition

**Values**

**INTEGRITY || SAFETY || EXCELLENCE || RESPECT || INGENUITY || STEWARDSHIP**

# Largest fleet of modern offshore drilling rigs in the industry

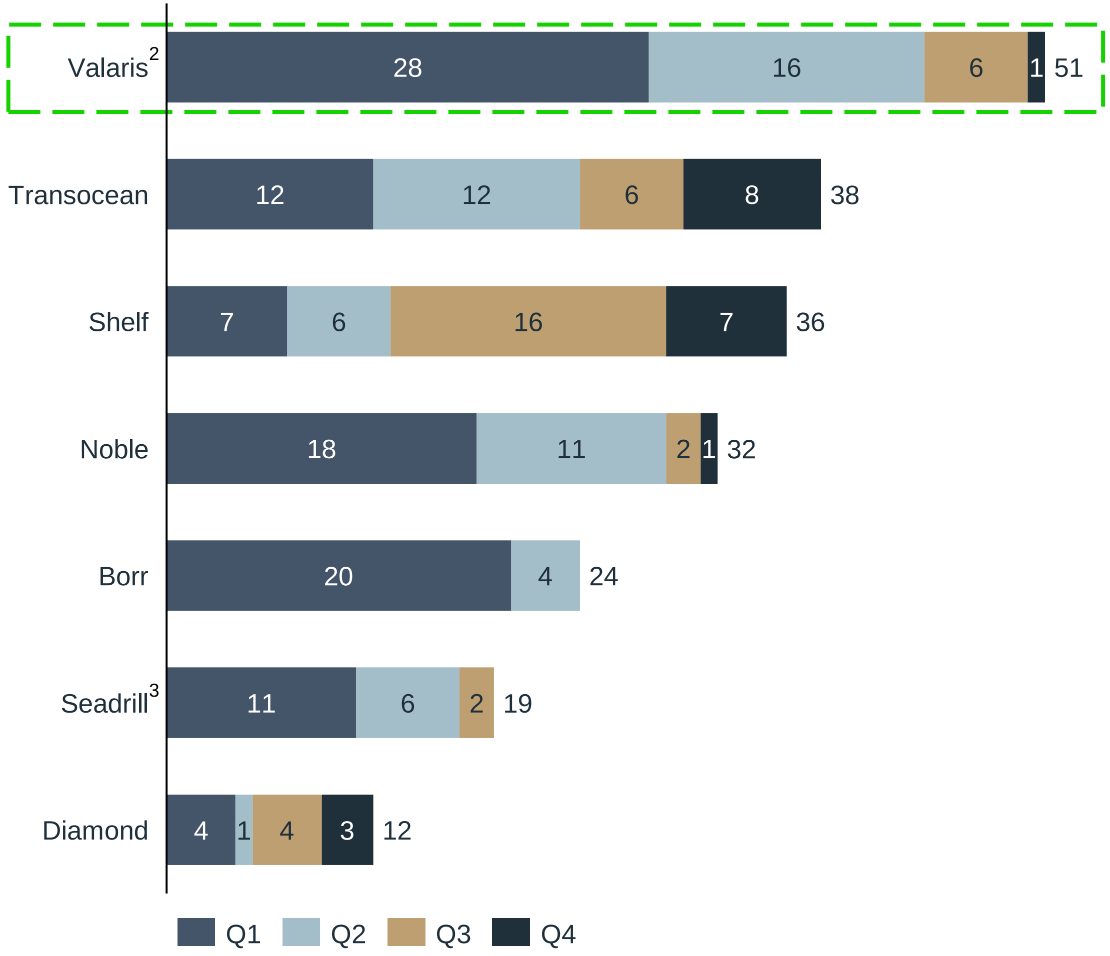





1 Excludes newbuild drillships, VALARIS DS-13 and DS-14, which Valaris has the option to purchase before year-end 2023
2 HD = Heavy Duty; SD = Standard Duty. Heavy duty jackups are well-suited for operations in tropical revolving storm areas

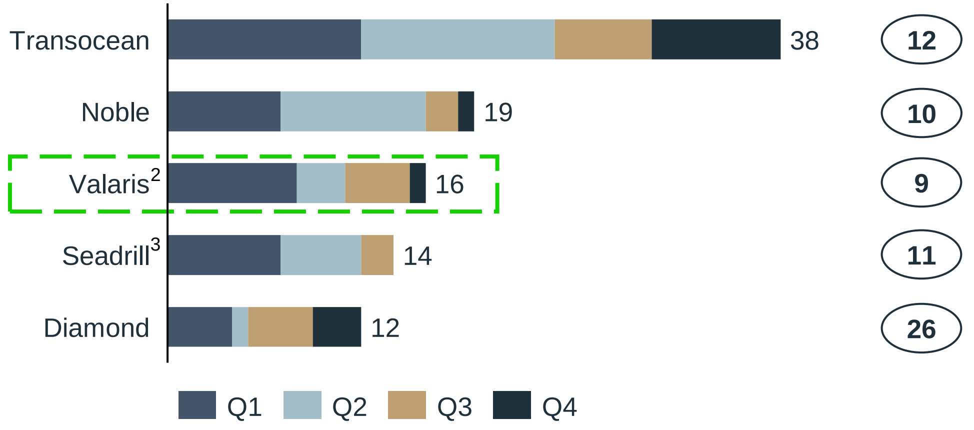
# Largest fleet of high-specification assets

## Fleet Quality of Major International Offshore Drillers

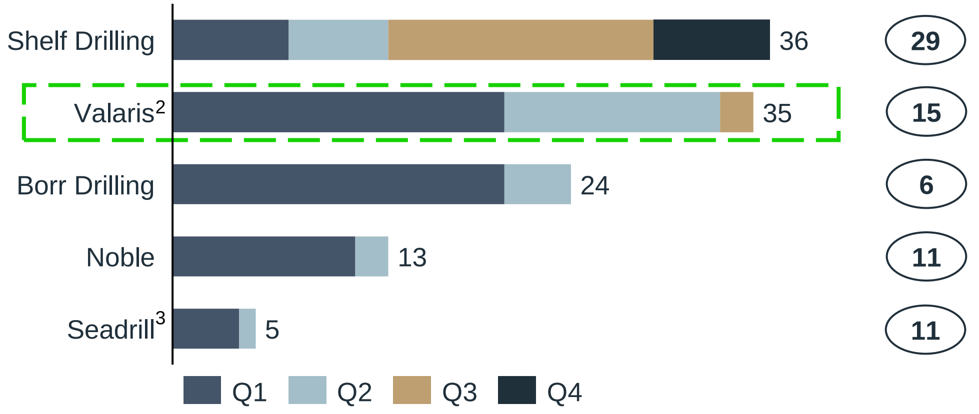



## Floaters

Avg. Age[1]




## Jackups




Source: S&P Global Petrodata as of April 2023; 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

# Strong customer relationships with major IOCs, NOCs and independents

## Majors [1]

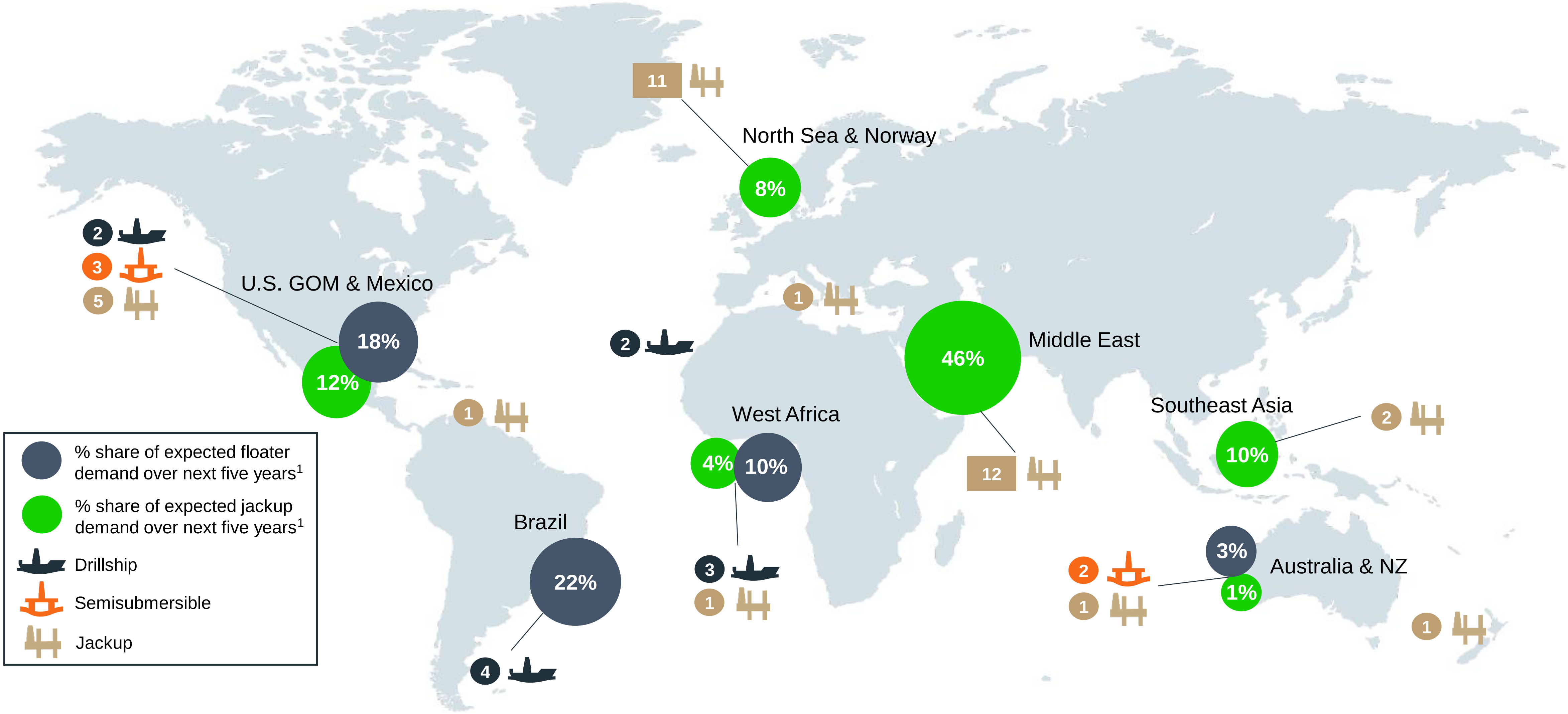
| | Floaters | Jackups | Locations |
|---|---|---|---|
| bp | ✓ | ✓ | Latin America, Southeast Asia, West Africa |
| Chevron | ✓ | ✓ | U.S. GOM, West Africa |
| eni | ✓ | ✓ | Australia, Mexico, North Sea |
| Exxon | ✓ | | West Africa |
| Shell | ✓ | ✓ | North Sea, Southeast Asia, West Africa |
| TotalEnergies | ✓ | | Brazil |

## National Oil Companies and Other Select Customers [1]

| | Floaters | Jackups | Locations |
|---|---|---|---|
| أرامكو السعودية saudi aramco | | ✓ | Middle East |
| equinor | ✓ | ✓ | Brazil |
| Harbour Energy | | ✓ | North Sea |
| OXY Occidental | ✓ | | U.S. GOM |
| BR PETROBRAS | ✓ | | Brazil |
| Woodside | ✓ | | Australia |

1 All customers listed are within the top 15 customers within contract backlog as of May 1, 2023. Locations represent where rigs are currently contracted for each customer.

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

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1 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 April 2023
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

## Safety

### Objectives

- Control Process Safety Risk
- Reduce Personal Safety Exposure
- Minimize Environmental Impact

### Tools

- License to Drill Program
- Well Control Training Center
- Safe Systems of Work
- Operational Assurance & Audit Program
- BOLD Offshore Supervisor Training

## Reliability

### Objectives

- Maximize Rig Uptime Performance
- 97% Revenue Efficiency in 2022 and 98% in 2021

### Tools

- Valaris Asset Management System (VAMS)
- Technical Support Center (TSC)
- Valaris Intelligence Platform (VIP)

## Efficiency

### Objectives

- Maximize Productivity of Well Construction

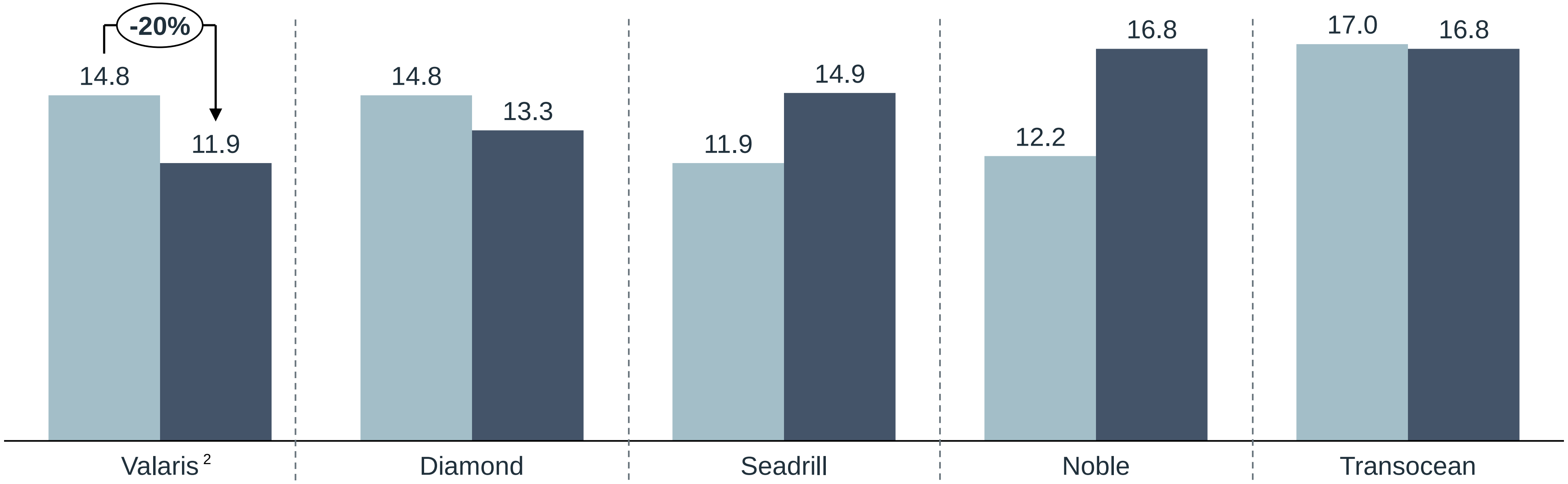
### Tools

- Valaris Intelligence Platform (VIP)
- Micro KPIs, e.g., Tripping and Slip-to-Slip Connection

**OPERATIONAL EXCELLENCE**

# Industry-leading cost structure

## Operating, Support and G&A Costs per Weighted Active Rig ($M)[1]



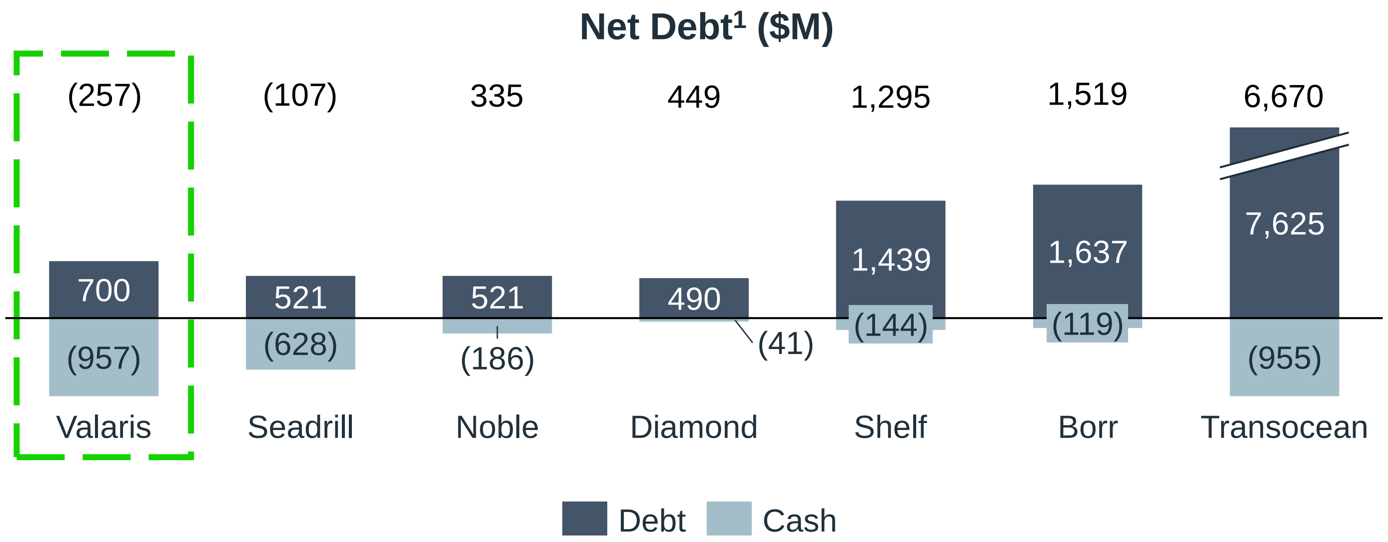

| | Valaris 2020 | Valaris 2022 | Diamond 2020 | Diamond 2022 | Seadrill 2020 | Seadrill 2022 | Noble 2020 | Noble 2022 | Transocean 2020 | Transocean 2022 |
|---|---|---|---|---|---|---|---|---|---|---|
| Active Floaters | 10 | 11 | 11 | 12 | 16 | 9 | 9 | 9 | 29 | 26 |
| Active Jackups | 28 | 24 | 0 | 0 | 11 | 5 | 12 | 10 | 0 | 0 |
| # of Countries with Active Rigs | 15 | 16 | 5 | 7 | 14 | 6 | 10 | 11 | 11 | 9 |

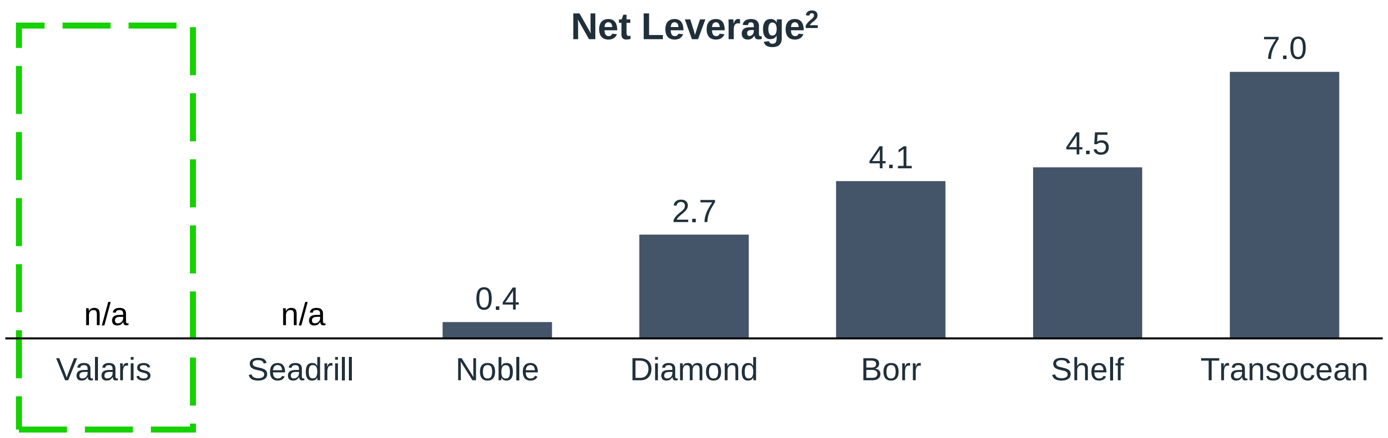
2020 2022

Source: Company filings; S&P Global Petrodata

1 Contract drilling expense (excluding reimbursable items and reactivation costs) 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. 2 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.

# Strong balance sheet provides flexibility regarding capital allocation




- Refinancing and revolving credit facility transaction, executed in April 2023, enhances capital structure
  - New $375M revolving credit facility
  - New $700M 2L notes replace prior $550M 1L notes
- $1.3 billion[3] of liquidity
  - Provides ability to support rig reactivations and pursue other attractive growth opportunities
  - Enhances capital allocation flexibility, including our ability to return capital to shareholders
  - Share repurchase authorization of $300M; intend to repurchase $150M by year-end 2023
- Conservative approach to leverage, with only tranche of debt being $700M[4] senior secured 2L notes due 2030 (8.375%)
  - Annual cash interest expense of ~$59M[4]

1 Debt and cash per most recent quarterly filings; Valaris shown pro forma for refinancing transaction that closed on April 19, 2023; Seadrill net debt shown pro forma for acquisition of Aquadrill;
2 Net leverage calculated using 2023 mean EBITDA estimate per FactSet as of May 15, 2023;
3 Pro forma for refinancing transaction that closed on April 19, 2023. Includes restricted cash balance of $21 million as of March 31, 2023
4 Pro forma for refinancing transaction that closed on April 19, 2023

# 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 six long-term floater contracts awarded since mid-2021
- Demonstrated track record of reactivating rigs on time and within our cost guidance

## Divestitures

- Rational and economic approach to asset ownership, including opportunistic divestitures if value accretive
  - 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
  - 40-year-old jackup VALARIS 54 sold for $28.5 million

# Strong framework in place for advancing our sustainability program

## Organizational focus on sustainability

- Board of Directors has a dedicated Environmental, Social and Governance (ESG) Committee providing oversight and guidance
- Sustainability and New Energy function, led by a member of the Executive Management Committee drives progress
- Green Sustainability Committee is a cross-functional working group that identifies and evaluates opportunities to promote sustainable business practices
- All employees undertake mandatory sustainability training and are encouraged to participate across a range of ESG efforts

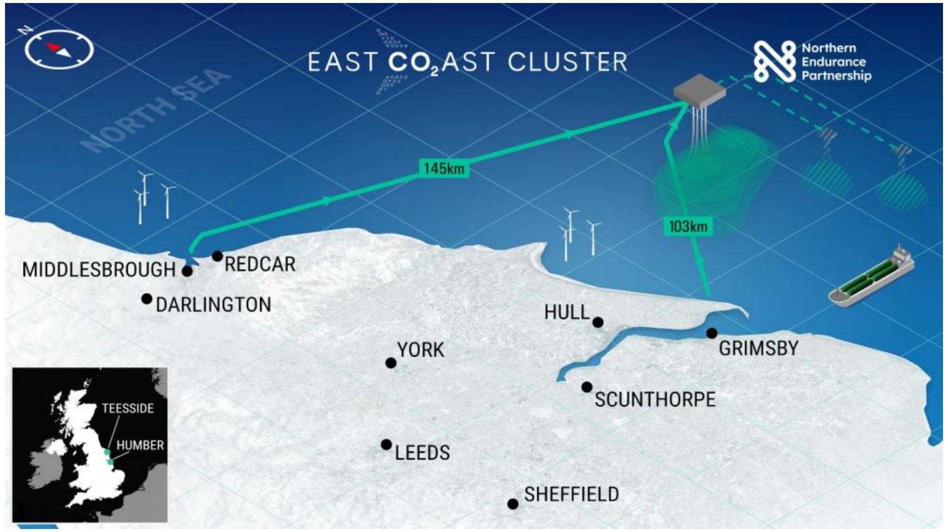
# Reduce emissions from our own operations and partner with customers

## Reduce Emissions from our own Operations

- *Target to reduce emissions intensity by 10% to 20% by 2030 compared to a 2019 baseline*
- Four focus areas identified to achieve this target:
  1. Energy Efficient Practices
  2. Energy-Saving Upgrades and Procedures
  3. Biofuel Blends
  4. Jackup Rig Electrification


## Partner with Customers on their Energy Transition Efforts

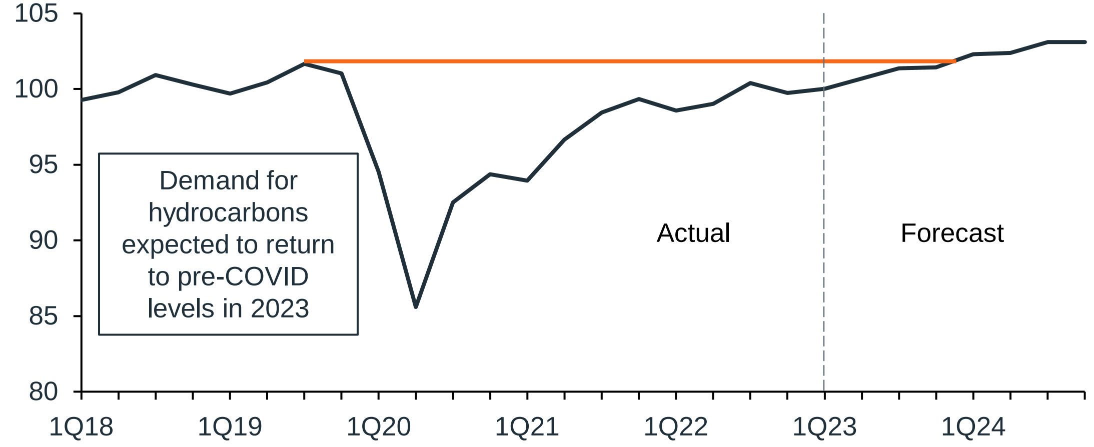
- Carbon capture and storage (CCS)
  - VALARIS Norway worked on the Northern Endurance Partnership project in the UK North Sea
  - VALARIS 123 worked on the Porthos CO2 project in preparation for CO2 transport and storage offshore the Netherlands
  - VALARIS 72 and 92 have performed plug and abandonment work on multiple reservoirs in the UK North Sea potentially suitable for CCS



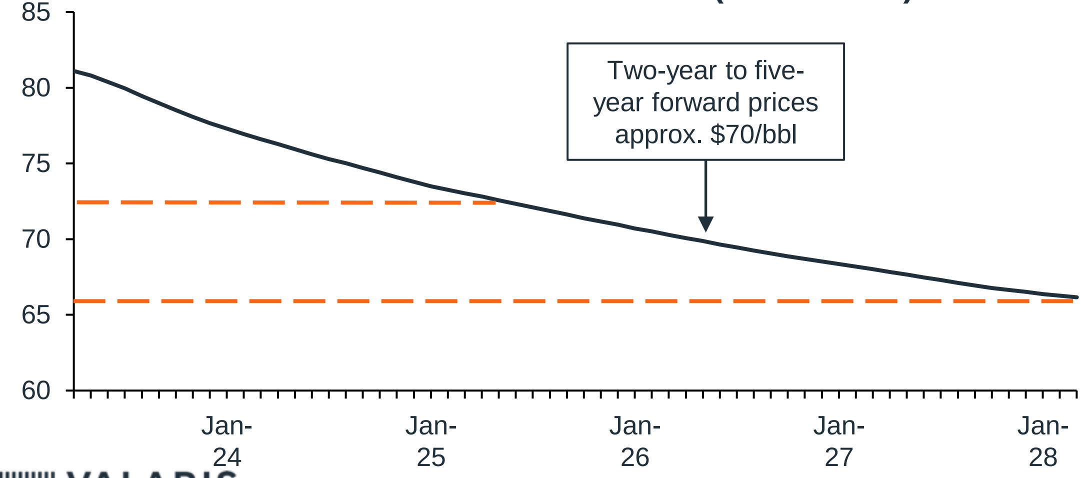
# Offshore Market Overview

# Commodity supply and demand is constructive for our industry

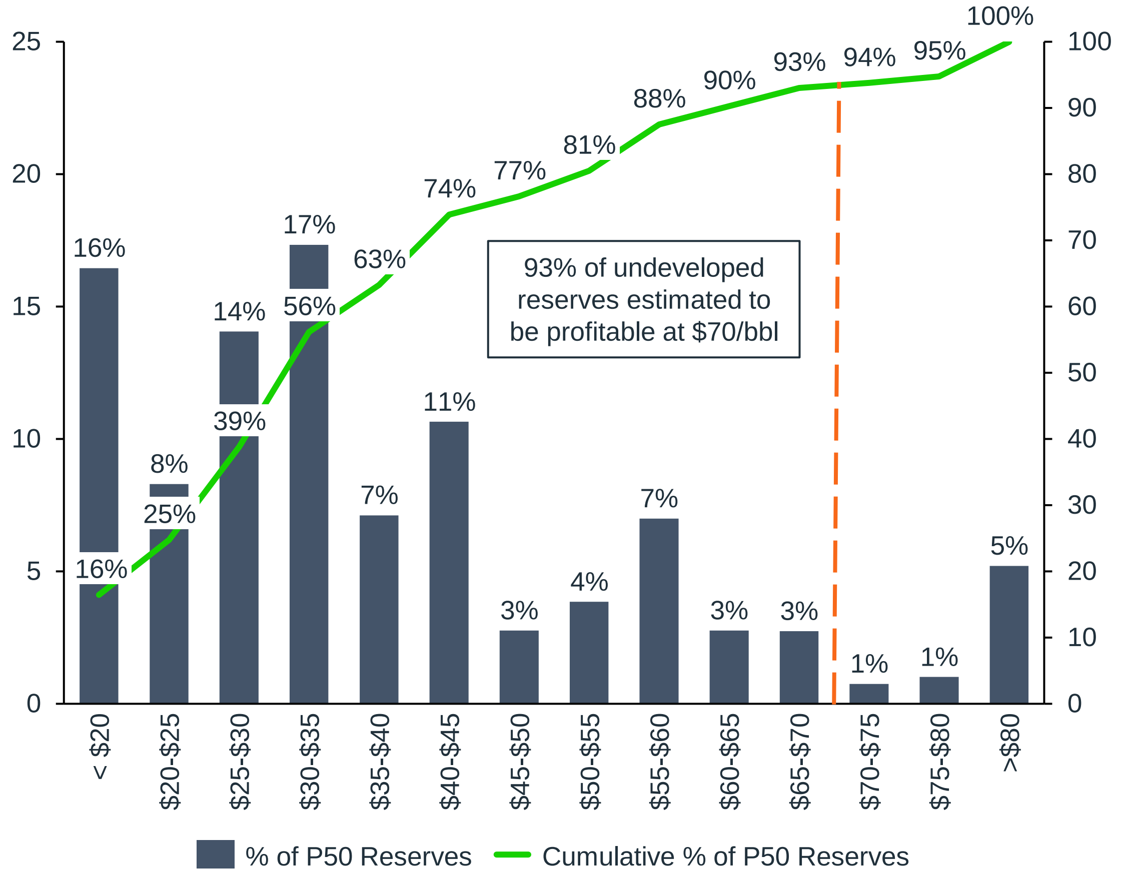
## Global Liquid Fuels Consumption (Million Barrels Per Day)




## Brent Crude Oil Forward Curve ($ Per Barrel)




## Offshore Breakeven Oil Prices for Undeveloped Reserves




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

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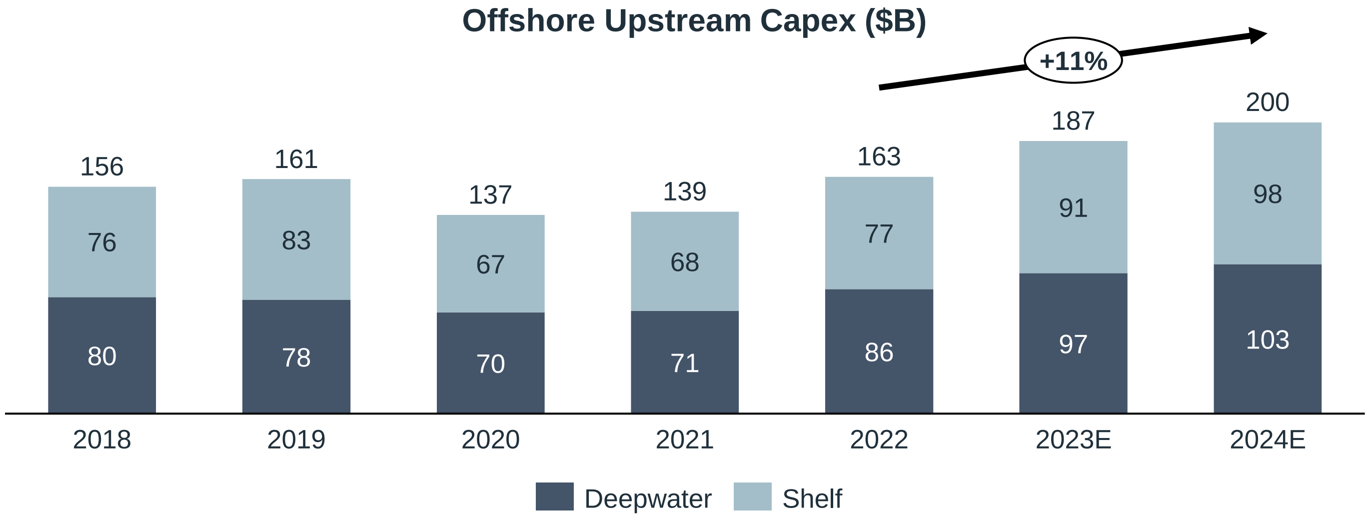
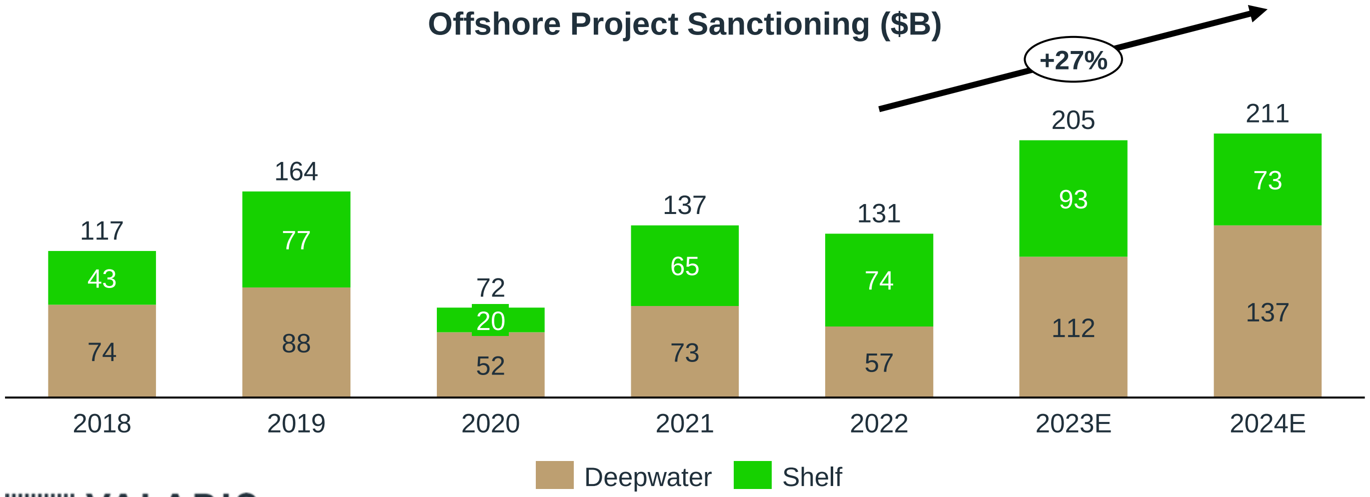
Source: EIA Short-Term Energy Outlook, April 2023; FactSet as of April 20, 2023; Rystad U Cube, April 2023

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

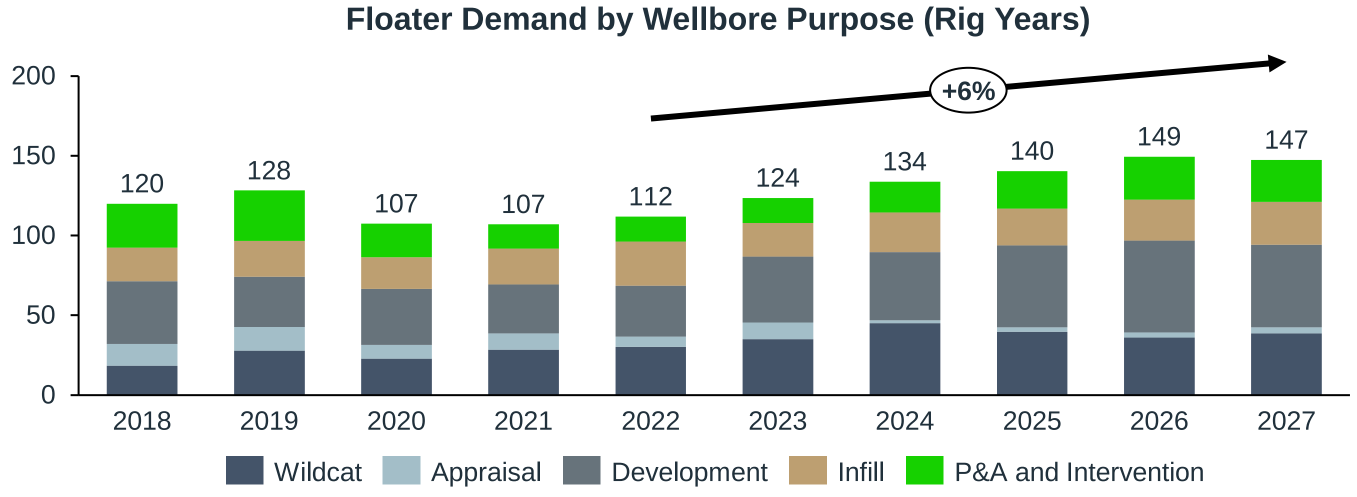


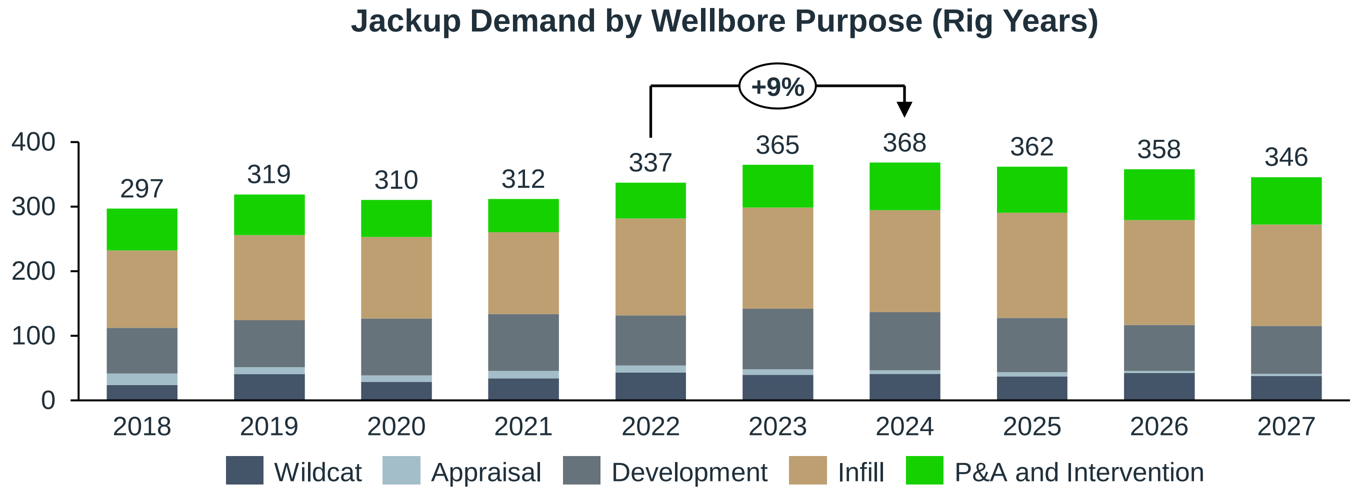




- Record free cash flows in 2022 for exploration and production companies and attractive project economics are expected to drive increased investment in offshore projects over the next few years
- Offshore upstream capex is expected to increase by 15% in 2023 and at a compound annual growth rate (CAGR) of 11% over the next two years
- Growth in offshore spending expected in both deepwater and shelf (shallow water)
- Offshore project approvals are also expected to increase meaningfully over the next couple of years, and are anticipated to be at their highest levels in more than a decade

Source: Rystad UCube and S&P Global Petrodata as of April 2023

# 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), appraisal 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 and 2024 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

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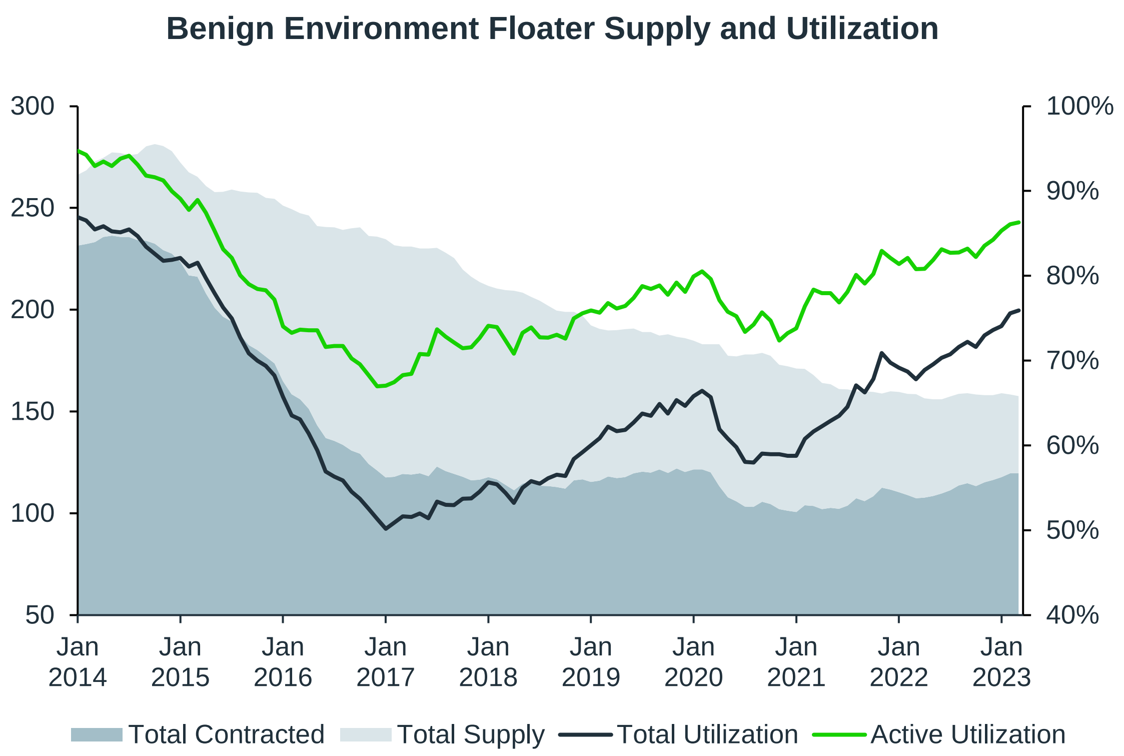
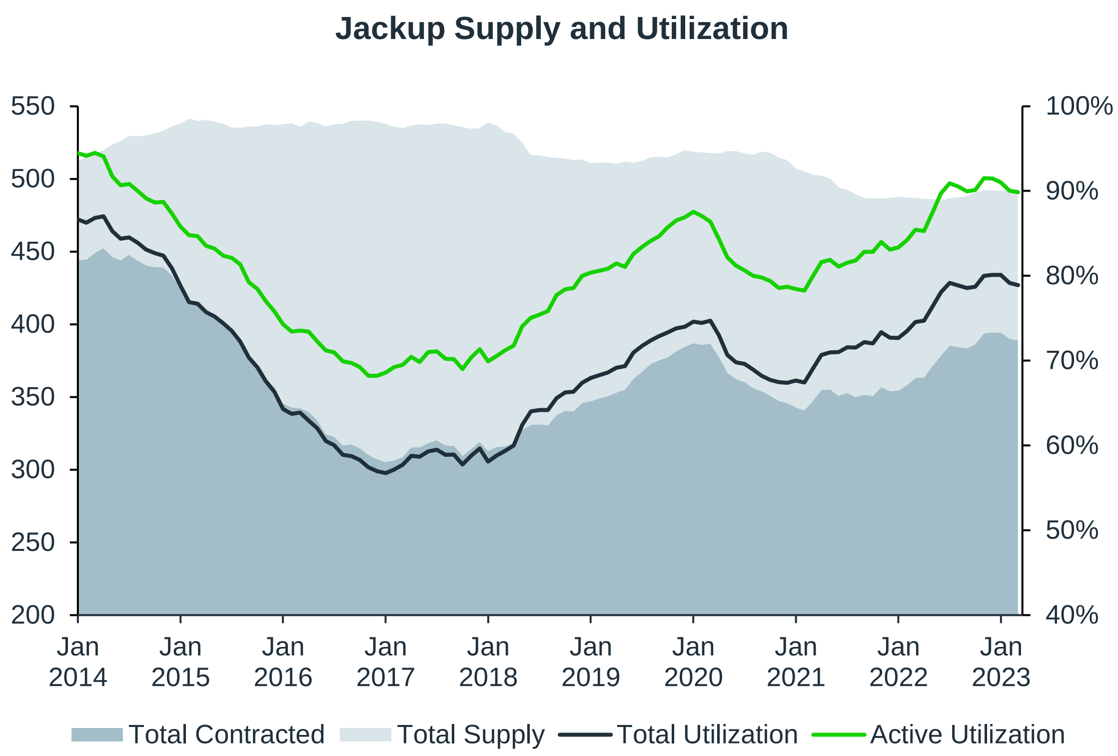
Source: Rystad Cube Dashboards as of April 2023

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




- Benign environment floater supply has declined by 44% to 157 from a peak of 281 in late 2014
- Majority of current supply are modern assets. Only 17% of current supply is > 20 years of age

- 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

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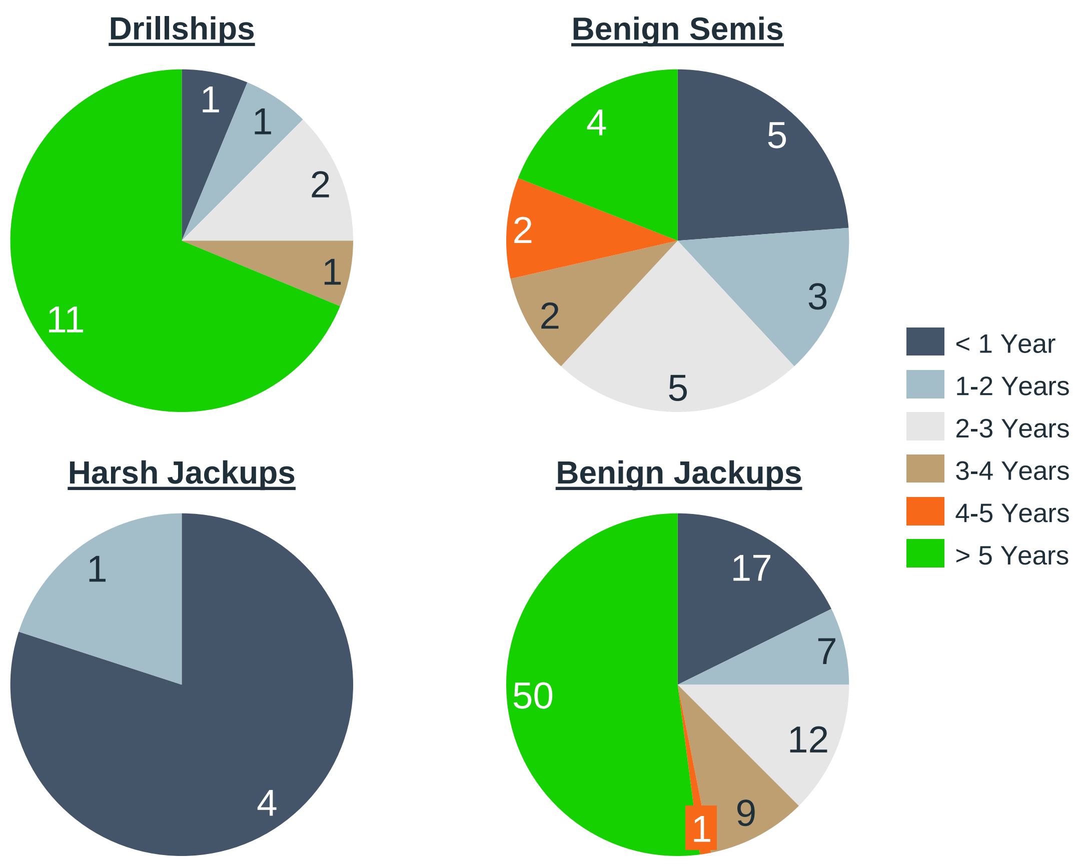
Source: S&P Global Petrodata as of April 2023. Market category field used to categorize rigs as benign or harsh environment.

# Active utilization currently >90% for drillships and benign environment jackups

| Delivered Rigs | Drillships | Benign Semis[1] | Harsh Jackups[1] | Benign Jackups[1] |
|---|---|---|---|---|
| Contracted | 80 | 40 | 28 | 364 |
| Available [2] | 5 | 12 | 5 | 36 |
| Active Fleet | 85 | 52 | 33 | 400 |
| Cold Stacked [3] | 11 | 9 | - | 60 |
| Total Fleet | 96 | 61 | 33 | 460 |
| Active Utilization | 94% | 77% | 85% | 91% |
| Total Utilization | 83% | 66% | 85% | 79% |
| Newbuilds | 14 | 3 | 5 | 15 |

Time Stacked – Available and Cold Stacked Rigs




Source: S&P Global Petrodata, April 2023
1 Market category field used to categorize rigs as harsh or benign environment
2 Idle rigs categorized as "Available" if they are considered "Marketed" in S&P Global Petrodata and included in rig supply for active utilization
3 Idle rigs categorized as "Cold Stacked" if they are considered "Not Marketed" in S&P Global Petrodata and excluded in rig supply for active utilization

# Supply dynamics are supportive of a sustained upcycle

## Floaters

- Benign environment floater supply has declined by 44% to 157 from a peak of 281 in late 2014
- Only ten competitive[1] warm or cold stacked drillships remaining, including VALARIS DS-7 and DS-11
- Valaris has a demonstrated track record of successfully reactivating stacked rigs – four completed since mid-2021 and a further two in progress
- Only eight newbuild drillships remaining in South Korean shipyards, including VALARIS DS-13 and DS-14
- Expect these rigs to come to market in a staged manner when demand supports incremental supply
- Given expected costs and lack of shipyard capacity, it is unlikely there will be another newbuild cycle

## Jackups

- 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
- Many of the ~100 warm or cold stacked jackups are not competitive:
  - 65 are > 30 years of age
  - 75 are in the bottom half of global fleet rankings
  - 60 have been stacked > three years
  - 17 stacked rigs are not included in any of the above three categories
- Excluding the ARO newbuild program, there are only 18 newbuild jackups at shipyards. 13 of these rigs are at Chinese shipyards, many of which may only enter the local supply in China

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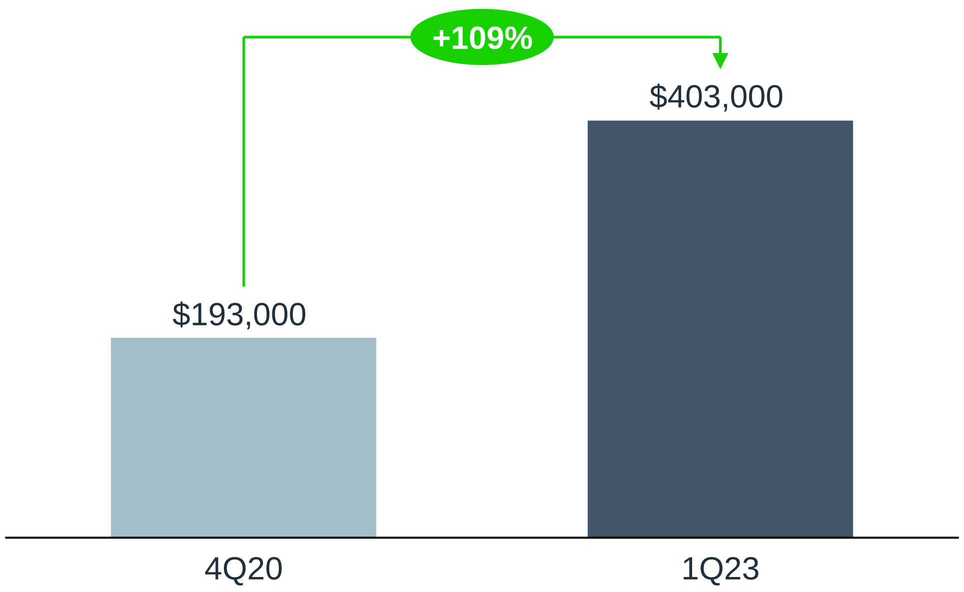
1 Competitive drillships includes drillships in the top half of global fleet rankings. Includes 10 of the 16 total warm or cold stacked drillships. Excludes two rigs expected to be used for non-drilling activities based on recent announcement by another drilling contractor.

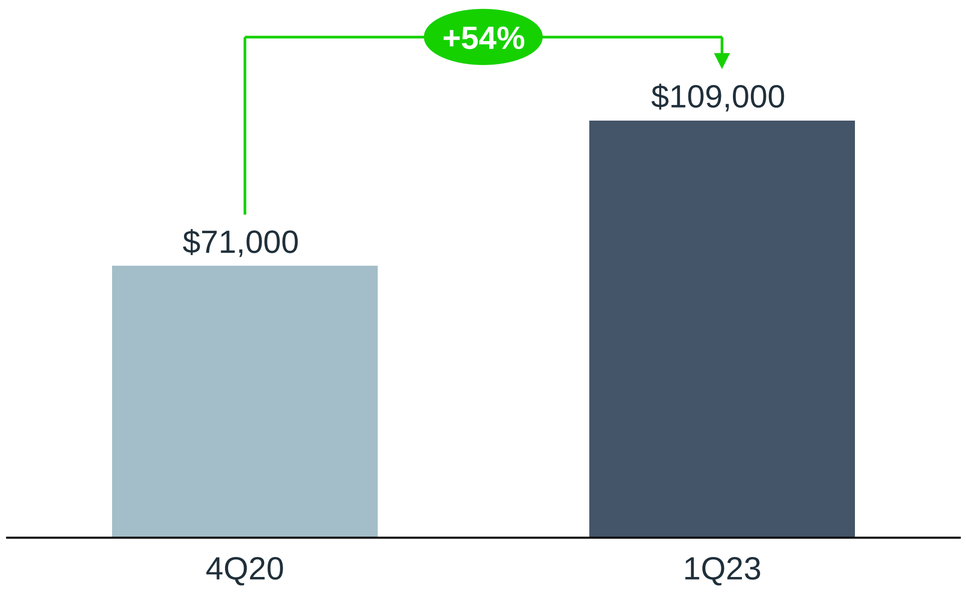
# Day rates have increased meaningfully since late 2020

### Average Day Rates for Drillship Fixtures Signed [1]




- Average day rates for drillship fixtures signed in 4Q22 have more than doubled since 4Q20
- Recently, some fixtures have been awarded at above $425K/day
- Active utilization for drillships is approximately 95%

### Average Day Rates for Benign Environment Jackup Fixtures Signed [2]




- Average day rates for benign jackup fixtures signed in 4Q22 are more than 50% higher than 4Q20
- Recently, some fixtures have been awarded at above $120K/day
- Active utilization for benign jackups is approximately 90%

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Source: S&P Global Petrodata as of April 2023; Valaris analysis.
1 Represents the average day rate for fixtures signed in each quarter, excluding priced options. Only includes fixtures awarded to international drilling contractors. Excludes fixtures awarded for work in India.
2 Represents the average day rate for fixtures signed in each quarter, excluding priced options. Excludes fixtures awarded for work in India and harsh environment locations, e.g., Norway and the North Sea.

# Value Proposition

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

## 1 Active Fleet

- 33 rigs including drillships VALARIS DS-8 and DS-17 that are currently being reactivated
- Active fleet generated adjusted EBITDAR (excluding one-time reactivation costs) of $412 million in 2022[1]
- 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 six 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[2]
- Two managed rigs, which Valaris operates on behalf of a customer
- 2022 adjusted EBITDAR was $82 million[1]

## 4 ARO Drilling

- Unconsolidated 50/50 joint venture with Saudi Aramco, the largest customer for jackups in the world
- ARO 2022 EBITDA was $99 million and ARO had cash of $101 million as of March 31, 2023
- 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



1 Adjusted EBITDAR for active fleet and leased and managed rigs excludes onshore support costs and general and administrative expense
2 Excludes VALARIS 76 and 108, which will be leased to ARO upon completion of their existing contracts

# 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 ~$3.5B and significant useful lives remaining
- Proven ability to win work for preservation stacked assets, with six long-term floater contracts awarded since mid-2021
- Two 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[1,2]
  - 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 (4 Rigs) | $100M | $200M | $300M | ~$600M |
| Value per Jackup (7 Rigs) | $25M | $50M | $75M | ~$150M |
| **Total Asset Value** | **$575M** | **$1,150M** | **$1,725M** | **~$3,500M** |

## Reactivation Economics

| Illustrative Drillship Example | 3Q21 | 1Q23 |
|---|---|---|
| Reactivation Costs | $40-45M | $70-80M |
| Customer Contribution | $– | ~$20M |
| Net Investment | $40-45M | $50-60M |
| Average Day Rate[3] | $239,000 | $403,000 |
| Annualized Rig-Level EBITDA[4] | ~$40M | ~$95M |
| **EBITDA Payback Period** | **~13 Months** | **~7 Months** |

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Source: S&P Global Petrodata as of April 2023; Valaris analysis.
1 Valaris has the option to purchase newbuild drillships VALARIS DS-13 and DS-14 before year-end 2023. 2 Purchase prices for VALARIS DS-13 and DS-14 exclude reactivation and mobilization costs.
3 Represents the average day rate for fixtures signed in each quarter, excluding priced options. Only includes fixtures awarded to international drilling contractors. Excludes fixtures awarded for work in India.
4 Assumes current average daily operating costs for a drillship excluding additional services

# Significant earnings potential in a market recovery scenario

| Total Rigs | Rigs Under Contract or with Future Contract | Illustrative Annual EBITDAR from Valaris Fleet[1] | | | | 2014[2] |
|---|---|---|---|---|---|---|
| 11 | 9 | Drillship Day Rates | $350K | $400K | $450K | ~$500K |
| 5 | 3 | Benign Semisubmersible Day Rates | $250K | $300K | $350K | ~$400K |
| 12 | 9 | HD Ultra-Harsh & Harsh Jackup Day Rates[3] | $125K | $150K | $175K | ~$220K |
| 21 | 16 | Modern HD & SD Jackup Day Rates[3] | $75K | $100K | $125K | ~$160K |
| | | Fleet Utilization | 70% | 75% | 80% | 85% |
| | | **Illustrative Operating Margin[4]** | **~$830M** | **~$1,390M** | **~$2,010M** | **~$2,750M** |
| | | Illustrative Total Onshore Costs | ~$240M | ~$240M | ~$240M | ~$240M |
| | | **Illustrative EBITDAR[4]** | **~$590M** | **~$1,150M** | **~$1,770M** | **~$2,510M** |

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1 Calculations based on total number of rigs in each asset category. Excludes standard duty legacy jackups on the basis that most of these rigs will likely be retired upon completion of current contracts.
2 Average earned operating day rate and utilization for global fleet in 2014 per S&P Global Petrodata
3 HD = Heavy Duty; SD = Standard Duty. Heavy duty jackups are well-suited for operations in tropical revolving storm areas.
4 Daily operating costs are based on current handrail operating costs for the fleet excluding additional services. Assumes full operating cost for 50% of idle periods and preservation stack cost for 50% of idle periods.

# 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 **$748M** as of May 1, 2023
- ARO leases eight jackup rigs from Valaris, each operating under contracts with Saudi Aramco[1]
- 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[2] and cash from ARO operations
- Valaris has shareholder notes receivable with a principal balance of **$403M** from ARO as of March 31, 2023
- Asset sales and attractive public company valuations in Middle East highlight value inherent in ARO

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### Income Statement Highlights

| | 2022 |
|---|---|
| Revenue | $460M |
| **EBITDA** | **$99M** |

### Balance Sheet Highlights

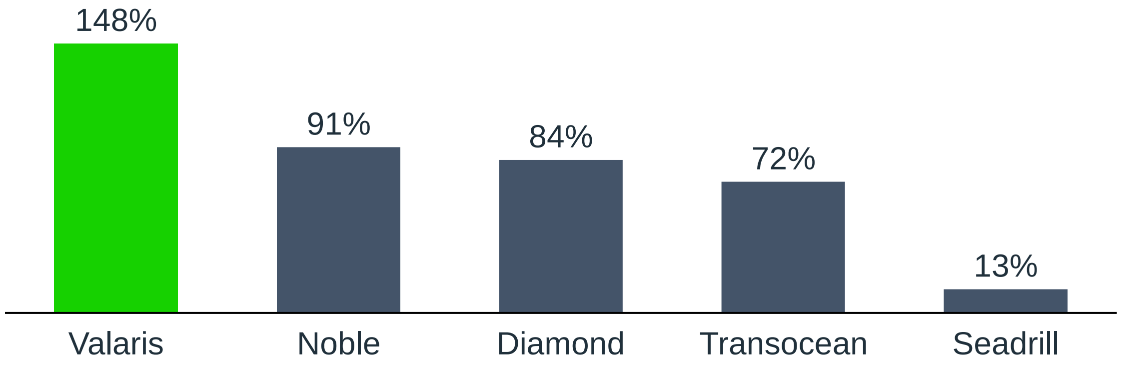
| | Mar 31, 2023 |
|---|---|
| Cash | $101M |
| Shareholder Notes | $822M |
| Third-Party Debt | Zero |



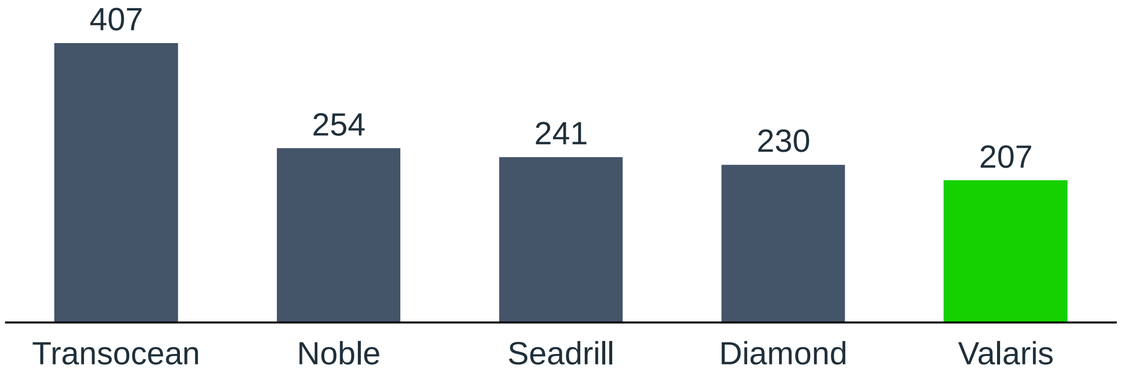
1 Excludes VALARIS 76 and 108, which will be leased to ARO upon completion of their existing contracts
2 ARO paid a 25% down payment from cash on hand for each of the newbuilds ordered in January 2020 and is actively exploring financing options for the remaining payments due upon delivery.

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

### Equity Performance Since Valaris Listing[1]




### Implied Steel Value per Ultra-Deepwater Equivalent Rig ($M)[2,3,4]




### Recent Market Transactions for Drillships

| Rig Name | Buyer | Shipyard | Price |
|---|---|---|---|
| Crete | Stena Drilling | Samsung Heavy Industries | $320 million |
| Santorini | Saipem | Samsung Heavy Industries | $305 million[5] |
| Dorado | Eldorado Drilling | Samsung Heavy Industries | $305 million |
| Aquila | Liquila Ventures | DSME | $275 million |

- Recent market transactions for drillships have averaged ~$300 million (including an estimated $75 million of reactivation costs per rig) – approx. 1.4x the implied steel value Valaris is currently trading at for similar assets

Source: FactSet as of April 26, 2023; Fearnley Securities; Company filings
1 Equity performance since Valaris listing on May 3, 2021, except for Diamond and Seadrill, which relisted on March 29, 2022, and April 28, 2022, respectively.
2 Steel values calculated using market value of equity, book value of debt, underfunded pension liabilities, newbuild capital commitments and NPV of reactivation costs, less cash and NPV of backlog
3 Valaris steel value per UDW equivalent rig attributes $403M to ARO Drilling based on the principal value of the shareholder note receivable
4 Number of ultra-deepwater equivalent rigs per Fearnley Securities research report dated April 26, 2023; 5 Purchase price calculated as 2 x $15M lease payments, plus $200M purchase price

# Value-driven approach to capital allocation

**Disciplined**

- Rigs only reactivated for opportunities that provide meaningful returns on reactivation costs over the initial contract period
- Two high-specification stacked drillships remaining (VALARIS DS-7 & DS-11)
- Attractive purchase options on newbuild drillships (VALARIS DS-13 & DS-14)

**Returns Focused**

- Attractive investments in our fleet in the near-term should maximize future earnings and free cash flow
- Focused on generating meaningful and sustained free cash flow and return of capital to shareholders
- $300 million share repurchase authorization – intend to repurchase $150 million by year-end 2023

**Conservative Capital Structure**

- Refinancing transaction, executed in April 2023, enhances capital allocation flexibility
- $375 million first lien RCF
- $700 million second lien notes – intend to maintain a conservative leverage level

# Key takeaways

| | |
|---|---|
| 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 | Value-driven approach to capital allocation, including commitment to return capital to shareholders |

# Appendix

# Contract Backlog as of May 1, 2023

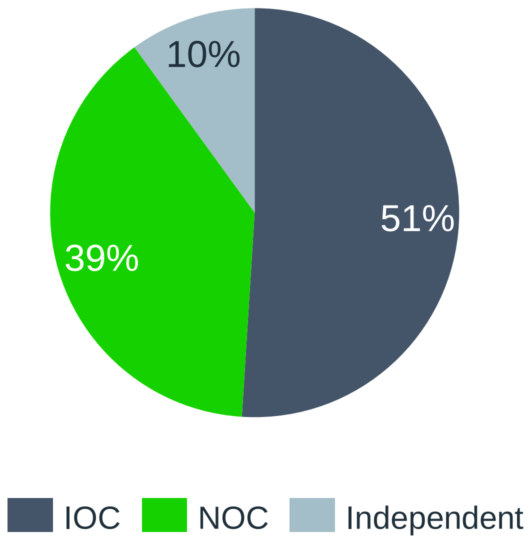
| Contract Backlog (1) (2) ($ millions) | 2023 | 2024 | 2025+ | Total |
|---|---|---|---|---|
| Drillships | $ 483.5 | $ 641.8 | $ 373.7 | $ 1,499.0 |
| Semis | 122.5 | 137.6 | 10.1 | 270.2 |
| **Floaters** | **$ 606.0** | **$ 779.3** | **$ 383.8** | **$ 1,769.2** |
| HD - Ultra-Harsh & Harsh | $ 136.3 | $ 114.7 | $ 26.7 | $ 277.8 |
| HD & SD - Modern | 150.0 | 73.3 | 94.4 | 317.7 |
| SD - Legacy | 30.2 | 49.3 | 40.2 | 119.6 |
| **Jackups** | **$ 316.5** | **$ 237.3** | **$ 161.3** | **$ 715.1** |
| **Other (3)** | **$ 111.9** | **$ 112.9** | **$ 94.1** | **$ 318.9** |
| **Total** | **$ 1,034.4** | **$ 1,129.5** | **$ 639.2** | **$ 2,803.1** |

| ARO Drilling (4) | 2022 | 2023 | 2024+ | Total |
|---|---|---|---|---|
| Owned Rigs | $ 211.4 | $ 246.6 | $ 336.3 | $ 794.3 |
| Leased Rigs | 259.1 | 352.2 | 326.2 | 937.5 |
| **Total** | **$ 470.5** | **$ 598.8** | **$ 662.5** | **$ 1,731.8** |

| Contracted Days (1) (2) | 2023 | 2024 | 2025+ |
|---|---|---|---|
| Drillships | 1,847 | 1,924 | 949 |
| Semis | 545 | 606 | 45 |
| **Floaters** | **2,392** | **2,530** | **994** |
| HD - Ultra-Harsh & Harsh | 1,299 | 926 | 206 |
| HD & SD - Modern | 1,656 | 853 | 840 |
| SD - Legacy | 399 | 600 | 423 |
| **Jackups** | **3,354** | **2,379** | **1,469** |
| **Other** | **2,593** | **3,669** | **2,722** |
| **Total** | **8,339** | **8,578** | **5,185** |

| Average Dayrates | 2023 | 2024 | 2025 |
|---|---|---|---|
| Drillships | $ 262,000 | $ 334,000 | $ 394,000 |
| Semis | 225,000 | 227,000 | 225,000 |
| **Floaters** | **$ 253,000** | **$ 308,000** | **$ 386,000** |
| HD - Ultra-Harsh & Harsh | $ 105,000 | $ 124,000 | $ 130,000 |
| HD & SD - Modern | 91,000 | 86,000 | 112,000 |
| SD - Legacy | 76,000 | 82,000 | 95,000 |
| **Jackups** | **$ 94,000** | **$ 100,000** | **$ 110,000** |

**Contract Backlog by Customer Type**




(1) Contract backlog, contracted days and average day rates as of May 1, 2023. (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 February 21, 2023. HD = Heavy Duty; SD = Standard Duty. Heavy duty jackups are well-suited for operations in tropical revolving storm areas

VALARIS

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

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saudi aramco

Valaris operates one jackup offshore Saudi Arabia outside of ARO Drilling joint venture[1]

**50% Ownership**

**$403M Shareholder Notes Receivable**

**50% Ownership**

**$419M Shareholder Notes Receivable**

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### Leased Jackups (8)

- Day rates set by an agreed pricing mechanism
- Valaris receives bareboat charter fee based on % of rig-level EBITDA

### Owned Jackups (7)

- Rigs contracted for three or five-year terms for at least an aggregate of 15 years from JV inception
- Rigs contribute to ARO Drilling results, of which Valaris recognizes 50% of net income

### Newbuild Jackups (20)

- Initial 8-year contracts; day rate based on 6-year EBITDA payback mechanism[2]
- Further 8-year contracts; day rate set by market pricing mechanism and re-priced every 3 years
- Rigs 1 and 2 expected to be delivered in 2023
- Rigs contribute to ARO Drilling results, of which Valaris recognizes 50% of net income



1 VALARIS 108 completed its contract with Saudi Aramco in April 2023, and is expected to commence a three-year lease agreement with ARO in July 2023. VALARIS 76 is expected to complete its current contract with Saudi Aramco in October 2023, and is expected to commence a three-year lease agreement with ARO in February 2024.
2 Down payment on each newbuild rig is no more than 25% before delivery

# Non-GAAP Reconciliations

(In millions)

| ACTIVE FLEET | | Year-Ended December 31, 2022 |
|---|---|---|
| Net income (loss) | $ | 232.2 |
| Add (subtract): | | |
| Reactivation costs | | 124.3 |
| Depreciation and amortization, net | | 64.8 |
| Other | | (9.0) |
| Adjusted EBITDAR[1] | $ | 412.3 |

(In millions)

| LEASED & MANAGED RIGS | | Year-Ended December 31, 2022 |
|---|---|---|
| Net income (loss) | $ | 76.8 |
| Add (subtract): | | |
| Reactivation costs | | - |
| Depreciation and amortization, net | | 5.3 |
| Other | | (0.1) |
| Adjusted EBITDAR[1] | $ | 82.0 |

(In millions)

| ARO | | Year-Ended December 31, 2022 |
|---|---|---|
| Net income | $ | 20.7 |
| Add (subtract): | | |
| Income tax expense | | 3.8 |
| Other expense, net | | 11.1 |
| Operating income | $ | 35.6 |
| Add (subtract): | | |
| Depreciation expense | | 63.4 |
| EBITDA | $ | 99.0 |

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1 Adjusted EBITDAR for active fleet and leased and managed rigs excludes onshore support costs and general and administrative expense


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