

# COSL



中海油田服务股份有限公司  
China Oilfield Services Limited

## Interim Results 2013

August 2013

The information contained in this presentation is intended solely for your personal reference. In addition, such information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on assumptions subject to various risks. No assurance can be given that future events will occur, that projections will be achieved, or that the Company's assumptions are correct. Actual results may differ materially from those projected. Past track record cannot be used as guidance for future performances.

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**Company Prospects**

RMB million	1H 2013	1H 2012	Change
Revenue	12,441.0	10,010.6	↑ 24.3%
Operating Profit	3,646.6	2,949.3	↑ 23.6%
OP Margin	29.3%	29.5%	↓ 0.2pp
Net Profit <sup>2</sup>	3,180.3	2,397.7	↑ 32.6%
EPS (RMB)	0.71	0.53	↑ 32.6%

- Sufficient in cash available for use<sup>2</sup> : RMB14.1billion
- Gearing ratio down: Debt-to-asset ratio 54.7%, net debt to equity ratio 59.7%

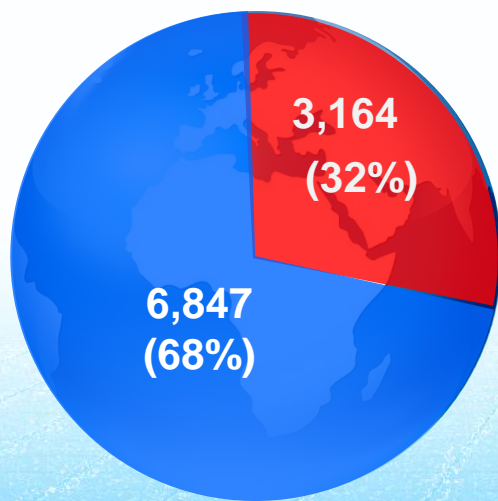
1. The above financial data are adapted from the Company's unaudited financial reports prepared in accordance with HKFRS.

2. Net profit indicates profit for the period attributable to the owners of the Company; Cash available for use represents the sum of Cash and cash equivalents, Time deposits with original maturity over three months, Pledged deposits and Investments in corporate wealth management products issued by commercial banks in the PRC.

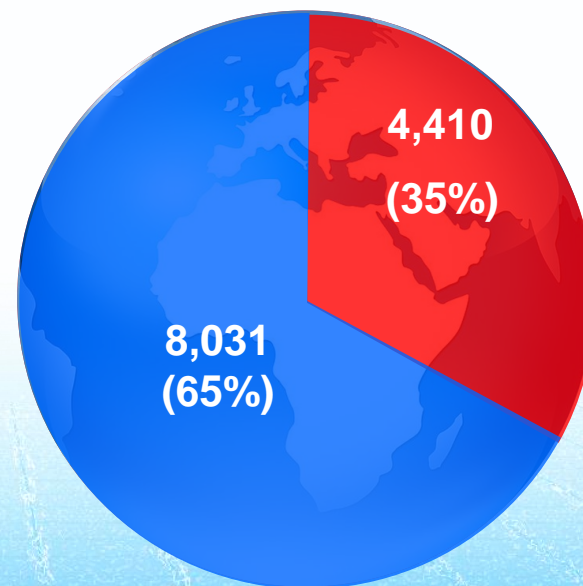


Domestic markets increased **17%**

International markets increased **39%**



1H12



1H13



Domestic Revenue



International Revenue

(in RMB million)

## Equipment: highly effective integration of resources to boost efficiency

- Maintained very high utilization rates.
- Procured NH8, chartered NH7 and KANTANII to meet equipment shortage in deep water.
- Lowered clients' cost through improving operational efficiency of drilling.
- Commenced construction of 15 utility vessels and a deepwater 12-streamer seismic vessel.

## Well Services: growth in work volume & applications of self-developed technologies

- Synergy from enlarging the scale of drilling rigs.
- Applications of new technologies in China waters to enhance competence.
- Application of heavy oil thermal recovery technology in Bohai Bay to boost production output.
- Performance of high-end technical services in unconventional markets.

- COSLBoss –operation in line with BP’s 2013 latest standards
- COSLPioneer – named “rig of the month” again by Statoil within 31 rigs
- CDE – ranked No.1 by Statoil in a comprehensive review of 13 drilling contractors
- BH8 – ranked No.1 by Pertamina after reviewing drilling contractors

## Europe

- COSLPromoter started operation in April 2013
- 3 semis and 2 accom rigs commenced operations

## Middle East & North Africa

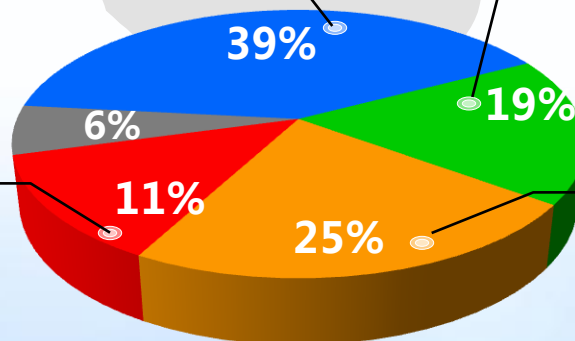
- Smooth drilling operations
- Provide drilling, workover and etc for Missan oilfield

## Americas

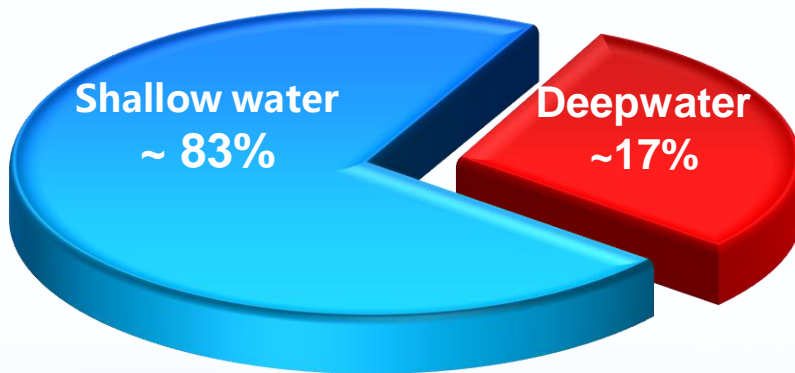
- 4 module rigs renewed contracts
- COSLConfidence renewed contract
- Established a subsidiary in Canada

## Southeast Asia

- Further expansion in Indonesian
- Tapped Pakistan and Thailand markets



## Revenue by Operations



### Drilling

- China: HYSY981 & NH8 operated at full capacity
- North Sea: COSLPromoter started operation; all three semis commenced operations



### Well Services

- Entering deepwater along with drilling
- Deepwater drilling fluids completed 2-well operations



### MS&T

- HYSY681 and HYSY683 deepwater utility vessels operated smoothly



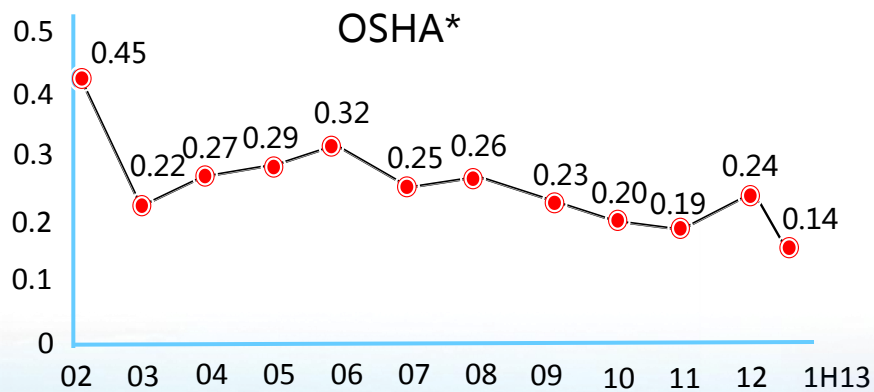
### Geophysical & Surveying

- HYSY720 recorded 3D collection
- HY708 completed a deepwater christmas tree recovery and installation operation, up to 1,500 m



## Safety and Risk Mitigation

- Safety drill on emergency management
- Strengthened risk management to minimize occurrence of accidents



\*According to OSHA standards, coefficient 1 representing one accident per 200,000 man-hours

## Social Responsibility

- Actively in Hope school, social donations relief aid, and other social welfare activities



Tanggu Base and Bohai9 carried out joint emergency drills



Binhai262 rescued 7 crew for 3<sup>rd</sup> party



## Breakthroughs in key research projects, applied in on-site operations

- Self-developed Logging While Drilling technology applied in onshore;
- High-end self-developed technologies (Electron Magnetic Resonance Logs Tools) commenced operations in South China Sea;
- Multiple thermal fluid for offshore heavy oil recovery technology successfully applied in extraction of extra-heavy oil in Bohai Bay.

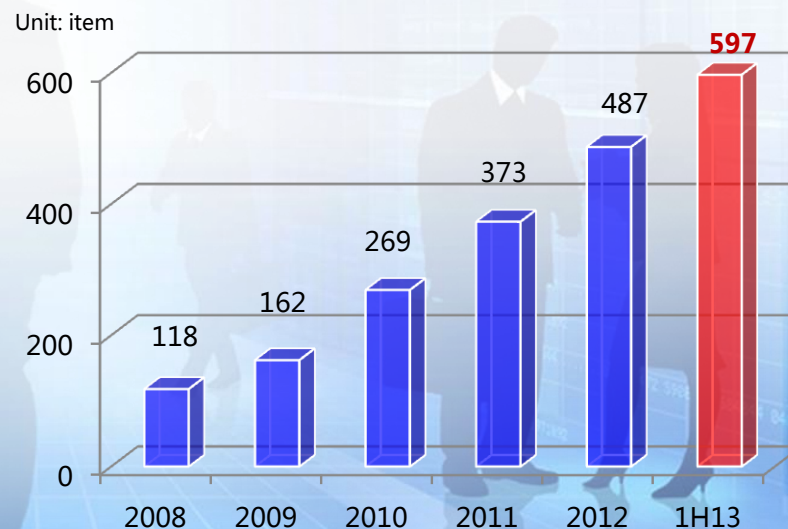


Electron Magnetic Resonance Logs Tools operating in South China Sea



Technical cooperation with Schlumberger

## Significant Increase in New Patents



National Champion in “China’s Most Promising Companies”



“Top 100 Listed Corporate Brand in Capital Markets”



Mr. Li Yong, CEO & President, one of 2013 Forbes China Best 50 CEOs



All-Asia Best Executive Team; Mr. Li Feilong, EVP&CFO, one of the Best CFOs



Included in Fortune China 500



COSL’s Annual Report 2012 won Vision Awards



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## Drilling

- 37 drilling rigs (28 jack-ups +9 semis)
- 2 accommodation rigs
- 4 module rigs
- 8 land drilling rigs

## Well Services

- Logging, drilling fluids, directional drilling, cementing, completion, workover, oilfield production and others

## MS&T

- 71 self-owned vessels
- 3 oil tankers
- 5 chemical carriers

## Geophysical & Surveying

- 7 seismic vessels (38 streamers)
- 7 integrated surveying vessels
- 2 OBC teams



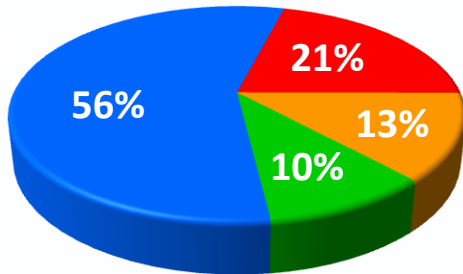
Four segments contribute to all stages of E&P

Note: As at 30 June 2013

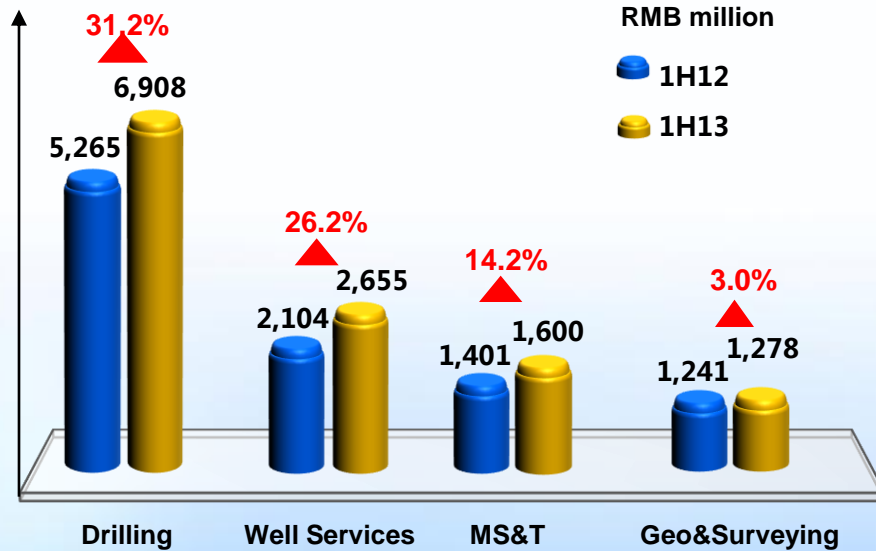
# Performance of Four Segments



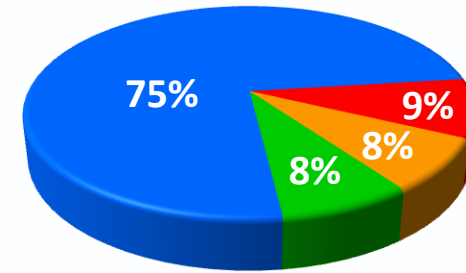
## Revenue by Segments



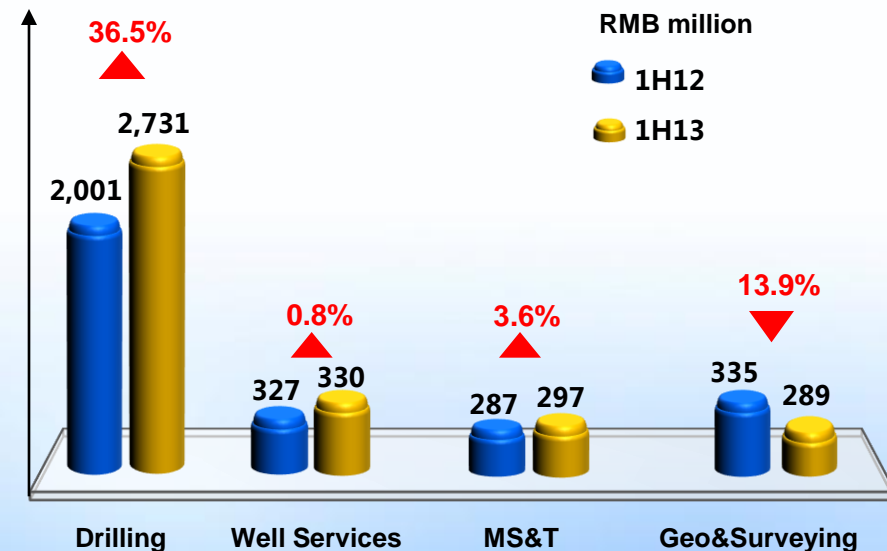
■ Drilling ■ Well Services ■ MS&T ■ Geo&Surveying



## Operating Profit by Segments



■ Drilling ■ Well Services ■ MS&T ■ Geo&Surveying





Expanded fleet. More high-end deepwater rigs . Higher daily income and utilization rate.



37 drilling rigs: 22 in China waters, 15 in international waters.



### Driver 1: more rigs to meet demand

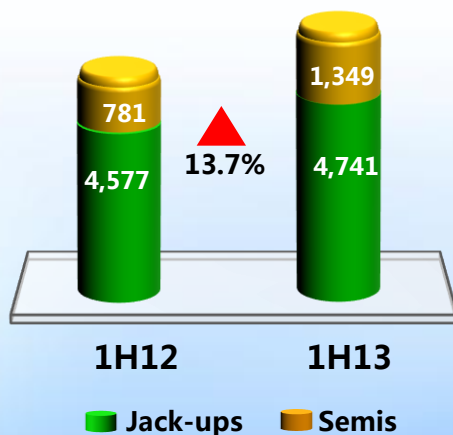
- NH7 and KT2 commenced operation in March and May 2013
- COSLPromoter entered a 8-yr contract in North Sea since April 2013
- COSLInnovator and NH8 operated at full capacity, added 168 and 171 days

### Driver 2: maintained high utilization rate

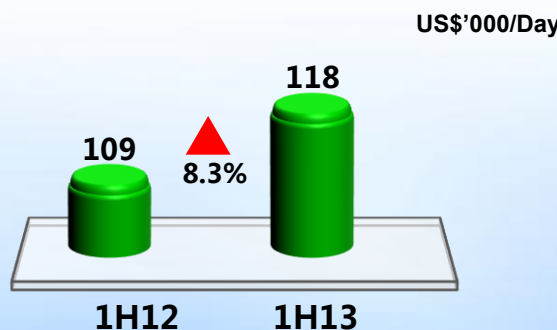
- As time spent in repair and pre-operation preparation decreased, calendar day utilization rate up 2.5pp yoy to 95.3%
- BH8 added 156 days



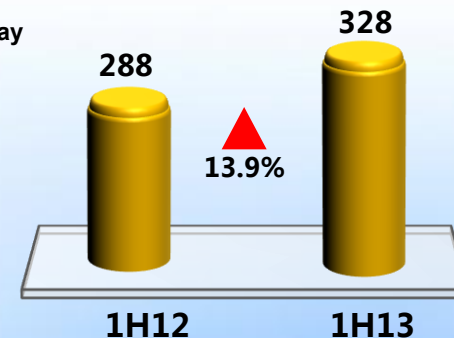
No. of Operation Days



Average Daily Income of Jack-ups



Average Daily Income of Semis



Note: Average Daily Income = Revenue/No. of operation days



## Explored markets, exploited synergies, boost work volume

- Intensified market exploration efforts, while NH8, NH7, KT2 and other drilling services to drive growth in well services

## More R&D Applications and Self-owned Technologies

- Certain self-developed high-end technologies entered services market
- Self-developed wireline logging, drilling fluids and cementing technologies applied into deepwater operations

## Selectively expanded into Unconventional Businesses

- More exposure into coalbed methane and shale gas markets
- Multiple thermal fluid for offshore heavy oil recovery technology achieved progress in exploring new overseas markets



Unconventional logging operations



Tight sandstone gas operation





**Commissioned construction of 15 vessels to meet clients' E&P demand in China**



**Reasonable Allocation of External Resources to Achieve Profit Growth**

- Fewer maintenance days for self-owned vessels boosted number of operation days and lifted utilization rate by 3.3 pp yoy to 94.2%
- Chartered vessels operated 7,030 days, up 1,676 days yoy, with revenue of RMB 580mn





Reasonably schedule fleet. Expanded in overseas markets(SE Asia).



Accommodated clients' operation arrangements

- 2D collection and processing volume significantly increased
- Volume of 3D collection decreased 760 km<sup>2</sup>
- Operating efficiency and volumes of NH502, BH511 and HYSY718 increased



New model for installation of offshore Christmas tree

- HYSY708 completed the recall and installation operation of Christmas tree at a underwater depth of 1,500 meters



Boosted 2D Work Volume



■ 2D Data Collection (km) ■ 2D Data Processing (km)

Surveying Slightly dropped RMB mn



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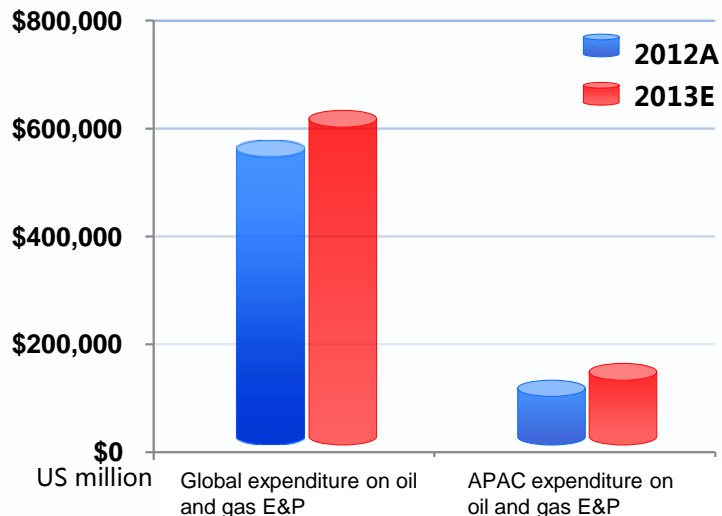


**Results Overview**

**Segments Review**

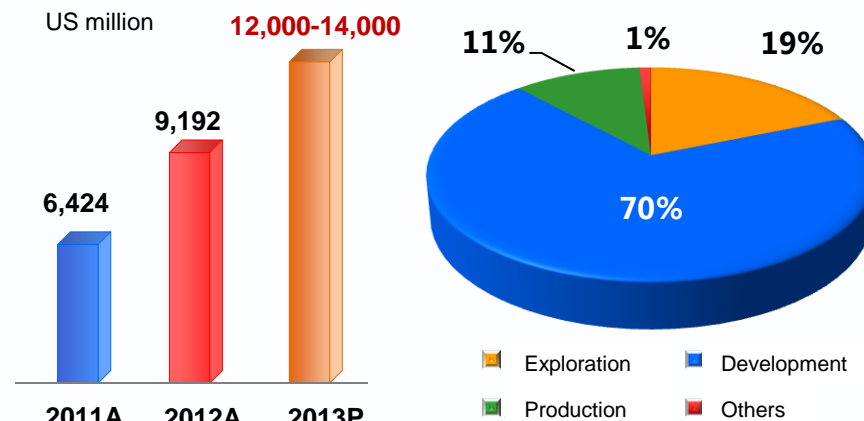
**Company Prospects**

### Increasing E&P Expenditure



Source: Barclays Capital

### CAPEX of CNOOC

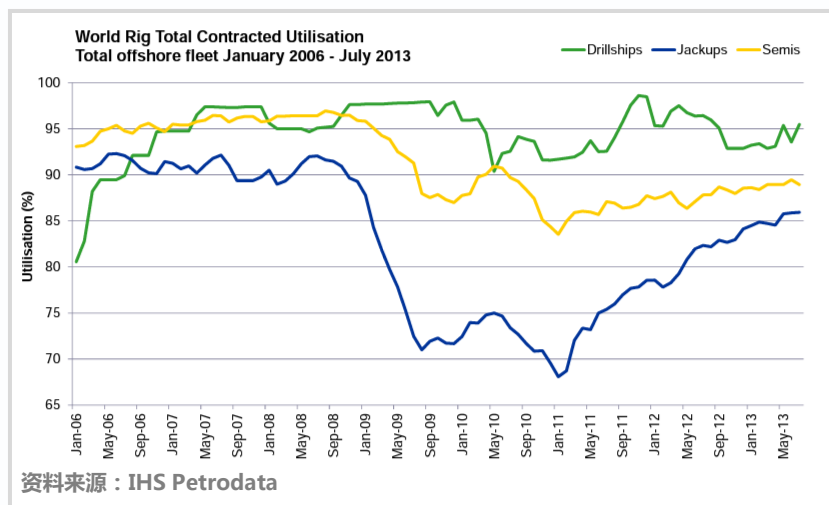


Source: CNOOC Limited

- Expects global oil and gas E&P capex to grow 10% to US\$678 billion, a new high
- Asia Pacific oil and gas E&P capex to increased approximately 19% yoy, 18% of global expenditure in 2013
- Most clients will maintain steady CAPEX growths; CNOOC will continue to boost oil and gas activity, with CAPEX at US\$12-14 billion in 2013



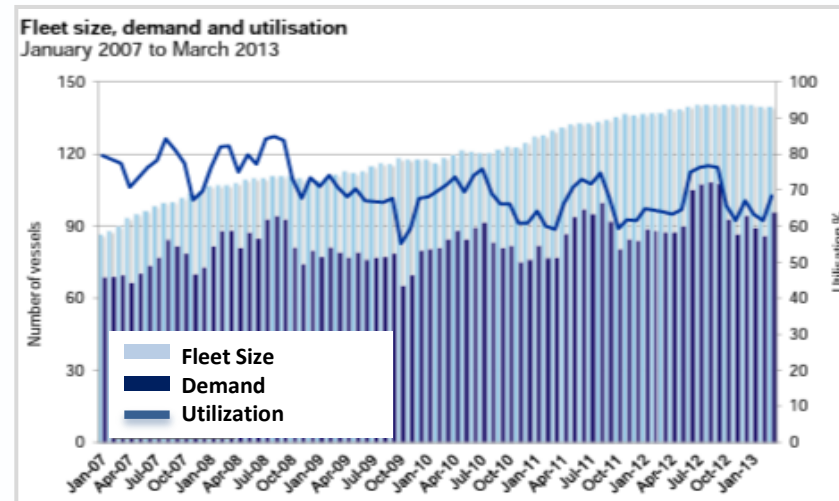
## Utilization Rate of Drilling Rigs



■ Investment growth in global oil and gas E&P effectively drives market demand for drilling, with steadily increasing utilization rates

■ Day rates recorded moderate growth, but price gap between high-end and low-end still exists

## Demand and Utilization Rate of Seismic Vessels



■ Demand and utilization rates for seismic vessels continue to be on the rise, expecting further growth in coming two years

■ Oil companies are demanding higher technical and precision requirements due to more difficult exploration higher E&P investments

Effectively  
adjust  
equipment  
structure

Rapidly  
expand  
equipment  
scale

## Timely Kick-off Construction

### Construction

- COSLProspector
- 15 Utility vessels
- 12-streamer seismic vessels
- Two 400-ft jack-ups
- One 5,000-ft semi

## Identify Right Procurement Targets

### Procurement

- NH8
- NH9
- COSLGift
- COSLHunter
- Two Platform Supply Vessels

## Charter Capacities to Meet Demand

### Chartering

- HYSY981
- NH7
- KANTAN II
- Utility vessels

## Output Enhancement in Mature Blocks

- Participate in low porosity and permeability technologies; strengthen offshore fracturing
- Multiple thermal fluid technology system continues to be applied in Bohai Bay

## Proprietary Technology Backing

- LWD system-SPOTE and Rotary steerable drilling system-COTAS expected to commence offshore trials and onshore drilling in the second half of 2013
- Distribution of ELIS to international markets, a logging system developed in-house by COSL, greatly enhanced technological capabilities

## Selective Expansion in Unconventional Areas

- Oilsands: provide existing technologies to Sunshine in Canada
- CBM, Shale gas, tight sandstone gas: While serving existing clients, developed a service base in Shanxi provided services to the drilling of CBM, shale gas, tight sandstone gas



COSL

谢谢

我们必须做得更好  
ALWAYS DO BETTER

