



COSL

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



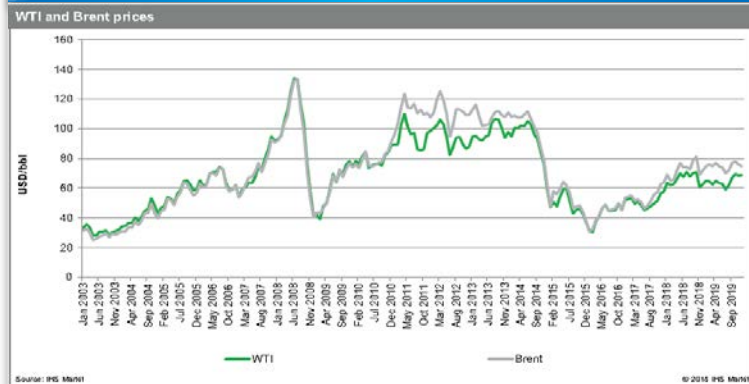
2019 Strategic Guidance

Jan 2019

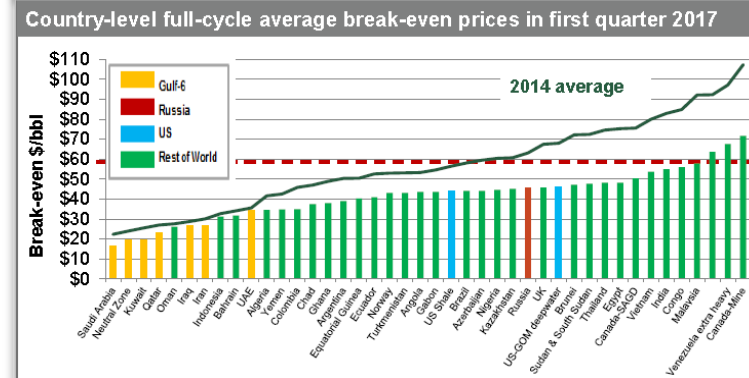


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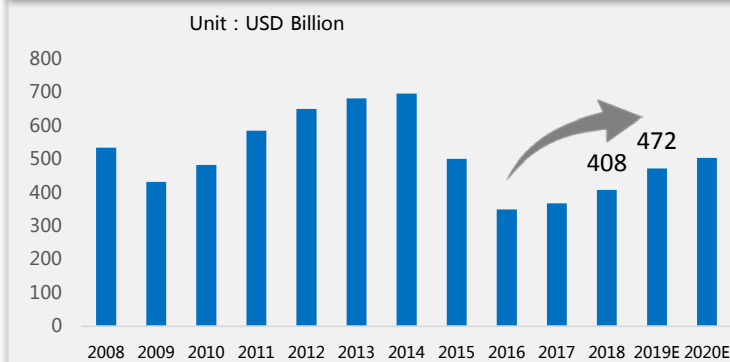
Gradual increase in oil prices



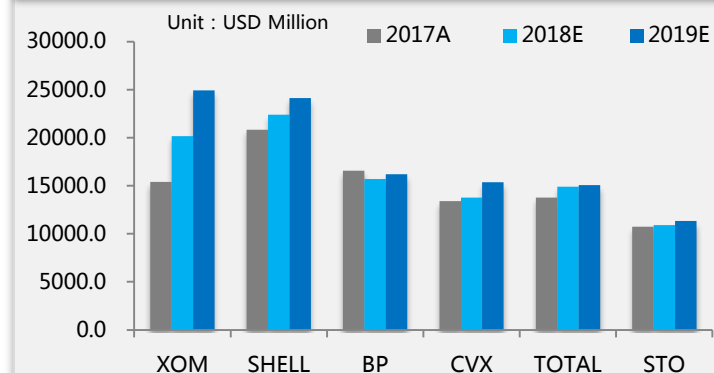
Huge cost reduction for oil and gas E&P



Constant increase in CAPEX of global upstream E&P

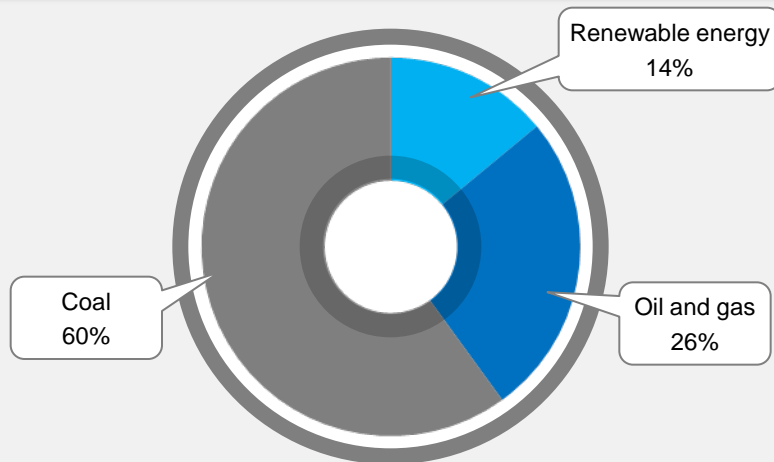


YOY increase in CAPEX of global upstream oil and gas companies



- ➡ Oil and gas continue to make up a large proportion
- ➡ Proportion of clean and renewable energy will increase
- ➡ China will increase E&P activities to ensure energy safety
- ➡ Three major oil companies will increase investment continuously in E&P of oil and gas

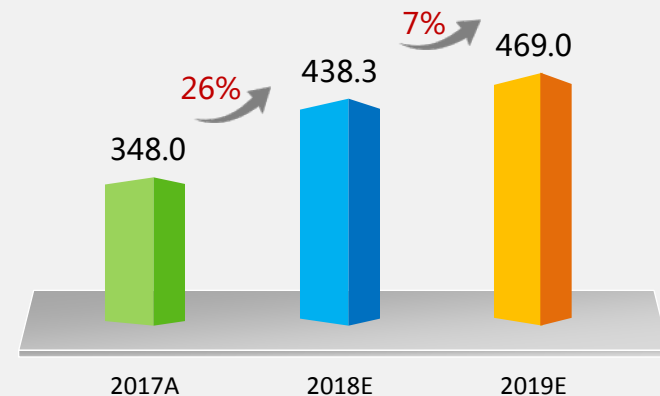
China's energy consumption structure



Source: National Bureau of Statistics

Three major oil companies investment

Unit: USD 100 million

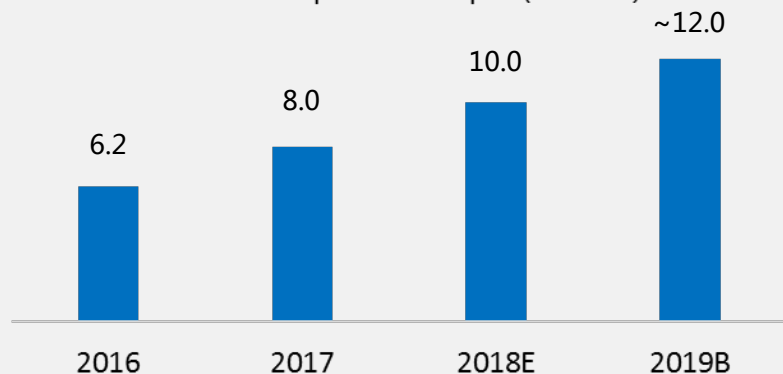


Source: Barclays Report

- ➡ In 2019, CNOOC's CAPEX is expected to increase by 11%~27% compared with 2018E
- ➡ CAPEX in China will increase substantially in 2019
- ➡ Enhanced efforts on exploration, domestic exploration accounts for a high proportion of total investment
- ➡ In line with the low-carbon development trend in global energy industry, CNOOC actively explore the offshore wind power industry

CNOOC's domestic exploration CAPEX increasing

Domestic Exploration Capex (RMB bn)



Source: CNOOC Limited

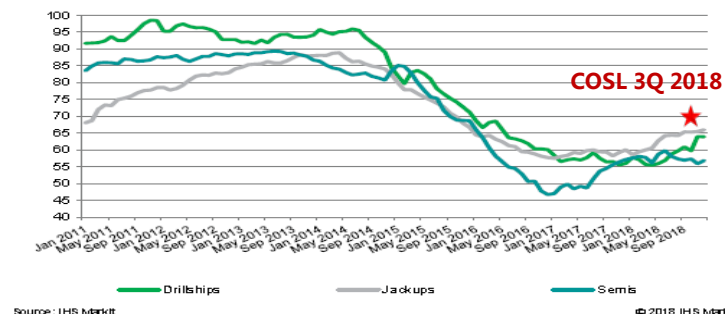
CNOOC's key projects in 2019

- ✓ Qinhuangdao 33-1S oil field
- ✓ Bozhong 19-6 gas field test area
- ✓ Nanbao 35-2 oil field S1 area
- ✓ Luda16-3/21-2 oil field
- ✓ Caofeidian 6-4 oil field
- ✓ Luda 29-1 oil field
- ✓ Liuhua 29-1 gas field
- ✓ Hokchi oil field
- ✓ Liza oil field Phase I
- ✓ LLSW project
- ✓ Tangguh Phase II project
- ✓ Buzzard oil field Phase II
- ✓ Mero oil field
- ✓ ...

Source: CNOOC Limited

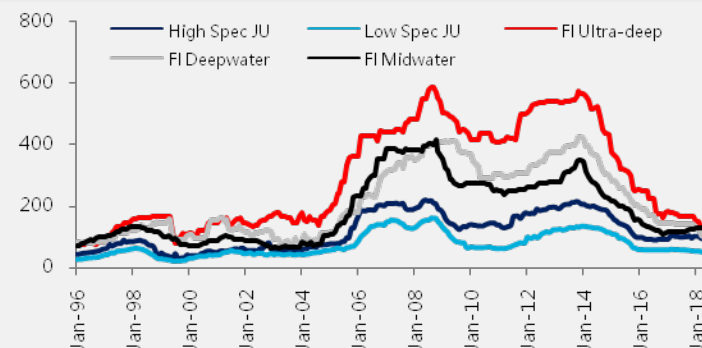
Drilling rigs utilization rate: outperform

World Rig Total Contracted Utilisation
Total offshore fleet January 2011 - December 2018

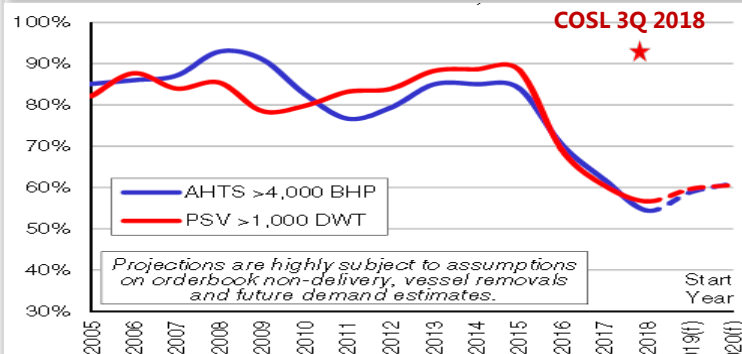


Source: IHS Report, data as of December 2018

Global drilling rig day rate: hover at low level

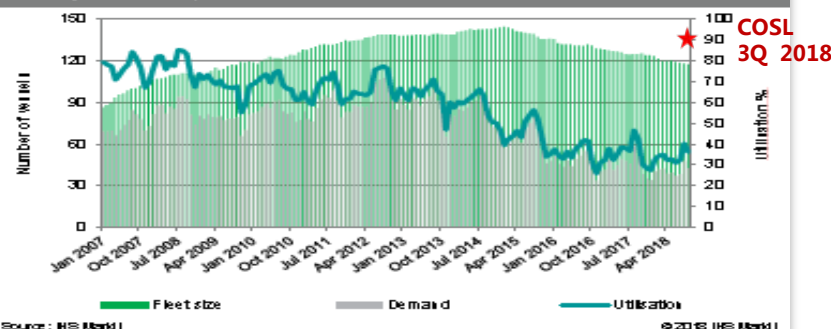


Vessels utilization rate: outperform



Seismic vessels utilization rate: outperform

Fleet size, demand and utilisation
January 2007 to September 2018



Source: IHS Report, data as of October 2018

Industrial Reorganization and Consolidation **COSL**



➡ The merger will be completed in the first half of 2019



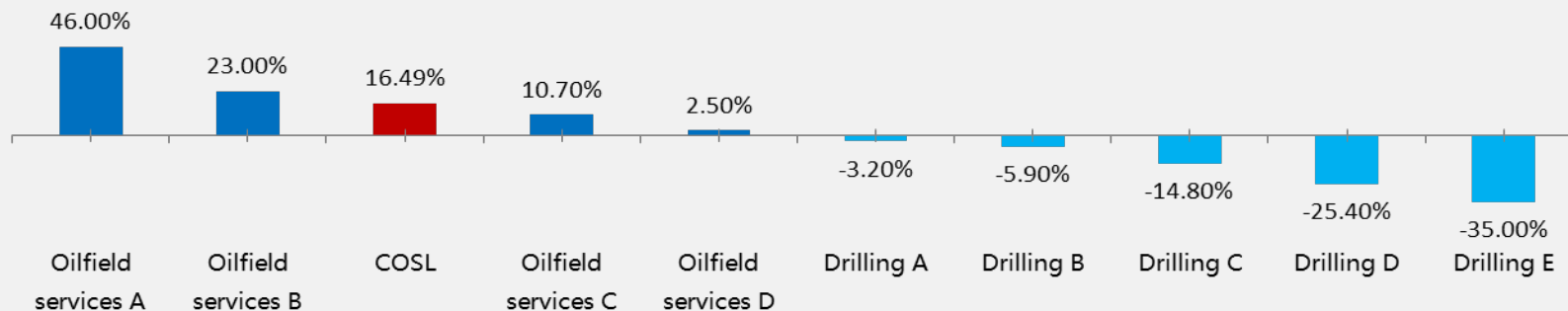
➡ **Newcomers:**
Borr Drilling, ARO, Northern Drilling

➡ **Bankruptcy or restructuring :**
Hercules, Vantage, Seadrill, Pacific

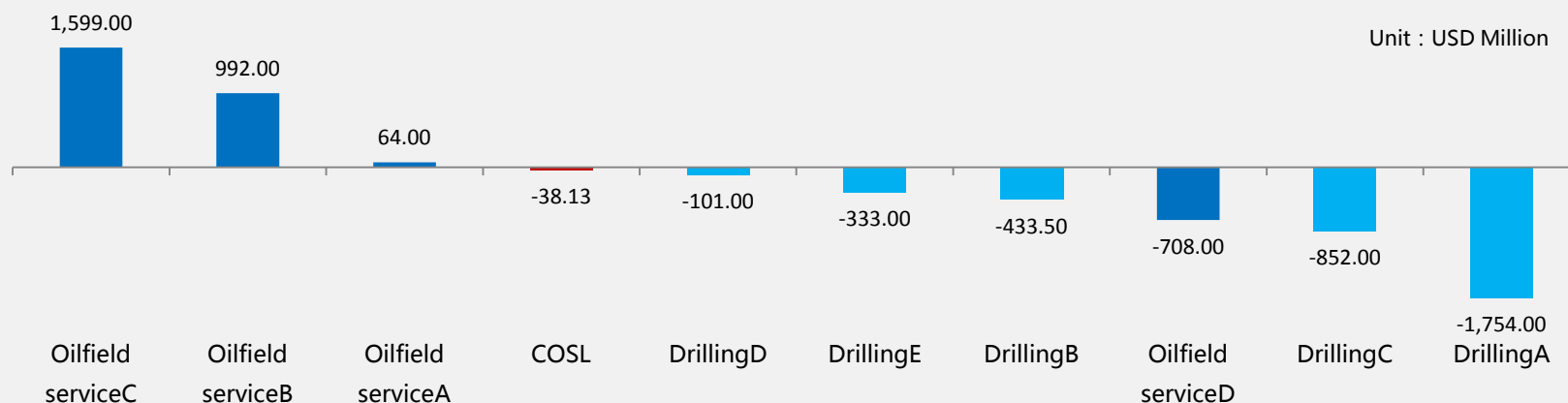
3Q18 Results of International Companies



YOY Change in Revenue - 3Q 2018



Absolute Net Profit - 3Q 2018



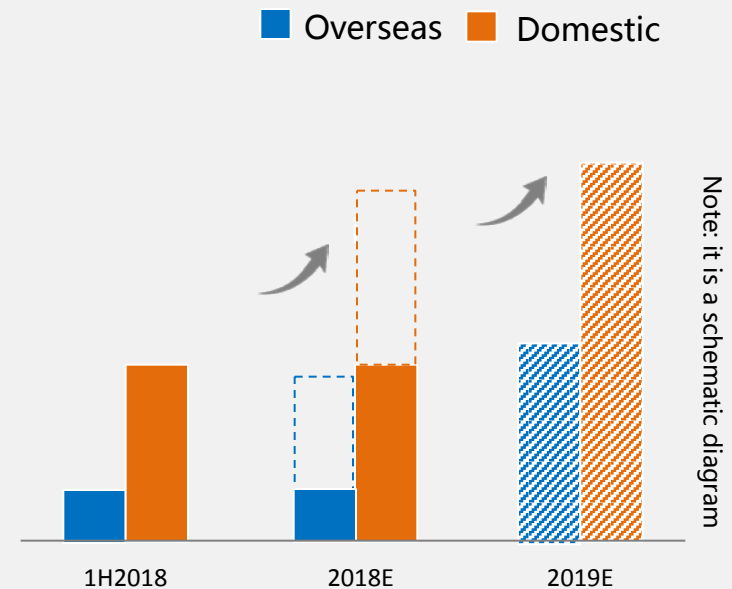
Source: companies reports

Benchmarking companies: Baker Hughes , Halliburton, Schlumberger, Weatherford, Transocean, Ensco, Noble, Diamond Offshore Drilling, Rowan

2019

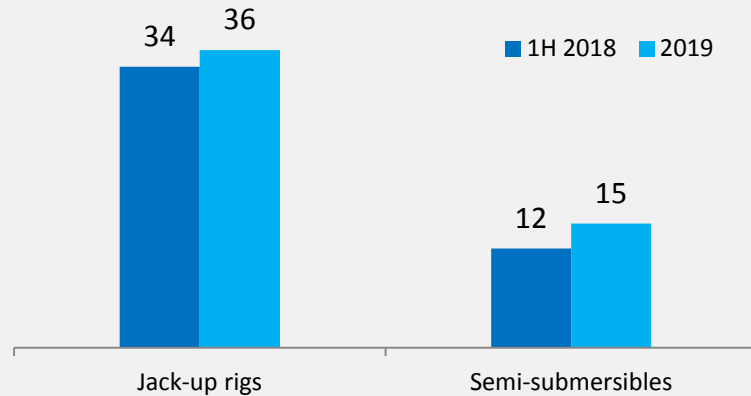
- ➡ **Domestic market:** Seize opportunities of market and clean energy operation
- ➡ **International market:** Selectively enter and expand business in overseas markets
- ➡ **Technological innovation:** Cover traditional fields and increase application for renewable energy
- ➡ **Service upgrade:** Provide a completely service solutions covering multiple energy fields

Projects secured



To pursue technological and international development, COSL will leverage on the synergies and cost advantages.

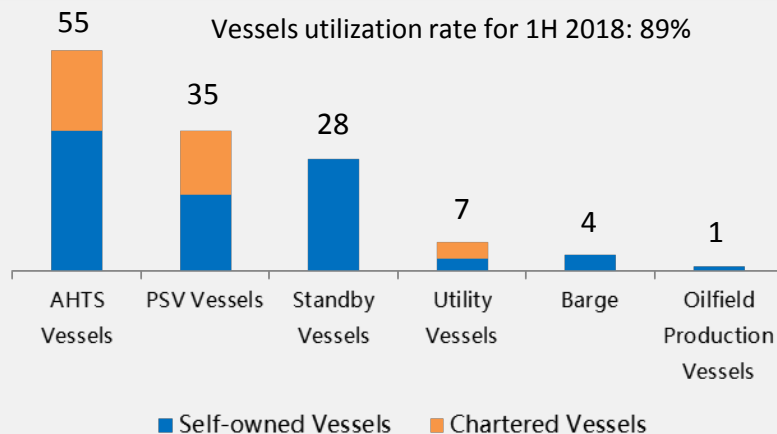
Increase in Production Capacity of Equipment **COSL**



Five new rigs in 2019

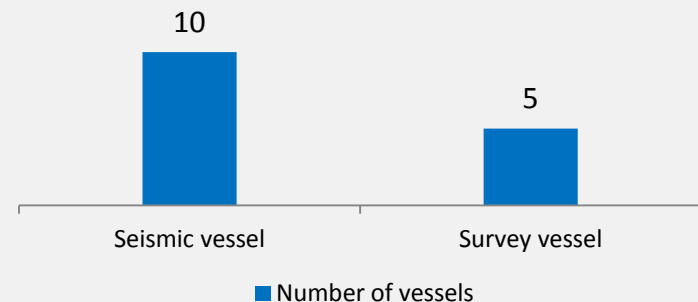
- 2 jack-up rigs, 3 semi-submersibles
- 4 chartered rigs, 1 self-purchased rig

Vessels utilization rate to remain stable in 2019



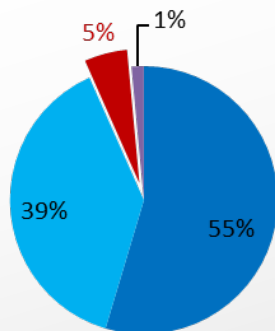
Adequate workload for seismic vessel

Operation volume of submarine cables in Bohai will increase and multi-client business will generate sales revenue



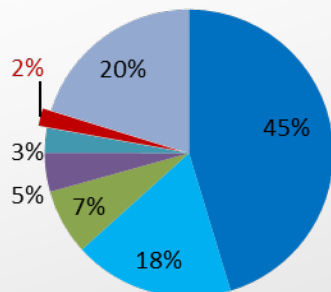
Corporate Development Backlog

Cementing NO.3



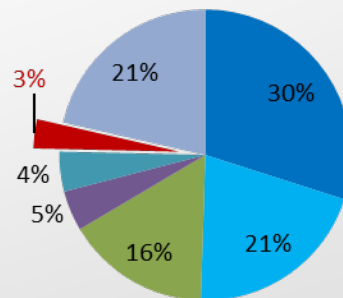
■ Halliburton ■ Schlumberger
■ COSL ■ Other

Wireline Logging NO.6



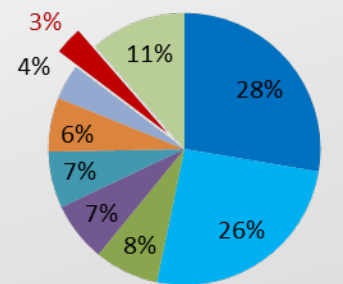
■ Schlumberger ■ Halliburton
■ Baker Hughes, a GE Co. ■ Weatherford
■ C&J Energy Services ■ COSL
■ Other

Directional Drilling NO.6

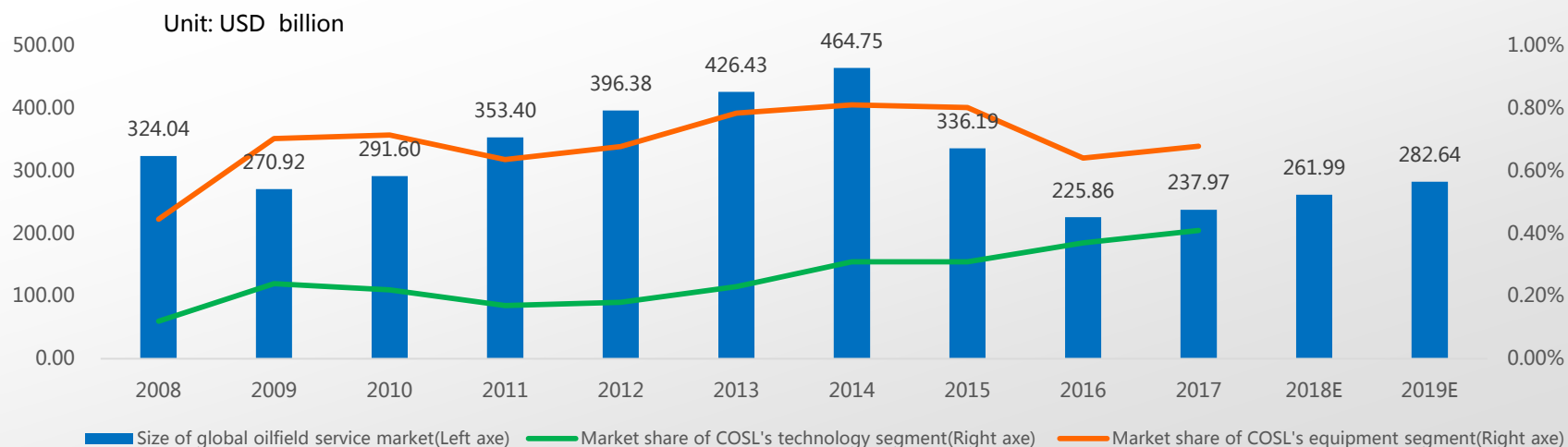


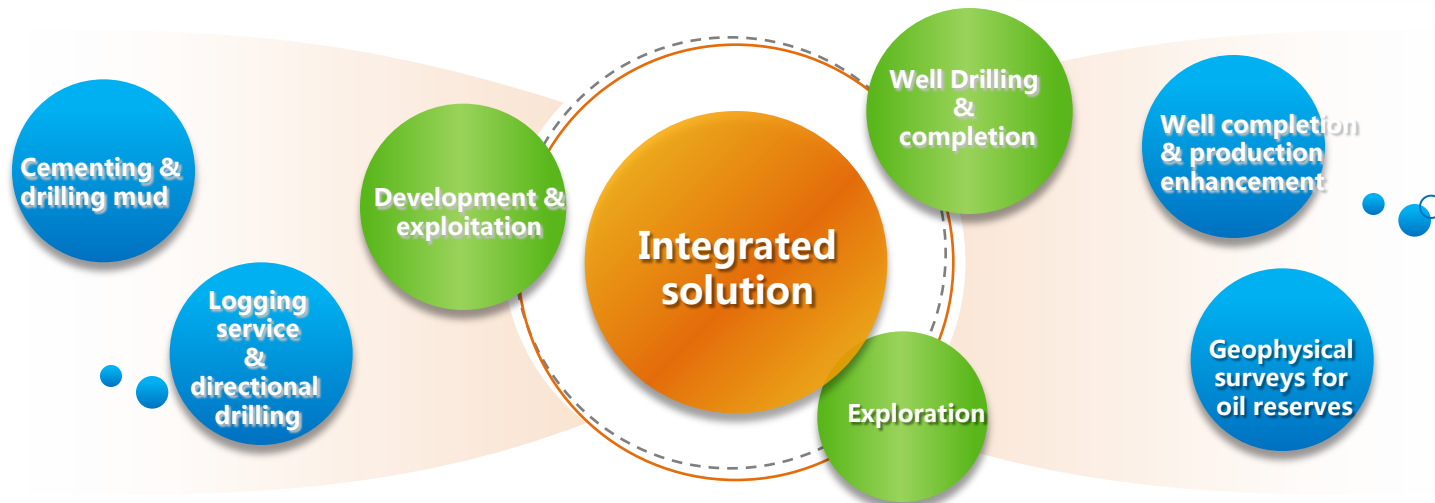
■ Schlumberger ■ Baker Hughes, a GE Co.
■ Halliburton ■ Scientific Drilling
■ Weatherford ■ COSL
■ Other

Drilling & Completion Fluids NO.8



■ Schlumberger ■ Halliburton
■ Newpark ■ Q'Max Solutions
■ CES Energy Solutions ■ Baker Hughes, a GE Co.
■ Tetra Technologies, Inc. ■ COSL
■ Other





An integrated oilfield services provider for multiple energy resources with international competitiveness

- ➡ Provide a completely highly-efficient and low-cost drilling & completion solutions
- ➡ Enhance oil recovery and productivity of heavy oil, low permeability and marginal oilfield
- ➡ Overcome exploration and development challenges in severe operation environment
- ➡ Diversify types of service to accommodate changes of global energy landscape

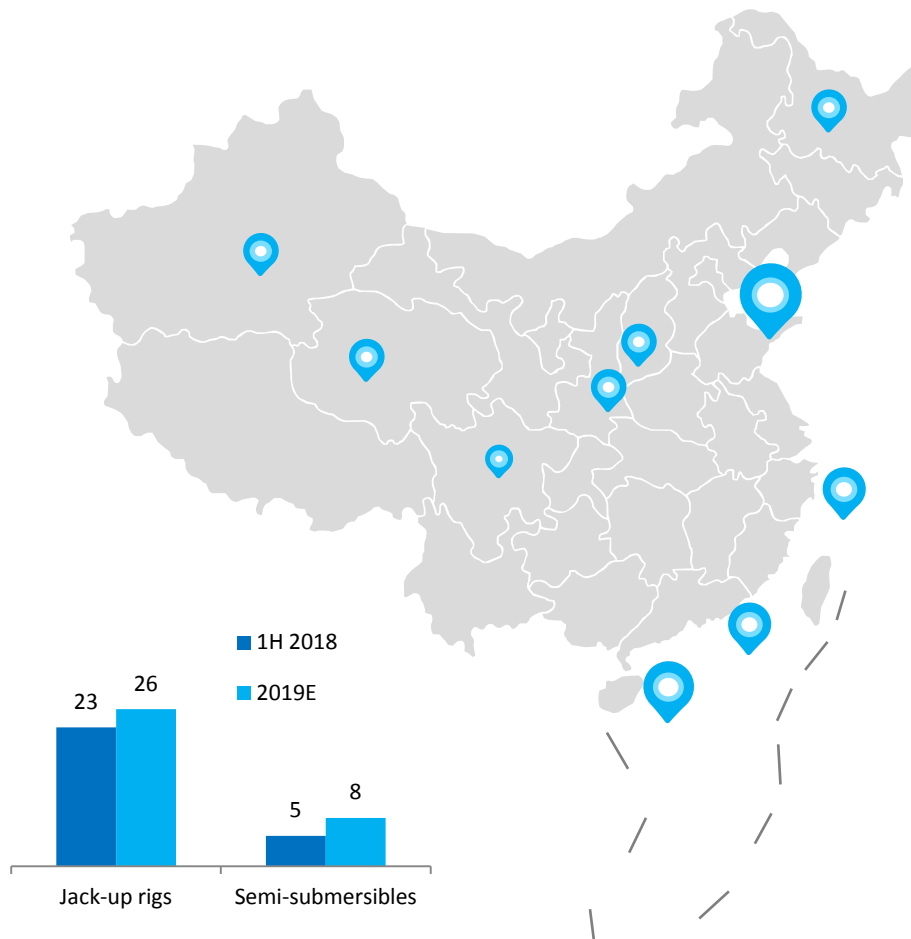
Exploration for marine wind power industry

Deep-water exploration of new energy

Wireline logging for thermal wells

Operation for hot dry rock wells

Cover both offshore and onshore markets
Adjusted equipment capacity in expectation of an increased work volume in 2019



➔ **CNOOC to increase exploration and development of oil and gas**

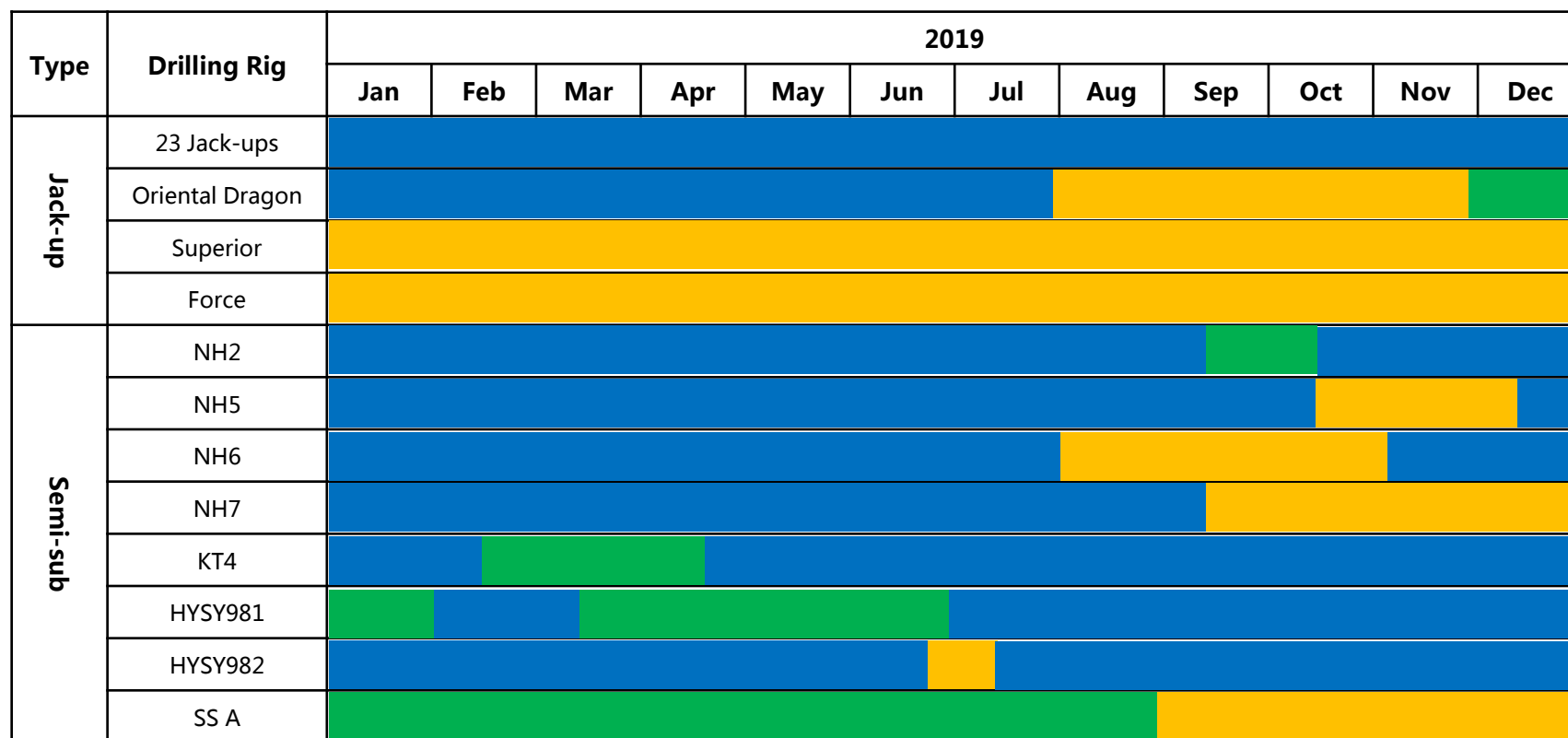
➔ **Bohai Bay:** Maintain stable and increase operation

➔ **South China Sea:** Onshore and deep water operation

➔ **New energy business:** Unconventional operation

➔ **Environmental protection:** new energy construction, EPS waste disposal

Domestic Rig Operation Status



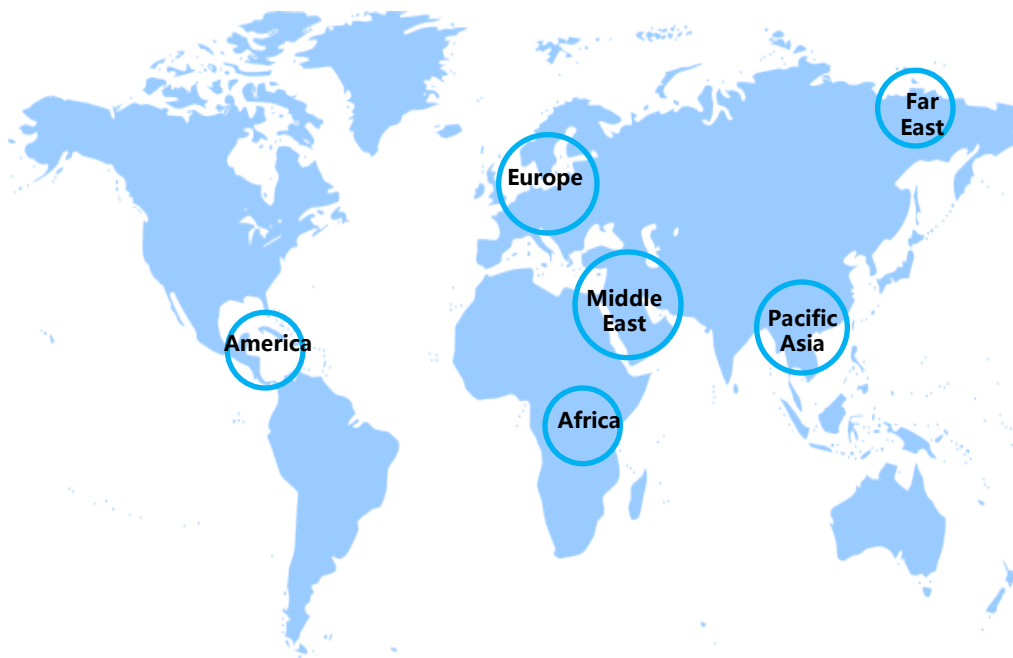
■ Operation
 ■ Mob/Demob
 ■ Repair
 ■ Stand-by

Remarks: Data up to 10 Jan 2019. Operation status may be changed due to some projects are in the bidding stage.



Enlarge international markets, offer integrated services, enhance technological development

- Increase the proportion of technology sectors, speed up serialization and industrialization of products
- Set clear goals to achieve economies of scale in overseas markets and increase revenue



- ◆ Middle East
 - Strive to introduce more rigs to market
 - Follow progress of Missan Oilfield
- ◆ Pacific Asia
 - Reinforce presence in Indonesia, Malaysia, Thailand and Myanmar
- ◆ America
 - Consolidate business in Mexico and strive for other cooperation
 - Pay attention to deep-water projects globally
- ◆ Africa
 - Establish footholds in Africa through Uganda project and Cameroon project
 - Focus on business opportunities from Senegal and Nigeria

Key Overseas Markets for 2019

- ◆ Closely follows market opportunities in Iraq and other projects;
- ◆ Step up market expansion and strive to introduce more rigs to market.



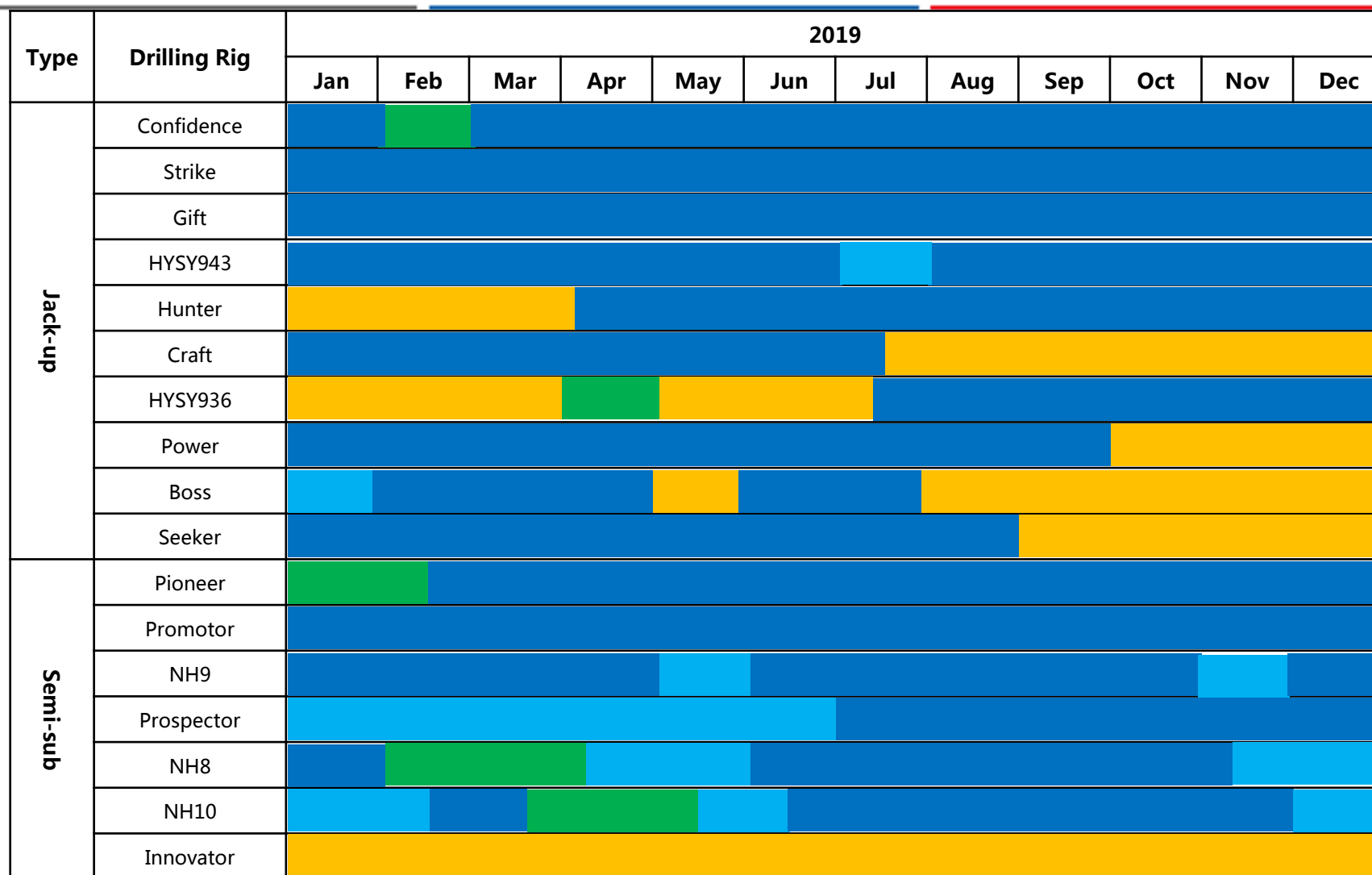
- ◆ Hold high the development strategy of "Belt and Road" Initiative and increase the revenue share in the region.
- ◆ Establish footholds in Africa through Uganda project and Cameroon project, and increase revenue from Africa.



- ◆ Actively identify business opportunities and increase leasing rate of semi-submersibles;
- ◆ Focus on general services projects, enhance integrated services, enter the high-end market.



Overseas Rig Operation Status



■ Operation
 ■ Mob/Demob
 ■ Repair
 ■ Stand-by

Remarks: Data up to 10 Jan 2019. Operation status may be changed due to some projects are in the bidding stage.

Support international expansion, reduce development costs

Technological application

Improve technology and operation for difficult works

- Develop advanced LWD and rotary steerable systems
- Achieve breakthroughs in technologies for drilling & completion fluids, cementing and production enhancement

Operation opportunities

Cover offshore and onshore markets

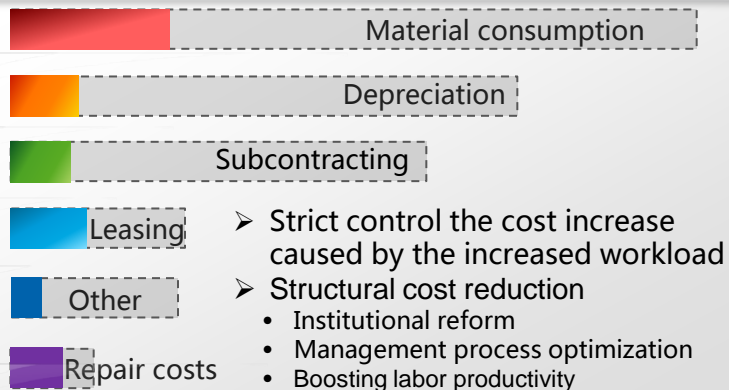
- High-end logging technology meets needs of global mainstream markets
- Expand unconventional business capabilities through technological upgrades

Service competitiveness

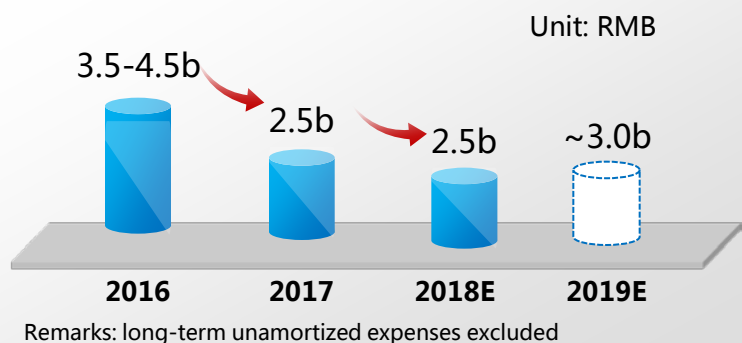
Accelerate industrialization and commercialization

- Enhance technological acquisition and speed up R&D by making use of intelligent resources across the world
- Improve commercialization system and relevant support to shorten commercialization cycle

Focus on cost management in 2019

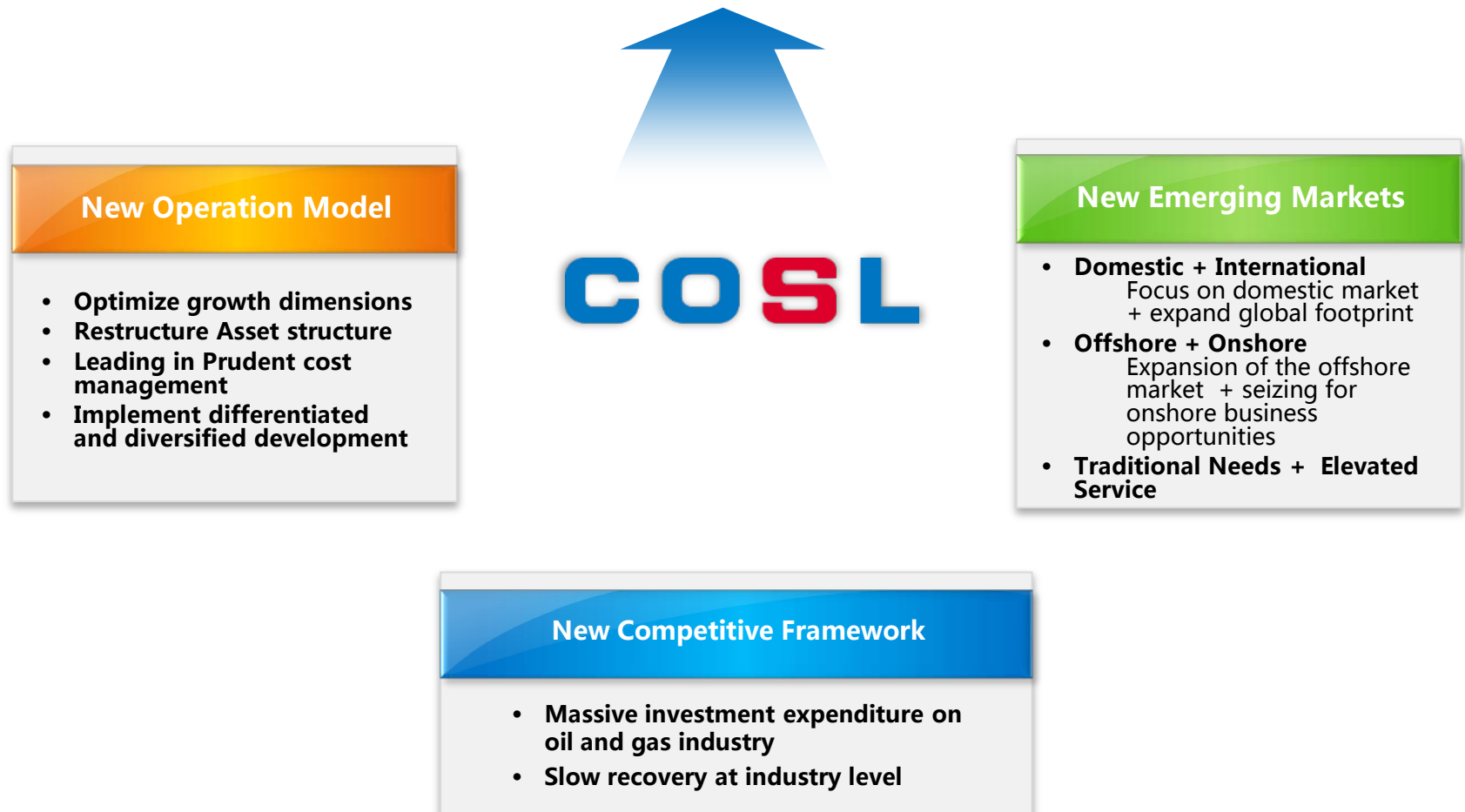


Capital Expenditure



	Companies	Middy's	S&P	Fitch
4 majors oil companies	Schlumberger	A1 (Stable)	AA- (Neg.)	-
	Halliburton	Baa1 (Stable)	A- (Stable)	-
	Baker Hughes	A3 (Stable)	A- (Stable)	-
	Weatherford	B3 (Neg.)	B- (Neg.)	CCC
	COSL	Baa1 (Stable)	BBB (Positive)	A (Stable)
Offshore drilling	Diamond	Ba2 (Neg.)	B (Neg.)	-
	Ensco	B2 (Neg.)	B- (Neg.)	-
	Noble	Caa1 (Stable)	BBB (Stable)	BBB- (Stable)
	Rowan	B3 (Neg.)	B (Neg.)	-
	Transocean	B3 (Neg.)	B- (Neg.)	B+ (Neg.)
	Seadrill	B1 (Stable)	CCC+ (Stable)	-

Enhanced Industrial Market Share



我们必须做得更好

ALWAYS DO BETTER



COSL

