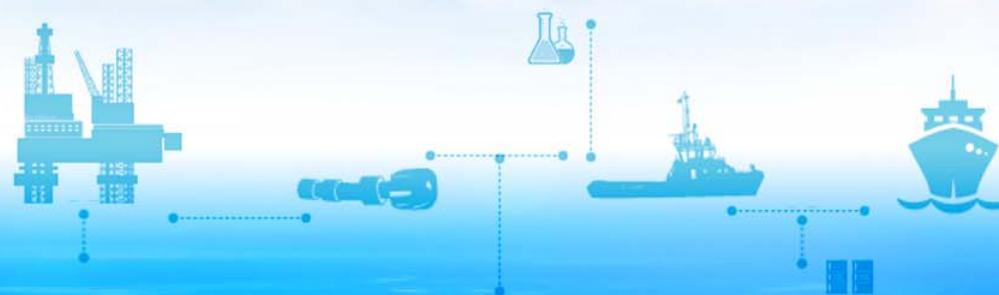




中海油田服务股份有限公司
China Oilfield Services Limited



Annual Results 2018

March 2019

The information contained in this presentation is intended solely for your own reference only. In addition, the information includes 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.



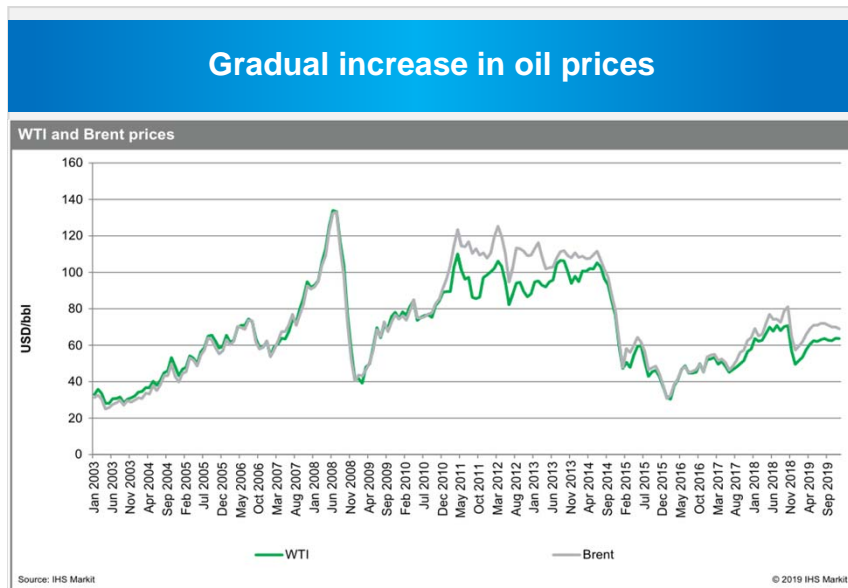
中海油田服务股份有限公司
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Content

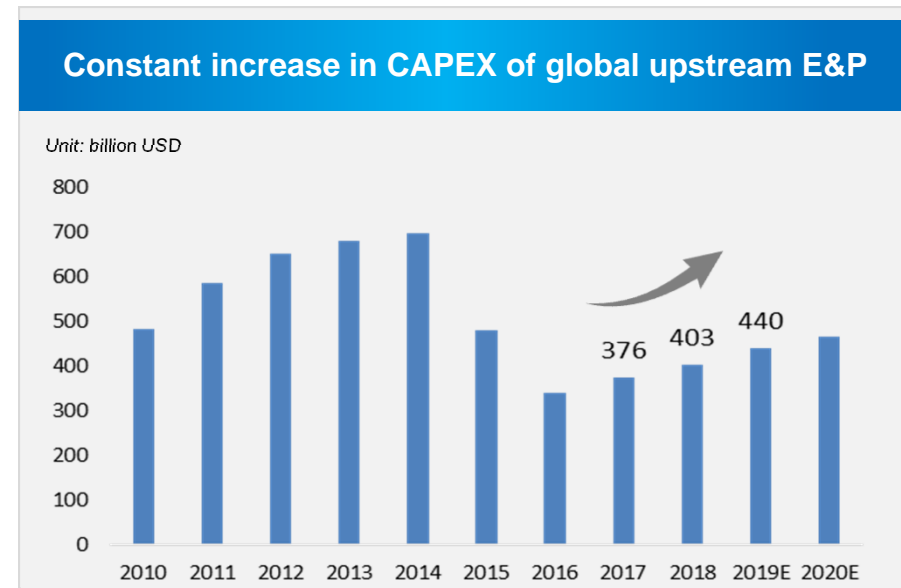
I. Results Overview

II. Company Outlook

- ▶ Fundamentals of the industry constantly improved
- ▶ Average oil price of Brent increased by 31% over 2017 and WTI increased by 28%
- ▶ Global upstream E&P spending increased by approximately 7% over 2017



source: IHS report, all data until March 2019



source: IHS report, all market data until March 2019

Annual Financial Performance ¹



Business income continuously grew, profiting in a row.

RMB (Million)	2018	2017
Revenue	21,886.6	17,458.6
Profit for the year	88.7	80.9
Attributable to Owners of the Company	70.8	42.8

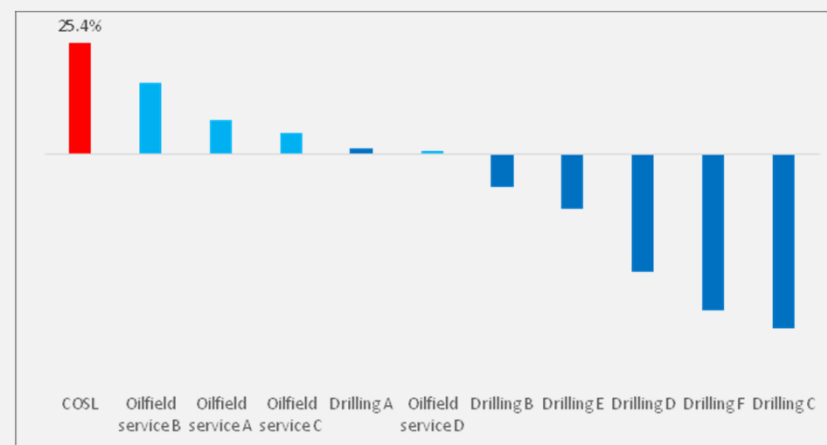
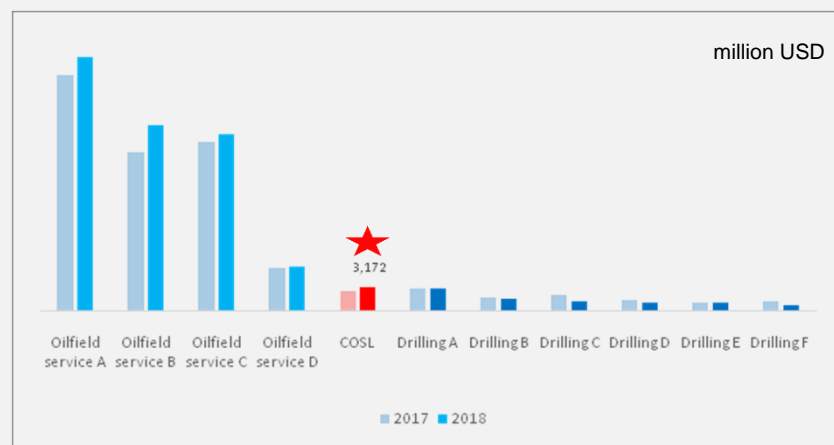
RMB (Million)	2018	2017
Total Assets	74,687.0	73,941.3
Total Liabilities	40,009.6	39,253.8
Total Equity	34,677.4	34,687.5

Available cash sufficient² : RMB 11.54 billion. Debt-to-capital ratio: 53.6%. Distribution policy for 2018³: 0.07 yuan per share (tax included)

1. All above financial data are from the audited financial report prepared by the Company under HKFRS.
2. Available cash includes cash equivalents and available-for-sale financial assets.
3. This distribution proposal is subject to the approval at the 2018 annual general meeting of the Company.

Remark: Financial data as up to December 31, 2018; the data for 2017 was restated.

Revenue and YoY Growth as Compared international peers



Source: companies reports. USD against RMB: 1:6.9

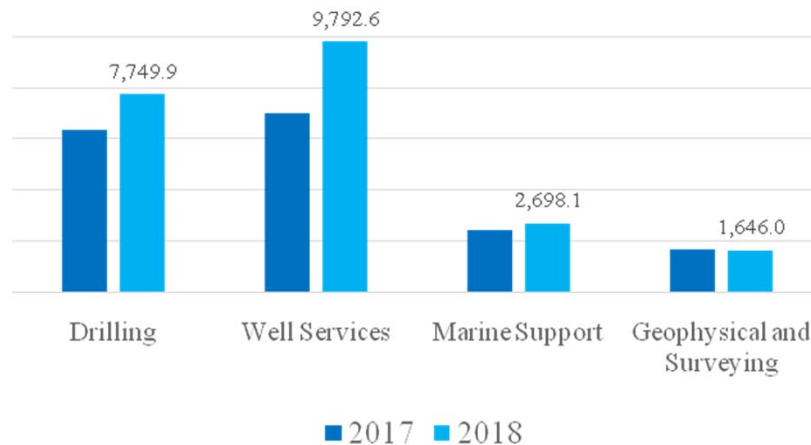
Benchmarking companies: SLB, HAL, BHGE, WTF, RIG, ESV, SDRL ,DO, NE, RDC

Segments Performance



2018 Revenue Contribution

unit: RMB in million

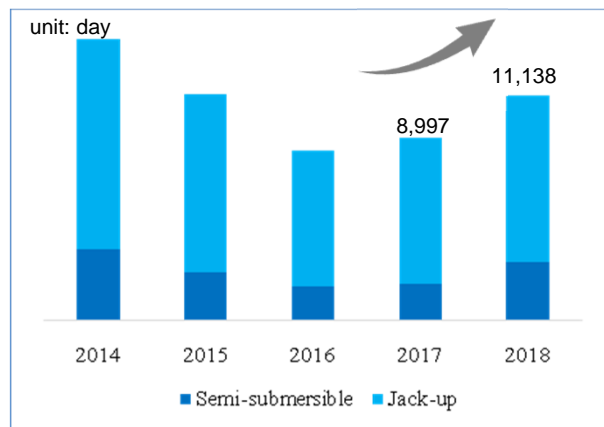


Well Services grew the fastest

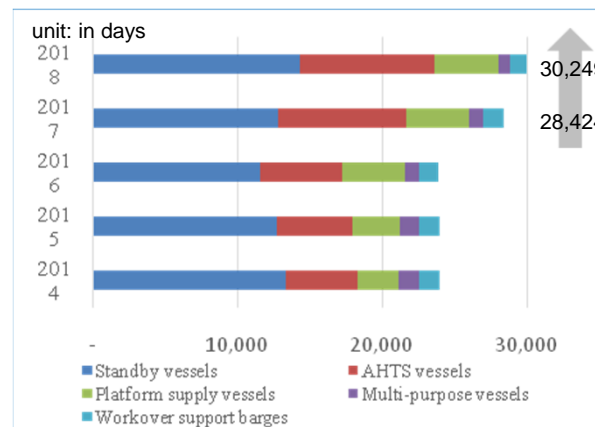
YOY growth rate: Drilling	+22.2%
Well Services	+40.0%
Marine Support	+10.7%
Geophysical and Surveying	-2.3%

Note: The Geophysical sector grew in volume of operations, but dropped in revenues; Due to an increase of multi-client projects, while revenues will be confirmed at the time of data sales.

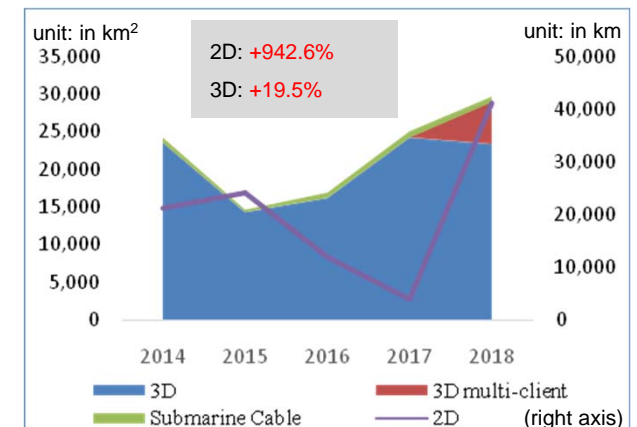
Drilling: operating days grew by **23.8%**



Marine Support: operating days of self-owned vessels grew by **6.4%**



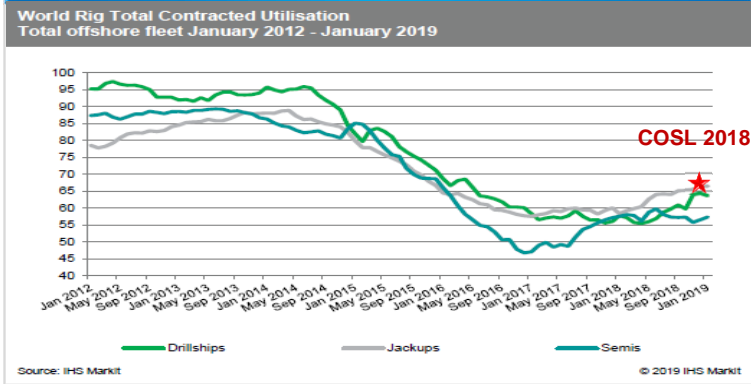
Geophysical Acquisition: Volume of data acquisition went up



Benchmarking in Utilization Rates

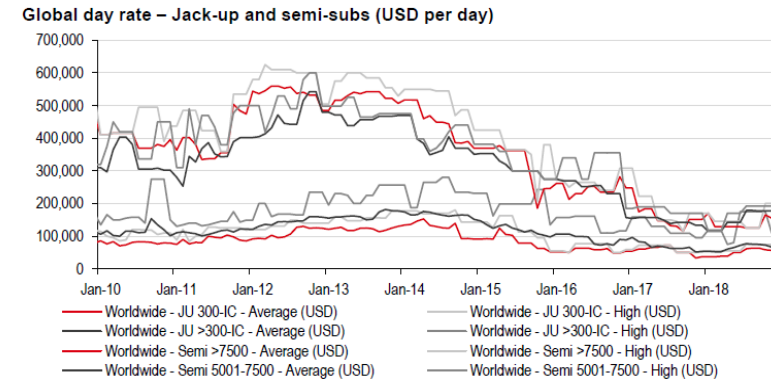


Drilling rigs utilization rate: outperform



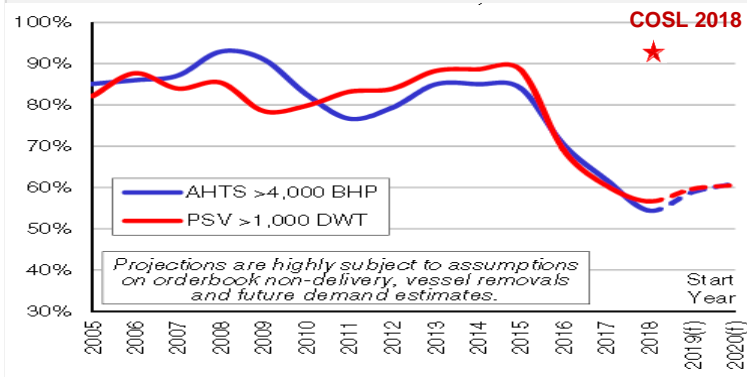
Source: IHS report, data as of Dec 2018

Drilling rig day rate: gradually picked up



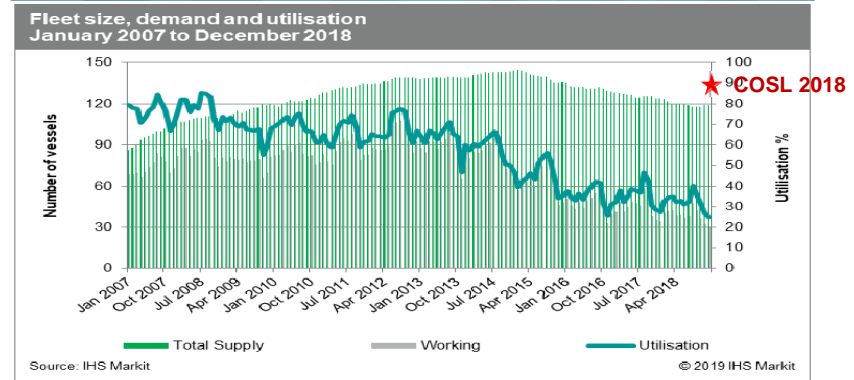
Source: IHS report, data as of Dec 2018

Vessels utilization rate: outperform



Source: IHS report, data as of Dec 2018

Seismic vessels utilization rate: outperform



Source: IHS report, data as of Dec 2018

Profiting for Consecutive Years



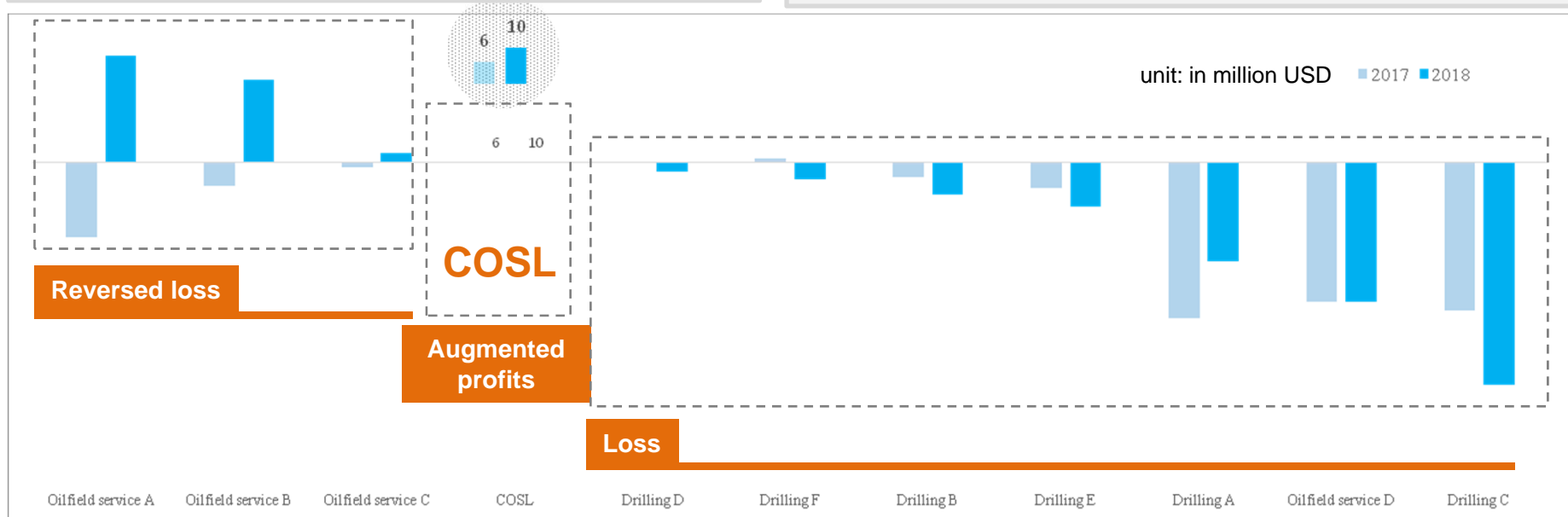
► Profiting for consecutive years, and augmented the profits¹

Cost management:

- Improved operational efficiency, Low downtime
- Improved utilization rate, and segment synergies
- Tightened inventory cost, and strengthened quota management
- Improved manpower allocation, and labor productivity

Main factors for cost rise:

- Workloads increased by oil price recovery,
 - Equipment upgrade to fit for new customer and project's demand
 - Cost increased due to projects of customer's delayed
- Cost rise in :consumables, subcontracts, leasing, and maintenance



Source: companies reports. USD against RMB: 1:6.9

Benchmarking companies: SLB, HAL, BHGE, WTF, RIG, ESV, SDRL ,DO, NE, RDC

Note 1: net profit attributable to owners of company

Equipment & Technical Strength Ranking



Equipment upgrading to be advanced

Outperform utilization rate

- ✓ Drilling: The number of drilling rigs NO.2
- ✓ Marine support: The scale of markets NO.4
- ✓ Geophysical: Volume of contracted operations NO.5

Technical breakthroughs, achieved advanced level

Scale of Well services sector constantly expanded:

- ✓ Cementing: NO.4
- ✓ Wireline Logging: NO.6
- ✓ Drilling & Completion Fluids : NO.7

Unit: billion USD

Proportion in market quota for COSL's equipment and technology sector



Data source: the company's data and Spears report, all data until end of 2018

Self-owned technology boosting production



Important technical support for: new discoveries in exploration; increase output of heavy oil, low permeability and marginal oilfield; improving operational efficiency

Commercial applications

- ◆ MRCT put to use for continent and offshore commercial applications

Improved efficiency

- ◆ EFDT developed new functions including polar plate type double-probe hanging

High temperature

- ◆ ESCOOL completed logging operation for a hot dry rock well with 190 degrees Celsius

Cementing

- ◆ Formed high-temperature and ultra-high-temperature cement slurries at 120-260 °C

Environment

- ◆ BIODRILL A achieved the recycling of water-based drilling and completion fluids

Transformation

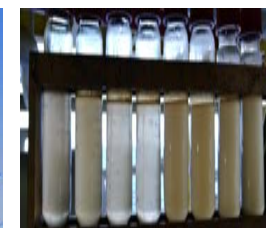
- ◆ Self-developed and manufactured Multi Ultrasonic Image Logging Equipment sold to the first class peers.

Oil increment

- ◆ Chelating plugging removal operation got 3600m³ oil increment per well

Resume production

- ◆ Comprehensive managing technology made 9 low production or shutdown wells resume production

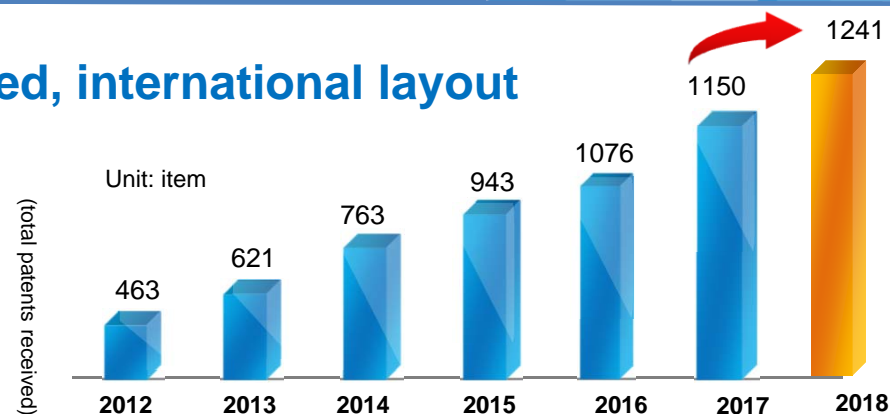


Patents

Patents increased, quality improved, international layout

New patents: 91 items (of which 42 were for invention)

Total 4 items for PCT applications, received international patents.



MRCT (Max Diameter Rotary Coring Tool) >>>

Sidewall coring is an important method for obtaining information such as geological structure, lithology and gas & oil reserves.



Main advantages

- Coring sample complete, strong adaptivity to formation
- High coring productivity, high core yield
- Suitable for complex hole conditions



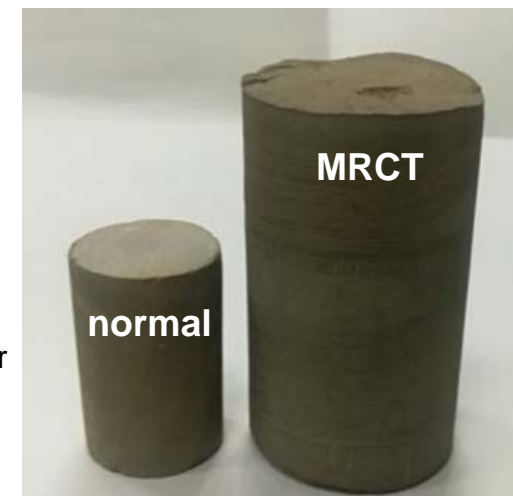
Stable and reliable, great market potential

Results

- 15 million RMB crossed by 4 tool strings total 401 cores in 12 wells
- 51 cores record are created in one run of China offshore
- Obtain compliments from customer covered all China sea

Opportunities

- 50 tool strings are needing in 3 years, can earn 100 millions RMB every year
- Income from operational services will increase obviously in the 2019
- Numbers of international oil companies clients focus on our instrument



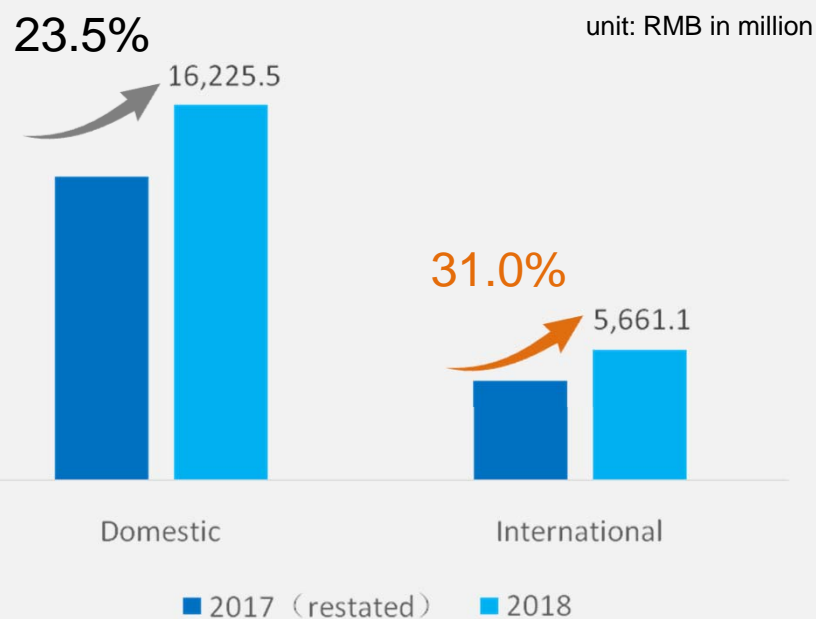
Revenue Breakdown



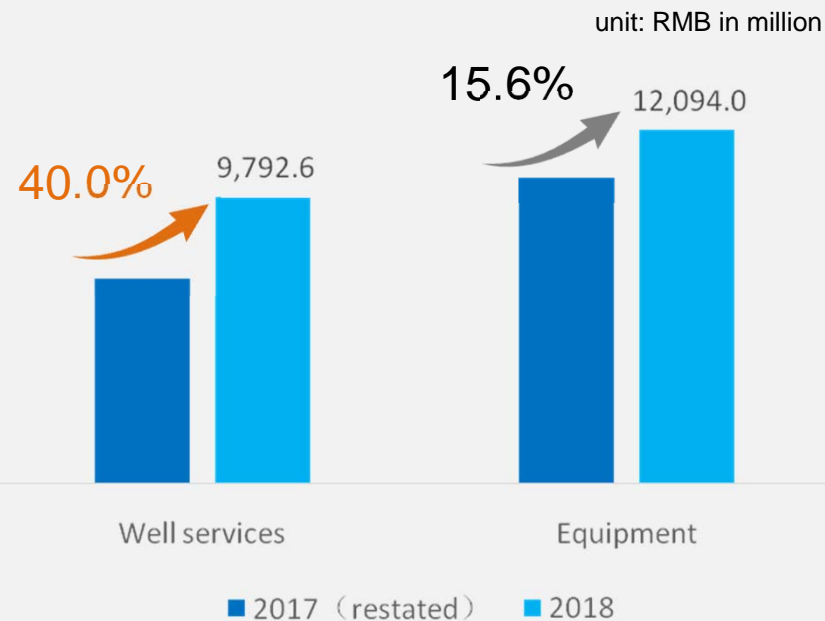
In terms of regions: YOY growth reached 23.5% and 31.0% in domestic and overseas regions respectively.

In terms of segments: YOY growth reached 15.6% and 40.0% for equipment and technology respectively.

The domestic and international revenue increased YOY



The equipment and well services revenue increased YOY



Scale effects in Overseas Markets



Europe: high-end markets

- The Innovator platform launched the drilling contracts for the new client Lundin.
- Pioneer received the Nexen drilling contracts.

Global strategical layout

Expanding markets with multiple modes

Enhance the overall profitability

Far East: steadily progressive

- The “NH8” drilling services
- Drilling services and services of ROV, cementing pumps and centrifuges

America: technical services and products

- Mexico: drilling modules contracts
- Canada: 33,000m order of slotted sifting pipes
2D seismic survey for 12,000 km
- Argentina: 2D seismic survey for 12,000 km
- United States: 4 sets of MUIL delivered to BHGE



Middle East: Saudi Aramco markets

- Saudi Arabia: service contracts with Saudi Aramco for two drilling rigs
- Iraq: CNOOC drilling and completion contracts for the first round 22 wells; and for the second round 22 wells

Africa: achievements

- Cameroon: Seeker drilling contract
- Gabon: 3D seismic operations
- Ethiopia: land wireline logging and perforation services

29 new customers

133 new contracts

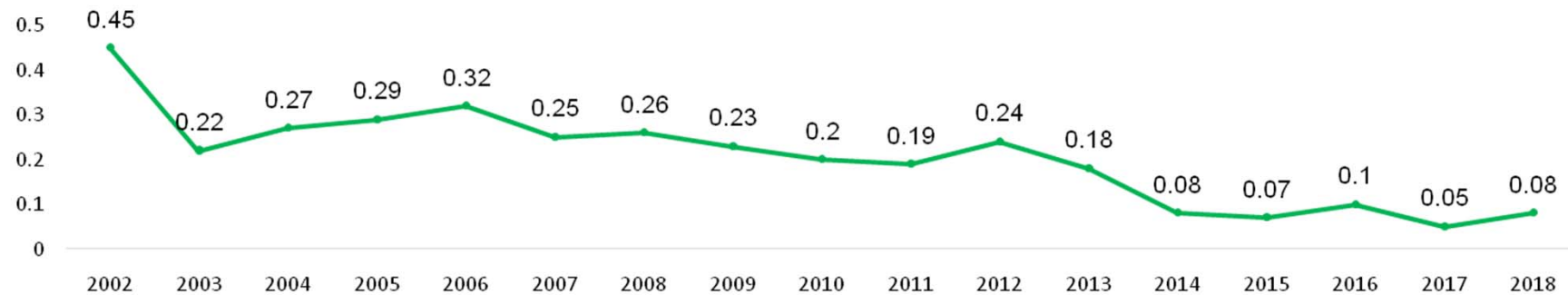
Asia Pacific: multiple markets

- Indonesia: extension of contract, Project HCML
- Malaysia: drilling fluid, cementing umbrella
- New Zealand: Shell drilling services
Tamarind semi-submersible drilling services
- Burma: 3D seismic acquisition, well logging

Excellent OSHA safety management index



Recordable events rate



Actively participating in public welfare projects

- Marine Salvage
 - 16 maritime rescues and saving 118 persons
- Effectively promoting environmental protection
 - Actively responding to the environmental organizations
- Carrying out various public welfare activities with local society
 - Focus on “targeted poverty alleviation”
 - Participant “blue power volunteering”
 - Activities of “Uninterrupted love and orphans growth caring” in Mexico



Awards and Recognitions

COSL

CHINA
FINANCIAL
MARKET

大公報

大眾證券報



hkira

Shanghai-Hong Kong
Stock Connect
award for the most
valuable investment

BEST INVESTOR
RELATIONS
Management of listed
companies

Best Main Board
Listed Company Award

Sustainable Development
of Hang Seng A-Stock
Benchmark Index

INVESTOR RELATIONS
Certificates of honor

Innovation Award, China
Company Award

Sustainable Development
of Hang Seng
Benchmark Index

ESG, China, 2018
Constituent stock of Good
50 Index

Top 100 International
Energy Sources Company
Crystal Award

Honors in 2018 from the capital market



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

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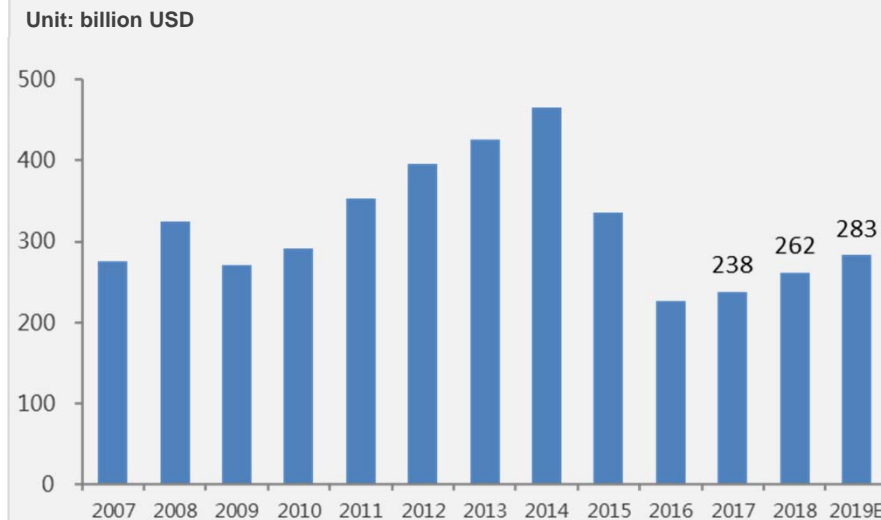
Recovered international

The size of the global oilfield service market keeps growing which expected increasing 8% in 2019

Preheated domestic

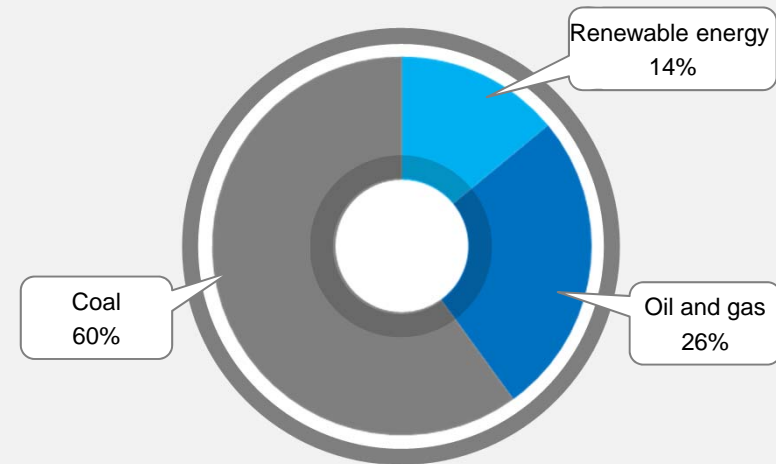
Oil and gas continue to make up a large proportion, China will increase E&P activities

Global oil services market is growing



Source: Spears, as of January of 2019

China's energy consumption structure



Source: National Bureau of Statistics

Technological and International development

/ Enhance technological development / Income share increment



Enhance oil recovery and productivity of heavy oil, low permeability and marginal oilfield

Overcome exploration and development challenges in severe operation environment

Strategy enhancement for technology drive innovation of technologies, and speed up the industrialization of technical product series.



Increase the ratio of revenues from well services. Drive the market by using technical services and products and increase the profitability of the company.

/ Domestic energy security



Provide a completely highly-efficient and low-cost drilling & completion solutions

Diversify types of service to accommodate changes of global energy landscape

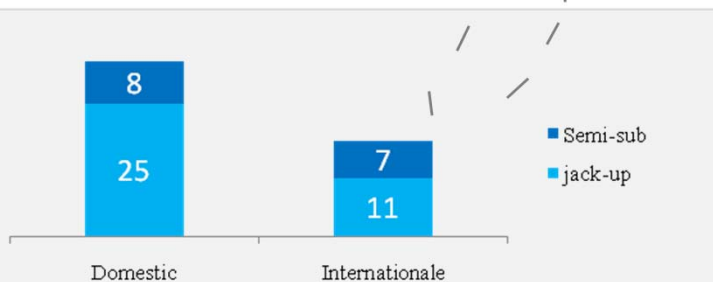
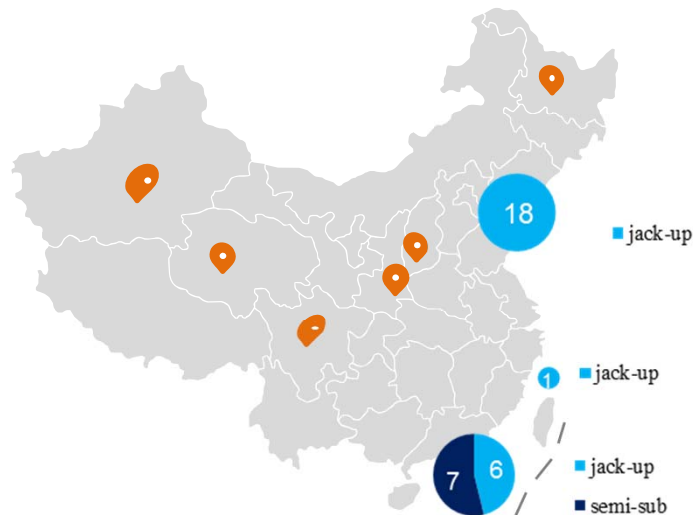
Make efforts to secure national energy security. Adjust equipment structure, establish project teams, Increase production technology application.

/ Expand international market



Focus on long-term cooperation in the international market with old customers, develop new markets, and entrance to high-end markets.

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



Operating 51 rigs, 3 more than 2018.
Retain the flexibility of increase production capacity.

➡ **Exploration and development leads to growth of workload**

➡ **There will be 32 drilling rigs at domestic in 2019.**

➡ **Increase of exploratory and developed wells will cause increase in the well services segment.**

➡ **Significant growth of workload in geophysical and ocean bottom cable.**

➡ **Workload of clean and renewable energy will increase**

Overseas Markets



Opportunities

America	Deep water, FIELDWOOD and HOKCHI projects of CNOOC	Europe	APEC drilling turnkey project in Ireland
Africa	ADDAX drilling project in Cameroon and Uganda project	Far East	Follow equipment and oilfield technology project
Middle East	Missan oilfield, Push cooperation with local client	Asia-Pacific	Enter the market of discarded oilfield Promote the integrated turnkey project in Cambodia

Asian-Pacific region

New Zealand: Taranki project and "Australia & New Zealand" high-end drilling service project

Others: Provide cementing service for the PPTEP onshore exploration project;

PTTEP offshore cementing project;

GOLDPETROL logging and perforating project

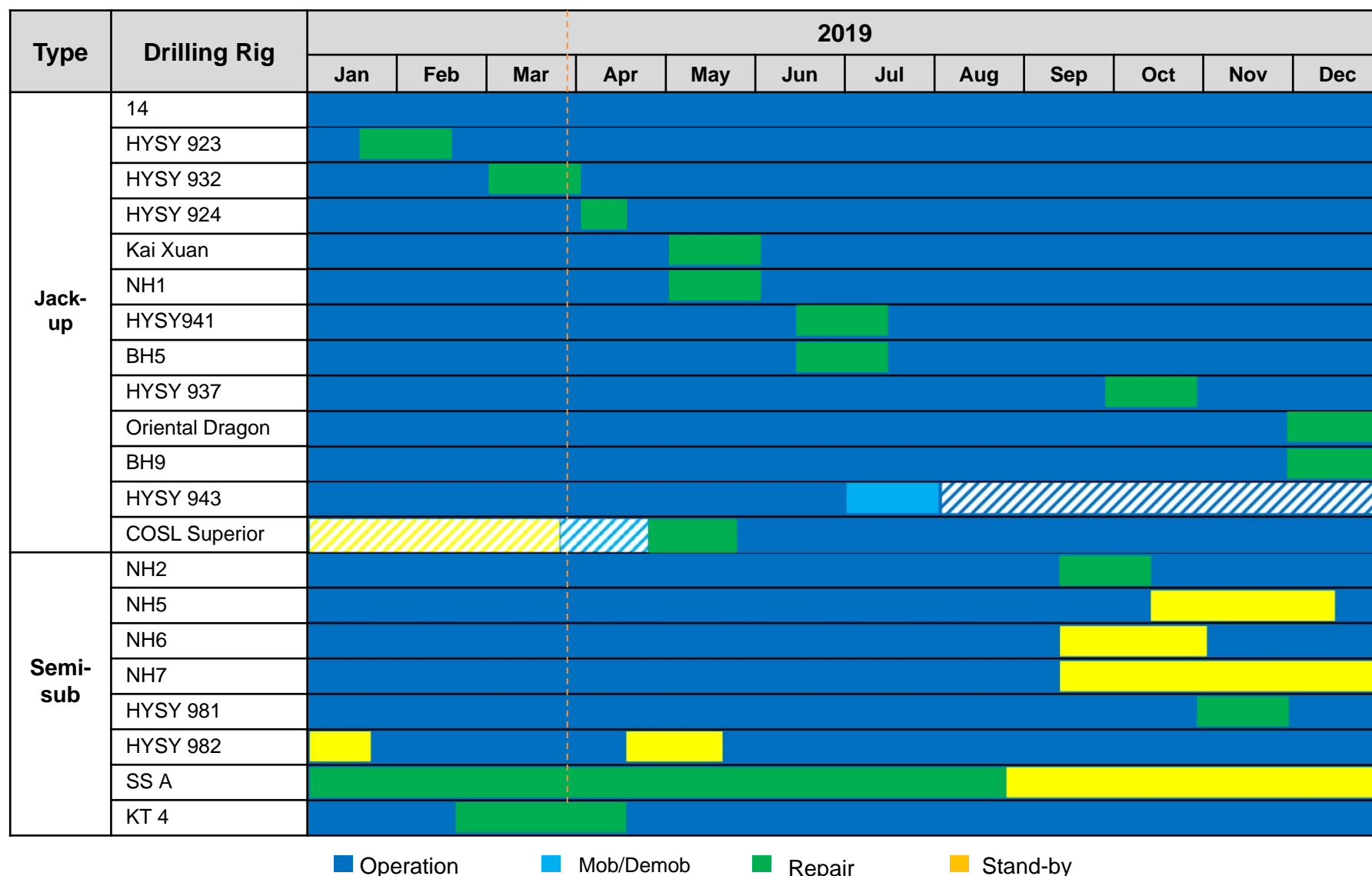
Iraq

Service type: Further increase the quantity and scale of turnkey drilling service, well workover, production and completion services.

Our output value: strive for continuous growth of the market scale in this region in 2019 and 2020.

COSL brand: Operation efficiency and advanced technologies are highly recognized as an integrated oilfield service company with the highest influence in Missan oilfield.

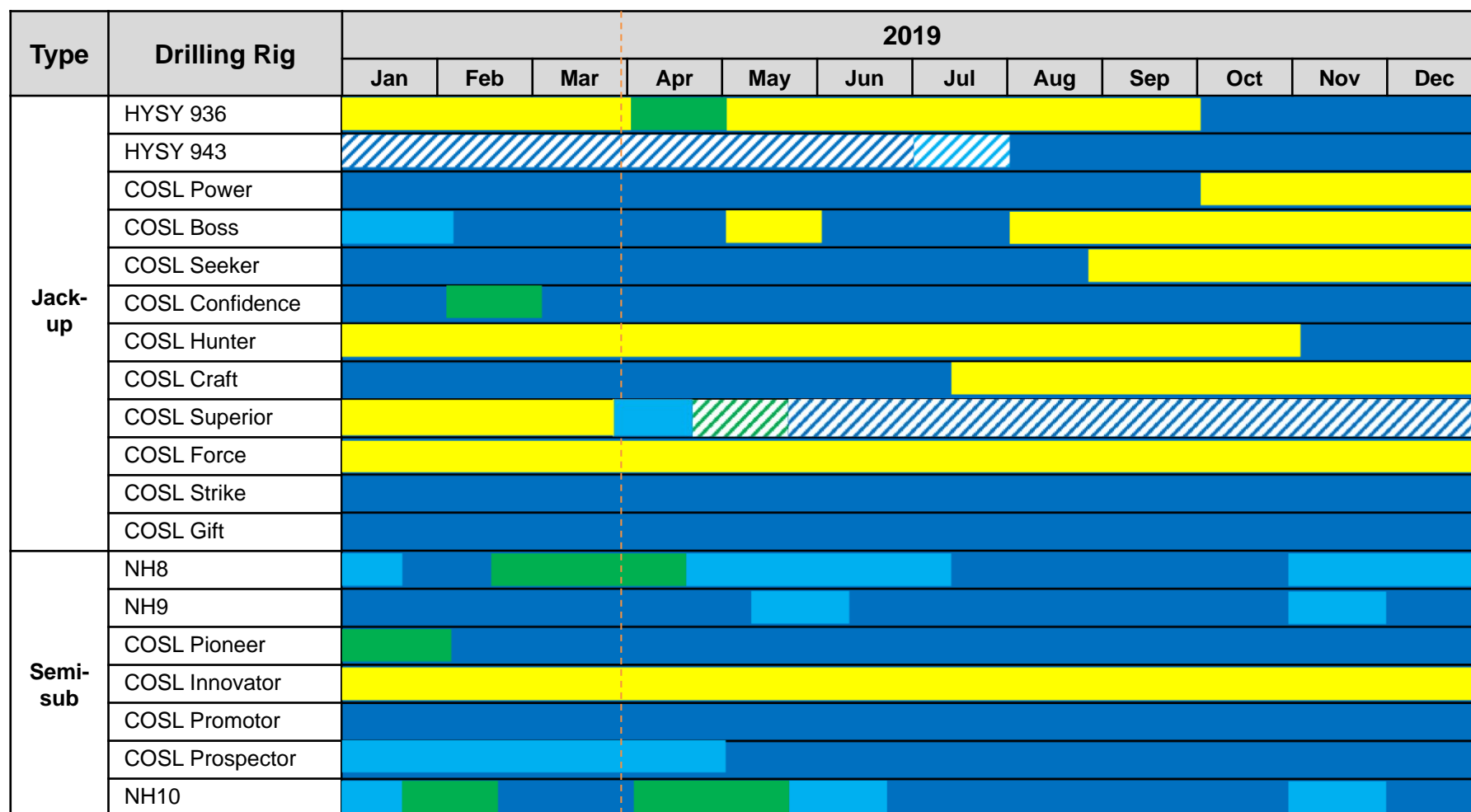
Domestic Rig Operation Status



COSL Superior will be mobilized from overseas to domestic in April

Remarks: Data up to 15 Mar 2019. Operation status may be changed due to some projects are in the bidding stage.

Overseas Rig Operation Status



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

HYSY 943 will be mobilized from domestic to overseas in July

Remarks: Data up to 15 Mar 2019. Operation status may be changed due to some projects are in the bidding stage.

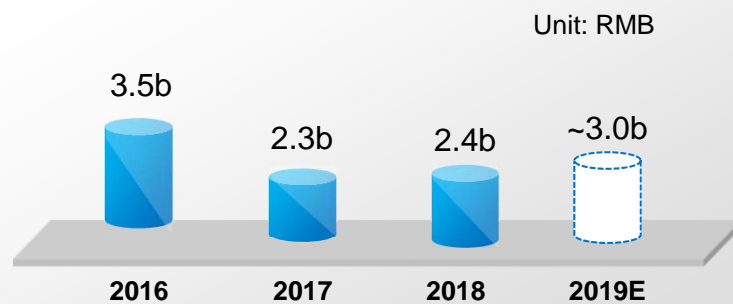
Healthy Financial Situation



Focus on cost management in 2019

- Strict control the cost increase caused by the increased workload
- Structural cost reduction
 - Institutional reform
 - Management process optimization
 - Boosting labor productivity

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)	-

Source: Bloomberg and rating reports

The background of the slide is an aerial photograph of a large offshore oil platform in the middle of a dark blue sea. The platform is a complex of yellow and white structures, including cranes and various modules. Several smaller support vessels are visible around the platform. The text is overlaid on the right side of the image.

Increase market share of the industry

New Mode

Optimized growth
Adjust asset structure
Leading cost performance

New Pattern

Oil prices slowly pick up
Investment growth
Environmental friendly

New Market

Domestic + International
Offshore + Onshore
Tradition + Upgrade

我们必须做得更好

ALWAYS DO BETTER



COSL

