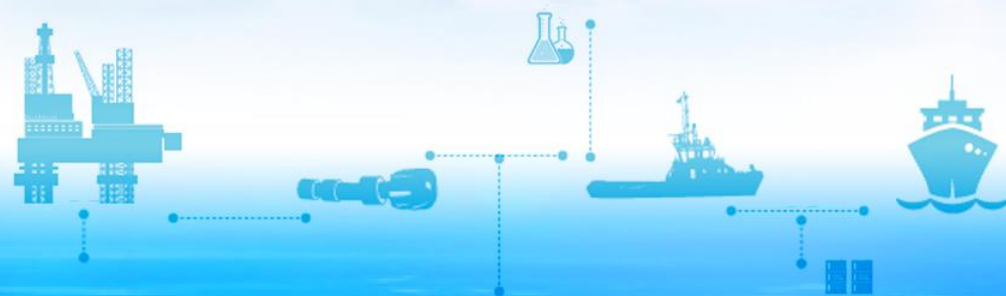




中海油田服务股份有限公司  
China Oilfield Services Limited

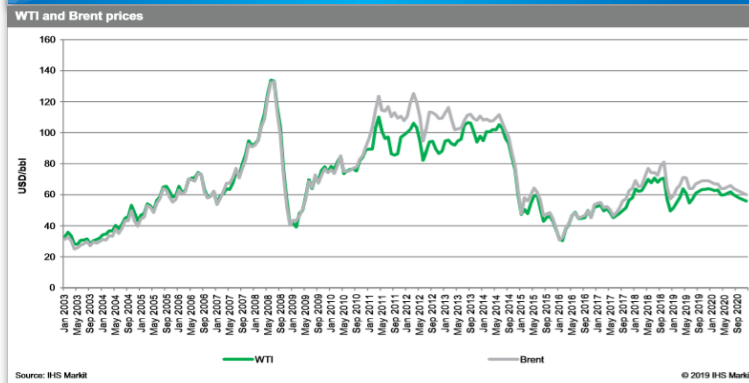


# 2020 Strategic Guidance

Jan 2020

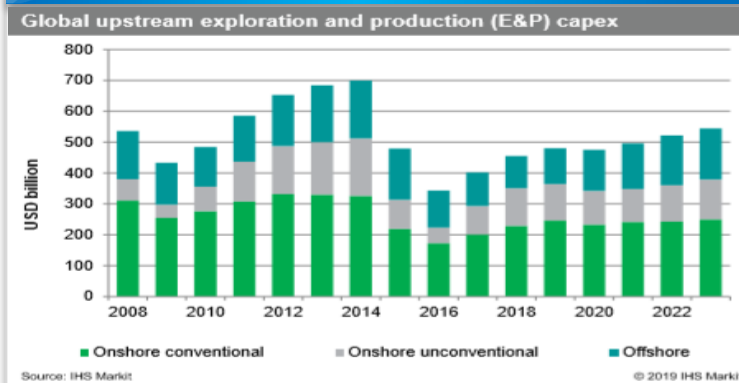
The information contained in this presentation is intended solely for your personal reference. In addition, such information contains projections and forward-looking statements that reflect the Company's current views with respect to future events and financial performance. These views are based on assumptions 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.

## Continually Fluctuate in Oil Prices



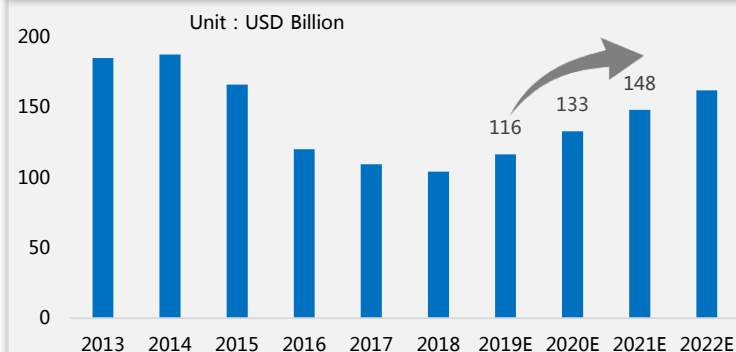
Source: IHS report, data as of December 2019

## Global Upstream E&P CAPEX



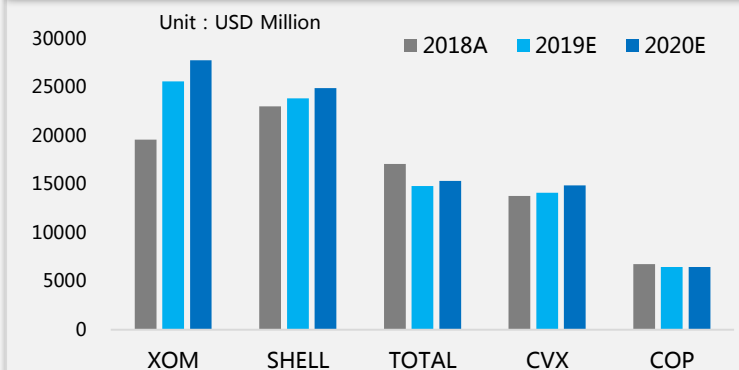
Source: IHS report, data as of December 2019

## Global Upstream Offshore E&P



Source: IHS Report, data as of December 2019

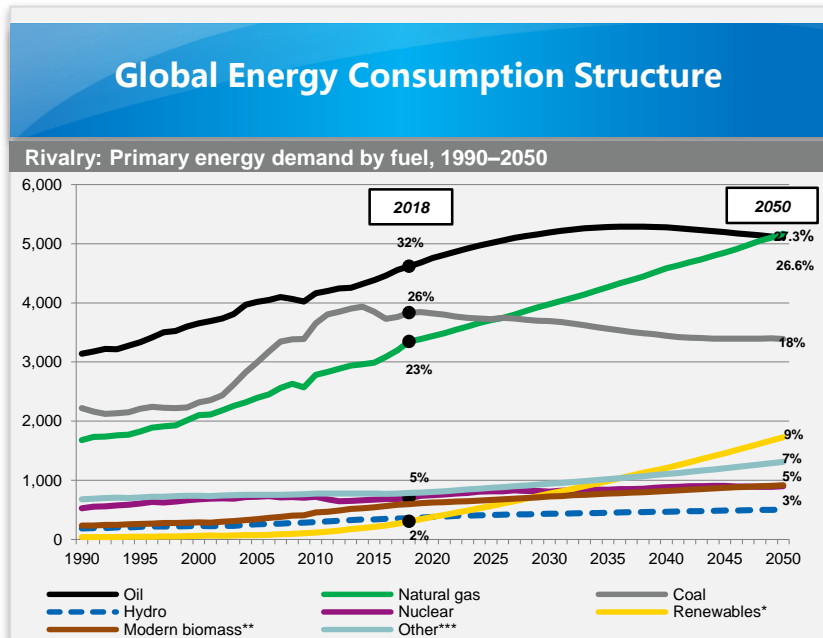
## CAPEX of Global Upstream Oil and Gas Companies



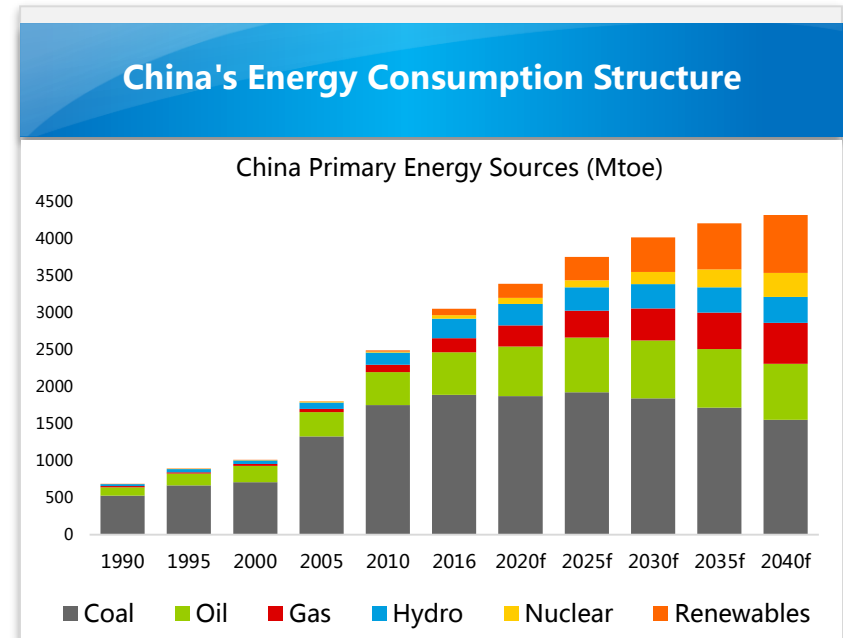
Source: Bloomberg, data as of 20 December 2019

➡ Renewables is gaining momentum but traditional hydrocarbon resources also continue to rise in demand and are expected to make up over 70% of Primary global energy demand in 2050.

➡ Oil and gas continue to make up a large proportion of China's energy consumption structure in 2040.

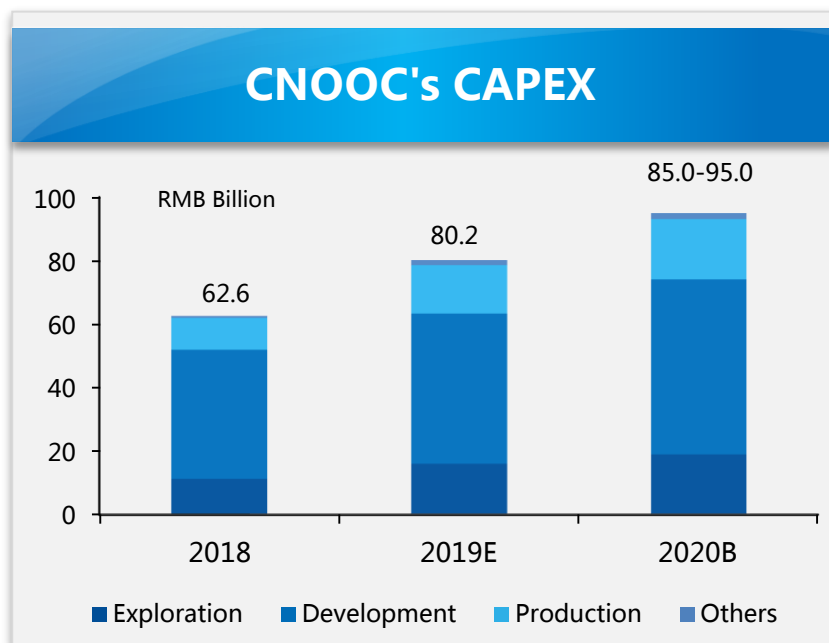


Source: IHS report



Source: IHS report

- ➡ The "Seven-Year Action Plan" implemented will benefit to the oilfield service industry;
- ➡ In 2020, CNOOC's CAPEX is expected to increase by 6%~18% compared with 2019E ;
- ➡ CNOOC will continue to enhance efforts on exploration in 2020;
- ➡ In line with the low-carbon trend, COSL actively explore the offshore wind power industry.



Source: CNOOC Limited

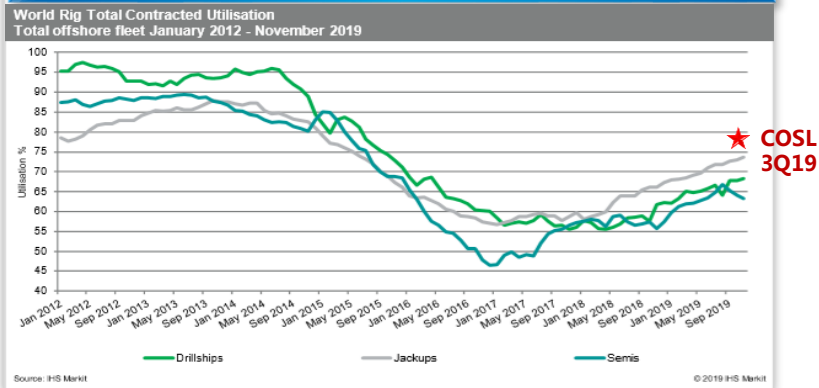
### CNOOC's New Projects in 2020

Project	Location	Expected Startup	Peak Production (boe/d)	Working Interests
Liza oil field phase 1	Guyana	Commenced production	120,000	25%
Penglai 19-3 oil field block 4 adjustment/Penglai 19-9 oil field phase II	Bohai	First half	12,700	51%
Qinhuangdao 33-15 oil field phase I	Bohai	First half	6,000	100%
Bozhong 19-6 gas field pilot area development project	Bohai	Second half	12,000	100%
Luda 16-3/21-2 joint development project	Bohai	Second half	26,500	100%
Nanbao 35-2 oil field S1 area	Bohai	Second half	1,800	100%
Jinzhou 25-1 oil field 6/11 area	Bohai	Second half	16,500	100%
Liuhoa 29-1 gas field development project	Eastern South China Sea	Second half	10,300	25%
Liuhoa 16-2 oil field/20-2 oil field joint development project	Eastern South China Sea	Second half	72,800	100%
Buzzard oil field phase II	UK	Second half	37,000	43.21%

Source: CNOOC Limited

# Excellent Performance in Utilization Rate **COSL**

## Drilling Rigs Utilization Rate: Outperform



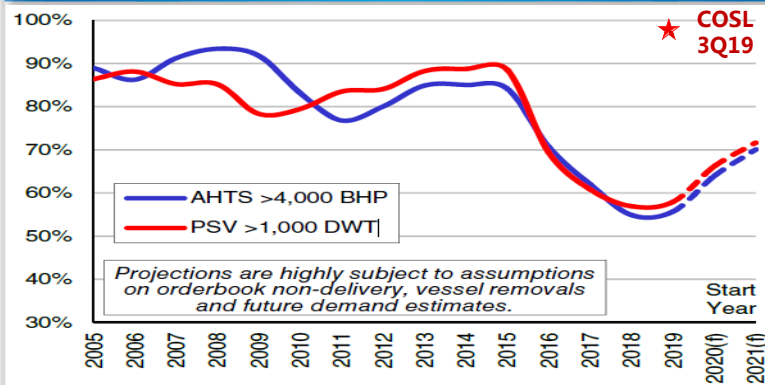
Source: IHS Report, market data as of November 2019

## Drilling Rigs under Construction: Overcapacity

	Warm stacked/ Cold stacked	Under construction		
		Number	Contracted	Rate
Jack-up	83/50	56	5	9%
Semi-submersible	26/22	8	0	0%
Drillship	15/16	18	1	5%
<b>Total</b>	<b>124/88</b>	<b>82</b>	<b>6</b>	<b>7%</b>

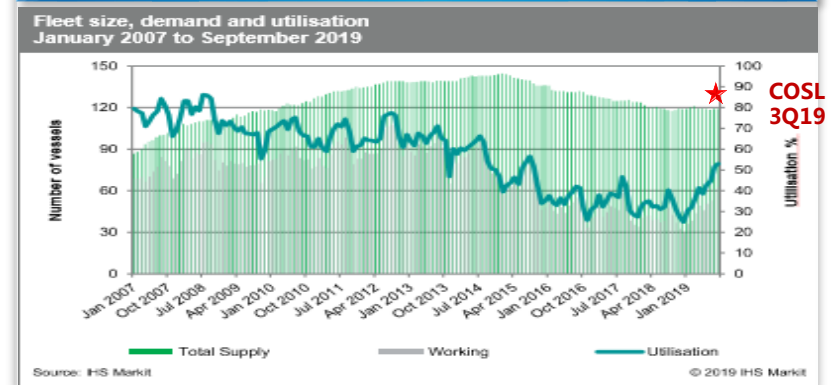
Source: IHS Report, market data as of December 2019

## Vessels Utilization Rate: Outperform



Source: Clarksons Report, market data as of December 2019

## Seismic Vessels Utilization Rate: Outperform



Source: IHS Report, market data as of October 2019

## Technological and International Development

### Continuous Increase in Revenue from Technology Segment

- Accelerate the process of serialization and industrialization of technical products; drive the market by using technical services and products and increase the profitability.
- Technical services will cover conventional oil and gas areas and renewables.

### Flexible Allocation of Domestic and International Resources

- Make efforts to secure national energy security. Adjust equipment structure to grasp opportunities for clean energy operations.
- Focus on long-term cooperation in the international market with old customers, develop new markets, and entrance to high-end markets.

## Increasing Market Shares in the Industry

### New Mode

- Optimized growth
- Adjust resources structure
- Leading cost performance

### Cutting-edge Technology

- Technological breakthrough
- Original innovation
- Environmental friendly

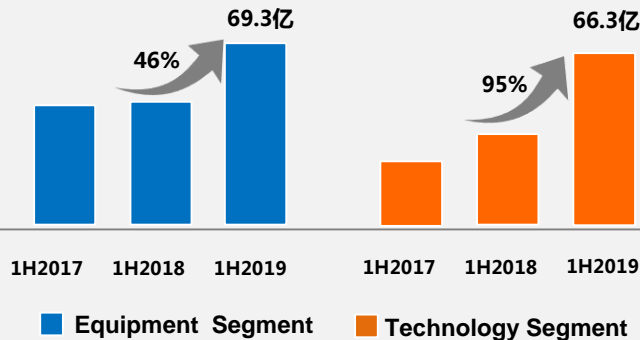
### New Landscape

- Domestic + International
- Offshore + Onshore
- Tradition + Upgrade

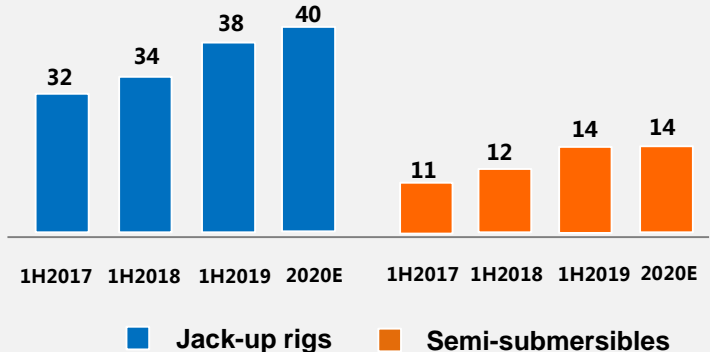


# Increase in Production Capacity of Equipment **COSL**

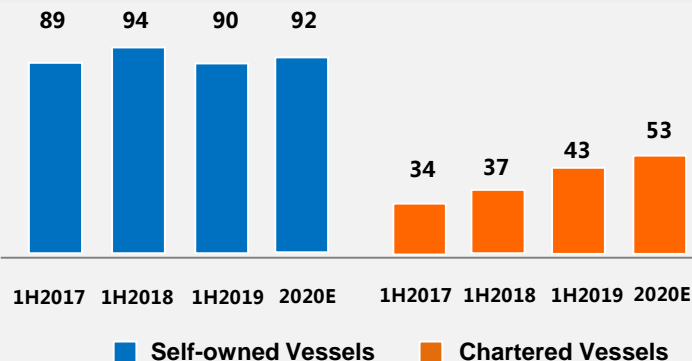
## Income continuous improve



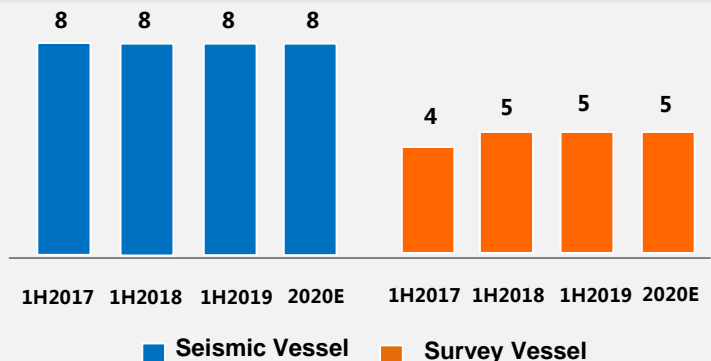
## 54 rigs forecast in 2020



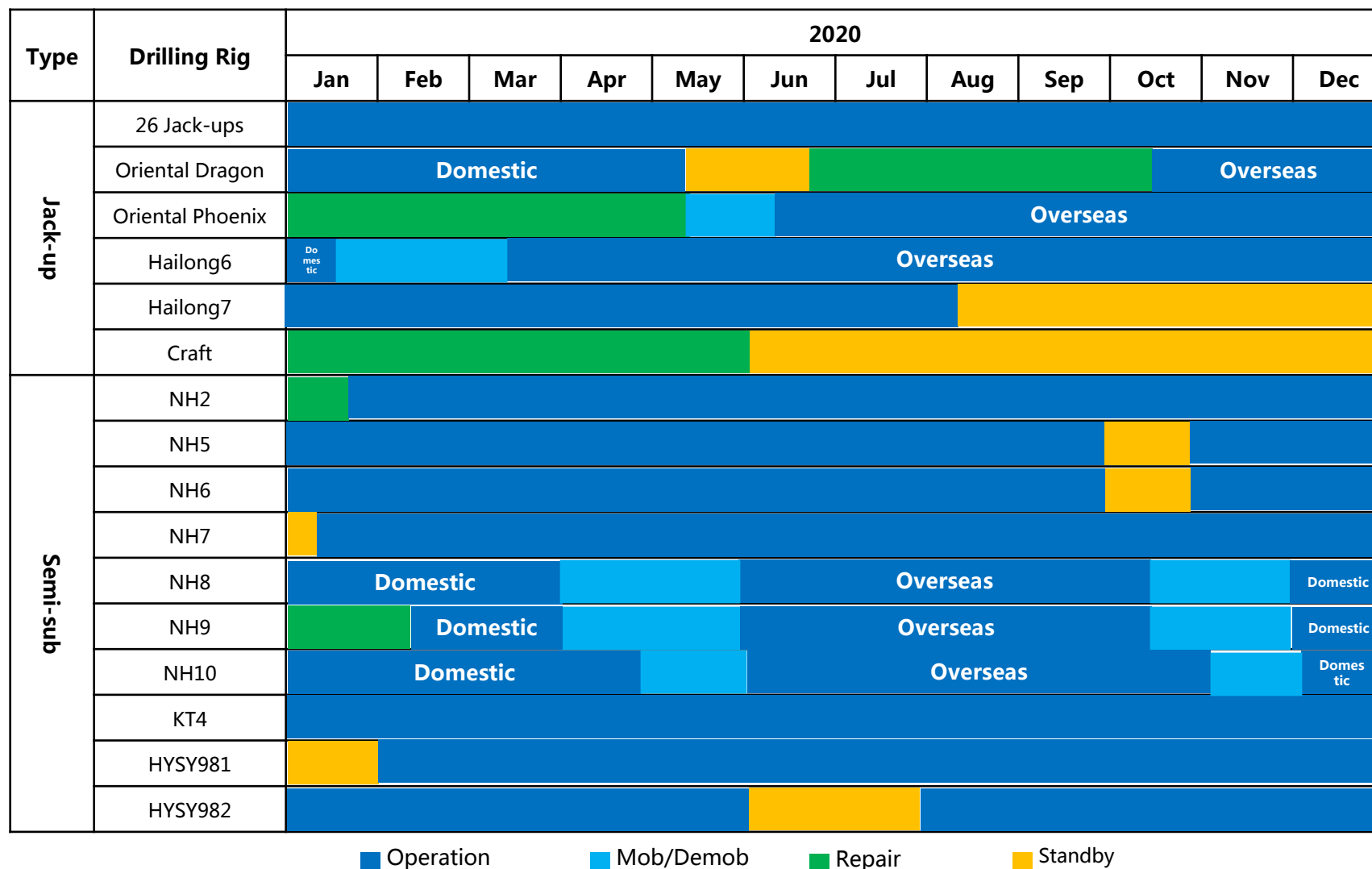
## Vessels utilization rate to remain stable



## Adequate workload for seismic vessel

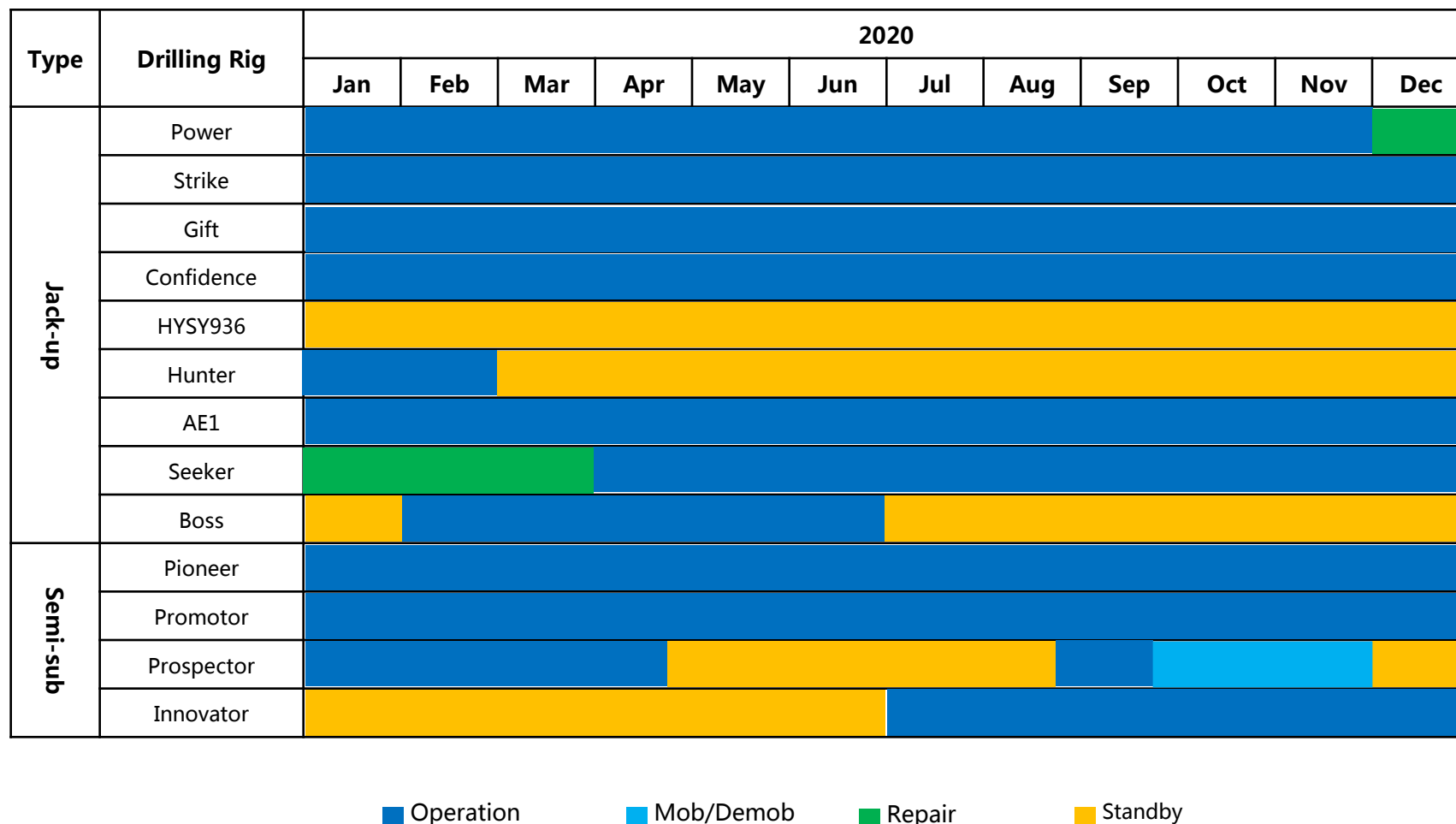


# Domestic Rig Operation Status



Remarks: Data up to 31 Dec 2019. Operation status may be subject to changes as some projects are in the process of bidding or negotiation.

# Overseas Rig Operation Status



Remarks: Data up to 31 Dec 2019. Operation status may be subject to changes as some projects are in the process of bidding or negotiation.

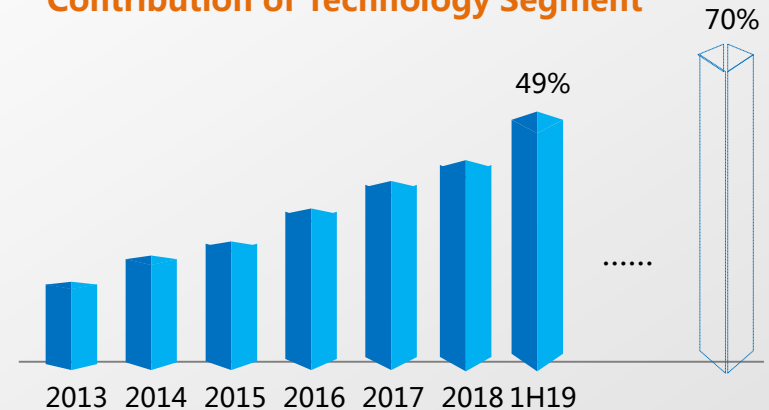
## Expected accomplishments

- ◆ The number of D+W instruments exceeds 50 strings
- ◆ Completed 235 °C slam series design
- ◆ Productization of geophysical equipment outfit

## Technical breakthroughs

- ◆ Key technology of drilling fluid and cementing for oil field stable production
- ◆ Cementing technology of deepwater development wells
- ◆ The technology of vertical stop-mining in three-dimensional mining
- ◆ The mining technology of the undeveloped reserves in the thin poor layer
- ◆ .....

## Contribution of Technology Segment

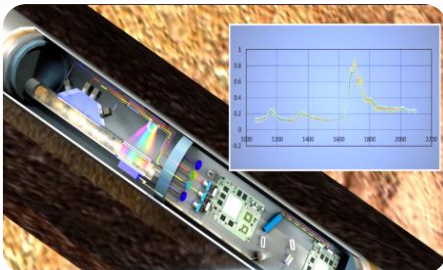


Actual situation of technical exhibition hall

## Improving the Profitability of Segments, Facilitating the Development of International Market, and Reducing Client's Development Cost

### Exploration

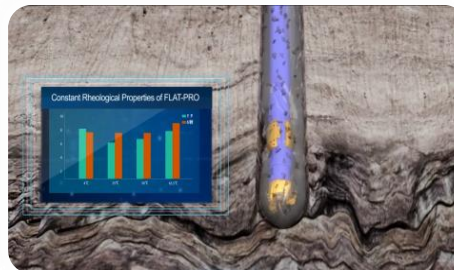
- Major breakthroughs in EFDT stratum spectroscopic analysis, high-temperature, large-capacity multi – PVT and other technologies.
- Cable-based seismic and geophysical prospecting assembly was used to complete 2D seismic acquisition.
- Large-diameter rotating sidewall coring system shows good performance, with a coring success rate of 95%.



Stratum spectroscopic analysis module system

### Drilling and Completion

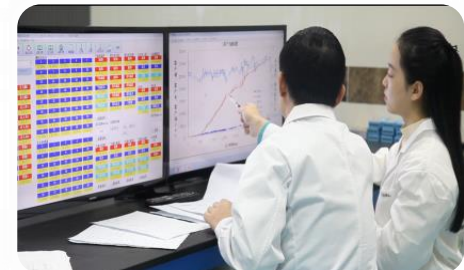
- Deepwater constant rheology FLAT-PRO drilling fluid broke limit, with world-leading technical capacity.
- Well cementing fluid achieved differentiated upgrade, temperature limit above 230°C.
- High-pressure airtight completion tools achieved breakthrough, with performance reaching API V0 grade.



Deepwater constant rheology FLAT-PRO drilling fluid

### Development and Exploration

- Bionano injection technology achieved high efficiency, long-term depressurization and doubled injectivity index.
- New generation wellbore integrity tester of UCCS successfully completed 18 operations.
- Supramolecular microsphere modulation displacement system was successfully applied in the Bohai Sea.



Analytical simulation of oil reservoir

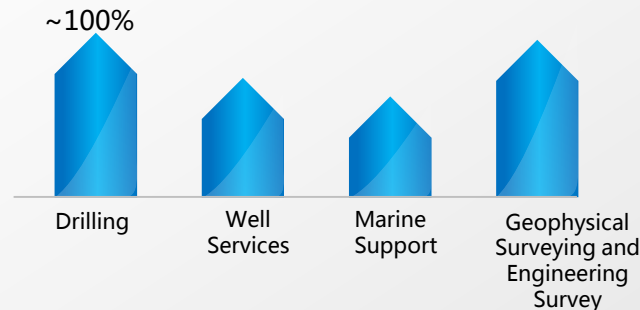
## Domestic Market

- Follow the needs of core customers



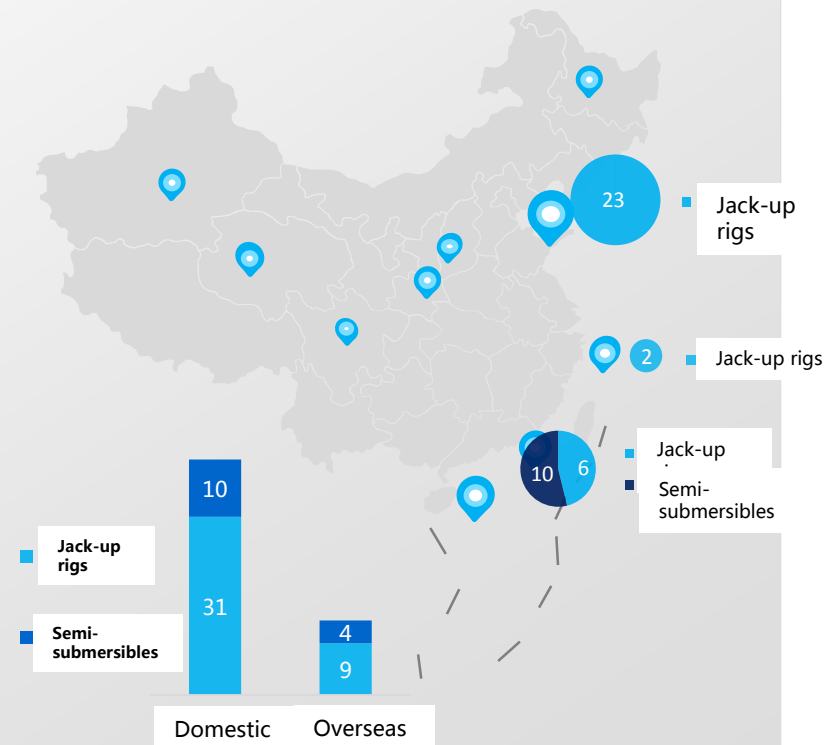
- Consolidation of its leadership in China's offshore market

Continuous consolidation of the company's leading market shares in China's offshore market



- Follow potential workload of oil companies in new blocks
- Keep striving for green development, technological development, and low-carbon environment and keep increasing shares in new energy market

54 rigs in operation in 2020E



# Economies of Scale in Overseas Markets **COSL**

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

- Win the bid for a project of 2 rigs in Kuwait
- Follow progress of Missan oilfield

## ◆ Pacific Asia

- Reinforce presence in Indonesia, Malaysia, Thailand and Myanmar

## ◆ America

- Consolidate presence in Mexico PEMEX market, and strive for other cooperation
- Promote thermal recovery, well logging, geophysical exploration and other services in Canada

## ◆ Africa

- Establish footholds in Africa through Uganda project and Cameroon project

## EPS Drilling Waste Disposal

### Energy Saving And Environmental Protection

- BIODRILL biodegradable environmentally-friendly water-based drilling fluid system has been applied in 35 operations, leading to a reduction of 8,400 square meters of waste mud.
- A total of 7,025 square meters of drilling fluid waste and 9,062 tonnes of drilling cuttings were disposed of as of November 2019.
- Drilling waste flocculation - pressure filtration – recycle technology has preliminarily achieved engineering application, leading to an emission reduction of 12,000 tonnes.

### Industry-leading Operational Equipment Series



Solid phase control

Drilling fluid optimization

Resource recycle

Emission reduction of waste

Harmless disposal

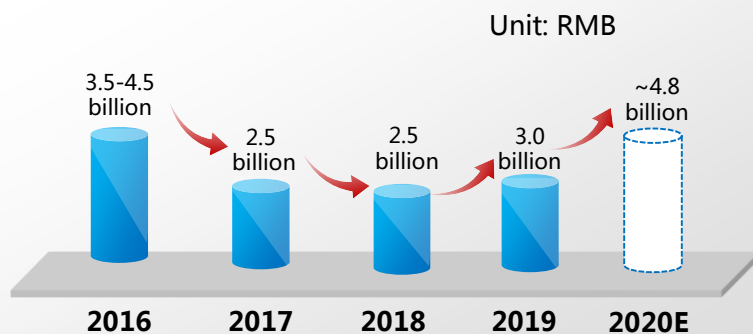




## Recent low-cost financing cases of the company

Item	Currency	Principal (100 million)	Term (year)
USD loans	USD	4	Cyclic
Issue of USD bonds	USD	8	10 (Expected)
OOGC loan	USD	3.5	Cyclic
CDB special-purpose loan	RMB	4.5	18-20

## Capital expenditure plan



Note: exclusive of long-term deferred expense, etc.

## Lower financing cost attributable to good rating

	Company	Moody's	S& P	Fitch
4 majors oil companies	Schlumberger	A1 (Stable)	A+ (Neg.)	-
	BHGE	A3 (Stable)	A- (Stable)	-
	Halliburton	Baa1(Stable)	A- (Neg.)	-
	Weatherford	-	B- (Neg.)	-
	<b>COSL</b>	<b>A3 (Stable)</b>	<b>BBB+ (Stable)</b>	<b>A (Stable)</b>
Offshore drilling	Transocean	B3 (Neg.)	CCC+ (Neg.)	-
	Diamond	B2 (Neg.)	CCC+ (Stable)	-
	Seadrill	Caa2 (Stable)	CCC (Neg.)	-
	Valaris	Caa2 (Neg.)	CCC+ (Neg.)	-
	Noble	-	BBB (Stable)	BBB (Stable)

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COSL

