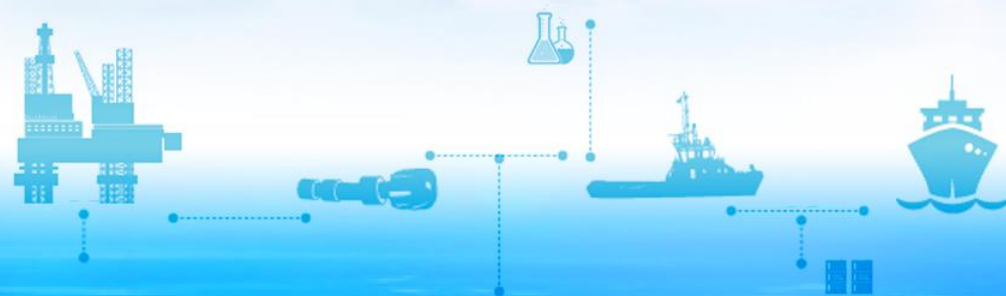




中海油田服务股份有限公司
China Oilfield Services Limited



Annual Results 2019

March 2020

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.



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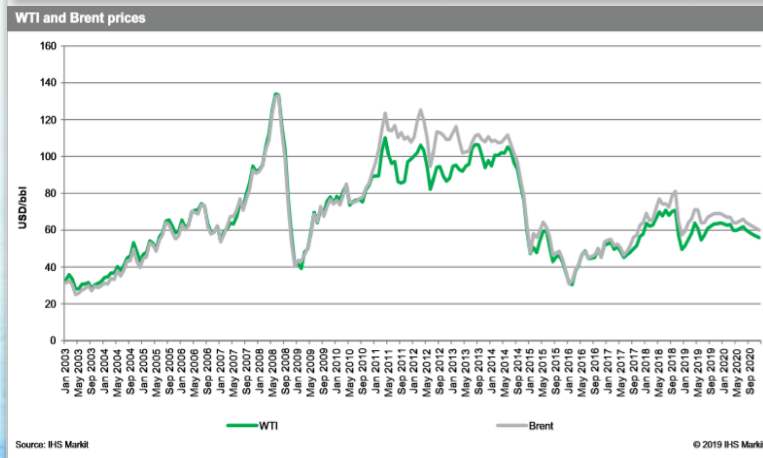
Content

I. Results Overview

II. Company Outlook

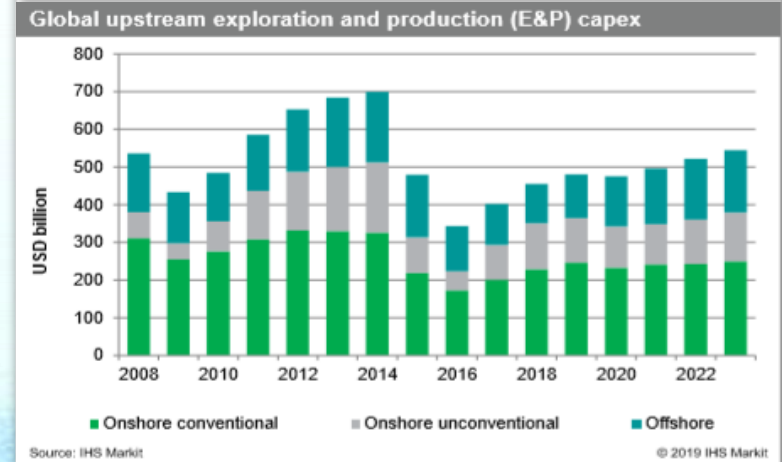
- ▶ Average oil price of Brent decreased by 10.5% YoY, and WTI decreased by 12.1%
- ▶ Global upstream E&P CAPEX in 2019 increased by approximately 6% over 2018
- ▶ Oversupply in oilfield service industry

Continually Fluctuate in Oil Prices



Source: IHS Report

Increase in Global Upstream E&P CAPEX



Source: IHS Report

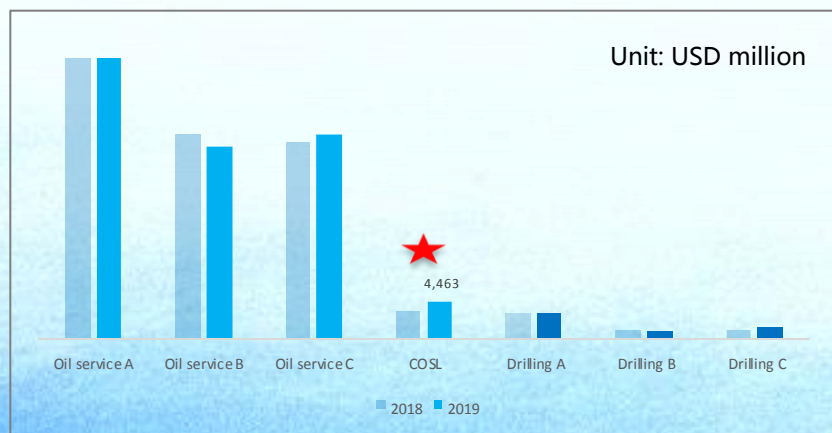
-  Follow customer demand closely and consolidate the market share continually
-  Expand the international market and improve equipment operation and technical service capabilities
-  Allocate domestic and overseas resources flexibly to meet increased demand
-  Accelerate technological serialization and industrialization and reduce subcontract
-  Provide financial security with reasonable CAPEX, healthy free cash flow and good debt ratings

Significant increase in profitability in 2019

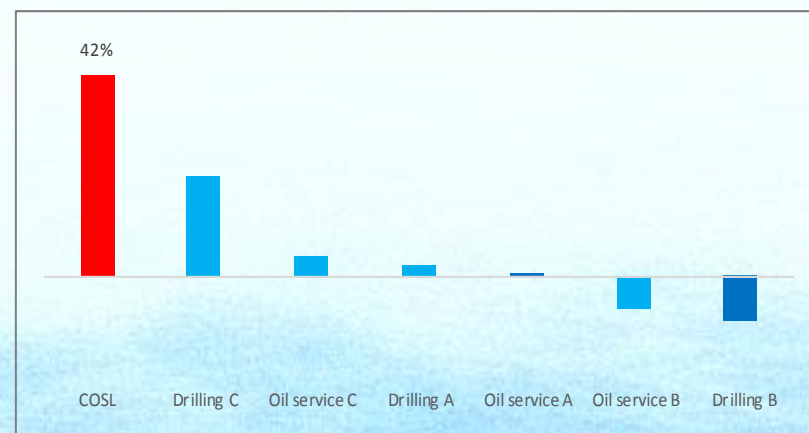
RMB (million)	2019	2018
Revenue	31,135	21,945
Operating profit	3,895	643
Net profit	2,528	89

RMB (million)	2019	2018
Total assets	76,101	74,687
Total liabilities	39,190	40,010
Total equity	36,910	34,677

Revenue and YoY Growth compared with international Peers



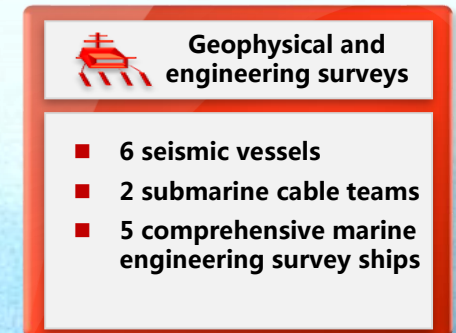
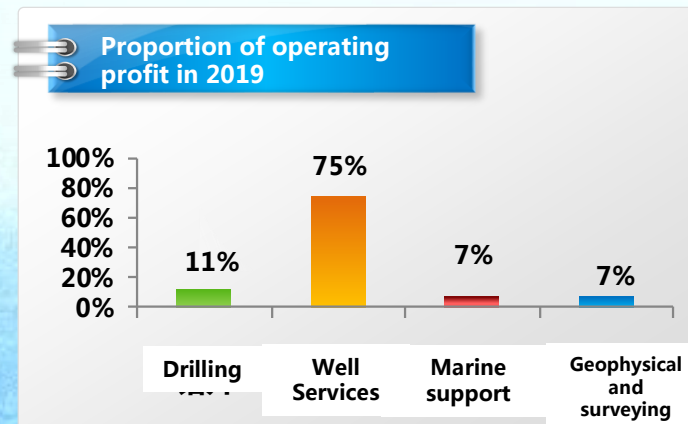
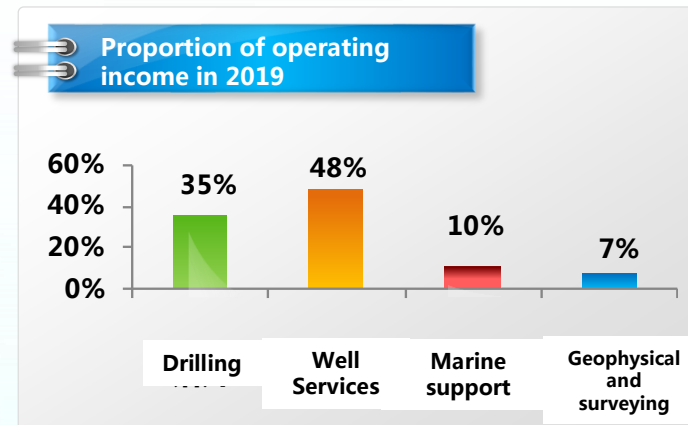
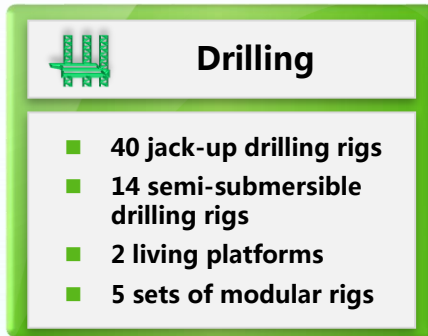
Data from quarterly financial statements and data of relevant companies; USD / CNY: 1/ 6.9762



International counterparts: SLB, HAL, BKR, RIG, DO, NE

■ According to the third party report

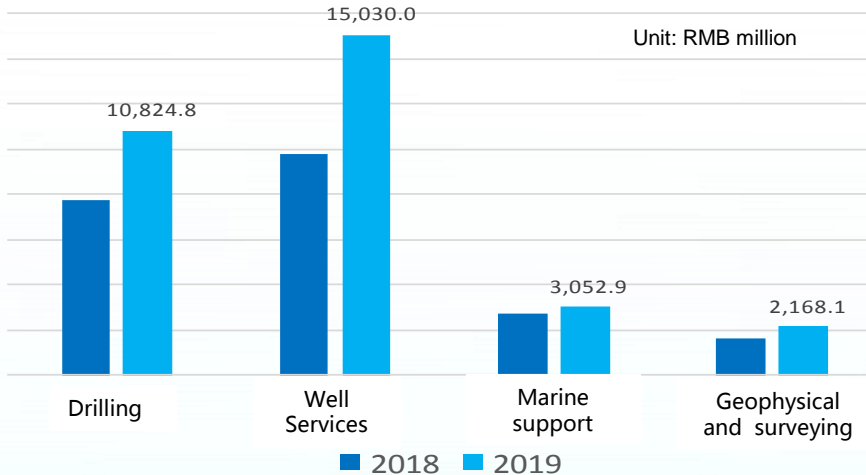
- ◆ Outperform utilization rate
 - Drilling: The number of drilling rigs NO.2
 - Marine support: The scale of markets NO.3
 - Geophysical: Volume of contracted operations NO.4
- ◆ Scale of Well services sector constantly expanded
 - Cementing: NO.3
 - Wireline Logging: NO.5
 - Directional Drilling Services: NO.5



Segments Performance



2019 Revenue Contribution

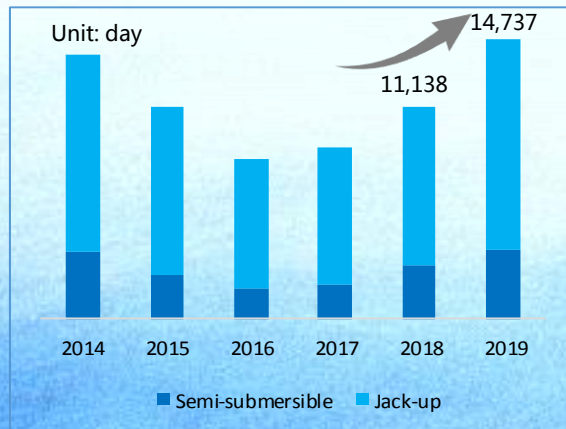


Well Services grew the fastest

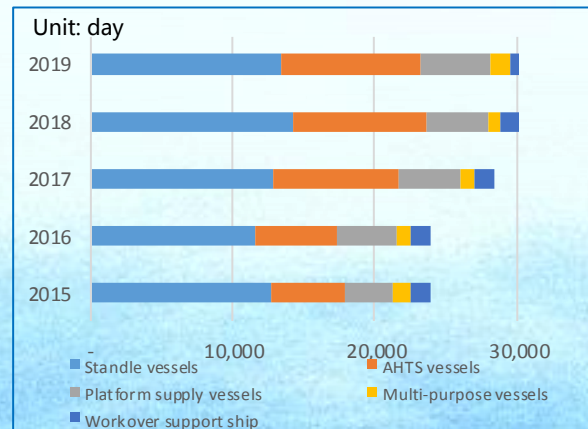
YOY growth rate:

Drilling	+ 39.7%
Well Services	+ 53.5%
Marine support	+ 13.1%
Geophysical and Surveying	+ 31.7%

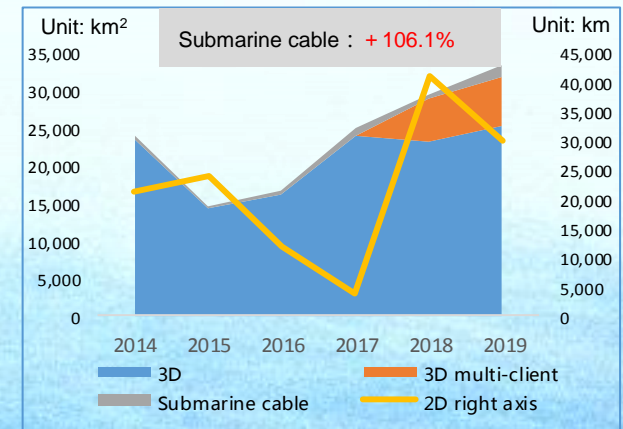
Drilling: operating days increased by **32.3%**



Marine support: operating days of self-owned fleet increased by **2.4%**



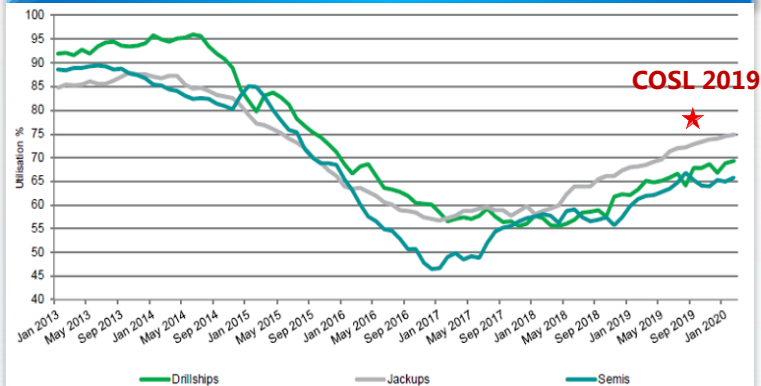
Geophysical Acquisition : volume of data acquisition went up



Outstanding Equipment Utilization

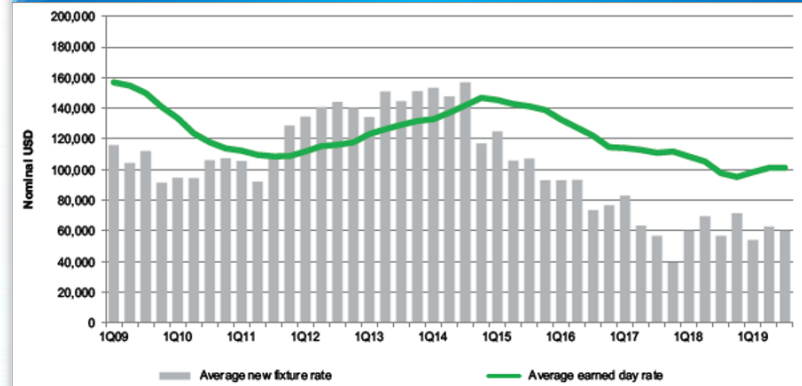
COSL

Drilling rigs utilization rate: outperform



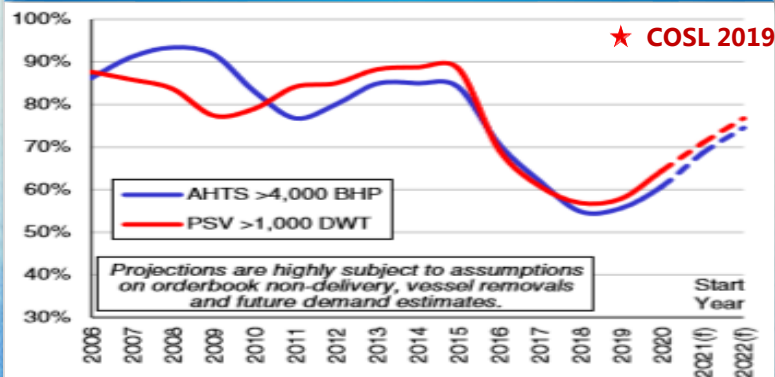
Source: IHS Report

Drilling rig day rate: staying at a low level



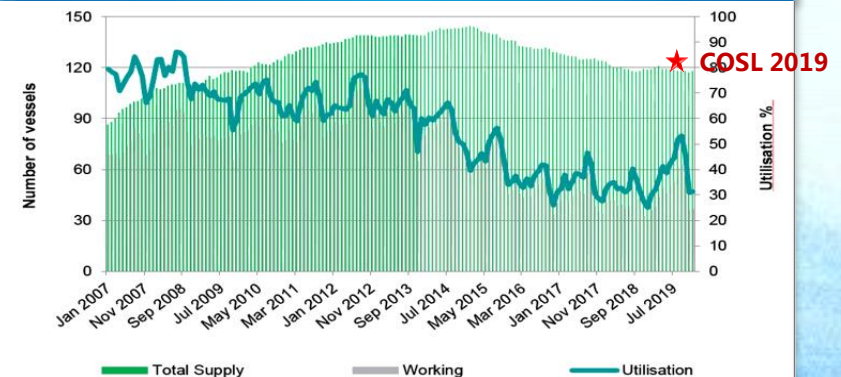
Source: IHS Report

Vessel utilization rate: outperform



Source: IHS Report

Seismic vessels utilization rate: outperform

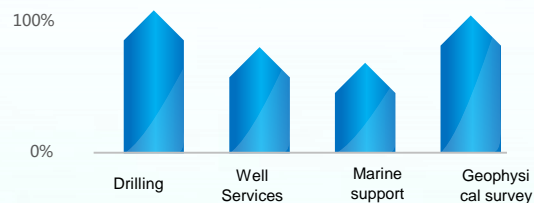


Source: IHS Report

Maintained a leading position and increasing market share

Strengthen leading position

- The utilization rate of self-owned ships is higher than 90%, high than counterparts in and outside of China



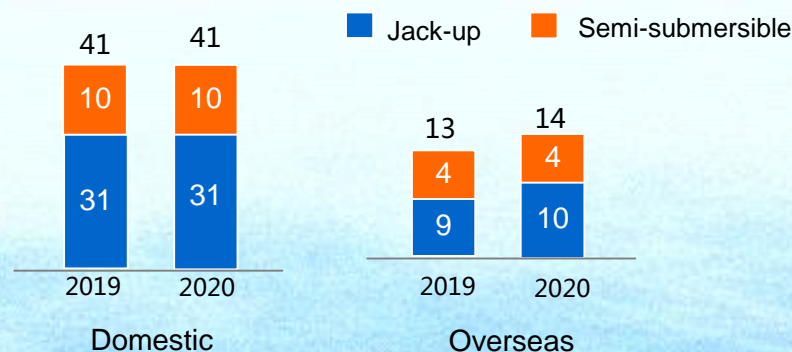
Increased domestic market share

Launch new business

- 12 LNG-powered oilfield supply vessels have begun construction
- Completed the first domestic wide-band and wide-azimuth seismic data collection of three marine geophysical survey vessels

Flexible allocated resources

- Transported 3 drilling rigs and leased 8 drilling rigs
- Transported 721 seismic vessels, 751 focus ships, 770 supporting ships to return to China to efficiently build submarine cable teams



Note: The equipment data mentioned above is as of Feb 29, 2020

Overseas market

84 new contracts were signed with a total value exceeding USD 1 billion.

74 new contracts were signed with countries along "the Belt and Road".

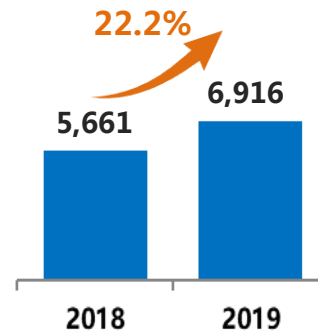
Asia Pacific

- Myanmar: jack-up drilling rig, cable logging and perforating service project
- Indonesia: 3-year jack-up drilling rig service, Hai Long No.6 project, etc.
- Indonesia: 3-year drilling service, 4-year workover rig and workover service, 4-year barge service for 5 ships

Far East

- NH8 drilling rig service
- NH10 drilling rig service

Unit: RMB million



Middle East

- Kuwait: two jack-up drilling rigs contracts
- Iraq: workover contract, drilling contract, etc.

Europe

- Started CNOOC overseas drilling operation service project
- Started OMV drilling rig project

Africa

- Cameroon: drilling service contract
- Namibia: 2D seismic data collection

America

- Mexico: drilling project

01

Exploration

- ◆ Achieved the commercialized application of the first set of self-developed marine seismic exploration equipment in China
- ◆ Possessed advanced logging technology and equipment of ultra-high temperature and high pressure series
 - Developing 235 °C slam wireline logging equipment
 - 205 °C wireline logging equipment of fine imaging series

02

Drilling and Completion

- ◆ Rotary steering and logging while drilling system
 - The success rate of operation reaches the international first-class level
 - Achieved large-scale replacement of imported equipment
- ◆ Successfully localized key equipment such as drilling rig dynamic positioning control system and integrated control system

03

Development and Exploration

- ◆ Large-scale application of heavy oil thermal recovery technology
 - Equipped with heavy oil geological reservoirs, completion and sand control, and thermal recovery technology
 - Integrated technical service capabilities for ground operations

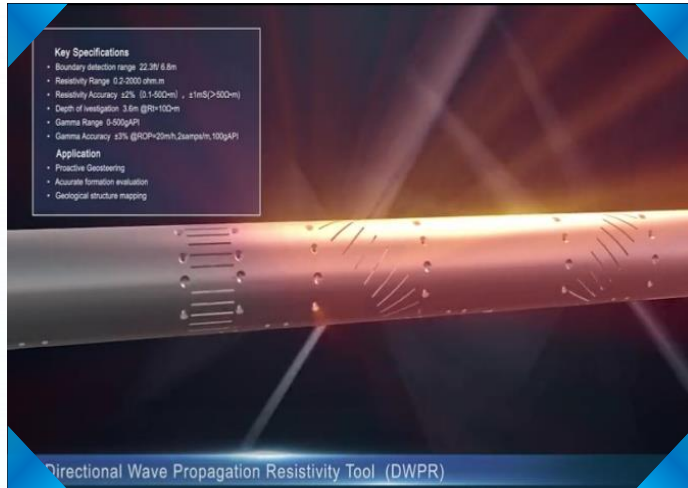


Figure 1 DWPR instrument details and technical indicators

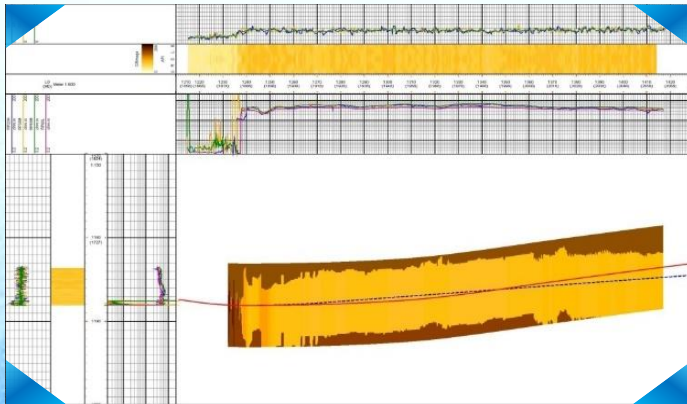


Figure 2 DWPR geological steering map

DWPR and geological steering technology

- ◆ Reservoir boundary detection with DWPR is a breakthrough geosteering technology
- ◆ The DWPR measurement is not affected by the formation anisotropy, which can detect the boundary of the oil and gas layer as deep as 22 feet, with the single-point inversion speed within a minute. It is the first self-developed DWPR in China to commercialize with internationally advanced performance.
- ◆ In 2019, the DWPR successfully implemented geosteering operations and the percentage of oil (gas) wells encountered in the total number of wells in the statistical area reached 96%, which therefore provided a solid technical guarantee for the stable and increased production of the oilfield, and development at a lower cost.

FLAT-PRO drilling fluid

- ◆ The FLAT-PRO "constant rheology" synthetic drilling fluid system has successfully solved problems encountered like poor low-temperature rheology in deep water, gas hydrates, instability and leakage of well walls.
- ◆ The high-efficiency emulsifier with stable flowing function make the system resistant to 204 °C , keeping stable rheological property from 2 °C to 160 °C.
- ◆ The FLAT-PRO drilling fluid system was successfully applied 7 deep-water/ultra-deep-water wells, creating the shortest record of the deep-water well construction cycle of 19.13 days, breaking the record of the drilling depth at 2,619 meters without any accident, which has effectively facilitated the safe and efficient drilling in deep water.

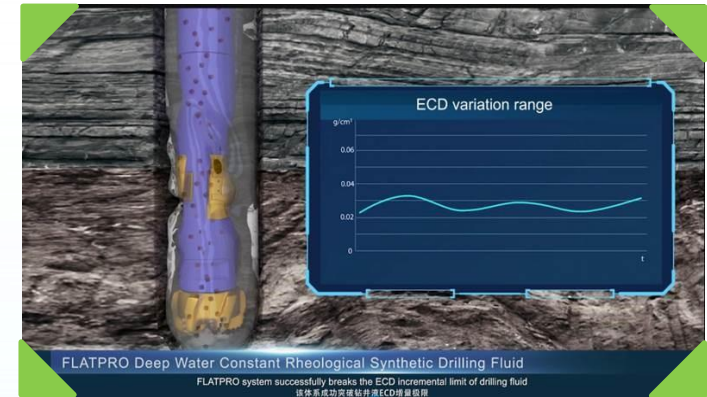


Figure 1. Variation of equivalent circulating density of drilling fluid

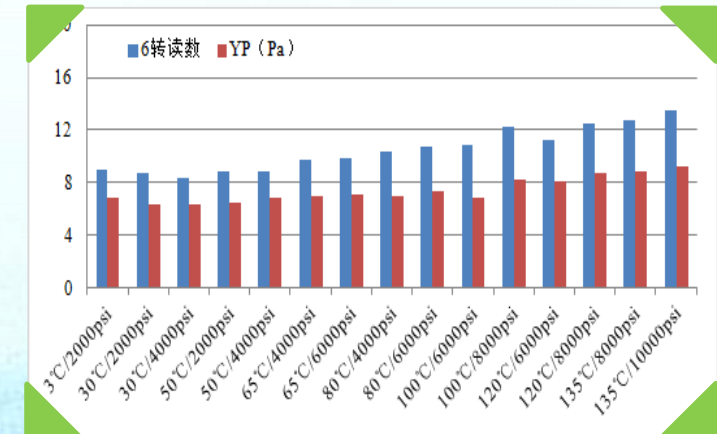


Figure 2. Rheological test results at different temperature and different pressure



■ Excellent OSHA ensured high-quality and efficient operations

- Annual OSHA indicator: 0.11
- Maritime rescues
 - Sent 19 ships, participated in maritime rescue of 16 times, rescued 6 ships and 18 people in distress



■ Effectively promoted environmental protection

■ Actively made charitable contributions

- Indonesian company has donated to orphanage for 5 consecutive years
- Mexican companies sponsor local homes for the elderly



Awards and Recognitions

- July 2019 - "2019 Outstanding Brand Image Award" at the China Finance Summit



- December 2019 - "China Star Enterprise Award" at the 19th China Top 100 Summit Forum for Listed Companies



- December 2019 - "Board Value Creation Award" of Board of Directors Magazine



- June 2019 - "Excellent Science and Technology Innovation Enterprise Award" of China Financial Market



- November 2019 - "Excellent Corporate Governance Enterprise" and "Annual Sustainable Development Excellent Enterprise" of Sina Finance

- October 2019 - "Best Innovative Listed Company" by the Public Securities Journal



- Included in the Hang Seng A-share Sustainable Development Corporation Benchmark Index and Hang Seng Sustainable Development Corporation Benchmark Index



- May 2019 - IR interactive activity list of A-share listed companies



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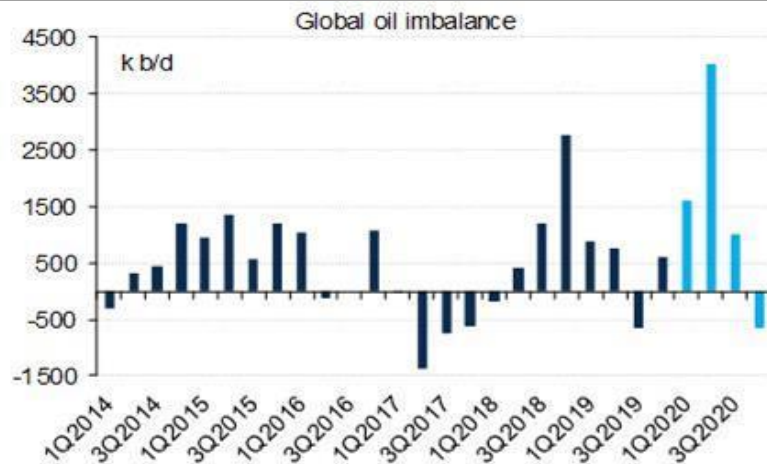
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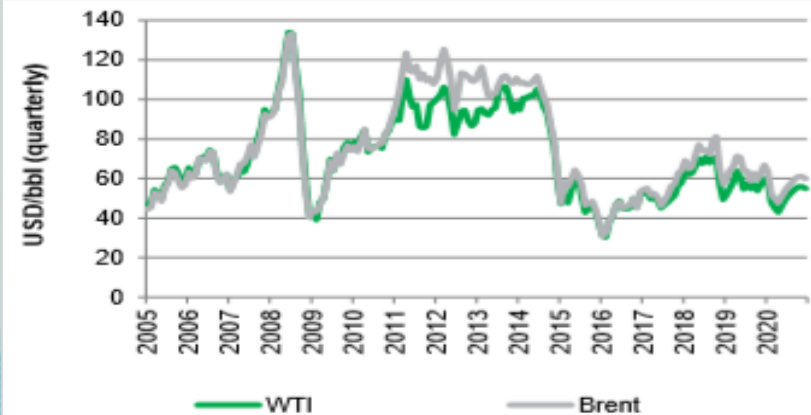
- ➡ The global supply-demand relationship for crude oil is changing;
- ➡ International institutes forecasted that oil prices remain on a downward trajectory throughout 2020;
- ➡ Excessive crude oil and oil price fluctuations will bring uncertainties to some degree.

Global Oil Imbalance



International Oil Prices Forecast

WTI and Brent prices short-term forecast



Source: IHS Markit

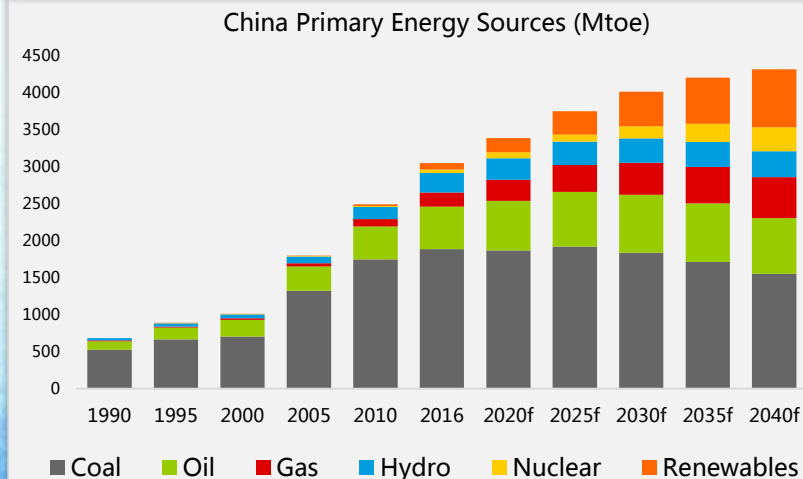
© 2020 IHS Markit

Source: : BofA Global Research estimates

Source: IHS Report

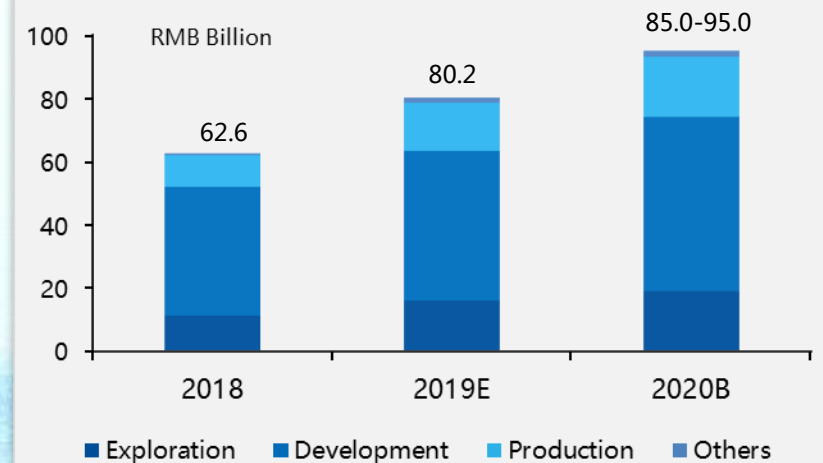
- ➡ Oil and gas continue to account for a big share in China's energy consumption structure;
- ➡ CNOOC will continue to enhance efforts on exploration in 2020;
- ➡ In line with the low carbon trend, COSL actively explore the offshore wind power industry.

China's Energy Consumption Structure

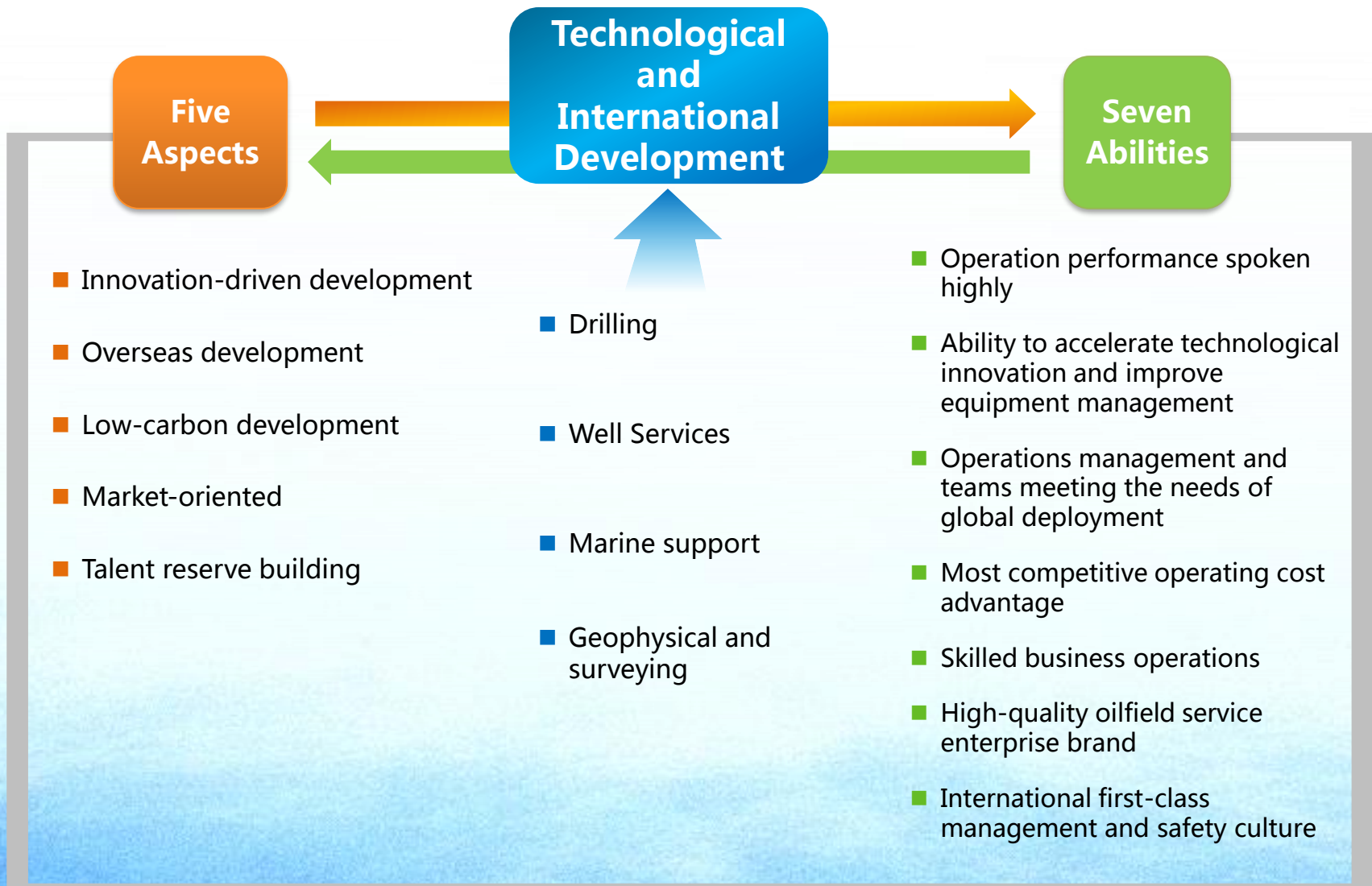


Source: IHS report

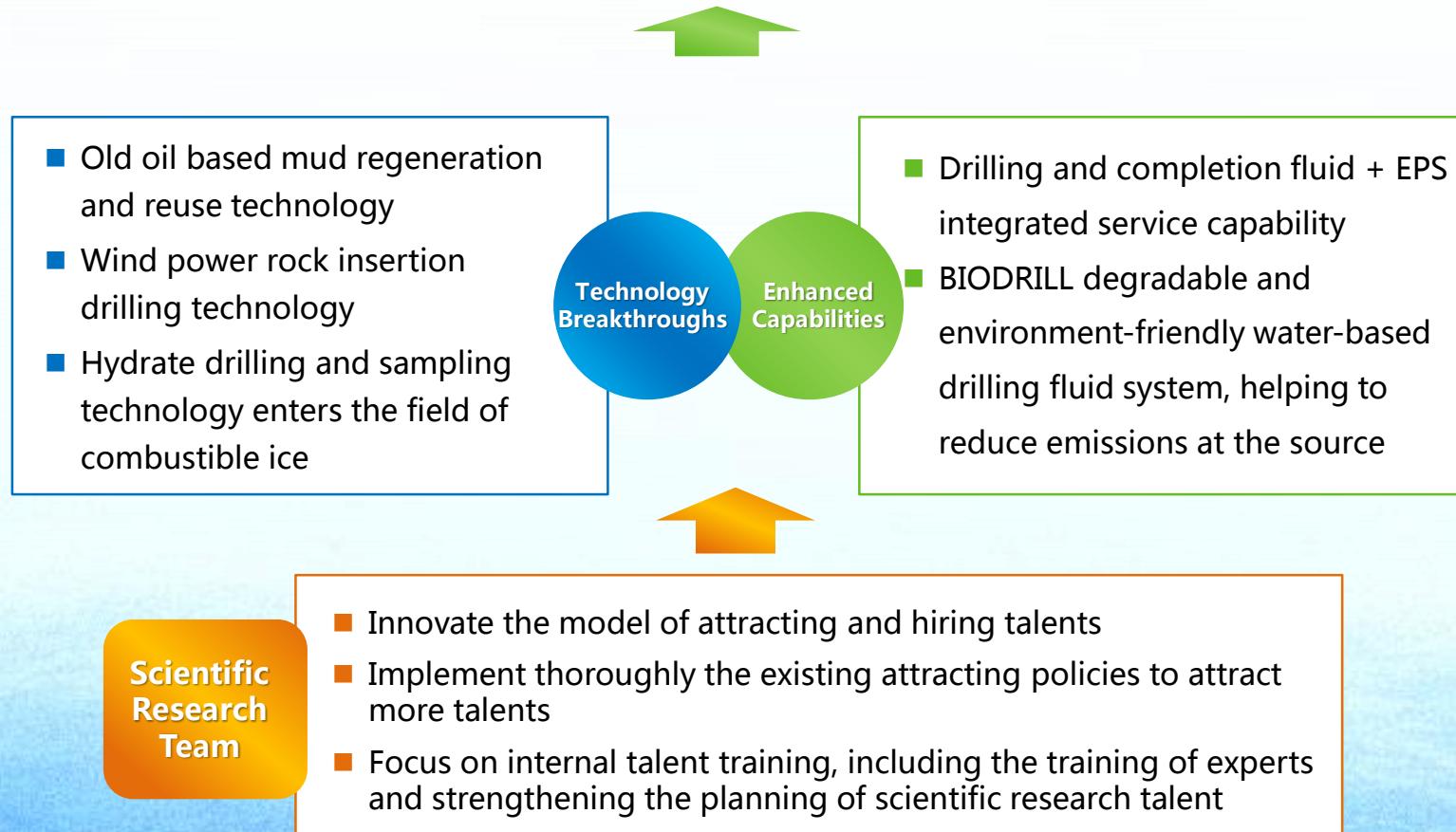
CNOOC's CAPEX



Source: CNOOC Limited 2020 Strategic Guidance Conference



Target: Create High-tech Products, Cultivate High-tech Value



- The requirements of oil and gas exploration and development for downhole logging equipment increased, and the market potential grew for ultra-high temperature and high pressure logging equipment.
- Sound supporting technologies and software for data collection, processing, analysis, and assessment and logging solutions.

235°C/175MPa Ultra-HPHT grand slam wireline logging

- Lithological assessment: Gamma-ray spectra and SP
- Resistivity: Array lateral logging, array induction, and micro lateral logging
- Porosity: Neutron, density, and array acoustic wave
- Quality of Cementing : Acoustic amplitude logging

205°C/140MPa HPHT imaging logging and sampling technology

- Microresistivity scanning imaging
- Ultrasound circum-well scanning imaging
- MRI
- Formation pressure measurement and fluid analysis and sampling
- Large-diameter rotary sidewall coring

HPHT wells operation support technology

- Analysis and deduction before complex HPHT operation
- Prediction of HPHT formation pressure
- Real-time data transmission and remote support
- Collection system of the remote support function
- Auxiliary downhole tools

Near-bit resistivity and gamma-ray logger

- **Achieve the crossing between "conventional and unconventional oil and gas" and between "offshore and land"**
 - Resistivity logging while drilling of the target stratum and wall rock testing
 - 360° gamma-ray image and well deviation data

High-speed logging-while-drilling telemetry platform

- **Accelerate the serialization and systemization of the high-speed logging - while-drilling telemetry platform to raise competitiveness**
 - Realize 3-12bps slurry pulse transmission
 - Signal and noise processing

Formation testing while drilling (FTWD) fluid sampler

- **Apply high-end equipment to help develop new markets**
 - Perfect functions and fast fluid sampling and pressure testing
 - Improve the competitiveness of logging while drilling and rotary steering and break the technological monopoly

Equipment + technology improves the Company's flexibility
Improve domestic market share and workload with high-quality services
and flexible price models

- Consolidate market share in China
- Strengthen the acquisition of resources to ensure domestic reserves and production
- Achieve close coordination between equipment and technology



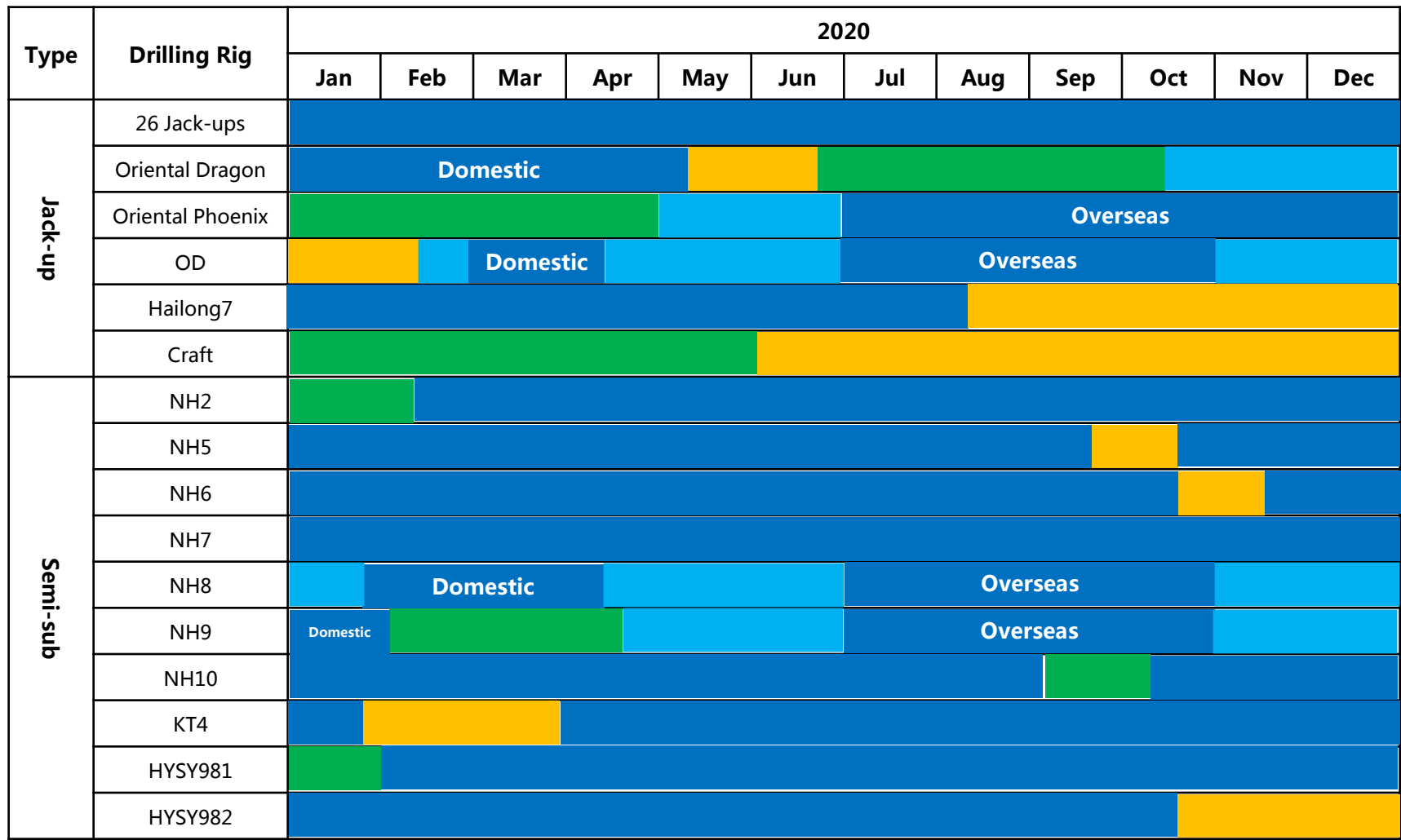
- Speed up commercialization of self-developed technology
- Shorten the time of commercialization
- Develop the technologies aimed at special operation needs

Core customers



COSL

Domestic Rig Operation Status



■ Operation
 ■ Mob/Demob
 ■ Repair
 ■ Standby

Remarks: Data up to 29 Feb 2020. Operation status may be subject to changes as some projects are in the process of bidding or negotiation.

- **Myanmar:** Semi-submersible drilling and technical services
- **Thailand:** Jack-up rigs, cementing technology services
- **Malay:** Integrated production promotion, workover/abandonment project
- **Brunei:** Prospector Shell drilling project
- **Iraq:** Missan drilling and completion turnkey project, drilling project, 3-year long-line workover turnkey project, etc.
- **Kuwait:** jack-up rig services
- **UAE:** Jack-up rigs
- **Norway:** drilling project
- **United Kingdom:** Pioneer drilling project in UK North Sea

Asia Pacific



Far East

- NH10 drilling project
- NH8 drilling project

Middle East



America

- **Canada:** Drilling turnkey project

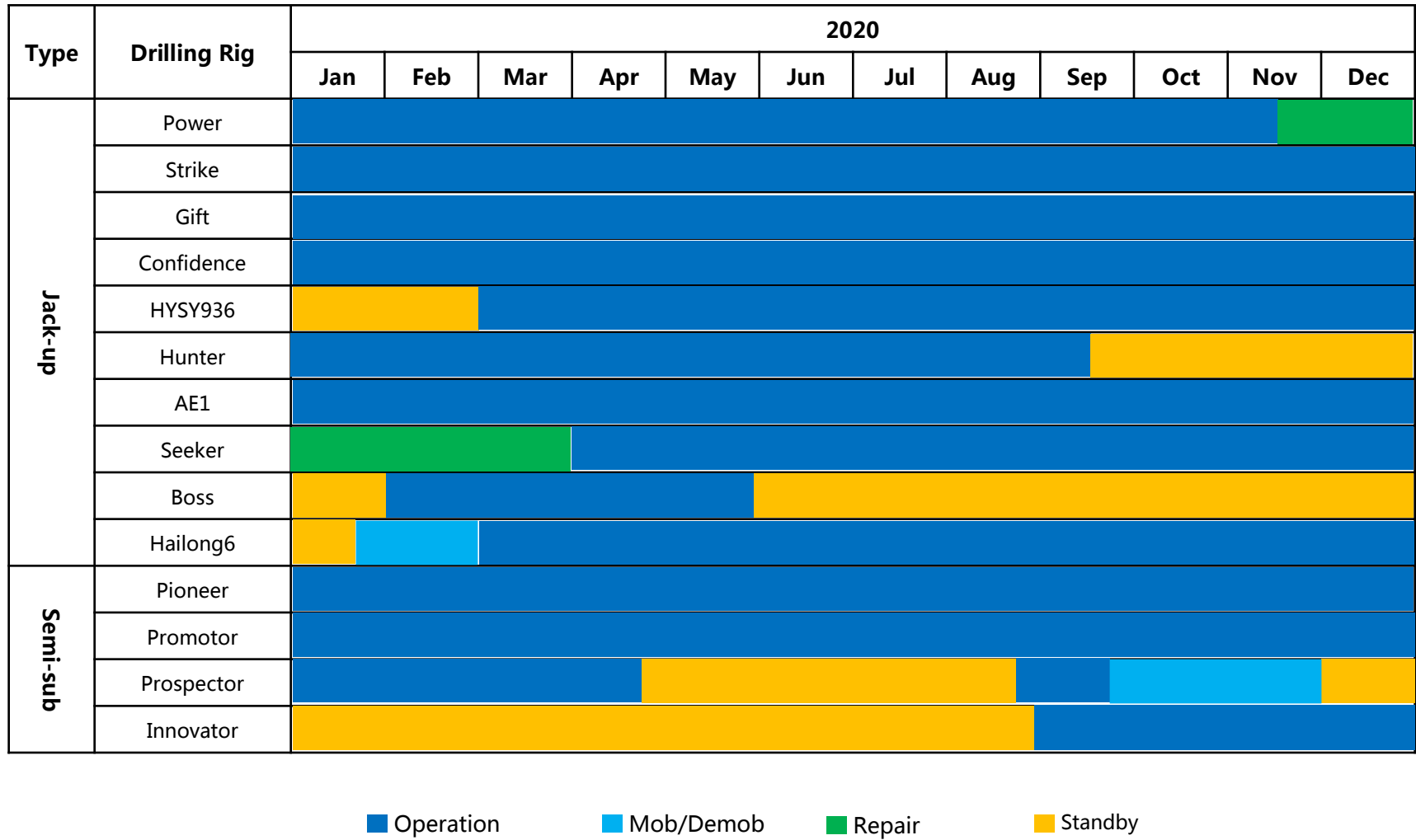
Europe



Africa

- Seeker drilling project

Overseas Rig Operation Status

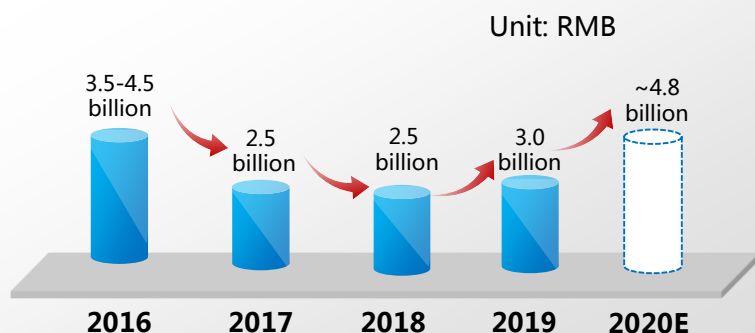


Remarks: Data up to 29 Feb 2020. Operation status may be subject to changes as some projects are in the process of bidding or negotiation.

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.)	-
	COSL	A3 (Stable)	BBB+ (Stable)	A (Stable)
Offshore drilling	Transocean	B3 (Neg.)	CCC+ (Neg.)	-
	Diamond	Caa1 (Neg.)	CCC+ (Stable)	-
	Seadrill	Caa1 (Neg.)	CCC (Neg.)	-
	Valaris	Caa3 (Neg.)	CCC+ (Neg.)	-
	Noble	-	BBB (Stable)	BBB (Stable)



Cost Control

- Precise Cost Management
- Flexible Financing Channels
- Good Rating Sufficient Cash
- CAPEX in compliance with Development

Market Exploration

- International business
- Equipment structure
- Scientific achievements
- Operation and services

我们必须做得更好

ALWAYS DO BETTER

COSL

