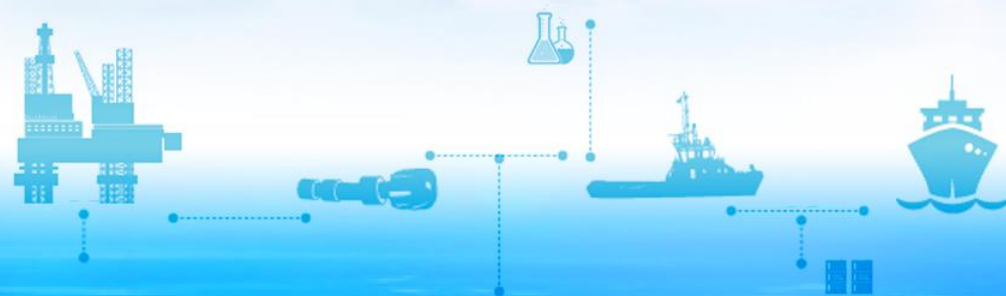




中海油田服务股份有限公司  
China Oilfield Services Limited



# 2021 Strategic Guidance

Feb 2021

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.

Achievements on **six major aspects**, laying a solid foundation for new stage.

## Resolve safety risks to ensure stable operation

Improved the emergency execution capabilities, accelerated the promotion of internationalization and industrialization of QHSE.

## Strengthen technical systems and cultivate technical competence

Focused on major demand in areas such as deep water oil, HPHT and heavy oil, etc.

## Coordinate the domestic and overseas businesses

Overseas businesses have expanded into six regions.

## Optimize and improve equipment asset quality

Equipment structure has more competitive advantages, deep-water exploration capability has been enhanced.

## Improve the efficiency of selecting and employing personnel

Steadily promoted the transformation of the manpower structure.

## Foster a reform and innovation system

The "double-hundred action", substantialization of overseas institutions, optimization and reform of domestic branches, etc.



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# Content

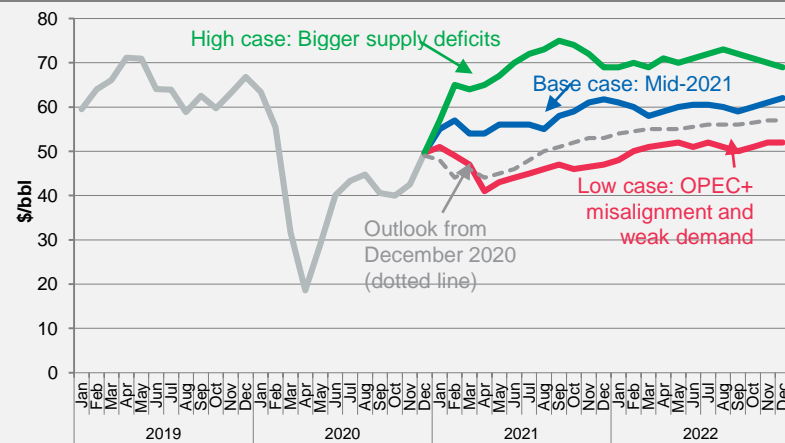
**Industry Outlook**

**Company Outlook**

- ➡ According to the IHS report, annual average projection for Brent to USD57/bbl in 2021 and USD60/bbl in 2022.
- ➡ Total volume of global upstream E&P CAPEX in 2021 will increase compared to 2020.
- ➡ The gradual recovery of oil prices is conducive to the recovery of CAPEX of oil and gas companies, among which onshore business grows faster.

## Continually Fluctuate in Oil Prices

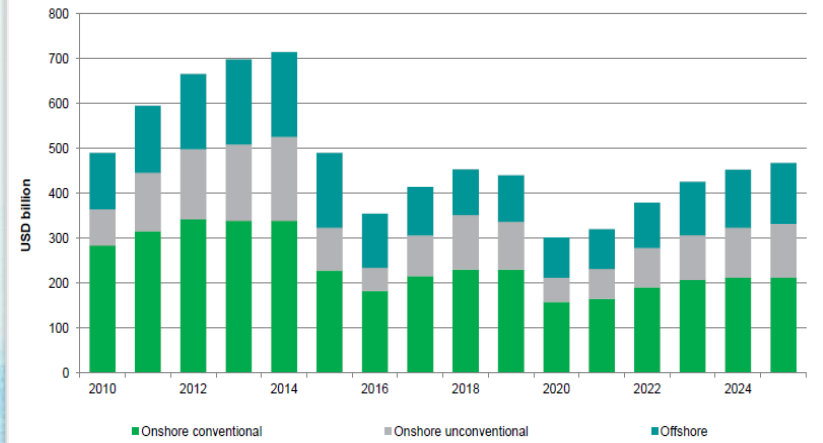
Dated Brent price scenarios



Source: IHS report, data as of January 2021

## Global Upstream E&P CAPEX

Global upstream exploration and production (E&P) capex



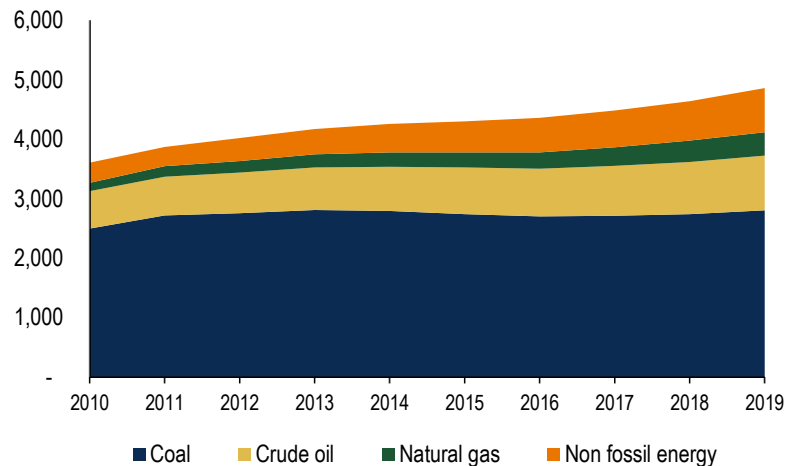
Source: IHS report, data as of December 2020

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

➡ China will increase E&P activities to ensure energy safety.

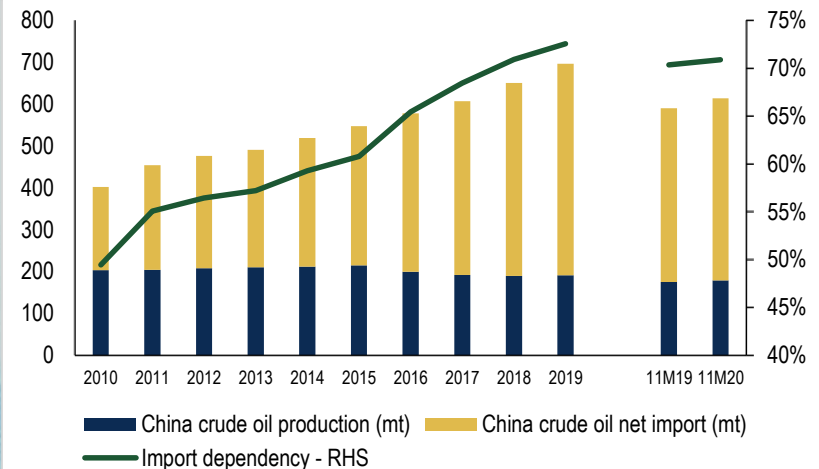
➡ The "Seven-Year Action Plan" implemented will benefit to the oilfield service industry.

## China's energy consumption structure



Source: Bloomberg

## Import dependency of crude oil in China

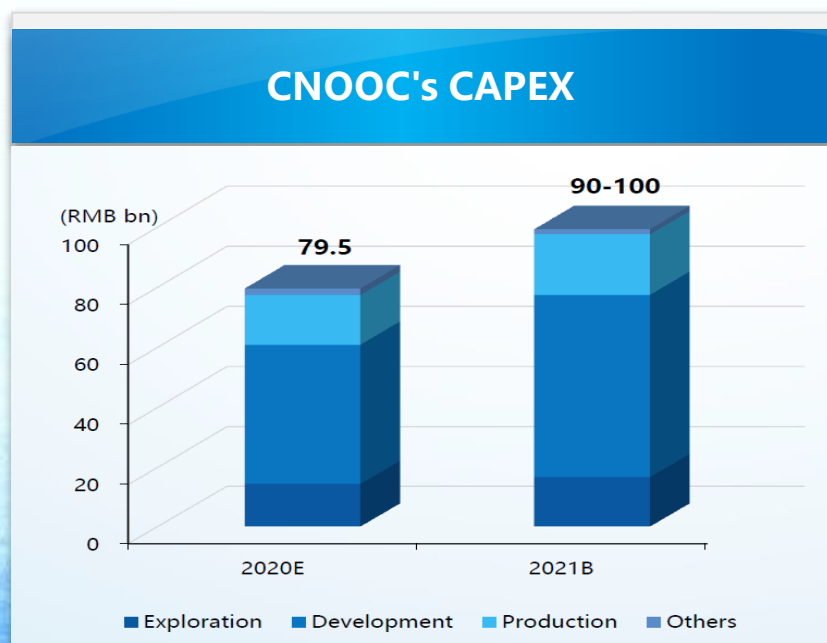


Source: Bloomberg

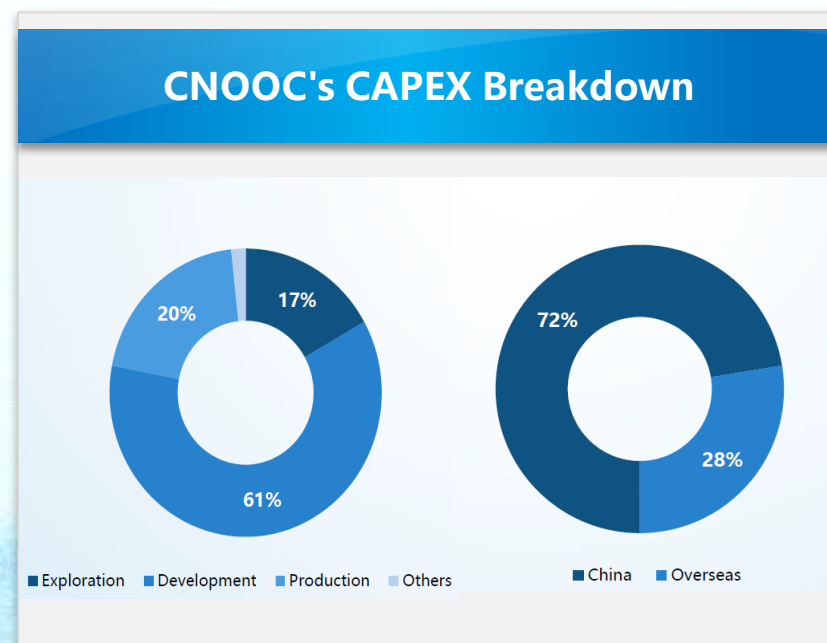


➡ In 2021, CNOOC's CAPEX budget is RMB90-100 billion.

➡ The Company's domestic workload expects remain stable in 2021.



Source: CNOOC Limited



Source: CNOOC Limited



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# Content

Industry Outlook

Company Outlook



- ➡ In 2020, under the impacts of COVID-19, global demand for crude oil was weak and international oil prices were at historic lows.
- ➡ Global oil and gas companies reduced their CAPEX budgets on a large scale.
- ➡ Many companies in the industry suffered bankruptcy, reorganization and redundancy, and the oilfield service industry was in a downturn.

## Bankruptcy, Restructuring and Redundancy of Some Oil and Gas Companies



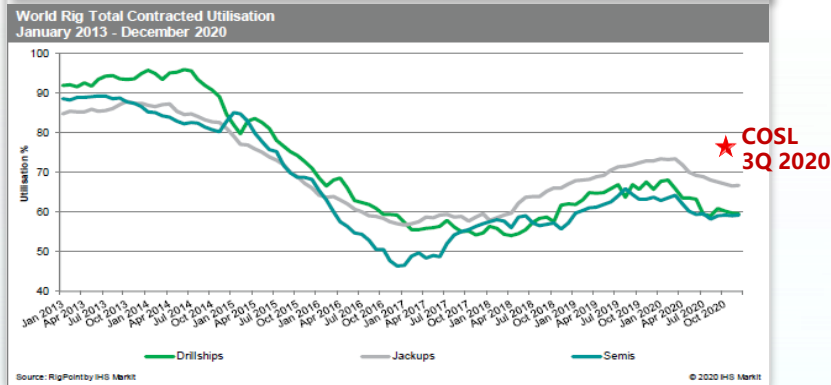
Source: Bloomberg and related news; timeline: 2020

## Focus on "COSL High Quality Development"



# Workload Strives to be Stable

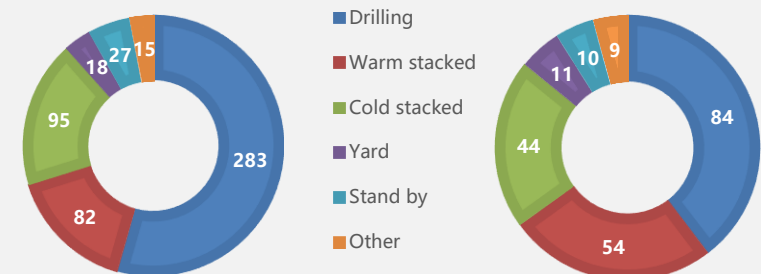
## Drilling rigs utilization rate: outperform



Source: IHS report, data as of December 2020

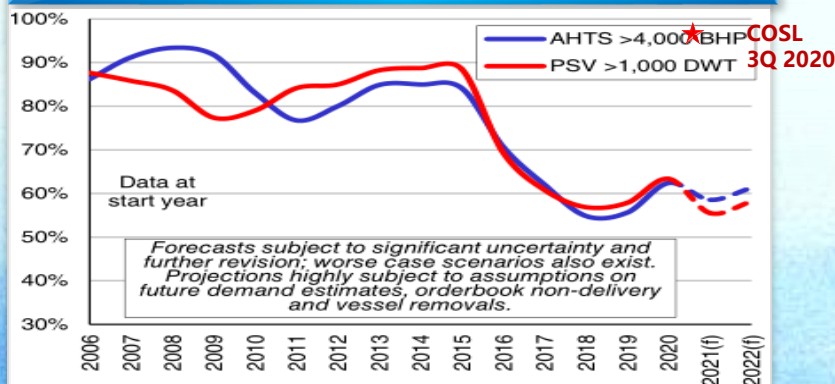
## Global drilling equipment: insufficient demand

Worldwide jackup current status Worldwide floater current status



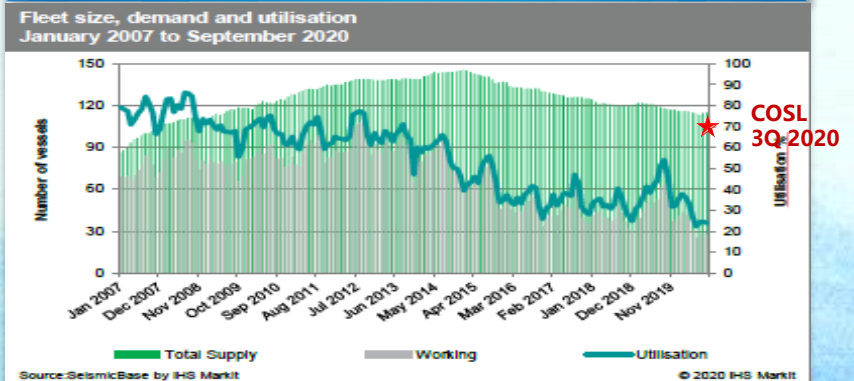
Source: IHS report, data as of December 2020

## Vessels utilization rate: outperform



Source: Clarksons, data as of December 2020

## Seismic vessels utilization rate: outperform



Source: IHS report, data as of October 2020



**Equipment's competitiveness enhanced:** Through various ways of "rental, management, purchase and construction", large-scale equipment and technical equipment of COSL both develop substantially to form a diversified equipment group covering the whole sea area.

- **Mid-deep Water Semi-sub Rig**



- **LNG Vessels**



- **OBN Operation Team**



- **Technical Equipment**



**More improved technical system:** focusing on the major needs of deep water, HPHT, heavy oil and other fields. The product series supports the whole process of oil and gas exploration, development, production and disposal, as well as integrated services.

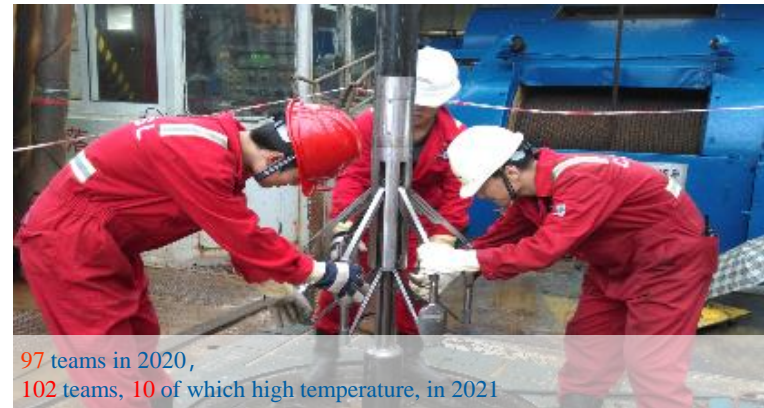
- **Independent small track distance streamer acquisition equipment**



- **Online monitoring system for key equipment of semi submersible drilling rigs**



- **Wireline logging operation team**



97 teams in 2020,  
102 teams, 10 of which high temperature, in 2021

- **Drilog & Welleader**

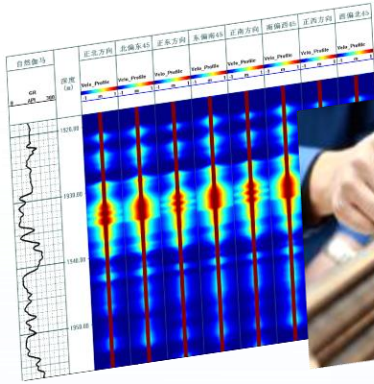


38 teams in 2020



50 teams in 2021





## Application of R&D Achievements

- The self-developed logging-while-drilling and rotary steering drilling systems realize large-scale industrial applications;
- HT-FLOW has a temperature resistance of 210°C, no solid phase and zero damage reservoir drilling fluid, successfully applied in a block of buried hill formation
- The bio-enzyme composite gel breaking fracturing fluid system has been applied on a large scale, improving output increase by 22%.

**Exploration:** marine seismic exploration acquisition technology and equipment development, etc.

**Drilling and Completion Engineering:**  
The research and development of drilling and completion fluids and cementing technologies that are not only suitable for HPHT, deep water and other complex.

**Development and Exploitation:**  
A series of deep-water operations and difficult well operations capabilities.

Form an industry substitution to effectively reduce subcontracting fees and increase profitability

Help develop international markets  
Reduce customer development costs

Obtain more operation opportunities

Improve service competitiveness

- Utilize internal and external resources to strengthen technical cooperation and increase the speed of scientific research and development;
- Continuous optimization of the achievement transformation system and corresponding supporting capabilities, shorten the achievement transformation cycle.

## Transformation of Technology into Competitiveness



## Technical breakthrough in the field of completion, stimulation and well intervention

### Completion

- Full wellbore tool for heavy oil thermal recovery are applied and expected to bring output value of more than RMB30 million.
- Intelligent water injection tools are applied and expected to bring annual output value of more than RMB50 million.

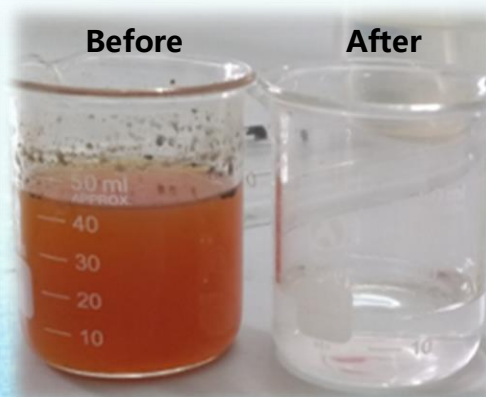
### Stimulation

- The ultra-high temperature carbonate reservoir technology is applied and expected to bring output value of more than RMB7 million.
- Seawater based fracturing fluid technology is leading the world. The application is expected to bring annual output value of RMB30 million.
- The application of heavy oil thermal recovery technology is expected to bring annual output value of more than RMB30 million.

### Well Intervention

- Technologically, the application of one-trip casing windowing technology and localized tools contributes to the increase of reserves and production.
- The application of integrated technology of punching, cutting and fishing in borehole fault handling is expected to bring annual output value of more than RMB20 million.

- ➡ Upgrading of vessel equipment and commencing the construction of LNG green vessels;
- ➡ Achieving the standard discharge in Class III sea area through making preliminary achievement in environment-friendly seawater-based fracturing fluid technology;
- ➡ Achieving the discharge reduction and resource recycling, EPS is maturing in technology and booming in business development.



## Domestic Market

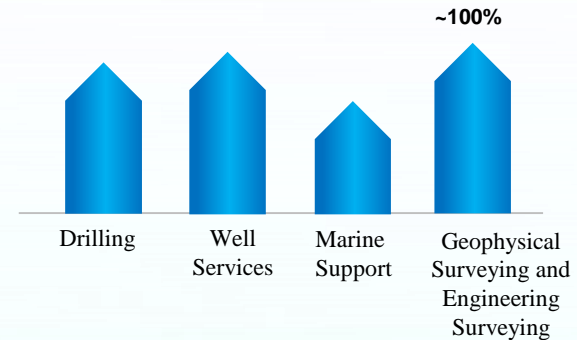
Follow the needs of core customers



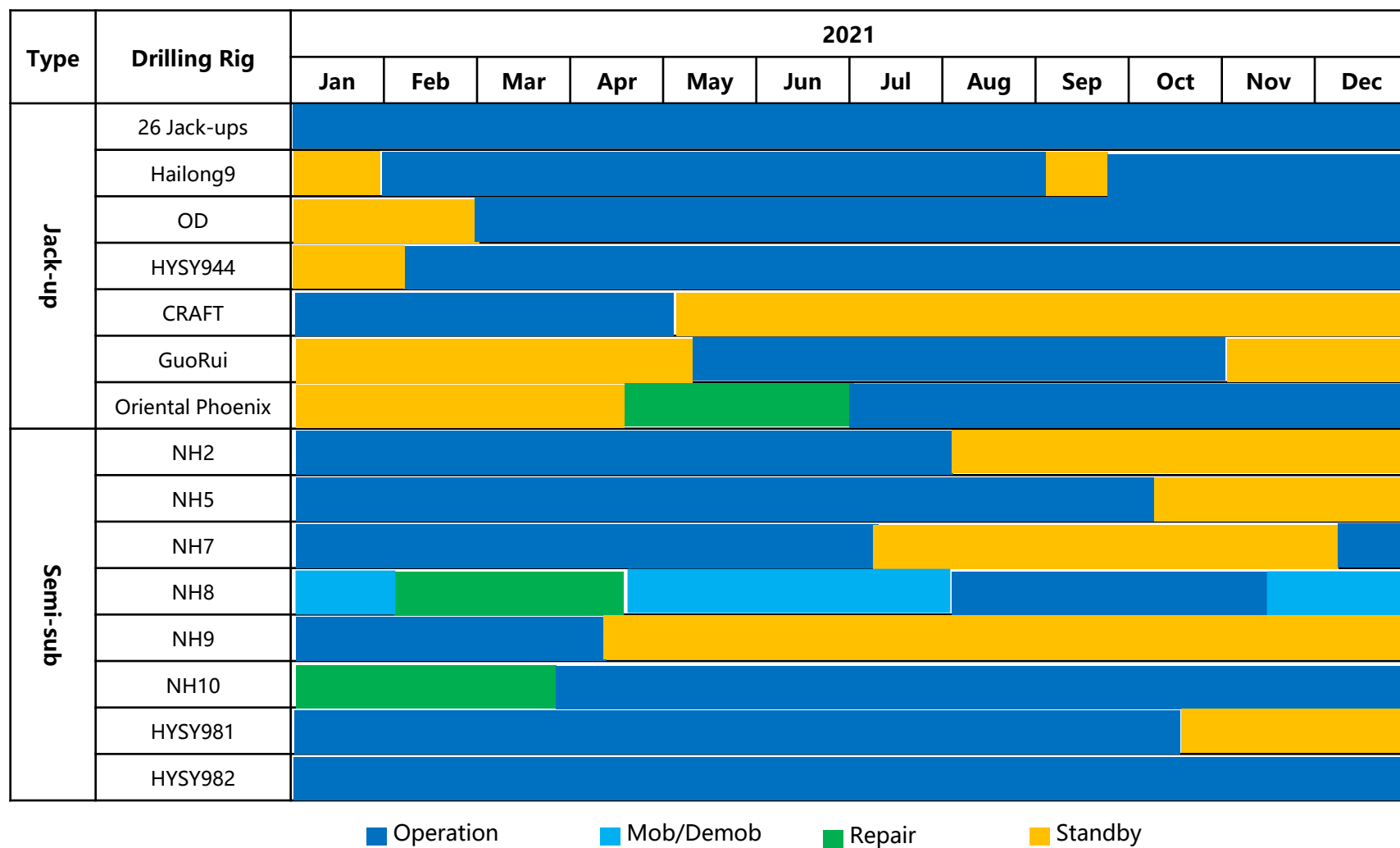
## Ensure Increase of Domestic Reserves and Production

- Seize the strategic opportunity period for national energy development, coordinate resources such as equipment, technologies, personnel, and management, and meet domestic exploration and development needs.
- Improve the Company's competitiveness, reduce operation costs, and contribute to the exploration, development and production of domestic oil and gas fields.
- Attempt new business and contract models, adopt risk-sharing and benefit-sharing mechanism to explore the development of marginal oilfields and stabilize and increase the production of old oilfields.
- Implement the workload of newly commissioned rigs, carry out technical promotion, and maintain good customer relationships.

Consolidation of its leadership in  
China's offshore market



# Domestic Rig Operation Status



Note: The update date ends on December 31, 2020. As 1 jack-up rig(BH9) and 3 semi-submersible rigs (Prospector/NH6/KT4) are still in the bidding or negotiation process, the above information may change in the future.

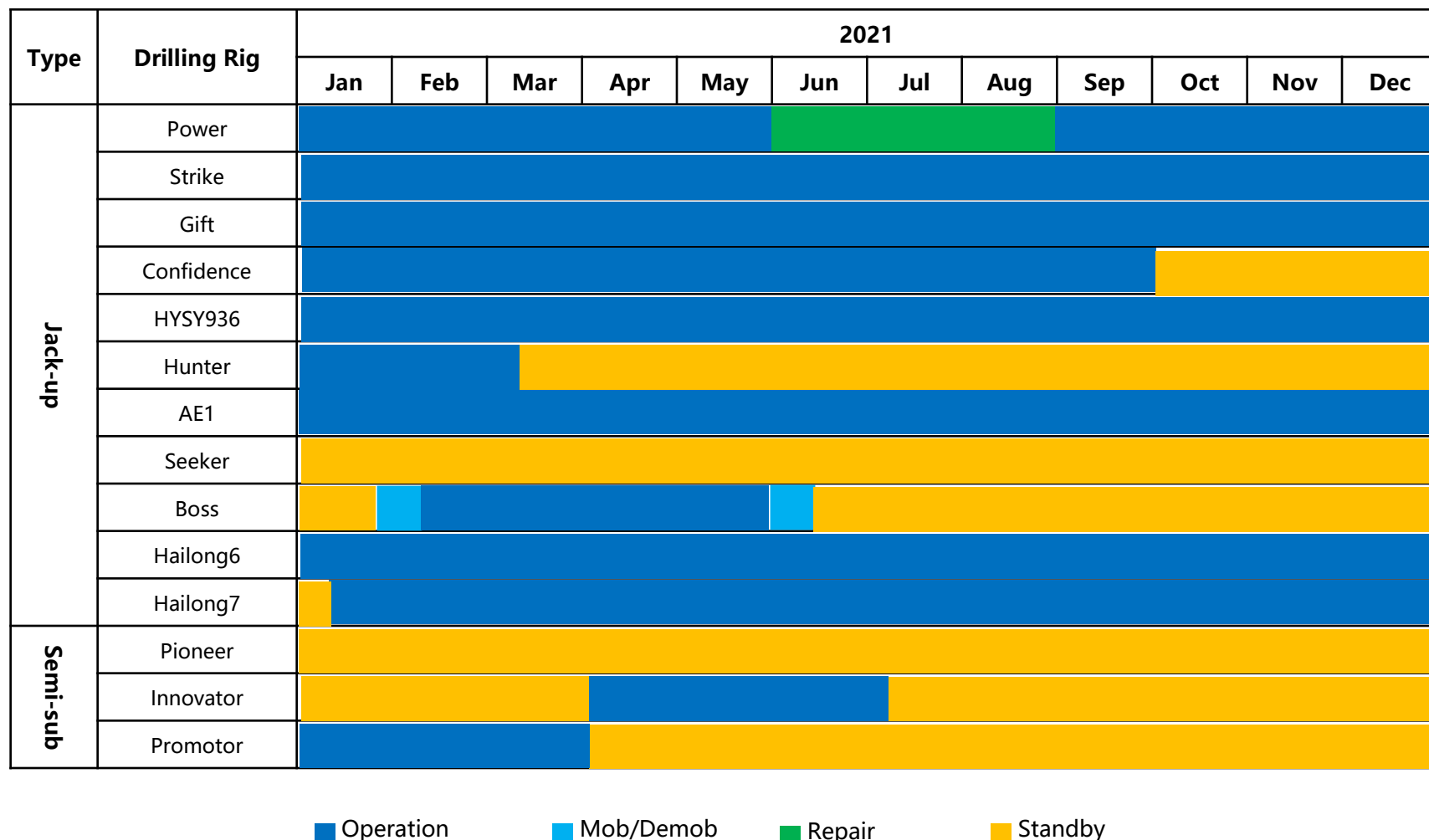


# Key Overseas Regions in 2021

- Construct a new development layout with the main body meeting the macro-circulation of domestic resource demand and the mutual promotion of domestic and international dual-circulation
- Adhere to strategy of “International Development” , focus on the six major output value contribution areas of Asia-Pacific, Middle East, Far East, Europe, America, and Africa, and enlarge the international markets
- Pursue profitability while balance strategic entry and long-term gains
- Continue to maintain competitive advantage in the industry and overseas traditional customer stability



# Overseas Rig Operation Status



Note: The update date ends on December 31,2020. As part of the contract is still in the bidding or negotiation process, the above information may change in the future.



## Continue to strengthen cost control and maintain its leading position.

### Reduction subcontracting:

accelerating the serialization and industrialization of self-developed equipment, and reducing the proportion of subcontracting

### Reduction of inventory costs:

strengthening resources allocation and sharing, and continuously improve material turnover



### Reduction of procurement costs:

actively transmitting pressure to suppliers, and sharing risks and benefits

### Reduction of material

**consumption:** accelerating the promotion of new technologies, and continuously reducing the proportion of materials in revenue



### Reduction of repairment costs:

establishing the fast track for offshore technical support, and increasing the proportion of self-repairment

### Reduction of leasing costs:

improving the ability of resources integration, and obtaining low-cost and high-quality operating resources



### Utilization of obsolete

**equipment:** studying the conversion scheme of obsolete platform to enhance the value of obsolete platform

### Other operating expenses:

development sharing model, reducing administrative expenses, and adjusting remuneration structure



2020

- Quickly established a four-tier leadership and command system for pandemic prevention and control, covering all areas at home and abroad
- Persevere in the prevention and control of normalized epidemics at home and abroad, and strictly implement various prevention and control measures to ensure the physical and mental health of employees and safe production
- Strengthen pandemic prevention and control of overseas project and dynamically adjust the prevention and control strategies of "one country, one policy", "one facility, one policy" and "one person, one policy" according to the situation, and fully implement the requirements of precise control
- In 2020, more than 50 times of overall investigations were completed and "zero infection" both domestically and in overseas was achieved



2021

- Continue to perform well in the prevention and control of the normalized pandemic, strictly implement the requirements of "prevent overseas cases, prevent domestic rebound and prevent both people and materials", and pay attention to various measures to prevent and control the normalized pandemic to ensure that we stay alert, maintain the standard and keep the strength
- Dynamically adjust the prevention and control strategies of "one country, one policy", "one facility, one policy" and "one person, one policy" according to the situation, and effectively implement the protection responsibility to ensure "zero infection" for employees both domestically and in overseas

# The Long-term Goal of “14th Five-Year Plan” **COSL**

## Technological Innovation

Fully promote the tackling of core technologies and solve technical problems

## Market Layout

Construct a new development layout with the main body meeting the macro-circulation of domestic resource demand and the mutual promotion of domestic and international dual-circulation

## International Development

Consolidate the scale of overseas markets, focus on improving profitability, and strengthen the awareness of compliance management and risk management and control



## Equipment Guarantee

Pay attention to changes in market and industry forms, and dynamically adjust equipment planning to match with the company's development

## Employee Guarantee

Follow the principles of scientific, reasonable, precise and efficient, and business-matching, improve employment efficiency and explore the potential value of human resource

## Digital Transformation

Achieve four breakthroughs in business, management, customer integration and operational efficiency improvement





## Cost Control

- ◆ Continue Precise Cost Management
- ◆ Update Technology to Improve Efficiency
- ◆ Apply Meticulous Supply-chain Saves Cost
- ◆ Match Development with Capital Expenditure



## Market Exploration

- ◆ Improve International business
- ◆ Optimize Equipment structure
- ◆ Accelerate Scientific achievements
- ◆ Ensure excellent Operation and services

我们必须做得更好

ALWAYS DO BETTER

COSL

