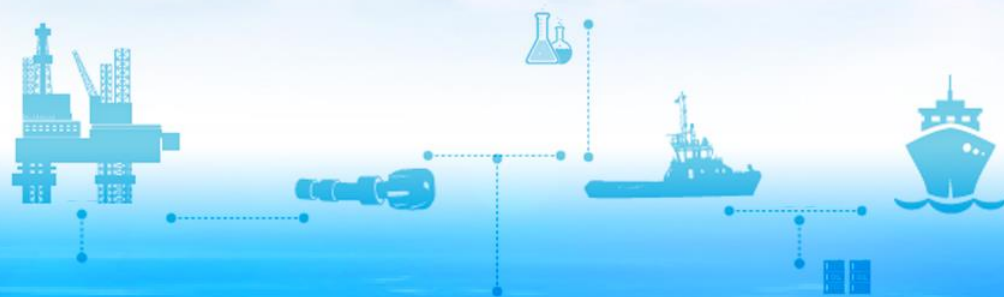


COSL

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



Annual Results 2020

March 2021

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

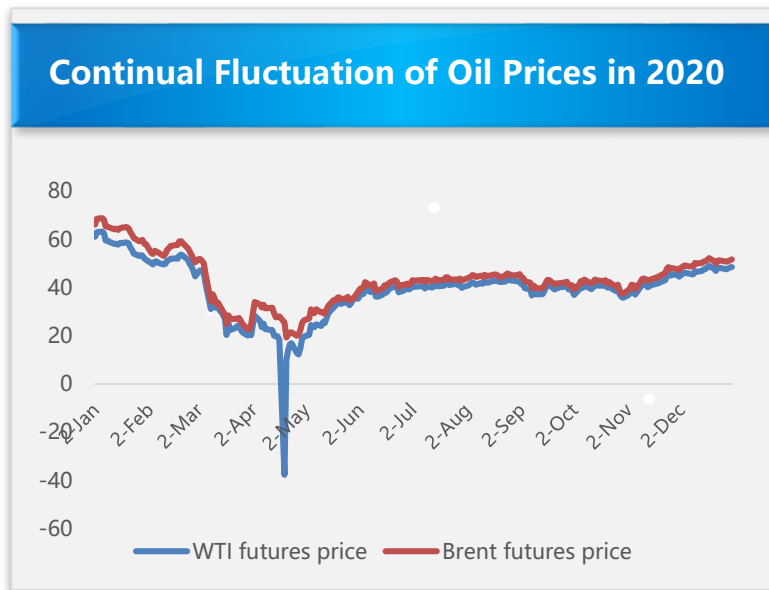


Results Overview

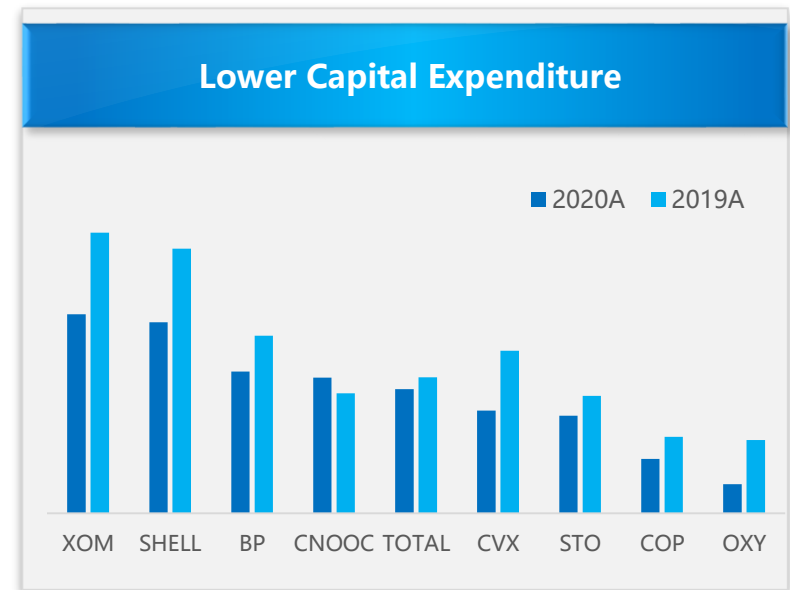


Company Outlook

- ▶ Total volume of global upstream E&P CAPEX in 2020 declined by 30% compared to 2019.
- ▶ The global oilfield service market was severely impacted and facing challenges, with both service prices and workloads dropping.
- ▶ Supply still exceeds demand in the oilfield service industry.



Source: Bloomberg, data as of January 2021



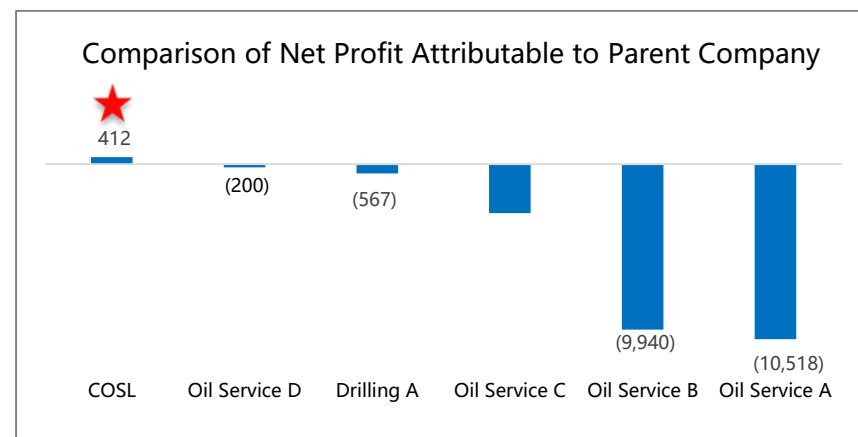
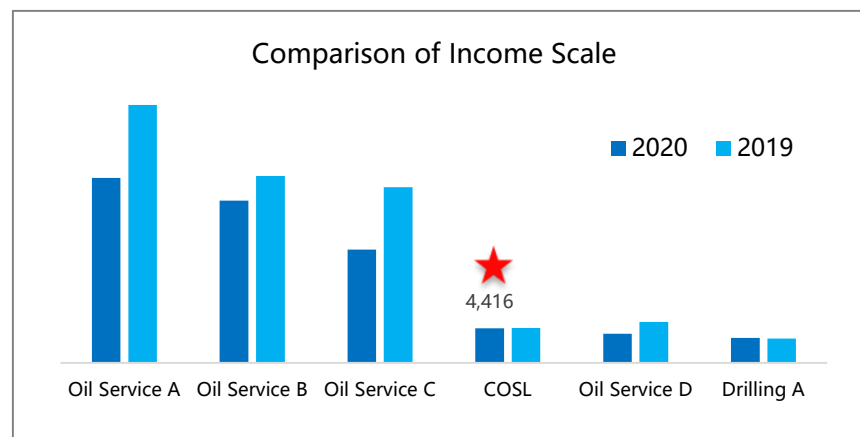
Source: Bloomberg, data as of March 2021

Increasing Profitability of the Company for 2020

RMB (million)	2020	2019
Revenue	28,925	31,075
Profit From Operations	4,142	3,895
Profit For The Year	2,718	2,528

RMB (million)	2020	2019
Total assets	75,942	76,102
Total liabilities	37,253	39,192
Shareholders' equity	38,689	36,910

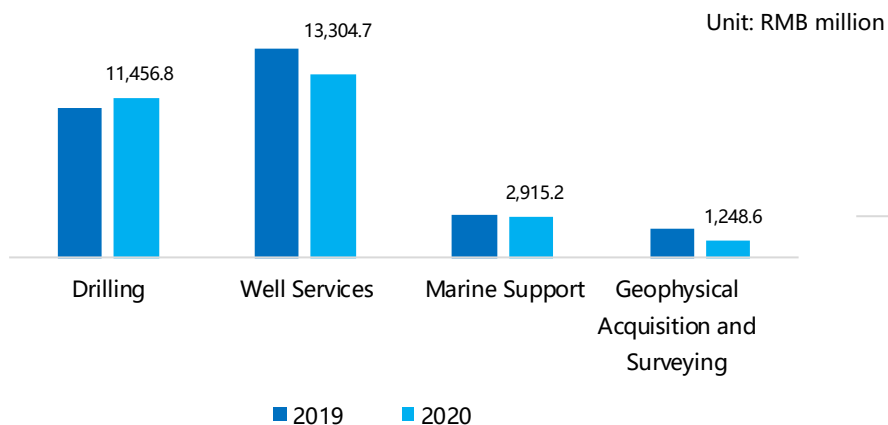
Income Scale and Net Profit Attributable to Parent Company with International Peers



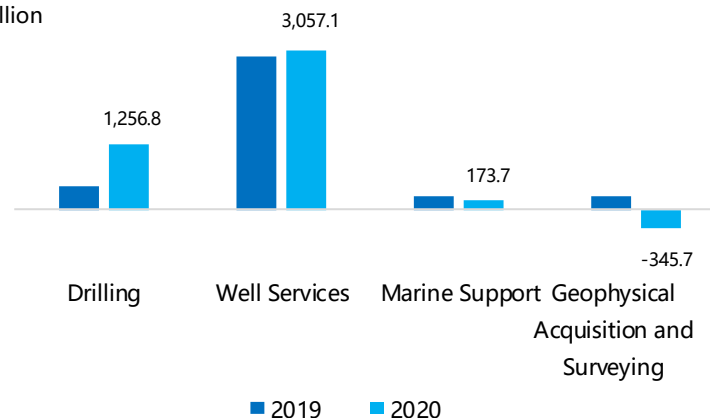
International peers: Schlumberger, Baker Hughes, Halliburton, Transocean, Weatherford

Data from various companies; US dollar to RMB: 1: 6.5585; unit: million US dollars

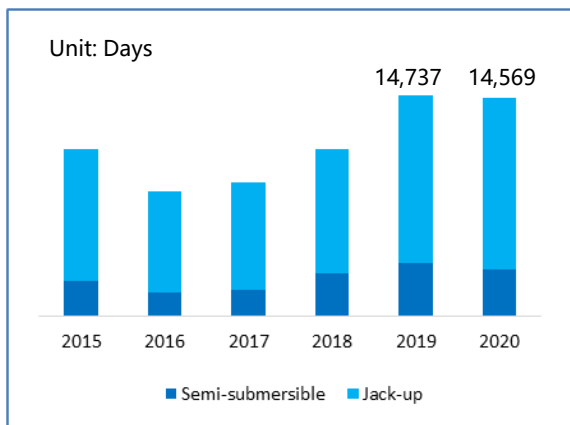
Revenues for each segment



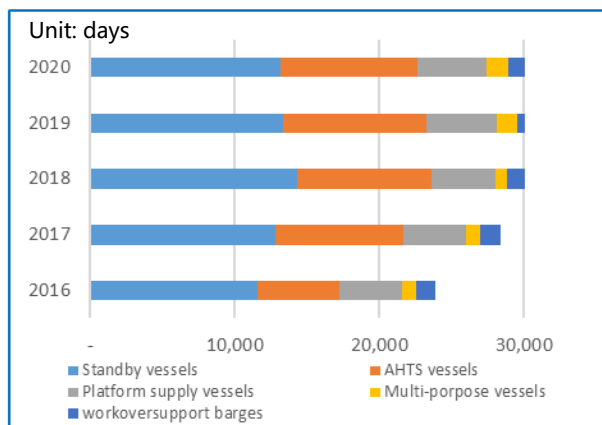
Profit from operations



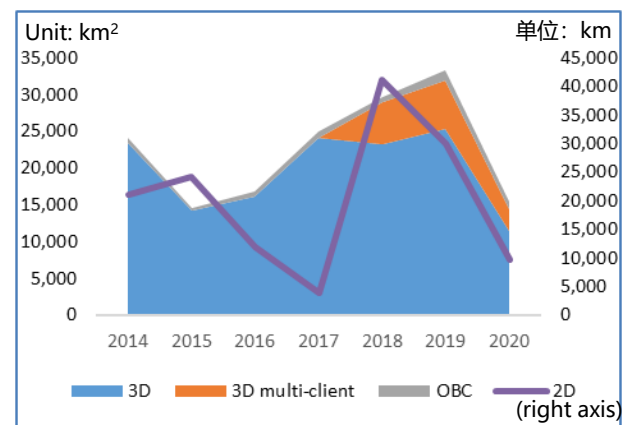
Drilling: operating days



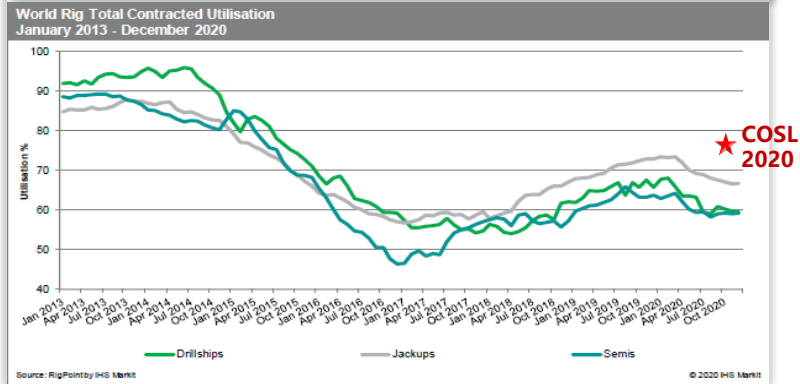
Marine support: calendar day utilization rate of self-owned utility vessels



Geophysical acquisition: collection workload



Rigs utilization rate: outperform



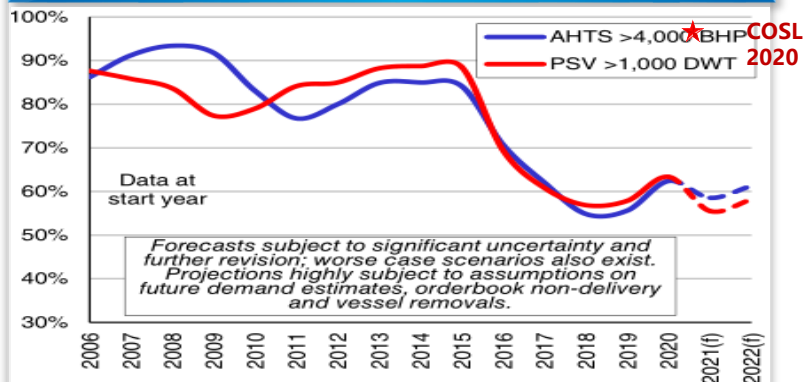
Source: IHS report, data as of December 2020

Equipment and technological strengths

- No. 1 globally — Drilling rigs scale
- No. 3 globally — Cementing market scale
- No. 4 globally — Wireline logging market scale
- No. 4 globally — Directional drilling + MWD market scale
- No. 4 globally — Supply Vessels market scale

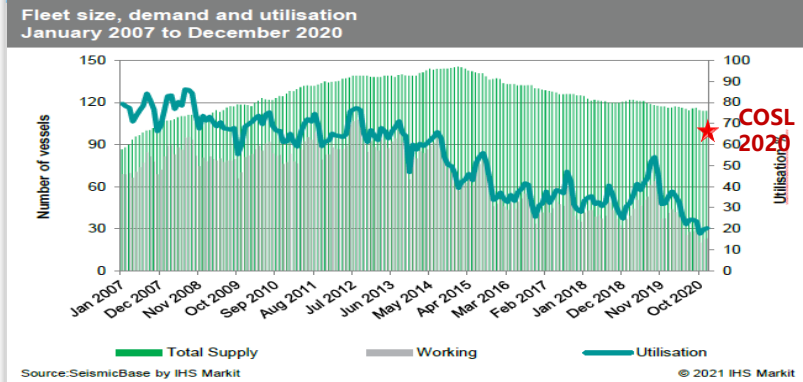
Source: Spears, data as of January 2021

Vessels utilization rate: outperform

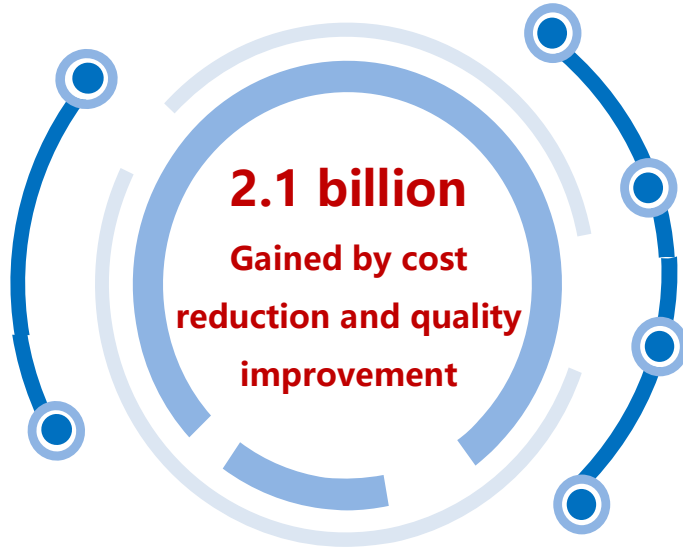


Source: Clarksons, data as of December 2020

Seismic vessels utilization rate: outperform



Source: IHS report, data as of December 2020



- ◆ Strengthen cost control, effectively increasing benefits and efficiency
- ◆ Breakthrough in core technology, cost reduction in technological innovation

A series of breakthroughs have been made in core technology and equipment, and independent technological innovation has reduced operating costs.



Increasing the proportion of self-developed equipment and lowering the cost of subcontracted repair



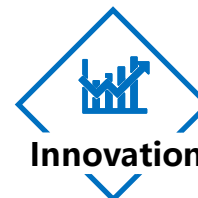
Increase the bargaining power of procurement, and improve the efficiency of internal resources



Optimize system, equipment structure and personnel structure to stimulate management efficiency



Coordinate new equipment and existing equipment, improve equipment utilization rate



Accelerating the industrialization and serialization of self-developed products

Further Exploring Market

- ◆ Stable market share of domestic and international
 - 74% of revenue from the domestic market, 26% from the international market
- ◆ Actively exploring overseas market
 - 70 new overseas contracts were signed
 - COSL GIFT broke a 30-year drilling record in the Saudi Aramco

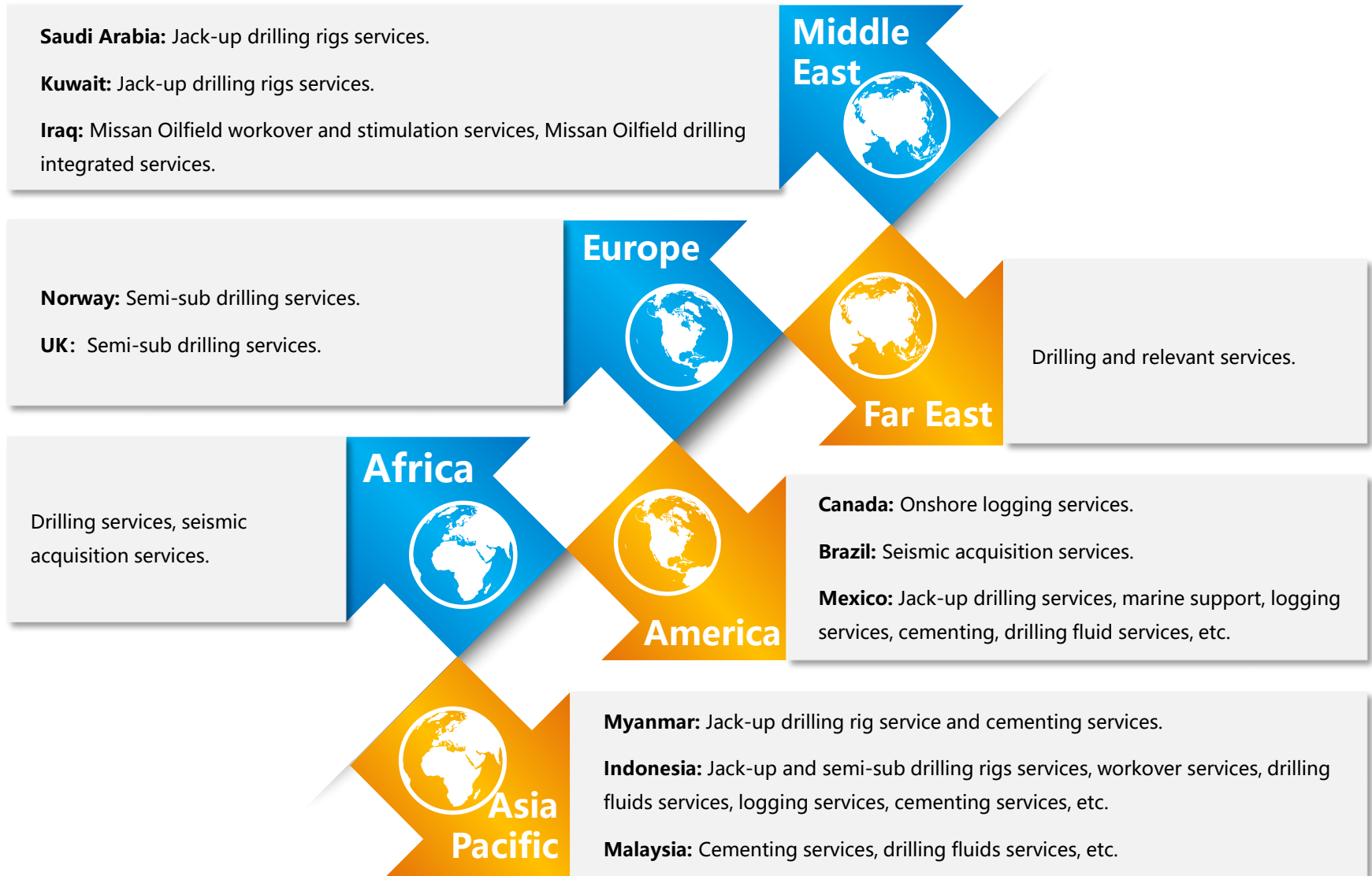


Quality Services Wins Recognition

- ◆ COSL was awarded the "Best Contractor Award 2020"
- ◆ COSL CONFIDENCE was commended
- ◆ COSL HUNTER's high-quality and efficient performance was praised
- ◆ High-quality service was praised by PETRONAS



Overseas Market Exploration Achievements





Increase R&D Investment

- ◆ Science and technology investment reached 1.3 billion RMB, an increase of 22.3% compared to 2019.
- ◆ COSL was awarded the national "High-Tech Enterprise" for the fifth consecutive time.
- ◆ COSL obtained 84 authorized patents throughout the year, including 38 invention patents and 6 scientific and technological awards at or above the provincial and ministerial level.
- ◆ The serialization and industrialization of self-developed products have accelerated, and breakthroughs have been made in developing key technical equipment.



Promote green development

- ◆ COSL actively has developed environmental protection technology and equipment for offshore oil and gas development, and provided integrated services of waste storage, transportation, treatment, and recycling.
- ◆ 65,000 tons of emission have been reduced and 30,000 tons have been recycled on shore.
- ◆ COSL disposed of wastes of 12,000 tons and recycled 16,000 tons on shore in western and eastern South China Sea and the East China Sea.



Transformation of achievements

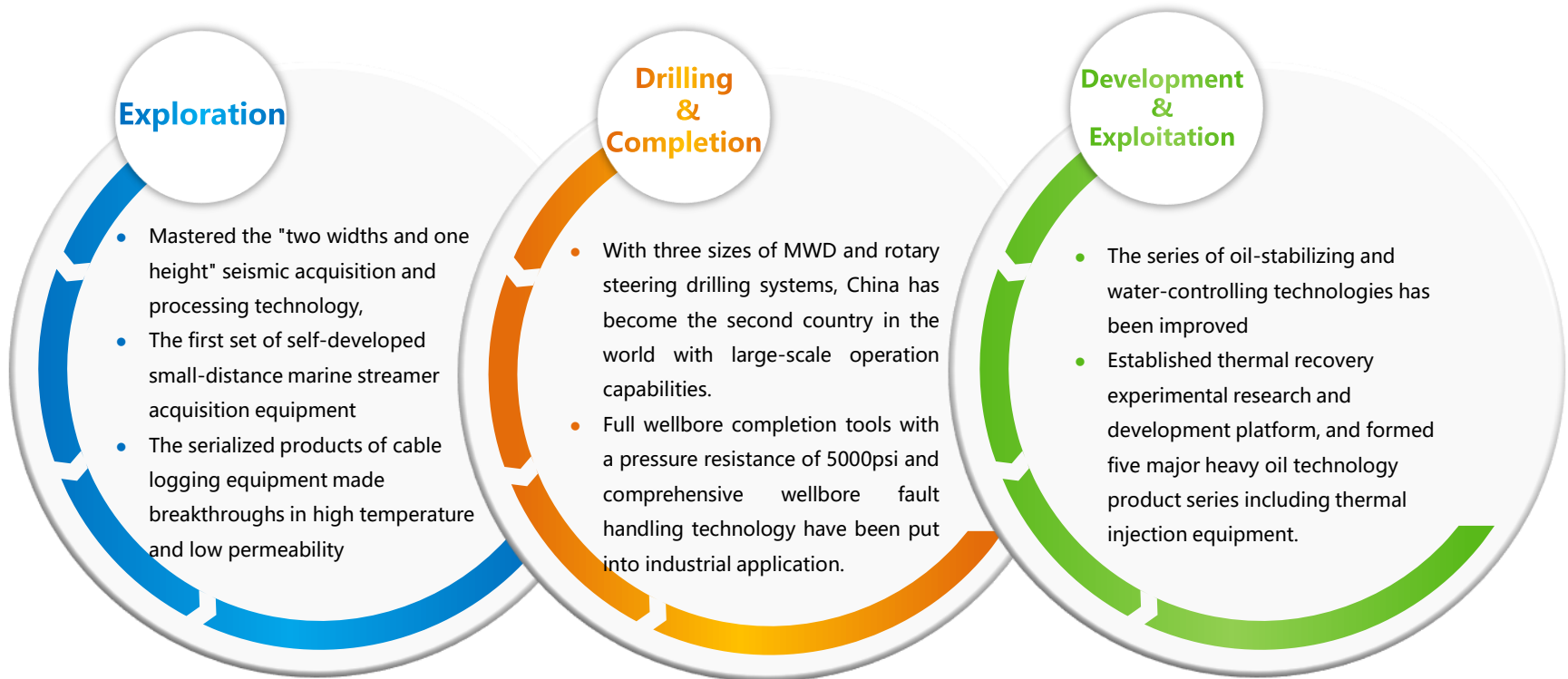
- ◆ Guided by the major technical requirements for increasing oil and gas reserves and production in China.
- ◆ The self-developed ESCOOL system became the main equipment for offshore high-temperature logging.
- ◆ Synthetic-based drilling fluid BIODRILL S system has made great achievements in high-temperature and long-reach deep wells.
- ◆ The new large-scale thermal recovery equipment was expected to increase the recovery rate by 2%-5% compared with pure steam.

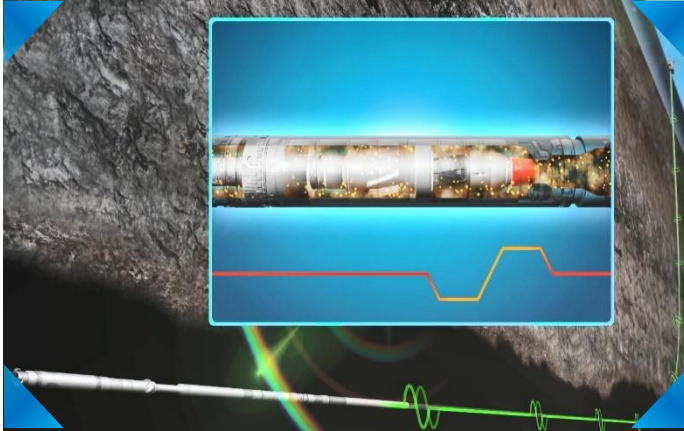


Deepen reforms

- ◆ Deepen scientific and technological reform.
- ◆ Extend the project manager responsibility system gradually to the tech sector.
- ◆ Promot solidly the second batch of industrialization incentive fund projects.

As of 2020, 805 sets of technical equipment, a net increase of 211 sets from the beginning of “13th Five-Year Plan” , and the number of self-developed D+W equipment increased from 0 to 66 sets.





The first successful offshore application of self-developed high-speed pulser

- ◆ In December 2020, COSL completed the first offshore application with self-developed high-speed shear valve pulser (HSVP) while drilling, decoding success rate of 100% and improving drilling efficiency of 20%. It achieves 24 times of transmission rate of the ordinary pulser.
- ◆ HSVP fills the gap of the application of high-speed pulser technology in China. COSL becomes the third company owning this technology in the world. HSVP provides solid technical support for offshore oil and gas exploration and development.

■ Excellent safety management ensured high quality and efficient operation

- Full-year OSHA indicator: 0.065
- Maritime salvage
 - Dispatched 18 ships, participated in 14 rescues at sea, rescued 6 ships in distress, and rescued 37 people in distress



■ Actively participated in public welfare projects and honored social responsibility

- Carried out poverty alleviation public welfare activities
- Carrying out "WeiLan Force" marine environmental protection voluntary service for 7 consecutive years
- Contribute to the global fight against the epidemic
 - COSL Middle East donated medical supplies
 - COSL Iraq implemented effective quarantine measures, and more than 700 local employees have been safely quarantined, contributing wisdom and strength to local epidemic prevention and control and employment
 - COSL Mexico actively communicated with the local government and provided training on epidemic prevention and control measures for the local government

- In August 2020, COSL won the “Hottest Branding Listed Company” award in Sina Finance .
- In the 11th China Listed Company Investor Relations Tianma Award, COSL won the Best Investor Relations Company Award and the Best Media Operation Award.

- COAL was categorized as “A” for 2019-2020, the highest evaluation for information disclosure of a company listed on the Main Board of the Shanghai Stock Exchange.

■ Selected for Hang Seng A-Share Sustainability Enterprise Benchmark Index for the ninth consecutive year, Hang Seng Sustainability Enterprise Benchmark Index for the seventh consecutive year, etc.



- COSL was presented with the “China Business Top 100 Awards 2020” in the 20th China Business Top 100 Listed Companies Summit.

- COSL was named as “Listed Company with Best Investor Relations Management” in the 10th China Securities “Golden Bauhinia Award” .

- In China ESG Golden Awards 2020 held in December, COSL won the Excellent Corporate Governance Award.

- In December 2020, COSL won the 8th “Top 100 Hong Kong-Listed Companies” “Best Investment Value Award”



COSL

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



Content



Results Overview

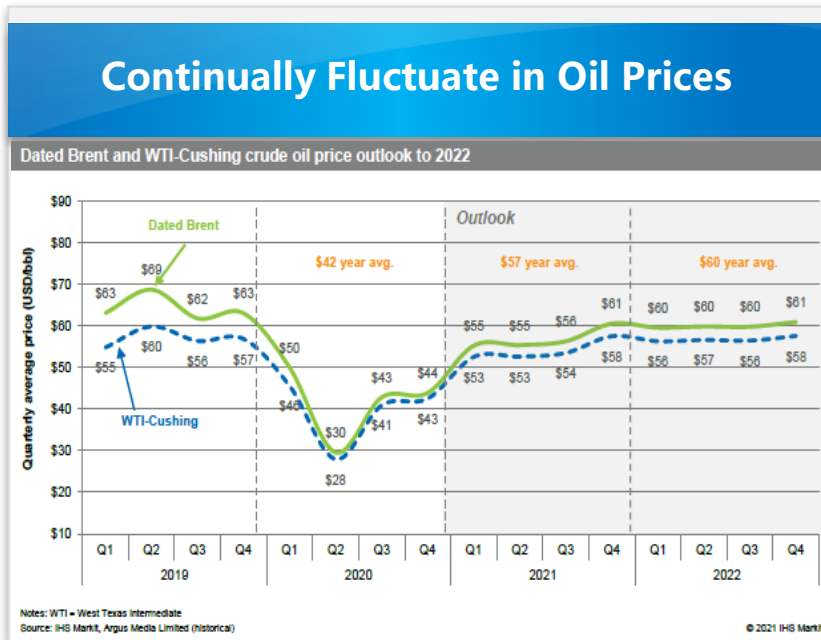


Company Outlook

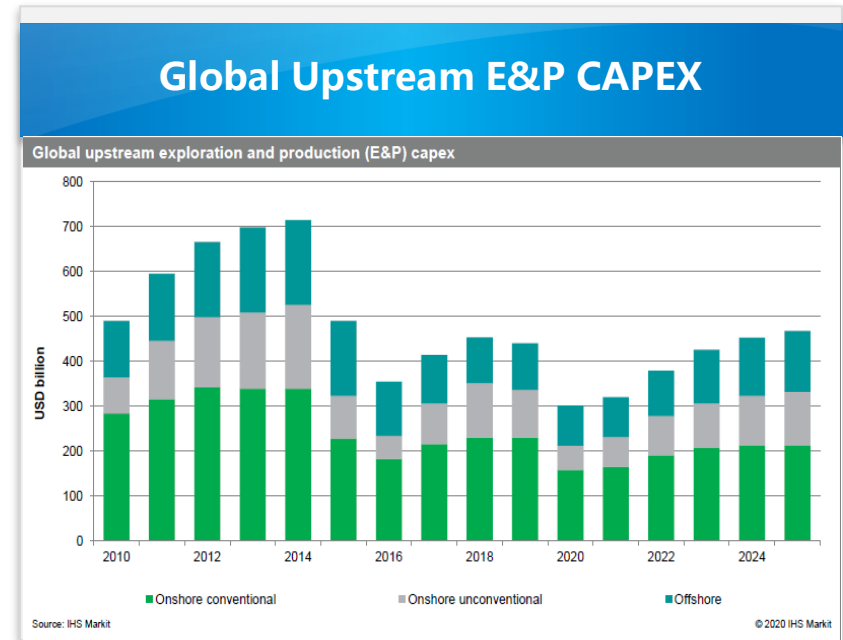
- ➔ According to the IHS report, annual average projection for Brent to USD57/bbl in 2021 and USD60/bbl in 2022.

- ➔ 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.



Source: IHS report, data as of March 2021

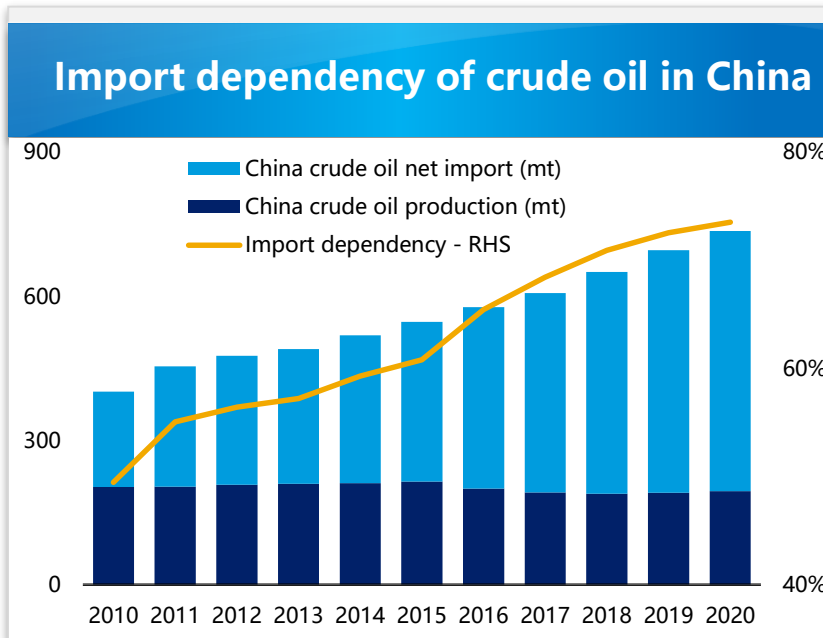


Source: IHS report, data as of March 2021

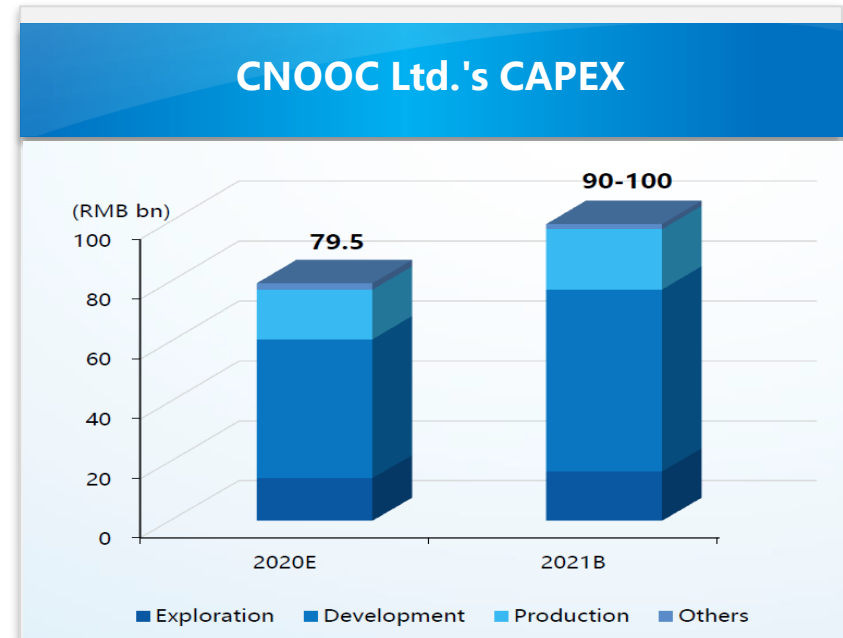
↪ Oil and gas continue making up a large proportion of China's energy consumption structure.

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

↪ In 2021, CNOOC Ltd.'s CAPEX budget is RMB90-100 billion. The Company's domestic workload expects remain stable in 2021.



Source: Bloomberg



Source: CNOOC Limited

Focus on High Quality Development



Continuously improve core competitiveness and enhance high-quality development of the company

- Speed up the application of rotary steering drilling systems, drilling-while-logging, ultra-temperature and high pressure wireline logging and other key core technologies.
- Accelerate the promotion of core technologies of high-end completion tools, in-situ drilling testing and sampling equipment
- Continue to improve technologies in deep sea, heavy oil thermal recovery, low permeability fracturing, high temperature and high pressure

Technical Breakthrough

Capability Improvement

- Increase the sharing of IUR resources with scientific research institutions, key national laboratories and related parties in upstream and downstream of the industry
- Summarize the commissioning and construction experience of new and smart mid-deep water semi-sub rigging platform and LNG power guard ship
- Endeavor to explore smart equipment and transformation of new and old kinetic energy, and help achieve the goal of carbon peak and carbon neutralization

Scientific Research

- Enlarge the company's scientific and technological team and promote talent introduction plan
- Cultivate a large number of young scientific and technological talents and innovative teams with international competitiveness
- Make good use of innovation incentive and protection mechanism, focus on career development of young scientific and technological talents

- Aim at the development direction of the industry, deeply understand the needs of customers. Give full play to the advantages of the company's industrial chain, and improve integrated services, to realize efficient allocation of resources.

- **Meeting the needs of domestic oil and gas exploration and development**

- Geophysical Acquisition and Surveying: Strengthen the construction of OBN system, improve its core competitiveness and international market exploration.
- Drilling: improve the overall operation rental rate of China's offshore rigs, better service and improve market share.
- Marine Support: Further optimize the crew structure to meet the needs of international development.

- **Continuously improving the operation ability of technical equipment**

- Expand the application scale of self rotating steering and LWD technology, and enhance sustainable operation.
- Accelerate the capacity of manufacturing, improve the proportion of self-produced equipment, improve the EPS capacity.
- Continuously improve heavy oil thermal recovery, fracturing technology and service, effectively support large-scale development of oilfield.

- Firmly practicing the green and low-carbon development strategy: through various ways of “rent, management, purchase and construction” . The product series supports the whole process of oil and gas exploration, development, production and disposal, as well as integrated services.
- **Drilling:** A new middle-deep-water semi-sub drilling rig to supplement the operation depth sequence of the vessels
- **Geophysical Acquisition and Surveying:** OBN operation vessels to enrich offshore oil and gas field exploration technology
- **Marine Support:** speed up the construction of green and clean energy vessels
- **Well Services:** Speed up the process of industrialization and serialization

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



- **LNG Vessels**



- **OBN Operation Team**



- **Technical Equipment**



Domestic Market

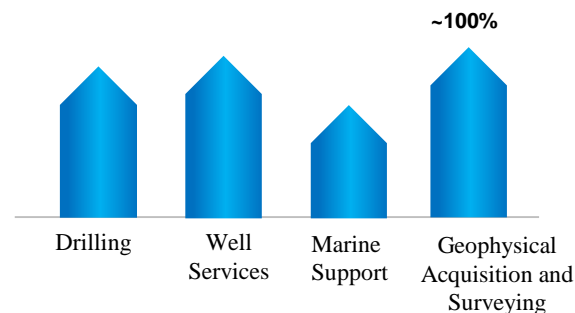
Follow the needs of core customers



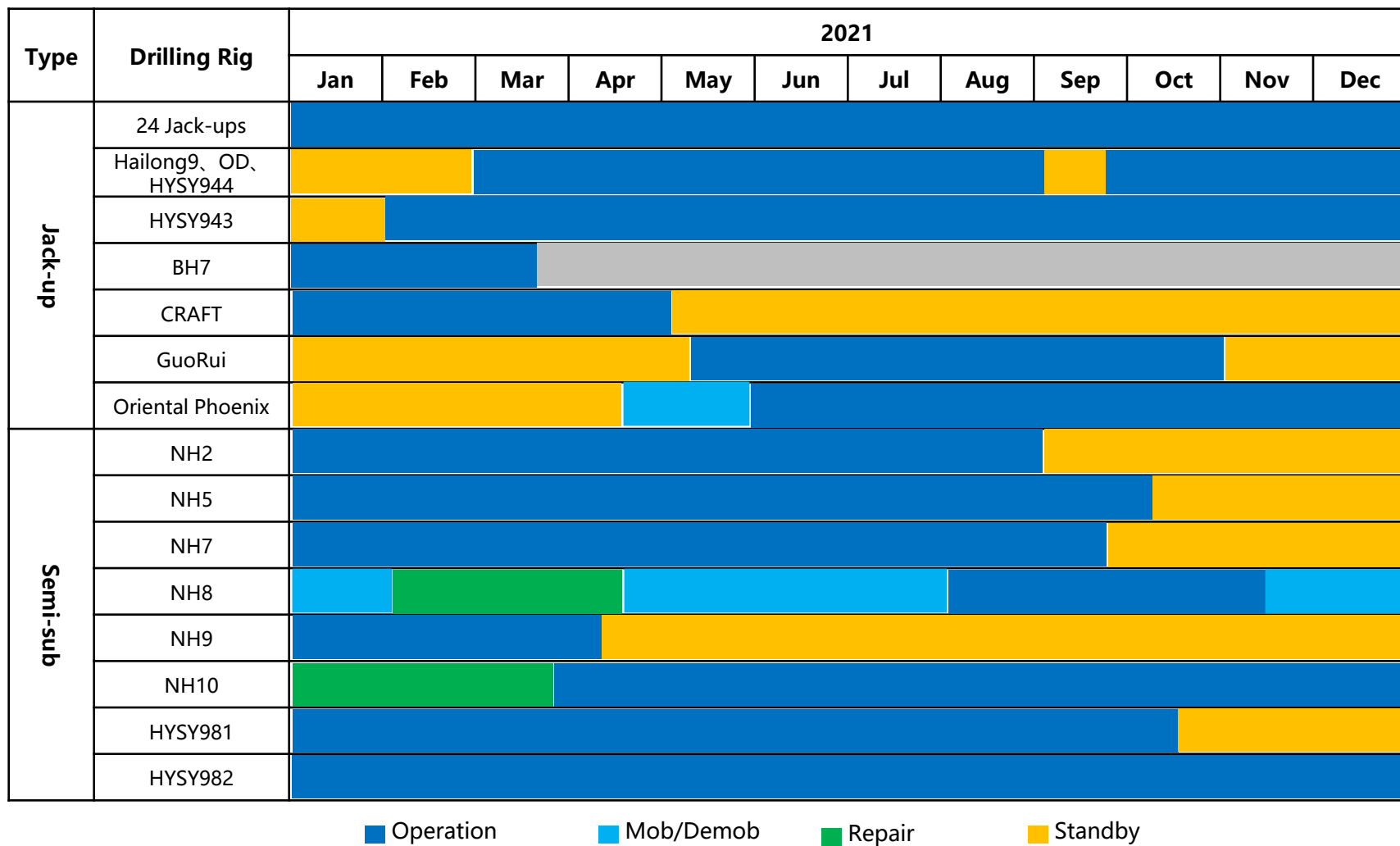
Ensure Increase of Domestic Reserves and Production

- 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.
- Implement the workload of newly commissioned rigs and carry out technical promotion.
- 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.

Consolidation leadership in China's offshore market



Domestic Rig Operation Status



Note: The update date ends on March 15, 2021. As 2 semi-submersible rigs (Prospector/NH6) are still in the bidding or negotiation process, the above information may change in the future. BH7 will transform to the EPS working rig after the middle of March.

- 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 main overseas areas of Asia-Pacific, Middle East, Far East, Europe, America, and Africa, and enlarge the international markets
- Continue to maintain competitive advantage in the industry and overseas traditional customer stability
- Pursue profitability while balance strategic entry and long-term gains



Overseas Rig Operation Status



Type	Drilling Rig	2021											
		Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Jack-up	Power	Operation	Operation	Repair	Repair	Repair	Repair	Repair	Repair	Repair	Operation	Operation	Operation
	Strike	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation
	Gift	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation
	Confidence	Operation	Operation	Operation	Operation	Operation	Standby	Standby	Standby	Standby	Operation	Operation	Operation
	HYSY936	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation
	Hunter	Operation	Operation	Standby	Standby	Standby	Operation	Operation	Operation	Standby	Standby	Standby	Operation
	AE1	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation
	Seeker	Standby	Standby	Standby	Standby	Standby	Standby	Standby	Standby	Standby	Standby	Standby	Standby
	Boss	Standby	Mob/Demob	Operation	Operation	Operation	Operation	Mob/Demob	Standby	Standby	Standby	Standby	Standby
	Hailong6	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation
	Hailong7	Standby	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation	Operation
Semi-sub	Pioneer	Standby	Standby	Standby	Standby	Standby	Standby	Standby	Standby	Standby	Standby	Standby	
	Innovator	Standby	Standby	Operation	Operation	Operation	Operation	Standby	Standby	Standby	Standby	Standby	
	Promotor	Operation	Operation	Operation	Operation	Standby	Standby	Standby	Standby	Standby	Standby	Standby	

■ Operation
 ■ Mob/Demob
 ■ Repair
 ■ Standby

Note: The update date ends on March 15, 2021. 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 leading edge in cost

- ◆ **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-repairmen
- ◆ **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 rig to enhance the value of obsolete rig
- ◆ **Other operating expenses:** development sharing model and reducing administrative expenses



◆ Continue to persevere

- ◆ Persevere in the prevention and control of normalized epidemics.
- ◆ Persevere in accurate prevention and control, dynamically adjust the response level and prevention and control measures according to epidemic risk level
- ◆ Adhere to the main responsibility of enterprises

◆ Dynamically adjust the prevention and control strategies

◆ Perform well in reporting the epidemic situation

◆ Strictly control overseas projects

- ◆ Coordinate and promote the vaccination of overseas workers
- ◆ Strengthen the management of on-site team, running-in of new facilities and personnel in new environment, ensure safe and smooth on-site operation.
- ◆ Arrange the shift plan thoroughly, fully grasp shift routes, airlines, stops and other information of staff and ensure safety of personnel in the shift.



Cost Control

- ◆ Continue to control cost precisely
- ◆ 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

