

COSL

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



2022 Strategic Guidance

Jan 2022

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.



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

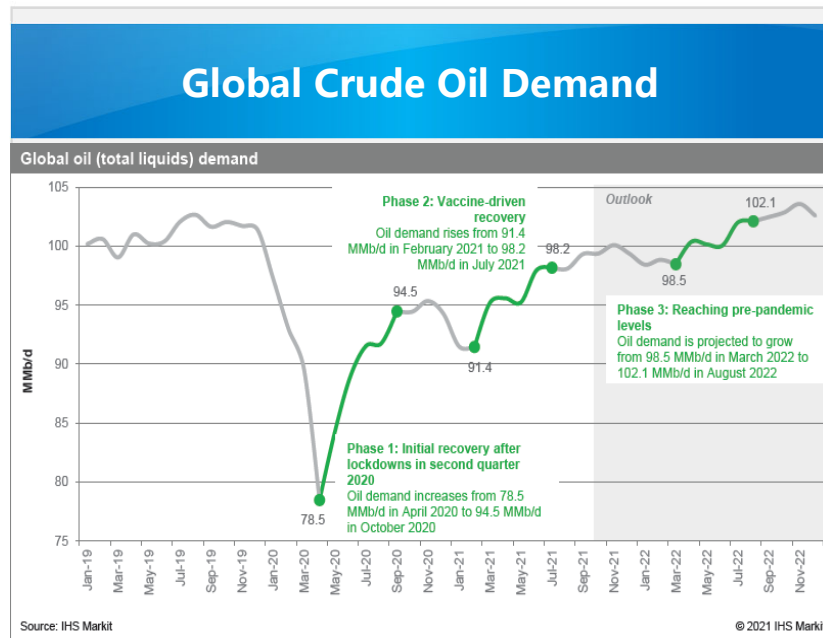
Content

Industry Outlook

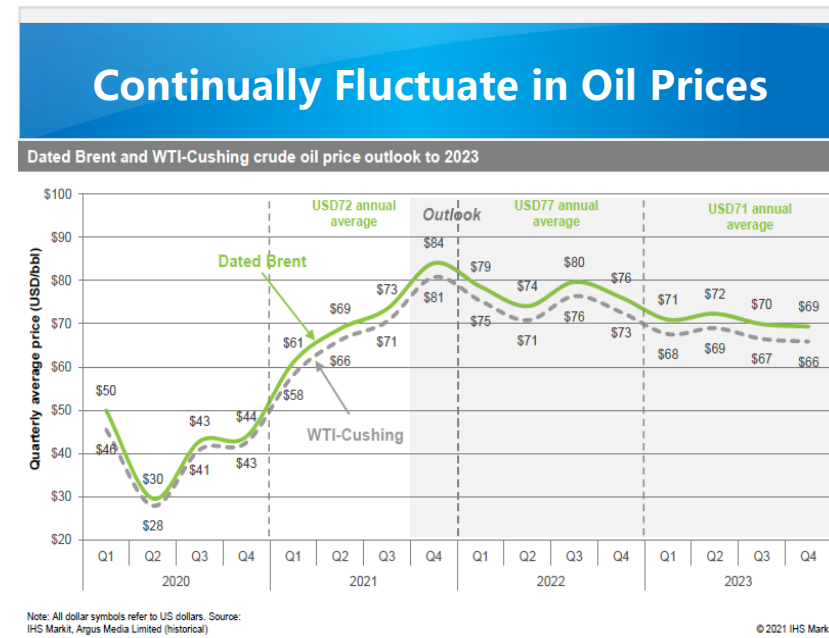
Company Outlook

➡ According to the IHS report, global crude oil demand is expected to continuously grow in 2022.

➡ The annual average price of Brent is expected to be USD77/barrel and WTI to be USD74/barrel in 2022.



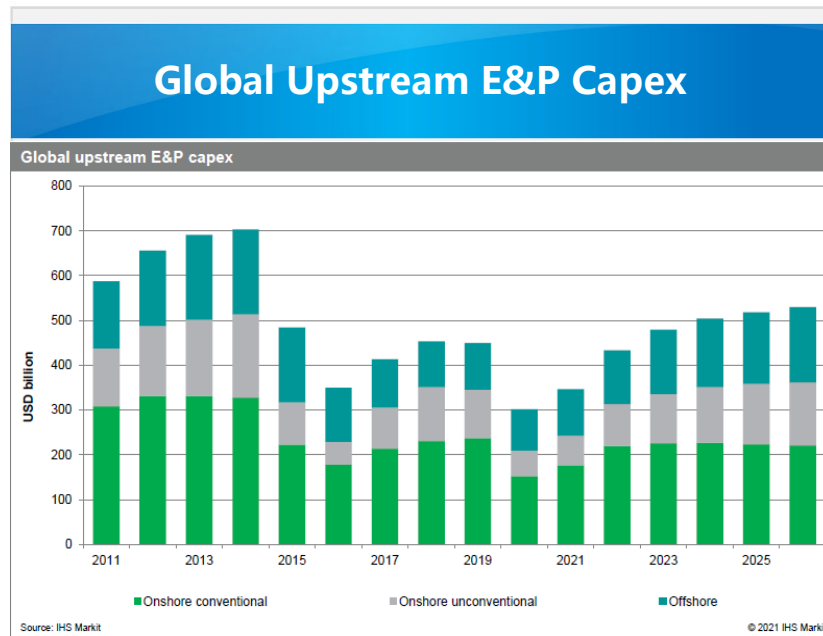
Source: IHS Markit, data as of December 2021



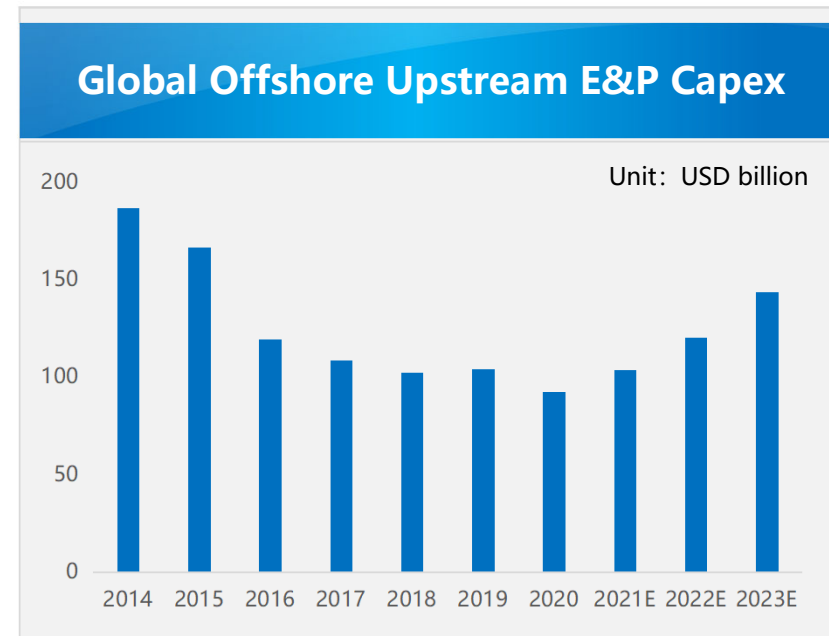
Source: IHS Markit, data as of December 2021

➡ Total global upstream E&P CAPEX is expected to increase by 24% in 2022 compared to 2021.

➡ Total global upstream offshore E&P CAPEX is expected to increase by 15% in 2022 compared to 2021.



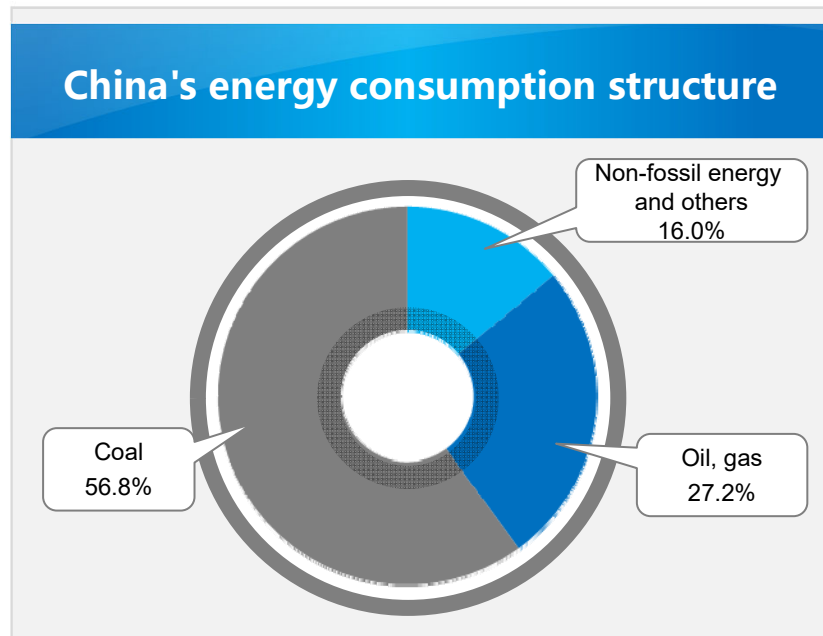
Source: IHS Markit, data as of December 2021



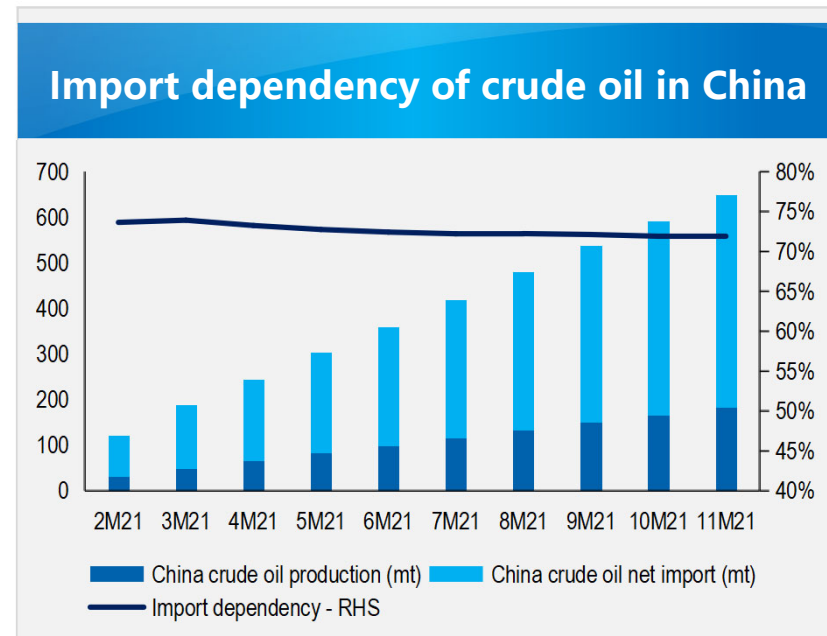
Source: IHS Markit, data as of December 2021

➡ 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.



Source: Bloomberg



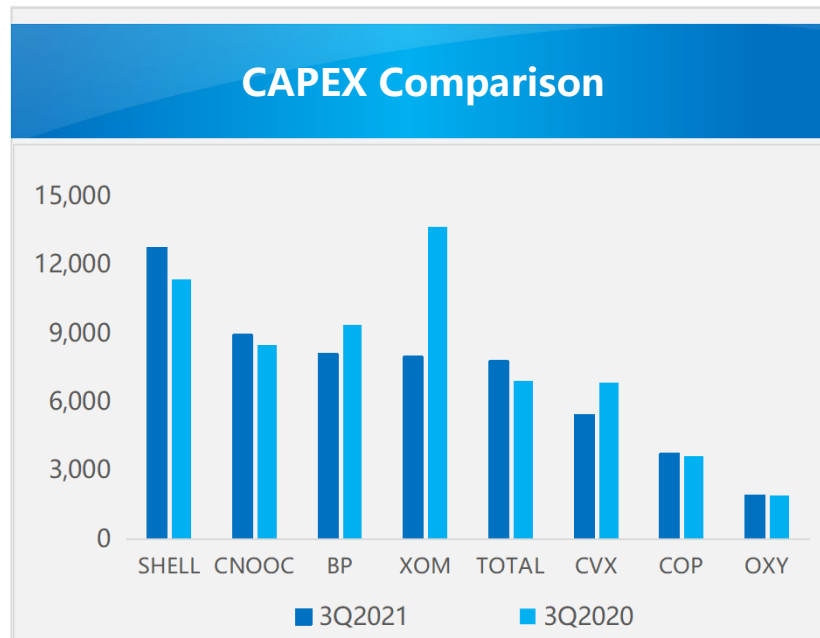
Source: Bloomberg

CAPEX in 2022

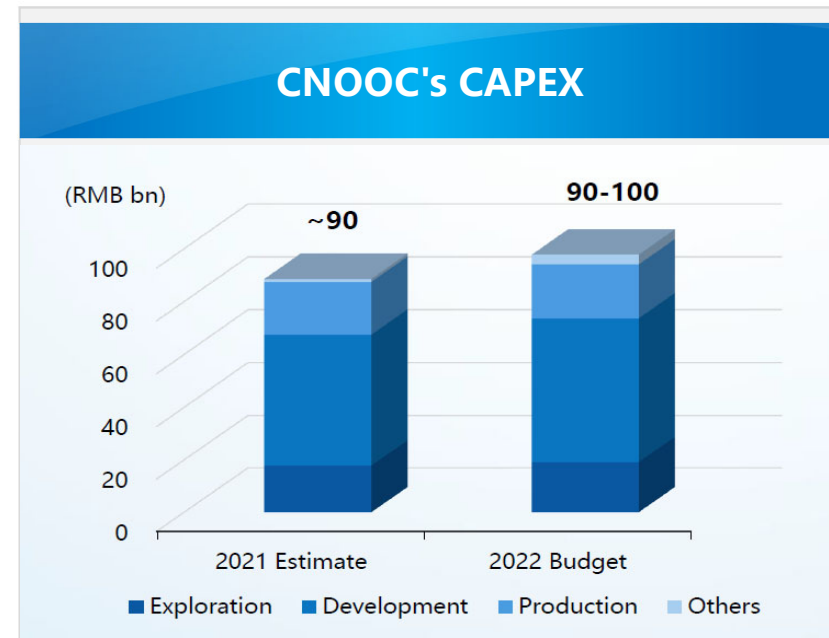


➡ The investment of international oil companies in E&P have a certain lag, and the oilfield service market has been recovering gradually.

➡ In 2022, CNOOC's CAPEX budget is RMB90-100 billion.



Source: Bloomberg



Source: Strategic Guidance Conference 2022 of CNOOC Limited



COSL

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

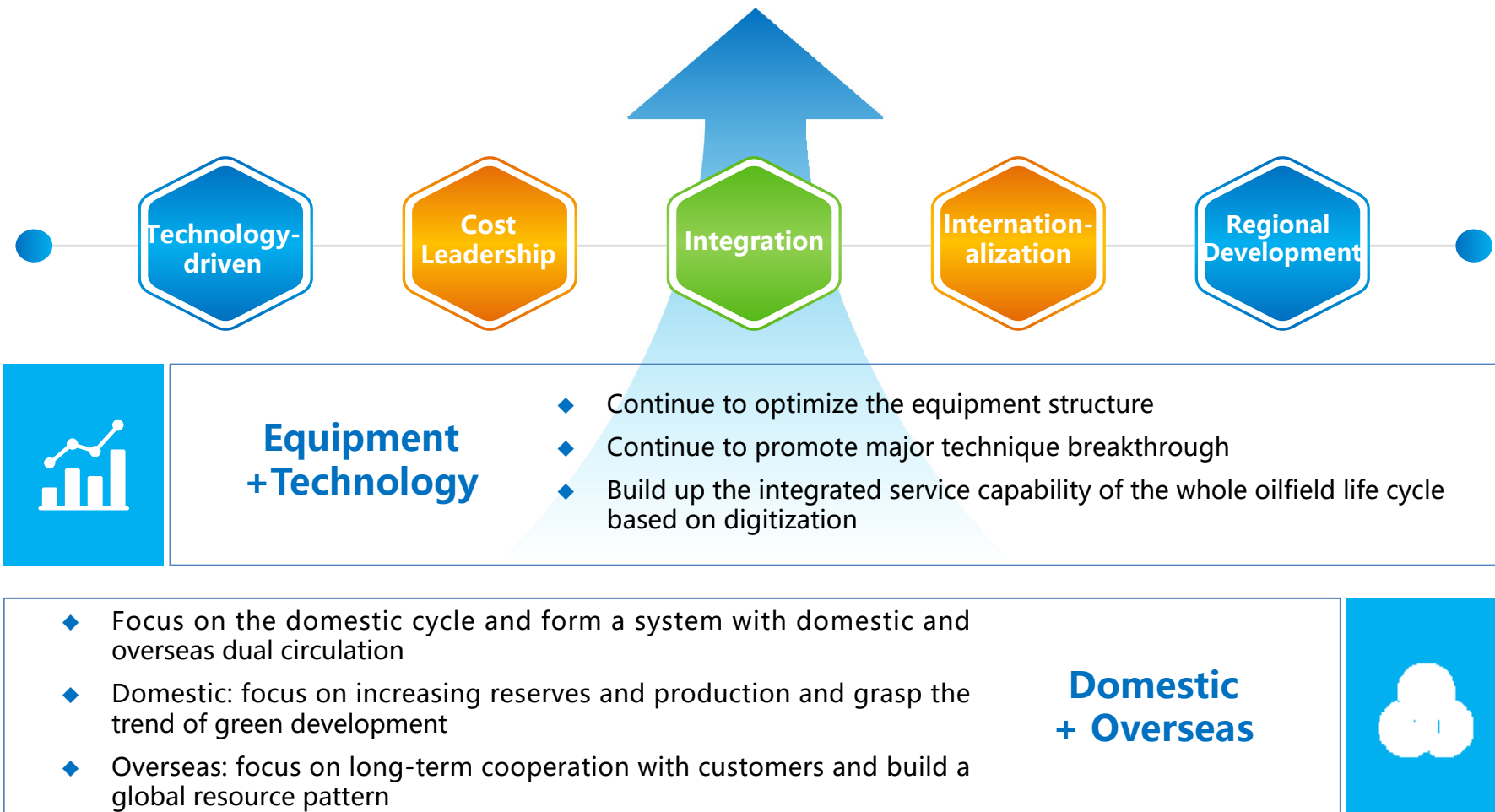


Content

Industry Outlook

Company Outlook

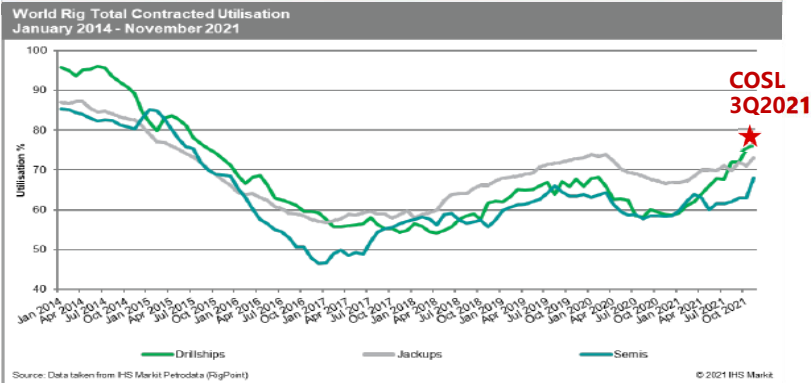
World-class Energy Service Company with Chinese Characteristics



Industry Changes



Drilling rigs utilization rate



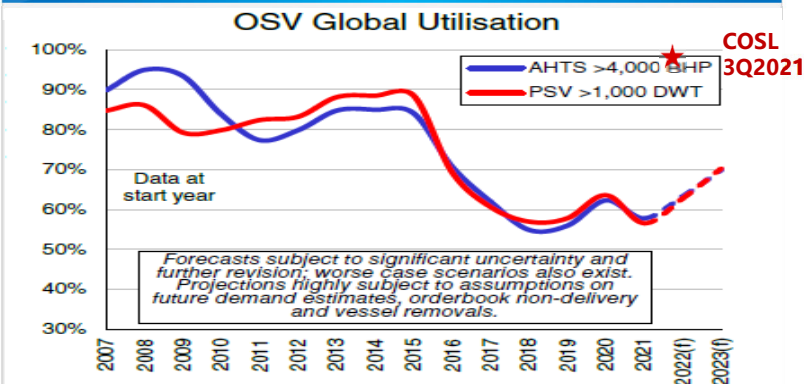
Source: IHS Report, data as of December 2021

World rigs situation

	Total	Cold / hot stack	Under construction		
			Total	Contracted	Rate
Jack-ups	488	70/64	30	2	7%
Semi-sub	99	29/36	8	1	13%
Drillships	94		17	2	12%
Total	681	99/100	55	5	9%

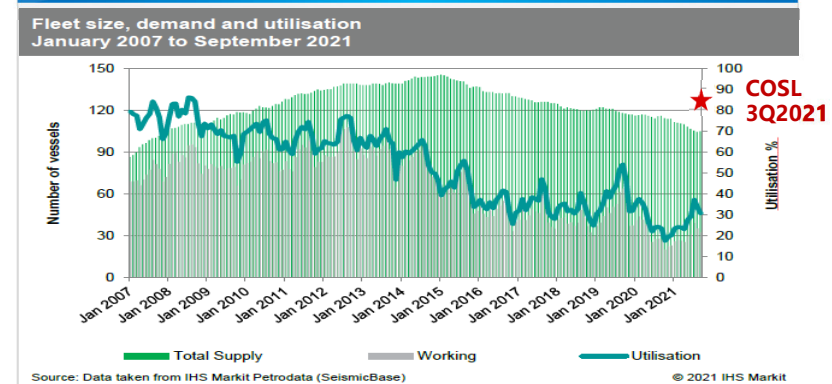
Source: IHS Report, data as of December 2021

Vessels utilization rate



Source: Clarksons Report, data as of December 2021

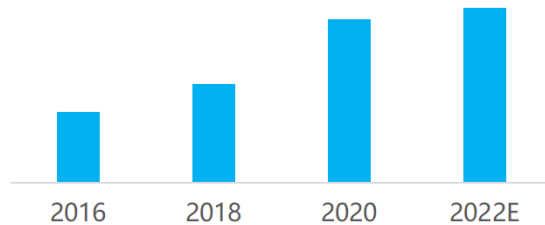
Seismic vessels utilization rate



Source: IHS report, data as of October 2021

Continuously increase investment in R&D

- Investment expected to double in 2022 over 2016



Further accelerate industrialization

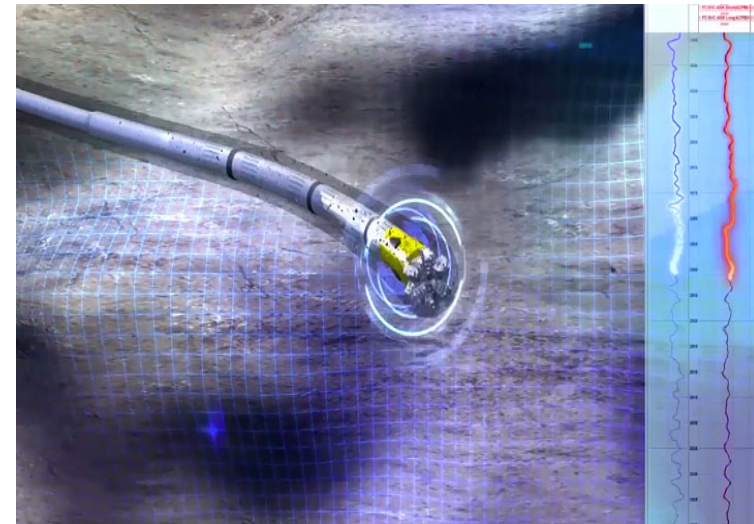
- Independent HT logging equipments have been **applied comprehensively** in Bohai Sea
- China's first** self-developed towing seismic acquisition equipment worked continuously
- Rotary steering and logging while drilling equipment **entered Iraq and Indonesia**

Further improve technical reliability

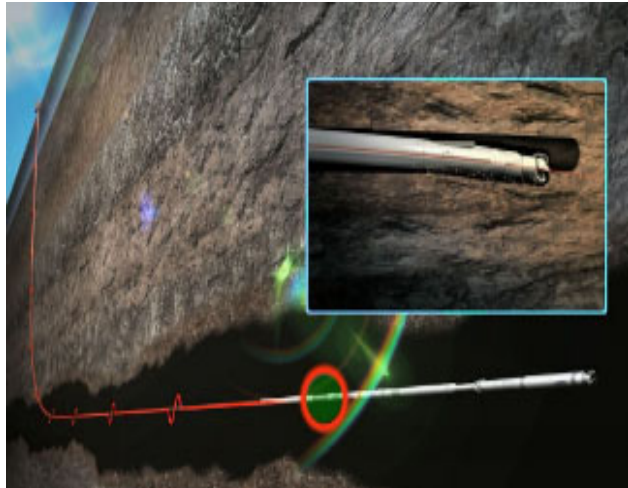
- The stability of rotary steering has been **continuously improved**
- Advanced technology and equipment help **improve the drilling efficiency** of TianShi integration project
- Drilling and completion fluid engineering software **improves drilling timeliness** of new Youkuai project

Create a new situation with synergies

- Undertake several national, provincial and ministerial level major scientific and technological projects
- Rotary steering system technology and equipment
- Test key technology and equipment
- Research on controlled source Logging technology and instrument development
- OBN seismic exploration equipment and technology and integrated applications



Technological Achievements Acceleration **COSL**



Geophysical Survey

- Improve the capability of high-density 3D seismic acquisition
- Research and development of diffractive multiple wave identification and attenuation technology

Logging & Directional Drilling

- **Commercialization** of 205°C high-resolution electrical imaging logging tool
- **The first company** with 800/675/475 full-size DWPR in the world

Drilling Fluid Cementing

- To continuously fuel the production with the deepwater drilling fluid and all-liquid low-hydration hot cement paste system
- To make breakthroughs in the HT elastic cement slurry system this year

Oilfield Production & Optimization

- To promote the heavy oil thermochemical compound efficiency enhancement technology on a large scale at heavy oil fields in Bohai , to help increase oil production over 10,000 m³.
- Will be implementd the tight-spacing large-scale fracturing construction technology offshore for **the first time**

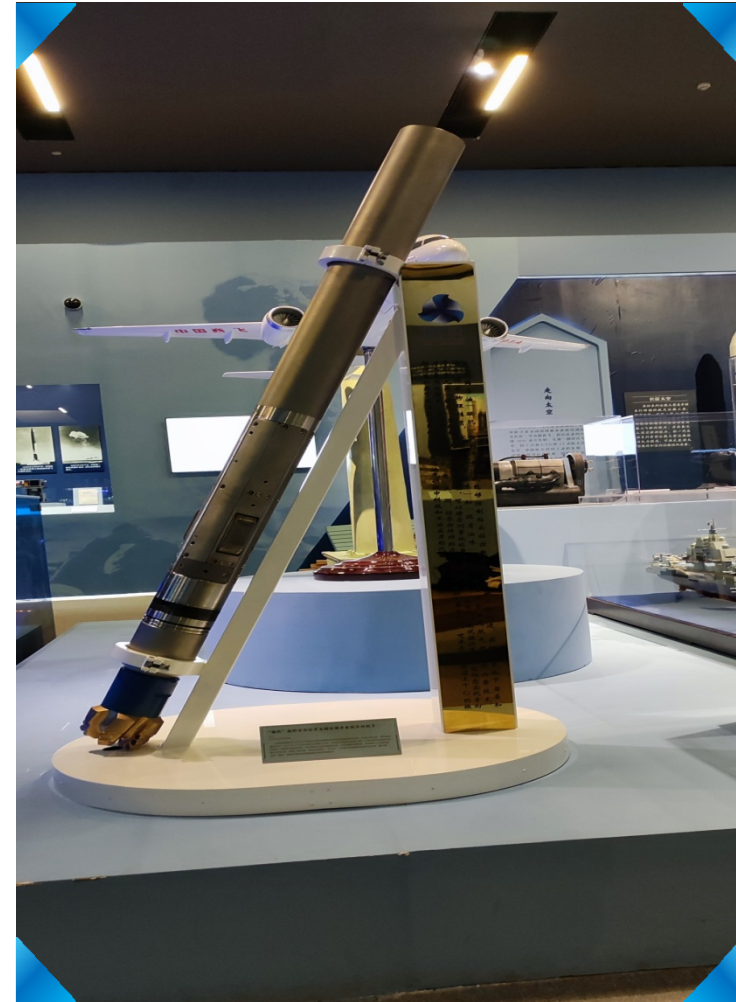
Completion

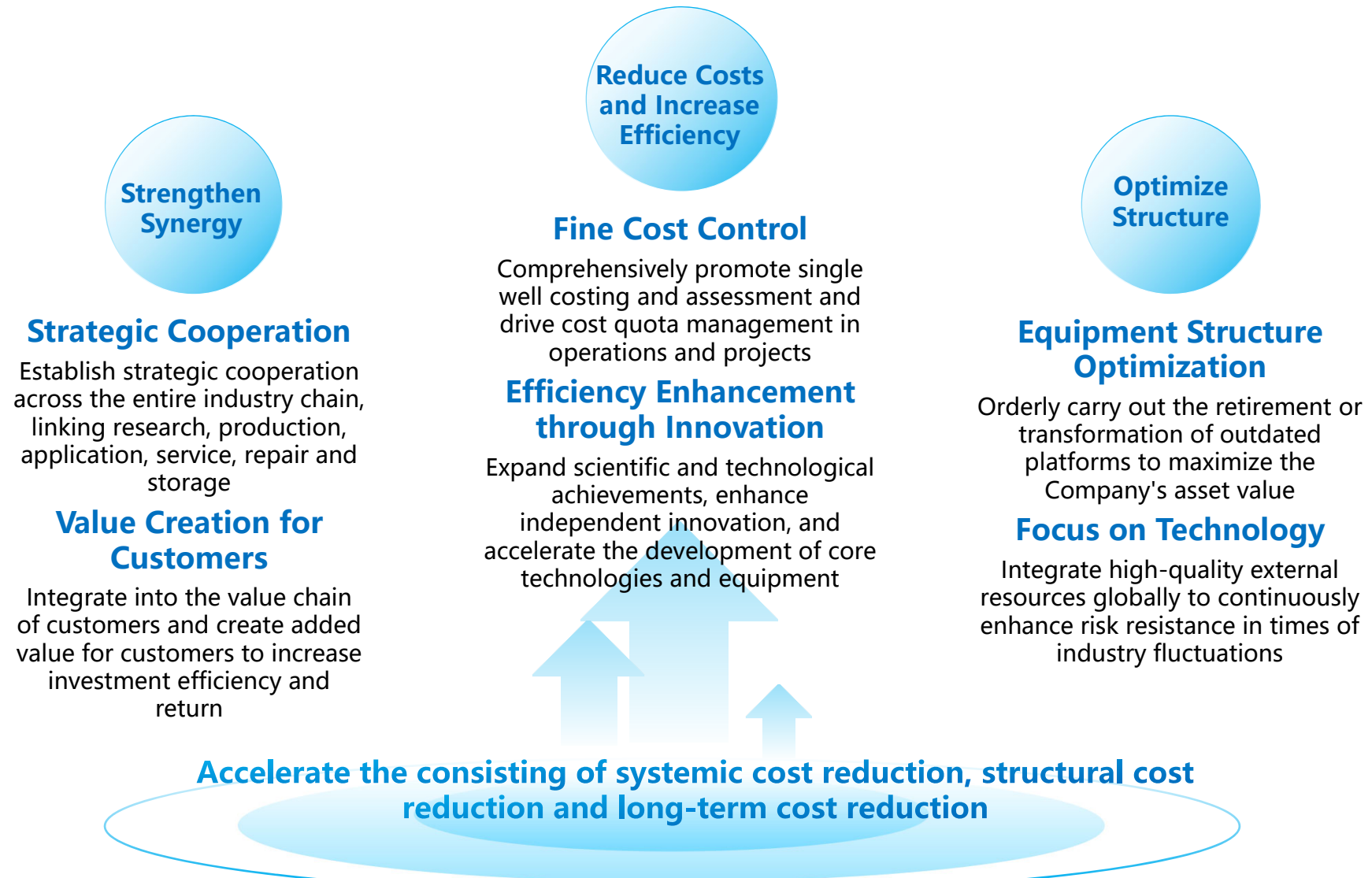
- Expected to apply **temperature-resistant 350°C** thermal exploitation full wellbore completion tool on a large scale in Bohai
- To make breakthroughs in 7-inch one trip multi zone gravel pack system



Exhibited in the National Museum of China

- ◆ The “Xuanji” System, which has formed the all-size equipment system and operation capability, was presented at the Innovative Science and Technology Achievement Exhibition of the National “13th Five-Year Plan” and is permanently **exhibited in the National Museum of China**
- ◆ The self-developed “Xuanji” System with all-size “high speed + four lines + high performance rotary steering” has high-end features like reservoir boundary detection, pressure while drilling, acoustic logging while drilling, etc.
- ◆ The operation capability of “Xuanji” , the rotary steering and logging while drilling system, will be continuously optimized, of which the application scale will be expanded to improve the quality and efficiency of offshore E&P.





Good Financial Management



Lower financing cost attributable to good rating

MOODY'S

Schlumberger	A2 (Stable)
COSL	A3 (Stable)
Baker Hughes	A3 (Stable)
Halliburton	Baa1 (Stable)
Transocean	Caa3 (Negative)

"China Oilfield Services Limited's (COSL) A3 issuer rating combines its standalone credit profile and a four-notch uplift based on our assessment of a high likelihood of extraordinary support from its parent, China National Offshore Oil Corporation (CNOOC, A1 stable), in times of need."

FitchRatings

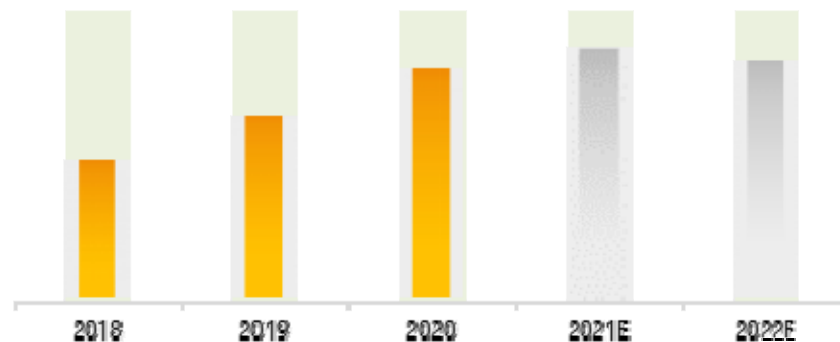
"Long-Term A Stable. China Oilfield Services Limited (COSL), which is 50.53% owned by China National Offshore Oil Corporation (CNOOC), is the largest integrated oilfield service provider with a dominant market position in offshore China. COSL's ratings are closely aligned, but not equalised, with Fitch Ratings' assessment of the credit profile of the parent, CNOOC, in line with our Parent and Subsidiary Linkage Rating Criteria."

Source: Bloomberg news and rating report

Robust financial structure and abundant cash flow

	2019	2020	2021
Debt to asset ratio	51.5%	49.1%	48.0%
Cash flow to operating revenue ratio	98.7%	103.4%	107.6%
Cash and wealth management (RMB billion)	10.41	13.08	12.90

CAPEX in line with growth



New markets gained from integration

➤ Projects signed

- In 2022, 16 integration projects are being implemented, including 6 domestic and 10 overseas, with a **contract value of about RMB 1.7 billion**
- **Expand into two new markets, Uganda and Canada**

➤ Key tracking integration projects

- 19 key tracking integration projects, including 6 domestic and 13 overseas, with **a market size of about RMB 5.9 billion**

Expanding the connotation of integration

➤ Geoengineering integration

- Based on the demand of oil and gas field exploration and development, promote the deep integration of reservoir geology research and engineering operations and constantly improve the efficiency and quality of operations.

➤ Surface equipment and downhole tools integration

- Guided by oilfield stimulation and enhanced oil recovery, deepen the capacity building and service concept of "reservoir engineering + core technology + downhole tools + surface equipment" .

New Breakthroughs of Integration

- A new integration model for customer appreciation and risk resistance is established on the basis of comprehensive comparative advantages in the whole industry chain.
- There are **16 integrated projects in operation**, with services including drilling, cementing, logging, directional drilling, wireline operation and other integrated services.

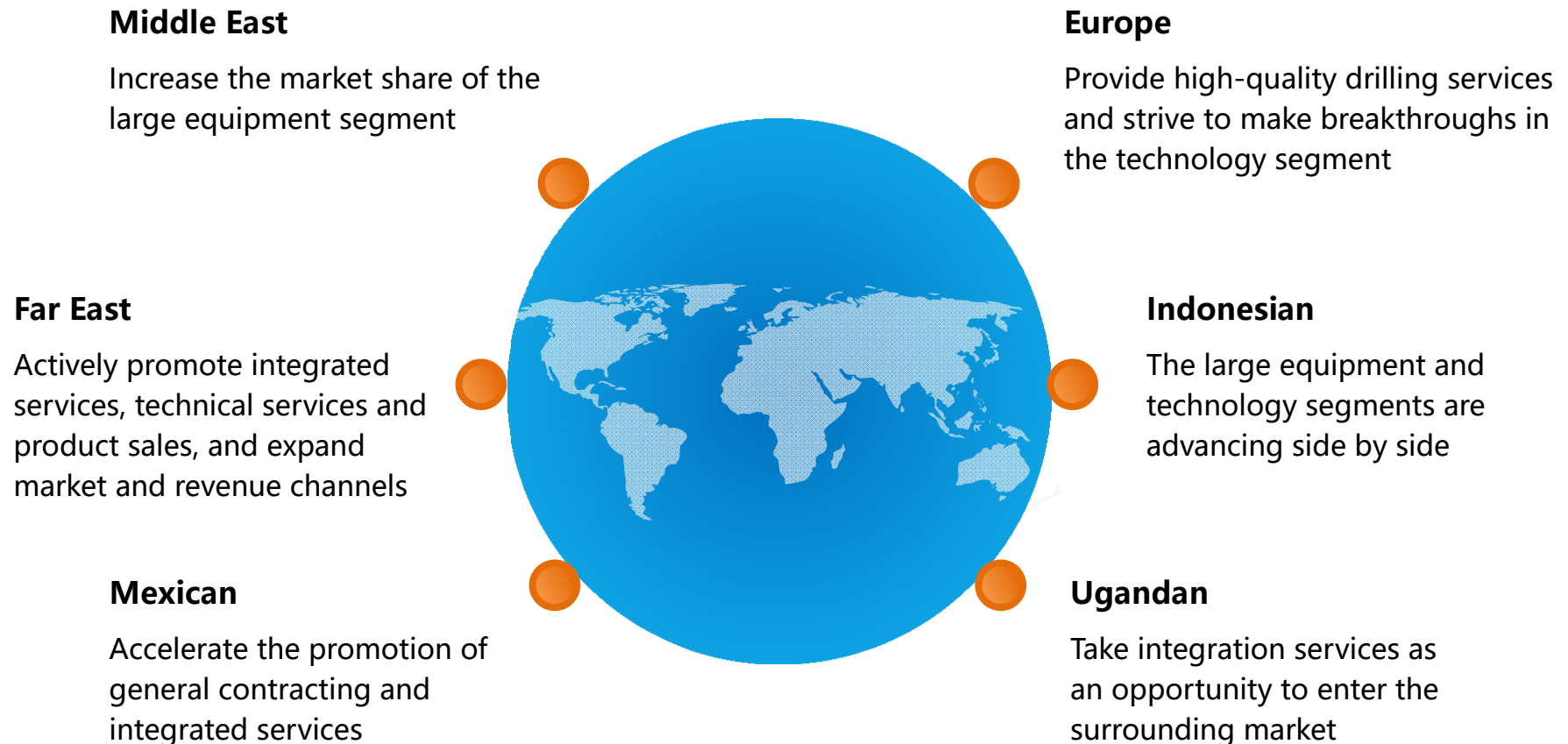


Equipment + Integration

- Workover integration: Workover + stimulation + ESP service + downhole tool service etc
- EPS integration: Multifunctional rig+ Marine support + EPS
- Integration of drilling engineering: Drilling+completion+stimulation

Technology + Integration

- Workover integration: Acid fracturing+coiled tubing+ drilling fluid
- Integrated drilling and completion: drilling + logging + drilling fluid + stimulation
- Extra heavy oil recovery: Integration of drilling and production + integration of drilling and completion



Core Overseas Regions in 2022



- **New Contracts:** 54 new overseas contracts are expected to be signed, with an estimated contract amount of over USD1.2 billion, involving the Middle East, Asia Pacific, Europe, and Africa
- **New Markets:** Uganda, Thailand, Canada
- **New Projects:** Integrated drilling and completion project in Uganda, drilling project in Myanmar, abandonment project in UK, drilling and completion project in Canada, onshore integration project in Mexico, cementing project in Thailand, etc.

Iraq

- Won a contract for Missan oilfield workover and completion
- Won a contract for Ahdeb oilfield secondary cementing services

Indonesia

- Added 1 semi-sub and 1 jack-up rigs, and the number of rigs increased from 3 to 5
- The directional drilling technology was firstly applied

Mexico

- Jack-up rigs workload will increase
- Passed prequalification for PEMEX onshore integration project

UK

- Semi-sub rig starts drilling in UK

Kuwait

- Oriental Phoenix jack-up rig arrived in Middle East for Kuwait project

Uganda

- Won a contract for Total logging, cement paste and cementing project

Thailand

- Won a contract for Thailand cementing project, a new breakthrough in Thailand

COSL

Consolidation of Core Domestic Market **COSL**

Domestic Market

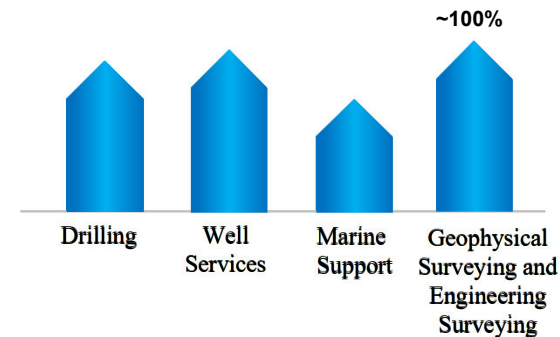
Follow the needs of core customers

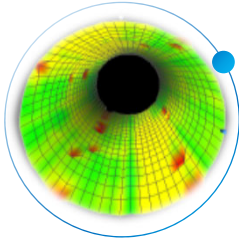
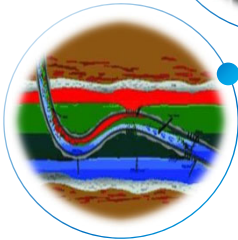
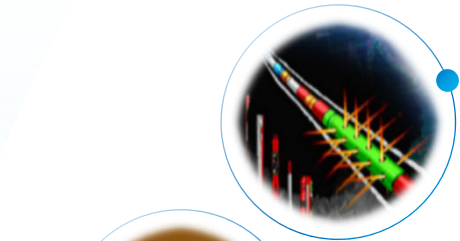


Ensure Increase of Domestic Reserves and Production

- Vigorously promote the development of low, marginal and heavy oil gas fields and **assist in trillion cubic meters level gas fields exploration**
- Continuously **improve the coverage of high-value services** such as high-temperature and high-pressure equipment, stratigraphic testing and large-diameter well wall coring to help increase reserves and production
- **Continuously improve the service capability** of directional drilling, and continuously increase the scale and quality of proprietary equipment services
- **Keep promoting the development of the integrated turnkey and new energy market**

Consolidation of its leadership in China's offshore market





01

Keep promoting the application of self-developed equipment in the domestic market

- Continue to solve the difficult technical needs of domestic offshore E&P
- **Commercialize** high value technology products such as ESCOOL HPHT equipment and large-diameter well wall coring on a large scale, etc.

02

Provide low-cost technology system for onshore oil E&P

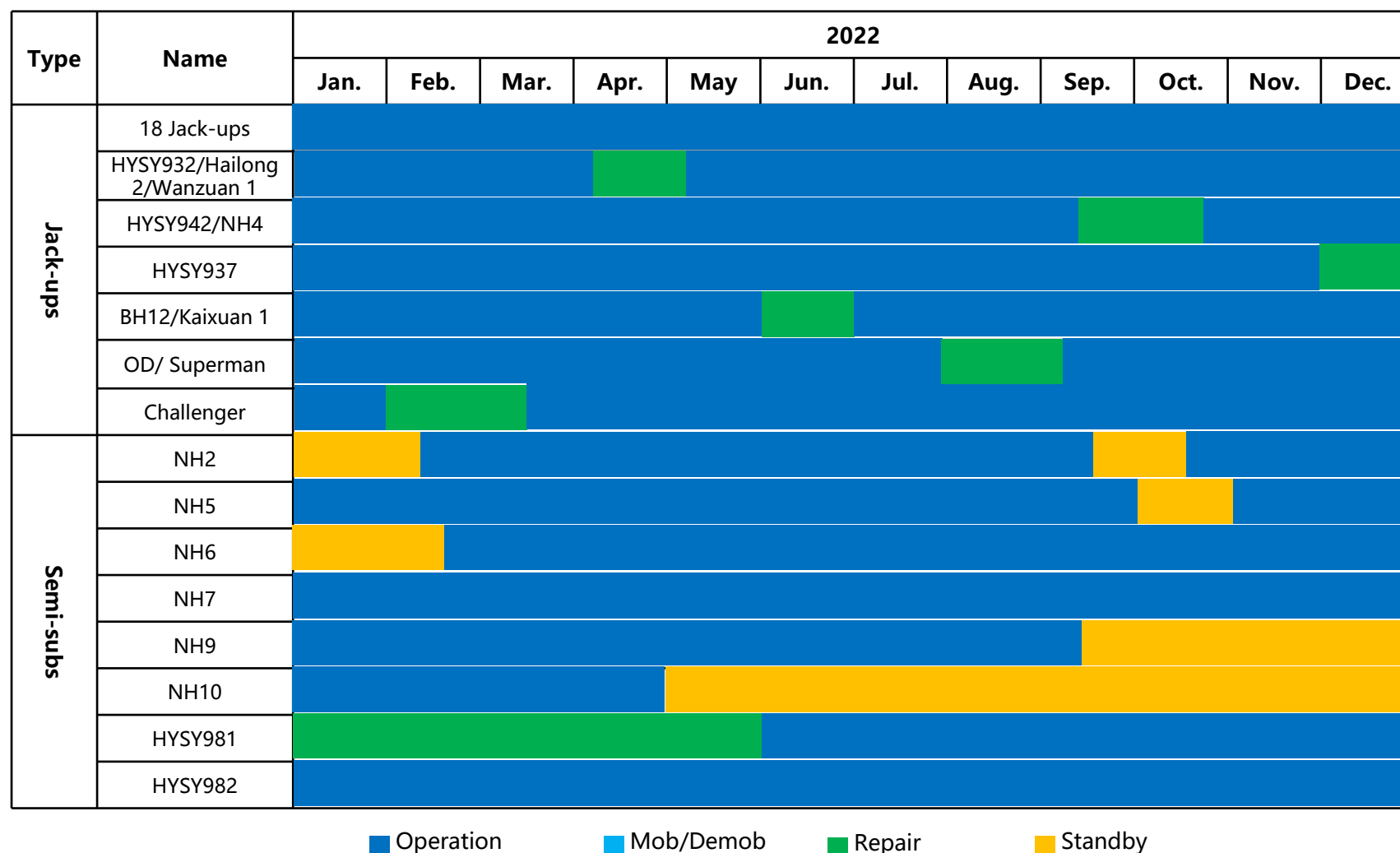
- Continuously strengthen the integrated service capability of logging, measuring and steering in the **onshore market**
- **Enhance the cooperation** with customers like CNPC and Sinopec and provide differentiated technical support

03

Continue to implement green development, technological innovation and low-carbon environment protection

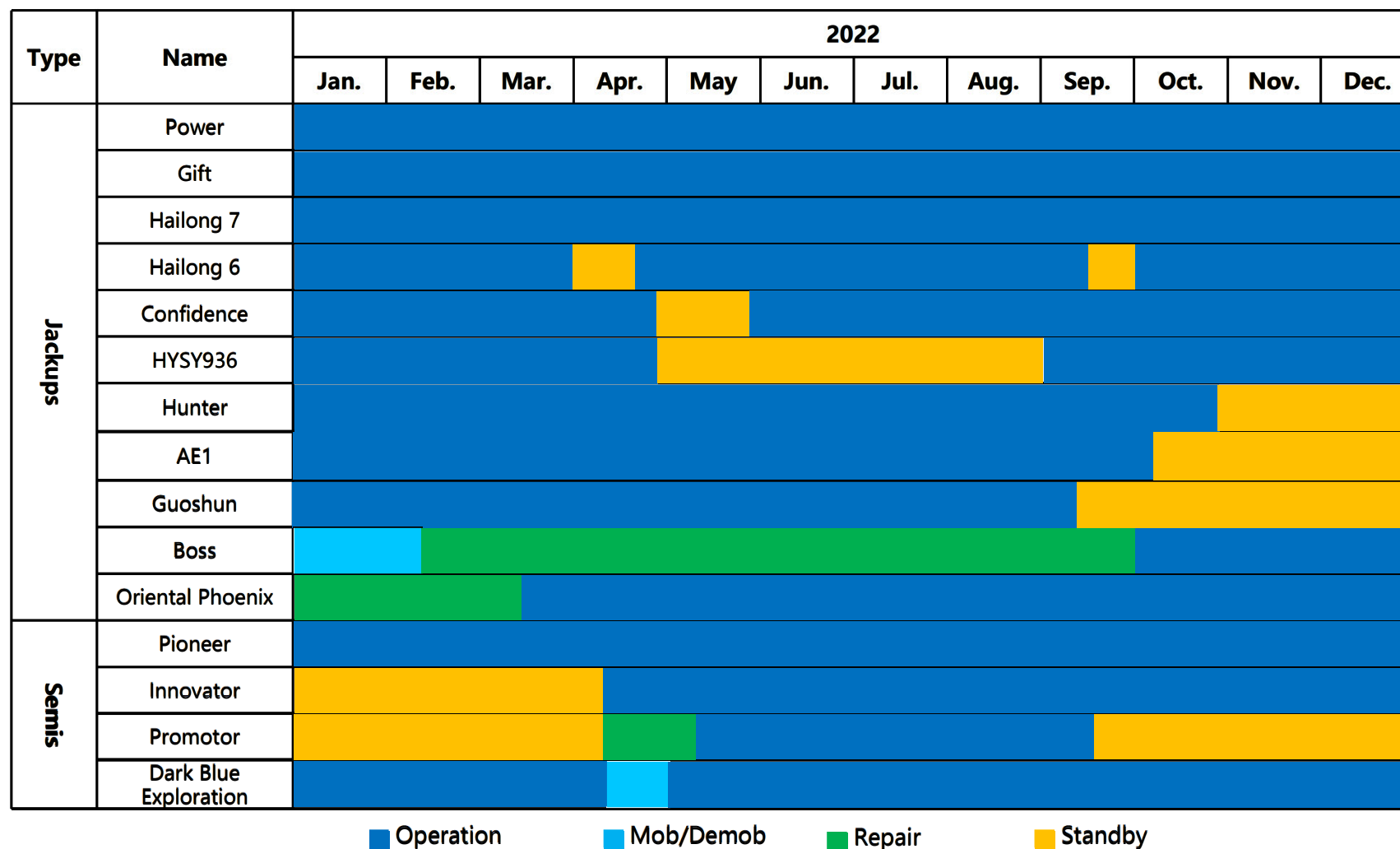
- **Wind power business:** offshore wind power marine support service, wind power installation rig
- **EPS business:** continue to expand the scope of offshore operations and seek more opportunities for onshore operations
- **Green and low-carbon transformation:** make breakthroughs in core technologies and make differentiated efforts to explore key technologies such as hydrogen energy and geothermal energy

Domestic Rig Operation Status in 2022



Note: Data as of 31 December 2021. Operation status may be subject to changes as 2 jack-up rigs Seeker/ Craft, 2 semi-sub rigs Prospector/NH8 are in the process of bidding or negotiation.

Overseas Rig Operation Status in 2022 **COSL**



Note: Data as of 31 December 2021. Operation status may be subject to changes as 1 jack-up rig Strike returned to China

Perform Well in Pandemic Prevention



2021

01

- In 2021, COVID-19 continued to ravage the world and mutated strains such as Delta and Omicron emerged, making the outbreak prevention and control situation at home and abroad still severe and complex.

02

- Precise prevention and control, timely track the development of the outbreak, dynamically formulate scientific and effective prevention and control plans, coordinate the outbreak prevention and control and the production and operation, and make contribution to its high-quality growth.

03

- In 2021, 174 all-staff check and investigate, **with ZERO confirmed cases** at home and abroad.



2022

01

- Adhere to precise prevention and control based on the outbreak situation, dynamically adjust the outbreak prevention and control policies and measures.

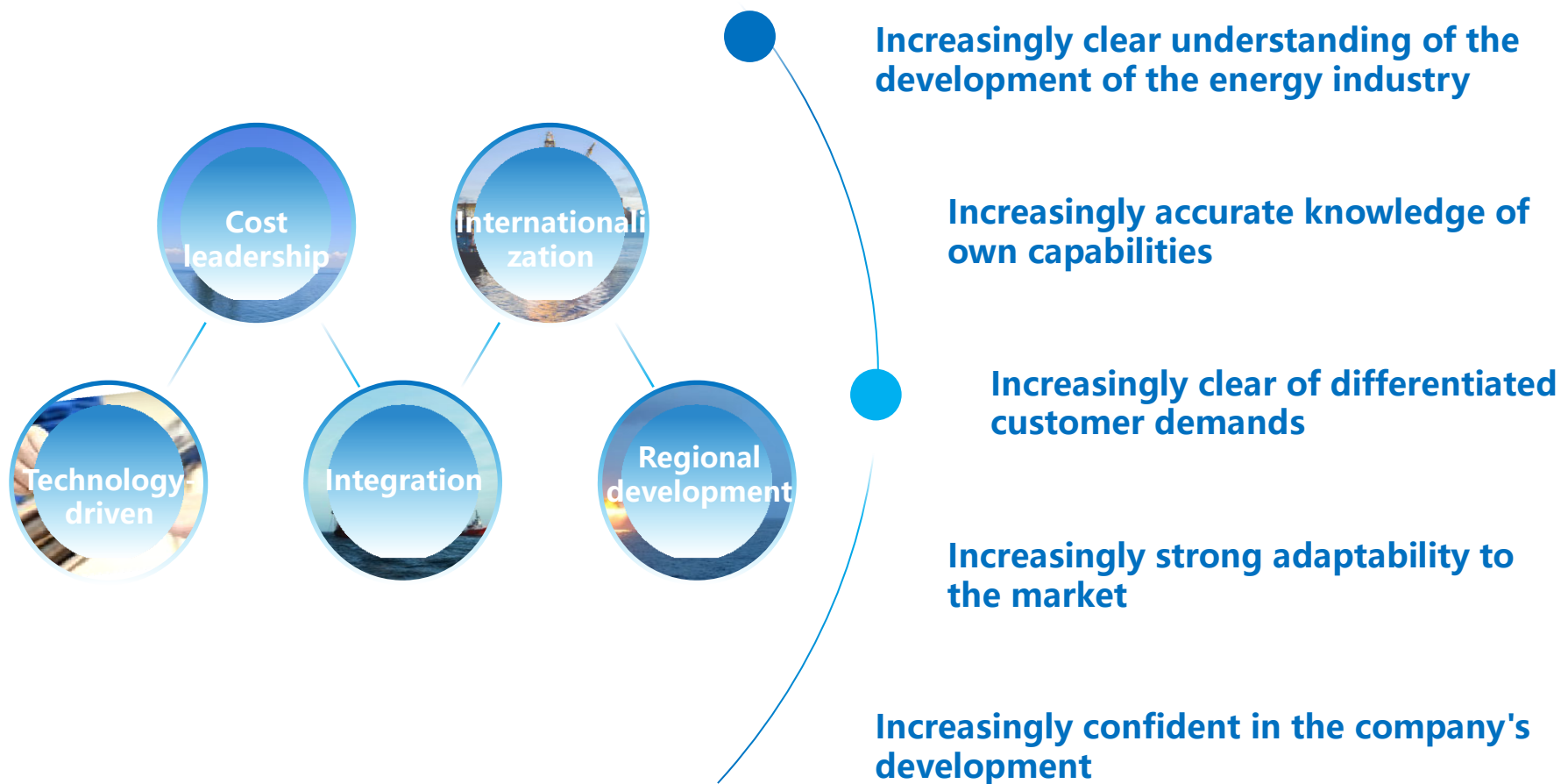
02

- Reinforce overseas outbreak prevention and control measures to protect the lives and health of overseas employees, and strictly implement the entry quarantine policy to ensure that the goal of "inbound control measures" is achieved.

03

- Take primary responsibility for epidemic prevention and control, effectively implement the accountability system, and ensure zero infection among domestic and overseas workers.





我们必须做得更好

ALWAYS DO BETTER

