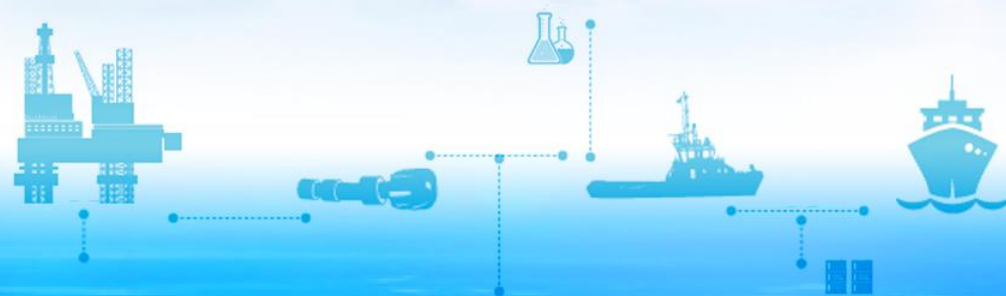




中海油田服务股份有限公司  
China Oilfield Services Limited



# Annual Results 2021

March 2022

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.



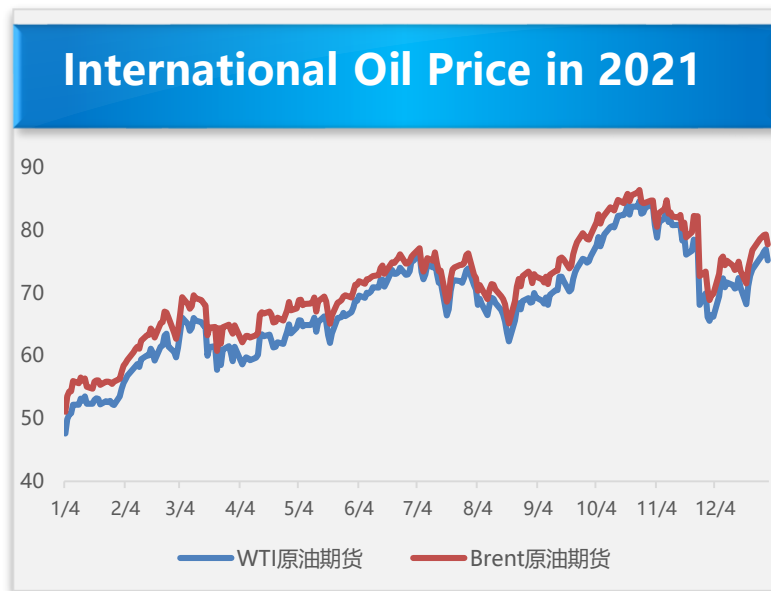
中海油田服务股份有限公司  
China Oilfield Services Limited

# Content

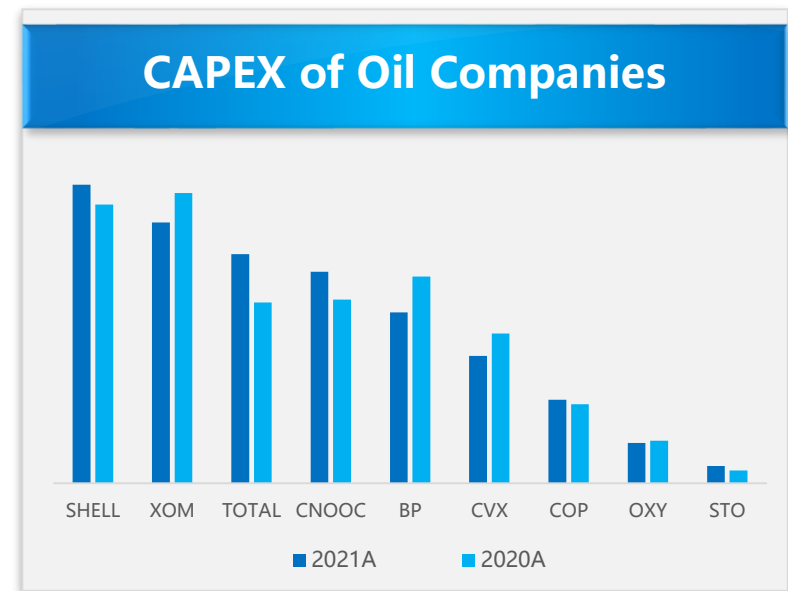
**Results Overview**

**Company Outlook**

- ▶ The global demand for crude oil continued to recover, and the international oil price gradually rose amid shocks
- ▶ According to the Spears & Associates report, the scale of the global oilfield service market in 2021 increased by 3% compared with that in 2020



Source: Bloomberg, data as of December 31, 2021



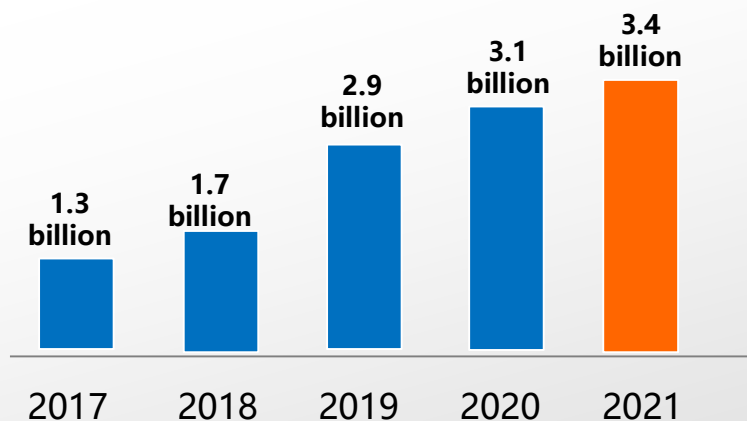
Source: Bloomberg, data as of January 2022

## Profitability of the company in 2021

RMB (million)	2021	2020
Revenue	29,168	28,925
Profit From Operations	1,541	4,142
Profit For The Year	322	2,718

RMB (million)	2021	2020
Total assets	73,311	75,942
Total liabilities	35,095	37,253
Shareholders' equity	38,216	38,689

## Increasing Profitability of well services

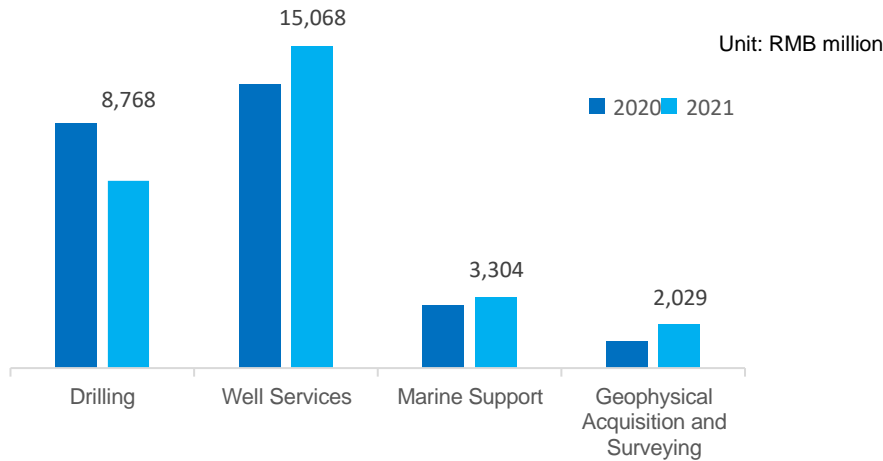


- The operating revenue of well services increased by 13.3% over the same period.
- The operating profit of well services was RMB3.4 billion.
- The contribution of operating profit has been continuously improved.

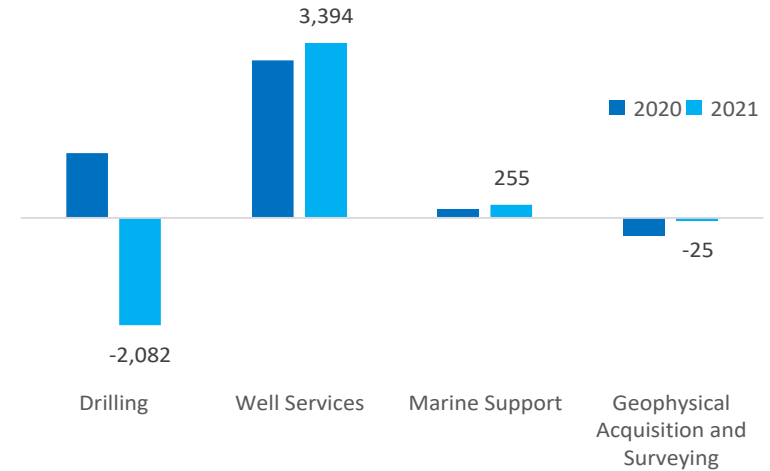
# Segments Performance



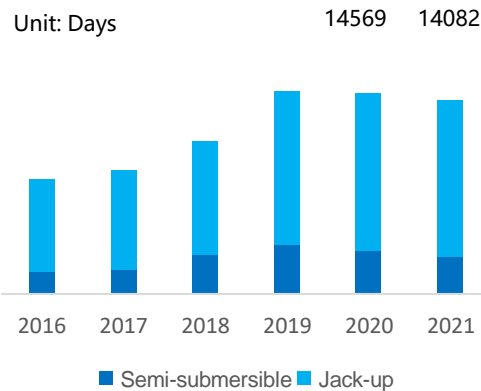
Revenues for each segment



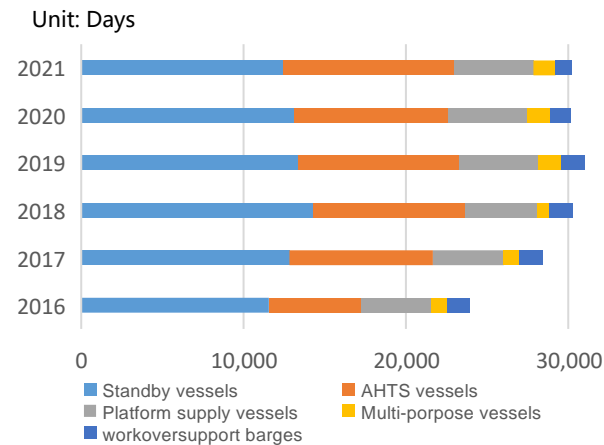
Profit from operations



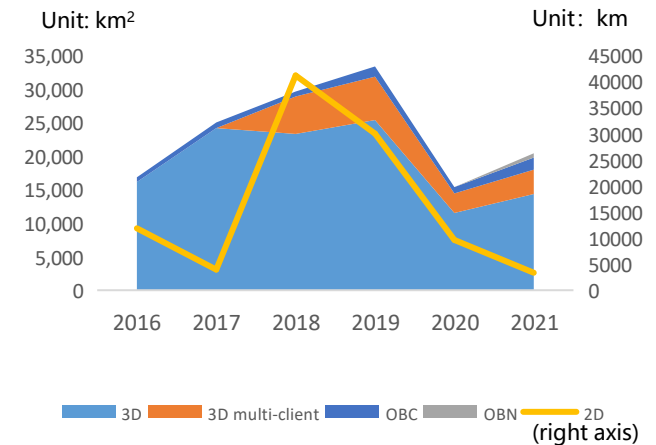
Drilling: operating days



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



Geophysical acquisition: collection workload



## A systematic, structural and long-term cost reduction and efficiency improvement mechanism gradually established

### ◆ Promoting strategic cooperation

- ◆ 5 strategic cooperation memorandums and 2 strategic contracts
- ◆ Top drive project saves more than RMB10 million per year

### ◆ Reducing cost in procurement

- ◆ The newly signed contracts achieved a total cost reduction of RMB450 million
- ◆ Completed self repair of RMB231 million



### ◆ Scientific and technological innovation and efficiency

- ◆ Competitiveness of technology continuously enhanced
- ◆ Through independent equipment replacement subcontracting and material system optimization

### ◆ Lean management of repair

- ◆ 67 projects in the whole year saved 229 ship days on the basis of quota
- ◆ Boost the income of large equipment by RMB71 million



**Direction  
more focused**

- ◆ Seismic acquisition and processing promote competitiveness
- ◆ Form the whole life cycle service chain of geological reservoir



**Achievements  
more effective**

- ◆ Independent seismic acquisition equipment completed the first high-density 3D seismic acquisition operation
- ◆ Ultra HPHT wireline logging setting a record for the highest pressure operation



**Innovation  
more perfect**

- ◆ Logging and directional drilling and offshore drilling fluid and cementing laboratory among the first batch of key laboratories of the group company
- ◆ Completed reform of mixed ownership of high-end machining of Wantai



**More in-depth  
digital layout**

- ◆ Take the digital transformation of production, infrastructure construction and full coverage of operation and management informatization as the core
- ◆ Build a complete upstream digital service capability across disciplines and regions





## Promote the first offshore steam drive project

- Focusing on the oilfield demand, “one oilfield, one strategy, one oil well and one scheme” , fully ensure the speed and efficiency of heavy oil thermal recovery
- A set of supporting technologies realize long-term steam injection have been formed



## D + W capability greatly improved

- Industrialization and operation and maintenance capacity have been greatly improved.
- D + W went overseas, 675Drilog successfully completed the operation in Iraq, and won the bid for Indonesia offshore directional drilling service project



## HTO-DRILL system helps HPHT efficient drilling

- High temperature emulsifier successfully solves the problems of high temperature stability and poor suspension stability
- Realize large-scale application and help HPHT safe and efficient drilling

## Further Exploring Market

- ◆ Actively explore overseas markets
  - The newly signed overseas contracts amount increased by 11% year-on-year
- ◆ Promote the transformation of equipment
  - BH7 built the first EPS offshore platform
  - BH10 transformed into life support platform

## Quality Services Wins Recognition

- ◆ HYSY936 was praised by Mexican company
- ◆ COSL CONFIDENCE praised for its excellent service
- ◆ COSL POWER praised by Petronas
- ◆ Hailong 6 praised by customer
- ◆ D + W system praised by customer



## ◆ Europe

Norwegian semi-sub drilling services  
UK semi-sub drilling services

## ◆ Uganda

Deeply cultivate Market  
Targeted workload for the next 5 years

## Middle East ◆

Implement jack-up drilling services in Saudi Arabia  
Kuwait jack-up drilling services

## ◆ Indonesia

Myanmar offshore cementing service  
Well services in Malaysia

## ◆ Iraq

Won a contract for Ahdeb oilfield

## Brazil ◆

High-quality completion of 3D seismic acquisition projects

## ◆ Mexico

Win bundled project for three consecutive times  
4 consecutive renewals of the Mexico oil contracts



## Scientifically formulate development plan

- Formulate the "Low-Carbon Development Action Plan"
- Make a forward-looking green and low-carbon top-level design

## Vigorously develop green equipment

- Six LNG-powered vessels successfully delivered
- BH7 has built the first EPS offshore plant in China

## Entry into the new energy industry chain

- The first fully self-managed and operated offshore wind power installation work platform was successfully put into operation
- HYSY708 deep-water engineering vessel, broke two records of operating depth and operating water depth

## ■ High quality service ensured high quality and efficient operation

- High quality and efficient operation was reported by People's Daily as "International peers comment on the exemplary work of Chinese fleet"
- "Xuanji" System exhibited in the National Museum of China



## ■ 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 8 consecutive years
- Contribute to the global fight against the epidemic



- Awarded the “Best Listed Company” award and “Best Business Leader Award” in the 2021 China Financial Market Award Gala organized by “China Finance”



- Won “China Listed Company Best Investor Relations Award” in the 12th Management Forum for Investor Relations of Chinese Listed Companies
- Won “ESG Best Practice Award for Chinese Enterprises 2021” at the “2021 Cailian Press-ESG Summit”
- Won the “ESG Award” in 2021 Golden Quality Award for Listed Companies organized by Shanghai Securities News
- Won “Outstanding Listed Company Award 2021” at the 10th China Finance Summit

- Included in the Hang Seng (China A) Corporate Sustainability Benchmark Index for ten consecutive years as well as the Hang Seng Corporate Sustainability Benchmark Index for eight consecutive years

- Awarded the “A” category (Excellent), the highest evaluation of information disclosure among Shanghai Stock Exchange Main Board Listed Companies 2020-2021
- Included into “Central Enterprises ESG-Vanguard 50 Index” published by the SASAC of the State Council and the Responsibility Cloud Research Institute;
- won the “China Business Top 100 Awards 2021” at the 21th China Business Top 100 Listed Companies Summit & the 7th Forum for Comprehensive Development of Chinese Top 100 Cities



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# Content

**Results Overview**

**Company Outlook**



## World-class Energy Service Company with Chinese Characteristics

Technology-driven

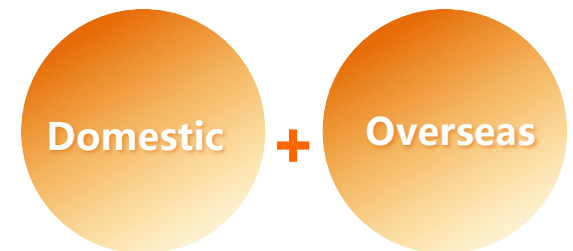
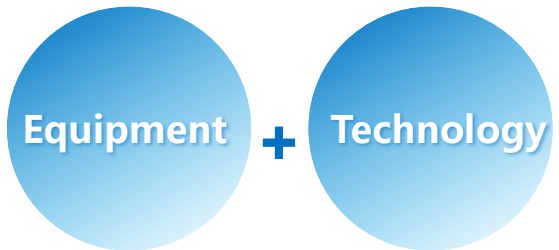
Cost Leadership

Integration

Internationalization

Regional Development

- Continue to optimize the equipment structure
- Continue to promote major technique breakthrough
- Build up the integrated service capability of the whole oilfield life cycle based on digitization
- Focus on the domestic cycle and form a system with domestic and overseas dual circulation
- Domestic: focus on increasing reserves and production and grasp the trend of green development
- Overseas: focus on long-term cooperation with customers and build a global resource pattern







## Focus on Technology Research

- ◆ Promote integrated management of the whole cycle of subsurface assets



## Optimize Scientific Management

- ◆ Enhance the quality awareness, business awareness and industrial awareness



## Construction Key Laboratories

- ◆ Extend and cultivate cutting-edge technology research capabilities



## Upgrade Technical Product Quality

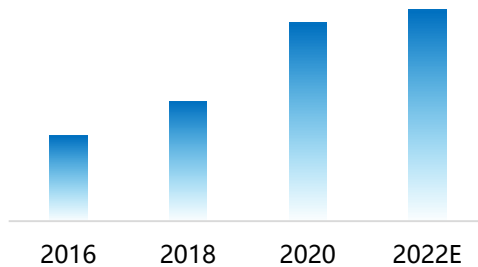
- ◆ Technology development will leap to a new level



## Digital Information Technology

- ◆ Gradually realize digitalization and information transformation

## Continuously increase investment in R&D



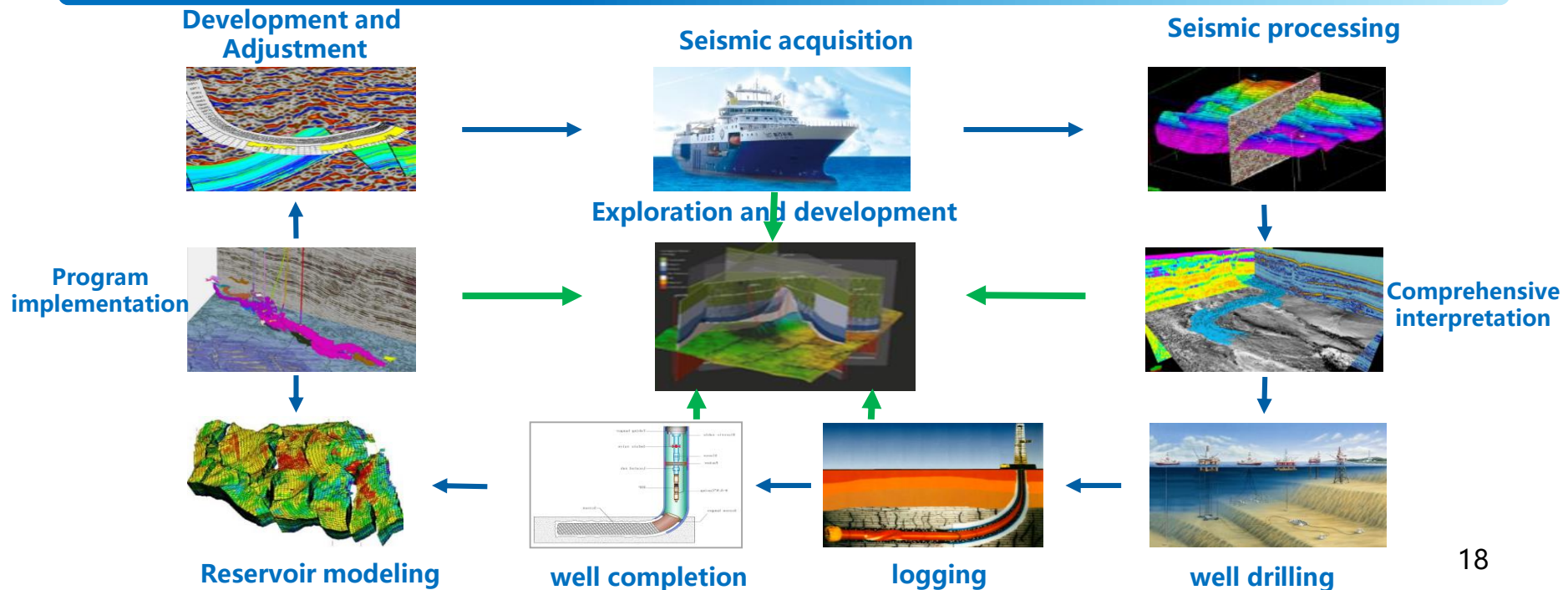
## Further accelerate industrialization

- Autonomous high-temperature logging equipment **fully applied**
- The **first set of self-developed** towed cable seismic acquisition equipment
- Rotary guidance and follow-on logging equipment

## Further improve technical reliability

- The stability of autonomous rotation guidance **continues to improve**
- High-end technical equipment boosts **drilling efficiency**
- Drilling and completion fluid engineering software

## The Whole Oilfield Life-cycle Management



Continue to improve the systematic, structural and long-term improvement mechanism

## Improve market development ability

Under the current situation of basic stability in the domestic market, **optimize the market layout**, deeply cultivate the regional market, and go all out to explore overseas markets

## Optimize cost control mode

**Comprehensively optimize the cost control mode**, focus on key links such as operation optimization, resource allocation and material procurement, and continue to strengthen cost control

## Improve cost management level

**Continue to refine project cost control** and comprehensively accelerate the digital and intelligent transformation

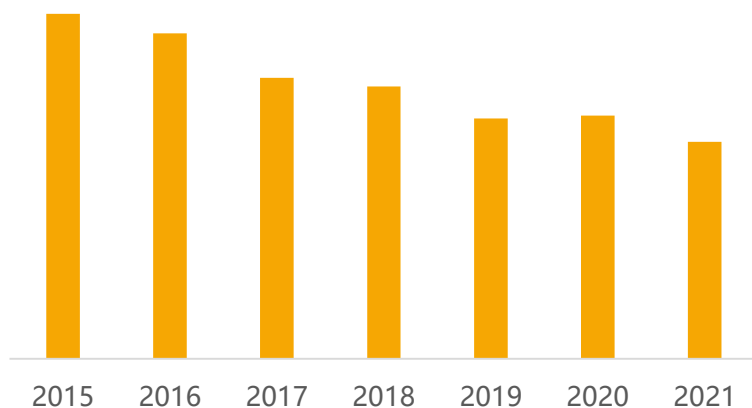
## Robust financial structure and abundant cash flow

	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

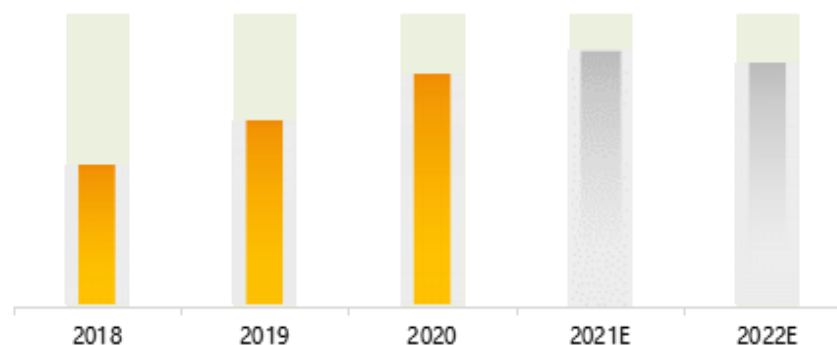
## Lower financing cost attributable to good rating

Rating Institution	2019		2020		2021	
	Rating		Rating		Rating	
Fitch Rating	A	Stable	A	Stable	A	Stable
Moody's	A3	Stable	A3	Stable	A3	Stable

## Declining debt balance



## CAPEX in line with growth



01

## ◆ Optimize integrated business operation and management model

Establish an integrated project management team, implement the project manager responsibility system, build an assessment system adapted to project management and improve operational efficiency

02

## ◆ Establishing an integrated professional project team

The technical expert team covers various disciplines such as development, production and drilling and completion, etc., to solidify the guarantee of professional talents

03

## ◆ Build an integrated technical guarantee mechanism

Fully utilize the technical advantages of the company's entire industry chain, and ensure the quality and safety of on-site operations



Focus on the positioning of a first-class energy service company that provides full life-cycle services to customers.



## Integration continues to gain new markets

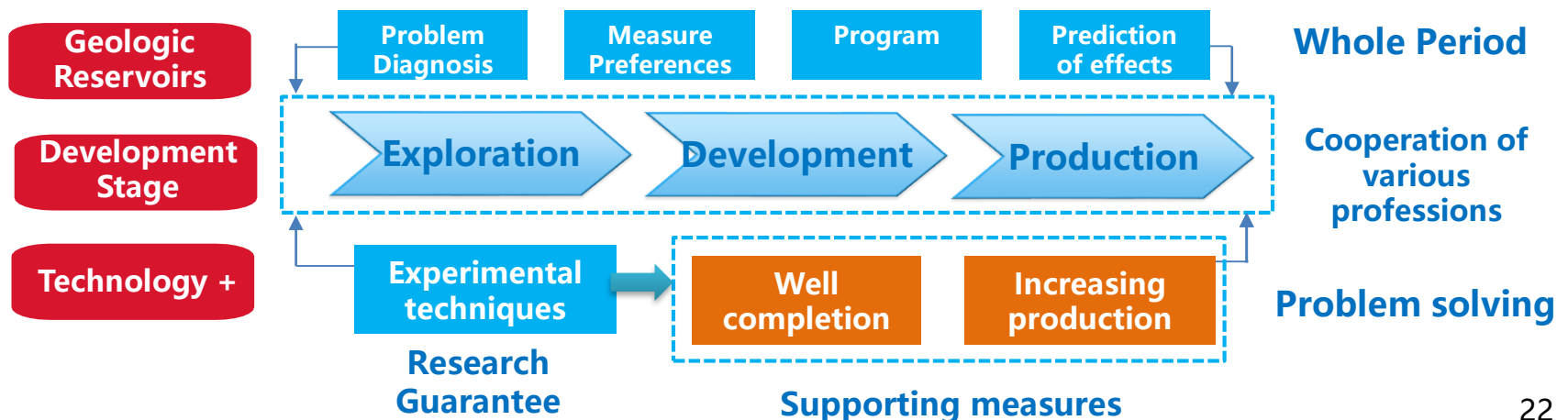
### ■ Current status of signed contracts

- Execution of 16 integrated projects in 2021, including six domestic and 10 overseas  
Opening up two new markets in Uganda and Canada

### ■ Current projects under special tracking

- 19 integration projects under special tracking, including 6 domestic and 13 overseas

## Geologic Reservoir Guidance



**Accurately grasp the "carbon peak, carbon neutral" strategy  
Promote the transformation and upgrading with large equipment and  
green technology in the same direction**



## **Continuously increase investment in environmental-friendly equipment**

- **Continuously promote large equipment for low carbon transformation**, and continuously reduce carbon emissions of large equipment.
- **Continuously promote the transformation of aging equipment, disposal to aging equipment.**
- Plan well for the pilot application of digital skidding equipment, digital drilling platforms, intelligent ships, etc.



## **Pay close attention to green low-carbon technology research**

- **Utilize existing technology advantages** to analyze and judge in the new energy field
- **Seize the CCUS pilot research project** and make full use of the company's mature advantages in drilling and completion, logging and cementing to lay out the CCUS industry



## New Contracts

The amount of newly signed overseas **contracts is expected to increase significantly**, involving the Middle East, Asia Pacific, Europe, Africa and other regions

## New Markets

**Uganda, Thailand, Canada**

## New Projects

Drilling and completion integration project in Uganda, abandonment project in UK, drilling and completion turnkey project in Canada, onshore integration project in Mexico, etc.

## New Breakthroughs

**Successfully won a contract for integrated drilling and completion fluid services for overseas cementing**

## New Tracking

Onshore technical service integration, drilling and completion integration as well as abandonment integration projects



## ◆ Indonesia Region

- Disposal integration project in Malaysia
- Directional well project in Indonesia
- Offshore solid state control project
- Tracking land-based logging services project, offshore logging project



## ◆ Middle East Region

- 22-wells turnkey project
- Tracking rig projects
- Tracking drilling and completion turnkey projects

## ◆ European Region

- Advancing the drilling program
- Tracking disposal well project

## ◆ America Region

- Advancing the drilling program
- Tracking the drilling program in Mexico
- Promote pre-qualification for offshore technical service projects

## ◆ Africa Region

- Uganda Project

## Optimize the layout of overseas markets

Sort out overseas customers, optimize overseas customer portfolio, enhance the awareness of active customer selection and cultivation.

## Improve overseas refinement management

Insist on customer demand-oriented, gradually shift from regular professional services to high-class customized services.



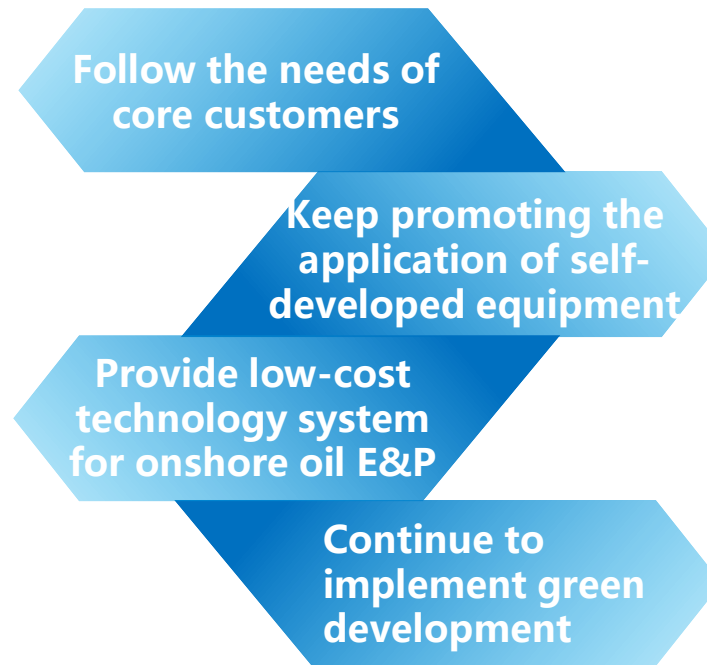
## Deepen the regional market

Realizes the whole process of oil and gas exploration, development, production and disposal of business, and continuously improves regional competitiveness.

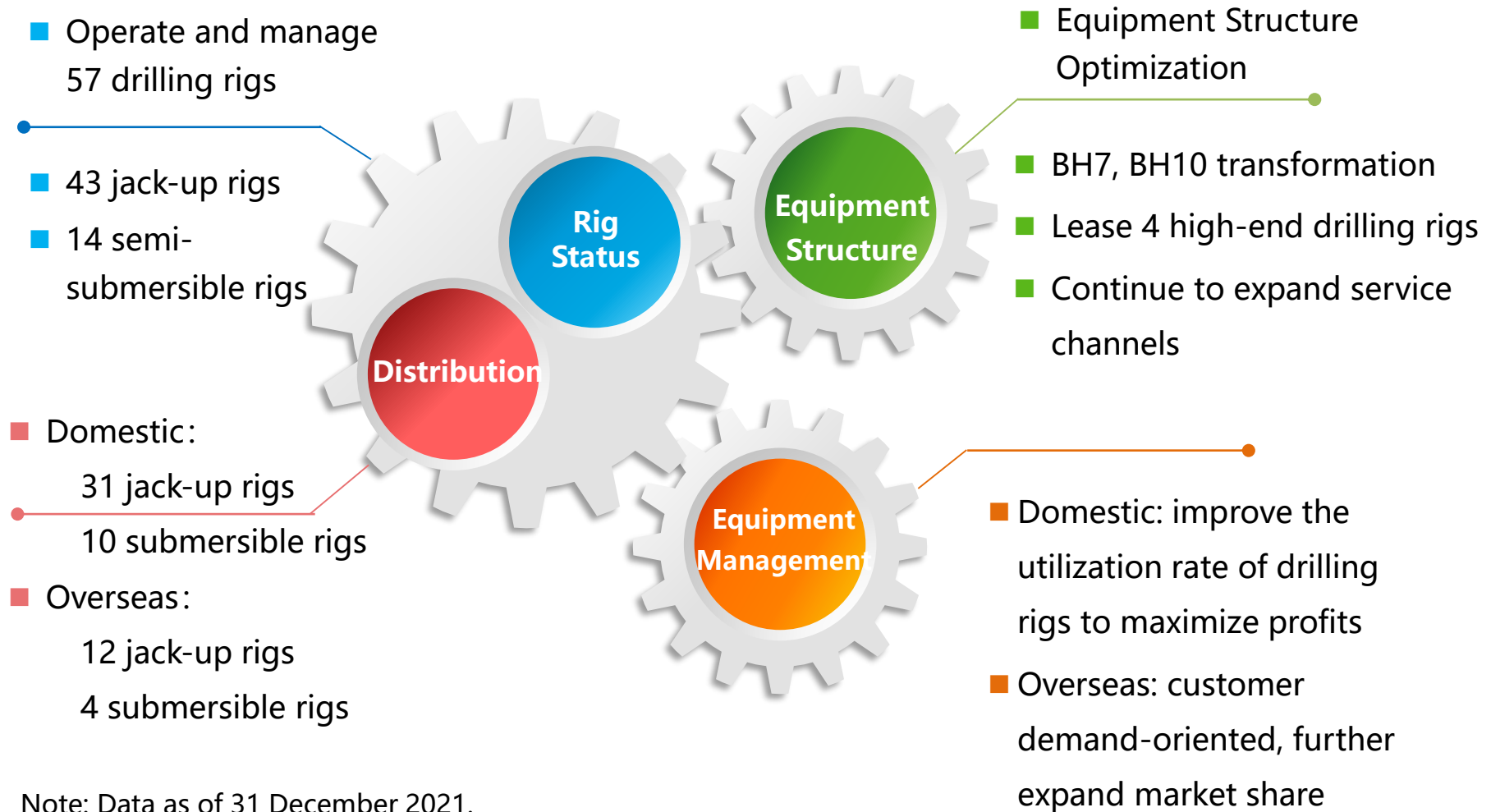
## Build a strong overseas operation project team

Build overseas team with strong comprehensive quality, solid professional foundation, and familiar with international market rules.

- Vigorously promote the development of low, marginal and heavy oil gas fields
- Continuously improve HPHT equipment, stratigraphic testing and large-diameter well wall coring, etc.
- Continuously strengthen the integrated service capability of logging, measuring and steering in the onshore market
- Enhance the cooperation with customers like CNPC and Sinopec



- Continue to solve the difficult technical needs of domestic offshore E&P
- Commercialize ESCOOL HPHT equipment and large-diameter well wall coring on a large scale, etc.
- Wind power business: offshore wind power marine support service, wind power installation rig
- Green and low-carbon transformation: continue to expand the scope of offshore operations and seek more opportunities



2021

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



2022

- Adhere to precise prevention and control based on the outbreak situation, dynamically adjust the outbreak prevention and control policies and measures.
- 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.
- Take primary responsibility for epidemic prevention and control, effectively implement the accountability system, and ensure zero infection among domestic and overseas workers.

- Increasingly clear understanding of the development of the energy industry
- Increasingly accurate knowledge of own capabilities
- Increasingly clear of differentiated customer demands
- Increasingly strong adaptability to the market
- Increasingly confident in the company's development



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