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**COSL**

**2023 Strategic Guidance**

January 2023

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.



# The 20th Anniversary of Listing

COSL

## Comprehensive Strength significantly Improved

## Equipment Development continuously Increased

- **Asset scale increased** from RMB8 billion to RMB75 billion
- **Revenue scale increased** from more than RMB2 billion to more than RMB30 billion
- **Total cash dividends** reached RMB13.54 billion, won **more than 100 capital market honors**
- Operated and managed more than **280 large equipment units (vessels)**
- Operating water depths range from **5 meters to 3,000 meters**
- 12 LNG-powered ships creating **the world largest LNG-powered guardian fleet**

## Science and Technology continuously Innovated

## COSL Brand Influence gradually Expanded

- **15 business product lines** and **60 core technology series**, technology coverage reached **95%**
- Logging, directional drilling, and drilling fluids, etc. **reached the international leading level**
- **Annual investment in scientific research** remained above RMB1 billion in the past five years
- Refined the Asia Pacific Market, Strengthened the Middle East Market, Developed the Far East Market, Optimized Europe Market, Expanded the America Market, and Consolidated Africa Market
- Realized the leap from single market to domestic and overseas **strategic market**

**Industry Outlook**

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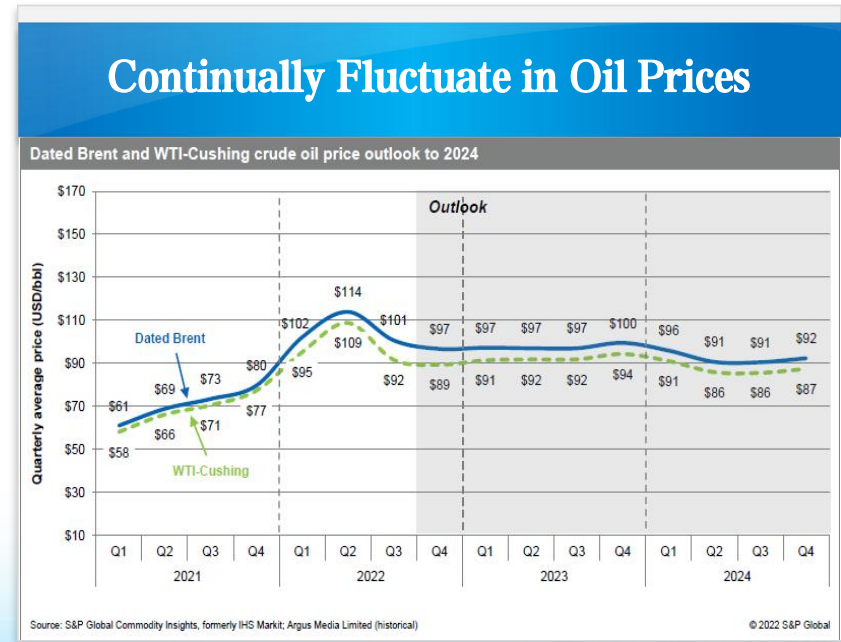
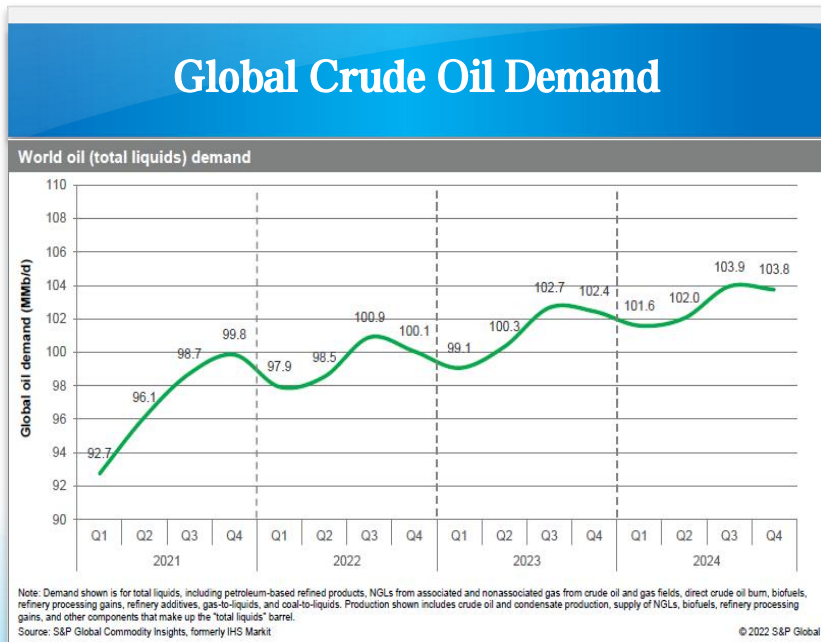
**Company Outlook**

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➔ According to the IHS report, global crude oil demand is expected to continuously grow in 2023.

➔ According to the IHS report, Brent oil prices around USD95–105/bbl in 2023.

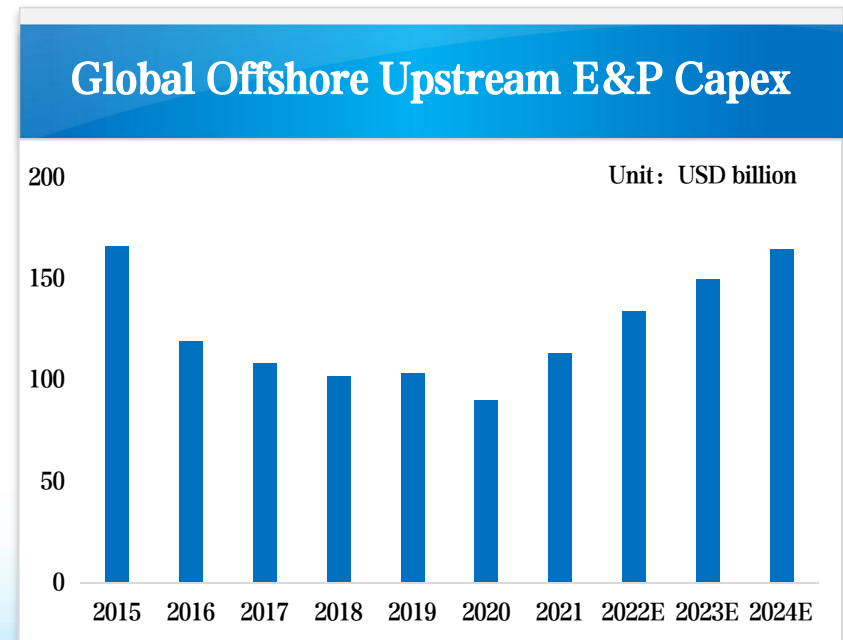
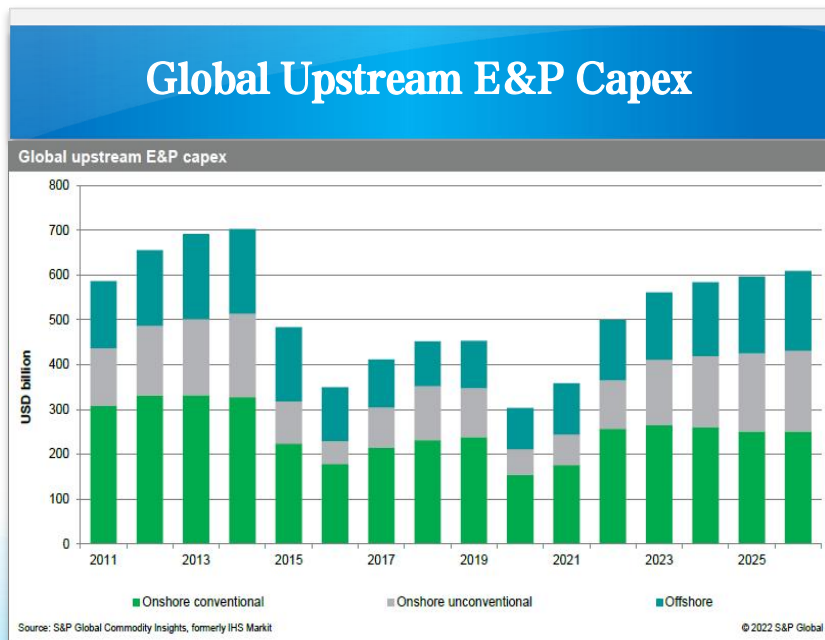


Source: IHS Markit, data as of December 2022

Source: IHS Markit, data as of December 2022

↪ Total global upstream E&P CAPEX is expected to increase by 12% in 2023 compared to 2022.

↪ Total global upstream offshore E&P CAPEX is expected to increase by 11% in 2023 compared to 2022.

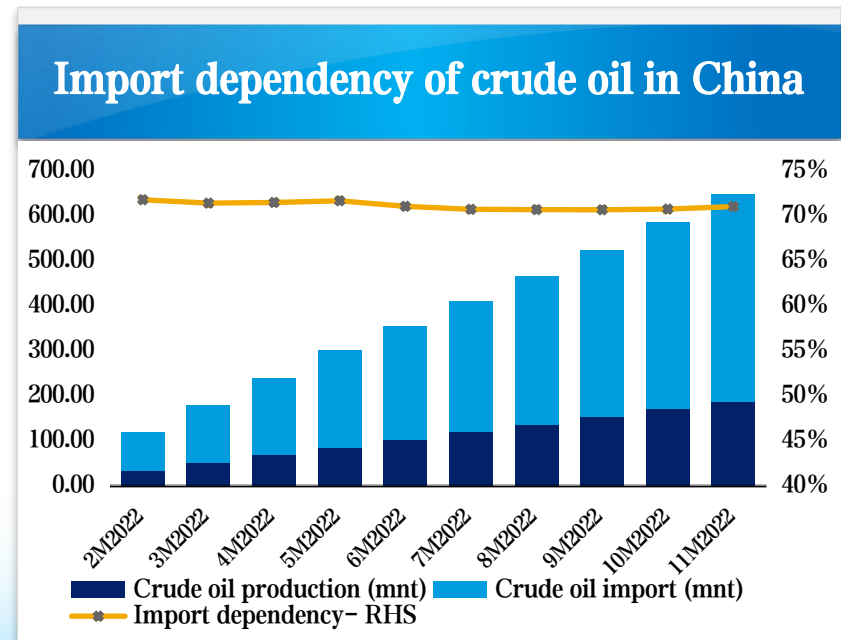
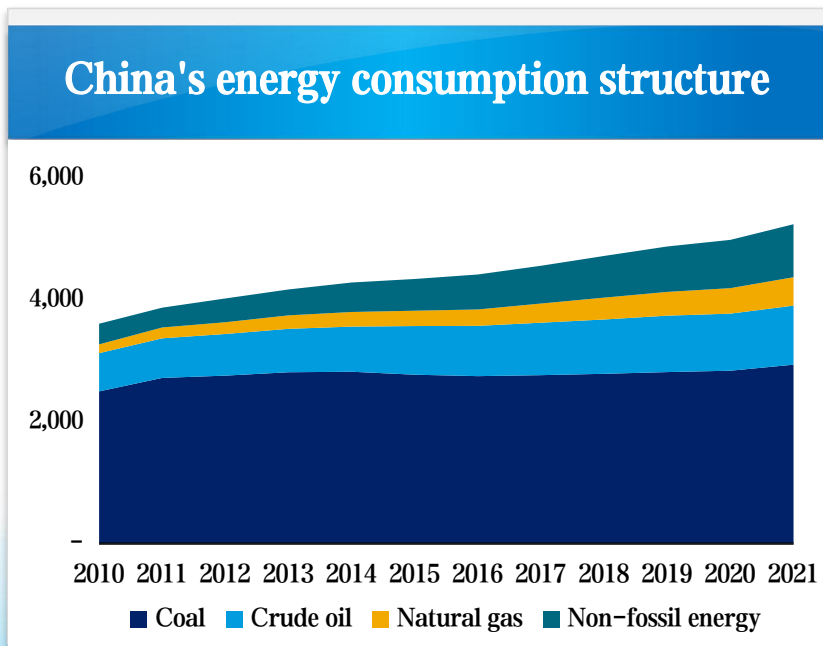


Source: IHS Markit, data as of December 2022

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↪ 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.



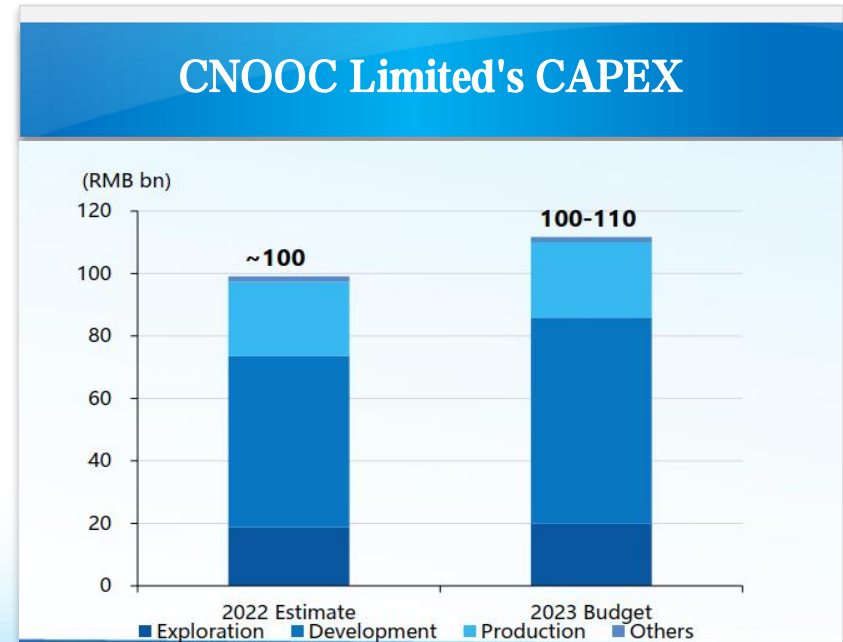
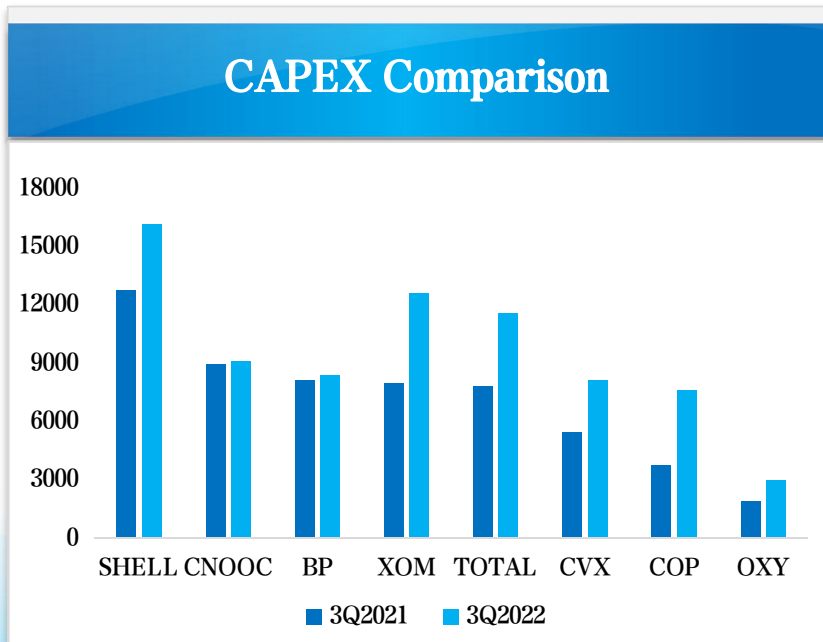
Source: State Statistics Bureau

Source: State Statistics Bureau

# CAPEX in 2023

↪ International oil companies continue to increase exploration and development.

↪ In 2023, CNOOC Limited's CAPEX budget is RMB100–110 billion.



Source: Bloomberg

Source: Strategic Guidance 2023 of CNOOC Limited



## Industry Outlook

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## Company Outlook

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## World-class Energy Service Company with Chinese Characteristics

Technology-driven

Cost leadership

Integration

Internationalization

Regional Development

- Focus on domestic market, domestic and overseas coordinated development
- Continue to promote major technique breakthrough



- Continue to optimize the equipment structure
- Build up the integrated service capability of the whole oilfield life cycle based on digitization

## Accelerate the implementation of technology-driven strategy, and facilitate the construction of an international first class company

01

**Focus on enhancing the innovation drivers and accelerate the implementation of mechanism reform of the scientific and technological system**

- ◆ Form a benign circulation of "research, production, use and reform"
- ◆ Continue to optimize the incentive mechanism for scientific and technological innovation

02

**Focus on improving innovation leadership and accelerate the implementation of foundation consolidation of the technology system**

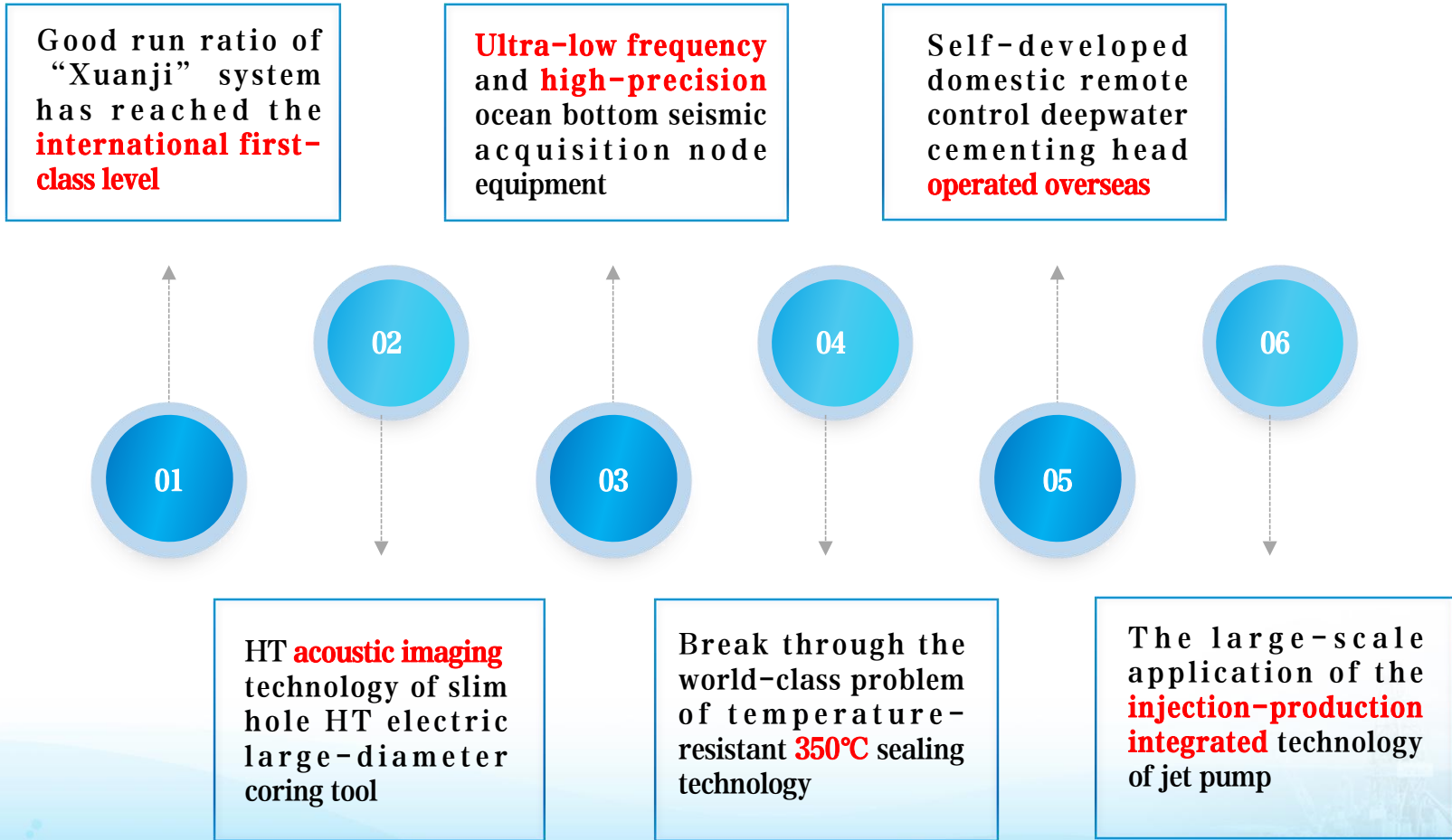
- ◆ Deeply promote the construction of basic disciplines and the layout of forward-looking research
- ◆ Strive to develop a new "integrated" technology portfolio promotion model

03

**Focus on enhancing the soft power of innovation and accelerate the implementation of culture cultivation of scientific and technological innovation**

- ◆ Strengthen the training and selection of the two-level technical and skilled experts
- ◆ Strive to build a platform carrier for mass innovation

Continuously accelerate the construction of a new scientific and technological innovation system covering the whole life cycle and industry chain of technical products



## Focus on lean management to promote quality and efficiency improvement

### Technology innovation for efficiency

- Accelerating the key and core technology and equipment breakthrough, increase demand for high-end equipment
- Accelerating independent technology serialization and industrialization to promote the application

### Unleashing the effectiveness of "integration"

- Accelerating the establishment of the whole industry chain strategic cooperation to ensure the quality and cost control
- Providing low-cost integrated solutions and improving their investment efficiency and return



### Cost reduction for large equipment

- Promoting the asset structure optimization of large equipment and improving the resource allocation capacity of large equipment
- Promoting the application of cost quota management mechanism to improve the cost-control level

### Leaning cost management

- Promoting the cost management mechanism of "single well, single platform (vessel), single project and single business line"
- Building a project-life-cycle benefit tracking to strengthen the whole process of cost control and warning

# Good Financial Management

In 2023, the capital expenditure is expected to be RMB9.3 billion yuan

Lower financing cost attributable to good rating

Robust financial structure and abundant cash flow

## MOODY'S

Schlumberger	A2 ( Stable )
<b>COSL</b>	<b>A3 ( Stable )</b>
Baker Hughes	A3 ( Stable )
Halliburton	Baa1 ( Stable )
Transocean	Caa1 ( Stable )

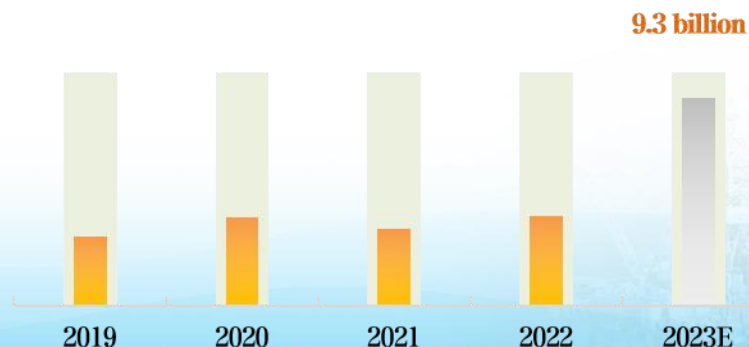
*“China Oilfield Services Limited's (COSL) A3 issuer rating incorporates its standalone credit profile and a three-notch uplift reflecting our expectation that the company will receive a high level of support from its parent, China National Offshore Oil Corporation (CNOOC, A1 stable), in times of need.”*

	2020	2021	2022E
Liquidity ratio	1.56	1.15	1.32
Interest-bearing debt ratio	68.0%	66.1%	60.0%
Cash and wealth management (RMB billion)	13.08	12.90	11.73

CAPEX in line with growth

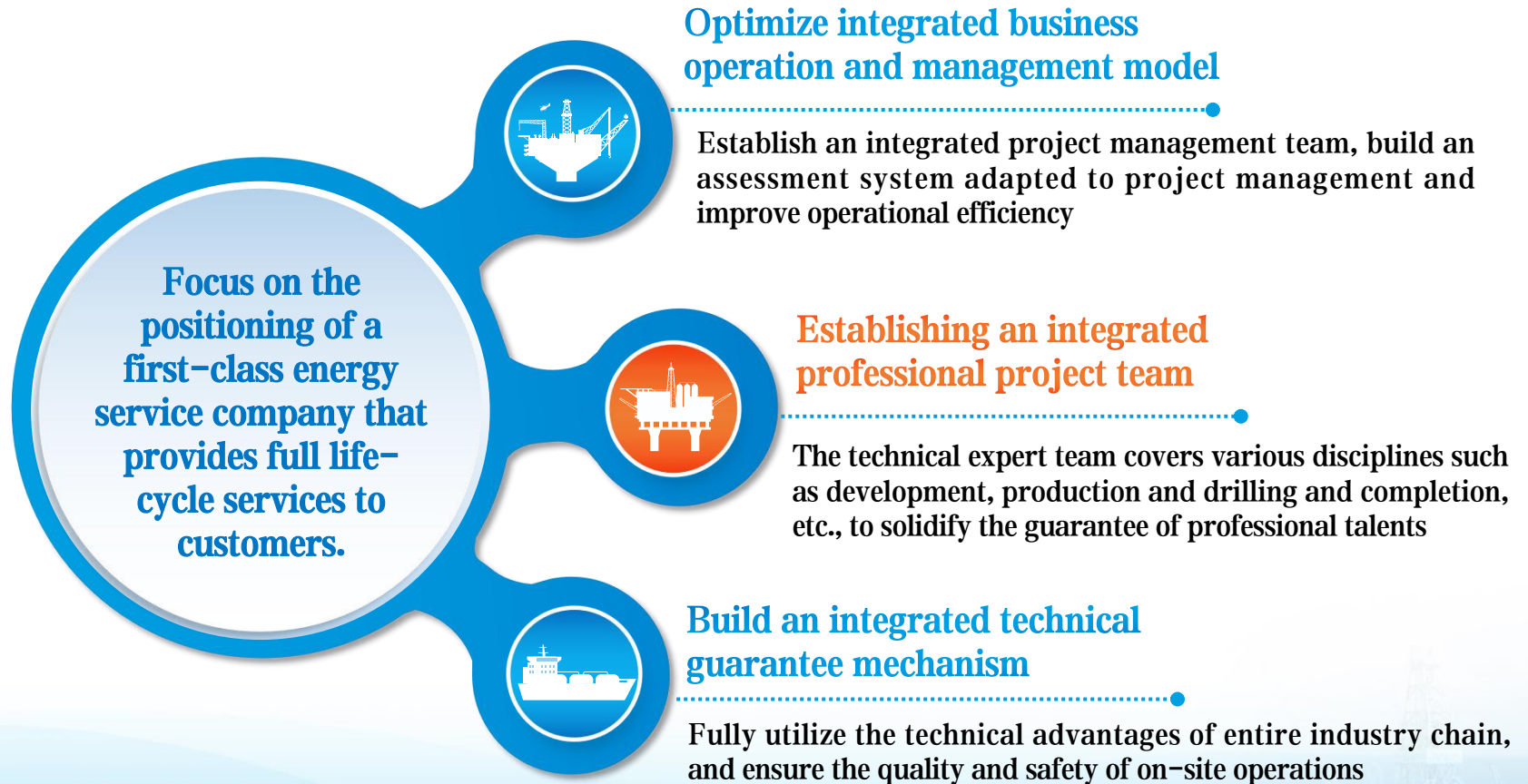
## FitchRatings

*“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.*



Source: Bloomberg news and rating report

**In line with customer needs, innovative technology and management mode, actively provide low-cost comprehensive solutions for oil companies**

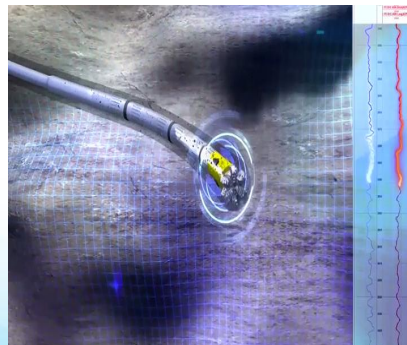


- Continue to deepen market demand management, strengthen the drive of technological innovation, and actively promote integrated and large-scale growth

## Domestic Market

Continued appreciation and upgrading of the integrations and multi-dimensional extension of new growth points

- Integrated drilling, well workover, maintenance and management of low efficiency wells
- Development of conventional exploration wells to heavy oil thermal recovery, marginal fields, deep-water exploration wells and hydrate



## Overseas Market



Continue to increase the development of overseas integrated business

- Middle East:** general contracting services, well workover and production increase, drilling & completion turnkey
- Asia Pacific:** Cementing and production increase integration, disposal integration, etc
- Africa:** drilling & completion integration, electric measuring and perforation services, etc
- Americas:** drilling & completion general contracting, etc
- Europe:** onshore integration, drilling integration, etc



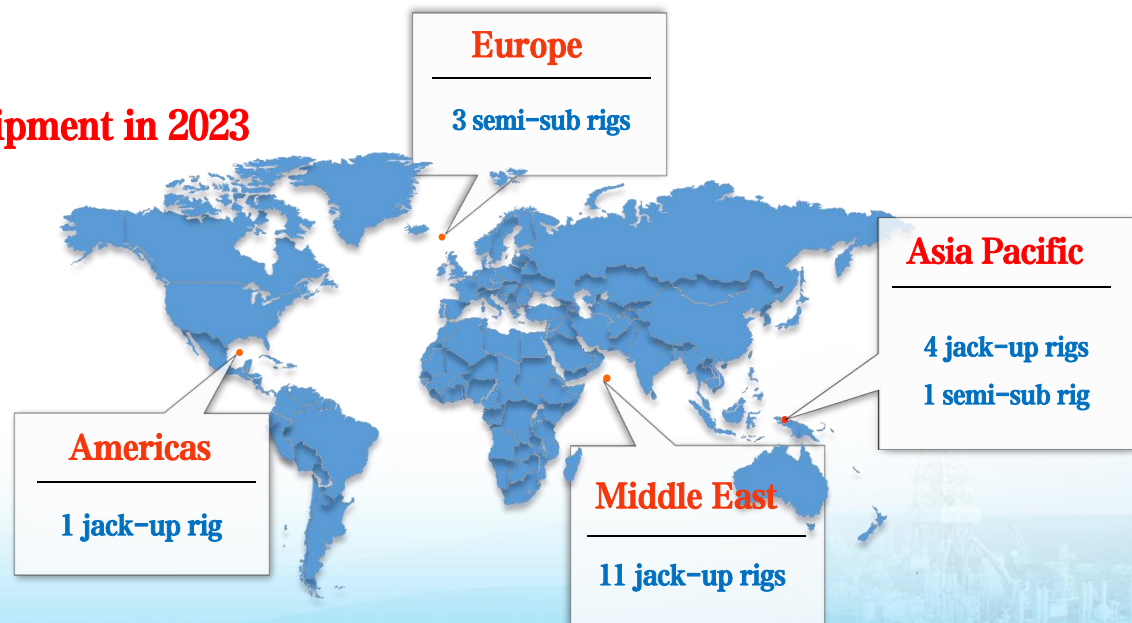
- Continue to intensify market exploration efforts, strive for more overseas projects with large contract size, long period and high value, and promote overseas high-quality development

## Expanding overseas markets in 2023

- Further expand the service area, covering new countries such as Thailand
- Further expand high-end customers with new customers such as ExxonMobil and Ithaca

## Continued Increase in Overseas Equipment in 2023

- 4 semi-submersible rigs
- 16 jack-up rigs



Formed an overseas regional market pattern of "refining Asia-Pacific market, strengthening Middle East market, exploring Far East market, optimizing European market, expanding American market and consolidating African market"



Asia Pacific

Focus on subsequent bidding projects in the drilling segment, integration projects, etc.



Middle East

Integrated drilling rig and general contracting projects, wireline logging and perforating services, etc.



Americas

Focus on tracking general contracting contracts, land-based technical service integration projects, etc.



Europe

Focus on abandoned wells, integration projects, and drilling projects, etc.



Africa

Advance integrated drilling and completion projects, mud cementing and solids control oiling services, etc.

**Firmly grasp the rising trend of the industry, continue to optimize the overseas market layout, deep development of regional markets**

## 1 Optimize the layout of overseas markets

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

## 2 Deepen the regional market

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

## 3 Improve overseas refinement management

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

## 4 Build a strong overseas operation project team

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



Continue to consolidate the leading role in the China offshore market and ensure increased domestic reserves and production



## Follow the needs of core customers

- **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.



## Keep promoting the application of self-developed equipment

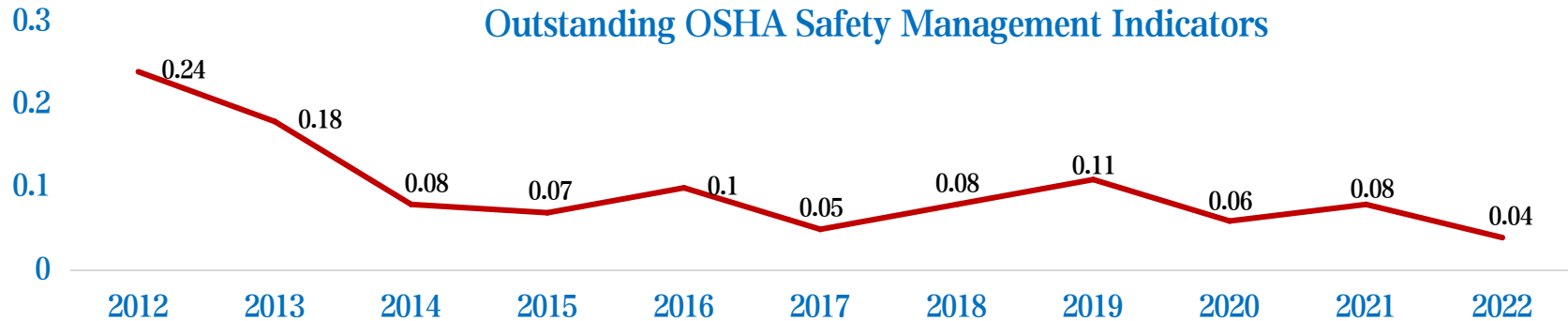
- **Continue to solve the difficult technical needs of domestic offshore E&P**
- Commercialize ESCOOL HPHT equipment and large-diameter well wall coring on a large scale, etc.



## Continue to implement green development

- **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

## Excellent Safety Management



## Social Responsibility and Green Low-carbon

### Fulfilled Social Responsibility

- Fully carried out maritime salvage
- Effectively promoted environmental protection
- Actively carried out charity activities



### Perform Well in Employees Health

- Protect the life, health and safety of employees
- Strictly strengthen ecological and environmental management
- Strengthen energy conservation and low-carbon work

Facing new circumstances, new tasks and new challenges, COSL will continuously strengthen its equipment capability, continuously promote scientific and technological innovation, and build an integrated service capability oriented to customer needs covering the whole life cycle of oilfield. Based on COSL's unique integration advantages, stable financial structure, high-quality and efficient operation team, under the guidance of "Technology-Driven", "Cost Leadership", "Integration", "Internationalization" and "Regional Development" five development strategies, COSL will create more valuable returns for shareholders, customers and all parties.

**Traditional Chinese Spring Festival is coming soon. I wish you all a happy Spring Festival and Good Health.**



# COSL



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