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**COSL**

# 2023 Interim Results Presentation

August 2023

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The background of the slide is a photograph of an offshore oil rig in the middle of the ocean. The rig is yellow and red, with a tall derrick. A large, dark pipe extends from the rig towards the bottom right of the frame. The pipe has a circular opening at the end, showing internal components. The ocean is a deep blue, and the sky is light blue with some clouds. The overall scene is industrial and maritime.

**Strategy Review**

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**Interim Results Review**

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**Company Outlook**

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# Five Development Strategies



Promote the Company to enter the high-quality development fast track

World-class Energy Service Company with Chinese Characteristics

Technology-driven

Cost leadership

Integration

Internationalization

Regional Development

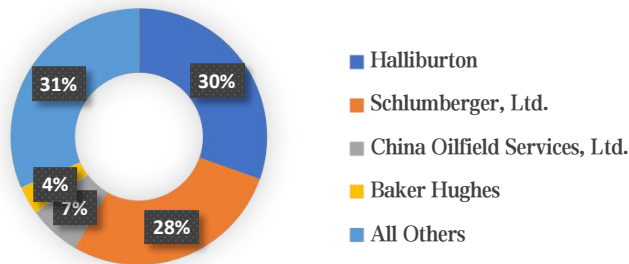
- Total asset scale **over RMB79 billion**, overall asset and liability levels stable, revenue scale continues to improve
- Operated and managed more than **280 large equipment units (vessels)**
- **15 business product lines and 60 core technology series**, technology coverage reached **72%**, logging, directional drilling, and drilling fluids, etc. **reached the international leading level**
- Operating water depths range from **5 meters to 3,000 meters**
- 12 LNG-powered ships creating **the world largest LNG-powered guardian fleet**
- Cementing market scale **No. 3<sup>1</sup>**, Directional drilling+MWD market scale **No. 4<sup>1</sup>**
- **"1+2+N" market pattern**, taking the domestic market as the base, Middle East and Southeast Asia as two wings

# Technology-driven Strategy Review

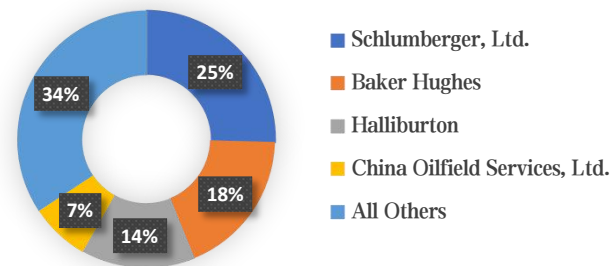
In the past two years, the technology supply has been accelerating and the output of technological achievements has increased significantly

- The pattern of “comprehensive mainstream technology, outstanding main technology and characteristic technology” is continuously improved
  - Core technology continues to break through, won national honors, product quality continues to improve
  - "Xuanji" once into the well success rate increased to 94.1%, reaching a world-class level, **permanently settled in the National Museum**
  - Four achievements were selected into the catalogue of scientific and technological innovation achievements of SASAC Central enterprises
  - Two achievements were selected as **the first major technical equipment (set) in the national energy field**

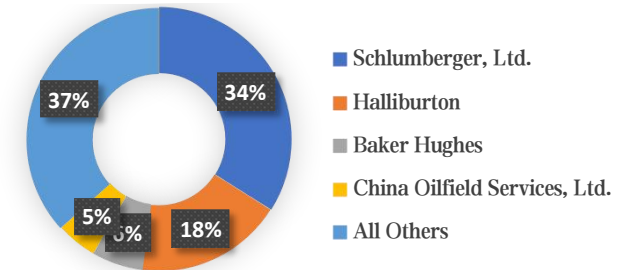
### Logging



### Directional Drilling



### Wireline Logging



Source: Spears & Associates

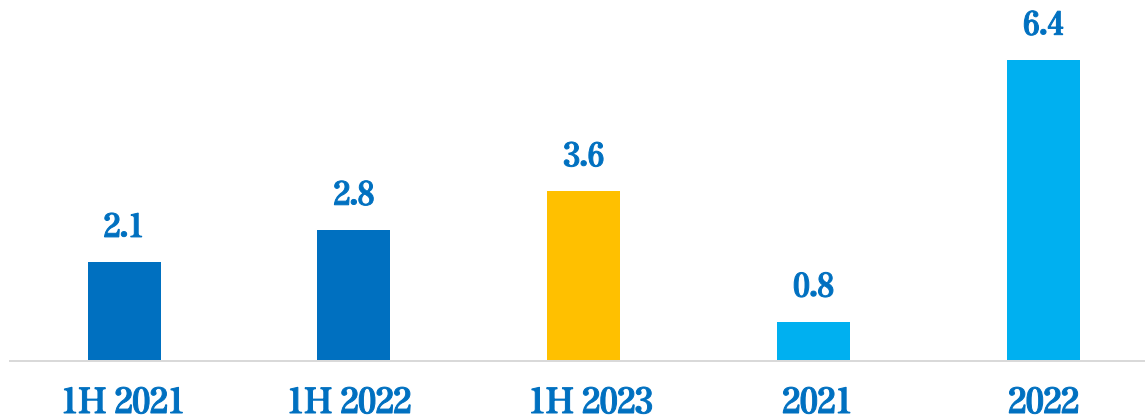
# Cost Leadership Strategy Review

In the past two years, through consolidating the control foundation and innovating the management mode, the quality of cost control has been greatly improved

- Production operation has realized the transformation from “production and operation” to “lean management”
  - Lean grass-roots operation unit management, construct value management system, and release the potential of grass-roots management
  - Explore the full life cycle management potential of the project, and improve the utilization efficiency of production capacity
  - Release the efficiency of organizational management at all levels, focus on the main responsibility and business

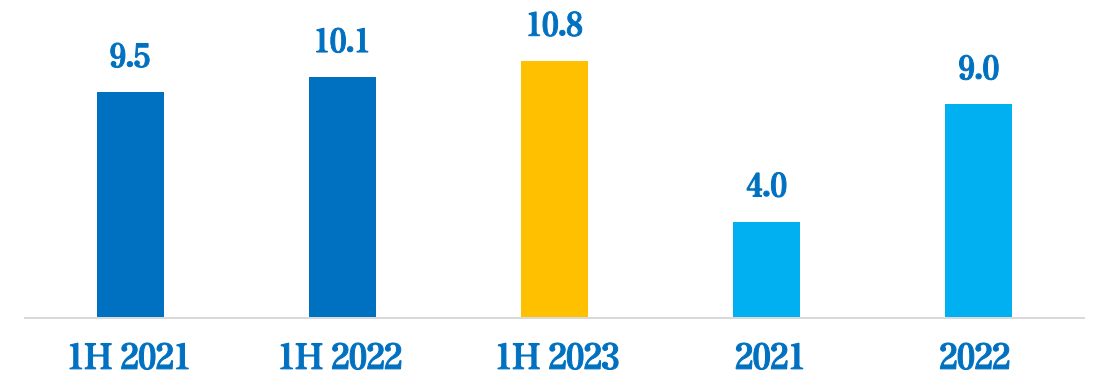
### Return on Equity (ROE)

In the first half of 2023, it increased by 29% year-on-year  
the compound growth rate in the past three years reached 14%



### Ratio of Profits to Cost and Expense (%)

In the past three years, the level of cost profit margin  
has steadily increased



# Integration Strategy Review

In the past two years, multiple breakthroughs has been made in integration, achieving stable and large-scale development

Close to customer needs, innovative management model, provide low-cost "one-stop" comprehensive solutions

- **New markets:** large-scale and long-term integrated services in Canada, integrated drilling and completion services in Uganda
- **New projects:** onshore integration services in Mexico, disposal integration in Malaysia, cementing and production integration in Indonesia
- **New breakthroughs:** won the bid for the general drilling contracting project and project of workover rig in the Middle East

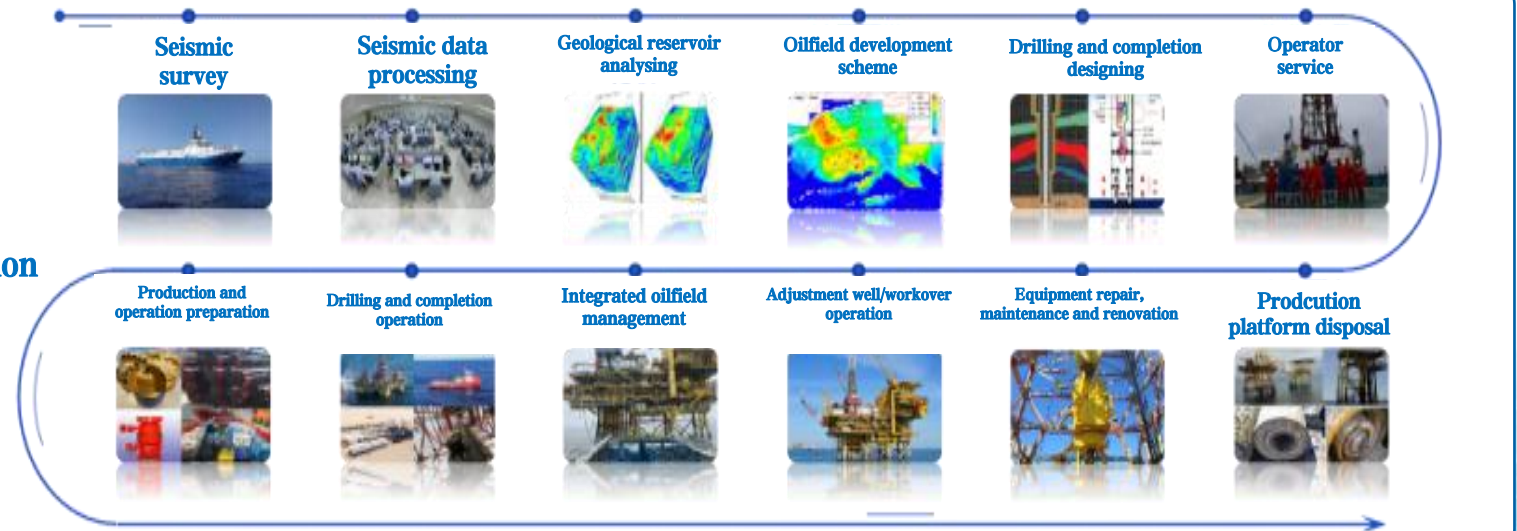
## "Tailor-made" integration solutions

- **Whole oilfield life cycle**



1+N

- Geological Engineering Integration
- Development Engineering Integration
- Drilling & Completion Integration
- Integrated Oilfield Management
- Disposal Integration





# Internationalization Strategy Review

In the past two years, COSL has been more internationalized, its production and operation have been steady, and the quality and efficiency of development have steadily improved

- Up to now, the amount of overseas locked contracts exceeds 1.5 billion US dollars, and the amount of overseas contracts held exceeds 5 billion US dollars

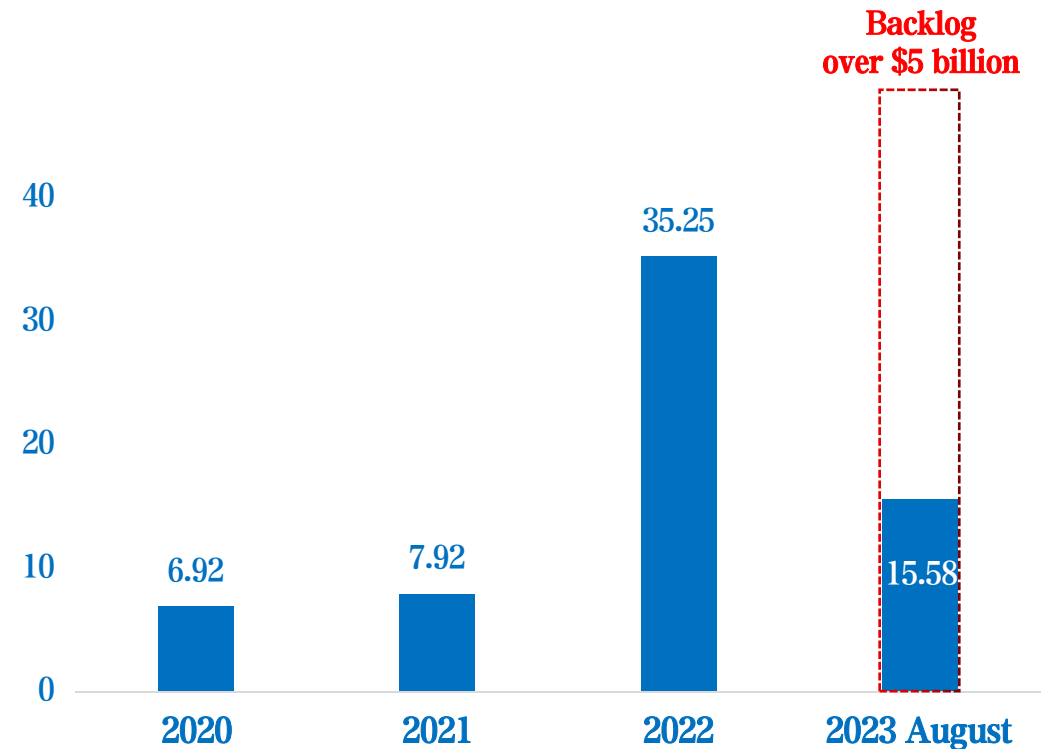
## Expanding overseas markets

- Further expand the service area, covering new countries such as **Uganda, Canada and Thailand**
- Further expand high-end customers with new customers such as **ExxonMobil and Ithaca**
- Further expand business with high-end technology applications such as **“Xuanji” system and MUIL equipment sales**

## Continued increase equipments

- 4 semi-sub rigs and 14 jack-up rigs
- Marine Support operations in the Asia-Pacific and Americas
- Geophysical prospecting business returns to Southeast Asia, and West Africa

New overseas contract value (\$100 million)





# Regional Development Strategy Review

In the past two years, Regionalization is becoming more rational, and a number of large-value, long-term, high-value contracts have been signed

■ "1+2+N" market pattern, taking the domestic market as the base, the Middle East and Southeast Asia as two wings to drive the sound regional development overseas

## ■ Middle East

- Equipment: 11 jack-up rigs of long-term and high value contracts
- Technology: Gradually expand neighboring markets with the Missan Oilfield as the core

## ■ Asia Pacific

- Equipment: 1 semi-sub rig, 3 jack-up rigs, 4 ships and 1 accommodation rigs
- Technology: logging, directional drilling, cementing, disposal, production optimization and integration projects

## ■ Americas

- Equipment: 1 jack-up, 5 module rigs and 1 support vessels
- Technology: General contracting projects, land-based integration projects, cementing, mud, perforating, etc.

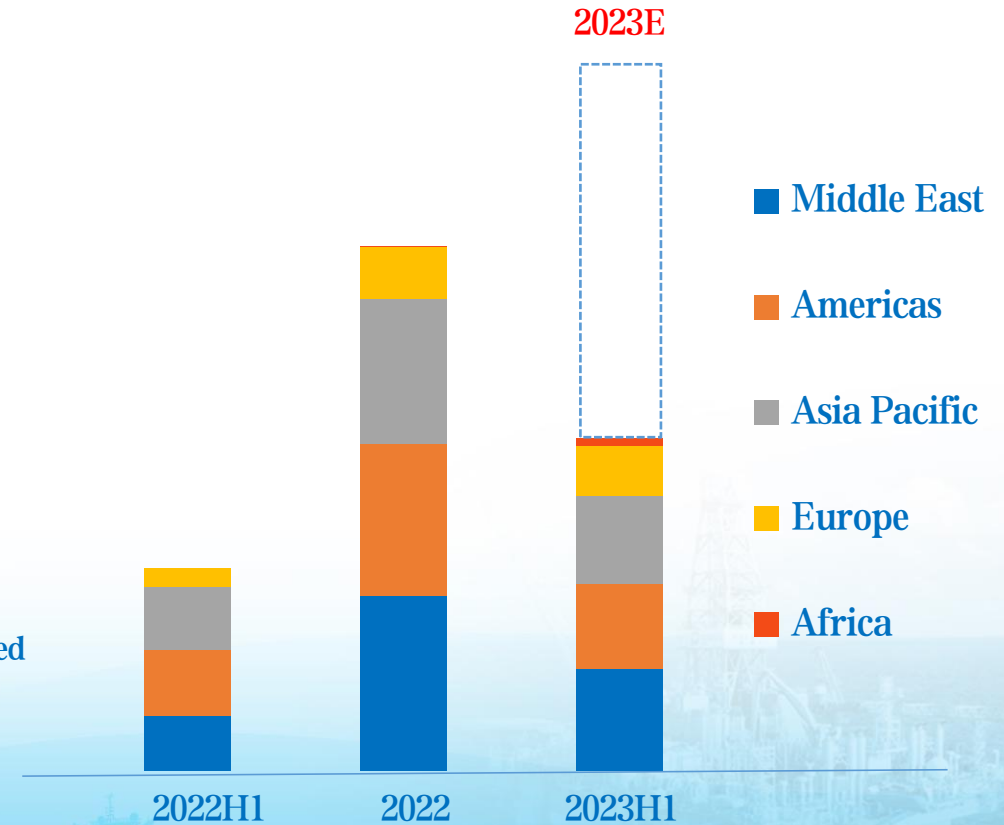
## ■ Europe

- Equipment: 3 semi-sub rigs under long-term contract, and 1 semi-sub rig planned to be added

## ■ Africa

- Equipment: 1 land drilling rigs and 1 seismic vessels
- Technology: Cementing, drilling fluids, logging, perforating, integration projects, etc.

Overseas Revenue by Region





The background of the slide is a photograph of an offshore oil rig in the middle of the ocean. The rig is yellow and red, with a tall derrick. A large, dark pipe extends from the rig towards the foreground, ending in a circular, metallic structure with several smaller pipes or valves. The ocean is a deep blue, and the sky is a lighter blue with some white clouds. The overall scene is industrial and maritime.

Strategy Review

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Interim Results Review

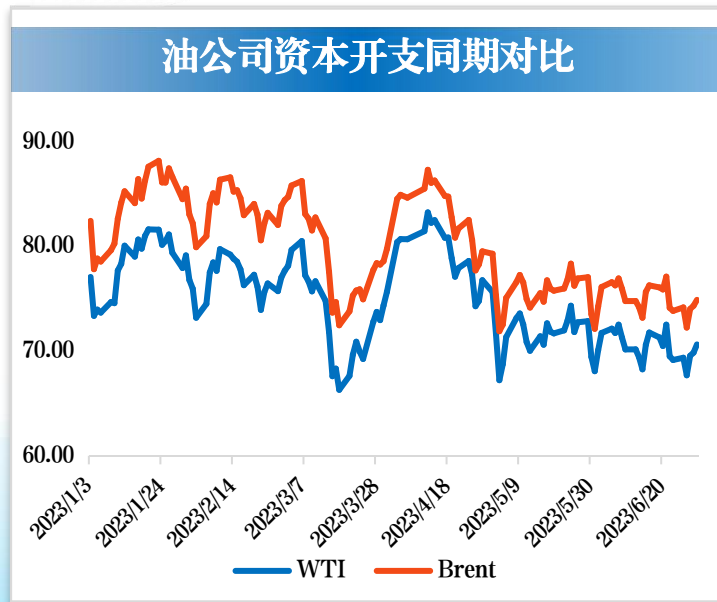
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Company Outlook

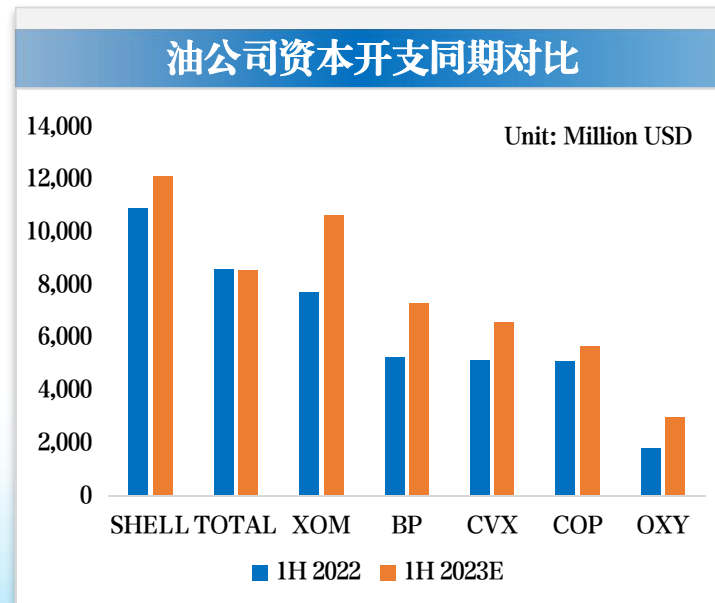
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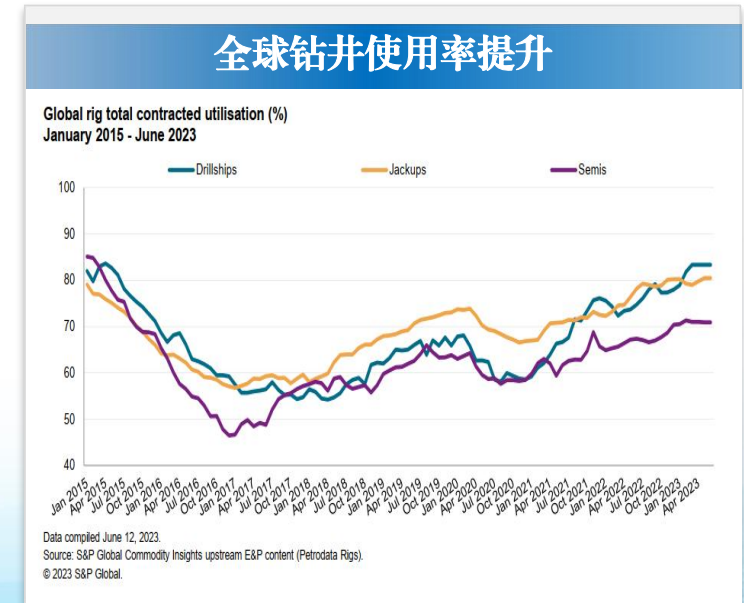
- In the first half of 2023, the global demand for crude oil continued to grow, Brent average oil price was USD74.74/bbl and WTI average oil price was USD79.82/bbl.
- Total expenditures for global upstream exploration and development (E&P) continued to increase, and the oilfield services industry was gradually recovering.
- Global utilization of drilling rigs continued to rise, 80.6% for contracted jack-up rig and 73.2% for semi-sub rigs.



Sources: Bloomberg, date as of June 2023



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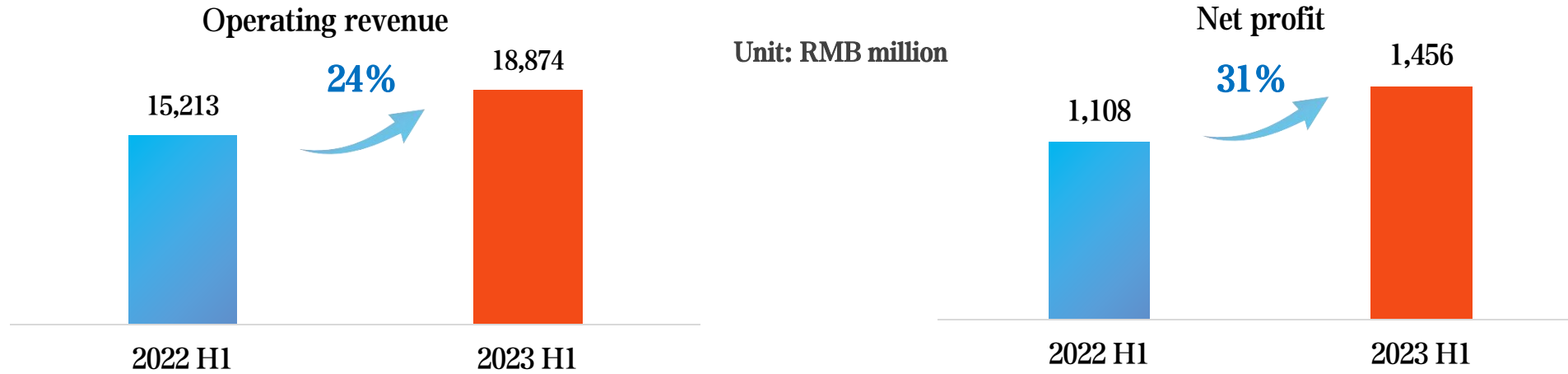
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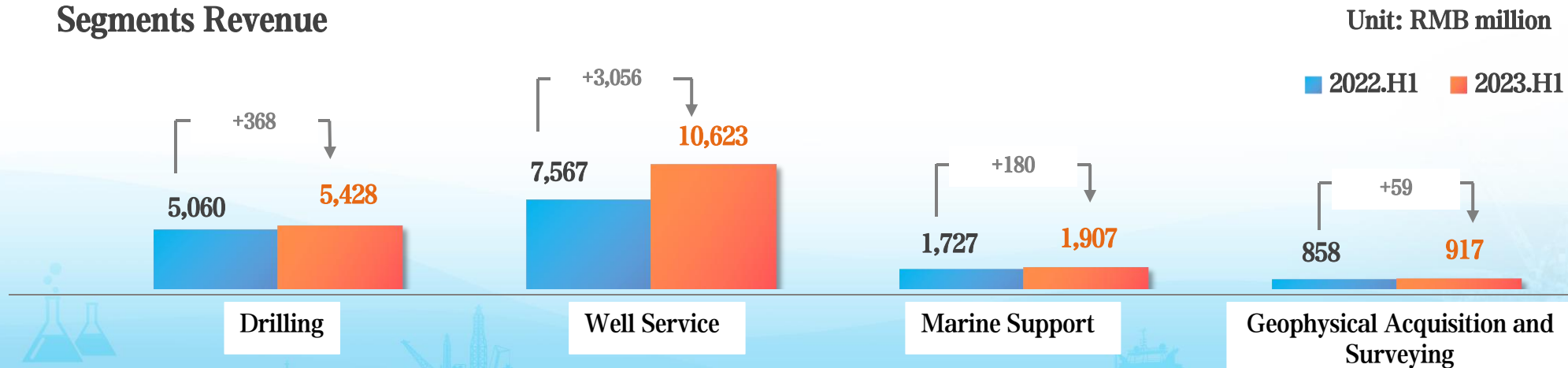
# Interim Financial Performance

In the first half of 2023, operating revenue of RMB18.87 billion, a year-on-year increase of RMB3.66 billion, net profit of RMB1.46 billion, a year-on-year increase of RMB350 million

## Overall operating Performance



## Segments Revenue



Scientific and technological innovation achieve leapfrog development, and a number of technologies step into the world-class camp

## Exploration and development

- The first self-developed rear density logger completed 25 operations, realizing an original breakthrough.
- The operation temperature of the self-developed high-temperature multi-dimensional nuclear magnetic acquisition exceeded 190°C, setting the highest temperature record.
- Towing cable acquisition completed the first two-ship large offset continuous acquisition production operation.

## Drilling and completion

- The "Xuanji" system was applied for the first time in shale oil wells in the South China Sea, and made its debut in Iraq and Uganda
- Self-developed delayed mud cake lifting solved the problem of controllable time of filter cake lifting in the near-wall zone for the first time.
- Self-developed non-silicate cement slurry system was successfully applied in the first domestic offshore CO2 reinjection well.

## Development and exploitation

- The injection-production integrated technology of jet pump has been applied on a large scale for a total of 30 operations, effectively promoting the efficient development of heavy oilfields.
- Implemented the first horizontal well fracturing and first exploratory well multi-layer fracturing in the South China Sea
- Unlocking agent successfully applied to the management of low-producing and inefficient wells in the East China Sea

In the first half of the year, with the continuous upgrading of lean management, COSL achieved a cost reduction and efficiency improvement of RMB320 million



## Efficiency Creation of “Technology”

Guided by customer needs, improve the main technical systems and gradually reduce subcontracting substitution

RMB160 million

## “Efficiency Enhancement of “Tangible Asset”

Build a scientific, reasonable and cost effective inventory reserve system, promote standardization and improve the domestic substitution rate

RMB110 million

## Efficiency Improvement of “Integrated”

Allocate resource differently and improve the engineering and technical service mode of “product + service” and “product + sales”

RMB50 million



- With the goal of increasing customer asset value, promote the integration strategy to achieve new results

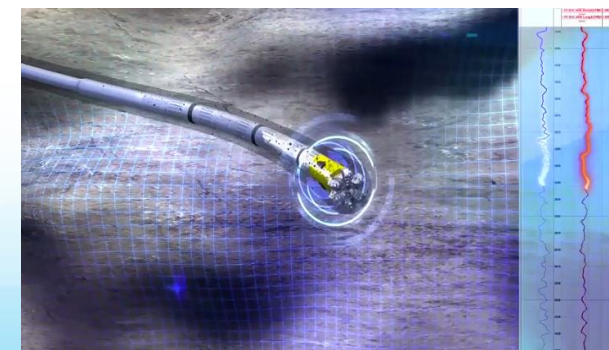
In the first half of 2023, the company has signed new integrated business contracts nearly 4.3 billion yuan

## 01 Diversified domestic integrated business

- Integrated technical services have successfully solve world-class problems at a low cost, achieved high yield oil flow exploration wells with a daily output of thousands of tons
- Gradually developing clients into the company's core customer base, with some clients becoming strategic partners of the company
- Signed an integrated development general contracting service agreement with a total amount of nearly 2 billion yuan

## 02 Multiple breakthroughs in Overseas

- Iraq Ahmedab Oilfield Integration Project
- Mexico Land Technology Service Integration Project
- Significant breakthroughs have been made in projects such as the Uganda Total project



Actively grasp the upward trend of the industry, concentrate advantageous resources, fully explore overseas markets, and continuously achieve breakthroughs in overseas markets

## ■ New Breakthroughs in Overseas Business

- Asia Pacific: Win the bid of integrated disposal projects, achieving the first breakthrough for high-end customers in the regional market
- Africa: Obtain offshore geophysical projects, which was the largest single overseas project contract in recent years, laying a solid foundation for further expanding the overseas geophysical business market
- Americas: Integrated drilling & completion service project provided integrated services for customers outside the system for the first time, fully recognized by customers

## ■ Obtain New Contracts Overseas

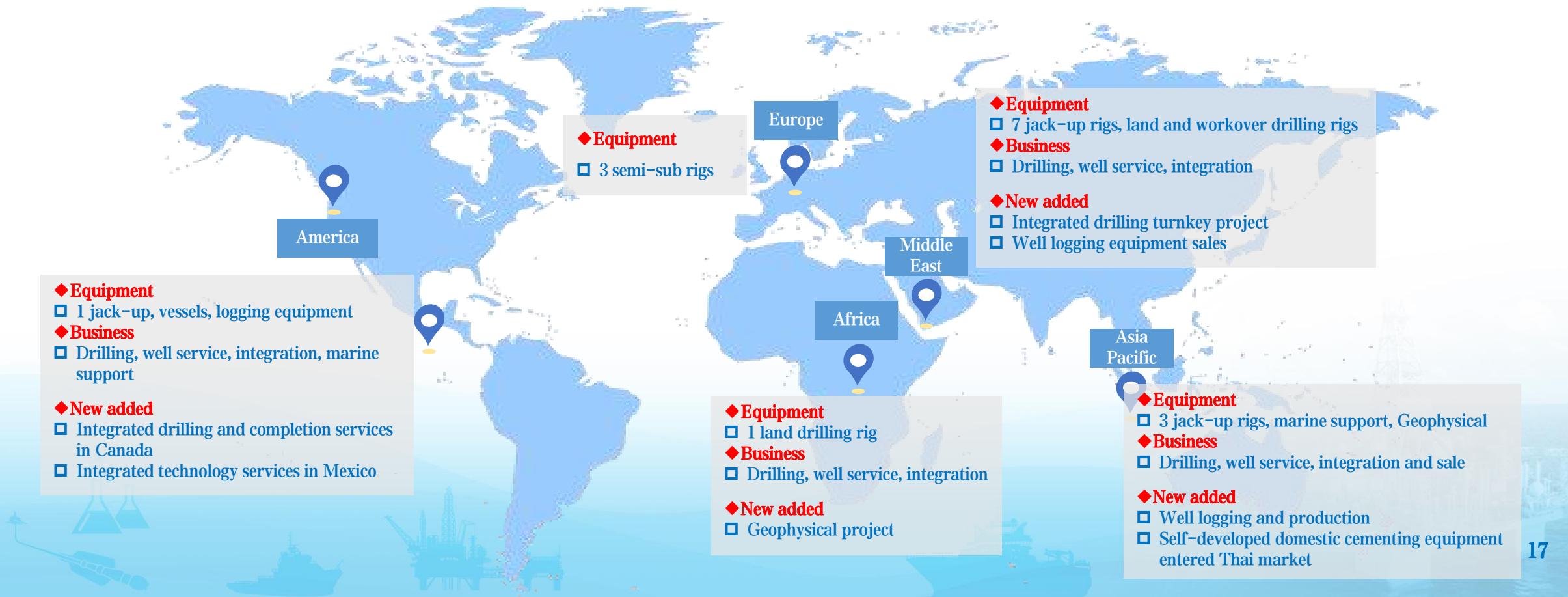
- The amount of drilling & completion general service contract in Iraq East Baghdad was approximately US\$100 million
- The amount of Mexican offshore solid control technology service contract was approximately US\$100 million
- The amount of Indonesia drilling rig service contract was approximately US\$100 million
- The amount of Nigeria data collection service contract was approximately US\$30 million



# Regional Markets Breakthrough

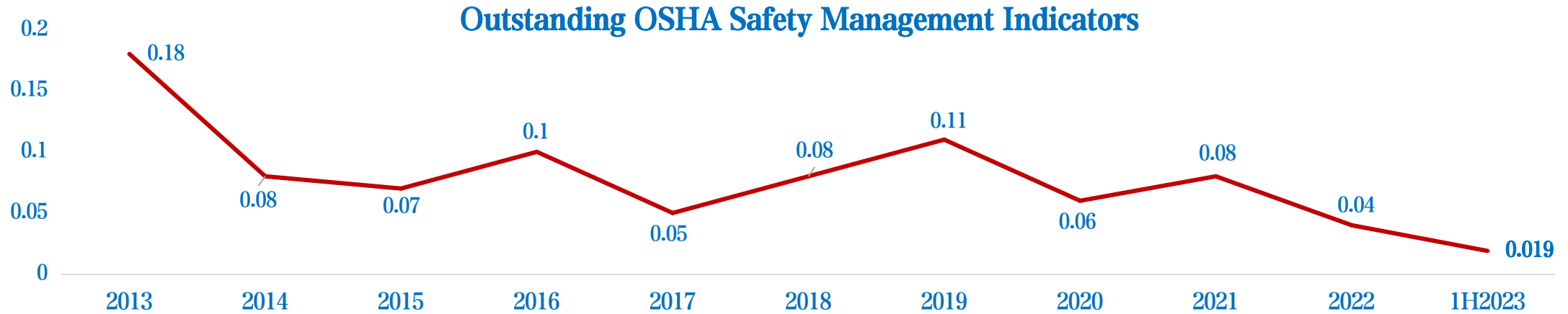
## Relying on large equipment segment, accelerate the implementation of an integrated service model

- Achieving full business chain services for equipment, technology, integration, and sales in the Asia Pacific region
- Execution of 11 jack-up rigs contracts in the Middle East
- Geophysical business returns to the West African market
- One new semi-sub rig planned to add in Europe, entering the stage of high-value contract execution
- The integration project in the Americas has entered a period of rapid growth





## Practice safety and environmental protection, promote green development



## Practice social responsibility, carry out volunteer services

- Participated in 9 maritime rescues, dispatched 10 ships, helped rescue 4 ships in distress, and helped rescue 41 people
- Hold the largest reverse roadshow event with the highest profile for the first time
- Tianma Award for “Investor Relations of Chinese Listed Companies” “Investor Relations New Media Award”
- ESG Exemplary Enterprise Award in 2023
- Outstanding Listed Company Award in 2023



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Strategy Review

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Interim Results Review

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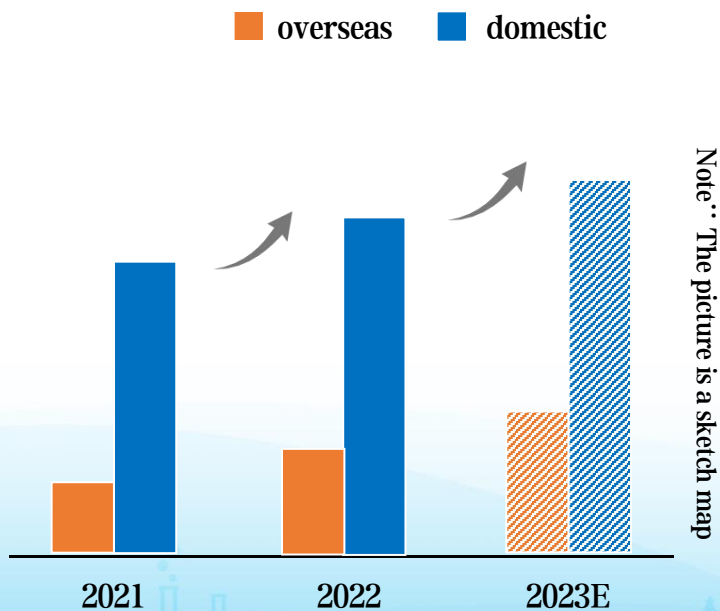
**Company Outlook**

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## World-class Energy Service Company with Chinese Characteristics

### Lock domestic and overseas orders



### 2023

- Domestic market:**
  - Increasing production volume of oil and gas
  - Improving production capacity
- Overseas markets:**
  - Focusing on the Middle East, Asia-Pacific market development
  - Accelerating the improvement of technical service capabilities
  - Promoting integrated service model
  - Increasing product sales business
- Technological innovation:**
  - Enhancing the hard power of sci-tech innovation
  - Promoting products to the high end of the value chain
- Cost control:**
  - Focusing on lean management
  - Strengthening quality and efficiency



## Focus on the core task of increasing storage and production, and continue to consolidate the leading position in the Marine market

### Continuously strengthening the integration of equipment resources

- 42 drilling rigs: 32 jack-up rigs and 10 semi-sub rigs
- Introducing 4 jack-up rigs to safeguard operational requirements
- Operating more than 160 vessels
- Possessing more than 1,000 sets of rockshaft technical equipment
- Continuously increasing the supply of such technologies as wireline logging and directional drilling

### Continuously innovating business models

- Practising the integration of exploration and development to speed up projects
- Adhering to the integration of geology and engineering to achieve resource sharing
- Exploring the risk integration model and promoting incentive mechanisms

### Focusing on key core technology demand

#### ■ Helping to explore oil and gas

- Integrated seismic acquisition, processing and interpretation technology helps the discovery of oil gas fields
- “Xuanji” system and large-diameter rotating well-wall coring tools get widely used
- 205° C stratigraphic testing tool named EFDT-Flame get used on the sea

#### ■ Helping to stabilize and increase production

- Ultra-HTHP completion tools are replaced with domestic ones
- Waterproof Drilling & completion fluids with strong inhibition help overproduction
- Hydro-lock agent wells with low yield and efficiency get applied

## Focus on the development of key markets and accelerate the layout of overseas markets

### ■ Middle East

- Enhancing the operating capacity and profitability of large equipment
- Accelerating business breakthroughs in the technology segment

### ■ Asia-Pacific

- Enhancing profitability in the market of Malaysia and Thailand

### ■ America

- Focusing on progress in the implementation of Mexico's onshore integration project

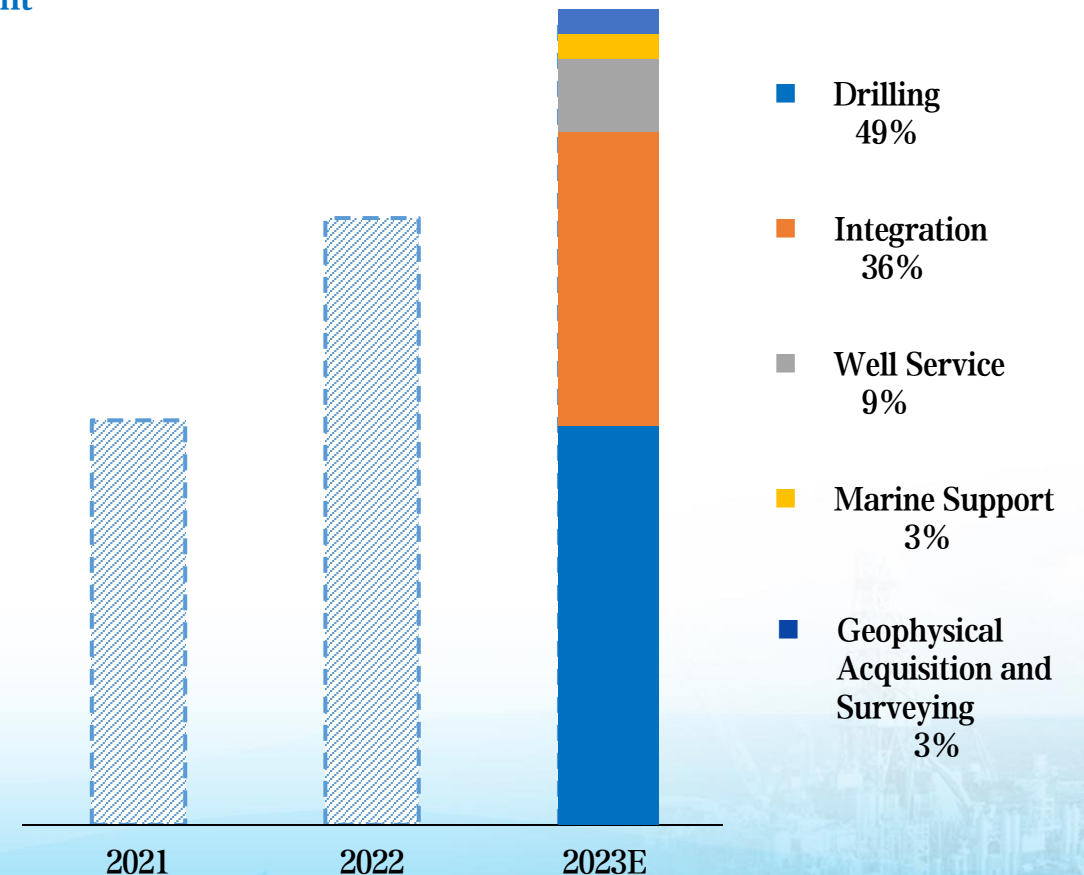
### ■ Africa

- Continuously focusing on progress in the implementation of the TotalEnergies project
- Focusing on progress in the implementation of drilling & completion integration projects

### ■ Europe

- Focusing on the operational progress of a newly-added semi-sub rig
- Advancing the integrated disposal projects in Britain's North Sea

Overseas revenue forecast(2023)



## Two-wheel drive of Scientific & Technological Innovation and Institutional Innovation

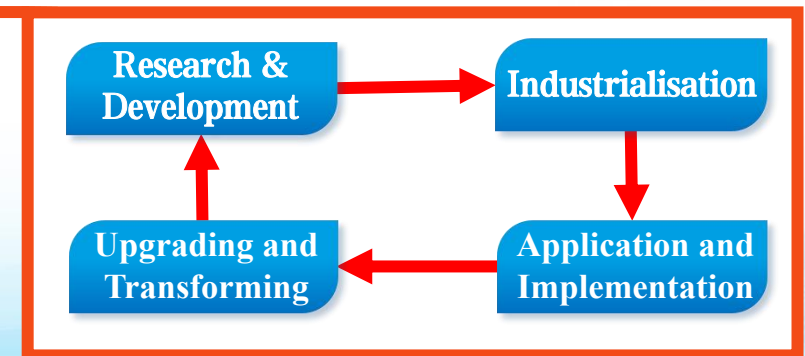
### Tackle Key Core Technologies

- ◆ Self-developed basic submarine node equipment will be put into demonstration application
- ◆ Directional rotary steerable drilling technology will be a breakthrough and enter the test stage
- ◆ High-temperature electric submersible pump injection production integration technology will be adopted in the heavy oil thermal recovery of **the world's offshore large-scale extra-heavy oilfield for the first time**



### Culture Cultivation of Innovation

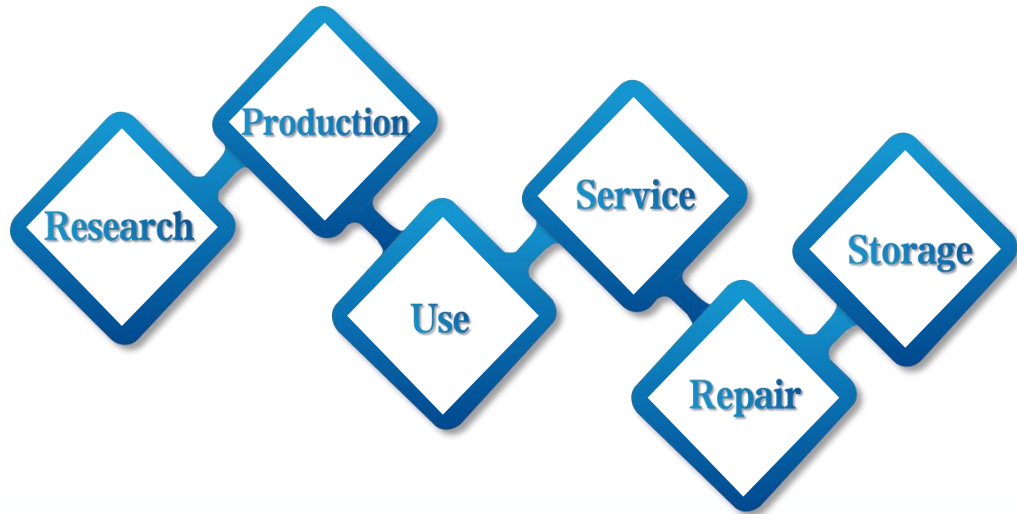
- ◆ In-depth implementation of the “I4R” integrated (research, production, use and reform) model of special scientific and technological research
- ◆ Strengthening the construction of “standard indicators” (product/technology) and “energy-efficiency indicators” (technological application)
- ◆ Establishing “basic research fund” and so on





- Focus on the Collaborative Cost Reduction of “Whole Process, Whole Chain, and Whole Cycle”

## Leaning cost management of the whole production and operating cycle



### Focusing on the building of the world-class cost control system

- ◆ **Preferred resource allocation in building supply chain:** Promoting the supply chain to become fully integrated, and forming a win-win industrial ecosystem by cooperating with high-quality suppliers.
- ◆ **Increased the efficiency of transformation achievements:** oriented to customer needs, high quality promotes new breakthroughs in key technology research and the transformation of achievements.

### Activating the potential of reducing cost and increasing efficiency

- ◆ **Single-subject management model optimises the dimension:** continuous lean cost management, improve the minimum business unit cost management level, cost reduction implementation

Facing new circumstances, new tasks and new challenges, COSL has always adhered to the corporate spirit of “Always Do Better” , striving for a win-win benefit with our shareholders, clients, staff and business partners in the high-quality development of serving offshore oil industry, and has become one of the leading integrated oilfield services providers in the world.

The Company will continue to strengthen its equipment competitiveness, promote scientific and technological innovation, and establish integrated service capability for the whole oilfield life cycle oriented by customer demand. Under the guidance of the five major development strategies of “technology-driven” , “cost leadership” , “integration” and “internationalization” and “regional development” , the Company will be gradually established as a world first-class energy service provider with Chinese characteristics.



# COSL



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