

我们必须做得更好
ALWAYS DO BETTER



COSL

Annual Results 2023

March 2024

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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 foreground, ending in a circular structure with several smaller pipes. The ocean is a deep blue, and the sky is light blue with some clouds. A small red boat is visible in the distance on the left.

I. Annual Results Review

II. Company Outlook



In 2023, international crude oil prices are at a shockingly high level.

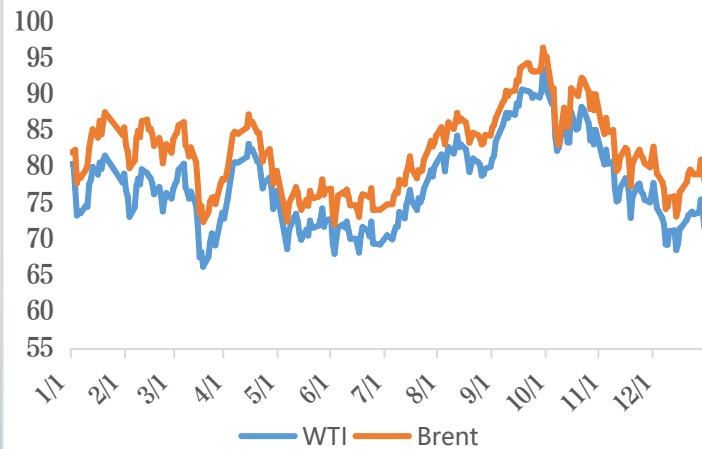


Total expenditures for global upstream exploration and development (E&P) increase 10.6% in 2023 compared to the same period in 2022.



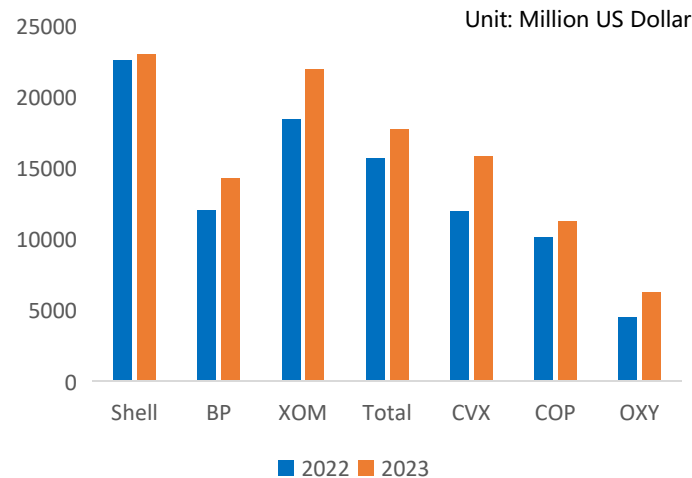
The global utilization rate of drilling platforms continues to rise.

International Oil Price Trend in 2023



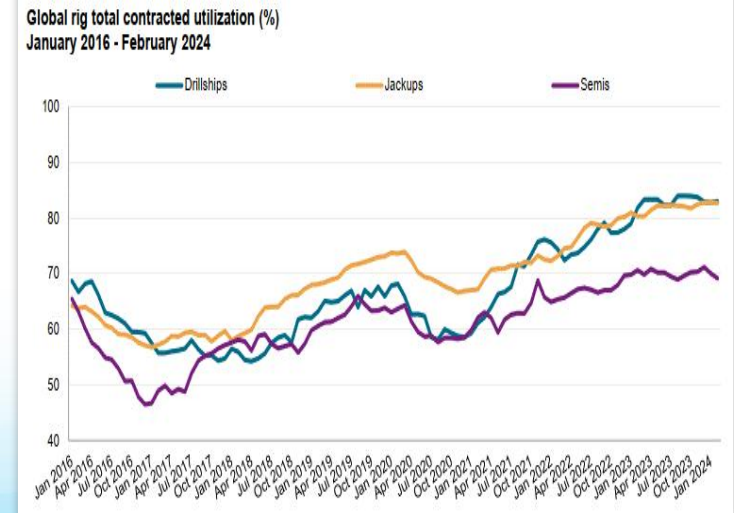
Sources: Bloomberg, as of December 2023

Oil Company Capital Expenditure Comparison for the Same Period



Sources: Bloomberg, as of December 2023

Global Utilization Rate of Drillings Increases



Sources: IHS Markit, as of February 2024

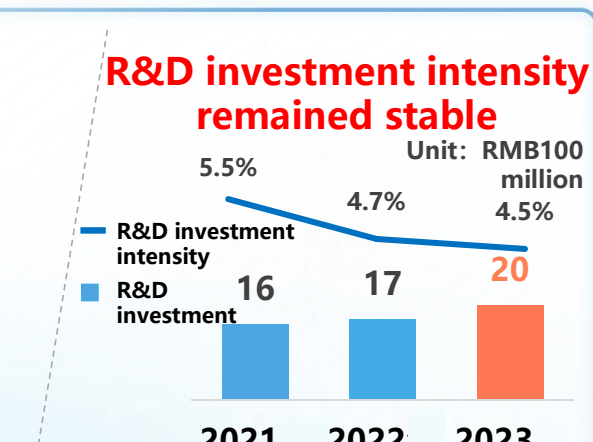
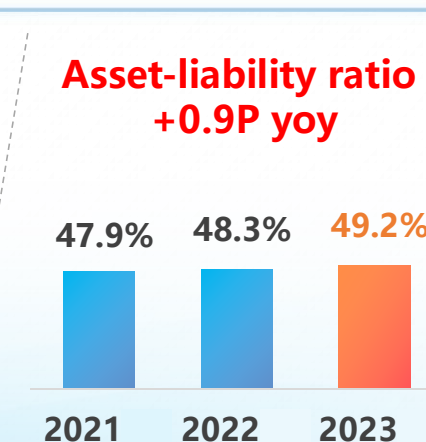
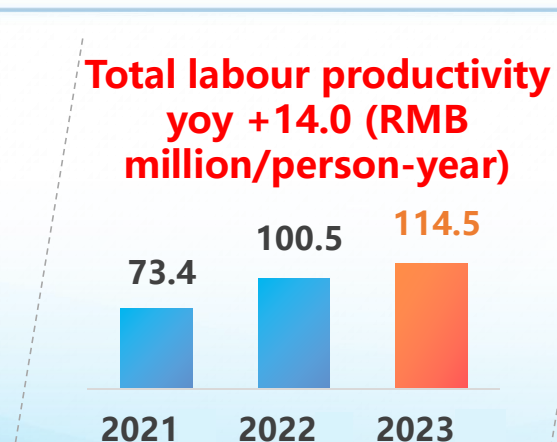
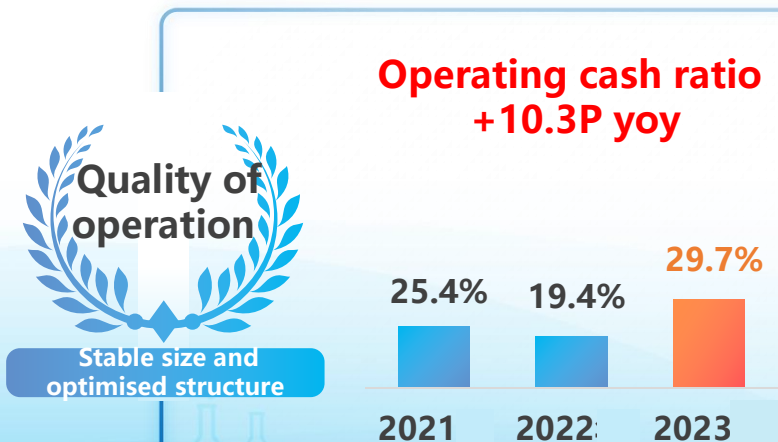
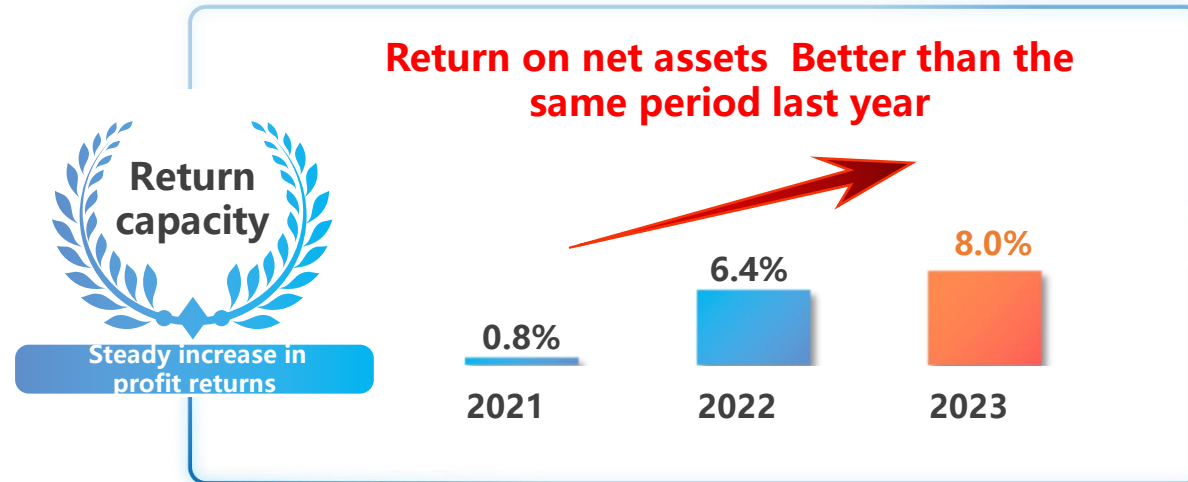
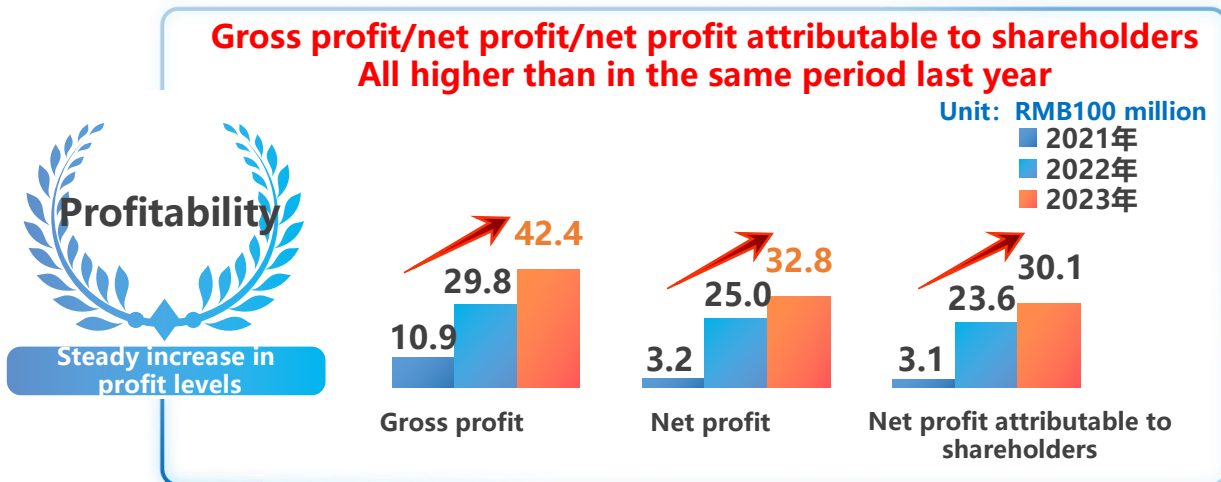
Annual Business Results

■ The Company's business results continued to improve, with profitability rising sharply and significant improvement in operating cash flow



Overall Financial Performance

■ The company's "one profit, five ratios" indicators have reached their best levels in the last three years



Leading Industry Benchmarking Parameters

■ The company's revenue, profit growth, operating profit margin in the technology sector, ranks among the top in the industry, with equipment utilization rate surpassing the international average

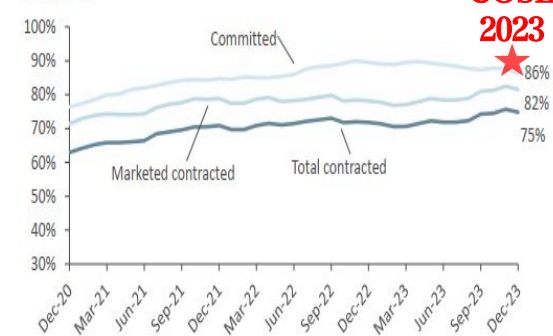
Comparison of performance parameters for the same period

Relevant indicators	COSL		Oilfield services A	Oilfield services B	Oilfield services C	Drilling A
	Drilling segment	Technology segmen				
Revenue growth rate %	23.7		20.6	18.0	13.4	10.0
Operating profit growth rate%	6.1	15.7	8.2	15.2	16.0	-32.5
Asset-liability ratio %	49.2		58.0	55.5	61.8	48.6

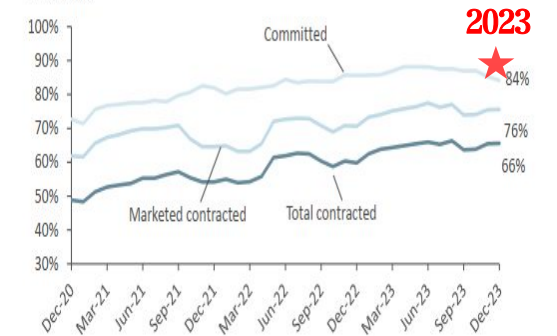
International counterparts: Schlumberger, Baker Hughes, Halliburton, Transocean
Data are from other companies.

Rig utilisation rate

Global jackup utilization by utilization type
Utilization (%)

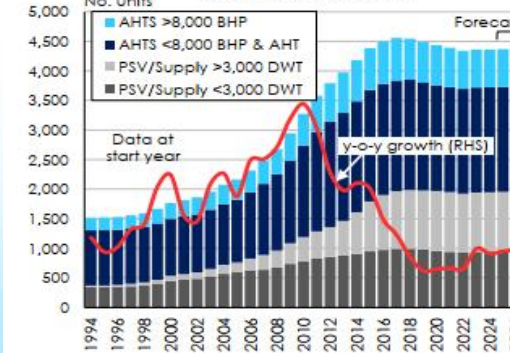


Global floater utilization by utilization type
Utilization (%)

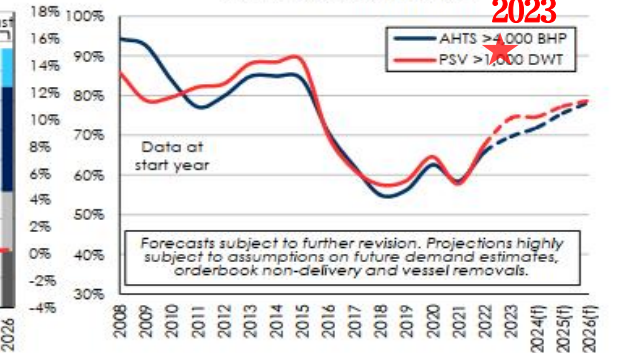


Vessel utilisation rate

OSV Fleet Growth



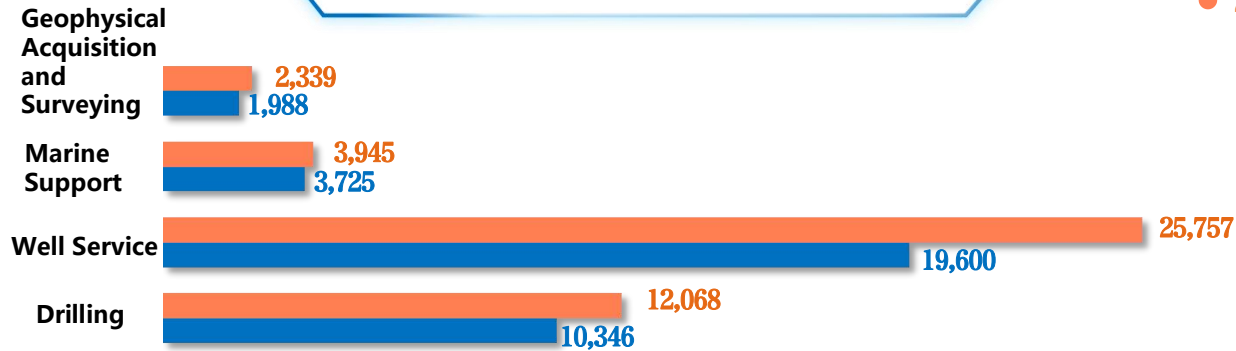
OSV Global Utilisation



Positive Business Performance in Segments

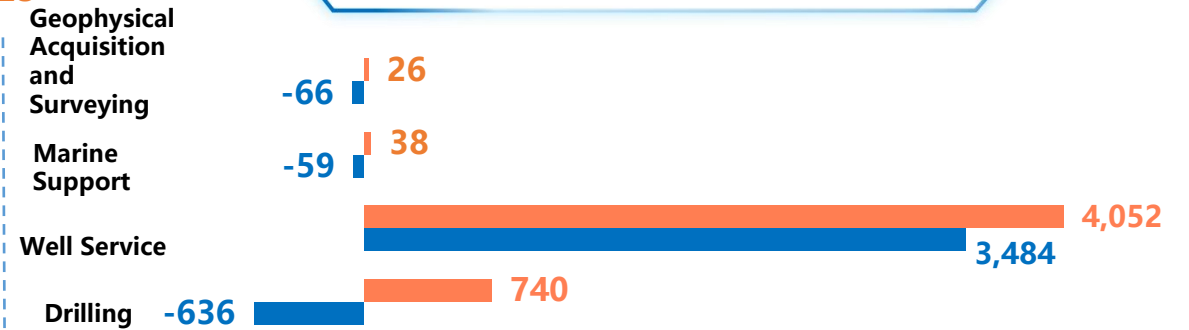
■ All four segments deliver good sales and operating profit growth

Operating income by segments



● 2022
● 2023

Operating profit by segment



Incremental operating profit of segments and percentage of contribution

■ Drilling

+RMB1.37 billion yoy

growth rate +216.4%

■ Well Service

+RMB568 million yoy

growth rate +16.3%

■ Marine Support

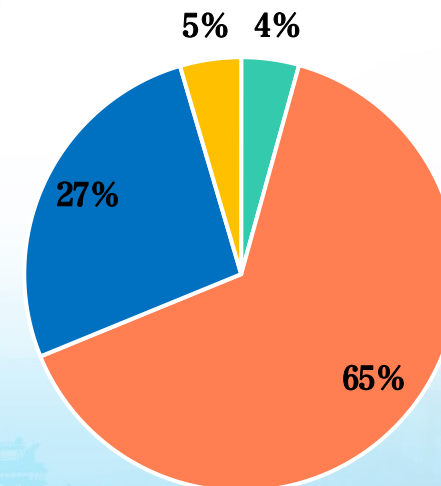
+RMB97 million yoy

growth rate +164.6%

■ Geophysical Acquisition and Surveying

RMB92 million yoy

growth rate +138.6%



Virtuous Circle of Scientific and Technological Innovation

Self-developed technology and products have driven market breakthroughs, won the “Award” in the international offshore oil and gas technology field, and the technology transformation has achieved remarkable results

Continuous breakthroughs in core oilfield service technology

- The localization of key super-deepwater exploration equipment such as the “Hai Jing” system has been achieved
- “Xuanji” high-end technology boosts efficient drilling in complex strata
- Ultra-high temperature and pressure completion tools gain a solid foothold in the deep land completion market

Continuous improvement in technological achievements and brand value



Two technologies, Post-casing Density Logging and CCUS Cementing, Win OTC Spotlight New Technology Awards

Scientific research investment is reasonable and stable, and output returns continue to increase

Investment in Scientific Research

The compound annual growth rate over the past three years is 5.2%

2021 2022 2023 12.7

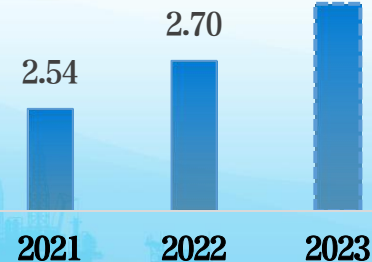


Note: The data represents the direct funding for scientific research investment.

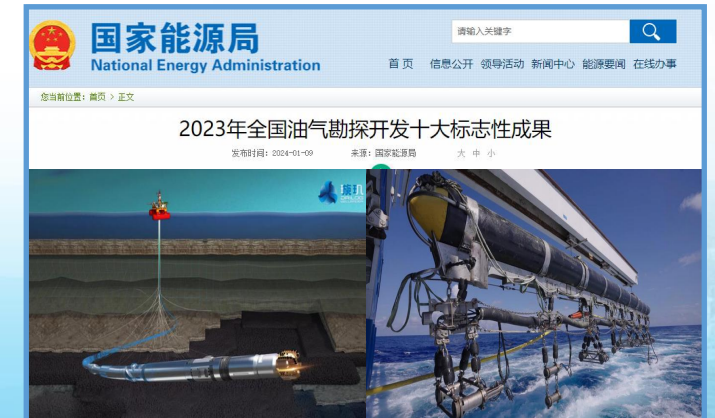
Input-Output Ratio

The return on scientific research output has been improving year by year

2021 2022 2023 2.89



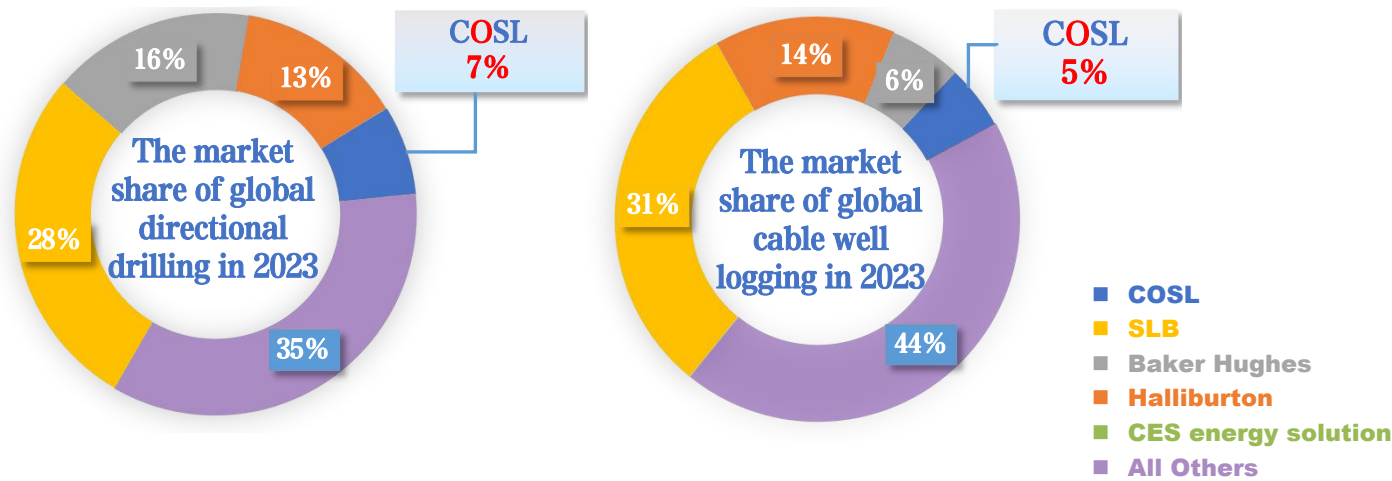
“Xuanji” and “Haijing” selected as “Top 10 Achievements in National Oil and Gas Exploration and Development in 2023”



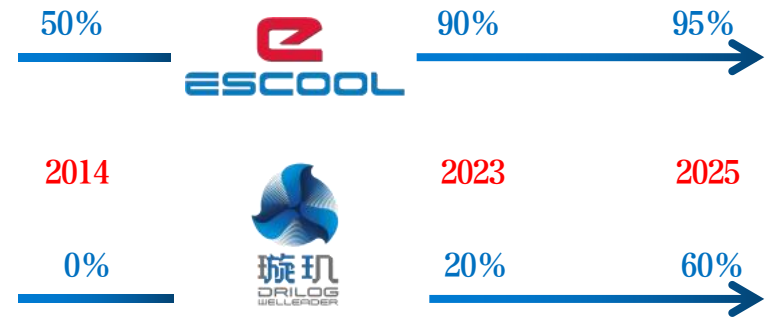
Technical Market Share Display



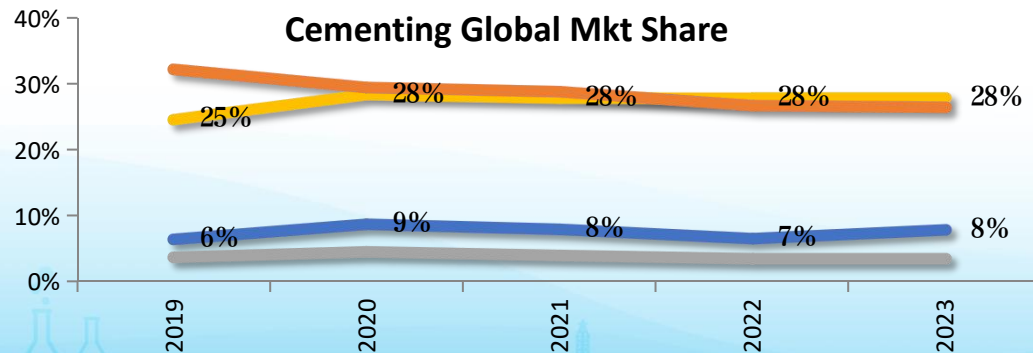
The market share of **directional services** and **wireline logging** ranks fourth globally, accounting for **7%** and **5%** respectively



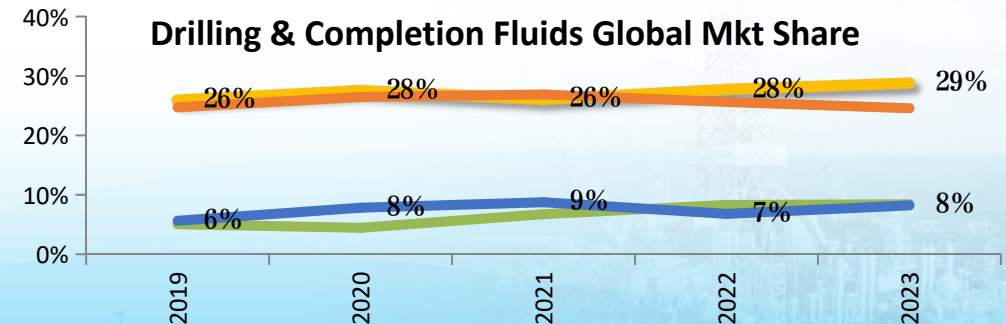
The proportion of domestic independent offshore operation in oilfield technology



The **cementing service** market share ranks **third**, accounting for **8%** of the total market share



The **drilling & completion fluids** market share ranks **fourth**, accounting for **8%** of the total market share

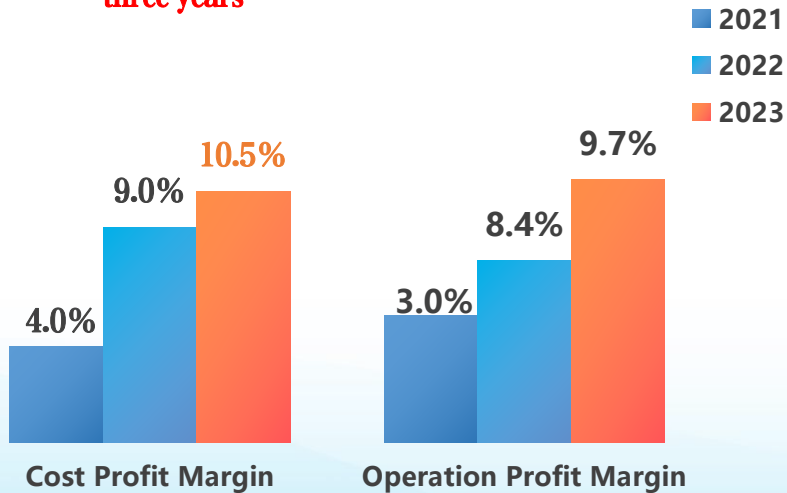


Remarkable Cost Control

- By employing innovative management strategies, enhance the structural, systematic, and sustainable cost management framework, fostering a concerted effort towards continuous cost reduction

Operation Cost Management

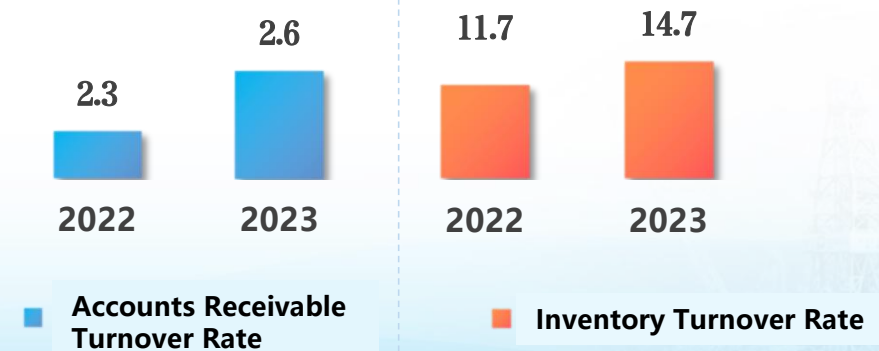
- ➔ The profit margin of cost and expenses and the operating profit margin have been continuously optimized, achieving the highest level in the past three years



Working Capital Management

- ➔ Using Lean Cost Management to Boost Operational Efficiency and Profitability

Accounts Receivable/Inventory Turnover Rate

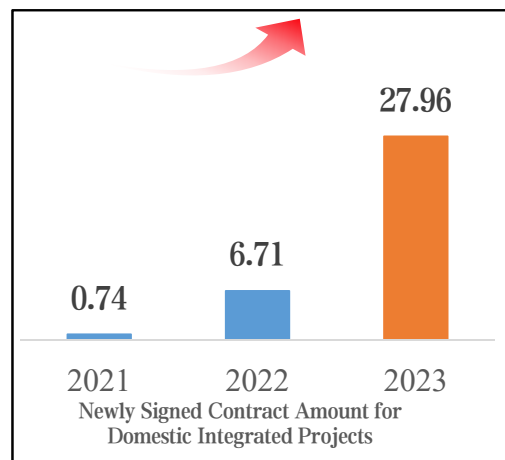
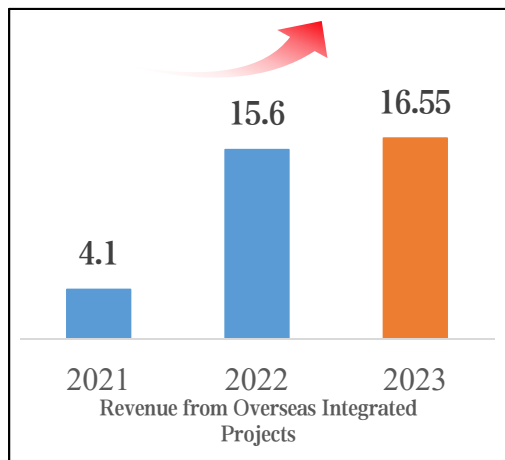


Achievements Brought by Integration

- Diversified development of integrated service types, and continuous high growth of the target customers' profitability

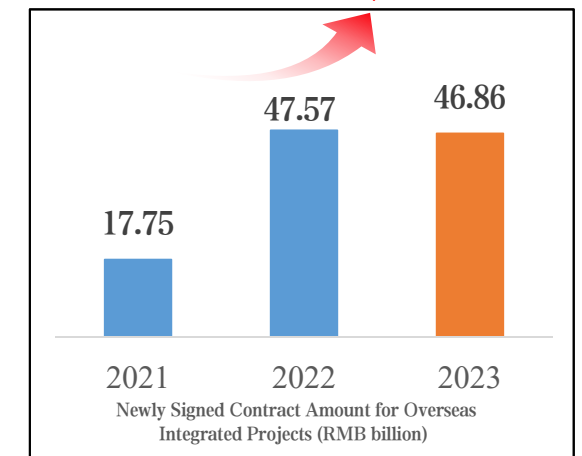
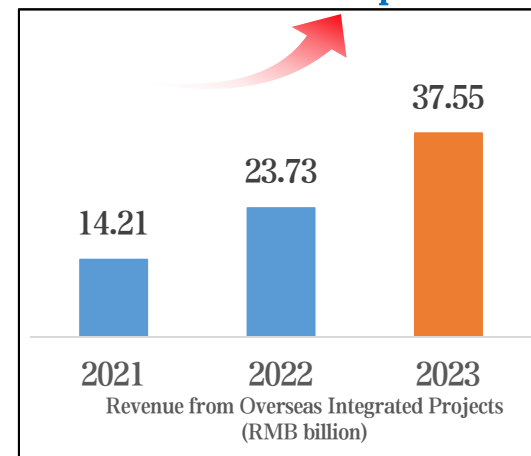
Domestic Market

- Domestic integrated project income and new contract signing amount **reached a record high**
- The service type has shifted from traditional drilling and completion integration to comprehensive treatment integration, abandonment integration and **diversified development**
 - The first deepwater abandonment and integration project in China, **efficiency improved by 14.3%**
 - Self-developed technology helps the integrated management of low-efficiency wells, and the effect **far exceeds customer expectations**



Overseas Market

- The overseas integrated projects **have achieved consecutive high growth in revenue**, and the amount of newly signed contracts **has reached a historically high level**
- **Significant progress** has been made in overseas independent products and services
 - The abandonment integration enters **Malaysia's** high-end abandonment market for **the first time**
 - Accumulative contract of drilling, completion and well repair for **the Middle East land market** amounts to **US\$260 million**
 - The first cooperation with customers outside the **Canadian system**
 - **Mexico** has made a leap to achieve a contract value of **over US\$100 million**



■ Focus on cooperation with customer, build global resources, and steadily improve the quality and efficiency of overseas development



Asia-Pacific Region

- Indonesian **drilling fluid and cementing services** obtained high-value contracts
- The platform successively obtained long-term contracts and **was full of workload**
- The geophysical exploration business has utilized a time window to enter **Southeast Asian operations**
- The abandonment integration entered the high-end market of Malaysia for **the first time**



Middle-East Region

- Saudi Arabia's **seven offshore drilling platforms services** have been **fully and orderly launched**
- The land oilfield service market has been further consolidated, winning several **integrated service contracts**
- The **qualification pre-review of the new market technology sector** is progressing smoothly



American Region

- Integrated service capability has been **deeply recognized**, and external integrated market contracts have **achieved more than US\$100 million**.
- The acquisition of **over US\$100 million order** in offshore solid control technical services, **achieving zero breakthrough in EPS in Mexico**.
- **Independently developed high-end equipment** has entered the North American market.



European Region

- The signing of several **large and long-term drilling service contracts**.
- The total contract amount is **nearly US\$1 billion**, plus an option period exceeding **US\$2.7 billion**.
- The contract covers until **2027**, plus an option period until **2030**.
- The contract share reaches **50% of the annual drilling workload released** in the Norwegian offshore drilling market.



African Region

- Nigeria signs a project contract for 3D seismic exploration and seismic source vessel service.
- Total contract value is **nearly US\$50 million**.
- Equipment and services once again appear **in the Gulf of Guinea in West Africa**.

Annual New Contracts & New Clients

- Annual new contracts signed by the Company hit a record high, with significantly strengthened anti-risk capacity of the business

Annual New Contracts

Benefit from the development of long-cycle, large-scale and high-value contracts, the contract amount has continued to climb in recent years, and the amount of newly signed overseas contracts increased by **19.34%** in 2023

The amount of newly signed overseas contracts in the past three years

Unit: US\$100 million
(including confirm and option contracts)



Annual New Clients

Equipment Service



vår energi



Technical Service



PETROLERA
CÁRDENAS MORA

Integrated Service



CARIGALI HESS



PetroChina
Canada

Product Sale



Enriching and expanding assistance carriers to continue the revitalization of rural education



- ◆ Implementing employee care
- ◆ Facilitating rural revitalization
- ◆ Participating in Voluntary Service
- ◆ Deepening overseas responsibility

Marine salvage shows responsibility, building a solid defense line for maritime safety

◆ **16 times** of maritime rescues and salvages

◆ **8** marine salvage operations

◆ Rescued **67 persons**



Honors in Capital Markets

- The Company won the **“Tianma Award for Investor Relations of Chinese Listed Companies”** and **“New Media Award for Investor Relations”** in the 14th **“Tianma Award for Investor Relations of Chinese Listed Companies”**
- The Company was shortlisted for **“Top 100 ESG Listed Companies in China”** in the **“China ESG (Corporate Social Responsibility) Launch”** and Ceremony.
- The Company won the **“ESG Model Enterprise Award 2023”** in the **“2th International Green Zero-Carbon Festival and ESG Summit - 2023”**
- The Company was **rated A+** by CCXGF
- The Company selected as the **“Outstanding Listed Company Award 2023”** in the 12th China Finance Summit
- The Company was included in the **“Central Enterprise ESG • Vanguard 100 Index”**, and **“Create a Responsible Supply Chain”** was included as an **excellent ESG case**

2023



The Company won the 18th **“Gold Round Table Award” for Boards of Chinese Listed Companies** and **“Outstanding Contribution in Corporate Governance Award”** by Directors & Boards magazine

The Company won the **highest “A” category** for its work on the Shanghai Stock Exchange in 2022 - 2023.

The Company won the **“Top 50 Carbon Neutral of ESG Golden Bull Award”** at the **“China Reform and China Securities ESG Golden Bull Corporate Summit”**

The Company won the **“Annual Best Managed Team of Listed Companies in China”** in the 17th China Listed Company Value Evaluation

The Company won the **“China Business Top 100 Listed Companies Awards”** at the 23rd China Business Top 100 Listed Companies Summit

The Company won the **“Listed Company Social Responsibility Award 2023”** in the **“13th Philanthropy Festival and 2023 ESG Summit”**



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I. Annual Results Review

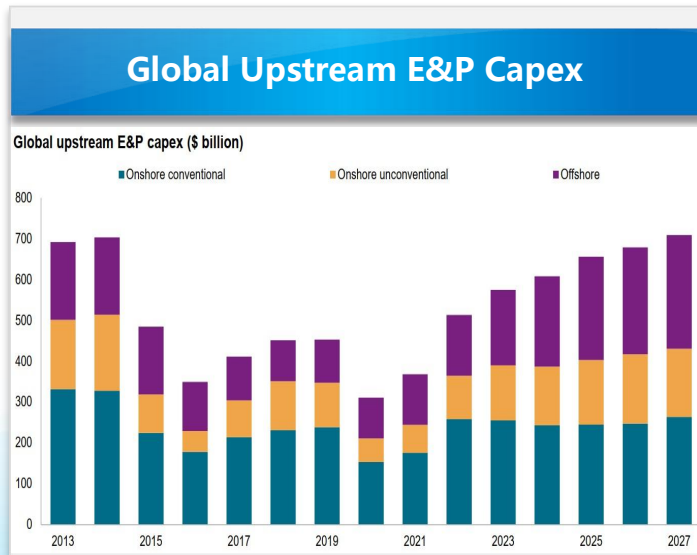
II. Company Outlook

Continued Favorable Industry Environment

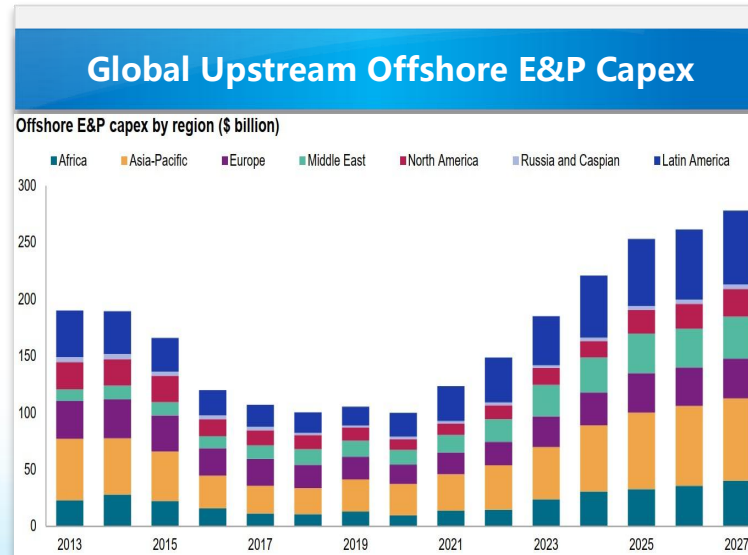
- ➔ The global upstream E&P CAPEX is expected will be over US\$600 billion in 2024, an increases of 5.7% compared with 2023

- ➔ The global upstream offshore capital expenditure in exploration and development in 2024 will increase by 19% compared with 2023

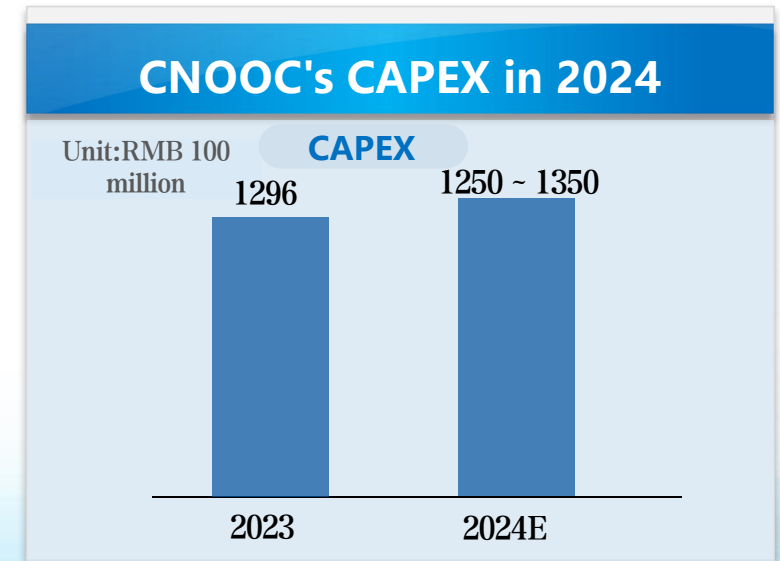
- ➔ It is expected that the capital expenditure of COSL in 2024 will amount to RMB125–135 billion and the domestic workload of the Company in 2024 will increase simultaneously



Source: IHS Markit, as of December 2023



Source: IHS Markit, as of December 2023



Source: CNOOC Limited

Continuing to be an international first-class energy service company



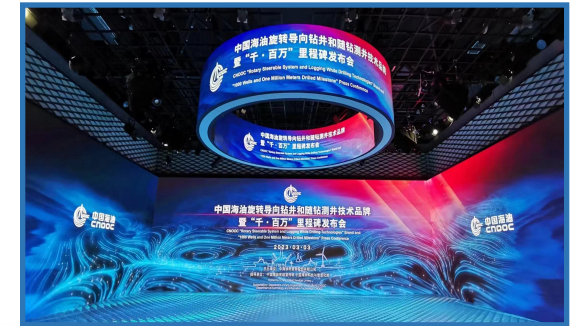
Technology-driven

Continuously improve the efficiency of technical equipment operation and industry chain expansion, and promote the deep integration of “business + digitalization”

Cost Leadership

Effectively enhance the financial control capability, utilize the value creation of comprehensive budget management, and strengthen the overseas supply chain

2024



Regional Development

Maintain a steady increase in production, and build a business cooperation model of benefit sharing and risk sharing with customers

Internationalization

Adhering to the "1+2+N" market layout, and committed to building flagship key projects in the Middle East, Africa, and North America

Integration

Persist in diversifying the business chain, increasing customer asset value, and driving breakthroughs in the application of the Company's entire business chain

Technology innovation roadmap – the "two main, one characteristic"

Focusing on customer needs and industry trends, Building a main technical system for exploration, development, drilling and completion, and green low-carbon initiatives

- Comprehensive mainstream
- Outstanding main technology
- Prominent characteristic technology

4 major fields
15 business lines
62 core technical systems

Exploration
Drilling and completion
Development
Green and low carbon

Exploration: Leveraging new seismic, logging, and testing technologies, methods, and equipment to efficiently discover high reserves

Well Completion: Using a high-quality well completion technology system to help customers improve quality and efficiency

Development: Utilizing systematic heavy oil thermal recovery and reservoir modification technologies to help customers improve oil recovery rates

Green and Low Carbon: Promoting the company's energy transformation through large-scale equipment carbon reduction technologies and the development of green industrialization

Smart Oilfield 3.0
Digitization Stage (by 2030)

- Technology coverage exceeds **90%**
- The revenue share of the technology sector reaches **60%**
- Globalized production and operational management model
- Real-time monitoring of operations and intelligent decision support

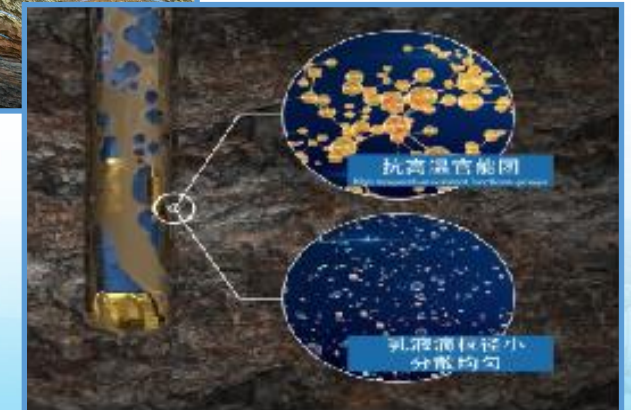
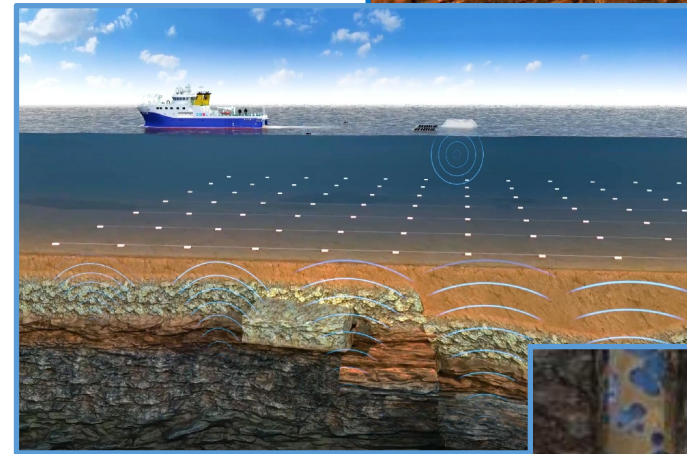
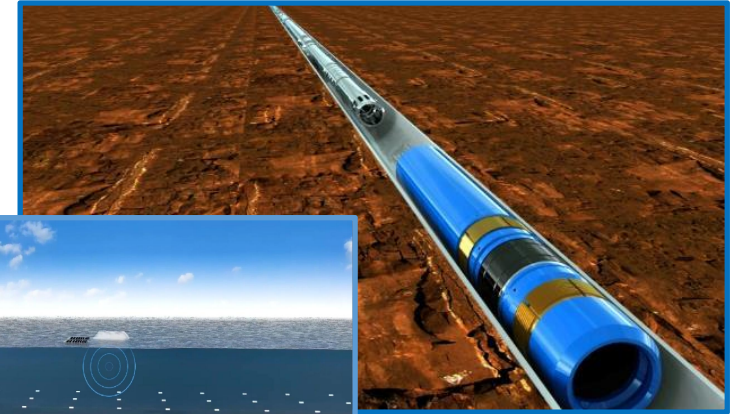
To drive the research, development, manufacturing, and iterative upgrading of core technologies through high-level basic research, and accelerate the transformation and application of technology

Key core technology breakthroughs in 2024

- “Haimai” enhanced seismic node equipment
- High-definition multi-layer edge detection tool
- Delayed removal of stuck drilling mud cakes
- Increased production of downhole multiple thermal fluid

Realizing the core of asset value management

- ❑ Expanding the competitive advantage of proprietary technology
- ❑ Enhance the substitution rate of technology localization
- ❑ Reduce service costs through research and innovation



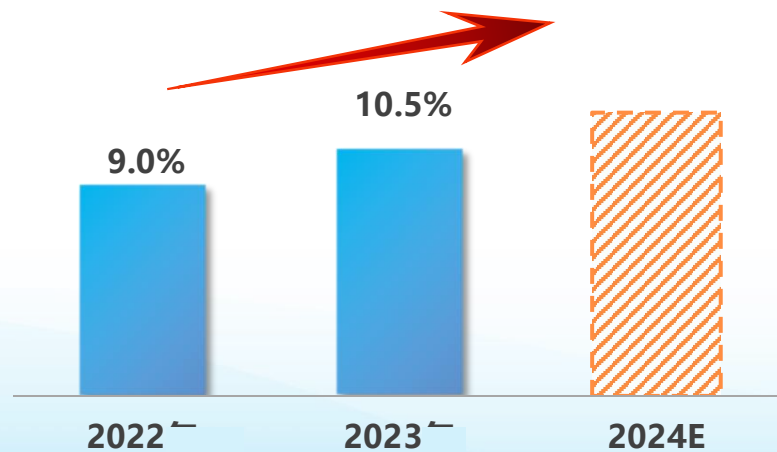
Consolidate Cost Leadership

The concept of “structural, systematic, and long-term” cost reduction philosophy endows the cost leadership strategy with new connotations

Effective operating cost management

Cost-to-revenue ratio

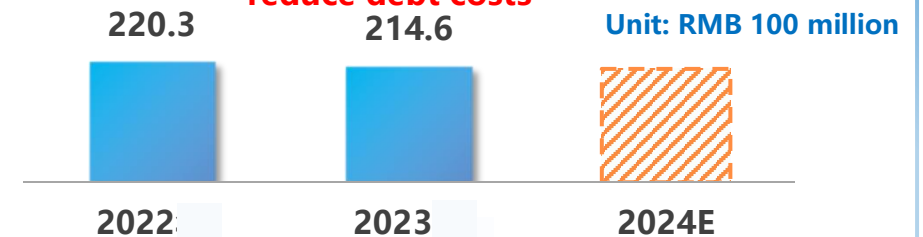
Targeted and precise control to promote the continuous optimization of cost-to-revenue ratio



Flexible financing strategy management

Interest bearing liabilities

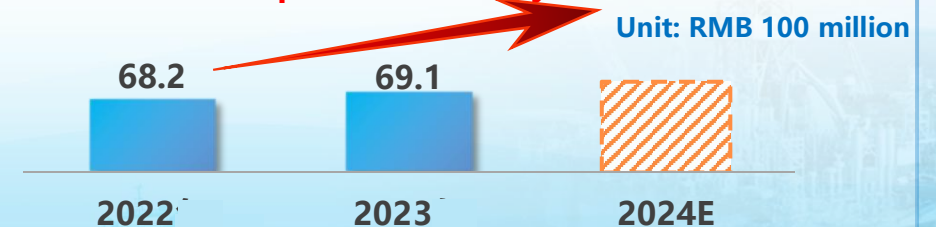
Focus on overall debt level control, optimize debt structure and reduce debt costs



Stable operating capital management

Operating capital

Lean cost management helps the COSL's operating capital rise steadily



Being committed to appreciation in asset value of customers, continuing to whole oilfield life cycle management and expanding integrated business

One-stop solutions

- **Full life-cycle services**

- Geological engineering Integration
- Field development projects integration
- Drilling & completion integration
- Overall governance integration
- Disposal integration

Integrated overseas layouts

- **Expansion of overseas business**

- **Middle East:** Deep cultivation of the existing market and expansion of external markets in Iraq
- **Asia-Pacific:** Development of high-end clients for disposal integration as a priority in Malaysia
- **America:** Exploration of the market for regular drilling & completion integration in Canada; extension of integrated services to offshore areas in Mexico
- **Africa:** Advancement of the diversified development of integrated business in Uganda
- **Europe:** Drilling rig disposal in the North Sea

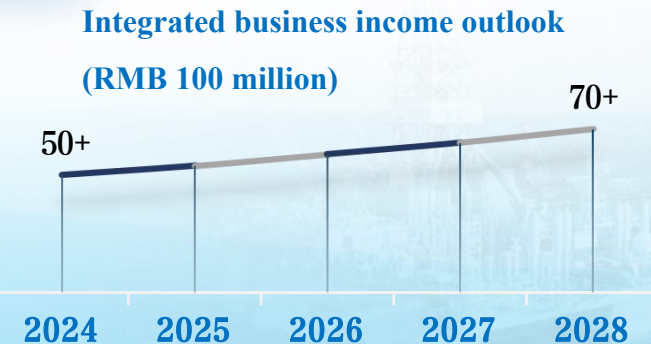
Innovation in service modes

- **Diversification of service offerings**

- “Service” + “Technology”
- “Service” + “Product”
- “Service” + “Mode”

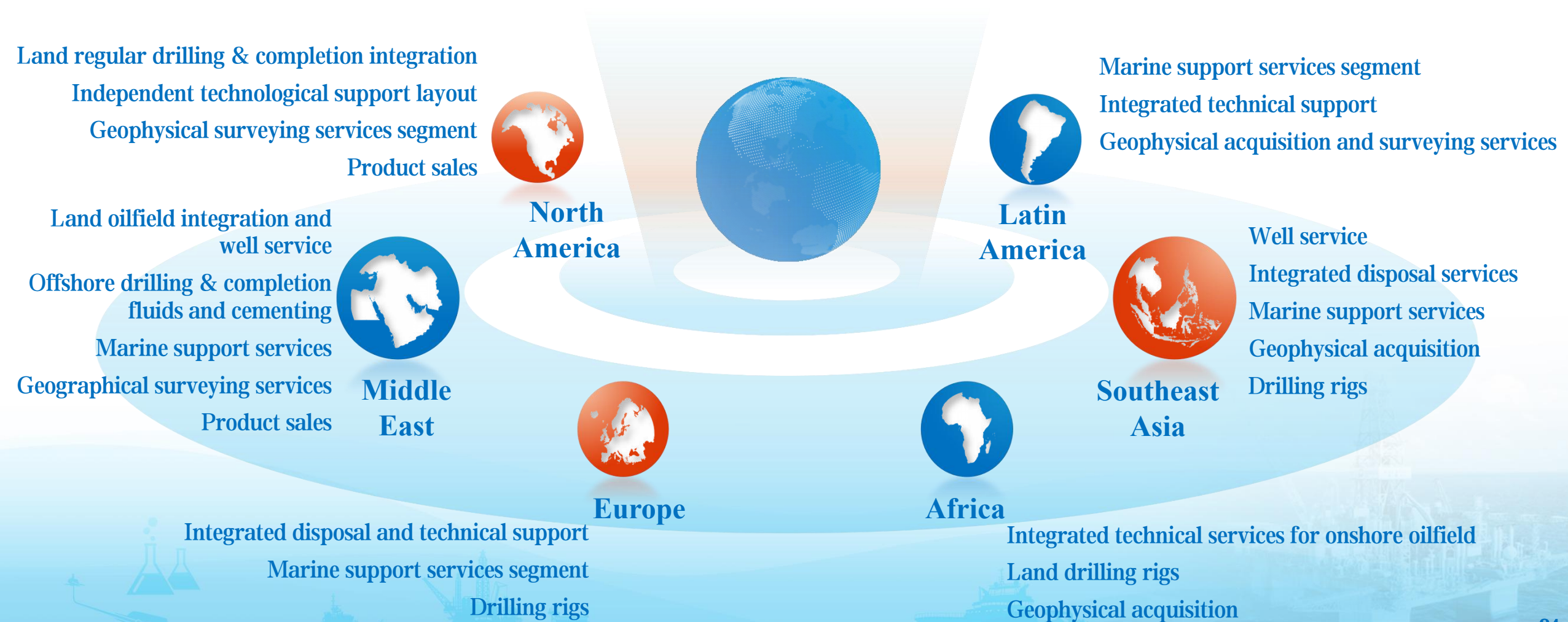
Business Outlook

The Company’s synergistic advantages across the whole industry chain strive to create more values for clients



Key Areas of Overseas Markets

Aiming at world-class standards and staying true to market expansion and efficiency increase oriented by customer demand to drive rapid development in overseas markets.



Regional Resource Coordination and Allocation

Deepen the new market layout of "1+2+N", with equipment and technology working together to drive technological breakthroughs



Continuously enhance China's leading position in domestic market;
Ensure domestic production growth and reserve accumulation



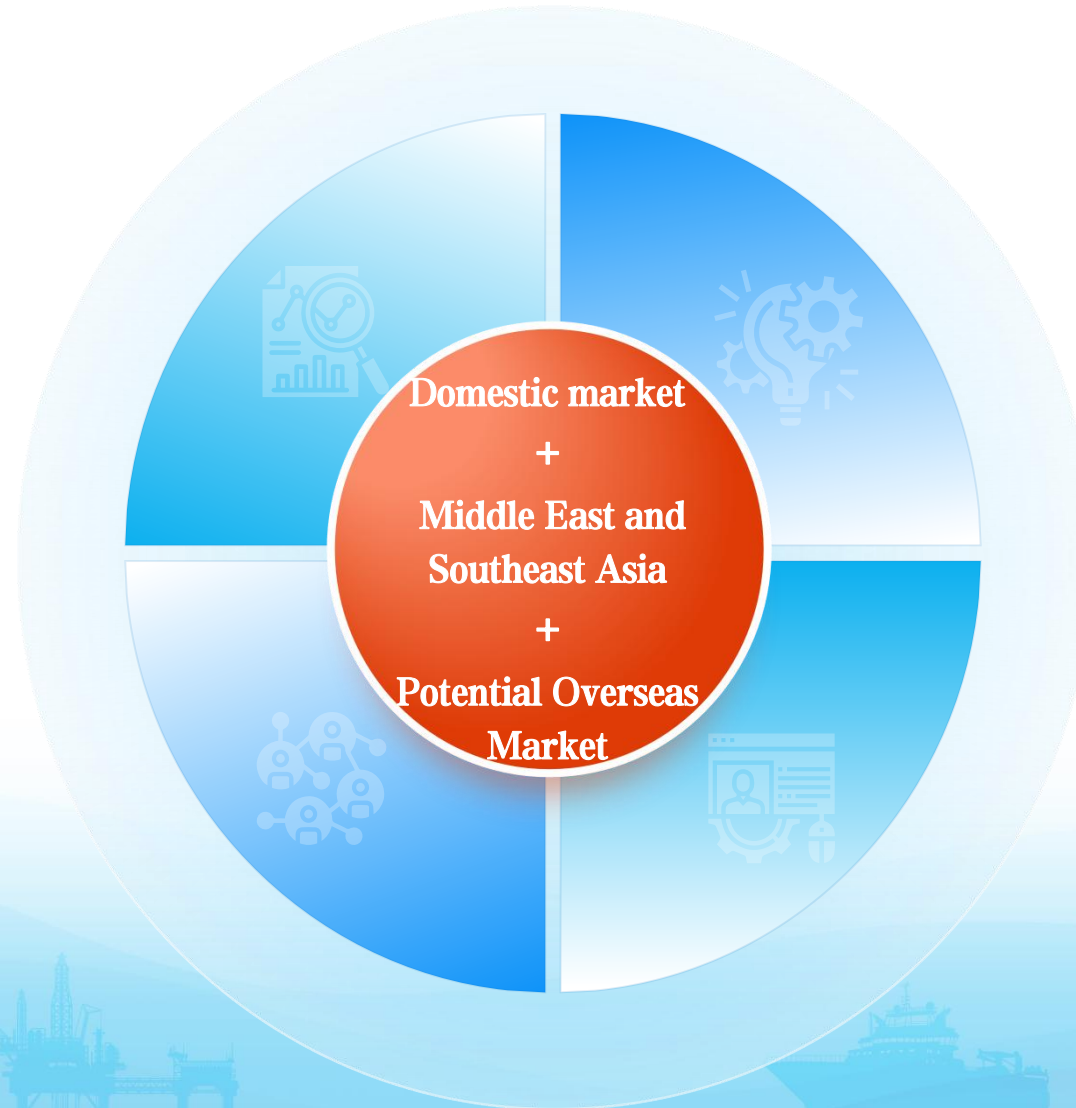
Use advantageous businesses to drive scaled development;
Accelerate integrated services to expand market share



Regular communication to continuously enhance the "stickiness" of key customers;
Cultivate regional brand value



Deeply cultivate regional markets;
Strengthen business risk management mechanisms;
Enhance operation and management levels

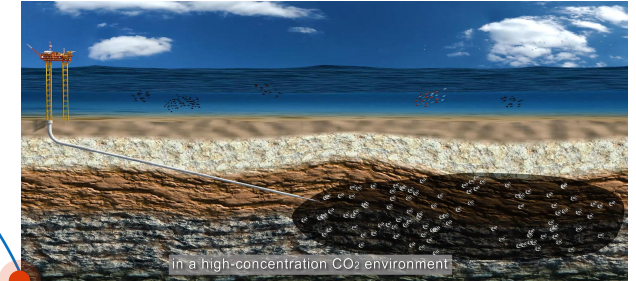
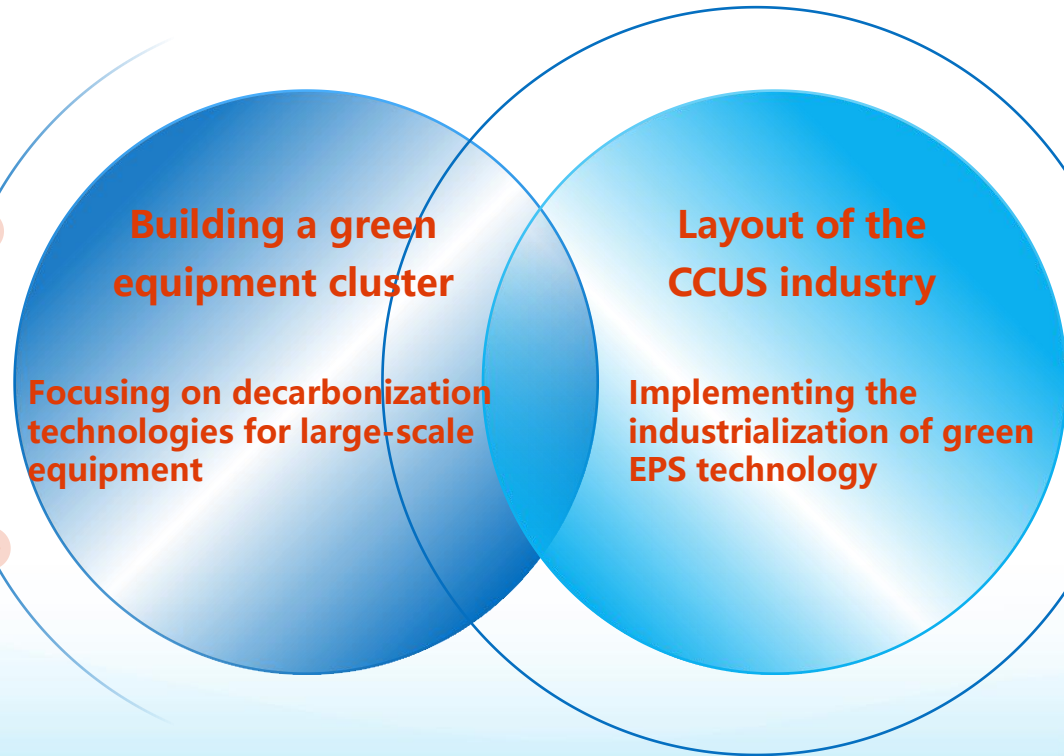


Accelerating Green and Low-carbon Transformation

Focus on “fuel and energy restructuring” and “research and application of carbon reduction technology” to accelerate green and low carbon transformation



Transformation of equipment to use clean power sources, substitution with zero-carbon power sources; near-shore power supply for large-scale equipment and application of battery energy storage technology



Relying on industrial advantages to develop integrated services for CO₂ capture, transportation, utilization, reinjection, storage, and monitoring; promoting the industrialization and integration of the EPS green and zero-waste technology system



COSL has embarked on a journey to build a world first-class enterprise. The company will continue to focus on its main duties, emphasize value creation and adhere to lean management. Under the guidance of the five major development strategies of “technology-driven” , “cost leadership” , “integration” and “internationalization” and “regional development” , the Company will remain committed to integrated service for the whole oilfield life cycle oriented by customer demand and all staff with tireless efforts will pursue the goal of establishing the Company into a world first-class energy service provider. Meanwhile, the company strives for win-win cooperation with customers, staff, business partners, and shareholders in the high-quality development of serving offshore oil industry.



COSL



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