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COSL

Annual Results 2022

March 2023

Disclaimer



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.





Results Overview

Company Outlook



Business Environment Review





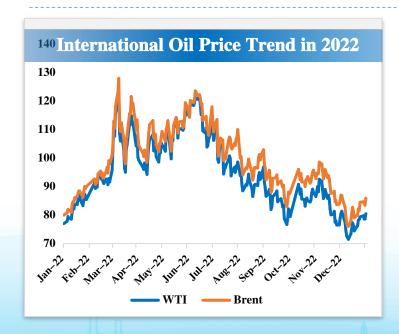
The global demand for crude oil continued to increase in 2022 and international oil prices were at a shockingly high level



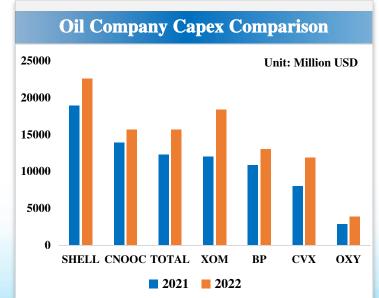
Total expenditures for global upstream exploration and development (E&P) increased 25.5% in 2022 compared with that in 2021



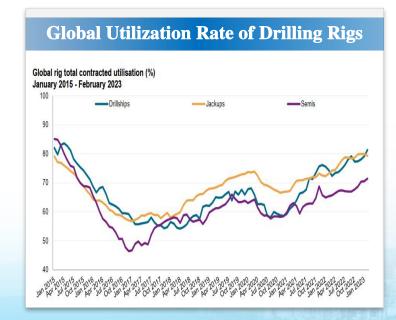
The oilfield service industry gradually recovering, global utilization rate of drilling rigs continued to rise



Sources: Bloomberg, date as of November 2022



Sources: Bloomberg, date as of November 2022



Sources: IHS Markit, date as of February 2023

Annual Performance



- Achieve overall improvement in business quality
- The Company's revenue:RMB35.6 billion¹, the revenue of Well Service segment:RMB19.6 billion
- Operational equipment: 280 large equipment units (vessels), 180 drilling and workover rigs and 1,000 core technical instruments
- Drilling rigs scale No.1, Marine support market scale No. 2, Cementing market scale No. 3, Directional drilling+MWD market scale No. 4²
- **Steady promotion in green low-carbon operation**
 - 12 LNG-powered ships had became the world's largest guardian fleet and accumulated revenue: RMB 251 million
 - Offshore drilling waste disposal has accumulated nearly 1,000 wells, dealed with 400,000 tons of wastes
 - Self-developed 8,000m fully automatic and environmental drilling rig has been shipped to Uganda

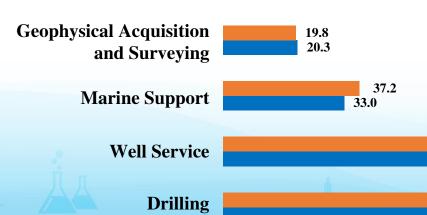
Overall Financial Performance



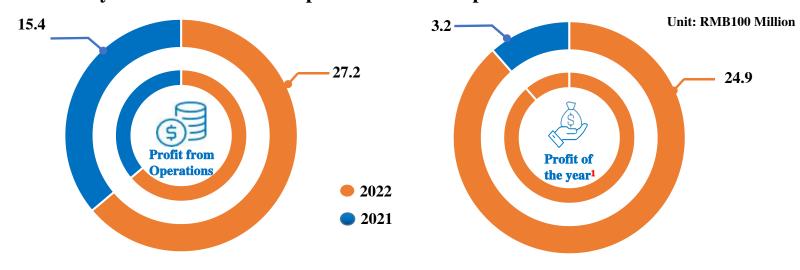








Profit from operations in 2022 and profit of the year increased by 77% and 674% compared to the same period in 2021



150.7

103.3

2021

87.7

2022

Unit: RMB100 Million

195.7

Innovation Achievements





Scientific and technological innovation to achieve leapfrog development



Mature Innovation Mechanism

- 15 business/product lines, 60 core technology series, mainstream technology coverage: 95%
- logging, drilling fluid and cementing reach the world leading level



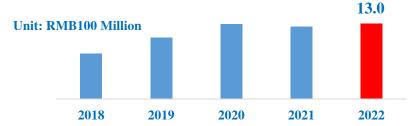
Core Technology Iteration

- "Xuanji" system key operational indicators reach world-class level. The system has accumulated revenue of 1.1 billion. Total sales of high-end logging equipment MUIL¹ reached a new record of RMB200 million.
- Ultra-high-temperature cable logging and hightemperature electrical imaging fill the gaps in domestic oil and gas exploration



Investment in Research & Development

■ In 2022, the investment of R&D: RMB1.3 billion, scientific research input—output ratio:1:2.8





Notable Technology Brands

- Two national first (sets) of major technical equipment in the energy field
- Deep-water drilling wellbore working fluids selected in the catalog of scientific and technological innovation achievements of Central Enterprises

Overseas Markets Breakthrough



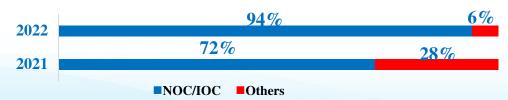


Overseas market with the highest amount of newly signed contracts in record



☐ The value of new overseas contracts was about USD3.5 billion, up 345% compared with 2021

Type of overseas contract customers



☐ In 2022, the number of major overseas customers exceeded 80, an increase of 19 % year—on—year.From the perspective of contract customer types, the proportion of NOC / IOC has increased significantly.

Technology Brands steadily step towards international

Middle East



- Won the bid of East Baghdad South drilling integration project
- ♦ Multiple long—term drilling contracts have been signed, with a total contract amount of RMB 14 billion

Asia-Pacific



- "Xuanji" system get fully developed the market in Southeast Asia
- ♦ Self-developed remote control deepwater cement instrument enter the Thai market
- ♦ Oilfield fracturing service in Indonesia, realizing major breakthrough

Americas



- ◆ Drilling & completion fluids, cementing service first enter the Mexican land market
- **◆ ESCOOL high-temperature, high-speed logging system enters Mexican** service market

Africa

♦ Well service segments won high-end customer recognition in Uganda

Integration Breakthrough

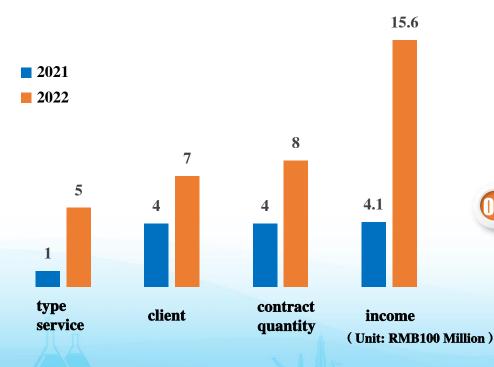




The transformation of integrated makes remarkable fruits of large-scale operation

Revenue of integrated business exceeds RMB4 billion, 227% increase over 2021, with a Domestic/Overseas share:39P/61P

Integrated business transformation and upgrading in domestic



Transformation and Upgrading of traditional businesses

- Business Type: Integrated services expanded from single conventional drilling & completion to shallow/deep water exploration Wells, heavy oil thermal recovery, marginal field and hydrate
- New Clients: Add more clients such as Roc Oil, etc.
- Contract: Compared to 2021, 100 % increased in integration contract
- Revenue: Domestic business income increased by more than RMB 1 billion year-on-year, Increase of more than 280 %

Multiple breakthroughs in overseas integration

- Iraq: total revenue of RMB1.72 billion from integration projects of drilling, completion and workover, up 23% year on year
- Southeast Asia: total revenue of RMB150 million from well workover and integrated disposal projects, up 30% year on year
- Canada: revenue from integrated drilling and completion services for oil sands projects was RMB590 million, which has increased substantially

Regional Markets Breakthrough



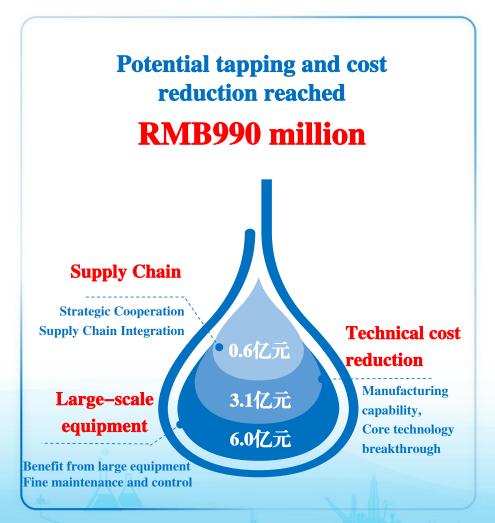


Effective Cost Control





Remarkable potential tapping and cost reduction in 2022



Technical Cost Reduction

- ➤ Manufacturing capacity: The total cost reduction of RMB260 million was achieved through independent subcontracting substitution and material system optimization
- ➤ Core technology breakthrough: Independent technology serialization, industrialization, and accelerated technology iteration(Total benefit of RMB50 million)

Supply Chain Management

- > Supply chain management: build an integrated system of supply chain management, and strengthen resource sharing and resource recycling
- > Strategic cooperation: 60% reduction in equipment inspection, maintenance and acquisition compared to import prices, and 50% reduction compared to historical domestic prices

Large-Scale Equipment

- Fine maintenance and control: Complete platform's construction and renovation of docks and water inspection projects, achieving economic benefit conversion over RMB100 million
- ➤ Benefit from equipment: build a large-scale equipment cost quota management mechanism, achieving cost reduction of RMB125 million

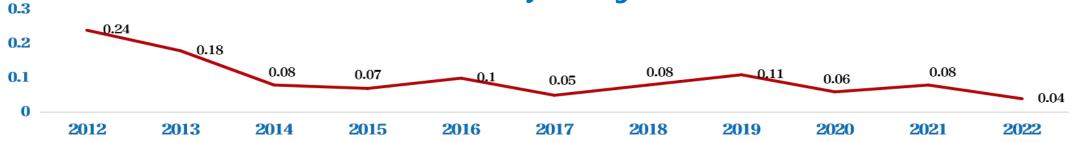
Perform Well in QHSE and Social Responsibility





Safety, Environmental protection and Green development

Excellent OSHA safety management metrics





Maritime Rescue

- **◆** Involved in 18 maritime rescues
- **♦** Rescued 15 ships in distress
- **♦** Rescued **182** people in distress





Social Responsibility

- **◆ 18** donation activities
- **♦ "School–Enterprise cooperation"** in Iraq
- **◆** Expressed sympathy and solicitude for **children in local orphanages** in Mexico





Voluntary Duty

◆ "Blue Power" marine environmental protection voluntary service







Results Overview

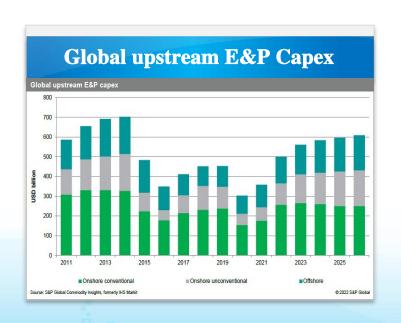
Company Outlook

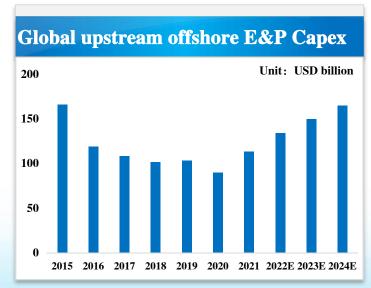


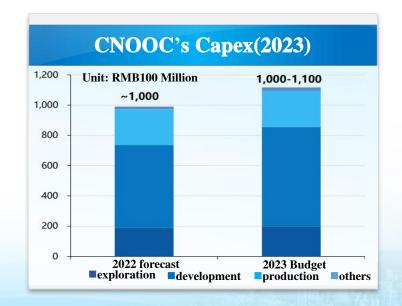
Industry Environment



- **♦** The global upstream E&P CAPEX is expected to increase by 12% in 2023 compared to 2022
- **►** The global upstream offshore E&P CAPEX is expected to increase by 11% in 2023 compared to 2022
- **← CNOOC's CAPEX: RMB100–110 billion(2023), the domestic workload of COSL will increase steadily**







Source: IHS Markit, date as of December 2022

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Source: CNOOC's Strategic Guidance(2023)

2023 Development Outlook



World-class Energy Service Company with Chinese Characteristics

Lock domestic and overseas orders overseas domestic 2021 2022 2023E



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

Domestic Market





Increasing oil and gas reserves and production to consolidate the leading position in the offshore market

Coordinating equipment resources

- Introduce 4 jack-up drilling rigs
- Add 14 long—term vessels and 1 workover drilling rigs
- Increase the supply of such technologies as cable logging, directional drilling and cementing

Expanding the scope of business

- Integrated drilling & completion services
- Integrated management services for inefficient wells
- Integrated disposal services

Enlarging the service area

■ High-end logging technologies such as well technology high-temperature electrical imaging enter land market

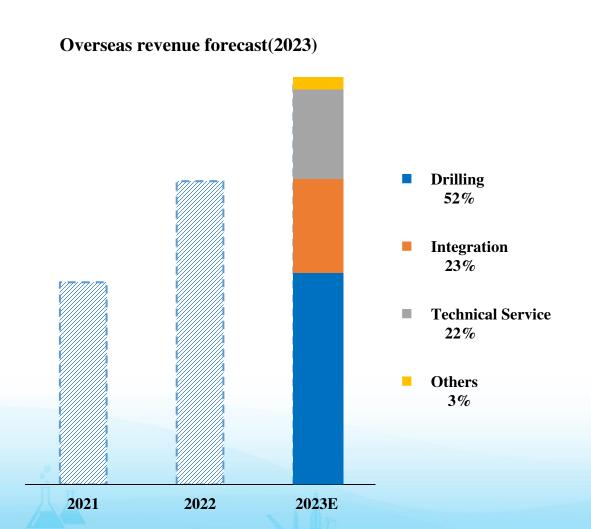


Overseas Market





With top priority on the high quality development of international business



Overseas resource layout

- Middle East: Add 7 jack-up drilling rigs. Land directional drilling equipment
- Asia-Pacific: New logging and geophysical equipment added
- America: Layout solid control, logging equipment

Expanding the scope of business

- Integrated drilling & Drilling Fluid / Cementing / **Solid Control** completion
- **Directional drilling**
- Cable logging

- 2D seismic geophysical acquisition
- **■** Sales

Enlarging the service area

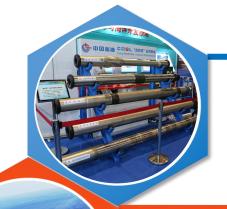
- Drilling integration, technical services enter the African market
- Drilling and completion fluid, cementing services landed on the American land market

Technology-driven Strategy





Promote the Technologies and Products to Enter the High End of Value Chain



Towards World leading

- Development and application of thermal recovery of the world's first offshore large-scale's oil field of extra-heavy oil
- The oil-based mud filter cake delayed release fluid, which technical indexes is superior to similar international products

Product value chain upgrade

- Ultra-HTHP full rockshaft completion tools, completed the scenario transition from onshore technical support to offshore application
- 50 % increased on operation scale of earthquake towing cable acquisition, with technical breakthrough turing to commercialized market promotion

New Technology Showcase

- Self-developed cementing technology will provide technical support for the first offshore CO₂ storage well in domestic
- The basic ocean bottom node equipment completed 3D seismic acquisition of 100km², realizing the first application of independent node equipment

Consolidate Cost Leadership





Focus on the Collaborative Cost Reduction of "the Whole Process, Whole Chain, and Whole Cycle"

Efficiency Improvement of "Integrated"

- Allocate resource differently
- Improve the engineering and technical service mode of "product+service" and "product+sales"

Efficiency Creation of "Technology"

- Guided by customer needs
- Improve the main technical system and gradually reduce subcontracting substitution

Efficiency Enhancement of "Tangible Asset"

- Build a scientific, reasonable and costeffective inventory reserve system
- Promote supply chain standardization and improve the domestic substitution rate







Remarks



Over the past 20 years since its listing, 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











