

ANTON 安東

2019 Annual Results Announcement

23 March 2020

TWENTY AMAZING YEARS
PASSING THROUGH CYCLES
GET TO NEW HEIGHTS



Agenda



**2019 Annual Results
Summary**



2020 Outlook

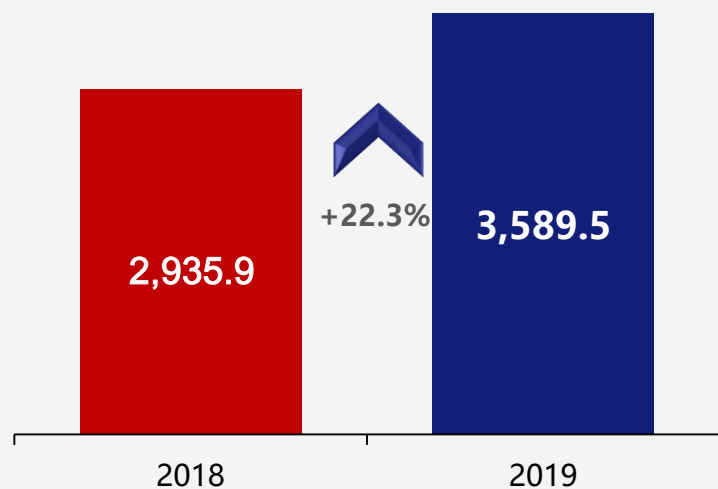


Q&A

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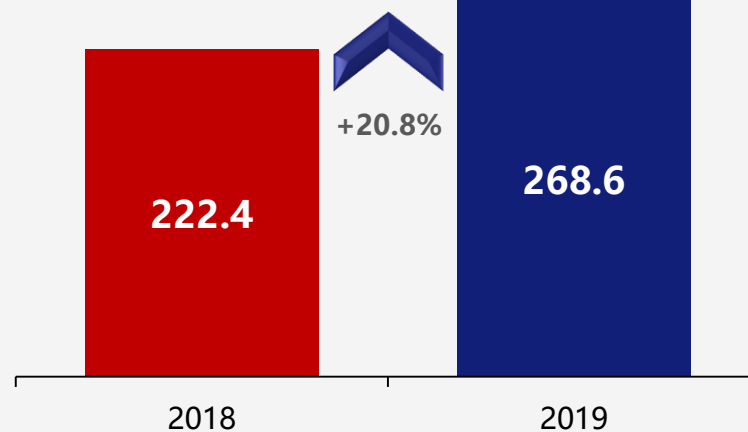
Revenue

(RMB million)



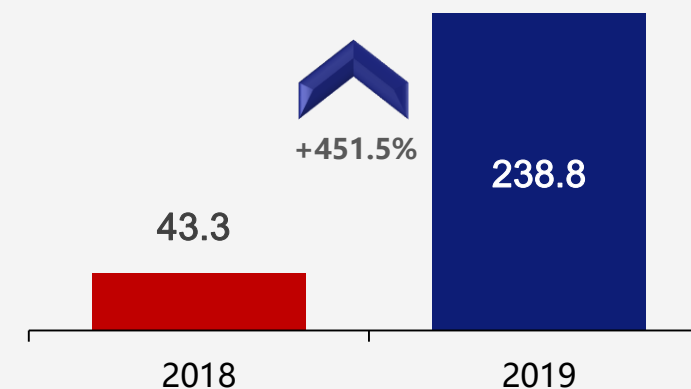
Profit Attributable to Equity Holders

(RMB million)



Free Cash Flow

(RMB million)



01

Optimized Market Structure, High Growth in Core Markets

02

Improved Business Quality, High-return Products Stood out

03

Successfully Executed Operating Philosophy, Cash Flow Far Exceeded Budget

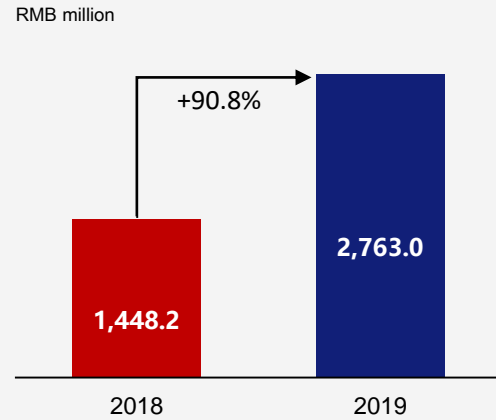
04

Seized the Best Opportunity, Issued New US Dollar Bond

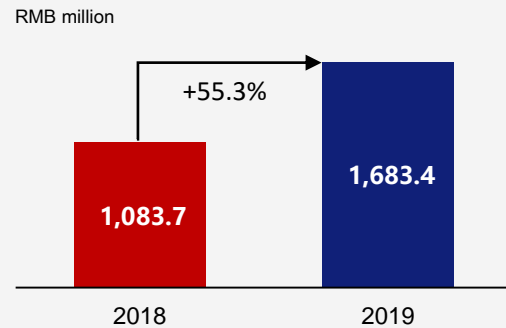
05

Celebrated 20th Anniversary, Starting a New Journey

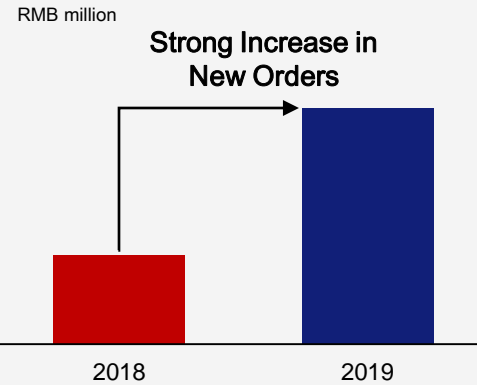
Surge in New Orders



Rapid Revenue Growth



High Quality Xinjiang Market Strong Technology Demand



High Tech

Oil-based Mud

Drilling Speed-up

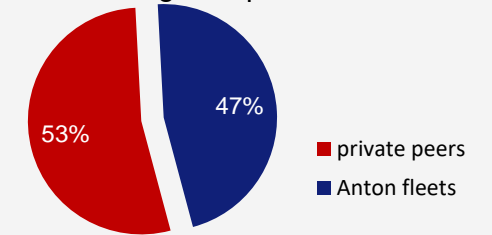
High Return

Drilling Tools Rental

Inspection Services

Shale-gas Market Asset-light Development

The Largest Market Share among Private Drilling Companies



Mobilizing External Resources to Dominate the Market



Won the Tender of Sweet-spot Services, Occupied the Commanding Heights

Traditional Projects Developed Steadily

- Renewed the workover and well completion package services contract in Halfaya Oilfield and West-Qurna-2 Oilfield.



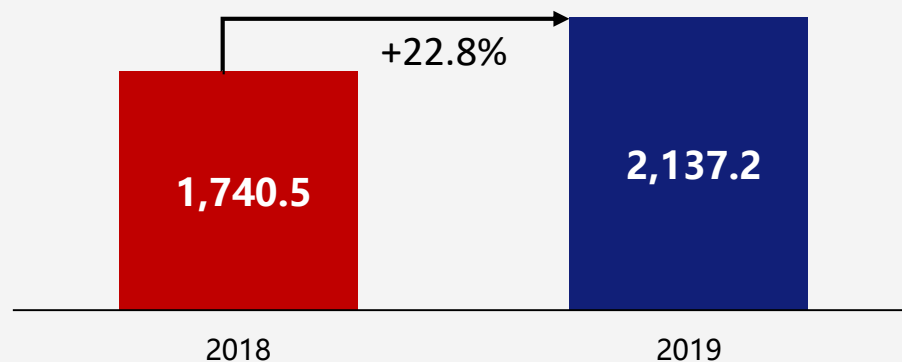
Efficient Operation of Majnoon Oilfield for One and a Half years

New Technology Applied Successfully

- The low modulus carbonate staged sand fracturing tested successfully in Halfaya oilfield with remarkable effect

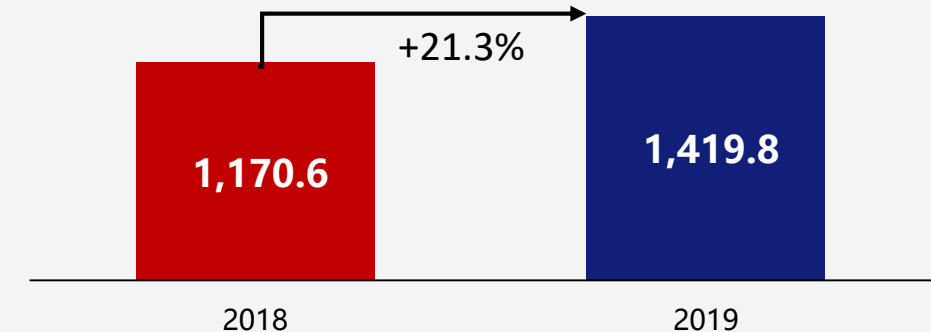
RMB million

New Orders



RMB million

Revenue



2019.9

Won the Oilfield Management Services Project



2019.12

The First Well Starts Drilling After Took Over

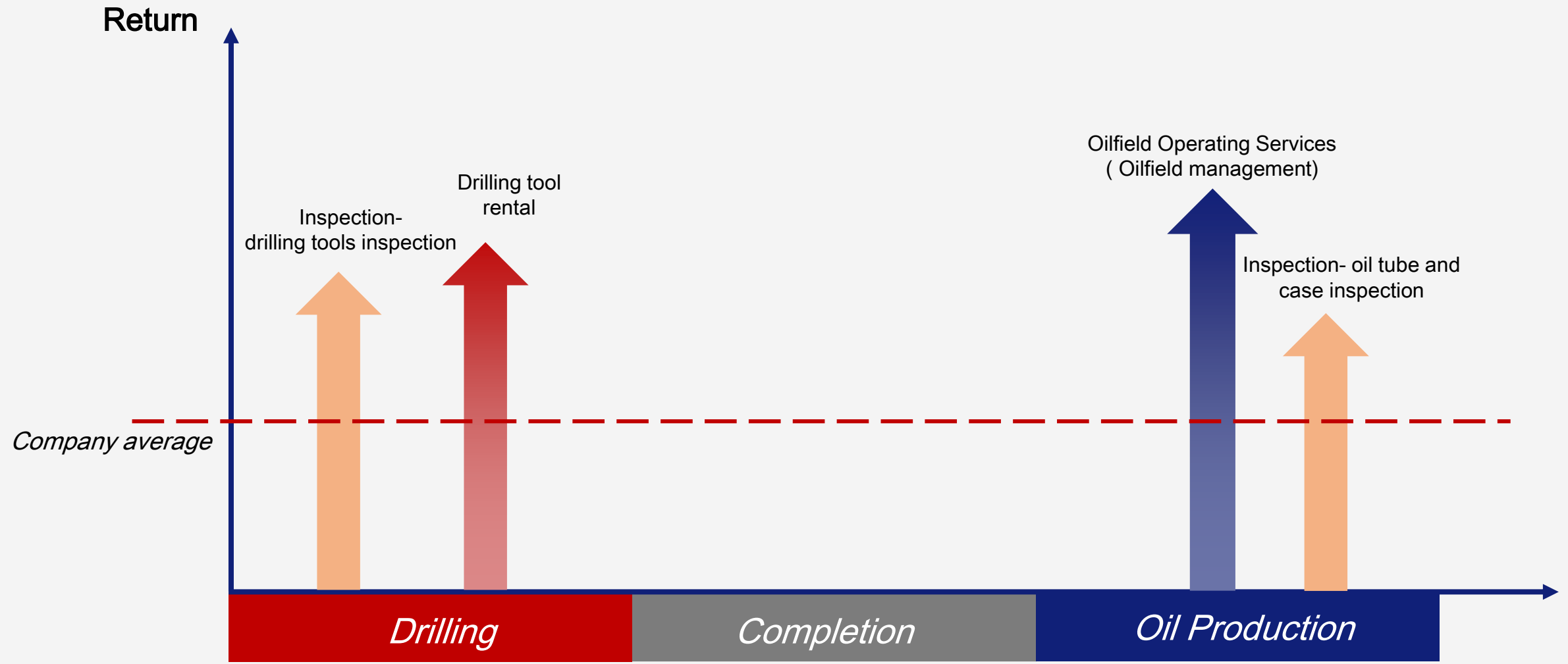


2020.2

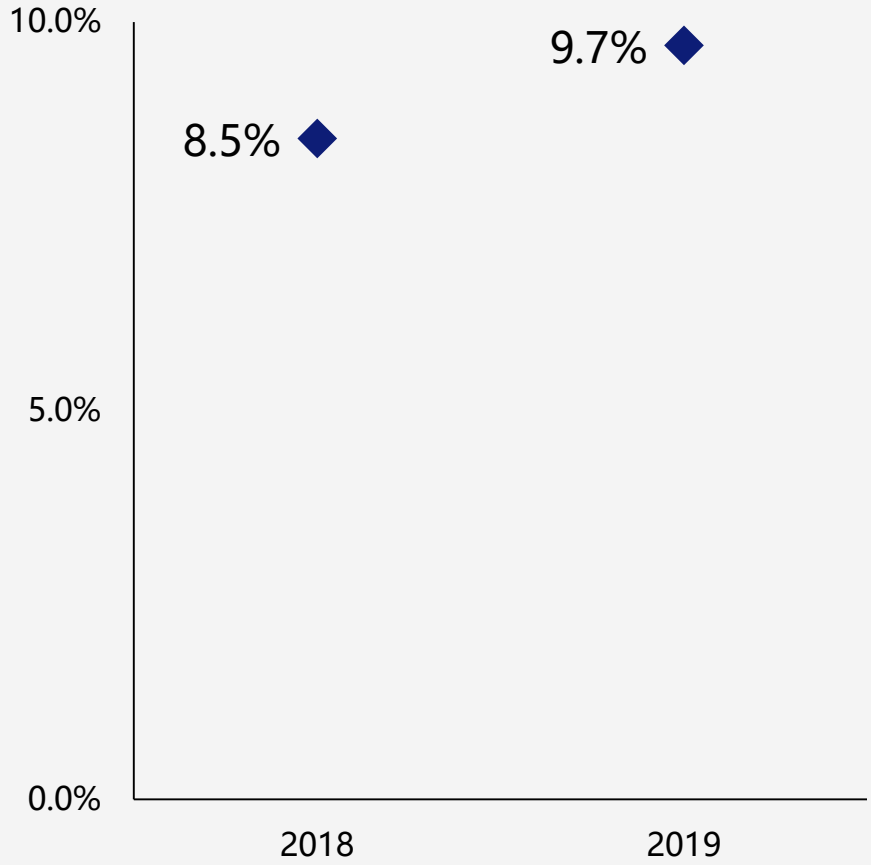
Formal Commissioning



- Amount: USD 53.0 million
- Term: Two years and three months
- Services Mode : Anton managing the overall operation of the Oilfield and receiving management fee.

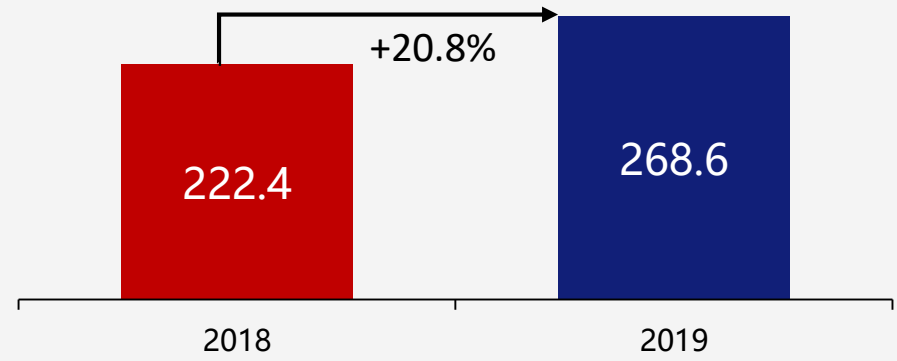


ROE Increased year on year



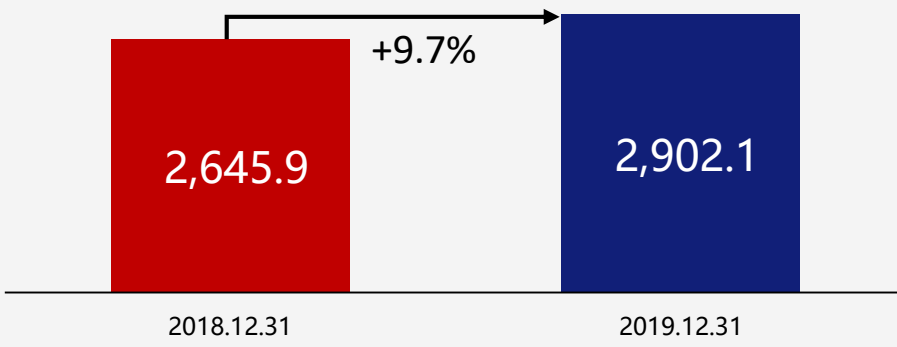
Profit Attributable to Shareholders

RMB million



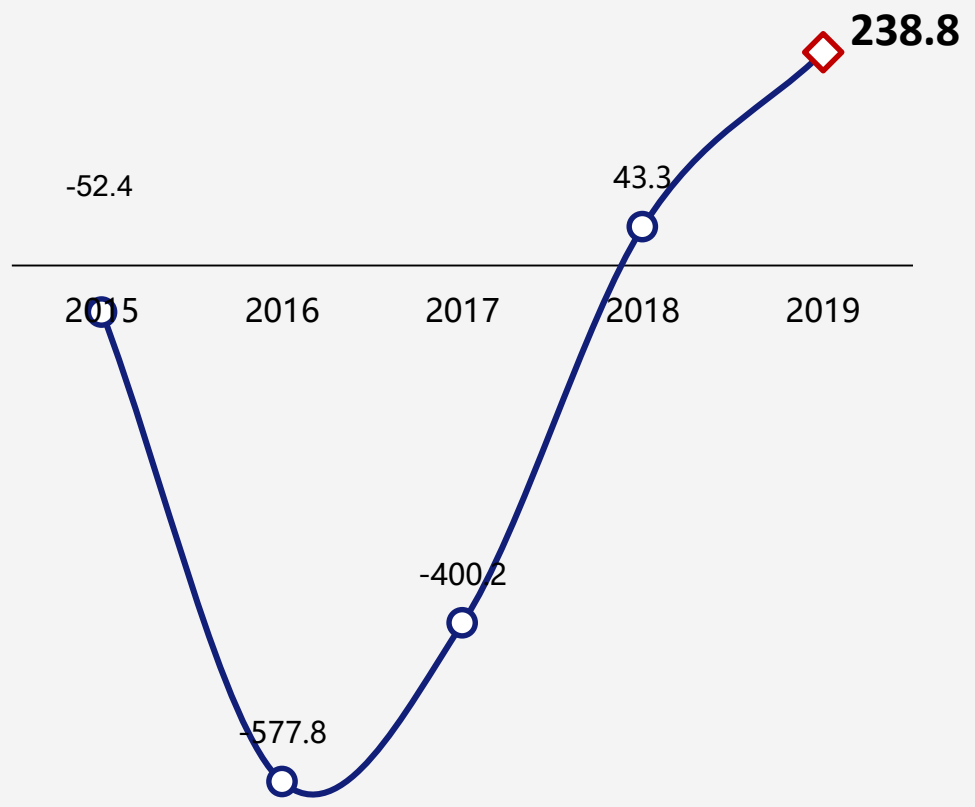
Net Asset

人民币百万元



Free Cash Flow Reached Historical High

RMB million



1. Improving Business Quality

- Won high quality orders with the advantages in technology and management
- Resist the temptation in scale and growth, resolutely abandoned orders with low return

2. Reduced Occupation of Working Capital

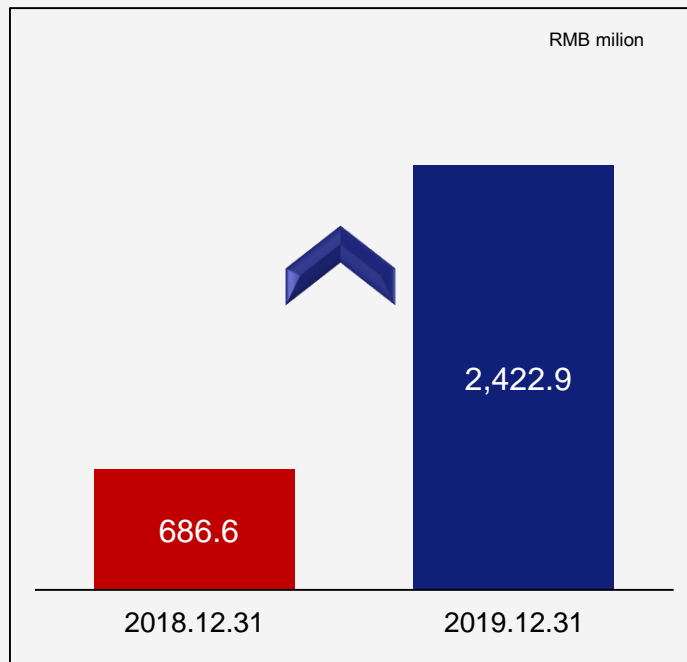
- Improved customer structure, shortened the accounts receivable turnover.
- Lifted supply chain efficiency, accelerated the cash turnover

3. Controlled the CAPEX in Low Return Projects

- Returned to technology, reduced equipment investment needs
- Mobilized resources, utilize external equipment.

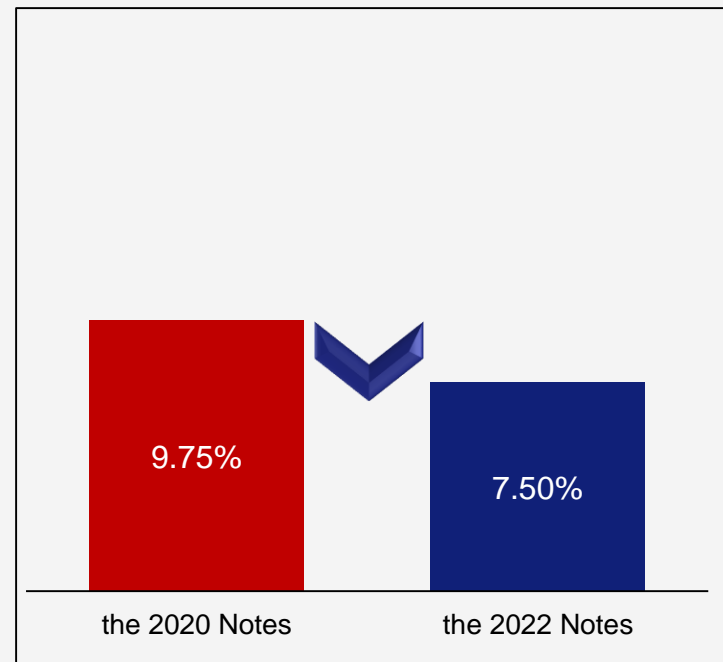
Issued USD300 million Bond,
Greatly Improved Liquidity

Cash on Hand



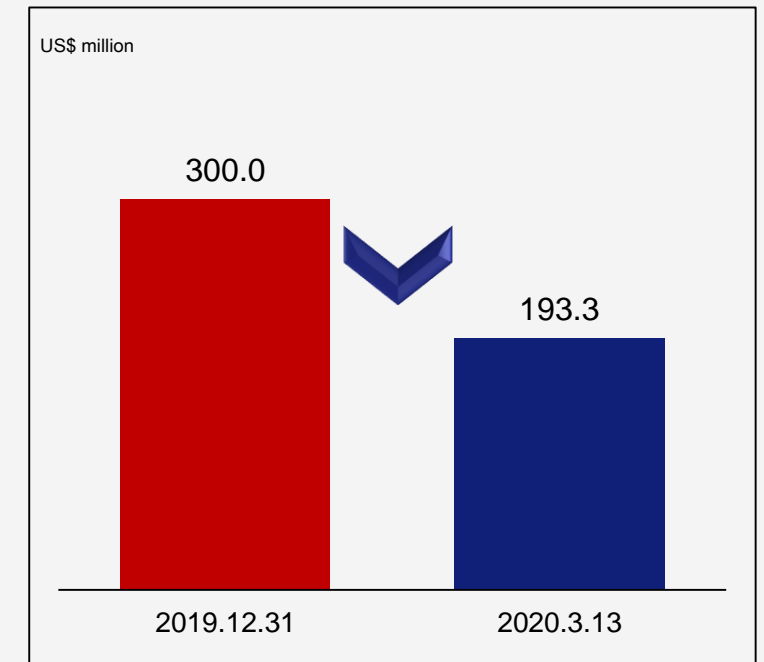
Cut Coupon Rate,
Save Financial Expense

Coupon Rate



Tendered Back the 2020 Notes

Residual Amount of the 2020 Notes



Global Leading Oilfield Technical Services Company



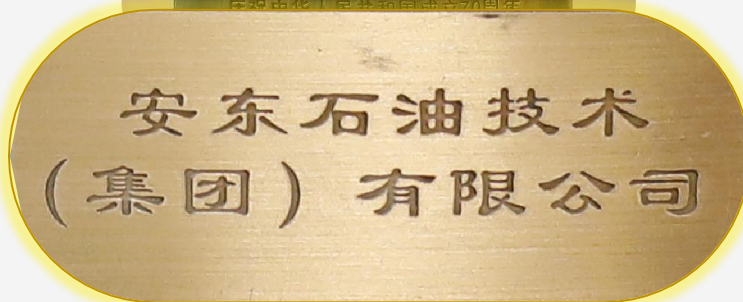
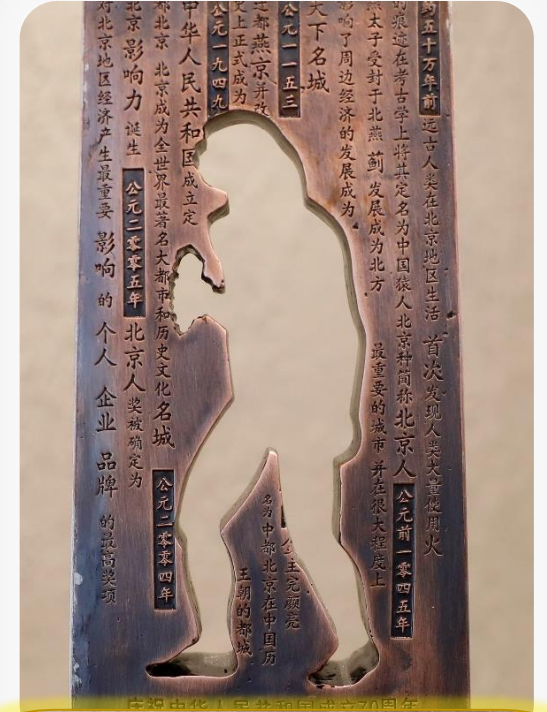
scaled development of oilfield management services

Founded in Xinjiang

A Competitive Integrated Oilfield Technical Company in Global Emerging Markets

1999-2019

A Start-up Company



Beijing Influence Top 10 Companies

Agenda



**2019 Annual Results
Summary**



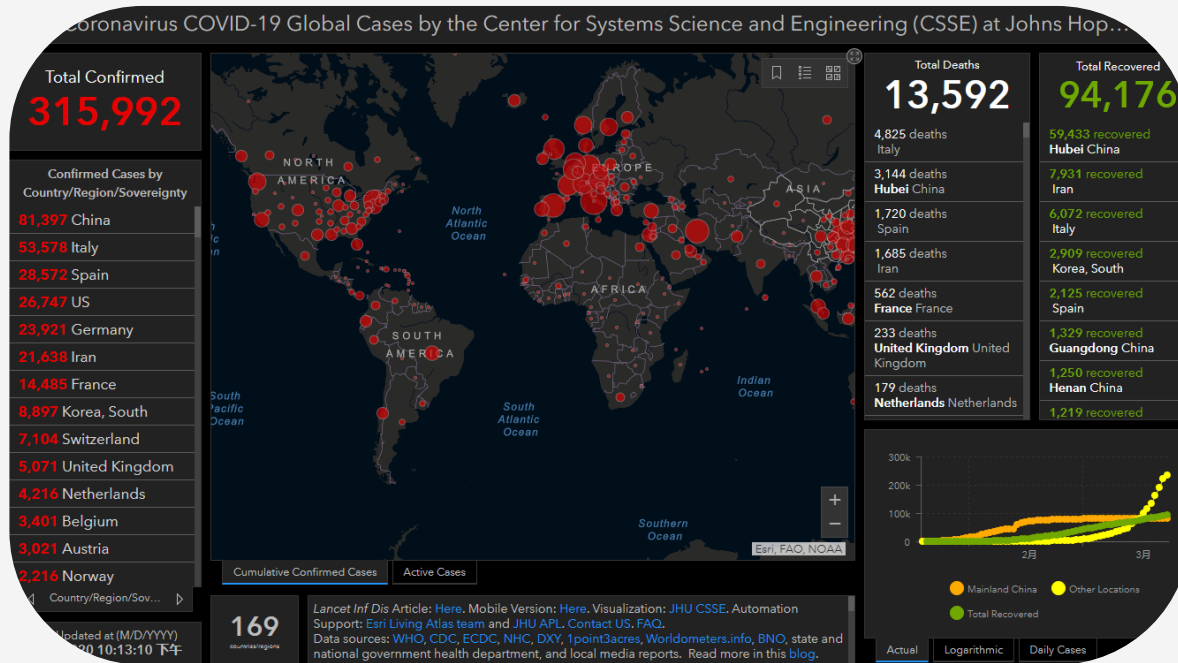
2020 Outlook



Q&A

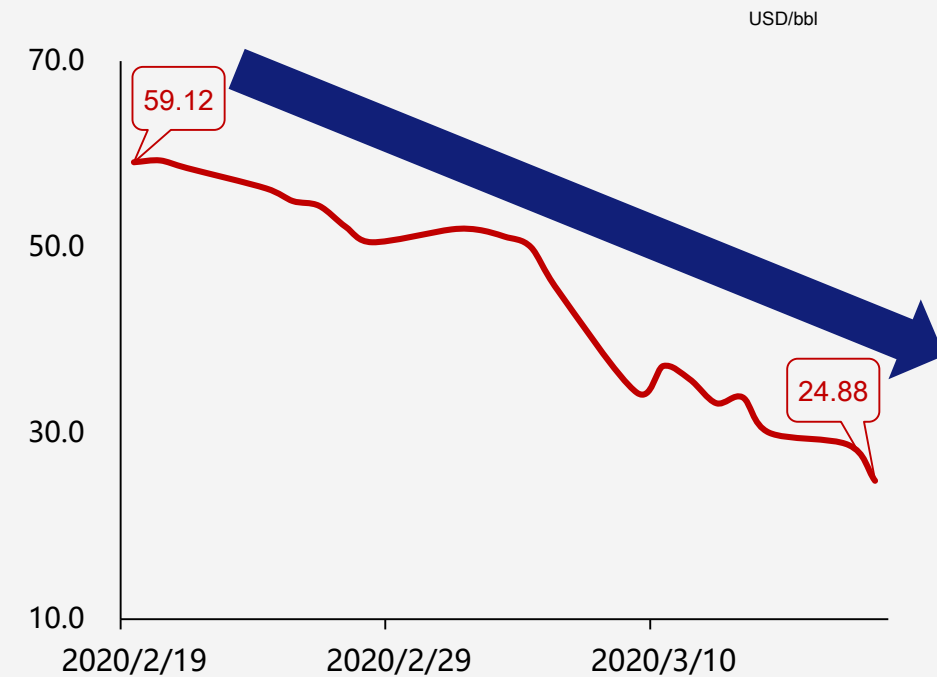
- 01 Embrace the Challenges, Seize the Opportunities and Pass Through the Cycle
- 02 Transform Products, Construct an precise service by Combining Geological Technologies and Engineering Services
- 03 Transform Management, Forming a Digital-driven Business Platform
- 04 Transform Governance, Forming a Brand-new Governance Structure with Employees' Shareholding
- 05 Focus on the Long run, achieving sustainable development

The Global Pandemic of COVID-19



Source: Johns Hopkins website(as of 22 March)

Brent Oil Price in 2020



OPEC + failed to reach a production cut agreement, Saudi Arabia and Russia announced production increase plan, oil prices plunged

Source: Bloomberg

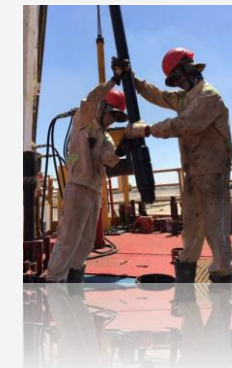
0 affection for employees globally

- High-standard QHSE management, strictly follow precaution command of national and local government
- Purchase prevention materials through global supply chain, guarantee employees and their families, partners, and communities.

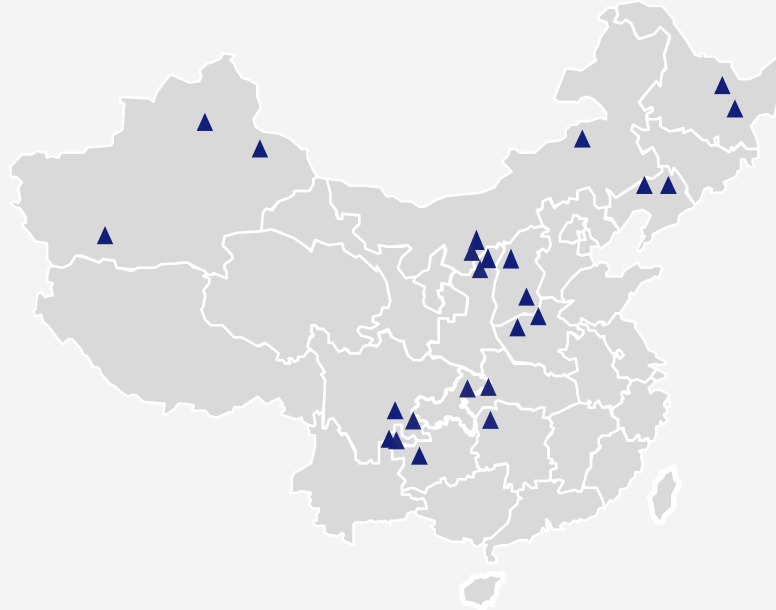


Full resumption

- Efficiency of Some projects in domestic markets were affected, but such impact was limited because the first quarter is the low-season of operation, and those projects had kicked off fully resumption in early March.
- The Mobilization of employees in overseas markets were restricted, but the existing projects are stable and running smoothly by the staffs on site.



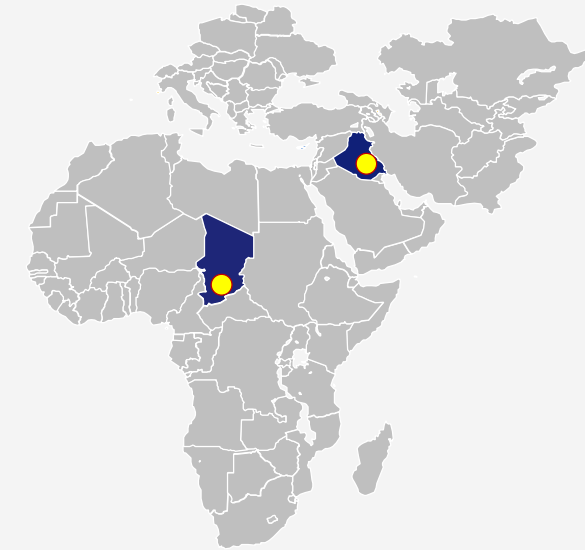
Domestic Markets, Natural Gas Remains the Focus of Development of Oil Companies



▲ Natural gas resources

- Leveraging advantages in technology, deeply rooting natural gas markets

Overseas Markets, Maintaining stable production is the National Strategy in Emerging Markets



● Oilfield Management Services

- Copying oilfield management services mode, striving for OPEX projects of oil companies
- Leveraging cost-efficiency advantages, replace market share of global competitors

Return and
Cash Flow



Oilfield Management
Services



Asset Renting

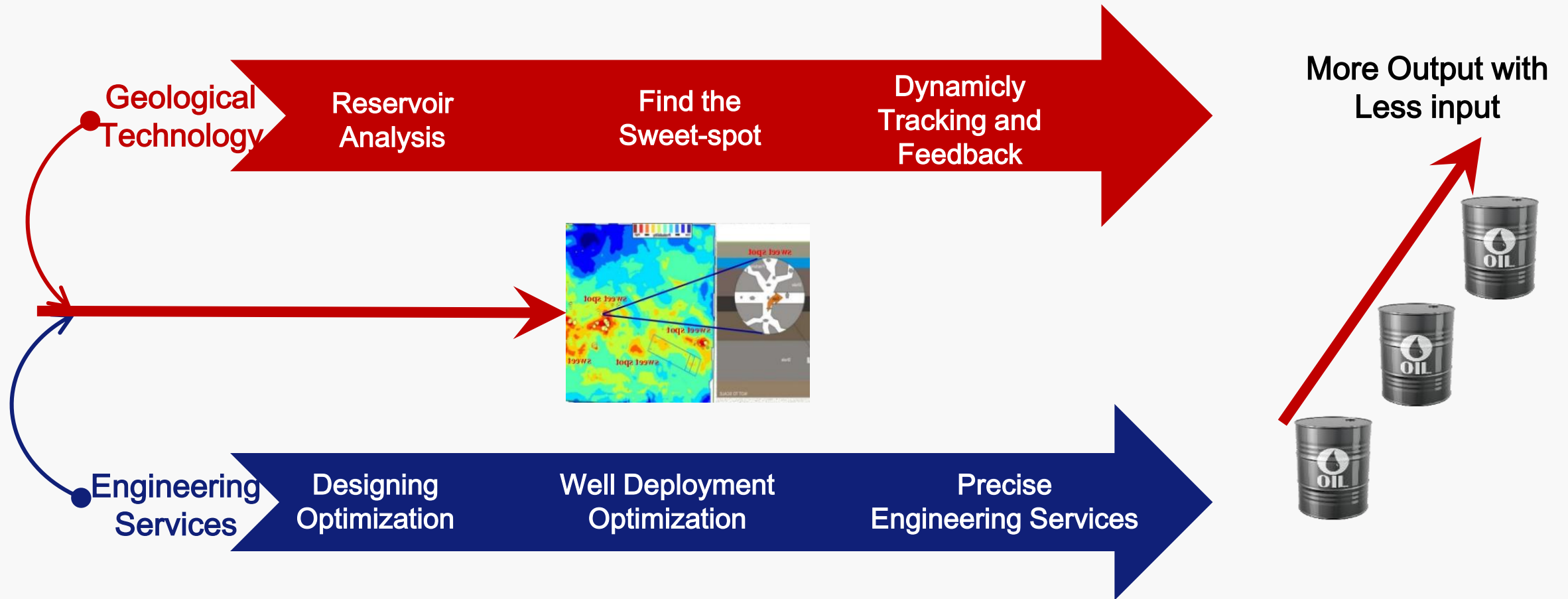
Inspection Services

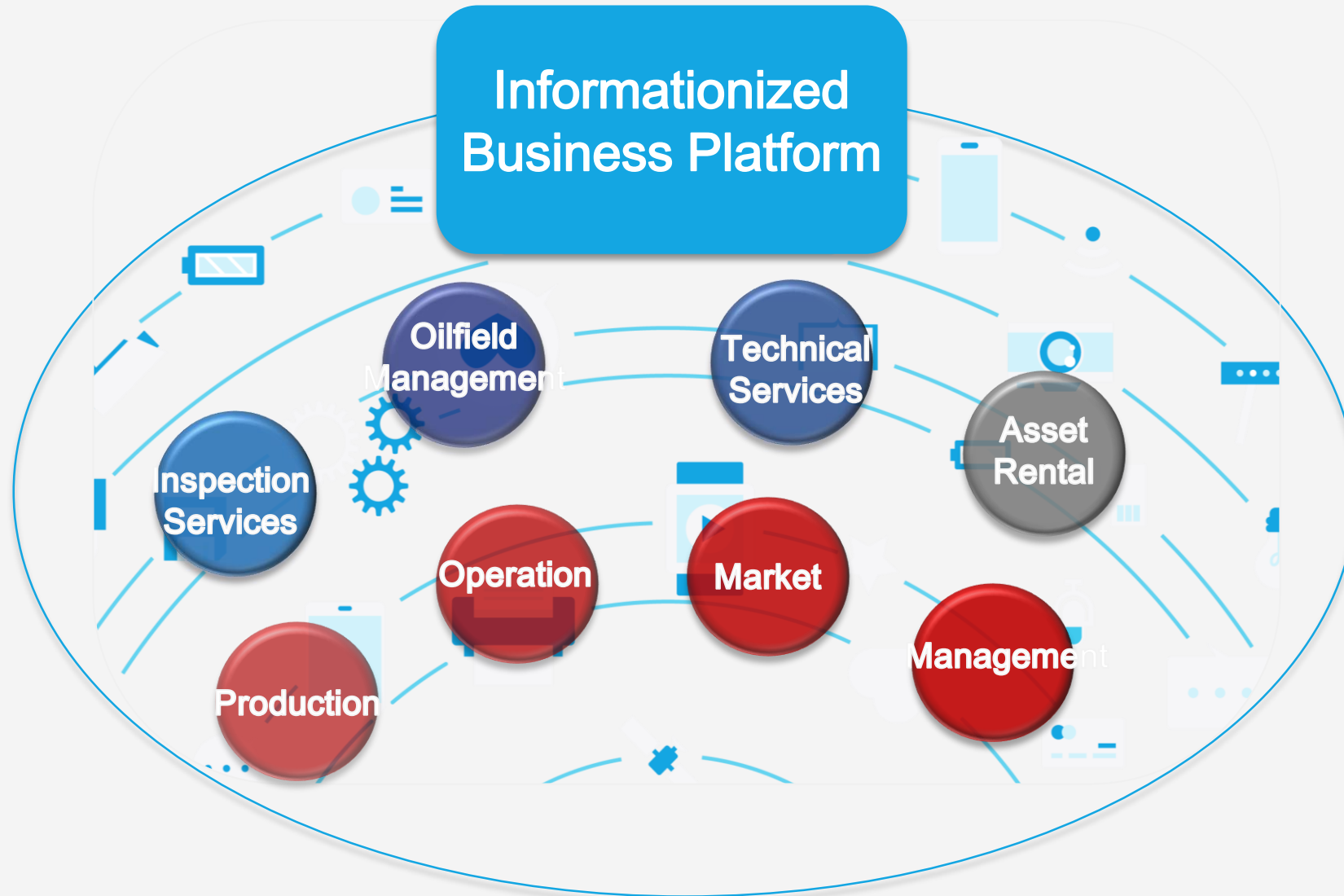


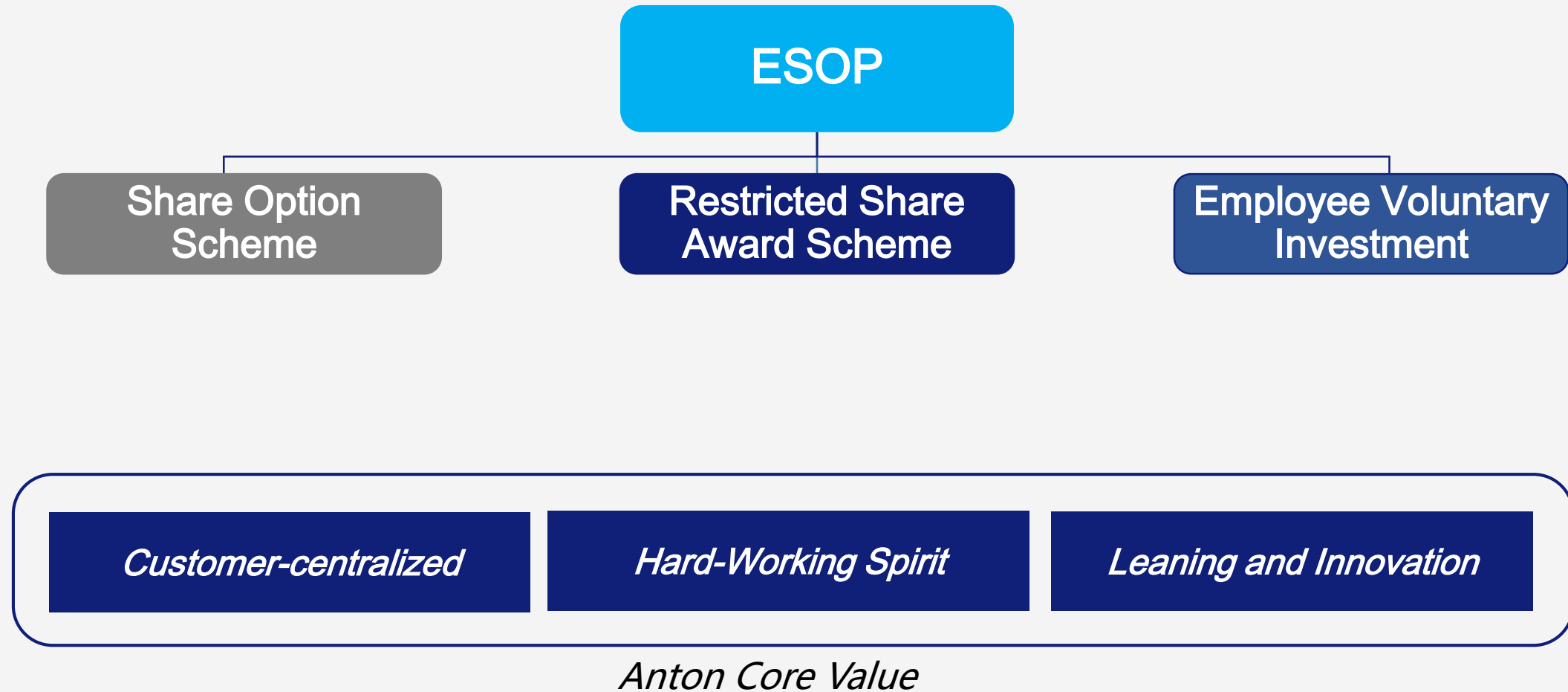
Oilfield Technical Services

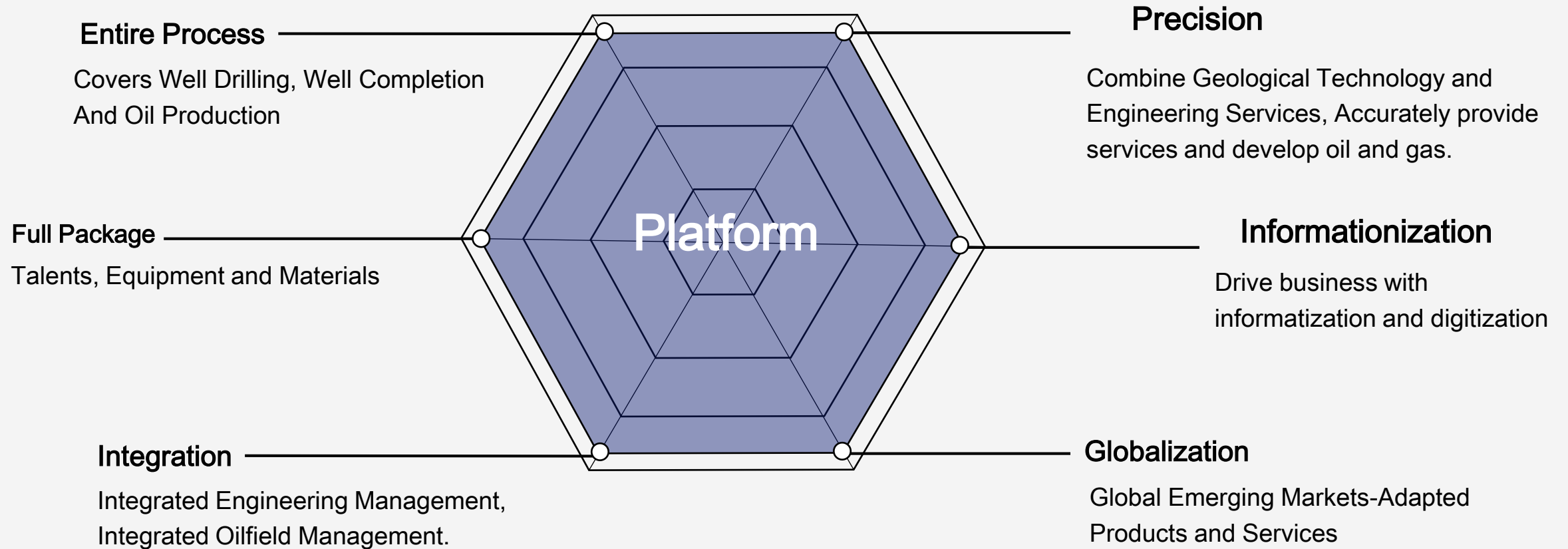
Growth

- Strive for oilfield management services projects in oil production cluster in global markets
- Maintain the stable growth of inspection services and asset rental services in drilling cluster in its advantage markets.
- Optimize product lines in all three clusters, improve return and cash flow.









Environment

- Reduce occupation of environmental resources
- Reduce environmental resources
- Form an environmental-friendly business mode



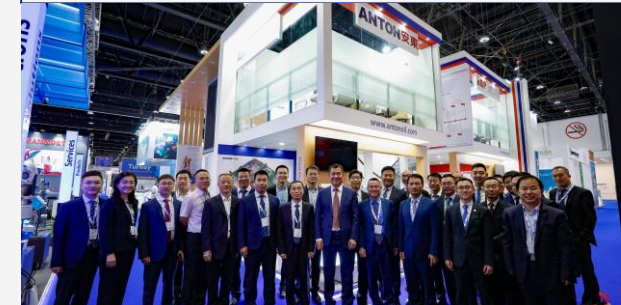
Society

- Create a platform for talent growth and development, promote the common development of talent and enterprises
- Promote stakeholder development
- Promote community progress



Governance

- Create a sustainable governance structure

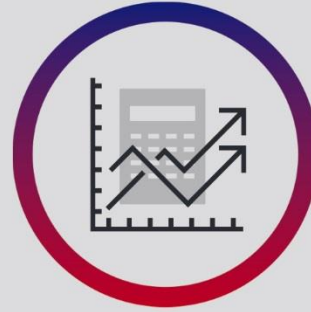


Sustainable Development

An aerial photograph showing a large-scale construction project in a rural valley. The foreground is dominated by lush green rice paddies. In the middle ground, a large construction site is active, featuring a long line of red trucks, various pieces of heavy machinery, and several large cylindrical storage tanks. The background consists of rolling green hills and mountains under a clear blue sky. A small town or village is visible in the distance, nestled in the valley. The overall scene depicts a harmonious blend of industrial development and natural environment.

A Model of Efficient and Harmonious Development Between Human and Environment

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