

ANTON 安東

2019 Interim Results Announcement

2019.8.27




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**2019 Interim
Results Summary**



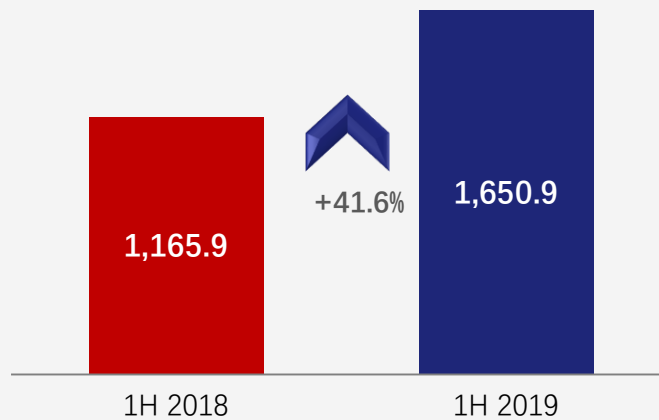
**2H19
Outlook**



**Q
A**

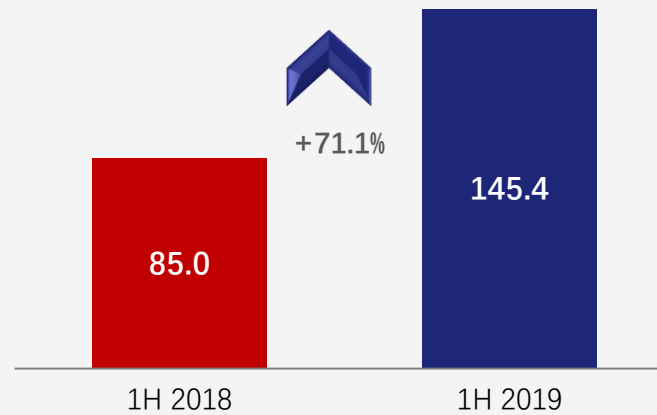
Revenue

((RMB Million))



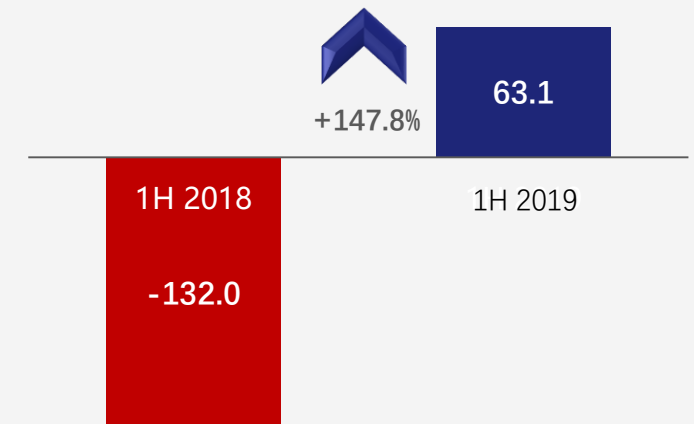
Profit Attributed to Equity Holders

((RMB Million))



Free Cash Flow

((RMB Million))



01

Deeply rooted in China and Iraq, and comprehensively broke the bottleneck of development

02

Integrated resources, strengthened cooperation, built core technologies and competitive advantages under asset- light operating model

03

Overall improvement in business performance, breakthrough achievements in KPIs

Government Support

With government support, fully entered the market.

Cooperated with State-owned Companies

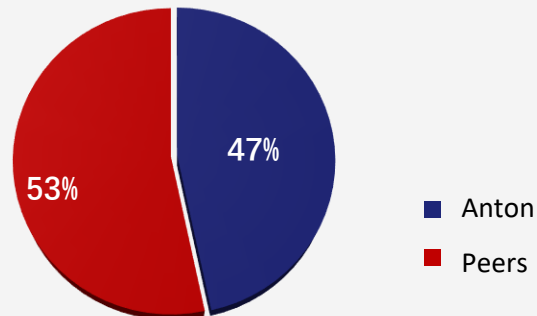
Built a strategic partnership with state-owned drilling company to share market resources mutually.



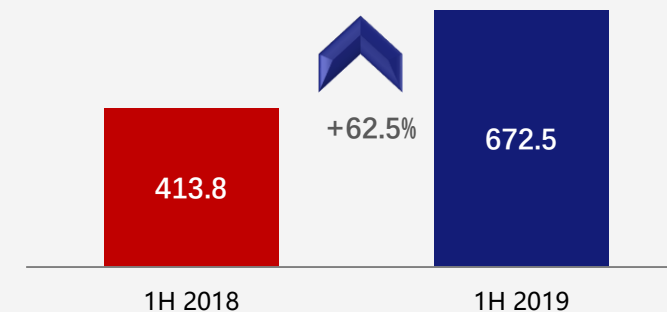
The Alliance of Private Companies

Built an alliance of heavy equipment, comprehensively entered the shale-gas market in southwest China

Leading Market Share in Shale-gas Market



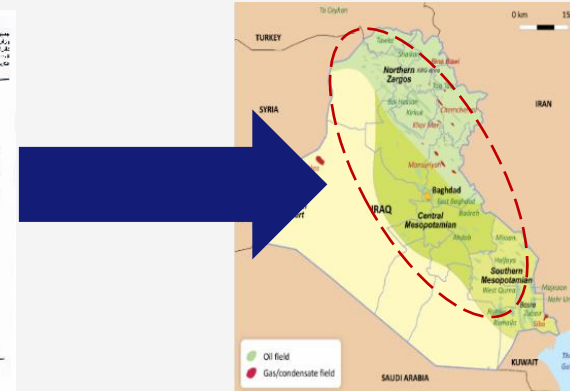
Revenue from Domestic Market increased significantly



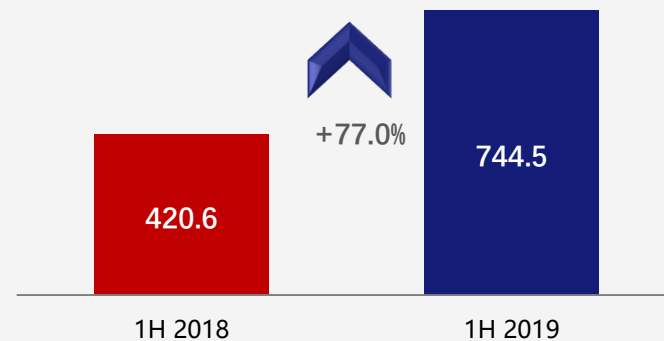
Anniversary of operating Majnoon



Highly recognition by MOO, fully support Anton



Revenue of Iraq grew significantly



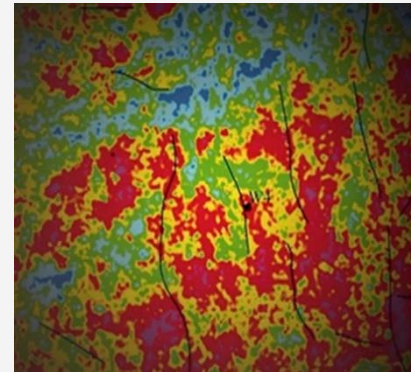


● Office/Branch

Alliance



Sweet pot



Integrated Capability of Oilfield Development

Geological
Technology

Oilfield
Managing
Group

Well Drilling

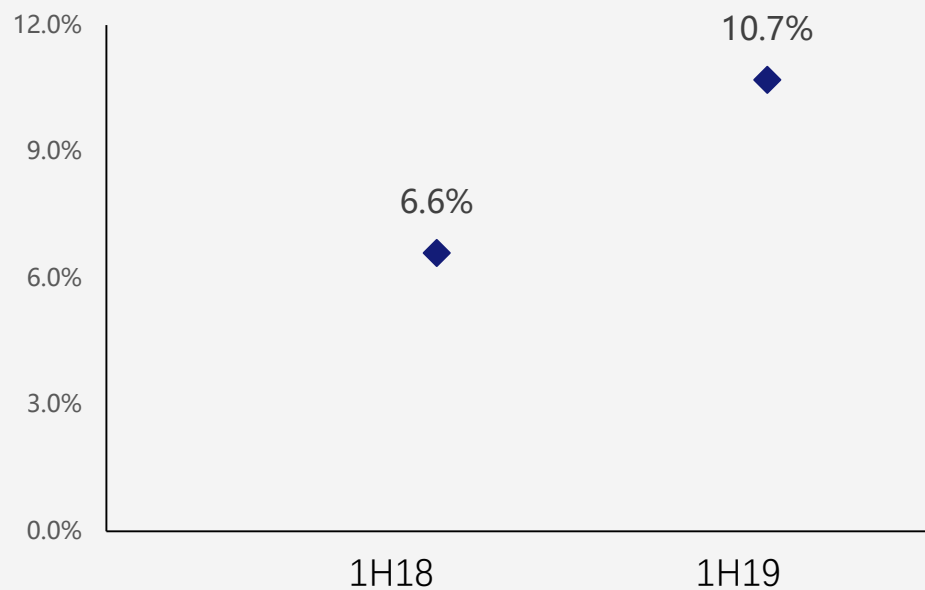
Well
Completion

Oil
Production

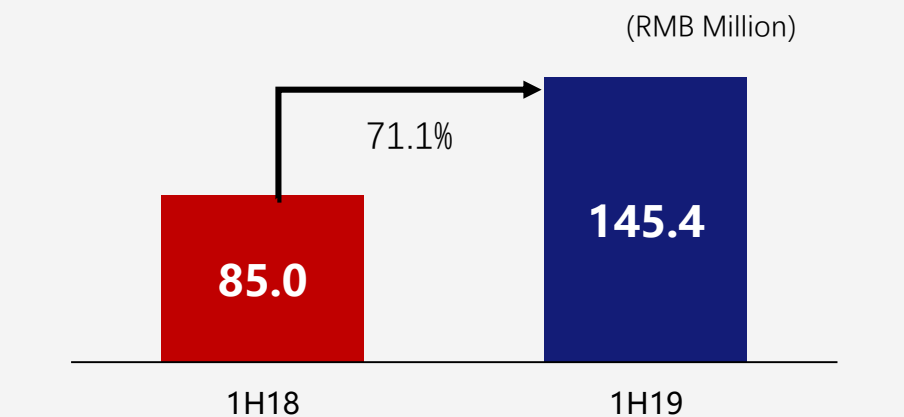
Surface
Construction

Breakthrough achievements in KPIs

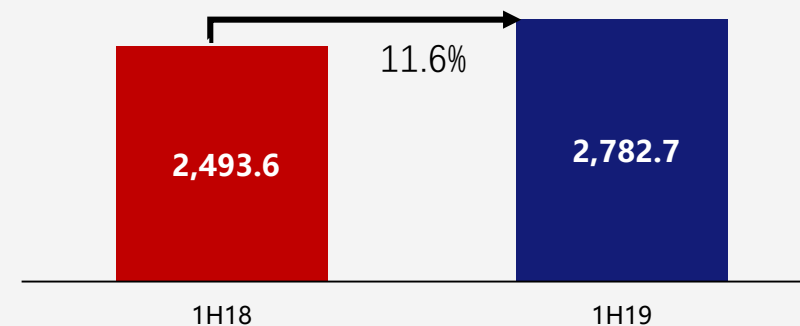
ROE(Annual)



Net Profit attributable to Equity holders

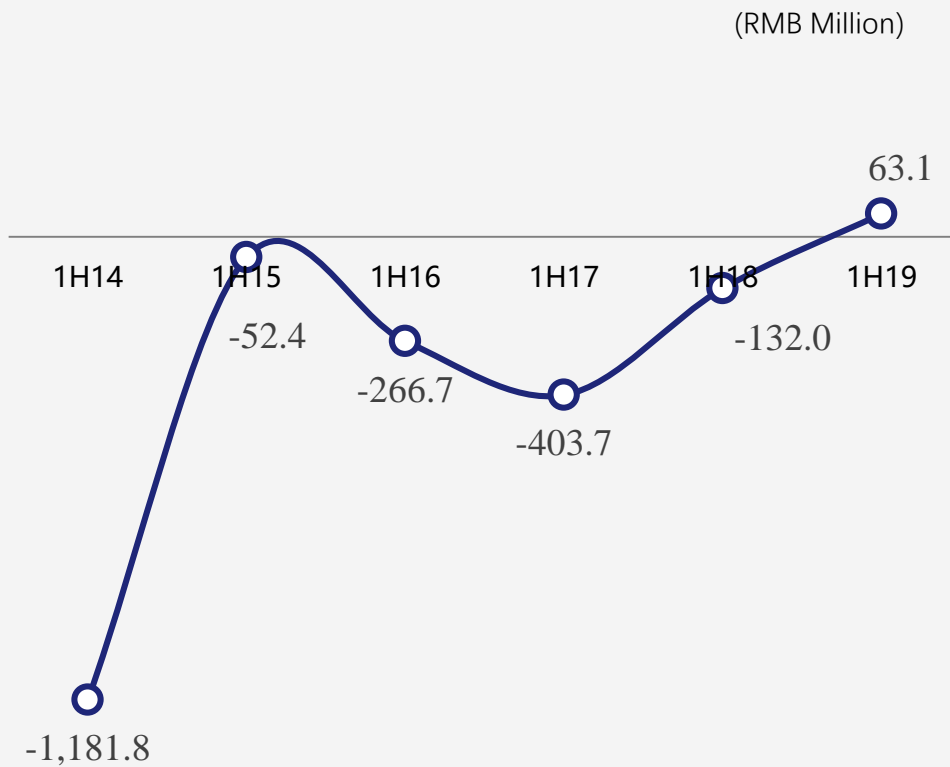


Net Asset (RMB Million)

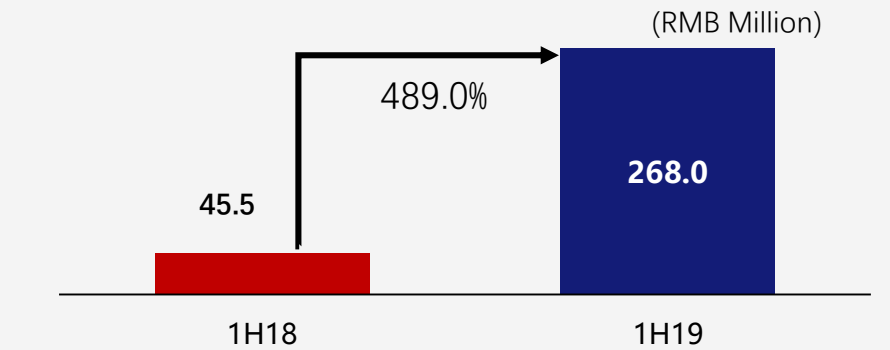


Breakthrough achievements in KPIs

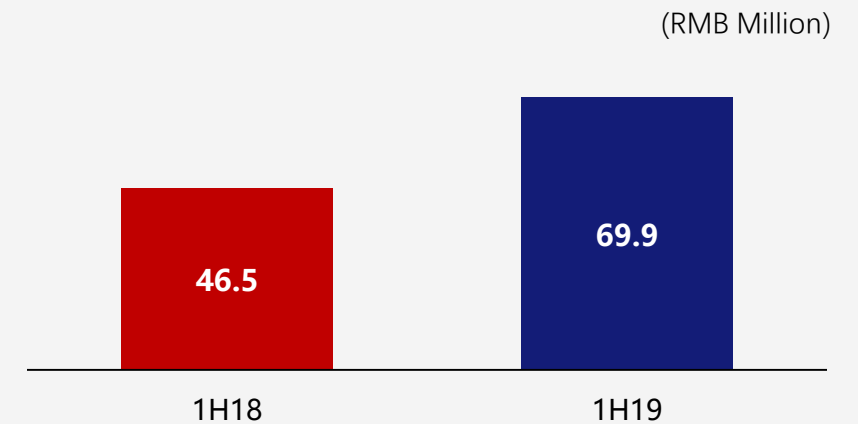
Positive FCF in history

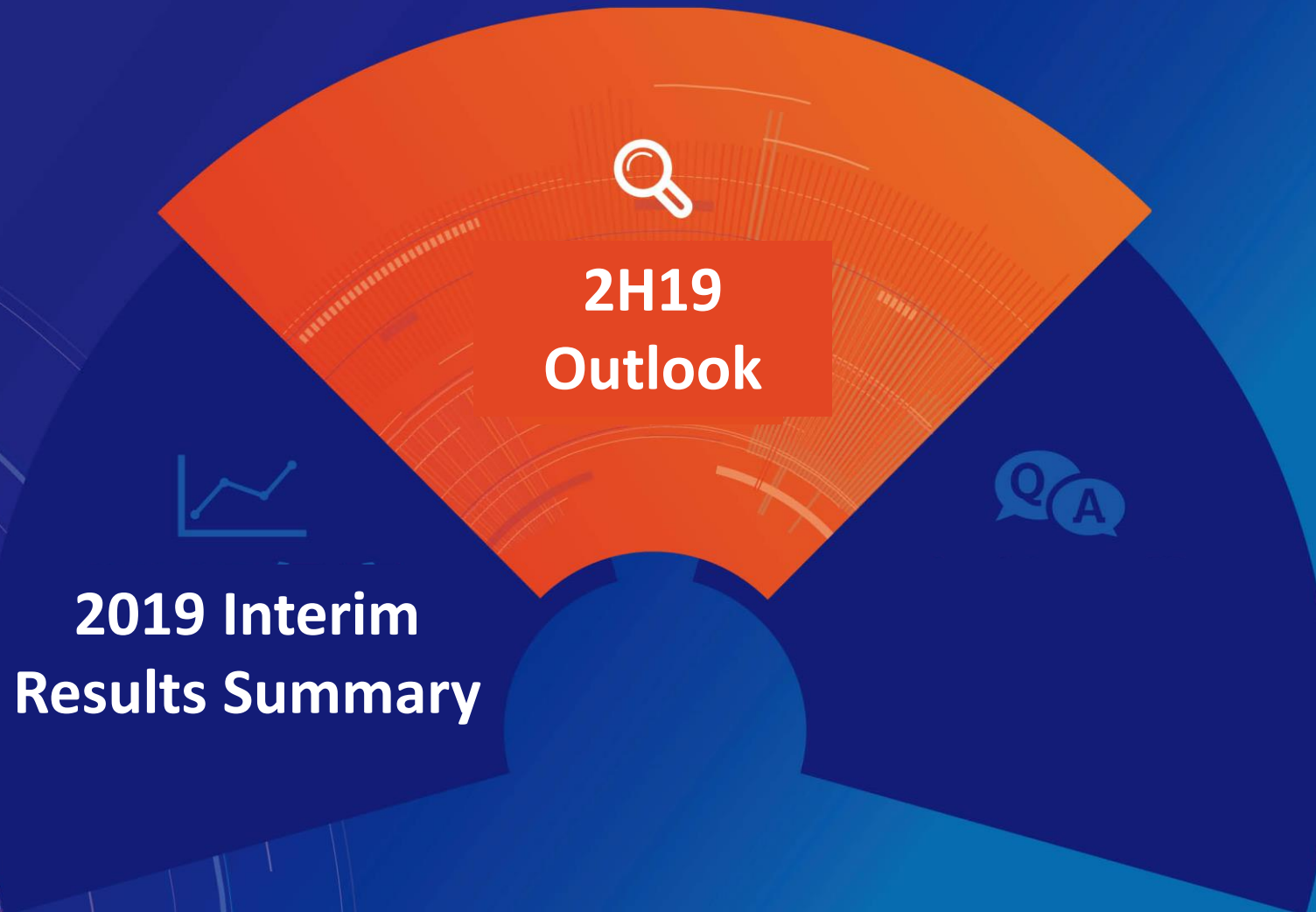


Net Operating Cashflow



CAPEX

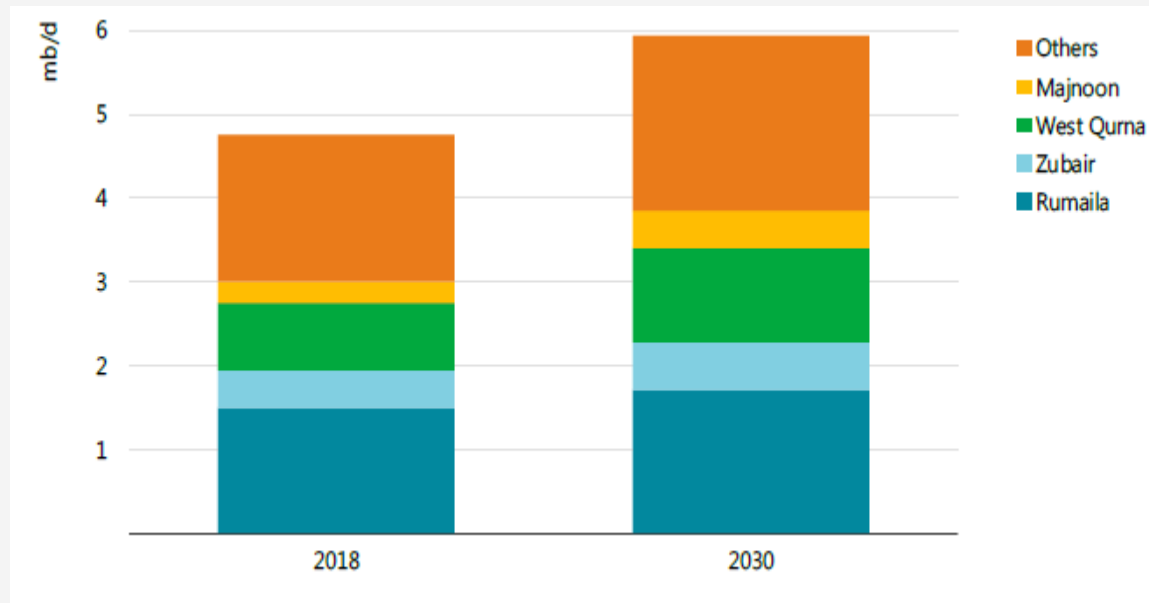




- 01 Bright future of target market, sustainable high growth is achievable
- 02 Prioritize on quality of business, build high quality development model
- 03 Hard working, strengthen incentive, improve efficiency of human resource
- 04 Stick to core operating principle, achieve long term development target

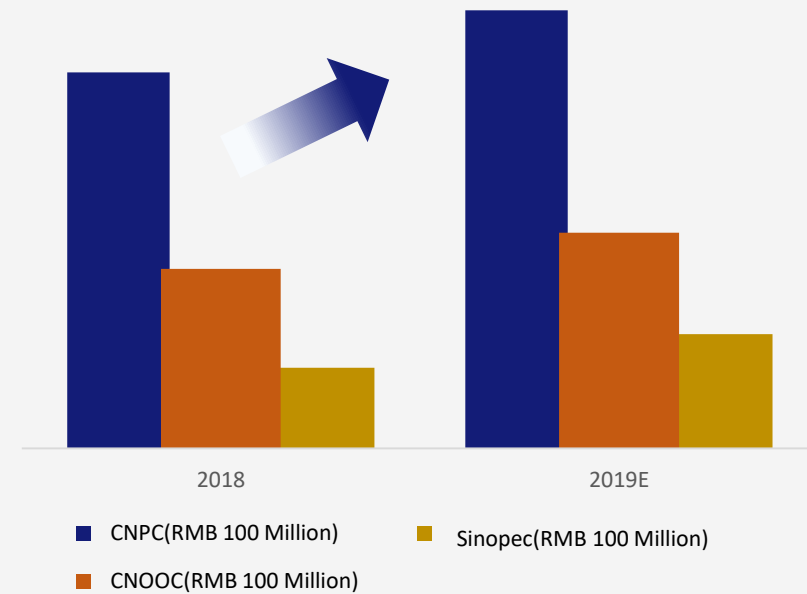
Bright future of target market, sustainable high growth is achievable

Strong growth of Iraqi market

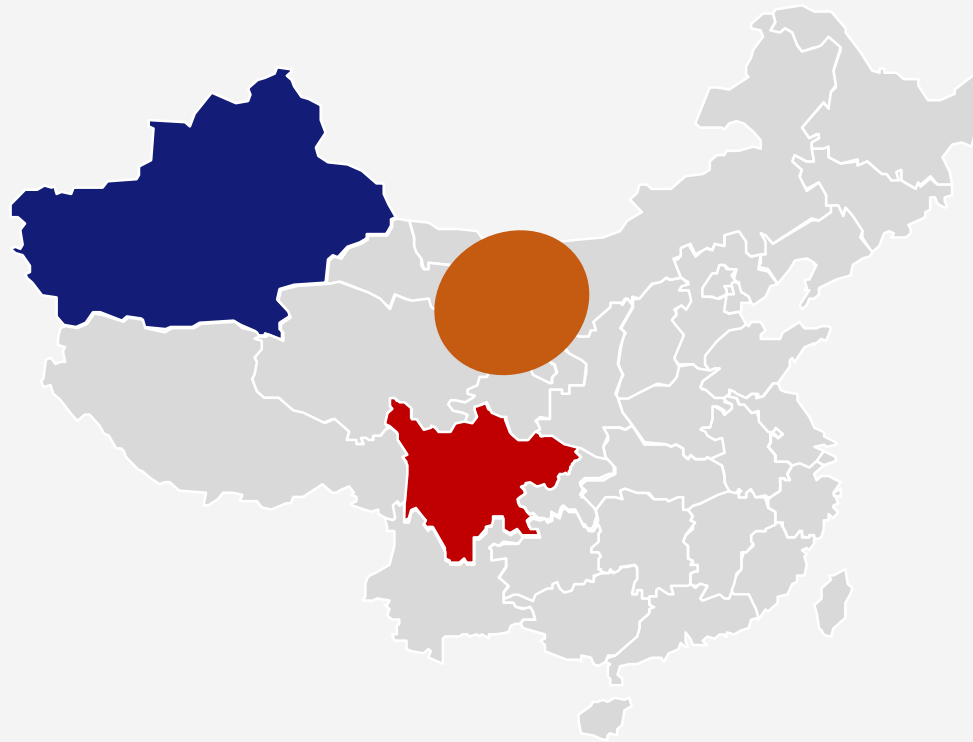


Resource: IEA

Continued growth of China market



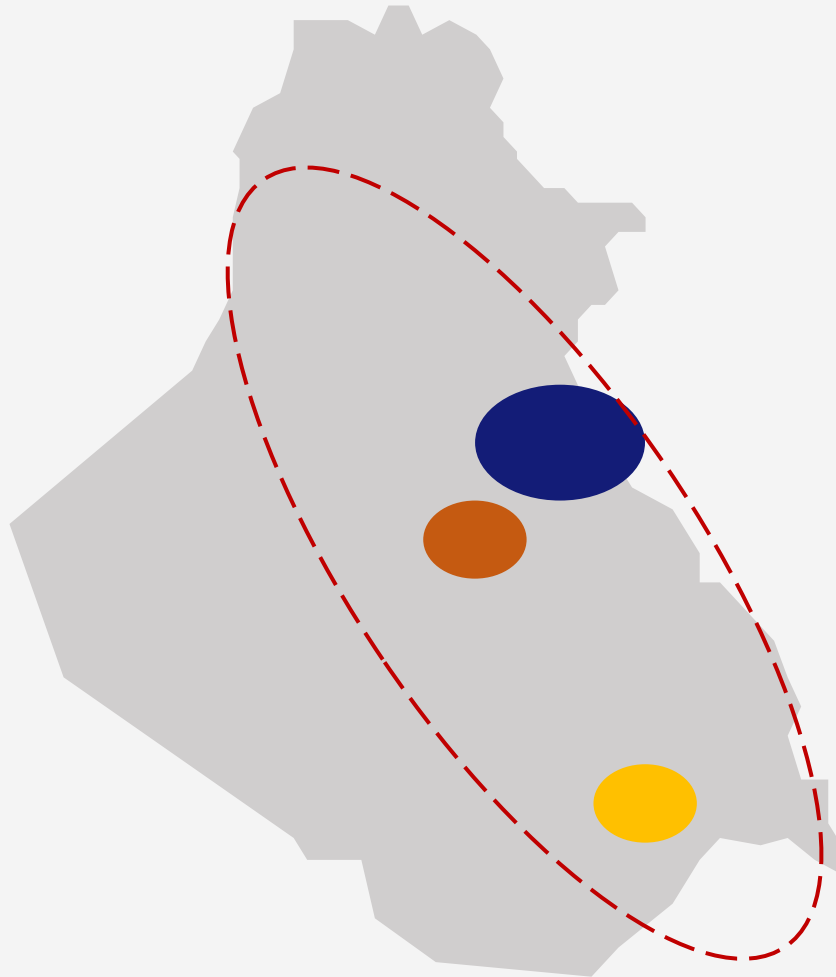
Resource: Company Announcement



High value added project in Xinjiang

Shale gas drilling turnkey service

Sidetrack drilling in Erdos basin

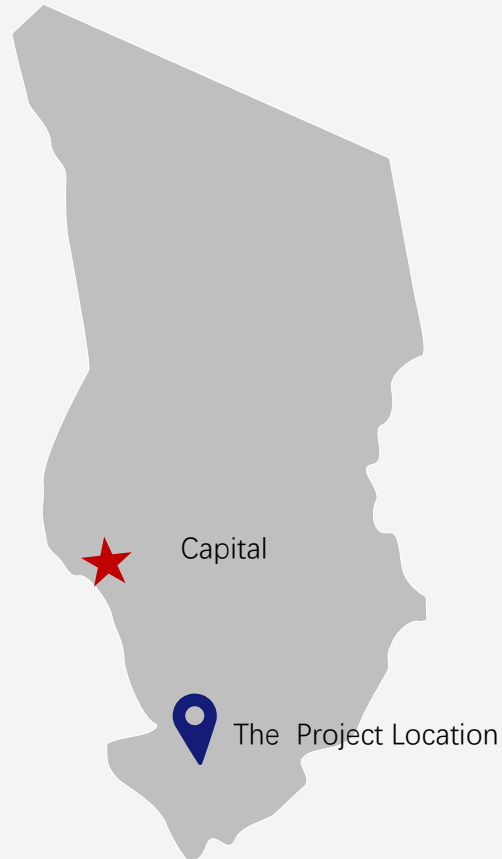


Drilling turnkey project in East Baghdad、operated by IOC customer

Workover project in Gharraf field

Workover and completion project in West Quarna

O&M and IFMS project



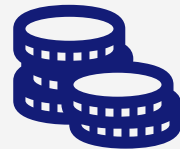
Project type

IFMS



Ranked Number 1 in Biding Process

After 3 round of competition, Anton is ranked number 1 in bidding process now



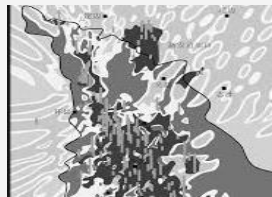
Asset light

Winner will be manager of the operator, zero capex, charge management fee

Quality Priors, Determined to Create a Quality Business Model

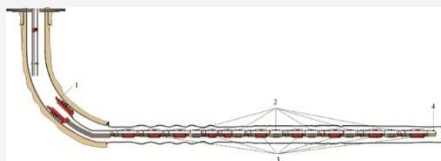
Single Tech

Sweet spot Services



Biosynthesis based drilling fluid

Water control and completion



Integrated Project



International and Domestic Cooperation

Combine production with finance

Governance Institution

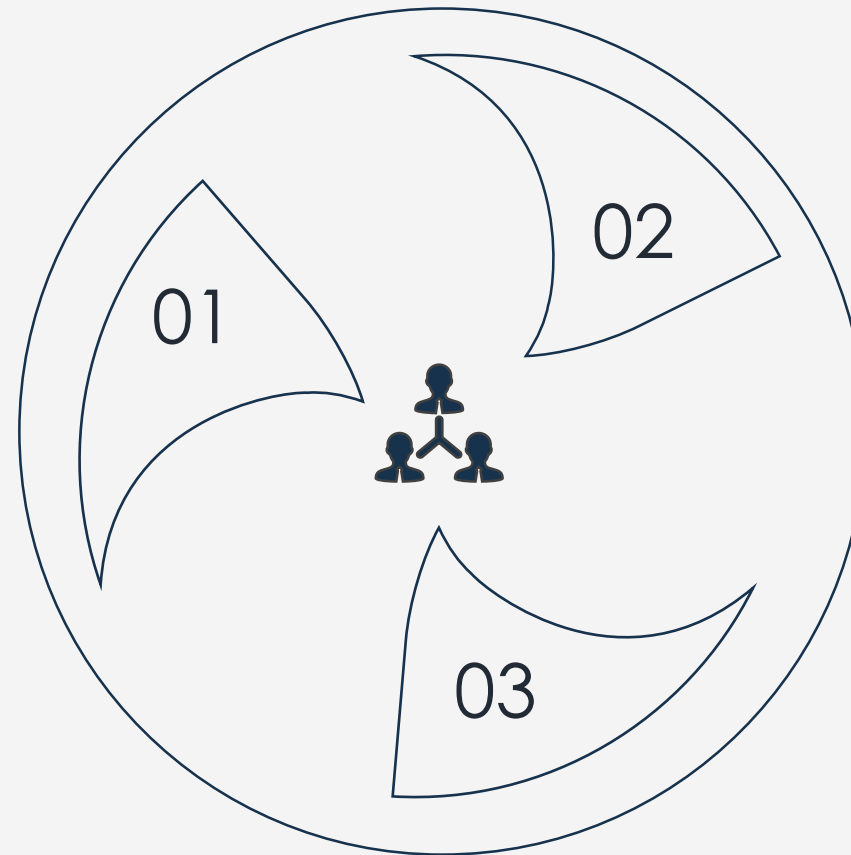
Merchant Bank

Finance Leasing Corp.

Long-term Capital Coverage

The spirit of hard struggle

Cultivate employees with efficient execution in difficult environments



Strengthen Incentives

Ameoba incentives

Improve Talent Efficiency


Higher return but less invest

Adhere to the core operating mode to
achieve long-term development

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Long-Term Goal: To be a global leading integrated oilfield services company



**2H19
Outlook**



**2019 Interim
Results Summary**



**Q
A**

Appendix



I. Profit and Loss Statement

As at 30 June(RMB million)	2019	2018
Revenue	1,650.9	1,165.9
Cost of Sales	(1,091.0)	(705.7)
Gross Profit	559.6	460.2
Other gains, net	5.3	7.4
Selling expenses	(80.8)	(60.4)
Administrative expenses	(71.0)	(64.9)
Research and development expenses	(13.9)	(7.9)
Sales tax and surcharges	(6.6)	(4.9)
Operating Profit	366.3	307.5
Finance costs, net	(154.4)	(155.4)
Share of loss of a joint venture	0.4	(0.1)
Profit before Income Tax	212.7	152.0
Income tax expenses	(67.4)	(38.7)
Profit for the Year	145.3	113.4
Profit attributable to owners of the Company	145.4	85.0
Non-controlling interests	(0.1)	28.4

II. Balance Sheet

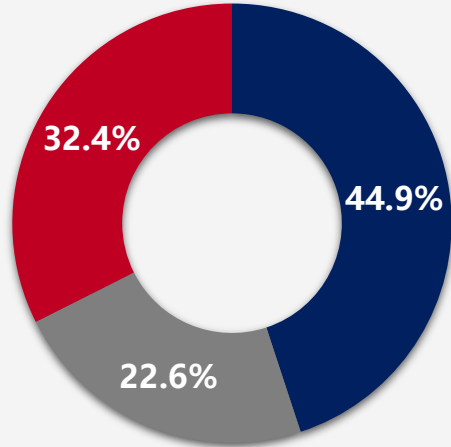
RMB million	2019年6月30日	2018年12月31日
Property, plant and equipment	2,176.9	2,255.8
Prepaid lease payments	-	75.6
Intangible assets	256.4	252.7
Interest in a joint venture	3.4	3.0
Other non-current assets	111.7	112.8
Deferred income tax assets	3.3	8.4
Inventories	41.5	52.1
Trade and notes receivables	737.9	774.4
Prepayments and other receivables	0	1.9
Restricted bank deposits	2,041.6	1,948.0
Term deposits with initial term of over three months	649.9	438.0
Cash and cash equivalents	406.4	330.9
Total Assets	69.4	58.6
Capital and reserves attributable to owners of the Company	631.7	686.6
Non-controlling interests	7,562.3	7,246.6
Total Equity	2,782.7	2,645.9
Non-current liabilities	48.6	48.7
Current liabilities	2,831.3	2,694.6
Total liabilities	2,387.3	2,305.2
Total equity and liabilities	2,343.6	2,246.9

III. Cash flow statement

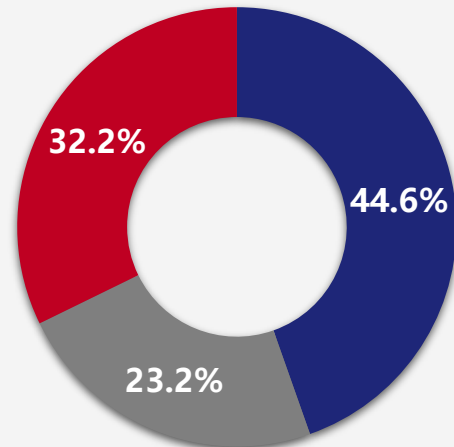
As at 31 December (RMB million)	2019	2018
Net cash generated from operating activities	268.0	45.5
Net cash used in investing activities	(69.9)	(46.5)
Net cash generated from financing activities	(251.3)	(691.5)
Net increase in cash and cash equivalents	(53.3)	(692.5)
Cash and cash equivalents at beginning of the year	686.6	1133.1
Exchange (loss)/gain on cash and cash equivalents	(1.7)	10.8
Cash and cash equivalents at end of the year	631.7	451.4

IV. Business Cluster Mix

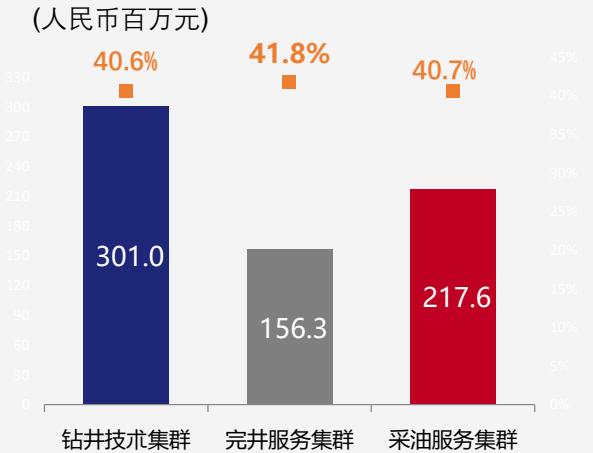
1H19 Revenue Breakdown



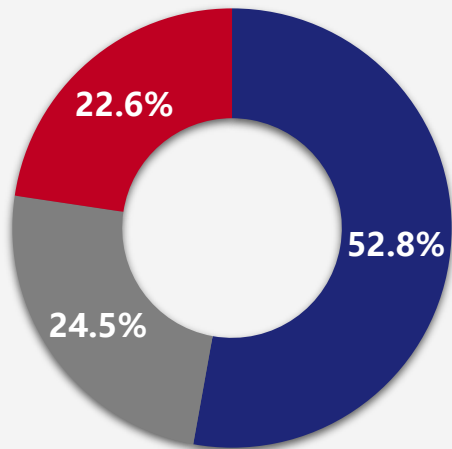
1H19 EBITDA Breakdown



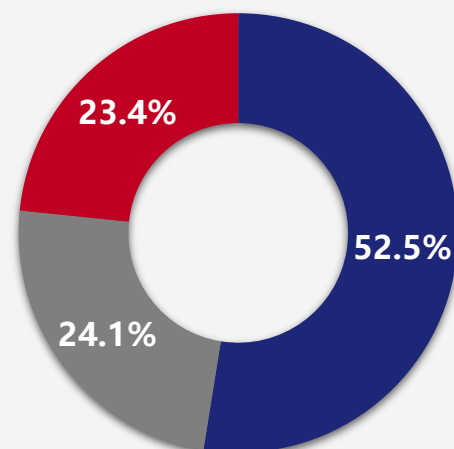
EBITDA and EBITDA% of 1H19



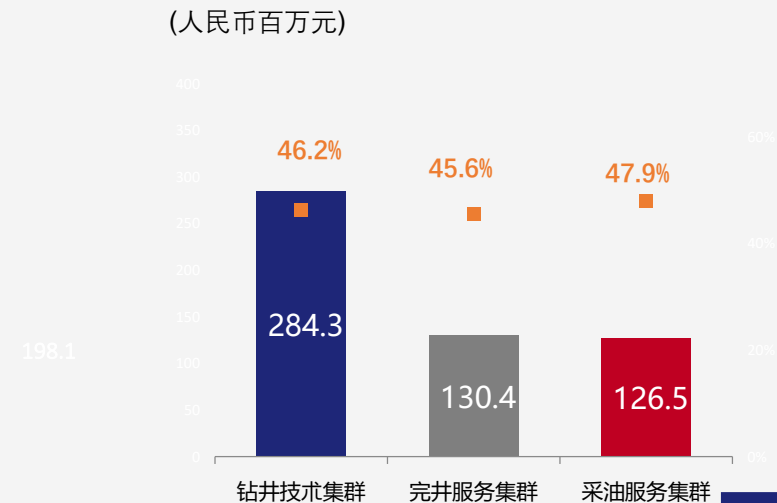
1H18 Revenue Breakdown



1H18 EBITDA Breakdown



EBITDA and EBITDA% of 1H18



V. Cost Analysis

Costs / Expense by function	1H2019	1H2018	Change	1H2019	1H2018	Change
	% of Revenue		%	RMB million		%
Cost of sales	66.1%	60.5%	5.6	1091.0	705.7	54.6
Selling expenses	4.9%	5.2%	(0.3)	80.8	60.4	33.8
Administrative expenses	4.3%	5.6%	(1.3)	71.0	64.9	9.4
R&D expenses	0.8%	0.7%	0.1	13.9	7.9	75.9
Sales tax & surcharges	0.4%	0.4%	0.0	6.6	4.9	34.7
Finance expenses	9.4%	13.5%	(4.1)	154.4	157.3	(1.8)
Income tax expenses	4.1%	3.3%	0.8	67.4	38.7	74.2

Costs / Expenses by nature	1H2019	1H2018	变幅	1H2019	1H2018	增长率
	% of Revenue		%	RMB million		%
Material & services	31.4%	30.8%	0.6	518.2	359.4	44.2
Staff overhead	22.0%	20.1%	1.9	363.7	234.6	55.0
Depreciation&amortization	10.4%	10.8%	(0.4)	172.4	128.6	34.1
Other expenses	14.0%	12.1%	1.9	230.8	141.4	63.2

VI: Product Line Summary

Drilling Technology Cluster	Description
Integrated Services Management	Provides engineering technical services and products during the drilling stage to solve problems encountered in directional drilling, drilling assessment, drilling acceleration, enhanced reservoir contact and integrated drilling
Integrated Drilling Services	Implements project organization and economic assessment through reservoir geological assessment and integrated geological and engineering design
Directional Drilling	Integrates new technologies for drilling, well completion and special tools; provides comprehensive technical services from design to matching tools, production technique and related equipment; integrates individual competitive drilling technologies and provides integrated drilling and well completion technical solutions
Drilling and Completion Fluid Service	Engineers operate the drilling tool set to drill wellbores along the pre-set path to enhance the oil and gas recovery rate by reaching the best position in the reserves
Drilling Technology Cluster	Provides drilling fluid system comprising oil-based muds and high-performance water-based muds, intended to address down-hole complications, shorten the drilling cycle and increase drilling speed
Drilling Tool Rental and Technical Service	Provides drilling tool rental, rehabilitation and anti-abrasion service, tubular processing and manufacturing and storage solutions
Land Drilling Service	Operates rigs to complete drilling jobs, including the delivery of service with self-owned rigs and third party owned rigs under management
Oilfield Waste Management	Applies advanced technology and combines domestic and international resources to offer waste and pollutants management service throughout oil and gas exploration and development such as oil-based drilling fluid and drill cutting treatment and fracture flowback fluid treatment.
Oil and Gas Production Facilities Inspection and	Enjoys China National Accreditation Service (CNAS) lab status for instruments and Chinese and US Non-destructive Testing (NDT) qualifications; adopts international standards to conduct site testing service for oil production equipment, devices and instruments for customers across petrochemical, pharmaceutical, machinery manufacturing and electronics

VI: Product Line Summary

Business Clusters and Constituent Business Lines	Description
Well Completion Cluster	Provides integrated well completion and stimulation services from integrated solutions for well cementing and completion, production well completion, equipment, tools and materials
Integrated Completion Services	Provides well completion engineering design and implementation service for low-permeability naturally fractured reservoirs and shale gas reservoirs; provides integrated services ranging from reservoir geological analysis consulting to well completion engineering design, well completion tools and liquid material; provides monitoring service for stimulation measures
Completion Tools	Provides a host of well cementing and completion tools and production well completion tool services; addresses various kinds of technical complications in open-hole well completion and casing well completion
Sand Screen and Water Control services	Provides the most diverse range of sand control completion tools and integrated design for sand control well completion, sandscreen and water control; provides sand control well completion stimulation service with high-pressure gravel packing as the core offering; provides supporting services for AICD water control
Fracturing/Acidizing Technique and Chemical materials	Provides integrated solutions from stimulation technology evaluation, design, down-hole chemicals and equipment engineering to enable integrated stimulation; provides R&D, manufacturing, marketing and technical services for down-hole chemicals for acidizing, fracturing, killing, and recovery (inflow and profile control) operations
Fracturing and Pumping	Leverages pressure pumping hydraulic horsepower and related service capacity to complete the implementation of pressure pumping design on different scales
Coiled Tubing Services	Combines equipment and tools to form different processes and technologies with broad applications, including stimulation in low-permeability wells, special operations in ultra-complicated wells and regular operations in conventional wells including horizontal well cable testing and workover services such as sidetrack drilling, milling and fishing
Proppant	An important material in oil development process when applying fracturing to stimulate oil and gas production. Its role is to support the fractures and keep oil and gas passage in order to increase production

VI: Product Line Summary

Business Clusters and Constituent Business Lines	Description
Oil Production Cluster	Provides engineering services and products for oil companies during well completion and production; enables economical recovery based on reservoir geological conditions through production operation management and ground process services
Production Operation Management	Provides production operation management services for oilfield ground stations, including power engineering construction, operation, inspection and maintenance, artificial life technology design, management, optimization operation support, water injection, profile control, ground equipment maintenance and rehabilitation, re-engineering, installation overhaul and oil and gas field ground construction projects
Workover Services	Provides conventional and major workover for oil and gas wells, sidetrack, fishing, oil testing and well completion integrated operation and routine maintenance operation services
Tubing/ Casing Repair and Anti-corrosion Service	Provides featured tubing and casing technical services with Premium Thread Design as the core offering; a reputable supplier of specialized tubes and casings for Chinese and overseas customers