

ANTON 安東

Anton Oilfield Services Group

(Incorporated in the Cayman Islands with limited liability

(Stock Code: 3337)

Anton 2022 Operating Results fully Improved Successfully crossed the cycle and return to the rapidly growing track

(Hong Kong, 26 March 2023) Anton Oilfield Services Group (“Anton”, or the “Group”, HKEX Stock Code: 3337), the independent leading oil and gas field technical services provider in China and Global is pleased to announce its audited consolidated annual results for the year ended 31 December 2022.

Built a Brand-new Anton and successfully crossed the three-year cycle of the epidemic

In 2022, the Group further expanded its market in the overseas market and developed asset-light businesses and innovative businesses, strictly controlled costs, accelerated operating turnover, implemented its platform-based strategy and optimized its management, and achieved comprehensive high growth in its revenue, profit, and cash flow. In the reporting period, revenue of the Group was RMB3,514.9 million, an increase of 20.2% compared with the same period in 2021. Profit attributable to the equity holders of the Group was RMB 293.8 million, a significant increase of 3.1 times year on year, also exceeded the pre-Covid level. As early as the beginning of the epidemic in 2020, the Group proposed to build a Brand-new Anton to withstand the external challenges by internal revolutions. With the smooth implementation of the Brand-new Anton strategy, the Group successfully crossed the three-year epidemic cycle.

Substantial growth in the overseas markets, steady growth in the domestic market, returned to growth track with business model successfully transformed

In 2022, the overseas markets led the resumption, full-year revenue of the overseas market grew by 38.9% year on year to RMB2,021.2 million. Among the overseas markets, the Iraq market fully resumed and order execution in Iraq fully accelerated, revenue in Iraq in 2022 significantly increased by 48.0% to RMB1,536.0 million, while revenue from other overseas markets grew by 16.2% year on year to RMB 485.2 million, the Group successfully penetrated to Indonesia and Algeria markets, won asset-light orders, and projects in Middle Asia and Africa markets executed steadily.

The domestic market, while facing the very harsh challenges brought by the epidemic, has maintained stable revenue growth, and returned to growth track. During the period, revenue from the domestic market was RMB1,493.7 million, grew 1.8% year on year.

During the reporting period, the oilfield management business, the inspection business and the asset leasing services business, together the new format businesses all achieved high growth and high return, these new format businesses are featured with high turnover, high profitability and rapid growth. In 2022 revenue of the new format businesses was RMB1,669.5 million, accounted for 47.5% of the total, the significant increase in revenue contribution marked the transformation of business model, Anton is becoming a new oilfield services company centralized with businesses of high growth and high return.

On the other hand, the precision technology of the Group got new breakthroughs and led the upgrade of the traditional businesses. The precision technical services include oil reservoir study + project management + engineering fulfillment, as well as the overall tailored technical solutions. In South China, in response to customer's need of stimulation and development plan optimization, the Group provided services that smoothly combined the reservoir geology study and engineering services, and achieved a three-time production increase, which was an outstanding contribution to customers. The business model of precision technical services goes beyond the capabilities of other traditional oilfield services peers of the Group, and enabled Anton to fully enter its target market.

The business value was fully reflected through multi-subject operating and asset securitization, T-ALL Inspection Group successfully introduced strategic investors.

Since the COVID-19 outbreak, the Group proposed the strategy of multi-subject operating and asset securitization, actively promote the optimization of its capital structure. In 2022, the Group with its wholly-owned subsidiary - T-ALL Inspection Group launched its spin-off and listing, and introduced seven investors lead by BAOWU-Green Carbon Fund, a fund with SOE background, T-ALL Group is committed to be the top listed company in the domestic capital market that focuses on domestic natural gas market.

It is worth mentioning that the introduction of strategic investors in total financed RMB 253.0 million in exchange for 18.7% of T-ALL Inspection's interests, the P/E ratio that investors adopted was 12.7X, which far exceeded the P/E ratio of Anton. The value of T-ALL business was fully reflected through multi-subject operation and asset securitization strategy, while the value of Anton is severely underestimated.

Free Cash Flow and Return on Equity rose sharply, and financial leverage lowered through timely repayment of matured USD Bonds.

For a long time, the Group has taken cash flow and return on equity as its core operating indicators. In the second half of 2022, the Group paid close attention to its account receivable collection, and greatly enhanced the operating efficiency. Free cash flow of the Group increased consecutively to RMB426.0 million, an increase of RMB60.0 million year on year; Return on equity in 2022 increased by 7.3 percentage point to 9.9%, significantly surpassed the pre-Covid level.

With the strong cash flow the Group generated in 2022, it successfully repaid the matured 2022 USD Bonds. In accumulation, the Group generated RMB1,380.0 million of free cash flow in the past five years and reduced USD Bond by RMB 1,220.0 million, significantly reducing the balloon payment risk. The gear ratio of the Group reduced from 68.9% by the end of 2019 to 58.7% by the end of 2022, debt/EBITDA ratio also reduced from 4.6x to 2.0x, the capital structure of the Group is now much stable.

Outlook

The impact of the epidemic has been fully eliminated on a global scale in 2023. With the gradual recovery of demand, the resumption of economy will be further accelerated. CAPEX in E&P activities in the Middle East, China, Central-Asia, Africa and other emerging markets will be increased on a continuous basis, the global oil and gas development market is ushering stable opportunities. The Group will actively layout its global advantageous markets, focus on natural gas market in China, including the tight gas and conventional gas resources; in Iraq, the Group will fully promote the development of its business in major oilfields in North, Middle and South Iraq; in West Africa, the Group will focus on Chad, Algeria, etc.; in Indonesia, the Group will cooperate with China Oil Companies and local independent oil companies to achieve breakthrough; and in other overseas market, the Group will continue to cultivate scaled new market areas.

In addition, the Group will build a platform, to fully leverage its advantages in global market network and empower its customers, suppliers and technical partners, and eventually achieve scaled growth. The Group released the AT-Mall, an e-commerce platform for oil companies and suppliers, the GMV of AT-Mall in 2022 was RMB 7.7 billion, and GMV in 2023 will be even greater. The Group also released OilMates – a media platform that provides contents for global practitioners in the oil industry, followers of OilMates exceeded 30,000 by the end of 2022, and is still growing rapidly.

In terms of product, technology and service capability, the Group will, on the one hand promote precision technology to upgrade the competitive landscape, to further increase the profitability and scale of traditional businesses, and upgrade the business. On the other hand, the Group will put more effort in new businesses, to develop oilfield management services, asset leasing services as well as digital services, to widen the service scope and achieve growth.

The Group will fully leverage its advantages in oilfield management services, help oil companies to maximize their investment return. As the business-finance platform that knows oil and gas the best, the Group will provide asset and financing services for the whole industry with “everything needed in the oil and gas development is leasable” as its principal to meet the needs of assets and capital. More importantly, the Group will promote the development of inspection business toward inspection in the field of Carbon peak and carbon neutrality and intelligent inspection,

from single inspection to overall integration inspection, to help T-ALL to become the largest data asset management company in the oil and gas industry.

In 2023 and beyond, the Group will widen its service scope to open incremental opportunities of development through its innovative businesses. In the meantime, the Group will continuously improve its operating efficiency and deliver quality results through data-driven management.

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About Anton Oilfield Services Group

Anton Oilfield Services Group(HKEX Stock Code: 3337) is a world leasing independent integrated oilfield technology and engineering provider. Products and services of the Group cover the whole life of oil and gas resources development, including integrated services, drilling services, well completion services and oil production services. The Group has formed a global market network that covers China, Middle East, Central Asia and America, to provide technical solutions for oil companies.

This press release is issued by ZHIXIN CAIJING on behalf of Anton Oilfield Services Group

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