

The image features a large industrial facility, likely a refinery or chemical plant, with numerous distillation columns, pipes, and storage tanks under a bright, hazy sky. The scene is partially obscured by a large, semi-transparent graphic element on the right side, which consists of a white area with thin, curved lines and a red triangular shape at the bottom. The company name 'ANTON' is written in blue, and '安東' is written in red. The text '2018 Interim Results Announcement' and the date '2018.8.28' are also present in black.

ANTON 安東

**2018 Interim Results
Announcement**

2018.8.28



Disclaimer

- This document is prepared by Anton Oilfield Services Group (“the Company”) only for its corporate communications and general reference, and may not be copied or forwarded to any person without the permission of the Company. This document does not constitute any recommendation or invitation for the sale or subscription of any type of securities or bonds of the Company or its subsidiaries (collectively referred to as the “Group”) in any jurisdiction, nor does it constitute any benchmark for the decision of investment in securities or bonds of any kind. This article is merely an introduction. It is not a comprehensive description of the Group, its business, current or past operating results, or future business prospects. This document does not involve any express or implied warranties or representations.
- The company expressly states that it will not be liable for any liability arising from the use of or reliance on any of the information and data (regardless of financial or other information) contained herein.



Agenda

1  **2018 Interim Results Summary**

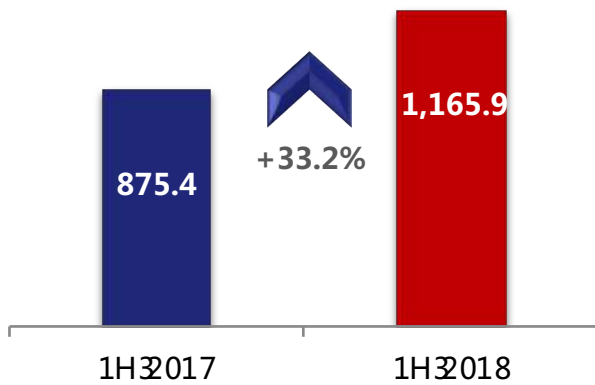
2  2H 2018 Outlook

3  Q&A

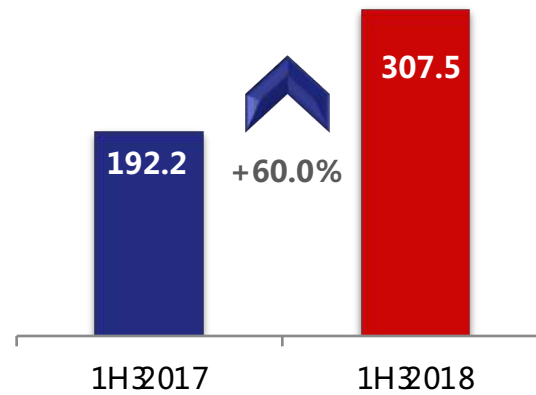
2018 Interim Result Summary

(RMB million)

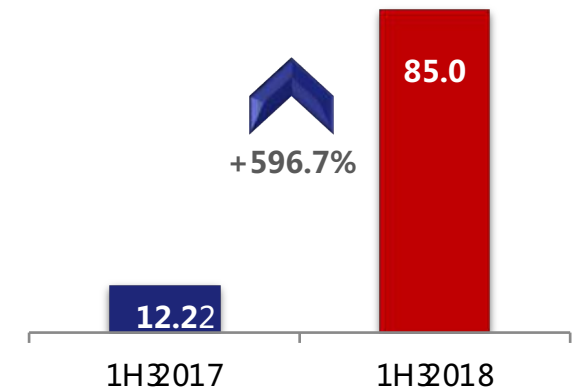
Revenue



Operating Profit



Profit Attributable to Equity owner of the Group





Business Highlights

1

Oil Price rose steadily, major customers' Capex increased

2

New orders grow significantly, order structure continuously optimized

3

A historic breakthrough achieved in “asset-light” model , won the bid for a large-scale project in Iraqi market , successfully completed the project handover

4

Continuously implement effective cost control measures, profit margin significantly improved

5

Operating cash flows improved, Capex reduced, and notable results achieved in cash flow management

6

All debt indicators kept stable and improving; short-term borrowings renewed to ensure sufficient liquidity for the Group

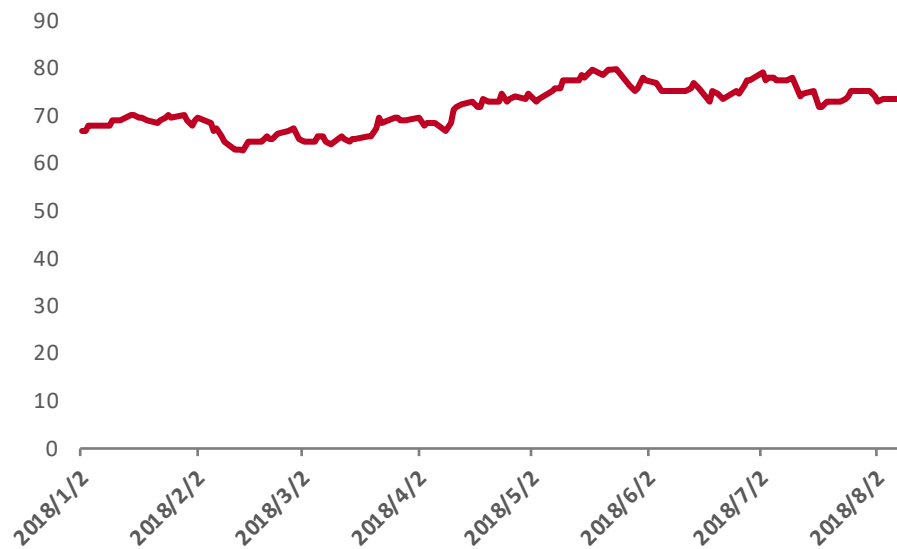


Oil Price rose steadily, major customers' Capex increased

Brent Oil Price



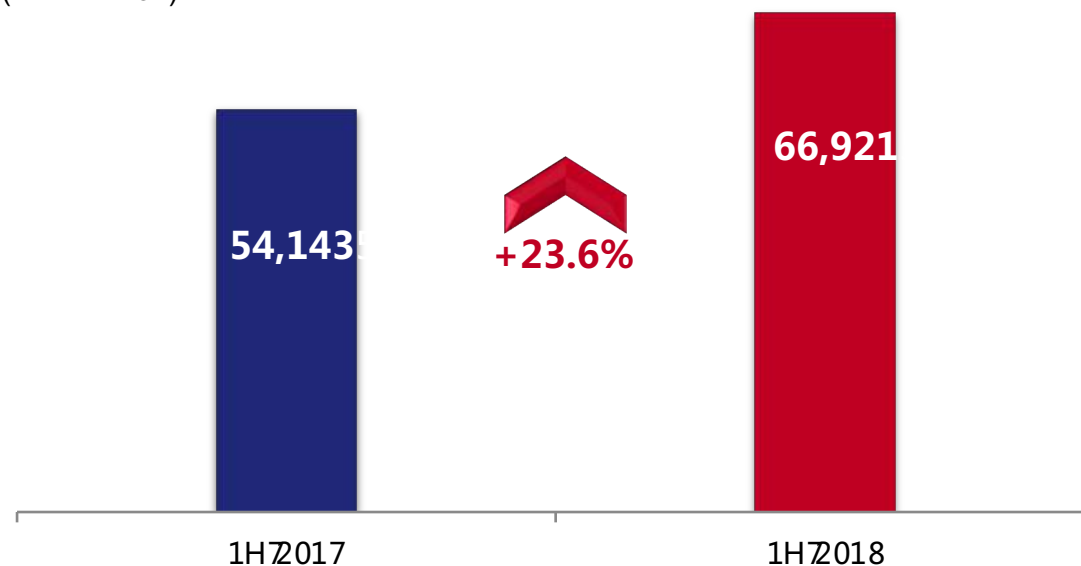
USD/Barrel



Major Customers' Capex



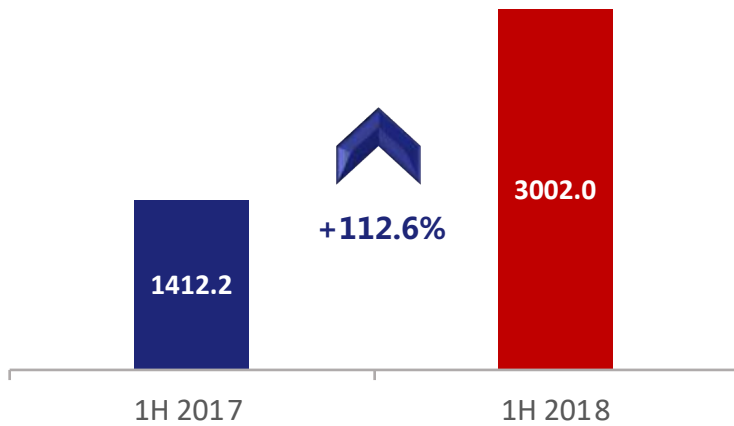
(RMB million)



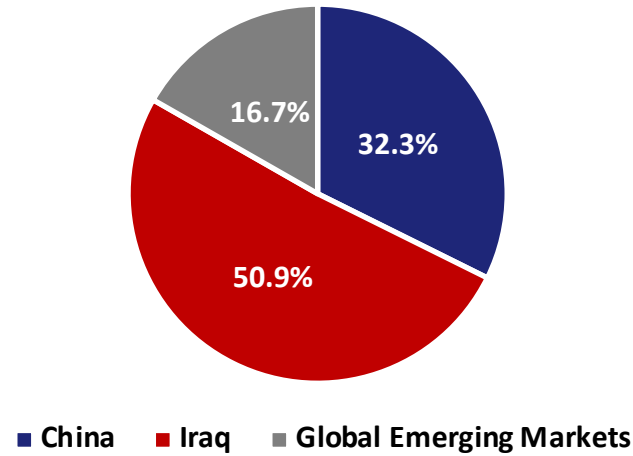


New orders grow significantly, order structure continuously optimized

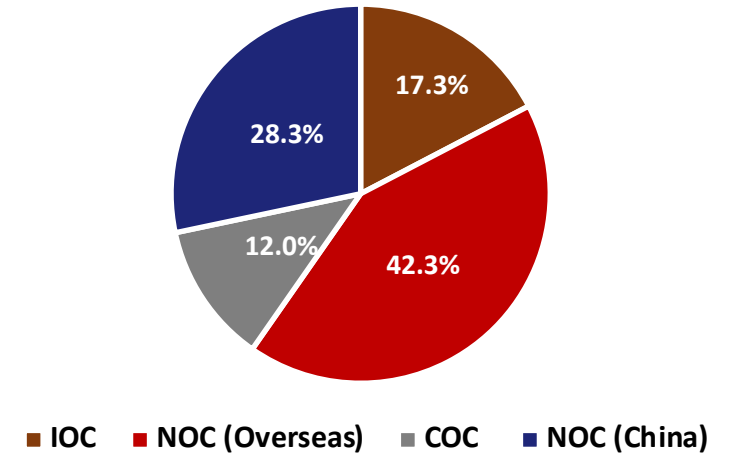
Total Amount of New Orders



Market Structure of New Orders

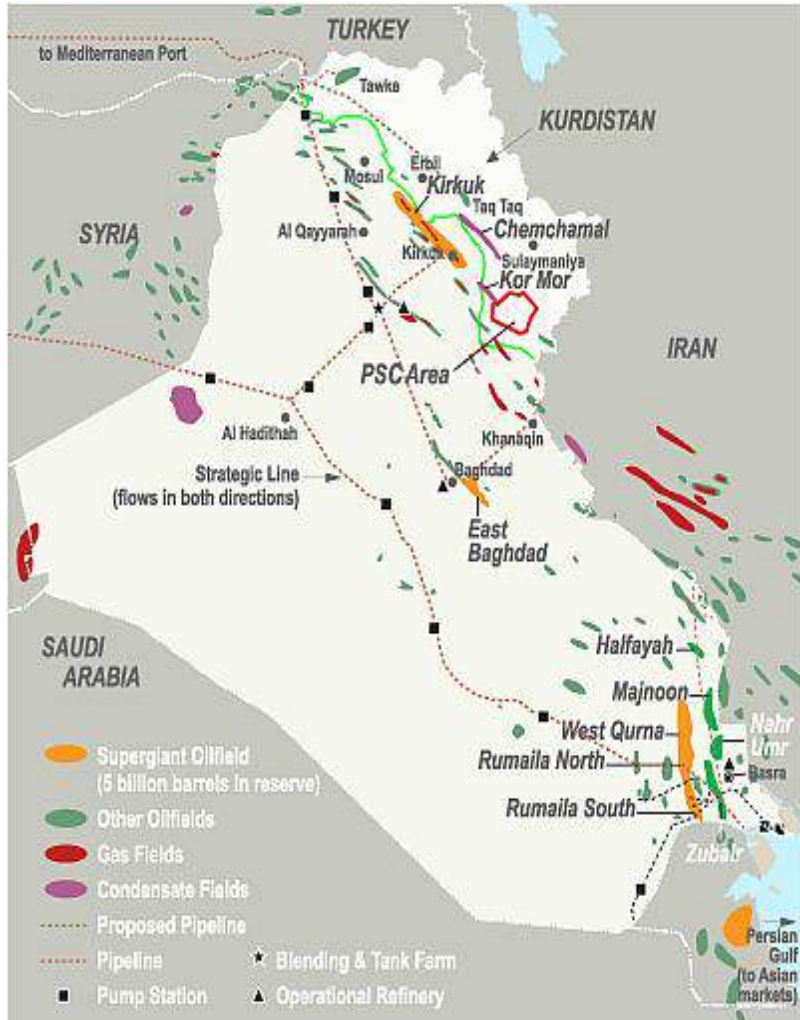


Customer Structure of New Orders





A historic breakthrough achieved in “asset-light” model , won the bid for a large-scale project in Iraqi market , successfully completed the project handover



Project Features



- **The government’s integrated project:** this project created a new model for the Iraqi government's post-war oilfield development, which will release a large number of integrated contracting project opportunities in the future;
- **Strict selection process:** this project has undergone three rounds of strict international bidding processes, which were conducted by the IOC. After winning the bid, Anton’s market reputation has been greatly improved;
- **Large-scale revenue growth:** the project was officially handed over on July 1st this year, and the revenue will be confirmed in the second half of the year;

Project Impacts

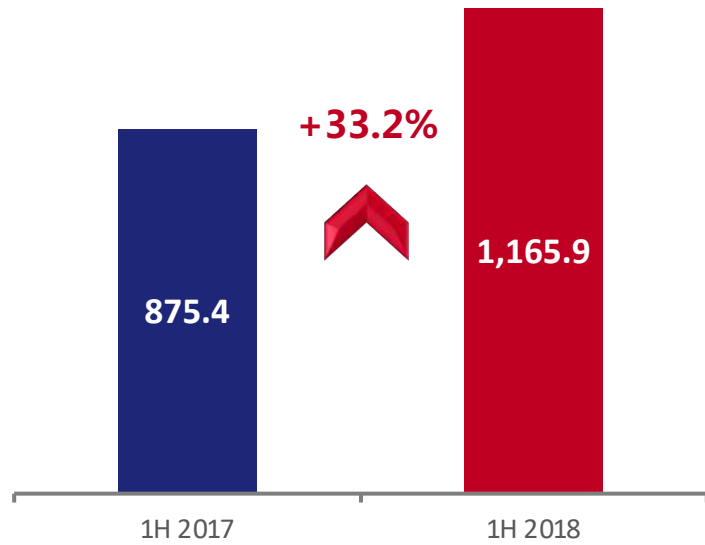


- **Asset-light:** Anton will participate in the project as a general contractor to operate under zero extra Capex with asset-light model;
- **Low risks:** Anton promotes cooperation with financial institutions to lower project risks by combining industry with finance.



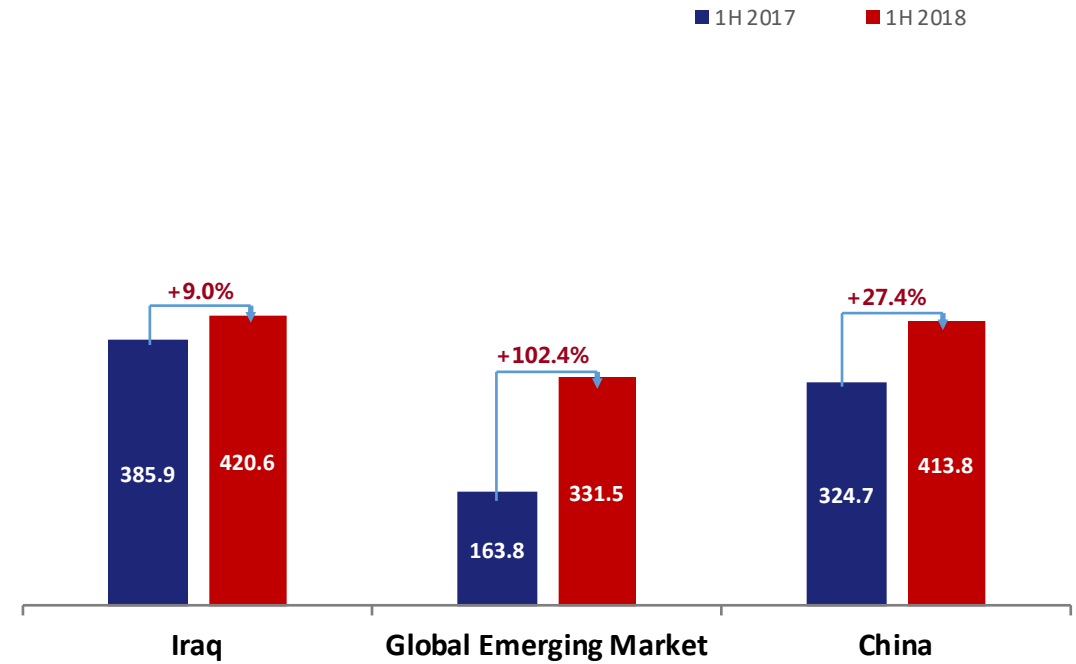
Total revenue hit record high, revenue of global emerging markets increased significantly, Chinese market achieved rapid recovery

Total Revenue



(RMB million)

Regional Market Revenue



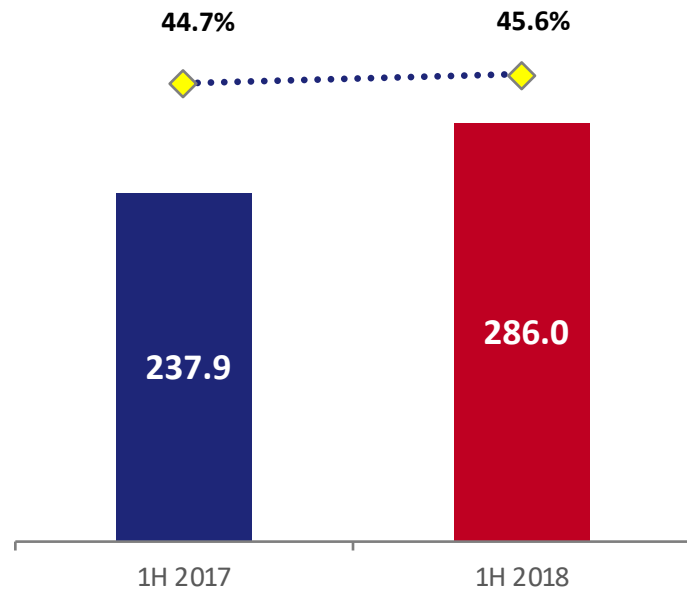


Continuously implement effective cost control measures, profit margin significantly improved

Gross Profit



(RMB&million)

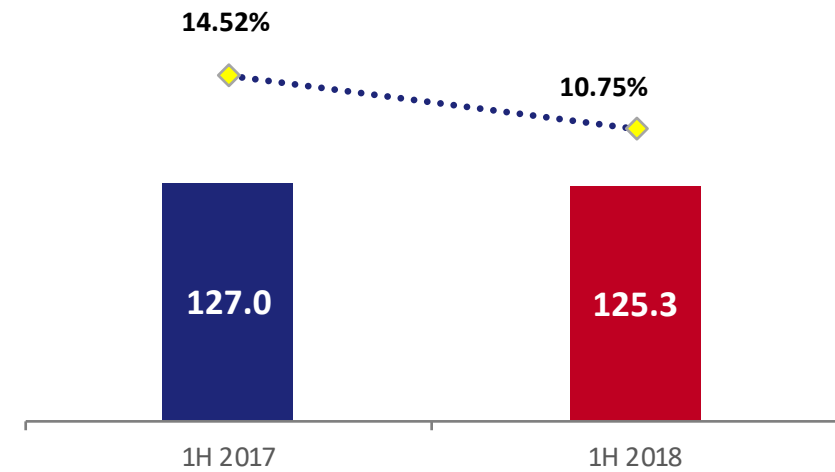


■ Gross profit ●◆● Gross profit margin

SG&A



(RMB&million)



■ SG&A ●◆● SG&A/Revenue



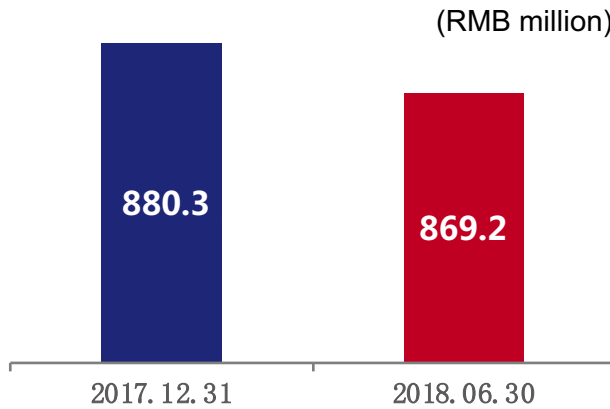
Operating cash flows improved, Capex reduced, and notable results achieved in cash flow management

Cash Flow	1H 2017	1H 2018	Change
Cash Used in Operating Activities	-206.5	45.6	252.1
Cash Interest Payments	-96.7	-131.0	-34.3
Capital Expenditures	-126.5	-49.1	77.4
Free Cash Flow	-429.7	-134.5	295.2



All debt indicators kept stable and improving; short-term borrowings renewed to ensure sufficient liquidity for the Group

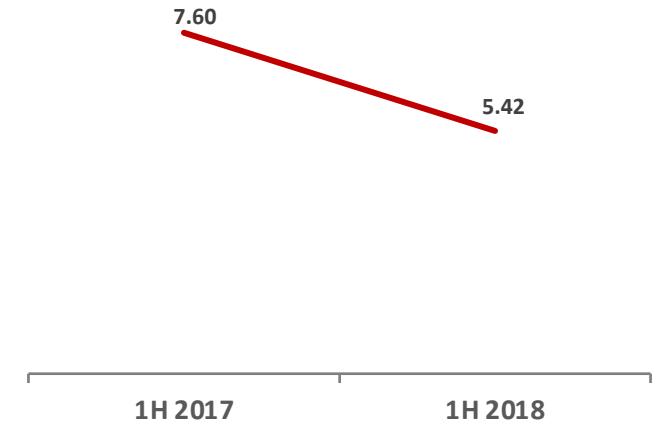
Short-term Borrowings



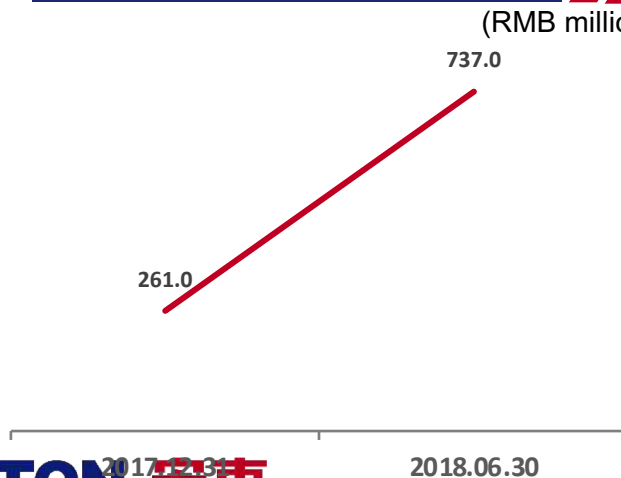
Capital Safety Secured

- Short-term borrowings from banks have been repaid and renewed, which eliminated short-term liquidity risks and provided abundant liquidity for the Group
- Unused bank credits were increased from RMB 476 million yuan to RMB 737 million yuan, the financing ability of the Group was improved

Total Debt /EBITDA



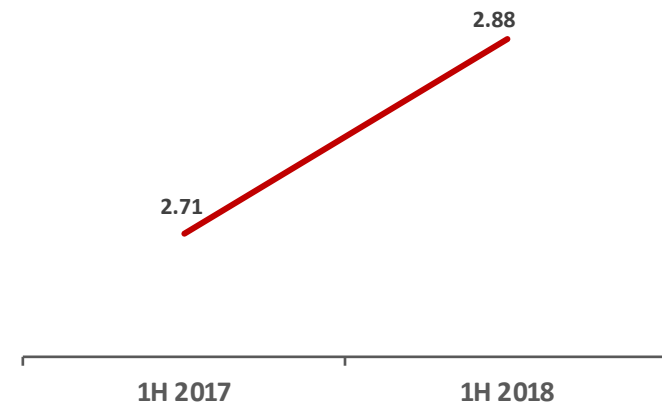
Unused Credit Facilities Granted



Solvency Capacity Improved

- Profitability, revenue and solvency capacity of the Group were greatly improved
- Debt indicators were stable and improving, the credit rating of the bond was improved

FCCR





Agenda

1  2018 Interim Results Summary

2  2H 2018 Outlook

3  Q&A



Outlook for 2H 2018

1

Adhere to the global emerging market development strategy , seize the great development opportunities of domestic "Energy Security"

2

Continue to upgrade the asset-light service model with the core of increasing production and reducing costs

3

Deepen the combining of production and finance, reduce fund occupation

4

Fully realize the management objectives with cash flow as the core

5

Promote “Hard Struggle” culture, strengthen compensation incentives, mobilize human resource efficiency



Adhere to the global emerging market development strategy , seize the great development opportunities of domestic "Energy Security"



Iraqi Market



- By taking the opportunities of large-scale projects in southern area, Anton will look for further business opportunities from those projects and other potential projects to cooperate with other IOCs ;

Global Emerging Markets



- Benefiting from the “One Belt, One Road” policy, the Group will establish a tripartite cooperation model with oil company customers and Chinese political financial institutions to promote the settlements of high-quality integration projects.

Chinese Market



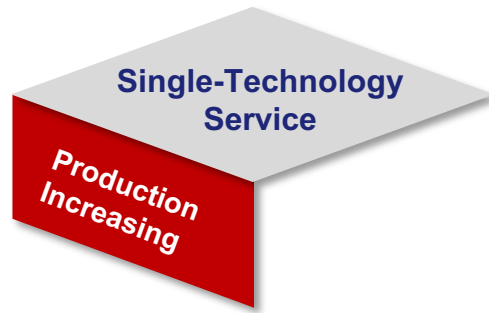
- Respond to the national energy security policy, seize the opportunity of energy development, focus on developing projects in Xinjiang and Sichuan, and promote the overall growth of the Chinese market.



Continue to upgrade the asset-light service model with the core of increasing production and reducing costs

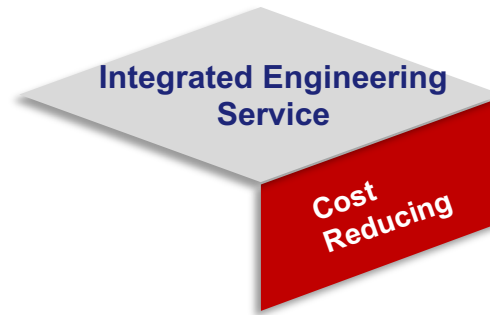
Single-Technology Service

Staged fracturing tech., etc.
Provide Single Cluster production-increasing and cost-reducing services



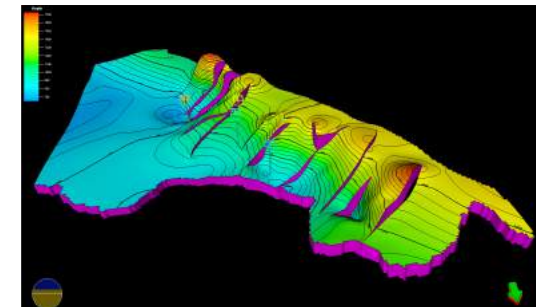
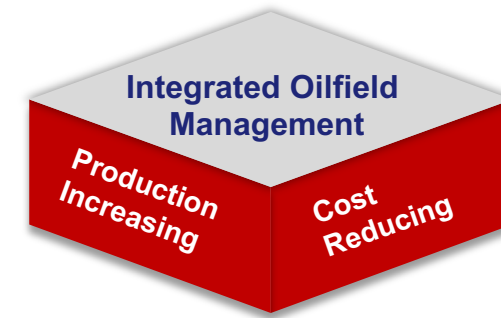
Integrated Engineering Service

Integrated Production Management tech., etc.
Provide integrated technology services including drilling, well completion, and oil production



Integrated Oilfield Management Service

Integrated Oilfield Management., etc.
Provide one-stop service for oil reservoir research, development design and engineering operations





Deepen the combining of production and finance, reduce fund occupation



Performance Bond Cooperation

- Approach: The Bank of Beijing granted a special credit of RMB 350 million to the Group for the performance bond for overseas projects.
- Purpose: Reduce the capital occupation of performance bond and enhance the liquidity of the group.



Risk Insurance for International Project

- Approach : SINOSURE provides political and commercial risk insurance for the Group's overseas projects, and the Group uses this to conduct factoring cooperation with other financial institutions.
- Purpose : Reduce project risks, reduce operating capital occupation, and enhance regional competitiveness.

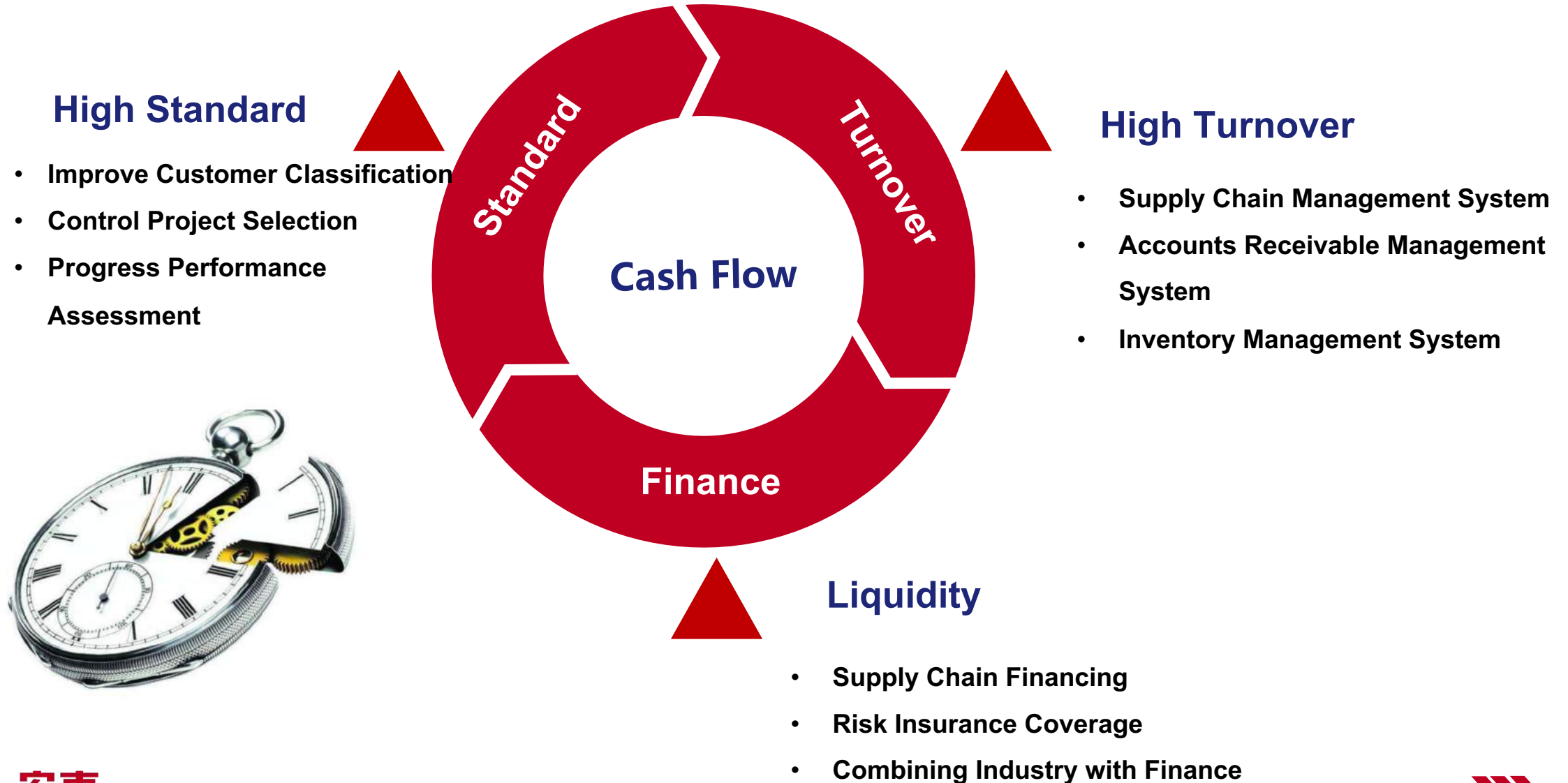


Equipment Financing Lease

- Approach: CCRC financial leasing leases the Group's fixed assets for financial leasing, reducing the Group's asset burden.
- Purpose: Avoid equipment depreciation losses and achieve light asset operations



Fully realize the management objectives with cash flow as the core





Promote “Hard Struggle” culture, strengthen compensation incentives, mobilize human resource efficiency

Culture Formation



- Promote “hard struggle” culture, train outstanding talents with diverse international projects, cultivate high-quality Anton team.



Management Upgrade



- Promote Amoeba management system, redefines the relationship between powers and responsibilities, optimizes the salary assessment system, controls fixed labor costs, and promotes the upgrading of management models.





Agenda

1  2018 Interim Results Summary

2  2H 2018 Outlook

3  Q&A



Appendix 1: Consolidated Income Statement

As at 30 June(RMB million)	2018	2017
Revenue	1,165.9	875.4
Cost of Sales	(705.7)	(546.7)
Gross Profit	460.2	328.7
Other gains, net	7.4	3.0
Selling expenses	(60.4)	(57.6)
Administrative expenses	(64.9)	(69.4)
Research and development expenses	(7.9)	(9.0)
Sales tax and surcharges	(4.9)	(3.5)
Operating Profit	307.5	192.2
Finance costs, net	(155.4)	(117.9)
Share of loss of a joint venture	(0.1)	(0.7)
Profit before Income Tax	152.0	73.5
Income tax expenses	(38.7)	(28.6)
Profit for the Year	113.4	45.0
Profit attributable to owners of the Company	85.0	12.2
Non-controlling interests	28.4	32.8

Appendix 2: Balance Sheet

RMB million	As at 30 June 2018	As at 31 December 2017
Property, plant and equipment	2,278.7	2,331.6
Prepaid lease payments	76.6	77.7
Intangible assets	218.2	224.3
Interest in a joint venture	2.6	2.7
Payments and other receivables	123.1	121.2
Other non-current assets	2.6	2.7
Deferred income tax assets	57.0	63.7
Inventories	645.3	597.2
Prepaid lease payments	1.9	2.0
Trade and notes receivables	1959.4	1760.4
Prepayments and other receivables	511.5	466.9
Restricted bank deposits	410.5	415.1
Contract Asset	74.6	0.1
Cash and cash equivalents	451.4	1133.1
Total Assets	7426.6	7748.0
Capital and reserves attributable to owners of the Company	2589.9	2558.1
Non-controlling interests	418.1	389.0
Total Equity	3008.0	2947.1
Non-current liabilities	2091.2	1932.5
Current liabilities	2327.0	2867.7
Total liabilities	4418.2	4800.2
Total equity and liabilities	7426.3	7747.3



Appendix 3: Cash Flow Statement

As at 30 June (RMB million)	2018	2017
Net cash generated from operating activities	45.6	(206.5)
Net cash used in investing activities	(46.4)	(120.4)
Net cash generated from financing activities	(691.5)	151.0
Net increase in cash and cash equivalents	(692.3)	(175.9)
Cash and cash equivalents at beginning of the year	1133.1	507.3
Exchange (loss)/gain on cash and cash equivalents	10.8	5.2
Cash and cash equivalents at end of the year	451.6	336.4