

2021 Annual Results Release

March 30, 2022



CNOOC Limited
中国海洋石油有限公司

Board of Directors and Management at Today's Conference



Chairman

Wang Dongjin



CEO

Xu Keqiang



President

Xia Qinglong



CFO

Xie Weizhi



Disclaimer

This presentation includes forward looking information, including statements regarding the likely future developments in the business of the Company and its subsidiaries, such as expected future events, business prospects or financial results. The words “expect” , “anticipate” , “continue” , “estimate” , “objective” , “ongoing” , “may” , “will” , “project” , “should” , “believe” , “plans” , “intends” and similar expressions are intended to identify such forward-looking statements. These statements are based on assumptions and analyses made by the Company as of this date in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors that the Company currently believes are appropriate under the circumstances. However, whether actual results and developments will meet the current expectations and predictions of the Company is uncertain. Actual results, performance and financial condition may differ materially from the Company's expectations, including but not limited to those associated with fluctuations in crude oil and natural gas prices, macro-political and economic factors, changes in the tax and fiscal regimes of the host countries in which we operate, the highly competitive nature of the oil and natural gas industry, environmental responsibility and compliance requirements, the Company's price forecast, the exploration and development activities, mergers, acquisitions and divestments activities, HSSE and insurance policies and changes in anti-corruption, anti-fraud, anti-money laundering and corporate governance laws.

Consequently, all of the forward-looking statements made in this presentation are qualified by these cautionary statements. The Company cannot assure that the results or developments anticipated will be realised or, even if substantially realised, that they will have the expected effect on the Company, its business or operations.



Agenda

- **Operating Results**
- **Business Highlights**
- **Outlook**



Operating Results

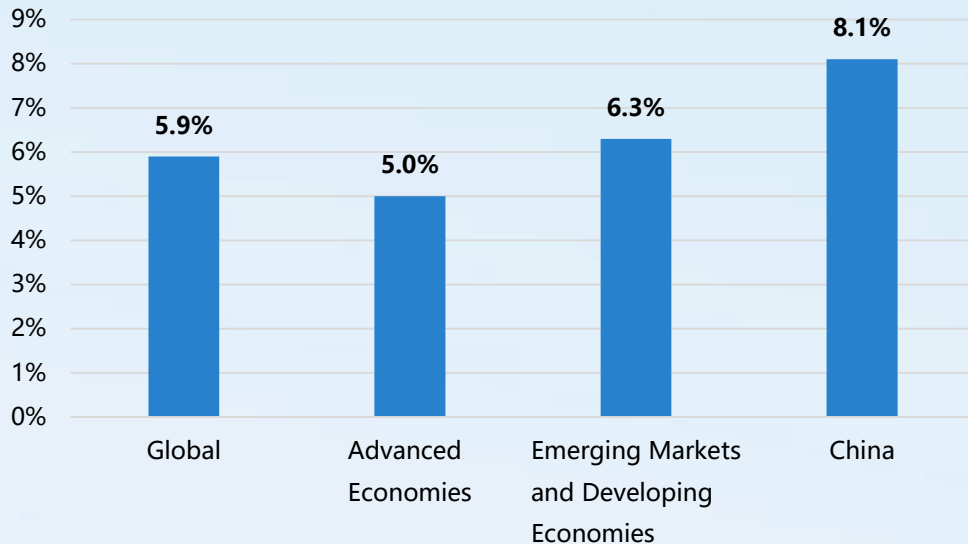


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2021 Macro-environment Overview

- The global economy has struggled to recover from the severe recession caused by the pandemic and recorded a year-on-year growth of 5.5%
- The emerging markets and developing economies yielded outstanding development results, and China's growth rate reached 8.1%
- International oil prices increased sharply amid fluctuations, the average price of Brent crude oil was US\$70.9 per barrel, a year-on-year increase of 64.2%

Global economic growth



International oil price (Brent)

(US\$/barrel)



* Source: IMF (2022.1), Bloomberg



Performance Highlights

- New records in production and reserves

572.9

Million BOE

Net Production

5,727.6

Million BOE

Net Proved Reserves

- New records in profitability

29.49

US\$/BOE

All-in Cost

70.31

RMB Billion

Net Profit

- Sufficient free cash flow

88.73

RMB Billion

Capex

147.89

RMB Billion

Net Operating Cash Flow

65.46

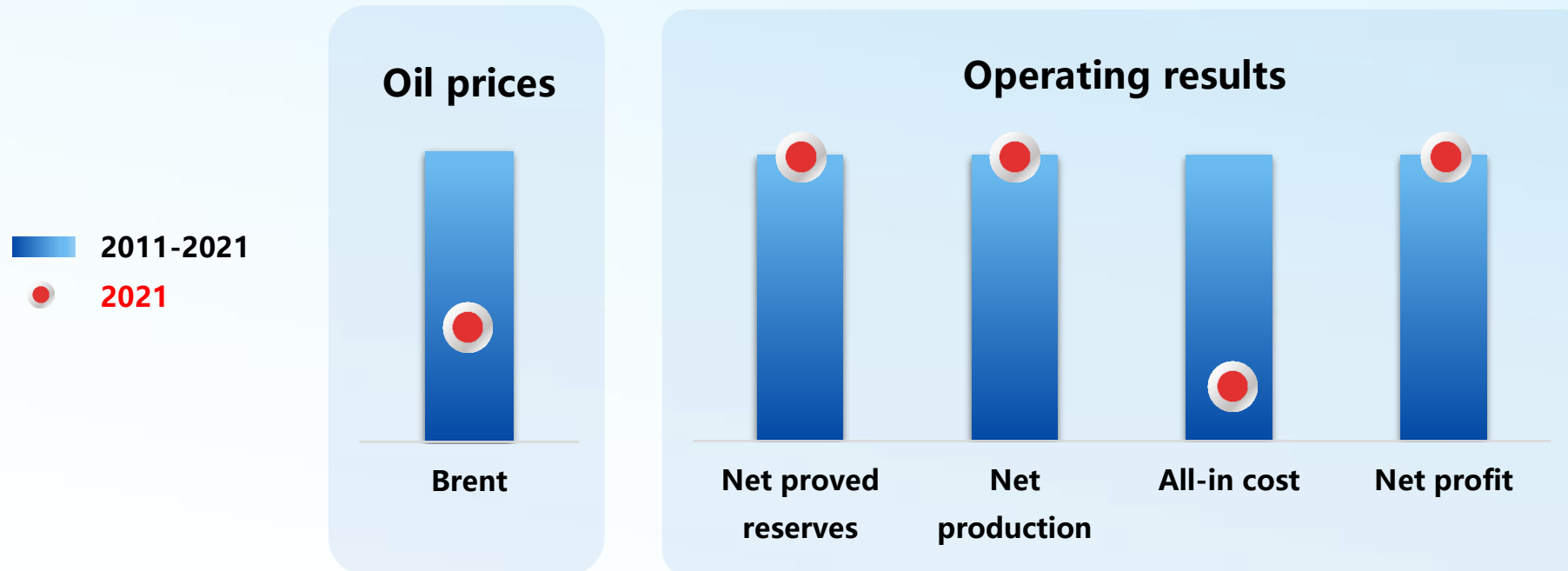
RMB Billion

Free Cash Flow



Operating Results at Record Levels

- International oil prices in 2021 were at the lower middle levels of the past 10-year range
- Net proved reserves, net production and net profit were all at record highs, and all-in cost was near the best levels in history



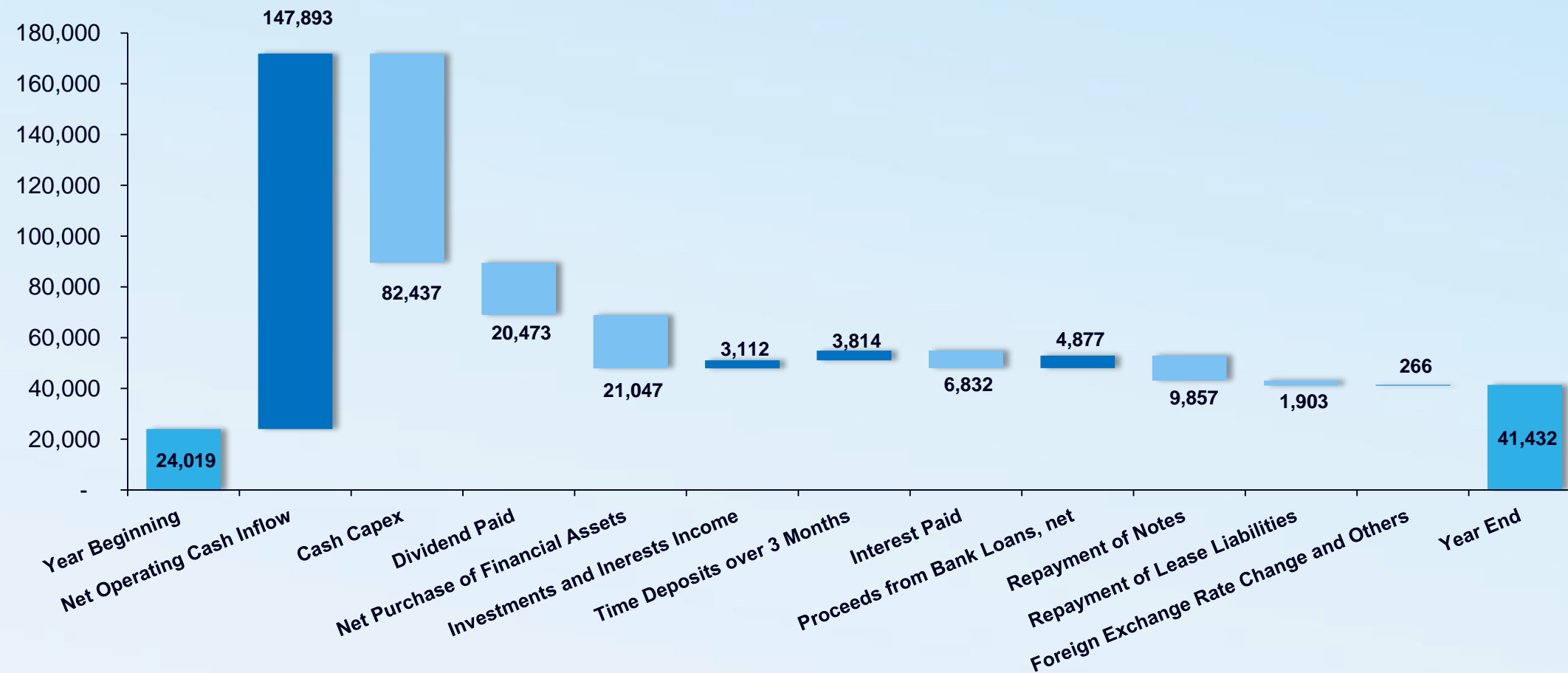
Results Summary

	2021	2020	Change%
Net production (mm boe)	572.9	528.2	8.5%
- Crude and liquids (mm bbls)	452.4	419.1	7.9%
- Natural gas (bcf)	700.6	632.2	10.8%
Realized oil price (US\$/bbl)	67.89	40.96	65.7%
Realized gas price (US\$/mcf)	6.95	6.17	12.6%
Oil & gas sales (RMB mm)	222,125	139,601	59.1%
Net profit (RMB mm)	70,307	24,956	181.7%
Basic EPS (RMB)	1.57	0.56	181.7%



Movement of Cash and Cash Equivalents

(RMB mm)



Business Highlights



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Fruitful Exploration Achievements

- 16 new discoveries were made in offshore China and 6 new discoveries made in overseas

New Discoveries - China

Bohai

- Kenli 10-2
- Caofeidian 11-3E
- Qinhuangdao 35-5
- Jinzhou 25-3
- Bozhong 28-1
- Longkou 31-3

Eastern South China Sea

- Xijiang 24-4
- Xijiang 30-1
- Panyu 11-12
- Huizhou 33-4
- Huizhou 19-5
- Lufeng 13-8

Western South China Sea

- Wushi 16-5
- Wushi 1-6
- Wushi 22-9
- Baodao 21-1

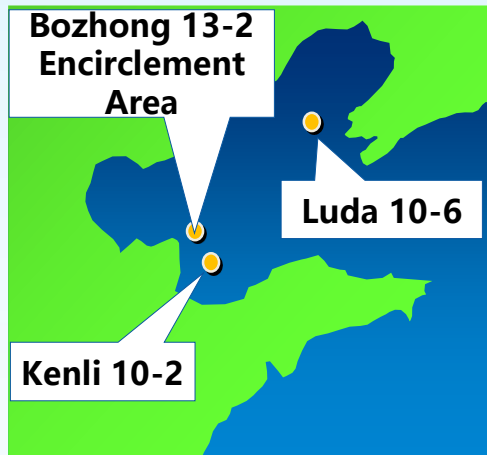
New Discoveries - Overseas

Guyana

- Uaru-2
- Longtail-3
- Whiptail
- Pinktail
- Turbot-2
- Cataback-1



Mid-to-large Sized Discoveries in Offshore China



- **Kenli 10-2**
 - Large-sized discovery with proved in-place volume of crude oil over 100 million tons
 - A significant breakthrough of 100-million-tons level lithologic discovery in shallow layer Bohai sag
- **Luda10-6**
 - Proved in-place volume of over 35 million tons of oil equivalent
- **Bozhong 13-2 Encirclement Area**
 - A significant breakthrough in the exploration of inside buried hills
 - Newly added proved in-place volume of over 30 million tons of oil equivalent
- **Baodao21-1**
 - Expected to achieve Mid-to-large sized natural gas discoveries

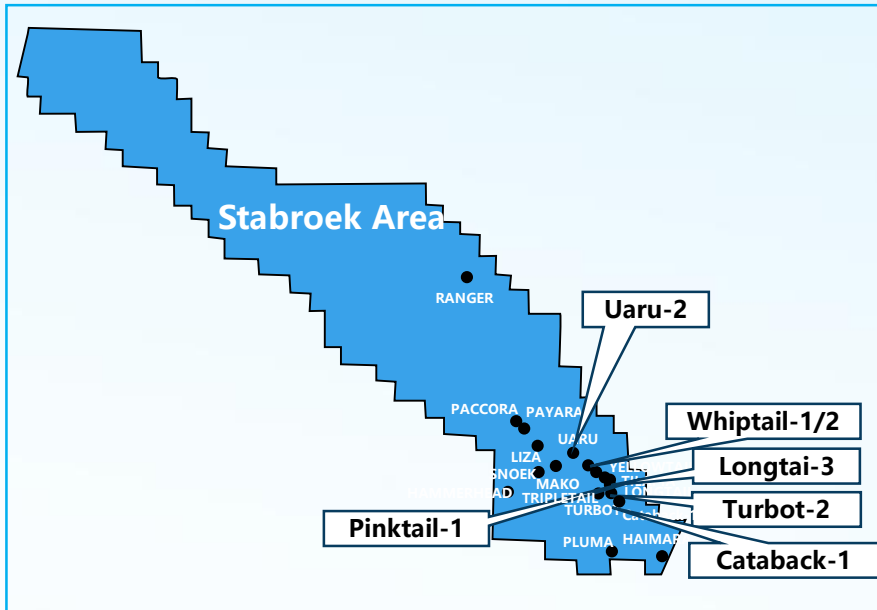
Note: According to the Regulation of Offshore Petroleum Reserves Estimation of China, a mid-size oil field is defined as a field with technically recoverable resources of $\geq 2,500 \sim < 25,000$ thousand cubic meters and a large-size oil field is defined as a field with technically recoverable resources of $\geq 25,000 \sim < 250,000$ thousand cubic meters.

Exploration Progress in China

- **Breakthroughs made in new areas, new fields and new types**
 - Exploration breakthroughs in Kaiping 11-4, Baodao 21-1, Huizhou 21-8 structures provided extra potential for reserves and production growth
- **Integrated exploration and development to improve the economies of rolling exploration**
 - Newly added proven in-place volume exceeded 100 million tons of oil equivalent, and projects such as Wenchang 9-7 realized rapid conversion from reserves to production during high oil price period
- **Significantly enhanced single well volume for onshore unconventional gas exploration**
 - Rolling exploration of Linxing gas field saw breakthrough, setting a new high for unconventional gas well test production



Recoverable Resources in Guyana above 10 billion BOE



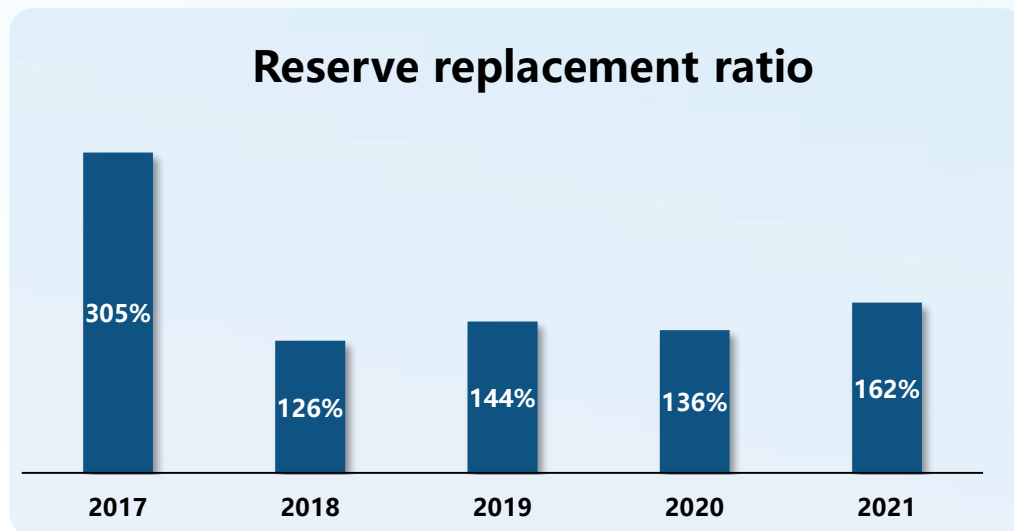
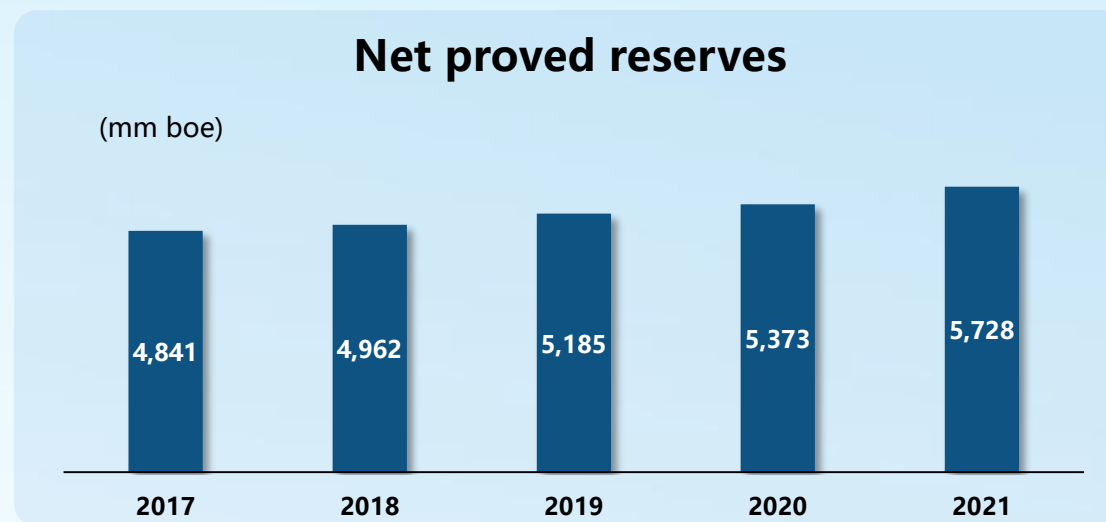
- **Six new discoveries in Stabroek Block, Guyana**
 - Six new discoveries: Uaru-2, Longtai-3, Whiptail, Pinktail, Turbot-2 and Cataback-1
 - A total of more than 20 new discoveries were made
 - Further enhance the resource potential of this block, with the total recoverable resources exceeding 10 billion boe

** According to the disclosure of the Operator*



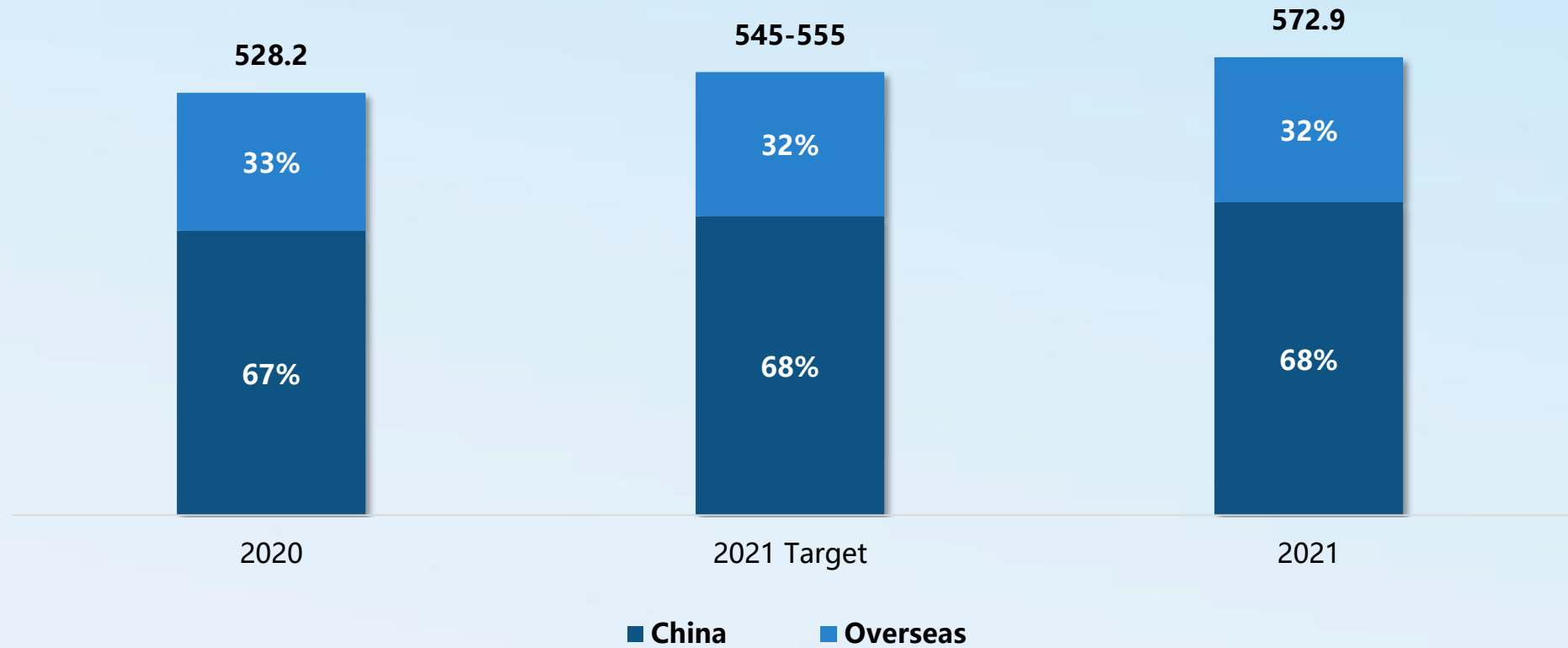
New Record of Proved Reserves and Stable Reserve Life

- Net proved reserves reached record high of 5,728 mm boe
- Reserve replacement ratio of 162%, over 130% in three consecutive years, representing huge potential for future development
- Reserve life remained above 10 years



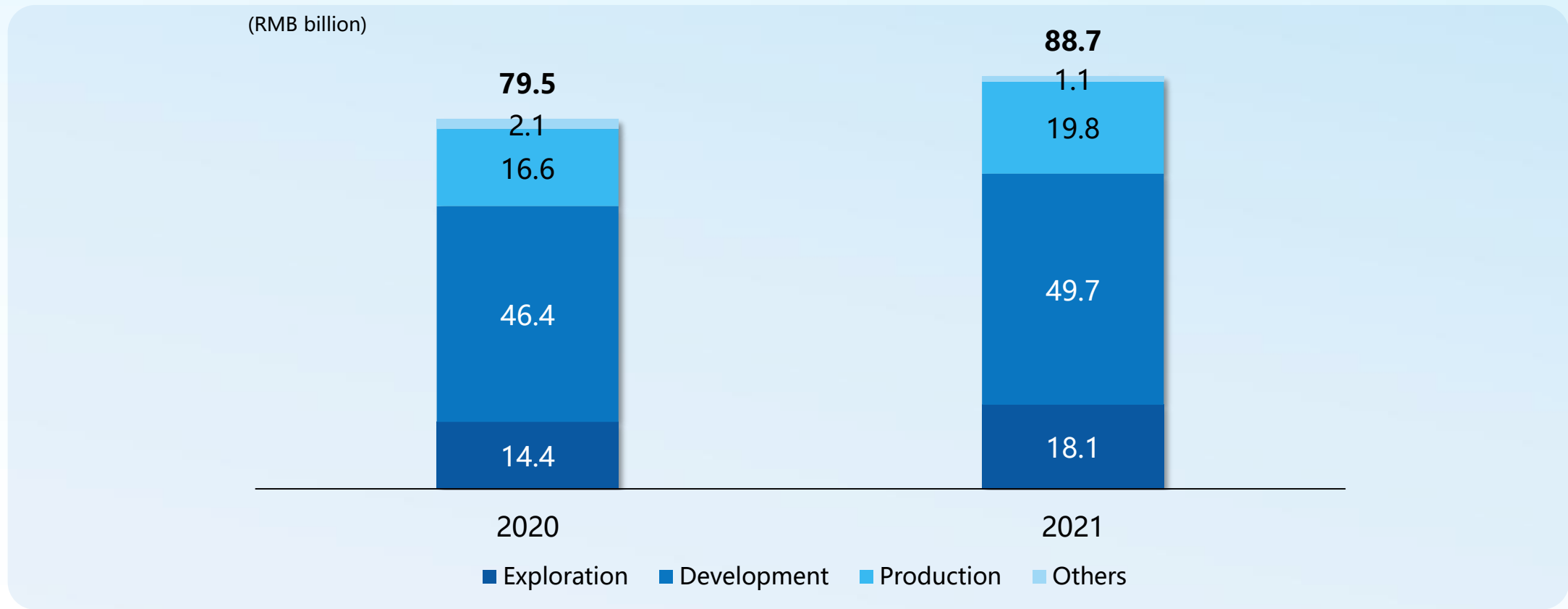
Net Production Hit Another Record High

(mm boe)



Capex

- Capex continued to increase, up 11.6% year-over-year, strongly supporting reserves and production growth

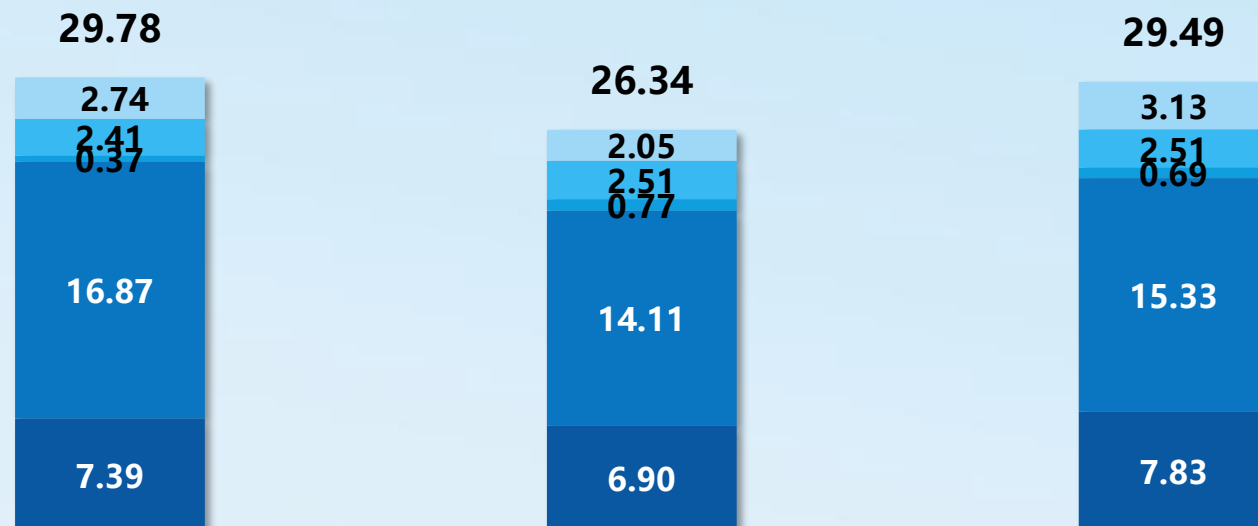


Above amounts exclude capitalized interest of RMB2.5 bn and RMB2.1 bn in 2020 and 2021, respectively.



All-in Cost under Effective Control

(US\$/boe)



	2019	2020	2021
Brent (US\$/bbl)	64.2	43.2	70.9
Foreign Exchange RMB:USD	6.8897	6.9110	6.4544

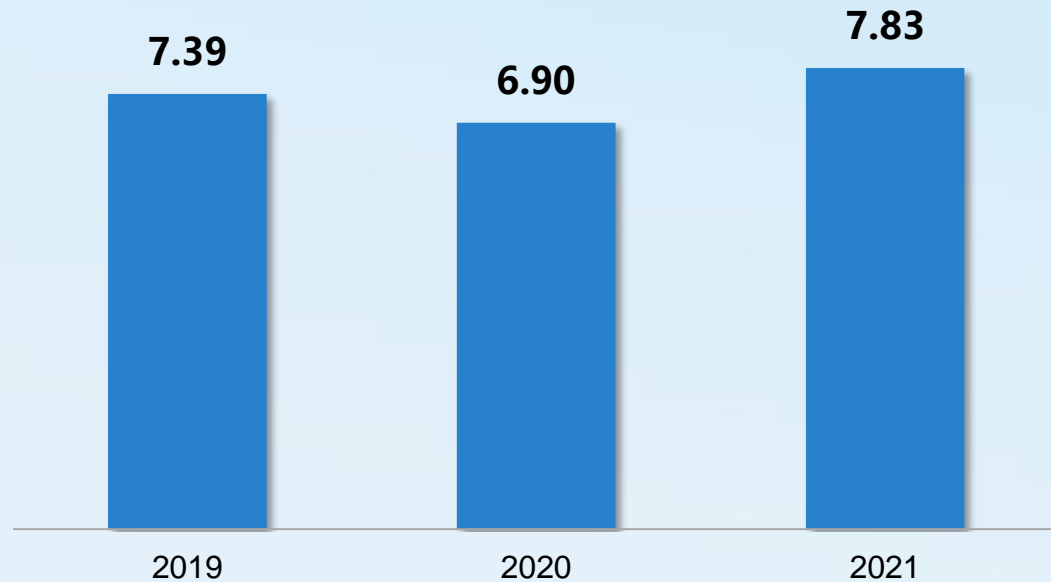
■ Opex ■ DD&A ■ Dismantlement ■ SG&A ■ Taxes other than income tax



Cost Analysis

Opex

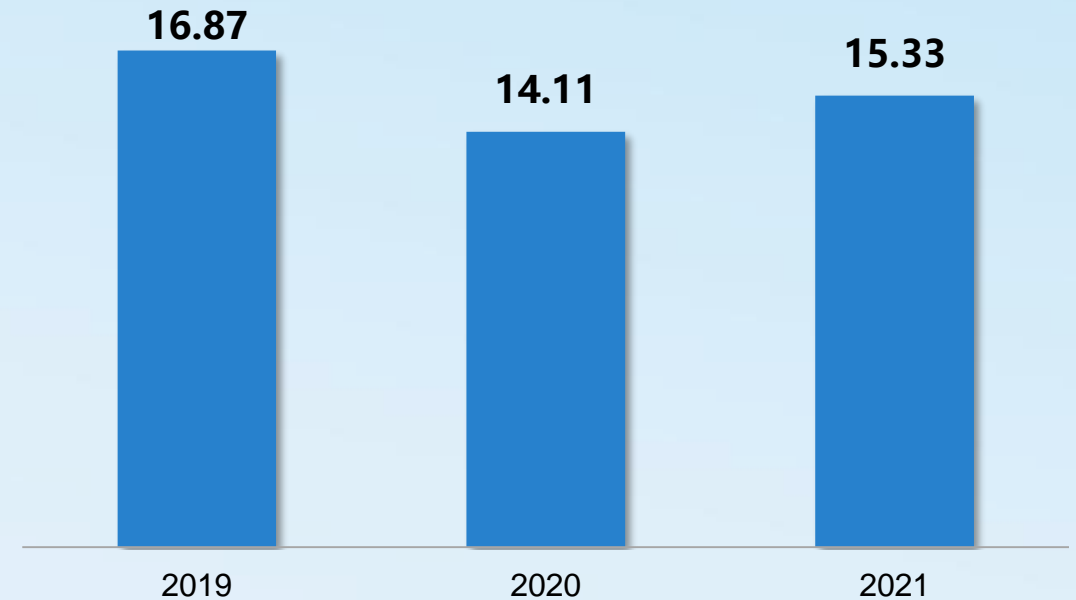
(US\$/boe)



- This is mainly due to the combined impact of the rise in commodity prices and the appreciation of the RMB against the US dollar

DD&A

(US\$/boe)



- This is mainly due to the combined impact of the appreciation of the RMB against the US dollar and the DD&A increase of certain projects with the rise in oil prices



Technological Innovation

- **Technological innovation led breakthroughs in core technologies**
 - World's first deepwater semi-submersible platform with 10,000-ton oil storage capacity
 - 3 world-class innovations and 12 national innovations
- **In-depth geological understanding to achieve exploration breakthroughs**
 - Discovered proved in-place volume of over 30 million tons of oil equivalent in Bozhong 13-2 encirclement area
- **Advance development technologies to release potential reserves**
 - Production of heavy oil with thermal recovery in Bohai exceeded 300,000 tons
- **Accelerate digital transformation to reduce costs, improve efficiency and ensure safety**
 - Completed the construction of Dongfang intelligent gas fields, where production restart time was cut by 83%, gas distribution speed increased by 10 times and staff on the platforms downsized by 20%
 - Remote-controlled production of oil field in typhoon was achieved for the first time in Enping oilfields and generated economic benefits of over RMB53 million



Remarkable Results of Development and Production

■ Producing oil and gas fields

- Decline rates were significantly reduced to sustain a high production level
- Infill wells were drilled to bring record high volume contributions
- Accelerated heavy oil thermal recovery and development of low permeable fields, achieving breakthrough in tapping the challenging reserves

■ New oil and gas projects

- Maintained the intensity of feasibility studies, with designed production capacity exceeding 10 million tons
- 14 new projects came on stream smoothly, with key projects brought onstream ahead of schedule
- Continued to promote the integration of exploration and development to effectively shorten the construction cycle, and reduce the development cost



Low-carbon Transition

- **Green Factories**
 - Qinhuangdao/Caofeidian onshore power project commissioned, with 200,000 tons of CO₂ emission to be reduced each year
 - Implemented 40 energy conservation modification projects and invested 280 million RMB
 - Saved 161,000 tons of standard coal and reduced CO₂ emission by 409,000 tons
- **Clean Products**
 - Stabilize oil production and accelerate natural gas exploration to boost gas supply
 - The Shen'an pipeline was completed to facilitate the development of onshore unconventional gas
- **Green Business Chain**
 - The first offshore wind farm connected to grid at full capacity
 - Launched China's first offshore CCS demonstration project



Dividend

- **Progress of the RMB Share Issue**

- On 30 March, 2022, the Company announced the formal start of its RMB Share Issue

- **Dividend**

- In order to avoid the impact on the progress of RMB Share Issue of the Company, the Board decides not to recommend the declaration of the 2021 year-end dividend and will announce a special dividend plan as soon as possible after the completion of the RMB Share Issue, and the 2021 year-end dividend as originally planned and the special dividend for the 20th anniversary of the listing in Hong Kong shall be combined and declared as a special dividend.



Outlook



CNOOC Limited
中国海洋石油有限公司

Operating Strategy

- Advance the three major programs of Reserves & Production Augmentation, Independent Technology Innovation , Green Energy Transition
- Implement the campaign of Quality & Efficiency Dual Upgrading
- Continuously improve value creation capability to bring more returns to shareholders



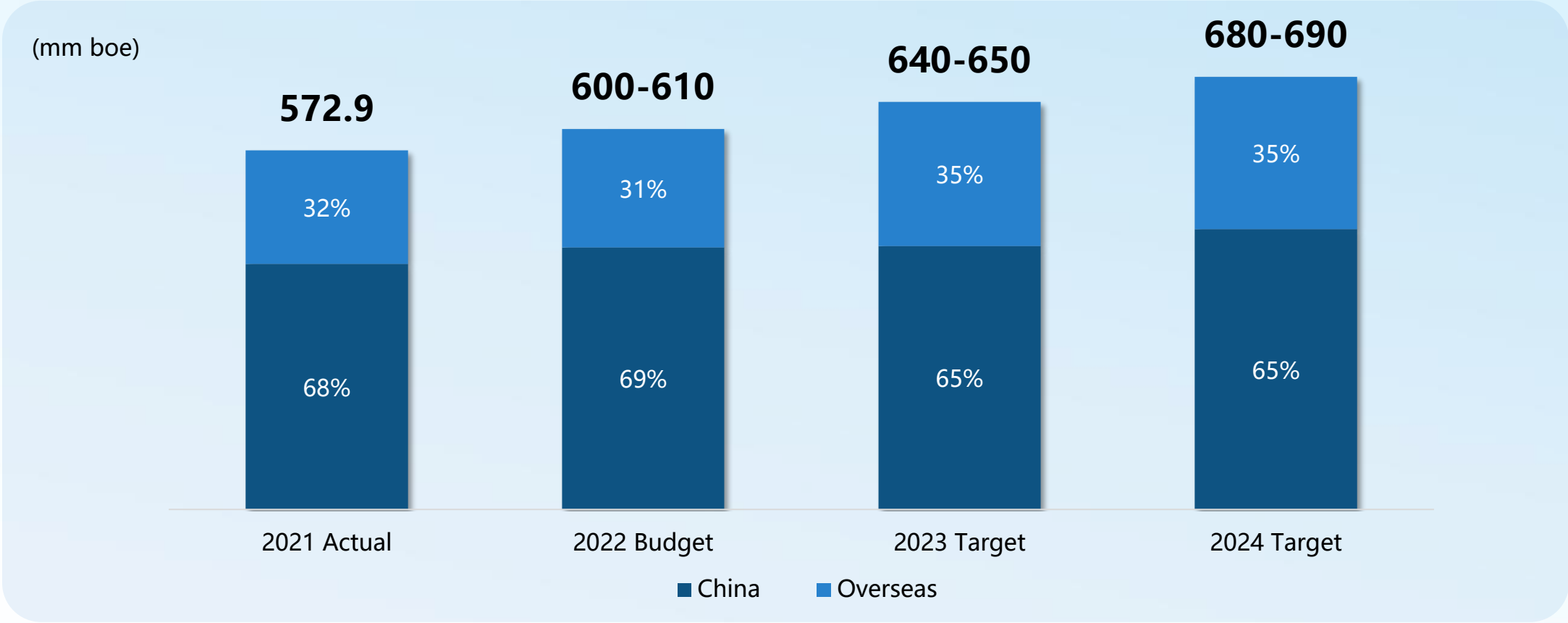
2022 Operation Target

- Capex budget of RMB90-100 billion
- Production target of 600-610 mmboe
- 13 new projects to come on stream
- Reserve Replacement Ratio (RRR) of 130%
- High standards on HSE performance



Three-year Rolling Production Targets

- The production will maintain rapid growth in the next three years



Main Sources of Production Growth



■ Bohai

- The largest crude oil production base in China, with an annual production of over 30 million tons of crude
- The total production is expected to reach 40 million tons of oil equivalent in 2025
- The operating area with the lowest cost per barrel



■ South China Sea

- Strengthen the exploration and development of Yinggehai, Qiongdongnan and Pearl River Mouth Basin
- Build a gas production base of trillion cubic meters resources in the South China Sea to assist the development of the Guangdong, Hong Kong and Macao Greater Bay Area



■ Stabroek block in Guyana

- Liza phase II has successfully commenced production, and several follow-up projects are under planning
- The total production of the block is expected to reach 800,000 barrels/day in 2025
- The most profitable barrels in our production mix

HSE Performance

- **Implement effective normalized pandemic prevention and control measures**
 - Dynamic prevention and control measures to ensure "zero infection" in the workplace
- **Continue to improve the capabilities to manage and control safety risks**
 - Initiate special rectification actions, and continuously improve the safety management systems
- **Manage environmental protection throughout life cycle**
 - Comply with the standards of pollutant discharge



Shareholder Return as A Priority

Subject to the approval by the general meeting of shareholders:

- **In 2022 to 2024**
 - Annual payout ratio $\geq 40\%$
 - Annual absolute dividend \geq HK\$0.70 /share (tax inclusive)
- **Implement share buybacks in 2022 within the scope authorized by the general meeting of shareholders**





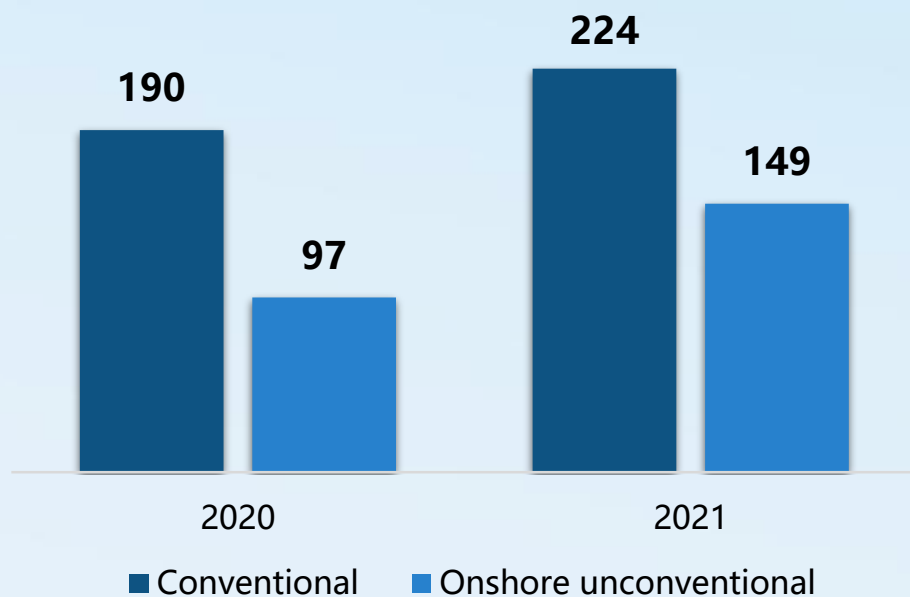
Thank you!

Appendix



Exploration Activities

Exploration wells



Exploration Workload in 2021

Type	Offshore China		Unconventional onshore China	Overseas
	Independent	PSC		
Wildcat	61	3	117	9
Appraisal	141	1	32	9
3D Seismic (km ²)	14,343	0	817	2,701

Production Summary

	2021			2020		
	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)
China						
Bohai	180.3	61.5	190.6	165.7	54.3	174.7
Western South China Sea	39.7	181.9	71.4	40.4	161.7	68.6
Eastern South China Sea	88.7	137.4	111.6	75.7	146.7	100.2
East China Sea	2.3	26.4	6.7	2.3	22.6	6.0
Onshore	-	68.6	11.4	-	38.3	6.4
Subtotal	311.0	475.8	391.7	284.0	423.6	355.9
Overseas						
Asia (Ex. China)	25.4	56.2	35.4	18.2	55.7	28.2
Oceania	1.7	48.1	11.1	1.9	51.4	12.0
Africa	31.1	25.8	35.4	33.2		33.2
North America (Ex. Canada)	22.3	41.7	29.3	24.6	46.6	32.4
Canada	22.8	-	22.8	20.3	0.05	20.3
South America	22.5	51.7	31.4	17.3	52.3	26.4
Europe	15.6	1.3	15.8	19.5	2.7	20.0
Subtotal	141.4	224.8	181.2	135.1	208.7	172.4
Total*	452.4	700.6	572.9	419.1	632.2	528.2

* Including our interests in equity-accounted investees, which is approximately 19.5 mm boe in 2021 and 19.6 mm boe in 2020. In 2021, production from China and overseas was 68.4% v.s. 31.6%; Crude liquids and natural gas was 79.0% v.s. 21.0%.

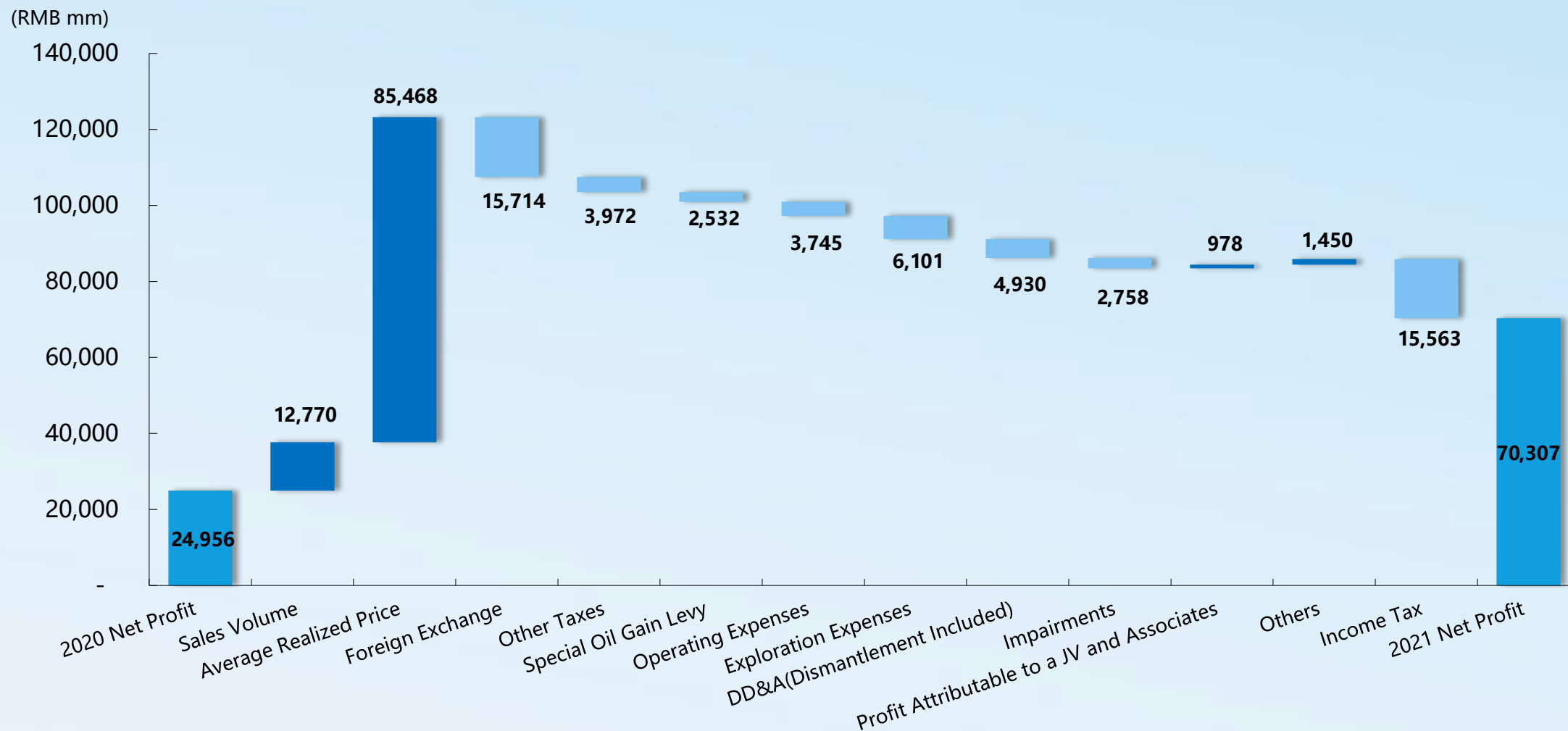


Key Financial Items - Consolidated

(RMB mm)	2021	2020	Change %
Revenue			
Oil and gas sales	222,125	139,601	59.1%
Marketing revenues	18,084	12,131	49.1%
Other revenue	5,902	3,640	62.1%
Revenue subtotal	246,111	155,372	58.4%
Expenses			
Operating expenses	-27,985	-24,240	15.4%
Taxes other than income tax	-11,172	-7,200	55.2%
Exploration expenses	-11,702	-5,601	108.9%
DD&A	-57,236	-52,306	9.4%
Special oil gain levy	-2,611	-79	3205.1%
Impairment and provision	-7,957	-5,199	53.0%
Crude oil and product purchases	-16,641	-11,671	42.6%
SG&A	-8,961	-8,821	1.6%
Others	-5,867	-3,866	51.8%
Expenses subtotal	-150,132	-118,983	26.2%
Profit from Operating Activities	95,979	36,389	163.8%
Interest income	1,341	1,473	-9.0%
Finance costs	-6,019	-6,190	-2.8%
Exchange gains, net	742	445	66.7%
Investment income	2,850	2,978	-4.3%
Share of profits of associates	611	171	257.3%
Loss attributable to a joint venture	-265	-803	-67.0%
Other income, net	582	444	31.1%
Profit before tax	95,821	34,907	174.5%
Income tax expense	-25,514	-9,951	156.4%
Net profit	70,307	24,956	181.7%

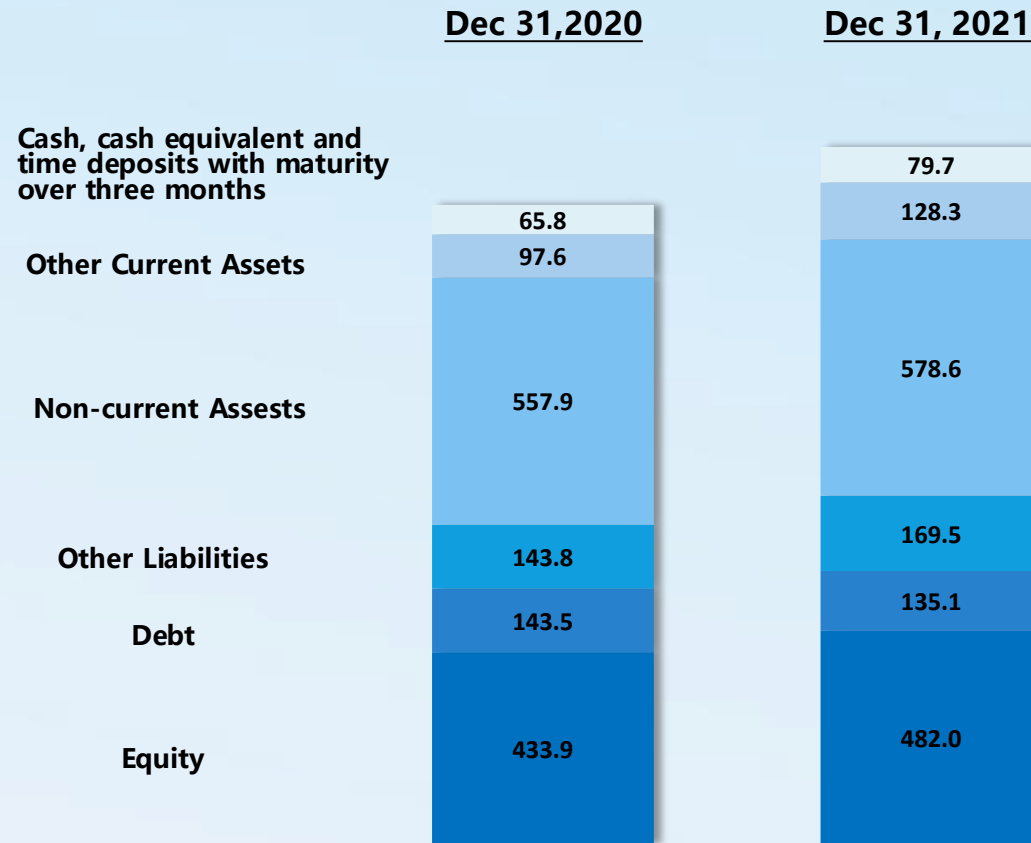


Change Analysis of Net Profit



Movement of Financial Position

(RMB bn)



- **Total assets YE mainly include:**
 - RMB465.5 bn of PP&E
 - RMB82.4 bn of other financial assets
- **Equity increased by RMB48.1 bn against YB:**
 - Net profit of RMB70.3 bn
 - Dividend paid of RMB20.4 bn
 - Other comprehensive income

	As at Dec 31, 2020	As at Dec 31, 2021
Total Assets (RMB bn):	721.3	786.6
Gearing Ratio*	24.9%	21.9%

* *Gearing ratio = Interest Bearing Debt / (Interest Bearing Debt + Equity)*

