

# 2022 Annual Results Release

March 29, 2023



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*

Zhou Xinhuai



*CFO*

Xie Weizhi



*Independent Non-executive Director*

Lin Boqiang



*Joint Company Secretary*

Xu Yugao



# 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, as a result of salient factors including but not limited to those associated with macro-political and economic factors, fluctuations in crude oil and natural gas prices, the highly competitive nature of the oil and natural gas industry, climate change and environment policies, the Company's price forecast, 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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# Highlights

## Net Production

**623.8**

million boe

increased by **8.9%** YoY ▲

## Net Proved Reserves

**6,238.6**

million boe

stable reserve life  
at **10** years

## Greenhouse Gas Emissions Per Unit Of Oil And Gas Production\*

**0.1556**

tons of CO<sub>2</sub>  
equivalent/ton

decreased by **2.6%** YoY

## Net Operating Cash Flow

**205.6**

billion RMB

increased by **39.0%** YoY ▲

## Net Profit Attributable To Equity Shareholders

**141.7**

billion RMB

increased by **101.5%** YoY ▲

## Annual Regular Dividend

**1.45**

HK\$/share (tax inclusive)

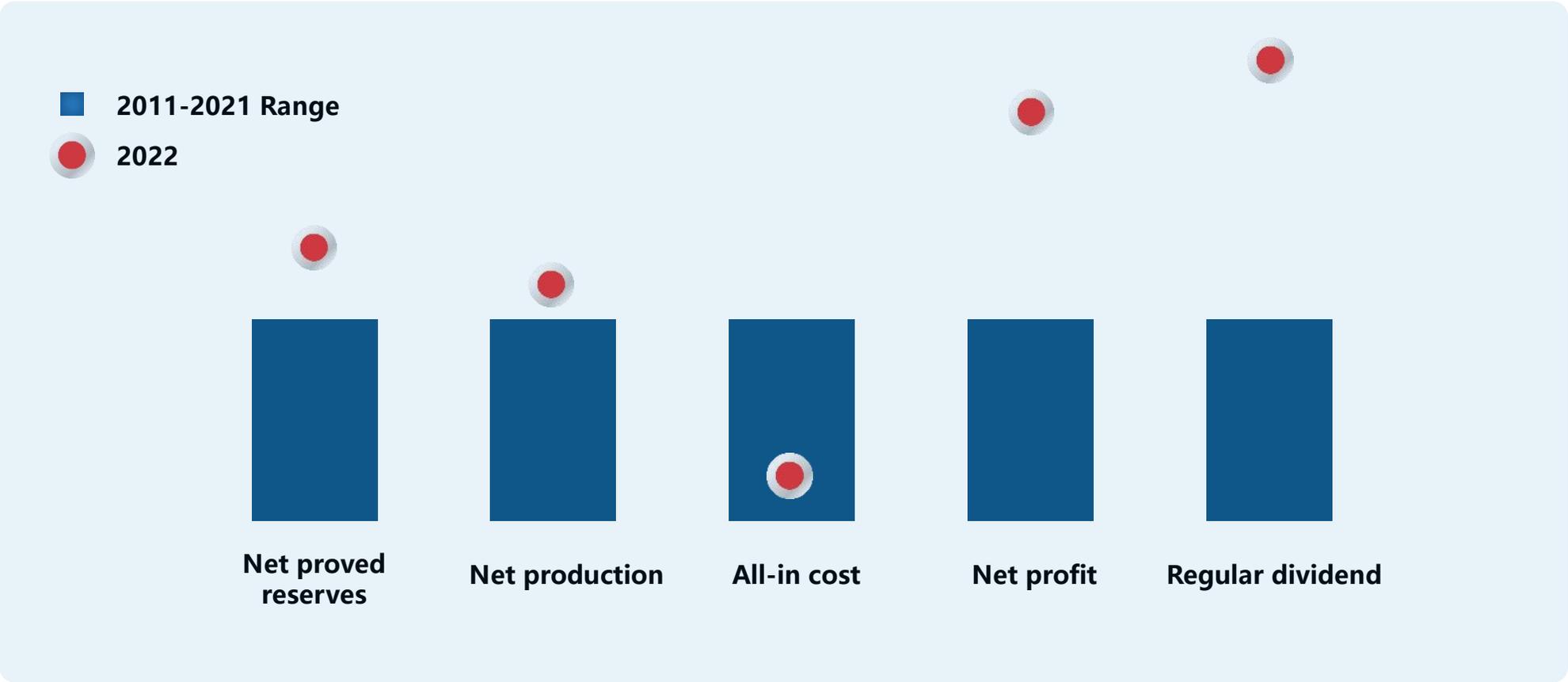
proposed final dividend of **0.75**  
HK\$/share (tax inclusive)

\*Greenhouse gas emissions per unit of oil and gas production in China



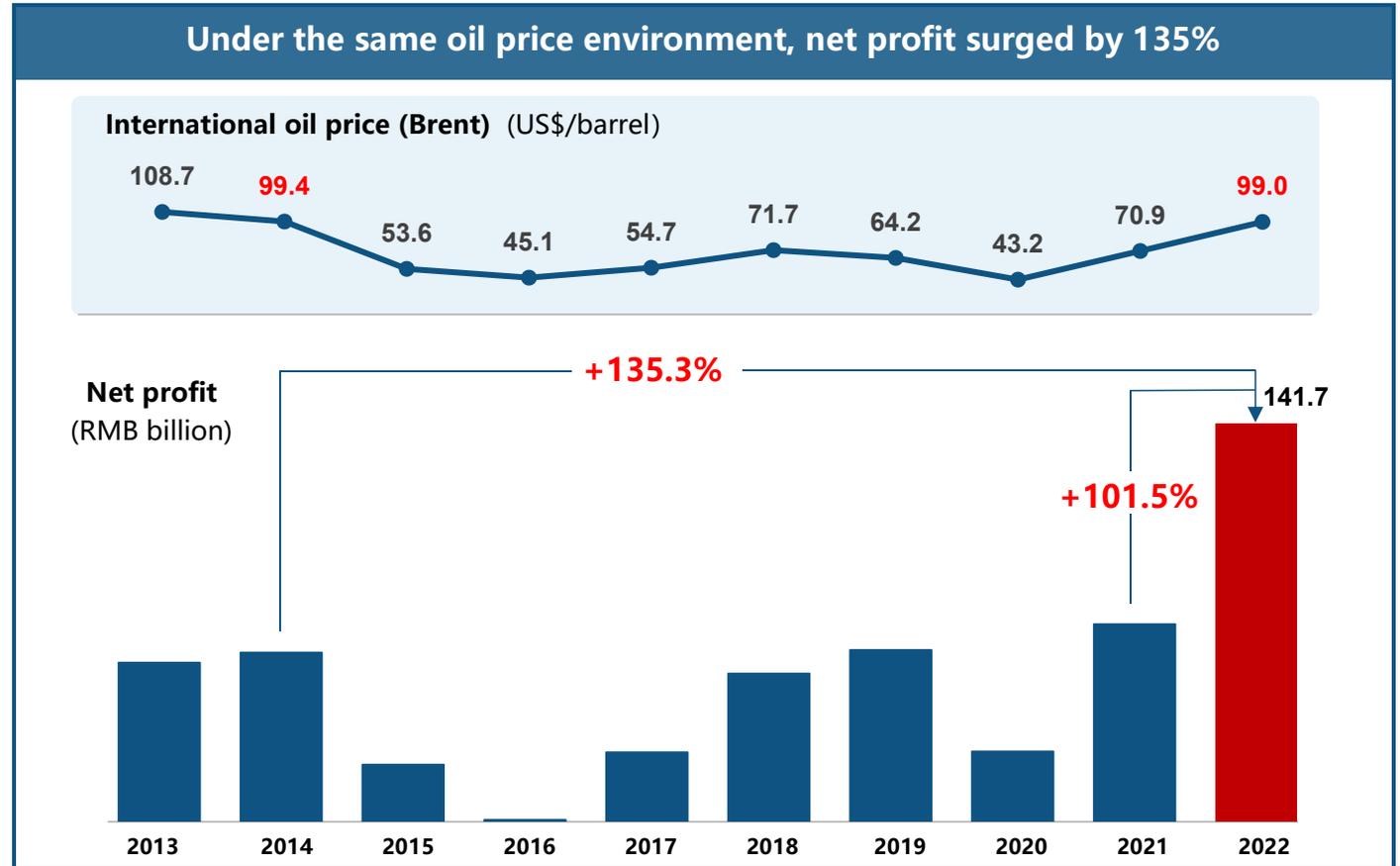
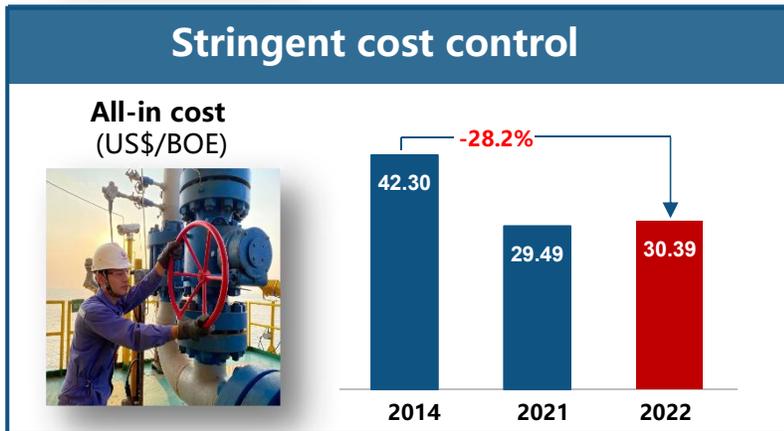
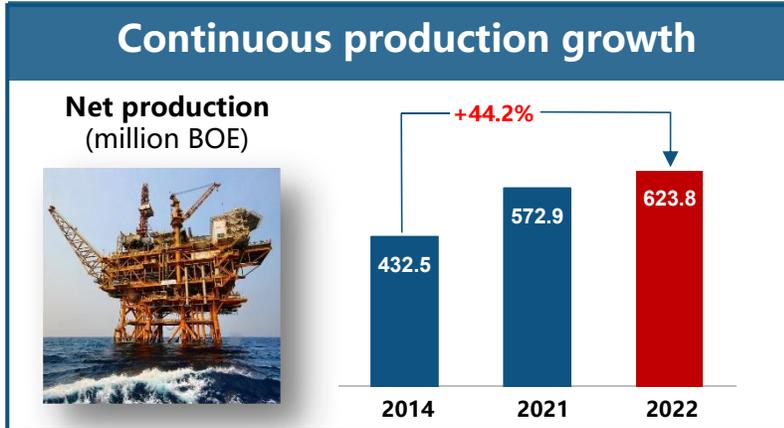
# Results Overview

- Net proved reserves, net production, net profit and dividend hit new record highs



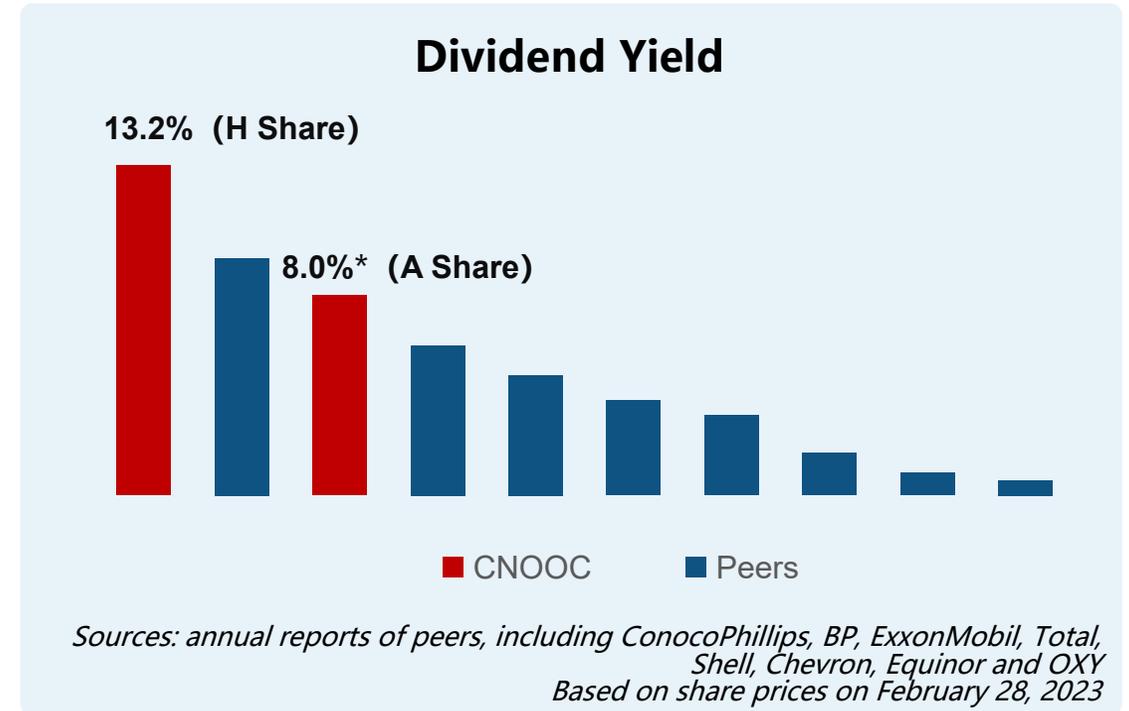
# Profit

- Adhere to reserves and production growth and focus on cost reduction and efficiency enhancement, so as to maximize the benefits in high oil price cycle and double net profit yoy



# Dividend

- Focus on shareholder returns
  - Proposed year-end dividend: HK\$0.75 per share (tax inclusive)
  - Annual regular dividend of HK\$1.45/share (tax inclusive) , payout ratio of 43%\*
  - Leading dividend yield among peers



\*Exchange rate quoted HK\$1 = RMB0.88604 as of February 28, 2023

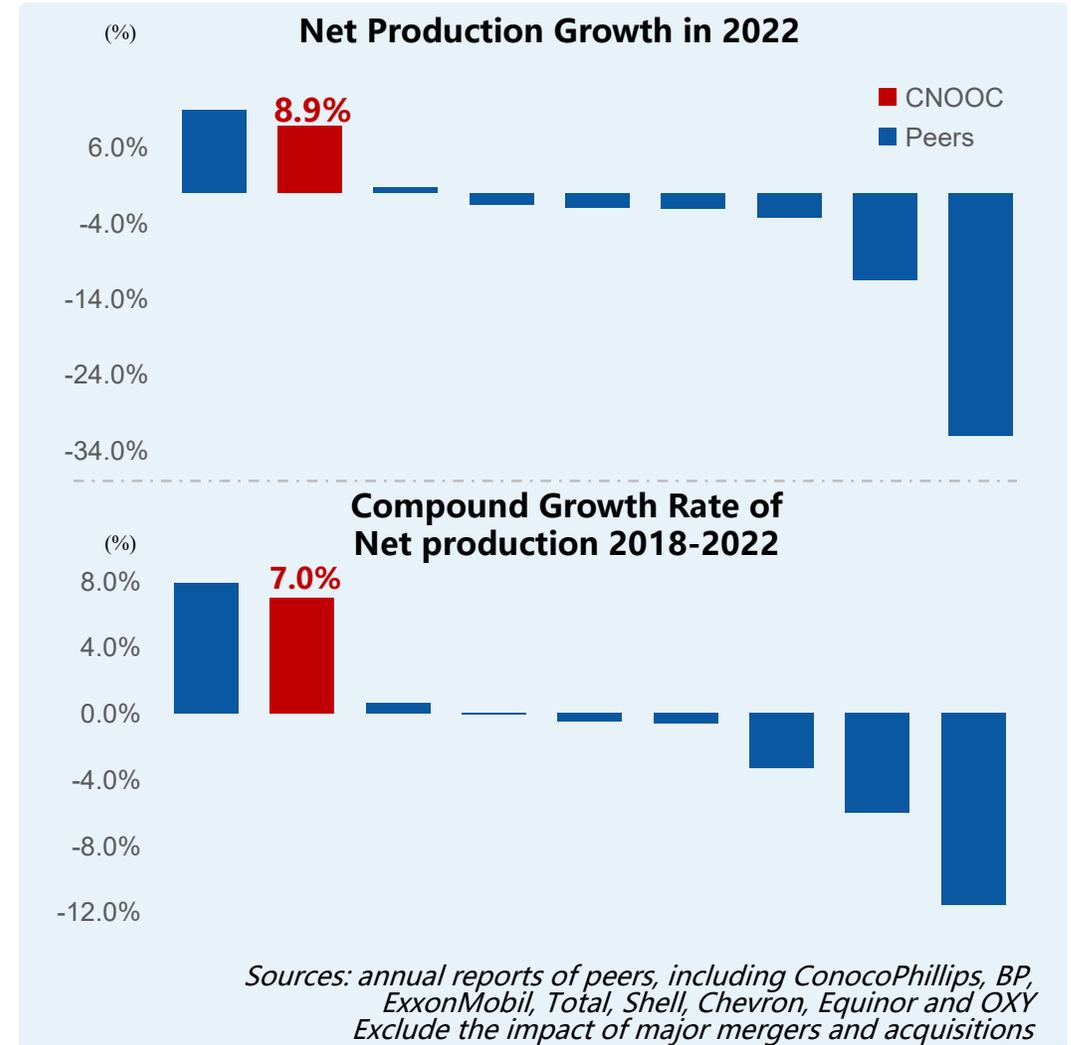
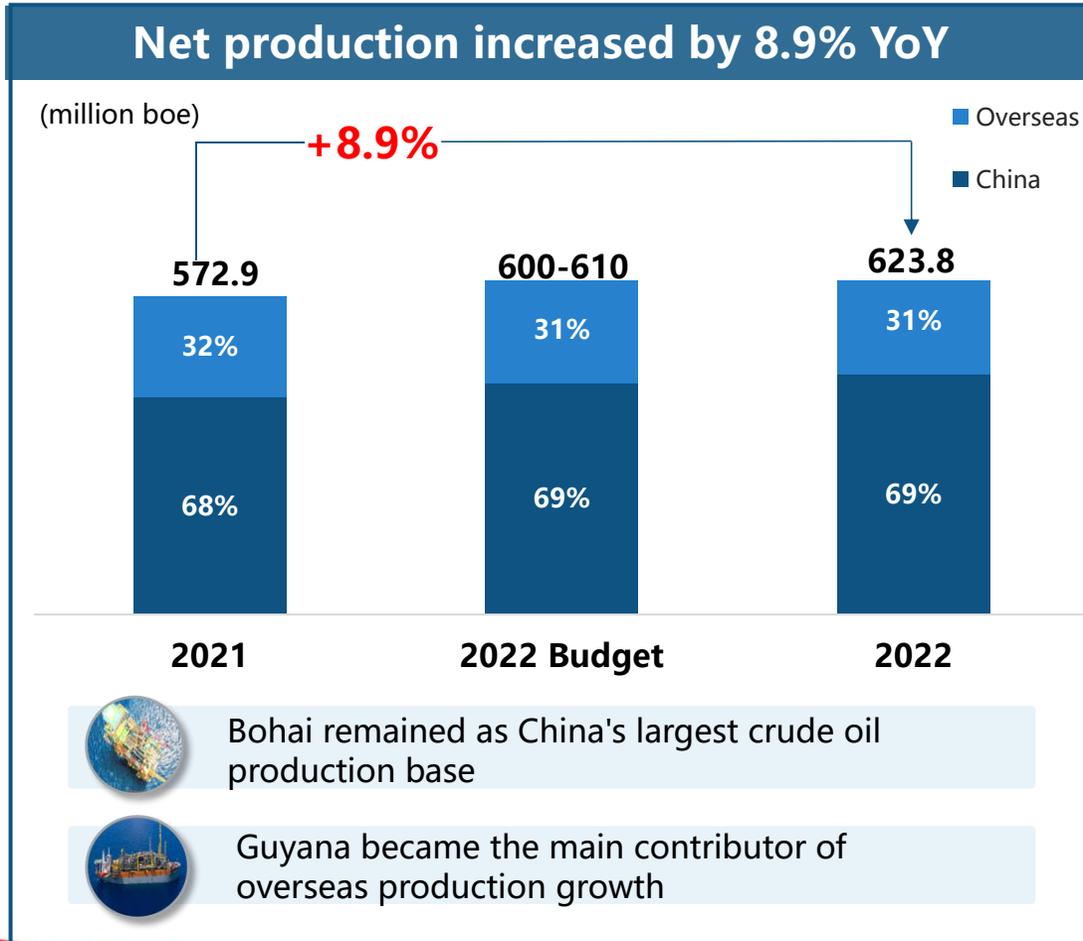
# Business Highlights



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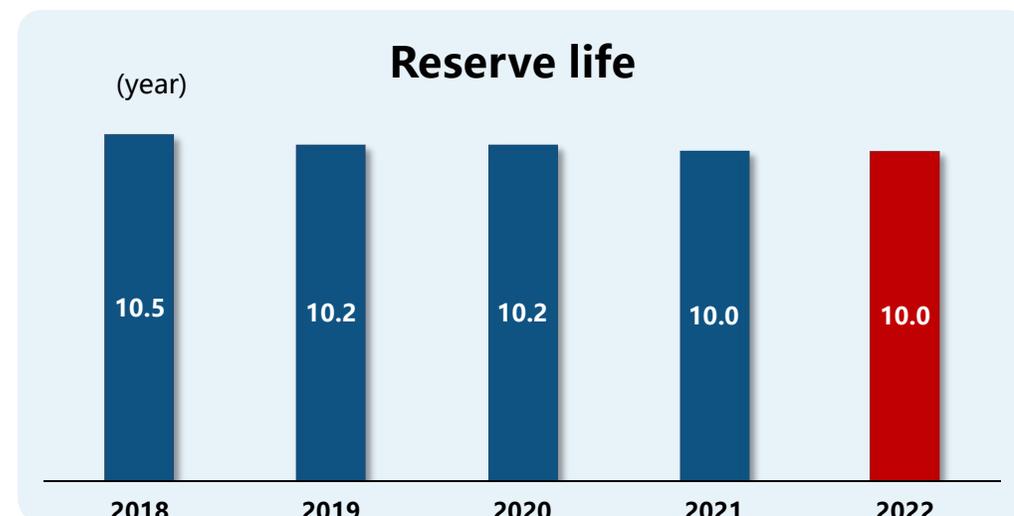
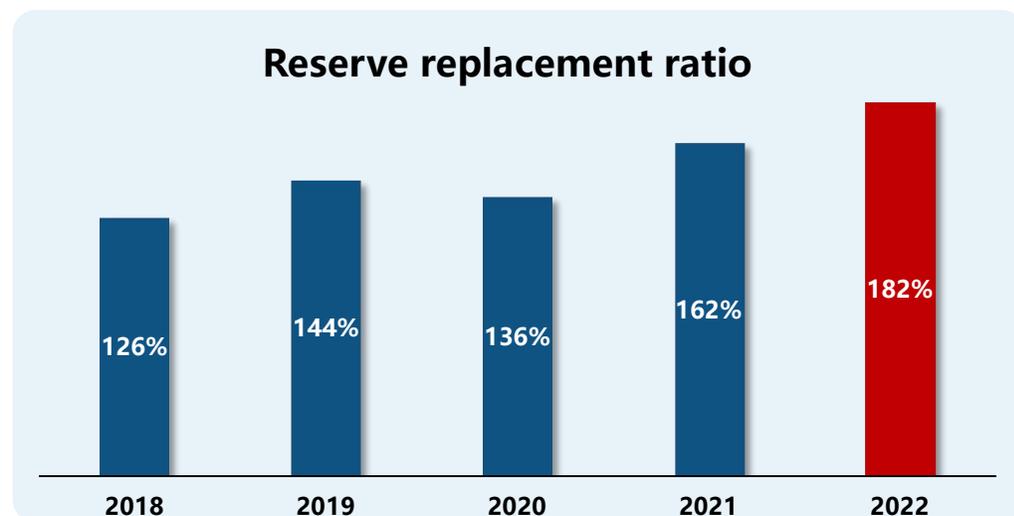
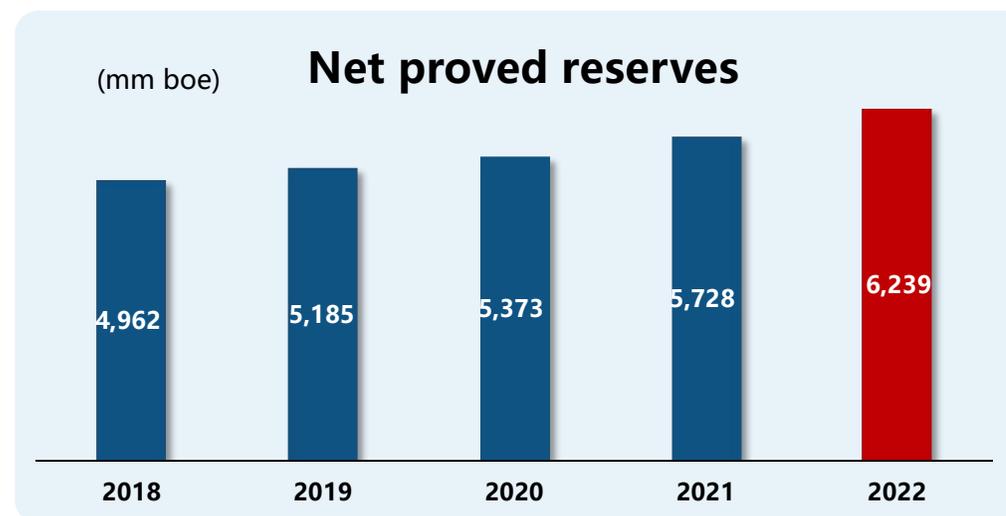
# Net Production

- Net production exceeded the annual target with a leading growth rate in the industry



# Net Proved Reserves

- Proved reserves reached a new record high of 6,239 mm boe
- Reserve replacement ratio of 182%, indicating huge potential for future development
- Reserve life remained at 10 years



# Development, Production and Engineering Construction

- **Ensure steady and increased production from producing oil and gas fields**
  - Improved water injection to reduce the decline rate of offshore oil fields to the best level in history
  - Enhanced the commissioning speed and quality of adjustment wells to create a record high for annual incremental oil production
  - Optimised maintenance plan to increase the uptime and promoted application of new technologies to increase production
- **Efficiently promote project construction**
  - 9 new projects came on stream and over 40 projects were under construction throughout the year
  - Accelerated the construction of new oil and gas fields, and promoted the integration of exploration and development
  - Actively advanced the construction of key projects, and the Shenmu-Anping coal-bed methane pipeline was fully completed and put into trial production



# Key New Projects

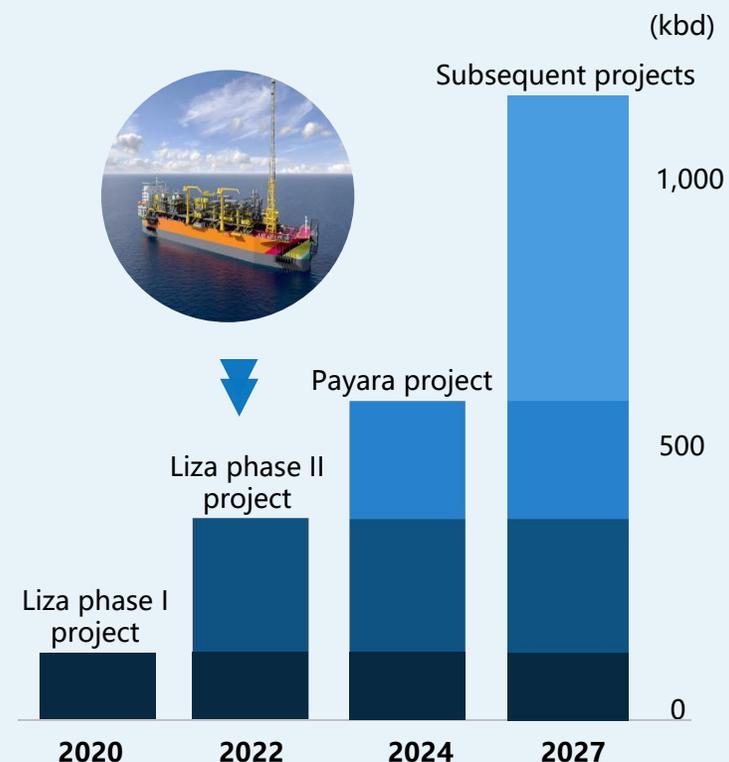
- **Enping 15-1/10-2/15-2/20-4 Oilfields Joint Development Project**
  - Asia's largest, best-equipped and most versatile offshore oil production platform
  - **High-yield oilfields:** Peak production reaches 35,500 boe/day
  - **Smart oilfields:** Remotely controlled on shore under typhoon mode to ensure smooth and safe operation of the oilfield during typhoon period
  - **Low-carbon oilfields:** Equipped with China's first set of offshore carbon capture and storage (CCS) facility with a designed peak annual reinjection capacity of up to 280,000 tons of carbon dioxide



# Key New Projects

- **Liza Phase II Project in Guyana**
  - Commenced production ahead of schedule in February 2022
  - Peak production of 230,000 boe/day
- **Stabroek block in Guyana**
  - Average production reached approximately 380,000 boe/day, exceeding expectations
  - The Payara project was scheduled to come on stream in 2023 with a peak production of 220,000 boe/day
  - The production is expected to exceed 1 million boe/day by 2027

Future production plan for Stabroek block



Source: ExxonMobil, the operator

# Exploration Achievements

- In 2022, a total of 18 new discoveries were made and 28 oil and gas structures were successfully appraised
- New exploration breakthroughs were made in new areas, new fields and new types, underpinning reserves and production growth

## New Discoveries - China

### Bohai

- Bozhong 26-6
- Bozhong19-2
- Jinzhou 14-6
- Jinzhou 25-1N

### Western South China Sea

- Wenchang 19-3
- Weizhou 12-8E
- Yacheng 13-10

### Eastern South China Sea

- Lihua 28-2W



## New Discoveries - Overseas

### Guyana

- Lau Lau
- Fangtooth
- Barreleye
- Lukanani
- Patwa
- Kiru Kiru
- Seabob
- Yarrow
- Sailfin
- Fangtooth SE



# Exploration Achievements in China

- **Deeply integrated exploration and development to achieve remarkable results from rolling exploration**
  - Newly added proven in-place volume nearly 100 million tons of oil equivalent, which will strongly support rapid conversion from reserves to production
- **Positive progress in unconventional oil and gas exploration**
  - The fracturing of the first onshore deep layer coalbed methane well was successfully completed, demonstrating the broad prospects in the field



# Large Sized Commercial Discoveries in China

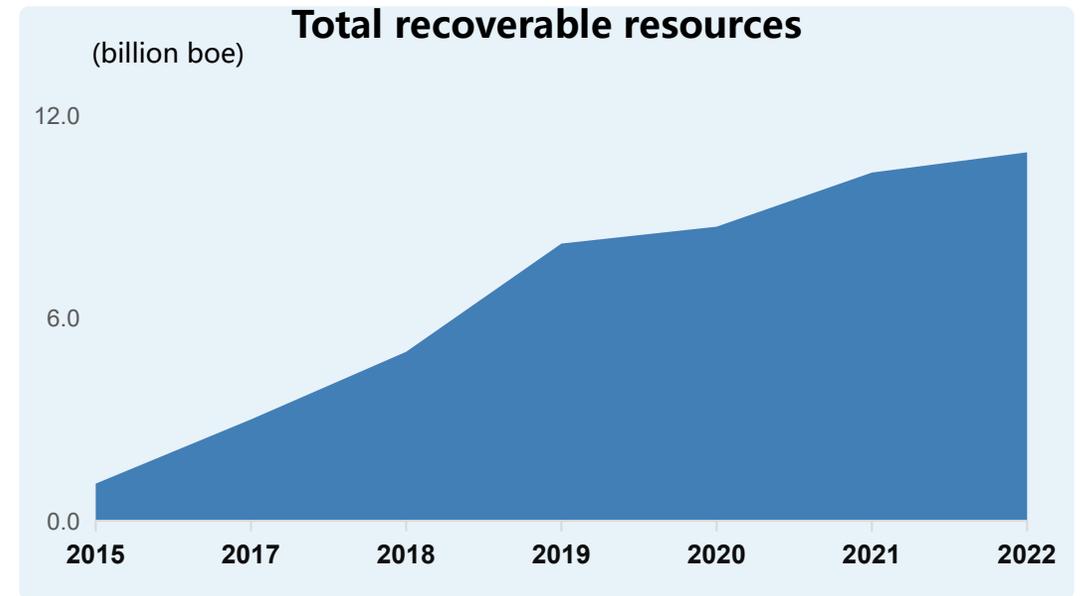
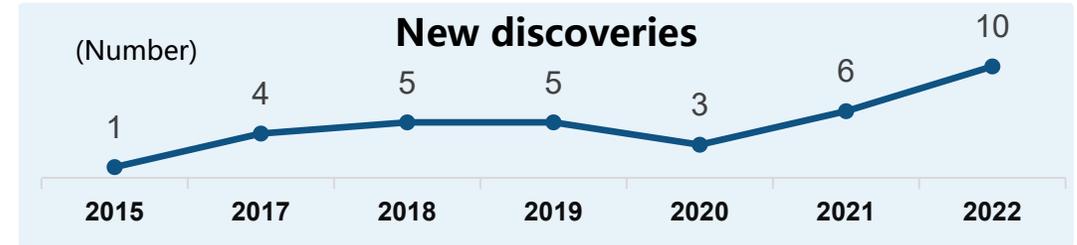
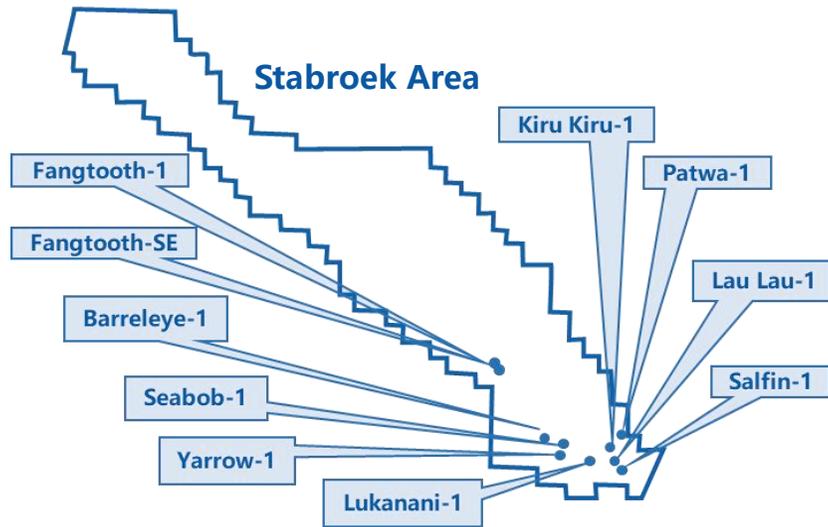


- **Bozhong 26-6**
  - Proved in-place oil volume of over 100 million tons
  - The largest discovery in terms of proved in-place volume in the metamorphic buried hill in China
- **Bozhong 19-2**
  - Proved in-place oil and gas volume of over 60 million tons of oil equivalent
- **Baodao 21-1**
  - Proved in-place natural gas volume of over 50 billion cubic meters and condensate oil volume of over 2.6 million tons
  - The first large-sized integrated gas discovery of deep-water and deep-play in South China Sea

*\* According to the Regulation of Offshore Petroleum Reserves Estimation of China, a large-sized oil field is defined as a field with technically recoverable resources of  $\geq 25,000 \sim < 250,000$  thousand cubic meters; a large-sized natural gas field is defined as a field with technically recoverable resources of  $\geq 25 \sim < 250$  billion cubic meters*

# Overseas Exploration

- 10 New Discoveries in Stabroek Block, Guyana
  - A total of more than 30 discoveries were made
  - The total recoverable resources reached nearly 11 billion boe\*



\* According to the disclosure of the Operator

# Science and Technology Innovation

- **Independent innovation to drive growth**
  - The first deepwater subsea production system was applied in the Ledong block of Dongfang 1-1 gas field
  - The first shallow-water subsea production system was successfully put into operation in Jinzhou 31-1 gas field
  - Asia's first deep-water jacket platform "Haiji-1", independently designed and built by the Company, was successfully installed
- **Breakthroughs in development technologies to release the potential of reserves and production**
  - Continuous progress in ultra heavy oil development technology has boosted the thermal recovery production of heavy oil in Bohai to over 500,000 tons
  - Breakthroughs in unconventional oil and gas technologies have supported drilling and fracture testing of offshore shale oil well
- **Innovative geological understanding to guide exploration breakthroughs**
  - Discovery of the first oil field in the metamorphic buried hill of Bozhong 26-6 in China with OOIP exceeding 100 million tons



# Green Industry

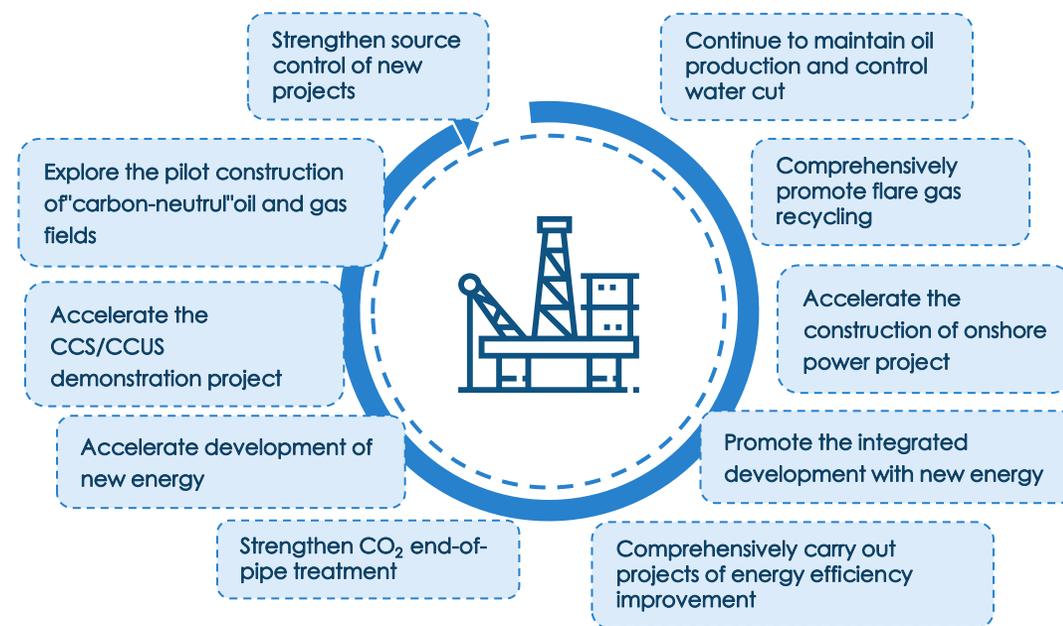
- **Strongly promoted offshore wind power**
  - The main part of "Haiyou Guanlan", the first deep-sea floating wind power platform, was completed
  - Penglai distributed wind power project was officially launched
  - Hainan CZ7 Offshore Wind Power Demonstration Project was approved



# Low-Carbon Production

- **Remarkable achievements in energy conservation and emission reduction**
  - Developed an action plan and 10 initiatives in energy conservation and carbon reduction
  - Implemented more than 50 energy conservation modification projects and invested RMB360 million
  - Saved 276,000 tons of standard coal and reduced CO<sub>2</sub> emission of 597,000 tons
- **Bozhong - Kenli oilfields onshore power project commissioned**
  - Expected to reduce CO<sub>2</sub> emissions by 1 million tons per year at peak electricity consumption
- **Reduced carbon emissions of 164,300 tons by using 186 million kWh of green electricity \***

## 10 initiatives in Energy Conservation and Carbon Reduction



\* Calculated on the basis of the North China Power Grid emission factor of 0.8843 tC/MWh

# HSE Performance

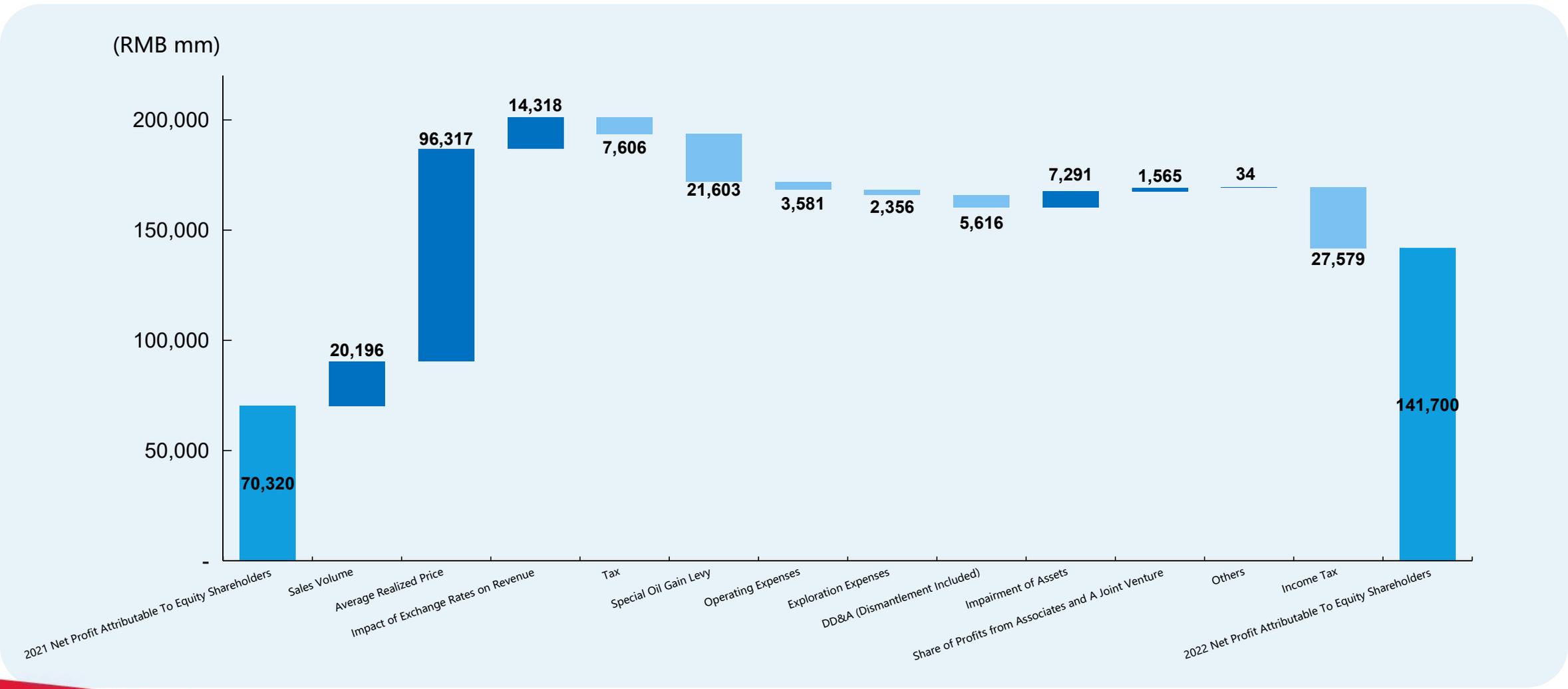
- **Continued to improve the safety risk control capability**
  - Increase efforts to eliminate hidden risks
- **Managed environmental protection throughout life cycle**
  - Enhance environment management
- **Deeply promoted the "big health"**
  - Comprehensively promoted occupational health, collective meal safety, mental health, and epidemic prevention



# Key Operating Indicators

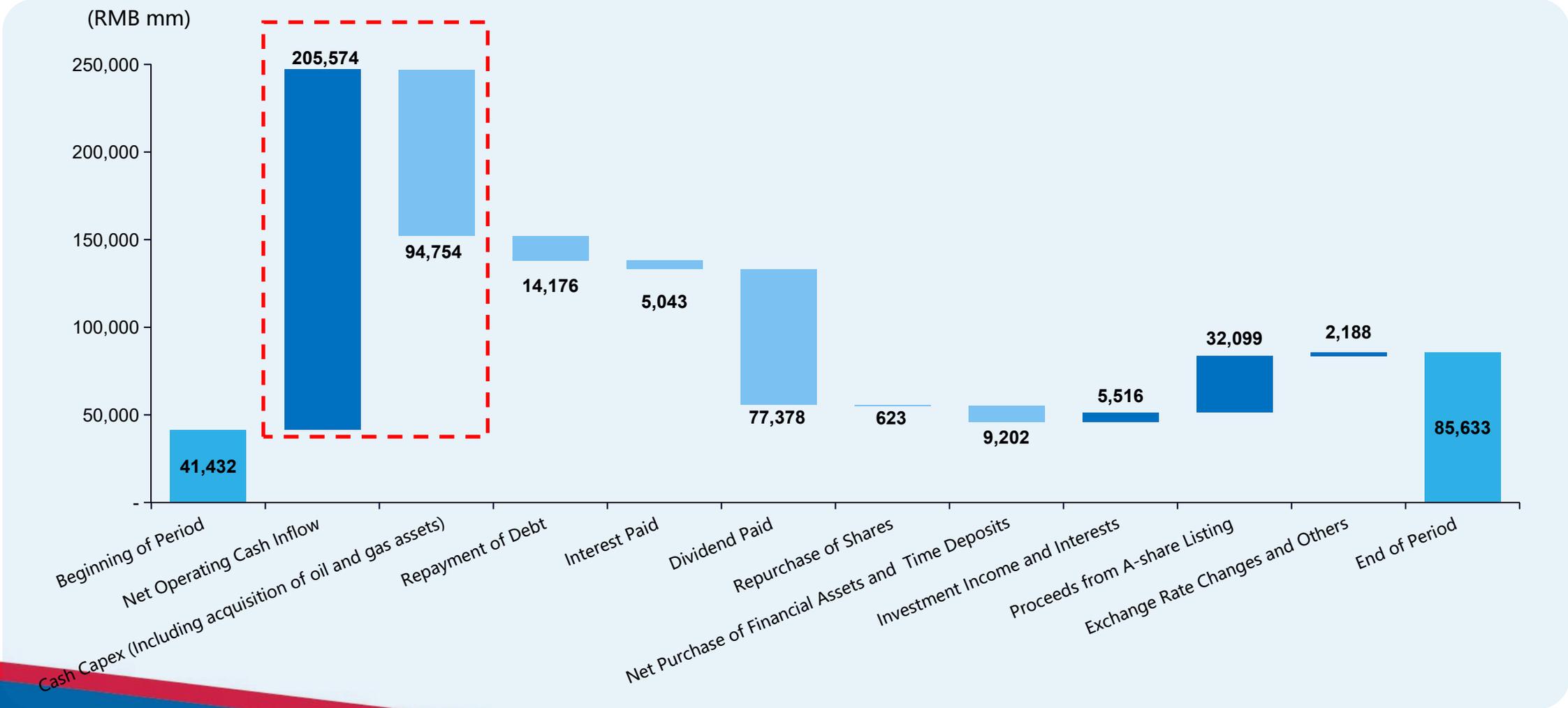
	2022	2021	Change%
<b>Net production (mm boe)</b>	623.8	572.9	8.9%
- <b>Crude and liquids (mm bbls)</b>	489.9	452.4	8.3%
- <b>Natural gas (bcf)</b>	778.7	700.6	11.1%
<b>Realized oil price (US\$/bbl)</b>	96.59	67.89	42.3%
<b>Realized gas price (US\$/mcf)</b>	8.58	6.95	23.5%
<b>Oil &amp; gas sales (RMB mm)</b>	352,956	222,125	58.9%
<b>Net profit attributable to equity shareholders (RMB mm)</b>	141,700	70,320	101.5%
<b>Basic EPS (RMB)</b>	3.03	1.57	93.0%

# Change Analysis of Net Profit Attributable To Shareholders



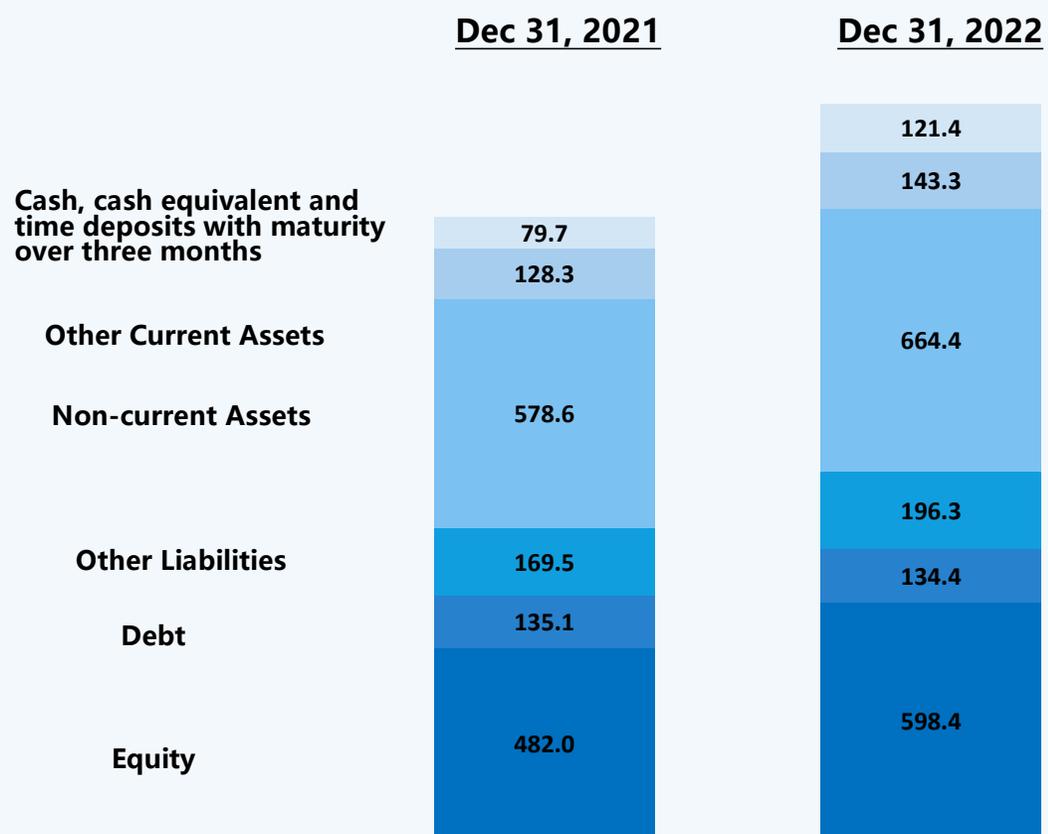
# Movement of Cash and Cash Equivalents

- Sufficient free cash flow of RMB110.8 bn



# Movements of Financial Position

(RMB bn)



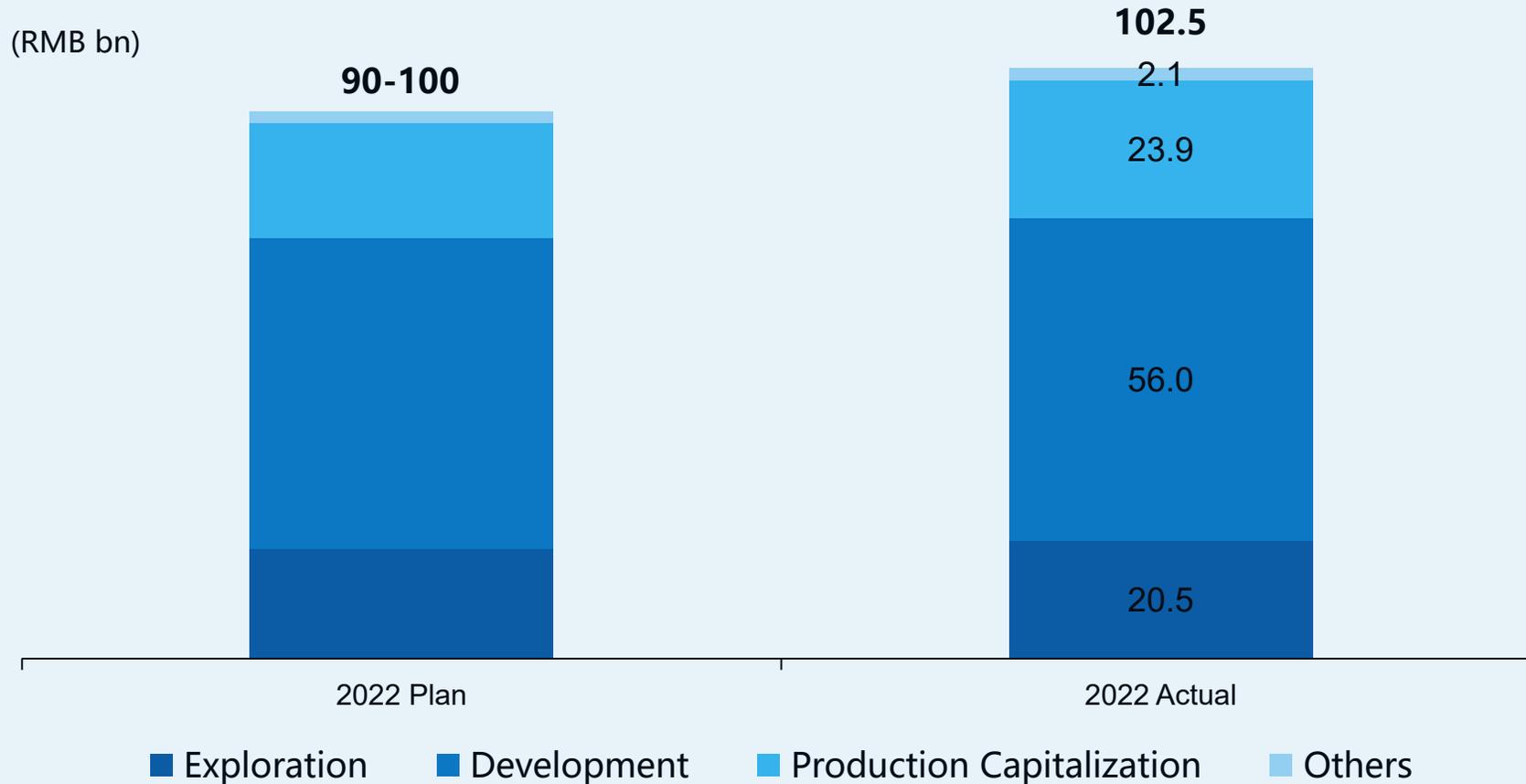
- **Equity increased by RMB116.4bn against YB**
  - Proceeds from A-share Listing of RMB32.1bn
  - Net profit of RMB141.7 bn
  - Dividend paid of RMB76.3 bn
  - Other comprehensive income
- **Gearing ratio of 18.3%**

	Dec 31, 2021	Dec 31, 2022
<b>Total Assets (RMB bn)</b>	786.6	929.0
<b>Gearing Ratio*</b>	21.9%	18.3%

\* Gearing Ratio = Interest Bearing Debt / (Interest Bearing Debt + Equity)

# Capital Expenditure

- Capital expenditure exceeded the target and strongly supported reserves and production growth, technology research and oil and gas infrastructure construction

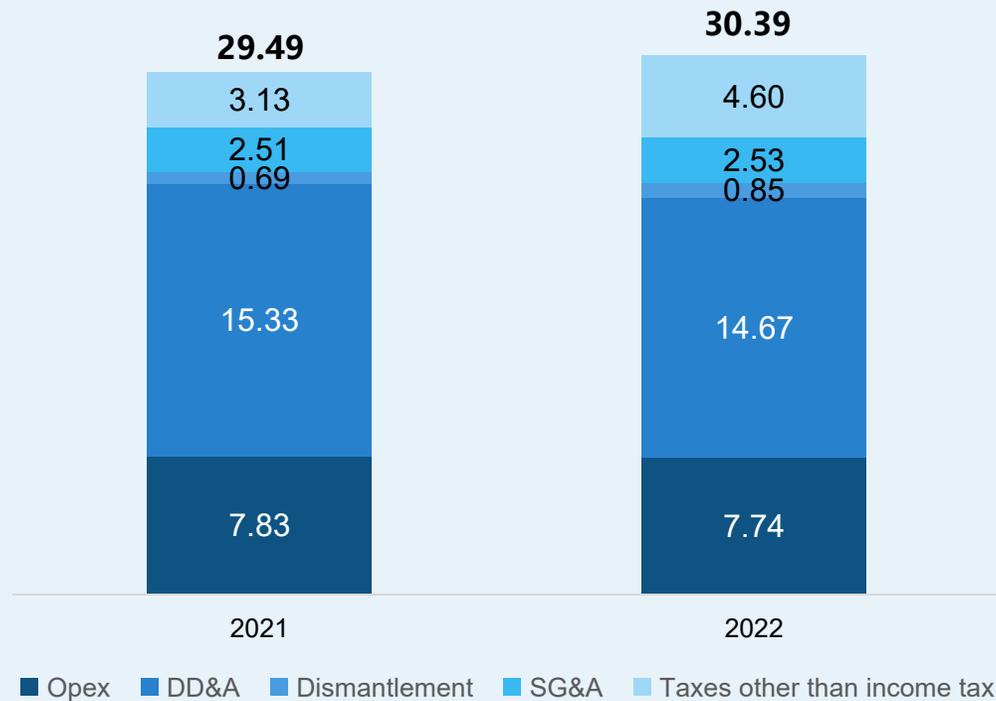


Note: Above amounts exclude capitalized interest of RMB2.1 bn and RMB2.0bn in 2021 and 2022, respectively

# All-in Cost

- Despite the increase of bulk commodity price in 2022, all-in cost per boe was well controlled

(US\$/boe)



- The slight year-on-year increase in all-in cost is mainly due to the rising in taxes other than income tax at higher oil prices
- The change in DD&A is mainly due to the combined effect of change in production mix and the depreciation of the RMB against the US dollar
- The change in opex is mainly due to the combined effect of higher commodity prices and the depreciation of the RMB against the US dollar

# Outlook



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# Operating Strategies and Targets for 2023

## Operating Strategies

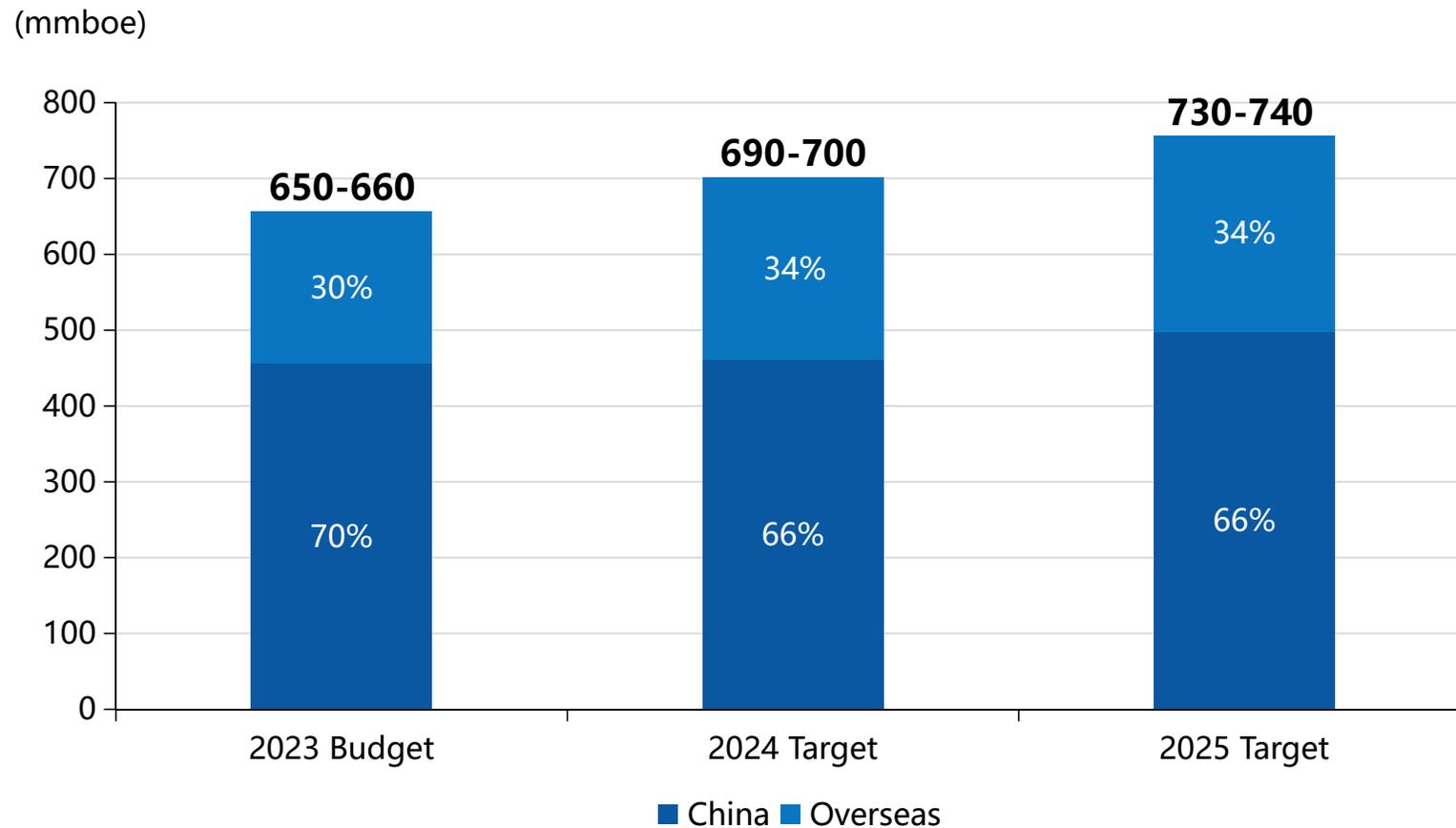
- Continue to increase reserves and production, look for mid-to-large sized oil and gas discoveries to strengthen the reserve base, while accelerating the construction of production capacity, and increasing the scale of production
- Continue to enhance quality and efficiency and reduce costs through management enhancement to ensure high quality development
- Continue to promote technological innovation and drive development with innovation. Achieve breakthroughs in core technologies to support high-quality development
- Continue to steadily promote green development, accelerate the cultivation of green and low-carbon sectors, and accelerate the integrated development of the oil and gas sector and new energy sector



## Operating Targets



# Three-year Rolling Production Targets



Thank you!



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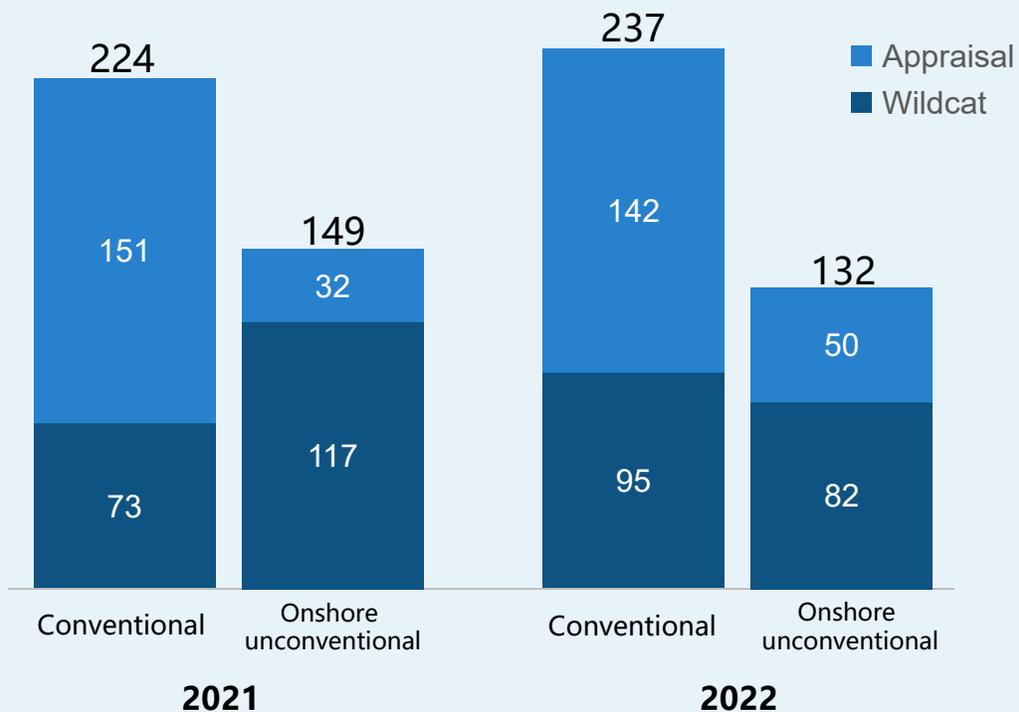
# Appendix



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# Exploration Workload

## Exploration Wells



## Exploration Workload in 2022

Type	Offshore China	Unconventional onshore China	Overseas
Exploration wells	224	132	13
3D Seismic (km <sup>2</sup> )	17,453	516	0

# Production Summary

	2022			2021		
	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)
<b>China</b>						
Bohai	192.6	65.6	203.6	180.3	61.5	190.6
Western South China Sea	36.1	234.9	76.9	39.7	181.9	71.4
Eastern South China Sea	105.3	147.1	129.8	88.7	137.4	111.6
East China Sea	2.4	30.3	7.5	2.3	26.4	6.7
Onshore		90.6	15.1	-	68.6	11.4
<b>Subtotal</b>	<b>336.4</b>	<b>568.6</b>	<b>432.9</b>	<b>311.0</b>	<b>475.8</b>	<b>391.7</b>
<b>Overseas</b>						
Asia (Ex. China)	20.8	52.5	30.2	25.4	56.2	35.4
Oceania	1.8	50.8	11.8	1.7	48.1	11.1
Africa	26.2	8.4	27.6	31.1	25.8	35.4
North America (Ex. Canada)	21.5	41.4	28.4	22.3	41.7	29.3
Canada	24.3	-	24.3	22.8	-	22.8
South America	43.7	55.0	53.2	22.5	51.7	31.4
Europe	15.1	2.1	15.5	15.6	1.3	15.8
<b>Subtotal</b>	<b>153.5</b>	<b>210.1</b>	<b>191.0</b>	<b>141.4</b>	<b>224.8</b>	<b>181.2</b>
<b>Total*</b>	<b>489.9</b>	<b>778.7</b>	<b>623.8</b>	<b>452.4</b>	<b>700.6</b>	<b>572.9</b>

\* Including our interests in equity-accounted investees, which is approximately 20.6mm boe in 2022 and 19.5 mm boe in 2021. In 2022, production from China and overseas was 69.4% v.s. 30.6%; Crude liquids and natural gas was 78.5% v.s. 21.5%.

# Key Financial Indicators (Consolidated)

(RMB mm)	2022	2021	Change%
<b>Revenue</b>			
Oil and gas sales	352,956	222,125	58.9%
Marketing revenues	60,433	18,084	234.2%
Other revenue	8,841	5,902	49.8%
<b>Revenue subtotal</b>	<b>422,230</b>	<b>246,111</b>	<b>71.6%</b>
<b>Expenses</b>			
Operating expenses	(31,566)	(27,985)	12.8%
Taxes other than income tax	(18,778)	(11,172)	68.1%
Exploration expenses	(14,058)	(11,702)	20.1%
DD&A	(62,852)	(57,236)	9.8%
Special oil gain levy	(24,214)	(2,611)	827.4%
Impairment and provision, net	(666)	(7,957)	(91.6%)
Crude oil and product purchases	(57,383)	(16,641)	244.8%
SG&A	(10,468)	(8,961)	16.8%
Others	(8,920)	(5,867)	52.0%
<b>Expenses subtotal</b>	<b>(228,905)</b>	<b>(150,132)</b>	<b>52.5%</b>
<b>Profit from Operating Activities</b>	<b>193,325</b>	<b>95,979</b>	<b>101.4%</b>
Interest income	2,980	1,341	122.2%
Finance costs	(6,027)	(6,019)	0.1%
Exchange gains, net	18	742	(97.6%)
Investment income	2,058	2,850	(27.8%)
Share of profits of associates	663	611	8.5%
Profits / (Loss) attributable to a joint venture	1,248	(265)	(570.9%)
Other income, net	505	582	(13.2%)
<b>Profit before tax</b>	<b>194,770</b>	<b>95,821</b>	<b>103.3%</b>
Income tax expense	(53,093)	(25,514)	108.1%
<b>Net profit</b>	<b>141,677</b>	<b>70,307</b>	<b>101.5%</b>
Net profit attributable to non-controlling interests	(23)	(13)	(76.9%)
<b>Net profit attributable to equity shareholders of the Company</b>	<b>141,700</b>	<b>70,320</b>	<b>101.5%</b>

*The "net profit attributable to non-controlling interests" in the table has no difference with the "minority interests" under Chinese Accounting Standards; the "net profit attributable to shareholders of the Company" has no difference with the "net profit attributable to shareholders of the parent company" under Chinese Accounting Standards.*