

# 2023 Mid-Year Review

18 August 2023



CNOOC Limited  
中国海洋石油有限公司

# Board of Directors and Management at Today's Conference



*CEO and President Zhou Xinhuai*



*Independent Non-executive Director  
Lin Boqiang*



*CFO* Xie Weizhi



*Joint Company Secretary  
Xu Yugao*

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# Agenda



- **Operating Results**



- **Business Highlights**



- **Outlook**

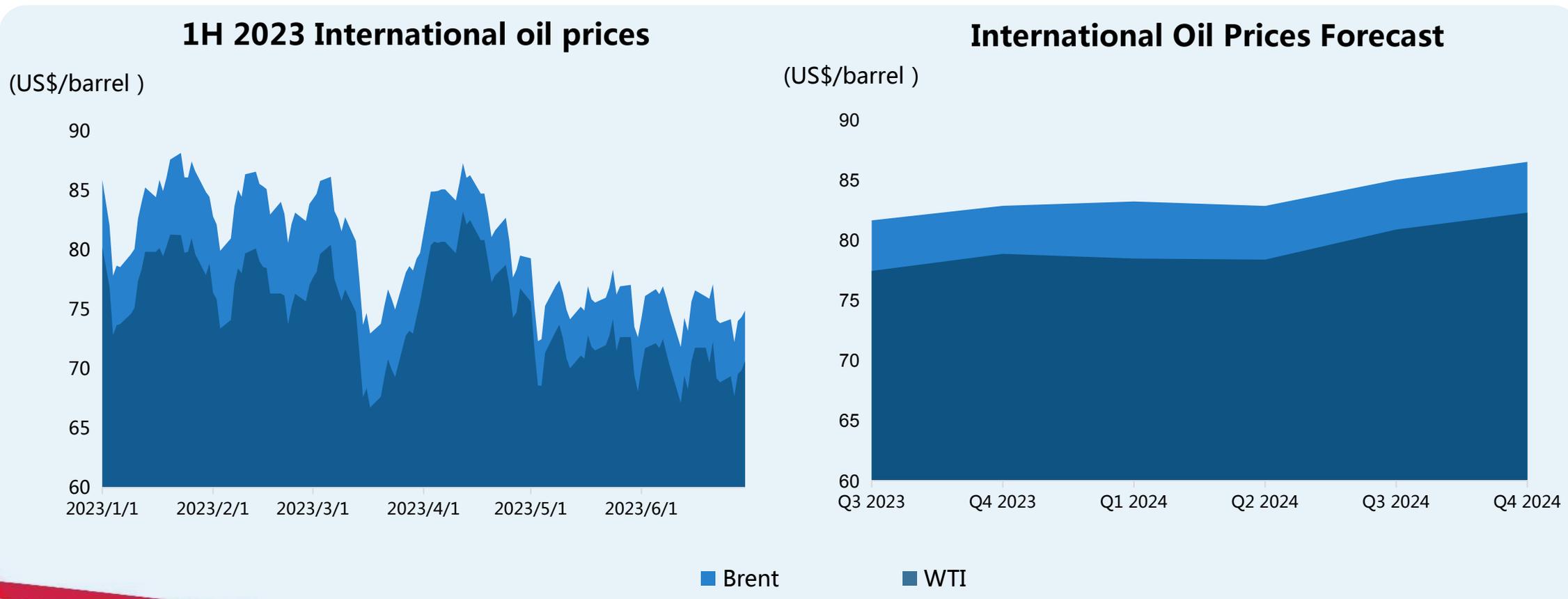
# Operating Results



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# International Oil Prices

- In the first half of 2023, international oil prices fluctuated in a downward trend , with an average Brent crude oil price of \$79.9 per barrel



Source: Bloomberg

# Overview

Achieved significant growth in reserves and production, project construction stayed on track

- Net production of **332** mm boe, up **8.9%** YoY
- **6** new discoveries were made and **14** oil and gas structures were successfully appraised
- **1** new project commenced production, and others under construction or installation
- Sound HSE performance

Maintained healthy financial position, actively sharing development results

- Oil and gas sales revenue of RMB**151.7** billion
- Net profit attributable to equity shareholders of RMB**63.8** billion
- All in cost of **28.17**US\$ /boe
- 2023 interim dividend of HK\$**0.59** per share (tax inclusive)

Launched Hong Kong Dollar-RMB Dual Counter for trading on HKex



# Business Highlights



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# Exploration Results - China

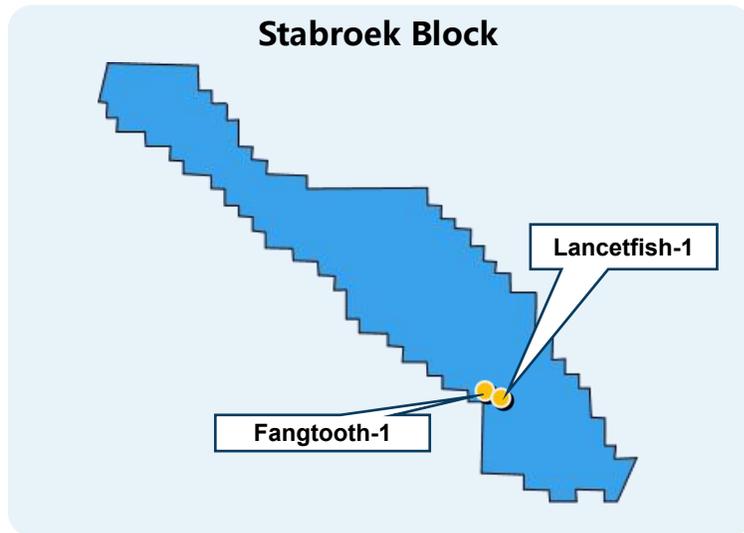
5 new discoveries were made and 14 oil and gas structures were successfully appraised



- **New discovery of Panyu 10-6**
  - Located in Pearl River Mouth Basin, with an average water depth of ~100m
  - Proved in-place volume exceeded 20 million tons with continuous breakthroughs in medium-to-deep play exploration
- **New discovery of Kaiping 18-1**
  - Located in Pearl River Mouth Basin, with an average water depth of ~500m
  - Proved in-place volume exceeded 20 million tons, demonstrating high exploration potential of Kaiping Depression in the Basin
- **Successful appraisal of Qinhuangdao 27-3**
  - Located in Shijiutuo uplift, with an average water depth of ~20m
  - Proved in-place volume exceeded 50 million tons, expanding the exploration of large-scale lithologic reservoirs in shallow-play in Bohai
- **Efficient appraisal of deep-play coalbed methane in Shenfu**
  - Located at the eastern edge of the Erdos Basin, with an average burial depth of ~2,000m
  - Efficiently promote the exploration and appraisal of deep-play coalbed methane in Shenfu to enhance the resource recovery potential

# Exploration Results - Overseas

## Positive progress in Stabroek Block in Guyana



- **Continue to promote exploration in medium-to-deep play**
  - 1 new discovery of Lancetfish was made with a water depth of 1,780 meters. The exploration well encountered ~28m oil pay zones
  - The Fangtooth-1DST test has confirmed productivity for the layers in the 6,000 m depth

# New Projects in 2023

- 1 new project commenced production and others under construction or installation, which will strongly support future production growth

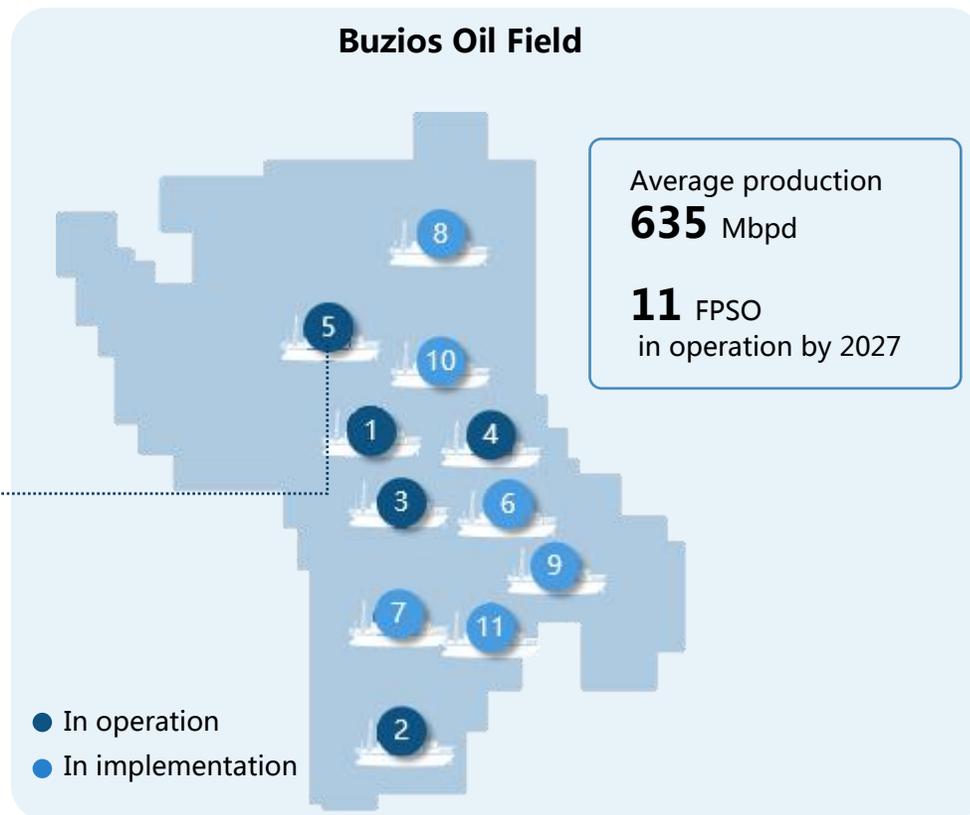
Project	Status	Peak Production (boe/d)	Working Interest
<b>Offshore China</b>			
Bozhong 19-6 Condensate Gas Field Phase I Development Project	Installation	37,000	100%
Bozhong 28-2 South Oilfield Secondary Adjustment Project	Installation	7,600	100%
Weizhou 5-7 Oilfield Development Project	Installation	2,100	100%
Enping 18-6 Oilfield Development Project	Installation	9,300	100%
Lufeng 12-3 Oilfield Development Project	Installation	29,500	60.8%
<b>Onshore China</b>			
Shenfu Block Mugua Area Integrated Tight Gas Exploration and Development Project	Construction	1,980	100%
<b>Overseas</b>			
Mero2 Project in Brazil	Installation	180,000	10%
Buzios5 Project in Brazil	Commenced production	204,400	7.34%
Payara Project in Guyana	Installation	220,000	25%



# New Projects Commissioned

## ■ Buzios5 Project in Brazil

- Commenced production in June 2023, with a peak production of ~204,400 boe per day
- Developed with an FPSO and subsea production system



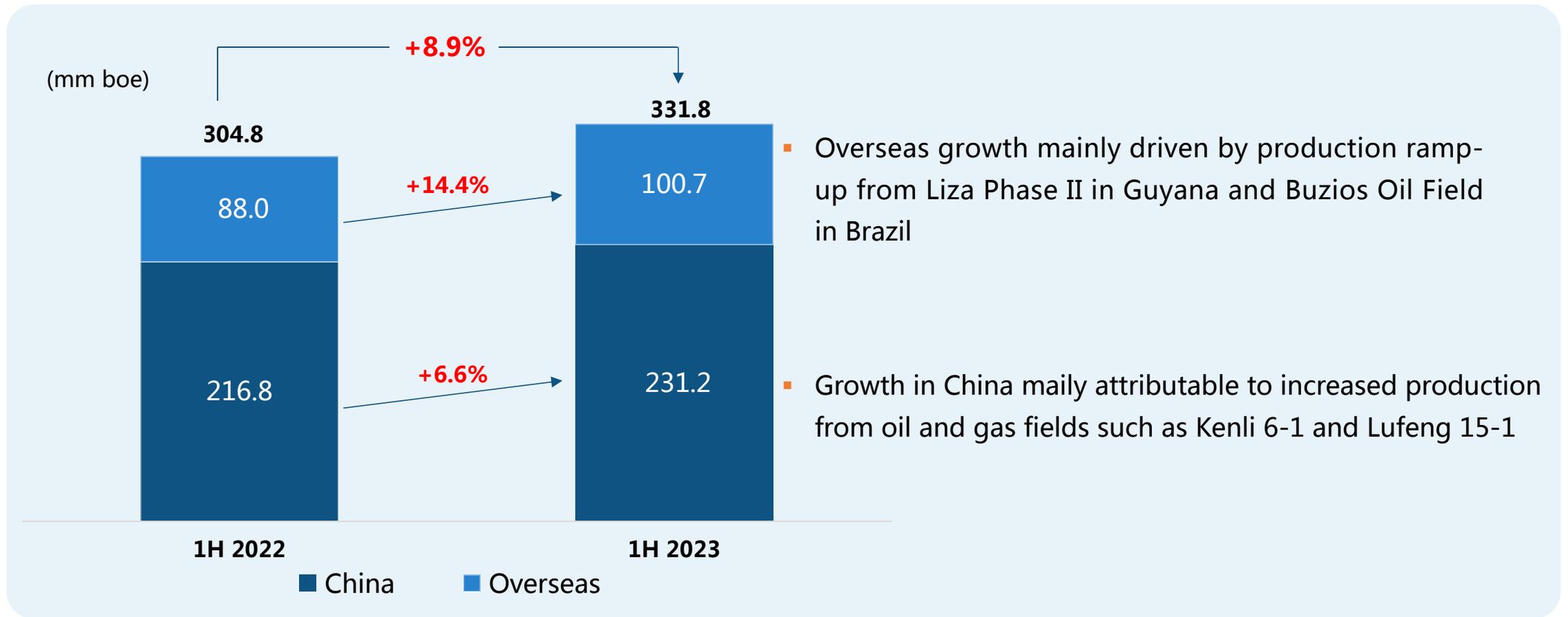
# New Projects under Good Progress

- **Bozhong 19-6 Condensate Gas Field Phase I Development Project**
  - The first 100 billion-cubic-meter level gas field in Bohai, with a peak production of 37,000 boe per day
  - Subsea pipelines were laid and the topside is under installation
- **Lufeng 12-3 Oil Field Development Project**
  - Height of the jacket ranked No.3 in Asia, with a peak production of 29,500 boe per day
  - The jacket was installed and the topside is under installation
- **Payara Project in Guyana**
  - Third project in the Stabroek Block, with a peak production of 220,000 boe per day
  - The FPSO arrived and installation has started ahead of schedule



# Net Production

- Net production reached 331.8 mm boe, maintaining strong growth both in China and overseas



# Development and Production

- **Production from Producing Oil and Gas Fields**
  - Great efforts were made in streamlined management of reservoir, production uptime hit the best level in history
  - Continued to optimise water injection plans to sustain crude production and control water cut
  - Workload of adjustment wells reached record high, resulting in significant production growth
- **New Production Capacity Construction**
  - Construction carried out in an orderly and efficient manner, and work programs completed ahead of schedule
  - Quality of new projects ensured to increase production rate



# Green Development

- **Wenchang deepwater floating wind power demonstration project has been successfully connected to the grid of Wenchang oilfields**
  - " Haiyou Guanlan ", the main production facility, has an installed capacity of 7.25 MW
  - Electricity production of 22 million kWh, equivalent to reducing carbon dioxide emissions ~ 22,000 tons per year
- **Enping15-1 offshore CCS demonstration project commissioned**
  - Designed peak carbon dioxide reinjection capacity of ~280,000 tons per year
  - Demonstrated the Company has a complete set of technology and equipment system for the capture, processing, injection, sequestration and monitoring of carbon dioxide at offshore oil and gas fields
  - Filled the gap in China's offshore carbon dioxide storage technology

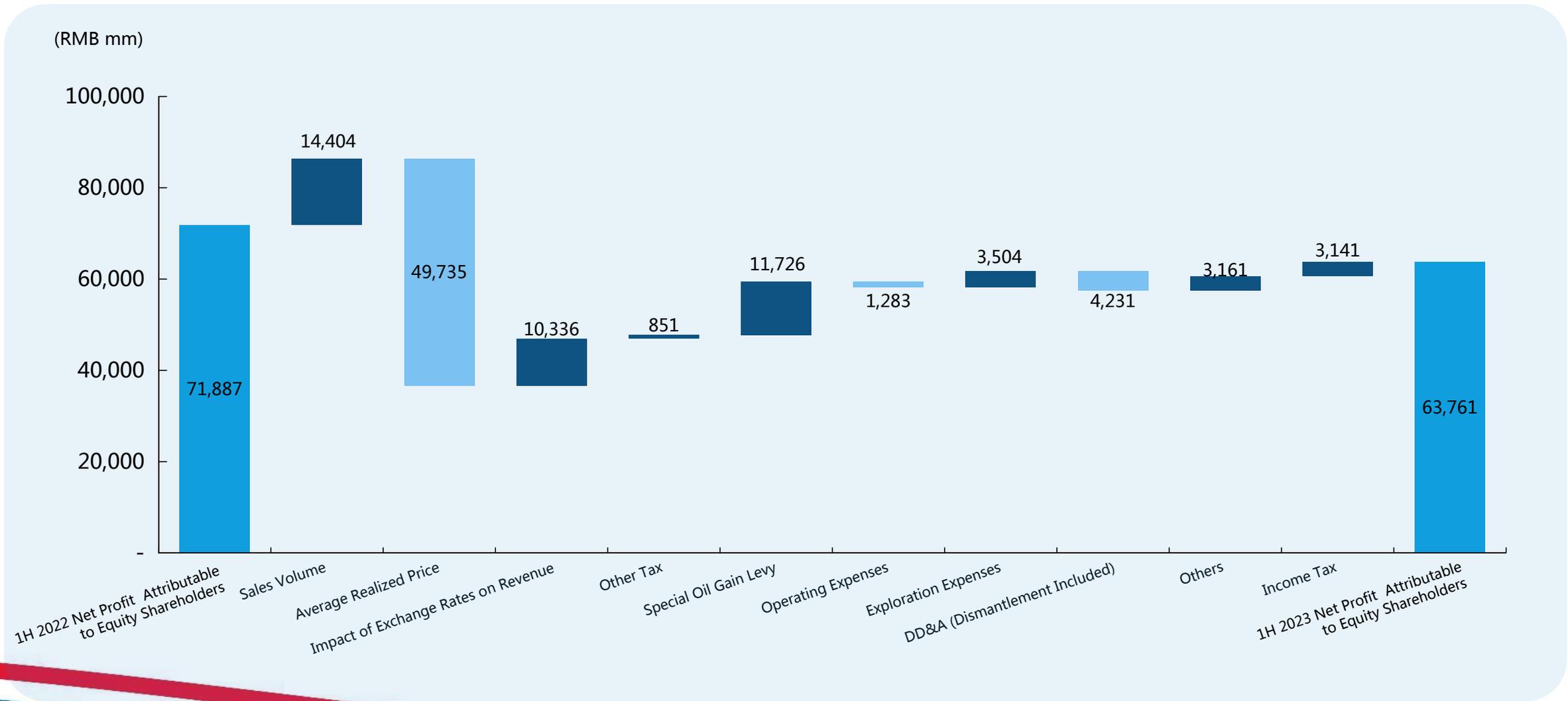


# Key Operating Indicators

	1H 2023	1H 2022	Change%
<b>Net production (mm boe)</b>	331.8	304.8	8.9%
- <b>Crude and liquids (mm bbls)</b>	260.4	240.5	8.3%
- <b>Natural gas (bcf)</b>	415.5	374.7	10.9%
<b>Realized oil price (US\$/bbl)</b>	73.57	103.85	-29.2%
<b>Realized gas price (US\$/mcf)</b>	8.12	8.07	0.6%
<b>Oil &amp; gas sales (RMB mm)</b>	151,686	176,681	-14.1%
<b>Net profit attributable to equity shareholders (RMB mm)</b>	63,761	71,887	-11.3%
<b>Basic EPS (RMB)</b>	1.34	1.57	-14.6%

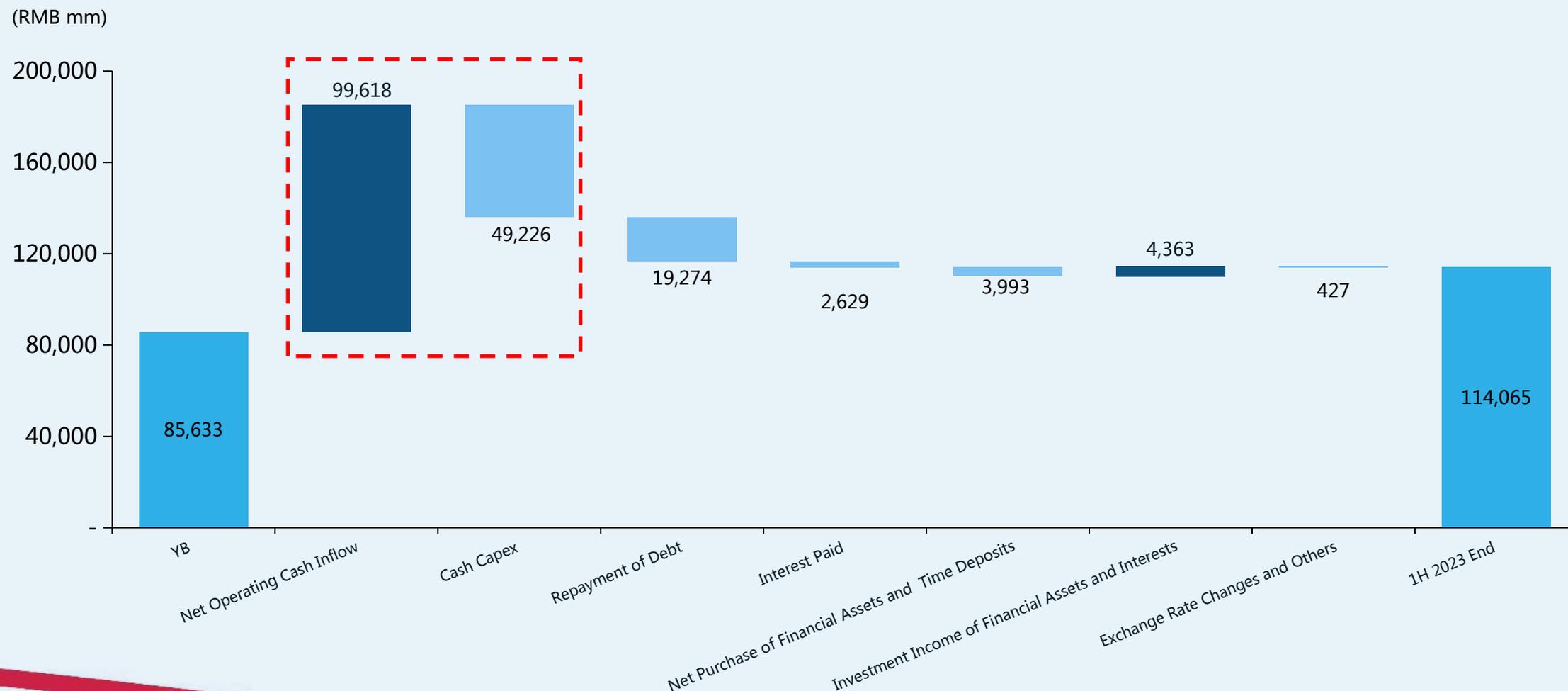


# Change Analysis of Net Profit Attributable to Shareholders



# Status of Cash Flow

- Sufficient free cash flow of RMB50.4 bn



# Movements of Financial Position

(RMB bn)

	June 30, 2023	Dec 31, 2022
Cash, cash equivalent and time deposits with maturity of three months to one year	133.0	121.4
Other Current Assets	137.3	143.3
Non-current Assets	728.8	664.4
Other Liabilities	240.1	196.3
Interest bearing debt	121.3	134.4
Equity	637.7	598.4

- Major assets as at the end of the period include
  - RMB565.6 bn of PP&E
  - RMB95.2 bn of financial assets held for trading such as bank wealth management products and structured deposits
- Equity increased by RMB39.3bn against year beginning
  - Net profit attributable to equity shareholders of RMB63.8bn
  - Declaration of dividend of RMB31.8bn
  - Other items increased by RMB7.3bn

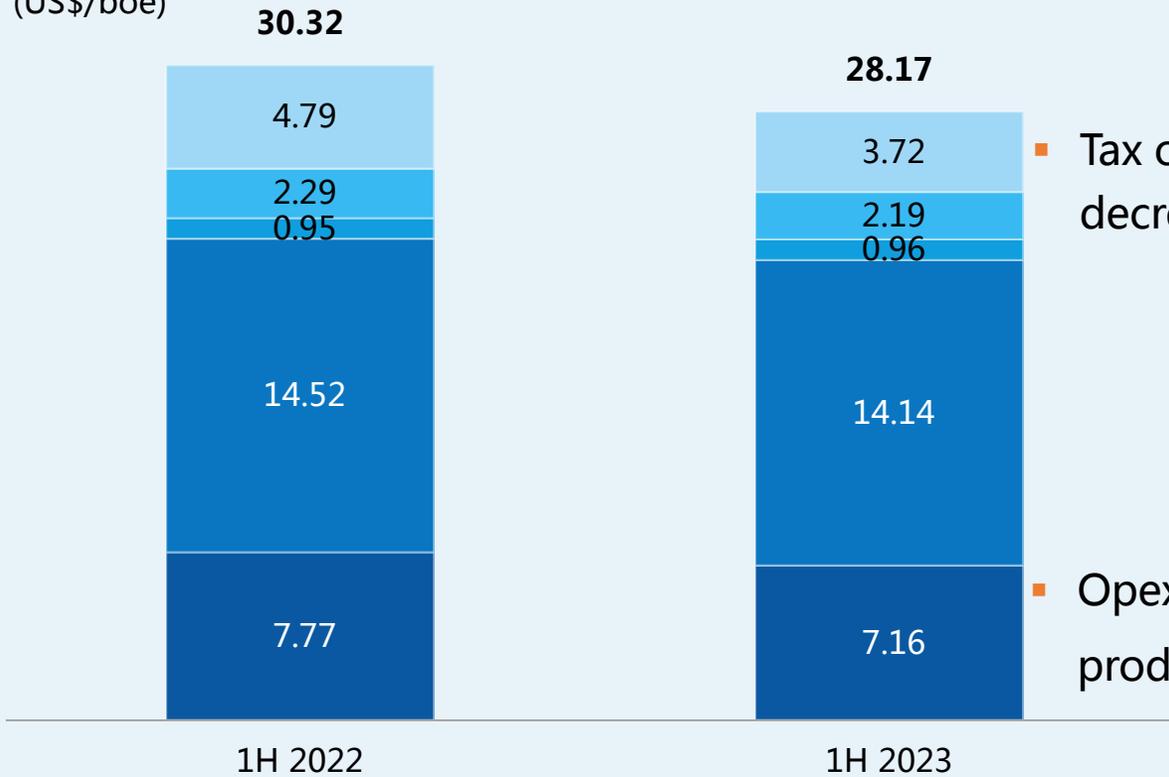
	June 30, 2023	Dec 31, 2022
Total Assets (RMB bn)	999.1	929.0
Gearing Ratio*	16.0%	18.3%

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

# All-in Cost per BOE

- All-in cost was well controlled with a decrease of 7.1% YOY

(US\$/boe)



- Tax other than income tax down 22.3%, mainly due to the decrease of international oil prices

- Opex down 7.9%, mainly due to the combined effects of production growth and changes in exchange rates

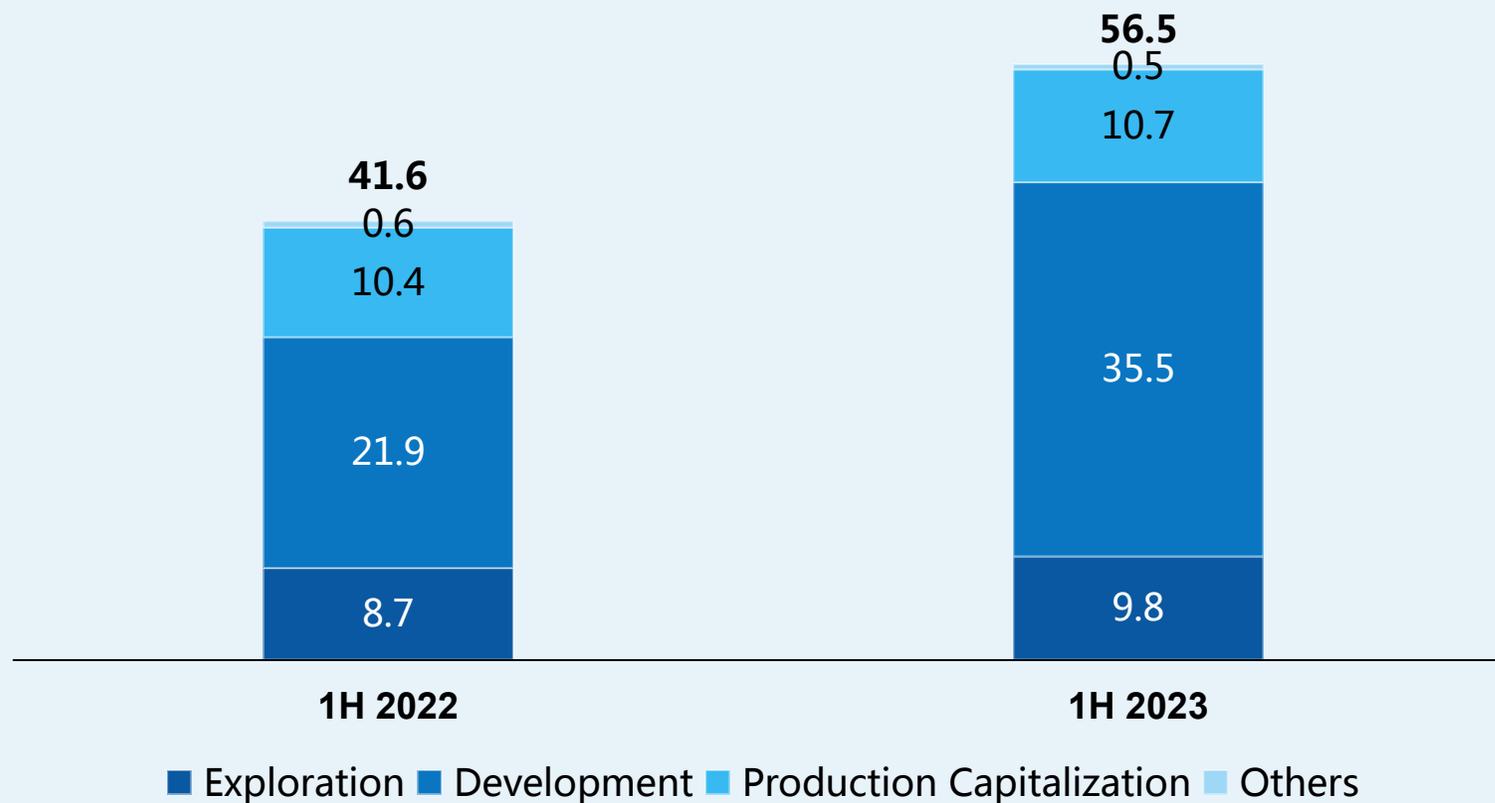
■ Opex ■ DD&A ■ Dismantlement ■ SG&A ■ Taxes other than income tax



# Capex

- Capex increased by 35.9% YOY, mainly due to the increase in workload of projects under construction, providing strong support to production growth

(RMB bn)



Note: Above amounts exclude capitalized interest of RMB0.9 bn and RMB1.3 bn in 1H 2022 and 1H 2023 respectively

# Interim Dividend

- **Actively share development results**
- **2023 interim dividend: HK\$0.59 per share (tax inclusive)**
- **Dividend payout ratio of 40%<sup>(1)</sup>**



*(1) Exchange rate quoted HK\$1= RMB0.91437 as of July 31, 2023*

# Outlook



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# 2H 2023 Plan

- **Continue to increase reserves and production**
  - Annual Production target of 650-660 mm boe
  - Annual Capex budget of RMB100-110 billion
  - Annual Reserve Replacement Ratio (RRR) of no less than 130%
- **Implement quality & efficiency enhancement**
  - Promote the construction and commissioning of new projects as planned
  - Control the all-in cost
- **Stick to high standards on HSE performance**



Thank you !



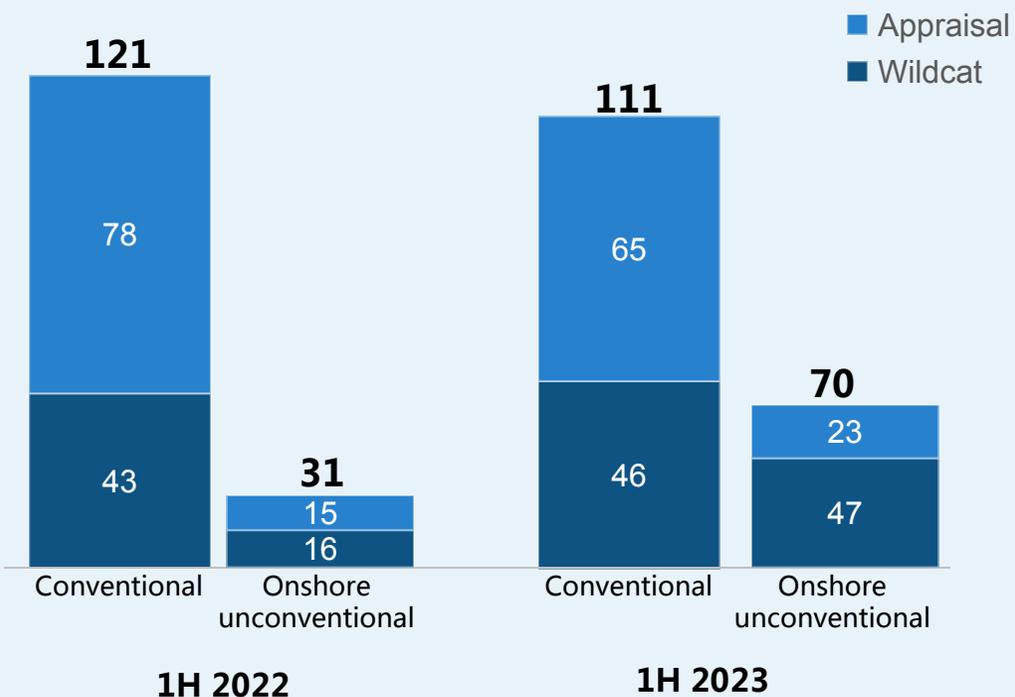
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# Appendix



# Exploration Activities

## Exploration wells



## Exploration Workload in 1H 2023

Type	Offshore China	Unconventional onshore China	Overseas
Exploration wells	104	70	7
3D Seismic (km <sup>2</sup> )	6,191	200	0



# Production Summary

	1H 2023			1H 2022		
	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	102.3	34.3	108.0	96.0	32.3	101.4
Western South China Sea	19.4	123.2	40.8	18.8	116.1	38.9
Eastern South China Sea	56.5	72.1	68.5	53.4	73.3	65.6
East China Sea	1.1	26.7	5.5	1.3	13.7	3.6
Onshore	0.02	49.8	8.3	–	43.7	7.3
Subtotal	<b>179.3</b>	<b>306.0</b>	<b>231.2</b>	<b>169.5</b>	<b>279.1</b>	<b>216.8</b>
<b>Overseas</b>						
Asia (Ex. China)	10.9	32.1	16.7	8.6	24.8	13.0
Oceania	0.9	26.1	6.0	0.7	20.6	4.8
Africa	8.0	3.4	8.6	14.1	3.0	14.6
North America (Ex. Canada)	9.8	19.6	13.0	10.9	20.3	14.3
Canada	15.0	–	15.0	11.3	–	11.3
South America	30.6	27.6	35.4	17.4	25.7	21.9
Europe	5.8	0.6	5.9	7.9	1.2	8.1
Subtotal	81.1	109.4	100.7	71.0	95.7	88.0
<b>Total*</b>	<b>260.4</b>	<b>415.5</b>	<b>331.8</b>	<b>240.5</b>	<b>374.7</b>	<b>304.8</b>

\* Including our interests in equity-accounted investees, which is approximately 10.2mm boe in 1H 2023 and 10.0 mm boe in 1H 2022.  
In 1H 2023, production from China and overseas was 69.7% v.s. 30.3%; Crude liquids and natural gas was 78.5% v.s. 21.5%

# Key Financial Items - Consolidated

(RMB mm)	1H 2023	1H 2022	Change%
<b>Revenue</b>			
Oil and gas sales	151,686	176,681	-14.1%
Marketing revenues	35,564	21,527	65.2%
Other revenue	4,814	4,147	16.1%
<b>Revenue subtotal</b>	<b>192,064</b>	<b>202,355</b>	<b>-5.1%</b>
<b>Expenses</b>			
Operating expenses	(16,103)	(14,820)	8.7%
Taxes other than income tax	(8,369)	(9,220)	-9.2%
Exploration expenses	(3,901)	(7,405)	-47.3%
DD&A	(33,738)	(29,507)	14.3%
Special oil gain levy	(3,052)	(14,778)	-79.3%
Impairment and provision, net	(302)	(102)	196.1%
Expected credit losses reversals/ (losses)	2	(1)	-300.0%
Crude oil and product purchases	(32,626)	(20,619)	58.2%
SG&A	(4,990)	(4,378)	14.0%
Others	(4,712)	(4,461)	5.6%
<b>Expenses subtotal</b>	<b>(107,791)</b>	<b>(105,291)</b>	<b>2.4%</b>
<b>Profit from Operating Activities</b>	<b>84,273</b>	<b>97,064</b>	<b>-13.2%</b>
Interest income	2,300	1,115	106.3%
Finance costs	(2,800)	(3,105)	-9.8%
Exchange (losses)/gains, net	(294)	484	-160.7%
Investment income	1,978	1,404	40.9%
Share of profits of associates	423	302	40.1%
Profits attributable to a joint venture	424	563	-24.7%
Other income, net	318	71	347.9%
<b>Profit before tax</b>	<b>86,622</b>	<b>97,898</b>	<b>-11.5%</b>
Income tax expense	(22,874)	(26,015)	-12.1%
<b>Net profit</b>	<b>63,748</b>	<b>71,883</b>	<b>-11.3%</b>
Net profit attributable to non-controlling interests	(13)	(4)	225.0%
Net profit attributable to equity shareholders of the Company	63,761	71,887	-11.3%

*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*