



CNOOC Limited  
中国海洋石油有限公司

# 2023 Annual Results

2024.3.21





# Board of Directors and Management at Today's Conference



CNOOC Limited  
中国海洋石油有限公司



*Chairman*

Wang Dongjin



*CEO and President*

Zhou Xinhuai



*Independent Non-executive Director*  
Lin Boqiang



*Joint Company Secretary*

Xu Yugao



*CFO*

Wang Xin

# Disclaimer



This announcement 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. Affected by some risks and uncertainties, 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 and regulations.

Consequently, all of the forward-looking statements made in this announcement 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.



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# Agenda



**Operating Results**

**Business Highlights**

**Outlook**





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# Operating Results

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## Net Production

- **678** million boe  
*An increase of 8.7% YoY ▲*

## Net Proved Reserves

- **6,784** million boe  
*Reserve replacement ratio of 180%*

## Net Profit Attributable To Equity Shareholders

- **123.8** billion RMB  
*Maintaining strong profitability*

## All-in Cost

- **28.83** US\$/boe  
*A decrease of 5.1% YoY ▼*

## Net Operating Cash flow

- **209.7** billion RMB  
*Effectively covering investment and returns to shareholders*

## Annual Dividend

- **1.25** HK\$/share (tax inclusive)  
*Proposed final dividend of 0.66 HK\$/share (tax inclusive)*





## Sustained production growth

Net production (million boe)

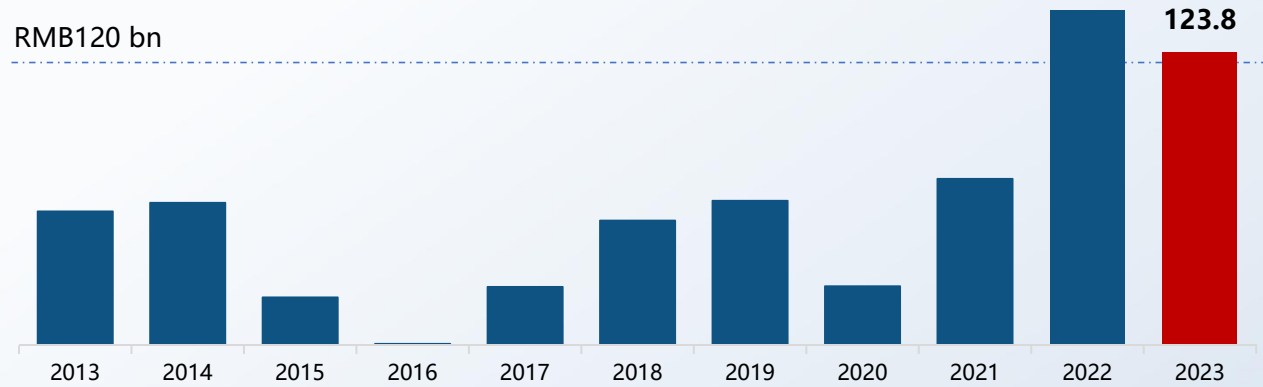


## Maintaining strong profitability

Brent oil price (US\$/barrel)



Net profit attributable to equity shareholders (RMB billion)



## Effective cost control

All-in cost (US\$/boe)

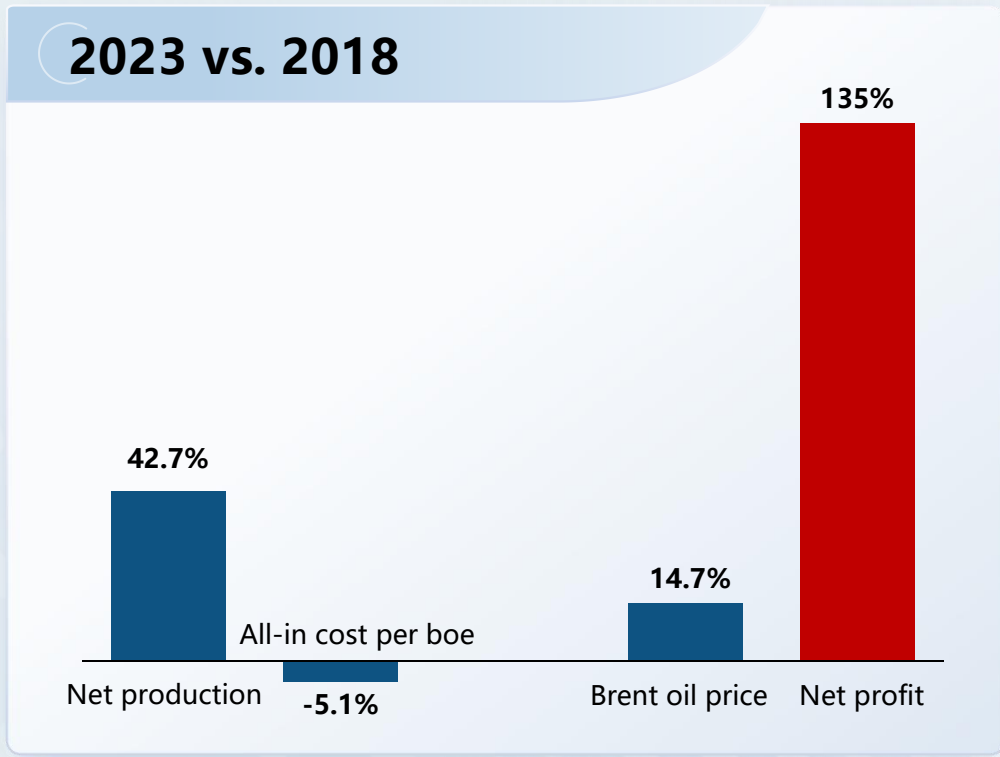




# Profitability



- By adhering to reserves and production growth and focusing on cost reduction and efficiency enhancement, our profitability increased significantly despite the oil price cycles







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# Business Highlights

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- 9 new discoveries were made and 22 oil and gas structures were successfully appraised in 2023

Commercial Discoveries	Areas
<b>Offshore China</b>	
Bozhong 26-2 North	Bohai
Qinhuangdao 27-3	Bohai
Panyu 10-6	Eastern South China Sea
Huizhou 26-6 North	Eastern South China Sea
Kaiping 18-1	Eastern South China Sea
Xijiang 24-2	Eastern South China Sea
Wenchang15-1 North	Western South China Sea
<b>Onshore China</b>	
Shenfu deep-play coalbed methane	Shaanxi
<b>Overseas</b>	
Lancetfish	Guyana





# Exploration Highlights



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## Strategic discoveries of large oil and gas fields

### Successful appraisals

Bozhong 26-6 - **world's largest metamorphic oilfield** in buried hills of Bohai

Kaiping South - **first 100-million-tons oilfield** in the deep-water and deep-play of the South China Sea

### Successful discoveries

Qinhuangdao 27-3 - a **100-million-tons oilfield** in the shallow-play of Bohai

Shenfu deep-play coalbed methane - **China's first 100-billion-cubic-meter gas field** in the deep-play coalbed onshore

Lancetfish - a **100-million-tons oilfield** in ultra deep-water and deep-play in Guyana



## Strategic breakthroughs in new plays / types

**Ultra deep-play natural gas** in Bozhong sag in Bohai

**Deep-water natural gas** in Baiyun sag in the South China Sea

**Deep-play** in Zhuyi depression in the South China Sea

**Deep-water and deep-play oil and gas** in Songnan-Baodao sag in the South China Sea



## Bozhong 26-6

- Located in Bohai, with an average water depth of ~20 meters
- Successfully re-appraised Bozhong 26-6, and made a new discovery of Bozhong 26-2 North
- Total proved in-place volume exceeded 200 million cubic meters, becoming the largest metamorphic buried hill oilfield in the world



## Kaiping South

- Located in Pearl River Mouth Basin, with an average water depth of ~500 meters
- Successfully appraised Kaiping11-4, and made a new discovery of Kaiping18-1
- Total proved in-place volume exceeded 100 million tons, becoming the first 100-million-tons deep-water and deep-play oilfield of the south China sea



## Qinhuangdao 27-3

- Located in Bohai Bay, with an average water depth of ~20 meters
- Proved in-place volume of oil exceeded 100 million tons
- A 100-million-tons oilfield in shallow-play in Bohai



## Shenfu Deep-play Coalbed Methane

- Located at the eastern edge of the Ordos Basin, with an average burial depth of ~2,000 meters
- Proved in-place volume of gas exceeded 100 billion cubic meters
- China's first large deep-play coalbed methane gas field with proved in-place volume of 100-billion-cubic-meters



## Positive progress in Stabroek block in Guyana

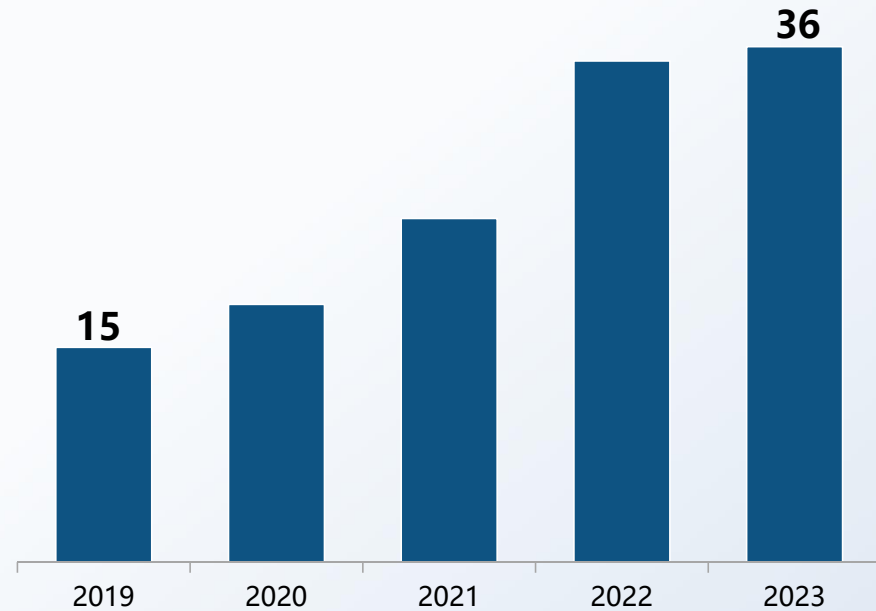


- Lancetfish, a 100-million-tons discovery, was made in ultra-deepwater and deep-play exploration
- Exploration potential of the block was further confirmed with a total recoverable resources of approximately 11 billion boe\*

## Steadily promoted rolling exploration in Southeast Asia

- In Indonesia, Tangguh project showed good potential of natural gas exploration

## Total New discoveries in Stabroek block



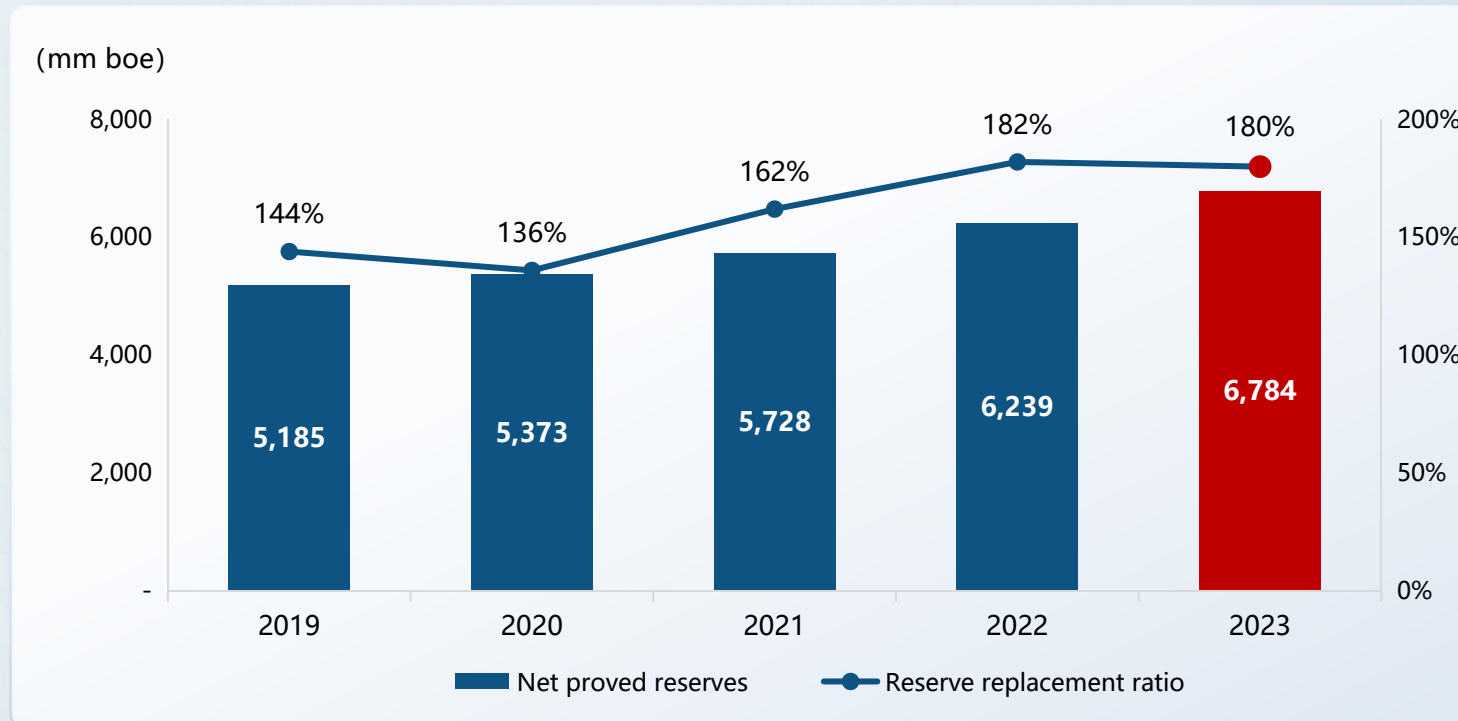
\*Source: the operator



# Net Proved Reserves



- Net proved reserves reached a new record high of 6,784 million boe
- Reserve replacement ratio of 180% with reserve life remained above 10 years for 7 consecutive years



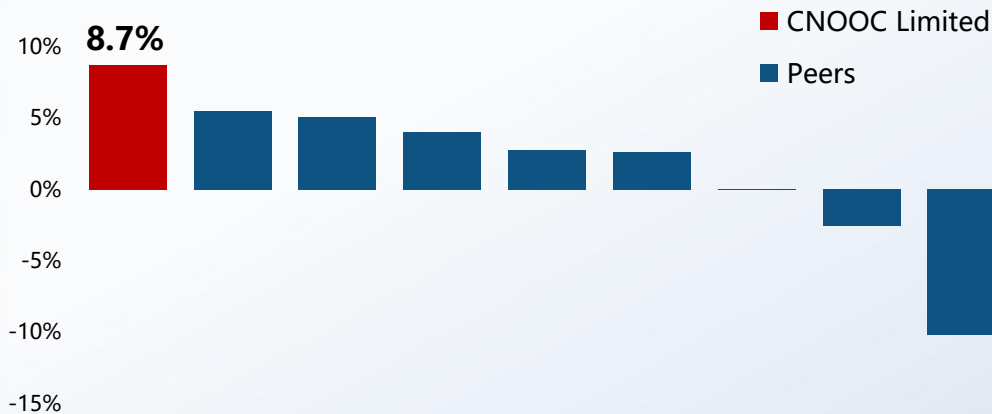


# Net Production



- Net production reached 678 million boe with an increase of 8.7% YoY, reaching a record high for the fifth consecutive year
- Compound annual growth rate reached 7.6% from 2019 to 2023, leading the peers
- Bohai remains as China's largest crude oil production base, while Guyana and Brazil are the main drivers of production growth overseas

### Net Production Growth Rate



### 2019-2023 CAGR of Net Production



Sources: annual reports of peers, including ConocoPhillips, BP, ExxonMobil, Total, Shell, Chevron, Equinor, OXY





## Bozhong 19-6 Condensate Gas Field Phase I Development Project

- Commenced production in November 2023
- Peak Production of 37 kboe/day
- The first gas field with proved in-place volume of 100-billion-cubic-meters in Bohai



## Lufeng 12-3 Oilfield Development Project

- Commenced production in September 2023
- Peak Production of 30 kboe/day
- The largest jointly-developed oilfield in the South China Sea in the past decade





# Key Projects - Overseas



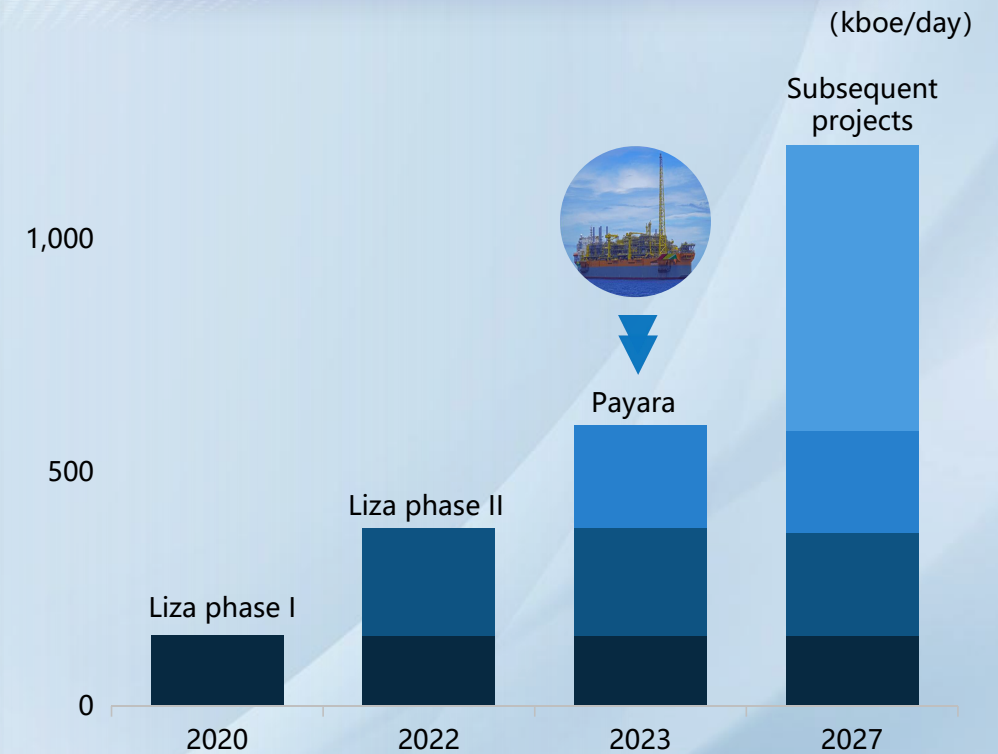
## Payara Project in Guyana

- Commenced production in November 2023, with a peak production of 220 kboe/day
- Located in Stabroek block in Guyana, with water depth of 1,600-2,000 meters

## Stabroek Block

- 3 projects commenced production, with total production of more than 550 kboe/day
- 6 projects will be in operation by 2027, with peak production expecting to be more than 1,200 kboe/day

### Production plan for Stabroek block



Source: the operator

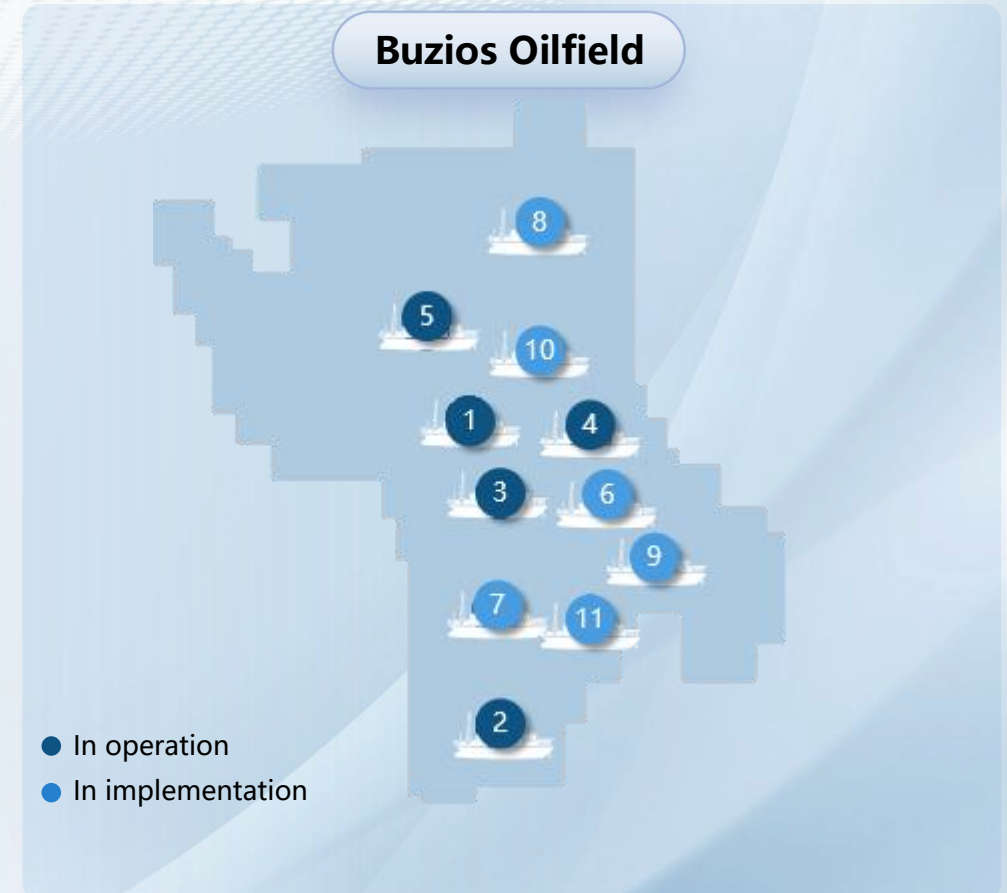


## Buzios5 Project in Brazil

- Commenced production in June 2023, with a peak production of 200 kboe/day
- Located in Buzios oilfield in Brazil, with water depth of ~2,000 meters

## Buzios oilfield

- 5 projects commenced production, and 11 projects will be in operation by 2027
- Buzios1-4 achieved a record production of 674 kboe/day
- Peak production is expected to be 1,500 kboe/day by 2029



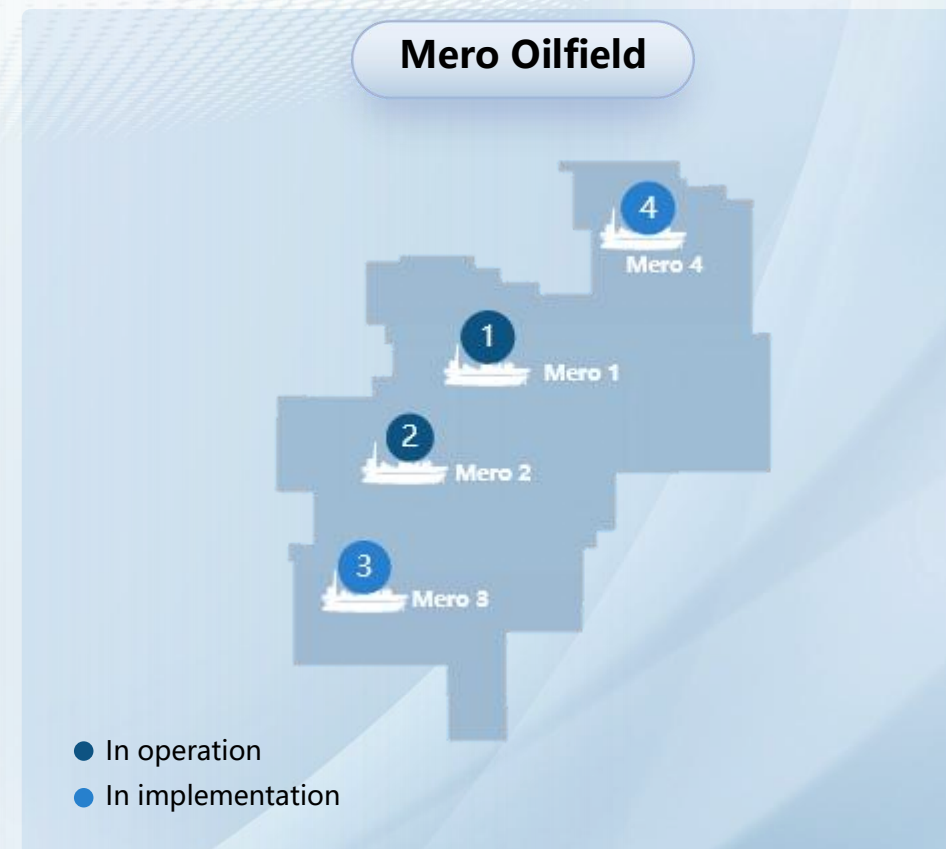
Source: the operator

## Mero 2 Project in Brazil

- Commenced production in January 2024, with a peak production of 180 kboe/day
- Located in Mero oilfield in Brazil, with water depth of 2,000-2,200 meters

## Mero oilfield

- 2 projects commenced production, and 4 projects will be in operation by 2025
- Mero 1 peak production is 180 kboe/day
- Peak production is expected to be 600 kboe/day by 2028



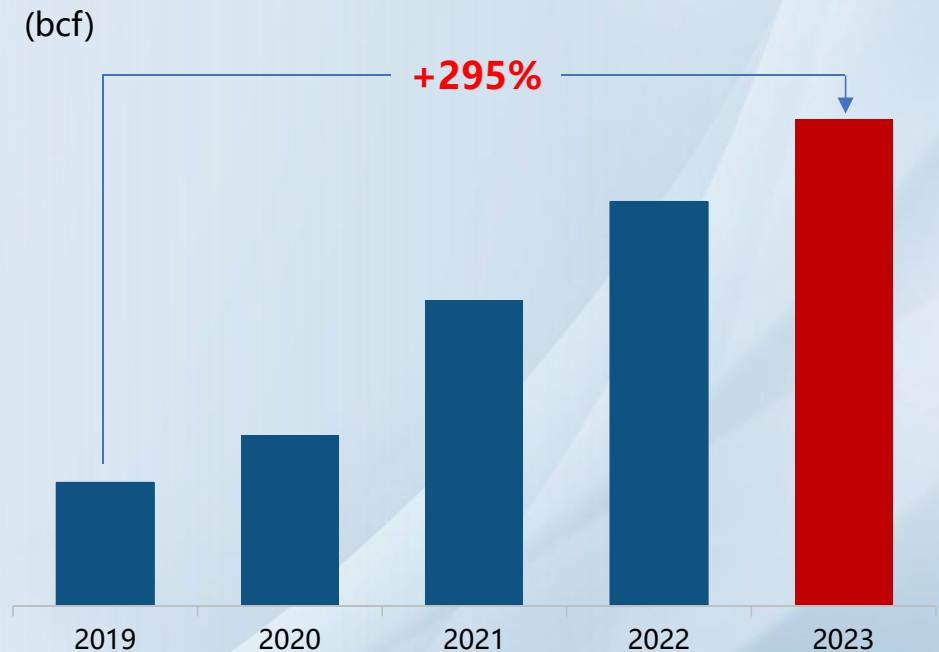
Source: the operator

## Strong production growth of onshore natural gas



- Proved in-place volume of natural gas exceeded 400 billion cubic meters
- Three major unconventional natural gas production bases have been built
- Production quadrupled in five years
- A main driver of natural gas production growth

## Net Production





# Stabilizing and Increasing Production - "Two Enhancements and One Reduction"



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## Specialized Tasks

- To strengthen the reserve base by increasing reserves through rolling exploration
- To reduce the natural decline rate by controlling water cut
- To improve production capacity by addressing low-productivity wells
- To enhance recovery rate by tapping the inner potential
- To enhance production efficiency by refining management

## Producing fields offshore China

Recovery rate



Increased

**1.2%** ▲

Natural decline rate



Well controlled

**< 10%** ▼





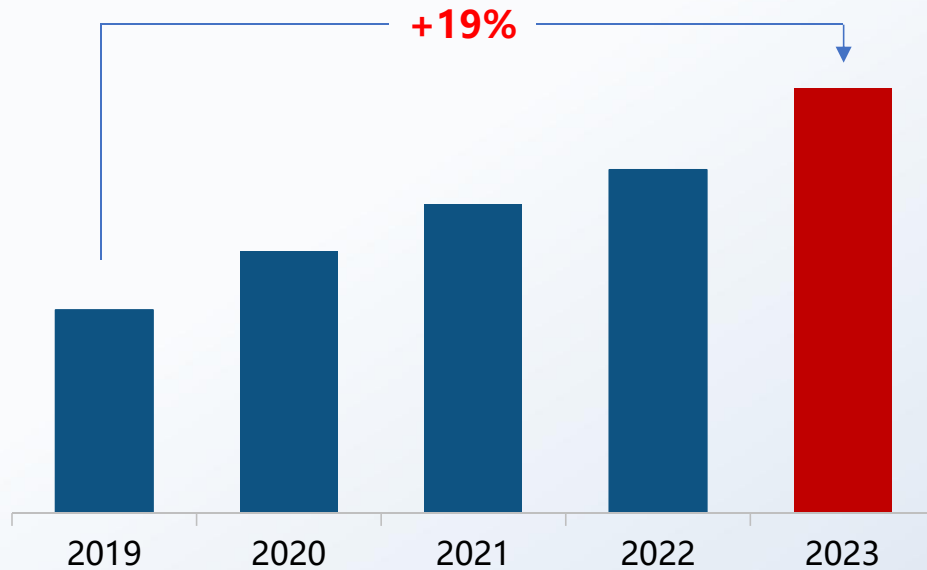
# Quality & Efficiency Enhancement - Drilling and Completion



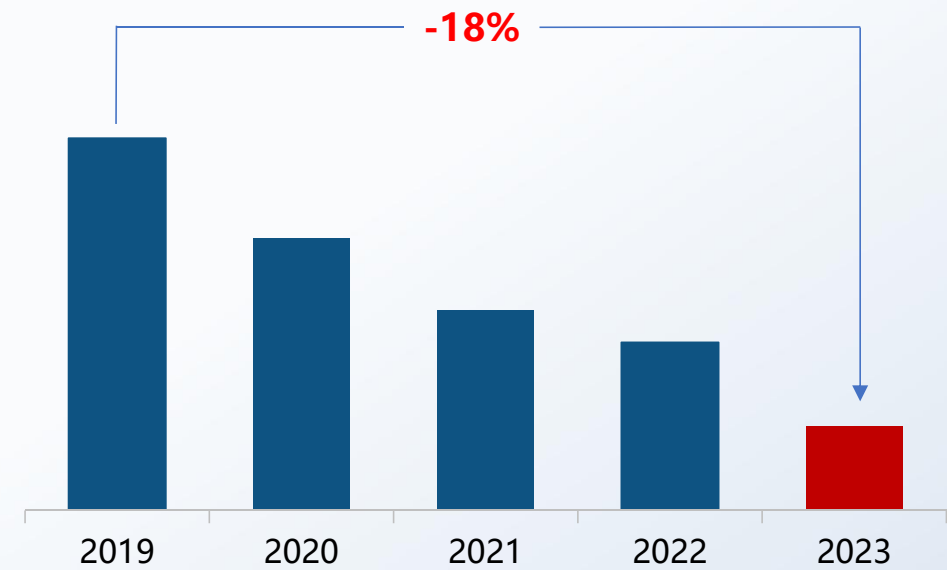
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- Enhanced the core technical capacity and refined management of drilling and completion
- A "new, excellent and fast" drilling and completion model was widely applied, to reduce development cycle, thus bringing projects on-stream ahead of schedule and improving the economic returns

Average daily drilling efficiency(meters/day)



Drilling cycle\* (day)



\*2,500 meters equivalent deep drilling cycle

# Quality & Efficiency Enhancement - Engineering Standardization



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Utilizing the experience of regional development, project engineering shifted from individualization to standardization

Optimized the design, procurement and construction methods of offshore platform

- Standardization of engineering facilities
- Utilization of same series of materials and equipment
- Productization of common components
- Integration of facility modules
- Standardization of technical specifications

Enhanced efficiency of project construction



Speed enhanced  
> **30%** ▲



Reduced cost by bulk purchasing  
**5%** ▼

Platform = Standard topsides (9 types) + Standard jackets (6 types)







# Quality & Efficiency Enhancement - Onshore Power Project



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## Fully completed the Bohai onshore power project utilizing regional advantages

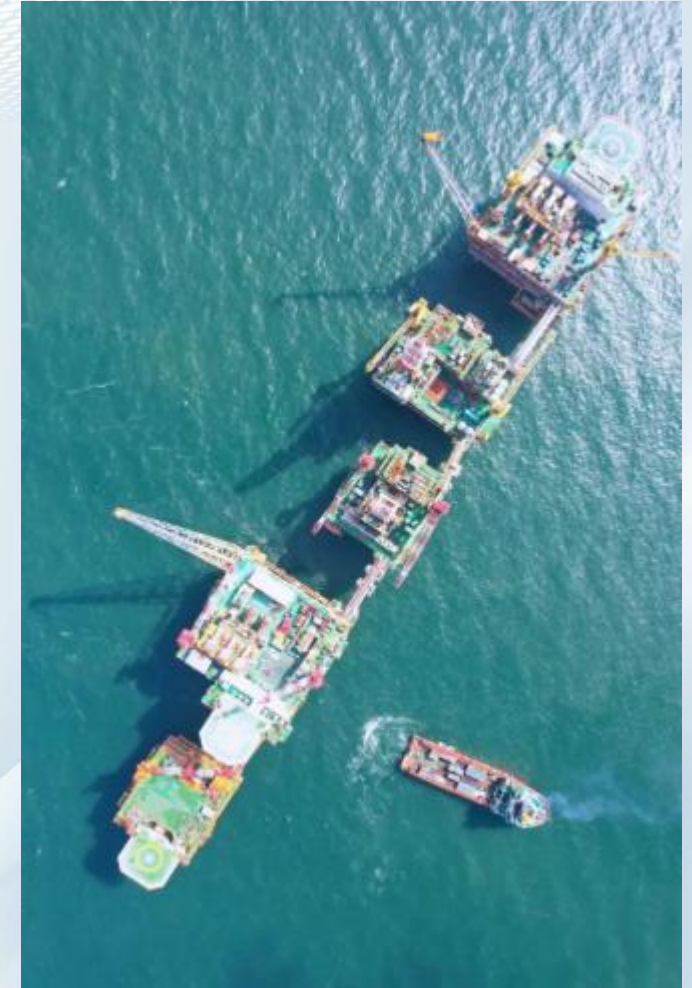
- Built an onshore power application base with the largest capacity and highest voltage of AC power transmission in offshore oilfields in the world
- Total capacity of 980 MW, and covering 75% of the existing offshore facilities in Bohai

## Facilitated economic development and created profitable production

- Improved power supply stability, increased operation rate and reduced production loss
- Reduced production consumption and enhanced regional natural gas supply capacity
- Reduced the construction period, significantly reduced the size of offshore platforms, and lowered development costs
- Lowered the economic threshold for oilfield development to drive the development of production capacity in the region

## Promoted green and low-carbon development and explored intelligent development

- Reduced carbon emissions during production, with an estimated carbon reduction capacity of 1 million tons per year
- Built an offshore to onshore high-bandwidth communication "highway" to facilitate the construction of intelligent oilfields





## Strengthened energy conservation and carbon emission reduction

- Continuously strengthened energy replacement, reduced carbon emissions of ~440,000 tons by using ~500 million kWh of green electricity
- Utilized energy conservation technology reform, saved ~300,000 tons of standard coal and reduced carbon emissions of ~750,000 tons

## Promoted the integrated development of offshore wind power and oil and gas production

- The first deep-sea offshore floating wind power platform "Haiyou Guanlan" successfully started power generation

## Continuously cultivated negative-carbon businesses

- The first offshore CCS project, Enping 15-1 Demonstration Project, was put into operation
- Ledong 15-1 Gas Field CCS demonstration project was put into operation
- The research of CCS/CCUS demonstration project in Daya bay was solidly advanced

# Key Operating Indicators



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	2023	2022	change%
<b>Net production (mm boe)</b>	678.0	623.8	8.7%
- Crude and liquids (mm bbls)	529.5	489.9	8.1%
- Natural gas (bcf)	864.7	778.7	11.0%
<b>Realized oil price (US\$/bbl)</b>	77.96	96.59	-19.3%
<b>Realized gas price (US\$/mcf)</b>	7.98	8.58	-7.0%
<b>Oil &amp; gas sales (RMB mm)</b>	327,867	352,956	-7.1%
<b>Net profit attributable to equity shareholders (RMB mm)</b>	123,843	141,700	-12.6%
<b>Basic EPS (RMB)</b>	2.60	3.03	-14.2%

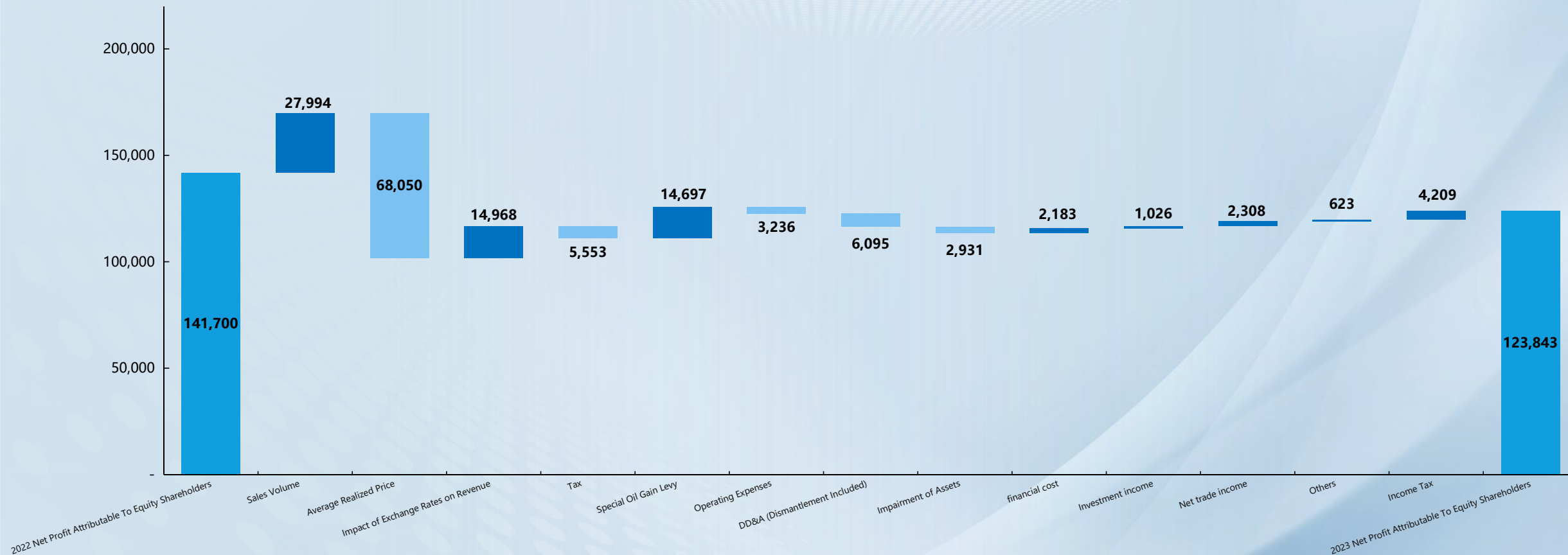


# Change Analysis of Net Profit Attributable to Equity Shareholders



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(RMB mm)



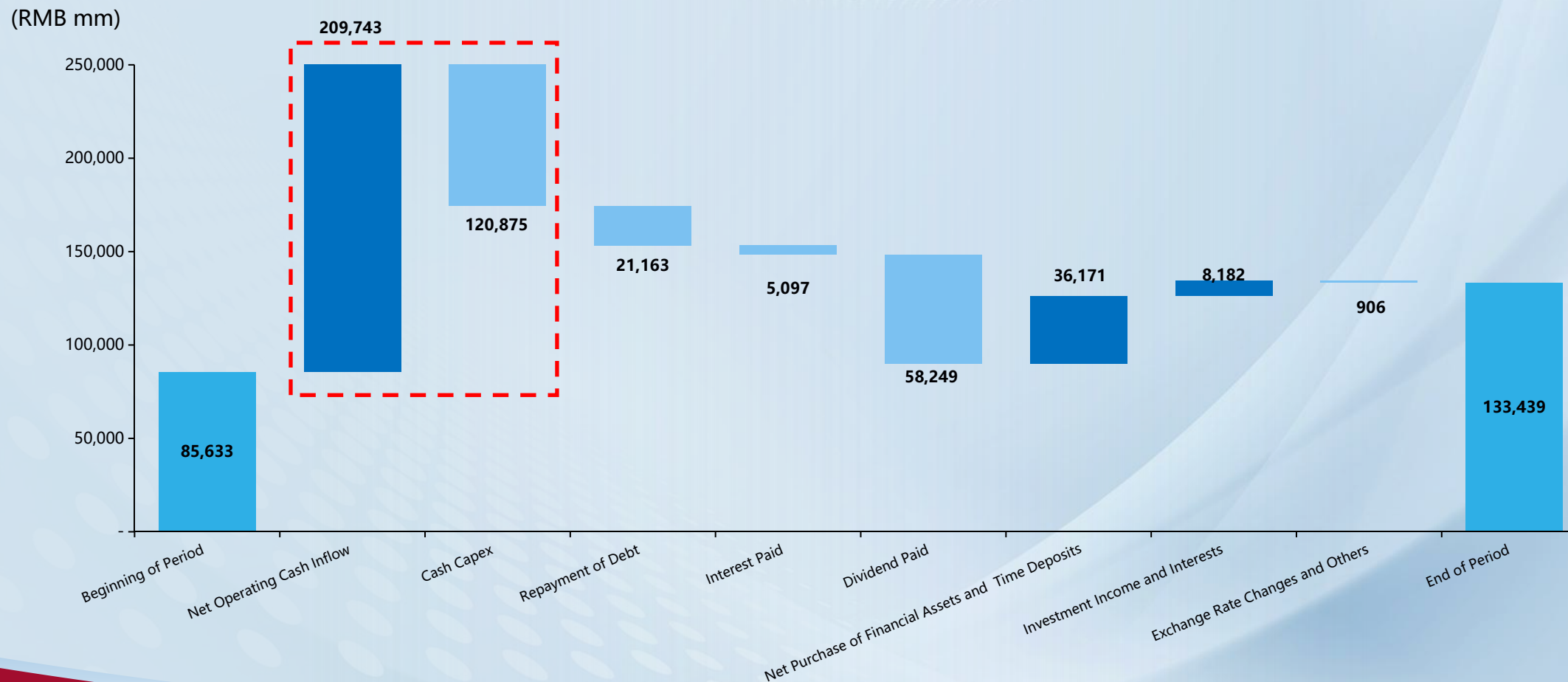


# Movement of Cash and Cash Equivalents



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- Pursue profitable growth of reserves and production, with operating cash flow rising 2% yoy in spite of lower international oil prices
- Sufficient free cash flow of RMB88.87 bn



# Movements of Financial Position



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(RMB bn)

	<u>Dec 31, 2022</u>	<u>Dec 31, 2023</u>
Cash, cash equivalent and time deposits with maturity over three months	121.4	150.6
Other Current Assets	143.3	99.7
Non-current Assets	664.4	755.3
Other Liabilities	196.3	217.5
Debt	134.4	120.2
Equity	598.4	667.9

- **Equity increased by RMB69.5bn against YB**
  - Net profit of RMB123.8 bn
  - Dividend paid of RMB57.8 bn
  - Other comprehensive income
- **Gearing ratio of 15.2%**

	<u>Dec 31, 2022</u>	<u>Dec 31, 2023</u>
Total Assets (RMB bn)	929.0	1,005.6
Gearing Ratio*	18.3%	15.2%

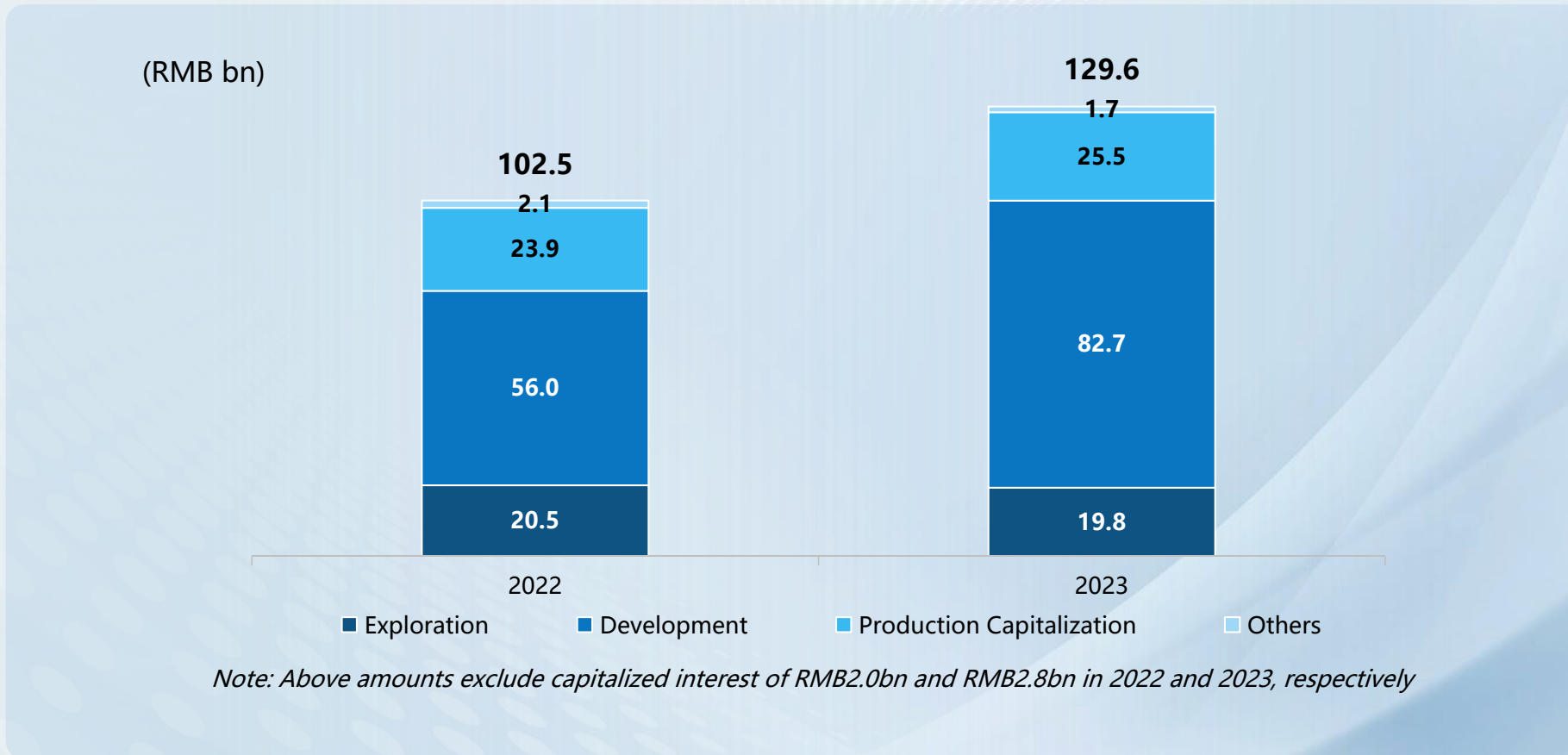
\* *Gearing Ratio = Interest Bearing Debt / (Interest Bearing Debt + Equity)*



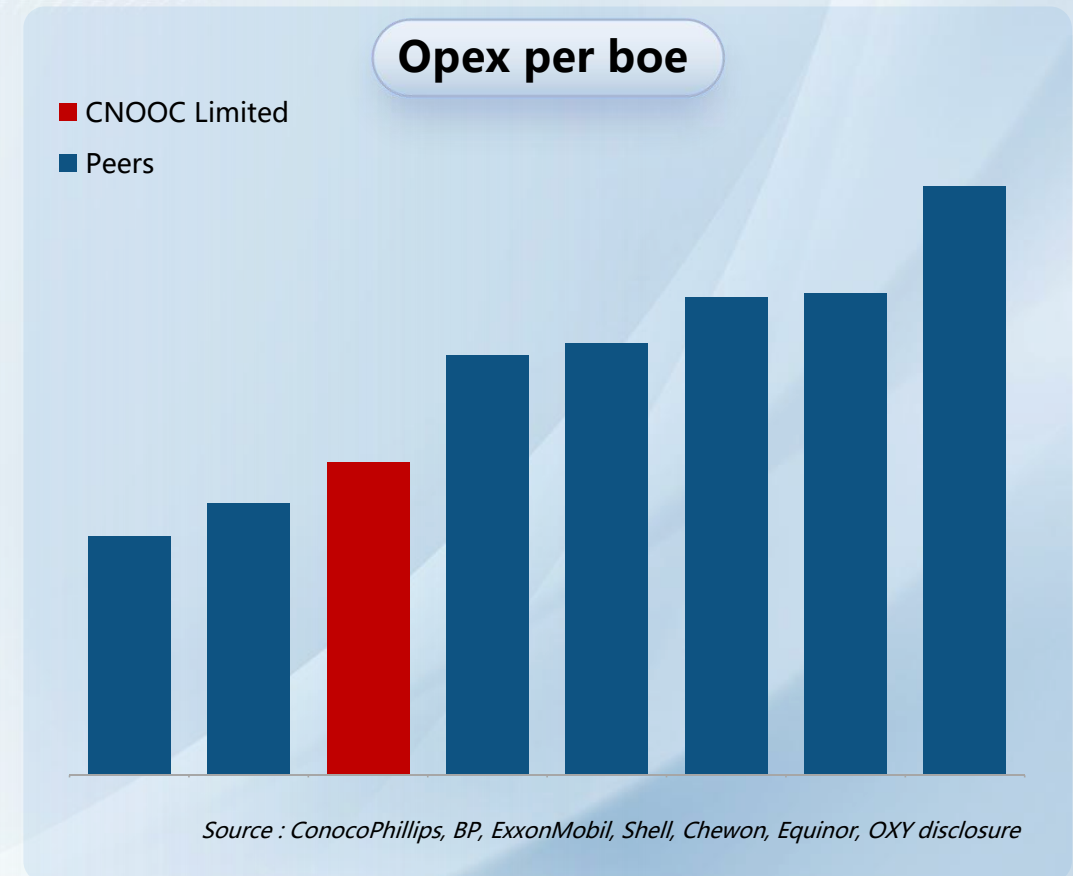
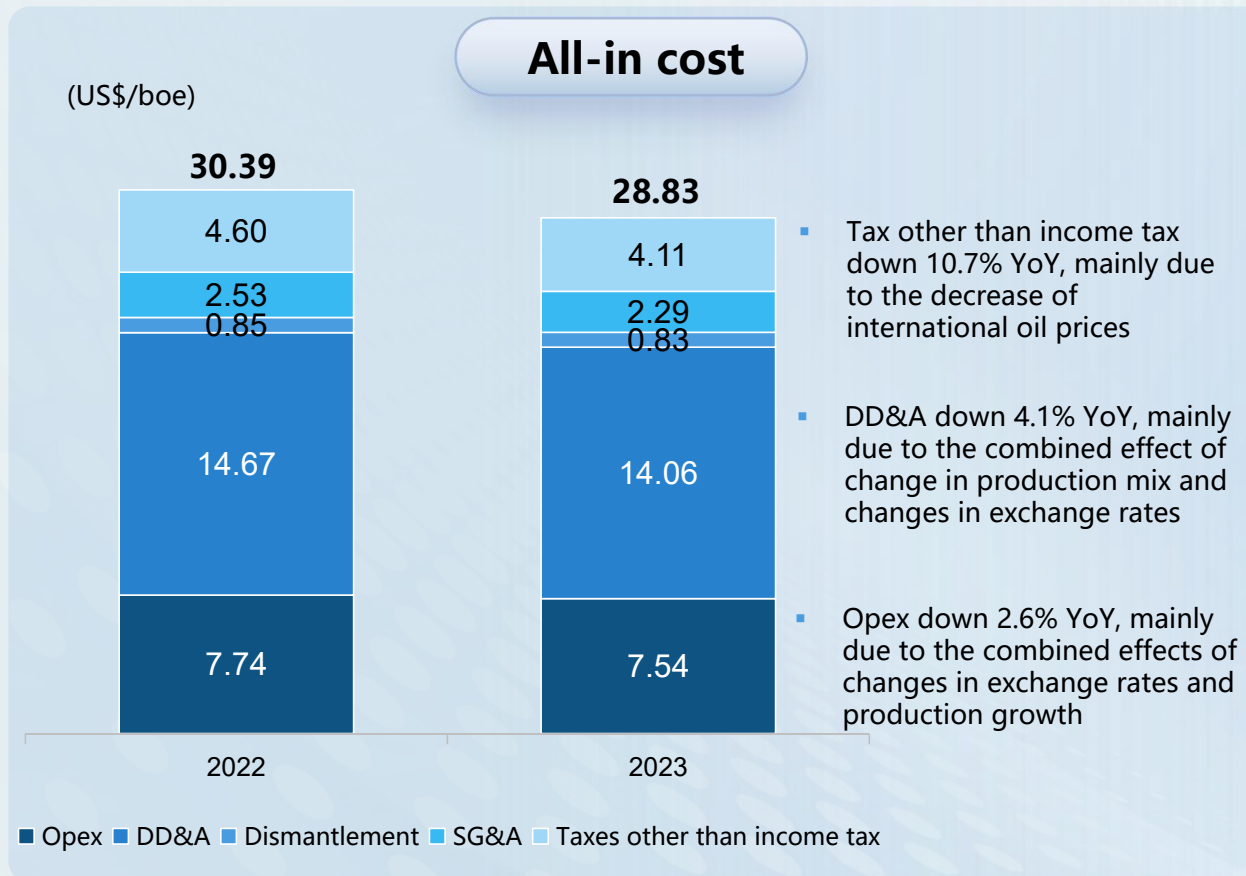
# Capital Expenditure



- Capital expenditure was RMB129.6 billion, which strongly supported the reserves and production growth, technology research and oil and gas infrastructure construction



- All-in cost per boe was well controlled with a decreased of 5.1% YoY
- Opex outperforms many peers





## Focus on shareholder return

- Proposed year-end dividend: HK\$ 0.66/share (tax inclusive)
- Annual dividend of HK\$ 1.25/share (tax inclusive) , payout ratio of 43.6%\*



*\*Exchange rate quoted HK\$1= RMB0.90753 as of February 29, 2024*



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# Outlook

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## Future Operating Strategy

**Reserves &  
Production  
Growth**

**Technological  
Innovation**

**Green  
Development**

- Advance the "three major programs", and implement the Initiative of Quality & Efficiency Enhancement
- Continuously improve value creation capability to bring more return to shareholders

## 2024 Operation Targets

**Reserve  
Replacement Ratio**

- No less than **130%**

**Capex Budget**

- RMB125 – 135 billion

**Production target**

- **700-720** mm boe

**HSE**

- Sound HSE performance



- Pursue coordinated development of economy, environment and society



**E**

To minimize impact on environment

- Protect environment, conserve resources and pursue green development
- Cut carbon emission and address climate change challenges



**S**

To maximize contribution to society

- Serve the society, promote harmony and benefit the people
- Follow social needs and devote to public welfare



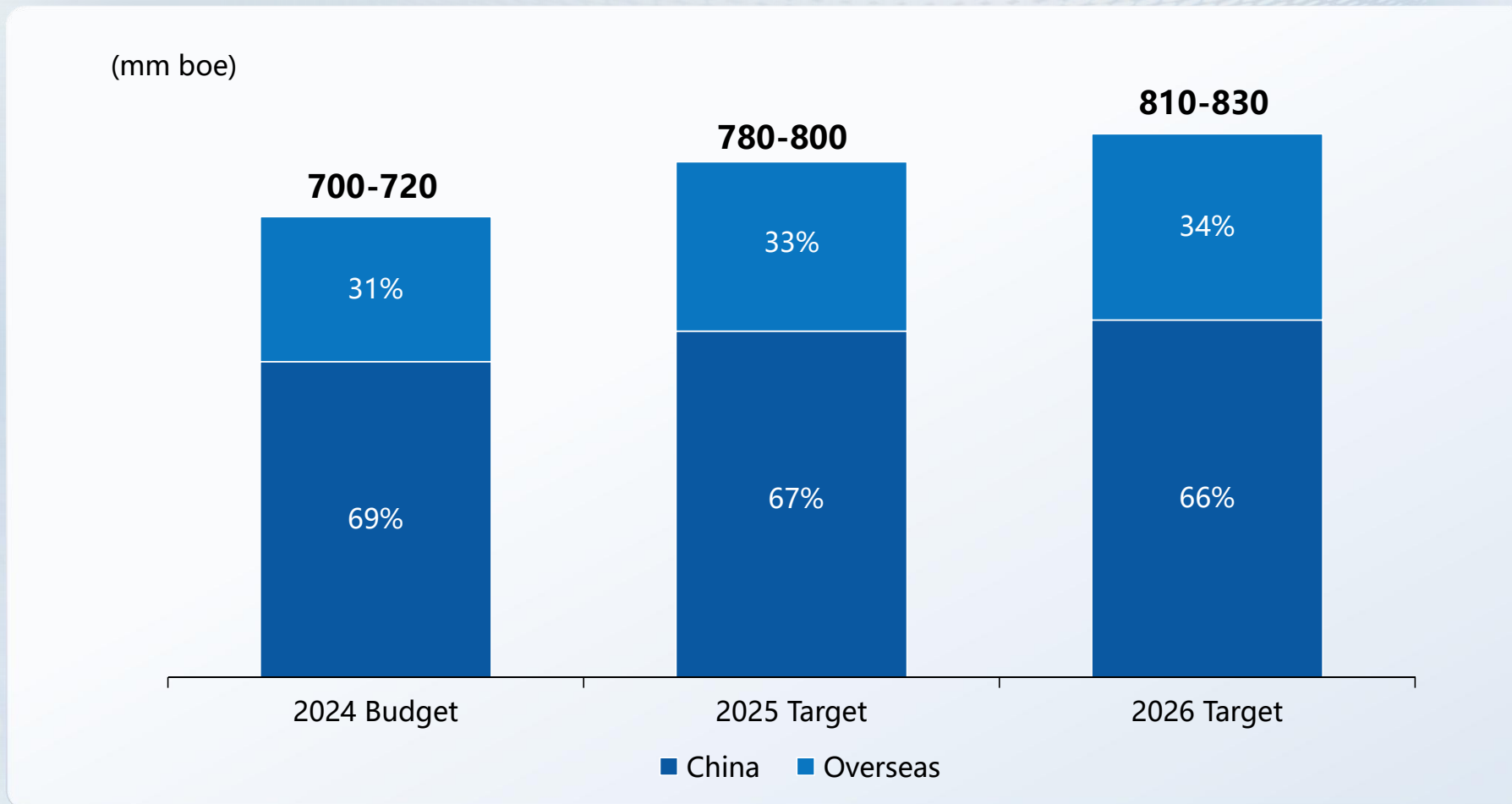
**G**

To optimize corporate governance

- Maintain high-standard and compliant governance
- Strengthen the Board and improve corporate governance system



# Three-year Rolling Production Targets





**CNOOC Limited**  
**中国海洋石油有限公司**

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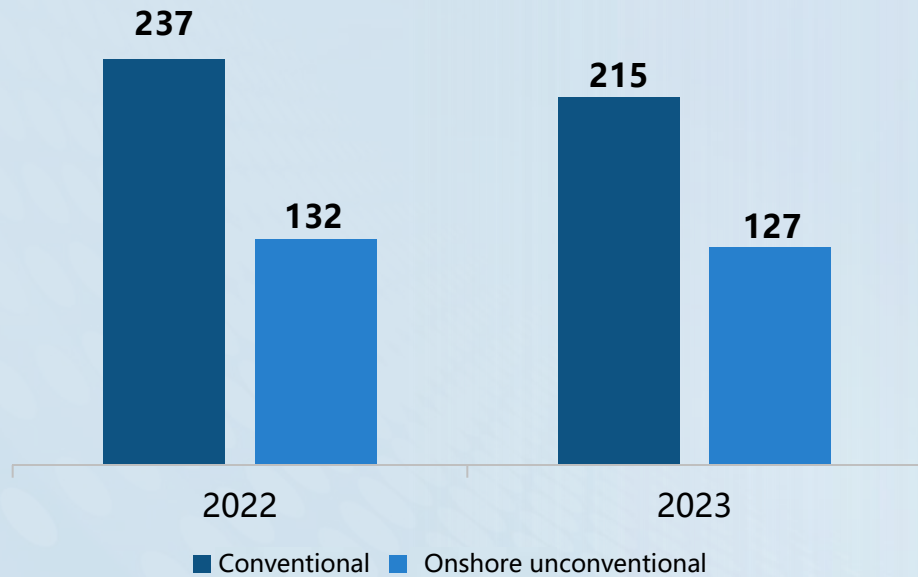
# Appendix

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### Total Exploration Wells



### Exploration Workload in 2023

Type	Offshore China	Unconventional onshore China	Overseas
Exploration wells	205	127	10
3D Seismic (km <sup>2</sup> )	14,000	200	0



# Production Summary



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	2023			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	207.4	69.4	218.9	192.6	65.6	203.6
Western South China Sea	38.1	246.2	80.9	36.1	234.9	76.9
Eastern South China Sea	110.9	156.4	137.0	105.3	147.1	129.8
East China Sea	2.1	57.8	11.8	2.4	30.3	7.5
Onshore	0.04	109.1	18.2	-	90.6	15.1
<b>Subtotal</b>	<b>358.6</b>	<b>638.8</b>	<b>466.8</b>	<b>336.4</b>	<b>568.6</b>	<b>432.9</b>
<b>Overseas</b>						
Asia (Ex. China)	22.6	69.2	34.9	20.8	52.5	30.2
Oceania	1.9	51.0	11.8	1.8	50.8	11.8
Africa	19.8	7.2	21.0	26.2	8.4	27.6
North America (Ex. Canada)	20.3	40.2	27.0	21.5	41.4	28.4
Canada	31.0	-	31.0	24.3	-	24.3
South America	64.4	57.2	74.3	43.7	55.0	53.2
Europe	11.0	1.1	11.1	15.1	2.1	15.5
<b>Subtotal</b>	<b>170.9</b>	<b>225.8</b>	<b>211.3</b>	<b>153.5</b>	<b>210.1</b>	<b>191.0</b>
<b>Total*</b>	<b>529.5</b>	<b>864.7</b>	<b>678.0</b>	<b>489.9</b>	<b>778.7</b>	<b>623.8</b>

\* Including our interests in equity-accounted investees, which is approximately 20.4 mm boe in 2023 and 20.6 mm boe in 2022. In 2023, production from China and overseas was 68.8% v.s. 31.2%; Crude liquids and natural gas was 78.1% v.s. 21.9%.

# Key Financial Indicators (Consolidated)



CNOOC Limited  
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(RMB mm)	2023	2022	Change%
<b>Revenue</b>			
Oil and gas sales	327,867	352,956	(7.1%)
Marketing revenues	79,308	60,433	31.2%
Other revenue	9,434	8,841	6.7%
<b>Revenue subtotal</b>	<b>416,609</b>	<b>422,230</b>	<b>(1.3%)</b>
<b>Expenses</b>			
Operating expenses	(34,802)	(31,566)	10.3%
Taxes other than income tax	(24,331)	(18,778)	29.6%
Exploration expenses	(13,716)	(14,058)	(2.4%)
DD&A	(68,947)	(62,852)	9.7%
Special oil gain levy	(9,517)	(24,214)	(60.7%)
Impairment and provision, net	(3,523)	(677)	440.1%
Expected credit (Loss) / Reversal	(74)	11	(772.7%)
Crude oil and product purchases	(73,950)	(57,383)	28.9%
SG&A	(10,952)	(10,468)	4.6%
Others	(9,028)	(8,920)	1.2%
<b>Expenses subtotal</b>	<b>(248,840)</b>	<b>(228,905)</b>	<b>8.7%</b>
<b>Profit from Operating Activities</b>	<b>167,769</b>	<b>193,325</b>	<b>(13.2%)</b>
Interest income	4,805	2,980	61.2%
Finance costs	(5,354)	(6,027)	(11.2%)
Exchange gains, net	(297)	18	(1750.0%)
Investment income	3,084	2,058	49.9%
Share of profits of associates	850	663	28.2%
Profits / (Loss) attributable to a joint venture	1,081	1,248	(13.4%)
Other income, net	1,036	505	105.1%
<b>Profit before tax</b>	<b>172,974</b>	<b>194,770</b>	<b>(11.2%)</b>
Income tax expense	(48,884)	(53,093)	(7.9%)
<b>Net profit</b>	<b>124,090</b>	<b>141,677</b>	<b>(12.4%)</b>
Net profit attributable to non-controlling interests	247	(23)	(1173.9%)
<b>Net profit attributable to equity shareholders of the Company</b>	<b>123,843</b>	<b>141,700</b>	<b>(12.6%)</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