



中国石化
SINOPEC

中石化石油工程技术服务有限公司

SINOPEC OILFIELD SERVICE CORPORATION

2022 Annual Results Presentation

March 2023



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Section 1. Operations in 2022





2012 Special Prize for National Science and Technological Progress Award

Technologies for safe and efficient development of extra-large ultra-deep high acid gas fields & industrial applications

2017 First Prize for National Science and Technological Progress Award

High-Efficiency Exploration and Development in Fuling Large-scale Marine Shale Gas Field



China Building Construction Luban Awards(National Super Quality Awards)



China Ethical Enterprise Award Among China Top 100 Listed Companies

Rich Experiences

- **Fuling Shale Gas:** the first successful commercial shale gas project outside North America
- **Puguang Gas Field:** the largest marine-facies high-sulphur gas field in China
- **Shengli Oil Field Duplex Oil and Gas Project:** one of the largest oilfields with complex reservoir in China
- **Yuanba Gas Field:** the deepest marine-facies reservoir in China
- **North Ordos Oil and Gas Field:** the first horizontal well demonstration area in China
- **Shunbei Oil and Gas Field:** the deepest oil and gas field in Asia (Generally Over 8,000m)
- **Shengli Jiyang Shale Oil Project:** The national shale oil demonstration zone in China

Advanced Equipment

- **Geophysics:** **59** sets of seismic equipment, **161** sets of vibroseis, **670,000** collectors
- **Drilling:** **641** onshore drilling rigs, of which **334** capable for **7000m+** depth drilling, and **12** offshore drilling platforms
- **Logging:** **133** image logging systems, **521** sets of comprehensive logging instruments
- **Downhole operation:** **302** 2500+ fracturing vehicles, **75** well repair machines above 750HP, **7** offshore operation platforms

Strong R&D Capability

- **68** professor-level researchers
- **1,798** senior researchers
- **3,406** research, design, laboratory and development staffs
- **4** research institutes
- **3** design companies
- **53** professional technical institutes

Geophysics



Drilling Engineering



Logging and Mud Logging



Downhole Operation

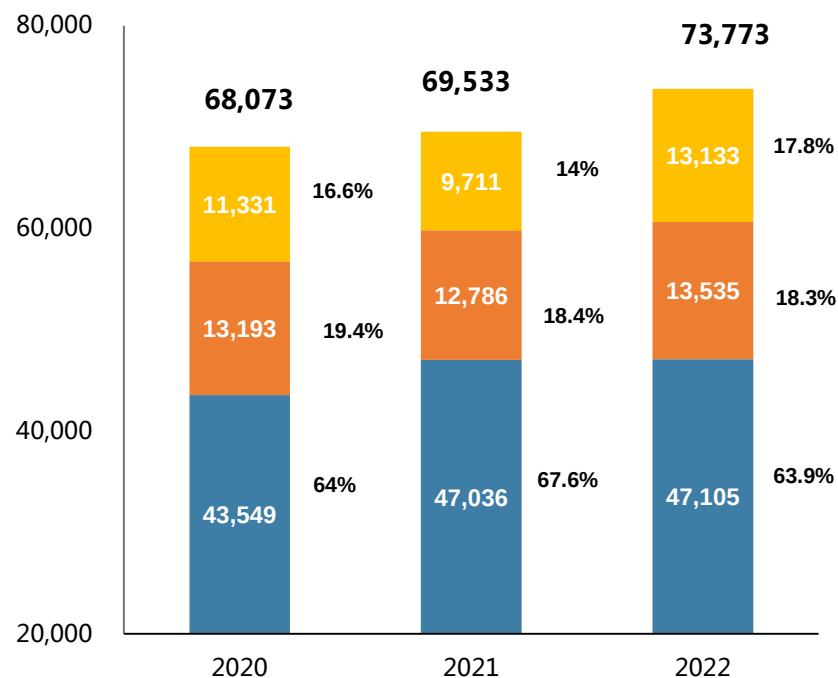


Engineering Construction



Operating Revenue

(RMB Million)



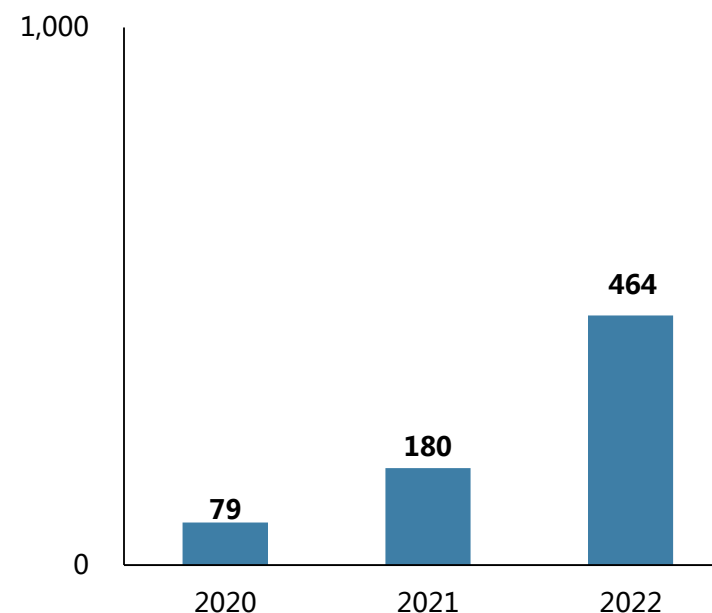
■ Sinopec market
■ Overseas market

■ Domestic external market

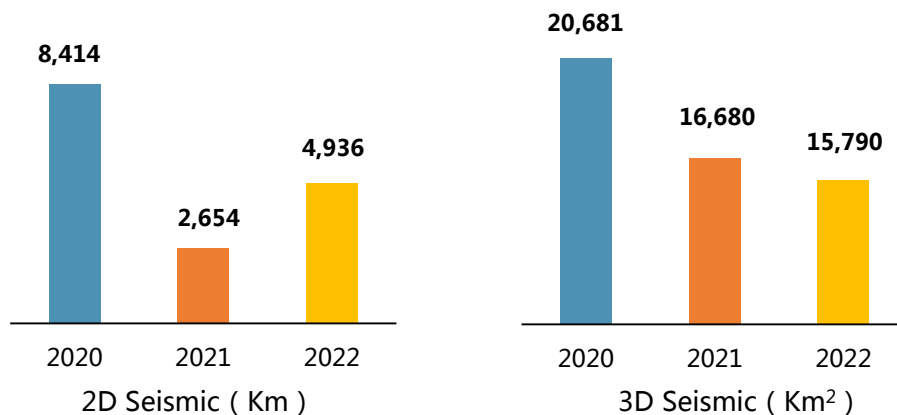
Net Profits

(RMB Million)

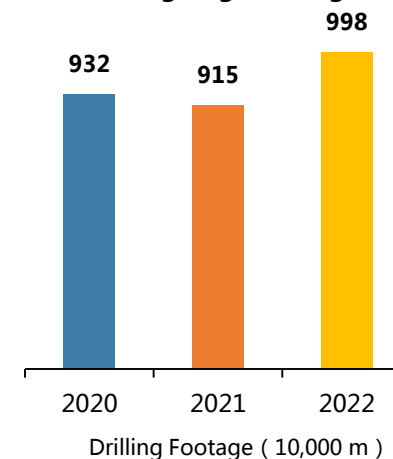
PRC ASBE



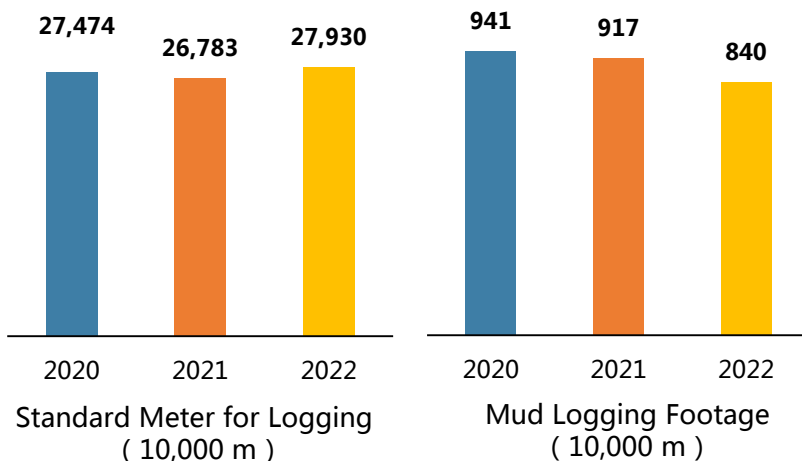
Geophysics



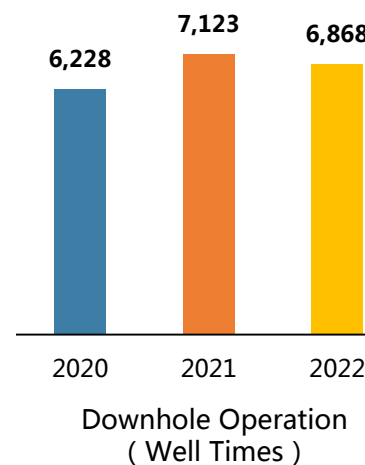
Drilling Engineering



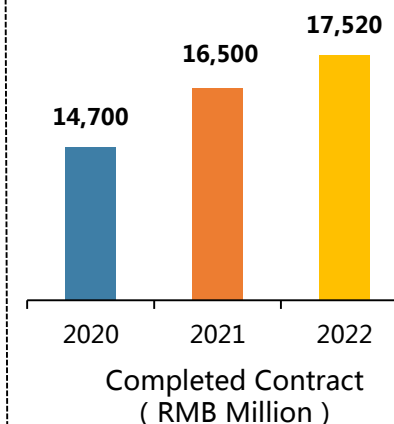
Logging & Mud Logging



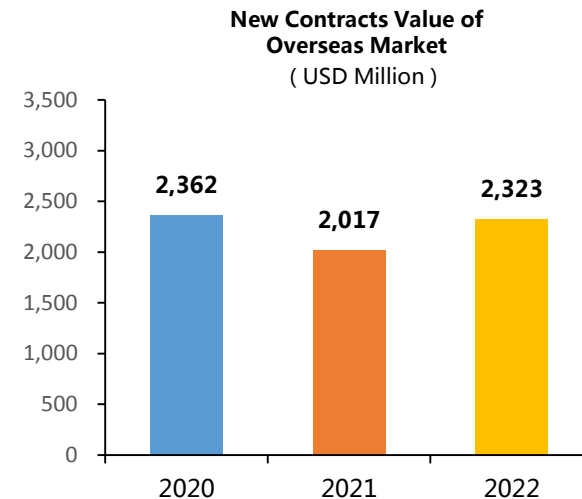
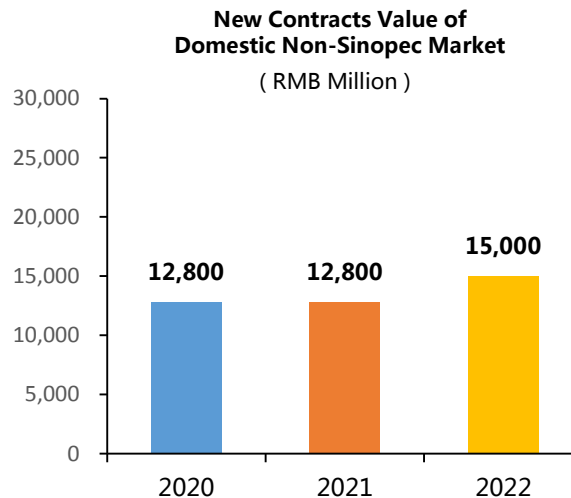
Downhole Operation



Engineering Construction



The annual newly signed contract value was 81 billion yuan in 2022, an increase of RMB 10.1 billion by 14% year-on-year.



● Domestic Sinopec market

- In the shale oil market, signed new contracts worth 2.47 billion yuan.
- Established the first green and low-carbon intelligent oil depot in China.
- Won the bid of 6.27 billion yuan for the natural gas pipeline project of Shandong pipeline network east trunk line.

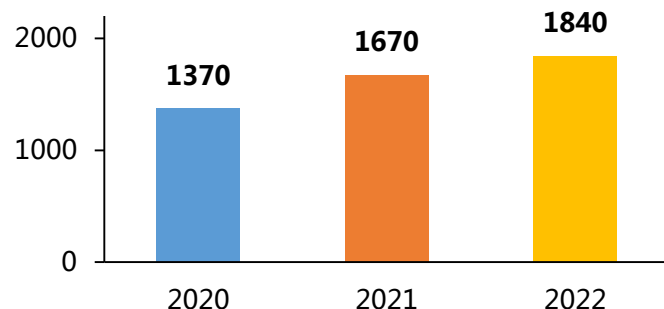
● Domestic non-Sinopec market :

- Shortlisted 112 professional teams of CNPC, CNOOC and PipeChina, further consolidated three large scale and efficient market.
- Newly signed contracts in the national pipeline network market amounted to 5.2 billion yuan.

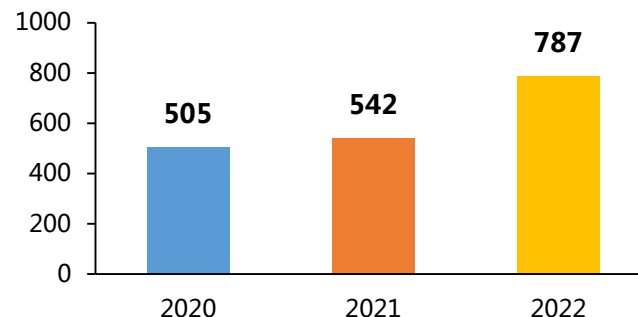
● Overseas Market :

- Signed the new contract of six unconventional gas drilling rigs in Saudi Arabia.
- Signed the new contract of 610 million dollars for oil and gas gathering and transport projects in Uganda.
- Signed the new contract of 830 million dollars for well drilling and workover projects in Kuwait.

R&D Expenses
(RMB Million)



Number of Patent Licenses Granted



● R&D system construction

- The Research Institute of Geological Measurement and Control Technology of Jingwei Company was included in the "Science and Technology Reform Demonstration Action" .
- Participated in the establishment of Sinopec 's CCUS (carbon capture, utilization and storage) and deep and ultra-deep well drilling and completion key laboratories.

● Key technologies

- The I-type rotary steering system has reached the international advanced level, realized "one-thousand-meter per drilling" .
- The ultra-deep high-temperature electrical imaging logging instrument can be used under 200°C working conditions.
- The company marched into the "deep ground engineering", built 22 wells over 8,000 meters depth in 2022, and drilled a total of 84 deep wells.

● Integrated supporting technologies

- Ultra-deep high-temperature electrical imaging logging tools and high-temperature MWD help Boshenxie well No.10 create the highest well temperature record in domestic construction.
- Shale gas ultra-long horizontal well drilling and completion technology set the longest domestic shale gas well horizontal section record (4,286 meters) .

● Digital transformation

- SICP online operated.
- Well site integration decision and command center, MRO Internet of Things helped the company improve quality and efficiency.



Established a project-based management system, coordinated and optimized market resources.

- The construction of the project-based management system has entered a comprehensive implementation stage.
- 75 drilling (workover) rigs have been reallocated among its subsidiaries, and more than 30 goods, equipment and logistics bases have been optimized and shared.



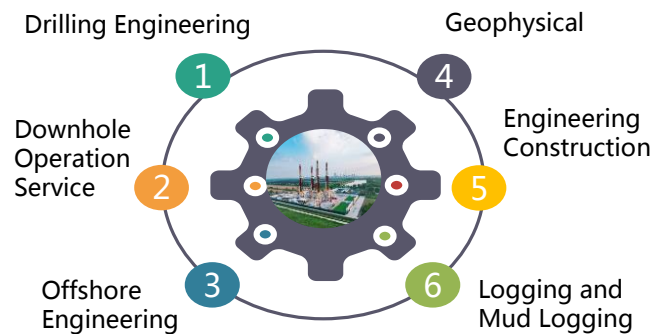
Strengthened top-level design and promote the development of featured businesses.

- Developed top-level design on featured businesses.
- Formulated guidance to the development of featured businesses.



Actively layout the future and seek transformation and development.

- Established a new energy R&D center to strengthen the research and development of low-carbon technology and invested in Sinopec Carbon Industry Technology Company.
- Participated in the overall design and pipeline construction of China's first million-ton CCUS project (Qilu Petrochemical-Shengli Oilfield CCUS Project).
- Participated in the construction of Sinopec Kuche green hydrogen demonstration project.
- Participated in the survey and design of 100,000 tons/year green hydrogen pipeline in Ulanqab.

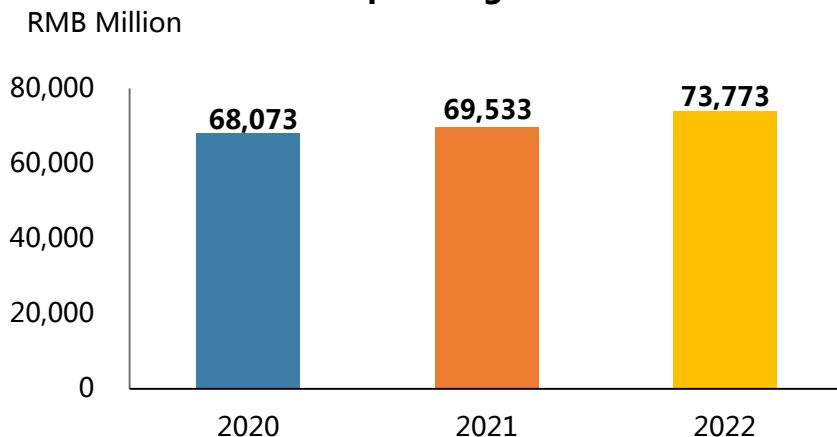


Qilu Petrochemical-Shengli Oilfield CCUS Project

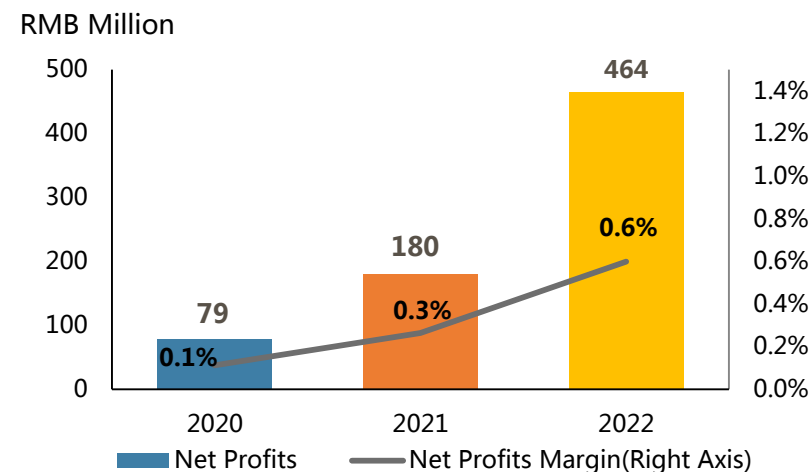
Section 2: Financials in 2022



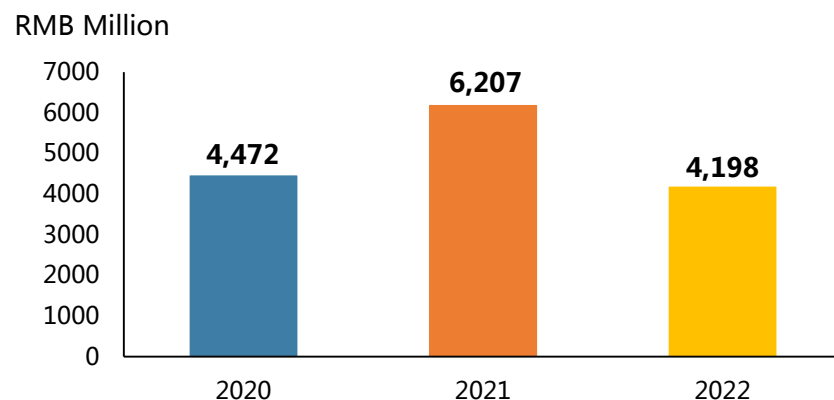
Operating Revenue



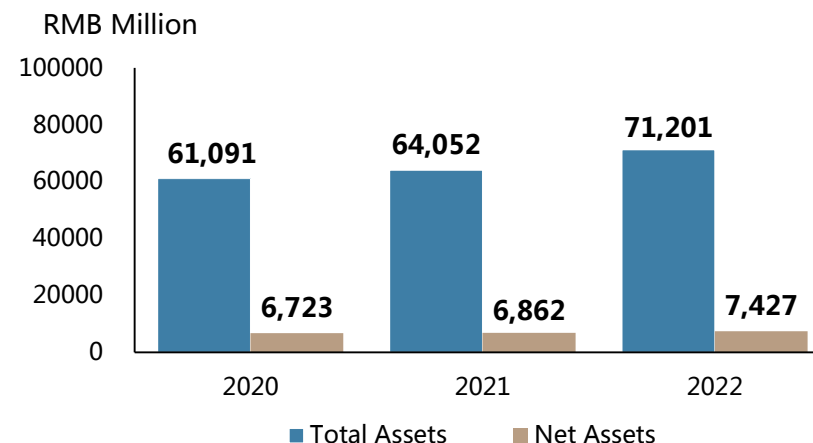
Net Profits & Margin



Operating Cash Flow



Total Assets & Net Assets



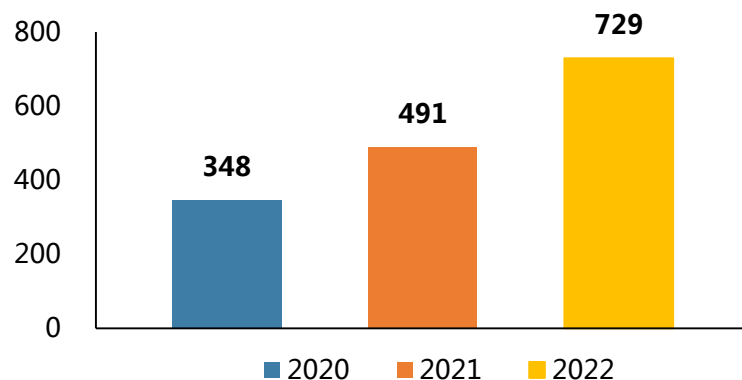
Profitability Continues to Grow



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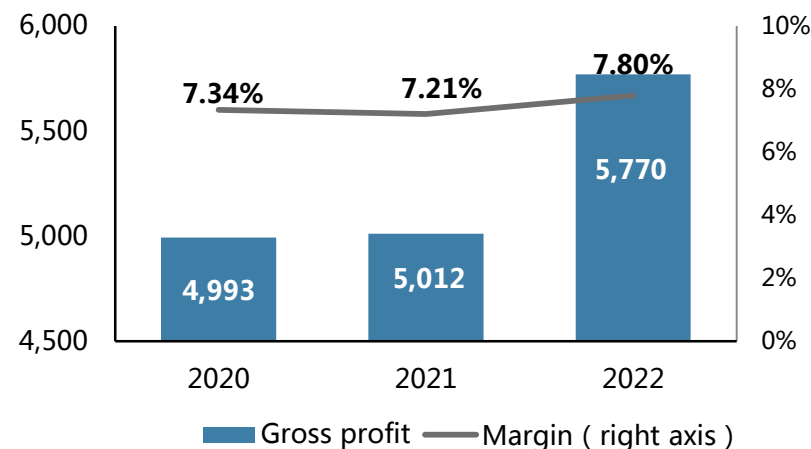
Total Profit

RMB Million

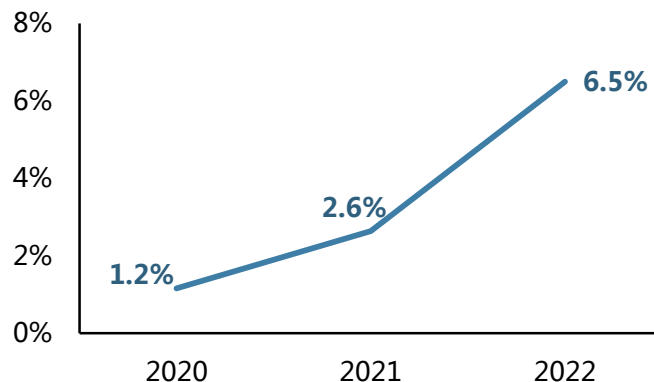


Gross Profit and Margin

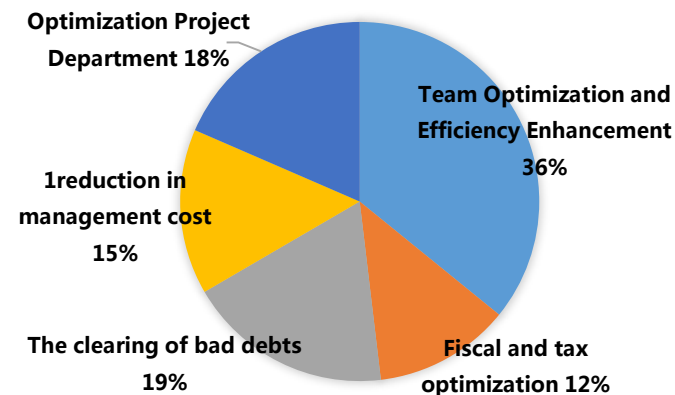
RMB Million



Return on Net Assets



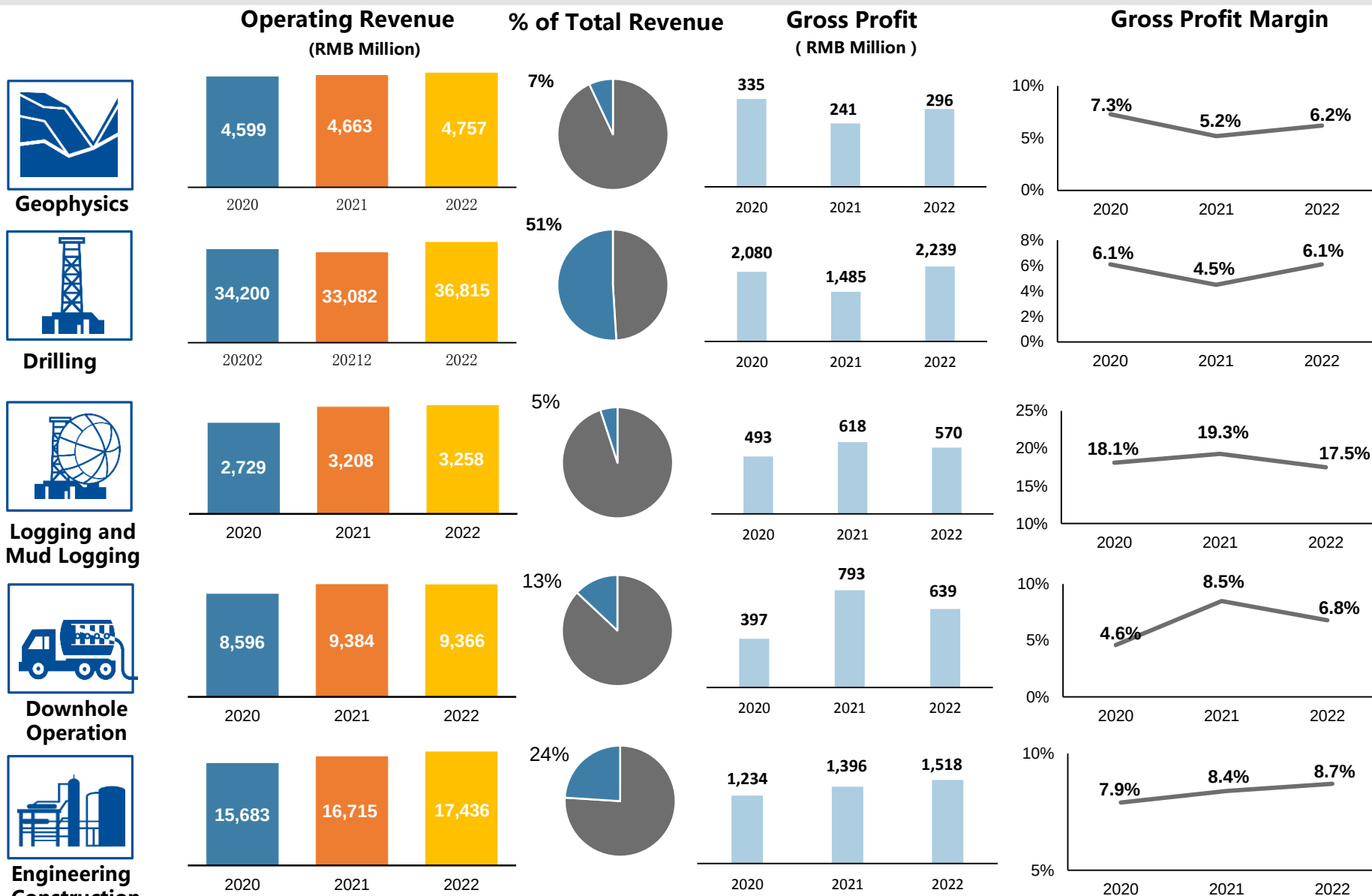
Reduce Costs and Fees by RMB530 million



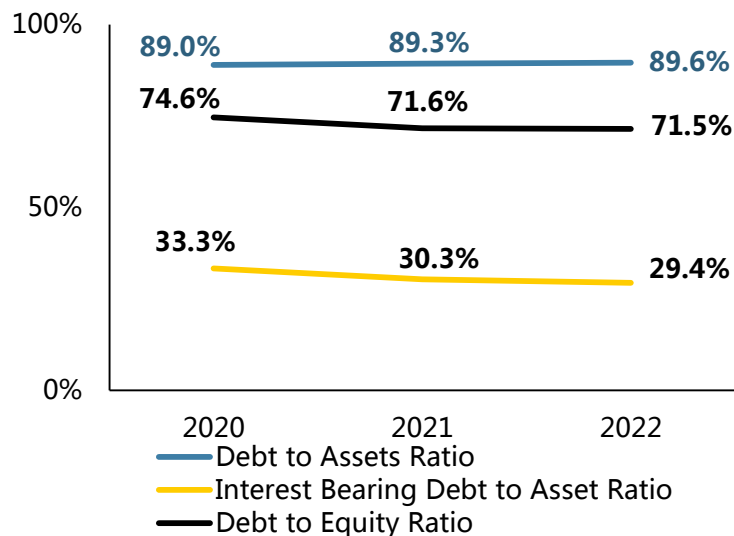
Financials of 5 Business Segments and Gross Profits



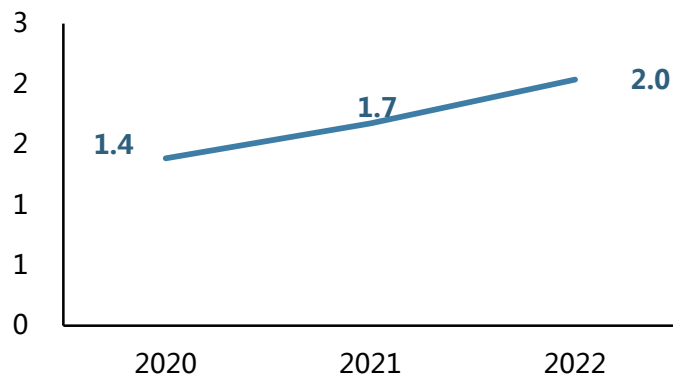
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Structure of Assets and Liabilities

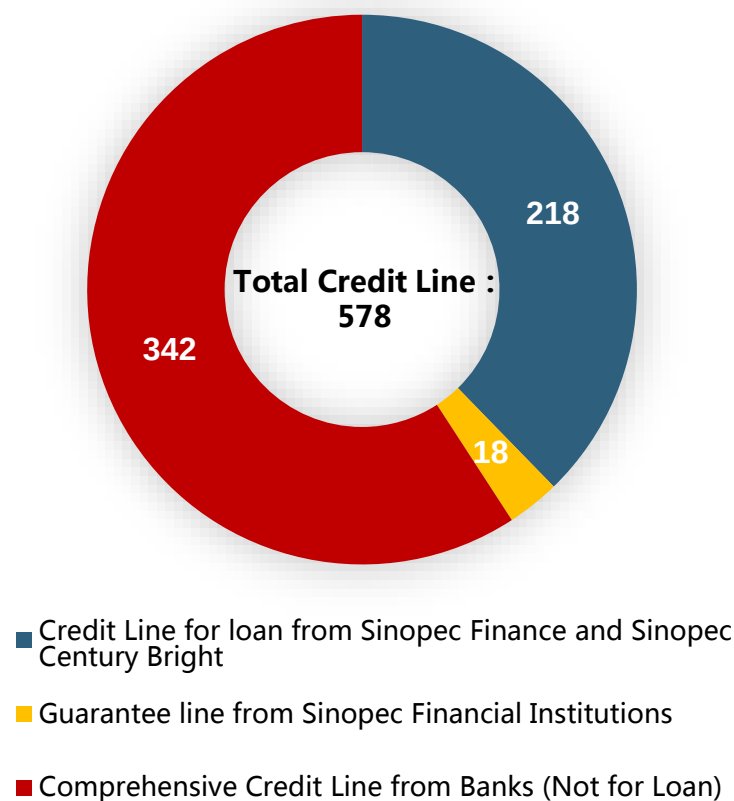


Interest Coverage Ratio



Credit Facility from Financial Institutions

(RMB 100 Million)

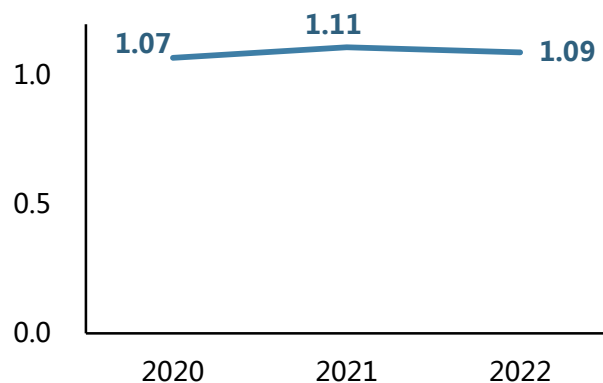


Steadily Increased Operating Capacity

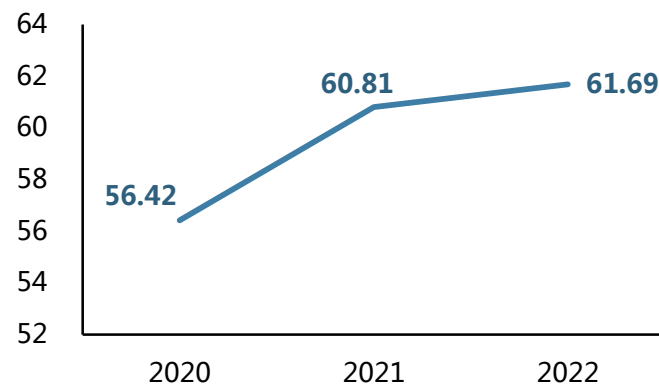


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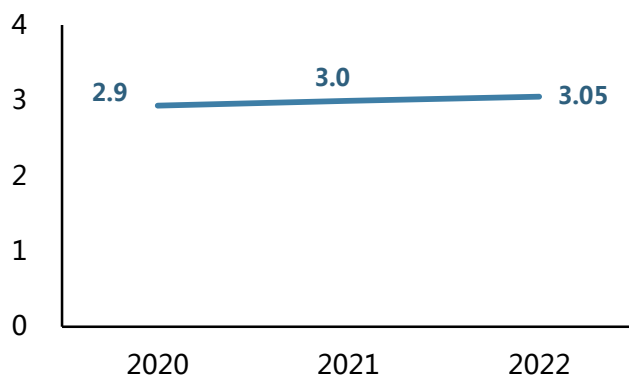
Total Asset Turnover



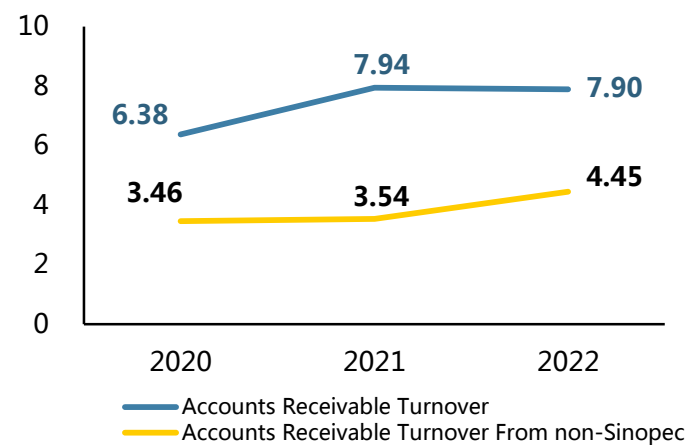
Inventory Turnover



Fixed Asset Turnover

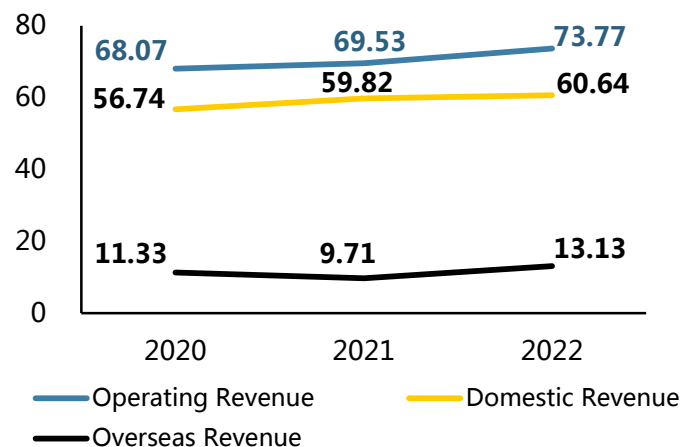


Accounts Receivable Turnover



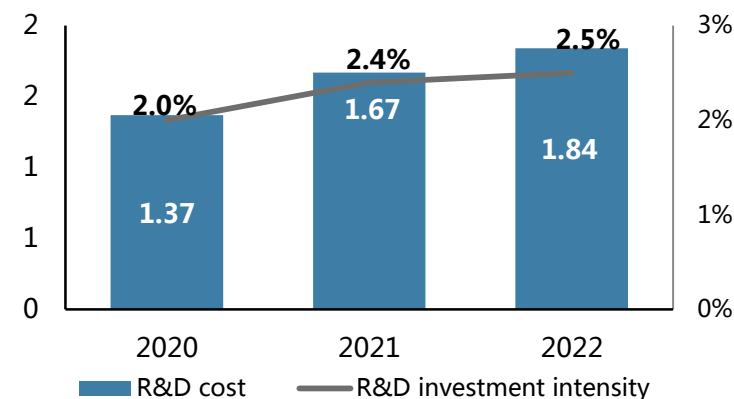
Operating Revenue

RMB Billion

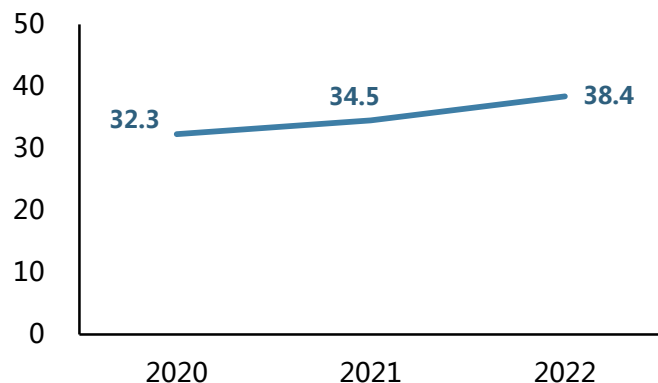


R&D Expenses

RMB Billion

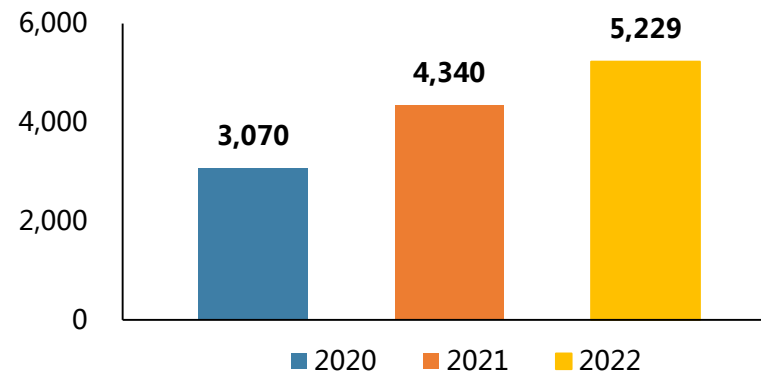


Overall Labor Productivity



Capital Expenditure

RMB Million

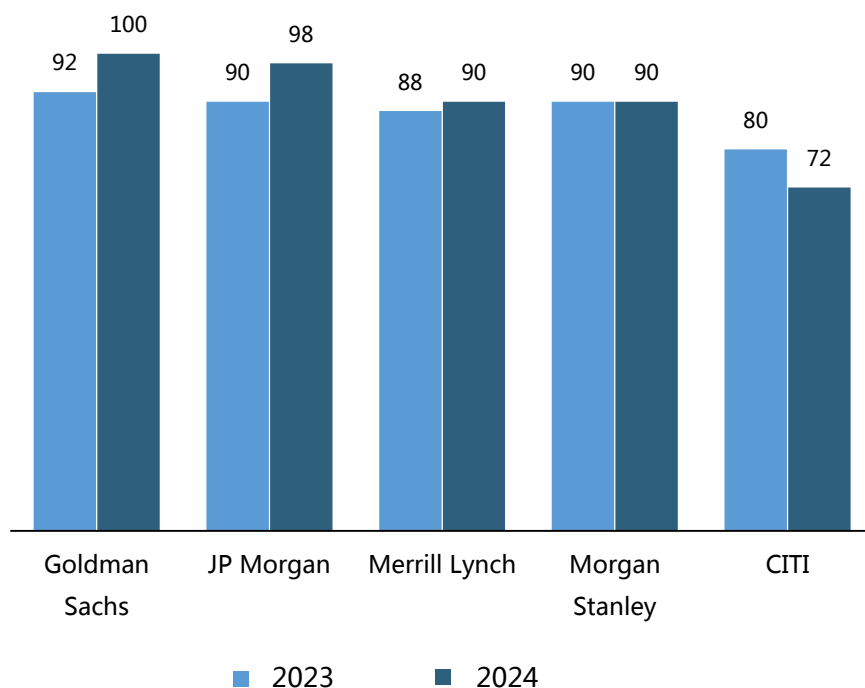


Section 3: 2023 Outlook



2023-2024 Brent Oil Price Outlook

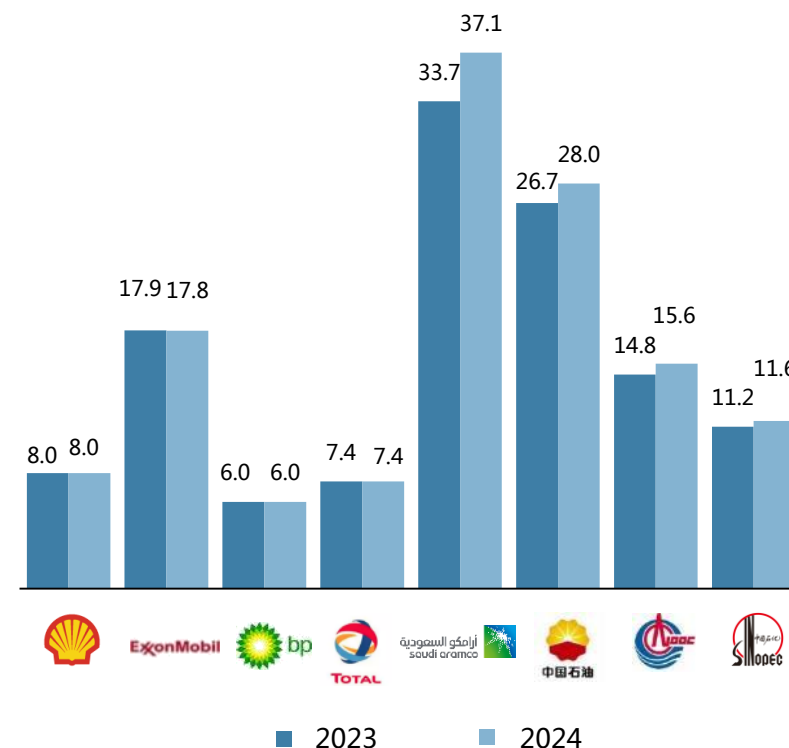
(USD/Barrel)



(Source : Reuters, URS)

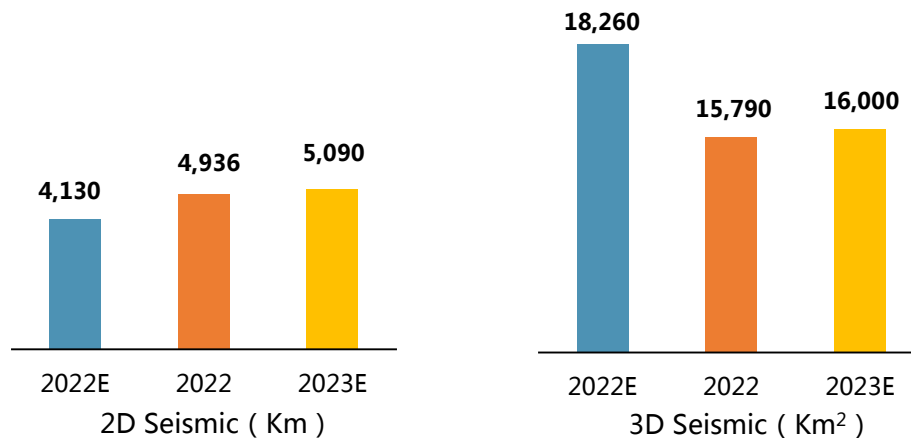
CAPEX Forecast for Major Upstream Companies

(USD Billion)

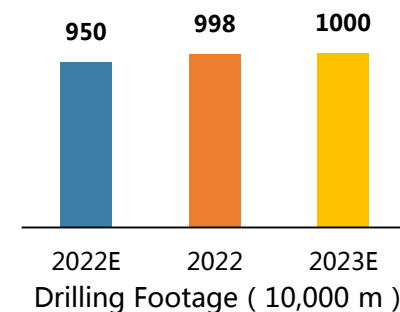


(Source : Morgan Stanley)

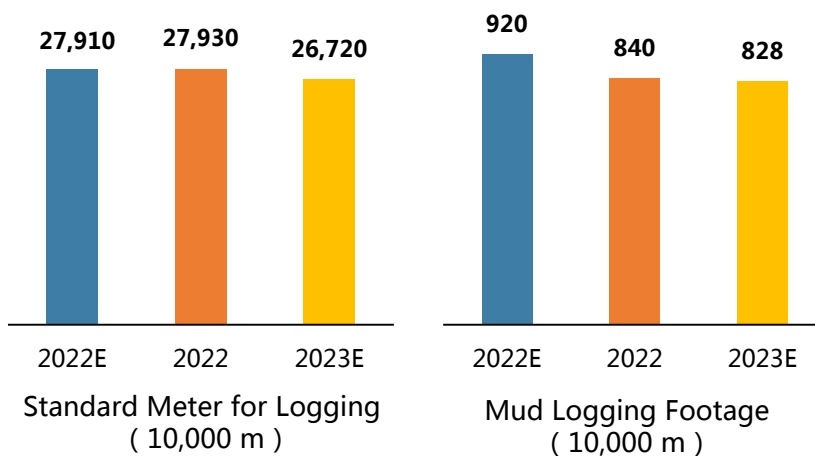
Geophysics



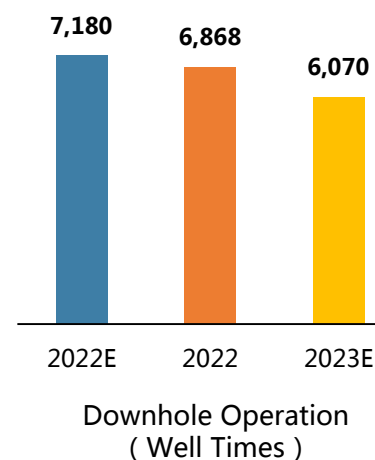
Drilling Engineering



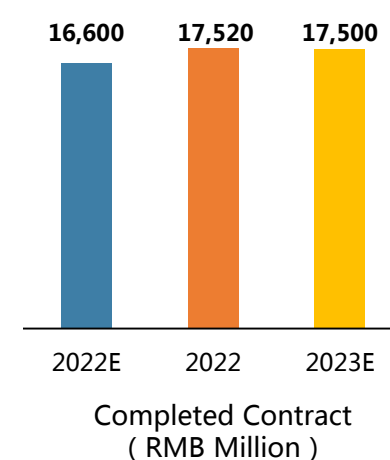
Logging & Mud Logging



Downhole Operation



Engineering Construction

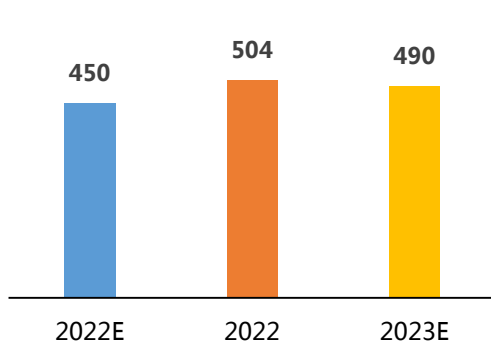


The planned new contracts in 2023 is 78 billion yuan.

Planned New Contracts Value in 2023 (RMB Billion)

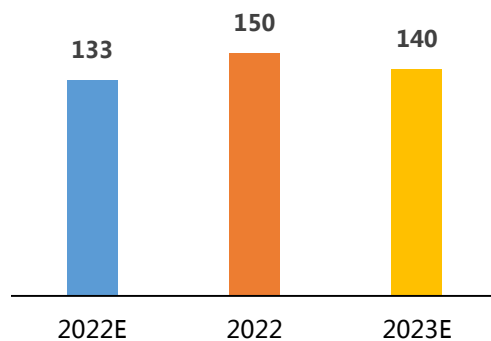
Domestic Sinopec Market

(RMB 100 million)



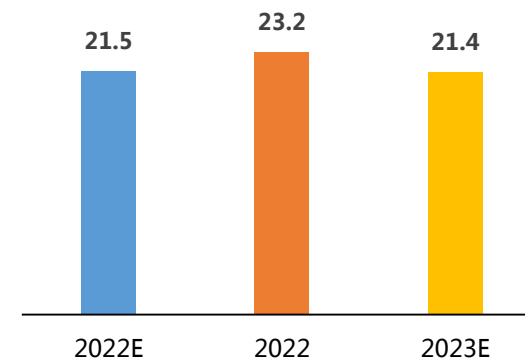
Domestic Non-Sinopec Market

(RMB 100 million)



Overseas Market

(USD 100 million)



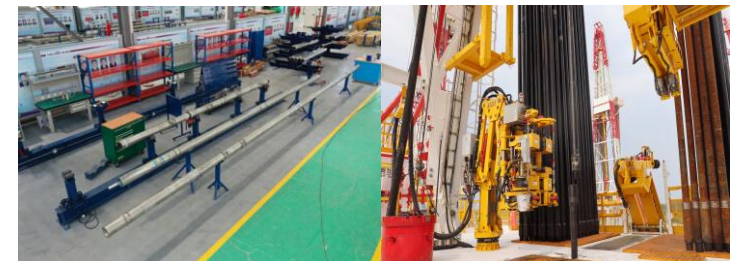
To focus on developing core technologies

- Iteratively upgrade integrated supporting technologies such as ultra-deep layers and shale oil and gas, strengthen research and development of high-temperature and high-deflection rotary guide, accelerate the localization of high-end equipment such as 200 °C high-temperature MWD.
- Support exploration and development towards "deep ground engineering" and "deep sea engineering" .
- Accelerate the development of cutting-edge technologies such as intelligent drilling and completion, and solve core engineering and technical problems.



To concentrate on improving the level of scientific and technological efficiency

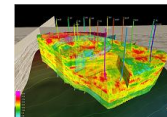
- Continue to expand the scope of application of independent technologies such as rotary guide and pipe column automation equipment.
- Make every effort to enhance the efficiency and brand influence of key product lines.



To promote the development of "two integration"

- Consolidate and expand the achievements of the SICP platform.
- Iteratively upgrade the well site integrated decision-making and command center.
- Actively create "digital oil service" .

Well earthquake
visualization



Production video
surveillance



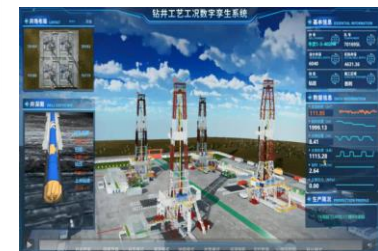
Horizontal well
geological guidance



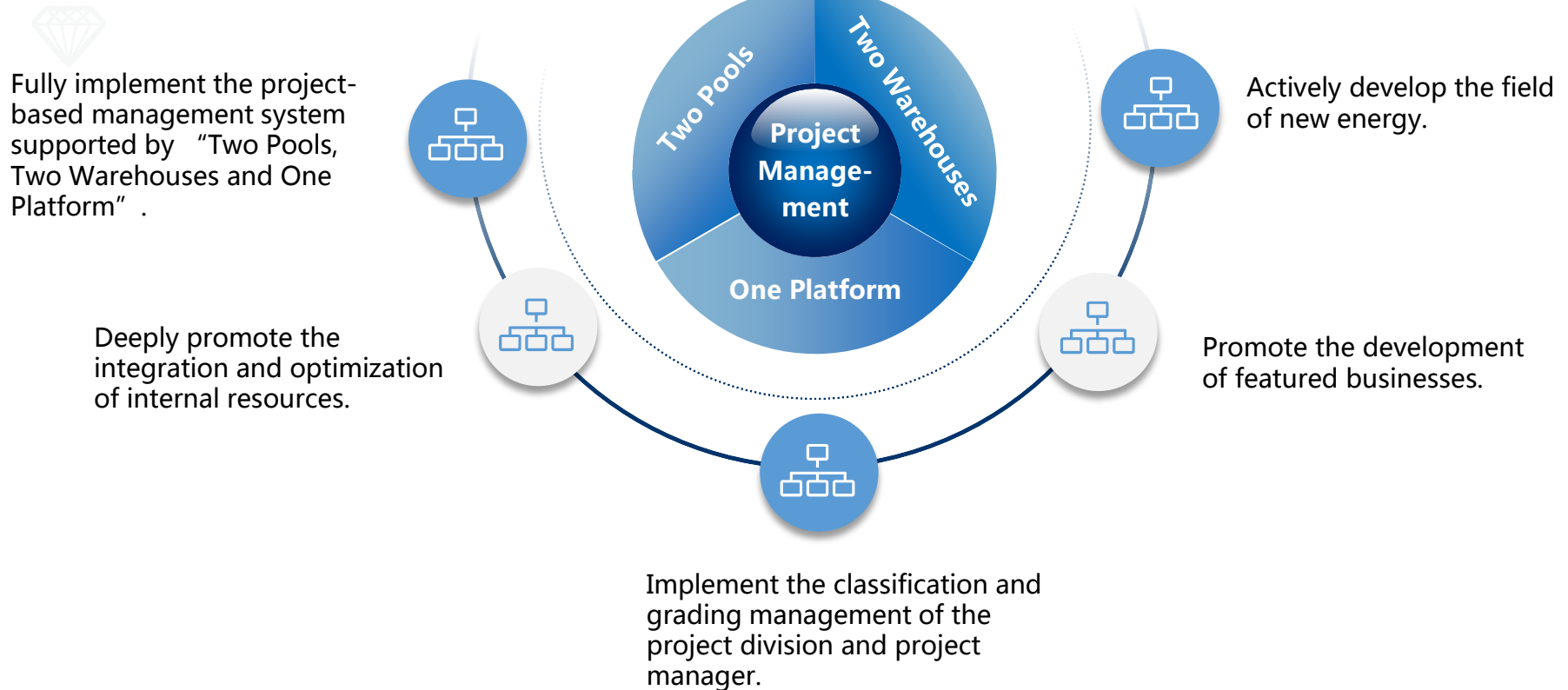
Project warning



Drilling digital system



"Talent Pool" "Fund Pool" "Equipment warehouse" "Material Warehouse" & Sinopec Integrated Cloud Platform





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