



中国石化
SINOPEC

中石化石油工程技术服务有限公司

SINOPEC OILFIELD SERVICE CORPORATION

2024 Interim Results Presentation

August 2024



This presentation and the presentation materials distributed herein include forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that Sinopec Corp. expects or anticipates will or may occur in the future (including but not limited to projections, targets, reserves and other estimates and business plans) are forward-looking statements. Sinopec Corp.'s actual results or developments may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties, including but not limited to price fluctuations, actual demand, exchange rate fluctuations, exploration and production outcomes, estimates of proved reserves, market shares, competition, environmental risks, changes in legal, financial and regulatory frameworks, international economic and financial market conditions, political risks, project deferral, project approval, cost estimates and other risks and factors beyond our control. In addition, Sinopec Corp. makes the forward-looking statements referred to herein as of today and undertakes no obligation to update these statements.

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Section 1: Operations in 1H 2024





Rich Experiences

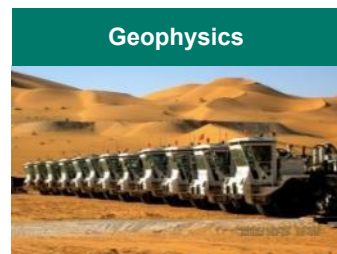
- **Fuling Shale Gas:** the first successful commercial shale gas project outside North America
- **Puguang Gas Field:** the largest marine-facies high-sulphur gas field in China
- **Shengli Oil Field Duplex Oil and Gas Project:** one of the largest oilfields with complex reservoir in China
- **Yuanba 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 first national shale oil demonstration zone in China
- **CCUS Project:** Completion of the largest flue gas CO₂ capture project in China and of the first million-ton, 100-kilometer supercritical CO₂ pipeline

Advanced Equipment

- **Geophysics:** 60 sets of seismic equipment, 156 sets of vibroseis, 660,000 geophone
- **Drilling:** 337 onshore drilling rigs capable for 7000m+ depth drilling, 10 offshore drilling platforms
- **Logging:** 133 image logging systems, 612 sets of comprehensive logging instruments
- **Downhole operation:** 360 2500+ fracturing vehicles, 76 well repair machines above 750HP, 8 offshore operation platforms
- **Engineering Construction:** 890 full-automatic welders, 1 straight pipe-laying machine , 2 pipe-laying vessels

Strong R&D Capability

- 69 professor-level researchers
- 2,038 senior engineers
- 3,367 R&D, design, and testing staffs
- 4 research institutes
- 3 design companies
- 5 Sinopec Key Laboratory



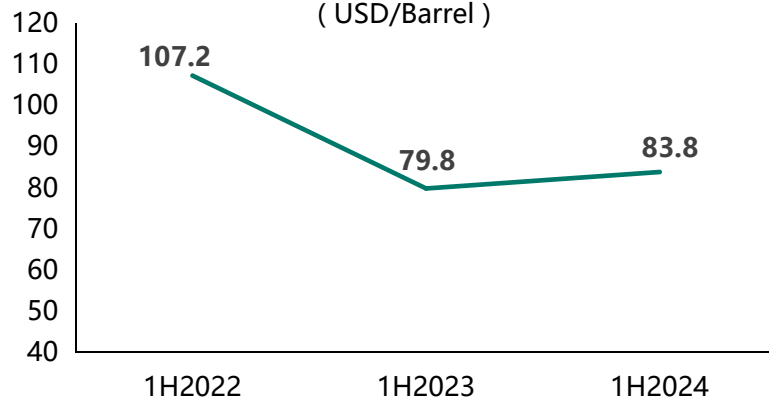
Overall Operation in 1H



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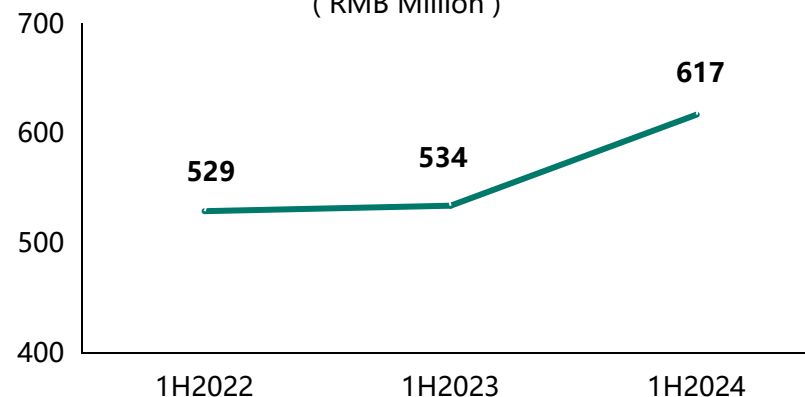
Average Brent Oil Price

(USD/Barrel)

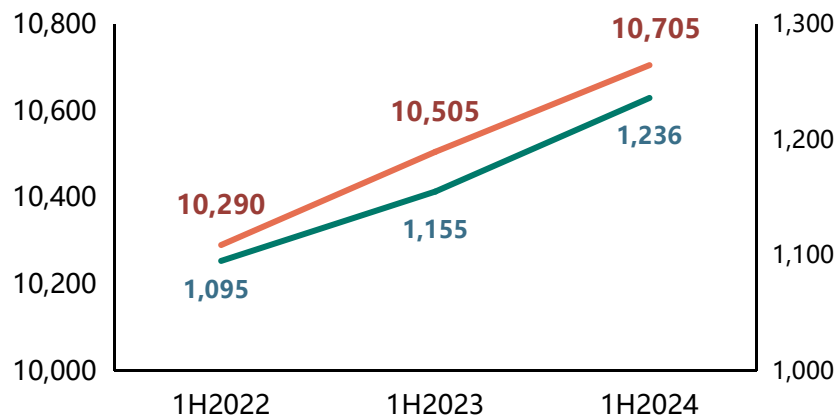


Operating Revenue

(RMB Million)

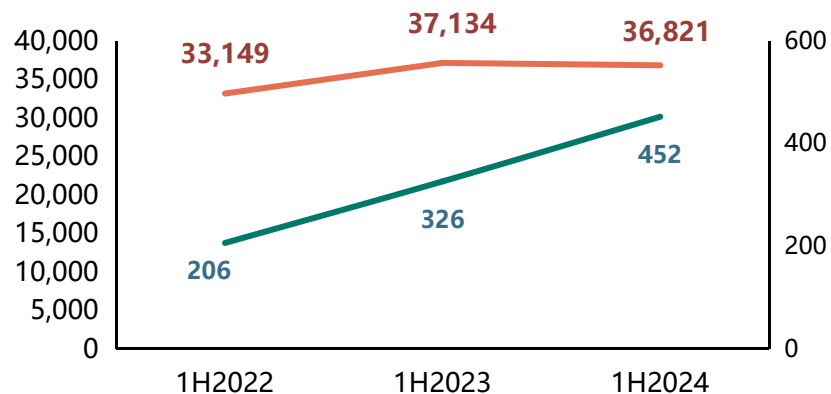


Domestic Oil And Gas Output



Operating Revenue & Net Profits

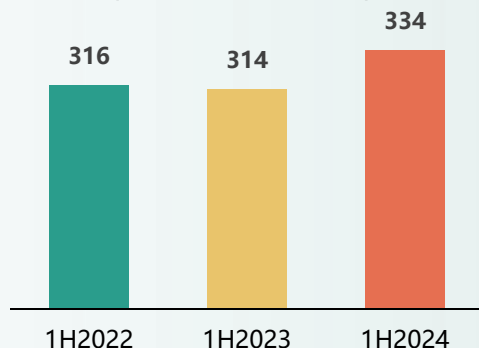
(RMB Million) PRC ASBE



— oil output (million tons, left axis)
— gas output (billion cubic meters, right axis)

— operating revenue (left axis)
— net profits (right axis)

Newly signed contracts (RMB 100 Million)

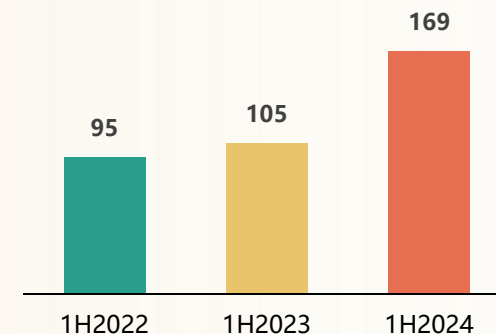


Market share in the first half of the year increased to 90.2%, value of newly signed contracts amounted to **RMB33.4 billion**, increased by 6.2% year-on-year.

- New breakthrough was achieved in the cooperative development of hard-to-recover reservoirs, with implementation of intensive well distribution, modular relocation, professional collaboration, mass construction and the use of advanced technical equipment such as key support for top drive and high power fracturing and prying, the fastest acceleration record was surpassed repeatedly with an addition of 54 target cooperative blocks. During the first half year, a total of 26.73 million tonnes of crude oil geological reserves were utilized, a total of 400,000 tonnes of crude oil production capacity were newly constructed, with a progress of 710,000 meters in drilling footage and realized win-win cooperation between parties A and B.

Domestic Sinopec Markets

Newly signed contracts (RMB 100 Million)



Value of newly signed contracts amounted to **RMB16.9 billion** in the first half of the year, increased by 61.4% year-on-year.

- Value of newly signed contracts in the high-end technical service market reached RMB11.8 billion, increased by RMB6.6 billion year-on-year, including projects such as integrated 3D seismic interpretation, high-end perforation, offshore logging and large-diameter long-distance pipeline.
- With the integrated service capabilities of 3D seismic acquisition, processing and interpretation, a geophysical exploration project worth RMB 200 million for Xinjiang Energy was newly signed. A new record of longest drilling footage for a single drilling trip was set by the domestic rotary steering tool in the Jiaoye 18-S11HF well. By leveraging on brand advantages, the bidding for a rotary steering tool service project for shale gas horizontal wells of PetroChina in Sichuan and Chongqing was won for the first time in the amount of RMB 80 million. Domestic advanced welding technology and processes helped the signing of a new general contracting project in the amount of RMB1.9 billion for the construction of the Sichuan-Chongqing-Hubei natural gas pipeline section of the National Pipeline Network Sichuan-Eastern Gas Transmission Line 2.

Domestic Non-Sinopec Markets

Value of newly signed contracts amounted to **US\$1.61 billion**.

- The Company's strong technical strength, excellent construction performance and strict safety management have been recognized by major overseas oil companies. It has won the "Safe and High-Quality Drilling" award many times, and the average daily rate of the drilling and workover team is over 99.5%.
- China's leading drilling and completion technologies for deep wells, ultra-deep wells, sour gas wells and unconventional wells have accelerated the pace of "going global", and obtained the qualifications for general contracting of drilling service from Saudi Aramco and for all-terrain seismic acquisition and drilling fluid service from KOC.
- The five major regional markets of the Middle East, South America, Africa, Central Asia and South Asia are increasingly consolidated, with accelerated expansion in high-quality markets such as Saudi Arabia, Kuwait and Ecuador. The successive signing of an extension contract for Saudi Aramco's unconventional gas well drilling rigs, winning bids for Saudi Aramco's natural gas pipeline network, KOC's development well and deep well drilling rig projects and renewal of the general contracting project with Ecuador SACHA have promoted the synergistic development of the four major businesses of wellbore, geophysical exploration, ground and reservoir comprehensive services.

Overseas Markets





Rapid breakthroughs in core technologies

- Casing drilling technology was applied to a total of 14 wells, shortening the drilling cycle by more than 20%, and built a "one-trip drilling" casing drilling technology system. The full-process casing drilling technology has overturned the traditional drilling operation process, greatly shortened the operation cycle and reduced drilling costs.
- The self-developed rotary geo-steering drilling system was selected as one of the top ten landmark achievements in national oil and gas exploration and development in 2023 released by the National Energy Administration. It has been applied to a total of 249 wells, with a footage of 310,000 meters and a maximum single-trip drilling time of 325 hours, achieving new improvements in product performance.



Shale oil technology has been constantly improving

- According to the characteristics of different formations, the drilling fluid system is optimized, new tools and processes are applied to improve drilling efficiency. High-end equipment such as variable frequency centrifuges are introduced to transform and upgrade the equipment to meet the construction requirements of high pump pressure and large displacement for rapid drilling.
- The drilling cycle of Fengye 1-10HF well is 19.19 days, which has been reduced from the initial 70 days to less than 20 days, setting the fastest record for domestic terrestrial shale oil horizontal well drilling construction. By continuously increasing speed, efficiency and management efficiency, low-cost and large-scale development of shale oil have been achieved.

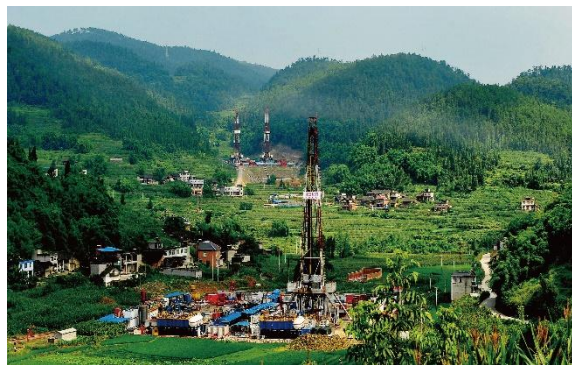


Collaboration accelerates the transformation of achievements

- The internal mutual supply rate of high-end instruments and tools such as high-temperature logging was increased from 20% to 76%.
- The 40,000-tonne chemical agent industrialization base in Shengli Shikou was completed and commenced production, the production capacity of the Zhongyuan chemical agent industrialization base reached 70,000 tonnes which effectively improved the self-sufficiency rate of chemical additives.
- 63 new technologies and 64 new products achieved a total output value of RMB2.1 billion in the first half of the year.

Increased control on costs and expenses

- By means of lean management and internal reform, production costs and non-production expenses were under strict control, achieving a cost reduction of RMB410 million and a year-on-year decrease of 0.61 yuan in operating costs per RMB100 of revenue.



Optimization of human resources fully rolled out

- Focusing on maximizing the value of human resources, one policy for one enterprise, the “eight paths” of optimized coordination were implemented, such as continuous reduction of institutional team, transfer of external contracting to self-operation, exporting contracting business and dismissal of project-based employees. In the first half of the year, 3677 employees were optimized and revitalized, export of contracting business achieved the benefits of RMB 225 million.



Improvement and upgrade of assets and equipment

- Asset operation branch was set up to build a platform for equipment leasing, adjustment and revitalization, scrapping, disposal and recycling; adopt the models of market-for-service and industrial-financial cooperation to optimize and reduce equipment investment and effectively alleviate funding pressure.



Vigorously promote green development

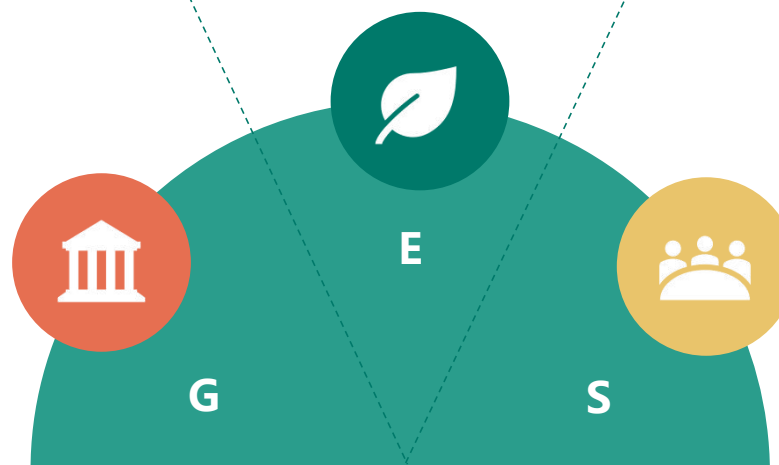
- The domestic grid-connected electric drilling rigs accounted for 64% of the drilling footage, and the electric-driven fracturing accounted for 56%, reducing carbon emissions by 163,000 tonnes year-on-year. The "energy efficiency doubling" plan such as distributed photovoltaic power generation was promoted, and the comprehensive energy consumption per RMB10,000 industrial output decreased by 5.6% year-on-year.

Continue to improve corporate governance

- Continue to improve the construction of the compliance management system, focus on improving the quality of information disclosure, and actively communicate with investors; promote the policy of director diversity. There are 2 female directors in the new board of directors, accounting for 22.2%, and decision-making of the board of directors has become more scientific.

Actively fulfilling social responsibility

- In response to the call of the State for implementing rural revitalization strategy, further assistance for education and consumption continued. In the first half of the year, RMB 1 million was donated to the Sanhekou Town School in Mabian Yi autonomous county of Sichuan Province; and rural poverty alleviation products worth RMB 12 million were purchased

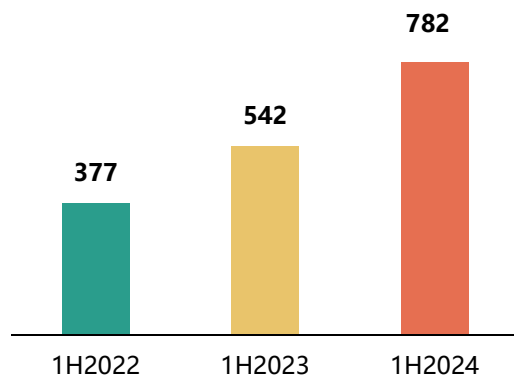


Section 2: Financials in 1H 2024

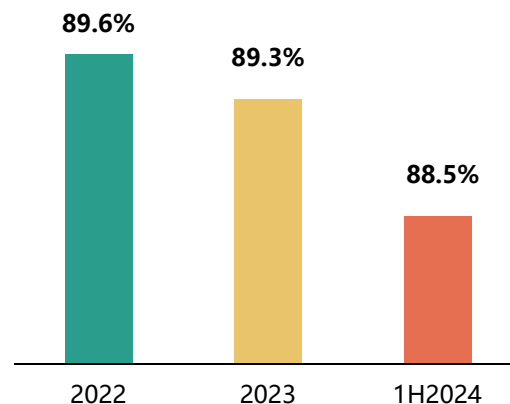


Total profit

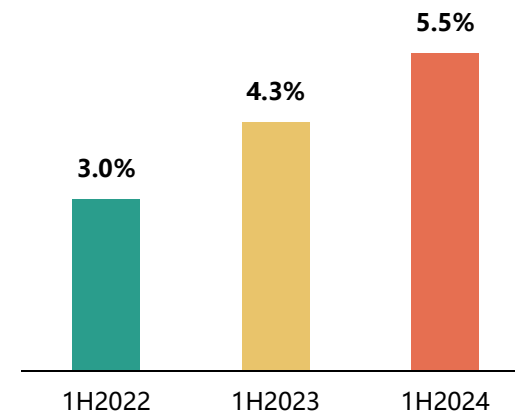
(RMB Million)



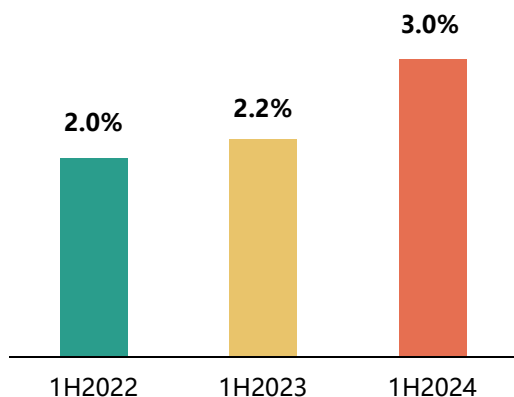
Gearing ratio



Return on net assets

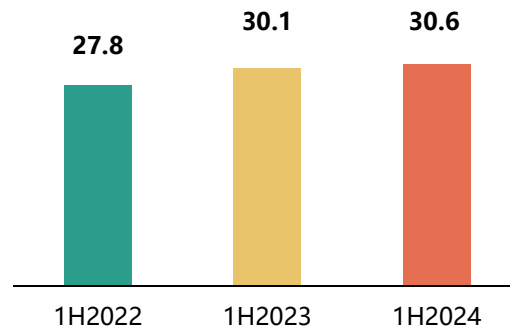


R&D investment intensity

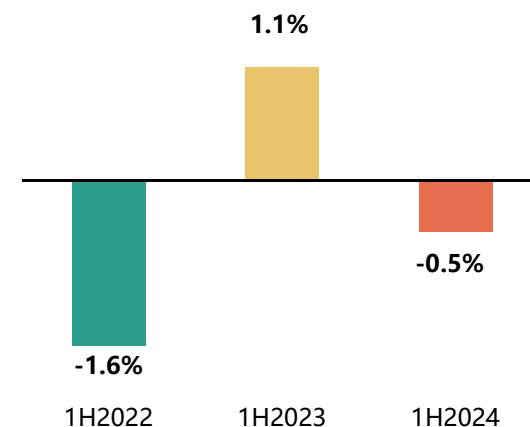


Overall labor productivity

(RMB Thousand / Person *Year)



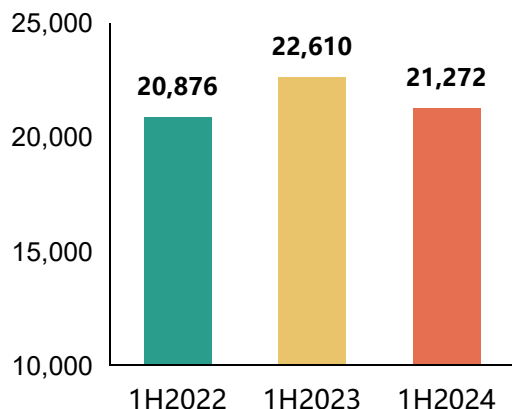
Operating cash ratio



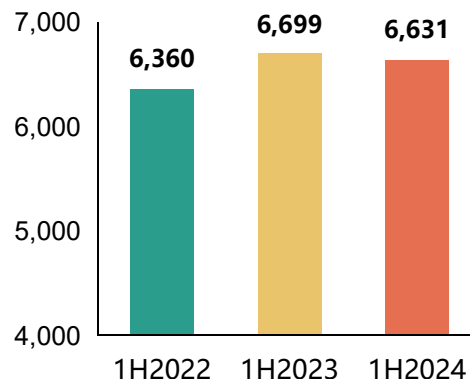
Operating Income trend

(RMB Million)

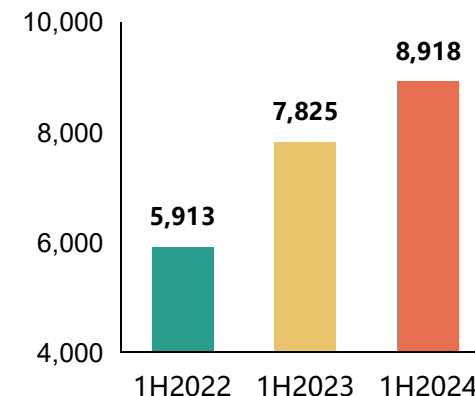
Domestic Sinopec Markets



Domestic Non-Sinopec Markets

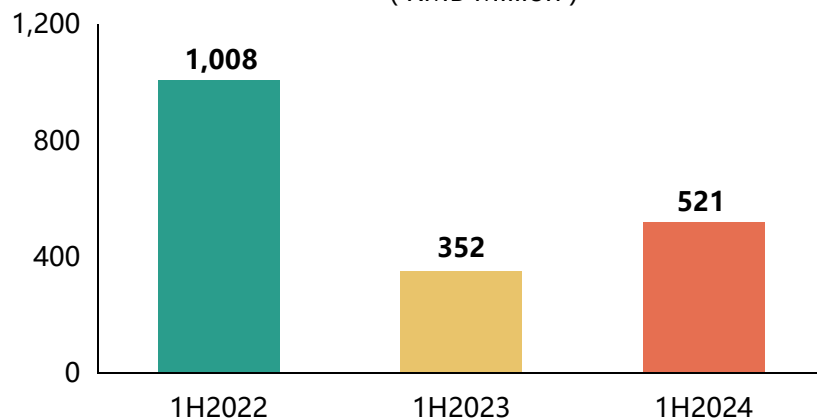


Overseas Markets



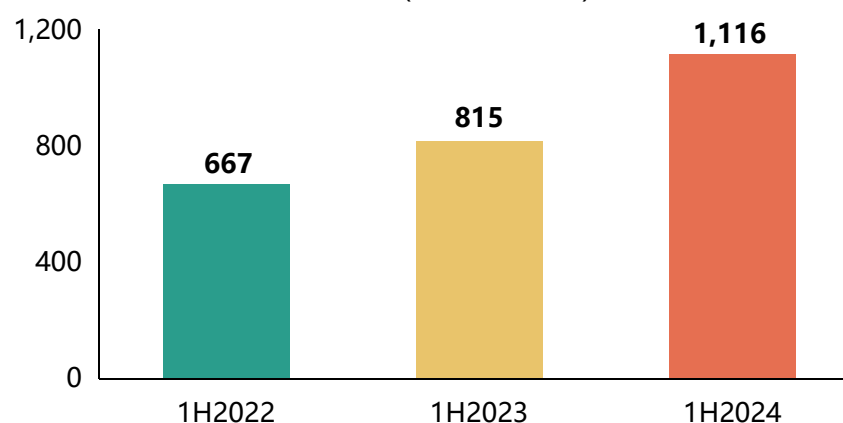
Capital Expenditure

(RMB Million)



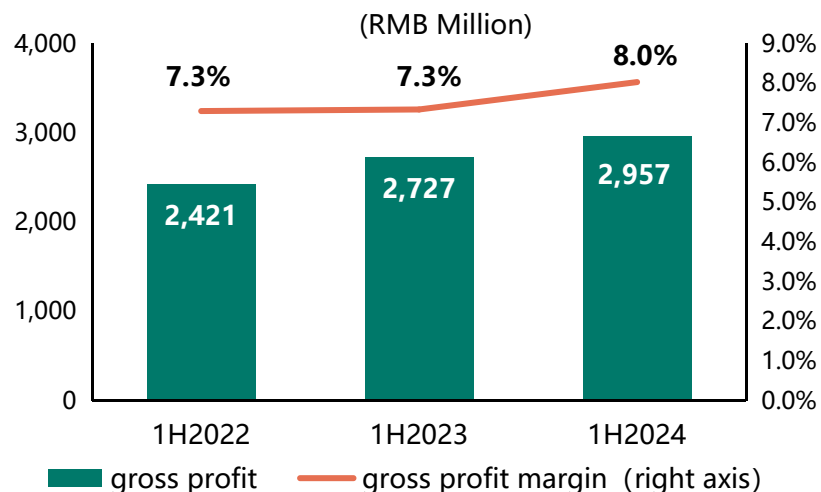
R&D Expenses

(RMB Million)

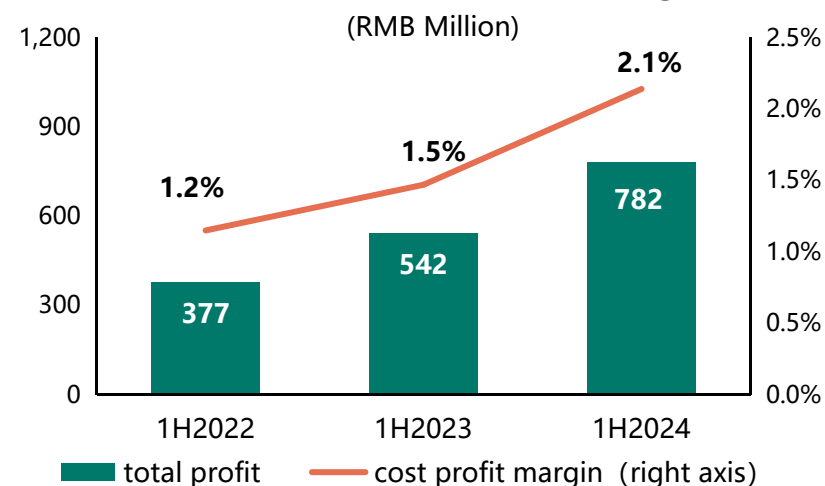


Profitability Continues Growing

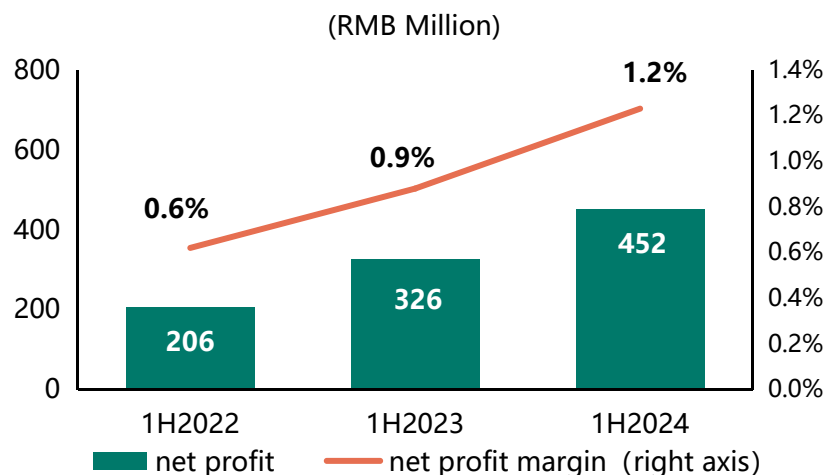
Gross profit and gross profit margin



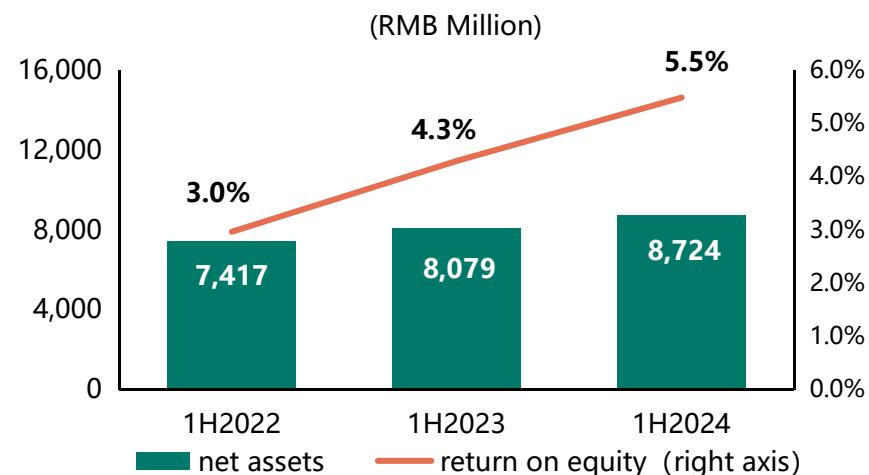
Total profit and cost profit margin



Net profit and net profit margin



Net assets and return on equity



Analysis of 5 Business Segments

Operating Revenue
(RMB Million)

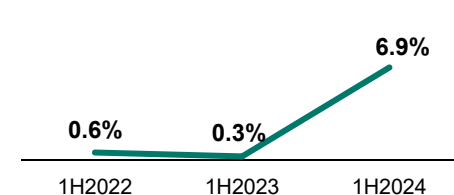
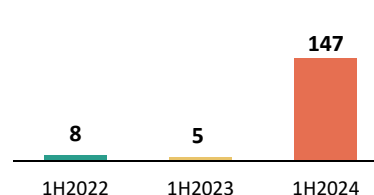
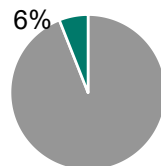
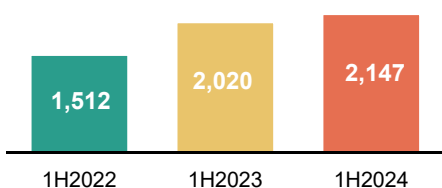
% of Total Revenue

Gross Profit
(RMB Million)

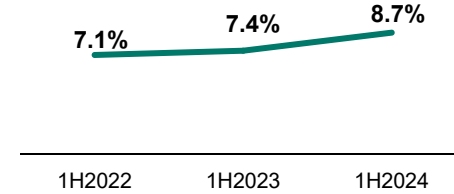
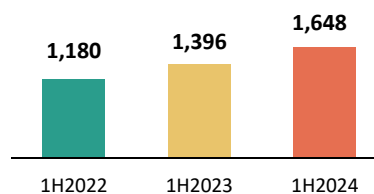
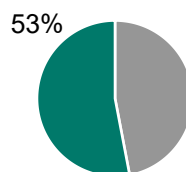
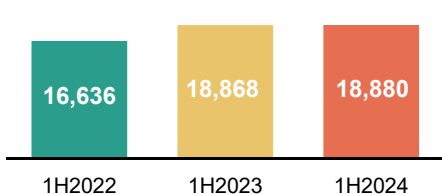
Gross Profit Margin



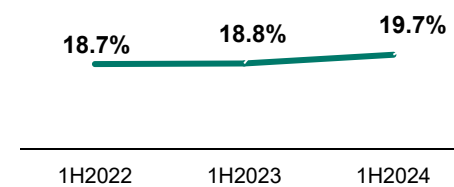
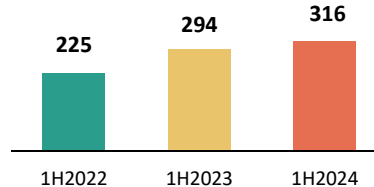
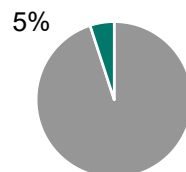
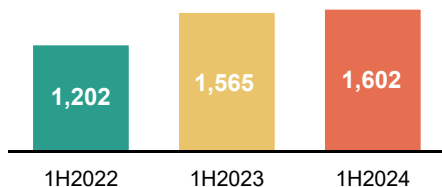
Geophysics



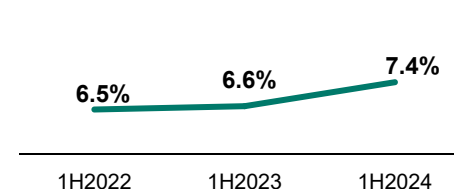
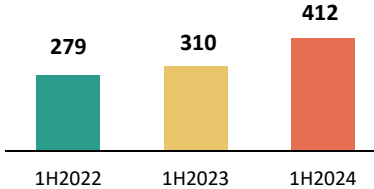
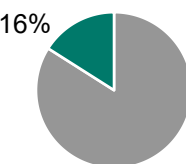
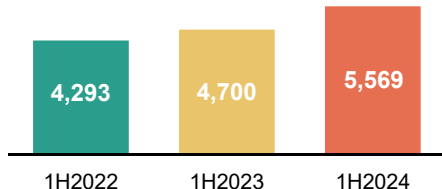
Drilling



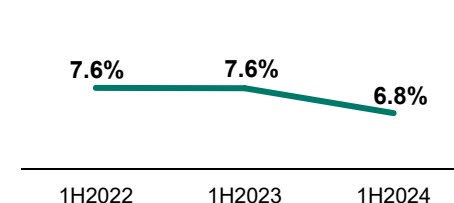
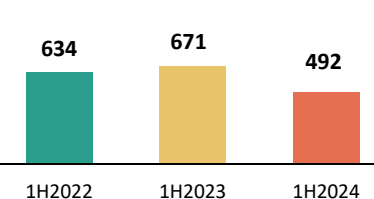
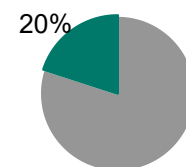
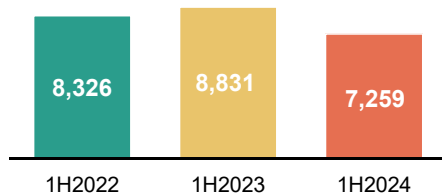
**Logging and
Mud Logging**



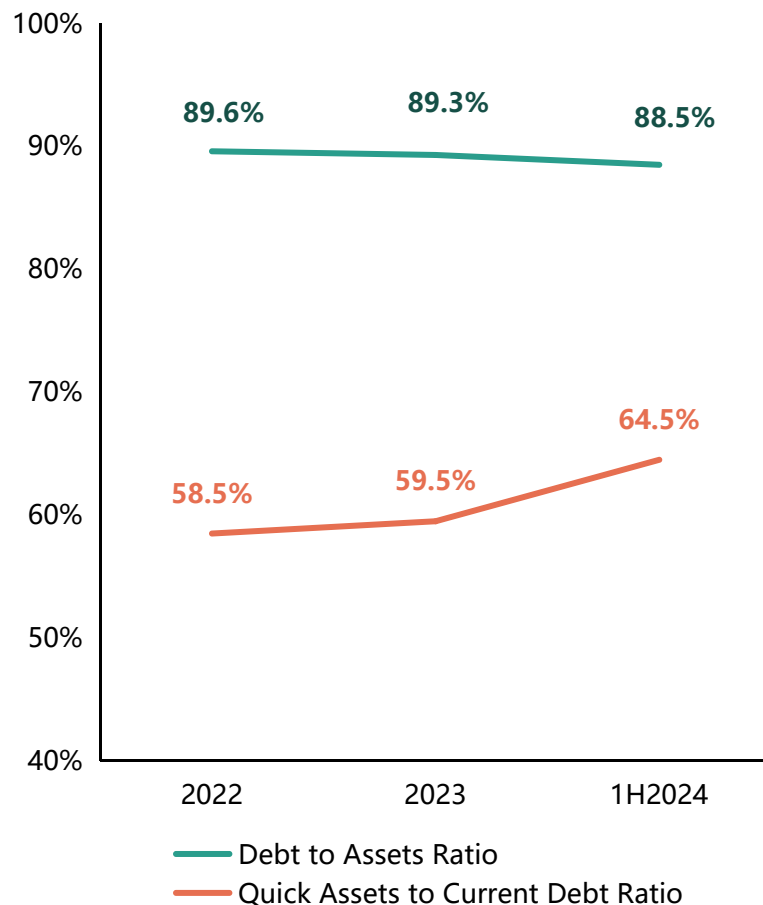
**Downhole
Operation**



**Engineering
Construction**

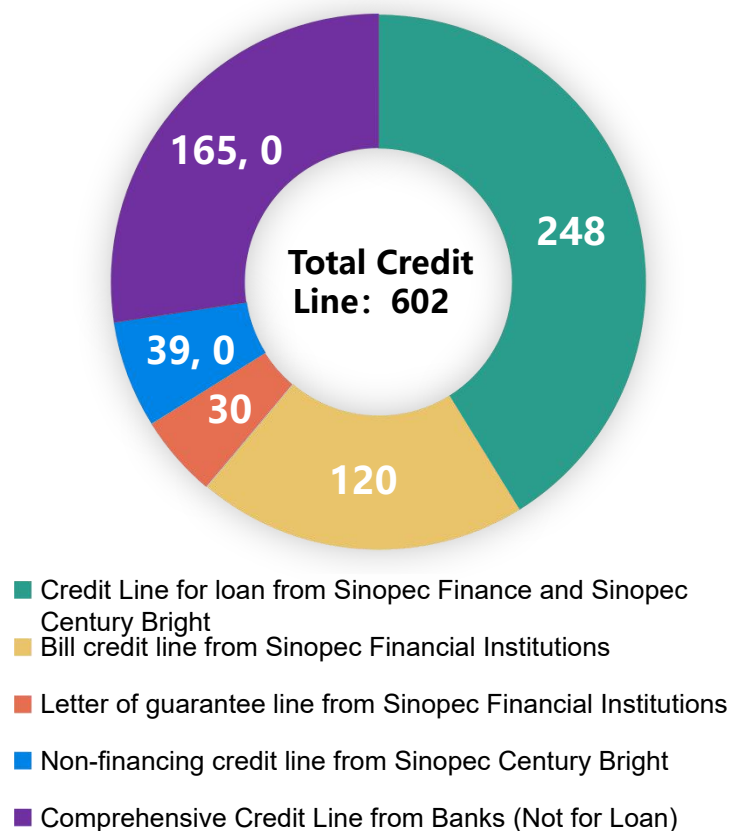


Structure of Assets and Liabilities



Credit Line from Financial Institutions

(RMB 100 Million)

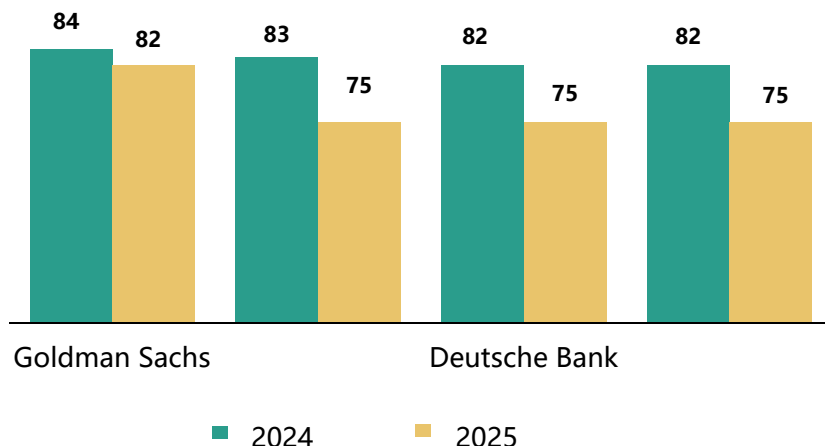


Section 3: Outlook for 2H 2024



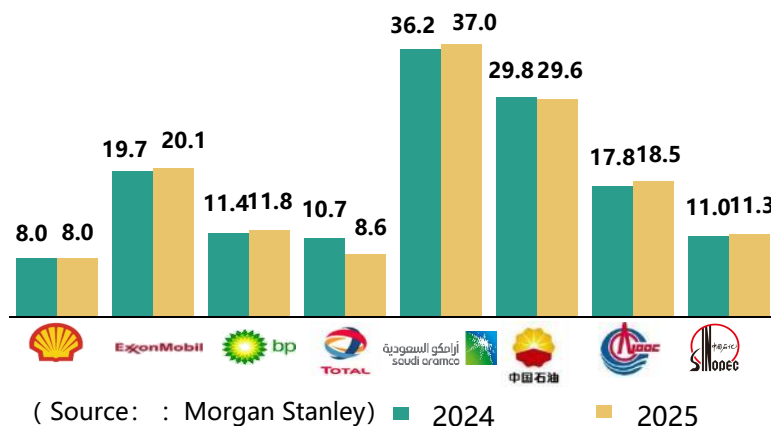
Brent Oil Price Outlook

(USD/Barrel)



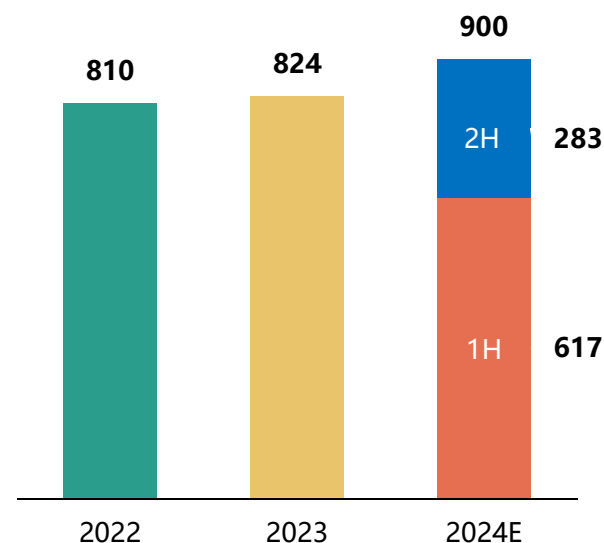
CAPEX Forecast for Major Upstream Companies

(USD billion)



Newly signed contracts

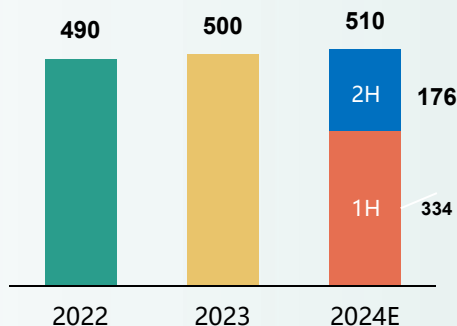
(RMB 100 Million)



Plan to sign new contracts worth more than RMB28.3 billion in the second half of the year and more than RMB90 billion for the full

Consolidate and expand the domestic market base

Newly signed contracts
(RMB 100 Million)

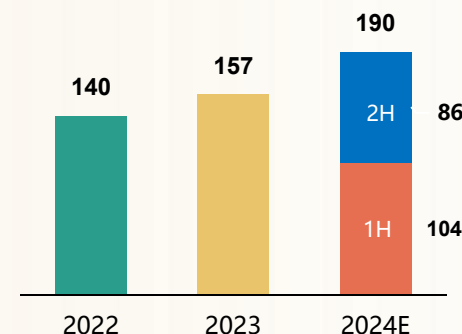


Seek win-win results through cooperation, and plan to sign new contracts worth more than RMB17.6 billion in the second half of the year.

- Cooperative development of hard-to-recover reserves will be fully implemented to promote intensive well-distribution through large platforms, modular relocation and mass construction technologies. Cooperative development efforts will be increased for hard-to-recover blocks, such as Shengli East, Shengli Shale Oil, Western Sichuan Tight Gas and Southern Sichuan Shale Gas. We plan to utilize 48 million tonnes of crude oil reserves and 540,000 tonnes of new production capacity throughout the year to promote the steady increase in investment conversion rate, market share and team utilization rate.
- Full process construction capabilities covering design, construction, operation and maintenance will be enhanced comprehensively. Construction projects such as the western Sichuan marine, Hongxing shale gas, and Longkou LNG receiving station will be implemented with high standard, striving to achieve a standardized design coverage rate of 90% and shorten the construction cycle by 10%.

Domestic Sinopec Markets

Newly signed contracts
(RMB 100 Million)

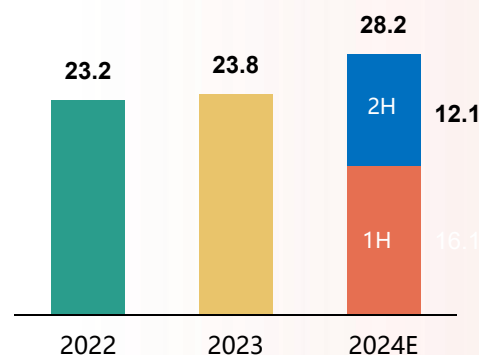


Optimize to improve efficiency, and plan to sign new contracts worth more than RMB8.6 billion in the second half of the year.

- By giving full play to our own unique technological advantages, vigorously expanding light assets and technical service market, service models such as reservoir operation and engineering contracting will be extended to consolidate and expand quality and large-scale markets and enhance market performance capabilities.

Domestic Non-Sinopec Markets

Newly signed contracts (USD 100 million)



Expand high-end markets with technology, and plan to sign new contracts worth more than USD1.21 billion in the second half of the year.

Overseas Markets

- The qualification review process for technical services will be actively promoted. Qualification preview for perforation, offshore drilling and fracturing fluid projects of Saudi Aramco will continue to proceed and strive to pass the qualification review for cementing in the Kuwait market.
- Market share of engineering contracting will be enhanced continuously. We will strive to win the bid for the general contracting project for drilling in the southern oil region of Kuwait, and closely monitor the tender progress of general contracting for unconventional fracturing in Saudi Arabia.
- Promoting greater development of integrated reservoir services. We will strive to extend the contract of the I-L-Y project in Ecuador and promote the integrated geological engineering service model to drive the export of high-end technical services such as well logging, mud logging, cementing and large-scale fracturing.
- Deepening the cooperation platform with Sinopec National Exploration and Development Co., Ltd. By strengthening expert technical support, full business chain cooperation will be developed to enhance overseas market competitiveness.

Focus on technological leadership

The implementation of the "91296" scientific and technological innovation project will be accelerated

- Innovate and integrate 9 supporting engineering technologies for shale oil and gas exploration and development.
- Breakthrough 17 key core technologies, including deep and ultra deep well optimization and fast drilling completion.
- Develop and cultivate 22 specialized technologies, including intelligent well completion.
- Lead the promotion of 9 mature technologies, including drilling tools and equipment.
- Explore 6 basic forward-looking technologies, including new technologies for reserve petroleum engineering construction.



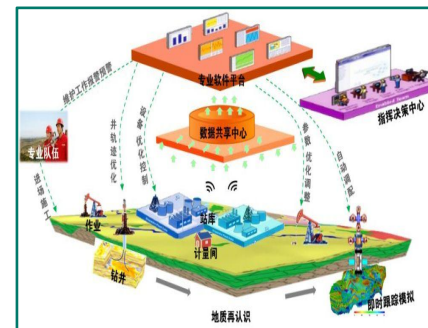
Transformation of scientific and technological achievements will be accelerated

- Transformation of scientific and technological achievements will be accelerated. Advantageous and characteristic products such as drilling and completion tools and instruments, oilfield chemical additives, large-scale pilot testing of characteristic technologies such as casing drilling and coiled tubing sidetracking will be strongly promoted, striving to achieve annual product industrialization and new technology revenue of RMB 4 billion.



Promotion of automation and intelligent upgrading will be accelerated

- Intelligent drilling equipment such as fully automatic drilling equipment for shale oil development, modular fully automatic drilling rigs for medium and deep layer, and fully automatic equipment for casing drilling will be researched and developed to bring leapfrog development of oilfield service equipment.
- Deep integration of artificial intelligence and traditional industries will be promoted to realize comprehensive perception, intelligent navigation, prediction and early warning, scientific remote decision-making in drilling and operations, and accelerate the progress towards "digital oilfield service".



A pioneering base for human resource optimization will be built

- The number of institutional teams will be reduced continuously, project-based employees will be dismissed, policy-based down-size will be actively promoted, overseas employees will be localized, and outsourcing will be converted to self-operation, export of business contracting will be strongly promoted, and the value of human resources will be continuously enhanced.

A platform for asset revitalization, sharing and efficiency creation will be established

- The efficient operation of asset operation branches will be promoted to explore the cooperation model of "manufacturing+service+industrial and financial integration+circular economy" to support the transformation of enterprises towards "light assets".

Implementing lean management from point to surface

- By focusing on the four main lines of "efficiency, benefit, effectiveness and quality" and starting from construction operation, cost control, support assurance and business management, we will carry out all-round, all-level, and full-process elimination of wastage for continuously improvement, promote cost reduction throughout the entire chain to create low-cost competitiveness. The pilot unit of Shengli Engineering Yellow River Drilling Company experienced a revenue decline of RMB370 million in the first half of the year, however, total profit remained basically the same, successful practices in the Company will be fully promoted as the next step.

Research of CCUS supporting technologies will be promoted continuously

1

- Relying on large-scale demonstration projects, we will make every effort to promote the research and development of core technology to create competitive advantages in the research and development, engineering design, engineering construction and operation management of CCUS technology along the entire industry chain.

Masterting the whole process technology of hydrogen production, storage and transmission

3

- Plan to build a full-process standard system for hydrogen pipelines, study large-scale hydrogen storage of man-made caverns and prepare a feasibility study report on the West-to-East Hydrogen Transmission Pipeline Project.

4

Emerging industries

2

A series of technical research on the construction of large-scale new energy power stations will be pursued

- Wind power and photovoltaic power generation will be developed according to local conditions, supporting energy storage and power transmission and distribution facilities will be built to prepare technical reserves for undertaking large-scale projects.

4

Forward-looking technical research on hot dry rock power generation, deep coal seam in-situ combustion power generation, etc. will be developed.

- The Company's technical and equipment advantages in drilling and fracturing business will be fully utilized to give relevant technical solutions, and the clean energy in deep formations will be fully tapped.



中石化石油工程技术服务有限公司
SINOPEC OILFIELD SERVICE CORPORATION

<http://ssc.sinopec.com>

Investors Relations

Tel: +86 10 5996 5998

Fax: +86 10 5996 5997

Mailbox: ir.ssc@sinopec.com

<http://ssc.sinopec.com>

