安東石油
Antonoil

Anton Oilfield Services Group

安 東 油 田 服 務 集 團

(incorporated in the Cayman Islands with limited liability)

(Stock Code: 3337)

2013 INTERIM RESULTS

12 August 2013

DISCLAIMER

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Agenda

2013 Interim Results Summary

Operating & Financial Review

Outlook

Q&A

2013 Interim Results Summary

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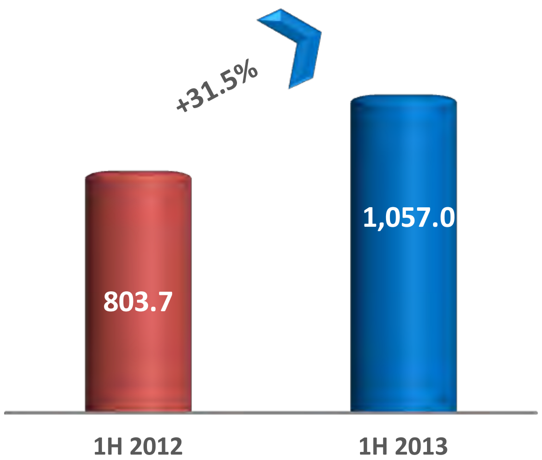
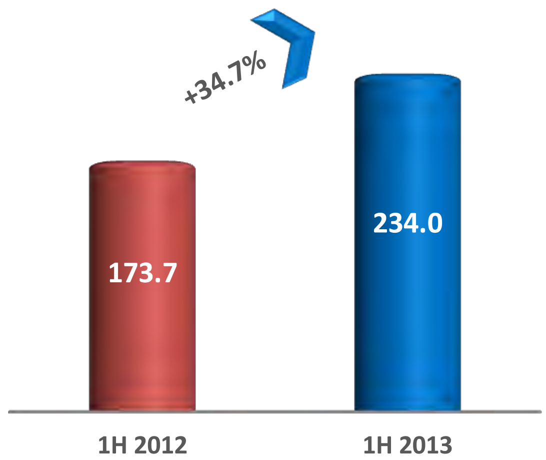
Revenue

(RMB Million)



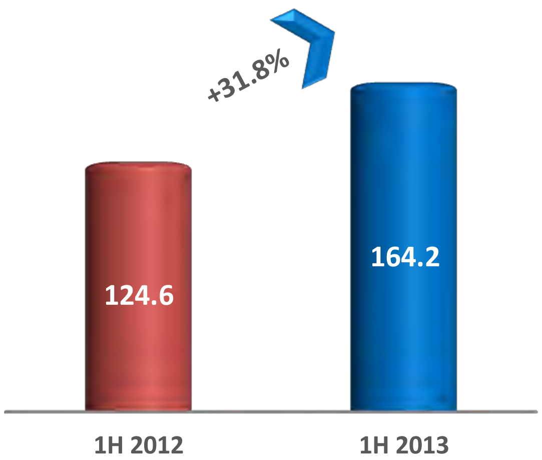
Operating profit

(RMB Million)



Profit attributable to equity holders of the Company

(RMB Million)



- **Revenue in 1H 2013 at RMB1,057.0 million, up 31.5% y-o-y**
- **Operating profit at RMB234.0 million, up 34.7% y-o-y**
- **Profit attributable to equity holders of the Company at RMB164.2 million, up 31.8% y-o-y**
- **Earnings per share at RMB0.0765**

Business Highlights

1. Growth in the domestic and overseas markets persisted. Domestically, business in the three major basins grew rapidly. Overseas, business developed steadily in line with the investment progress abroad

2. Existing businesses grew rapidly and new businesses started to generate revenue. In light of the increasing demand for drilling optimization and stimulation, further enhanced the suite of services to create synergies

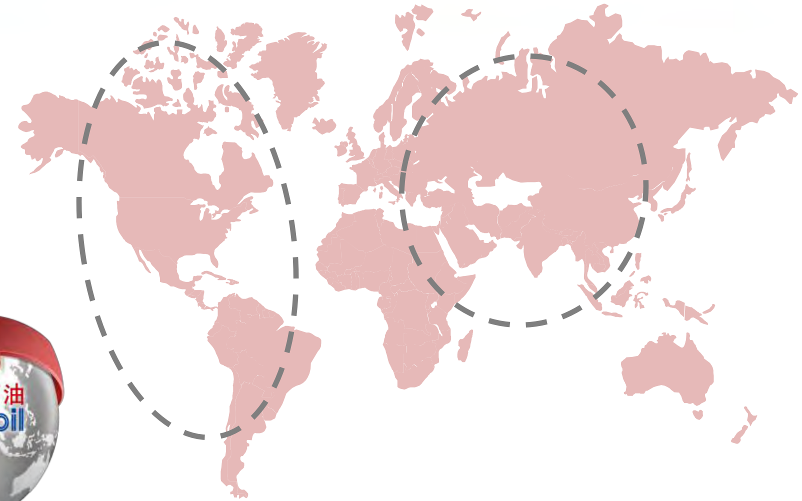
3. Integrated service capacity significantly ramped up. Investment in regular service capacity expedited; oil reservoir and analysis capabilities strengthened; human resources enhanced in Tongzhou IPM, the JV with Schlumberger

4. "Talent First" strategy further advanced. Large-scale talent recruitment completed and fast-track training to be provided, to ready the Group for further growth

5. Profitability and capital efficiency maintained at healthy and stable levels

OPERATING & FINANCIAL REVIEW

Tremendous Opportunities In Domestic Market
Steady Progress In Overseas Markets



Domestic

- In the three major natural gas basins, capacity construction accelerated, with priorities in conventional gas and tight gas development, further underscoring the need for drilling optimization and stimulation
- On shale gas and marginal blocks, oil companies gradually opening up E&P to various types of investors

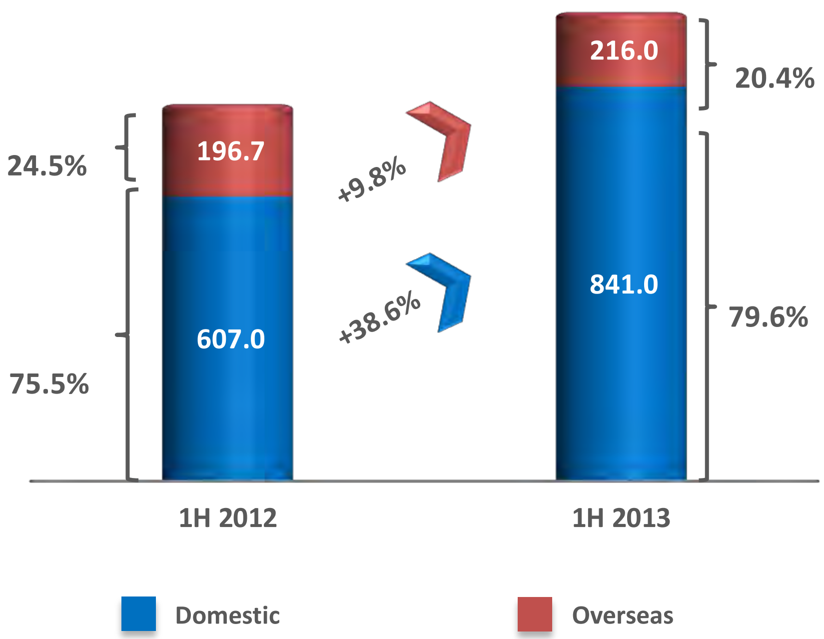
Overseas

- Chinese investors continued to prioritize the Middle East market. Al-Ahdab project in Iraq saw steady progress. In Halfaya Phase II, pipeline construction was underway and larger-scale development to follow

Domestic Market Saw Rapid Growth
Overseas Markets Gained Momentum

By Geographical Markets

(RMB Million)



Domestic

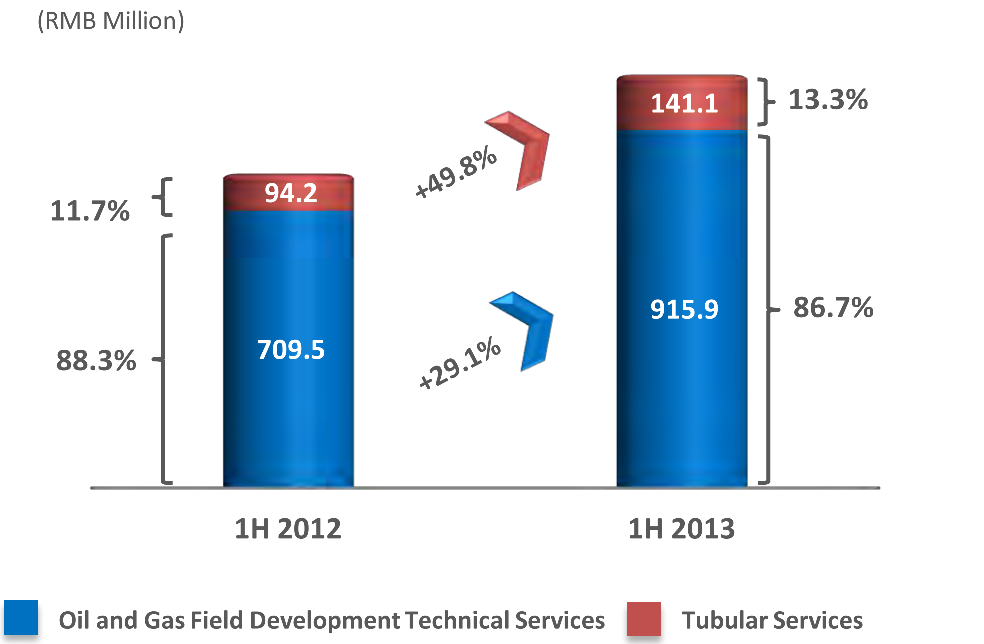
- Continued to pursue the "natural gas" strategy, with the Tarim Basin, Erdos Basin and Sichuan Basin as the prioritized markets, offering fit-for-purpose services to meet specific needs of natural gas development in each regional market, to achieve strong growth

Overseas

- Continued to pursue the "follow-up" strategy, with a focus on the Middle East market. In 1H 2013, gained steady progress in Al-Ahdab project; in Halfaya project, adapted service arrangements to cope with client's progress on pipeline construction; actively preparing its services capabilities for next-stage development
- South America as a new growth market with strengthened business development efforts

CONTINUOUS GROWTH IN CORE AND SUPPLEMENTARY SERVICES

Revenue breakdown by core/supplementary services



- Drilling technology cluster +50.9%; drilling optimization-related technologies fully promoted
- Down-hole operation cluster +47.5%; stimulation-related technologies adopted on a large scale
- Well completion cluster -13.5%; impacted by the adapted service arrangements to accommodate pipeline construction in Halfaya in Iraq
- Tubular services +49.8%; tubular leasing and tubular inspection businesses grew vigorously

Suite of Technologies Around Drilling Optimization Fully Developed

Drilling Optimization

Drilling Fluid Service
Oil-based drilling fluid technology

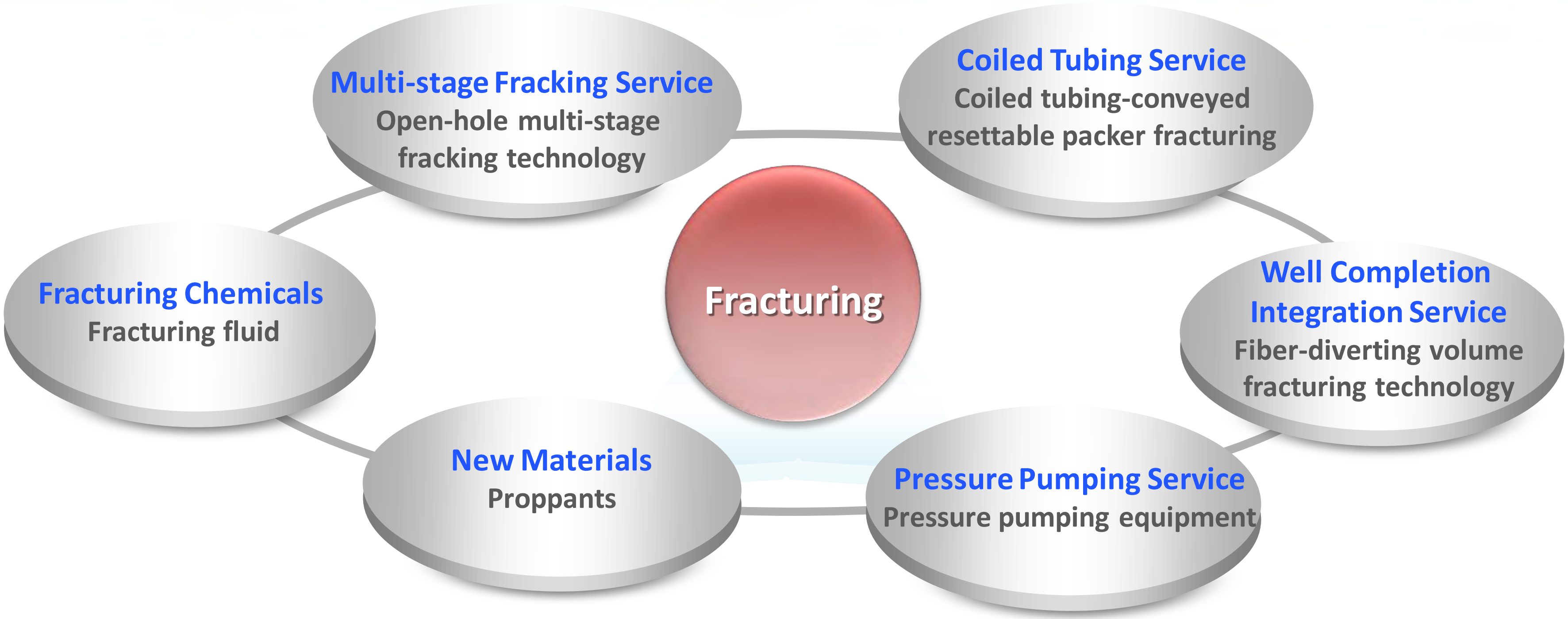
Applied in the ultra-deep region of the Tarim Basin; shortened the drilling cycle significantly from 400-plus days to around 200-plus days

Drilling New Technology Service
Drilling optimization new technology

Promoted and applied in the Sichuan Basin; increased drilling speed by approximately 30%

Directional Drilling Service
Performance drilling with high-speed motor technology

Suite of Technologies Around Stimulation Fully Developed



Horizontal well open-hole multistage fracking technology continued to lead the market; coiled tubing-conveyed resettable packer fracturing technology introduced in the Erdos Basin; fiber-diverting volume fracking technology launched in partnership with Schlumberger in the Tarim Basin; invested in pressure pumping equipment, and R&D and manufacturing capabilities of new materials and chemicals to develop an integrated services solution for stimulation

INTEGRATED SERVICE MODEL FULLY ENHANCED – REGULAR SERVICE CAPACITY FAST RAMPED UP

- Investment in regular service equipment further advanced. On pressure pumping service, in 1H 2013, an additional capacity of 31,200 HHP arrived; in July, an additional capacity of 20,000 HHP further delivered, increasing the combined capacity to 75,200 HHP. On rigs, two 5,000-meter drilling rigs added in 1H 2013, and one 5,000-meter rig further arrived in July. Also expedited the construction of a well completion tools base to build up tool manufacturing capacity in house
- CAPEX spending in 1H 2013 at RMB270.3 million

Fully Enhanced Integrated Service Model –

Reservoir Evaluation & Analysis and Project Management Capabilities Strengthened

Reservoir Evaluation and Analysis

Recruited top-caliber geology and reservoir professionals and developed competencies for reservoir evaluation and analysis

TIPM

同舟一体化油田技术

A SCHLUMBERGER ANTONOIL JOINT VENTURE

Expedited recruitment and training of engineers for TIPM, a JV with Schlumberger, to promote the integrated service model

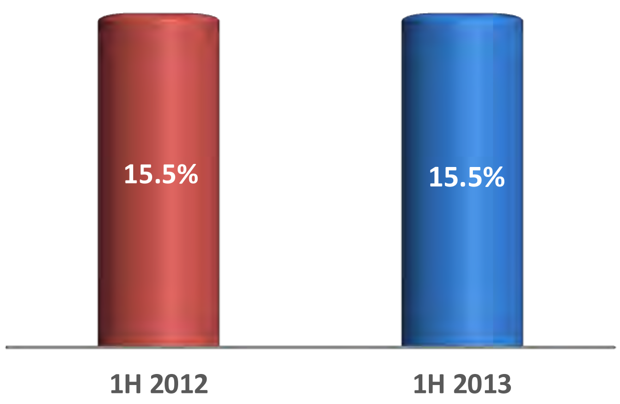
For the building of the integrated service model

Talent First and Fast-Track Training to Ensure Rapid Growth

- Intensified efforts to attract experienced professionals and top industry talents
- Large-scale campus recruitment completed, with 680 graduate hires on board and receiving training in August. The talent pool for the Group's long-term development strengthened
- "Succession plan" initiated to identify immediate and prospective successors for all key positions for further development. The human resources required for sustainable development secured

Stable Profitability

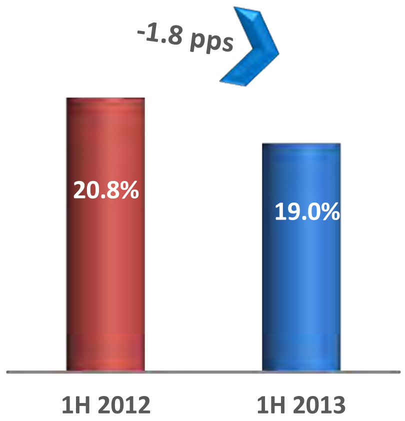
Profit attributable to equity holders margin



Cost analysis (as a percentage of total revenue)

Cost of sales to revenue

SG&A to revenue



Net profit margin at a stable level, due to：

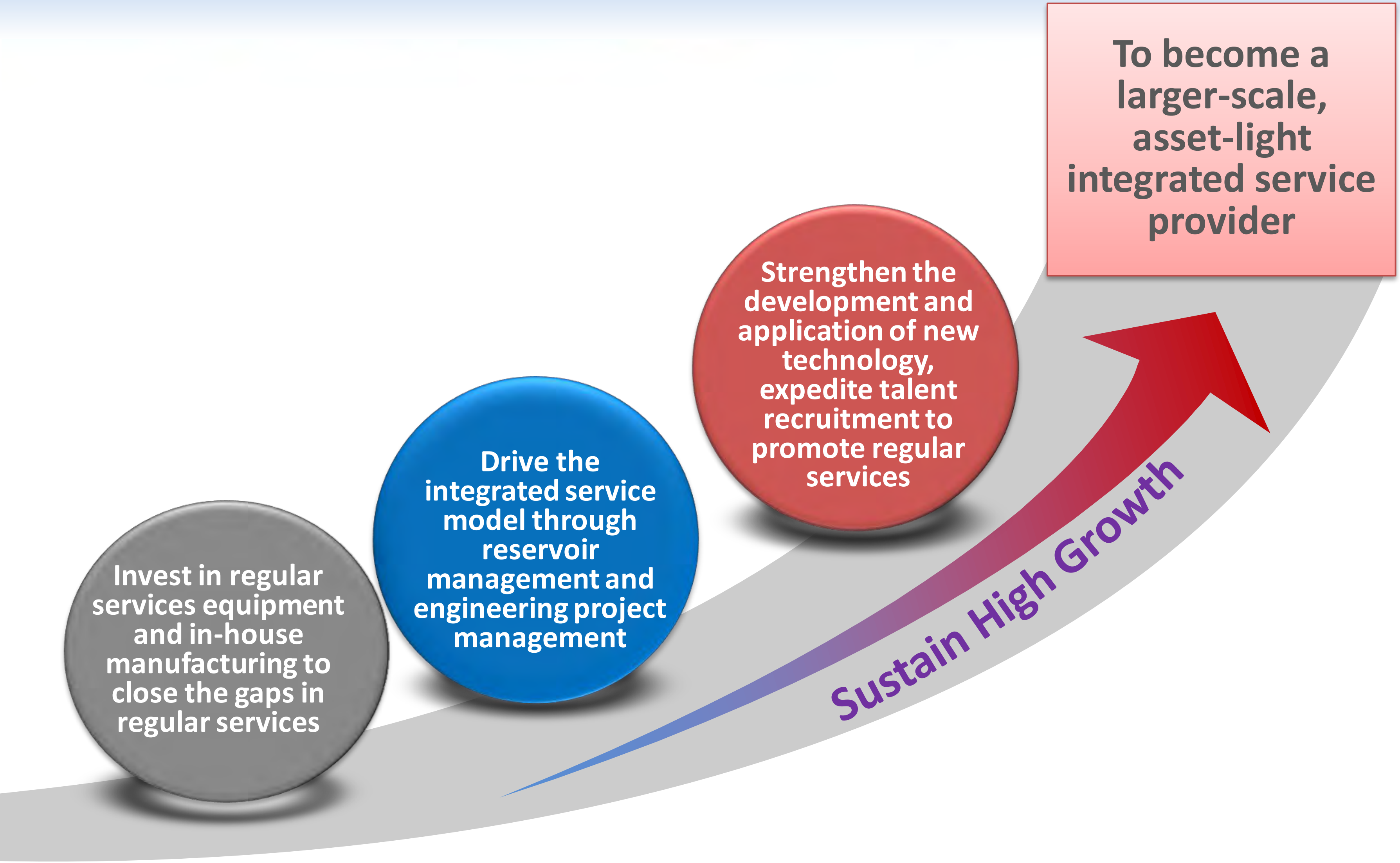
1. **Cost of sales to revenue kept in an appropriate level**
2. **Economies of scale achieved with rapid growth, SG&A to revenue further lowered**

Healthy Level of Working Capital Efficiency

	1H 2013	1H 2012	Change
Trade receivables turnover days	163	170	-7
Inventory turnover days	150	137	13
Trade payables turnover days	167	127	40

OUTLOOK

ASSET-LIGHT INTEGRATED SERVICE MODEL



Markets

Domestic

- Investment in natural gas to grow continuously, with conventional and tight gas to remain a development focus. Oil companies to commence preliminary shale gas projects and paying attention to tight oil
- Continue to prioritize the domestic market, expand its domestic business, focus on the growth of the three major basins with regional strategies, and nurture other basins' market through strategic projects

Overseas

- Oil companies continue to prioritize Iraq and press ahead development in South America
- Maintain a fair proportion of overseas revenue, adhere to the "follow-up" strategy, focus on the business development in Iraq while expediting the market exploration in South America

PRODUCTS

- Further promote the application of new technologies to meet client demands for drilling optimization and stimulation
- Leverage advantages in the high-end market and accelerate the mobilization of regular service equipment to achieve mutually-reinforcing synergies between technology and equipment
- Accelerate the development of reservoir evaluation and analysis capabilities and human resource building at Tongzhou IPM; actively promote the integrated service model to drive further growth of individual product line

Strategic Resources Alignment

Expedite Training for Talents

- **Develop training programs for the large number of fresh graduates recruited, grow them to be qualified field engineers through the rigorous fast-track training program**

Strategic Resources Alignment

Capital Expenditure

- Aim to implement the RMB400 million annual CAPEX budget. Determine the pace of service capacity building in accordance with the Group's strategic plan to realize its strategic objectives
- Continue to push forward construction of the industrial base in Tianjin Binhai New Area and the down-hole operation industrial base in Suining, Sichuan

Strategic Partnership

- Continue to enhance business development through strategic partnerships, forge strategic alliances with oil companies, state-owned service companies, and global service providers

QHSE Management

To introduce leading QHSE talents from international oil companies, further invest in QHSE and foster the QHSE culture, to improve its QHSE management system in line with international standards

FINANCE

- Continue to stabilize profitability and working capital management efficiency at healthy levels
- Continue to improve access to domestic and offshore financing channels, having completed the issue of RMB-denominated medium-term notes (2^{nd} tranche) in the principal amount of RMB200 million in August; the debt structure to be further optimized

RAMP UP INTEGRATED SERVICE CAPACITY & CAPABILITY COMPREHENSIVELY TO REALIZE OUR STRATEGIC GOAL

Q&A

APPENDIX 1: CONSOLIDATED INCOME STATEMENT

For the 6 months ended 30 June (RMB' mln)	2013	2012
Revenue	1,057.0	803.7
Cost of sales	(591.9)	(419.0)
Gross Profit	**465.1**	**384.7**
Other gains, net	12.1	0.7
Selling expenses	(81.4)	(72.3)
Administrative expenses	(119.7)	(94.8)
Research and development expenses	(32.0)	(28.9)
Sales tax and surcharges	(10.1)	(15.7)
Operating Profit	**234.0**	**173.7**
Finance costs, net	(21.2)	(16.9)
Share of loss of a jointly controlled entity	(5.7)	-
Profit before income tax	**207.1**	**157.9**
Income tax expense	(37.4)	(25.0)
Profit for the period	**169.7**	**132.9**
Profit attributable to Equity Holders of the Company	**164.2**	**124.6**
Non-controlling interests	5.5	8.3

Appendix 2: Balance Sheet

(RMB' mln)	As of 30 Jun 2013	As of 31 Dec 2012
Property, plant and equipment	1,165.7	955.1
Land use rights	22.5	28.8
Intangible assets	367.8	371.2
Investment in a jointly controlled entity	13.4	4.0
Deferred income tax assets	19.2	19.5
Inventories	499.5	487.0
Trade and notes receivables	1,112.5	948.3
Prepayments and other receivables	219.2	239.9
Restricted bank deposits	20.8	15.6
Cash and cash equivalents	363.4	523.4
Term deposits with initial terms of over three months	2.0	-
Total Assets	**3,806.0**	**3,592.8**
Capital and reserves attributable to Equity Holders of the Company	2,051.0	1,971.9
Non-controlling interests	90.0	109.1
Total Equity	**2,141.0**	**2,081.0**
Non-current liabilities	300.0	303.3
Current liabilities	1,365.0	1,208.6
Total Liabilities	**1,665.0**	**1,511.9**
Total Equity and Liabilities	**3,806.0**	**3,592.8**

Appendix 3: Cash Flow Statement

As at 30 Jun (RMB' mln)	2013	2012
Net cash used in operating activities	(2.5)	(84.2)
Net cash used in investing activities	(216.5)	(179.1)
Net cash generated from financing activities	69.6	135.1
Net increase/(decrease) in cash and cash equivalents	**(149.4)**	**(128.2)**
Cash and cash equivalents, at beginning of the period	**523.4**	**462.2**
Exchange loss on cash and cash equivalents	**(10.6)**	**(1.0)**
Cash and cash equivalents at end of the period	**363.4**	**333.0**