安東石油
Antonoil
Anton Oilfield Services Group
安 東 油 田 服 務 集 團

2013 Annual Results

19 March 2014

中国最佳的民营油田工程技术合作伙伴，全球最佳的中国合作伙伴。
The Best Independent Chinese Oilfield Services Partner, the Best Chinese Partner Worldwide.

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AGENDA

2013 ANNUAL RESULTS SUMMARY

OPERATING & FINANCIAL REVIEW

OUTLOOK

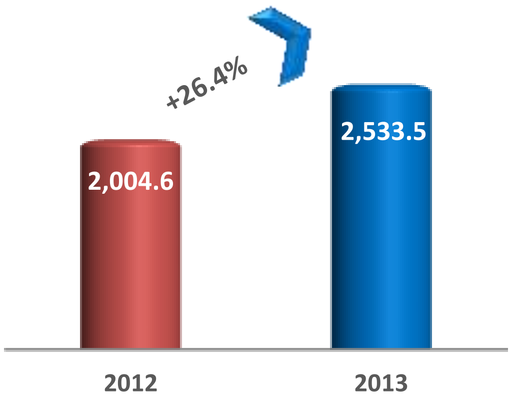
Q&A

2013 Annual Results Summary

2013 Annual Results Summary

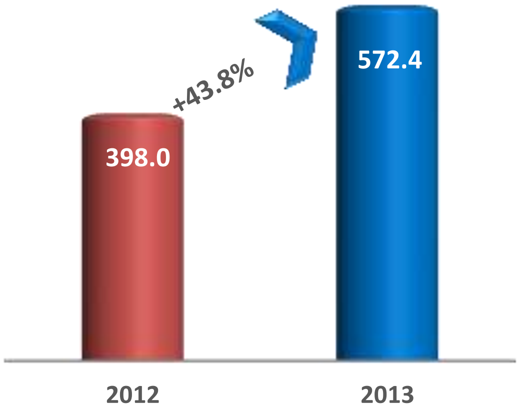
Revenue

(RMB Million)



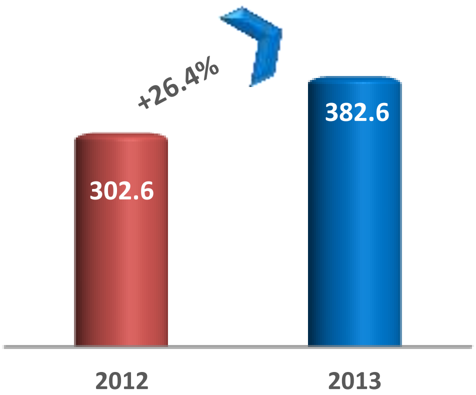
Operating Profit

(RMB Million)



Profit attributable to equity holders of the Company

(RMB Million)



- Revenue in 2013 totaled RMB2,533.5 million, up 26.4% y-o-y
- Operating profit totaled RMB572.4 million, up 43.8% y-o-y
- Profit attributable to equity holders of the Company amounted to RMB382.6 million, up 26.4% y-o-y
- Earnings per share at RMB0.1779. Proposed dividend at RMB0.0547 per share

BUSINESS HIGHLIGHTS

1. Revenue and profit both grew steadily
2. Regular services capacity reached phased target and fully deployed in support of the integrated services model
3. Regionalization strategy was implemented in key markets. Domestically, growth accelerated in 3 major natural gas basins; overseas, developed NOC and IOC clients in the Middle East and South America while cementing the segment of Chinese clients
4. Focusing on client needs for drilling optimization and stimulation, a host of new technologies were introduced and widely deployed, driving business growth
5. A large talent intake and successful issuance of US dollar bonds prepared the Group for future development

Operating & Financial Review

DOMESTIC NATURAL GAS CAPACITY BUILDING CONTINUED; OVERSEAS OIL COMPANIES SOUGHT CHINESE PARTNERS

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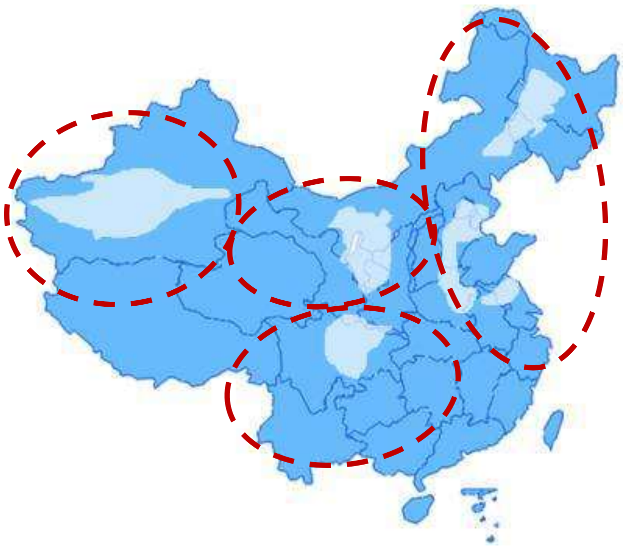

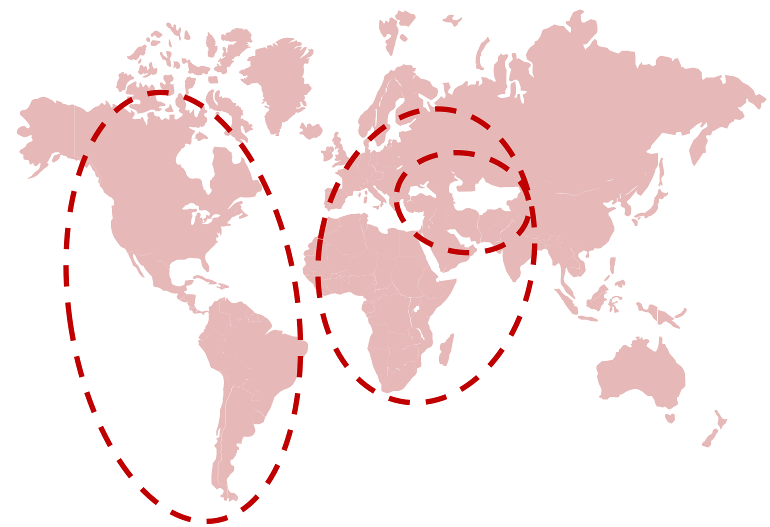

Domestic Markets

- Building of production capacity in major gas basins accelerated driven by the requirements from environmental protection and national energy policies
- Shale gas development made breakthroughs and showed a positive momentum
- To conform with the spirit of the 3rd Plenum, oil companies actively pushed for market open-up

Overseas Markets

- Chinese investors became important partners to NOCs for production recovery, NOCs thus started to set new production targets
- NOCs actively sought out reputable and trustworthy Chinese services providers

STEADY BUSINESS GROWTH IN BOTH DOMESTIC AND OVERSEAS MARKETS

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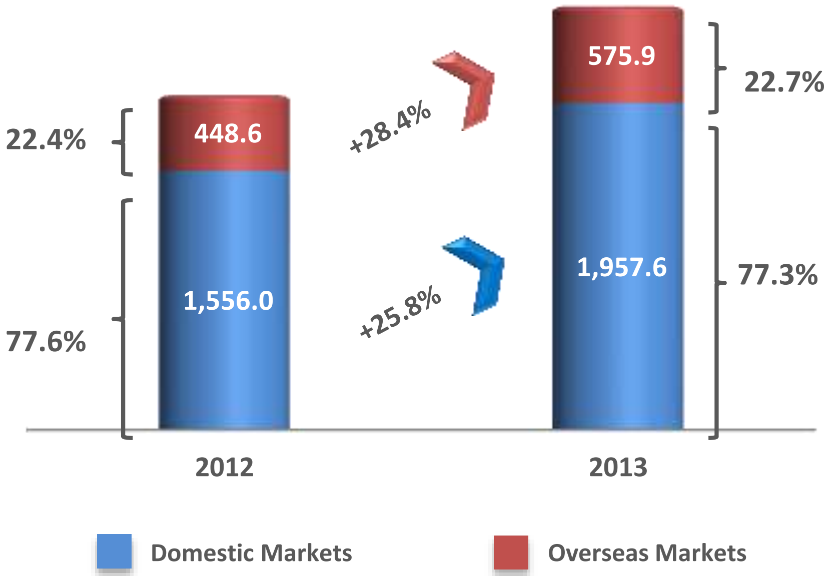
By Geographic Market

(RMB Million)



Domestic Markets

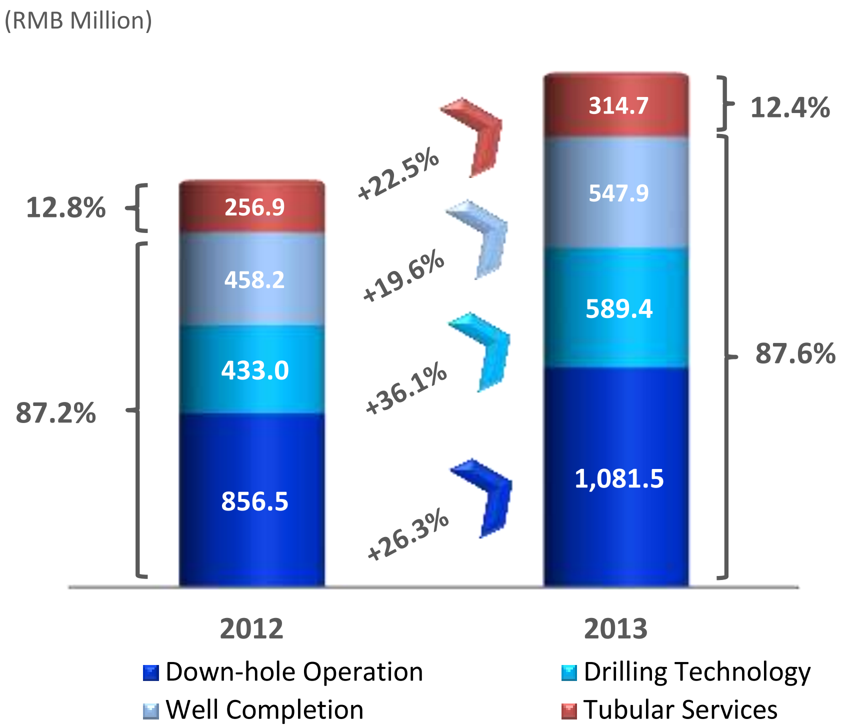
- Continued to maintain the natural gas strategy
- Tarim basin: oil-based drilling fluid, directional drilling optimization service and new fiber-diverting volume fracturing technologies drove growth
- Erdos basin: unchallenged market leadership in fracturing technologies for horizontal wells, and new fit-for-purpose technologies introduced; rigs and pressure pumping equipment deployed; full services coverage for multiple clients in the region
- Sichuan basin: entered the major markets for shale gas development and became a close partner to clients

Overseas Markets

- Continued to grow Chinese clients while starting to gain recognition from NOCs and IOCs and forged partnership with them
- In Iraq, continued to grow steadily and services penetrated multiple oilfields; in South America, opened up the market and gained fast business growth

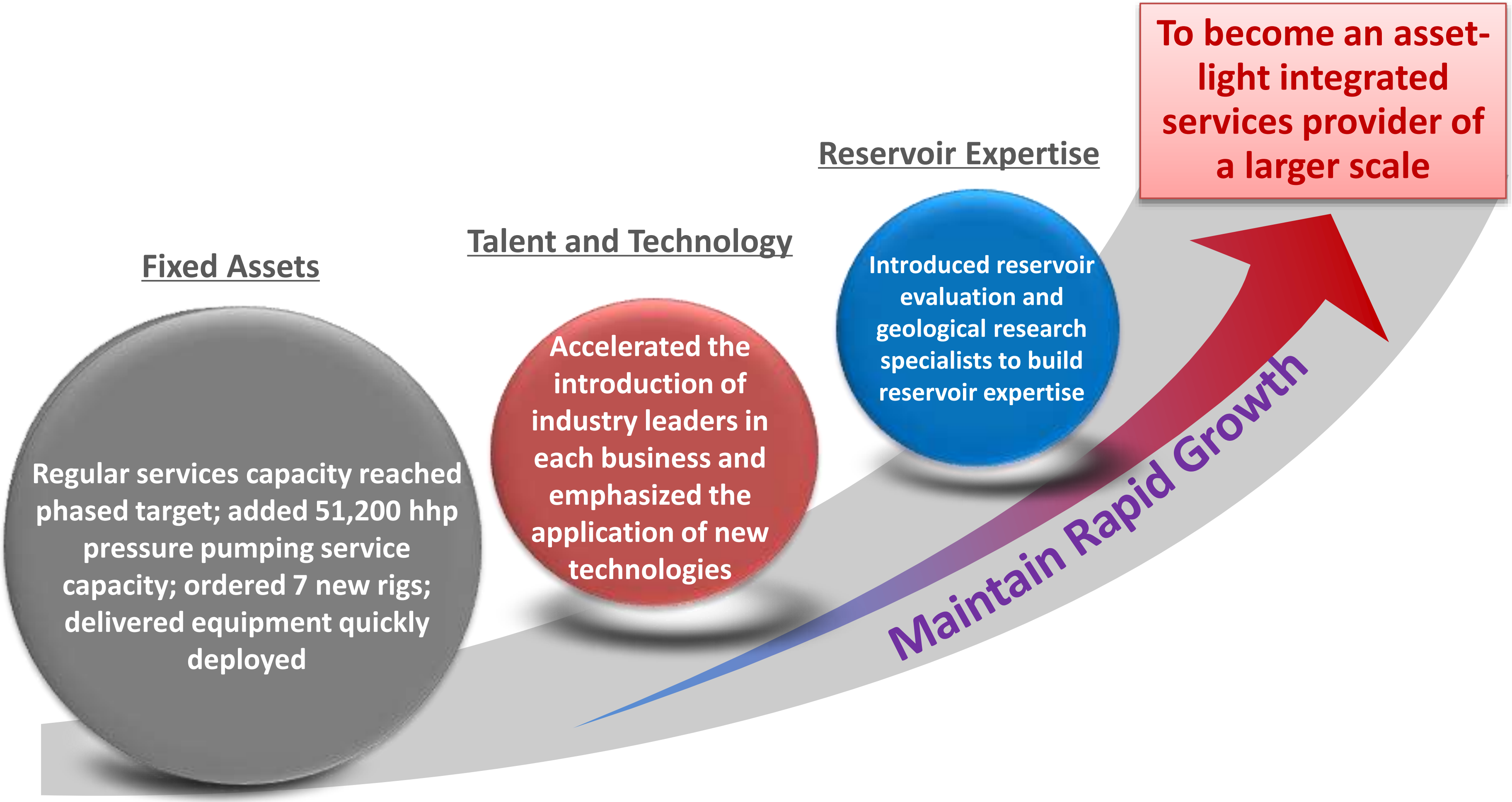
Continued Growth across All Clusters

Revenue breakdown by cluster



- **Down-hole operation: stimulation capabilities greatly enhanced, new fracturing techniques developed and pressure pumping equipment in full deployment; oil production technology for the production stage gained wide adoption**
- **Drilling technology: performance drilling developed across all drilling business lines; through investment and rig management, rig services capacity was built swiftly, supporting the growth of integrated services**
- **Well completion: reservoir well completion technology launched with fiber-diverting volume fracturing technique delivering significant stimulation results and beginning to gain wide adoption**
- **Tubular services: inspection and leasing services grew rapidly**

INTEGRATED SERVICE MODEL



In 2013, focused on the buildup of regular services capacity, while introducing talents and new technologies and building reservoir expertise

WELL-PREPARED FOR LONG-TERM DEVELOPMENT

Human Resources:

- **Attracted top industry talents; recruited 680 university graduates; established a program for fast-track talent training**

Capital：

- **Completed the issuance of USD250 million bonds and developed funding channel in the international debt capital market**

QHSE MANAGEMENT

A QHSE (Quality, Health, Safety and Environment) Committee was set up by the Board; international QHSE specialists were recruited; QHSE management system established according to global standards; QHSE culture enforced

PROFITABILITY AT HEALTHY LEVEL

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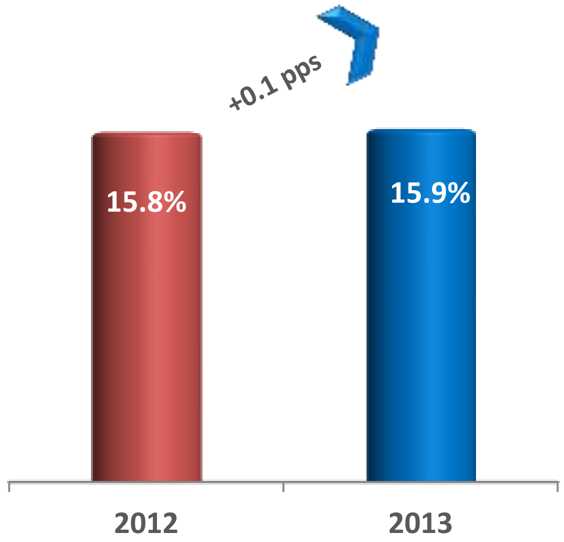
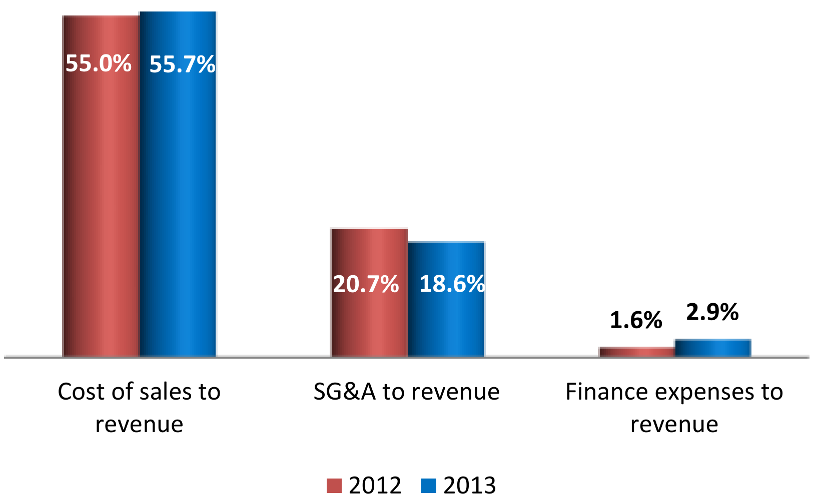
Net profit margin



Cost analysis (as a share of total revenue)



Profitability at comfortable level mainly due to:

1. **Stable cost of sales to revenue ratio**
2. **Sales and administrative expenses to revenue further diluted as a result of growing business scale**
3. **Finance expenses to revenue ratio slightly up due to proactive funding for capital resources for long-term development**

Working Capital Management at Healthy Level

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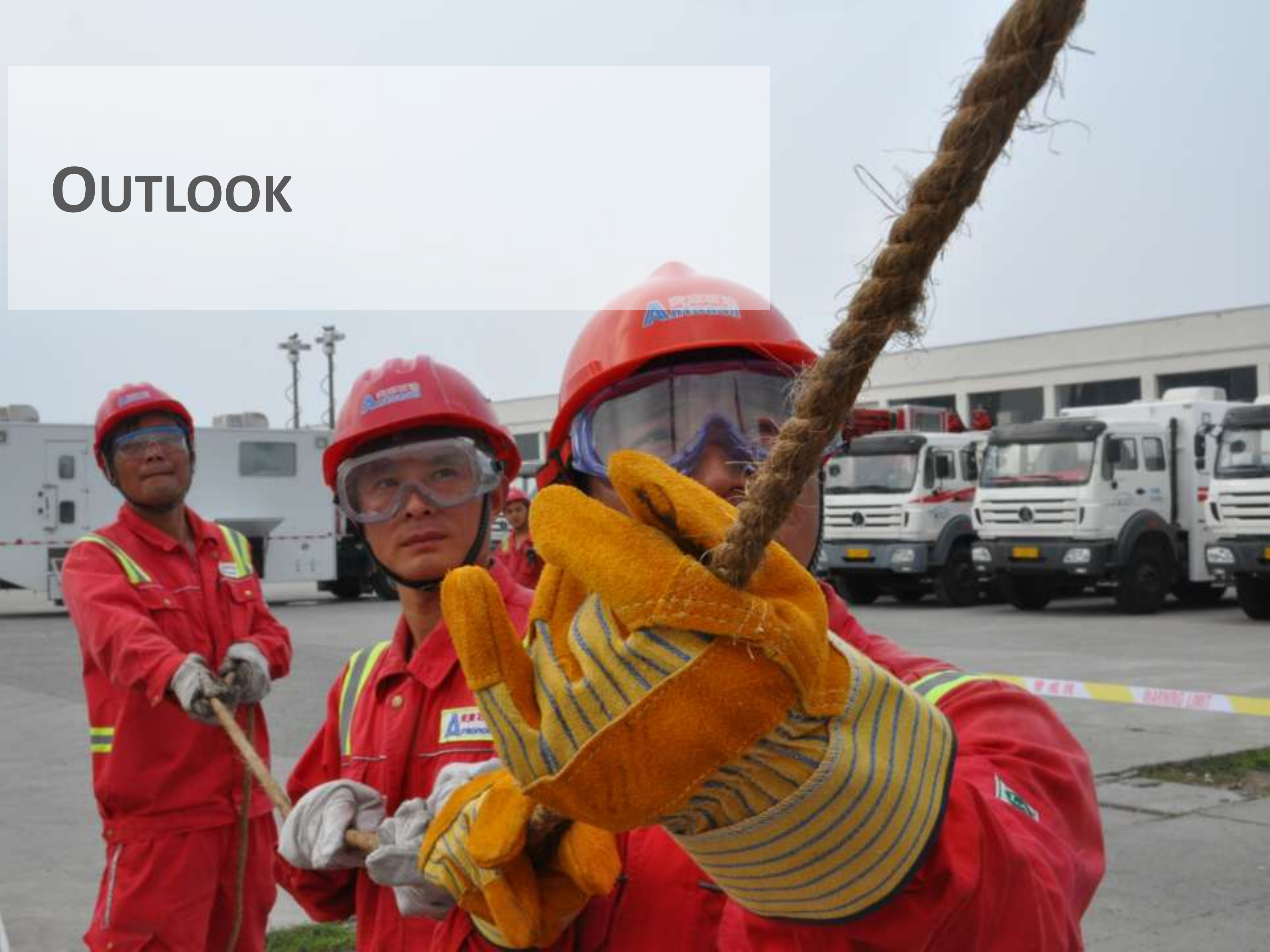
	2013	2012	Change
Trade receivables turnover days	150	134	16
Inventory turnover days	131	124	7
Trade payables turnover days	157	149	8

OUTLOOK



MARKETS

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Domestic

- Opportunities arise as oil companies push for market open-up and shale gas development receives state support, bringing historic opportunities
- Challenges emerge as oil companies shift from a production-oriented model to a more sustainable model based on quality and performance and adjust their investment strategy accordingly

Overseas

- NOCs grow more confident in production recovery, and therefore set higher production targets
- Due to political and economic changes, global situation remains uncertain

The Group will fully embrace opportunities and challenges with its integrated product strengths, capacity for new technology development, core talent advantages, world-class QHSE management capabilities and brand influence.

PRODUCTS

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- Push ahead the introduction of asset-light new product lines with a focus on natural gas, especially stimulation, optimization, waste management technologies needed in shale gas development
- Step up the efforts in the development of reservoir expertise, strengthen the reservoir analysis and evaluation capabilities and enable the perfect combination of reservoir and engineering technologies

A perfect combination of reservoir and engineering technologies

Strategic Resources Alignment

Talent

- Advance the introduction of top industry talents mainly centered around product lines
- Continue to make graduate hires in a large scale

Investment

- Replenish operating equipment in support of full service coverage in target markets

FINANCE

- Maintain steady revenue growth and healthy profitability through the means of introducing new business and of cost discipline
- Ensure effective use of raised funds to realize Group strategy at a faster rate

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To build the brand image as

"the Best Independent Chinese Oilfield Services Company, the Best Chinese Partner Worldwide"

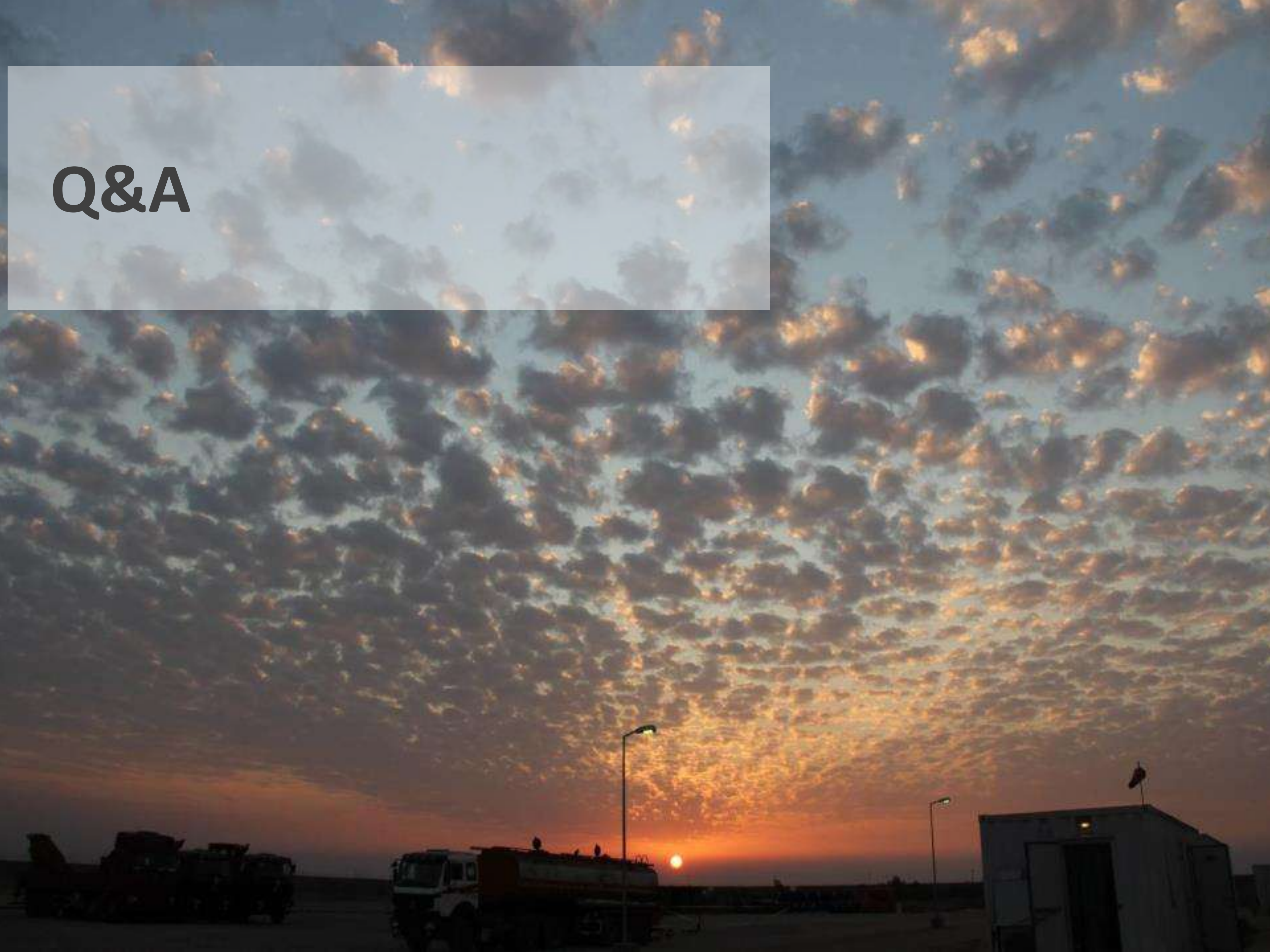
Traditional Culture

Modern China

Global Standards

FULLY PREPARED TO EMBRACE OPPORTUNITIES AND CHALLENGES IN CONFIDENCE

Q&A



APPENDIX 1: CONSOLIDATED INCOME STATEMENT

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For The Year Ended 31 December (RMB Million)	2013	2012
Revenue	**2,533.5**	2,004.6
Cost of sales	**(1,411.0)**	(1,103.3)
Gross Profit	**1,122.5**	901.3
Other gains, net	**20.0**	10.6
Selling expenses	**(173.1)**	(154.5)
Administrative expenses	**(299.8)**	(260.0)
Research and development expenses	**(64.4)**	(66.3)
Sales tax and surcharges	**(32.8)**	(33.1)
Operating Profit	**572.4**	398.0
Finance costs, net	**(72.7)**	(30.6)
Share of loss of a jointly controlled entity	**(9.7)**	-
Profit before Income Tax	**490.0**	367.4
Income tax expenses	**(86.9)**	(49.7)
Profit for the Year	**403.1**	317.7
Profit attributable to equity holders of the Company	**382.6**	302.6
Non-controlling interests	**20.5**	15.1

APPENDIX 2: BALANCE SHEET

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As at 31 December (RMB Million)	2013	2012
Property, plant and equipment	**1,601.7**	955.1
Land use rights	**22.0**	28.8
Intangible assets	**375.5**	371.2
Investment in a jointly controlled entity	**16.8**	4.0
Other non-current assets	**60.0**	-
Deferred income tax assets	**25.0**	19.6
Inventories	**540.7**	487.0
Trade and notes receivables	**1,332.3**	948.3
Prepayments and other receivables	**191.3**	239.8
Restricted bank deposits	**32.4**	15.6
Cash and cash equivalents	**1,770.2**	523.4
Total Assets	**5,967.9**	3,592.8
Capital and reserves attributable to equity holders of the Company	**2,282.7**	1,971.9
Non-controlling interests	**92.6**	109.1
Total Equity	**2,375.3**	2,081.0
Non-current liabilities	**1,984.3**	303.3
Current liabilities	**1,608.3**	1,208.5
Total Liabilities	**3,592.6**	1,511.8
Total Equity and Liabilities	**5,967.9**	3,592.8

APPENDIX 3: CASH FLOW STATEMENT

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As at 31 December, 2013 (RMB Million)	2013	2012
Net cash generated from operating activities	**378.5**	349.6
Net cash generated from investing activities	**(808.7)**	(273.4)
Net cash generated from financing activities	**1,694.8**	(11.2)
Net increase (decrease) in cash and cash equivalents	**1,264.6**	65.0
Cash and cash equivalents, at beginning of the year	**523.4**	462.2
Currency translation loss on cash and cash equivalents	**(17.8)**	(3.8)
Cash and cash equivalents, at end of the year	**1,770.2**	523.4