

2020 Annual Results Release

March 25, 2021



CNOOC Limited
中国海洋石油有限公司

Board of Directors and Management at Today's Conference



Chairman

Wang Dongjin



CEO

Xu Keqiang



CFO

Xie Weizhi

Disclaimer

This presentation includes “forward-looking statements” within the meaning of the United States Private Securities Litigation Reform Act of 1995, including statements regarding expected future events, business prospectus 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 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 believes are appropriate under the circumstances. However, whether actual results and developments will meet the expectations and predictions of the Company depends on a number of risks and uncertainties which could cause the actual results, performance and financial condition to differ materially from the Company's expectations, including but not limited to those associated with fluctuations in crude oil and natural gas prices, macro-political and economic factors, changes in the tax and fiscal regimes of the host countries in which we operate, the highly competitive nature of the oil and natural gas industry, the exploration and development activities, mergers, acquisitions and divestments activities, environmental responsibility and compliance requirements, foreign operations and cyber system attacks. For a description of these and other risks and uncertainties, please see the documents the Company files from time to time with the United States Securities and Exchange Commission, including the Annual Report on Form 20-F filed in April of the latest fiscal year.

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

Agenda

- Operating Results
- Performance Highlights
- Outlook



Operating Results

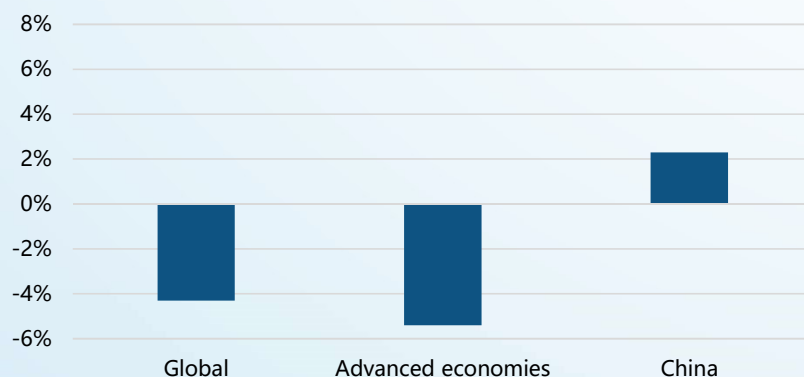


CNOOC Limited
中国海洋石油有限公司

2020 Macro-environment Overview

- The global economy has experienced its worst recession since World War II, and China was the only major economy to post positive growth in 2020
- International oil prices dropped significantly in Q1 and recovered later, with the average Brent crude oil price fell 33% YoY

Global economic growth



International oil price (Brent)



Performance highlights

- Achieved new records in production and reserves

528.2

Million BOE

Net production

136%

Reserve replacement ratio

10.2

Years

Reserve life

- Maintained stable financial position

24.96

RMB billion

Net profit

26.34

US\$/BOE

All-in cost

24.9%

Gearing ratio

- Deliver our commitment to reward shareholders

0.25

HK\$/share
(tax inclusive)

Final dividend (proposed)

11.16

HK\$ billion

Total amount of
final dividend

4.9%

Dividend Yield

Achievements in the 20th anniversary of listing

- Over the past 20 years since its listing, CNOOC Limited has gradually grown into a world-class E&P company and continued to generate returns for shareholders

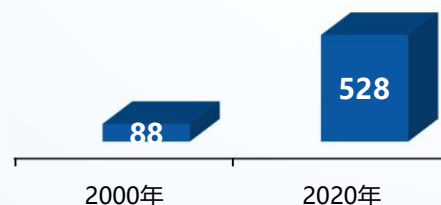
3.1x Reserves

(mmboe)



6.0x Net Production

(mmboe)



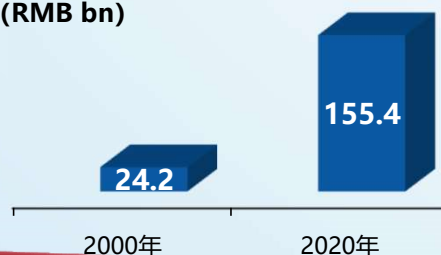
344.9

HK\$ billion

**Cumulative
dividend payment***

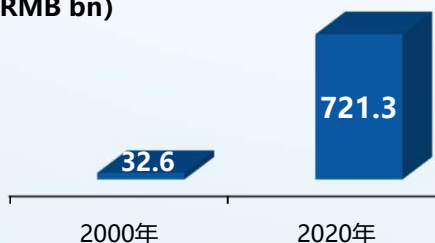
6.4x Revenue

(RMB bn)



22.1x Total Assets

(RMB bn)



1,599%

**Cumulative
return****

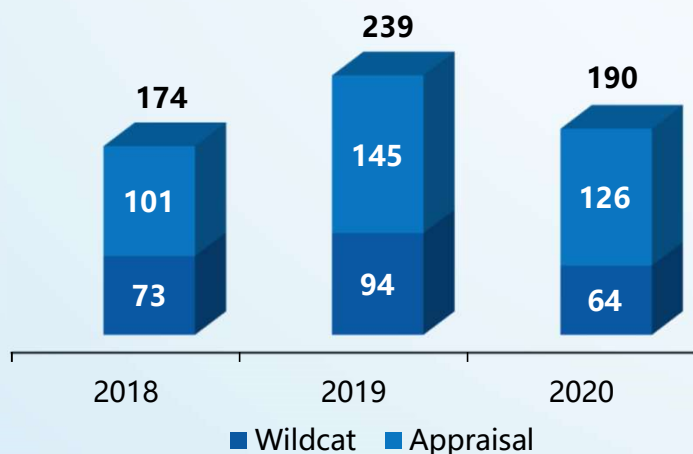
Results Summary

	2020	2019	Change %
Net production (mm boe)	528.2	506.5	4.3%
- Crude and liquids (mm bbls)	419.1	410.5	2.1%
- Natural gas (bcf)	632.2	561.3	12.6%
Realized oil price (US\$/bbl)	40.96	63.34	-35.3%
Realized gas price (US\$/mcf)	6.17	6.27	-1.6%
Oil & gas sales (RMB mm)	139,601	197,173	-29.2%
Net profit (RMB mm)	24,956	61,045	-59.1%
Basic EPS (RMB)	0.56	1.37	-59.1%

Exploration Activities

- Focused on exploration of mid-to-large sized oil and gas fields and strived to enhance the success rate of exploration
- Effectively control the exploration cost to support sustainable development of the Company

Exploration Wells Drilled in the Past 3 Years



Exploration Workload in 2020

Type	Offshore China		Overseas
	Independent	PSC	
Wildcat	60	1	3
Appraisal	125	0	1
3D Seismic (km ²)	16,689	1,587	3,512

Exploration Achievements

- In 2020, 16 new discoveries were made and 42 oil and gas structures were successfully appraised



New Discoveries - Overseas

Guyana

- Uaru
- Yellowtail-2
- Redtail



New Discoveries - China

Bohai

- Bozhong 8-4S
- Bozhong 13-2 Deep
- Bozhong 19-6N
- Caofeidian 28-1
- Kenli 9-2

Eastern South China Sea

- Enping 21-4
- Huizhou 19-14
- Huizhou 25-2
- Huizhou 26-6

Western South China Sea

- Lingshui 25-1W
- Wenchang 9-7
- Weizhou 11-6
- Weizhou 12-1

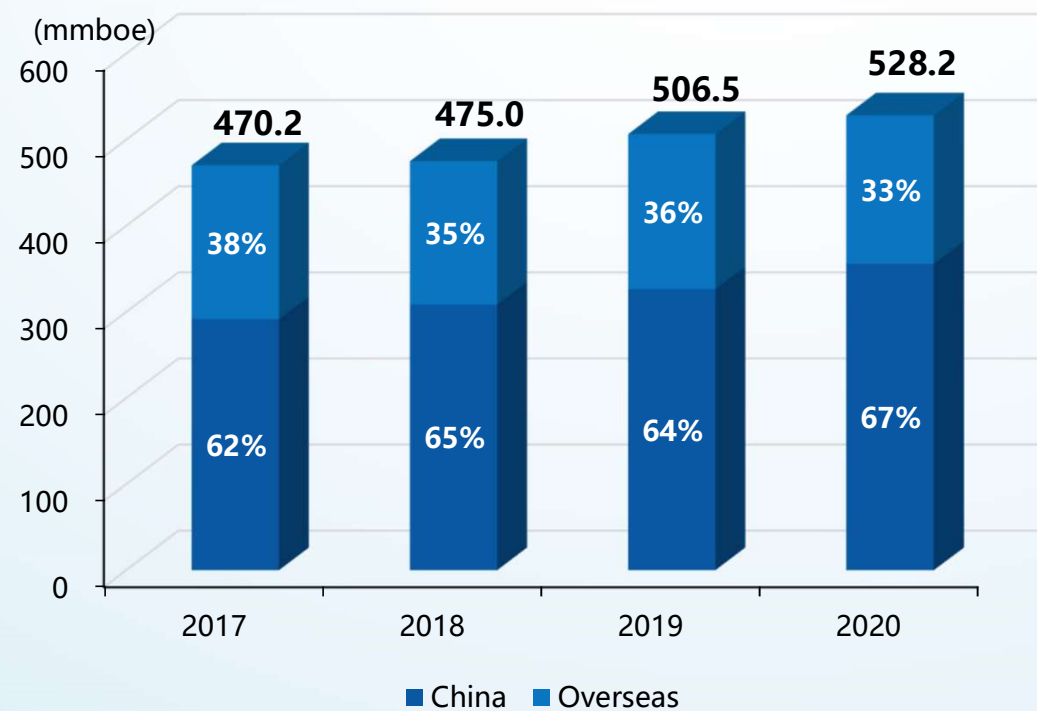
Proved Reserves and Reserve Life

- Total proved reserves hit a record high, reaching 5,373 million boe
- RRR (Reserve replacement ratio) reached 136%, and reserve life maintained above 10 years for 4 consecutive years



Production

- Net production continued to grow, hitting a record high of 528.2 million boe



Production Summary

	2020			2019		
	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)	Crude and Liquids (mm bbls)	Natural Gas (bcf)	Total (mm boe)
China						
Bohai	165.7	54.3	174.7	159.2	57.8	168.8
Western South China Sea	40.4	161.7	68.6	40.1	116.1	60.0
Eastern South China Sea	75.7	146.7	100.2	64.6	142.7	88.3
East China Sea	2.3	22.6	6.0	1.7	18.0	4.7
Onshore	-	38.3	6.4	-	27.6	4.6
Subtotal	284.0	423.6	355.9	265.6	362.2	326.4
Overseas						
Asia (Ex. China)	18.2	55.7	28.2	16.4	53.2	25.8
Oceania	1.9	51.4	12.0	1.4	33.9	8.0
Africa	33.2		33.2	44.1	-	44.1
North America (Ex. Canada)	24.6	46.6	32.4	22.9	50.0	31.2
Canada	20.3	0.05	20.3	25.5	1.5	25.8
South America	17.3	52.3	26.4	11.8	57.3	21.7
Europe	19.5	2.7	20.0	22.8	3.2	23.4
Subtotal	135.1	208.7	172.4	145.0	199.2	180.0
Total*	419.1	632.2	528.2	410.5	561.3	506.5

* Including our interests in equity-accounted investees, which is approximately 19.6 mm boe in 2020 and 20.7 mm boe in 2019.
In 2020, production percentage of China and overseas was 67% v.s. 33%; Crude and liquids and natural gas was 79% v.s. 21%.

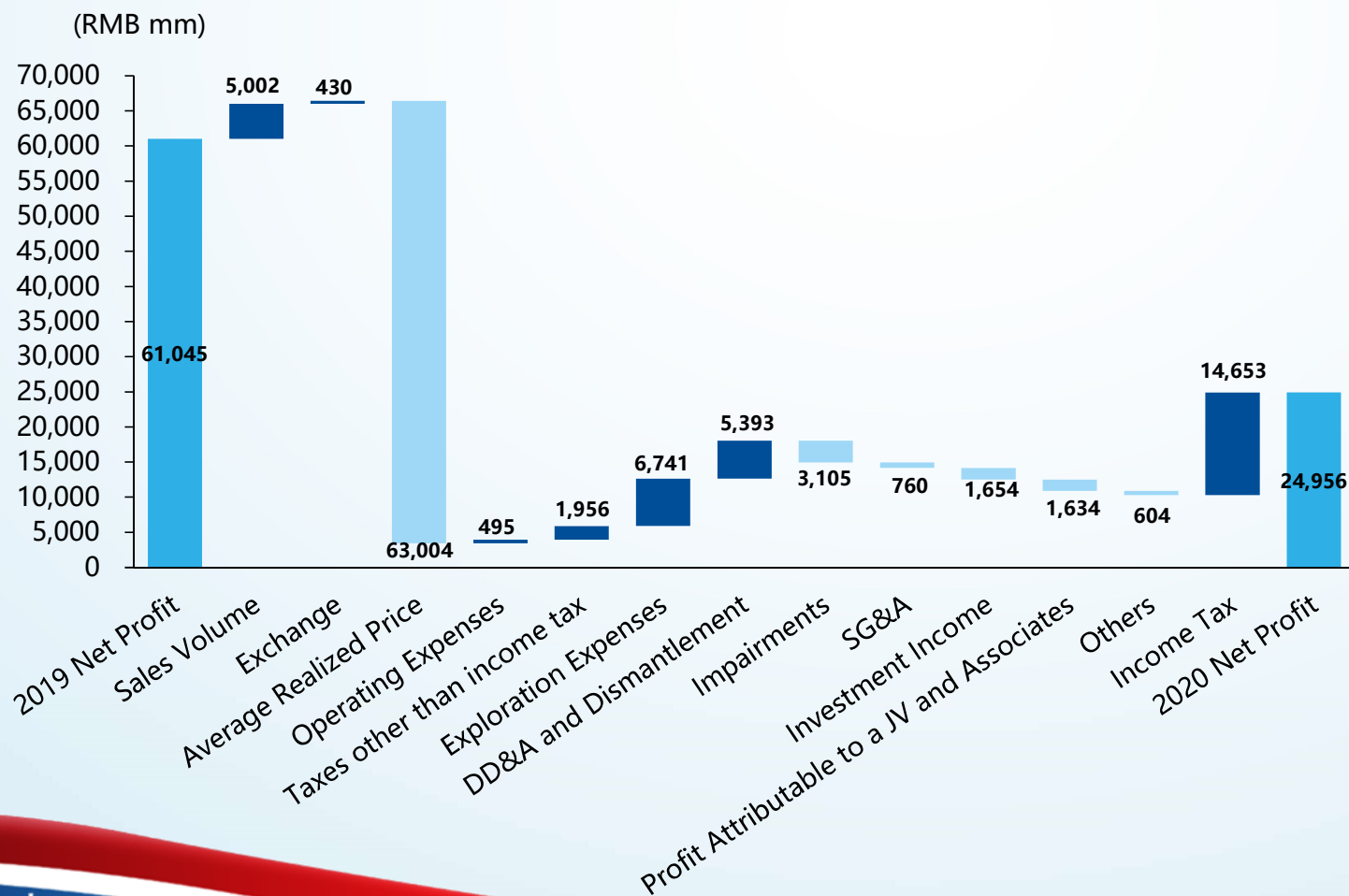


New Projects in 2020

Project	Location	Status	Peak Production (boe/d)	Working Interests
Liza oil field phase I	Guyana	Commenced production in 2019	120,000	25%
Penglai 19-3 oil field block 4 adjustment/ Penglai 19-9 oil field phase II	Bohai	Commenced production	12,700	51%
Qinhuangdao 33-1S oil field phase I	Bohai	Commenced production	6,000	100%
Luda 21-2/ Luda 16-3 regional development project	Bohai	Commenced production	26,500	100%
Bozhong 19-6 condensate gas field pilot area	Bohai	Commenced production	12,000	100%
Nanbao 35-2 oil field S1 area	Bohai	Commenced production	1,800	100%
Jinzhou 25-1 oil field 6/11 area	Bohai	Commenced production	16,500	100%
Liuhua 29-1 gas field development project	Eastern South China Sea	Commenced production	10,300	25%
Liuhua 16-2 oil field / Liuhua 20-2 oil field joint development project	Eastern South China Sea	Commenced production	72,800	100%
Buzzard oil field Phase II	U.K.	Postponed to 2021	37,000	43.21%
Penglai 25-6 Oilfield Area 3	Bohai	Commenced production ahead of schedule	11,500	51%



Change Analysis of Net Profit



Movement of Financial Position

(RMB bn)

	<u>Dec 31, 2019</u>	<u>Dec 31, 2020</u>
Cash, cash equivalent and time deposits with maturity over three months	50.8	65.8
Other Current Assets	155.1	97.6
Non-current Assets	551.8	557.9
Other Liabilities	151.0	143.8
Debt	158.5	143.5
Equity	448.2	433.9

■ Total assets mainly include:

- RMB446.7 bn of PP&E
- Corporate wealth management and money market funds of RMB61.7 bn

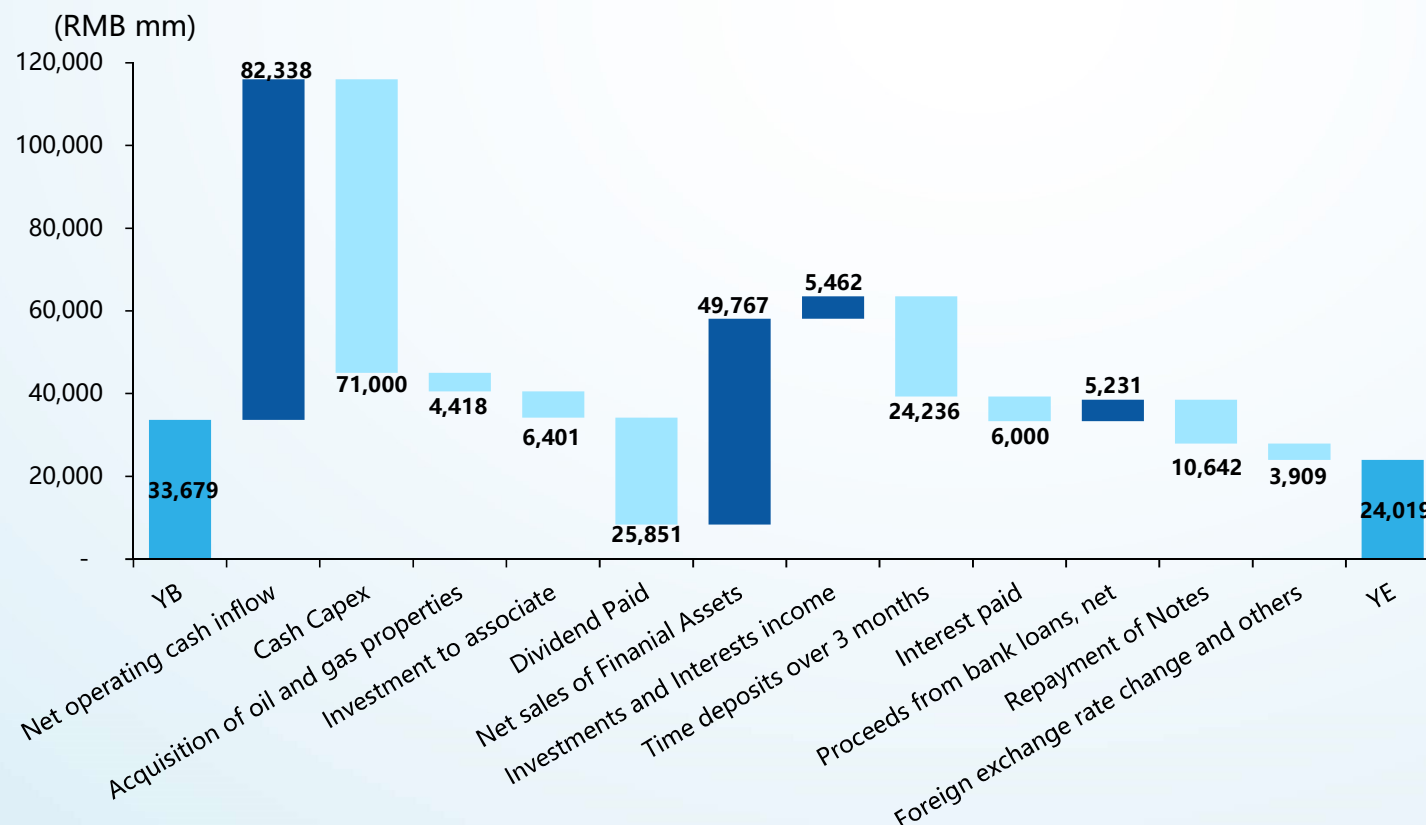
■ Equity decreased by RMB14.3 bn:

- Net profit of RMB24.96 bn
- Dividend paid of RMB26.2 bn
- Other comprehensive income

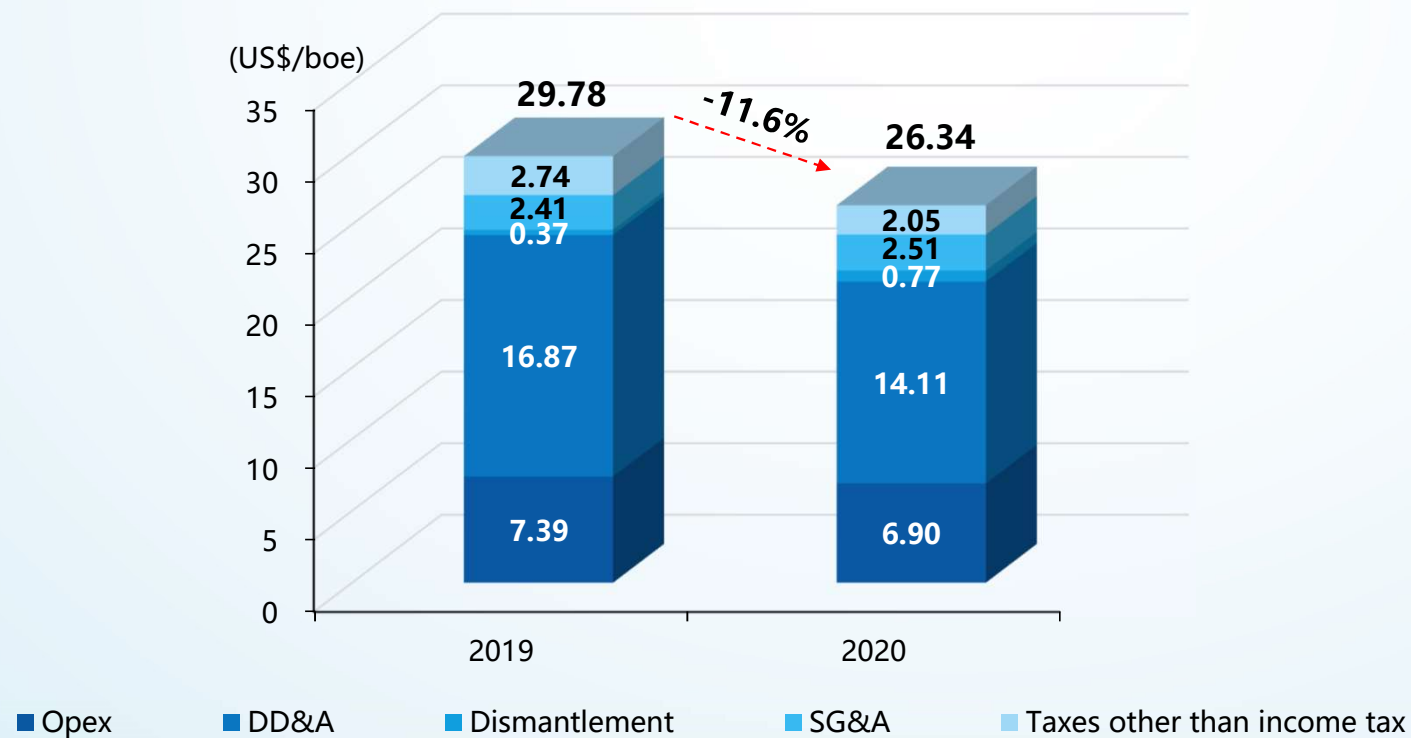
	As at Dec 31, 2019	As at Dec 31, 2020
Total Assets (RMB bn):	757.7	721.3
Gearing Ratio*	26.1%	24.9%

* Gearing ratio = Interest Bearing Debt / (Interest Bearing Debt + Equity)

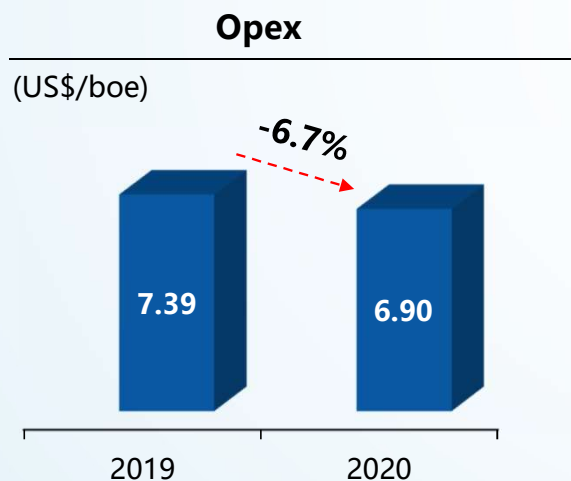
Movement of Cash and Cash Equivalents



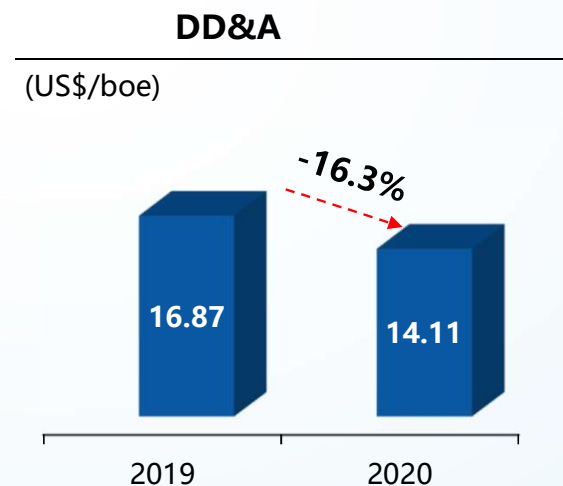
All-in cost



Cost Analysis



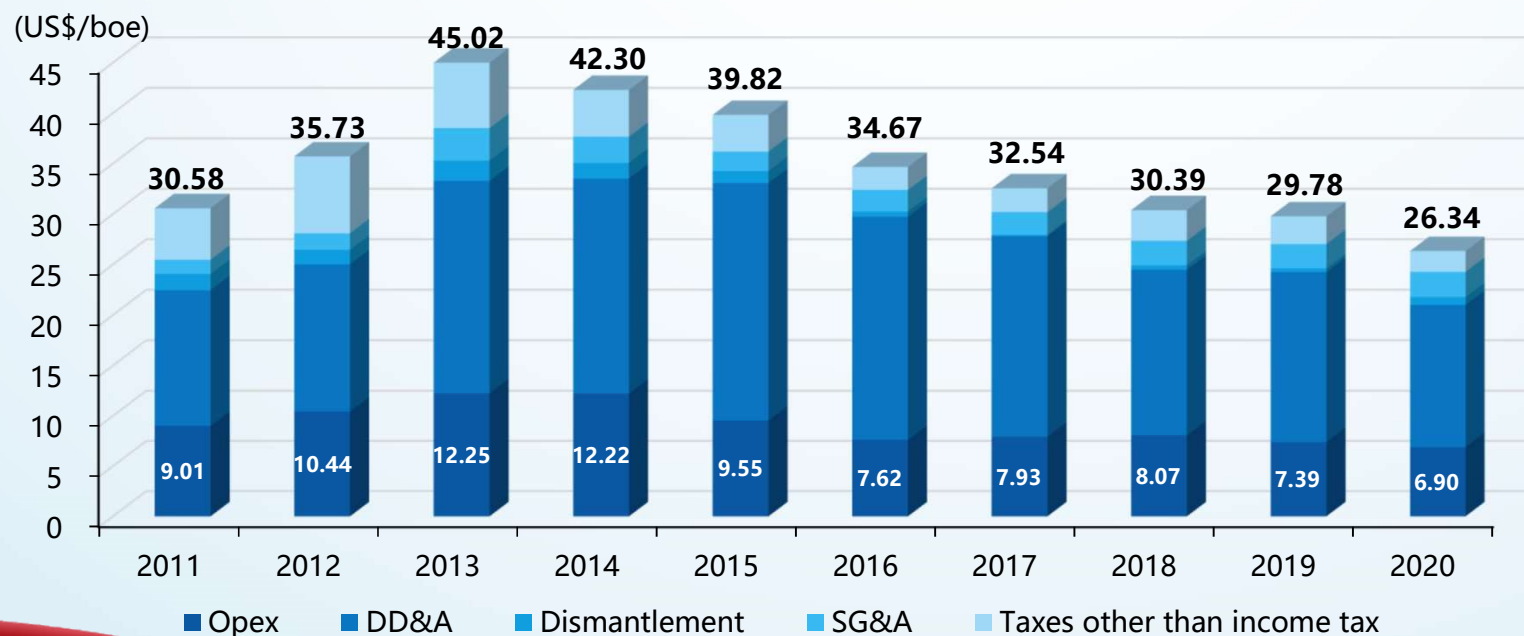
- mainly due to effective cost control and increased production volume



- mainly due to the increase in reserves and optimization in production mix

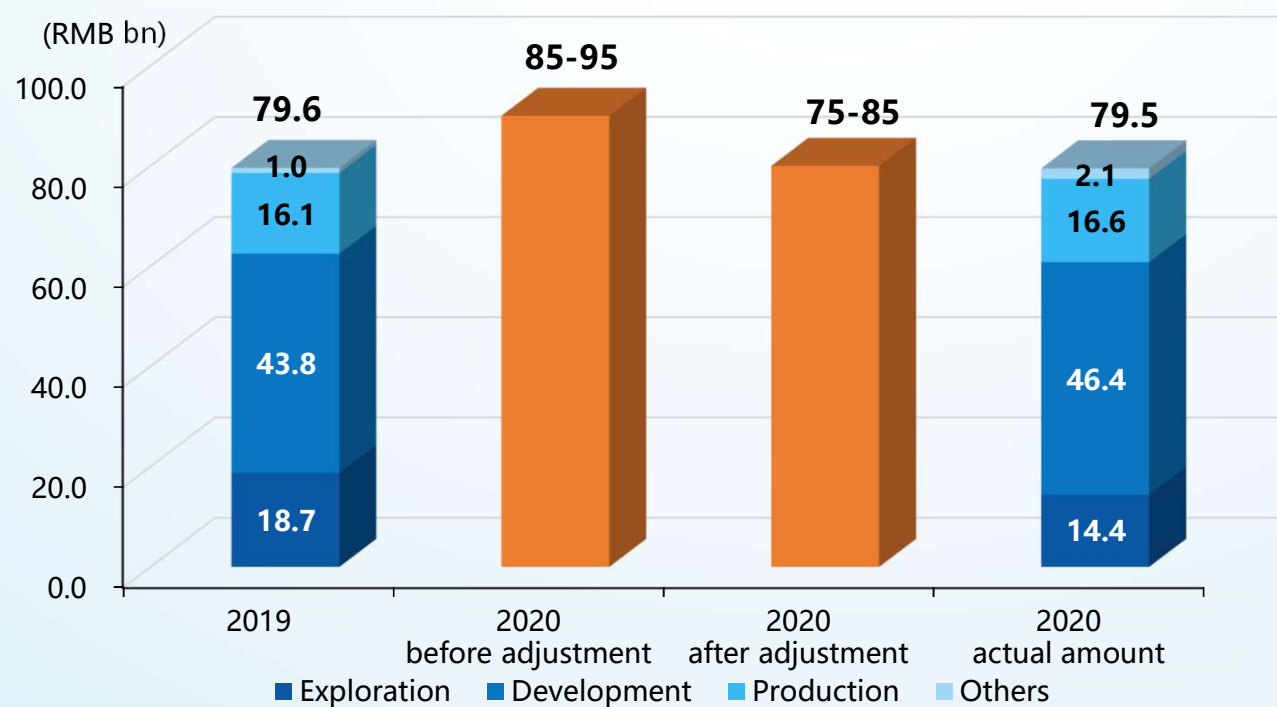
Change in All-in Cost

- Continued to reduce costs and enhance quality and efficiency with all-in cost reduced to US\$26.34/boe, a record low in 10 years
- Opex reduced to US\$6.90/boe, the lowest level in 13 years



Capex

- Capital expenditure was timely adjusted and well executed, amounting to RMB79.5 billion



Note: Above amounts exclude capitalized interest of RMB3.0 bn and RMB2.5 bn in 2019 and 2020, respectively.

Final Dividend

- **Proposed year-end dividend: HK\$0.25 per share (tax inclusive)**
 - Dividend yield of 4.9% ⁽¹⁾ , payout ratio of 67.2% ⁽²⁾
- **Proposed time arrangement:**
 - Book close period: June 7- June 11
 - Payment date: July 9

*(1) Based on closing share price of HK\$9.25 as of February 26, 2021
(2) Exchange rate quoted HK\$1= RMB0.83449 as of February 26, 2021*

Performance Highlights



CNOOC Limited
中国海洋石油有限公司

Effective Implementation of Pandemic Prevention and Control

- **Built an effective pandemic prevention system**
 - Timely established a special working group and build an effective pandemic prevention system
 - Adjusted the offshore operation policies, refined prevention and control measures and improved emergency mechanism
 - Zero infection in workplaces and no delay in project construction in domestic China
- **Actively performed social responsibilities**
 - Timely resumed operation and production to ensure supply of oil and gas
 - Made 14 donations of pandemic prevention materials in 8 countries
 - Shared measures and experience of pandemic prevention and control with partners and contractors





Continue to Increase Reserves and Production —Exploration Achievements in Offshore China

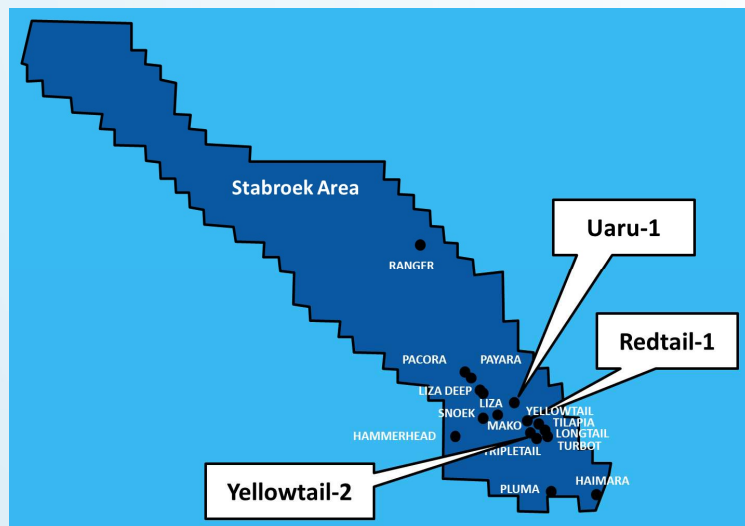
- **Discovered Kenli 6-1 large-sized oil field**
 - Efficiently completed appraisal and drilled 18 exploration wells in 40 days
 - Became the first large-sized shallow lithology oilfield in Laibei lower uplift with proved in-place volume of crude oil over 100 million tons
- **Discovered Bozhong 13-2 large-sized oil and gas field**
 - Another buried hill breakthrough after Bozhong 19-6
 - Proved in-place volume reached 100 million tons
- **Discovered Huizhou 26-6 mid-sized oil and gas field through risk exploration**
 - Proved in-place volume of 50 million tons, will drive oil and gas exploration in surrounding areas
 - Expected to become the biggest oil and gas field discovered by independent exploration in the Pearl River Mouth Basin

Continue to Increase Reserves and Production —Exploration Achievements in Offshore China

- **Focused on new areas, new fields, and new types exploration**
 - Achieved breakthrough in Qinhuangdao 22-3, Wenchang 9-7-1 well and Lingshui 25-1W structure, expanding base of reserve replacement
- **Promoted the integration of exploration and development and continuously enhanced the effectiveness of rolling exploration**
 - Newly-added proved in-place volume exceeded 100 million tons of oil equivalent, hitting a new record for rolling exploration
- **Increased efforts in onshore unconventional exploration**
 - Proved in-place volume of unconventional gas reached 100 billion cubic meters, strongly supporting the growth of future natural gas production



Continue to Increase Reserves and Production — Overseas Exploration Achievements



- **New discoveries were made continuously in Stabroek block in Guyana**
 - 3 new discoveries were made: Uaru, Yellowtail-2 and Redtail
 - Yellowtail was successfully appraised, and breakthroughs were achieved in the new formation
 - A total of 18 new discoveries have been made
 - Recoverable resources have been further expanded to approximately 9.0 billion boe*
 - Great potential for future exploration

Continue to Increase Reserves and Production — Development and Production

■ New projects

- Carried out 94 feasibility study projects and designed capacity of the project increased significantly
- Advanced construction with over 90% projects came on stream ahead of schedule
- Promoted integration of exploration and development, shortening the time of first oil by over one year

■ Producing fields

- Improved the effectiveness of water injection and lowered the natural decline rate
- Accelerated drilling cycle of infill drilling wells, improved the effectiveness, and the number of wells hit a record high
- Improved project shutdown and maintenance, promoted the application of new technologies, and increased oil production reached a record high



Remarkable Results in Cost Control and Efficiency Enhancement

■ Exploration

- Strengthened risk identification, optimized exploration deployment and improved exploration success rate
- Innovated operation model, integrated operation resources and effectively controlled the finding cost

■ Development

- Strengthened management of the whole process of the project to reduce development cost
- Orderly advanced standardization of engineering construction to speed up oil and gas field development

■ Production

- Strengthened on-site management, carried out technological upgrade, and steadily increased the rate of self-inspection and self-repair
- Accelerated the progress and enhanced the efficiency of infill drilling wells and appraisal wells, and strengthened the measures for production growth



Fruitful Results in Technological Innovation

■ Facilitated operation through technological innovation

- Innovated geological understanding to make several major discoveries of oil and gas fields including Kenli 6-1
- Promoted key technology research to stabilize and increase production in Bohai
- Made breakthrough in deepwater development technology, shortened the time for drilling wells in Lingshui 17-2 gas field by 30%



■ New progress in digital transformation

- Promoted offshore unmanned platform with domestic unmanned rate reached 11.3%
- Commenced the pilot project of inspection robot, carried out flexible manpower transformation, and reduced 33% of the employees on Ledong 15-1 platform
- Implemented the remote-control production model for typhoon prevention and enabled certain oil and gas fields to continue production during typhoon period

Steady Progress in Low-Carbon Development

- **Continuous investment in energy conservation**
 - Implemented 60 energy conservation transformation projects with investment of RMB193 million
 - Saved energy of 149,000 tons of standard coal and reduced CO₂ emission of over 320,000 tons
- **Implemented full life cycle environmental protection**
 - Major pollutants were discharged in compliance with the standards
 - New pollutant emissions were under effective control
 - The construction of on shore power projects was carried out in a steady manner
- **Developed offshore wind power in an orderly manner**
 - The first offshore wind power project has connected to the grid to generate electricity
 - The second offshore wind power project progressed orderly



Outlook



CNOOC Limited
中国海洋石油有限公司

Future Operation Strategies

Continuously improve value creation capabilities to bring greater returns to shareholders

- Strengthen the efforts in nature gas exploration
- Promote further production growth
- Focus on investment returns
- Consolidate cost competitiveness
- Maintain a healthy financial position
- Optimize the layout of overseas assets
- Adhere to the low-carbon development principle

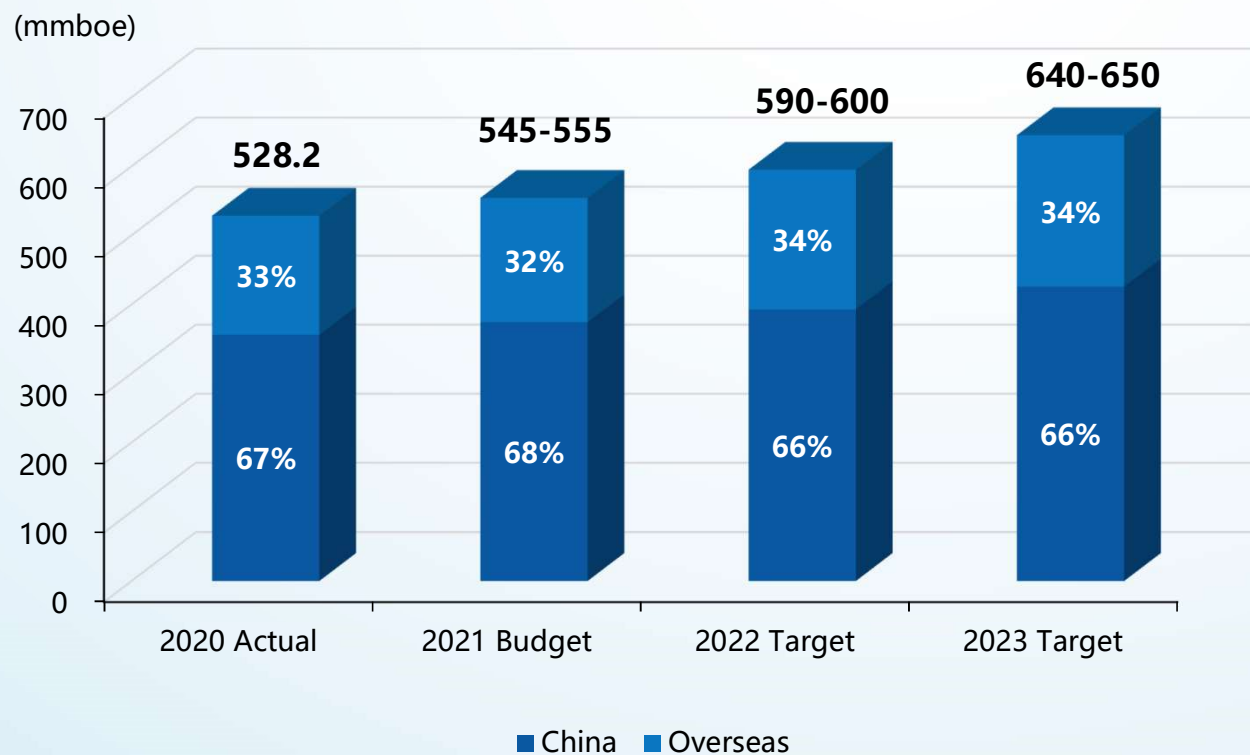


2021 Operation Targets

- Capex budget of RMB90-100 billion
- Production target of 545-555 mmboe
- 19 new projects to come on stream
- Reserve Replacement Ratio (RRR) over 120%
- High standards on HSE performance



Three-year Rolling Target





Thank you!



CNOOC Limited
中国海洋石油有限公司