

The image features a large industrial facility, likely a refinery or chemical plant, with numerous distillation columns, pipes, and storage tanks under a bright, hazy sky. The scene is partially obscured by a large, stylized graphic element consisting of a white and red triangle with curved lines, which serves as a background for the text. The text is arranged in a clear, professional layout on the right side of the image.

**ANTON 安東**

**2018 Interim Results  
Announcement**

**2018.8.28**



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# Agenda

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**1**  **2018 Interim Results Summary**

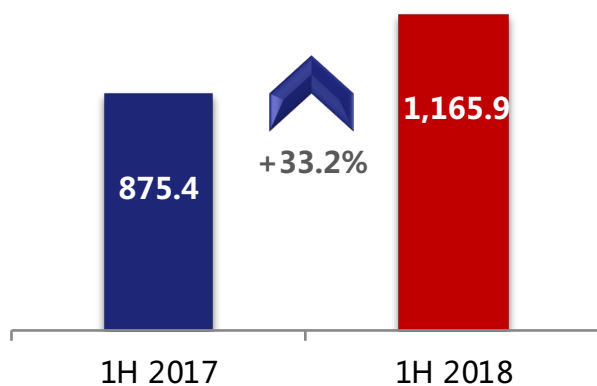
**2**  2H 2018 Outlook

**3**  Q&A

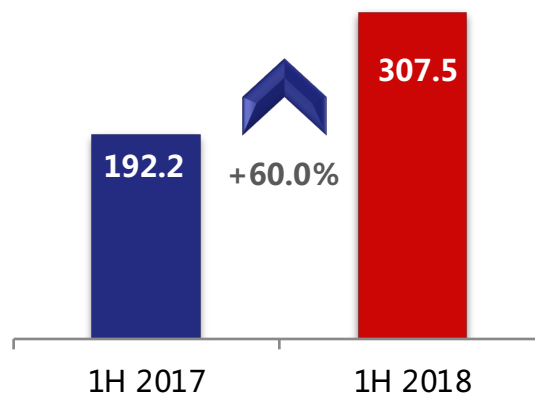
# 2018 Interim Result Summary

(RMB million)

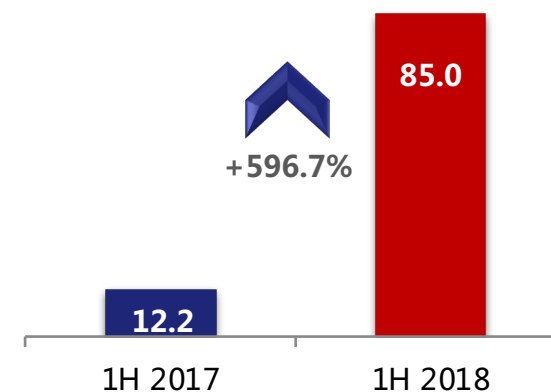
## Revenue



## Operating Profit



## Profit Attributable to Equity owner of the Group







# Business Highlights

1

Oil Price rose steadily, major customers' Capex increased

2

New orders grow significantly, order structure continuously optimized

3

A historic breakthrough achieved in “asset-light” model , won the bid for a large-scale project in Iraqi market , successfully completed the project handover

4

Continuously implement effective cost control measures, profit margin significantly improved

5

Operating cash flows improved, Capex reduced, and notable results achieved in cash flow management

6

All debt indicators kept stable and improving; short-term borrowings renewed to ensure sufficient liquidity for the Group

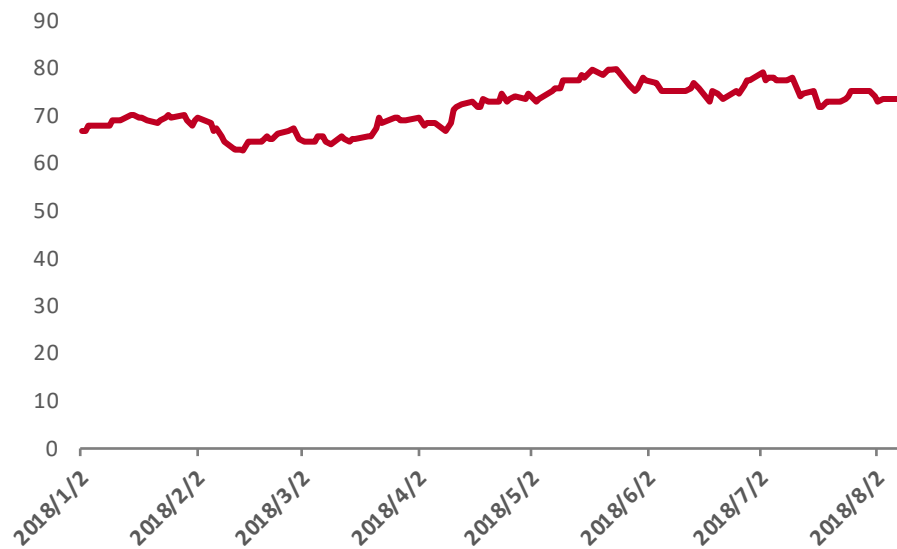


# Oil Price rose steadily, major customers' Capex increased

## Brent Oil Price



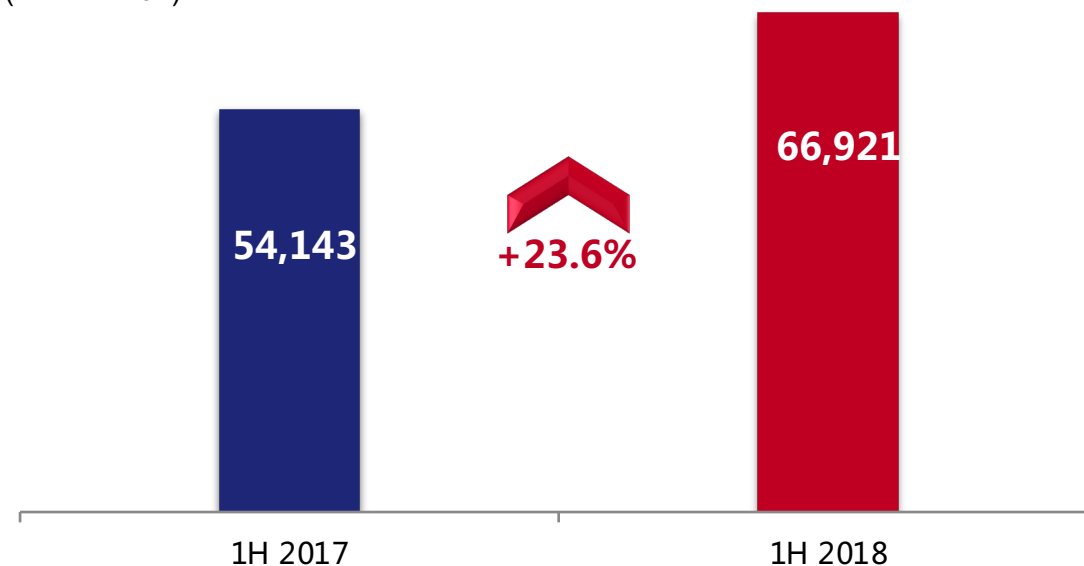
USD/Barrel



## Major Customers' Capex



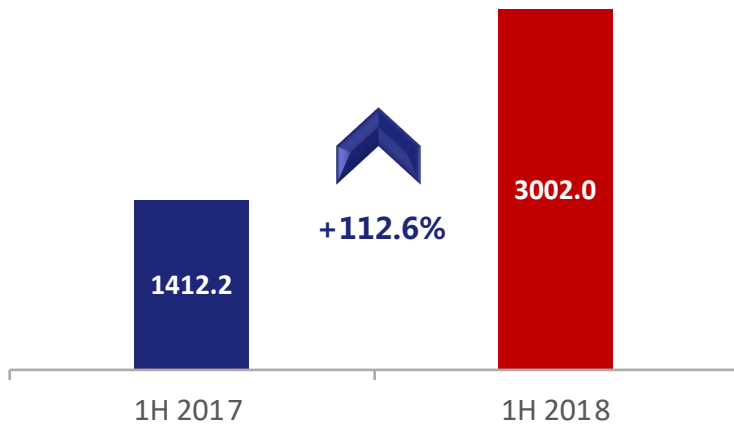
(RMB million)



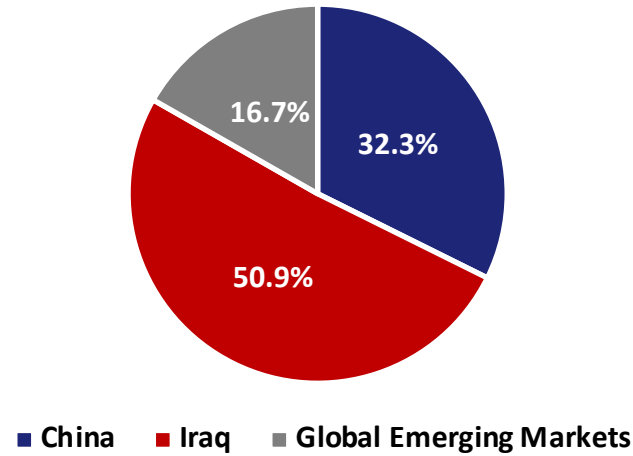


# New orders grow significantly, order structure continuously optimized

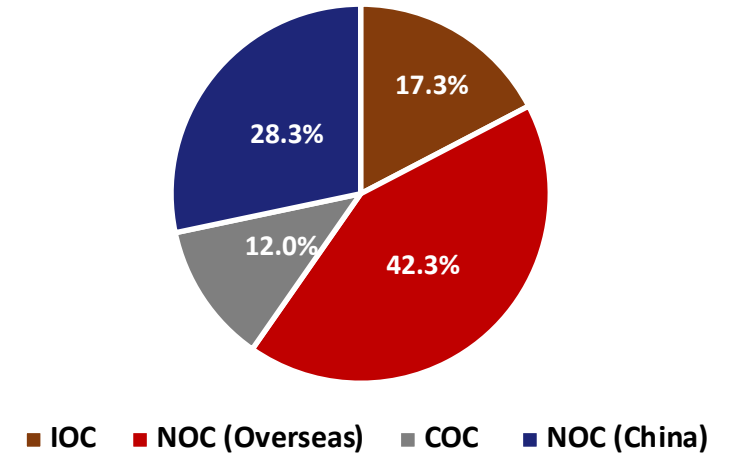
Total Amount of New Orders



Market Structure of New Orders

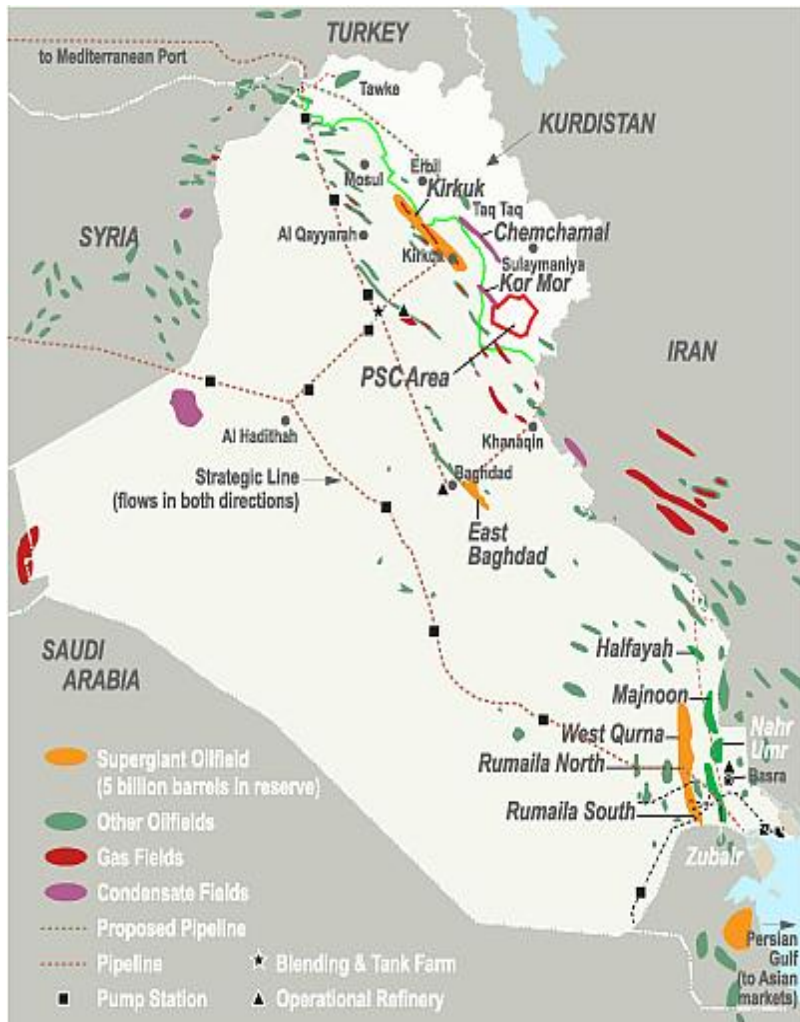


Customer Structure of New Orders





# A historic breakthrough achieved in “asset-light” model , won the bid for a large-scale project in Iraqi market , successfully completed the project handover



## Project Features



- **The government’s integrated project:** this project created a new model for the Iraqi government's post-war oilfield development, which will release a large number of integrated contracting project opportunities in the future;
- **Strict selection process:** this project has undergone three rounds of strict international bidding processes, which were conducted by the IOC. After winning the bid, Anton’s market reputation has been greatly improved;
- **Large-scale revenue growth:** the project was officially handed over on July 1st this year, and the revenue will be confirmed in the second half of the year;

## Project Impacts



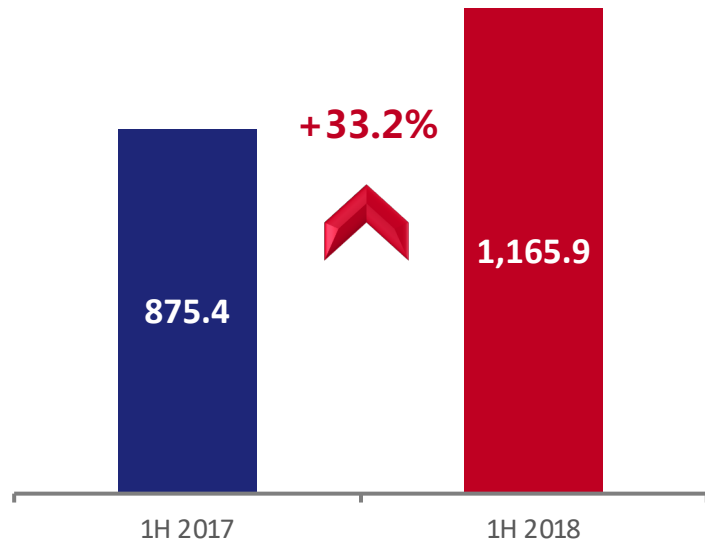
- **Asset-light:** Anton will participate in the project as a general contractor to operate under zero extra Capex with asset-light model;
- **Low risks:** Anton promotes cooperation with financial institutions to lower project risks by combining industry with finance.





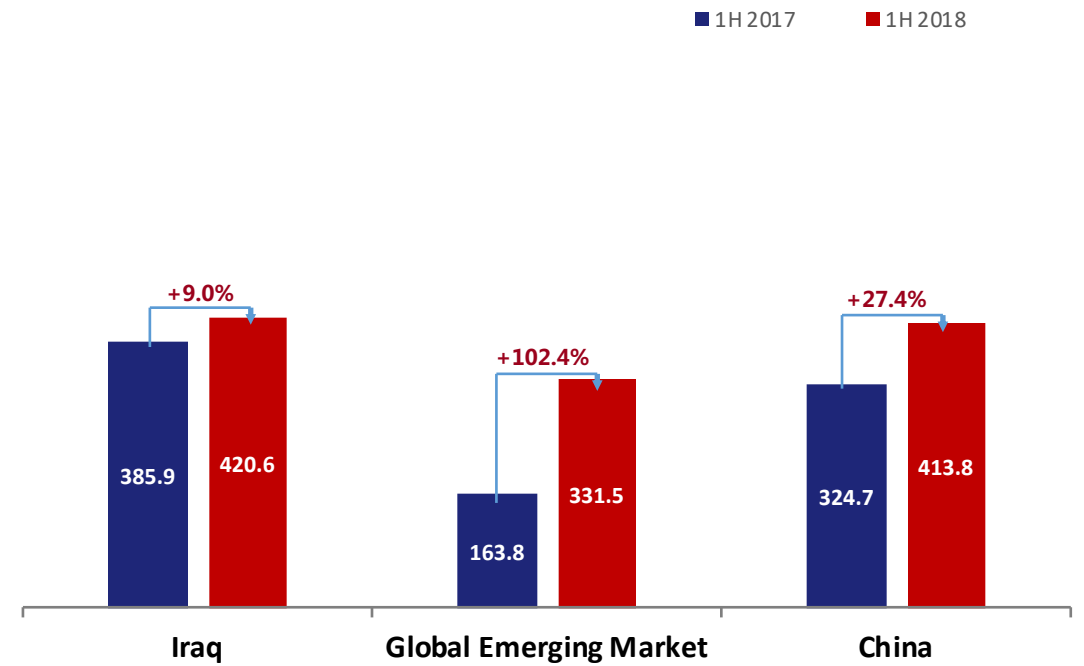
# Total revenue hit record high, revenue of global emerging markets increased significantly, Chinese market achieved rapid recovery

## Total Revenue



(RMB million)

## Regional Market Revenue



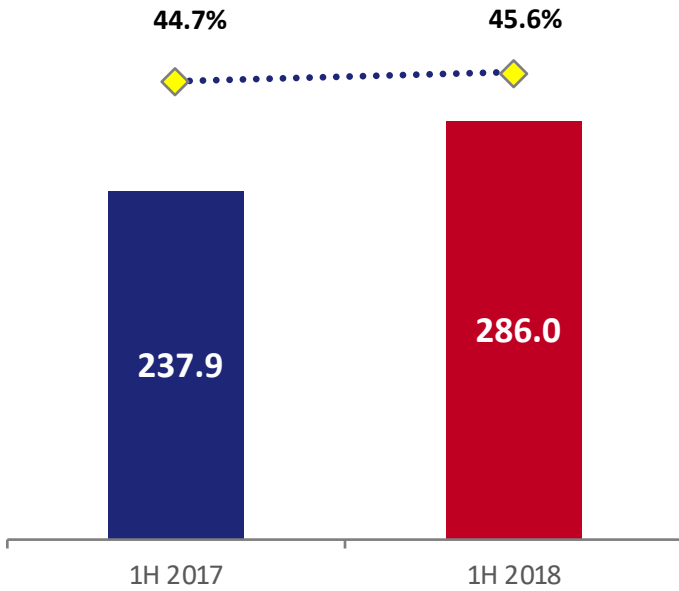


# Continuously implement effective cost control measures, profit margin significantly improved

## Gross Profit



(RMB million)

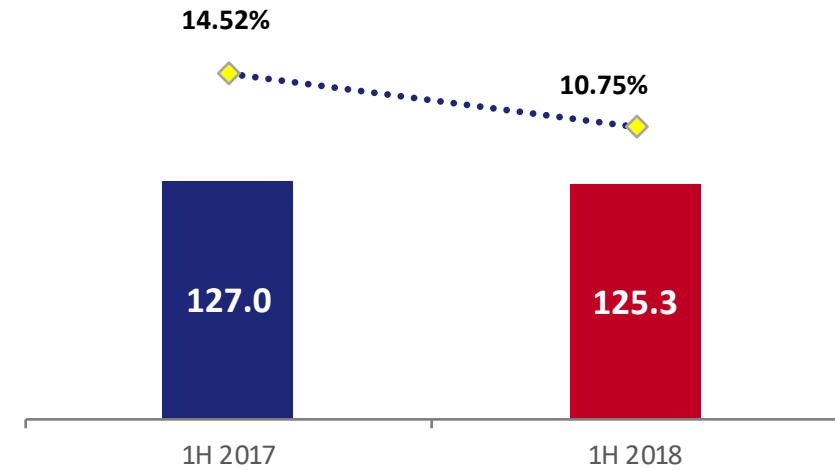


■ Gross profit ●◆●● Gross profit margin

## SG&A



(RMB million)



■ SG&A ●◆●● SG&A/Revenue



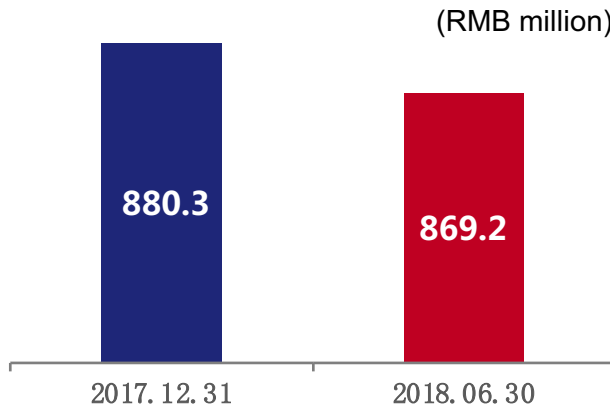
## Operating cash flows improved, Capex reduced, and notable results achieved in cash flow management

Cash Flow	1H 2017	1H 2018	Change
Cash Used in Operating Activities	-206.5	45.6	252.1
Cash Interest Payments	-96.7	-131.0	-34.3
Capital Expenditures	-126.5	-49.1	77.4
Free Cash Flow	-429.7	-134.5	295.2



# All debt indicators kept stable and improving; short-term borrowings renewed to ensure sufficient liquidity for the Group

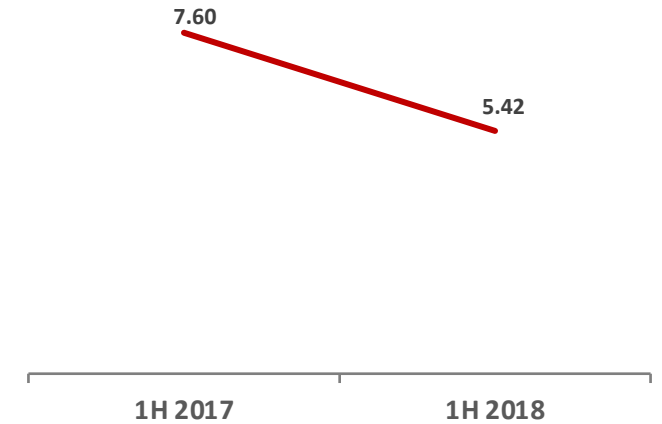
## Short-term Borrowings



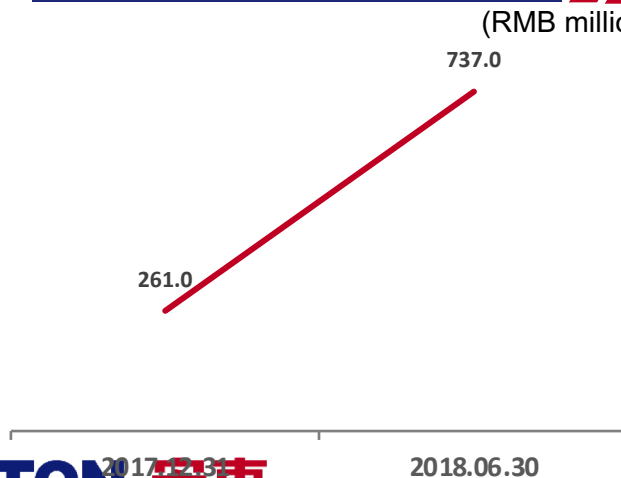
## Capital Safety Secured

- Short-term borrowings from banks have been repaid and renewed, which eliminated short-term liquidity risks and provided abundant liquidity for the Group
- Unused bank credits were increased from RMB 476 million yuan to RMB 737 million yuan, the financing ability of the Group was improved

## Total Debt /EBITDA



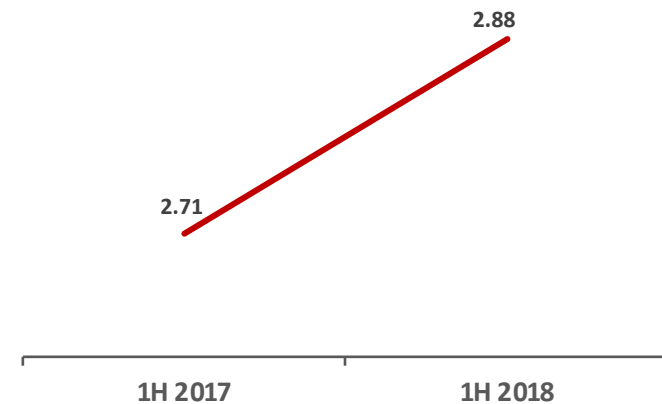
## Unused Credit Facilities Granted



## Solvency Capacity Improved

- Profitability, revenue and solvency capacity of the Group were greatly improved
- Debt indicators were stable and improving, the credit rating of the bond was improved

## FCCR







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## Outlook for 2H 2018

1

Adhere to the global emerging market development strategy , seize the great development opportunities of domestic "Energy Security"

2

Continue to upgrade the asset-light service model with the core of increasing production and reducing costs

3

Deepen the combining of production and finance, reduce fund occupation

4

Fully realize the management objectives with cash flow as the core

5

Promote “Hard Struggle” culture, strengthen compensation incentives, mobilize human resource efficiency



# Adhere to the global emerging market development strategy , seize the great development opportunities of domestic "Energy Security"



## Iraqi Market



- By taking the opportunities of large-scale projects in southern area, Anton will look for further business opportunities from those projects and other potential projects to cooperate with other IOCs ;

## Global Emerging Markets



- Benefiting from the “One Belt, One Road” policy, the Group will establish a tripartite cooperation model with oil company customers and Chinese political financial institutions to promote the settlements of high-quality integration projects.

## Chinese Market



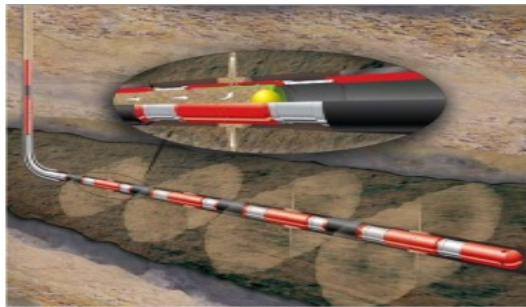
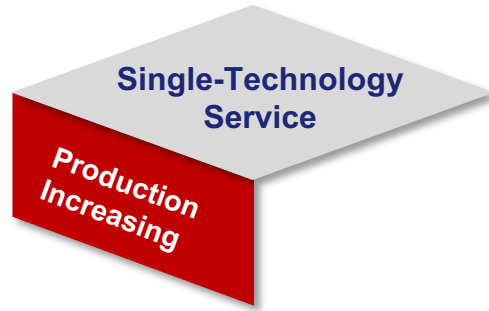
- Respond to the national energy security policy, seize the opportunity of energy development, focus on developing projects in Xinjiang and Sichuan, and promote the overall growth of the Chinese market.



# Continue to upgrade the asset-light service model with the core of increasing production and reducing costs

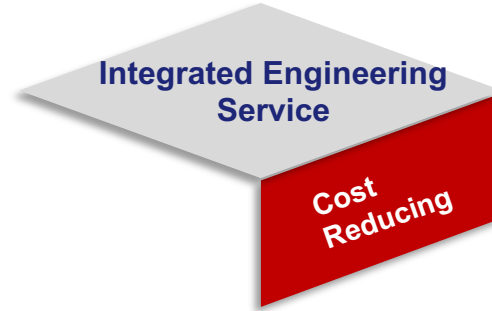
## Single-Technology Service

Staged fracturing tech., etc.  
Provide Single Cluster production-increasing and cost-reducing services



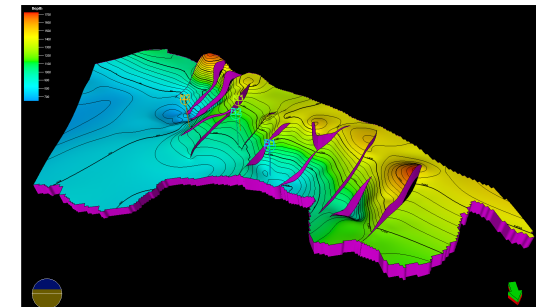
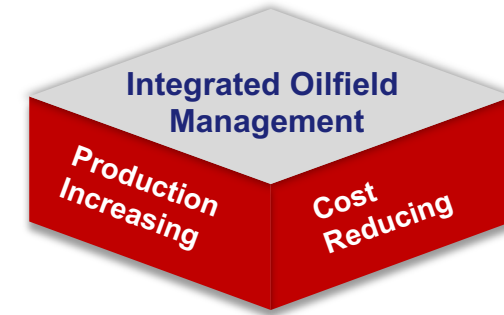
## Integrated Engineering Service

Integrated Production Management tech., etc.  
Provide integrated technology services including drilling, well completion, and oil production



## Integrated Oilfield Management Service

Integrated Oilfield Management., etc.  
Provide one-stop service for oil reservoir research, development design and engineering operations





# Deepen the combining of production and finance, reduce fund occupation



## Performance Bond Cooperation

- Approach: The Bank of Beijing granted a special credit of RMB 350 million to the Group for the performance bond for overseas projects.
- Purpose: Reduce the capital occupation of performance bond and enhance the liquidity of the group.



## Risk Insurance for International Project

- Approach : SINOSURE provides political and commercial risk insurance for the Group's overseas projects, and the Group uses this to conduct factoring cooperation with other financial institutions.
- Purpose : Reduce project risks, reduce operating capital occupation, and enhance regional competitiveness.

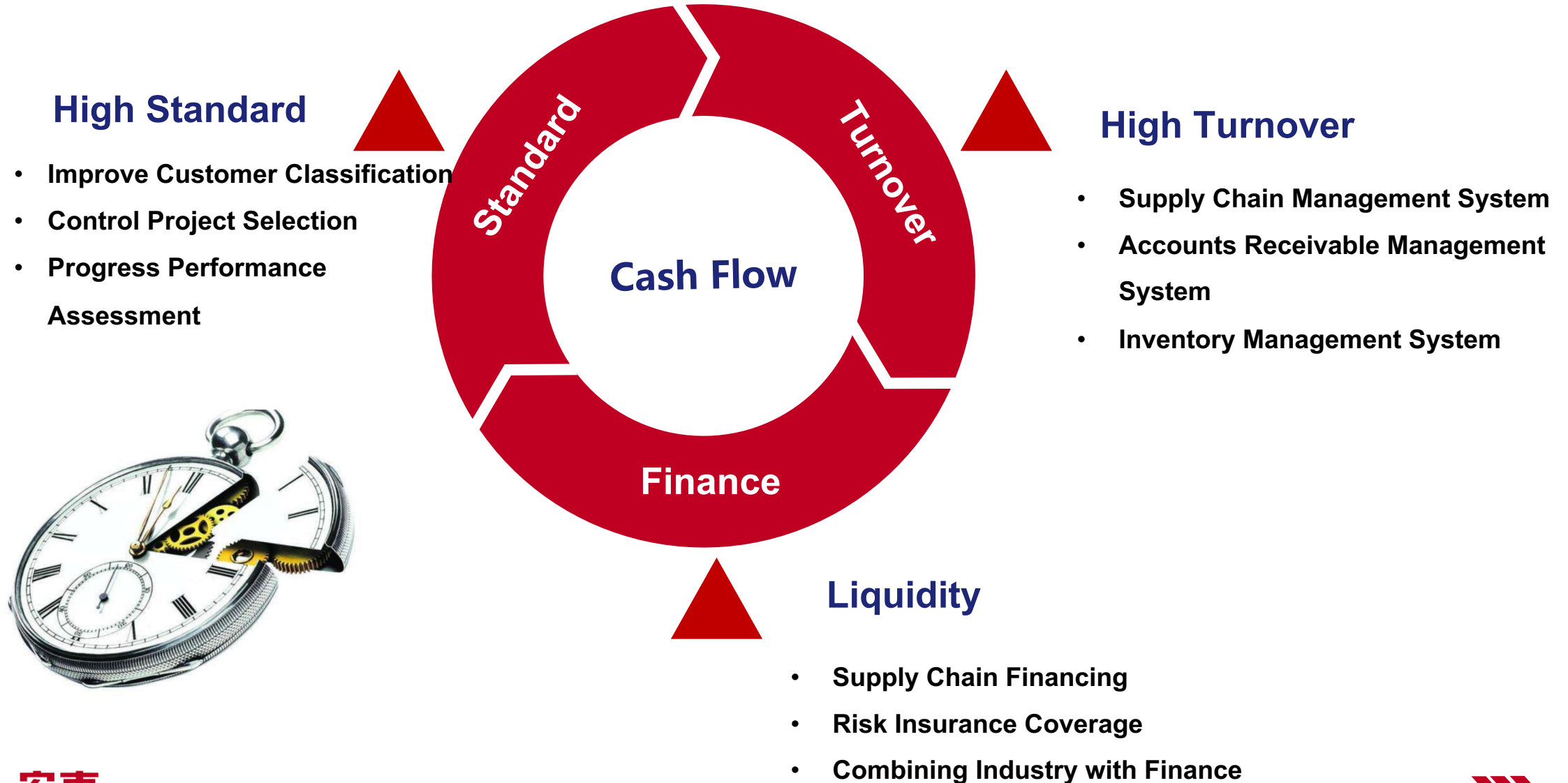


## Equipment Financing Lease

- Approach: CCRC financial leasing leases the Group's fixed assets for financial leasing, reducing the Group's asset burden.
- Purpose: Avoid equipment depreciation losses and achieve light asset operations



# Fully realize the management objectives with cash flow as the core





# Promote “Hard Struggle” culture, strengthen compensation incentives, mobilize human resource efficiency

## Culture Formation



- Promote “hard struggle” culture, train outstanding talents with diverse international projects, cultivate high-quality Anton team.



## Management Upgrade



- Promote Amoeba management system, redefines the relationship between powers and responsibilities, optimizes the salary assessment system, controls fixed labor costs, and promotes the upgrading of management models.





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# Appendix 1: Consolidated Income Statement

As at 30 June(RMB million)	2018	2017
Revenue	1,165.9	875.4
Cost of Sales	(705.7)	(546.7)
Gross Profit	460.2	328.7
Other gains, net	7.4	3.0
Selling expenses	(60.4)	(57.6)
Administrative expenses	(64.9)	(69.4)
Research and development expenses	(7.9)	(9.0)
Sales tax and surcharges	(4.9)	(3.5)
Operating Profit	307.5	192.2
Finance costs, net	(155.4)	(117.9)
Share of loss of a joint venture	(0.1)	(0.7)
Profit before Income Tax	152.0	73.5
Income tax expenses	(38.7)	(28.6)
Profit for the Year	113.4	45.0
Profit attributable to owners of the Company	85.0	12.2
Non-controlling interests	28.4	32.8

# Appendix 2: Balance Sheet

RMB million	As at 30 June 2018	As at 31 December 2017
Property, plant and equipment	2,278.7	2,331.6
Prepaid lease payments	76.6	77.7
Intangible assets	218.2	224.3
Interest in a joint venture	2.6	2.7
Payments and other receivables	123.1	121.2
Other non-current assets	2.6	2.7
Deferred income tax assets	57.0	63.7
Inventories	645.3	597.2
Prepaid lease payments	1.9	2.0
Trade and notes receivables	1959.4	1760.4
Prepayments and other receivables	511.5	466.9
Restricted bank deposits	410.5	415.1
Contract Asset	74.6	0.1
Cash and cash equivalents	451.4	1133.1
<b>Total Assets</b>	<b>7426.6</b>	<b>7748.0</b>
Capital and reserves attributable to owners of the Company	2589.9	2558.1
Non-controlling interests	418.1	389.0
<b>Total Equity</b>	<b>3008.0</b>	<b>2947.1</b>
Non-current liabilities	2091.2	1932.5
Current liabilities	2327.0	2867.7
<b>Total liabilities</b>	<b>4418.2</b>	<b>4800.2</b>
<b>Total equity and liabilities</b>	<b>7426.3</b>	<b>7747.3</b>

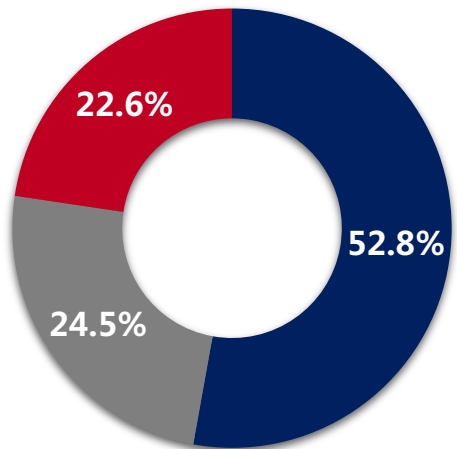


# Appendix 3: Cash Flow Statement

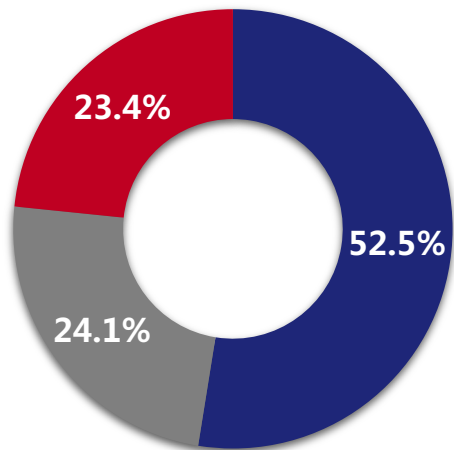
As at 30 June ( RMB million )	2018	2017
Net cash generated from operating activities	45.6	(206.5)
Net cash used in investing activities	(46.4)	(120.4)
Net cash generated from financing activities	(691.5)	151.0
Net increase in cash and cash equivalents	(692.3)	(175.9)
Cash and cash equivalents at beginning of the year	1133.1	507.3
Exchange (loss)/gain on cash and cash equivalents	10.8	5.2
Cash and cash equivalents at end of the year	451.6	336.4

# Appendix 4: Business Cluster Mix

2018 1h Revenue Breakdown

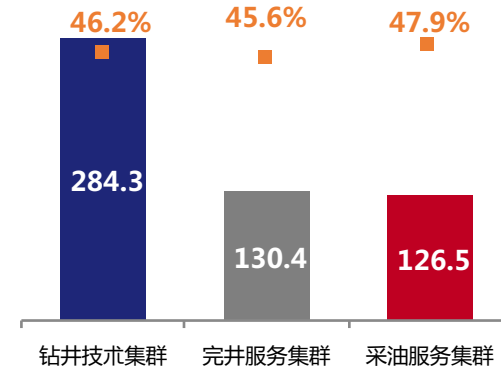


2018 1H EBITDA Breakdown

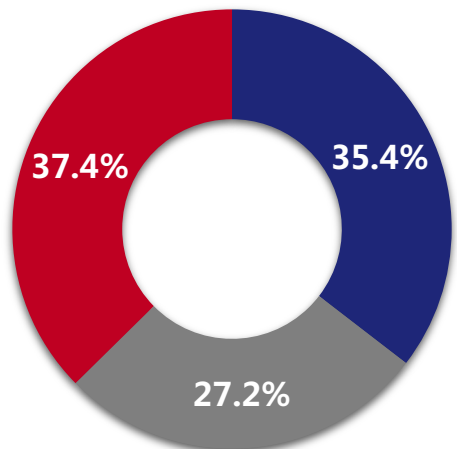


2018 1H EBITDA/EBITDA Margin

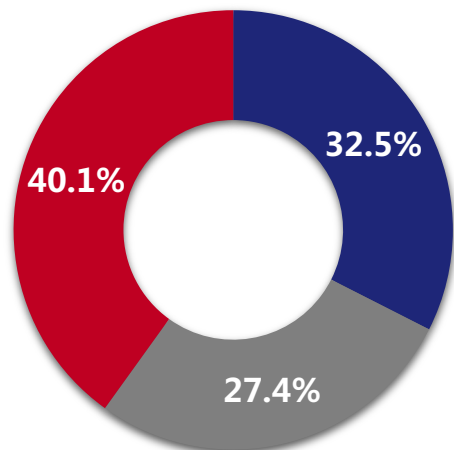
(人民币百万元)



2017 1h Revenue Breakdown

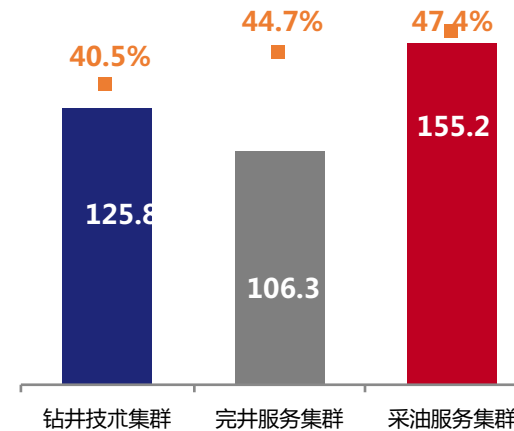


2017 1H EBITDA Breakdown



2017 1H EBITDA/EBITDA Margin

(人民币百万元)



■ 钻井技术集群 ■ 完井服务集群 ■ 采油服务集群

# Appendix 5: Cost Analysis

Costs / Expense by function	1H2018	1H2017	Change	1H2018	1H2017	Change
	% of Revenue			RMB million		
			%			%
Cost of sales	60.5%	62.5%	-2.0%	705.7	546.7	29.1%
Selling expenses	5.2%	6.6%	-1.4%	60.4	57.6	4.9%
Administrative expenses	5.6%	7.9%	-2.3%	64.9	69.4	-6.5%
R&D expenses	0.7%	1.0%	-0.3%	7.9	9.0	-12.2%
Sales tax & surcharges	0.4%	0.4%	0.0%	4.9	3.5	40.0%
Finance expenses	13.5%	13.7%	-0.2%	157.3	119.8	31.3%
Income tax expenses	3.3%	3.3%	0.0%	38.7	28.6	35.3%

Costs / Expenses by nature	1H2018	1H2017	Change	1H2018	1H2017	Change
	% of Revenue			RMB million		
			%			%
Material & services	30.8%	32.9%	-2.1%	359.4	288.4	24.6%
Staff overhead	20.1%	20.1%	0.0%	234.6	176.0	33.3%
Depreciation & amortization	10.8%	11.0%	-0.2%	125.5	96.3	30.3%
Other expenses	12.1%	14.0%	-1.9%	141.4	122.2	15.7%

# Appendix 6: Product Line Summary

Drilling Technology Cluster	Description
Integrated Services Management	Provides engineering technical services and products during the drilling stage to solve problems encountered in directional drilling, drilling assessment, drilling acceleration, enhanced reservoir contact and integrated drilling
Integrated Drilling Services	Implements project organization and economic assessment through reservoir geological assessment and integrated geological and engineering design
Directional Drilling	Integrates new technologies for drilling, well completion and special tools; provides comprehensive technical services from design to matching tools, production technique and related equipment; integrates individual competitive drilling technologies and provides integrated drilling and well completion technical solutions
Drilling and Completion Fluid Service	Engineers operate the drilling tool set to drill wellbores along the pre-set path to enhance the oil and gas recovery rate by reaching the best position in the reserves
Drilling Technology Cluster	Provides drilling fluid system comprising oil-based muds and high-performance water-based muds, intended to address down-hole complications, shorten the drilling cycle and increase drilling speed
Drilling Tool Rental and Technical Service	Provides drilling tool rental, rehabilitation and anti-abrasion service, tubular processing and manufacturing and storage solutions
Land Drilling Service	Operates rigs to complete drilling jobs, including the delivery of service with self-owned rigs and third party owned rigs under management
Oilfield Waste Management	Applies advanced technology and combines domestic and international resources to offer waste and pollutants management service throughout oil and gas exploration and development such as oil-based drilling fluid and drill cutting treatment and fracture flowback fluid treatment.
Oil and Gas Production Facilities Inspection and	Enjoys China National Accreditation Service (CNAS) lab status for instruments and Chinese and US Non-destructive Testing (NDT) qualifications; adopts international standards to conduct site testing service for oil production equipment, devices and instruments for customers across petrochemical, pharmaceutical, machinery manufacturing and electronics



# Appendix 6: Product Line Summary

Business Clusters and Constituent Business Lines	Description
<b>Well Completion Cluster</b>	Provides integrated well completion and stimulation services from integrated solutions for well cementing and completion, production well completion, equipment, tools and materials
Integrated Completion Services	Provides well completion engineering design and implementation service for low-permeability naturally fractured reservoirs and shale gas reservoirs; provides integrated services ranging from reservoir geological analysis consulting to well completion engineering design, well completion tools and liquid material; provides monitoring service for stimulation measures
Completion Tools	Provides a host of well cementing and completion tools and production well completion tool services; addresses various kinds of technical complications in open-hole well completion and casing well completion
Sand Screen and Water Control services	Provides the most diverse range of sand control completion tools and integrated design for sand control well completion, sandscreen and water control; provides sand control well completion stimulation service with high-pressure gravel packing as the core offering; provides supporting services for AICD water control
Fracturing/Acidizing Technique and Chemical materials	Provides integrated solutions from stimulation technology evaluation, design, down-hole chemicals and equipment engineering to enable integrated stimulation; provides R&D, manufacturing, marketing and technical services for down-hole chemicals for acidizing, fracturing, killing, and recovery (inflow and profile control) operations
Fracturing and Pumping	Leverages pressure pumping hydraulic horsepower and related service capacity to complete the implementation of pressure pumping design on different scales
Coiled Tubing Services	Combines equipment and tools to form different processes and technologies with broad applications, including stimulation in low-permeability wells, special operations in ultra-complicated wells and regular operations in conventional wells including horizontal well cable testing and workover services such as sidetrack drilling, milling and fishing
Proppant	An important material in oil development process when applying fracturing to stimulate oil and gas production. Its role is to support the fractures and keep oil and gas passage in order to increase production

# Appendix 6: Product Line Summary

<b>Business Clusters and Constituent Business Lines</b>	<b>Description</b>
<b>Oil Production Cluster</b>	Provides engineering services and products for oil companies during well completion and production; enables economical recovery based on reservoir geological conditions through production operation management and ground process services
Production Operation Management	Provides production operation management services for oilfield ground stations, including power engineering construction, operation, inspection and maintenance, artificial life technology design, management, optimization operation support, water injection, profile control, ground equipment maintenance and rehabilitation, re-engineering, installation overhaul and oil and gas field ground construction projects
Workover Services	Provides conventional and major workover for oil and gas wells, sidetrack, fishing, oil testing and well completion integrated operation and routine maintenance operation services
Tubing/ Casing Repair and Anti-corrosion Service	Provides featured tubing and casing technical services with Premium Thread Design as the core offering; a reputable supplier of specialized tubes and casings for Chinese and overseas customers