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**Anton Oilfield Services Group  
2016 Strategy Update**

**东方智慧 全球分享**  
Oriental wisdom , Global sharing

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## 2016 Strategy Update

Objective

Markets

Products

Investment

Talents

Finance

**Vigorously developing international markets, resuming the growth path; tightening cost control and taking realize profit in a low oil price environment as a primary goal to completely overtake the competition**

Asset-Light

Internationalization

Asset-Light

- ✓ Strengthening technology capacity-building; pushing product upgrades through technical innovation
- ✓ Increasing the proportion of the asset-light business
- ✓ Tight control on investment , improve asset efficiency

Internationalization

- ✓ Seizing the opportunities offered by the low oil price environment where international oil companies are more sensitive to costs while the advantages of Chinese enterprises are more obvious; grasping overseas markets,
- ✓ Playing up the network advantages of the global market coverage of Chinese enterprises

**Maintain the internationalization growth strategy, with a focus on overseas markets, increase proportion of international revenue to or close to half of overall revenue; consolidate leading position in China market**



## Overseas Markets Strategy in 2016

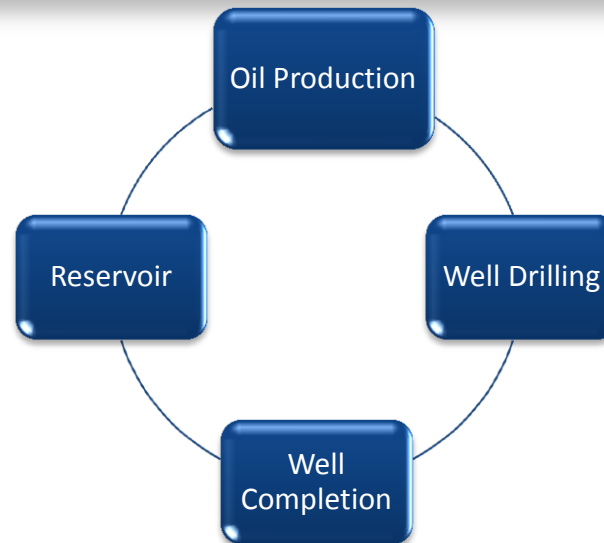
- Maintain market share in Iraq, on the basis of the advantage in Iraq market, broaden Middle East markets
- Tightly seize the opportunity in overseas markets where Chinese enterprises have invested, create new growth point
- Deepen corporation with international oil companies, expand customer base, increase impact



## Domestic Market Strategy in 2016

- Maintain and enhance domestic markets
- Take advantage of strong brand, seize the SOE reform opportunity, deepening core markets in oil companies
- Strengthen leading position in the development of unconventional resources and development of conventional oil fields with unconventional technology

**With the oil production business at its core, optimizing equipment utilization and increasing the income proportion of proprietary technologies and tools. Reducing costs overall and improving the profitability of products and technologies**



- ✓ Optimize the product line management model, restructuring three main segments: well drilling, well completion and oil production; merging inefficient product lines
- ✓ Concentrate on strengthening the ability to build proprietary technologies; push the development and adoption of new technologies and unique technologies to reduce cost and improve profitability
- ✓ Tighter integration between the technologies promoted and the regional technological needs so as to maximize the effect of superior technology

## Rigorously controlling the scope of investments while maintaining the investments necessary for operations

**Tight control investment scale:** No new investment on equipment and base project in 2016, limited investment on technology innovation, research and development, existing equipment improvement, operating base maintenance, and etc

**Order-oriented investment:** For equipment investment projects that clearly have support from orders, in principle resolve through project financing, equipment financing /leasing or external cooperation, supported with appropriate supplementary investment

**Revitalize equipment assets:** Develop financing / leasing using equipment assets so as to revitalize funds

## Adjusting the Organizational Structure, Promoting Globalized Management

- Business consolidation, restructuring three main segments: well drilling, well completion and oil production
- Further strengthening the company in three main regions overseas, setting up a China region within China
- Staff headquarters functions and departments in Dubai, fully promote globalization management

## Streamlining staff, Greater Internationalization of Talent Pool

- Further streamline staff, compress and merge structure and supporting management posts
- Allocate talent based on internationalization, international talent proportion reach above 60%

## Optimizing the remuneration structure, further reducing the remuneration expenses

- Adjust remuneration structure, reduce remuneration base, lower remuneration cost
- Increase the proportion of variable pay, strengthen incentives, increase employee awareness of performance



## Revenue Growth

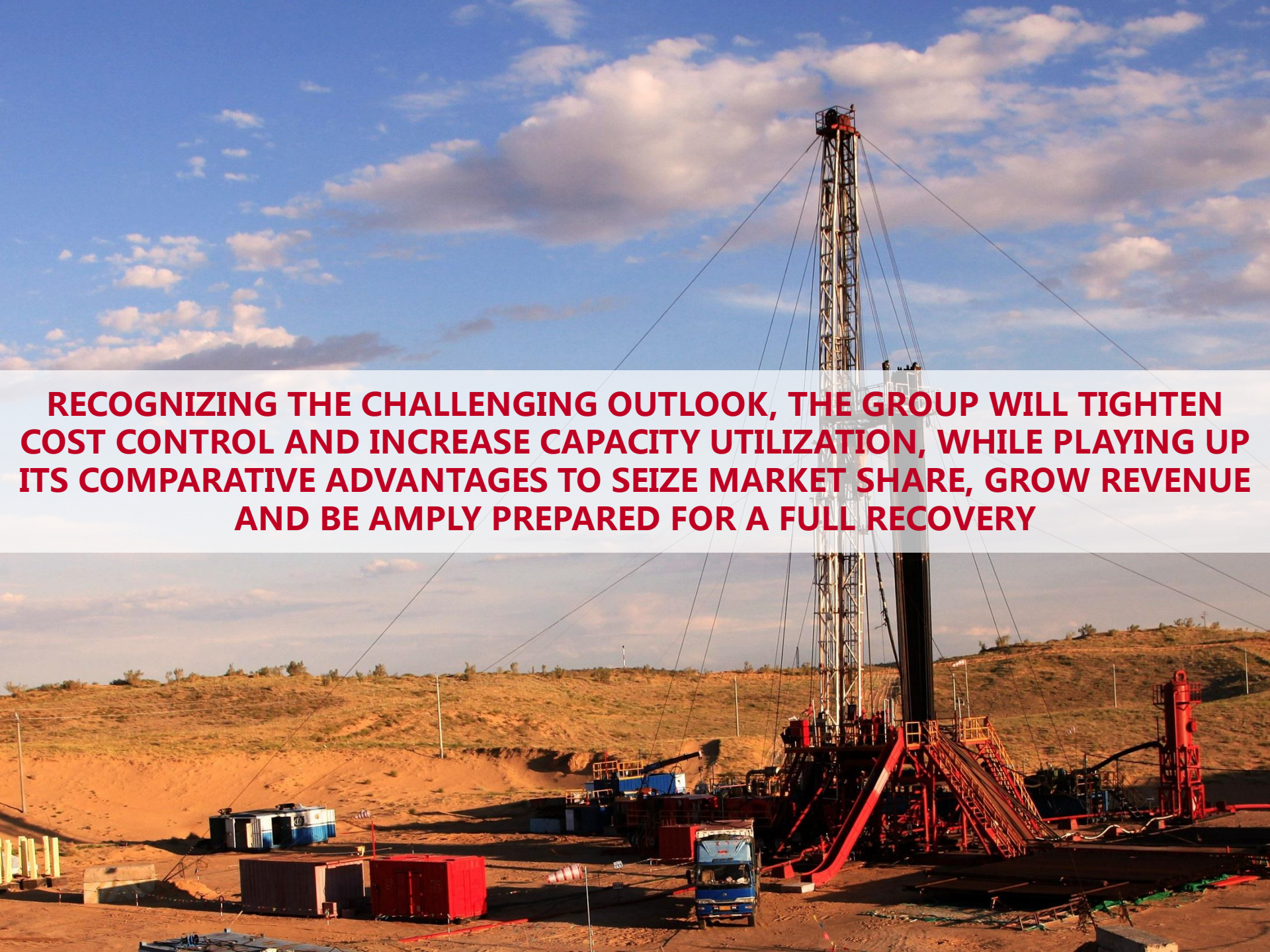
- Further strengthen overseas business development, raise revenue growth
- Largely develop oil production segment

## Improve Profitability

- Strictly implementing budget, rigorously controlling expenditure
- Comprehensively reducing labour costs
- Improving project gross margin through application of new technology and project scaling

## Broaden Funding Channels; Improving the Efficiency of the Management of Funds

- Further strengthen accounts receivables collection and inventory management
- Broaden financing channels (including bank loan, financing and leasing, equity financing, project financing, etc.) upgrade external financing ability, ensure fund safety



**RECOGNIZING THE CHALLENGING OUTLOOK, THE GROUP WILL TIGHTEN COST CONTROL AND INCREASE CAPACITY UTILIZATION, WHILE PLAYING UP ITS COMPARATIVE ADVANTAGES TO SEIZE MARKET SHARE, GROW REVENUE AND BE AMPLY PREPARED FOR A FULL RECOVERY**