



China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

12 February 2015

FY2014 Results Presentation



Cautionary note on forward-looking statements

This presentation slides may contain forward-looking statements that involve risks and uncertainties. These statements reflect management's current expectations, beliefs, hopes, intentions or strategies regarding the future and assumptions in the light of currently available information. Such forward-looking statements are not guarantees of future performance or events. Accordingly, actual performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, competitive factors and political factors. You are cautioned not to place undue reliance on these forward-looking statements, which are based on current view of management on future events.



China Aviation Oil
中国航油(新加坡)股份公司

Chairman's Opening Address



China Aviation Oil
中国航油(新加坡)股份公司

FY2014 Performance Review - Deputy CFO, Ms Tee Siew Kim

Operational Highlights of FY2014



China Aviation Oil
中国航油(新加坡)股份公司

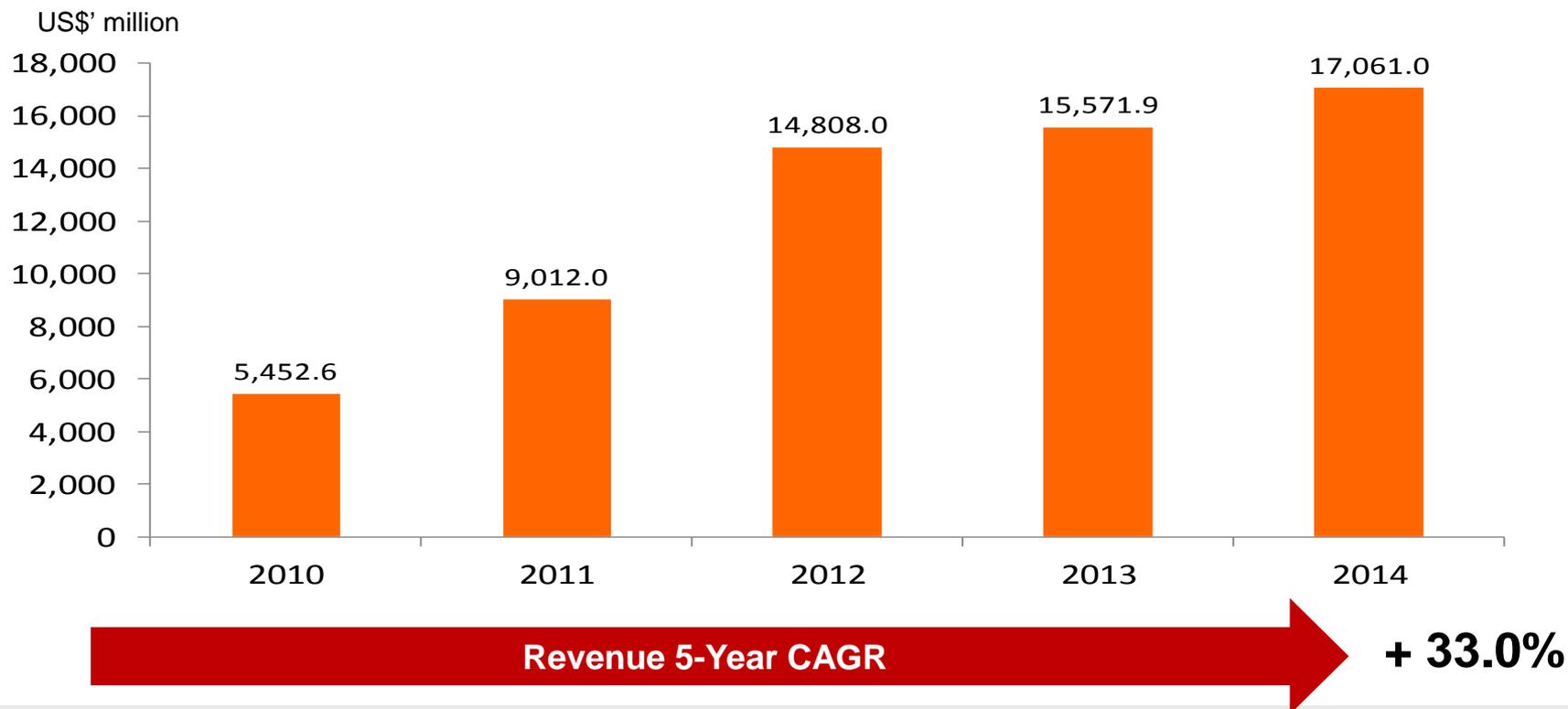
- Healthy overall performance for FY2014, reflecting growth momentum on continued development of business expansion activities and total supply and trading volume increased 23.5%.
- Aviation marketing business made further inroads, extending market reach through NAFCO's agreement with LAXFuel, the largest jet fuel consortium in the United States; NAFCO turned earnings accretive in 2014 through independent supply and trading.
- Accorded sole import licence for Avgas into China; secured contracts to supply outside of China and obtained exclusive distribution rights in 14 Asia Pacific countries with an European refinery over the next 5 years.
- Newly set up subsidiary, CAO Europe, turned earnings accretive in FY2014.
- Construction of refuelling facilities at Hong Kong International Airport, headed by joint venture – CNAF Hong Kong Refuelling Limited (CNAF HKR), is underway and expected to commence operations in 2015.

Sixth Consecutive Year of Record Revenue



China Aviation Oil
中国航油(新加坡)股份公司

- **Sustaining growth momentum in revenue and volume amid a challenging trading environment**
 - Revenue rose to a record US\$17.1 billion on increased trading volumes for jet fuel and other oil products



Diversification Drives Record Supply & Trading Volume



China Aviation Oil
中国航油(新加坡)股份公司

- Total supply & trading volume increased to a new high of 20.4 million tonnes in FY2014

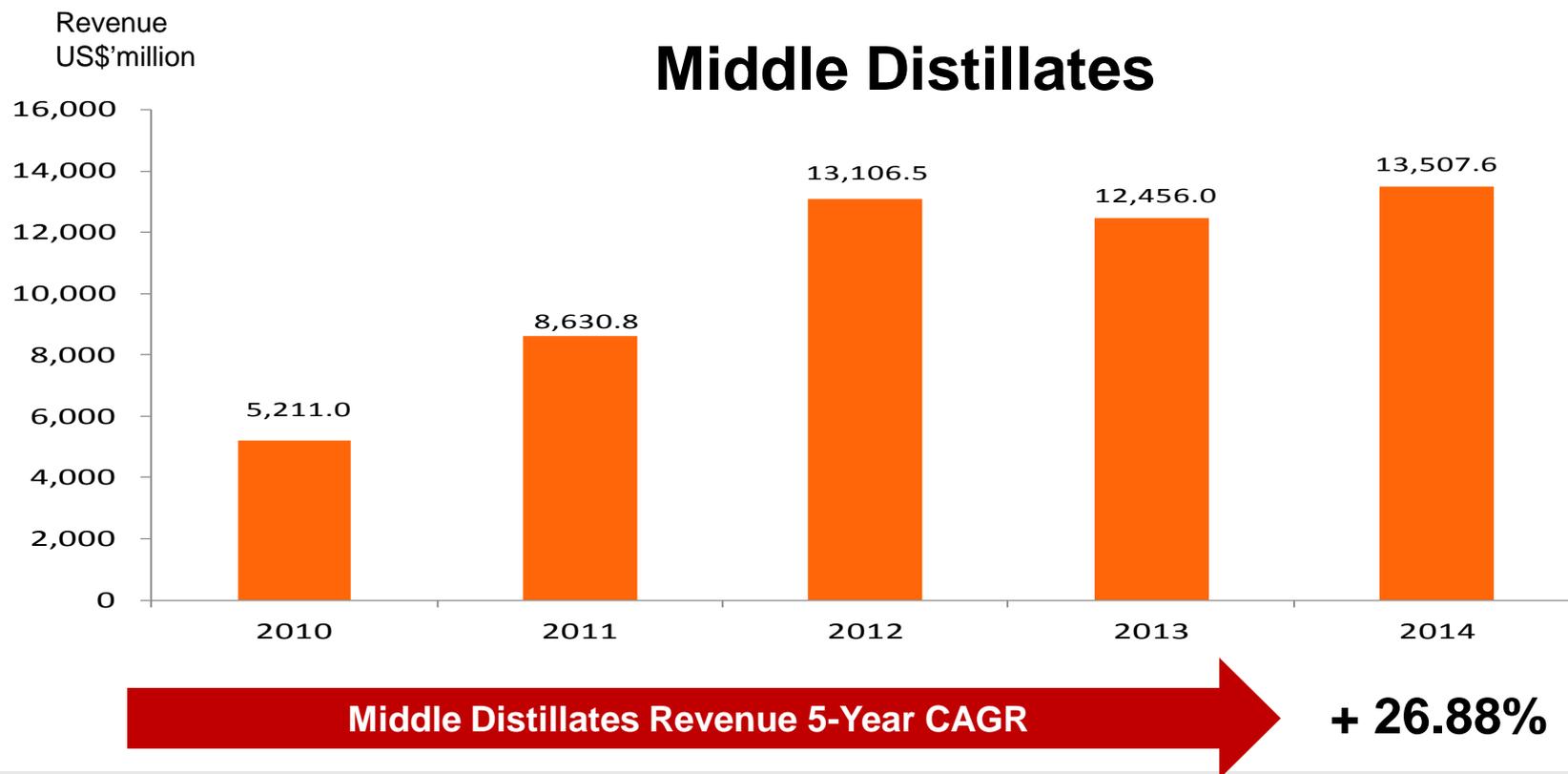


Middle Distillates – Resilient Revenue Generator



China Aviation Oil
中国航油(新加坡)股份公司

- Supported by strong demand from China's civil aviation industry and the Group's growing international aviation marketing business, jet fuel supply and trading volumes grew 16% to 12.1 million tonnes

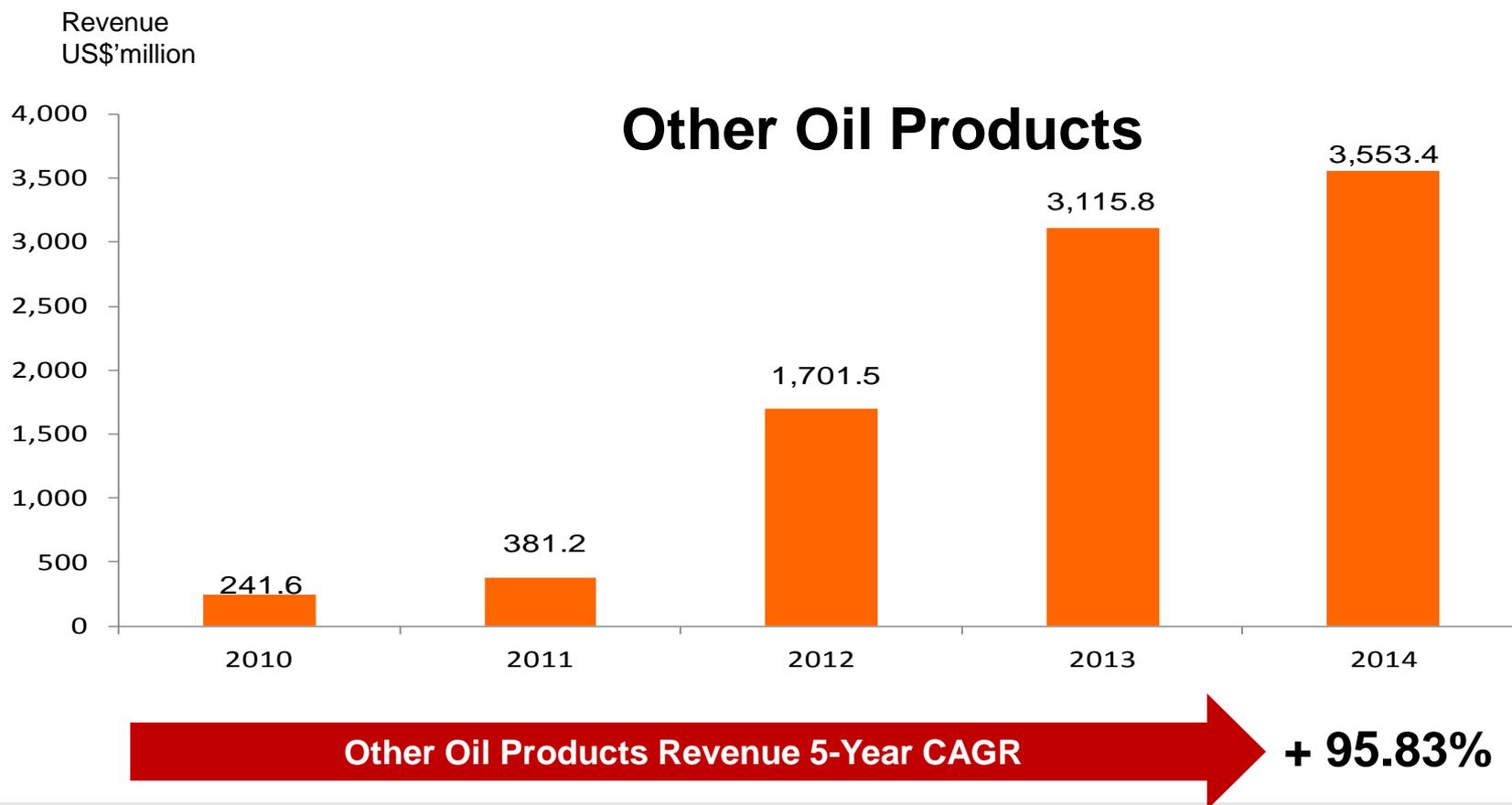


Revenue from Other Oil Products



China Aviation Oil
中国航油(新加坡)股份公司

- Trading volumes of other oil products increased 36.4% to 8.3 million tonnes

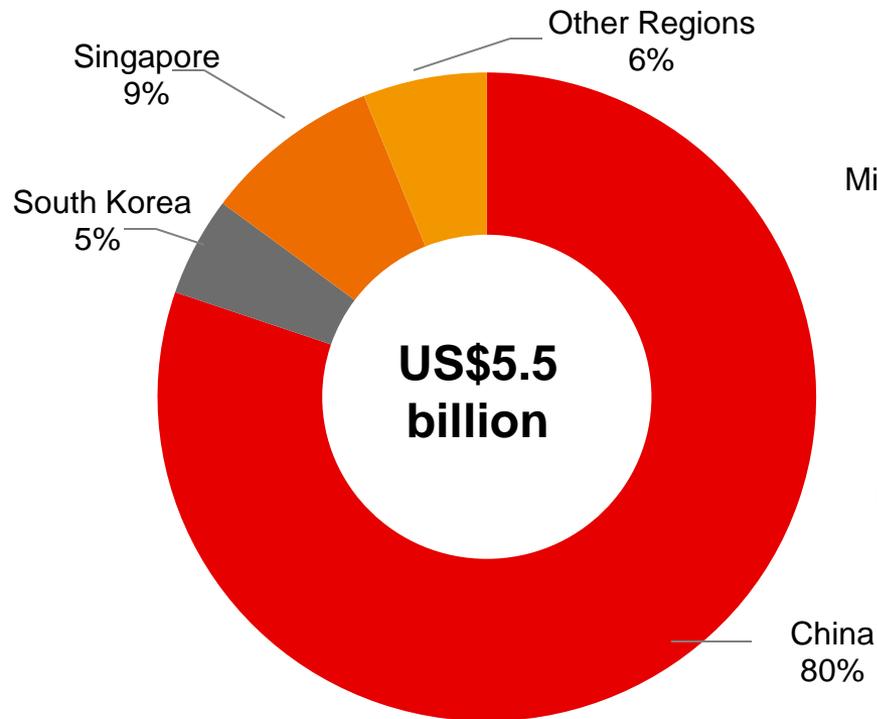


CAO's International Revenue Base

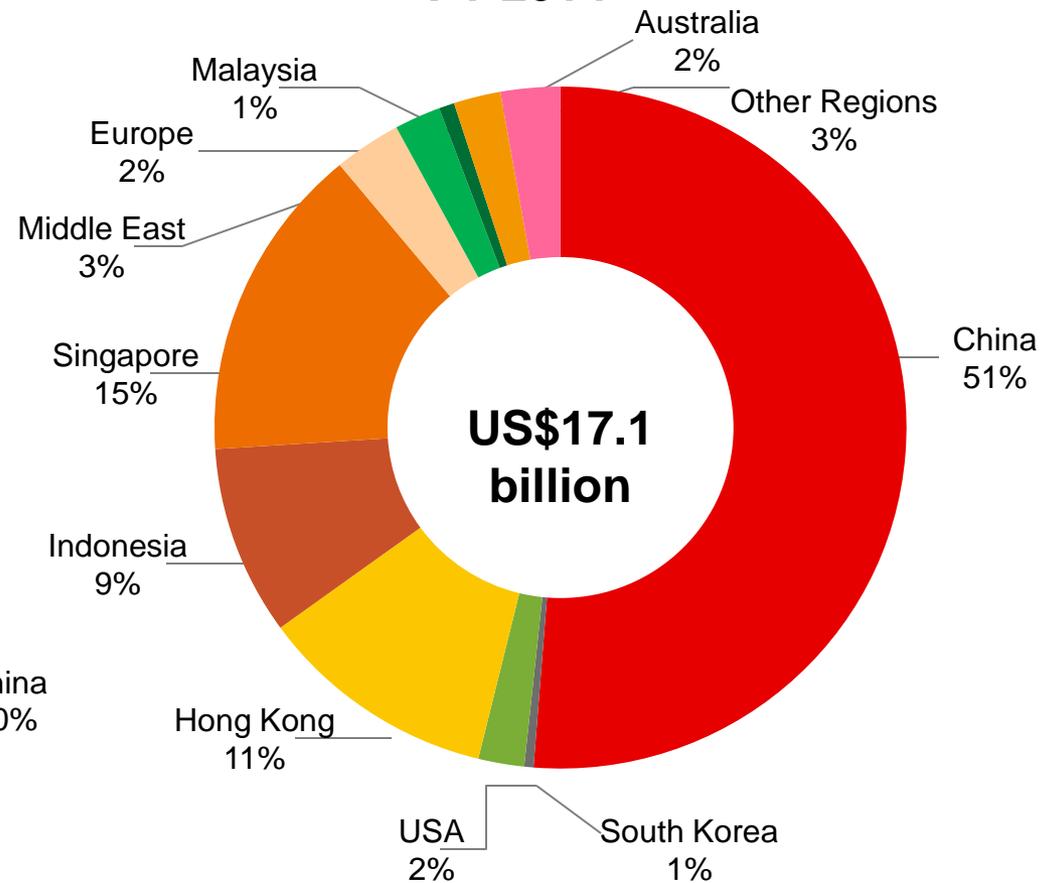


China Aviation Oil
中国航油(新加坡)股份公司

FY 2010



FY 2014



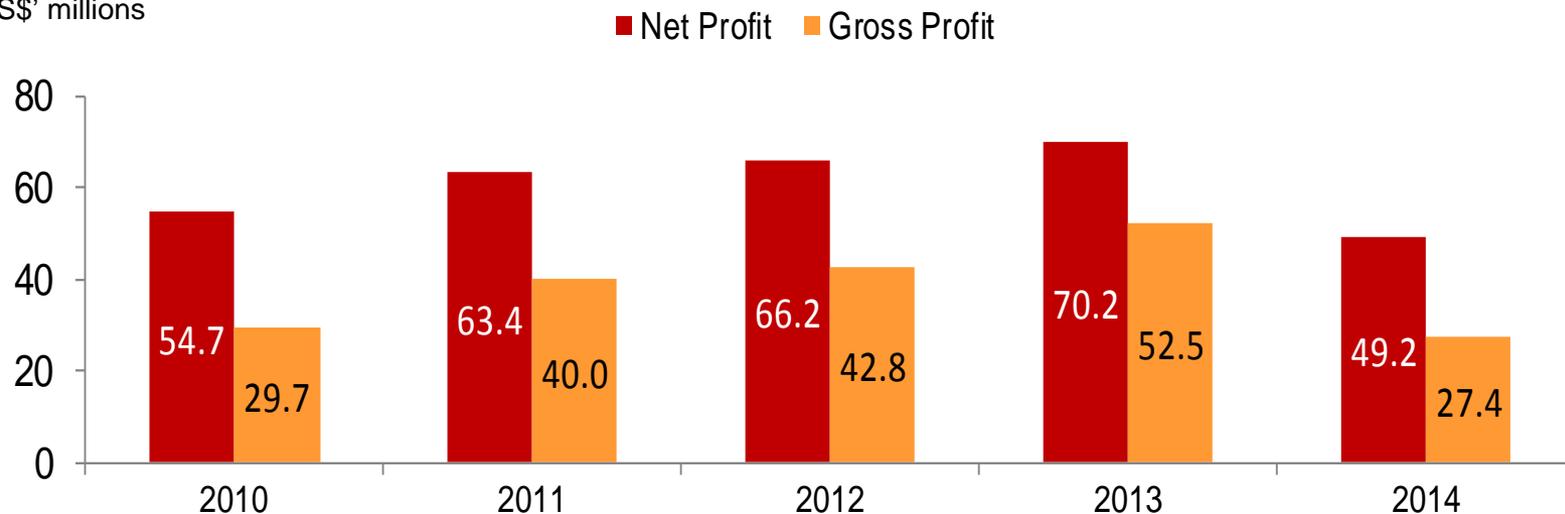
Difficult Oil Trading Environment Impacts Margins



China Aviation Oil
中国航油(新加坡)股份公司

- Gross profit declined 47.8% to US\$27.4 million due to lower optimisation gains from jet fuel and petrochemicals trading and higher storage costs for fuel oil
- Net profit declined 30% to US\$49.2 million due to lower trading margins as a result of the difficult oil trading environment
- Excluding the one-off credit of US\$11.9 million from the share of profit in associates in FY2013, the Group's net profit for FY2014 would have been a year-on-year decline of 15.7%

US\$' millions



Sustainable Income Stream from Investments in Oil-Related Assets through Associates

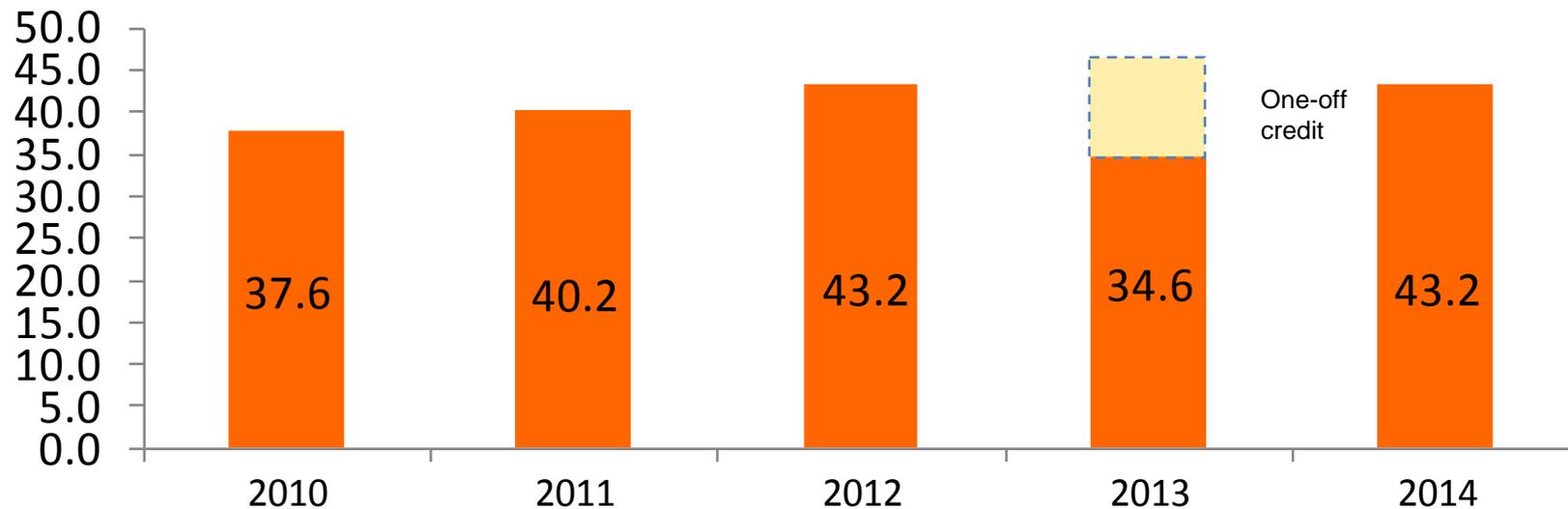


China Aviation Oil
中国航油(新加坡)股份公司

- **Strategic oil-related investments continue to yield recurring returns**
 - Share of results of associates and joint venture declined 7% to US\$43.2 million for FY2014 due mainly to impairment of inventory valuation at SPIA on the back of the steep decline in global oil prices
 - Excluding the US\$11.9 million one-off credit booked in FY2013, SPIA would have seen a 26.8% growth in profit contributions to the Group in FY2014

Share of Results from Associates

US\$' millions



FY2014 Profit & Loss Summary



China Aviation Oil
中国航油(新加坡)股份公司

		FY2014: US\$17,061.0m	FY2013: US\$15,571.9m
+9.6%	Revenue	<ul style="list-style-type: none"> Total supply and trading volume increased 23.5% to 20.4m tonnes Jet fuel supply and trading volume increased 16.0% to 12.1m tonnes Trading volume of other oil products increased 36.4% to 8.3m tonnes 	
		FY2014: US\$27.4m	FY2013: US\$52.5m
-47.8%	Gross Profit	<ul style="list-style-type: none"> Lower optimisation gains from jet fuel and petrochemicals trading as well as higher storage costs for fuel oil 	
		FY2014: US\$20.7m	FY2013: US\$27.7m
-25.2%	Total Expenses	<ul style="list-style-type: none"> Lower provisions and lower finance costs relating to bank charges and interest expense 	
		FY2014: US\$43.2m	FY2013: US\$46.5m
-7.1%	Share of Results of Associates	<ul style="list-style-type: none"> Lower share of profits from SPIA due mainly to impairment on inventory valuation owing to the steep decline in oil prices 	
		FY2014: US\$49.2m	FY2013: US\$70.2m
-30.0%	Net Profit	<ul style="list-style-type: none"> Lower gross profit Excluding one-off credit of US\$11.9 million from share of profits from associates in FY2013, FY2014 net profit would have declined 15.7% 	

Balance Sheet Summary



China Aviation Oil
中国航油(新加坡)股份公司

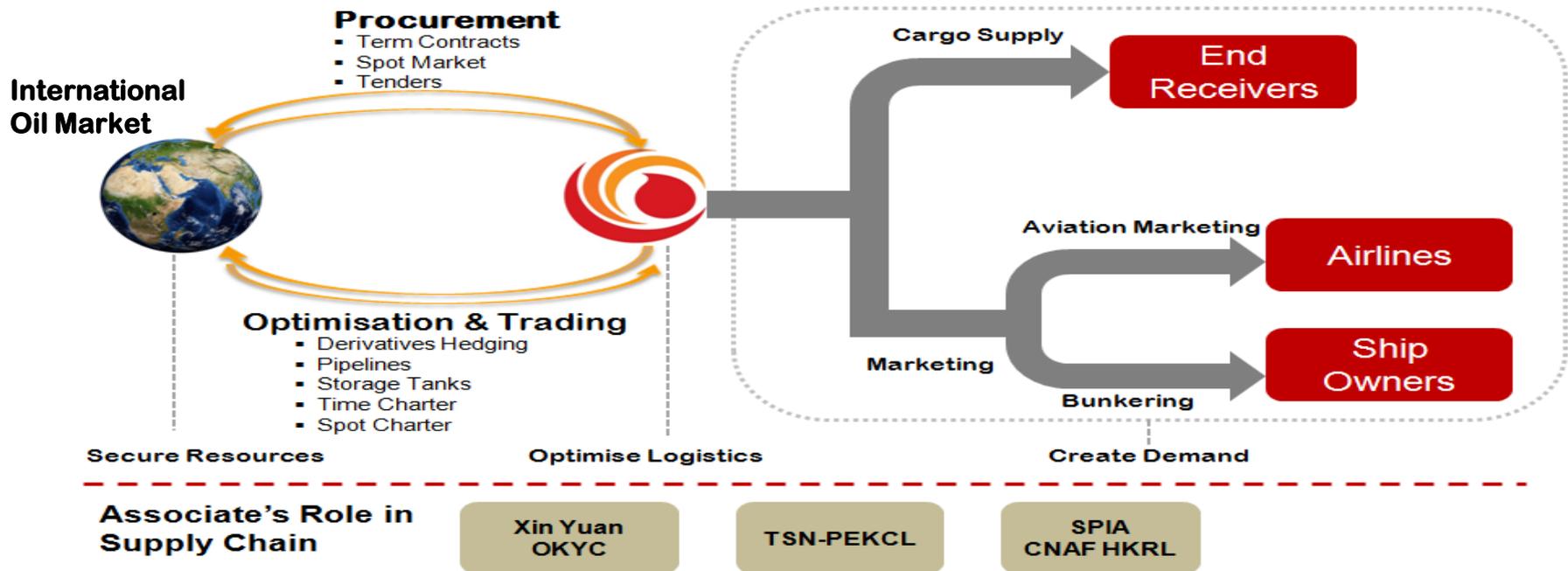
		31 Dec 2014: US\$38.1m	31 Dec 2013: US\$113.1m
-66.3%	Inventories	<ul style="list-style-type: none"> ▪ Decrease in inventories held for trading 	
		31 Dec 2014: US\$930.6m	31 Dec 2013: US\$1,120.4m
-16.9%	Trade and Other Receivables	<ul style="list-style-type: none"> ▪ Higher collections in FY2014 compared to FY2013 	
		31 Dec 2014: US\$94.3m	31 Dec 2013: US\$56.3m
+67.5%	Cash and Cash Equivalents	<ul style="list-style-type: none"> ▪ Increase in cash flow from operating and investing activities 	
		31 Dec 2014: US\$789.7m	31 Dec 2013: US\$1,016.1m
-22.3%	Trade and Other Payables	<ul style="list-style-type: none"> ▪ Decrease in trade payables in FY2014 compared to FY2013 	
		31 Dec 2014: None	31 Dec 2013: US\$28.6m
N.A.	Loans and Borrowings	<ul style="list-style-type: none"> ▪ Attributable mainly to the repayment of existing bank borrowings 	



China Aviation Oil
中国航油(新加坡)股份公司

CAO: Focused on Growth

- Strong Balance Sheet, Strong cash-flows, Strengthened credit profile
- Global supply and trading network spanning Asia Pacific, America and Europe
- International revenue base; diversified product base
- Integrated business model



CAO is poised to seize global opportunities even as oil majors quicken asset disposal with steep oil price decline

Outlook



China Aviation Oil
中国航油(新加坡)股份公司

- **Volatile oil trading environment** to persist which also presents trading opportunities
- **Structural market shifts and changing dynamics of oil markets** present new opportunities for CAO to further augment and expand its businesses globally and penetrate into new geographical markets
- **Growing consumption of transportation fuels** : Global oil-consumption-weighted real gross domestic product (GDP) estimated to grow 2.9% in 2015 and 3.2% in 2016 with transportation fuels seeing the strongest demand growth
- **Growing civil aviation industry** : Global aviation industry is also expected to maintain steady growth trajectory with air traffic expected to double between 2013 to 2028
- **China is expected to be one of the largest aviation markets sustaining 10% growth rate annually to 2020**; passenger traffic and air cargo traffic expected to increase 6.9% and 6.7% annually, respectively, between 2014 to 2033⁽¹⁾

Sources:

⁽¹⁾ Civil Aviation Administration of China, “中国民航2014年11月份主要运输生产指标统计” (<http://www.caac.gov.cn/l1/K3/201501/P020150121513756845232.pdf>)

Outlook



China Aviation Oil
中国航油(新加坡)股份公司

- CAO will sustain growth momentum as **demand for jet fuel continues** to be supported by:
 - ✓ Growth in China's civil aviation industry;
 - ✓ Growth in CAO's aviation marketing business as CAO continues to expand its supply network at overseas airports and leverage on its competitive advantage as the sole supplier of imported jet fuel to China's burgeoning civil aviation industry;
 - ✓ Growing AvGas demand in China;
 - ✓ Growing contributions from CAO's expanding international operations.

- CAO's global supply and trading operations supported by a **strengthening network of internal management expertise including financial discipline, marketing, risk management and corporate governance functions.**

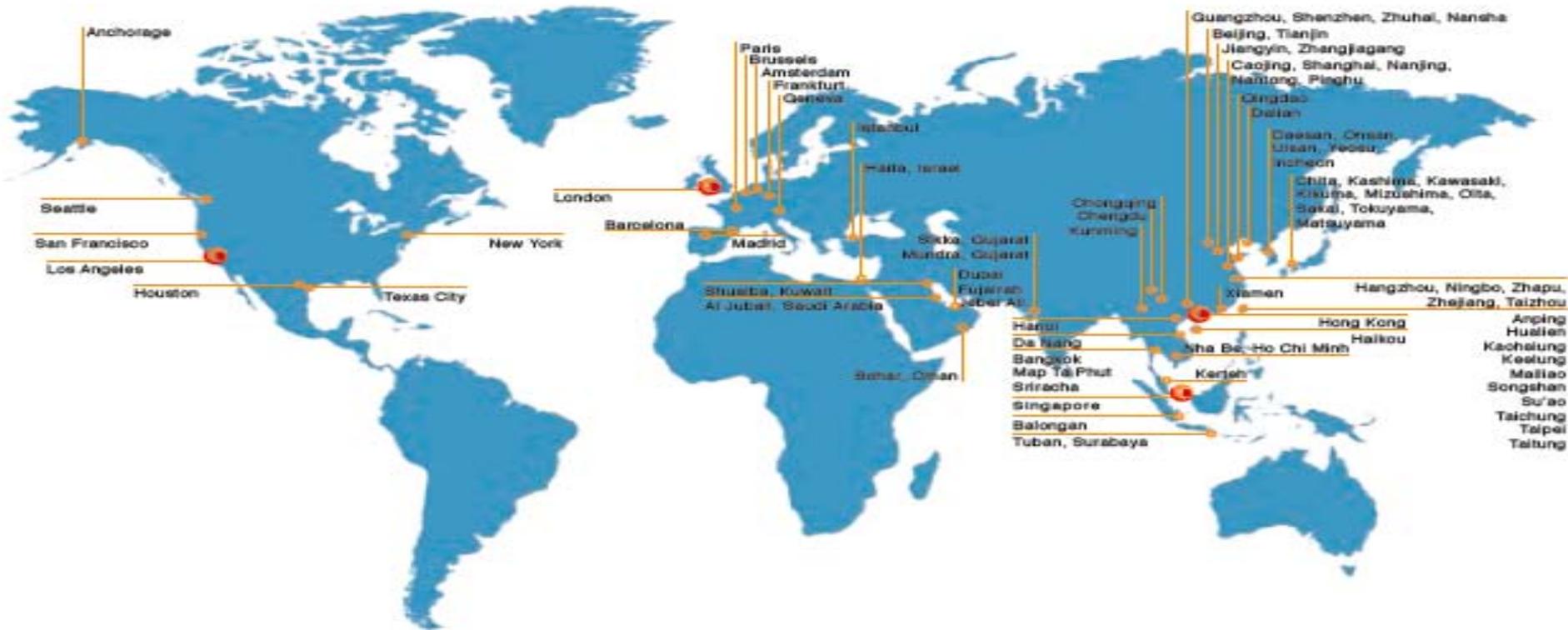
- CAO will:
 - ✓ Continue to explore new opportunities along the entire product value chain;
 - ✓ Increase holding of quality assets through M&As, to realize vertical integration of value chain and expand income streams;
 - ✓ Secure new income stream as CNAF HKR's refuelling facilities will commence operations in 2015 and through strategic acquisitions.

CAO: Focused on Sustainability



China Aviation Oil
中国航油(新加坡)股份公司

GLOBAL SUPPLY AND TRADING NETWORK



CAO will continue to build and expand our global trading and supply network and strengthen its position as the largest physical jet fuel trader in Asia Pacific, capture growth opportunities, and proactively seek synergetic and accretive strategic investments to deliver sustainable growth.



China Aviation Oil (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

Thank You

Fuel for Future 为明天加油