



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

25 April 2018

AGM – FY2017 Results Presentation



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China Aviation Oil
中国航油(新加坡)股份公司

Mr Meng Fanqiu

Chief Executive Officer





Global Presence, Diversified Strength
全球战略，多元实力

FY2017 Highlights



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- The Group delivered **record volumes and a creditable financial performance for FY2017**, notwithstanding persisting macro-economic and geopolitical risks, coupled with the rise of oil prices and a backwardation market in 2H2017.

- **Total supply and trading volumes** for middle distillates and other oil products increased 14.6% to hit a new high of 37.3 million tonnes in FY2017 on the back of CAO's successful globalisation strategy:
 - ✓ **Revenue** jumped 39.0% year-on-year to US\$16.3 billion, backed by higher supply and trading volumes and higher oil prices;

 - ✓ **Gross Profit** decreased 12.1% to US\$38.7 million, attributable to lower gains from trading and optimisation activities as markets reclined to backwardation in 2H 2017, further exacerbated by increase in supply and operational costs incurred due to various supply disruptions caused by weather and refineries outages in 3Q 2017;

 - ✓ **Pre-tax Profit** increased 0.4% to US\$92.2 million and **Net Profit** for FY2017 was US\$85.3 million compared to US\$88.9 million in FY2016 mainly due to higher income tax expenses.

FY2017 Highlights



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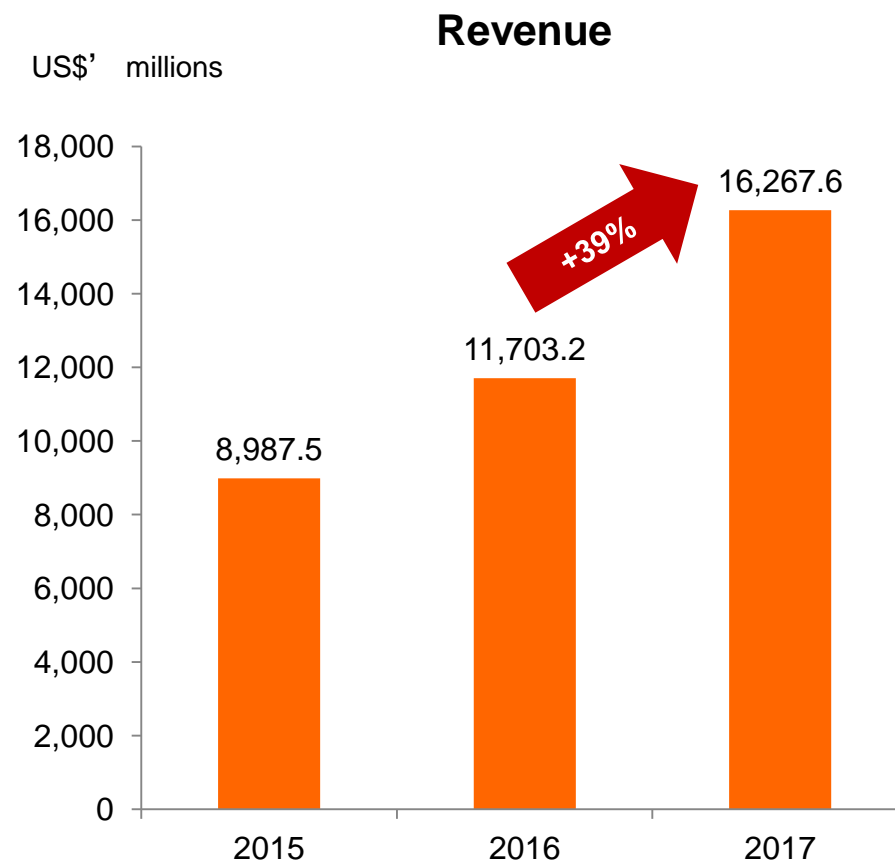
- **Share of Profits** from associates increased 7.8% to US\$71.5 million (FY2016:US\$66.4 million) due mainly to:
 - ✓ Share of profits from **SPIA** rose 5.8% to US\$64.2 million in FY2017 (FY2016: US\$60.6 million), primarily due to higher refuelling volumes, resulting in higher operating profit;
 - ✓ Share of profits from **OKYC** increased 19.5% to US\$5.0 million (FY2016: US\$4.1 million), attributable to higher operating profit from its tank storage leasing activities.

Strong Revenue Growth



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- Revenue rose 39.0% to US\$16.3 billion in FY2017 on the back of higher oil prices and record supply and trading volumes, underpinned by sustained growth momentum of the Group's diversified transportation fuels portfolio.
- Jet fuel prices averaged US\$66.07 per barrel for FY2017 versus US\$53.85 per barrel for FY2016.



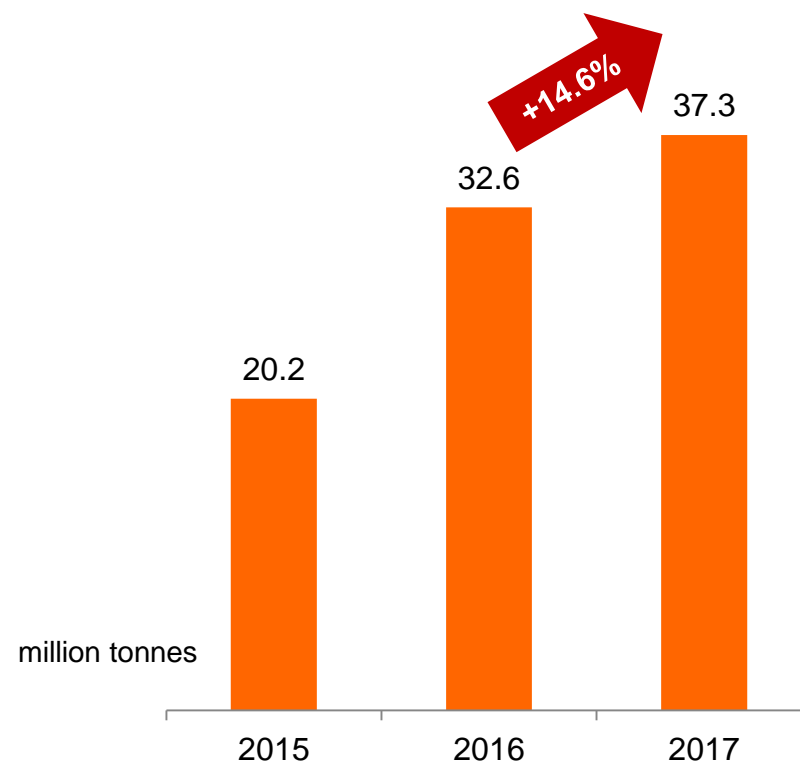
Globalisation & Diversification Drive Record Supply & Trading Volumes



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- Total supply and trading volume reached new high of 37.3 million tonnes for FY2017, supported by:
 - ✓ healthy growth in core jet fuel supply and trading business, backed by improved operational efficiencies of an expanding global supply and trading network;
 - ✓ sustained momentum across other oil products segment with 25.2% jump in supply and trading volumes to 17.5 million tonnes, backed by increased supply and trading activities for fuel oil.

Total Supply & Trading Volume



Core Jet Fuel Business Remains Resilient



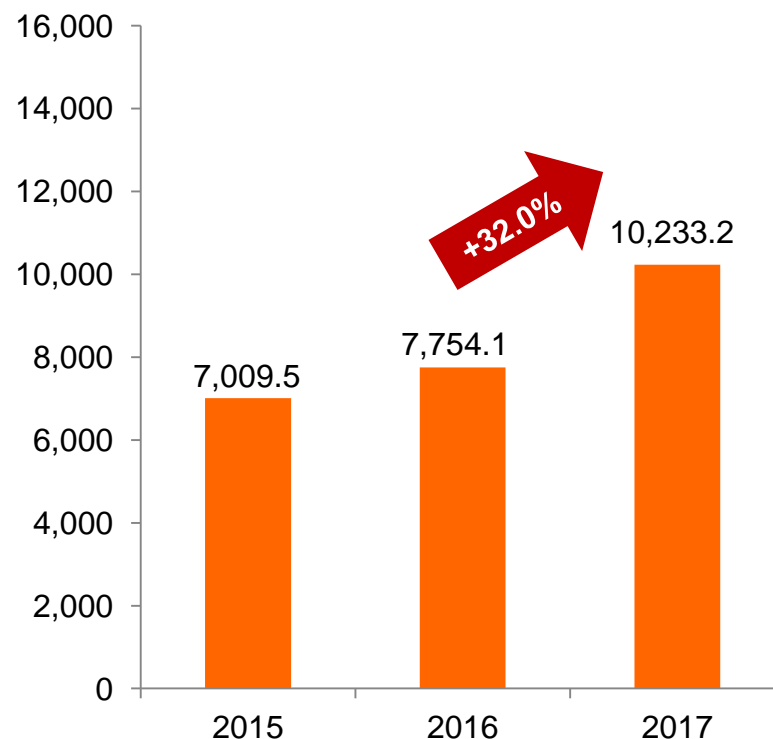
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- Core jet fuel supply and trading volume increased 7.8% year-on-year to 16.1 million tonnes compared to 15.0 million tonnes in FY2016, driven by :

- ✓ Global air traffic hit record 4.1 billion passengers in 2017. Strong demand growth from the Chinese civil aviation industry with total air passenger throughput hitting a new high of 552 million* in 2017, an increase of 13% year-on-year. CAO's imported supply volumes into the PRC civil aviation industry grew 10.7%;
- ✓ Fast-growing development of jet fuel trades globally. Asia - North America trade is taking off and the Asia - Europe trade is growing rapidly with a robust year-on-year growth of 516%;

Revenue - Middle Distillates

US\$' millions



*Source: Civil Aviation Administration of China (CAAC)

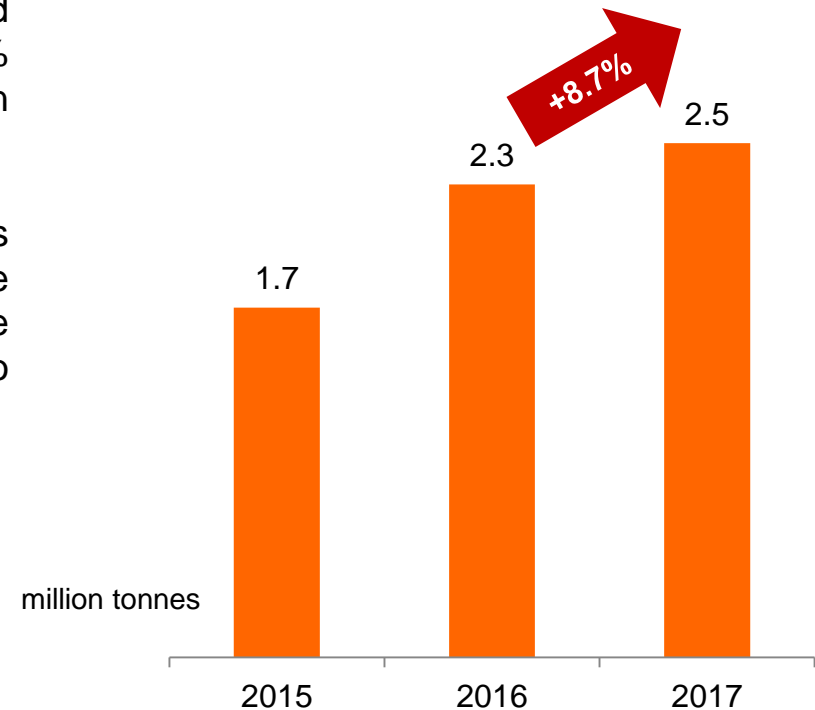
Core Jet Fuel Business Remains Resilient



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- ✓ **Aviation Marketing** segment continued to extend geographic footprint across North America, Europe and Asia Pacific regions, lifted by:
 - healthy global air travel demand hitting a record of 4.1 billion air passengers in 2017 with a 7.1% year-on-year growth for global civil aviation industry.
 - an extended market reach to 48 supply locations in over 20 countries including 12 “One Belt, One Road” locales, with supply volumes outside mainland China growing 8.7% year-on-year to 2.5 million tonnes;

Supply Volumes to Airlines



*Source: Civil Aviation Administration of China (CAAC)

Strong Performance from Other Oil Products

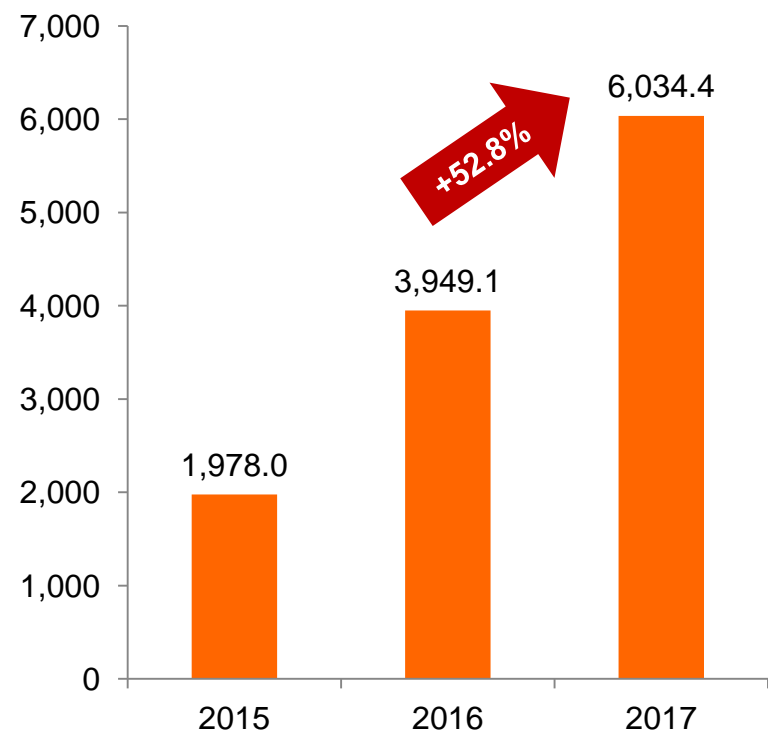


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- Supply and trading volumes of other oil products jumped 25.2% to 17.5 million tonnes in FY2017, reflecting underlying growth momentum in:
 - ✓ diversified **transportation fuels** portfolio in global demand markets;
 - ✓ further inroads made in growing Middle East market for **Fuel Oil**, expanding oil product services such as bunker refuelling and developing structural advantage in other oil products segment;
 - ✓ expanding geographical and diversified customer base with secured supply contracts for **Crude Oil**.

Revenue - Other Oil Products

US\$' millions

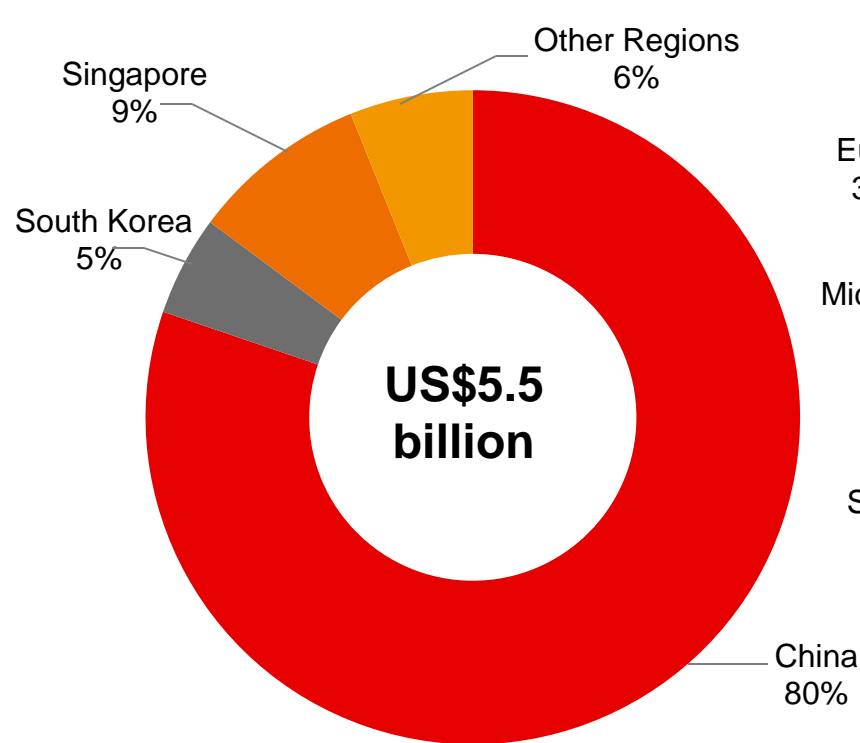


CAO's International Revenue Base

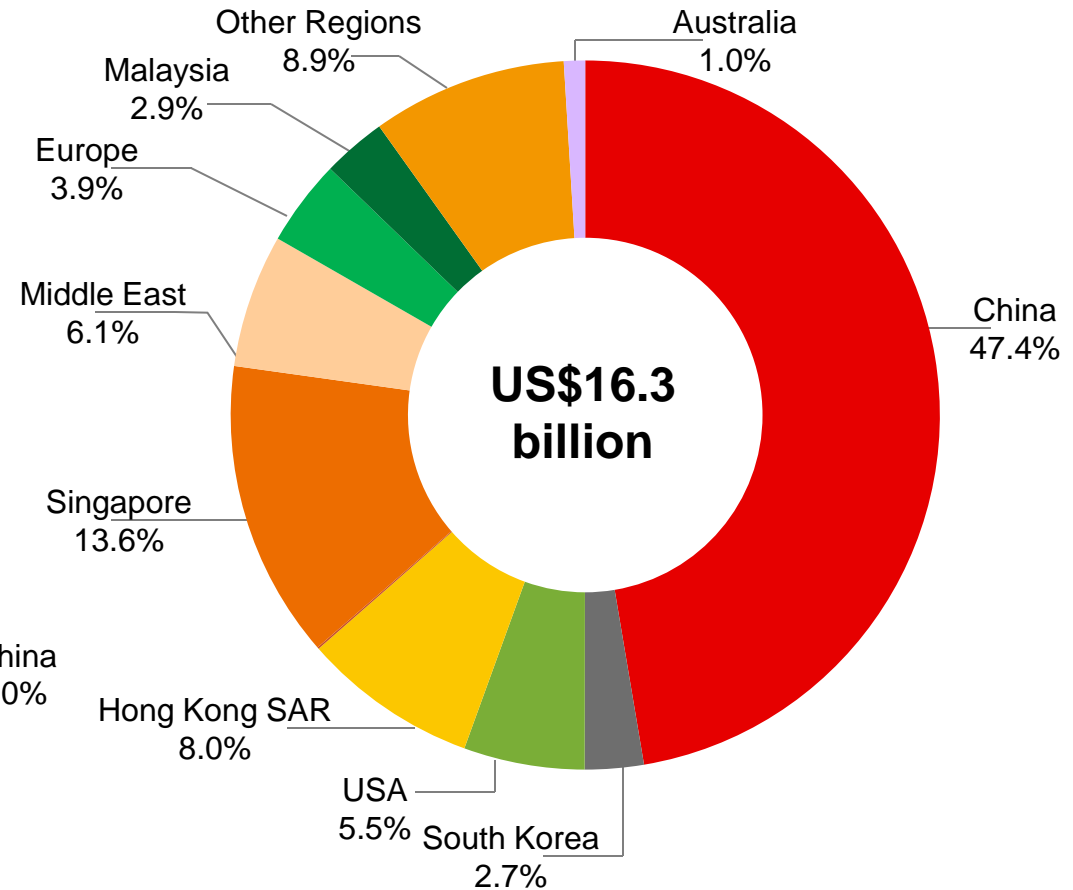


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FY2010



FY2017

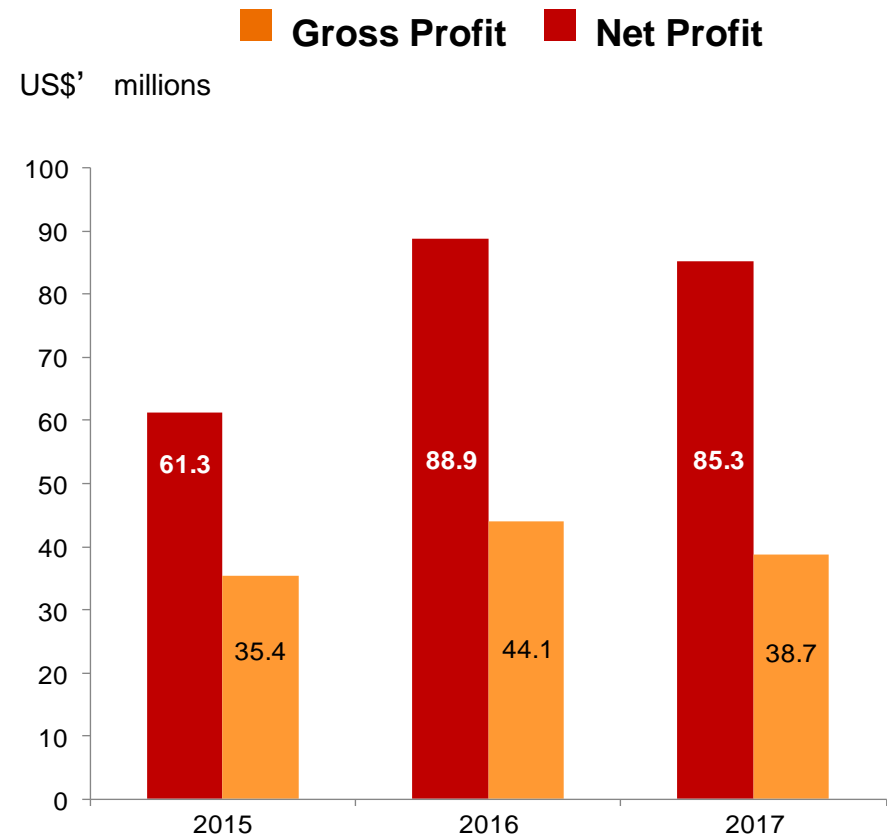


Sustained Growth Performance



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- **Gross Profit** declined 12.1% to US\$38.7 million due to lower gains from trading and optimisation activities as oil markets slipped into backwardation in 2H 2017, further exacerbated by higher supply and operational cost across the value chain due to adverse weather conditions and refineries outages in 3Q 2017.
- **Pre-tax Profit** increased 0.4% to US\$92.2 million and **Net Profit** for FY2017 declined 4.0% to US\$85.3 million due mainly to increased tax exposure arising from accounting for deferred taxation with the Group's increased profit contribution from its associates.



Sustainable Income Streams from Associate

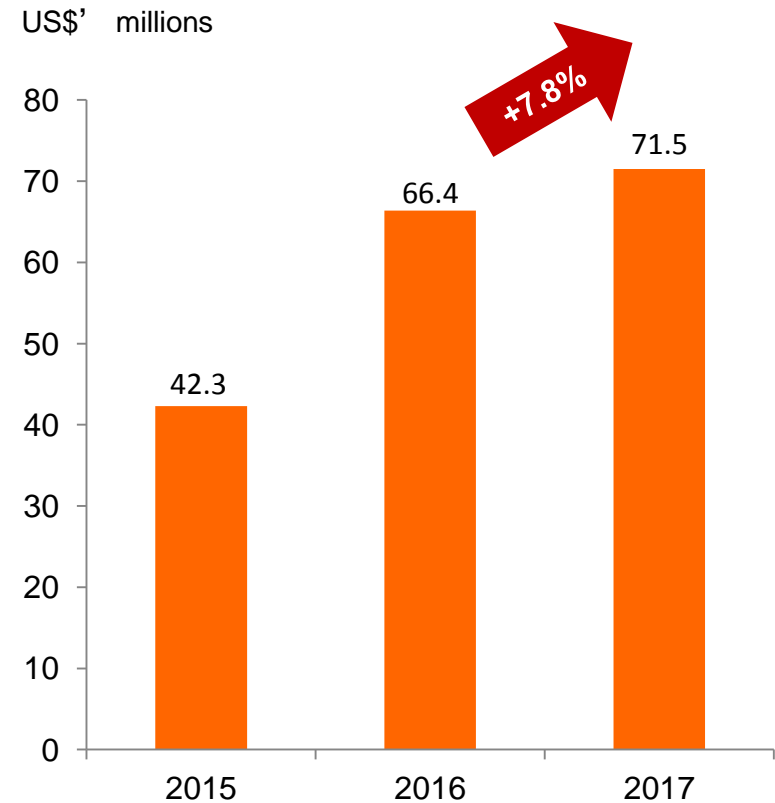


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Strategic oil-related investments yield healthy recurring incomes:

- ✓ Share of profits from **SPIA** increased 5.8% to US\$64.2 million for FY2017, mainly attributable to higher operating profit as a result of higher refuelling volumes in FY2017;
- ✓ Share of profits from **OKYC** increased 19.5% to US\$5.0 million for FY2017, attributable to higher operating profit from its tank storage leasing activities.

Share of Results from Associates



CAO: Strengthened Corporate Repute and Impact



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- Winner of SIAS Investors' Choice "Singapore Corporate Governance" (*Energy category*) award, 2017
- Ranked 24th in 2017 ASEAN Corporate Governance Scorecard among 100 biggest companies listed on SGX which assesses improvements in a wide-range of corporate governance issues including investor relations, transparency and disclosure, accountability and audits well as shareholder rights and equitable treatment. CAO ranked first among all Chinese enterprises.
- Ranked 2nd in Singapore International 100 Ranking in Overseas Sales/Turnover Excellence category, 2017
- Named The Edge Singapore Billion Dollar Club Corporate Awards "Best Performing Stock" (Commerce category), 2017
- Named among Forbes Global 2000 Leading Companies, 2013 – 2015, 2017 and 2018



Outlook & Priorities



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- Significant volatility with intensified geopolitical uncertainties to remain, leading to significant volatility in oil trading environment as global oil demand and supply undergoes re-balancing. Nonetheless, CAO remains focused on transportation fuels and will continue to drive its **“Globalisation, Integration & Asset Investment”** developmental strategy and **advance transformation in steady growth trajectory** to deliver sustainable profitable growth through :
 - ✓ driving globalisation strategy and proactively expanding global jet fuel supply and trading network, through strengthening Asia – North America and Asia – Europe cross regional trades, expanding jet fuel supply capabilities in target key aviation hubs to realise supply and trading synergies further extending market reach and scalability of the core jet fuel supply and trading business, elevating the profitability of the jet fuel business segment to a new level;
 - ✓ leveraging improved operational initiatives to optimise a global integrated value chain and seek opportunities to grow its diversified transportation fuels portfolio;
 - ✓ exercising stringent risk management to mitigate trading risks, heightened corporate governance practices to ensure safe global operations and;
 - ✓ pursuing market opportunities for inorganic growth through strategic acquisitions and investments in synergetic businesses.

- CAO will remain **focused on its vision to create long-term value for its shareholders.**

Vision



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***To be a constantly innovating global top-tier
integrated transportation fuels provider***

CAO is a constituent stock of the *MSCI Singapore Small Cap Index*, *FTSE ST China Index* and *FTSE ST Small Cap Index* since June 2017