



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

28 February 2013

Media & Analysts Briefing on FY 2012 Results and 2020 Corporate Strategy



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FY2012 Results



Market conditions challenging in FY 2012



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- Changes in market structure – jet fuel surplus in Asia Pacific flowing to Europe and US, resulted in intensified competition for cargoes in Asia Pac and higher procurement costs and limited trading opportunities
- Adopted more prudent trading strategy in view of higher market risks due to uncertainties in the global economy and high volatility in oil markets
- Higher shipping and procurement costs resulting from typhoon season in North Asia during 3Q 2012 affected trading profitability
- Higher operating costs in tandem with increased business activities and as the group invests for growth

Core business sustained growth despite difficult operating environment



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- **Jet fuel volume exceeded 10 million tonnes in FY 2012**
 - Supply volume to China increased 8%, underpinned by China's robust demand for jet fuel
 - Increased trading activities outside Asia Pacific
 - Aviation fuel marketing business significantly enlarged following integration of wholly owned subsidiaries in Hong Kong and North America; FY 2012 aviation fuel marketing volume 37 times that of FY 2011
- **Sixfold increase in trading volumes of other oil products; petrochemicals trading achieved record profit**
 - Structural competitive advantage emerging for petrochemicals trading following successful breakthrough in China market

Profit rebounded in 4Q 2012



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		4Q 2012: US\$ 4,406.9m	4Q 2011: US\$ 2,144.3m
+105.5%	Revenue	<ul style="list-style-type: none"> Total supply and trading volume doubled to 4.4m tonnes Jet supply and trading volume up 38% to 2.7m tonnes Trading volume of other oil products increased multi-fold to 1.7m tonnes 	
		4Q 2012: US\$ 8.6m	4Q 2011: US\$ 7.8m
+9.6%	Gross Profit	<ul style="list-style-type: none"> Higher volume of jet fuel supplied Contributions from CAOHK and NAFCO 	
		4Q 2012: US\$ 5.9m	4Q 2011: US\$ 8.4m
-29.4%	Total Expenses	<ul style="list-style-type: none"> Lower due to provision on doubtful debts in 4Q 2011 Excluding provision and reversal of staff costs in 4Q 2011, total expenses increased 22.3% on higher staff cost due to increased headcount and higher finance costs to support trading activities 	
		4Q 2012: US\$ 15.2m	4Q 2011: US\$ 5.4m
+179.8%	Share of Results of Associates	<ul style="list-style-type: none"> Higher volume and recognition of stock take variance at SPIA US\$2.7m gain from OKYC 	
		4Q 2012: US\$ 18.2m	4Q 2011: US\$ 5.7m
+219.0%	Net Profit	<ul style="list-style-type: none"> Higher gross profit Higher profit contribution from associates Lower operating costs 	

FY 2012 Profit & Loss summary



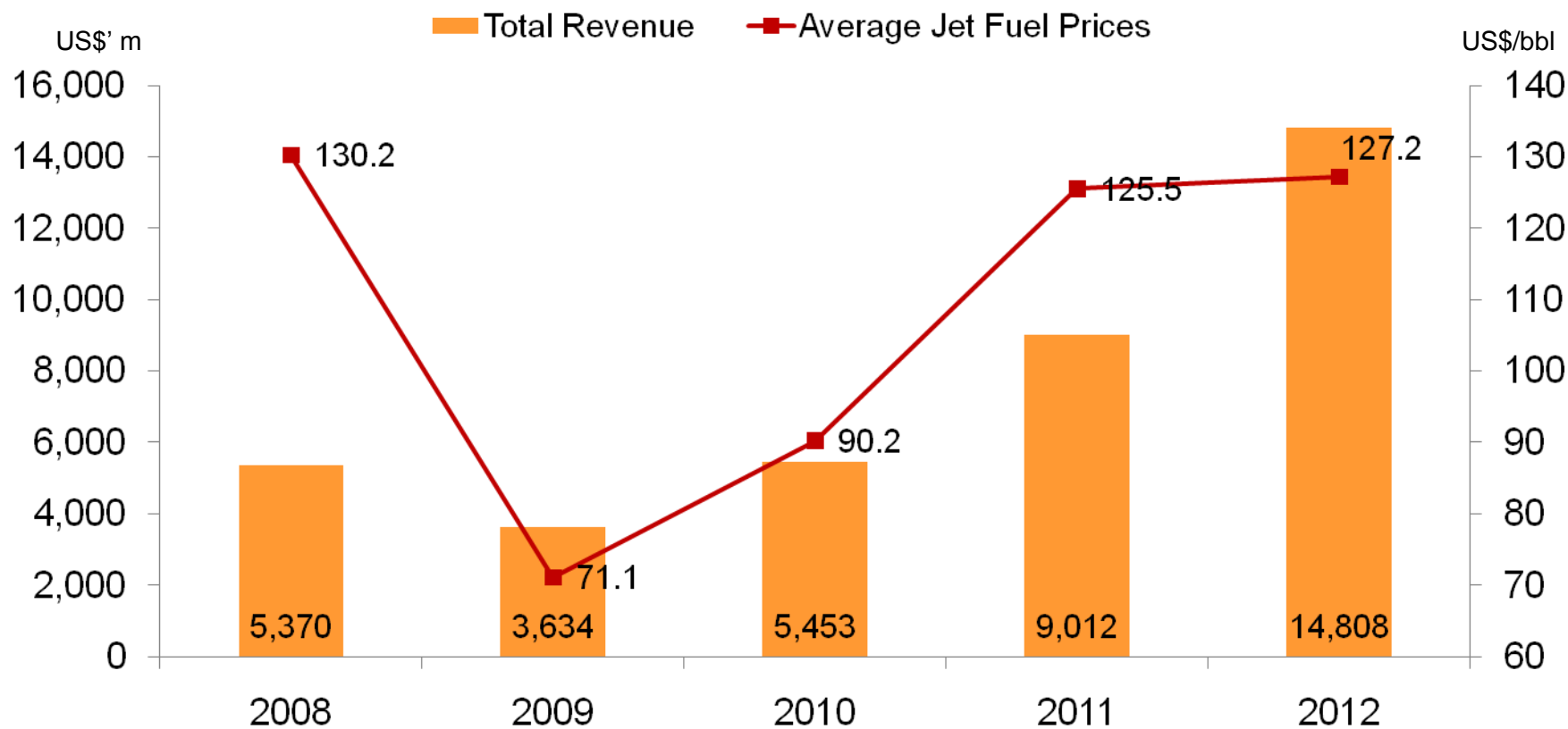
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		FY 2012: US\$ 14,808.0m	FY 2011: US\$ 9,012.0m
+64.3%	Revenue	<ul style="list-style-type: none"> Total supply and trading volume increased 62% to 14.8m tonnes Jet supply and trading volume up 26% to 10.5m tonnes Trading volume of other oil products increased multi-fold to 4.3m tonnes 	
		FY 2012: US\$ 42.8m	FY 2011: US\$ 40.0m
+7.0%	Gross Profit	<ul style="list-style-type: none"> Higher gains from oil trading activities Consolidation of contribution from CAOHK 	
		FY 2012: US\$ 21.2m	FY 2011: US\$ 16.5m
+28.3%	Total Expenses	<ul style="list-style-type: none"> Higher staff cost including those from CAOHK and NAFCO Higher finance cost on increased business activities 	
		FY 2012: US\$ 43.2m	FY 2011: US\$ 40.2m
+7.3%	Share of Results of Associates	<ul style="list-style-type: none"> Higher contribution from TSN-PEKCL US\$ 2.7m gain from OKYC 	
		FY 2012: US\$ 66.2m	FY 2011: US\$ 63.4m
+4.4%	Net Profit	<ul style="list-style-type: none"> Higher gains from oil trading activities and consolidation of CAOHK and NAFCO Higher contributions from associates 	

Revenue exceeded US\$10b mark



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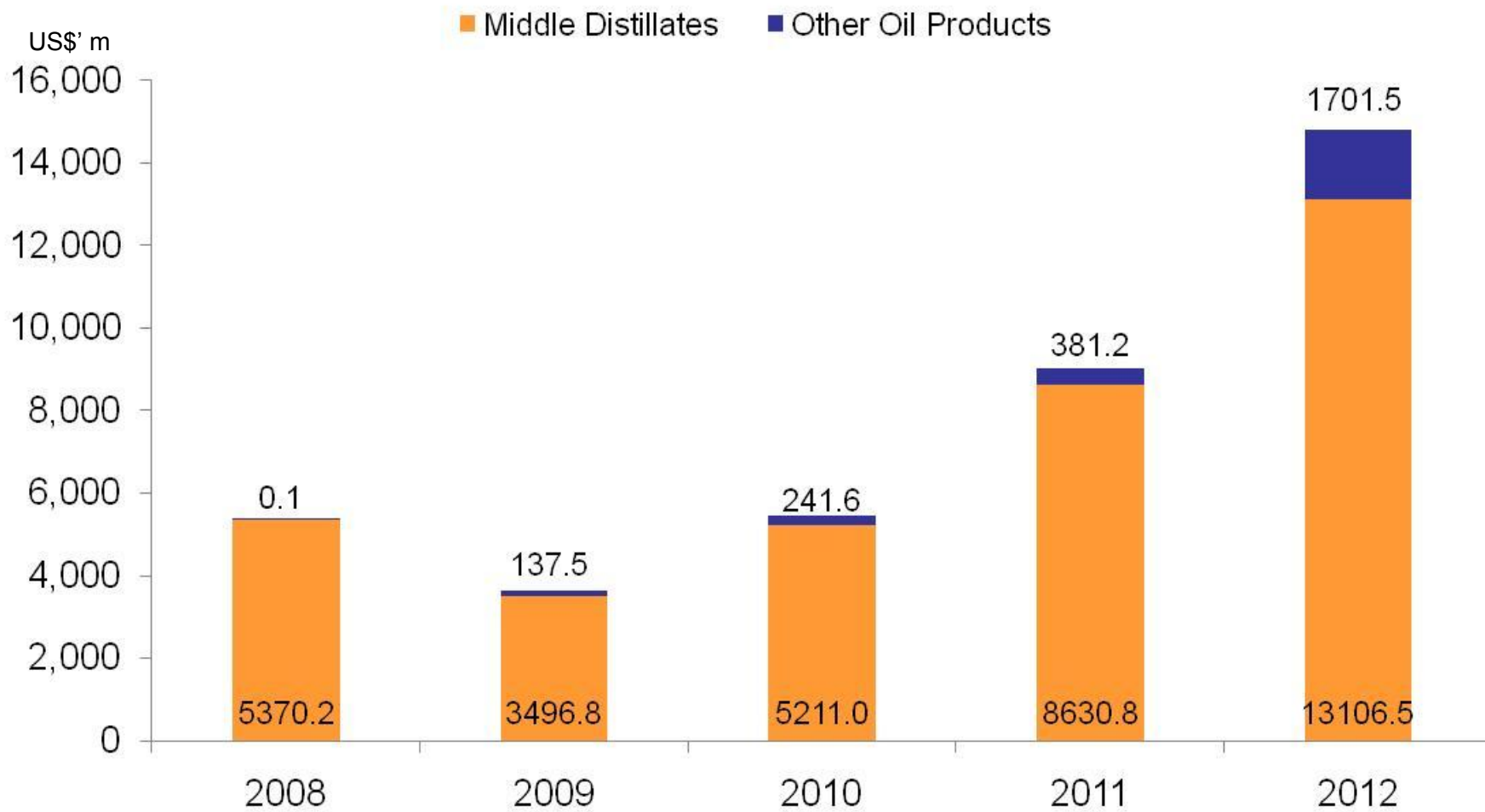
Revenue 5 Year CAGR

+ 28.9%

Increasing revenue contribution from other oil products



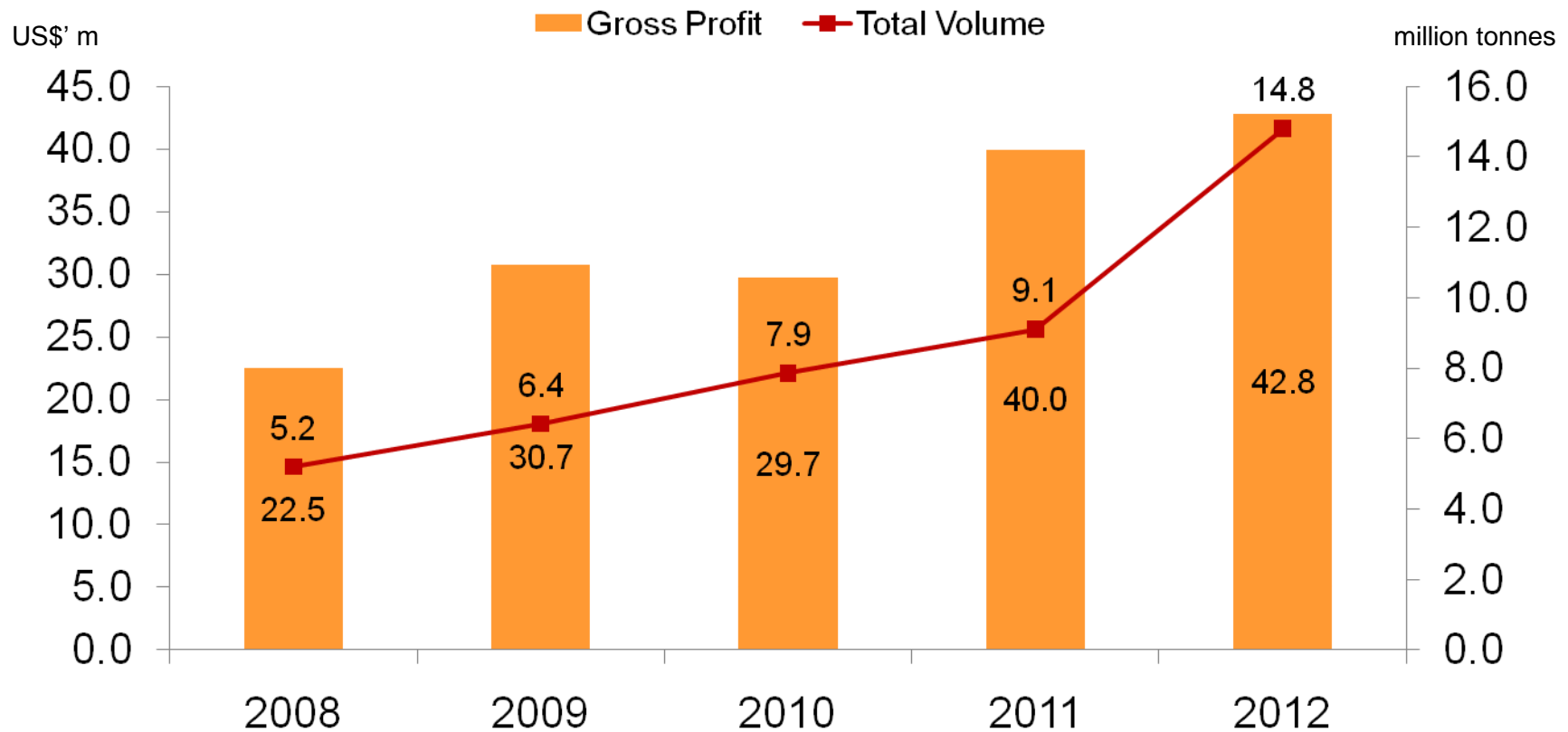
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Optimisation & trading gives growth of volumes and gross profits



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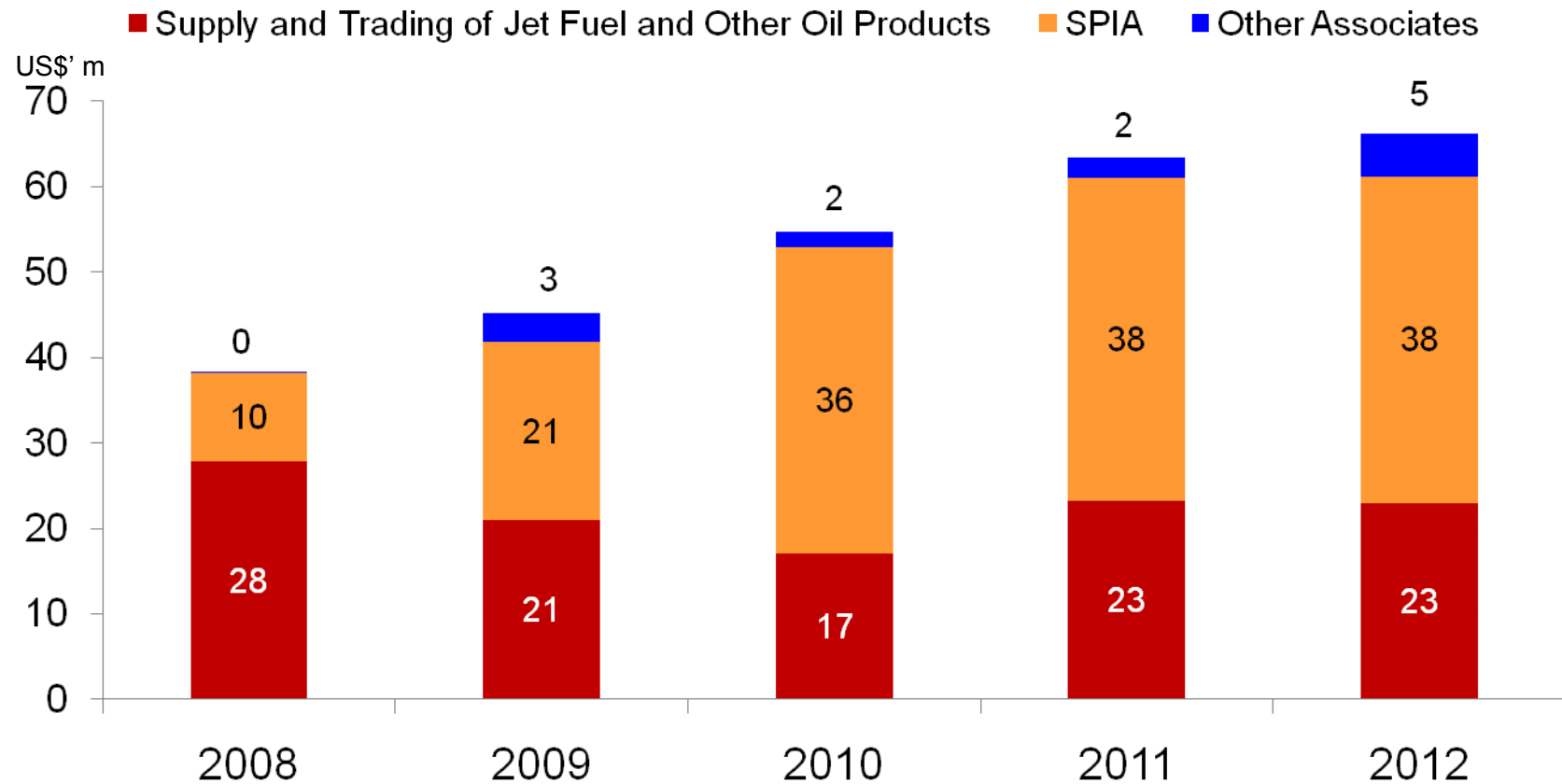
Gross Profit 5 Year CAGR

+ 17.4%

Robust growth of net profit



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Total Net Profit 5 Year CAGR

+ 14.7%

Balance Sheet remains healthy



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		31 Dec 2012: US\$ 1,284.6m	31 Dec 2011: US\$ 838.5m
+53.2%	Trade and Other Receivables	<ul style="list-style-type: none"> Higher sales revenue in Dec 2012 compared with Dec 2011 Trade receivables in CAOHK and NAFCO 	
		31 Dec 2012: US\$ 81.1m	31 Dec 2011: US\$ 88.1m
-7.9%	Cash and Cash Equivalents	<ul style="list-style-type: none"> Cash outflow of US\$41.2m from financing activities, partially offset by the aggregate of US\$34.2 million generated from operating and investing activities 	
		31 Dec 2012: US\$ 1,182.2m	31 Dec 2011: US\$ 756.6m
+56.2%	Trade and Other Payables	<ul style="list-style-type: none"> Higher cost of procurement arising from increase in volume Trade payables of CAOHK and NAFCO 	
		31 Dec 2012: US\$ 1.7m	31 Dec 2011: US\$ 30.0m
-94.4%	Loans and Borrowings	<ul style="list-style-type: none"> Repayment of loans 	



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2020 Corporate Strategy









***To be a top-tier global integrated transportation fuels provider,
constantly innovating and creating value for our shareholders,
employees, business partners and the community***

2010-2014 Progress Update



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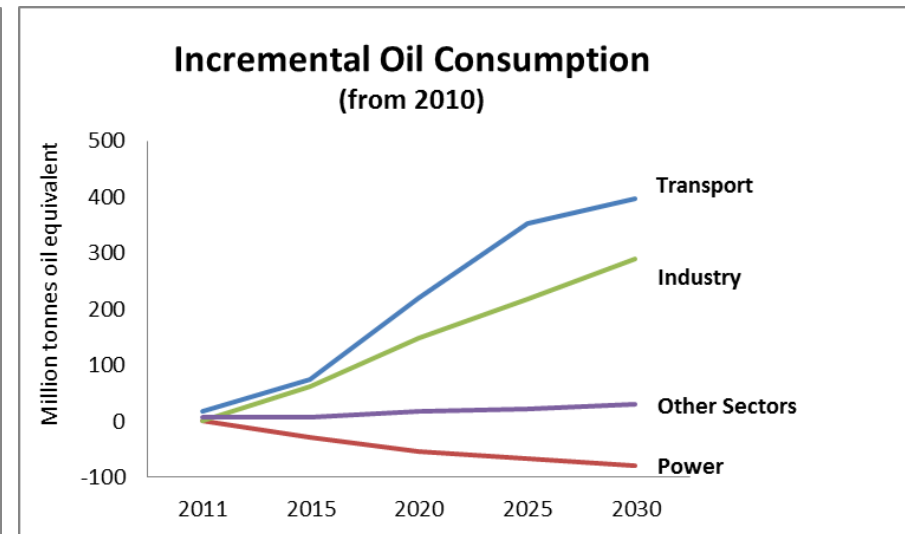
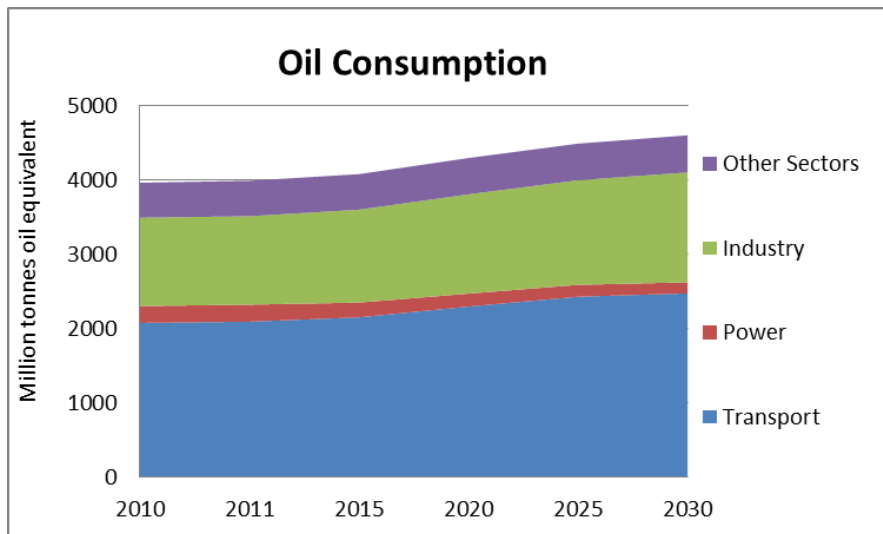
	2014 Targets	Current Status
Jet Fuel Supply & Trading	Leading jet fuel supplier/trader in Asia Pacific 	<ul style="list-style-type: none"> ▪ Largest physical trader in Asia Pacific, volume exceeded 10m tonnes in 2012 ▪ Consolidated market position in China ▪ Expanded into new markets in Asia, Middle East, Europe, US ▪ Strategic alliances with major Chinese airlines to supply jet fuel at more than 20 locations globally
Trading of Other Oil Products	Important player in Asia Pacific 	<ul style="list-style-type: none"> ▪ Set up fuel oil and gas oil trading benches, established presence in Asia Pacific ▪ Petrochemicals business made inroads into China, established structural advantage
Asset Investments	Integrated trading company with synergetic assets 	<ul style="list-style-type: none"> ▪ Invested in synergetic assets along our value chain ▪ Completed acquisition of a 26% equity stake in OKYC ▪ Acquired subsidiaries incorporated in Hong Kong and North America
Financial Indicators	Double-digit average annual growth rate 	<ul style="list-style-type: none"> ▪ Double-digit average growth rate for volume, revenue, gross profit and net profit from 2010-2012 at 34%, 60%, 13% and 14% respectively

Long term demand growth will be driven by commercial transportation



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- Asia and other emerging economies to drive economic and oil demand growth
- Longer term growth in oil product consumption will be focused on transportation fuels, particularly commercial transportation



Source: BP Energy Outlook 2030

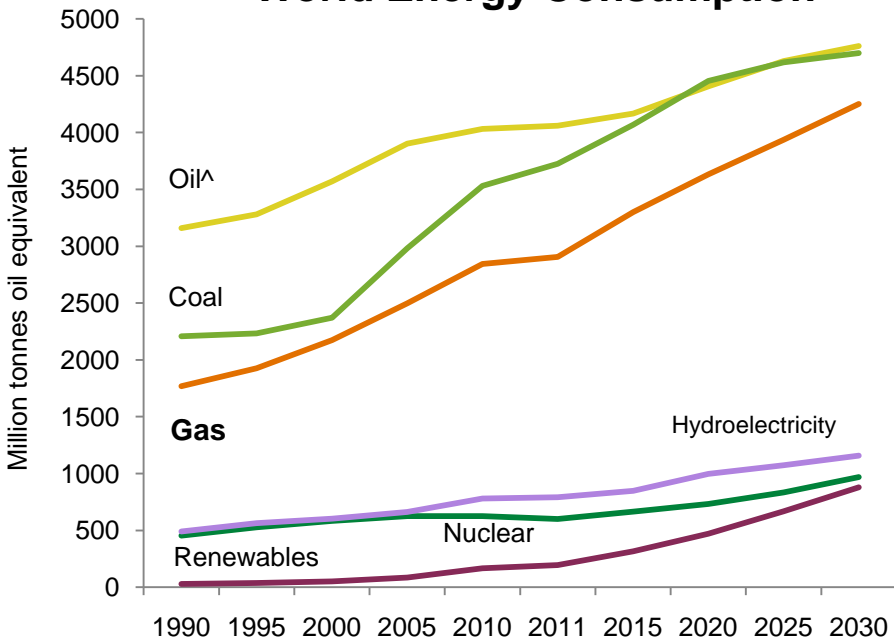
The golden age of gas



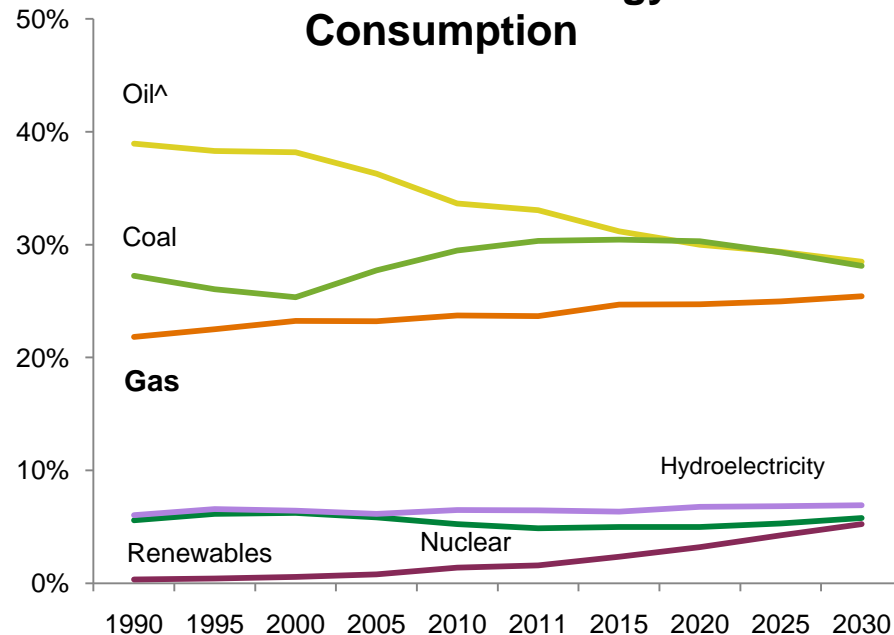
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- Global demand for natural gas projected to increase by 50% from 2010-2030

World Energy Consumption



Share of World Energy Consumption



^ includes oil, biofuels and gas-to-liquids

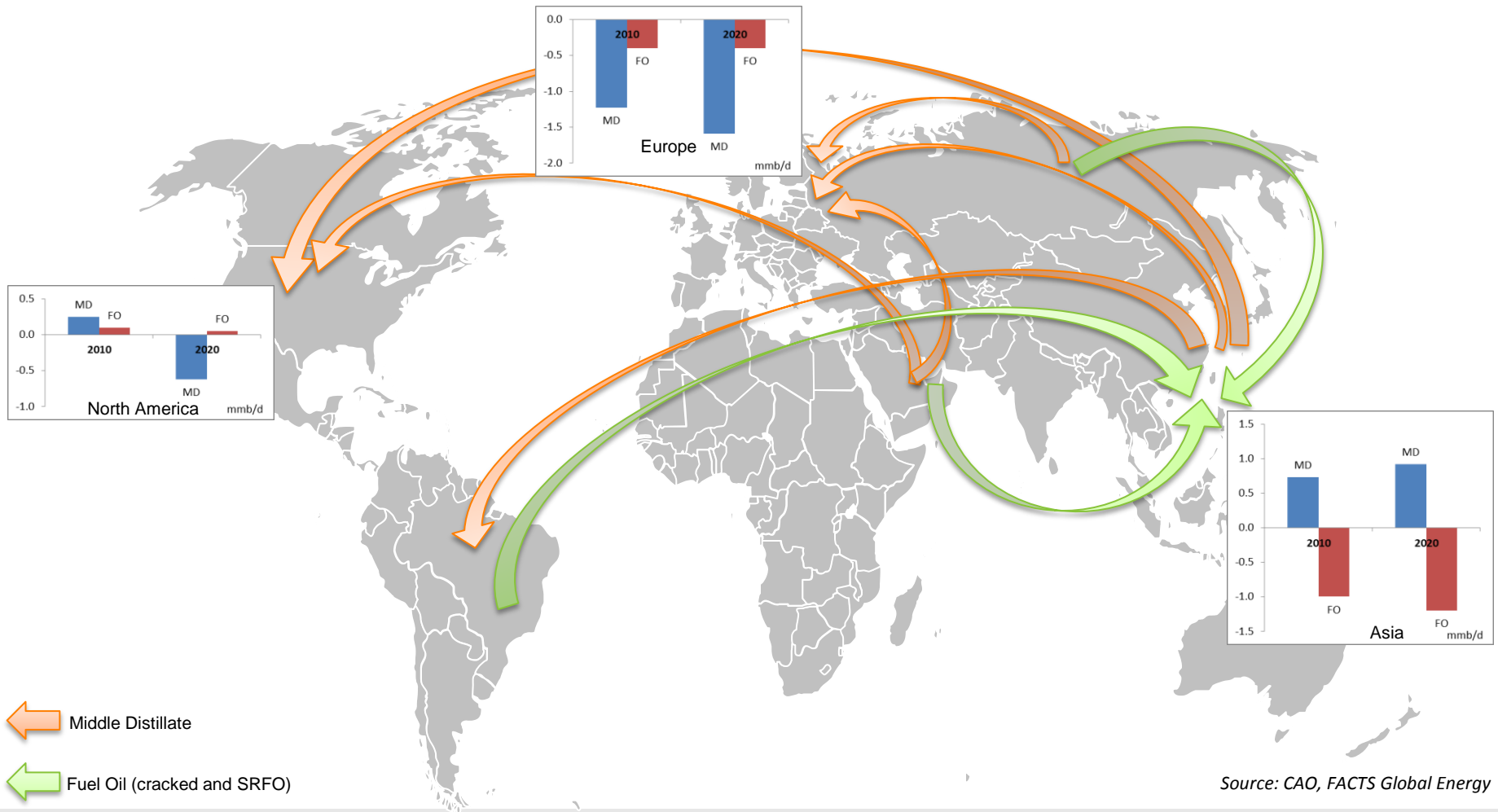
Source: BP Energy Outlook 2030

Global trading opportunities



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2020 Middle Distillates and Fuel Oil Product Flows and Trade Balances by Region



Source: CAO, FACTS Global Energy



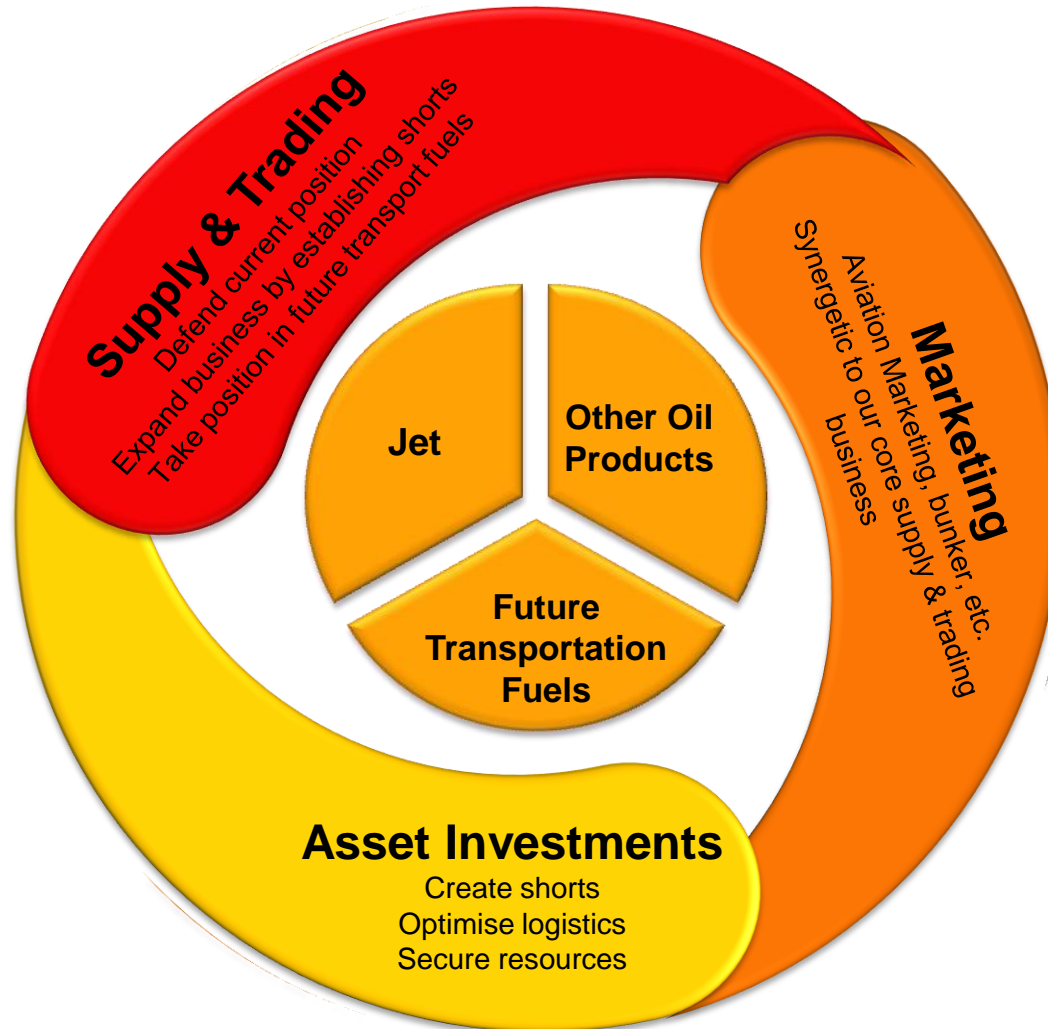
- **Our key competitive advantages:**
 - Jet fuel
 - China market
 - China relationships
 - Strong support from major shareholders

- **Our competitive positioning:**
 - Global player
 - Transportation fuels
 - Integrated supply chain
 - Soft skills – trading and risk management

Strategy to 2020 & Targets



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2020 STRATEGIC TARGETS

- Global leader in international aviation oil supply & trading and reputable global supplier and trader of other oil products
- Important player in international aviation fuel service
- Niche player in future clean transport fuels

Jet fuel



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Jet fuel Supply & Trading

-- core business



LEADER IN ASIA PACIFIC

- Largest physical trader in Asia Pacific
- Growing trading activities outside the region
- Investments in storage facilities



2020: GLOBAL LEADER

- Establish/Acquire trading operations in Europe, US
- Expand supply and trading in Middle East, Europe and US
- Investments in logistics assets

Aviation Fuel Marketing

-- growth priority



NICHE PLAYER

- Preferred supplier to Chinese airlines outside PRC
- Presence at more than 20 airports globally



2020: IMPORTANT INTERNATIONAL PLAYER

- Expand locations and customer base
- Investment in airport refuelling assets
- Integration with trading activities

Other Oil Products



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Fuel Oil - growing activity



REGIONAL PLAYER

- Active player in Asia Pacific



2020: REPUTABLE GLOBAL PLAYER

- Blending and breaking bulk
- Enter key Asia and Middle East bunker markets
- Invest/Acquire bunker refuelling and logistics assets

Gas Oil - natural extension



REGIONAL PLAYER

- Active player in SE Asia



2020: REPUTABLE GLOBAL PLAYER

- Set up trading operations in Europe
- Expand trading in Asia, US, Europe

Petrochemicals - complementary business



REGIONAL PLAYER

- A key supplier to China



2020: NICHE PLAYER

- Expand aromatics trading into other Asian markets
- Expand into new product lines
- Securing long term supply source

Future sustainable transport fuels



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LNG and Bio-jet

- New business segment with potential opportunities

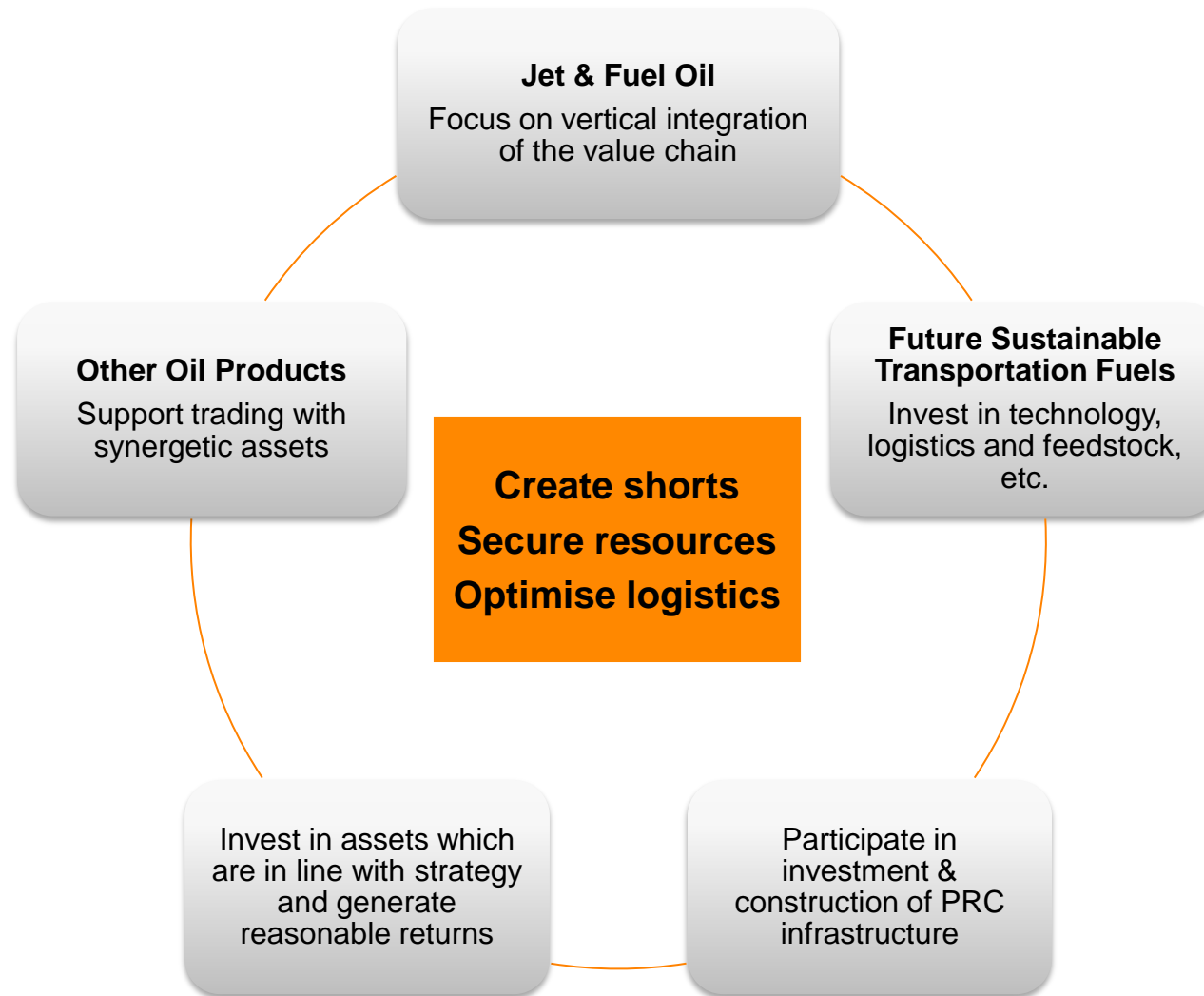


2020: NICHE PLAYER

- Closely monitor market developments
- Evaluation and in-depth analyses
- Proactively seek market entry opportunities

Asset investments

– building an integrated value chain



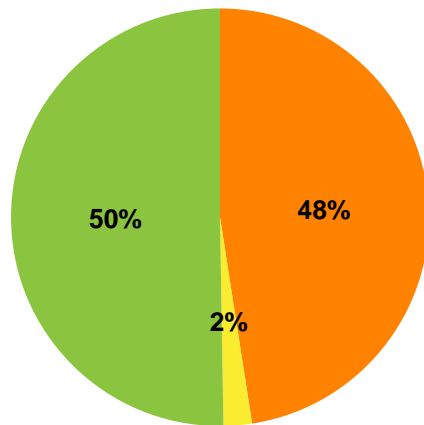
Sustaining double-digit profit growth



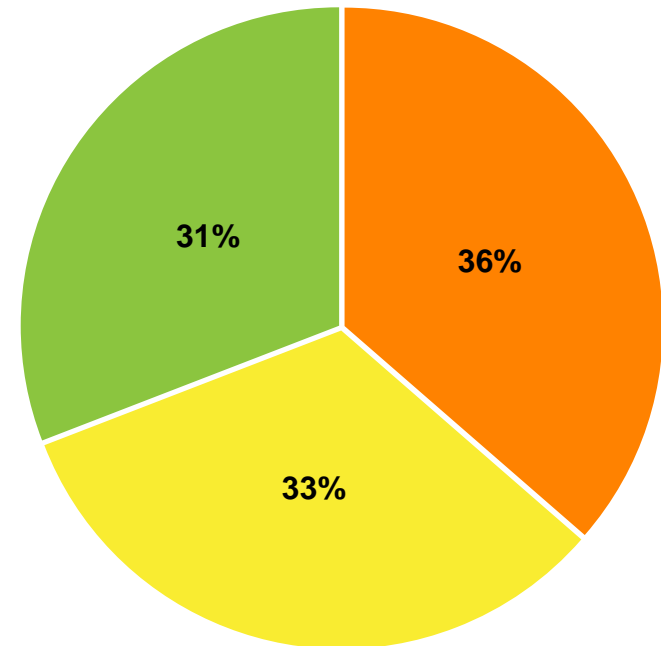
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- Targets twofold increase in profits by 2020

2012



2020



- Jet Fuel (includes Aviation Marketing)
- Other Oil Products (Fuel Oil, Gas Oil, Petchems, future transport fuels)
- Asset investments



Summary: Key elements of 2020 Strategy

- Building a global supply and trading network
- Focus on transportation fuels
- Identifying new business segment – future sustainable transportation fuels
- Asset investments to build up integrated supply chain



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Thank You

