



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



1H 2018 Results Presentation 2018年上半年业绩介绍

3 August 2018
2018年8月3日



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China Aviation Oil
中国航油(新加坡)股份公司

Overview

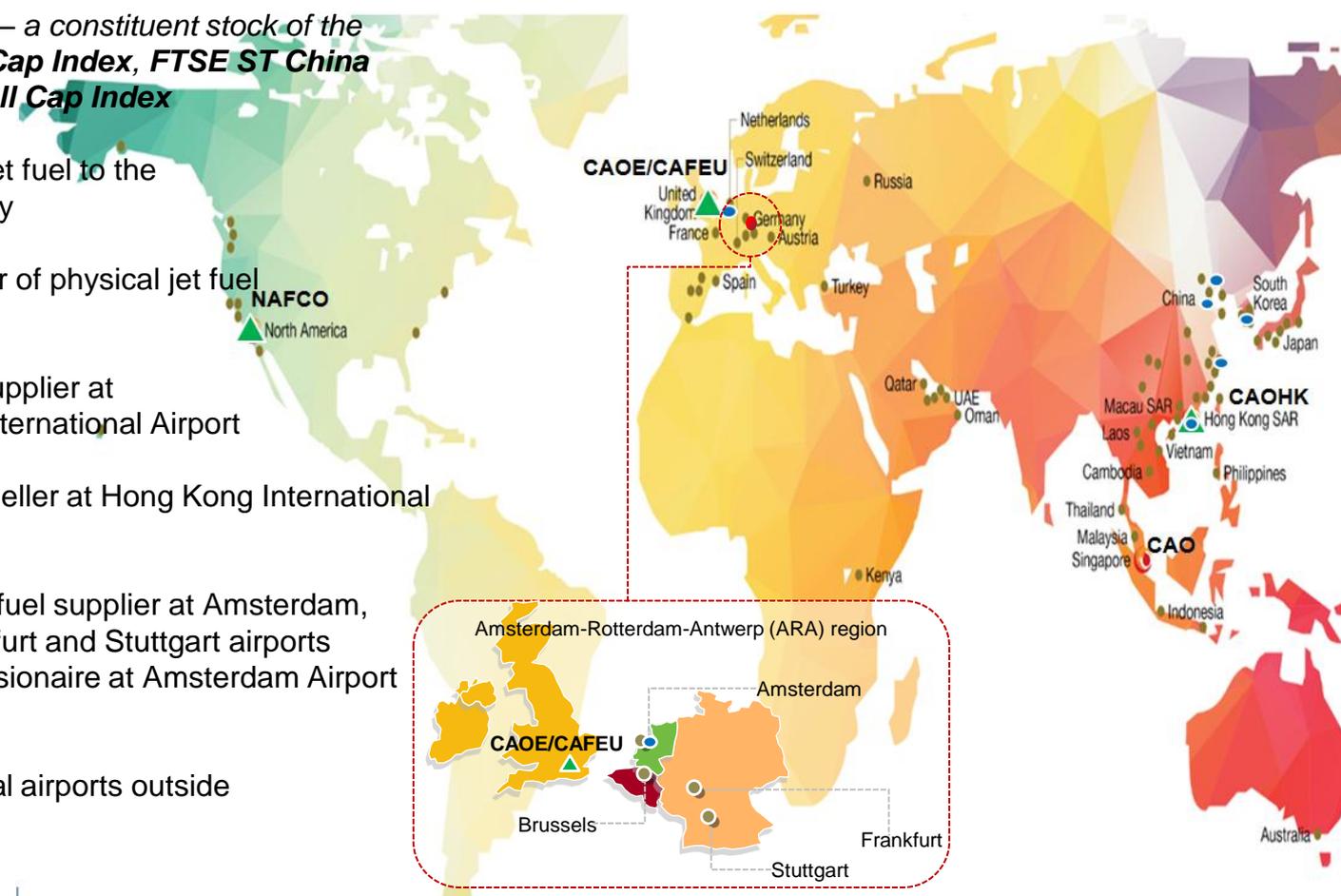


Expanding Global Presence – A Diversified and International Growth Platform



China Aviation Oil
中国航油(新加坡)股份公司

- Listed on SGX since 2001– a constituent stock of the **MSCI Singapore Small Cap Index, FTSE ST China Index and FTSE ST Small Cap Index**
- Key supplier of imported jet fuel to the PRC Civil Aviation industry
- Largest purchaser & trader of physical jet fuel in Asia Pacific
- NAFCO** - major jet fuel supplier at Los Angeles International Airport
- CAO** - 3rd licensed refueller at Hong Kong International Airport
- CAFEU** - Independent jet fuel supplier at Amsterdam, Brussels, Frankfurt and Stuttgart airports
- Fuelling concessionaire at Amsterdam Airport Schiphol
- Supplies to 57 international airports outside mainland China



- Singapore Headquarter
- Subsidiaries
- Associated Companies

CAO - A Forbes Global 2000 Company, 2017
- Ranked 32nd Largest Oil & Gas Company, 2018 Sino-Global Energy magazine



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1H 2018 Financial Results

1H 2018 Highlights



- Despite continuing challenges in the oil markets and major uncertainties in global economic and geopolitical outlook, the Group delivered a strong 1H 2018 performance, supported by robust global demand for transportation fuels.
- Acquisition of Navires Aviation Limited (now renamed China Aviation Fuel (Europe) Limited – “CAFEU”); facilitates access to airport refuelling infrastructure at Schiphol airport in Amsterdam, further enhancing the Group’s competitive edge at Northwestern Europe markets. CAFEU also supplies directly to Frankfurt, Brussels and Stuttgart.
- **Total supply and trading volume** rose 12.13% to 17.56 million tonnes in 1H 2018 on the back of the Group’s expanding geographical diversification:
 - ✓ **Revenue** jumped 41.79% year-on-year to US\$9.90 billion on the back of higher oil prices and increased supply and trading volume;
 - ✓ **Gross Profit** rose 13.66% to US\$29.59 million on higher gains from trading and optimisation activities;
 - ✓ **Net Profit** increased 14.15% to US\$56.21 million on higher profit contribution from associates.
- **Profit Contribution** from associates rose 19.18% to US\$39.57 million in 1H 2018 (1H 2017: US\$33.20 million), attributable to:
 - ✓ Share of profits from **SPIA** increased 19.05% to US\$34.57 million (1H 2017: US\$29.04 million), on higher refuelling volume and higher investment income;
 - ✓ Share of profits from **OKYC** rose 23.99% to US\$3.40 million (1H 2017: US\$2.74 million), supported by higher profit generated from its tank storage leasing activities.

1H 2018 Profit & Loss Summary

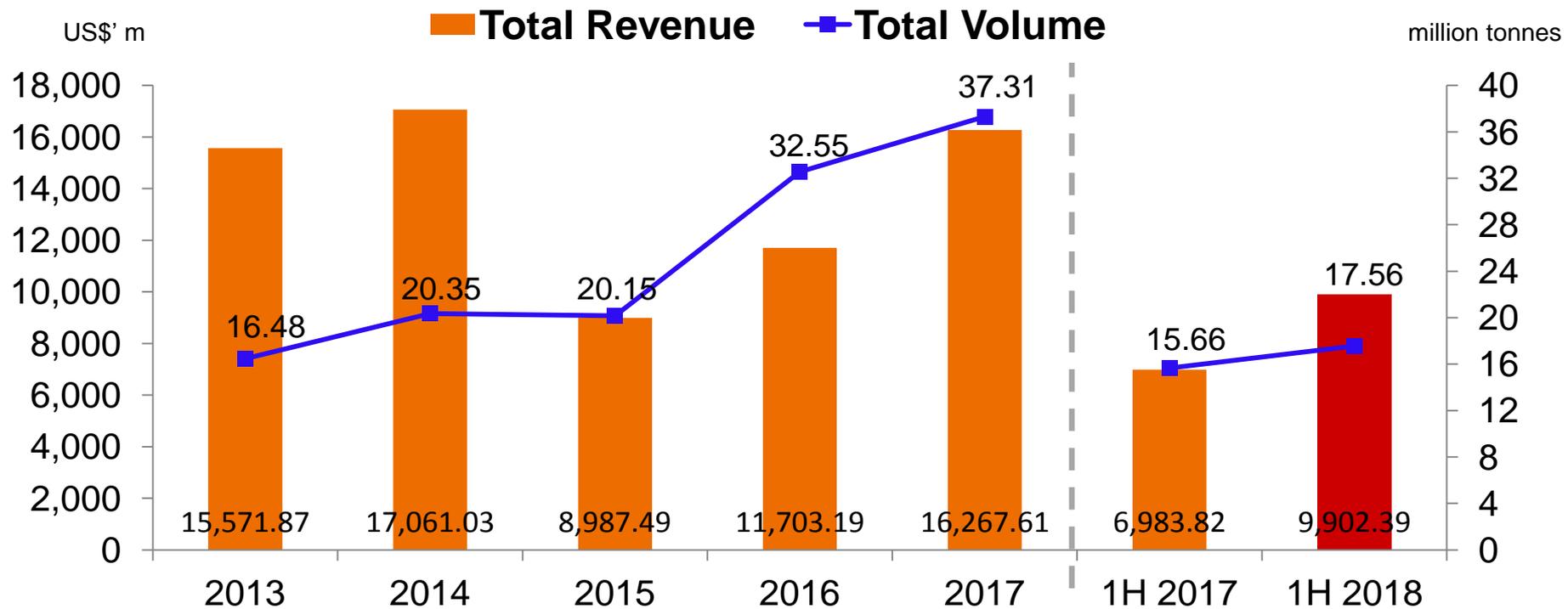
+41.79%	Revenue	1H 2018 : US\$9,902.39m	1H 2017 : US\$6,983.82m
		Mainly due to the increase in oil prices and total supply and trading volume	
+13.66%	Gross Profit	1H 2018 : US\$29.59m	1H 2017 : US\$26.03m
		Higher gains derived from jet fuel supply and trading and optimisation activities	
+31.15%	Total Expenses	1H 2018 : US\$12.94m	1H 2017 : US\$9.87m
		Attributable to increase in provision for credit loss impairment under new financial reporting standards and higher finance costs relating to bank charges and interest expense	
+19.18%	Share of Results of Associates	1H 2018 : US\$39.57m	1H 2017 : US\$33.20m
		Mainly due to higher profit contributions from SPIA and OKYC	
+14.15%	Net Profit	1H 2018 : US\$56.21m	1H 2017 : US\$49.24m
		Attributable mainly to the increase in share of results from associates and increase in gross profits	

Balance Sheet Summary

		30 Jun 2018: US\$127.56m	31 Dec 2017 : US\$209.61m
-39.14%	Inventories	Decrease in trading inventories held in a backwardation market	
		30 Jun 2018: US\$1,537.54m	31 Dec 2017: US\$1,066.26m
+44.20%	Trade and Other Receivables	Attributable to higher revenue driven by higher oil prices and total supply and trading volume	
		30 Jun 2018: US\$206.44m	31 Dec 2017: US\$300.04m
-31.20%	Cash and Cash Equivalents	Mainly due to higher working capital requirements for trading activities	
		30 Jun 2018: US\$1,491.30m	31 Dec 2017: US\$1,060.21m
+40.66%	Trade and Other Payables	Mainly due to higher monthly trading volume and oil prices in June 2018	
		30 Jun 2018: Nil	31 Dec 2017: US\$120.00m
NM	Loans and Borrowings	Mainly due to repayment of bank borrowings	

Revenue Growth in Tandem with Volume Increase

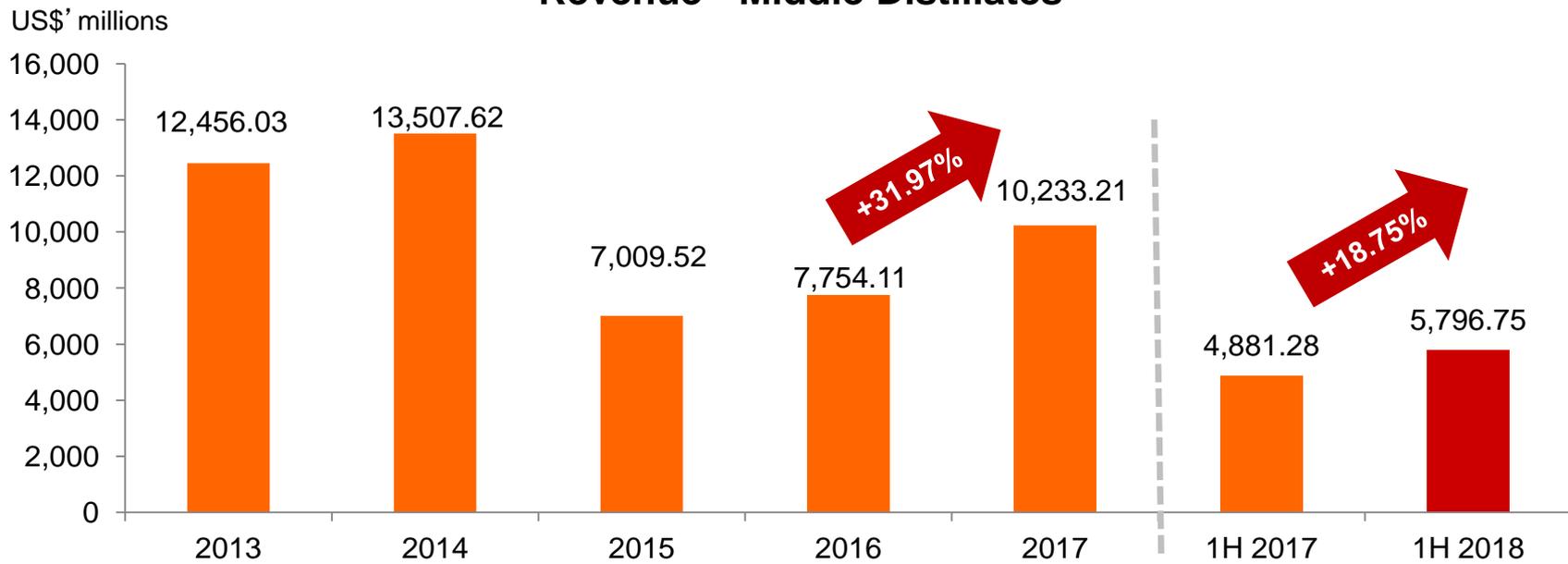
- Global transportation fuels demand remains firm, with the Group's revenue up 41.79% to US\$9.90 billion in 1H 2018, supported by higher oil prices and an increase in total supply and trading volume.
- Jet fuel prices averaged MOPS US\$87.35 per barrel for 1H 2018 versus MOPS US\$60.58 per barrel for 1H 2017.



Core Jet Fuel Supply & Trading Business Remains Strong

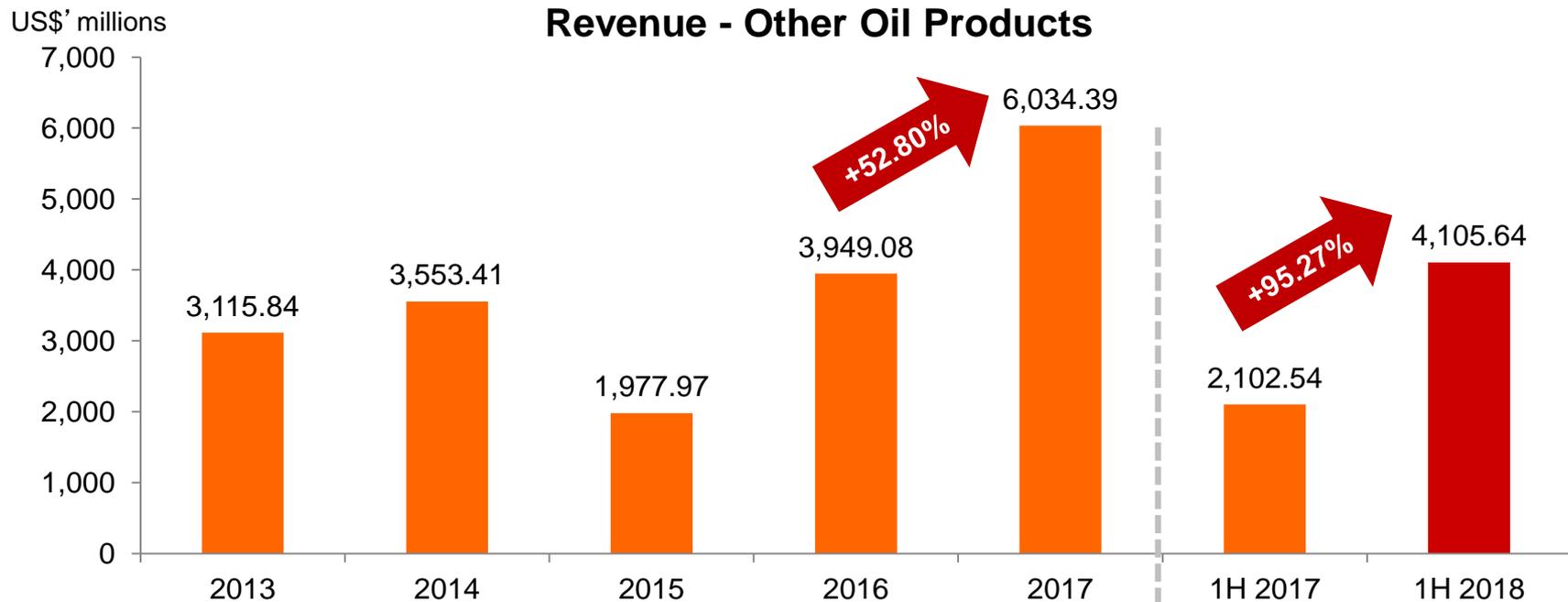
- Despite continued buoyant global air travel demand, **core jet fuel supply and trading** volume was 6.74 million tonnes for 1H 2018 on lower trading optimisation activities in a backwardation market, partially offset by a 25.30% increase in the supply and trading volume of gas oil to 2.08 million tonnes.
- For **Aviation Marketing** segment, the Group expanded geographical reach to gain traction in key aviation hubs, boosted by new supply contract wins at international airports outside mainland China, with an extended market reach to 57 supply locations.

Revenue - Middle Distillates



Steady Growth in Other Oil Products Business

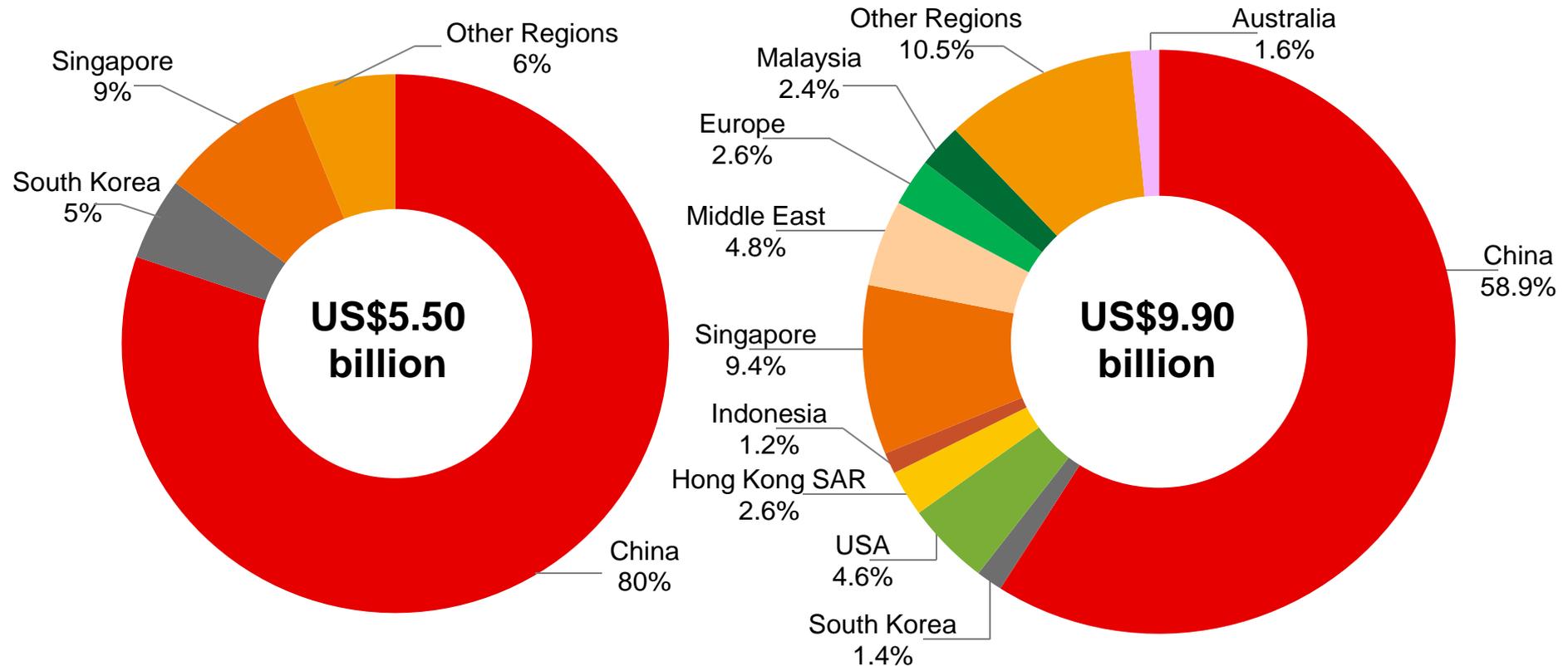
- Supply and trading volume of other oil products surged 42.58% to 8.74 million tonnes in 1H 2018, underpinned by positive market fundamentals:
 - ✓ Fuel Oil supply and trading volume was up 16.1% versus prior year with healthy demand growth in Chinese and Middle East markets;
 - ✓ sustained demand in China drove Crude Oil supply and trading volume to surge 75.7% versus prior year (crude oil business commenced in late 1H2017).



CAO's International Revenue Base

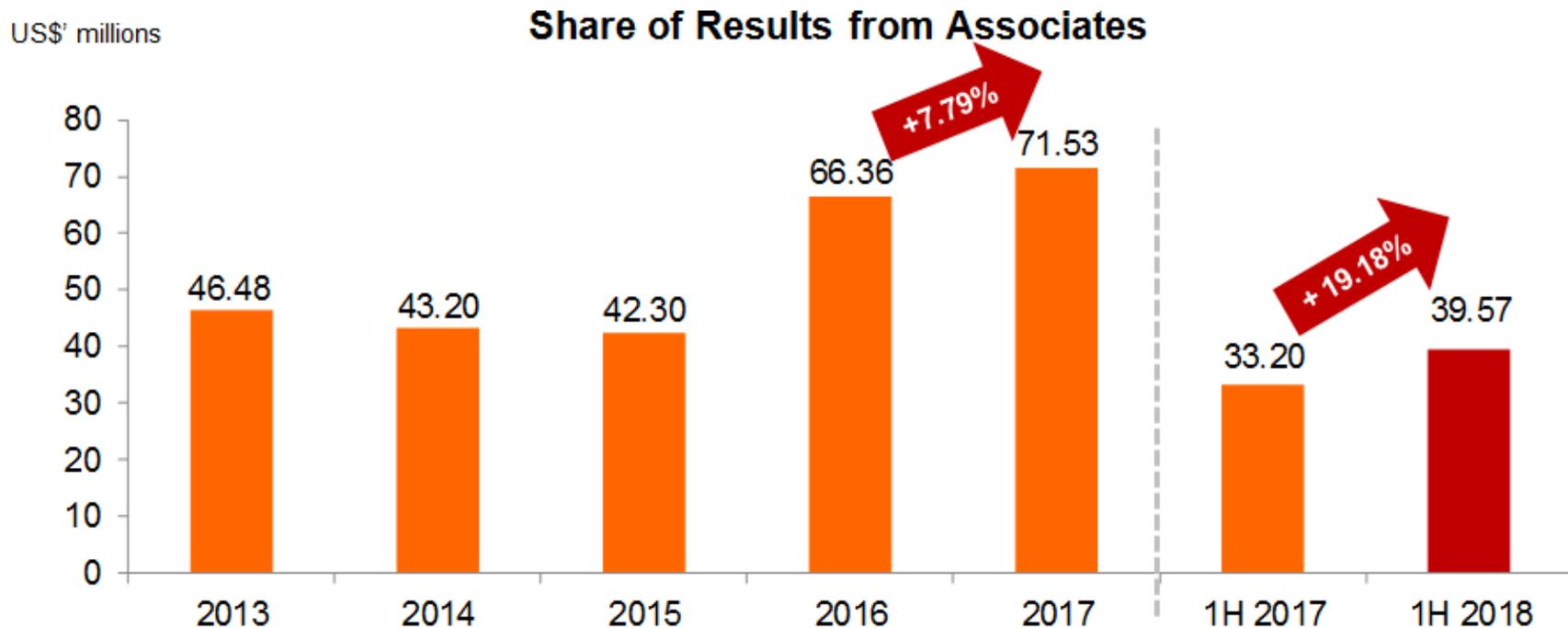
FY2010

1H 2018



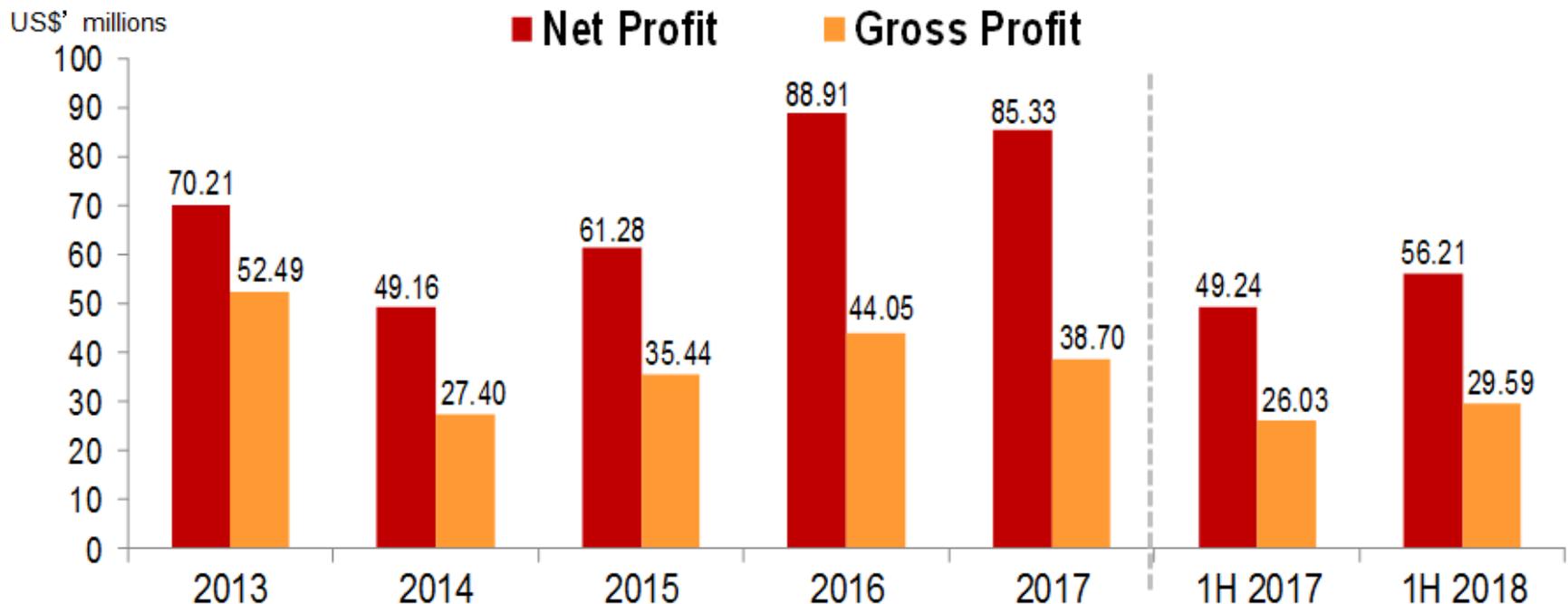
Sustainable Income Streams from Associates

- **Strategic oil-related investments continued to yield healthy recurring incomes:**
 - ✓ Share of profits from **SPIA** increased 19.05% to US\$34.57 million for 1H2018, attributable to higher gross profit from higher refuelling volumes;
 - ✓ Share of profits from **OKYC** was 23.99% higher at US\$3.40 million for 1H2018, attributable to higher operating profit from its tank storage leasing activities.



Sustained Growth Performance

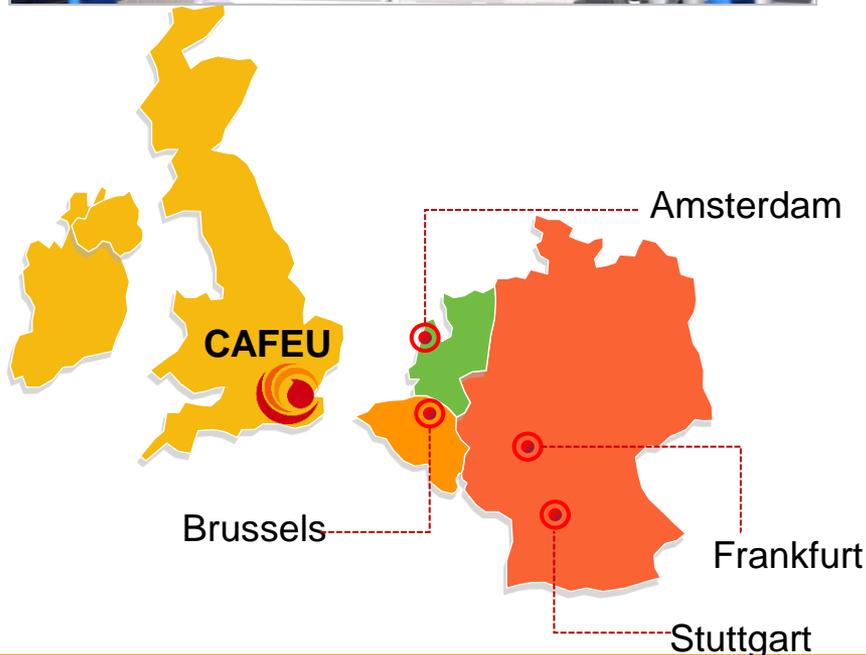
- **Net Profit** rose 14.15% to US\$56.21 million, boosted mainly by higher share of profits from associates and in gross profits.
- **Gross Profit** rose 13.66% to US\$29.59 million, mainly due to higher gains derived from trading and optimisation activities.



Acquisition of Navires Aviation Limited (CAFEU)



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Acquisition of wholly owned subsidiary, Navires Aviation Limited (now renamed China Aviation Fuel (Europe) Limited – “CAFEU”), which has an established comprehensive jet fuel supply system and critical supply chain contracts in Europe.

Independent jet fuel supplier at Amsterdam, Brussels, Frankfurt and Stuttgart airports

Fuelling concessionaire at Amsterdam Airport Schiphol through Aircraft Fuel Supply B.V. (“AFS”)

Outlook & Priorities

- Significant uncertainties in the macroeconomic and geopolitical environments remains, with potential disruptions including volatile oil markets, increasing trade protectionism and geopolitical tensions. Nonetheless, the Group remains focused to fortify its transportation fuels supply and trading business and is well positioned in the global integrated value chain to drive its **“Globalisation, Integration & Asset Investment”** developmental strategy for profitability.
- CAO will:
 - ✓ continue to solidify niche jet fuel positioning and drive customer value for core jet fuel supply and trading business with initiatives to expand the Group’s product and service capabilities at global key aviation hubs;
 - ✓ continue to improve day-to-day execution and operational efficiencies to optimise a global integrated value chain to grow the Group’s diversified transportation fuels portfolio;
 - ✓ continue to strengthen internal controls and exercise stringent risk management to mitigate increasing global operational risks;
 - ✓ proactively seek opportunities for inorganic growth through strategic acquisitions and investments in synergetic oil-related assets and businesses.
- CAO remains **well positioned to capture growth opportunities and is focused to execute and deliver sustainable profitable growth** for shareholders.

Vision



China Aviation Oil
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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.***



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Thank You

Fuel for Future 为明天加油