



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

25 February 2016

FY2015 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 (Singapore) Corporation Ltd
中国航油（新加坡）股份有限公司

CFO's Opening Address - Mr Wang Chunyan

FY2015 Operational Highlights



China Aviation Oil
中国航油(新加坡)股份公司

- Healthy overall performance for FY2015 despite the slowing economy; reflecting growth momentum in HK, USA and Europe subsidiaries as well as business expansion activities across the integrated supply chain :
 - NAFCO's business volume more than doubled, participation with LAXFuel, the largest jet fuel consortium in the United States, continued to add value and contributed to bottom line with independent supply and trading business in full swing
 - CNAF HK Refuelling commenced operations at Hong Kong International Airport in August 2015, extending the Group's portfolio of aviation marketing business
 - CAO's profits surged 316% year-on-year
- Achieved significant breakthrough in terms of its integrated operations in 2015 with CAO, NAFCO and CAO's collectively paving smooth supply deliveries from Asia to North America
- Trading optimisation generated gains leading to gross profits improvement of 29.37% amid market volatility
- Aviation marketing business sustained robust growth, penetrating new markets and extended reach to 38 airports outside mainland China (2014: 34 airports); supply volumes at airports outside mainland China increased 32% year-on-year to 1.77 million tonnes
- Avgas volumes grew 60% on supply to India, Indonesia and China, making the Group's one of top 5 Avgas traders in Asia
- Investments in oil-related assets continued to generate sustainable income stream for the Group

FY2015 Financial Highlights



China Aviation Oil
中国航油(新加坡)股份公司

- Refining of Group's strategy towards competitive advantage in jet fuel supply and trading drove bottom line growth as CAO benefitted from the continued growth of the Chinese civil aviation industry and increasing supply volumes at overseas airports
 - ✓ Revenue declined 47.4% to US\$9.0 billion due primarily to the continuing slump in oil prices - jet fuel prices averaged US\$68.15/barrel for FY2015 (FY2014: US\$115.87/barrel)
 - ✓ Gross Profit increased 29.4% to US\$35.4 million, on higher jet fuel trading gains, underpinned by sustained jet fuel demand from China and Aviation Marketing
 - ✓ Total supply and trading volumes for jet fuel and other oil products remained relatively stable with 20.2 million tonnes in FY2015 (FY2014: 20.4 million tonnes)
 - ✓ Share of profits from associates and joint ventures at US\$42.3 million due mainly to lower contribution from key associate SPIA on the back of lower refuelling sales prices due to the lower oil prices
 - ✓ Net Profit jumped 24.7% year-on-year mainly attributable to higher gross profit and lower operating expenses

Revenue Impacted by Slump in Oil Prices

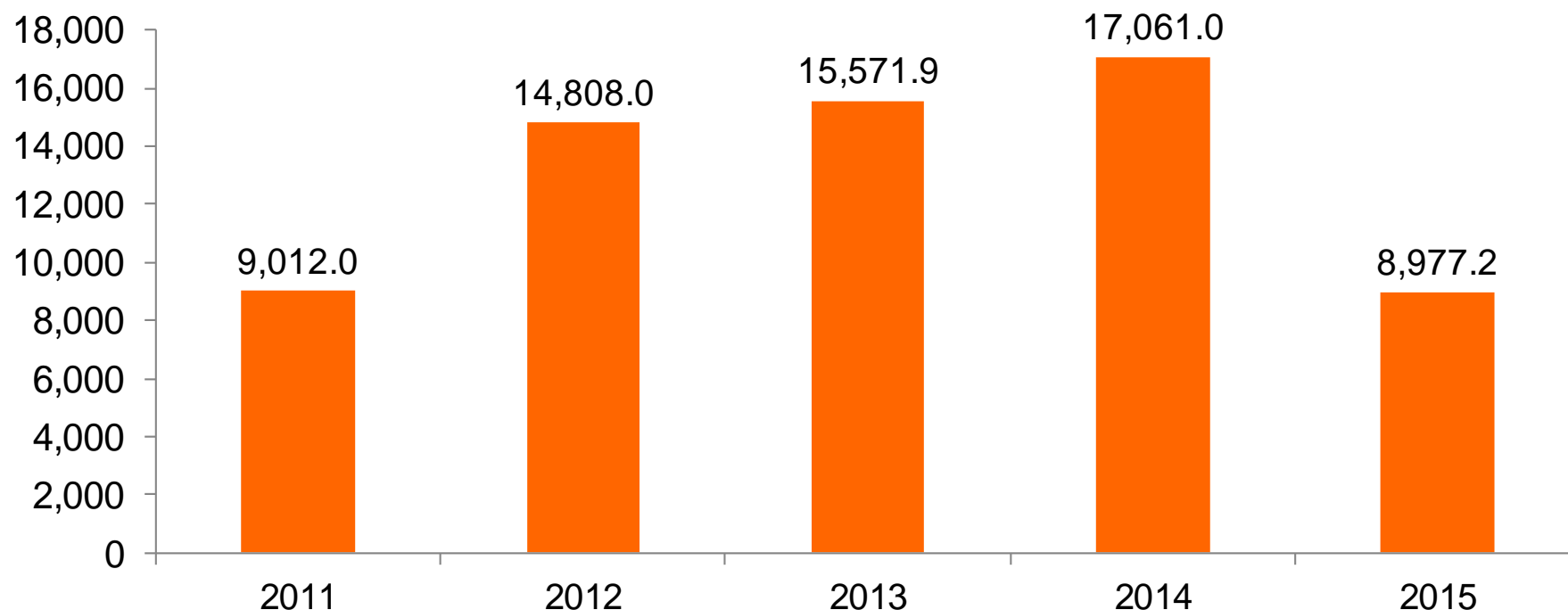


China Aviation Oil
中国航油(新加坡)股份公司

- Total supply and trading volumes remained stable year-on-year
- Jet fuel prices averaged US\$68.15 per barrel for FY2015 vs US\$115.87 per barrel for FY2014

US\$' millions

Revenue



Total Supply and Trading Volume Remains Stable Despite Slowing Economy

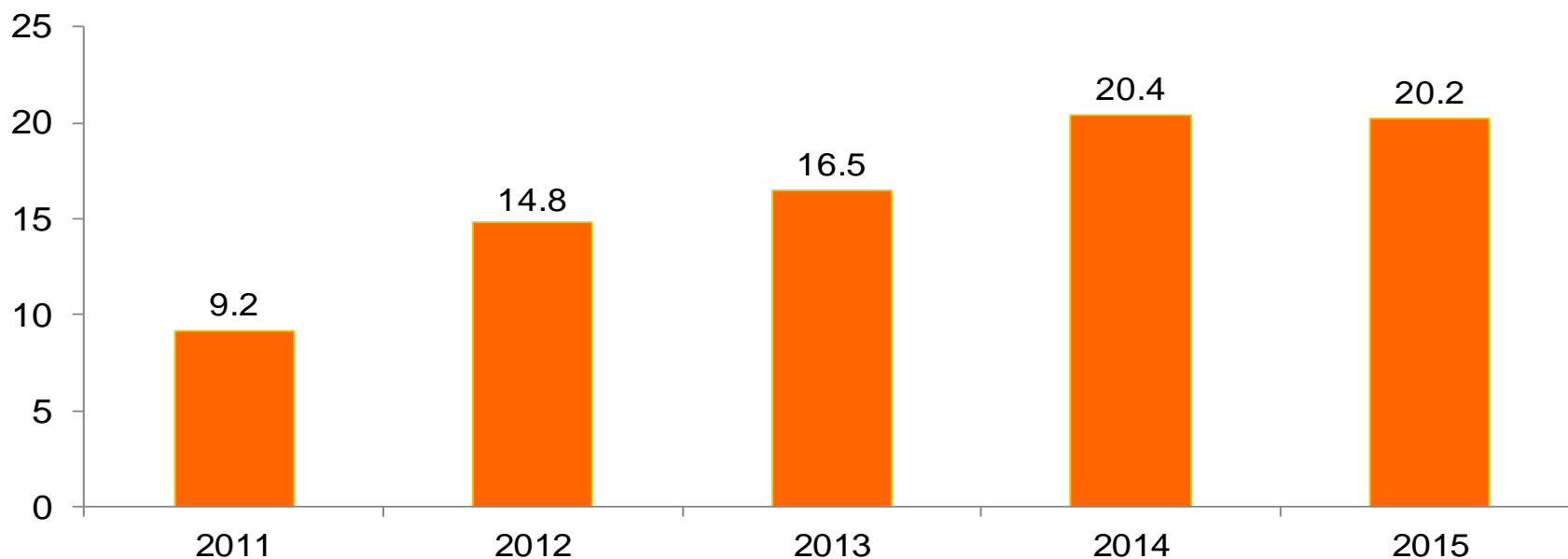


China Aviation Oil
中国航油(新加坡)股份公司

- Refined overarching strategy to focus on competitive edge in jet fuel supply and trading
- Pursued other oil products segment on strict risk controls and viz product market conditions

Total Volume

million tonnes



Core Jet Fuel Business Remains Resilient

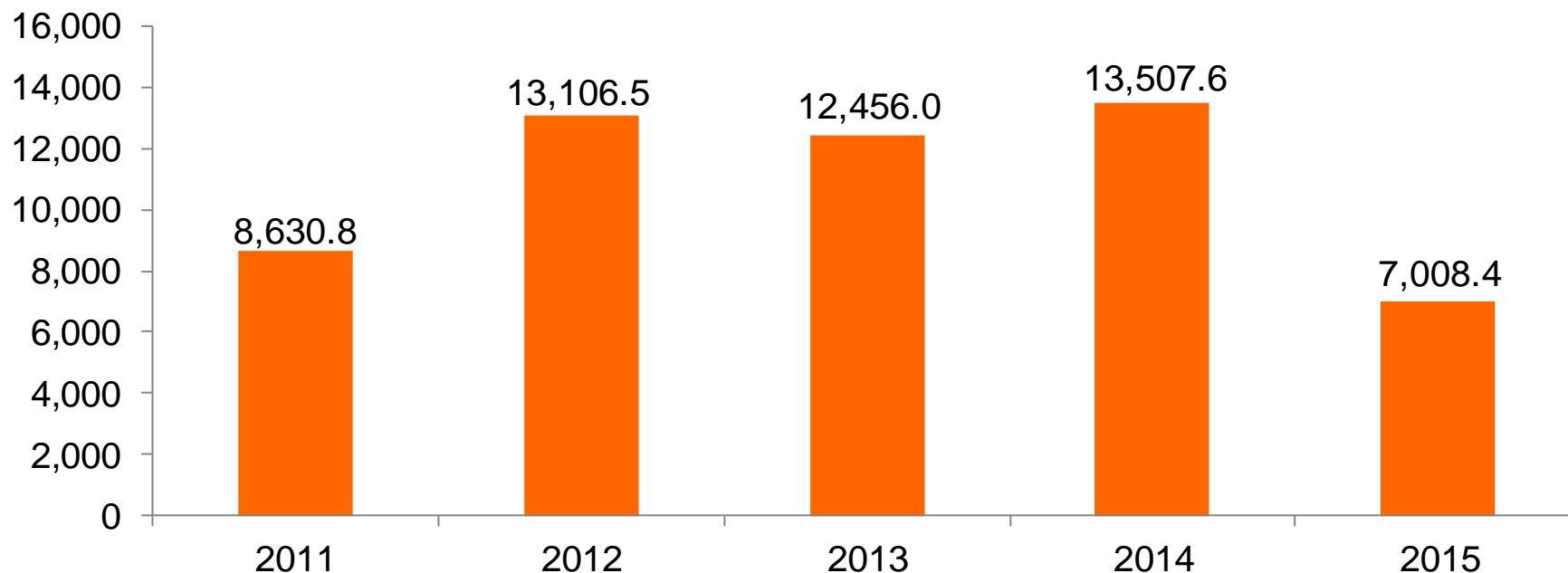


China Aviation Oil
中国航油(新加坡)股份公司

- Middle distillates revenue impacted by oil price slump
- Stable jet fuel supply and trading volume at 11.87 million tonnes
- Healthy core jet fuel supply and trading business underpinned by sustained jet fuel demand from aviation marketing and growing Chinese demand

US\$' millions

Revenue - Middle Distillates

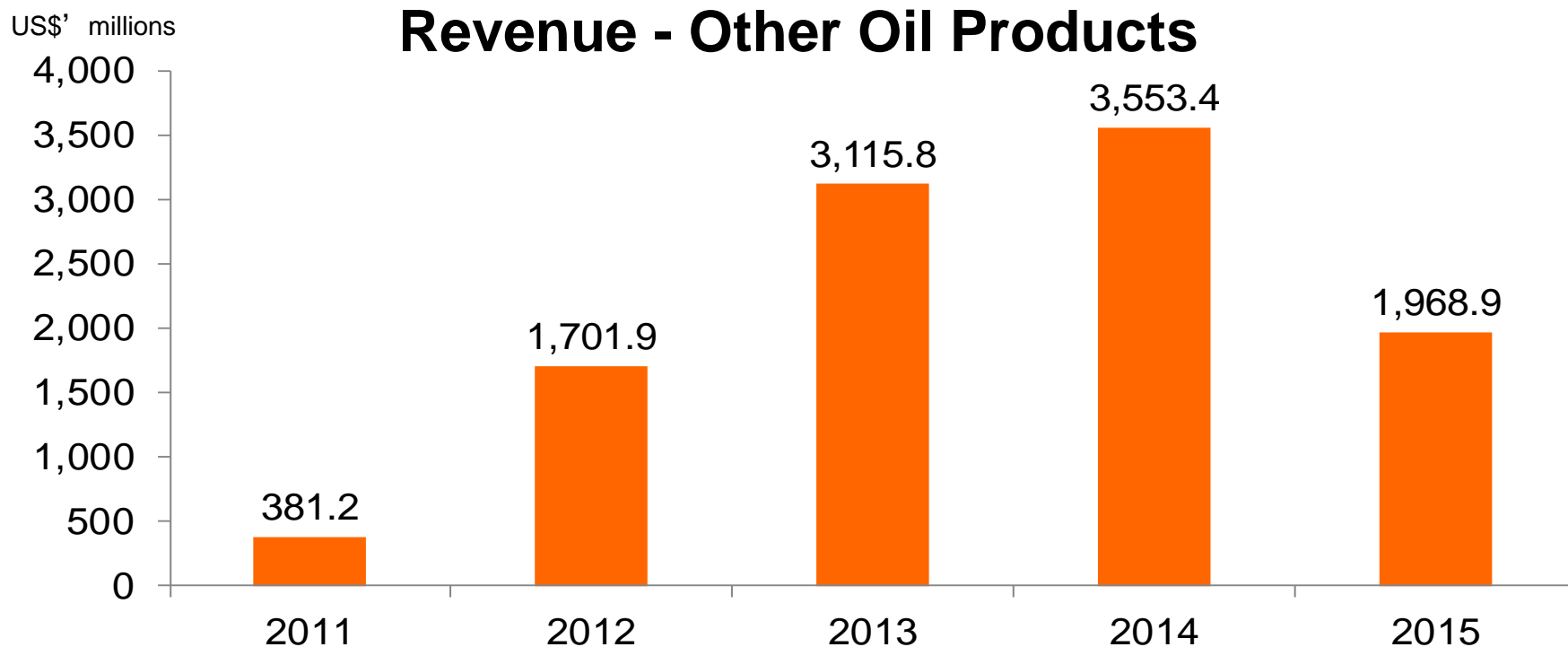


Other Oil Products Strategy Adjusted vis Market Conditions



China Aviation Oil
中国航油(新加坡)股份公司

- Refinement of other oil products portfolio with continued focus on transportation fuels
- Trading volume of other oil products remained unchanged at 8.28 million tonnes
- Temporary suspension of petrochemical trading in September 2015 due to its weak market conditions

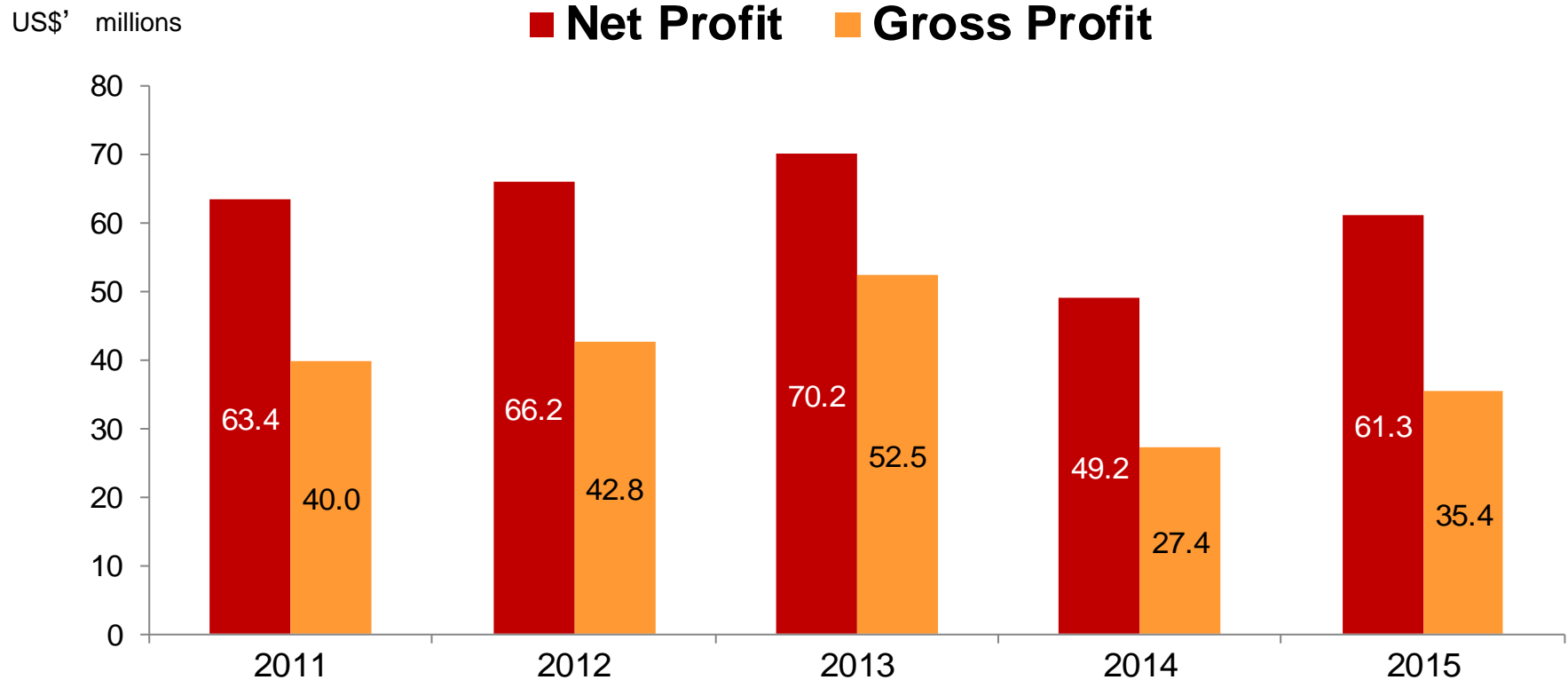


Healthy Profits from Core Jet Fuel Supply & Trading Business



China Aviation Oil
中国航油(新加坡)股份公司

- Group profitability bolstered by higher gains from jet fuel trading
- CAO to benefit from the growing demand for jet fuel in China and new businesses from enlarged global supply and trading network

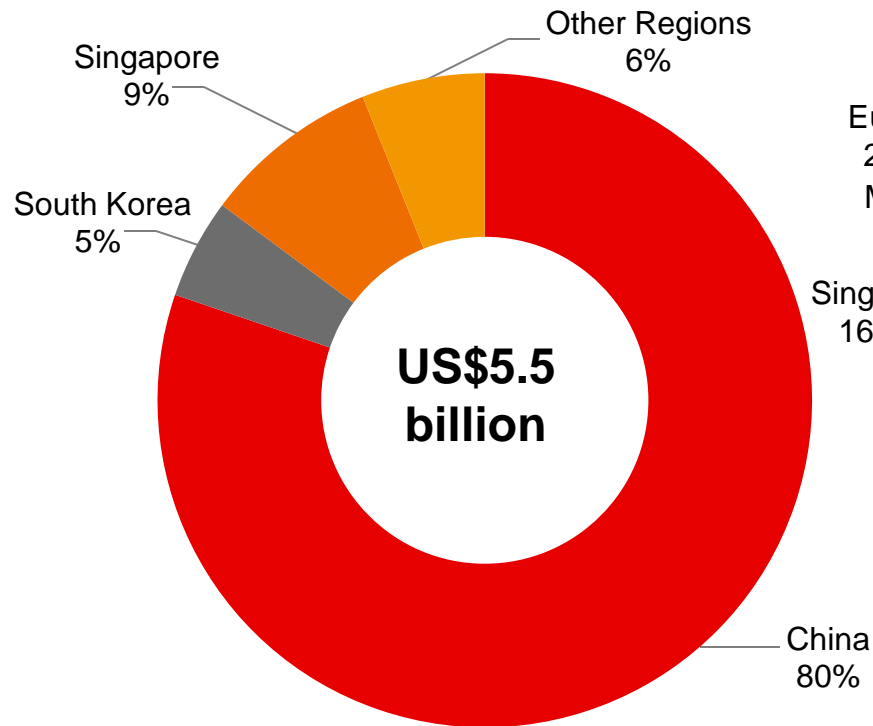


CAO's International Revenue Base

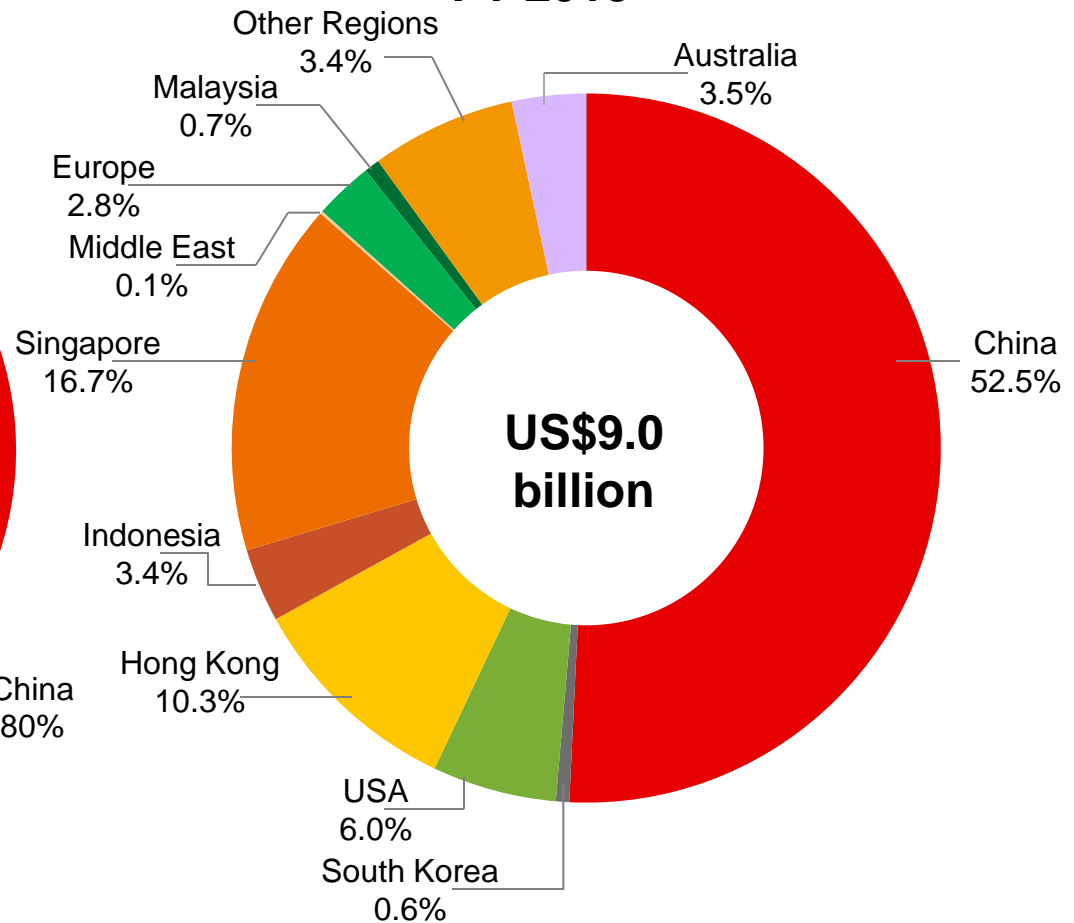


China Aviation Oil
中国航油(新加坡)股份公司

FY 2010



FY 2015



Sustainable Income Streams from Associates

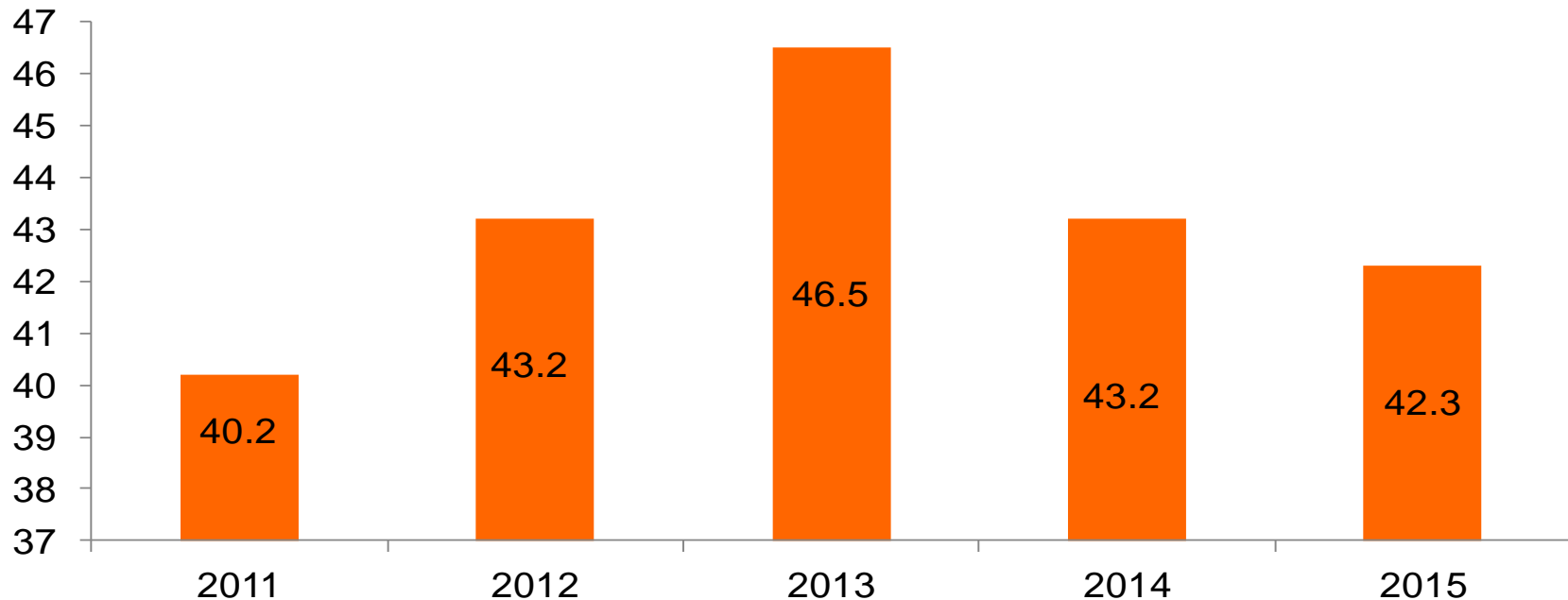


China Aviation Oil
中国航油(新加坡)股份公司

- Share of profits from SPIA decreased despite higher refuelling volumes due primarily to lower refuelling sales price
- Increase in contributions from TSN-PEKCL and OKYC mainly due to higher pipeline transportation volume and increase in tank storage leasing activities respectively

Share of Results from Associates

US\$' millions



FY2015 Profit & Loss Summary



China Aviation Oil
中国航油(新加坡)股份公司

		FY2015: US\$8,977.2m	FY2014: US\$17,061.0m
-47.4%	Revenue	<ul style="list-style-type: none"> Lower revenue largely due to the decline in oil prices. Total supply and trading volume remained stable year-on-year 	
		FY2015: US\$35.4m	FY2014: US\$27.4m
+29.4	Gross Profit	<ul style="list-style-type: none"> Higher gains from jet fuel trading and lower losses incurred from trading in other oil products 	
		FY2015: US\$13.9m	FY2014: US\$20.7m
-33.0%	Total Expenses	<ul style="list-style-type: none"> Recovery of monies due from MF Global, lower provision for doubtful debts, lower professional fees for business development and reduction in finance costs 	
		FY2015: US\$42.3m	FY2014: US\$43.2m
-2.1%	Share of Results of Associates	<ul style="list-style-type: none"> Higher share of results from OKYC and TSN-PEKCL Lower share of results from SPIA and Xinyuan Share of loss from CNAF HKR which commenced operations in August 2015 	
		FY2015: US\$61.3m	FY2014: US\$49.2m
+24.7%	Net Profit	<ul style="list-style-type: none"> Higher gross profit arising from the realignment of strategy toward jet fuel supply and trading and lower expenses 	

Balance Sheet Summary



China Aviation Oil
中国航油(新加坡)股份公司

		31 Dec 2015: US\$56.8m	31 Dec 2014: US\$38.1m
+49.1%	Inventories	<ul style="list-style-type: none"> Increase in inventories held for trading optimisation activities 	
		31 Dec 2015: US\$337.9m	31 Dec 2014: US\$959.4m
-64.8%	Trade and Other Receivables	<ul style="list-style-type: none"> Decrease due to lower oil prices and trading volume in December 2015 compared to December 2014 	
		31 Dec 2015: US\$170.5m	31 Dec 2014: US\$94.3m
+80.8%	Cash and Cash Equivalents	<ul style="list-style-type: none"> Mainly due to cash inflow of US\$89.3 million from operating and investing activities Partially offset by cash outflow for financing activities 	
		31 Dec 2015: US\$247.3m	31 Dec 2014: US\$818.9m
-69.8%	Trade and Other Payables	<ul style="list-style-type: none"> Mainly due to decrease in trade payables in December 2015 compared to December 2014 	
		31 Dec 2015: none	31 Dec 2014: none
N.A.	Loans and Borrowings	<ul style="list-style-type: none"> No interest-bearing loans and borrowing as at both periods under review 	



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

CAO Strategy & Outlook - CEO, Mr Meng Fanqiu

New Dividend Policy



China Aviation Oil
中国航油(新加坡)股份公司

- Adoption of new dividend policy based on a growth-based dividend payout formula to afford shareholders a more direct participation in CAO's earnings growth.
- CAO intends to declare dividends comprising 30% of its annual consolidated net profits attributable to shareholders (one-tier, tax exempt) for each financial year.
- With the healthy FY2015 results, the Board of Directors has recommended a first and final (one-tier, tax exempt) dividend of S\$0.03 per share for FY2015 subject to the approval of shareholders at the forthcoming AGM.
- This represents a 50% increase from the fixed final dividend payout of S\$0.02 per share for the preceding year.
- This growth-based dividend payout policy underscores CAO's commitment to enhancing its earnings potential and creating shareholder value.

CAO: Focused on Growth



China Aviation Oil
中国航油(新加坡)股份公司

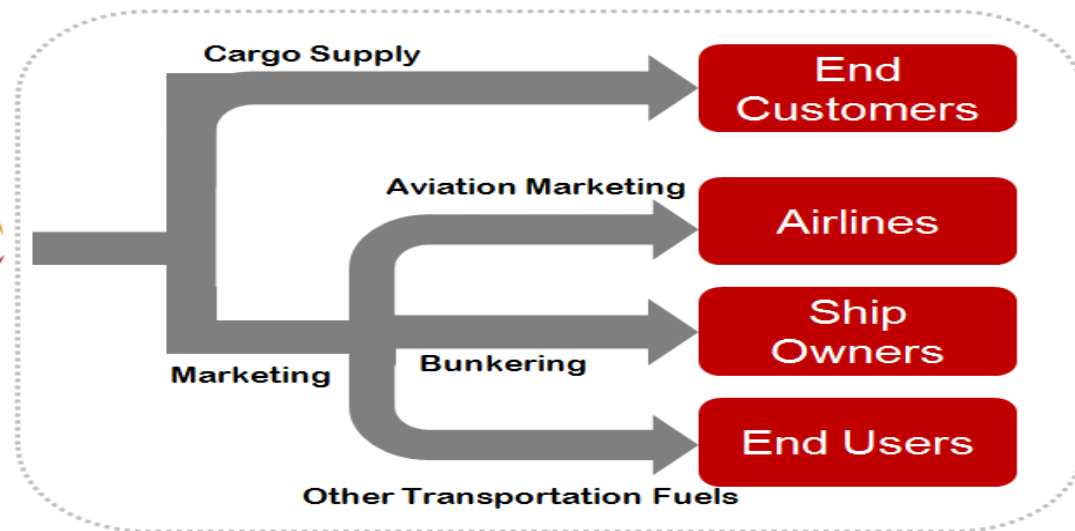
- Strong Balance Sheet, Strong cash-flows, Strengthened credit profile
- Robust risk management and corporate governance framework
- Global supply and trading network spanning Asia Pacific, America and Europe
- International revenue base; diversified product base
- Integrated business model

Procurement

- Term Contracts
- Spot Market
- Tenders

Optimisation & Trading

- Derivatives Hedging
- Pipelines
- Storage Tanks
- Time Charter
- Spot Charter



Secure Resources

Optimise Logistics

Create Demand

Associate's Role in Supply Chain

Storage
OKYC
Xin Yuan

Pipelines
TSN-PEKCL

Airport Refuelling Facilities
SPIA
CNAF HK Refuelling

CAO is poised to seize global opportunities

CAO: Strengthened Through the Years



China Aviation Oil
中国航油(新加坡)股份公司

- Member of Singapore “*Global Trader Program*”, entitled to 5% tax rate
- Out of 131 Chinese companies listed in Singapore Exchange Mainboard, CAO ranked *1st, 23rd, 13th, 5th, 11th*, in terms of *revenue, net profit, total assets, market capitalization* respectively
- 2013-2015, *Forbes Global 2000*
- 2014, *Singapore 1000 company, ranked 3rd*
- 2015, *Fortune China Global 500, ranked 53th*
- 2015, Singapore Corporate Award “*Best Investor Relations*” (Gold, Mid-cap category)
- 2014, Singapore Corporate Award “*Best Investor Relations*” (Silver, Mid-cap category)
- 2014, Singapore Corporate Award “*Best Annual Report*” (Bronze, Mid-cap category)
- 2013, Securities Investor Association (Singapore) Investors’ Choice Award, “*Corporate Governance Award*”
- 2012, “*Top Ten Chinese Companies in ASEAN*” by China-ASEAN Business Council
- 2010 – 2014, Securities Investor Association (Singapore) Investors’ Choice Award, “*Most Transparent Company*” for five consecutive years
- Current counterparties *364*
- Credit line over *USD 3 billion*

CAO: Resilient Through the Times



China Aviation Oil
中国航油(新加坡)股份公司

Outlook

- Volatile and challenging oil trading environment expected to persist but Group will seize trading opportunities backed by stringent risk controls to deliver growth
- Integrated value chain across Asia Pacific, USA and Europe will be further enhanced and developed for operational effectiveness and in support of growing global clientele
- Business strategies in jet fuel and other oil products will be refined with close monitoring of market dynamics, harnessing expertise of CAO human resource and management know-how
- China's civil aviation industry is expected to continue its rapid growth momentum through to 2030, with total turnover projected to reach 170 billion tonne-kilometres by 2020

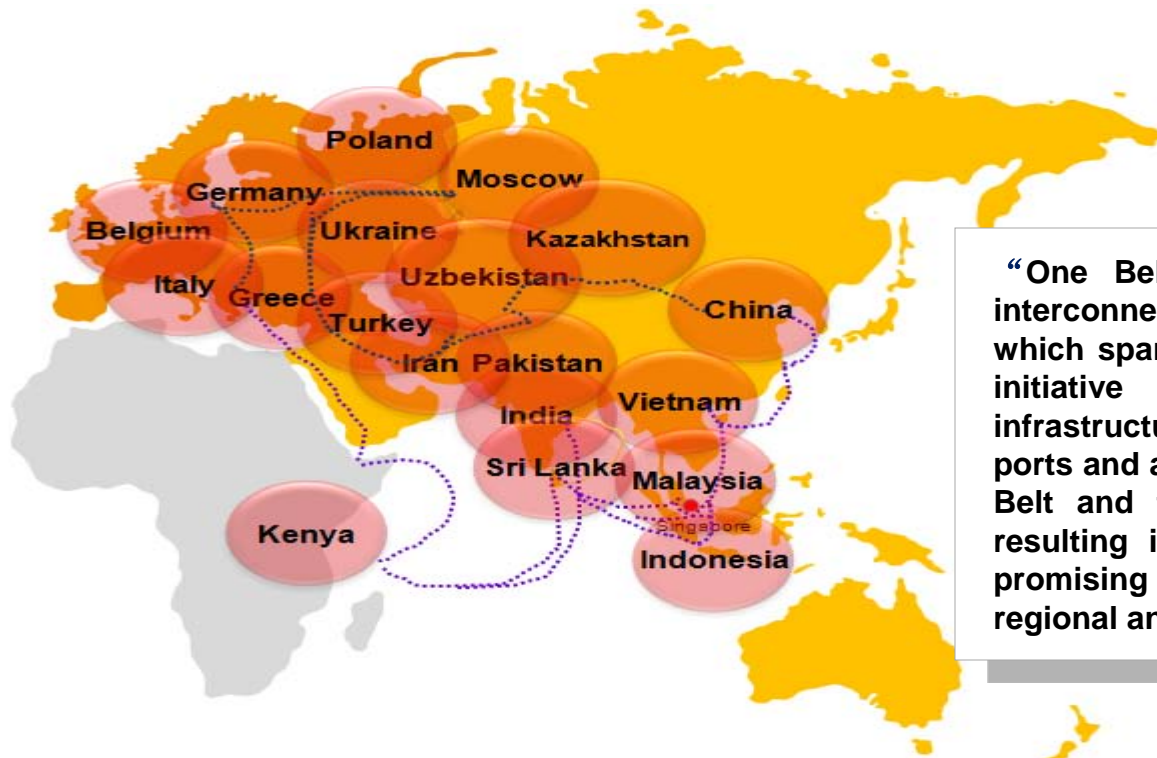
CAO: At the Forefront of “One Belt, One Road”



China Aviation Oil
中国航油(新加坡)股份公司

- Business expansion from “One Belt, One Road”
 - Inherent pedigree as CNAF’s international arm places CAO at **forefront of China’s “One Belt, One Road” initiative** as infrastructure developments including airports are set up across 3 continents resulting in new emerging economies
 - CAO will seize a **first mover’s advantage** to penetrate into new markets, leveraging on its existing global trading network and strong parentage
- Continued **focus on internationalisation strategy** to further expand global footprint across its integrated value chain including expanding aviation marketing business into more airports outside China
- Focused on expanding **investments in synergetic and strategic oil-related assets and synergetic businesses** to seek exponential growth through M&As
- Pursuit of long-term strategy to ensure sustainable and stable development of CAO to become a **global top-tier integrated transportation fuels provider**

Burgeoning Aviation Growth Expected with “One Belt, One Road” Initiative



“One Belt, One Road” initiative emphasises interconnectivity and trade among countries which span across 3 continents in Eurasia. The initiative is set to see development of infrastructure projects such as roads, railways, ports and airports across the Silk Road Economic Belt and the 21st century Maritime Silk Road resulting in new emerging economies, thereby promising enhanced trade flows and more regional and international trade opportunities.

CAO is well positioned to capture the impending opportunities and maintain a leading position in Asia Pacific through these new markets. By leveraging on the consolidated scale of its international supply and trading network, CAO will also be able to increase its supply locations and volumes through partnership with airlines which will be supported by the burgeoning growth of the aviation industry in these resultant emerging markets as a result of “One Belt, One Road”.

CAO: Making Strides to Realise Strategic Vision



China Aviation Oil
中国航油(新加坡)股份公司

GLOBAL SUPPLY AND TRADING NETWORK



Vision



China Aviation Oil
中国航油(新加坡)股份公司



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