



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

23 March 2013

# Well-Poised for Growth



## 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.



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# Corporate Overview

# At a Glance



**Sole Supplier of Imported Jet Fuel to the PRC Civil Aviation Industry**

**Largest Purchaser & Trader of Physical Jet Fuel in Asia Pacific**

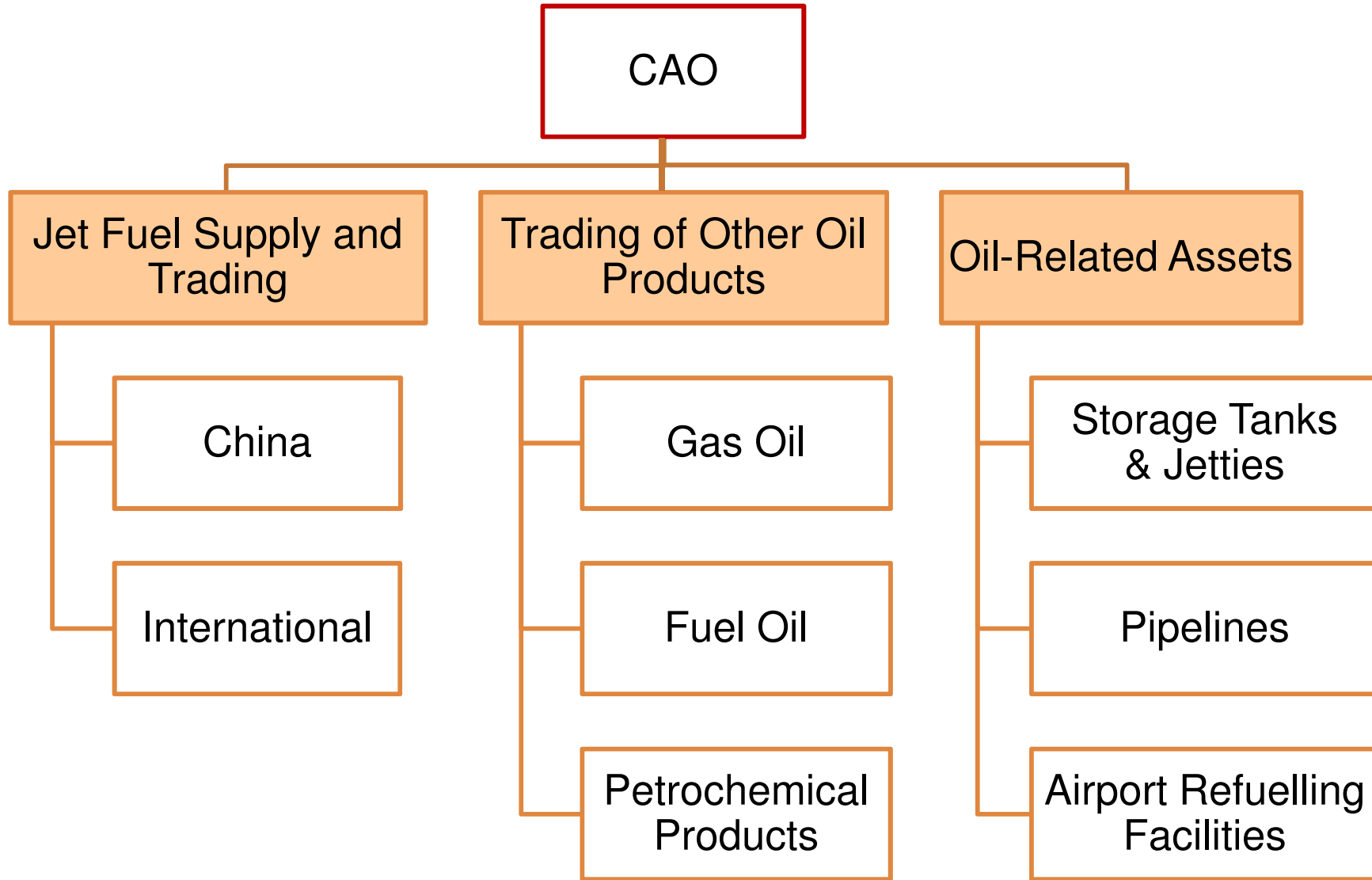
Company Information	
Incorporated	26 May 1993
Listed	6 December 2001
Current Share Price *	S\$ 1.05
Market Capitalisation	S\$759.0 million
P/E ratio	9x
NAV per share	S\$ 0.79
Free Float	28.1%

\* Closing price on 19 March 2013

# Our Business



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# Strong Shareholder Support



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中国航空油料集团公司  
China National Aviation Fuel

## China National Aviation Fuel Group Corporation (CNAF) – 51%

- Large Central SOE directly under SASAC
- Fortune Global 500 company (ranked 318 in 2012)
- Extensive nationwide sales network, logistics and distribution system
- Owns jet fuel supply facilities at **169** airports across China
- Provides refuelling services to over **200** airline companies



# Strong Shareholder Support



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## BP – 20%

- CAO's strategic business partner
- Assists CAO in enhancing its trading and risk management system
- Business cooperation with BP enables access to new markets



# Jet Fuel Supply – Stable Revenue Generator

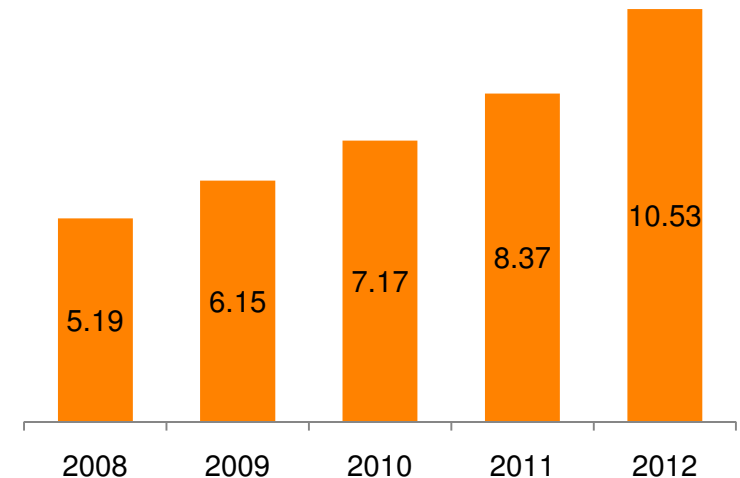


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- Sole importer of jet fuel into China
- Provides approximately 40% of China's total jet fuel demand on a **cost plus basis**
- Supplies mainly to key international airports in China and other airports in fast-growing Chinese cities (Shenzhen, Chengdu, Qingdao etc.)
- Strategic alliances with major Chinese airlines to supply jet fuel outside China

## Jet Fuel Volume

million tonnes

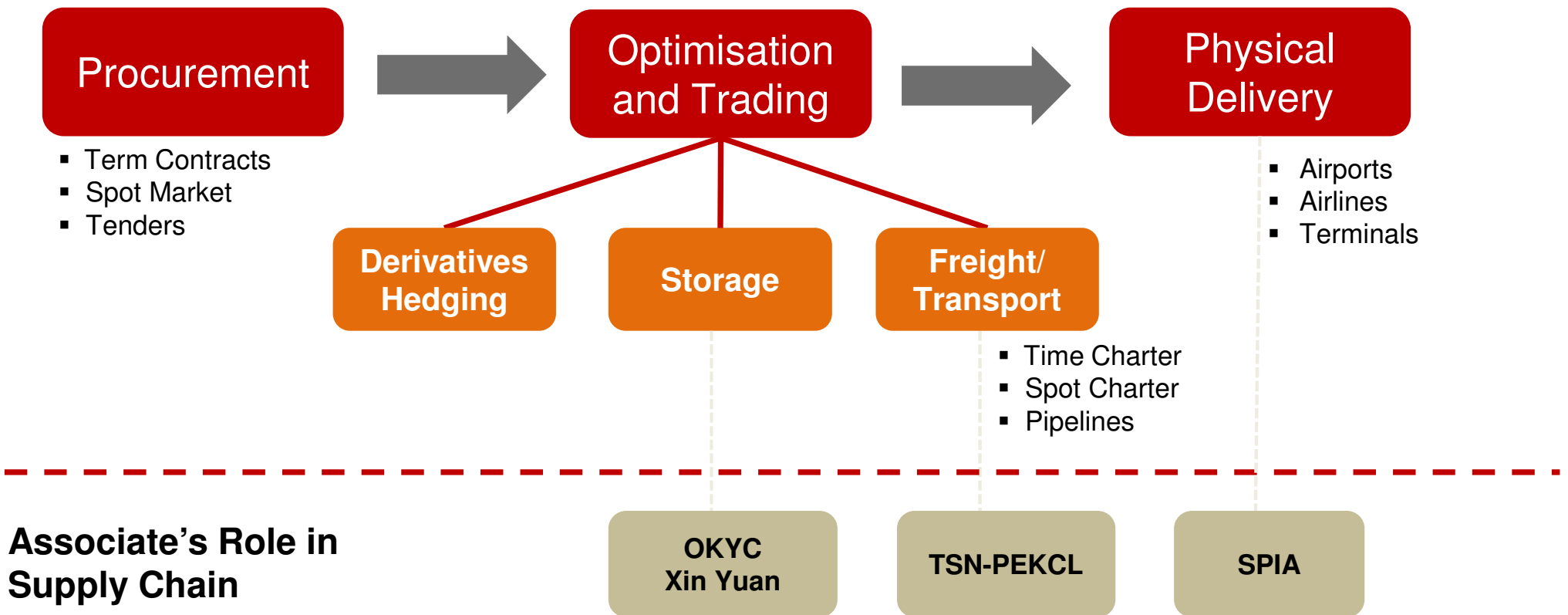




# Optimisation and Trading Enhances Profitability

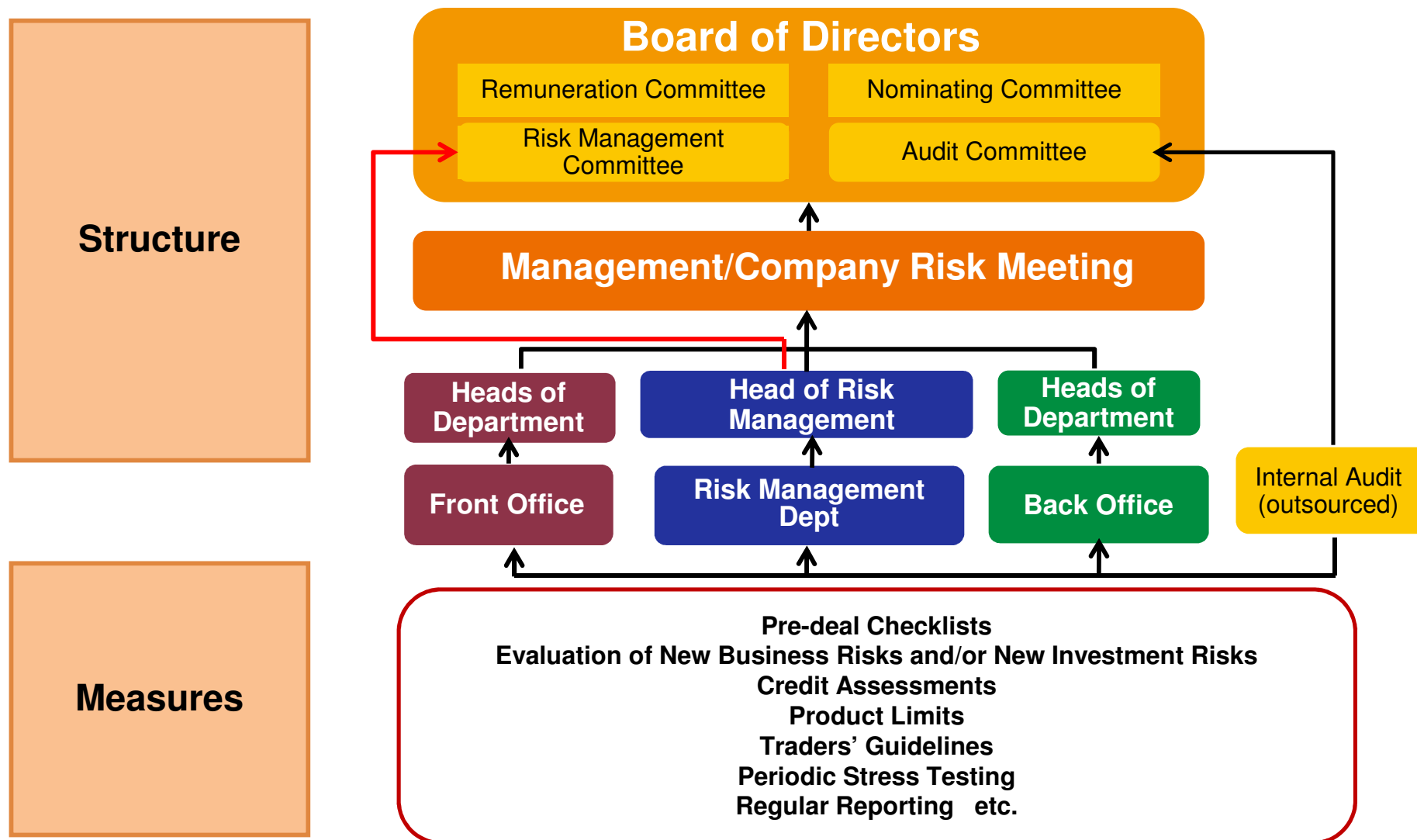


- Capitalising on profit enhancement opportunities
- Supported by large volume of supply to China
- Protected by strict risk management policies



# Effective Risk Control System

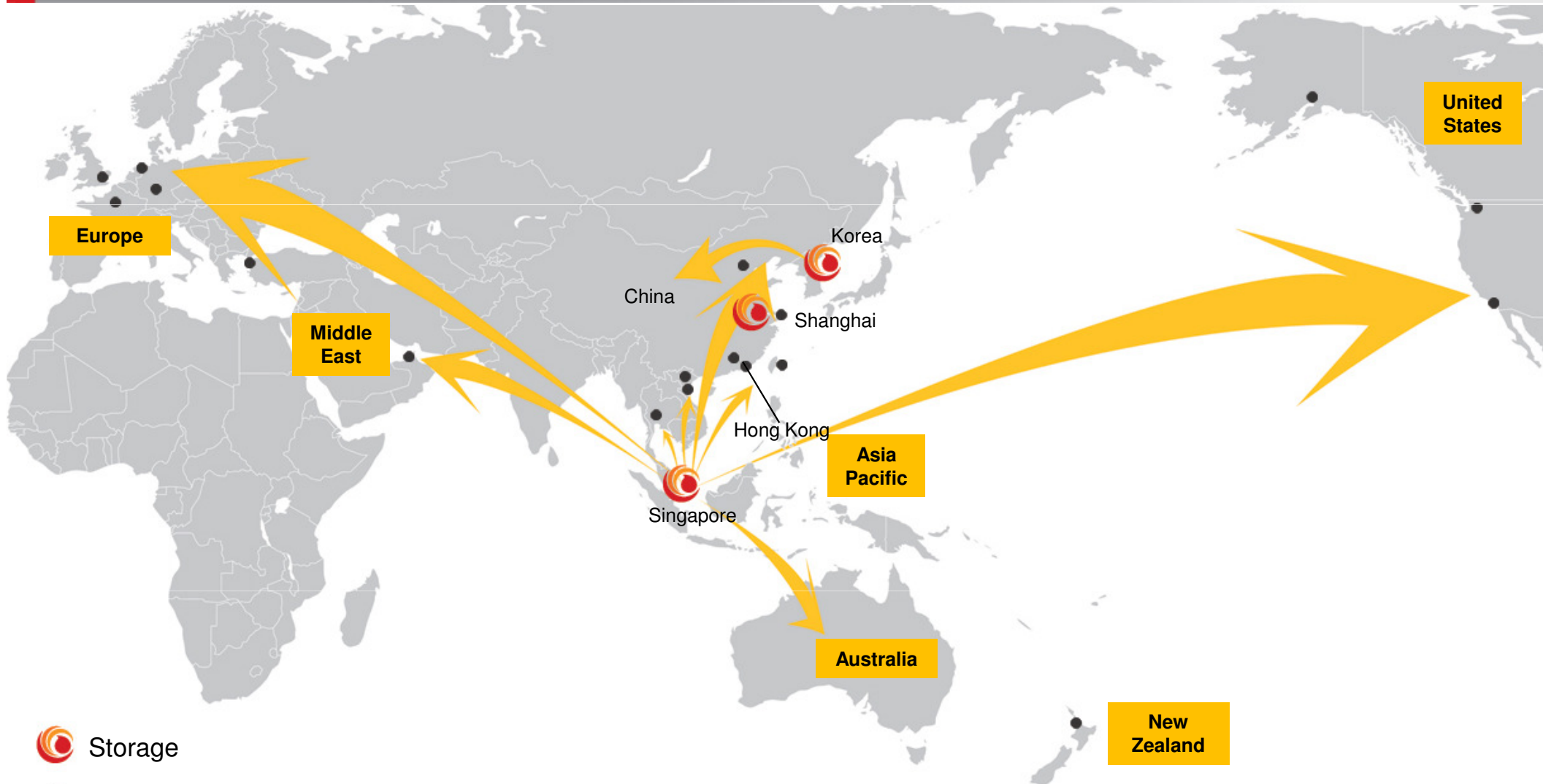
## Group Wide Risk Awareness Culture



# Global Network



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Storage

Supply locations

# Expanding Revenue Stream

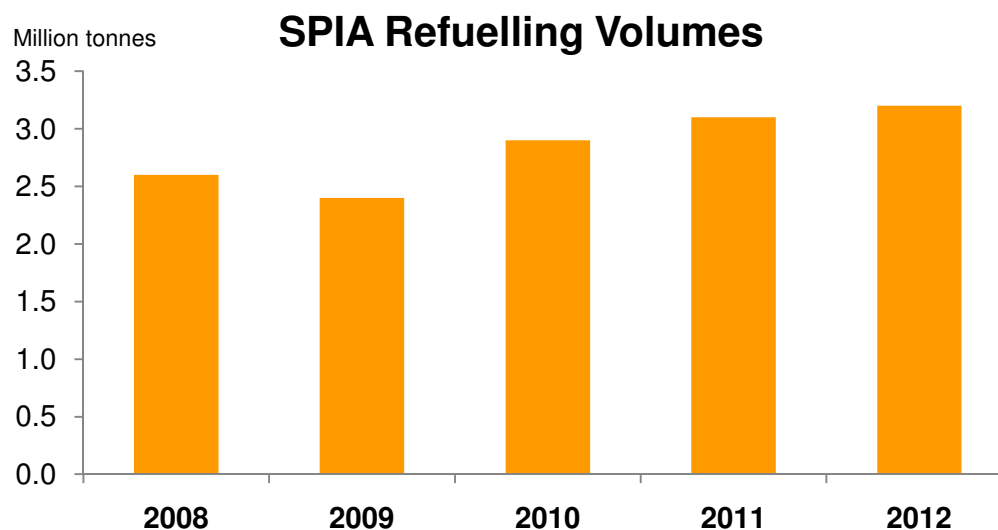
*Strategy: to leverage on trading expertise to expand revenue streams and reduce reliance on jet fuel*

<p><b>Gas Oil</b></p>	<ul style="list-style-type: none"> <li>▪ Established in 2012</li> <li>▪ Successfully supplied gasoil to Indonesia</li> <li>▪ To expand presence in South East Asia region by securing more supply contracts</li> </ul>
<p><b>Fuel Oil</b></p>	<ul style="list-style-type: none"> <li>▪ Established in 2010</li> <li>▪ Built effective relationships with oil majors, large trading houses and reliable end users worldwide</li> <li>▪ Reliable supplier of bunker fuel</li> </ul>
<p><b>Petrochemicals</b></p>	<ul style="list-style-type: none"> <li>▪ Established in 2008, progressively built structural competitive advantage</li> <li>▪ Products traded included benzene, toluene and paraxylene</li> <li>▪ Sourced from and sold to Asia Pacific, Middle East and US</li> <li>▪ Active player in China and other Asia Pacific markets</li> </ul>

# Oil-related Assets – SPIA



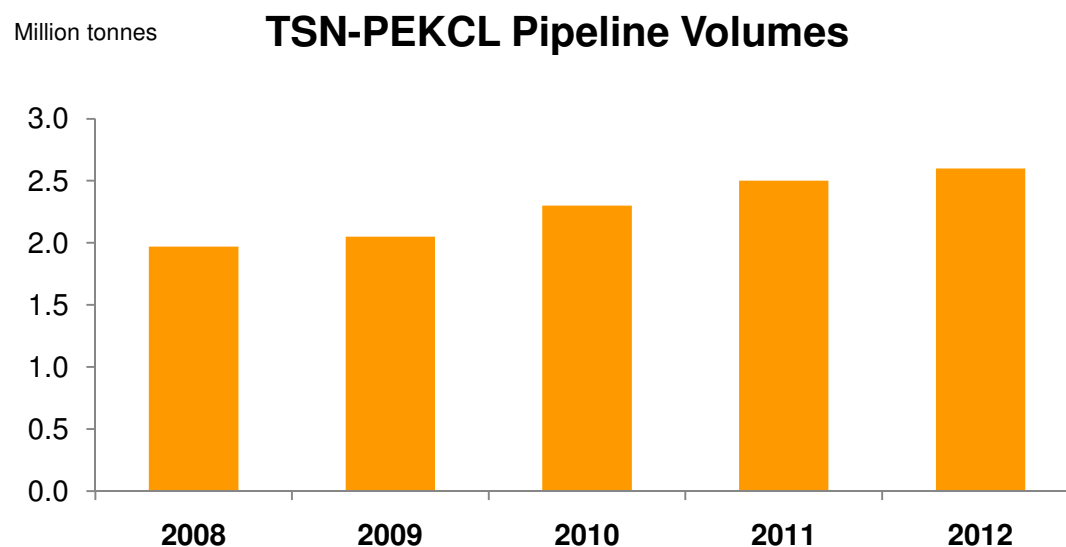
- 33% stake in Shanghai Pudong International Airport Aviation Fuel Supply Company (SPIA)
- Exclusive jet fuel supplier to Shanghai Pudong International Airport
- Owns all refuelling facilities at Pudong Airport
- Other SPIA shareholders: Shanghai International Airport Co Ltd (40%) and Sinopec Assets Management Co Ltd (27%)





# Oil-related Assets – TSN-PEKCL

- 49% stake in China National Aviation Fuel TSN-PEK Pipeline Transportation Corporation Ltd (TSN-PEKCL)
- CNAF Logistics holds remaining 51% stake
- Key asset is a 185km long pipeline transporting majority of jet fuel requirements of Beijing Capital International Airport and Tianjin Binhai International Airport



# Oil-related Assets – Xin Yuan



- 39% stake in China Aviation Oil Xin Yuan Petrochemicals Co. Ltd
- Remaining stakes held by Shenzhen Juzhengyuan Petrochemical Co Ltd (60%) and CNAF (1%)
- Engaged in the storage and trading of jet fuel and other oil products
- Owns 50,000m<sup>3</sup> storage tank



# Oil-related Assets - OKYC



- 26% stake in Oilhub Korea Yeosu Co Ltd (OKYC)
- CAO is second largest shareholder after Korea National Oil Corporation (29%)
- OKYC's storage facilities expected to complete in second quarter of 2013
- Korea is a main source of jet fuel for CAO

## OKYC's Oil Storage Terminal

Storage Capacity	1,300,000m <sup>3</sup>
Shipping Time	<ul style="list-style-type: none"> <li>■ 1.88 days to Tianjin, China</li> <li>■ 1.21 days to Shanghai, China</li> </ul>
Terminal Facilities	<ul style="list-style-type: none"> <li>■ 4 berths with draft of 17.8 metres</li> <li>■ Capacities ranging between 10,000 to 200,000 dwt</li> <li>■ Able to access KNOC owned jetty with 330,000 dwt capacity</li> </ul>
Others	Able to support trading activities to Europe, west coast of United States and Southeast Asia

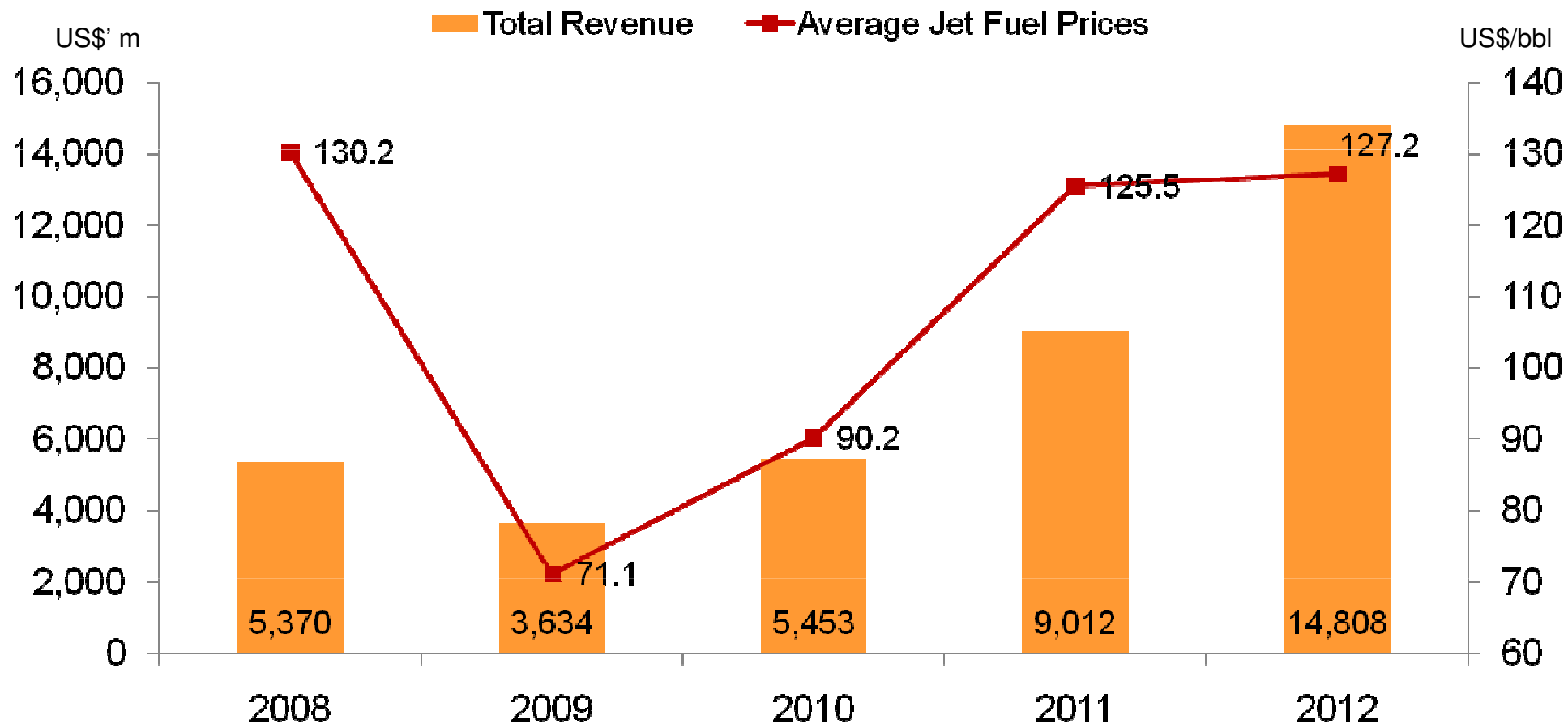




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# Results Update

# Revenue exceeded US\$10b mark



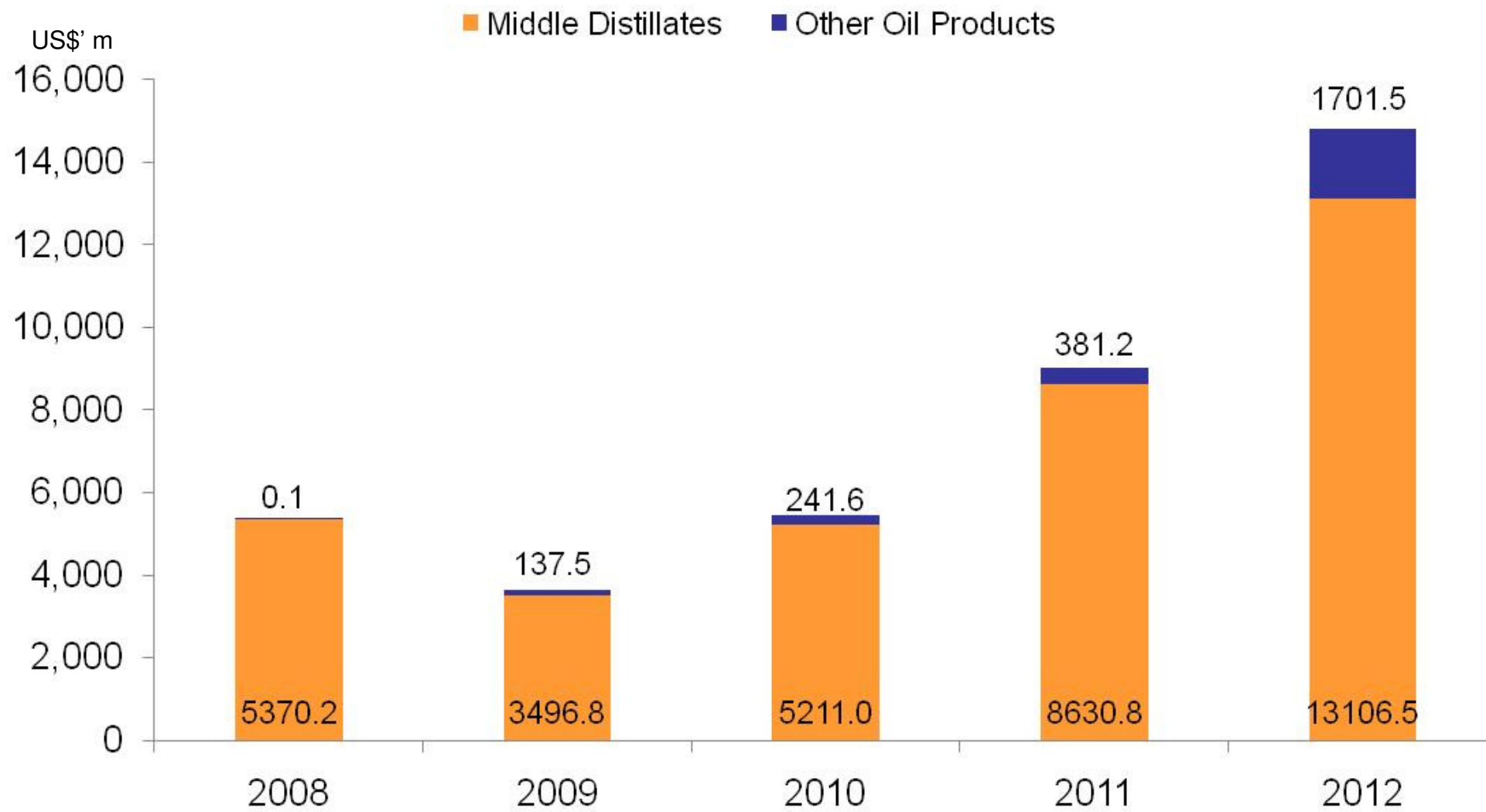
Revenue 5 Year CAGR

+ 28.9%

# Increasing revenue contribution from other oil products



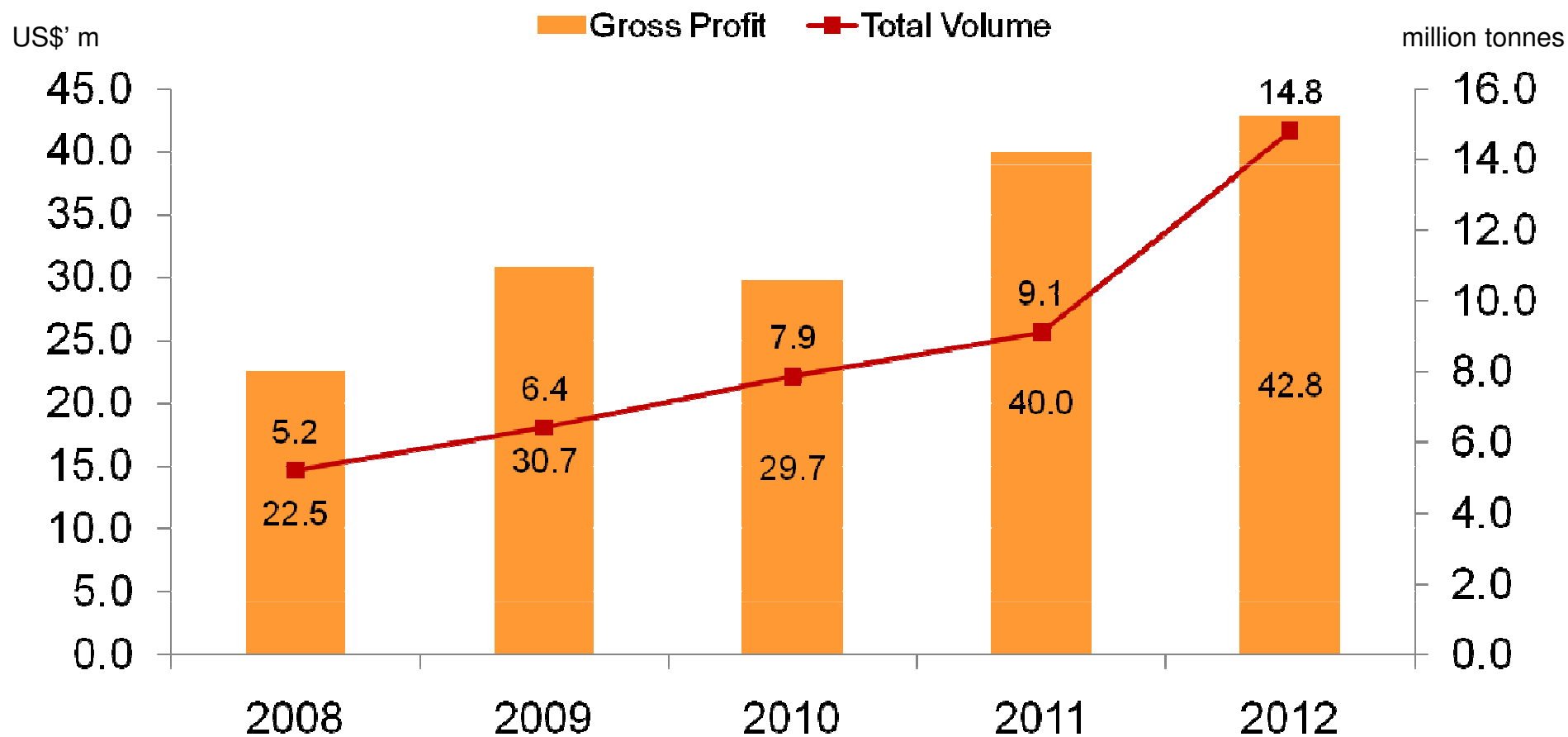
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# Optimisation & trading grives growth of volumes and gross profits



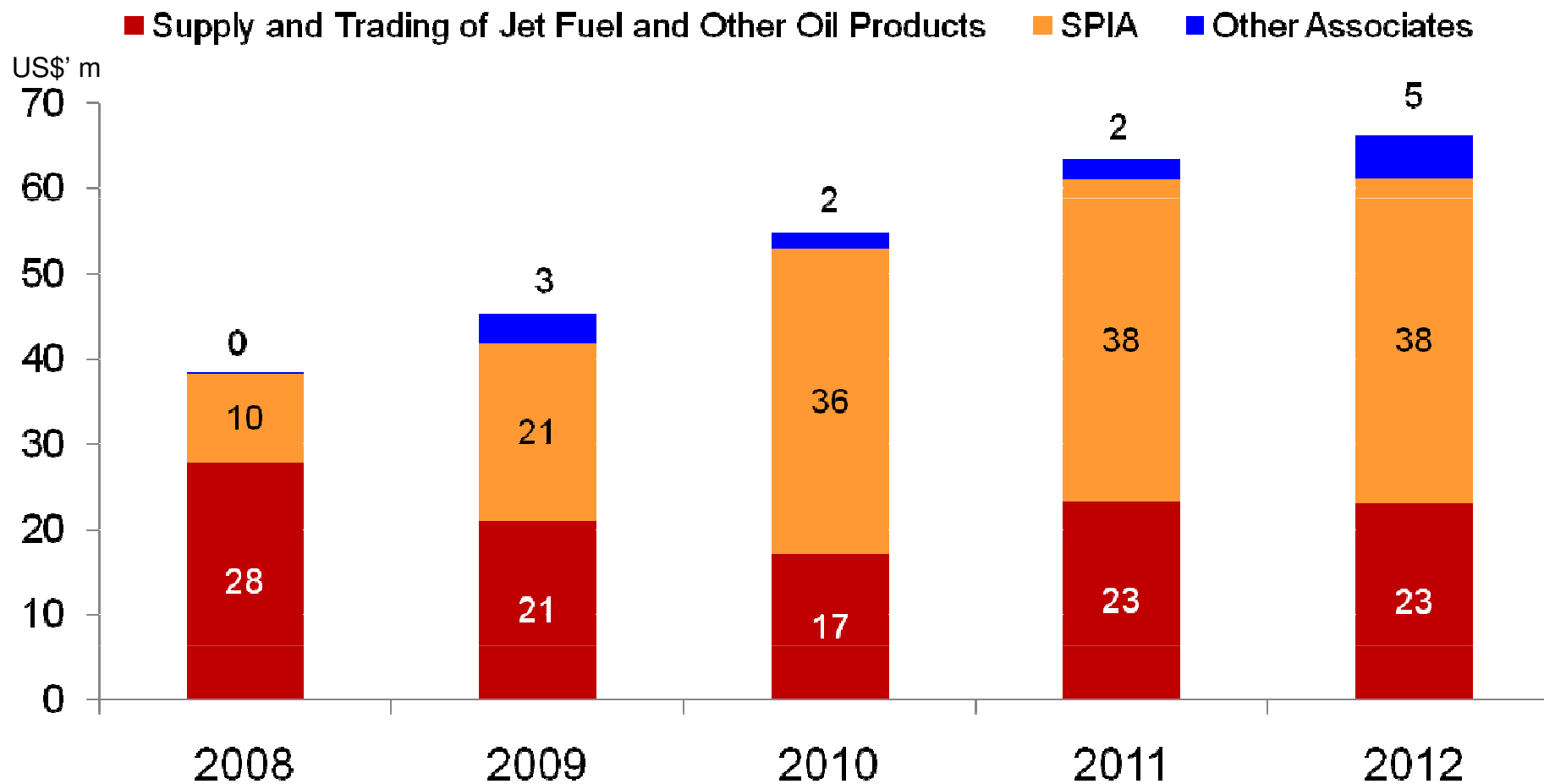
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Gross Profit 5 Year CAGR

+ 17.4%

# Robust growth of net profit



Total Net Profit 5 Year CAGR

+ 14.7%

# Robust Financial Position



	2008	2009	2010	2011	2012
Total Assets (US\$m)	495.1	758.7	945.8	1,194.3	1,650.3
Debt equity ratio	0	0	8.8%	7.5%	0.4%
NAV/share (US cents)	38.14	42.91	48.07	55.99	61.19
Return on equity	14.1%	15.4%	16.7%	17.0%	15.4%



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# 2020 Corporate Strategy

# Vision



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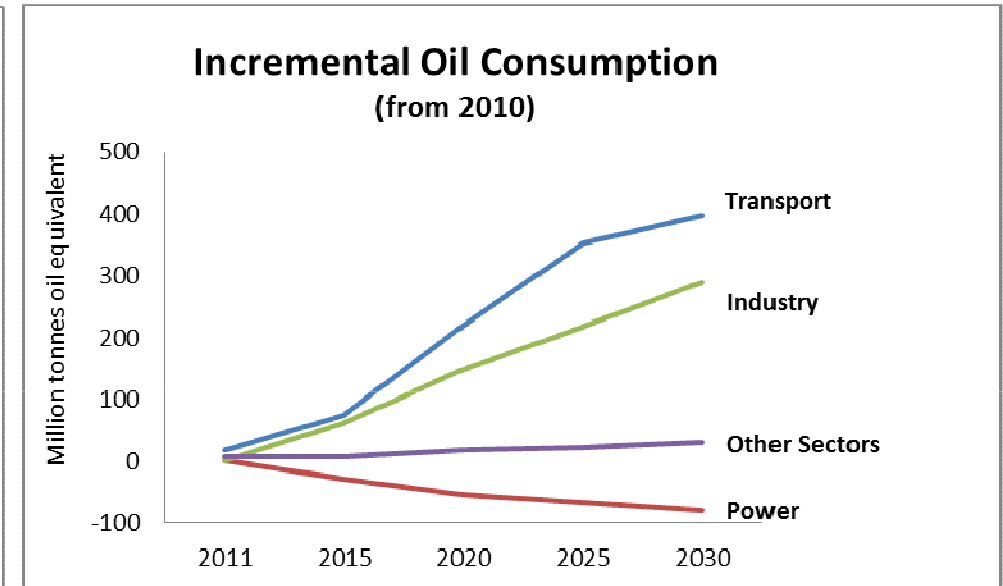
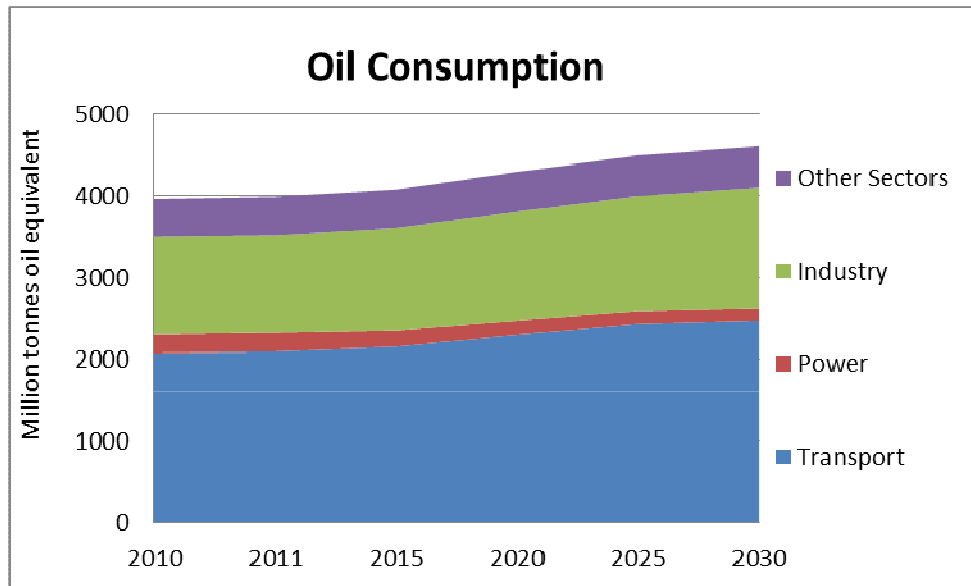
	2014 Targets	Current Status
<b>Jet Fuel Supply &amp; Trading</b>	Leading jet fuel supplier/trader in Asia Pacific 	<ul style="list-style-type: none"> <li>▪ Largest physical trader in Asia Pacific, volume exceeded 10m tonnes in 2012</li> <li>▪ Consolidated market position in China</li> <li>▪ Expanded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

# Long term demand growth will be driven by commercial transportation



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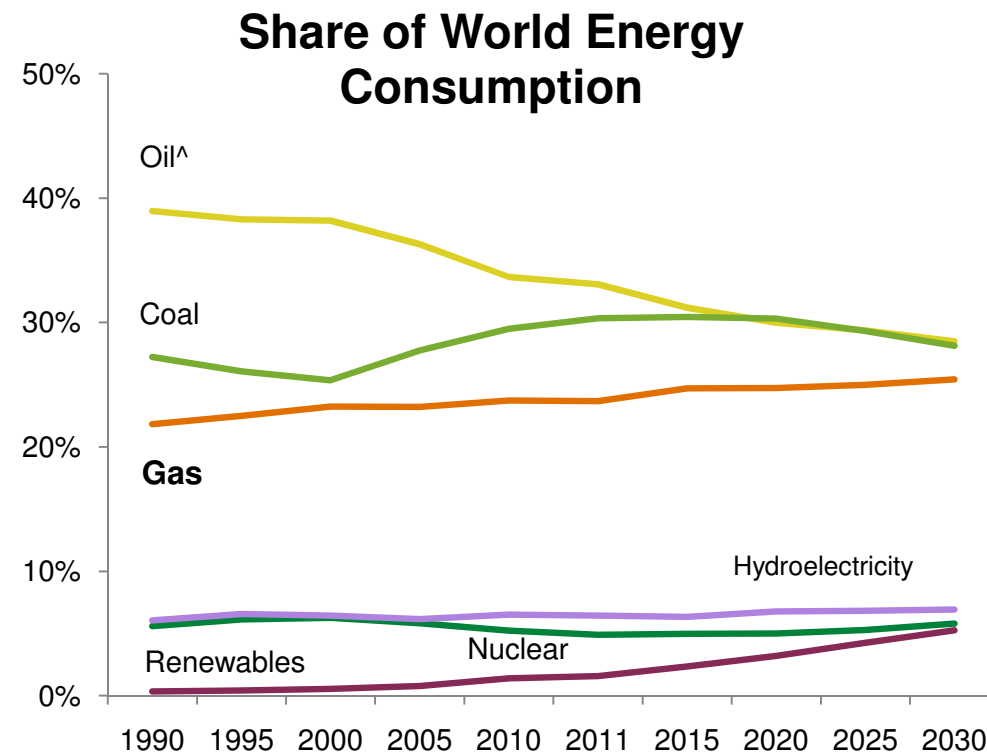
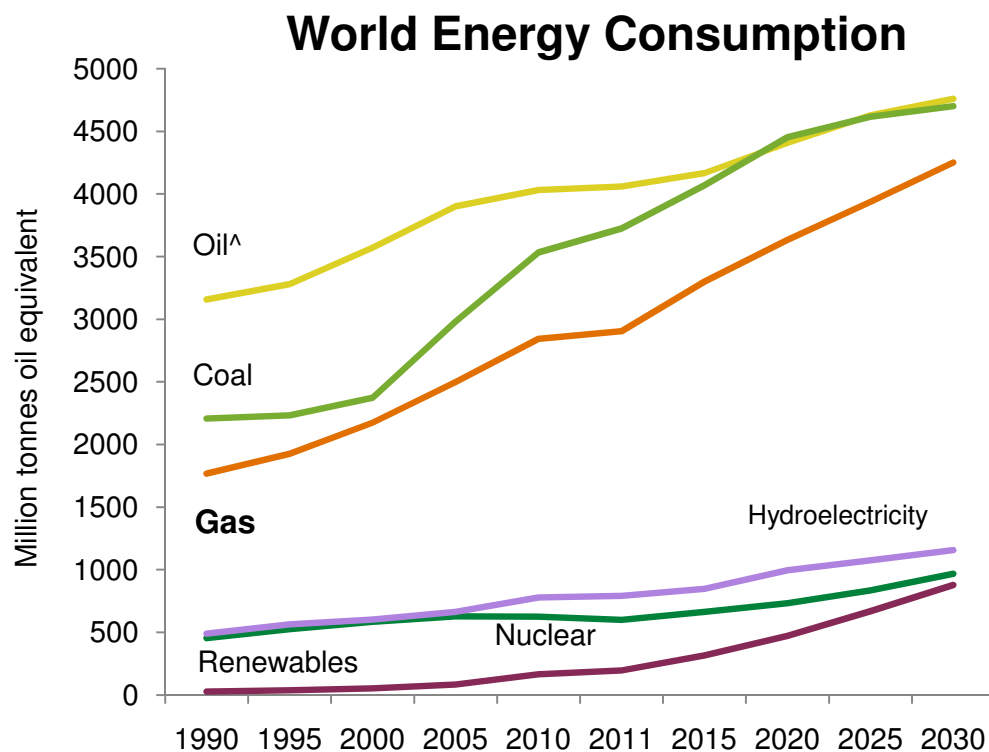
- Asia and other emerging economies to drive economic and oil demand growth
- Longer term growth in oil product consumption will be focused on transportation fuels, particularly commercial transportation



Source: BP Energy Outlook 2030

# The golden age of gas

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

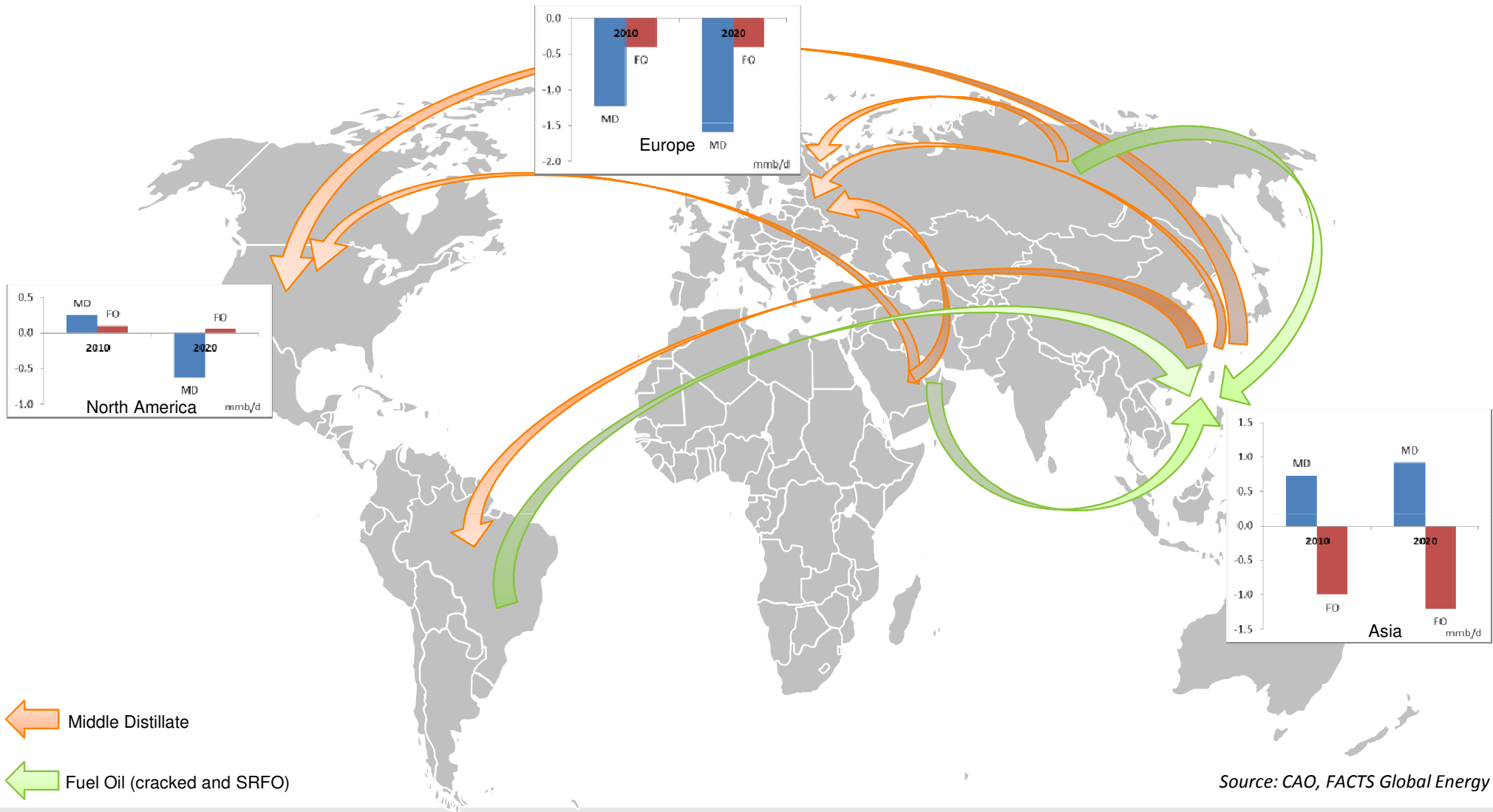


<sup>^</sup> includes oil, biofuels and gas-to-liquids

Source: BP Energy Outlook 2030

# Global trading opportunities

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



Source: CAO, FACTS Global Energy

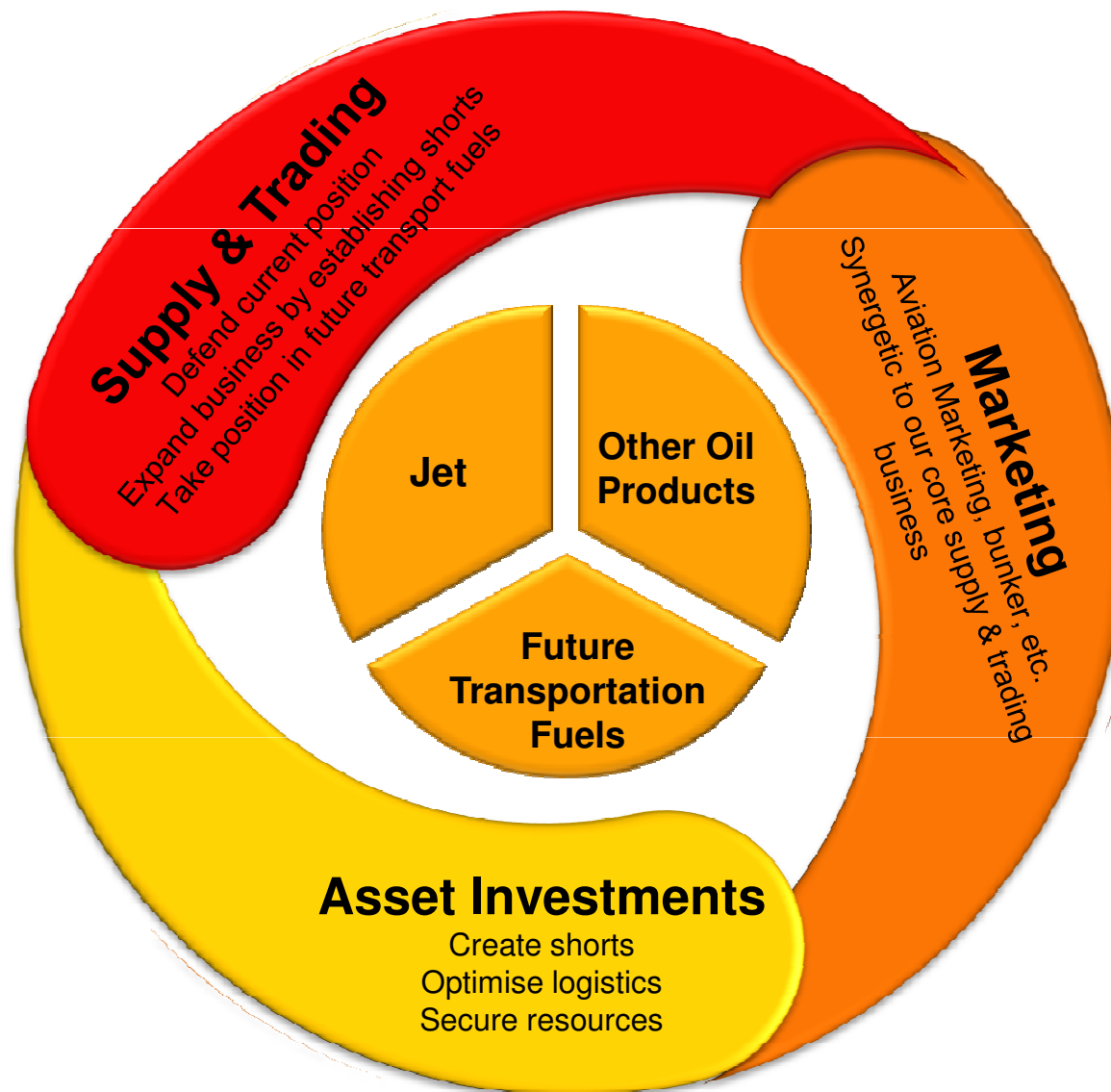


- **Our key competitive advantages:**
  - Jet fuel
  - China market
  - China relationships
  - Strong support from major shareholders
- **Our competitive positioning:**
  - Global player
  - Transportation fuels
  - Integrated supply chain
  - Soft skills – trading and risk management

# 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

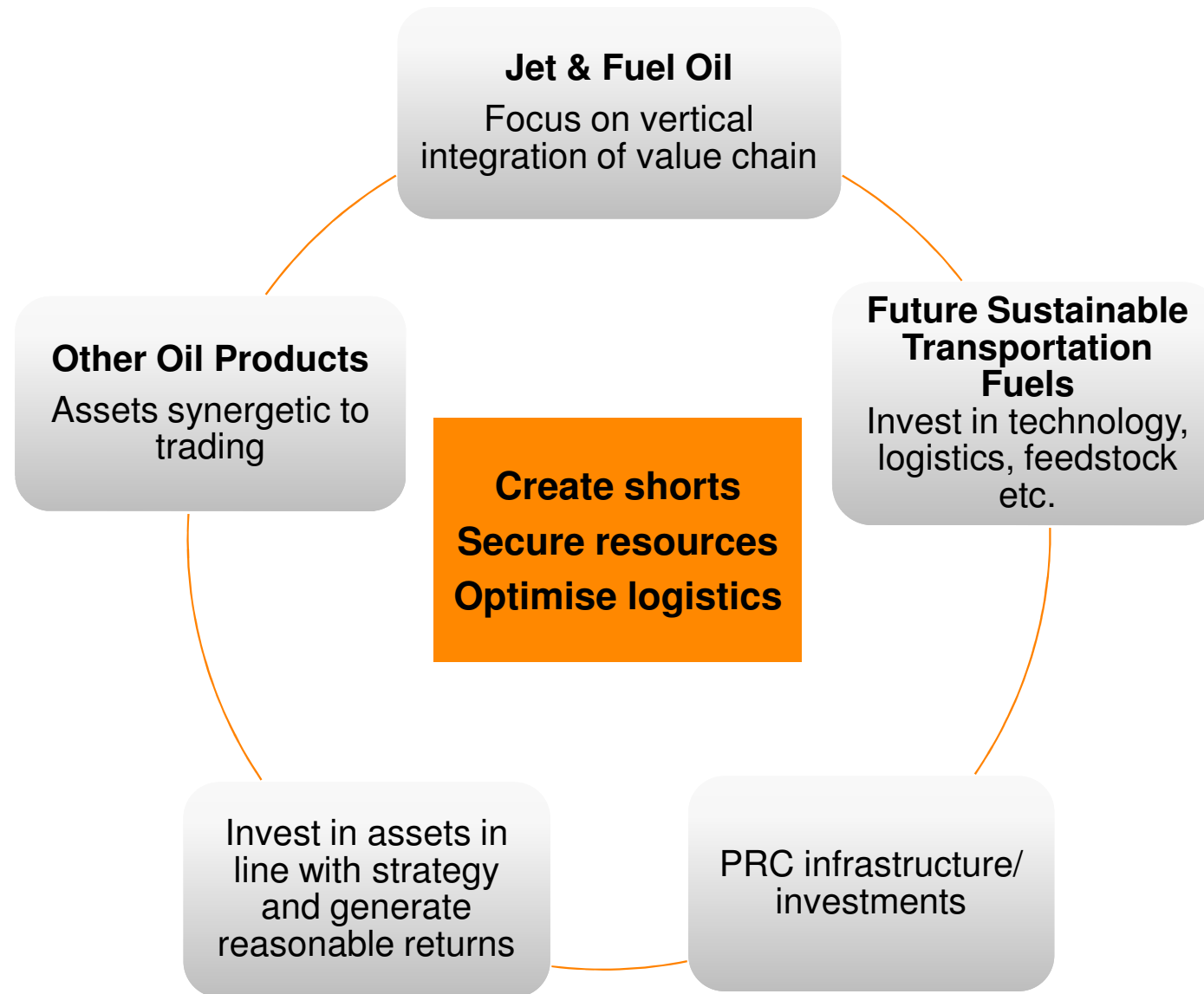
- Closely monitor market developments
- Evaluation and in-depth analyses
- Proactively seek market entry opportunities

# Asset investments

## – building an integrated value chain



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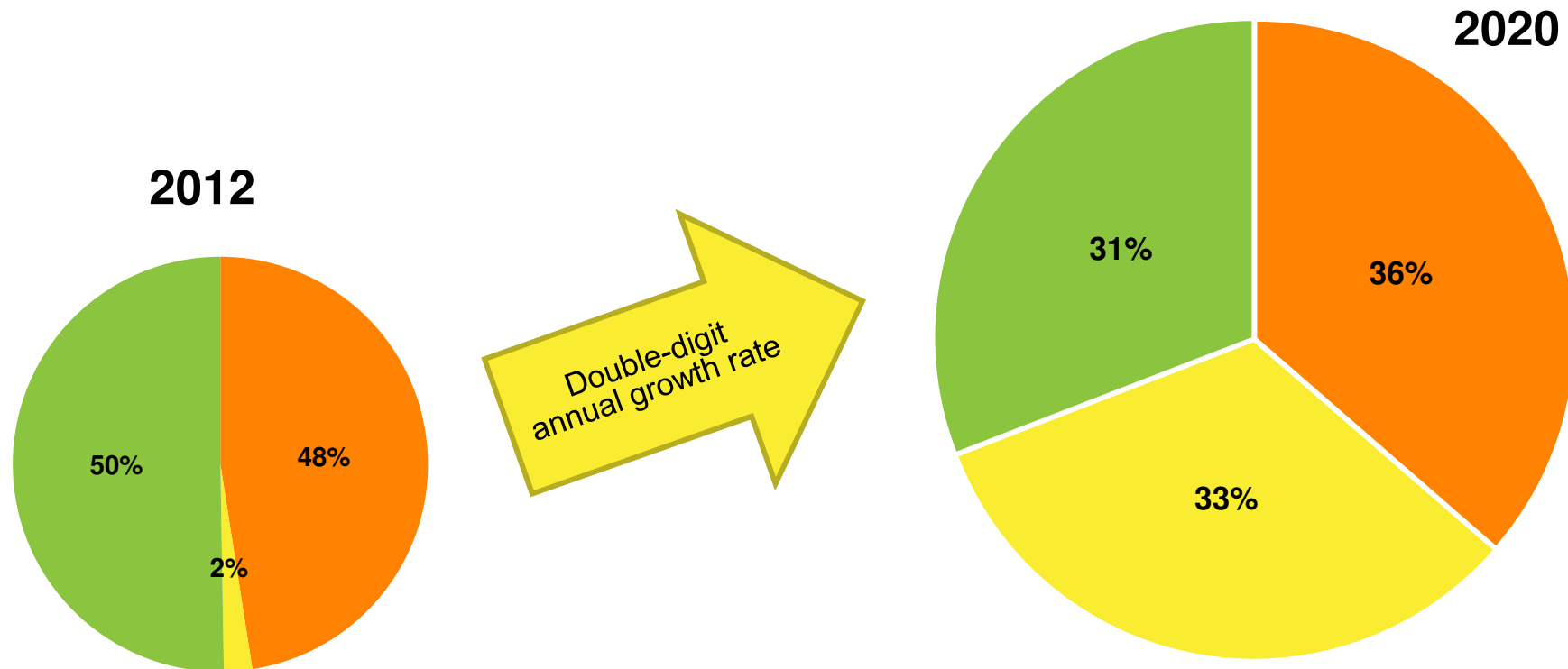


# Sustaining double-digit profit growth



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- Targets twofold increase in profits by 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



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- 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

Loh Woon Yen  
Head of Investor Relations  
Email: [woonyen@caosco.com](mailto:woonyen@caosco.com)  
Phone: +65 6330 1209