



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

28 February 2018

# FY 2017 Results Presentation



## Cautionary note on forward-looking statements 关于预测表述的声明

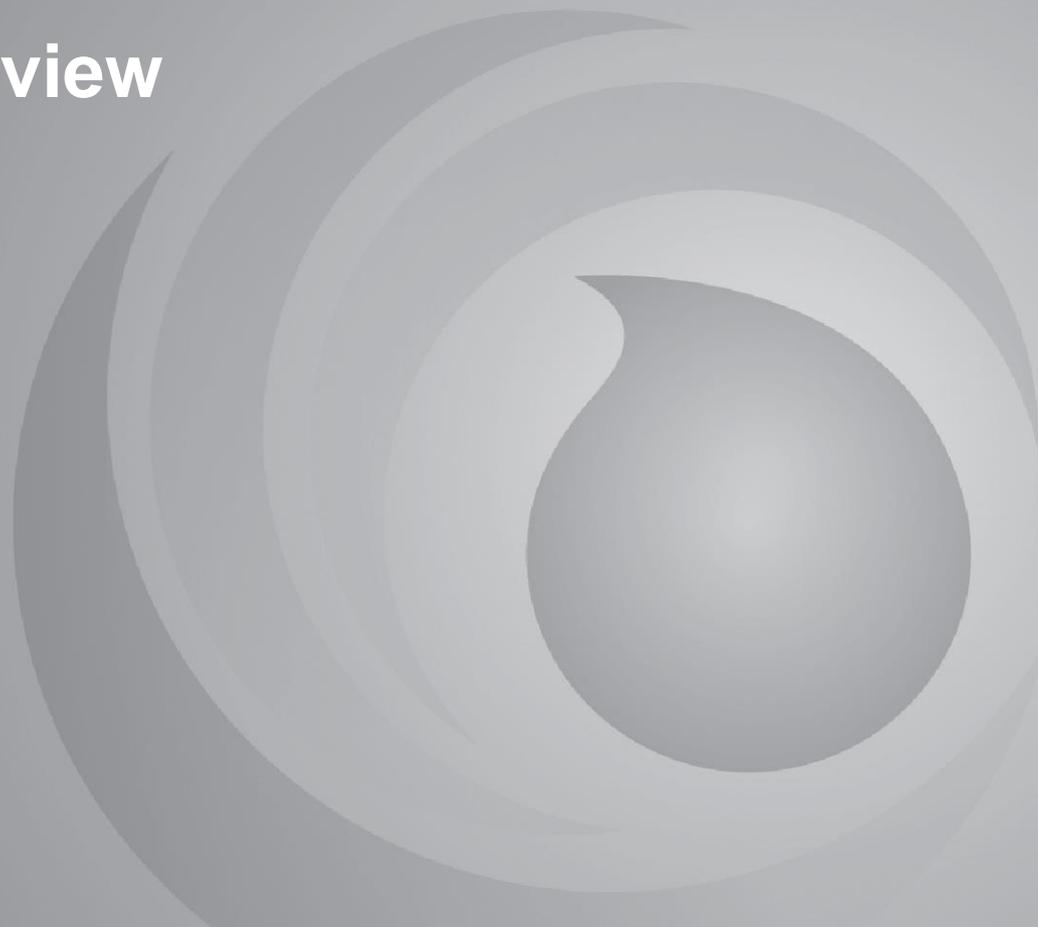
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# Corporate Overview



# Expanding Global Presence – A Diversified and International Growth Platform



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- 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
- 2<sup>nd</sup> largest jet fuel supplier at Los Angeles International Airport
- 3<sup>rd</sup> licensed refueller at Hong Kong International Airport
- Supplies to 48 international airports outside mainland China
- Revenue in FY2017 : US\$16.3 billion
- Revenue in FY2016 : US\$11.7 billion
- PBT in FY2017 : US\$92.2 million
- PBT in FY2016 : US\$91.9 million
- PATMI in FY2017 : US\$85.3 million
- PATMI in FY2016 : US\$88.9 million
- **Dividends Payout for FY2017: S\$0.045 per share, first and final (one-tier, tax exempt)**



- Singapore Headquarter
- Subsidiaries
- Associated Companies

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



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# FY2017 Performance Review

Ms Tee Siew Kim  
Deputy Chief Financial Officer

# FY 2017 Highlights



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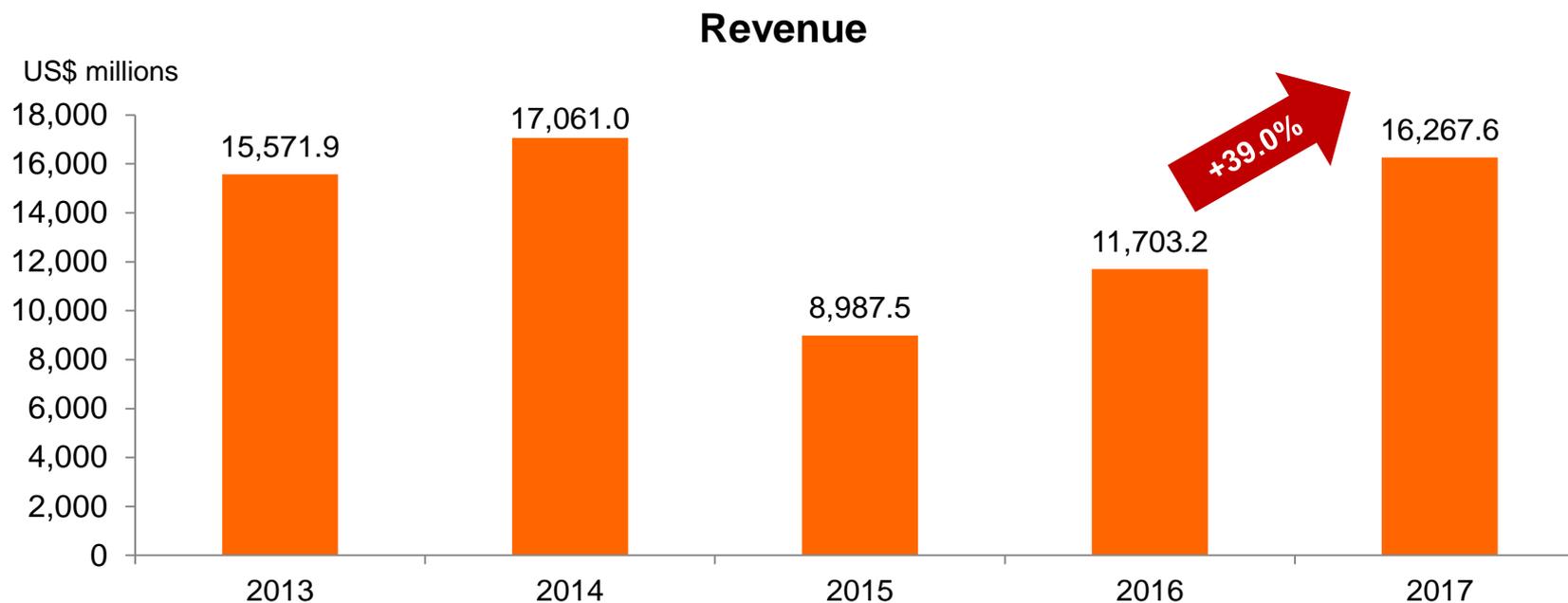
- The Group remained on track to **deliver record volumes and a creditable financial performance for FY2017**, notwithstanding persisting macro-economic and geopolitical risks, coupled with falling global oil inventories which led to the rise of oil prices and caused global oil markets to slip into backwardation in 2H 2017.
- **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;
  - ✓ **Net Profit** decreased 4.0% to US\$85.3 million mainly due to higher income tax expenses.
- **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

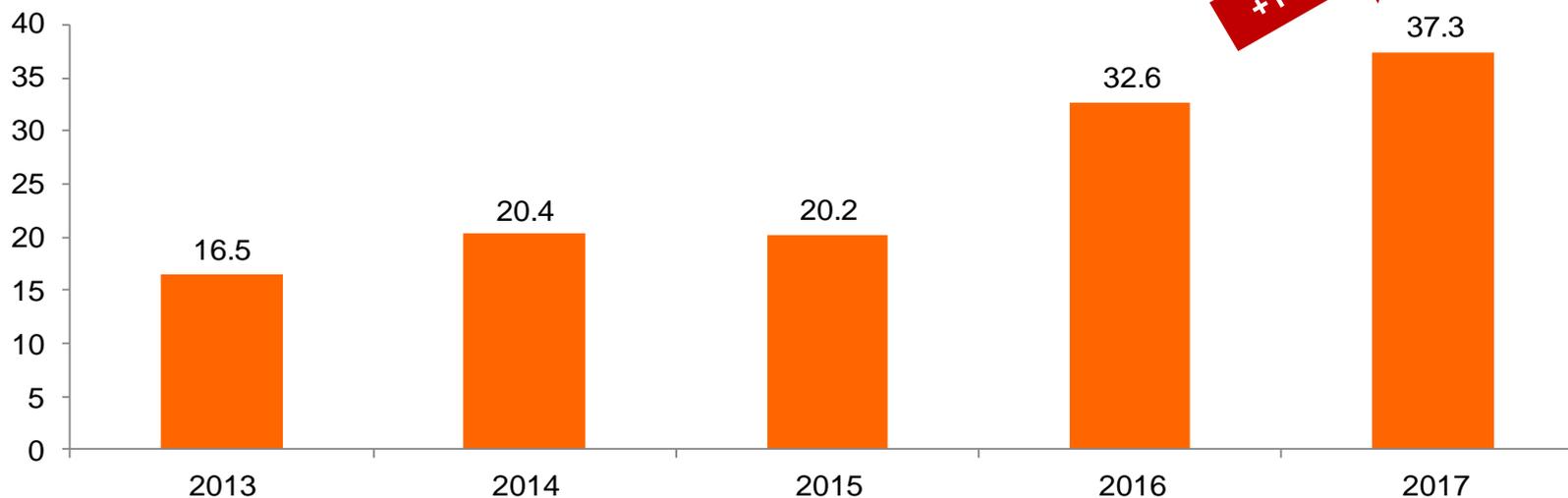


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- Total supply and trading volumes reached new high of 37.3 million tonnes for FY2017, supported by:
  - ✓ healthy growth in core jet fuel supply and trading business, backed by a growing diversified customer base across key aviation markets;
  - ✓ sustained momentum across other oil products segment with 25.2% jump to 17.5 million tonnes in supply and trading volume, backed by increased supply and trading activities for fuel oil.

## Total Volume

million tonnes

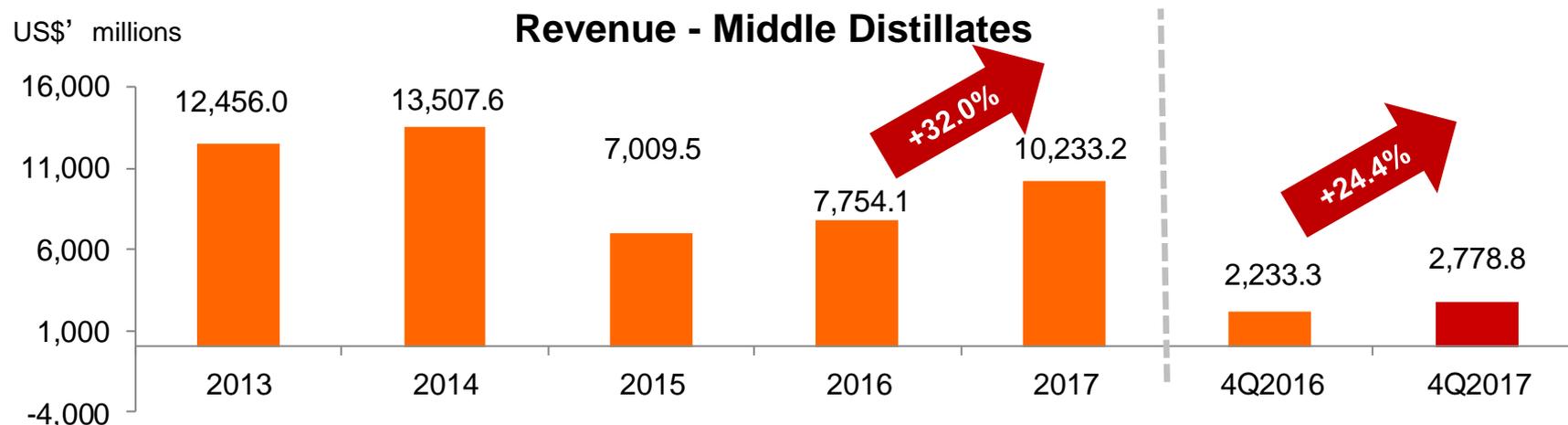


# Core Jet Fuel Business Remains Resilient



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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 :
  - ✓ 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;
  - ✓ **Aviation Marketing** segment continued to extend geographic footprint across North America, Europe and Asia Pacific regions, lifted by:
    - ✓ an extended market reach to 48 supply locations in over 20 countries with supply volumes outside mainland China growing 8% year-on-year to 2.06 million tonnes;
    - ✓ 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.



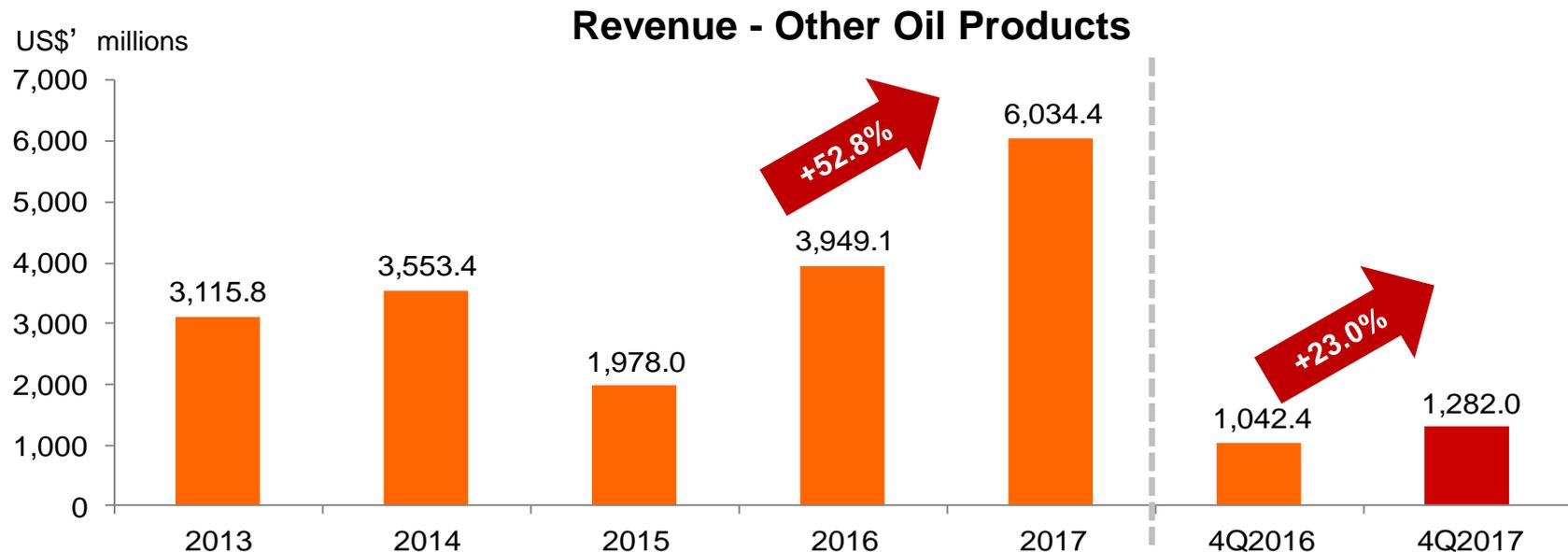
\*Source: Civil Aviation Administration of China (CAAC)

# 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** and expanding oil product services such as bunker refuelling, thereby establishing an integrated global supply and trading value network for other oil products segment;
  - ✓ expanding geographical customer base with secured supply contracts for **Crude Oil**.

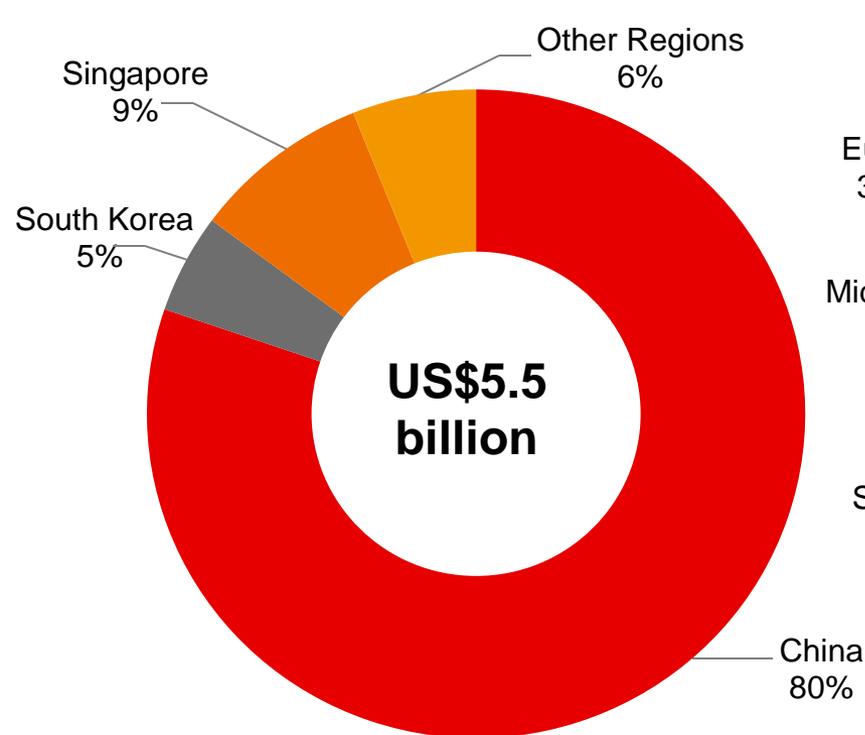


# CAO's International Revenue Base

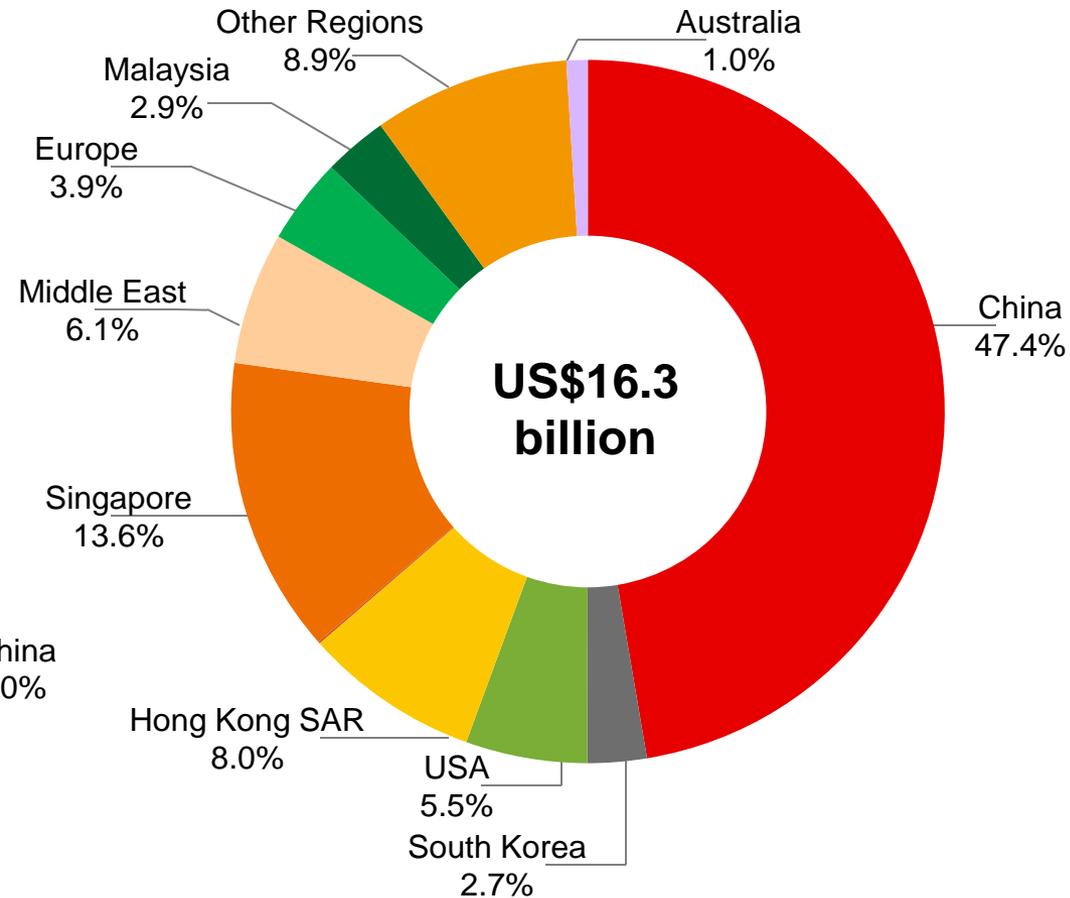


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## FY2010



## FY2017

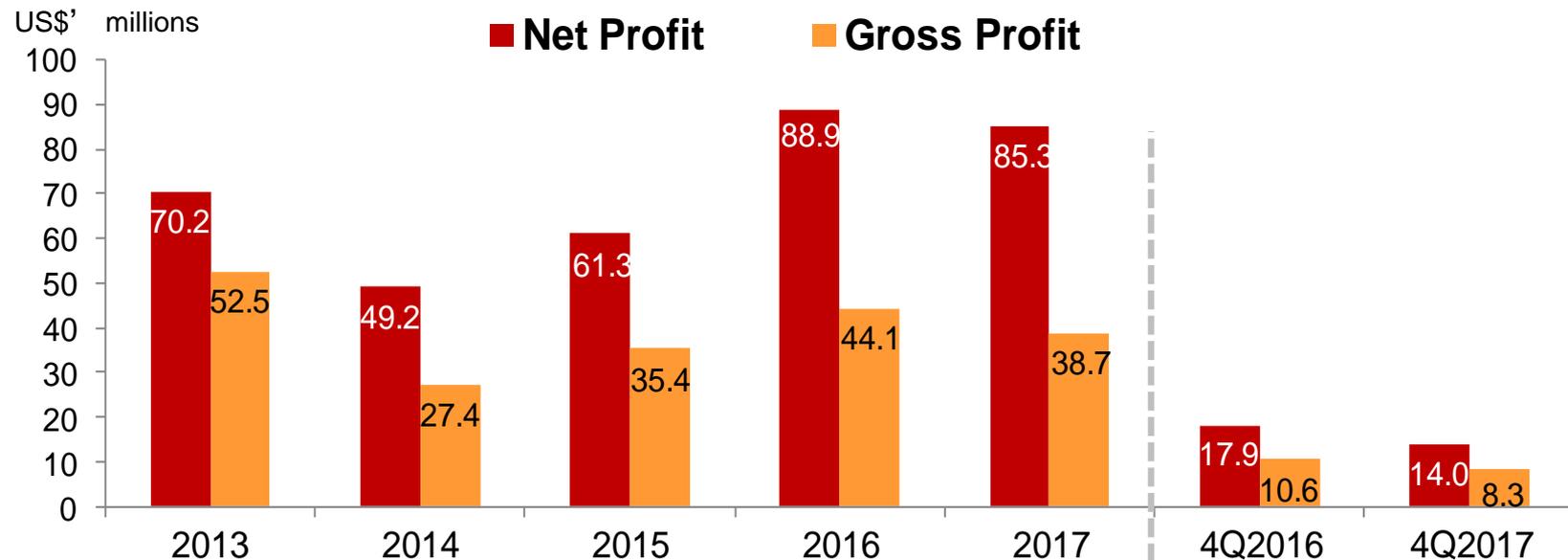


# Sustained Growth Performance



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- **Net Profit** 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
- **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.



# Sustainable Income Streams from Associates

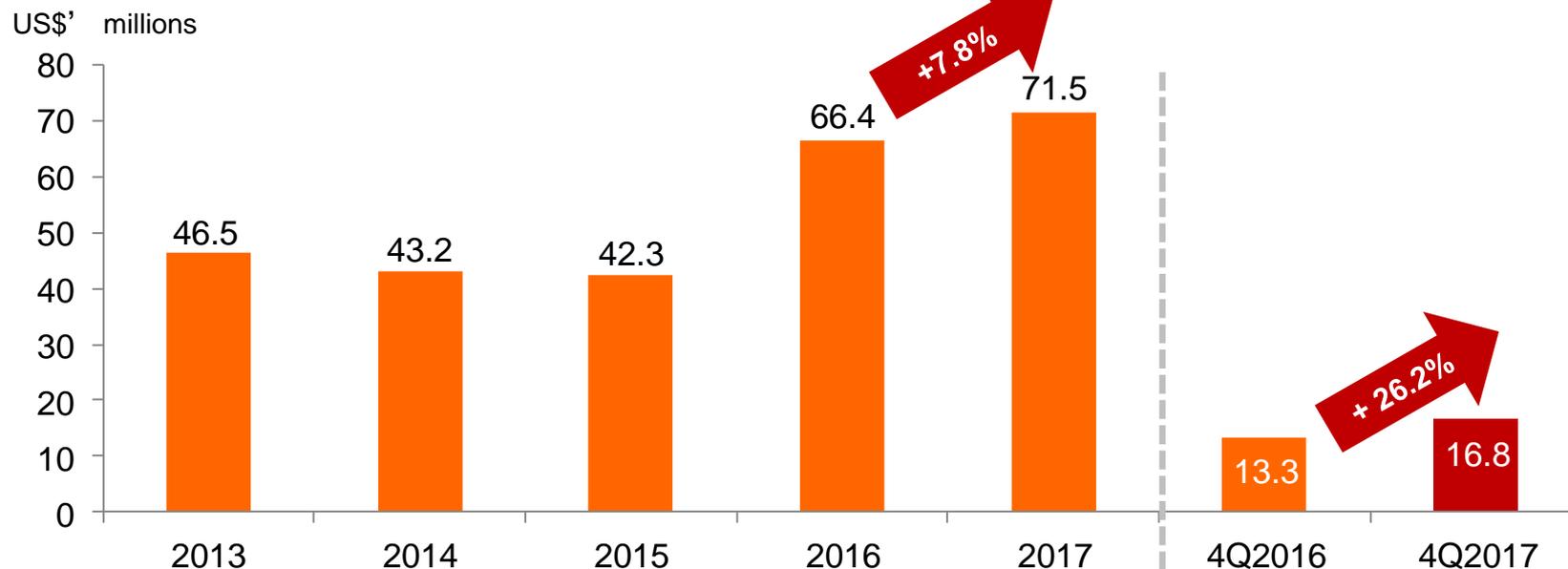


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## Strategic oil-related investments yield healthy recurring incomes:

- ✓ 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



# FY 2017 Profit & Loss Summary



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		<b>FY2017 : US\$16,267.6m</b>	<b>FY2016 : US\$11,703.2m</b>
<b>+39.0%</b>	<b>Revenue</b>	<ul style="list-style-type: none"> <li>Higher revenue primarily due to the increase in trading volume and oil prices</li> </ul>	
		<b>FY2017 : US\$38.7m</b>	<b>FY2016 : US\$44.1m</b>
<b>-12.1%</b>	<b>Gross Profit</b>	<ul style="list-style-type: none"> <li>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 outage in 3Q 2017</li> </ul>	
		<b>FY2017 : US\$21.8m</b>	<b>FY2016 : US\$19.9m</b>
<b>+9.7%</b>	<b>Total Expenses</b>	<ul style="list-style-type: none"> <li>Mainly attributable to higher professional fees incurred for business development and higher interest expense from short-term borrowings</li> </ul>	
		<b>FY2017 : US\$71.5m</b>	<b>FY2016 : US\$66.4m</b>
<b>+7.8%</b>	<b>Share of Results of Associates</b>	<ul style="list-style-type: none"> <li>Higher profit contribution from SPIA and OKYC</li> </ul>	
		<b>FY2017 : US\$85.3m</b>	<b>FY2016 : US\$88.9m</b>
<b>-4.0%</b>	<b>Net Profit</b>	<ul style="list-style-type: none"> <li>Mainly due to decrease in gross profit and increased tax exposure with the Group's increased profit contribution from its associates</li> </ul>	

# 4Q 2017 Profit & Loss Summary



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		4Q2017: US\$4,060.7m	4Q2016: US\$3,275.7m
<b>+24.0%</b>	<b>Revenue</b>	<ul style="list-style-type: none"> <li>Higher revenue primarily due to increase in oil prices</li> </ul>	
		4Q2017 : US\$8.3m	4Q2016 : US\$10.6m
<b>-21.3%</b>	<b>Gross Profit</b>	<ul style="list-style-type: none"> <li>Lower gains derived from trading and optimisation activities</li> </ul>	
		4Q2017 : US\$8.8m	4Q2016 : US\$6.0m
<b>+45.3%</b>	<b>Total Expenses</b>	<ul style="list-style-type: none"> <li>Higher professional fees incurred for business development and interest expenses from short-term borrowings drawdown for working capital purposes</li> </ul>	
		4Q2017 : US\$16.8m	4Q2016 : US\$13.3m
<b>+26.2%</b>	<b>Share of Results of Associates</b>	<ul style="list-style-type: none"> <li>Mainly due to higher contributions from SPIA</li> </ul>	
		4Q2017 : US\$14.0m	3Q2016 : US\$17.9m
<b>-21.7%</b>	<b>Net Profit</b>	<ul style="list-style-type: none"> <li>Due mainly to increased tax exposure arising from accounting for deferred taxation with the Group's increased profit contribution from its associates</li> </ul>	

# Balance Sheet Summary



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		<b>31 Dec 2017: US\$209.6m</b>	<b>31 Dec 2016: US\$170.7m</b>
<b>+22.8%</b>	<b>Inventories</b>	<ul style="list-style-type: none"> <li>▪ Increase in inventories held for trading</li> </ul>	
		<b>31 Dec 2017: US\$1,069.1m</b>	<b>31 Dec 2016: US\$590.6m</b>
<b>+81.0%</b>	<b>Trade and Other Receivables</b>	<ul style="list-style-type: none"> <li>▪ Due to higher oil prices and monthly trading volume</li> </ul>	
		<b>31 Dec 2017: US\$300.0m</b>	<b>31 Dec 2016: US\$287.3m</b>
<b>+4.4%</b>	<b>Cash and Cash Equivalents</b>	<ul style="list-style-type: none"> <li>▪ Mainly due to higher bank interest income and dividend income received from associates</li> </ul>	
		<b>30 Dec 2017: US\$1,060.2m</b>	<b>31 Dec 2016: US\$587.8m</b>
<b>+80.3%</b>	<b>Trade and Other Payables</b>	<ul style="list-style-type: none"> <li>▪ Due to higher oil price and monthly trading volume in December 2017 compared to a year ago</li> </ul>	
		<b>30 Dec 2017: US\$120.0m</b>	<b>31 Dec 2016: US\$100.0m</b>
<b>+20.0%</b>	<b>Loans and Borrowings</b>	<ul style="list-style-type: none"> <li>▪ Mainly due to higher short-term working capital requirements</li> </ul>	

# 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 driving its developmental strategy of “**Globalisation, Integration & Asset Investment**” to deliver sustainable profitable growth through :
  - ✓ continuing to drive globalisation strategy to further expand global footprint in target key aviation hubs and strengthen the core jet fuel supply and trading business;
  - ✓ 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.***



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# Thank You

*Fuel for Future* 为明天加油