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

27 July 2017

1H 2017 Results Presentation

Fairness 公平
Integrity 诚信
Innovation 创新
Transparency 透明

A Singapore-listed company and a member of the Global Trader Programme
新加坡上市公司、"全球贸易商计划" 成员

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.

1H 2017 Highlights

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- Notwithstanding heightened geopolitical and economic uncertainties amid volatility in oil prices, the Group delivered a commendable 1H 2017 performance, **driven by the growth of an increasingly resilient transportation fuels portfolio underpinned by a strengthened, global integrated value chain**.

- **Total supply and trading volumes** for middle distillates and other oil products increased 14.9% to 15.7 million tonnes:
  - ✓ **Net Profit** up 4.4% to US$49.9 million, lifted by an increase in gross profit;
  - ✓ **Gross Profit** up 12.8% to US$26.0 million on higher gains from trading optimisation activities;
  - ✓ **Revenue** up 55.6% to US$7.0 billion, backed by an increase in total supply and trading volumes for middle distillates and other oil products.

- **Share of Profits** from associates remained stable at US$33.2 million, compared to US$33.5 million in the corresponding period a year ago:
  - ✓ Share of profits from **SPIA** was US$29.0 million in 1H 2017 (1H 2016: US$29.6 million), impacted by the weaker RMB against US dollar, resulting in a lower share of results despite higher gross profit from increased refuelling volumes and improved profit margin on the back of higher oil prices in 1H 2017;
  - ✓ Share of profits from **OKYC** increased 9.6% to US$2.7 million (1H 2016: US$2.5 million), attributable to higher operating profit from its tank storage leasing activities and mark-to-market gain from its cross currency interest rate swap contracts ("CRS") which matured in end March 2017.

Strong Revenue Growth

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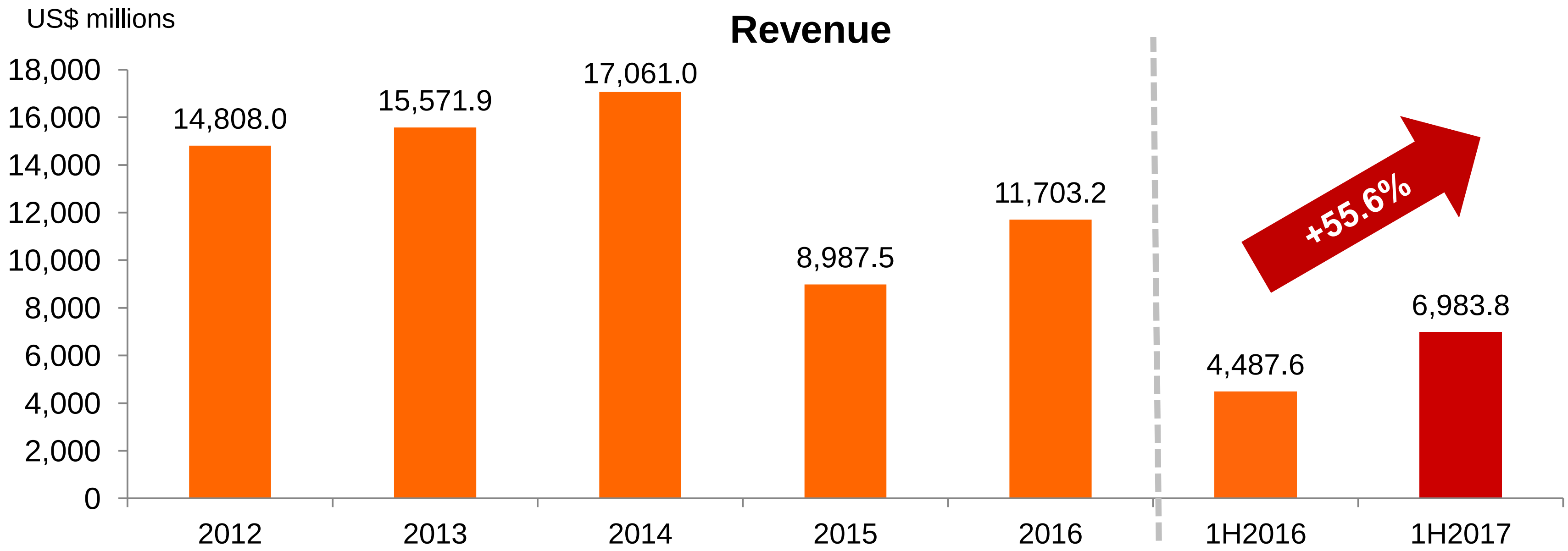
- Total revenue rose 55.6% to US$7.0 billion, attributable to higher supply and trading volumes of jet fuel and other oil products as well as higher oil prices, reflecting the continuing growth momentum of the Group's diversified transportation fuels portfolio.

- Jet fuel prices averaged US$64.30 per barrel for 1H 2017 versus US$49.02 per barrel for 1H 2016.



Product Diversification Supports Volume Growth

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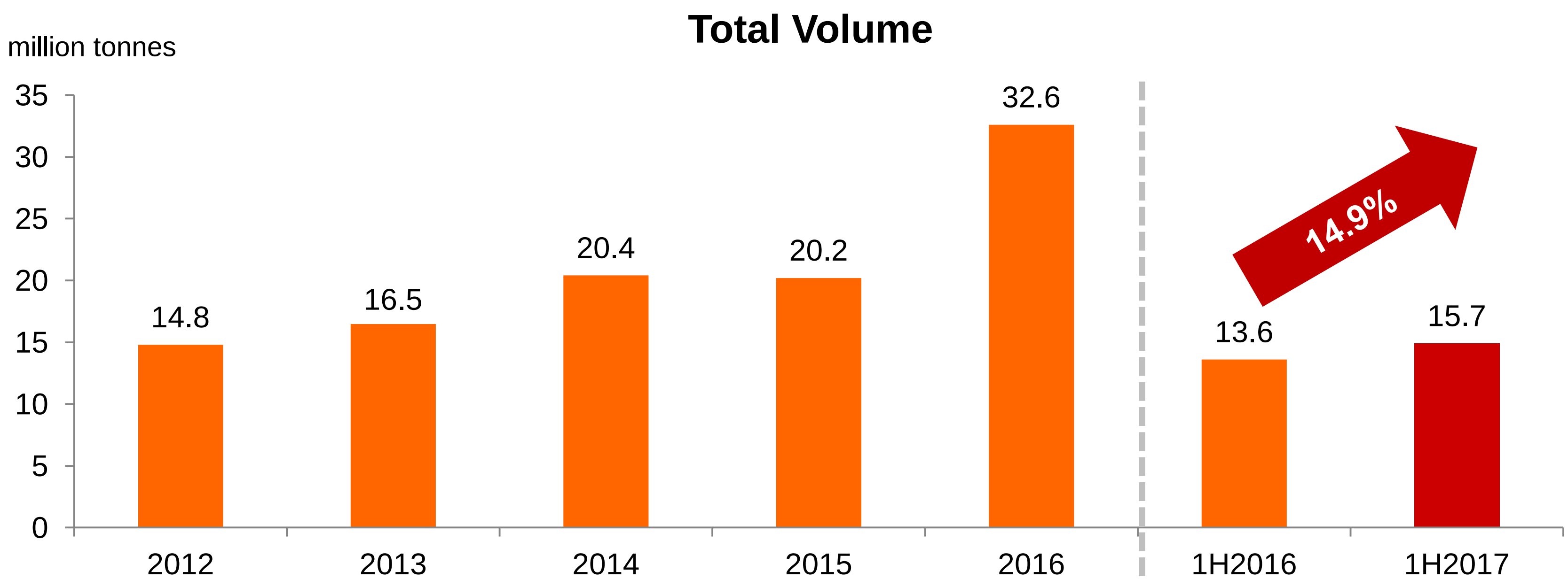
- Total supply and trading volumes increased 14.9% to 15.7 million tonnes in 1H 2017, supported by:
  - ✓ sustained growth in core jet fuel supply and trading business supported by a diversified mix of geographical customer base;
  - ✓ sustained momentum across other oil products segment with 20.4% jump to 6.12 million tonnes in supply and trading volume, driven by expansion in China for crude oil and Middle East demand markets for fuel oil.



Core Jet Fuel Business Remains Resilient

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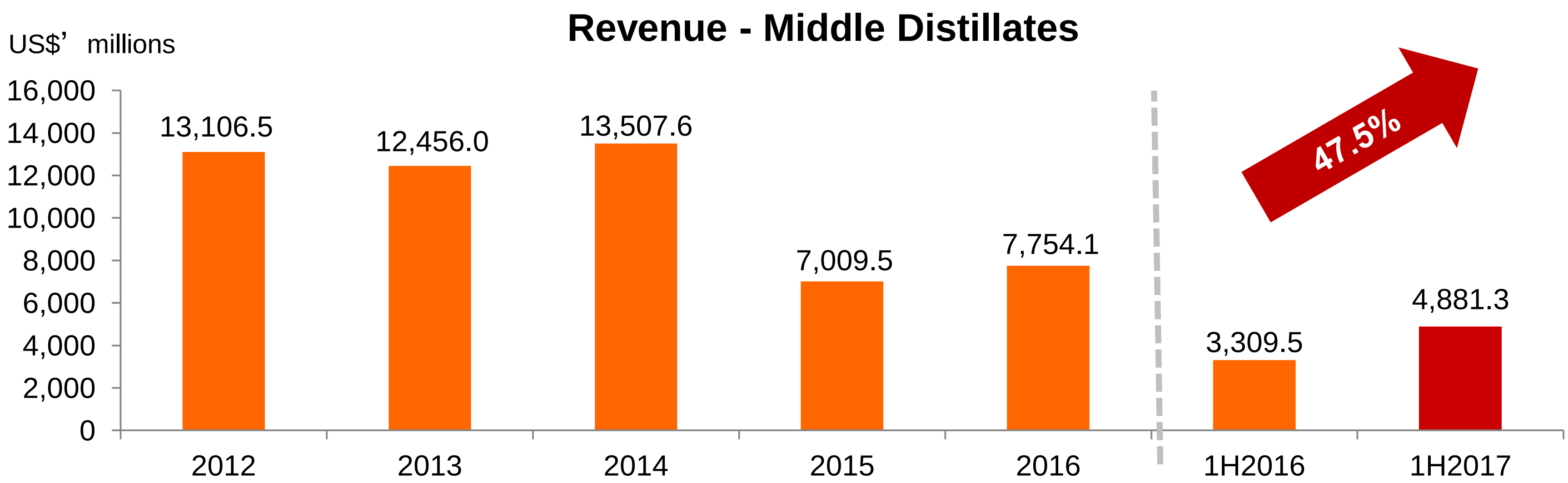
- Jet fuel supply and trading volumes increased 16.8% to 7.9 million tonnes year-on-year, with sustained healthy demand in Asia Pacific, North America, Europe and Middle East:
  - ✓ robust demand from the Chinese civil aviation industry with Chinese civil aviation growth hitting a 2-year high in 2Q 2017, registering 16.2% growth in total air transportation turnover in May 2017;
  - ✓ growing footprint in the United States with strong jet fuel exports to end markets in North America.
- Aviation marketing segment extended supply network at regional aviation hubs to supply to airline customers at 47 international airports outside mainland China.
- Expanded into-plane refuelling services to secure biofuel breakthrough supply contract for international flights with airline customer in the United States.



Strong Performance from Other Oil Products

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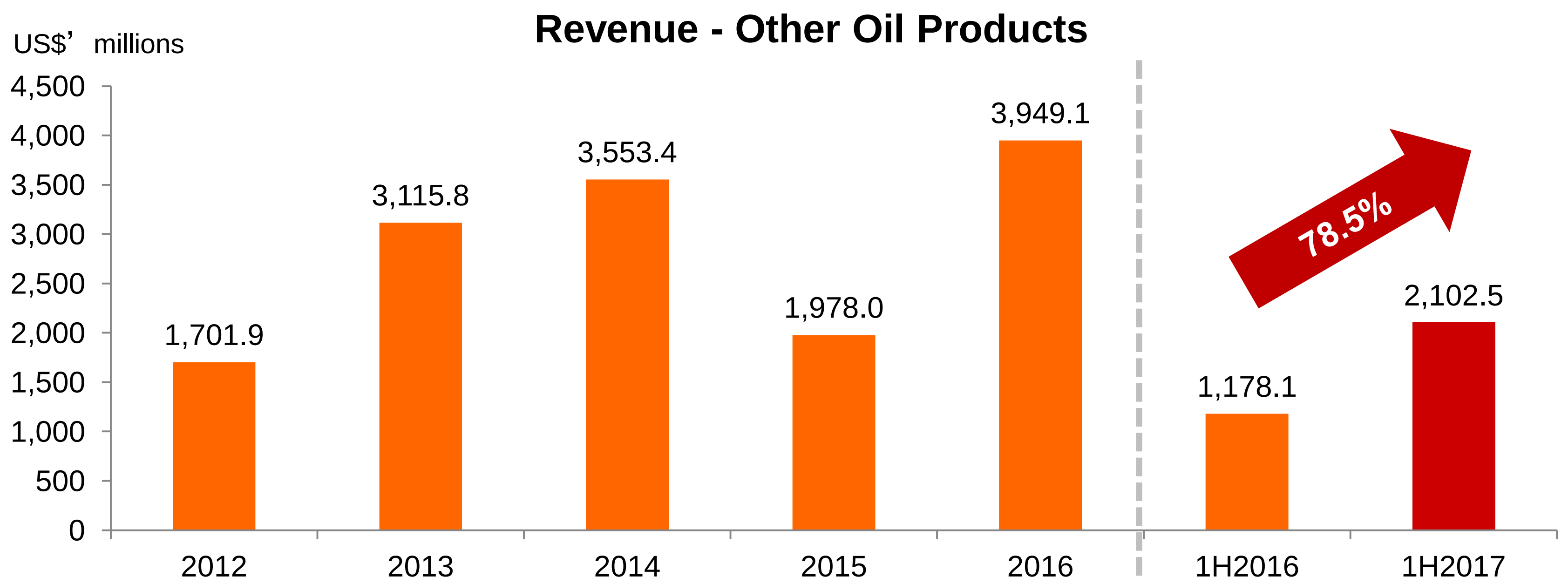
- Supply and trading volumes of other oil products increased 20.4% to 6.1 million tonnes in 1H 2017, underpinned by healthy demand for other oil products portfolio in target demand markets globally:
  - ✓ **Fuel Oil** - leveraged on long-term supply contracts to establish a foothold in Middle East and build a sales network for end markets;
  - ✓ **Crude Oil** - leveraged on strategic integrated value chain to supply to Chinese refineries.



CAO's International Revenue Base

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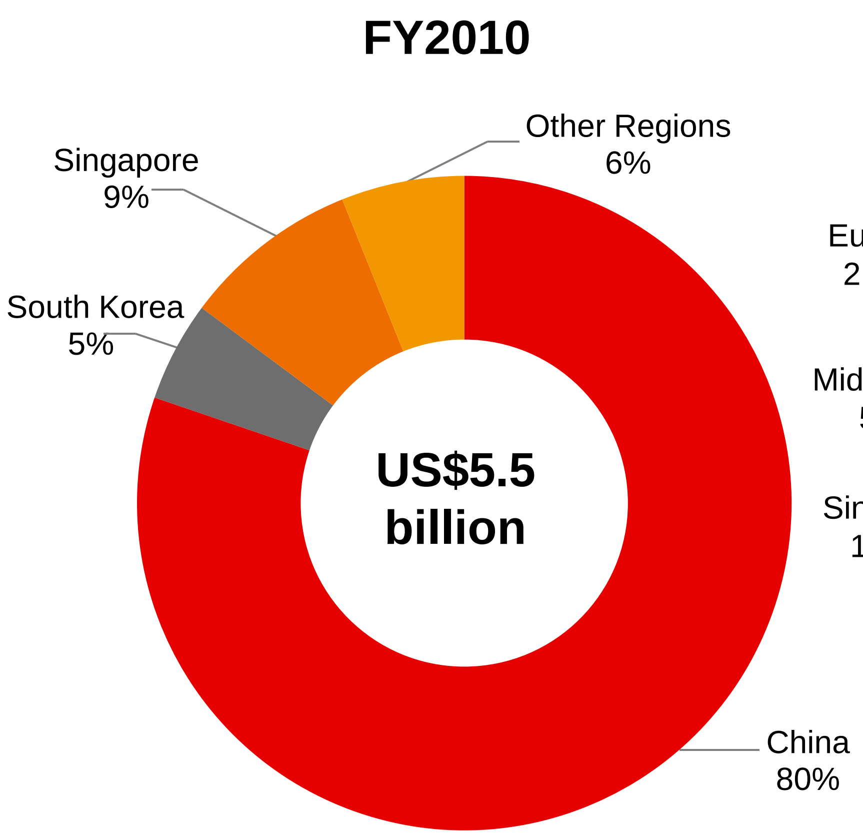

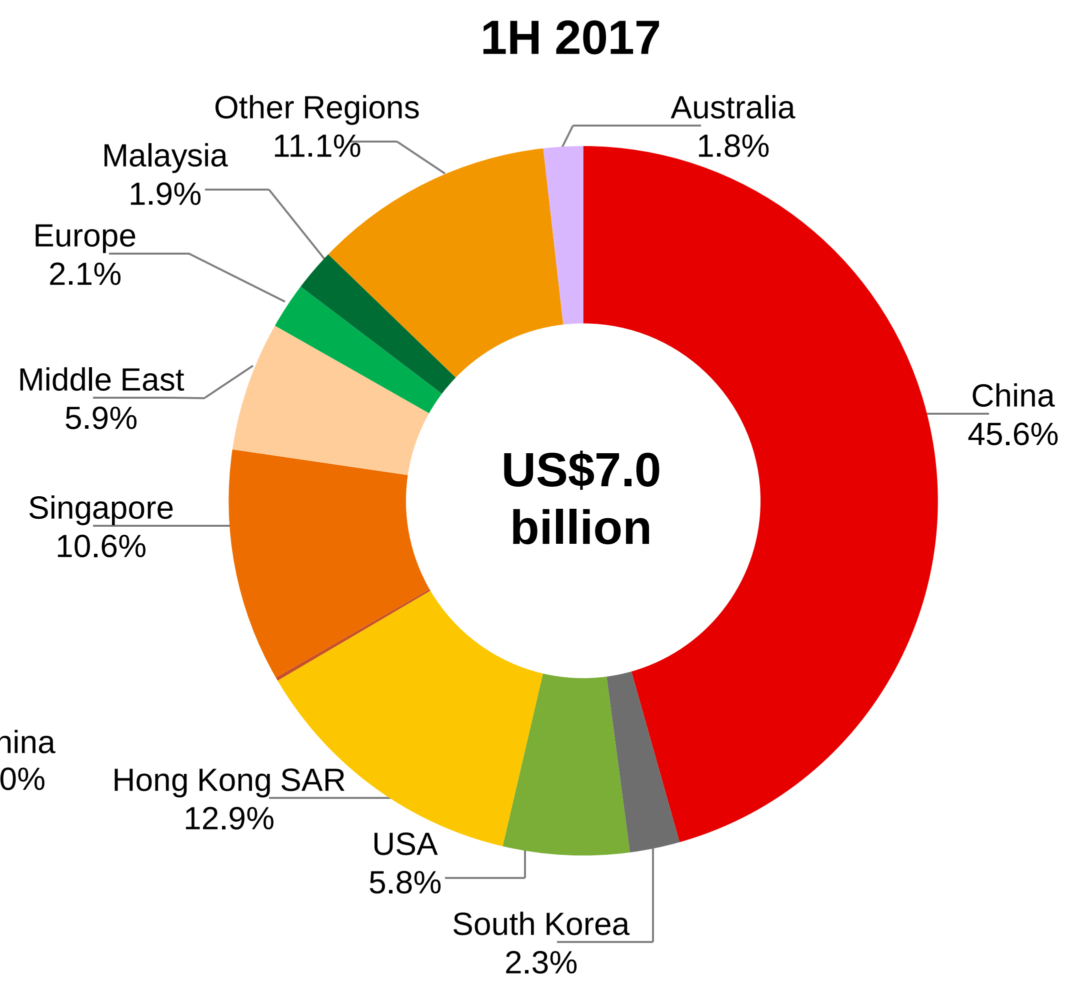

Resilient Performance

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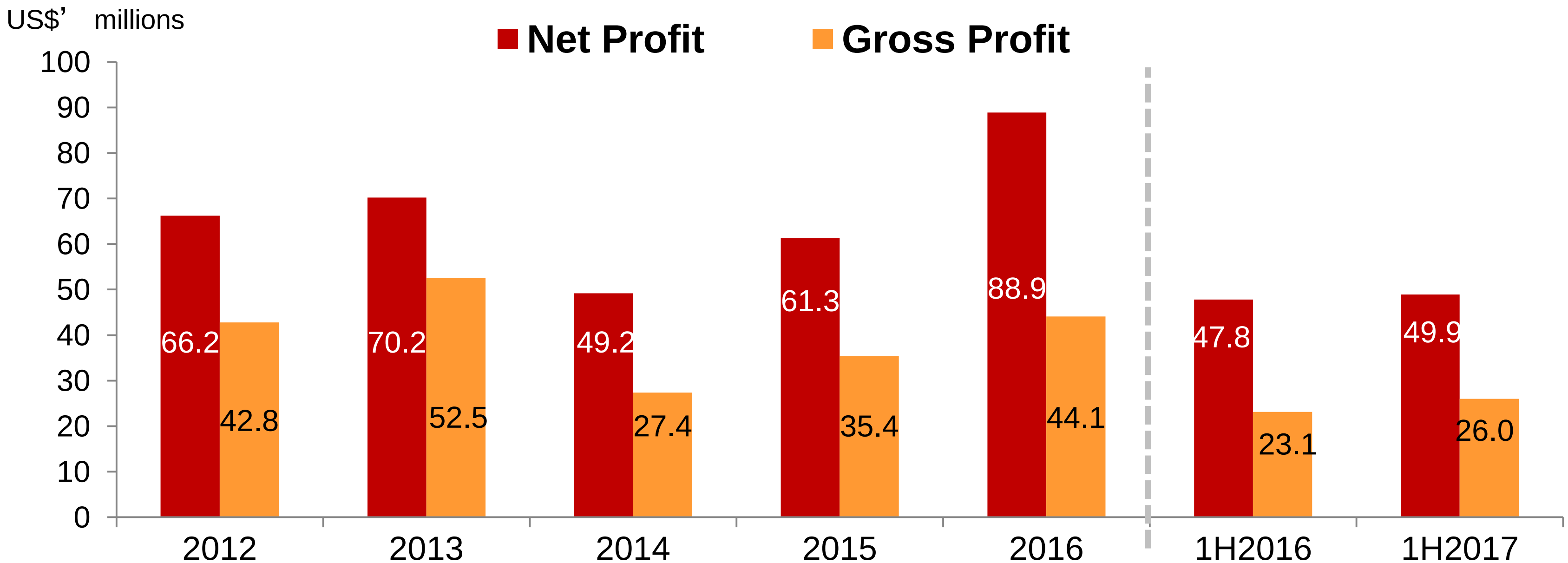
- Amidst operationally challenging macro-environment conditions, the Group has maintained its growth momentum with a focused strategy, resilient and diversified transportation fuels product portfolio to deliver:
  - ✓ **Net Profit** with an increase of 4.4% to US$49.9 million, lifted by higher gross profit;
  - ✓ **Gross Profit** which was up 12.8% to US$26.0 million on the back of higher gains from trading optimisation activities.
- Reflective of CAO's strong trading capabilities and effective risk management strategies in persistently challenging global oil markets.



Stable Income Streams from Associates

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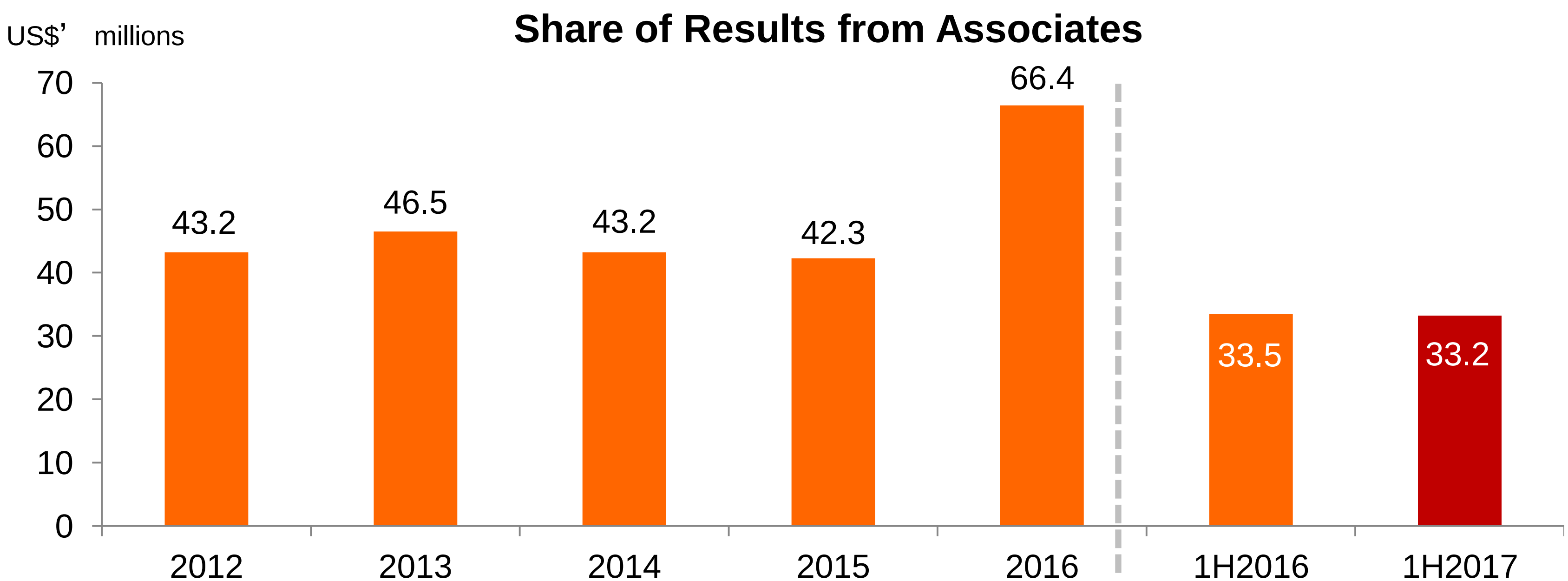

1H 2017 Profit & Loss Summary

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		1H2017	1H2016	
+55.6%	**Revenue**	**1H2017: US$6,983.8m**	**1H2016: US$4,487.6m**	▪ Higher revenue primarily due to the increase in total supply and trading volumes as well as higher oil prices
+12.8%	**Gross Profit**	**1H2017: US$26.0m**	**1H2016: US$23.1m**	▪ Higher gains from trading optimisation activities
+24.0%	**Total Expenses**	**1H2017: US$9.2m**	**1H2016: US$7.4m**	▪ Higher finance costs relating to bank charges and interest expense in tandem with increase in bank interest income
-1.2%	**Share of Results of Associates**	**1H2017: US$33.2m**	**1H2016: US$33.6m**	▪ Weaker RMB against US dollar resulted in lower profit contributions from SPIA despite increase in gross profit from higher refuelling volumes and higher profit contribution from OKYC
+4.4%	**Net Profit**	**1H2017: USS49.9m**	**1H2016: US$47.8m**	▪ Mainly due to higher gross profit

2Q 2017 Profit & Loss Summary

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+21.5%	**Revenue**	2Q2017: US$3,672.7m	2Q2016: US$3,023.3m	▪ Higher revenue primarily attributable to the increase in oil prices
+6.7%	**Gross Profit**	2Q2017 : US$10.6m	2Q2016 : US$9.9m	▪ Higher gains derived from trading optimisation activities
-8.2%	**Total Expenses**	2Q2017 : USS4.4m	2Q2016 : US$4.8m	▪ Lower professional fees incurred for business development
-5.5%	**Share of Results of Associates**	2Q2017 : US$18.3m	2Q2016 : US$19.4m	▪ Mainly attributable to lower profit contributions from SPIA
+4.1%	**Net Profit**	2Q2017 : USS24.6m	2Q2016 : US$23.6m	▪ Attributable to the increase in gross profit and higher other income

Balance Sheet Summary

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-30.8%	Inventories	30 Jun 2017: US$118.2m	31 Dec 2016: US$170.7m	▪ Decrease in inventories held for trading
+68.8%	Trade and Other Receivables	30 Jun 2017: US$996.8m	31 Dec 2016: US$590.6m	▪ Due to higher working capital requirements in trade financing
-9.4%	Cash and Cash Equivalents	30 Jun 2017: US$260.3m	31 Dec 2016: US$287.3m	▪ Mainly due to cash outflow attributable to repayment of bank borrowings and higher dividend payout in 1H 2017
+66.3%	Trade and Other Payables	30 Jun 2017: US$977.8m	31 Dec 2016: US$587.8m	▪ Due to higher working capital requirements in trade financing
N.M.	Loans and Borrowings	30 Jun 2017: Nil	31 Dec 2016: US$100.0m	▪ Repayment of bank borrowings in 1H 2017

Outlook & Priorities

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- Global supply and demand for oil is expected to continue re-balancing as economic and geopolitical uncertainties persist leading to continued volatility in the oil price outlook. Nonetheless, CAO will continue to manage a focused and resilient transportation fuels portfolio, leveraging on the Group's **enlarged and global integrated value chain and competitive advantage in its core jet fuel business to drive profitable growth:**

  ✓ further consolidate strong market positioning as key supplier of imported jet fuel to the Chinese civil aviation industry;

  ✓ strengthen and optimise a resilient and integrated value chain to build a global jet fuel supply and trading network;

  ✓ continue with the ramp-up of supply locations in identified key aviation hubs to expand the aviation marketing segment globally;

  ✓ continue to pursue growth opportunities in other oil products segment and scale up infrastructure support to continue the diversification of the Group's earnings base;

  ✓ proactively pursue market opportunities for inorganic growth through strategic acquisitions and investments in synergistic businesses.

- CAO will continue to focus on **optimising profitability** and **delivering sustainable value** for our shareholders.

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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

Fairness 公平
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