



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

31 July 2015

# 2Q 2015 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.

# 2Q 2015 Highlights



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- Gross profit increases 73.8% from prior quarter on higher trading gains from oil trading and optimisation activities.
  - ✓ Sequential increase in revenue and gross profit reflect:
    - i. strong trading capabilities and robust trading strategies;
    - ii. effective risk management strategies; and
    - iii. strength of the Group's integrated supply chain business model.
  
- Net profit rises 23.9% from prior quarter on higher gross profit and higher share of results from associates.
  - ✓ Profits from core business of jet fuel supply and trading is underpinned by:
    - i. higher gains from trading optimisation activities, which includes opportunities arising from the favourable contango market;
    - ii. continued growth in China's civil aviation industry.

# 2Q 2015 Highlights



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- Investments in oil-related assets through associates continue to provide a sustainable income stream for the Group, increasing 44.7% sequentially with improved performance at SPIA and OKYC:
  - i. Share of profits from key associate SPIA rises 53.8% from prior quarter due to refuelling volume increases and higher oil price coupled with lower procurement costs;
  - ii. CNAF Hong Kong Refuelling Limited (CNAF HKR) expected to be in full operations in the third quarter of 2015.

## Operational Milestones

- Increase in aviation marketing supply volumes outside mainland China, with refuelling volumes up in USA.
- First independent trading and supply cargo from Asia to North America validating the effectiveness of CAO's global integrated supply chain.

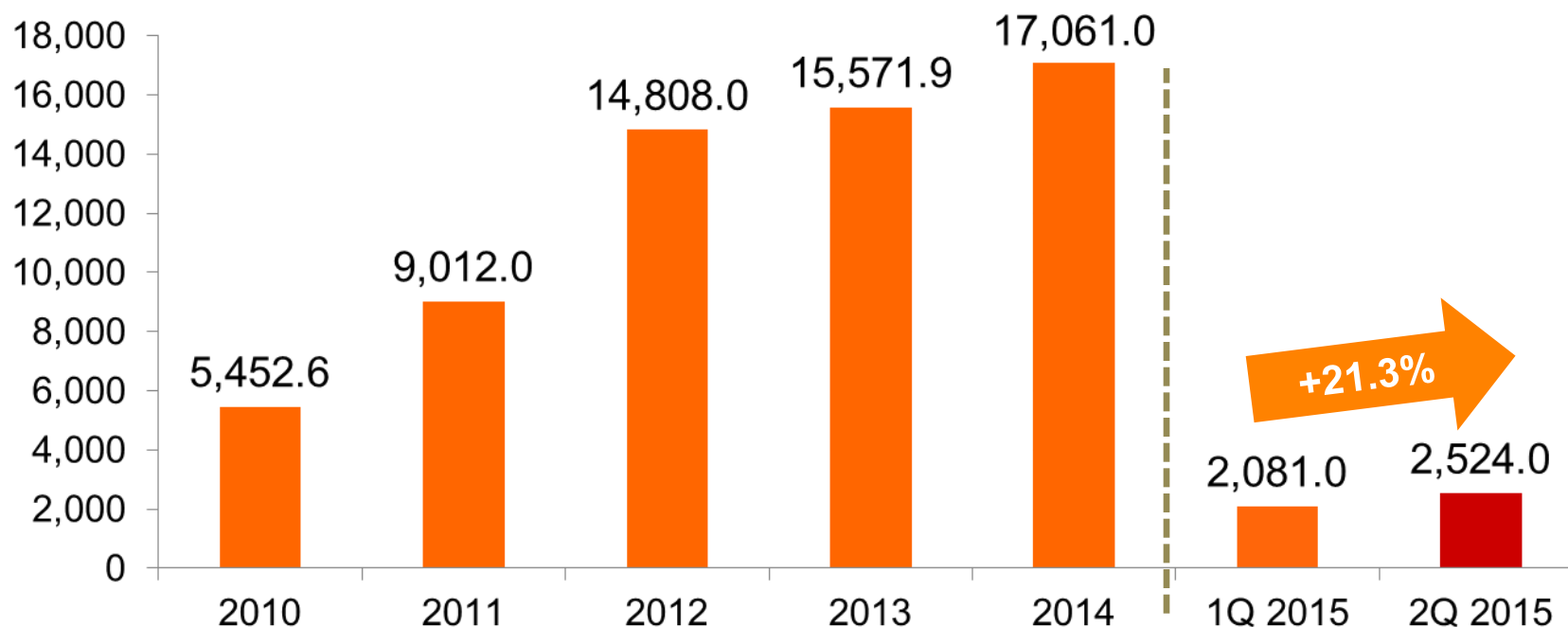
# Higher Revenue on Increase in Supply and Trading Volume



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## Revenue

US\$' millions



Revenue 5-Year CAGR

+ 33.0%

# Trading and Supply Volume Increased Despite Challenges in the Oil Trading Market

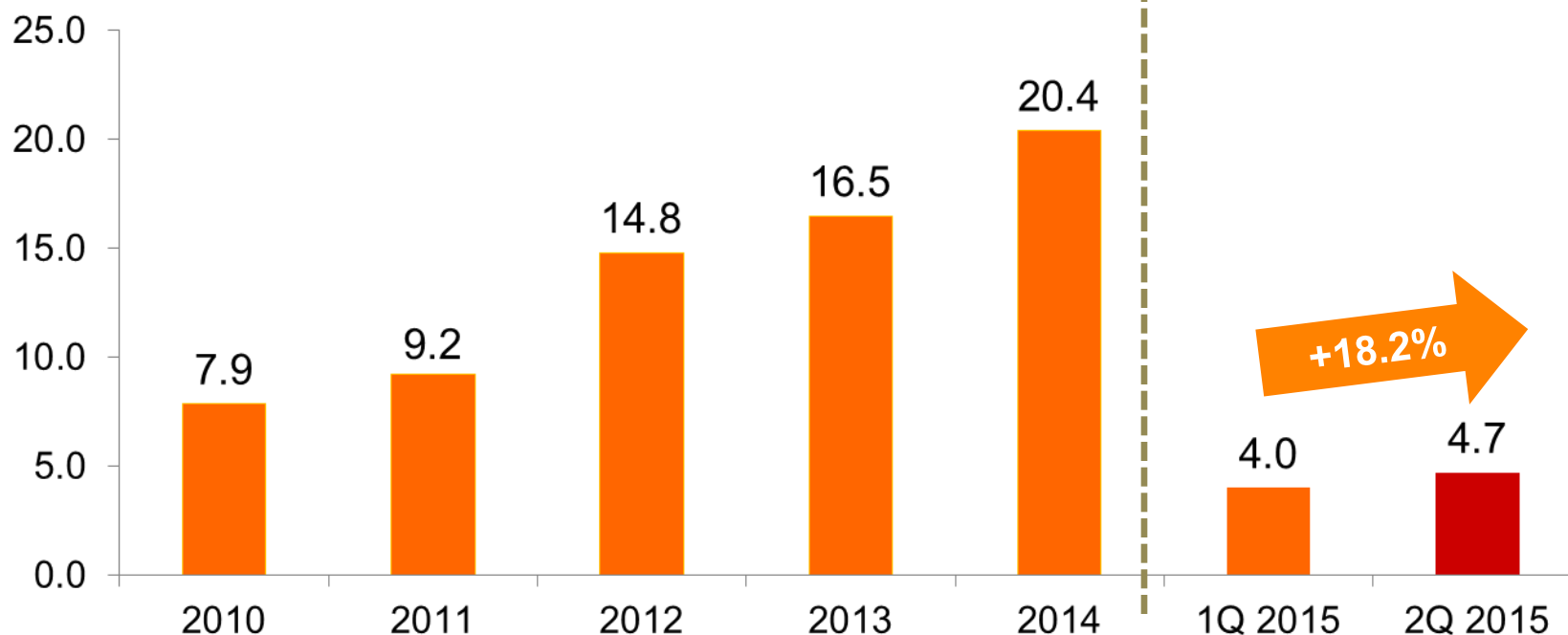


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- Trading activities increased by 18.2% quarter-on-quarter

## Total Volume

million tonnes



Supply & Trading Volume 5-Year CAGR

+ 26.8%

# Demand for Jet Fuel Remains Strong in China

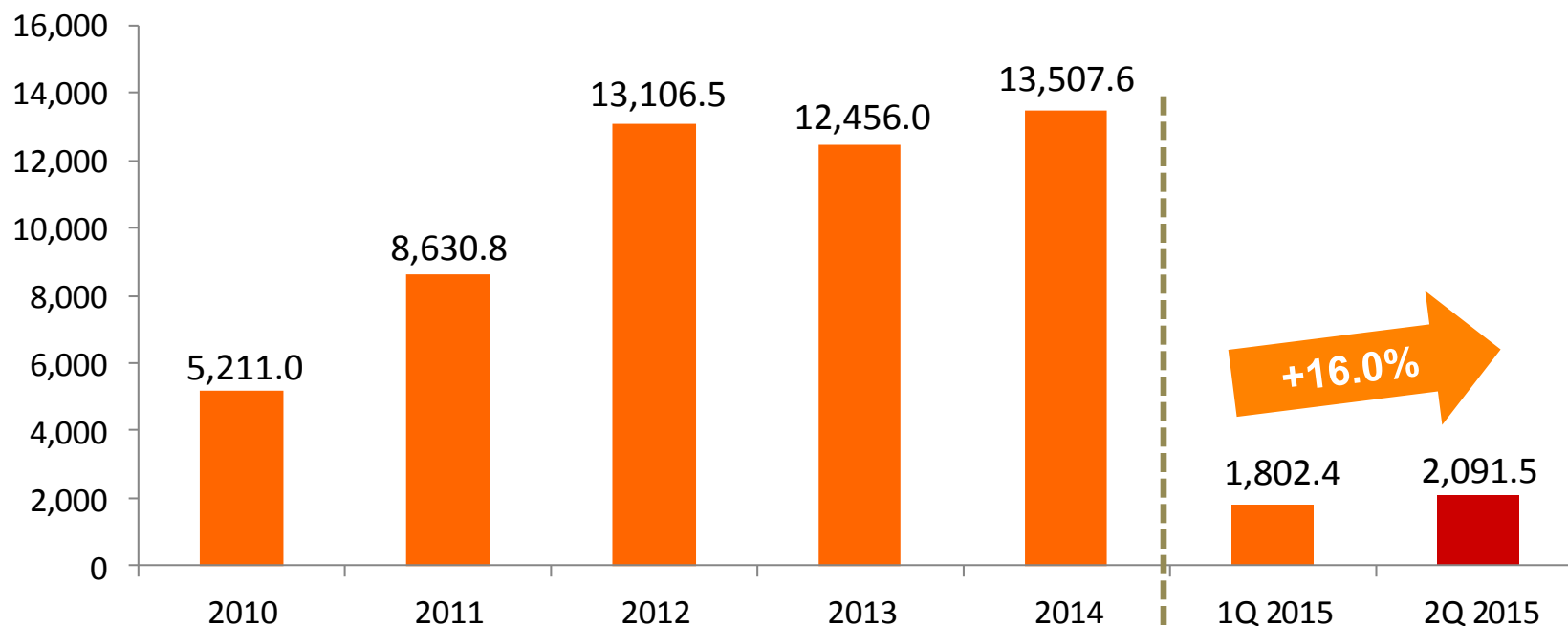


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- Supported by rapid expansion of aviation marketing business in overseas markets

## Revenue - Middles Distillates

US\$' millions



Middle Distillates Revenue 5-Year CAGR

+ 26.9%

# Revenue – Other Oil Products

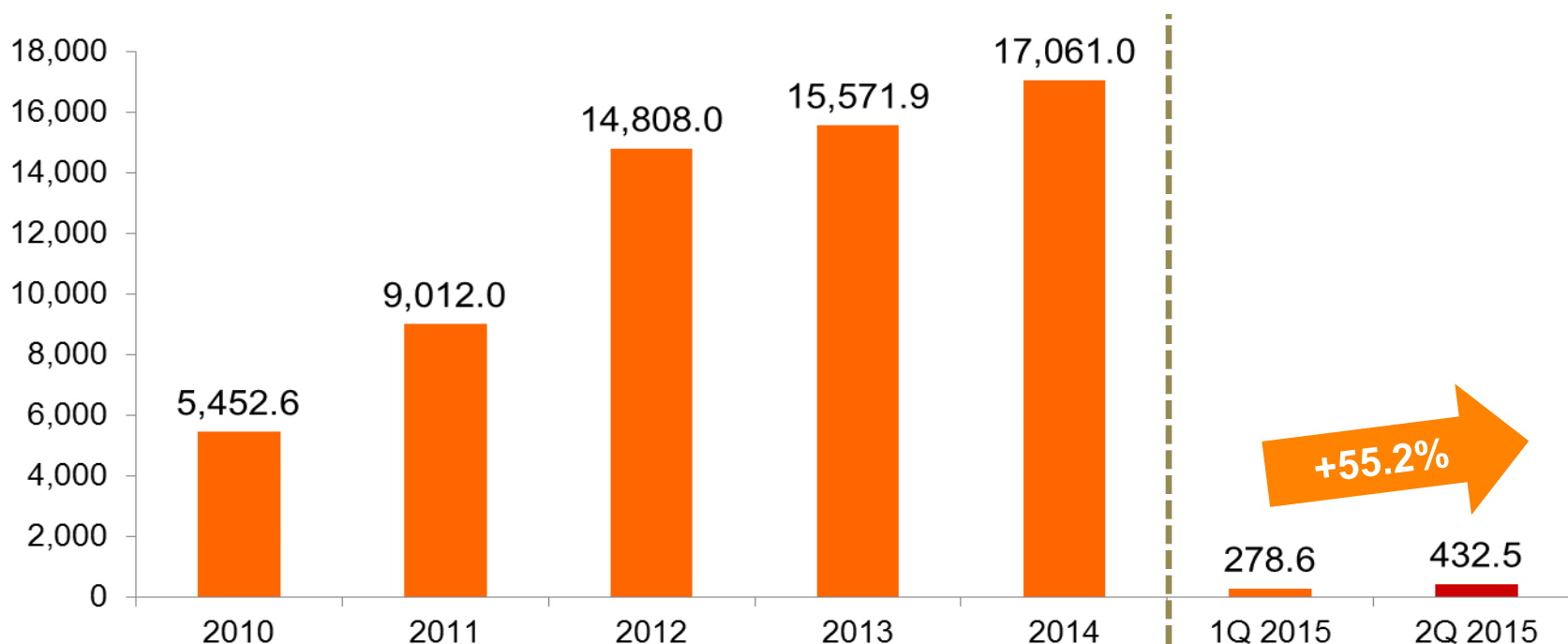


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- Sequential increase in trading gains from 1Q2015

## Revenue - Other Oil Products

US\$' millions



Other Oil Products Revenue 5-Year CAGR

+ 95.8%



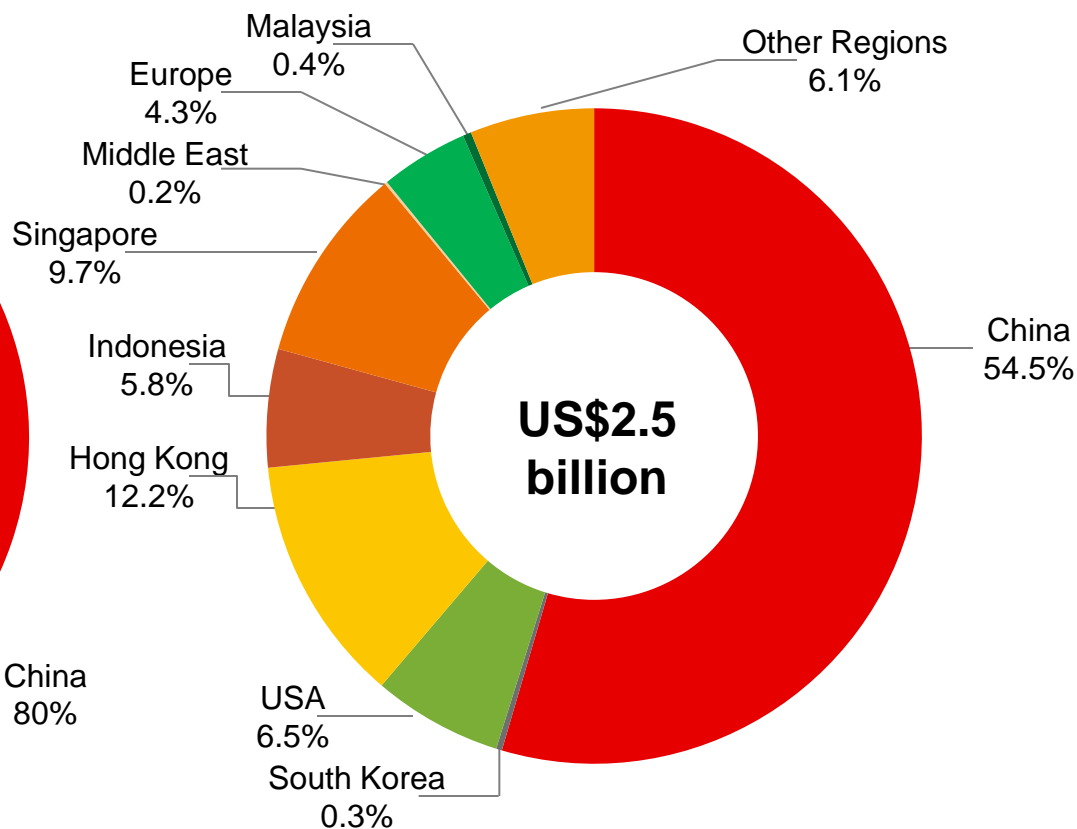
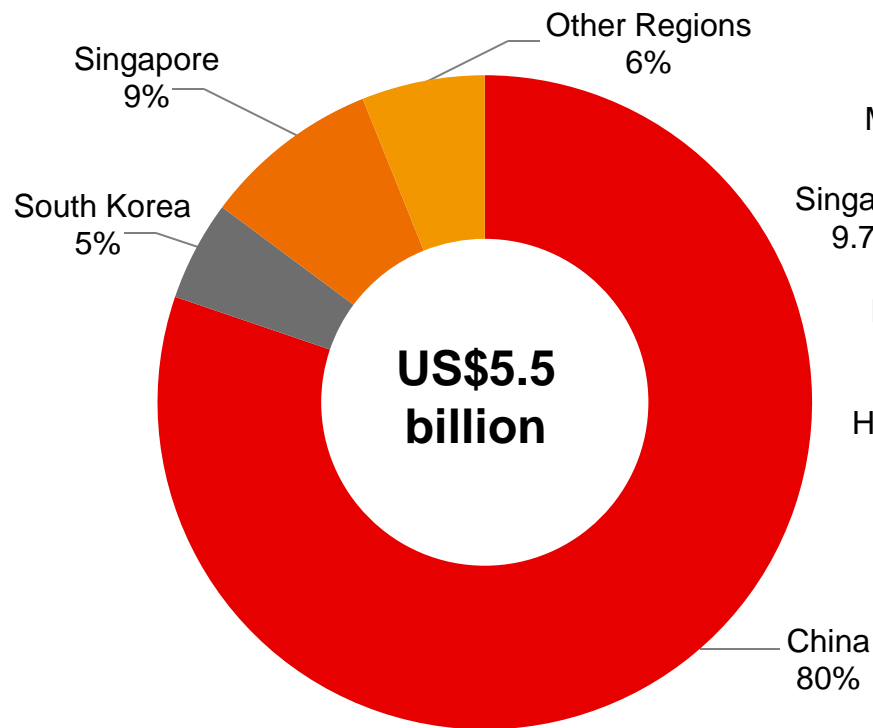
# CAO's International Revenue Base



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## FY 2010

## 2Q 2015

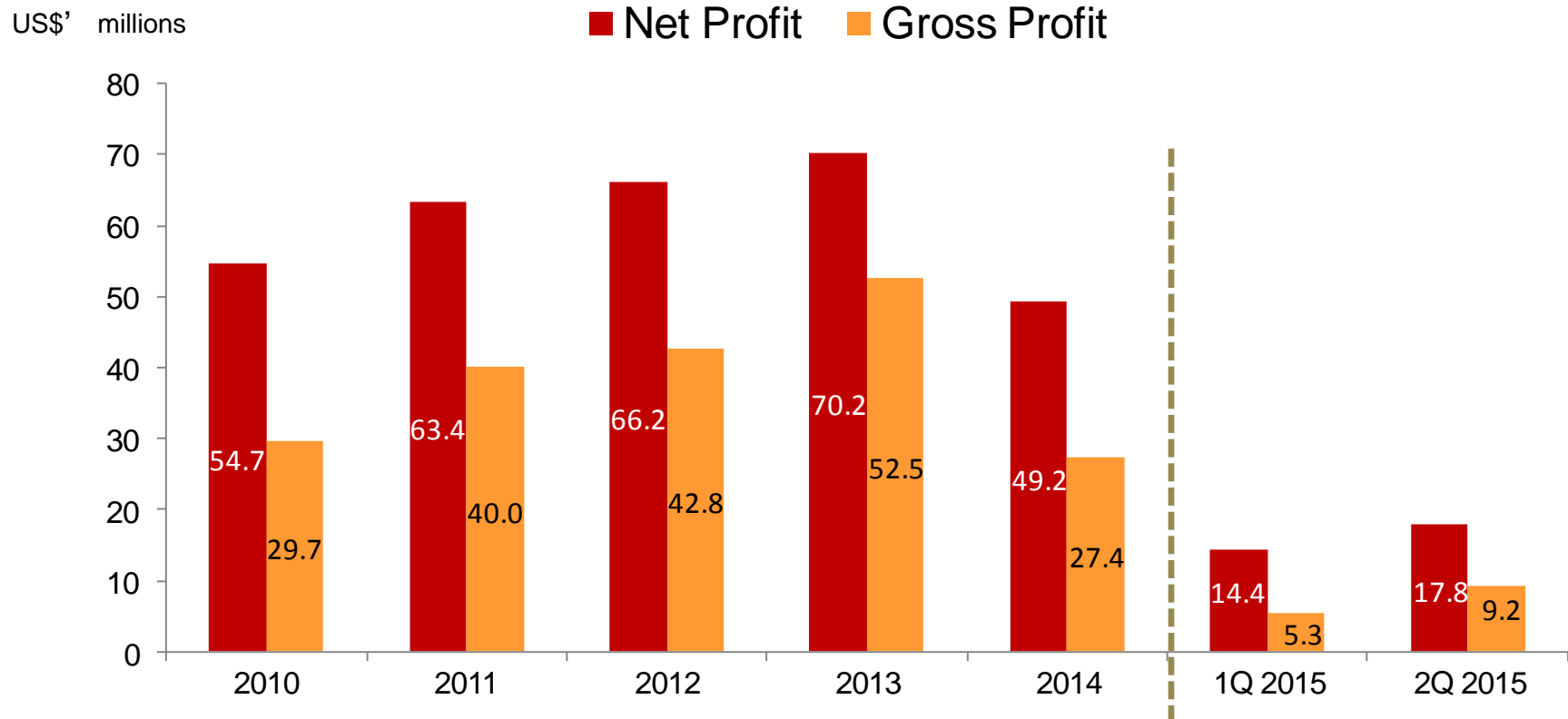


# Healthy Profits from Core Business



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- Group profitability driven by higher gains from trading optimisation activities
- Testament to strong trading capabilities and effective risk management strategies



# Sustainable Income Stream from Investments in Oil-Related Assets through Associates

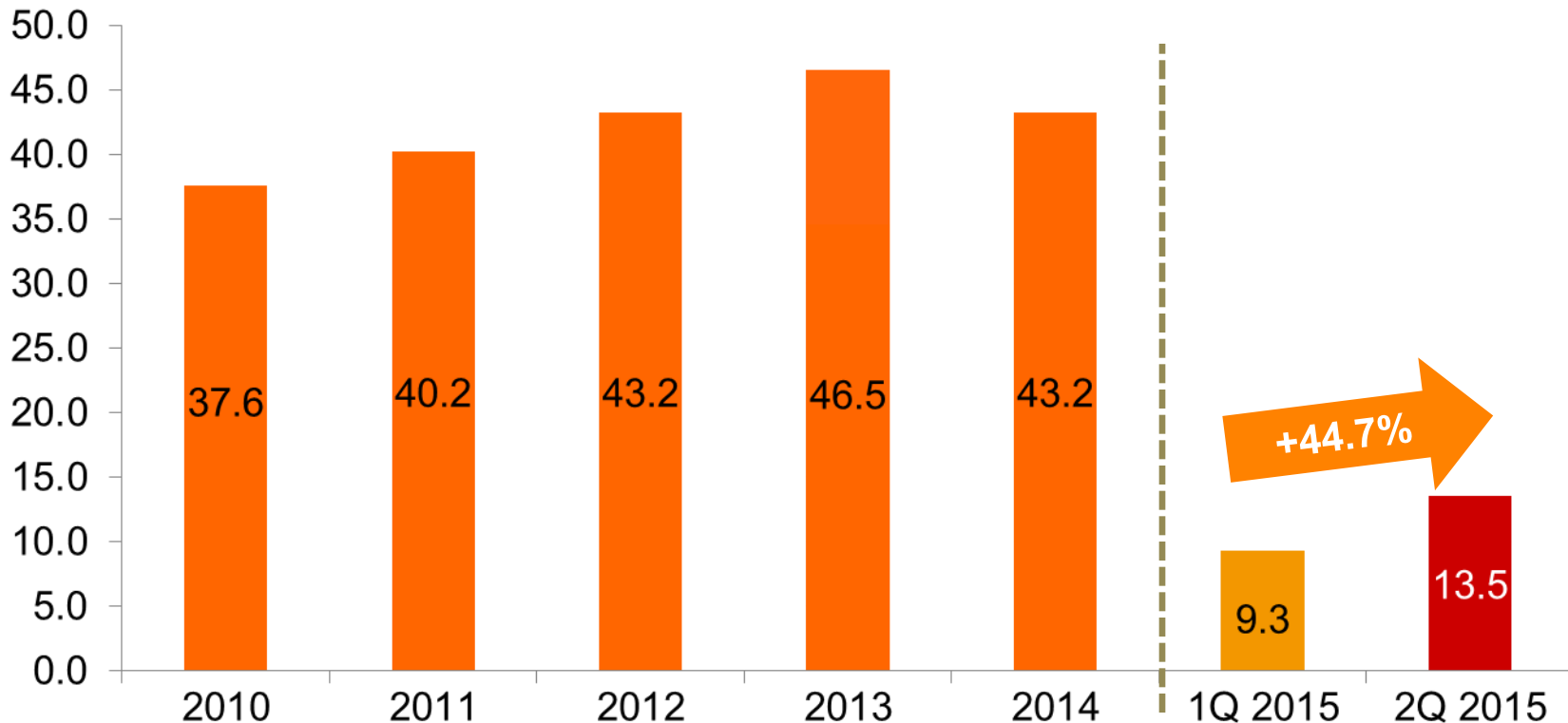


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- Strategic oil-related investments continue to yield recurring returns
- Share of profits from associated companies up 44.7%

## Share of Results from Associates

US\$' millions



# 2Q 2015 Profit & Loss Summary (Sequential)



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		<b>2Q 2015: US\$2,524.0m</b>	<b>1Q 2015: US\$2,081.0m</b>
<b>+21.3%</b>	<b>Revenue</b>	<ul style="list-style-type: none"> <li>Total supply and trading volume increased 18.2% to 4.74m tonnes</li> <li>Jet fuel supply and trading volume increased 9.0% to 3.15m tonnes</li> <li>Trading volume of other oil products increased 42.0% to 1.59m tonnes</li> </ul>	
		<b>2Q 2015: US\$9.2m</b>	<b>1Q 2015: US\$5.3m</b>
<b>+73.8%</b>	<b>Gross Profit</b>	<ul style="list-style-type: none"> <li>Higher trading gains from oil trading activities and optimisation activities</li> </ul>	
		<b>2Q 2015: US\$3.9m</b>	<b>1Q 2015: US\$0.7m</b>
<b>+426.6%</b>	<b>Total Expenses</b>	<ul style="list-style-type: none"> <li>Recovery of doubtful debts of US\$3.1m due from MF Global in 1Q 2015</li> </ul>	
		<b>2Q 2015: US\$13.5m</b>	<b>1Q 2015: US\$9.3m</b>
<b>+44.7%</b>	<b>Share of Results of Associates</b>	<ul style="list-style-type: none"> <li>Higher share of results from SPIA and OKYC</li> <li>Lower share of results from TSN-PEKCL and Xinyuan</li> <li>Share of loss from CNAF HKR</li> </ul>	
		<b>2Q 2015: US\$17.8m</b>	<b>1Q 2015: US\$14.4m</b>
<b>+23.9%</b>	<b>Net Profit</b>	<ul style="list-style-type: none"> <li>Mainly due to higher gross profit, higher share of results from associates</li> </ul>	

# Balance Sheet Summary



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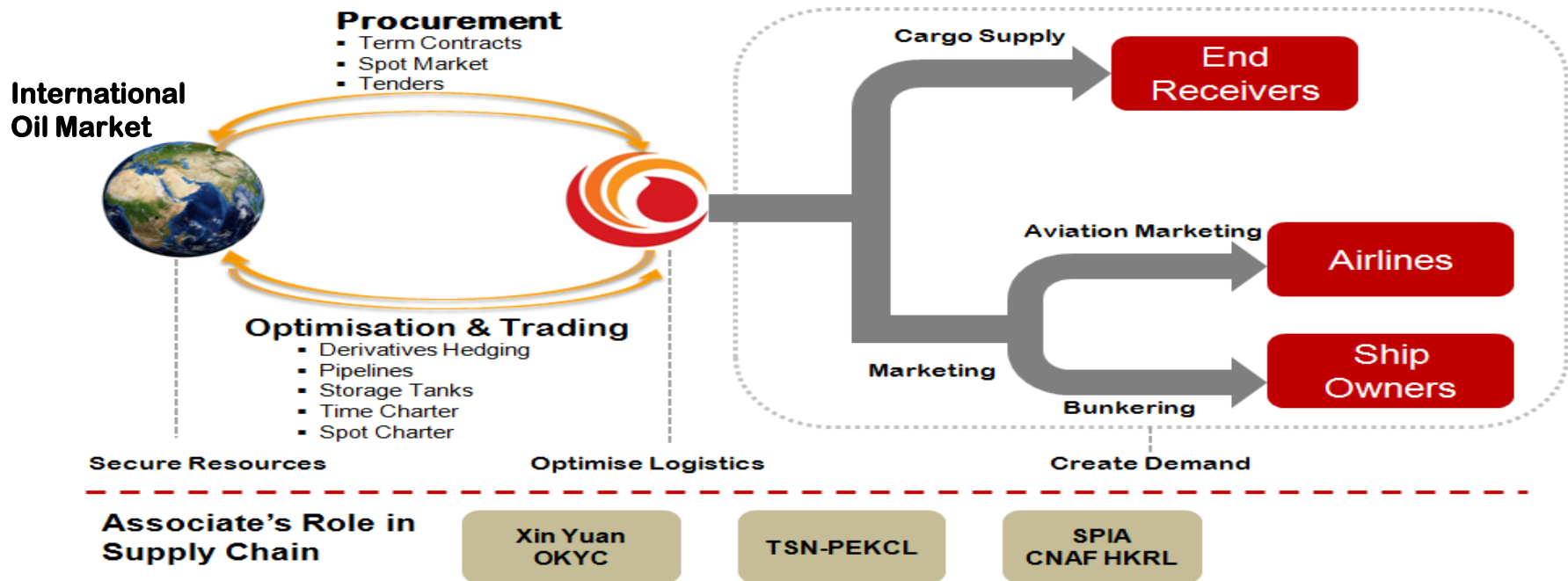
		<b>30 Jun 2015: US\$169.7m</b>	<b>31 Dec 2014: US\$38.1m</b>
<b>+345.3%</b>	<b>Inventories</b>	<ul style="list-style-type: none"> <li>▪ Increase in inventories held for trading</li> </ul>	
		<b>30 Jun 2015: US\$822.3m</b>	<b>31 Dec 2014: US\$959.4m</b>
<b>-14.3%</b>	<b>Trade and Other Receivables</b>	<ul style="list-style-type: none"> <li>▪ Decrease due to lower oil prices in June 2015 compared to December 2014</li> </ul>	
		<b>30 Jun 2015: US\$101.9m</b>	<b>31 Dec 2014: US\$94.3m</b>
<b>+8.1%</b>	<b>Cash and Cash Equivalents</b>	<ul style="list-style-type: none"> <li>▪ Mainly due to cash inflow of US\$15.7 million from operating activities</li> <li>▪ Partially offset by cash outflow for investing and financing activities</li> </ul>	
		<b>30 Jun 2015: US\$782.1m</b>	<b>31 Dec 2014: US\$818.9m</b>
<b>-4.5%</b>	<b>Trade and Other Payables</b>	<ul style="list-style-type: none"> <li>▪ Consists of trade and other payables, bank borrowings and tax payables</li> <li>▪ Mainly due to decrease in trade payables</li> </ul>	
		<b>30 Jun 2015: US\$5.0m</b>	<b>31 Dec 2014: none</b>
<b>N.A.</b>	<b>Loans and Borrowings</b>	<ul style="list-style-type: none"> <li>▪ Increase in bank borrowings for working capital purposes</li> </ul>	

# CAO: Focused on Growth



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



*CAO is poised to seize global opportunities as oil industry undergoes structural changes*

# Outlook



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- Oil trading environment is expected to remain challenging given:
  - i. geopolitical instability and macroeconomic weaknesses; and
  - ii. uncertainties in global oil supply and demand<sup>(1)</sup>.
  
- Focus on expanding global supply and trading network to grow core jet supply and trading businesses and aviation fuel marketing business.
  
- Continue to diversify into trading activities for other oil products while maintaining stringent risk control.
  
- Proactively seek synergetic and strategic asset investments opportunities for strong returns.

## References:

(1) "OPEC Monthly Oil Market Report", OPEC, Jul 13, 2015

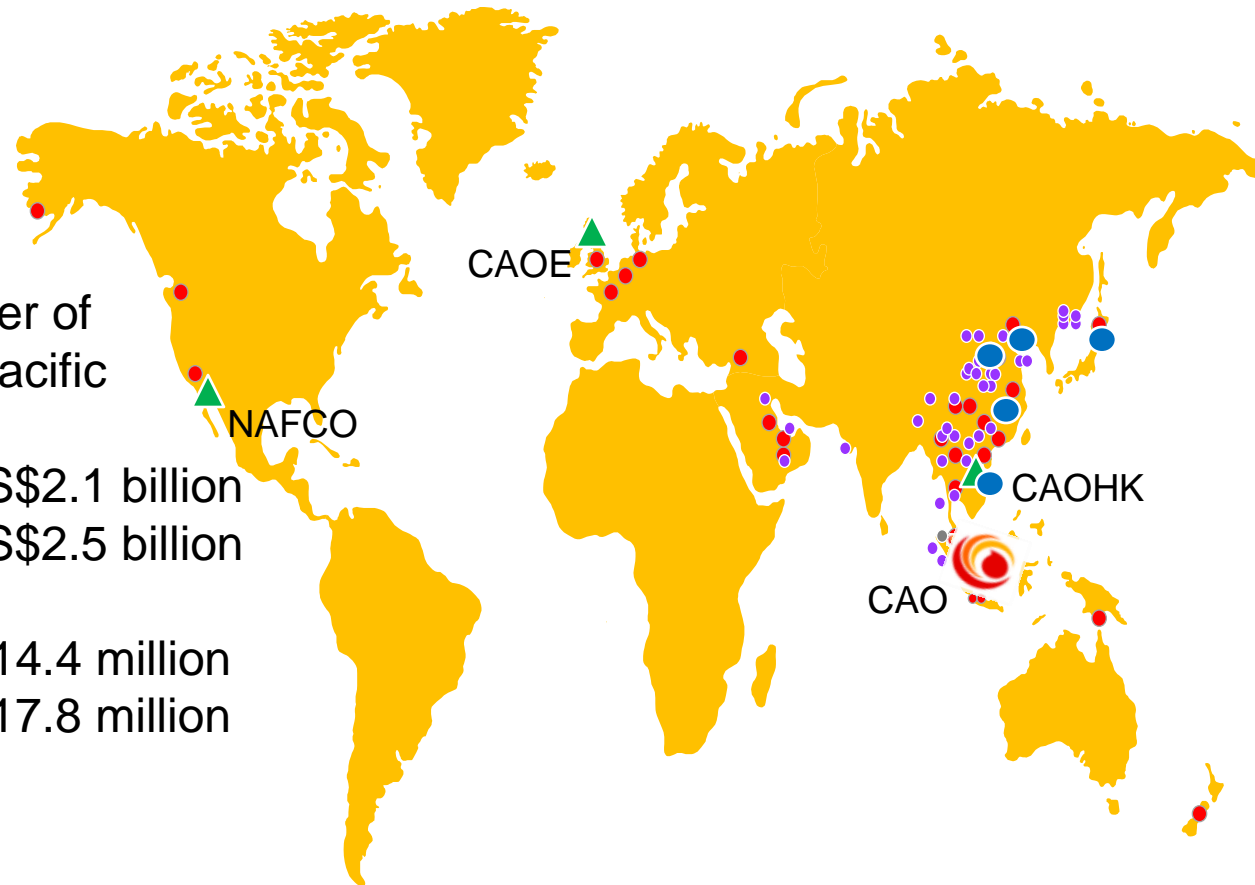
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# Expanding Global Presence – A Diversified and International Growth Platform



China Aviation Oil  
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- Listed on SGX since 2001
- Sole supplier of imported jet fuel to the PRC Civil Aviation industry
- Largest purchaser & trader of physical jet fuel in Asia Pacific
- Revenue in 1Q 2015 : US\$2.1 billion  
Revenue in 2Q 2015 : US\$2.5 billion
- PATMI in 1Q 2015 : US\$14.4 million  
▪ PATMI in 2Q 2015 : US\$17.8 million



-  Singapore Headquarter
-  Subsidiaries
-  Associated Companies

**CAO - A Forbes Global 2000 Company, 2015**





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# Thank You

*Fuel for Future* 为明天加油