Singapore Company Update

China Aviation Oil

Bloomberg: CAO SP | Reuters: CNAO.SI **Refer to important disclosures at the end of this report**

DBS Group Research . Equity 29 Oct 2025

BUY (Re-initiating coverage)

Last Traded Price (28 Oct 2025): SGD1.32 (STI : 4,450.36)
Price Target 12-mth: SGD1.75 (32% upside)

Analyst
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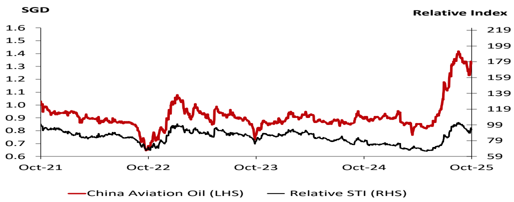
What's New

- Re-initiate coverage with BUY and TP of SGD1.75, supported by earnings recovery and capital return catalysts
- Our earnings projections are 12–18% above consensus, reflecting a more favourable environment as backwardation eases and regional price differentials remain elevated.
- SAF adoption provides medium-term earnings upside, leveraging CAO's early positioning in the SAF value chain
- Anticipated shift towards shareholder returns to drive valuation re-rating

Price Relative



Forecasts and Valuation

FY Dec (USDmn)	2024A	2025F	2026F	2027F
Revenue	15,519	16,694	17,103	17,621
EBITDA	78.5	103	117	127
Pre-tax Profit	85.8	107	119	126
Net Profit	78.1	97.3	108	115
Net Pft (Pre Ex.)	78.1	97.3	108	115
Net Pft Gth (Pre-ex) (%)	11.8	14.7	16.3	17.3
EPS (S cts)	11.8	14.7	16.3	17.3
EPS Pre Ex. (S cts)	34	25	11	6
EPS Gth Pre Ex (%)	7	25	11	6
Diluted EPS (S cts)	11.8	14.7	16.3	17.3
Net DPS (S cts)	4.81	8.80	10.6	12.1
BV Per Share (S cts)	149	155	160	165
PE (X)	11.2	9.0	8.1	7.6
PE Pre Ex. (X)	11.2	9.0	8.1	7.6
P/Cash Flow (X)	6.2	18.7	14.9	15.0
EV/EBITDA (X)	4.8	3.6	3.0	2.7
Net Div Yield (%)	3.6	6.7	8.0	9.2
P/Book Value (X)	0.9	0.9	0.8	0.8
Net Debt/Equity (X)	CASH	CASH	CASH	CASH
ROAE (%)	8.1	9.7	10.3	10.6
Consensus EPS (S cts):		12.9	13.6	15.6
Other Broker Recs:		B: 2	S: 0	H: 0

Source of all data on this page: Company, DBS, Bloomberg

From cash-rich to shareholder-centric

Investment Thesis:

CAO is Asia's largest physical supplier of jet fuel and the key importer for China's civil aviation sector, backed by its parent, China National Aviation Fuel Group (CNAF). CNAF's role as China's exclusive aviation-fuel distributor grants CAO privileged access to the country's import market and a secure demand base. The company's strength lies in its integrated network spanning procurement, logistics, and infrastructure, supported by associates such as SPIA and OKYC. The company has also emerged as an early adopter of sustainable aviation fuel (SAF) in Europe and parts of Asia, effectively leveraging its global supply expertise to meet the growing demand from airlines for lower-carbon fuel solutions.

Multi-year earnings growth, supported by improving market conditions and resilient global air travel demand growth. We forecast a mid-teens CAGR in net profit between FY24-27F, subsequently moderating to high single digits between FY25-27F. This growth will primarily be driven by mid-single-digit increases in fuel volumes supplied, a gradual improvement in trading margins as backwardation narrows and a mild contango potentially returns, and persistent regional arbitrage windows. We also expect a steady rebound in associate contributions, although SPIA's earnings will remain constrained by ongoing US flight quotas.

Capital management presents a key re-rating catalyst. CAO's substantial net cash position, equivalent to nearly 60% of its market capitalisation, indicates capital inefficiency. Given CAO's steady cash flow generation and asset-light strategy, we believe the group can sustain a 60%-70% dividend payout, implying a yield of 7%-9%. Furthermore, there is potential for even higher payouts to strategically reduce its excess cash position. A more explicit and firm commitment to shareholder returns would unlock significant value and help narrow CAO's valuation discount relative to its global peers.

Re-initiate coverage with BUY and a TP of SGD1.75, based on 10.8x FY26F EPS (+1SD above historical average). We see re-rating potential driven by enhanced earnings visibility, robust capital management catalysts, and an undemanding valuation.

Key Risks

Inventory losses amid price volatility, sustained/deeper backwardation limiting trading profitability, and inefficient capital management prolonging its valuation discount vs peers.

At A Glance

Issued Capital (mn shrs)	860
Mkt. Cap (SGDmn/USDmn)	1,135 / 8761.6
Major Shareholders (%)	
China National Aviat	51.3
BP PLC	20.2
Free Float (%)	28.5
3m Avg. Daily Val (USDmn)	1.6
GIC Industry : Energy / Oil, Gas & Consumable Fuels	

ed: BM/ sa: DT, PY, CS

INVESTMENT SUMMARY

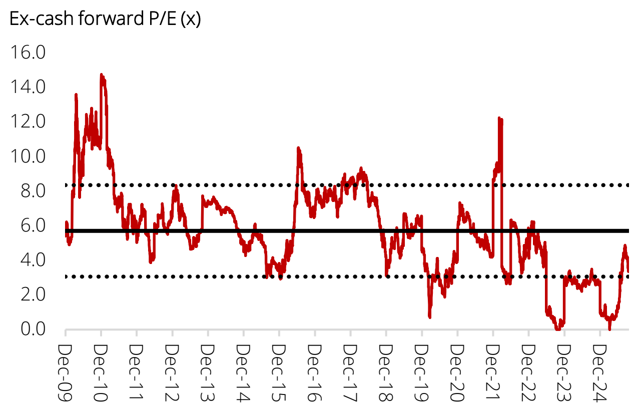
Sustained earnings momentum and capital returns to drive re-rating

Re-initiate coverage with BUY and TP of SGD1.75, viewing this as a timely opportunity to re-evaluate the stock amid improving fundamentals and impending re-rating catalysts. The normalisation of crude oil and jet fuel market structures is expected to lift trading profitability, while persistent regional price differentials should continue to create arbitrage opportunities. Together, these trends underpin our earnings projections, which are 12–18% above consensus. Profit contributions from key associate, SPIA, are poised for a continued rebound as international air traffic in China continues to recover. Furthermore, the group's early strategic positioning in sustainable aviation fuel (SAF) provides compelling medium-term growth optionality. Most importantly, CAO's substantial net cash balance and increasing imperative for capital discipline strongly position the company to significantly enhance shareholder returns through higher dividends. Together, these factors underpin a multi-year high-single-digit earnings CAGR and valuation upside potential.

Our TP of SGD1.75 is based on 10.8x FY26F EPS, representing one standard deviation (SD) above its historical average. While valuations may appear fair at 9.5x forward P/E (0.5SD above historical range) following the rally since mid-2025, the stock remains attractive on an ex-cash forward P/E basis of 4.3x, which is one standard deviation below its historical average. With net cash equivalent to about 60% of market capitalisation, CAO possesses substantial balance sheet capacity to significantly enhance shareholder returns. Supported by its steady cash flows, we believe the group can sustain dividend payouts that yield up to 10%, with potential for even higher distributions should management elect to reduce its excess cash.

Stronger capital allocation is a key catalyst for multiple expansion and share re-rating. We expect CAO to establish a more explicit shareholder return framework, strategically deploying its excess cash to improve return on capital metrics and thereby narrow its valuation discount relative to global peers (~12x). This strategic shift could be further accelerated by several factors: lower interest rates diminishing the attractiveness of substantial cash holdings, potential pressure from its parent CNAF to bolster shareholder returns, and the impetus from the Monetary Authority of Singapore (MAS)'s Value Unlock Programme, which aims to assist Singapore-listed companies in optimising capital efficiency and unlocking intrinsic value.

CAO only trades at -1SD despite recent rally



Note: Dotted lines represent +/- 1SD
Source: Bloomberg, DBS

CAO's considerable valuation gap to peers offers scope for re-rating

Company	Market cap (USD mn)	P/E CY25F	P/E CY26F	P/E CY27F	Ex-cash P/E CY25F	Ex-cash P/E CY26F	Ex-cash P/E CY27F	P/BV CY25F	P/BV CY26F	P/BV CY27F	ROE (%) CY25F	ROE (%) CY26F	ROE (%) CY27F	Div Yield (%) CY25F	Div Yield (%) CY26F	Div Yield (%) CY27F
Adnoc Distribution	12,252	16.7x	16.3x	15.4x	18.6x	17.8x	17.0x	14.4x	14.4x	13.2x	86.8%	86.4%	85.7%	5.8%	5.8%	5.8%
Vibra Energia	5,003	13.3x	10.9x	8.7x	17.1x	13.9x	11.7x	1.2x	1.2x	1.1x	9.1%	11.4%	13.4%	4.2%	4.4%	5.0%
Ampol	4,838	18.9x	15.3x	13.0x	30.4x	22.7x	18.9x	2.2x	2.1x	1.9x	9.4%	13.4%	14.6%	3.0%	4.1%	5.5%
Viva Energy	1,888	17.8x	9.4x	8.2x	67.6x	26.3x	23.2x	1.8x	1.8x	1.9x	7.1%	19.9%	24.4%	3.8%	6.6%	7.7%
Global Partners LP	1,557	15.1x	13.5x	12.4x	26.6x	23.6x	21.0x	2.2x	2.2x	2.2x	-	-	-	6.6%	6.7%	6.9%
World Kinect Corporation	1,481	12.8x	9.9x	9.2x	18.8x	15.4x	-	0.9x	0.9x	-	7.4%	8.9%	8.7%	2.9%	3.3%	3.9%
Bangkok Aviation Fuel Services	197	16.0x	9.8x	-	45.0x	27.8x	-	1.1x	1.1x	-	7.2%	10.9%	-	4.4%	7.1%	-
	Sector average	15.8x	12.2x	11.2x	32.0x	21.1x	18.4x	3.4x	3.4x	4.1x	8.2%	12.4%	14.6%	4.4%	5.4%	5.8%
China Aviation Oil	882	8.8x	8.0x	7.5x	3.5x	3.0x	2.8x	0.8x	0.8x	0.8x	9.4%	10.1%	10.4%	6.8%	8.2%	9.4%

CAO estimates reflect DBS forecasts; peer data sourced from Bloomberg.
Source: Bloomberg, DBS

We believe consensus underestimates CAO's earnings potential and margin expansion opportunity. Our forecasts are 12-18% above consensus, reflecting our expectation of higher gross profit per tonne as oil market structures normalise, backwardation eases, and regional spreads remain wide. These conditions should re-open time-spread and storage opportunities, and sustain regional pricing arbitrage opportunities, all of which underpin stronger trading margins.

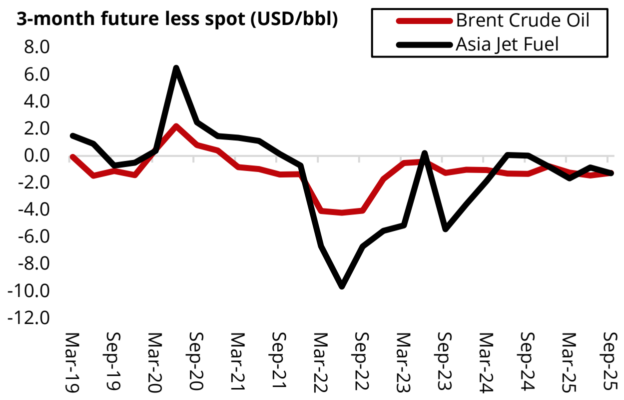
DBS vs Consensus net income projections

(USD mn)	FY25F	FY26F	FY27F
DBS	97.3	108.0	114.8
Consensus	86.6	91.4	101.0
Difference	12.3%	18.2%	13.6%

Source: Bloomberg, DBS

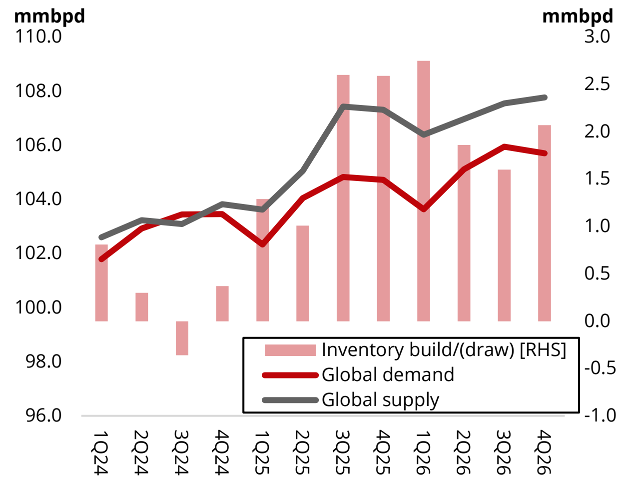
Market structures becoming increasingly favourable for CAO, as easing backwardation and persistently wide regional price differentials create a more supportive trading environment for the next two years. While the Brent crude oil market remains in backwardation, its structure has become progressively shallower due to supply consistently outpacing demand. We anticipate a reversion to mild contango by 2026, primarily driven by an expanding global surplus and the gradual unwinding of geopolitical risk premiums that previously inflated near-term prices. Over the next five quarters, crude demand growth is projected to moderate, concurrently with an acceleration in supply growth, leading to a surplus and inventory build of 1.5-2.5mmbpd between 4Q25 and 4Q26. Additionally, with geopolitical tensions in the Middle East abating and a potential de-escalation in the Russia-Ukraine conflict, the forward curve should continue to flatten as inventories accumulate.

Brent crude oil and jet fuel backwardation are easing



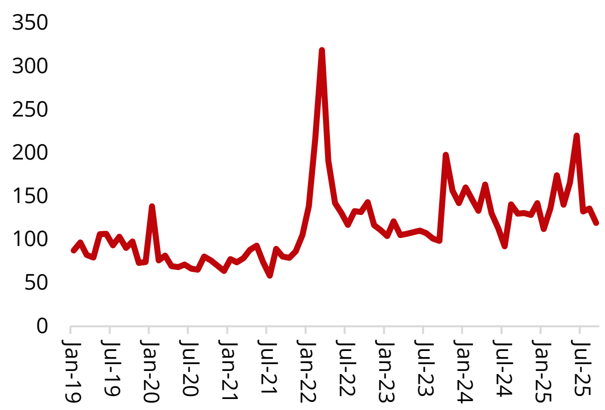
Source: Bloomberg, DBS

Brent market to see massive oversupply from 3Q25



Source: EIA, DBS

Global geopolitical risk index is drifting lower

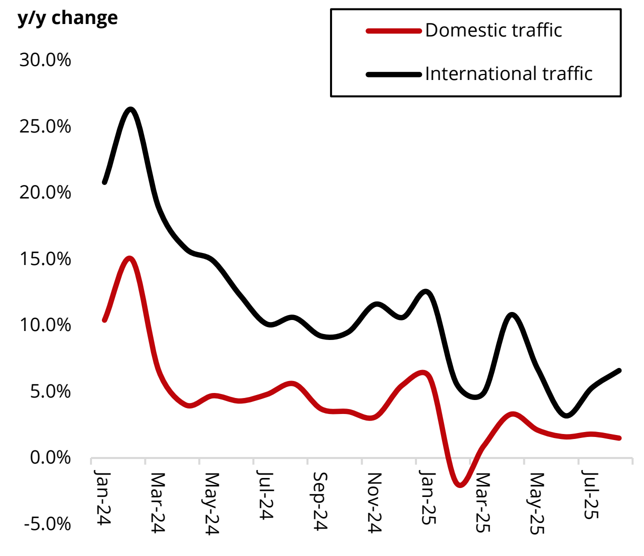


Source: Economic Policy Uncertainty, DBS

Backwardation in the jet fuel market is expected to become progressively shallower over the next two years. This shift will be driven by a moderation in global air travel demand growth, continuous improvements in fleet fuel efficiency, and the dissipation of geopolitical risk premiums, collectively leading to a more balanced supply-demand dynamic. As supply chain disruptions ease, airlines are now receiving aircraft at a faster pace, integrating newer and more fuel-efficient models after several years of relying on older planes during production delays. This trend should gradually temper overall fuel consumption even as overall flight volumes continue to rise.

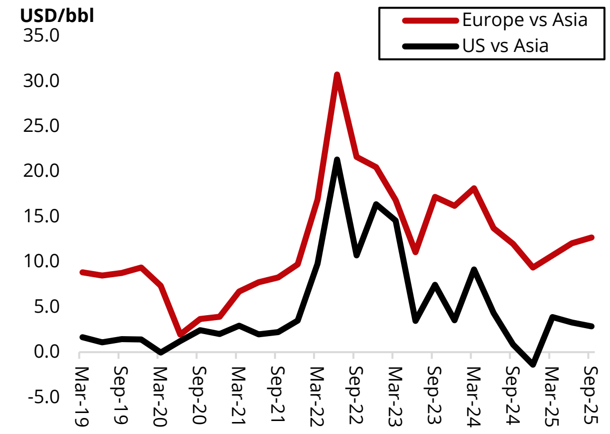
Regional price gaps are likely to remain wide over the longer term, underpinned by structural supply and demand asymmetries. Jet fuel demand is expected to maintain a steady growth trajectory, unlike gasoline and diesel consumption, which are projected to peak as electrification becomes more widespread. This divergence will widen regional disparities, as refining capacity in North America and Europe has been contracting and is expected to decline further, while most new capacity additions are concentrated in Asia. Meanwhile, air travel in Europe and North America continues to expand, albeit at a slower pace, ensuring these markets remain structurally dependent on imported supply. Physical constraints also limit how much refineries can shift yields from diesel to jet fuel, given process design and quality specifications, effectively capping supply-side flexibility. As a result, regional price differentials should stay wider than historical averages, while freight rates continue to normalise as Red Sea disruptions ease, keeping arbitrage windows open and allowing CAO to capitalise on persistent cross-regional pricing inefficiencies.

Moderating air travel demand to alleviate prompt tightness in jet fuel market



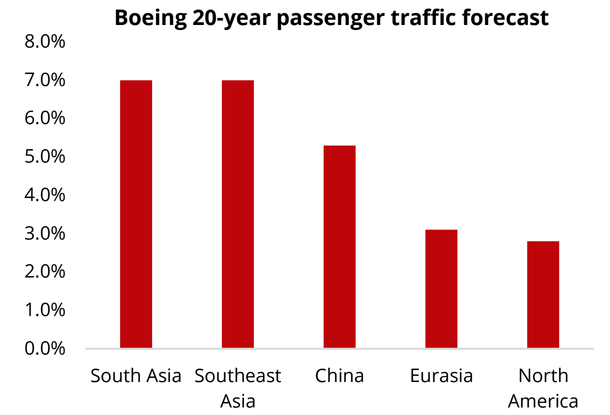
Source: IATA, DBS

Jet fuel price differentials across regions stay firm



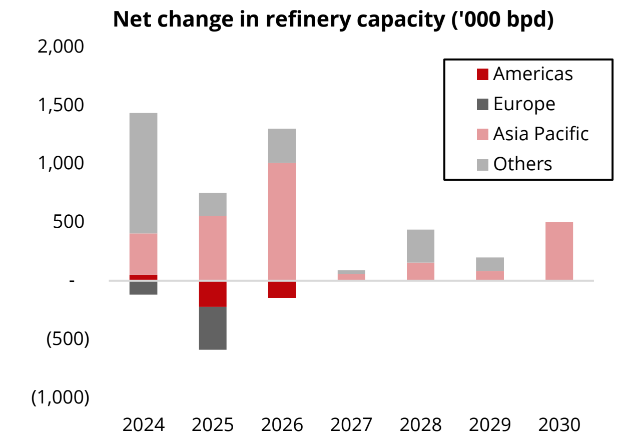
Source: Bloomberg, DBS

Air travel demand will continue to grow globally…



Source: Boeing, DBS

…but net refinery additions are concentrated in Asia

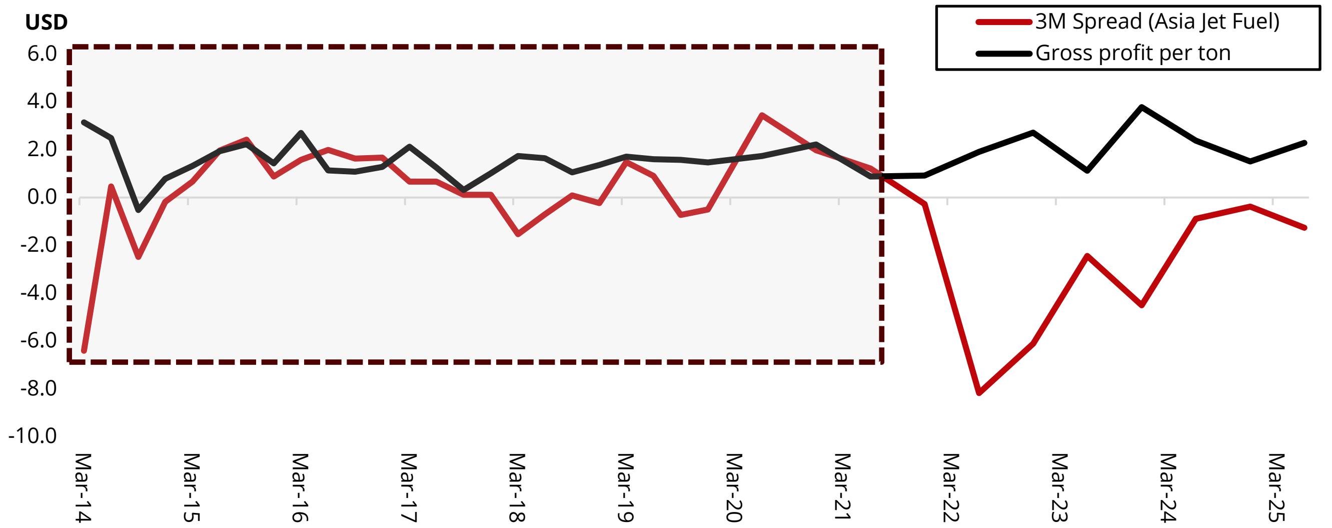


Source: IEA, DBS

CAO's enhanced risk management framework has sharpened its focus on controlled, higher-margin physical supply transactions instead of high-turnover trading. The company now limits speculative exposure to roughly 10%-20% unhedged, with most volumes either contracted or hedged. This approach has enabled CAO to concentrate on trades where it holds logistical and contractual advantages, resulting in improved execution and reduced unit profitability volatility. Despite FY24 volumes supplied remaining 41% below FY19 levels, CAO's gross profit per tonne in FY22–24 exceeded FY19, reflecting more disciplined trade selection and stronger risk-adjusted returns.

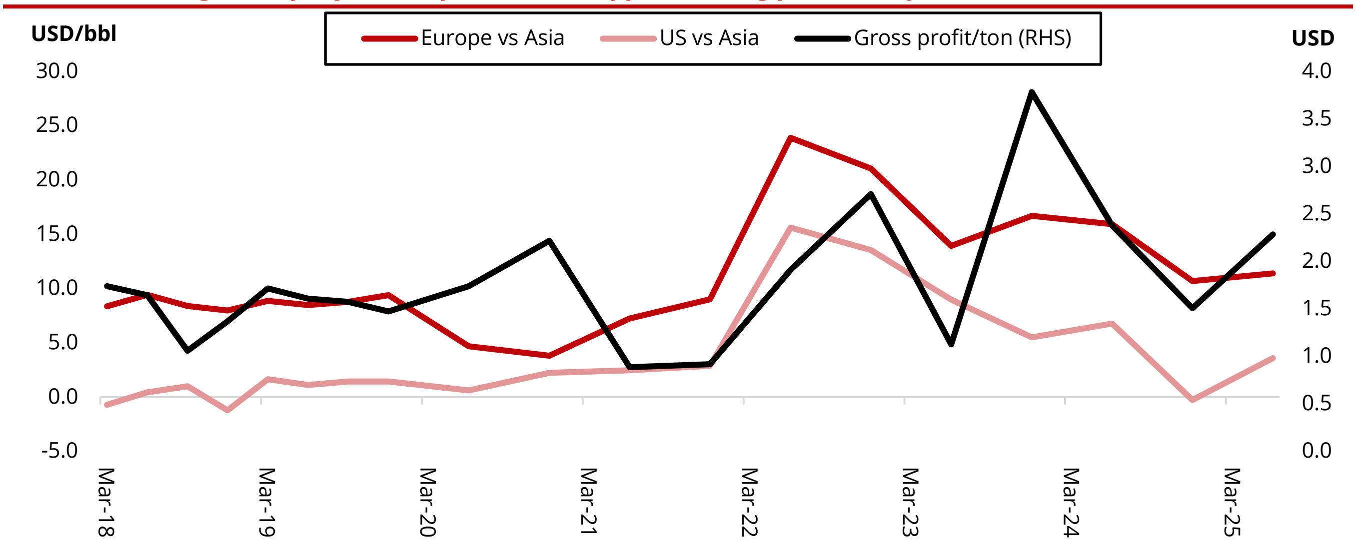
This improvement was achieved despite steep backwardation in the oil markets following the Russia–Ukraine conflict in 2022, as the company successfully capitalised on regional arbitrage opportunities to offset the negative impact on storage and time-spread trades. Looking ahead, we expect the anticipated flattening of market structures and continued regional pricing disparities should further support a higher gross profit per tonne over the next two years, bolstering earnings growth even before volumes fully recover.

CAO's unit profitability typically tracks the degree of contango in oil markets…



Source: Bloomberg, Company, DBS

…while wider regional spot jet fuel spreads also support trading profitability



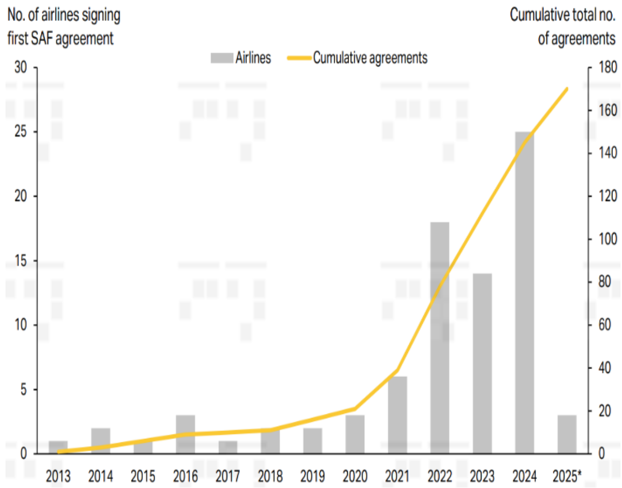
Source: Bloomberg, Company, DBS

SAF will be a key medium-term growth driver for CAO, providing a new source of margin expansion over the longer-term. SAF is structurally more profitable (~2-3x higher gross profit per tonne) than conventional jet fuel because it sells at a significant premium, typically 3-4x higher than fossil-based Jet fuel. As suppliers such as CAO adopt a cost-plus pricing model, margins are earned as a percentage of a higher-value product, resulting in greater absolute profit per tonne. Suppliers also earn incremental service income from blending, certification, and logistics coordination. These factors support margin accretion even at modest volumes. While SAF will initially contribute only a small share of revenue, accelerating policy mandates and rising airline commitments are expected to make SAF a meaningful earnings contributor from FY30 onward.

Global demand for SAF is set to surge as governments and airlines commit to long-term decarbonisation targets. SAF is the aviation industry's only scalable solution to reducing emissions, as electrification and hydrogen propulsion are not yet technically and economically viable for commercial flight. The International Air Transport Association (IATA) estimates that SAF must account for 4.7% of total jet fuel consumption by 2030 and more than 85% by 2050 for the industry to achieve its net-zero goals. To support this transition, governments are embedding blending mandates and incentive frameworks that provide demand certainty for producers and suppliers. According to IATA, 81 airlines globally have signed 170 SAF offtake agreements since 2013, with nearly 40% involving multiple deals, signalling strong commercial momentum.

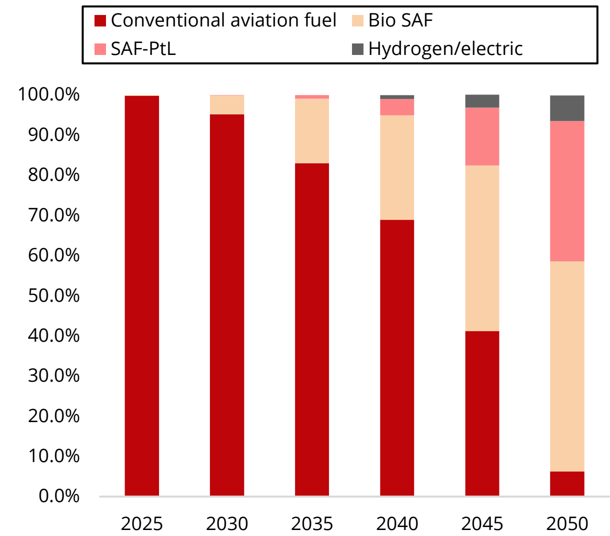
CAO is well positioned to capture this opportunity through early SAF initiatives and partnerships. The company already supplies SAF in Europe and is building regional partnerships in Asia in anticipation of wider adoption. It holds ISCC CORSIA and ISCC EU certifications, allowing it to supply and trade SAF in regulated jurisdictions. CAO has partnered with Bangkok Aviation Fuel Services (BAFS) to promote SAF use in Thailand and signed a memorandum of understanding with BASF to accelerate SAF value-chain development. The group is also considering investments in upstream SAF production to secure long-term supply and strengthen its role within the emerging SAF ecosystem. Its parent, CNAF, has already invested upstream through a 10% stake in Zhejiang Jiaao Enprotech's 500 kt per year SAF facility and is evaluating additional projects to expand domestic production capacity. Collectively, these initiatives provide CAO with the operational capabilities and partnerships to participate meaningfully in the scaling of SAF across Asia.

Momentum in airline SAF offtake agreements continue to build



Note: 2025 data is till June
Source: IATA, DBS

SAF to dominate aviation fuel mix by 2045-2050



Source: IATA, DBS

Global SAF mandates and airline SAF targets

Region / Country	Mandate / Target	Target Year	Remarks
EU (ReFuelEU)	2% SAF in 2025, 6% in 2030, 70% by 2050	2050	Includes synthetic fuel sub-targets
UK	2% in 2025, 10% by 2030, 22% by 2040	2040	Tradable credit scheme in place
Singapore	1% in 2026, 3–5% by 2030	2030	Levy-funded SAF programme
South Korea	1% in 2027, 3–5% by 2030, 10% by 2035	2035	Applies to international flights
Japan	10% SAF usage target	2030	Formal mandate under review
Brazil	1% in 2027, 3% by 2030, 10% by 2037	2037	"Fuel of the Future" law
Canada	10% aspirational SAF use	2030	Policy under consultation

Source: Various media, DBS

Selected Airline SAF Targets	Region	Target	Year
Delta Airlines	North America	10% SAF	2030
American Airlines	North America	10% SAF	2030
United Airlines	North America	≥5% SAF	2030
JetBlue Airways	North America	10% SAF	2030
Southwest Airlines	North America	10% SAF	2030
Lufthansa Group	Europe	5% SAF	2030
IAG Group	Europe	10% SAF	2030
Air France–KLM	Europe	10% SAF	2030
Ryanair	Europe	12.5% SAF	2030
Virgin Atlantic	Europe	10% SAF	2030
Singapore Airlines Group	APAC	5% SAF	2030
Cathay Pacific	APAC	10% SAF	2030
ANA (All Nippon Airways)	APAC	10% SAF	2030
JAL (Japan Airlines)	APAC	10% SAF	2030
Qantas	APAC	10% SAF	2030
Qatar Airways	Middle East	10% SAF	2030

Source: Companies, DBS

Disciplined capital deployment is key to unlocking value. A formal dividend policy or explicit capital return framework would, in our view, act as a clear catalyst for valuation re-rating, given the company's sizeable net-cash position and resilient earnings profile. Targeted investments in upstream SAF production to secure supply, or in downstream infrastructure such as storage, pipelines, and refuelling systems, could strengthen CAO's strategic position. However, given the group's mixed M&A track record, we believe returning excess capital to shareholders represents a more effective and value-accretive use of funds.

We believe shareholder returns are set to become a strategic priority for CAO. The group has less incentive to maintain a large cash balance as interest rates decline, as lower deposit yields will reduce interest income. Chinese state-owned enterprises (SOEs), such as telcos and energy companies, have been directed by the government to boost shareholder returns, resulting in higher dividends and share buybacks across the sector. While CAO is not directly an SOE, its parent, China National Aviation Fuel Group (CNAF) is, and similar expectations for improved capital discipline and stronger payouts are likely to cascade down. In Singapore, the Monetary Authority of Singapore (MAS) will launch a Value Unlock Programme in late 2025, aimed at helping listed companies enhance shareholder value through better capital management and governance, offering an additional policy tailwind for CAO to refine its capital strategy.

CAO has substantial capacity to return significantly more capital to shareholders. The group holds net cash of about USD520mn, equivalent to about 60% of its current market capitalisation, an overly conservative position relative to peers in the aviation-fuel supply sector. Given its asset-light business model, stable operating cash flows, and recurring dividends from associates and joint ventures, we believe CAO can sustain a payout ratio of 60–70% (vs 41% in FY24), translating into an attractive dividend yield of 7–9%. An 80-90% payout, while ambitious, remains feasible and would imply a 11-12% FY27F yield.

CAO has ample room to raise its dividend payout

(USD mn)	2023A	2024A	2025F	2026F	2027F
Free cash flow (after interest)	56.8	140.7	45.2	57.2	56.8
Dividends from assocs/JVs	23.3	25.1	30.8	34.2	36.7
Dividends paid (Assuming 60-70% payout ratio)	10.3	31.9	58.0	69.8	79.9
Dividend cover (x)	7.8	5.2	1.3	1.3	1.2

Source: Company, DBS

Government pressure fuels a marked increase in SOE dividend payouts

Company	2014-2019	2023-2024
Sinopec	57%	70%
China Mobile	47%	79%
China Unicom	35%	60%
China Telecom	39%	66%
China Tourism Group	38%	50%
China Shenhua	41%	72%
AviChina Industry & Tech	16%	30%
Cosco Shipping Energy	25%	57%
Sinotrans	42%	56%
China Coal Energy	20%	32%
Huadian Power	29%	42%

Note: Figures refer to average dividend payout ratios for the respective periods.
Source: Bloomberg, DBS

CAO could lift payout ratios to unlock double digit yields and still maintain a robust net cash position

Dividend payout ratio	Dividends per share (Scts)			Implied dividend yield			Net cash (USD mn)		
	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F	FY25F	FY26F	FY27F
50-60%	7.3	8.9	10.4	5.7%	6.9%	8.0%	523.1	550.6	570.8
60-70%	8.8	10.5	12.1	6.8%	8.2%	9.4%	513.3	530.0	538.6
70-80%	10.2	12.1	13.7	7.9%	9.4%	10.7%	503.6	509.4	506.5
80-90%	11.7	13.7	15.4	9.0%	10.6%	11.9%	493.9	489.0	474.6

Source: Company, DBS

We forecast net profit of USD115mn in FY27F, implying growth of 14% CAGR between FY24–27F, moderating to 9% CAGR over FY25–27F as the base normalises. This outlook reflects sustained trading recovery, steady improvement in associate contributions, and a stable infrastructure earnings base, underpinned by the following assumptions:

1. **Volume growth:** We assume mid-single-digit annual growth in volumes supplied, in line with the continued growth in global air travel demand. Growth will be driven primarily by Asia, led by China and neighbouring markets where air traffic continues to outpace global averages.

2. **Trading margins:** We expect a gradual uptick in gross profit per tonne through FY27F, supported by a more favourable market structure, with narrower backwardation in the near term and a potential reversion to mild contango into FY26F. This should reduce carry losses and reopen storage and time-spread opportunities.

   Easing Red Sea disruptions and lower freight costs will also improve trading economics, while regional price differentials remain wider than historical norms, sustaining cross-regional arbitrage opportunities.

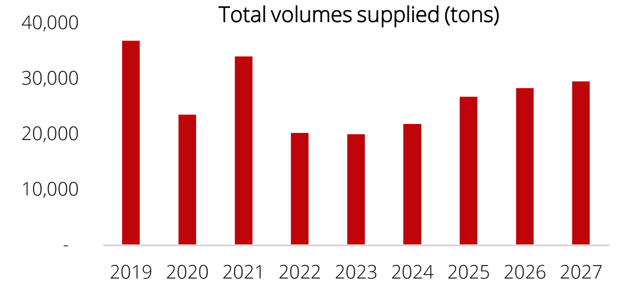
3. **Associates and JVs:** Contributions from associates and joint ventures, particularly SPIA, is expected to recover steadily. While passenger traffic at Shanghai Pudong International Airport has exceeded 2019 levels, jet fuel consumption remains below pre-pandemic levels due to a shift in flight mix, with fewer widebody and long-haul operations which tend to be more fuel-intensive on a unit basis.

   Hence, we conservatively model SPIA's share of profit to return to pre-pandemic levels only by FY27F, given current flight quotas on routes to the US. There is upside if China's international connectivity continues to improve, notably following the recent resumption of flights to India and higher frequencies to further destinations in other regions like Europe.

4. **Interest income:** Declining global interest rates will dampen interest income, partially offsetting earnings growth.

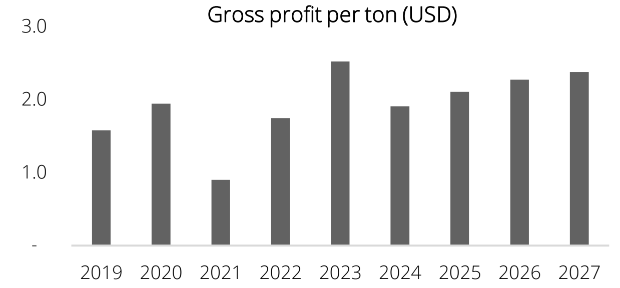
5. **Inorganic optionality:** We have not factored any M&A-driven upside at this stage. While CAO's sizeable cash reserves could support acquisitions, we remain cautious given its historically uneven M&A execution track record.

Volume growth to moderate to mid-single-digits



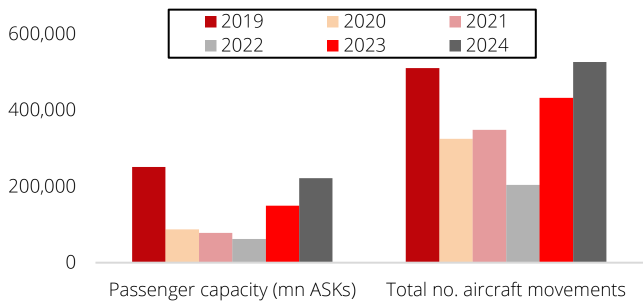
Source: Company, DBS

Unit gross profit to gradually trend higher



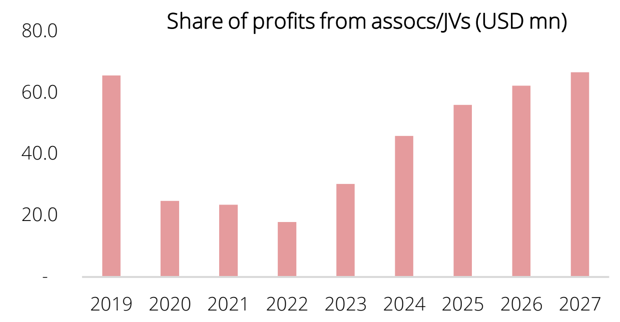
Source: Company, DBS

SPIA's pax capacity (in ASKs) has yet to fully recover…



Source: CAPA, DBS

and returning to 2019 levels could take a few years



Source: Company, DBS

Company Background

China Aviation Oil (Singapore) Corporation Ltd. is the largest physical jet fuel trader in the Asia Pacific region and the key supplier of imported jet fuel to China's civil aviation industry. It also has investments in oil-related assets, the most significant of which is a 33% stake in the sole jet refueller at Shanghai Pudong International Airport known as Shanghai Pudong International Airport Aviation Fuel Supply Company.

Historical PE and PB band

Forward PE band (x)

Source: Bloomberg, DBS estimates

PB band (x)

Source: Bloomberg, DBS estimates

Segmental Breakdown

FY Dec	2023A	2024A	2025F	2026F	2027F
Revenues (USDmn)					
Middle distillates	8,694	10,696	10,677	11,124	11,538
Other oil products	5,736	4,822	6,017	5,979	6,083
Total	14,430	15,519	16,694	17,103	17,621
Gross profit per ton (USD mn)					
Middle distillates	4.5	3.0	3.5	3.7	3.8
Other oil products	0.6	0.1	0.2	0.3	0.3
Total	2.5	1.9	2.1	2.3	2.4

Income Statement (USDmn)

FY Dec	2023A	2024A	2025F	2026F	2027F
Revenue	14,430	15,519	16,694	17,103	17,621
Cost of Goods Sold	(14,379)	(15,477)	(16,638)	(17,038)	(17,551)
Gross Profit	50.6	41.9	56.5	64.6	70.4
Other Opng (Exp)/Inc	(17.6)	(18.1)	(18.7)	(19.2)	(19.8)
Operating Profit	33.0	23.7	37.8	45.4	50.6
Other Non Opg (Exp)/Inc	0.0	0.0	0.0	0.0	0.0
Associates & JV Inc	30.3	45.9	56.0	62.2	66.7
Net Interest (Exp)/Inc	17.0	16.1	13.1	11.1	8.86
Exceptional Gain/(Loss)	(14.4)	0.0	0.0	0.0	0.0
Pre-tax Profit	65.9	85.8	107	119	126
Tax	(7.6)	(7.7)	(9.6)	(10.7)	(11.4)
Minority Interest	0.0	0.0	0.0	0.0	0.0
Preference Dividend	0.0	0.0	0.0	0.0	0.0
Net Profit	58.4	78.1	97.3	108	115
Net Profit before Except.	72.8	78.1	97.3	108	115
EBITDA	71.9	78.5	103	117	127
Growth					
Revenue Gth (%)	(12.4)	7.5	7.6	2.4	3.0
EBITDA Gth (%)	28.6	9.2	30.8	13.7	8.4
Opg Profit Gth (%)	17.4	(28.1)	59.1	20.1	11.4
Net Profit Gth (Pre-ex) (%)	66.7	7.3	24.6	11.0	6.3
Margins & Ratio					
Gross Margins (%)	0.4	0.3	0.3	0.4	0.4
Opg Profit Margin (%)	0.2	0.2	0.2	0.3	0.3
Net Profit Margin (%)	0.4	0.5	0.6	0.6	0.7
ROAE (%)	6.3	8.1	9.7	10.3	10.6
ROA (%)	3.6	4.1	4.7	5.0	5.2
ROCE (%)	3.1	2.2	3.4	3.9	4.2
Div Payout Ratio (%)	17.7	40.9	60.0	65.0	70.0
Net Interest Cover (x)	NM	NM	NM	NM	NM

Source: Company, DBS

Balance Sheet (USDmn)

FY Dec	2023A	2024A	2025F	2026F	2027F
Net Fixed Assets	21.5	17.1	15.1	12.9	10.5
Invts in Associates & JVs	253	264	289	317	347
Other LT Assets	12.3	12.0	10.9	9.75	8.64
Cash	373	500	514	531	539
Inventory	88.3	71.0	75.6	77.4	79.7
Debtors	1,040	1,127	1,203	1,230	1,268
Net Intangibles Assets	6.78	5.77	4.65	3.53	2.42
Other Current Assets	0.0	0.0	0.0	0.0	0.0
Total Assets	1,788	1,992	2,107	2,179	2,253
ST Debt	0.0	0.0	0.0	0.0	0.0
Creditor	814	981	1,052	1,085	1,124
Other Current Liab	12.9	9.83	15.3	16.4	17.0
LT Debt	0.73	1.68	1.68	1.68	1.68
Other LT Liabilities	7.95	9.20	9.20	9.20	9.20
Shareholder's Equity	948	986	1,025	1,063	1,097
Minority Interests	3.95	3.68	3.68	3.68	3.68
Total Cap. & Liab.	1,788	1,992	2,107	2,179	2,253
Non-Cash Wkg. Capital	302	207	211	207	206
Net Cash/(Debt)	372	499	512	529	538
Debtors Turn (avg days)	22.2	25.5	25.5	26.0	25.9
Creditors Turn (avg days)	17.5	21.2	22.3	22.9	23.0
Inventory Turn (avg days)	3.4	1.9	1.6	1.6	1.6
Asset Turnover (x)	8.8	8.2	8.1	8.0	8.0
Current Ratio (x)	1.8	1.7	1.7	1.7	1.7
Quick Ratio (x)	1.7	1.6	1.6	1.6	1.6
Net Debt/Equity (X)	CASH	CASH	CASH	CASH	CASH
Net Debt/Equity ex MI (X)	CASH	CASH	CASH	CASH	CASH
Capex to Debt (%)	1,564.4	48.2	48.2	48.2	48.2

Cash Flow Statement (USDmn)

FY Dec	2023A	2024A	2025F	2026F	2027F
Pre-Tax Profit	65.9	85.8	107	119	126
Dep. & Amort.	8.57	8.88	8.88	9.12	9.32
Tax Paid	(4.5)	(6.1)	(4.2)	(9.6)	(10.7)
Assoc. & JV Inc/(loss)	(30.3)	(45.9)	(56.0)	(62.2)	(66.7)
Chg in Wkg.Cap.	24.9	86.7	(8.9)	2.71	0.18
Other Operating CF	3.74	12.1	0.0	0.0	0.0
Net Operating CF	68.3	142	46.7	58.7	58.3
Capital Exp.(net)	(11.5)	(0.8)	(0.8)	(0.8)	(0.8)
Other Invts.(net)	0.0	0.0	0.0	0.0	0.0
Invts in Assoc. & JV	0.0	(0.2)	0.0	0.0	0.0
Div from Assoc & JV	23.3	25.1	30.8	34.2	36.7
Other Investing CF	0.48	0.07	0.0	0.0	0.0
Net Investing CF	12.3	24.2	30.0	33.4	35.9
Div Paid	(10.3)	(31.9)	(58.4)	(70.2)	(80.3)
Chg in Gross Debt	(6.0)	(6.0)	0.0	0.0	0.0
Capital Issues	0.0	0.0	0.0	0.0	0.0
Other Financing CF	0.0	0.0	(5.0)	(5.0)	(5.0)
Net Financing CF	(16.3)	(37.9)	(63.4)	(75.2)	(85.3)
Currency Adjustments	0.60	(0.4)	0.0	0.0	0.0
Chg in Cash	64.9	127	13.3	16.9	8.79
Opg CFPS (S cts)	6.54	8.26	8.38	8.43	8.76
Free CFPS (S cts)	8.56	21.2	6.92	8.72	8.66

Source: Company, DBS

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BUY (>15% total return over the next 12 months for small caps, >10% for large caps)
HOLD (-10% to +15% total return over the next 12 months for small caps, -10% to +10% for large caps)
FULLY VALUED (negative total return, i.e., > -10% over the next 12 months)
SELL (negative total return of > -20% over the next 3 months, with identifiable share price catalysts within this time frame)

**Share price appreciation + dividends1*

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