



# VOPAK ASIA'S COMPETITIVE POSITION

**ROYAL VOPAK**

**PATRICK VAN DER VOORT, PRESIDENT VOPAK ASIA**

16 JUNE 2016



Operators in front of the new LPG facility following the successful start-up at the Banyan terminal

# FORWARD LOOKING STATEMENTS



The presentations contain 'forward-looking statements', based on currently available plans and forecasts. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future, and Vopak cannot guarantee the accuracy and completeness of forward-looking statements.

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# SUMMARY

## KEY TOPICS



- **Asia's importance for world economic growth**
  - Regional mega trends
  - Impact on end-markets and product flow developments
- **Vopak Asia's strategic agenda**
- **Vopak Asia's competitive position**
  - Vopak Asia's network
  - Competitive position
  - Regional developments
- **Opportunities through partnerships and customer relationships**



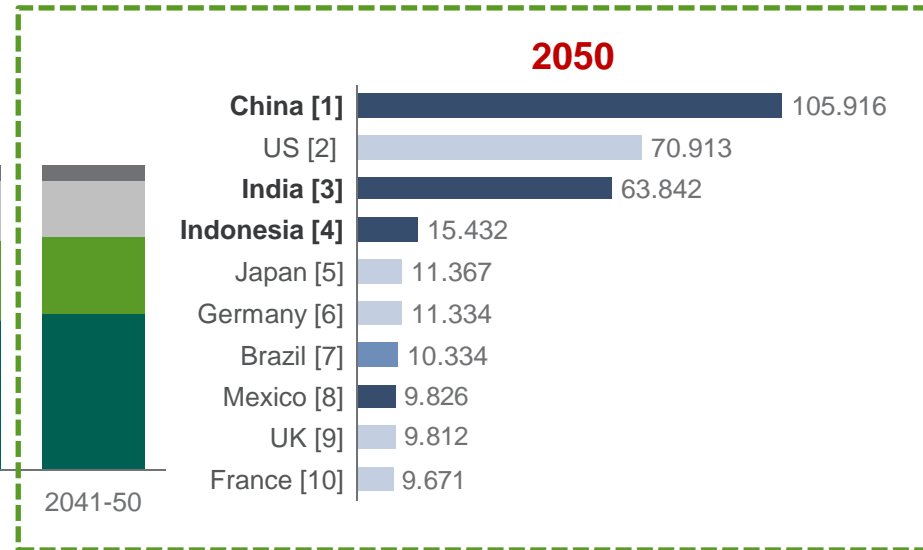
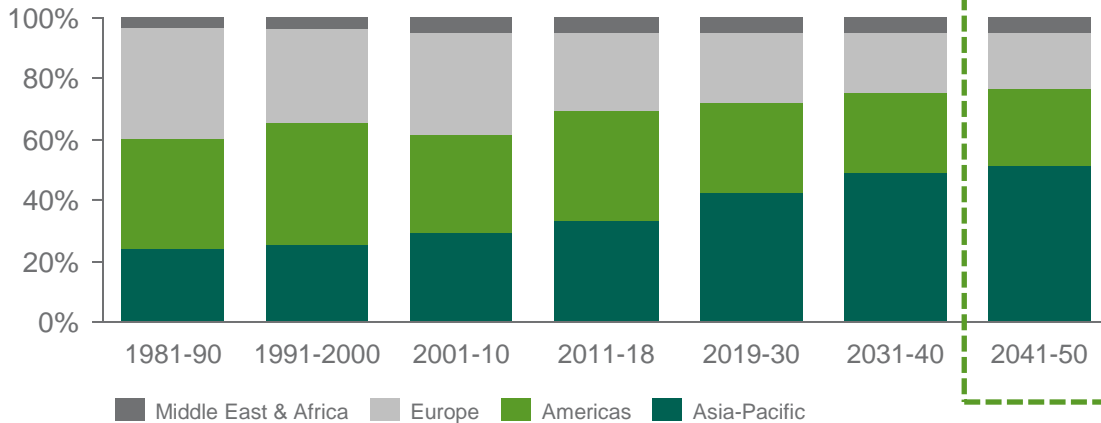
# THE RISE OF ASIA CONTINUES

## ASIAN ECONOMY VITAL FOR GLOBAL GROWTH



### Regional share of global GDP

In percent



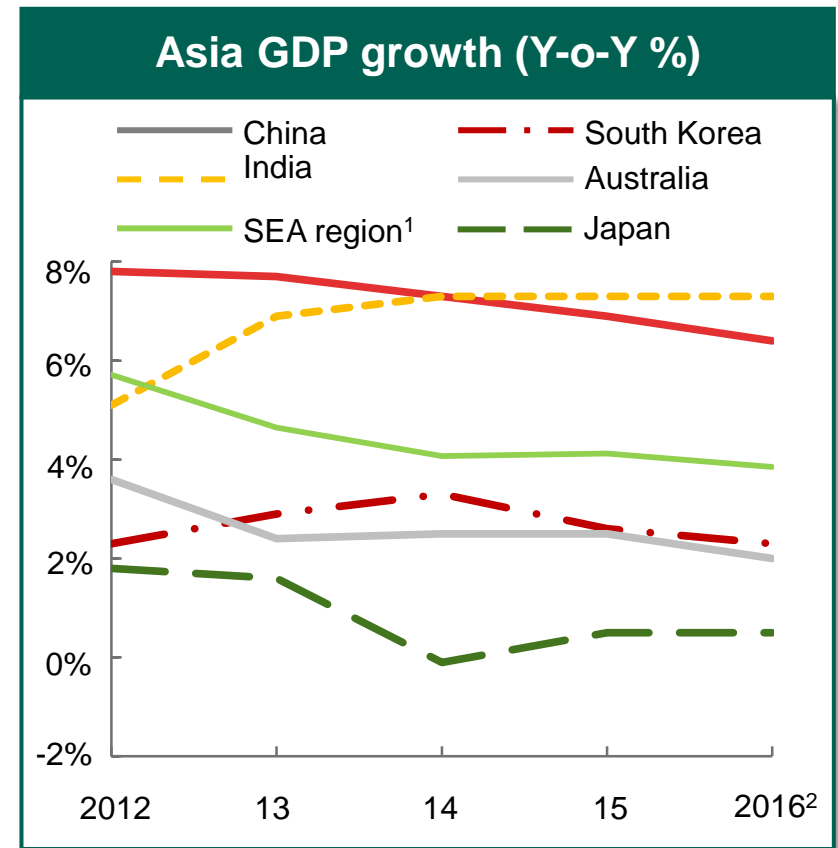
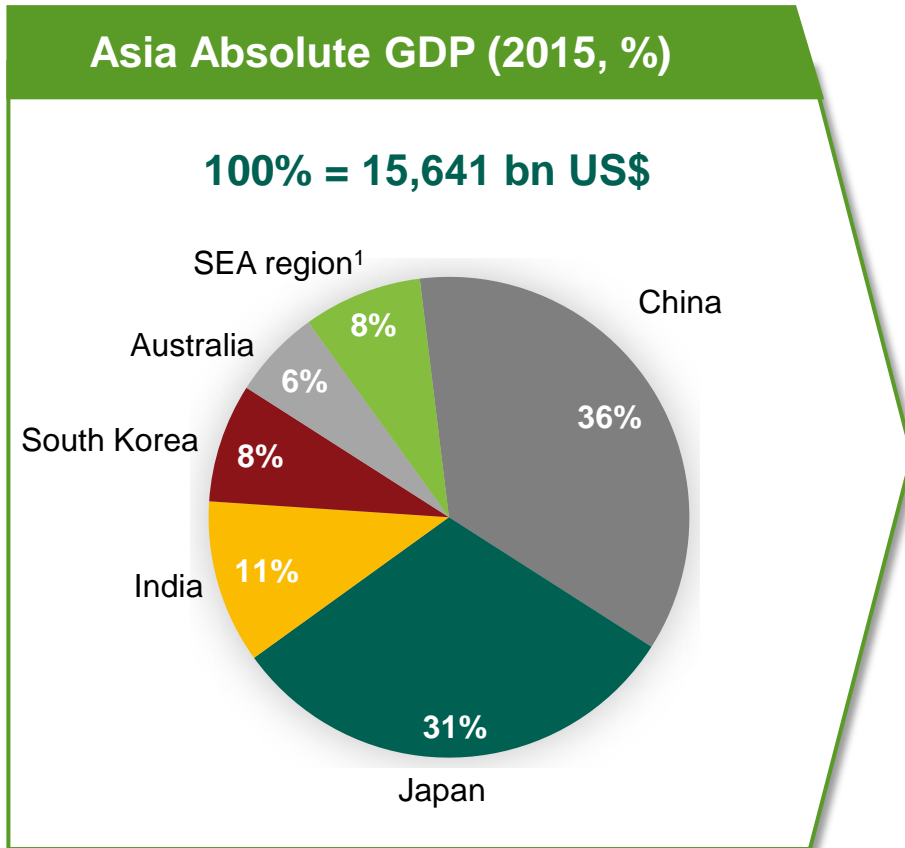
- China is expected to overtake the US by 2025 and maintain its position as the largest economy until 2050
- India is expected to move up the rankings to 3<sup>rd</sup> place
- Indonesia is expected to leap into the top ten world economies

NOTE: in nominal GDP in US dollar terms

SOURCE: IMF & World bank (2015)

# SUSTAINABLE GROWTH

## ASIA ECONOMICALLY VIBRANT



SOURCE: Wood Mackenzie (2016)

<sup>1</sup> SEA (South East Asia) region includes Indonesia, Thailand, Malaysia, Singapore, Vietnam

<sup>2</sup> Based on Wood Mackenzie forecast





# LONG-TERM TRENDS

## INCREASE IN ENERGY AND CHEMICAL DEMAND

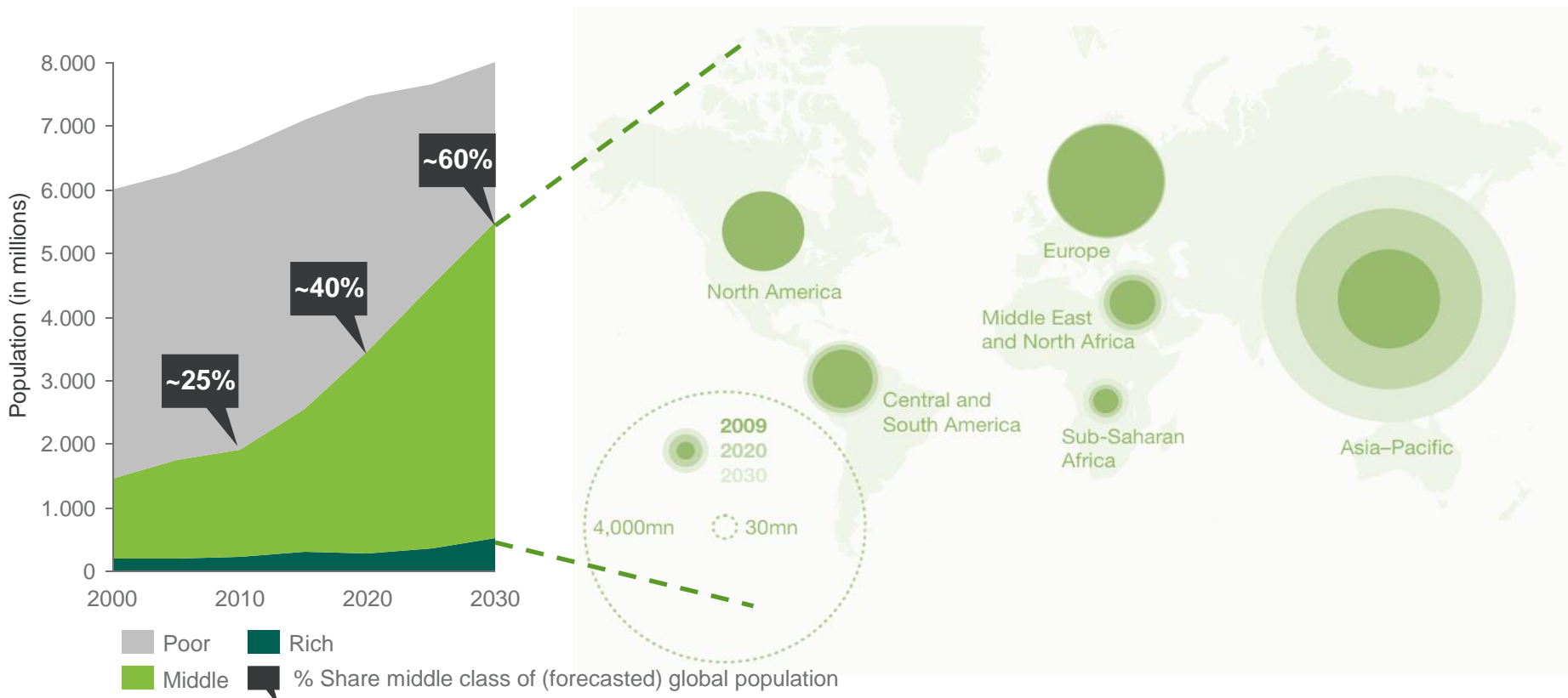


# RISE OF THE MIDDLE CLASS

## RESULTING IN MORE CONSUMPTION



The number of middle class consumers is projected to rise significantly over the next 15 years mostly in Asia



SOURCE: The new global middle class: A cross-over from West to East, China's emerging middle class: Beyond economic transformation, Brookings Institution Press

Capital Markets Days 2016



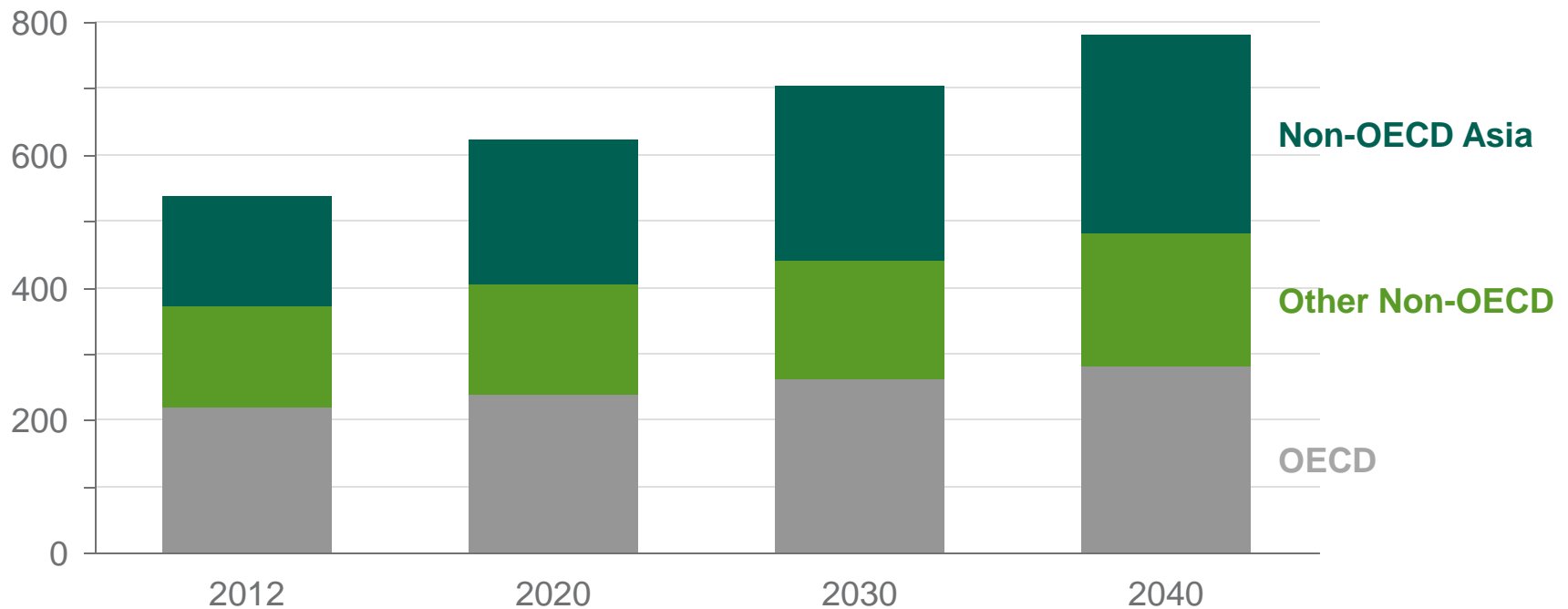
# WORLD ENERGY CONSUMPTION

## INCREASE SUPPORTED BY NON-OECD ASIA



### World energy consumption

Quadrillion Btu



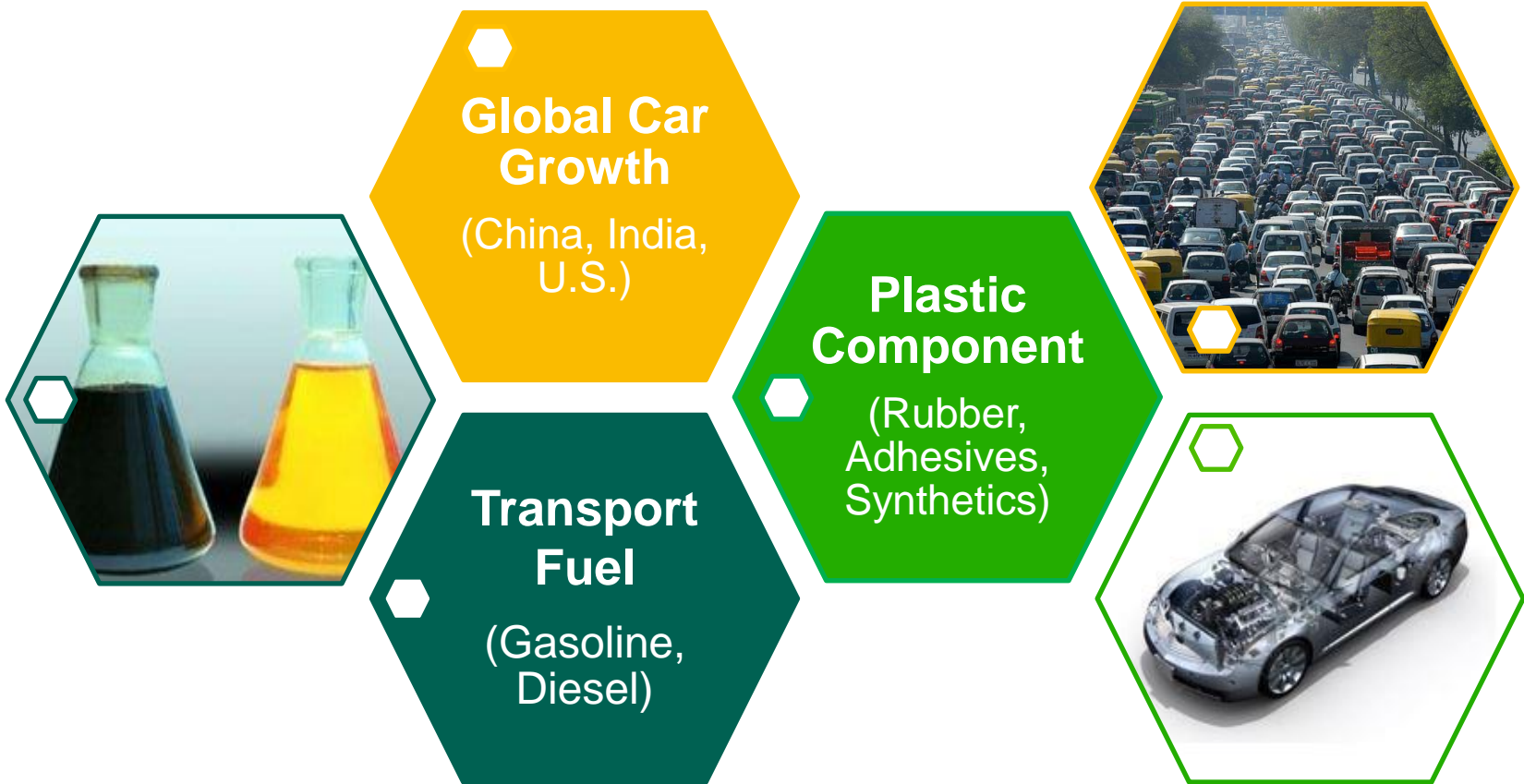
Source: EIA, International Energy Outlook May 2016





# AUTOMOTIVE BUSINESS

ONE OF THE DRIVERS FOR DEMAND GROWTH



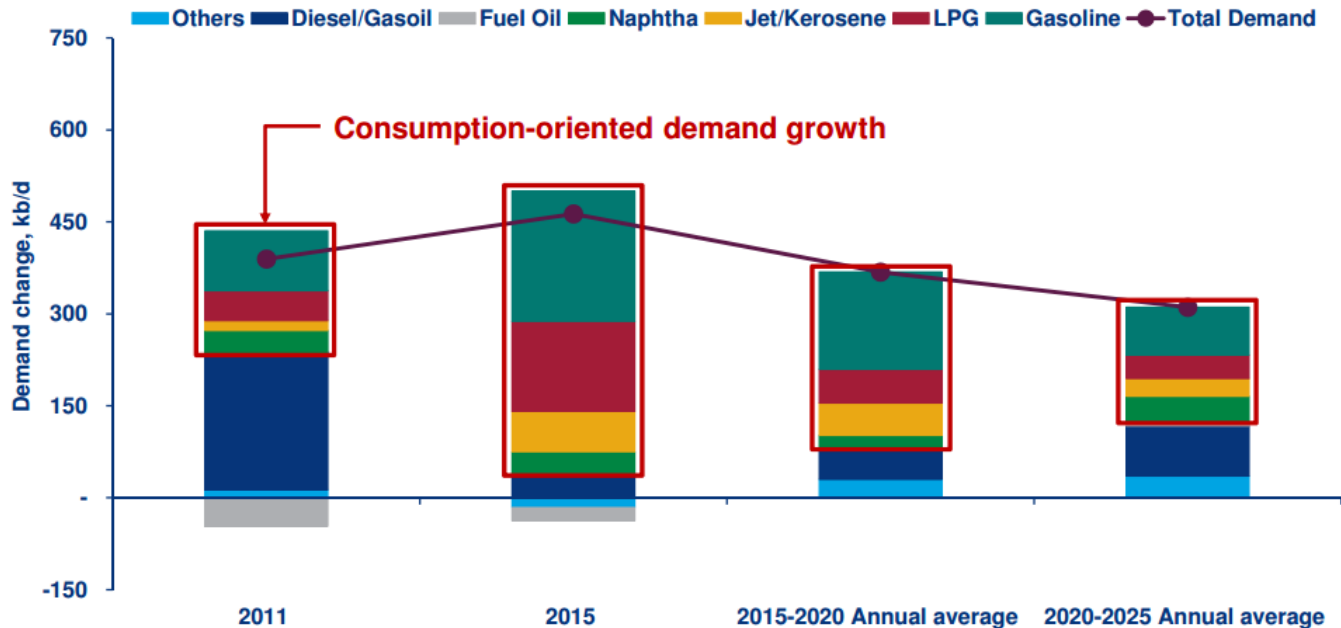
# ASIAN OIL MARKET DYNAMICS

## CHINA'S SHIFT TO A SERVICE-ORIENTATED ECONOMY



China's gasoline demand will grow faster than diesel

China Oil Demand Change (in kb/d)



SOURCE: Wood Mackenzie (2016)

# GROWING GAS MARKET

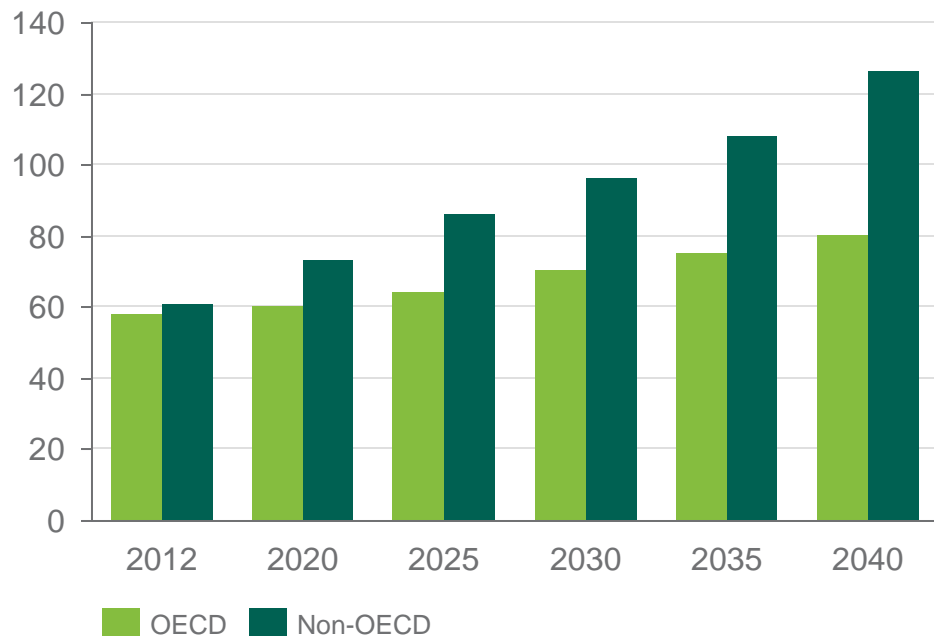
## LPG EXPORTS WILL FLOW TO ASIA



**Non-OECD nations will account for 76% of the growth in natural gas consumption**

### World natural gas consumption

Trillion cubic feet



**Traditional  
LPG Demand:**  
(residential &  
commercial sectors)



**Emerging  
LPG Demand:**  
(petrochemical  
feedstock)



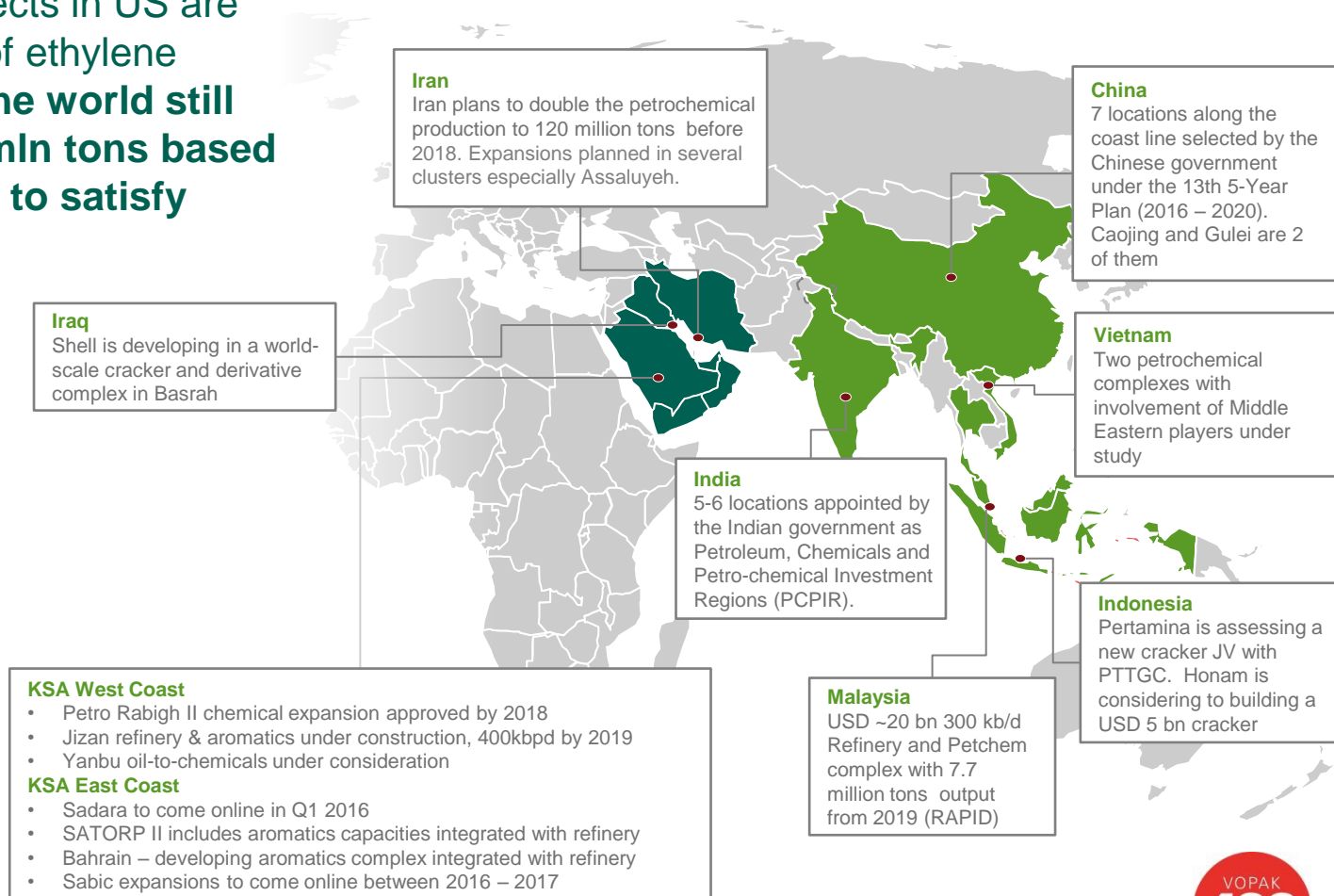
SOURCE: EIA, International Energy Outlook May 2016

# PETROCHEMICAL CLUSTERS

## DEVELOPMENTS DRIVEN BY END-MARKETS



If all the known projects in US are built (~20 mln tons of ethylene based on ethane), **the world still needs another 50 mln tons based on other feedstock to satisfy demand by 2035**



# VOPAK ASIA'S STRATEGIC AGENDA



## ■ Where do we play

- Existing portfolio well-positioned and aligned to product flow developments
- Selective growth opportunities at existing terminals and in new locations

## ■ How do we win

- Further improve sustainability performance
- Enhance service delivery
- Focus on productivity and cost competitiveness
- Capitalize on strong partnerships
- Leverage on key account and network customers' relationships

## ■ Enablers

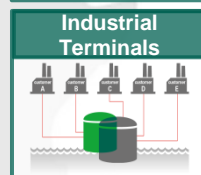
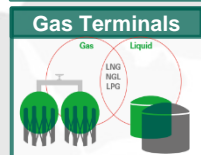
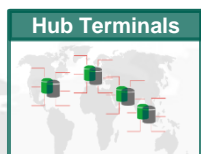
- People development
- New technologies





# VOPAK ASIA

## IN CLOSE UP



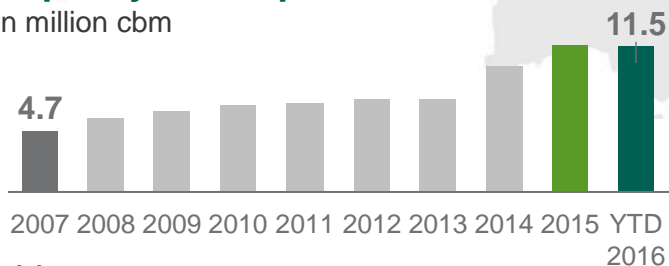
**9**  
countries

**23**  
terminals



### Capacity development

in million cbm



- Vopak Terminal Kandla
- Vopak Terminal Jakarta
- Vopak Terminal Merak
- Vopak Terminals Korea – Ulsan
- Kertih Terminals
- Pengerang Terminal
- Vopak Shanghai - Caojing Terminal
- Vopak Terminal Ningbo
- Vopak Terminal Shandong Lanshan
- Vopak Terminal Tianjin (Etylene)
- Vopak Terminal Tianjin Lingang
- Vopak Terminal Zhangjiagang
- Haiteng Gulei
- Hainan Yangpu
- Vopak Singapore - Banyan Terminal
- Vopak Singapore - Penjuru Terminal
- Vopak Singapore - Sakra Terminal
- Vopak Singapore - Sebarok Terminal
- Banyan Caverns Storage Services
- Thai Tank Terminal
- Vopak Vietnam
- Vopak Terminals Darwin
- Vopak Terminal Sydney - Site B

Ownership	CBM
100%	254,727
49%	251,025
95%	80,400
51%	274,600
21%	395,896
44%	1,319,322
50%	441,036
50%	71,050
42%	183,800
50%	53,000
50%	375,300
100%	498,490
30%	896,000
49%	1,337,055
70%	1,449,763
70%	283,850
70%	288,070
70%	1,263,079
n.a.	480,000
49%	713,000
100%	48,200
100%	173,583
100%	371,650



# ASIA'S COMPETITIVE POSITIONING



A WELL-POSITIONED AND DIVERSIFIED NETWORK



## Three global competitors in the Asian region

9 countries

23 terminals

11.5 million cbm

All product groups

- ✓ Hub locations
- ✓ Deficit markets
- ✓ Industrial terminals
- ✓ Gas markets

6 countries

12 terminals

1.6 million cbm

Oil, chemicals, gas

- ✓ Hub locations
- ✓ Deficit markets
- ✓ Gas markets

4 countries

9 terminals

2.2 million cbm

Oil, chemicals, gas

- ✓ Hub locations
- ✓ Deficit markets
- ✓ Gas markets

1 country

1 terminals

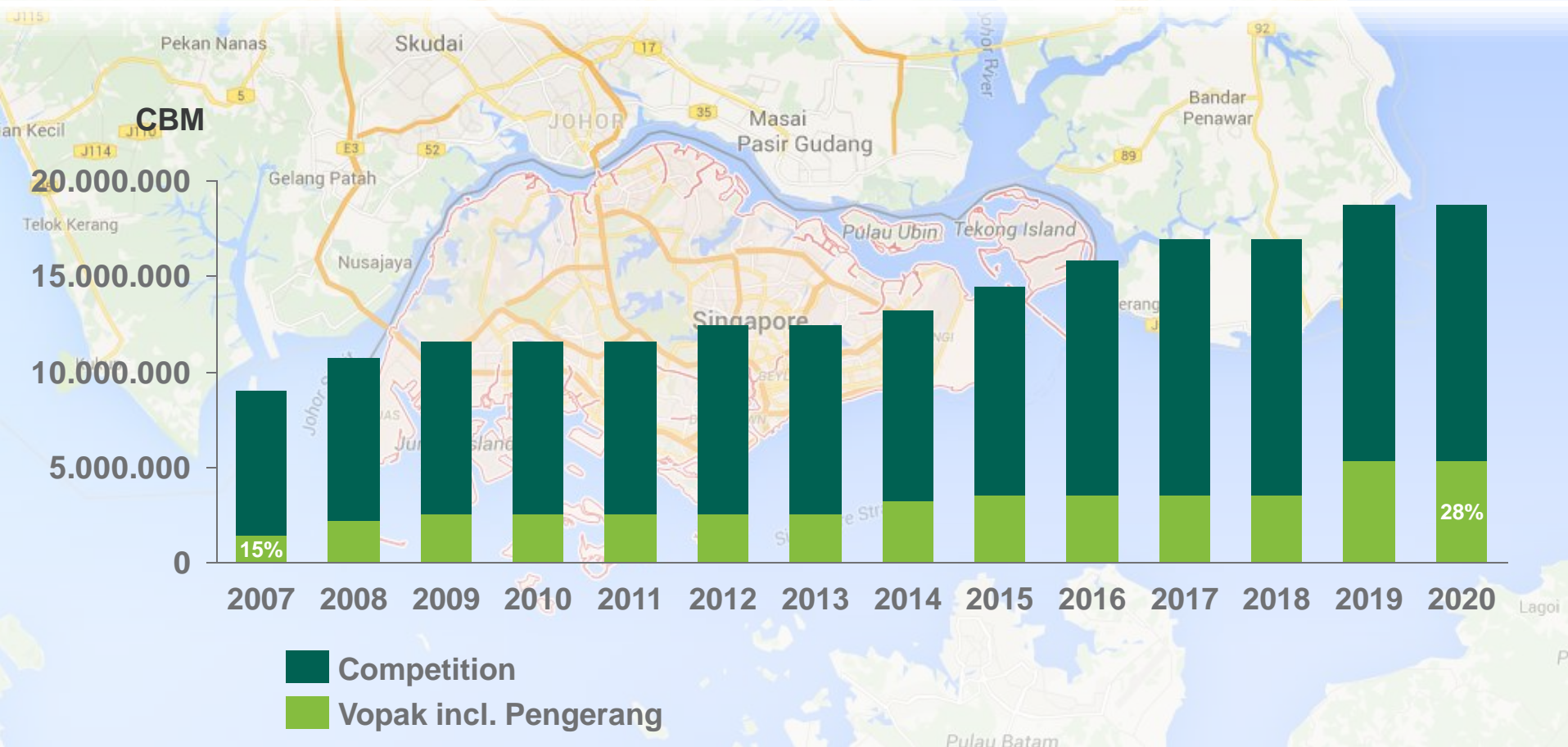
1.2 million cbm

Oil storage

- ✓ Hub locations

# SINGAPORE STRAITS

## OIL CAPACITY DEVELOPMENTS

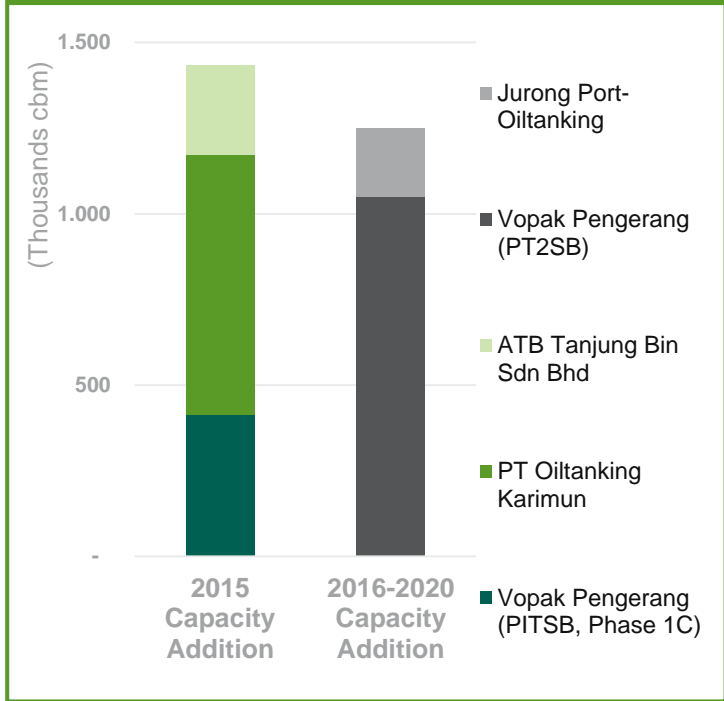


# SINGAPORE STRAITS

## OIL CAPACITY DEVELOPMENTS



**Oil Capacity Growth (2015-2020, kcbm)**



Source: Wood Mackenzie (2015)



# VOPAK ASIA'S CUSTOMERS

## WELL-BALANCED AND DIVERSIFIED PORTFOLIO



Some examples, for illustration purposes only



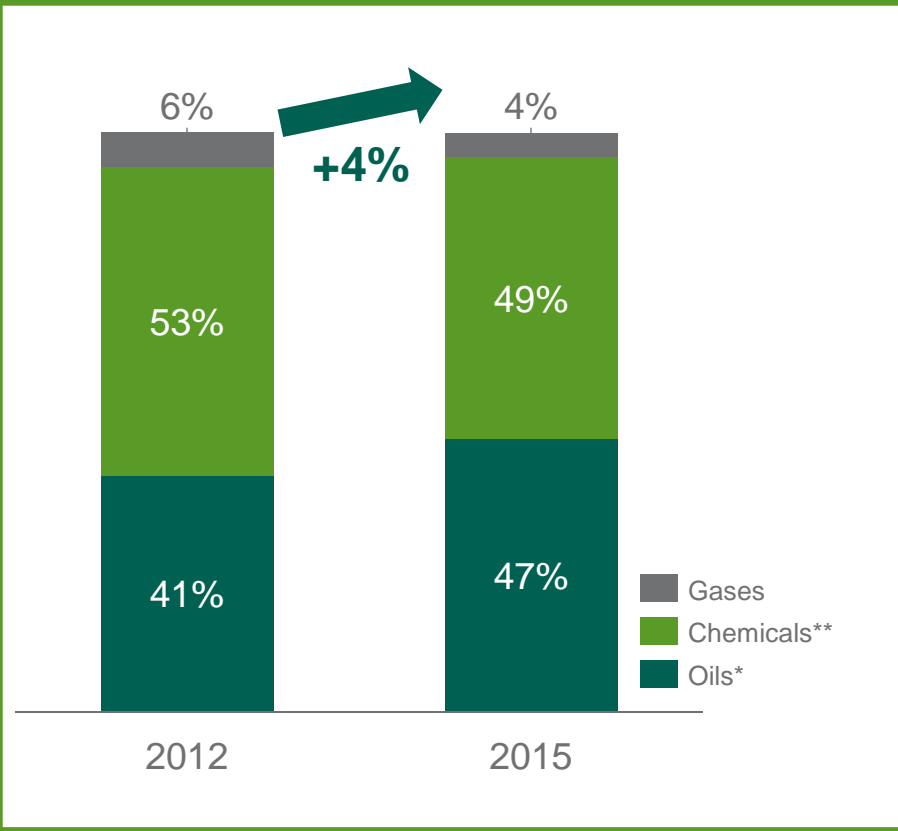


# VOPAK ASIA'S PRODUCT MIX

## A BALANCED PORTFOLIO



Vopak Asia revenue by product (2012-2015)



\*Oils include Crude, Condensate, Clean and Dirty Petroleum Products  
\*\*Chemicals (include baseoils, vegoils and biofuels),  
\*\*\* Revenue based on proportionate consolidated information

### Oils

- Start-up operations new terminals Pengerang and Hainan
- Contango market in second half of 2015 and high Asian refinery utilization (incentivized by attractive margins)

### Chemicals

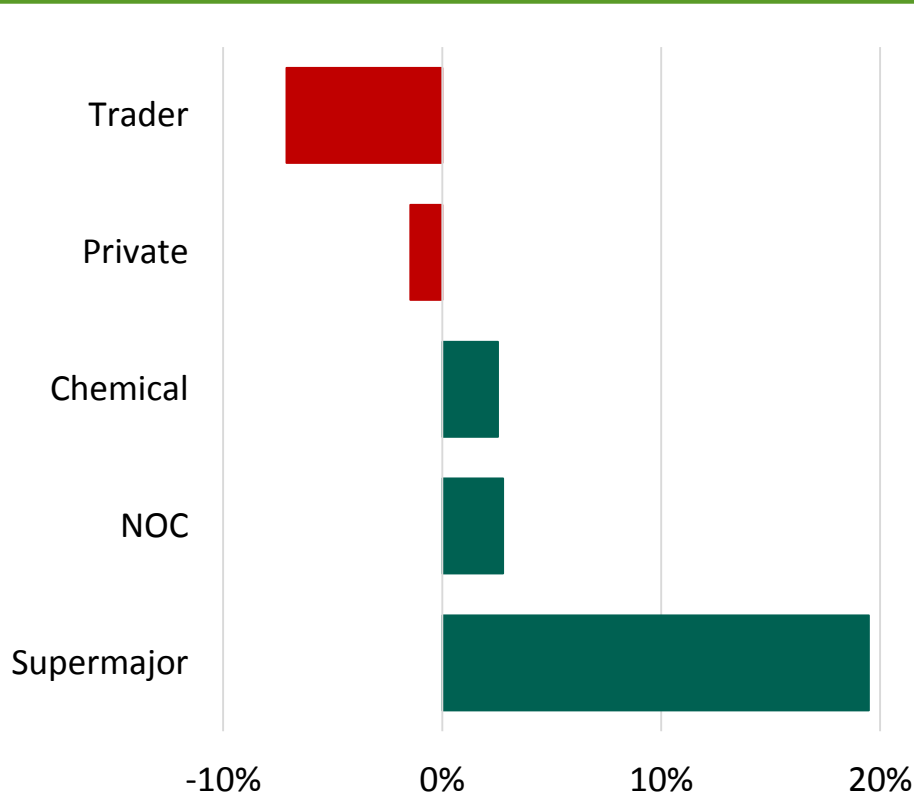
- China faced a slower growth trajectory, yet a booming domestic supply of petrochemicals. With a declining import dependence, this led to less export flows from Asia to China.

# VOPAK ASIA'S CUSTOMERS

## GROWTH FOCUS IN CUSTOMER BASE



Customer Y-o-Y growth (2012-2015)



### Traders

- Trading activity is subdued due to economic headwinds and high market volatilities

### Chemical

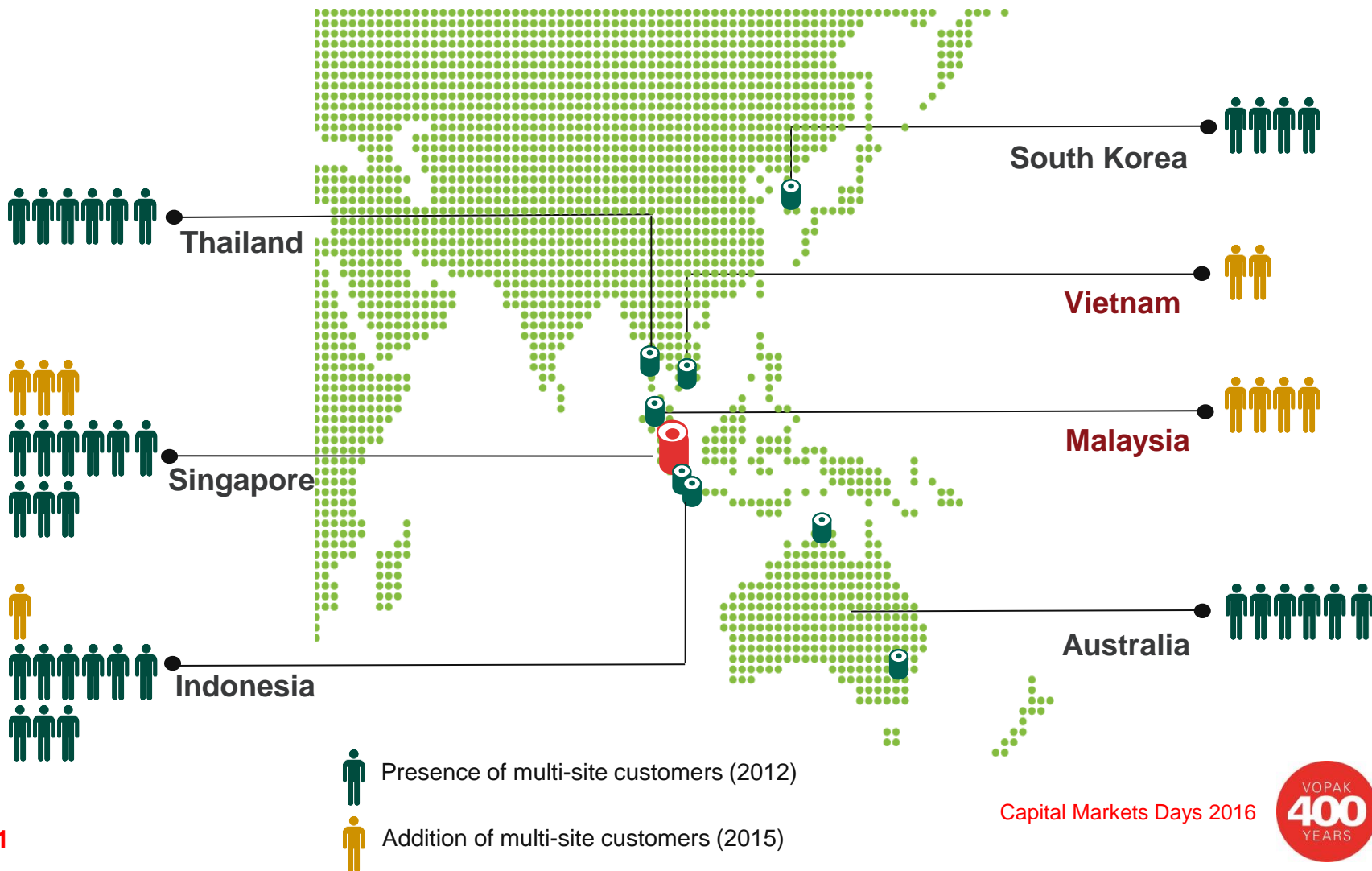
- Asian petrochemicals producers grew in line with the cost advantage associated with low feedstock prices

### Supermajors

- Strong downstream performance due to attractive refinery margins in 2015

# EXPANDING THE BUSINESS

## STRENGTH OF NETWORK ACCOUNTS



# STRATEGIC PARTNERSHIPS

## ESSENTIAL PART OF VOPAK ASIA STRATEGY



### Why?

Local regulatory requirements

Increase in effectiveness and success

Gateway to future potential cooperation

Regional diversity

Local knowledge & easier market penetration

Risk reduction

### With whom?

#### Ports



#### NOC's



#### EPC companies



#### Local government



#### Local distributors



#### Others



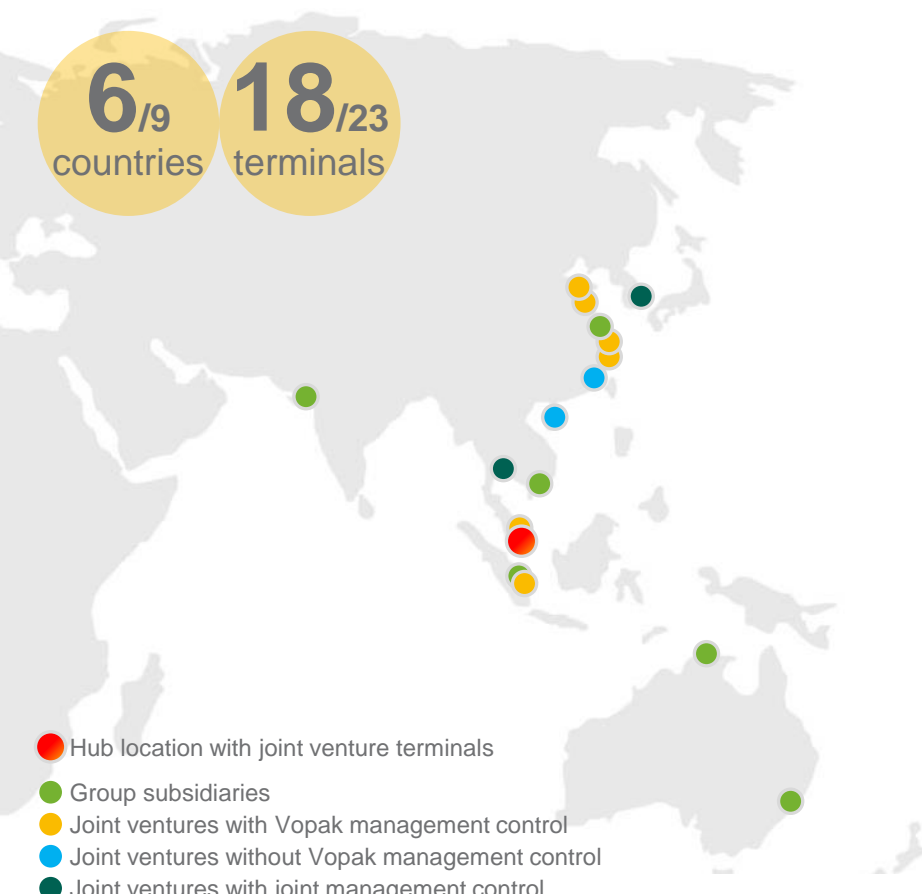
# PARTNERSHIPS IN ASIA

## IN PERSPECTIVE

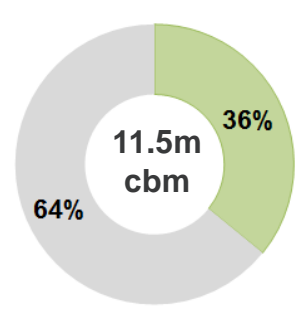


**6/9**  
countries

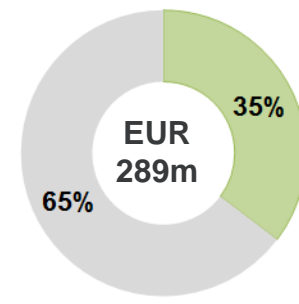
**18/23**  
terminals



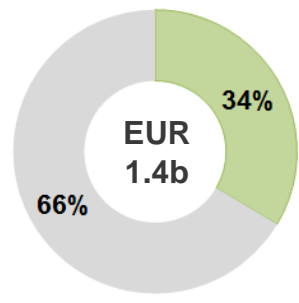
\*As per 31 December 2015



### Capacity



### EBITDA contribution



### Average capital employed\*

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# VALUE CREATION THROUGH OUR PARTNERSHIPS



**Anchor  
tenant**



**Kertih, Malaysia**

**Specific  
knowledge & expertise**

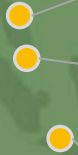


**Banyan, Singapore**

**Local  
content**



**Jakarta, Indonesia**



# ANCHOR TENANT

## EXAMPLE: KERTIH TERMINALS

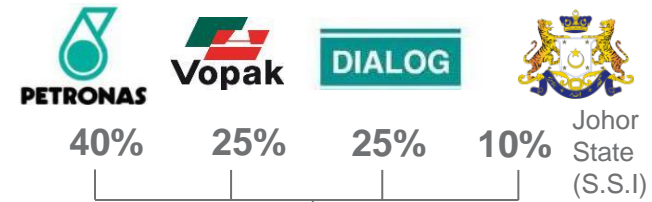
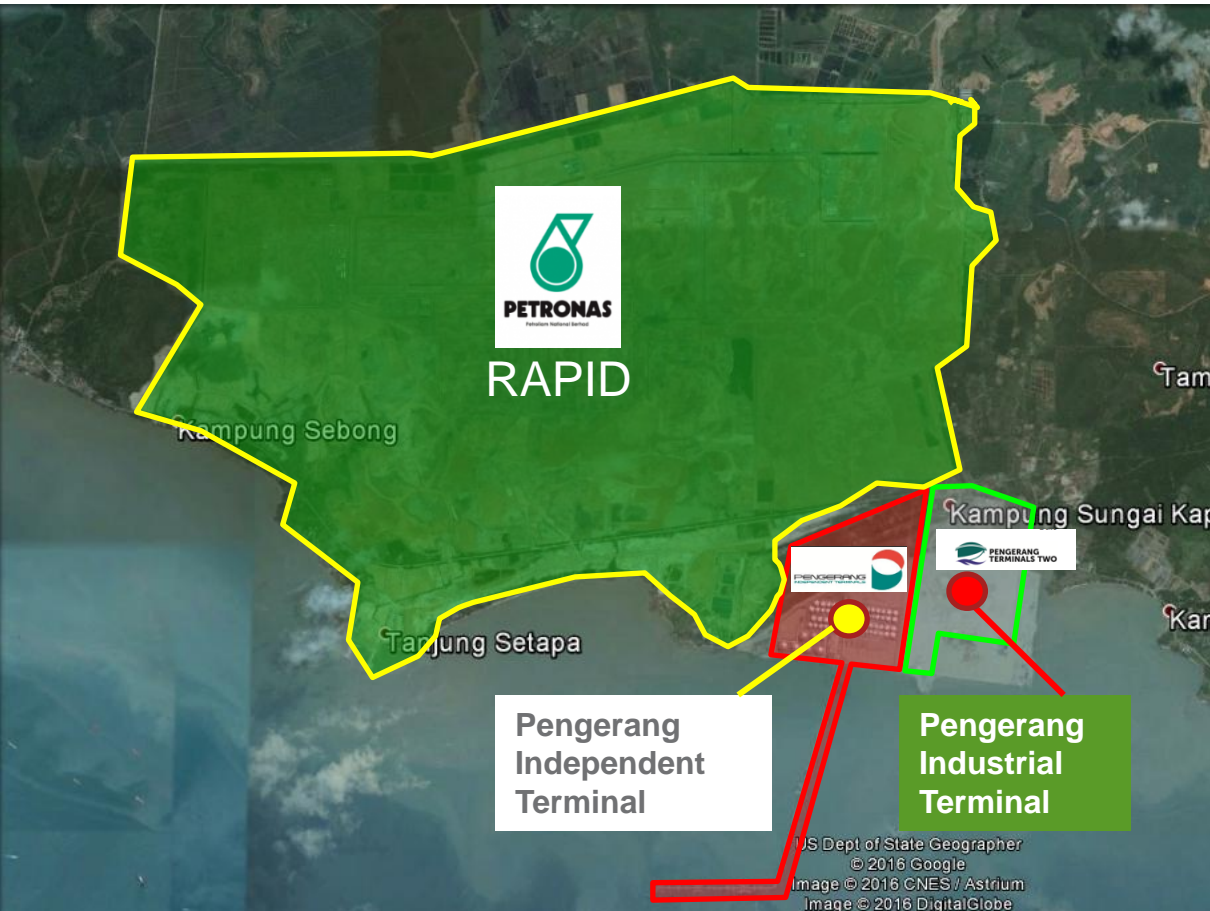


- ~400,000 cbm storage capacity
- 20 year agreement with users
- Handling & storage and distribution services
- 3.2 million tons throughput per year
- Take or pay concept with strong anchor tenants
- Gateway to future potential cooperation

Industrial terminal concept with anchor tenants

\*Participation through Vopak Terminal Singapore in which Vopak owns 69.5%

# AN EXTENSION OF SUCCESSFUL COOPERATION IN KERTIH



## Pengerang Terminal Two

- The industrial terminal will serve the PETRONAS RAPID project
- total storage capacity up to 2.1 million cubic meters, 157 acres Land Area
- Physical pipeline connectivity to customers
- Integrated (storing feedstock & run down products)
- Shareholders agreement signed on 19 December 2014
- Target completion by 2019
- Successful partnerships based on mutual dependencies & learning

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# LOCAL CONTENT

## EXAMPLE: VOPAK TERMINAL JAKARTA



Excellent local supply chain knowledge



51%



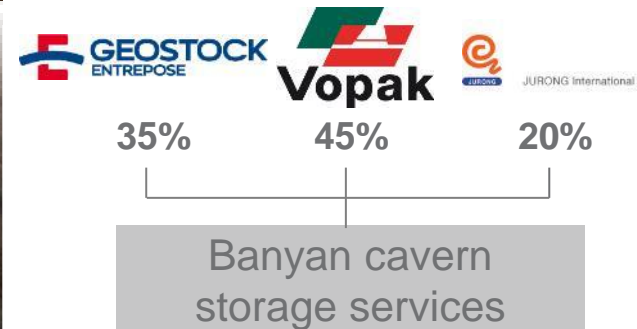
49%

Vopak Terminal Jakarta

- Leading logistics & supply chain company in trading & distribution of petroleum & basic chemicals in Indonesia
- One of the largest distributors in Indonesia
- Strategic import and distribution terminal in the port of Jakarta
- Location allows customers short delivery times to end users in the Greater Jakarta area

# SPECIFIC KNOWLEDGE

## EXAMPLE: BANYAN CAVERN STORAGE



- International key player in underground storage for liquid, liquefied and gaseous hydrocarbons
- Over 50 years in underground storage facilities from consulting, engineering to operations
- Phase 1A two caverns with 480,000 cbm of storage
- Phase 1B three caverns with 990,000 cbm of storage under construction

Unique know-how in underground storage



# STRENGTHENING OUR NETWORK

## SUPPORTED BY GROWTH OPPORTUNITIES



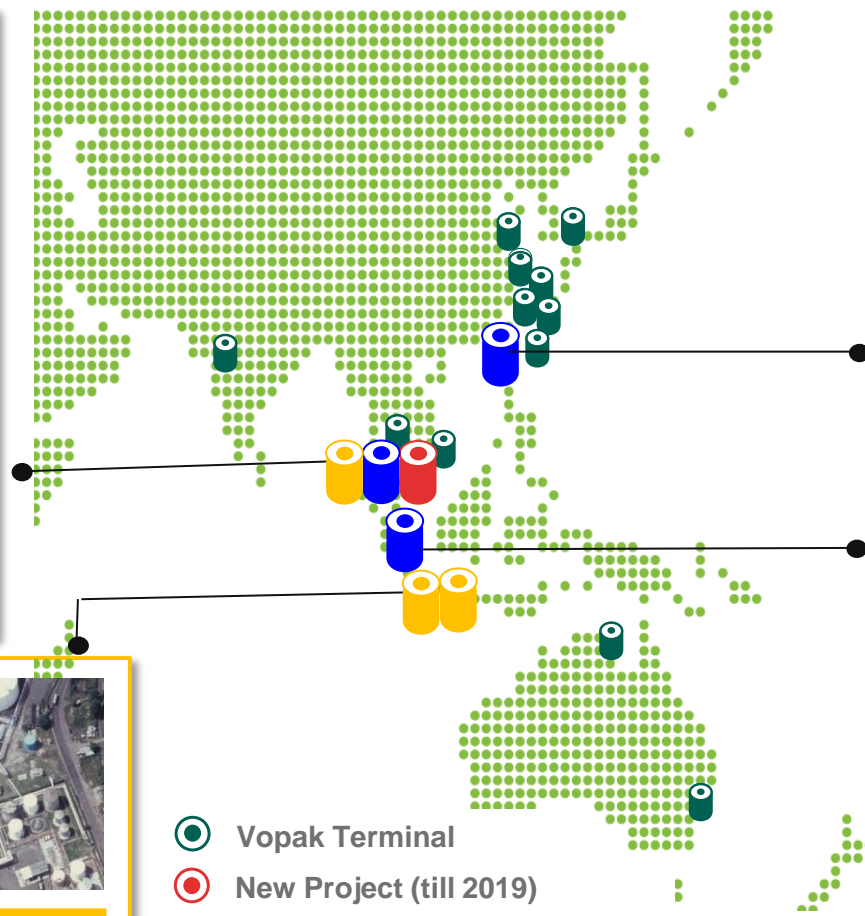
### Pengerang, Malaysia:

- PITSB: Phase 1C completed in Q1 2015, with expansion under consideration
- PT2SB Project to be completed in Q3 2019



### Jakarta & Merak, Indonesia:

Expansion under consideration



- Vopak Terminal
- New Project (till 2019)
- Recently Completed Project (2015 only)
- Expansion capacity under consideration



### Hainan Yangpu, China:

Commissioned in Q3 2015



### Banyan Refrigerated LPG, Singapore:

Tank commissioned in Q1 2016



# KEY

## TAKE AWAYS



- Asia still leading global economic growth as a major international hub of production, consumption and trade
- Vopak Asia well-positioned to further strengthen it's competitive position
- Strategic direction of Asia Division fully aligned with Vopak's strategic orientation based on growth leadership, operational excellence and customer focus
- Strategic partnerships and customer base enabling future selective growth opportunities at existing and new locations

# QUESTIONS AND ANSWERS

