



Oil products market update •

Soft short-term markets with
solid long-term underlying demand

Royal Vopak – Analyst Day 2017

Hari Dattatreya, Global Oil Director

12 December 2017



Forward-looking statement

This presentation contains '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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Vopak's well-balanced global portfolio

Oil products	Chemical products	Industrial terminals	Vegoils & biofuels	Gas products
0-5 years	0-5 years	5-20 years	0-3 years	10-20 years
40-45%	20-25%	20-25%	5-7.5%	3-5%

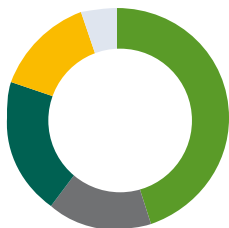
Typical contract duration per product / terminal category

Share of 2016 EBITDA*

Netherlands



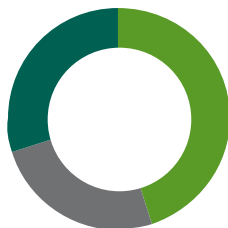
EUR 287 million



EMEA



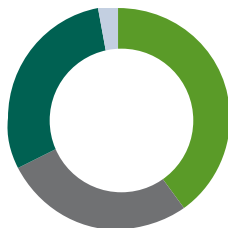
EUR 121 million



Asia



EUR 297 million



Americas



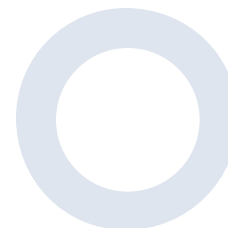
EUR 121 million



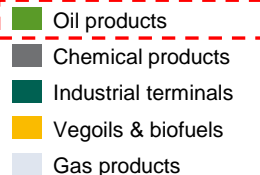
LNG



EUR 28 million



FY 2016 EBITDA*

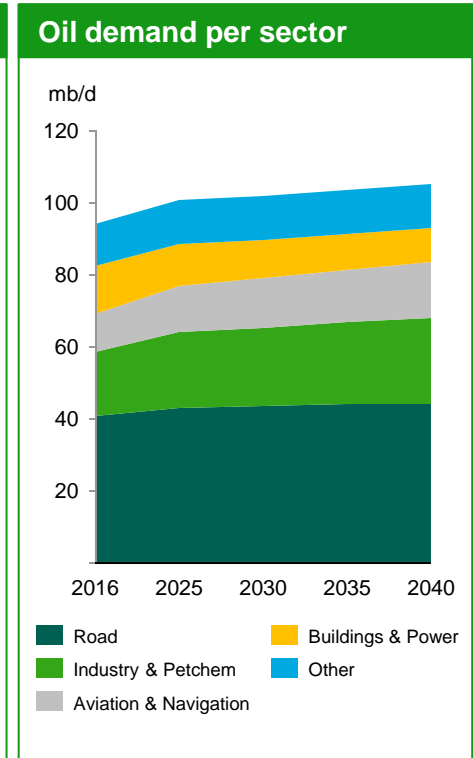
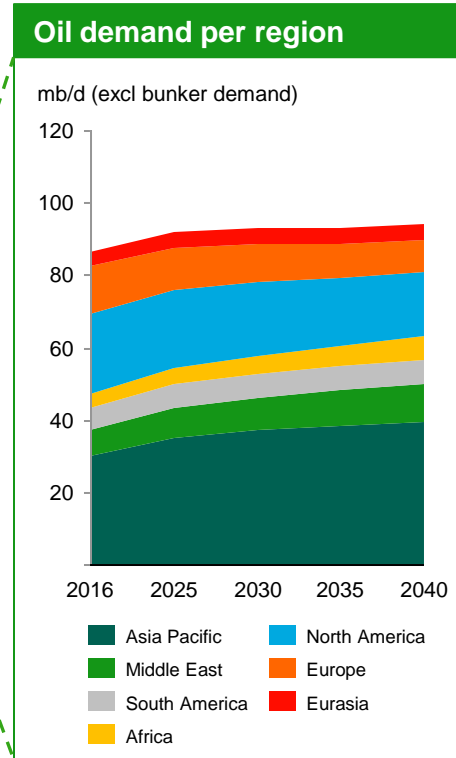
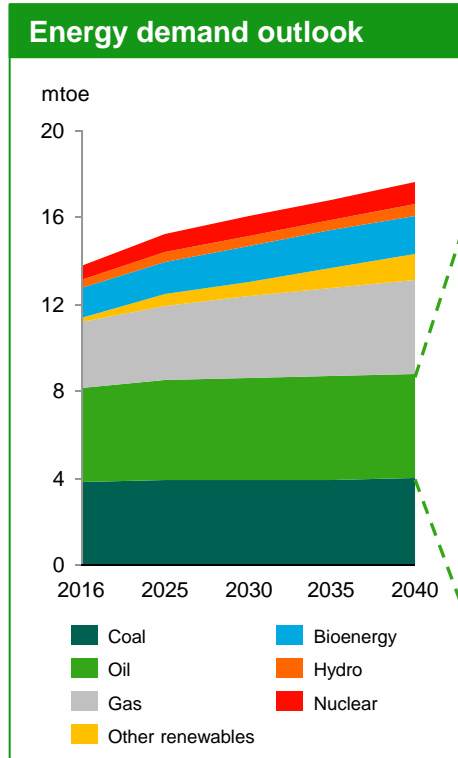


* Excluding exceptional items; including net result of joint ventures

Oil demand continues to grow and shifts to non-OECD

Petrochemical and transportation sector drive oil demand

- Highest absolute growth in gas and relative for renewables no further growth in coal
- Main oil demand growth is in Asia Pacific concentrated in China and India
- Petrochemical and transportation are sectors with main growth in oil demand



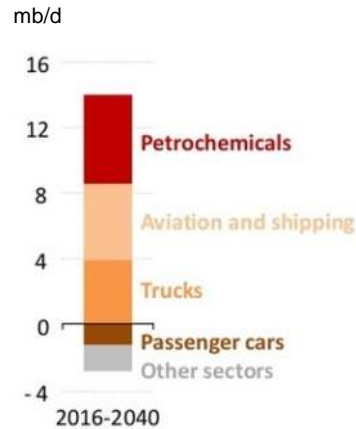
Energy transition changes mix in demand for oil products

Energy efficiency and Electric Vehicles gain traction and affect demand

- The shape and form of the energy transition differs per region, ranging from access to energy, clean energy and low carbon energy
- Electric Vehicles combine low CO2 emission with clean usage
- Economic development and growth of transportation and Petrochem drives oil demand
 - Petrochem: Naphtha & LPG
 - Aviation & Shipping: Distillate & Fuel Oil
 - Trucks: Distillate
- The environmental impact of fuels reduces through local & global regulations including IMO2020

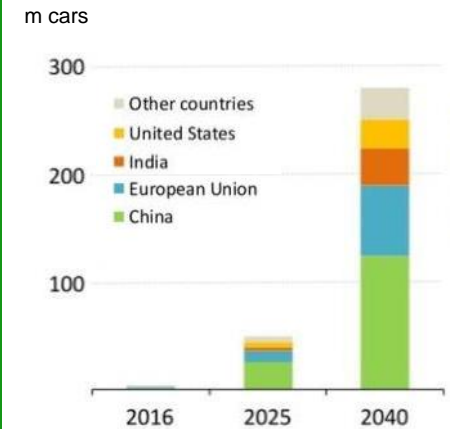
Oil demand growth driven by petchem & heavy transport

Change in global oil demand



Accelerated growth in Electric Vehicles with China in the lead

Electric car fleet



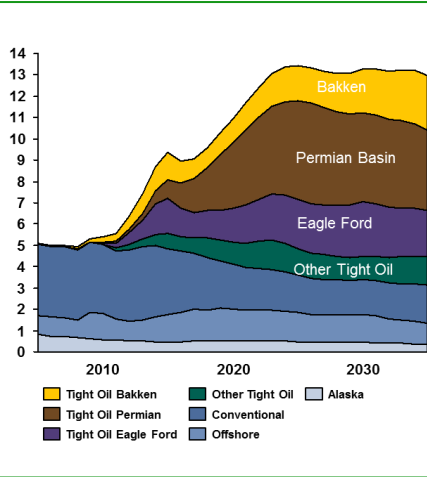
Dynamic oil market landscape

The US will overtake the position of Saudi Arabia as largest crude producer

1

US crude

Production costs of shale oil decreased substantially and the world will see growing US crude and refined product exports



3

US Energy Exports

Exports of US Gas, Crude and refined products are expected to increase



4

Relations

Non traditional relations between countries and companies are developing



2

OPEC production cut

Measures become effective, prices go up and inventories down



5

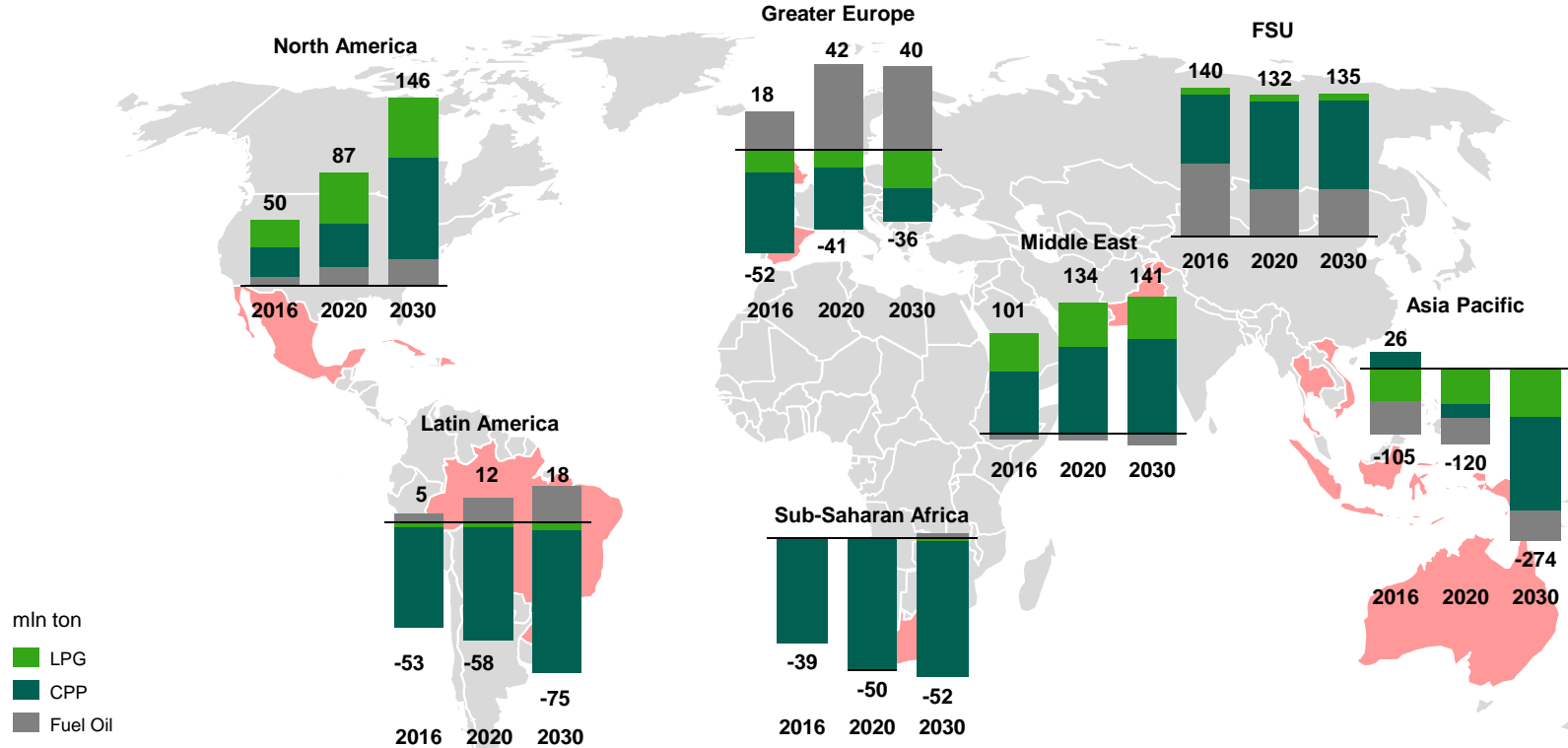
Globalization

Continued globalization of markets, trade flows and market parties



Global imbalances of oil products

Solid fundamentals drive demand for efficient hub and import/distribution facilities



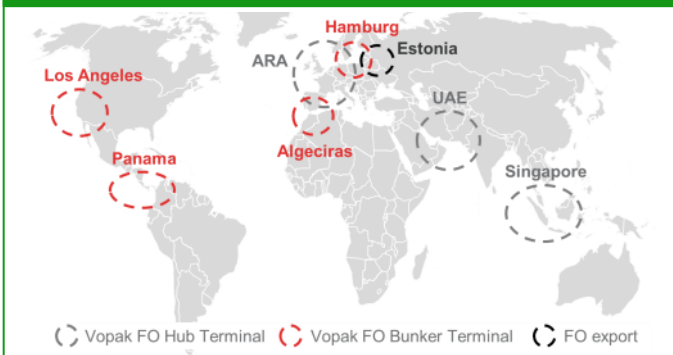
Countries indicated in red have shortages that increase with more than 2 mln tons or have structural logistics constraints

Source: Wood Mackenzie

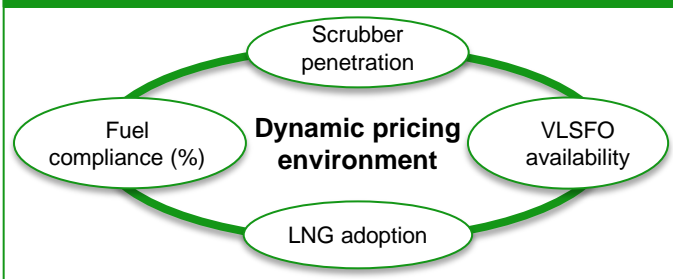
IMO 2020 uncertainty reason to limit tank storage contract commitments

Negative pressure on future fuel oil prices due to the anticipated changes

Vopak fuel oil and bunkering network



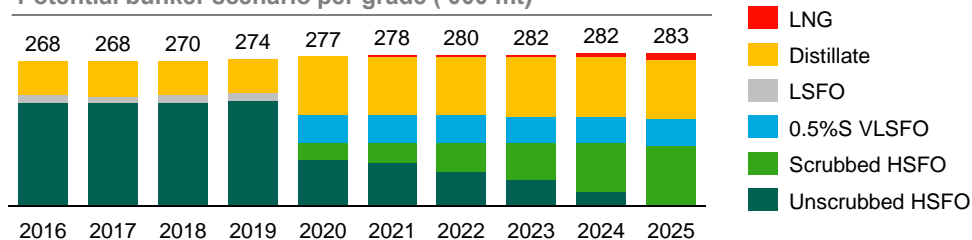
Main uncertainties IMO 2020



Source: Wood Mackenzie

- Conflicting views and uncertainties on the future bunker mix
- Declining role of High Sulphur Fuel Oil (HSFO) and growing role of distillates is expected
- Scenario's per region are based on local factors
- Scrubbers adoption rate is influenced by innovation, costs and price differentials between bunker grades
- Consensus indicate more grades will be handled requiring segregation and blending supporting demand for suitable storage facilities

Potential bunker scenario per grade ('000 mt)



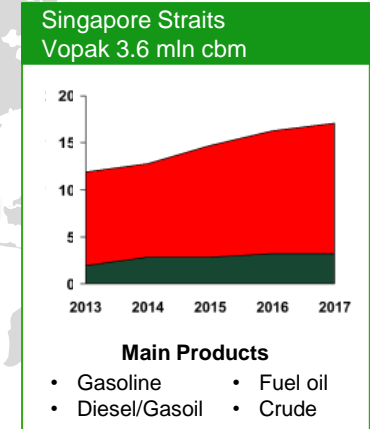
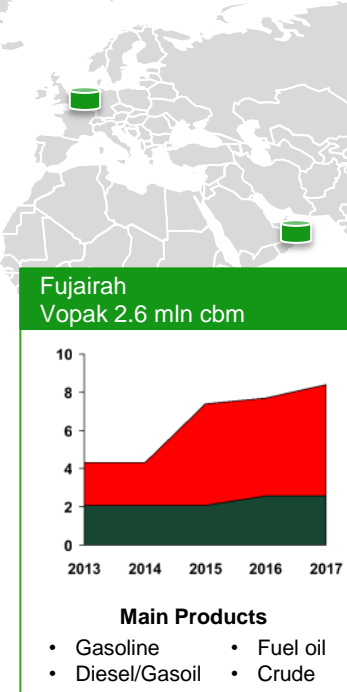
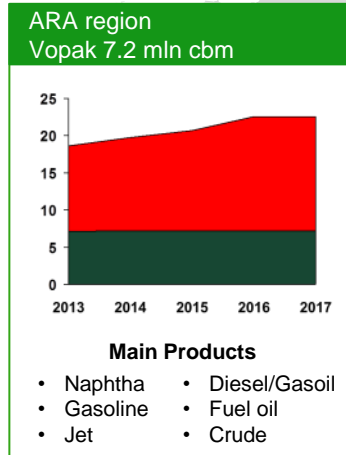
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Storage capacity in oil hubs has been expanding

Markets for 2018 are soft but fundamentals remain solid

Vopak's oil hubs are faced with growing competitive pressure

- Hubs are key for logistic, blending, regional distribution and trading activities
- Demand for storage in hubs depend on:
 - IMO 2020
 - Changes in regional demand profiles
 - Competitive positioning of local refineries



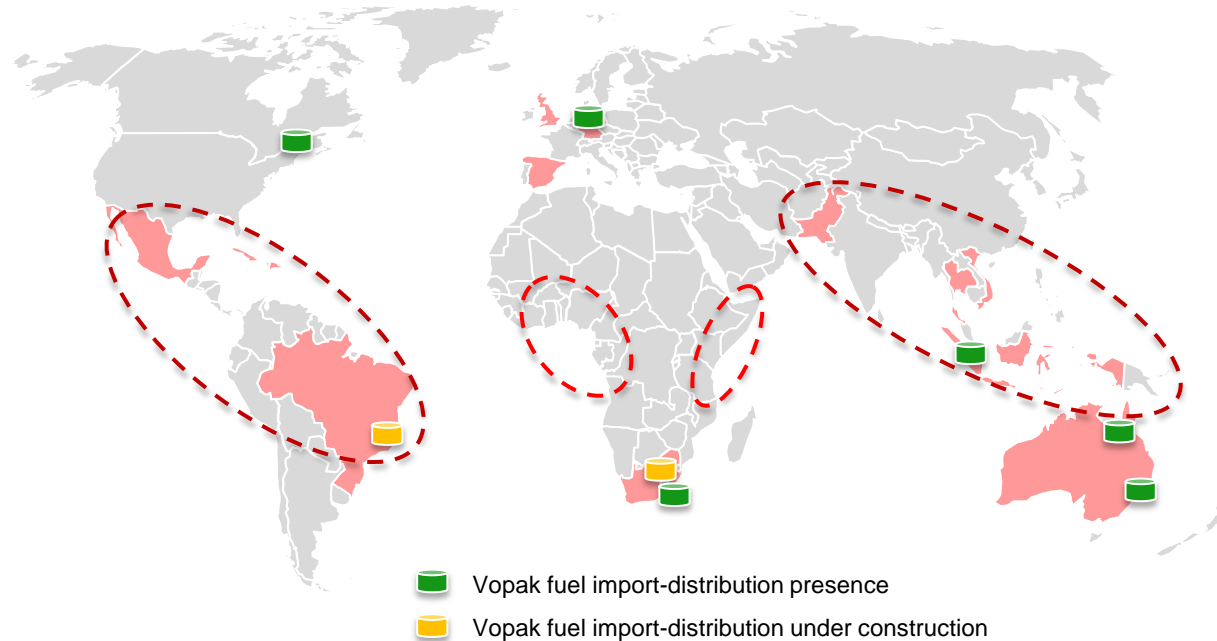
■ Vopak
■ Competitors

Solid growth in major markets with structural deficits

Vopak is actively expanding its fuel distribution terminal network

- Economic growth drives CPP demand in emerging markets and can lead to growing imports
- Refinery closures are a driver for imports in more mature markets
- Vopak can leverage on existing presence in specific distribution markets
- Characteristics that drive opportunities:
 - Privatization and deregulation
 - Focus on efficiency and service

Vopak's fuel import-distribution network



Key messages

Soft short-term markets with solid long-term underlying demand

- Oil demand continues to grow and shifts to non-OECD driven by economic growth. The petrochemical and transport sector drive demand
- Oil markets continue to be dynamic with continued globalization, non-traditional partnership and lower inventories as a result of current Opec policies
- Uncertainties on IMO2020 result in pressure on future Fuel Oil prices causing market parties to limit tank storage contract commitments
- Growing global imbalances and regional demand drivers provide a solid long-term basis for oil hubs in an environment with growing competition and currently softer markets
- Fuel import-distribution terminals: solid growth in major markets with structural deficits

Questions & Answers.

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