Vopak Full Year 2021 financial results - Analyst presentation

Dick Richelle – Chairman and CEO of Royal Vopak
Gerard Paulides – CFO of Royal Vopak

Vopak

Forward-looking statement

Any statement, presentation or other information contained herein that relates to future events, goals or conditions is, or should be considered, a forward-looking statement.

Although the Company believes these forward-looking statements are reasonable, based on the information available to the Company on the date such statements are made, such statements are not guarantees of future performance and readers are cautioned against placing undue reliance on these forward-looking statements. The Company's outlook does not represent a forecast or any expectation of future results or financial performance.

The actual future results, timing and scope of a forward-looking statement may vary subject to (amongst others) changes in laws and regulations including international treaties, political and foreign exchange developments, technical and/or operational capabilities and developments, environmental and physical risks, (energy) resources reasonably available for our operations, developments regarding the potential capital raising, exceptional income and expense items, changes in the overall economy and market in which we operate, including actions of competitors, preferences of customers, society and/or the overall mixture of services we provide and products we store and handle.

The Company does not undertake to publicly update or revise any of these forward-looking statements.

Note applicable for this presentation: The period ended 31 December 2020 has been restated, due to mandatory full retrospective application of a change in accounting policy for the IFRIC agenda decision made in March 2021 on Cloud Computing Arrangements.

Storing vital products with care

Chairman of the Executive Board and CEO of Royal Vopak

Dick Richelle

FY 2021 Key messages

- Full year 2021 EBITDA of **EUR 827 million** close to record high EBITDA**,** 7% YoY growth adjusted for currency translation effect
- Growth project contribution is driving positive EBITDA performance (EUR 50 million) in soft business conditions
- Costs at **EUR 611 million** after adjustment for currency movements (EUR 10 million) and changes in accounting policy (EUR 7 million), in line with our previously announced ambitions of managing costs below EUR 615 million
- Good progress on strategy execution in industrial and gas terminals

EBITDA* In EUR million	**EPS*** In EUR	**Proportional EBITDA** In EUR million	**Proportional occupancy rate** In percent
827	**2.38**	**999.6**	**88%**

* Including net result from joint ventures and associates and excluding exceptional items

Business environment update

2021, another atypical year due to the pandemic - with high volatility

Chemicals

Improving market conditions

- After a challenging start of the year due to supply disruptions, chemical flows have improved
- Recovering demand for durable end-markets, leading to increased throughput
- Stable performance in industrial terminals

Oil products

Soft oil market in 2021

- Pressure on storage demand in our hub terminals
- Fuel distribution terminals are performing well in line with increasing mobility and economic activity recovering

Gas

Stable commercial performance

- Promising outlook for gas, supported by economic recovery
- Vopak terminals contracted by take-or-pay contracts

New energy

Momentum continues

- We continued our progress of infrastructure solution opportunities and resource allocation to hydrogen, ammonia, CO2, flow batteries, bio fuels and sustainable feedstocks

Value creation and resilient performance

Strategic Objectives

- Deliver **portfolio and growth agenda**
- Pursue opportunities in **new energies & sustainable feedstocks**
- Execute our **sustainability roadmap** focusing on care for people, planet and profit

Performance Delivery

- Strong **EBITDA growth** performance
- Growth project contribution of **EUR 50 million**
- **Cost focus** continues notwithstanding inflationary pressures and utilities price movements

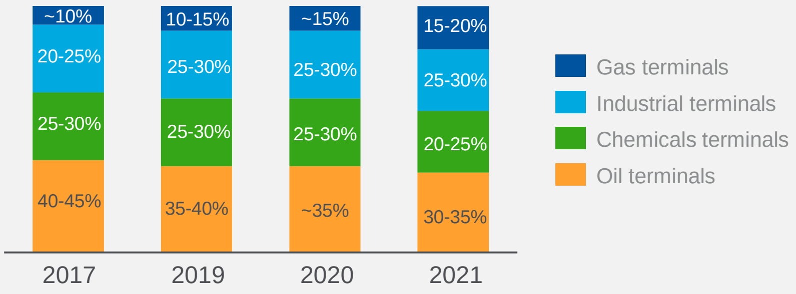
Influencing Macro Development

- **Inflationary pressures** on costs and utilities
- Continued **volatility** related to the pandemic
- **Geopolitical tensions** creating volatility

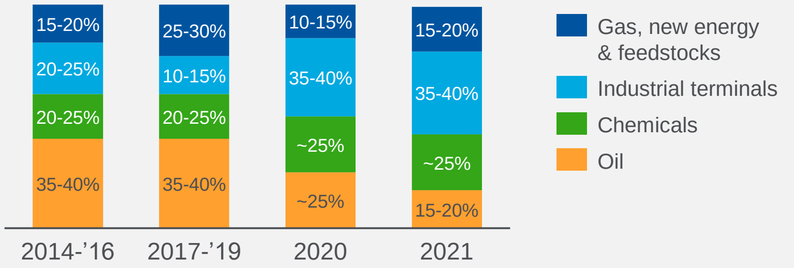
We continue to invest in growth

- Since 2014, we have divested more than 10 oil terminals located in the Netherlands, UK, Sweden, Germany, Estonia, Spain, USA and China
- In this same period, we have added more than 10 terminals to our network, which were mainly industrial terminals and terminals for LNG, gasses and chemicals
- Increased long-term contract duration in the portfolio[1]
- We are also developing new infrastructure solutions to actively contribute to the introduction of future vital products
- In 2021, Vopak initiated the review of the strategic options for 4 oil terminals in Canada, these terminals were classified as held for sale as at 30 November 2021

Proportional revenue by product category



Vopak growth capital allocation



[1] Contracts longer than 1 year as percentage of revenue were 89% in 2021, compared to 79% in 2014

FY 2021 Portfolio highlights

Strengthening our leading position in industrial terminals

Industrial terminals in China and US

- Successful start of operations of the greenfield industrial terminal in Qinzhou, China
- Awarded contract for industrial terminal in Huizhou, China, where we will own 30% of the 560k cbm terminal. The planned terminal would be constructed and operated as part of ExxonMobil's proposed Huizhou chemical complex project
- Successful commissioning of a new Vopak industrial terminal in the U.S. Gulf Coast, serving Gulf Coast Growth Ventures, a joint venture by ExxonMobil and SABIC

Qinzhou, China

FY 2021 Portfolio highlights

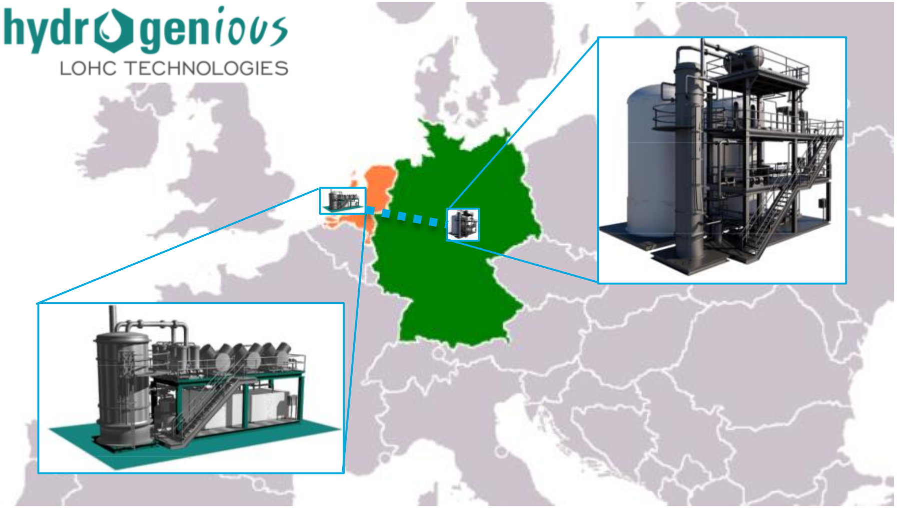
Aiming to grow in the regasification of LNG

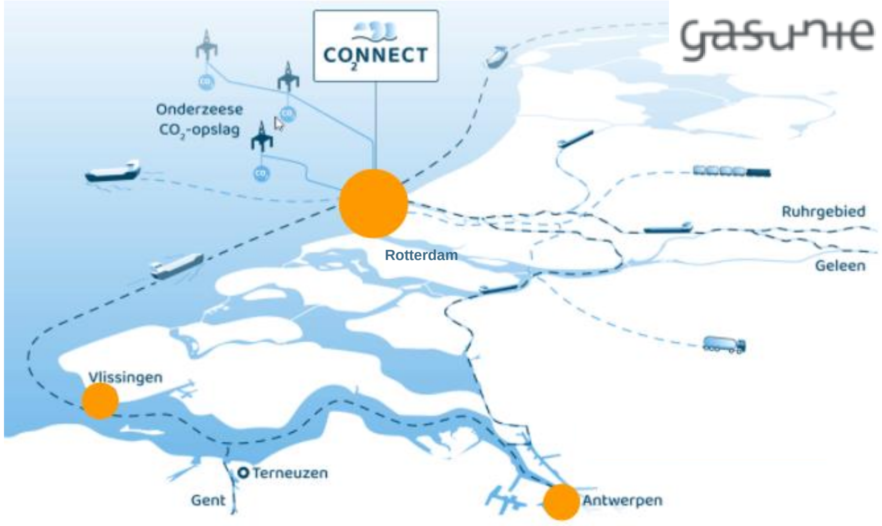
Gate LNG terminal, Netherlands	Floating LNG terminal, Hong Kong
▪ Gate terminal for LNG in Rotterdam is making an important contribution to the security of natural gas supply in the Netherlands and North-West Europe. Successful maintenance turnaround program and regasification capacity expansion of 12.5% available in 2024	▪ Agreement with Mitsui O.S.K. Lines (MOL) to jointly own and operate the floating storage and regasification unit for the new offshore LNG terminal in Hong Kong to support regional electricity demand

FY 2021 Portfolio highlights

Maturing our New Energies infrastructure projects

Hydrogen supply chain	CO2 infrastructure
Proving the feasibility of international hydrogen transport based on liquid organic oils which are safe and recyclable	Project CO_2nnect: Gate terminal as reference hub for CO2 import, storage and overseas shipment for the entire ARA region

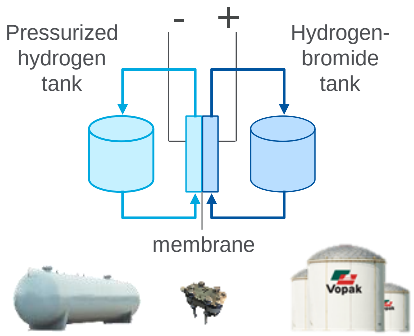




FY 2021 Portfolio highlights

Maturing our New Energies infrastructure projects

Sustainable feedstocks	Flow batteries
Replacing existing infrastructure by 64,000 cbm of storage capacity for waste-based feedstocks at Vopak Terminal Vlaardingen	Project Elestor: bringing to commercial size a durable flow battery that can be directly integrated into the hydrogen grid of the future



Vopak's approach to sustainability

We are ambitious and performance driven with a balanced roadmap focusing on care for people, planet and profit

ESG benchmarks

MSCI

- Rating: **AAA** (Scale: CCC to AAA)

ISS

- Rating (scale: 10 high risk to 1 low risk)
  - Environmental: **3**
  - Social: **3**
  - Governance: **2**

Sustainalytics

- Rating: **19.2** (Scale: 0 to 50 high exposure)

Sustainability roadmap

- Safety is our first priority
- Positioned towards the future and ready to take the next step in serving our customers and society in the fast-paced transition to a sustainable world
- We want to facilitate the introduction of vital products of the future and reduce our own environmental and carbon footprint
- Vopak supports the UN Sustainable Development Goals (SDGs) and specifically embraces 5 SDGs

7 AFFORDABLE AND CLEAN ENERGY

8 DECENT WORK AND ECONOMIC GROWTH

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

13 CLIMATE ACTION

FY 2021 Key messages

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EBITDA*
In EUR million
827

EPS*
In EUR
2.38

Proportional EBITDA
In EUR million
999.6

Proportional occupancy rate
In percent
88%

* Including net result from joint ventures and associates and excluding exceptional items

Storing vital products with care

Member of the Executive Board and CFO of Royal Vopak

Gerard Paulides

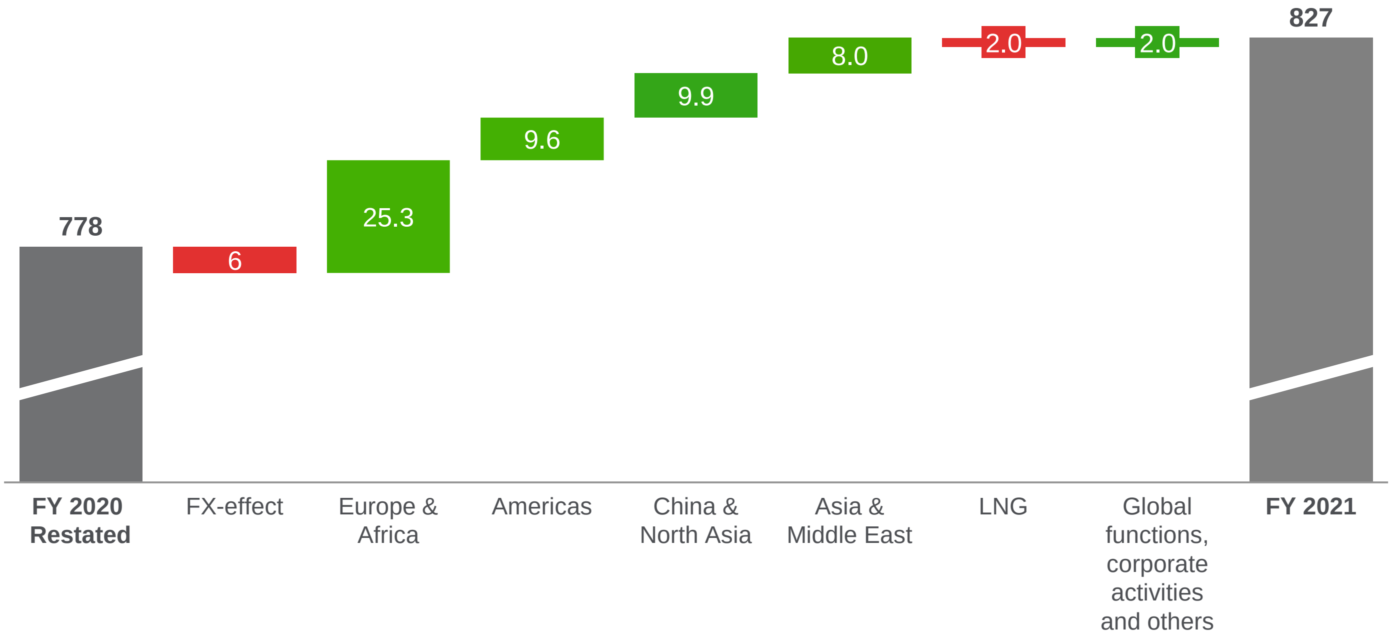
Financial highlights

- EBITDA increased by EUR 47 million to EUR 827 reflecting growth project contributions and resilient business performance in soft business conditions
- Costs at EUR 611 million after adjustment for currency movements (EUR 10 million) and changes in accounting policy (EUR 7 million), in line with our previously announced ambitions of managing costs below EUR 615 million
- Growth momentum continues with EUR 269 million invested in growth capex in 2021
- Earnings per share of EUR 2.38
- Dividend proposal of EUR 1.25 (4% increase from 2020)

* EBITDA and EPS excluding exceptional items

FY 2021 vs FY 2020 EBITDA

EBITDA increase driven by strong performance across the regions



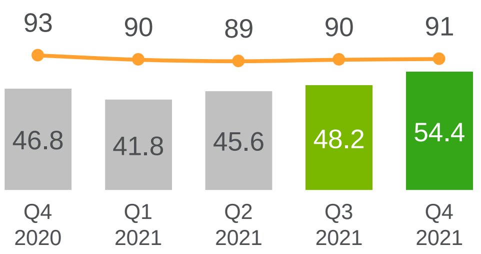
Figures in EUR million, excluding exceptional items including net result from joint ventures and associates

The period ended 31 December 2020 has been restated, due to mandatory full retrospective application of a change in accounting policy for the IFRIC agenda decision made in March 2021 on Cloud Computing Arrangements

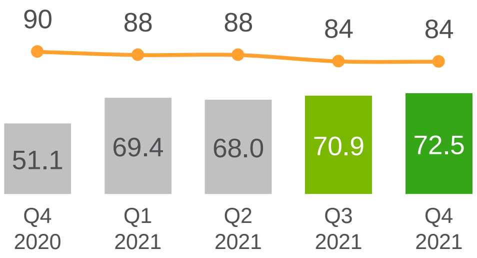
Divisional performance

Americas benefits from growth projects; Asia & ME reflects soft market conditions; Europe & Africa impacted by high energy prices; China & North Asia strong business performance and benefits from JV reporting (withholding tax reclassification)

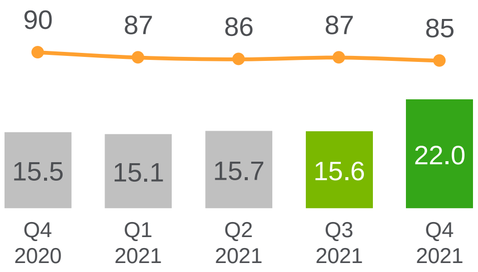
Americas



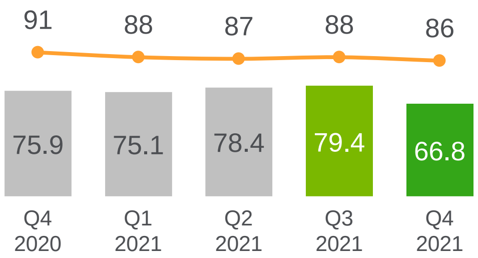
Asia & Middle East



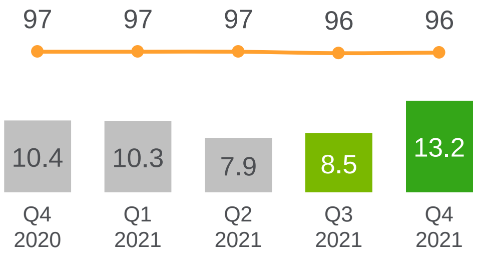
China & North Asia



Europe & Africa



LNG

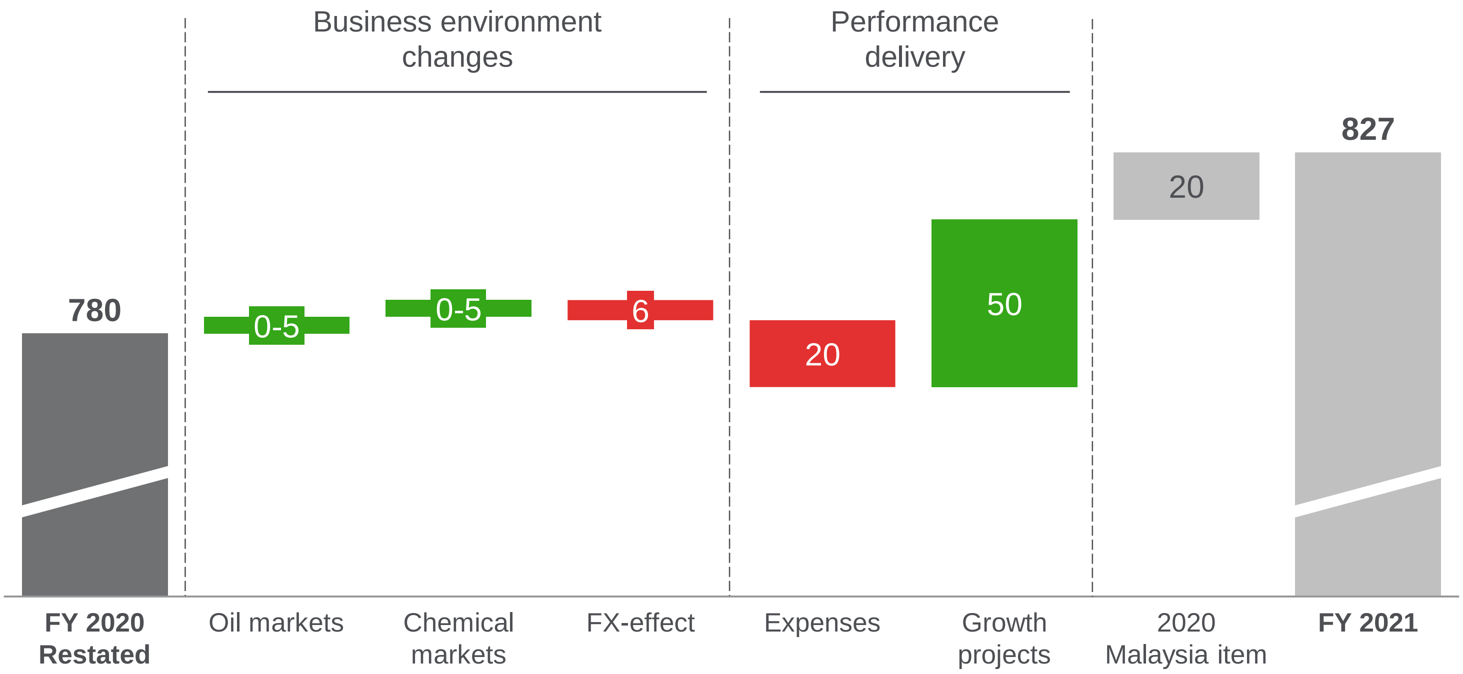


Proportional occupancy rate (in percent)

Reported EBITDA (in EUR million) excluding exceptional items and including net result from joint ventures and associates and currency effects

FY 2021 vs FY 2020 EBITDA

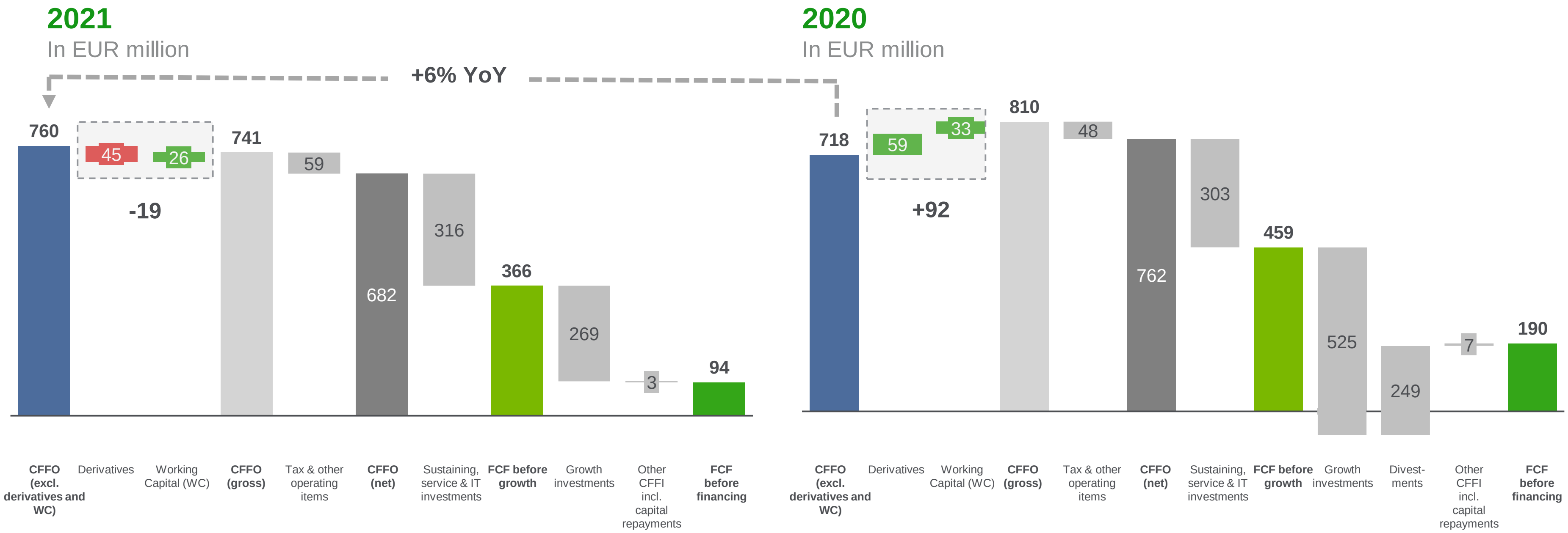
EBITDA performance driven by growth project contribution in soft markets



Figures in EUR million, excluding exceptional items including net result from joint ventures and associates. Chemical market impact includes industrial performance as well.
Malaysia item is related to a one-off negative accounting item of EUR 20 million recognized in 4Q20 by our associate industrial terminal in Malaysia (PT2SB). For more details refer to 2020 Vopak Annual report

Cash flow from operations

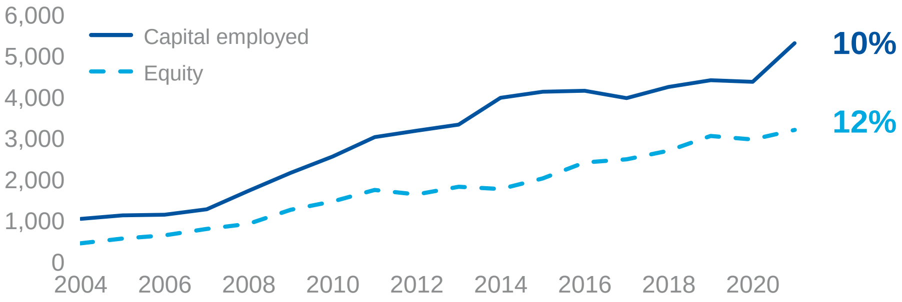
CFFO increased by 6% YoY in line with EBITDA



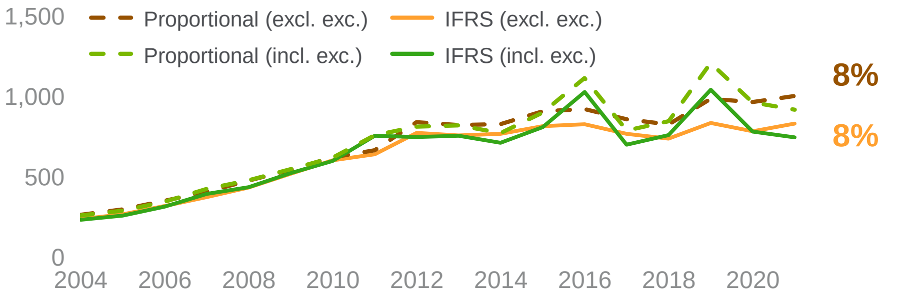
Investments supporting future growth

Vopak has grown EBITDA historically in line with capital employed

Capital employed and equity* (in EUR million) **CAGR** (In %)



EBITDA (In EUR million) **CAGR** (In %)



* Equity attributable to owners of parent

[1] Subject to market conditions and currency exchange movements

Balanced approach for growth, sustaining, service improvement and IT investments

- In 2022, growth investments are expected to be **below EUR 300 million**
- In the period 2020-2022, Vopak expects to be at the higher end of the range of **EUR 750-850 million** in sustaining and service improvement capex, subject to additional discretionary decisions, policy changes and regulatory environment
- As part of the strategic direction for the period 2020-2022, Vopak indicated to invest annually **up to a maximum of EUR 45 million** (updated to reflect changed accounting for Cloud Computing Developments) in IT capex

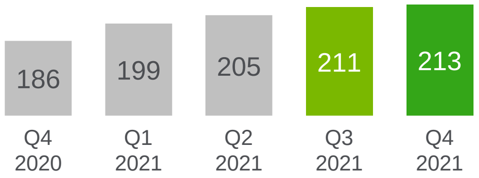
Non-IFRS proportional information

Increased EBITDA due to growth projects in soft markets

IFRS **BASED**

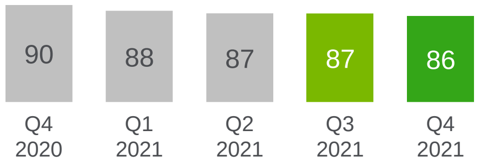
EBITDA

In EUR million



Occupancy rate

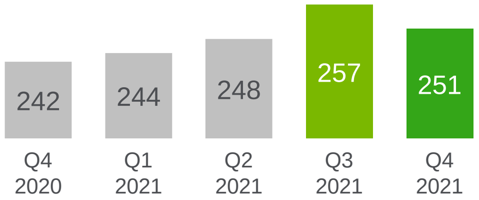
In percent – subsidiaries only



NON-IFRS **PROPORTIONAL**

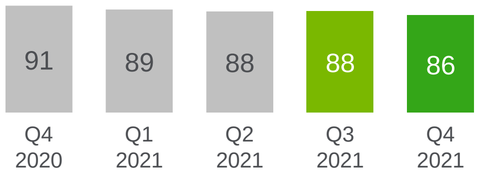
EBITDA

In EUR million



Occupancy rate

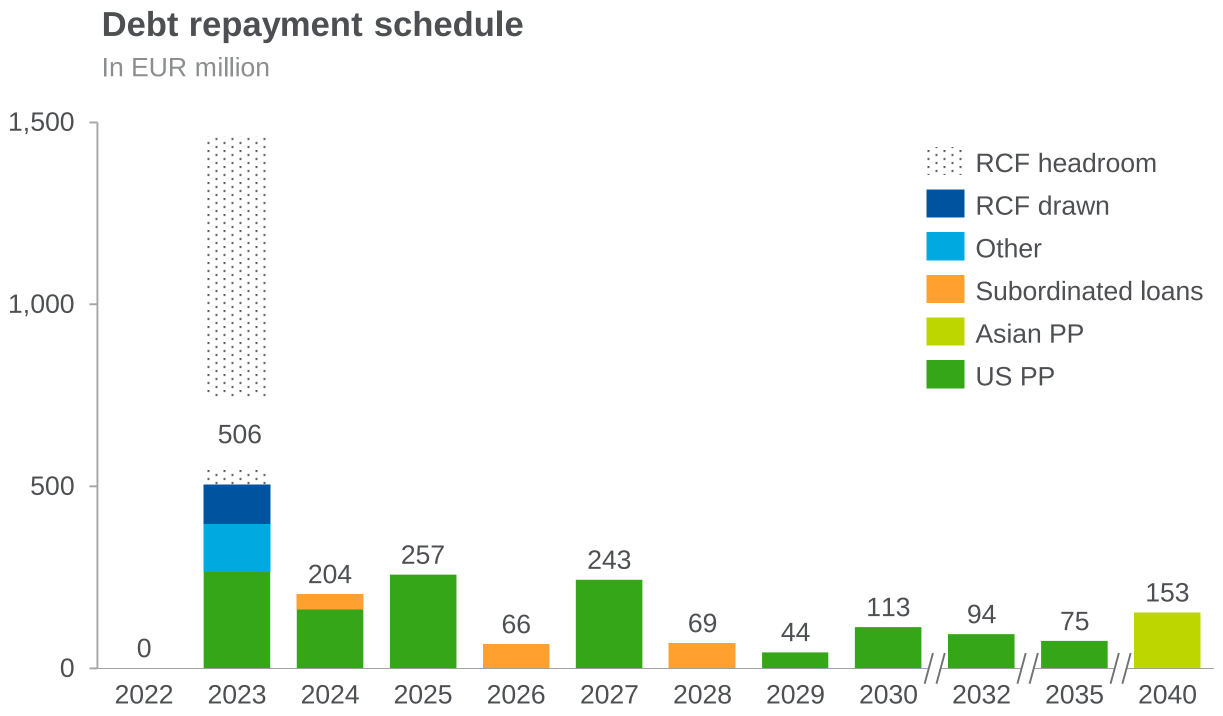
In percent



Debt repayment schedule

Priorities for cash

1. **Debt servicing** — average interest rate 2021: 3.8%
2. **Growth opportunities** — Value accretive growth
3. **Shareholder dividend** — Stable to rising cash dividend
4. **Capital optimization** — Efficient robust capital structure

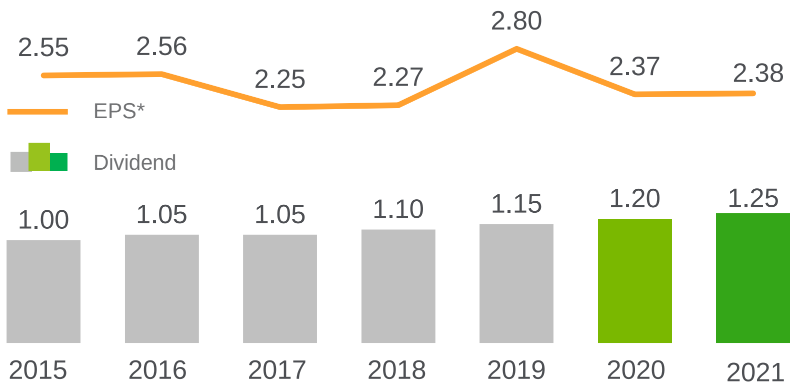


Increasing dividend

Payout ratio of 53% of EPS

Dividend and EPS*

In EUR



39%	41%	47%	48%	41%	51%	53%	payout ratio

Dividend policy

Dividend policy targets to pay an annual stable to rising cash dividend in balance with a management view on a payout ratio range of 25-75% of the net profit excluding exceptional items attributable to holders of ordinary shares and subject to market circumstances

* Excluding exceptional items

Looking ahead

- Vopak is on track with the prior announced target of **EUR 110 million to EUR 125 million** EBITDA contribution in 2023 from growth projects
- We expect to manage the 2022 cost base including additional cost for new growth projects **around EUR 645 million,** subject to currency exchange and utilities price movements
- In 2022, growth investment is expected to be **below EUR 300 million**. The allocation of these investments will be through existing committed projects, new business development and pre-FID (Final Investment Decision) feasibility studies in new energies including hydrogen, and the planned Aegis Vopak transaction and the investment related to the new LNG terminal in Hong Kong in 2022

Storing vital products with care

Vopak Full Year 2021 financial results

Questions & Answers

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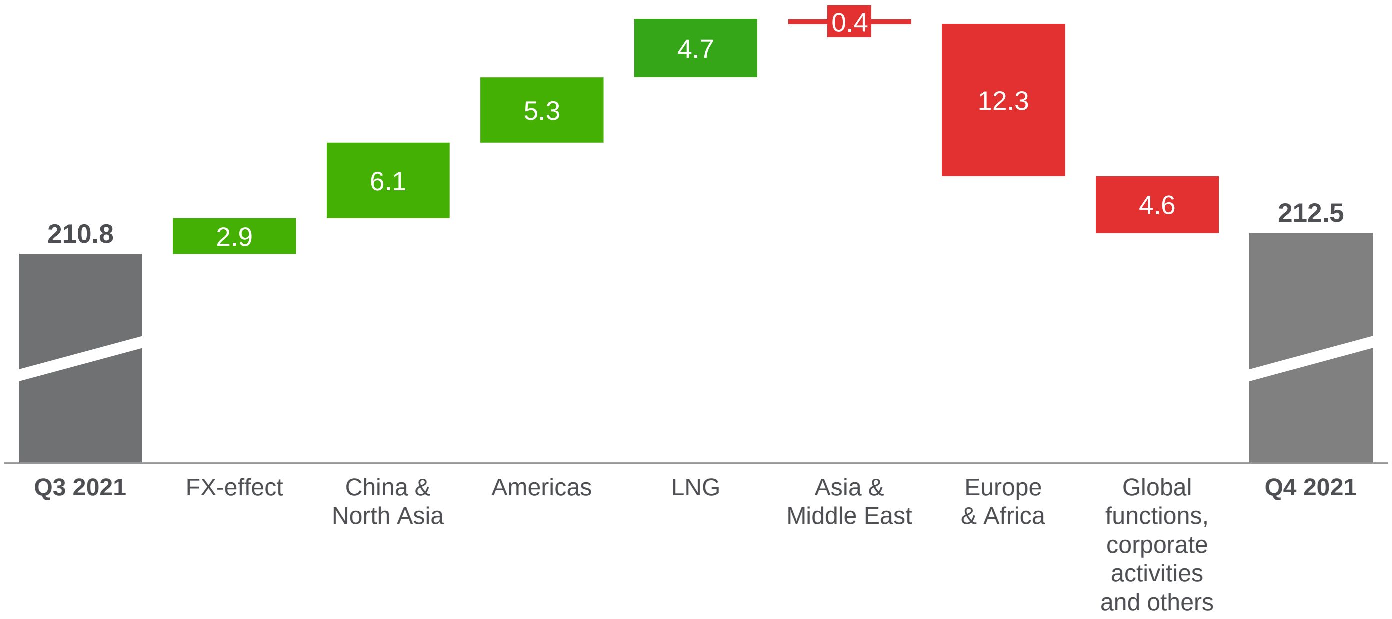
Upcoming events:

Publication of 2022 first-quarter interim update
20 April 2022
Annual General Meeting
20 April 2022
Ex-dividend quotation
22 April 2022
Dividend record date
25 April 2022
Dividend payment date
28 April 2022
Publication of 2022 half-year results
27 July 2022
Publication of 2022 third-quarter interim update
11 November 2022

Q4 2021 vs Q3 2021 EBITDA

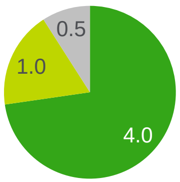
EBITDA performance driven by amongst others growth project contributions in China & North Asia, Americas and LNG, Europe & Africa impacted by higher utility prices and certain provision



Figures in EUR million, excluding exceptional items including net result from joint ventures and associates

Americas developments

Storage capacity
In million cbm

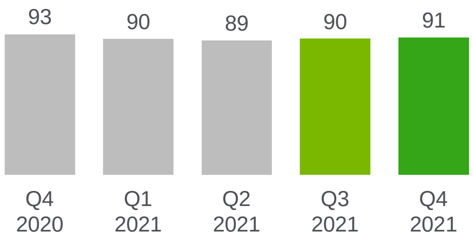


Total FY2021
5.5 million cbm

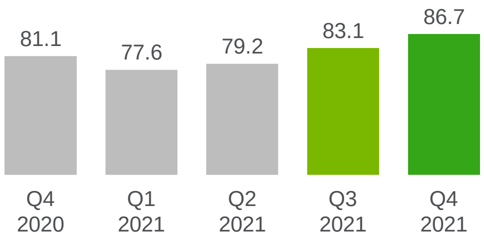
Subsidiaries
Joint ventures & associates
Operatorships

24 Terminals (6 countries)

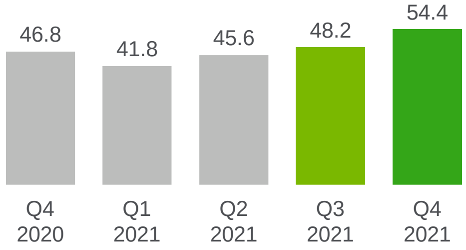
Proportional occupancy rate
In percent



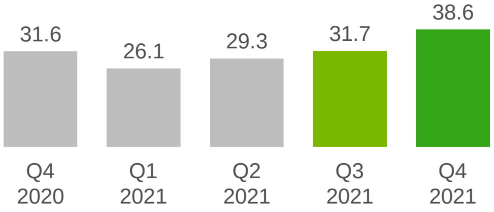
Revenues*
In EUR million



EBITDA**
In EUR million



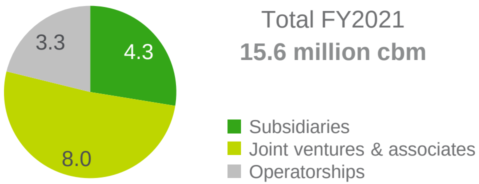
EBIT**
In EUR million



* Subsidiaries only
** EBIT(DA) - including net result from joint ventures and associates and excluding exceptional items

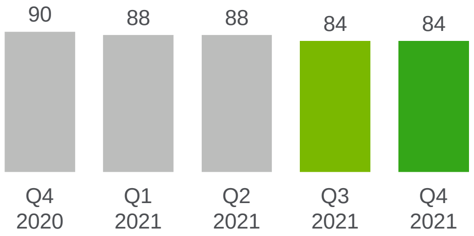
Asia & Middle East developments

Storage capacity
In million cbm

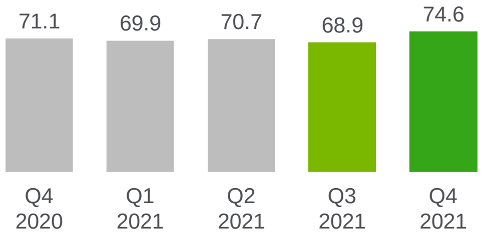


Total FY2021
15.6 million cbm

Proportional occupancy rate
In percent

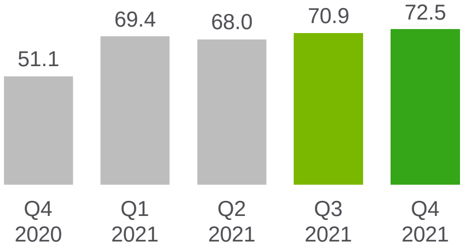


Revenues*
In EUR million

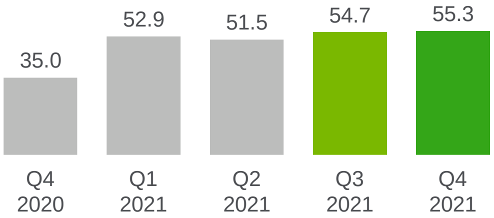


19 Terminals (9 countries)

EBITDA**
In EUR million



EBIT**
In EUR million

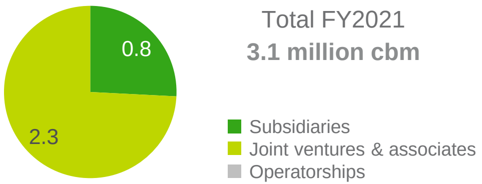


* Subsidiaries only
** EBIT(DA) - including net result from joint ventures and associates and excluding exceptional items

China & North Asia developments

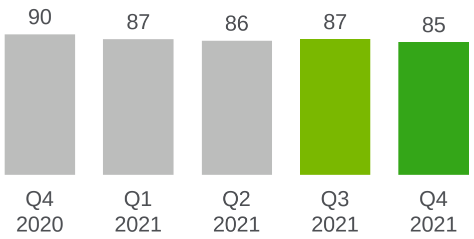
Storage capacity
In million cbm

Total FY2021
3.1 million cbm

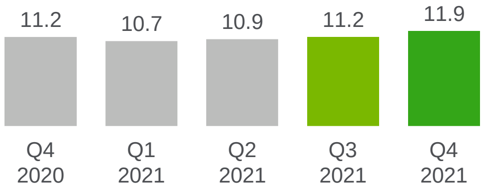


9 Terminals (3 countries)

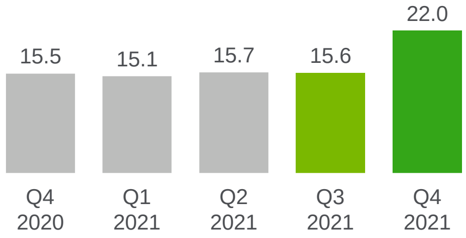
Proportional occupancy rate
In percent



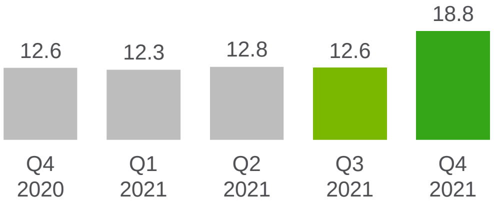
Revenues*
In EUR million



EBITDA**
In EUR million



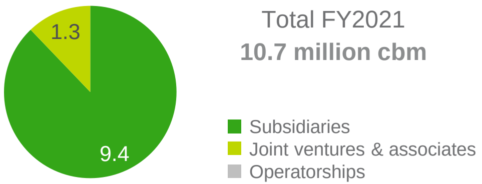
EBIT**
In EUR million



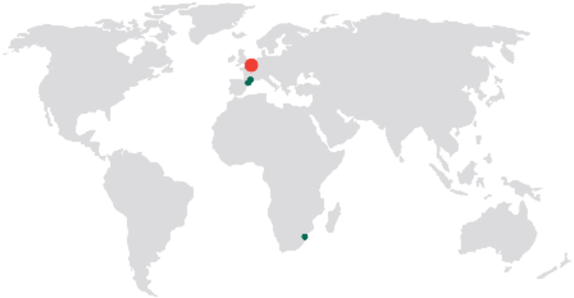
* Subsidiaries only
** EBIT(DA) - including net result from joint ventures and associates and excluding exceptional items

Europe & Africa developments

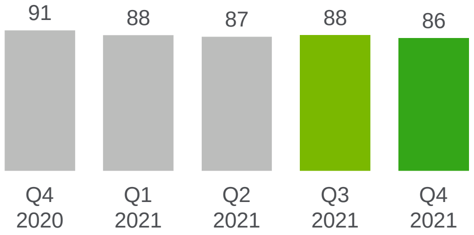
Storage capacity
In million cbm



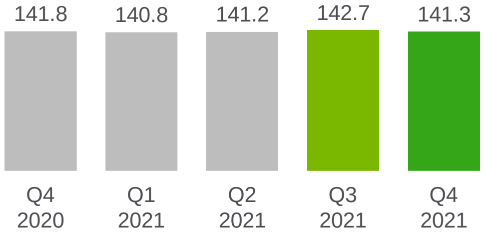
16 Terminals (4 countries)



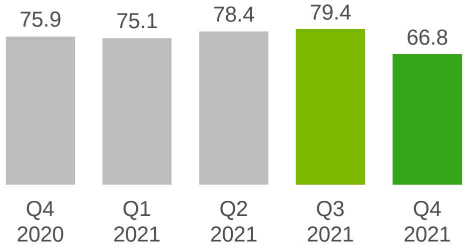
Proportional occupancy rate
In percent



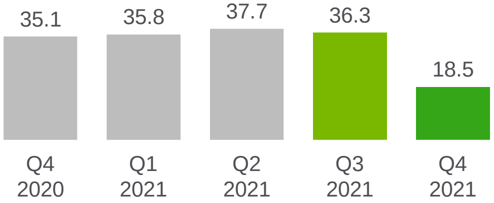
Revenues*
In EUR million



EBITDA**
In EUR million



EBIT**
In EUR million

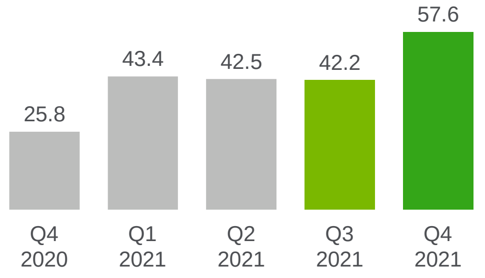


* Subsidiaries only
** EBIT(DA) - including net result from joint ventures and associates and excluding exceptional items

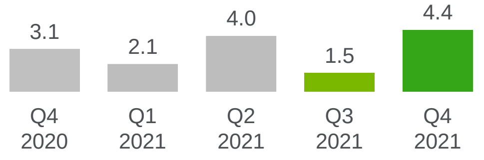
JVs & associates developments

Vopak

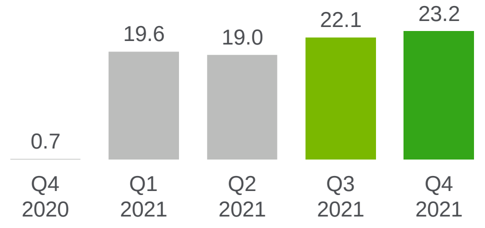
Net result JVs and associates*
In EUR million



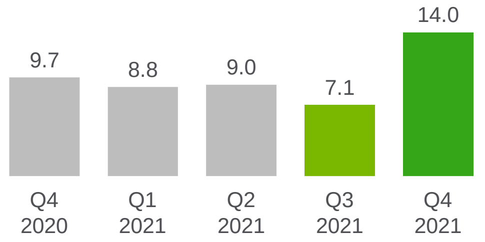
Americas*
In EUR million



Asia & Middle East*
In EUR million

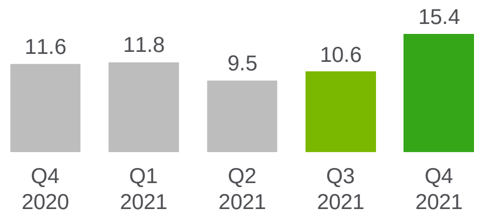


China & North Asia*
In EUR million



Europe & Africa*
In EUR million

LNG*
In EUR million



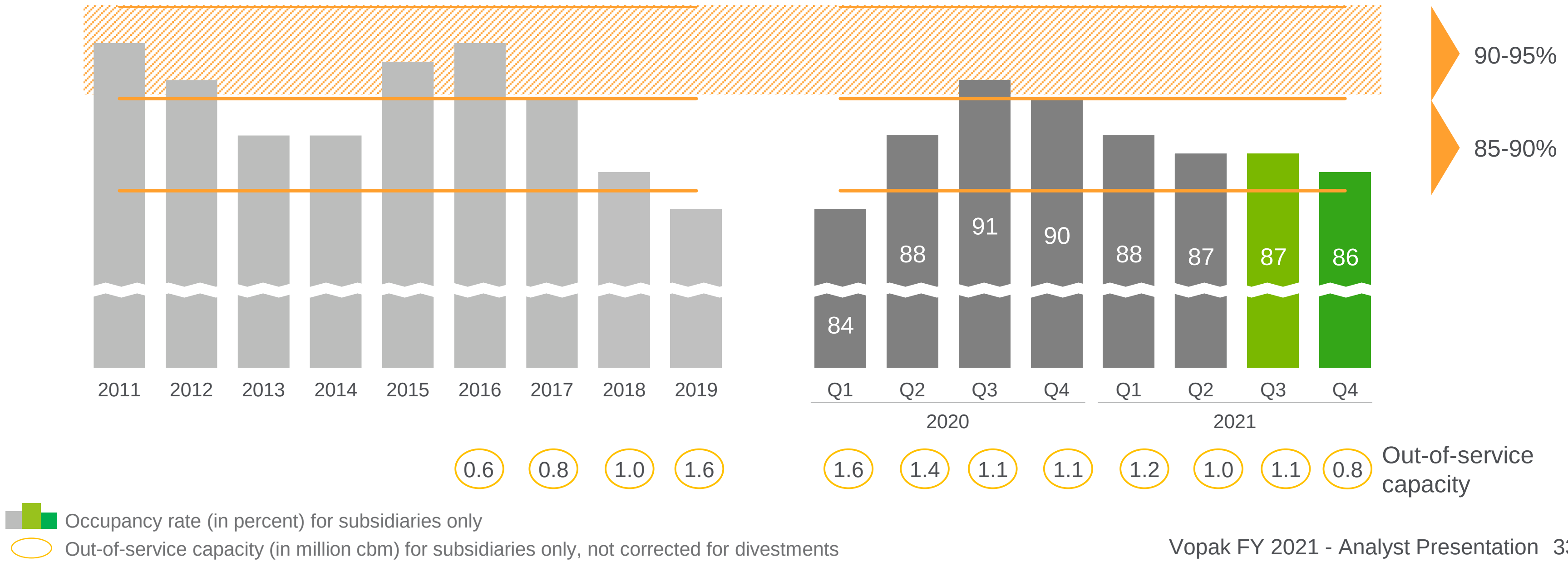
* Excluding exceptional items

Occupancy rate developments

Lowest out-of-service capacity in the last 2 years due to tanks returning at Europoort, Botlek and Singapore

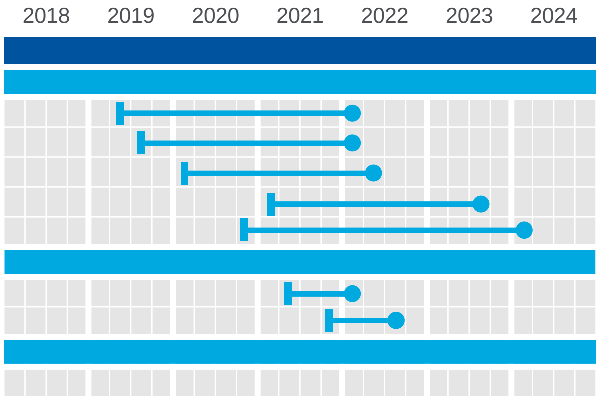
Subsidiary occupancy rate and out-of-service capacity

In percent and million cbm, respectively



Project timelines

Country	Terminal	Vopak's ownership	Products	Capacity* (cbm)
Growth projects				
Existing terminals				
United States	Deer Park	100%	Chemicals	4,500
Mexico	Altamira	100%	Chemicals	40,000
China	Shanghai - Caojing Terminal	50%	Industrial terminal	65,000
Netherlands	Vlaardingen	100%	Renewable feedstocks	64,000
Brazil	Alemoa	100%	Chemicals	20,000
Acquisitions				
India	Kandla, Pipavav, Mangalore, Kochi, Haldia**	49%	LPG & Chemicals	738,000
China	LNG Hong Kong	49.99%	LNG	258,000
New terminals				
China	Huizhou***	30%	Industrial terminal	560,000



start construction
expected to be commissioned

Indicative overview, timing may change due to project delays

* The capacity indicates the remaining capacity to be commissioned (e.g. a part of Deer Park is already live, but the remaining 23,500 cbm is still under construction)

** Vopak ownership on Haldia chemical business will be 49%. Vopak ownership in the Hindustan Aegis LPG Ltd entity will be 24%

*** COD to be determined