

20 Augustus 2014 · Analyst presentation

# HY1 2014 results.



# Forward-looking statements.

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.



# Highlights HY1 2014.



# Results HY1 2014

## Stable business and focus on executing actions business review

### Storage capacity\*



Storage capacity grew to  
32.1 million cbm

(HY1 2013: 30.4 million)

### Occupancy rate\*\*



The occupancy rate was  
88%

(HY1 2013: 88%)

### EBITDA\*\*\*



EBITDA amounts to  
EUR 367 million

(HY1 2013: EUR 385 million)

### Cash flow\*\*\*\*



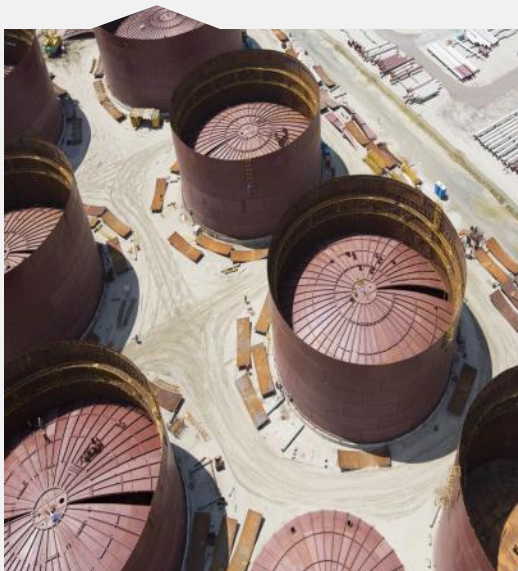
Cash flow from operating  
activities grew to  
EUR 300 million

(HY1 2013: EUR 290 million)

\* Storage capacity is defined as the total available storage capacity (jointly) operated by the Group at the end of the reporting period, being storage capacity for subsidiaries, joint ventures, associates (with the exception of Maasvlakte Olie Terminal in the Netherlands which is based on the attributable capacity, being 1,085,786 cbm), and other (equity) interests, and including currently out of service capacity due to maintenance and inspection programs"; \*\* Subsidiaries only; \*\*\* EBITDA (Earnings Before Interest Depreciation and Amortization) excludes exceptionals and includes net result of joint ventures and associates. \*\*\*\* Cash flow from operating activities on a net basis

# Topics influencing results HY1 2014

## Capacity expansions



## Currency effects



## Regulations





# Product developments in HY1 2014

Stable business and focus on executing actions business review

## Oil products



Oil market shows slight growth in both consumption and trading. Non-OECD demand grows with 3% and overtakes OECD

The activities at hubs continues to be robust with growth in deficit markets due to refinery closures (OECD) and economic growth (non-OECD)

## Biofuels & vegoils



Biofuels demand grew further having increased mandates

Vegoils demand grew steadily through growth in population and wealth level

Anti dumping duties result in lower extra EU flows but higher intra EU flows

## Chemical products



North America is investing in steam cracking and downstream derivative capacity with some delays

Rationalization and consolidation of capacity in Europe and North East Asia as a result of higher feedstock cost. Alternative feed stocks being explored

## LNG



LNG trade develops with more short-term contracts and more players

Asian LNG price decreased but price differentials across regions remained

# Strategy execution.



# Execution of strategy

## Aligning with business review

### Growth Leadership



### Operational Excellence



### Customer Leadership



- Vopak will sharpen its focus on increasing cash flow generation throughout the company and on improving its capital efficiency, supporting cash flow return and EPS objectives

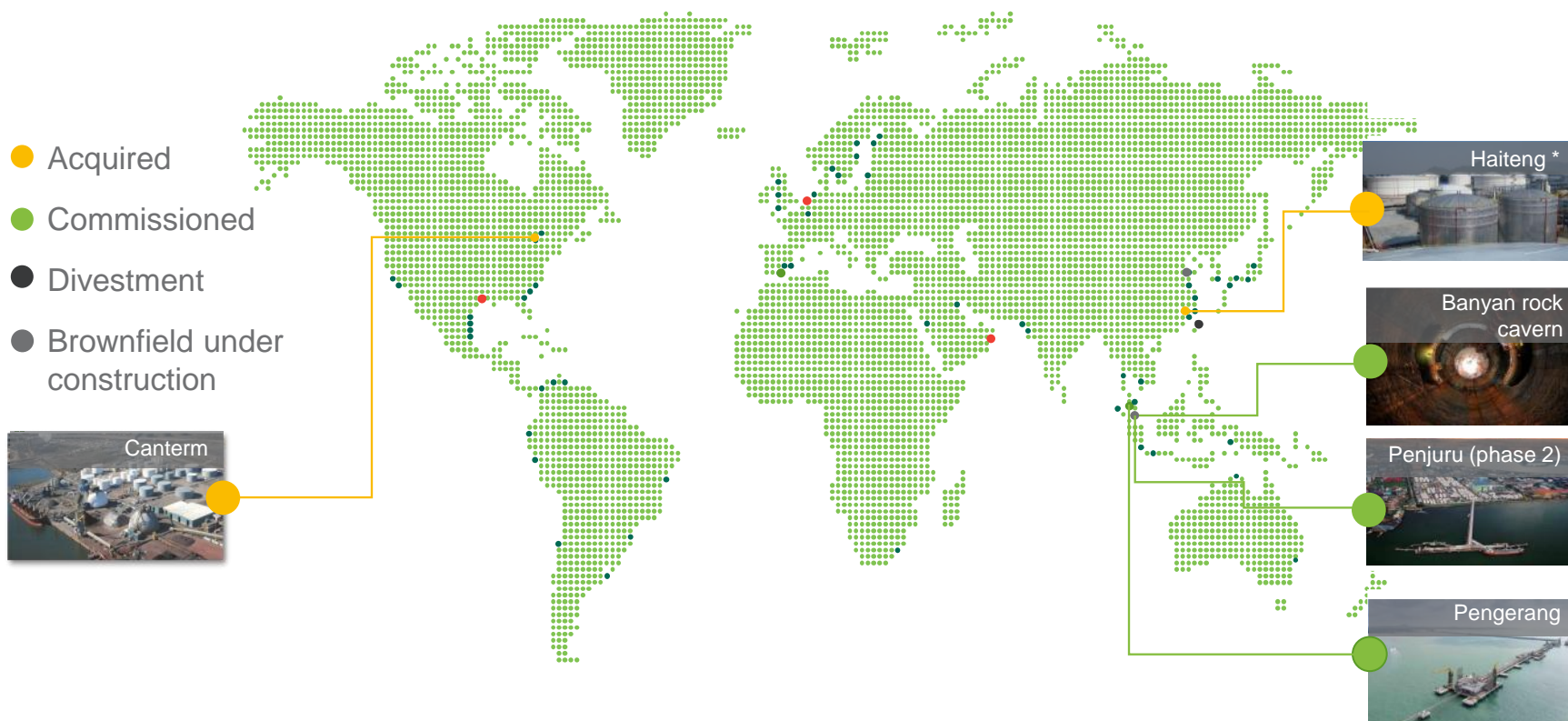
### Our Sustainability Foundation

Safety and Health | Environmental Care | Responsible Partner | Excellent People



# Terminal portfolio criteria

## Alignment of Vopak's terminal network



- Vopak aligned business development activities with terminal portfolio criteria
- Vopak started a divestment program of around 15 primarily smaller terminals

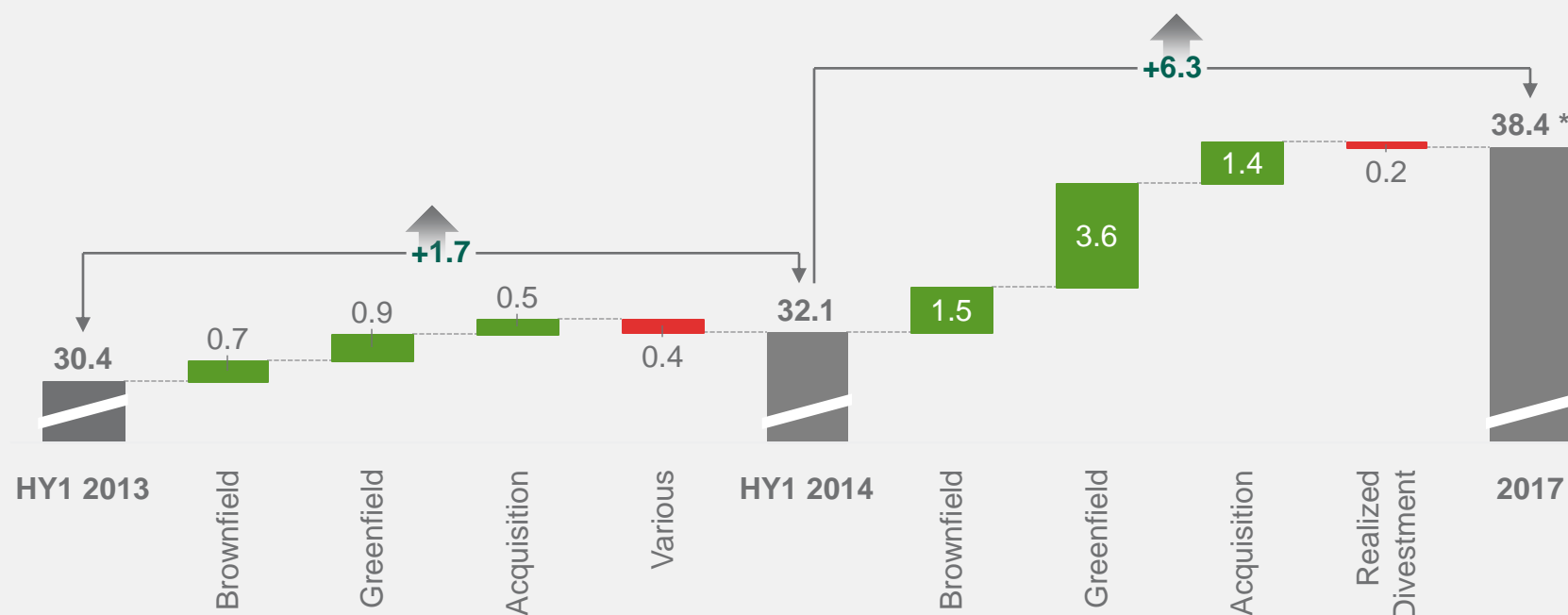
Note: This is only a selection of projects. \* subject to financial closing.

# Storage capacity developments

Split by brownfield, greenfield, acquisition and realized divestments

## Storage capacity developments

In million cbm; commissioned and under development



Note: Including only projects under development estimated to be commissioned for the period Q3 2014 - 2017. \* Includes the announced divestments.

# Execution of its business

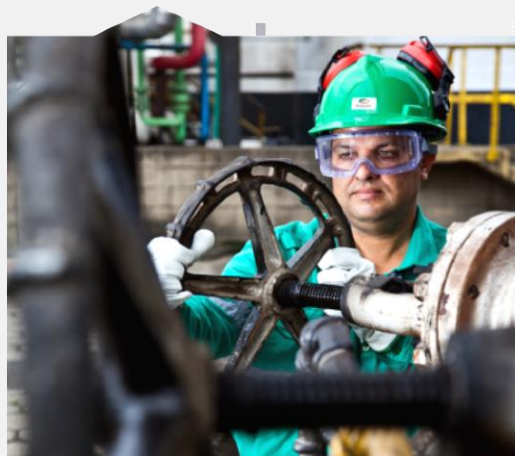
Operational excellence is core to Vopak's customer service offering

## Safety



Ambition is to be as good as our leading customers

## Efficiency



Continuous focus on cost management contributes to healthy EBITDA margins

## Service improvement



Logistics efficiency and service improvements for our customers



# Safety

## Relentless focus on improving performance

### Total injury rate (TIR)

Total injuries per 200,000 hours worked by own employees and contractors



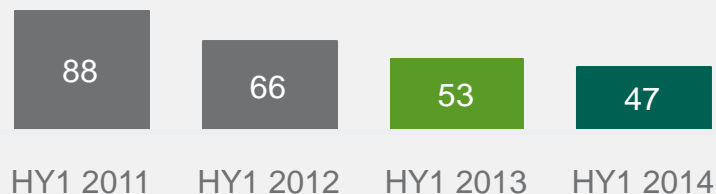
### Lost time injury rate (LTIR)

Total injuries leading to lost time per 200,000 hours worked by own employees and contractors



### Process incidents

# incidents



### Process safety event rate (PSER)

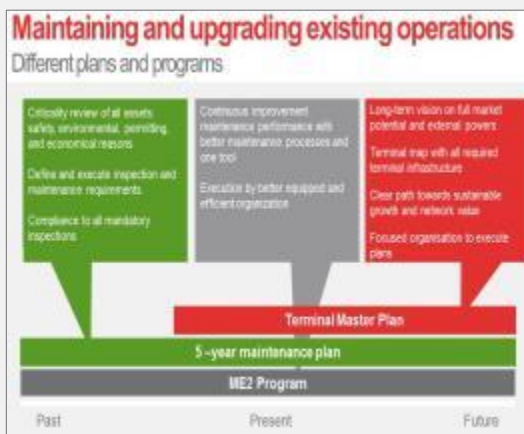
Tier 1 and Tier 2 incidents per 200,000 hours worked by own employees and contractors (excluding greenfield projects)



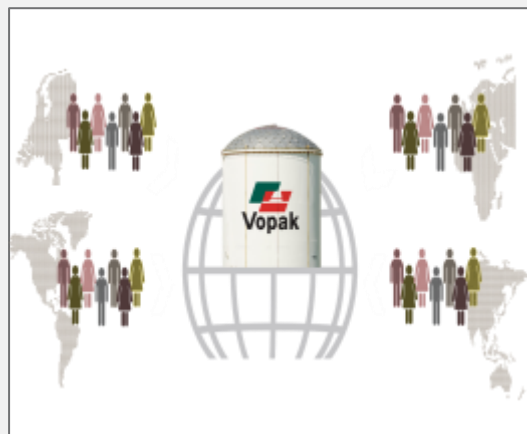
# Efficiency

## Benefit from increased understanding and know-how

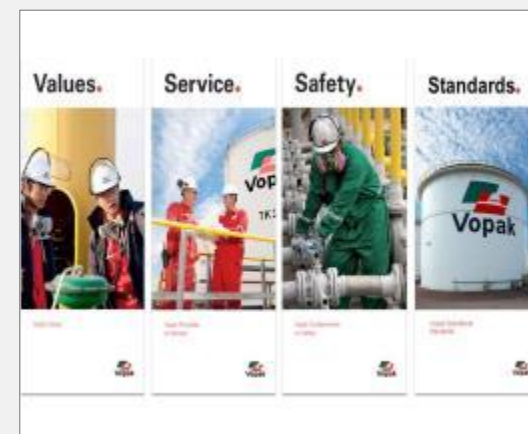
### Sustaining & improvement capex approach



### Organizational productivity



### Leverage on standards and procedures



- Vopak aims to reduce its sustaining & improvement capex program from the earlier indicated maximum EUR 800 million to approximately EUR 700 million until 2016
- Vopak expects to structurally reduce its current cost base with approximately EUR 30 million from 2016 through productivity and organizational efficiency enhancements

# Service improvements

We continue to invest in infrastructure creating value to our customers

## Infrastructure Processes

### Improved flexibility

Improved flexibility in product storage Darwin Australia

### New service KPI's

Implemented new service KPI's at several terminals (such as jetty turnaround times)

### Improved pipeline and jetty capabilities

Improved pipeline and jetty infrastructure for LPG at Banyan (Singapore) which increased throughput capabilities

### Service improvement programs

Introduced dedicated service teams on several terminals to improve service offering to customers

Note: The examples are for illustration purposes and do not cover all service improvements performed.



# Business performance●

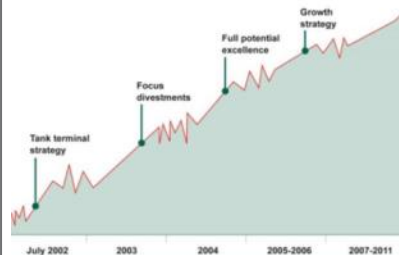


# Strategy update July 2, 2014

*“We are taking the necessary steps in shaping our network to cater for today’s and tomorrow’s flows at the locations that matter”*

## 2004 - 2012

Expansion of global network and double digit financial growth



## 2012 - 2014

- The timing of new profitable expansion projects has become less apparent
- Incremental supply of storage capacity
- Legislative and geopolitical developments

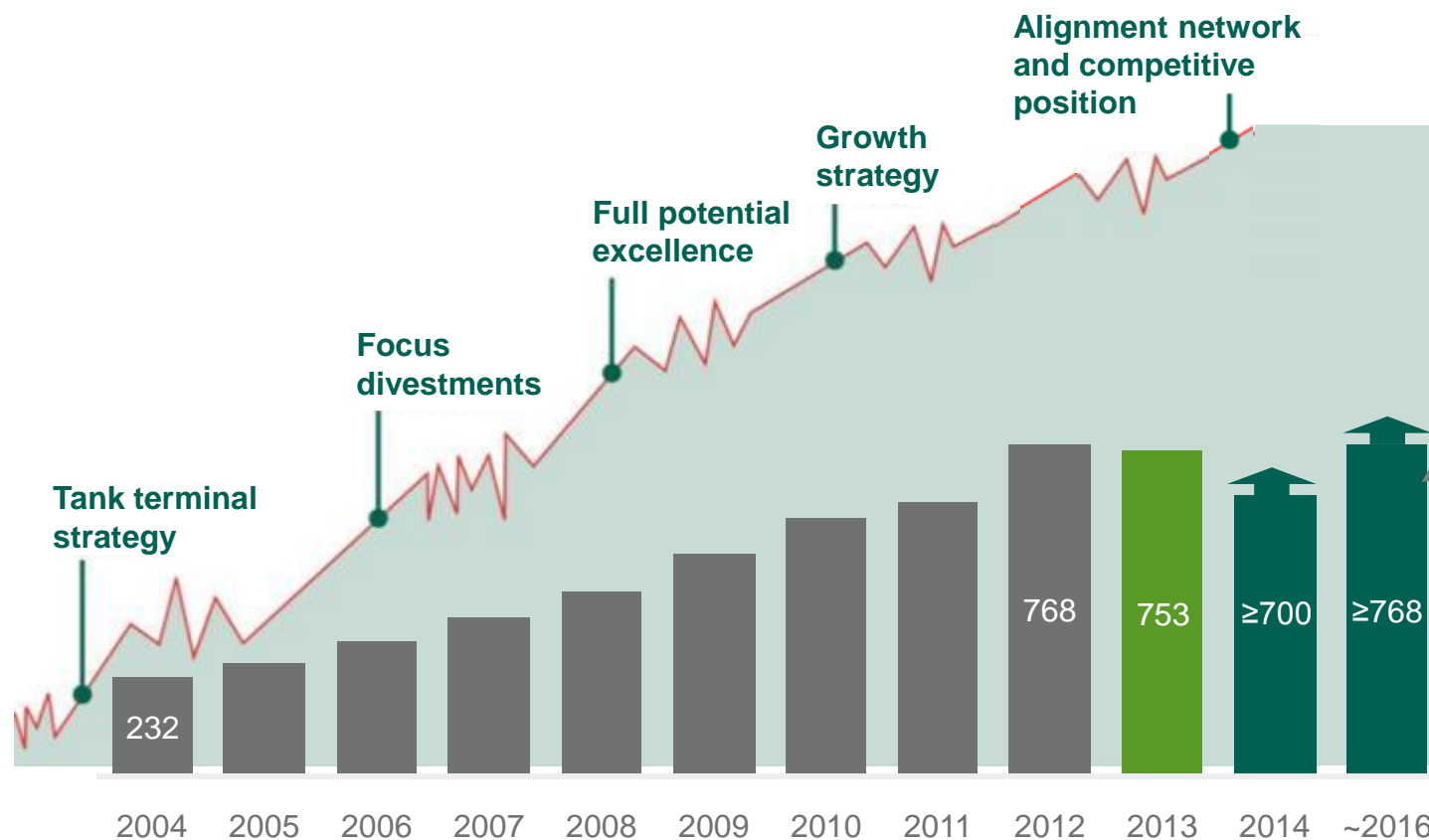


## Strategic priorities

*‘With the shifting emphasis in its strategy execution Vopak will sharpen its focus on increasing **free cash flow generation** throughout the company and on improving its **capital efficiency**, to support **cash flow return** and **EPS objectives**’*



# Outlook 2014 and financial update 2016



*“Vopak expects, on the basis of current market insights, to realize an EBITDA exceeding the 2012 results of EUR 768 million latest in 2016”.*

*“We expect no material changes in our business climate during the second half of the year and as a result we anticipate our EBITDA –excluding exceptional items- for the year 2014 **will exceed EUR 700 million**, versus the earlier indicated decline of 5% to 10% of the 2013 EBITDA (EUR 753 million).”*

Note: graph for illustration purposes only.

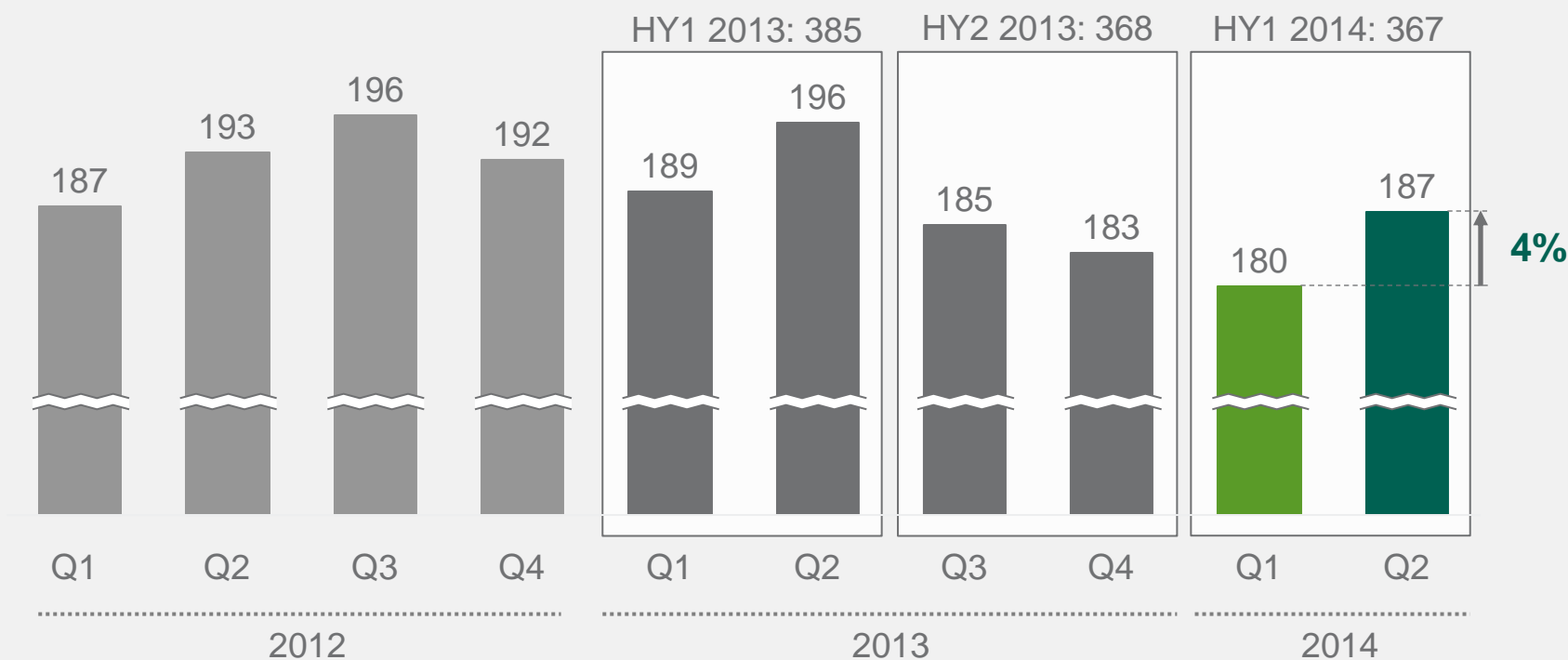


# EBITDA development

Q2 2014 lower than Q2 2013, higher than Q1 2014

## EBITDA development

In EUR million



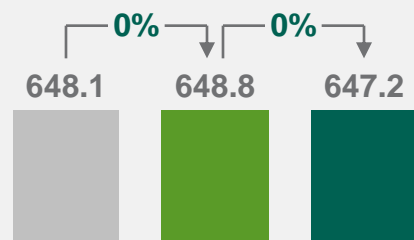
Note: EBITDA in EUR million excluding exceptional items and including joint ventures and associates; Due to the retrospective application of the Revised IAS 19, EBITDA 2012 figures have been restated.

# Financial performance HY1 2014

Revenue impacted by FX, EBITDA impacted by FX and non-recurring items

## Revenues

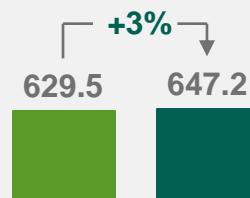
In EUR million



HY1 2012 HY1 2013 HY1 2014

## Revenues (adj. for FX)

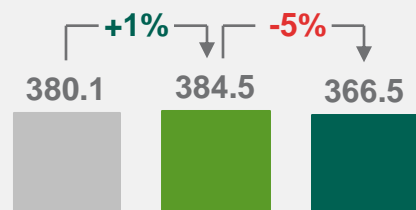
In EUR million



HY1 2013 HY1 2014

## EBITDA

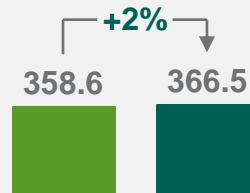
In EUR million



HY1 2012 HY1 2013 HY1 2014

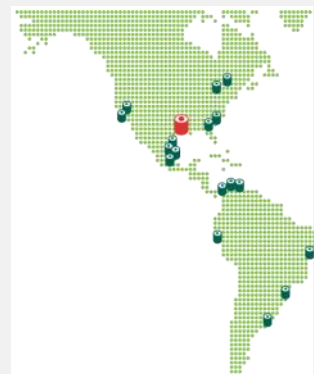
## EBITDA (adj. for FX and non-recurring items)

In EUR million



HY1 2013 HY1 2014

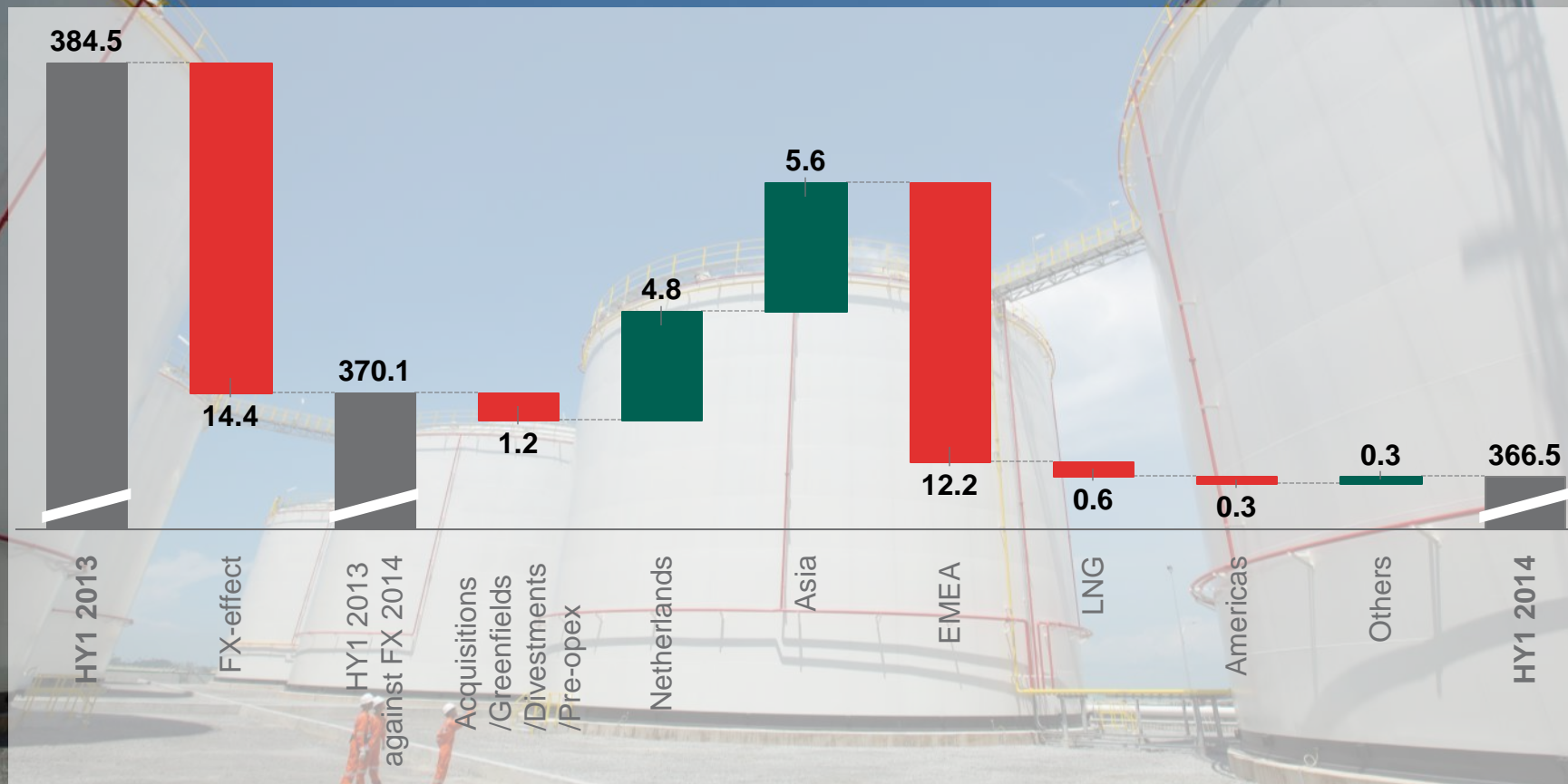
Adjusted EBITDA  
increased by  
EUR 7.9 million



Note: EBITDA in EUR million excluding exceptional items and including joint ventures and associates; Due to the retrospective application of the Revised IAS 19, EBITDA 2012 figures have been restated.

# Organic EBITDA growth analysis

Going forward: “create more value from core assets and core capabilities”

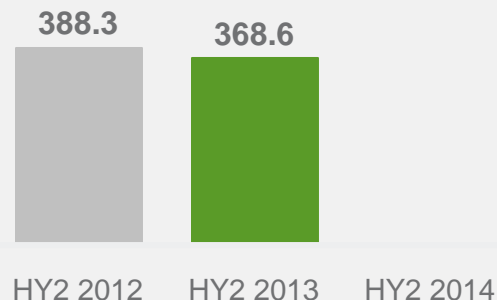
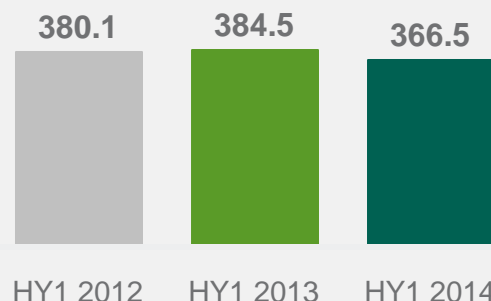




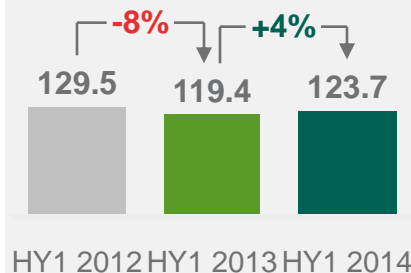
# EBITDA per division

Organic growth Netherlands and Asia offset by FX and EMEA

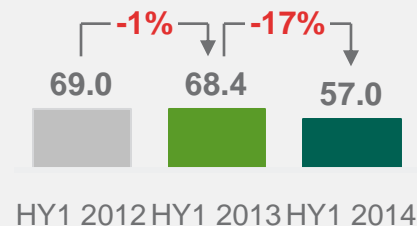
## EBITDA\*



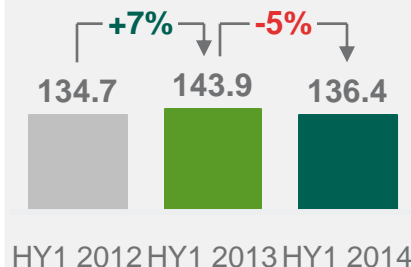
## Netherlands



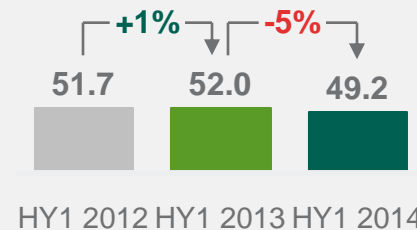
## EMEA



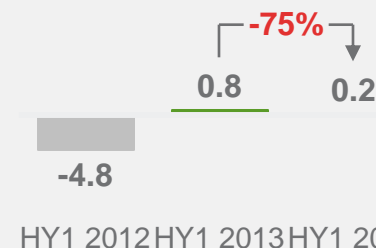
## Asia



## Americas



## Non-allocated



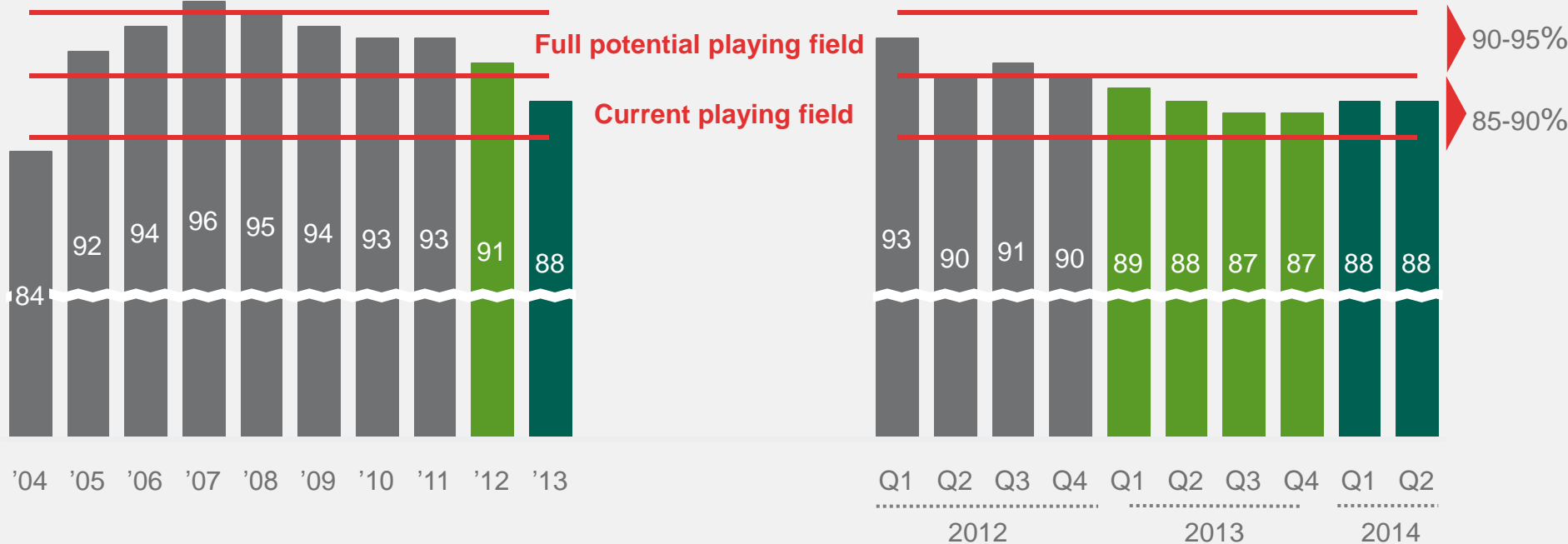
Note: EBITDA in EUR million excluding exceptional items and including joint ventures and associates; Due to the retrospective application of the Revised IAS 19, EBITDA 2012 figures have been restated.

# Occupancy rate developments

## Q2 in line with Q1 and 2013

### Occupancy rate

In percent

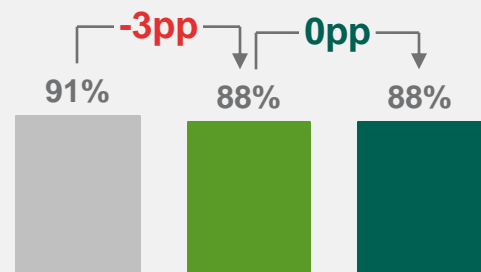


Note: Subsidiaries only.

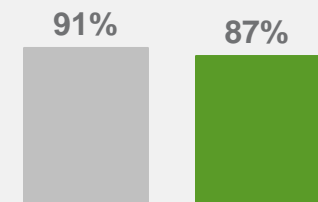
# Occupancy rate

## Segmentation per division

### Occupancy rate

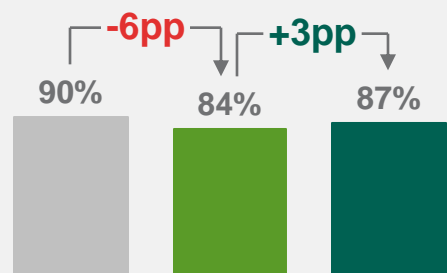


HY1 2012 HY1 2013 HY1 2014



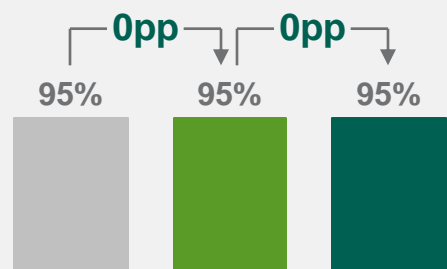
HY2 2012 HY2 2013 HY2 2014

### Netherlands



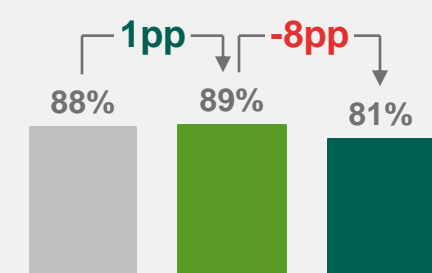
HY1 2012 HY1 2013 HY1 2014

### Asia



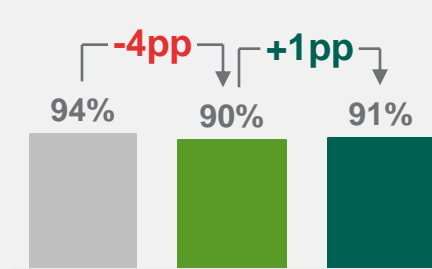
HY1 2012 HY1 2013 HY1 2014

### EMEA



HY1 2012 HY1 2013 HY1 2014

### Americas



HY1 2012 HY1 2013 HY1 2014

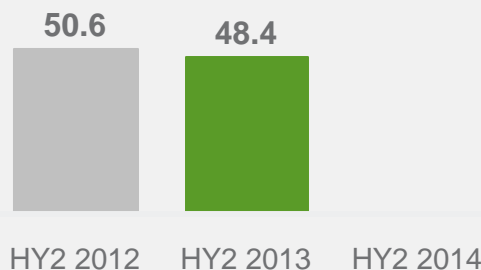
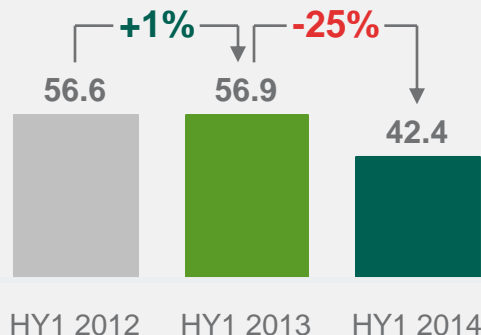
Note: Subsidiaries only.



# Net result of joint ventures

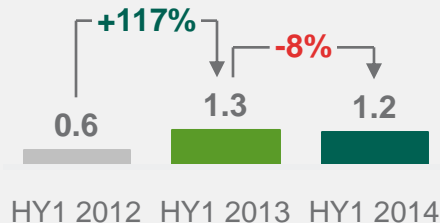
Vopak E.O.S. impacted by difficult market circumstances

## Net result of joint ventures



Note: Amounts in EUR million; including associates; excluding exceptional items.

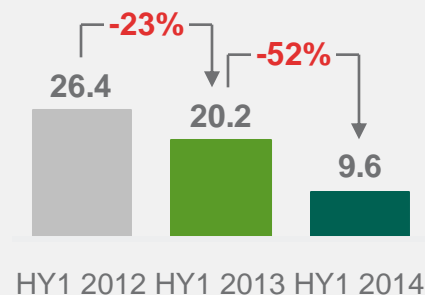
## Netherlands



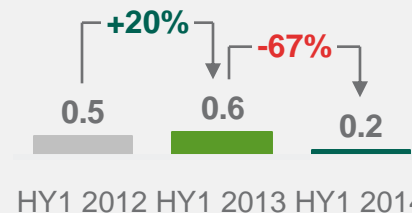
## Asia



## EMEA



## Americas



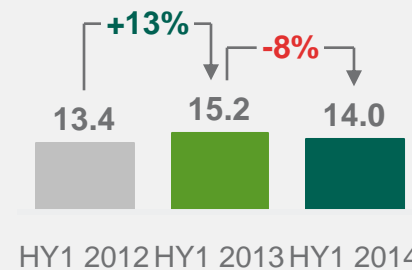
## Joint venture divestments

Mejillones Terminal, Chile  
19 December 2013

Terminal Guayaquil, Ecuador  
19 December 2013

Xiamen, China  
11 July 2013

## Global LNG



# EBIT

## HY1 2013

In EUR million

## HY1 2014

In EUR million

## Delta

In EUR million

Group operating profit

211.0

193.6

- 17.4

Net result joint ventures  
incl. exceptional items

67.8

42.4

- 25.4

EBIT incl. exceptional items

278.8

236.0

- 42.8

Exceptional gain (loss)

-1.5

-15.3

+ 13.8

EBIT excl. exceptional items

280.3

251.3

- 29.0

Net profit excl. exceptional items\*

162.5

138.3

- 24.2

Earnings per ordinary share \*\*

1.27

0.99

- 0.28

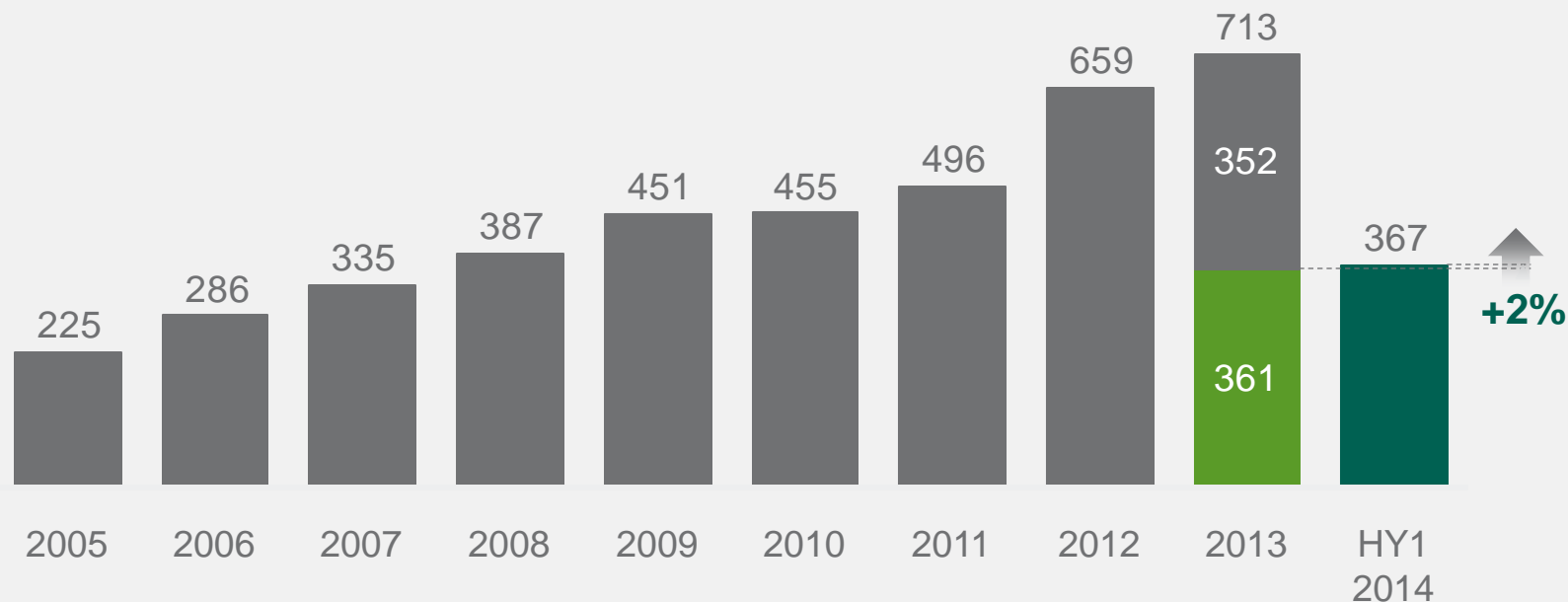
\*Attributable to holders of ordinary shares. \*\* in EUR including exceptional items.

# Cash flow

Strategic update: “*sharpen focus on increasing free cash flow generation*”

## Cash flow from operating activities (gross)

In EUR million

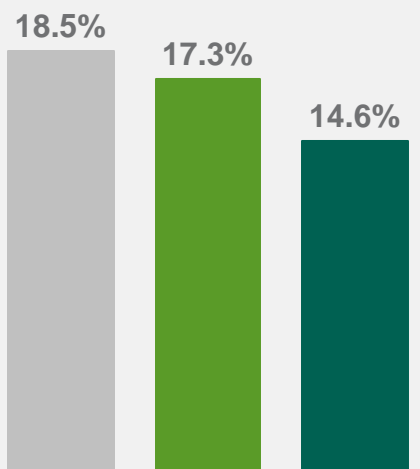


# Financial ratio's HY1 2014

Going forward: *“focus on increasing cash flow return and improving capital efficiency”*

## ROCE\*

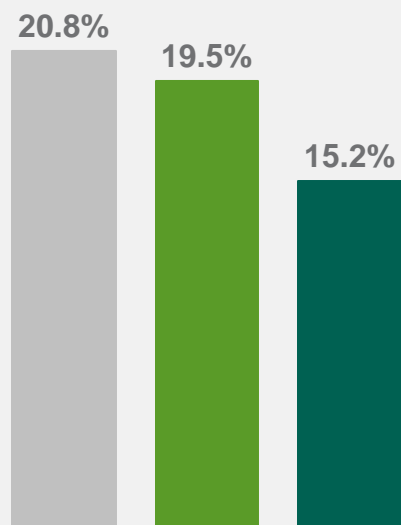
In %



HY1 2012 HY1 2013 HY1 2014

## ROE\*\*

In %



HY1 2012 HY1 2013 HY1 2014



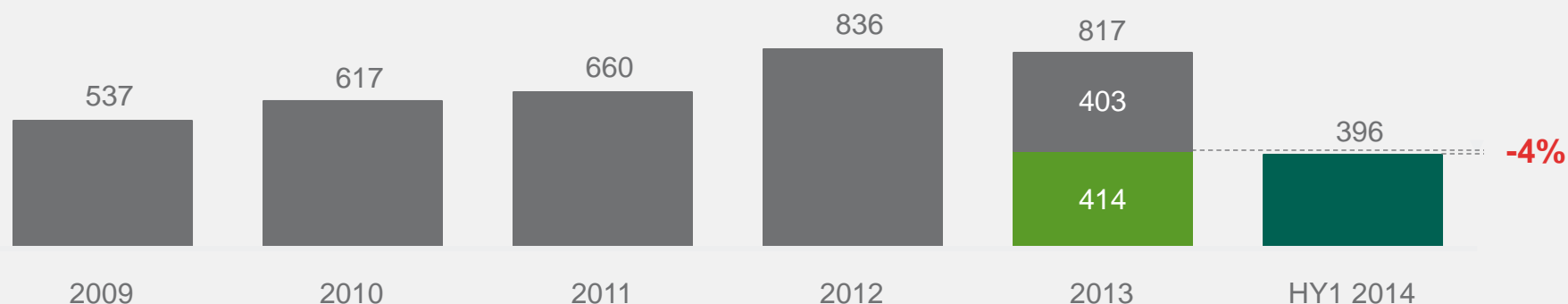
\* ROCE is defined as EBIT excluding exceptionals as percentage of the capital employed . \*\* ROE is defined as Net Profit excluding exceptionals as percentage of the Equity excluding financing preference shares and Non-controlling Interest .



# Non-IFRS proportionate financial information

## Proportionate EBITDA

In EUR million



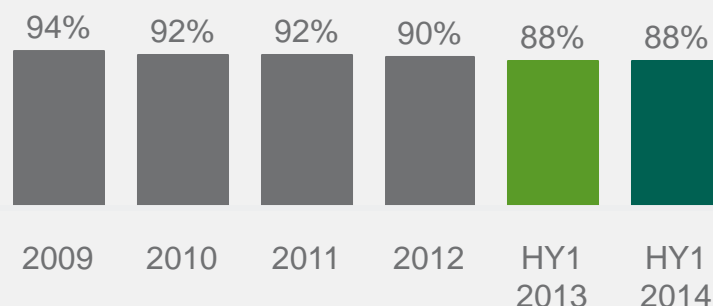
## Cash Flow Return on Gross Assets

In %



## Occupancy rate subsidiaries and joint ventures

In %



# Selective growth.

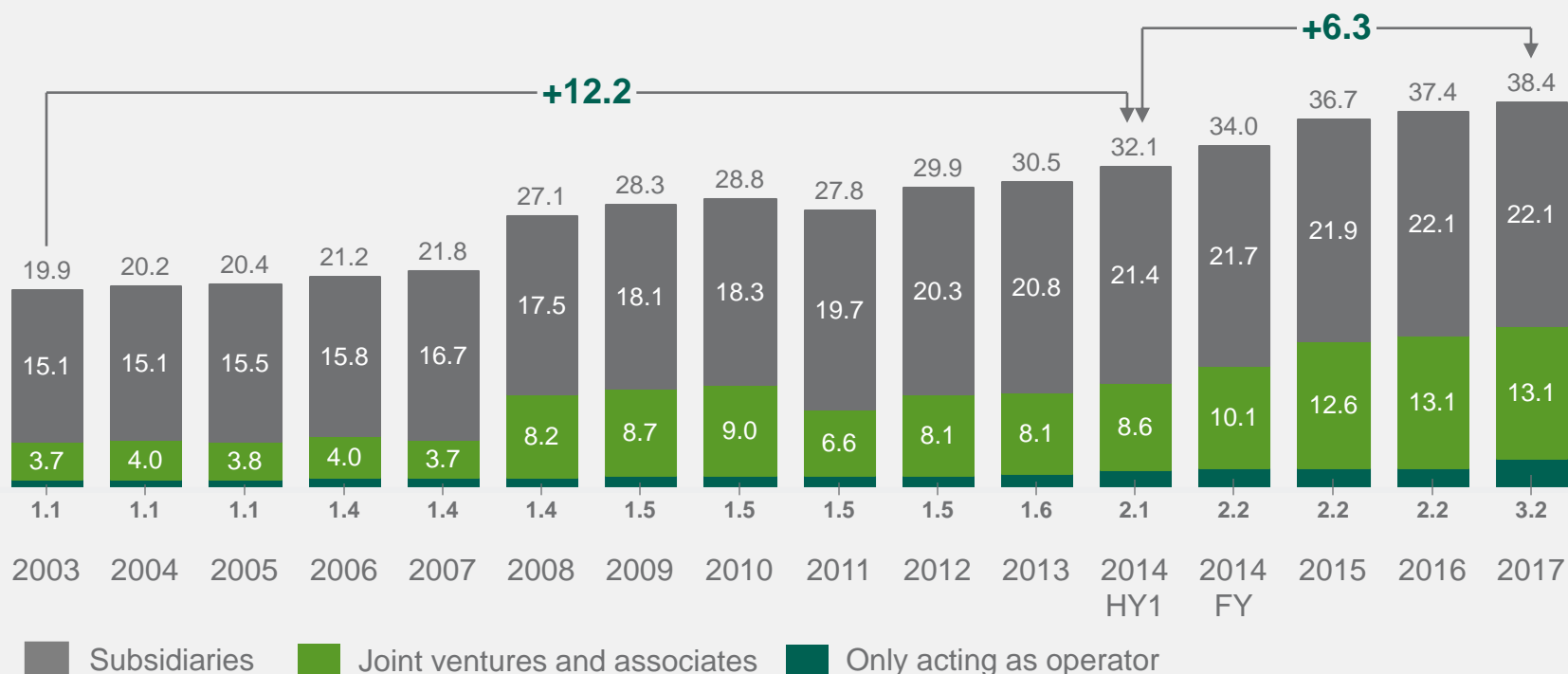


# Vopak's selective growth opportunities

Strategic update: *"shaping well-diversified network according to portfolio criteria"*

## Storage capacity

In million cbm



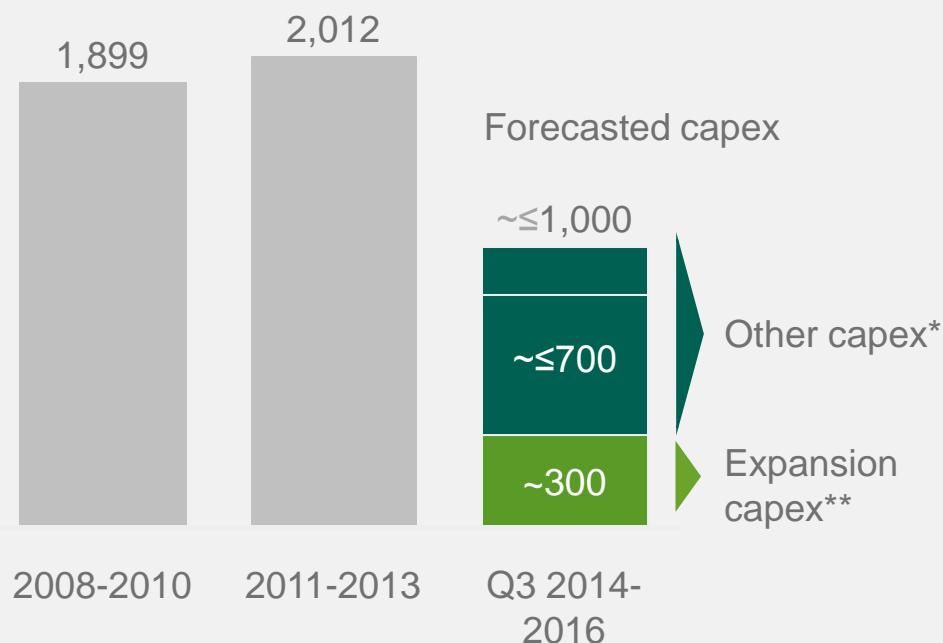
Note: Including only announced projects under development estimated to be commissioned for the period Q3 2014 -2017.

# Selective capital disciplined growth

Reduce other capex program to approx. EUR 700 million until 2016

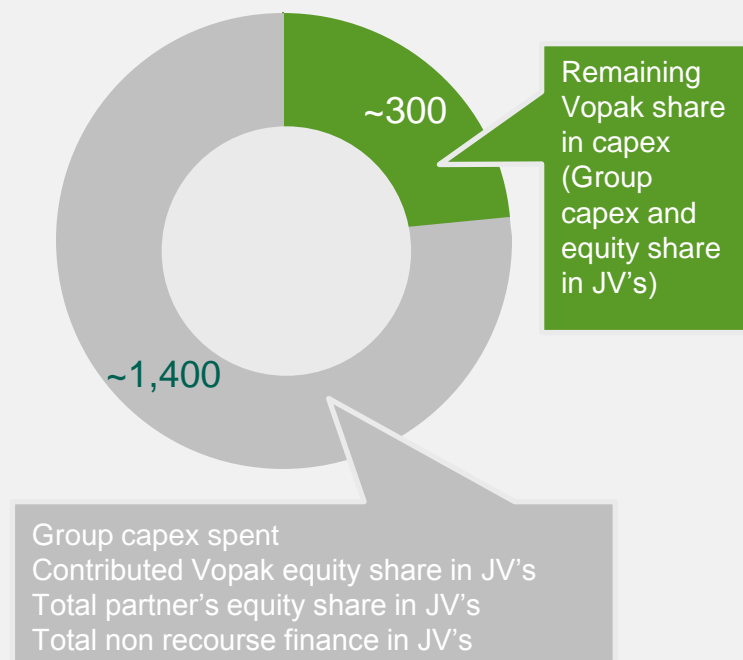
## Total investments 2008-2016

In EUR million



## Expansion capex\*\*

In EUR million; 100% = EUR 1,700 million

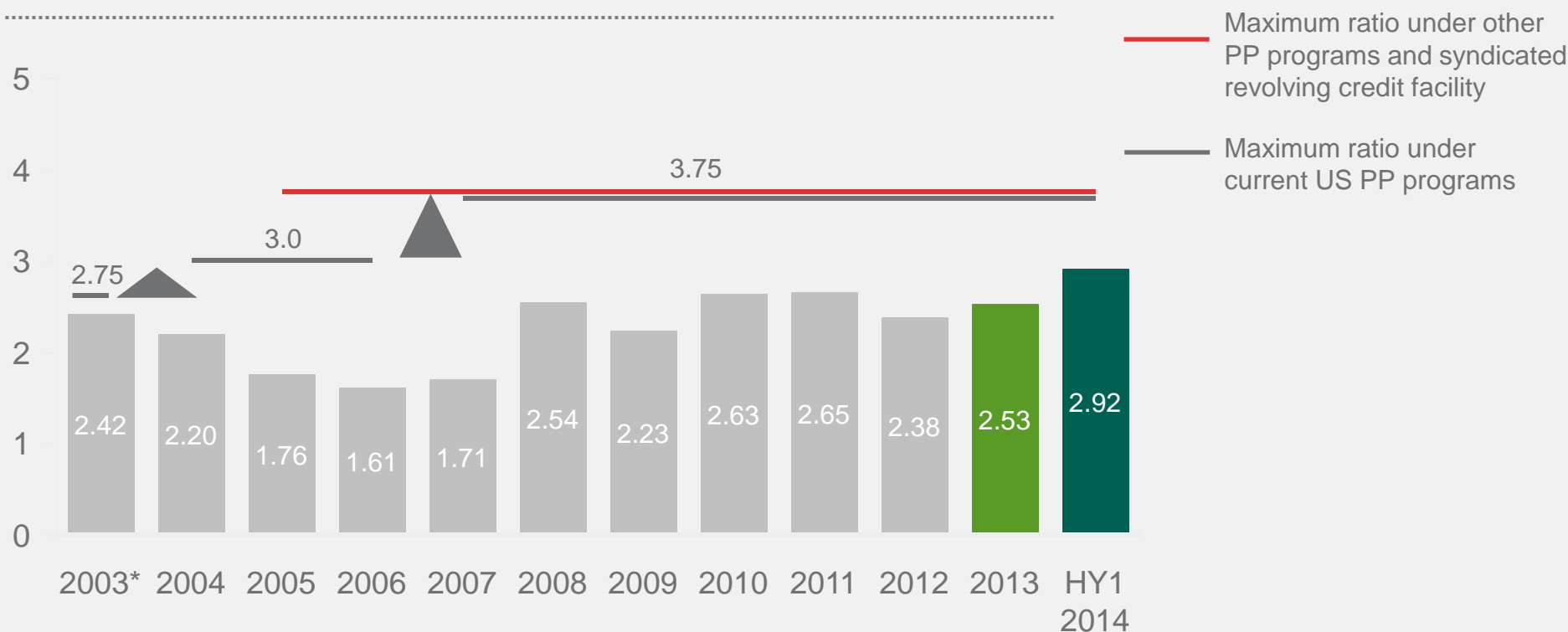


Note: Total approved expansion capex related to 6.3 million cbm under development is ~EUR 1,700 million; \* Forecasted Sustaining and Improvement Capex up to and including 2016 \*\* Total approved expansion capex related to 6.3 million cbm under development in the years Q3 2014 up to and including 2017.



# Selective capital disciplined growth

## Senior net debt : EBITDA ratio



Note: due to the retrospective application of the Revised IAS 19, EBITDA for 2012 has been restated. For certain projects in joint ventures, additional limited guarantees have been provided, affecting the Senior net debt : EBITDA; \* Based on Dutch GAAP.

# Vopak's capital structure

## Approval to repurchase and cancel preference shares

### Ordinary shares\*



Listed on Euronext  
Market capitalization:  
EUR 4.6 billion

### Private placement Programs\*



USD: 2.0 billion  
SGD: 435 million and  
JPY: 20 billion  
Average remaining  
duration ~ 9 years

### Syndicated revolving credit facility\*



EUR 1.0 billion  
15 banks participating  
Duration until  
2 February 2018  
No drawdowns  
outstanding

### Equity(-like)



**Preference shares\***  
Preference Shares 2009  
Not listed  
EUR 44 million

**Subordinated loans\***  
Subordinated USPP  
loans: USD 109.5  
million

\* As per 30 June 2014.

# Looking ahead. ●





# Outlook assumptions

Vopak has updated its terminal portfolio criteria

~x% Share of EBITDA\*

## Oil products



~50%

## Chemicals



~20%

## Industrial terminals & other pipeline connected infra



15% - 20%

## Biofuels & vegoils



7.5% - 10%

## LNG



2.5% - 5%

2013

**Robust**

**Steady**

**Solid**

**Mixed**

**Solid**

2014

**Different demand  
drivers**

**Steady**

**Solid**

**Mixed**

**Solid**

- Major Hubs supporting intercontinental product flows
- Import/distr. in major markets with structural deficits
- Other infra

Note: Width of the boxes does not represent actual percentages; company estimates; \* Excluding exceptional items ;including net result from joint ventures and associates.



# Outlook

## Focus on cash flow return and EPS

### Overall Strategy



### Execution of its business

### Terminal Portfolio Criteria



### Cash flow

Cash flow is the difference between incoming and outgoing cash and cash equivalents. It is the change in cash balance over a period of time in an organization's liquidity.

### Financial update

*Vopak expects, basis of current market insights, to realize an EBITDA -excluding exceptional items- exceeding the 2012 results of EUR 768 million latest in 2016*

*Update HY1 2014: "We expect no material changes in our business climate during the second half of the year and as a result we anticipate our EBITDA -excluding exceptional items- for the year 2014 **will exceed EUR 700 million**, versus the earlier indicated decline of 5% to 10% of the 2013 EBITDA (EUR 753 million)."*

# Questions & answers ●



” We have built  
our company  
over 400 years on  
trust and reliability





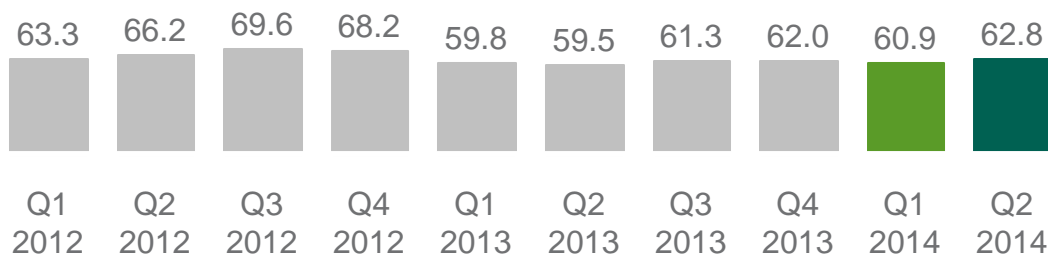
# Appendix divisional results.



# Netherlands

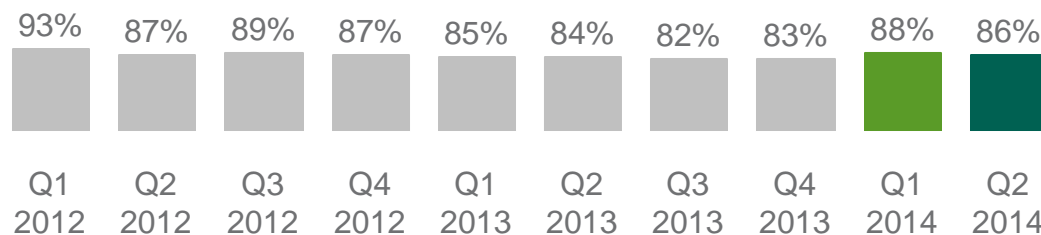
## EBITDA\*

In EUR million



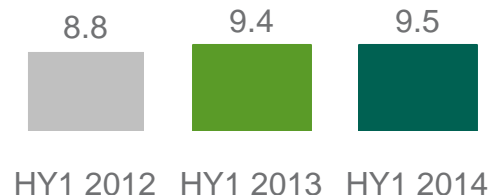
## Occupancy rate\*\*

In percent



## Storage capacity

In million cbm



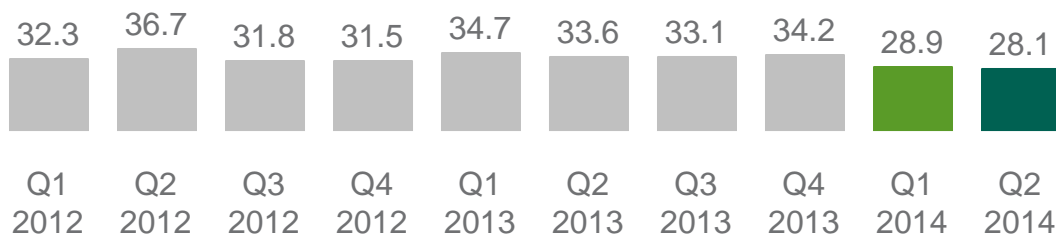
Note: Due to the retrospective application of the Revised IAS 19, EBIT for 2012 has been restated; \* Including net result from joint ventures and associates; excluding exceptional items;  
\*\* Subsidiaries only.



# EMEA

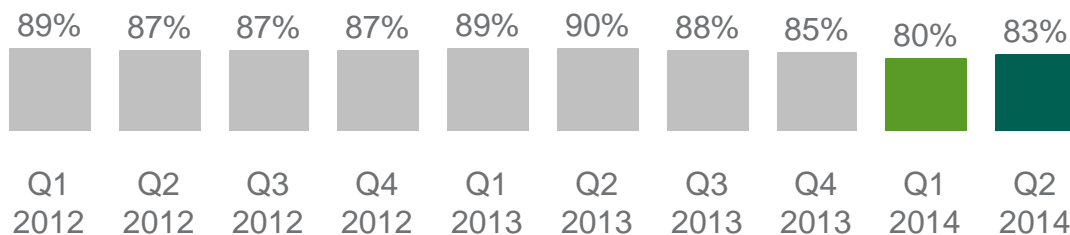
## EBITDA\*

In EUR million



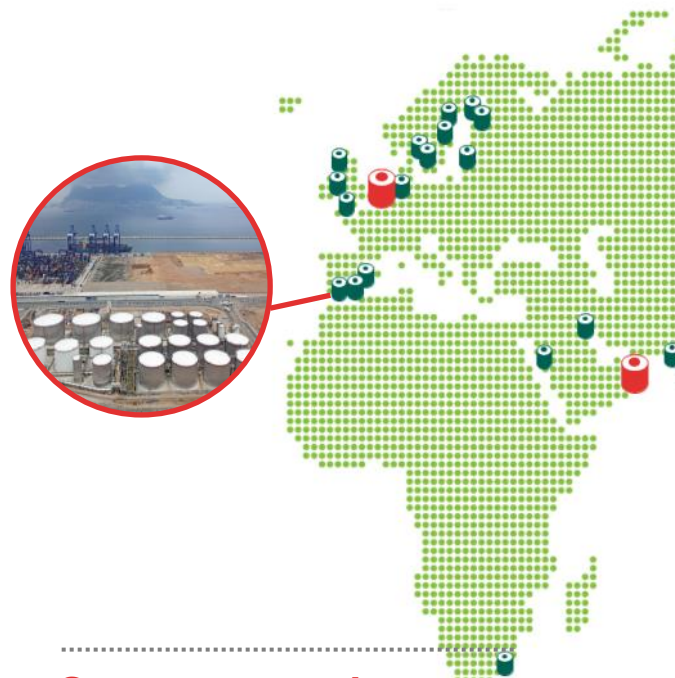
## Occupancy rate\*\*

In percent



## Storage capacity

In million cbm

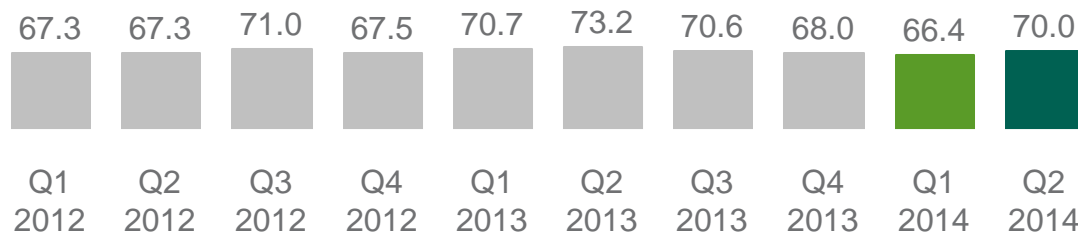


Note: Due to the retrospective application of the Revised IAS 19, EBIT for 2012 has been restated; \* Including net result from joint ventures and associates; excluding exceptional items;  
 \*\* Subsidiaries only.

# Asia

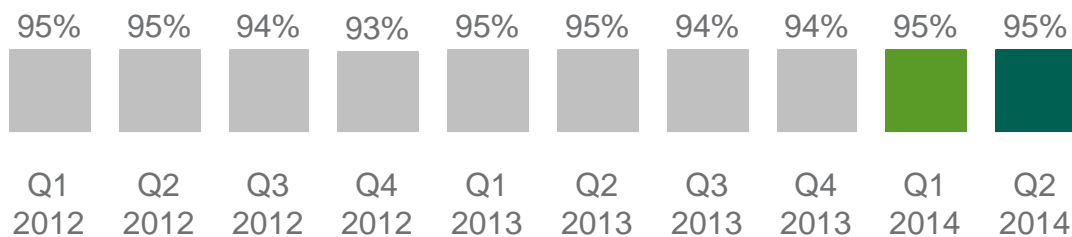
## EBITDA\*

In EUR million



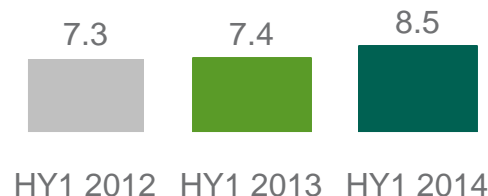
## Occupancy rate\*\*

In percent



## Storage capacity

In million cbm

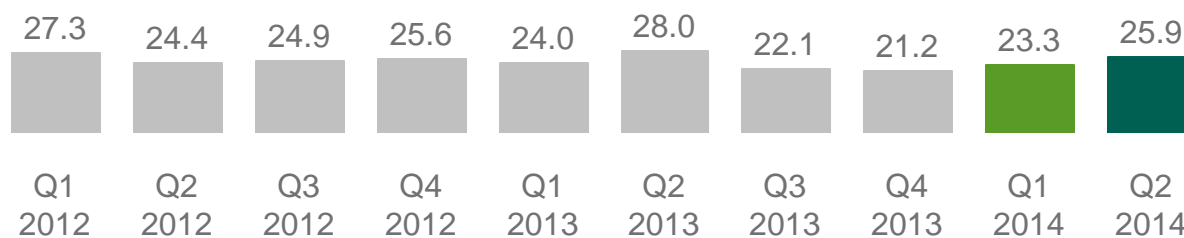


Note: Due to the retrospective application of the Revised IAS 19, EBIT for 2012 has been restated; \* Including net result from joint ventures and associates; excluding exceptional items;  
\*\* Subsidiaries only.

# Americas

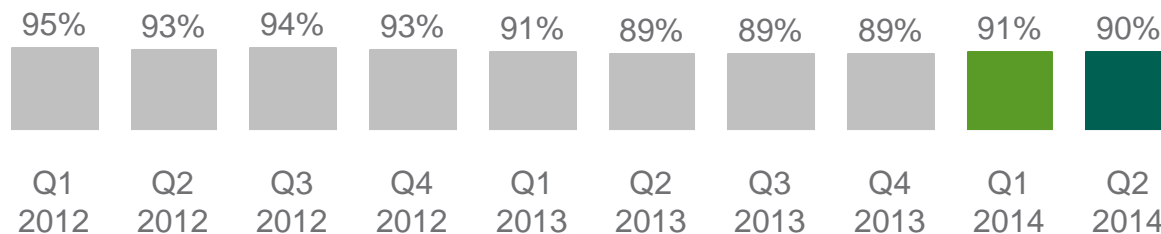
## EBITDA\*

In EUR million



## Occupancy rate\*\*

In percent



## Storage capacity

In million cbm



Note: Due to the retrospective application of the Revised IAS 19, EBIT for 2012 has been restated; \* Including net result from joint ventures and associates; excluding exceptional items;

\*\* Subsidiaries only.