

# Storing vital products with care



**Q3 2018 – Roadshow presentation**  
Royal Vopak



# 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.

These risks and uncertainties include, but are not limited to, factors affecting the realization of ambitions and financial expectations, developments regarding the potential capital raising, exceptional income and expense items, operational developments and trading conditions, economic, political and foreign exchange developments and changes to IFRS reporting rules.

Vopak’s outlook does not represent a forecast or any expectation of future results or financial performance.

Statements of a forward-looking nature issued by the company must always be assessed in the context of the events, risks and uncertainties of the markets and environments in which Vopak operates. These factors could lead to actual results being materially different from those expected, and Vopak does not undertake to publicly update or revise any of these forward-looking statements.



The world's leading independent tank storage company building on an impressive history of more than 400 years

# Introduction



# Vopak at a glance

Number of terminals\*

67



Number of countries\*

25



Market capitalization\*

In EUR billion

5.1



FY2017 Revenues\*\*

In EUR million

1,306

-3% ↑ Compared to 2016

Storage capacity\*

In million cbm

36.7



Number of employees

In FTE (HY1 2018)

5,700

84%  16% 

FY2017 EBITDA\*\*\*

In EUR million

763

-7% ↑ Compared to 2016

FY2017 Net profit\*\*\*\*

In EUR million

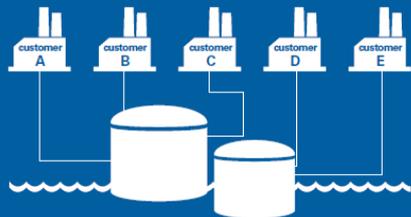
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\*As per 2 November 2018 / \*\*Subsidiaries only / \*\*\*Excluding exceptional items and including net result of joint ventures and associates  
\*\*\*\*Excluding exceptional items; attributable to holders of ordinary shares

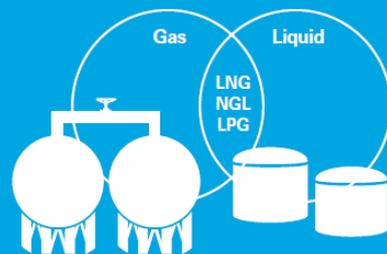
# Strategic terminal types

## Industrial terminals



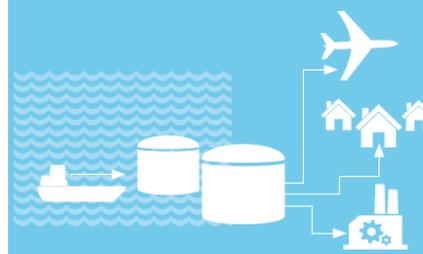
Vopak has more than 40 years of experience in industrial terminalling and is the leading independent operator of industrial terminals. These often large terminals exclusively support chemical clusters in the Americas, Europe, Middle East and Asia. We also operate terminals that have significant long-term pipeline connections and serve global and regional plants. We provide a centralized fit-for-purpose solution and deliver value to customers and local authorities through economies of scale.

## Gas terminals



Demand for gas is increasing, driven by petrochemical and plastics production, for gas-fired power plants and for transportation purposes. This led Vopak to increase its focus on facilitating growth in global gas markets. By introducing infrastructure and logistic solutions for cleaner and efficient fuels like LPG and LNG, Vopak is contributing to the energy transition. We own and operate LPG storage terminals for example in the Netherlands, China and Singapore. Vopak operates two LNG facilities in Mexico and the Netherlands.

## Distribution terminals



Capacity for refining and petrochemical production is expected to decline significantly in certain countries such as Mexico, Indonesia and Australia because they lack competitive production capabilities. Yet these countries, will continue to have a high demand for energy, such as oil and gas, and continue to consume more plastics and chemicals driven by population and GDP growth. Vopak plays an important role in the import and distribution of vital products in major markets with structural deficits.

## Hub terminals



Hub terminals are strategically located along major shipping routes, where many suppliers and customers are active and where efficient supply chain management processes are of utmost importance. We have strengthened our position in these terminals in recent years, making them safer, more efficient and better able to deliver higher service levels in a dynamic market environment. The four main hubs in our network are: Houston, the Amsterdam-Rotterdam-Antwerp (ARA) region, Fujairah and the Singapore Strait.

# Well-balanced global portfolio

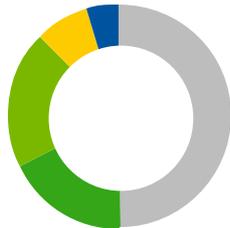
Oil products	Chemical products	Industrial terminals	Vegoils & biofuels	Gas products
0-5 years	0-5 years	5-20 years	0-3 years	10-20 years
40-45%	~25%	20-25%	5-7.5%	3-5%

Typical contract duration per product / terminal category

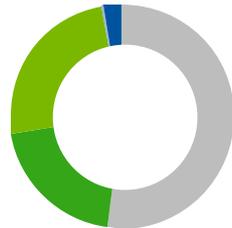
Share of 2017 EBITDA\*



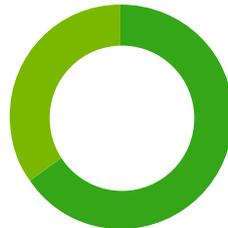
Europe & Africa  
EUR 327 million



Asia & Middle East  
EUR 280 million



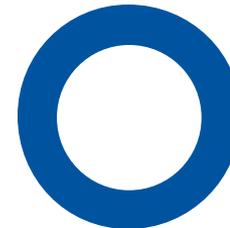
China & North Asia  
EUR 23 million



Americas  
EUR 130 million



LNG  
EUR 33 million



FY 2017 EBITDA\*

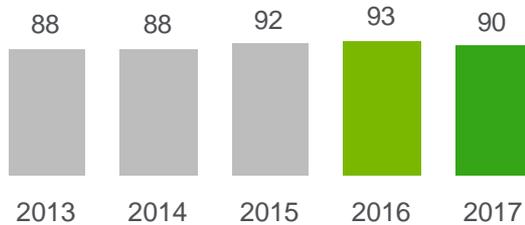
- Oil products
- Chemical products
- Industrial terminals
- Vegoils & biofuels
- Gas products

\*Excluding exceptional items; including net result of joint ventures

# Key developments

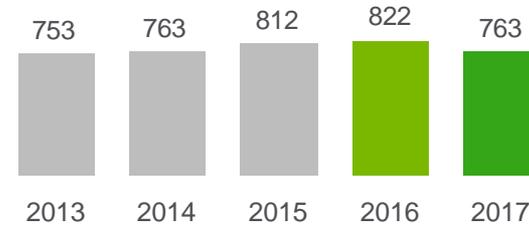
## Occupancy rate\*

In percent



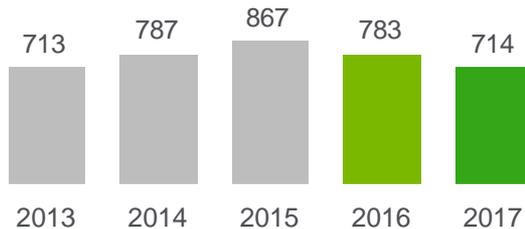
## EBITDA development\*\*

In EUR million



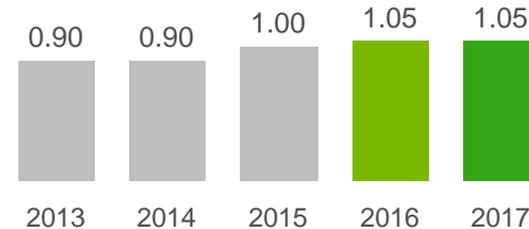
## Cash flow from operating activities (gross)

In EUR million



## Dividend

In EUR per ordinary share



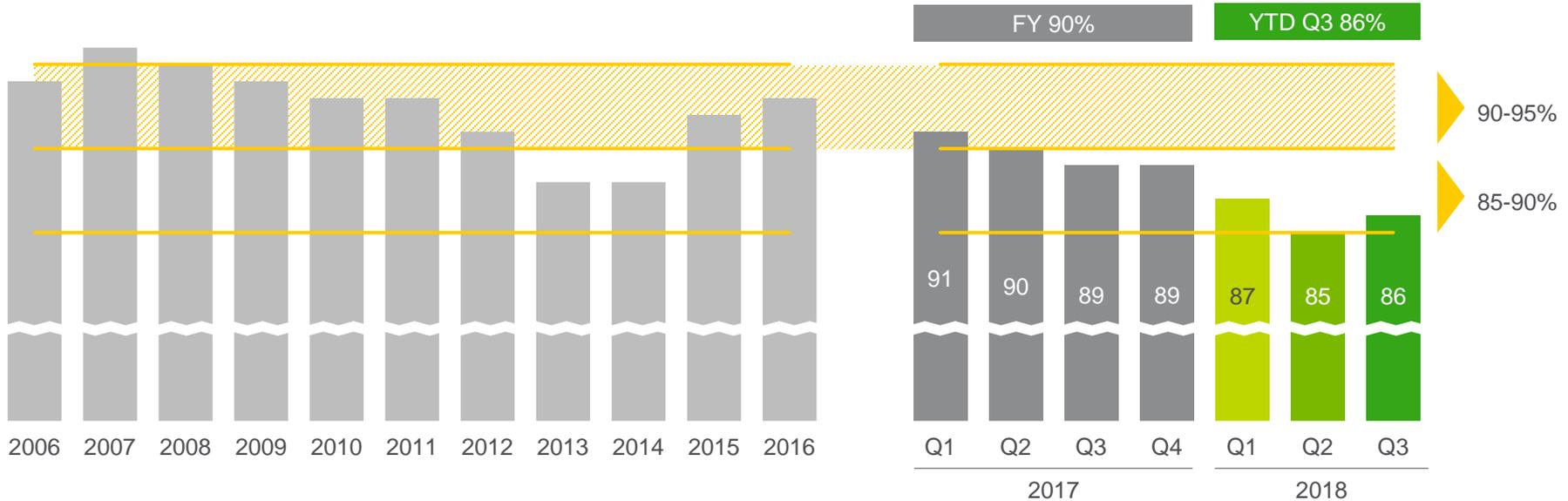
\*Subsidiaries only / \*\*Excluding exceptional items; including net result of joint ventures

# Occupancy rate developments

Occupancy rate of 86% (YTD Q3 2018) explained by lower rented capacity at the oil hub terminals caused by a less favorable oil market structure. Other product-market segments showed stable demand for storage services

## Occupancy rate\*

In percent



\*Occupancy rate figures include subsidiaries only



As the world population is growing and becoming more affluent, demand for vital products like energy, chemicals and food are increasing

**Demand  
drivers**



# Growth in all three end markets

## Global Trends



Urbanization



Disruptive technologies



Changing demographics



Geopolitical developments & Trade



Sustainability & Climate

## End Markets



Energy

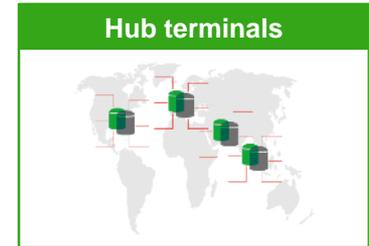
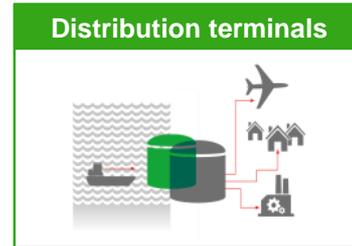
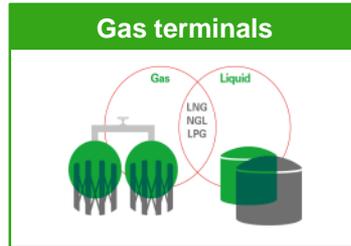
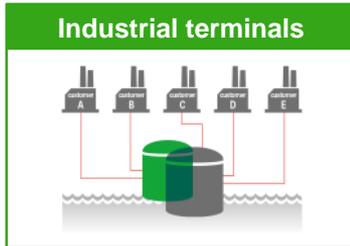


Manufacturing



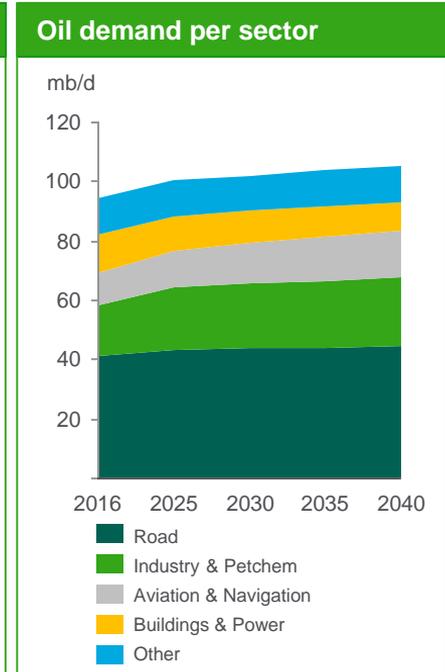
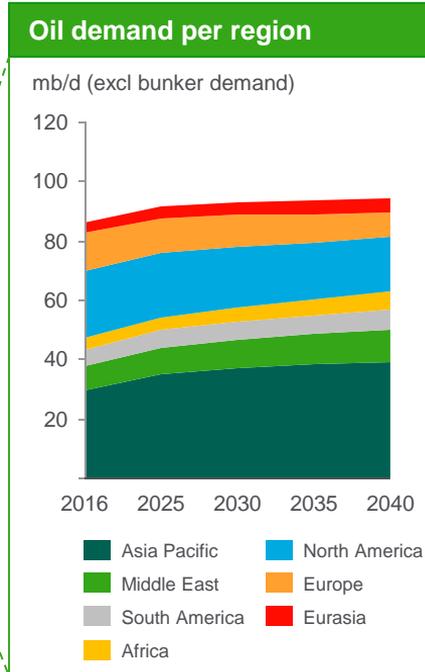
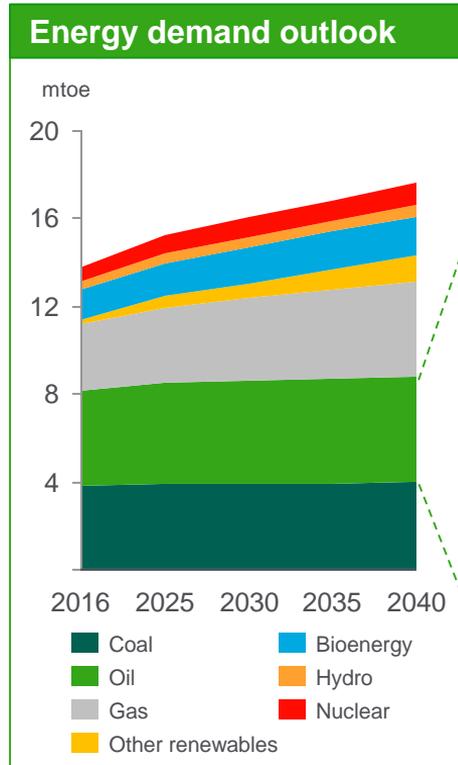
Food & Agriculture

## Strategic Terminal Types



# Oil demand continues to grow

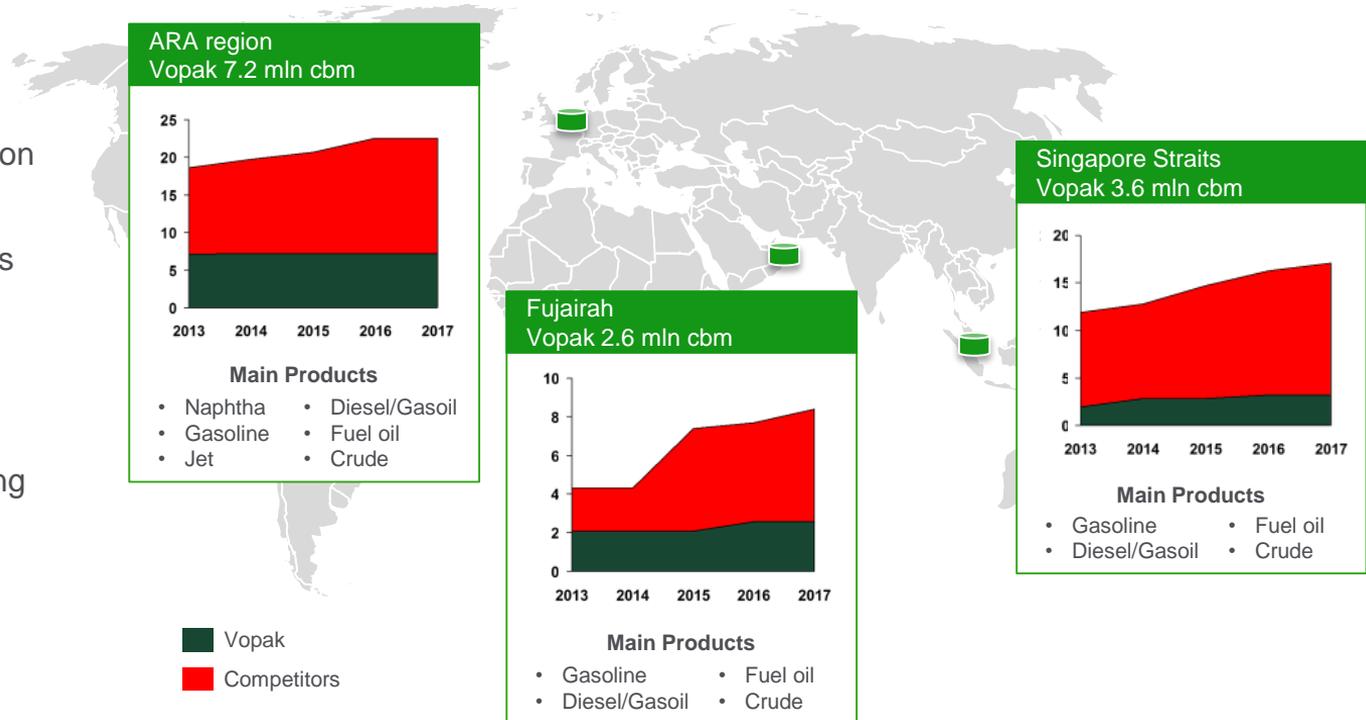
- Highest absolute growth in gas and relative for renewables no further growth in coal
- Main oil demand growth is in Asia Pacific concentrated in China and India
- Petrochemical and transportation are sectors that drive growth in oil demand



# Expanding storage capacity in oil hubs

Growing competitive pressure at oil hub locations

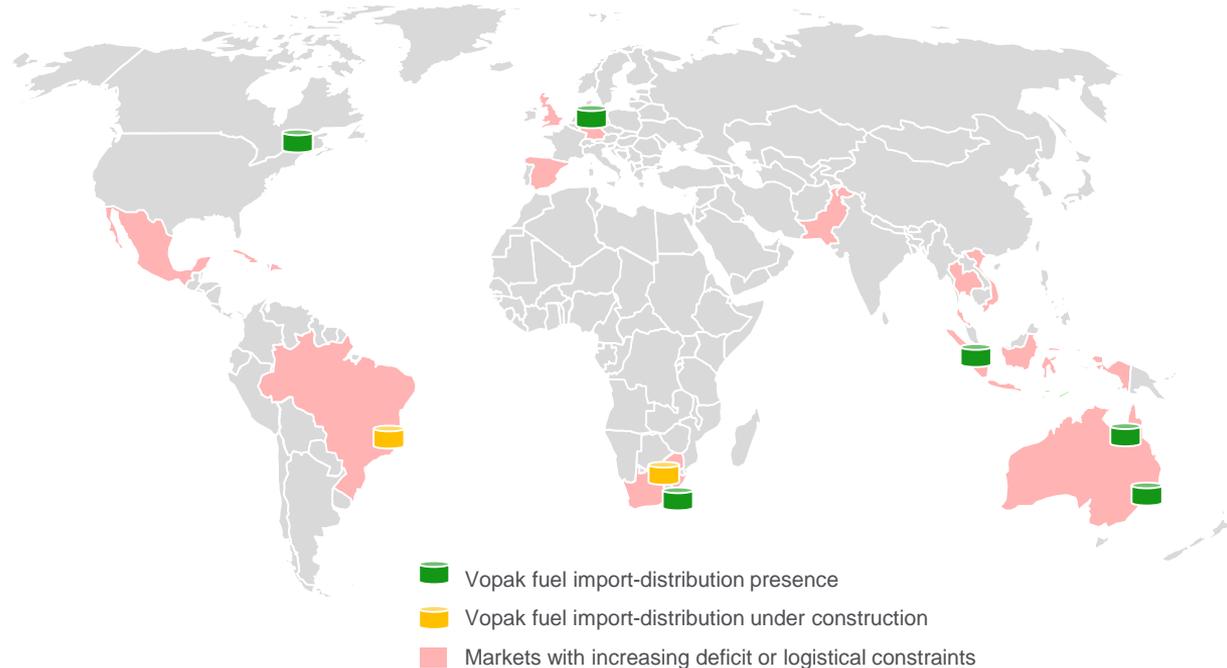
- Hubs are key for logistic, blending, regional distribution and trading activities
- Demand for storage in hubs depend on:
  - IMO 2020
  - Changes in regional demand profiles
  - Competitive positioning of local refineries



# Solid growth in structural deficit markets

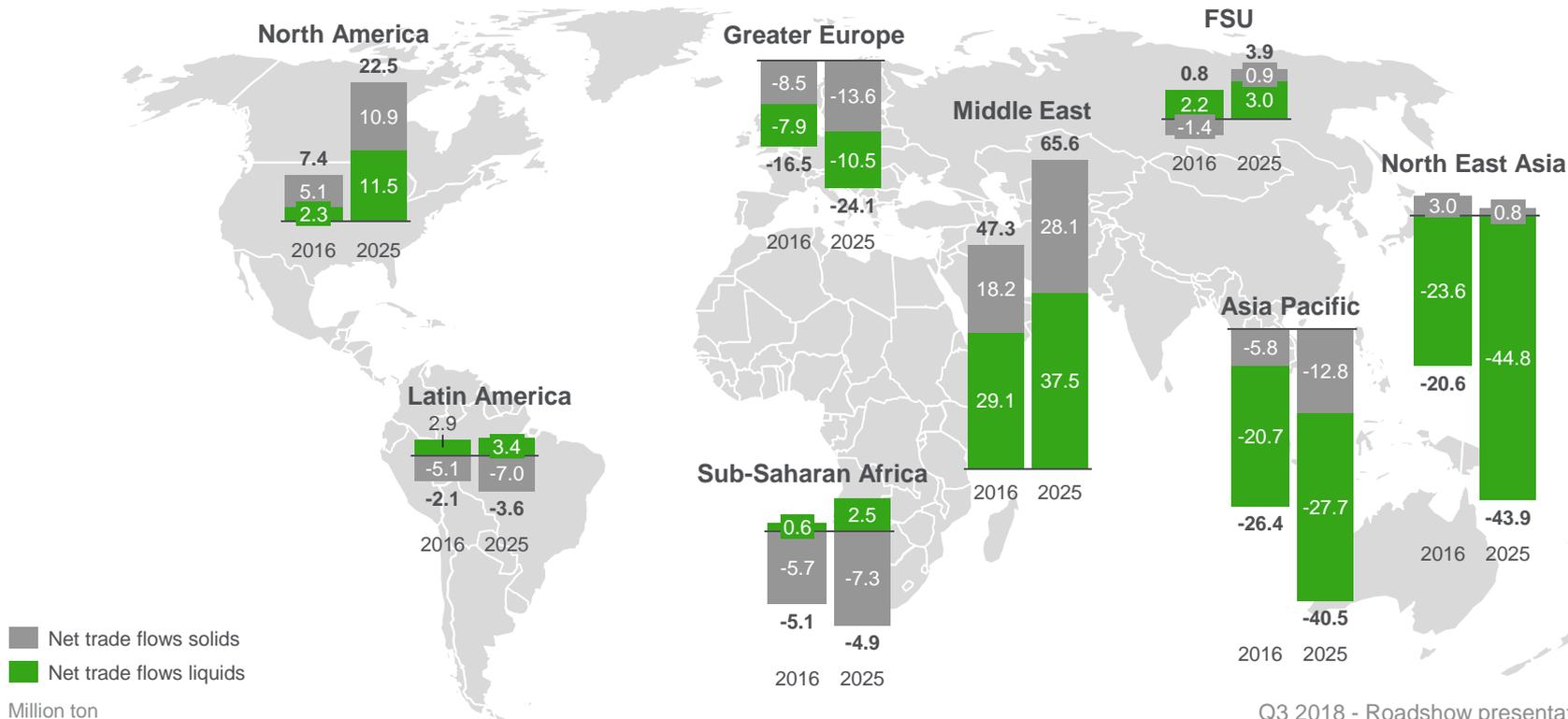
- Economic growth drives CPP demand in emerging markets and can lead to growing imports
- Refinery closures are a driver for imports in more mature markets
- Vopak can leverage on existing presence in specific distribution markets
- Characteristics that drive opportunities:
  - Privatization and deregulation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

Vopak's fuel import-distribution network



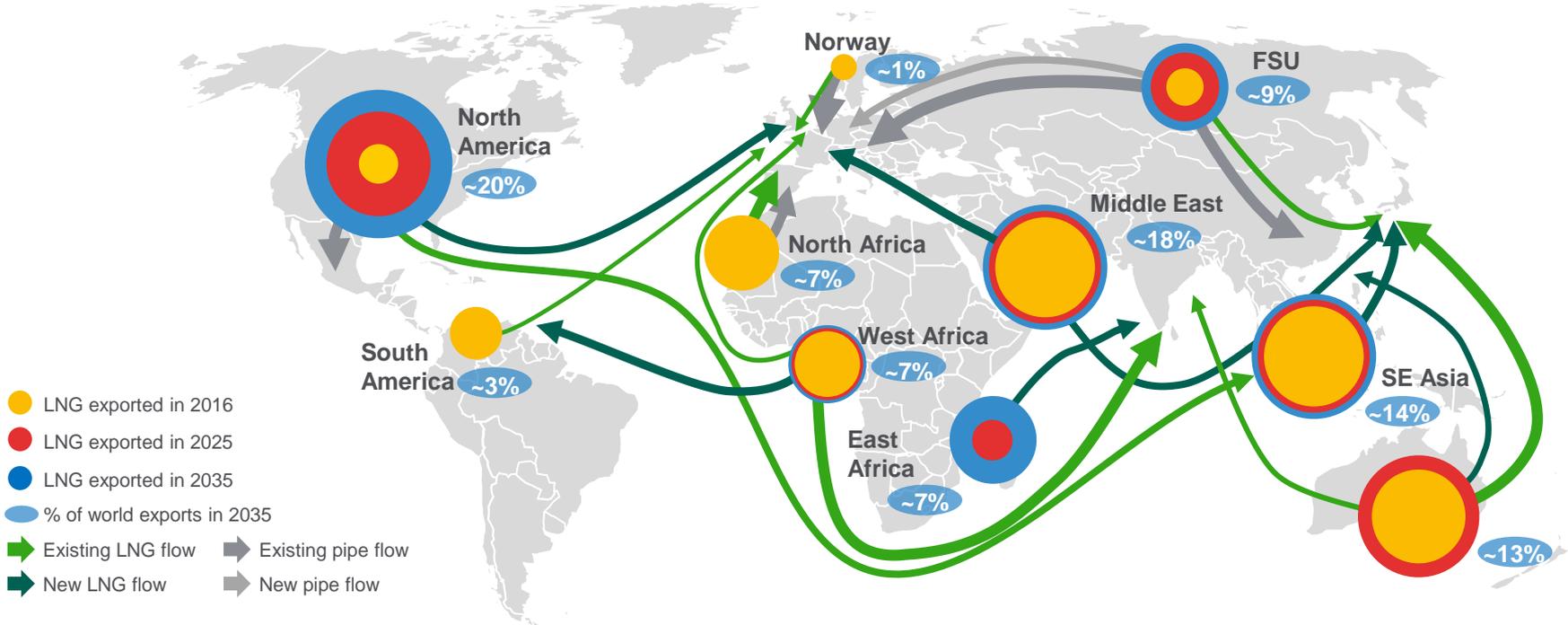
# Increasing chemical trade flows

Regional imbalances of chemicals will continue to increase



# Reshaping of the LNG market

A new wave of LNG supply is expected, initially predominately coming from the US and Australia

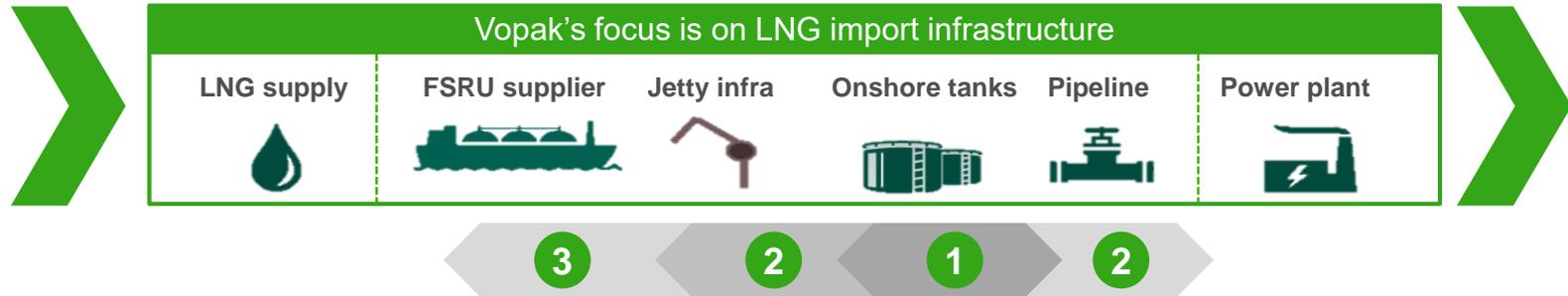


The size of the circles depicts the supply actual/forecasts for 2016, 2025 and 2035 for the largest LNG exporters. The sequence of concentric circles represents the growth dynamic of the exporters.  
Source: IHS 2017

# Vopak's vital role in the LNG value chain



Vopak continues to look for opportunities to strengthen its presence as a service provider in the LNG infrastructure market



## 1 Onshore terminal infrastructure

- Continued strategy pursuing greenfields, acquisitions and further development of current terminals

## 2 Infra-integrator

- Pursue projects where Vopak plays a vital role as infra-integrator, leveraging on key onshore capabilities (e.g. jetty infra, pipelines) and our global network
- Growth as infra-integrator can be accelerated by acquiring a stake in single projects

## 3 FSRUs

- Vopak aims to capture the FSRU market momentum on a project-to-project basis by investigating a joint venture or acquisition



**Our success depends on our ability  
to show leadership in five key areas**

**Strategy  
execution**



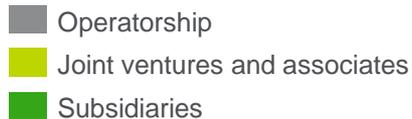
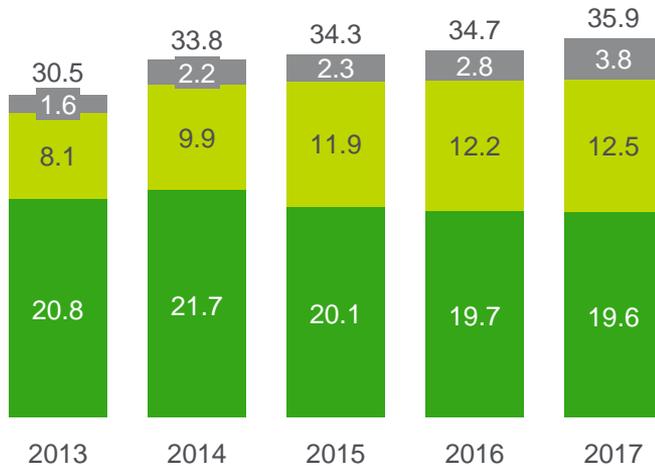
# Strategic priorities 2017-2019

Disciplined growth and productivity improvement

<b>Growth</b>	Vopak is well-positioned to take several investment decisions in the 2017-2019 period to capture growth
<b>Capex</b>	Vopak aims to spend a maximum of approximately EUR 750 million on sustaining and service improvement capex for the period 2017-2019
<b>IT and innovation</b>	Vopak has decided to invest approximately EUR 100 million in the period 2017-2019 in new technology and innovation programs as well as replacing its IT systems.
<b>Productivity</b>	The successful realization of the efficiency program in the 2017-2019 period will help reduce Vopak's future cost base.

# Storage capacity developments

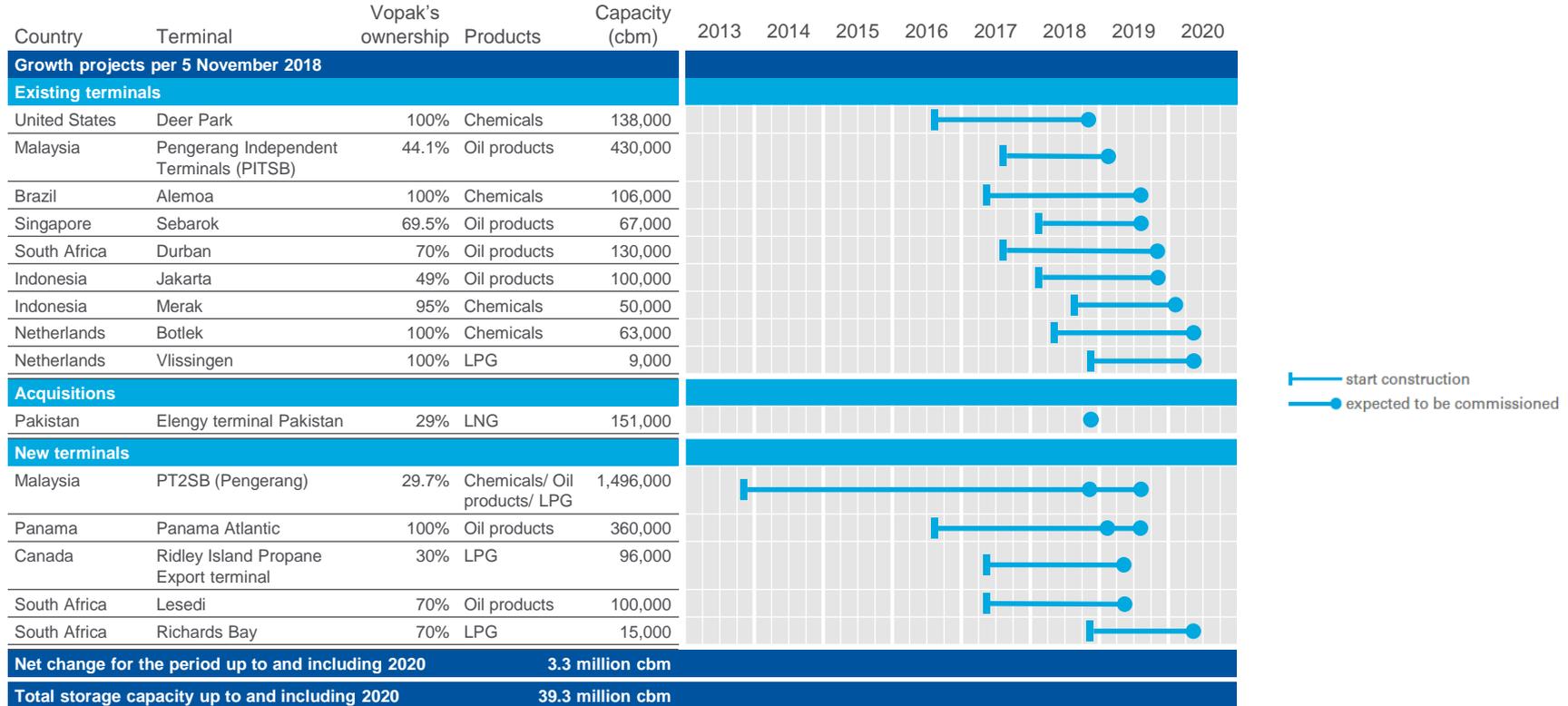
In million cbm between 2013 – 2017



### Joint venture partnerships

-  Access to new markets and networks
-  Compliance with local jurisdictions
-  Future options and growth opportunities
-  Competitive advantages
-  Combination of skills, sharing local specialized resource

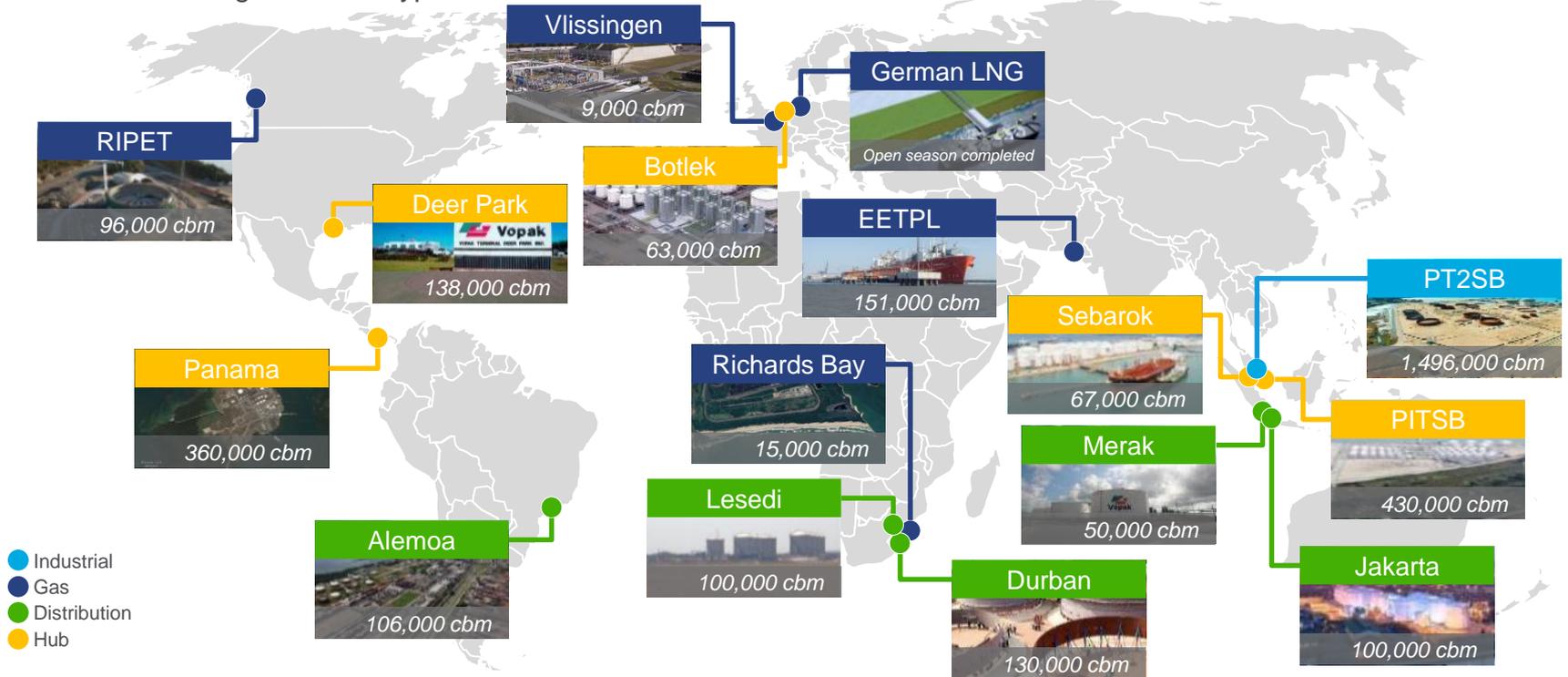
# Growth projects under development



Note: 'storage capacity' is defined as the total available storage capacity (jointly) operated by Vopak 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), and other (equity) interests and operatorships, and including currently out of service capacity due to maintenance and inspection programs.

# Portfolio developments

Focus on 4 strategic terminal types



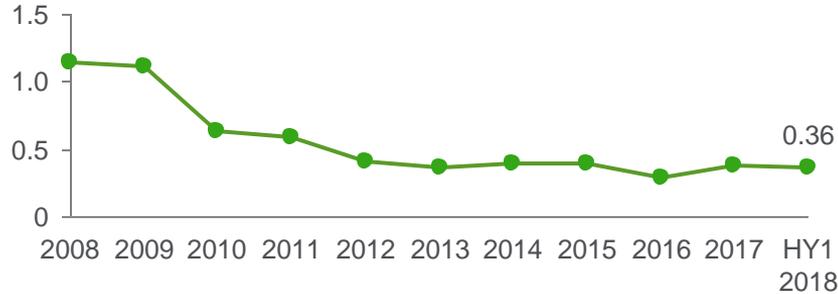
- Industrial
- Gas
- Distribution
- Hub

# Safety performance

Process safety and occupational health and safety is our top priority

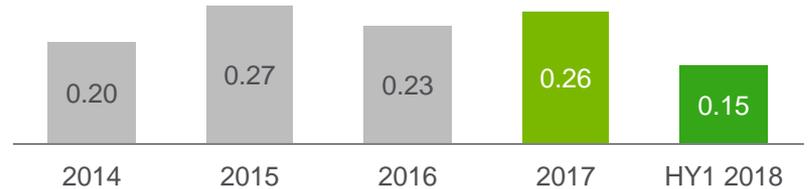
## Total Injury Rate (TIR)

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



## Process Safety Events Rate (PSER)

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





**Disciplined capital allocation,  
maintaining a balanced risk-return  
profile, and consistent dividend  
policy**

# Capital management



# Priorities for cash

1

## Debt servicing

EUR 1.6 billion, remaining maturity ~7 years, average interest 3.8%

2

## Dividend

EUR 1.0 billion paid to shareholders in the last 10 years

3

## Disciplined growth

Network expands from 36.7 to 39.2 million cbm in 2019\*

4

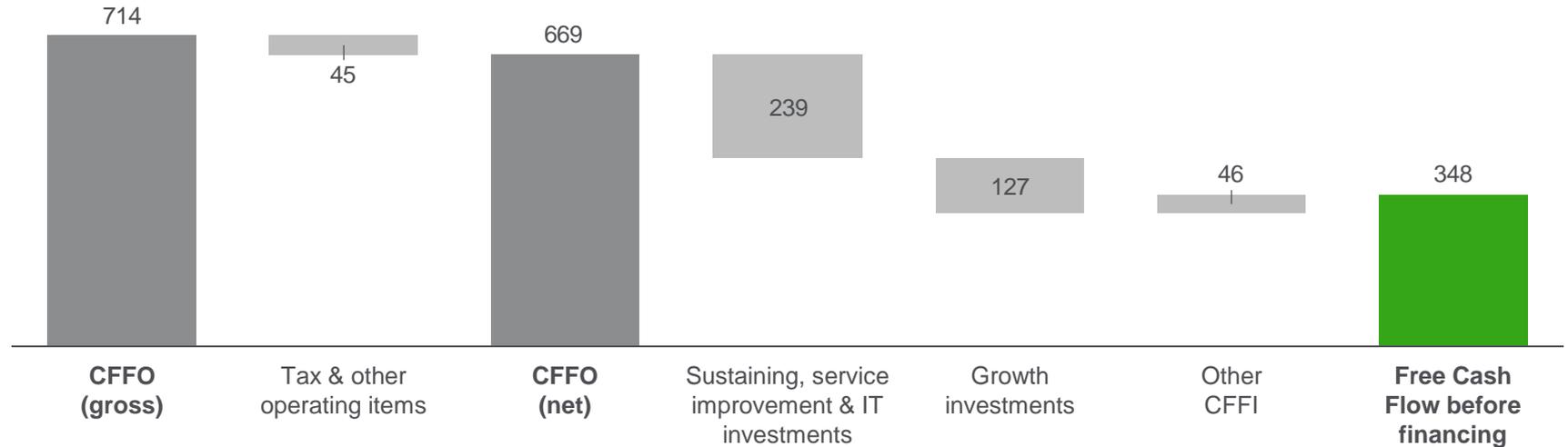
## Capital optimization

Create further flexibility for growth

\* As per 5 November 2018 with 2.5 million cbm under construction that will be added before the end of 2019

# Cash flow overview 2017

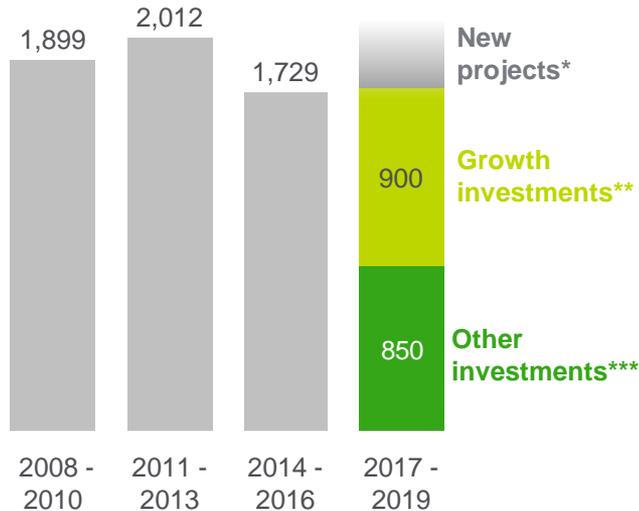
Solid operational cash flow result in healthy free cash flow generation



# Investment phasing

## Investments 2008-2019

In EUR million



## Investments 2017-2019

In EUR million



## Increase in growth investments

~EUR 175 million of projects with capacity expansion announced in 2018:

- Indonesia – Jakarta
- Singapore – Sebarok
- Netherlands – Botlek
- Pakistan – EETPL
- Indonesia – Merak

Note: Includes all project announcements until 17 August 2018, subject to currency changes

\* For illustration purposes only, new announcements might increase future growth investments

\*\* Growth capex at subsidiaries and equity injections for JV's and associates for among others announced growth projects

\*\*\* Forecasted sustaining, service improvement and IT capex including investments in fuel oil network

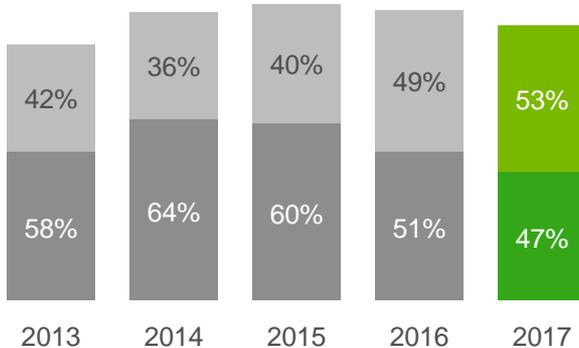
# Financial flexibility

The solid operational cash flow generation, strong balance sheet and sufficient financial flexibility, provides an excellent platform to continue our capital disciplined growth journey

## Equity and net liabilities

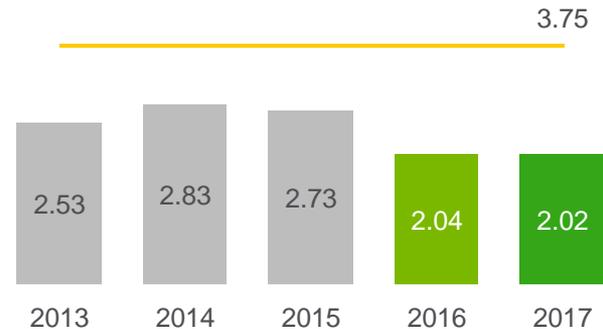
In percent

■ Equity ■ Net liabilities



## Senior net debt\* : EBITDA ratio

— Maximum ratio under other private placements programs and syndicated revolving credit facility



\*For certain joint ventures, limited guarantees are provided, affecting the Senior net debt

# Capital structure

Financial flexibility to support growth

## Ordinary shares



Listed on Euronext  
Market capitalization:  
EUR ~5.1 billion  
(2 November 2018)

## Private placement program



USD: 1.6 billion  
JPY: 20 billion

## Syndicated Revolving Credit Facility



EUR 1.0 billion  
15 participating banks  
duration until June 2023

## Equity(-like)

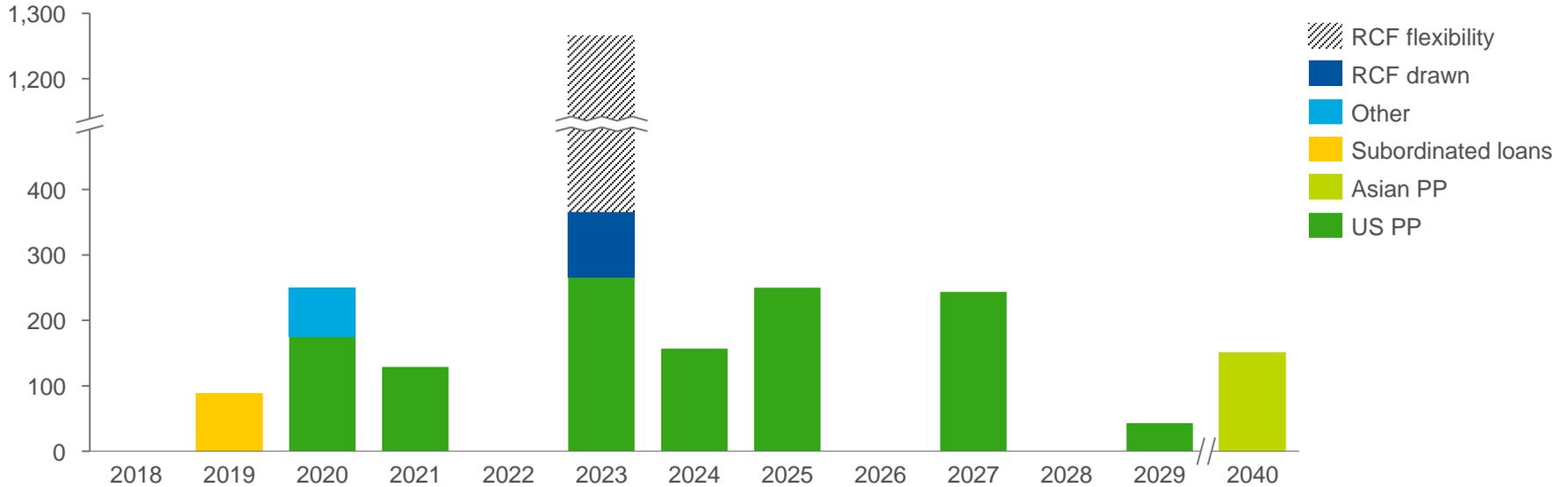


Subordinated loans:  
USD 104 million

# Debt repayment schedule

## Debt repayment schedule

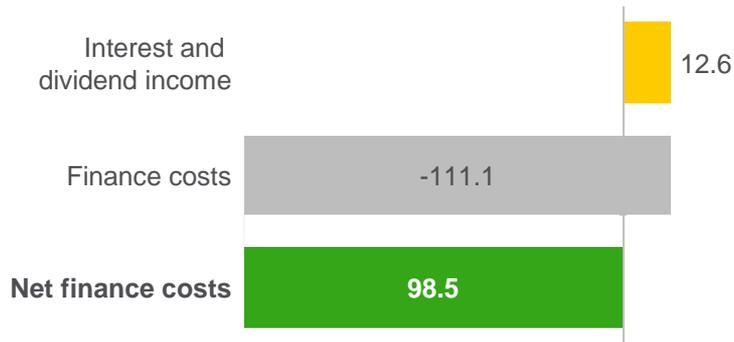
In EUR million



# Net finance costs

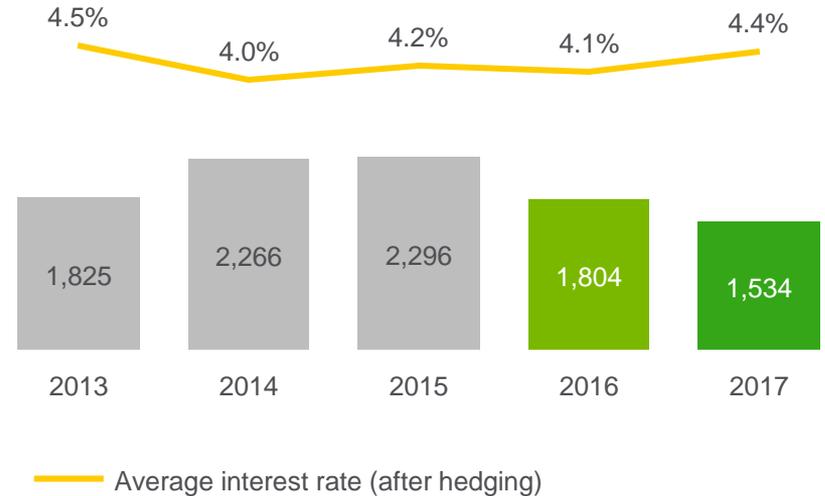
## Net finance costs 2017

In EUR million



## Net interest bearing debt and interest rate

In EUR million

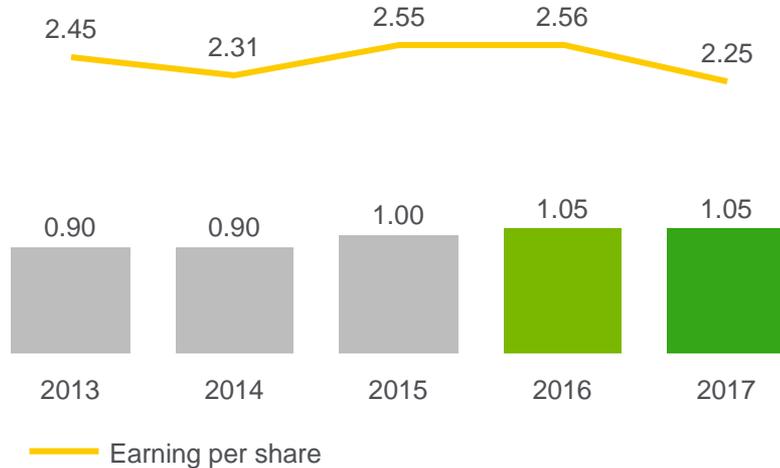


# Dividend

Barring exceptional circumstances, the intention is to pay an annual cash dividend of 25-50% of the net profit

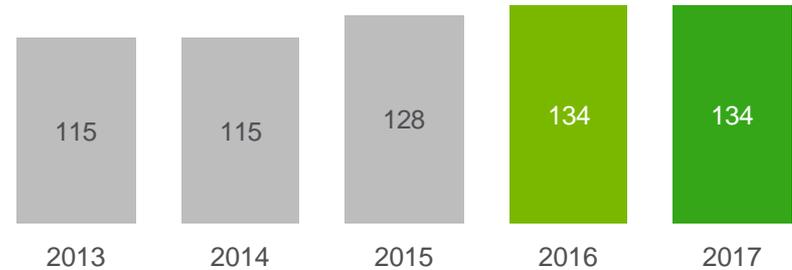
## Dividend and EPS\*

In EUR



## Total dividend

In million EUR



\*Excluding exceptional items; attributable to holders of ordinary shares



Long-term value creation, robust cash  
flow generation and margin management

**Business**  
performance



# Key messages YTD Q3 2018

## strategic direction 2017-2019

Capture  
growth

Spend EUR 750m on  
**sustaining and  
service capex**

Invest EUR 100m in  
**technology &  
innovation**

Drive further  
productivity

## YTD Q3 2018 Performance

**‘Vopak delivers solid performance and commissioned first phase of new industrial terminal in Pengerang, Malaysia’**

- YTD Q3 EBITDA of **EUR 554 million**, adjusted for adverse currency translation effects of EUR 20 million, EBITDA was EUR 3 million higher than prior year
- **Resilient CFFO with investment momentum (CFFI) towards 2019**
- Industrial terminal **PT2SB** in Malaysia commissioned initial 700,000 cbm of capacity
- Investment decisions taken to further expand Vopak’s **global LPG and chemical gases** network in South Africa and the Netherlands
- Vopak hosts **Capital Markets Day** in Houston on 27 November

# Execution of strategy on track

Strategic direction is set towards growth and productivity improvement

- Capture growth in the 2017-2019 period
  - Spend maximum EUR 750 million on sustaining and service improvement capex for the period 2017-2019
  - Invest EUR 100 million in new technology, innovation programs and replacing IT systems
  - Drive further productivity and reduce the cost base with at least EUR 25 million by 2019
- ✓ New projects in Malaysia, Indonesia, Singapore, South Africa, Canada, Brazil
  - ✓ Sustaining and service improvement capex budget include investments for our fuel oil network
  - ✓ Terminal Management Software operational in the US, global roll out started  
Cybersecurity controls implemented
  - ✓ Efficiency program increased to EUR 40 million by 2019

# Product-market update

Diversified portfolio across different product-market segments

## Oil products



- Oil hubs: solid long-term demand drivers despite short-term weakness
- Fuel oil: unsettled market
- Fuel import-distribution market: Solid growth in markets with structural deficits

## Vegoils & biofuels



- Strong biofuels market despite volatility due to anticipated changes in government subsidies
- Incremental vegoil demand fueled by improved price competitiveness

## Chemicals



- Strong underlying demand for chemicals
- Positive investment climate petrochemical industry

## Gases



- Strong growth in LNG imports in Asia (including China)
- Growing demand in LPG for residential and petrochemical markets

# Fuel Oil and bunkering network

Terminals will be fully ready to support new market requirements in 2020

## Conversion:

- Rotterdam
- Fujairah
- Hamburg

## Expansion:

- Singapore

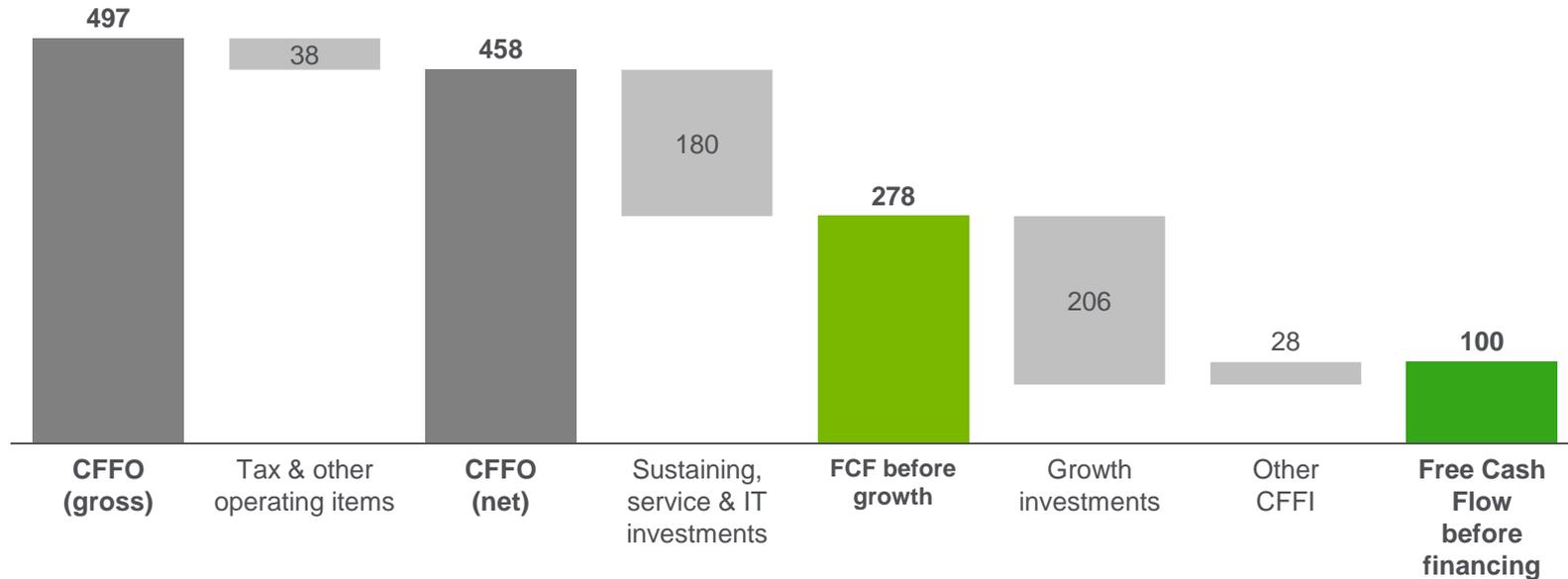
- Fuel oil hub terminal
- Fuel oil bunker terminal
- Fuel oil export terminal



# Cash flow overview

Investment momentum (CFFI) towards 2019

YTD Q3 2018



# YTD Q3 2018 vs YTD Q3 2017 EBITDA

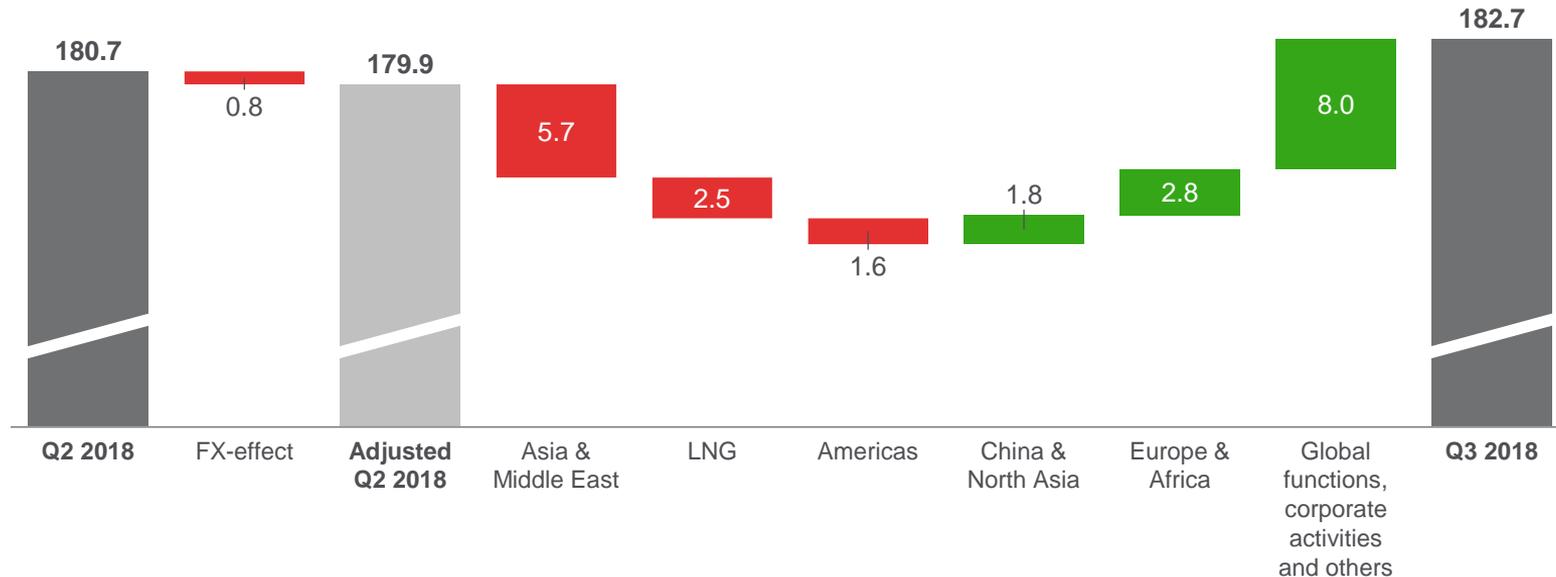


Adjusted for adverse currency translation effects EBITDA was EUR 3 million higher than prior year



# Q3 2018 vs Q2 2018 EBITDA

Q3 2018 performance normalized; Q2 2018 included a EUR 10 million positive one-off item in Asia & Middle East and EUR 6 million one-off costs items



# Q3 2018 exceptional items

## IAS 19 Defined contribution plan

- In July, Vopak formalized the agreement regarding a new pension plan that qualifies as a defined contribution plan under IAS 19
- The settlement of the pension liability resulted in an exceptional gain before tax of EUR 19.1 million

IAS19 pension provision	HY1	July	FY '18
<b>Defined Benefit Provision (opening)</b>	54.2	56.6	54.2
IFRS DB costs recognized in P&L	13.7	2.3	16.0
Employer cash contribution in P&L	-9.9	-1.7	-11.6
Change in actuarial assumptions (in OCI)	-1.4	-16.3	-17.7
Cash contribution Dutch pension plan		-18.0	-18.0
Gain on settlement		22.9	22.9
<b>Defined Benefit Provision (closing)</b>	<b>56.6</b>	-	-
<b>Exceptional item per period</b>	<b>-3.8</b>	<b>22.9</b>	<b>19.1</b>

## Deconsolidation Venezuela

- Vopak will continue to operate the company in line with Vopak standards
- The income statement includes the effect of recycling historical unrealized currency translation losses from equity to the income statement
- Neutral effect to total shareholders equity

Deconsolidation impact on Vopak equity	YTD Q3 2018
EBITDA (result from divestment / deconsolidation)	-0.9
Net finance costs (foreign currency exchange losses)	-50.1
<b>Net income</b>	<b>-51.0</b>
Other comprehensive income	50.1
<b>Total comprehensive income</b> <i>(attributable to holders of ordinary shares)</i>	<b>-0.9</b>

# Growth projects

## PT2SB starts operations

- Industrial terminal PT2SB in Pengerang, Malaysia, commissioned first phase with initial 700,000 cbm of capacity
- Remainder of the 1.5 million cbm of capacity will be commissioned, according to plan, before the end of Q3 2019



## LPG & chemical gases

- Vopak and its partner Reatile intend to invest in a new **LPG import and distribution terminal** with an initial capacity of **15,000 cbm** in Richard's Bay, South Africa
- Vopak will expand its gas terminal in Vlissingen (the Netherlands) by **9,200 cbm** of capacity for **LPG and chemical gases** to serve the NWE gas market

# 2018 events

## IFRS 16 Leases

- Applicable as from 1 January 2019
- Vopak has a portfolio of long-term land leases and leases of other non-current assets
- Annual Report 2017:
  - Operating lease expenses of EUR 66 million
  - Off-balance operating lease commitments of EUR 1,145 million
- Significant large land leases that are in the process of being renewed will be included in the lease liability per end 2018

Further details are specified in Note 1.3 of the Half Year Report 2018

\*Comparative figures are not required to be restated. Vopak intends to voluntarily disclose comparative figures

\*\*The Senior net debt : EBITDA for ratio calculation purposes is based on Frozen GAAP and not impacted by IFRS 16 Leases

## Impact for Vopak

- **No changes in economics**, only changes in accounting
- Effects on Vopak's key metrics\*

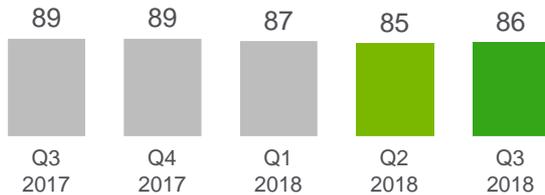
Metric	Effect
<u>Performance:</u>	
EBITDA	significant 
Net profit	= / 
<u>Cash flows:</u>	
Operational cash flows	significant 
Financial cash flows	significant 
<b>Total cash flows</b>	none =
<u>Covenants:</u>	
<b>Senior Net debt : EBITDA**</b>	none =

# Development key figures

Solid financial performance in Q3 2018, although with lower occupancy

## Occupancy rate\*

In percent



## EBITDA\*\*

In EUR million



## ROCE\*\*

In percent



## Net profit\*\*\*

In EUR million



\* Occupancy rate and revenues figures include subsidiaries only / \*\* Including net result from joint ventures and associates excluding exceptional items / \*\*\* Attributable to holders of ordinary shares excluding exceptional items

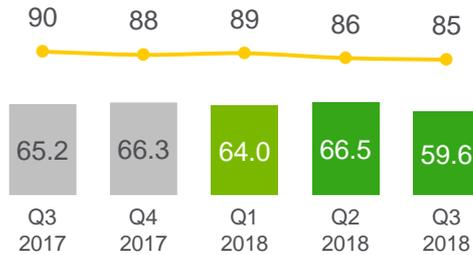
# Divisional segmentation

Europe & Africa and Asia & Middle East oil hub weakness, Americas, China & North Asia and LNG benefit from strong chemical and gas markets

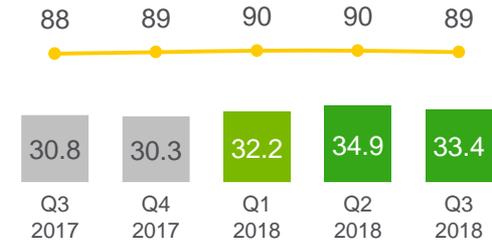
## Europe & Africa



## Asia & Middle East



## Americas



## China & North Asia



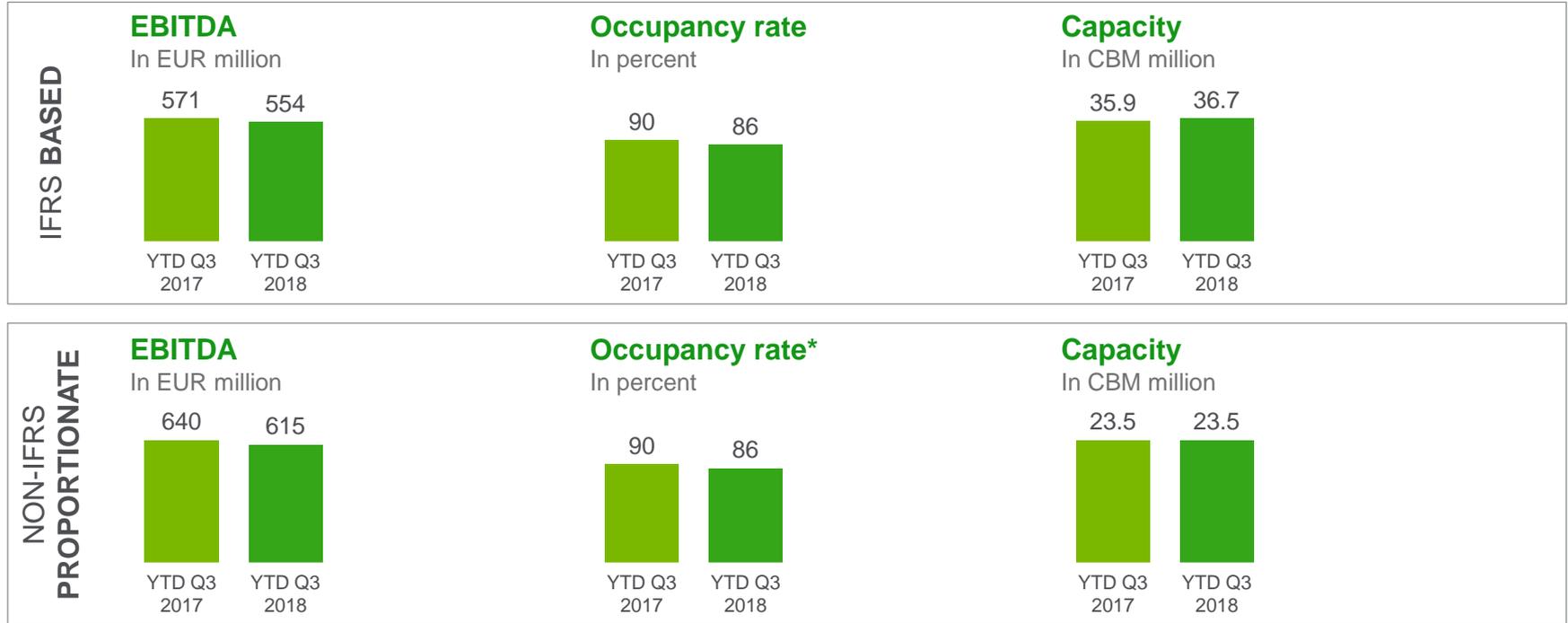
## LNG



 Occupancy rate (in percent) for subsidiaries only, with the exception of LNG  
 EBITDA (in EUR million) excluding exceptional items and including net result from JVs & associates and currency effects

# Non-IFRS proportionate information

Non-IFRS proportionate information provides transparency in Vopak's **underlying performance** and **free cash flow generating capacity**



excluding exceptional items

\* Proportionate occupancy rate excluding fully impaired joint venture terminals in Estonia and Hainan

# Looking ahead

- The financial performance in 2018 is expected to be influenced by currency exchange movements of primarily the USD and the SGD, and changes in the oil market structure, impacting occupancy rates and price levels in the hub locations
- Given the 3.2 million cbm expansion program to be delivered in 2018 and 2019, with high commercial coverage, in conjunction with the cost efficiency program, Vopak has the potential to significantly improve the 2019 EBITDA, subject to market conditions and currency exchange movements
- Our efficiency program to support margin development and reduce Vopak's future cost base with at least EUR 25 million was delivered at Q2 2018 and subsequently increased to EUR 40 million to be delivered by the end of 2019



Relevant other information

# Appendix



# Europe & Africa developments

## Storage capacity

In million cbm



Total Q3 2018  
13.7 million cbm

- Subsidiaries
- Joint ventures & associates
- Operatorship

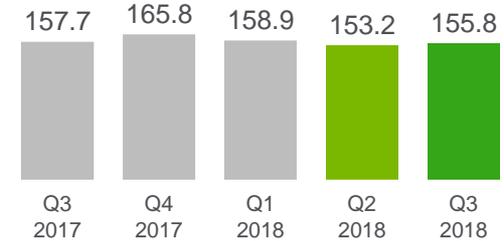
## Occupancy rate\*

In percent



## Revenues\*

In EUR million

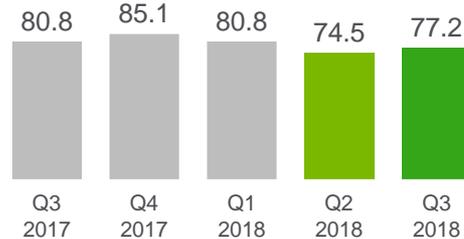


## 19 Terminals (6 countries)



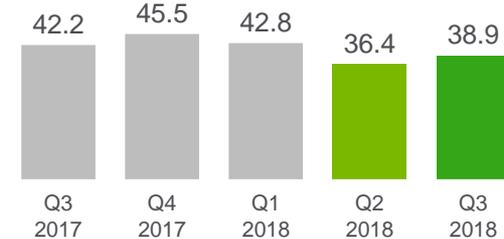
## EBITDA\*\*

In EUR million



## EBIT\*\*

In EUR million

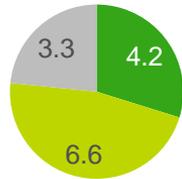


\*Subsidiaries only / \*\*EBIT(DA) excluding exceptional items and including net result from joint ventures and associates.

# Asia & Middle East developments

## Storage capacity

In million cbm

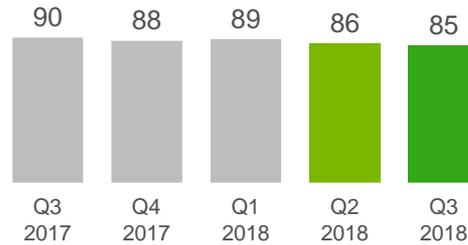


Total Q3 2018  
14.1 million cbm

- Subsidiaries
- Joint ventures & associates
- Operatorship

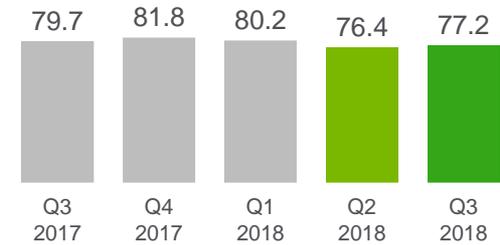
## Occupancy rate\*

In percent

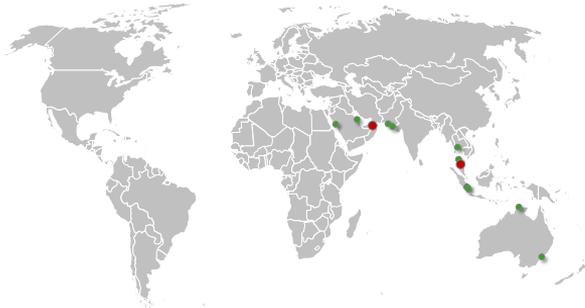


## Revenues\*

In EUR million



## 19 Terminals (9 countries)



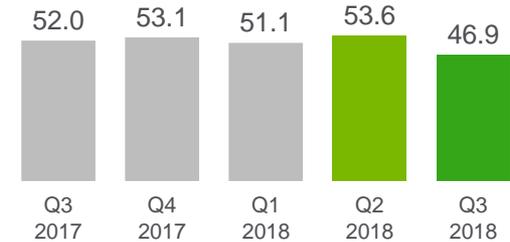
## EBITDA\*\*

In EUR million



## EBIT\*\*

In EUR million

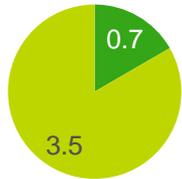


\*Subsidiaries only / \*\*EBIT(DA) excluding exceptional items and including net result from joint ventures and associates.

# China & North Asia developments

## Storage capacity

In million cbm

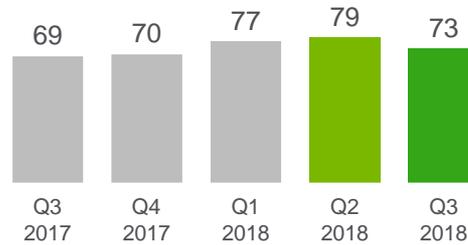


Total Q3 2018  
4.2 million cbm

- Subsidiaries
- Joint ventures & associates
- Operatorship

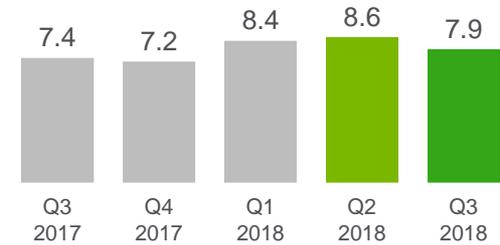
## Occupancy rate\*

In percent



## Revenues\*

In EUR million

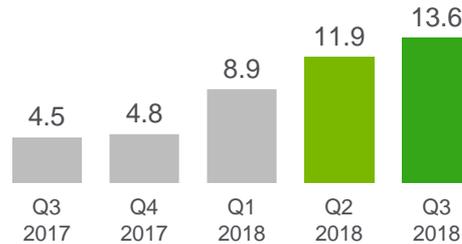


## 9 Terminals (3 countries)



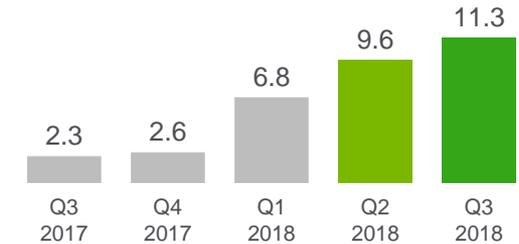
## EBITDA\*\*

In EUR million



## EBIT\*\*

In EUR million

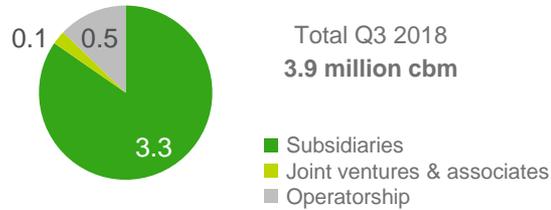


\*Subsidiaries only / \*\*EBIT(DA) excluding exceptional items and including net result from joint ventures and associates.

# Americas developments

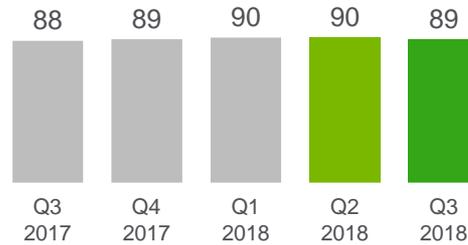
## Storage capacity

In million cbm



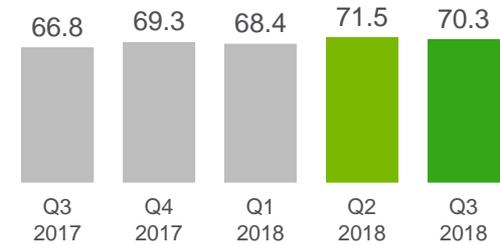
## Occupancy rate\*

In percent



## Revenues\*

In EUR million

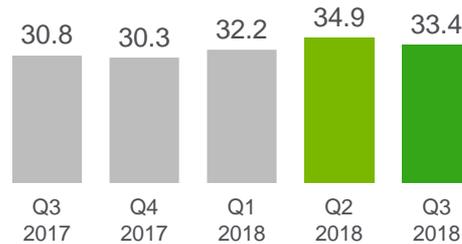


## 18 Terminals (7 countries)



## EBITDA\*\*

In EUR million



## EBIT\*\*

In EUR million



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

# JVs & associates developments

## Net result JVs & associates\*

In million cbm



## Europe & Africa\*

In EUR million



## Asia & Middle East\*

In EUR million



## China & North Asia\*

In EUR million



## Americas\*

In EUR million



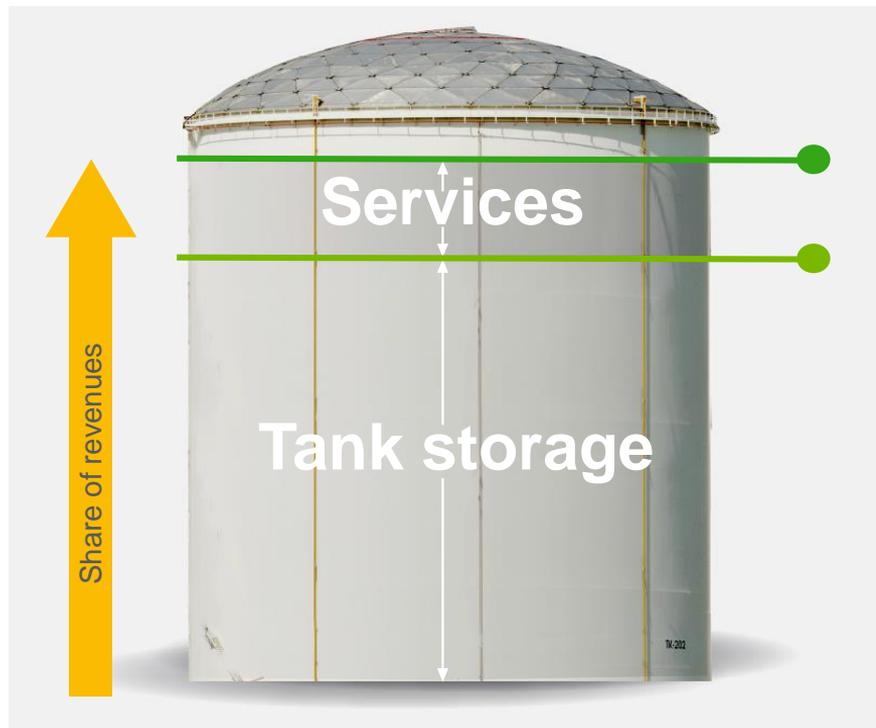
## LNG\*

In EUR million



\*Excluding exceptional items

# Business model



- Blending
  - Heating / cooling
  - Additional handling services related to loading / unloading
  - Excess throughput fees
  - Administrative support
  - Monthly invoicing in arrears
- 
- Fixed rental fees for rented capacity (per cbm)
  - Fixed number of throughputs per year
  - Vopak does not own the product
  - Monthly invoicing in advance

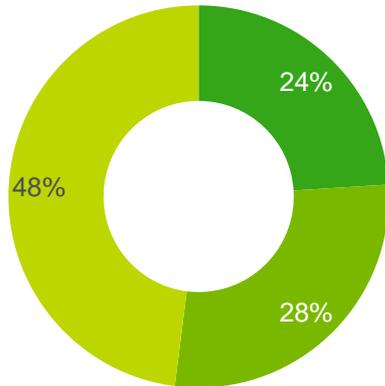
**The occupancy rate is the commercial rented-out portion of the full base capacity**

# Contract durations

A well-balanced global portfolio supported by a diversified customer base with different underlying demand drivers

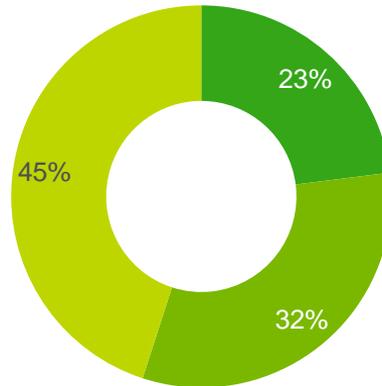
## Contract position FY2015

In percent of revenues



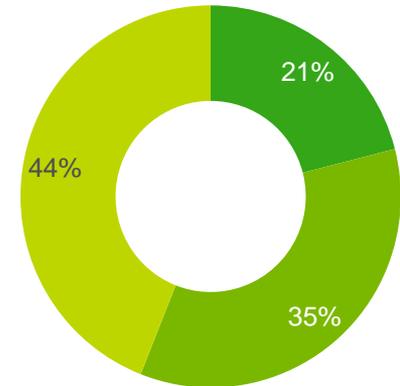
## Contract position FY2016

In percent of revenues



## Contract position FY2017

In percent of revenues



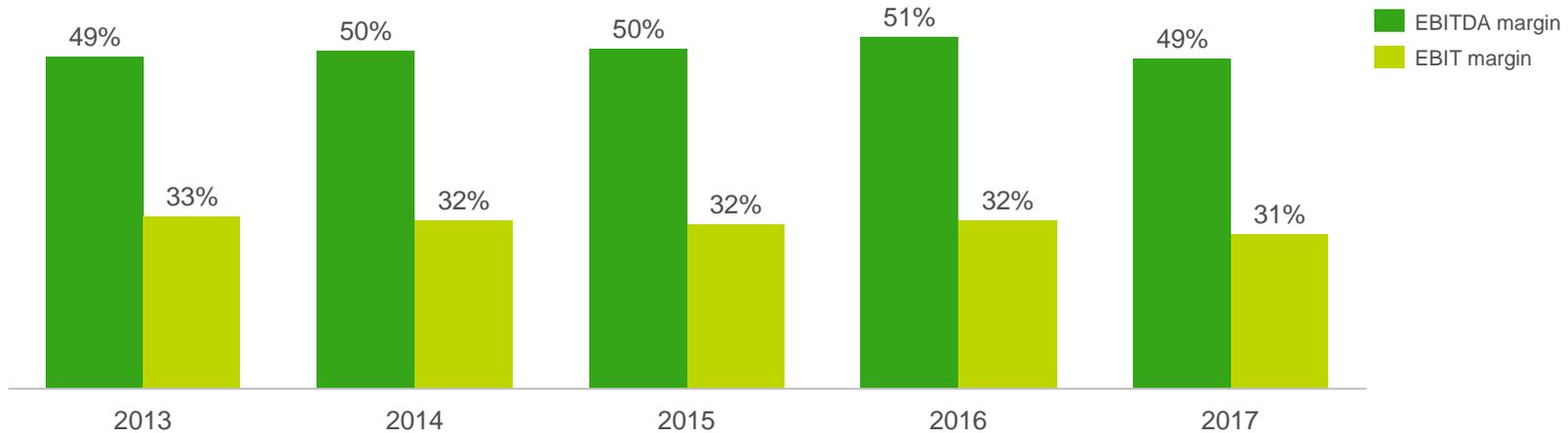
■ < 1 year  
 ■ 1-3 year  
 ■ > 3 year

# Margin developments

Maintaining solid margins further supported by the efficiency program to reduce Vopak's future cost base

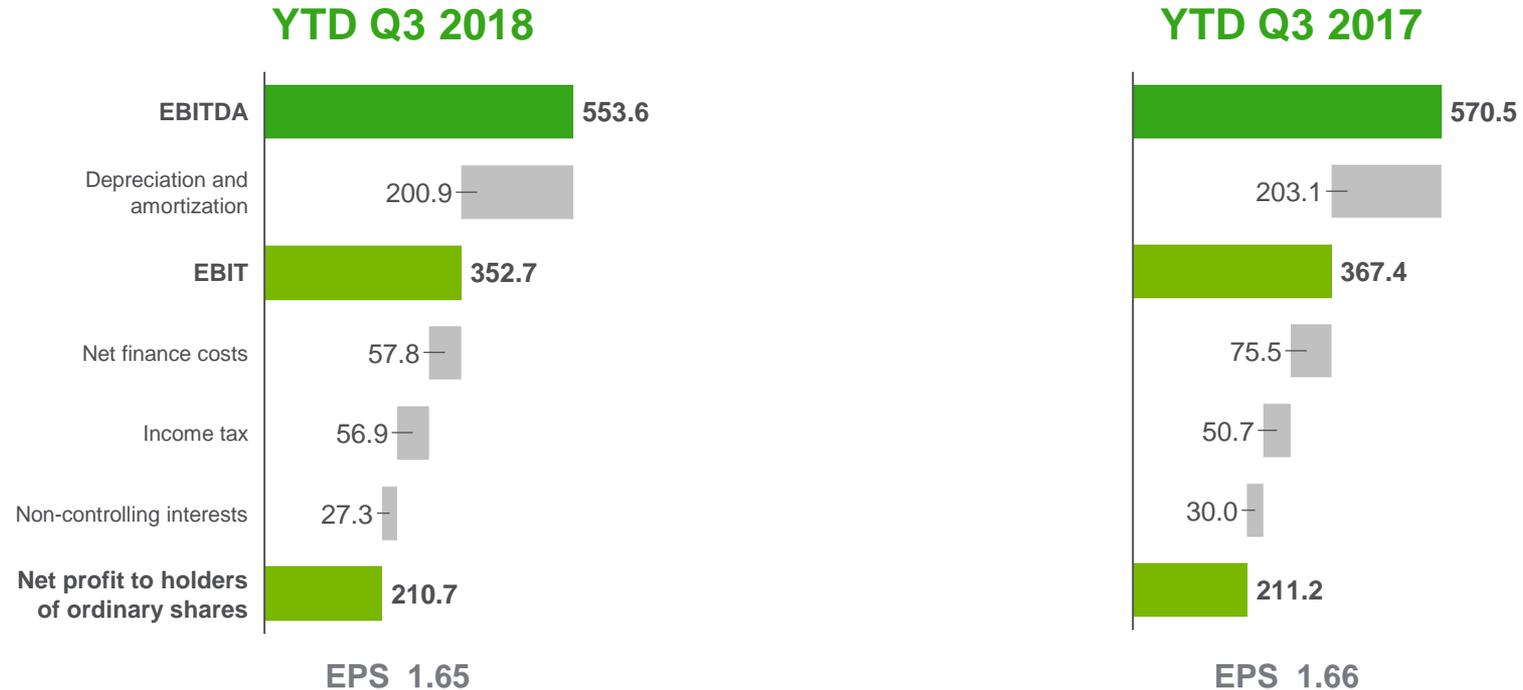
## EBIT(DA) margin\*

In percent



\*EBIT(DA) margins excluding exceptional items and excluding net result from joint ventures and associates

# EBITDA to Net profit overview



# Storing vital products with care



**Q3 2018 – Roadshow presentation**  
Royal Vopak

