

# Storing vital products with care



**Algemene Vergadering van Koninklijke Vopak N.V.**

21 april 2020



# Agenda voor de jaarlijkse Algemene Vergadering van Koninklijke Vopak N.V. - 21 april 2020



1. Opening
2. Bespreking van het bestuursverslag over het boekjaar 2019
3. Implementatie van het remuneratiebeleid voor het boekjaar 2019
4. Bespreking en vaststelling van de jaarrekening over het boekjaar 2019
5. Dividend
  - a) Verantwoording reserverings- en dividendbeleid
  - b) Voorstel dividenduitkering over het boekjaar 2019
6. Decharge van de leden van de Raad van Bestuur voor de uitoefening van hun taken in het boekjaar 2019
7. Decharge van de leden van de Raad van Commissarissen voor de uitoefening van hun taken in het boekjaar 2019
8. Benoeming van de heer B.J. Noteboom als lid van de Raad van Commissarissen
9. Remuneratiebeleid voor de Raad van Bestuur en voor de Raad van Commissarissen
  - a) Raad van Commissarissen
  - b) Raad van Bestuur
10. Voorstel tot machtiging van de Raad van Bestuur tot verwerving van gewone aandelen
11. Intrekking van gewone aandelen verworven door de vennootschap
12. Benoeming van Deloitte Accountants B.V. als de externe accountant voor het boekjaar 2021
13. Rondvraag
14. Sluiting

Een toelichting op de agendapunten 2 tot en met 12 is opgenomen in de Aandeelhouderscirculaire.

Punten 2 en 5a) zijn ter bespreking. De punten 3, 4 en 5b) tot en met 12 worden ter stemming voorgelegd, waarbij punt 3 in een adviserende stem wordt voorgelegd.



# Storing vital products with care



Chairman of the Executive Board  
and CEO of Royal Vopak

**Eelco  
Hoekstra**



# Key messages



- **Storing vital products with care** helps both meet the needs of a growing population and reach society's broader goals
- **Strategy** execution
  - Portfolio transformation gained momentum throughout 2019
  - Excellent progress with our digital transformation
- Strong **financial performance** in 2019
- **Covid-19 response** - taking good care of people working at our terminals and supporting society by storing vital products with care - all 66 terminals are operational

# Covid-19 update

We are in control and our governance structures are functioning well.  
We continuously monitor the developments and remain alert.

- We will manage this crisis to our best ability to ensure we protect our people and support society by storing vital products with care.
- Business-continuity plans are in place and all terminals are operational to serve our customers. If and where possible, we do not procrastinate and keep an attitude of business as usual.
- Our attention is on the short term delivery and protection of the long term value.
- We have seen a limited impact in Q1 - China and South Korea performed well. It is currently too early to assess the extent and nature of the full impact and future developments including the delays of projects under construction.

# Sustainability developments

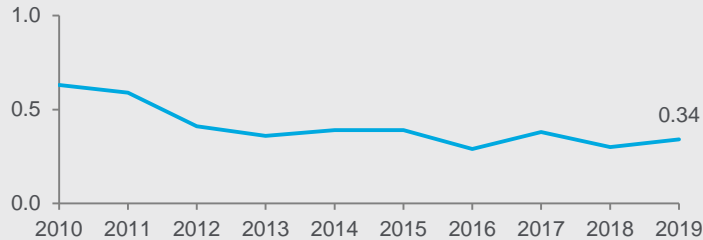
## Safety and sustainability developments



### People

#### Personnel Safety (TIR)

Total injuries per 200,000 hours worked

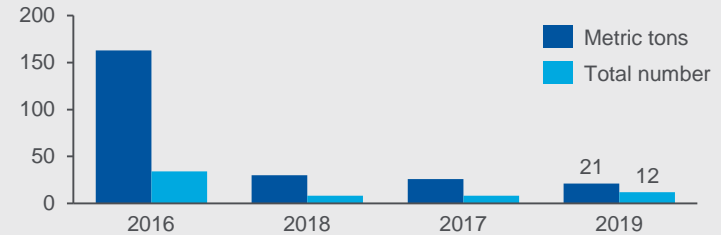


- Trust and Verify program

### Planet

#### Reportable spills

Uncontained spills in amount (metric tons) and frequency



- Our ambition is to be climate neutral by 2050 and to remain the industry leader

# Growth developments

Shift towards industrial terminals, chemical and gas terminals



\* Fully or partly commissioned in 2019

# 2017-2019 strategy delivered



Transformative portfolio changes and digital strategy is being rolled out

## Capture growth

- EUR 1 billion growth investment program in line with long-term market developments

## Spend EUR 750 million on sustaining and service improvement capex

- Sustaining and service improvement capex programs remained within the spending limit

## Invest EUR 100 million in new technology, innovation programs and replacing IT systems

- Build and global roll-out of Vopak's digital cloud-based terminal management software in progress

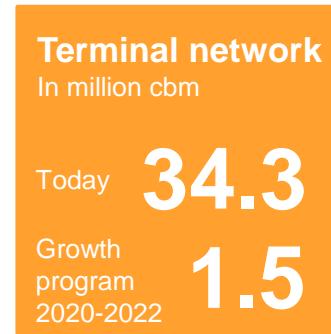
## Drive productivity and reduce the cost base

- Efficiency program delivered - cost base for 2019 is EUR 633 million



# Key figures 2019

- Strong EBITDA and significant increase in earnings per share
- Portfolio well-positioned for future opportunities



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

\*\* Occupancy rate include subsidiaries only

# Storing vital products with care



Member of the Executive Board  
and CFO of Royal Vopak

**Gerard  
Paulides**



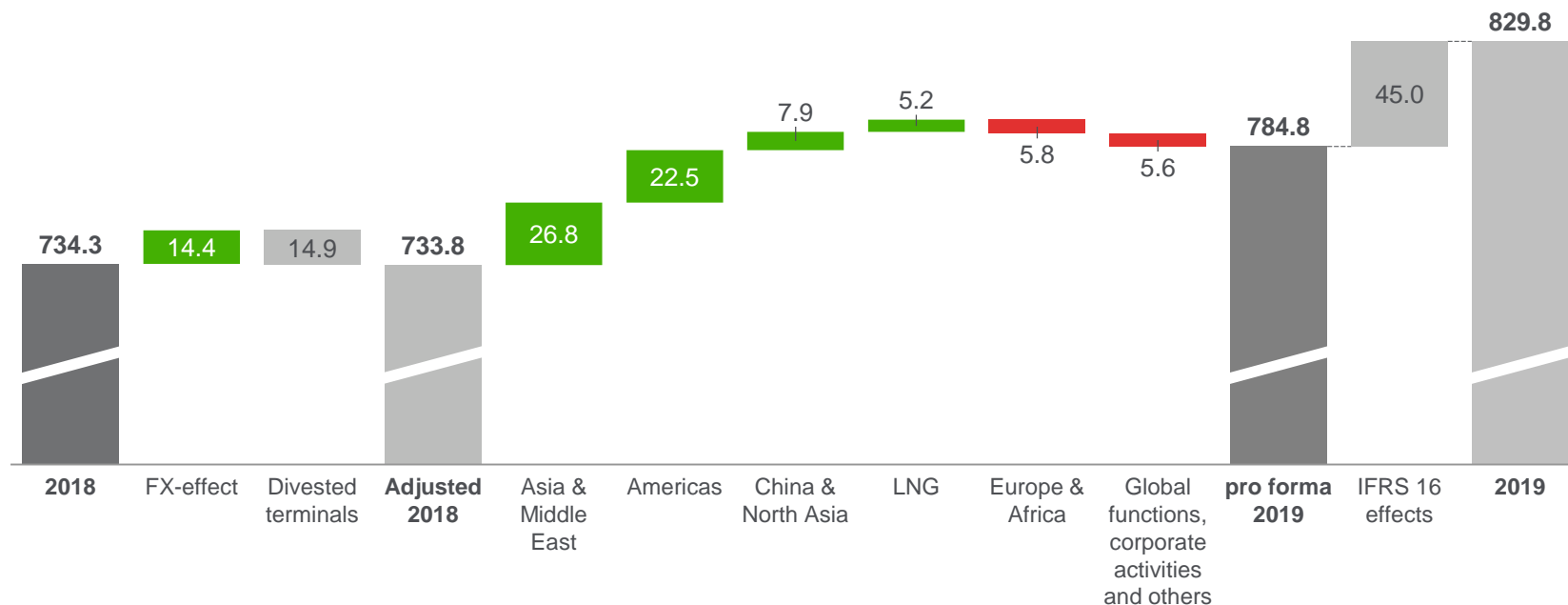
# Financial highlights



- EBITDA of **EUR 830 million** reflect good aggregate business performance including new asset performance and positive IFRS 16 effects
- Earnings Per Share (EPS) significantly increased to **EUR 2.80**
- **Cost savings program** is delivered – 2019 cost base is EUR 633 million
- Continued **growth investments**
- **EUR 100 million** share buyback program and (proposed) dividend of **EUR 1.15**

# 2019 vs 2018 EBITDA

Pro forma EBITDA increased reflected good aggregate business performance including new asset performance



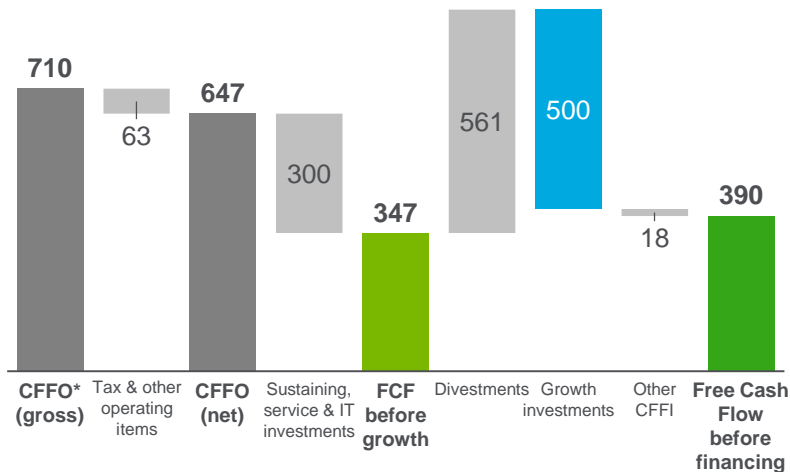


# Cash flow overview

Investment momentum driven by growth project phasing towards 2019

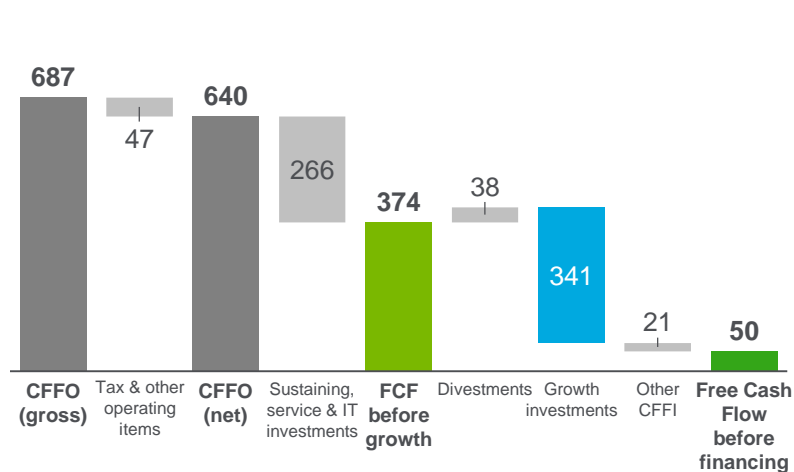
**2019**

In EUR million



**2018**

In EUR million



Figures in EUR million

\* IFRS 16 classifies lease payments mostly as financing cash flows versus operating cash flows in prior years

# Robust balance sheet

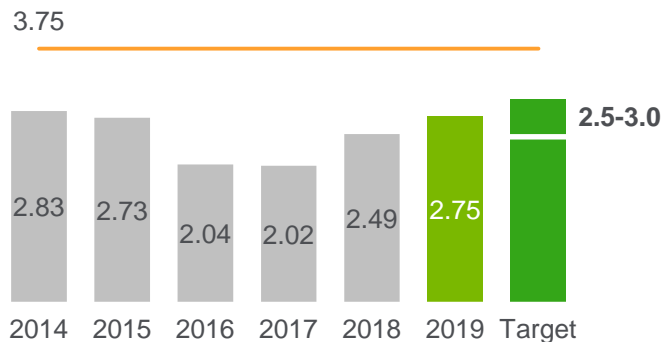


Target leverage of 2.5 to 3.0 times senior net debt : EBITDA

## Priorities for cash

- 1** Debt servicing  
average interest 3.5%
- 2** Growth opportunities  
Value accretive growth
- 3** Shareholder dividend  
Stable to rising cash dividend
- 4** Capital optimization  
Efficient robust capital structure

## Senior net debt : EBITDA ratio (frozen GAAP)



— Maximum ratio under private placements programs and syndicated revolving credit facility - 'frozen GAAP'

## Senior net debt : EBITDA ratio scenarios



## Strategic considerations

- Timing of growth opportunities
- Shareholder distributions

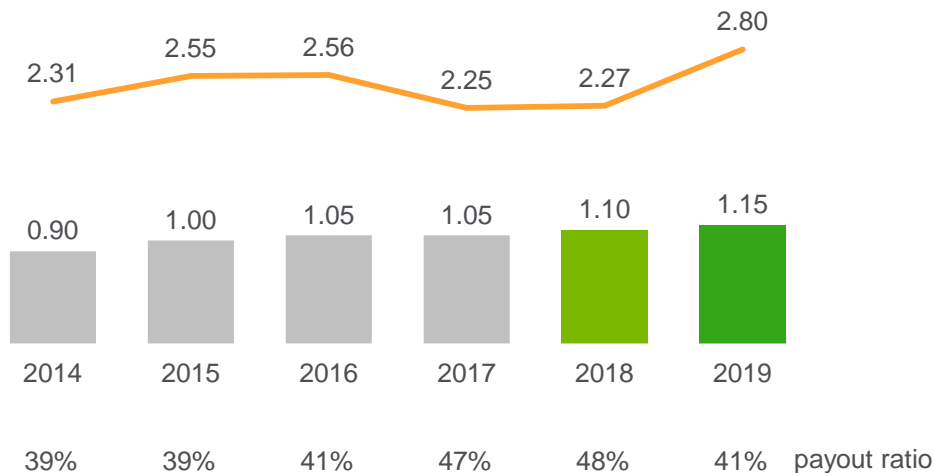
# Increase in shareholder returns

5% increase in dividend and EUR 100 million share buyback program



## Dividend and EPS\*

In EUR



## Share Buyback Program

Vopak will start a share buyback program to return **EUR 100 million** to shareholders

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

# Financial highlights



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# Storing vital products with care



Member of the Executive Board  
and COO of Royal Vopak

**Frits  
Eulderink**



## Storing vital products with care

- Vopak is committed to remain a **responsible member of the communities** in which we operate.
- We are committed to maximize positive, and minimize the negative effects of our business activities.
- We aim to contribute to a more sustainable society by introducing more sustainable technologies, processes and products, and facilitating the energy transition.
- Important sustainability topics for society and Vopak result in **3 horizons of action** on the short, medium and long term.
- **Our ambition is** to be the sustainability leader in our industry and to be climate neutral by 2050.

# Sustainability at a glance

**Energy supplied**  
In peta-joules

**4,500**

Equivalent to 120 million households

**Income tax paid**  
In EUR millions

**71**

We pay fair tax in countries in which we operate

**People employed**  
Own employees (in FTE) and contractor (in man years)

**>15,000**

**Living wage**  
Percentage of employees that receive living wage

**100%**

**Total energy consumption**  
In peta-joules

**14.5**

Equivalent to 0.4 million households

**Renewable energy**

**69%**

+8% vs 2018

**Total Injury Rate (TIR)**  
In 200,000 hours worked own personnel and contractors

**0.34**

+0.04 vs 2018

**Process Safety Event Rate (PSER)**  
In 200,000 hours worked own personnel and contractors in operational sites

**0.16**

+0.04 vs 2018

# Storing vital products with care

Important sustainability topics for society and Vopak

## Care for our societal impact



**Assuring occupational health and safety**

**Ensuring process safety**

**Ensuring human rights and decent work**

**Increasing diversity**

## Care for our environment



**Air quality: Reducing VOC and other air emissions**

**Preventing water and soil pollution**

**Reducing GHG emissions**

**Increasing energy efficiency**

## Our economic impact



**Delivering vital products to customers and society**

**Following our business ethics and integrity**

**Boosting innovation**

**Paying fair tax**

## External climate change risks, opportunities and impacts on Vopak



**Organizing yearly climate day to stress test:**

- **Resilience of portfolio**
- **Growth strategy**



# Vopak's lines of actions towards a sustainable future

## SDGs

## Action on 3 horizons



Decent work and economic growth



Responsible consumption and production

- Continuous focus on safety & reducing environmental footprint (short-term)



Affordable and clean energy



Industry, innovation and infrastructure

- Facilitating the switch to lighter fuels and feedstocks (medium-term)



Affordable and clean energy

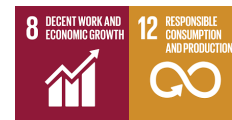


Industry, innovation and infrastructure

- Developing infrastructure solutions for new energies (long-term)

# Personal safety & GHG reduction

Continuous focus on safety & reducing environmental footprint

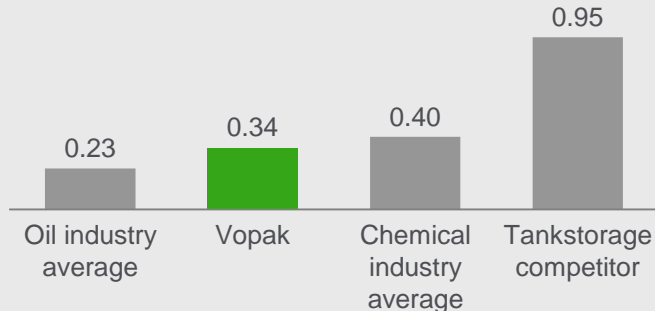


## Personal safety

Aiming to be as safe as the safest customer

### Personnel Safety (TIR)

Total injuries per 200,000 hours worked



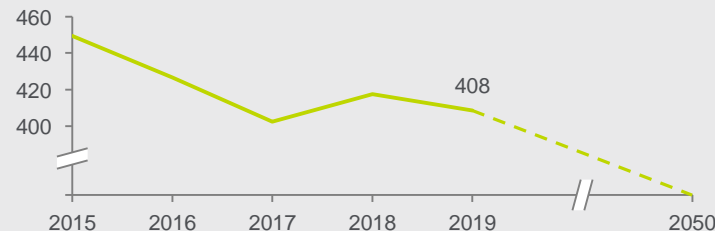
- Vopak's Trust & Verify program

## GHG reduction

Supporting Paris Climate goals

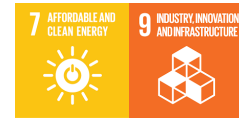
### Total GHG emissions

in metric tons of CO2 equivalents



- We are particularly looking for ways to reduce energy consumption from heating (38% of total GHG emissions).
- Ambition to be climate neutral by 2050

# Facilitating the switch to lighter fuels and feedstocks



Transforming our portfolio to facilitate the switch to lighter fuels and feedstocks

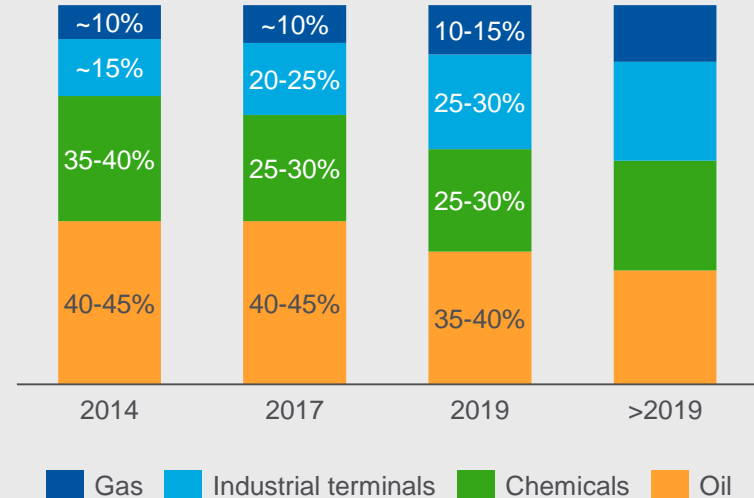
## Progress during 2019

### Facilitating LNG

- ETPL in Pakistan facilitates energy equivalent of 4.5 million households
- Gate Rotterdam facilitates energy equivalent of 8 million households

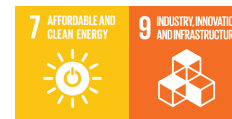
### Facilitating LPG

- LPG Canada supports Asian energy demand deficit



# New Energies

Developing infrastructure solutions for new energies



## New energies strategy

### Hydrogen

- Clean and renewable source of energy



### Flow batteries

- Use molecules to store large quantities of electricity



### CO2 storage & use

- Carbon Capture Storage & Use to support Paris Climate goals



### Green feedstocks

- New feedstocks for chemical industry and recycling plastics



## Hydrogen progress

- Vopak explores 3 potential ways to handle hydrogen
  - Liquid Hydrogen
  - Ammonia
  - Liquid Organic Hydrogen Carrier (LOHC)
- Vopak is one of the members of **H-vision Rotterdam**
- Vopak made its first hydrogen investment in **Hydrogenious** (LOHC)





# Vopak WeConnect Foundation

Contributing to the youth in communities we operate

- Since 2016
- Focus on **young people** aged between 10-24 years
- Engage with our communities and help **empower** young people and **connect them to the world**
- So far, **30 WeConnect projects** were launched around the world
- Reaching more than **5,000 young people** in all Vopak regions



Caojing, China



Rotterdam Botlek, Netherlands



Alemoa, Brazil



Altamira, Mexico



Malaysia



Panama



Pakistan



Rotterdam Europoort, Netherlands

# Storing vital products with care



Annual General Meeting  
21 April 2020

## Questions & Answers





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