

Press Release



Interim Update YTD Q3 2018

Rotterdam, the Netherlands, 5 November 2018

Q3 2018	Q2 2018	Q3 2017	In EUR millions	YTD Q3 2018	YTD Q3 2017	Δ
311.4	309.9	312.1	Revenues	937.5	981.4	- 4%
Results -excluding exceptional items-						
182.7	180.7	176.4	Group operating profit before depreciation and amortization (EBITDA)	553.6	570.5	- 3%
116.0	113.8	109.3	Group operating profit (EBIT)	352.7	367.4	- 4%
70.5	67.2	60.8	Net profit attributable to holders of ordinary shares	210.7	211.2	0%
0.55	0.53	0.48	Earnings per ordinary share (in EUR)	1.65	1.66	-1%
Results -including exceptional items-						
204.7	176.9	202.4	Group operating profit before depreciation and amortization (EBITDA)	571.8	594.4	- 4%
138.0	110.0	135.3	Group operating profit (EBIT)	370.9	391.3	- 5%
36.7	64.4	86.8	Net profit attributable to holders of ordinary shares	174.1	235.6	- 26%
0.28	0.51	0.68	Earnings per ordinary share (in EUR)	1.36	1.85	- 26%
Cash Flow from operating activities				496.6	477.4	4%
Cash Flow from investing and divesting activities				-358.4	-223.0	61%
Additional performance measures						
11.8%	11.5%	10.7%	Return on Capital Employed (ROCE)	11.9%	11.7%	0.2pp
86%	85%	89%	Occupancy rate subsidiaries	86%	90%	- 4pp
36.7	36.0	35.9	Storage capacity end of period (in million cbm)	36.7	35.9	
Average capital employed				3,961.8	4,122.6	
1,676.3	1,661.8	1,615.6	Net interest-bearing debt	1,676.3	1,615.6	
2.22	2.18	2.08	Senior net debt : EBITDA	2.22	2.08	

Highlights for YTD Q3 2018 -excluding exceptional items-:

- EBITDA of EUR 554 million (YTD Q3 2017: EUR 571 million). Adjusted for adverse currency translation effects of EUR 20 million, the EBITDA was EUR 3 million higher than prior year
- Occupancy rate of 86% (YTD Q3 2017: 90%) reflected market conditions at oil hub terminals whereas other product-market segments were stable
- EBIT of EUR 353 million (YTD Q3 2017: EUR 367 million). Adjusted for adverse currency translation effects of EUR 15 million, the EBIT was comparable to prior year
- Return on Capital Employed of 11.9% (YTD Q3 2017: 11.7%)
- Net profit attributable to holders of ordinary shares of EUR 211 million (YTD Q3 2017: EUR 211 million) resulting in earnings per ordinary share (EPS) of EUR 1.65 (YTD Q3 2017: EUR 1.66)
- The associate industrial terminal PT2SB in Malaysia commissioned in September 2018 approximately 700,000 cbm of capacity. The remainder of the 1.5 million cbm of capacity will be commissioned before the end of Q3 2019, in line with plan
- Our worldwide storage capacity on a 100% basis was 36.7 million cbm per the end of Q3 2018
- Vopak's strategic review and testing of the market value of its terminals in Algeciras, Amsterdam, Hamburg and Tallinn, as announced in the Q2 2018 press release, is progressing on schedule

Exceptional items YTD Q3 2018:

- Vopak formalized the agreement regarding a new pension plan in the Netherlands, resulting in a gain of EUR 19.1 million on the settlement of the Dutch Pension Plan
- As a result of the deconsolidation of our wholly-owned terminal in Venezuela, the income statement includes the effect of recycling historical unrealized currency translation losses from equity to the income statement, reducing the reported net income with EUR 51.0 million, mainly in the net finance expenses, with a neutral effect to total shareholders equity and no effect on cash

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

Q3 2018 events:

- On 20 July, Vopak and Engro Corporation announced the signing of a Share Purchase Agreement in which Vopak will acquire a 29% share in the LNG import facility Engro Elengy Terminal Pakistan (capacity of 151,000 cbm). The acquisition is subject to certain conditions, including customary regulatory and shareholder approvals
- In July 2018, Vopak formalized the agreement regarding a new pension plan in the Netherlands effective per 1 January 2018, including a cash contribution by Vopak of EUR 18.0 million. Going forward Vopak has the sole obligation to pay a contribution based on a fixed percentage of the pensionable salary
- On 17 August 2018, Vopak announced that it will expand its chemical terminal in Merak, Indonesia, with 50,000 cbm to 131,000 cbm. The expansion is expected to be commissioned in Q1 2020
- On 17 August 2018, Vopak announced to invest in its Europoort terminal in Rotterdam, the Netherlands, to support 0.5% low sulphur fuel oil bunkering. This investment is supported by customer commitments and will be completed in the second half year of 2019
- Vopak will further strengthen its global chemical storage positions. A new jetty will be constructed at Vopak Terminal Linkeroever in Antwerp, Belgium, enabling planned future growth. Furthermore, a major service improvement project will commence at Vopak Terminal Penjuru in Singapore, to service the chemical market in Singapore
- On 17 August 2018, Vopak announced that it would conduct a strategic review and test the market value of its terminals in Algeciras, Amsterdam, Hamburg and Tallinn
- On 23 August 2018, it was announced that it will be proposed to appoint Mrs. Nicoletta Giadrossi as member of the Supervisory Board during the Annual General Meeting to be held on 17 April 2019

Subsequent events:

- Today, Vopak and its partner Reatile announce that they will further expand their activities in South Africa by investing in a new LPG import and distribution terminal with an initial capacity of 15,000 cbm in Richards Bay, subject to final conditions. This investment facilitates further imports of a cleaner energy source into South Africa. The additional storage capacity is expected to be commissioned in Q2 2020
- Today, Vopak announces that it will expand its wholly-owned gas terminal in Vlissingen (the Netherlands) by 9,200 cbm of capacity for LPG and chemical gases to serve the NWE market. The additional storage capacity is expected to be commissioned in Q2 2020

Other accounting topics:

In September 2018, Vopak deconsolidated its wholly-owned terminal in Venezuela, reflecting that the Group no longer has control from an accounting perspective. This event led to recycling of historical unrealized currency translation losses from equity to the income statement, reducing the reported net income with EUR 51.0 million as an exceptional item.* Of this amount EUR 0.9 million is included in the EBITDA and the remainder in the net finance expenses. Going forward the participation in the terminal will be accounted for as an investment measured at fair value

Vopak will remain 100% shareholder in the entity and will continue to operate the company in line with Vopak standards. Reference is also made to note 1.1 and note 2.8 of the [2017 Annual Report](#)

Segment financial information:

Statement of income YTD

In EUR millions	Revenues		Result of joint ventures and associates		EBITDA		Group operating profit (EBIT)	
	YTD Q3 2018	YTD Q3 2017	YTD Q3 2018	YTD Q3 2017	YTD Q3 2018	YTD Q3 2017	YTD Q3 2018	YTD Q3 2017
Europe & Africa	467.9	482.1	2.0	1.2	232.5	241.5	118.1	128.2
<i>of which Netherlands</i>	332.8	351.0	0.8	1.6	173.5	186.1	92.6	105.3
Asia & Middle East	233.8	258.2	23.9	44.6	190.1	213.5	151.6	172.2
<i>of which Singapore</i>	181.1	201.0	0.6	0.7	128.2	144.7	99.9	114.2
China & North Asia	24.9	22.9	21.2	12.3	34.4	18.4	27.7	11.4
Americas	210.2	216.7	0.8	0.8	100.5	99.6	68.7	64.5
<i>of which United States</i>	126.6	126.6	0.5	0.5	62.7	61.3	46.1	42.5
LNG	–	–	29.2	28.4	24.7	26.4	24.7	26.4
Global functions, corporate activities and others	0.7	1.5	0.2	0.2	- 28.6	- 28.9	- 38.1	- 35.3
Total excluding exceptional items	937.5	981.4	77.3	87.5	553.6	570.5	352.7	367.4
<i>Exceptional items:</i>								
Europe & Africa							14.2	22.5
Asia & Middle East							–	–
China & North Asia							–	1.4
Americas							- 0.9	–
LNG							–	–
Global functions, corporate activities and others							4.9	–
Total including exceptional items							370.9	391.3
Net finance costs *							- 107.9	- 75.5
Income tax							- 61.6	- 50.2
Net profit							201.4	265.6
Non-controlling interests							- 27.3	- 30.0
Net profit holders of ordinary shares							174.1	235.6

Occupancy rate subsidiaries

In percentage	YTD Q3 2018	YTD Q3 2017
Europe & Africa	85%	91%
Asia & Middle East	87%	92%
China & North Asia	76%	71%
Americas	90%	89%
Vopak	86%	90%

* The deconsolidation of Venezuela has a downward effect on the EPS including exceptional items of EUR 0.39 and EUR 50.1 million on net finance expenses for the third quarter, with a neutral effect on shareholders equity

Quarterly segment financial information:

Statement of income

In EUR millions	Revenues			Depreciation and amortization			Result of joint ventures and associates			Group operating profit (EBIT)		
	Q3 2018	Q2 2018	Q3 2017	Q3 2018	Q2 2018	Q3 2017	Q3 2018	Q2 2018	Q3 2017	Q3 2018	Q2 2018	Q3 2017
Europe & Africa	155.8	153.2	157.7	38.3	38.1	38.5	0.6	0.9	0.2	38.9	36.4	42.3
<i>of which Netherlands</i>	110.4	107.8	115.6	27.2	27.0	27.5	0.1	0.6	0.7	30.7	26.9	36.2
Asia & Middle East	77.2	76.4	79.8	12.7	12.9	13.3	6.6	7.7	14.0	46.9	53.6	51.9
<i>of which Singapore</i>	60.0	59.0	61.5	9.4	9.5	9.8	0.2	0.2	0.2	33.6	29.9	33.3
China & North Asia	7.9	8.6	7.3	2.3	2.3	2.1	8.7	6.9	2.1	11.3	9.6	2.4
Americas	70.3	71.5	66.8	9.9	10.7	11.2	0.2	0.3	0.3	23.5	24.2	19.6
<i>of which United States</i>	43.2	42.2	38.8	5.0	5.8	6.0	0.2	0.2	0.2	17.1	14.5	13.1
LNG	-	-	-	-	-	-	10.6	9.2	9.6	6.8	9.6	9.1
Global functions, corporate activities and others	0.2	0.2	0.5	3.5	2.9	2.0	0.2	-	-0.1	-11.4	-19.6	-16.0
Total excluding exceptional items	311.4	309.9	312.1	66.7	66.9	67.1	26.9	25.0	26.1	116.0	113.8	109.3
<i>Exceptional items:</i>												
Europe & Africa										17.0	-2.8	24.6
Asia & Middle East										-	-	-
China & North Asia										-	-	1.4
Americas										-0.9	-	-
LNG										-	-	-
Global functions, corporate activities and others										5.9	-1.0	-
Total including exceptional items										138.0	110.0	135.3
Net finance costs										-69.2	-17.5	-23.2
Income Tax										-22.8	-20.0	-16.9
Net profit										46.0	72.5	95.2
Non-controlling interests										-9.3	-8.1	-8.4
Net profit holders of ordinary shares										36.7	64.4	86.8
Occupancy rate subsidiaries												
<i>In percentage</i>										Q3 2018	Q2 2018	Q3 2017
Europe & Africa										86%	83%	90%
Asia & Middle East										85%	86%	90%
China & North Asia										73%	79%	69%
Americas										89%	90%	88%
Vopak										86%	85%	89%

Non-IFRS proportionate segment financial information:

Segment information

In EUR millions	Revenues		EBITDA		Group operating profit (EBIT)	
	YTD Q3 2018	YTD Q3 2017	YTD Q3 2018	YTD Q3 2017	YTD Q3 2018	YTD Q3 2017
Europe & Africa	480.6	503.6	232.0	245.4	117.4	126.4
<i>of which Netherlands</i>	335.2	355.2	174.3	186.0	92.9	104.8
Asia & Middle East	271.4	305.0	186.1	203.0	132.7	150.4
<i>of which Singapore</i>	126.8	140.7	88.6	100.2	69.2	79.2
China & North Asia	85.1	84.6	57.5	48.8	35.1	25.1
Americas	211.9	218.5	100.1	99.2	67.9	63.8
<i>of which United States</i>	126.6	126.6	61.9	60.7	45.2	41.7
LNG	88.6	89.3	68.0	70.5	49.9	52.3
Global functions, corporate activities and others	0.7	1.4	-28.6	-27.4	-38.1	-34.1
Total excluding exceptional items	1,138.3	1,202.4	615.1	639.5	364.9	383.9
Occupancy rate subsidiaries, joint ventures and associates					84%	91%
Net interest-bearing debt					2,495.6	2,360.3

Financial calendar

27 November 2018	Capital Markets Day 2018
13 February 2019	Publication of 2018 annual results
17 April 2019	Publication of 2019 first-quarter interim update
17 April 2019	Annual General Meeting
23 April 2019	Ex-dividend quotation
24 April 2019	Dividend record date
26 April 2019	Dividend payment date
31 July 2019 (updated)	Publication of 2019 half-year results
04 November 2019	Publication of 2019 third-quarter interim update
12 February 2020	Publication of 2019 annual results

About Royal Vopak

Royal Vopak is the world's leading independent tank storage company. We operate a global network of terminals located at strategic locations along major trade routes. With over 400 years of history and a strong focus on safety and sustainability, we ensure safe, efficient and clean storage and handling of bulk liquid products and gases for our customers. By doing so, we enable the delivery of products that are vital to our economy and daily lives, ranging from oil, chemicals, gases and LNG to biofuels and vegoils. Vopak is listed on the Euronext Amsterdam stock exchange and is headquartered in Rotterdam, the Netherlands. Including our joint ventures and associates, we employ an international workforce of over 5,700 people. As of 5 November 2018, Vopak operates 67 terminals in 25 countries with a combined storage capacity of 36.7 million cbm, with another 2.6 million cbm under development that will be added before the end of 2020.

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The analysts' presentation will be given via an on-demand audio webcast on Vopak's corporate website www.vopak.com, starting at 10:00 AM CET on 5 November 2018

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