

Storing vital products with care



Vopak Half Year 2018 financial results

Analyst presentation - 17 August 2018



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.

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.



Chairman of the Executive Board
and CEO of Royal Vopak

**Eelco
Hoekstra**



Key messages



strategic direction
2017-2019

HY1 2018 key messages

Capture
growth

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

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

Drive further
productivity

- **Satisfactory financial results**, given market conditions to date
- Execution of our **strategy towards 2019** is well on track
 - Efficiency program to support margin development has been delivered and cost target for 2019 is increased
 - Global roll out of terminal management system started
 - Portfolio shifts in line with 4 strategic terminal types

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

Vegeils & 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

Key figures HY1 2018

EBITDA*

In EUR million

371

CFFO (gross)

In EUR million

341

Occupancy rate**

In percent

86

Terminal network

In million cbm

HY1
2018: **36.0**

2019: **39.2**



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

** Occupancy rate include subsidiaries only

Execution of strategy on track



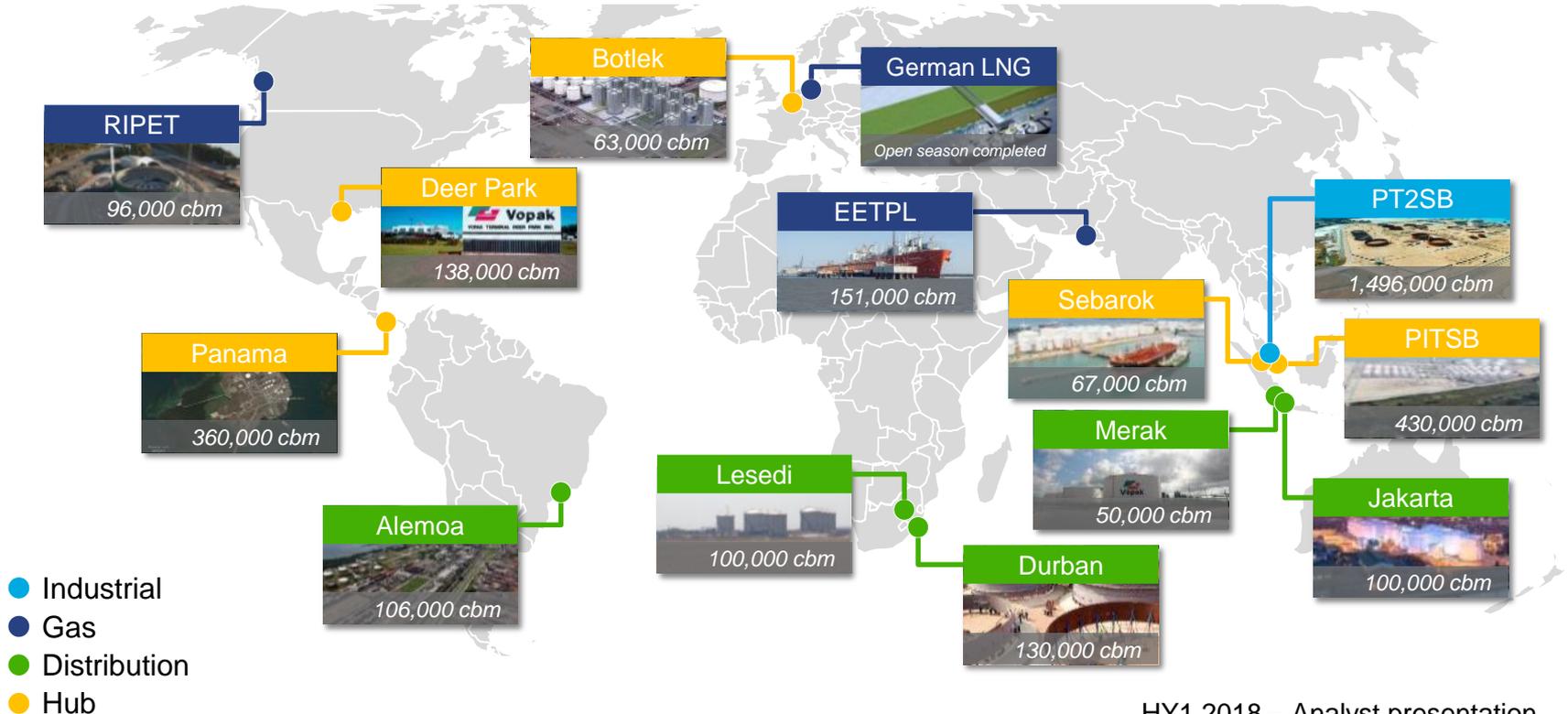
Strategic direction is set towards growth and productivity improvement

- 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

Portfolio developments



Focus on 4 strategic terminal types



Terminals under strategic review



- Per February
- Per August

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Member of the Executive Board
and CFO of Royal Vopak

**Gerard
Paulides**



Summary financial performance



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2017-2019

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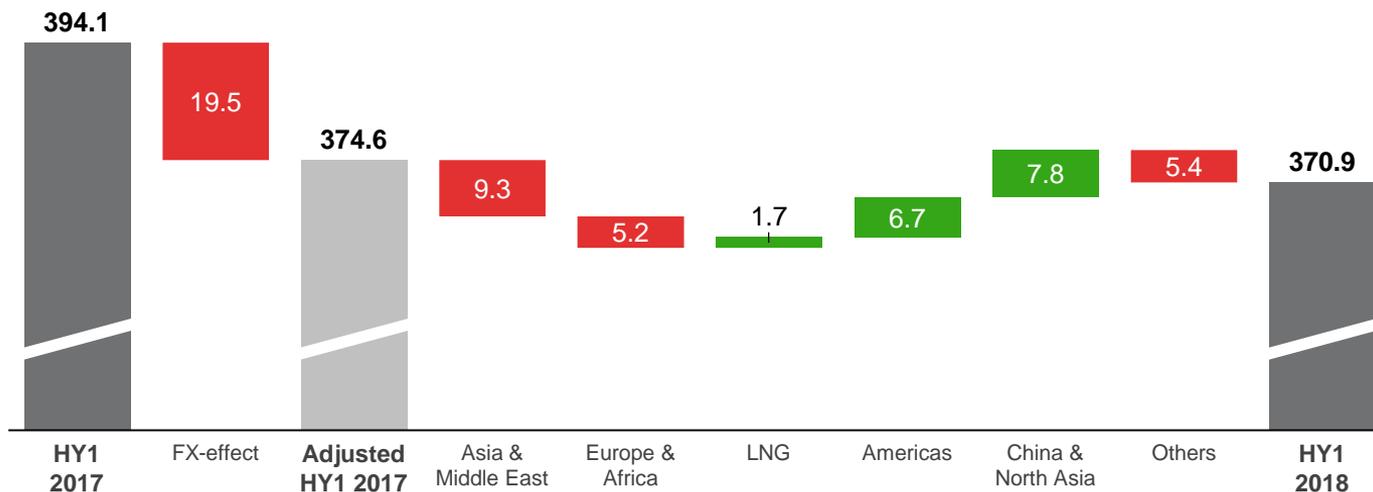
HY1 2018 key messages

- Satisfactory financial performance with solid CFFO
- Investment momentum (CFFI) towards 2019
- Efficiency program to support margin development has been delivered and cost target for 2019 is increased
- Fuel oil terminals will be fully ready to support new market requirements in 2020

HY1 2018 vs HY1 2017 EBITDA



Adjusted for adverse currency translation effects HY1 2018 EBITDA was comparable to prior year.

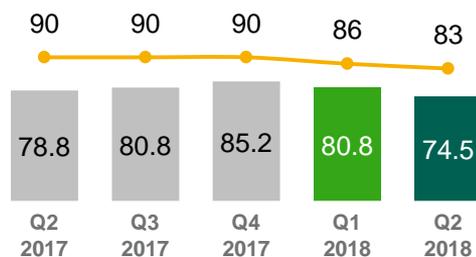


Divisional segmentation

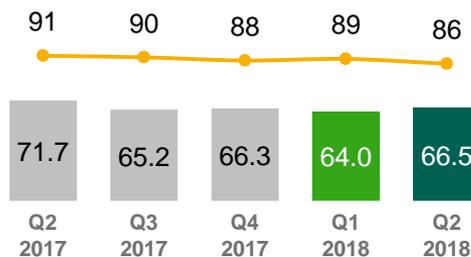


Europe & Africa and Asia & Middle East oil hub weakness, Americas, China & North Asia and LNG benefit from strong chemical and gas markets

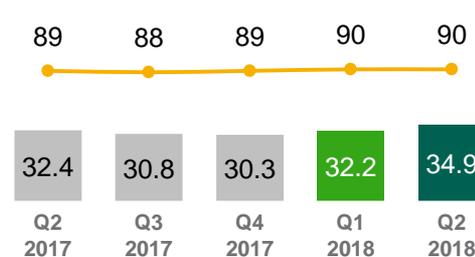
Europe & Africa



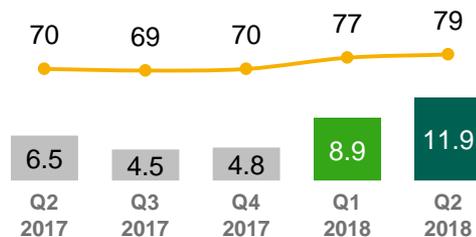
Asia & Middle East



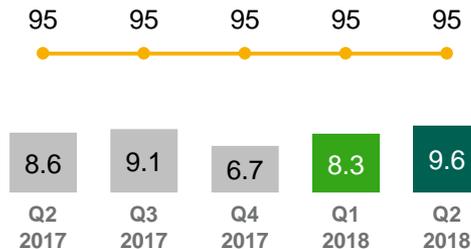
Americas



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

Q2 2018 vs Q1 2018 EBITDA



Impact at hub locations, strong performance of chemical and gas terminals, others reflect insurance impact and IT costs

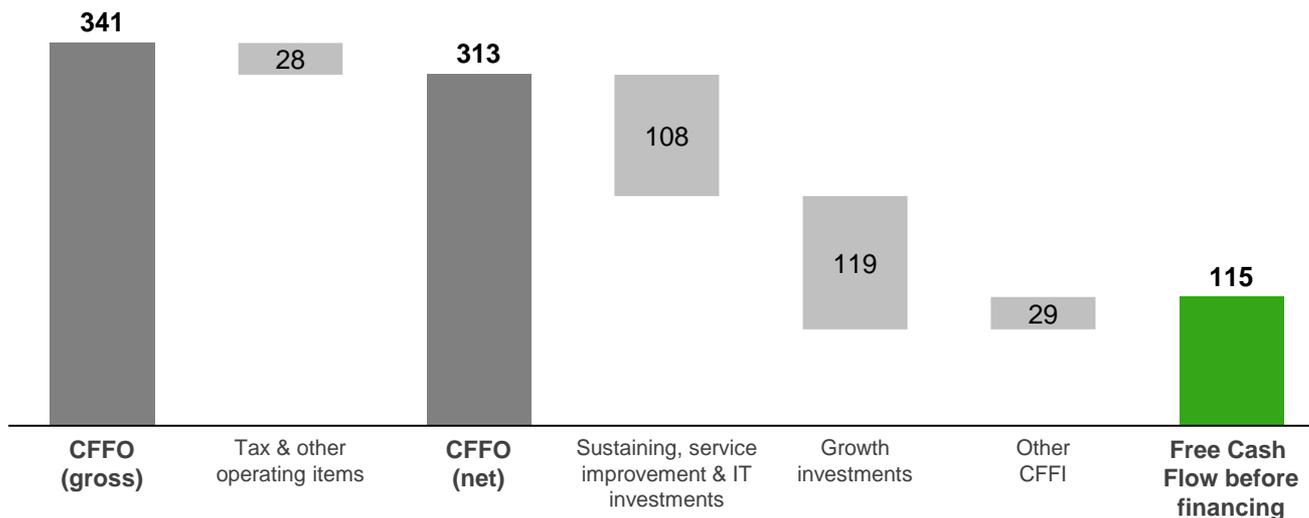


Cash flow overview



Investment momentum (CFFI) towards 2019

Half year 2018

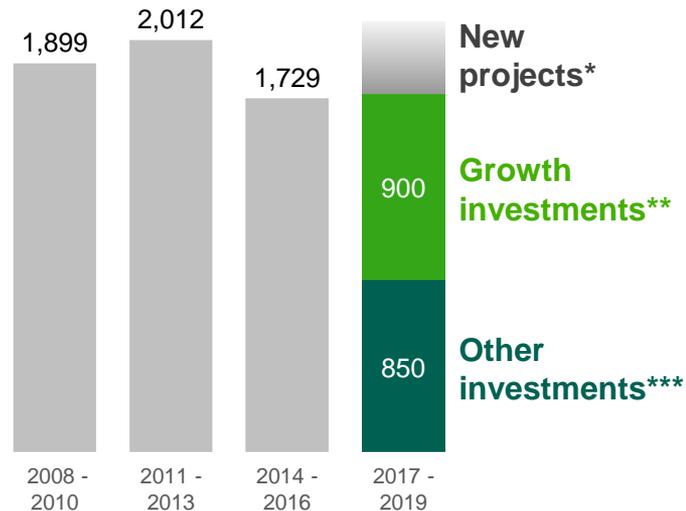


Investment phasing



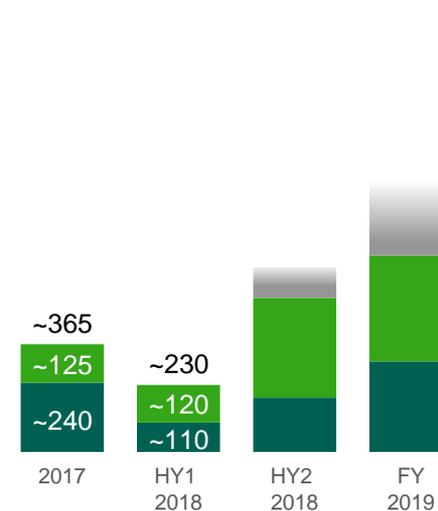
Investments 2008-2019

In EUR million



Investments 2017-2019

In EUR million



Additional 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 announcements project to date, 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

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



Subsequent & portfolio events



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
Defined Benefit Provision (opening)	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
Defined Benefit Provision (closing)	56.6	-	-
<i>Exceptional item per period</i>	<i>-3.8</i>	<i>22.9</i>	<i>19.1</i>

Venezuela

- Our terminal in Venezuela operates in a continuously deteriorating economic, social and political environment
- The increase in the speed of the deterioration of the economic environment triggers Vopak to monitor its accounting position in HY2 2018
- Accumulated unrealized currency translation losses recognized in Vopak's Equity amounted to EUR 47.3 million at year-end 2017
- Net equity exposure less than EUR 1 million

IFRS 16 Leases



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

Impact for Vopak

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

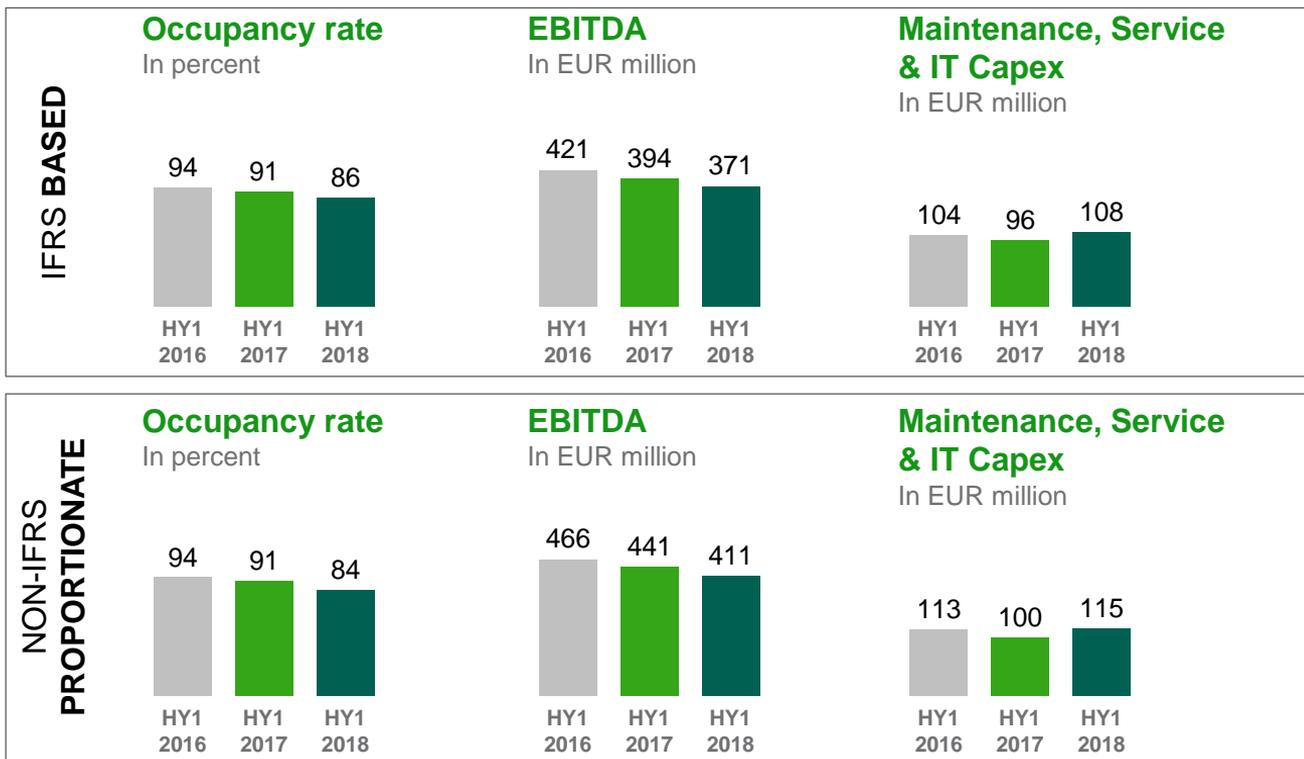
Metric	Effect
<u>Performance:</u>	
EBITDA	significant
Net profit	= /
<u>Cash flows:</u>	
Operational cash flows	significant
Financial cash flows	significant
Total cash flows	none =
<u>Covenants:</u>	
Senior Net debt : EBITDA**	none =

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

Non-IFRS proportionate information



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

Summary financial performance



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2017-2019

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Looking ahead



- The financial performance in 2018 is expected to be influenced by currency exchange movements of primarily the USD and SGD, and the currently less favorable oil market structure, impacting occupancy rates and price levels in the hub locations
- Given the current 3.2 million cbm expansion program for 2019 with high commercial coverage, in conjunction with the cost efficiency delivery, 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 has been delivered and is increased to EUR 40 million. As a result of the efficiency program the cost base for 2019, at current exchange rates, including EUR 15 million additional cost from growth projects, is expected to be below the 2017 reported operating cost of EUR 676 million



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Questions & answers



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Upcoming events:

Publication of 2018 third-quarter interim update

5 November 2018

Capital Markets Days 2018

Houston, Texas, US
27-28 November 2018

Publication of 2018 annual results

13 February 2019

Royal Vopak

17 August 2018

Analyst presentation

**HY1 2018
Results**

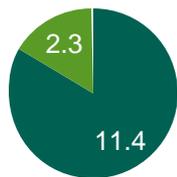


Europe & Africa developments



Storage capacity

In million cbm

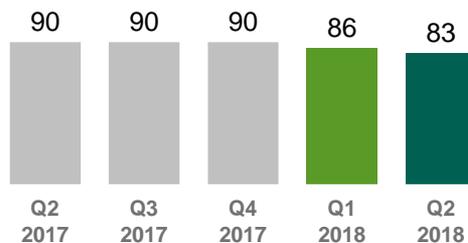


Total Q2 2018
13.7 million cbm

- Subsidiaries
- Joint ventures & associates
- Operatorship

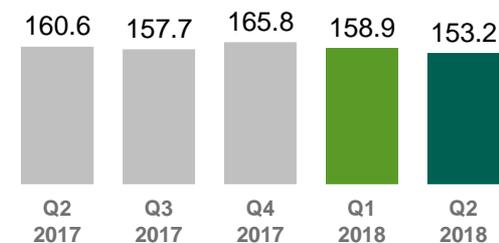
Occupancy rate*

In percent



Revenues*

In EUR million



19 Terminals (6 countries)



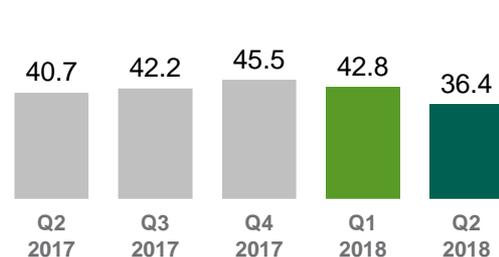
EBITDA**

In EUR million



EBIT**

In EUR million



* Subsidiaries only

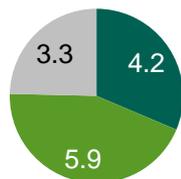
** EBIT(DA) including net result from joint ventures and associates and excluding exceptional items

Asia & Middle East developments



Storage capacity

In million cbm

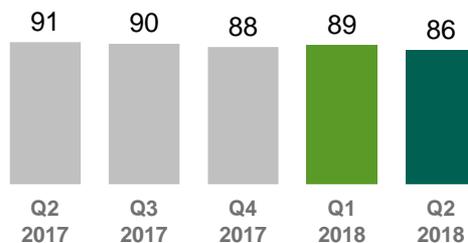


Total Q2 2018
13.4 million cbm

- Subsidiaries
- Joint ventures & associates
- Operatorship

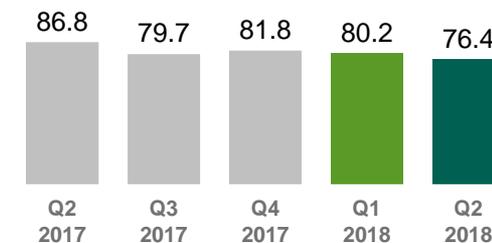
Occupancy rate*

In percent



Revenues*

In EUR million

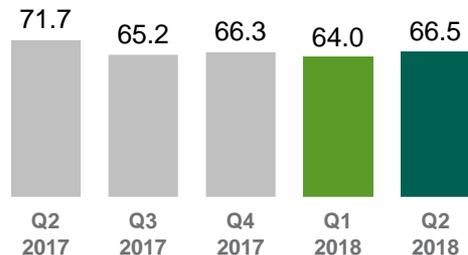


18 Terminals (9 countries)



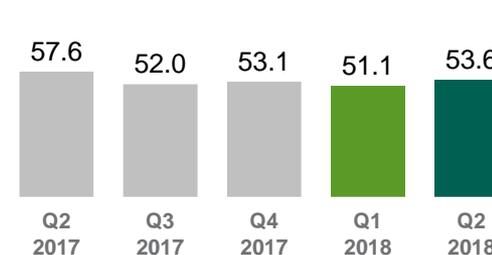
EBITDA**

In EUR million



EBIT**

In EUR million



* Subsidiaries only

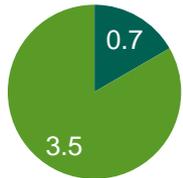
** EBIT(DA) including net result from joint ventures and associates and excluding exceptional items

China & North Asia developments



Storage capacity

In million cbm

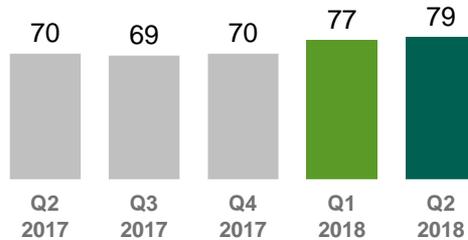


Total Q2 2018
4.2 million cbm

- Subsidiaries
- Joint ventures & associates
- Operatorship

Occupancy rate*

In percent



Revenues*

In EUR million

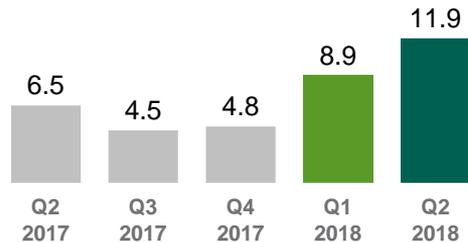


9 Terminals (3 countries)



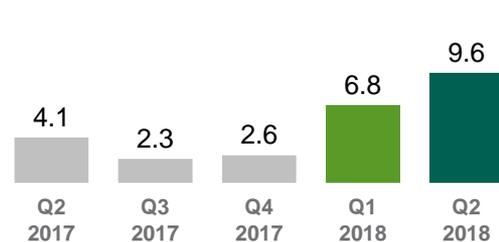
EBITDA**

In EUR million



EBIT**

In EUR million



* Subsidiaries only

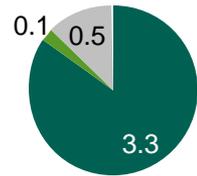
** EBIT(DA) including net result from joint ventures and associates and excluding exceptional items

Americas developments



Storage capacity

In million cbm

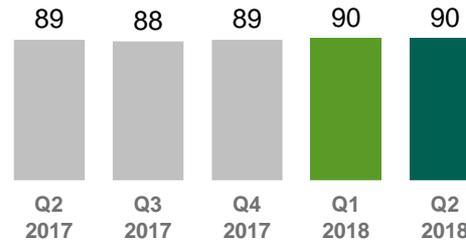


Total Q2 2018
3.9 million cbm

- Subsidiaries
- Joint ventures & associates
- Operatorship

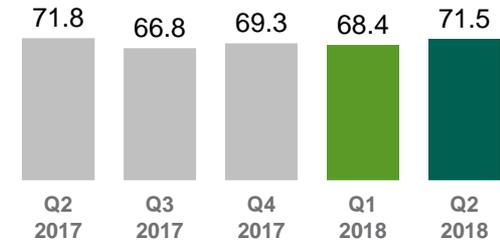
Occupancy rate*

In percent



Revenues*

In EUR million

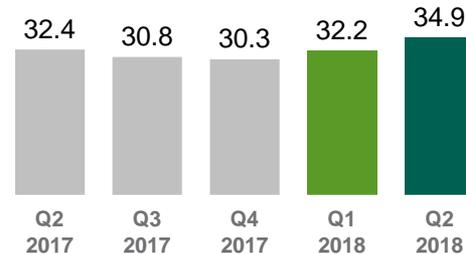


18 Terminals (7 countries)



EBITDA**

In EUR million



EBIT**

In EUR million



* Subsidiaries only

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

JVs & associates developments



Net result JVs and associates*

In EUR million



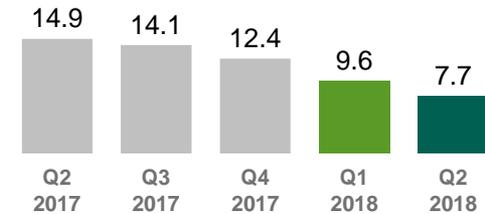
Europe & Africa*

In EUR million



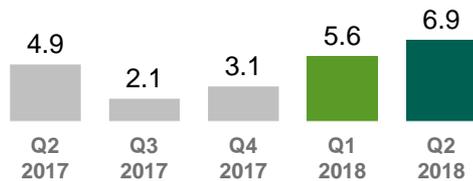
Asia & Middle East*

In EUR million



China & North Asia*

In EUR million



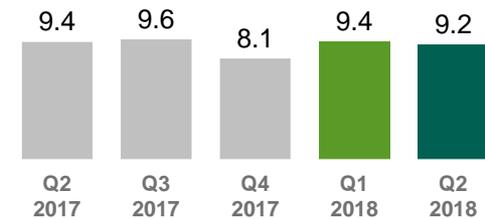
Americas*

In EUR million



LNG*

In EUR million



* Excluding exceptional items

EBITDA to Net profit overview

