



DISCIPLINED CAPITAL ALLOCATION STRATEGIC CONSIDERATIONS

ROYAL VOPAK

JACK DE KREIJ, VICE-CHAIRMAN & CFO

16 JUNE 2016



Proud Vopak employees showing the completed Fuel 2 project in Durban

FORWARD LOOKING STATEMENTS



The presentations contain '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.

SUMMARY

KEY TOPICS



- **Key message 2 July 2014**
- **Status strategic priorities 2014-2016**
- **Position today and opportunities for disciplined selective growth**
- **Strategic considerations for disciplined capital allocation**

STRATEGIC PRIORITIES 2014 - 2016

OUTCOME OF THE BUSINESS REVIEW



VOPAK SETS STRATEGIC PRIORITIES AND PROVIDES FINANCIAL UPDATE

02 July 2014

Vopak publishes today the outcome of the business review announced at the Capital Markets Day held in December 2013 and referred to in the Q1 2014 Trading Update. The business review focused on the status and timing of all projects under consideration, the further alignment of Vopak's global network, and areas to increase efficiency

- Vopak will **sharpen its focus on increasing free cash flow generation** throughout the company and on improving its capital efficiency, supporting **cash flow return and EPS objectives**;
- The expected proceeds from identified divestment opportunities and cash flow improvements will be used for **selective growth opportunities** and to support a consistent continuation of our dividend policy;
- The tank storage market has been adversely affected by substantial incremental supply of storage capacity, as well as by legislative and geopolitical developments. Therefore the **timing of new profitable projects has become less apparent**;
- We will create more value from our core assets and core capabilities and generate a long-term robust free cash flow against **a balanced risk-return profile** for our stakeholders and shareholders.

BUSINESS ENVIRONMENT

2014-2016



Changing energy and petrochemical landscape

- Continuing economic shift from West to East
- Oil price developments

Tank storage market has been characterized by

- A substantial increase of storage capacity
- Legislative developments
- Geopolitical developments

Timing of new profitable expansion projects

- Less apparent

‘Defined criteria for our network aspirations’

‘Sharpening our network to cater for today’s and tomorrow’s flows’

‘Strengthen its competitive position’

STATUS PRIORITIES 2014 - 2016

EXECUTION ON TRACK



Strategic Growth

Growth

4

terminal types

Reduce

Sustaining capex

100

EUR million

✓ **Enhance** capital and organizational efficiency

✓ **Sharpen** focus on free cash flow generation

✓ **Reduce** sustaining & improvement capex program and cost base

Divestment Program

Program

15

terminals (approx.)

Reduce

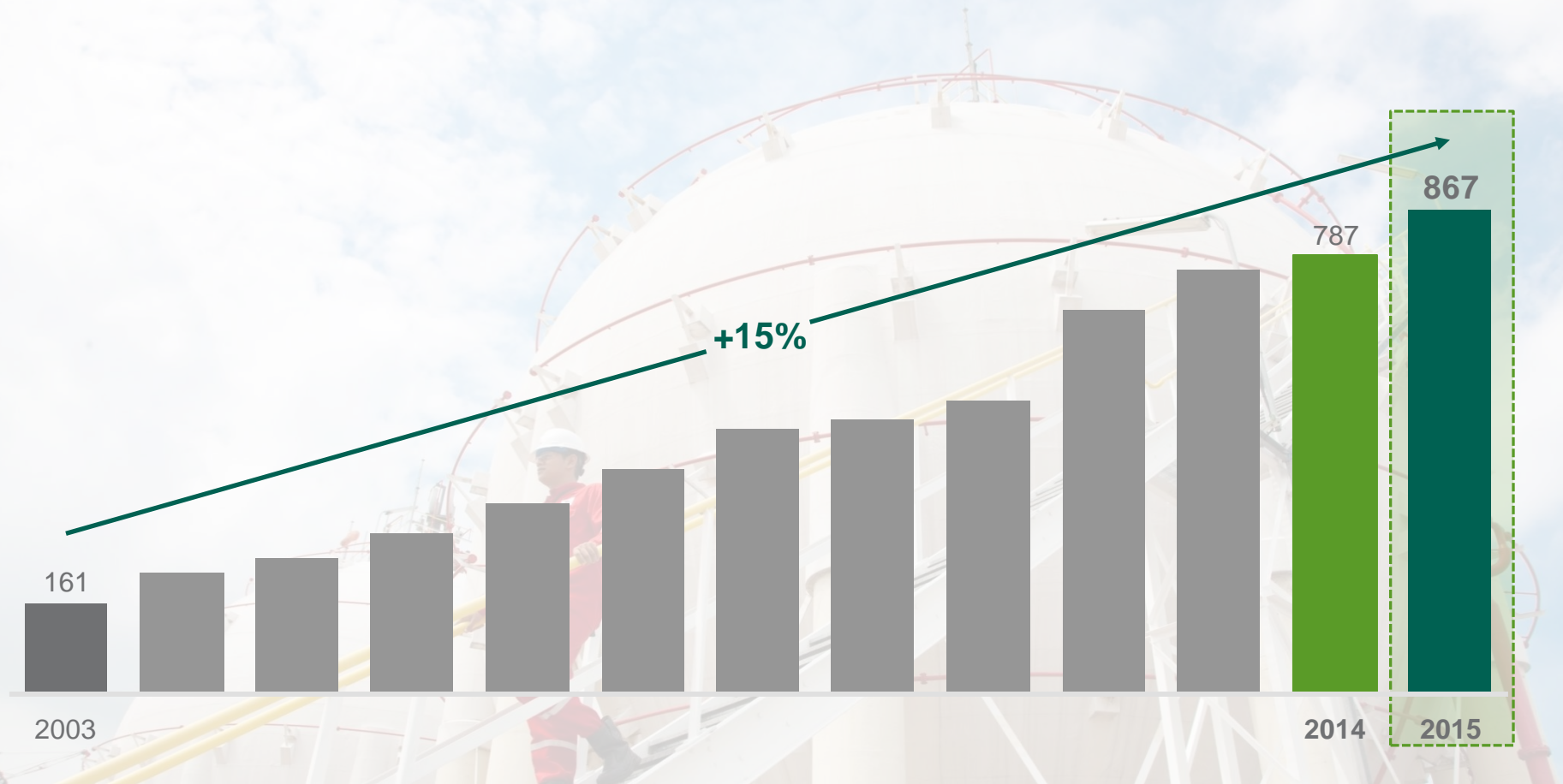
Costbase

30

EUR million

VALUE CREATION

CONTINUED FOCUS ON CASH FLOW



NOTE: Bar sizes for illustration purposes



VALUE CREATION

CONTINUED FOCUS ON EARNINGS PER SHARE



Occupancy
rate
development

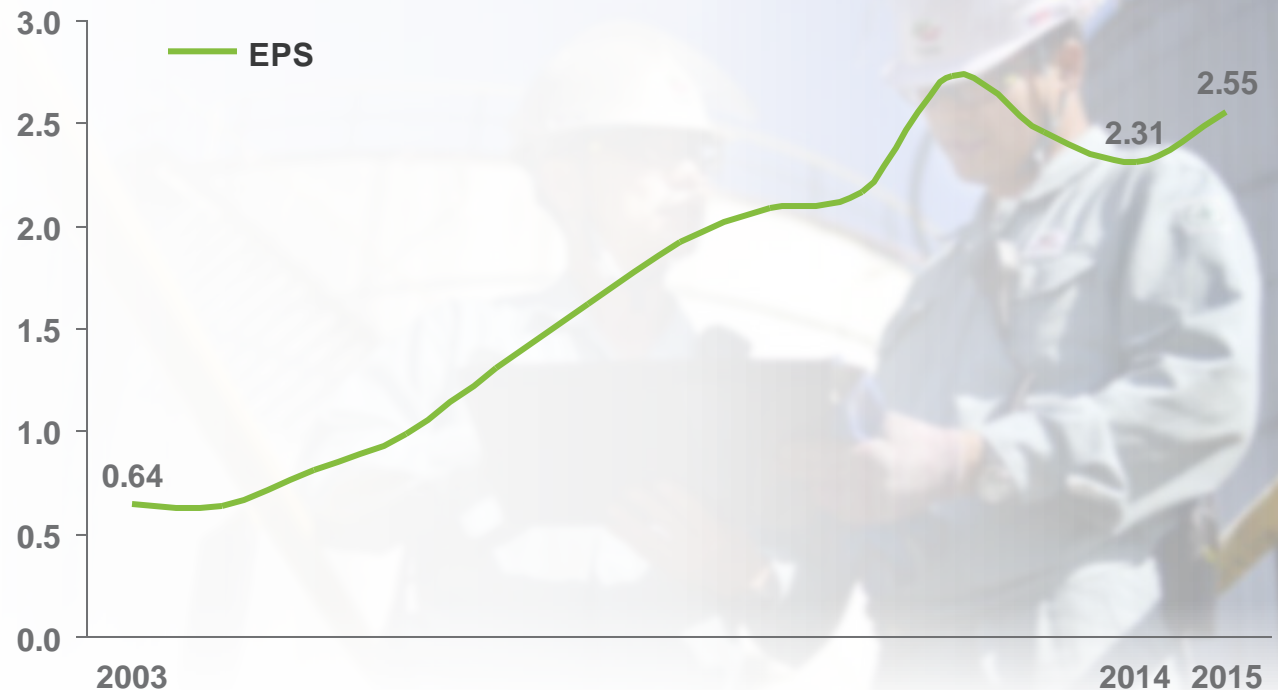
Margin
management

Capacity
Expansions

Value drivers

EPS* 2003-2015

In EUR



Note: the 2003 figures are based on Dutch GAAP. In addition, due to the retrospective application of the Revised IAS 19, Equity and Liabilities for 2012 have been restated.

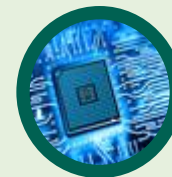
* Excluding exceptional items; attributable to holders of ordinary shares; and also adjusted for 1:2 share split effectuated 17 May 2010

POSITION TODAY AND OPPORTUNITIES

FOR DISCIPLINED SELECTIVE GROWTH



Trends



End Markets



Energy

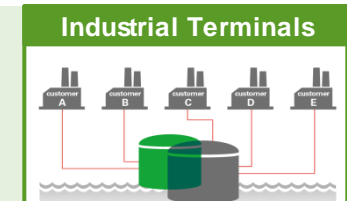
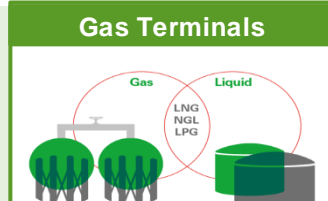
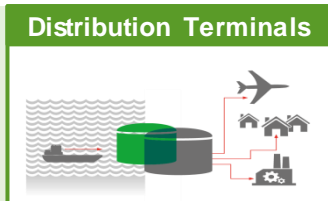
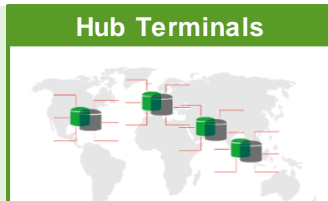


Manufacturing



Food & Agriculture

Network



Organization

Organizational efficiency and focus on leadership

Financial performance

Sustainable cash flow generation and a strong balance sheet



POSITION TODAY AND OPPORTUNITIES

FOR DISCIPLINED SELECTIVE GROWTH



Occupancy
rate
development

Margin
management

Capacity
Expansions

Vopak reiterates its expectation to exceed a 90% occupancy rate level in 2016.

Our diversified portfolio both geographically and in different product groups (oil, chemicals and gas), healthy contract coverage and strong supply chain positions support a continuation of healthy occupancy rates of our global terminal network.

DISCIPLINED CAPITAL ALLOCATION

STRATEGIC CONSIDERATIONS



Disciplined selective growth opportunities

- Vopak is well-positioned

Ordinary dividend

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

Capital optimization

- Create extra financial flexibility to support future growth
- Debt reduction
- Additional one-off yearly to be determined shareholder distribution

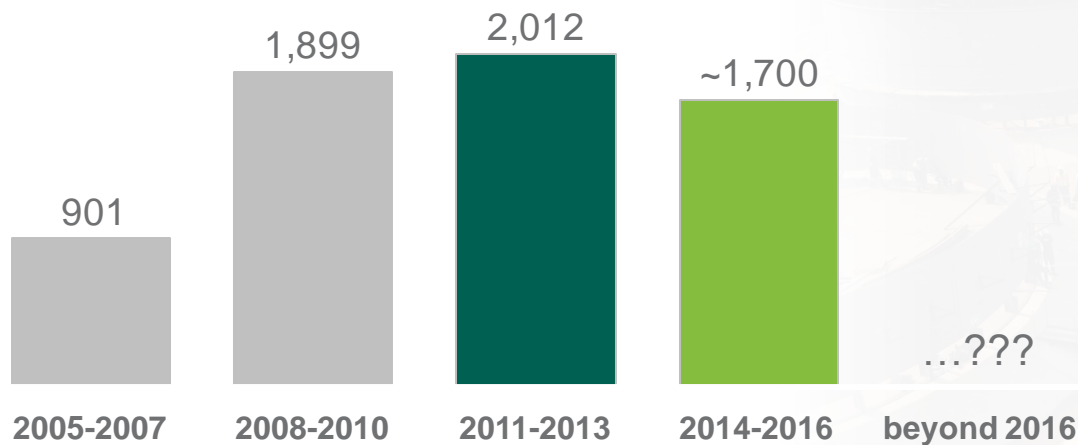
VALUE CREATION

DISCIPLINED CAPITAL ALLOCATION



Total investments

In EUR million



“timing of new profitable projects has become less apparent”

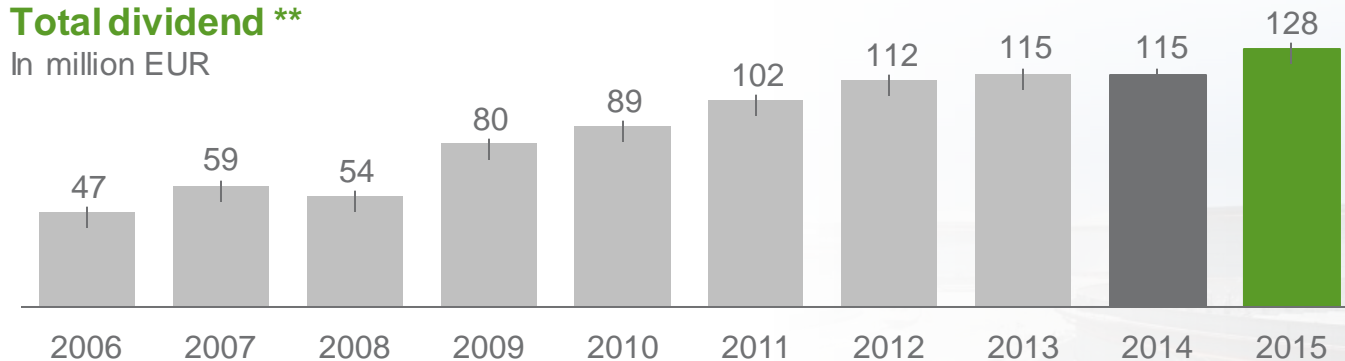
SHAREHOLDER DISTRIBUTION

RETURNED EUR 1 BILLION TO SHAREHOLDERS*



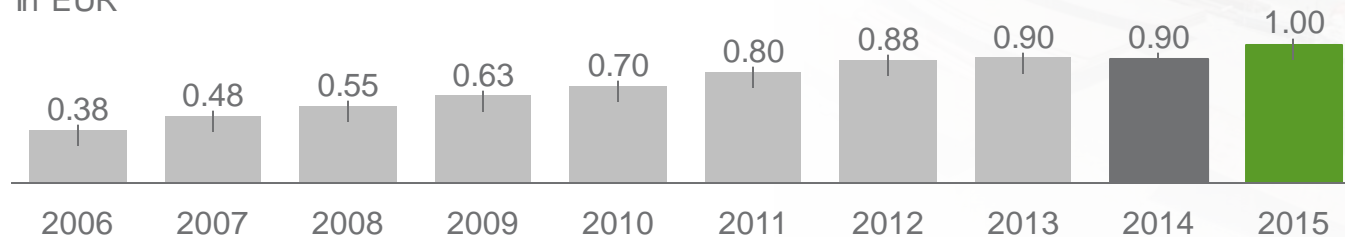
Total dividend **

In million EUR



Dividend per share**

In EUR



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

*In the period 2003-2015

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

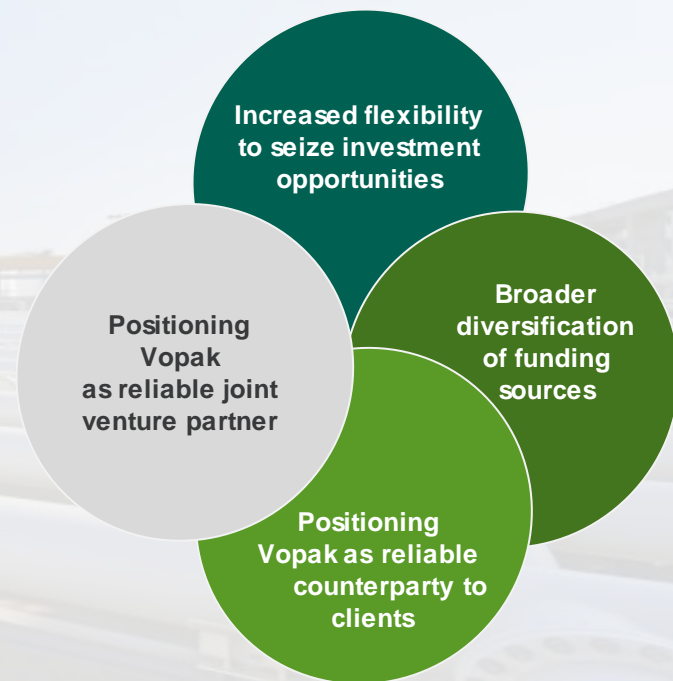
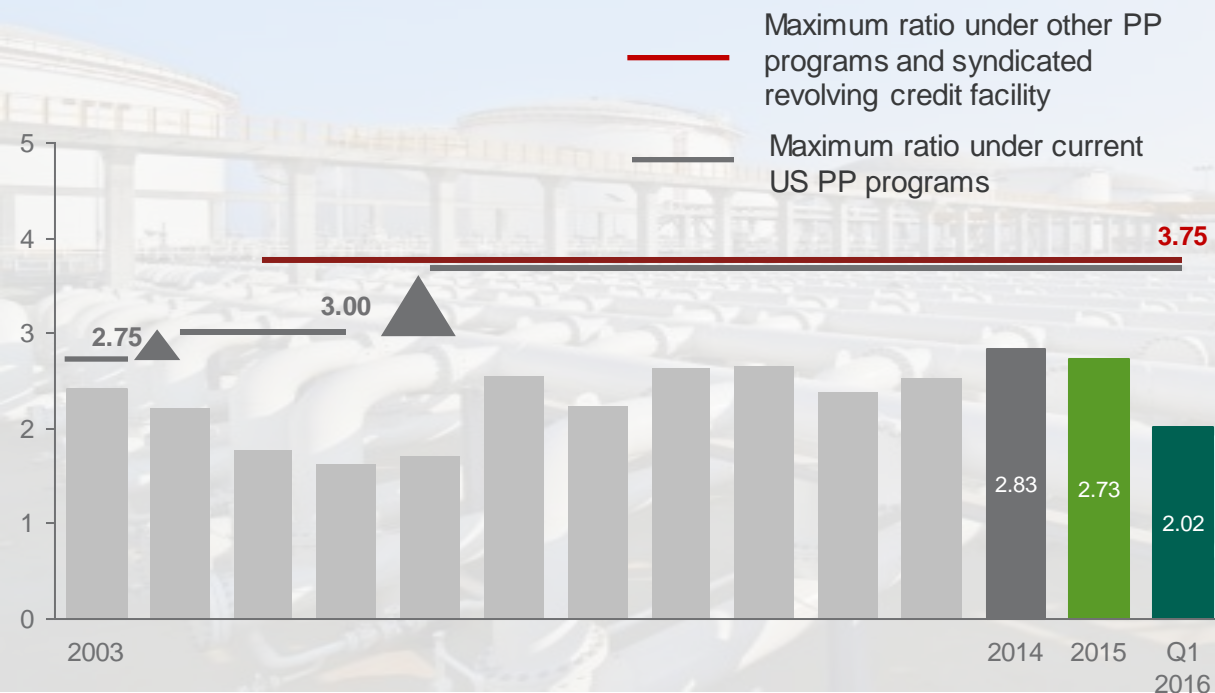
CAPITAL MANAGEMENT

MAINTAINING A SOLID FINANCIAL POSITON



Strong investment grade company

Senior net debt : EBITDA ratio



NOTE: the 2003 figures are based on Dutch GAAP.

For certain projects in joint ventures, additional limited guarantees have been provided, affecting the Senior net debt : EBITDA;



CAPITAL OPTIMIZATION

STRATEGIC CONSIDERATIONS



‘Vopak is well-positioned to capture profitable selective growth opportunities’

‘Vopak is continuously assessing the realization and timing of project portfolio opportunities’



What level of financial flexibility is needed going forward?

SUCCESSFULLY RENEWED

EUR 1 BILLION REVOLVING CREDIT FACILITY



“We remain focused on ensuring flexible access to various capital markets and funding sources to support Vopak's capital disciplined growth strategy”



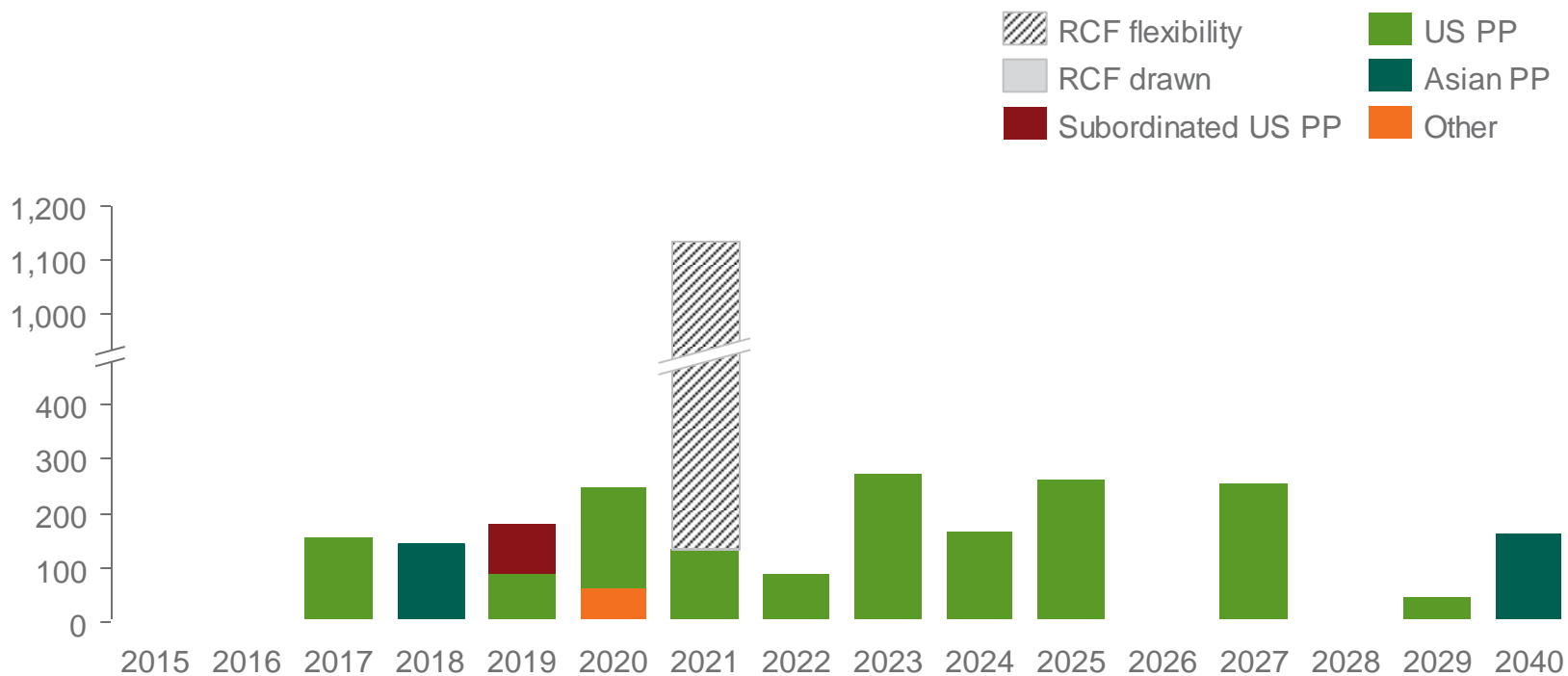
EXTERNAL FINANCING

BALANCED MATURITY PROFILE



Debt repayment schedule

In EUR million



SHAREHOLDER DISTRIBUTION

WHEN FCF > TIMING OF NEW GROWTH PROJECTS



Share buy backs

- What would be the rationale for reducing the floating stock %?

Long-term focused peak-shaving of supplement liquidity/headroom

When and how much additional shareholder distribution can take place depends on:

- Timing of new growth projects
- Required financial flexibility

Net debt : EBITDA ratio scenario's

1.5-2.0

2.0-2.5

2.5-3.0

Strategic considerations

Credit rating
Timing of new projects
Option value

KEY TAKE AWAYS



- **Strategic priorities 2014 on track**
- **Vopak well-positioned to continue its value creation journey through selective disciplined growth / capital allocation**
- **Scenario's for capital allocation currently under review**
- **In case of supplement liquidity / headroom, one-off extraordinary dividend to be considered**

QUESTIONS AND ANSWERS

