



Storing  
vital products  
with care

## Performance delivery and managing value

Eelco Hoekstra – Chairman of the Executive Board & CEO



# 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.

# Key messages



- Confidence in short-term performance delivery and managing long-term value
  - Global well-diversified portfolio
  - Strong competitive position
  - Clear and robust financial framework
- Strategy execution 2017-2019 is well on track

# External developments 2017-2019

Structural business drivers influenced by two global trends



## Storage demand drivers

- Structural demand drivers for storage of vital products, driven by growth in population and global energy consumption
- Increasing global imbalances resulting from concentration of supply and demand

## Energy transition

- Facilitate the introduction of lighter, cleaner fuels
- Pursue potential infrastructure solutions for a low-carbon energy future

## Competition

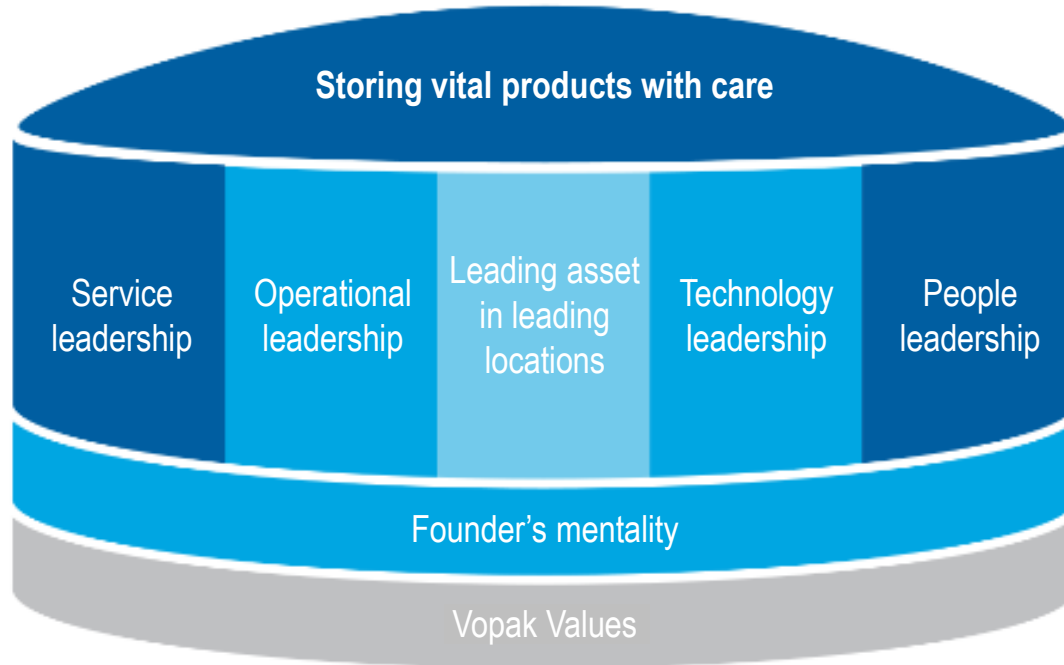
- Competitive landscape changed as a result of new storage capacity worldwide
- Vopak strategic capabilities of more importance

## Digital transformation

- Real-time data and transparent processes are required by customers
- Connectivity with external parties

# Robust Vopak strategy

Leadership in 5 pillars with clear strategy execution towards 2019



# Value creation - sustainability

Safety and sustainability developments in 2017-2019

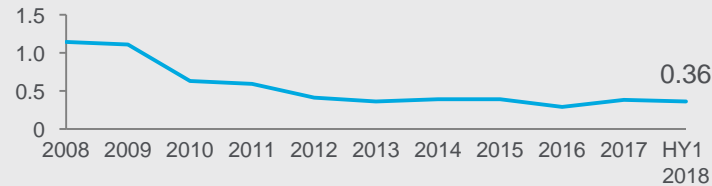


## Safety

- Leading safety performance in storage industry

### Personnel Safety (TIR)

Total injuries per 200,000 hours worked



### Process Safety (PSER)

Tier 1 and Tier 2 incidents per 200,000 hours worked



## Sustainability

- UN Sustainability Development Goals (SDGs)



- Task-force on Climate-related Financial Disclosures



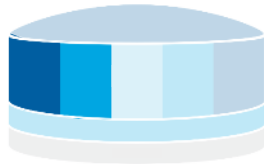
- Investing in emission-reducing methods

# Value creation

Performance delivery and managing value

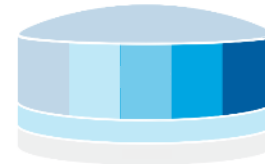


- **Delivering performance** of our existing portfolio through focus on commercial efforts and cost management



- Service leadership → Sales
- Operational leadership → Costs

- **Managing value** through digital opportunities, growth execution, new business development and portfolio management



- Leading assets in leading locations → Growth
- Technology leadership → Data
- People leadership → Behavior

# Delivering performance in current business environment



Diversified portfolio across different product-market segments

## Oil products



### Prepare for the uptick

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

## Chemicals



### Focus on operational delivery

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

## Gases



### Steady cash flows

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

## Vegoils & biofuels



### Reap the benefit of current market

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



# Focus on commercial efforts and cost management

Short-term performance in line with 2017 despite lower occupancy rate

## Commercial efforts

- Marketing of available oil capacity
- IMO2020 preparedness, signing and conversion of low sulphur fuel oil capacity

## Cost management

- Streamlining divisional organizations
- Restructuring NL pension plan
- Efficiency in operational and maintenance processes

**YTD Q3 2018 EBITDA** was higher than prior year, adjusted for adverse currency translation effects, despite a **lower occupancy rate**

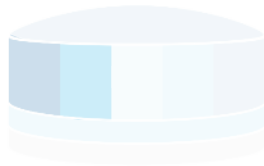
**Cost base for 2019** including additional cost from growth projects is expected to be below the **2017 reported operating expenses**

# Value creation

Performance delivery and managing value

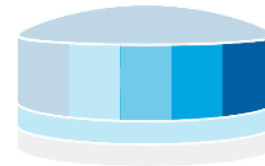


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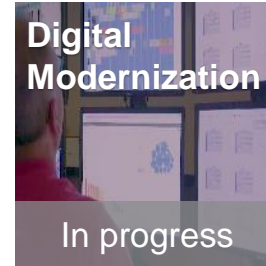
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# Digital transformation

Improve safety performance, better service for our customers and more efficient use of our assets resulting in lower costs



- Centralized cyber security program to protect our systems
- Significant reduction in response time to cyber attacks



- Replacing and modernizing our company-wide IT and OT systems
- Developed own software for core processes and standardize non-core processes



- Connecting our assets to generate real-time data with smart sensing
- Digitizing our maintenance

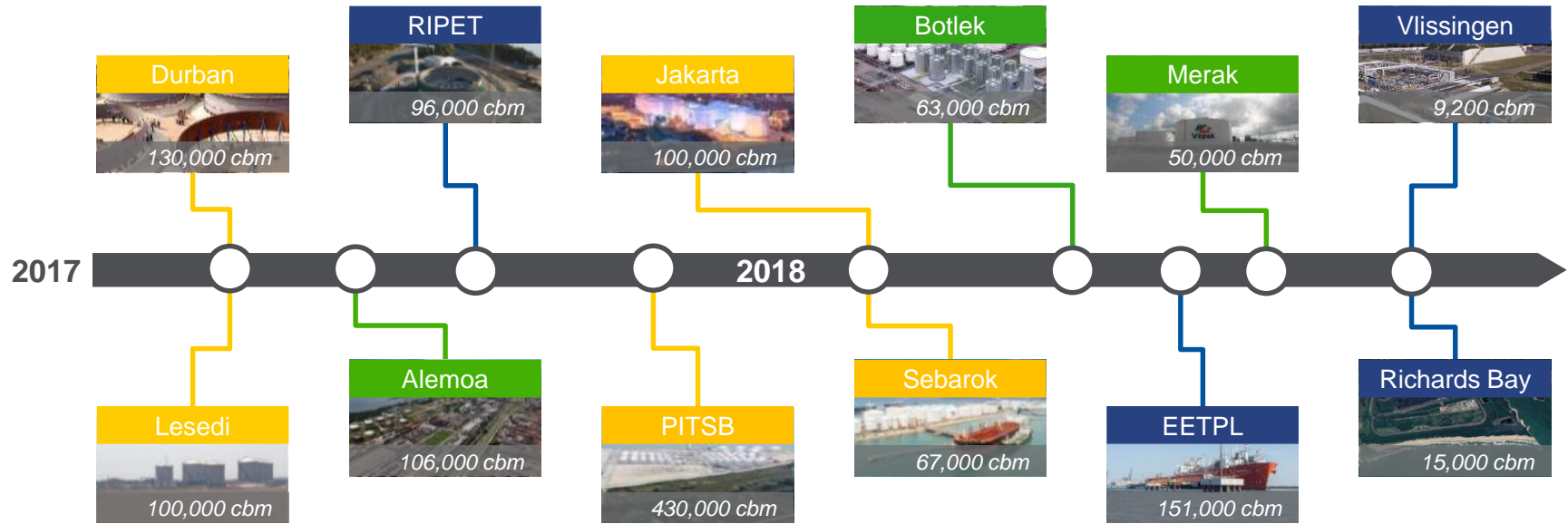


- Create digital platforms around smart terminals enabling efficient and reliable information sharing
- Engage in new ventures related to technology & innovation

# Significant projects announced since 2017



Delivery of growth projects in line with 2017-2019 strategic direction



- LNG, LPG & Chemical Gases
- Industrial
- Chemicals
- Oil

# Portfolio transformation

Shift towards gases and industrial terminals and focus on the 'East of Suez'



## 2014-2016 Period

### Reshaping the portfolio

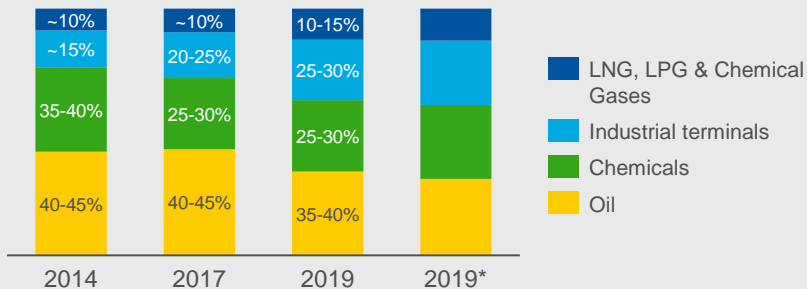
- Divestment of 19 terminals
- Focus on 4 strategic terminal types

## 2017-2019 Period

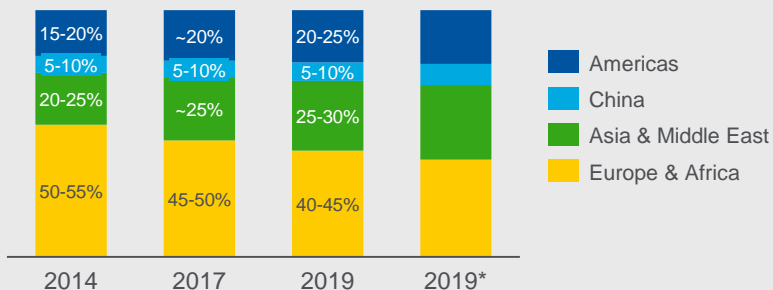
### Portfolio management & delivering growth

- Major announcements of new projects adding toward 2019
- Strategic review and testing of market value of 4 assets

Proportionate revenue per product



Proportionate revenue per region



\* Excluding terminals under strategic review

Note: keeping all market conditionals equal and only taking announced projects into account

# Focused growth agenda

Global market leader with strong presence in all terminal types



LNG, LPG & Chemical gases terminals	Industrial terminals	Chemical terminals	Oil terminals
<p data-bbox="233 372 388 454"><b>2m</b></p> <p data-bbox="144 492 479 541">Vopak gas storage capacity for LNG, LPG and chemical gases</p> <ul data-bbox="117 583 484 825" style="list-style-type: none"><li>• Vopak has a <b>strong</b> presence in the LNG, LPG and chemical gases market</li><li>• Global <b>LNG &amp; LPG</b> opportunities</li></ul>	<p data-bbox="624 372 894 454"><b>15-20</b></p> <p data-bbox="595 492 923 541">Vopak terminals with industrial connections to customers</p> <ul data-bbox="566 583 927 869" style="list-style-type: none"><li>• Vopak has a <b>leading</b> position in industrial terminals</li><li>• <b>Opportunities</b> from customers tendering industrial terminal projects</li></ul>	<p data-bbox="1016 372 1392 454"><b>30-40%</b></p> <p data-bbox="1039 492 1373 541">Chemical market share in ports Vopak is operating</p> <ul data-bbox="1012 583 1367 781" style="list-style-type: none"><li>• <b>Strong</b> position at chemical locations</li><li>• <b>Growth potential</b> in existing chemicals locations</li></ul>	<p data-bbox="1474 372 1837 454"><b>12-15m</b></p> <p data-bbox="1499 492 1812 541">Vopak oil storage capacity at global hub locations</p> <ul data-bbox="1456 583 1843 825" style="list-style-type: none"><li>• Maintain <b>strategic positions</b> in hub locations and invest in frontline execution</li><li>• <b>Competitive</b> business environment at hubs</li></ul>
<p data-bbox="260 910 365 940"><b>RIPET</b></p>	<p data-bbox="697 910 821 940"><b>PT2SB</b></p>	<p data-bbox="1114 910 1300 940"><b>Singapore</b></p>	<p data-bbox="1543 910 1767 940"><b>South Africa</b></p>

# Strategy execution 2017-2019 well on track



Strategic direction is set towards growth and productivity improvements

Spend EUR 750 million on sustaining and service improvement capex

- Sustaining and service improvement capex budget include investments in our fuel oil network

Capture growth in the 2017-2019 period

- New projects in Canada, Malaysia, Indonesia, Singapore, South Africa, Brazil, Pakistan and the Netherlands

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

- Global roll out of Terminal Management Software started
- Cybersecurity controls being implemented

Drive further productivity and reduce the cost base with at least EUR 25 million by 2019

- Efficiency program delivered at Q2 2018 and subsequently increased to EUR 40 million by 2019

# Key messages



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A man in a white shirt and glasses is standing by the open door of a yellow taxi. The background shows a city street with buildings and trees. Several circular icons are overlaid on the image: a blue circle with a white bottle icon on the taxi door, a yellow circle with a white bottle icon near the man's head, a blue circle with a white shirt icon on the man's back, and a green circle with a white smartphone icon near the taxi door.

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## Questions & Answers

