

Press release

Vopak sets strategic priorities and provides financial update

Rotterdam, the Netherlands, 2 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 maintain its strategic orientation based on growth leadership, operational excellence and customer leadership. Vopak has updated its portfolio criteria for existing terminals and new projects and will enhance its capital and organizational 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;
- Vopak will initiate a divestment program of around 15 primarily smaller terminals, currently contributing around 4% to its overall EBITDA;
- Vopak aims to reduce its sustaining and improvement capex program from the earlier indicated maximum EUR 800 million to approximately EUR 700 million until 2016;
- Vopak expects to structurally reduce its current cost base with approximately EUR 30 million from 2016 through productivity and organizational efficiency enhancements;
- Vopak expects, on the basis of current market insights, to realize an EBITDA –excluding exceptional items- exceeding the 2012 results of EUR 768 million latest in 2016.

Over the last decade, Vopak has focused on growing a well-diversified global network and on further professionalizing its operational and commercial processes on a step-by-step basis. This growth orientation combined with a relentless drive on safety and service enabled Vopak to build today's leadership position in the independent tank storage market.

However, since 2013, the tank storage market has been adversely impacted by a substantial incremental supply of storage capacity as well as by legislative and geopolitical developments. This has resulted, mainly in Europe, in new market dynamics with different consequences for different product-market combinations and pressure on occupancy rates and pricing. Additionally, the timing of new profitable expansion projects has become less apparent. As a result, Vopak's financial outlook for 2014 is no longer fully aligned with the company's longer-term growth ambitions as defined in the 2010-2012 period. Against this background, Vopak carried out the business review.

The review of the **overall strategy** leads to the conclusion that Vopak has an effective and sound strategic orientation based on growth leadership, operational excellence and customer leadership.

Yet, the review identified the potential to align the execution of the strategy with the challenges and opportunities of the new market dynamics. Vopak sees value creation options both in the terminal portfolio as well as in the execution of its business:

1. In light of the changing energy and petrochemical landscape and a continuing economic shift from West to East, Vopak has updated its **terminal portfolio criteria** for its existing terminals, and for its business development activities. Vopak has defined the following terminal portfolio criteria:
 1. major hubs, supporting intercontinental products flows;
 2. terminals facilitating growth in global gas markets;
 3. import distribution terminals in major markets with structural deficits;
 4. industrial and chemicals terminals, in the Americas, the Middle East and Asia.

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Accordingly, Vopak will initiate a divestment program of around 15 primarily smaller terminals, currently contributing around 4% to its overall EBITDA, with the objective of further aligning its global network.

The early selection of growth projects on the basis of the criteria stated above will further ensure the quality of projects under development against lower overall costs.

The divestment program and business development focus will lead to a gradual shift of Vopak's portfolio of terminals towards growth markets in the coming years.

2. The review of the **execution of its business** confirms that Vopak has significantly improved the asset integrity, safety performance and service offering of its terminals through a systematic sustaining and improvement capital expenditure approach. Vopak has also invested in further professionalization of its organization through standards and procedures.

Vopak will benefit from its increased understanding and know-how and will optimize sustaining and improvement capex programs supporting its capital efficiency priority while continuing its drive to further improve safety and service.

Enhanced internal control using the established standards and procedures as well as a goal-directed focus in business development enables productivity and organizational efficiency enhancements at headquarters, divisional offices and operational entities, to support our cash flow performance.

To strengthen its competitive position, Vopak will leverage its know-how to continuously improve its daily operational performance.

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With the shifting emphasis in its strategy execution Vopak will sharpen its focus on increasing free cash flow generation throughout the company and on improving its capital efficiency, to support cash flow return and EPS objectives. The expected proceeds from identified divestments and cash flow improvements will be used for selective growth opportunities and to support a consistent continuation of our dividend policy.

Vopak expects, on the basis of current market insights, to realize an EBITDA -excluding exceptional items- exceeding the 2012 results of EUR 768 million latest in 2016.

Vopak aims to reduce its sustaining and improvement capex program from the earlier indicated maximum of EUR 800 million to approximately EUR 700 million until 2016, through leveraging the increased understanding of technical integrity of its terminal assets.

Vopak expects to structurally reduce its current cost base with approximately EUR 30 million from 2016 through productivity and organizational efficiency enhancements, at the expense of one-off and exceptional costs in 2014 and 2015.

With the objective to share clear insights regarding the aimed for increasing free cash flow generation, improved capital efficiency and supporting cash flow return objectives, additional proportionate consolidated information will be provided with the publication of the HY1 2014 results.

Eelco Hoekstra, Chairman of the Executive Board and CEO of Royal Vopak:

"Vopak's strategy has enabled us to build a solid leadership position in the independent tank storage market in the last ten years. Vopak maintains its strategic orientation in a changing landscape but is aligning the execution of its strategy to the challenges and opportunities of the new market dynamics. We have defined criteria for our network aspirations, and are in a position to further enhance our capital and organizational efficiency. 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. We are taking the necessary steps in shaping our network to cater for today's and tomorrow's flows at the locations that matter."

Forward-looking statements

This document 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.

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.

Financial calendar

20 August 2014	Publication of 2014 half-year results
10 November 2014	Publication of 2014 third-quarter results trading update
27 February 2015	Publication of 2014 annual results
22 April 2015	Publication of 2015 first-quarter results trading update
22 April 2015	Annual General Meeting
24 April 2015	Ex-dividend quotation
27 April 2015	Dividend record date
29 April 2015	Dividend payment date
21 August 2015	Publication of 2015 half-year results
06 November 2015	Publication of 2015 third-quarter trading update

Profile

Royal Vopak is the world's largest independent tank storage company by capacity, specialized in the storage and handling of oil products, liquid chemicals and gasses. As per 2 July 2014, the company operates 79 terminals in 29 countries with a combined storage capacity of more than 31 million cbm, with another 6.6 million cbm under development, to be added by 2017. Vopak's mission is to ensure safe, reliable and effective storage and handling of bulk liquid products at key marine locations that are critical to its customers around the world. The majority of its customers are companies operating in the oil, chemicals and gas sector, for which Vopak stores a large variety of products destined for a wide range of industries.

For more information

Royal Vopak
Global Communication & Investor Relations
Hans de Willigen
Telephone : +31 (0)10 4002777
E-mail : global.communication@vopak.com
Website : www.vopak.com

An analysts' conference call will be given in an on-demand telephone call on Vopak's corporate website www.vopak.com, starting 11:30 AM CET on July 2, 2014.