

IFRS 16 Lease ●

Royal Vopak – Analyst Day 2017

Jack de Kreij, Vice-Chairman of the
Executive Board and CFO of Royal Vopak

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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.

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IFRS 16 Leases

No changes in economics, only changes in accounting

Vopak does normally not act as a lessor

- No substantial change in lease definition
- Vopak Commercial Contracts are normally a service and not a lease
- The services Vopak provides to its customers do not contain a lease due to the absence of an identified asset
- Under current lease accounting standard Vopak contracts also normally a service



Vopak as lessee

- IFRS 16 will require almost all leases of companies to be on the balance sheet of lessees, Lessor accounting has not changed significantly
- Vopak has a large portfolio of strategic assets as long-term land leases and leases of other non-current assets
- impact on the statement of financial position and the result of the company of applying the new standard is estimated to be material from a lessee perspective

IFRS 16 Effects on Vopak's key metrics*

Metric	Effect
<u>Performance:</u>	
EBITDA	significant ↑
Net profit**	limited ↓
<u>Ratio's:</u>	
CFROGA	significant ↓
Return on Equity	significant ↓
Senior net debt: EBITDA***	none =

Metric	Effect
<u>Financial Position:</u>	
Assets	significant ↑
Liabilities	significant ↑
<u>Cash flows:</u>	
Operational cash flows	significant ↑
Financial cash flows	significant ↓
Total cash flows	none =

Further details are specified in Note 8.10 of the Annual Report 2016




* Comparative figures are not required to be restated. Vopak intends to voluntarily disclose historical pro-forma figures

** Initial decrease in net profit due to front-loading effect caused by application of the modified retrospective method

*** The Senior net debt : EBITDA for ratio calculation purposes is based on Frozen GAAP and not impacted by IFRS 16

Implications of IFRS 16 Leases

Balance Sheet

	Current situation		2019 (IFRS 16)
	Finance leases	Operating leases	All leases
Assets		-	
Liabilities	€€€	-	€€€
Off balance sheet lease commitments		 €€€	

Vopak has a large portfolio of long-term land leases and leases of other non-current assets (a.o. jetties, buildings, trains, rail & pipeline connections and cars)

Annual Report 2016:

- Operating lease expenses of EUR 53 million (approx 7% of 2016 EBITDA)
- Significant off-balance operating lease commitments of EUR 739 million (approx 13% of total assets)

Income Statement

	Current situation		2019 (IFRS 16)	Effect
	Finance leases	Operating leases	All leases	
Revenue	€€€	€€€	€€€	=
Operating costs	-	Single lease expense	-	↓
EBITDA				↑
Depreciation/ amortization	Amortization	-	Amortization	↑
Operating profit				↑
Finance costs	Interest	-	Interest	↑
Profit before tax*				↓

* Decrease in profit before tax due to front-loading effect caused by effective interest method applied on lease liability