Company update
24 November 2014

Vopak

Return to free cash flow in FY15

Hold (maintained)

Price (21/11/14)
€41.89

Target price (12-mth)
€46.50 (previously €42.00)

Forecast total return
13.2%

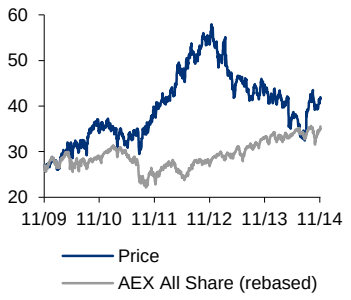
Industrial Goods & Services
Netherlands
Bloomberg: VPK NA
Reuters: VOPA.AS

Share data

Avg. daily volume (3-mth)	291,508
Free float (%)	47.0
Market cap (€m)	5,354.4
Net debt (1F, €m)	1,955
Enterprise value (1F, €m)	7,491
Dividend yield (1F, %)	2.2

Source: Company data, ING estimates

Share price performance



Source: ING

Vopak's trading update was quite supportive of its investment case but management was cautious on the 4Q14 outlook. We adjust our estimates slightly, reflecting improved growth in the market, while expecting the effects of the strategic review to gradually become visible over the coming quarters. With Vopak richly valued, in our view, we maintain our HOLD recommendation, and raise our TP from €42 to €46.50.

In its trading update, Vopak's EBITDA including income from participations exceeded €200m, due to the effect of contango, extra throughput and the addition of new terminals. In addition, the outlook was raised for the second time this year, with management now expecting FY14F EBITDA of more than €740m. Given the 3Q14 beat, management seemed very cautious on 4Q14, expecting to realise EBITDA of more than €172m; this is related to a one-off in contango in Rotterdam and throughput in Amsterdam in 3Q14. We believe 4Q14F EBITDA will be c.€194m, pencilling in very modest contango effect, but a positive FX effect. Our EPS is now €2.31 for FY14F and €2.39 for FY15F, on average 6% higher than Bloomberg consensus. Our FY16F EPS of €2.57 is in line with consensus. We introduce a FY17F EPS of €2.69.

Vopak's net debt over EBITDA peaked at 2.9x. After a near-zero free cash flow in FY14F, we expect free cash flow to return in FY15F following several years of expansion. A sustainable EBITDA and capital discipline with lower capex should support free cash flow of more than €100m. If no further expansion is announced before the end of FY16, we expect net debt over EBITDA to be below 2x at the end of FY17F.

Good results and a return to free cash flow are positive for Vopak's investment case. This is not going to change overnight, even if the company reports quarterly results below expectations. Management has shown itself to be flexible, with less focus given to an expansionary policy in what has become a more demanding environment, in favour of capital discipline and a free cash flow oriented policy. Therefore, risk (capital discipline) and reward (growth) are both lower than before. However, we believe Vopak's valuation is demanding at an adjusted FY16F EV/EBITDA of more than 9x, peak PER levels and a modest free cash flow yield. In our view, there is upside to a FY16F EV/EBITDA of 10x, in line with levels we have seen in the last couple of years, but not more than that given the modest growth. As a result, we increase our target price from €42.0 to €46.50, which implies upside of 13% in the next twelve months.

Forecasts and ratios

Year end Dec (€m)	2012	2013	2014F	2015F	2016F
Revenues	1,326	1,322	1,326	1,361	1,420
Normalised EBITDA	661	649	678	697	738
Normalised net profit	348	313	294	305	328
Normalised EPS (€)	2.73	2.45	2.31	2.39	2.57
Normalised PER (x)	15.3	17.1	18.2	17.5	16.3
EV/normalised EBITDA (x)	11.0	11.3	11.0	10.7	9.8
FCF yield (%)	2.3	1.4	2.8	4.4	7.6
Dividend yield (%)	2.1	2.1	2.2	2.3	2.5
Price/book (x)	3.3	2.9	2.7	2.5	2.3
Normalised ROE (%)	20.8	18.2	15.5	14.7	14.5

Source: Company data, ING estimates

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Strategic review slowly becoming visible

Good returns at 85-90%

Management has in previous years commented that Vopak makes good returns when terminal utilisation is at a rate of 90-95%. It has warned that falling out of that range might put results under pressure. Since 1Q13, utilisation has fallen to a new range of 85-90% for the group. For 3Q14, utilisation was 89%, however, in spite of the 'out-of-range' utilisation rate, Vopak has realised an all-time high EBITDA.

First lower costs, then free cash flow

This is what we have referred to as the realisation of a silver lining in previous reports: management's focus on expansion while keeping costs under control, even in a tougher environment with pressure on prices. Together with some contango effects in 3Q14, this has led to favourable results. On the basis of recent measures, we see the next step as a greater focus on free cash flow from a 'leaner and meaner' portfolio of around 65 terminals, visibility on which should be realised in the coming years. However, issues have still to be solved as several product/market combinations are far from optimal.

The recent collapse in the oil price is a positive development for Vopak with the return of contango since markets develop an increased appetite to store oil in such an environment. This is not part of Vopak's policy, but a welcome short-term cash flow effect. Long-term market trends for more storage remain, but demand growth is less exuberant than in the past due to a macroeconomic slowdown and the effects of the energy transition in the US. Given the rapidly changing environment, it remains, for example, difficult to balance an attractive risk/reward for a planned US project even when possessing a strategic location.

3Q14

Guidance raised

Vopak's 3Q14 trading update came in ahead of expectations: EBITDA including income from participations was €202m. With consensus looking for €185m and our forecast of €186m, the beat was 9%. The FY14 EBITDA outlook was raised from >€700m to >€740m; also a clear beat versus our estimate of €740m and consensus at c.€725m.

Fig 1 Key figures for 3Q14 (€m)

	3Q14	3Q14F	Diff (%)	3Q13	%chYoY	Consensus	Diff (%)
Revenue	337.6	311.5	8	319.5	6	n/a	n/a
EBITDA incl. income from part.	201.9	185.7	9	185.6	9	185	9
Group operating income (EBIT)	141.5	125.3	13	131.8	7	125	13
Net income	82.3	n/a	n/a	72.6	13	76	8
EPS (€)	0.65	n/a	n/a	0.56	16	0.60	8

Source: Company data, ING estimates

Utilisation helped, especially in the Netherlands

The improvement for the group stems mainly from utilisation rates up from 87% in 3Q13 to 89% in 3Q14, while pricing remains subdued, according to Vopak. Further, the acquisition of Canadian Canterm, and expansion at Penjuru (Singapore) and Lanshan (China) contributed to earnings as well. Several segments were not encouraging, such as biofuels which still faces unclear legislation.

Fig 2 Breakdown of group EBIT (€m)

	3Q14	3Q14F	Diff (%)	3Q13	Diff (%)
Netherlands	46.4	40.9	13	42.2	10
Europe, Middle East & Africa	17.8	14.0	27	21.6	-18
Asia	62.5	58.9	6	57.1	9
Americas	15.5	13.9	12	12.9	20
Other and corporate	(0.7)	(2.7)	-74	(2.0)	-65
Total	**141.5**	**125.0**	**13**	**131.8**	***7***

Source: Company data, ING estimates

Europoort benefited from higher crude storage

The Netherlands registered the most significant improvement YoY (in absolute terms). Utilisation in the Netherlands was up by 6ppt from 82% to 88%, with both Rotterdam and Amsterdam performing better than expected. Europoort Rotterdam benefited from demand for its crude terminals, as contango returned after three years of backwardation (Figures 3 and 4). Amsterdam benefited from 'beyond contract' throughput in gasoline. Some of these annual contracts ended in 3Q14. EBIT was €46m, up €4.2m or 13% YoY, showing contango benefits and higher throughput. However, other terminals like Laurenshaven were not strong.

Far East also showed higher utilisation

The Far East was also better than expected, with higher utilisation at 95% compared with 94% last year. The increase in EBIT was 9%. A modest positive FX effect was offset by a negative EBIT from the start-up of Pengerang. Underlying growth was good also thanks to the Penjuru capacity expansion. North America was better thanks to acquisitions and the excellent performance of the Houston terminal. Weakness remains in EMEA: Estonia due to competition from the Russian East Luga terminal; Gothenburg continued to struggle with a low utilisation rate.

Two impairments taken

Vopak took an impairment charge of €29m and €4m for organisational alignments in 3Q14. The main impairment was for Dongguan (€16m), to reflect a modified outlook for the regional industry and capacity expansion by others. Another €10m impairment was taken for a cancelled business development project in Turkey.

Fig 3 Backwardation/contango of Brent forward curve (US$/bbl)

Source: Datastream

Fig 4 Backwardation/contango of the Gasoil (QS) forward curve (US$/MT)

Source: Datastream

4Q14 and FY14 outlook

We estimate 4Q14F EBITDA in a range of €185-195m

Vopak raised its FY14F outlook for EBITDA including income from participations to more than €740m. Although a significant adjustment from the half-year outlook of >€700m, we find this to be conservative as Vopak has already realised €568m excluding exceptional items in the first nine months. With €202m reported in 3Q14 and an average of €183m in 1Q14 and 2Q14 (Figure 5), the implicit guidance for 4Q14F of >€172m would be materially lower than the average of the other three quarters. Vopak states that favourable 3Q14 EBIT in the Netherlands was of a one-off character as it is unable to expect benefits from contango in 4Q14, while the extra throughput in Amsterdam was particularly significant in 3Q14 and will not return in 4Q14. In addition, some start-up costs might be higher, but FX effects should become material in the last quarter (c.€3m of EBITA). We also believe that even a limited contango-related business could be possible in 4Q14: with any renting of empty tanks, revenues directly impact the bottom line. Although we expect a modest effect, this combined with a positive FX effect, leads us to believe that EBITDA in 4Q14F could be €194m (+6% YoY and -4% QoQ).

Fig 5 Breakdown of EBIT: 3Q-4Q14F and FY13-14F (€m)

	3Q14	4Q14F	FY14F	3Q13	4Q13	FY13	Δ 3Q14/3Q13 (%)	Δ 4Q14F/4Q13 (%)	Δ FY14F/FY13 (%)
Netherlands	46	41	170	42	41	166	10	2	2
Europe	18	18	69	22	21	91	-18	-14	-24
Asia	63	57	229	57	54	228	9	5	1
Americas	16	13	57	13	12	59	20	1	-3
LNG	7	7	25	5	6	24	30	16	6
Other	(8)	(7)	(28)	(7)	(10)	(31)	4	-30	-8
EBIT	142	129	521	132	124	536	7	4	-3
EBITDA	**202**	**194**	**761**	**186**	**183**	**753**	**9**	**6**	**1**

Source: Company data, ING estimates

FY14F EBITDA estimate 1% higher than FY13

Based on our 4Q14F estimates, we arrive at FY14F EBITDA of €761m, 1% higher than FY13, with 2H14 growth of more than 7% compensating for the decline in 1H14. This €761m (Figure 6) is €21m higher than our previous estimate – €16m related to 3Q14 and €5m related to 4Q14. We now estimate EBIT of €521m compared with €536m previously, a decline of 3% YoY as a result of higher depreciation YoY. Estimated EBITDA is 1% higher YoY (-2% on our previous estimate).

FY14F EPS raised

Based on these assumptions, we raise our FY14F EPS excluding exceptionals from €2.25 to €2.31, following the 3Q14 trading update and taking into account Vopak's cautious view on 4Q14F.

FY15-16F

Markets not supported by macro picture

Many questions remain for the next two years. First, within the market, there are indications that pricing in certain product/market combinations is stabilising, but that is certainly not the case for all product groups in all markets, eg, storage of certain oil products in Europe remains vulnerable for developments where Vopak has no grip. The return of contango is supportive for a better pricing climate as it reduces available capacity. However, there is no certainty on the sustainability of this contango. For a real switch in the market, we need a longer period of a market in contango, which would convince former players to return to the storage market and store more oil (as they did not immediately return to the market when backwardation entered in FY11).

Many variables

Focusing on Vopak, the contribution from newly-built Pengerang and Hainan are not certain, with Hainan due to be completed in FY15F, without having commercial contracts in hand, and with Pengerang facing difficulty in finding customers for phases II and III (phase I is nicely filled). This is not supportive for FY15 EBITDA growth but if Vopak's €30m cost savings plan progresses as expected, it should materially support earnings from 2H15 onward.

For FY15F, we expect EBITDA to exceed the 2013 EBITDA level of €768m (which is Vopak's target to be exceeded in FY16F). We raise our EBITDA estimate to €787m, from €764m previously. Still, this is a modest increase of 3% YoY, thanks to costs savings but with a limited contribution from contango and new capacity. Our EPS estimate is €2.39 from €2.34 previously.

Fig 6 ING earnings estimate changes for Vopak, FY14-17F (€m)

	2014F		2015F		2016F		2017F
	Old	New	Old	New	Old	New	New
Revenues	1,320	1,318	1,361	1,353	1,366	1,412	1,435
EBITDA incl. income from part.	740	761	764	787	814	834	855
EBITA	426	439	431	445	454	470	478
Net profit	269	282	298	305	323	328	344
EPS (€)	2.25	2.31	2.34	2.39	2.53	2.57	2.69

Source: ING estimates

Divestment process takes a long time

With regards to the divestment of 15 terminals, we believe that it will take one or two years as these terminals are well spread around the world and are not triple-A locations, while investments seem to have been low for a couple of years (as discussed in our previous report, *Vopak, Storing more momentum?* 3 September 2014). We believe these assets will continue to contribute to EBITDA for another year or two while cost savings filter through in FY15F and especially in FY16F.

FY16F EBITDA increases from €814m to €834m

For FY16F, we raise our EBITDA estimate from €814m to €834m, a YoY increase of 6%, being cautiously optimistic on the contribution from new projects and the expected effect of a slow disposal programme of terminals. This results in a relatively attractive EPS growth of 8% YoY to €2.57. Our previous EPS estimate was €2.53.

Introducing FY17F EPS estimate at €2.69

We introduce earnings estimates for FY17F with an EBITDA growth of 5%, EPS of €2.69 (3% growth); this seems modest mainly due to the lack of material expansion (the consequence of Vopak's strategic shift towards capital discipline), while divestment of the 15 earmarked terminals should have taken place by that time, in our view, with then a miss of around €30m EBITDA.

Overall, we expect earnings growth in FY16F to be clearly higher (+8% YoY) than in FY15F (+4%) or FY17F (+5%), given the timing of certain divestments. The Chinese may also embrace the new distribution model placed in Hainan in FY16F, and not in FY15F.

ING estimates versus consensus

Adjustments still underway

How do our estimates compare with consensus? We are slightly ahead of consensus in FY14F and FY15F but do not believe that all analysts have adjusted their 3Q14 numbers as yet. Also, our EPS estimate for FY14F excludes exceptionals of around €0.10. Versus Bloomberg consensus FY14 EBITDA of €737m and Vopak guidance for FY14, we expect a higher FY14F EBITDA of c.€760m, with higher numbers for FY15F as well. For FY16F we expect higher EBITDA, but lower EPS at €2.57 compared with consensus at €2.61 as our depreciation is higher than consensus estimates. Overall, there is a small deviation, which supports our view that the market is well aware that Vopak will operate within a small margin in the years ahead.

Fig 7 ING estimates versus consensus, FY14-16F

	FY14F	FY15F	FY16F	ΔFY15F (%)	ΔFY16F (%)
EBITDA (€m)					
Bloomberg	737	769	805	4.3	4.7
INGF	761	787	834	3.4	5.9
Deviation (%)	**3**	**2**	**4**		
EPS (€)					
Bloomberg	2.15	2.27	2.61	5.4	14.8
INGF	2.31	2.39	2.57	3.8	7.5
Deviation (%)	**7**	**5**	**-1**		

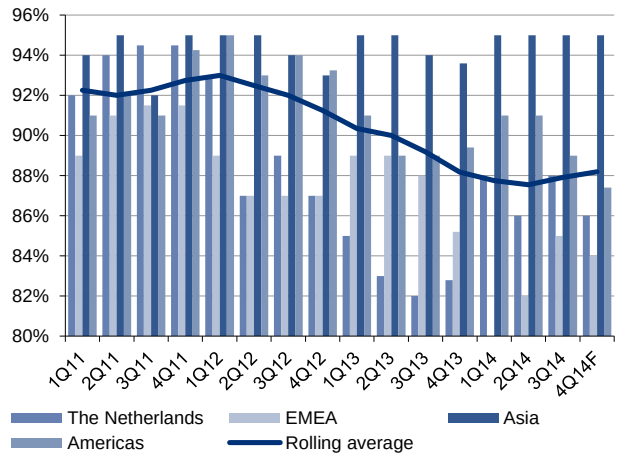
Source: Bloomberg, ING estimates

ROACE

ROACE down, utilisation up – is pricing the reason?

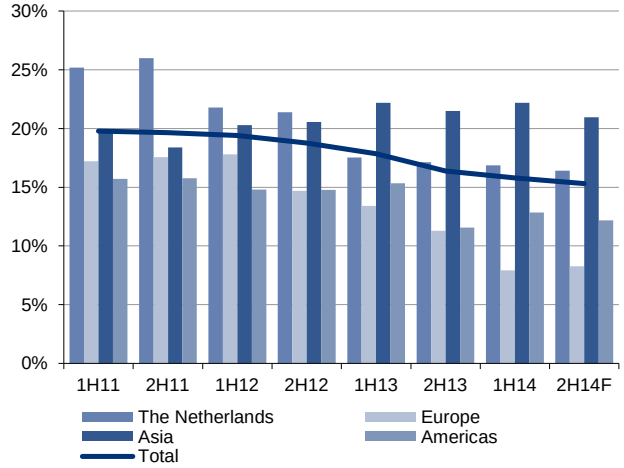
How does this fit in with the returns of Vopak? The following charts show the trends we expect: Figure 8 shows the utilisation of Vopak's terminals by division and the trend of the group. The four-quarter moving-average is improving from trough levels in 1Q14, thanks mainly to the recovery in the Netherlands. At the same time (Figure 9), ROACE for the four divisions (excluding LNG) is still declining. So, higher utilisation is good for profitability but returns remain below the level of the last couple of years: currently c.15% versus 20% in FY11. This is related to Vopak's major investments and, in our view, a pricing level for its terminals below what has been realised over the past couple of years. We believe that the main pricing pressure is felt in the ARA region, while a decline in throughput has hit Estonia in particular, also hurting ROACE.

Fig 8 Geographical breakdown of utilisation rate and moving average of the group: trending up



Source: Company data, ING estimates

Fig 9 Geographical breakdown of ROACE and group: still trending down



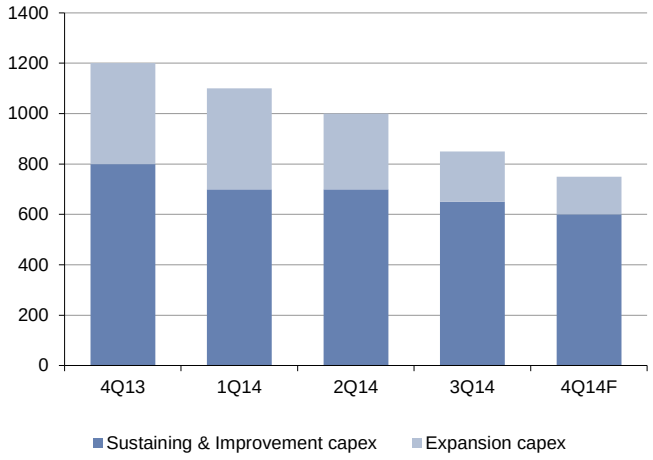
Source: Company data, ING estimates

Better returns underway

In our view, it will take a couple of years before Vopak shows better returns on its capital employed, as more Vopak storage enters the market, and the divestment process will take time, as previously mentioned. Therefore, although higher utilisation and good continued returns in the Far East are positive, overall returns are still far below levels seen in FY11-12.

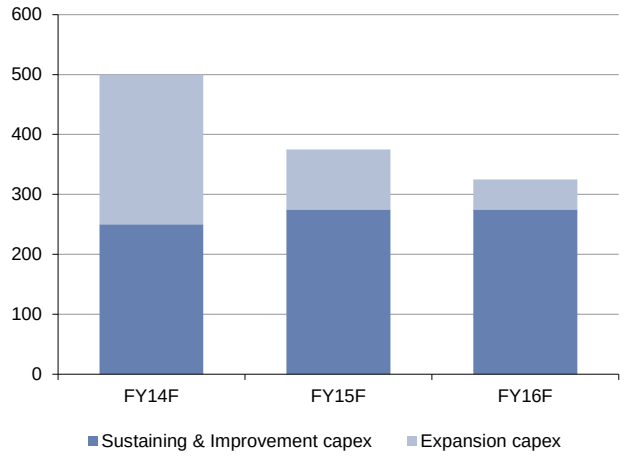
Balance sheet, cash flow and capex

Fig 10 Cumulative capex until FY16F (€m)



Source: Company data, ING estimates

Fig 11 Estimated capex from FY14-16F (€m)



Source: ING estimates

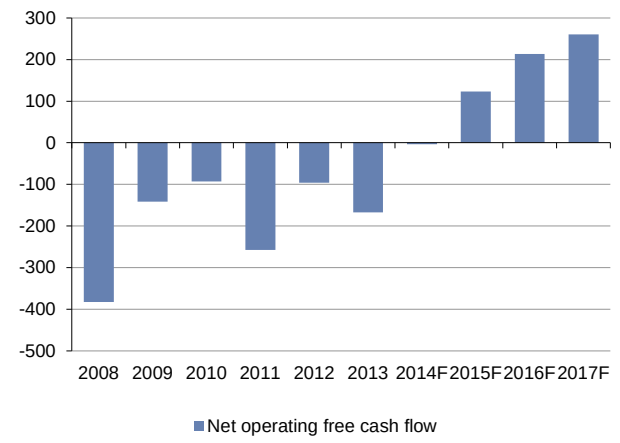
Net debt over EBITDA peaking

Vopak's strategic review in July focused on capital discipline and free cash flow. This was not visible in Vopak's 3Q14 numbers due to the high planned expansion capex for large terminals such as Hainan. As a result, net debt/EBITDA was 2.92x in 3Q14, a high number in an historical context. However, that will change in coming years due to modestly growing EBITDA and materially lower capex. Based on Vopak's prediction of capex savings of €100m in terms of sustainability capex and expansion plans that have to comply with high criteria in a capital-disciplined context, we expect total capex to decline from €500m in FY14F to c.€300m in FY16F. This is based on Vopak's own projections until end-FY16F, including sustainable maintenance and expansion capex as Figure 11 shows. As potential projects are difficult to predict (as to which and when), this capex figure excludes any new expansion projects that may be announced, until the end of FY16F.

Free cash flow in FY16-17F over €200m

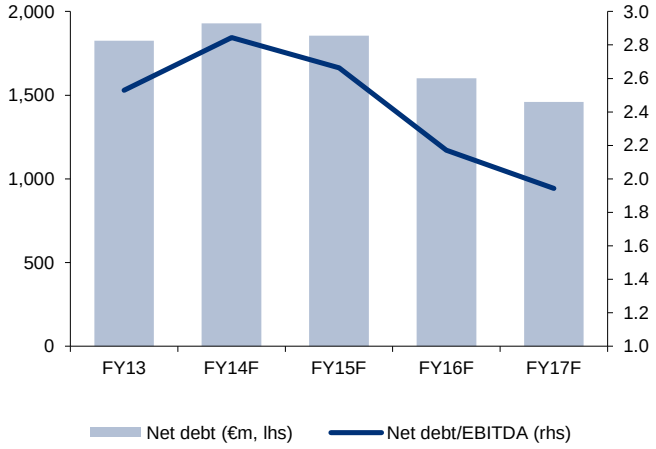
Thanks to lower capex, better-than-expected EBITDA and the estimated dividend stream from income from participations, we expect that Vopak will enter positive net free cash flow territory for the first time in many years (Figure 12). We estimate that FY14F net free cash flow will reach near-zero levels. For FY15F, we expect a free cash flow of over €120m, excluding €50m from divestments of terminals. Free cash flow is €210m in FY16F (excluding €150m estimated from disposal of the remaining terminals up for sale) and €260m in FY17F.

Fig 12 Net operating free cash flow FY08-17F (€m)



Source: Company data, ING estimates

Fig 13 Net debt(€m) and net debt/EBITDA (x)



Source: Company data, ING estimates

Net debt below 2x in FY17F

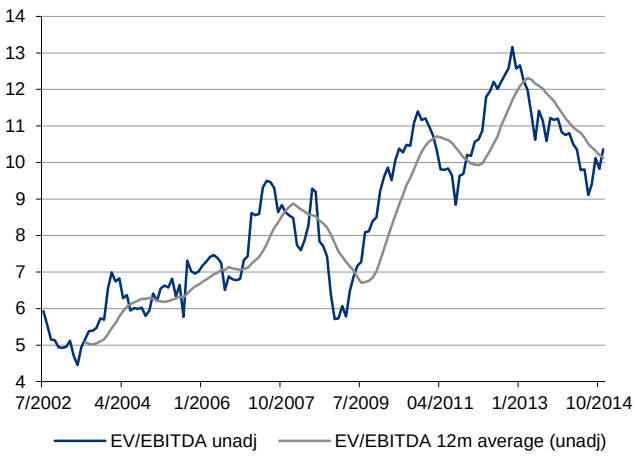
Figure 13 shows the impact of positive free cash flow in coming years on net debt and net debt/EBITDA. We expect net debt/EBITDA in FY17F to go below 2.0x, from an estimated 2.8x at end-FY14F. However, no new expansion has been announced for between now and FY17F; every €100m of expansion capex raises net debt/EBITDA by 12 basis points.

Valuation

Multiples recovering after dip

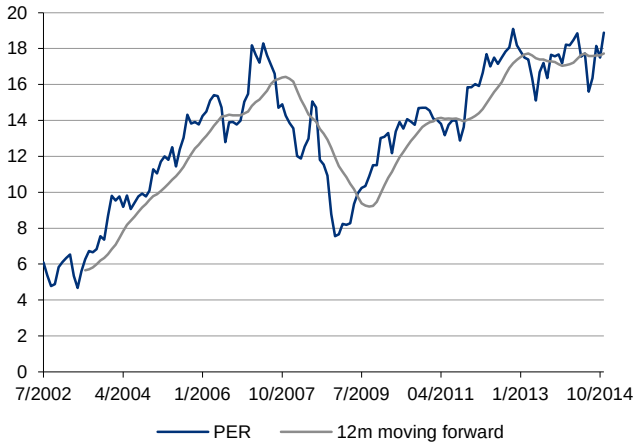
With FY14F almost at an end, we roll our valuation to FY15F and FY16F. Based on our full-year estimates, Vopak's FY15F EV/EBITDA is 10.7x unadjusted, and 9.6x when adjusted for a comparable valuation of Vopak's participation and joint ventures. For FY16F, the numbers are 9.8x and 9.1x, respectively. The PER is 17.4x for FY15F and 16.2x for FY16F. These numbers do not deviate materially from previous multiples.

Fig 14 EV/EBITDA, 2002-14F (x)



Source: Company data, ING estimates

Fig 15 PER, 2002-14F (x)



Source: Bloomberg

Big difference between PER and EV/EBITDA worth watching

Based on the historical 12-month forward average, unadjusted EV/EBITDA multiples recovered, but are 25% off peak levels, as Figure 14 shows. This is in contrast with the PER which reaches all-time-high levels for a third time, as Figure 15 demonstrates. The main reason is that high capex leads to high depreciation and high interest charges, and subsequently low net profit. With Vopak now focusing on lower capex and capital discipline, PER might decline relative to EV/EBITDA.

Net free cash flow yield

FCF yield of 4% in FY16F

With Vopak returning to positive free cash flow territory, is it important to state that its FY15F net free cash flow yield over market cap is 2.3%, increasing to 4.0% in FY16F and 4.9% in FY17F; not exciting yet, but a point to watch carefully.

TP raised from €42 to €46.5

We raise our estimates for Vopak but, at the same time, the share price has recovered from c.€40 to €42, mainly thanks to raised guidance. As a result, the share price remains richly valued. Clearly, the quality of management is strong with a good strategy, and the business model is robust with strong positions worldwide. Importantly, management accepts changed market conditions and acts accordingly as the impact of the strategic update is likely to show over the coming quarters.

Target 2016F EV/EBITDA of 10x

Moving forward, we believe it is justified to raise the target price for Vopak. For FY16F, we believe c.10x EV/EBITDA is possible in the next 12 months (from 10x FY15F EV/EBITDA previously). We see the following reasons for this:

a) Momentum of earnings is improving: we see more dynamics in the oil markets.

b) Initial benefits from the strategic review should become visible in FY15/16; this is not a short term strategy and the main impact will be seen beyond FY15.

TP from €42.00 to €46.50

Based on an EV/EBITDA of 10x, adjusted for income from participations, we arrive at a TP of €46.50, implying upside of 13.2% over the next 12 months. Based on a valuation that reflects a rich valuation on the one hand and slow earnings growth on the other, we believe a **HOLD** rating is justified.

Risks

Overcapacity

A downward risk to our **HOLD** recommendation is that too much capacity is being built up by Vopak and its rivals, which results in lower utilisation levels and market participants struggling to fill capacity.

Land unavailable

A further headwind is that Vopak is unable to expand into some areas, given the scarcity of attractive land on which to build or expand, and absence of geographical areas with good accessible deep water locations and facilities.

Slow decline in oil prices

Our third downside risk is of lower throughput due to an economic downturn impairing especially low utilisation rates and results of Vopak's chemicals division. A slow decline in oil prices could impact returns of the company's oil division, as storage capacity falls out of favour due to backwardation.

More earnings-enhancing projects

An upside risk to our **HOLD** recommendation is that Vopak continues to announce projects with good visibility that support earnings upgrades, particularly projects that have not been mentioned before. As such, the share price could react positively to this news.

Return of contango

In addition, a material and longer-lasting return of contango could support Vopak's utilisation rate quite favourably, and given a 'leaner and meaner' organisation, a higher demand filters into better earnings.

Financials

Year end Dec (€m)	2009	2010	2011	2012	2013	2014F	2015F	2016F
Income statement								
Revenues	1,022	1,115	1,185	1,326	1,322	1,326	1,361	1,420
Cost of goods sold	0	0	0	0	0	0	0	0
Gross profit	**1,022**	**1,115**	**1,185**	**1,326**	**1,322**	**1,326**	**1,361**	**1,420**
Operating costs	(560)	(605)	(642)	(665)	(673)	(647)	(665)	(682)
EBITDA	**462**	**510**	**543**	**661**	**649**	**678**	**697**	**738**
Depreciation & amortisation	(123)	(153)	(171)	(195)	(217)	(240)	(251)	(268)
Impairments	(9)	1	(7)	(23)	(21)	(15)	0	0
EBIT	**331**	**359**	**365**	**444**	**411**	**423**	**445**	**470**
Net interest	(37)	(70)	(79)	(84)	(105)	(99)	(104)	(104)
Associates	61	83	220	97	123	83	91	96
Other pre-tax items	(8)	1	0	0	0	0	0	0
Pre-tax profit	**345**	**374**	**507**	**457**	**429**	**407**	**432**	**462**
Tax	(69)	(73)	(71)	(84)	(68)	(83)	(83)	(87)
Minorities	(25)	(31)	(35)	(40)	(42)	(42)	(44)	(47)
Other post-tax items	(4)	(8)	120	(8)	(6)	(3)	0	0
Net profit	**248**	**262**	**520**	**325**	**313**	**279**	**305**	**328**
Normalised EBITDA	**475**	**510**	**543**	**661**	**649**	**678**	**697**	**738**
Normalised EBIT	**331**	**359**	**365**	**444**	**411**	**423**	**445**	**470**
Normalised net profit	**262**	**263**	**392**	**348**	**313**	**294**	**305**	**328**
Balance sheet								
Tangible fixed assets	2,547	3,162	3,512	3,886	4,132	4,472	4,645	4,653
Intangible fixed assets	41	54	73	68	68	78	88	98
Other non-current assets	142	155	260	86	62	62	62	62
Cash & equivalents	192	184	91	455	181	(17)	(50)	204
Other current assets	214	276	304	344	380	387	393	399
Total assets	**3,136**	**3,831**	**4,240**	**4,838**	**4,823**	**4,981**	**5,137**	**5,416**
Short-term debt	60	234	182	125	140	140	140	140
Other current liabilities	331	385	357	407	436	448	461	475
Long-term debt	1,185	1,408	1,541	2,104	1,893	1,799	1,692	1,692
Other long-term liabilities	227	254	322	450	427	450	473	498
Total liabilities	**1,803**	**2,281**	**2,402**	**3,085**	**2,896**	**2,837**	**2,766**	**2,805**
Total equity	1,333	1,550	1,838	1,753	1,928	2,144	2,370	2,611
Total liabilities & equity	**3,136**	**3,831**	**4,240**	**4,838**	**4,823**	**4,981**	**5,137**	**5,416**
Capital employed	2,578	3,192	3,561	3,981	3,960	4,083	4,202	4,443
Net working capital	(78)	(69)	(15)	(40)	(35)	(43)	(52)	(61)
Net debt (cash)	1,053	1,458	1,632	1,774	1,851	1,955	1,882	1,628
Cash flow								
Cash flow EBITDA	414	456	614	591	599	580	600	643
Change in working capital	(57)	(143)	0.7	0.2	0	9	6	5
Other non-cash items	(16)	9	0	0	0	0	0	0
Operating cash flow	**341**	**322**	**614**	**591**	**599**	**589**	**606**	**648**
Cash interest paid	(39)	(66)	0	0	0	99	104	104
Cash taxes paid	(42)	(11)	0	0	0	83	83	87
Net cash from operating activities	**260**	**245**	**614**	**591**	**599**	**770**	**793**	**839**
Capex	(461)	(468)	(490)	(458)	(553)	(460)	(410)	(335)
Net acquisitions	(45)	(85)	(137)	(165)	(90)	(110)	(50)	(50)
Other net investing cash flows	83	4	199	14	44	0	50	150
Cash from investing activities	**(423)**	**(550)**	**(429)**	**(609)**	**(599)**	**(570)**	**(410)**	**(235)**
Increase (decrease) in equity	80	(9)	0	4	0	0	0	(144)
Increase (decrease) in debt	194	280	(84)	680	(57)	(94)	(107)	0
Dividends & minority distribution	(19)	(80)	(89)	(102)	(112)	(122)	(123)	(135)
Other financing cash flow	(2)	(3)	(8)	(8)	(41)	(3)	0	0
Cash from financing activities	**254**	**189**	**(181)**	**574**	**(210)**	**(219)**	**(230)**	**(279)**
Forex & discontinued operations	0.6	6	3	0.5	(5)	0	0	0
Net change in cash & equivalents	**91**	**(110)**	**7**	**556**	**(215)**	**(19)**	**154**	**326**
FCF	(58)	(145)	405	167	106	211	329	551

Normalised earnings (e.g., EBITDA, EBIT, net income and other sector-specific line items) are in the opinion of the analyst the best representation of a company's underlying and sustainable earnings derived from its regular operating activities.

Source: Company data, ING estimates

Valuation, ratios and metrics

Year end Dec	2009	2010	2011	2012	2013	2014F	2015F	2016F
Performance & returns								
Revenue growth (%)	8.8	9.1	6.3	11.9	-0.28	0.26	2.7	4.3
Normalised EBITDA growth (%)	14.6	7.4	6.5	21.7	-1.8	4.5	2.7	5.9
Normalised EBIT growth (%)	16.5	8.5	1.8	21.5	-7.3	3.0	5.2	5.5
Normalised EPS growth (%)	15.0	-0.19	49.0	-11.4	-10.2	-6.0	3.8	7.5
Gross margin (%)	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Normalised EBITDA margin (%)	46.5	45.8	45.8	49.9	49.1	51.2	51.2	51.9
Normalised EBIT margin (%)	32.3	32.2	30.8	33.5	31.1	31.9	32.7	33.1
Reported net margin (%)	24.2	23.5	43.9	24.5	23.6	21.0	22.4	23.1
Reported ROE (%)	22.7	19.4	32.7	19.4	18.2	14.7	14.7	14.5
Normalised ROA (%)	11.5	10.3	9.0	9.8	8.5	8.6	8.8	8.9
ROAIC (%)	11.4	11.1	10.0	10.7	9.3	11.3	11.5	11.6
ROACE (%)	14.2	12.4	10.8	11.8	10.4	10.5	10.7	10.9
ROACE - WACC (%)	6.2	4.4	2.8	3.8	2.4	2.5	2.7	2.9
Leverage & solvency								
Working capital as % of sales	-7.6	-6.2	-1.3	-3.0	-2.6	-3.2	-3.8	-4.3
Net debt (cash)/EBITDA (x)	2.3	2.9	3.0	2.7	2.9	2.9	2.7	2.2
Net debt (cash)/equity (%)	79.0	94.1	88.8	101.2	96.0	91.2	79.4	62.4
EBITDA net interest coverage (x)	12.3	7.3	6.9	7.9	6.2	6.9	6.7	7.1
Current ratio (x)	1.0	0.74	0.73	1.5	0.98	0.63	0.57	0.98
Dividend cover (cash flow) (x)	n/a	n/a	5.5	2.6	1.9	3.5	4.5	5.9
Valuation								
EV/revenue (x)	6.4	6.2	6.0	5.5	5.6	5.6	5.5	5.1
EV/normalised EBITDA (x)	13.7	13.7	13.0	11.0	11.3	11.0	10.7	9.8
EV/normalised EBIT (x)	19.7	19.4	19.4	16.4	17.9	17.7	16.8	15.4
EV/capital employed (x)	2.5	2.2	2.0	1.8	1.9	1.8	1.8	1.6
EV/invested capital (x)	2.3	2.0	1.8	1.6	1.7	1.7	1.6	1.5
Normalised PER (x)	20.2	20.2	13.6	15.3	17.1	18.2	17.5	16.3
Price/book (x)	4.2	3.7	3.1	3.3	2.9	2.7	2.5	2.3
Dividend yield (%)	1.5	1.7	1.9	2.1	2.1	2.2	2.3	2.5
FCF yield (%)	n/a	n/a	5.7	2.3	1.4	2.8	4.4	7.6
Per share data								
Reported EPS (€)	1.96	2.06	4.09	2.55	2.45	2.19	2.39	2.57
Normalised EPS (€)	2.07	2.07	3.08	2.73	2.45	2.31	2.39	2.57
Dividend per share (€)	0.63	0.70	0.80	0.88	0.88	0.92	0.96	1.06
Equity FCFPS (€)	(0.77)	(1.66)	3.19	1.31	0.83	2.43	3.40	5.13
BV/share (€)	9.91	11.43	13.59	12.75	14.20	15.56	16.99	18.51

Source: Company data, ING estimates

Company profile

Vopak is the world's largest independent tank storage and related logistics services company. It owns 77 terminals in 29 countries, with a total capacity of 30.5m m³. As of FY13, Vopak has four divisions: the Netherlands (9.4m m³), EMEA (9.5m m³), Asia (mix of oils and chemicals storage, 7.4m m³), led by its Singapore hub (3m m³) plus China, with a capacity of 1m m³ in five terminals. Vopak is the leading storage firm in the growth region Asia. Americas (3.3m m³) has c.85% chemicals and 15% oil storage, with 2m m³ in North America and 1m m³ in Latin America.

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