

Press Release



Aegis and Vopak joining forces for LPG and chemical storage in India

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Today, Aegis and Vopak announced that the companies have decided to join forces in India with the aim to grow together in the LPG and chemicals storage and handling business.

The new partnership Aegis Vopak Terminals Ltd will operate a network of 8 terminals that are located in five strategic ports along the east and west coast of India. With a total capacity of around 960 thousand cbm, the partnership will become one of the largest independent tank storage companies for LPG and chemicals in India. LPG is earmarked by the Indian government to provide cleaner and safe cooking fuels for households.

The partnership is well positioned for further growth, which targets mainly LPG and also chemicals and industrial terminal opportunities. This investment is another step for Vopak towards its strategy to allocate capital to grow in gas markets.

“This joint venture with Vopak will accelerate the growth of Aegis in the terminals business and has the potential to allow Aegis to diversify into new areas of gas storage such as LNG and other energy projects including renewables in partnership with the world’s leading independent tank storage company. We expect the deal to be significantly earnings enhancing for Aegis shareholders due to the deployment into growth opportunities of the combined financial firepower of the two groups and management in the terminals business.” said Raj Chandaria, Chairman of Aegis Logistics Ltd.

“This is an investment in a growth market and by joining forces with Aegis we aim to deliver growth over the next ten years in line with the new joint ventures’ and India’s ambition for LPG.” said Eelco Hoekstra, Chairman of the Executive Board and CEO of Royal Vopak. *“We are very excited for this new partnership. Aegis is a reputed local partner with a ready organization and proven track record of conceiving and executing tank farm assets in strategic locations along the Indian coastline.”*

The transaction is expected to close early 2022, subject to customary closing conditions.

Joint venture structure

This transaction entails two separate legal entities that Vopak will simultaneously buy into on the basis of joint control:

- The Aegis Vopak Terminals Ltd entity, in which Vopak will acquire a 49% shareholding. Vopak's existing CRL terminal entity in Kandla will become a wholly owned subsidiary of Aegis Vopak Terminals Ltd. Aegis' network of terminal assets at 5 different locations in Kandla, Pipavav, Mangalore, Kochi and Haldia covering the west and east coast of India will be added to the joint venture asset base.
- The Hindustan Aegis LPG Ltd entity, in which Vopak will acquire a 24% shareholding. This is currently a joint venture between Aegis and Itochu. After the transaction Aegis will own 51% and Itochu will continue to hold 25%.

Financial details

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The enterprise value for Vopak's shareholding in the joint ventures will amount to EUR 185 million plus EUR 15 million, depending on the fulfilment of certain CP's. The project and Vopak equity IRR are expected to be double digits. Vopak and Aegis have arranged financing of EUR 153 million in the joint ventures. Taking into account this financing and the contribution of CRL, Vopak's net consideration amounts to EUR 100 million plus EUR 15 million depending on the fulfilment of certain conditions.

In addition to the net consideration at closing of a total EUR 115 million (EUR 100 million plus EUR 15 million), Vopak and Aegis have agreed the payment of a minimum EUR 18 million and up to a maximum of EUR 40 million payable to Aegis via a financial instrument.

Revenues of the both joint ventures are forecasted to grow with a CAGR of around 6% in the first 5 years. LPG revenues will be about 75% of the total revenues of the joint venture. On the back of the forecasted revenue growth, the joint venture is expected to increase EBITDA in line with revenue growth towards 2026 driven by growth of LPG demand and imports of liquids chemicals in India. In addition, the joint venture has a pipeline of growth projects, both brownfield and greenfield.

Based on these EBITDA contributions, the implied EBITDA multiple of Vopak's investment decreases from 11x in 2022 to 8x in 2026.

The ROCE, on the Royal Vopak level, is projected to come within the 10%-15% target range after 6 years, subject to growth developments.

This transaction will be marginally accretive to Vopak EPS in the first years.

Normal Purchase Price Allocation (PPA) accounting will apply, including recognition of goodwill as part of the carrying amount of the joint ventures. The consideration is to be measured at fair value at closing date. Any subsequent changes for the part of the consideration not yet settled, will be remeasured at fair value through profit or loss as an exceptional item until settled.

CRL is currently a 100% subsidiary of Vopak. Upon closure of this transaction, this will change to joint control as CRL will be part of Aegis Vopak Terminals Ltd. Therefore, CRL is

classified by Vopak as held for sale per 30 June 2021. The expected non-cash accounting impact of the deconsolidation of CRL, among others due to recycling of historical unrealized currency translation losses from other comprehensive income, will be recorded as an exceptional item upon closing.

This press release contains inside information as meant in clause 7 of the Market Abuse Regulation.

Profile Vopak

Royal Vopak is the world's leading independent tank storage company. We store vital products with care. With over 400 years of history and a focus on sustainability, we ensure safe, clean and efficient storage and handling of bulk liquid products and gases for our customers. By doing so, we enable the delivery of products that are vital to our economy and daily lives, ranging from chemicals, oils, gases and LNG to biofuels and vegoils. We are determined to develop key infrastructure solutions for the world's changing energy systems, while simultaneously investing in digitalization and innovation. Vopak is listed on the Euronext Amsterdam and is headquartered in Rotterdam, the Netherlands. For more information, please visit www.vopak.com

Profile Aegis Group

Aegis Group plays a key role in India's downstream oil and gas sector, and its flagship company, Aegis Logistics Limited, is India's leading oil, gas, and chemical logistics company. Our vision is to be the industry leader in our business segments by delivering superior customer service with a focus on quality, safety, and environmental standards. The Group has five distinct but related business segments, and operates a network of bulk liquid handling terminals, liquefied petroleum gas (LPG) terminals, filling plants, pipelines, and gas stations to deliver products and services. The client base includes many leading industrial companies in India as well as individual retail customers whom the company serves at their Aegis Autogas stations. Aegis Group also operates internationally through its sourcing and trading subsidiaries located in Singapore. Aegis Logistics Ltd. was incorporated in 1956 and its shares have been listed on the Bombay Stock Exchange since 1978. Its shares also trade on the National Stock Exchange. For more information, please visit www.aegisindia.com

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