

Business Review



Stolt Tankers

Financial strength allowed us to capitalise on market opportunities



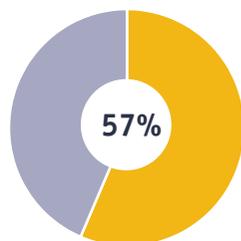
“Volumes remained robust despite Covid-19, driven by our strong customer relationships.”

Performance

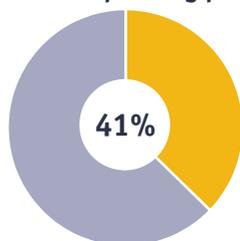
(US \$ millions)	2020	2019	2018
Operating Revenue	1,113	1,148	1,219
Operating Profit	85	57	67

Percentage of group total

of total revenue



of total operating profit¹



1. Excludes Stolt Sea Farm, Stolt-Nielsen Gas and Corporate and other loss of \$15 million.

Stolt Tankers (ST) provides safe, reliable transportation services for chemicals and bulk liquids. We are the world’s leading operator of deep sea and regional chemical tankers. Our fleet of 152 sophisticated tankers totals three million deadweight tonnes. Our global deep-sea fleet is supported by regional chemical tanker and barging services in Europe, Asia-Pacific, the Caribbean and the Gulf of Mexico.

2020 review

ST demonstrated remarkable resilience in 2020 – a testament to our people, culture and strategy.

First-quarter results were affected by one-offs: higher bunker costs due to the IMO-mandated switch to low-sulphur fuel and continued scheduling issues from the 2019 *Stolt Groenland* incident. However, profit rebounded in the second quarter, and we finished 2020 in a strong position. Full-year operating revenue was \$1,113.1 million, slightly down from \$1,147.9 million in 2019, and operating profit was \$84.6 million, up from \$56.7 million.

Volumes remained robust despite Covid-19, driven by our strong customer relationships. Our cargo flows shifted from automotive and aviation applications – which were affected by global shutdowns – to products vital to the pandemic response, including chemicals for hand sanitiser and healthcare products. We also benefitted from the fall in the oil price, which had a positive effect on swing tonnage in petroleum markets, as ships were hired as floating storage by speculators. Lower oil prices also lowered our bunker costs, helping to improve profit.

Our Going Further programme delivered ongoing cost savings and operational efficiency gains. From managing canal charges and reducing maintenance contracts to rolling out onboard technical innovations, our initiatives are strengthening our financial position.

In a cyclical industry like ours, buying the right ships at the right time is key to sustainable growth. Thanks to ST’s financial strength, we were able to purchase five attractively priced, fuel-efficient ships from Chemical Transportation Group. All five ships have now joined our fleet. In January 2021, 14 of our ships began trading in a new European pool as part of our joint venture with John T Essberger Group to operate a combined regional parcel tanker fleet. E&S Tankers is the market leader in Europe and will enhance reliability and flexibility for customers while reducing our costs and overall carbon emissions.

In 2020, we cemented our culture of collaboration, flexibility and commitment. Throughout the year, our people worked tirelessly to support colleagues and deliver for customers. Onshore teams spent countless hours planning schedules and rerouting ships to enable overdue crew changes. And our seafarers showed flexibility and patience during their unplanned time at sea and onshore. In support of seafarers across the globe, we signed The Neptune Declaration on Seafarer Wellbeing and Crew Change. It is unacceptable that governments worldwide refused to recognise seafarers as essential workers or give them access to travel during the pandemic – despite lobbying from us and our industry peers. From additional onboard bandwidth enhancements and communication tools to cash advances and ship rerouting, we worked hard to support our seafarers during this most difficult year.

In 2020, we were encouraged by the results of our employee engagement survey, in which 90% of staff said they believed strongly in the business' goals, and 84% said they would recommend ST as a good place to work. We also implemented initiatives to enhance diversity, particularly around bringing more women into our male-dominated industry. Read more about our employee engagement initiatives on page 28.

Our Slashed Zero programme continued to drive safety improvements, and I'm proud that our indicators lead in the market. ST has the largest carbon footprint among the Stolt-Nielsen group of businesses, and its Scope 1 greenhouse gas emissions fell 6.2% in 2020, in line with our sustainability strategy. (See pages 18-21 for more on safety and pages 22-26 for more on the environment.)

2021 outlook

We expect an ongoing uplift in the chemical tanker market, due to the low number of newbuildings expected to join the market in the coming years. This, together with our expanded fleet and the financial strength of the Group means that Stolt Tankers is well positioned to capitalise on opportunities in 2021. Our contract strategy will continue, protecting our revenue base and building strong relationships with our customers. Bunker costs are increasing, but our proactive cost control will enable us to manage this.

We will maintain our focus on fostering a customer-focused and agile culture, rolling out process-innovation projects that had been on hold during the pandemic. We continue to plan for an IPO, which will progress when both industry and equity market conditions are right.

Lucas Vos

President
Stolt Tankers