

Business Review *continued*



Stolt Tank Containers

Digital advances and global capabilities drive competitive advantage



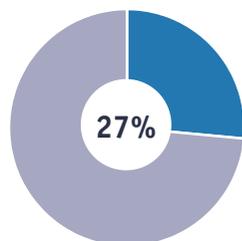
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Performance

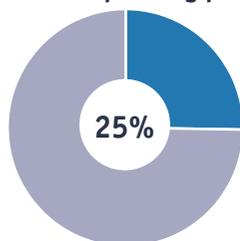
(US \$ millions)	2020	2019	2018
Operating Revenue	521	529	551
Operating Profit	51	56	71

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 Tank Containers (STC) provides logistics and transportation services for door-to-door shipments of bulk liquid chemicals and food-grade products. With our global capabilities, we help customers minimise costs and increase efficiency across their supply chains.

With a fleet of 40,000 tank containers, STC is a leader in the worldwide door-to-door bulk liquid logistics industry. Our network of 22 full-service depots worldwide gives us direct control over tank handling, cleaning and maintenance, ensuring our fleet and cargo handling operations consistently meet the highest standards for quality, reliability, safety and environmental protection.

2020 review

2020 showcased our agility as we responded to conditions never seen before in our industry. From the introduction of low sulphur fuel and massive swings in cargo flows to managing pandemic-related volatility and supporting staff's personal wellbeing – STC showed flexibility in adapting.

First-quarter profit fell due to increases in fuel costs (from IMO surcharges) and ocean freight costs, which took time to recover from customers. We also experienced higher-than-normal repositioning costs as inventory built up in China, due to lower export levels during its strict lockdown.

However, performance improved steadily during the year. Full-year revenue was \$520.6 million, down slightly from \$528.6 million in 2019. Operating profit was \$51.2 million, down from \$56.1 million. We achieved an overall fleet utilisation of 67.8%, compared to 67.7% in 2019.

In 2020, we saw unusual fluctuations in trade flows, volumes and product mix due to Covid-19. The chemical market was particularly affected. Whether it was helping customers manage volume fluctuations month-to-month – or reacting to changes in product demand – we helped them adapt to the volatility. Our food-grade business grew by 4% as we expanded our fleet and customer base despite many producers switching production from potable alcohols to those used in sanitation. With our global reach balanced across Europe, Asia and the Americas, we were able to react quickly in response to changing requirements. As a result, we maintained the flexibility and reliability STC is known for.

Our people rose to the many challenges this year, showing incredible commitment to colleagues and customers. It's thanks to this commitment that STC demonstrated such strength. Everyone focused on customers and cargo control, addressing rapidly changing needs while handling vendor-related complexities, including cancelled sailings, frequent changes to vessel sailing schedules and a tight trucking market. The pandemic demonstrated the effectiveness of our business contingency plans and systems. Thanks to our digitalisation investments over recent years, office-based staff smoothly transitioned to home working. Our depot staff maintained safe and efficient operations with additional training and safety protocols. (Read more on pages 19 and 20.)

This year, we made progress with capacity expansion. We opened our new depot in Sohar, Oman. Chemlog in the Jebel Ali Free Trade Zone, UAE also became fully operational and has started building a good customer base. Our Houston depot plan for reorganising activity was completed in November.

We continued our digitalisation and transformation strategies during the year despite pausing all capital projects to preserve the Company's cash position. Our focus was on implementing new technologies, to increase efficiency and strengthen customer and supplier relationships. Our multi-channel approach and new digital tools offer our customers and vendors direct integration between our systems and theirs. STC's online 'Track & Trace' platform gives customers 24 hour, 365 day a year visibility of their products across the globe, giving them greater insight to their supply chains. We are also leading the way in the use of digital robots which greatly reduce the amount of data-entry work for staff while reducing risk and errors. We implemented the initial phase of a configured price quotation programme – a first in the industry. We also increased direct customer and large vendor integrations, as well as deploying new supplier tools that connect us with smaller vendors.

This year, we also made strides in sustainability, publishing a dedicated STC policy. We signed up to the *Clean Cargo* initiative to begin measuring the carbon footprint of our global movements. Read more about our environmental initiatives on pages 23-26.

2021 outlook

The long-term growth outlook remains strong across all our major markets. We will continue capitalising on our competitive position as economies reopen, focusing on improving the customer experience and to increase cargo control to drive revenue. Our size and scale will help us combat margin pressure as we maintain cost optimisation programmes.

Our new depot in Grangemouth, Scotland is expected to open mid-2021 and our new storage facility in Singapore will also go live during the year.

We have an ambitious pipeline of digitisation projects for 2021, including introducing more automation, enhancing our mySTCtanks.com customer platform and developing our configured price quotation programme. We will also progress the next phase of our sustainability strategy, running pilot programmes with the *Clean Cargo* initiative, gathering data to inform KPIs and creating benchmarks for driving improvements in depots.

Michael W. Kramer

President
Stolt Tank Containers