



# Stolt-Nielsen Limited

Third-Quarter 2016  
Results Presentation

October 6, 2016

# Forward-Looking Statements

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Included in this presentation are various “forward-looking statements”, including statements regarding the intent, opinion, belief or current expectations of the Company or its management with respect to, among other things, (i) goals and strategies, (ii) plans for new development, (iii) marketing plans, the Company’s target market, (iv) evaluation of the Company’s markets, competition and competitive positions, and (v) trends which may be expressed or implied by financial or other information or statements contained herein. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other facts that may cause the actual results, performance and outcomes to be materially different for any future results, performance or outcomes expressed or implied by such forward-looking statements. These factors include in particular, but not limited to, the matters described in the section “Principal Risks” (p46 et seq.) in the most recent annual report available at [www.stolt-nielsen.com](http://www.stolt-nielsen.com).

# Company Representatives

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- Niels G. Stolt-Nielsen  
CEO  
Stolt-Nielsen Limited
- Jan Chr. Engelhardtzen  
CFO  
Stolt-Nielsen Limited

# Agenda

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- SNL 3Q16 Highlights
  - Stolt Tankers
  - Stolthaven Terminals
  - Stolt Tank Containers
  - Stolt Sea Farm
  - Stolt-Nielsen Gas
- Financials
- Q&A



# Third-Quarter 2016 Highlights vs Second Quarter

## Operating

- Stolt Tankers operating profit of \$31.4M, down from \$45.3M; variance can be explained by \$7M reduction in bunker hedge result and a reduction in trading results net of bunker surcharge payments
- Stolthaven Terminals operating profit of \$14.8M, up from \$13.8M, reflecting improved operating performance at nearly all of its wholly owned terminals
- Stolt Tank Containers reported an operating profit of \$10.7M, in line with the prior quarter, as lower trading results were offset by higher income from joint ventures
- Stolt Sea Farm reported an operating profit before fair value adjustment of inventory of \$1.9M, up from \$0.4M, as average prices for turbot and caviar continued to improve in the quarter. Accounting for inventories at fair value had a positive impact of \$0.6M, compared with \$3.0M in the previous quarter
- Corporate and Other reported an operating loss of \$6.7M, compared with an operating loss of \$3.9M in 2Q16; the increase was mainly due to increased accruals for profit sharing and the long-term incentive plan and impairment of accounts receivables

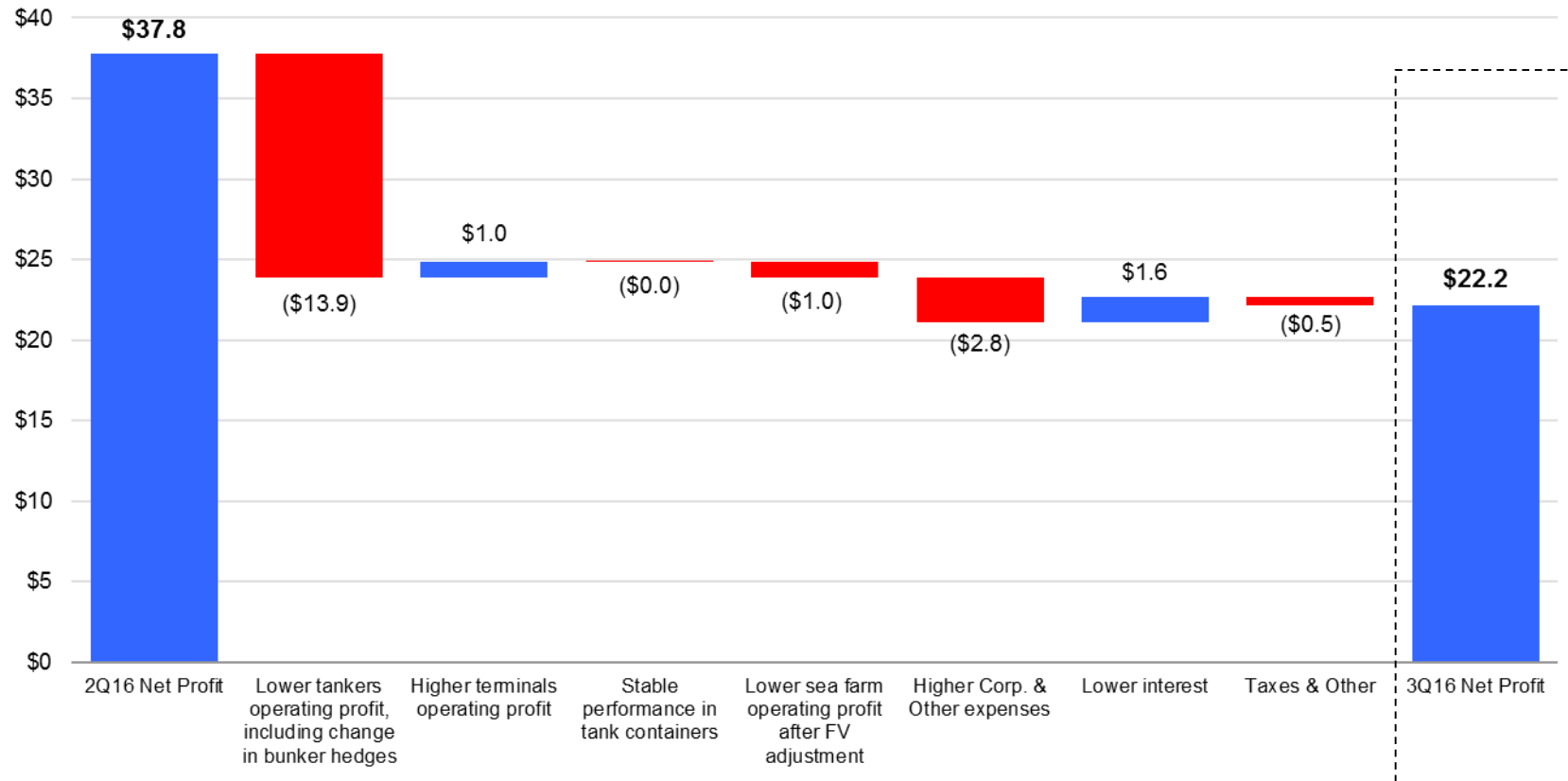
## Financial

(Unaudited)	Quarter			Nine Months	
	<u>3Q16</u>	<u>2Q16</u>	<u>3Q15</u>	<u>2016</u>	<u>2015</u>
Revenue	\$474.1	\$478.9	\$500.7	\$1,416.9	\$1,489.1
Operating Profit	52.6	69.3	59.8	179.7	202.6
<b>Net Profit (attributable to SNL equity holders)</b>	<b>22.2</b>	37.8	30.1	90.3	111.3
EPS Diluted	0.40	0.68	0.54	1.64	1.98
Weighted average number of shares outstanding diluted	54.9	55.3	56.2	55.0	56.2



# SNL: 2Q16 to 3Q16 Net Profit Variance

Figures in USD Millions



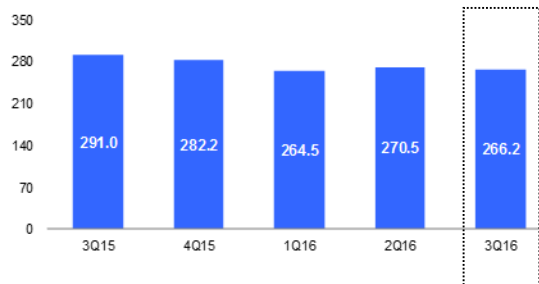
Note: Net Profit attributable to SNL equity holders



# Stolt Tankers

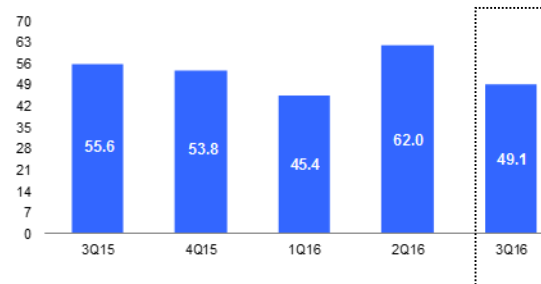
\$US Millions

REVENUE



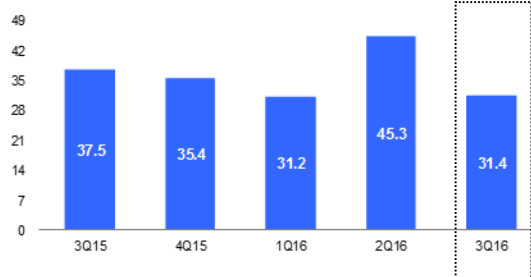
\$US Millions

GROSS PROFIT



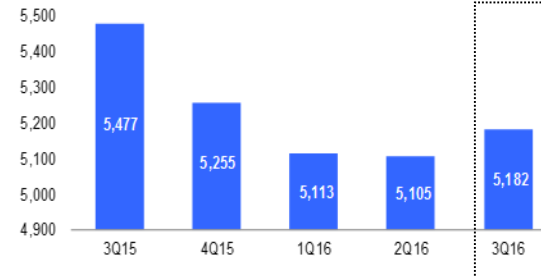
\$US Millions

OPERATING PROFIT/(LOSS)



Days

STJS - OPERATING DAYS

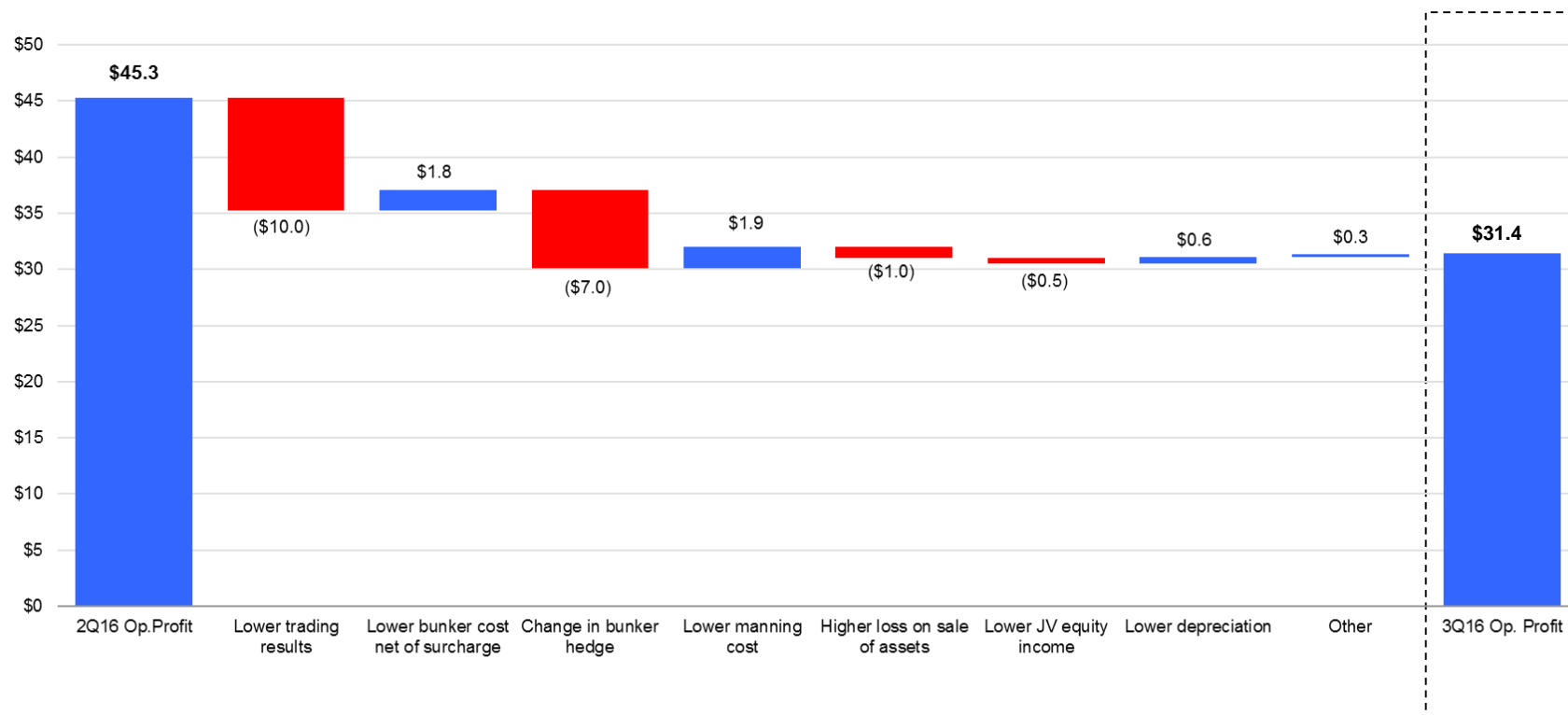


- Deep-sea revenue decreased by 1.5% from previous quarter, mainly due to reduction in volume and freight rates as a result of weak summer demand, weaker Asian exports and the impact of a weaker CPP market
- Average COA rates decreased by 3.4% due to cargo and trade mix; spot rates also decreased by 4.5% compared with the prior quarter
- COA renewals during the quarter were on average up by 4.1%
- Two ships were sold and two ships recycled during 3Q16



# Stolt Tankers: 2Q16 to 3Q16 Operating Profit Variance

Figures in USD Millions



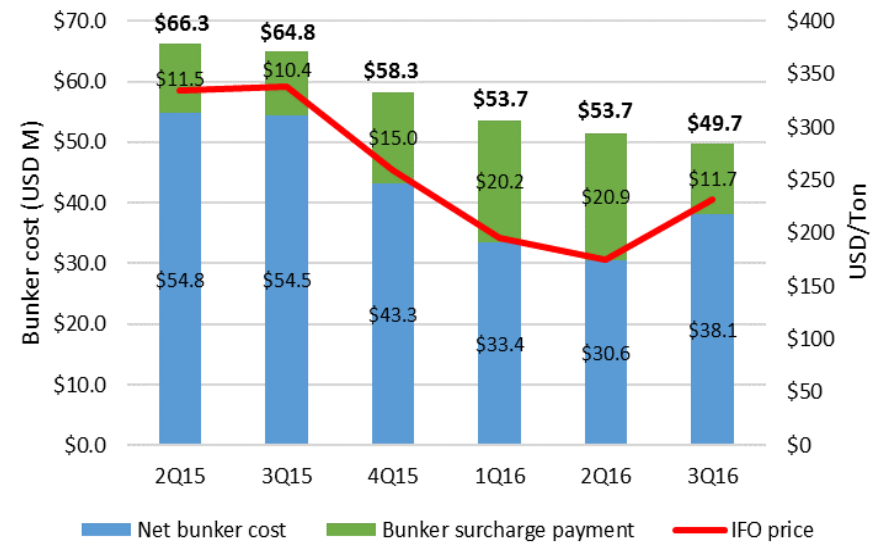


# Stolt Tankers: Bunker Costs

- Bunker cost net of bunker surcharge, but excluding bunker hedges, decreased by \$1.8M from 2Q16
- Average price of IFO consumed increased to \$232/ton from \$175/ton in 2Q16
- Average price of IFO purchased increased to \$245/ton from \$194/ton in 2Q16
- COA bunker surcharge clauses covered on average approximately 77% of total volume in 3Q16 due to continued high COA volume

Figures in USD Million

Qtr	Realised gain/(loss)	Unrealised gain/(loss)
1Q16	(0.3)	(1.7)
2Q16	0.4	6.1
3Q16	<u>1.0</u>	<u>(1.5)</u>
<b>YTD</b>	<b>1.1</b>	<b>2.9</b>

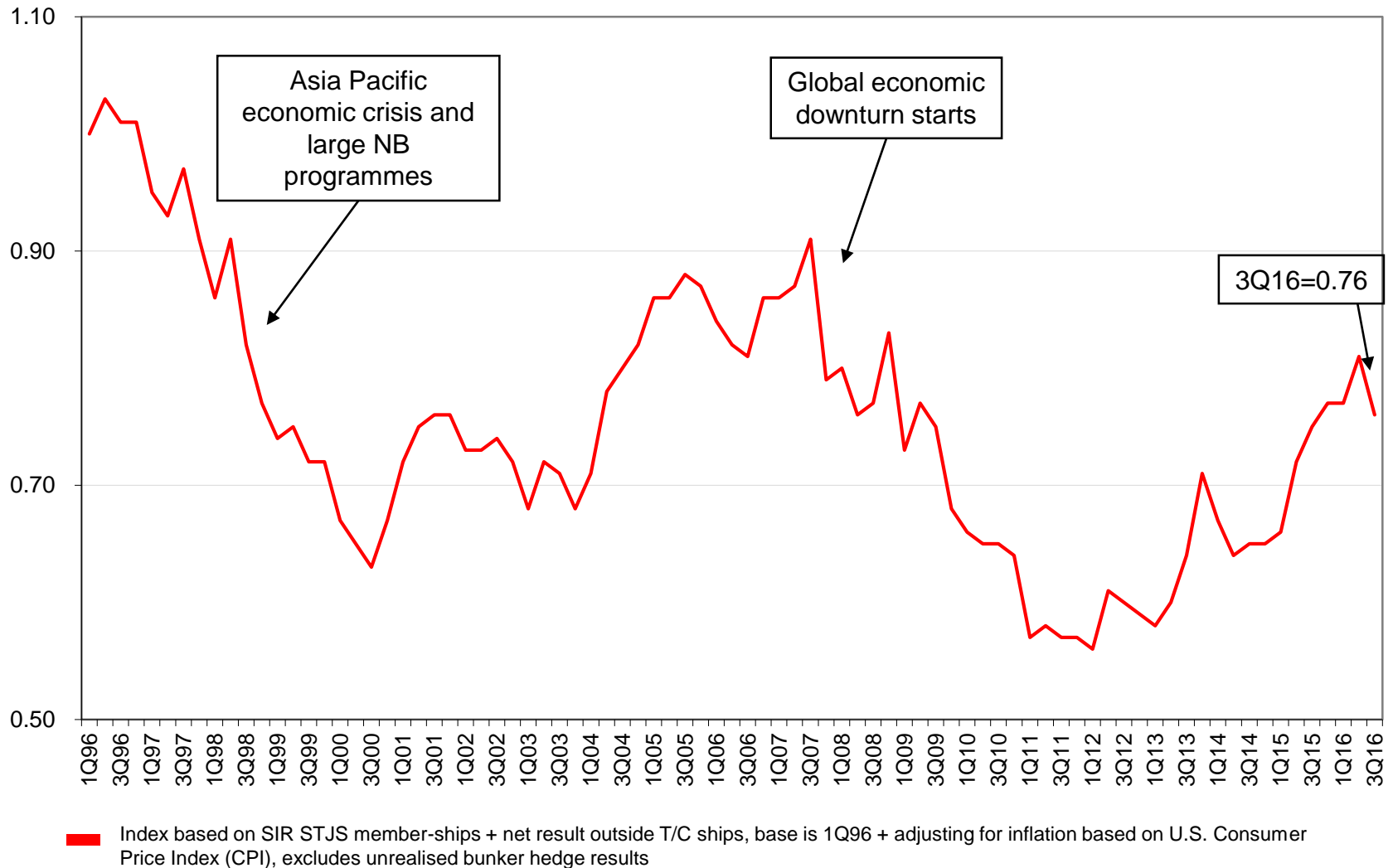


Source: Stolt-Nielsen

Note: Excludes bunker hedge results



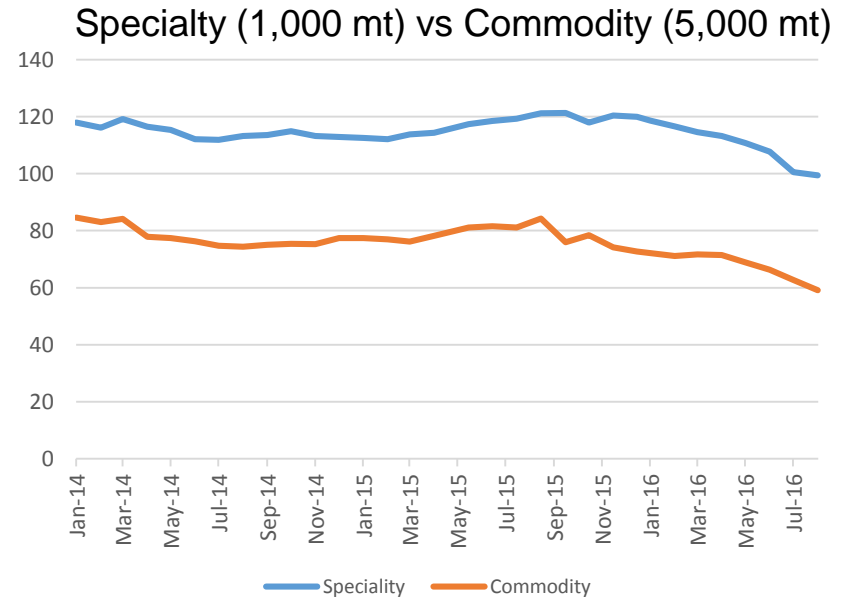
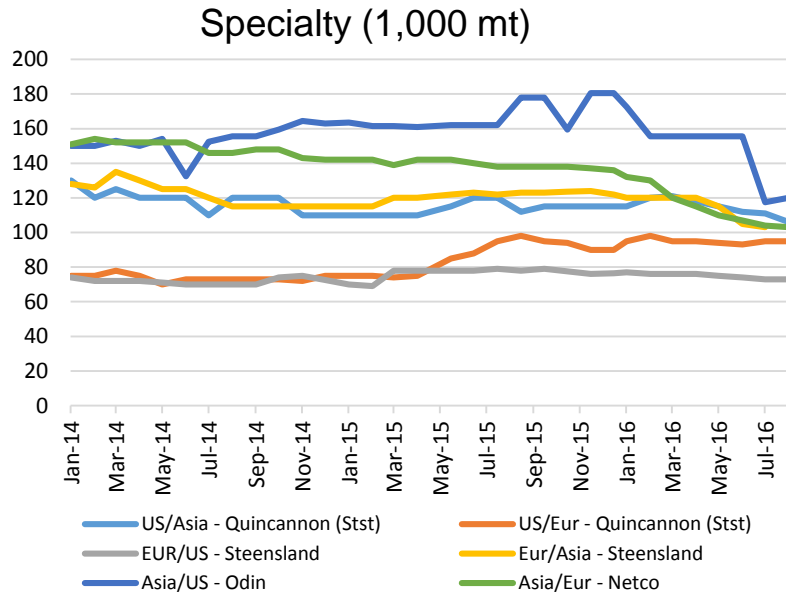
# Stolt Tankers Joint Service Sailed-in T/C Index



Source: Stolt-Nielsen and the Bureau of Labor Statistics (U.S. CPI)

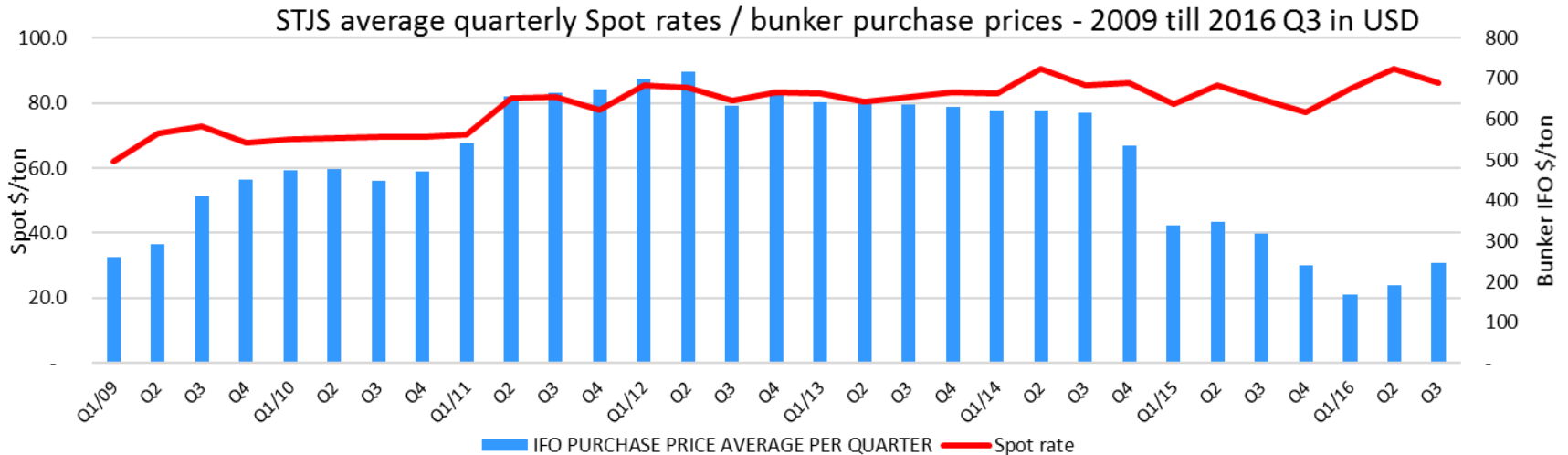


# Deep Sea Market Spot Rate Development



- Since the peak, specialty chemical freight rates have dropped about 16% vs an approximately 30% reduction in commodity rates due to the impact of CPP swing tonnage
- Most commodity products move in the spot market while most specialty chemicals move under CoA
- The commodity segment is far more impacted by the MR market as MRs can also handle commodities

# STJS Spot Rate and the Impact on our Earnings

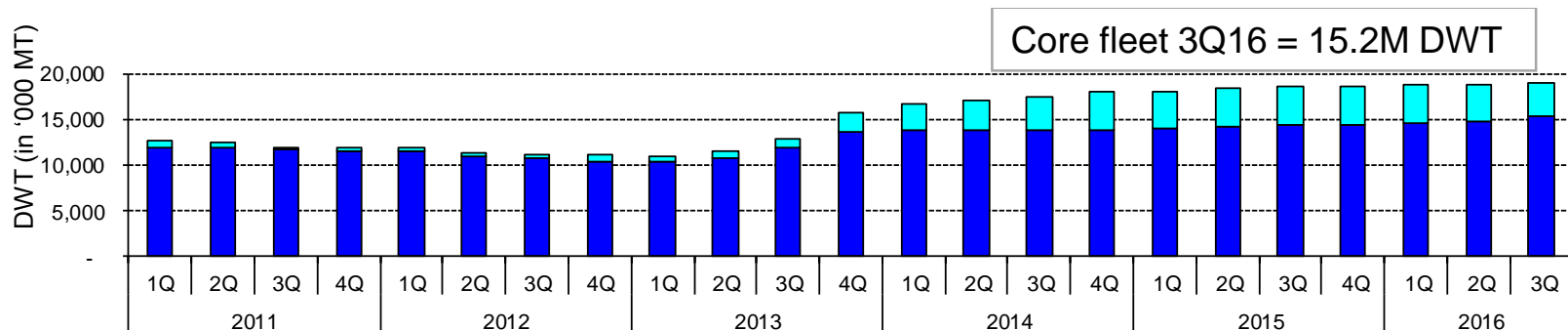
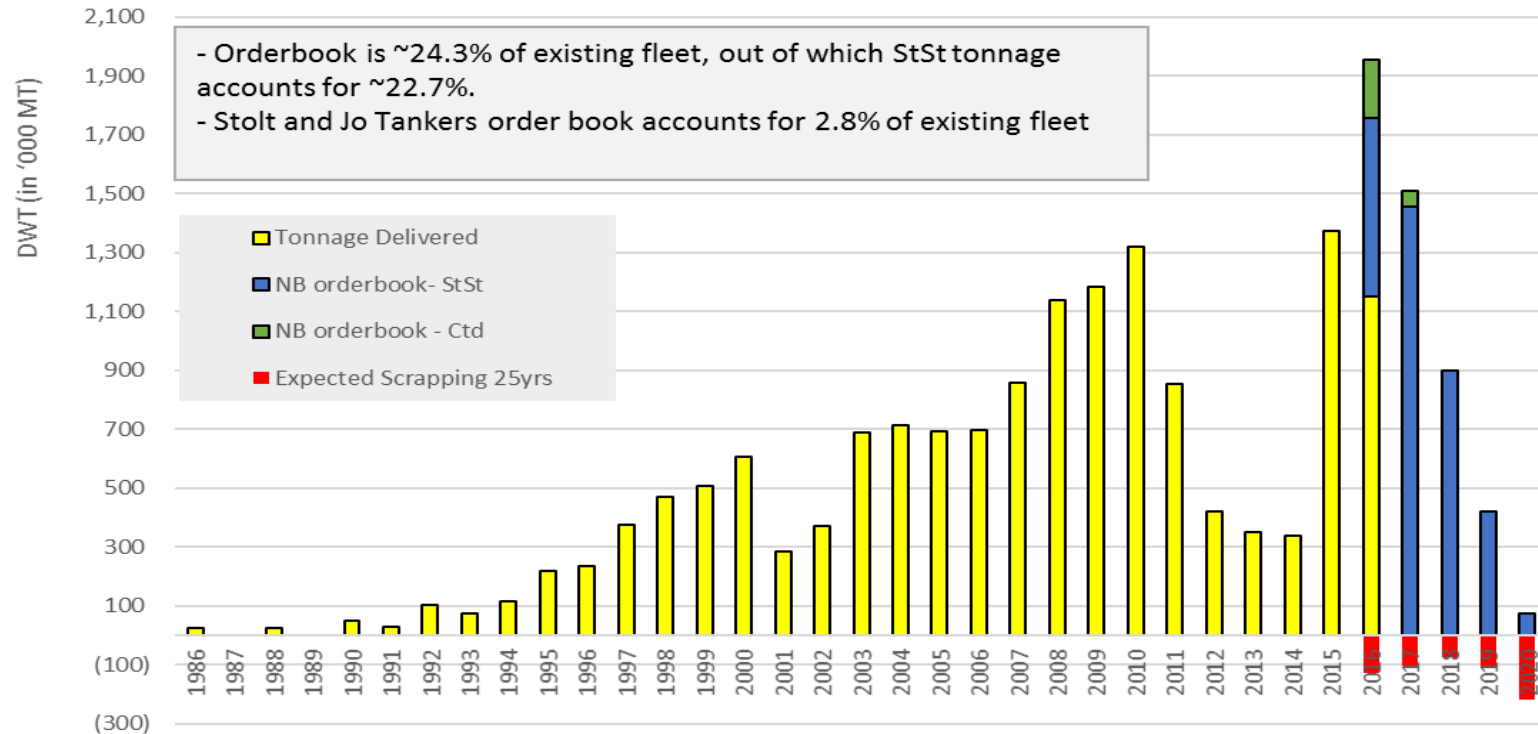


- Our 77% COA coverage protects us from the impact of short term swings in spot rates
- Low spot ratio allows us to be more selective on spot cargoes; Stolt's actual spot rates have held steady
- With contract durations of 1-2 years, it will take time before lower spot rates have a full impact on COA rates
- The impact on COA rates is typically less than the fall in spot rates



Stolt Glory

# Chemical Tanker Fleet and Orderbook – 3Q16



Source: Stolt-Nielsen and Drewry, as of September 1, 2016

# 38,000 DWT Newbuildings



Name	Expected Delivery
<i>Stolt Pride</i>	Delivered July 22, 2016
<i>Stolt Sincerity</i>	4Q16
<i>Stolt Integrity</i>	1Q17
<i>Stolt Tenacity</i>	2Q17
<i>Stolt Loyalty</i>	2Q17
<i>Stolt Excellence</i>	3Q17



# The Acquisition of Jo Tankers

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- The transaction encompasses:
  - Most of the organisation, including five offices
  - 13 chemical tankers: Stolt Tankers already has six of JOT's large ships on time charter
  - 50% of a joint venture that will own eight ships under construction in China, and
  - Technical management contracts for seven non-chemical ships being retained by JOT
- We expect to close on the acquisition by year-end after receiving approvals from competition authorities

# Why did Stolt-Nielsen buy Jo Tankers?

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- Jo Tankers is one of the original “big three” chemical tanker operators including Odfjell and Stolt
- We have always viewed Jo Tankers as a quality company with high standards of operations, as evidenced by the six ships that we have on time charter from Jo Tankers
- Through this transaction, we will satisfy the fleet renewal requirements of both our chemical tanker and parcel tanker fleets, eliminating the need to order more ships for the next four to five years
- Jo Tankers’ existing Europe to Africa trade will expand our trade lane network and strengthen Stolt Tankers’ global service offering to customers
- We will leverage our systems investments over recent years to gain scale at lower incremental costs





# The Value, Financing and the Balance Sheet Impact

- Total Enterprise Value of \$575M is comprised of the following:

	\$ Million
Gross purchase price	575
Estimated remaining JV newbuilding payments (non-consolidated debt)	(145)
<b>Subtotal</b>	<b>430</b>
Assumption of net debt	(156)
<b>Price for equity</b>	<b>274</b>

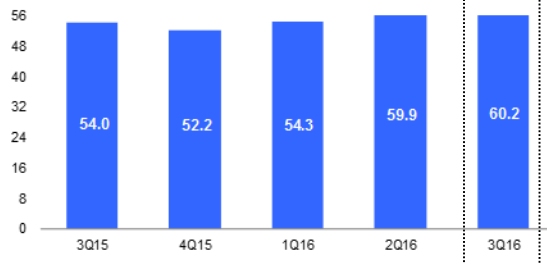
- The Acquisition will be funded with \$125M bank financing and drawdowns on the company's revolving credit facility. In addition the Joint Venture has obtained separate limited recourse financing for the eight newbuildings
- Following closing the SNL Debt to Tangible Net Worth ratio is expected to increase from an estimated 1.26 to 1.53 at year-end 2016, still well within our covenant of 2:1; however, with the incremental cash flow from JOT this ratio is expected to rapidly decrease
- Following closing SNL will have close to \$300M remaining capacity under the revolving credit line at the end of 2016
- Expected EBITDA contribution from JOT, including the JV basis the equity method, is \$60M, rising to \$80M by 2018 once all the newbuildings have been delivered. Basis the consolidated method, the EBITDA would be \$66M, rising to \$92M by 2018



# Stolthaven Terminals

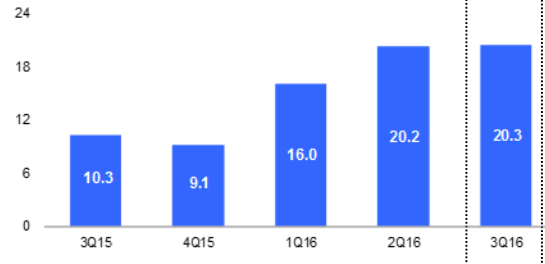
\$US Millions

## REVENUE



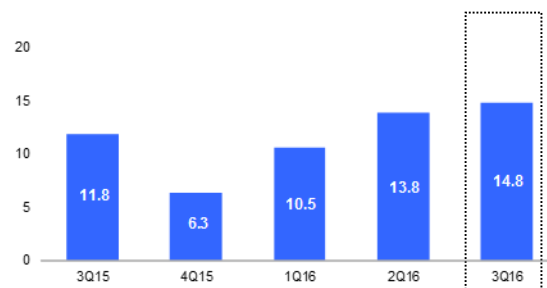
\$US Millions

## GROSS PROFIT



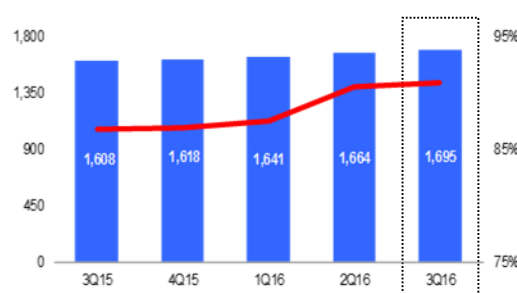
\$US Millions

## OPERATING PROFIT<sup>a)</sup>



Thousand cubic metres - (owned terminals)

## AVERAGE CAPACITY - UTILISATION

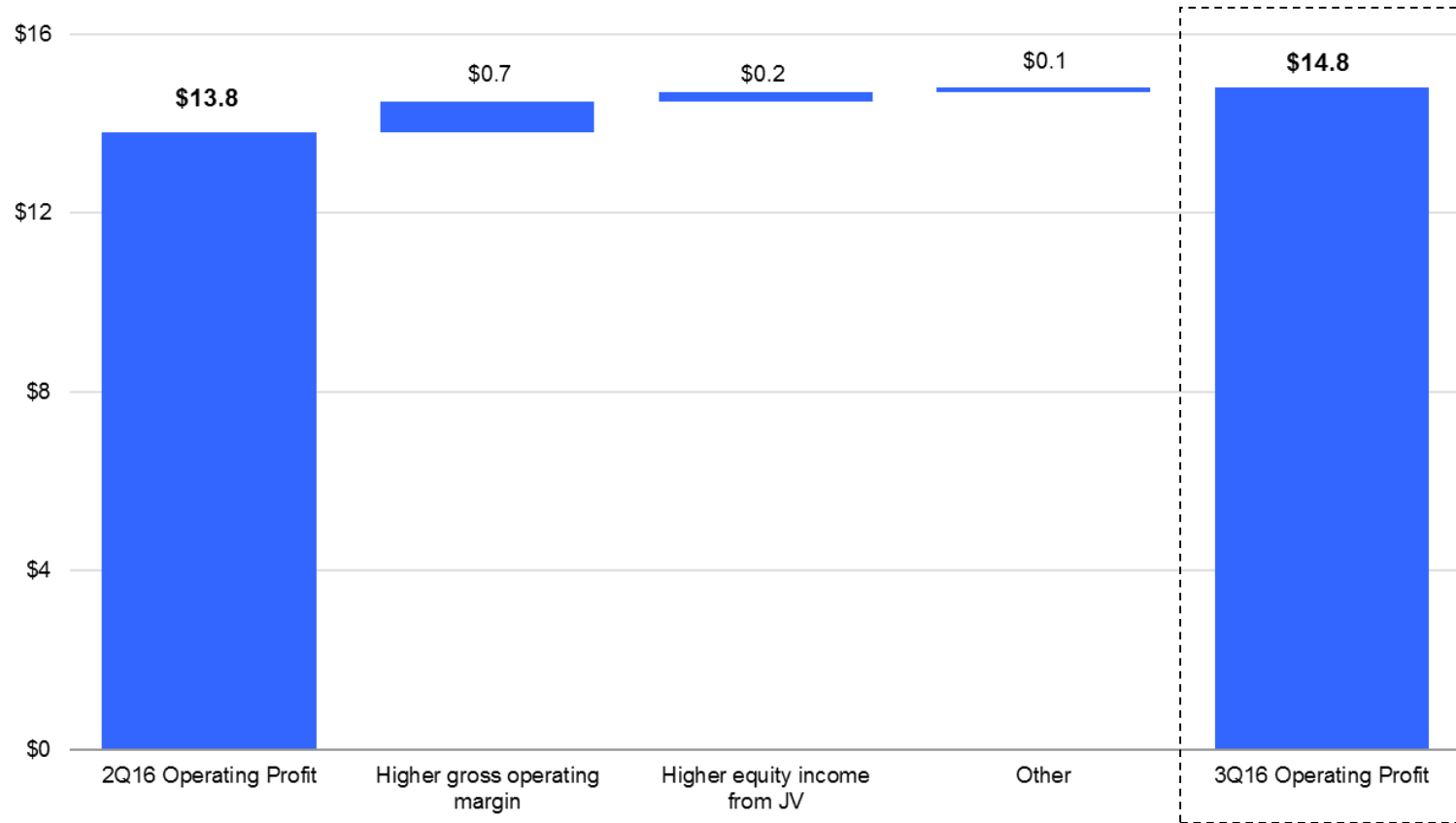


- Revenue increased marginally due to higher throughput and increased capacity
- Overall utilisation marginally increased to 90.9%, up from 90.5%
- Cost savings initiatives are slowly starting to have an impact (cost per cubic metre)

a) 3Q15 excludes \$4.3M from impairment of goodwill and \$1.1M accelerated depreciation, both in Australasia; 4Q15 excludes \$3.7M charges from one-off events

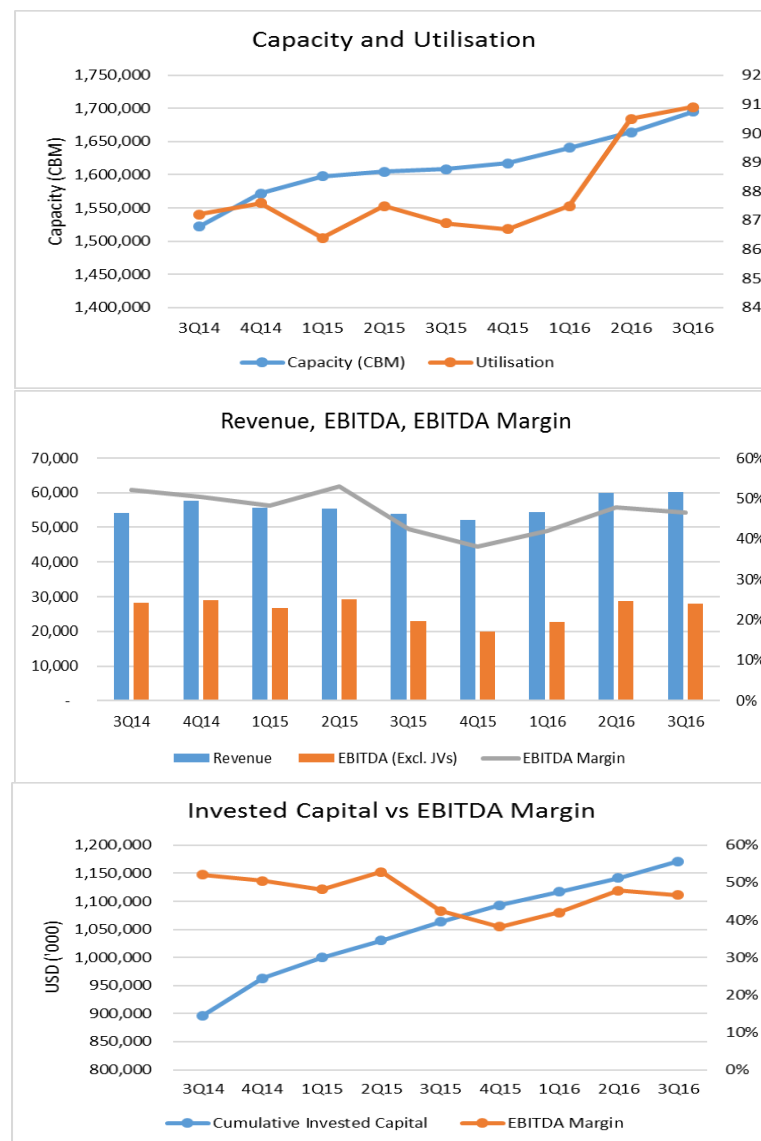
# Terminals: 2Q16 to 3Q16 Operating Profit Variance

Figures in USD Millions



# Stolthaven Owned Terminals

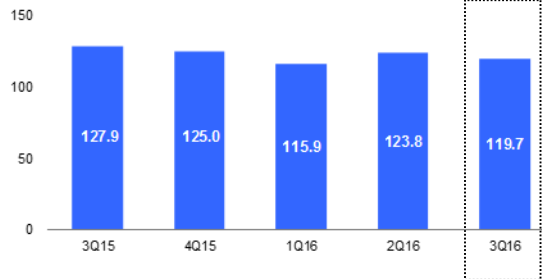
- Added capacity of 5,000 cbm at Dagenham in 3Q16 and 60,200 cbm to be added in the next 12 months in Singapore, Moerdijk and Dagenham
- Average leased capacity improved at almost all owned terminals; biggest improvement in New Orleans and Newcastle, Australia
- Stolthaven Houston continues its business optimisation programme
- Focus on the ship-to-shore interface to reduce ships' time spent in ports with continued progress in Houston basis waiting time and tonnes per hour (year-on-year)
- Significant expansion opportunities at several terminals (owned and JV) under discussion
- The full impact of all the actions is expected from late 2017 onwards



# Stolt Tank Containers

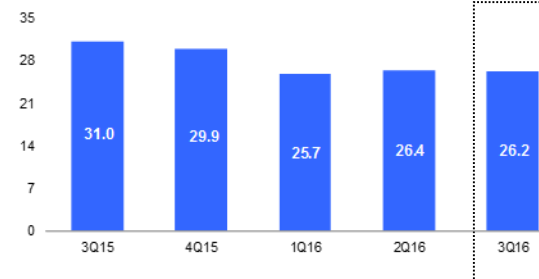
\$US Millions

## REVENUE



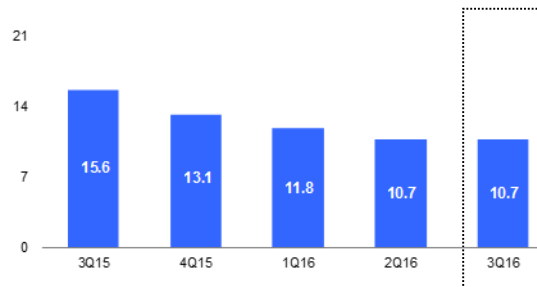
\$US Millions

## GROSS PROFIT

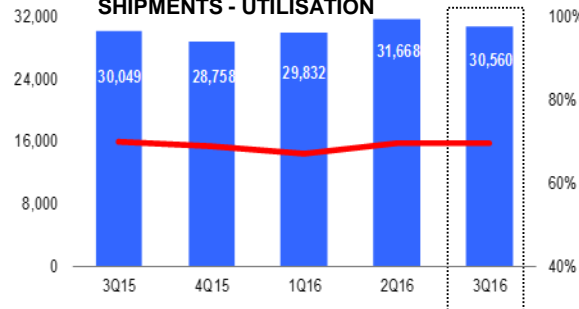


\$US Millions

## OPERATING PROFIT



## SHIPMENTS - UTILISATION

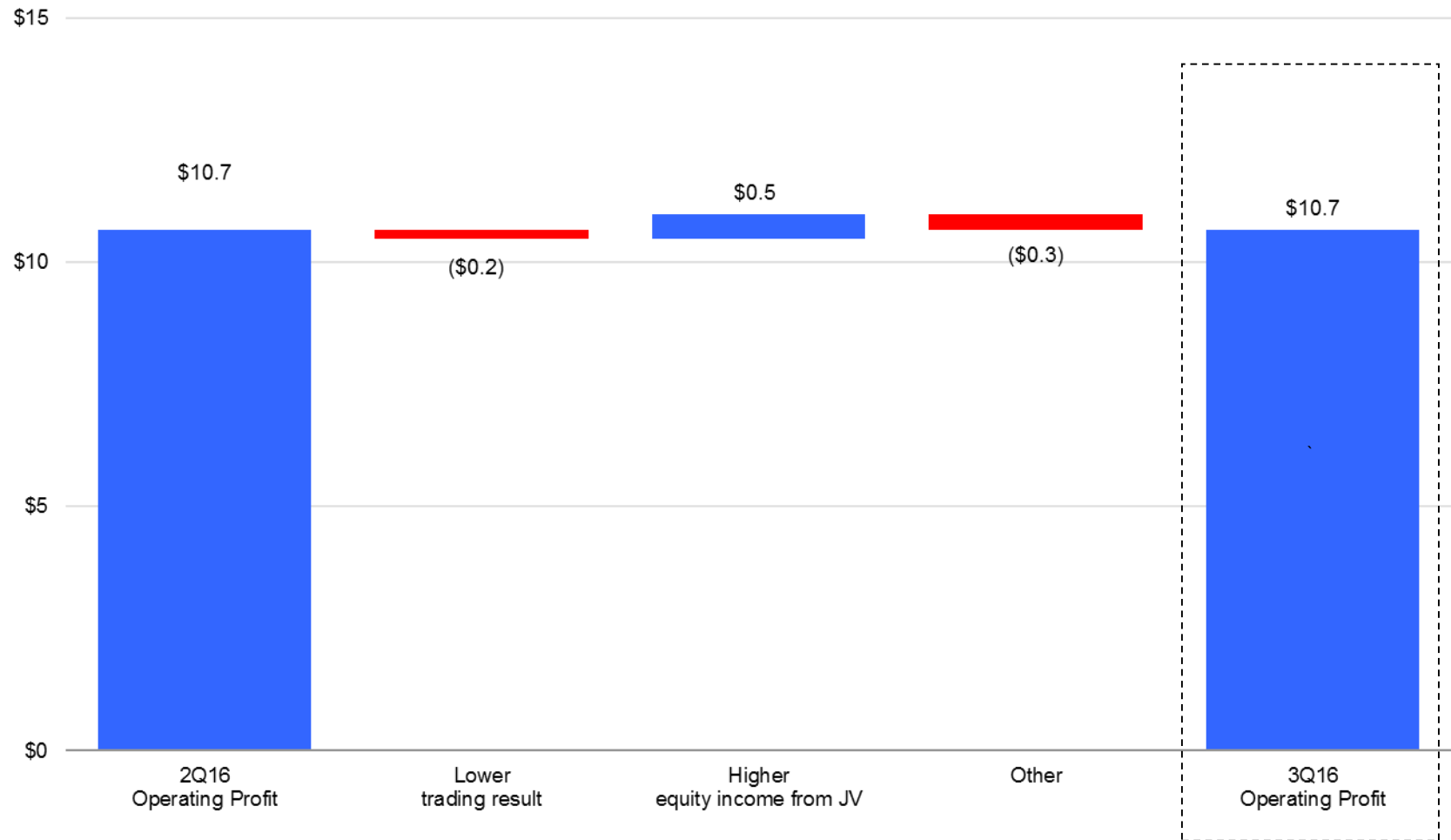


- Revenue down 3.4% due to fewer shipments
- Operating profit unchanged from previous quarter, as marginally lower trading result was offset by gains in joint ventures



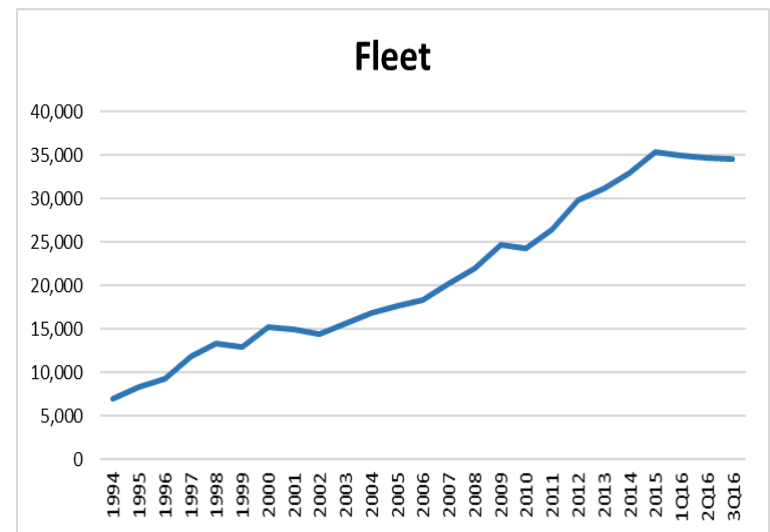
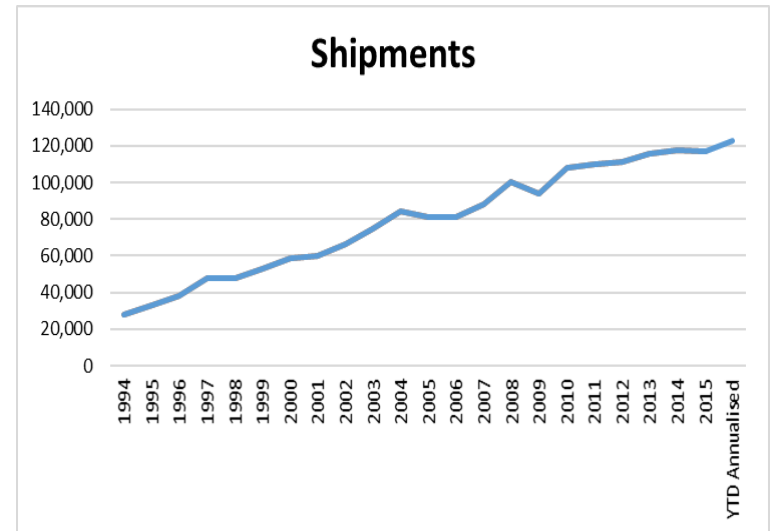
# STC: 2Q16 to 3Q16 Operating Profit Variance

Figures in USD Millions



# Stolt Tank Containers Market Situation

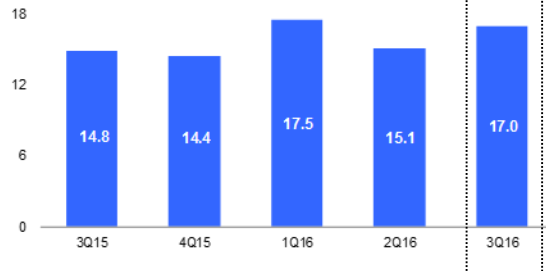
- Continued strong competition from new operators and availability of low-cost new tanks from China are putting pressure on rates and margins
- We continue to take an aggressive view on pricing to drive utilisation up and increase turns per tank
- Our newbuilding order is complete; off-hiring older and more expensive leased tanks and scrapping older owned tanks has resulted in a slight fleet reduction
- We will continue to develop our depot network in strategic locations in order to support global operations
- We believe the margin deterioration is bottoming out



# Stolt Sea Farm

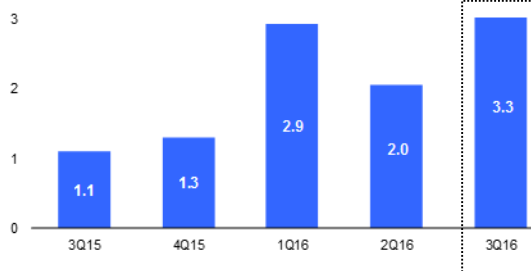
\$US Millions

## REVENUE



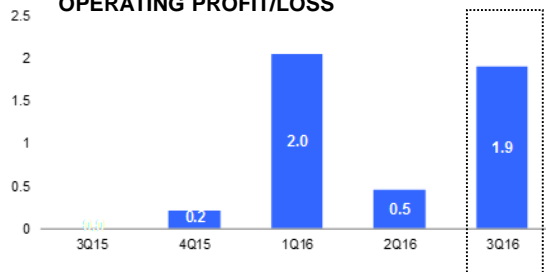
\$US Millions

## GROSS PROFIT (before IFRS adjustment)



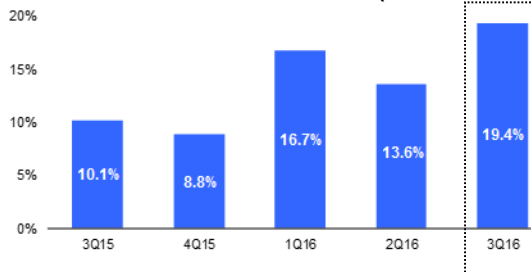
\$US Millions

## OPERATING PROFIT/LOSS<sup>a)</sup>



%

## GROSS OPERATING MARGIN (before IFRS adj)



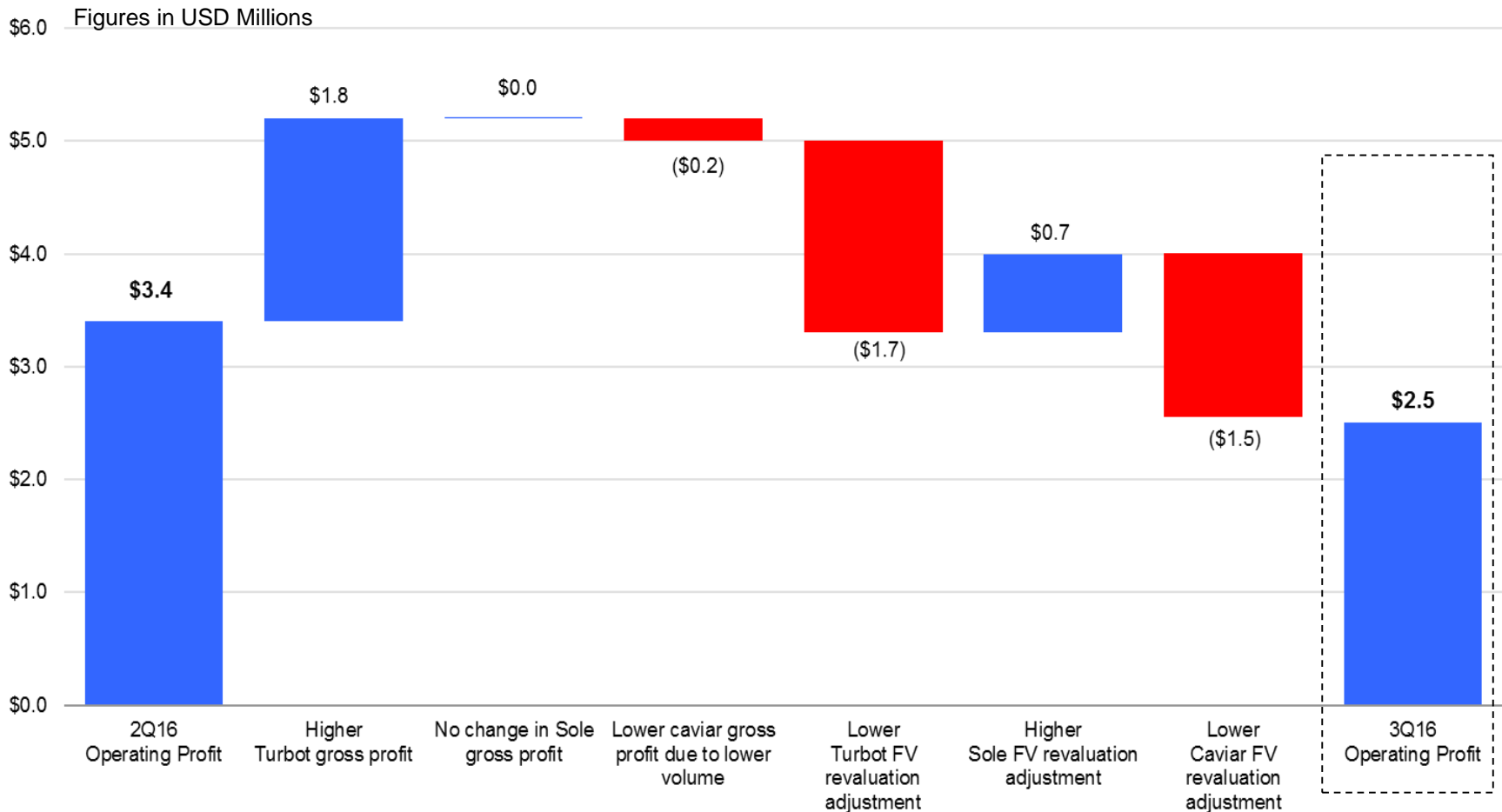
Iceland Farm

- A better supply balance allowed for higher turbot prices and increased volume
- Average sole price improved marginally and volume was up 16% compared with previous quarter, but growth still not at target level
- Caviar prices increased during the quarter, but volume was down
- FV adjustment of inventory at a gain of \$0.6M compared with a gain of \$3.0M in 2Q16

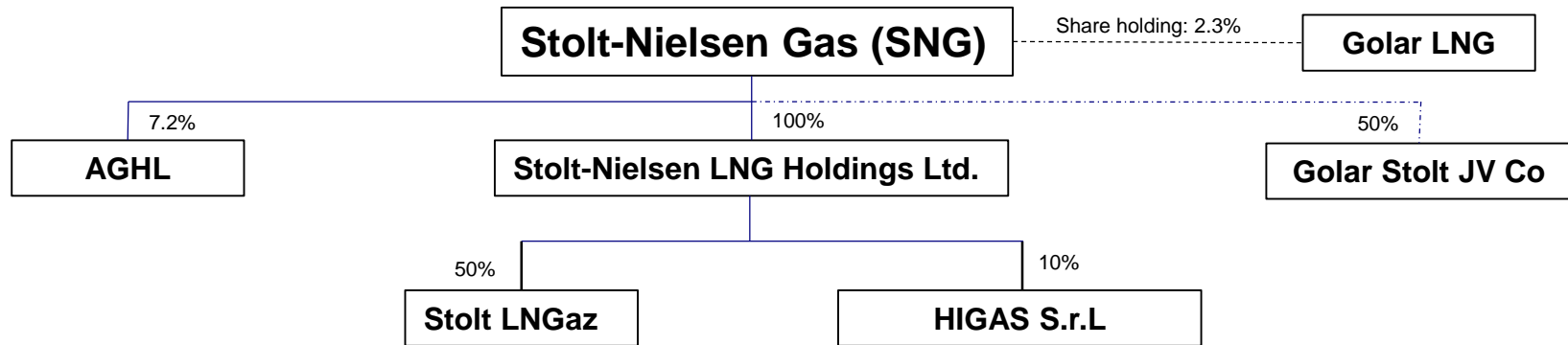
a) Excludes the accounting for inventories at fair value



# SSF: 2Q16 to 3Q16 Operating Profit Variance



# Stolt-Nielsen Gas



## LNG Strategy:



# Financials

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# Net Profit

Figures in USD Millions

	Quarter			Nine Months	
	<u>3Q16</u>	<u>2Q16</u>	<u>3Q15</u>	<u>2016</u>	<u>2015</u>
<b>Operating Profit (before one offs)</b>	\$57.7	\$73.4	\$67.0	\$194.6	\$188.9
Tanker accelerated depreciation	(3.1)	(3.7)	-	(13.7)	-
(Loss)/ gain on sale of assets	(2.0)	(0.4)	-	0.1	(1.5)
Australasia one-offs	-	-	(5.4)	-	(6.5)
Restructuring expenses	-	-	(1.8)	-	(1.1)
US pension plan gain	-	-	-	-	19.8
Gains on AGHL transactions	-	-	-	-	3.0
Other	-	-	-	(1.3)	-
<b>Operating Profit (as reported)</b>	<b>\$52.6</b>	\$69.3	\$59.8	\$179.7	\$202.6
Net Interest Expense	(24.6)	(26.3)	(26.3)	(77.0)	(75.1)
FX (Loss)/ gain, net	(1.4)	(1.4)	(1.6)	(2.7)	(0.7)
Income Tax	(4.6)	(4.1)	(2.7)	(11.8)	(15.9)
Other	0.2	0.4	1.1	2.3	1.1
<b>Net Profit</b>	<b>\$22.1</b>	\$38.0	\$30.3	\$90.5	\$112.0
 <b>EBITDA</b>	 <b>\$110.9</b>	\$123.6	\$122.8	\$349.5	\$344.4

a) EBITDA before fair value of biological assets, insurance reimbursements and other one-time, non-cash items



# Balance Sheet

Figures in USD Millions

	<u><b>Aug.31.16</b></u>
Cash and cash equivalents	\$75
Receivables	204
Other current assets	147
<b>Total current assets</b>	<b>426</b>
Property, Plant and Equipment, deposits	2,810
Investment in and advances to JV and associates	492
Other non-current assets	209
<b>Total non-current assets</b>	<b>3,511</b>
<b>Total assets</b>	<b>\$3,937</b>
ST bank loans	45
Current mat. of LT debt and fin. leases	117
Accounts payable and accruals	283
Other current liabilities	52
<b>Total current liabilities</b>	<b>497</b>
LT debt and finance leases	1,736
Other non-current liabilities	300
<b>Total non-current liabilities</b>	<b>2,036</b>
<b>Total liabilities</b>	<b>\$2,533</b>
<b>Shareholders equity</b>	<b>\$1,404</b>
<b>Total liabilities and SH equity</b>	<b>\$3,937</b>

Figures in USD Millions (Except ratios)

At the end of:

	<u><b>Aug 2016</b></u>
Debt	<b>\$1,898</b>
Tangible Net Worth (TNW)	<b>\$1,590</b>
Debt:TNW	<b>1.19:1</b>
EBITDA / Interest expense	<b>4.52:1</b>
Cash	<b>\$75</b>
Unused committed available credit lines	<b>\$352</b>

- 76.5% fixed / 23.5% variable interest rate at August 31, 2016
- Average interest rate of 4.57% at August 31, 2016
- 4Q16 interest expense expected to be approximately \$22M

## Liquidity position since August 31, 2016:

	<u><b>\$ Million</b></u>
Cash and available credit line at 3Q16	427
Drawdown on revolver for JOT acquisition	(149)
Unfunded capex	(69)
Expected operating cash flow for 4Q16	83
<b>Cash and available credit line at 4Q16</b>	<b>292</b>



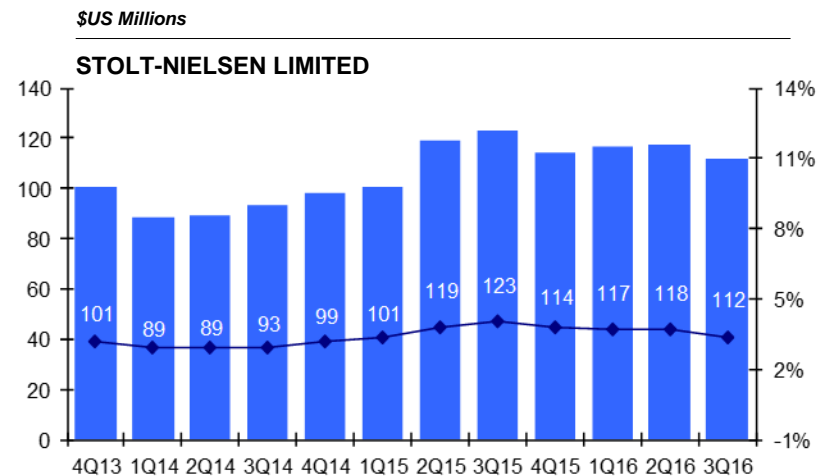
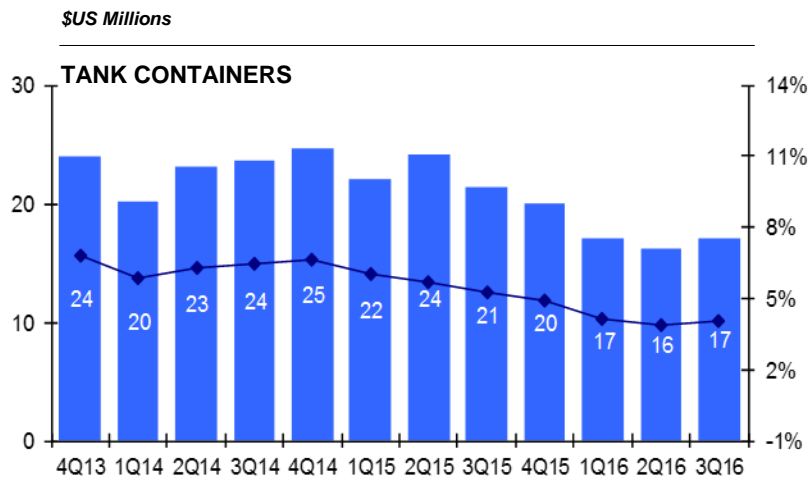
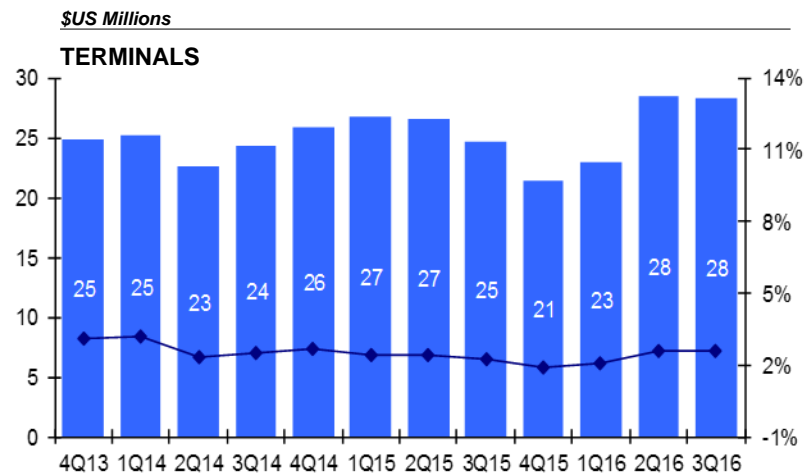
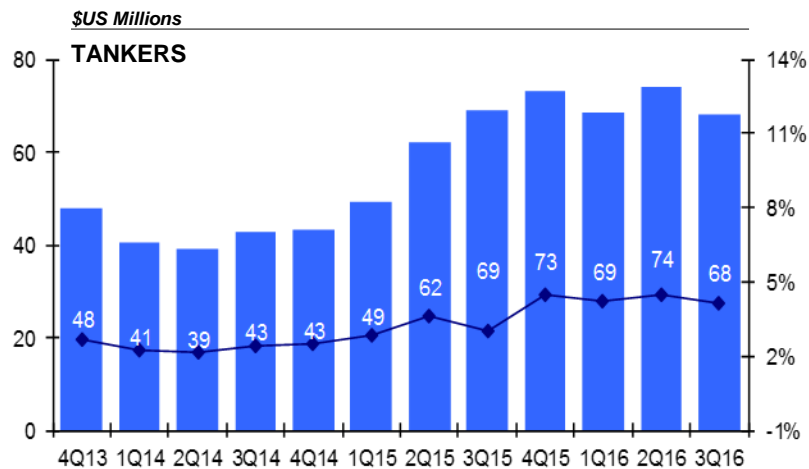
# Cash Flow

Figures in USD Millions

	<b>Quarter</b>		<b>Nine months</b>
	<b><u>3Q16</u></b>	<b><u>2Q16</u></b>	<b><u>2016</u></b>
<b>Net income</b>	<b>\$22</b>	\$38	\$90
Depreciation, amortisation and non-cash items	55	42	143
Changes in working capital	6	(9)	(5)
Other receipts, net	7	11	19
<b>Net cash generated by operating activities</b>	<b>\$90</b>	<b>\$82</b>	<b>\$248</b>
Capital expenditures and intangible assets	(101)	(44)	(197)
Amounts from advances to affiliates	4	(0)	8
Sale of assets	8	9	25
Newbuilding deposits	(7)	(7)	(35)
Investments and advances to JV and associates	(6)	0	(6)
Other	(1)	(0)	(1)
<b>Net cash used in investing activities</b>	<b>(104)</b>	<b>(\$43)</b>	<b>(\$205)</b>
Increase/(decrease) in short-term bank loans	45	(23)	45
Proceeds from issuance of long term debt	243	206	463
Purchase of treasury shares	0	(2)	(2)
Repayment of long-term debt	(352)	(104)	(497)
Dividend and other	0	(27)	(55)
<b>Net cash (used in) provided by financing act.</b>	<b>(64)</b>	<b>\$50</b>	<b>(\$45)</b>
<b>Total Cash Flow</b>	<b>(\$77)</b>	<b>\$89</b>	<b>(\$2)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>\$152</b>	<b>\$63</b>	<b>\$78</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$75</b>	<b>\$152</b>	<b>\$75</b>



# EBITDA



EBITDA

Quarterly EBITDA as a % to NAB

EBITDA before fair value of biological assets, insurance reimbursements and other one-time, non-cash items, unrealised bunker hedge result in 2016

# Administrative and General Expenses

Figures in USD Millions

	Quarter			Nine Months		Updated Quarterly Guidance
	<u>3Q16</u>	<u>2Q16</u>	<u>3Q15</u>	<u>2016</u>	<u>2015</u>	
Stolt Tankers	<b>\$19.3</b>	\$19.8	\$21.4	<b>\$58.7</b>	\$62.2	\$20.0
Stolthaven Terminals	<b>11.1</b>	11.6	10.7	<b>32.8</b>	31.9	11.5
Stolt Tank Containers	<b>16.0</b>	15.9	15.6	<b>46.9</b>	44.1	16.0
Stolt Sea Farm	<b>1.3</b>	1.5	1.0	<b>3.9</b>	3.1	1.6
<u>SNL Corporate</u>						
Restructuring	-	-	1.7	-	2.5	-
SNL Corporate and Other	<b>0.5</b>	0.8	(0.7)	-	0.5	0.8
US pension curtailment	-	-	-	-	(19.8)	-
Profit Sharing / LTIP	<b>4.5</b>	2.6	2.3	<b>11.3</b>	9.1	3.5
<b>Total</b>	<b>\$52.7</b>	\$52.3	\$52.1	<b>\$153.6</b>	\$133.7	\$53.4





# Depreciation and Amortisation

Figures in USD Millions

	Quarter			Nine Months		Updated Quarterly Guidance
	<u>3Q16</u>	<u>2Q16</u>	<u>3Q15</u>	<u>2016</u>	<u>2015</u>	
Stolt Tankers	<b>\$34.7</b>	\$35.3	\$31.7	<b>\$108.0</b>	\$94.5	\$36.0
Stolthaven Terminals	<b>14.4</b>	14.0	18.2	<b>41.9</b>	42.0	14.5
Stolt Tank Containers	<b>6.0</b>	6.0	5.7	<b>17.8</b>	16.4	7.1
Stolt Sea Farm	<b>1.5</b>	1.2	1.8	<b>4.2</b>	3.8	1.5
SNL Corporate	<b>1.4</b>	1.5	1.4	<b>4.2</b>	4.1	1.5
<b>Total</b>	<b>\$58.1</b>	\$57.9	\$58.9	<b>\$176.0</b>	\$160.9	\$60.6



# Share of Profit of JVs and Taxes

Figures in USD Millions

## Share of Profit of JVs

	Quarter			Nine Months		Updated Quarterly Guidance
	<u>3Q16</u>	<u>2Q16</u>	<u>3Q15</u>	<u>2016</u>	<u>2015</u>	
Stolt Tankers	\$3.5	\$4.0	\$4.1	\$10.9	\$10.4	\$2.5
Stolthaven Terminals	5.5	5.3	6.7	15.3	20.0	5.5
Tank Containers	0.5	0.0	0.2	1.2	0.6	0.3
Corporate and Other	(0.8)	(0.5)	3.8	0.7	8.8	(0.8)
	<b>\$8.6</b>	<b>\$8.8</b>	<b>\$14.7</b>	<b>\$28.1</b>	<b>\$39.8</b>	<b>\$7.5</b>

## Taxes

	Quarter			Nine Months	
	<u>3Q16</u>	<u>2Q16</u>	<u>3Q15</u>	<u>2016</u>	<u>2015</u>
Tankers, Terminals and T. Containers	\$2.8	\$1.8	\$1.3	\$5.7	\$9.3
Stolt Sea Farm	0.8	1.0	(0.7)	3.1	1.4
SNL Corporate	1.0	1.3	2.1	3.0	5.2
<b>Total Taxes</b>	<b>\$4.6</b>	<b>4.1</b>	<b>\$2.7</b>	<b>\$11.8</b>	<b>\$15.9</b>



# Capital Expenditures Programme

Figures in USD Millions

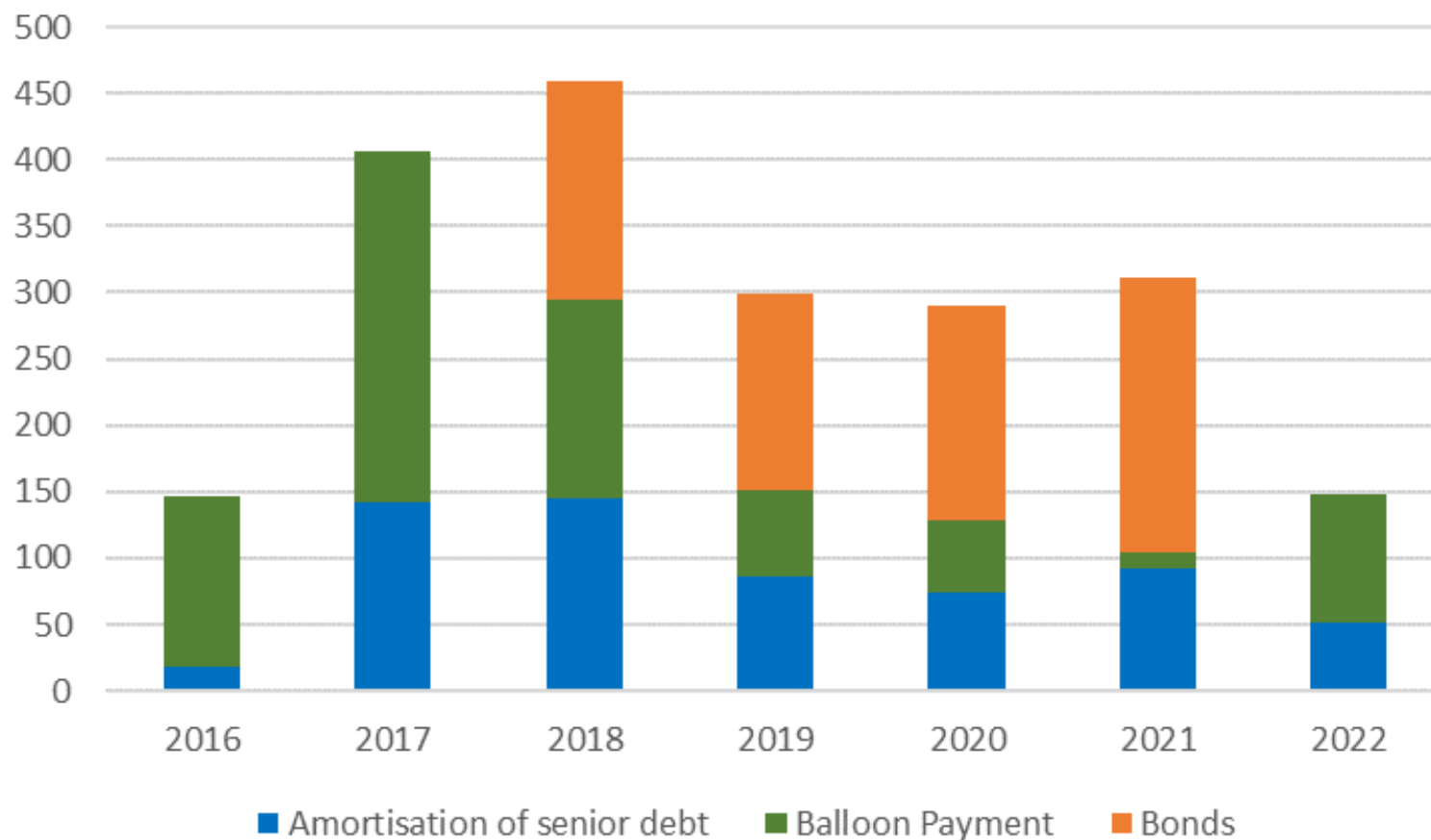
	Actual	Projections					Total
	<u>YTD 3Q16</u>	<u>4Q16</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	
Stolt Tankers	\$106	\$124	\$177	\$18	\$14	\$7	\$340
Jo Tankers	-	428	-	-	-	-	\$428
Stolthaven Terminals	78	37	138	63	29	32	299
Stolt Tank Containers	31	8	14	-	-	-	22
Stolt Sea Farm	3	2	5	17	10	4	38
Stolt Bitumen Services	0	0	-	-	-	-	0
SNL Other	8	39	-	-	-	-	39
<b>Total</b>	<b>\$226</b>	<b>\$638</b>	<b>\$333</b>	<b>\$98</b>	<b>\$53</b>	<b>\$43</b>	<b>\$1,166</b>

- Capital Expenditures Programme includes business acquisitions, newbuilding deposits and does not include capitalised interest
- Capital Expenditures Programme is under review with the aim to cancel or delay projects



# Debt Maturity Profile

Figures in USD Millions



## Notes:

1. 2016 includes only the remaining of the year
2. \$45M drawdown under revolver as at 3Q16 quarter end
3. Balloon payment of \$128.6M maturing in 2018 will be paid in November 2016 as we are refinancing our RCF
4. Includes the financing arranged in relation with Jo Tankers acquisition



# Key Takeaways

- 3Q16 net profit of \$22.1M and EBITDA of \$111.4M
- 3Q16 annualised EPS of \$1.98; \*P/E ratio of 6.87; \*P/NAV of 0.53
- Current dividend yield of 7% basis \$1 per share and a share price of NOK 109
- Good liquidity position with approximately \$430M available as of end of August through our revolving credit line and cash on hand; capex is partly funded
- Good performance in tankers; steady tank container results in a competitive market; a turnaround at Stolthaven Terminals has begun but will take time
- Our entry into the LNG space will leverage our experience in chemical logistics, targeting small scale LNG demand

\*Share price of SNL is as of Oct.05.16 of NOK 109/share





For more information please visit our website:  
[www.stolt-nielsen.com](http://www.stolt-nielsen.com)