



## Stolt-Nielsen Limited Second-Quarter 2019 Results

**Niels G. Stolt-Nielsen** - *Chief Executive Officer*

**Jens F. Grüner-Hegge** - *Chief Financial Officer*

July 3, 2019

**Stolt-Nielsen** 

# Forward-Looking Statements

---

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 are not limited to, the matters described in the section “Principal Risks” (p. 41 et seq.) in the most recent annual report available at [www.stolt-nielsen.com](http://www.stolt-nielsen.com).

# Agenda

- SNL 2Q19 Highlights
  - Stolt Tankers
  - Stolthaven Terminals
  - Stolt Tank Containers
  - Stolt Sea Farm
  - Stolt-Nielsen Gas
- Financials
- Q&A



# Second-Quarter 2019 - Highlights

- **Stolt Tankers** - operating profit of \$12.8m, down from \$14.3m, mainly due to an estimated \$5m impact from the ITC Houston fire.
- **Stolthaven Terminals** - operating profit of \$19.7m, up from \$18.0m, partly due to a \$0.7m gain on the sale of the rail transportation business.
- **Stolt Tank Containers** - operating profit of \$12.6m, down from \$15.7m, as shipment-related operating expenses increased and margins narrowed. Shipments increased by 12.7%.
- **Stolt Sea Farm** - operating profit before the fair-value adjustment of inventories was \$2.0m, up from \$1.0m in the seasonally strong first quarter that included a \$1.7m one-time write-off of inventory.
- **Stolt-Nielsen Gas** - operating loss of \$1.4m up from a loss of \$0.5m in the prior quarter, reflecting SNL's share of development expenses at Avenir LNG Ltd.
- **Corporate and Other** - operating loss of \$2.1m, compared with a loss of \$3.7m in the prior quarter, reflecting lower profit-sharing accruals.

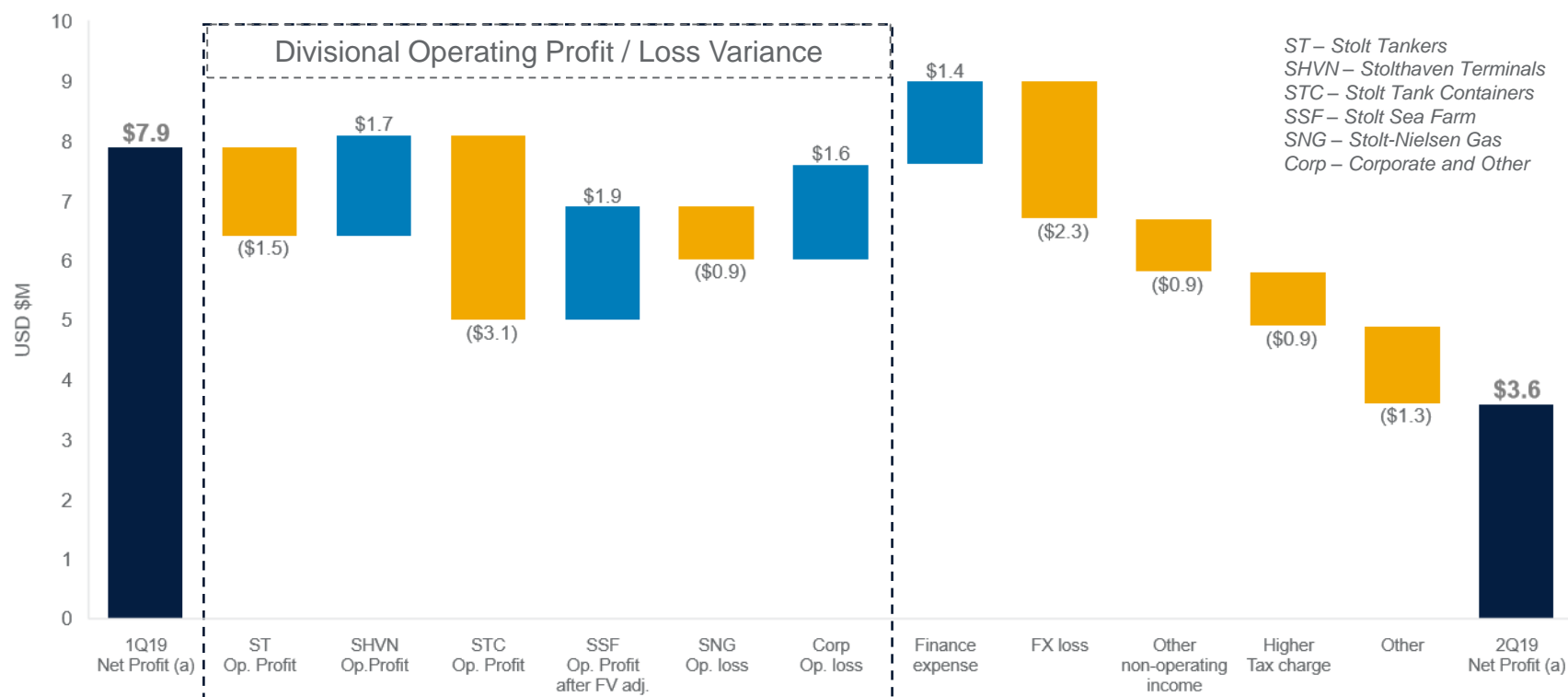
Figures in USD Millions (except per share)	2Q19*	1Q19*	2Q18	First Half	
				2019	2018
Revenue	\$518.9	501.9	541.0	1,021.9	1,056.3
Operating Profit	42.4	42.8	48.5	85.1	103.4
<b>Net Profit (attributable to SNL equity holders)</b>	<b>3.6</b>	<b>7.9</b>	<b>9.5</b>	<b>11.5</b>	<b>48.3</b>
EPS Diluted	0.06	0.13	0.15	0.19	0.78
Weighted average number of shares outstanding diluted**	60.5	60.8	61.6	60.6	61.7

\*Unaudited financials.

\*\*Weighted average number of shares, excludes 7m shares owned by a subsidiary of SNL.



# SNL: 1Q19 to 2Q19 Net Profit Variance



(a) Net profit attributable to equity holders of SNL.

## Notes:

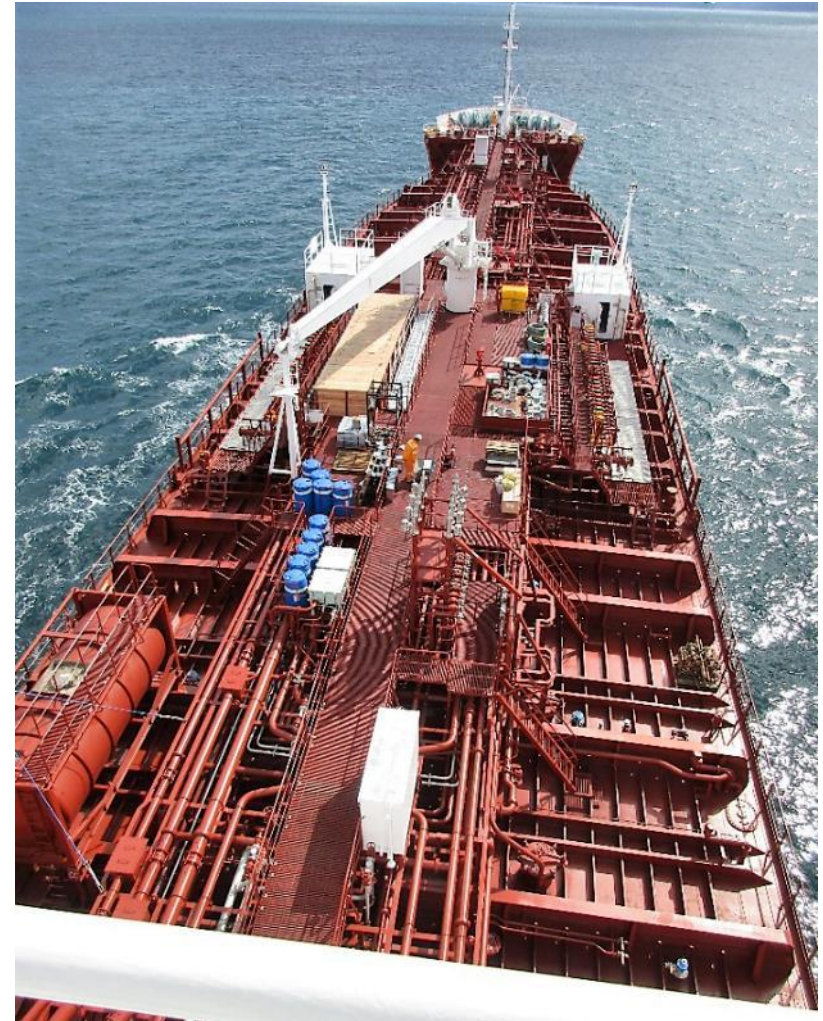
- SSF operating income is after fair value adjustment.
- Lower finance expense due to lower USD interest rates during quarter.
- Higher FX loss includes realised losses on maturity of forwards and swaps and unrealized losses on intercompany loans.



# Stolt Tankers - Highlights



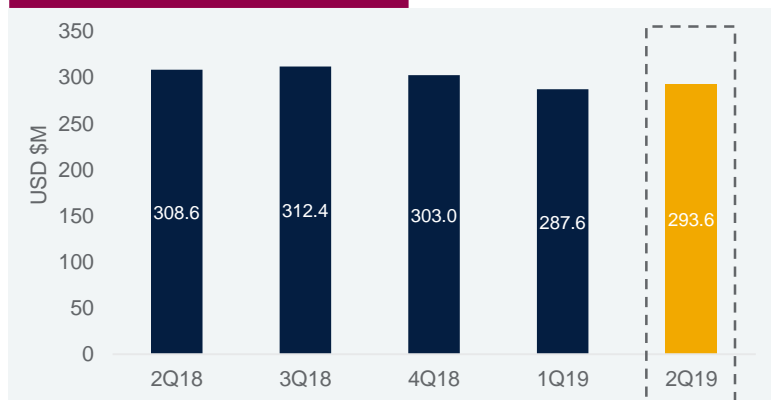
- The fire at the ITC terminal in mid-March had a negative impact on earnings of approximately \$5m.
- 2Q19 revenue increased by 2.1% due to:
  - Increased demurrage of \$2.3m;
  - Higher bunker surcharge of \$1.8m;
  - Deep-sea rates increased marginally but volume was down 3%, compared with previous quarter;
  - Regional fleet revenue increased by 8.4%, mainly driven by a firmer spot market in Europe.
- Bunker cost, net of bunker hedge results, decreased by 1% compared with the previous quarter.
- COA freight rate renewals in the quarter were down 2.5%, compared with a decrease of 0.3% in the previous quarter; but only few contracts were negotiated during the quarter.



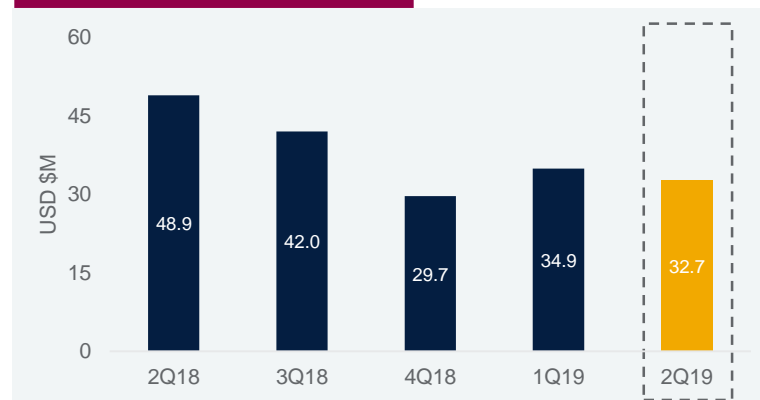
# Challenging Market Conditions



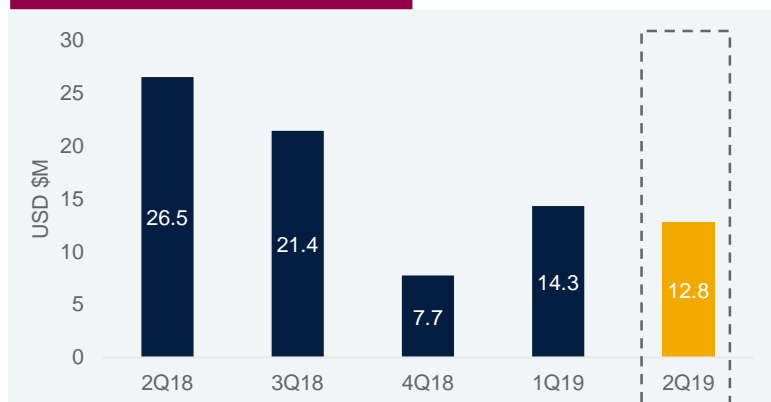
## Revenue



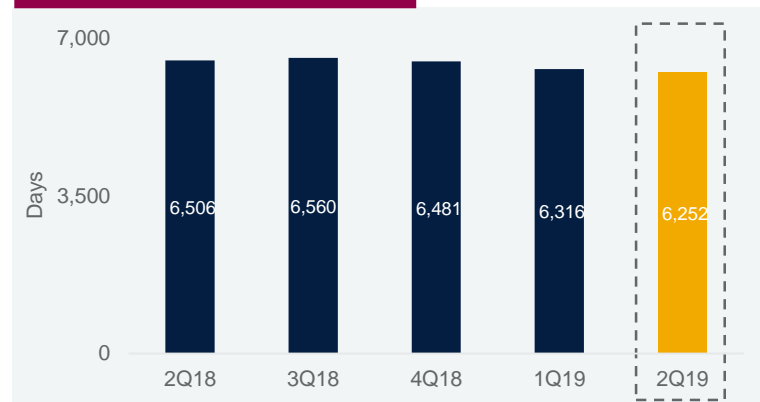
## Gross Profit



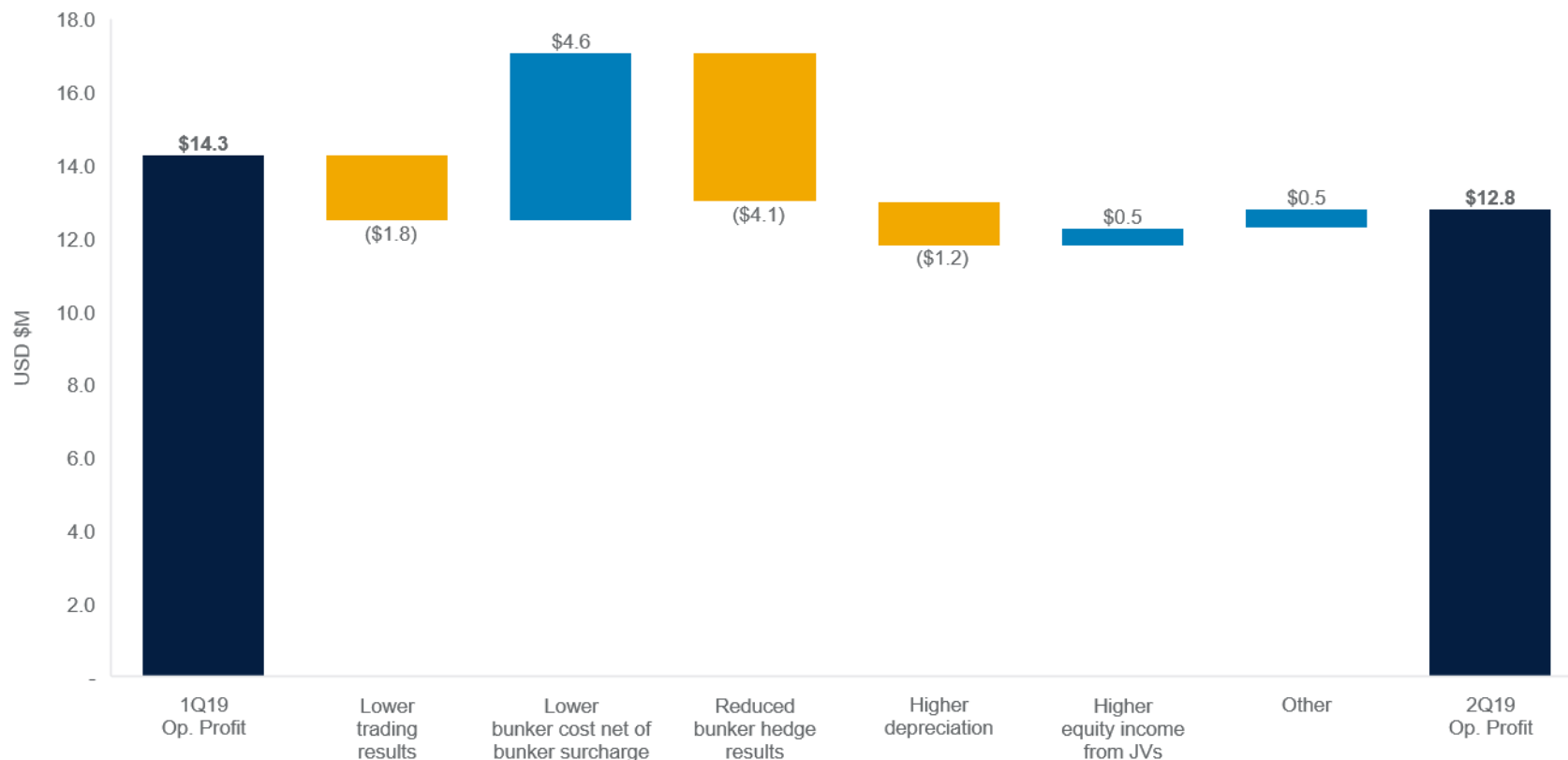
## Operating Profit



## Operating Days



# ST: 1Q19 to 2Q19 Operating Profit Variance

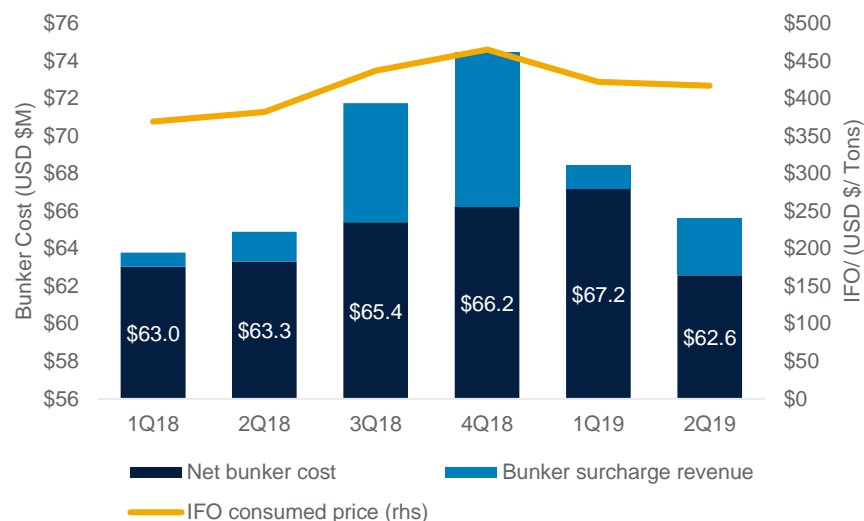


## Notes:

- ITC fire in Houston negatively impacted trading results by approximately \$5m.
- Average bunker price for IFO consumed decreased 1% during the quarter.
- Bunker surcharge revenue increased during the quarter, despite the fall in bunker price, due to timing factor.
- Depreciation increased during 2Q19, mainly due to 2.2% more calendar days.



# Bunker Costs/Hedges



- Average price of IFO consumed decreased to \$417/tonne in 2Q19 from \$422/tonne in 1Q19.
- COA bunker surcharge clauses cover on average 65% of total volume.
- The \$0.7m loss on 2Q19 bunker hedges, compared with a first quarter gain of \$3.4m, reflected lower prices and an increasingly negative forward curve for HFO.

## Bunker Hedge Results

Period	Realised G/(L) USD \$M	Unrealised G/(L) USD \$M	Total Hedge G/(L) USD \$M
FY18	14.4	(8.2)	6.2
1Q19	2.6	0.8	3.4
2Q19	3.1	(3.8)	(0.7)

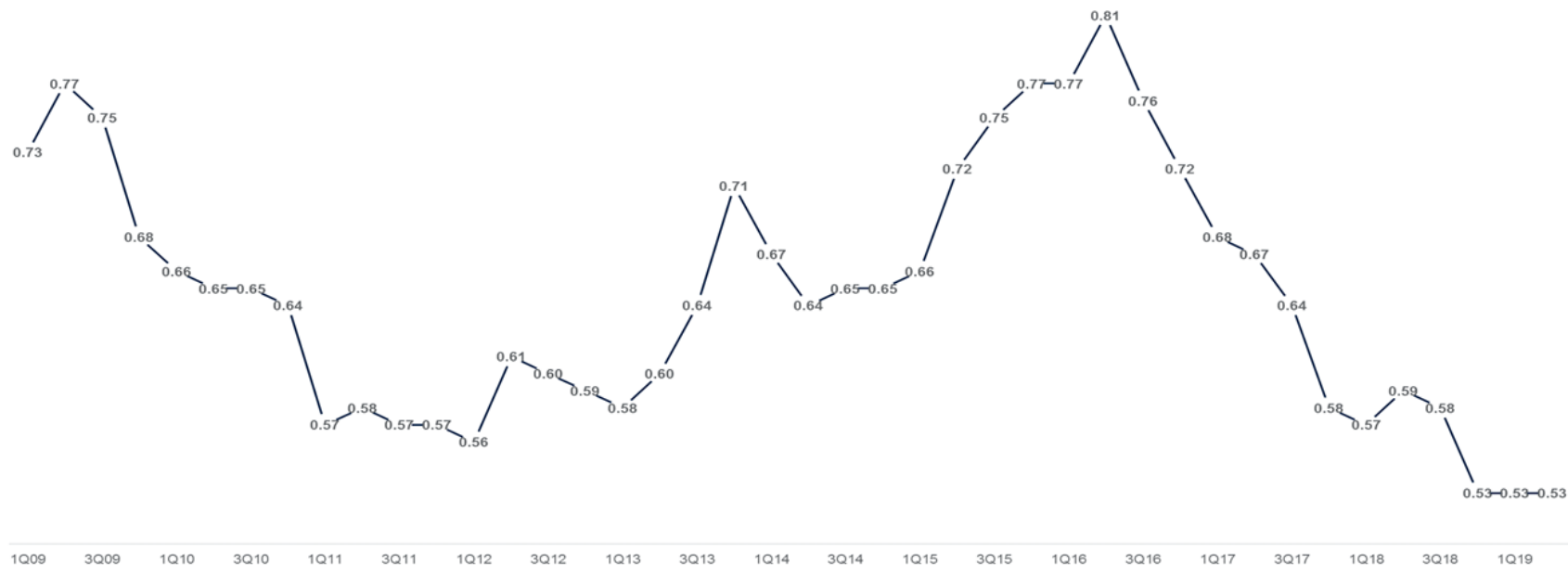
## STJS Bunker Price Sensitivity

	Per ton USD \$	Net Impact on P&L (excl hedges) USD \$M
IFO average price 2Q19	417	0.0
Base price + 5%	438	(\$1.3)
Base price + 10%	459	(\$2.7)
Base price + \$100	517	(\$6.4)

## Future Swaps

Year	Volume MT	Average FMV USD \$
2019	32,000	334.5

# STJS Sailed-in TC Index and Sensitivity



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

Index based on SIR STJS ships + net result outside T/C ships, base is 1Q96 + adjusting for inflation based on US Consumer Price Index (CPI)

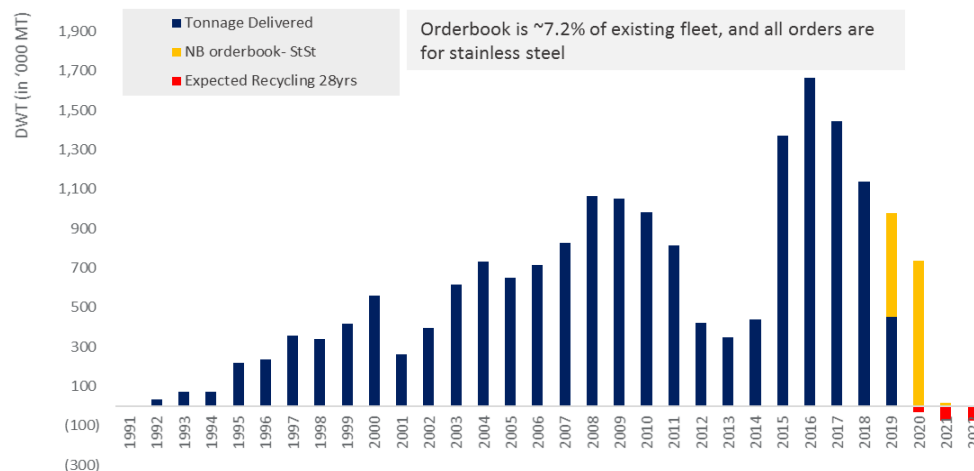
## STJS Index Sensitivity:

USD\$m	Net Impact on P&L per quarter	
<b>Sailed-in T/C Index 2Q19</b>	<b>0.53</b>	<b>0.0</b>
Sailed-in T/C Index + 5%	0.56	5.8
Sailed-in T/C Index + 10%	0.58	9.7
Sailed-in T/C Index + 15%	0.61	15.6

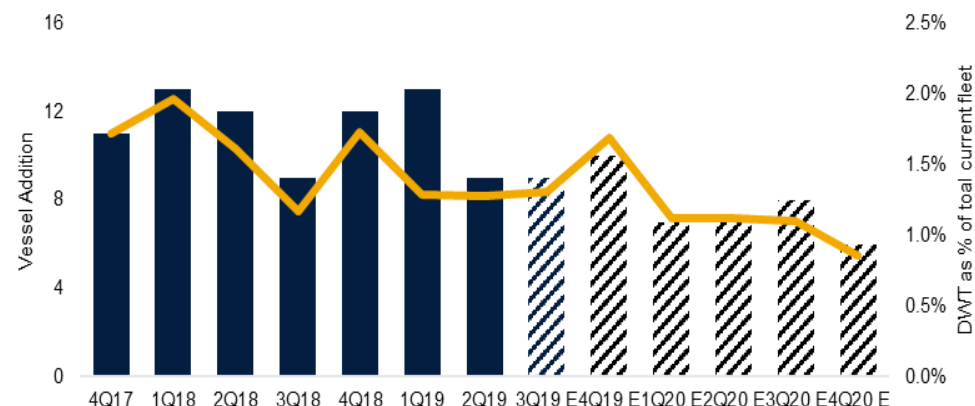
# Chemical Tanker Fleet and Orderbook – 2Q19

- Orderbook of 7.2%.
- Newbuilding deliveries of 1.3m DWT (45 ships) still expected from 3Q19 – 2021.
- 0.8m DWT recycling expected from 2020 – 2025.
- Core chemical deep-sea fleet growth will gradually ease during 2019 and 2020.

## Order Book



## Vessels Addition



Source: Stolt-Nielsen and Drewry, as of June 2019.

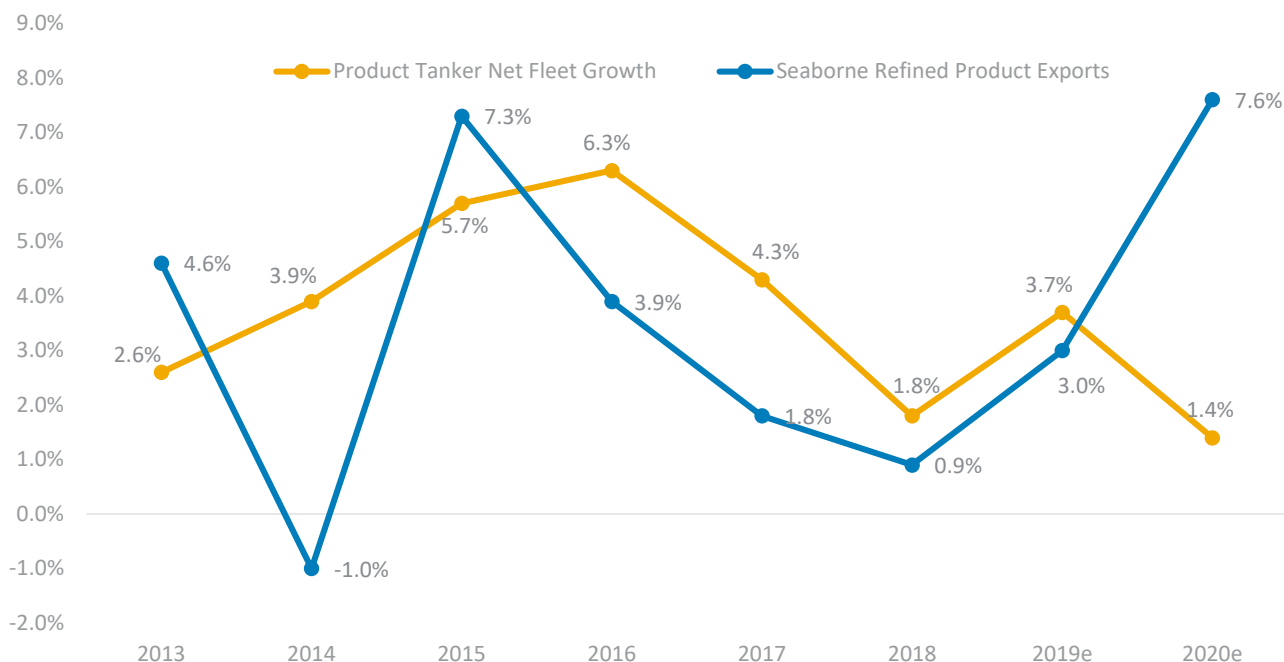
Competitor criteria: i) IMO 2 ships between 15,000 and 50,000 dwt, ii) average segregation size less than 3,000 MT, iii) excludes non-core coated ships.



# Product Tanker Supply/Demand Balance



- Product Tanker supply/demand balance expected to improve substantially in 2020, easing the pressure from swing tonnage on the chemical market.



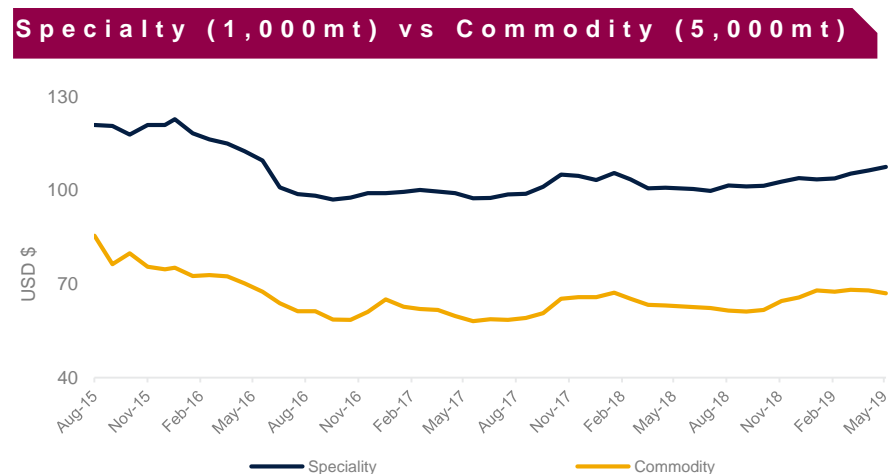
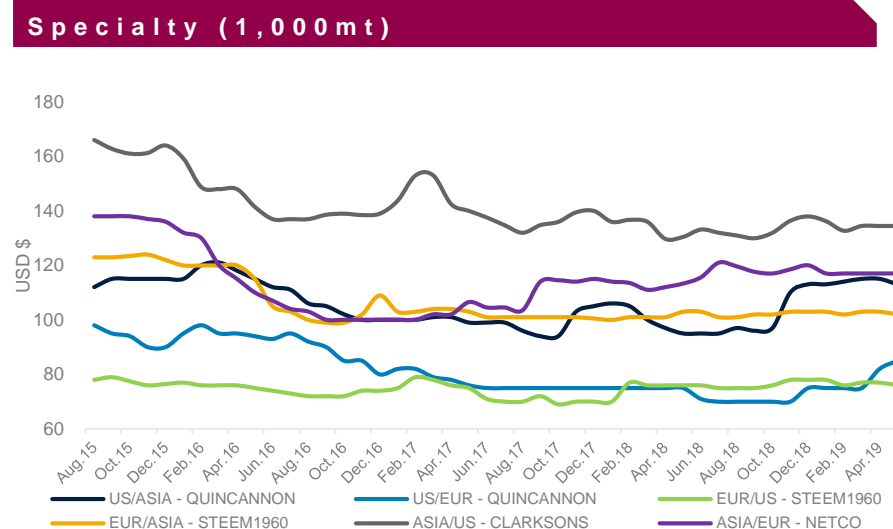
Source: Quincannon Associates, Clarksons Platou, Steem1960, Netco Chartering

- As the net growth of the fleet is slowing, it will be slightly lower than real demand growth, leading to moderately higher fleet utilisation and freight rates.

# Stolt Tankers Market Development



- Our expectations for demand growth remain at 3.5% p.a. based on slowing GDP growth. This estimate is midrange from RLA, Drewry, Clarkson's and Grieg.
- Trade tensions are impacting trade flows between China and the US, but Stolt Tankers overall volumes have remained stable.
- Tonnage oversupply following new-building spike in recent years will take time to absorb.
- However, fleet growth is now at its lowest level since 2014 and still slowing.
- **IMO 2020:** All contracts extending beyond Dec. 31, 2019 have bunker surcharge clauses with pass through of cost to the customers.



Source: Quincannon Associates, Clarkson's Platou, Steem1960, Netco Chartering



# Stolthaven Terminals - Highlights



- Sold the rail transportation business at a gain of \$0.7m.
- Excluding the rail transportation business, revenue was up by \$1m, while expenses increased \$0.3m, resulting in a \$0.7m increase in Gross Operating Margin.
- Equity income from JVs decreased by 5% to \$5.4m due to lower utilisation at our JV Terminal in Antwerp.
- Utilisation for wholly owned terminals decreased to 91.0%, compared with 92.3% from previous quarter, total product handled increased by 3.6%.
- As of end May, SHVN Santos commissioned 6 new tanks with a total 15,900 cbm, a capacity increase of 12%.
- After quarter-end, Stolthaven signed the documentation for the sale of the terminal in Altona in Australia for a gain of approx. \$0.6m. Sale is expected to close in July 2019.

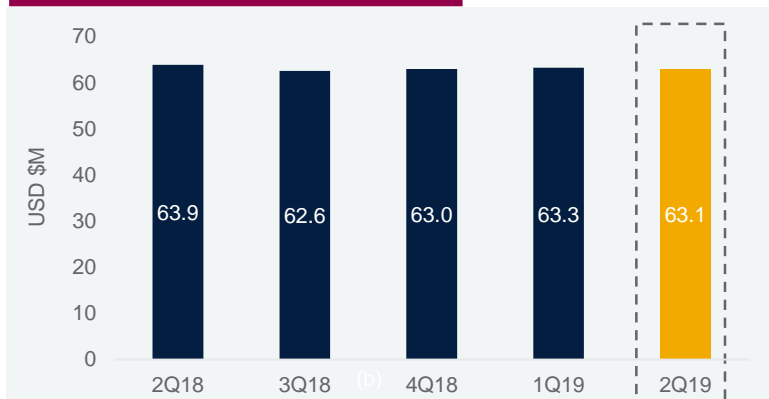


SHVN Santos recently completed the construction of 6 new tanks.

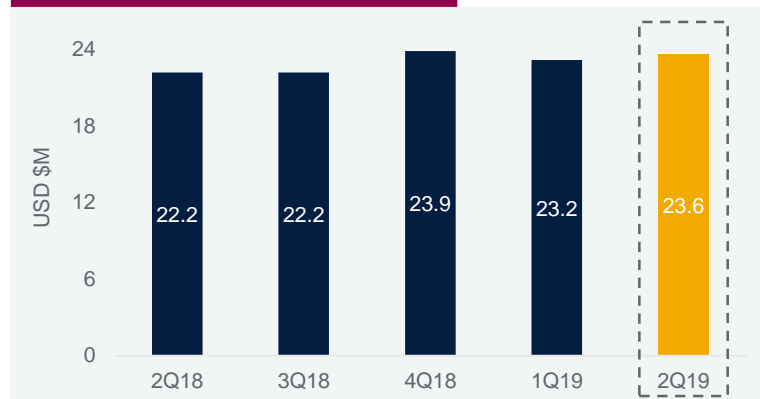
# Steady Performance



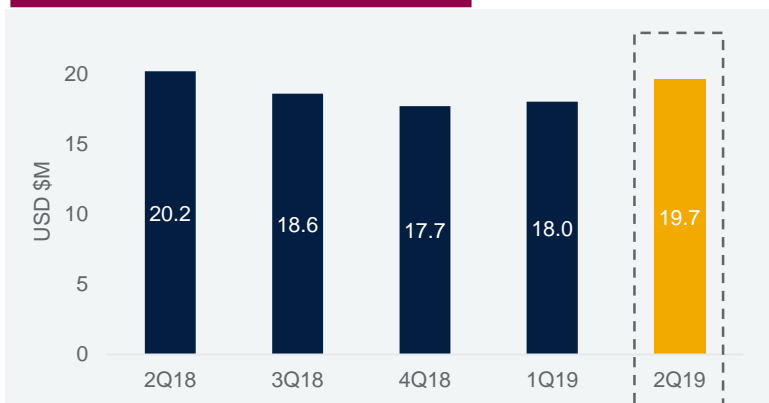
## Revenue



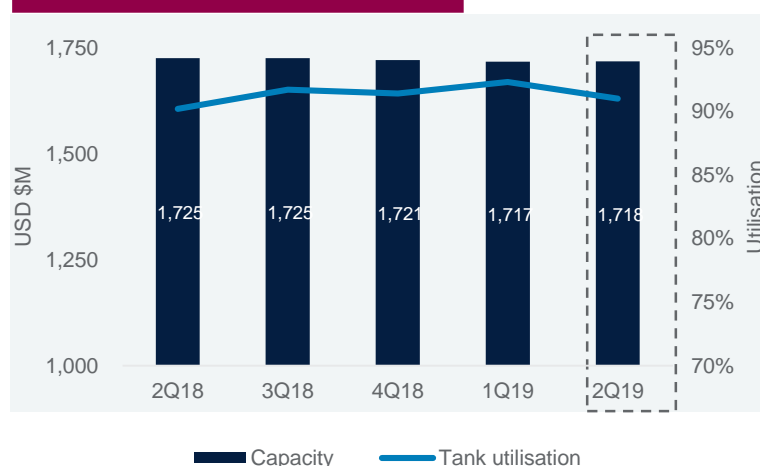
## Gross Profit\*



## Operating profit\*



## Wholly-owned Terminal KPIs

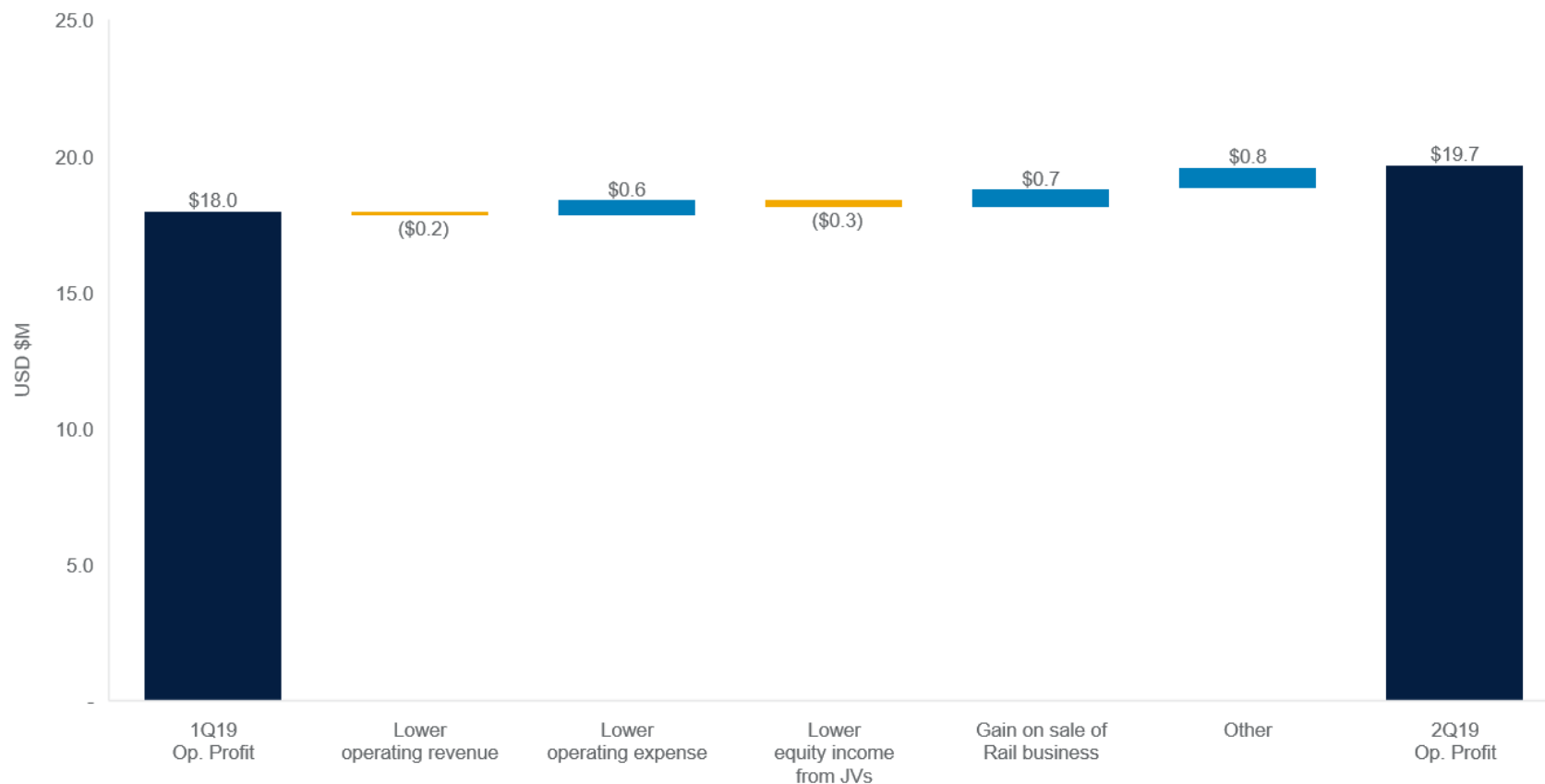


Notes:

\*Excludes \$6.1m impairment of assets in 4Q18.



# Terminals: 1Q19 to 2Q19 Operating Profit Variance



## Notes:

- Excluding the impact of the sale of the rail transportation business, revenue increased by \$1m and operating expense increased by \$0.3m.

# Stolthaven Terminals Market Development

---



- US market remains stable to positive allowing for rate escalation at both Houston and New Orleans; both currently are close to full utilisation.
- Singapore market remains challenging, but currently working on multiple opportunities.
- China market shows the effect of US-Trade sanctions, but also the slower growth in the economy.
- Brazil remains stable with strong demand for chemical and CPP storage. Utilisation at Santos is at 96% in 2Q19.
- New Zealand and Australia are stable for chemicals; working on opportunities to increase utilisation.
- Capacity expansion projects in New Orleans, Mount Maunganui, WestPort and Ulsan remain on schedule.

# Stolt Tank Containers - Highlights



- Revenue increased 12.2% in 2Q19, driven by:
  - 12.7% increase in shipments;
  - Partially offset by pricing pressure and increased competition.
- Increase in operating expenses reflecting higher shipment volumes, higher ocean & inland freight and repositioning expense.
- Transportation margin per shipment decreased by 14.7%.
- Utilisation increased to 68.9%, from 66.3% in the first quarter.
- Utilization continues to recover, with market activity picking up slightly thus far in the third quarter.

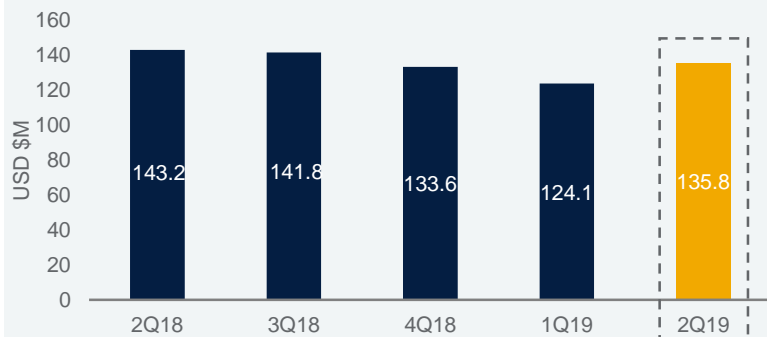




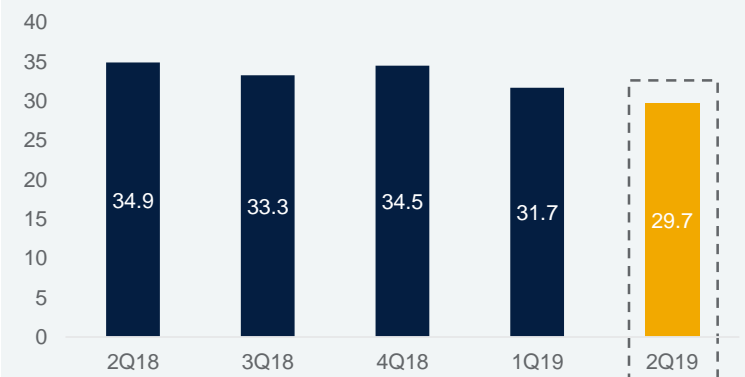
# Higher Volume, but Margin Squeezed



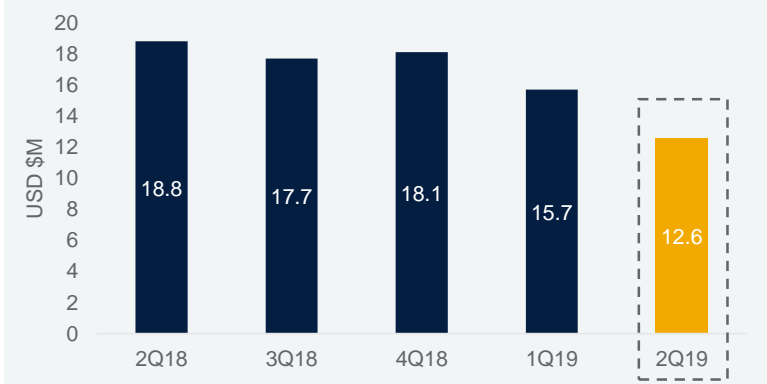
## Revenue



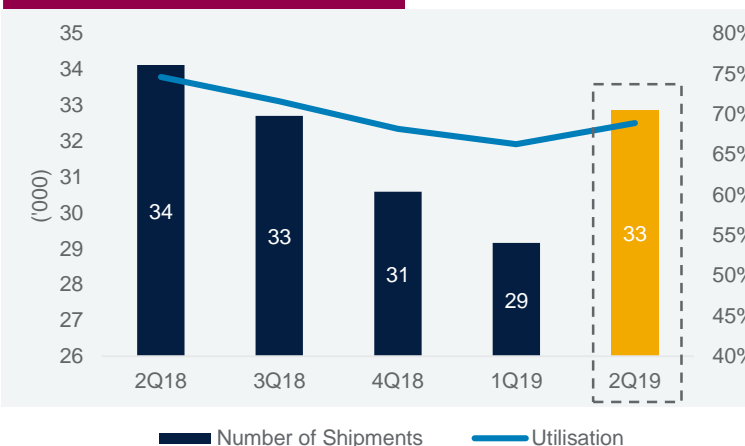
## Gross Profit



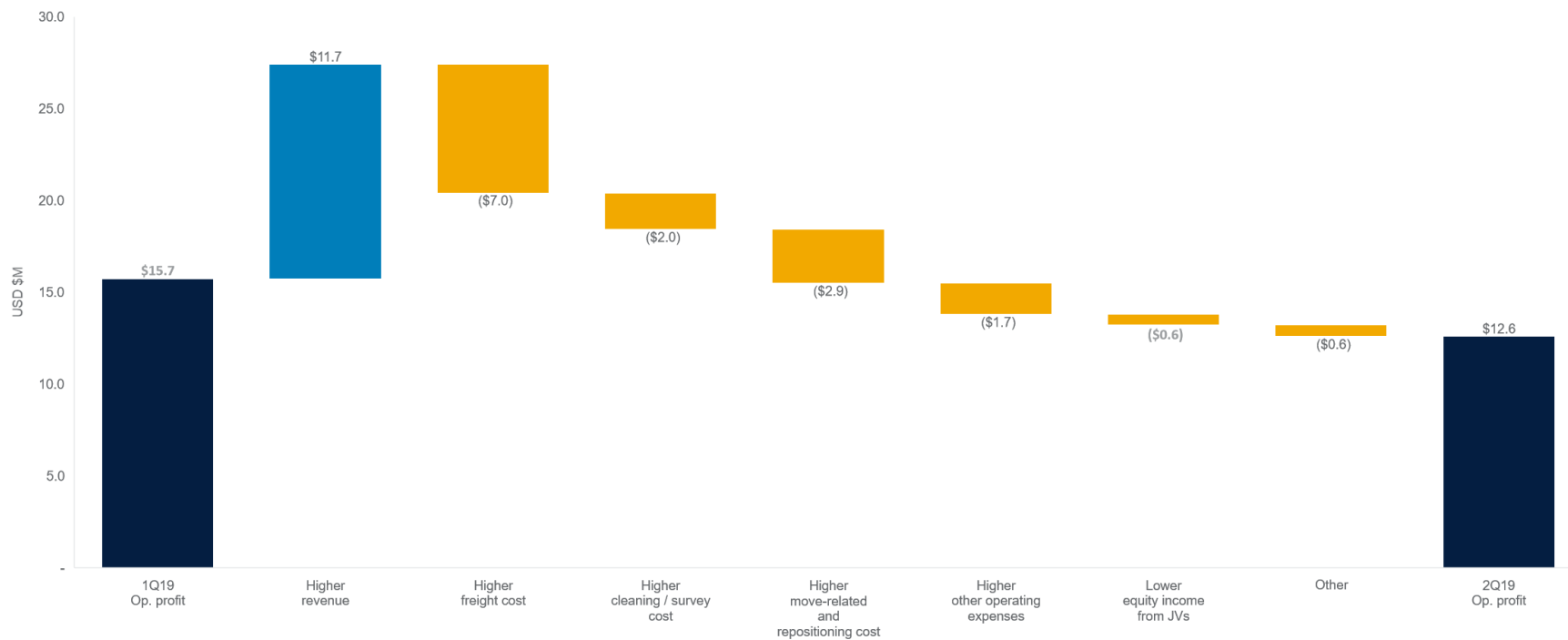
## Operating Profit



## Shipments



# STC: 1Q19 to 2Q19 Operating Profit Variance

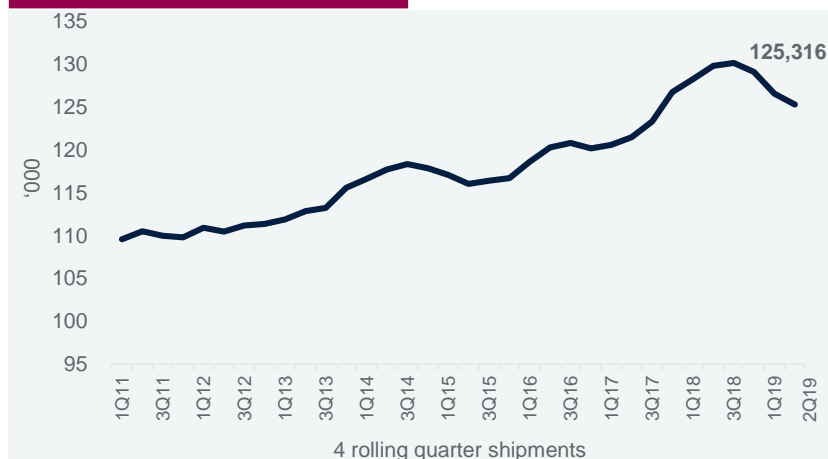


# Tank Containers Market Development

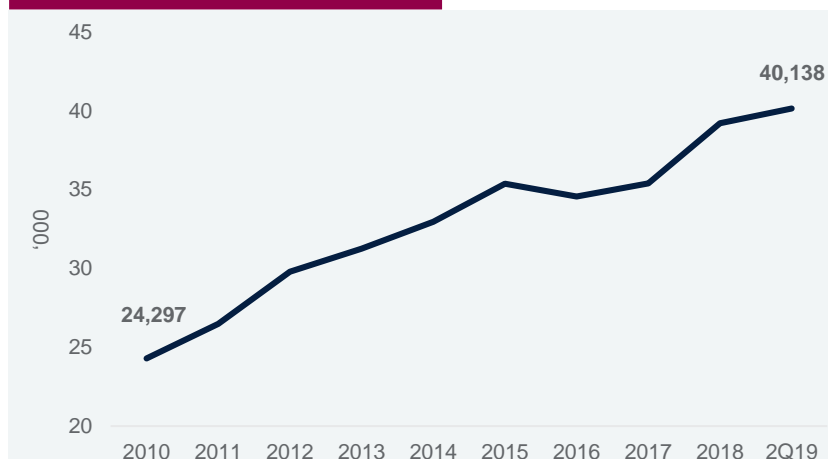


- Market outlook remains promising, with pick-up in activity seen in multiple markets.
- Volumes are beginning to recover, after the softening of markets that started in 3Q18.
- Margin pressure remains due to oversupply of tanks and a slowdown in global trade.
- Ocean freight rates are expected to increase due to:
  - Ocean carrier consolidation and IMO2020 fuel regulations; and,
  - Tighter ocean freight capacity in certain markets.
- Trade tensions are affecting trade flows, but not volumes; China-to-US shipments are down 61% compared with the second quarter of 2018, and US-to-China shipments are down 9%.

## Shipments



## Fleet Development



# Stolt Sea Farm - Highlights



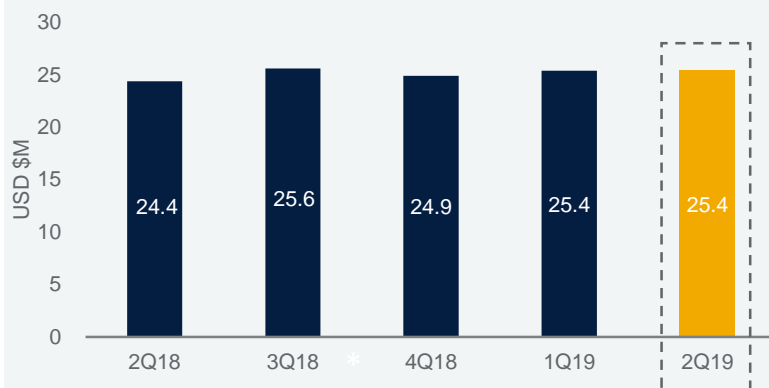
- Turbot revenue remained flat, driven by 4.2% increase in volume sold, offset by lower average price.
- Sole revenue increased 27.2%, driven by 26.2% increase in volume sold, while prices increased by 3.3%.
- Fair value adjustment had a negative impact of \$1.2m, compared with a negative impact of \$2.1m in the previous quarter.
- New state-of-the-art sole farms under construction in Spain and Portugal, using SSF recirculation technology; production at Cervo, Spain, is expected to commence at the end of 2019 in Spain, followed by Portugal in 2020.



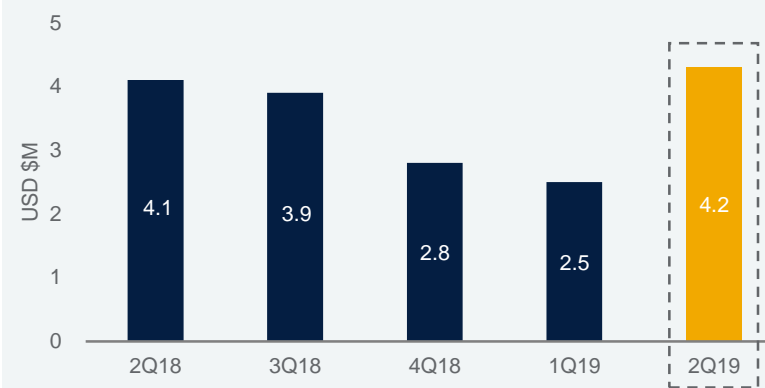
New multi-story recirculation farm under construction in Tocha, Portugal.



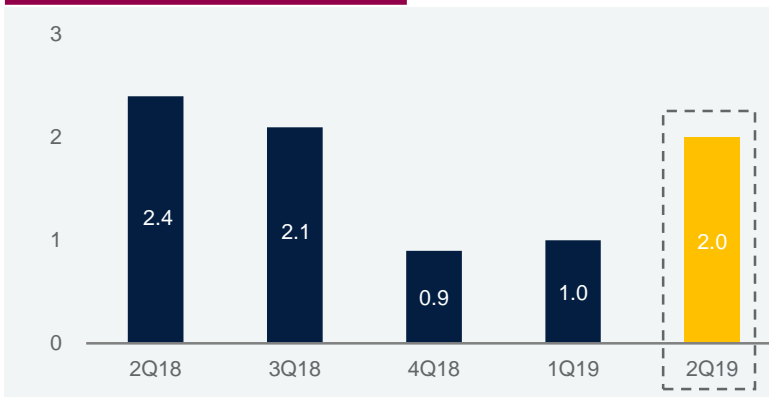
## Revenue



## Gross Profit\*



## Operating Profit\*



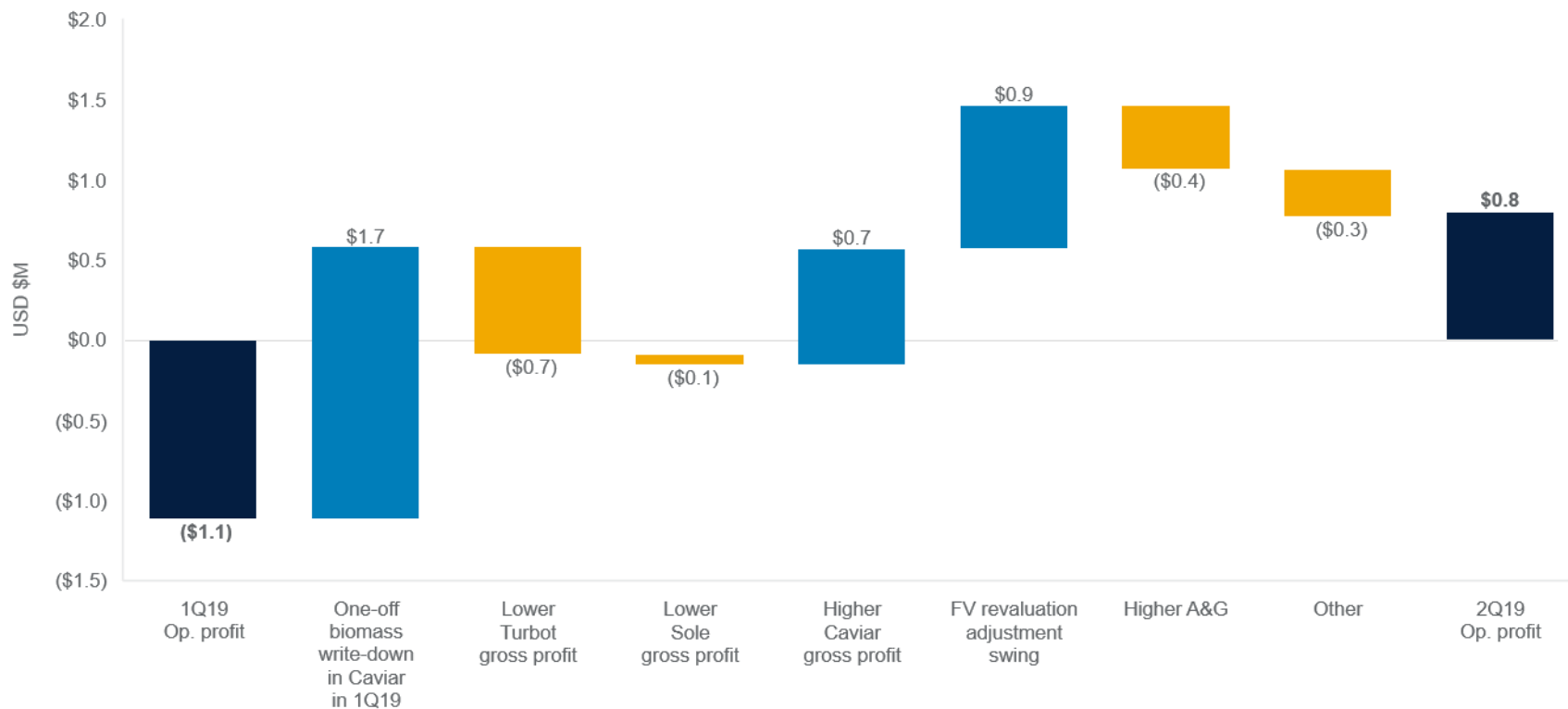
\* Excludes the accounting for inventories at fair value.

## New Sole Farm in Cervo





# SSF: 1Q19 to 2Q19 Operating Profit Variance





## Avenir LNG Limited Update:

- In November 2018, Avenir raised \$110m through a combination of equity-in-kind and new cash followed by a registration on the Norwegian OTC with the ticker AVENIR.
- The initial asset portfolio consists of:
  - 80% ownership of a LNG import terminal under construction in Sardinia, Italy;
  - 4 x 7,500 cbm and 2 x 20,000 cbm small-scale LNG carrier newbuildings, with two ships to be delivered early 2020.
- A further \$72m private placement expected to complete the equity funding of the initial asset portfolio, with the remaining capex to be financed by debt.



Construction site, HIGAS Terminal, Sardinia

# Avenir LNG –Newbuilding Update

---





# Financial Statements



# SNL Net Profit

<i>Figures in USD \$ Million</i>	Quarter			First Half	
	2Q19	1Q19	2Q18	2019	2018
<b>Operating Profit (before one-offs)</b>	<b>\$41.5</b>	<b>\$44.6</b>	<b>\$61.0</b>	<b>\$86.1</b>	<b>\$107.7</b>
Gain/(Loss) on sale of assets	0.8	(0.1)	(0.7)	0.7	(0.7)
Write-down of inventory in Sterling Caviar	-	(1.7)	-	(1.7)	-
Impairment of Bitumen	-	-	(11.8)	-	(11.8)
Reversal of deferred tax liability at JV	-	-	-	-	8.2
<b>Operating Profit (as reported)</b>	<b>\$42.4</b>	<b>\$42.8</b>	<b>\$48.5</b>	<b>\$85.1</b>	<b>\$103.4</b>
Net Interest Expense	(32.8)	(34.2)	(33.9)	(67.0)	(68.5)
FX gain / (loss), net	(1.8)	0.5	-	(1.2)	(1.6)
Income tax	(4.3)	(3.5)	(5.0)	(7.8)	14.9
Other	0.1	1.0	-	1.1	0.2
<b>Net Profit</b>	<b>\$3.5</b>	<b>\$6.6</b>	<b>\$9.6</b>	<b>\$10.1</b>	<b>\$48.4</b>
Attributable to equity holders of SNL	3.6	7.9	9.5	11.5	48.2
Attributable to non-controlling interests	(0.1)	(1.3)	0.1	(1.4)	0.2
<b>Net Profit</b>	<b>\$3.5</b>	<b>\$6.6</b>	<b>\$9.6</b>	<b>\$10.1</b>	<b>\$48.4</b>
<b>EBITDA a)</b>	<b>\$104.9</b>	<b>\$109.1</b>	<b>\$127.7</b>	<b>\$214.0</b>	<b>\$237.1</b>

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



# SNL Balance Sheet

Figures in USD \$ Million

May.31.19

Cash and cash equivalents	\$134
Receivables	224
Other current assets	186
<b>Total current assets</b>	<b>544</b>

Property, plant and equipment, deposits	3,187
Investment in and advances to JV and associates	551
Other non-current assets	132
<b>Total non-current assets</b>	<b>3,870</b>

**Total assets \$4,414**

Current maturity of LT debt and ST loans	510
Accounts payable and accrued expenses	312
Other current liabilities	107
<b>Total current liabilities</b>	<b>930</b>

LT debt and finance leases	1,919
Other non-current liabilities	167
<b>Total non-current liabilities</b>	<b>2,086</b>

**Total liabilities \$3,016**

**Shareholders equity \$1,398**

**Total liabilities and SH equity \$4,414**

Figures in USD \$ Million (Except ratios)

May.31.19

Debt	\$2,429
Tangible Net Worth (TNW)	\$1,597
Debt:TNW	1.52:1
EBITDA / Interest expense	3.20:1

<b>Cash</b>	<b>\$134</b>
<b>Unused committed available credit lines</b>	<b>\$276</b>

- 80% fixed / 20% variable interest rate at May 31, 2019
- Average interest rate of 4.99% at May 31, 2019
- 3Q19 net interest expense expected to be approximately \$40m, including write-off of debt issuance cost
- Net Debt / EBITDA: 5.22
- Final dividend for 2018 of \$0.25 paid on May 9, 2019.

Notes:  
EBITDA and Interest expense based on four rolling quarters.



# SNL Cash Flow

<i>Figures in USD \$ Million</i>	<b>2Q19</b>	<b>1Q19</b>	<b>FY18</b>
<b>Net profit</b>	<b>\$3.6</b>	<b>\$6.6</b>	<b>\$54.0</b>
Depreciation, amortisation and non-cash items	65.0	57.7	274.1
Changes in working capital	(12.2)	0.5	3.0
Other receipts, net	(8.0)	10.7	(3.1)
<b>Net cash generated by operating activities</b>	<b>\$48.5</b>	<b>\$75.5</b>	<b>\$328.1</b>
Capital expenditures and intangible assets	(39.6)	(33.1)	(149.3)
Amounts from/(advances to) affiliates	(0.6)	1.3	(5.9)
Sale of assets	0.7	0.2	11.7
Newbuilding deposits	-	-	(7.3)
Investment in Avenir LNG	-	-	(18.2)
Other	(0.3)	(0.1)	1.4
<b>Net cash used in investing activities</b>	<b>(\$39.8)</b>	<b>(\$31.7)</b>	<b>(\$167.7)</b>
Increase / (decrease) in short-term bank loans	16.9	24.7	-
Proceeds from issuance of long term debt	67.2	208.6	151.3
Increase / (decrease) in revolver	(25.0)	(30.0)	119.0
Repayment of long-term debt	(43.9)	(169.1)	(374.4)
Dividend, purchase of treasury shares and other	(13.6)	(17.7)	(42.6)
<b>Net cash generated from /(used in) financing activities</b>	<b>1.5</b>	<b>16.5</b>	<b>(\$146.7)</b>
Effect of exchange rates	(1.6)	0.4	(7.4)
<b>Total Cash Flow</b>	<b>\$8.6</b>	<b>\$60.7</b>	<b>\$6.2</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>\$125.2</b>	<b>\$64.5</b>	<b>\$58.3</b>
<b>Cash and cash equivalents at end of period</b>	<b>\$133.8</b>	<b>\$125.2</b>	<b>\$64.5</b>

## PRIORITIES

Reduce Debt

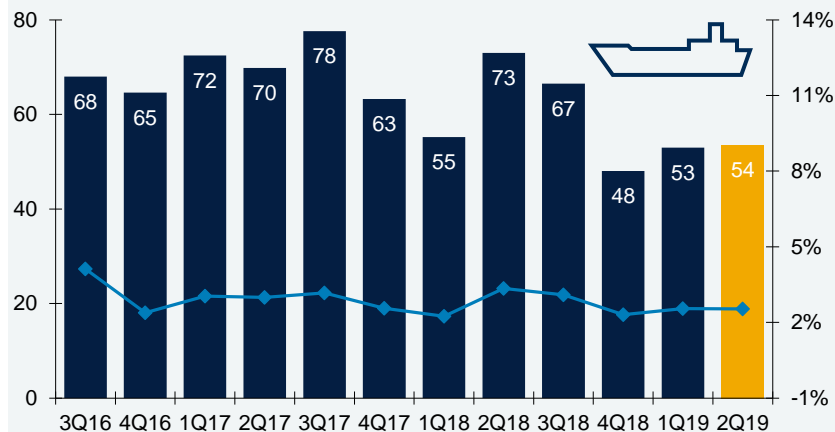
Review Capex

Reduce Opex



# EBITDA/ Return on Net Assets

## TANKERS



## TERMINALS



## TANK CONTAINERS



## STOLT-NIELSEN LIMITED



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

# Capital Expenditures Programme

	Actuals	Projections					
	YTD 2Q19	Remaining 2019	2020	2021	2022	2023	Total
<i>Figures in USD \$ Million</i>							
Stolt Tankers	\$14	\$50	\$25	\$7	\$7	\$4	\$93
Stolthaven Terminals	32	76	48	23	25	22	194
Stolt Tank Containers	3	20	8	-	-	-	27
Stolt Sea Farm	7	19	6	5	7	7	44
Stolt-Nielsen Gas	0	36	-	-	-	-	36
SNL Corporate & Other	3	11	1	-	-	-	11
<b>Total</b>	<b>\$60</b>	<b>\$211</b>	<b>\$87</b>	<b>\$36</b>	<b>\$39</b>	<b>\$33</b>	<b>\$406</b>

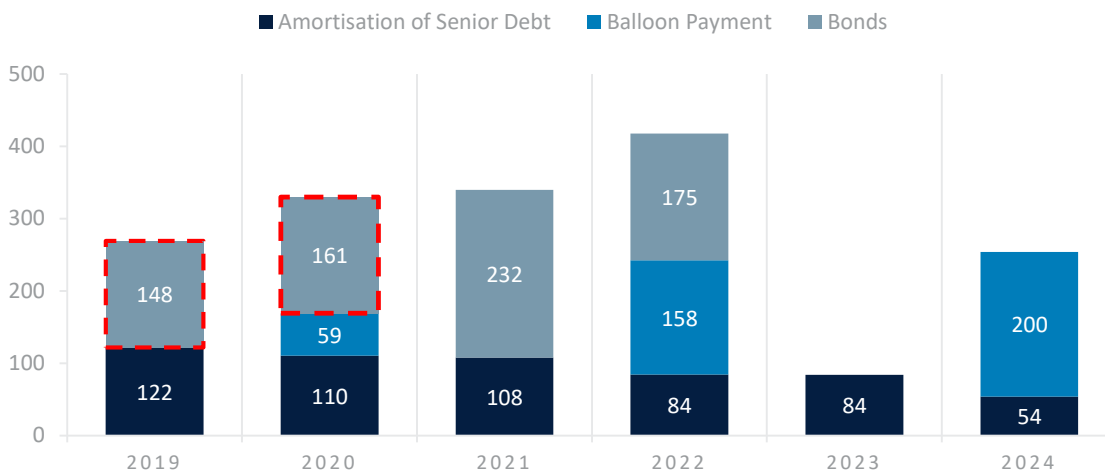
- Stolt Tankers capex excludes Drydocking (\$12.3m) YTD

# Debt Maturity Profile

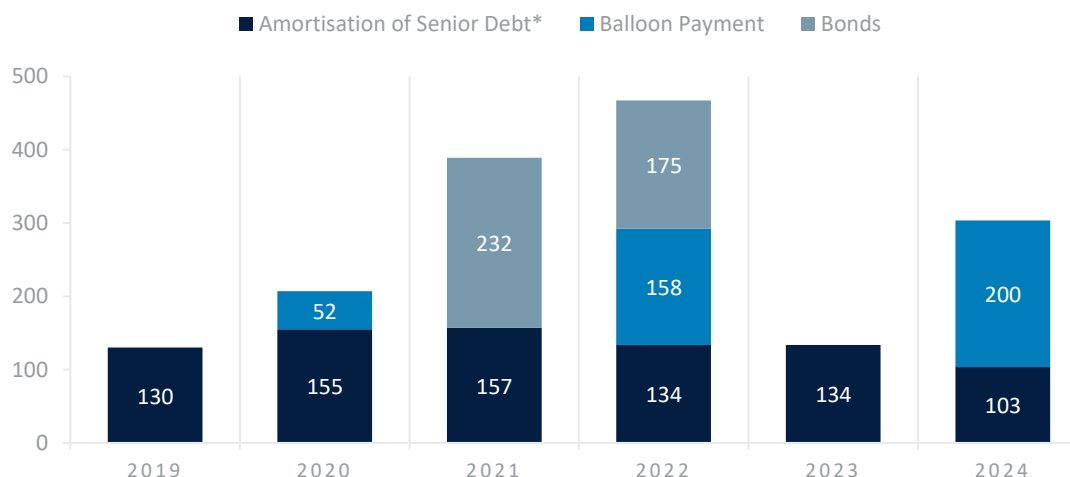
## CURRENT DEBT MATURITY PROFILE

### Financing highlights

- February/March 2019: \$241.6m JOLCO closed.
- June 2019: \$420m Sale and leaseback, credit-approved; Closing expected during 3Q.
- July 2019: \$200m US PP committed and priced; Closing and funding targeted for July 17<sup>th</sup>.
- SNI04 and SNI06 will be repaid at maturity (September 2019 and April 2010) with liquidity being raised in 2019.



## DEBT STRUCTURE AFTER NEW FINANCING

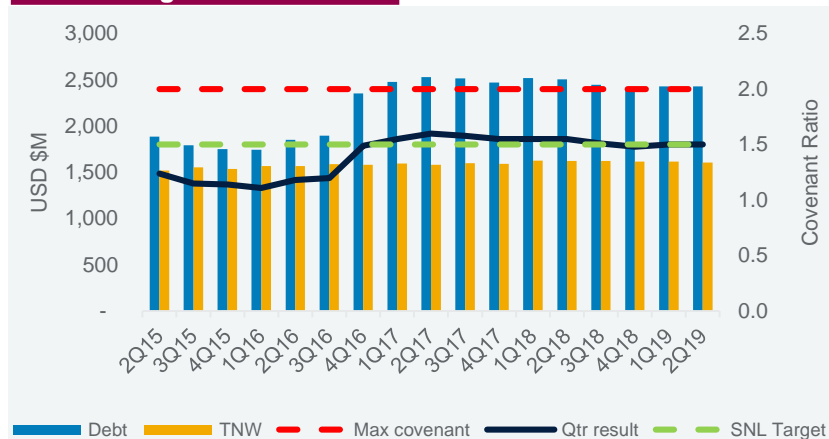


Note:  
\$285m drawn under the revolver as of May 31, 2019.

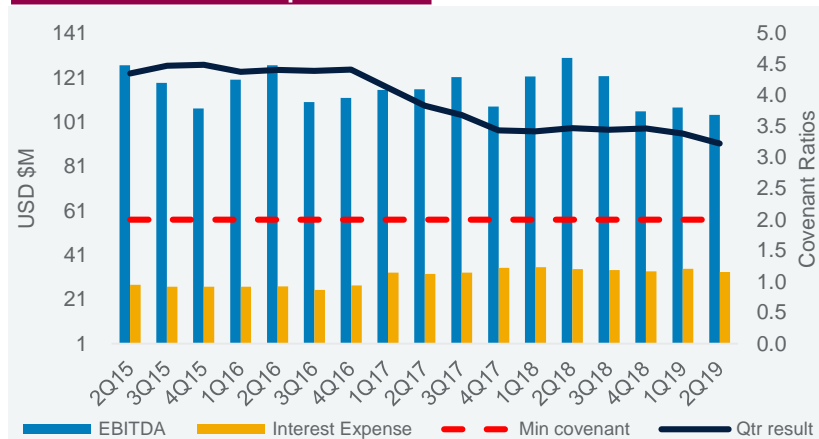


# Consolidated Financial Key Metrics

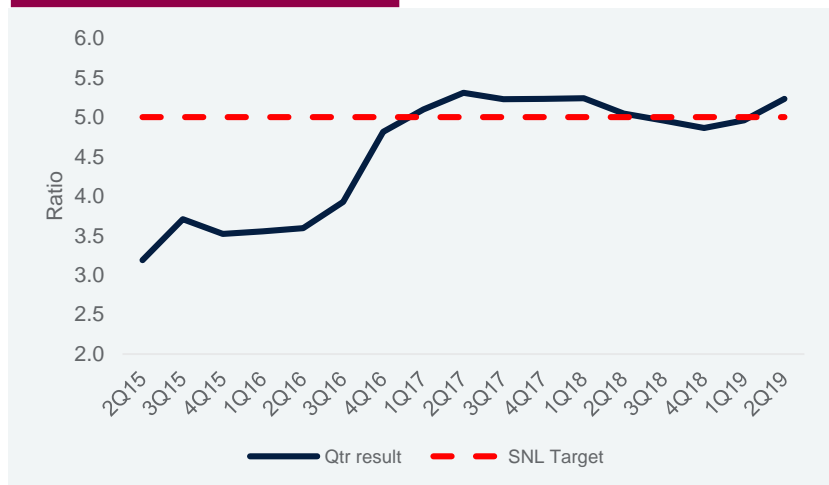
## Debt / Tangible Net Worth



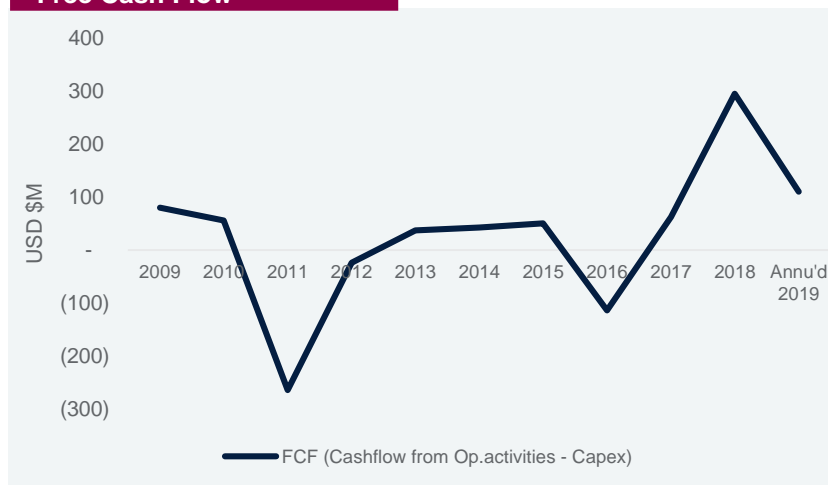
## EBITDA / Interest Expense \*



## Net Debt / EBITDA



## Free Cash Flow



# Administrative & General Expenses

	Quarter			First Half		Updated Quarterly Guidance
<i>Figures in US\$ Millions</i>	2Q19	1Q19	2Q18	2019	2018	
Stolt Tankers	<b>\$21.2</b>	\$21.2	22.4	\$42.2	\$46.2	<b>\$22.2</b>
Stolthaven Terminals	<b>10.8</b>	10.9	10.9	21.7	22.4	<b>12.0</b>
Stolt Tank Containers	<b>16.8</b>	16.4	16.8	33.1	34.3	<b>17.8</b>
Stolt Sea Farm	<b>2.0</b>	1.5	1.7	3.5	3.4	<b>1.7</b>
Stolt-Nielsen Gas	<b>0.4</b>	0.4	0.7	0.8	1.6	<b>0.2</b>
<u>SNL Corporate</u>						
SNL Corporate and Other	<b>0.0</b>	(0.4)	2.1	(0.1)	0.8	<b>0.0</b>
Profit Sharing / LTIP	<b>1.6</b>	3.3	2.9	4.9	5.9	<b>1.3</b>
<b>Total</b>	<b>\$52.8</b>	<b>\$53.3</b>	<b>\$57.5</b>	<b>\$106.1</b>	<b>\$114.5</b>	<b>\$55.2</b>



# Depreciation and Amortisation

<i>Figures in US\$ Millions</i>	Quarter			First Half		Updated Quarterly Guidance
	2Q19	1Q19	2Q18	2018	2019	
Stolt Tankers	<b>\$40.2</b>	\$39.1	44.8	\$79.3	\$89.1	<b>\$41.0</b>
Stolthaven Terminals	<b>14.8</b>	14.8	14.4	29.6	28.4	<b>15.1</b>
Stolt Tank Containers	<b>6.0</b>	5.9	6.2	11.8	12.3	<b>6.0</b>
Stolt Sea Farm	<b>1.5</b>	1.6	1.5	3.1	3.0	<b>1.6</b>
SNL Corporate	<b>1.3</b>	1.2	1.3	2.5	2.7	<b>1.4</b>
<b>Total</b>	<b>\$63.8</b>	<b>\$62.6</b>	<b>\$68.2</b>	<b>\$126.3</b>	<b>\$135.5</b>	<b>\$65.1</b>

# Share of Profit of JVs and Tax

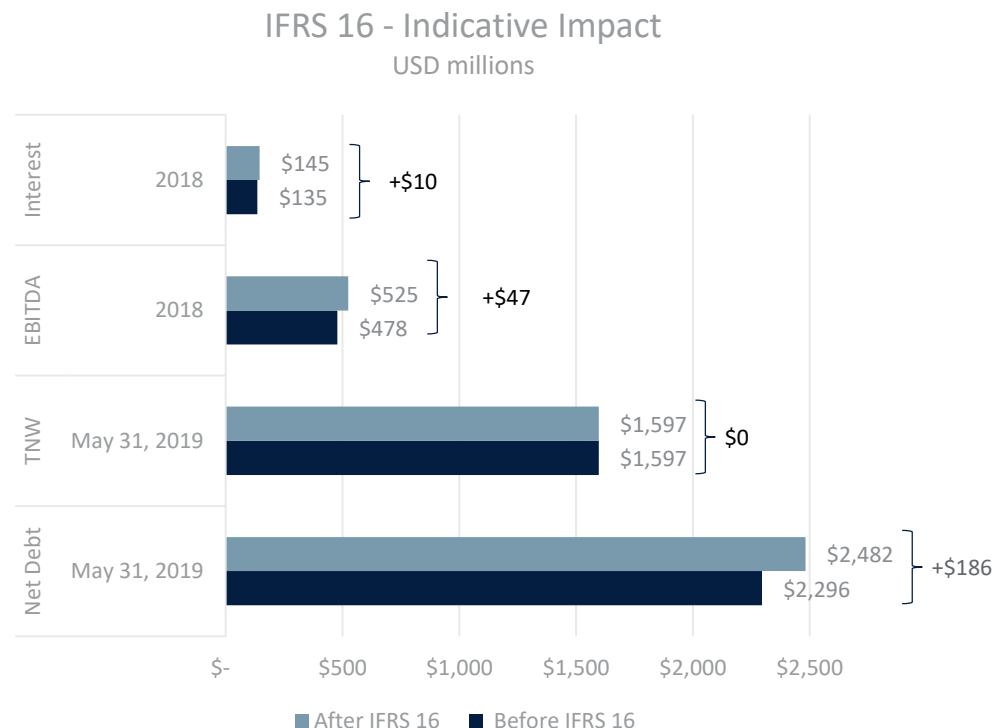
<i>Figures in US\$ Millions</i>	Quarter			First Half		Updated Quaterly Guidance
	2Q19	1Q19	2Q18	2019	2018	
Stolt Tankers	\$1.2	\$0.6	\$1.2	\$1.8	\$1.6	\$1.5
Stolthaven Terminals	5.4	5.7	7.3	11.1	21.6	5.6
Tank Containers	(0.3)	0.2	0.5	(0.1)	0.7	0.3
Stolt-Nielsen Gas	(1.0)	(0.3)	(1.6)	(1.3)	(2.6)	(0.6)
Corporate and Other	(0.0)	(0.0)	(0.2)	(0.0)	(0.2)	
<b>Total Share Profit of JV's</b>	<b>\$5.3</b>	<b>\$6.3</b>	<b>\$7.1</b>	<b>\$11.6</b>	<b>\$21.0</b>	<b>\$6.8</b>

<i>Figures in US\$ Millions</i>	Quarter			First Half*	
	2Q19	1Q19	2Q18	2019	2018
Tankers, Terminals and T. Containers	\$2.6	\$2.4	4.3	5.0	(\$17.0)
Stolt Sea Farm	0.9	0.8	0.9	1.7	2.2
SNL Corporate	0.8	0.3	(0.2)	1.2	(0.1)
<b>Total Taxes</b>	<b>4.3</b>	<b>\$3.5</b>	<b>4.9</b>	<b>7.9</b>	<b>(\$14.9)</b>

Notes: First Half 2018 includes US tax rate impact

# IFRS 16 Update

- Net impact on EBITDA small but will increase Right to Use Assets and Lease Liability between \$200M-\$230M depending on the leases we will actually have in place on Dec.01.19 which is the adoption date.
- No restatement of prior years as we will follow the modified retrospective approach. On implementation date, right-to-use assets will equal lease liabilities.
- No impact on actual cash flows.
- EBITDA and Interest are based on the full year 2018 as they relate to those leases.
- The indicative impact shown here is based on leases at May 31, 2019.
- Indicative impact is compared to the Net Debt and TNW at May 31, 2019.



IFRS 16 - Key Covenant Ratios	Before IFRS 16	After IFRS 16
Debt/TNW	1.52	1.64
Net Debt/EBITDA	4.80	4.73
EBITDA/Interest	3.54	3.63

# Key Takeaways

---

- A net profit attributable to shareholders of \$3.6m for 2Q19 net of an estimated negative impact on tankers of \$5m from the ITC Houston fire, compared with \$7.9m in 1Q19.
- Tanker markets flat compared with the prior quarter. As the newbuilding deliveries continue to reduce, the markets will eventually turn.
- Steadily improving performance at Stolthaven Terminals.
- At Stolt Tank Containers there are some signs of improvement as utilisation and volume improve.
- At Stolt Sea Farm we continue to see underlying improvements in turbot and sole.
- Significant financings committed subsequent to quarter-end, which puts the Company in a strong liquidity position and pushes out the maturity profile.
- Focus remains on overall debt reduction and strengthening of Free Cash Flow.



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