



Stolt-Nielsen Limited First-Quarter 2019 Results

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

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

April 4th, 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.

Agenda

- SNL 1Q19 Highlights
 - Stolt Tankers
 - Stolthaven Terminals
 - Stolt Tank Containers
 - Stolt Sea Farm
 - Stolt-Nielsen Gas
- Financials
- Q&A



First Quarter 2019 - Highlights

- **Stolt Tankers** - operating profit of \$14.3m, up from \$7.7m, mainly reflecting a positive \$7.5m swing in bunker hedges.
- **Stolthaven Terminals** - operating profit of \$18.0m, up from \$11.7m, as the prior quarter included \$6.1m of impairments.
- **Stolt Tank Containers** - operating profit of \$15.7m, down from \$18.1m, reflecting a seasonal decrease in shipments, combined with continued softness in some markets.
- **Stolt Sea Farm** - operating profit before the fair-value adjustment of inventories was \$1.0m vs \$0.9m, reflecting strong turbot sales during the peak Christmas season, partially offset by a biomass write-down of \$1.7m in Sterling Caviar.
- **Stolt-Nielsen Gas** - operating loss of \$0.5m, reflecting our share of development expenses at Avenir LNG Ltd.
- **Corporate and Other** - operating loss of \$3.6m, compared with a loss of \$7.0m in the prior quarter, which included a \$5.9m write-off of assets at Stolt Bitumen Services.

Figures in USD Millions (except per share)

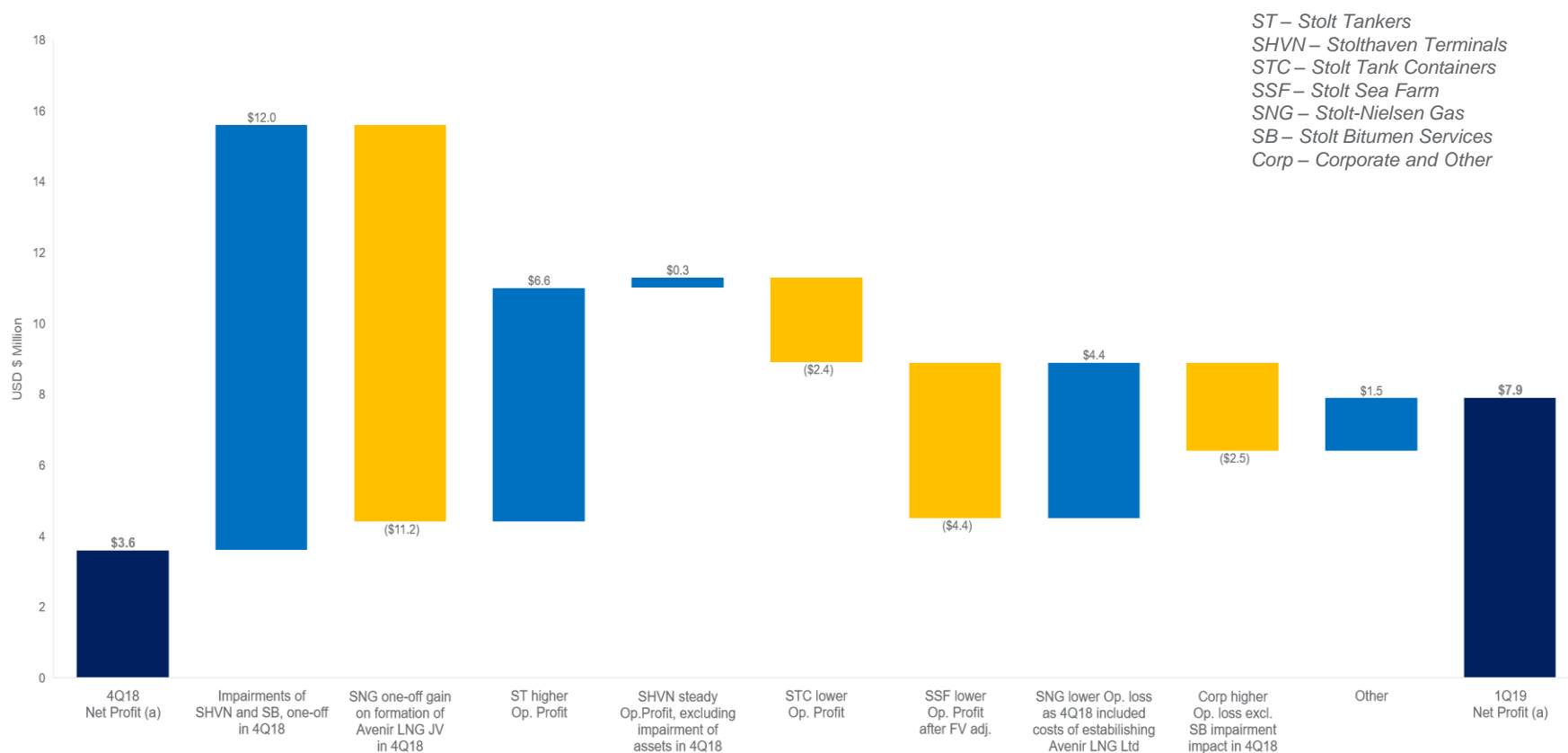
	1Q19 a)	4Q18	1Q18	FY2018
Revenue	\$501.9	\$526.1	\$515.3	\$2,125.5
Operating Profit	42.8	28.9	54.9	187.1
Net Profit (attributable to SNL equity holders)	7.9	3.6	38.7	54.9
EPS Diluted	0.13	0.06	0.63	0.89
Weighted average number of shares outstanding diluted b)	60.8	60.9	61.9	61.3

a) 1Q19 Unaudited financials

b) Weighted average number of shares, excludes 7m shares owned by a subsidiary of SNL



SNL: 4Q18 to 1Q19 Net Profit Variance

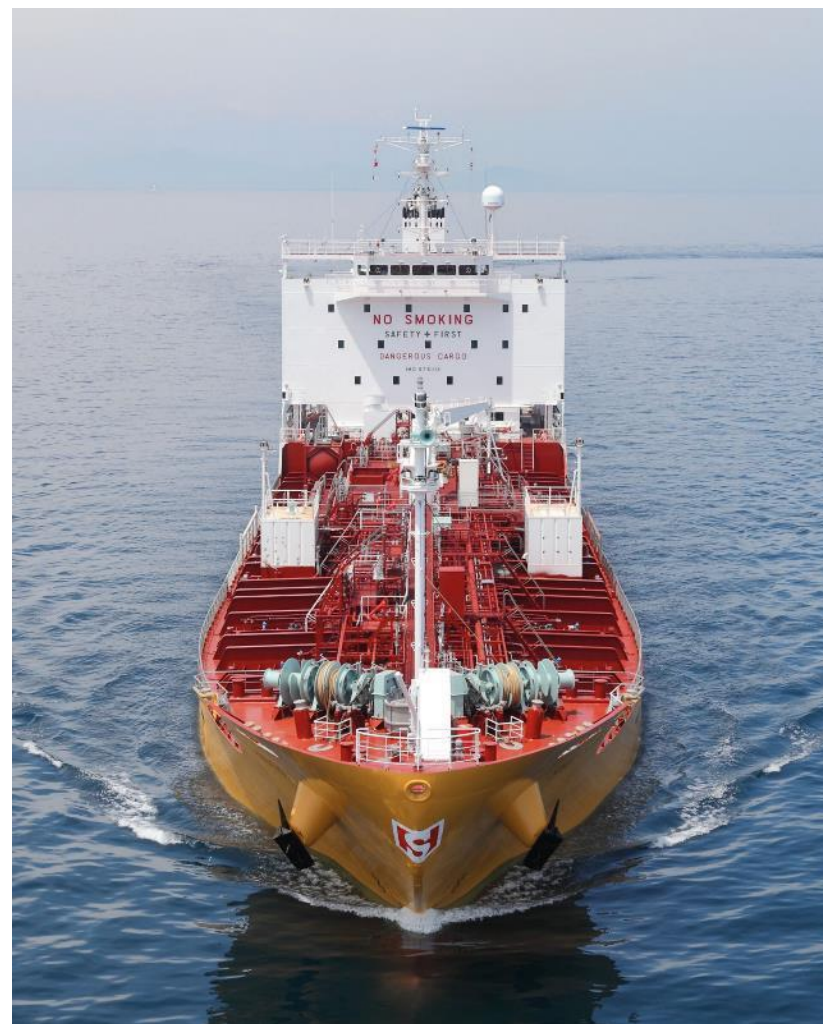


(a) Net profit attributable to Equity holders of SNL.

Stolt Tankers - Highlights



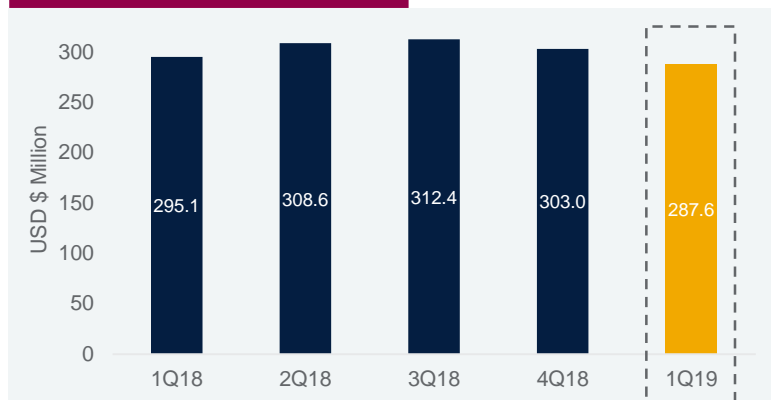
- Revenue decreased by 5.1%, compared with previous quarter, due to:
 - 2.6% fewer deep-sea operating days;
 - Decline in bunker surcharge revenue due to lower fuel prices.
 - Deep-sea rates and volume were flat compared with previous quarter.
- Gain of \$3.4m on bunker hedges, compared with a loss of \$4.1m in the prior quarter
- Bunker cost decreased by 8% compared with the previous quarter
- COA freight rate renewals in the quarter were unchanged, compared with a COA rate renewal decrease of 2.5% in the previous quarter.



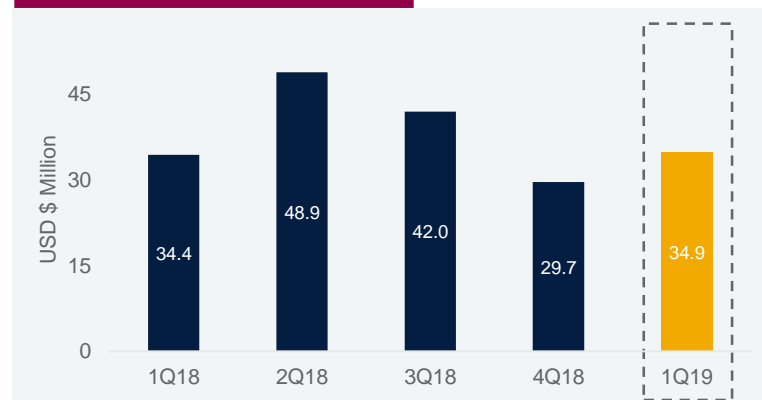
Challenging Market Conditions



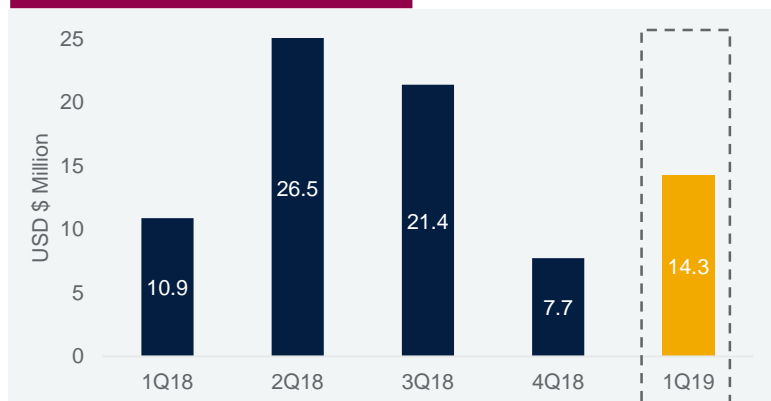
Revenue



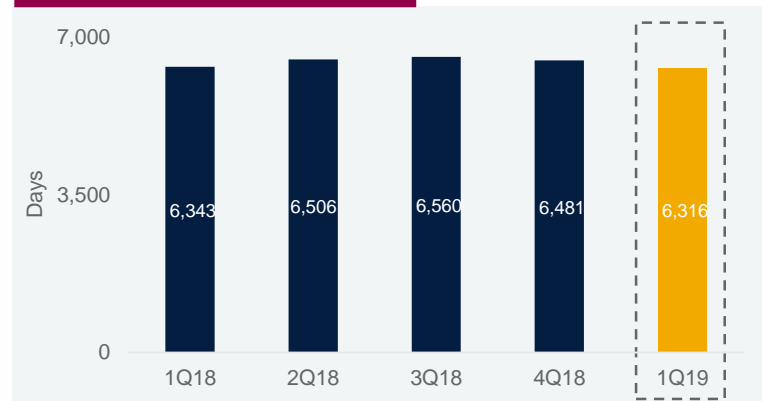
Gross Profit



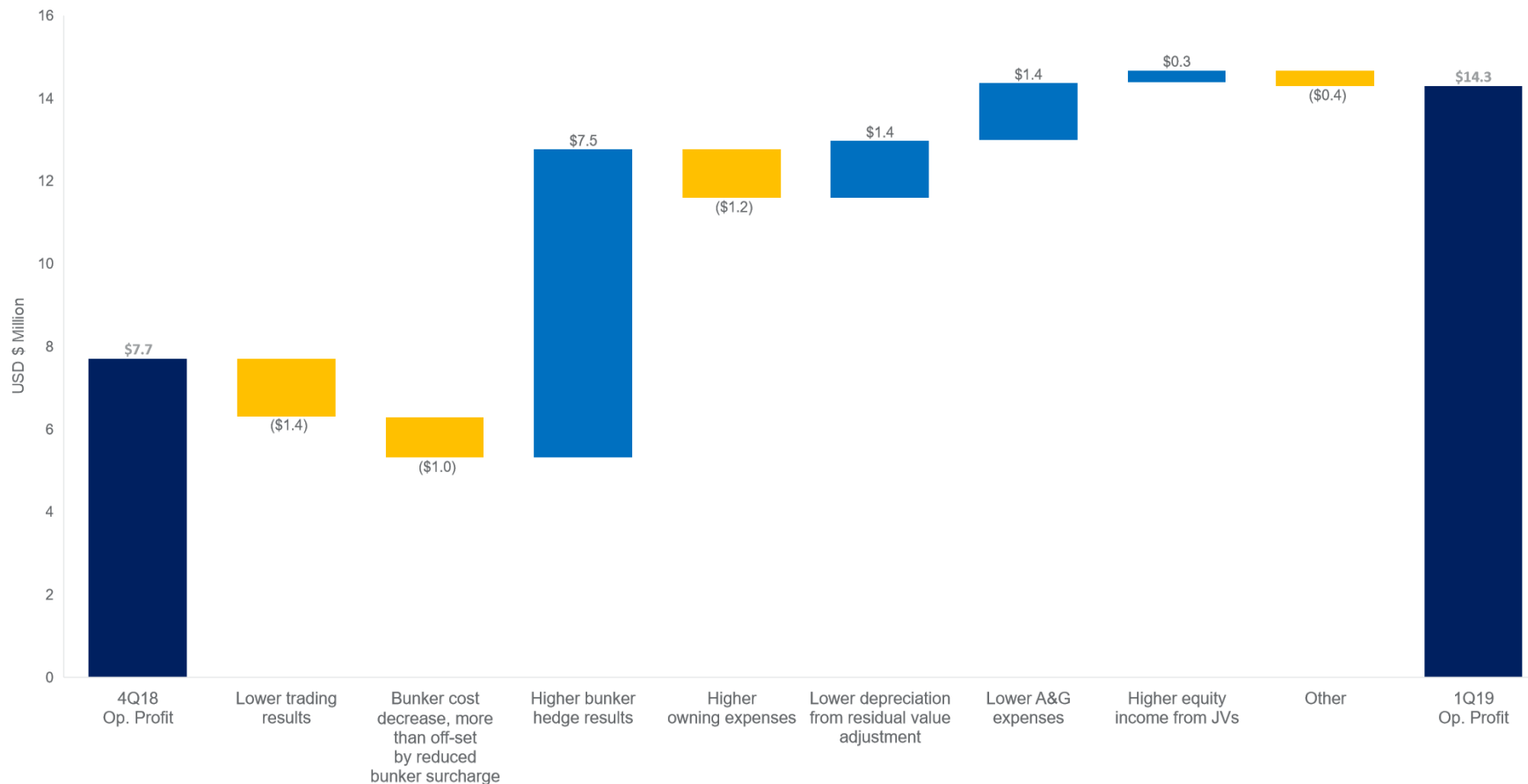
Operating Profit



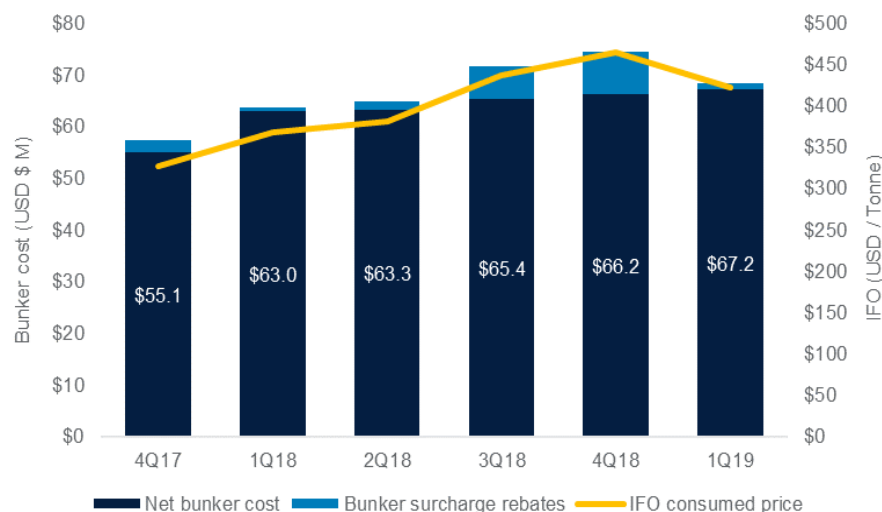
Operating Days



ST: 4Q18 to 1Q19 Operating Profit Variance



Bunker Costs/ Hedges



- Average price of IFO consumed decreased to \$422/tonne in 1Q19 from \$465/tonne in 4Q18.
- COA bunker surcharge clauses covered on average 56% of total volume in 1Q19.
- The 1Q19 gain on bunker hedges resulted from an increase in bunker prices at the end of 1Q19 compared to 4Q18 as global crude prices recovered from a sharp, but short, decline.

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

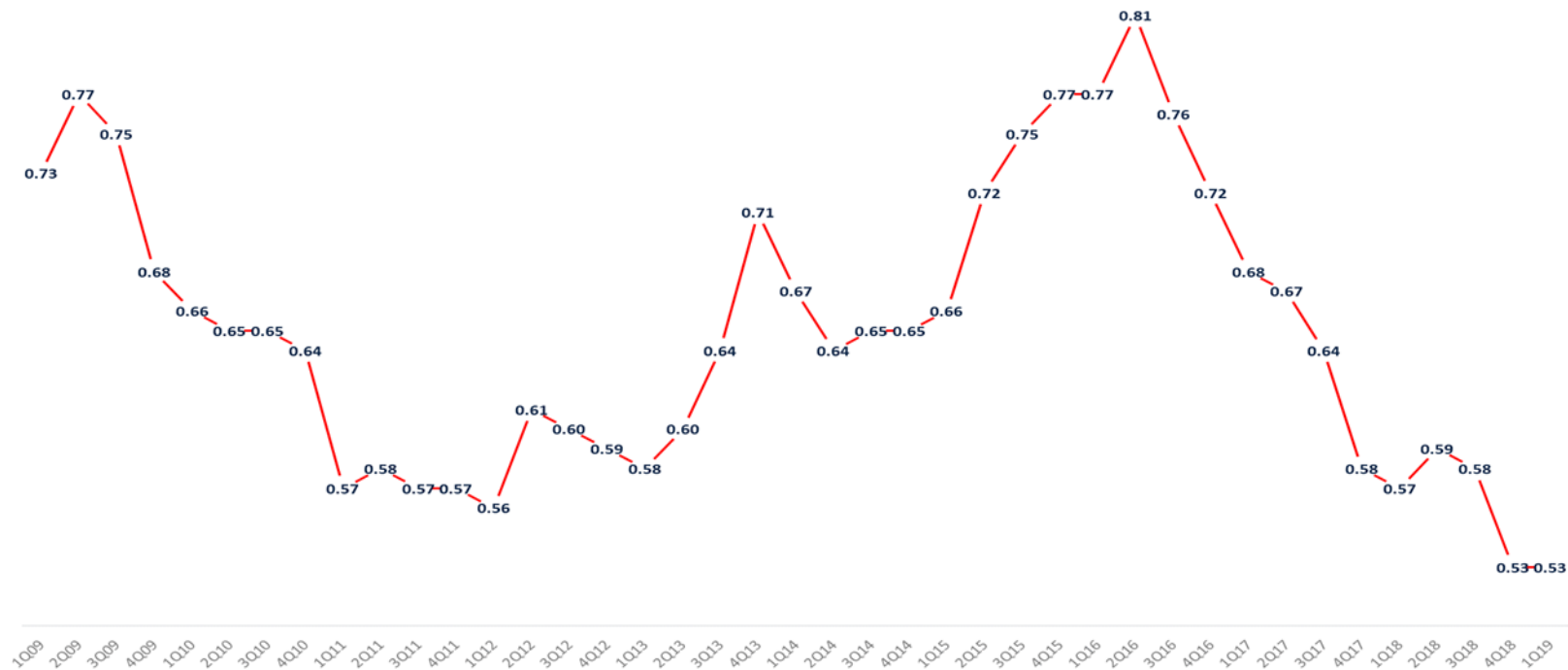
STJS Bunker Price Sensitivity

	Net Impact on P&L excl hedges USD \$M	
IFO average price 1Q19	\$422	0.0
Base price + 5%	\$443	(\$1.6)
Base price + 10%	\$464	(\$3.1)
Base price + \$100	\$522	(\$7.1)

Future Swaps

Year	Volume MT	Average FMV USD \$
2019	56,000	374.9

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)

Sensitivity:

Net Impact on P&L per quarter (USD \$M)

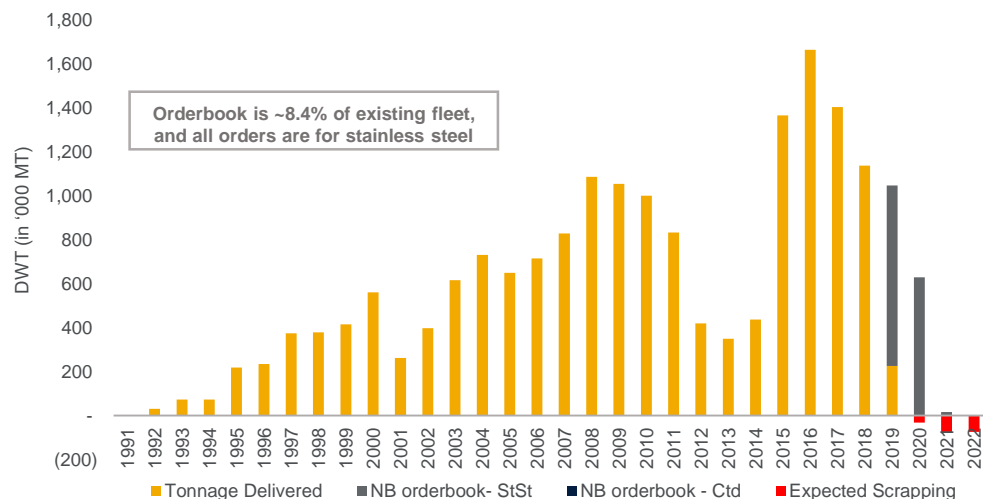
Sailed-in T/C Index 1Q19	0.53	\$0.0
Sailed-in T/C Index + 5%	0.56	\$6.4
Sailed-in T/C Index + 10%	0.58	\$10.7
Sailed-in T/C Index + 15%	0.61	\$17.1



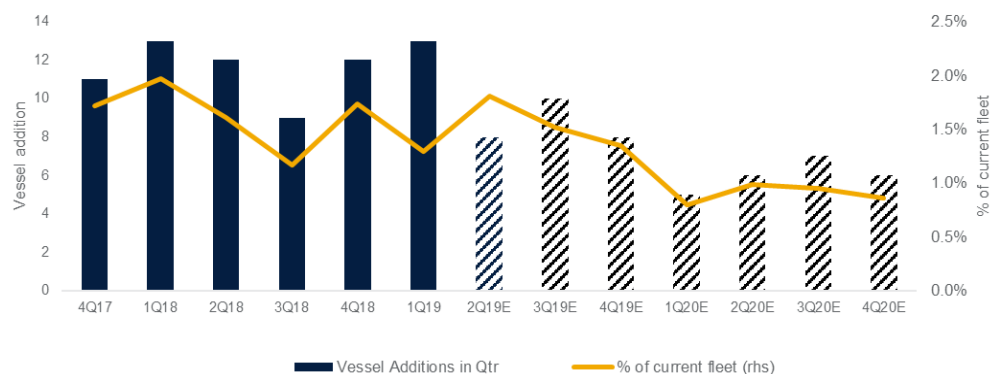
Chemical Tanker Fleet and Orderbook – 1Q19

- Newbuilding deliveries of 1.5m DWT still expected from 2019 – 2021.
- 0.4m DWT scrapping expected from 2022 – 2025 due to ships' age.
- Core chemical deep-sea fleet growth will gradually ease during 2019 and 2020.

Order Book



Vessels Addition



Source: Stolt-Nielsen and Drewry, as of March 1, 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

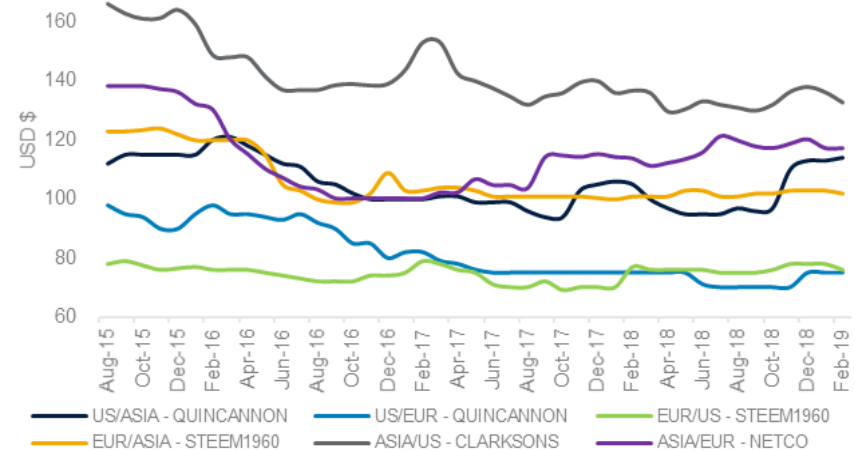


Stolt Tankers Market Development

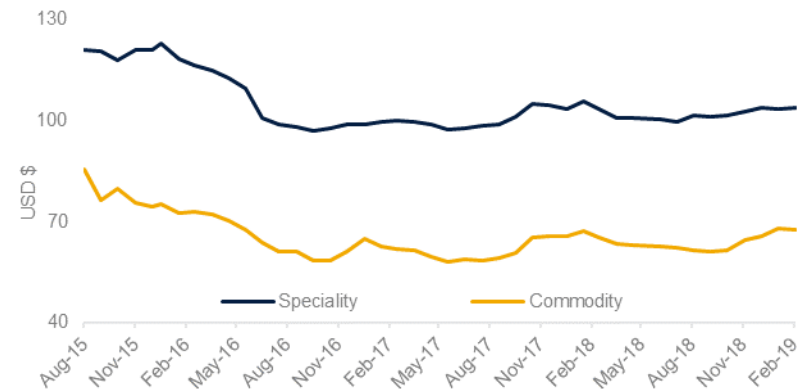


- Our expectations for demand growth of 3.5% p.a. based on slowing GDP growth. This estimate is midrange for forecasters RLA, Drewry, Clarksons, Grieg.
- Potential tariff risk appears to have eased somewhat.
- NB oversupply absorption will determine the pace of market strengthening.
- No further NBs ordered recently.
- Increased refining capacity in US Gulf should positively impact US exports over time.
- Fire at Houston's ITC Terminal on March 17th is causing significant short-term disruption to US Gulf-based chemical logistics activity; it is premature to assess the impact on schedule, revenue and cost.

Specialty (1,000mt)



Specialty (1,000mt) vs Commodity (5,000mt)



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

Stolthaven Terminals - Highlights



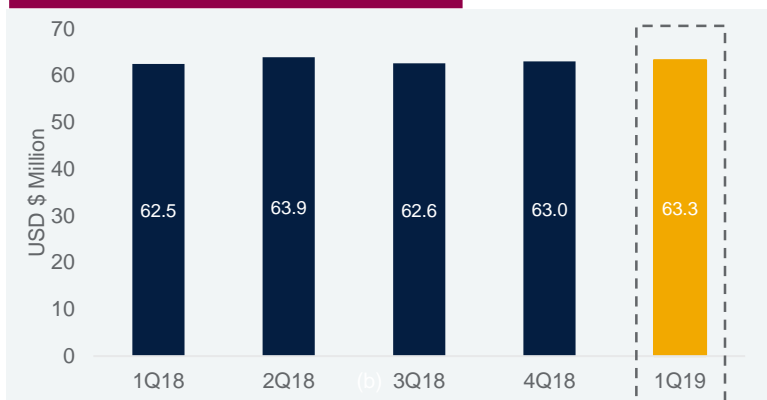
- Revenue and expenses were flat compared to previous quarter, reflecting stable market conditions.
- Equity income from JVs of \$5.7m was flat compared with previous quarter, excluding one-offs.
- Utilisation for wholly owned terminals increased slightly to 92.3% compared with 91.4% from previous quarter
- Total product handled increased by 8.9%.
- Major capital projects completed:
 - New jetty in Houston started operations in January this year;
 - Expansion in Ulsan, Korea has started its initial operation.



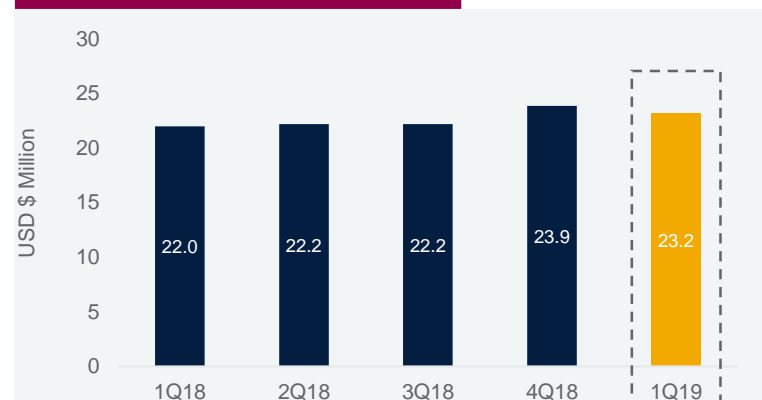
Steady Results



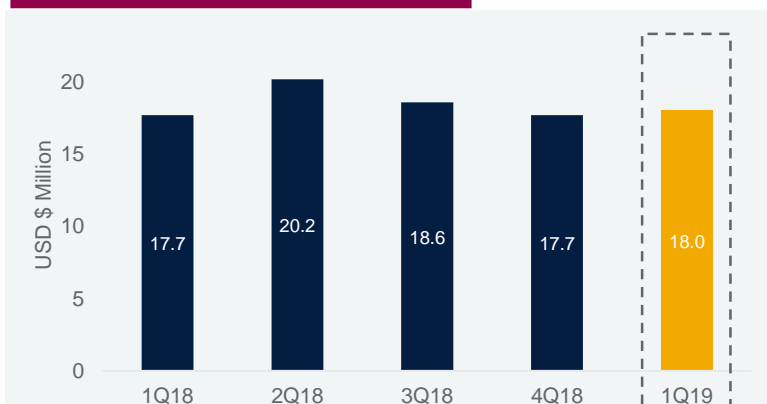
Revenue



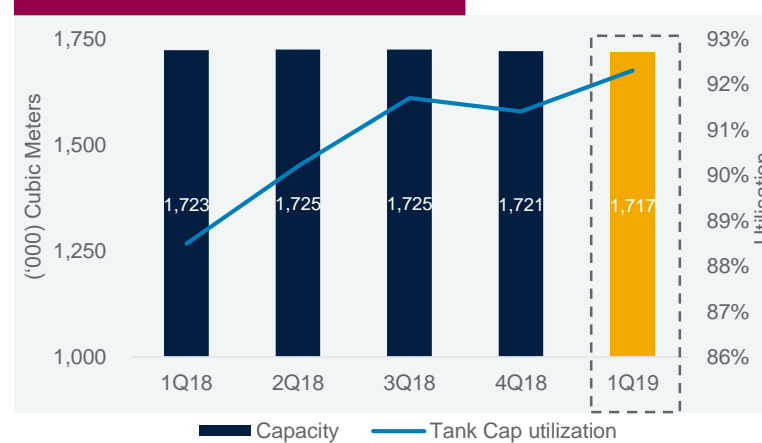
Gross Profit



Operating Profit



Wholly owned Terminal KPIs



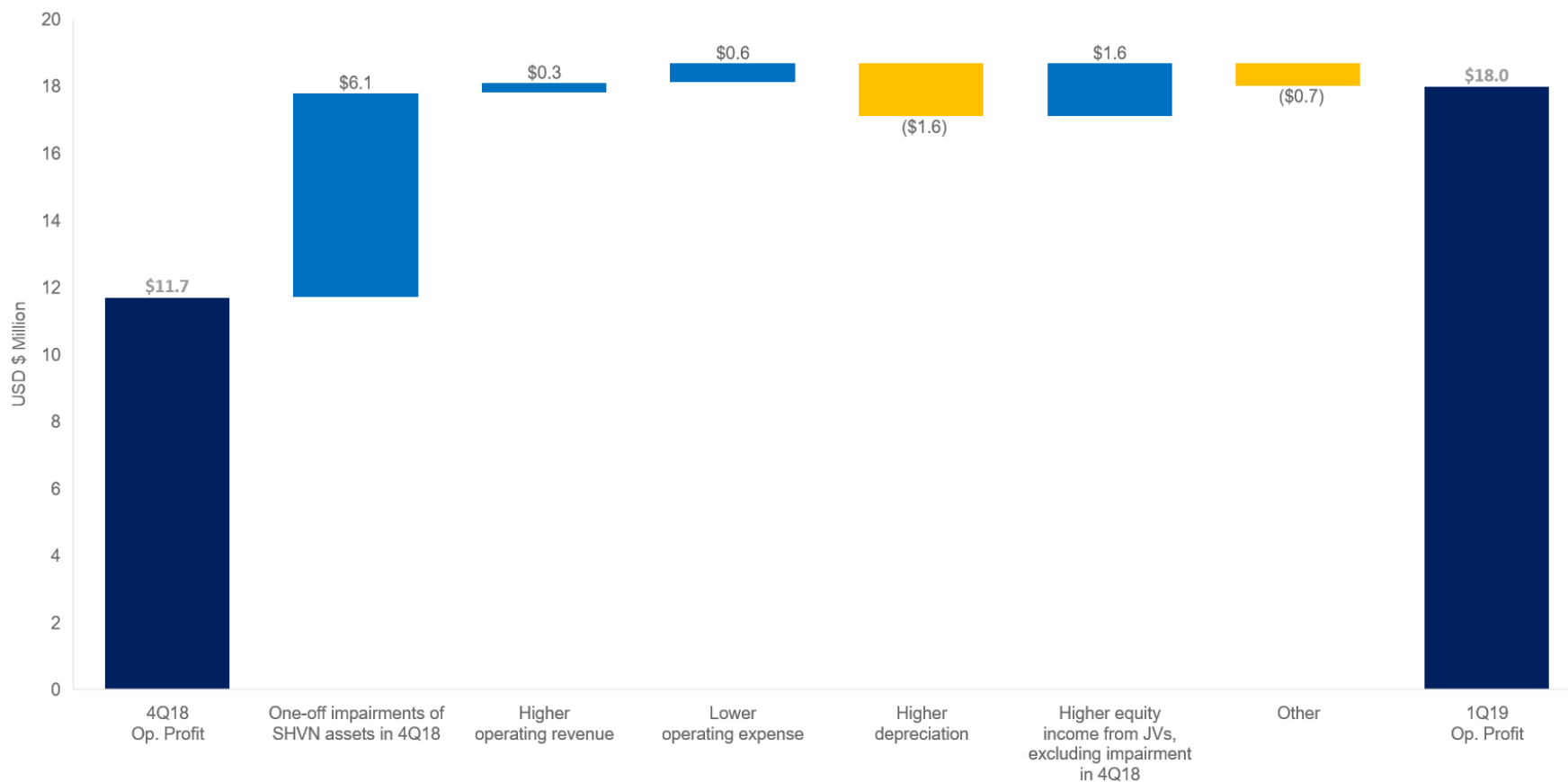
Notes:

(a) Excludes \$6.1m impairment of assets in 4Q18

(b) Excludes \$8.2m one-time tax related gain in a JV in 1Q18 and \$6.1m impairment of assets in 4Q18



Terminals: 4Q18 to 1Q19 Operating Profit Variance



Stolthaven Terminals Market Development



- Strong market fundamentals in the US allowing for rate escalation at both Houston and New Orleans; both currently have high utilisation.
- Impact of the fire at the ITC terminal in Houston is not yet known although increase in enquiries has been seen in the market.
- Singapore market remains challenging but currently working on multiple opportunities.
- China market has shown some improvement although still negatively impacted by the uncertainty around the ongoing US-China trade disputes and general economic slowdown.
- Brazil remains stable with strong demand for chemical and CPP storage.
- Europe remains stable for chemicals. There has been an increase in inquiries for CPP, especially bunker fuel storage, which is related to the IMO2020 regulation.
- New Zealand and Australia are stable for chemicals; working on opportunities to increase utilisation and potential expansion for CPP.
- Capacity expansion projects in New Orleans, Mount Maunganui, and Santos remain on schedule.

Stolt Tank Containers - Highlights



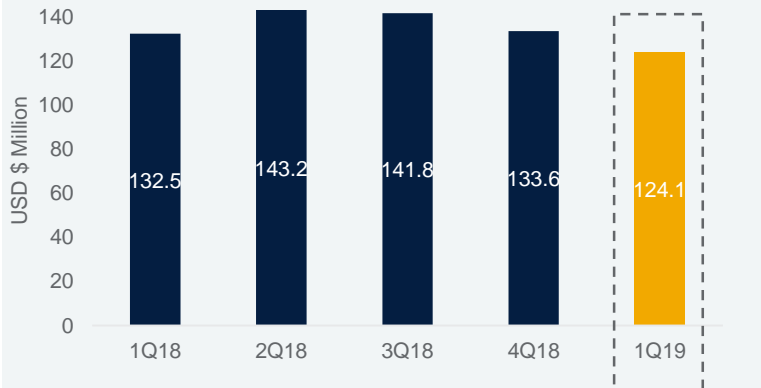
- Revenue decrease of 7.1% in 1Q19 vs 4Q18, consistent with seasonal patterns:
 - Shipments down 4.7%;
 - Lower demurrage billing during the quarter;
- Decrease in operating expenses of 7.0% reflecting lower shipment volumes and reduction of inland and ocean freight costs per shipment.
- Utilisation decreased by 1.9% to 66.3%, compared with previous quarter, tied to seasonal slowdown –
- We have seen utilisation recover and market activity pick up following the end of Chinese New Year.



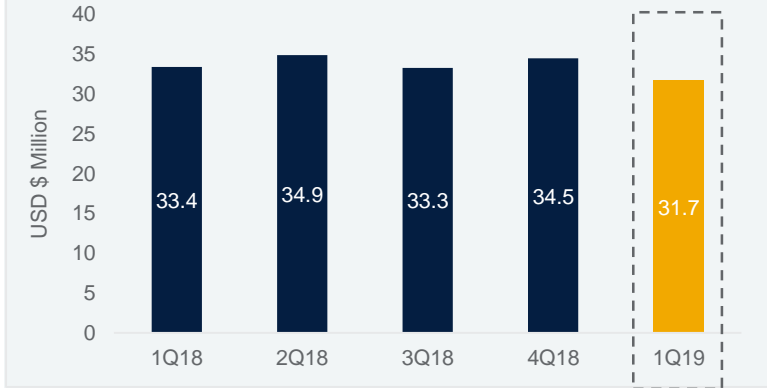
Seasonal Weakness



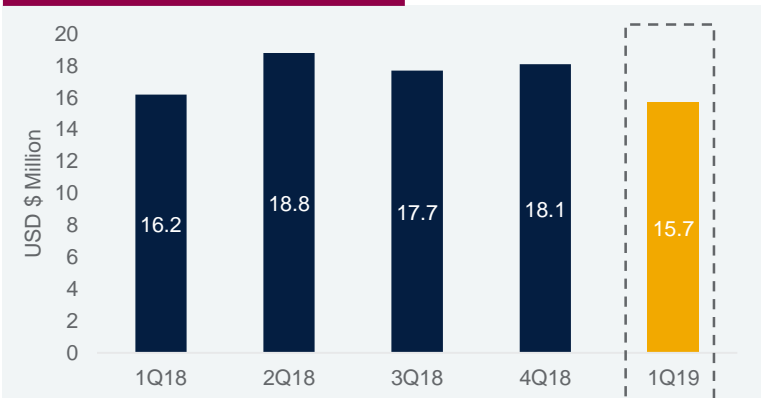
Revenue



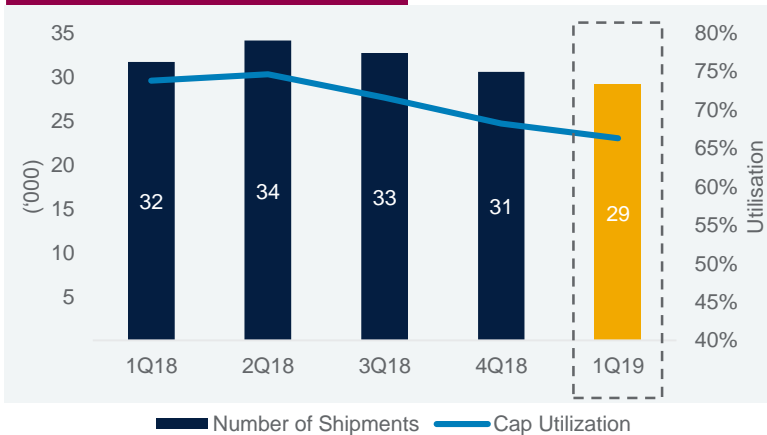
Gross Profit



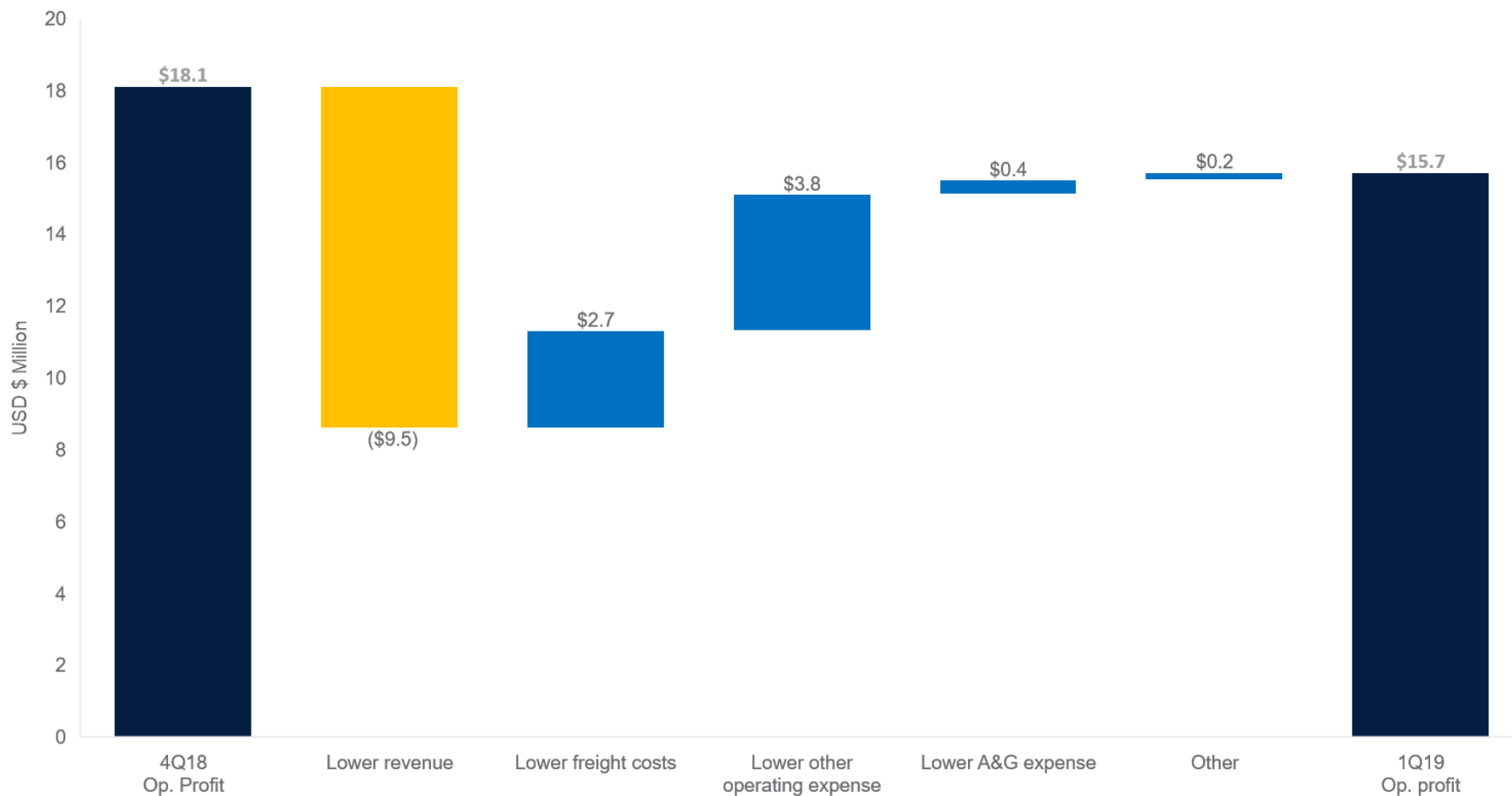
Operating Profit



Shipments



STC: 4Q18 to 1Q19 Operating Profit Variance

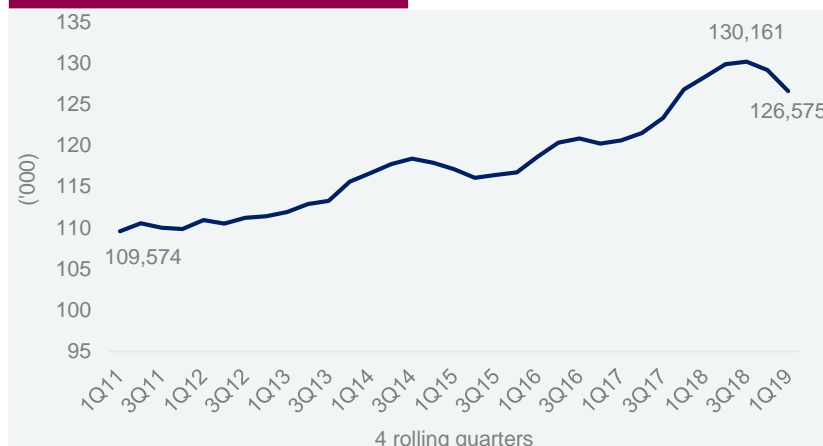


Tank Containers Market Development

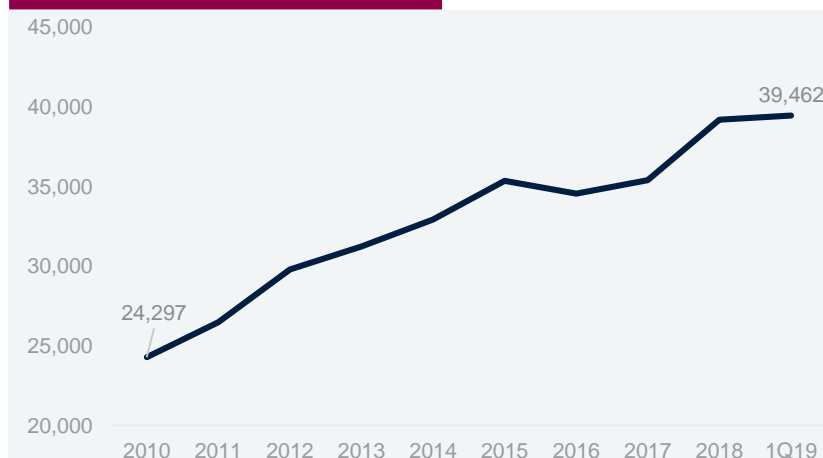


- We are starting to see signs that the market is improving following a prolonged downturn since 2Q18.
- Margin pressure due to oversupply of tanks and smaller operators entering the global market is contained.
- STC tank supply is supplemented with short-term leases.
- Ocean freight rates are expected to firm due to:
 - Ocean carrier consolidation and IMO2020 fuel regulations; and,
 - Tight ocean freight capacity in certain markets.
- Market outlook remains promising with pick-up in activity seen in multiple markets.

Shipments



Fleet Development



Stolt Sea Farm - Highlights



- Turbot revenue increased by 2.9%, driven by 4.4% increase in volume sold, partially offset by lower average price.
- Sole revenue decreased due to lower volume sold as a result of less available inventory and prices fell by 4.8% due to increased seasonal wild catch.
- Fair value adjustment had a negative impact of \$2.1m, compared with a positive impact of \$2.4m in previous quarter.
- New state-of-the-art Sole farms under construction in Spain and Portugal, using SSF recirculation technology; production is expected to commence late 2019 in Spain, followed by Portugal in 2020.
- During the quarter, Sterling Caviar incurred a biomass write-down of \$1.7m.

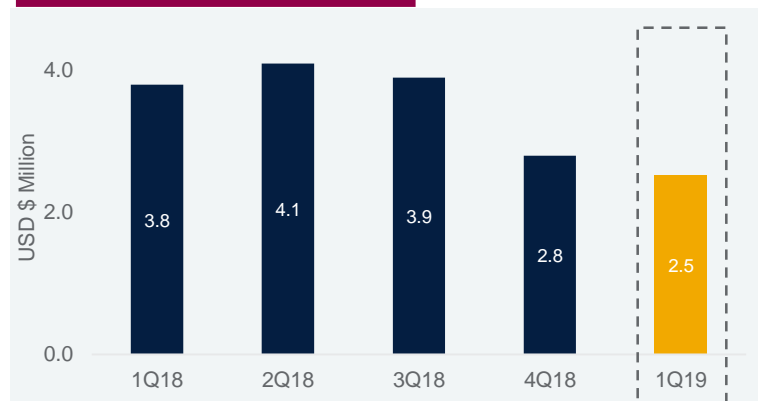




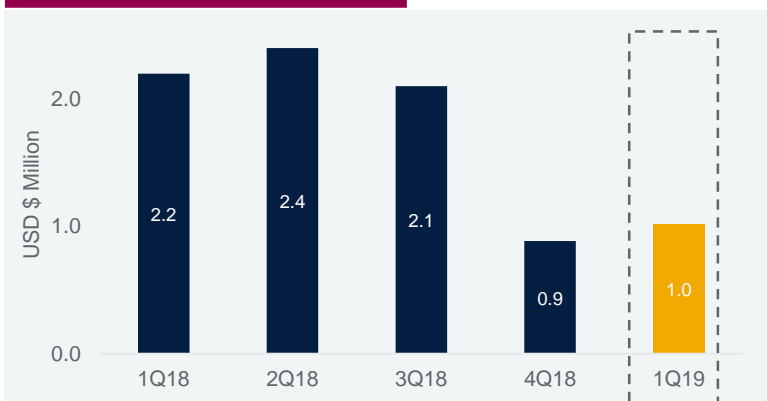
Revenue



Gross Profit



Operating Profit

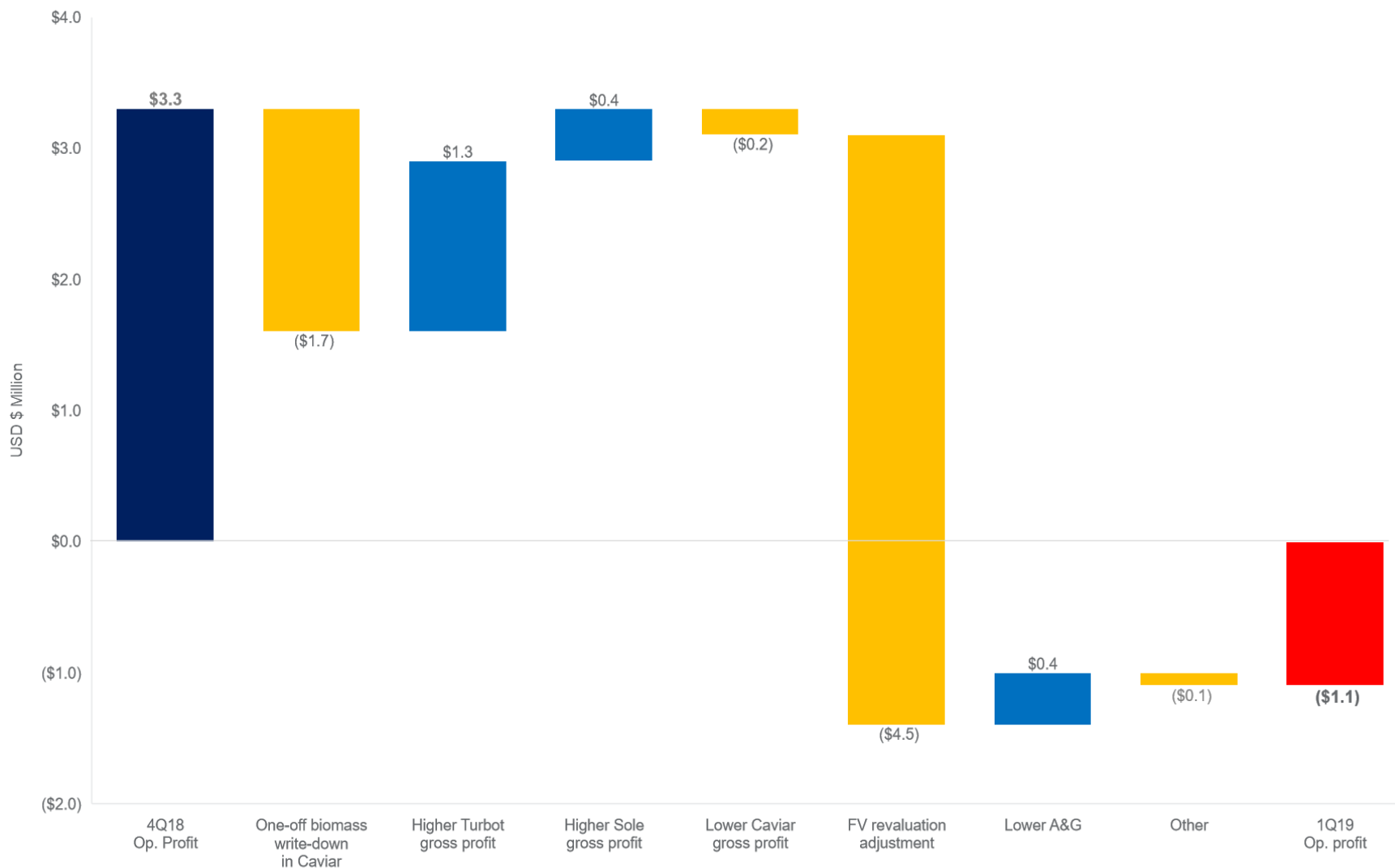


New Sole Farm in Cervo



* Excludes the accounting for inventories at fair value.

SSF: 4Q18 to 1Q19 Operating Profit Variance





Avenir LNG Limited Update:

- Founded by Stolt-Nielsen in 1Q17, with Höegh and Golar joining as strategic shareholders in 4Q18.
- In November 2018, company 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% interest in an LNG import terminal under construction in Sardinia, Italy;
 - 2 x 7,500 cbm and 2 x 20,000 cbm small-scale LNG carrier newbuildings; and
 - In progress: 2 x 7,500 cbm small-scale LNG carrier newbuildings.
- A contemplated private placement of \$72m aim to fully equity finance the initial asset portfolio, with the remaining capex to be financed by debt financing.

Financial Statements



SNL Net Profit

Figures in USD \$ Million

	1Q19	4Q18	1Q18	FY18
Operating Profit (before one-offs)	\$44.6	\$41.7	\$46.7	\$206.6
(Loss) / gain on sale of assets	(0.1)	(0.8)	-	(1.3)
Write-down of inventory in Sterling Caviar	(1.7)			
Impairment of Stolthaven and Bitumen	-	(12.0)	-	(26.4)
Reversal of deferred tax liability at JV	-	-	8.2	8.2
Operating Profit (as reported)	\$42.8	\$28.9	\$54.9	\$187.1
Net Interest Expense	(34.2)	(33.7)	(34.6)	(135.2)
FX gain / (loss), net	0.5	(0.6)	(1.5)	(5.0)
Income tax	(3.5)	(3.2)	19.8	7.7
Other b)	1.0	11.8	0.2	(0.6)
Net Profit	\$6.6	\$3.2	\$38.8	\$54.0
Attributable to equity holders of SNL	7.9	3.6	38.7	54.9
Attributable to non-controlling interests	(1.3)	(0.4)	0.1	(0.9)
Net Profit	\$6.6	\$3.2	\$38.8	\$54.0
EBITDA a)	\$109.1	\$102.6	\$109.4	\$470.2

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

b) 2018 includes \$12.9m of AGHL fair value adjustment one-off expense in 3Q18 and one-off \$11.2m gain from formation of Avenir LNG Limited JV in 4Q18



SNL Balance Sheet

Figures in USD \$ Million

Feb.28.19

Cash and cash equivalents	\$125
Receivables	221
Other current assets	168
Total current assets	514
Property, plant and equipment, deposits	3,233
Investment in and advances to JV and associates	560
Other non-current assets	137
Total non-current assets	3,929
Total assets	\$4,443

Current mat. of LT debt and ST loans	322
Accounts payable and acc. expenses	303
Other current liabilities	96
Total current liabilities	721

LT debt and finance leases	2,107
Other non-current liabilities	156
Total non-current liabilities	2,264

Total liabilities **\$2,985**

Shareholders equity **\$1,458**

Total liabilities and SH equity **\$4,443**

Figures in USD \$ Million (Except ratios)

Feb.28.19

Debt	\$2,429
Tangible Net Worth (TNW)	\$1,616
Debt:TNW	1.50:1
EBITDA a) / Interest expense	3.38:1
Cash	\$125
Unused committed available credit lines	\$243

- 81% fixed / 19% variable interest rate at February 28, 2019
- Average interest rate of 5.00% at February 28, 2019
- 2Q19 net interest expense expected to be approximately \$35m
- Net Debt / EBITDA(b): 4.93

Notes:

- a) EBITDA before fair value of biological assets, insurance reimbursements and other one-time, non-cash items
- b) 4 rolling quarters EBITDA



SNL Cash Flow

Figures in USD \$ Million

	1Q19	4Q18	FY18
Net profit	\$7	\$3	\$54
Depreciation, amortisation and non-cash items	58	69	274
Changes in working capital	1	15	3
Other receipts, net	10	(5)	(3)
Net cash generated by operating activities	\$75	\$82	\$328
Capital expenditures and intangible assets	(33)	(46)	(149)
Amounts from/(advances to) affiliates	1	(0)	(6)
Sale of assets	0	3	12
Newbuilding deposits	-	-	(7)
Investment in Avenir LNG	-	(18)	(18)
Other	(0)	0	1
Net cash used in investing activities	(\$32)	(\$60)	(\$168)
Increase / (decrease) in short-term bank loans	25	(15)	-
Proceeds from issuance of long term debt	209	82	151
Increase / (decrease) in revolver	(30)	(15)	119
Repayment of long-term debt	(169)	(92)	(374)
Dividend, purchase of treasury shares and other	(18)	(0)	(43)
Net cash used in financing activities	17	(\$41)	(\$147)
Effect of exchange rates	0	(1)	(7)
Total Cash Flow	\$60	(\$20)	\$6
Cash and cash equivalents at beginning of period	\$65	\$85	\$58
Cash and cash equivalents at end of period	\$125	\$65	\$65

PRIORITIES

Reduce Debt

Review Capex

Reduce Opex

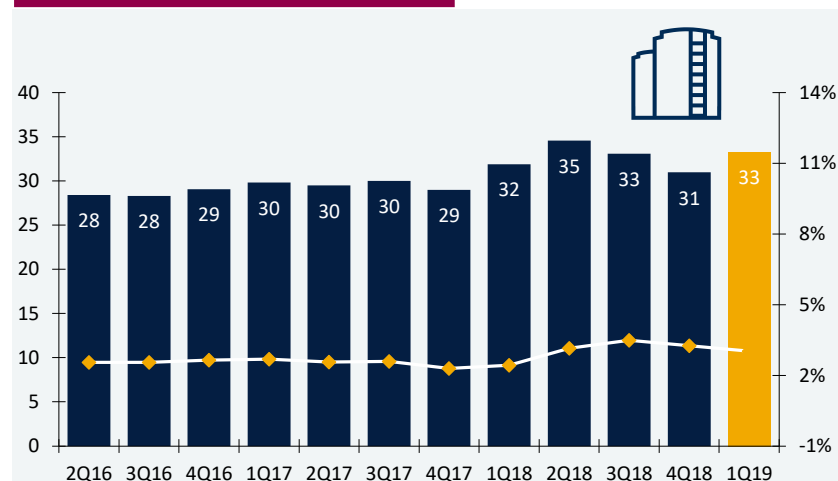


EBITDA/ Return on Assets

TANKERS



TERMINALS



TANK CONTAINERS



STOLT-NIELSEN LIMITED



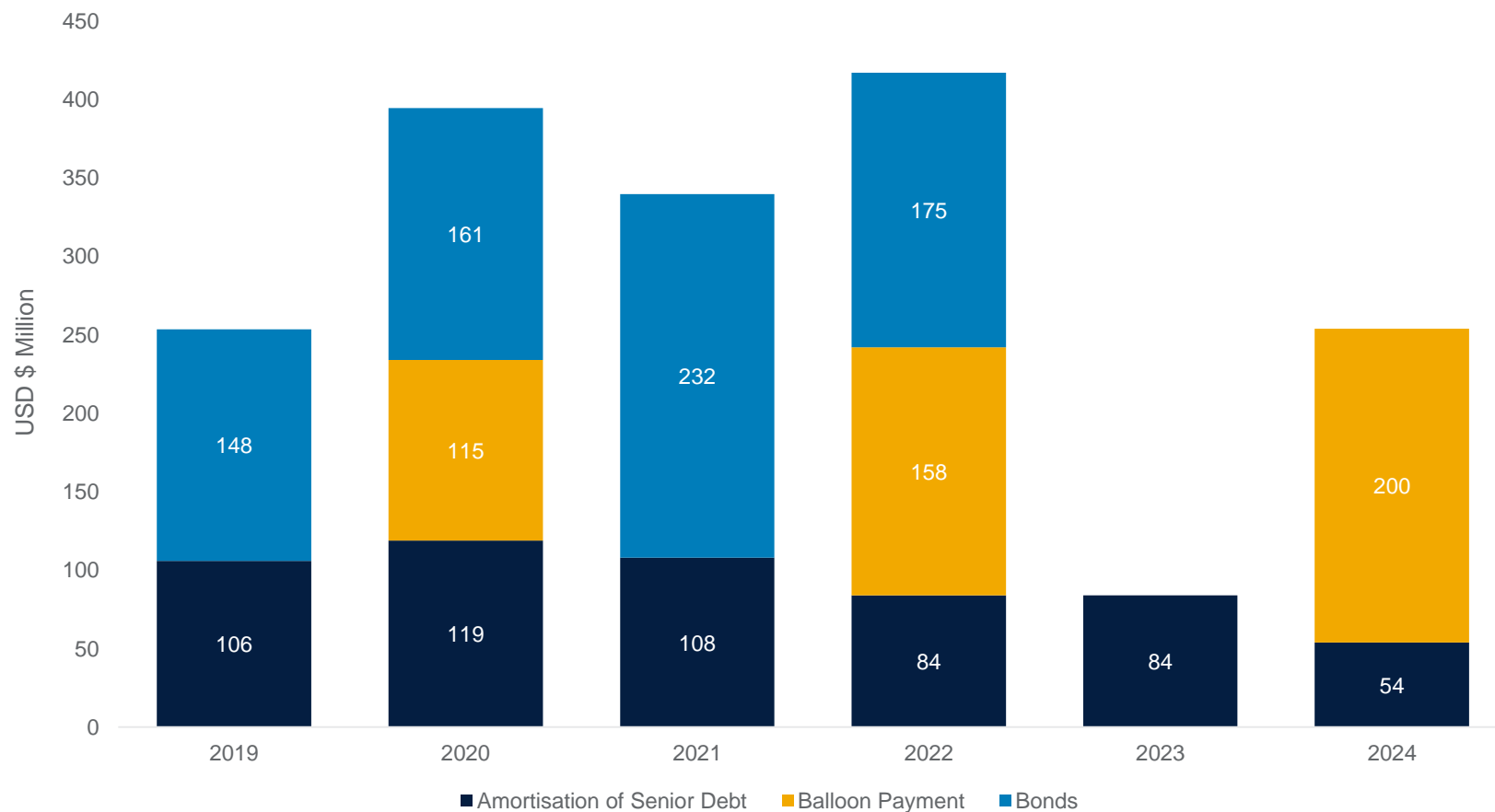
• EBITDA before fair value of biological assets, insurance reimbursements and other one-time, non-cash items

Capital Expenditures Programme

<i>Figures in USD \$ Million</i>	Actuals	Projections					
	1Q19	Remaining 2019	2020	2021	2022	2023	Total
Stolt Tankers	\$5	\$47	\$25	\$10	\$7	\$4	\$94
Stolthaven Terminals	16	98	46	23	25	22	214
Stolt Tank Containers	2	21	5	-	-	-	26
Stolt Sea Farm	3	25	4	5	7	7	49
Stolt-Nielsen Gas	0	36	-	-	-	-	36
SNL Corporate & Other	1	15	-	-	-	-	15
Total	\$27	\$241	\$80	\$39	\$39	\$34	\$433

- Stolt Tankers capex excludes Drydocking (\$6m in first quarter)

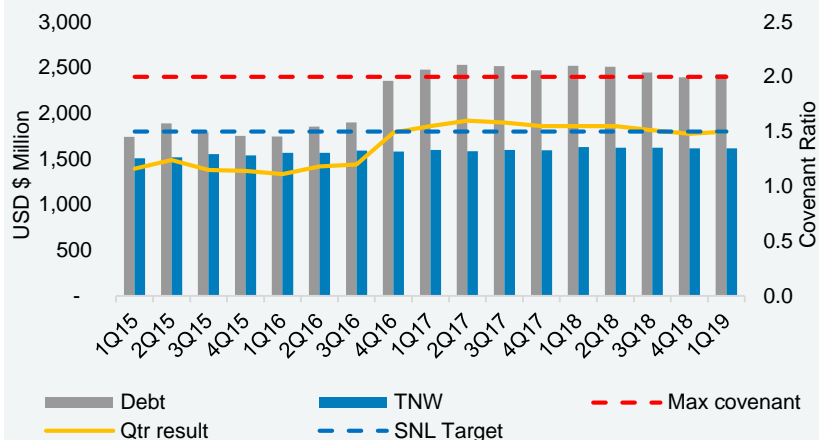
Debt Maturity Profile



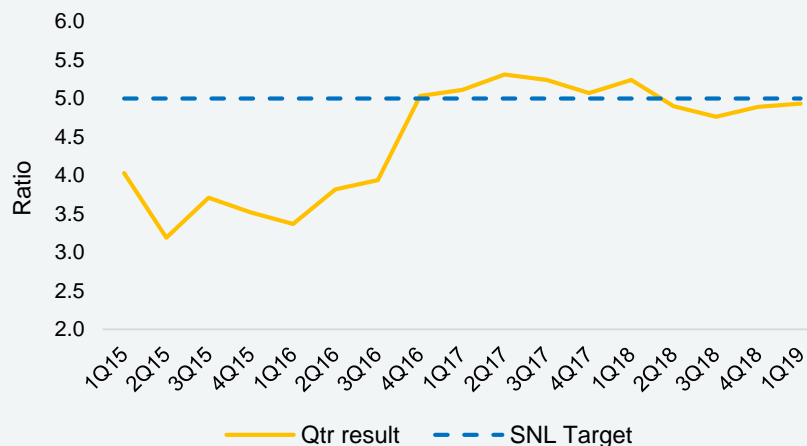
- \$370m drawn under the credit facilities at quarter end

Financial Key Metrics

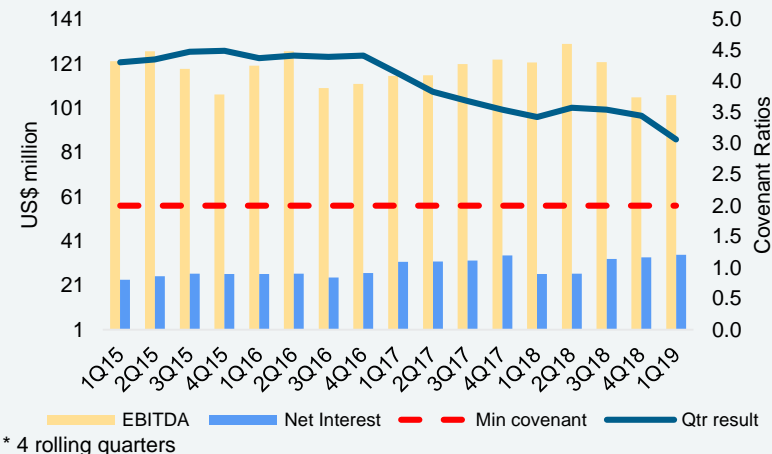
Debt / Tangible Net Worth



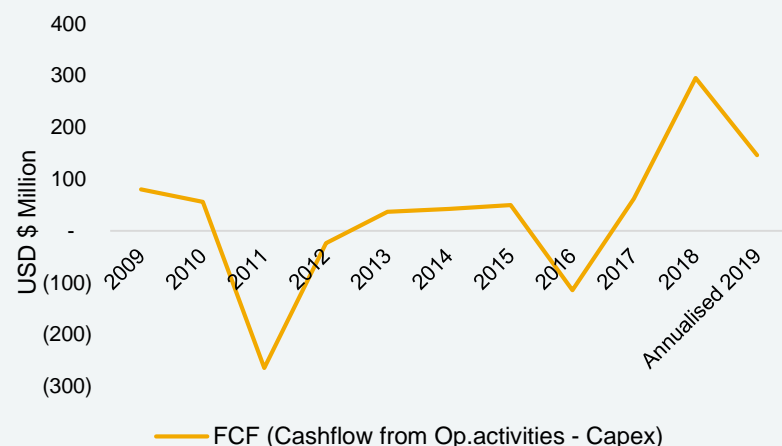
Net Debt / EBITDA



EBITDA / Interest Expense *



Free Cash Flow



Administrative & General Expenses

<i>Figures in US\$ Millions</i>	1Q19	4Q18	1Q18	FY18	Updated Quarterly Guidance
Stolt Tankers	\$21.2	\$22.5	\$23.8	\$90.2	\$21.8
Stolthaven Terminals	10.9	11.4	11.5	44.8	11.4
Stolt Tank Containers	16.4	16.8	17.4	67.4	17.0
Stolt Sea Farm	1.5	1.9	1.6	7.0	1.8
<u>SNL Corporate</u>					
SNL Corporate and Other	0.0	0.5	(0.3)	4.8	0.0
Profit Sharing / LTIP	3.3	3.2	3.0	8.9	2.5
Total	\$53.3	\$56.3	\$57.0	\$223.1	\$54.5

Depreciation and Amortisation

<i>Figures in US\$ Millions</i>	1Q19	4Q18	1Q18	FY18	Updated Quarterly Guidance
Stolt Tankers	\$39.1	\$40.5	44.3	\$174.7	\$40.0
Stolthaven Terminals	14.8	13.2	14.1	53.5	14.5
Stolt Tank Containers	5.9	6.1	6.1	24.5	6.3
Stolt Sea Farm	1.6	1.9	1.5	6.4	1.6
SNL Corporate	1.2	1.5	1.3	5.6	1.3
Total	\$62.6	\$63.2	\$67.2	\$264.7	\$63.7

Share of Profit of JVs and Tax

<i>Figures in US\$ Millions</i>	1Q19	4Q18	1Q18	FY18	Updated Quaterly Guidance
Stolt Tankers	\$0.6	\$0.4	\$0.4	\$2.9	\$0.8
Stolthaven Terminals	5.7	4.1	14.3	31.5	6.6
Tank Containers	0.2	0.4	0.2	1.7	0.3
Stolt-Nielsen Gas	(0.3)	(0.4)	(1.0)	(3.7)	
Total Share Profit of JV's	\$6.3	\$4.4	\$14.0	\$32.4	\$7.8

<i>Figures in US\$ Millions</i>	1Q19	4Q18	1Q18	FY18
Tankers, Terminals and T. Containers	\$2.4	\$1.5	(\$21.4)	(\$11.9)
Stolt Sea Farm	0.8	(0.1)	1.4	2.9
SNL Corporate	0.3	1.8	0.2	1.3
Total Taxes	3.5	\$3.2	(\$19.8)	(\$7.7)

Key Takeaways

- A net profit of \$6.6m for 1Q19, compared with \$3.2m in 4Q18
- Tanker market has stopped falling, suggesting a gradually improving trend
- Stable performance at Stolthaven Terminals
- At Stolt Tank Containers market has remained soft since last summer due to economic uncertainty
- Avenir LNG Limited, building a leader provider of small-scale LNG
- Strong earnings base from businesses supports positive free cash flow and continued debt reduction
- SNL has access to competitive funding and good liquidity



For more information please visit our website:
www.stolt-nielsen.com