# Chief Executive Officer's Review

2023 delivered another strong set of operating results, which reflect the strength of the company and our diverse portfolio of businesses. The market has continued to work in our favour, yet we believe our solid performance comes down to our growth strategy and the sustained efforts of our people to deliver operational excellence.

This exceptional performance is testament to the hard work and commitment of every employee at Stolt-Nielsen and I would like to thank everyone for their dedication and ongoing passion to keep innovating. It is this amazing team that consistently delivers a high-quality, reliable customer experience centred on flexibility. I'd also like to thank our loyal customers. Without their trust in us to safely handle their business, we would not be able to achieve the results that we have seen.

### Our performance

Our 2023 net profit was $296.7 million, compared with $280.9 million in 2022. This includes an incremental loss provision of $155.0 million (net profit impact of $115.0 million) in the second quarter related to the *MSC Flaminia* incident in 2012. Stolt-Nielsen's cash flow from operations increased from $619.8 million in 2022 to $721.4 million[1] in 2023. Earnings per share were $5.54 in 2023, compared with $5.25 in 2022. Net debt reduced from $2,038.2 million in 2022 to $1,761.3 million[1] at the end of 2023, bringing debt to tangible net worth down to 1.00 compared to 1.08 a year ago. Shareholders' equity was $1,906.1 million at year end, compared with $1,721.7 million a year ago.

Stolt Tankers' (ST) operating revenue ended the year at $1,709.8 million, up from $1,497.1 million in 2022. Operating profit also increased to $371.1 million from $205.1 million as the positive momentum in the chemical tanker market that we saw in the second half of 2022 continued throughout 2023. A low newbuilding orderbook for chemical tankers combined with stable chemical demand drove continued tightness in the segment. As a result, Stolt Tankers generated a record financial performance underpinned by higher contract freight rate renewals. In November, Stolt Tankers reached an agreement with Wuhu Shipyard in China to build six 38,000 deadweight tonne stainless steel parcel tankers. These sustainable ships will not only help Stolt Tankers in its ambition to reduce its carbon intensity by 50% (relative to the 2008 baseline) by 2030, they will also help reduce customers' Scope 3 emissions.

For 2023, results at Stolthaven Terminals (SHVN) improved slightly in line with expectations. Full-year operating revenue increased to $299.8 million from $276.2 million in 2022. Operating profit was $105.0 million, up from $89.2 million. We also saw an EBITDA margin improvement, due to our programme to replace lower-margin business with longer-term opportunities at higher rates.

At Stolt Tank Containers (STC), operating revenue decreased to $699.5 million from $894.6 million in 2022, with operating profit of $117.2 million, prior to the *MSC Flaminia* provision of $155.0 million, down from $172.7 million. After an unprecedented two years' strong performance for STC, the markets returned to more normalised levels. This was particularly noticeable during the second half of the year. Transportation rates broadly stabilised across most regions and by the end of 2023 we saw a similar impact on demurrage revenues. Our team continued to focus on increasing shipments to compensate for some of the margin lost this year. During the past three years our team has worked on making our digital platform scalable and cost efficient, meaning that the majority of our business can now be conducted digitally. In 2023, we focused on volumes and grew shipments by 10.0%. Our focus on sustainability continued and we have introduced emissions estimates to our online booking system to help our customers manage the carbon footprint of transporting their products with us.

Stolt Sea Farm (SSF) sold a record 6,814 tonnes of turbot in 2023, a 2.5% increase compared to 2022 and sole sales volumes reached a record high of 1,728 tonnes, a 15.4% increase. Steady demand throughout the year for sole allowed for solid price increases. Full-year operating revenue increased to $110.8 million, compared with $102.7 million in 2022. Operating profit was $24.3 million, up from $19.5 million the previous year, as 2023 benefited from a gain on the fair-value evaluation of biomass of $3.9 million compared with a fair-value loss of $1.0 million in 2022. Underlying operating results improved steadily throughout the year.

Stolt-Nielsen holds several minority shareholder investments in companies that align with our expertise. At the date of this report, we held the following positions: 47.2% in Avenir LNG,

1. Excludes cash inflow during the year of $133.0 million relating to *MSC Flaminia* insurance proceeds.

"I am impressed with the strength of our businesses and the leading positions we enjoy in our markets. We are relentlessly focused on our robust strategy and its execution. I look forward to building on this positive energy as we drive the company forward."

8.7% in Ganesh Benzoplast, 2.5% in Golar LNG, 8.3% in The Kingfish Company and 13.6% in Odfjell SE. These investments have a total value of $225.4 million.

To help the investment community understand the true value of our company, we plan to provide full year guidance for 2024 and have committed to hosting a capital markets day.

### Outlook

For our liquid logistic businesses, we expect to see a modest increase in demand for our services as global industrial production picks up. The American Chemistry Council forecasts global chemical production volumes will grow 2.9% as the destocking cycle is largely expected to come to an end. In 2024, we expect to see growth across all regions including a return to growth in Europe, North America and Latin America supported by continued growth in Asia. We will continue to work collaboratively with customers across all three divisions, offering solutions that enhance efficiencies in the liquid logistics supply chain.

We believe Stolt Tankers will continue to operate in an attractive market for the foreseeable future as chemical tanker deliveries remain low and shipyards have limited capacity to build new ships. In addition, swing tonnage in our segment remains low as these ships are currently more profitably employed in their primary trade. In February 2024, together with our joint venture partner NYK Line, we signed an agreement with Nantong Xiangyu Shipyard in China to build six 38,000 deadweight tonne stainless steel chemical tankers for delivery between 2027 and 2029. The ships are designed to maximise fuel efficiency using a wide range of energy savings devices and shore power connection. They can also be retrofitted for methanol propulsion, supporting Stolt Tankers' commitment to the energy transition. This order also reflects our strategy to maintain the scale of our core 38,000 deadweight tonne fleet by adding newbuildings not otherwise available in the second-hand market in a capital efficient way.

Volumes and margins in our Stolt Tank Containers business have returned to pre-Covid levels as bottlenecks within the supply chain have eased. For 2024 we are seeing more tanks in the market, but our global platform, double-digit growth and fleet size gives us a competitive advantage as we can leverage our longstanding relationships with freight carriers and position our tanks where customers need them.

High utilisation is expected to continue across the terminals industry during 2024 as safe, reliable storage space continues to be in high demand. We also expect to continue to benefit from the energy transition that is driving higher margins and will continue our programme of replacing lower margin business with longer-term opportunities at higher rates.

At Stolt Sea Farm our team is highly motivated to drive sales and increase volumes sold into 2024. With strong production growth across all our farms, we are also focused on expanding our sales channels and geographical reach to support sales growth and price improvements. Our overall market share in premium fish is relatively small, and this offers huge opportunities for the business to grow both in Europe and further afield.

We will continue to put our strong balance sheet and cash flow generation to work to deliver sustainable shareholder returns. This was reflected in 2023 with our newbuildings order for Stolt Tankers, the addition of 4,000 tanks to the Stolt Tank Containers fleet as well as expansion projects at our terminals in the US and at our sole farm in Cervo, Spain. We are also preparing for the energy transition, making sure that we are ready to support the evolving needs of our customers.

We cannot deliver on our strategy unless we operate safely, therefore protecting people and the planet will remain our priority. The move to a more sustainable future brings many opportunities. And with a positive outlook ahead, the future is very bright for Stolt-Nielsen as we progress into our next chapter.

**Udo Lange**
Chief Executive Officer
Stolt-Nielsen Limited
March 14, 2024