



## Stolt-Nielsen Limited Second-Quarter 2020 Results

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July 2, 2020

**Stolt-Nielsen** 

# 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 are not limited to, the matters described in the section “Principal Risks” (p. 44 to 46) in the most recent annual report available at [www.stolt-nielsen.com](http://www.stolt-nielsen.com).

# Agenda

- SNL 2Q20 Highlights
  - Covid-19 Action List
  - Stolt Tankers
  - Stolthaven Terminals
  - Stolt Tank Containers
  - Stolt Sea Farm
  - Stolt-Nielsen Gas
- Financials
- Q&A





# Highlights of 2Q20 – Better than expected...

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**Stolt-Nielsen Limited reported a net profit from continuing operations of \$12.3 million,**  
up from a loss of \$19.3 million



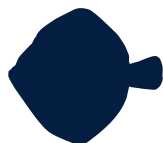
**Stolt Tankers reported an operating profit of \$20.0m**, up from \$4.7m, mainly reflecting a \$12.2m increase in deep-sea revenue driven by healthy COA nominations, stronger spot market, and increased number of operating days.



**Stolthaven Terminals reported an operating profit of \$19.2m**, up from \$18.9 million, as markets overall remained stable. Utilisation rose to 95% in our wholly owned terminals, and to 97% in joint-venture terminals.



**Stolt Tank Containers reported an operating profit of \$13.0m**, up from \$6.7 million, reflecting higher demurrage and lower repositioning costs. Total shipments were unchanged, though average utilisation increased by 1.7% compared with the first quarter.



**Stolt Sea Farm reported an operating loss of \$4.7m**, which included impairments of \$1.8m, compared with an operating loss of \$8.8m in the first quarter, which reflected a \$12.0m write-down of biomass value. Sterling Caviar classified held for sale, and impairment loss of \$8.1m.

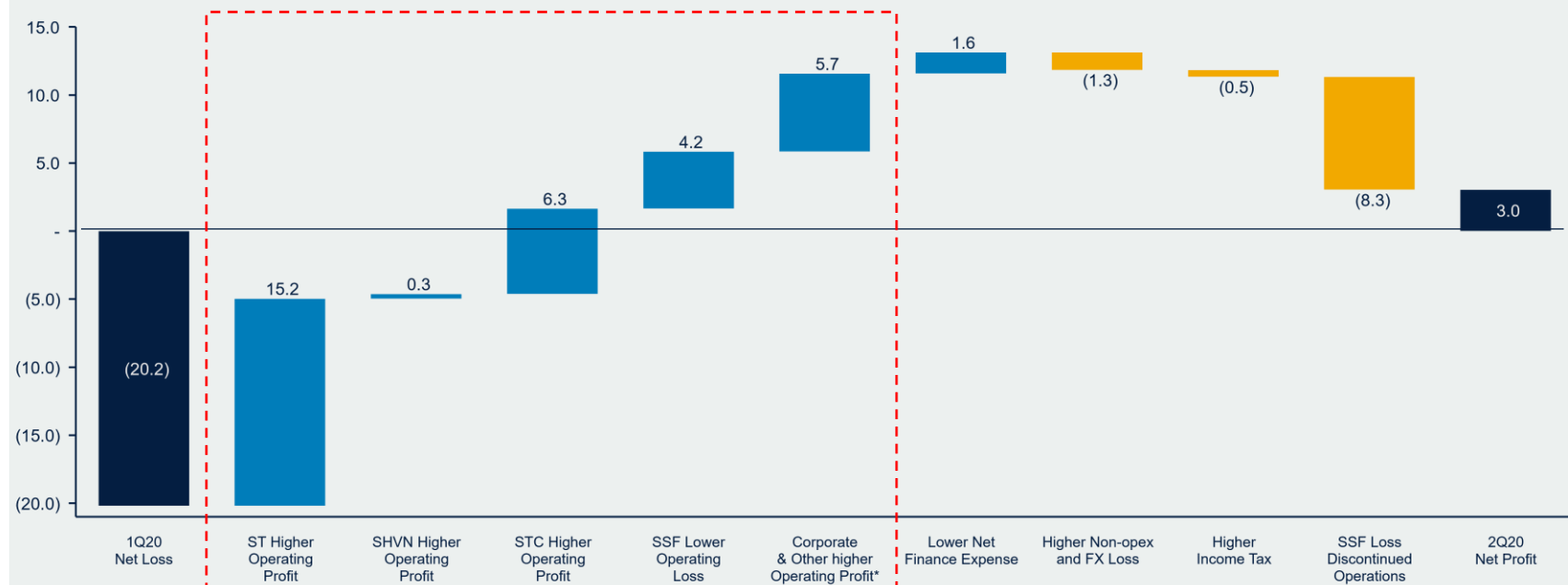
# Stolt-Nielsen Limited 2Q20 Highlights

	Operating Revenue	EBITDA*	Operating Profit	Net Profit/ Loss**
<b>2Q20</b>	<b>\$503.5m</b>	<b>\$122.8m</b>	<b>\$49.4m</b>	<b>\$3.0m</b>
<b>1Q20</b>	\$497.1m	\$100.3m	\$17.6m	(\$20.2m)

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

\*\* \$3.6m Profit attributable to SNL Shareholders

## NET PROFIT VARIANCE from 1Q20 to 2Q20



ST – Stolt Tanker SHVN – Stolthaven Terminals STC – Stolt Tank Containers SSF– Stolt Sea Farm Corporate &Other – Includes Stolt-Nielsen Gas



# Covid-19: Action List Updated

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Goal: Preservation of cash

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## 2020 Cash Flow Savings

### *Actions Taken:*

- Dividend cancelled
- T&E/training
- Reduction of Board fees and Senior Management salaries
- Professional fees / Contractors



\$21m

- Capex: All businesses have conducted thorough reviews and cancelled or postponed all non-essential projects



\$62m

## Target: Secure sufficient liquidity to weather a substantial downturn

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### *Status and Initiatives:*

- \$411m in available liquidity as of May 31, 2020
- \$65m financing secured by two terminals: Term Sheet agreed and credit approved
- \$132m bond issued in June
- Top-up \$40m on existing terminal financing under discussion
- Considering additional \$100m RCF

# Stolt Tankers

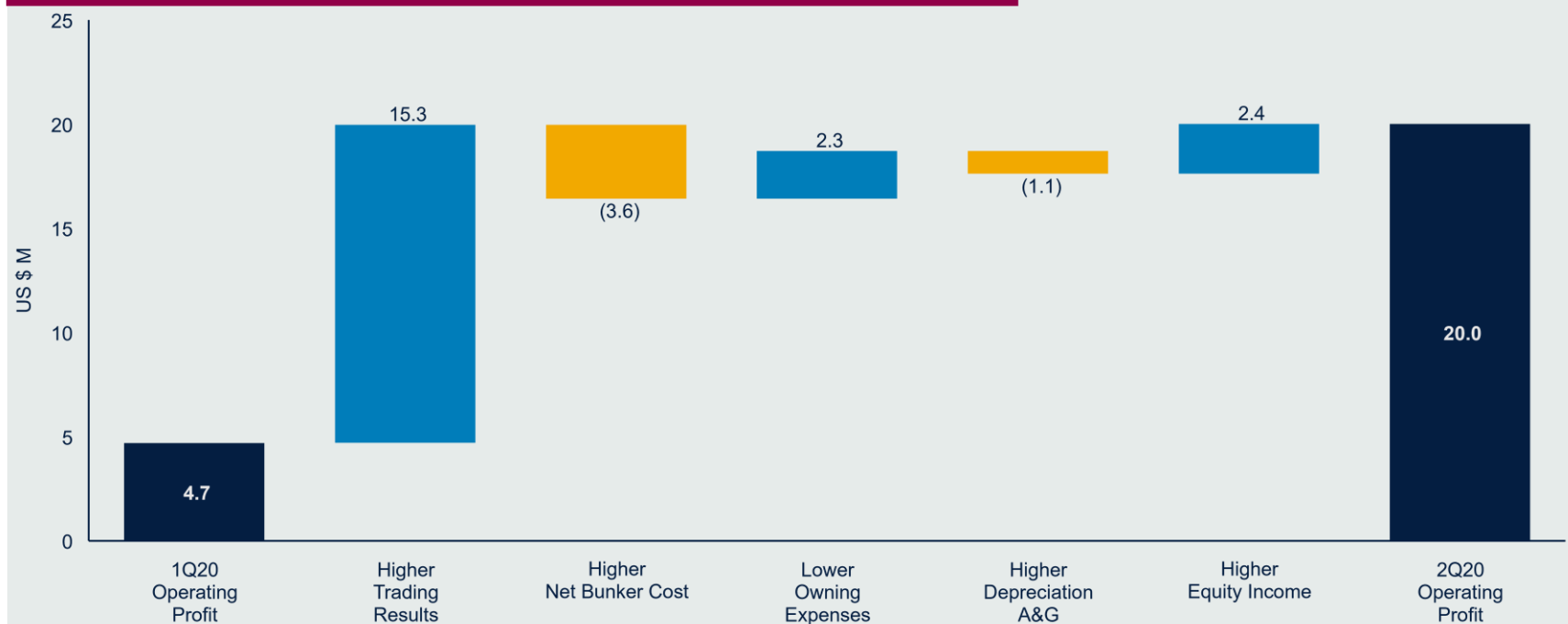


# Stolt Tankers 2Q20 Highlights



	Operating Revenue	EBITDA	Operating Profit	Operating Days Deep Sea
<b>2Q20</b>	<b>\$293.9m</b>	<b>\$65.7m</b>	<b>\$20.0m</b>	<b>6,329</b>
<b>1Q20</b>	\$280.7m	\$49.5m	\$4.7m	6,018

## OPERATING PROFIT VARIANCE 1Q20 to 2Q20





# 2Q20 Market Update



COA freight rate renewals up 5% in 2Q20.



## Volumes

**Q1  
vs  
Q2**

+ 9%

COA +15%  
Spot - 4%



## Freight Rates

+1%

COA +2%  
Spot - 0.4%



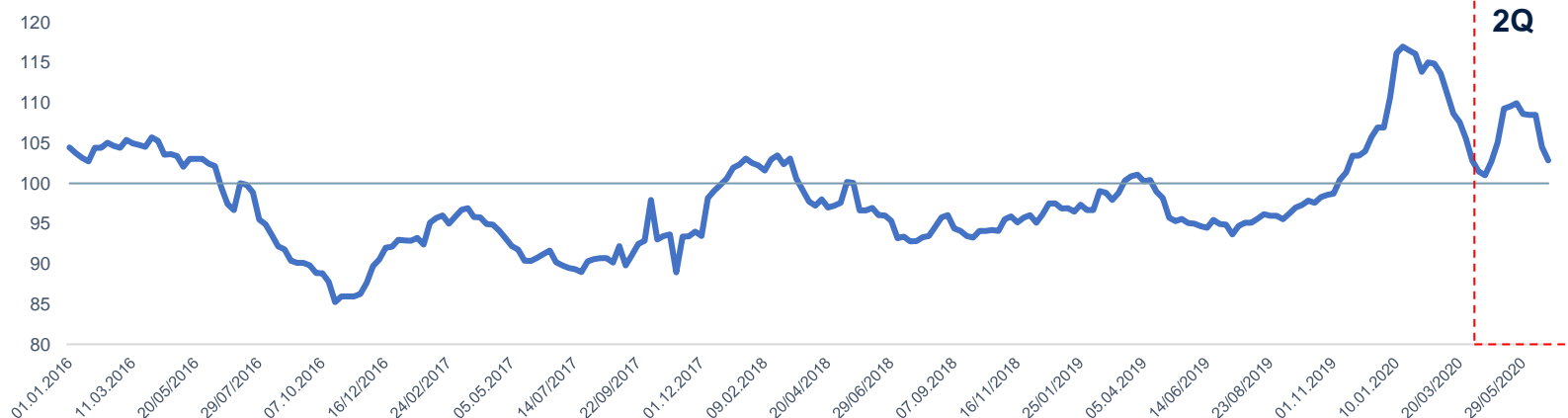
## Utilisation

+3%

SIR\* +13%

\*Excluding bunker-hedge results

## Clarkson's Spot Chemical Index

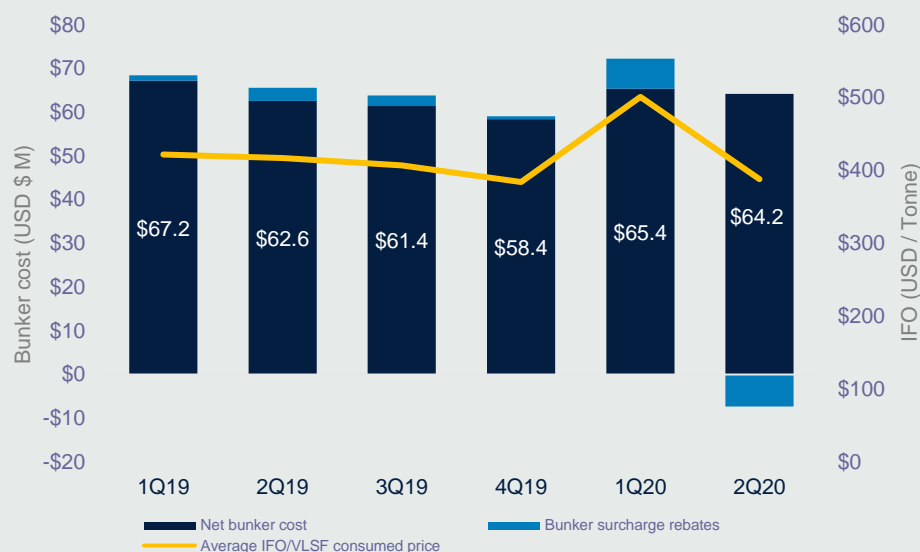


# Bunker Costs



YTD COA bunker surcharge clauses covered on average 68% of total volume

## Bunker Costs



## Bunker Hedge Results

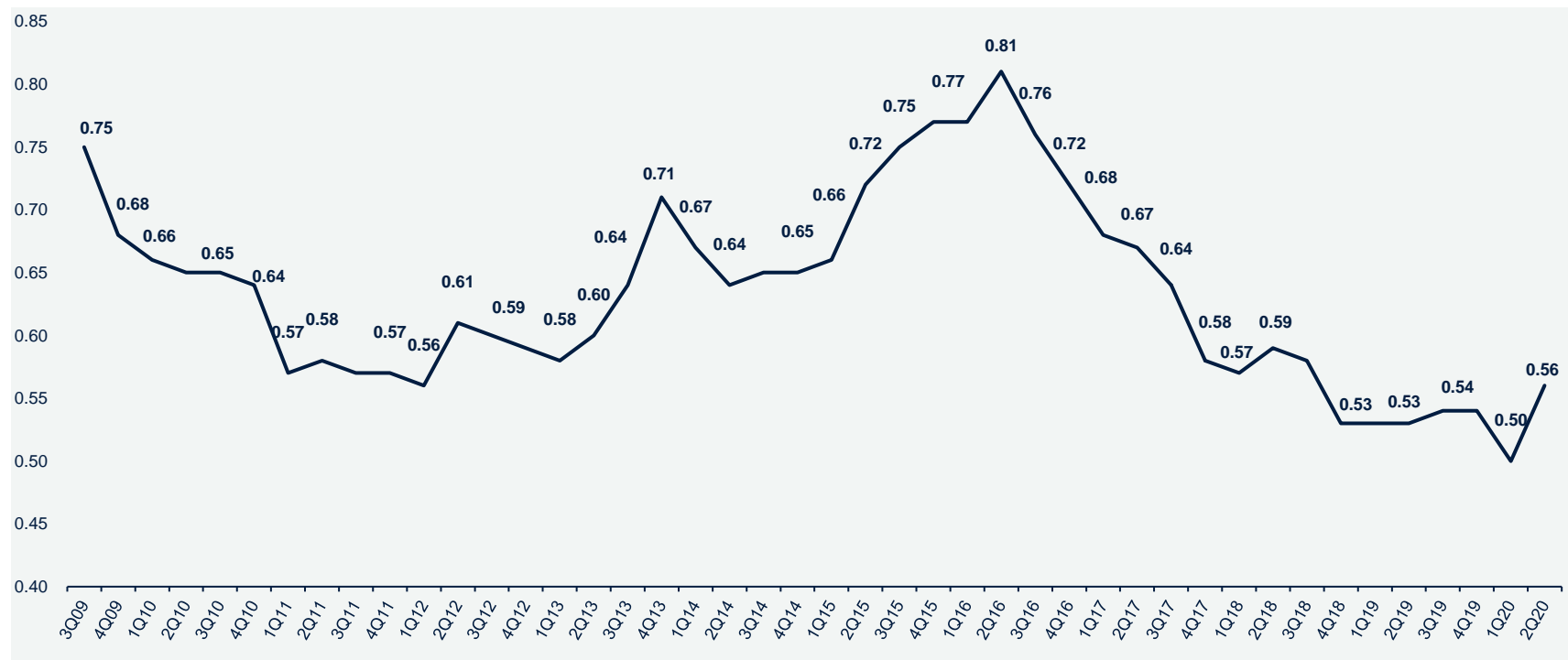
Period	Realised G/(L) US \$M	Unrealised G/(L) US \$M	Total Hedge G/(L) US \$M
FY19	6.1	(4.7)	1.4
1Q20	(0.3)	0.6	0.2
2Q20	(0.7)	(3.8)	(4.5)

## STJS Bunker Price Sensitivity

	Per ton US \$	Net Impact on P&L (excl hedges) US \$M
VLSF average price 2Q20	404	0.0
Base price + 5%	424	(\$1.0)
Base price + 10%	444	(\$2.1)
Base price + \$100	504	(\$4.8)

- Average price of IFO/VLSF consumed was \$388/tonne in 2Q20 compared with IFO/VLSF consumed during 1Q20 of \$501/tonne. Average price of IFO/VLSF purchased in 2Q20 was \$274/tonne compared with \$546/tonne in 1Q20.
- Much of COA benefit of lower bunker cost passed through to customers, as Tankers was burning older, higher cost inventory, while bunker surcharge clause rebates based on lower spot prices: Net benefit of \$1.2m

# 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 analysis

USD\$m

Net Impact on P&L per quarter

Sailed-in T/C Index 2Q20

0.56

0.0

Sailed-in T/C Index + 5%

0.59

5.6

Sailed-in T/C Index + 10%

0.62

11.1

Sailed-in T/C Index + 15%

0.64

16.7

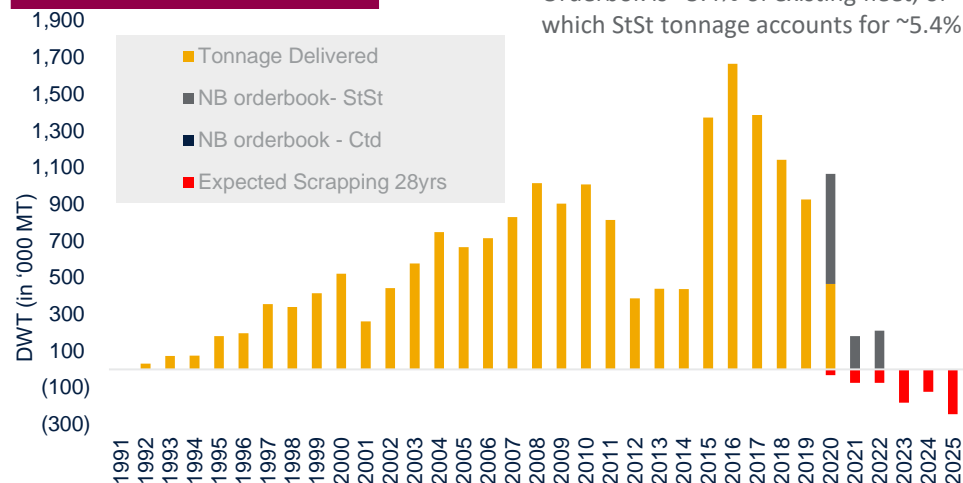


# Chemical Tanker Fleet and Orderbook – 2Q20

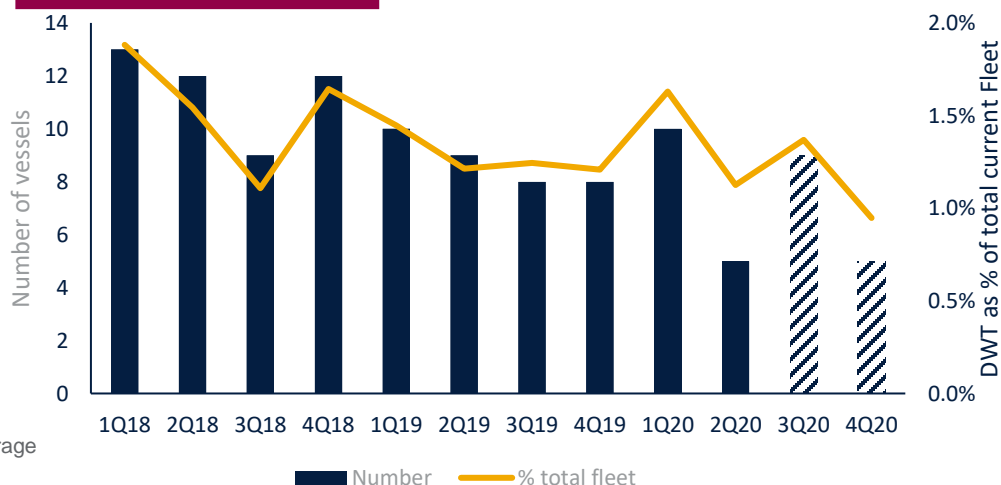
Historically low orderbook expected to be supportive of post Covid-19 market recovery

- Orderbook of 5.4%, or 0.9m DWT from 2020 to 2024, slightly up from 5.3% in 1Q.
- 0.9m DWT expected recycling from 2020 to 2024.
- Core chemical deep-sea fleet growth will drop significantly from 2020 to 2021.
- Covid-19 pandemic is causing delays in newbuilding deliveries.

## Order Book



## Vessels Addition



Source: Stolt-Nielsen and Drewry, as of June 1, 2020.  
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.

# Market Outlook



No impact from Covid-19 on 2Q earnings, but we expect a negative impact in 3Q

## Deep Sea (STJS)



- May's SIR highest since Nov'17, and all trades were boosted by CPP market and low bunker prices.
- USG exports to Asia and India are strong with weaker demand in the Atlantic and to South America.
- MR Market down to about \$10,000/day from record \$72,000/day in April.

## European Fleet

- European Services :Activity in SNIES remain low. Outlook is still very bleak and uncertain, particularly in UK.
- Current market conditions remains very challenging and we foresee that to continue in July and August.
- Inland Tanker Services: COA coverage at 79%. Revenue from STJS doubled in May, and we expect stable earnings.

## Asia – Pacific (SN Asia Pacific Service)

- May's SIR highest since March 2018. Spot rates held ground against falling bunker prices.
- Market expected to remain tight through first half July although signs that volumes are slowing and tonnage building.
- Following a strong performance in May and June, we expect a slowdown in July and August caused by lower demand.

## Caribbean Fleet

- Strong recovery in the second quarter due to less port congestion and lower bunker prices.
- Following a strong performance in May and June outlook is uncertain.





# Stolthaven Terminals



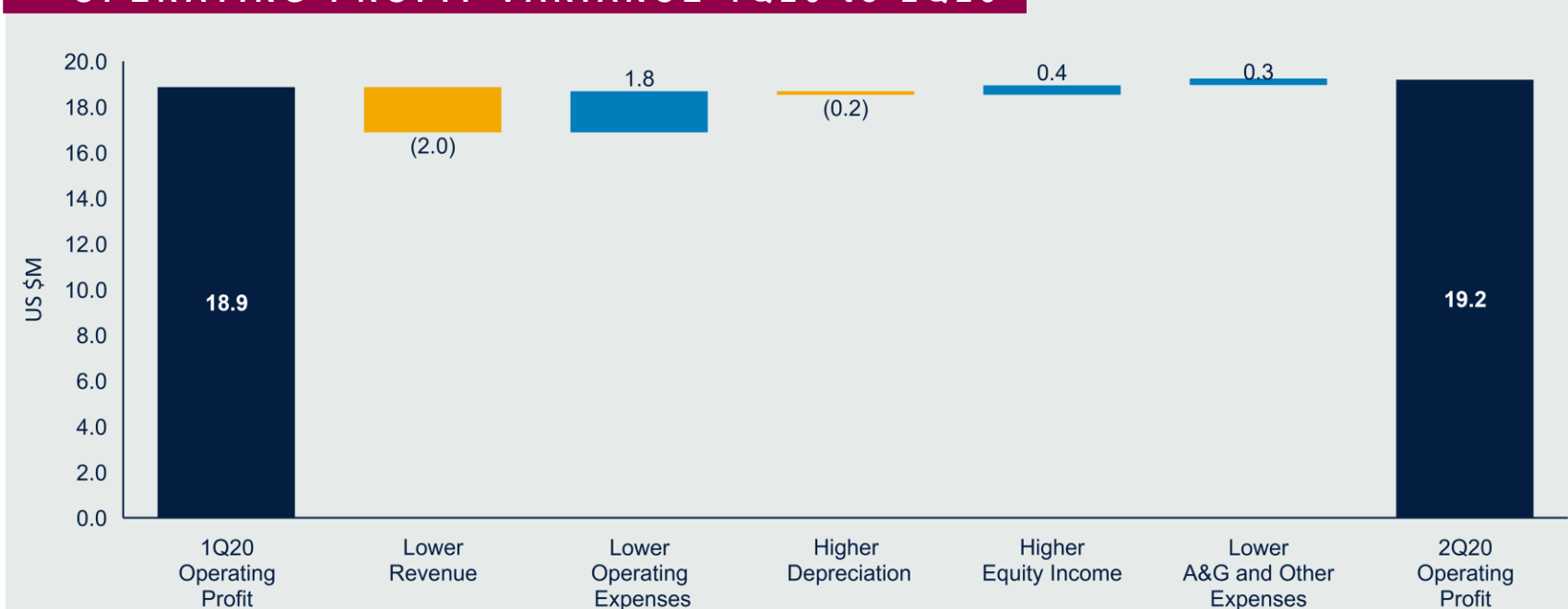
# Stolthaven Terminals 2Q20 Highlights



Steadily improving

	Operating Revenue	EBITDA	Operating Profit	Utilisation <i>Wholly owned terminals</i>
<b>2Q20</b>	<b>\$59.7m</b>	<b>\$35.3m</b>	<b>\$19.2m</b>	<b>95.2%</b>
<b>1Q20</b>	\$61.7m	\$33.4m	\$18.9m	90.5%

## OPERATING PROFIT VARIANCE 1Q20 to 2Q20



# Stolthaven Terminals Performance



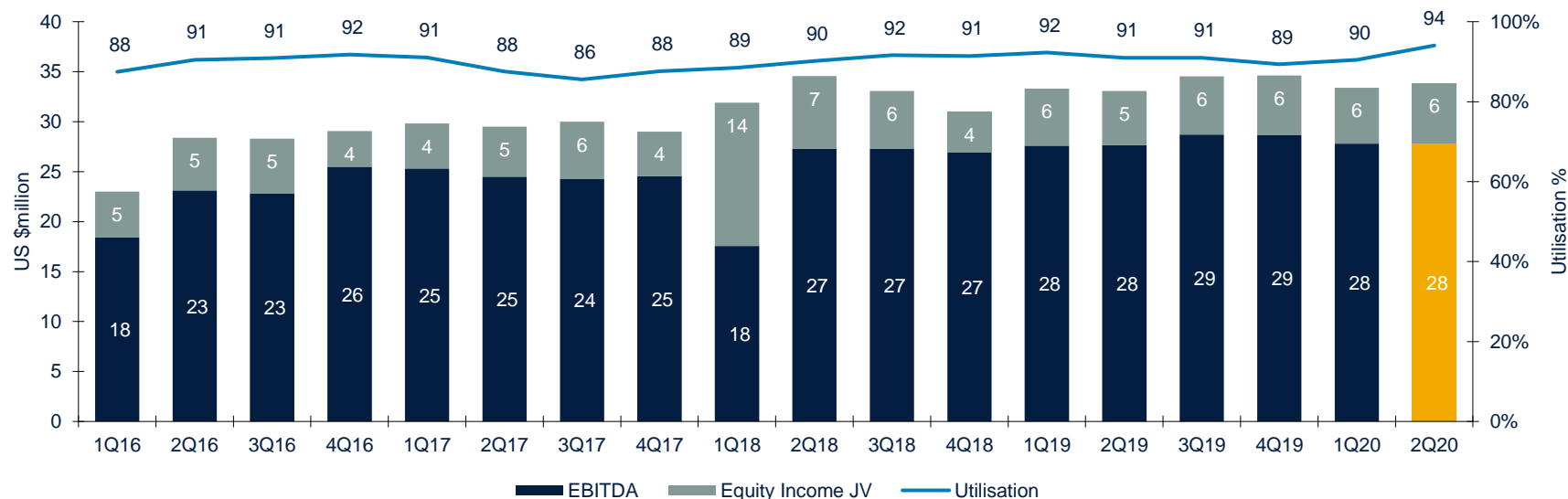
## Stable and steady performance through the quarter

- **US Terminals** remained stable with utilisation above 90% and fully operational during the lock down.
- **Brazil and European Terminals** saw drop in chemical throughput, but healthy ethanol demand.
- **ANZ and Singapore Terminals** saw increased activity during second quarter, which helped to increase utilisation to 94% from 90%.

### SHVN - Joint Ventures

		2Q20	1Q20
Equity Income	▲	\$6.0m	\$5.6m
Utilisation	▲	96.6%	94.6%

### EBITDA /Utilisation (Wholly owned)



# Stolthaven Terminals Market Outlook



Markets overall remained stable compared with previous quarter, both for chemicals and petroleum.

## United States



US markets overall steady but chemicals and base oils into the automotive industry still weak. Steady flow of inquiries for additional storage in both Houston and New Orleans.

## Europe



European market remains steady for chemicals, although the broader market remains weak due to the significant exposure to industries such as automotive. Petroleum storage remains strong.

## Asia



The Chinese chemical market has showed signs of improvement post lock down. The Korean market remains stable for chemicals, but Southeast Asia is lagging in recovery.

## Brazil



The chemical market continues to show signs of weakness with a pickup expected once lockdown eases. The petroleum and ethanol markets remain more stable, including on throughput.

# Stolt Tank Containers

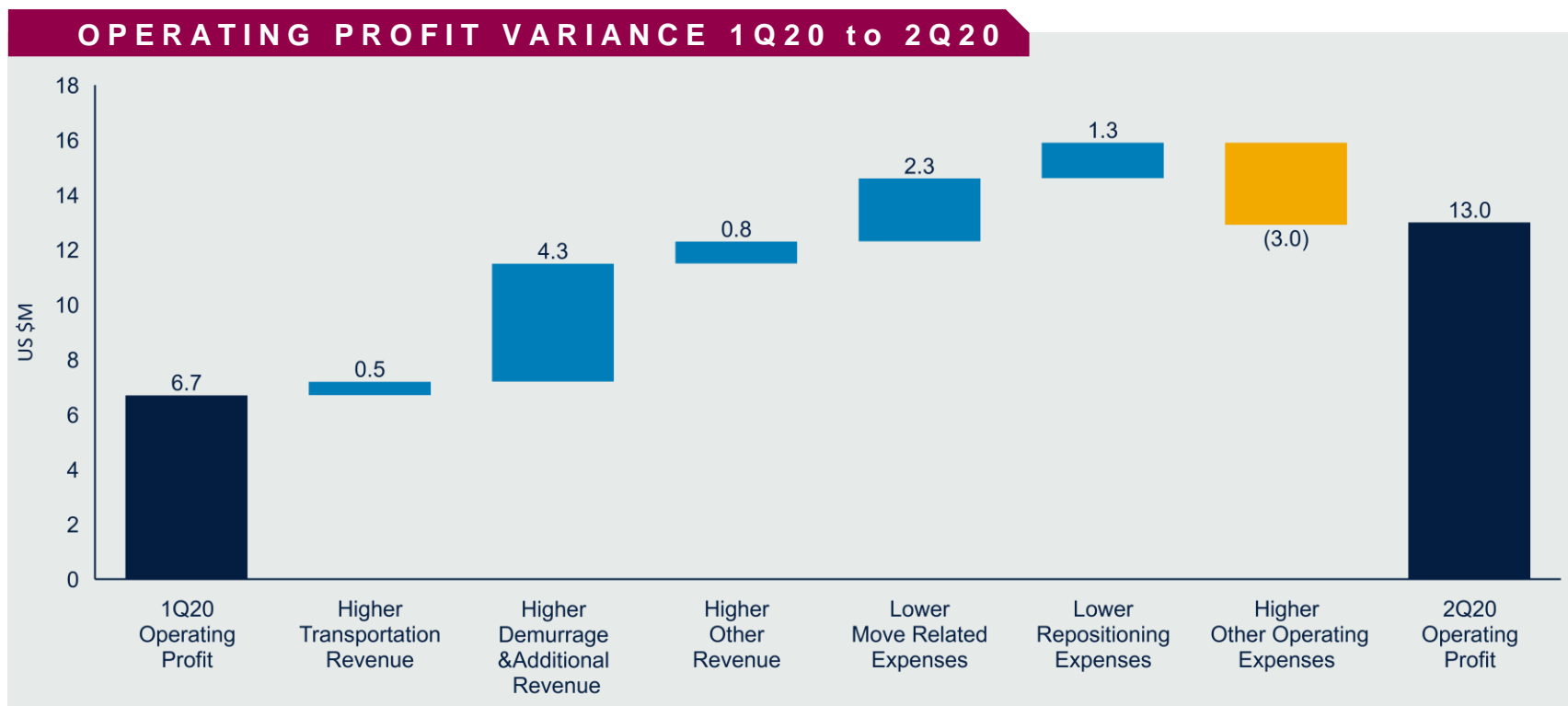




# Stolt Tank Containers 2Q20 Highlights



	Operating Revenue	EBITDA	Operating Profit	Utilisation
<b>2Q20</b>	<b>\$135.2m</b>	<b>\$21.2m</b>	<b>\$13.0m</b>	<b>69.7%</b>
<b>1Q20</b>	\$129.4m	\$16.5m	\$6.7m	68.5%



# Tank Containers Market Highlights



Demand was firm. During 2Q20, shipments were slightly down but margins were up due to demurrage revenue.

- Total shipments were about flat quarter-on-quarter but tailed off towards the end of 2Q20. Volumes into and out of Europe were weak; offset by good volumes out of the US and South America
- Demurrage revenue was up due to strong shipments in February and March and customers holding onto tanks longer
- Repositioning cost was down due to well positioned tanks relative to demand and less intra regional shipments
- Ocean freight has come down as container liner market softened

## Shipments

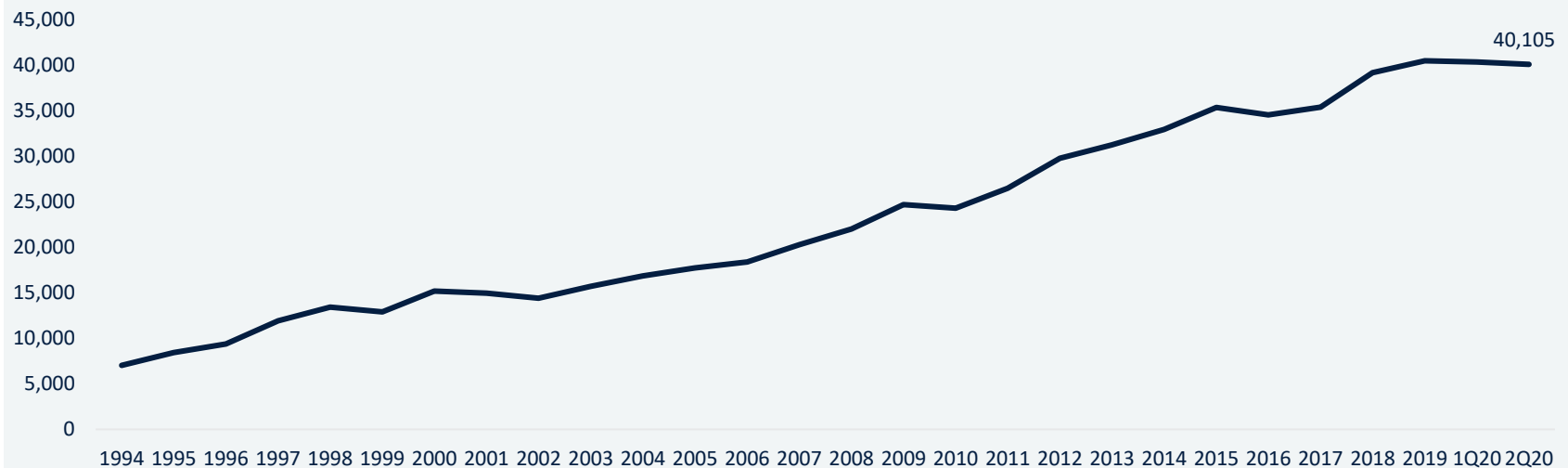


# Tank Containers Market Outlook



- Asia markets remain busy, and good demand in Oil/Chemical trade, and increase in exports to Europe.
- Europe demand is down, due to lockdowns across Europe.
- South America exports are strong, positive outlook for the coming quarter.
- Demand in North America is holding up thanks to diversification of customer base.
- Food-grade business continues to grow.
- After 2Q, shipments were down in June, but we are seeing improved bookings for July.

## Fleet



# Stolt Sea Farm

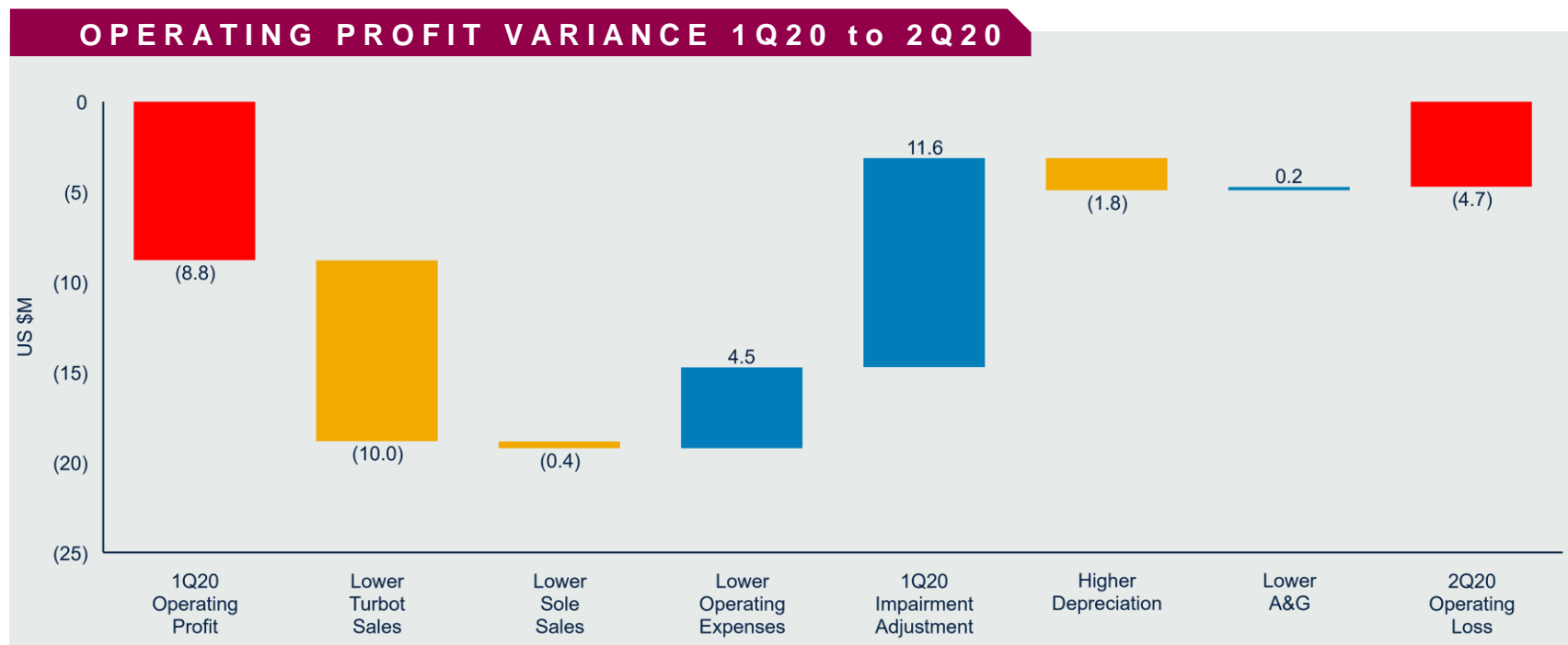


# Stolt Sea Farm 2Q20 Highlights



	Operating Revenue	EBITDA*	Operating Loss
<b>2Q20</b>	<b>\$13.6m</b>	<b>(\$1.6m)</b>	<b>(\$4.7m)</b>
<b>1Q20</b>	<b>\$24.0m</b>	<b>\$2.9m</b>	<b>(\$8.8m)</b>

\*EBITDA before fair value of biological assets and before discontinued operations



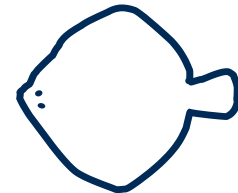


# SSF Market Update



## 2Q20 Market review

- Market has been weak for seafood, specifically for high-value species like ours.
- We have adjusted our prices to the weak demand, which has allowed us to keep a flow of sales of turbot and sole.
- Retail, particularly in Southern Europe, has gained weight in our channel share.



## Covid-19 Action Plan

- Successful steps taken to preserve cash including: new bank loans, extra credit from vendors, capex & hiring freezes and relevant government grants.
- Focus on working capital with no relevant bad debts.
- Reduced opex via: reduction of biomass, improved feeding efficiency, reduced energy consumption and tight control of maintenance expenditures.

## Rest of year Outlook

- Q3 has started with a sooner-than-expected recovery in volumes, as restaurants and export markets have been gradually opening but pricing remains at low levels.
- We anticipate some improved pricing levels throughout the summer, although in terms of demand we still anticipate the summer season to be weaker than usual.



# Stolt-Nielsen Gas



# Avenir LNG Update - Ships



- First ship has been fixed with Petronas on a bareboat(BB) charter for 3 years with expected delivery end September 2020.
- Petronas and Avenir are developing a wider collaboration through the following initiatives:
  - LNG Bunkering Alliance: non-exclusive multimodal bunkering cooperation to provide solutions to LNG-fueled vessels operating between Europe and Asia.
  - Collaboration on select small-scale LNG projects in Southeast Asia.
- Second ship has been fixed with Golar Power with a BB charter for 3 years with expected delivery end 2020.
- 4 additional vessels under construction at SOE's Nantong yard have been delayed by up to 2 months.
- Term sheets have been agreed for the financing of the first two ships and discussions continue for financing of the 4 vessels expected in 2021.
- The development of new business opportunities has been hampered by Covid-19 and the volatility of the crude oil market. However a number of mature projects in the Mediterranean, Caribbean and Southeast Asia are expected to move forward by end 2020.

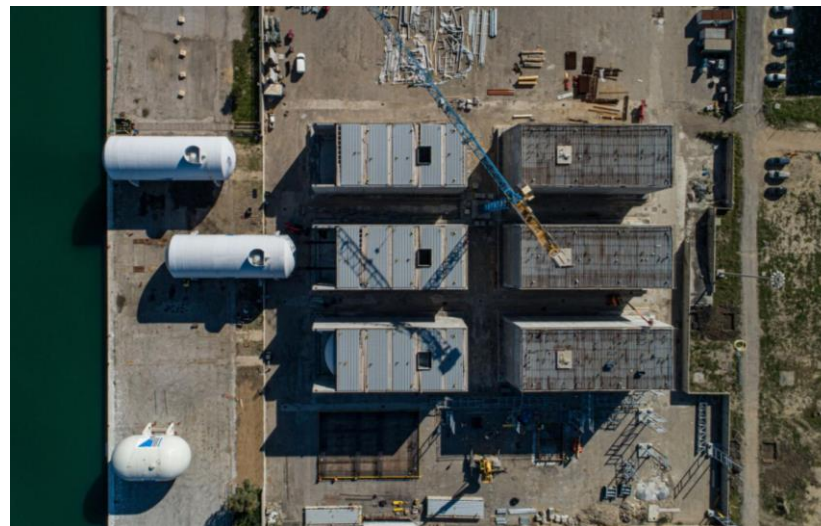




# Avenir LNG Update – Sardinia Terminal



- The commercial operations of the LNG import facility being developed on the Italian island of Sardinia have been delayed until December 2020.
- Negotiating a supply agreement with a major industrial offtake customer in Sardinia.



# Financial Statements



Second-Quarter 2020 Results





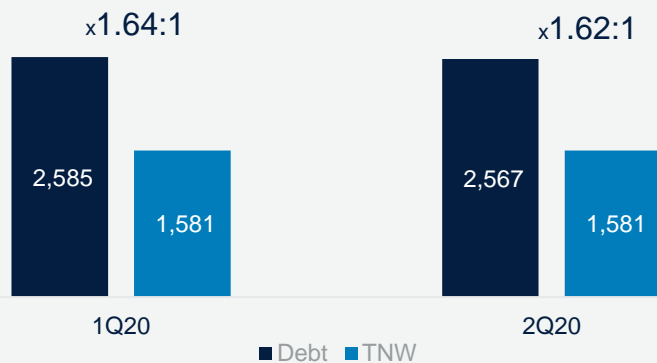
# SNL Net Profit (Loss)

US \$ Million	Quarter			
	2Q20	1Q20	HY20	HY19
<b>Operating Profit (before one-offs)</b>	<b>\$51.2</b>	<b>\$29.5</b>	<b>\$80.7</b>	<b>\$91.1</b>
SSF Impairment	(1.8)	(12.0)	(13.8)	
Gain/(Loss) on sale of assets		0.1	0.1	0.7
Write-down of inventory in Sterling Caviar		0.0	0.0	(1.7)
<b>Operating Profit (as reported)</b>	<b>\$49.4</b>	<b>\$17.6</b>	<b>\$67.0</b>	<b>\$90.1</b>
Net Interest Expense	(33.4)	(35.0)	(68.3)	(67.0)
FX gain / (loss), net	(1.0)	(0.8)	(1.8)	(1.2)
Income tax	(1.7)	(1.2)	(2.9)	(7.8)
Other	(1.0)	0.0	(1.0)	1.1
<b>Net Profit from Continuing Operations</b>	<b>\$12.3</b>	<b>(\$19.4)</b>	<b>(\$7.0)</b>	<b>\$15.1</b>
Loss from discontinued operations to SNL Shareholders	(9.3)	(1.0)	(10.3)	(5.0)
<b>Net Profit (Loss)</b>	<b>\$3.0</b>	<b>(\$20.2)</b>	<b>(\$17.2)</b>	<b>\$10.1</b>
Attributable to equity holders of SNL	3.6	(19.9)	(16.3)	11.5
Attributable to non-controlling interests	(0.6)	(0.3)	(0.9)	(1.4)
<b>Net Profit (Loss)</b>	<b>3.0</b>	<b>(20.2)</b>	<b>(17.2)</b>	<b>10.1</b>
<b>EBITDA a)</b>	<b>\$122.8</b>	<b>\$100.3</b>	<b>\$223.1</b>	<b>\$217.4</b>

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

# Covenants Coverage Improved

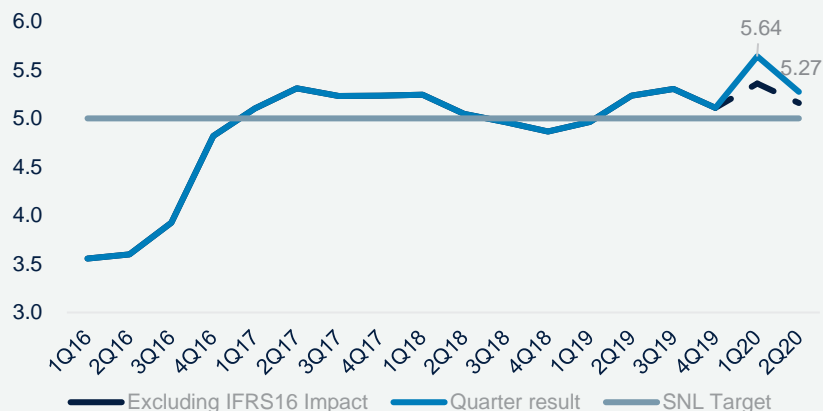
## Debt to TNW



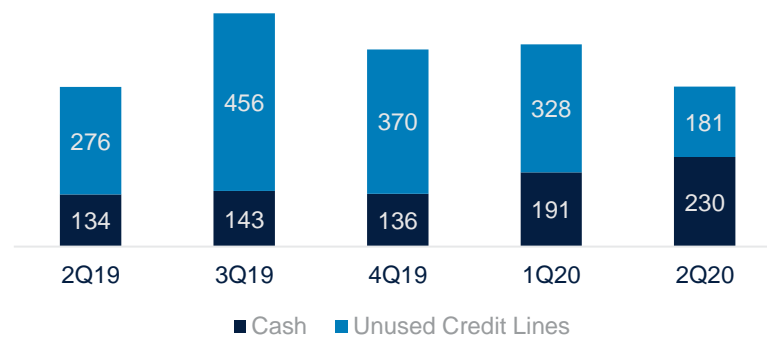
## EBITDA to Interest Expense (LTM)



## Net Debt to EBITDA



## Solid liquidity position



# Capital Expenditures Programme

As part of our strategy to preserve cash, the Group has postponed or cancelled \$62m of 2020 capital expenditures

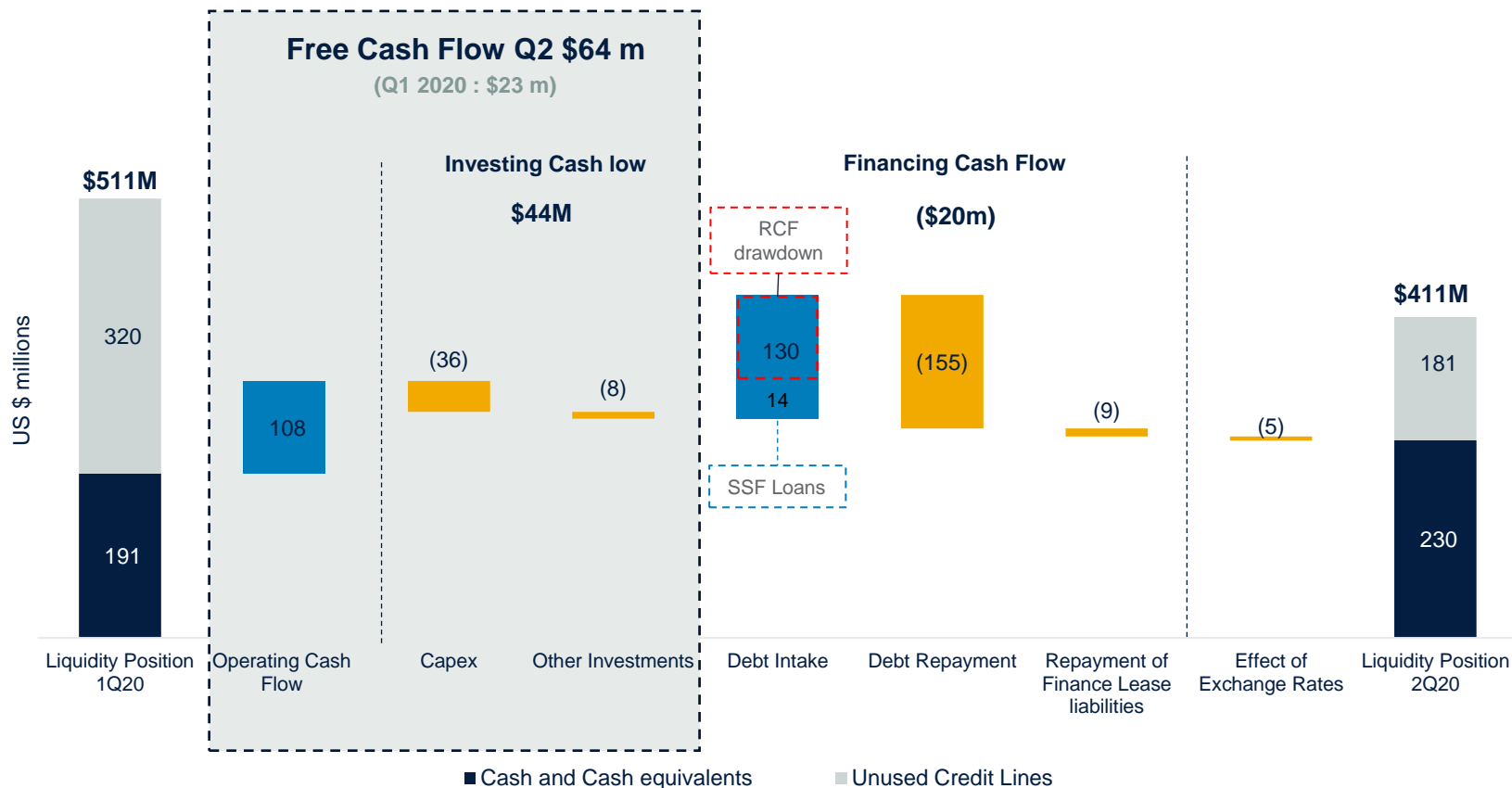
<i>Figures in USD \$ Million</i>	Actuals			Projections		
	2020	Covid-19	Remaining	2021	2022	Total
Stolt Tankers	\$21	\$13	\$20	\$13	\$5	\$38
Stolthaven Terminals	29	30	38	53	32	123
Stolt Tank Containers	5	9	8	3	-	11
Stolt Sea Farm	3	-	3	4	6	13
Stolt-Nielsen Gas	10	-	10	16	-	26
SNL Corporate & Other	5	9	20	-	-	20
<b>Total</b>	<b>\$73</b>	<b>\$62</b>	<b>\$98</b>	<b>\$89</b>	<b>\$43</b>	<b>\$230</b>

Stolt Tankers capex excludes drydocking (\$13m) YTD.

# SNL Liquidity Position

Free cash flow increased to \$64m in Q2 from \$23m in Q1, and liquidity position solid at \$411m.

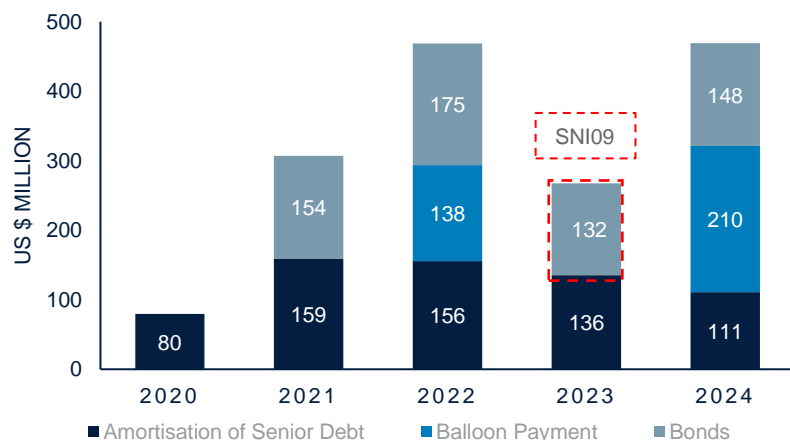
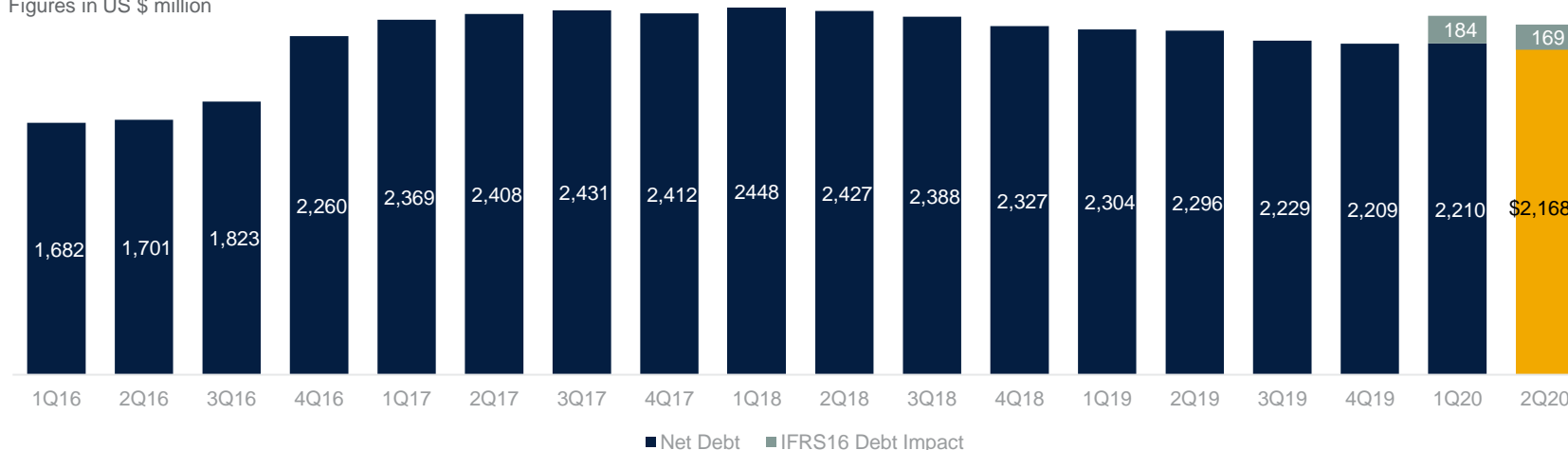
## Cash Flow Q2 2020



# Group Debt & Maturity profile

Since the peak in debt following the JO Tankers acquisition in 2016, we have reduced the net debt by \$280m

Figures in US \$ million



Completed during 3Q20.

- Senior unsecured bond of NOK 1.25b, and repurchased NOK 522m of SNI05.

In progress.

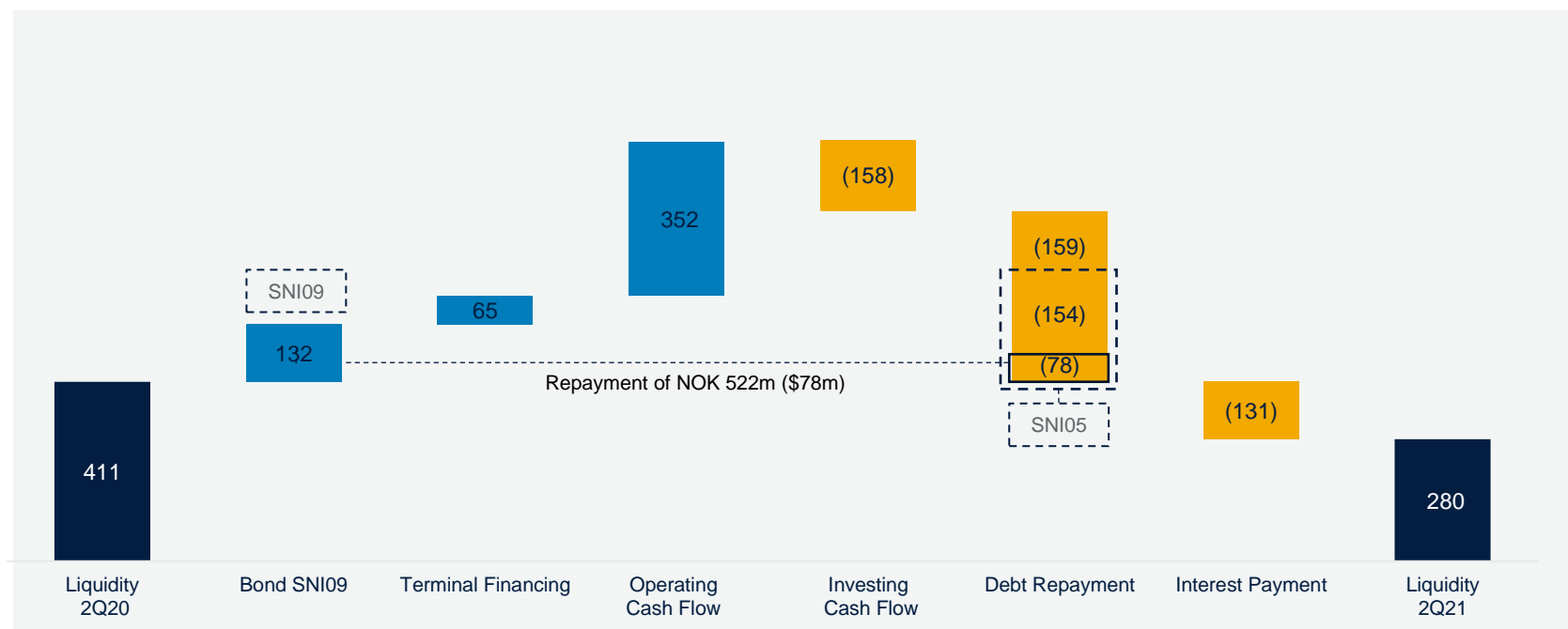
- Loan of \$65m using SHVN Moerdijk and Dagenham as collateral



# Strengthened liquidity



## Estimated cash flow next 12 months



# Key messages 2020

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- Early action taken to improve liquidity position and protect revenue base
- Each business well positioned within their respective segments
- If needed, we have a downside action plan established with further OpEx savings and cash sources identified
- Unencumbered assets available for further financings up to \$200m
- Ample room under our Bank Covenants
- Liquidity to repay March 2021 bond already secured
- Prepared to take advantage of opportunities that may arise

