

# Stolt-Nielsen Limited



Third-Quarter 2017  
Results Presentation

October 9, 2017



# 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” (p55 et seq.) in the most recent annual report available at [www.stolt-nielsen.com](http://www.stolt-nielsen.com).



# Stolt-Nielsen Limited Representatives

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- **Niels G. Stolt-Nielsen**  
Chief Executive Officer
- **Jan Chr. Engelhardtson**  
Chief Financial Officer

# Agenda

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- SNL 3Q17 Highlights
  - Stolt Tankers
  - Stolthaven Terminals
  - Stolt Tank Containers
  - Stolt Sea Farm
  - Stolt-Nielsen Gas
- Financials
- Q&A



# Third-Quarter 2017 Highlights

## Operating

- Stolt Tankers reported an operating profit of \$34.4M, up from \$27.6M, mainly reflecting the impact of gains related to the bunker hedging programme
- Stolthaven Terminals reported an operating profit of \$16.0M in the third quarter, essentially unchanged from the previous quarter
- Stolt Tank Containers reported an operating profit of \$14.8M, up from \$13.7M, driven by improved margins and higher equity income from our joint venture cleaning and repair depots
- Stolt Sea Farm's operating profit before the fair value adjustment of inventories was \$0.4M, compared with an operating profit of \$0.7M in the second quarter; the fair value adjustment had a negative impact of \$2.9M, compared with a positive \$1.7M impact in the second quarter
- Corporate and Other reported an operating loss of \$6.7M, compared with a loss of \$8.2M, mainly reflecting lower restructuring expenses and implementation costs related to the acquisition of JO Tankers

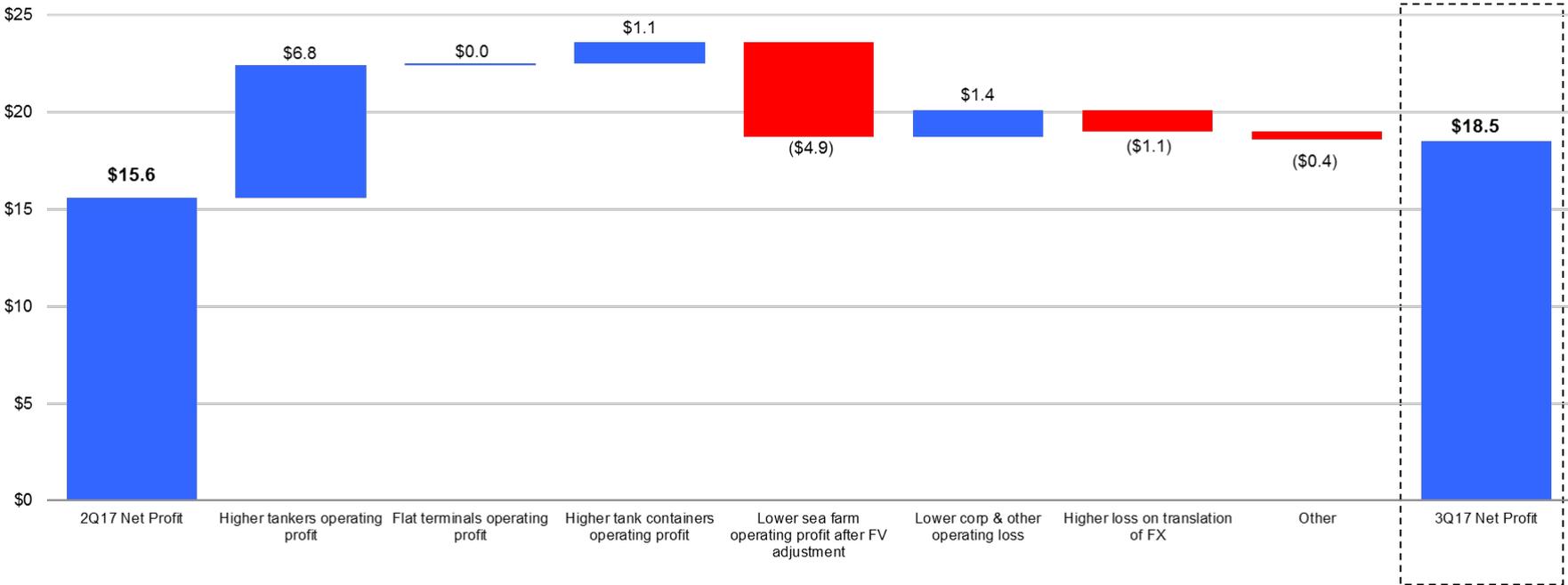
## Financial

(Unaudited)	Quarter			YTD	
	<u>3Q17</u>	<u>2Q17</u>	<u>3Q16</u>	<u>2017</u>	<u>2016</u>
Revenue	\$513.8	\$500.8	\$474.1	\$1,490.2	\$1,416.9
Operating Profit	56.0	51.6	52.6	156.1	179.7
<b>Net Profit (attributable to SNL equity holders)</b>	<b>18.5</b>	15.6	22.2	49.2	90.3
EPS Diluted	0.30	0.25	0.40	0.80	1.64
Weighted average number of shares outstanding diluted	61.9	61.9	54.9	61.9	55.0



# SNL: 2Q17 to 3Q17 Net Profit Variance

Figures in USD Millions



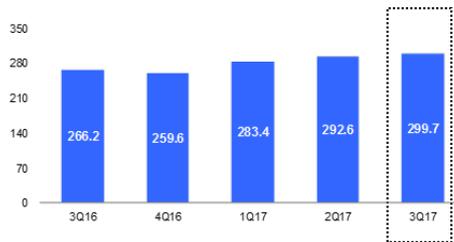
Note: Net Profit attributable to equity holders of SNL



# Stolt Tankers

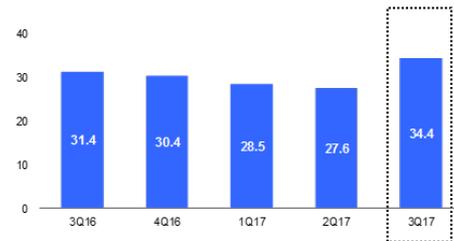
\$US Millions

REVENUE



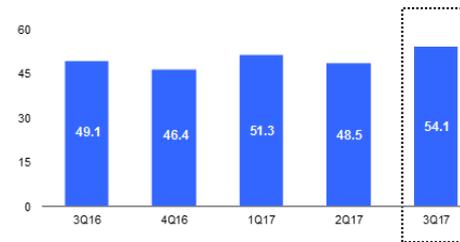
\$US Millions

OPERATING PROFIT/(LOSS)



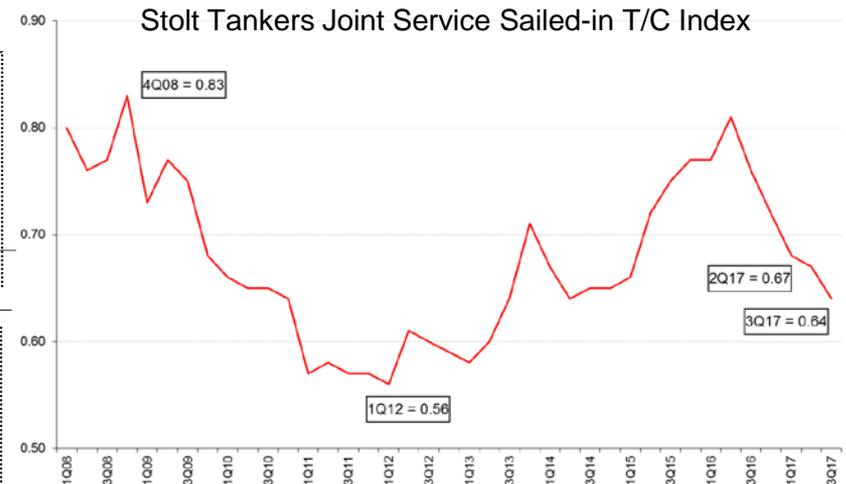
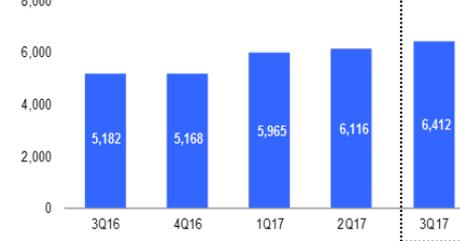
\$US Millions

GROSS PROFIT



Days

STJS - OPERATING DAYS



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

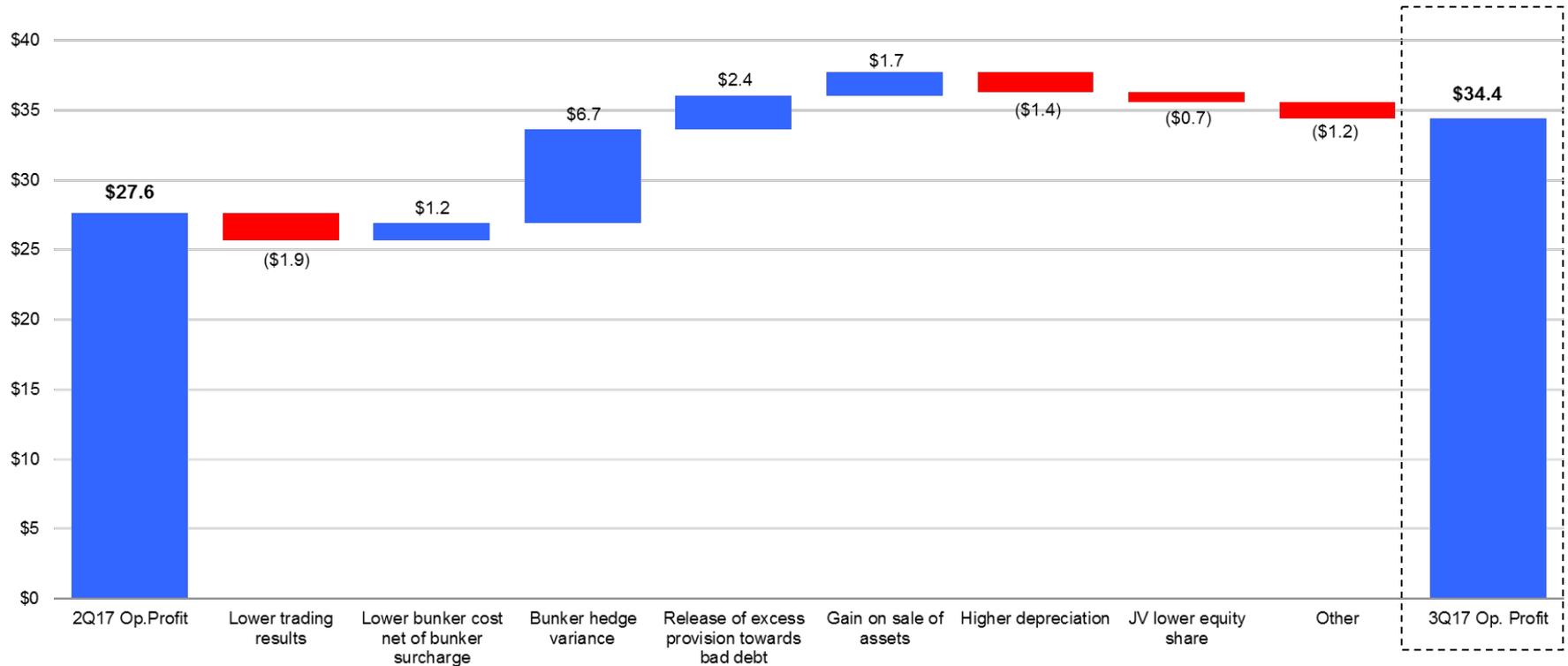
Index as published through 2013, based on SIR STJS member-ships + net result outside T/C ships, base is 1Q96 + adjusting for inflation based on U.S. Consumer Price Index (CPI)

- Deep-sea revenue for the quarter increased by 3.5% mainly due to an increase in operating days (4.8%) following the deliveries of two deep-sea newbuildings in 3Q and one in late 2Q, having a full impact during the third quarter
- Total volume shipped in the quarter increased 2.2%; COA cargo volume dropped 1.8% while spot volume increased 13.1%
- COA renewal rates in the quarter were on average down by 0.4% compared with a decrease of 4.9% in the previous quarter, though more negative pressure is expected in Q4
- Delays caused by Hurricane Harvey had a negative impact to the P&L of approximately \$1M with a further \$3M expected in the fourth quarter



# Tankers: 2Q17 to 3Q17 Operating Profit Variance

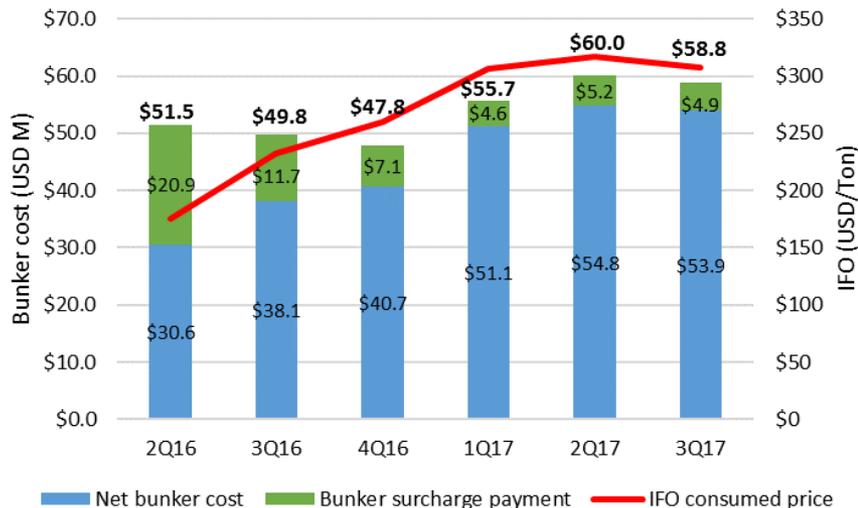
Figures in USD Millions



# Stolt Tankers: Bunker Costs

- Bunker cost net of bunker surcharge, but excluding bunker hedges, decreased by \$1.2M
- Average price of IFO consumed decreased to \$307/ton from \$317/ton in 2Q17
- Average price of IFO purchased decreased to \$306/ton from \$311/ton in 2Q17
- COA bunker surcharge clauses covered on average 70% of total volume YTD 2017

Figures in USD Million



Source: Stolt-Nielsen

Note: Excludes bunker hedge results

## Bunker Hedge

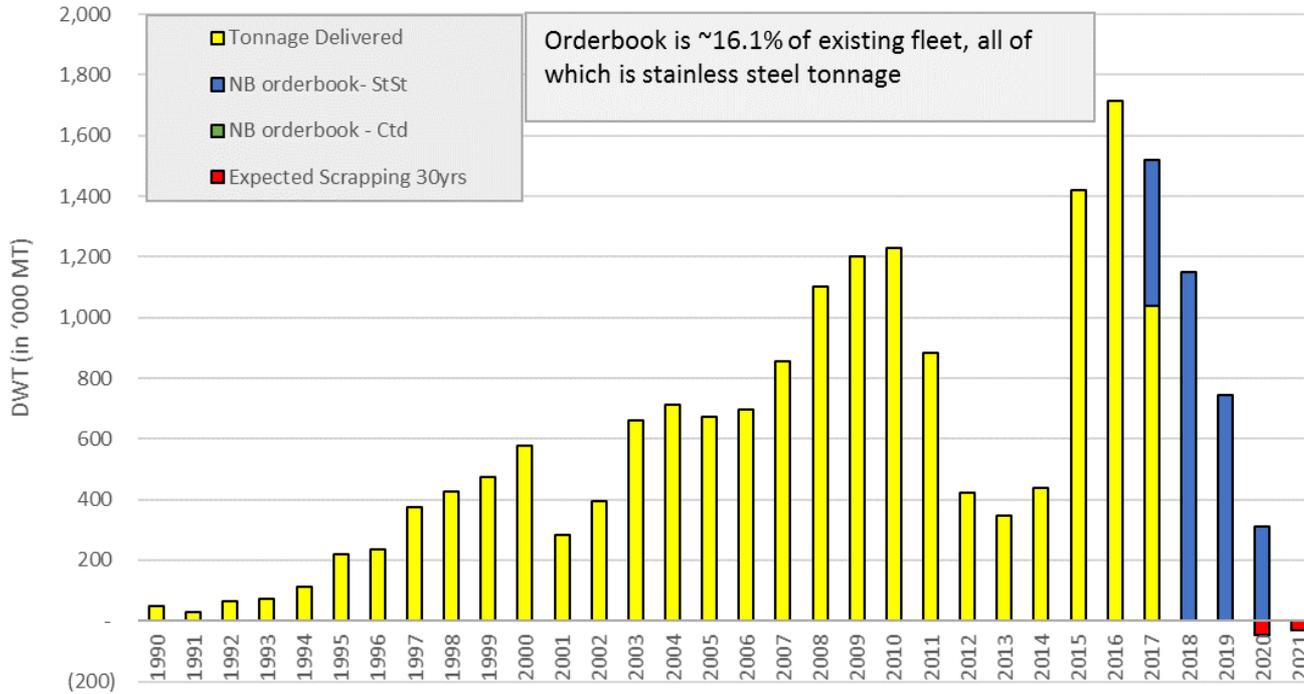
USD Million

Period	Realised G/(L)	Unrealised G/(L)	Total hedge G/(L)
FY 2016	2.4	5.0	7.4
1Q17	2.0	0.0	2.0
2Q17	1.4	(3.2)	(1.8)
3Q17	1.4	3.4	4.9
YTD 2017	4.8	0.2	5.1

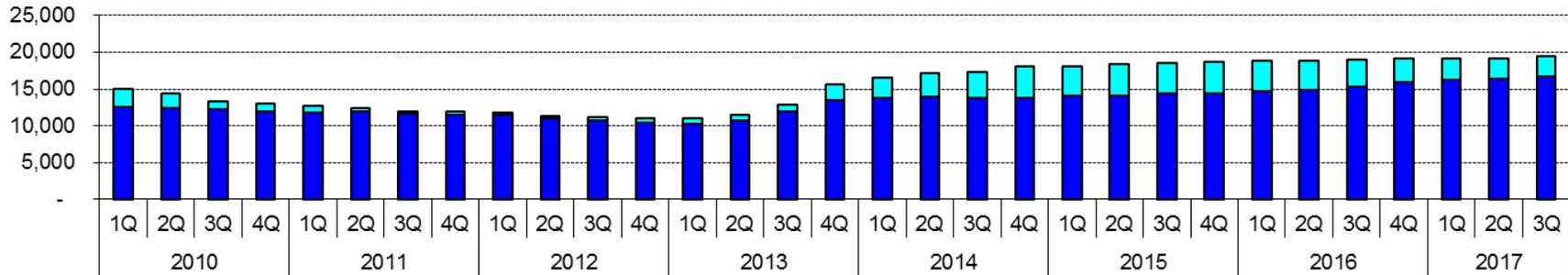
Future Swaps	Volume (MT)	Weighted av. price
4Q17	30,000	239.8
2018	96,000	263.0
2019	48,000	260.8
Options	Volume (MT)	Weighted av. price
2017	3,750	270.0
2018	15,000	315.0



# Chemical Tanker Fleet and Orderbook – 3Q17



Stolt Tankers	Delivery
<i>Stolt Tenacity</i>	May 26, 2017
Hull 1711A	4Q17
Hull 1712A	1Q18
HS4 (JV)	Delivery
<i>Stolt Calluna</i>	June 15, 2017
<i>Stolt Ebony</i>	July 11, 2017
Hull 307	4Q17
Hull 308	1Q18

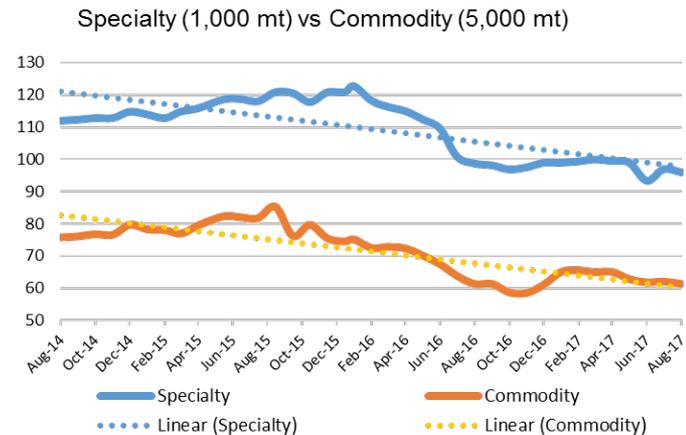
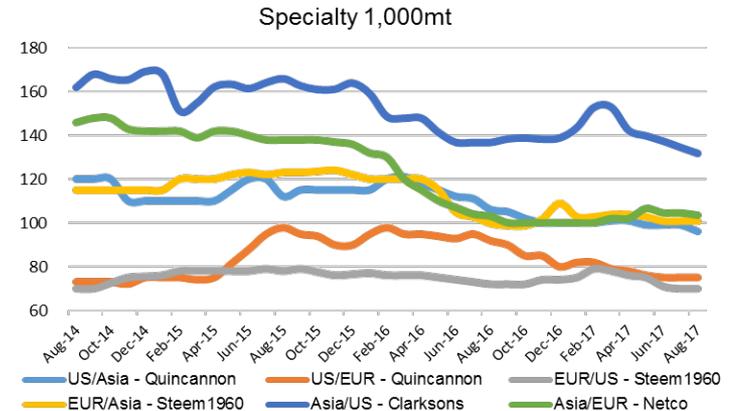


Source: Stolt-Nielsen and Drewry, as of September 1, 2017



# Deep-Sea Spot-Rate Development

- Overall, freight rates decreased by 1.8% in the quarter, mainly driven by the spot market (-7% quarter-on-quarter from positioning voyages for Asian newbuildings); COA rates were unchanged
- Although demand is holding up, the supply of new tonnage is keeping rates under pressure
- Most commodity products move in the spot market while most specialty chemicals move under COA
- The MR market is slightly above summer lows, just above \$10,000/day, not enough to generate a switch from chemicals to CPP
- We are still waiting for the turn in spot freight rates needed to sustain positive COA renewals
- We expect rates to remain under supply-induced pressure in 2018



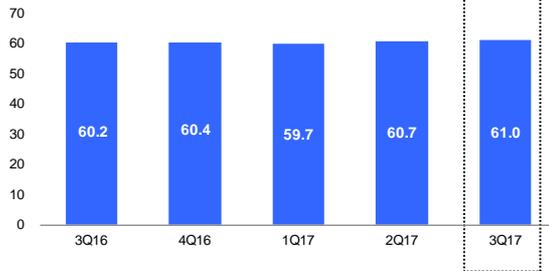
Source: Quincannon Associates, Clarksons Platou, Steem1960, Netco Chartering



# Stolthaven Terminals

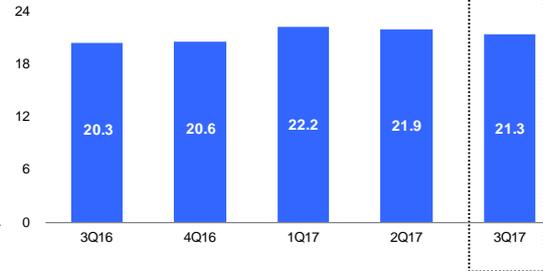
\$US Millions

REVENUE



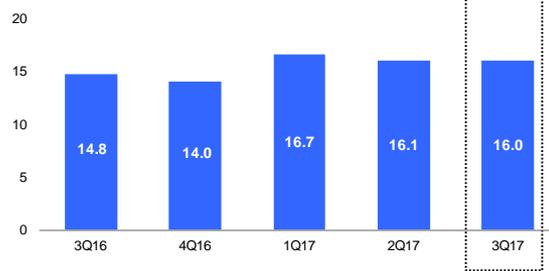
\$US Millions

GROSS PROFIT



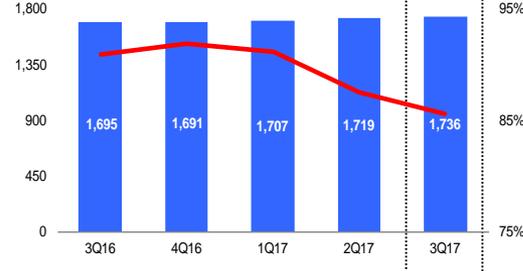
\$US Millions

OPERATING PROFIT



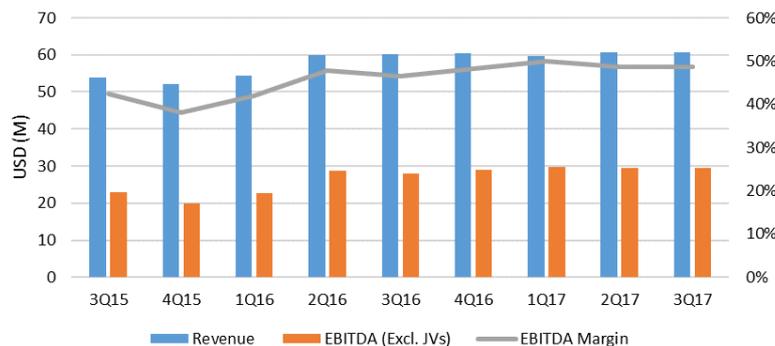
Thousand cubic metres - (owned terminals)

AVERAGE CAPACITY - UTILISATION



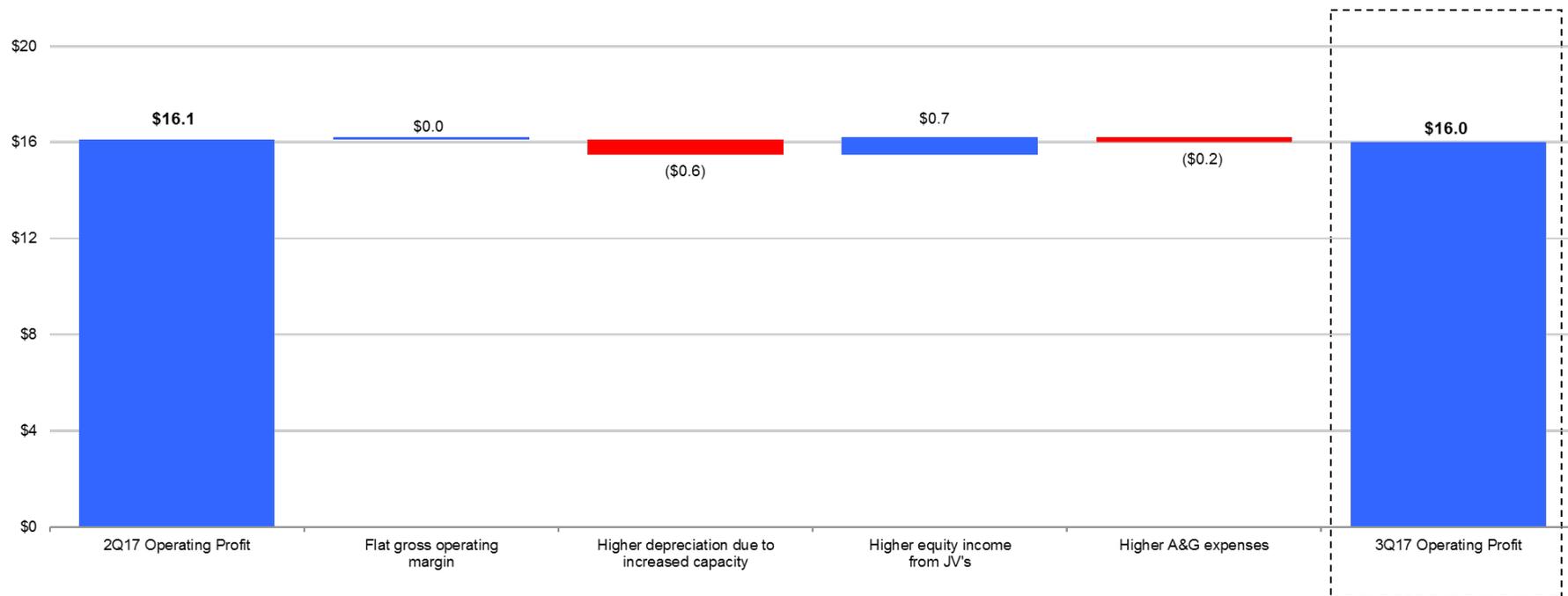
- Revenue remained unchanged from last quarter; lower utilisation was offset by higher throughput
- Stolthaven Houston shut down operations for 7 days after Hurricane Harvey
- Global utilisation for the owned terminals dropped to 85.6% from 87.5%; including the JV terminals, utilisation was 91.7%

Revenue, EBITDA, EBITDA Margin



# Terminals: 2Q17 to 3Q17 Operating Profit Variance

Figures in USD Millions



# Stolthaven Terminals Market Update and Key Initiatives

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- Hurricane Harvey caused no material damage to our terminal business in the US Gulf; all people safe; negative impact to the P&L in the third quarter was around \$450,000 due to suspension of operations during and after the Hurricane
- Asian markets remain challenging and we are seeking opportunities to improve utilisation
- Korean market is performing well; stable demand
- Europe remains stable for chemicals, slight slowdown in petroleum
- Develop long-term contracts with potential pipeline-connected industrial customers in order to improve throughput, utilisation and revenue
- Focus on the ship-to-shore interface, including the construction of a new ship dock in Houston, which started in the summer 2017, to reduce both waiting and turnaround times, whilst increasing TPH and terminal throughput volumes

# Stolthaven Houston – Jetty Construction Started

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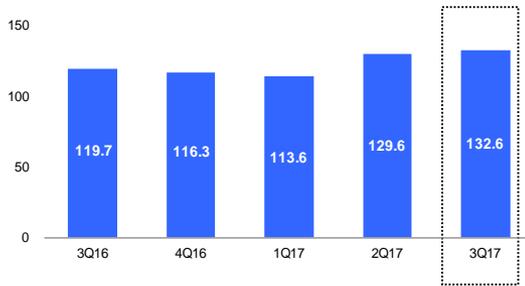


Construction started in the third quarter and expected to be completed by mid-2019

# Stolt Tank Containers

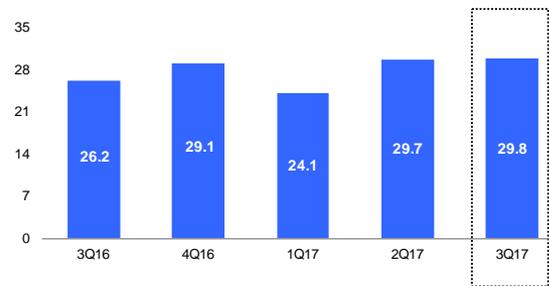
\$US Millions

## REVENUE



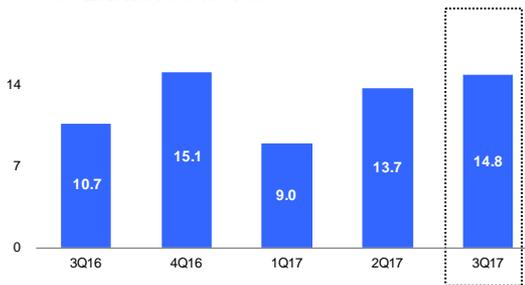
\$US Millions

## GROSS PROFIT

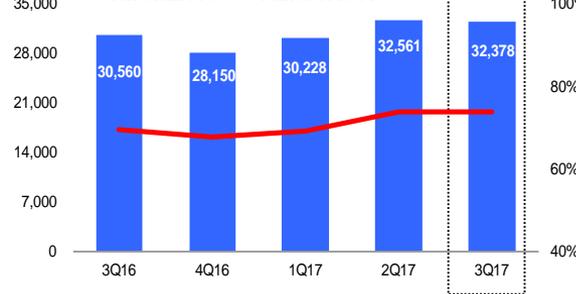


\$US Millions

## OPERATING PROFIT



## SHIPMENTS - UTILISATION

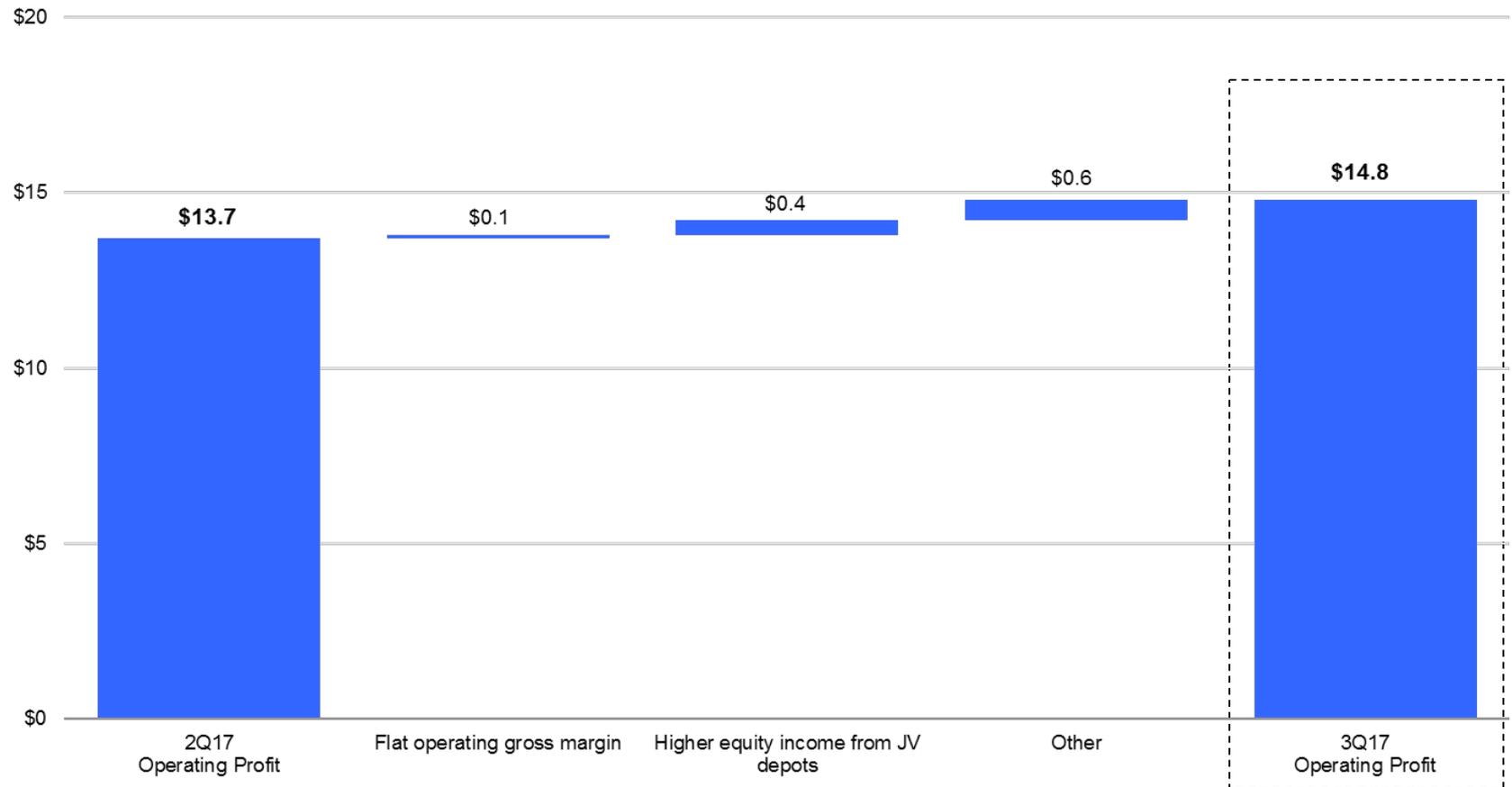


- Revenue up slightly due to increased market activity
- Depot activity increasing worldwide
- Utilisation unchanged; margins maintained



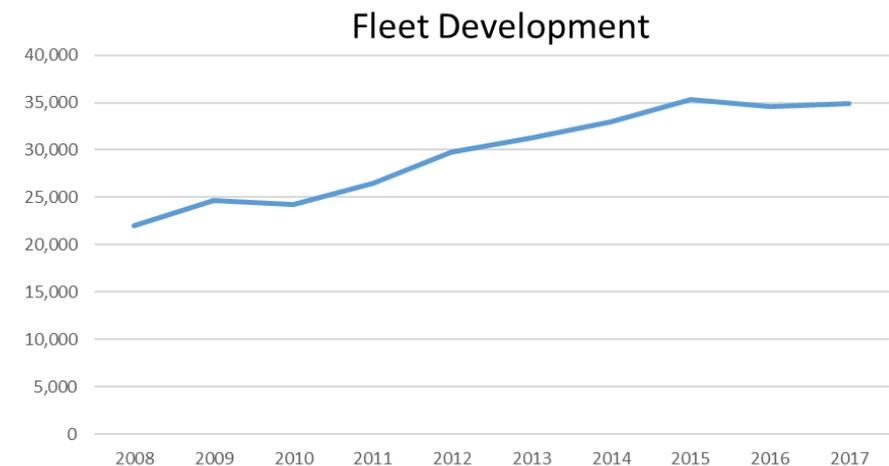
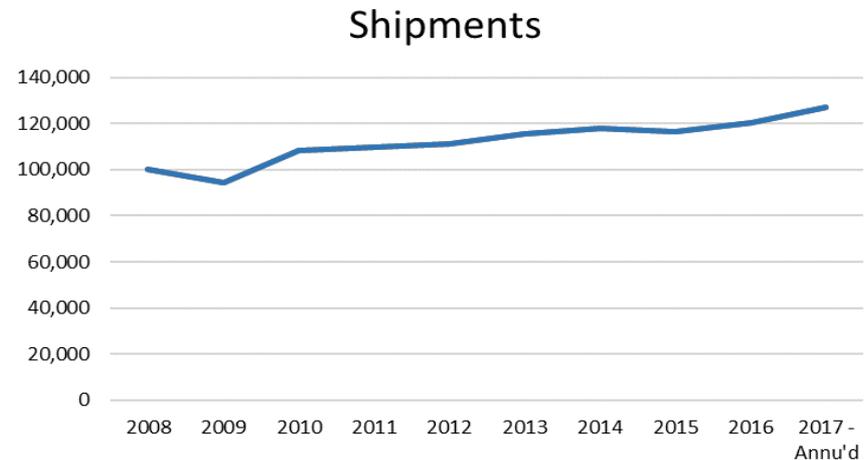
# STC: 2Q17 to 3Q17 Operating Profit Variance

Figures in USD Millions



# Stolt Tank Containers Market Update and Key Initiatives

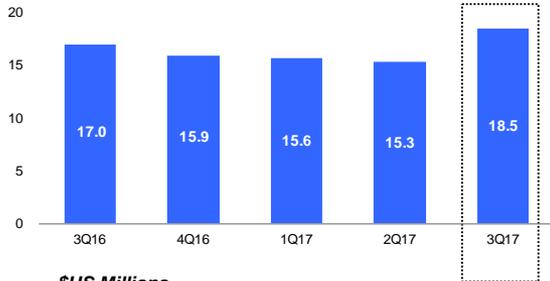
- Strong demand in all regions; focus on increasing both utilisation and turns per tank
- Margin deterioration has bottomed out; price competition continues to limit revenue and margin growth
- Controlling operating expenses
- Focus on systems development and implementation of global platforms to increase efficiency and scale, while reducing overhead
- Continue to develop and expand our depot network while expanding services in existing locations in order to support global operations
- Lease tanks when needed to meet future demand



# Stolt Sea Farm

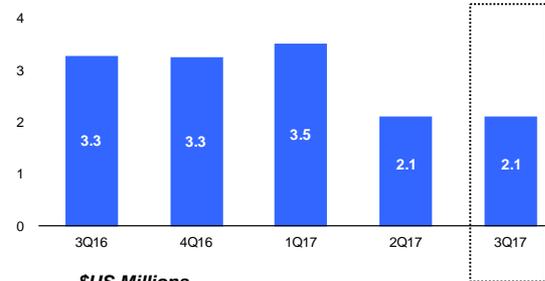
\$US Millions

## REVENUE



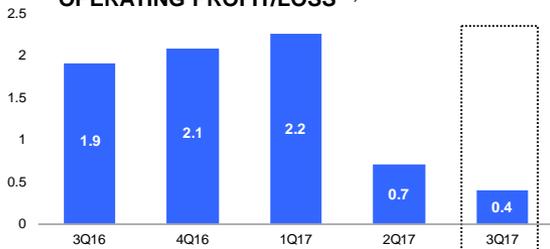
\$US Millions

## GROSS PROFIT (before IFRS adjustment)



\$US Millions

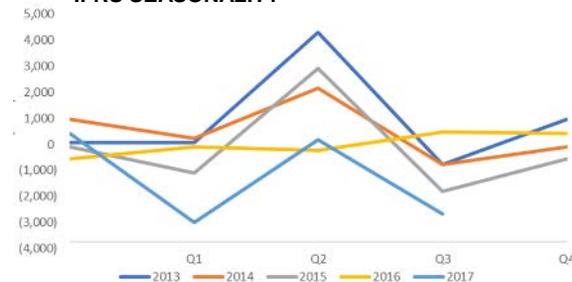
## OPERATING PROFIT/LOSS <sup>a)</sup>



a) Excludes the accounting for inventories at fair value

\$US Millions

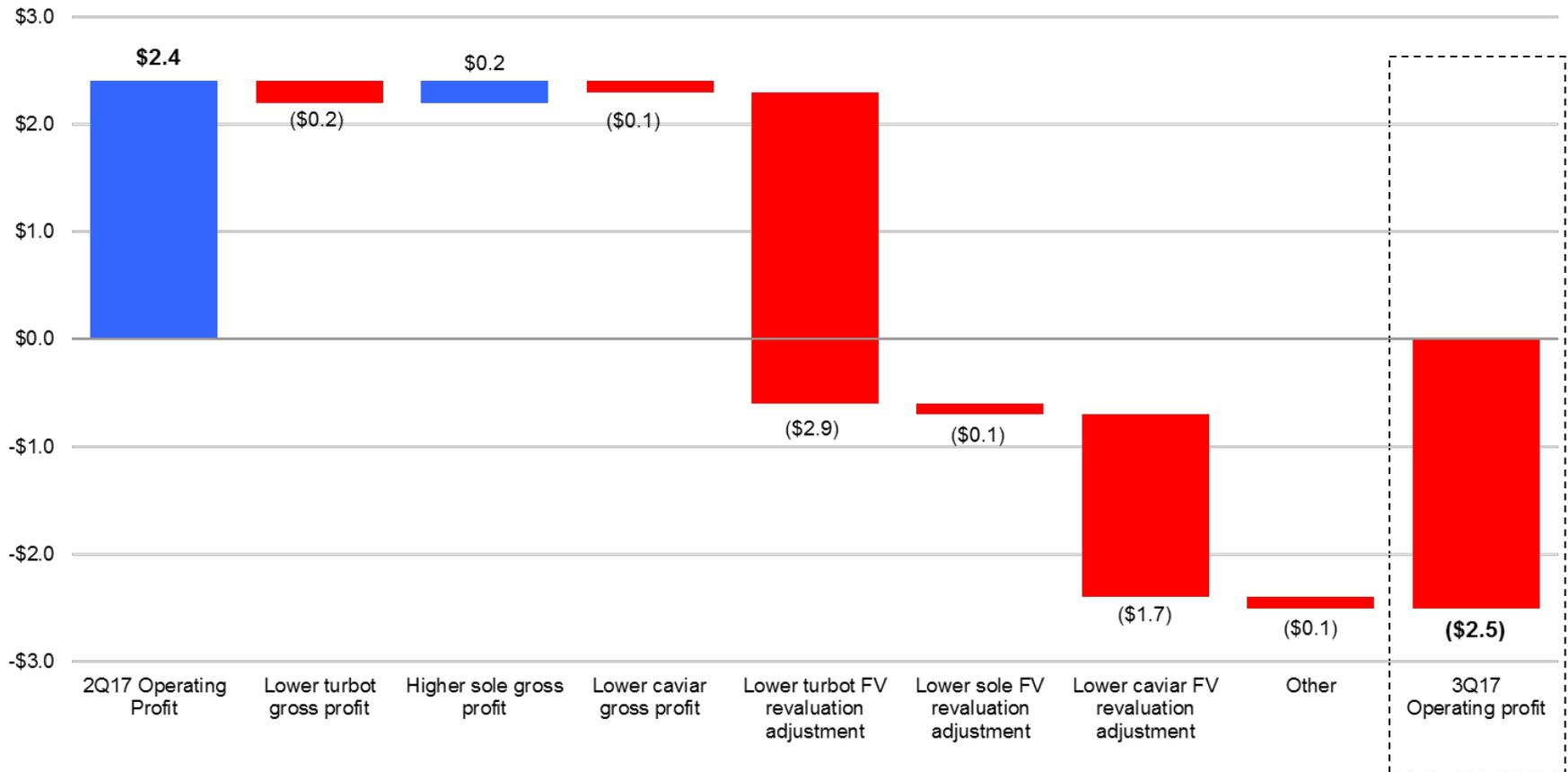
## IFRS SEASONALITY



- Volume of turbot sold increased by 17%; prices decreased by 2.6%
- Volume of sole sold increased by 15%; prices remained unchanged
- Caviar volume decreased 27%; prices increased 14%
- FV adjustment of inventory had a negative impact of \$2.9M, compared with a positive impact of \$1.7M in the prior quarter

# SSF: 2Q17 to 3Q17 Operating Profit Variance

Figures in USD Millions



# Financials

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# Net Profit

Figures in USD Millions

	Quarter			YTD	
	<u>3Q17</u>	<u>2Q17</u>	<u>3Q16</u>	<u>2017</u>	<u>2016</u>
<b>Operating Profit (before one offs)</b>	\$55.8	\$53.7	\$57.7	\$162.4	\$194.6
Tanker accelerated depreciation	-	-	(3.1)	-	(13.7)
Terminals accelerated depreciation	-	-	-	(0.3)	-
Terminals insurance claims	-	(0.3)	-	(0.6)	-
(Loss) / gain on sale of assets	1.2	(0.6)	(2.0)	(1.4)	0.1
Impairment of Bitumen assets & accounts receivable	-	(0.3)	-	(0.6)	-
JOT implementation costs	(0.1)	-	-	(1.6)	-
Reorganisation cost	(0.9)	(0.9)	-	(1.8)	-
Other	-	-	-	-	(1.3)
<b>Operating Profit (as reported)</b>	<b>\$56.0</b>	\$51.6	\$52.6	\$156.1	\$179.7
Net Interest Expense	(32.3)	(31.8)	(24.6)	(95.7)	(77.0)
FX Gain / (loss), net	(2.4)	(1.3)	(1.4)	(2.9)	(2.7)
Income Tax	(3.1)	(3.4)	(4.6)	(8.9)	(11.8)
Other	0.1	0.5	0.2	0.7	2.3
<b>Net Profit</b>	<b>\$18.3</b>	\$15.7	\$22.2	\$49.3	\$90.5
<b>EBITDA<sup>a)</sup></b>	<b>\$122.2</b>	\$115.6	\$112.4	\$358.2	\$351.0

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

# Balance Sheet

Figures in USD Millions

	Period ended
	<u>Aug.31.17</u>
Cash and cash equivalents	\$86
Receivables	237
Other current assets	165
<b>Total current assets</b>	<b>487</b>
Property, plant and equipment, deposits	3,385
Investment in and advances to JV and associates	576
Other non-current assets	175
<b>Total non-current assets</b>	<b>4,136</b>
<b>Total assets</b>	<b>\$4,623</b>
Current mat. of LT debt and fin. leases	342
Accounts payable and ac. expenses	326
Other current liabilities	100
<b>Total current liabilities</b>	<b>768</b>
LT debt and finance leases	2,175
Other non-current liabilities	176
<b>Total non-current liabilities</b>	<b>2,399</b>
<b>Total liabilities</b>	<b>\$3,167</b>
<b>Shareholders equity</b>	<b>\$1,456</b>
<b>Total liabilities and SH equity</b>	<b>\$4,623</b>

Figures in USD Millions (Except ratios)

At the end of:

	<u>August 2017</u>
Debt	<b>\$2,517</b>
Tangible Net Worth (TNW)	<b>\$1,599</b>
Debt: TNW	<b>1.57:1</b>
EBITDA / Interest expense	<b>3.65:1</b>
Cash	<b>\$86</b>
Unused committed available credit lines	<b>\$255</b>

- 70% fixed / 30% variable interest rate at August 31, 2017
- Average interest rate of 4.64% at August 31, 2017
- 4Q17 net interest expense expected to be approximately \$34M

# Cash Flow

Figures in USD Millions

	Quarter		YTD
	<u>3Q17</u>	<u>2Q17</u>	<u>2017</u>
<b>Net profit</b>	<b>\$19</b>	<b>\$16</b>	\$49
Depreciation, amortisation and non-cash items	63	64	194
Changes in working capital	16	16	7
Other receipts, net	6	8	15
<b>Net cash generated by operating activities</b>	<b>\$104</b>	<b>\$104</b>	<b>\$264</b>
Capital expenditures and intangible assets	(66)	(89)	(282)
Amounts from advances to affiliates	(3)	(12)	(15)
Sale of assets	3	4	20
Newbuilding deposits	(7)	0	(15)
JOT final payment	0	(21)	(21)
Purchase of Intangible assets	0	(2)	(2)
Other	3	(0)	3
<b>Net cash used in investing activities</b>	<b>(\$70)</b>	<b>(\$121)</b>	<b>(\$312)</b>
Decrease in short-term bank loans & revolver	0	(4)	(8)
Proceeds from issuance of long term debt	71	243	615
Repayment of long-term debt	(139)	(174)	(506)
Dividend and other	0	(27)	(55)
<b>Net cash provided by financing activities</b>	<b>(\$68)</b>	<b>\$38</b>	<b>\$46</b>
Effect of exchange rates	(2)	(7)	(4)
<b>Total Cash Flow</b>	<b>(\$36)</b>	<b>\$13</b>	<b>(\$7)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>\$122</b>	\$108	\$93
<b>Cash and cash equivalents at end of period</b>	<b>\$86</b>	\$122	\$86

## Cashflow Priorities:

Reduce Debt

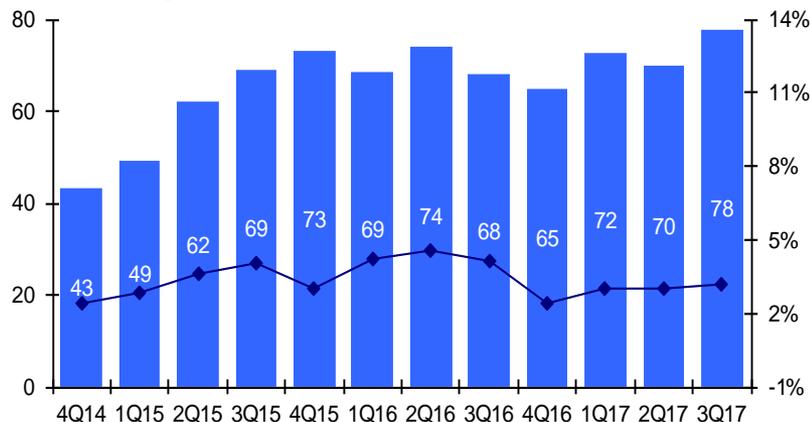
Review Capex

Reduce Operating Expenses

# EBITDA

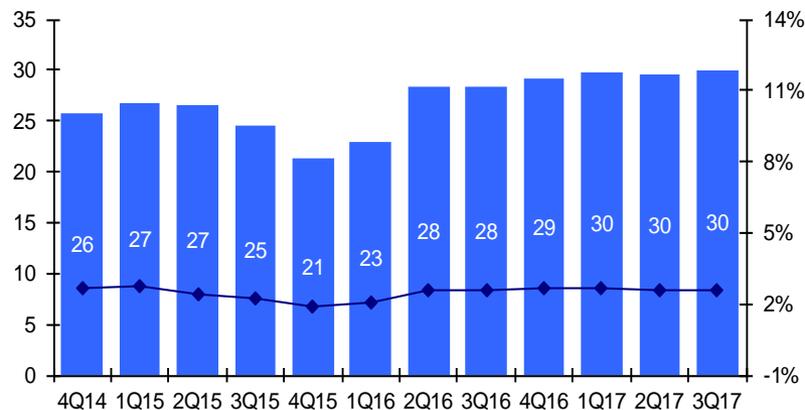
\$US Millions

## TANKERS



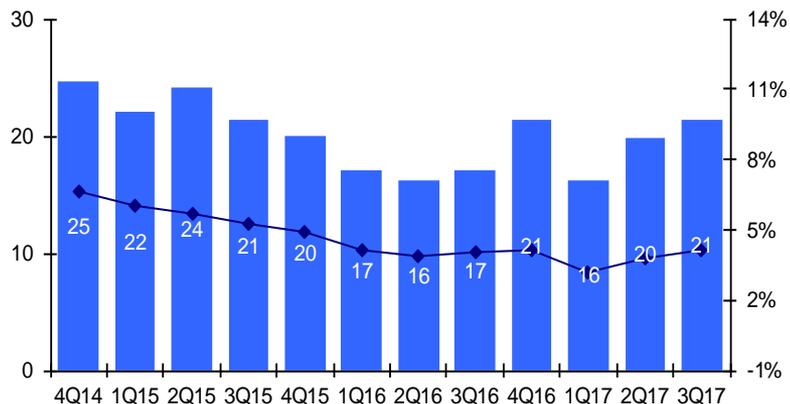
\$US Millions

## TERMINALS



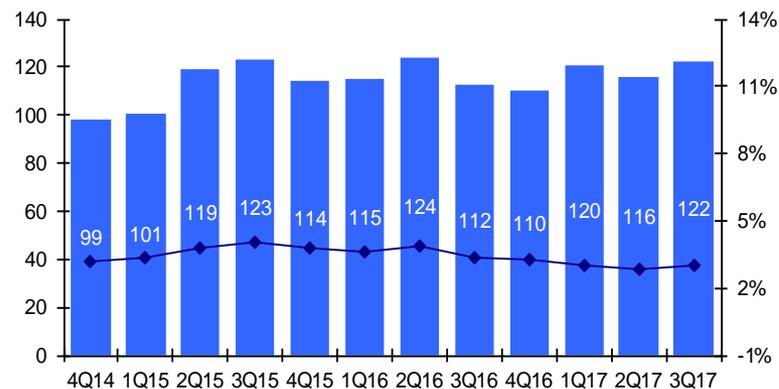
\$US Millions

## TANK CONTAINERS



\$US Millions

## STOLT-NIELSEN LIMITED



EBITDA

Quarterly EBITDA as a % of NAB

EBITDA before fair value of biological assets, insurance reimbursements and other one-time, non-cash items in 2016 & 2017



# Administrative & General Expenses

Figures in USD Millions

	Quarter			YTD		Updated Quarterly Guidance
	<u>3Q17</u>	<u>2Q17</u>	<u>3Q16</u>	<u>2017</u>	<u>2016</u>	
Stolt Tankers	<b>\$22.1</b>	\$22.5	\$19.3	<b>\$67.1</b>	\$58.7	\$22.4
Stolthaven Terminals	<b>11.1</b>	10.9	11.1	<b>32.1</b>	32.8	11.0
Stolt Tank Containers	<b>15.8</b>	15.9	16.0	<b>47.4</b>	46.9	16.0
Stolt Sea Farm	<b>1.6</b>	1.4	1.3	<b>4.2</b>	3.9	1.5
<u>SNL Corporate</u>						
SNL Corporate and Other	<b>0.8</b>	0.9	0.5	<b>0.6</b>	0.0	0.8
Cost relating to reorganisation	<b>0.9</b>	0.9	-	<b>1.8</b>	0.0	0.4
Profit Sharing / LTIP	<b>2.3</b>	1.7	4.5	<b>7.1</b>	11.3	2.2
<b>Total</b>	<b>\$54.6</b>	\$54.1	\$52.7	<b>\$160.3</b>	\$153.6	\$54.3

# Depreciation and Amortisation

Figures in USD Millions

	Quarter			YTD		Updated Quarterly Guidance
	<u>3Q17</u>	<u>2Q17</u>	<u>3Q16</u>	<u>2017</u>	<u>2016</u>	
Stolt Tankers	\$43.2	\$41.8	\$34.7	\$126.9	\$108.0	\$42.4
Stolthaven Terminals	14.0	13.4	14.4	40.6	41.9	15.0
Stolt Tank Containers	6.6	6.0	6.0	19.9	17.8	7.0
Stolt Sea Farm	1.7	1.5	1.5	4.3	4.2	1.5
SNL Corporate	1.3	1.6	1.4	4.3	4.2	2.0
<b>Total</b>	<b>\$66.8</b>	\$64.2	\$58.0	<b>\$196.0</b>	\$176.0	\$67.9

# Share of Profit of JVs and Tax

Figures in USD Millions

## Share of Profit of JVs

	Quarter			YTD		Updated Quarterly Guidance
	<u>3Q17</u>	<u>2Q17</u>	<u>3Q16</u>	<u>2017</u>	<u>2016</u>	
Stolt Tankers	\$1.4	\$2.1	3.5	\$5.0	10.9	\$3.0
Stolthaven Terminals	5.7	5.0	5.5	15.2	15.3	5.0
Tank Containers	0.4	0.0	0.5	0.9	1.2	0.6
Corporate and Other	(2.8)	(2.7)	(0.8)	(8.0)	0.7	(3.5)
	<b>\$4.7</b>	<b>\$4.4</b>	<b>\$8.6</b>	<b>\$13.0</b>	<b>\$28.1</b>	<b>\$5.1</b>

## Taxes

	Quarter			YTD	
	<u>3Q17</u>	<u>2Q17</u>	<u>3Q16</u>	<u>2017</u>	<u>2016</u>
Tankers, Terminals and T. Containers	1.9	1.8	\$2.8	\$6.0	\$5.7
Stolt Sea Farm	(0.6)	0.9	0.8	-	3.1
SNL Corporate	1.7	0.7	1.0	2.9	3.0
<b>Total Taxes</b>	<b>\$3.1</b>	<b>\$3.4</b>	<b>\$4.6</b>	<b>\$8.9</b>	<b>\$11.8</b>



# Capital Expenditures Programme

Figures in USD Millions

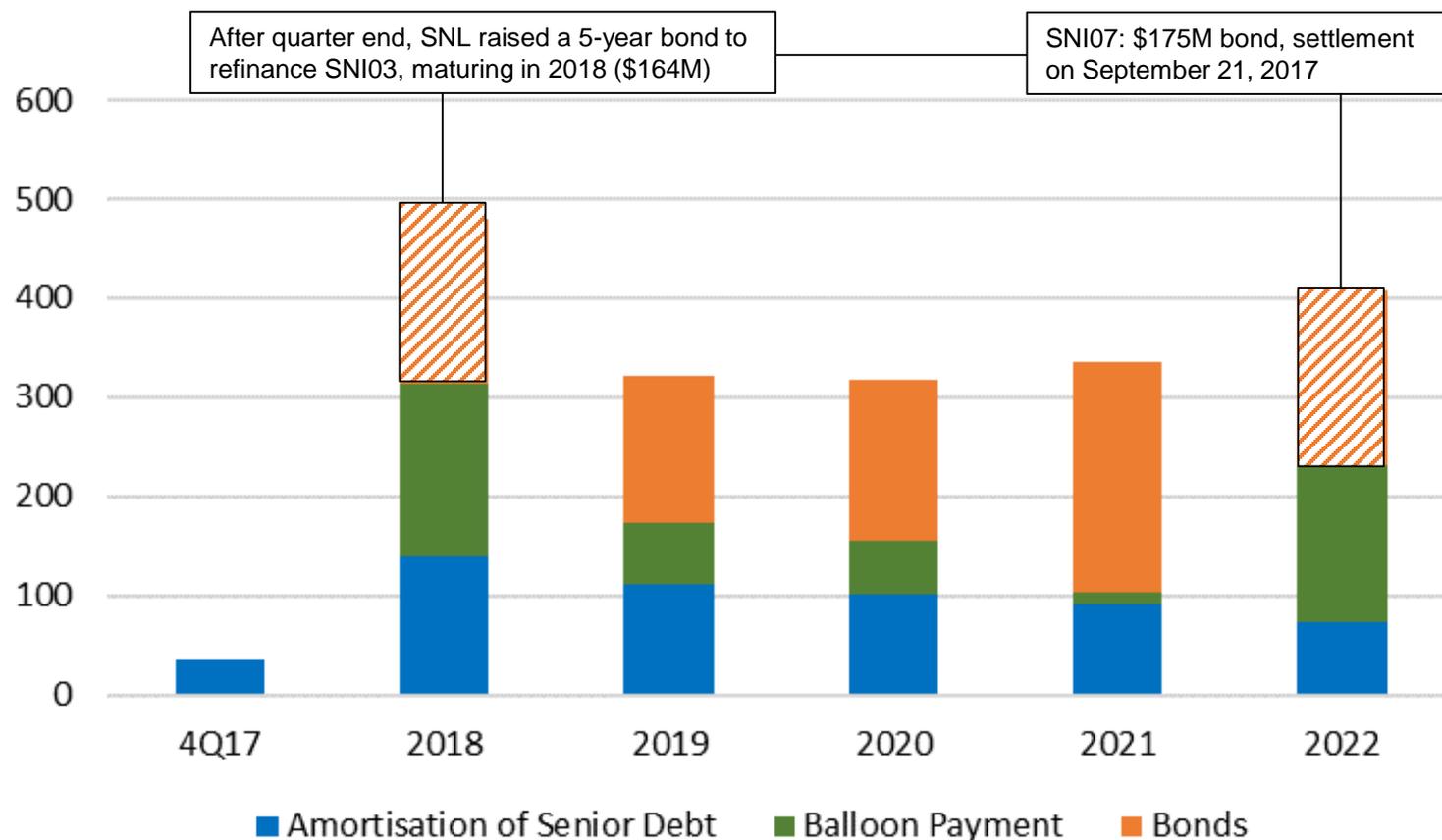
	Actual	Projections					Projected Total
	<u>YTD 3Q17</u>	<u>4Q17</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	
Stolt Tankers	\$217	\$102	\$26	\$19	\$12	\$6	\$165
Stolthaven Terminals	57	38	118	35	21	18	229
Stolt Tank Containers	8	5	18	-	-	-	23
Stolt Sea Farm	2	2	20	17	10	4	53
Stolt-Nielsen Gas	7	2	7	65	-	-	74
SNL Other	1	10	-	-	-	-	10
<b>Total</b>	<b>\$292</b>	<b>\$159</b>	<b>\$189</b>	<b>\$136</b>	<b>\$43</b>	<b>\$27</b>	<b>\$554</b>

Notes:

- Capital Expenditures Programme includes business acquisitions and newbuilding deposits; excludes capitalised interest

# Debt Maturity Profile

Figures in USD Millions



Note:

- \$400M drawn under revolver as of August 31, 2017

# Key Takeaways

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- 3Q17 net profit of \$18.3M; annualised EPS of \$1.06
- Integration of JOT progressing as planned; focusing on synergies and operational efficiencies
- Outperforming all comparable chemical tanker operators
- Continued soft market in tankers with significant newbuilding deliveries, strong demand in tank containers and fundamentals in terminals remain solid; at SSF, turbot volume is up and prices are rising
- Focusing on debt reduction and cash flow generation
- The Group has access to competitive funding; sufficient liquidity secured; capex is partly funded





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