

# Stolt-Nielsen Limited



Fourth-Quarter 2017  
Results Presentation

February 1, 2018



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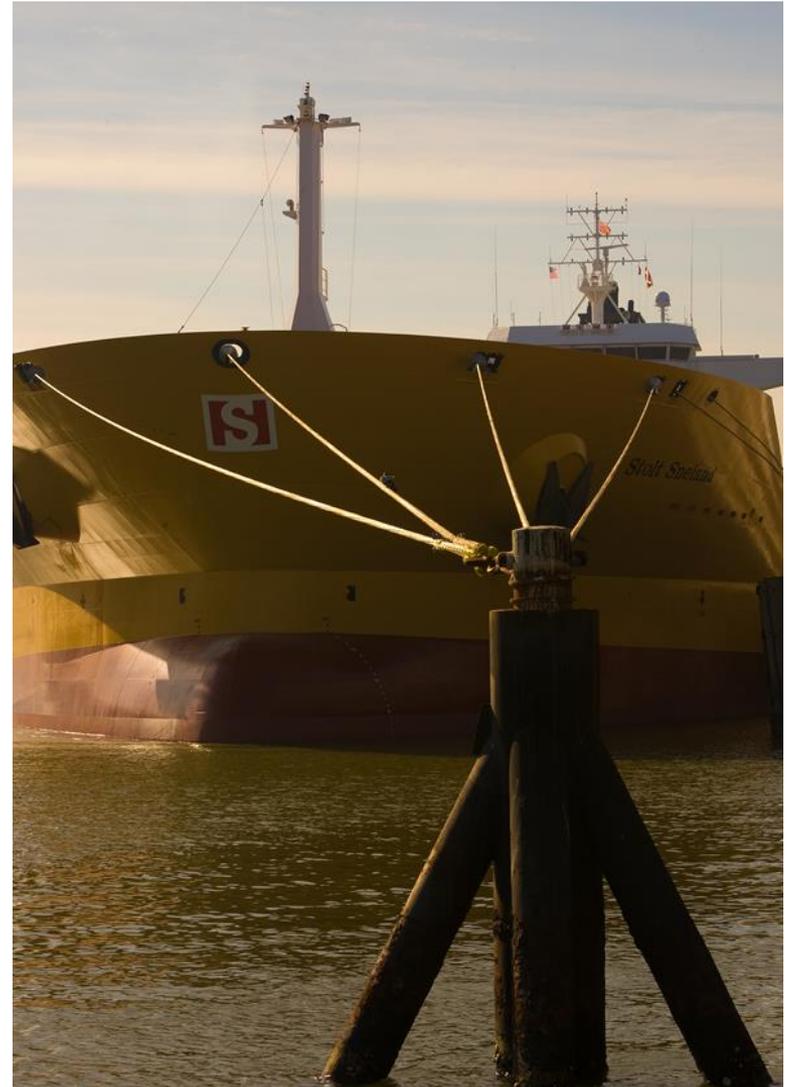
- **Niels G. Stolt-Nielsen**  
Chief Executive Officer
- **Jan Chr. Engelhardtson**  
Chief Financial Officer



# Agenda

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- SNL 4Q17 Highlights
  - Stolt Tankers
  - Stolthaven Terminals
  - Stolt Tank Containers
  - Stolt Sea Farm
  - Stolt-Nielsen Gas
- Financials
- Q&A



# Fourth-Quarter 2017 Highlights

## Operating

- Stolt Tankers reported an operating profit of \$20.4M, down from \$34.4M, reflecting the impact of lower COA volume and COA freight rates and the negative impact of Hurricane Harvey, estimated to be \$7.0M
- Stolthaven Terminals reported an operating profit of \$5.4M, down from \$16.0M in the third quarter; the fourth quarter included \$8.4M impairment of assets in Stolthaven New Zealand
- Stolt Tank Containers reported an operating profit of \$17.0M, up from \$14.8M, driven by firming markets, increased demurrage revenue and improved margins
- Stolt Sea Farm's operating profit before the fair value adjustment of inventories was \$0.1M, compared with \$0.4M in the third quarter; the accounting for inventories had a positive impact of \$4.8M in the fourth quarter versus a negative impact of \$2.9M in the prior quarter
- Corporate and Other reported an operating loss of \$9.4M, compared to an operating loss of \$6.7M in the prior quarter, reflecting a \$6.9M impairment of assets at Stolt Bitumen Services offset by a gain of \$7.2M related to changes in the US retiree healthcare benefit plan in the fourth quarter

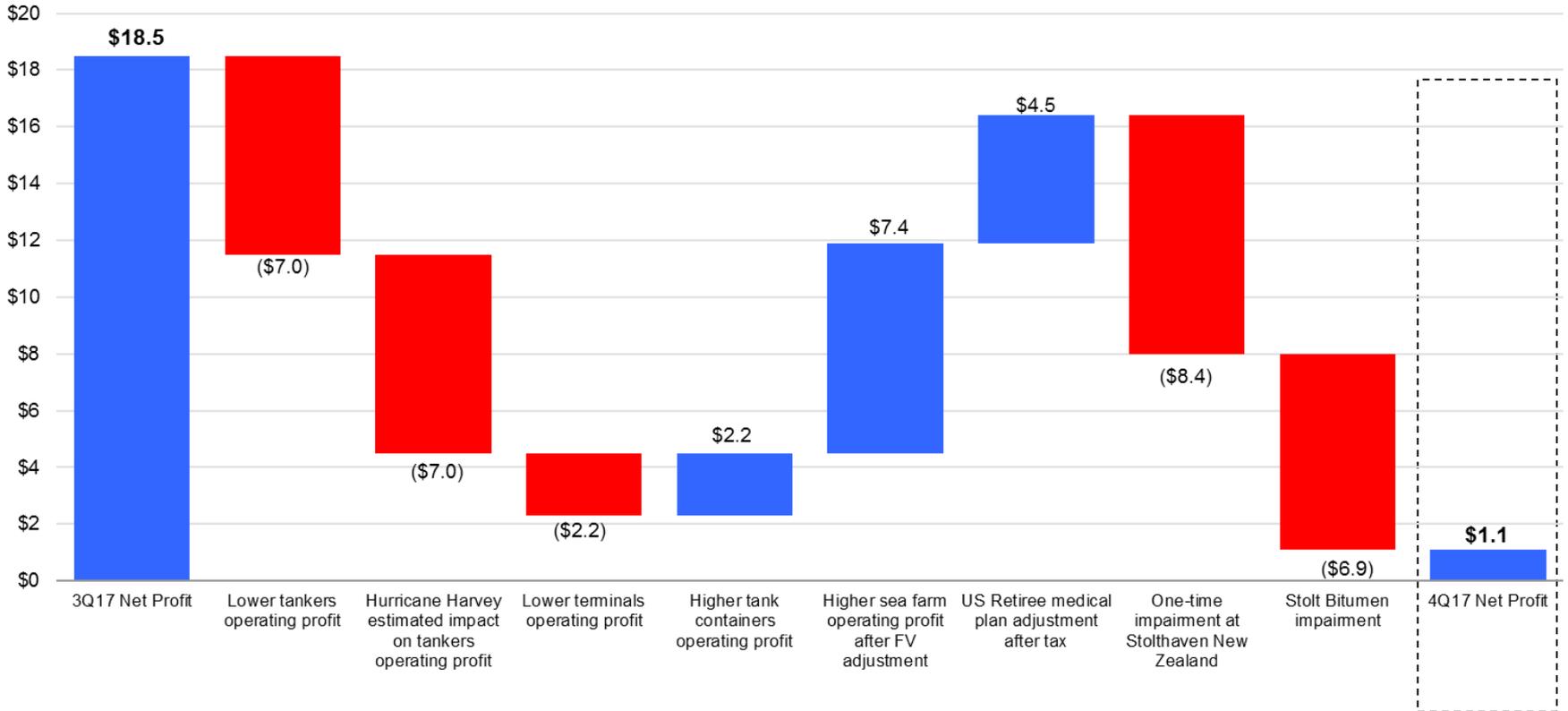
## Financial

(Unaudited)	Quarter			YTD	
	<u>4Q17</u>	<u>3Q17</u>	<u>4Q16</u>	<u>2017</u>	<u>2016</u>
Revenue	\$506.8	\$513.8	\$463.0	\$1,997.1	\$1,879.9
Operating Profit	38.3	56.0	52.1	194.4	231.8
<b>Net Profit (attributable to SNL equity holders)</b>	<b>1.1</b>	18.5	22.8	50.3	113.1
EPS Diluted	0.02	0.30	0.41	0.81	2.05
Weighted average number of shares outstanding diluted	<b>61.9</b>	61.9	55.6	61.9	55.2



# SNL: 3Q17 to 4Q17 Net Profit Variance

Figures in USD Millions



Note: Net Profit attributable to equity holders of SNL



# Hurricane Harvey Impact

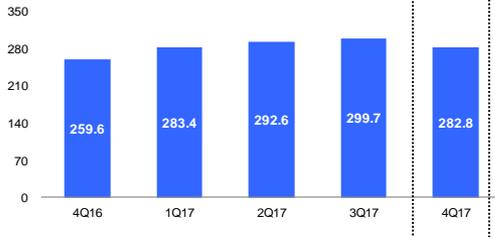
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- The Houston Ship Channel closed down all activities on August 25 as Hurricane Harvey made landfall, and didn't open up again until September 1 for limited operations
- Stolthaven Houston was one of the first to become 100% operational on September 1; other terminals resumed operations gradually depending on the extent of damage and flooding
- Stolt Tankers had a total of 17 ships in the region when Hurricane Harvey made landfall; as a consequence of the port closure ships had to go out to sea; following the reopening of the ship channel, the ships suffered severe delays due to congestion and unavailability of cargoes
- A number of customers declared Force Majeure due to flooding; 54,000 tons of booked cargoes were cancelled or delayed, requiring replacements to be found in the spot market

# Stolt Tankers

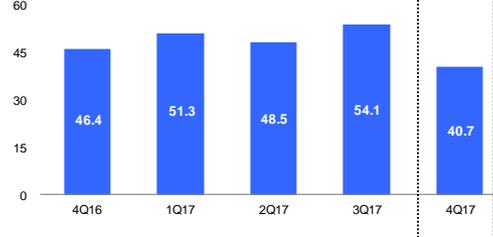
\$US Millions

REVENUE



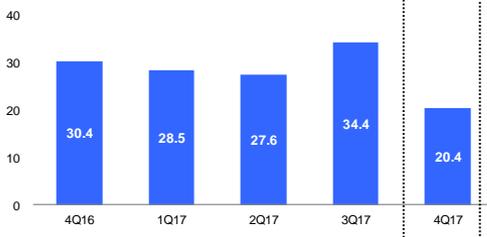
\$US Millions

GROSS PROFIT



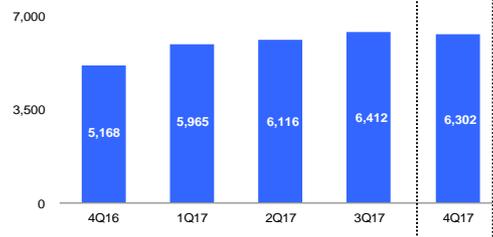
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OPERATING PROFIT/(LOSS)

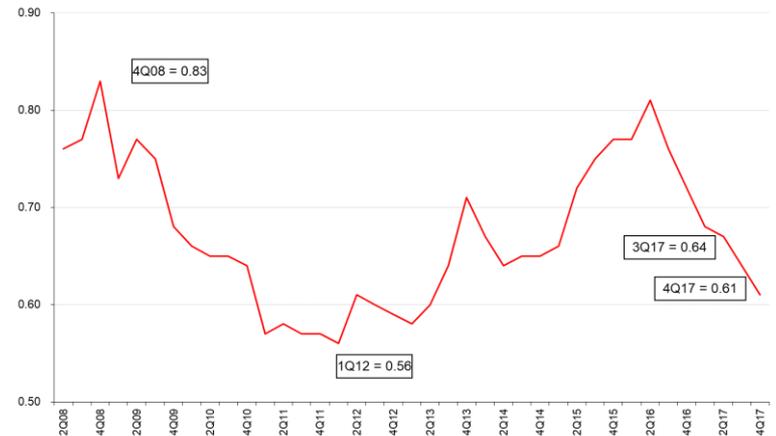


Days

STJS - OPERATING DAYS



Stolt Tankers Joint Service Sailed-in T/C Index



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

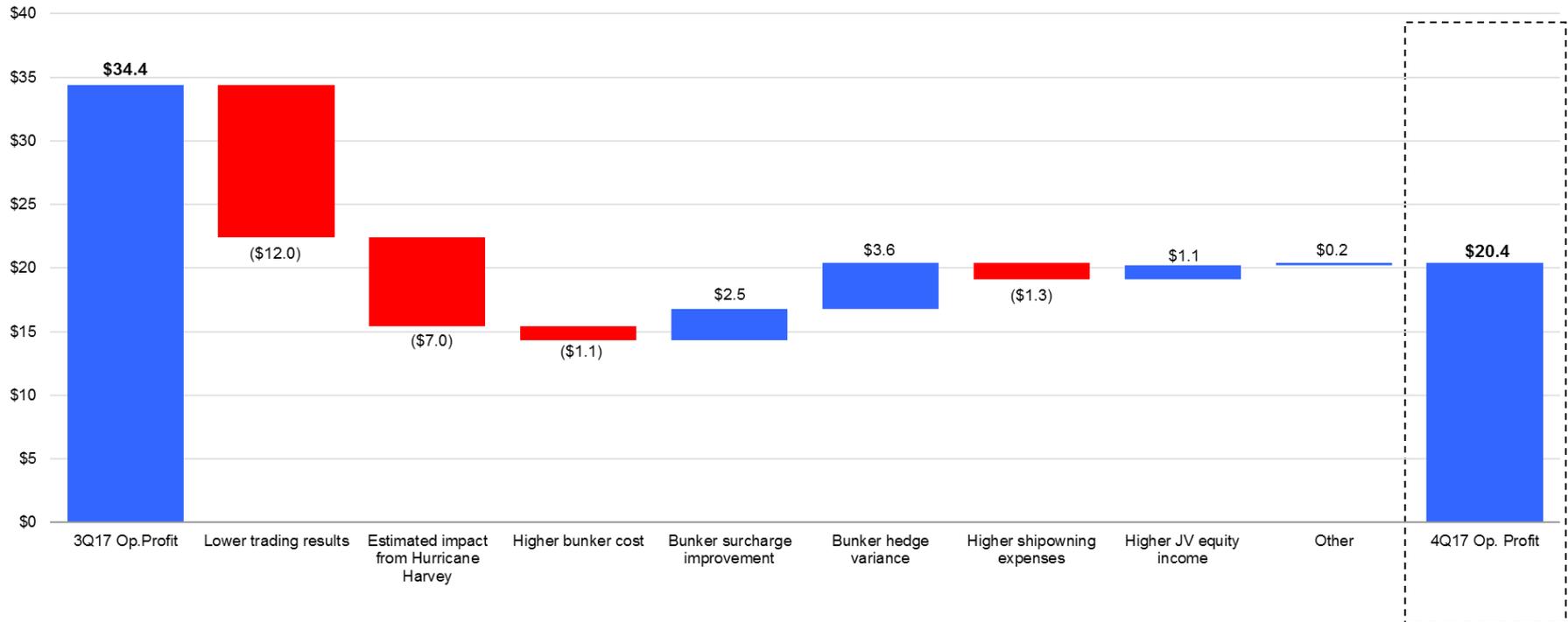
■ Index as published through 2013, based on SIR STJS member-ships + net result outside T/C ships, base is 1Q96 + adjusting for inflation based on U.S. Consumer Price Index (CPI)

- Deep-sea revenue for the quarter decreased by 5.4% reflecting a decrease in average COA rates; regional fleet revenue also declined by 6.7% during the quarter
- Total volume shipped in the quarter decreased 3.1%; COA cargo volume dropped 6.8% while spot volume increased 5.7%
- COA rate renewals in the quarter were on average down by 1.1%, compared with a decrease of 0.4% in the previous quarter



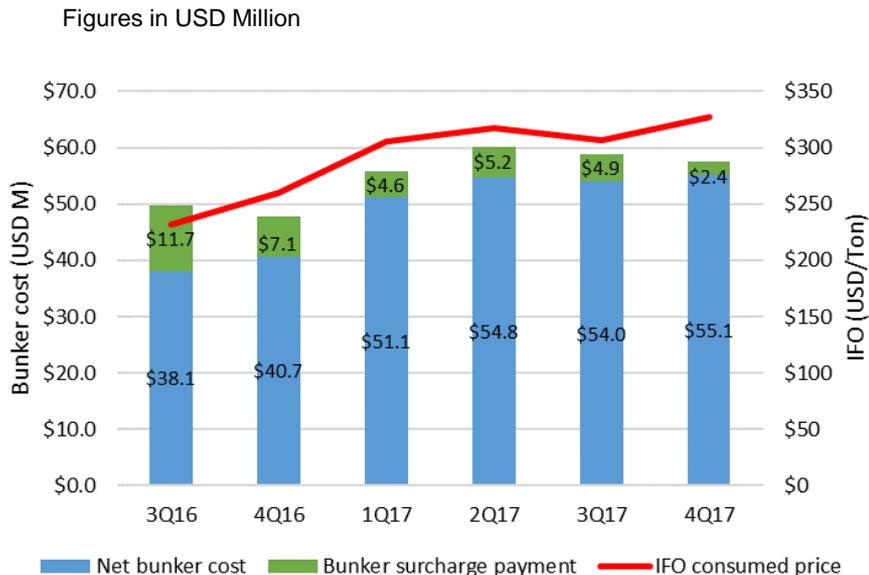
# Tankers: 3Q17 to 4Q17 Operating Profit Variance

Figures in USD Millions



# Stolt Tankers: Bunker Costs

- Bunker cost net of bunker surcharge, but excluding bunker hedges, decreased by \$1.4M
- Average price of IFO consumed increased to \$327/ton from \$307/ton in 3Q17
- Average price of IFO purchased increased to \$346/ton from \$306/ton in 3Q17
- COA bunker surcharge clauses covered on average 69% of total volume in 2017



Period	Realised	Unrealised	Total hedge
	G/(L)	G/(L)	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	4.8
4Q17	2.6	5.9	8.5
FY 2017	7.4	6.1	13.5

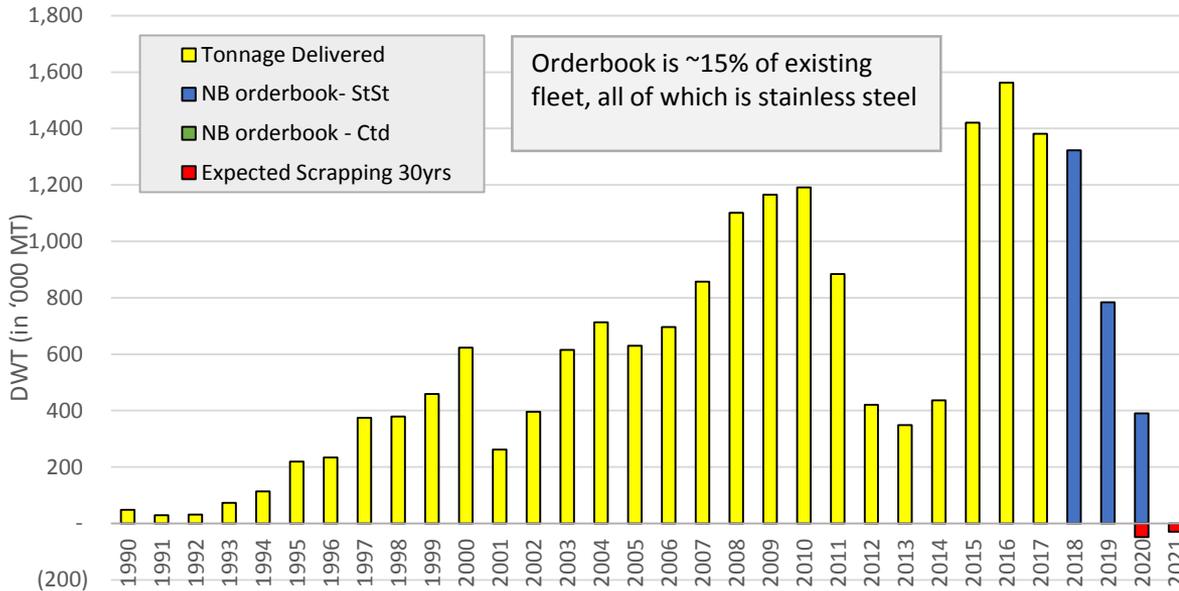
Future Swaps	Volume (MT)	Weighted av. price
1Q18	24,000	261.9
2018	96,000	263.0
2019	48,000	260.8
Options	Volume (MT)	Weighted av. price
2018	15,000	315.0

Source: Stolt-Nielsen

Note: Excludes bunker hedge results

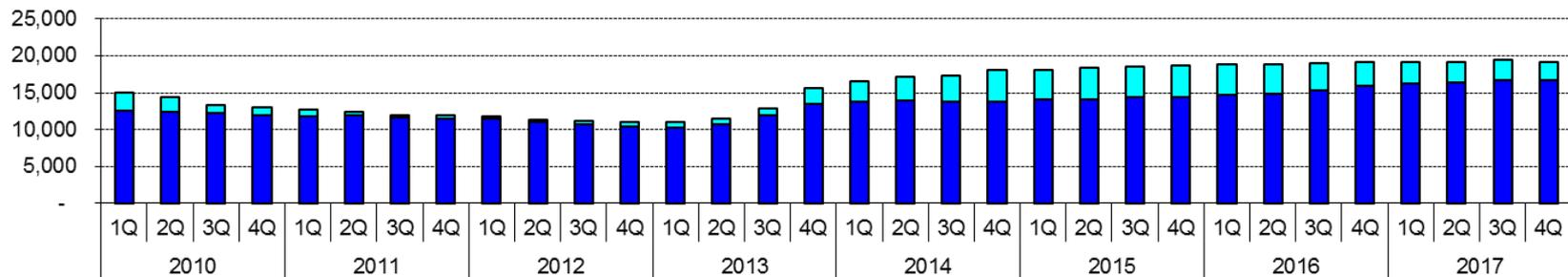


# Chemical Tanker Fleet and Orderbook – 4Q17



Stolt Tankers	Delivery
<i>Stolt Loyalty</i>	November 25, 2017
<i>NST Stolt Excellence</i>	1Q18

HS4 (JV)	Delivery
<i>Stolt Maple</i>	October 20, 2017
<i>Stolt Palm</i>	January 11, 2018



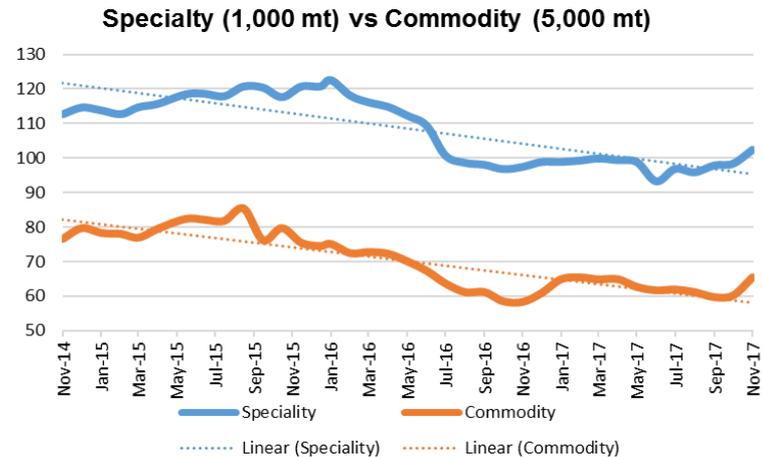
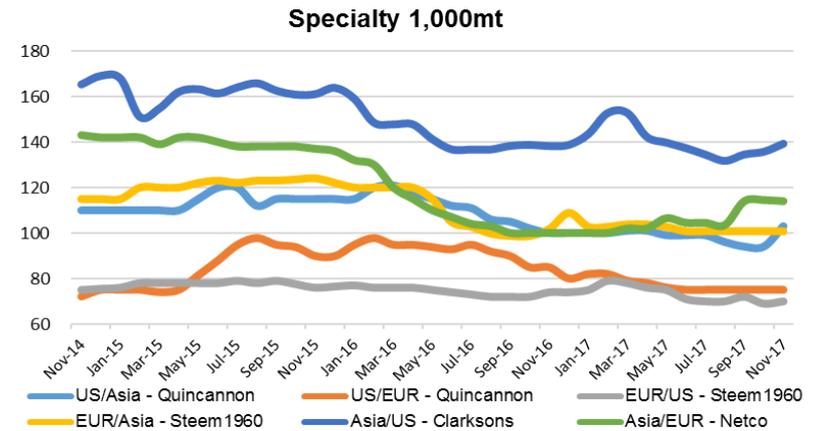
Source: Stolt-Nielsen and Drewry, as of January 1, 2018

Competitor criteria: i) ship size between 15,000 and 50,000 dwt ii) average segregation size 3,000 dwt



# Market Development

- Hurricane Harvey and resulting Houston Ship Channel closure severely disrupted USG cargo operations and ship scheduling; COA volume was heavily impacted with many customers declaring force majeure
- Spot markets continue to improve; USG/Asia and Asia/USG are up significantly from summer 2017 lows
- COA competition continues unabated as Owners seek to secure cargo in advance of the large number of newbuildings still to be delivered in 2018
- The MR market was up at year-end but has retreated below \$10,000/day, not enough to generate a switch from chemicals to CPP
- Higher fuel prices and excess newbuilding supply will limit gains from improving spot markets



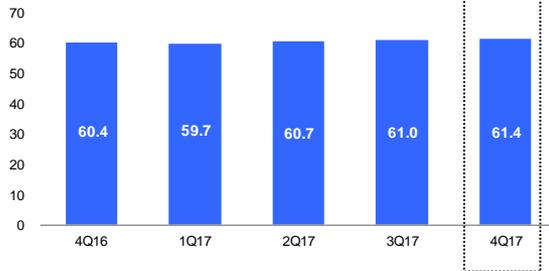
Source: Quincannon Associates, Clarksons Platou, Steem1960, Netco Chartering



# Stolthaven Terminals

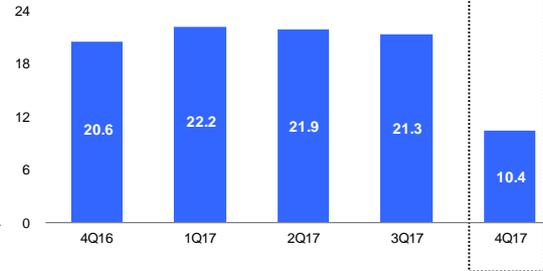
\$US Millions

## REVENUE



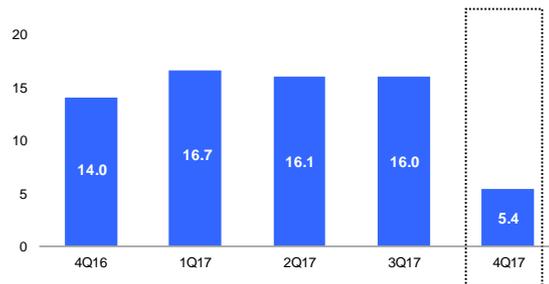
\$US Millions

## GROSS PROFIT



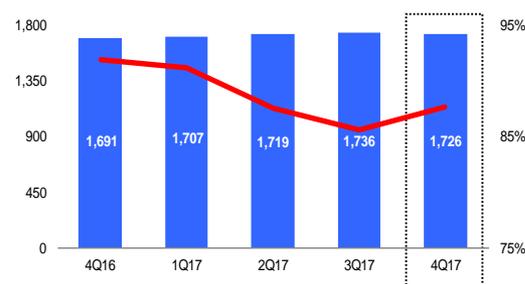
\$US Millions

## OPERATING PROFIT



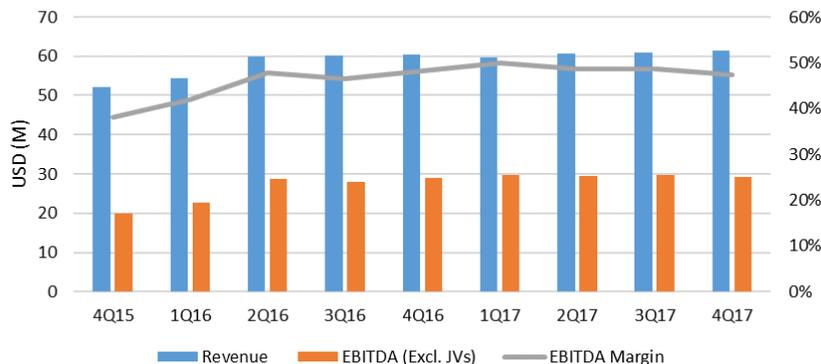
Thousand cubic metres - (owned terminals)

## AVERAGE CAPACITY - UTILISATION



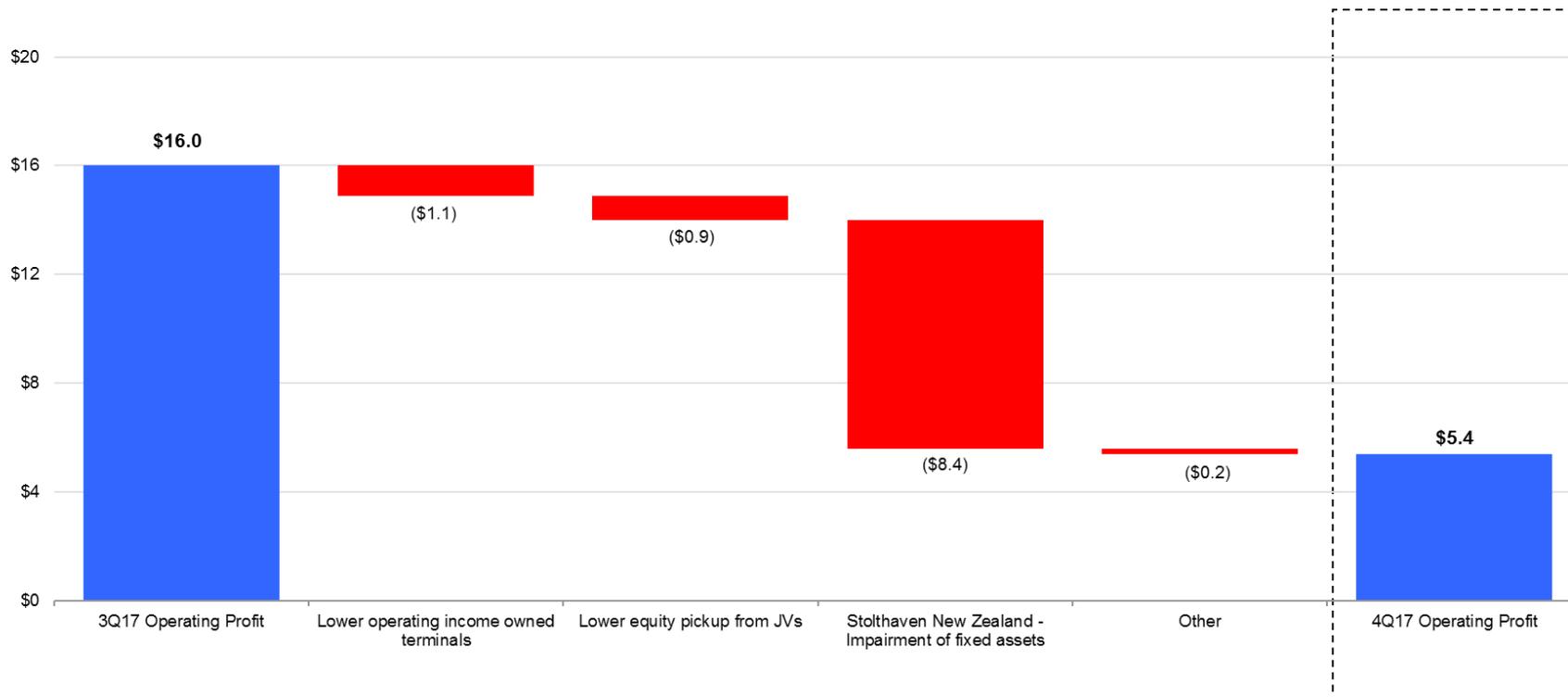
- Revenue remained unchanged from last quarter
- Global utilisation for the owned terminals increased to 87.6% from 85.6% due to additional leased capacity in New Orleans and Singapore
- Utilisation including the JV terminals remained unchanged at 91.4%
- Impairment of assets in New Zealand of \$8.4M resulted from the future expiration of land leases at two sites and the impact of weaker local market conditions

Revenue, EBITDA, EBITDA Margin



# Terminals: 3Q17 to 4Q17 Operating Profit Variance

Figures in USD Millions



# Stolthaven Terminals Market Update and Key Initiatives

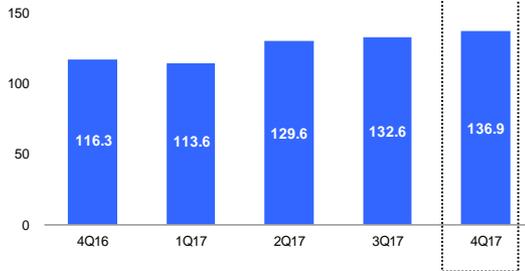
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- Hurricane Harvey caused no material damage to our terminal business in the US Gulf; all people safe; the hurricane caused a significant drop in throughput volume, negatively impacting operating results in Houston
- Singapore market remains challenging
- Korean market showing stable demand
- Europe remains stable for chemicals and weak for CPP
- Continue to pursue the development of long-term contracts with potential pipeline-connected industrial customers
- Focus on ship-to-shore efficiency, including the construction of a new ship dock in Houston, which is expected to be completed by 1Q19; aim is to reduce ship waiting and turnaround times (tons per hour), whilst increasing terminal throughput volumes

# Stolt Tank Containers

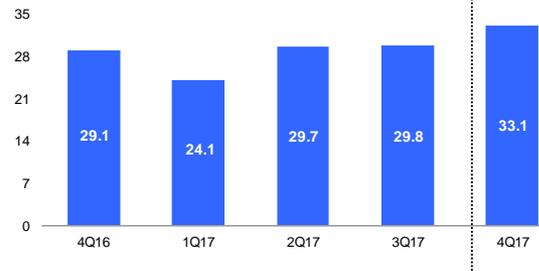
\$US Millions

## REVENUE



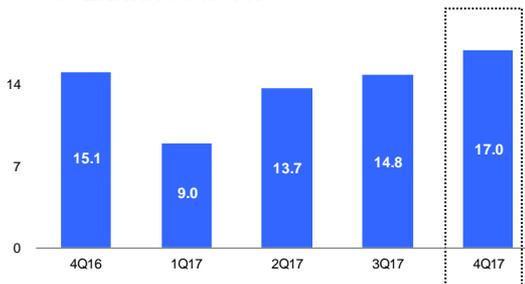
\$US Millions

## GROSS PROFIT

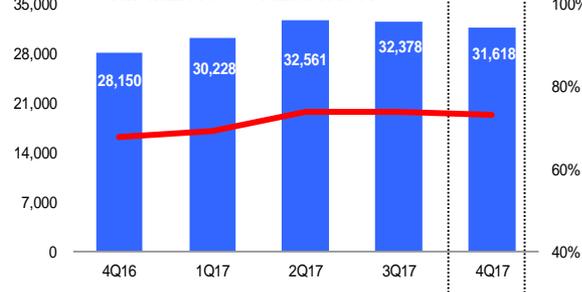


\$US Millions

## OPERATING PROFIT



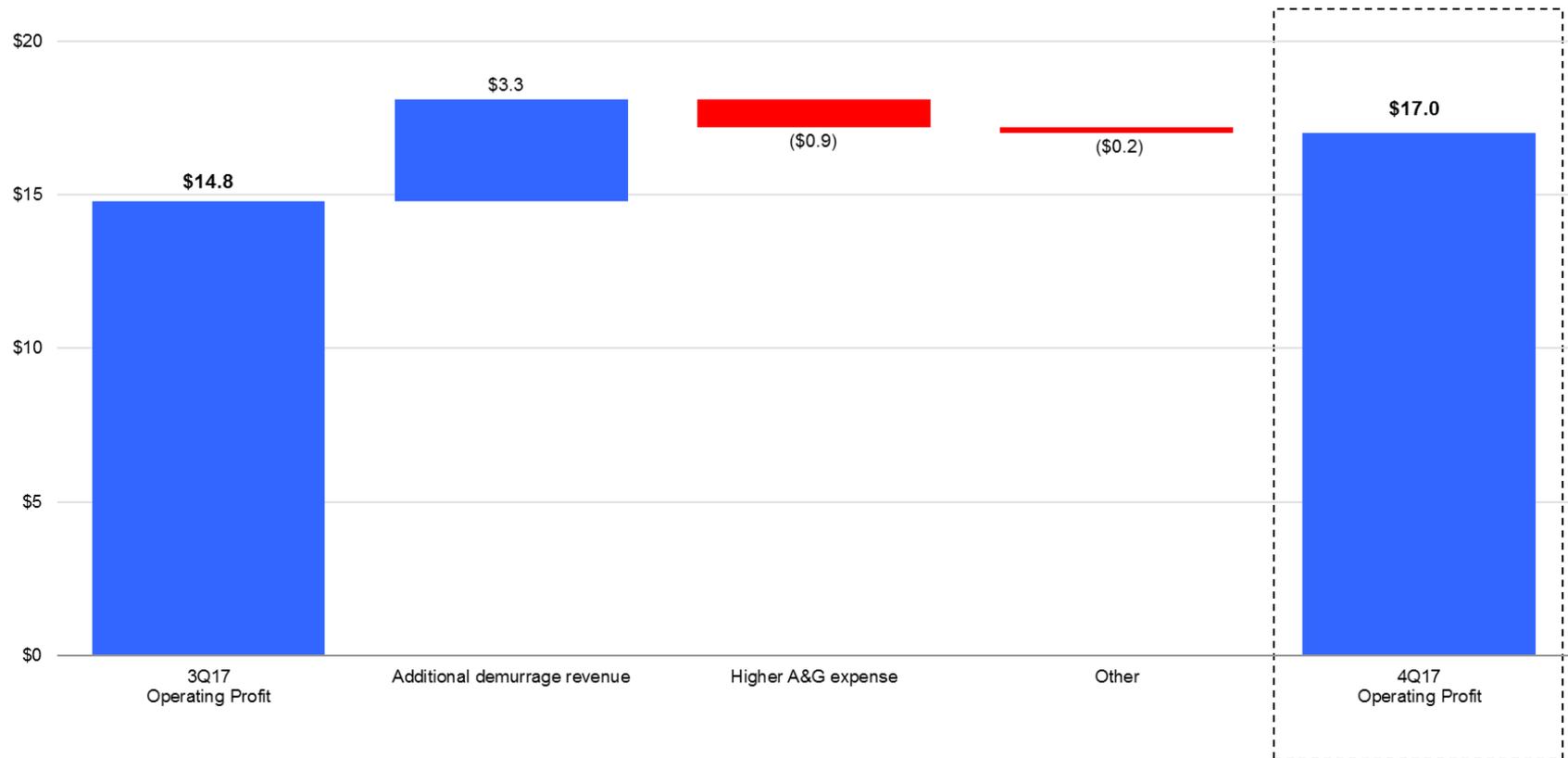
## SHIPMENTS - UTILISATION



- Revenue up due to increase in demurrage revenue and margin per shipment
- Continue to develop the depot network to support the business
- Utilisation essentially unchanged; margins improving

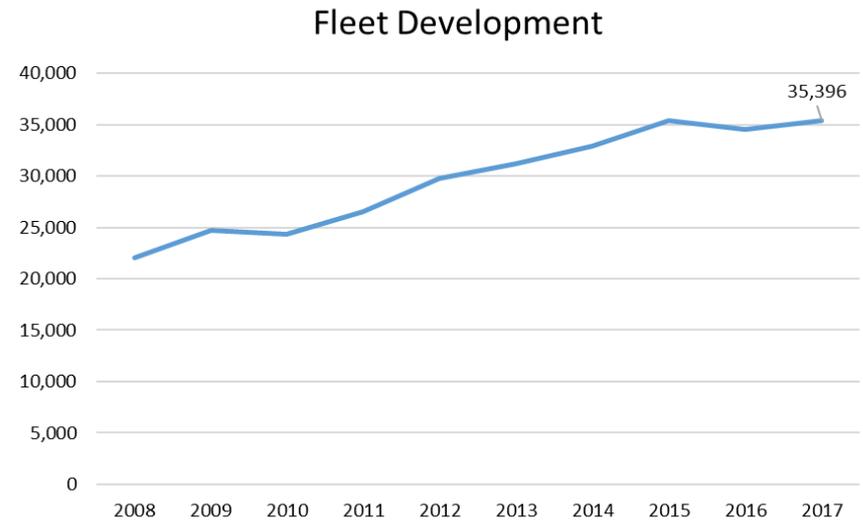
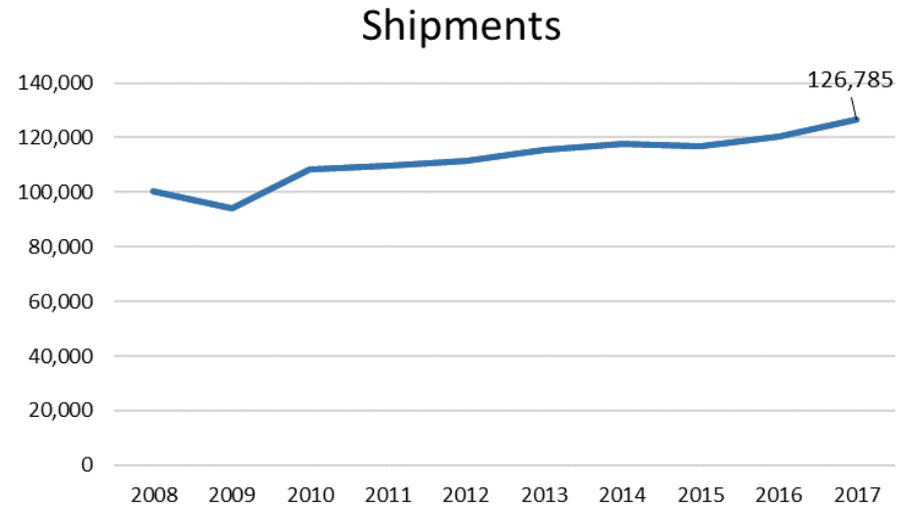
# STC: 3Q17 to 4Q17 Operating Profit Variance

Figures in USD Millions



# Stolt Tank Containers Market Update and Key Initiatives

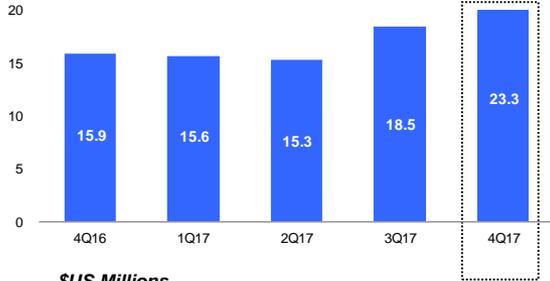
- Strong demand in most regions; focus on increasing both utilisation and turns per tank
- Margins improving despite strong competition
- Controlling operating expenses
- Focus on systems development and implementation of global platforms to increase efficiency and scale, while reducing overhead
- Opened two new depots in 2017 in Laem Chabang, Thailand and Vado, Italy; two depots under construction in Saudi Arabia and United Arab Emirates aimed at improving turnaround times



# Stolt Sea Farm

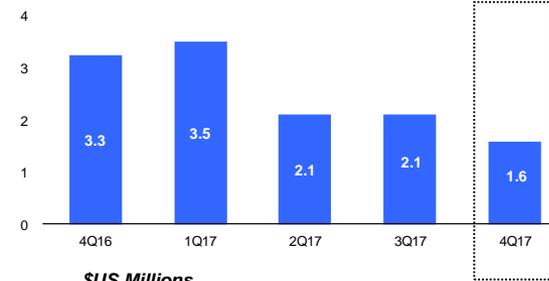
\$US Millions

## REVENUE



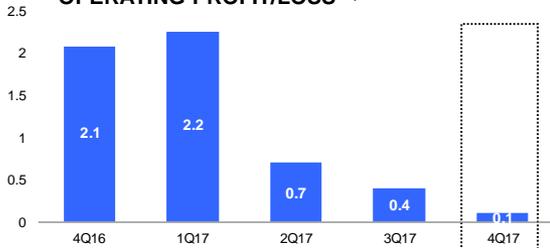
\$US Millions

## GROSS PROFIT (before IFRS adjustment)



\$US Millions

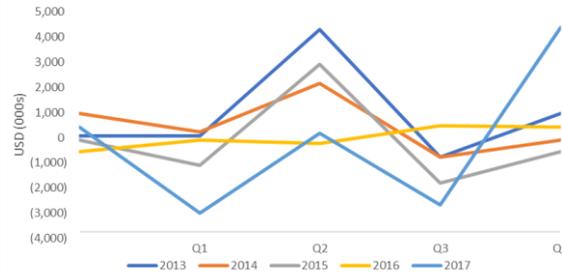
## OPERATING PROFIT/LOSS <sup>a)</sup>



a) Excludes the accounting for inventories at fair value

\$US Millions

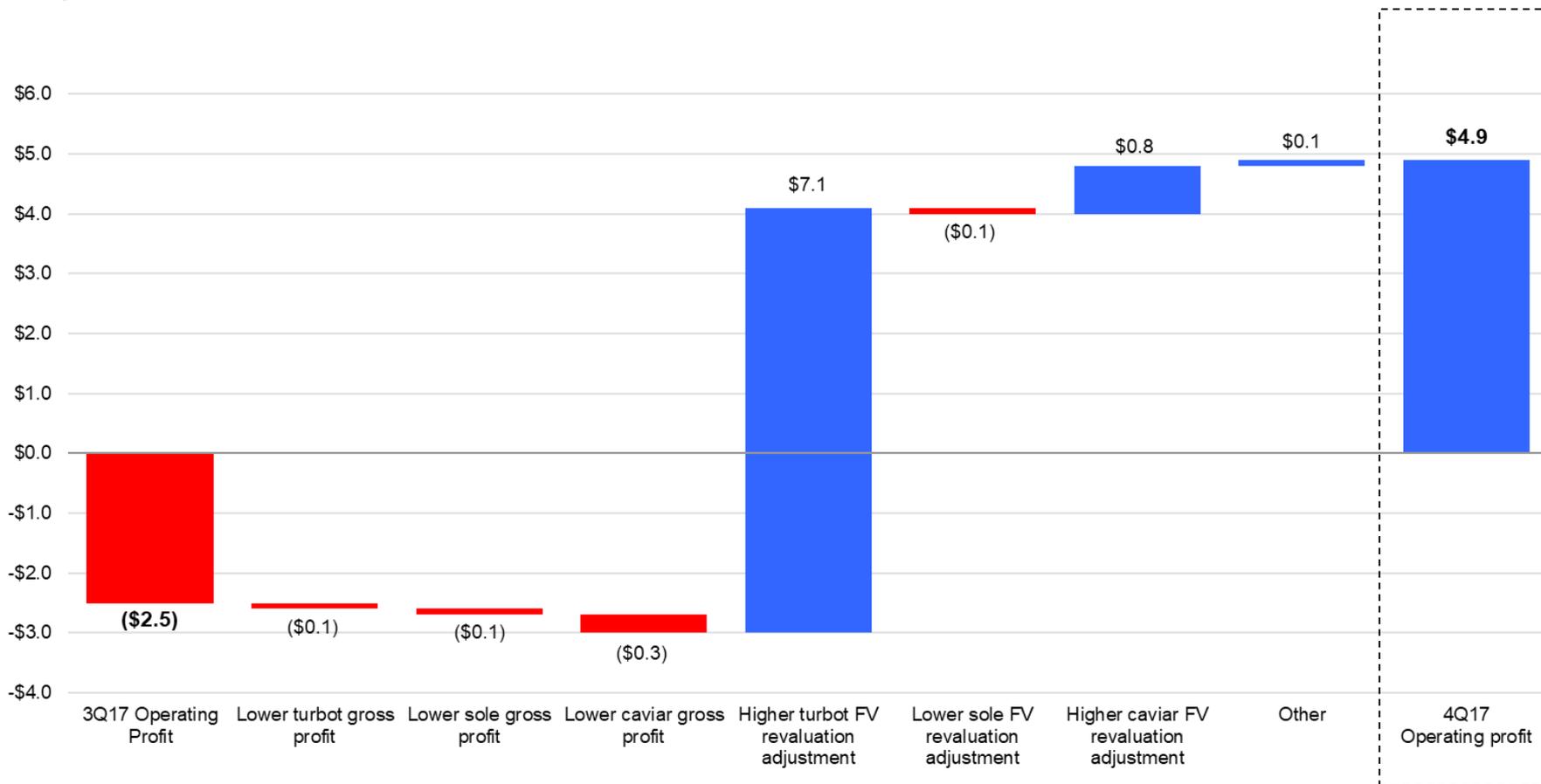
## IFRS SEASONALITY



- Volume of turbot sold increased by 21%, mainly reflecting additional consignment sales; prices increased by 6.7%
- Volume of sole sold increased by 3%, while prices decreased 1%
- Caviar volume stayed flat against prior quarter and prices increased 4%
- FV adjustment of inventory had a positive impact of \$4.8M, compared with a negative impact of \$2.9M in the prior quarter

# SSF: 3Q17 to 4Q17 Operating Profit Variance

Figures in USD Millions



# Financials

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# Net Profit

Figures in USD Millions

	Quarter			Full Year	
	<u>4Q17</u>	<u>3Q17</u>	<u>4Q16</u>	<u>2017</u>	<u>2016</u>
<b>Operating Profit (before one-offs)</b>	\$47.0	\$55.2	\$57.7	\$204.9	\$251.0
Tanker accelerated depreciation	-	-	(1.9)	-	(15.6)
Terminals accelerated depreciation	-	-	(1.5)	-	(1.5)
Gain / (loss) on sale of assets	0.9	1.2	(0.2)	(0.5)	(0.1)
Jo Tankers integration costs	-	(0.4)	(2.2)	(0.4)	(2.2)
Impairment of Stolthaven New Zealand	(8.4)	-	-	(8.4)	-
Impairment of Bitumen accounts receivable	(1.5)	-	(2.7)	(1.5)	(2.7)
Impairment of Bitumen property	(6.9)	-	(2.7)	(6.9)	(2.7)
US DB pension plan & medical insurance changes	7.2	-	5.6	7.2	5.6
<b>Operating Profit (as reported)</b>	<b>\$38.3</b>	\$56.0	\$52.1	\$194.4	\$231.8
Net Interest Expense	(34.5)	(32.3)	(26.6)	(130.2)	(103.6)
FX gain / (loss), net	0.2	(2.4)	1.1	(2.8)	(1.6)
Income tax	(3.4)	(3.1)	(3.9)	(12.2)	(15.7)
Other	0.3	0.1	0.0	1.0	2.3
<b>Net Profit</b>	<b>\$0.9</b>	\$18.3	\$22.7	\$50.1	\$113.2
Attributable to equity holders of SNL	1.1	18.5	22.8	50.3	113.1
Attributable to non-controlling interests	(0.2)	(0.1)	(0.0)	(0.2)	0.1
<b>Net Profit</b>	<b>\$0.9</b>	\$18.3	\$22.7	\$50.1	\$113.2
<b>EBITDA</b> <sup>a)</sup>	<b>\$111.2</b>	\$122.6	\$110.2	\$468.9	\$461.3

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>Nov.30.17</u>
Cash and cash equivalents	\$58
Receivables	241
Other current assets	185
<b>Total current assets</b>	484
Property, plant and equipment, deposits	3,441
Investment in and advances to JV and associates	532
Other non-current assets	158
<b>Total non-current assets</b>	4,131
<b>Total assets</b>	<b>\$4,615</b>
Current mat. of LT debt and fin. leases	433
Accounts payable and ac. expenses	327
Other current liabilities	124
<b>Total current liabilities</b>	884
LT debt and finance leases	2,037
Other non-current liabilities	215
<b>Total non-current liabilities</b>	2,252
<b>Total liabilities</b>	<b>\$3,136</b>
<b>Shareholders equity</b>	<b>\$1,479</b>
<b>Total liabilities and SH equity</b>	<b>\$4,615</b>

Figures in USD Millions (Except ratios)

At the end of:

	<u>November 2017</u>
Debt	<b>\$2,470</b>
Tangible Net Worth (TNW)	<b>\$1,594</b>
Debt:TNW	<b>1.55:1</b>
EBITDA / Interest expense	<b>3.16:1</b>
Cash	<b>\$58</b>
Unused committed available credit lines	<b>\$449</b>

- 77% fixed / 23% variable interest rate at November 30, 2017
- Average interest rate of 4.85% at November 30, 2017
- 1Q18 net interest expense expected to be approximately \$34M

# Cash Flow

Figures in USD Millions

	Quarter		YTD
	4Q17	3Q17	2017
<b>Net profit</b>	<b>\$1</b>	<b>\$19</b>	<b>\$50</b>
Depreciation, amortisation and non-cash items	65	63	259
Changes in working capital	(16)	16	(10)
Other receipts, net	12	6	26
<b>Net cash generated by operating activities</b>	<b>\$62</b>	<b>\$104</b>	<b>\$325</b>
Capital expenditures and intangible assets	(80)	(66)	(364)
Amounts from advances to affiliates	0	(3)	(14)
Sale of assets	8	3	16
Newbuilding deposits	0	(7)	(15)
Other acquisition	(3)	0	(3)
JOT final payment	0	0	(21)
Other	(2)	3	11
<b>Net cash used in investing activities</b>	<b>(\$77)</b>	<b>(\$70)</b>	<b>(\$390)</b>
Decrease in short-term bank loans & revolver	0	0	(8)
Proceeds from issuance of long term debt	202	71	817
Repayment of long-term debt	(212)	(139)	(718)
Dividend and other	0	0	(55)
<b>Net cash used in financing activities</b>	<b>(\$10)</b>	<b>(\$68)</b>	<b>\$36</b>
Effect of exchange rates	(2)	(2)	(6)
<b>Total Cash Flow</b>	<b>(\$28)</b>	<b>(\$36)</b>	<b>(\$35)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>\$86</b>	\$122	\$93
<b>Cash and cash equivalents at end of period</b>	<b>\$58</b>	\$86	\$58

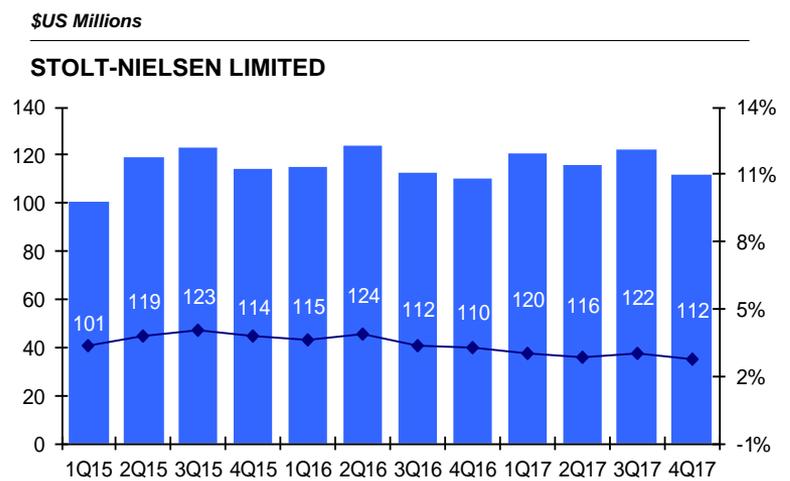
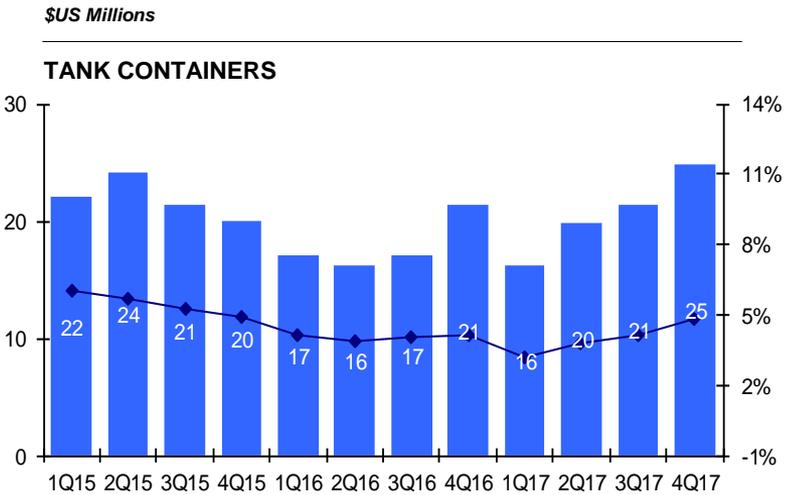
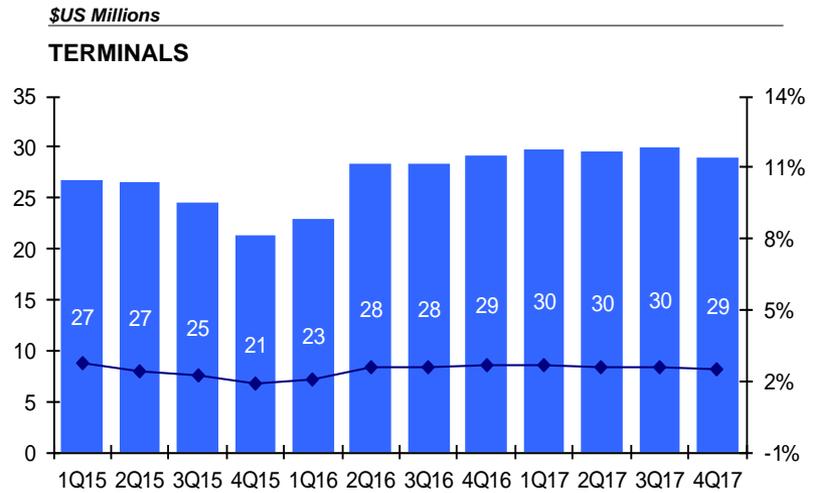
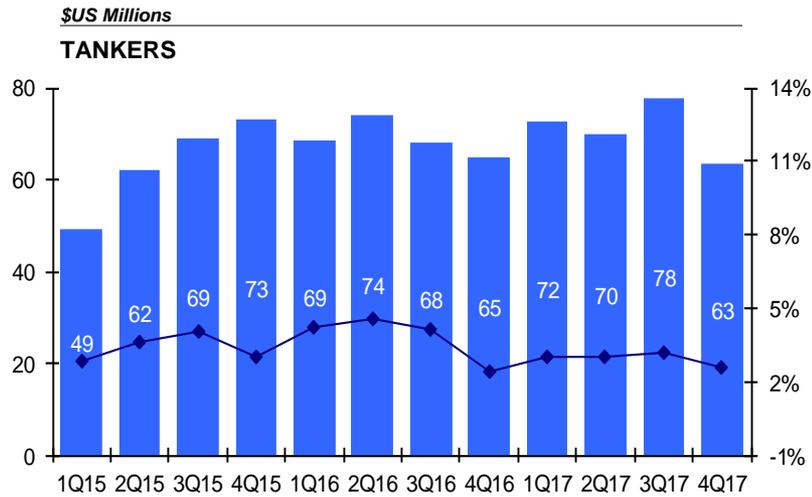
## Cashflow Priorities:

Reduce Debt

Review Capex

Reduce Operating Expenses

# EBITDA



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			Full Year		Updated Quarterly Guidance
	<u>4Q17</u>	<u>3Q17</u>	<u>4Q16</u>	<u>2017</u>	<u>2016</u>	
Stolt Tankers	<b>\$23.2</b>	\$22.1	\$18.5	<b>\$90.3</b>	\$77.2	\$23.0
Stolthaven Terminals	<b>10.4</b>	11.1	9.9	<b>42.5</b>	42.8	10.0
Stolt Tank Containers	<b>16.7</b>	15.8	14.2	<b>64.0</b>	61.0	17.0
Stolt Sea Farm	<b>1.5</b>	1.6	1.2	<b>5.7</b>	5.0	1.3
<u>SNL Corporate</u>						
SNL Corporate and Other	<b>2.6</b>	0.8	0.8	<b>3.3</b>	0.9	1.7
US retiree healthcare gain	<b>(3.9)</b>	-	-	<b>(3.9)</b>	0.0	-
JoT acquisition costs	-	0.4	2.2	<b>0.4</b>	2.2	-
Profit Sharing / LTIP	<b>1.6</b>	2.3	3.1	<b>8.7</b>	14.4	4.0
<b>Total</b>	<b>\$52.1</b>	\$54.1	\$49.9	<b>\$211.0</b>	\$203.5	\$57.0



# Depreciation and Amortisation

Figures in USD Millions

	Quarter			Full Year		Updated Quarterly Guidance
	4Q17	3Q17	4Q16	2017	2016	
Stolt Tankers	\$42.8	\$43.2	\$33.4	\$169.7	\$141.4	\$44.0
Stolthaven Terminals	14.6	14.0	15.7	55.2	57.6	15.0
Stolt Tank Containers	7.9	6.6	6.2	27.8	24.0	7.0
Stolt Sea Farm	1.8	1.7	1.4	6.1	5.6	2.0
SNL Corporate	1.4	1.4	1.4	5.7	5.6	1.0
<b>Total</b>	<b>\$68.6</b>	<b>\$66.8</b>	<b>\$58.0</b>	<b>\$264.5</b>	<b>\$234.1</b>	<b>\$69.0</b>
<b>Impairment</b>						
Stolthaven Terminals	\$8.4	-	-	\$8.4	-	-
Corporate & other	6.9	-	-	6.9	-	-
	<b>\$15.3</b>	<b>\$66.8</b>	<b>\$2.8</b>	<b>\$15.3</b>	<b>\$0.0</b>	<b>\$0.0</b>

# Share of Profit of JVs and Tax

Figures in USD Millions

## Share of Profit of JVs

	Quarter			Full Year		Updated Quarterly Guidance
	<u>4Q17</u>	<u>3Q17</u>	<u>4Q16</u>	<u>2017</u>	<u>2016</u>	
Stolt Tankers	\$2.5	\$1.4	2.5	\$7.4	13.4	\$3.0
Stolthaven Terminals	4.5	5.7	3.6	19.7	18.9	5.0
Tank Containers	0.3	0.4	0.3	1.2	1.5	-
Corporate and Other	(2.7)	(2.8)	(0.9)	(10.7)	(0.2)	(3.0)
	<b>\$4.6</b>	<b>\$4.7</b>	<b>\$5.5</b>	<b>\$17.6</b>	<b>\$33.6</b>	<b>\$5.0</b>

## Taxes

	Quarter			Full Year	
	<u>4Q17</u>	<u>3Q17</u>	<u>4Q16</u>	<u>2017</u>	<u>2016</u>
Tankers, Terminals and T. Containers	0.6	1.9	\$3.5	\$6.6	\$9.2
Stolt Sea Farm	1.3	(0.6)	0.6	1.3	3.7
SNL Corporate	1.5	1.7	(0.2)	4.3	2.8
<b>Total Taxes</b>	<b>\$3.4</b>	<b>\$3.1</b>	<b>\$3.9</b>	<b>\$12.2</b>	<b>\$15.7</b>

- Following the approval of the new US Tax Cuts and Jobs Act, which, amongst other changes, lowers the US Federal corporate tax rate from 35% to 21% effective January 1, 2018, we expect a gain on net deferred tax liabilities of \$25M in the first quarter of 2018



# Capital Expenditures Programme

Figures in USD Millions

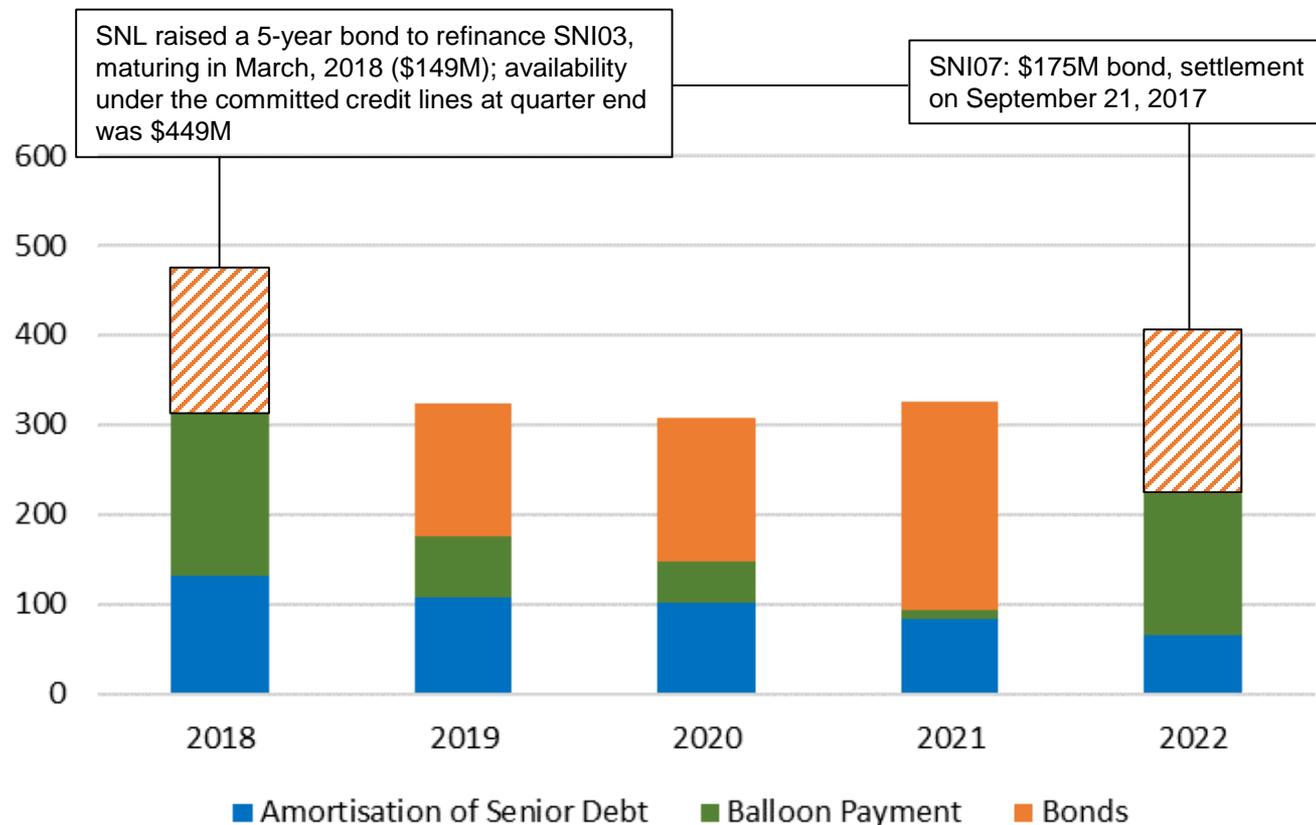
	<b>Actual</b>	<b>Projections</b>					<b>Projected Total</b>
	<b><u>2017</u></b>	<b><u>2018</u></b>	<b><u>2019</u></b>	<b><u>2020</u></b>	<b><u>2021</u></b>	<b><u>2022</u></b>	
Stolt Tankers	<b>\$289</b>	\$28	\$21	\$12	\$5	\$2	\$68
Stolthaven Terminals	<b>82</b>	142	42	22	17	30	253
Stolt Tank Containers	<b>8</b>	30	-	-	-	-	30
Stolt Sea Farm	<b>4</b>	44	27	8	8	4	91
Stolt-Nielsen Gas	<b>11</b>	13	65	-	-	-	78
SNL Other	<b>-</b>	12	-	-	-	-	12
<b>Total</b>	<b>\$394</b>	<b>\$269</b>	<b>\$155</b>	<b>\$42</b>	<b>\$30</b>	<b>\$36</b>	<b>\$532</b>

Notes:

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

# Debt Maturity Profile

Figures in USD Millions



Note:

- \$221M drawn under revolver as of November 30, 2017

# Key Takeaways

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- 2017 net profit of \$50.3M following significant one-offs in the fourth quarter
- Continued soft market in tankers with significant newbuilding deliveries expected to last through 2018
- Strong demand in tank containers and fundamentals in terminals remain solid; at SSF turbot volume is up and prices are rising
- Continued focus on debt reduction and cash-flow improvement
- Expected gain on net deferred tax liabilities of \$25M in the first quarter of 2018 following the new US Tax Cuts and Jobs Act
- The Group has access to competitive funding; sufficient liquidity secured



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