

Business Review (continued)



Stolt Tank Containers

A record year, reflecting our dedication and customer centricity



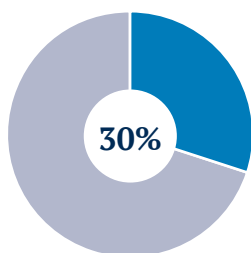
“We achieved new shipment records against a backdrop of Covid-19 supply chain disruption, global inflation and worldwide logistics challenges.”

Performance

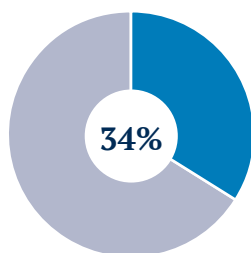
(US \$ millions)	2021	2020	2019
Operating revenue	662	521	529
Operating profit	82	51	56

Percentage of Group total

of total revenue



of total operating profit¹



1. Excludes Corporate and Other loss of \$5 million.

Stolt Tank Containers (STC) is a leading provider of logistics and transportation services for door-to-door shipments of bulk-liquid chemicals and food-grade products. With our global capabilities, we help customers minimise costs and increase efficiency across their supply chains.

STC has a fleet of more than 43,500 tank containers and is a leader in the worldwide door-to-door bulk-liquid logistics industry. Our 22 full-service depots and refurbishing facilities give us direct control over tank handling, cleaning, and maintenance, ensuring our fleet and cargo handling operations consistently meet the highest standards for quality, reliability, safety, and environmental protection.

2021 review

2021 was a year of strong performance and new shipment records as STC’s agility, dedication, creativity, and customer centricity enabled us to capitalise on market conditions.

Full-year operating profit was \$81.6 million, a 59% increase on 2020. Markets remained strong throughout the year, with rising freight rates and higher demurrage revenue compensating for rising costs. Although inflation, tight ocean liner capacity, trucking shortages and port congestion created a difficult operating environment, we passed on additional costs to customers and improved margin per shipment.

Customers clearly recognise the value and reliability STC offers in an environment experiencing unprecedented supply chain challenges. Our food-grade business grew by 8.6% and our chemical business grew by 8.4%. Income from food-grade operations rose 31.6%, as shipments reached new records and our customer base expanded.

Importantly, STC also has a strong foundation for ongoing growth. We maintain the largest fleet in the industry, and this year boosted capacity by 8.7% while increasing utilisation to 72% from 68% in 2020. Investment continued and our depot in Grangemouth, Scotland and loaded storage facility in Singapore are now operational. The rebuilding of our depot in Kaohsiung, Taiwan progressed, as did the redevelopment of our cleaning station in Houston, US.

STC’s transformation roadmap delivered ongoing benefits to the Company and our customers. We continued to integrate with customers and vendors electronically, developed our configured price quotation programme and worked to enhance our mySTC portal, which gives us a competitive advantage by making it even easier to work with us. Digitalisation of processes boosted efficiency and delivered cost savings. Additional robotics deployments saved 2,250 working days over the year, and our new digital platforms offer greater visibility of carrier performance and allocations, allowing us to maximise limited carrier space.

During 2021, everyone at STC went above and beyond to support colleagues and customers in the most complex logistics environment ever. Their ability to navigate challenges related to Covid-19 and across ocean freight vendors and inland supply chains worldwide – and to deliver for customers time and time again – underpinned STC's strong performance. At the beginning of 2021, we completed our first comprehensive employee engagement survey, and the results have helped improve recruitment, training, and the support we give to staff. Read more about our 2021 people-related initiatives on pages 33-35.

2021 also featured important progress on sustainability as we assessed the baseline for our Scope 1 emissions (from our own operations) and developed a platform that allows us to measure our impact. Work is ongoing to accurately measure our Scope 3 emissions (largely from our transportation partners) which are more complex. This will further position us to serve industries with a growing sustainability focus. We have also seen more customers looking to transition from unsustainable, single-use flexi-bags to re-usable steel tanks to minimise the environmental footprint of their supply chain.

2022 outlook

On February 1, 2022, I stepped down as STC President after 22 years to assume a new role for SNL's three logistics businesses. I leave an exceptional team in the capable hands of Hans Augusteijn, who has served as Stolt Tankers' Director of Strategy since 2019.

Under Hans' guidance and the leadership of the STC management team, the business is well placed to benefit from ongoing strong demand across all regions. Both food-grade and chemicals businesses will grow, and we will expand our fleet to capitalise on these opportunities. Logistics challenges will remain as inflation and supply chain costs rise during the year. STC will continue to expand its vendor network and foster long-term relationships, which will help gain more space allocations on ships and give customers more choice.

Our ambitious digitalisation strategy will advance in 2022, with developments across automation and our mySTC platform keeping us at the cutting edge of digital customer experience in the industry.

Michael W. Kramer

President Emeritus
Stolt Tank Containers