

Business Review *continued*

Stolt-Nielsen Gas

Well positioned to capitalise on the energy transition

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Stolt-Nielsen Gas (SNG) is our investment arm focused on the liquefied natural gas (LNG) segment.

As the transition to more sustainable energy sources has gathered momentum, so too has the demand for natural gas and LNG. As the cleanest burning fossil fuel, LNG is currently the most reliable, cost-effective and clean alternative as we move towards a low-carbon future.

SNG currently owns 47% of NOTC-listed Avenir LNG Ltd and a 2.5% stake in Golar LNG. Avenir's other primary shareholders are Høegh LNG and Golar LNG. Avenir's strategy is to source, ship, store, distribute and sell LNG to industries and communities that lack access to a natural gas grid. Golar is one of the world's largest independent owners and operators of marine-based LNG midstream infrastructure, and is active in liquefaction, transportation and regasification.

Performance

(US \$ millions)	2020	2019	2018
Operating Revenue	–	–	–
Operating Loss	(4)	(4)	(11)

2020 review

2020 saw material acceleration in the use of LNG as a marine fuel, underscoring the opportunity for SNG investments.

Despite the challenges of Covid-19, Avenir took delivery of its first LNG carrier in 2020, completing the transition from a development company to an operational LNG supplier. The *Avenir Advantage* is a 7,500-cbm capacity, dual-purpose LNG bunkering and supply vessel (LBV). Petronas, Malaysia's national oil and gas company, has chartered the *Avenir Advantage* for three years. It is the first dedicated LBV in South East Asia, and is successfully supplying vessels and remote locations in the region with LNG.

The *Avenir Accolade*, a second 7,500-cbm capacity LBV from Keppel Marine, will be delivered in the first quarter of 2021. Upon delivery, the *Avenir Accolade* will enter into a three-year charter to Hygo Energy Transition (previously Golar Power), who will use it for LNG distribution and ship-to-ship bunkering in Brazil. The *Avenir Aspiration*, a third 7,500-cbm capacity LBV from Sinopacific Offshore & Engineering (SOE), was launched in December 2020.

Although the pandemic caused delays, construction progressed at Avenir's first LNG terminal at the Italian port of Oristano, Sardinia. Avenir has an 80% stake in the terminal through Higas Srl (HIGAS). When completed, it will be the first LNG terminal on the island of Sardinia. Avenir will provide a fully integrated offering to customers: sourcing LNG from international markets, shipping it to Sardinia, storing it in the HIGAS terminal and then distributing it via truck across the island to customers.

Stolt-Nielsen Gas reported an operating loss of \$4.2 million for 2020. The losses were mainly attributable to costs related to various ongoing development projects.

2021 outlook

Avenir's expansion will continue during 2021 as it commercialises its growing asset base. The Oristano terminal is due to begin operations in the second quarter of 2021, and by the end of the year, it is expected that Avenir will have taken delivery of all four 7,500-cbm and two 20,000-cbm capacity LBVs. Avenir's entire fleet is designed with bunkering capability, putting it in a competitive position to capitalise on LNG's growth as a marine fuel.

Avenir remains focused on its strategy to provide the entire small-scale supply chain for clean, affordable and reliable LNG – particularly in emerging markets and remote areas. Its three main shareholders bring distinctive capabilities across LNG asset operations, positioning Avenir to achieve its long-term ambition to be a leading small-scale LNG supplier. By the end of the year, Avenir will have operations across South America, Europe and Asia, which will develop as it grows its customer base and strategic network.