

Stolt-Nielsen Limited



Second-Quarter 2017 Results Presentation

July 06, 2017

Forward-Looking Statements

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.



Stolt-Nielsen Limited Representatives



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



Agenda

- SNL 2Q17 Highlights
 - Stolt Tankers
 - Stolthaven Terminals
 - Stolt Tank Containers
 - Stolt Sea Farm
 - Stolt-Nielsen Gas
- Financials
- Q&A



Second-Quarter 2017 Highlights

Operating

- Stolt Tankers operating profit of \$27.6M, down from \$28.5M, reflecting continued softness in the chemical tanker market, as rates overall edged lower and bunker prices continued to rise
- Stolthaven Terminals operating profit of \$16.1M, down from \$16.7M, mainly reflecting lower utilisation at Stolthaven Singapore
- Stolt Tank Containers operating profit of \$13.7M, up from \$9.0M, reflecting higher shipment volume after a seasonally weak first quarter
- Stolt Sea Farm operating profit before FV adjustment of inventories of \$0.7M, compared to \$2.2M previous quarter; strong wild catch of turbot in the quarter drove market supply up and prices down; the FV adjustment was a positive \$1.7M, compared to a negative impact of \$3.5M in the prior quarter
- Corporate and Other operating loss of \$8.2M, compared with a loss of \$4.6M, reflecting legal and other reorganisation expenses, higher A&G expenses and lower earnings from joint ventures

Financial

(Unaudited)

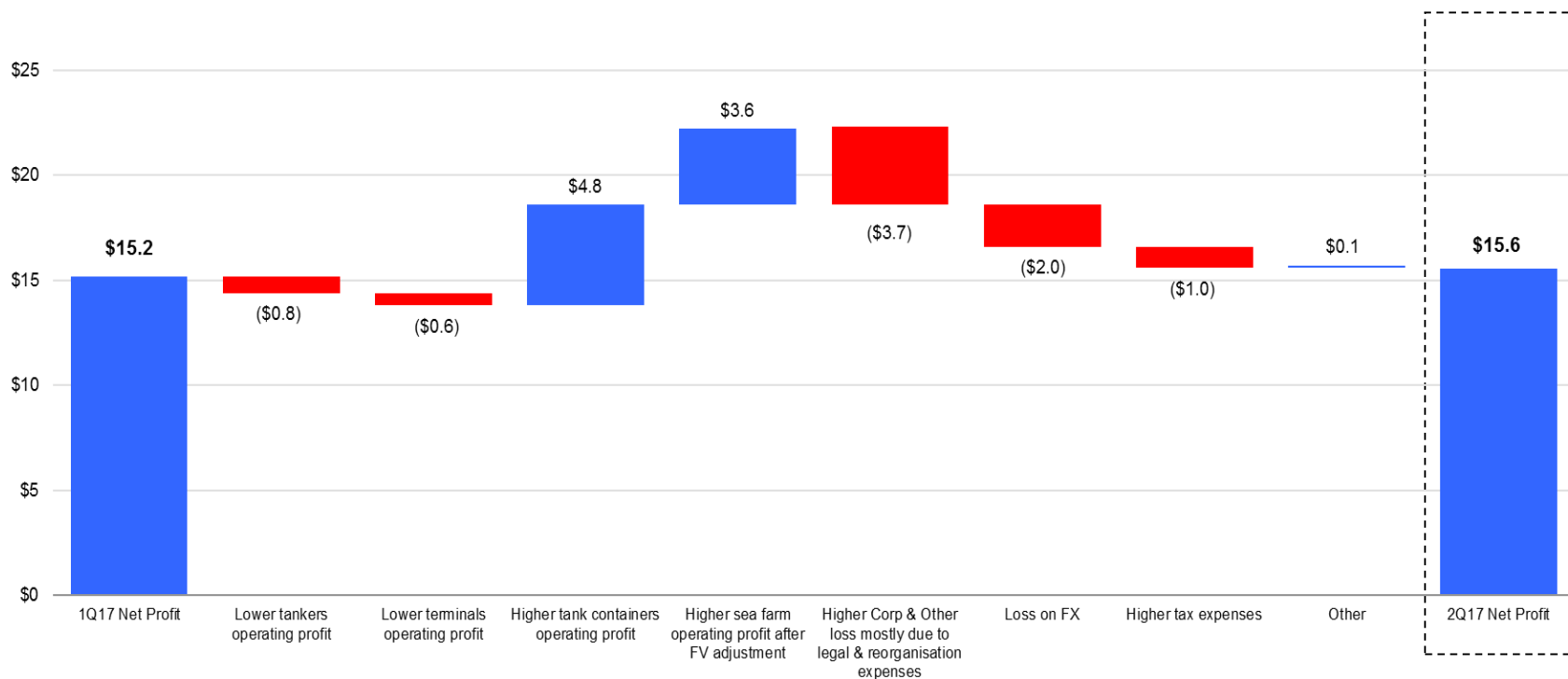
	Quarter			YTD	
	2Q17	1Q17	2Q16	2017	2016
Revenue	\$500.8	\$475.7	\$478.9	\$976.5	\$942.8
Operating Profit	51.6	48.4	69.3	100.0	127.1
Net Profit (attributable to SNL equity holders)	15.6	15.2	37.8	30.8	68.2
EPS Diluted	0.25	0.25	0.68	0.50	1.24
Weighted average number of shares outstanding diluted	62.0	62.0	55.3	61.9	55.0

Note: Weighted average number of shares in 2Q17 includes 7m shares released from treasury shares for use as collateral in a share pledge facility



SNL: 1Q17 to 2Q17 Net Profit Variance

Figures in USD Millions



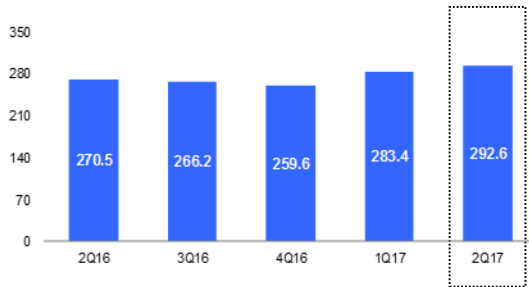
Note: Net Profit attributable to equity holders of SNL



Stolt Tankers

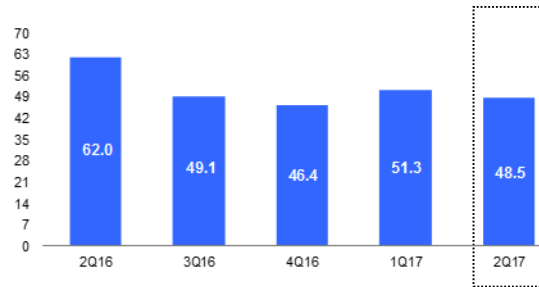
\$US Millions

REVENUE



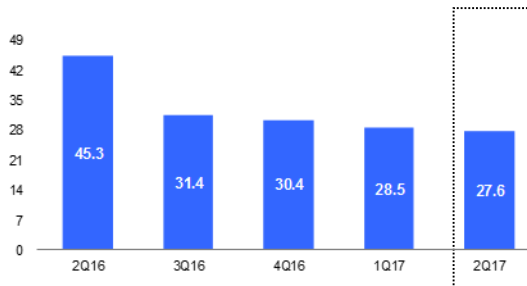
\$US Millions

GROSS PROFIT



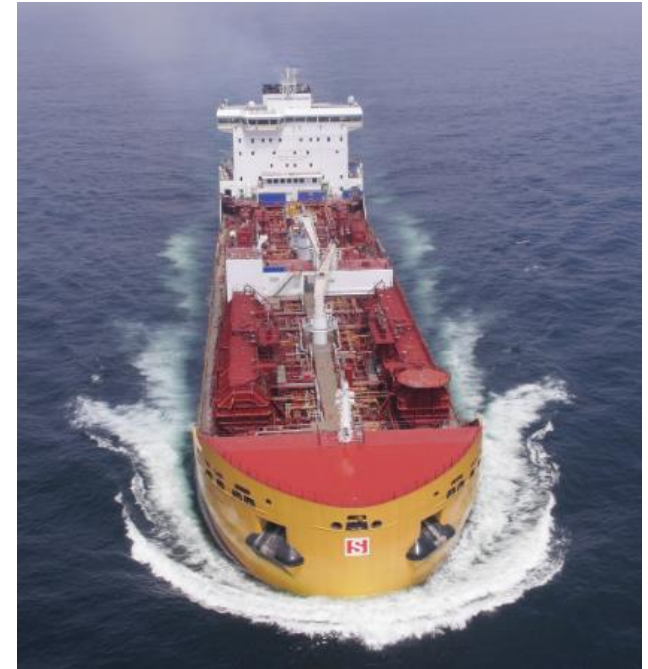
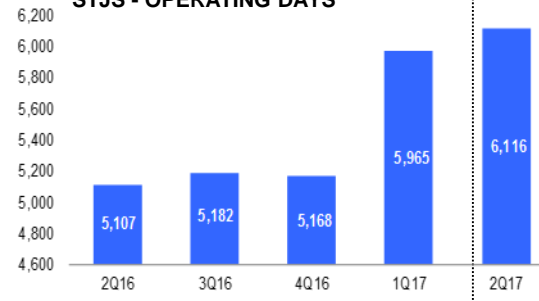
\$US Millions

OPERATING PROFIT/(LOSS)



Days

STJS - OPERATING DAYS

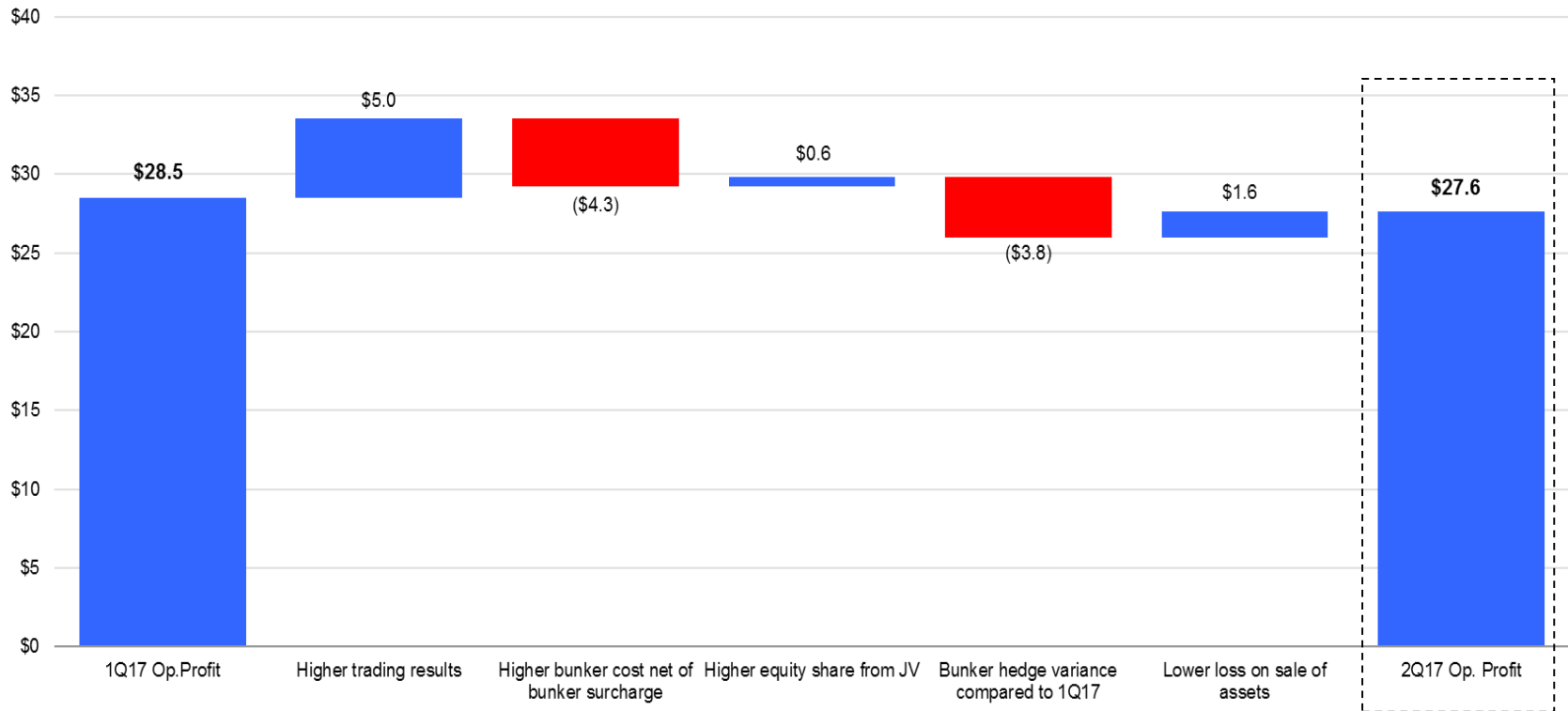


Stolt Pride

- Operating revenue increased by 3.2% from previous quarter, mainly due to increased cargo volume in line with increased operating days and higher utilisation
- Increase in operating days in 2Q17 reflects more calendar days in the quarter, delivery of newbuildings, offset by recycling, redelivery of short term TC hire ships and off-hire of a JV ship due to engine problems
- COA renewal rates during the quarter were on average down by 4.9%, compared to a reduction of 6.1% in previous quarter

Tankers: 1Q17 to 2Q17 Operating Profit Variance

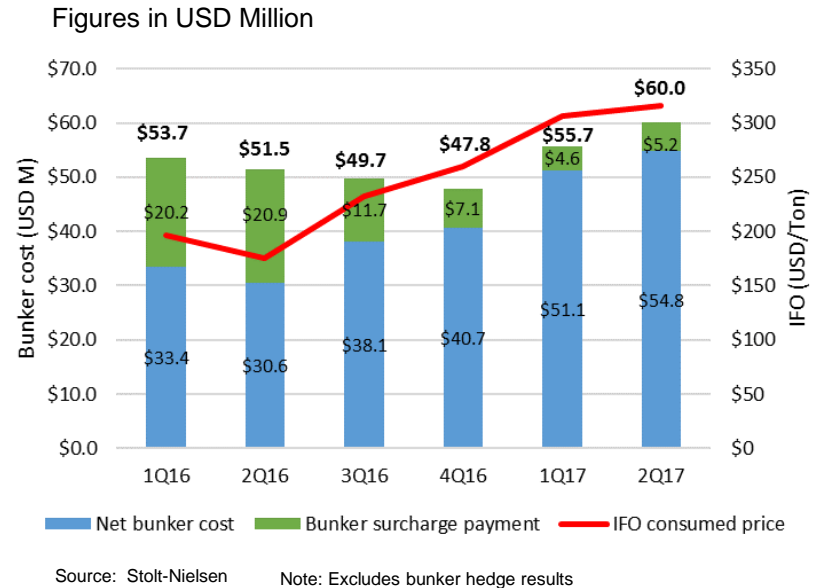
Figures in USD Millions



Stolt Tankers: Bunker Costs

- Bunker cost net of bunker surcharge, but excluding bunker hedges, increased by \$4.3M from 1Q17
- Average price of IFO consumed increased to \$316/ton from \$306/ton in 1Q17
- Average price of IFO purchased decreased to \$311/ton from \$328/ton in 1Q17
- COA bunker surcharge clauses covered on average 70% of total volume YTD 2017
- Bunker hedge from June 2017 and going forward:

Forward:			
Calendar Year	Volume (MT)	Weighted average price	
2017	66,000	\$216.52	
2018	96,000	\$262.91	
2019	48,000	\$260.75	
Call Options:			
Calendar Year	Volume (MT)	Weighted average price	
2017	8,750	\$270.00	
2018	15,000	\$315.00	

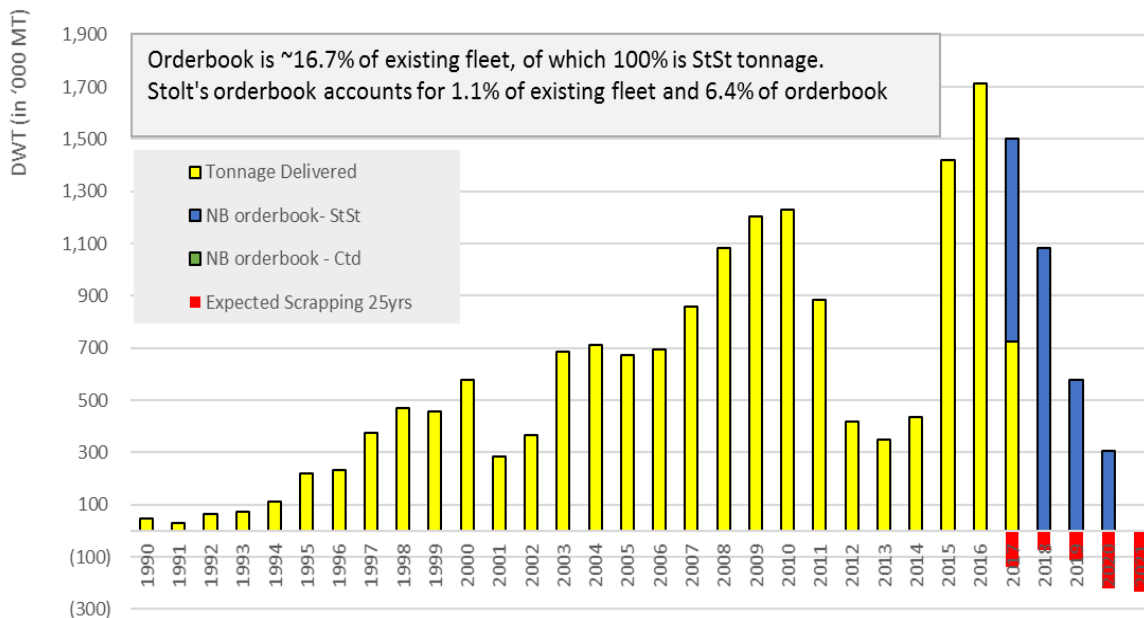


Bunker Hedge (\$M):

Qtr	Realised gain/(loss)	Unrealised gain/(loss)	Total hedge gain/(loss)
1Q16	(0.35)	(1.73)	(2.08)
2Q16	0.45	6.08	6.53
3Q16	1.02	(1.47)	(0.45)
4Q16	1.29	2.16	3.45
FY 2016	2.40	5.04	7.44
1Q17	2.01	0.03	2.04
2Q17	1.41	(3.21)	(1.81)
YTD 2017	3.42	(3.18)	0.23



Chemical Tanker Fleet and Orderbook – 2Q17



SNL New Building Delivery in 2Q17 and Scheduled delivery:

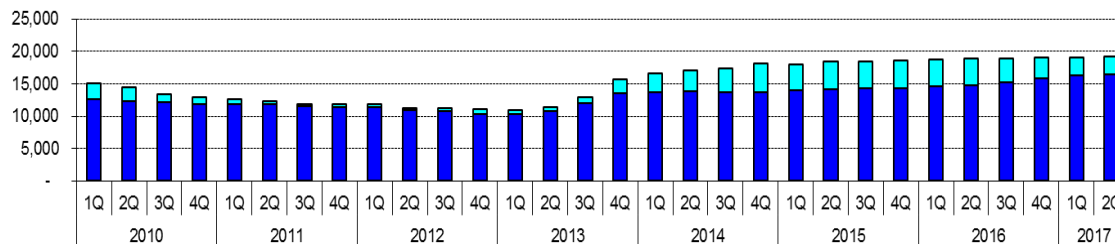
	Name	Delivery
C38 Hudong-Zhonghua	Stolt Tenacity	Delivered – May 26, 2017
	Hull 1711A	3Q17
	Hull 1712A	4Q17
C33 New Times Shipbuilding	Stolt Lind	Delivered – Mar 15, 2017
	Stolt Calluna	Delivered – June 15, 2017
	Hull 306	3Q17
	Hull 307	4Q17
	Hull 308	1Q18

Notes:

Full list of Stolt tankers fleet list can be accessed using our corporate website

<https://www.stolt-nielsen.com/en/#>

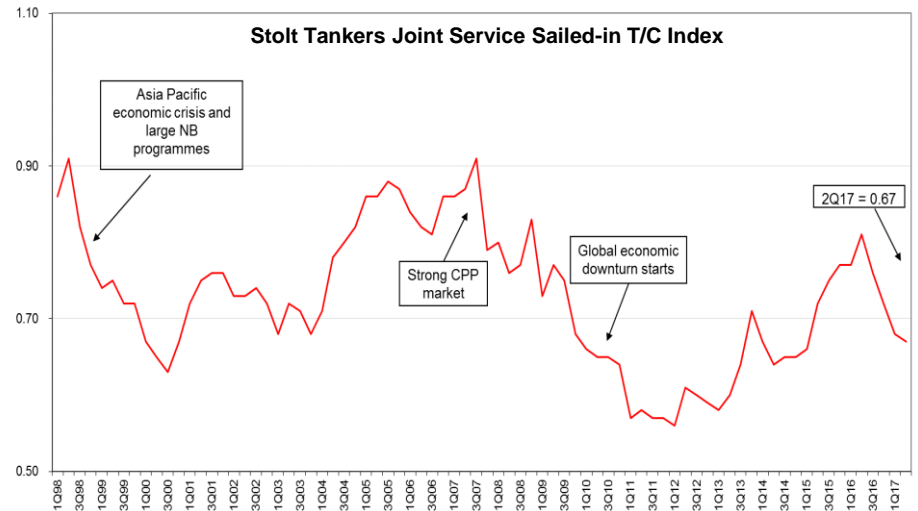
Tonnage delivered during 2Q17 was 172,664 dwt, which was an increase of 1.6% compared to 1Q17



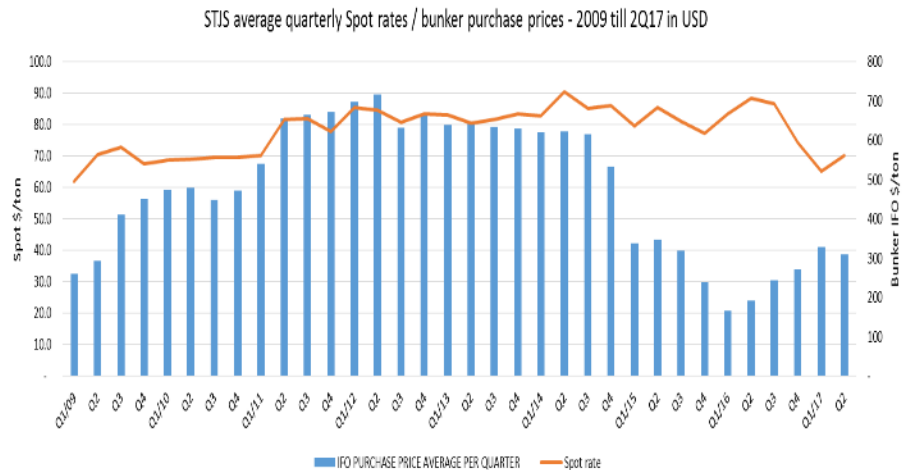
Source: Stolt-Nielsen and Drewry, as of June 1, 2017

Stolt Tankers Joint Service – COA and Spot

- COA cargoes increased to 74%, from 71% in 1Q17, due to more acid liftings after the resolution of the congestion in India
- Compared to previous quarter COA rates invoiced were down 3.8% whilst spot rates increased by 7.5%, mostly due to cargoes and trade lane mix
- Compared to previous quarter, COA volume increased and spot volume decreased this quarter; utilisation per operating days increased by 4% in 2Q17 compared to previous quarter

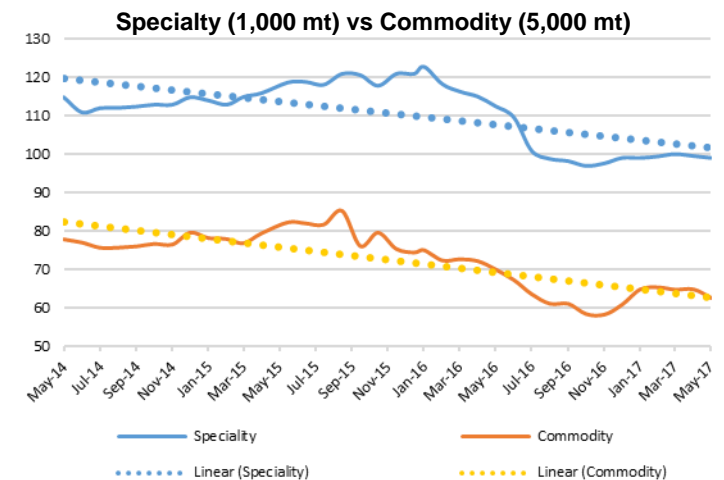
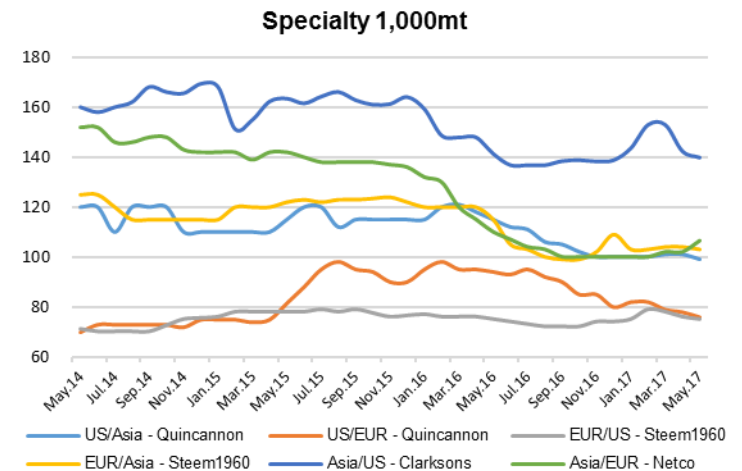


■ Index as published through 2013, based on SIR STJS member-ships + net result outside T/C ships, base is 1Q96 + adjusting for inflation based on U.S. Consumer Price Index (CPI)
Source: Stolt-Nielsen and the Bureau of Labor Statistics (U.S. CPI)

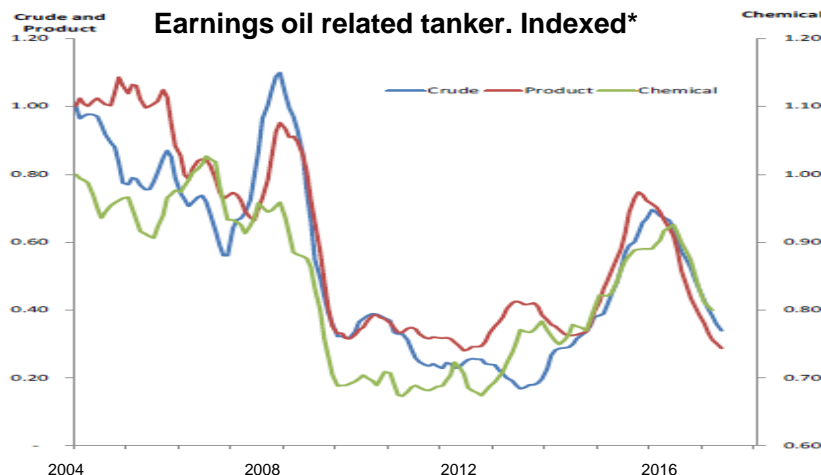


Deep Sea Spot-Rate Development

- The 1Q17 spot rate recovery, seen mostly in commodity rates, has stalled; some markets show positive trends; in recent weeks rates have firmed on the US Gulf to Asia lane
- The MR market earnings dropped below \$10,000/day, before recovering somewhat in recent weeks; swing tonnage remains in chemical trades with higher earnings than oil trades
- Spot freight rates appear to have bottomed out but weakness continues to pressure COA renewals
- The high order book continues to provide surplus tonnage; with an uncertain MR market, we expect rates to remain under pressure into 2018



Source: Steem1960 Steensland Shipbrokers AS



*12m rolling average of spot earnings for crude and product tanker. Average freight indexes from chemical tanker majors Odfjell and Solt-Nielsen, quarterly observations smoothed

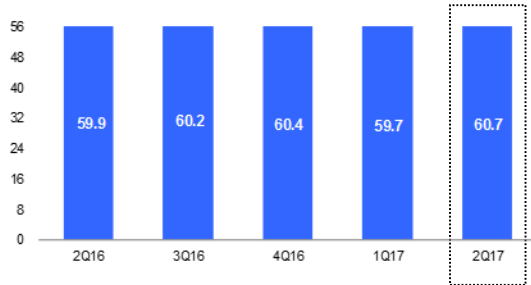
Source: Nordea SOO, Clarkson and company



Stolthaven Terminals

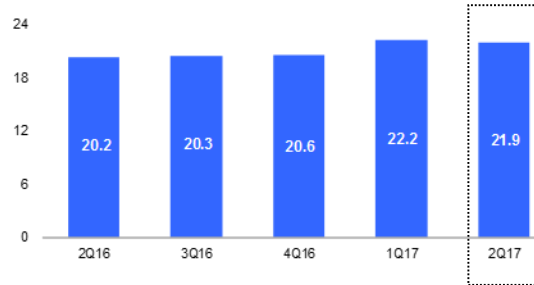
\$US Millions

REVENUE



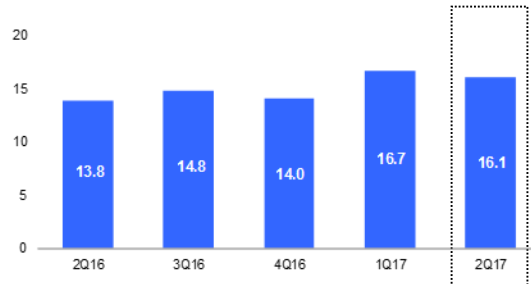
\$US Millions

GROSS PROFIT



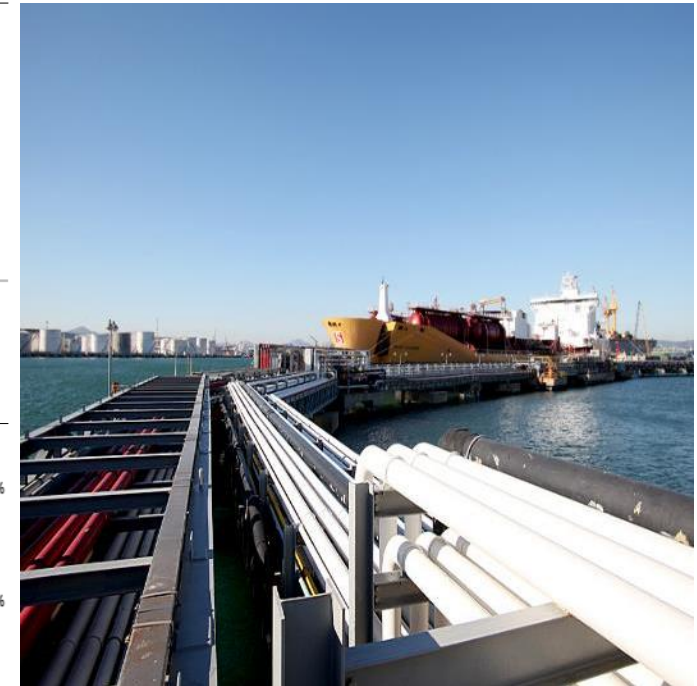
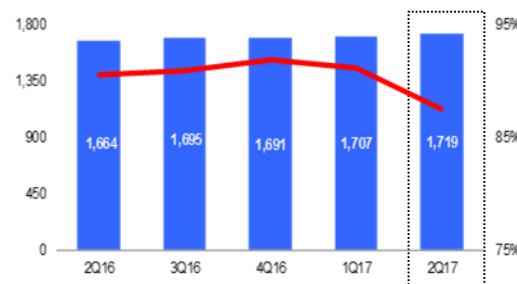
\$US Millions

OPERATING PROFIT



Thousand cubic metres - (owned terminals)

AVERAGE CAPACITY - UTILISATION

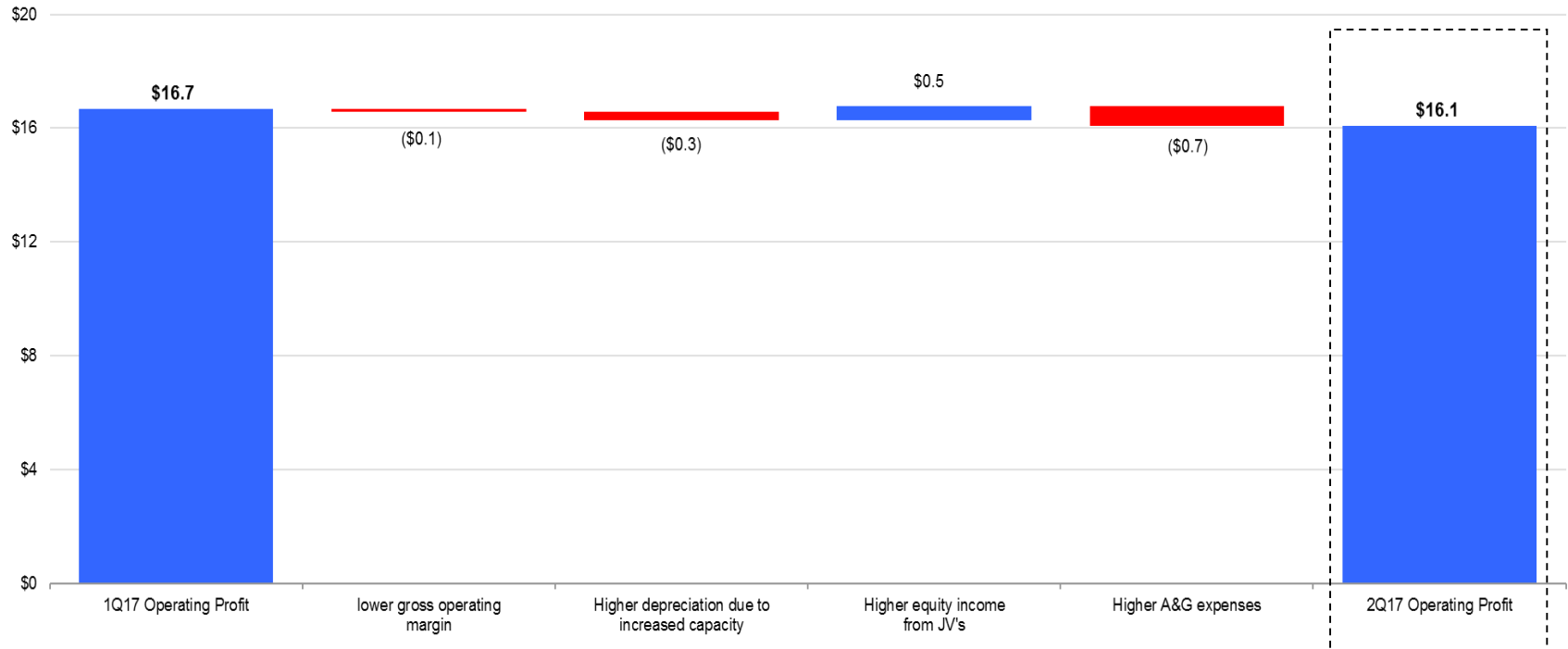


JSTT berth

- Revenue increase of 1.6% in 2Q17 was mostly due to cleaning revenues in Houston and Singapore, offset by lower utility and throughput revenue
- Utilisation dropped from 91.1% to 87.5% due to the expiry of certain contracts
- Operating expenses increased by 4.3% in 2Q17, mainly due to higher rail freight activities at Stolthaven Houston and higher cleaning costs at Stolthaven Singapore
- JV contributions improved by 11.4% as the Lingang terminal continues to ramp up operations

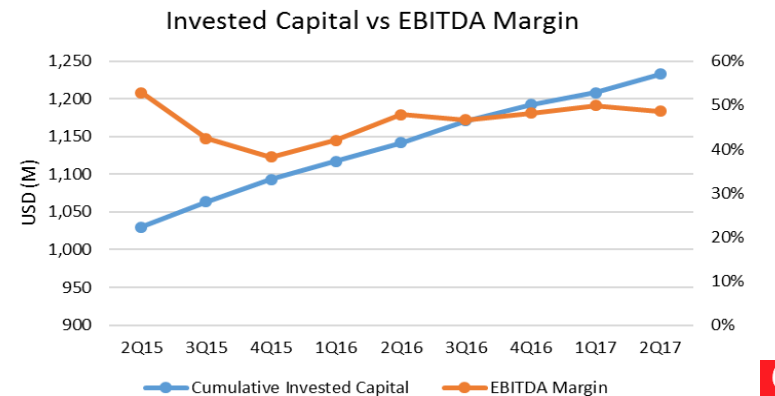
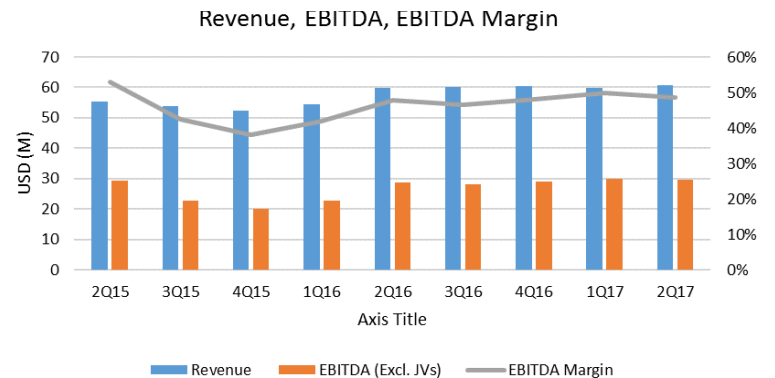
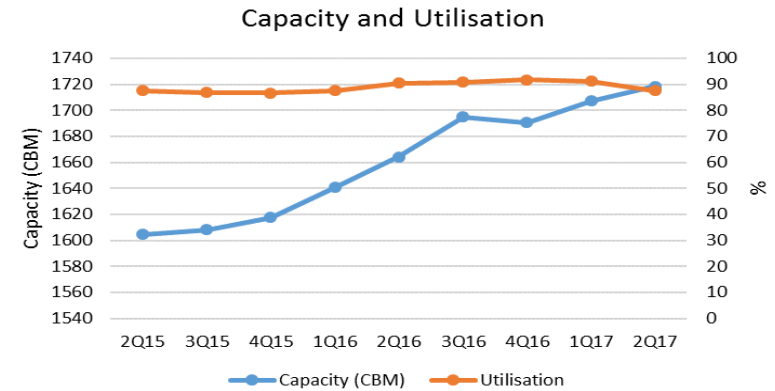
Terminals: 1Q17 to 2Q17 Operating Profit Variance

Figures in USD Millions



Stolthaven Terminals Market Update and Key Initiatives

- Brazil has strong demand driven by diesel imbalance; new tanks expansion has been approved to take advantage of the strong market
- USA remains stable; construction of a new Jetty in Houston has started and we are implementing a new terminal management system at Houston and New Orleans
- The Asian markets, especially Singapore, remains challenging; seeking opportunities to improve utilisation;
- The Korean market is performing well for both chemicals and petroleum products
- Europe remains stable for chemicals, slight slowdown in petroleum
- Our global project to improve the sustainable profitable growth of Stolthaven is ongoing with main focus currently on operational excellence and capital project excellence



Stolthaven Houston – 3rd Deep-sea Jetty Begun

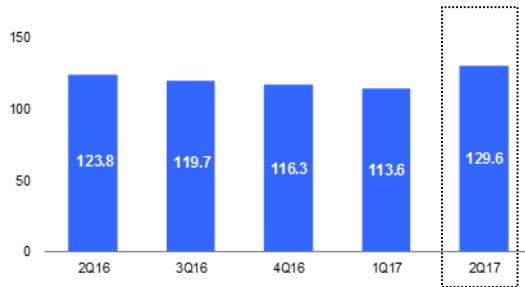


- 50+ acres land available for expansion opportunities for over 2M barrels of storage capacity, railcar and truck racks

Stolt Tank Containers

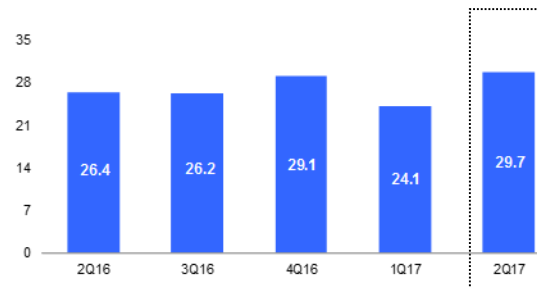
\$US Millions

REVENUE



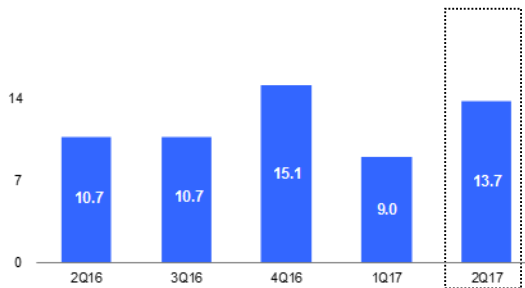
\$US Millions

GROSS PROFIT

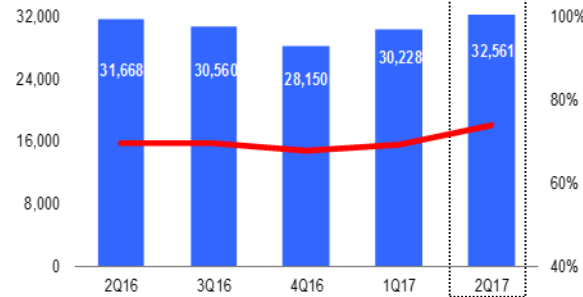


\$US Millions

OPERATING PROFIT



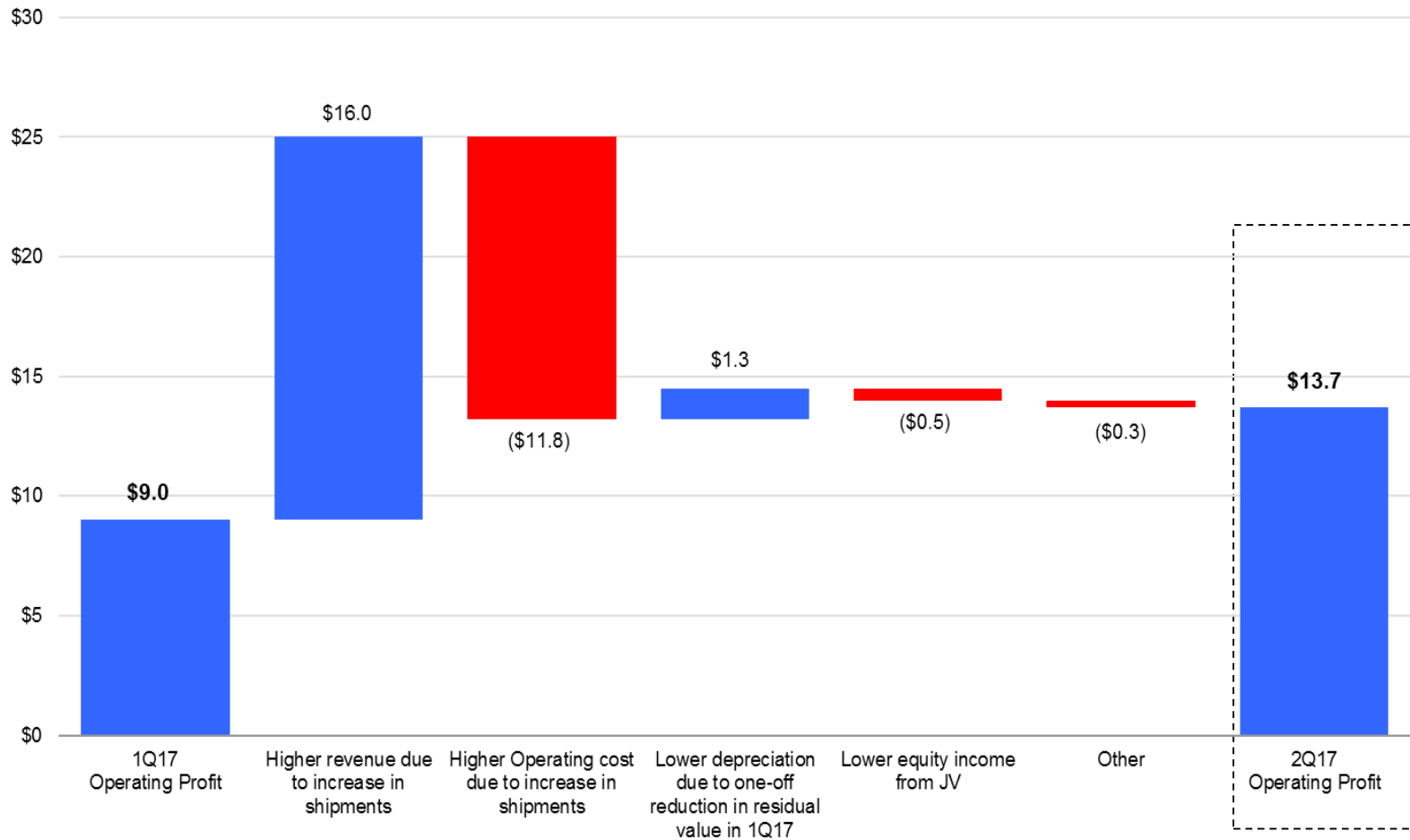
SHIPMENTS - UTILISATION



- Revenue up 14.1% in second quarter, due to increased shipments, improved demurrage billing and higher additional charges
- Shipments increased 7.7% on the back of strong demand in both the food grade and chemical sectors in almost all regions versus the previous quarter

STC: 1Q17 to 2Q17 Operating Profit Variance

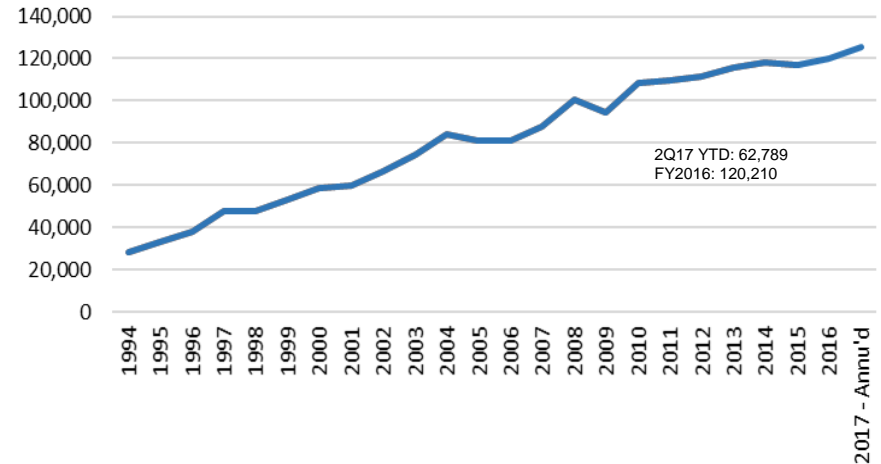
Figures in USD Millions



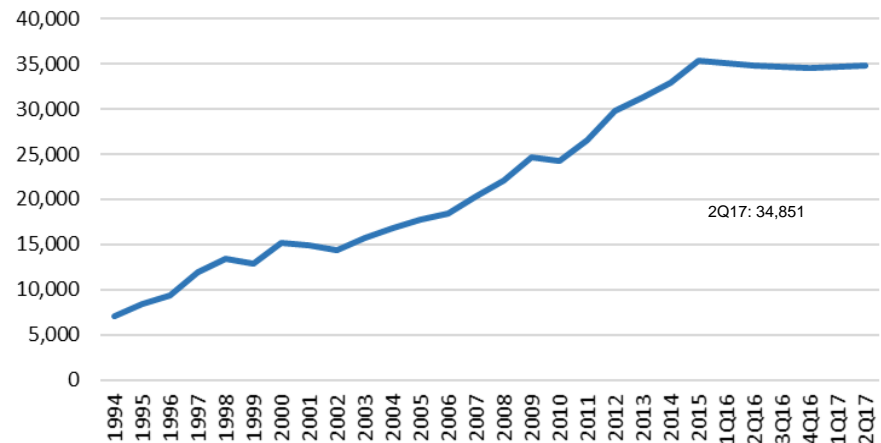
Stolt Tank Containers Market Update and Key Initiatives

- Strong demand in all regions; working towards increasing both utilisation and turns per tanks
- Margin deterioration may have bottomed out; price competition continues to limit revenue and margin growth; working towards improving pricing and margins
- Controlling operating expenses and passing increases to customers
- Focus on systems development and implementation of global platforms to increase efficiency and scale of operations 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

Shipments



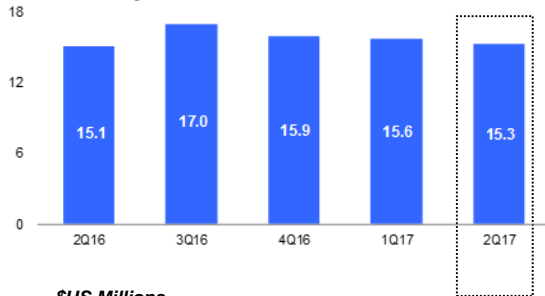
Fleet



Stolt Sea Farm

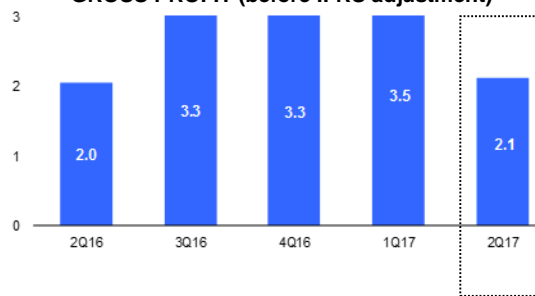
\$US Millions

REVENUE



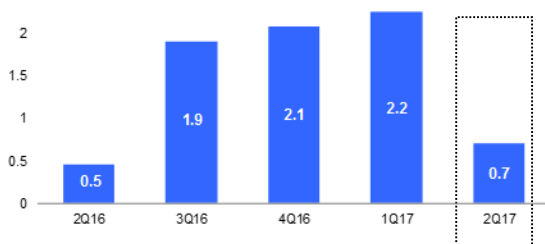
\$US Millions

GROSS PROFIT (before IFRS adjustment)



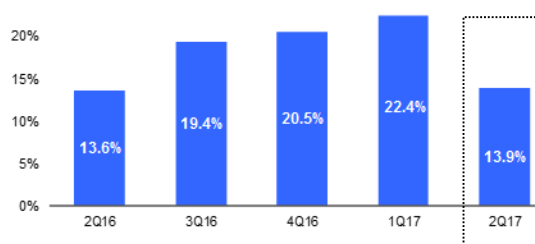
\$US Millions

OPERATING PROFIT/LOSS ^{a)}



%

GROSS OPERATING PROFIT MARGIN ^{a)}



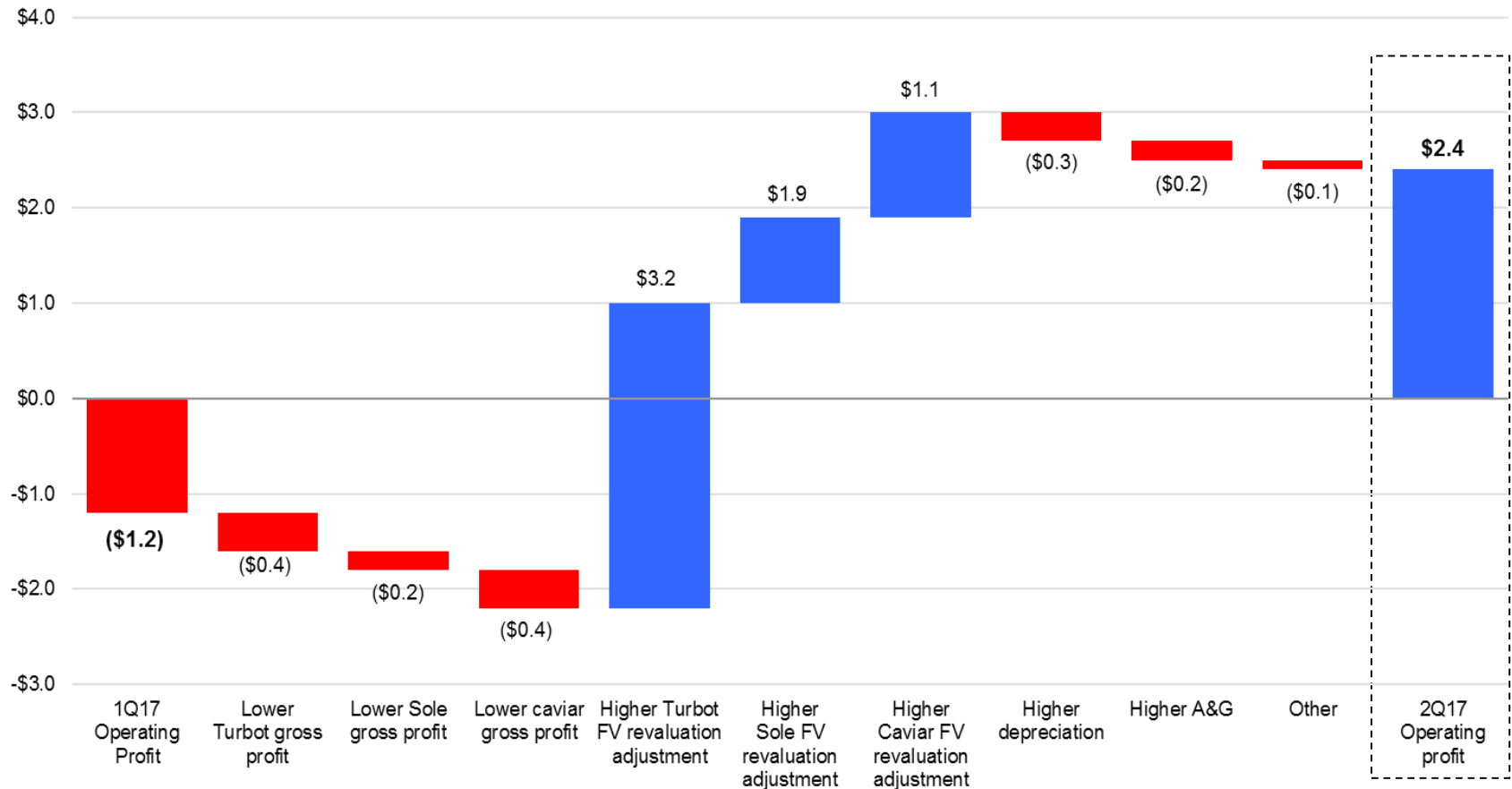
Turbot, Sole and Sturgeon

a) Excludes the accounting for inventories at fair value

- Volume of turbot was up 7% but prices were down 10% due to higher seasonal wild catch entering the market
- Volume of sole was up 17% but prices were down 3% due to price promotion on large size King sole
- For caviar, volume and prices were down during the quarter due to a continued shift to direct sales
- FV adjustment of inventory had a positive impact of \$1.7M compared to a negative impact of \$3.5M in the prior quarter

SSF: 1Q17 to 2Q17 Operating Profit Variance

Figures in USD Millions



Stolt-Nielsen Gas – Project Update

- Newbuilding contract in place with Keppel Singmarine for the construction of two 7,500 cbm liquefied natural gas (LNG) carriers to be built in Nantong, China at a delivered cost of \$40M each, with option for three more; expected deliveries in late 2019
- SNG has negotiated a heads of agreement with an oil major with the intention to charter the first ship for trading in the Mediterranean; second ship is expected to trade in Northern Europe
- HIGAS has received all regulatory approvals and permits to construct and operate a 10,000cbm LNG terminal in Oristano, Sardinia; long-term offtake agreements in negotiations
- Scotland LNG Terminal project developing according to plan



Financials



Stolthaven Houston

Net Profit

Figures in USD Millions

	Quarter			YTD	
	<u>2Q17</u>	<u>1Q17</u>	<u>2Q16</u>	<u>2017</u>	<u>2016</u>
Operating Profit (before one offs)	\$53.7	\$51.8	\$73.4	\$105.4	\$136.9
Tanker accelerated depreciation	-	-	(3.7)	-	(10.6)
Terminals accelerated depreciation	-	(0.3)	-	(0.3)	-
Terminals insurance claims	(0.3)	(0.3)	-	(0.6)	-
(Loss) / gain on sale of assets	(0.6)	(2.0)	(0.4)	(2.6)	2.1
Impairment of Bitumen assets & accounts receivable	(0.3)	(0.3)	-	(0.6)	-
JOT implementation costs	-	(0.4)	-	(0.4)	-
Reorganisation cost	(0.9)	-	-	(0.9)	-
Other	-	-	-	-	(1.3)
Operating Profit (as reported)	\$51.6	\$48.4	\$69.3	\$100.0	\$127.1
Net Interest Expense	(31.8)	(31.7)	(26.3)	(63.5)	(52.4)
FX Gain / (loss), net	(1.3)	0.8	(1.4)	(0.5)	(1.3)
Income Tax	(3.4)	(2.4)	(4.1)	(5.8)	(7.2)
Other	0.5	0.1	0.4	0.6	2.1
Net Profit	\$15.7	\$15.2	\$38.0	\$30.9	\$68.3
EBITDA	\$115.6	\$120.4	\$123.6	\$236.0	\$238.7

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>May.31.17</u>
Cash and cash equivalents	\$122
Marketable securities	-
Receivables	229
Other current assets	173
Total current assets	524
Property, plant and equipment, deposits	3,363
Investment in and advances to JV and associates	563
Other non-current assets	161
Total non-current assets	4,087
Total assets	\$4,611
ST bank loans	-
Current mat. of LT debt and fin. leases	427
Accounts payable and ac. expenses	312
Other current liabilities	104
Total current liabilities	843
LT debt and finance leases	2,103
Other non-current liabilities	249
Total non-current liabilities	2,351
Total liabilities	\$3,194
Shareholders equity	\$1,417
Total liabilities and SH equity	\$4,611

Figures in USD Millions (Except ratios)

At the end of:

	<u>May 2017</u>
Debt	\$2,530
Tangible Net Worth (TNW)	\$1,583
Debt:TNW	1.60:1
EBITDA / Interest expense	3.56:1
Cash	\$122
Unused committed available credit lines	\$247

- 68.9% fixed / 31.1% variable interest rate at May 31, 2017
- Average interest rate of 4.4% at May 31, 2017
- 3Q17 net interest expense expected to be approximately \$31M

Cash Flow

Figures in USD Millions

	Quarter		YTD
	2Q17	1Q17	2017
Net profit	\$16	\$15	\$31
Depreciation, amortisation and non-cash items	64	67	131
Changes in working capital	16	(26)	(10)
Other receipts, net	8	1	8
Net cash generated by operating activities	\$104	\$57	\$160
Capital expenditures and intangible assets	(89)	(127)	(216)
Amounts from advances to affiliates	(12)	0	(12)
Sale of assets	4	14	17
Newbuilding deposits	0	(7)	(7)
JOT final payment	(21)	0	(21)
Purchase of Intangible assets	(2)	0	(2)
Other	(0)	(1)	(1)
Net cash used in investing activities	(\$121)	(\$122)	(\$243)
Decrease in short-term bank loans & revolver	(4)	(4)	(8)
Proceeds from issuance of long term debt	243	301	544
Purchase of treasury shares	-	-	0
Repayment of long-term debt	(174)	(193)	(367)
Dividend and other	(27)	(28)	(55)
Net cash provided by financing activities	\$38	\$76	\$114
Effect of exchange rates	(7)	4	(3)
Total Cash Flow	\$13	\$16	\$29
Cash and cash equivalents at beginning of period	\$108	\$93	\$93
Cash and cash equivalents at end of period	\$122	\$108	\$122

Cashflow priorities:

Reduce debt

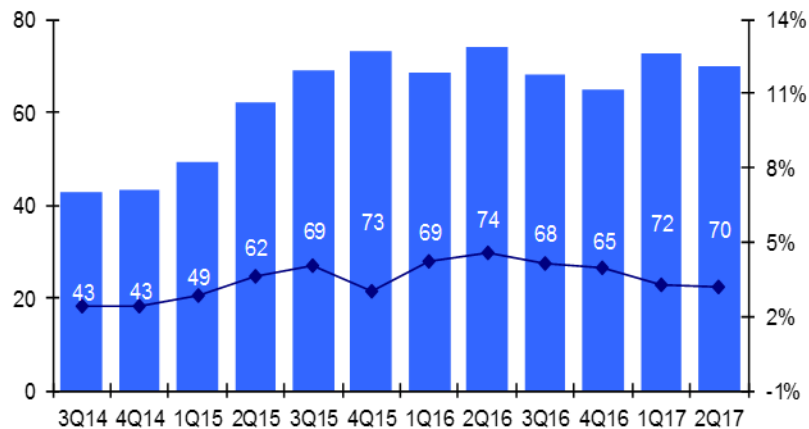
Review Capex

Reduce Operating expenses

EBITDA

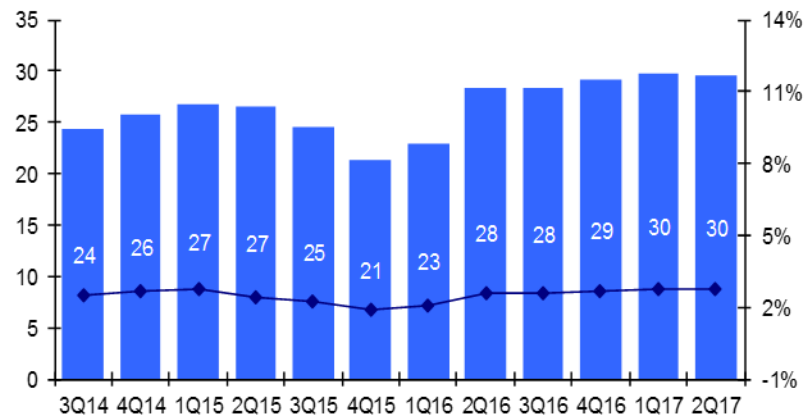
\$US Millions

TANKERS



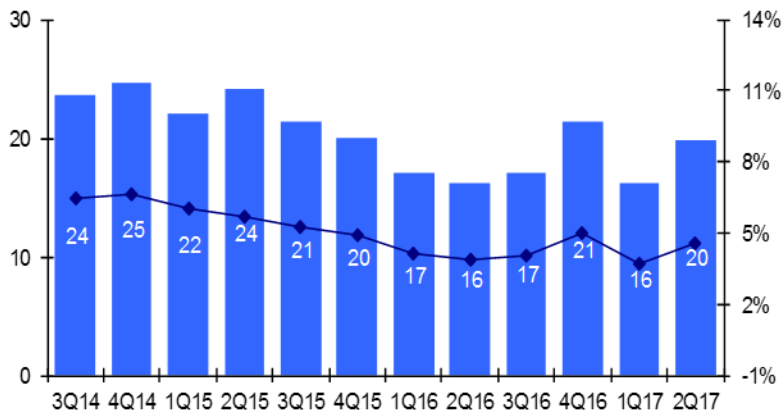
\$US Millions

TERMINALS



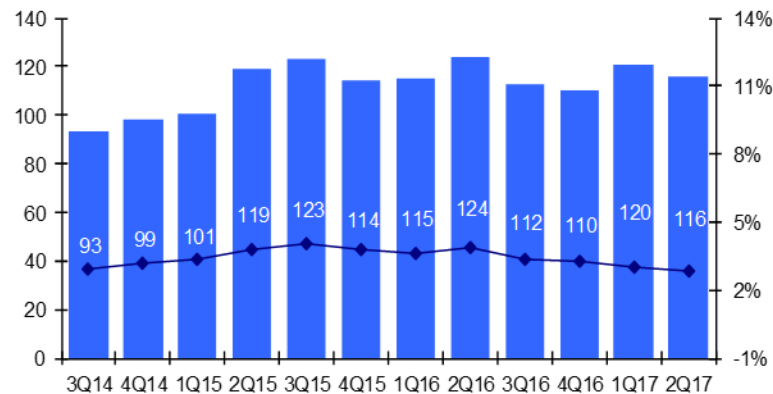
\$US Millions

TANK CONTAINERS



\$US Millions

STOLT-NIELSEN LIMITED



EBITDA

Quarterly EBITDA as a % to NAB

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



Administrative and General Expenses

Figures in USD Millions

	Quarter			YTD		Updated Quarterly Guidance
	<u>2Q17</u>	<u>1Q17</u>	<u>2Q16</u>	<u>2017</u>	<u>2016</u>	
Stolt Tankers	\$22.5	\$22.5	\$19.8	\$45.0	\$39.4	\$23.0
Stolthaven Terminals	10.9	10.1	11.6	21.0	21.7	11.0
Stolt Tank Containers	15.9	15.7	15.9	31.6	30.8	16.0
Stolt Sea Farm	1.4	1.2	1.6	2.6	2.5	1.2
<u>SNL Corporate</u>						
SNL Corporate and Other	0.9	(1.0)	(1.4)	(0.1)	(0.4)	0.0
Cost relating to reorganisation	0.9	-	-	0.9	0.0	1.0
Profit Sharing / LTIP	1.7	3.1	4.8	4.8	6.8	2.4
Total	\$54.1	\$51.7	\$52.3	\$105.8	\$100.8	\$54.6

Depreciation and Amortisation

Figures in USD Millions

	Quarter			YTD		Updated Quarterly Guidance
	<u>2Q17</u>	<u>1Q17</u>	<u>2Q16</u>	<u>2017</u>	<u>2016</u>	
Stolt Tankers	\$41.8	\$42.0	\$35.3	\$83.7	\$73.3	\$43.0
Stolthaven Terminals	13.4	13.1	14.0	26.5	27.4	13.6
Stolt Tank Containers	6.0	7.3	6.0	13.4	11.7	6.0
Stolt Sea Farm	1.5	1.1	1.2	2.6	2.7	1.5
SNL Corporate	1.6	1.3	1.5	2.9	2.8	1.5
Total	\$64.2	\$64.9	\$57.9	\$129.1	\$118.0	\$65.6

Share of Profit of JVs and Taxes

Figures in USD Millions

Share of Profit of JVs

	Quarter			YTD		Updated Quarterly Guidance
	<u>2Q17</u>	<u>1Q17</u>	<u>2Q16</u>	<u>2017</u>	<u>2016</u>	
Stolt Tankers	\$2.1	\$1.5	4.0	\$3.6	7.4	\$2.0
Stolthaven Terminals	5.0	4.5	5.3	9.5	9.8	5.0
Tank Containers	0.0	0.5	0.0	0.5	0.7	0.3
Corporate and Other	(2.7)	(2.5)	(0.5)	(5.2)	1.5	(2.5)
	\$4.4	\$4.0	\$8.8	\$8.4	\$19.5	\$4.8

Taxes

	Quarter			YTD	
	<u>2Q17</u>	<u>1Q17</u>	<u>2Q16</u>	<u>2017</u>	<u>2016</u>
Tankers, Terminals and T. Containers	1.8	\$2.3	\$1.8	\$4.1	\$3.0
Stolt Sea Farm	0.9	(0.3)	1.0	0.6	2.4
SNL Corporate	0.7	0.4	1.3	1.1	1.8
Total Taxes	\$3.4	\$2.4	\$4.1	\$5.8	\$7.2

Capital Expenditures Programme

Figures in USD Millions

	Actual	Projections					Projected Total
	YTD 2Q17	3Q17 - 4Q17	2018	2019	2020	2021	
Stolt Tankers	\$163	\$74	\$24	\$18	\$12	\$6	\$134
Stolthaven Terminals	41	68	102	38	21	18	246
Stolt Tank Containers	9	24	3	-	-	-	27
Stolt Sea Farm	1	5	20	17	10	4	56
Stolt-Nielsen Gas	-	9	7	58	-	-	74
SNL Other	3	-	-	-	-	-	-
Total	\$217	\$181	\$156	\$131	\$43	\$27	\$538

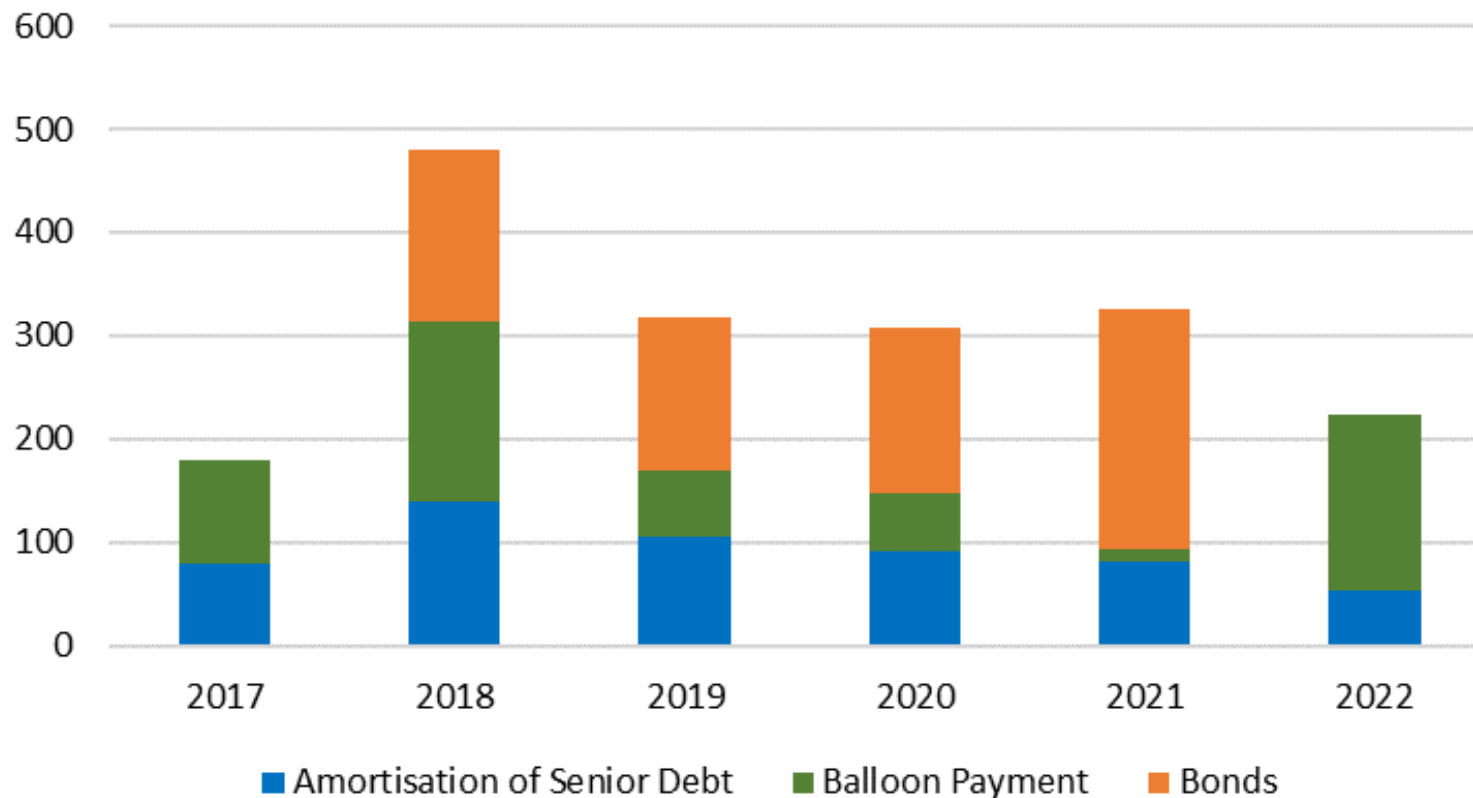
- Capital Expenditures Programme includes business acquisitions and newbuilding deposits; excludes capitalised interest

Notes:

- Terminals higher capex in 2Q17 compared to previous quarter was due to Newcastle construction of Berth in Stolthaven Australia in 2Q17
- Terminal increase in 2018 capex compared to 1Q17 estimate is due to expansion in Santos terminal
- SSF increase in 2018 capex compared to 1Q17 estimate is due to new farm in Cervo

Debt Maturity Profile

Figures in USD Millions



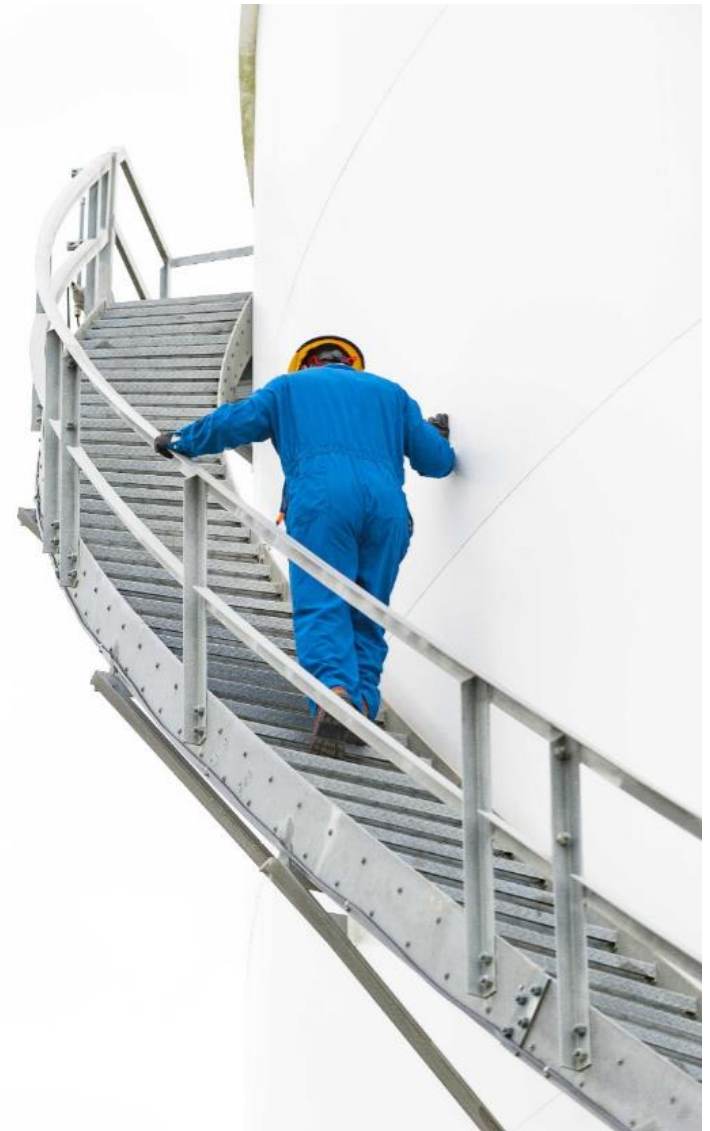
Notes:

- \$367M drawn under revolver as of June 26th, 2017
- During the quarter, Singapore terminal loan was refinanced with \$202M by settling \$133M of outstanding balloon payment; the increase in senior debt compared to prior quarter estimate is due to the principle payment on this facility



Key Takeaways

- 2Q17 net profit of \$15.7M; 2Q17 EPS of \$0.25
- Integration of JOT progressing as planned; focus on realising synergies and improving operations
- Continued soft market in tankers with significant newbuilding deliveries, strong demand in tank containers and fundamentals in terminals remain solid; sea farm volume were up but prices negatively impacting turbot and sole
- Access to competitive funding and unencumbered assets available; the group has sufficient liquidity and the capex is partly funded
- Focus on debt reduction and cash flow generation



Note: Share price as of June 28, 2017 (NOK 119.5 per share) and NOK/USD exchange rate of 8.40



For more information please visit our website:
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