A strong platform for growth

Our focus in 2018 will be on getting a higher return from the assets we have, reducing debt and improving earnings.

2017 was a year of mixed results for Stolt-Nielsen Limited (SNL). The Company reported a net profit of $50.1 million for 2017, down from $113.2 million in 2016. While profitable for the year, Stolt Tankers' operating results decreased by 20% in 2017, as the positive impact of the acquisition of Jo Tankers (JoT) was offset by weakness in deep-sea markets. Contract rates fell by 10% and spot rates dropped by 18% year-on-year, driven by new tonnage entering the market. Stolthaven Terminals' underlying operating results improved in 2017, mainly reflecting ongoing actions to drive sustained long-term performance. Results also reflected an increase in total storage capacity, increased throughput and higher income from our joint venture terminals. Stolt Tank Containers had an improved year, with rising demand driving both increased shipments and higher utilisation. At Stolt Sea Farm, while market prices for turbot and sole were down modestly, volumes sold were up, driven in part by additional tonnes of turbot sold on consignment.

Highlights of 2017 included the integration of Jo Tankers into Stolt Tankers. The transaction added 13 chemical tankers to the Stolt Tankers fleet, plus eight joint-venture newbuildings. Benefits included trading synergies, new tradelanes and significant administrative and general cost efficiencies. In total, Stolt Tankers added 24 ships to its fleet last year: the 13 JoT ships, plus 11 newbuildings. All of the ships – along with JoT personnel and customers – have been successfully integrated into the Stolt Tankers fleet.

The likelihood of further consolidation in the chemical tanker sector remains, as private equity firms and others who invested in chemical tankers in recent years are looking for exit strategies. In anticipation of potential opportunities, SNL last year created a stand-alone legal structure for Stolt Tankers. While still 100% owned by Stolt-Nielsen Limited, the new structure provides the flexibility to use shares in addition to cash, should opportunities for further mergers and acquisitions arise.

Looking ahead to 2018, we expect another challenging year for Stolt Tankers. 51 newbuildings are expected to be delivered this year, equal to an 8% increase in the competitive deep-sea fleet. Until the orderbook shrinks sometime in 2019 – and the balance between supply and demand improves – the deep-sea tanker market is likely to remain soft. On a positive note, as a result of the acquisition of Jo Tankers, Stolt Tankers will require no new deep-sea tonnage to maintain its current market share, for at least the next three to four years.

At Stolthaven Terminals, the chemical storage market is expected to remain stable in 2018, with some potential upside for growth – roughly in line with GDP. Our focus on chemicals – rather than oil and clean petroleum products (CPP) – is an advantage in the current market, given the current volatility in the petroleum space due to the unwinding of the contango market. Stolthaven's performance in 2018 is expected to reflect the results of building additional capacity, as well as actions and investments made to drive improved utilisation, automation and efficiency.

Stolt Tank Containers' improved performance was another highlight of 2017. While tank containers have been steadily gaining customer acceptance over the years, there is increasing evidence in the market that the capital-efficiency of this mode – in combination with its safety, reliability and door-to-door service – is increasingly being recognised as optimal for certain supply chains.

After a strong performance in 2017, the outlook at Stolt Tank Containers remains positive. We expect demand for tank container logistical services to continue to rise, driven by the cost efficient and reliable ocean liner markets, and the growing recognition of tank containers as a highly capital-efficient, reliable and safe mode of bulk-liquid transportation. STC will continue to invest and implement new technologies, systems and processes to extend its competitive advantage and service to customers.

Stolt Tankers

Stolt Tankers reported an operating profit of $111.0 million, down from $138.4 million in 2016, as results softened for the first time in five years. While revenue rose by $97.6 million, mainly due to the impact of the Jo Tankers acquisition, operating expenses and overheads also increased for the larger fleet, and results were dragged down by the decline in both contracts of affreightment (COA) and spot rates during the year. In addition, the average price of intermediate fuel oil consumed in 2017 climbed to $314 per tonne, from $216 per tonne in 2016, though the impact was largely offset by lower bunker surcharge rebates to customers. For the full year, bunker hedges generated gains of $13.5 million in 2017, an increase of $6.1 million over 2016.

The total volume of cargo carried for deep sea during 2017 increased by 20% from 2016, mainly due to the addition of the Jo Tankers ships, while average rates decreased by 12.5%. 71% of cargo was carried under COA in 2017, down from 79% in 2016, also due to the additional Jo Tankers capacity.

Operating profit for regional fleets was up due to a healthy European barging market and lower operating costs of the European coastal fleet. Joint venture results were held down, in line with deep-sea results.

Stolthaven Terminals

Stolthaven Terminals reported a 2017 operating profit of $54.2 million, up from $53.0 million in 2016. Excluding one-time costs and impairments of $10.7 million in 2017 and $6.2 million in 2016, operating income was up by $5.7 million year-over-year, due mainly to increases in capacity and higher income from joint ventures, partially offset by lower average utilisation and higher operating expenses.

Total combined storage capacity at Stolthaven's wholly owned terminals and joint venture terminals increased slightly to 4.7 million cbm in 2017. Total capacity for Stolthaven's wholly owned terminals increased by 2.9% to 1.72 million cbm from 1.67 million cbm, reflecting expansions at the division's terminals in Singapore, Dagenham, UK and Moerdijk, the Netherlands. As Stolthaven has shifted its focus from expansion to long-term performance improvement, annual increases in capacity have slowed from 4.1% in 2016, 7.2% in 2015 and 22.2% in 2014.

Progress for 2017 included breaking ground at Stolthaven Houston for a new ship dock, just one element of a multi-year infrastructure improvement programme. Capital projects were also completed at the division's terminals at Dagenham, Moerdijk and Ulsan, South Korea, which added over 160,000 cbm of storage. Storage capacity is also being added in Santos, Brazil, which has successfully diversified its product portfolio.

Stolt Tank Containers

Stolt Tank Containers reported an operating profit of $54.5 million in 2017, up 13.1% from $48.2 million in 2016, as demand for tank containers rebounded after two years of aggressive price competition. STC's total shipments for 2017 rose by 5.5% to almost 127,000. In the food-grade sector shipments by STC climbed by 13.3%. Fleet utilisation rose by four percentage points to 72.5%.

Highlights of 2017 included the continued expansion of STC's global depot network, with new joint-venture facilities opened in Laem Chabang, Thailand and Vado, Italy, bringing the total number of owned and joint-venture depots to 21, with further depots to be opened in 2018.

Demand for tank containers is expected to remain robust in 2018, driven by continued strength in global manufacturing, along with the market's growing recognition of tank containers as a highly efficient transportation mode, in terms of use of capital. The dependability of tank containers – as measured by reliable delivery times, flexibility and environmental friendliness – is a key factor driving volume toward this mode.

Stolt Sea Farm

Stolt Sea Farm reported an operating profit of $3.5 million in 2017, compared with $14.1 million in 2016. The year-over-year decrease of $10.6 million reflected the fact that the prior year's results included a $7.6 million positive adjustment in the fair value of inventories, compared with no gain in 2017. Results also reflected a $2.7 million decrease due to lower volumes of caviar sold, though prices were up nearly 21%, as the division continued to implement its direct marketing strategy. The volume of turbot sold in 2017 rose to a record 6,060 tonnes, including 666 tonnes sold on consignment, though turbot prices were down 4.0% year-over-year. Sole volumes rose by a healthy 9.3%, in line with improved production.

During 2017, SSF continued to make progress toward commencement of the building of new sole farms in Portugal and Spain, which are expected to start production in 2019-20. Looking ahead in 2018, SSF's goal is to drive increased marketing and sales efforts into new geographic markets.

Stolt-Nielsen Gas

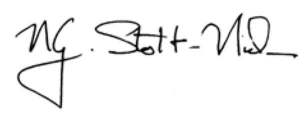
Stolt-Nielsen Gas continues to focus on the development of small-scale LNG supply chains serving 'stranded demand,' where off-the-grid customers lack access to natural gas. During 2017, SNG contracted with Keppel Singmarine for the construction of two 7,500 cbm LNG carriers with bunkering capability, scheduled to be delivered in 2019. On delivery, we expect full employment of both ships at attractive terms.

Dividend and employee incentive plans

On November 15, 2017, Stolt-Nielsen Limited's Board of Directors approved an interim dividend of $0.25 per Common Share, payable on December 12, 2017 to shareholders of record as of November 29, 2017. A final dividend of $0.25 per Common Share was recommended by the Board of Directors on February 7, 2018, subject to the approval of Shareholders at the Company's Annual General Meeting on April 19, 2018.

Stolt-Nielsen Limited compensates its employees competitively and fairly through salaries, short-term incentive plans (profit sharing), and long-term incentive plans that consist of cash rewards and benefits. We continuously compare our packages with salary surveys and, when possible, with industry-specific surveys. For 2017, the employee profit-sharing and performance incentive plans for SNL made payments of $14.4 million in early 2017.

Our focus in 2018 will be on getting a higher return from the assets we have by using our unique platform. After years of aggressive expansion in all of our businesses, our focus will now be on reducing debt and improving the earnings on what we have.



Niels G. Stolt-Nielsen
Chief Executive Officer
Stolt-Nielsen Limited

MARCH 1, 2018