

## Business Review continued



## Stolt-Nielsen Gas

## Investments focused in the gas segment



“We will continue to position Avenir to capitalise on developing opportunities in our target markets for the small-scale sourcing, delivery and distribution of LNG.”

**Andrew Pickering**  
President  
Stolt-Nielsen LNG

Following the consolidation of Stolt-Nielsen Gas's (SNG) small-scale LNG activities into Avenir LNG Ltd in the fourth quarter of 2018, SNG now operates as an investment arm of Stolt-Nielsen Limited, focusing on the gas segment, with holdings in Avenir, Avance Gas Holding Ltd and Golar LNG Ltd. Avenir's results will now be reported as a joint venture.

As announced on October 1, 2018, Avenir is a joint venture with Stolt-Nielsen Gas, Golar LNG Ltd and Höegh LNG Holdings Ltd committing to combined investment of up to \$182 million in Avenir, of which a total of \$99 million was contributed by the partners on the date of the announcement.

On November 13, 2018, \$11 million was raised in a private placement and the shares registered on the Norwegian OTC market under the ticker symbol AVENIR. Stolt-Nielsen Gas holds 45% of the shares in Avenir, Golar LNG Ltd and Höegh LNG Holdings Ltd each hold 22.5%, and the remaining 10% of shares is held by institutional and professional investors. Of the remaining investment commitment of \$72 million, \$36 million is SNG's, with the other half split between the two partners. In addition to its holdings in Avenir, Stolt-Nielsen Gas has minority ownership positions in Avance Gas Holding Ltd (OSE: AVANCE) and Golar LNG Ltd. (NASDAQ: GLNG).

Avenir focuses on the development of small-scale LNG storage and distribution supply chains to provide clean-burning LNG to areas of so-called 'stranded demand' – off-the-grid customers lacking access to LNG pipelines. Avenir is also developing LNG bunkering capabilities, given pending IMO regulations for cleaner fuels for shipping.

Avenir currently has two supply-chain projects under way. The first is a joint venture with Higas S.r.L., in which Avenir owns an 80% share. This project is to construct an LNG terminal and distribution facility in the port of Oristano, Sardinia. Avenir will source and ship the LNG to the terminal via small LNG carriers, and distribute the natural gas to customers via trucks and tank containers. During 2018, ahead of the expected opening of the terminal in 2020, Avenir initiated shipments of LNG to end users in Sardinia. Sourced in France, the LNG is being delivered via tanker trucks transported from the mainland by ferry.

A second supply-chain project with two key stakeholders in the UK gas market plans to provide LNG to areas of Scotland not served by the existing natural-gas grid. Plans call for Avenir to ship the LNG on small-scale LNG carriers to the Port of Rosyth for subsequent distribution to customers.

### Performance

(US \$ millions)	2018	2017	2016
Operating Revenue	–	–	–
Operating Profit	(11)	(14)	(5)



To support these projects, two 7,500 cbm small-scale LNG carriers are being built at Keppel Marine in Nantong, China with options for two more, and two 20,000 cbm small-scale LNG tankers are on order from Sinopacific Offshore Engineering, also in Nantong.

**OUTLOOK**

Looking ahead, in addition to current projects, Avenir intends to leverage the combination of Stolt-Nielsen's logistics capabilities along with Golar's and Höegh's expertise in LNG carriers, FSRUs and FLNGs to enhance the positioning of Avenir in small-scale LNG initiatives. In the near term, with the IMO's 2020 emissions regulations approaching, demand for LNG as a cleaner, low-sulphur marine fuel is increasing. Each of Avenir's LNG carriers is designed to perform safe ship-to-ship LNG bunkering, which Avenir plans to introduce at key strategic ports.

**Andrew Pickering**  
President  
Stolt-Nielsen LNG



45% ownership of Avenir LNG  
8.6% ownership of Avance Gas

2.3% ownership of Golar LNG

**Markets**

Off-the-grid customers lacking access to LNG pipelines, emerging opportunities in LNG bunkering services.

**Strategy**

Development of both small-scale LNG supply chains to serve 'stranded demand' and LNG bunkering services in key ports.

**Outlook**

Demand for clean-burning LNG – and innovative distribution solutions – is growing.