

Business Review continued



Stolthaven Terminals

Quality storage and supply-chain synergies



“Our aim is to deliver sustainable profitability to shareholders by providing high quality storage services and value-added distribution and service capabilities that set us apart from other operators.”

Guy Bessant
President
Stolthaven Terminals

Stolthaven’s global network of 17 bulk-liquid terminals provides safe, high quality storage and distribution services for chemicals, clean petroleum products, gas, vegetable oils, biofuels and oleochemicals in key markets and hubs worldwide. Customers also benefit from the peace of mind that comes from knowing that all services are delivered to Stolt-Nielsen’s global standards for quality and safety for people and the environment.

Stolthaven’s 13 wholly-owned and four joint-venture facilities provide a total of 4.7 million cubic meters of bulk-liquid storage. In the US, the strong economy has led to substantial volume growth in both imports and exports. Stolthaven’s Houston and New Orleans terminals work together with the Stolt Tankers’ fleet to optimise the ship-to-shore interface. The result is quicker ship turnaround times, helping customers avoid the negative effects of increased port congestion. In South America, Stolthaven’s terminal in Santos – Brazil’s largest and busiest port – provides storage and logistical services for diesel fuel, chemicals and edible oils.

In Europe, Stolthaven’s Moerdijk terminal in the Netherlands – with its ship, rail and road connections – effectively serves the entire Amsterdam, Rotterdam and Antwerp (ARA) region. Situated between Antwerp and Rotterdam, Moerdijk helps customers avoid the constant congestion of those ports. In addition,

the Moerdijk terminal is directly adjacent to a Stolt Tank Container’s depot, enabling customers to benefit from both cost efficiencies and synergy opportunities. Stolthaven’s positioning in the ARA region is further enhanced by our joint venture terminal in Antwerp – Oiltanking Stolthaven Antwerp – which is ideally situated in one of the world’s most extensive refining and petrochemical complexes. The combination of Stolt Tankers’ regional short-sea fleet, the European inland tanker fleet, and our terminals in Moerdijk and Antwerp, provide customers with a flexible, multi-modal gateway into and out of mainland Europe via the Rhine River.

In the Asia Pacific region, Stolthaven operates eight wholly-owned terminals – one in Singapore, three in New Zealand and four in Australia – in addition to three joint-venture terminals in South Korea, Malaysia and China.

HIGHLIGHTS FOR 2018

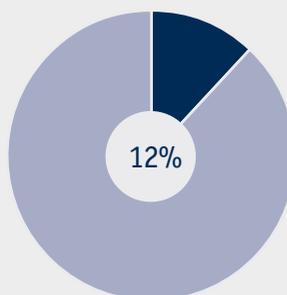
Stolthaven’s results in 2018 improved for the fourth consecutive year. Revenue increased to \$252 million from \$243 million in 2017, while operating income climbed to \$76 million, compared with \$54 million in 2017. Excluding the impact of one-time items in both years, operating income increased by 12.1% in 2018. Results for 2018 were driven by stable market conditions and our focus on improving utilisation, combined with ongoing initiatives to create a more customer-centric, service-oriented

Performance

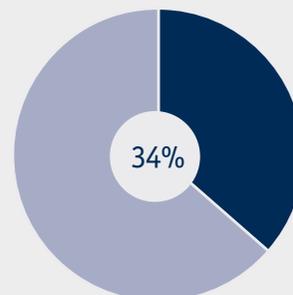
(US \$ millions)	2018	2017	2016
Operating Revenue	252	243	235
Operating Profit	76	54	53

Percentage of group total

of total revenue



of total operating profit*



* Excludes Corporate and other \$40 million loss

business to improve long-term operational performance and profitability, customer satisfaction and service.

Operational highlights of 2018 included strong performances in both Houston and New Orleans, where utilisation levels rose to more than 95%, driven by both strong economic conditions in the US, along with enhanced marketing activities and terminal optimisation efforts in New Orleans.

In recent years, we have invested more than \$100 million at our Houston terminal, including a newly constructed dock which began operations in October 2018. Other enhancements as part of an ongoing investment programme include expansion of our barge handling capacity, an expansion and upgrade of the terminal's waste treatment facility, which also handles waste for customers, and upgrades to tanks and equipment related to automation. Future expansion opportunities include the development of land, which, if fully utilised, could double the terminal's existing capacity.

Results at the division's terminal in Santos, Brazil, were strong in 2018, despite challenging domestic economic conditions. Progress was also made in Australia with the addition of a new berth at the Newcastle terminal in New South Wales. In New Zealand, Stolthaven reached an agreement to consolidate its operations in Auckland at its Wynyard

terminal, with plans to add capacity at its Mount Maunganui terminal in Tauranga.

Capital projects were completed at Stolthaven's terminal in Dagenham. The terminal – acquired in 2012 and located on the River Thames, London, UK – has benefited from more than \$20 million in extensive modernisation and expansion investments.

The year also saw improved safety performance at Stolthaven Terminals, with no serious incidents recorded (see pages 19-20).

OUTLOOK

Chemical storage markets are expected to remain stable once again in 2019. While Stolthaven's focus on chemicals reduces its exposure to volatility in the petroleum sector, continued volatility in oil, combined with the ongoing risk of trade wars, is creating uncertainty among customers, prompting many to make contingency plans for their supply-chain and investment strategies.

For Stolthaven itself, additional capacity to meet expected increases in demand will be coming online in 2019 at our terminals in Santos, Brazil; New Orleans, US; Westport, Malaysia and Ulsan, South Korea. Additional capacity will be operational in 2020 in Mount Maunganui, New Zealand and in New Orleans, US. Stolthaven remains focused on its long-term strategy to increase the sustainable performance



of its global storage network by maintaining high operational and safety standards worldwide, and by working collaboratively with its customers to deliver enhanced storage and supply-chain solutions that provide added value to customers in key markets and hubs around the world.

Guy Bessant
President
Stolthaven Terminals

4.7m cubic metres of storage
13 wholly owned terminals
4 joint venture terminals

Markets

Provides manufacturers, distributors and users of chemicals, clean petroleum products and gas with safe storage and efficient, high quality handling in key markets worldwide.

Strategy

Continue to focus on customers' needs and drive performance improvements across our global network.

Outlook

Stolthaven's results are expected to improve in 2019, reflecting ongoing actions to enhance operational performance and profitability across the division's global network of terminals.