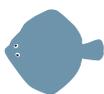


Business Review continued



Stolt Sea Farm

Steering a path to sustainable growth



“We expect production to increase as our new farms in Spain and Portugal come online, strengthening our results.”

Jordi Trias
President
Stolt Sea Farm

Stolt Sea Farm (SSF) is a pioneer in the aquaculture of sustainably produced premium species, with a mission to ensure that future generations continue to enjoy wonderful seafood. We are committed to the long term, focusing our research and expertise on the land-based aquaculture of turbot, sole and caviar from white sturgeon. We build valued, reliable relationships, working with care and respect for our fish, the environment, people and local communities.

Our difficult-to-farm species are regularly served at high-end restaurants, where our premium large-size brands are often featured to attract customers. We also supply our products to supermarkets and the hospitality sector via wholesalers. Thanks to decades of innovation and research and development, SSF is today the only aquaculture company capable of consistently producing turbot and sole of the highest quality in commercial volumes.

We operate 15 farms in total. Seven in Spain and one each in Iceland, France, Portugal and Norway produce Prodemar™ brand turbot and sole. Our four farms in the US produce sturgeon and Sterling Caviar™. In total, we have an annual production capacity of 5,700 tonnes of turbot, 850 tonnes of sole, 500 tonnes of sturgeon and 10 tonnes of caviar.

2019 OVERVIEW

In 2019, we saw similar trends to the previous year, with stable sales figures and increasing average prices. Full-year revenue was \$105.6 million, compared to \$98.5 million in 2018. Operating profit was \$0.9 million, down from \$13.0 million the previous year, due to the significant negative swing in the fair value accounting for inventory. Turbot volumes sold increased by 13%, a record for SSF, at an average price slightly higher than in 2018. We now export 60% of our production outside of Spain to more than 30 countries.

In 2019, we reached a notable milestone in the French market by securing a value-added range of products for several major retailers. Our ready-to-cook turbot is key to diversifying both our product range and geographical reach, as well as attracting new customers.

Caviar sales almost tripled in volume, from 5.4 tonnes to 14 tonnes, after a challenging year in 2018. This was as a result of price adjustments and a new sales strategy focused on selling primarily to wholesalers. However, there remains considerable price pressure from producers in China.

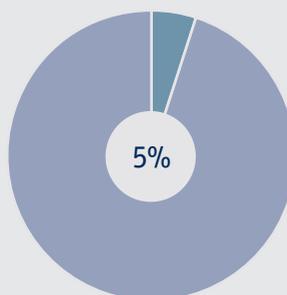
Other 2019 highlights included the commencement of operations at our new turbot nursery in Cervo, Spain, a key investment in our growth and fish health strategies.

Performance

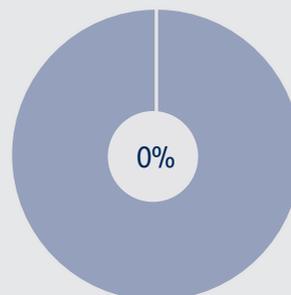
(US \$ millions)	2019	2018	2017
Operating Revenue	106	98	73
Operating Profit	1	13	4

Percentage of group total

of operating revenue



of total operating profit*



* Excludes Stolt-Nielsen Gas, and Corporate and other \$8 million loss



OUTLOOK

2020 is expected to be a year of increased production for SSF. The first of our two new recirculation farms, located in Spain, is now stocked with juveniles, with the first product expected in early 2021. We plan to start operations at our second farm in Portugal towards the middle of the year. The construction of a new sole packing plant in Spain will begin in 2020 and is expected to be operational in 2021. We expect the operational improvements we made at our Hafnir site in Iceland during 2019 to take effect during 2020.

In 2019, we defined our sustainability strategy for the next three years, focused on three main areas: responsible farming, respect for people, communities and the environment, and traceability of fish and feed. 2020 will be a key year for its implementation.

We will continue to improve our processes and drive innovation through the analysis of our digital data. We are also rolling out an optimisation project to identify automation and efficiency opportunities across production, purchasing, sales, and other key areas.



15 environmentally friendly land-based farms in six countries

850 tonnes production capacity of sole

5,700 tonnes production capacity of turbot

Markets

Our markets are the distributors and consumers of premium fish species including turbot, sole and caviar. We are the global pioneers and innovators in land-based aquaculture of premium species that people trust and love to eat.

Strategy

Our core business is land-based aquaculture for the production of turbot, sole and caviar from white sturgeon. We retain our innovative focus through technology-enabled research and development, and build valued, reliable relationships, working with care and respect for our fish, the environment, people and local communities.

Outlook

To support our strategy for growth in turbot and sole we will increase our capacity with the launch of new recirculation farms in Spain and Portugal. We will also start construction of a new highly automated sole packing plant. We will continue to improve our business processes through digital innovation and the rollout of our three-year sustainability strategy.