

Business Review continued



## Stolt Tank Containers

# Delivering best-value customer service through global scale



“We continue to deploy artificial intelligence (AI) and digital tools to improve the overall efficiency of the business by lowering costs, and raising both the speed and transparency of information for customers.”

**Michael W. Kramer**  
President  
Stolt Tank Containers

Stolt Tank Containers (STC) is a leading provider of logistics and transportation services for door-to-door shipments of both bulk-liquid chemicals and food-grade products. Our global fleet is the industry’s largest, with more than 40,500 speciality, chemical and food-grade tanks.

Our fleet is supported by STC’s global network of 22 depots. This network – unique in the industry – gives us direct control over the handling, cleaning and maintenance of our tanks. This ensures that across the globe, our tanks and cargo-handling operations consistently meet our stringent operating standards for quality, reliability and safety for people and the environment.

Through our global scale, asset base, customer service, and operational efficiencies, we deliver logistics solutions that minimise customers’ capital and costs, and help to increase their supply-chain efficiencies. Our online portal gives customers added value, with real-time updates on the status of their shipments through our recently launched track-and-trace functionality.

### 2019 OVERVIEW

While maintaining our position in more mature markets, we saw positive growth in emerging markets, such as India, South America and the Middle East. 2019 also saw growth in Europe, rebounding from a slower export period. Our Asia, China and North America markets were impacted by ongoing trade disputes, leading

to some rerouting of supply chains to other markets. We managed the shifts in trade by increasing marketing and sales activities in other regions. As a result, total shipments were down 1.6%, with chemical shipments down 2.5%, while food-grade shipments grew by 4.6%.

Full-year revenue was \$528.6 million, down from \$551.1 million in 2018, driven mainly by a slowdown in shipments across most trading routes. Operating profit was \$56.1 million, down from \$70.9 million, mainly driven by lower transportation margins on an increased proportion of intra-regional shipments.

We successfully reduced the weighted average lease rate on our fleet, saving approximately \$2,600 per day. Our fleet size grew by 3.3% as a result of commitments made in 2018. However, fleet utilisation slipped to 67.7% from 72.1%, reflecting the impact of slowing markets.

As part of our digitisation strategy, we delivered the first phase of our improved mySTCtanks.com website. We also made significant progress in furthering electronic communications with both customers and vendors to increase the speed and transparency of information. We continue to deploy artificial intelligence (AI), web-based applications and other technologies to improve the overall efficiency of the business, lower costs and increase our competitive advantage.

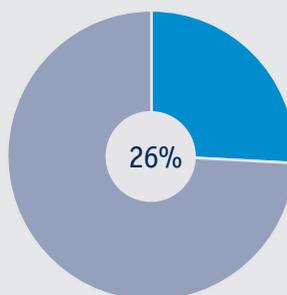
Despite market conditions, we continued to invest for the future and bring benefits to our

### Performance

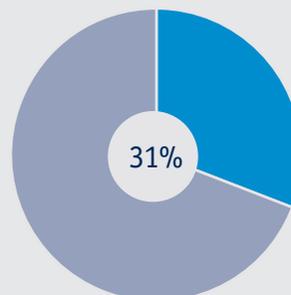
(US \$ millions)	2019	2018	2017
Operating Revenue	529	551	513
Operating Profit	56	71	54

### Percentage of group total

of operating revenue



of total operating profit\*



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



global customers. Our global depot network now stands at 22 with the addition of our new facility in Sohar, Oman. Also, in the Middle East, we completed and commissioned depot construction projects in Dammam and Jubail, Saudi Arabia. We also opened a logistics warehouse and storage facility via our joint venture Joint Tank Services in Jebel Ali, Dubai and began construction of new storage facilities in Singapore, and a cleaning and repair facility in Grangemouth, Scotland.

Our safety performance in 2019 improved significantly, with no serious incidents reported. Additional SQAS and ISO certifications were confirmed for both depots and office operations during the year. We also increased our process and sustainability scores for all ISO certifications. Read more on page 18.

**OUTLOOK**

Despite geopolitical and macroeconomic challenges, the outlook for long-term growth and geographical expansion remains strong, particularly in Central and South America, and on the African continent.

Moving into 2020, we remain optimistic about the potential for growth in the market as we expand in both existing markets and geographically. However, we expect continued pricing and margin pressure due to overcapacity of tanks, rising fuel costs and an increasingly competitive market.



For the coming year, STC's strategy remains unchanged. We will continue to focus on delivering superior customer service at the lowest cost through our global network, while increasing our sustainability focus. We will continue to digitise the business to lower costs and deliver added value to our customers.

**40,500** tank containers in the fleet  
**130,000** shipments  
**22** depots and hubs

**Markets**

STC operates in all major markets, serving manufacturers, traders and consumers of chemicals and food-grade liquids, who demand reliable, safe and high-quality logistics services delivered efficiently and cost-effectively.

**Strategy**

We aim to strengthen STC's competitive advantage by further digitising the business and providing value-added services in all markets, while continuing to expand into new territories.

**Outlook**

The outlook for long-term fundamental growth and geographical expansion remains strong, and we will continue expanding our depot network in those markets where there is potential for shipment growth. Through our digitisation strategy we will maximise our operational and sustainability performance, while bringing transparency and efficiency advantages to our customers.