

Business Review continued



## Stolthaven Terminals

# Driving sustainable performance through optimising assets



“We have completed several expansion projects, and we continue to optimise existing assets, aligned with the needs of our customers, while maintaining our focus on improving safety and sustainability.”

**Guy Bessant**  
President  
Stolthaven Terminals

Through its global network of 16 specialised bulk liquid facilities, Stolthaven Terminals provides 4.9 million cubic metres of quality storage and distribution services for chemicals, clean petroleum products, gas, vegetable oils, biofuels and oleochemicals.

Top of our agenda is to maximise customer value. And with an emphasis on service quality, safety and sustainability across all our facilities, we assure complete peace of mind. By locating our terminals across key international hubs, we stay close to our customers’ operations and can quickly adapt to their changing needs.

We also harness synergies within the wider group of Stolt-Nielsen businesses. We work closely with Stolt Tankers at multiple locations to ensure an efficient ship-to-shore interface with the aim of reducing potential demurrage exposure through efficient cargo handling, matching the sophistication of our tankers. In Houston our new jetty also provides layby operations, creating an additional source of revenue. Stolt Tank Containers’ depot in Moerdijk is adjacent to our terminal enabling us to reduce logistics costs for customers that choose to use multiple Stolt services.

### 2019 OVERVIEW

We had a solid year in most markets, despite a weakening global economy due to the ongoing US-China trade war and geopolitical uncertainties around the globe. We continued to focus on

several cost management programmes, reducing operating costs and optimising our assets.

In the Americas and other growth markets, we added more capacity and optimised the utilisation of existing assets, aligned with the needs of our customers. We upgraded our facilities in Houston, US; Westport, Malaysia; Ulsan, South Korea; Santos, Brazil; and Dagenham, UK. We also completed expansion projects in South Korea, Malaysia and Brazil, adding a total of 0.2 million cubic metres of new capacity. During the year, we reviewed our asset portfolio and divested the Stolt-Nielsen Rail business in the US, and our Altona terminal in Australia.

During 2019, the US chemical industry saw a contraction of 3% for exports and 3.9% for imports. However, this had a minimal impact on Stolthaven Terminals due to the diverse mix of products that we handle. In Brazil, the market remained stable for petroleum, ethanol and chemicals, resulting in an average utilisation rate of 99% during the year.

In Europe, demand remained stable for chemicals, although we saw a slight slowdown towards the end of the year. There was high demand for some clean petroleum products which allowed for contract extensions and renewals.

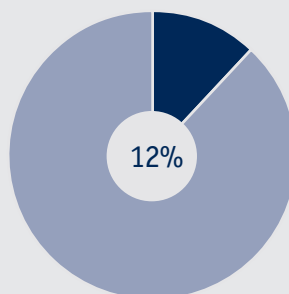
Asian markets were more volatile than in the Americas and Europe as a result of the US-China

### Performance

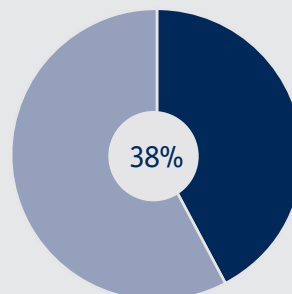
(US \$ millions)	2019	2018	2017
Operating Revenue	251	252	243
Operating Profit	69	76	54

### Percentage of group total

of operating revenue



of total operating profit\*



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

trade war and uncertainty over International Maritime Organization (IMO) regulations, cutting allowable sulphur emissions to 0.5% from ships globally from January 1, 2020.

Full-year revenue decreased to \$250.8 million from \$252.0 million in 2018, reflecting a strengthening of the US dollar, and the loss of revenue from the sale of the rail business and the Altona terminal. At the same time, by divesting these assets we lowered our operational expenses, facilities and drumming costs. Operating profit was \$69.0 million, down from \$76.4 million, mainly due to an impairment of \$5.5 million at our terminal in Newcastle, Australia and \$1.5 million in accelerated depreciation costs in New Zealand.

During the year, we focused on ongoing safety and sustainability initiatives globally. They include 'safety days' promoting safety awareness, and establishing dedicated working groups tasked with improving safety, efficiency, employee engagement and working conditions. We upgraded our emission-control equipment to reduce our carbon footprint and improved wastewater treatment efficiency.

## OUTLOOK

Despite recent market softness and effects of the US-China trade dispute, we expect our 2020 revenue to be similar to 2019. Our focus on improving operational efficiencies to drive improved asset utilisation, together with minor

expansions in the US, Malaysia and New Zealand, are expected to strengthen our results. At the same time, we will drive continuous improvements in safety and sustainability through training programmes, technology and operational efficiencies.

Our position remains primarily focused on the chemical sector, where we expect to see modest, but stable growth. Longer term, we will continue to evaluate the potential impact of the energy transition and the move away from fossil fuels. This offers opportunities, but also brings some regulatory challenges that will potentially add both complexity and cost to the business. To address these, we are exploring new technologies to take the business forward.

With the emergence of new technologies and dynamic industry change, we continue to evaluate and develop the skills of our people, who remain our key asset. In 2019, as part of Stolt-Nielsen's broader business transformation strategy, we launched two people initiatives: a new employee engagement programme and an online ideation platform, through which employees at all levels can contribute their ideas to real operational and safety issues. 2020 will be a signature year in the rollout of these initiatives.



**4.9m** cubic metres of storage<sup>1</sup>  
**12** wholly owned terminals  
**4** joint venture terminals

1. Including joint ventures

## 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

We continue to focus on customers' needs and drive performance improvements across our global network. Stolthaven will also continue with ongoing cost management programmes focused on operating costs and asset management.

## Outlook

We expect to see steady results in 2020, with some expansion in the US, Malaysia and New Zealand, and will continue to focus on optimising our existing assets. We will also continue to build on our safety, sustainability and people agenda which saw the launch of several key initiatives in 2019.