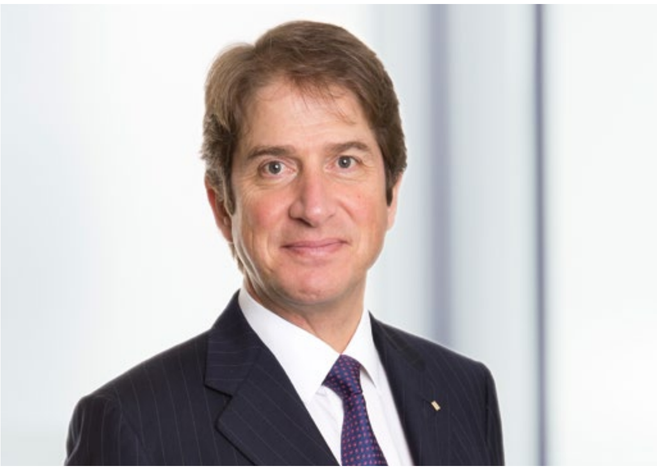
Chief Executive Officer's Review



Resilient during an extraordinary year

The Covid-19 pandemic has brought out the best in our people, and throughout the past year our business model demonstrated its strength. Back in March 2020, when the outlook was uncertain, we quickly took short-term action to protect the Company from any potential downside. From the very first day of the lockdowns, our office-based staff were able to take their work equipment home and continue delivering the same service quality our customers expect from us – without interruption.

And as often happens during a crisis, opportunities arose during the year. I am pleased to say that we were able to capitalise on some of these due to our robust business strategy. While 2020 was by no means a stellar year when it comes to financial results, taking the unprecedented circumstances into consideration, I am proud of our performance.

Financial performance

The Group reported $25.4 million net profit, with earnings per share of $0.43, compared to $19.1 million and $0.35 in 2019. Capital expenditure reductions and management efforts resulted in a $36.4 million year-on-year reduction in debt (to $2,309.1 million before lease liabilities), and a positive free cash flow (cash from operations less investments) of $214.6 million. Shareholders' equity was $1,418.6 million at year end, compared to $1,376.7 million a year ago.

Stolt Tankers' (ST) operating revenue was $1,113.1 million, compared to $1,147.9 million in 2019. Operating profit was $84.6 million, up from $56.7 million a year ago. Higher bunker costs – caused by the switch to low-sulphur fuel – negatively impacted first-quarter results, as did the continuing scheduling issues from the 2019 *Stolt Groenland* incident. However, results improved over the year as bunker prices fell, resulting in a full-year decrease in bunker costs of $45.7 million. Port charges also decreased as there were fewer operating days. The share of profit from joint ventures increased, due to improved results in deep-sea trade and lower interest rates, which more than offset the pandemic's effects on scheduling and the need for costly ship rerouting to make overdue crew changes. ST's ongoing efficiency initiatives are also bearing fruit.

In August, we agreed to purchase five modern 26,000 deadweight tonne, stainless steel chemical tankers, two of which have joined our joint venture with NYK. These were very attractively priced at $27.2 million per ship compared to the delivered price of $42.0 million in 2016/17. We were able to take advantage of this opportunity thanks to our resilient business model and conservative balance sheet management. We are cautiously optimistic that the chemical tanker market will continue to strengthen during 2021. Once the pandemic is behind us, and global GDP returns to growth, the favourable supply/demand balance in the segment should give us strong years ahead. As announced previously, it is our intention to complete an IPO of Stolt Tankers once both the chemical tanker market and the equity market are favourable for such a transaction.

Stolthaven Terminals' results finished slightly below expectations due to pandemic-related uncertainty and lower utilisation. Full-year operating revenue was $238.5 million, down from $250.8 million in 2019. This reflected a change in product mix, resulting in lower rates and throughput volumes, as well as lower utilisation at some terminals. Operating profit was steady at $68.8 million, compared to $69.0 million in 2019. Demand for chemicals used in packaging and healthcare products remained strong, offsetting weak demand for chemicals used in the automotive and construction industries. During 2020 our customers faced high levels of uncertainty in their markets because consumer demand was less predictable, which in turn resulted in slightly lower throughput volumes. However, the market fundamentals for the locations of all our terminals remain healthy. Also here, once the restrictions caused by the pandemic are behind us, we expect to see improved demand in all of the regions in which we operate.

Stolt Tank Containers (STC) has always provided us with an early indication of what is to come in the chemical logistics market. In the spring of 2020, when much of the world went into lockdown, we monitored our shipment volumes closely. The business quickly adapted to the rapid changes across the supply chain and shipment volumes remained steady throughout the year. However, we faced challenges from increasing competition and shipment costs. Trade flows and product mix were constantly in flux, which increased the need to reposition empty tanks. In addition, transportation costs rose dramatically. Although there are delays, we will ultimately recover most of these transportation costs from customers. Therefore, revenue for the year declined slightly, to $520.6 million from $528.6 million in 2019. Operating profit was $51.2 million, down from $56.1 million, due to a reduced margin per shipment and strong competition. Utilisation held steady at 67.8%. As with our other logistics businesses, we expect healthy profitable growth at STC once the Covid-19 disruption is behind us.

The pandemic had an instant impact on Stolt Sea Farm (SSF). The main market for our turbot and sole has traditionally been the hospitality sector in Spain and Italy, so when hotels and restaurants closed, demand from our core customers collapsed. This resulted in a biomass inventory write-off of $12.0 million in the first quarter. However, SSF quickly changed its sales focus to retail, and was consequently able to return to normal weekly harvest volumes during the second half of 2020. Full-year revenue fell to $79.7 million, from $100.3 million in 2019, with an operating loss of $8.4 million, compared to an operating profit of $7.7 million in 2019. Excluding the impact of fair value adjustments, SSF's full-year operating loss was $3.4 million, compared to an operating profit of $11.6 million in 2019. We believe the worst is behind us, and SSF is in a strong position to capitalise on rising demand as the hospitality industry reopens and we develop new market opportunities. The most exciting news in 2020 at Stolt Sea Farm was the successful operation of our land-based recirculation (RAS) sole farm in Cervo, Spain. After 20 years of research and development we now have a facility that is producing sole in the most sustainable way possible. Subsequent to year end, we had our first commercial harvest which was earlier than all our models showed. The growth and quality is phenomenal. With Cervo up and running and the second RAS in Tocha, Portugal expected to complete its first harvest in October 2021, we are finally going to be able to reap some of the rewards from our long and patient investments. In January 2021, we announced IPO preparations for the sea farm business.

Stolt-Nielsen Gas (SNG) holds our liquefied natural gas (LNG) investments. It currently owns 47% in Avenir LNG Ltd and 2.5% in Golar LNG Ltd. Avenir's strategy is to source, ship, store, distribute and sell LNG to communities that lack access to a natural gas grid. Avenir took delivery of its first 7,500 cubic metre (cbm) ship in October 2020, and has three further 7,500 cbm and two 20,000 cbm LNG ships on order. It is also building its first terminal in Sardinia, Italy.

Healthy liquidity

On February 5, 2020, we announced the successful placement of a new senior unsecured bond issue of NOK 1.3 billion ($141.5 million), with a maturity date of February 20, 2024. On June 16, 2020, we announced the successful placement of a second senior unsecured bond issue of NOK 1.25 billion, swapped into a fixed-rate $132.0 million obligation that matures on June 29, 2023. The Company repurchased approximately NOK 522 million ($78.1 million) of bonds with a March 18, 2021, maturity date, leaving approximately $153.7 million to repay in March 2021. At the end of the financial year, we had approximately $500.0 million in available cash and liquidity. During 2021, we will continue to focus on reducing our debt level and maintaining sufficient liquidity. Our longer-term goal is to achieve a Net Debt-to-EBIDTA ratio below 3.5:1.

Shareholder value

The mission of SNL is to provide shareholder value through investments in our businesses by building a sustainable, growing, long-term EBITDA and using the 'right' amount of profit to pay annual dividends. Due to pandemic-related uncertainty, the Board found it prudent to withdraw its previous recommendation to pay a final 2019 dividend. However, as the year went on and the market held up, the Board decided in November, to pay an interim dividend of $0.25 per common share for 2020. Hopefully, we will soon be back to paying an annual dividend of $1.00 per share.

A safe and sustainable future

We prioritise – without compromise – the health and safety of our employees, customers, suppliers and communities. During 2020 our overall safety performance improved, with no serious incidents. Our continued training and awareness efforts have reduced risks across our businesses. This year, the Board formalised its sustainability commitment by signing the Stolt-Nielsen sustainability pledge. We also made progress in improving our environmental data reporting as we work towards reducing emissions, waste, energy use and water consumption.

A sustainable future not only depends on what we do today, but on our plans for tomorrow. We are using our expertise and industry relationships to develop technologies that support the maritime industry's shift to lower carbon transportation.

Read more about our sustainability progress on pages 15 to 33.

Continued leadership

Whatever the new normal is going to be, we cannot and will not stand still. We must learn, adapt and carry on. Although we briefly paused many 'Going Further' business transformation projects during the year, all are now back online. One thing each of these projects has in common is that they are rooted in our commitment to continuous improvement – and our recognition that we must not become complacent in our leading positions. We need to be the first to identify new technologies and trends, the best at implementing them and – most importantly – be the best at getting the full benefits.

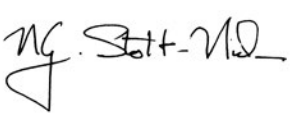
Resilient today for a successful future

Covid-19 will continue to affect the industries and geographies we serve in 2021. But our actions to protect our people and the environment, maintain good liquidity and ensure a strong balance sheet mean we are well positioned to navigate uncertainty, implement our strategy and capitalise on opportunities. Short-term volatility doesn't change the global trends driving our long-term growth: growing populations together with an increasing demand for goods and sustainable food sources.

A significant benefit to our stakeholders lies in our diverse business model and our corporate structure. Having several divisions gives us a stable earnings base and steady cash flow generation through the cycles, which has allowed us to position our businesses, this year in particular for tankers, for the recovery that lies ahead post-Covid. The synergies across our logistics businesses will continue to enable us to deliver value to customers as we are able to offer efficient 'door-to-door' logistical services. While our shared corporate services bring efficiencies of scale, it also is a platform for shared ideation and knowledge and training collaboration.

Last, but not least…

An enormous thanks goes out to each and every Stolt employee for doing a fantastic job in 2020. I start with what we call our 'front line' workers; the seafarers, terminal operators, depot workers and farmers in Stolt Sea Farm. While the rest of us were working safely from home, you were carrying on as normal. For most of us, as we now know, Covid-19 is not exceedingly dangerous, but at the beginning of the pandemic, the full impact of the virus was not known and the uncertainty for your own safety and that of your family was unknown. Being away from home not knowing the full situation must have been tough, but you all carried on. For that we are immensely grateful. For the rest of us, it was also a stressful time because of the uncertainty and the new environment in which we had to operate, yet you carried on and delivered uninterrupted quality service to our customers. Well done and thank you.



Niels G. Stolt-Nielsen

Chief Executive Officer
Stolt-Nielsen Limited

March 12, 2021