

# D'Amico declares long-term confidence in products as third-quarter results rise

Wednesday 11 November 2015, 22:02 by Lambros Papaeconomou



Marco Fiori remains “very positive” on mid- to long-term product tanker prospects thanks to increasing tonne-mile demand.

## **Strong gasoline demand and inventory build-up yield average spot TCE in excess of \$21,000**

D'AMICO International Shipping's earnings rose to \$14.7m in the third quarter of 2015 compared to just \$0.3m for the comparable quarter last year, supported by strong gasoline demand and continuing inventory build-up.

The company's spot fleet earned an average TCE of \$21,219 during the quarter, compared to \$19,533 in the previous quarter and \$13,867 a year ago.

The positive result has buoyed Chief executive Marco Fiori's already positive outlook for the product tanker sector mid-to-long term.

“The US ever growing role as a net exporter of products and the boosted refining capacity in the Middle and Far East will further expand the tonne mile demand,” said Mr Fiori, who described his view as “very confident”.

The company reported earnings before interest, taxes and depreciation of \$29.7m for the

quarter compared to \$6m a year ago.

D'Amico is targeting a dividend payment up to 50% of earnings for fiscal year 2015. The company did not pay a dividend for fiscal year 2014 since it had reported a loss of \$10.6m that year.

D'Amico presently owns and operates a fleet of 51 handysize and medium range product tankers under a combination of spot and period charters. Period charters were responsible for 45% of total revenue days for the first nine months of the year. Approximately half the vessels under commercial control have been chartered in.

Based on Lloyd's List estimates, average charter hire for the quarter was \$14,390, which was below average spot rates. This has allowed the company to capitalize on its operational leverage.

D'Amico has embarked on a 20 vessel newbuilding programme with a total contracted cost of \$766m. The programme includes for LR1s product tankers ordered during the second quarter of this year, highlighting the company's diversification to the larger size segment. Eight of these vessels have already been delivered to the company. D'Amico has remaining capital expenditures of \$329.6m.

Two vessels are expected to be delivered in the fourth quarter of 2015, six in 2016, three in 2017 and one in 2018.

D'Amico has secured debt financing for its four handysize and four MRs under construction, and it is targeting 66% debt finance for its four LR1s.

In addition to its own newbuilding programme, D'Amico has chartered-in four MRs scheduled for delivery in 2017 and 2018. The four vessels were chartered-in in April 2015 for a term of seven to eight years, and include purchase options.

---

Article from Lloyd's List

<http://www.lloydslist.com/ll/sector/tankers/article473179.ece>

Published: Wednesday 11 November 2015

© 2015 Informa plc. All rights Reserved. Lloyd's is the registered trademark of the Society incorporated by the Lloyd's Act 1871 by the name of Lloyd's