

# Light at end of tunnel for MR product tankers

**Marco Fiori, d'Amico Internazionale boss, says market fundamentals will gradually improve from 2012**

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THE outlook for medium-range product tankers continues to improve, with slowing newbuilding deliveries, increased demolition volumes and rising oil products demand growth all helping gradually to improve market conditions, the head of d'Amico Internazionale has said.

Marco Fiori, chief executive of the Milan-listed product tanker owning company, believes the industry will start to see an upturn in fortunes from 2012 onwards, although he warned analysts on a conference call not to expect a sudden uptick as soon as January as improvements will not happen overnight.

"There is light at the end of the tunnel and some people question whether there is a train coming the other way, but I think we are starting to see the light because we're getting near to the end of the tunnel," he told Lloyd's List.

Mr Fiori's comments followed d'Amico Internazionale, the listed product tanker arm of larger private shipping company d'Amico Società di Navigazione, posting a



Marco Fiori, chief executive of d'Amico Internazionale: upturn in fortunes from 2012.

\$10.2m loss for the first half of 2011, slightly more than the \$8.9m loss reported in the same period of last year.

However, after removing financial losses due to the US exchange rate with the Japanese yen, the currency in which it has a number of shipping loans on vessels, the net loss for the second quarter was \$3.9m, compared with \$5.8m in the first three months of the year, which it said was an indication that market conditions were improving.

Its fleet of 19 owned and 19 chartered-in tankers, all within the MR and handysize tanker sectors, generated total time charter equivalent earnings of \$96m in the first half of the year, with second-quarter figures of \$48.3m showing a slight increase on the \$48.1m

generated in the same period of 2010.

"I believe the worst part of the crisis is behind us," Mr Fiori told a financial results conference call. "I wish I had a crystal ball, but 2012 could be a very interesting year, after 2011 was a transitional year."

He said the improvement in activity and rates seen in April and May was the longest pick-up the market had seen in "a long time".

Although, when combined, d'Amico Internazionale's spot and fixed contract time charter equivalent earnings averaged \$14,505 per day in the first half of the year, down from \$15,582 in the same period of last year, Mr Fiori said rates in the last couple of months had been averaging prices well above \$15,000 per day.

Charterers were also looking to

hire MR tankers for longer periods of time, reflecting hopes that prices will start improving. The closure of US and European refineries was also starting to filter into the product tanker market, with refined products being shipped longer distances between producers in Asia and consumers in the western hemisphere.

Slowing fleet growth has been a major factor in the improvement of the market, with Mr Fiori pointing out that the number of ships removed from service for demolition in the first six months of the year was more than half the volume forecast to be scrapped in total during 2011, which could see vessel removals exceed expectations.

"Quality blue-chip charterers want to have very modern ships — so as a tanker company, you have to make the decision that if you want to be a quality provider of ships to these top charterers, you need a young fleet," he said.

Although the company had no concrete plans to order new tonnage or acquire secondhand tonnage, Mr Fiori said d'Amico was always "looking out for possibilities" in the market.

Earlier in the week, it announced it had signed a \$48m loan facility for its last two newbuildings — two 52,000 dwt MR tankers on order at Hyundai Mipo Dockyard in South Korea — with DnB Nor and Credit Agricole Corporate and Investment Bank. ■

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