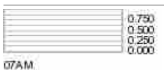
D'AMICO INTERNATIONAL SHIPPING S.A. (DIS)



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07:12a	D'AMICO INTERNATIONAL SHIPPING S A : DIS_2019 First Half Results September…	PU
08/17	D'AMICO INTERNATIONAL SHIPPING S A : DIS_Sale of one of the Vessels owned b…	PU
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d'Amico International Shipping S A : DIS_2019 First Half Results September 12th, 2019

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09/12/2019 | 07:12am EDT

PRESS RELEASE

The Board of Directors of d'Amico International Shipping S.A. approves Q2 & H1 2019 Results:

'DIS H1'19 NET RESULT WAS US$ (24.3) MILLION AND US$ (9.2) MILLION

EXCLUDING IFR16 EFFECT AND NON-RECURRING ITEMS.

DIS' H1'19 RECURRING EBITDA, EXCLUDING THE EFFECTS OF IFRS16, WAS THREE TIMES HIGHER THAN IN THE SAME PERIOD OF LAST YEAR, CONTRIBUTING TO A STRONG OPERATING CASH FLOW GENERATION OF US$ 20 MILLION IN THE PERIOD'

FIRST HALF 2019 RESULTS

- Time charter equivalent earnings (TCE) of US$ 126.3 million (US$ 125.6 million in H1'18)
- Gross Operating Profit/EBITDA of US$ 47.9 million (37.9% on TCE) (US$ 10.1 million in H1'18)
- Net Result of US$ (24.3) million (US$ (20.2) million in H1'18)
- Adjusted Net Result (excluding IFRS 16 and non-recurring) of US$ (9.2) million (US$ (23.6) million in H1'18)
- Cash Flow from Operating Activities of US$ 19.5 million (US$ 0.9 million in H1'18)
- Net Debt of US$ 698.5 million (US$560.7 million excluding IFRS16) (US$ 588.7 million as at 31 December 2018)

SECOND QUARTER 2019 RESULTS

- Time charter equivalent earnings (TCE) of US$ 62.4 million (US$ 59.3 million in Q2'18)
- Gross Operating Profit/EBITDA of US$ 25.5 million (US$ (17) thousand in Q2'18)
- Net Result of US$ (18.8) million (US$ (16.6) million in Q2'18)
- Adjusted Net Result (excluding IFRS 16 and non-recurring) of US$ (4.3) million (US$ (16.7) million in Q2'18

Financials (USD)

Sales 2019	253 M	P/E ratio 2019	-
EBIT 2019	27,5 M	P/E ratio 2020	7,46x
Net income 2019	-5,69 M	EV / Sales2019	2,65x
Debt 2019	541 M	EV / Sales2020	2,15x
Yield 2019	-	Capitalization	127 M

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Chart D'AMICO INTERNATIONAL SHIPPING S.A.

Duration : Auto. Period : Day

Charts © Surperformance.com

» Full-screen chart

Technical analysis trends D'AMICO INTERNATIONAL ...

	Short Term	Mid-Term	Long Term
Trends	Bearish	Neutral	Neutral

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Luxembourg - September 12th, 2019 - The Board of Directors of d'Amico International Shipping S.A. (Borsa Italiana S.p.A.: DIS) (the Company or the Group), a leading international marine transportation company operating in the product tanker market, today examined and approved the half-year and second quarter 2019 financial results.

MANAGEMENT COMMENTARY

Paolo d'Amico, Chairman and Chief Executive Officer of d'Amico International Shipping commented:

'In the first half of 2019, DIS posted a Net result of US$ (24.3) million vs. US$ (20.2) million recorded in the same period of last year. However, excluding results on vessel disposals and non-recurring financial items from H1 2019 and H1 2018, as well as the asset impairment and the effects of IFRS 16 from H1 2019, DIS' Net result would have amounted to US$ (9.2) million in the first half of the current year compared with US$ (23.6) million in the same period of 2018, a difference of US$ 14.4 million.

DIS realized a daily average spot rate of US$ 13,326 in H1 2019, which is US$ 1,800/day higher than the level achieved in H1 2018. During the first half of the year, we also benefited from 47.3% time-charter coverage at an average daily rate of US$ 14,496 and our total blended daily TCE (spot and time-charter) was US$ 13,879 in H1 2019 vs. US$ 12,625 in H1 2018.

The spot market in the first-half of the year suffered from the prolonged refinery maintenance season in anticipation of IMO 2020, which resulted in very low growth in refining volumes of only 0.55 million b/d year-on- year. Despite the subdued freight market, period rates as well as asset values have been gradually improving

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year-to-date. At the end of Q2, the assessed one-year TC rate was US$ 14,500/day for conventional MRs and US$ 16,500/day for Eco MRs. This clearly demonstrates the leading charterers' strong belief in the market's recovery prospects. DIS took advantage of this growing interest from oil-majors and leading trading houses and fixed some of its MR and LR1 vessels at profitable levels.

Looking at the prospects for our industry, we maintain a very positive outlook. In fact, fundamentals are strong, with a favourable supply-demand balance for product tankers. Demand for seaborne transportation of refined products is expected to be strong in the second half of the year, thanks to a rebound in oil demand growth and an acceleration in refined volumes growth, driven by the new IMO regulations, which limit the sulphur content in bunker fuels to 0.5% from January 2020, contributing to higher refining margins, in particular for diesel and gasoline. In addition, the supply side is also very supportive, with limited net fleet growth expected over the next two years.

Our Company is very well positioned to fully benefit from the next positive cycle, thanks to a strong and experienced management and a very young fleet, following the large US$ 755 million investment program we started in 2012 and that we have almost finalized. I would like to thank once more our shareholders for their continued support and trust, which I am confident we will be able to adequately reward soon."

Carlos Balestra di Mottola, Chief Financial Officer of d'Amico International Shipping S.A. commented:

'In the first six months of the year, we continued to pursue our strategic goal of strengthening our balance sheet and liquidity position. Including our share of the cash generated by some of our joint-ventures, in the first half of

2019 DIS raised around US$80 million in liquidity, with a further US$6.7 incoming in September 2019. In detail:

1. In January, we finalized our first Japanese Operating lease (JOLCO) through the sale and lease back of one of our LR1 vessels, generating net cash proceeds of US$ 10.2 million, relative to financing the vessel though the previously committed loan facility;
2. In April, we successfully concluded DIS' equity capital increase of around € 44 million. The rights issue was initially 97.3% subscribed, with the remaining shares

» Technical analysis

Income Statement Evolution

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Consensus	Sell / Buy
Mean consensus	HOLD
Number of Analysts	4
Average target price	**0,15 $**
Last Close Price	**0,10 $**
Spread / Highest target	**84,7%**
Spread / Average Target	**48,1%**
Spread / Lowest Target	**20,6%**

EPS Revisions

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Managers

Name	Title
Paolo d'Amico	Chairman & Chief Risk Officer
Flemming Carlsen	Chief Operating Officer
Antonio Carlos Balestra di Mottola	Chief Financial Officer & Executive Director
Cesare d'Amico	Executive Director
Massimo Castrogiovanni	Independent Non-Executive Director

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Sector and Competitors

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sold through a private placement a few days later, resulting in a fully subscribed offering and allowing the Company to strengthen substantially its equity and liquidity position;

3. In April, we finalized the sale of one MR vessel owned by DM Shipping (a JV in which DIS has an indirect interest of 51%), generating approximately US$ 12.3 million in net cash for the JV company;
4. In April, we finalized the sale and lease back of one of our MR ships, generating an additional US$ 9.6 million in net cash;
5. In June, Eco Tankers (a JV in which DIS has a direct interest of 33%) finalized the sale of its 2014- built MR vessel, generating approximately US$ 12.8m in net cash proceeds for the JV.
6. In June, DM Shipping agreed to sell its remaining vessel, generating at vessel's delivery (planned in Sep'19) approximately US$ 13.2m in net cash proceeds for the JV.

At the same time, we have been actively working on achieving a more efficient cost structure, obtaining some positive results in 2019, with lower overhead costs and operating expenses relative to the previous year. We managed to achieve these results without in any way compromising the quality and safety of our vessels and of our seagoing personnel, which have always been and will always be one of the priorities of our Group, as our clients appreciate and are well aware of.

A lower cost structure coupled with an improving market, allowed DIS to triple its EBITDA (even excluding the positive effects arising from the application of IFRS 16 to the 2019 accounts) relative to the prior year. An effect that we can clearly see also on the Operating cash flow. In fact, DIS generated US$ 20.0 million cash flow from operating activities in H1 2019 vs. US$ 0.9 million in H1 2018.

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We have almost finalised our substantial investment plan of US$ 755 million started in 2012, with our last newbuilding expected to be delivered this month, entailing a residual CAPEX of approximately US$ 31.4 million, of which only US$ 11.1 million should be financed with own funds and the rest with committed bank debt. After the delivery of this last LR1, DIS' estimated CAPEX for the coming years will be only related the maintenance of our ships and will therefore be substantially lower than in the previous years. This, coupled with lower debt repayments starting from 2020, and a rising freight market should contribute to a significant improvement in our free cash-flow generation, as well as to a rapid deleveraging of our balance sheet.

Asset values have also been rising and should continue doing so as the market strengthens, contributing to an increase in DIS' net asset value, and a reduction in its net debt to fleet market value ratio, which stood at 66.3% as at the end of June 2019 compared with 72.9% as at the end of 2018.

For all of the above reasons, I believe our Company is very well positioned to create value for our shareholders in the near future.'

FINANCIAL REVIEW

SUMMARY OF THE RESULTS IN THE SECOND QUARTER AND FIRST HALF RESULTS 2019

Both the product and crude tanker markets suffered in Q2 from the prolonged refinery maintenances. Product tankers started Q2 benefitting from relatively firm markets both in the Atlantic and Pacific regions. The Atlantic basin was helped by healthy demand for products into West Africa, whilst in the Far East draw-downs of product inventories prior to the end of the 2018 fiscal year, increased demand for product tankers this year. The clean product tanker market conditions, however, softened in May, with the average clean MR earnings falling by 7% month on-month to low teens, according to Clarksons. In June, Middle East refinery volumes increased and boosted earnings for product tankers. The opposite occurred in the Atlantic, however, with refining volumes decreasing. Since the beginning of the year refining volumes in the Atlantic basin have been very disappointing and far below those in the same period of last year. Refining volumes in the Pacific basin in the first-half of 2019 have also been subdued, but higher on average than in the same period in 2018. The Philadelphia refinery (300,000+ b/d) fire and explosion at the end of June, contributed to only a temporary improvement in freight rates in the Atlantic. The

	1st jan.	Capitalization (M$)
D'AMICO INTERNATIONAL SH...	-13.80%	127
ENBRIDGE INC	8.13%	70 412
ENTERPRISE PRODUCTS P...	17.57%	63 284
TC ENERGY CORP	35.57%	46 768
KINDER MORGAN INC	32.96%	46 295
MPLX LP	-5.02%	30 885

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recent incidents and seizures of ships in the Middle East are having a major effect on the market in that region, with enquiries and demand severely reduced. Despite the lacklustre volumes and gradual weakening of freight rates throughout most of 2019 to date, the product tanker markets have been much stronger than last year, with the Clarksons' average for the three key MR routes, around 30% higher in H1 2019 relative to H1 2018.

Furthermore, also period rates and asset values have been gradually rising throughout 2019 year-to-date. The one-yeartime-charter rate is always the best indicator of spot market expectations. The improved sentiment in Q1 2019 raised the rate at the end of the quarter to around US$ 14,000 per day for conventional (non-Eco) MRs and to around US$15,500 per day for Eco MRs. In Q2 2019 this trend continued with the one-year rates rising further and settling at the end of the period at around US$ 14,500 per day and US$ 16,500 per day for conventional and Eco MRs, respectively.

In H1 2019, DIS recorded a Net Loss of (24.3) million vs. a Net Loss of US$ (20.2) million posted in the same period of last year. Excluding results on disposal and non-recurring financial items from H1 2019 and H1 2018, as well as the asset impairment and the effects of IFRS 16 from H1 2019, DIS' Net result would have been US$ (9.2) million in the first half of the current year compared with US$ (23.6) million recorded in the same period of 2018. Therefore, excluding the effects of the application of IFRS 16 and such non-recurringeffects, DIS' H1 2019 Net result would have been US$ 14.4 million higher than in the same quarter of last year.

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In fact, DIS generated an EBITDA of US$ 47.9 million in H1 2019 vs. US$ 10.1 million in the same period of last year. Even excluding the effects arising from the application of IFRS 16 (positive impact of US$ 17.6 million), DIS' H1 2019 EBITDA was three times higher than the level achieved in the first six months of 2018. Such strong improvement relative to last year is attributable to better market conditions coupled with a more efficient cost structure.

In terms of spot performance, DIS achieved a daily spot rate of US$ 13,326 in H1 2019, 15.6% (i.e. US$ 1,800/day) higher than US$ 11,526 achieved in the first half of the prior year, due to the improving markets.

At the same time, 47.3% of DIS' total employment days in H1 2019, were covered through 'time-charter' contracts at an average daily rate of US$ 14,496 (H1 2018: 32.3% coverage at an average daily rate of US$ 14,932). A good level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of the spot market volatility, securing a certain level of earnings and cash generation even throughout the negative cycles. DIS' total daily average rate (which includes both spot and time-charter contracts) was US$ 13,879 in the first half of 2019 compared with US$ 12,625 achieved in the same period of the previous year.

In H1 2019, DIS 'gross capital expenditures' amounted to US$ 31.2 million, mainly in relation to the delivery of 1 newbuilding LR1 vessel at the beginning of the year. Since 2012, DIS has ordered a total of 22 'Eco-design' product tankers1 (10 MR, 6 Handy-sizeand 6 LR1 vessels), of which 21 vessels have been already delivered as at the end of H1 2019. This corresponds to an overall investment plan of approximately US$ 755.0 million and is in line with the Group's strategy to modernize its fleet through new-buildingswith an eco-design.

OPERATING PERFORMANCE

Time charter equivalent earnings were US$ 126.3 million in H1 2019 vs. US$ 125.6 million in H1 2018 and US$

62.4 million in Q2 2019 vs. US$ 59.3 million in Q2 2018. The total amount for 2019 includes US$ 4.4 million 'time charter equivalent earnings' generated by the vessels under commercial management, which is offset by an equal amount reported under 'time-charter hire costs'.

In detail, DIS realized a Daily Average Spot Rate of US$ 13,326 in H1 20192 compared with US$ 11,526 achieved in the same period of 2018 (Q2 2019: US$ 13,074 vs. Q2 2018: US$ 10,327). DIS' spot result of H1 2019 represents an improvement of 15.6% (i.e. US$ 1,800/day) relative to H1 2018.

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Following its strategy, in H1 2019 DIS maintained a good level of 'coverage' (fixed contracts), securing an average of 47.3% (H1 2018: 32.3%) of its available vessel days at a Daily Average Fixed Rate of US$ 14,496 (H1 2018: US$ 14,932). In addition to securing revenue and supporting the operating cash flow generation, these contracts enabled DIS to strengthen its historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

DIS' Total Daily Average TCE (Spot and Time Charter) 3 was US$ 13,879 in H1 2019 vs US$ 12,625 in H1 2018 (Q2 2019: US$ 13,710 vs. Q2 2018: US$ 11,818).

- Including M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and previously owned by Eco Tankers Limited (in which DIS has a 33% interest, in JV with Venice Shipping and Logistics S.p.A.), which was sold in June 2019.
  2 Daily Average TCE excludes US$ 4.4 million generated by the vessels under commercial management, as it is off-set by an equivalent amount of time charter hire costs after deducting a 2% commission on gross revenues.
- Daily Average TCE excludes US$ 4.4 million generated by the vessels under commercial management, as it is off-set by an equivalent amount of time charter hire costs.

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DIS TCE daily rates			2018				2019	
(US dollars)			UNREVIEWED			UNREVIEWED		
	Q1	Q2	H1	Q3	Q4	Q1	Q2	H1
Spot	12,726	10,327	11,526	8,689	11,617	13,583	13,074	13,326
Fixed	15,001	14,867	14,932	14,716	14,831	14,604	14,398	14,496
Average	13,446	11,818	12,625	10,680	12,892	14,057	13,710	13,879

EBITDA was US$ 47.9 million in H1 2019. The adjustment to 'EBITDA' arising from the application of IFRS 16 is positive for US$ 17.6 million in H1 2019 (US$ 9.7 million in Q2 2019), as within the Income Statement, charter hire costs are replaced with other direct operating costs, interest and depreciation. Excluding the effect of IFRS 16, DIS' H1 2019 EBITDA would have amounted to US$ 30.3 million vs. US$ 10.1 million achieved in H1 2018 (Q2 2019: US$ 15.8 million vs. Q2 2018: closed to zero). This large improvement relative to last year, is attributable to the stronger freight markets and to a more efficient cost structure achieved by DIS.

Depreciation and Impairment amounted to US$ (33.9) million in H1 2019 vs. US$ (18.9) million in H1 2018 (Q2 2019: US$ (22.9) million vs. Q2 2018: US$ (9.6) million). The 2019 amount includes US$ (12.1) million impairment booked on two vessels owned by Glenda International Shipping (a jointly controlled entity with the Glencore Group, in which d'Amico Tankers d.a.c. has a 50% interest), which were reclassified as 'assets held for sale' (in accordance with IFRS 5) as at June 30 2019, and the difference between their fair value and their book value was charged to the Income Statement.

EBIT was negative for US$ (1.4) million in H1 2019 vs. US$ (8.8) million in H1 2018 (Q2 2019: US$ (6.6) million

vs. Q2 2018: US$ (9.7) million). The H1 2019 amount was positively impacted by US$ 5.0 million from the application of IFRS 16 but negatively impacted by US$ (12.1) million from the impairment booked in Q2 2019.

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DIS' Net Result was negative for US$ (24.3) million in H1 2019 compared with a US$ (20.2) million Net loss posted in the same period of 2018, whilst the Q2 2019 result was negative for US$ (18.8) million vs. US$ (16.6) million in Q2 2018. The application of IFRS 16, negatively impacted the results for the first half of 2019 by US$ (1.6) million, and net of the one-offreversal of provisions for previous years' onerous contracts, also attributable to the application of IFRS 16, the results for the period were lower by US$ (0.9) million.

Excluding results on disposal and non-recurring financial items from H1 2019 (US$ (2.1) million4) and H1 2018 (US$ 3.3 million5), as well as the asset impairment (US$ (12.1) million) and the net effects of IFRS 16 (US$ (0.9) million) from H1 2019, DIS' Net result would have been US$ (9.2) million in the first half of the current year compared with US$ (23.6) million recorded in the same period of 2018. Therefore, excluding the effects of the application of IFRS 16 and such non-recurringeffects, DIS' H1 2019 Net result would have been US$ 14.4 million higher than in the same semester of last year. As previously mentioned, this is due to the better market conditions in H1 2019 and to a more efficient cost structure.

CASH FLOW AND NET INDEBTEDNESS

DIS' Net Cash Flow for H1 2019 was positive, amounting to US$ 3.8 million vs. US$ 3.0 million positive in H1 2018. The amount of H1 2019 includes gross capital expenditures of US$ (31.2) million, partially offset by US$ 6.3 million Movement in financing to equity accounted investee (arising from the reduction of d'Amico Tankers' shareholders loan to DM Shipping, following the sale of one its two vessels in Q2 2019) and by US$ 8.6 million positive financing cash flow.

- US$ (0.9) million loss on disposal, US$ (2.1) million realized and unrealized loss on Interest rates swap agreements, US$ 0.2 million foreign exchange movements arising from the valuation of the DM Shipping financing, US$ 0.7 million reversal of impairment of an equity-invested asset

- US$ 0.3 million profit on disposal, US$ 2.7 million realized and unrealized profit on Interest rates swap agreements, US$ 0.4 million foreign exchange movements arising from the valuation of the DM Shipping financing

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