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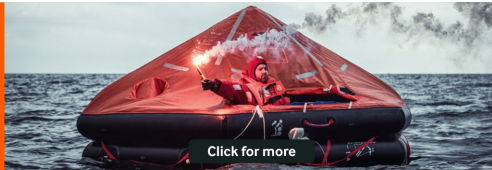



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d'Amico International Shipping Reports Net Profit of \$15.4 Million for 9-Month Period, More than Half Compared to a Year Ago

in International Shipping News 13/11/2020



The Board of Directors of d'Amico International Shipping S.A. (Borsa Italiana: "DIS") (hereinafter : "the Company", "d'Amico International Shipping" or the "Group"), a leading international marine transportation company operating in the product tanker market, today examined and approved the Company's 2020 Third Interim Management Statements as at September 30th, 2020 (Q3 and gM 2020 Financial Results).

MANAGEMENT COMMENTARY

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

'In the first 9 months of 2020, DIS generated a Net profit of US\$ 15.4 million vs. US\$ (32.5) million posted in the same period of the prior year. Excluding some non-recurring effects from both periods, our Adjusted net result would have amounted to US\$ 26.1 million in the first 9 months of 2020 vs. US\$ (15.1) million in the same period of last year, corresponding to an increase of US\$ 41.4 million year-on-year. Looking at the third quarter of 2020, DIS posted a Net result of US\$ (1.7) million vs. US\$ (8.2) million in Q3 2019 and an Adjusted net result of US\$ (0.4) million vs. US\$ (5.9) million in Q3 2019.

Such strong improvement relative to the previous year is mainly attributable to much stronger freight markets, especially in the first half of 2020. In fact, DIS achieved a daily spot rate of US\$ 18,592 in the first 9 months of 2020 vs. US\$ 12,786 in the first 9 months of 2019 (i.e. +45.4% and +US\$ 5,806/day). In the third quarter of the year, which is traditionally the weakest of the year for the product tanker market, DIS achieved a daily spot rate of US\$ 12,866, significantly higher than the US\$ 11,616 generated in the same quarter of 2019.

Throughout the year and particularly in the third quarter, DIS clearly benefited from its long-term commercial strategy of maintaining a high proportion of fixed-rate contract coverage. In particular, in Q2 2020 since we realized that the very strong freight market was unsustainable, we decided to take a realistic approach by increasing our time-charter coverage, at profitable



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coverage at an average daily rate of US\$ 14,819), whilst our "time charter" coverage was of 63.0% in Q3 2020 at an average daily rate of US\$ 16,038 (Q3 2019: 51.5% coverage at an average daily rate of US\$ 14,819).

DIS' total blended daily TCE (spot and time-charter) was of US\$ 16,973 in the first 9 months of 2020 vs.

US\$ 13,674 achieved in the same period of the previous year (+24% year-on-year) and US\$ 14,864 in Q3 2020 vs. US\$ 13,264 in Q3 2019.

The outbreak of COVID-19 led to a fall in oil demand and refining activity, which resulted in a relatively soft product tanker market in the last part of Q1 2020. However, OPEC+ members failed to reach an agreement on production cuts to offset falling oil prices caused by the outbreak of the virus, leading to a surge in output especially from Saudi Arabia and Russia. The increase in oil production, combined with a strong decline in oil demand, moved the oil curve into a steep contango, providing a significant incentive to increase oil stocks worldwide. Land-based storage facilities quickly reached almost their full capacity and pushed large quantities of crude and petroleum products into tankers as floating storage, sharply reducing the effective supply of vessels, thus generating a spike in product tanker freight rates. However, after deep oil output cuts by OPEC and other world oil producers came into effect from the beginning of May, floating storage at a global level fell from a peak of 75 million barrels around mid-May down to 40 million barrels in September and spot tanker earnings fell sharply, and by September stood at a two-year low.

Unfortunately, a new wave of COVID-19 is spreading across several parts of the world, with many European countries adopting strict containment measures, although so far in most cases lighter than in this Spring. This situation creates some obvious headwinds for the product tanker market in the near term. In fact, these developments will negatively affect oil demand and are likely to postpone the freight market recovery and the decrease in inventories (both on land and floating), required for a sustainable market recovery.


However, I think today DIS is very well positioned to navigate across these short-term challenges. In fact, thanks to our US\$ 755 million investment plan completed in 2019, today our Company operates one of the most modern and efficient product tanker fleets in the world; in the last three years we have been focused on strengthening our financial structure and through asset disposals as well as equity and debt transactions, we have consistently improved our liquidity position while managing our financial gearing, with the objective of reducing it when possible; through investments in technology and improvements in our processes, we have managed to cut our costs whilst always ensuring a top-quality service both onboard and onshore. Today DIS is very competitive also in terms of breakeven relative to most of our peers. In addition, our well-balanced commercial strategy and a high level of TC coverage at profitable rates will help us to overcome any potential market volatility.

Looking at the longer term, DIS remains very positive since the fundamentals of our industry continue to be strong. As we have stressed several times, the newbuilding orderbook is at historical lows, mainly thanks to capital constraints and to significant uncertainties regarding

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transportation of refined products should pursue its long-term upward path benefitting from an increase in average sailing distances, as most planned refinery additions are in the Middle East and Asia, in countries which are already important net exporters of products and are often distant from the key importing markets.

I am truly hopeful a vaccine against COVID-19 will be available in the coming months, solving once and for all this terrible health crises and putting the world economy as a whole and our industry back on track.

Once again, I would like to thank all our stakeholders for their continued trust and I am certain our strategy will increase the value of our Company in the long term, generating attractive returns for all our Shareholders.'

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

'DIS posted a Net profit of US\$ 15.4 million in the first 9 months of the year vs. a Net loss US\$ (32.5) million in the first 9 months of 2019 and an Adjusted net profit (excluding IFRS 16 and some non-recurring effects) of US\$ 26.1 million in the first 9 months of 2020 vs. US\$ (15.1) million recorded in the same period of last year. In the third quarter of 2020 we were confronted with a much weaker product tanker market relative to the first part of the year. However, thanks to DIS' low breakeven and prudent commercial strategy, we were able to limit our Q3 2020 Adjusted net loss to US\$ (0.4) million vs. US\$ (5.9) million recorded in the same quarter of last year.

DIS' EBITDA amounted to US\$ 103.4 million in the first 9 months of the year vs. US\$ 69.3 million achieved in the same period of 2019. This was clearly reflected also in the very strong generation of Operating cash flow in the period, equal to US\$ 70.4 million compared with US\$ 38.4 million in the same period of last year and with US\$ 59.3 million generated in the entire FY 2019.

During the first 9 months of the year, we continued to implement our deleveraging strategy. At the end of

September, the ratio between DIS' Net financial position (excluding IFRS 16) and its fleet market value was of 65.1% and we had Cash and cash equivalent of US\$ 59.3 million. Going forward, we firmly intend to continue improving our financial structure, so as to increase our future strategic and operational flexibility and our ability to act counter-cyclically, creating additional value for our shareholders.

We have generated approximately US\$ 26.4 million in net cash from the sale of some of our oldest vessels as at the end of September and we are expecting to generate a further US\$ 8.3 million in November 2020 and US\$ 8.9 million between November 2020 and January 2021, thanks to the sale of two additional MRs, as per previous press releases.

We are currently facing a very uncertain market environment due to the second wave of COVID-19 which is unfortunately spreading again around the world and the new containment

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measures implemented by several countries. However, I believe the long-term fundamentals of our industry are still extremely positive and I am confident our spot freight rates will return soon to healthier levels.

In the meantime, I firmly believe we have the financial strength, the right commercial strategy, a modern fleet and a competitive cost structure to properly overcome these short-term adversities and I am confident we have laid the foundations to generously reward our shareholders in the future.'

FINANCIAL REVIEW

SUMMARY OF THE RESULTS IN THE THIRD QUARTER AND NINE MONTHS OF 2020

The tanker market has been very volatile in the first nine months of 2020. After easing back in early 2020 from a robust Q4 2019, tanker earnings soared to historically high levels in March-April 2020. The negative impacts from Covid-19 on global oil demand, coupled with the initial surge in output from Saudi Arabia and Russia, resulted in a steep contango for future oil prices, leading to a sharp increase in onshore storage which rapidly reached capacity in many locations, resulting also in a fast and pronounced increase in floating storage of both crude and products. However, after deep oil output cuts by major producers came into effect from the beginning of May, spot tanker earnings fell sharply, and by September stood at a two-year low.

Global oil demand rose by 3.4 million b/d month-on-month in July, well above the seasonal trend, as COVID-19 restrictions eased and summer holidays in the northern hemisphere supported a rise in transport fuel demand. In IEA's October report, they have nonetheless revised down their Q3 2020 oil demand forecast by 140,000 b/d. This reduction was, however, offset by slightly higher growth estimates for Q4 2020.

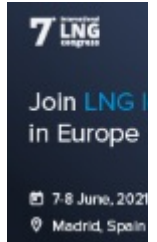
Strong gains in global refinery throughput in July and relatively stable runs in August and September came at the cost of a steep fall in refining margins, which in Q3 saw one of their worst quarters.

European gasoline exports recovered in September – thanks to a rebound in shipments to the US, but they remain sharply below year-ago levels. Exports from the USA declined 1.5 million b/d in Q2 and started to recover in Q3. The large number of Hurricanes in the quarter, however, caused refinery outages, disrupted supply and resulted in a build-up of tonnage which curtailed any chance of freight rates improving.

Asian refiners, with the exception of China, are continuing to curb runs due to poor demand and weak margins. But with demand rising in some countries at a faster pace than their domestic output, product flows are moving between regions. This resulted in a sharp draw in Singapore stocks in late September, suggesting the product markets could gain support in Q4 2020 if the firmer demand is maintained.

Floating storage at a global level, fell from a peak of 75 million barrels around mid-May down to 40 million barrels in September.

The one-year-time-charter rate is always the best indicator of spot market expectations, and at the end of Q3 was assessed at US\$13,500 per day for a conventional MR2, with an Eco MR2



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In the first 9 months of 2020, DIS recorded a Net profit of US\$ 15.4 million vs. a Net loss of US\$

(32.5) million posted in the same period of last year. Excluding results on disposal and non-recurring financial items from the first 9 months of 2020 and 2019, as well as the asset impairment and the effects of IFRS 16, DIS' Net result would have amounted to US\$ 26.1 million in the first 9 months of the current year compared with US\$ (15.1) million recorded in the same period of 2019. Therefore, excluding such non-recurring effects,



DIS' Net result for the first 9 months of 2020 would have been US\$ 41.1 million higher than in the same period of last year.

In Q3 2020, DIS posted a Net result of US\$ (1.7) million vs. US\$ (8.2) million recorded in the same quarter of last year. Excluding non-recurring items from both Q3 2020 and Q3 2019, the Net result would have been of US\$ (0.4) million and US\$ (5.9) million respectively.

Source: d'Amico International Shipping

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