

Fiori maintains positive stance

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Product tanker owner **d'Amico International Shipping (DIS)** recorded a net profit of \$7.2 mill in the first quarter of this year against \$11.4 mill posted in the same period last year.

The variance compared to the first quarter of 2015 was almost entirely due to the positive impact of the company's risk management activity (mainly on foreign exchange, bunker costs and interest rates) which benefited last year's result.

Excluding these 'non-recurring' factors, 1Q16 result is substantially in line with the previous year, DIS said.

Around 46.7% of DIS total employment days in 1Q16, were covered through timecharter contracts at an average daily rate of \$15,706, which was an improvement both in terms of percentage and average rate compared to the same quarter last year (44.8% coverage at an average rate of \$15,010). Therefore, DIS' 1Q16 total daily average rate (spot and timecharter activity) was \$16,970 and in line with the same quarter of 2015 (\$16,939).

Due to the positive TCE performance and a cost efficient operating platform, DIS achieved an EBITDA of \$21.6 mill in 1Q16 and an 'EBITDA margin' of 28.8%, which are both in line with the levels achieved in 1Q15.

The strong EBITDA, together with a good trend in working capital, led to a positive operating cash flow of \$25.5 mill in 1Q16, more than twice the \$11.1 mill generated in the same period last year. In 1Q16, DIS had \$38.6 mill capital expenditures, mainly in relation to its newbuilding programme.

Since 2012, DIS has ordered a total of 22 'Eco design' product tankers (10 MR, six Handysize and six LR1s), of which 112 vessels had been delivered as at the end of March, 2016, corresponding to an overall investment plan of about \$755 mill.

In addition, DIS has already fixed 14 of its newbuildings on long-term timecharters with three oil majors and a leading refining company, all at profitable levels, the company claimed.

Marco Fiori, DIS CEO, commented: "I am pleased to report DIS' 1Q16 results, which saw our company posting a net profit of \$7.2 mill, an EBITDA margin of 28.8% and generating positive operating cash flow of \$25.5 mill.

"After three very strong quarters last year, product tanker spot rates eased in 4Q15, mainly due to seasonality and refinery maintenance in the US Gulf. However, the market started firming up again in December and confirmed a good level of strength in the first three months of 2016. In fact, DIS managed to achieve a daily TCE spot rate of \$18,076 in 1Q16, marking a 15% increase compared to the previous quarter (4Q15 = \$15,673).

"As mentioned before, I maintained my view that the product tanker market will have a certain degree of volatility during the current year, but I also believe 2016 will be overall a good and profitable year for our industry.

"At the same time, the medium term perspectives of the product tanker market look very favourable today, with an increasing growth in the tonne/mile demand driven mainly by refineries dislocation and with a relatively limited supply of new ships expected to come into the market between 2016 and 2018.

"We kept implementing our ambitious investment plan, with \$38.6 mill capital expenditures in 1Q16 alone, out of a total investment of \$755 mill begun in 2012 for the ordering and the construction of 22 newbuilding product tankers. In light of this, during March, we secured a multi-tranche \$250 mill facility with a pool of nine leading financial institutions. The first tranche of this facility refinanced seven of our existing vessels, whilst the second tranche will complete the financing of our newbuilding plan.

"I am absolutely convinced that DIS, with its efficient operating platform and its proven commercial strategy, is very well positioned today to maximise returns in such favourable market scenario," he concluded.

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