



D'Amico hails 'miracle' quarter

D'AMICO International Shipping has called its first-quarter results a "miracle" after posting the best quarterly figures in four years, reflecting the strengthening product tanker market, writes Hal Brown.

Milan-listed d'Amico saw its net profit rise to \$7.6m in the quarter from a loss of \$1.4m in the same period last year.

The company's overall time charter equivalent earnings rose to \$50.1m from \$44.4m last year, with average spot rates of \$14,272 per day – the best spot market results for the company in 15 consecutive quarters.

"It's a miracle," d'Amico chief executive Marco Fiori told Lloyd's List, speaking from the company's Milan base.

Further strengthening of the product tanker market is expected as tonne-mile demand rises on new longhaul trades.

The trend of refineries shifting towards oil production areas, especially in Asia and the Middle East, will consolidate in the next few years and generate further longhaul voyages from these refineries to the major consumers in the Atlantic Basin.

Over the next five years China and India will take a leading role as products exporting countries, according to the International Energy Agency.

In addition, new trades are opening up as the US changes from being the world's biggest product



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importer to second-largest exporter at 3.1m barrels per day in 2012, compared with 2.9m in 2011 and just 1m in 2005.

US Gulf refineries are being revamped to export more products deriving from the country's oil-production boom.

This should offset the decline of the benchmark gasoline trade from Europe to the US, say analysts. As things stand, that trade lane has been in decline for the last five or six years due to better vehicle fuel-efficiency in the US and the fact that the country now has an abundance of its own oil to refine.

Despite the pervasive sense of

optimism in the market, product tanker owners still face some of the same issues that other tankers face, such as managing the relationship with charterers.

Some in the industry say charterers put too many demands on owners, particularly when it comes to vetting.

For Mr Fiori, however, it is all about trust: "You have to build up trust with the oil companies; it's a two-way street."

Quality will attract quality, he believes; you can judge an oil company by the shipowners it uses and you can judge a shipowner by the oil companies it has as customers.

"Good people tend to associate with good people."

The biggest oil companies are starting to renew or expand their fleets, which is "very human" and poses little threat to a pure shipping company such as d'Amico.

"I can understand the temptation [for the big oil companies to build up their fleets] but it's a cycle where there's a flux of them going and coming back."

Fuel-efficient newbuildings are becoming more important amid the move towards more expensive low-sulphur fuel.

"All our naval architects are very impressed by these ships," said Mr Fiori.

Reflecting this, d'Amico has ordered eight eco-design product tankers in the last six months. ■

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