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## d'Amico, the "Made in Italy" that is resisting the crisis and soaring on the stock market

A glance at d'Amico, a small multinational transportation firm whose stocks have gone up 65% in the last 6 months - An example of good management in a particularly complicated economic scenario, for a company that has skilfully carried out a complete revamping during a period of crisis.

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"The recovery? There are positive signs: consumption of refined products is on the rise. But the trend has not yet spread to ferrous metals. To use a metaphor, we could say that in the USA or in other markets people have gone back to using petrol. But they still haven't decided to buy a new car, so ferrous metals are struggling." This is what **Giovanni Barberis had to say, chief financial officer of d'Amico** an Italian transportation multinational firm, a thermometer useful for understanding global economic trends.

After all, not many Italian companies are in the global top ten of their sector (about 5% of the global mid-range fleet tonnage). Very few, and not only in Italy, can boast growth on the stock market, gradual but consistent, **of about 65% in the last six months**, 22% of which in the last month. Alas, even fewer belong to the elite group of companies that can announce, as d'Amico International Shipping did, the best result in four years, and state that "for the coming years a substantial growth in mile-tonnage growth is expected as well as a significant improvement in the rate of ship use". To be exploited without suffering the credit crunch which is making trouble for less solid competitors.

For these and other reasons, it is only right to take a good look at [d'Amico International shipping](#), the subsidiary of the group listed at Piazza Affari that works in the refined petroleum, vegetable oil and chemical products transportation branch. In November Paolo and Cesare d'Amico took on a difficult economic market situation, launching an increase in share capital destined to finance the revamping of the fleet. It seemed like a gamble, given the slowing down of the Chinese economy,

the demand difficulties in the USA and, above all, the European climate of recession. But to the contrary, the results are already evident (ebitda at \$11.5 million, with a proceeds margin of 23%, cash flow generated by operational activities to the amount of 16.1 million) but the future prospects promise to be even more outstanding: "**For the coming years a substantial growth in mile-tonnage demand is expected** as well as a significant improvement in the rate of ship use. In fact, the coming years will see an increase in the current trend of refinery relocation toward the petroleum production areas, especially in Asia and the Middle East. Furthermore, the increase in petroleum demand will be primarily supported by non OECD countries and especially by China and India."

In numbers, Barberis says, the current turnaround in dry transportation (which the non-listed company deals in) and liquid transportation can be explained this way. "At the highest moment of the cycle - he explains - the ships, quoted at \$60 million, exceeded freight of \$60 thousand per day against a breakeven of \$25 thousand." Then the crisis came... "Violent and sudden: freight dropped to \$8 thousand per day and the value of the ships dropped as a consequence. The weakest, including those in Italy, waved the white flag."

And, as is always the case, when the going gets tough, the most solid entrepreneurs rise to the occasion. Like the d'Amicos, a prestigious company which has taken on 15 cycles of growth and recovery in its history, without ever capsizing in the stormy seas. This time the company once again drew up an investment plan at the time when the shipyards, empty as they were, offered the best conditions. But above all, **betting on the timing of the recovery**, a gamble if you consider the gap between order and delivery (2-3 years). Today the fleet revamp is under way: the first ships are being delivered and the "old ones" (so to speak, since they are sea giants which still have 15 good years ahead of them) are being sold off. When the project is finished, d'Amico will be four times its previous size. At least on the high seas, for once, 'Made in Italy' is not retreating.