

# d'Amico International Shipping in \$50m equity raise backed by founding family

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Italy's d'Amico family is supporting a second equity raise by d'Amico International Shipping in three years.

Major shareholder d'Amico International SA is underwriting a \$50m share issue, which follows on from a similar move in the summer of 2017.

Paolo d'Amico, chief executive of the shipowner, said the capital increase would reduce financial leverage and improve liquidity.

The additional cash has been raised to ensure the company benefits from the upcoming market recovery, a statement added.

Milan-listed DIS approved the move as it reported a smaller than expected loss for the fourth quarter of 2018 as the product tanker market finally took a turn for the better.

Carlos Balestra di Mottola, chief financial officer of DIS, said the company had been constantly strengthening its balance sheet during a challenging period.

It has raised \$113m from vessel sales and leaseback deals since the start of 2017 at a time it has taken in the largest newbuilding programme in its history.

“From 2020, the lower investments and debt repayments, when coupled with the expected increase in freight rates, should contribute to a significant generation of free cash-flow for our shareholders, as well as a rapid deleveraging of our balance sheet,” di Mottola said.

DIS reported a loss of \$13.9m in the final three months of 2018, taking its red ink for the year to \$55.1m.

d'Amico said 2018 was unfortunately one of the worst years for product tankers in the last decade.

“However, we were very pleased to see our market rebounding to profitable levels towards the end of the year, with clear signs of improvement confirmed also at the start of 2019, relative to the prior year,” he added.

Most analysts are very positive on the market outlook, a view shared by d'Amico.

He cited Clarksons figures which show global refinery capacity additions of 4.9 million barrels a day between 2019 and 2021.

“In particular, 2019 is expected to be characterized by one of the largest annual increases in refinery capacity in years, with an estimated additional 3.1 million barrels a day,” he added.

“At the same time, the net fleet growth of the segments we operate in (MRs and LRIs) is expected to be limited and below 2.0% over the next two years.

“In addition, the major regulatory change that will come into force in January 2020, limiting the sulphur content in bunker fuels, is widely expected to generate incremental demand for our vessels already from mid-2019.”

**DIS launched a major newbuilding project in 2012, with 22 new vessels contracted.**

**The last of the tankers will be delivered in the third quarter this year.**