



## **PRESS RELEASE**

**The Board of Directors of d'Amico International Shipping S.A. approves Q2 & H1 2019 Results:**

***'DIS H1'19 NET RESULT WAS US\$ (24.3) MILLION AND US\$ (9.2) MILLION EXCLUDING IFR16 EFFECT AND NON-RECURRING ITEMS.***

***DIS' H1'19 RECURRING EBITDA, EXCLUDING THE EFFECTS OF IFRS16, WAS THREE TIMES HIGHER THAN IN THE SAME PERIOD OF LAST YEAR, CONTRIBUTING TO A STRONG OPERATING CASH FLOW GENERATION OF US\$ 20 MILLION IN THE PERIOD'***

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### ***FIRST HALF 2019 RESULTS***

- Time charter equivalent earnings (TCE) of US\$ 126.3 million (US\$ 125.6 million in H1'18)
- Gross Operating Profit/EBITDA of US\$ 47.9 million (37.9% on TCE) (US\$ 10.1 million in H1'18)
- Net Result of US\$ (24.3) million (US\$ (20.2) million in H1'18)
- Adjusted Net Result (excluding IFRS 16 and non-recurring) of US\$ (9.2) million (US\$ (23.6) million in H1'18)
- Cash Flow from Operating Activities of US\$ 19.5 million (US\$ 0.9 million in H1'18)
- Net Debt of US\$ 698.5 million (US\$560.7 million excluding IFRS16) (US\$ 588.7 million as at 31 December 2018)

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### ***SECOND QUARTER 2019 RESULTS***

- Time charter equivalent earnings (TCE) of US\$ 62.4 million (US\$ 59.3 million in Q2'18)
- Gross Operating Profit/EBITDA of US\$ 25.5 million (US\$ (17) thousand in Q2'18)
- Net Result of US\$ (18.8) million (US\$ (16.6) million in Q2'18)
- Adjusted Net Result (excluding IFRS 16 and non-recurring) of US\$ (4.3) million (US\$ (16.7) million in Q2'18)

**Luxembourg - September 12<sup>th</sup>, 2019** – The Board of Directors of d'Amico International Shipping S.A. (Borsa Italiana S.p.A.: DIS) (the Company or the Group), a leading international marine transportation company operating in the product tanker market, today examined and approved the half-year and second quarter 2019 financial results.

### **MANAGEMENT COMMENTARY**

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

*'In the first half of 2019, DIS posted a Net result of US\$ (24.3) million vs. US\$ (20.2) million recorded in the same period of last year. However, excluding results on vessel disposals and non-recurring financial items from H1 2019 and H1 2018, as well as the asset impairment and the effects of IFRS 16 from H1 2019, DIS' Net result would have amounted to US\$ (9.2) million in the first half of the current year compared with US\$ (23.6) million in the same period of 2018, a difference of US\$ 14.4 million.*

*DIS realized a daily average spot rate of US\$ 13,326 in H1 2019, which is US\$ 1,800/day higher than the level achieved in H1 2018. During the first half of the year, we also benefited from 47.3% time-charter coverage at an average daily rate of US\$ 14,496 and our total blended daily TCE (spot and time-charter) was US\$ 13,879 in H1 2019 vs. US\$ 12,625 in H1 2018.*

*The spot market in the first-half of the year suffered from the prolonged refinery maintenance season in anticipation of IMO 2020, which resulted in very low growth in refining volumes of only 0.55 million b/d year-on-year. Despite the subdued freight market, period rates as well as asset values have been gradually improving*



year-to-date. At the end of Q2, the assessed one-year TC rate was US\$ 14,500/day for conventional MRs and US\$ 16,500/day for Eco MRs. This clearly demonstrates the leading charterers' strong belief in the market's recovery prospects. DIS took advantage of this growing interest from oil-majors and leading trading houses and fixed some of its MR and LR1 vessels at profitable levels.

Looking at the prospects for our industry, we maintain a very positive outlook. In fact, fundamentals are strong, with a favourable supply-demand balance for product tankers. Demand for seaborne transportation of refined products is expected to be strong in the second half of the year, thanks to a rebound in oil demand growth and an acceleration in refined volumes growth, driven by the new IMO regulations, which limit the sulphur content in bunker fuels to 0.5% from January 2020, contributing to higher refining margins, in particular for diesel and gasoline. In addition, the supply side is also very supportive, with limited net fleet growth expected over the next two years.

Our Company is very well positioned to fully benefit from the next positive cycle, thanks to a strong and experienced management and a very young fleet, following the large US\$ 755 million investment program we started in 2012 and that we have almost finalized. I would like to thank once more our shareholders for their continued support and trust, which I am confident we will be able to adequately reward soon."

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

'In the first six months of the year, we continued to pursue our strategic goal of strengthening our balance sheet and liquidity position. Including our share of the cash generated by some of our joint-ventures, in the first half of 2019 DIS raised around US\$80 million in liquidity, with a further US\$6.7 incoming in September 2019. In detail:

- i) In January, we finalized our first Japanese Operating lease (JOLCO) through the sale and lease back of one of our LR1 vessels, generating net cash proceeds of US\$ 10.2 million, relative to financing the vessel through the previously committed loan facility;
- ii) In April, we successfully concluded DIS' equity capital increase of around € 44 million. The rights issue was initially 97.3% subscribed, with the remaining shares sold through a private placement a few days later, resulting in a fully subscribed offering and allowing the Company to strengthen substantially its equity and liquidity position;
- iii) In April, we finalized the sale of one MR vessel owned by DM Shipping (a JV in which DIS has an indirect interest of 51%), generating approximately US\$ 12.3 million in net cash for the JV company;
- iv) In April, we finalized the sale and lease back of one of our MR ships, generating an additional US\$ 9.6 million in net cash;
- v) In June, Eco Tankers (a JV in which DIS has a direct interest of 33%) finalized the sale of its 2014-built MR vessel, generating approximately US\$ 12.8m in net cash proceeds for the JV.
- vi) In June, DM Shipping agreed to sell its remaining vessel, generating at vessel's delivery (planned in Sep'19) approximately US\$ 13.2m in net cash proceeds for the JV.

At the same time, we have been actively working on achieving a more efficient cost structure, obtaining some positive results in 2019, with lower overhead costs and operating expenses relative to the previous year. We managed to achieve these results without in any way compromising the quality and safety of our vessels and of our seagoing personnel, which have always been and will always be one of the priorities of our Group, as our clients appreciate and are well aware of.

A lower cost structure coupled with an improving market, allowed DIS to triple its EBITDA (even excluding the positive effects arising from the application of IFRS 16 to the 2019 accounts) relative to the prior year. An effect that we can clearly see also on the Operating cash flow. In fact, DIS generated US\$ 20.0 million cash flow from operating activities in H1 2019 vs. US\$ 0.9 million in H1 2018.



*We have almost finalised our substantial investment plan of US\$ 755 million started in 2012, with our last newbuilding expected to be delivered this month, entailing a residual CAPEX of approximately US\$ 31.4 million, of which only US\$ 11.1 million should be financed with own funds and the rest with committed bank debt. After the delivery of this last LR1, DIS' estimated CAPEX for the coming years will be only related the maintenance of our ships and will therefore be substantially lower than in the previous years. This, coupled with lower debt repayments starting from 2020, and a rising freight market should contribute to a significant improvement in our free cash-flow generation, as well as to a rapid deleveraging of our balance sheet.*

*Asset values have also been rising and should continue doing so as the market strengthens, contributing to an increase in DIS' net asset value, and a reduction in its net debt to fleet market value ratio, which stood at 66.3% as at the end of June 2019 compared with 72.9% as at the end of 2018.*

*For all of the above reasons, I believe our Company is very well positioned to create value for our shareholders in the near future.'*

## **FINANCIAL REVIEW**

### **SUMMARY OF THE RESULTS IN THE SECOND QUARTER AND FIRST HALF RESULTS 2019**

Both the product and crude tanker markets suffered in Q2 from the prolonged refinery maintenances. Product tankers started Q2 benefitting from relatively firm markets both in the Atlantic and Pacific regions. The Atlantic basin was helped by healthy demand for products into West Africa, whilst in the Far East draw-downs of product inventories prior to the end of the 2018 fiscal year, increased demand for product tankers this year. The clean product tanker market conditions, however, softened in May, with the average clean MR earnings falling by 7% month on-month to low teens, according to Clarksons. In June, Middle East refinery volumes increased and boosted earnings for product tankers. The opposite occurred in the Atlantic, however, with refining volumes decreasing. Since the beginning of the year refining volumes in the Atlantic basin have been very disappointing and far below those in the same period of last year. Refining volumes in the Pacific basin in the first-half of 2019 have also been subdued, but higher on average than in the same period in 2018. The Philadelphia refinery (300,000+ b/d) fire and explosion at the end of June, contributed to only a temporary improvement in freight rates in the Atlantic. The recent incidents and seizures of ships in the Middle East are having a major effect on the market in that region, with enquiries and demand severely reduced. Despite the lacklustre volumes and gradual weakening of freight rates throughout most of 2019 to date, the product tanker markets have been much stronger than last year, with the Clarksons' average for the three key MR routes, around 30% higher in H1 2019 relative to H1 2018.

Furthermore, also period rates and asset values have been gradually rising throughout 2019 year-to-date. The one-year time-charter rate is always the best indicator of spot market expectations. The improved sentiment in Q1 2019 raised the rate at the end of the quarter to around US\$ 14,000 per day for conventional (non-Eco) MRs and to around US\$15,500 per day for Eco MRs. In Q2 2019 this trend continued with the one-year rates rising further and settling at the end of the period at around US\$ 14,500 per day and US\$ 16,500 per day for conventional and Eco MRs, respectively.

**In H1 2019, DIS recorded a Net Loss of (24.3) million** vs. a Net Loss of US\$ (20.2) million posted in the same period of last year. Excluding results on disposal and non-recurring financial items from H1 2019 and H1 2018, as well as the asset impairment and the effects of IFRS 16 from H1 2019, DIS' Net result would have been US\$ (9.2) million in the first half of the current year compared with US\$ (23.6) million recorded in the same period of 2018. Therefore, **excluding the effects of the application of IFRS 16 and such non-recurring effects, DIS' H1 2019 Net result would have been US\$ 14.4 million higher than in the same quarter of last year.**



In fact, **DIS generated an EBITDA of US\$ 47.9 million in H1 2019** vs. US\$ 10.1 million in the same period of last year. Even excluding the effects arising from the application of IFRS 16 (positive impact of US\$ 17.6 million), DIS' H1 2019 EBITDA was **three times higher than the level achieved in the first six months of 2018**. Such strong improvement relative to last year is attributable to better market conditions coupled with a more efficient cost structure.

In terms of spot performance, **DIS achieved a daily spot rate of US\$ 13,326 in H1 2019**, 15.6% (i.e. US\$ 1,800/day) higher than US\$ 11,526 achieved in the first half of the prior year, due to the improving markets.

At the same time, 47.3% of DIS' total employment days in H1 2019, were covered through 'time-charter' contracts at an average daily rate of US\$ 14,496 (H1 2018: 32.3% coverage at an average daily rate of US\$ 14,932). A good level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of the spot market volatility, securing a certain level of earnings and cash generation even throughout the negative cycles. DIS' total daily average rate (which includes both spot and time-charter contracts) was US\$ 13,879 in the first half of 2019 compared with US\$ 12,625 achieved in the same period of the previous year.

In H1 2019, DIS '**gross capital expenditures**' amounted to **US\$ 31.2 million**, mainly in relation to the delivery of 1 newbuilding LR1 vessel at the beginning of the year. Since 2012, DIS has ordered a total of **22 'Eco-design' product tankers<sup>1</sup>** (10 MR, 6 Handy-size and 6 LR1 vessels), of which 21 vessels have been already delivered as at the end of H1 2019. This corresponds to an overall **investment plan** of approximately **US\$ 755.0 million** and is in line with the Group's strategy to modernize its fleet through new-buildings with an eco-design.

#### **OPERATING PERFORMANCE**

**Time charter equivalent earnings** were US\$ 126.3 million in H1 2019 vs. US\$ 125.6 million in H1 2018 and US\$ 62.4 million in Q2 2019 vs. US\$ 59.3 million in Q2 2018. The total amount for 2019 includes US\$ 4.4 million 'time charter equivalent earnings' generated by the vessels under commercial management, which is offset by an equal amount reported under 'time-charter hire costs'.

In detail, DIS realized a **Daily Average Spot Rate of US\$ 13,326 in H1 2019<sup>2</sup>** compared with **US\$ 11,526** achieved in the same period of 2018 (Q2 2019: US\$ 13,074 vs. Q2 2018: US\$ 10,327). DIS' spot result of H1 2019 represents an improvement of 15.6% (i.e. US\$ 1,800/day) relative to H1 2018.

Following its strategy, in H1 2019 DIS maintained a **good level of 'coverage'** (fixed contracts), securing an average of **47.3%** (H1 2018: 32.3%) of its available vessel days at a **Daily Average Fixed Rate of US\$ 14,496** (H1 2018: US\$ 14,932). In addition to securing revenue and supporting the operating cash flow generation, these contracts enabled DIS to strengthen its historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

**DIS' Total Daily Average TCE (Spot and Time Charter)<sup>3</sup> was US\$ 13,879 in H1 2019** vs US\$ 12,625 in H1 2018 (Q2 2019: US\$ 13,710 vs. Q2 2018: US\$ 11,818).

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<sup>1</sup> Including M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and previously owned by Eco Tankers Limited (in which DIS has a 33% interest, in JV with Venice Shipping and Logistics S.p.A.), which was sold in June 2019.

<sup>2</sup> Daily Average TCE excludes US\$ 4.4 million generated by the vessels under commercial management, as it is off-set by an equivalent amount of time charter hire costs after deducting a 2% commission on gross revenues.

<sup>3</sup> Daily Average TCE excludes US\$ 4.4 million generated by the vessels under commercial management, as it is off-set by an equivalent amount of time charter hire costs.



DIS TCE daily rates (US dollars)	2018 UNREVIEWED					2019 UNREVIEWED		
	Q1	Q2	H1	Q3	Q4	Q1	Q2	H1
Spot	12,726	10,327	<b>11,526</b>	8,689	11,617	<b>13,583</b>	13,074	<b>13,326</b>
Fixed	15,001	14,867	<b>14,932</b>	14,716	14,831	<b>14,604</b>	14,398	<b>14,496</b>
Average	13,446	11,818	<b>12,625</b>	10,680	12,892	<b>14,057</b>	13,710	<b>13,879</b>

**EBITDA** was **US\$ 47.9 million in H1 2019**. The adjustment to 'EBITDA' arising from the application of IFRS 16 is positive for US\$ 17.6 million in H1 2019 (US\$ 9.7 million in Q2 2019), as within the Income Statement, charter hire costs are replaced with other direct operating costs, interest and depreciation. **Excluding the effect of IFRS 16, DIS' H1 2019 EBITDA would have amounted to US\$ 30.3 million vs. US\$ 10.1 million achieved in H1 2018** (Q2 2019: US\$ 15.8 million vs. Q2 2018: closed to zero). This large improvement relative to last year, is attributable to the stronger freight markets and to a more efficient cost structure achieved by DIS.

**Depreciation and Impairment** amounted to US\$ (33.9) million in H1 2019 vs. US\$ (18.9) million in H1 2018 (Q2 2019: US\$ (22.9) million vs. Q2 2018: US\$ (9.6) million). The 2019 amount includes US\$ (12.1) million impairment booked on two vessels owned by Glenda International Shipping (a jointly controlled entity with the Glencore Group, in which d'Amico Tankers d.a.c. has a 50% interest), which were reclassified as 'assets held for sale' (in accordance with IFRS 5) as at June 30 2019, and the difference between their fair value and their book value was charged to the Income Statement.

**EBIT** was **negative for US\$ (1.4) million in H1 2019** vs. US\$ (8.8) million in H1 2018 (Q2 2019: US\$ (6.6) million vs. Q2 2018: US\$ (9.7) million). The H1 2019 amount was positively impacted by US\$ 5.0 million from the application of IFRS 16 but negatively impacted by US\$ (12.1) million from the impairment booked in Q2 2019.

DIS' **Net Result** was **negative for US\$ (24.3) million in H1 2019 compared with a US\$ (20.2) million** Net loss posted in the same period of 2018, whilst the Q2 2019 result was negative for US\$ (18.8) million vs. US\$ (16.6) million in Q2 2018. The application of IFRS 16, negatively impacted the results for the first half of 2019 by US\$ (1.6) million, and net of the one-off reversal of provisions for previous years' onerous contracts, also attributable to the application of IFRS 16, the results for the period were lower by US\$ (0.9) million.

Excluding results on disposal and non-recurring financial items from H1 2019 (US\$ (2.1) million<sup>4</sup>) and H1 2018 (US\$ 3.3 million<sup>5</sup>), as well as the asset impairment (US\$ (12.1) million) and the net effects of IFRS 16 (US\$ (0.9) million) from H1 2019, DIS' Net result would have been US\$ (9.2) million in the first half of the current year compared with US\$ (23.6) million recorded in the same period of 2018. Therefore, **excluding the effects of the application of IFRS 16 and such non-recurring effects, DIS' H1 2019 Net result would have been US\$ 14.4 million higher than in the same semester of last year**. As previously mentioned, this is due to the better market conditions in H1 2019 and to a more efficient cost structure.

#### **CASH FLOW AND NET INDEBTEDNESS**

DIS' **Net Cash Flow for H1 2019 was positive, amounting to US\$ 3.8 million** vs. US\$ 3.0 million positive in H1 2018. The amount of H1 2019 includes *gross capital expenditures* of US\$ (31.2) million, partially offset by US\$ 6.3 million *Movement in financing to equity accounted investee* (arising from the reduction of d'Amico Tankers' shareholders loan to DM Shipping, following the sale of one its two vessels in Q2 2019) and by US\$ 8.6 million positive financing cash flow.

<sup>4</sup> US\$ (0.9) million loss on disposal, US\$ (2.1) million realized and unrealized loss on Interest rates swap agreements, US\$ 0.2 million foreign exchange movements arising from the valuation of the DM Shipping financing, US\$ 0.7 million reversal of impairment of an equity-invested asset

<sup>5</sup> US\$ 0.3 million profit on disposal, US\$ 2.7 million realized and unrealized profit on Interest rates swap agreements, US\$ 0.4 million foreign exchange movements arising from the valuation of the DM Shipping financing



**Cash flow from operating activities** was positive, amounting to US\$ 20.0 million in H1 2019 vs. US\$ 0.9 million in H1 2018 (positive for US\$ 3.2 million in Q2 2019 vs. US\$ 0.5 million in Q2 2018). This improvement is the result of the much stronger freight markets in H1 2019 relative to the same period of last year.

**DIS' Net debt as at 30 June 2019** amounted to **US\$ 698.5 million** compared to US\$ 588.7 million at the end of 2018. The large variance relative to the end of 2018 is due to the application of IFRS16 which led to the recognition of an additional liability of US\$ 137.8 million as at the end of the first half of 2019. The net debt (excluding IFRS 16) / fleet market value ratio was of 66.3% as at 30 June 2019 compared with 72.4% as at March 31<sup>st</sup>, 2019 and with 72.9% as at December 31<sup>st</sup>, 2018.

## SIGNIFICANT EVENTS OF THE FIRST SEMESTER

In H1 2019 the following main events occurred in the activity of d'Amico International Shipping Group:

### **D'AMICO INTERNATIONAL SHIPPING:**

- **Board of Directors Meeting:** On February 8, 2019, the Board of Directors of d'Amico International Shipping S.A. (the "Board of Directors") convened the extraordinary general meeting of shareholders of the Company to be held on 11 March 2019 (the "EGM") proposing to the EGM to increase the authorised corporate capital of the Company from 750,000,000 to 1,750,000,000 shares with the intention, subject to the approval of the EGM and to market conditions, to execute in the weeks following the EGM a Capital Increase respecting the following conditions:
  - i) amount of up to US\$ 60 million;
  - ii) Theoretical ex-rights price ("TERP") discount of up to 25%.

DIS Board of Directors also resolved to set an extraordinary period for the exercise of the "d'Amico International Shipping Warrants 2017 – 2022", ISIN code n. LU1588548724 (the "Warrants"), as set out in art. 3.3.1. of the terms and conditions of the attached to the Company prospectus dated 18 April 2017 (the "2017-2022 Warrants Terms and Conditions"), starting from 12 March 2019 until 18 March 2019, both dates included (the "Extraordinary Exercise Period").

- **Shareholders' Extraordinary General Meeting:** On March 11, 2019, the EGM of DIS resolved:
  - i) to approve the proposed reduction of the accounting value of each share of the issued share capital of the Company from its former amount of US\$ 0.10 per share to US\$ 0.05 per share without cancellation of any shares in issue nor repayment on any share nor off-setting of any losses as proposed by the Board of Directors in the explanatory report published on 8 February 2019 and available to Shareholders in the Corporate Governance section of the Company's website ([www.damicointernationalshipping.com](http://www.damicointernationalshipping.com));
  - ii) to consequently reduce the amount of the issued share capital from its former amount of US\$ 65,375,802.50 to US\$ 32,687,901.25, allocating the amount resulting from the reduction to a special capital account (*apport en capitaux propres non rémunéré par des titres*), which is part of the premium accounts of the Company;
  - iii) to set the authorised corporate capital, including the issued share capital, at a total amount of US\$ 87,500,000 divided into 1,750,000,000 shares with no nominal value, approving the related proposed amendment to DIS' Articles of Association; and



- iv) to renew, with immediate effect and for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches within the limits of the amended authorised capital, as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription rights of the existing shareholders.
- On 18<sup>th</sup> March 2019 DIS announced that during the extraordinary exercise period, no Warrants were exercised. Consequently, DIS' share capital remained unchanged at US\$ 32,687,901.25 divided into 653,758,025 shares with no nominal value.
- **Board of Directors Meeting:** On March 20, 2019, the Board of Directors of d'Amico International Shipping S.A., exercising the powers delegated by the EGM of 11 March 2019 – resolved:
  - i) to approve a rights issue addressed to the shareholders of the Company consisting of (i) an offering by the Company with preferential subscription rights (the "Preferential Subscription Rights") of new shares (the "New Shares") of the Company (the "Rights Offering") and (ii) in case the Preferential Subscription Rights are only partially exercised during the Rights Offering, a private placement whereby the Board of Directors will place any New Shares that were not subscribed in the Rights Offering, with cancellation in this second round of offering of any preferential subscription right (the "Private Placement", together with the Rights Offering, the "Offering");
  - ii) to approve an increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the US\$ equivalent of € 44,045,318 (including share premium), through the issuance of up to 587,270,900 New Shares, that will generally in all respects rank pari passu with the existing shares, at an issuance price per New Share of € 0.075 (the "Issuance Price"), in the ratio of 10 New Share for every 11 Preferential Subscription Rights exercised (the "Ratio").

It was also communicated that the net proceeds of the Offering will have to be used to strengthen the Company's balance sheet, reducing its financial leverage and improving its liquidity position.

The Issuance Price of the New Shares incorporated a discount of 25% to the reference price of d'Amico International Shipping shares on the Mercato Telematico Azionario of Borsa Italiana S.p.A. ("MTA") as at 19 March 2019, a discount of 43% to the simple average of the reference market prices registered by d'Amico International Shipping's shares during the last six months and a discount of 15% to the theoretical-ex-rights-price ("TERP").

The controlling shareholder of the Company – d'Amico International S.A. ("DAM"), which owned 64.00% of the share capital of the Company – irrevocably undertook and committed to subscribe to any share that were not subscribed to in the Private Placement and on the same terms, notably as to pricing, as determined by the Company at the Board of Directors' meeting held on 20 March 2019.

In the context of the Offering DAM converted a long term subordinated revolving facility, which amounted to US\$ 30,600,00.00, to an unsubordinated due and payable debt. DAM subscribed a part of the capital increase by offsetting the outstanding due and payable facility.

- **Adjustment of Warrants exercise price following the Offering and notification to Consob of the updated version of KID regarding Warrants:** On March 29, 2019, d'Amico International Shipping S.A. announced that the exercise price of the DIS Warrants were adjusted according to article 6.1.1 of the terms and conditions of the 2017-2022 Warrants Terms and Conditions.

The Warrants exercise prices were reduced for all the established exercise periods and additional exercise periods that will follow the completion of the Offering (as defined in the prospectus dated 21 March 2019, the "2019 Prospectus", relating to the Offering with Preferential Subscription Rights of 587,270,900 New



Shares at an Issuance Price of € 0.075 per New Share, in the Ratio of 10 New Shares for 11 Preferential Subscription Rights) and were fixed at:

- € 0.327 for Warrants exercised on all the banking days of the month of June 2019;
  - € 0.341 for Warrants exercised on all the banking days from 27 November to 27 December 2019;
  - € 0.354 for Warrants exercised on all the banking days of the month of June 2020;
  - € 0.368 for Warrants exercised on all the banking days from 27 November to 27 December 2020;
  - € 0.382 for Warrants exercised on all the banking days of the month of June 2021;
  - € 0.397 for Warrants exercised on all the banking days from 27 November to 27 December 2021;
  - € 0.412 for Warrants exercised on all the banking days of the month of June 2022.
- **Results of the Rights Offering**

During the Preferential Subscription Rights' exercise period, which started on March 25, 2019 and ended on April 16, 2019 (the "Rights Subscription Period"), no. 628,392,688 Preferential Subscription Rights were exercised, representing approximately 97.3% of the total number of Preferential Subscription Rights. Given the ratio of 10 New Shares for 11 Preferential Subscription Rights, the Company issued 571,266,080 New Shares, generating gross proceeds were the equivalent in US\$ of € 42.8 million.

    - **The Board of Directors of d'Amico International Shipping S.A. announced the amendment of the ending date for the private placement, the private placement results and final results of the right issue. Capital increase 100% subscribed and gross proceeds of the offering equal to the US\$ equivalent of € 44 million:** On April 24, 2019, the Board of Directors of d'Amico International Shipping S.A., announced, following its offering of up to 587,270,900 New Shares with Preferential Subscription Rights the ending, as of that date, of the private placement period for the unsubscribed New Shares initially set on May 17.

During the Private Placement 16,004,820 New Shares were subscribed (representing an additional capital increase - including share premium - amounting to the US\$ equivalent of € 1,200,361.50).

Following the completion of the Private Placement, the Company's share capital amounted to US\$ 62,051,446.25, divided into 1,241,028,925 shares with no nominal value.
- **Amendment of financial covenants on all bank loans guaranteed by DIS** – The application of IFRS16 from January 1, 2019 had a negative effect of 4.3% on DIS' Net Worth/Total Assets ratio, based on the Company's consolidated financials as at March 31, 2019. To offset the impact of this new accounting standard, before the end of Q1 2019, all of DIS' banks agreed to amend the financial covenants on loans guaranteed by DIS, with a reduction of the minimum threshold for this ratio to 25% from 35% previously. The amended covenant is effective from January 1, 2019.
  - **Approval of DIS' medium to long-term incentive plan:** on May 9, 2019, d'Amico International Shipping S.A.'s Board of Directors, upon positive opinion of its Nomination and Remuneration Committee held on May 3, 2019, approved the Regulation of the Company's medium to long-term incentive plan (the "Medium to Long-Term Variable Incentive Plan 2019-2021" or the "Incentive Plan" or the "Plan"), available in the Corporate Governance section of the Company's website ().

The main beneficiaries of the Plan are the following top-managers and executive directors of DIS: Paolo d'Amico (CEO and Chairman), Carlos Balestra di Mottola (CFO and Executive Director), Flemming Carlsen (COO), Cesare d'Amico (Executive Director), Marie-Anne Fiorelli (head of operations).

The main features of the Plan are the following:





The plan is based on the average financial results achieved by DIS over three rolling two-year periods (“the Period(s)” or “Cycle(s)”). The first Period is 2019-2020. The plan seeks to align the interest of shareholders and the key decision makers in DIS. In particular, the plan establishes a bonus pool based on the average ROCE (Return on Capital Employed) achieved by DIS over each rolling two-year Period, with a minimum threshold of 5% established – the “gate” objective. The bonus pool is then calculated as 10% of the difference between the average EBIT achieved during the Period and the EBIT corresponding to an average ROCE of 5%, up to a maximum EBIT corresponding to a ROCE of 7.5%.

The Bonus Pool is allocated according to three targets that aim to measure DIS’ financial performance while accounting for the risks taken, as well as the soundness of the contract coverage strategy and the cost efficiency of the management structure. In particular, the three targets measured are:

- i) the adjusted ROCE (40% of the pool), which modifies the ROCE through a matrix which accounts for the financial leverage in DIS’ capital structure and the percentage of contract coverage;
- ii) the hedging effectiveness (35% of the pool), which measures whether the coverage taken contributed positively or negatively to the blended time-charter equivalent earnings;
- iii) the percentage change in the daily General and Administrative costs (25% of the pool), which attempts to measure how efficiently the vessels were managed.

For each of the above targets minimum thresholds are established and the percentage allocated increases linearly once such threshold is exceeded, up to a maximum of 110% of the amount attributable to the achievement of such target. A final adjustment to the bonus pool is made to reflect the total shareholder return (TSR) obtained by DIS’ shareholders during the Period, relative to the TSR which would have been achievable by investing in the shares of a group of peers.

The final bonus as calculated above is paid 70% in cash at the end of the vesting period of each Cycle, and the remaining 30% through DIS shares (free of charge) in the two years following the vesting period (15% each year).

The number of DIS shares allotted will be based on the arithmetic average of the official market closing prices of DIS’ ordinary shares in the month prior to the Company’s Board of Directors that will verify the results achieved in the corresponding vesting period.

The DIS shares serving the Plan, are those currently held in portfolio by the Company (n. 7,760,027 own shares without nominal value).

- **Second exercise period of DIS’ Ordinary shares warrants 2017-2022:** On May 31, 2019, d’Amico International Shipping S.A. confirmed that the holders of “d’Amico International Shipping Warrants 2017 – 2022”, ISIN code n. LU1588548724 (the “Warrants”) could apply for their Warrants, to be exercised on any Borsa Italiana S.p.A. (“Borsa”) trading day starting from June 3 2019 until June 28 2019, both dates included (the “Second Exercise Period”), with the right to subscribe for newly issued ordinary shares of DIS admitted to trading on the MTA market organized and managed by Borsa, without par value and with the same rights and features as the DIS ordinary shares outstanding at the issue date (the “Warrant Shares”), in the ratio of one (1) ordinary DIS share for one (1) Warrant exercised. The exercise price for the Second Exercise Period amounted to EUR 0.327 (zero point three hundred and twenty seven Euros) per Warrant Share. Following the exercise of no. 3,199 Warrants, on July 2, 2019, DIS announced the new issued share capital, duly registered by notarial deed executed at that day, and the subsequent subscription and issuance of 3,199 ordinary newly issued shares. Following the completion of the Second Warrants exercise period, the Company’s share capital amounts now to US\$ 62,051,606.20, divided into 1,241,032,124 shares with no nominal value.



#### **D'AMICO TANKERS D.A.C.:**

- **Newbuilding vessels:** In January 2019, M/T Cielo di Houston, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.
- **'Time Charter-In' and 'Commercial management' Fleet:** In January 2019, the time-charter-in contract on M/T Freja Hafnia, an MR vessel built in 2006, expired and d'Amico is now acting as commercial manager of the vessel, earning a 2% commission on her gross revenues. In the same month, the management contract on M/T High Beam ended and the Vessel was redelivered to her owners.

Between February and March 2019, the management contracts on M/T Freja Hafnia and M/T High Force ended and these vessels were redelivered to their owners.

In April 2019, the management contracts on M/T High Glow and M/T High Current ended and these vessels were redelivered to their owners.

In April 2019, d'Amico Tankers d.a.c. time-chartered-in M/T Celsius Rimini (ex-High Force), an MR vessel built in 2009 in Shin Kurushima (Japan), for a 12-month period.

In May 2019, M/T High Power, an MR vessel built in 2004 and time-chartered-in by d'Amico Tankers d.a.c. since 2015, was redelivered to her owners.

In May 2019, M/T Philoxenia, an MR vessel built in May 2019, was delivered to d'Amico, which is now acting as commercial manager of the vessel, earning a 2% commission on her gross revenues.

- **'Time Charter-Out' Fleet:** In March 2019: i) d'Amico Tankers d.a.c. extended its time charter contracts with an oil-major on two of its Handy vessels for 12 months starting from respectively March and May 2019; ii) a leading trading house exercised its option of extending for 6 months a time charter contract for one of d'Amico Tankers' LR1s at an increasing rate, starting from May 2019.

In April 2019, d'Amico Tankers d.a.c. extended its time charter contract with an oil-major on one of its MR vessels for 29 months, with an option for further six months, starting from 30 April 2019.

In June 2019, d'Amico Tankers d.a.c., extended its time charter contract with an oil-major on one of its MR vessels for 12 months, starting from September 6, 2019.

- **Vessel Sales and Sale-Leasebacks:** In January 2019, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T Cielo di Houston, a 75,000 dwt LR1 product tanker vessel built by Hyundai-Mipo, South Korea (at their Vinashin facility in Vietnam) and delivered in January 2019. The vessel was sold for a consideration of US\$ 38.6 million. This transaction allowed d'Amico Tankers to generate around US\$ 10.2 million in cash, net of commissions and additional costs, relative to financing the vessel through the previously committed loan facility. In addition, through this transaction d'Amico Tankers maintained full control of the Vessel, since a 10.2-year bareboat charter agreement was also concluded with the buyer. Furthermore, d'Amico Tankers has the option to repurchase the vessel, after approximately 5 years and after approximately 7 years of the commencement of the charter period, at a competitive cost of funds.

In February 2019, DIS announced that DM Shipping d.a.c., a joint venture with the Mitsubishi Group, in which d'Amico Tankers d.a.c. holds a 51% participation, signed a memorandum of agreement for the sale of the M/T High Strength, a 46,800 dwt MR product tanker vessel, built in 2009 by Nakai Zosen Corporation, Japan, for a consideration of US\$ 16.4 million. The Vessel will continue its current time-



charter out contract with d'Amico Tankers d.a.c. until October 2019. The vessel was delivered to its new owners on 2 April 2019, allowing DM Shipping to generate as at the same date around US\$ 12.3 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In March 2019, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Voyager, a 45,999 dwt medium-range product tanker vessel, built in 2014 by Hyundai-Mipo, South Korea for a consideration of US\$ 25.7 million. This transaction allowed d'Amico Tankers d.a.c. to generate at the vessel's delivery, on 25 April 2019, around US\$ 9.6 million in cash, net of commissions and the reimbursement of the vessel's existing loan. In addition, through this transaction d'Amico Tankers will maintain full control of the vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the charter period. Furthermore, d'Amico Tankers d.a.c. has the option to repurchase the vessel, at any time starting from the third anniversary of her sale with three months' notice, at a competitive cost of funds.

In May 2019, DIS announced that Eco Tankers Limited a joint venture company with Venice Shipping and Logistics S.p.A., in which d'Amico International Shipping S.A. ("DIS") holds a 33% participation, signed a memorandum of agreement for the sale of the MT High Sun, a 49,990 dwt MR product tanker vessel (the "Vessel"), built in 2014 by Hyundai MIPO, South Korea (Vinashin), for a consideration of US\$ 28.7 million. This transaction resulted in a profit on disposal and allowed Eco Tankers to generate around US\$ 12.8 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In June 2019, DIS announced that DM Shipping d.a.c., a joint venture with the Mitsubishi Group, in which d'Amico Tankers d.a.c. holds a 51% participation, signed a memorandum of agreement for the sale of the M/T High Efficiency, a 46,547 dwt MR product tanker vessel, built in 2009 by Nakai Zosen Corporation, Japan for a consideration of US\$ 16.1 million. The vessel is expected to be delivered to its new owners by the end of September 2019, allowing DM Shipping to generate around US\$ 13.2 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

## **SIGNIFICANT EVENTS SINCE THE END OF THE SEMESTER AND BUSINESS OUTLOOK**

### ***D'AMICO TANKERS D.A.C.:***

- **'Time Charter-Out' Fleet:** In July 2019: i) a leading trading house exercised its option of extending for a minimum of 12 months and a maximum of 18 months its time charter contracts for two of d'Amico Tankers' LR1s at increased rates, starting respectively from Q3 and Q4 2019; ii) an oil-major extended its time charter contract on one of d'Amico Tankers' LR1s for a further 12 months, with an option for 12 additional months, starting from January 2020; iii) d'Amico tankers d.a.c. fixed one of its MR vessels with a leading trading house for 150 days; iv) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' MRs for further 12 months at an increased rate. In August 2019: i) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' MRs for further 12 months at an increased rate; ii) d'Amico tankers d.a.c. fixed its newbuilding LR1 vessel, expected to be delivered in Q3 2019, with a leading trading house for 24 months, with an option for 12 additional months; iii) d'Amico tankers d.a.c. fixed one of its MR vessels with an oil-major for 3 years.

### ***GLENDA INTERNATIONAL SHIPPING D.A.C.:***

- **Vessel Sale:** in August 2019, Glenda International Shipping d.a.c., the joint venture company with Glencore Group, in which d'Amico Tankers holds a 50% participation, signed a memorandum of



agreement of the sale of the M/T Glenda Megan, a 47,147 dwt MR product tanker vessel, built in 2009 by Hunday Mipo, South Korea, for a consideration of US\$ 19.0 million.

The profile of d'Amico International Shipping's vessels on the water is summarized as follows.

	As at 30 June 2019				As at 12 September 2019			
	LR1	MR	Handysize	Total	LR1	MR	Handysize	Total
Owned	4.0	12.0	7.0	23.0	4.0	12.0	7.0	23.0
Bareboat chartered*	1.0	8.0	0.0	9.0	1.0	8.0	0.0	9.0
Long-term time chartered	0.0	12.5	0.0	12.5	0.0	12.5	0.0	12.5
Short-term time chartered	0.0	4.0	1.0	5.0	0.0	3.0	1.0	4.0
<b>Total</b>	<b>5.0</b>	<b>36.5</b>	<b>8.0</b>	<b>49.5</b>	<b>5.0</b>	<b>35.5</b>	<b>8.0</b>	<b>48.5</b>

\* with purchase obligation

### **BUSINESS OUTLOOK**

According to the IMF's July 2019 update, global growth remains subdued. Since their April World Economic Outlook (WEO) report, the United States further increased tariffs on certain Chinese imports and China retaliated by raising tariffs on a subset of US imports. Global technology supply chains were threatened by the prospect of US sanctions, Brexit-related uncertainty continued, and rising geopolitical tensions affected energy prices. The factors led the IMF to reduce global growth forecasts to 3.2% in 2019, and 3.5% in 2020 (0.1 percentage points lower than in their April report, for both years).

According to the IEA, global oil demand growth which was very weak in the first half of 2019, is expected to accelerate in the second half of the year. In 2020, demand growth is expected to further accelerate to average 1.4 million b/d relative to 1.2 million b/d in 2019.

In the second half of June, a fire and subsequent closure of the 335,000 b/d refinery in Philadelphia affected East Coast runs. The owner, Philadelphia Energy Solutions, is in the process of mothballing the plant, seeking a sale or an eventual shutdown. A closure would increase the import requirements of the US East Coast. The refinery had a capacity to produce 160,000 b/d Gasoline and 100,000 b/d of Distillates.

Product tanker demand is expected to accelerate in the second half of 2019 driven by a surge in refining volumes driven also by bunker inventory building ahead of the IMO 2020 sulphur cap. In 2020, demand growth for product tankers is expected to accelerate further due to the boost to trade from the IMO 2020 sulphur cap, as well as by an expansion in US shipments to Asia and Latin America.

Asian product imports are expected to exceed 9m b/d in 2019. South East Asian countries such as Thailand and Malaysia saw growing imports, as did Singapore, now a key hub for processing and trading.

From today this press release is available on the investor relations section of DIS website, filed with CSSF, disclosed through the e-market SDIR circuit and stored at Borsa Italiana S.p.A. through the e-market STORAGE system and at Société de la Bourse de Luxembourg S.A. in its quality of OAM.



*d'Amico*  
INTERNATIONAL SHIPPING S.A.

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## CONFERENCE CALL

At 2.00pm CET, 8.00am EST today a conference call will be held with the financial community during which the Group's economic and financial results will be discussed. It is possible to connect to the call by dialing the following numbers: from Italy + 39 02 8058811, from UK +44 808 23 89 561, from US +1 866 63 203 28. The presentation slides can be downloaded before the conference call from the Investor Relations page on DIS web site: [www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)

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The half-yearly and second quarter 2019 financial report has been prepared in accordance with provisions of Art. 4 of the Luxembourg Law dated 11 January 2008, as amended and supplemented on December 2016, which transposed Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market.

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*d'Amico International Shipping S.A. is a subsidiary of d'Amico Società di Navigazione S.p.A., one of the world's leading privately owned marine transportation companies, and operates in the product tankers sector, comprising vessels that typically carry refined petroleum products, chemical and vegetable oils. d'Amico International Shipping S.A. indirectly controls, either through ownership or charter arrangements, a modern, high-tech and double-hulled fleet, ranging from 35,000 and 51,000 deadweight tons. The Company has a history and a long tradition of family enterprise and a worldwide presence with offices in key market maritime centres (London, Dublin, Monaco and Singapore). The company's shares are listed on the Milan Stock Exchange under the ticker symbol 'DIS'.*

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## ANNEXES

### CONSOLIDATED CONSOLIDATED INTERIM INCOME STATEMENT

Q2 2019 UNREVIEWED	Q2 2018 UNREVIEWED	US\$ Thousand	H1 2019	H1 2018
87,387	98,853	Revenue	178,418	202,362
(24,938)	(39,524)	Voyage costs	(52,111)	(76,713)
<b>62,449</b>	<b>59,329</b>	<b>Time charter equivalent earnings*</b>	<b>126,307</b>	<b>125,649</b>
(7,230)	(33,702)	Time charter hire costs	(17,450)	(65,665)
(26,433)	(21,518)	Other direct operating costs	(54,124)	(42,067)
(2,458)	(4,140)	General and administrative costs	(5,880)	(8,100)
(841)	14	Result on disposal of fixed assets	(948)	252
<b>25,487</b>	<b>(17)</b>	<b>EBITDA*</b>	<b>47,905</b>	<b>10,069</b>
(22,986)	(9,640)	Depreciation and impairment	(33,932)	(18,893)
(9,113)	-	Depreciation of right-of-use leased asset	(15,407)	-
<b>(6,612)</b>	<b>(9,657)</b>	<b>EBIT*</b>	<b>(1,434)</b>	<b>(8,824)</b>
766	2,200	Net financial income	578	3,928
(13,896)	(9,095)	Net financial charges	(25,228)	(15,055)
1,269	(3)	Profit share of equity method investees	1,251	(1)
(226)	-	Reversal of impairment of loan to an equity accounted investee	719	-
<b>(18,699)</b>	<b>(16,555)</b>	<b>Loss before tax</b>	<b>(24,114)</b>	<b>(19,952)</b>
(107)	(67)	Income taxes	(207)	(268)
<b>(18,806)</b>	<b>(16,622)</b>	<b>Net loss</b>	<b>(24,321)</b>	<b>(20,220)</b>
<b>(0.015)</b>	<b>(0.026)</b>	<b>Loss per share in US\$<sup>(1)</sup></b>	<b>(0.020)</b>	<b>(0.031)</b>

\*see Alternative Performance Measures on page 9

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Q2 2019 UNREVIEWED	Q2 2018 UNREVIEWED	US\$ Thousand	H1 2019	H1 2018
(18,806)	(16,622)	Loss for the period	(24,321)	(20,220)
<i>Items that can subsequently be reclassified into Profit or Loss</i>				
(3,602)	665	Cash flow hedges	(4,917)	3,281
(21)	(93)	Exchange differences in translating foreign operations	(31)	169
<b>(22,429)</b>	<b>(16,050)</b>	<b>Total comprehensive income for the period</b>	<b>(29,269)</b>	<b>(17,038)</b>

The net result is entirely attributable to the equity holders of the Company.

<sup>(1)</sup> Basic earnings per share (e.p.s.) were calculated on an average number of outstanding shares equal to 888,723,323 in the first half of 2019 and equal to 1,134,145,595 in the second quarter of 2019 and to 645,455,291 in the first half and second quarter of 2018. In H1/Q2 2019 and H1/Q2 2018 diluted e.p.s. was equal to basic e.p.s..



## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 30 June 2019	As at 31 December 2018
<b>ASSETS</b>		
Property, plant and equipment	879,473	911,281
Right-of-use of leased assets	135,701	-
Investments in jointly controlled entities	4,391	3,228
Other non-current financial assets	18,870	9,655
<b>Total non-current assets</b>	<b>1,038,435</b>	<b>924,164</b>
Inventories	11,392	13,492
Receivables and other current assets	45,915	52,163
Other current financial assets	16,465	18,205
Cash and cash equivalents	35,739	31,713
<b>Current Assets</b>	<b>109,511</b>	<b>115,573</b>
Assets held for sale	17,341	-
<b>Total current assets</b>	<b>126,852</b>	<b>115,573</b>
<b>TOTAL ASSETS</b>	<b>1,165,287</b>	<b>1,039,737</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	62,052	65,376
Retained earnings (accumulated losses)	(56,595)	(30,270)
Share Premium	368,884	316,697
Other reserves	(20,015)	(14,460)
<b>Total shareholders' equity</b>	<b>354,326</b>	<b>337,343</b>
Banks and other lenders	301,425	338,622
Non-current liabilities from financial leases	332,276	165,298
Shareholders' long-term loan	-	30,600
Other non-current financial liabilities	10,668	4,998
<b>Total non-current liabilities</b>	<b>644,369</b>	<b>539,518</b>
Banks and other lenders	63,857	91,238
Current liabilities from financial leases	39,567	8,369
Shareholders' short-term financing	-	1,280
Payables and other current liabilities	41,293	54,013
Other current financial liabilities	11,663	7,876
Current tax payable	91	100
<b>Current liabilities</b>	<b>156,471</b>	<b>162,876</b>
Banks associated with assets held-for-sale	10,121	-
<b>Total current liabilities</b>	<b>166,592</b>	<b>162,876</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,165,287</b>	<b>1,039,737</b>

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Q2 2019 UNREVIEWED	Q2 2018 UNREVIEWED	US\$ Thousand	H1 2019	H1 2018
(18,807)	(16,622)	<b>Profit (loss) for the period</b>	<b>(24,321)</b>	<b>(20,220)</b>
8,645	9,640	Depreciation, amortisation	17,403	18,893
11,321	-	Depreciation of right-of-use leased assets	19,801	-
12,136	-	Impairment	12,136	-
107	40	Current and deferred income tax	207	241
6,408	-	Finance lease cost	10,576	-
7,260	6,789	Other net Financial charges (income)	14,270	11,778
(539)	106	Unrealised foreign exchange result	(196)	(651)
(1,270)	3	Profit share of equity accounted investment	(1,252)	1
(841)	(14)	Profit on disposal of fixed assets	(948)	(251)
226	-	Impairment reversal of a financial asset / v related pty.	(719)	-
(1,008)	-	Reclassification off-hire against depreciation	-	-
(589)	64	Movement in share option reserve	(607)	132
899	-	Movement in deferred result on disposal of S&L assets	1,114	-
<b>23,948</b>	<b>(58)</b>	<b>Cash flow from operating activities before changes in working capital</b>	<b>47,464</b>	<b>9,791</b>
647	(2,168)	Movement in inventories	2,100	(2,470)
1,980	294	Movement in amounts receivable	6,248	(2,278)
(12,541)	9,923	Movement in amounts payable	(15,857)	7,861
(6,408)	-	Payment of interest portion of lease liability	(10,576)	-
(164)	(38)	Taxes (paid) received	(217)	26
(4,248)	(7,541)	Net interest paid	(9,132)	(12,684)
<b>3,214</b>	<b>447</b>	<b>Net cash flow from operating activities</b>	<b>20,030</b>	<b>942</b>
(637)	(10,909)	Acquisition of fixed assets*	(31,157)	(44,032)
-	-	Proceeds from disposal of fixed assets*	-	13,750
-	-	Dividend from equity accounted investee	-	83
6,454	31	Movement in financing to equity accounted investee	6,304	62
<b>5,817</b>	<b>(10,878)</b>	<b>Net cash flow from investing activities</b>	<b>(24,853)</b>	<b>(30,137)</b>
17,907	-	Share capital increase	17,907	-
(694)	(91)	Other changes in shareholder's equity	(955)	(118)
(1,620)	27,000	Shareholders' financing	-	27,000
(950)	2,317	Movement in other financial receivables / related party**	(2,250)	1,167
4,259	(1,065)	Net movement in other financial payable	4,354	375
(38,920)	(23,258)	Bank loan repayments	(56,341)	(55,081)
-	5,833	Bank loan draw-downs	-	30,682
26,305	-	Proceeds from disposal of assets subsequently leased back	63,676	27,353*
(8,803)	(1,079)	Repayments of principal portion of financial lease	(17,770)	(2,132)
<b>(2,516)</b>	<b>9,657</b>	<b>Net cash flow from financing activities</b>	<b>8,621</b>	<b>32,146</b>
<b>6,515</b>	<b>(774)</b>	<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>3,798</b>	<b>2,951</b>
12,403	16,089	Cash and cash equivalents net of bank overdrafts at the beginning of the period **	15,120	12,364
18,918	15,315	Cash and cash equivalents net of bank overdrafts at the end of the period*	18,918	15,315
35,739	32,174	Cash and cash equivalents at the end of the period **	35,739	32,174
(16,821)	(16,859)	Bank overdrafts at the end of the period	(16,821)	(16,859)

\* Refer to note 1 of the current report under *Cash-flow reclassifications and non-cash items - impact* - for a reclassification of amounts relating to tangible assets sold and leased-back in H1 2018;

\*\* Refer to note 1 of the consolidated annual report 2018 concerning a reclassification of 2018 collateral amount from cash and cash equivalents to financial receivables.

Financing activities not requiring the use of cash are reconciled within note 28.





*The manager responsible for preparing the company's financial reports, Mr. Carlos Balestra di Mottola, in his capacity of Chief Financial Officer of d'Amico International Shipping SA (the "Company") declares to the best of his knowledge, that the consolidated and statutory financial statements prepared in accordance with the applicable set of accounting standards as published, give a true and fair view of the assets, liabilities, financial position and income statement of the Company and its consolidated subsidiaries and that the report on operation and the management report include a fair review of the development and performance of the business and the position of the Company and its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.*

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*Carlos Balestra di Mottola  
Chief Financial Officer*



## **ALTERNATIVE PERFORMANCE MEASURES (APM)**

Along with the most directly comparable IFRS measures, DIS management is regularly using Alternative Performance Measures, as they provide helpful additional information for users of its financial statements, indicating how the business has performed over the period, filling the gaps left by the reporting standards. APMs are financial and non-financial measures of historical or future financial performance, financial position or cash-flows, other than a financial measure defined or specified in the Group's applicable financial reporting framework and standards (IFRS); for this reason they might not be comparable to similarly titled measures used by other companies and are not measurements under IFRS or GAAP and thus should not be considered substitutes for the information contained in the Group's financial statements. The following section sets out the Group's definitions of used APMs:

### **FINANCIAL APMs (They are based on or derived from figures of the financial statements)**

#### ***Time charter equivalent earnings***

A shipping industry standard allowing the comparison of period-to-period net freight revenues, which are not influenced by whether the vessels were employed on Time charters, Voyage charters or Contracts of affreightment (please see Non-Financial APM definitions below). As indicated in the Profit and Loss financial statement, it is equal to (voyage) revenues less voyage costs.

#### ***EBITDA and EBITDA Margin***

EBITDA is defined as the result for the period before the impact of taxes, interest, the Group's share of the result of joint ventures and associates, depreciation and amortization. It is equivalent to the gross operating profit, which indicates the Group's revenues from sales less its cost of the services (transport) sold. EBITDA Margin is defined as EBITDA divided by Time charter equivalent earnings (as described above). DIS believes that EBITDA and EBITDA Margin are useful additional indicators investors can use to evaluate the Group's operating performance.

#### ***EBIT and EBIT Margin***

EBIT is defined as the result for the period before the impact of tax, interest and the Group's share of the result of joint ventures and associates. It is equivalent to the net operating profit and the Group uses it to monitor its return after operating expenses and the cost of the use of its tangible assets. EBIT Margin is defined as operating profit as a percentage of Time charter equivalent earnings and represents for DIS a suitable measure to show the contribution of the Time-Charter Earnings in covering both fixed and variable costs.

#### ***Gross CAPEX***

Gross capital expenditure, that is the expenditure for the acquisition of fixed assets as well as expenditures capitalised as a result of the intermediate or special surveys of our vessels, or of investments for the improvement of DIS vessels, as indicated under Net acquisition of fixed assets within the cash-flow from investing activities; it gives an indication about the strategic planning (expansion) of the Group (capital intensive industry).

#### ***Net Indebtedness***

Comprises bank loans and other financial liabilities, less cash and cash equivalents and liquid financial assets or short-term investments available to service those debt items. The Group believes net indebtedness is relevant to investors as it is a metric on the overall debt situation of a company, indicating the absolute level of non-equity funding of the business. The relevant table in the net indebtedness section within the report on operations, reconciles net debt to the pertinent balance sheet line items.



## **NON-FINANCIAL APMs (not derived from figures of the financial statements)**

### **Available vessel days**

Total theoretical number of days a vessel is available for sailing during a period. It provides an indication of the Group's fleet earnings potential during a period, which takes into account the date of delivery to and redelivery from the Group of the vessels in its fleet (please refer also to the Key figures, other operating measures).

### **Coverage**

Ratio indicating how many available vessel days are already covered by fixed rate contracts (time charter contracts or contracts of affreightment). It provides an indication of how exposed the Group is to changes in the freight market during a certain period (please refer to Time charter equivalent earnings in the Management financial review).

### **Daily spot rate or daily TC rate**

Daily spot rate refers to daily time-charter equivalent earnings (please refer to definition below) generated by employing DIS' vessels on the spot market (or on a voyage basis) and daily TC rate refers to daily time-charter earnings generated by employing DIS' vessels on 'time-charter' contracts (please refer to the Management financial review).

### **Off-hire**

Means the period in which a vessel is unable to perform the services for which it is immediately required under a time charter. Off-hire periods can include days spent on repairs, dry-docking and surveys, whether or not scheduled. It can help to explain changes in time-charter equivalent earnings between different periods (please refer to Revenues, in the Management financial review).

### **Time charter equivalent earnings per day**

A measure of the average daily revenue performance of a vessel or of DIS' fleet. DIS' method of calculating time charter equivalent earnings per day is consistent with industry standards and is determined by dividing voyage revenues (net of voyage expenses) by on-hire days for the relevant time period. Time charter equivalent earnings per day is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance, since it is unaffected by the changes in the mix of charter contracts (*i.e.* spot charters, time charters and contracts of affreightment) through which the vessels are employed. It allows a comparison of the Group's performance with industry peers and market benchmarks (please refer to Key figures).

### **Vessels equivalent**

The number of vessels equivalent in a period is equal to the sum of the products of the total available vessel days over that period for each vessel and the participation of the Group (direct or indirect) in that vessel, divided by the number of calendar days in that period. It provides an indication of the Group's fleet size and earnings potential over a period (please refer to Key figures).

## **OTHER DEFINITIONS**

### **Bareboat charter**

A contract type under which the ship owner is usually paid monthly in advance charter hire at an agreed daily rate for a specified period of time, during which the charterer is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses (please refer to note 6). A bareboat charter is also known as a "demise charter" or a "time charter by demise".

### **Charter**

A contract for the hire of a vessel for a specified period of time or to carry cargo from a loading port to a discharging port. The contract for a charter is commonly called a charter party and there are three main types of such contracts, a bareboat charter party, a voyage charter party and time charter party (refer to definitions in this section).



***Contract of affreightment (COA)***

An agreement between an owner and a charterer which obliges the owner to provide a vessel to the charterer to move specific quantities of cargo, at a fixed rate, over a stated time period but without designating specific vessels or voyage schedules, thereby providing the owner with greater operating flexibility than with voyage charters alone.

***Disponent Owner***

The company that operates a vessel controlling it either through a time-charter or a bareboat charter.

***Fixed-rate contracts***

For DIS these usually refer to revenues generated through time-charter contracts or contracts of affreightment (please refer to definitions in this section). Bareboat charter contracts are also usually fixed rate contracts but DIS controls rather than employs vessels through such contracts.

***Spot charter or Voyage charter***

A contract type through which an owner or disponent owner (please refer to definition in this section) is paid freight for transporting cargo from a loading port to a discharging port. The charterer pays the vessel owner on a per-ton or lump-sum basis. The payment for the use of the vessel is known as freight. The disponent owner is responsible for paying both vessel operating expenses and voyage expenses. Typically, the charterer is responsible for any delay at the loading or discharging ports.

***Time charter***

Is a contract type through which the ship owner or disponent owner (please refer to definition within this section) is paid usually monthly in advance charter hire at an agreed daily rate for a specified period of time (usually a fixed rate contract). With such contracts the charterer is responsible for paying the voyage expenses and additional voyage insurance. A ship-owner or bareboat charterer operating its vessel on time-charter is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses.