

TANKERS

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Paolo d'Amico, executive chairman of d'Amico International Shipping. Photo: Thomas Lovejoy

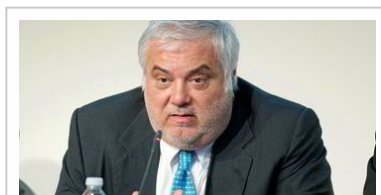
d'Amico eyes sales of older MRs after narrowing third-quarter losses

Company executives are as bullish as ever as spot rates are moving higher with IMO 2020 about to come into force

13 November 2019 19:46 GMT *UPDATED 13 November 2019 19:46 GMT*
by [Max Tingyao Lin](#) in London

Product tanker specialist d'Amico International Shipping (DIS) is planning to sell older vessels after completing its large newbuilding programme. Since 2012, the Milan-listed shipowner has ordered seven LRIs, 10 MRs and six handysize vessels for \$755m to renew its fleet.

The average age of DIS's fleet has now been reduced to 6.5 years old after the last ship in the programme, a scrubber-fitted LRI, was delivered in October.



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Speaking with TradeWinds, executive chairman Paolo d'Amico said DIS may “dispose a few old ships” as tanker asset prices have been firming this year.

While not naming which ships are the exact candidates, d'Amico suggested there could be three or four MRs aged nearly 15 years old up for grabs if good opportunities come up.

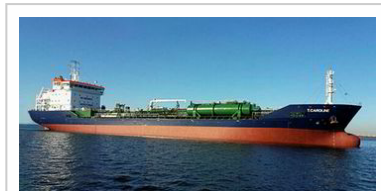
According to its fleet list, four of DIS' owned MRs – namely the High Performance, High Progress, High Valor and High Courage – were built in 2005.

D'Amico made the remark after his company posted net losses of \$8.08m in the third quarter, narrower than the year-ago losses of \$20.8m. This is despite revenues fell to \$82.1m from \$98.8m.

Good earnings prospects

The improved results came as spot rates increased amid a strengthened cost structure, according to company executives. The company's fleet achieved average spot earnings of \$11,616 per day per ship from July to September, up from \$8,689 per day in the same period of last year.

“Our strategy is to improve the market quarter by quarter. We have a number of ships that are on short term time charters,” d'Amico said.



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“Every time we renew them, the rates have improved, and we will continue doing that.”

Looking forward, many industry players expect seasonal demand, additional gasoil consumption prompted by IMO 2020, and slowing newbuilding deliveries to support product tanker earnings.

“The upward movement of the fourth quarter began materialising already in October, way earlier than usual,” d'Amico said.

“Spot rates, which are already at profitable levels for our vessels, could improve further this winter as refining throughput ramps up towards the end of the year.”

“DIS has been taking advantage of this growing interest from oil-majors and leading trading houses to fix some of its MR and LRI vessels at profitable levels.”

Healthy cashflows

With stronger earnings, some sale-and-leaseback deals over the past year, and the completion of the newbuilding programme, chief financial officer Carlos Balestra di Mottola has anticipated rising cash inflows for DIS.

“Our estimated capex for the coming years will be only related to the maintenance of our ships and will therefore be substantially lower than in the recent past,” Mottola said.



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“In addition, our total annual debt repayments will markedly decrease starting from 2020, lowering our cash breakeven.”

The lower capex commitments and debt repayments, as well as the stronger anticipated freight markets and secured profitable time-charter coverage at increasing rates, will result in a much stronger free cash flow generation for our shareholders in 2020.”

[Paolo D'Amico](#) [MR](#) [LRI](#) [Product Tanker](#) [D'Amico International Shipping](#)

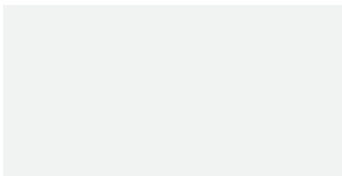
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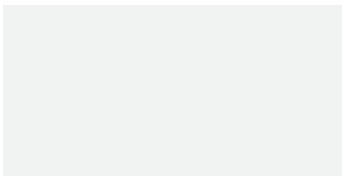
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