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D'Amico chief eyes sale of older tonnage

Italy's product tanker owner and operator d'Amico is eyeing the sale of older tonnage. While there are potential buyers, executing transactions is proving difficult due to the coronavirus lockdowns

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Besides sales being harder to conclude, the coronavirus is also making operations more complicated, with crew changes the most concerning, chief executive Paolo d'Amico tells Lloyd's List



MR D'AMICO: "WE HAVE A BALANCED COMMERCIAL STRATEGY AND AT THE SAME TIME WE ARE STRENGTHENING OUR FINANCIAL STRUCTURE QUARTER AFTER QUARTER."

D'AMICO International Shipping is looking to sell its older tonnage despite coronavirus lockdowns that are making transactions more challenging.

"There are a lot of potential buyers, but executing a sale is proving difficult," Paolo d'Amico, chief executive of Italian product tanker owner and operator, said.

Part of the problem is getting inspectors on board for pre-sale surveys, plus difficulties in getting the ships delivered to buyers.

The company's dry bulk unit, which is a private entity within the d'Amico Group, and run by Mr d'Amico's cousin, faced that very challenge when it sold a bulker recently but found that delivering

the vessel to its new owner was proving challenging, he said.

The company has 45.5 vessels in its fleet. Of that, 23.5 are owned, mainly comprised of medium range tankers for clean product movements, while nine are on bareboat charters, eight are on long-term time-charters, and the rest are on short-term time charters.

It has six vessels that are over 14 years of age, according to the fleet list on its website; one 2006-built handysize, and five medium ranges — four built in 2005 and one built in 2006.

Last month, the company announced the sale of the 2010-built 46,147 dwt MR *Glenda Meredith*, belonging to its joint venture with commodities trader Glencore. The deal generated cash proceeds of about \$18.8m for the joint venture.

The coronavirus has also added complications to vessel operations, the executive said, with crew changes the most concerning.

“Life is not easy,” he told Lloyd’s List in a phone interview. D’Amico has Italian and Indian seafarers working on its fleet, and while the Italian government is allowing nationals to embark and disembark, there are no flights in or out of India.

The company said it was working with its partners, customers and local authorities to find solutions that minimise the impact on its business.

If a voyage is less than 14 days, some ports around the world insist that vessels wait until the 14-day mark before they are allowed to enter the port, which is actually helping to support freight rates due to longer employment.

D’Amico has a “couple of ships” being used for floating storage, but the chief executive prefers the vessels to be employed on time charters, as floating storage needs will at “some point” disappear.

In the short-to-medium term, the product tanker market is being negatively affected by limited air travel, reducing demand for jet fuel. However, gasoline and diesel demand is likely to pick up once industrial activity resumes to normal levels. People will also be driving more to avoid using public transport.

Mr d’Amico said he was satisfied with the way things were going with the company, which made a profit of \$1.5m in the first quarter, but uncertainty clouded the horizon, as rates were currently being fed by demand which “did not really exist”. The key question was how strong that real demand would be once lockdowns were lifted.

“We have a balanced commercial strategy and at the same time we are strengthening our financial structure quarter after quarter, through a precise and well-executed strategy,” he said in the earnings statement last week. “This will allow our company to navigate safely through negative market cycles, while providing attractive returns in market upswings.”

Its banks were still lending support at a time when other lenders were retreating from shipping, Mr d’Amico said. Share prices had dropped across the board as shareholders “took profits out” but some were now recovering.