d'Amico International Shipping chief executive Paolo d'Amico says tanker demand will rise in line with oil demand growth. Photo: Andy Pierce

d'Amico International Shipping bucks trend with fourth-quarter profit

Listed, more spot-oriented rivals dipped into the red between October and December

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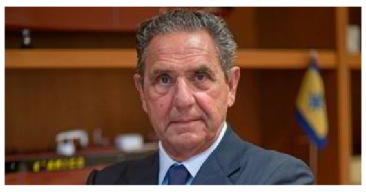
By Max Tingyao Lin in London

d'Amico International Shipping (DIS) managed to stay in the black for the final quarter of last year despite weak spot rates.



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The profit for the product tanker arm of Italy's family-owned d'Amico Group came as other listed owners, like Torm, Hafnia, Ardmore Shipping and Scorpio Tankers, recorded a net loss between October and December.

But Milan-listed DIS achieved a net profit of $1.2m for the same period, cushioned by some period charters fixed at healthy rates earlier in 2020.

"In the second half of this year, our long-term commercial strategy of maintaining a high proportion of fixed-rate contract coverage proved to be extremely successful," chairman and chief executive Paolo d'Amico said in a quarterly report on Thursday.

"In the second quarter of 2020, since we realised that the very strong freight market was unsustainable, we decided to take a realistic approach by increasing our time-charter coverage at profitable levels."

In the fourth quarter, DIS fixed 56.6% of vessel employment days on period charters with an average rate of $17,866 per day.

In contrast, its spot fleet achieved time charter equivalent earnings of $11,699 per day.

The overall quarterly results were still worse than DIS' net profit of $4.9m in the fourth quarter of 2019, when spot earnings enjoyed a normal seasonal uptick.

A yearly profit

On a full-year basis, DIS posted a net profit of $16.6m last year versus a loss of $27.5m in 2019.

This was despite revenue fell to $316m from $354m, largely due to a smaller fleet size.

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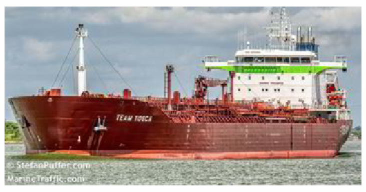

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DIS generated $52.8m in net cash by selling three wholly owned MR and one handysize tanker constructed between 2005 and 2006, and one 50% owned MR built in 2010.

“The sale of our oldest tonnage allows us today to operate a primarily ‘Eco’ fleet, which is amongst the most modern in the market,” chief financial officer Carlos Balestra di Mottola said.

Average daily earnings of DIS fleet rose to $16,560 per ship last year from $14,239 in 2019, mainly due to strong freight rates in the first months of last year.

“After the deep oil output cuts by Opec+ came into effect from the beginning of May, spot tanker earnings went through a steep correction,” d’Amico said.

“The market absorbed the excess product stocks, with floating storage gradually unwinding,”.

Looking forward, the CEO said tanker demand will only fully recover when oil consumption enjoys a sustainable growth.

“The emergence of several new more contagious strains of the disease pose a significant risk to the oil demand recovery in 2021,” he said. “We remain cautious about the first part of 2021.” (Copyright)

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