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D'Amico says tanker tonne-mile boost to continue

Strong activity towards the end of last year, ahead of the EU ban on Russian products from February 5, helped the Italian owner to boost profits

09 Mar 2023 | **NEWS**

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Chief executive says Russia's refined products are being re-routed, mostly to North Africa and Türkiye amid European Union sanctions. The EU is replacing Russian imports from locations further afield, such as Asia and the Middle East, with more imports from the US also on the cards



D'AMICO INTERNATIONAL SHIPPING HAS 36 TANKERS IN ITS FLEET.

Source: Hasenpusch Photo

RE-ROUTING of refined products is expected to persist, according to Italian product tanker owner D'Amico International Shipping.

Strong activity took place ahead of the European Union sanctions on Russian imports, which took effect on February 5, and it is "reasonable to assume" that the EU will increase its product imports from refineries in Asia such as China and the Middle East, boosting tonne-miles, the company said in an earnings statement.

Initial indications are that Russian exports are being redirected mostly to North Africa, which saw diesel imports surge to 250,000 barrels per day in the past month from previous levels of less than 10,000 barrels per day, it said. Türkiye is also receiving Russian diesel cargoes.

Chief executive Paolo d'Amico said Europe may even get fuels from the US at a later stage.

Even if the Russia-Ukraine situation were to end tomorrow, it would take time to re-establish a relationship with Russia, if at all, he told Lloyd's List in an interview, which means the redrawn flows will remain a feature of the market for some time yet.

He is positive on the outlook given the healthy demand scenario and low supply-side fundamentals, with overall fleet growth at close to zero.

The fact that more charterers seek to lock in longer contracts was a sign of the belief that markets would stay strong, but D'Amico International Shipping will keep most of its exposure in the spot market, unless incentivised otherwise, he said.

"Despite the uncertain macroeconomic environment and the current recessionary risks, especially in Europe and the US, the product tanker market is expected to remain strong in the coming months and quarters," the company said, adding that any potential decrease in demand in these regions should be more than offset by a rise in consumption in Asia. This ought to be especially true in relation to China, as it reopens its economy.

The company reported a net profit of \$72.1m in the fourth quarter from a loss of \$8.3m in the year-earlier period.

Full-year results at \$134m were the best ever, the company said, adding that it intentionally refrained from increasing its contract coverage, in order to benefit from higher spot rates.

"This improvement relative to the previous year is attributable to the very strong product tanker market we have been benefiting from since the end of the first quarter of 2022," Mr d'Amico said in the statement.

"In a cyclical and capital-intensive business such as ours, we regard the strategic and operational flexibility deriving from a strong balance sheet and a low breakeven as crucial success factors," he said, adding that it plans to continue deleveraging the balance sheet, mainly through the gradual exercise of the remaining purchase options on D'Amico International Shipping's bareboat-in vessels.

In 2023, the company's investments relate to the exercise of the purchase option for the vessel *High Explorer* (IMO: 9788447), a time chartered-in vessel, as well as \$14.5m earmarked for maintenance purposes, including the installation of scrubbers on two of its vessels.

It has 36 tankers in its fleet, of which 21 are owned, seven are bareboat chartered-in, six are long-term chartered-in and two are short-term chartered-in.

Mr d'Amico told Lloyd's List that he intends to sell off several older vessels by the end of this year or early next year.