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OPTION EXERCISED FOR TWO TANKERS AND ONE BULK CARRIER

D'Amico invests US\$80 million

D'Amico Tankers increases its order book to include a total of eight new ECO-design ships for a total investment of over US\$ 240 million

BY NICOLA CAPUZZO

A few days after the sale of a new build tanker as part of a new joint venture controlled 66% by Venice Shipping & Logistics, the D'Amico Group returned immediately to the procurement market in the Far East. D'Amico International Shipping announced that, through its Irish operating subsidiary, D'Amico Tankers, it has exercised the option to build two new 50,000 DWT Medium Range tankers at the Hyundai Mipo Dockyard in Korea for a consideration of less than US\$ 30 million each. The delivery of these two additional vessels is scheduled for the second half of 2015.

By exercising these options, the order book of D'Amico Tankers has increased to include 8 new ECO-design vessels (6 MR and 2 Handysize) for a total investment of over US\$ 240 million. However, one unit was immediately removed from the order book: one of the new builds, a new vessel with registration number "Hull S410", was sold for US\$ 150,000 (in addition to the purchase price originally agreed with the yard) to the U.S. investment company, Hudson Partners LLC. Giovanni Barberis, CFO of the D'Amico Group, explained that "this tanker, as well as the object of the joint venture controlled 67% by VSL, will be technically and commercially managed by our subsidiary Ishima International Ship Management based in Singapore. This will allow us to expand the hold capacity offered by our Group in the market while limiting our financial exposure and equity commitment." The entrepreneurial risk and the

expected profits will remain with the fund, while D'Amico will earn a commission for the management of the vessels. However, the focus is not only on the liquid bulk segment (maritime transport of refined products), because D'Amico has also scored another hit in the area of dry cargo. Through D'Amico Dry Ltd, the Group also placed an order with the Yangfan shipyard in China to construct a seventh Handymax bulk carrier (project B.Delta37) with 39,500 DWT and a price tag of around US\$ 23.5 million. Exactly one year ago, a construction contract was signed for six ships of the same type at a price of US\$ 22.3 million each. Barberis concluded by emphasising that "we expect to continue to seize market opportunities because we believe that the shipping segments in which we operate will recover (first tanker charter rates and then those of bulk carriers), but above all we believe that the number of players on the market will decrease and the slice of the market to be shared will increase." This forecast is in line with the arguments made by Moody's in the report just published in *Global Shipping Industry* which says: "Three emerging trends – falling US oil imports, the return of some manufacturing capacity to rich industrialised nations and advances in vessel design – could significantly change the competitive landscape for global shipping companies and affect their creditworthiness over the next five years." Marco Vetulli, Vice Chairman of Moody's adds: "The credit impact arising from each of these trends is likely to vary according to industry segment – crude oil tankers, containers and



The smokestack of a D'Amico ship

dry-bulk – creating the potential for a few winners and many losers." (All rights reserved)

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D'Amico International Shipping



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