



D'Amico eyes product tanker orders

ITALIAN shipowner d'Amico International Shipping plans to place newbuilding orders this quarter to boost its fleet as it sees the product tanker market improving, writes Hal Brown.

"There are probably going to be more this quarter," said chief executive Marco Fiori, speaking to Lloyd's List from France.

The Milan-listed company ordered six newbuildings last year as part of its ambitious fleet renewal, ensuring they were new eco-designs to save money on fuel and attract new business from oil companies.

After completing its newbuilding ordering, the company will start selling older ships from its fleet, said Mr Fiori.

The chief executive believes he will achieve better prices for his secondhand ships later in the year because the secondhand market will be buoyed by rising newbuilding prices.

"There's no hurry; we don't need the cash," said Mr Fiori.

Although d'Amico has the usual concerns about a rush by other owners to place orders for the new eco ships, it can see the positives in owners being lured by these vessels.

It is good that influential owners such as d'Amico and Scorpio "have the same vision", Mr Fiori said.

An expected rise in tanker scrapping should prevent the global fleet from looking too large, he added.

Imminent new orders from the Italian owner follow its 2012 financial results, which saw the company post a net loss of \$106m, of which \$85m was a writedown on the value of its fleet.

This year, however, has shown improvement for product tankers, and the company sees a stronger market in the coming years, driven by a better



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balance between the global fleet and the supply of cargoes.

Also, more refined oil products coming out of new refineries in the Middle East and Asia will boost tonne-mile demand for product tankers.

Highlighting improvements already this year, daily spot earnings for d'Amico averaged \$14,071 per day in January, up from an average of \$11,686 per day in 2012.

Market improvement can also be seen from the changing nature of the spikes in earnings.

"These spikes go back down, but every time the low is slightly higher than the previous low," said Mr Fiori. "It's nice to be in the fresh air after so long under water."

New environmental regulations spur the company's fleet renewal because retrofitting is tricky and expensive.

Eco ships offer the benefit of lowering emissions and saving fuel costs.

The company's recent orders include two eco handysize product/chemical tankers with Hyundai Mipo Dockyard in South Korea, expected to be delivered early in 2014, for \$30.6m each.

The vessels are designed to be able to save five to six tonnes of fuel per day at a speed of 14 knots, compared with an older vessel, said to generate a lower operating cost of \$2,000-\$4,000 per day.

Two medium range product tankers were ordered in September 2012, expected to be delivered early in 2014, for \$33m each.

Then, in December, d'Amico ordered another two MR product/chemical tankers that are expected to be delivered between the end of 2014 and the beginning of 2015 for about \$32m each.

The Italian owner ranks among the top 40 product tanker owners in terms of the number of vessels it owns, according to shipbroker Clarksons. It owns a fleet of some 30 ships compared with the largest owner, China Shipping Group, which has a fleet of 76 product tankers. ■

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