

D'Amico seeks improvement

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D'Amico looks for second-quarter improvement

LIZ MCCARTHY

ITALY's d'Amico International Shipping hopes to see its bottom line move back into the black in the second quarter as improved charter rates for product tankers generate higher revenues.

The Milan-listed subsidiary of d'Amico Società di Navigazione reported a quarterly net loss of \$4.8m for the first three months of the year, but increasing demand for its vessels so far in the second quarter has seen its average charter rates moving above its breakeven rate of around \$15,000 per day.

Chief executive Marco Fiori told Lloyd's List said that after two years of "suffering" if current rates of around \$17,000 per day were sustained there was potential for its net income to be pushed back into positive territory and that it felt "very good to see a turnaround" in the market. Reduced net fleet growth as newbuilding delivery volumes declined, combined with increasing oil products demand, was creating a more balanced market, and meant the product tanker sector was "getting ready to bounce back".

During the first quarter, d'Amico International witnessed notably greater charter activity and had entered into 43 time charter contracts, the same amount of deals concluded in the first six months of 2010.

It operates a fleet of 39 medium-range and handysize tankers, 19 of which are owned and 20 that are chartered in, and has just under half of the vessels chartered out on fixed contracts.

During the first quarter, d'Amico International renewed three expired time charter contracts with oil majors, and although Mr Fiori could not disclose the rates concluded, he said they were at levels that "generated cash".

"For sure, there is definitely more interest from [oil companies]

at the moment," and the company anticipates increasing interest as charter rates continue to rise, he added.

In the spot market, the company was preferring to keep its vessels positioned in the more-profitable western hemisphere, where cross-Mediterranean and transatlantic activity is on the rise, as are rates.

By comparison, the Asian market was not generating such healthy returns, he said.

The Atlantic market had benefited from longer voyage distances following export disruptions from Libya and the political unrest taking place there, meaning that ships were removed from the spot market for greater periods of time and reduced the volume of tonnage available for charter.

The Baltic Exchange's average time charter equivalent earnings for MR tankers is averaging around \$16,000 per day at present, double the sub-\$8,000 per day levels seen 12 months ago.

On average, d'Amico reported time charter equivalent earnings of \$14,328 per day in the first quarter, which saw revenue total \$47.9m, down slightly from the \$51.1m reported in the same period of 2010.

Last year d'Amico International announced a full year loss of \$20.5m, which was 50% more than the \$13.4m it reported for 2009.

In its financial results announcement, d'Amico said its had purchased a 2004-built, 40,081 dwt handysize chemical tanker from d'Amato Shipping, and Mr Fiori said the company had the cash reserves and financial resources to buy more ships if a deal was attractive.

"It is very much on the basis of numbers. Sometimes it is more convenient to buy and sometimes more convenient to charter in," he said.

He added that the price gap between what buyers and sellers

thought secondhand vessels were worth was narrowing and this was generating more interest in the sale and purchase market. ■

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