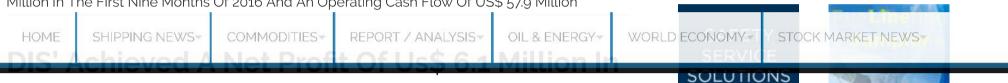


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The First Nine Months Of 2016 And An Operating Cash Flow Of US\$ 57.9 Million

in International Shipping News 🕚 10/11/2016



The Board of Directors of d'Amico International Shipping S.A. (Borsa Italiana: DIS) (the Company, d'Amico International Shipping or the Group), a leading international marine transportation company operating in the product tanker market, today examined and approved Q3 and 9M 2016 Financial Results.

MANAGEMENT COMMENTARY

Marco Fiori, Chief Executive Officer of d'Amico International Shipping commented: 'I am rather satisfied about the US\$ 6.1 million Net Profit posted by DIS in the first nine months of the year, considering the very challenging market scenario experienced in the third quarter. In fact, following a strong Q1, the spot market softened in the second quarter and hit historically low levels in the following three months.

The relative oil price stability has been putting pressure on refinery margins with the consequent decline in their throughput and has been leading to a greater utilization of petroleum product inventories. In addition to this, a large number of newbuildings has hit the market in the first nine months of the current year, increasing the global tonnage supply. DIS has somewhat limited the negative impacts of this market correction, thanks in particular to its traditionally high level of time charter-out coverage (47% of its available vessel days at a daily average fixed rate of US\$ 15,959) which allow us to mitigate the effects of spot market volatility, securing a certain level of earnings and cash generation.

Despite this short-term market volatility, I believe the product tanker market has still strong underlying fundamentals. I refer in particular to the trend of refineries moving away from main

by Prisma Electronics **Brussels** Spring **2017** WEEKLY DRY TIME CHARTER ESTIMATES

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				ated Wednes Rates may diff	ferenclate in	vember 2016 Weekly Market Lout on Fridays
	DRY TIM	E CHARTER	ESTIMATES	(\$/pdpr)	12	72
SIZE	6 MOS		1 YR		2 YR	
PERIOD	ATL	PAC	ATL	PAC	ATL	PAC
HANDY (32k dwt)	- 6,400	▼ 5,800	- 6,250	- 5,750	= 6,100	5,900

consuming regions, which will increase the ton-mile demand, and to a historically low fleet growth expected for the years to come, with virtually no new ordering activity. Meanwhile, we are also expecting a gradual improvement in market conditions already in the following two quarters, which should benefit from a cold winter season expected in the Western hemisphere'.

Carlos Balestra di Mottola, Chief Financial Officer of d'Amico International Shipping commented: 'Despite a challenging market in the third quarter of the year, DIS achieved a net profit of US\$ 6.1 million YTD. The Company also generated substantial operating cash flow of US\$ 57.9 million in the first nine months of the year. DIS continued implementing its ambitious US\$ 755 million investment plan in 22 newbuildings, with US\$ 106 million in capital expenditures in the first 9 months of 2016 and an additional 3 new vessels delivered from the yards. The remaining investment plan amounts to US\$ 265.5 million and 84% will be financed with bank debt, already fully secured as of today.

SUPRA (58k dwt)	♥ 8,000	♥ 6,250	▼ 6,750	- 6,250	♥ 6,500	₹ 6,300
ULTRA (62k dwt)	▼ 8,150	♥ 6,400	₹ 6,900	= 6,450	♥ 6,650	♥ 6.500
PANA/KMAX (76k-82k dwt)	♥ 8,500	= 6,850	= 7,400	- 6,900	- 7,350	= 7,000
CAPE (170k dwt)	9,000	▲ 9,000	8 ,750	8,750	▲ 9,400	▲ 9,400

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WEEKLY TANKER TIME CHARTER ESTIMATES

	A	Rales updated Wednesday: 09 November 2014 NB Rates may differenciate in Weekly Market Full report sort out on Fridays				
	WET TIME CHA	RTER ESTIMATES (\$/pdpr)			
SIZE	1 YR	2 Y R	3 Y R	5 YR		
HANDY	- 10,250	- 11,000	- 12,500	- 13,750		
MR IMO3	A 11,750	= 12,750	= 14,500	= 15.500		
LR1	- 13,750	- 14,500	- 17,000	- 18,500		
LR2 (115 dwt epp & dpp)	= 17,500	= 17,000	= 20,000	= 23.000		
AFRA (116chvt)	= 17,000	- 18,000	- 19,000	- 22.000		
SUEZ	v 21,500	- 22,000	- 23,500	- 24,000		
VLCC	7 29,000	= 29,000	- 30,500	- 31.500		

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FINANCIAL REVIEW SUMMARY OF THE RESULTS IN THE THIRD QUARTER AND NINE MONTHS OF 2016 The IMF said in their October report that global growth is projected to slow to 3.1% in 2016

before recovering to 3.4% in 2017. The forecast, revised down by 0.1% for 2016 and 2017 relative HOME SHIPPING NEWS COMMODITIES REPORT / ANALYSIS OIL & ENERGY WORLD ECONOMY STOCK MARKET NEWS to April, reliects a more subdued outlook for advanced economies following the June U.K. vote Second Control Stock MARKET NEWS

United States. The IEA said in their recent report that World oil demand will grow by 1.2 million b/d in 2016, with a similar expansion expected in 2017. Growth continues to slow, dropping from a five-year high in Q3 2015 to a four-year low in Q3 2016 due to vanishing OECD growth and a marked deceleration in China. The potential for colder weather should see growth rebound somewhat in Q4 2016 (+1.4 million b/d). Stocks continued to build throughout the first half of Q3. OECD Oil product inventories built by 18.7 million barrels in Q3 to reach a historical high in August as OECD refinery throughput rose.

However in OECD Europe gasoline stocks drew in line with higher exports to the US and West Africa, bringing industry stockpiles to 95 million barrels by the end of August, their lowest level since December 2015. Stocks of middle distillates were almost unchanged on the month of September as they drew by 700,000 barrels to 321 million barrels. At the end of August, global refined product holdings covered 42.8 days of forward demand, a rise of 0.2 days on end-July. Reports concerning refined products held in independent storage in Northwest Europe suggest that stocks fell for most product categories in September. Gasoline and naphtha stocks fell due to higher exports to West Africa, while for diesel, gasoil and jet fuel lower imports were to blame.

Q3 Product freight rates were extremely subdued across all regions. The MEG market was depressed on the lack of demand for Naphtha in the Asian markets. In Q3, China exported roughly 800,000 barrels per day of petroleum products. Despite the strong export figures for products from China there was and is a very ready supply of ships to easily meet the demand. In the Western Hemisphere, there were considerable volumes transported but rates also remained depressed due to the large supply of tonnage. Hurricane Mathew and the outage of the Colonial pipeline did lend some support to rates, but the positive effect was short lived. The UK – US Atlantic coast route also found support from the outage and the addition of extra export cargoes from the USA and Europe to West Africa.

The one year perceived Time charter rate is always the best indicator of spot market expectations. In Q3 2016, the one-year rate for an MR went from US\$ 14,500 to US\$ 13,500 per day. Due to the relatively weak product tanker market in Q3 2016, DIS' Net Result was negative for US\$ (7.5) million in the third quarter of the year, leading to a Net Profit of US\$ 6.1 million for the first 9 months of 3 2016. This result compares with a US\$ 14.7 million Net Profit posted in the same quarter last year and US\$ 44.8 million Net profit recorded in the first 9 months 2015.

WEEKLY CONTAINER INDEX

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The variance compared with the previous year is largely due to the weaker tanker market especially in Q3 2016. In fact, DIS' daily spot rate was US\$ 14,528 in the first 9 months 2016 vs. US\$ 19,739 achieved in the same period last year, whilst Q3'16 Spot Rate was of US\$ 10,101 compared with US\$ 21,219 in Q3 2015. At the same time, 47.3% of DIS' total employment days in the first 9 months 2016, were covered through 'time charter' contracts at an average daily rate of US\$ 15,959, a higher percentage and average rate compared with the same period last year (9 months 2015: 45.1% coverage at an average daily rate of US\$ 15,129). Such high level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of spot market volatility, securing a certain level of earnings and cash generation. In fact, DIS' total daily average rate (which includes both spot and time charter contracts) was US\$ 15,206 in the first nine months of the current year compared with US\$ 17,660 in H1 2015.



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Despite the weak spot market in 2016 and in particular in Q3, DIS achieved an EBITDA of US\$ 48.1 million in the first 9 months of the year and an 'EBITDA Margin on TCE Earnings' of 23.7% (9 months 2015: US\$ 74.8 million and 30.8% margin). Such a good level of EBITDA together with a good trend in working capital led to a positive operating cash flow of US\$ 57.9 million in the first 9 months 2016. In the first nine months of the year, DIS had US\$ 106.6 million in 'capital expenditures', mainly in relation to its newbuilding plan. Since 2012, DIS has ordered a total of 22 'Eco design' product tankers1 (10 MR, 6 Handysize and 6 LR1 vessels), of which 132 vessels have been already delivered as at the end of September 2016. This corresponds to an overall investment plan of approximately US\$ 755.0 million and is in line with the Company's strategy to modernize its fleet through newbuildings with an eco-design. In addition, DIS has already fixed 14 of its newbuilding vessels on long-term time-charter contracts with three oilmajors and a leading refining company, all at profitable levels.

OPERATING PERFORMANCE

Time charter equivalent earnings were US\$ 58.5 million in Q3 2016 (US\$ 85.0 million in Q3 2015) and US\$ 203.0 million in the first 9 months 2016 (US\$ 243.1 million in 9 months 2015). The variance compared with last year is due to the softer product tanker market of the first 9 months 2016 and partially to the lower number of vessels operated in 2016. In particular, DIS realized a Daily

Average Spot Rate of US\$ 14,528 in the first 9 months of 2016 compared with US\$ 19,739 in the first 9 months of 2015. After a very positive first quarter of the year (Q1 2016: US\$ 18,076), the spot market softened in the second quarter (Q2 2016: US\$ 15,560) and hit historically low levels in the following three months, with DIS achieving a Daily average Spot Rate of US\$ 10,101 in Q3

	pared with US\$ 21,21	g recorded in the s	ame quarter of 2015. Fol	owing its strategy		
duHQMEne	fir SHIPPING NEWS	COMMODITIES TO	aREPORT & ANALYSIS ag	e' (Alle& ENERGYTS)	WORLD ECONOMY-	STOCK MARKET NEWS-
securing a	n average of 47.2% (o	months 2015 45 19	() of its available vessel	davs at a Daily		

Average Fixed Rate of US\$ 15,959 (9 months 2015: US\$ 15,129).

In addition to securing revenue and supporting the operating cash flow generation, these contracts enable DIS to strengthen its historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

DIS' Total Daily Average TCE (Spot and Time Charter) was US\$ 12,904 in Q3 2016 (US\$ 18,411 in Q3 2015) and US\$ 15,206 in the first 9 months of 2016 (US\$ 17,660 in 9 months 2015).

EBITDA was US\$ 7.9 million in Q3 2016 and US\$ 48.1 million in the first nine months of 2016, compared with US\$ 29.7 million in Q3 2015 and US\$ 74.8 million in the first 9 months of 2015. The decreased compared with last year, is mainly due to the lower 'TCE Earnings' and higher 'Other direct operating costs', partially compensated by lower 'Time charter hire costs'.

Consequently, DIS' EBITDA Margin was 13.5% in Q3 2016 and 23.7% in the first 9 months of 2016 compared with 34.5% in Q3 2015 and 30.8% in the first 9 months of 2015. EBIT was negative for US\$ (1.8) million in Q3 2016 (positive for US\$ 21.8 million in Q3 2015) and positive for US\$ 20.1 million in the first 9 months of 2016 (positive for US\$ 51.6 million in 9 months 2015).

The Net Result for Q3 2016 was US\$ (7.5) million compared with a Net Profit of US\$ 14.7 million, whilst in the first 9 months of 2016 it was positive for US\$ 6.1 million compared with a Net Profit of US\$ 44.8 million posted in the same period of 2015.

CASH FLOW AND NET INDEBTEDNESS DIS'

Net Cash Flow for the first 9 months of 2016 was negative for US\$ 10.7 million, mainly due to US\$ 106.6 million gross capital expenditures, partially compensated by US\$ 57.9 million positive operating cash flow and US\$ 38.0 million positive financing cash flow. Cash flow from operating activities was positive for US\$ 17.9 million in Q3 2016 (US\$ 9.3 million in Q3 2015) and positive for US\$ 57.9 million in the first 9 months of 2016 (US\$ 39.5 million in 9 months 2015). DIS' Net debt as at September 30 2016 amounted to US\$ 485.6 million vs. US\$ 422.5 at the end of 2015. The increase compared with the previous year is mainly attributable to the implementation of DIS' US\$ 755.0 million newbuilding plan, with total investments of US\$ 106.6 million in the first 9 months of 2016.

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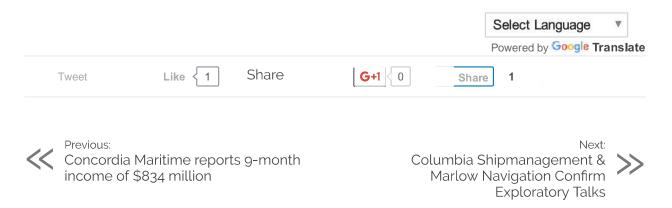
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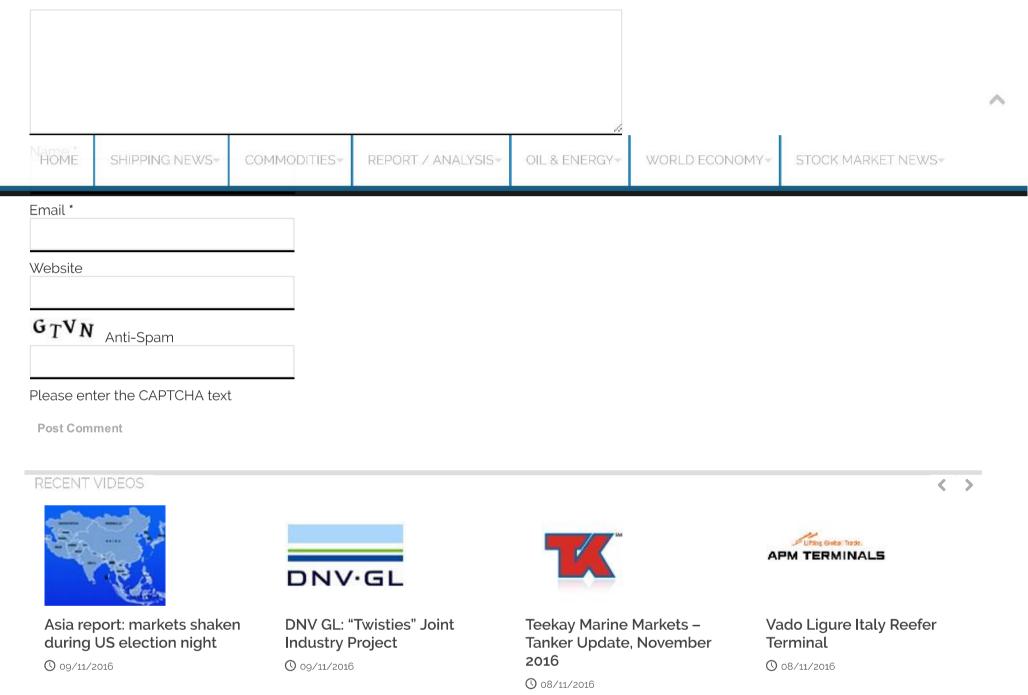
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