

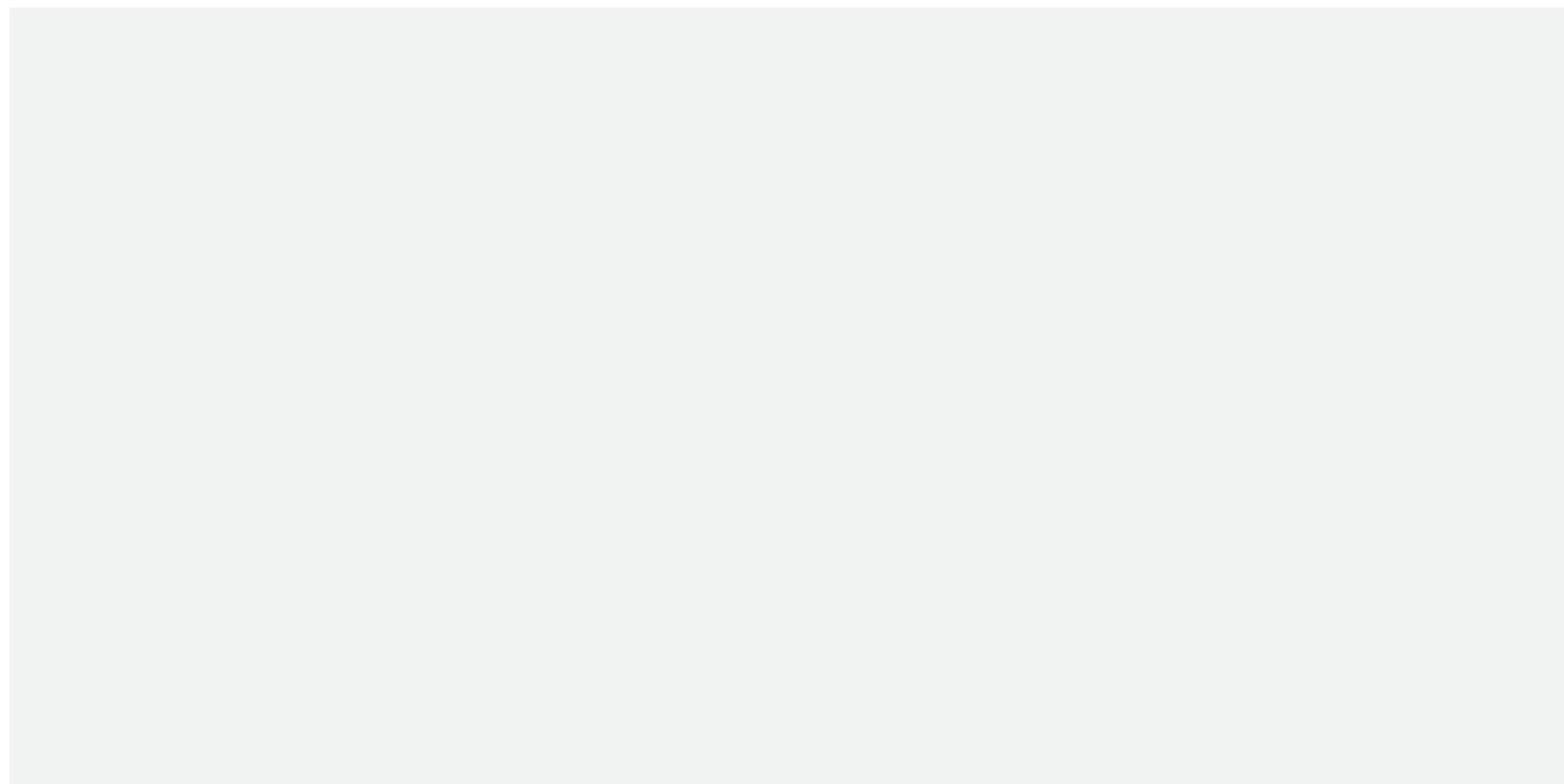
# TANKERS

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Paolo d'Amico, chief executive of d'Amico International Shipping. His company is doing well despite the coronavirus outbreak. Photo: Thomas Lovejoy

## Despite lockdown, d'Amico's tanker arm bullish in business prospects

Milan-listed d'Amico International Shipping records its best quarterly results since the first quarter of 2017

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By [Max Tingyao Lin](#) in London

Despite its parent's coronavirus lockdown, d'Amico International Shipping (DIS) has presented a bullish business outlook following its most profitable quarter in three years.

The Milan-listed product tanker arm of Italian owner d'Amico Group has maintained normal business operations, with a work-from-home policy and robust overseas functions, according to chairman and chief executive Paolo d'Amico.



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“Basically in Italy, we are all working from home ... With the technology we have today, that is not an issue,” d'Amico told TradeWinds from his home in the Italian countryside.

DIS posted a net profit of \$4.9m in the fourth quarter of last year, compared with a net loss of \$13.9m in the same period of 2018. This was its first profitable quarter since the period between January and March 2017.

The company recorded a net loss of \$27.5m for the whole of 2019, compared with the 2018 loss of \$55.1m. Full-year time charter equivalent earnings rose to \$258m from \$245m.

The fourth-quarter results mainly improved on stronger tanker market conditions, with the daily average TCE earnings of DIS fleet rising to \$15,965 per vessel from the year-ago level of \$12,892.

“This was partly due to the usual seasonal increase in demand and the introduction of the new IMO fuel regulations coming into effect in January 2020,” d'Amico said.

“Apart from a brief correction associated with the peak of Covid-19 outbreak in China, the strong market has continued throughout the first quarter of 2020, having freight rates gradually trending upwards since mid-February.”

### Firm tanker demand

With the Covid-19 pandemic hitting demand for transport fuel, the International Energy Agency has predicted global oil demand will decrease by 90,000 barrels per day this year — its first decline in more than a decade.

While admitting the macro-side weakness, d'Amico suggested the demand disruption could create longhaul shipment demand in some cases and a V-shape recovery later is possible with many governments launching stimulus programmes.



“The steep decline in China's oil consumption has been partly compensated by more long-haul trade, as surplus Asian cargoes have been transported to the Atlantic,” d'Amico said.



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“We have for example seen an increase in Asian surplus jet shipped to the Western Hemisphere. The product tanker markets should also eventually benefit from the fiscal and monetary stimulus that should follow the Covid-19 outbreak.”

“Already governments are piling up money.”

### 'Spill-over' effects

Moreover, the ongoing price war between Saudi Arabia, Russia and some Middle Eastern producers has boosted crude tanker rates this week, with rising oil exports and emerging floating storage requirements.

d'Amico said there should be some positive effects spilling over to the product tanker sector. “The floating storage will be not only [for] crude but also products.”



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DIS owns a fleet of six LRI, 32.5 MR and seven handysize product tankers on an equity basis.

Slightly more than half of them are fixed on time charters. Despite the short-term market volatilities, d'Amico said his company would not go all-in to extend forward cover.

“If the numbers make sense, then yes we will take them,” the CEO said. “We are not rushing for time charters.”

### Group-wide measures

Italy has ordered nearly all shops in the country to close after reporting more than 12,000 confirmed Covid-19 patients and 827 deaths.

Registered in Luxembourg, DIS mainly operates from Monaco, London, Dublin, Singapore and Stamford, so the lockdown has not affected its operations much.



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However, its parent is headquartered in Rome and has offices in Genoa and Palermo. Some of the group's shipmanagement offices are also in Italy.

“We have problems for our [Italy-based] superintendents to reach to reach the ships,” admitted d'Amico, who is also d'Amico Group's executive chairman.

To solve the issue, the group — which also owns one boxship and over 60 bulkers — are supervising vessels from its Mumbai and Singapore offices, said d'Amico. ([Copyright](#))

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