

Prominent product tankers take a hit in second quarter

BY TOMAS KRISTIANSEN Published 28.07.16 at 15:03

Scorpio Tankers and d'Amico International Shipping have presented half year results which document that second quarter 2016 became surprisingly troublesome for the product tanker segment.

With results from two of the most prominent product tanker carriers, indications start to pile up that 2016 is developing far from what the shipowners have counted on.

Compared to 2015 revenue and income are well below last year so far, and above all, the last three months have been surprisingly challenging for carriers like Scorpio Tankers and Italian d'Amico.

For the three months ended June 30, 2016, Scorpio Tankers recorded net income of 3.8 million dollars compared to net income of 57.6 million dollars for the three months ended June 30, 2015.

TCE revenue decreased 50.6 million dollars to 136.7 million dollars from 187.4 million dollars for the three months ended June 30, 2016 and 2015, respectively. Scorpio Tankers explains that this decrease was driven by a reduction in time charter equivalent revenue per day to 16,903 dollars per day from 23,469 dollars per day for the three months ended June 30, 2016 and 2015, respectively

Vessels revenue went along and fell to 137.2 million dollars from 188,5 million dollars in second quarter 2015 according to the [result published Thursday](#).

[Italian carrier d'Amico plays it safe in product tankers](#)

The same pattern was seen in the books of d'Amico International Shipping (DIS) which saw its net result reduced to 6.4 million mio. dollars from 18.7 million dollars in the same period last year.

In a comment to the result Marco Fiori, Chief Executive Officer of d'Amico International Shipping says:

"I am pleased to report another positive quarterly result for DIS and a Net Profit of US\$ 13.6 million achieved in the first half of the year. Following a strong first quarter, the spot market went through a correction in Q2'16. Despite a good level of demand in the last quarter, the recent rally of the oil price depressed refinery margins with the consequent decline in their throughput and led market players to a greater utilization of product stockpiles. In addition to this, a relatively large number of newbuildings have been coming into the market in the first six months of the year. Despite some temporary volatility that might negatively hit the market especially this year, I am convinced the above factors which caused some turbulence in Q2, are only seasonal and I am still convinced the product tanker industry has very good fundamentals and is set on the right track in the long term."

DIS realized a Daily Average Spot Rate of US\$ 16,848 in first half of 2016 compared with US\$ 19,026 in the first six months in 2015. After a positive first quarter the spot market softened in the following three months, with DIS achieving a Daily Average Spot Rate of US\$ 15,560 in Q2 2016, compared with US\$ 19,533 recorded in the same quarter of 2015, according to the financial report.

See d'Amico's entire report [here](#).

Scorpio Tankers CEO Robert Bugbee also maintained a very positive view when he last spoke to ShippingWatch, two months ago:

"I am happy to be in a period with low oil prices. The lower result we saw in the first quarter this year is due to the volatile market right now and to a very warm winter in the Northern hemisphere. It's an exciting market with a huge diversity of cargoes and geographies with an increasing demand for not only refined oil but also palm oil etcetera. With the constraints we see on the capital market right now and the new environmental requirement coming up in 2017, we believe that the upturn in the product tanker industry will prevail the next two to three years," he said.

[Robert Bugbee eyes a three-year tanker upswing](#)

Scorpio Tankers published an adjusted result for the first three months of this year of 30.5 million USD compared to 40 million USD in the same three months in 2015.

Ever since the launch of the company, Robert Bugbee has maintained the view that the new fleet, today its average age is down to one year and a half, represents the cutting edge against competitors. Among these are a number of Danish shipping companies such as Maersk Tankers, Torm, Norden and Hafnia.

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