



## **PRESS RELEASE**

**The Board of Directors of d'Amico International Shipping S.A. approves FY 2012 Results:  
DIS BACK TO PROFITABILITY IN Q4 FOR THE FIRST TIME AFTER FOURTEEN  
CONSECUTIVE QUARTERS.  
GOOD OPERATING CASH FLOW GENERATION.  
SOLID FINANCIAL STRUCTURE TO SUPPORT DIS MAJOR INVESTMENT PLAN  
NET LOSS SUBSTANTIALLY IN LINE WITH THE PREVIOUS YEAR AT US\$ 21.0 MILLION,  
EXCLUDING US\$ 85.0 MILLION OF ASSET WRITE-DOWN.**

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### ***FY 2012 RESULTS***

- Time charter equivalent earnings (TCE) - US\$ 183.4 million
  - EBITDA - US\$ 20.2 million (11% on TCE)
  - EBIT - US\$ 103.1 million
  - Net Loss - US\$ 106.0 million, of which US\$ 85.0 million of asset write-down
  - Operating Cash Flow - US\$ 2.4 million
  - Net debt - US\$ 220.7 million
  - EPS - US\$ (0.295)
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**Luxembourg, 28 February 2013** – The Board of Directors of d'Amico International Shipping S.A. (Borsa Italiana: DIS) (the Company or the Group), a leading international marine transportation company operating in the product tanker market, today examined and approved the 2012 full year financial results.

### **MANAGEMENT COMMENTARY**

Marco Fiori, Chief Executive Officer of d'Amico International Shipping commented: *'2012 macro-economic scenario was very uncertain and negatively affected also the Product Tanker industry. Consequently, DIS spot performance was still relatively weak for a good part of 2012, but very solid signs of improvement were noted in the last quarter of the year.*

*Excluding the US\$ 85.0 million impairment, the Net Loss of the period was US\$ 21.0 million. Even if the TCE average rate achieved in 2012 was lower than the previous year, 2012 Net result was substantially in line with 2011, mainly thanks to the cost efficiencies implemented by DIS management. 2012 daily average returns were lower than 2011, mainly due to the reduction of the average fixed rate, while spot returns were substantially in line with the previous year.*

*However solid signs of market improvement were clearly noted in the last quarter of 2012, with DIS returning to profitability for the first time after fourteen consecutive quarters (Q1 2009), posting a positive Net result of US\$ 1.0 million. Q4 2012 positive results seem to confirm and anticipate the current market forecasts for an improved product tanker scenario in 2013. In fact DIS started the new year with improving returns, achieving a daily spot TCE average of US\$ 14,071 in January 2013.*



*d'Amico*  
INTERNATIONAL SHIPPING S.A.

*The US\$ 85.0 million impairment charge booked in 2012 is the result of the prolonged market downturn in asset values and freight rates and this adjustment brings book values closer in line with the market values of our assets. The important thing is that the impairment has no impact on our cash flow. At this stage and following few tough years for the whole industry, we feel to have the responsibility of aligning our balance sheet to the market valuation. On the other hand, the current historically low vessel prices create special opportunities for a leading shipping company such as DIS.*

*I am particularly happy that the rights issue offer to shareholders launched by DIS in November 2012 reached a successful conclusion with 100% of the shares subscribed and proceeds for the USD equivalent of approx. EUR 65.1m. The success attributed by the market to the capital increase proves its confidence in the soundness, growth potentials and strategies of DIS.*

*Thanks to this deal we are ready to take advantage of all the opportunities we are currently seeing on the market, in order to maximise value for our shareholders and to reward their trust, because we believe that this is the right moment to grow in order to have good returns in the near future. At the end of the offer the Major Shareholder has 74% stake in DIS and is willing to gradually dilute itself in order to increase the stock liquidity*

*In coherence with the clear objective of the share capital increase DIS started its new investment plan, in H2 2012, by ordering 2 new Eco Handy's and 4 new Eco MR vessels. The 2 Eco Handy's have already been chartered to an Oil major for a 5 years period at profitable levels and as far as the MR's, we are receiving a lot of interest for long term employment. I believe the timing of delivery of these new vessels perfectly matches our positive market outlook on the medium/long term. I would also like to point out that these ships are incorporating the latest technologies to optimize speed and consumption proving our constant effort to offer the most advanced vessels to our customers in order to position ourselves as one of the most reliable, but at the same time innovative, shipping company*

*In October, we agreed the sale of the MR double hulled product tanker vessel M/T High Wind, built in 1999, at the price of US\$ 12.2 million. This sale generated US\$ 1.5 million profit on disposal in Q4 and reduced at the same time the average age of the fleet.*

*The product tanker industry is coming from four years of negative cycle but several fundamentals seem now to point into the right direction, with the market coming more into balance. A much better market scenario was experienced in the last quarter of the year and the general sentiment is definitely improving going into 2013. Looking at the medium and long terms, the view of DIS is definitely positive, thanks to the consolidation of refining capacity outside the OECD, expected in the coming years, which should lead to improved ton-mile demand and better utilization rates.'*

## **FINANCIAL REVIEW**

### **SUMMARY OF THE RESULTS IN 2012**

The Global economic and financial picture remained gloomy, though improving throughout the last quarter of 2012. Policy actions have lowered acute crisis risks in the Euro area and the



United States. However after a protracted contraction, the return to recovery in the Euro area appears to be delayed. Growth in a number of major emerging market economies has been lower than forecast, but still positive compared to the most established economies.

2012 was a very challenging year also for the product tanker market but strong signs of improvement were clearly noted in the last quarter of the year. In fact tonnage supply, in both the Eastern and Western Hemisphere, came into balance in Q4 compared to the previous three quarters of 2012.

Oil product supply in the Atlantic Basin was disrupted in the middle of Q4 due to the Hurricane "Sandy" and the delay in the Amuay Refinery, coming fully back on line after the fire in the previous quarter. This resulted in a marked improvement in product tanker rates that were sustained throughout the balance of the last quarter of 2012. Further to the disruption caused by Hurricane "Sandy", the product tanker demand improved also on the back of the continued steady demand in South America and Sub-Saharan Africa. General sentiment improved as the product tanker "time charter" market became more active in the last quarter of the year, as more charterers sought to take period coverage. Time charter rates were slightly higher in comparison to the third quarter of 2012.

DIS registered a Net Loss of US\$ 106.0 million in 2012, including US\$ 85.0 million of fleet write down following the impairment booked at the end of the first half of the year.

In fact, after challenging years, the estimated market value of the fleet had decreased by about a further 15% in June 2012 compared to December 2011. Therefore based on the market conditions and on the impairment test carried out, DIS Board of Directors resolved to write down the fleet net book value by US\$ 85.0 million. It should be highlighted that the impairment resulted in a Net Equity more in line with the theoretical Net Asset Value of the Company and had no effect on cash flow and cash balance.

Excluding the impairment, 2012 Net Loss was of US\$ 21.0 million. The full year negative result was mainly driven by the TCE Earnings performance, reflecting the weak product tanker market experienced during 2012 and especially in the second quarter of the year. Despite the TCE average rates achieved in 2012 being lower compared to the previous year, the 2012 Net Result was substantially in line with 2011, mainly thanks to the efficiencies brought forward by DIS management.

However solid signs of improvement were clearly noted in the last quarter of 2012, with DIS returning to profitability for the first time after fourteen consecutive quarters (Q1 2009), posting a positive Net Result of US\$ 1.0 million. Q4 2012 positive results seem to confirm and anticipate the current market forecasts for an improved product tanker scenario in 2013.

In fact DIS started the new year with improving returns achieving a daily spot TCE average of US\$ 14,071 in January 2013.

In November 2012, the Board of Directors of DIS resolved to launch a right issue offering, addressed to shareholders and to increase the share capital. DIS share capital increase was successfully completed in December 2012, with 100% of the shares on offer subscribed and



providing the Company with proceeds of the USD equivalent of approximately EUR 65.1 million. The purpose of this deal is to allow DIS to maintain a strong financial structure throughout its significant investment plan and to take advantage of all the current market opportunities.

In correlation with this clear objective and with DIS usual practice of financing new-building vessels with around 40% of equity, during the second half of 2012 DIS ordered 6 fuel efficient “Eco” new-building product/chemical tankers at Hyundai Mipo Dockyard Co. Ltd. – South Korea, expected to be delivered between 2014 and early 2015.

DIS 2012 results benefited also from a strong treasury performance and the gain arising from the US Dollar conversion of the Japanese Yen denominated debt.

In spite of the soft product tanker market experienced for a good part of 2012, DIS was able to generate a positive cash flow at operating level of US\$ 2.4 million, of which US\$ 3.6 million was generated in the last quarter of the year. The Net Cash Flow of the year was positive for US\$ 67.3 million, mainly thanks to the proceeds of the Share Capital increase and including relevant capital expenditures, mainly in connection to DIS new-building program.

#### **OPERATING PERFORMANCE**

**Time charter equivalent earnings** were US\$ 183.4 million in 2012 compared with US\$ 187.0 million in the previous year. According to its strategy, DIS maintained a considerable level of ‘coverage’ (fixed contracts) throughout 2012, securing an average of 36.3% of its revenue. The lower daily average fixed rate in 2012 compared to the previous year, is simply due to the contracts signed in the last two years, at levels reflecting the market conditions of the time. Other than securing revenue and supporting the operating cash flow generation, those contracts pursue the objective of strengthening DIS historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

As shown in the table below, the decrease in 2012 daily average returns (US\$ 13,205 daily) compared to 2011 (US\$ 14,265 daily), was mainly due to the aforesaid reduction of the average fixed rate (2012: US\$ 15,869 vs. 2011: 16,607), whilst 2012 Spot returns (US\$ 11,686 daily) were substantially in line with the previous year (US\$ 12,022).

Looking at the quarterly evolution of the spot results in 2012, a relatively good first quarter of the year, was unfortunately followed by a very weak market in Q2, which turned to be the worst quarter in the last three years. However the market scenario and DIS spot performance started to improve in Q3 and bounced back to good levels especially in the last two months of the year.



The table below shows the DIS TC-rates comparable trend in 2011 and 2012:

DIS TCE daily rates (US\$)	2012					2011				
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY
Spot	12,623	10,872	11,226	12,113	11,686	11,871	12,516	11,894	11,819	12,022
Fixed	15,972	15,956	15,819	15,728	15,869	16,932	16,854	16,517	16,082	16,607
Average	13,904	12,753	12,887	13,344	13,205	14,328	14,687	14,164	13,869	14,265

**EBITDA** for 2012 amounted to US\$ 20.2 million. Excluding the 'capital gains' realized in both the current and the previous years, 2012 EBITDA was US\$ 18.7 million vs. US\$ 27.7 million in 2011. As disclosed above, this result was mainly due to: (i) the lower daily average fixed rate, which negatively impacted on 2012 total TCE Earnings; (ii) the increase of total "Time Charter Hire" and "Other direct operating" costs, following the fleet growth occurred in the current year. As a consequence of the above factors and excluding the 'capital gains', 2012 EBITDA margin on TCE Earnings was 10.2% vs. 14.8% in 2011.

**EBIT** for the year was negative for US\$ 103.1 million, mainly due to the US\$ 85 million impairment (operating loss of US\$ 6.1 million booked in 2011).

The **Net loss** for 2012 was US\$ 106.0 million. Excluding the US\$ 85.0 million impairment, DIS Net loss was US\$ 21.0 million in 2012 in line with the previous year.

#### **CASH FLOW AND NET INDEBTEDNESS**

DIS net cash flow for 2012 was a positive US\$ 67.3 million, mainly thanks to US\$ 83.8 million proceeds of the Share Capital increase (2011 net cash flow negative US\$ 17.3 million).

**Cash flow from operating activities** for the year was a positive US\$ 2.4 million (cash flow of US\$ 29.0 million in 2011), with US\$ 3.6 million generated in the last quarter of 2012. It should be highlighted that the large variance compared to 2011, was due to significant timing effects positively affecting the working capital trend in the first quarter of last year (which reversed the negative operating cash flow of Q4 2010) largely due to changes made on payments policy and to extra US\$ 5.0 million received in Q3 2011, following the contract renegotiation carried out with the new owners of four DIS chartered-in vessels.

	Q1	Q2	Q3	Q4	FY
(US\$)					
Operating cash flow	(2 547)	2 580	(1 223)	3 562	2 372

**Net debt** as at 31 December 2012 amounted to US\$ 220.7 million vs. US\$ 239.6 million at the end of the previous year and compared to US\$ 320.3 million at the end of Q3 2012. The significant improvement occurred in the Net Indebtedness was mainly due to the Share Capital Increase completed in December 2012, which provided the Company with total proceeds of US\$ 83.8 million. The ratio of net debt to shareholders equity was of 0.75 at the end of the year (2011: 0.76).



## SIGNIFICANT EVENTS OF THE PERIOD

During 2012 the following main events occurred in the activity of d'Amico International Shipping Group:

### ***D'AMICO INTERNATIONAL SHIPPING:***

- **Extraordinary General Meeting of Shareholders' Resolutions:** On 2 October 2012, the Extraordinary General Meeting of Shareholders of d'Amico International Shipping S.A. resolved to amend the authorised corporate capital to USD 50,000,000 divided into 500,000,000 shares with no nominal value and to authorise the Board of Directors to increase the share capital, in one or several times, within the limits of the above amended authorised capital during a new period ending five (5) years after the date of publication of the relevant minutes and to subsequently amend the Company's articles of association. The Extraordinary General Meeting of Shareholders further resolved to reduce the accounting value of each share of the issued share capital of the Company to USD 0.10 per share, to reduce the total amount of the issued share capital to USD 14,994,990.70 and to subsequently amend the Company's articles of association.
- **The Board of Directors of d'Amico International Shipping S.A. resolved to launch a rights issue offering addressed to shareholders and to increase the share capital through the issuance of up to 209,929,867 new shares with attached free warrants allowing the subscription of up to 69,976,622 additional shares:** On 6 November 2012, the Board of Directors of d'Amico International Shipping S.A. (the "Company" or the "Group"), – exercising the powers delegated by the Extraordinary General Meeting of Shareholders of 2 October 2012 – has resolved:
  - to approve a rights issue addressed to the shareholders of the Company which consists of (i) an offering by the Company with preferential subscription rights (the "Preferential Subscription Rights") of new shares of the Company (the "New Shares") with warrants issued simultaneously (the "Warrants") to be exercised into shares (the "Warrant Shares"), (the "Rights Offering") and (ii) a public auction organised by the Société de la Bourse de Luxembourg S.A. (the "Luxembourg Stock Exchange") for the sale of the unexercised Preferential Subscription Rights (the "Public Auction" and together with the Rights Offering, the "Offering");
  - to approve an increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the USD equivalent of Euro 65.1 million (including share premium), through the issuance of up to 209,929,867 New Shares, that will generally in all respects rank pari passu with the existing shares, at an issuance price per New Share of Euro 0.310 (the "Issuance Price"), in the ratio of 7 New Shares for every 5 Preferential Subscription Rights exercised (the "Ratio") and with attached up to 209,929,867 free Warrants issued simultaneously in the ratio of 7 Warrants for every 5 Preferential Subscription Rights exercised, subject to the implementing decision of a special attorney of the Board of Directors; and
  - to approve a further increase of the share capital of the Company, within the limits of the authorised capital, up to a maximum of the USD equivalent of Euro 32.2 million (including share premium), through the issuance – in one or more tranches – of up to





69,976,622 Warrant Shares upon exercise of the Warrants, that will generally in all respects rank pari passu with the shares in issue on the relevant exercise date, subject to the implementing decision of a special attorney of the Board of Directors.

#### **PROSPECTUS**

A prospectus in relation to (i) the rights issue offering and (ii) the admission to trading of the New Shares, the Warrants and the Warrant Shares on the STAR segment of the MTA (the "Prospectus") was approved on 6 November 2012 by the Commission de Surveillance du Secteur Financier ("CSSF") in Luxembourg. At the Company's request the CSSF provided the Italian Companies and Stock Exchange Commission (Commissione Nazionale per le Società e la Borsa) ("CONSOB") and the Company with a certificate of approval attesting that this Prospectus has been prepared in accordance with Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading and amending Directive 2001/34/EC, as amended and the relevant implementing measures in Luxembourg, in particular the Luxembourg law of 10 July 2005 relating to prospectuses for securities, as amended. The CSSF's approval of the Prospectus does not imply any judgement on the economic or financial merits of the Offering, nor on the quality or solvency of the Company. The Prospectus is available at the offices of d'Amico International Shipping S.A., as well as on the Company's website at <http://investorrelations.damicointernationalshipping.com> and on the Luxembourg Stock Exchange's website at <http://www.bourse.lu>.

#### **WARRANTS**

Trading on the Mercato Telematico Azionario di Borsa Italiana of the related Warrants commenced on 17 December 2012 under ISIN code LU0849020044.

Based on the terms and conditions of the Warrants, the holders of Warrants had the right to subscribe to Warrant Shares in the ratio of 1 Warrant Share for every 3 Warrants exercised based on the following exercise prices and exercised during the following periods:

- Euro 0.360, for the Warrants exercised in all the trading days in January 2014;
- Euro 0.400, for the Warrants exercised in all the trading days in January 2015;
- Euro 0.460, for the Warrants exercised in all the trading days in January 2016.

From 1 December 2013 to 31 December 2015, the Board of Directors – under the conditions set by article 3 of the terms and conditions of the Warrants – may set additional exercise periods. The terms and conditions of the Warrants are set out in the Prospectus.

- **The Board of Directors of d'Amico International Shipping S.A. announces preliminary results of rights issue – approximately 86.7% take up during Rights Subscription Period – gross proceeds of the USD equivalent of approximately EUR 56.5 million:** On December 12 2012, d'Amico International Shipping S.A. announced that, in connection with its offering with preferential subscription rights (the "Preferential Subscription Rights") of up to 209,929,867 new shares (the "New Shares") with up to 209,929,867 warrants issued simultaneously (the "Warrants", which will be named "d'Amico International Shipping



Warrants 2012 – 2016”) at an issuance price of EUR 0.31 per New Share (the “Issuance Price”), it has received subscriptions for 182,082,775 New Shares (representing a capital increase - including share premium - of the USD equivalent of approximately EUR 56.5 million) with 182,082,775 Warrants issued simultaneously through the exercise of Preferential Subscription Rights. This represented a take up of approximately 86.7%. The capital increase - including share premium - of the USD equivalent of approximately EUR 56.5 million was out of a maximum total capital increase (including share premium) of the USD equivalent of EUR 65.1 million and excludes any proceeds from the exercise of Warrants.

#### **RESULTS OF RIGHTS SUBSCRIPTION PERIOD**

A total of 130,059,125 Preferential Subscription Rights representing approximately 86.7% of the total number of Preferential Subscription Rights were exercised during the exercise period for the Preferential Subscription Rights which started on 12 November 2012 and ended on 11 December 2012 (the “Rights Subscription Period”). Given the ratio of 7 New Shares with 7 Warrants issued simultaneously for 5 Preferential Subscription Rights exercised on 14 December 2012 the Company issued 182,082,775 New Shares with 182,082,775 free Warrants issued simultaneously, to be exercised into shares (the “Warrant Shares”), to the subscribers who subscribed during the Rights Subscription Period. Delivery of the New Shares and Warrants issued simultaneously occurred on 14 December 2012. The ISIN code of the New Shares is LU0290697514, which is the ISIN code for the DIS shares.

- **The Board of Directors of d’Amico International Shipping S.A. announces results of public auction and final results of rights issue – Success of DIS Share Capital Increase - 100% of the shares on offer are subscribed – gross proceeds of the USD equivalent of approximately EUR 65.1 million:** On 20 December 2012, In connection with its offering with preferential subscription rights (the “Preferential Subscription Rights”) of up to 209,929,867 new shares (the “New Shares”) with up to 209,929,867 warrants issued simultaneously (the “Warrants”, which are named “d’Amico International Shipping Warrants 2012 – 2016”) at an issuance price of EUR 0.31 per New Share (the “Issuance Price”), d’Amico International Shipping S.A. (Borsa Italiana: DIS) (the “Company”) announced that, following the public auction of unexercised Preferential Subscription Rights organised by the Société de la Bourse de Luxembourg S.A. (the “Luxembourg Stock Exchange”) on 19 December 2012 (the “Public Auction”), it has received, through the exercise of Preferential Subscription Rights at the Public Auction, additional subscriptions for 27,847,092 New Shares (representing an additional capital increase - including share premium - of the USD equivalent of approximately EUR 8.6 million) with 27,847,092 Warrants issued simultaneously.

#### **FINAL RESULTS OF RIGHTS ISSUE**

The take up at the Public Auction, together with the take up of approximately 86.7% during the rights subscription period which started on 12 November 2012 and ended on 11 December 2012 (the “Rights Subscription Period”), represents a total take up of 100% for the rights issue offering as a whole. On 14 December 2012 a first capital increase in the amount of USD 18,208,277.50 plus the payment of a share premium in the amount of USD 55,605,712.41 took





place (the aggregate amount of USD 73,813,989.91 being the USD equivalent of EUR 56,445,660.25 received as a result of subscriptions during the Rights Subscription Period). 182,082,775 New Shares were issued on 14 December 2012, with 182,082,775 Warrants issued simultaneously. Since 14 December 2012 the Company's capital amounts to USD 33,203,268.20, divided into 332,032,682 shares with no nominal value. Taking into account the 14 December 2012 capital increase, the total capital increase – including share premium – as a result of the rights issue offering as a whole represents the USD equivalent of approximately EUR 65.1 million (excluding any proceeds from the exercise of Warrants).

#### **Results of Public Auction of unexercised Preferential Subscription Rights**

The 19,890,780 Preferential Subscription Rights not exercised during the Rights Subscription Period were offered for sale at the Public Auction on 19 December 2012, all of which were sold at the Public Auction.

The total gross proceeds of the unexercised Preferential Subscription Rights sold at the Public Auction amount to EUR 10,000. After deduction of the costs and fees relating to the Public Auction in an aggregate amount of EUR 2,158.99, the total net proceeds for the unexercised Preferential Subscription Rights sold at the Public Auction amount to EUR 7,841.01. Such net proceeds were distributed to the holders of unexercised Preferential Subscription Rights on 27 December 2012. Unclaimed payments for the sale price of unexercised Preferential Subscription Rights which have been sold at the Public Auction will be kept, after deduction of all costs related thereto, available to the shareholders for a period of five (5) years at the end of which they will definitively accrue to the Company. Given the ratio of 7 New Shares with 7 Warrants issued simultaneously for 5 Preferential Subscription Rights exercised at the Public Auction on 19 December 2012, the Company issued on 27 December 2012 27,847,092 New Shares with 27,847,092 free Warrants issued simultaneously, to be exercised into shares (the "Warrant Shares"), to the purchasers of unexercised Preferential Subscription Rights at the Public Auction who immediately subscribed at the Public Auction. The Issuance Price for the New Shares subscribed for in the Public Auction and the bid price for the Preferential Subscription Rights purchased at the Public Auction were due and payable with value date 21 December 2012 and delivery of the 27,847,092 New Shares and 27,847,092 Warrants issued simultaneously occurred on 27 December 2012. The ISIN code of the New Shares is LU0290697514, which is the ISIN code for the DIS shares. After the 27 December 2012 second capital increase, the Company's capital amounts to USD 35,987,977.40, divided into 359,879,774 shares with no nominal value.

#### ***D'AMICO TANKERS LIMITED:***

- **Vessel Purchase:** In March 2012 d'Amico Tankers Limited agreed the purchase of the Medium Range (MR) double hulled product tanker vessel M/T High Prosperity, built in 2006 by Imabari Shipbuilding Co. Ltd, Japan, at the price of US\$ 22.5 million. The time charter-in contract included a purchase option, which was not exercised earlier as it was not 'in the money'. This purchase allowed us to lower our break-even level on the vessel by an amount in excess of 2,500 US\$ per day. The Vessel was delivered to d'Amico Tankers in May 2012.



- **New-building Deliveries:** M/T High Seas and M/T High Tide, two Medium Range (MR) owned new-building vessels were delivered by Hyundai-Mipo dockyard, South Korea, to d'Amico Tankers Limited, respectively in March and April 2012.
- **Vessel Sale:** On October 25, 2012 d'Amico Tankers Limited agreed the sale of the Medium Range (MR) double hulled product tanker vessel M/T High Wind, built in 1999 by STX, South Korea at the price of US\$ 12.2 million. This sale generated a profit on disposal of US\$ 1.5 million and at the same time reduced the average age of DIS Fleet.
- **'Time Charter-In' Fleet:** In January 2012, M/T Freja Hafnia, a Medium Range (MR) vessel built in 2006, was delivered to d'Amico Tankers Limited for a 1 year time charter period. In April 2012, M/T Eastern Force, a Medium Range (MR) vessel built in 2009, was delivered to d'Amico Tankers Limited for a 1 year time charter period, with an option for a further 1 year. In May 2012, M/T Torm Hellerup, a Medium Range (MR) vessel built in 2008, was delivered to d'Amico Tankers Limited for a 1 year time charter period, with an option for a further 1 year.
- **Order of two 'eco' 40 Shallowmax new-building Product Tankers:** in July 2012 d'Amico Tankers Limited, the fully owned operating subsidiary of d'Amico International Shipping S.A., entered into contracts for the construction of two additional new product/chemical tanker vessels (Hulls 2385 and 2386 - 40,000 dwt Handysize) with Hyundai Mipo Dockyard Co. Ltd. – Korea, expected to be delivered early in 2014, for a consideration of US\$ 30.65 million each and with an option for two further vessels, under same terms and conditions, to be exercised by the end of 2012 (see below). These two newbuildings in addition of being double-hulled, flexible and IMO classed vessels are also belonging to a new generation of vessels with lower consumption of fuel. The design of these vessels is the latest HMD concept of low fuel consumption/high efficiency and cubic/shallow-draft combination denominated "HMD ECO 40 ShallowMax". The vessel are designed to be able to save between 5 to 6 tonnes of fuel per day, compared to older vessel type, allowing a lower operating cost, at the same speed of 14 Knots, of between US\$ 2,000 to US\$ 4,000 per day. Another financial advantage of these ships is that they incorporate all the most recent regulatory requirements and therefore will not need any modifications to operate them. On older tonnage these improvements have been calculated daily cost of at least US\$ 700. These vessels are more flexible to operate since they have a draught of 9.5 meters instead of over 10 meters for older design vessels. Moreover d'Amico Tankers Limited signed Time Charter agreements with one of the main Oil Majors for these two vessels for a period of five years. These Time Charter contracts increase DIS fixed rate coverage (revenue generated by fixed price contracts) and are fixed at attractive levels.
- **Order of 'two' eco Medium Range new-building Product Tankers:** in September 2012 d'Amico International Shipping S.A., announced that its operating subsidiary d'Amico Tankers Limited (Ireland), entered into contracts for the construction of two additional new product/chemical tanker vessels (Hulls 2407 and 2408 - 50,000 dwt Medium Range) with Hyundai Mipo Dockyard Co. Ltd. – Korea, expected to be delivered early in 2014, for a consideration of US\$ 33.0 million each. These two new-buildings are the latest IMO II MR design with the highest fuel efficiency. The design is the latest HMD concept of hull shape and propulsion efficiency leading to a fuel saving of 6 -7 T/day compare to the average



consumption of world existing MR fleet. The vessels will have an attained Energy Design Index (EEDI) falling already well within the IMO phase-in 3 requirement due for vessels to be built after 1 January 2025, being 31.5% lower than the current IMO reference line. In order to fully support DIS in this new investment project, d'Amico International S.A. (Luxembourg) granted a subordinated loan of US\$ 20.0 million. The loan is based on terms and conditions in line with current financial market conditions for similar transactions and will be used for general corporate purposes, future potentials vessels purchases and new building orders.

- **Order of 'two' eco design Product Tankers:** in December 2012, d'Amico International Shipping S.A., announced that its operating subsidiary d'Amico Tankers Limited (Ireland), will enter into shipbuilding contracts for the construction of two additional new product/chemical tanker vessels (50,000 dwt Medium Range) with Hyundai Mipo Dockyard Co. Ltd. – Korea. These are expected to be delivered between the end of 2014 and the beginning of 2015, for a consideration of about US\$ 32.0 million each. d'Amico International Shipping S.A. was offered the opportunity to buy these two new vessels by exercising the option, as amended, attached to the contracts when it ordered its two ECO-40 Shallowmaxs, announced on 26 July 2012. These two newbuildings are the latest IMO II MR design with the highest fuel efficiency. The design is the latest HMD concept of hull shape and propulsion efficiency leading to a fuel saving of 6 -7 T /day compare to the average consumption of world existing MR fleet. The vessels will have an attained Energy Design Index (EEDI) falling already well within the IMO phase-in 3 requirement due for vessels to be built after 1 January 2025, being 31.5% lower than the current IMO reference line.

#### **ORGANISATION STRUCTURE**

On 25 October Alberto Mussini, Chief Financial Officer (CFO), left the Group. On the same day the Board of Directors announced the appointment of Giovanni Barberis to the role of Chief Financial Officer (CFO). Giovanni Barberis was appointed as d'Amico Group CFO last September, after consolidating a strong professional background, in Italy and abroad, in several industries and important listed companies. Giovanni Barberis will keep also his role as Group CFO.

During the last quarter of the year DIS improved the re-organization plan relating to its operating functions. The chartering and operations services of d'Amico Tankers Singapore have been transferred to a DIS related party belonging to the d'Amico Group, continuing to cover the Eastern hemisphere in supporting the Dublin office in its strategic and commercial management of the fleet, and the company started its liquidation process.

VPC Logistic Limited, wholly owned subsidiary of d'Amico Tankers Limited, completed the process of liquidation and on October 2 2012 was dissolved and cancelled from the UK Companies House Register.



## SUBSEQUENT EVENTS AND BUSINESS OUTLOOK

### **CONTROLLED FLEET**

- ‘Time Charter-In’ Fleet: In January 2013, M/T High Nefeli, a Medium Range (MR) vessel built in 2003 and Time Chartered-In by d’Amico Tankers Limited was redelivered back to her Owners.
- Also, in January 2013, the contract on M/T Freja Hafnia, a Medium Range (MR) vessel built in 2006 and delivered to d’Amico Tankers Limited in January 2012 for a 1 year time charter period, was extended until January 2015.
- In February 2013, M/T Torm Hellerup, a Medium Range (MR) vessel built in 2008 and delivered to d’Amico Tankers Limited in May 2012 for a 1 year time charter period, with an option for a further 1 year, changed name into M/T Hallinden, upon change in her ownership.

The profile of d’Amico International Shipping’s vessels on the water as of today is summarized as follows.

	As at 31 December 2012			As at 28 February 2013		
	MR	Handysize	Total	MR	Handysize	Total
Owned	18.0	3.0	21.0	18.0	3.0	21.0
Time chartered	15.0	3.0	18.0	14.0	3.0	17.0
Total	33.0	6.0	39.0	32.0	6.0	38.0

### **BUSINESS OUTLOOK**

The projection of global oil demand for 2013 was adjusted marginally lower, to 90.7 million barrels per day, following downward revisions in the IMF forecast of economic activity. In its latest World Economic Outlook, the IMF trimmed its forecast of global GDP growth to 3.5% for 2013, from 3.6% previously.

Going into Q1, supply issues dominate the entire Oil Product market. Planned Refinery maintenance will draw stocks and should fundamentally support Product movements. Hess announcing the closure of its Port Reading refinery helped boost the Gasoline Market, resulting in Trans-Atlantic freight rates achieving their highest levels in January – February compared to the same months in the last five years.

Gasoline imports into the East Coast increased markedly in early February, to around 665,000 barrels per day in the first week compared with around 500,000 barrels per day on average in the December – January period.



Libyan Refineries are still facing difficulties getting back up to full capacity and will have to import gasoline to meet domestic demand. This translates to about 3 million tonnes in 2013.

Refining throughputs in Venezuela continue to be highly impacted by outages at the Amuay refinery (645,000 barrels per day) after a fire and an explosion in late August cut refinery production by half. To date, the Amuay refinery is still not operating at its full capacity, requiring the country to import products, a situation that is likely to prevail in Q1 2013.

Refinery runs in the US have come down from the 90% utilisation rates seen in December to 86% in January. In December 2012 US crude runs hit a record for that month at 15.4 million barrels per day amid strong export demand from Latin America. Argentina and Brazil imported around 350,000 barrels per day by the middle of 2012 compared to around 50,000 barrels in the beginning of 2010.

The short term view is bearish under the current Economic conditions. Despite signs of improvement in China and the US, weak macroeconomic conditions are forecast to keep global oil demand growth marginal. Concerns over the current European economies still prevail. The longer term view is positive but any substantial improvement in demand is fragile and the current Economic environment could easily moderate any growth potential. However this being said d'Amico International Shipping maintains a cautious approach going into this quarter.

The key drivers that should affect the product tanker freight markets and d'Amico International Shipping performance are (1) Global oil demand (2) worldwide GDP growth and (3) the large modern fleet. The factors that could mitigate and partially off-set the current scenario for the Product Tanker demand and supply in the longer term are disclosed in more details below:

### ***Product Tanker Demand***

- Chinese refinery crude distillation capacity increased by close to half a million barrels per day in 2012 and a further 300,000 barrels per day in 2013. This expansion now exceeds domestic demand and any potential increase in demand. This will result in Product Stock build and potential exports. New capacity in Latin America and Africa will not meet projected growth and thus require imports in the medium term;
- OECD refinery rationalisation intensified over 2012, as completed and committed shutdowns cut capacity by 1.3 million barrels per day since December 2011;
- Some of the remaining Gasoline capacity within Europe has been saved from closure for the time being on the back of improved gasoline demand for export to South America and West Africa. However OECD demand contraction will call for additional industry consolidation before 2017;
- Approximately a third of Australian refinery capacity will be closed. The Australian government said “domestic refiners will produce just over half the fuel consumed” in the country. “The remainder will be imported.” Oil traders believe Australia could soon overtake Indonesia as the biggest importer of refined oil products in the Asia-Pacific region;



- Almost all the new refinery capacity is based in NON-OECD Asia, based on available data an additional one million barrels was added in 2012. The shift of crude runs from the West to the East should favour product trades routes;
- The US has transformed itself from the world's top product importer to its second largest product exporter, surpassed only by Russia. US product exports have averaged 3.1 million barrels per day from January to October 2012, compared with 2.9 in 2011 and just 1 million barrels per day in 2005.

### ***Product Tanker Supply***

- The forward order book has been boosted by the additional orders placed in 2012 and the total ordered is said to be in excess of a hundred units in the MR sector;
- This substantial ordering has raised concerns in this sector and this should deter further investment in this market segment as it is still absorbing the large amount of ships that were delivered between the years 2007 – 2010;
- Slippage, cancellations and conversions have been a significant factor in the new buildings. The average slippage has been around 35% over the last 5 years, and as high as 50% in 2012;
- The Order book on paper for 2013 according to various broking sources could range between 86 and 134 Ships, however based on experience over the last five years we would expect actual deliveries to be at the lower end of the range;
- Scrapping removed around 1.48 million tonnes of capacity in 2012 which translates to a very manageable net growth of about 2%;
- The MR Sector net growth should still only run at between 2% and 4% on average till 2016. Therefore it should remain below the projected growth in seaborne trade in the same period;
- Improving demand and supply balance of the product tanker market should continue to positively affect spot and period charter rates going forward;
- Obtaining suitable financing is still a major factor and is not that readily available. There is still a certain amount of speculation that all the ships ordered will be delivered;
- A gradual increase in utilization rates, slow steaming and port congestion is having a positive effect on supply. As demand improves we would expect utilization rates to on average exceed 80% between 2013 and 2015 up from the low of 75% in 2008;
- Crude runs are constantly been revised downwards and longer haul product exports from emerging markets are effectively reducing the available supply of tonnage and are expected to increase.

### **OTHER RESOLUTIONS**

#### ***STATUTORY 2012 RESULTS ALLOCATION***

The Board of Directors proposes to carry forward the statutory net loss of the Company amounting to US\$ 1.6 million subject to the approval of the next Annual General Shareholders' Meeting of the Company.





## **2012 CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE REPORT AND ANNUAL SHAREHOLDERS MEETING CONVENING**

The Board of Directors considered and approved the 2012 Company's Report on Corporate Governance and Ownership Structure that will be at shareholders disposal in due time according to what prescribed by the applicable laws and regulations. The Board of Directors further decided to convene the Company's Annual General Shareholders' Meeting on 3 April 2013 called to resolve, among other things, on the approval of the statutory and consolidated Financial Statements as at 31 December 2012.

## **REPORT ON 2012 REMUNERATIONS AND 2013 GENERAL REMUNERATION POLICY**

Upon proposal of the Nomination & Remuneration Committee, the Board of Directors further resolved to approve the Report on 2012 Remuneration and the 2013 General Remuneration Policy regarding executive directors of the Company and Key Management Personnel of the Company and its operating, fully owned subsidiaries in line with the recommendations of the Corporate Governance Code issued by Borsa Italiana S.p.A. The documents will be at shareholders disposal in due time according to what prescribed by the applicable laws and regulations.

## **RESCHEDULING OF THE 2013 FINANCIAL CALENDAR**

With reference to the 2013 meeting calendar communicated to the market on 25 October 2012, the Company informs that the meetings of the Board of Directors to approve respectively the Company's first and third interim management statements will be held respectively on Tuesday 7 May 2013 instead of Thursday 9 May 2013 and on Tuesday 12 November instead of Thursday 31 October 2013. The Presentation of the accounting data to financial analysts respectively scheduled for 9 May 2013 and 31 October 2013 will be also held on 7 May 2013 and 12 November 2013.

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## **CONFERENCE CALL**

*At 2.00pm CET, 8.00am EST today a conference call will be held with the financial community during which the Group's economic and financial results will be discussed. It is possible to connect to the call by dialing the following numbers: from Italy + 39 02 8058811 , from UK +44 808 23 89 561, from US +1 866 63 203 28. The presentation slides can be downloaded before the conference call from the Investor Relations page on DIS web site: [www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)*

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*d'Amico*  
INTERNATIONAL SHIPPING S.A.

The FY 2012 financial report has been prepared in accordance with provisions of Art. 3 of the Luxembourg Law dated 11 January 2008, which transposed Directive 2004/109/EC of the European Parliament and of Council of 15 December 2004 in the harmonization of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. The document will be deposited and available within the terms prescribed by the applicable laws and regulations at the Company's registered office and website ([www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)), at Borsa Italiana S.p.A., at Commissione Nazionale per le Società e la Borsa (CONSOB), at Commission de Surveillance du Secteur Financier (CSSF) and at Société de la Bourse de Luxembourg S.A. in its quality of OAM.

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*d'Amico International Shipping S.A. is a subsidiary of d'Amico Società di Navigazione S.p.A., one of the world's leading privately owned marine transportation companies, and operates in the product tankers sector, comprising vessels that typically carry refined petroleum products, chemical and vegetable oils. d'Amico International Shipping S.A. controls, either through ownership or charter arrangements, a modern, high-tech and double-hulled fleet, ranging from 35,000 and 51,000 deadweight tons. The Company has a history and a long tradition of family enterprise and a worldwide presence with offices in key market maritime centres (London, Dublin, Monaco and Singapore). The company's shares are listed on the Milan Stock Exchange under the ticker symbol 'DIS'.*

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## **Investor Relations**

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**ANNEXES**

**CONSOLIDATED INCOME STATEMENT**

<i>US\$ Thousand</i>	<b>2012</b>	<b>2011</b>
Revenue	325 253	291 721
Voyage costs	(141 832)	(104 716)
<b>Time charter equivalent earnings</b>	<b>183 421</b>	<b>187 005</b>
Time charter hire costs	(91 714)	(89 761)
Other direct operating costs	(57 541)	(53 403)
General and administrative costs	(17 478)	(19 330)
Other operating income	2 053	3 205
Result from disposal of vessels	1 473	3 286
<b>EBITDA</b>	<b>20 214</b>	<b>31 002</b>
Depreciation and impairment	(123 354)	(37 050)
<b>EBIT</b>	<b>(103 140)</b>	<b>(6 048)</b>
Net financial income (charges)	(1 757)	(14 329)
<b>Profit/ (loss) before tax</b>	<b>(104 897)</b>	<b>(20 377)</b>
Income taxes	(1 097)	(636)
<b>Net profit / (loss)</b>	<b>(105 994)</b>	<b>(21 013)</b>
<b>Earnings per share<sup>(1)</sup></b>	<b>(0.295)</b>	<b>(0.140)</b>

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

<i>US\$ Thousand</i>	<b>2012</b>	<b>2011</b>
Profit / (loss) for the period	(105 994)	(21 013)
Cash flow hedges	961	4 136
<b>Total comprehensive result for the period</b>	<b>(105 033)</b>	<b>(16 877)</b>
<b>Earnings / (loss) per share<sup>(1)</sup></b>	<b>(0.292)</b>	<b>(0.113)</b>

(1) There are no dilutive instruments, thus no diluted earnings per share has been presented. The figures are presented in US\$.



## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 31 December 2012	As at 31 December 2011
<b>ASSETS</b>		
<b>Non-current assets</b>		
Tangible assets	498 922	547 634
<b>Total non-current assets</b>	<b>498 922</b>	<b>547 634</b>
<b>Current assets</b>		
Inventories	20 221	17 522
Receivables and other current assets	39 378	39 617
Current financial assets	757	14 396
Cash and cash equivalents	117 617	51 068
<b>Total current assets</b>	<b>177 973</b>	<b>122 603</b>
<b>Total assets</b>	<b>676 895</b>	<b>670 237</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
<b>Shareholders' equity</b>		
Share capital	35 988	149 950
Retained earnings	12 439	118 433
Other reserves	245 781	47 098
<b>Total shareholders' equity</b>	<b>294 208</b>	<b>315 481</b>
<b>Non-current liabilities</b>		
Banks and other lenders	284 264	282 492
Other non-current financial liabilities	4 523	-
<b>Total non-current liabilities</b>	<b>288 787</b>	<b>282 492</b>
<b>Current liabilities</b>		
Banks and other lenders	28 160	14 864
Amounts due to parent company	20 000	-
Payables and other current liabilities	43 009	49 678
Other current financial liabilities	2 178	7 673
Current tax payable	553	49
<b>Total current liabilities</b>	<b>93 900</b>	<b>72 264</b>
<b>Total shareholders' equity and liabilities</b>	<b>676 895</b>	<b>670 237</b>

The financial statements on pages 32 to 64 were authorized for issue by the Board of Directors on its behalf on 28 February 2013



## CONSOLIDATED STATEMENT OF CASH FLOW

<i>US\$ Thousand</i>	<b>2012</b>	<b>2011</b>
<b>Profit / (loss) for the period</b>	<b>(105 994)</b>	<b>(21 013)</b>
Depreciation, amortisation and impairment	123 354	37 050
Current and deferred income tax	1 097	636
Financial charges	7 027	10 878
Fair value gains on foreign currency retranslation	(5 254)	2 865
Profit on disposal of vessels	(1 473)	(3 286)
Other non-cash items	(16)	641
<b>Cash flow from operating activities before changes in working capital</b>	<b>18 741</b>	<b>27 771</b>
Movement in inventories	(2 699)	3 650
Movement in amounts receivable	239	27 930
Movement in amounts payable	(6 669)	(19 177)
Taxes paid	(651)	(656)
Interest paid	(6 589)	(10 526)
<b>Net cash flow from operating activities</b>	<b>2 372</b>	<b>28 992</b>
Acquisition of fixed assets	(85 066)	(64 700)
Disposal/cancellation of fixed assets	11 886	27 395
<b>Net cash flow from investing activities</b>	<b>(73 180)</b>	<b>(37 305)</b>
Share capital increase	83 828	-
Other changes in shareholders' equity	(40)	-
Treasury shares	-	(676)
Movement in other financial receivable	-	(20)
Movement in other financial payable	20 000	-
Movement in other financial assets	14 396	(6 600)
Bank loan repayments	(27 131)	(54 875)
Bank loan draw-downs	47 088	53 173
<b>Net cash flow from financing activities</b>	<b>138 141</b>	<b>(8 998)</b>
<b>Change in cash balance</b>	<b>67 333</b>	<b>(17 311)</b>
<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>67 333</b>	<b>(17 311)</b>
Cash and cash equivalents at the beginning of the year	51 068	68 266
Exchange gain (loss) on cash and cash equivalents	(784)	113
<b>Cash and cash equivalents at the end of the year</b>	<b>117 617</b>	<b>51 068</b>



*The manager responsible for preparing the company's financial reports, Mr. Giovanni Barberis, in his capacity of Chief Financial Officer of d'Amico International Shipping SA (the "Company") declares to the best of his knowledge, that the consolidated and statutory financial statements prepared in accordance with the applicable set of accounting standards as published in this report, give a true and fair view of the assets, liabilities, financial position and income statement of the Company and its consolidated subsidiaries and that the report on operation and the management report include a fair review of the development and performance of the business and the position of the Company and its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.*

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*Giovanni Barberis  
Chief Financial Officer*