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Printed By Valerio Fabri

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# D'Amico's Fiori sees 'proper' product tanker rebound months away

28 Jul 2017 | **NEWS**



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Milan-listed product tanker specialist slumps into second-quarter loss



**FIORI: THE ESTIMATED SUPPLY OF NEW VESSELS FOR THE NEXT TWO YEARS IS PROJECTED TO REACH ITS LOWEST LEVELS IN ALMOST 15 YEARS.**

D'AMICO International Shipping chief executive Marco Fiori believes a “proper” recovery in product tanker markets is probably still at least months away after his company slipped into a second-quarter loss.

The Milan-listed company recorded a net loss of \$8m on revenue of \$96.2m in April-June, compared with a net profit of \$6.4m on revenue of \$86.5m in the year-ago period.

However, the revenue increase was due to fleet expansion, which also resulted in an increase in voyage costs to \$34.1m from \$17.1m.

The average daily earnings of D'Amico's fleet amounted to \$12,851 in the second quarter, down 18.7% on year amid general market weakness.

“The product tanker industry experienced a challenging freight market in the second quarter of 2017,” Mr Fiori said in a company report.

“This was mainly due to the relatively high level of newbuilding deliveries, together with the refining maintenance season and a still high level of product inventories.”

However, Mr Fiori said product tankers' earnings could recover in a sustainable way several months later, with the pace of newbuilding deliveries expected to slow in the coming quarters.

“All the medium- and long-term fundamentals of the industry are pointing to a proper market rebound starting probably from the end of 2017 or beginning of 2018,” he said.

“The estimated supply of new vessels for the next two years is projected to reach its lowest levels in almost 15 years. This should lead to a tighter market and increasing freight rates.”

According to Lloyd's List Intelligence, 84 medium range and long range tankers totalling 6.2m dwt are expected to be delivered for the rest of the year, 104 ships with 7m dwt in 2018 and 49 vessels totalling 3.2m dwt in 2019. That compares with 90 vessels with 18.1m dwt delivered so far this year.

As of Friday, D'Amico operates a fleet of 45.5 MR and 10 handysize product tankers on an equity basis.

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