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A d'Amico tanker is seen docked by a refinery. Higher refinery runs are key to the company's profitability. Photo: d'Amico International Shipping

d'Amico sees tanker S&P market reviving, targets more oldie sales

As market players expect tanker freight rates to recover, interest for older MRs comes from several corners of the world, Italian owner says

11 November 2021 17:41 GMT UPDATED 11 November 2021 17:41 GMT

By [Harry Papachristou](#) in Athens

d'Amico International Shipping (DIS) has revived plans to shed all its remaining old MR ships as interest in such vessels is bouncing back.

The Milan-listed player [announced on 10 November its first ship sale](#) of the year as it agreed to offload the 51,100-dwt High Venture (built 2006) for \$10.7m.

One day later, the company's senior management said that it will eventually dispose of the 47,000-dwt High Valor and the 46,800-dwt High Priority (both built 2005) as well — the two oldest ships in its owned and chartered fleet of 38 product tankers.

“Over the course of the next few months we expect to sell these other two vessels,” the company's chief financial officer Carlos Balestra di Mottola told analysts on 11 November in a conference call to discuss the company's latest set of financial results.

DIS had been planning to offload these ships for quite some time, as part of a long-term strategy to maintain a younger eco fleet that should fetch higher earnings when environmental regulations tighten.

The company held on to its oldest vessels, however, as potential buyers failed to offer attractive enough prices amid lackluster freight rates.

“Towards the beginning of this year it was very difficult to find interest buyers,” di Mottola said.

“There were a few people fishing around but they would come with completely unacceptable offers,” he added.

Indians, Russians, Europeans

That picture, however, has changed recently.

Asset prices have been rising over the past two quarters anyway, partly due to higher steel prices that lifted demolition and secondhand values, the DIS manager said.

More recently, market perception that a [freight rate recovery](#) is nearing, has started improving sentiment as well and more acceptable buying offers have started flowing in.

“We have seen a much more competitive and dynamic market over the course of the last few weeks,” di Mottola said, adding that there's “increasing interest and increasing liquidity” for secondhand vessels.

“Interest is widespread,” DIS chief executive officer Paolo d'Amico told TradeWinds after the company's conference call. “You have Indians, Russians and Europeans”.

All in the money

Leased tankers DIS has purchase options on

Ship	Deadweight (dwt)	Built	Shipbuilder
Cielo di Houston	75,000	2019	Hyundai Mipo
High Trust	49,990	2016	Hyundai Mipo
High Trader	49,990	2015	Hyundai Mipo
High Loyalty	49,990	2015	Hyundai Mipo
High Freedom	49,990	2014	Hyundai Mipo
High Discovery	50,036	2014	Hyundai Mipo
High Voyager	45,999	2014	Hyundai Mipo
High Fidelity	49,990	2014	Hyundai Mipo

Source: DIS

TradeWinds

A Flourish data visualization

DIS may do some acquiring itself — but mostly in the form of buying back own vessels currently in bareboat structures.

The company has purchase options on eight such ships. All of them are “well in the money”, said di Mottola, explaining that the strike price for the purchase options is at about 80% of the ships’ current market value.

“Hopefully a window will open up in 2022 allowing us to refinance these vessels with traditional bank debt at a lower cost... without possibly having to invest too much equity to do so,” he said.

“If we feel confident that the recovery is sustainable, we will definitely look forward to exercising some of these options,” di Mottola added.

This group of eight ships (see table) consists of seven MRs built at Hyundai Mipo Dockyard (HMD) between 2014 and 2016, as well as of the 75,000-dwt LRI Cielo di Houston (built 2019). [\(Copyright\)](#)

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