

This copy is for your personal, non-commercial use. For high-quality copies or electronic reprints for distribution to colleagues or customers, please call UK support at +44 (0)20 3377 3996 / APAC support at +65 6508 2430

Printed By

D'Amico eyeing more debt reduction and better dividends

Milan-listed owner also plans more share buybacks as it observes its shares are trading at a discount of nearly 50% to net asset value

28 Jul 2023 | **NEWS**

by **Tomer Raanan** | tomer.raanan@lloydslistintelligence.com

The Italian product tanker owner posted strong second quarter earnings that capped a record first half of the year. It plans to buy back more stock, increase dividends, and deleverage further by exercising purchase options on more vessels



PAULO D'AMICO SAID THE COMPANY ISN'T PLANNING ON BUYING NEW SHIPS AND PREFERS TO USE ITS CASH FOR DIVIDENDS AND DELEVERAGING

Source: D'amico

D'AMICO International Shipping is eyeing improved shareholder returns and further debt reduction as it expects strong market conditions to carry out through the remainder of the year.

Chief executive Paulo d'Amico told Lloyd's List in an interview that given elevated asset prices, the company prefers to use its cash to reward investors and deleverage rather than buy new ships.

"[Asset] values are too expensive from our point of view," he said.

"Our cash strategy basically is deleveraging and [improving] dividend distributions."

The Milan-listed product tanker owner posted strong second quarter earnings and said rates remain strong during the traditionally slower summer season.

“When you earn between \$20,000 and \$25,000 per day, and sometimes as high as \$30,000, it’s a strong rate, historically speaking,” d’Amico said.

“The market is strong in this period, which is normally weak, as the summertime is always weaker.”

Net income for the second quarter was \$45.7m, up from \$25.7m in the same quarter last year, while time charter equivalent earnings rose from \$72.8m to \$97.2m.

Those results beat expectations of analysts at IMI Intesa Sanpaolo, who projected net income of \$41.8m and TCE earnings around \$94.4m.

In the first half of the year, d’Amico netted \$99.8m, compared with \$19.2m in the same period last year, and posted its strongest first-half profits ever, according to an investor presentation.

The company said it’s trading at a record of about 48% discount to its net asset value and intends to continue share buybacks.

“We have a book value of €4.0, and the net asset value is slightly over €6,” d’Amico said.

“The share is trading between €3.5 and €3.7. So, at this point, we are going to keep [with the buybacks]. Of course, we have to do that in accordance with the rules of Milan stock exchange.”

Market fundamentals remain strong, d’Amico said, with extremely low fleet growth in the near term, and longer voyages due to trade dislocations following Russia’s invasion of Ukraine.

Despite the war, and economic uncertainty in large, developed economies, demand for refined products and refining throughputs is recovering and should continue to throughout the year, the company said.

Strong growth in refinery capacity in the Middle East and Asia over the next two years should also contribute to tonne-mile increases, as the distances between where products are refined and consumed grows.

“The only thing that can be a real game changer, and we have to hope it happens, is that the war will finish,” d’Amico said.

“If the war finishes tomorrow it has to be seen what is going to be our relationship with Russia, if we are going to buy products from them or not.”

Between December and May, d’Amico exercised purchase options on five tankers as part of its deleveraging efforts.

It is planning to further deleverage by exercising purchase options on three vessels it had previously sold and leased back once the options become available in the next two years.

“In Q2 2023, thanks to our strong balance sheet and liquidity position, we were able to distribute \$22m in dividends and more recently started executing on a newly approved share buyback programme,” d’Amico’s chief financial officer Carlos Balestra di Mottola said in a statement.

That dividend distribution amounted to about \$0.015 per share.

D’Amico chief sees strong market through 2023 and ‘very positive’ long-term fundamentals

By Tomer Raanan

11 May 2023

Tonne-mile demand set to increase by new refining capacity in India, China and the Middle East, while vessel supply will continue to be tight, according to D’Amico

[Read the full article here >](#)