



# Q1 2011 Results Presentation **d'Amico International Shipping**

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05 May 2011



*d'Amico*  
INTERNATIONAL SHIPPING S.A.

# Agenda

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Highlights

**Marco Fiori, CEO**

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Financial Results

**Alberto Mussini, CFO**

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Product Tanker Market & Outlook

**Marco Fiori, CEO**

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Appendix

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# Highlights

**Marco Fiori, CEO**



# Highlights

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## EVENTS

- ❖ **Fleet evolution** – GLENDA (JV with Glencore) new building plan completed: the remaining 3 vessels delivered. Redelivery of 2 chartered in vessels
- ❖ **Fleet employment / coverage** - 4 Time charter out contracts with oil majors renewed/signed at rates levels supporting the operating cash flow generation
- ❖ **Acquisitions** - 1 Handysize / Second-hand product tanker vessel acquired for US\$ 24.5m

## PRODUCT TANKERS MARKET

- ❖ No significant overall oil demand growth, but improvement in utilization rates/ increase in tonne miles demand driven by dislocation of oil products
- ❖ No significant growth in new vessels deliveries but a more active sale & purchase second-hand product tanker market
- ❖ Increase in Time charter activity: 43 contracts concluded in Q1 2011 equal to the amount signed in H1 2010
- ❖ Improved sentiment at the end of Q1, as the freight rates have started to picking-up

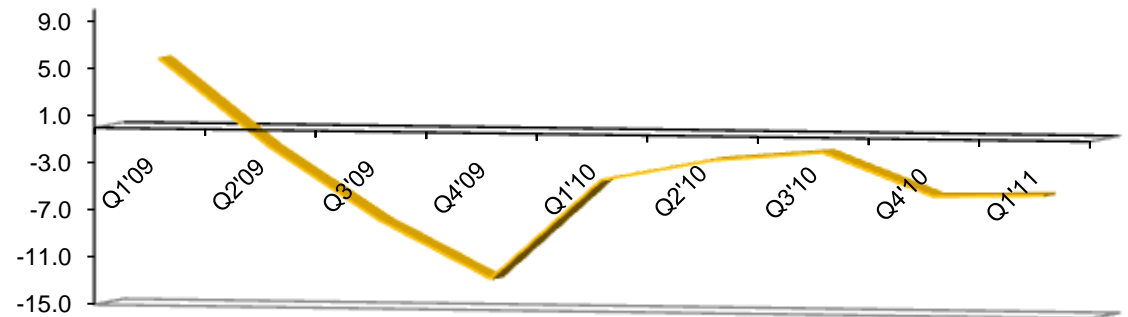
# Highlights – Key figures

❖ **Net loss** - US\$ 4.8m in Q1'11, reflecting a still difficult product tanker industry cycle. Loss per share US\$ (0.032)

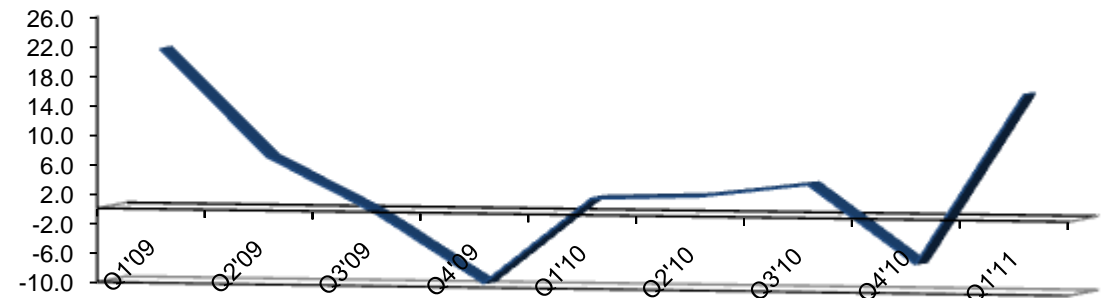
❖ **Operating Cash flow** – Significant balance of US\$ 17m in Q1'11 and stable **Net debt** - US\$ 228m at the end of March 2011, confirming the DIS strong financial position and the competitive business model

❖ **Net asset value** – US\$ 313m (Owned fleet market value net of debt), representing a value per share of Eur 1.54<sup>1</sup>, following the recovery (+10%) in the **Fleet market value** (US\$ 541m at the end of Q1 '11)

Net result



Operating cash flow



1. Per share values converted to Euro at the US\$/EUR exchange rate as at 02 May 2011, of EUR 1 to US\$ 1.4837. Market value calculated on DIS' Share price on 02 May 2011, of EUR 0.915

# Highlights - Fleet profile

DIS Fleet	31 March 2011			
	MR	Handy	Total	%
Owned	16.0	3.0	19.0	49.0%
Time chartered - in	16.0	4.0	20.0	51.0%
<b>Total</b>	<b>32.0</b>	<b>7.0</b>	<b>39.0</b>	<b>100%</b>

- ❖ **Flexible and all double-hull fleet** (69% IMO classed) of the average age of 5.1 years (industry 9.3 years). Fully in compliance with very stringent industry rules
- ❖ Current new building plan almost completed (2 d'Amico Tankers vessels remaining to be delivered early in 2012)
- ❖ Purchase options on 6 chartered-in vessels to be considered in the next future (currently 'not in the money')
- ❖ 62% of the vessels is deployed in the market through strategic pool partnerships with Glencore and Mitsubishi, while 38% is directly chartered. This results in overall flexibility and worldwide market presence

**A significant portion of controlled vessels is employed through strategic partnership resulting in greater flexibility in deploying the fleet**

1. Per Clarkson as at April 2011  
2. Calculated by number of vessels

# Financial Results

**Alberto Mussini, CFO**



# Financial Results – Q1 2011 results

<i>(US\$ million)</i>	Q1 2011	Q1 2010
<b>TCE Earnings</b>	<b>47.9</b>	<b>51.1</b>
<b>EBITDA</b>	<b>5.6</b>	<b>7.2</b>
<i>EBITDA Margin</i>	<i>12%</i>	<i>14%</i>
<b>EBIT</b>	<b>(3.0)</b>	<b>(0.8)</b>
<b>Net Loss</b>	<b>(4.8)</b>	<b>(3.4)</b>

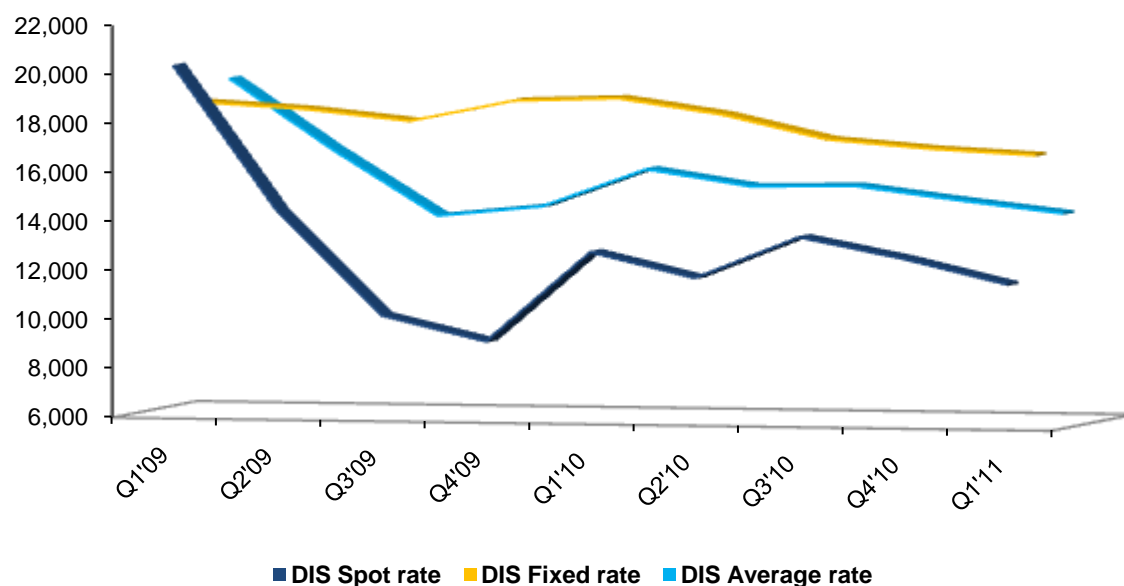
- ❖ TCE Earnings balance affected by the weak spot market at the beginning of Q1'11 vs. the relatively higher rates noted early in 2010, together with a reduced daily rate for the fixed contracts following certain renewals
- ❖ Gross operating profit (EBITDA) lower than Q1'10 essentially driven by the TCE Earnings trend. EBITDA margin of 12% shows an improvement vs. the 9% realized in Q4'10
- ❖ Net loss in Q1'11 benefited of US\$ 1.0m of FX gain on US\$ recovery vs. JPY

**Q1'11 returns reflected a still difficult product tanker industry environment**



# Financial results - Key Operating Measures

Key Operating Measures	Q1'11	Q1'10	FY'10	FY'09
N. of vessel	38.6	41.5	39.7	38.5
Fleet contract coverage	47.4%	47.5%	45.5%	54.8%
Daily TCE earnings (US\$/day)	14,328	15,901	15,291	15,891
Daily TCE Spot (US\$/day)	11,871	12,961	12,854	13,043
Daily TCE Covered (US\$/day)	16,932	19,023	18,034	18,403



❖ A significant level of coverage has been confirmed at rates supporting cash flow generation, maintaining strong relationships with oil-majors

❖ Increased percentage of owned vessels as a result of the 'on going' new building plan and redeliveries of some chartered-in vessels

❖ Slightly short term decrease in **spot rates**, but in the not significant range of volatility. Rates recovery expected over the following quarters. Substantially stable **average rate** since 2010

# Financial Results – Net Debt

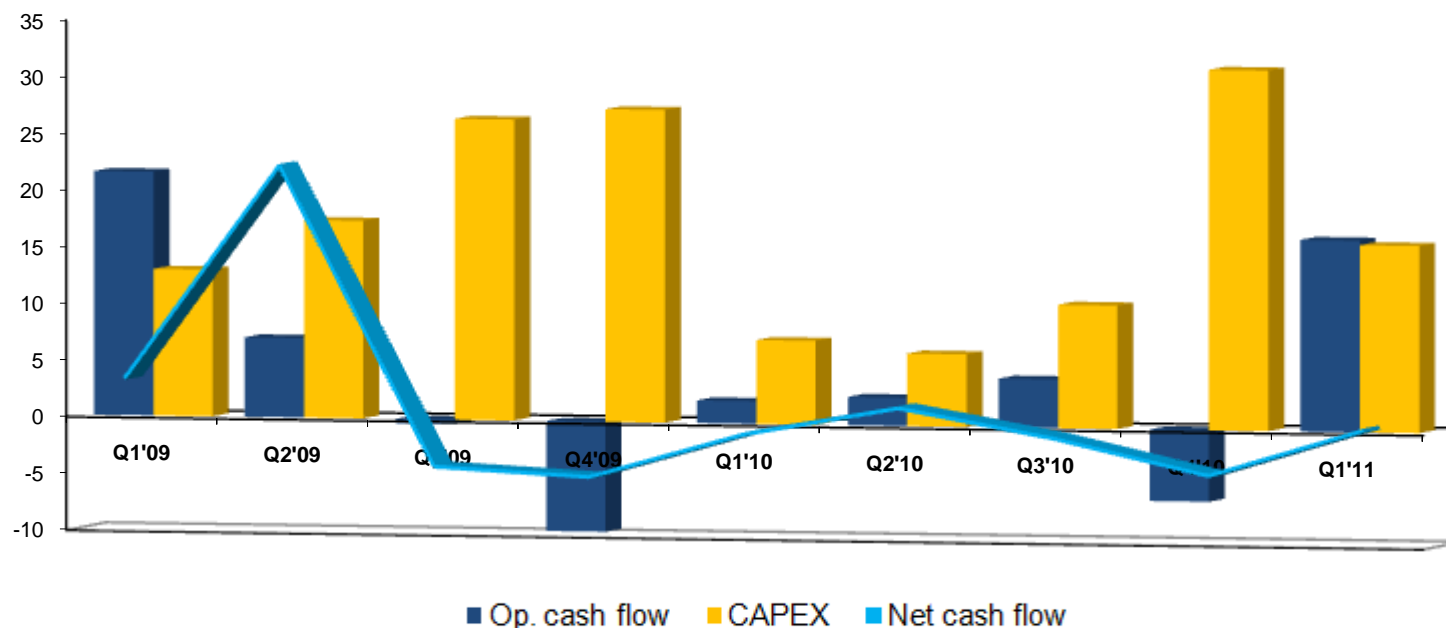
<i>(US\$ million)</i>	31 March 2011	31 December 2010
Bank debts	304.7	307.5
Cash/Current fin. assets	(76.7)	(76.5)
Net debt	228.0	231.0

- ❖ **Stable net debt** with relevant cash resources on hands of US\$ 77 million allowing to funding new-buildings and vessels acquisition plan, together with the available further credit lines of US\$ 115 million
- ❖ Not significant and sustainable amount of US\$ 15m of short term debt repayments in 2011 and 2012
- ❖ Financing in due course relating to the remaining 2 new-buildings vessels. Outstanding CAPEX of US\$ 56m, whose expected equity portion should be minor

**DIS strong financial position reaffirmed in the still challenging operating environment**

# Financial Results – Cash flow

## DIS' Operating/Net cash flow and CAPEX trend



❖ Over the several quarters of the weak product tanker cycle, DIS has always maintained under control the cash-flow, despite the significant new buildings plan and related capex

❖ **Largely positive Cash flow from operating activities in Q1'11**, driven, other than by the acceptable EBITDA performance, by the working capital trend, following the expected recovery vs. the timing negative balance in Q4 2010

**In a still challenging market environment, DIS confirmed, also in Q1'11, its ability to generate a positive operating cash flow to mitigate the not positive market 'momentum'**

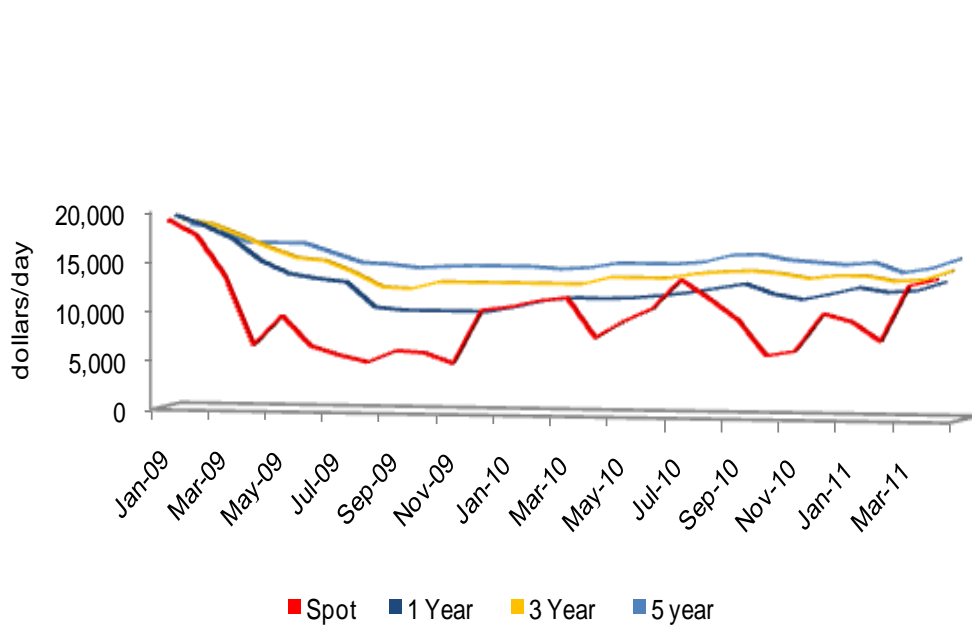
# Product Tanker Market & Outlook

Marco Fiori, CEO

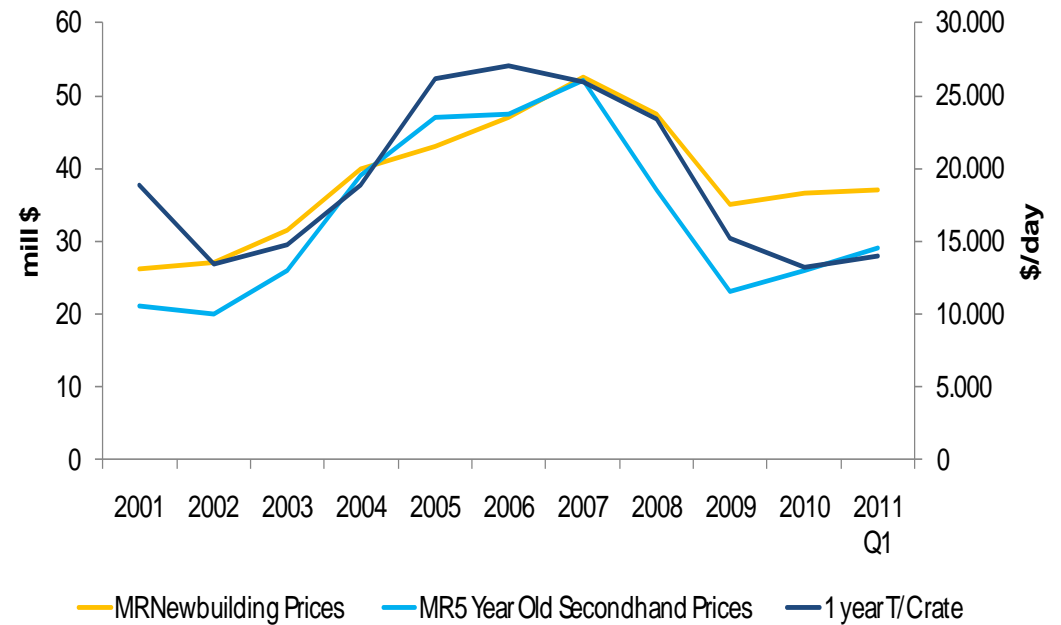


# Market Overview – Earnings & vessels price

Average Rates for MR<sup>1</sup>Product Tankers (US\$)



Asset Values 2001 - 2011



❖ Spot market returns are recovering

❖ Asset values have also improved primarily due to an increased activity on the sale and purchase market coupled with implied better returns as indicated by the improvement in the one year time charter rate. for tankers in the 25-55,000 deadweight segment

❖ Volume of charter and purchase contracts (excluding new buildings) have increased from the very little activity in 2009, 2010 as confidence returns. Correlation between the time charter rates and assets values trend has been further confirmed

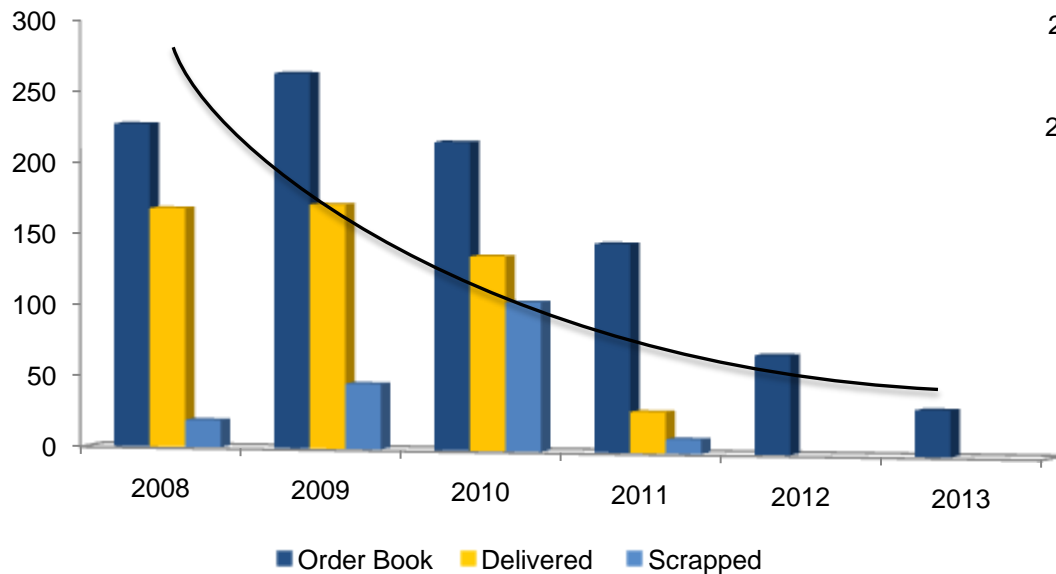
**More active sale & purchase product tanker market, showing signs of recovery due to a pick up in rates and generally improved sentiment**

1. Per Clarkson as at April 2011

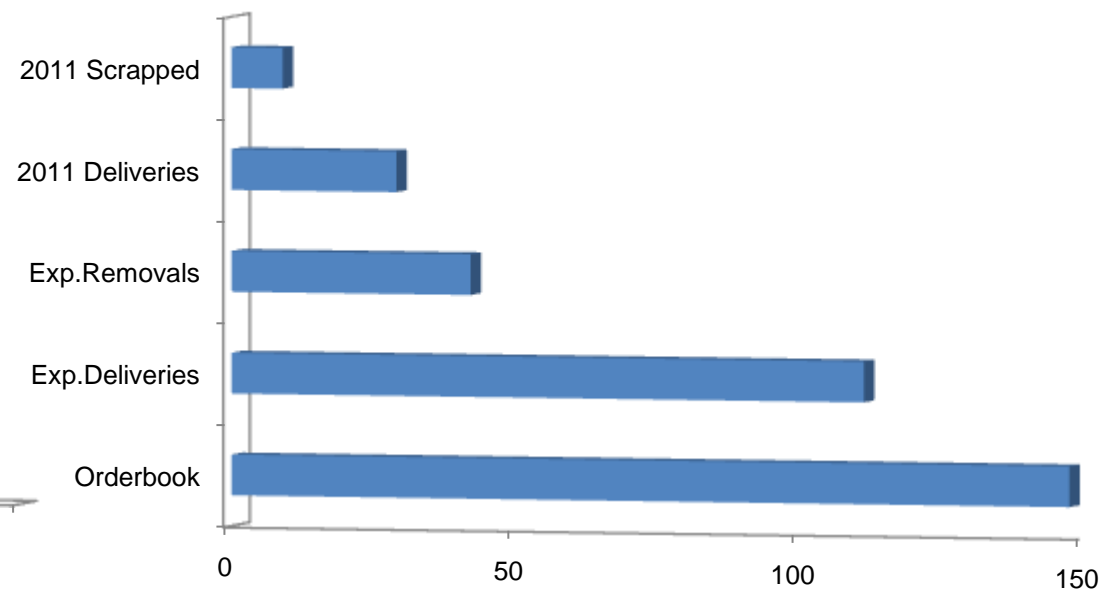
# Supply - Slippage & Net fleet growth

- ❖ Order book vs. actual deliveries: there is still speculation that not all ships on order will actually be delivered. Considerable amount of slippage, cancellation, and conversion over the last three years
- ❖ 2007/2008/2009 were large delivery years within the MR fleet with on average 8.5% being added each year forward net growth closer to an average 2% being added each year over the next three years
- ❖ 2010 was the Marpol Single hull phase out deadline and the majority of ships were removed, however there are still some 93 ships that still need to be scrapped by the ultimate deadline in 2015

Net MR<sup>1</sup> fleet growth 2008-2013



Order book vs. deliveries – MR<sup>1</sup> Tankers



**The forward order book still has had no significant new orders**

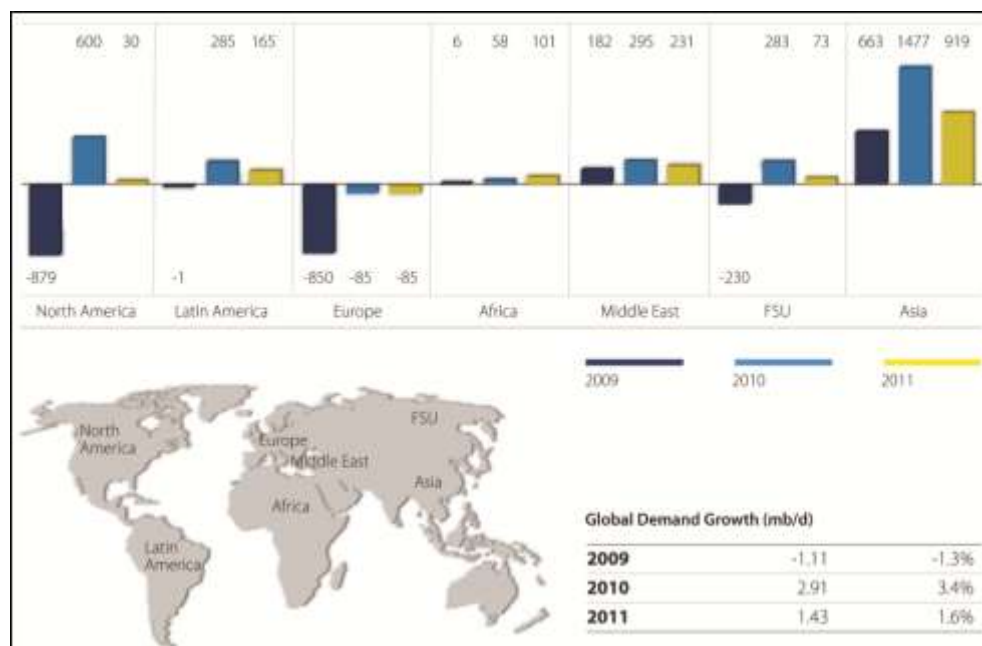
1. MR product tankers ranging from 25,000 to 55,000 dwt. Source: Clarkson, ICAP, SSY and Gibson search

# Demand - Refinery Capacity

- ❖ IEA have not revised their forecast for forward oil product demand for 2011 for the first time in over 12 months primarily on the back of increasing Oil prices and possible Inflationary pressure on slowing growth
- ❖ Global oil demand, which averaged 87.9m barrels/day in 2010 (+3.4% or +2.9m barrels/day yoy), is still seen rising to 89.4m barrels/day in 2011 (+1.6% or +1.4m barrels/day yoy)

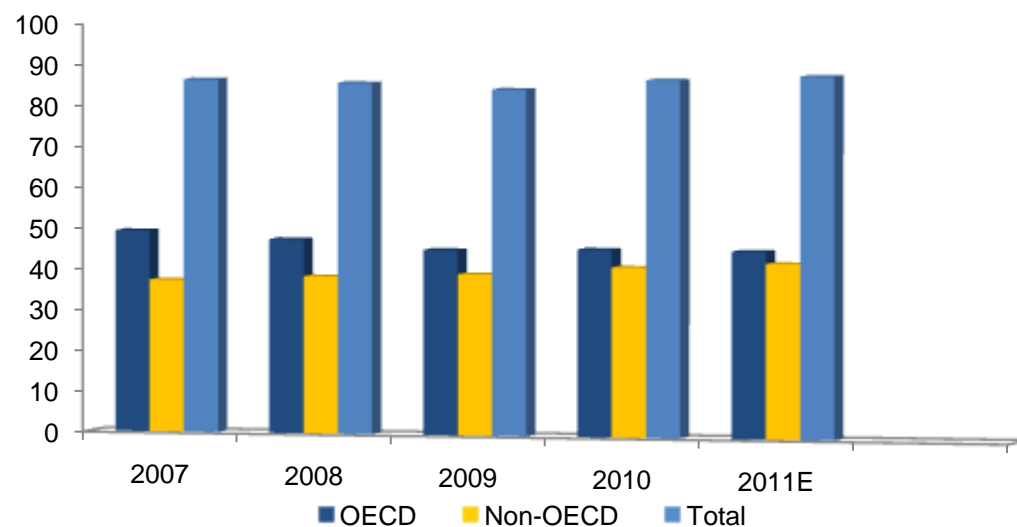
## Global Oil Demand Growth 2009-2010-2011

Thousand barrels per day



## Global Oil Demand Growth 2007-2011

millbpd

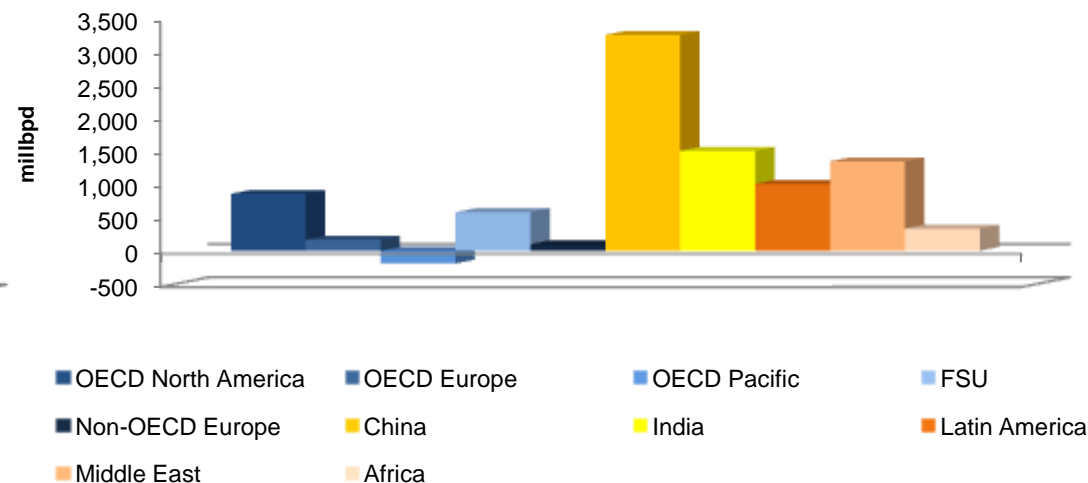
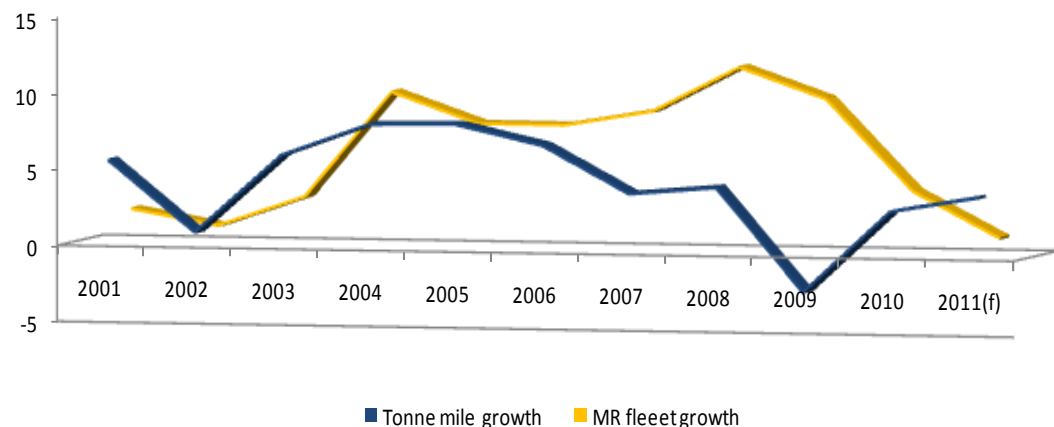


1. Source: International Energy Agency Medium-Term Oil Market Report, April 2011

# Demand / Supply 'balance'

Tonne mile demand

Crude Distillation Additions and Expansions



❖ Product dislocation is once again a factor for the demand for Product Tankers. This in turn has meant that ships within the 25-55,000 dwt segment are trading over greater distances thus reducing the supply of Ships.

❖ Tonne mile demand is expected to grow for Product tankers by four percent in 2011. This coupled with a declining growth in deliveries of New buildings is a positive factor for the Product tanker market

**Additional refinery capacity brought on stream, with some delays. There is still expected an additional 9.1m bpd refining capacity coming on-line by 2016. This increased low-cost refinery capacity within Asia should structurally favour more long haul products trade**

1. MR product tankers ranging from 25,000 to 55,000 dwt. Source: Clarkson, ICAP, SSY and Gibson search



# Outlook - DIS's response

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## Guidance

- ❖ Better arbitrage opportunities have increased tonne-mile demand. With the expectation of prolonged product dislocation, **an improvement in the product tanker utilization is expected to continue.**
- ❖ The supply of ships will also be reduced as net forward growth is being eroded
- ❖ The longer term view is positive, with continued good utilization, but any substantial improvement in demand is still 'fragile'. **There are prospects for a better operating environment in 2011 as demand is picking-up.**

## DIS strategy

- ❖ Reaffirm the **balanced business model** as the most efficient way to manage the challenging product tanker market having a long term view
- ❖ Enhance and develop **business with established key clients and strategic partners**, allowing to secure cargo control, and vessels employment optimisation
- ❖ Other than oil product, DIS will continue focusing on **alternative commodities** (like veg oil and palm oil)
- ❖ The strong reputation, solid financial position and the primary market position allow DIS to look on **external opportunities**, like M&A or selected assets acquisitions at the right time

# d'Amico International Shipping

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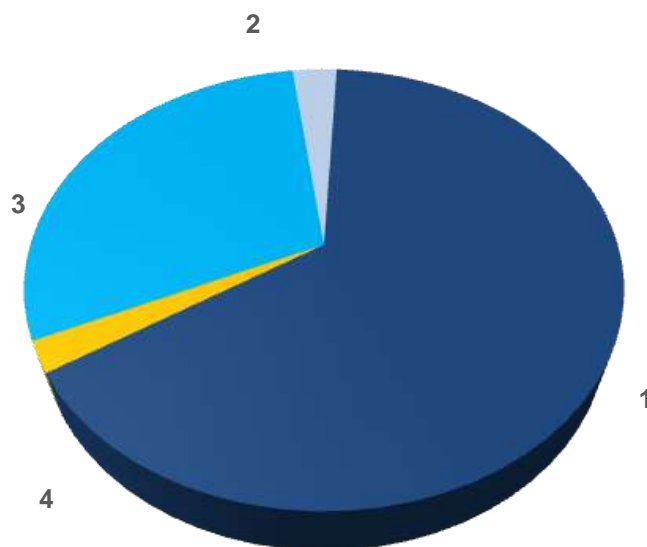
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# Appendix



# DIS' Shareholdings Structure

## Key Information on DIS' Shares



1	d'Amico International SA	65.09%
2	d'Amico International Shipping S.A.	2.90%
3	Others	29.78%
4	Kairos Partners SGR SpA	2.23%

Listing Market	Borsa Italiana, STAR
No. of shares	149,949,907
Market Cap <sup>1</sup>	€ 137,0 million
Shares Repurchased / % of share capital	4,390,495 / 2.93%

1. Based on DIS' Share price on May 05, 2011, of € 0.9245

# Financial Results - Income Statement

	<i>(US\$ million)</i>	Q1 2011	Q1 2010
<b>TCE Earnings</b>		<b>47.9</b>	<b>51.1</b>
Time charter hire costs		(24.4)	(25.5)
Other direct operating costs		(13.4)	(14.1)
General and administrative costs		(5.5)	(4.6)
Other operating Income		1.0	0.2
<b>EBITDA</b>		<b>5.6</b>	<b>7.2</b>
Depreciation		(8.7)	(8.0)
<b>EBIT</b>		<b>(3.1)</b>	<b>(0.8)</b>
Net financial income (charges)		(1.5)	(2.3)
Income taxes		(0.1)	(0.3)
<b>Net Profit (Loss)</b>		<b>(4.6)</b>	<b>(3.4)</b>

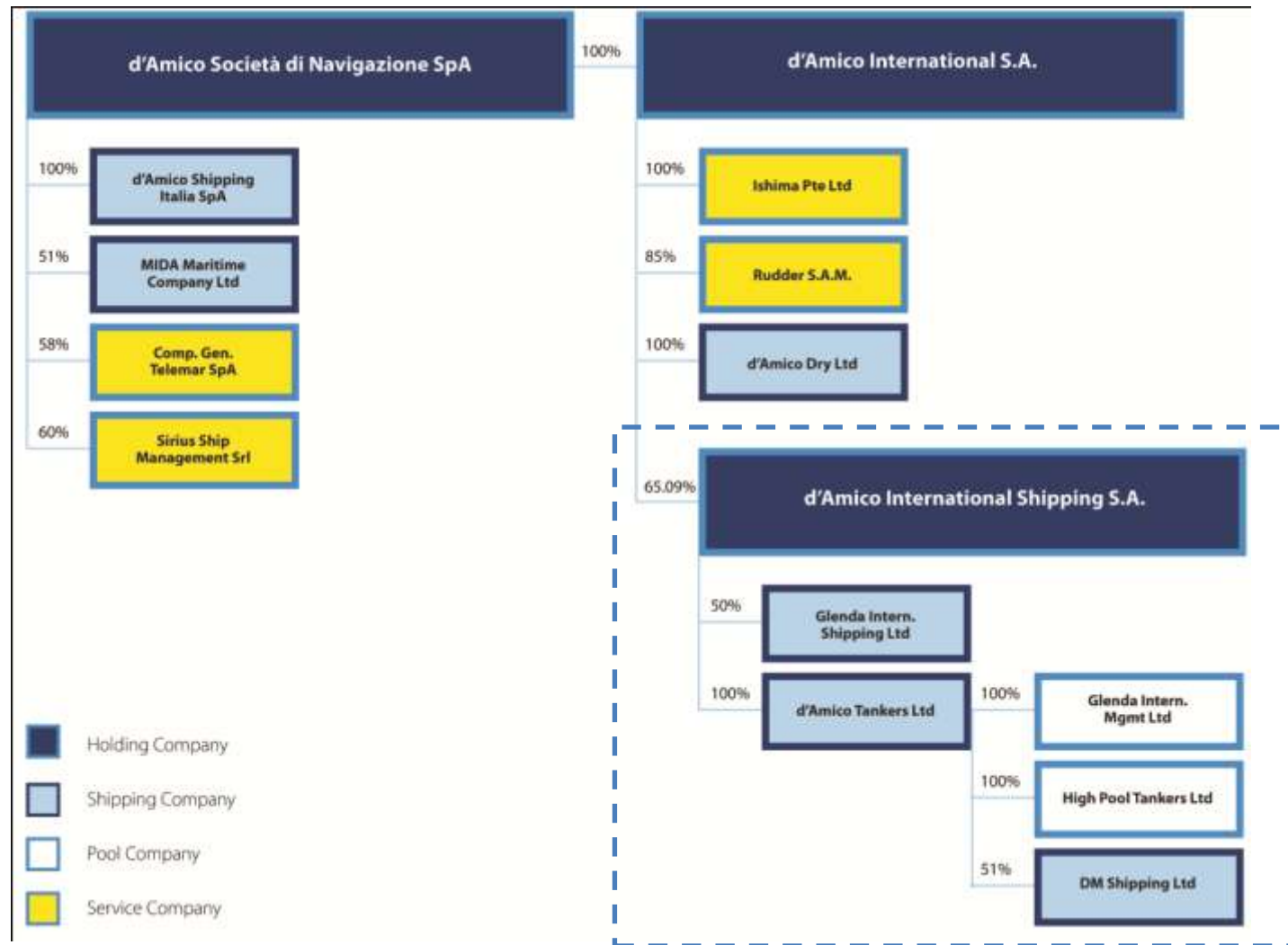
# Financial Results - Statement of financial position

	<i>(US\$ Thousand)</i>	<b>As at 31 Mar.'11</b>	<b>As at 31 Dec.'10</b>
<b>ASSETS</b>			
Non current assets		552,306	522,717
Current assets		157,861	202,423
<b>Total assets</b>		<b>710,167</b>	<b>725,140</b>
<b>LIABILITIES &amp; SHAREHOLDERS' EQUITY</b>			
Shareholders' equity		329,758	333,106
Non current liabilities		279,209	284,658
Current liabilities		101,200	91,754
<b>Total liabilities and shareholders' equity</b>		<b>710,167</b>	<b>709,518</b>

# Fleet employment and partnerships

DIS Fleet Employment and Partnerships		
	DIS Vessels	Total Pool Vessels
Direct	14.5	
High Pool	8.0	11.0
GLENDIA Int. Management (Pool)	15.5	35.0
Handytankers Pool	1.0	
<b>Total</b>	<b>39.0</b>	

# d'Amico's Group Structure



DIS benefits from the support of d'Amico Società di Navigazione S.p.A.



# DIS' Current Fleet Overview

## MR FLEET

Name of vessel	Tonnage (dwt)	Year Built	Builder, Country	Flag	Classification Society	Interest <sup>1</sup>	IMO Classified
<b>Owned</b>							
GLEND A Meryl <sup>3</sup>	47,000	2011	Hyundai MIPO, South Korea	Liberia	Lloyds	50%	IMO III
GLEND A Melissa <sup>3</sup>	47,000	2011	Hyundai MIPO, South Korea	Liberia	Lloyds	50%	IMO III
GLEND A Melody <sup>3</sup>	47,000	2011	Hyundai MIPO, South Korea	Liberia	Lloyds	50%	IMO III
GLEND A Melanie <sup>3</sup>	47,000	2010	Hyundai MIPO, South Korea	Liberia	Lloyds	50%	IMO III
GLEND A Meredith <sup>3</sup>	47,000	2010	Hyundai MIPO, South Korea	Liberia	Lloyds	50%	IMO III
High Strength <sup>2</sup>	46,592	2009	Nakai Zosen, Japan	Panama	NKK	100%	-
GLEND A Megan <sup>3</sup>	47,000	2009	Hyundai MIPO, South Korea	Liberia	Lloyds	50%	IMO III
High Efficiency <sup>2</sup>	46,547	2009	Nakai Zosen, Japan	Panama	NKK	100%	-
High Venture	51,087	2006	STX, South Korea	Liberia	RINA and ABS	100%	IMO III
High Presence	48,700	2005	Imabari, Japan	Liberia	NKK	100%	-
High Priority	46,847	2005	Nakai Zosen, Japan	Liberia	NKK	100%	-
High Progress	51,303	2005	STX, South Korea	Liberia	RINA and ABS	100%	IMO III
High Performance	51,303	2005	STX, South Korea	Liberia	RINA and ABS	100%	IMO III
High Valor	46,975	2005	STX, South Korea	Liberia	RINA and ABS	100%	IMO III
High Courage	46,975	2005	STX, South Korea	Liberia	RINA and ABS	100%	IMO III
High Endurance	46,992	2004	STX, South Korea	Liberia	RINA and ABS	100%	IMO III
High Endeavour	46,992	2004	STX, South Korea	Liberia	RINA and ABS	100%	IMO III
High Challenge	46,475	1999	STX, South Korea	Liberia	RINA and ABS	100%	IMO III
High Spirit	46,473	1999	STX, South Korea	Liberia	RINA and ABS	100%	IMO III
High Wind	46,471	1999	STX, South Korea	Liberia	RINA and ABS	100%	IMO III

Time charter with purchase option	Tonnage (dwt)	Year Built	Builder, Country	Flag	Classification Society	Interest <sup>1</sup>	IMO Classified
High Enterprise	45,800	2009	Shin Kurushima, Japan	Panama	NKK	100%	-
High Pearl	46,000	2009	Imabari, Japan	Singapore	NKK	100%	-
High Prosperity	48,711	2006	Imabari, Japan	Singapore	NKK	100%	-
High Century	48,676	2006	Imabari, Japan	Hong Kong	NKK	100%	-

Time charter without purchase option	Tonnage (dwt)	Year Built	Builder, Country	Flag	Classification Society	Interest <sup>1</sup>	IMO Classified
High Force	52,000	2009	Shin Kurushima, Japan	Singapore	NKK	100%	-
High Saturn	51,149	2008	STX, South Korea	Hong Kong	NKK	100%	IMO III
High Mars	51,149	2008	STX, South Korea	Hong Kong	NKK	100%	IMO III
High Mercury	51,149	2008	STX, South Korea	Hong Kong	NKK	100%	IMO III
High Jupiter	51,149	2008	STX, South Korea	Hong Kong	NKK	100%	IMO III
Uzava	52,622	2008	Third May Shipyard, Croatia	Marshall Island	Lloyds	100%	IMO III
High Glory	45,700	2006	Minami Nippon, Japan	Panama	NKK	100%	-
High Glow	46,846	2006	Nakai Zosen, Japan	Panama	NKK	100%	-
High Energy	46,874	2004	Nakai Zosen, Japan	Panama	NKK	100%	-
High Power	46,874	2004	Nakai Zosen, Japan	Panama	NKK	100%	-
High Nefeli	45,976	2003	STX, South Korea	Greece	ABS	100%	IMO III

1. DIS' economical interest

2. Vessels on TC from JV Company DM shipping (d'Amico/Mitsubishi) to d'Amico Tankers 100%

3. Vessel owned by JV Company GLEND A Shipping (50% owned by d'Amico)

# DIS' Current Fleet Overview (cont'd)

## HANDY FLEET

Name of vessel	Tonnage (dwt)	Year Built	Builder, Country	Flag	Classification Society	Interest <sup>1</sup>	IMO Classified
<b>Owned</b>							
Cielo di Salerno	36,032	2002	STX, South Korea	Liberia	RINA and ABS	100%	IMO
Cielo di Parigi	36,032	2001	STX, South Korea	Liberia	RINA and ABS	100%	IMO
Cielo di Londra	35,985	2001	STX, South Korea	Liberia	RINA and ABS	100%	IMO
<b>Time charter with purchase option</b>							
Malbec	38,499	2008	Guangzhou, China	Marshall Islands	DNV	100%	IMO
Marvel	38,603	2008	Guangzhou, China	Marshall Islands	DNV	100%	IMO
<b>Time charter without purchase option</b>							
Cielo di Guangzhou <sup>2</sup>	38,877	2006	Guangzhou, China	Italy	RINA and ABS	100%	-
HT Liberty <sup>3</sup>	34,620	2006	Dalian, China	Marshall Islands	LLOYDS	100%	IMO

1. DIS' economic interest
2. Bare Boat vessel
3. Vessel chartered through Pools

# DIS' New Building Program

Name of vessel / Hull Number	Estimated tonnage (dwt)	MR/Handysize	Estimated delivery date	Builder, Country	Flag <sup>2</sup>	Classification Society	Interest <sup>1</sup>	IMO Classified
Owned								
<b>2012</b>								
2307 - HIGH tbn	52,000	MR	Mar-12	Hyundai MIPO, South Korea	Liberia	Intention RINA or ABS	100%	IMO III
2308 - HIGH tbn	52,000	MR	Apr-12	Hyundai MIPO, South Korea	Liberia	Intention RINA or ABS	100%	IMO III

1. DIS' economical interest  
2. Most Likely

# Thank you

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