Lugano Small & Mid Cap Investor Day Presentation

d’Amico International Shipping

Lugano – Sept. 25th, 2015

d’Amico
INTERNATIONAL SHIPPING S.A.

LUGANO SMALL & MID CAP INVESTOR DAY

VI Edizione
Hotel Splendide Royal
25 settembre 2015

IR TOP
Investor Relations

DIS AT A GLANCE

- One of the world's leading **maritime transport** groups, the core business is the management and operation of **tankers** vessels throughout a young fleet.
- Turnover focused on important customer like the Oil Majors, being specialised on refined products.
- Listed at Milan Stock Exchange since 2007 with 40% of stock floating, and controlled by d'Amico SpA, a company with 70 years of story.
- Good performance and excellent perspective: Target Price at 90 €/cent area.
- Strong Financial Ratios
- Strong Financial Results
- Huge Capex Plan (about USD 700 mln) fully financed

FLEET PROFILE.

DIS Fleet[2]

	June 30th, 2015			
	MR	**Handy**	**Total**	**%**
Owned	20.3	3.0	23.3	*45%*
Time chartered-in	22.5	6.0	28.5	*55%*
TOTAL	**42.8**	**9.0**	**51.8**	***100%***

- DIS controls a modern fleet of 51.8 product tankers
- Flexible and double-hull fleet – 63% IMO classed, with an average age of 7.6 years (industry average 9.4 years[1])
- Fully in compliance with very stringent international industry rules
- Long term vetting approvals from the main Oil Majors
- **20[3] newbuildings ordered in the last 3 years** (12 MRs, 4 Handys, 4 LR1s) of which 8[3] vessels already delivered between 2014 and H1'15. 13 of these newbuildings have already been fixed on TC contracts with 3 different Oil Majors and one of the world largest refining Company at very profitable rates
- DIS strategy to maintain a top-quality TC coverage book, by fixing some of its 'Eco' newbuilding vessels with the main Oil Majors which currently require only these types of efficient and advanced ships. At the same time, DIS older tonnage will be concentrated on the spot market

Well-balanced, flexible and competitive business model to maximize returns in a rapidly growing market scenario

1. Source: Clarkson Research Services as at July'15
2. Actual number of vessels at the end of June'15
3. Including M/T High Sun, an MR vessel ordered ay Hyundai Mipo Dockyard Co. Ltd. and owned by Eco Tankers Limited (in which DIS has 33% ownership)

FINANCIAL RESULTS. Q2 & H1 2015 Results

(US$ million)	Q2 2014	Q2 2015	H1 2014	H1 2015
TCE Earnings	**48.6**	**81.2**	**95.1**	**158.1**
Profit on disposal	**6.4**	**-**	**6.4**	**-**
EBITDA	**10.4**	**23.4**	**14.2**	**45.1**
EBITDA Margin (excluding Profit on disposal)	*8.2%*	*28.9%*	*8.3%*	*28.5%*
EBIT	**1.7**	**17.7**	**(2.5)**	**29.8**
Net Profit	**1.4**	**18.7**	**(5.5)**	**30.1**

- **TCE Earnings** – **US$ 158.1m in H1'15** (US$ 95.1m in H1'14) and **US$ 81.2m in Q2'15** (US$ 48.6m in Q2'14), benefitting from the very strong product tanker market which has now reached its highest levels since 2008. In fact, both end user demand and refinery margins have improved this year on the back of plunging oil prices and led to increased arbitrage trading. At the same time, refinery expansions in the Middle East has been very positively contributing to product tankers ton-mile demand. In this strong market scenario, DIS results were further boosted by a much larger fleet than last year (H1'15: 52.1 average vessels vs H1'14: 39.4 average vessels)
- **EBITDA** – **US$ 45.1m in H1'15** (US$ 14.2m in H1'14, including US$ 6.4m 'profit on disposal') and **US$ 23.4m in Q2'15** (US$ 10.4m in Q2'14, including US$ 6.4m 'profit on disposal'). **This level is 72% higher than the total recurring EBITDA** generated in **Full Year 2014**[1], mainly thanks to the robust increase in TCE Earnings. **DIS EBITDA Margin** was **28.1%** in H1'15 vs. 8.3%[1] in the same period last year
- **Net Profit** – **US$ 30.1m** in **H1'15** (US$ (5.5)m loss in H1'14) and **US$ 18.7m in Q2'15** (US$ 1.4m profit in Q2'14)

H1'15 EBITDA is 72% greater than the total recurring FY'14 EBITDA. DIS has a very positive view on its FY'15 Results

1. Excluding 'profit on disposal' generated in 2014

FINANCIAL RESULTS. Key Operating Measures

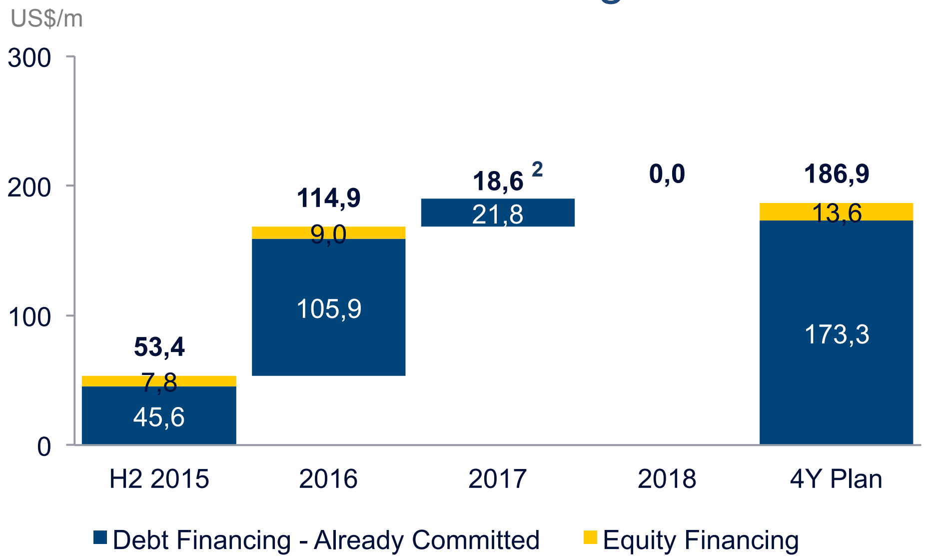
Key Operating Measures	Q1 2014	Q2 2014	H1 2014	Q1 2015	Q2 2015	H1 2015
Avg. n. of vessel	39.6	39.1	39.4	52.1	**52.1**	**52.1**
Fleet contact coverage	56.1%	55.2%	55.6%	44.8%	**43.7%**	**44.2%**
Daily TCE Spot *(US$/d)*	12,191	13,144	12,677	**18,503**	**19,533**	**19,026**
Daily TCE Covered *(US$/d)*	14,770	14,645	14,707	15,010	**15,153**	**15,081**
Daily TCE Earnings *(US$/d)*	13,637	13,972	13,806	16,939	**17,619**	**17,281**

- On the back of the very strong product tanker market, DIS realized a **Daily Average Spot Rate of US$ 19,026 in H1'15**, a level which is 50% (or US$ 6,349/day) higher than the one of H1'14 (US$ 12,677). In particular, the second quarter of the year was even stronger than the first one, leading DIS to a **Daily Average Spot Rate of US $ 19,533 in Q2'15**, compared to US$ 18,503 achieved in the first quarter of the year and to US$ 13,144 generated in Q2'14
- At the same time DIS maintained a good level of '**coverage**' (fixed TC contracts) throughout the period, securing an average of **44.2%** (H1'14: 55.6%) of its H1 revenue at an **Average Daily Fixed Rate of US$ 15,081** (H1'14: US$ 14,707)
- DIS **Total Daily Average TCE was US$ 17,281** in H1'15 vs US$ 13,806 in H1'14

A very strong product tanker market allowed DIS to boost its spot performance in H1'15

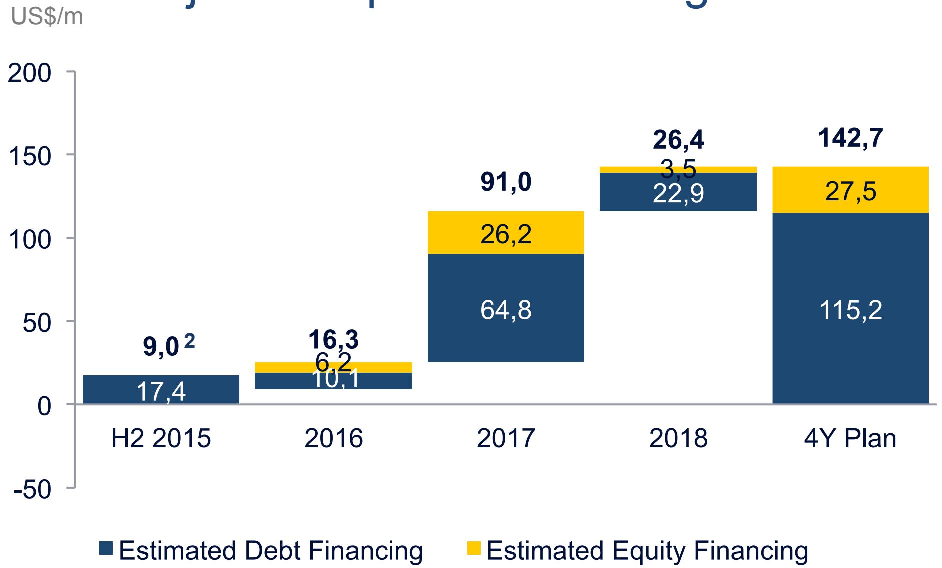
INVESTMENT PLAN.

Current CAPEX[1] & Financing



DIS investment plan (remaining US$ 186.9M, excluding LR1s) is already fully financed and **equity portion almost completely funded as of today**

LR1 Project - Capex & Financing



DIS last investment in 4 LR1s ordered in Q2'15 (remaining US$ 142.7M), will be financed with **bank debt at a leverage of 66%**

1. Other than Yard Instalments, total CAPEX include also small miscellaneous expenses in connection with the vessel construction
2. Total CAPEX of more than offset by bank loan drawdowns

FINANCIAL RESULTS. Net Financial Position

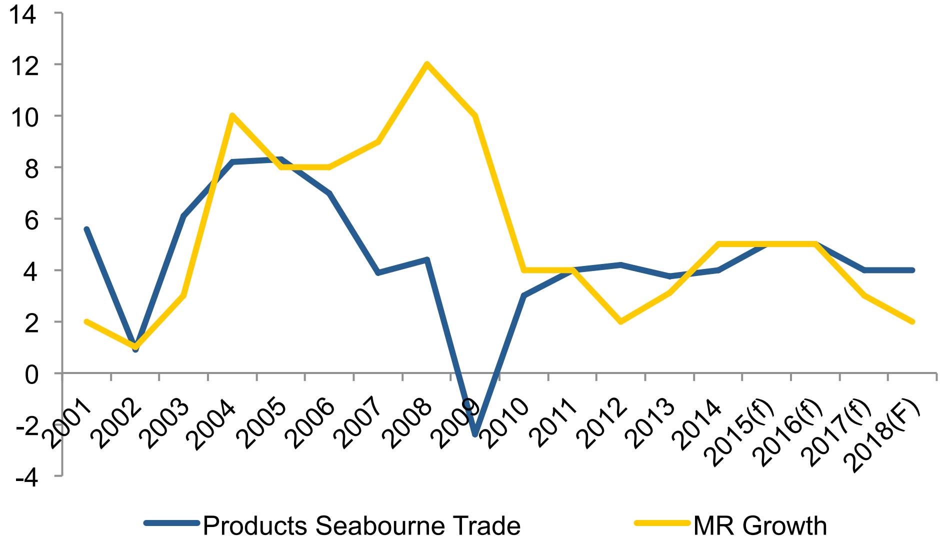
(US$ million)	**Dec. 31st, 2014**	**Jun. 30th, 2015**
Gross debt	(412.0)	(401.5)
Cash/Current fin.assets	71.1	27.5
Net financial position	**(340.9)**	**(374.0)**

- **NFP** of **US$ (374.0)m** at the end of June'15 with US$ 70.9m investments made in the first six months of the year and **Cash resources of US$ 27.5m** at the end of the period
- **US$ 70.9m investments** in H1'15 (US$ 42.9m in Q2'15) mainly in connection with the instalments paid on the newbuilding vessels under construction at Hyundai-Mipo shipyard, including 1 ship delivered in February and the first instalments (20% of the purchase price) paid on the 4 LR1s ordered in the second quarter of the year.
- The substantial amount of CAPEX of the period was partially compensated by the significant **US$ 30.2m Operating Cash Flow generated in H1'15** (or US$ 5m per month on average)

Solid financial structure and strong generation of operating cash flow support DIS significant US$ 667m investment plan

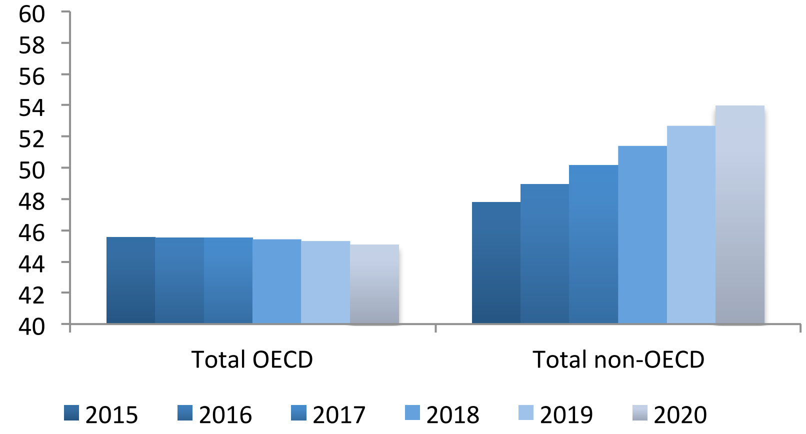
DEMAND / SUPPLY. "Balance"

Ton-mile demand %[1]



Global Oil Demand[2] 2015 – 2020

Million barrels p/d



- There has been a large influx of new Product tankers in recent years; however this has been countered by volumes growth and tonne-mile growth of 7.28% and 14.7% respectively between 2009 and 2014

- China will export close to 250,000 b/d of diesel in the Q3 which is 30% higher than last quarter. Exports mainly stay in the Pacific region with smaller quantities moving to Europe

- Australia's dependence on imports is set to continue with further reductions in domestic refinery capacity. Traditionally they imported product from Singapore, South Korea and Japan. However they are now sourcing additional imports from the Middle East and India which is increasing the ton-mile demand within the Asia / Pacific region

- Australia will shut an additional 100,000 b/d of refinery capacity by the end of next year which will only add to their dependence on imports of products. Sydney alone requires 80,000 b/d imports of gasoline or approximately six MRs per month

1. Source: Odin Marine, Banchero Costa SSY, Icap, d'Amico
2. Source: International Energy Agency Medium-Term Oil Market Report, Jun '15

WHY INVEST IN DIS

- **Product tanker market: very strong fundamentals**:

  - ✓ The collapse in Oil Price led to increased margins for refineries, which have pushed their production to historical high levels
  - ✓ World Refining capacity has been moving away from the main consuming regions (most modern and efficient refineries are now in the Arabian Gulf), positively impacting on product tankers' ton-mile demand

- **DIS: the right play for investors seeking exposure in a booming market**

  - ✓ DIS is one of the few pure product tanker players in the world
  - ✓ DIS has a very young and technologically advanced fleet
  - ✓ DIS has put forward an investment plan worth US$ 667 million in the last 3 years, ordering 20 new 'Eco' design product tankers
  - ✓ DIS has long term contracts with Oil Majors
  - ✓ DIS has strong financial ratios
  - ✓ DIS Strong access to credit market

- **DIS: rewarding dividend policy**

  - ✓ DIS has a pay-out ratio up to 50% of FY'15 Net Profit

DIS MARKET OPPORTUNITIES.

In order to summarize:

- Strong trend of refineries shifting towards oil production areas, especially in Asia and the Middle East, should lead to an increase in product tanker demand
- Short term time Charter have significantly improved and asset values should follow
- Ton-mile improvement should aid product tanker utilisation rates and reduce the supply of tonnage
- Increase of world oil demand still supported mainly by non-OECD countries (South America, sub-Sahara Africa, China and India)
- Reduction in new building orders and scrapping of old tonnage should help manage the net growth of the fleet
- In house Ship management enables DIS to tackle the ever increasing challenges that face the product tanker market

DIS as a pure Product Tanker player is well positioned in the Product market to take advantage of current and future market opportunities and confirms its positive outlook on the Product Tankers market in the medium / long term

1. Source: RS Platou, Clarkson

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