



## **PRESS RELEASE**

**The Board of Directors of d'Amico International Shipping S.A. approves Q2 and H1 2008 Results:  
H1 - TIME CHARTER EQUIVALENT EARNINGS OF US\$120 MILLION AND NET PROFIT OF  
US\$74 MILLION (US\$0.50 PER SHARE), AN INCREASE OF 52% vs. THE PREVIOUS YEAR**

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### ***SECOND QUARTER 2008 RESULTS***

- Time charter equivalent earnings (TCE) of US\$63.2 million, (US\$71.1 in 2007).
- Gross Operating Profit/EBITDA of US\$50.3 million, +67% vs. 2007 (40.2% on TCE, excluding vessel disposals)
- Operating profit/EBIT of US\$42.3 million, +86% vs. 2007 (27.6% on TCE, excluding vessel disposals)
- Net profit of US\$39.0 million, +34% vs. 2007 (22.3% on TCE, excluding vessel disposals)
- Cash Flow from Operating Activities of US\$ 24.4 million
- EPS of US\$0.26, +34% vs. 2007

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### ***FIRST HALF 2008 RESULTS***

- Time charter equivalent earnings (TCE) of US\$120.4 million, (US\$139.8 in 2007)
- Gross Operating Profit/EBITDA of US\$97.3 million, +52% vs. 2007 (41.7% on TCE, excluding vessel disposals)
- Operating profit/EBIT of US\$80.7 million, +64% vs. 2007 (27.9% on TCE, excluding vessel disposals)
- Net profit of US\$74.4 million, +52% vs. 2007 (22.6% on TCE, excluding vessel disposals)
- Net financial position of US\$ 211.8 million following relevant capital expenditure of US\$165.3 million in H1 '08
- Cash Flow from Operating Activities of US\$40.2 million
- Owned Fleet Market Value of US\$ 972.6 million, while average owned vessels increased to 47.3% for the first six months of 2008, from 36% in H1'07
- EPS of US\$0.50, +52% vs. 2007

**Luxembourg, 29 July 2008** – The Board of Directors of d'Amico International Shipping (Borsa Italiana: DIS) (the Company or the Group), a leading international marine transportation company focusing on the product tanker market, today examined and approved the half-yearly financial report as at 30 June 2008.



## MANAGEMENT COMMENTARY

Marco Fiori, Chief Executive Officer of d'Amico International Shipping commented:

*'Notwithstanding a more challenging scenario, we are pleased to report good results and strong key margins, with an EBITDA margin of 42%, and a Net Profit margin of 23% for the first half of the year (excluding the gain on disposal of vessels).*

*Despite the high increase in bunker prices during Q2 2008, freight rates continued to climb and allowed a steady increase in net earnings (TCE), with June so far being the best performing month of the first six months of 2008.*

*Our strong operating cash flow for the period, coupled with proceeds from the sale of two vessels, allowed us to maintain a relatively low net debt position despite relevant gross capital expenditure of US\$165 million and the dividend distribution of US\$ 34 million.*

*DIS continued to strengthen its position in the market increasing the number of owned vessels, by exercising four vessel purchase options, in advance and at attractive prices, thereby capturing the significant equity built-up in these vessels. At the same time, considering that the sale and purchase of vessels is an integral part of our business model, we took advantage of the high prices achieved for second hand vessels, selling two vessels realizing a profit of about US\$47 million. We also increased our overall fleet with six additional time chartered-in vessels and one time chartered- in contract renewed during the year to date.*

*We continue to have a solid financial position, low financial debt and strong cash flow generation, enabling us to pursue our expansion strategy in order to ensure the growth of our shareholders' value.'*

## OPERATING PERFORMANCE

**Time charter equivalent earnings** for the six months ended 30 June 2008 were US\$120.4 million (2007: US\$139.8 million). The gap between 2008 and 2007 narrowed in Q2, with TCE earnings of US\$63.2 million in Q2 2008, compared to US\$71.1 million in Q2 2007. The overall decrease is mainly attributable to the weaker product tanker market conditions, causing a decrease in TCE per employment day of 10.0% for the half year, to US\$20,747 (H1 2007: US\$23,061). However, the gap between TCE earnings in 2008 and 2007 continued to narrow throughout the period, decreasing from 10.4% in Q1 to 9.6% in Q2, despite the a record performance being recorded in Q2 2007.

**Gross operating profit (EBITDA)** for the period ended 30 June 2008 amounted to US\$97.3 million (US\$50.2 million excluding gain from disposal of vessels), compared to US\$63.8 million for the period ended 30 June 2007. EBITDA for Q2 2008 was US\$50.3 million (US\$25.4 million excluding gain from disposal of vessel), compared to US\$30.1 million for Q2 2007. As a percentage of time charter equivalent earnings, the gross operating profit margin in H1 2008



was 41.7% (excluding gain from disposals) compared to 45.7% in H1 2007 (40.2% in Q2 2008; 42.4% in Q2 2007). The variance in margins is essentially attributable to the already disclosed decrease in TCE earnings driven by the weaker market conditions, mainly in the first quarter of the year. This effect has been mitigated by the improvement in the operating costs following the increase in the percentage of owned vessels (from 36.0% in H1 2007 to 47.3% in H1 2008).

**Operating profit (EBIT)** for the half year ended 30 June 2008 amounted to US\$80.7 million, compared to US\$49.1 million for H1 2007. Q2 2008 EBIT was US\$42.3 million, compared to US\$22.8 million in Q2 2007. A decrease in earnings as a result of a generally weaker market in 2008, when the product tanker market reached its last market cycle peak, was offset by gains on disposals of vessels during 2008.

**Net profit** for the half year ended 30 June 2008 amounted to US\$74.4 million, compared to US\$49.0 million for the half year ended 30 June 2007. Net profit for Q2 2008 was US\$39.0 million, compared to US\$ 29.0 million for Q2 2007.

## **CASH FLOW AND FINANCIAL POSITION**

**Net cash flow** for the six months ended 30 June 2008 amounted to US\$9.7 million, increasing cash and cash equivalents to US\$34.6 million as at 30 June 2008, from US\$24.9 million at the end of December 2007. Of this, net cash increased by US\$7.6 million in Q2 2008

The **Cash flow from operating activities** for the six months ended 30 June 2008 amounted to US\$40.2 million, compared to US\$46.2 million for H1 2007. The decrease was mainly driven by lower TCE earnings in 2008, partially offset by lower interest payments in that period. Comparable figures for Q2 were US\$24.4 million in 2008 and US\$20.8 in 2007.

In H1 2008 the Group incurred capital expenditures amounting to US\$165.3 million, aimed at sustaining the owned fleet growth. During the period, US\$81.1 million was paid for three purchase options exercised in advance, together with progress payments amounting to US\$78.7 million being made on ten MR vessels under construction as part of the Glenda International Shipping joint venture. Two MR vessels were also sold during the period, generating proceeds of US\$105.9 million. As a result, **net financial indebtedness** amounted to US\$211.8 million as at 30 June 2008, compared to US\$157.9 million as at 31 December 2007. The ratio of net debt to shareholder's equity was 0.66 at 30 June 2008.

## **SIGNIFICANT EVENTS SINCE THE END OF THE FIRST HALF**

### **Expansion of the controlled fleet**

On 18 July 2008, the M/T High Mercury, a medium range chartered in vessel in which the Group has a 100% interest, was delivered to d'Amico Tankers Limited for a period of 7 years. This is a modern double-hull IMO classed vessel of 51,000 DWT.



On 18 July 2008, it was also announced that the operating subsidiary d'Amico Tankers Limited (Ireland), entered into contracts for the construction of two additional new product/chemical tanker vessels (being medium range 46,000 DWT) with Hyundai Mipo Dockyard Co. Ltd. – Korea, for expected delivery in January and October 2011, for a consideration of US\$50.5 million each. These double-hulled vessels are modern, flexible, IMO classed vessels.

DIS total fleet comprised of 36.9 vessels as at 29 July 2008. This is expected to grow to 44.9 vessels by the end of 2009 based on the company's new building programme. Furthermore, DIS portfolio of purchase options on several vessels has significant value. Overall, as of today DIS holds purchase options on 6.1 vessels exercisable by the end of 2017. Of these, options on 2.3 vessels are exercisable by the end of 2011.

### **Buy back programme**

In pursuance of the share buy-back program approved by the Board of Directors on 1 August 2007, d'Amico International Shipping SA during the period between 18 July until 29 July 2008, repurchased, on the regulated market managed by Borsa Italiana S.p.A., a further 38,750 shares (0.026% of the share capital), at the average price of Euro 2.202, for a total consideration of Euro 85,311. As at 29 July 2008, d'Amico International Shipping SA holds 3,152,758 of its own shares, corresponding to 2.103% of the outstanding share capital.

### **BUSINESS OUTLOOK**

Over the last two years, despite the substantial number of vessels delivered (9% fleet expansion in 2006 and just over 10% in 2007; source: Clarkson Research Services), strong growth in demand has sustained freight rates at historically high levels, with average rates for 3 and 5 years time charters, which give an indication of future market expectations, rising.

For the full year 2008, we still expect an even larger influx of new buildings (over 10.4% fleet expansion; source: Clarkson Research Services), and a slow-down in economic and oil demand growth as result of the difficulties being experienced by the worldwide economy and high oil prices. Nevertheless, a number of mitigating factors, some of which were present over the last two years, as well as some new ones, should sustain freight markets, namely (i) an increase in requests for long-haul voyages, driven by a growing dislocation between refining capacity and demand – the majority of new refining capacity is being added in South East Asia and the Middle East, far away from the key consuming areas of Europe and North America; (ii) rising demand for IMO classed vessels to cover the strong and growing market for the carriage of vegetable, palm oil and chemical products; (iii) a further tightening of vetting and screening procedures from oil companies, favouring modern, double-hull vessels, operated by owners with full in-house ship-management and crewing; (iv) a substantial increase in forecasted product refining capacity.

Q3 2008 has started with good demand for product tankers, with well balanced tonnage supply also. However, the influx of new buildings for the remainder of 2008 and 2009 continues to be a cause for some concern. On the upside, near term low global refined



product inventories could stimulate a continued steady market in the short term. In the longer term, the increase in supply of ships should be offset to some extent by forecast growth in refinery capacity in the Asian regions, and the phase out of single hull tonnage from 2010, helping to increase demand for product tankers.

## **OTHER RESOLUTIONS**

In compliance with the applicable securities legislation and stock exchange requirements related to insider dealing, the Board of Directors of d'Amico International Shipping S.A. today resolved to approve the amended version of the internal dealing code of the company which will be posted on its website, establishing the policy on trading of the company's shares as applicable to directors, employees or officer of the company and its subsidiaries.

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## **CONFERENCE CALL**

At 4.00pm CET, 10.00am EST today a conference call will be held with the financial community during which the Group's economic and financial results will be discussed. It is possible to connect to the call by dialing the following numbers: from Italy +39 02 8020911, from UK +44 20 87929750, from US +1 6662396425. The presentation slides can be downloaded before the conference call from the Investor Relations page on DIS web site: [www.damicointernationalshipping.com](http://www.damicointernationalshipping.com)

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*The undersigned Mr. Alberto Mussini, in his capacity of Chief Financial Officer of the Company, confirms that to the best of his knowledge that the condensed consolidated financial statements and the statutory interim financial statements as at 30 June 2008 have been prepared in accordance with the applicable set of accounting standards and give a true and fair view of the the assets, liabilities, financial position and result of operations of the Company and its consolidated subsidiaries and that the interim management report includes a fair review of the evolution and performance of the d'Amico International Shipping Group, of the company's conditions and the description of the principal risks and uncertainties that it faces.*



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*d'Amico International Shipping S.A. is a subsidiary of d'Amico Società di Navigazione S.p.A., one of the world's leading privately owned marine transportation companies, and operates in the product tankers sector, comprising vessels that typically carry refined petroleum products, chemical and vegetable oils. d'Amico International Shipping S.A. controls, either through ownership or charter arrangements, a modern, high-tech and double-hulled fleet, ranging from 35,000 and 51,000 deadweight tons. The Company has a history and a long tradition of family enterprise and a worldwide presence with offices in key market maritime centres (London, Dublin, Monaco and Singapore). The company's shares are listed on the Milan Stock Exchange under the ticker symbol "DIS".*

#### **Investor Relations**

d'Amico International Shipping S.A  
Anna Franchin (Investor Relations Manager)  
Tel: +35 2 2626292901  
Tel: +37 7 93105472  
E-mail: [ir@damicointernationalshipping.com](mailto:ir@damicointernationalshipping.com)

#### *IR TOP*

Milan, Italy  
Tel: +39 02 45473884/3  
E-mail: [ir@damicointernationalshipping.com](mailto:ir@damicointernationalshipping.com)

#### *Capital Link*

New York - Tel. +1 (212) 661-7566  
London - Tel. +44 (0) 20 7614-2950  
E-Mail: [damicotankers@capitalink.com](mailto:damicotankers@capitalink.com)

#### **Media Relations**

PMS Group  
Contact: Antonio Buozi  
Tel: +39 02 48000250  
Mob: +39 329 7605000  
E-mail: [a.buozi@pmsgroup.it](mailto:a.buozi@pmsgroup.it)

**Annex**

**CONSOLIDATED INCOME STATEMENT**

2nd Quarter 2008	2nd Quarter 2007	<i>US\$ Thousand</i>	1st Half 2008	1st Half 2007
84 274	88 680	Revenue	157 232	172 088
(21 119)	(17 609)	Voyage costs	(36 806)	(32 329)
<b>63 155</b>	<b>71 071</b>	<b>Time charter equivalent earnings</b>	<b>120 426</b>	<b>139 759</b>
(19 664)	(25 681)	Time charter hire costs	(38 050)	(50 059)
(12 729)	(8 286)	Other direct operating costs	(23 573)	(16 445)
(6 452)	(7 709)	General and administrative costs	(12 099)	(10 899)
1 082	737	Other operating income	3 474	1 485
24 925	-	Result on disposal of vessels	47 154	-
<b>50 317</b>	<b>30 132</b>	<b>Gross operating profit</b>	<b>97 332</b>	<b>63 840</b>
(7 972)	(7 312)	Depreciation	(16 624)	(14 738)
<b>42 345</b>	<b>22 820</b>	<b>Operating profit</b>	<b>80 708</b>	<b>49 102</b>
(3 036)	(5 683)	Net financial income (charges)	(5 879)	(9 830)
<b>39 309</b>	<b>17 137</b>	<b>Profit before tax</b>	<b>74 829</b>	<b>39 272</b>
(280)	11 903	Income taxes	(455)	9 761
<b>39 029</b>	<b>29 041</b>	<b>Net profit</b>	<b>74 374</b>	<b>49 034</b>
<b>0.2603</b>	<b>0.1936</b>	<b>Earnings per share</b>	<b>0.4960</b>	<b>0.3270</b>
<b>0.2558</b>		<b>Diluted earnings per share<sup>1</sup></b>	<b>0.4874</b>	

<sup>1</sup> HY1 2008 diluted earnings per share have been calculated assuming the issue of the total number of new shares provided by the share option plan (2,631,774)



## CONSOLIDATED BALANCE SHEET

<i>US\$ Thousand</i>	<b>As at 30 June 2008</b>	<b>As at 31 December 2007</b>
<b>ASSETS</b>		
<b>Non current assets</b>		
Tangible assets	520 644	430 605
Financial fixed assets	4	4
<b>Total non current assets</b>	<b>520 648</b>	<b>430 609</b>
<b>Current assets</b>		
Inventories	13 039	9 300
Receivables and other current assets	44 069	35 863
Cash and cash equivalents	34 578	24 926
<b>Total current assets</b>	<b>91 686</b>	<b>70 090</b>
<b>Total assets</b>	<b>612 334</b>	<b>500 699</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Shareholders' equity</b>		
Share capital	149 950	149 950
Retained earnings	115 023	75 081
Other reserves	57 501	57 658
<b>Total shareholders' equity</b>	<b>322 474</b>	<b>282 689</b>
<b>Non current liabilities</b>		
Banks and other lenders	242 788	178 482
<b>Total non current liabilities</b>	<b>242 788</b>	<b>178 482</b>
<b>Current liabilities</b>		
Other financial current liabilities	3 620	4 355
Payables and other current liabilities	42 746	35 100
Current taxes payable	706	73
<b>Total current liabilities</b>	<b>47 072</b>	<b>39 528</b>
<b>Total liabilities and shareholders' equity</b>	<b>612 334</b>	<b>500 699</b>





## CONSOLIDATED CASH FLOW

2 <sup>nd</sup> Quarter 2008	2 <sup>nd</sup> Quarter 2007	US\$ Thousand	1st Half 2008	1st Half 2007
<b>39 029</b>	<b>29 041</b>	<b>Net profit</b>	<b>74 374</b>	<b>49 034</b>
8 960	7 311	Depreciation and amortisation	16 624	14 738
280	(9 761)	Current and deferred income tax	455	(9 761)
3 036	5 683	Financial charges	5 879	9 830
(24 925)	-	Result on disposal of fixed assets	(47 154)	-
-	-	Other non-cash items	44	-
<b>26 380</b>	<b>35 727</b>	<b>Cash flow from operating activities before changes in working capital</b>	<b>50 222</b>	<b>63 841</b>
(1 933)	(923)	Movement in stocks	(3 739)	(2 010)
(4 072)	(2 189)	Movement in amounts receivable	(8 205)	(954)
6 177	(3 994)	Movement in amounts payable	7 097	(2 363)
-	(4 539)	Taxes paid	208	(4 539)
(2 116)	(3 283)	Interest paid	(5 432)	(7 800)
<b>24 436</b>	<b>20 799</b>	<b>Net cash flow from operating activities</b>	<b>40 151</b>	<b>46 175</b>
(8 768)	(1 912)	Acquisition of fixed assets	(165 338)	(1 943)
51 570	752	Proceeds from the disposal of fixed assets	105 857	1 914
-	(50)	Acquisition of investments	-	(4)
<b>42 802</b>	<b>1 210</b>	<b>Net cash flow from investing activities</b>	<b>(59 481)</b>	<b>(32)</b>
-	(4 734)	Movement in amounts due from parent company	-	(38 914)
-	95 057	Share capital increase	-	94 556
373	(574)	Other changes in shareholders' equity	633	(574)
(826)	-	Treasury Shares	(1 685)	-
(52 000)	(281 400)	Bank loan repayments	(112 000)	(281 400)
27 071	203 970	Bank loan draw-downs	176 306	248 327
(34 273)	-	Dividend paid	(34 273)	(25 000)
<b>(59 655)</b>	<b>12 319</b>	<b>Net cash flow from financing activities</b>	<b>28 981</b>	<b>(3 004)</b>
<b>7 585</b>	<b>31 908</b>	<b>Change in cash balance</b>	<b>9 652</b>	<b>43 138</b>
<b>7 585</b>	<b>31 908</b>	<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>9 652</b>	<b>43 138</b>
26 993	13 932	Cash and cash equivalents at the beginning of the period	24 926	13 932
<b>34 578</b>	<b>45 840</b>	<b>Cash and cash equivalents at the end of the period</b>	<b>34 578</b>	<b>57 070</b>



## NET FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 30 June 2008	As at 31 March 2008	As at 31 December 2007
<b>Liquidity</b>			
Cash and cash equivalents	34 578	26 993	24 926
Securities held for trading	-	-	-
<b>Current financial receivables</b>			
From related parties	-	-	-
From third parties	-	-	-
<b>Other current financial assets</b>	-	-	-
<b>Total current financial assets</b>	<b>34 578</b>	<b>26 993</b>	<b>24 926</b>
<b>Bank loans – current</b>	-	-	-
<b>Other current financial liabilities</b>			
Due to related parties	-	-	-
Due to third parties ( swap fair value )	3 620	10 212	4 355
<b>Total current financial debts</b>	<b>3 620</b>	<b>10 212</b>	<b>4 355</b>
<b>Net current financial indebtedness</b>	<b>(30 958)</b>	<b>(16 781)</b>	<b>(20 571)</b>
<b>Bank loans – non current</b>	242 788	267 717	178 482
<b>Other non current financial liabilities</b>			
Due to related parties	-	-	-
Due to third parties	-	-	-
<b>Total non current financial debt</b>	<b>242 788</b>	<b>267 717</b>	<b>178 482</b>
<b>Net financial indebtedness</b>	<b>211 830</b>	<b>250 936</b>	<b>157 911</b>