



## **d'Amico International Shipping S.A. 9 months / Third Quarter 2020 Financial Report**

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d'Amico International Shipping S.A.

Registered office at 25C Boulevard Royal, Luxembourg

Share capital US\$ 62,052,267.00 as at 30 September 2020

## CONTENTS

<b>BOARD OF DIRECTORS AND CONTROL BODIES .....</b>	<b>3</b>
<b>KEY FIGURES .....</b>	<b>4</b>
<b>CONSOLIDATED INTERIM MANAGEMENT REPORT .....</b>	<b>5</b>
<b>GROUP STRUCTURE.....</b>	<b>5</b>
<b>ALTERNATIVE PERFORMANCE MEASURES (APM) .....</b>	<b>9</b>
<b>SUMMARY OF THE RESULTS IN THE THIRD QUARTER AND NINE MONTHS OF 2020 .....</b>	<b>12</b>
<b>SIGNIFICANT EVENTS OF THE FIRST NINE MONTHS.....</b>	<b>20</b>
<b>SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK .....</b>	<b>22</b>
<b>D'AMICO INTERNATIONAL SHIPPING GROUP CONSOLIDATED INTERIM FINANCIAL REPORT</b>	
<b>AS AT 30 SEPTEMBER 2020.....</b>	<b>26</b>
<b>CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT .....</b>	<b>26</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME .....</b>	<b>26</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION .....</b>	<b>27</b>
<b>CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS .....</b>	<b>28</b>
<b>INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY .....</b>	<b>29</b>
<b>NOTES.....</b>	<b>30</b>

## BOARD OF DIRECTORS AND CONTROL BODIES

### BOARD OF DIRECTORS

*Chairman, Chief Executive Officer*  
Paolo d'Amico

*Directors*

Carlos Balestra di Mottola, *Chief Financial Officer*  
Cesare d'Amico  
Massimo Castrogiovanni  
Stas Andrzej Jozwiak  
John Joseph Danilovich

### INDEPENDENT AUDITORS

MOORE Audit S.A.

## KEY FIGURES

### FINANCIALS

Q3 2020	Q3 2019	US\$ Thousand	9 MONTHS 2020	9 MONTHS 2019
54,082	59,819	Time charter equivalent (TCE) earnings*	204,156	186,126
23,935	21,437	EBITDA *	103,437	69,342
44.26%	35.84%	as % of margin on TCE	50.67%	37.26%
6,851	2,118	EBIT *	45,797	684
12.67%	3.54%	as % of margin on TCE	22.43%	0.37%
(1,732)	(8,155)	Net profit / (loss)	15,407	(32,476)
(3.20)%	(13.63) %	as % of margin on TCE	7.55%	(17.45) %
(372)	(5,907)	Adjusted Net profit / (loss)**	26,059	(15,086)
US\$ (0.001)	US\$ (0.007)	Earnings / (loss) per share	US\$ 0.013	US\$ (0.026)
11,437	18,323	Operating cash flow	70,499	38,353
(2,090)	(2,740)	Gross CAPEX*	(9,118)	(33,897)
			As at 30 September 2020	As at 31 December 2019
		Total assets	1,071,129	1,132,049
		Net financial indebtedness*	598,746	682,810
		Shareholders' equity	364,255	352,465

\*see Alternative Performance Measures on page 9 to 11

\*\* Adjusted by excluding impact of IFRS16 and non-recurring items (please refer to the management report on page 16)

### OTHER OPERATING MEASURES\*

Q3 2020	Q3 2019		9 MONTHS 2020	9 MONTHS 2019
14,864	13,264	<b>Daily operating measures</b> - TCE earnings per employment day (US\$) <sup>1</sup>	16,973	13,674
41.9	48.5	<b>Fleet development</b> - Total vessel equivalent	44.1	49.2
21.9	22.8	- Owned	22.9	23.3
9.0	9.0	- Bareboat chartered	9.0	8.5
11.0	16.7	- Time chartered	12.2	17.4
0.0	1.0	Vessels equivalent under commercial management	1.2	1.8
5.6%	1.3%	Off-hire days/ available vessel days <sup>2</sup> (%)	3.6%	1.9%
63.0%	51.5%	Fixed rate contract/ available vessel days <sup>3</sup> (coverage %)	63.5%	48.7%

\*see Alternative Performance Measures on page 9 to 11

<sup>1</sup> This figure represents time charter ("TC") equivalent earnings for vessels employed on the spot market and time charter contracts, net of commissions. Please refer to the Alternative Performance Measures included further on in this report. This figure excludes TCE Earnings generated by the 'vessels under commercial management', as DIS passes these earnings on to the vessels' owners, after deducting a 2% commission on all their gross revenues.

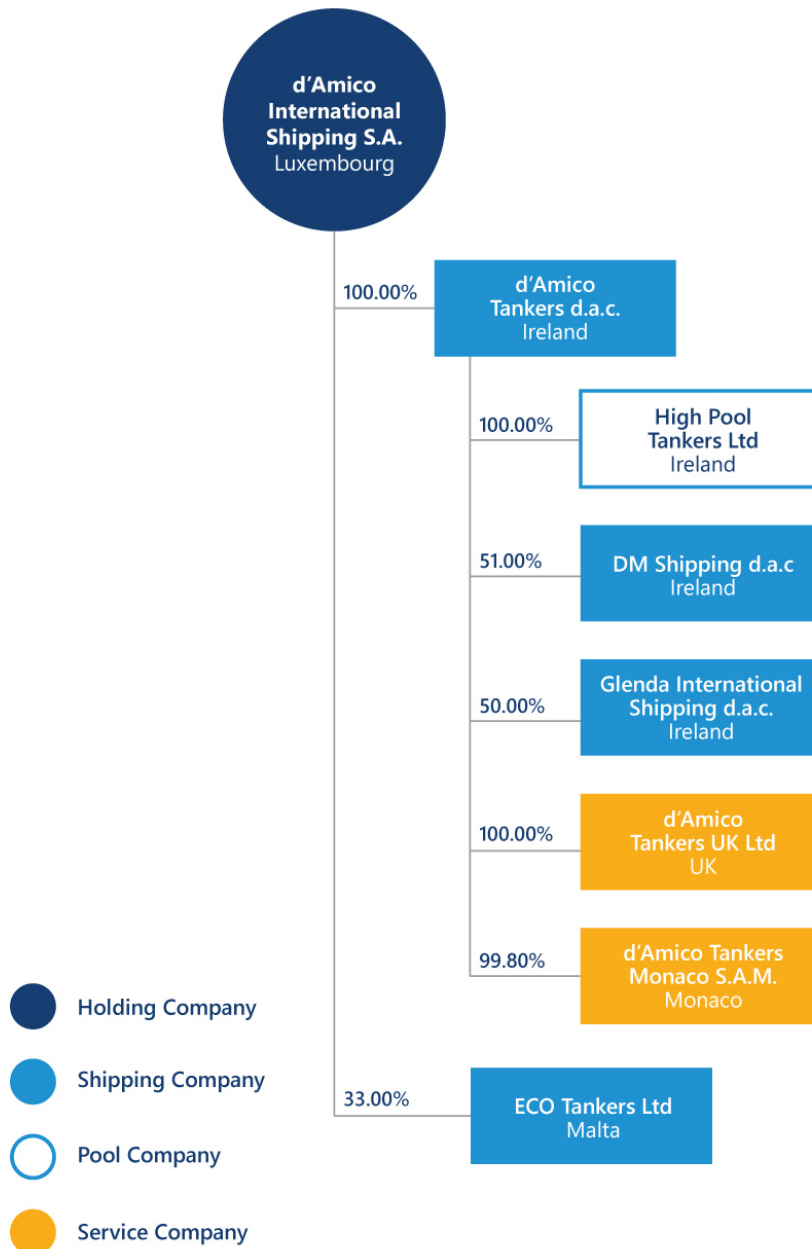
<sup>2</sup> This figure is equal to the ratio of the total off-hire days, inclusive of dry-docks, and the total number of available vessel days.

<sup>3</sup> Fixed rate contract days/available vessel days (coverage ratio): this figure represents the proportion of available vessel days employed on time charter contracts, inclusive of off-hire days.

# CONSOLIDATED INTERIM MANAGEMENT REPORT

## GROUP STRUCTURE

Set out below is d'Amico International Shipping Group's structure as at 30 September 2020:



DM Shipping is going through a voluntary strike-off process; Eco Tankers Limited is going through a voluntary liquidation.

## D'AMICO INTERNATIONAL SHIPPING GROUP

d'Amico International Shipping S.A. (DIS, the Group, d'Amico International Shipping or the Company) is an international marine transportation company, part of the d'Amico Group, which traces its origins to 1936. d'Amico International Shipping operates, mainly through its fully owned subsidiary, d'Amico Tankers d.a.c. (Ireland), which as at 30 September 2020, controls a fleet of 41.0 vessels, of which 30.0 owned and bareboat vessels (with purchase obligations), with an average age of approximately 6.8 years, compared to an average in the product tankers industry of 11.1 years for MRs (25,000 – 54,999 dwt) and of 10.7 years for LR1s (55,000 - 84,999 dwt). All DIS' vessels are double-hulled and are primarily engaged in the transportation of refined oil products, providing worldwide shipping services to the major oil companies and trading houses. All the vessels are compliant with IMO (International Maritime Organization) regulations, including MARPOL (the International Convention for the Prevention of Pollution from Ships), with the requirements of oil-majors and energy-related companies and other relevant international standards. Based on MARPOL/IMO rules, cargoes such as palm oil, vegetable oil and other chemicals can only be transported by vessels that meet certain requirements (IMO Classed). As at 30 September 2020, 78.0% of DIS' controlled fleet was IMO Classed, allowing the Group to transport a large range of products.

d'Amico International Shipping's revenue is mainly generated from the employment, either directly or through its partnerships, of the vessels of its fleet under spot contracts and time charters, for the marine transportation of refined petroleum products. Vessels operating under fixed rate contracts, including time charters, usually provide more steady and predictable cash flows than vessels operating on the spot market. Spot contracts offer the opportunity to maximise DIS' revenue during periods of increasing market rates, although they may result in lower earnings than time charters during periods of decreasing rates. This employment mix varies according to prevailing and forecasted market conditions. Gains or losses can also arise from the sale of the vessels in DIS' fleet.

DIS believes that it benefits from a strong brand name and an established reputation in the international market due to its long operating history and that such a reputation is important in maintaining and strengthening its long-term relationships with its partners and existing customers and in developing relationships with new customers. Its partners and customers appreciate the transparency and accountability, which have been priorities for the Group from its early days. Accountability, transparency and a focus on quality are pillars of its operations and key to DIS' success.

The quality of its fleet is preserved through scheduled maintenance programmes, by aiming for exacting standards on owned vessels and, by chartering-in vessels from owners who meet high-quality standards.

### ***DIS' Global Footprint***

DIS has a presence in Luxembourg, Dublin (Ireland), London (U.K.), Monte Carlo (Monaco), Singapore and Stamford, CT (USA). These offices are located in the key maritime centres around the world. DIS believes that its international presence allows it to meet the needs of its international clients in different geographical areas, while the offices strengthen the Group's recognition and its brand name worldwide. In addition, through the different opening hours of offices located in several time zones, DIS can continuously monitor its operations and assist its customers.

As at 30 September 2020, the Group employed an equivalent of 629 seagoing personnel and 24 onshore personnel.

### **Fleet**

DIS controlled as at 30 September 2020, either through ownership or charter arrangements a modern fleet of 41.0 product tankers (31 December 2019: 46.5 product tankers and 3 additional vessels in commercial management). DIS' product tanker vessels range from approximately 36,000 to 75,000 dwt.

Since 2012, DIS has ordered 22 newbuildings, the last of which was delivered in October 2019. All these newbuildings are fuel-efficient and in compliance with recent environmental legislation. They can therefore cater to the high standards required by the Group's oil major customers, in addition to being highly cost effective.

Operating a large fleet enhances the generation of earnings and operating efficiencies. A large fleet strengthens the Group's ability to advantageously position vessels and improves the fleet's availability and scheduling flexibility, providing DIS with a competitive advantage in securing spot voyages. In particular, the scale of its

operations provides it with the flexibility necessary to enable it to capitalise on favourable spot market conditions to maximise earnings and negotiate favourable contracts with suppliers.

The following table sets forth information about DIS' fleet on the water as at 30 September 2020.

Name of vessel	Dwt	Year built	Builder, Country <sup>4</sup>	IMO classed
<b>LR1 fleet</b>				
<b>Owned</b>				
Cielo di Londra	75,000	2019	Hyundai Mipo, South Korea (Vinashin, Vietnam)	-
Cielo di Cagliari	75,000	2018	Hyundai Mipo, South Korea (Vinashin, Vietnam)	-
Cielo Rosso	75,000	2018	Hyundai Mipo, South Korea (Vinashin, Vietnam)	-
Cielo di Rotterdam	75,000	2018	Hyundai Mipo, South Korea (Vinashin, Vietnam)	-
Cielo Bianco	75,000	2017	Hyundai Mipo, South Korea (Vinashin, Vietnam)	-
<b>Bareboat with purchase options and purchase obligation</b>				
Cielo di Houston	75,000	2019	Hyundai Mipo, South Korea (Vinashin, Vietnam)	-
<b>MR fleet</b>				
<b>Owned</b>				
High Challenge	50,000	2017	Hyundai Mipo, South Korea (Vinashin, Vietnam)	IMO II/III
High Wind	50,000	2016	Hyundai Mipo, South Korea (Vinashin, Vietnam)	IMO II/III
High Tide	51,768	2012	Hyundai Mipo, South Korea	IMO II/III
High Seas	51,678	2012	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melissa <sup>5</sup>	47,203	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Meryl <sup>6</sup>	47,251	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melody <sup>7</sup>	47,238	2011	Hyundai Mipo, South Korea	IMO II/III
GLEND A Melanie <sup>8</sup>	47,162	2010	Hyundai Mipo, South Korea	IMO II/III
High Venture	51,087	2006	STX, South Korea	IMO II/III
High Performance	51,303	2005	STX, South Korea	IMO II/III
High Valor	46,975	2005	STX, South Korea	IMO II/III
High Courage	46,975	2005	STX, South Korea	IMO II/III
<b>Bareboat with purchase options and purchase obligations</b>				
High Trust	49,990	2016	Hyundai Mipo, South Korea (Vinashin, Vietnam)	IMO II/III
High Trader	49,990	2015	Hyundai Mipo, South Korea (Vinashin, Vietnam)	IMO II/III
High Loyalty	49,990	2015	Hyundai Mipo, South Korea	IMO II/III
High Freedom	49,990	2014	Hyundai Mipo, South Korea	IMO II/III
High Discovery	50,036	2014	Hyundai Mipo, South Korea	IMO II/III
High Fidelity	49,990	2014	Hyundai Mipo, South Korea (Vinashin, Vietnam)	IMO II/III
High Voyager	45,999	2014	Hyundai Mipo, South Korea	IMO II/III
High Priority	46,847	2005	Nakai Zosen, Japan	-
<b>TC-in long-term with purchase options</b>				
High Leader	50,000	2018	Japan Marine, Japan	IMO II/III
High Navigator	50,000	2018	Japan Marine, Japan	IMO II/III
High Explorer	50,000	2018	Onomichi, Japan	IMO II/III
High Adventurer	50,000	2017	Onomichi, Japan	IMO II/III
Crimson Pearl	50,000	2017	Minaminippon Shipbuilding, Japan	IMO II/III
Crimson Jade	50,000	2017	Minaminippon Shipbuilding, Japan	IMO II/III

<sup>4</sup> Hyundai Mipo, South Korea (Vinashin, Vietnam) refers to vessels ordered at Hyundai Mipo and built at their Vinashin (Vietnam) facility.

<sup>5</sup> Vessel owned by GLEND A International Shipping d.a.c. (in which DIS has 50% interest) and time chartered to d'Amico Tankers d.a.c.

<sup>6</sup> Vessel owned by GLEND A International Shipping d.a.c. (in which DIS has 50% interest).

<sup>7</sup> Vessel owned by GLEND A International Shipping d.a.c. (in which DIS has 50% interest).

<sup>8</sup> Vessel owned by GLEND A International Shipping d.a.c. (in which DIS has 50% interest) and time chartered to d'Amico Tankers d.a.c.

**TC-in long-term without purchase options**

High Prosperity	48,711	2006	Imabari, Japan	-
High SD Yihe <sup>9</sup>	48,700	2005	Imabari, Japan	-

**TC-in short-term**

SW Southport I	46,992	2004	STX, South Korea	IMO II/III
SW Tropez	46,992	2004	STX, South Korea	IMO II/III

**Handy-size fleet**
**Owned**

Cielo di Salerno	39,043	2016	Hyundai Mipo, South Korea (Vinashin, Vietnam)	IMO II/III
Cielo di Hanoi	39,043	2016	Hyundai Mipo, South Korea (Vinashin, Vietnam)	IMO II/III
Cielo di Capri	39,043	2016	Hyundai Mipo, South Korea (Vinashin, Vietnam)	IMO II/III
Cielo di Ulsan	39,060	2015	Hyundai Mipo, South Korea (Vinashin, Vietnam)	IMO II/III
Cielo di New York	39,990	2014	Hyundai Mipo, South Korea	IMO II/III
Cielo di Gaeta	39,990	2014	Hyundai Mipo, South Korea	IMO II/III

**Fleet Employment and Partnership**

As at 30 September 2020, d'Amico International Shipping directly employed 41.0 Vessels: 6 LR1 ('Long Range 1'), 14 MRs ('Medium Range') and 4 Handy-size vessels on term contracts at a fixed rate, whilst 15 MR and 2 Handy-size vessels were at the same date employed on the spot market. Some of these DIS' vessels are employed through its joint venture *GLENDIA International Shipping d.a.c.*, a jointly controlled entity with the Glencore Group, in which d'Amico Tankers d.a.c. has a 50% interest. As at 30 September 2020, the JV operator owned 4 MR vessels built between February 2010 and February 2011, two of which were time-chartered to d'Amico Tankers d.a.c. and two to the Glencore Group.

d'Amico International Shipping is part of the d'Amico Group (d'Amico), one of the world's leading privately-owned marine transportation companies, with over 70 years of experience in the shipping business, whose ultimate parent company is d'Amico Società di Navigazione S.p.A. (Italy). As at 30 September 2020, the d'Amico Group controlled a wide fleet of owned and chartered-in vessels, of which 41.0 were part of the DIS fleet, operating in the product tanker market. d'Amico International Shipping also benefits from the expertise of the d'Amico Group, which provides technical management services, including crewing and insurance arrangements, as well as safety, quality and environmental services for DIS' vessels.

<sup>9</sup> Former High Presence sold by d'Amico Tankers d.a.c in Feb'18 and taken back in time charter for 6 years



## ALTERNATIVE PERFORMANCE MEASURES (APM)

Along with the most directly comparable IFRS measures, DIS management is regularly using Alternative Performance Measures, as they provide helpful additional information for users of its financial statements, indicating how the business has performed over the period, filling the gaps left by the reporting standards. APMs are financial and non-financial measures of historical or future financial performance, financial position or cash-flows, other than a financial measure defined or specified in the Group's applicable financial reporting framework and standards (IFRS); for this reason they might not be comparable to similarly titled measures used by other companies and are not measurements under IFRS or GAAP and thus should not be considered substitutes for the information contained in the Group's financial statements. The following section sets out the Group's definitions of used APMs:

### **FINANCIAL APMs (They are based on or derived from figures of the financial statements)**

#### ***Time charter equivalent earnings***

A shipping industry standard allowing the comparison of period-to-period net freight revenues, which are not influenced by whether the vessels were employed on Time charters, Voyage charters or Contracts of affreightment (please see Non-Financial APM definitions below). As indicated in the Profit and Loss financial statement, it is equal to (voyage) revenues less voyage costs.

#### ***EBITDA and EBITDA Margin***

EBITDA is defined as the result for the period before the impact of taxes, interest, the Group's share of the result of joint ventures and associates, depreciation and amortization. It is equivalent to the gross operating profit, which indicates the Group's revenues from sales less its cost of the services (transport) sold. EBITDA Margin is defined as EBITDA divided by Time charter equivalent earnings (as described above). DIS believes that EBITDA and EBITDA Margin are useful additional indicators investors can use to evaluate the Group's operating performance.

#### ***EBIT and EBIT Margin***

EBIT is defined as the result for the period before the impact of tax, interest and the Group's share of the result of joint ventures and associates. It is equivalent to the net operating profit and the Group uses it to monitor its return after operating expenses and the cost of the use of its tangible assets. EBIT Margin is defined as operating profit as a percentage of Time charter equivalent earnings and represents for DIS a suitable measure to show the contribution of the Time-Charter Earnings in covering both fixed and variable operating costs.

#### ***ROCE***

Return on Capital Employed is a profitability ratio which measures how efficiently a company is using its capital. It is calculated by dividing EBIT by the capital employed, that is, by total assets less current liabilities.

#### ***Gross CAPEX***

Gross capital expenditure, that is the expenditure for the acquisition of fixed assets as well as expenditures capitalised as a result of the intermediate or special surveys of our vessels, or of investments for the improvement of DIS' vessels, as indicated under "Net acquisition of fixed assets" within the "Cash-flow from investing activities".

#### ***Net Indebtedness***

Comprises bank loans and other financial liabilities, less cash and cash equivalents and liquid financial assets or short-term investments available to service those debt items. The Group believes net indebtedness is relevant to investors since it indicates the absolute level of non-equity funding of the business. The relevant table in the net indebtedness section within the report on operations, reconciles net debt with the pertinent balance sheet line items.

#### ***IFRS 16 impact***

The standard eliminates the classification of leases as either operating leases or finance leases for a lessee. Under the new standard all leases are "capitalised" by recognising the present value of lease payments and showing them as right-of-use assets (RoU) within non-current assets, with a corresponding lease liability. Lease items of low value (under US\$ 5 thousand) or for which the lease duration is shorter than one year are excluded from this treatment and are expensed as incurred. The most significant effect of this standard is an increase in non-current assets and financial liabilities, leading to changes in key financial metrics derived from balance sheet data.

IFRS 16 also changes the classification of expenses within the income statement since operating lease expenses are replaced with an imputed operating cost (for contracts such as time-charters, which include an operational service cost element), depreciation charge for the lease asset (included within operating costs) and an interest expense on the lease liability (included within finance costs).

## **NON-FINANCIAL APMs (not derived from figures of the financial statements)**

### **Available vessel days**

Total theoretical number of days a vessel is available for sailing during a period. It provides an indication of the Group's fleet earnings potential during a period, which takes into account the date of delivery to and redelivery from the Group of the vessels in its fleet (please refer also to the Key figures, other operating measures).

### **Coverage**

Ratio indicating how many available vessel days are already covered by fixed rate contracts (time charter contracts or contracts of affreightment). It provides an indication of how exposed the Group is to changes in the freight market during a certain period (please refer to Time charter equivalent earnings in the Management financial review).

### **Daily spot rate or daily TC rate**

Daily spot rate refers to daily time-charter equivalent earnings (please refer to definition below) generated by employing DIS' vessels on the spot market (or on a voyage basis) and daily TC rate refers to daily time-charter earnings generated by employing DIS' vessels on 'time-charter' contracts (please refer to the Management financial review).

### **Off-hire**

Means the period in which a vessel is unable to perform the services for which it is immediately required under a time charter. Off-hire periods can include days spent on repairs, dry-docking and surveys, whether or not scheduled. It can help to explain changes in time-charter equivalent earnings between different periods (please refer to Revenues, in the Management financial review).

### **Time charter equivalent earnings per day**

A measure of the average daily revenue performance of a vessel or of DIS' fleet. DIS' method of calculating time charter equivalent earnings per day is consistent with industry standards and is determined by dividing voyage revenues (net of voyage expenses) by on-hire days for the relevant time period. Time charter equivalent earnings per day is a standard shipping industry performance measure used primarily to compare period-to-period changes in a shipping company's performance, since it is unaffected by the changes in the mix of charter contracts (*i.e.* spot charters, time charters and contracts of affreightment) through which the vessels are employed. It allows a comparison of the Group's performance with industry peers and market benchmarks (please refer to Key figures).

### **Vessels equivalent**

The number of vessels equivalent in a period is equal to the sum of the products of the total available vessel days over that period for each vessel and the participation of the Group (direct or indirect) in that vessel, divided by the number of calendar days in that period. It provides an indication of the Group's fleet size and earnings potential over a period (please refer to Key figures).

## **OTHER DEFINITIONS**

### **Bareboat charter**

A contract type under which the ship owner is usually paid monthly in advance charter hire at an agreed daily rate for a specified period of time, during which the charterer is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses (please refer to note 6). A bareboat charter is also known as a "demise charter" or a "time charter by demise".

### **Charter**

A contract for the hire of a vessel for a specified period of time or to carry cargo from a loading port to a discharging port. The contract for a charter is commonly called a charter party and there are three main types of such contracts, a bareboat charter party, a voyage charter party and time charter party (refer to definitions in this section).

### **Contract of affreightment (COA)**

An agreement between an owner and a charterer which obliges the owner to provide a vessel to the charterer to move specific quantities of cargo, at a fixed rate, over a stated time period but without designating specific vessels or voyage schedules, thereby providing the owner with greater operating flexibility than with voyage charters alone.

### **Disponent Owner**

The company that controls a vessel, replacing the registered owner, either through a time-charter or a bareboat charter.

### **Fixed-rate contracts**

For DIS these usually refer to revenues generated through time-charter contracts or contracts of affreightment (please refer to definitions in this section). Bareboat charter contracts are also usually fixed rate contracts but DIS controls rather than employs vessels through such contracts.

***Spot charter or Voyage charter***

A contract type through which a registered owner (owner) or disponent owner (please refer to definition in this section) is paid freight for transporting cargo from a loading port to a discharging port. The charterer pays the vessel owner or disponent owner on a per-ton or lump-sum basis. The payment for the use of the vessel is known as freight. The owner or disponent owner is responsible for paying voyage expenses. Typically, the charterer is responsible for any delay at the loading or discharging ports. A ship-owner or bareboat charterer operating its vessel on voyage charter is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses.

***Time charter***

Is a contract type through which the registered owner (owner) or disponent owner (please refer to definition within this section) is paid usually monthly in advance charter hire at an agreed daily rate for a specified period of time (usually a fixed rate contract). With such contracts the charterer is responsible for paying the voyage expenses and additional voyage insurance. A ship-owner or bareboat charterer operating its vessel on time-charter is responsible for the technical management of the vessel, including crewing, and therefore also for its operating expenses.

## SUMMARY OF THE RESULTS IN THE THIRD QUARTER AND NINE MONTHS OF 2020

The tanker market has been very volatile in the first nine months of 2020. After easing back in early 2020 from a robust Q4 2019, tanker earnings soared to historically high levels in March-April 2020. The negative impacts from Covid-19 on global oil demand, coupled with the initial surge in output from Saudi Arabia and Russia, resulted in a steep contango for future oil prices, leading to a sharp increase in onshore storage which rapidly reached capacity in many locations, resulting also in a fast and pronounced increase in floating storage of both crude and products. However, after deep oil output cuts by major producers came into effect from the beginning of May, spot tanker earnings fell sharply, and by September stood at a two-year low.

Global oil demand rose by 3.4 million b/d month-on-month in July, well above the seasonal trend, as COVID-19 restrictions eased and summer holidays in the northern hemisphere supported a rise in transport fuel demand. In IEA's October report, they have nonetheless revised down their Q3 2020 oil demand forecast by 140,000 b/d. This reduction was, however, offset by slightly higher growth estimates for Q4 2020.

Strong gains in global refinery throughput in July and relatively stable runs in August and September came at the cost of a steep fall in refining margins, which in Q3 saw one of their worst quarters.

European gasoline exports recovered in September - thanks to a rebound in shipments to the US, but they remain sharply below year-ago levels. Exports from the USA declined 1.5 million b/d in Q2 and started to recover in Q3. The large number of Hurricanes in the quarter, however, caused refinery outages, disrupted supply and resulted in a build-up of tonnage which curtailed any chance of freight rates improving.

Asian refiners, with the exception of China, are continuing to curb runs due to poor demand and weak margins. But with demand rising in some countries at a faster pace than their domestic output, product flows are moving between regions. This resulted in a sharp draw in Singapore stocks in late September, suggesting the product markets could gain support in Q4 2020 if the firmer demand is maintained.

Floating storage at a global level, fell from a peak of 75 million barrels around mid-May down to 40 million barrels in September.

The one-year time-charter rate is always the best indicator of spot market expectations, and at the end of Q3 was assessed at US\$13,500 per day for a conventional MR2, with an Eco MR2 assessed at a premium of around US\$1,000 per day.

**In the first 9 months of 2020, DIS recorded a Net profit of US\$ 15.4 million** vs. a Net loss of US\$ (32.5) million posted in the same period of last year. Excluding results on disposal and non-recurring financial items from the first 9 months of 2020 and 2019, as well as the asset impairment and the effects of IFRS 16, DIS' Net result would have amounted to US\$ 26.1 million in the first 9 months of the current year compared with US\$ (15.1) million recorded in the same period of 2019. Therefore, **excluding such non-recurring effects, DIS' Net result for the first 9 months of 2020 would have been US\$ 41.1 million higher than in the same period of last year.**

In Q3 2020, DIS posted a Net result of US\$ (1.7) million vs. US\$ (8.2) million recorded in the same quarter of last year. **Excluding non-recurring items from both Q3 2020 and Q3 2019, the Net result would have been of US\$ (0.4) million and US\$ (5.9) million respectively.**

**DIS generated an EBITDA of US\$ 103.4 million in the first 9 months of 2020** vs. US\$ 69.3 million in the same period of last year, representing an increase of 49.2% year-on-year. Such strong improvement relative to the previous year is mainly attributable to better market conditions. This is reflected also in the **strong operating cash flow of US\$ 70.4 million generated in the first 9 months of 2020** compared with US\$ 38.4 million in the same period of last year and with US\$ 59.3 million generated in the entire FY 2019.

In fact, in terms of spot performance, **DIS achieved a daily spot rate of US\$ 18,592 in the first 9 months of 2020**, 45.4% (i.e. US\$ 5,806/day) higher than the US\$ 12,786 achieved in the same period of 2019. In the third quarter of the year, DIS' daily spot rate was of US\$ 12,866 vs. US\$ 11,616 achieved in the same quarter of 2019.

At the same time, 63.5% of DIS' total employment days in the first 9 months of 2020, were covered through 'time-charter' contracts at an average daily rate of US\$ 16,041 (9 months 2019: 48.7% coverage at an average daily rate

of US\$ 14,610). A good level of time charter coverage is one of the pillars of DIS' commercial strategy and allows it to mitigate the effects of the spot market volatility, securing a certain level of earnings and cash generation even throughout the negative cycles. **DIS' total daily average rate (which includes both spot and time-charter contracts) was US\$ 16,973 in the first nine months of 2020** compared with US\$ 13,674 achieved in the same period of the previous year, representing a 24.1% increase year-on-year.

## OPERATING PERFORMANCE

Q3 2020	Q3 2019		9 MONTHS 2020	9 MONTHS 2019
		<i>US\$ Thousand</i>		
64,337	82,088	Revenue	249,679	260,506
(10,255)	(22,269)	Voyage costs	(45,523)	(74,380)
<b>54,082</b>	<b>59,819</b>	<b>Time charter equivalent earnings*</b>	<b>204,156</b>	<b>186,126</b>
(877)	(7,842)	Time charter hire costs	(12,132)	(25,292)
(25,618)	(26,755)	Other direct operating costs	(78,635)	(80,879)
(3,069)	(3,234)	General and administrative costs	(9,252)	(9,114)
(583)	(551)	Result on disposal of fixed assets	(700)	(1,499)
<b>23,935</b>	<b>21,437</b>	<b>EBITDA*</b>	<b>103,437</b>	<b>69,342</b>
(17,085)	(19,319)	Depreciation and impairment	(57,641)	(68,658)
<b>6,850</b>	<b>2,118</b>	<b>EBIT*</b>	<b>45,796</b>	<b>684</b>
182	6	Net financial income	250	584
(8,676)	(10,414)	Net financial (charges)	(30,367)	(35,642)
-	(5)	Share of profit/(loss) of equity accounted investee	-	1,246
-	215	Reversal of impairment loss recognised in profit and loss on loans	-	934
(70)	-	Losses on disposal of Investments	(70)	-
<b>(1,714)</b>	<b>(8,080)</b>	<b>Profit / (loss) before tax</b>	<b>15,609</b>	<b>(32,194)</b>
(19)	(75)	Income taxes	(203)	(282)
<b>(1,733)</b>	<b>(8,155)</b>	<b>Net profit / (loss)</b>	<b>15,406</b>	<b>(32,476)</b>

\*see Alternative Performance Measures on page 9 to 11

**Revenue** was US\$ 64.3 million in Q3 2020 (US\$ 82.1 million in Q3 2019) and US\$ 249.7 million in the first 9 months of 2020 (US\$ 260.5 million in the same period of last year). The percentage of off-hire days in the first 9 months of 2020 (3.6%) was higher than in the same period of the previous year (1.9%), mainly due to commercial off-hires and the timing of dry-docks.

**Voyage costs** reflect the mix of spot and time-charter employment contracts. These costs, which occur only for vessels employed on the spot market, amounted to US\$ (10.3) million in Q3 2020 and US\$ (45.5) million in the first 9 months of the current year (Q3 2019: US\$ (22.3) million and 9 months 2019: US\$ (74.4) million). The lower costs reflect DIS' lower exposure to the spot market relative to the same period of last year.

**Time charter equivalent earnings** were US\$ 54.1 million in Q3 2020 (US\$ 59.8 million in Q3 2019) and US\$ 204.2 million in the first 9 months of 2020 (US\$ 186.1 million in the first 9 months of 2019). The total amount for 2020 includes US\$ 6.2 million 'time charter equivalent earnings' (9 months 2019: US\$ 5.8 million) generated by vessels under commercial management, which is offset by an almost equivalent amount reported under 'time-charter hire costs'. The improvement relative to the previous year reflects the much stronger freight markets in the first nine months of 2020.

In detail, **DIS realized a daily average spot rate** of US\$ 12,866 in Q3 2020 (US\$ 11,616 in Q3 2019) and of **US\$ 18,592 in the first 9 months of 2020<sup>10</sup>** (US\$ 12,786 in the first 9 months 2019<sup>11</sup>). DIS' daily spot result for the first 9 months of 2020 represents an improvement of 45.4% (i.e. US\$ 5,806/day) relative to the same period of the previous year.

Following its strategy, during the first 9 months of 2020 DIS maintained a **high level of 'coverage'** (fixed-rate contracts), securing an average of **63.5%** (9 months 2019: 48.7%) of its available vessel days at a **daily average fixed rate of US\$ 16,041** (9 months 2019: US\$ 14,610). In addition to securing revenue and supporting its operating cash flow generation, these contracts enabled DIS to strengthen its historical relationships with the main oil majors.

**DIS' total daily average TCE (Spot and Time Charter)<sup>12</sup> was US\$ 14,864 in Q3 2020** (US\$ 13,264 in Q3 2019) and US\$ 16,973 in the first 9 months of 2020 (US\$ 13,674 in the 9 months 2019).

DIS TCE daily rates (US dollars)	2019 UNREVIEWED					2020 UNREVIEWED			
	Q1	Q2	Q3	9M	Q4	Q1	Q2	Q3	9M
Spot	13,583	13,074	11,616	<b>12,786</b>	17,242	17,354	25,118	12,866	<b>18,592</b>
Fixed	14,604	14,398	14,819	<b>14,610</b>	15,130	15,864	16,236	16,038	<b>16,041</b>
Average	14,057	13,710	13,264	<b>13,674</b>	15,965	16,391	19,555	14,864	<b>16,973</b>

**Time charter hire costs.** IFRS 16 Leases is effective for annual periods beginning on or after 1 January 2019 and has been adopted by the Company. IFRS 16 substantially changes the Group's Consolidated Financial Statements, significantly affecting the treatment by lessees of contracts which in previous periods were treated as operating leases. With some exceptions, liabilities for payments on contracts previously classified as operating leases are now discounted at the lessee's incremental borrowing rate, leading to the recognition of a lease liability and a corresponding right of use asset (amounting to the liability plus the present value of any restoration costs and any incremental costs in entering the lease, as well as any lease payments made prior to commencement of the lease, minus any lease incentives already received). Therefore, starting from 1 January 2019, 'time-charter hire costs' includes only time-charter contracts whose residual term is shorter than 12 months as at that date or for contracts starting later, whose duration is shorter than 12 months from their commencement date. The application of IFRS16 reduced 'charter hire costs' by US\$ 43.1 million in the first 9 months of 2020 and by US\$ 48.2 million in the same period of 2019, as within the Income Statement, these costs were replaced with other direct operating costs, interest and depreciation.

The total amount for the first 9 months of 2020 includes also US\$ 6.2 million (9 months 2019: US\$ 5.8 million) in hire costs in relation to vessels under commercial management (1.2 average equivalent vessels in the first 9 months of 2020 vs. 1.8 average equivalent vessels in the same period of 2019), which is offset by an almost equivalent amount reported under 'time charter equivalent earnings', after deducting a 2% commission on the gross revenue generated by these ships in the period. Excluding the cost related to the vessels under commercial management and the effect of IFRS 16, DIS' 'time-charter hire costs' in the first 9 months of 2020 would have amounted to US\$ (49.0) million, lower than US\$ (67.6) million for the same period of last year. In fact, DIS operated a lower number of chartered-in vessels in the first 9 months of 2020 (12.2 equivalent ships) relative to the same period of last year (17.4 equivalent ships).

**Other direct operating costs** mainly consist of crew, technical and luboil relating to the operation of owned vessels together with insurance expenses for both owned and chartered-in vessels. The adjustment to 'other direct operating costs' arising from the application of IFRS 16 increases such expenses by US\$ 19.8 million in the first 9 months of 2020 (US\$ 22.4 million increase in the first 9 months of 2019), as within the Income Statement, time-charter hire costs are replaced by other direct operating costs, interest and depreciation. Excluding the effect of IFRS 16, DIS' 'other direct operating costs' would have amounted to US\$ (58.8) million in the first 9 months of 2020

<sup>10</sup> Daily Average TCE for the first 9 months of 2020 excludes US\$ 6.2 million generated by the vessels under commercial management, as it is almost offset by an equivalent amount of time charter hire costs after deducting a 2% commission on gross revenues.

<sup>11</sup> Daily Average TCE for the first 9 months 2019 excludes US\$ 5.8 million generated by the vessels under commercial management, as it is offset by an equivalent amount of time charter hire costs after deducting a 2% commission on gross revenues.

<sup>12</sup> Daily Average TCE for 2020 and 2019 exclude the amounts generated by the vessels under commercial management, since hire revenue for these vessels for each year is almost offset by an equivalent amounts of time charter hire costs, after deducting a 2% commission on gross revenues.



vs. US\$ (58.4) million in the same period of 2019. In the first 9 months of 2020, the Company operated a total fleet of owned and bareboat vessels substantially in line with that of the previous year. DIS constantly monitors its operating costs, while focusing on crew with appropriate skills, high SQE (Safety, Quality & Environment) standards and full compliance with very stringent market regulations. Maintaining a 'high-quality' fleet represents an essential part of d'Amico's vision and strategy.

**General and administrative costs** amounted to US\$ (3.1) million in Q3 2020 (US\$ (3.2) million in Q3 2019) and US\$ (9.3) million in the first 9 months of 2020 (US\$ (9.1) million in the first 9 months of 2019). These costs relate mainly to onshore personnel, together with office costs, consultancies, travel expenses and others.

**Result on disposal of vessel** was negative for US\$ (0.7) million in the first 9 months of 2020 vs. US\$ (1.5) million in the same period of last year. The amount refers to the amortisation of the net deferred result on all vessels sold and leased back in the previous years.

**EBITDA** was of US\$ 23.9 million in Q3 2020 (US\$ 21.4 million in Q3 2019) and US\$ 103.4 million in the first 9 months of 2020 (US\$ 69.3 million in the first 9 months of 2019). The 49.2% improvement relative to the first 9 months of last year, is mainly attributable to the stronger freight markets this year.

**Depreciation, impairment and impairment reversal** amounted to US\$ (17.1) million in Q3 2020 (US\$ (19.3) million in Q3 2019) and to US\$ (57.6) million in the first 9 months of 2020 (US\$ (68.7) million in the first 9 months of 2019). The amount for the first 9 months of 2020 includes US\$ (6.3) million impairment booked on five vessels owned by d'Amico Tankers d.a.c. and one vessel owned by Glenda International Shipping (a jointly controlled entity with the Glencore Group, in which d'Amico Tankers d.a.c. has a 50% interest), which were classified as 'assets held for sale' (in accordance with IFRS 5) during the year, with the difference between their fair value less cost to sell and their book value charged to the Income Statement. Three of these vessels (M/T Cielo di Guangzhou, M/T Glenda Megan and M/T High Progress) were sold in the first 9 months of the year, whilst the remaining three vessels were still classified as 'assets held for sale' as at 30 September 2020. The amount for the first 9 months of 2019 included US\$ (13.4) million impairment booked on a vessel owned by d'Amico Tankers and on two vessels owned by Glenda International Shipping.

**EBIT** was of US\$ 6.9 million in Q3 2020 (US\$ 2.1 million in Q3 2019) and of US\$ 45.8 million in the first 9 months of 2020 (US\$ 0.7 million in the first 9 months of 2019).

**Net financial income** was of US\$ 0.2 million in Q3 2020 (close to 'zero' in Q3 2019) and of US\$ 0.3 million in the first 9 months of 2020 (US\$ 0.6 million in the first 9 months of 2019). The amount of the first 9 months of 2020 comprised mainly US\$ 0.2 million unrealized gain in relation to the ineffective part of DIS' interest rate swap agreements posted in Q3 2020, as well as bank interest income on funds held with financial institutions on deposit and current accounts. The amount for the first 9 months of 2019 included also interest on the financing provided to the DM Shipping joint venture and foreign exchange gains on commercial transactions, explaining the variance relative to the current year.

**Net financial charges** amounted to US\$ (8.7) million in Q3 2020 (US\$ (10.4) million in Q3 2019) and US\$ (30.4) million in the first 9 months of 2020 (US\$ (35.6) million in the first 9 months of 2019). The amount for the first 9 months of the year, comprises US\$ (27.6) million in interest expenses and amortized financial fees due on DIS' bank loan facilities, actual expenses on interest rate swaps and interest on lease liabilities, as well as US\$ (2.6) million of unrealised losses mainly in relation to the ineffective part of DIS' interest rate swap agreements.

**Reversal of impairment of loan to an equity accounted investee** was nil in the first 9 months of 2020 vs. positive for US\$ 0.9 million in the same period of 2019 due to the partial reversal of the write-down of d'Amico Tankers d.a.c.'s shareholder loan to DM Shipping (a 51/49 jointly controlled entity with the Mitsubishi Group).

**Losses on disposal of investments** of US\$ (0.07) million in the first 9 months of 2020 refers to the write-off of the participation in DM Shipping d.a.c., which ended its liquidation in Q3 2020 (nil in 9 months and Q3 2019).

DIS recorded a *Loss before tax* of US\$ (1.7) million in Q3 2020 vs. loss of US\$ (8.1) million in Q3 2019, and a **Profit before tax of US\$ 15.6 million in the first 9 months of 2020** vs. loss of US\$ (32.2) million in the same period of 2019.

**Income taxes** were close to 'zero' in Q3 2020 and amounted to US\$ (0.2) million in the first 9 months of 2020, substantially in line with the same period of last year.

DIS' **Net result** was negative, amounting to US\$ (1.7) million in Q3 2020 vs. US\$ (8.2) million in Q3 2019 and positive, amounting to US\$ 15.4 million in the first 9 months of 2020 vs. US\$ (32.5) million in 9 months 2019.

Excluding results on disposals and non-recurring financial items from Q3 2020 (US\$ (0.7) million<sup>13</sup>) and from the same period of 2019 (US\$ (0.4) million<sup>14</sup>), as well as the asset impairment (US\$ (0.3) million in the third quarter of 2020 and US\$ (1.3) million in the same period of 2019) and the net effects of IFRS 16 from both periods (Q3 2020: US\$ (0.4) million and Q3 2019: US\$ (0.5) million), DIS' Net result would have amounted to US\$ (0.4) million in the third quarter of 2020 compared with US\$ (5.9) million recorded in the same quarter of last year. Therefore, **excluding the effects of the application of IFRS 16 and such non-recurring effects, DIS' Net result for Q3 2020 would have been US\$ 5.5 million higher than in the same quarter of 2019.**

Excluding results on disposals and non-recurring financial items from the first 9 months of 2020 (US\$ (3.2) million<sup>15</sup>) and from the same period of 2019 (US\$ (2.5) million<sup>16</sup>), as well as the asset impairment (US\$ (6.3) million in the first 9 months of 2020 and US\$ (13.4) million in the same period of 2019) and the net effects of IFRS 16 from both periods (9 months 2020: US\$ (1.1) million and 9 months 2019: US\$ (1.4) million), DIS' Net result would have amounted to US\$ 26.1 million in the first 9 months of 2020 compared with US\$ (15.1) million recorded in the same period of the previous year. Therefore, **excluding the effects of the application of IFRS 16 and such non-recurring effects, DIS' Net result for the first 9 months of 2020 would have been US\$ 41.1 million higher than in the same period of 2019.**

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(US\$ Thousand)</i>	As at 30 September 2020	As at 31 December 2019
<b>ASSETS</b>		
Non-current assets	917,882	980,042
Total current assets	153,247	152,007
<b>Total assets</b>	<b>1,071,129</b>	<b>1,132,049</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Shareholders' equity	364,125	352,465
Non-current liabilities	546,588	590,869
Total current liabilities	160,414	188,715
<b>Total liabilities and shareholders' equity</b>	<b>1,071,129</b>	<b>1,132,049</b>

**Non-current assets** mainly relate to DIS' owned vessels net book value, including right-of-use assets (there are no vessels under construction as at 30 September 2020). According to the valuation report provided by a primary broker, the estimated market value of DIS' owned and bareboat fleet as at 30 September 2020 was of US\$ 761.3 million, of which US\$ 722.0 million refer to vessels classified as 'Non-current assets'.

**Gross Capital expenditures (Capex)** were of US\$ 9.1 million in the first 9 months of 2020 vs. US\$ 33.9 million in the same period of 2019. The amount for the first 9 months of 2020 includes only the capitalised dry-dock costs

<sup>13</sup> US\$ (0.6) million loss on disposal, US\$ (0.1) million mainly due to realized and unrealized loss on Interest rates swap agreements.

<sup>14</sup> US\$ (0.6) million loss on disposal, US\$ (0.1) million realized and unrealized loss on Interest rates swap agreements and foreign exchange movements arising from the valuation of the DM Shipping financing, US\$ 0.2 million reversal of impairment of an equity-invested asset.

<sup>15</sup> US\$ (0.7) million loss on disposal, US\$ (2.5) million mainly due to realized and unrealized loss on Interest rates swap agreements.

<sup>16</sup> US\$ (1.5) million loss on disposal, US\$ (2.2) million realized and unrealized loss on Interest rates swap agreements, US\$ 0.2 million foreign exchange movements arising from the valuation of the DM Shipping financing, US\$ 0.9 million reversal of impairment of an equity-invested asset.



pertaining to owned and bareboat vessels. The amount of the prior year comprised mainly the instalments paid on the newbuilding vessels under construction at the time.

**Current assets** as at 30 September 2020 amounted to US\$ 115.2 million, excluding assets held for sale. As at the same date, in addition to the working capital items (inventories and trade receivables amounting to US\$ 7.6 million and US\$ 43.7 million, respectively), current assets include 'cash and cash equivalent' of US\$ 59.3 million and US\$ 2.2 million relating to funds deposited by d'Amico Tankers d.a.c. with d'Amico Finance d.a.c. (please refer to the disclosures on related parties in the notes to the consolidated Financial Statements) in respect of interest rate swap contracts.

Current assets include also *Assets held-for-sale*. The amount of US\$ 38.0 million refers to three vessels owned by d'Amico Tankers d.a.c., included in the category 'Assets held for sale' (in accordance with IFRS 5) as at 30 September 2020, with the difference between their fair value and their book value charged to the Income Statement. Following the impairment allocation, a net carrying value of US\$ 38.0 million was transferred to this line of the Statement of Financial Position as at the end of the period.

**Non-current liabilities** were of US\$ 546.6 million as at 30 September 2020 and mainly consist of the long-term portion of debt due to banks (disclosed under the Net Indebtedness section of the report) and of lease liabilities.

**Current liabilities**, other than the debt due to banks and other lenders (disclosed under the Net Indebtedness section of the report), includes as at 30 September 2020, working capital items amounting to US\$ 31.8 million (mainly relating to trade and other payables), US\$ 35.5 million in lease liabilities, and US\$ 11.6 million in other current financial liabilities.

**Shareholders' equity** amounted to US\$ 364.1 million as at 30 September 2020 (US\$ 352.5 million as at December 31, 2019). The variance relative to year-end 2019 is due to the Net profit generated in the first 9 months of 2020, partially offset by the change in the valuation of cash-flow hedges.

#### **NET INDEBTEDNESS \***

**DIS' net debt as at 30 September 2020** amounted to **US\$ 598.7 million** compared to US\$ 682.8 million as at 31 December 2019. These balances include the additional liability due to the application of IFRS 16, amounting to US\$ 103.6 million at the end of September 2020 vs. US\$ 122.8 as at the end of 2019. The net debt (excluding IFRS16) / fleet market value ratio was of 65.1% as at 30 September 2020 vs. 64.0% as at the end of 2019 and compared with 72.9% as at the end of 2018.

<i>US\$ Thousand</i>	As at 30 September 2020	As at 31 December 2019
Liquidity - <i>Cash and cash equivalents</i>	59,339	33,598
Current financial assets	2,425	2,334
Other current financial assets – related party	2,165	4,931
<b>Total current financial assets</b>	<b>63,929</b>	<b>40,863</b>
Bank loans and other lenders– current	81,452	94,942
Liabilities from leases - current	35,464	37,736
Shareholders’ financing	-	5,000
Other current financial liabilities – related party	7,299	6,465
Other current financial liabilities – 3 <sup>rd</sup> parties	4,309	6,008
<b>Total current financial debt</b>	<b>128,524</b>	<b>150,151</b>
<b>Net current financial debt</b>	<b>64,595</b>	<b>109,288</b>
Other non-current financial assets – third parties	12,437	17,347
<b>Total non-current financial assets</b>	<b>12,437</b>	<b>17,347</b>
Bank loans non-current	251,671	270,169
Liabilities from leases – non-current	287,499	313,418
Other non-current financial liabilities – 3 <sup>rd</sup> parties	7,418	7,282
<b>Total non-current financial debt</b>	<b>546,588</b>	<b>590,869</b>
<b>Net non-current financial debt</b>	<b>534,151</b>	<b>573,522</b>
<b>Net financial indebtedness</b>	<b>598,746</b>	<b>682,810</b>

\* See Alternative Performance Measures on page 9 to 11

The balance of *Total Current Financial Assets* was of US\$ 63.9 million as at the end of September 2020. The total amount comprises *Cash and cash equivalents* of US\$ 59.3 million, and short-term financial receivables of US\$ 2.2 million, which mainly consist of funds deposited by d’Amico Tankers d.a.c. with d’Amico Finance d.a.c., in respect of interest rate swap contracts, as well as the current portion of deferred losses on disposal on sale-leaseback transactions amounting to US\$2.4 million.

*Total Non-Current Financial Assets* comprise mainly deferred losses on sale and lease back transactions.

The total outstanding bank debt (*Bank loans*) as at 30 September 2020 amounted to US\$ 333.1 million, of which US\$ 81.5 million is due within one year. In addition to some short-term credit lines, DIS’ debt as at 30 June 2020 comprises mainly the following long-term facilities granted to d’Amico Tankers d.a.c. (Ireland), the key operating company of the Group:

- (i) US\$ 279.0 million (originally US\$ 250.0 million) term-loan facility granted by a pool of nine primary financial institutions (Crédit Agricole Corporate and Investment Bank, Nordea Bank, ING Bank, Banca IMI, Commonwealth Bank of Australia, Skandinaviska Enskilda Banken (SEB), The Governor and Company of the Bank of Ireland, Credit Industriel et Commercial, DnB), to refinance 8 existing vessels and provide financing for 6 new-building vessels, with an outstanding debt of US\$ 149.9 million;
- (ii) DnB NOR Bank 5 years term-loan facility to finance 1 MR vessel built in 2012, with an outstanding debt of US\$ 13.7 million;
- (iii) ING 5-years term-loan facility to finance 1 MR vessel built in 2012, with an outstanding debt of US\$ 13.1 million;
- (iv) ABN Amro 6-years term-loan facility to finance 1 Handysize vessel built in 2014 with an outstanding debt of US\$ 12.5 million;
- (v) Banca IMI (Intesa Group) 7-years term-loan facility to finance 2 Handy-size vessels built respectively in 2015 and 2016, with a total outstanding debt of US\$ 32.3 million;
- (vi) Monte dei Paschi di Siena 5-years term-loan facility to finance 1 LR1 vessel (delivered in November 2017), with an outstanding debt of US\$ 21.4 million;

- (vii) Century Tokyo Leasing 6-years term-loan facility to finance 2 Handy-size vessels delivered respectively in July and October 2016 and 1 MR vessel delivered in January 2017, with a total outstanding debt of US\$ 50.9 million;
- (viii) In addition, DIS' debt comprises also its portion of the bank loans of its joint venture 'Glenda International Shipping d.a.c.' with Credit Suisse and Cross Ocean AGG Company I (owned by Cross Ocean Partners), amounting to US\$ 17.1 million (to finance 3 Glenda International Shipping d.a.c. vessels built in 2011) and with Standard Chartered Bank, amounting to US\$ 5.3 million (to finance 1 Glenda International Shipping d.a.c. vessel built in 2010).

*Lease liabilities* include the leases on M/T High Fidelity, M/T High Discovery, M/T High Priority, M/T High Freedom, M/T High Trust, M/T High Loyalty, M/T High Trader, M/T Cielo di Houston and M/T High Voyager, which were sold and leased back between 2017 and 2019. In addition, 'lease liabilities' include as at 30 September 2020, US\$ 103.6 million arising from the application of IFRS 16 on contracts classified until 2018 as 'operating leases'.

*Other Non-current financial liabilities* include the negative fair value of derivative hedging instruments (interest rate swap agreements) and the deferred profit on disposal on sale and leaseback transactions.

## CASH FLOW

**DIS' net cash flow for the first 9 months of 2020 was positive for US\$ 22.1 million** vs. US\$ 3.9 million in the same period of 2019 (Q3 2020: US\$ 6.7 million vs. Q3 2019: US\$ 0.1 million).

Q3 2020	Q3 2019	US\$ Thousand	9 MONTHS 2020	9 MONTHS 2019
11,437	18,323	Cash flow from operating activities	70,499	38,353
10,436	6,132	Cash flow from investing activities	22,084	(18,721)
(15,220)	(24,329)	Cash flow from financing activities	(70,457)	(15,708)
<b>6,653</b>	<b>126</b>	<b>Change in cash balance</b>	<b>22,126</b>	<b>3,924</b>
32,990	18,918	Cash and cash equivalents net of bank overdrafts at the beginning of the period	17,517	15,120
<b>39,643</b>	<b>19,044</b>	<b>Cash and cash equivalents net of bank overdrafts at the end of the period</b>	<b>39,643</b>	<b>19,044</b>
59,339	35,510	Cash and cash equivalents at the end of the period	59,339	35,510
(19,696)	(16,466)	Bank overdrafts at the end of the period	(19,696)	(16,466)

**Cash flow from operating activities** was positive, amounting to US\$ 11.4 million in Q3 2020 vs. US\$ 18.3 million in Q3 2019 and to US\$ 70.5 million in the first 9 months of 2020 vs. US\$ 38.4 million in the first 9 months of 2019. This improvement is attributable to the much stronger freight markets in the first 9 months of 2020 relative to the same period of last year.

The net **Cash flow from investing activities** was positive for US\$ 10.5 million in Q3 2020 (US\$ 6.1 million in Q3 2019) and for US\$ 22.1 million in the first 9 months of 2020 (US\$ (18.7) million in the first 9 months of 2019). The amount for the first 9 months of 2020 comprises costs relating to drydocks occurred in the period, off-set by US\$ 30.7 million generated from the sale of M/T Cielo di Guangzhou and M/T Glenda Meredith in Q2 2020 and M/T High Progress in Q3 2020 and by US\$ 0.5 million arising from the reduction of d'Amico Tankers' shareholders loan to DM Shipping, following the sale of its two vessels in FY 2019. The amount for the same period of last year comprised the capital expenditures in connection with the installments paid on the new-building vessel delivered in January 2019, which was sold and leased back upon delivery, partially off-set by US\$ 15.2 million arising from the reduction of d'Amico Tankers' shareholders loan to DM Shipping, following the sale of its two vessels in Q2 and Q3 2019.

**Cash flow from financing activities** was negative, amounting to US\$ (70.5) million in the first 9 months of 2020. This figure comprises mainly: (i) US\$ (5.0) million reimbursement of the financing granted by DIS' majority shareholder (d'Amico International S.A.) at the end of 2019; (ii) US\$ (46.6) million in bank debt repayments (of which: US\$ (5.5) million were due to the reimbursement of the loan, including the balloon, for the M/T Cielo di Guangzhou, sold in Q2 2020; US\$ (4.3) million were due to the reimbursement of the loan, including the balloon,

for M/T High Progress, sold in Q3 2020; US\$ (5.7) million were due to reimbursement of the facility with Credit Suisse and Cross Ocean AGG Company I on one of the Glenda International Shipping d.a.c. vessels, refinanced with Standard Chartered Bank); iii) US\$ 10.0 million bank debt drawdown, comprising US\$ 5.0 million drawdown of a 'hot-money' facility with Intesa and US\$ 5.0 million drawdown of a new facility with Standard Chartered Bank for the refinancing of one of the vessels owned by Glenda International Shipping d.a.c.; (iv) US\$ (28.0) million repayment of lease liabilities; (v) US\$ (1.7) reimbursement of the upstream loan received from Glenda International Shipping d.a.c. at the end of 2019.

## SIGNIFICANT EVENTS OF THE FIRST NINE MONTHS

In the first 9 months of 2020, the main events for the d'Amico International Shipping Group were the following:

### D'AMICO INTERNATIONAL SHIPPING:

- **Executed buyback program:** On 27 January 2020, d'Amico International Shipping S.A. announced that during the period between 20 January and 24 January 2020, n. 882,000 own shares (representing 0.07107% of the outstanding share capital of the Company) were repurchased on the regulated market managed by Borsa Italiana S.p.A. at the average price per share of Euro 0.1495, for a total consideration of Euro 131,869.20. As at 24 January 2020, d'Amico International Shipping S.A. held nr. 8,642,027 own shares, representing 0.7% of its outstanding share capital.

On 20 March 2020, d'Amico International Shipping S.A. announced that during the period between 13 March and 19 March 2020, n. 1,500,000 own shares (representing 0.121% of the outstanding share capital of the Company) were repurchased on the regulated market managed by Borsa Italiana S.p.A. at the average price per share of Euro 0.0703, for a total consideration of Euro 105,434.40. As at 20 March 2020, d'Amico International Shipping S.A. held nr. 10,142,027 own shares, representing 0.82% of its outstanding share capital.

The transactions were made and coordinated by an independent equity broker duly engaged for this purpose, Equita SIM S.p.A., in compliance with the Board of Directors resolution of 13 November 2019 and under the authorization to purchase own shares approved by DIS Shareholders' Meeting on 20 April 2016 (as reminded by means of a press release issued on 13 November 2019).

- **Impact of COVID-19:** The virus outbreak had a major impact on the consumption of refined petroleum products. According to the IEA's latest report global oil demand fell by 16.4 million b/d year-on-year in Q2 2020 as lockdowns were imposed to combat the Covid-19 pandemic. Demand rebounded strongly from July in most of Europe, North America and Asia. World oil demand is projected to decline by 8.4 million b/d in 2020 and to recover by 5.5 million b/d in 2021. However, the recent increase in Covid-19 cases in the US and Europe followed by the containment measures currently being adopted, including partial lockdowns, poses significant downside risks to such forecasts.

The large drop in demand for refined products, coupled with the failure by OPEC+ to reach an agreement on production levels in their March meeting, initially led to a surge in oil supply just as demand was collapsing. The resulting drop in oil prices that bottomed at around US\$20 per barrel, led to a steep contango in the oil forward price curve, resulting in a surge in stocks both onshore and offshore. The resulting congestion at ports and increase in floating storage of both crude and refined products, greatly reduced effective vessel supply, just as the market was being flooded with oil, leading to a surge in freight rates, which reached unprecedented levels around the end of April 2020. However, OPEC+'s decision to reduce crude oil supply by almost 10 million b/d, coupled with voluntary shut-downs from other countries, led to a reduction in supply of almost 14 million b/d from April to June, quickly rebalancing the market and leading to a flatter oil forward price curve and to an increase in the spot oil prices, to around US\$40 per barrel. This vigorous supply curtailment led to a large drop in the demand for the seaborne transportation of refined products and as storage became less profitable, some of the excess inventories started to be consumed, with vessels used for floating storage slowly returning to the market. These factors led to a large drop in freight rates from the beginning of June. OPEC+ supply curtailment has eased from August and demand has rebounded during the summer in Western Europe and some large emerging markets such as China and India. The surge in contagions this autumn has been temporarily derailing the ongoing recovery in oil consumption and there is therefore considerable uncertainty regarding the time required to absorb the excess inventories and

rebalance the market, which will eventually lead to a healthier market with profitable and sustainable freight rates.

d'Amico International Shipping S.A.'s subsidiaries are also coping with operational challenges due to COVID-19, such as loading/unloading restrictions, as well as quarantines for vessels and crews in certain ports, but we are working with our partners, customers and local authorities to find solutions that minimise the impact on our business. COVID-19 has also affected the procurement of spare parts for our vessels and logistics has become more complicated. Although contagions are currently significantly lower in parts of Asia, we are still experiencing problems in flying service engineers to vessels and in arranging vetting inspections around the world. Crew rotation is and remains the main issue, however, the industry has adapted quite rapidly to this new reality, and we have been able to continue operating our vessels with the same level of care and safety.

To better confront the near-term headwinds caused by Covid-19 DIS has significantly strengthened its financial and liquidity position in 2020, also through the sale of vessels. In this respect, as at the end of September 2020 three vessels had been delivered by DIS to their new owners with another two vessels for which binding commitments had been signed (Memorandums of Agreement), expected to change ownership in Q4 2020 and Q1 2021. Thanks also to these vessel disposals, DIS could count on a consolidated cash and cash equivalents balance amounting to US\$59.3 million as at 30 September, comfortably above the minimum required liquidity on its bank financing covenants of US\$25.0 million. Furthermore, DIS has also sought to increase the portion of its fleet covered through fixed rate period contracts, which represent 58% of its available vessel days in the last quarter of 2020. DIS estimates that the sensitivity of its net result and cash generation for every US\$1,000 change in the daily time-charter equivalent earnings for its spot vessels is of only US\$1.5 million in Q4 2020 and of US\$10.4 million in 2021.

#### **D'AMICO TANKERS D.A.C.:**

- **'Time Charter-Out' Fleet:** In January 2020, d'Amico Tankers d.a.c. fixed one of its Handy-size vessels with a leading trading house for 12 months, starting from February 2020.

In March 2020, i) d'Amico Tankers d.a.c. extended a time charter contract with a leading trading house for one of its LR1 vessels for 6-9 months starting from April 2020; ii) d'Amico Tankers d.a.c. extended a time charter contract with an oil-major for one of its Handy-size vessels for 12 months starting from March 2020.

In May 2020, d'Amico Tankers d.a.c. extended time charter contracts with an oil-major, for two of its Handy-size vessels for 12 months, starting respectively from May and June 2020.

In June 2020, d'Amico Tankers d.a.c. extended a time charter contract with an oil-major for two of its MR vessels for respectively 12 months and 6 to 7 months, starting respectively from July and August 2020.

In July 2020, d'Amico Tankers d.a.c. extended a time charter contract with a leading trading house for one of its LR1 vessels for 3-6 months starting from August 2020.

In September 2020, d'Amico Tankers d.a.c. extended a time charter contract with a leading trading house for two of its LR1 vessels for 3-6 months, both starting from October 2020

- **'Time Charter-In' Fleet and 'Commercial management' Fleet:**

In January 2020, the management contract for the M/T Falcon Bay ended and the vessel was redelivered to her owners;

In February 2020, the time-charter-in contract for the M/T Freja Baltic, an MR vessel built in 2008, ended and the vessel was redelivered to her owners.

In May 2020, the management contract for the M/T Eagle Bay ended and the vessel was redelivered to her owners;

In June 2020, i) the management contract for the M/T Philoxenia ended and the vessel was redelivered to her owners; ii) the time-charter-in contracts for the M/T Celsius Rimini, an MR vessel built in 2009, and M/T Carina, an MR vessel built in 2010, ended and the vessels were redelivered to their respective owners.

- **Vessel Sale:** In May 2020, d'Amico Tankers d.a.c signed a memorandum of agreement for the sale of the M/T Cielo di Guangzhou, a 38,877 dwt Handy-size product tanker vessel, built in 2006 by Guangzhou Shipyard International, China, for a consideration of US\$ 8.8 million. The vessel was delivered to the buyers in Q2 2020.

In July 2020, d'Amico Tankers d.a.c signed a memorandum of agreement for the sale of the M/T High Progress and M/T High Performance, two 51,303 dwt MR product tanker vessel, built in 2005 by STX, South Korea, for a consideration of US\$ 12.95 million per vessel. M/T High Progress has been delivered to the buyers in Q3 2020.

In September 2020, d'Amico Tankers d.a.c signed a memorandum of agreement for the sale of the M/T High Courage, a 46,975 dwt MR product tanker vessel, built in 2005 by STX, South Korea, for a consideration of US\$ 12.65 million.

#### GLENDIA INTERNATIONAL SHIPPING D.A.C.:

- **Vessel Sale:** In April 2020, Glenda International Shipping d.a.c., the joint venture company with the Glencore Group, in which d'Amico Tankers holds a 50% participation, signed a memorandum of agreement for the sale of the M/T Glenda Meredith, a 46,147 dwt MR product tanker vessel, built in 2010 by Hunday Mipo, South Korea, for a consideration of US\$ 19.0 million. The vessel was delivered to the buyers in Q2 2020.
- **Bank loan financing:** In September 2020, Glenda International Shipping d.a.c., the joint venture company with the Glencore Group, in which d'Amico Tankers holds a 50% participation, signed a new US\$ 45 million secured term loan facility with Standard Chartered Bank to refinance the four MR vessels currently owned by the joint venture company and previously financed with Credit Suisse and Cross Ocean AGG Company. In the same month the new facility was fully drawn-down and the previous facility was reimbursed.

#### GLENDIA INTERNATIONAL MANAGEMENT LTD:

- In August 2020, the strike-off of Glenda International Management Ltd, a fully owned subsidiary of d'Amico Tankers d.a.c., was completed.

### SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

#### D'AMICO TANKERS D.A.C.:

- **'Time Charter-Out' Fleet:** In October 2020, d'Amico Tankers d.a.c. extended a time charter contract with a leading trading house for one of its LR1 vessels for 2-4 months, starting from November 2020.

In November 2020, d'Amico Tankers d.a.c. extended a time charter contract with an oil-major for one of its MR vessels for 12 months with an option for further 12 months, starting from January 2021.

- **'Time Charter-In' Fleet:** In October 2020, d'Amico Tankers d.a.c. signed a time-charter-in contract for the M/T Green Planet, an MR vessel built in 2014, for 3 years with an option for 1 additional year. The vessel is expected to be delivered to d'Amico Tankers d.a.c. between 15 December 2020 and 28 February 2021.
- **Bank loan financing:** In November 2020, d'Amico Tankers d.a.c. signed a new US\$ 28.9 million secured term loan facility with Credit Agricole CIB to refinance the M/T High Valor, M/T High Venture, M/T High Wind, previously financed with Credit Agricole CIB and a pool of 8 syndicated banks. d'Amico Tankers has the option to include one further vessel under this new facility.



The profile of d'Amico International Shipping's vessels on the water is summarized as follows.

	As at 30 September 2020				As at 12 November 2020			
	LR1	MR	Handysize	Total	LR1	MR	Handysize	Total
Owned	5.0	10.0	6.0	21.0	5.0	9.0	6.0	20.0
Bareboat chartered*	1.0	8.0	0.0	9.0	1.0	8.0	0.0	9.0
Long-term time chartered	0.0	8.0	0.0	8.0	0.0	8.0	0.0	8.0
Short-term time chartered	0.0	3.0	0.0	3.0	0.0	3.0	0.0	3.0
<b>Total</b>	<b>6.0</b>	<b>29.0</b>	<b>6.0</b>	<b>41.0</b>	<b>6.0</b>	<b>28.0</b>	<b>6.0</b>	<b>40.0</b>

\* with purchase obligation

## Business Outlook

COVID-19 had a very positive effect on product tankers markets around April and May with spot freight rates reaching unprecedented levels. This surge in earnings was mainly driven by the reduction in fleet productivity as vessels were used for floating storage and as congestion in ports increased. As widely anticipated the initial rally was followed by a steep correction and prolonged lull from around June 2020, as the market absorbed the excess product stocks and as floating storage gradually unwound.

In their latest report, from October 2020, the IMF stated that the global economy is climbing out from the depths to which it had plummeted during the widespread general lockdowns in April. But with the COVID-19 pandemic continuing to spread, many countries have slowed reopening and some are reinstating partial lockdowns. While recovery in China has been faster than expected, the global economy's long ascent back to pre-pandemic levels of activity remains prone to setbacks. Global growth is projected at minus 4.4 percent in 2020, a less severe contraction than forecast in their June 2020 World Economic Outlook (WEO) update. The revision reflects better than anticipated second quarter GDP figures, mostly in advanced economies, where activity began to improve sooner than expected after lockdowns were scaled back in May and June, as well as indicators of a stronger recovery in the third quarter. Global growth is projected at 5.2 percent in 2021, a little lower than in their June 2020 WEO.

Despite the improvement in economic activity throughout the summer, the pace of recovery in global oil demand has stalled amid the resurgence in COVID-19 cases in the West. However, some support to crude tanker markets could emerge moving towards year-end if Asian buyers, particularly China, raise purchases in anticipation of stronger northern hemisphere winter demand while taking advantage of attractive Atlantic Basin prices. Cargo volumes may also start to rise from Saudi Arabia as local seasonal crude burn demand falls, but the additional cuts due from Iraq will likely continue to curb Middle East cargo volumes. Additional oil output from Libya, following the recently signed truce, could also help crude tankers.

The IEA forecasts a q-o-q increase in refined volumes of 2.1 million b/d in Q4, resulting in large product stock draws, although the outlook is very uncertain with significant downside risks to oil demand growth.

In 2021, the IEA expects demand to rebound by 5.5 million b/d to 91.7 million b/d and refinery runs to recover around two thirds of the 7.2 million b/d lost in 2020, reaching 79.4 million b/d.

The key drivers that should affect the product tankers freight markets and d'Amico International Shipping's performance are (i) the growth in global oil supply (ii) refinery margins and throughput (iii) demand for refined products, (iv) the structure of forward prices for both crude oil and refined petroleum products and (v) the product tankers' fleet growth rate. Some of the factors that could drive a recovery in the product tankers market in the medium-term are detailed below:

## Product Tanker Demand

- The near-term economic outlook and the future spread of COVID-19, both key influences on oil demand, remain very uncertain, with the second waves of contagion in Europe and the US likely to derail the nascent economic recovery.
- According to the IEA's latest report of October 2020, in September, the largest demand deficit compared with 2019 remained in jet/kerosene (-3.6 million b/d y-o-y), followed by gasoline (-1 million b/d y-o-y), gasoil/diesel (-730,000 b/d y-o-y) and residual fuel (-270,000 b/d y-o-y). Gasoline, gasoil/diesel and residual fuel demand in September was back to 96-97% of pre-crisis levels, but jet/kerosene consumption was only just over half of its previous level. Overall, oil demand has reached 94% of 2019 levels. The IEA expects oil consumption to recover by a further 1.7 million b/d by December from September levels, helped by additional gains in gasoil/diesel, gasoline but also jet/kerosene. Diesel and gasoline should be back to 98% of last year's consumption by the end of the year, whereas jet will still be down by one third.
- More than 70% of new refining capacity in the next four years will be located east of Suez. This should improve product tanker tonne mile demand. With the coronavirus pandemic hitting refining margins, two refineries might be permanently shut in Australia, the 109,000 b/d Lytton refinery of Ampol and the 120,000 b/d Geelong refinery of Viva Energy.
- According to the IEA, transport fuel demand is still much lower than a year ago. The recovery of demand is very fragmented as different regions emerge from transport restrictions at varying degrees of speed. Mobility data from the IEA show that China, and India are coming out of this crisis quicker than other regions. Most non-OECD regions lag behind in mobility recovery. The recovery in Latin America is particularly fraught, as the outbreak of the virus makes the re-opening of several countries difficult. In Western Europe, instead, second waves of contagion could lead to temporary setbacks in oil demand recovery trends witnessed since late spring.

## Product Tanker Supply

- According to Clarksons, 77 MRs and 7 LR1s are scheduled to be delivered in 2020. Only 66 ships out of an estimated 81 were delivered in the first nine months of 2020.
- Most of the increase in floating storage in 2020 was wound down, with these stocks amounting to 25 million barrels at the start of the year, rising to 75 million barrels by mid-May and falling to 40 million barrels by the end of September. While this reduction has resulted in depressed freight rates since June 2020, most of the adjustment seems to have occurred and the residual drawdowns should therefore not weigh as heavily on the market in the future.
- Due to the COVID-19 outbreak, deliveries have been delayed. Clarksons have revised down their product tanker fleet growth for 2020 to 1.4% due delays in deliveries resulting from the current weak freight markets.
- A large number of demolition yards have been shut during the pandemic. No MRs or LR1 tankers were scrapped in Q3.
- Around 6% of the MR and LR1 fleet currently on the water (on a dwt basis) is older than twenty years.
- Before the financial crisis of 2008/9, the order book stood at over 60% of the then existing fleet of MR and LR1 vessels compared to around 6% of the current MR and LR1 fleet today, according to Clarksons; this is the lowest order book to fleet ratio since 1996 and coupled with a good potential for demolition of older vessels, should help rebalance the market as it works through the excess product inventories.



- The IMO's 2030 and 2050 targets for reducing GHG emissions are high on the shipping agenda. Many owners and banks now require 'green recycling' of vessels in line with EU and IMO conventions, while the EU is set to include shipping in its Emissions Trading Scheme. Furthermore, important cargo charterers including oil majors such as Shell and Total, as well as leading trading houses such as Trafigura, have recently signed the Sea cargo charter with the aim of disclosing the CO2 emissions of the vessels they operate, and reducing these in line with the IMO targets. The Marine Environment Protection Committee (MEPC) which has been postponed from March to November 2020, could also lead to the approval of additional measures to cut emissions. The expected technological change to meet increasingly demanding environmental and other regulations is reducing appetite for newbuilding orders, since such vessels could be obsolete soon after delivery.
- Shipyards are going through a period of uncertainty. Lack of orders and poor returns are leading to a reduction in global shipyard capacity.

## D'AMICO INTERNATIONAL SHIPPING GROUP CONSOLIDATED INTERIM FINANCIAL REPORT AS AT 30 SEPTEMBER 2020

### CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

Q3 2020	Q3 2019	US\$ Thousand	9 MONTHS 2020	9 MONTHS 2019
64,337	82,088	Revenue	249,679	260,506
(10,255)	(22,269)	Voyage costs	(45,523)	(74,380)
<b>54,082</b>	<b>59,819</b>	<b>Time charter equivalent earnings*</b>	<b>204,156</b>	<b>186,126</b>
(877)	(7,842)	Time charter hire costs	(12,132)	(25,292)
(25,618)	(26,755)	Other direct operating costs	(78,635)	(80,879)
(3,069)	(3,234)	General and administrative costs	(9,252)	(9,114)
(583)	(551)	Result on disposal of fixed assets	(700)	(1,499)
<b>23,935</b>	<b>21,437</b>	<b>EBITDA*</b>	<b>103,437</b>	<b>69,342</b>
(17,085)	(19,319)	Depreciation and impairment	(57,641)	(68,658)
<b>6,850</b>	<b>2,118</b>	<b>EBIT*</b>	<b>45,796</b>	<b>684</b>
182	6	Net financial income	250	584
(8,676)	(10,414)	Net financial (charges)	(30,367)	(35,642)
-	(5)	Profit share of equity accounted investees	-	1,246
-	215	Reversal of impairment of loan to an equity accounted investee	-	934
(70)	-	Losses on disposal of investments	(70)	-
<b>(1,714)</b>	<b>(8,080)</b>	<b>Profit / (loss) before tax</b>	<b>15,609</b>	<b>(32,194)</b>
(19)	(75)	Income taxes	(203)	(282)
<b>(1,733)</b>	<b>(8,155)</b>	<b>Net profit / (loss)</b>	<b>15,406</b>	<b>(32,476)</b>
<i>The net result is attributable to the equity holders of the Company</i>				
<b>(0.001)</b>	<b>(0.007)</b>	<b>Earnings / (loss) per share in US\$ <sup>(1)</sup></b>	<b>0.013</b>	<b>(0.026)</b>

\*see Alternative Performance Measures on page 9

### CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

Q3 2020	Q3 2019	US\$ Thousand	9 MONTHS 2020	9 MONTHS 2019
<b>(1,733)</b>	(8,155)	Profit / (loss) for the period	<b>15,406</b>	(32,476)
<i>Items that can subsequently be reclassified into Profit or Loss</i>				
657	438	Cash flow hedges	(3,397)	(4,479)
73	(58)	Exchange differences in translating foreign operations	(93)	(89)
<b>(1,003)</b>	<b>(7,775)</b>	<b>Total comprehensive income for the period</b>	<b>11,916</b>	<b>(37,044)</b>

*The net result is entirely attributable to the equity holders of the Company*

<sup>(1)</sup> Basic earnings per share (e.p.s.) was calculated on an average number of outstanding shares equal to 1,230,890,447 in the first nine months of 2020 (1,004,834,974 shares in the first nine months of 2019) and on an average of 1,230,890,447 outstanding shares in the third quarter of 2020 (Q3, 2019: 1,246,975,085 outstanding shares). In Q3/nine months of 2020 and Q3/nine months 2019 diluted e.p.s. was equal to basic e.p.s.

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF FINANCIAL POSITION

<i>US\$ Thousand</i>	As at 30 September 2020	As at 31 December 2019
<b>ASSETS</b>		
Property, plant and equipment and Right-of-use assets	901,133	958,312
Investments in jointly controlled entities	4,312	4,382
Other non-current financial assets	12,437	17,348
<b>Total non-current assets</b>	<b>917,882</b>	<b>980,042</b>
Inventories	7,597	10,080
Receivables and other current assets	43,717	41,433
Other current financial assets	4,590	7,265
Cash and cash equivalents	59,339	33,598
<b>Current Assets</b>	<b>115,243</b>	<b>92,376</b>
Assets held for sale	38,004	59,631
<b>Total current assets</b>	<b>153,247</b>	<b>152,007</b>
<b>TOTAL ASSETS</b>	<b>1,071,129</b>	<b>1,132,049</b>
<b>SHAREHOLDERS' EQUITY AND LIABILITIES</b>		
Share capital	62,053	62,052
Accumulated losses	(44,328)	(59,801)
Share Premium	368,850	368,846
Other reserves	(22,450)	(18,632)
<b>Total shareholders' equity</b>	<b>364,125</b>	<b>352,465</b>
Banks and other lenders	251,671	270,169
Non-current lease liabilities	287,499	313,418
Other non-current financial liabilities	7,418	7,282
<b>Total non-current liabilities</b>	<b>546,588</b>	<b>590,869</b>
Banks and other lenders	69,176	72,692
Current lease liabilities	35,464	37,736
Shareholders' short-term loan	-	5,000
Payables and other current liabilities	31,796	38,222
Other current financial liabilities	11,609	12,473
Current tax payable	93	342
<b>Current liabilities</b>	<b>148,138</b>	<b>166,465</b>
Banks associated to assets held-for-sale	12,276	22,250
<b>Total current liabilities</b>	<b>160,414</b>	<b>188,715</b>
<b>TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES</b>	<b>1,071,129</b>	<b>1,132,049</b>

12 November 2020

On behalf of the Board

  
**Paolo d'Amico**  
 Chairman, Chief Executive Officer

  
**Antonio Carlos Balestra di Mottola**  
 Chief Financial Officer

## CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

Q3 2020	Q3 2019	US\$ Thousand	9 MONTHS 2020	9 MONTHS 2019
<b>(1,732)</b>	<b>(8,155)</b>	<b>Profit (loss) for the period</b>	<b>15,406</b>	<b>(32,476)</b>
16,805	18,016	Depreciation, amortisation and write-down	51,354	55,220
2,300	1,302	Impairment	6,286	13,438
19	75	Current and deferred income tax	203	282
4,930	5,486	Finance lease costs	15,072	16,062
3,564	4,920	Other Financial charges (income)	15,045	19,190
-	2,751	Profit share of equity accounted investment	-	1,499
583	(1,411)	Result on disposal of fixed assets	(700)	(1,245)
-	-	Impairment reversal of a shareholder's loan to a related party	-	(719)
-	-	Movement in share option reserve	-	(607)
70	-	Losses on disposal of investments	70	-
322	2	Other adjustments to reconcile profit or loss	(65)	(194)
<b>24,839</b>	<b>22,986</b>	<b>Cash flow from operating activities before changes in working capital</b>	<b>104,071</b>	<b>70,450</b>
708	101	Movement in inventories	2,483	2,201
(381)	4,277	Movement in amounts receivable	1,667	10,525
(6,217)	(481)	Movement in amounts payable	(11,238)	(16,338)
(43)	(35)	Taxes (paid) received	(506)	(252)
(4,935)	(5,490)	Net cash payment for the interest portion of the IFRS16 related lease liability	(15,072)	(16,066)
(2,534)	(3,035)	Net interest paid	(10,906)	(12,167)
<b>11,437</b>	<b>18,323</b>	<b>Net cash flow from operating activities</b>	<b>70,499</b>	<b>38,353</b>
(2,090)	(2,740)	Acquisition of fixed assets	(9,118)	(33,897)
12,507	-	Proceeds from disposal of fixed assets	30,692	-
19	8,872	Movement in financing to equity accounted investee	510	15,176
<b>10,436</b>	<b>6,132</b>	<b>Net cash flow from investing activities</b>	<b>22,084</b>	<b>(18,721)</b>
5	1	Share capital increase	5	49,788
73	53	Other changes in shareholder's equity	(354)	(902)
-	-	Shareholders' financing	(5,000)	(31,880)
1,426	(400)	Movement in other financial receivables / related party	2,256	(2,650)
-	-	Net movement in other financial payable	(2,700)	4,354
(17,627)	(13,166)	Bank loan repayments	(46,618)	(69,507)
9,956	-	Bank loan drawdowns	9,956	-
-	(722)	Proceeds from disposal of assets subsequently leased-back	-	62,954
(9,053)	(10,095)	Repayments the principal portion of the lease liability	(28,002)	(27,865)
<b>(15,220)</b>	<b>(24,329)</b>	<b>Net cash flow from financing activities</b>	<b>(70,457)</b>	<b>(15,708)</b>
<b>6,653</b>	<b>126</b>	<b>Net increase/ (decrease) in cash and cash equivalents</b>	<b>22,126</b>	<b>3,924</b>
32,990	18,918	Cash and cash equivalents net of bank overdrafts at the beginning of the period	17,517	15,120
<b>39,643</b>	<b>19,044</b>	<b>Cash and cash equivalents net of bank overdrafts at the end of the period</b>	<b>39,643</b>	<b>19,044</b>
59,339	35,510	Cash and cash equivalents at the end of the period	59,339	35,510
(19,696)	(16,466)	Bank overdrafts at the end of the period	(19,696)	(16,466)

## INTERIM CONDENSED STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>US\$ Thousand</i>	Share capital	Retained Earnings / (Accumulated losses)	Share premium	Other Reserves		Total
				<i>Other</i>	<i>Cash-Flow hedge</i>	
<b>Balance as at 1 January 2020</b>	<b>62,052</b>	<b>(59,801)</b>	<b>368,846</b>	<b>(15,380)</b>	<b>(3,252)</b>	<b>352,465</b>
Capital increase	1	-	4	-	-	5
Treasury shares	-	-	-	(261)	-	(261)
Other changes	-	67	-	(67)	-	-
Total comprehensive income	-	15,406	-	(93)	(3,397)	11,916
<b>Balance as at 30 September 2020</b>	<b>62,053</b>	<b>(44,328)</b>	<b>368,850</b>	<b>(15,801)</b>	<b>(6,649)</b>	<b>364,125</b>

<i>US\$ Thousand</i>	Share capital	Retained Earnings / (Accumulated losses)	Share premium	Other Reserves		Total
				<i>Other</i>	<i>Cash-Flow hedge</i>	
<b>Balance as at 1 January 2019 as previously reported</b>	<b>65,376</b>	<b>(30,270)</b>	<b>316,697</b>	<b>(14,791)</b>	<b>331</b>	<b>337,343</b>
IFRS 16 Adjustment	-	(2,004)	-	-	-	(2,004)
<b>Balance as at 1 January 2019 adjusted</b>	<b>65,376</b>	<b>(32,274)</b>	<b>316,697</b>	<b>(14,791)</b>	<b>331</b>	<b>335,339</b>
Share option cost	-	-	-	(607)	-	(607)
Shareholders' contribution without issuance of shares	(32,688)	-	32,688	-	-	-
Share capital increase	29,364	-	20,394	-	-	49,758
Cost of share issuance	-	-	(924)	-	-	(924)
Total comprehensive income	-	(32,476)	-	(72)	(4,479)	(37,027)
<b>Balance as at 30 September 2019</b>	<b>62,052</b>	<b>(64,750)</b>	<b>368,855</b>	<b>(15,470)</b>	<b>(4,148)</b>	<b>346,539</b>

\* Reduction of the accounting value of each issued share from US\$ 0.10 to US\$ 0.05 and allocation of the corresponding amount to the Share premium

The following notes form an integral part of the interim consolidated financial report.

## NOTES

d'Amico International Shipping S.A. (the "Company", DIS) a Société Anonyme, was incorporated under the laws of the Grand-Duchy of Luxembourg on 9 February 2007; its statutory seat is in Luxembourg. The ultimate parent company of the Group is d'Amico Società di Navigazione.

The financial statements of d'Amico International Shipping Group are prepared in accordance with International Financial Reporting Standards (IFRS – International Financial Reporting Standards and IAS – International Accounting Standards) as issued by the 'IASB' (International Accounting Standards Board) and adopted by the European Union. The designation 'IFRS' also includes all 'IAS', as well as all interpretations of the International Financial Reporting Interpretations Committee (IFRIC), formerly the Standing Interpretations Committee (SIC) as adopted by the European Union. The consolidated financial statements are prepared on the basis of historic cost convention, with the exception of certain financial assets and liabilities, which are stated at fair value through profit or loss or Other comprehensive income for the effective portion of the hedges.

The financial statements are presented in U.S. Dollars, which is the functional currency of the Company and its principal subsidiaries.

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### 1. ACCOUNTING POLICIES

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The principal accounting policies, which have been consistently applied, are set out below.

#### **Basis of Preparation**

The financial statements present the consolidated results of the parent company, d'Amico International Shipping S.A., and its subsidiaries for the period ended 30 September 2020.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34; they do not contain all information and disclosures required in the annual financial statements and should be read in conjunction with the Group's annual financial statements as at 31 December 2019.

#### **Critical Accounting Judgments and Key Estimates**

The preparation of the financial statements requires Directors to make accounting estimates and in some cases assumptions in the application of accounting principles. The management's decisions are based on historical experience as well as on expectations associated with the realisation of future events, considered reasonable under the circumstances. Critical accounting estimates and judgments are exercised in all areas of the business and are reviewed on an ongoing basis.

#### **Segment Information**

d'Amico International Shipping transports refined petroleum products and vegetable oils and operates in only one business segment, Product Tankers. Furthermore, the Group only has one geographical segment, employing all of its vessels worldwide, rather than in specific geographic areas. The Company monitors, evaluates and allocates the Group's resources to one geographical and business unit, operations are run in one single currency – the US\$ – and DIS regards, therefore, the product tankers business as a single segment.

#### **Accounting principles**

The accounting policies adopted are consistent with those of the previous financial year.

#### ***Accounting principles adopted from 1 January 2020***

There are no new accounting principles that are expected to have a material impact on the entity in the current reporting periods and on its foreseeable transactions.

#### ***Accounting principles, amendments and interpretations not yet effective***

There are no other standards that are not yet effective and that would be expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

## 2. COMMITMENTS AND CONTINGENCIES

### Ongoing disputes

The Group is currently involved in a number of ongoing commercial disputes concerning both our owned and chartered vessels. The majority are cargo contamination claims. The disputes are mostly covered by the P&I Club insurance and therefore no significant financial exposure is expected.

### Tonnage tax deferred taxation

All Irish operating companies are qualified to be taxed under the Tonnage Tax regime in Ireland. The regime includes a provision whereby a proportion of capital allowances previously claimed by the Group may be subject to tax in the event that vessels are sold, or the Group fails to comply with the ongoing requirements to remain within the regime.

There are neither contingent liabilities nor commitments made by the Group which are not recognized at the reporting date in relation with the Group's interests in its joint ventures.

12 November 2020

On behalf of the Board



*Paolo d'Amico*  
Chairman, Chief Executive Officer



*Antonio Carlos Balestra di Mottola*  
Chief Financial Officer

The manager responsible for preparing the company's financial reports, Mr. Carlos Balestra di Mottola, in his capacity as Chief Financial Officer of d'Amico International Shipping SA (the "Company") declares to the best of his knowledge, that the nine months/third quarter 2020 financial statements prepared in accordance with the applicable set of accounting standards as published in this report, give a true and fair view of the assets, liabilities, financial position and income statement of the Company and its consolidated subsidiaries and that the interim management report includes a fair review of the development and performance of the business and the position of the Company and its consolidated subsidiaries, together with a description of the principal risks and uncertainties that they face.



*Antonio Carlos Balestra di Mottola*  
Chief Financial Officer