



SPAFID

CONNECT

| | | |
|--|--|------------|
| Informazione Regolamentata n. 0912-93-2019 | Data/Ora Ricezione 13 Novembre 2019 12:29:33 | MTA - Star |
|--|--|------------|

Societa' : D'AMICO INTERNATIONAL SHIPPING S.A.

Identificativo : 124648

Informazione
Regolamentata

Nome utilizzatore : DAMICOTANKERSN02 - Franchin

Tipologia : 3.1

Data/Ora Ricezione : 13 Novembre 2019 12:29:33

Data/Ora Inizio : 13 Novembre 2019 12:35:19

Diffusione presunta

Oggetto : DIS_Q3 & 9M 2019 Results Press Release

Testo del comunicato

Vedi allegato.



d'Amico
INTERNATIONAL SHIPPING S.A.

PRESS RELEASE

**The Board of Directors of d'Amico International Shipping S.A. approves Q3 & 9M 2019 Results:
'DIS' 9M'19 RESULTS SUBSTANTIALLY IMPROVED RELATIVE TO 9M'18:
ADJUSTED NET RESULT OF US\$ (15.1) M IN 9M'19 VS. US\$ (44.4) M IN 9M'18;
RECURRING EBITDA (EXCLUDING IFRS 16) MORE THAN FIVE TIMES HIGHER THAN LAST YEAR.
OPERATING CASH FLOW WAS US\$ 38.4 M IN 9 M'19 VS. US\$ 0.4 M IN 9M'18.'**

NINE MONTHS 2019 RESULTS

- Time charter equivalent earnings (TCE) of US\$ 186.1 million (US\$ 180.7 million in 9M'18)
- Gross Operating Profit/EBITDA of US\$ 69.3 million (37.3% on TCE) (US\$ 7.8 million in 9M'18)
- Net Result of US\$ (32.5) million (US\$ (41.2) million in 9M'18)
- Adjusted Net Result (excluding IFRS 16 and non-recurring) of US\$ (15.1) million (US\$ (44.4) million in 9M'18)
- Cash Flow from Operating Activities of US\$ 38.4 million (US\$ 0.4 million in 9M'18)
- Net Debt of US\$ 685.3 million (US\$553.0 million excluding IFRS16) as at 30 Sept. 2019 (US\$ 588.7 million as at 31 Dec. 2018)

THIRD QUARTER 2019 RESULTS

- Time charter equivalent earnings (TCE) of US\$ 59.8 million (US\$ 55.1 million in Q3'18)
- Gross Operating Profit/EBITDA of US\$ 21.4 million (US\$ (2.2) million in Q3'18)
- Net Result of US\$ (8.1) million (US\$ (21.0) million in Q3'18)
- Adjusted Net Result (excluding IFRS 16 and non-recurring) of US\$ (5.9) million (US\$ (20.9) million in Q3'18)

Luxembourg - November 13th, 2019 – The Board of Directors of d'Amico International Shipping S.A. (Borsa Italiana: "DIS") (hereinafter : "the Company", "d'Amico International Shipping" or the "Group"), a leading international marine transportation company operating in the product tanker market, today examined and approved the Company's 2019 Third Interim Management Statements as at September 30th, 2019 (Q3 and 9M 2019 Financial Results).

MANAGEMENT COMMENTARY

Paolo d'Amico, Chairman and Chief Executive Officer of d'Amico International Shipping commented:

'In the first nine months of 2019, DIS posted a Net result of US\$ (32.5) million vs. US\$ (41.2) million recorded in the same period of last year. However, excluding non-recurring items from both years, DIS' Net result would have amounted to US\$ (15.1) million in the first nine months of 2019 compared with US\$ (44.4) million recorded in the same period of 2018, corresponding to a US\$ 29.3 million increase year-on-year. Looking at the third quarter of the year, DIS posted an Adjusted net result of US\$ (5.9) million vs. US\$ (20.9) million in Q3'18. Such substantial improvement is mainly attributable to the better market conditions and to cost efficiencies achieved in 2019.

DIS realized a daily average spot rate of US\$ 12,786 in the first nine months of 2019, which is US\$ 2,212/day higher than the US\$ 10,574 achieved in the same period of 2018. In line with its long-term commercial strategy, DIS had also a high level of coverage in the period, equal to 48.7% of its total days



at an average daily rate of US\$ 14,610. Therefore, our total blended daily TCE (spot and time-charter) was US\$ 13,674 in the first nine months of 2019 vs. US\$ 11,967 in the same period of last year.

The third quarter is traditionally the weakest of the year for the product tanker market, which generally tends to improve towards the middle of Q4 and going into the winter season. However, Q3 2019 though certainly weaker than the first half of the year, was considerably better than in 2018 and the upward movement of Q4 began materializing already in October, way earlier than usual. This scenario is clearly reflected by DIS' daily spot earnings which averaged US\$ 11,616 in Q3'19 vs. US\$ 8,689 in Q3'18.

The refining throughput in the first half of 2019 was negatively affected by a longer than usual refining maintenance program, with the objective of reducing off-time in the fall, in anticipation of the additional product demand generated by the new IMO 2020 regulations. Despite the subdued freight market in Q3 2019, period rates as well as asset values have continued moving upwards. At the end of Q3, the assessed one-year TC rate was US\$ 15,000/day for conventional MRs and US\$ 17,000/day for Eco MRs, and these rates have strengthened over the last few weeks to around US\$16,000/day and US\$17,500 per day, respectively. As already disclosed in our second quarter report, DIS has been taking advantage of this growing interest from oil-majors and leading trading houses to fix some of its MR and LR1 vessels at profitable levels.

The freight market for our vessels is currently benefiting from the reduced transportation capacity in the crude sector, due mainly to sanctions affecting a number of these vessels and to scrubber retrofits. Spot rates which are already at profitable levels for our vessels, could improve further this winter as refining throughput ramps up towards the end of the year.

Looking at the future, we maintain a very positive outlook for the product tanker industry. Fundamentals are very solid, with an orderbook at record low levels and a growing demand for seaborne transportation of refined products. In addition, the new IMO regulations, which limit the sulphur content in bunker fuels to 0.5% from January 2020, should further stimulate refining activity and demand for our vessel, with Clarksons' expecting an increase in demand of around 6.0% for product tankers next year.

I believe we are just at the beginning of a sustained positive market cycle and we are already seeing some very positive signs as we speak. Over the last few years DIS embarked on well-time and substantial newbuilding program, while maintaining a prudent commercial strategy. More recently the Company focused on strengthening its financial structure and this is going to be one of our continuing priorities. I am absolutely convinced that these strategic initiatives, positioned DIS very favourably to strongly benefit from the ongoing market recovery and adequately reward our Shareholders in the very near term'

Carlos Balestra di Mottola, Chief Financial Officer of d'Amico International Shipping commented:

'In the first nine months of 2019, we continued to pursue our strategic goal of strengthening our balance sheet and liquidity position. In addition to the share capital increase of around € 44 million we have launched and successfully concluded in April, DIS raised around US\$ 37.0 million of additional liquidity through some sale and sale-and-lease-back deals finalized in the first nine months of the year, with a further US\$ 4.2 million in net cash from such transactions generated in October.

At the same time, we have been actively working on achieving a more efficient cost structure, obtaining some positive results in 2019, with lower overhead costs and operating expenses relative to the previous year. We managed to achieve these results without making any sort of compromise on the quality and safety of our vessels and of our seagoing personnel, which have always been and will always be one of the main priorities of our Company, as our clients appreciate and are well aware of.



Thanks to these achievements and to improving freight markets (which are anticipated to strengthen further this winter), DIS' EBITDA for the first nine months of 2019 was of US\$ 69.3 million vs. US\$ 7.8 million in the first nine months of 2018. Even excluding the effects arising from the application of IFRS 16 (positive impact of US\$ 26.3 million in 2019), DIS' EBITDA for the first nine months of the current year was more than five times higher than the level achieved in the same period of last year. This substantial improvement was clearly reflected also in our Operating cash flow which went from US\$ 0.4 million in the first nine months of 2018, to US\$ 38.4 million in the same period of 2019.

At the beginning of October, DIS took delivery of its last newbuilding, a scrubber fitted LR1, thus finalizing its substantial investment plan of US\$ 755 million launched back in 2012. Our estimated Capex for the coming years will be only related to the maintenance of our ships and will therefore be substantially lower than in the recent past. In addition, our total annual debt repayments will markedly decrease starting from 2020, lowering our cash breakeven. The lower Capex commitments and debt repayments, as well as the stronger anticipated freight markets and secured profitable time-charter coverage at increasing rates, will result in a much stronger free cash flow generation for our shareholders in 2020.

Asset values have also been rising and should continue doing so as the market strengthens, contributing to an increase in DIS' net asset value, and a reduction in its net debt to fleet market value ratio, which stood at 65.1% at the of September 2019 compared with 66.3% as at the end of June 2019 and with 72.9% as at the end of last year.

For all of the above reasons we are very optimistic about the future of our Company and I am confident we will be able to generate substantial value for our Shareholders very soon'

FINANCIAL REVIEW

SUMMARY OF THE RESULTS IN THE THIRD QUARTER AND NINE MONTHS OF 2019

Clean product tanker markets in the first nine months of 2019 have been much stronger than in the same period last year. Nonetheless, in Q3 average clean spot earnings fell to the lowest level since September 2018, with, however, a modest firming in average clean MR tanker earnings occurring towards then end of the quarter, supported almost entirely by shipments within the eastern hemisphere.

In the first seven months of 2019, global refining throughput expanded by only 0.6%, compared to an average throughput growth of 1.2% for the full year 2018. Throughput in the first-half of 2019 was negatively affected by a longer than usual refining maintenance program, with the objective of reducing off-time in the fall, in anticipation of the additional product demand generated by IMO 2020. In 2019, up to July the US was one of the key areas contributing to weakness in global refinery throughput, with refinery runs down 1.6% year-on-year, at 16.6m bpd. This coupled with a tropical storm in September, resulted in a downturn in US exports of petroleum products to Mexico and South America.

The 14 September attacks on Saudi Arabia impacted global product markets as the country is a significant net product exporter (over 1 million b/d, of which 400,000 b/d are middle distillates). Domestic refinery run cuts were made to ensure that crude exports would see little disruption and Saudi Arabia became, temporarily, a net importer of products. With lighter Saudi crude unavailable, it was gasoline that was in particularly short supply domestically, boosting demand for larger product tankers from Europe to the Middle East. Meanwhile, product cracks were also boosted as output was constrained by the tropical storm Imelda on the US Gulf Coast and seasonal maintenance was ongoing in the US and Asia Pacific.



The one-year time-charter rate, which is always the best indicator of spot market expectations, has gradually strengthened throughout 2019, ending the third quarter at around US\$ 15,000 per day and US\$ 17,000 per day for conventional and Eco MRs, respectively.

In the first 9 months of 2019, DIS recorded a Net Loss of US\$ (32.5) million vs. a Net Loss of US\$ (41.2) million posted in the same period of last year. Excluding results on disposal and non-recurring financial items from the first 9 months of 2019 and 2018, as well as the asset impairment and the effects of IFRS 16 from the first 9 months of 2019, DIS' Net result would have amounted to US\$ (15.1) million in the first 9 months of the current year compared with US\$ (44.4) million recorded in the same period of 2018.

Therefore, **excluding the effects of the application of IFRS 16 and such non-recurring effects, DIS' Net result for the first 9 months of 2019 would have been US\$ 29.3 million higher than in the same period of last year.**

In Q3 2019, DIS posted a Net result of US\$ (8.2) million vs. US\$ (21.0) million in Q3 2018. However, excluding the quarterly impacts of the above non-recurring items the loss of Q3 2019 would have been of US\$ (5.9) million compared to a loss of US\$ (20.9) million of the same quarter of last year.

In fact, **DIS generated an EBITDA of US\$ 69.3 million in the first 9 months of 2019** vs. US\$ 7.8 million in the same period of last year. Even excluding the effects arising from the application of IFRS 16 (positive impact of US\$ 26.3 million), DIS' EBITDA for the first 9 months of 2019 was **more than 5 times higher than the level achieved in the same period of last year.** Such strong improvement relative to last year is attributable to better market conditions coupled with a more efficient cost structure.

In terms of spot performance, **DIS achieved a daily spot rate of US\$ 12,786 in the first 9 months of 2019**, 20.9% (i.e. US\$ 2,212/day) higher than US\$ 10,574 achieved in the same period of 2018, due to the improving markets.

At the same time, 48.7% of DIS' total employment days in the first 9 months of 2019, were covered through 'time-charter' contracts at an average daily rate of US\$ 14,610 (9 months 2018: 32.5% coverage at an average daily rate of US\$ 14,858). 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\$ 13,674 in the first nine months of 2019 compared with US\$ 11,967 achieved in the same period of the previous year.

In the first 9 months of the year, DIS **'gross capital expenditures' amounted to US\$ 33.9 million**, mainly in relation to the delivery of 1 newbuilding LR1 vessel at the beginning of the year. Since 2012, DIS has ordered a total of **22 'Eco-design' product tankers**¹ (10 MR, 6 Handy-size and 6 LR1 vessels), of which 21 vessels have been already delivered as at the end of September 2019. This corresponds to an overall **investment plan** of approximately **US\$ 755.0 million** and is in line with the Group's strategy to modernize its fleet through new-buildings with an eco-design.

OPERATING PERFORMANCE

Time charter equivalent earnings were US\$ 59.8 million in Q3 2019 (US\$ 55.1 million in Q3 2018) and US\$ 180.1 million in the first 9 months of 2019 (US\$ 180.7 million in the first 9 months of 2018). The total amount for 2019 includes US\$ 5.8 million 'time charter equivalent earnings' generated by the vessels under commercial management, which is offset by an equal amount reported under 'time-charter hire

¹ Including M/T High Sun, an MR vessel ordered at Hyundai Mipo Dockyard Co. Ltd. and previously owned by Eco Tankers Limited (in which DIS has a 33% interest, in JV with Venice Shipping and Logistics S.p.A.), which was sold in June 2019.



costs’.

In detail, DIS realized a **Daily Average Spot Rate of US\$ 11,616 in Q3 2019** (Q3 2018: US\$ 8,689) and of **US\$ 12,786 in the first 9 months 2019²** (US\$ 10,574 in the first 9 months 2018). DIS’ spot result of the first 9 months of 2019 represents an improvement of 20.9% (i.e. US\$ 2,212/day) relative to the same period of last year.

Following its strategy, during the first nine months of 2019 DIS maintained a **good level of ‘coverage’** (fixed contracts), securing an average of **48.7%** (9 months 2018: 32.5%) of its available vessel days at a **Daily Average Fixed Rate of US\$ 14,610** (9 months 2018: US\$ 14,858). In addition to securing revenue and supporting the operating cash flow generation, these contracts enabled DIS to strengthen its historical relationships with the main oil majors, which is one the pillars of its commercial strategy.

DIS’ Total Daily Average TCE (Spot and Time Charter)³ was US\$ 13,264 in Q3 2019 (US\$ 10,680 in Q3 2018) and **US\$ 13,674 in the first 9 months of 2019** (US\$ 11,967 in the 9 months 2018).

| DIS TCE daily rates (US dollars) | 2018 UNREVIEWED | | | | | 2019 UNREVIEWED | | | |
|-------------------------------------|--------------------|--------|--------|---------------|--------|--------------------|--------|--------|---------------|
| | Q1 | Q2 | Q3 | 9m | Q4 | Q1 | Q2 | Q3 | 9m |
| Spot | 12,726 | 10,327 | 8,689 | 10,574 | 11,617 | 13,583 | 13,074 | 11,616 | 12,786 |
| Fixed | 15,001 | 14,867 | 14,716 | 14,858 | 14,831 | 14,604 | 14,398 | 14,819 | 14,610 |
| Average | 13,446 | 11,818 | 10,680 | 11,967 | 12,892 | 14,057 | 13,710 | 13,264 | 13,674 |

EBITDA was US\$ 21.4 million in Q3 2019 and **US\$ 69.3 million in the first nine months of 2019**, compared with US\$ (2.2) million in Q3 2018 and US\$ 7.8 million in the first nine months of 2018. The adjustment to ‘EBITDA’ arising from the application of IFRS 16 is positive, amounting to US\$ 26.3 million in the first 9 months of the year (US\$ 8.7 million in Q3 2019), as within the Income Statement, charter hire costs are replaced with other direct operating costs, interest and depreciation. **Excluding the effect of IFRS 16, DIS’ EBITDA in the first 9 months of 2019 would have amounted to US\$ 43.0 million vs. US\$ 7.8 million achieved in the same period of last year** (Q3 2019: US\$ 12.7 million vs. Q3 2018: US\$ (2.2) million). This large improvement relative to last year, is attributable to the stronger freight markets and to a more efficient cost structure achieved by DIS.

Depreciation and Impairment amounted to US\$ (11.8) million in Q3 2019 (US\$ 10.5 million in Q3 2018) and to US\$ (45.8) million in the first 9 months of 2019 (US\$ (29.4) million in the first 9 months of 2018). The 2019 amount includes US\$ (13.4) million impairment booked on a vessel owned by d’Amico Tankers and on two vessels 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 reclassified as ‘assets held for sale’ (in accordance with IFRS 5) as at 30 September 2019, and the difference between their fair value and their book value was charged to the Income Statement.

Depreciation of right-of-use leased assets amounted to US\$ (7.5) million in Q3 2019 and US\$ (22.9) million in the first 9 months of 2019. This item does not have a comparative in 2018 as it arises from the application of IFRS 16 from 1 January 2019.

² Daily Average TCE excludes US\$ 4.4 million generated by the vessels under commercial management, as it is off-set by an equivalent amount of time charter hire costs after deducting a 2% commission on gross revenues.

³ Daily Average TCE excludes US\$ 4.4 million generated by the vessels under commercial management, as it is off-set by an equivalent amount of time charter hire costs.



EBIT was positive for US\$ 2.1 million in Q3 2019 (negative for US\$ (12.7) million in Q3 2018) and positive for US\$ 0.7 million in the first 9 months of 2019 (negative for US\$ (21.5) million in the first 9 months of 2018).

DIS' **Net Result** was **negative** for US\$ (8.2) million in Q3 2019 (US\$ (21.0) million in Q3 2018) and for US\$ (32.5) million in the first 9 months of 2019 (US\$ (41.2) million in 9 months 2018). The application of IFRS 16, negatively impacted the results for the first nine months of 2019 by US\$ (2.1) million (Q3 2019: US\$ (0.6) million), and net of the one-off reversal of provisions for previous years' onerous contracts, also attributable to the application of IFRS 16, the results for the period were lower by US\$ (1.4) million (Q3 2019: US\$ (0.5) million).

Excluding results on disposal and non-recurring financial items from the first 9 months of 2019 (US\$ (2.5) million⁴) and from the first 9 months of 2018 (US\$ 3.2 million⁵), as well as the asset impairment (US\$ (13.4) million for 9 months 2019) and the net effects of IFRS 16 (US\$ (1.4) million for 9 months 2019) from 2019, DIS' Net result would have been US\$ (15.1) million in the first nine months of the current year (US\$ (5.9) million in Q3 2019) compared with US\$ (44.4) million recorded in the same period of 2018 (US\$ (20.9) million in Q3 2018). Therefore, **excluding the effects of the application of IFRS 16 and such non-recurring effects, DIS' Net result in the first 9 months of 2019 would have been US\$ 29.3 million higher than in the same period of last year.** This marked improvement is mainly attributable to the better market conditions and to a more efficient cost structure in 2019.

CASH FLOW AND NET INDEBTEDNESS

DIS' **Net Cash Flow for the first 9 months of 2019 was positive, amounting to US\$ 3.9 million** vs. US\$ (0.3) million negative in the same period of 2018 (Q3 2019: US\$ 0.1 million vs. Q3 2018: US\$ (3.3) million). The amount of the first 9 months of 2019 includes *gross capital expenditures* of US\$ (33.9) million, partially offset by US\$ 15.2 million *Movement in financing to equity accounted investee* (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) and by US\$ (15.7) million negative financing cash flow.

Cash flow from operating activities was positive, amounting to US\$ 18.3 million in Q3 2019 (US\$ (0.5) million in Q3 2018) and to US\$ 38.4 million in the first 9 months of 2019 (US\$ 0.4 million in 9 months 2018). This improvement is the result of the much stronger freight markets in the first 9 months of 2019 relative to the same period of last year.

DIS' Net debt as at 30 September 2019 amounted to **US\$ 685.3 million** compared to US\$ 588.7 million at the end of 2018. The large variance relative to the end of 2018 is due to the application of IFRS16 which led to the recognition of an additional liability of US\$ 132.3 million as at the end of the first nine months of 2019. The net debt (excluding IFRS 16) / fleet market value ratio was 65.1% as at 30 September 2019 compared with 72.9% as at the end of December 2018.

⁴ 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

⁵ US\$ 0.1 million profit on disposal, US\$ 2.7 million realized and unrealized profit on Interest rates swap agreements, US\$ 0.4 million foreign exchange movements arising from the valuation of the DM Shipping financing



SIGNIFICANT EVENTS IN THE PERIOD

In the first nine months of 2019 the main events for d'Amico International Shipping Group were the following:

D'AMICO INTERNATIONAL SHIPPING S.A.:

- **Board of Directors Meeting:** On February 8, 2019, the Board of Directors of d'Amico International Shipping S.A. (the "Board of Directors") convened the extraordinary general meeting of shareholders of the Company to be held on 11 March 2019 (the "EGM") proposing to the EGM to increase the authorised corporate capital of the Company from 750,000,000 to 1,750,000,000 shares with the intention, subject to the approval of the EGM and to market conditions, to execute in the weeks following the EGM a Capital Increase respecting the following conditions:
 - i) amount of up to US\$ 60 million;
 - ii) Theoretical ex-rights price ("TERP") discount of up to 25%.

DIS' Board of Directors also resolved to set an extraordinary period for the exercise of the "d'Amico International Shipping Warrants 2017 – 2022", ISIN code n. LU1588548724 (the "Warrants"), as set out in art. 3.3.1. of the terms and conditions attached to the Company's prospectus dated 18 April 2017 (the "2017-2022 Warrants Terms and Conditions"), starting from 12 March 2019 until 18 March 2019, both dates included (the "Extraordinary Exercise Period").

- **Shareholders' Extraordinary General Meeting:** On March 11, 2019, the EGM of DIS resolved:
 - i) to approve the proposed reduction of the accounting value of each share of the issued share capital of the Company from its former amount of US\$ 0.10 per share to US\$ 0.05 per share without cancellation of any shares in issue nor repayment of any share nor off-setting of any losses, as proposed by the Board of Directors in the explanatory report published on 8 February 2019 and available to Shareholders in the Corporate Governance section of the Company's website (www.damicointernationalshipping.com);
 - ii) to consequently reduce the amount of the issued share capital from its former amount of US\$ 65,375,802.50 to US\$ 32,687,901.25, allocating the amount resulting from the reduction to a special capital account (*apport en capitaux propres non rémunéré par des titres*), which is part of the premium accounts of the Company;
 - iii) to set the authorised corporate capital, including the issued share capital, at a total amount of US\$ 87,500,000 divided into 1,750,000,000 shares with no nominal value, approving the related proposed amendment to DIS' Articles of Association; and
 - iv) to renew, with immediate effect and for a period of five years, the authorisation of the Board of Directors to increase the capital in one or several tranches within the limits of the amended authorised capital, as well as the authorisation of the Board of Directors to limit or cancel, in full or partially, the preferential subscription rights of the existing shareholders.

On 18th March 2019 DIS announced that during the extraordinary exercise period, no Warrants were exercised. Consequently, DIS' share capital remained unchanged at US\$ 32,687,901.25 divided into 653,758,025 shares with no nominal value.

- **Board of Directors Meeting:** On March 20, 2019, the Board of Directors of d'Amico International Shipping S.A., exercising the powers delegated by the EGM of Shareholders of 11 March 2019 – resolved:



- i) to approve a rights issue addressed to the shareholders of the Company consisting of (i) an offering by the Company with preferential subscription rights (the “Preferential Subscription Rights”) of new shares (the “New Shares”) of the Company (the “Rights Offering”) and (ii) in case the Preferential Subscription Rights are only partially exercised during the Rights Offering, a private placement whereby the Board of Directors will place any New Shares that were not subscribed in the Rights Offering, with cancellation in this second round of offering of any preferential subscription right (the “Private Placement”, together with the Rights Offering, the “Offering”);
- ii) to approve an increase of the share capital of the Company, within the limits of the authorised capital, of up to a maximum of the US\$ equivalent of € 44,045,318 (including share premium), through the issuance of up to 587,270,900 New Shares, that will generally in all respects rank pari passu with the existing shares, at an issuance price per New Share of € 0.075 (the “Issuance Price”), in the ratio of 10 New Share for every 11 Preferential Subscription Rights exercised (the “Ratio”).

It was also communicated that the net proceeds of the Offering will have to be used to strengthen the Company’s balance sheet, reducing its financial leverage and improving its liquidity position.

The Issuance Price of the New Shares incorporated a discount of 25% to the reference price of d’Amico International Shipping shares on the Mercato Telematico Azionario of Borsa Italiana S.p.A. (“MTA”) as at 19 March 2019, a discount of 43% to the simple average of the reference market prices registered by d’Amico International Shipping’s shares during the last six months and a discount of 15% to the theoretical-ex-rights-price (“TERP”).

The controlling shareholder of the Company – d’Amico International S.A. (“DAM”), which owned 64.00% of the share capital of the Company – irrevocably undertook and committed to subscribe to any share that were not subscribed to in the Private Placement and on the same terms, notably as to pricing, as determined by the Company at the Board of Directors meeting held on 20 March 2019.

In the context of the Offering DAM converted a long term subordinated revolving facility, which amounted to US\$ 30,600,00.00, to an unsubordinated due and payable debt. DAM subscribed a part of the capital increase by offsetting the outstanding due and payable facility.

- **Adjustment of Warrants exercise price following the Offering and notification to Consob of the updated version of KID regarding Warrants:** On March 29, 2019, d’Amico International Shipping S.A. announced that the exercise price of the DIS Warrants were adjusted according to article 6.1.1 of the terms and conditions of the 2017-2022 Warrants Terms and Conditions.

The Warrants exercise prices were reduced for all the established exercise periods and additional exercise periods that will follow the completion of the Offering (as defined in the prospectus dated 21 March 2019, the “2019 Prospectus”) and were fixed at:

- € 0.327 for Warrants exercised on all the days of the month of June 2019;
- € 0.341 for Warrants exercised on all the days from 27 November to 27 December 2019;
- € 0.354 for Warrants exercised on all the days of the month of June 2020;
- € 0.368 for Warrants exercised on all the days from 27 November to 27 December 2020;
- € 0.382 for Warrants exercised on all the days of the month of June 2021;
- € 0.397 for Warrants exercised on all the days from 27 November to 27 December 2021;
- € 0.412 for Warrants exercised on all the days of the month of June 2022.



- **Results of the Rights Offering**

During the Preferential Subscription Rights' exercise period, which started on March 25, 2019 and ended on April 16, 2019 (the "Rights Subscription Period"), no. 628,392,688 Preferential Subscription Rights were exercised, representing approximately 97.3% of the total number of Preferential Subscription Rights. Given the ratio of 10 New Shares for 11 Preferential Subscription Rights, the Company issued 571,266,080 New Shares, generating gross proceeds equal to the US\$ equivalent of € 42.8 million.

- **The Board of Directors of d'Amico International Shipping S.A. announced the amendment of the ending date for the private placement, the private placement results and final results of the right issue. Capital increase 100% subscribed and gross proceeds of the offering equal to the US\$ equivalent of € 44 million:** On April 24, 2019, the Board of Directors of d'Amico International Shipping S.A., following the offering of up to 587,270,900 New Shares with Preferential Subscription Rights announced the ending, as of that date, of the private placement period for the unsubscribed New Shares.

During the Private Placement 16,004,820 New Shares were subscribed (representing an additional capital increase - including share premium - amounting to the US\$ equivalent of € 1,200,361.50).

Following the completion of the Private Placement, the Company's share capital amounted to US\$ 62,051,446.25, divided into 1,241,028,925 shares with no nominal value.

- **Amendment of financial covenants on all bank loans guaranteed by DIS** – The application of IFRS16 from January 1, 2019 had a negative effect of 4.3% on DIS' Net Worth/Total Assets ratio, based on the Company's consolidated financials as at March 31, 2019. To offset the impact of this new accounting standard, before the end of Q1 2019, all of DIS' banks agreed to amend the financial covenants on loans guaranteed by DIS, with a reduction of the minimum threshold for this ratio to 25% from 35% previously. The amended covenant is effective from January 1, 2019.
- **Approval of DIS' medium to long-term incentive plan:** on May 9, 2019, d'Amico International Shipping S.A.'s Board of Directors, upon positive opinion of its Nomination and Remuneration Committee held on May 3, 2019, approved the Regulation of the Company's medium to long-term incentive plan (the "Medium to Long-Term Variable Incentive Plan 2019-2021" or the "Incentive Plan" or the "Plan"), available in the Corporate Governance section of the Company's website (www.damicointernationalshipping.com).

The main beneficiaries of the Plan are the following top-managers and executive directors of DIS: Paolo d'Amico (CEO and Chairman), Carlos Balestra di Mottola (CFO and Executive Director), Flemming Carlsen (COO), Cesare d'Amico (Executive Director), Marie-Anne Fiorelli (head of operations).

The main features of the Plan are the following:

The plan is based on the average financial results achieved by DIS over three rolling two-year periods ("the Period(s)" or "Cycle(s)"). The first Period is 2019-2020. The plan seeks to align the interest of shareholders and the key decision makers in DIS. In particular, the plan establishes a bonus pool based on the average ROCE (Return on Capital Employed) achieved by DIS over each rolling two-year Period, with a minimum threshold of 5% established – the "gate" objective. The bonus pool is then calculated as 10% of the difference between the average EBIT achieved during the Period and the EBIT corresponding to an average ROCE of 5%, up to a maximum EBIT corresponding to a ROCE of 7.5%.



The Bonus Pool is allocated according to three targets that aim to measure DIS' financial performance while accounting for the risks taken, as well as the soundness of the contract coverage strategy and the cost efficiency of the management structure. In particular, the three targets measured are:

- i) the adjusted ROCE (40% of the pool), which modifies the ROCE through a matrix which accounts for the financial leverage in DIS' capital structure and the percentage of contract coverage;
- ii) the hedging effectiveness (35% of the pool), which measures whether the coverage taken contributed positively or negatively to the blended time-charter equivalent earnings;
- iii) the percentage change in the daily General and Administrative costs (25% of the pool), which attempts to measure how efficiently the vessels were managed.

For each of the above targets minimum thresholds are established and the percentage allocated increases linearly once such threshold is exceeded, up to a maximum of 110% of the amount attributable to the achievement of such target. A final adjustment to the bonus pool is made to reflect the total shareholder return (TSR) obtained by DIS' shareholders during the Period, relative to the TSR which would have been achievable by investing in the shares of a group of peers.

The final bonus as calculated above is paid 70% in cash at the end of the vesting period of each Cycle, and the remaining 30% through DIS shares (free of charge) in the two years following the vesting period (15% each year).

The number of DIS shares allotted will be based on the arithmetic average of the official market closing prices of DIS' ordinary shares in the month prior to the Company's Board of Directors that will verify the results achieved in the corresponding vesting period.

The DIS shares serving the Plan, are those held from time to time in portfolio by the Company (currently amounting to n. 7,760,027 own shares without nominal value).

- **Second exercise period of DIS' Ordinary shares warrants 2017-2022:** On May 31, 2019, d'Amico International Shipping S.A. confirmed that the holders of "d'Amico International Shipping Warrants 2017 – 2022", ISIN code n. LU1588548724 (the "Warrants") could apply for their Warrants, to be exercised on any Borsa Italiana S.p.A. ("Borsa") trading day starting from June 3, 2019 until June 28, 2019, both dates included (the "Second Exercise Period"), with the right to subscribe for newly issued ordinary shares of DIS admitted to trading on the MTA market organized and managed by Borsa, without par value and with the same rights and features as the DIS ordinary shares outstanding at the issue date (the "Warrant Shares"), in the ratio of one (1) ordinary DIS share for one (1) Warrant exercised. The exercise price for the Second Exercise Period amounted to EUR 0.327 (zero point three hundred and twenty seven Euros) per Warrant Share. Following the completion of the Second Warrants exercise period, in which 3,199 Warrants were exercised, leading to the issuance of 3,199 new ordinary shares, the Company's share capital amounts now to US\$ 62,051,606.20, divided into 1,241,032,124 shares with no nominal value.

D'AMICO TANKERS D.A.C.:

- **Newbuilding vessels:** In January 2019, M/T Cielo di Houston, an 'Eco' new-building LR1 product tanker built by Hyundai Mipo Dockyard Co. Ltd. (South Korea) at their Hyundai Vinashin Shipyard Co. Ltd. in Vietnam, was delivered to the Group.
- **'Time Charter-In' and 'Commercial management' Fleet:** In January 2019, the time-charter-in contract on M/T Freja Hafnia, an MR vessel built in 2006, expired and d'Amico is now acting as



commercial manager of the vessel, earning a 2% commission on her gross revenues. In the same month, the management contract on M/T High Beam ended and the Vessel was redelivered to her owners.

Between February and March 2019, the management contracts on M/T Freja Hafnia and M/T High Force ended and these vessels were redelivered to their owners.

In April 2019, the management contracts on M/T High Glow and M/T High Current ended and these vessels were redelivered to their owners.

In April 2019, d'Amico Tankers d.a.c. time-chartered-in M/T Celsius Rimini (ex-High Force), an MR vessel built in 2009 in Shin Kurushima (Japan), for a 12-month period.

In May 2019, M/T High Power, an MR vessel built in 2004 and time-chartered-in by d'Amico Tankers d.a.c. since 2015, was redelivered to her owners.

In May 2019, M/T Philoxenia, an MR vessel built in May 2019, was delivered to d'Amico, which is now acting as commercial manager of the vessel, earning a 2% commission on her gross revenues.

In September 2019, M/T Di Matteo (ex-High Strength), an MR vessel built in 2009 and time-chartered-in by d'Amico Tankers d.a.c. since April 2019, was redelivered to her owners.

- **'Time Charter-Out' Fleet:** In March 2019: i) d'Amico Tankers d.a.c. extended its time charter contracts with an oil-major on two of its Handy vessels for 12 months starting from respectively March and May 2019; ii) a leading trading house exercised its option of extending for 6 months a time charter contract for one of d'Amico Tankers' LR1s at an increasing rate, starting from May 2019.

In April 2019, d'Amico Tankers d.a.c. extended its time charter contract with an oil-major on one of its MR vessels for 29 months, with an option for a further six months, starting from 30 April 2019.

In June 2019, d'Amico Tankers d.a.c., extended its time charter contract with an oil-major on one of its MR vessels for 12 months, starting from September 6, 2019.

In July 2019: i) a leading trading house exercised its option of extending for a minimum of 12 months and a maximum of 18 months its time charter contracts for two of d'Amico Tankers' LR1s at increased rates, starting respectively from Q3 and Q4 2019; ii) an oil-major extended its time charter contract on one of d'Amico Tankers' LR1s for a further 12 months, with an option for 12 additional months, starting from January 2020; iii) d'Amico tankers d.a.c. fixed one of its MR vessels with a leading trading house for 150 days; iv) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' MRs for a further 12 months at an increased rate.

In August 2019: i) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' MRs for further 12 months at an increased rate; ii) d'Amico tankers d.a.c. fixed its newbuilding LR1 vessel, delivered in Q3 2019, with a leading trading house for 24 months, with an option for 12 additional months; iii) d'Amico tankers d.a.c. fixed one of its MR vessels with an oil-major for 3 years.



In September 2019: i) d'Amico Tankers d.a.c. fixed one its Handy vessels with an oil-major for 11 to 14 months; ii) an oil-major exercised its option for extending a time charter contract on one of d'Amico Tankers' Handy vessels for further 6 months at an increased rate.

- **Vessel Sales and Sale-Leasebacks:** In January 2019, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T Cielo di Houston, a 75,000 dwt LR1 product tanker vessel built by Hyundai-Mipo, South Korea (at their Vinashin facility in Vietnam) and delivered in January 2019. The vessel was sold for a consideration of US\$ 38.6 million. This transaction allowed d'Amico Tankers to generate around US\$ 10.2 million in cash, net of commissions and additional costs, relative to financing the vessel through the previously committed loan facility. In addition, through this transaction d'Amico Tankers maintained full control of the Vessel, since a 10.2-year bareboat charter agreement was also concluded with the buyer. Furthermore, d'Amico Tankers has the option to repurchase the vessel, after approximately 5 years and after approximately 7 years of the commencement of the charter period, at a competitive cost of funds.

In February 2019, DIS announced that DM Shipping d.a.c., a joint venture with the Mitsubishi Group, in which d'Amico Tankers d.a.c. holds a 51% participation, signed a memorandum of agreement for the sale of the M/T High Strength, a 46,800 dwt MR product tanker vessel, built in 2009 by Nakai Zosen Corporation, Japan, for a consideration of US\$ 16.4 million. The Vessel continued its current time-charter out contract with d'Amico Tankers d.a.c. until October 2019. The vessel was delivered to its new owners on 2 April 2019, allowing DM Shipping to generate as at the same date around US\$ 12.3 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In March 2019, DIS announced that its subsidiary d'Amico Tankers d.a.c. signed a memorandum of agreement and bareboat charter contract for the sale and leaseback of the M/T High Voyager, a 45,999 dwt medium-range product tanker vessel, built in 2014 by Hyundai-Mipo, South Korea for a consideration of US\$ 25.7 million. This transaction allowed d'Amico Tankers d.a.c. to generate at the vessel's delivery, on 25 April 2019, around US\$ 9.6 million in cash, net of commissions and the reimbursement of the vessel's existing loan. In addition, through this transaction d'Amico Tankers will maintain full control of the vessel, since a 10-year bareboat charter agreement was also concluded with the buyer, with a purchase obligation at the end of the charter period. Furthermore, d'Amico Tankers d.a.c. has the option to repurchase the vessel, at any time starting from the third anniversary of her sale with three months' notice, at a competitive cost of funds.

In May 2019, DIS announced that Eco Tankers Limited a joint venture company with Venice Shipping and Logistics S.p.A., in which d'Amico International Shipping S.A. ("DIS") holds a 33% participation, signed a memorandum of agreement for the sale of the MT High Sun, a 49,990 dwt MR product tanker vessel (the "Vessel"), built in 2014 by Hyundai MIPO, South Korea (Vinashin), for a consideration of US\$ 28.7 million. This transaction resulted in a profit on disposal and allowed Eco Tankers to generate around US\$ 12.8 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.

In June 2019, DIS announced that DM Shipping d.a.c., a joint venture with the Mitsubishi Group, in which d'Amico Tankers d.a.c. holds a 51% participation, signed a memorandum of agreement for the sale of the M/T High Efficiency, a 46,547 dwt MR product tanker vessel, built in 2009 by Nakai Zosen Corporation, Japan, for a consideration of US\$ 16.1 million. The vessel was delivered to its new owners in September 2019, allowing DM Shipping to generate around US\$ 13.2 million in cash, net of commissions and the reimbursement of the Vessel's existing loan.



In August 2019, Glenda International Shipping d.a.c., the joint venture company with Glencore Group, in which d'Amico Tankers holds a 50% participation, signed a memorandum of agreement of the sale of the M/T Glenda Megan, a 47,147 dwt MR product tanker vessel, built in 2009 by Hunday Mipo, South Korea, for a consideration of US\$ 19.0 million. The sale of the ship was finalized in October 2019.

SIGNIFICANT EVENTS SINCE THE END OF THE PERIOD AND BUSINESS OUTLOOK

D'AMICO INTERNATIONAL SHIPPING S.A.:

- **'Time Charter-Out' Fleet:** In October 2019, d'Amico Tankers d.a.c. fixed one its MR vessels with an oil-major for 6 months

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

| | As at 30 September 2019 | | | | As at 13 November 2019 | | | |
|---------------------------|-------------------------|-------------|------------|-------------|------------------------|-------------|------------|-------------|
| | LR1 | MR | Handysize | Total | LR1 | MR | Handysize | Total |
| Owned | 4.0 | 12.0 | 7.0 | 23.0 | 5.0 | 11.5 | 7.0 | 23.5 |
| Bareboat chartered* | 1.0 | 8.0 | 0.0 | 9.0 | 1.0 | 8.0 | 0.0 | 9.0 |
| Long-term time chartered | 0.0 | 10.0 | 0.0 | 10.0 | 0.0 | 10.0 | 0.0 | 10.0 |
| Short-term time chartered | 0.0 | 5.0 | 1.0 | 6.0 | 0.0 | 4.0 | 1.0 | 5.0 |
| Total | 5.0 | 35.0 | 8.0 | 48.0 | 6.0 | 33.5 | 8.0 | 47.5 |

* with purchase obligation

BUSINESS OUTLOOK

The IMF has stated in their October World Economic outlook that Global growth is forecasted at 3.0 percent for 2019, its lowest level since 2008 and a 0.3 percent downgrade from their April 2019 World Economic Outlook. A notable feature of the sluggish growth in 2019 is the sharp and geographically broad-based slowdown in manufacturing and global trade. A few factors are driving this. Higher tariffs and prolonged uncertainty surrounding trade policy have dented investment and demand for capital goods, which are heavily traded. Global growth in 2020 is projected to improve modestly to 3.4 percent, a downward revision of 0.2 percent from their April projections. However, unlike the current slowdown, this recovery is not broad based and is uncertain. Growth for advanced economies is projected to slow to 1.7 percent in 2019 and 2020, while emerging market and developing economies are projected to experience a growth pick up from 3.9 percent in 2019 to 4.6 percent in 2020.

The IEA, in their October report have reduced their oil demand growth forecasts for 2019 and 2020. They expect growth in 2019 to be the weakest since 2016, following evidence of a slowdown in several major consuming regions and countries, including Europe, India, Japan, Korea and the US.

In October, US sanctions on selected entities of COSCO, the world's largest tanker owner, Venezuelan-related issues, a tanker attack in the Middle East, a typhoon in Japan and scrubber retrofits all contributed to the large earnings spike in the crude sector. The resulting hike in rates prompted a large amount of



LR2 tankers to switch into the crude market. The reduction in supply of LR2 tankers and an increase in demand for Naphtha into Asia has resulted in an overall improvement in product tankers earnings.

Product tanker demand is expected to be boosted going into 2020 by impacts relating to the IMO 2020 sulphur cap, including higher global refinery throughput and gasoil trade in particular, with Clarksons projecting dwt demand to grow by 5.7% next year.

OTHER RESOLUTIONS

Based on the delegation issued by the Shareholder General Meeting held on 30 April 2019 and with prior approval of the Nomination and Remuneration Committee, the Board of Directors of DIS approved today a few amendments to the "Medium-long Term Incentive Plan 2019-2021 (the "Incentive Plan" or the "Plan") approved by the Shareholder General Meeting (see press release of 30 April 2019), and the consequent changes to the Regulation of the Plan approved by the Board of Directors on 9 May 2019 (the "Regulations").

With the aim to strengthen greater involvement of directors and employees in the development of the Company, and focus of the activity on long-term strategic success factors, the Board of Directors approved to amend the definition of EBIT, as performance indicator for the calculation of the "bonus pool", considering the theoretical results of sales of the owned vessels (if any) based on the evaluation of the same vessels at the beginning of the Plan vesting period.

The Information Document of the Incentive Plan has been also amended at paragraph 1.3 in order to be compliant with the most recent applicable law.

The Plan's documentation and the Regulations will be available in due time in the section Corporate Governance of DIS web site in the area of remunerations. (www.damicointernationalshipping.com).



d'Amico
INTERNATIONAL SHIPPING S.A.

CONFERENCE CALL

At 2.00pm CET, 8.00am EST today a conference call will be held with the financial community during which the Group's economic and financial results will be discussed. It is possible to connect to the call by dialing the following numbers: from Italy + 39 02 8058811, from UK +44 808 23 89 561, from US +1 866 63 203 28. The presentation slides can be downloaded before the conference call from the Investor Relations page on DIS web site: www.damicointernationalshipping.com

From today this press release is available on the Investor Relations section of the Company's website, disclosed through the e-market SDIR circuit, filed with Commission de Surveillance du Secteur Financier (CSSF) and stored at Borsa Italiana S.p.A., through the e-market STORAGE system, and at Société de la Bourse de Luxembourg S.A. in its quality of OAM.

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

d'Amico International Shipping S.A

Anna Franchin - Investor Relations Manager

Tel: +35 2 2626292901

Tel: +37 7 93105472

E-mail: ir@damicointernationalshipping.com

Capital Link

New York - Tel. +1 (212) 661-7566

London - Tel. +44 (0) 20 7614-2950

E-Mail: damicotankers@capitallink.com

Media Relations

Havas PR Milan

Marco Fusco

Tel.: +39 02 85457029 – Mob.: +39 345.6538145

E-Mail: marco.fusco@havaspr.com

ANNEXES

CONDENSED CONSOLIDATED INTERIM INCOME STATEMENT

| Q3 2019 | Q3 2018 | US\$ Thousand | 9 MONTHS 2019 | 9 MONTHS 2018 |
|--|-----------------|--|------------------|------------------|
| 82,088 | 98,819 | Revenue | 260,506 | 301,181 |
| (22,269) | (43,766) | Voyage costs | (74,380) | (120,479) |
| 59,819 | 55,053 | Time charter equivalent earnings* | 186,126 | 180,702 |
| (7,842) | (33,900) | Time charter hire costs | (25,292) | (99,565) |
| (26,755) | (19,305) | Other direct operating costs | (80,879) | (61,372) |
| (3,234) | (3,978) | General and administrative costs | (9,114) | (12,078) |
| (551) | (103) | Result on disposal of fixed assets | (1,499) | 149 |
| 21,437 | (2,233) | EBITDA* | 69,342 | 7,836 |
| (11,847) | (10,461) | Depreciation and impairment | (45,779) | (29,354) |
| (7,472) | - | Depreciation of right-of-use leased asset | (22,879) | - |
| 2,118 | (12,694) | EBIT* | 684 | (21,518) |
| 6 | 1,060 | Net financial income | 584 | 4,131 |
| (10,414) | (10,463) | Net financial (charges) | (35,642) | (24,661) |
| (5) | 1,342 | Profit share of equity accounted investees | 1,246 | 1,341 |
| 215 | - | Reversal of impairment of loan to an equity accounted investee | 934 | - |
| (8,080) | (20,755) | Profit / (loss) before tax | (32,194) | (40,707) |
| (75) | (199) | Income taxes | (282) | (467) |
| (8,155) | (20,954) | Net profit / (loss) | (32,476) | (41,174) |
| <i>The net result is attributable to the equity holders of the Company</i> | | | | |
| (0.007) | (0.032) | Earnings / (loss) per share in US\$ ⁽¹⁾ | (0.026) | (0.064) |

*see Alternative Performance Measures on page 9

CONDENSED CONSOLIDATED INTERIM STATEMENT OF COMPREHENSIVE INCOME

| Q3 2019 | Q3 2018 | US\$ Thousand | 9 MONTHS 2019 | 9 MONTHS 2018 |
|--|-----------------|--|------------------|------------------|
| (8,155) | (20,954) | Profit / (loss) for the period | (32,476) | (41,174) |
| <i>Items that can subsequently be reclassified into Profit or Loss</i> | | | | |
| 438 | (1,964) | Cash flow hedges | (4,479) | 1,317 |
| (58) | (86) | Exchange differences in translating foreign operations | (89) | (89) |
| (7,775) | (23,004) | Total comprehensive income for the period | (37,044) | (40,042) |

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

(¹) Basic earnings per share (e.p.s.) was calculated on an average number of outstanding shares equal to 1,241,032,214 in the first nine months of 2019 (645,455,291 shares in the first nine months of 2018) and on an average of 1,246,975,085 outstanding shares in the third quarter of 2019 (Q3, 2018: 646,068,256 outstanding shares). In Q3/nine months of 2019 and Q3/nine months 2018 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 2019 | As at 31 December 2018 |
|---|----------------------------|---------------------------|
| ASSETS | | |
| Property, plant and equipment | 859,593 | 911,281 |
| Right-of-use of leased assets | 128,161 | - |
| Investments in jointly controlled entities | 4,385 | 3,228 |
| Other non-current financial assets | 17,928 | 9,655 |
| Total non-current assets | 1,010,067 | 924,164 |
| Inventories | 11,291 | 13,492 |
| Receivables and other current assets | 41,637 | 52,163 |
| Other current financial assets | 7,910 | 18,205 |
| Cash and cash equivalents | 35,510 | 31,713 |
| Current Assets | 96,348 | 115,573 |
| Assets held for sale | 28,282 | - |
| Total current assets | 124,630 | 115,573 |
| TOTAL ASSETS | 1,134,697 | 1,039,737 |
| SHAREHOLDERS' EQUITY AND LIABILITIES | | |
| Share capital | 62,052 | 65,376 |
| Accumulated losses | (64,750) | (30,270) |
| Share Premium | 368,855 | 316,697 |
| Other reserves | (19,618) | (14,460) |
| Total shareholders' equity | 346,539 | 337,343 |
| Banks and other lenders | 288,773 | 338,622 |
| Non-current liabilities from financial leases | 322,782 | 165,298 |
| Shareholders' long-term loan | - | 30,600 |
| Other non-current financial liabilities | 8,903 | 4,998 |
| Total non-current liabilities | 620,458 | 539,518 |
| Banks and other lenders | 63,361 | 91,238 |
| Current liabilities from financial leases | 39,208 | 8,369 |
| Shareholders' short-term financing | - | 1,280 |
| Payables and other current liabilities | 41,422 | 54,013 |
| Other current financial liabilities | 13,458 | 7,876 |
| Current tax payable | 130 | 100 |
| Current liabilities | 157,579 | 162,876 |
| Banks associated with assets held-for-sale | 10,121 | - |
| Total current liabilities | 167,700 | 162,876 |
| TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES | 1,134,697 | 1,039,737 |



CONDENSED CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

| Q3 2019 | Q3 2018 | US\$ Thousand | 9 MONTHS 2019 | 9 MONTHS 2018 |
|-----------------|-----------------|--|------------------|------------------|
| (8,155) | (20,954) | Profit (loss) for the period | (32,476) | (41,174) |
| 14,938 | 10,461 | Depreciation, amortisation and write-down | 32,341 | 29,354 |
| 3,078 | - | Depreciation of right-of-use leased assets | 22,879 | - |
| 1,302 | - | Impairment | 13,438 | - |
| 75 | 133 | Current and deferred income tax | 282 | 374 |
| 5,486 | - | IFRS 16 related finance lease costs | 16,062 | - |
| 4,920 | 8,525 | Other Financial charges (income) | 19,190 | 20,303 |
| 2 | 879 | Unrealised foreign exchange result | (194) | 228 |
| 2,751 | (1,343) | Profit share of equity accounted investment | 1,499 | (1,342) |
| (297) | - | Profit on disposal of fixed assets | (1,245) | - |
| - | - | Impairment reversal of a shareholder's loan to a related party | (719) | - |
| - | 42 | Movement in share option reserve | (607) | 174 |
| (1,114) | 103 | Movement in deferred result on disposal of S&L assets | - | (148) |
| 22,986 | (2,154) | Cash flow from operating activities before changes in working capital | 70,450 | 7,769 |
| 101 | (2,035) | Movement in inventories | 2,201 | (4,505) |
| 4,277 | 9,501 | Movement in amounts receivable | 10,525 | 8,643 |
| (481) | (302) | Movement in amounts payable | (16,338) | 6,139 |
| (5,490) | - | Net cash payment for the interest portion of the IFRS16 related lease liability | (16,066) | - |
| (35) | (132) | Taxes (paid) received | (252) | (106) |
| (3,035) | (6,262) | Net interest paid | (12,167) | (18,946) |
| - | 884 | Movement in other financial liabilities | - | 1,448 |
| 18,323 | (500) | Net cash flow from operating activities | 38,353 | 442 |
| (2,740) | (56,181) | Acquisition of fixed assets | (33,897) | (100,213) |
| - | 8,107 | Proceeds from disposal of fixed assets | - | 21,857 |
| - | - | Dividend from equity accounted investee | - | 83 |
| 8,872 | 32 | Movement in financing to equity accounted investee | 15,176 | 94 |
| 6,132 | (48,042) | Net cash flow from investing activities | (18,721) | (78,179) |
| 1 | 211 | Share capital increase | 49,788 | 191 |
| 53 | (33) | Other changes in shareholder's equity | (902) | (131) |
| - | 11,739 | Shareholders' financing | (31,880) | 38,739 |
| (400) | 633 | Movement in other financial receivables / related party * | (2,650) | 4,699 |
| - | 197 | Net movement in other financial payable | 4,354 | 572 |
| (13,166) | (43,625) | Bank loan repayments | (69,507) | (98,706) |
| - | 49,238 | Bank loan draw-downs | - | 79,920 |
| (722) | 28,497 | Proceeds from disposal of assets subsequently leased-back | 62,954 | 55,850 |
| (10,108) | (1,592) | Repayments of financial lease | (27,878) | (3,724) |
| 13 | - | Cash-flows as lessors | 13 | - |
| (24,329) | 45,265 | Net cash flow from financing activities | (15,708) | 77,410 |
| 126 | (3,277) | Net increase/ (decrease) in cash and cash equivalents | 3,924 | (327) |
| 18,918 | 15,315 | Cash and cash equivalents net of bank overdrafts at the beginning of the period | 15,120 | 12,365 |
| 19,044 | 12,038 | Cash and cash equivalents net of bank overdrafts at the end of the period | 19,044 | 12,038 |
| 35,510 | 28,786 | Cash and cash equivalents at the end of the period | 35,510 | 28,786 |
| (16,466) | (16,748) | Bank overdrafts at the end of the period | (16,466) | (16,748) |

* Refer to note 1 of the consolidated annual report 2018 concerning a reclassification of all 2018 collateral amount from cash and cash equivalents to financial receivables.

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 2019 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.

Carlos Balestra di Mottola - Chief Financial Officer



ALTERNATIVE PERFORMANCE MEASUREMENTS

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 costs.

ROCE

Return on Capital Employed is a profitability ratio which measures how efficiently a company is using its capital. It is calculated dividing the 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; it gives an indication about the strategic planning (expansion) of the Group (capital intensive industry).

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 as it is a metric on the overall debt situation of a company, indicating 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 to 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; instead all leases are treated in a similar way to finance leases applying IAS 17. Leases are "capitalised" by recognising the present value of lease payments and showing them either as leased assets (right-of-use assets, RoU) or together with property, plant and equipment (PPE). 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. If lease payments are made over time,



the company also recognises a financial liability representing its obligation to make future lease payments. The most significant effect is an increase in lease assets (or PPE) and financial liabilities, leading to changes in key financial metrics derived from balance sheet data.

For companies with material off-balance sheet leases, IFRS 16 changes the nature of the expenses related to those leases: the straight-line operating lease expense are replaced with a 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 operates a vessel controlling it 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 an 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 on a per-ton or lump-sum basis. The payment for the use of the vessel is known as freight. The disponent owner is responsible for paying both vessel operating expenses and voyage expenses. Typically, the charterer is responsible for any delay at the loading or discharging ports.

Time charter

Is a contract type through which the ship 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.

Fine Comunicato n.0912-93

Numero di Pagine: 23