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Vedi allegato.



## PRESS RELEASE

**The Board of Directors of d'Amico International Shipping S.A. approves Q3 & 9M 2020 Results:**

***'DIS POSTED A STRONG RESULT IN THE FIRST 9 MONTHS OF 2020:  
NET PROFIT OF US\$ 15.4 M IN 9M'20 VS. LOSS OF US\$ (32.5) M IN 9M'19;  
ADJUSTED NET PROFIT OF US\$ 26.1 M IN 9M'20 VS. LOSS OF US\$ (15.1) M IN 9M'19;  
EBITDA OF US\$ 103.4 M IN 9M'20, 49.2% HIGHER YEAR-ON-YEAR;  
OPERATING CASH FLOW OF US\$ 70.4 M IN 9M'20, 83.6% IMPROVEMENT YEAR-ON-YEAR.'***

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### ***NINE MONTHS 2020 RESULTS***

- Time charter equivalent earnings (TCE) of US\$ 204.2 million (US\$ 186.1 million in 9M'19)
  - Gross operating profit/EBITDA of US\$ 103.4 million (50.7% on TCE) (US\$ 69.3 million in 9M'19)
  - Net result of US\$ 15.4 million (US\$ (32.5) million in 9M'19)
  - Adjusted Net result (excluding IFRS 16 and non-recurring) of US\$ 26.1 million (US\$ (15.1) million in 9M'19)
  - Cash flow from operating activities of US\$ 70.4 million (US\$ 38.4 million in 9M'19)
  - Net debt of US\$ 598.7 million (US\$ 495.2 million excluding IFRS16) as at 30 September 2020 (US\$ 682.8 million and US\$ 560.0 excluding IFRS 16, respectively, as at 31 December 2019)
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### ***THIRD QUARTER 2020 RESULTS***

- Time charter equivalent earnings (TCE) of US\$ 54.1 million (US\$ 59.8 million in Q3'19)
  - Gross operating profit/EBITDA of US\$ 23.9 million (US\$ 21.4 million in Q3'19)
  - Net result of US\$ (1.7) million (US\$ (8.2) million in Q3'19)
  - Adjusted Net result (excluding IFRS 16 and non-recurring) of US\$ (0.4) million (US\$ (5.9) million in Q3'19)
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**Luxembourg - November 12<sup>th</sup>, 2020** – 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 2020 Third Interim Management Statements as at September 30th, 2020 (Q3 and 9M 2020 Financial Results).

### **MANAGEMENT COMMENTARY**

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

*'In the first 9 months of 2020, DIS generated a Net profit of US\$ 15.4 million vs. US\$ (32.5) million posted in the same period of the prior year. Excluding some non-recurring effects from both periods, our **Adjusted net result would have amounted to US\$ 26.1 million in the first 9 months of 2020** vs. US\$ (15.1) million in the same period of last year, corresponding to an increase of US\$ 41.4 million year-on-year. Looking at the **third quarter of 2020**, DIS posted a Net result of US\$ (1.7) million vs. US\$ (8.2) million in Q3 2019 and an **Adjusted net result of US\$ (0.4) million** vs. US\$ (5.9) million in Q3 2019.*

*Such strong improvement relative to the previous year is mainly attributable to much stronger freight markets, especially in the first half of 2020. In fact, DIS achieved a daily spot rate of US\$ 18,592 in the first*



9 months of 2020 vs. US\$ 12,786 in the first 9 months of 2019 (i.e. +45.4% and +US\$ 5,806/day). In the third quarter of the year, which is traditionally the weakest of the year for the product tanker market, DIS achieved a daily spot rate of US\$ 12,866, significantly higher than the US\$ 11,616 generated in the same quarter of 2019.

Throughout the year and particularly in the third quarter, DIS clearly benefited from its long-term commercial strategy of maintaining a high proportion of fixed-rate contract coverage. In particular, in Q2 2020 since we realized that the very strong freight market was unsustainable, we decided to take a realistic approach by increasing our time-charter coverage, at profitable levels. In fact, 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), whilst our 'time-charter' coverage was of 63.0% in Q3 2020 at an average daily rate of US\$ 16,038 (Q3 2019: 51.5% coverage at an average daily rate of US\$ 14,819).

**DIS' total blended daily TCE (spot and time-charter) was of US\$ 16,973 in the first 9 months of 2020 vs. US\$ 13,674 achieved in the same period of the previous year (+24% year-on-year) and US\$ 14,864 in Q3 2020 vs. US\$ 13,264 in Q3 2019.**

The outbreak of COVID-19 led to a fall in oil demand and refining activity, which resulted in a relatively soft product tanker market in the last part of Q1 2020. However, OPEC+ members failed to reach an agreement on production cuts to offset falling oil prices caused by the outbreak of the virus, leading to a surge in output especially from Saudi Arabia and Russia. The increase in oil production, combined with a strong decline in oil demand, moved the oil curve into a steep contango, providing a significant incentive to increase oil stocks worldwide. Land-based storage facilities quickly reached almost their full capacity and pushed large quantities of crude and petroleum products into tankers as floating storage, sharply reducing the effective supply of vessels, thus generating a spike in product tanker freight rates. However, after deep oil output cuts by OPEC and other world oil producers came into effect from the beginning of May, floating storage at a global level fell from a peak of 75 million barrels around mid-May down to 40 million barrels in September and spot tanker earnings fell sharply, and by September stood at a two-year low.

Unfortunately, a new wave of COVID-19 is spreading across several parts of the world, with many European countries adopting strict containment measures, although so far in most cases lighter than in this Spring. This situation creates some obvious headwinds for the product tanker market in the near term. In fact, these developments will negatively affect oil demand and are likely to postpone the freight market recovery and the decrease in inventories (both on land and floating), required for a sustainable market recovery.

However, I think today DIS is very well positioned to navigate across these short-term challenges. In fact, thanks to our US\$ 755 million investment plan completed in 2019, today our Company operates one of the most modern and efficient product tanker fleets in the world; in the last three years we have been focused on strengthening our financial structure and through asset disposals as well as equity and debt transactions, we have consistently improved our liquidity position while managing our financial gearing, with the objective of reducing it when possible; through investments in technology and improvements in our processes, we have managed to cut our costs whilst always ensuring a top-quality service both onboard and onshore. Today DIS is very competitive also in terms of breakeven relative to most of our peers. In addition, our well-balanced commercial strategy and a high level of TC coverage at profitable rates will help us to overcome any potential market volatility.

Looking at the longer term, DIS remains very positive since the fundamentals of our industry continue to be strong. As we have stressed several times, the newbuilding orderbook is at historical lows, mainly



thanks to capital constraints and to significant uncertainties regarding technological developments to meet the IMO 2030/2050 emission reductions targets. On the demand side, despite concerns regarding the future path of oil consumption, the seaborne transportation of refined products should pursue its long-term upward path benefitting from an increase in average sailing distances, as most planned refinery additions are in the Middle East and Asia, in countries which are already important net exporters of products and are often distant from the key importing markets.

I am truly hopeful a vaccine against COVID-19 will be available in the coming months, solving once and for all this terrible health crises and putting the world economy as a whole and our industry back on track.

Once again, I would like to thank all our stakeholders for their continued trust and I am certain our strategy will increase the value of our Company in the long term, generating attractive returns for all our Shareholders.'

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

'DIS posted a Net profit of US\$ 15.4 million in the first 9 months of the year vs. a Net loss US\$ (32.5) million in the first 9 months of 2019 and an Adjusted net profit (excluding IFRS 16 and some non-recurring effects) of US\$ 26.1 million in the first 9 months of 2020 vs. US\$ (15.1) million recorded in the same period of last year. In the third quarter of 2020 we were confronted with a much weaker product tanker market relative to the first part of the year. However, thanks to DIS' low breakeven and prudent commercial strategy, we were able to limit our Q3 2020 Adjusted net loss to US\$ (0.4) million vs. US\$ (5.9) million recorded in the same quarter of last year.

DIS' EBITDA amounted to US\$ 103.4 million in the first 9 months of the year vs. US\$ 69.3 million achieved in the same period of 2019. This was clearly reflected also in the very strong generation of Operating cash flow in the period, equal to US\$ 70.4 million 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.

During the first 9 months of the year, we continued to implement our deleveraging strategy. **At the end of September, the ratio between DIS' Net financial position (excluding IFRS 16) and its fleet market value was of 65.1% and we had Cash and cash equivalent of US\$ 59.3 million.** Going forward, we firmly intend to continue improving our financial structure, so as to increase our future strategic and operational flexibility and our ability to act counter-cyclically, **creating additional value for our shareholders.**

We have generated approximately US\$ 26.4 million in net cash from the sale of some of our oldest vessels as at the end of September and we are expecting to generate a further US\$ 8.3 million in November 2020 and US\$ 8.9 million between November 2020 and January 2021, thanks to the sale of two additional MRs, as per previous press releases.

We are currently facing a very uncertain market environment due to the second wave of COVID-19 which is unfortunately spreading again around the world and the new containment measures implemented by several countries. However, I believe the long-term fundamentals of our industry are still extremely positive and I am confident our spot freight rates will return soon to healthier levels.

In the meantime, I firmly believe we have the financial strength, the right commercial strategy, a modern fleet and a competitive cost structure to properly overcome these short-term adversities and I am confident we have laid the foundations to generously reward our shareholders in the future.'



## FINANCIAL REVIEW

### ***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**

**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>1</sup>** (US\$ 12,786 in the first 9 months 2019<sup>2</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>3</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).

<sup>1</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>2</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 off-set by an equivalent amount of time charter hire costs after deducting a 2% commission on gross revenues.

<sup>3</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.





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>

**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).

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>4</sup>) and from the same period of 2019 (US\$ (0.4) million<sup>5</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>6</sup>) and from the same period of 2019 (US\$ (2.5) million<sup>7</sup>), as well as the

<sup>4</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>5</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>6</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>7</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.



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.**

#### **CASH FLOW AND NET INDEBTEDNESS**

**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).

**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.

**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.

#### **SIGNIFICANT EVENTS OF THE FIRST NINE MONTHS**

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

##### **D'AMICO INTERNATIONAL SHIPPING S.A.:**

- **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.



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## 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](http://www.damicointernationalshipping.com)*

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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.

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*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'.*

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### **d'Amico International Shipping S.A**

**Anna Franchin - Investor Relations Manager**

Tel: +35 2 2626292901

Tel: +37 7 93105472

E-mail: [ir@damicointernationalshipping.com](mailto:ir@damicointernationalshipping.com)

### **Capital Link**

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

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

E-Mail: [damicotankers@capitalink.com](mailto:damicotankers@capitalink.com)

### **Media Relations**

**Havas PR Milan**

Marco Fusco

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

E-Mail: [marco.fusco@havaspr.com](mailto:marco.fusco@havaspr.com)



## ANNEXES

### 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	(22,320)	(18,632)
<b>Total shareholders' equity</b>	<b>364,255</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>1,071,257</b>	<b>1,132,049</b>



## 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)

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 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.

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