

Lloyd's List

Bunker hedging clips d'Amico results

Thursday 05 March 2015, 14:12 by Hal Brown

Italian product tanker player buoyed by freight market improvements despite loss on derivatives

D'AMICO International Shipping slid to a net loss of \$10.5m in 2014, compared with net profit of \$11.8m in 2013, due to a loss on bunker hedging, rather than its performance in the product tanker freight market, which improved.

Milan-listed **d'Amico** said it hedged its bunker costs during the year, through bunker derivatives.

Due to the decline in oil and bunker

prices, the company's 2014 results were affected by a \$9.8m negative impact arising from the mark to market valuation of these instruments.

More positively, the company's time charter equivalent earnings were \$212.5m in 2014, up from \$191.2m in 2013, as its fleet increased in size and the product tanker freight market improved in the second half of the year.

D'Amico's chief executive Marco Fiori said: "We can already anticipate that this positive market momentum has continued at the beginning of 2015."

"I refer in particular to factors such as the US' ever-growing role as a net exporter of products and the increased refining capacity in the Middle and Far East which both will further expand the tonne-mile demand."

He added that the growth of the company's fleet, in terms of owned and chartered tonnage, means it now controls 53 product tankers, "an historical high level for our company which we feel will benefit our results in an improving market scenario".

His perspective on the improving product tanker market matches the opinion of other major players, such as Torm, which yesterday said that in the fourth quarter of 2014 product tanker freight rates reached the highest level since 2008, and positive market sentiments have continued in 2015.

Baltic Exchange data today shows that long range two product tankers on the Middle East to Asia naphtha run are earning around \$26,000 per day, one of the highest levels yet.

However, newbuilding orders being placed and new vessels joining the global fleet on the water leads to a note of caution.

As Concordia Maritime boss Kim Ullman told Lloyd's List last week, "the product tanker market has good prospects but is fragile".



Fiori: "I am very confident on the perspectives of the product tanker industry in the medium and long term."