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Formation of new Handymax pool

d'Amico invests \$1.2 billion in energy-efficient ship maintenance

Leaders of the Italian shipping company **d'Amico** Società di Navigazione met with us on the 20th to reveal the establishment of a new Handymax bulker pool. The new pool will start operation in early 2015. Starting with 25 vessels, **d'Amico** plans to expand by recruiting more pool members. They also call on Japanese shipowners to join. At the same time, a \$1.2 billion fleet maintenance plan aiming to substitute existing ships with energy-efficient ones is also advancing smoothly. Although freight space from Japan had mostly been long-term charters, recently direct orders to Japanese shipyards, as well as funding from Japanese financial institutions, have been increasing. For the future, **d'Amico** looks to further increase the number of freight traffic contracts with Japanese shippers.

d'Amico Group's fleet includes 37 bulkers (12 Panamax, 12 Handymax, 13 Handysize), and 48 product carriers (40 MR, 8 Handysize). Unfulfilled bulker (including long-term charters) orders include 2 Mini Cape, 1 Post-Panamax, 6 Panamax, 16 Handymax, and 9 Handysize. Their construction will be completed by Japanese, Chinese, and South Korean shipyards by 2017. Unfulfilled product carrier orders include 5 MR and 4 Handysize. Their construction will be completed by South Korean shipyards by 2016.

In the interview, **d'Amico** Chairman Paolo **d'Amico** (3rd from the left), CEO Cesare **d'Amico** (center) and CEO Luciano Bonaso (2nd from the right) of the dry cargo subsidiary "**d'Amico** Dry" spoke about the current situation of the company.

————— Biggest news for **d'Amico** this year

"Completion of the latest eco-ship was noteworthy. We have a \$1.2 billion medium-term maintenance plan going on that will replace existing vessels with the latest generation fuel-efficient ships. We've already added some energy-efficient ships to our fleet, but the latest eco-ships will further decrease fuel consumption from 1/3 to 1/4. The fleet renewal program is expected to be completed in 2017. We do not place speculative orders. We value our relationships with existing customers and continue to expand business based on industry business plans."

————— Recent **d'Amico** activities in Japan

"Fleet maintenance has been completed for the time being with some long-term charter contracts with Japanese shipowners, and instead, direct orders to Japanese shipyards have increased. Transactions with Japanese financial institutions are also expanding. As such, cooperation between the Japanese maritime industry and us has expanded to full scale this year. We are also looking for opportunities to enlarge cargo transportation contracts with Japanese customers."

————— Future business strategies

"We are in the final stage of setting up the Supramax bulker pool. This pool is based in Monaco and Singapore and is planned to start operation from the beginning of next year. We've also explained this project to Japanese shipowners, and they definitely have an interest in it. The pool will start with 25 vessels, but we have our eyes on scale expansion."

————— Outlook for the tanker and dry bulk market

"For tankers, the growth in transportation demand is not so big, but refineries and an increase in more distant consumer markets may cause freight space demand to rise. Transportation demands are also growing stably along with an increase in petroleum product consumption. Currently only the U.S. economy is in good shape, but sooner or later Europe and Asia will recover. Although slower than before, China's economic growth will also continue. We are optimistic about the tanker market."

"On the other hand, the dry bulk market is looking rather pessimistic. The global economic slowdown has also affected the dry bulk market. The number of new ship completions in '15 and '16 are very important factors.

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Looking at these numbers, we can't say that the outlook for the dry bulk market is positive. However, as high as market volatility is, volatility may also lead to opportunities."

————— There is concern that an influx of so-called fund money to the shipping industry may contribute to an oversupply of freight space.

"A large amount of external funding already exists in the shipping industry. However, we think this influx won't last long because this cash is short-term while shipping requires long-term investment."

(Interviewers: Yoshihito Fukasawa, Yuuhei Kodama)

d'Amico Alongside the Mitsubishi Corporation being awarded the Order of the Star of Italy

Ken Kobayashi (2nd from the left), President of the Mitsubishi Corporation, was awarded the "Order of the Star of Italy" for years of contribution to the consolidation of economic relations between Italy and Japan.

On the 19th, Domenico Giorgi, the Italian Ambassador to Japan, awarded Kobayashi with the title in the presence of Chairman Paolo **d'Amico** (left) and CEO Cesare **d'Amico** (right) of the Italian shipping company, **d'Amico** Group, who supported the nomination.

The "Order of the Star of Italy" award was created after World War II for expatriate Italians or foreigners who best assisted the reconstruction of the country. Today it recognizes those who have acquired special merit in the promotion of friendly relations and cooperation with Italy.

Mitsubishi Corporation has over many years established a partnership with the **d'Amico** Group, for the transport of refined products with **d'Amico** International Shipping, and of metals and agricultural produce with **d'Amico** Dry. "Mitsubishi Corporation and the **d'Amico** Group share a common vision for environmentally aware business that is expressed in the use of the latest generation eco-ships that significantly reduce CO₂ emissions, and the use of load management processes based on the most complete safety measures." commented **d'Amico**.

d'Amico Group social function held in Tokyo

Italian bulker and tanker shipping company, **d'Amico** Group invited Japanese shipowners, shipyards, trading companies, and financial institutions to a social function in Tokyo on the 20th.

Chairman Paolo **d'Amico** (right) greeted everyone on behalf of **d'Amico** Group, "Our huge success is solely built upon the foundation of support from Japanese shipyards, shipowners, businesses, and shipping companies. We wish to further expand our longstanding relationship and continue to grow with everyone here in Japan, especially now as Japanese shipowners are undergoing globalization. Our success is everyone's success. Although the market environment is extremely

complicated, we hope to step up our efforts with everyone in the same way we have always stood up to adversity."

Continued CEO Cesare **d'Amico** (left), "We began our long journey in the 1900s, and have achieved great success in Japan with the support of everyone. From short-term to long-term vessels charters, we've signed not only charter contracts but also direct construction contracts with Japanese shipyards. In recent years, with funding help from Japanese banks, we've formed relationships with Japanese cargo owners and shipping companies."

The international shipping company **d'Amico** has a deep involvement with Japan. They hold a party in Japan every year at this time to deepen friendship with Japanese maritime stakeholders. In 2011, **d'Amico** participated in volunteer and charity work to assist victims of the Tohoku earthquake and tsunami.