

Getting stronger the collaboration with the Japanese shipping community. Starting a pool for the Panamax segment.

Interview with d'Amico dry

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d'Amico launch a new pool targeting the Panamax segment following the successful result of the Medi Supra pool (MSPML) for the Supramax segment, that was launched in May 2015. Since that time MSPML has built up a fleet of modern and, high quality, eco ships that enjoys widespread appreciation of the participants as well as of Charterers and cargo owners. We talked with d'Amico Dry CEO Luciano Bonaso, COO Benjamin Wilkes, GM Emanuele d'Amico and the pool Manager and Head of Supramax segment Thor Dam Andersen during their trip to Japan about the plans for the Panamax pool.

(Interviewer Yamamoto Hirofumi)

The Japan Maritime Daily(JMD): It has been 1 year and 9 months since the establishment of the MSPML (Supramax Pool). What is the current status of pool operations?

Bonaso: The pool have targeted craned/grabbed bulkers in the range of 56,000-64,000 DWT. It primarily consists of a core fleet of 21 units, that includes vessels owned or controlled by d'Amico as well as by other participants. The main objectives of the pool for the benefit of the participants are: ① to spread the risk of the volatility of

the market by keeping the tonnage employed spot and short-medium term, ② to average at any time the revenues by keeping the tonnage employed equally distributed worldwide, ③ to get more visibility in the market and get more employment opportunities by operating a larger fleet, ④ to optimize the results of the operation by arbitrage with short-term chartered ships.

Anderson: One of the main features of the Pool is that almost all the participant ships are modern, high quality, eco ships.

The revenues of the activity performed by the pool is distributed monthly among the Participants on the basis of pool points that are assessed for each participant vessel by a third party London consultant.

JMD: How is the actual profit structure of the MSPML set up?

Anderson: The revenues of the ships participating in the pool differs depending on the trade route. For example, the revenues of ships trading the backhaul headed from the Pacific to the Atlantic or in the front haul from the Atlantic to the Pacific differ from that of ships deployed to the Pacific or Atlantic round trade. MSPML keep the tonnage employed on all these routes and then av-

erage and distribute the revenues on the basis of the pool points. In order to safeguard the interests of all Participants, and have a fair distribution of the average revenues, it is a requirement of the pool that a participant vessel remain in the pool for a certain period of time (preferably 12 months, save exceptionally cases that are managed by the pool manager case by case). Furthermore the commercial terms by which a vessel participates in the pool is governed by a reference charter, whose terms are same for all the participants. As regard the pool point assessment, that is reviewed every six months and updated on the basis of the prevailing market conditions and average bunker value of the preceding six months period.

JMD: What are the merits of basing the profit distribution on the performance of the ships?

Anderson: In the dry bulk market, the revenues and cargo volumes are different depending on trades and trade patterns. When we assess the distribution of the revenues we simply average all the revenues, irrespectively of the trades actually performed by each single vessel. During 2016 MSPML had an actual distribution of over 90% of



a Photo from left, Emanuele d'Amico, Benjamin Wilkes, Luciano Bonaso, Thor Dam Andersen

the profit of the pool activity. Compared to the 76% of other pools, we have been able to provide a stable cash dividend to the Participants.

JMD: Please describe us about the Medi Panamax Pool (MPPML) targeting the Panamax segment.

Anderson: We plan to start the service in April of this year. Initially, 9-11 ships owned by d'Amico will enter in the pool. Presently, we are in the process of shifting to the MPPML (Pmx Pool) cargoes and vessels owned or controlled by d'Amico. Thereafter, basis our present order book, six more units will be added during the next 12-18 months. Regarding new participants and fleet expansion, we intend to proceed cautiously and selectively, though we have been already confirmed interest to join the pool by several Japanese Owners. Our priority is to build up a fleet of high quality, modern eco ships, which is our business policy. We are not in the need to rush to expand the fleet, and we will move up consistently with the consolidation of new business

with cargo owners. When expanding the scale of the pool, we will always proceed conservatively and cautiously.

JMD: For d'Amico, how is the market in Japan positioned?

Bonaso: Japan represents the most important market and counterpart for our Group, who has strong and consolidated relationships with all the parts operating in the shipping activity: ship owners, cargo owners, trading houses, builders, and financiers. All the tonnage in our Supramax pool is Japan built, and except a single cases, all the tonnage participating in the pool and not directly owned by d'Amico is owned by Japanese Owners. As to cargo commitments, we have in place long-lasting COA with domestic power and steel mills coals suppliers and our target is to develop further this part of the activity.

As regard ships quality, we recognize that Japanese built ships represent the top quality in term of design, quality of construction and earning capacity. For this reason all the fleet owned by our

Group is Japan built, with the sole exception of a series of open hatch-box shaped handy built in China.

JMD: What is your newbuilding plan and business policy going forward?

Bonaso: with regard to the dry bulk segment, our order book still include 2 x 60,000 DWT and 2 x 87,000 DWT Oshima built (directly owned), plus 2 x 82,000 DWT Tsuneishi built (jointly owned). In addition we have long term time charter commitments for four Supramax and three Post-panamax being built in Japan. All this tonnage is scheduled to be delivered during the second part of this year and the next one and in part will replace older tonnage that is being sold on second hand market.

As to cargo trades patterns, at present we are more active in the Atlantic basin with the handy segment, whereas the breakdown for Supra and Pmax segments is about 60% in the Pacific basin and 40% in the Atlantic basin. Although Medi in the pool name was taken from Mediterranean, our activity is certainly not focused only in the Atlantic or Mediterranean. The Asia region and Pacific Basin, centered on Japan, is an extremely important region in terms of dry cargo and we have now a consolidated presence there too. For the future we are willing and confident to be able to develop more business with Japanese cargo owners and we do believe that the quality of our fleet and the reputation of our company will let us to build up more opportunities with domestic cargo Owners as well as ship owners.

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