MOORE STEPHENS

Ship operating costs: Current and future trends

Richard Greiner, Moore Stephens LLP
December 2011

Shipping

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Introduction

- Richard Greiner is a partner in the shipping industry group and has more than 25 years' experience in providing assurance and advisory services to the shipping industry.
- He is a regular speaker at shipping and ship finance conferences and seminars and has written articles and papers on shipping finance and accounts. Richard leads the Moore Stephens ship operating costs benchmarking report, OpCost.

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Overview

- Introduction to OpCost
- OpCost 2011 results
- Future cost trends

OpCost features

- Vessel operating cost benchmarking tool
- 26 vessel types:
  - Including 5 Bulker, 12 Tanker and 3 Container ship types
- 12 cost categories:
  - Including crew costs, stores, repairs & maintenance and insurance as well as dry-docking
- Over 2,600 vessels in OpCost 2011 database
- Exclusive to Moore Stephens

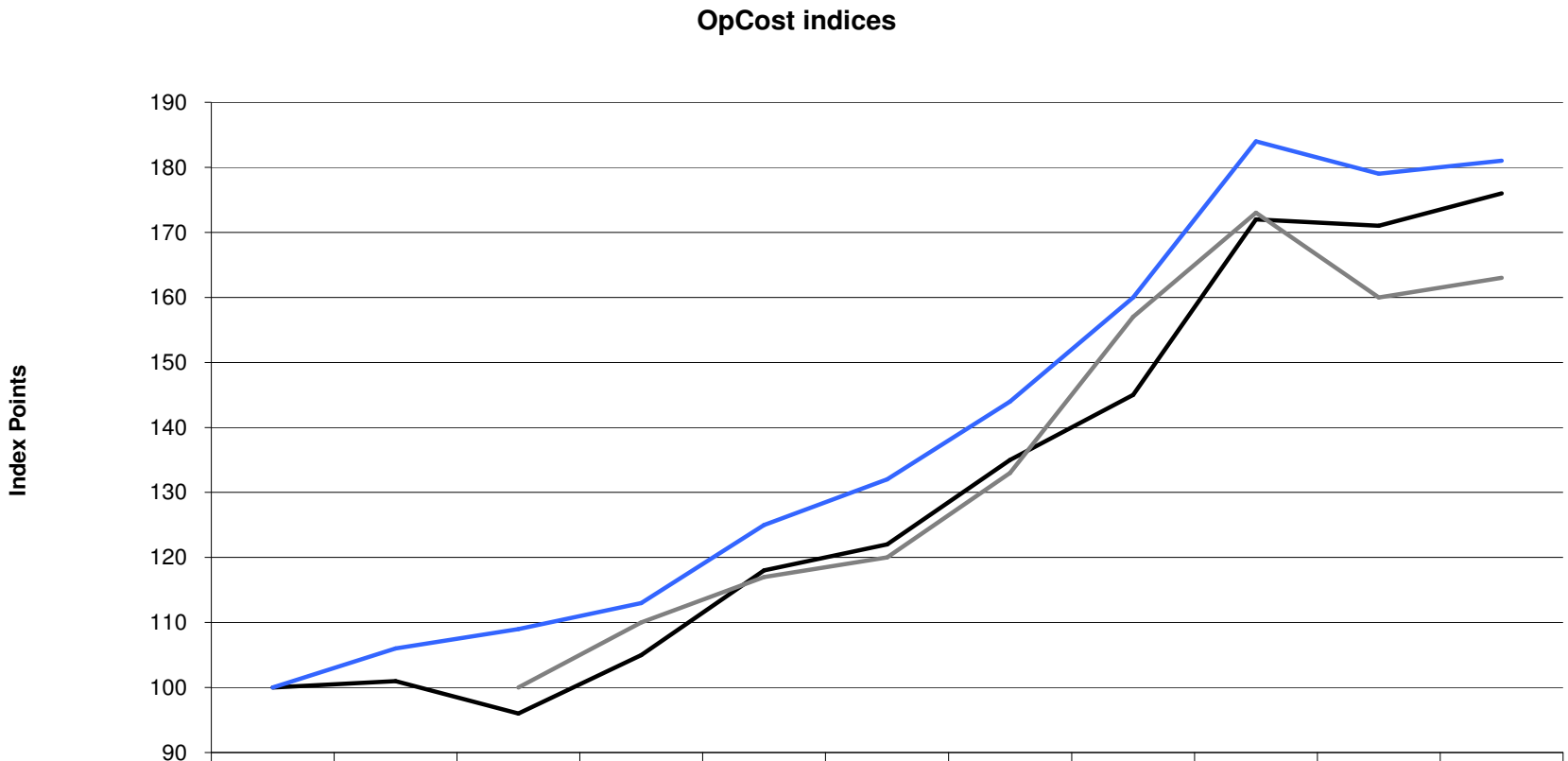
Benefits

- Assistance in improving cost control
- Backup figures in business plans
- Analysis of costs in new sectors and other ship types
- Helps to manage (and reduce) vessel operating costs

OpCost 2011 results

- OpCost indices
- Daily running cost rates
- Analysis of trends:
  - Crew costs
  - Stores
  - Repairs and maintenance
  - Insurance
- Drydock

OpCost indices



	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bulker	100	101	96	105	118	122	135	145	172	171	176
Tanker	100	106	109	113	125	132	144	160	184	179	181
Container			100	110	117	120	133	157	173	160	163

Year

Operating cost trends – Bulker

Year	OpCost index	Change (%)
2000	100	-
2001	101	1
2002	96	-5
2003	105	9
2004	118	12
2005	122	3
2006	135	11
2007	145	7
2008	172	19
2009	171	-1
2010	176	3
10 year average		**5.9%**

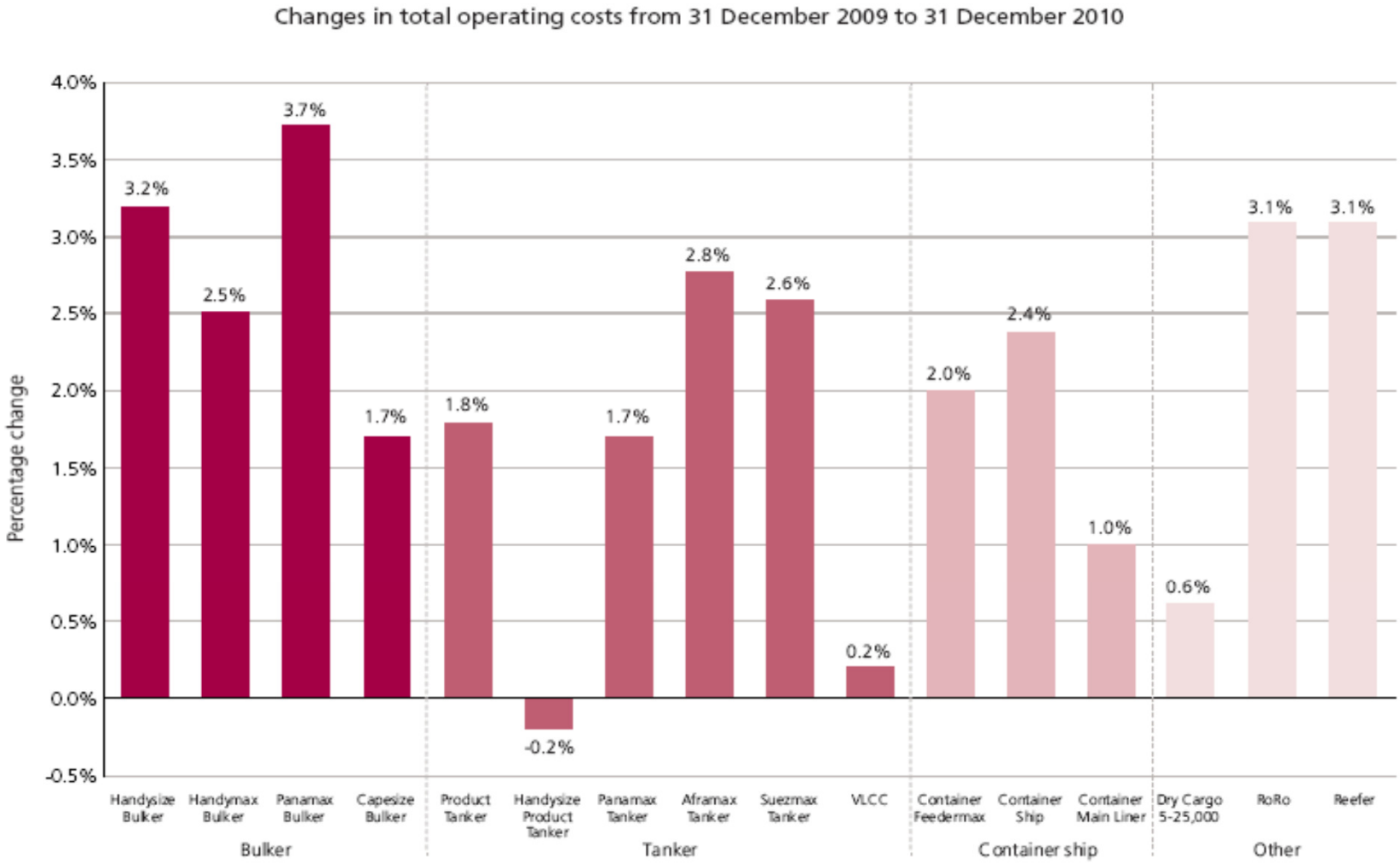
Operating cost trends – Tanker

Year	OpCost index	Change (%)
2000	100	-
2001	106	6
2002	109	3
2003	113	4
2004	125	11
2005	132	6
2006	144	9
2007	160	11
2008	184	15
2009	179	-3
2010	181	1
10 year average		**6.3%**

Operating cost trends – Container ship

Year	OpCost index	Change (%)
2002	100	-
2003	110	10
2004	117	6
2005	120	3
2006	133	11
2007	157	18
2008	173	10
2009	160	-8
2010	163	2
8 year average		**6.5%**

Total operating costs 2010:2009



Operating costs – Bulker

	OpCost 2011 Daily Rate US$	Year on year change (%)
Handysize	5,278	3.2
Handymax	5,966	2.5
Panamax	6,472	3.7
Capesize	7,437	1.7
	Weighted average	**2.9%**

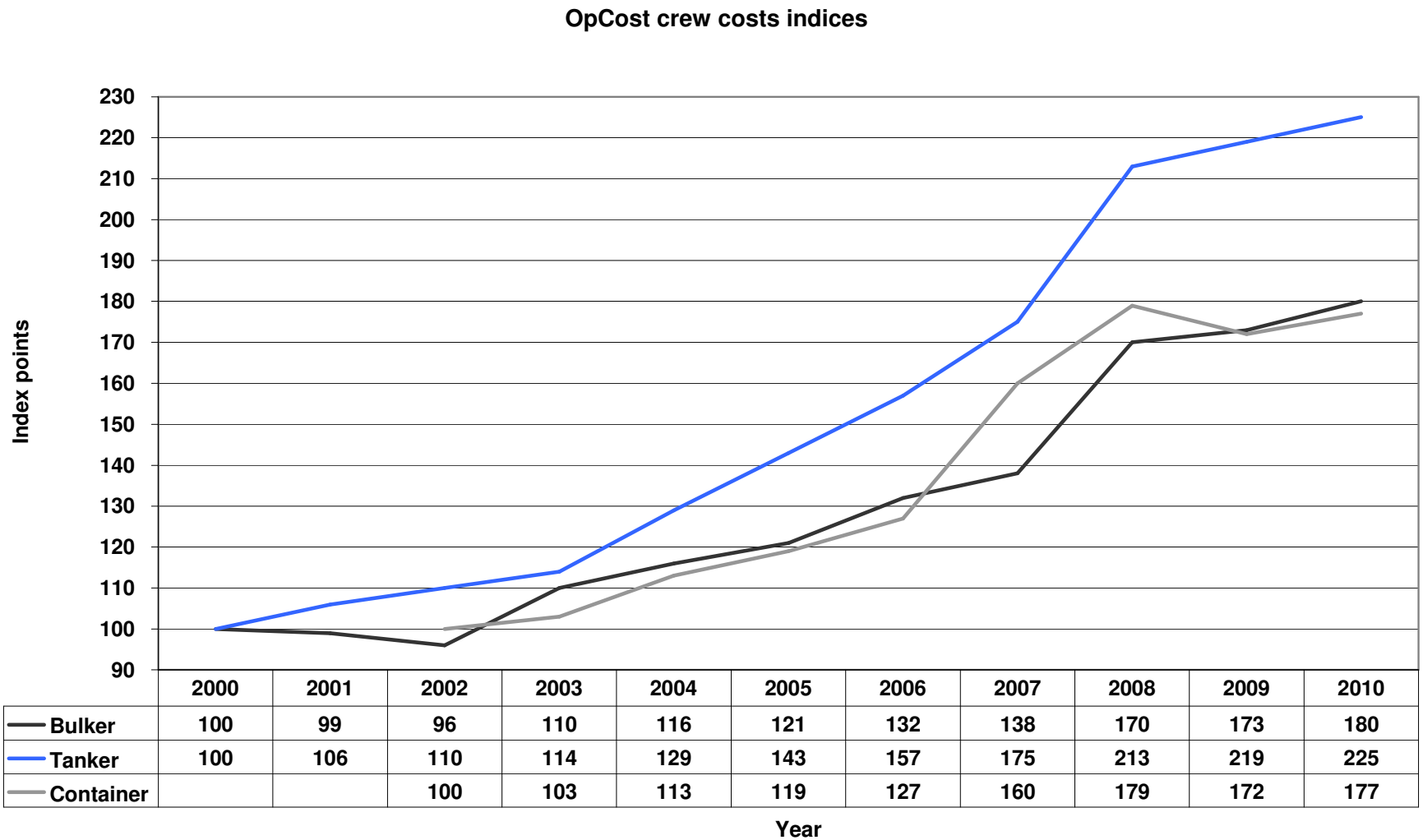
Operating costs – Tanker

	OpCost 2011 Daily Rate US$	Year on year change (%)
Product	8,222	1.8
Handysize Product	7,670	-0.2
Panamax	8,346	1.7
Aframax	8,359	2.8
Suezmax	9,503	2.6
VLCC	10,670	0.2
	Weighted average	**1.1%**

Operating costs – Container ship

	OpCost 2011 Daily Rate US$	Year on year change (%)
Feedermax (100-1,000 TEU)	4,372	2.1
Container Ship (1,000-2,000 TEU)	5,185	2.4
Main Liner (2,000-6,000 TEU)	7,549	1.0
	Weighted average	**1.9%**

OpCost crew costs indices



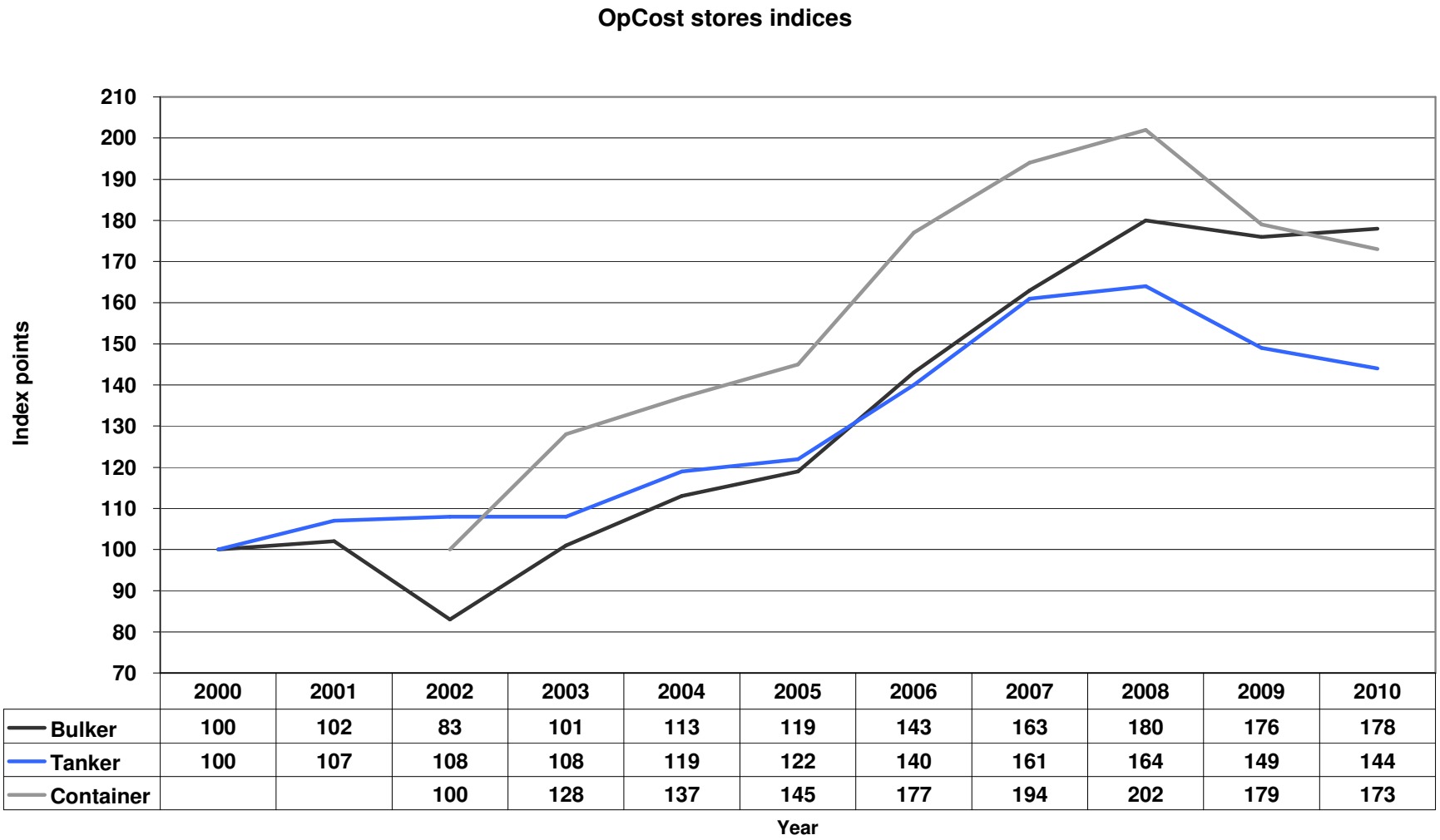
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bulker	100	99	96	110	116	121	132	138	170	173	180
Tanker	100	106	110	114	129	143	157	175	213	219	225
Container			100	103	113	119	127	160	179	172	177

Operating costs – crew costs

	OpCost 2011 Index	Year on year change (%)
Bulker	180	4.0
Tanker	225	2.7
Container ship	177	2.9

Crew wages, provisions and crew other

OpCost stores indices



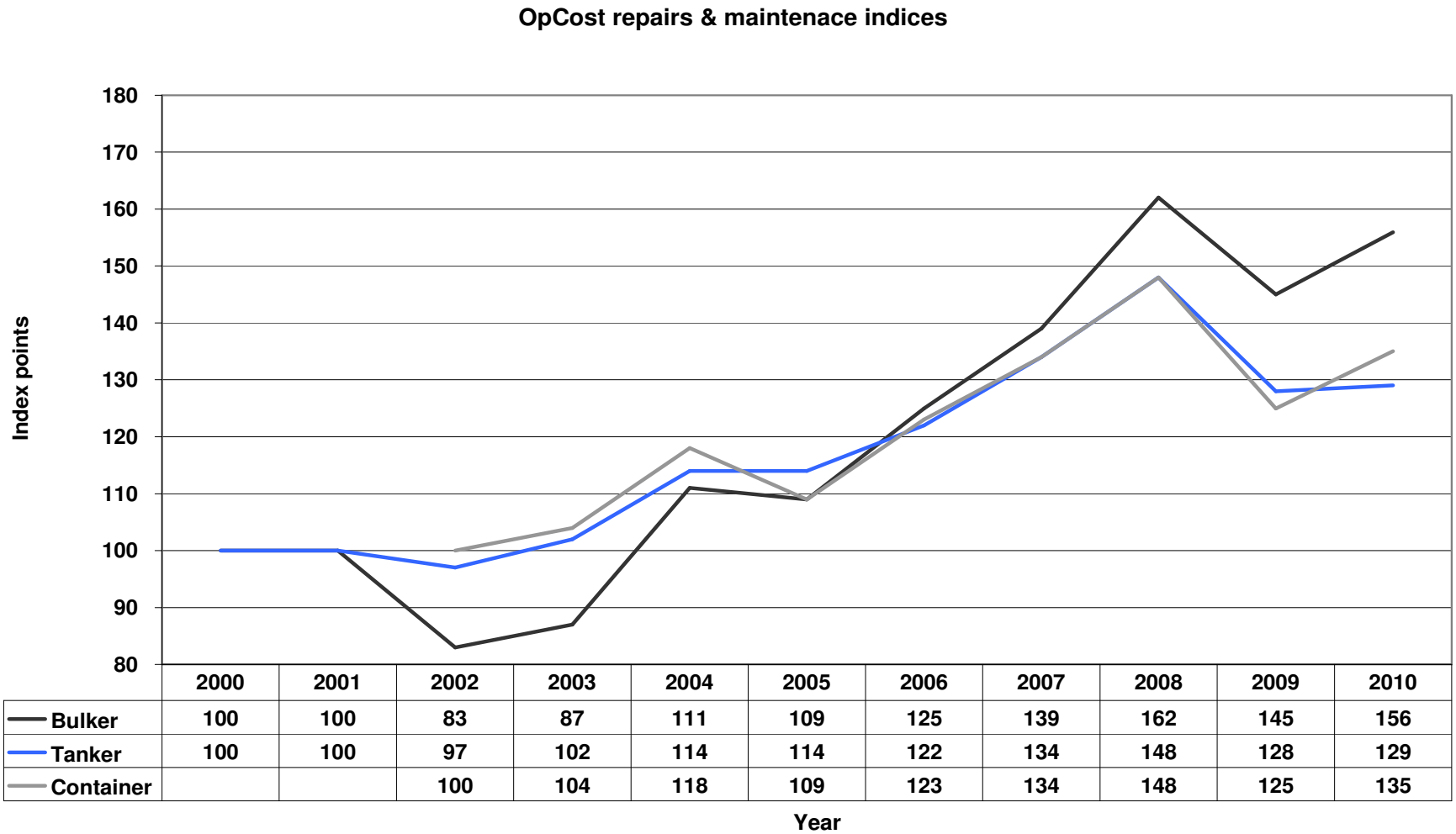
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bulker	100	102	83	101	113	119	143	163	180	176	178
Tanker	100	107	108	108	119	122	140	161	164	149	144
Container			100	128	137	145	177	194	202	179	173

Operating costs – stores

	OpCost 2011 Index	Year on year change (%)
Bulker	178	1.1
Tanker	144	-3.4
Container ship	173	-3.4

Lubricants and stores other

OpCost repairs & maintenance indices



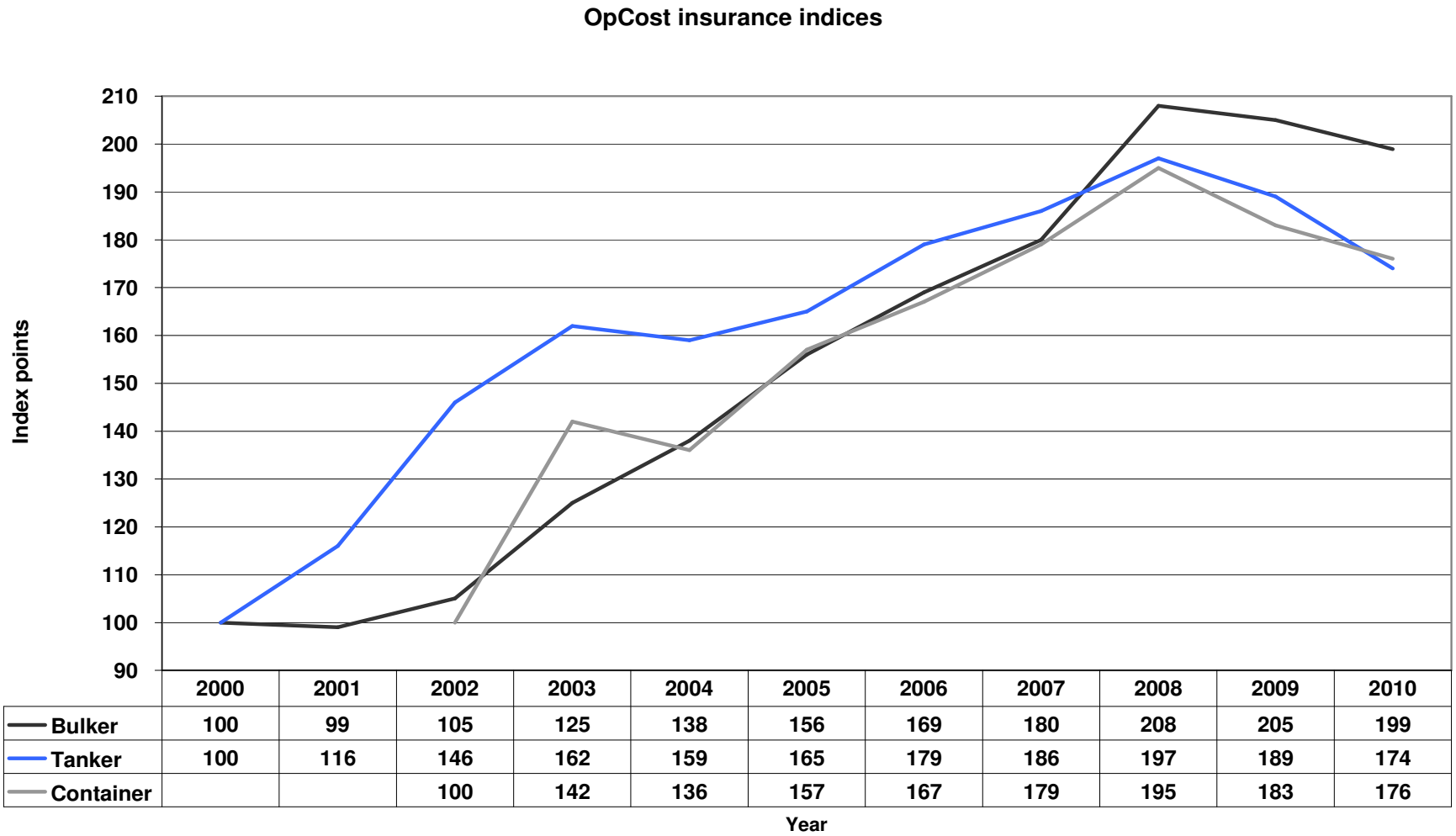
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bulker	100	100	83	87	111	109	125	139	162	145	156
Tanker	100	100	97	102	114	114	122	134	148	128	129
Container			100	104	118	109	123	134	148	125	135

Operating costs – repairs & maintenance

	OpCost 2011 Index	Year on year change (%)
Bulker	156	7.6
Tanker	129	0.8
Container ship	135	8.0

Spares and other repairs & maintenance

OpCost insurance indices



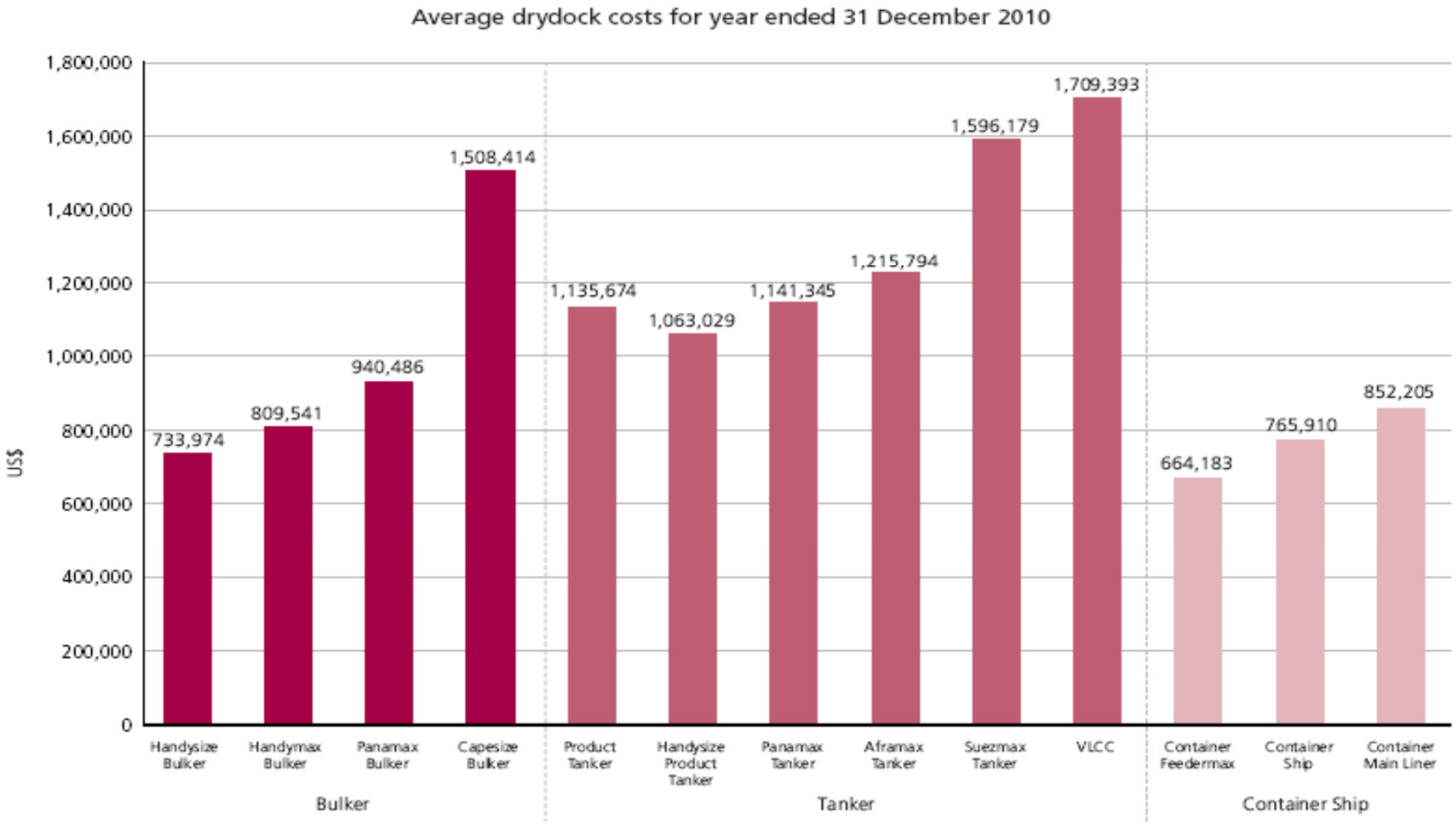
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Bulker	100	99	105	125	138	156	169	180	208	205	199
Tanker	100	116	146	162	159	165	179	186	197	189	174
Container			100	142	136	157	167	179	195	183	176

Operating costs – insurance

	OpCost 2011 Index	Year on year change (%)
Bulker	199	-2.9
Tanker	174	-7.9
Container ship	176	-3.8

P&I and H&M

Drydock costs



OpCost 2011: A summary

- OpCost 2011 annual change (%):
  - Bulker 3
  - Tanker 1
  - Container ship 2
- Annual average change (%):
  - Bulker 5.9
  - Tanker 6.3
  - Container ship 6.5

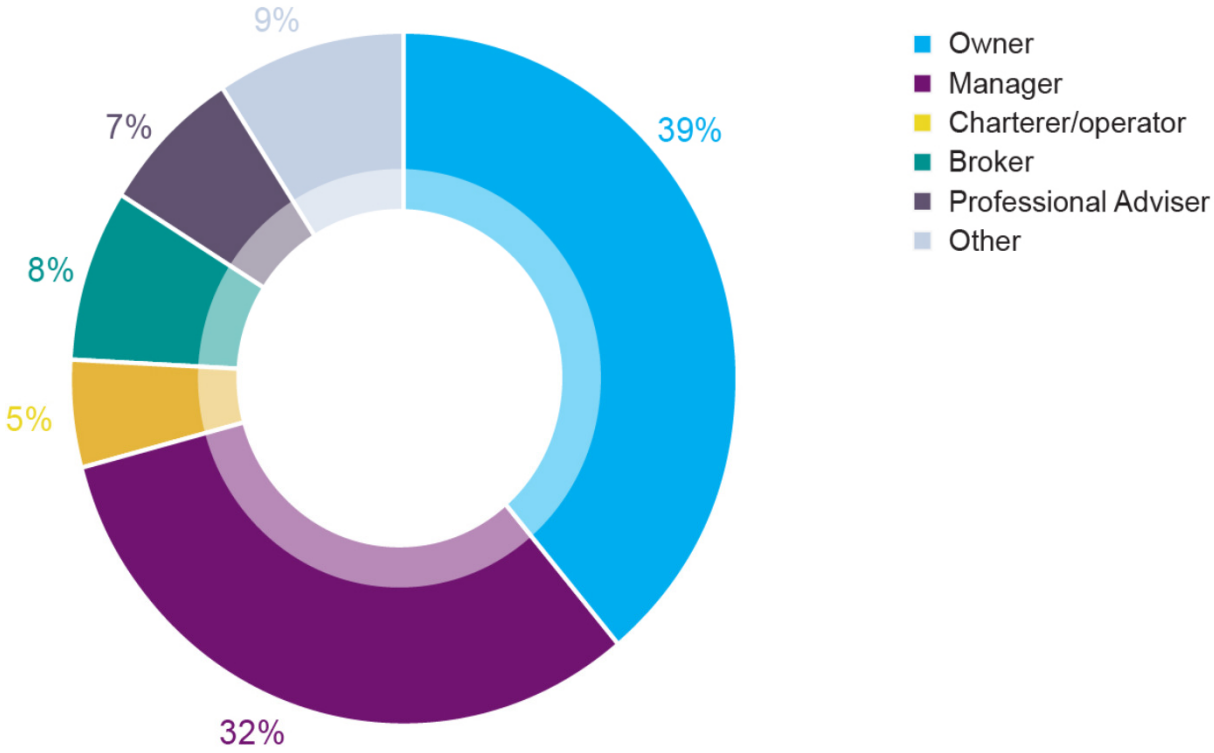
OpCost 2012

- To be published September 2012
- Aiming for increased participation and more vessel types
- Ideas for new features welcome

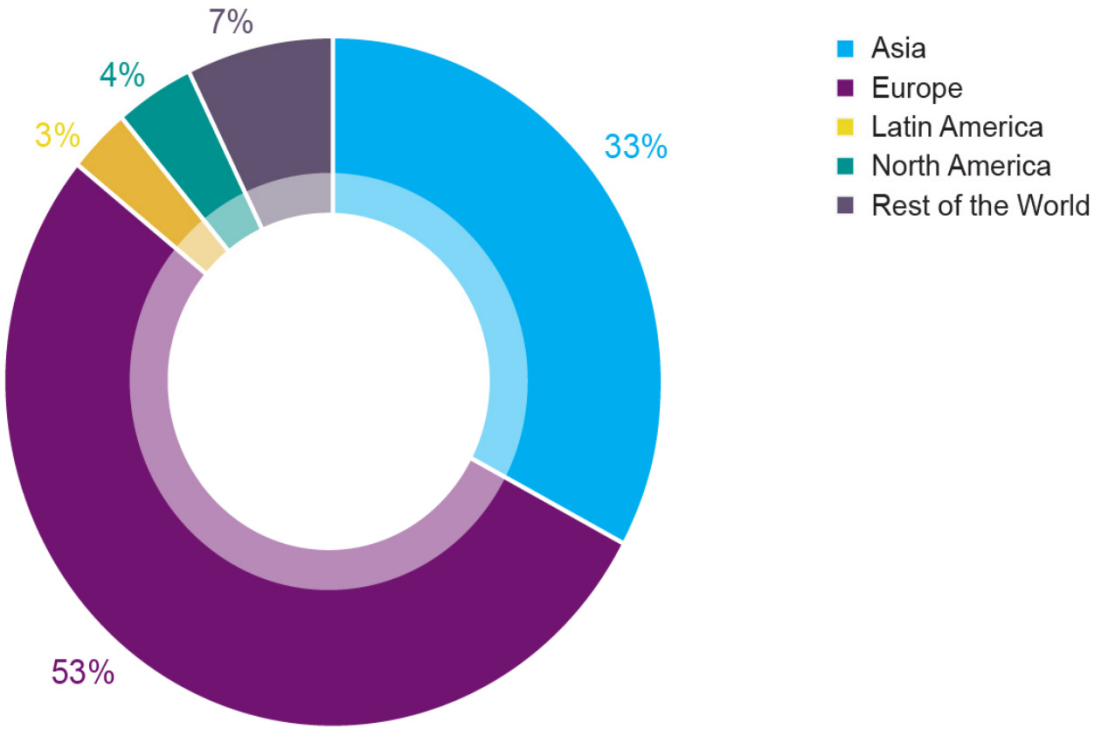
Future operating cost survey

- Respondents
- Expected cost increases
- Influencing factors

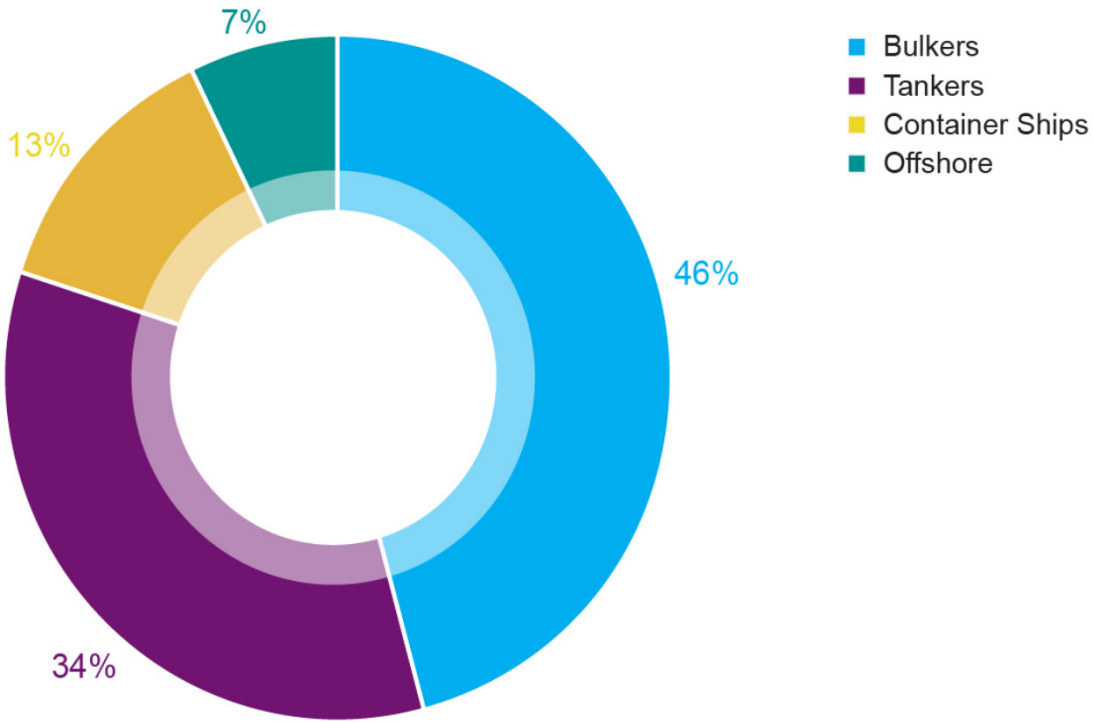
Respondents by type



Respondents by location



Respondents by sector



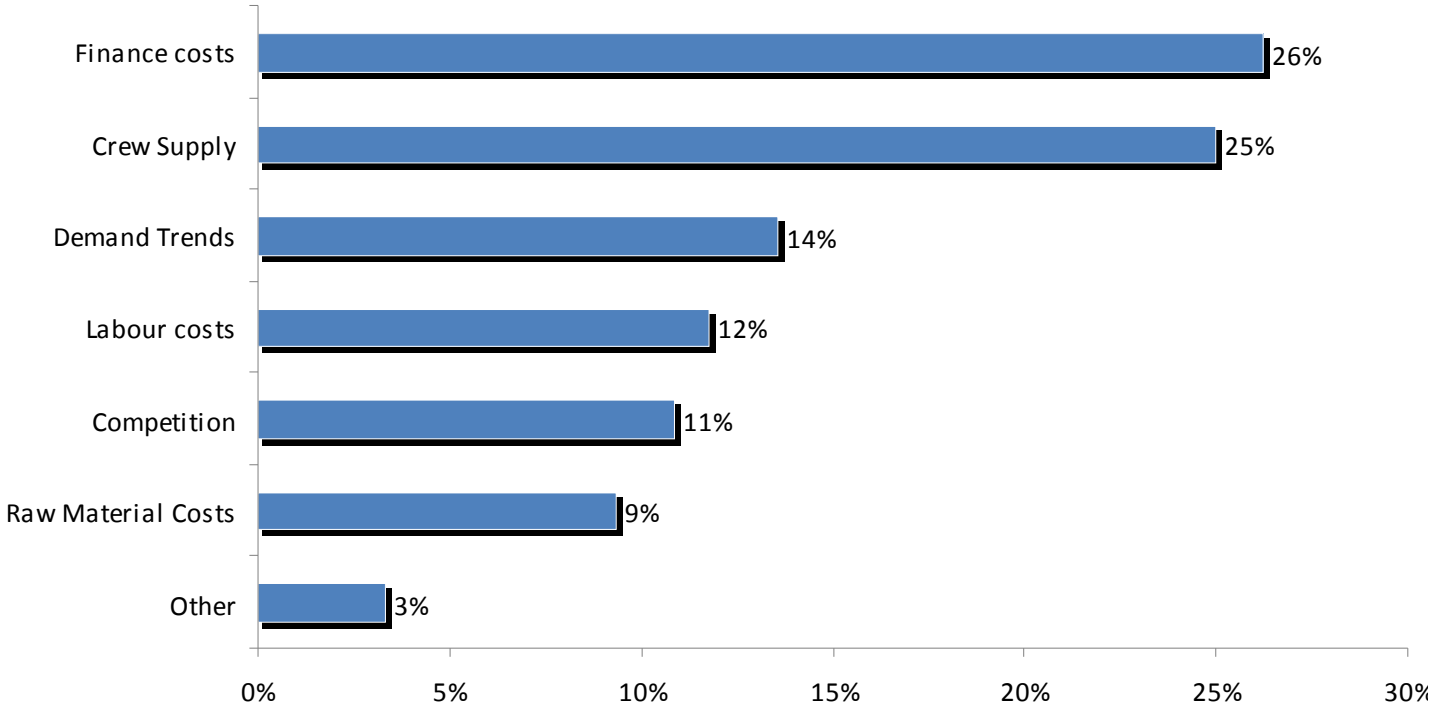
Expected cost increases

	2011	2012
Overall – mean	3.8%	3.7%

Expected increases by cost type

Cost type – mean	2011	2012
Crew wages	3.1%	3.1%
Other crew	2.4%	2.5%
Lubricants	3.6%	3.1%
Stores	2.5%	2.5%
Spares	2.7%	2.6%
R&M	2.8%	2.6%
H&M	2.2%	2.2%
P&I	2.4%	2.3%
Management fees	1.8%	2.0%
Drydock	2.4%	2.4%

Factors influencing operating costs



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