Ship operating costs: Current and future trends

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March 2017
Overview

• Introduction to OpCost
• OpCost 2016 results
• Future cost trends
Login to OpCost online

OpCost Online has enhanced functionality
Access the members area to find out more

MORE INFO

Shipping Confidence Survey
Small rise in shipping confidence
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Shipping Risk Survey 2016
Shipping must improve risk management
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Tweets by @MS_OpCost
OpCost online
@MS_OpCost
An open door for crime or huge advancement for the delivery industry?
OpCost features

• Vessel operating cost benchmarking tool

• 25 vessel types:
  – Including 4 Bulker, 11 Tanker, 3 Container ship types and 2 Offshore ship types

• 12 cost categories:
  – Including crew costs, stores, repairs & maintenance and insurance as well as dry-docking

• Over 3,200 vessels in OpCost 2016 database

• Exclusive to Moore Stephens
OpCost 2016 results

• OpCost indices (by sector)

• Daily running cost rates (by vessel type)

• Analysis of:
  – Stores
  – Repairs and maintenance

• Drydock
OpCost indices

Total operating costs 2014:2015

OpCost stores indices

For tankers and bulkers 2000 equals 100, for containers 2002 equals 100

OpCost stores indices – Bulkers

For bulkers 2000 equals 100 index points

OpCost stores indices – Tankers

For tankers 2000 equals 100 index points

OpCost stores indices – Containers

For containers 2002 equals 100 index points

OpCost repairs & maintenance indices

For tankers and bulkers 2000 equals 100, for containers 2002 equals 100

OpCost repairs & maintenance indices – Bulkers

For bulkers 2000 equals 100 index points

Total movement: -4.9%

OpCost repairs & maintenance indices – Tankers

For tankers 2000 equals 100 index points

OpCost repairs & maintenance indices – Containers

For containers 2002 equals 100 index points

Drydock costs and duration

OpCost 2017

- To be published September 2017
- Aiming for increased participation and more vessel types
- Ideas for new features welcome
Future operating costs survey

- Respondents
- Expected cost increases
- Influencing factors
Respondents by type

Source: Moore Stephens, 2016 Future operating costs survey
Respondents by location

Source: Moore Stephens, 2016 Future operating costs survey
Respondents by sector

Source: Moore Stephens, 2016 Future operating costs survey
## Expected cost increases

<table>
<thead>
<tr>
<th>Overall – mean</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.9%</td>
<td>2.5%</td>
<td></td>
</tr>
</tbody>
</table>

Source: Moore Stephens, 2016 Future operating costs survey
## Expected increases by cost type

<table>
<thead>
<tr>
<th>Cost type – mean</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Crew wages</td>
<td>1.3%</td>
<td>1.8%</td>
</tr>
<tr>
<td>Other crew</td>
<td>1.2%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Lubricants</td>
<td>0.8%</td>
<td>1.4%</td>
</tr>
<tr>
<td>Stores</td>
<td>1.3%</td>
<td>1.7%</td>
</tr>
<tr>
<td>Spares</td>
<td>1.7%</td>
<td>1.8%</td>
</tr>
<tr>
<td>R&amp;M</td>
<td>1.7%</td>
<td>1.9%</td>
</tr>
<tr>
<td>H&amp;M</td>
<td>0.9%</td>
<td>1.1%</td>
</tr>
<tr>
<td>P&amp;I</td>
<td>1.1%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Management fees</td>
<td>1.0%</td>
<td>1.2%</td>
</tr>
<tr>
<td>Drydock</td>
<td>1.5%</td>
<td>1.8%</td>
</tr>
</tbody>
</table>

Source: Moore Stephens, 2016 Future operating costs survey
Factors influencing operating costs

Most influential factors on vessel operating costs over the next 12 months

- Finance costs: 20%
- Competition: 19%
- Crew Supply: 18%
- Demand Trends: 17%
- Labour costs: 13%
- Raw Material Costs: 11%
- Other: 2%

Source: Moore Stephens, 2016 Future operating costs survey
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