



Makin' money in a Tough market

How to do???

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Poseidon
Challenge



Areas I will cover

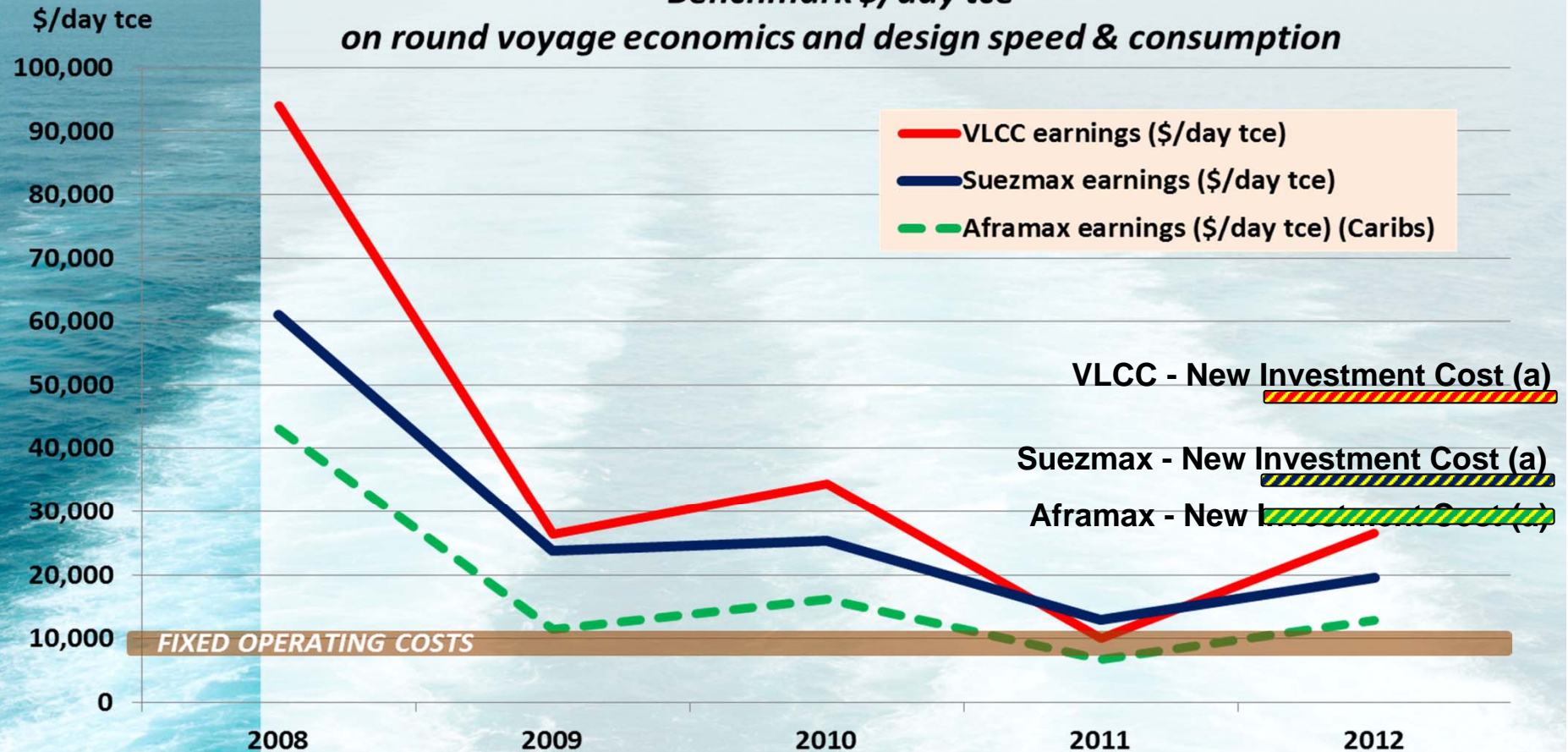
- **General principles / points**
- **Ship Managers toolkit**
- **The bottom line**
- **In Summary**



VLCC, Suezmax & Aframax Spot Tanker Earnings

Benchmark \$/day tce

on round voyage economics and design speed & consumption



(a) based on 10 years payback at 6% p.a. with residual value at current scrap price



General principles / points

Alignment

Revenue maximization factors - cost minimizing factors =

Profit / minimized losses



General principles / points

- **Successful ship managers are those who have good track record of making money for their clients and more importantly the clients customers!**
- **How do they do this?**



Ship Managers toolkit

The successful ship manager's tool kit includes:

- a) Scale**
- b) Planning**
- c) Experience**
- d) Infrastructure**
- e) IS systems**
- f) Leadership**



☐ Scale

- ✓ Bigger is better
- ✓ Bigger is more attractive
- ✓ Bigger makes it easier to meet the volumes



☐ Planning

- ✓ Cash management
- ✓ Ensure all in- and outflows

This allow you to;

- ✓ Tap opportunities
- ✓ Negotiate better payment terms
- ✓ Improve your reputation with all stake holders in the value chain
- ✓ Better track records
- ✓ Control expenditures of un-budgeted costs



☐ Experience

- ✓ Know who to call
- ✓ Know where to look
- ✓ Friendliness with risk departments

The background of the slide is a photograph of a ship's wake in the ocean, showing white foam and blue water. The image is split vertically, with the left half being a darker blue and the right half being a lighter, more turbulent blue with white foam.

☐ Infrastructure

- ✓ Intercompany network offices

The background of the slide is a photograph of a ship's wake in the ocean, showing white foam and blue water. The image is split vertically, with the left half being a darker blue and the right half being a lighter blue.

☐ Information Systems

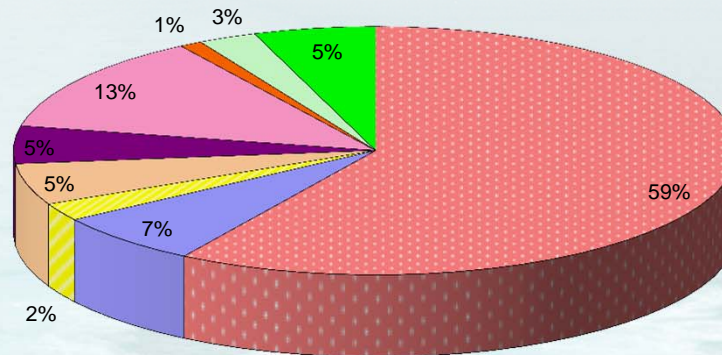
✓ KPI's

☐ Leadership

✓ Behaviors



COST ALLOCATION



- | | |
|--------------------------------|----------------------------|
| 1. PAYROLL/CREW COST | 2. INSURANCE |
| 3. PROVISION | 4. LUBRICATING OIL |
| 5. STORES/WATER | 6. REPAIRS AND MAINTENANCE |
| 7. RADIO AND TELECOMMUNICATION | 8. MISCELLANEOUS |
| 9. MANAGEMENT FEE | |



Suezmax 1

Owner that look more on the long term solutions and invests for the future and making use of consolidated procurements.

		Year-To-Date			% Var
		Budget	Actual	Variance	
A	CREW EXPENSES	884,746	826,324	58,422	7
B	REPAIRS AND MAINTENANCE	54,705	42,169	12,536	23
C	SPARES	304,369	131,442	172,927	57
D	STORES & SUPPLIES	88,750	92,218	(3,468)	(4)
E	LUBRICATING OIL	118,721	107,207	11,514	10
F	SERVICES	117,907	149,623	(31,717)	(27)
G	INSURANCE	214,503	186,598	27,904	13
H	MANAGEMENT FEE	93,333	93,333	0	0
	RUNNING COST	1,877,034	1,628,914	248,120	13



Suezmax 2

An owner that struggles and want to keep minimum expenditures at any cost.

		Year-To-Date			% Var
		Budget	Actual	Variance	
1	PAYROLL	763,821	716,248	47,573	6
2	INSURANCE	566	813	(247)	(44)
3	PROVISION	37,902	33,878	4,024	11
4	LUBRICATING OIL	144,612	115,186	29,426	20
5	STORES	67,058	61,404	5,654	8
6	REPAIRS & MAINTENANCE	236,161	232,419	3,742	2
7	RADIO & TELECOMMUNICATION	12,245	12,895	(650)	(5)
8	MISCELLANEOUS	40,235	32,234	8,001	20
9	MANAGEMENT FEE	96,469	84,403	12,066	13
	RUNNING COST	1,399,069	1,289,480	109,589	8



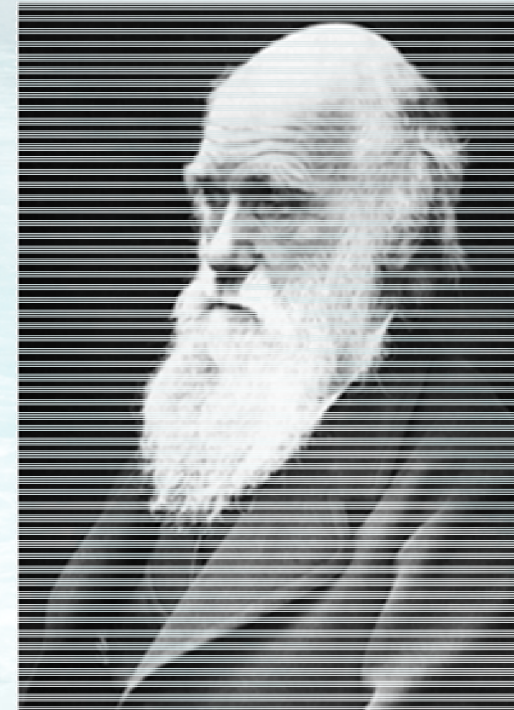
In summary

- **Making money in shipping on a sustainable basis is not easy**
- **Today's market is the most challenging which many people involved in the industry have seen or are ever likely to see**
- **Furthermore, despite various measures which have been taken to correct the market imbalances in many sectors, the outlook is uncertain.**
- **Survival strategies rather than profitability strategies are pre-occupying the board rooms of many owners.**
- **But... It is often said that tough times necessitate increased efforts to improve efficiency and effectiveness and the right time to make the foundation for a sound and efficient business when the market improves.**



Wise man said

“It is not the strongest, nor the most intelligent who will survive, but those who can best manage change.”



Charles Darwin, 1809-1882