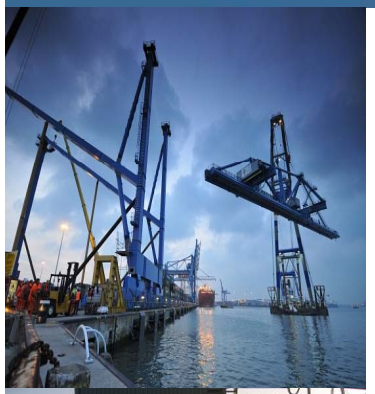
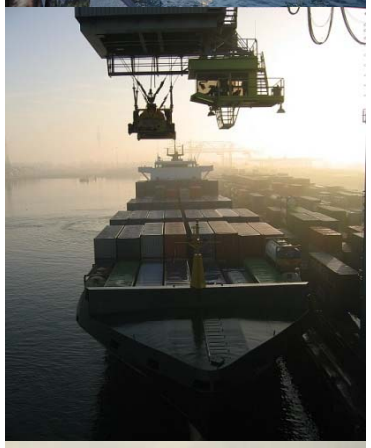
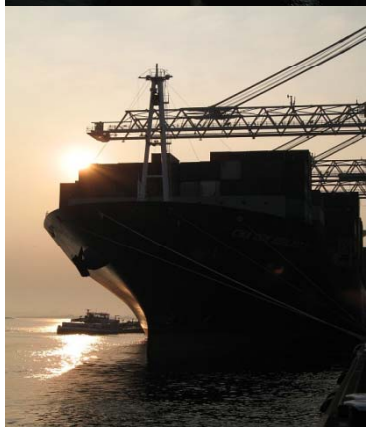
CENTRAL BANK OF CYPRUS
EUROSYSTEM







Results from the Ship Management Survey

Statistics Department

February 2011

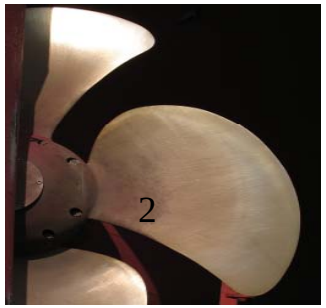
Covers the period:
1 January 2010 – 30 June 2010

Scope of the Report

- The scope of this report is to present some results on the structure of the revenues and expenses in the ship management industry of Cyprus.

Key features:

- Estimates of the size of the industry for the 1st half of 2010.
- Examination of : industry concentration, client portfolios, market opportunities and competitive presence in foreign countries.
- Detailed analysis of management fees received by: type of service provided, flag registration of the ship and country of beneficial ship owner.
- Estimates of the total expenses paid by the industry and their decomposition by type and country.



Survey Design

- The analysis is based on the results of the Ship Management Survey conducted by the Balance of Payments Section of the Central Bank of Cyprus for the 1st half of 2010.

- The survey is based on a representative sample of companies operating in the ship management industry of Cyprus. Therefore, all the actual figures reported in the study are sample estimates reported in euros.

- All the figures reported in the study refer to aggregated values of the ship management industry as a whole and do not represent any specific individual entity operating in the industry.

- The emphasis of the survey is on transactions (revenues & expenses) with non-residents.

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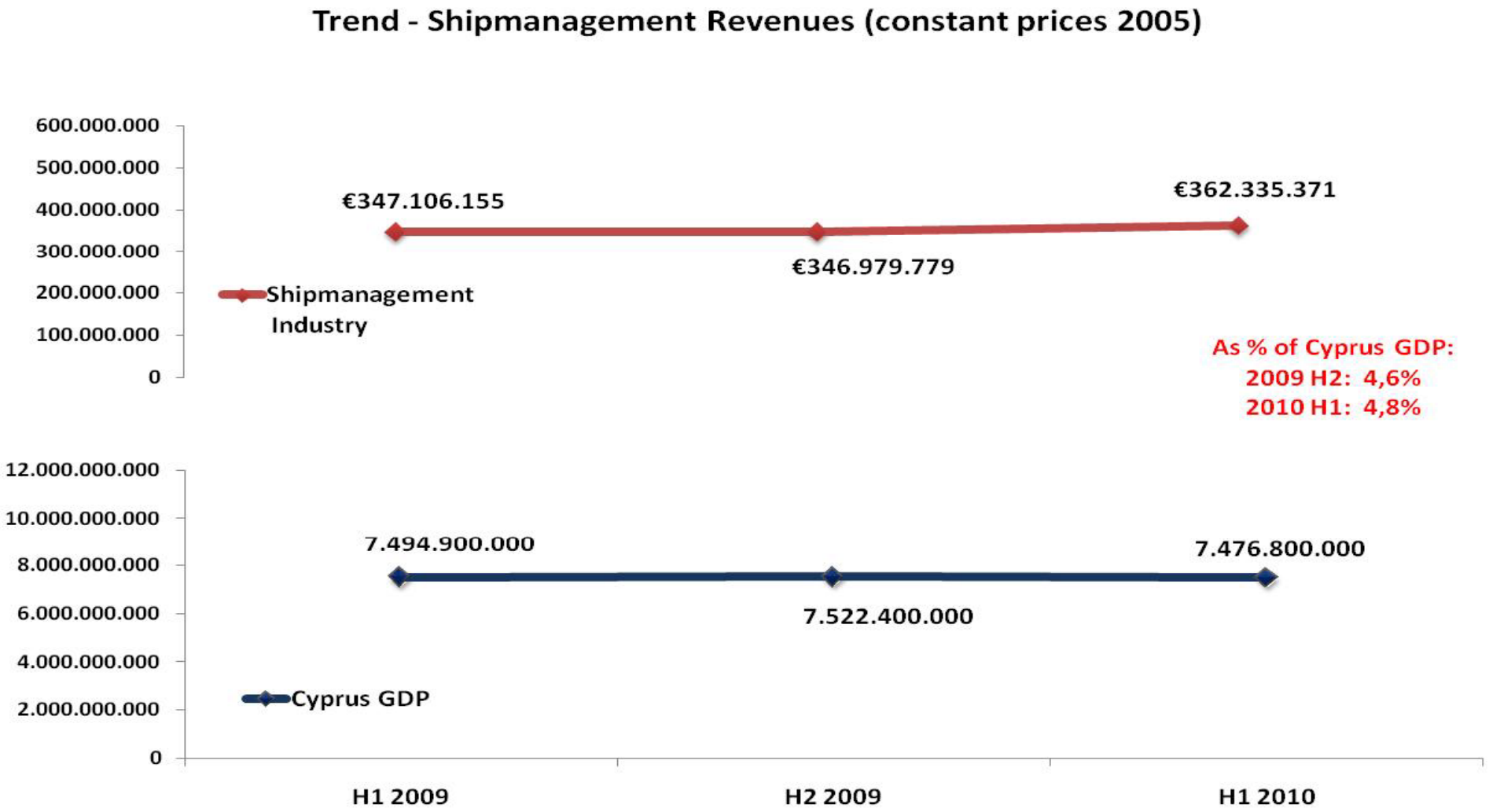
Ship Management as a Percentage of Cyprus GDP

The size of the ship management industry approximated 4,8% of Cyprus's GDP. Revenues increased during the 1st half of 2010.



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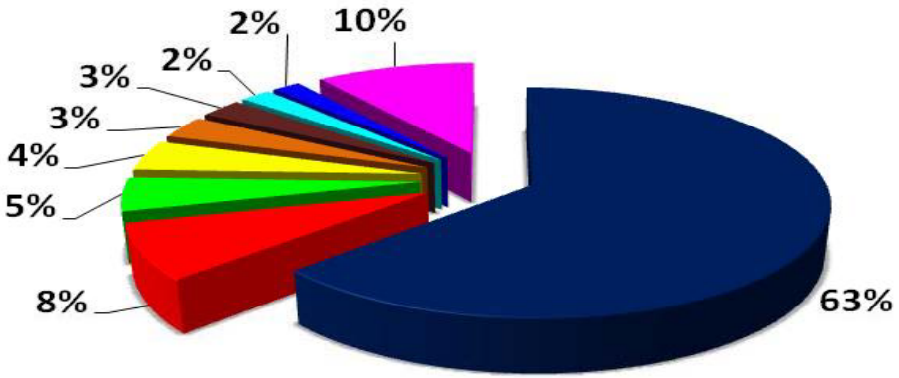
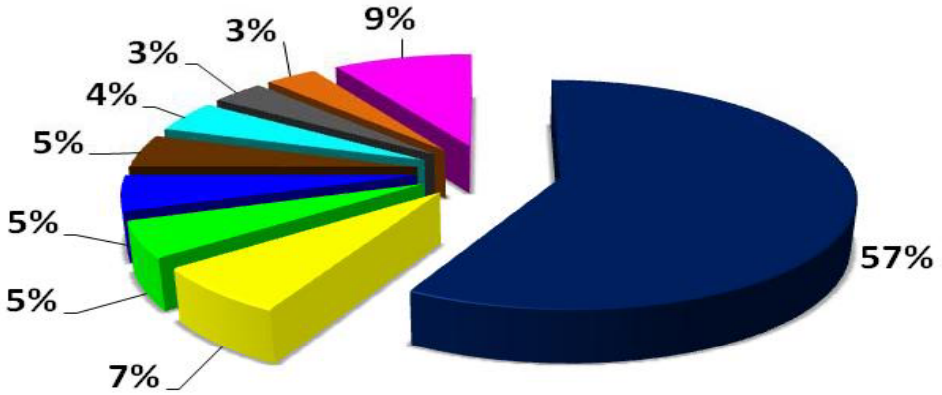
Revenues by Country

Most of the revenues were received from Germany. There was also significant contribution from Switzerland.



Market Shares Per Country From Which Revenue Has Derived- 1st Half of 2010

Germany, Switzerland, Latvia, Cyprus, Netherlands, Singapore, Japan, Russia, Others



Market Shares Per Country From Which Revenue Has Derived - 2nd Half of 2009

Germany, Cyprus, Latvia, Russia, Vietnam, Japan, Italy, Netherlands, Others

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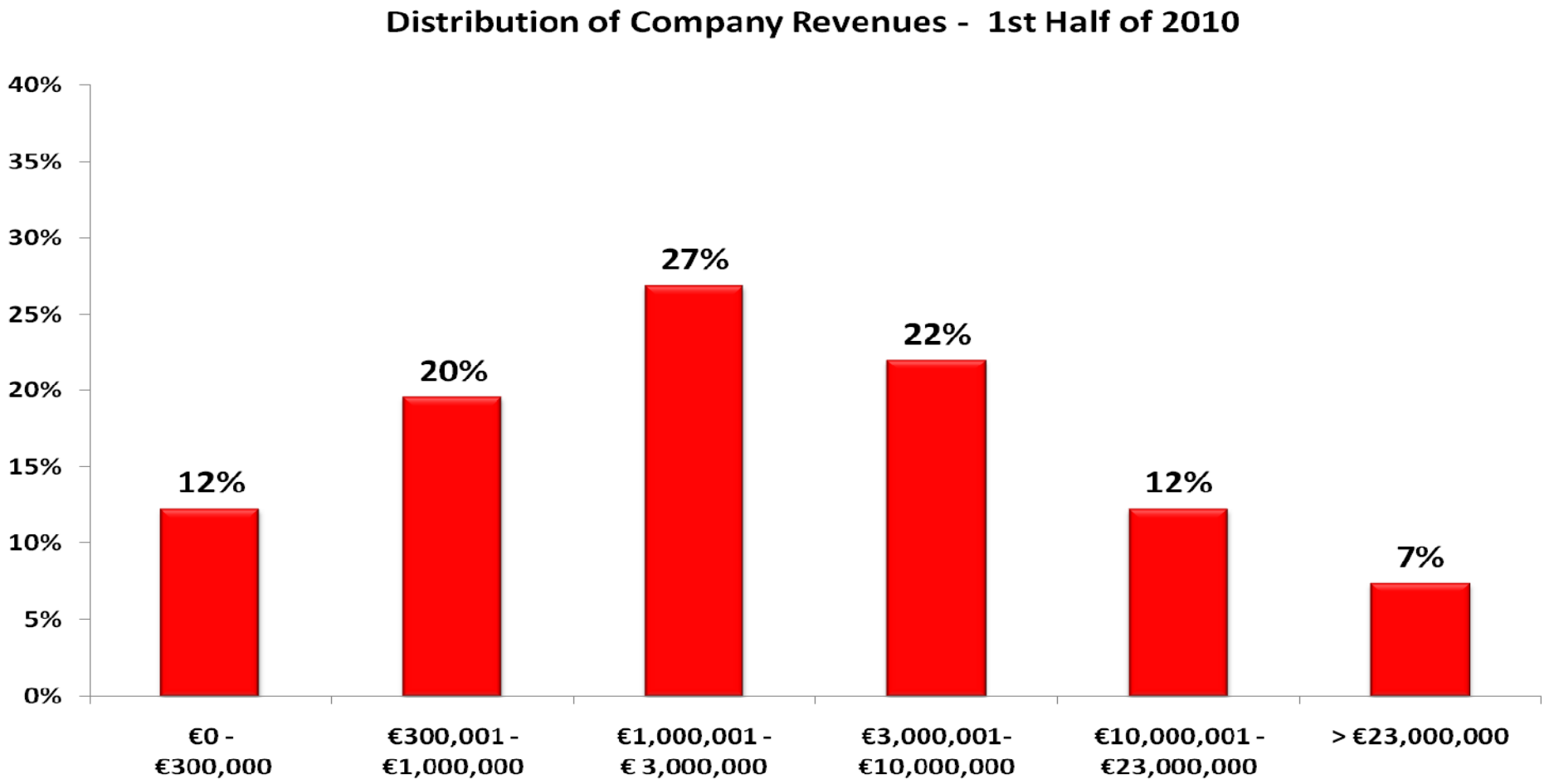
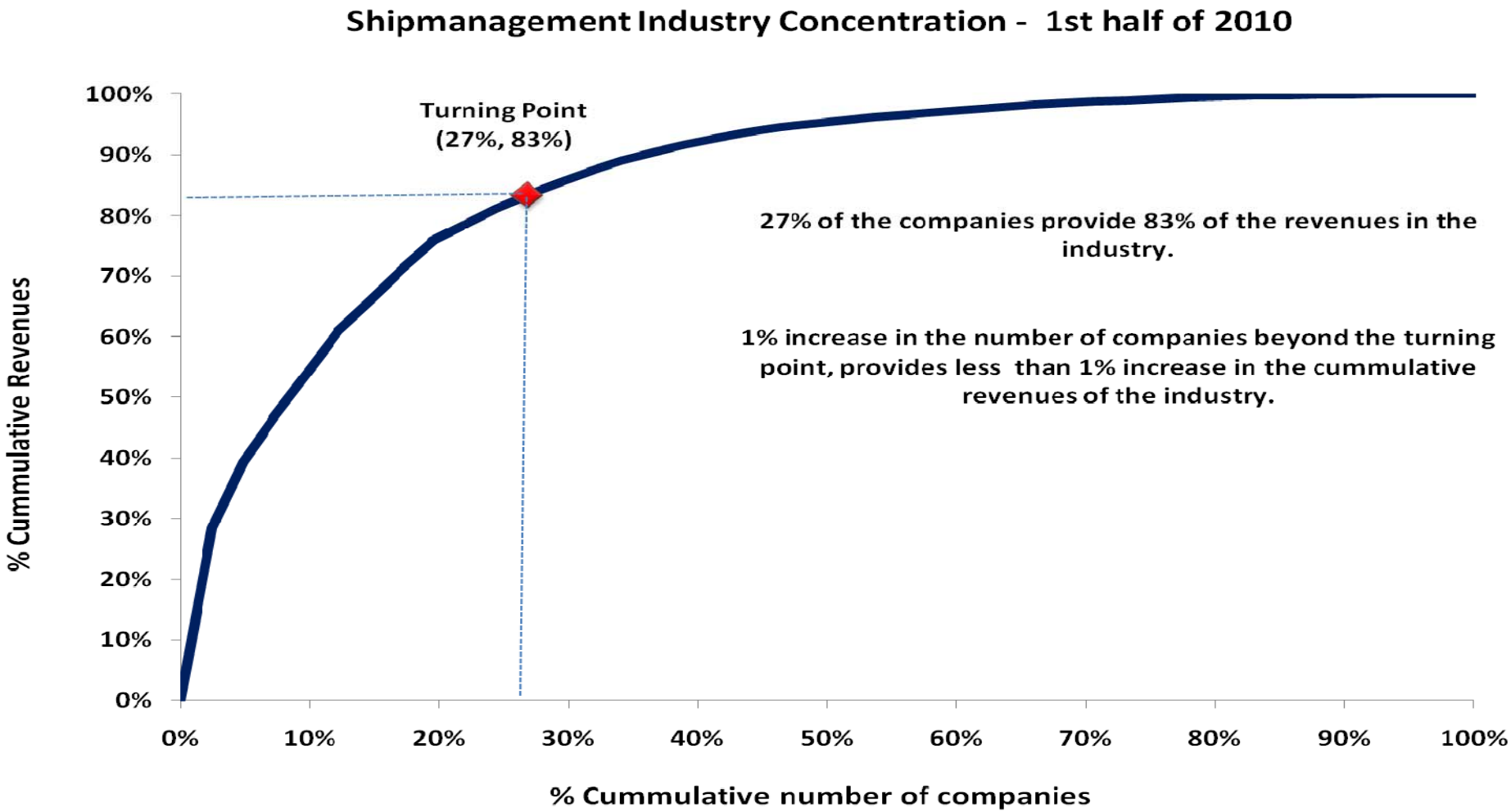
Distribution of Company Revenues

50% of the companies have semi-annual incomes within the range €1,000,000 - €10,000,000.



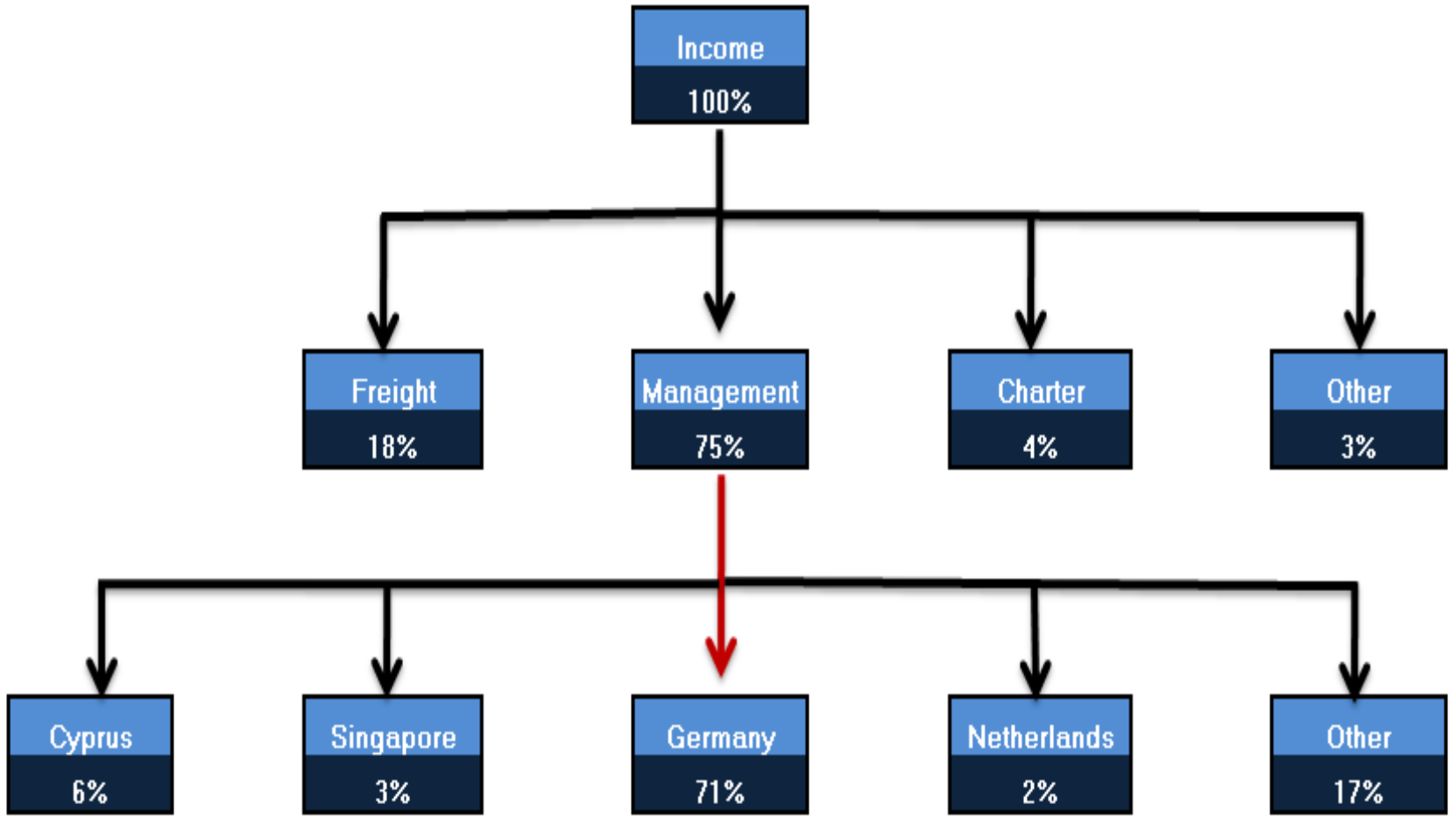
Industry Concentration

The ship management industry is relatively concentrated. 27% of the companies account for 83% of the industry's revenues.



Management Fees by Country

75% of the industry's revenues concern management fees. The majority of these (71%) are received from Germany.



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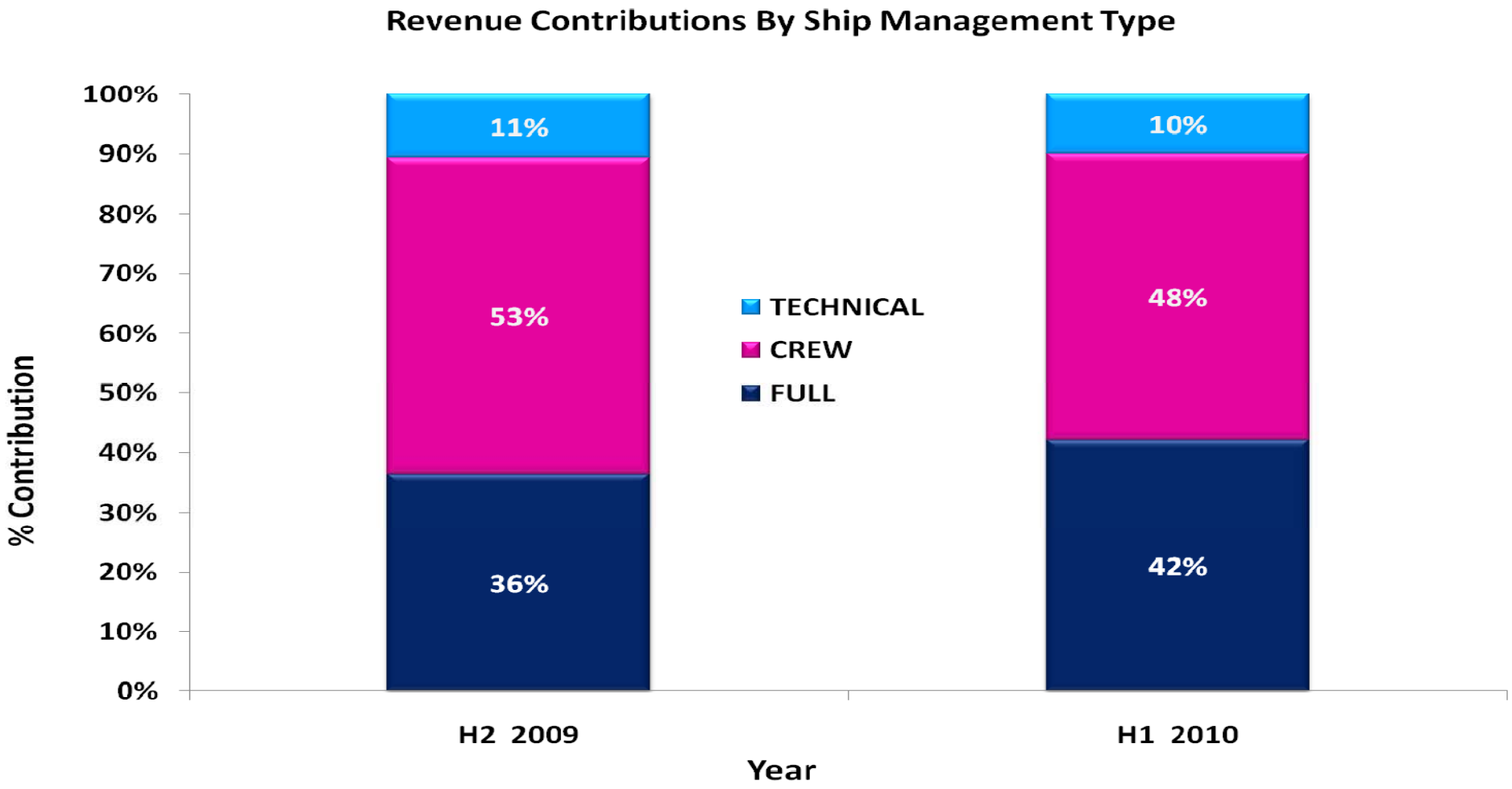
Types of Ship Management

Crew management is the most frequent and important type of ship management service provided. However, its share dropped during the 1st half of 2010 while the share of full management services increased.



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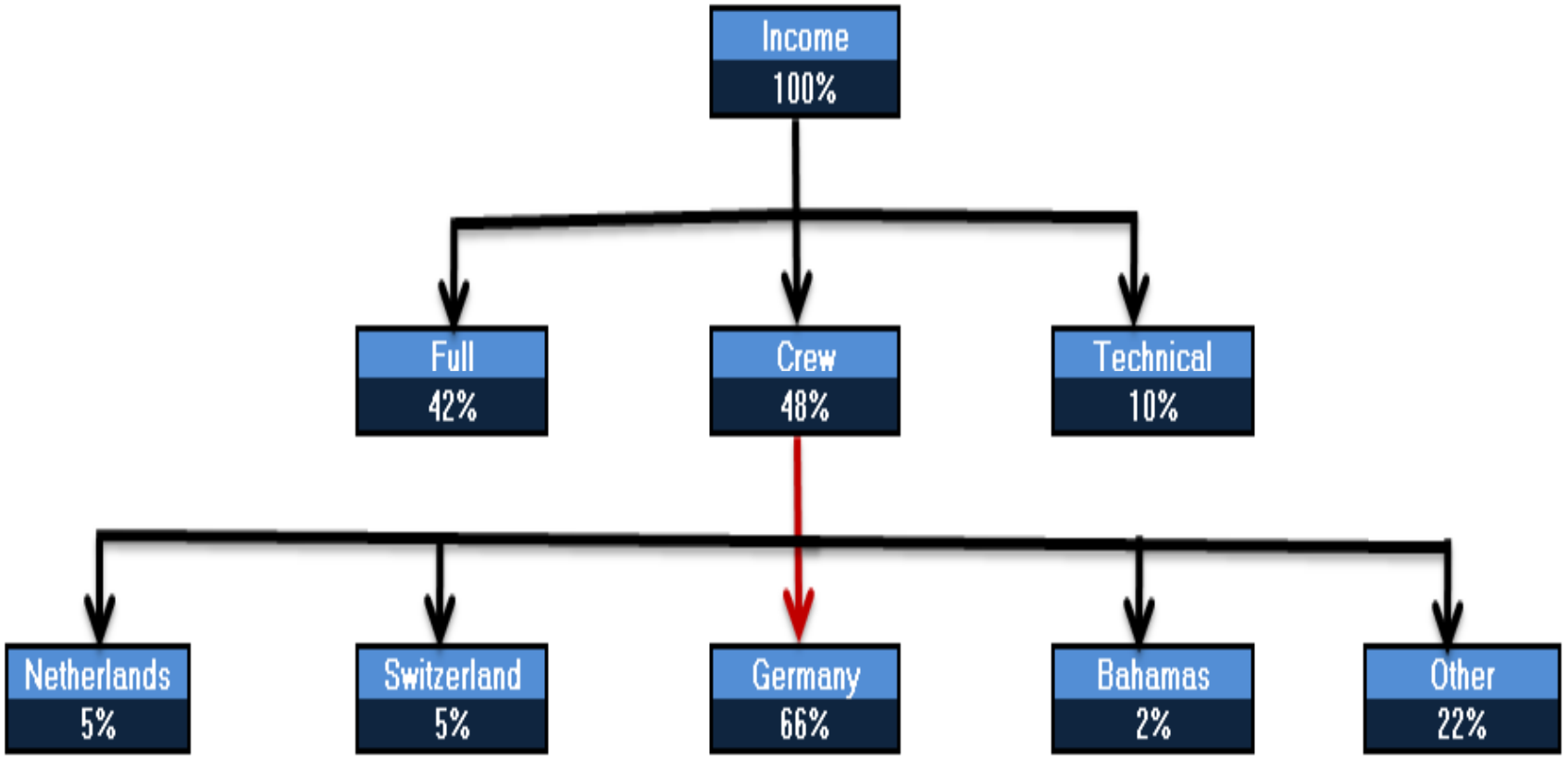
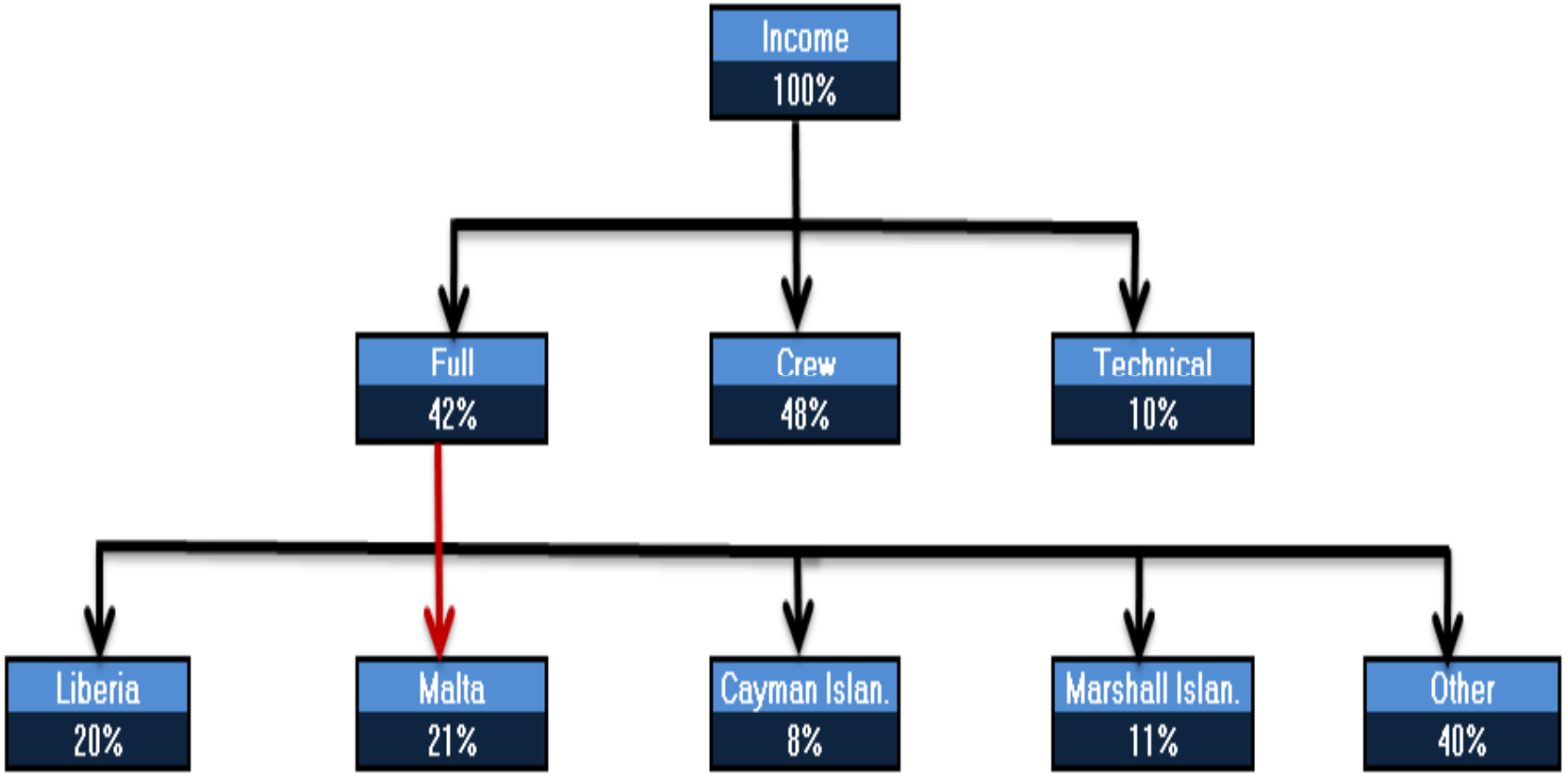
Crew Management
Revenues by Country

Most of the crew management revenues come from German ship owners.



Full Management Revenues by Country

Liberia, Malta, Cayman Islands and the Marshall Islands are the main contributors to the full management revenues of the industry.



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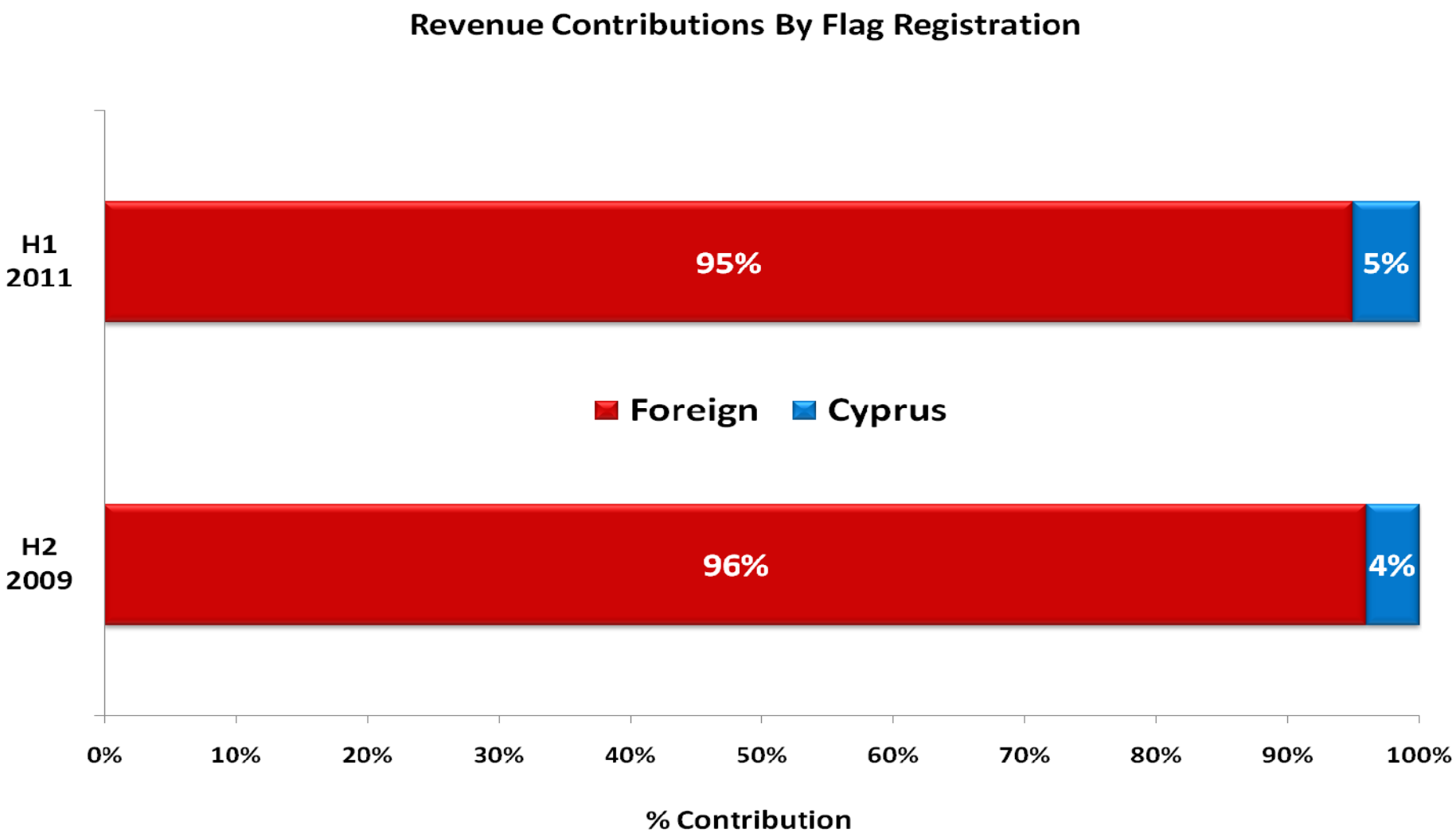
Flag Registration of the ships managed by Cyprus companies

The majority of revenues come from managing ships under foreign flags.



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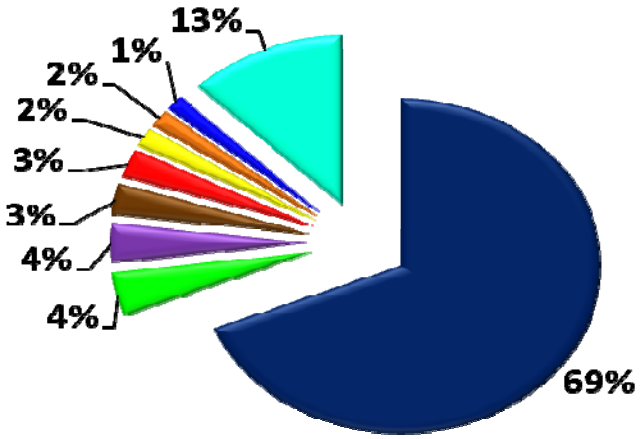
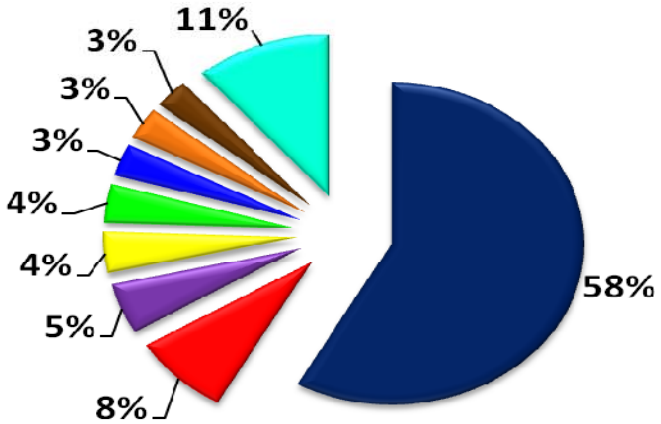
Revenues by Country of Ship Ownership

German ship owners are the main revenue contributors. Their market share increased further during the 1st half of 2010.



Market Shares Per Country Of Beneficial Ownership Of Ships Managed From Cyprus - 1st Half 2010

- Germany
- Nethelrands
- Marshall Islands
- Liberla
- Russia
- Italy
- Norway
- Singapore
- Other

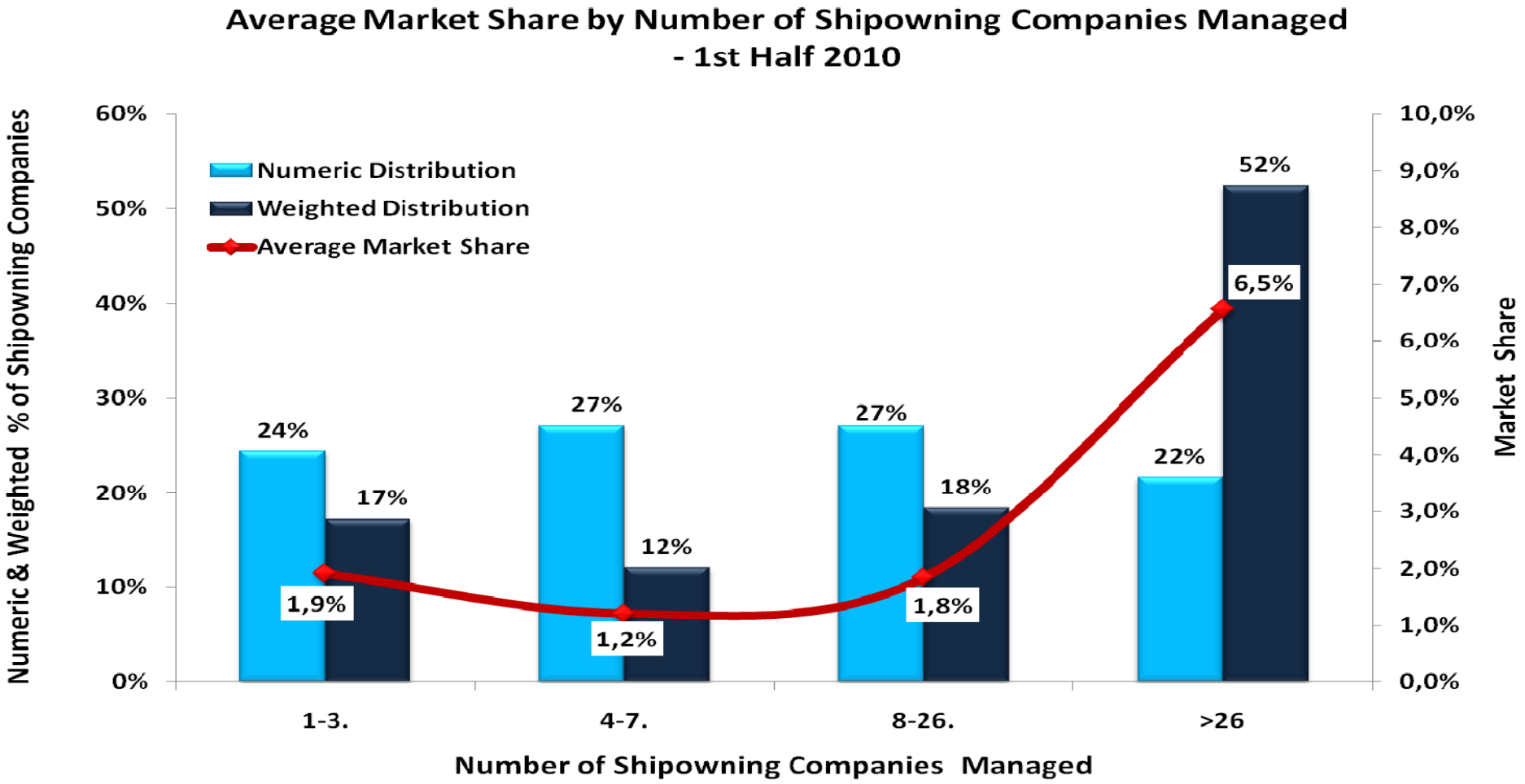


Market Shares Per Country Of Beneficial Ownership Of ships Managed From Cyprus- 2nd Half 2009

- Germany
- Russia
- Marshall Islands
- Italy
- Netherlands
- Bermuda
- Japan
- Liberia
- Other

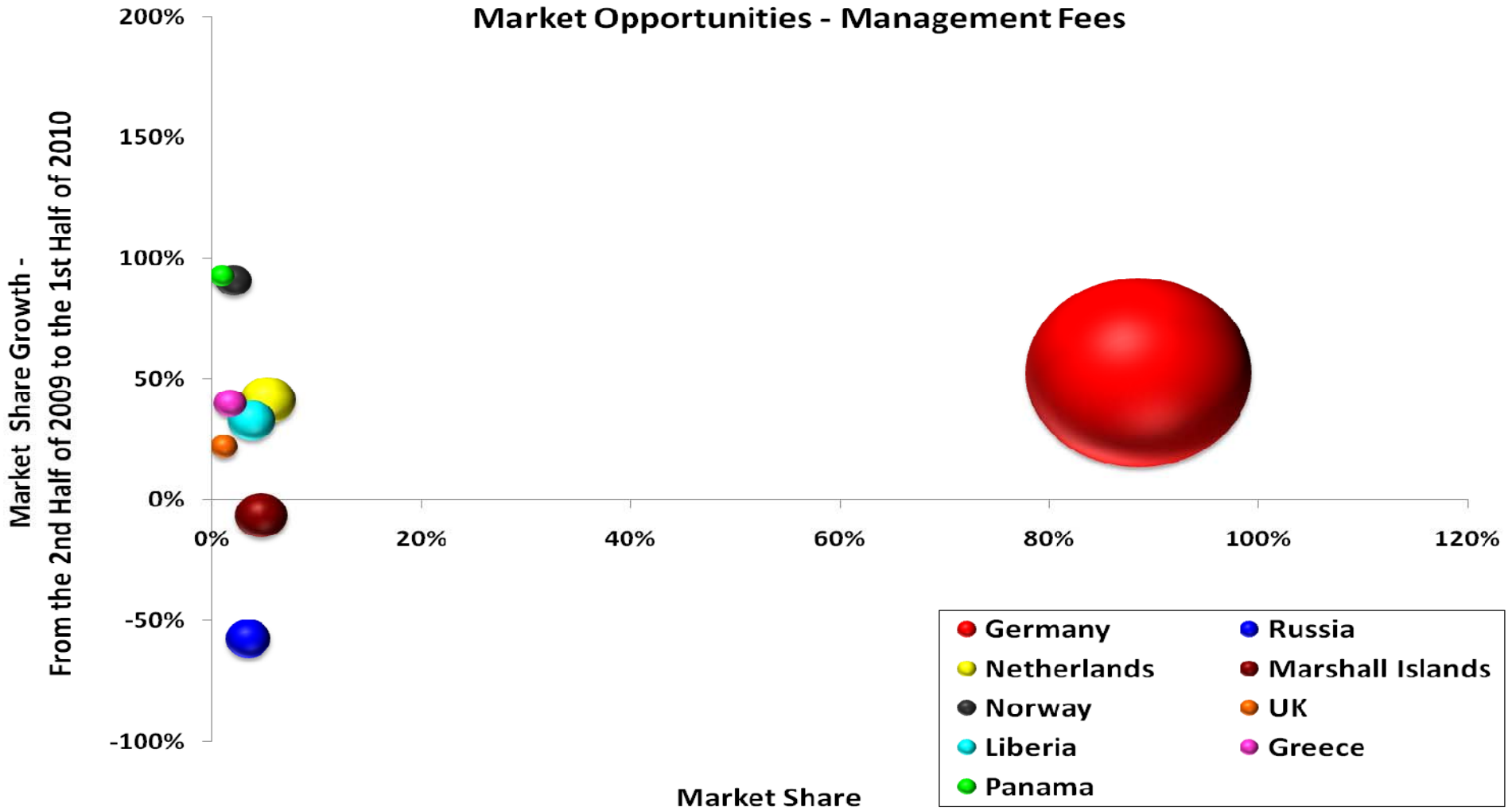
Client Portfolios

Most of the companies managed less than 8, ship owning client companies during the first half of 2010. However, strong market share performance is observed with the handling of more than 26 clients. Only 22% of the companies handle more than 26 clients per quarter and share 52% of the revenues.



Market Opportunities

Germany is by far the most important market with revenues increasing further during the first half of 2010. Netherlands, Panama and Norway exhibited the highest growth in revenues but their market share remains small.



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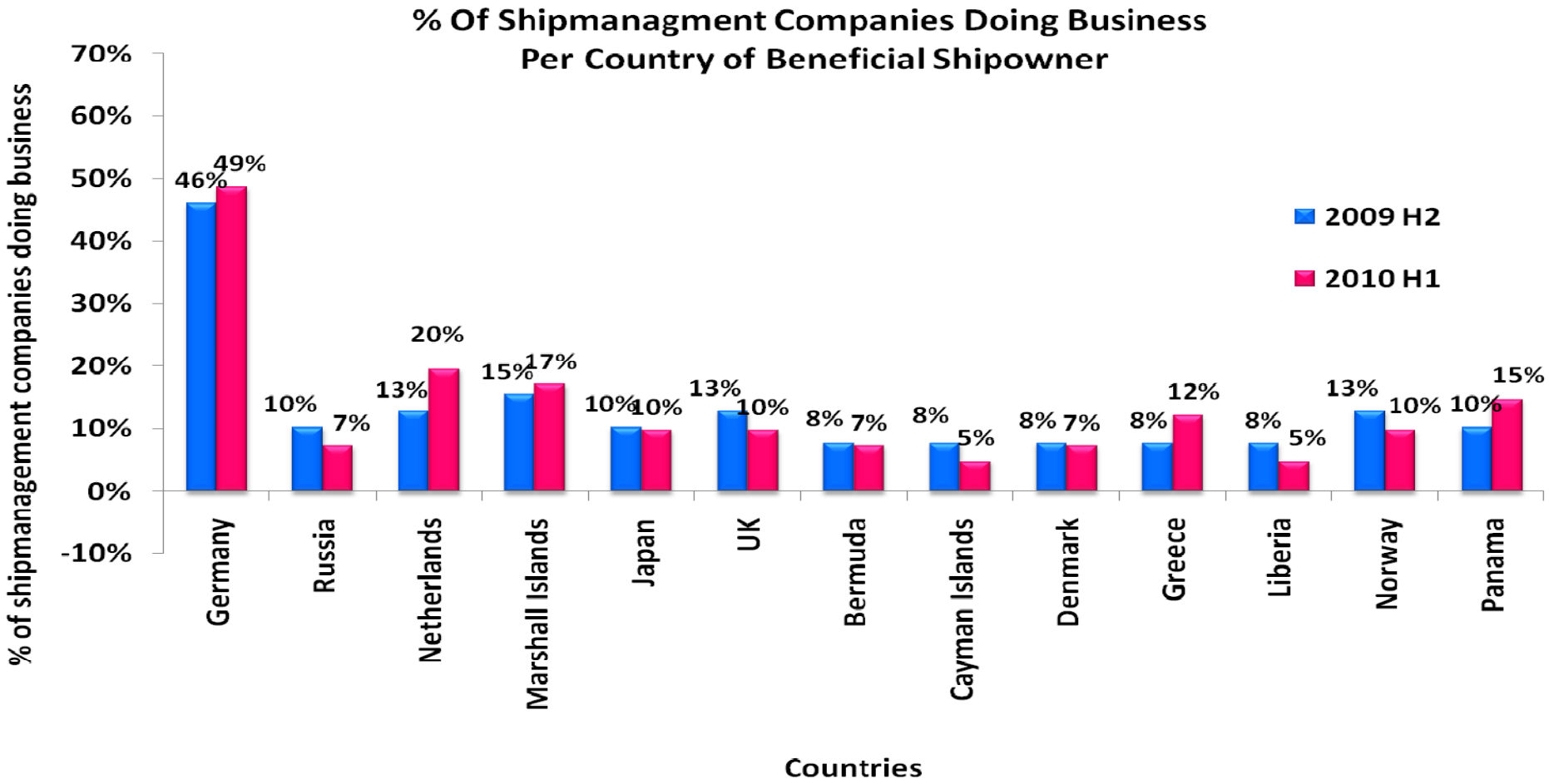
Company Presence by Country of Ship Ownership

There are many entrants in the German market indicating strong competition for the handling of German ship owning companies. Competition is still relatively low in the other countries.



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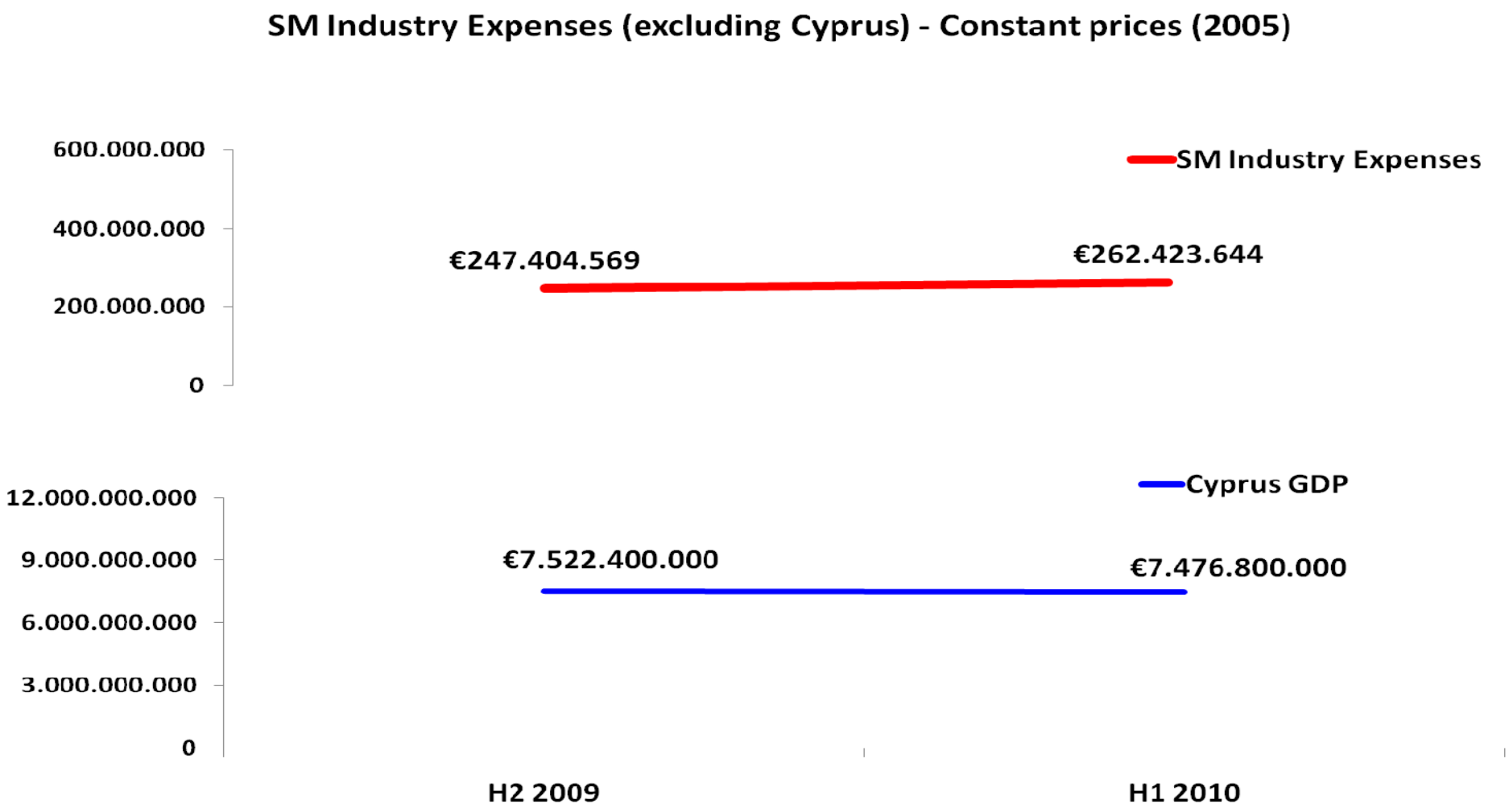
Industry Expenses

Total expenses paid by the industry increased during the last period.



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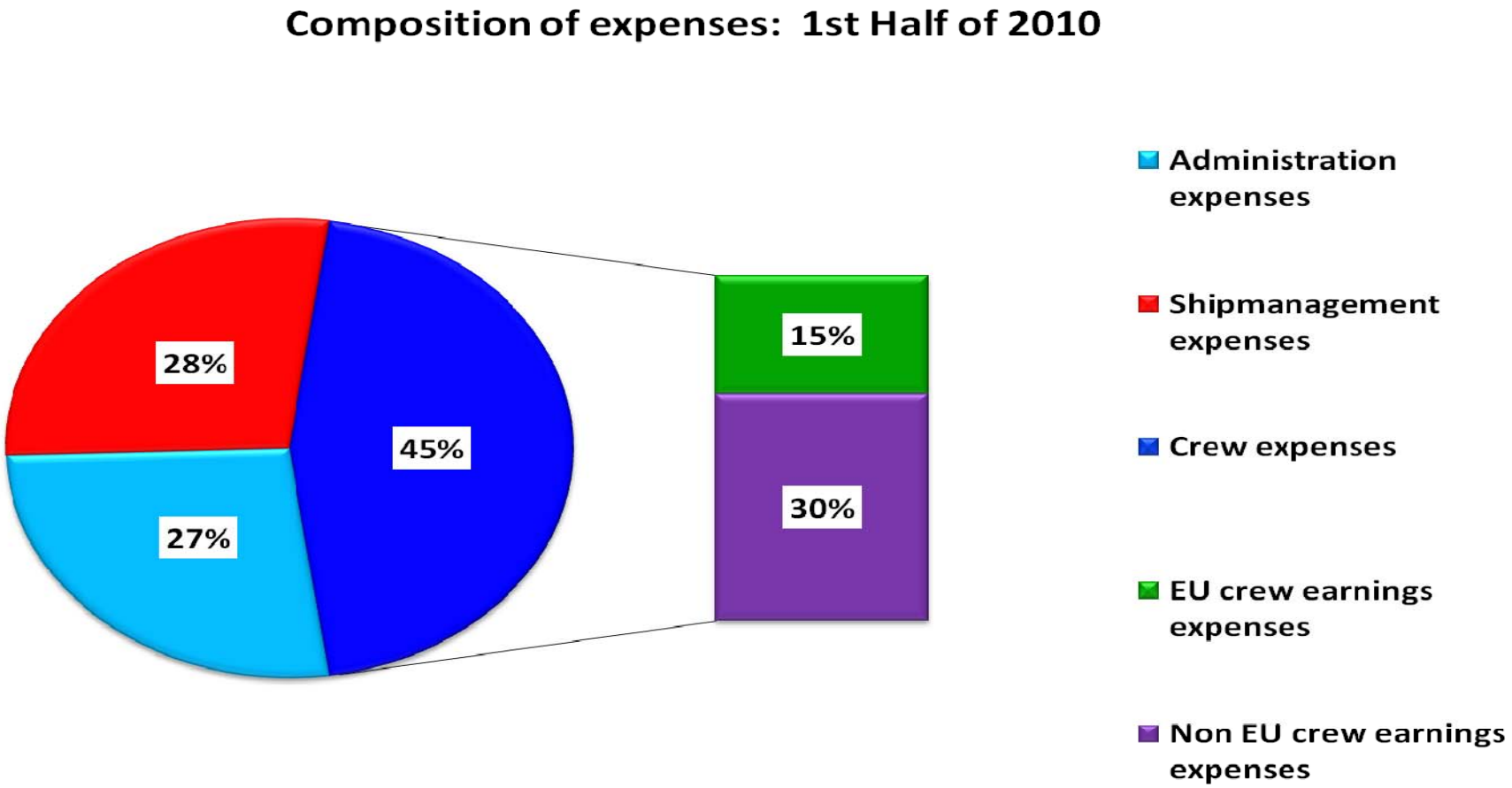
Structure of Expenses

Most of the expenses concern crew earnings. Of these, 30% are paid to non EU residents. The rest of the expenses in the industry are equally split between administration and ship management expenses.



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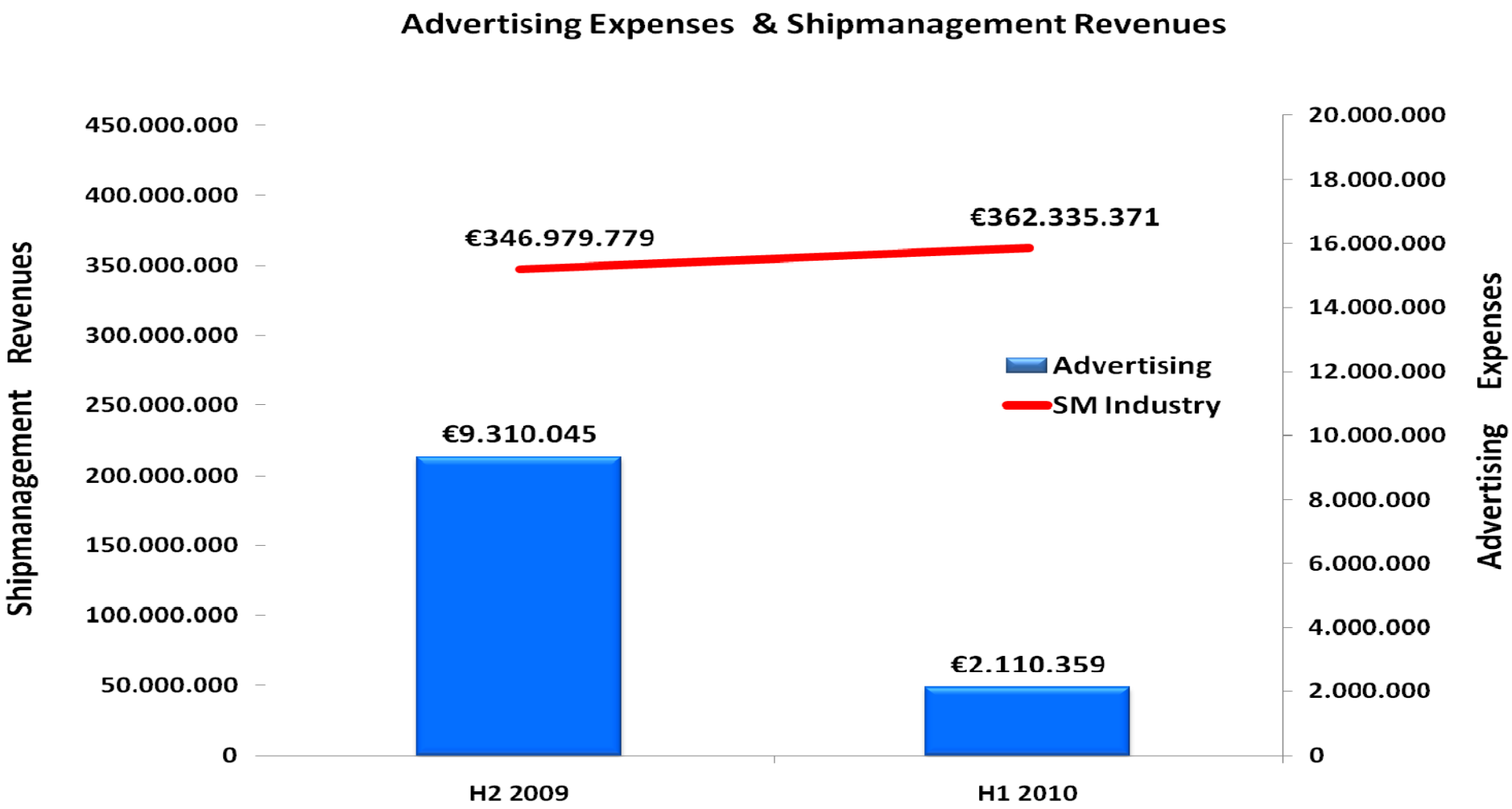
Advertising Expenses

Advertising revenues decreased significantly during the first half of 2010. Currently, there is no causal link with the industry's revenues.



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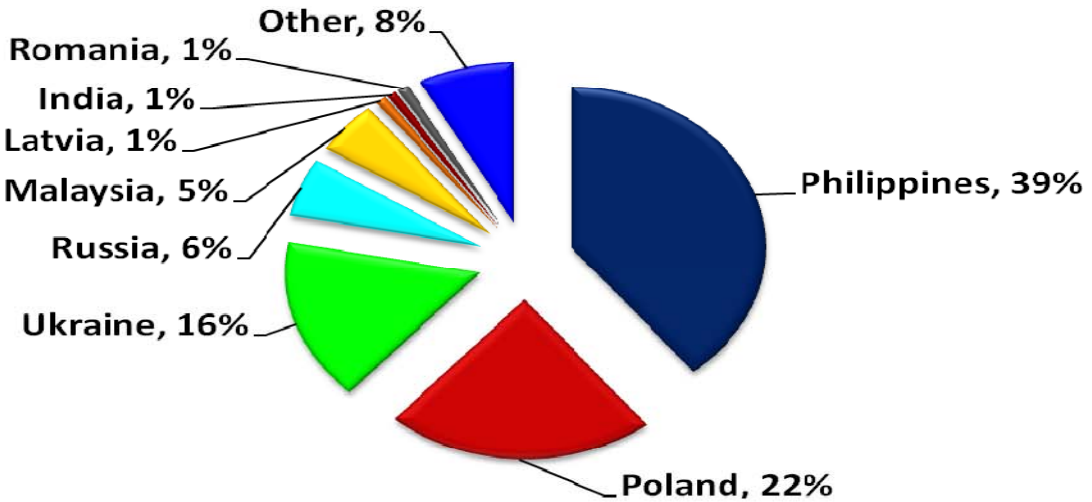
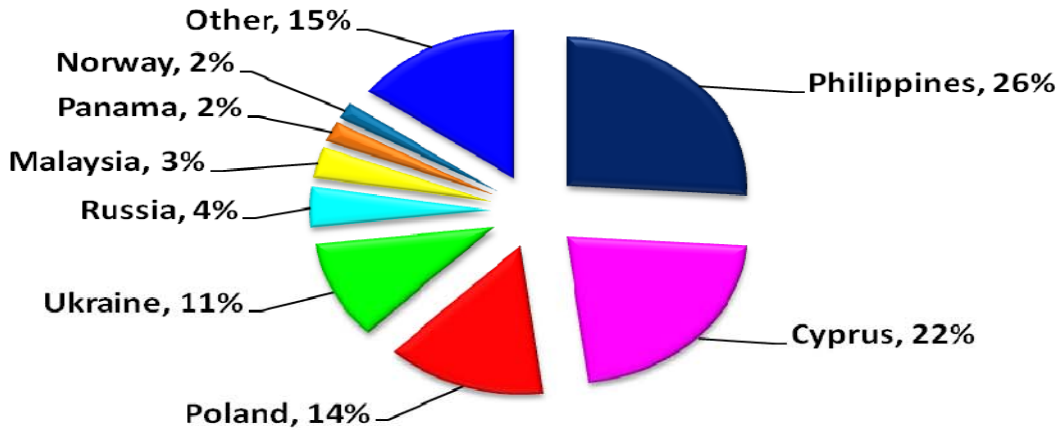
Expenses by Country

Most of the crew expenses are paid to nationals of Philippines, Poland and Ukraine.
A considerable share of total expenses goes to Cyprus.

Crew Expenses



Total Expenses



Summary

- Industry revenues increased during the 1st half of 2010.
- Germany is the main trading nation of the industry. For the particular period examined there was also a significant flow of revenues from Switzerland.
- Crew management fees received from ship owners operating under foreign flags, is the most important source of revenues for the industry.
- The industry is relatively concentrated and competitive presence is high in the German market. The size of the client portfolio is a strong driver of market share performance after a certain threshold.
- The share of ships under the Cyprus flag managed by the industry is only 5%.
- Netherlands, Panama and Norway exhibited the highest growth in management revenues for the period examined.
- Most of the expenses paid by the industry concern crew expenses paid to nationals of non EU countries.