

# DFDS SEAWAYS MGO BAF POLICY



DFDS SEAWAYS INTRODUCES

# MARINE GAS OIL (MGO) BUNKER ADJUSTMENT FACTOR (BAF) POLICY

**From 1 January 2015, the obligatory use of the more expensive low sulphur Marine Gas Oil (MGO) on all ships in the Baltic Sea, the North Sea, and the English Channel will result in increased fuel costs and a new MGO bunker surcharge (MGO BAF) instead of the current heavy fuel. This brochure explains the DFDS Seaways MGO BAF policy valid from 1 January 2015.**

## PRICES

We will calculate the BAF using the average price levels of 0.1% MGO fuel FOB Rotterdam from the 20th of Month A to the 20th of Month B. The source for the price levels will be: <http://www.bunkerworld.com/prices/port/nl/rtm/>

Similarly we will use the average exchange fixing rate of EUR/USD for the same period to convert the bunker price variance into euros. The average exchange rate will be taken from <http://www.ecb.europa.eu/stats/exchange/eurofxref/html/index.en.html>

## MGO FACTOR

The routes will not all be equally affected by the cost increases. The length of the route, speed and type of ship affect the fuel consumption.

Each route will be attributed an MGO Factor that is multiplied by the DFDS Seaways MGO BAF. The MGO Factor is fixed for 1 calendar year based on the budgeted freight volumes and

budgeted fuel volume consumption (tons).

This MGO Factor will be published on 22 December 2014 and will be fixed for all of 2015 unless significant changes occur in the DFDS route network, e.g. acquisitions, opening/closing of routes or significant changes in capacities employed.

**The DFDS Seaways MGO BAF will be published on the DFDS Seaways website: [freight.dfdsseaways.com/baf](http://freight.dfdsseaways.com/baf)**



14 metres



# TRANSITION FROM CURRENT BAF TO DFDS SEAWAYS MGO BAF

20. Oct. 2014 → 20. Nov. 2014 → 20. Dec. 2014 → 20. Jan. 2015

Avr price 1% LFO (1)

Avr price 0,1% MGO (2)

Avr price MGO (3)

Avr EURO/USD (FX1)

Avr EURO/USD (FX2)

## BAF TODAY (DEC.)

(1) as today

### SEAFREIGHT TODAY

The BAF in December will be fixed according to the existing BAF policies. We will fix the average 1% LFO price and EUR/USD price during the period from 20 October 2014 to 20 November 2014

## MGO BAF (JAN.)

(2)-(1) / FX1

### FUTURE SEAFREIGHT

The MGO BAF valid from 1 January 2015 will be based on the average price difference between 1% LFO measured from 20 October 2014 to 20 November 2014 and 0,1% MGO measured from 20 November 2014 and 20 December 2014 adjusted to EURO based on average price of EUR/USD measured from 20 November 2014 and 20 December 2014

## MGO BAF (FEB.)

(3)-(2) / FX2

### FUTURE SEAFREIGHT

The MGO BAF valid from 1 February 2015 will be based on the average price difference between 0,1% measured from 20 November 2014 to 20 December 2014 and 0,1% MGO measured from 20 December 2014 and 20 January 2015 adjusted to EURO based on average price of EUR/USD measured from 20 December 2014 and 20 January 2015



## PRELIMINARY INDICATION

# MGO BAF 2015

Based on our preliminary budgeted bunker and freight volumes for 2015 we have calculated the preliminary MGO factors for 2015 for each route.

The price variance between 1% LFO and 0,1% MGO has been diminishing over the past months and is currently around 185 EURO.

**PRICE VARIANCE 1% LFO AND 0,1% MGO, EURO**

185

**DFDS SEAWAYS MGO BAF, EURO PER LANE METRE**

2,7

**PRELIMINARY MGO FACTOR**

**MGO BAF EURO/LANE METRE**

1,3	Copenhagen - Oslo	3,6
1,3	Amsterdam - Newcastle	3,6
1,7	Gothenburg - Immingham	4,7
1,6	Gothenburg - Ghent	4,4
1,5	Cuxhaven - Immingham	4,1
1,3	Esbjerg - Immingham	3,6
0,5	Vlaardingen - Felixstowe	1,4
1,0	Vlaardingen - Immingham	2,7
2,1	Rosyth - Zeebrugge	5,8
2,5	Klaipeda - Fredericia	6,8
1,3	Klaipeda - Karlshamn	3,4
2,0	Klaipeda - Kiel	5,6
4,4	Kiel - St. Petersburg/Ust Luga	12,0
1,1	Paldiski - Kapellskär	3,1
0,4	Dover - Dunkerque	1,2
0,5	Dover - Calais	1,3