

# Ship operating costs: Current and future trends

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Shipping

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# Overview



- Introduction to OpCost
- OpCost 2017 results
- Future cost trends



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OpCost 2017 now live

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### Shipping Confidence Survey

Shipping confidence continues to edge upwards

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### Shipping Risk Survey 2017

Shipping must beware exposure to changing risk landscape

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Tweets by @MS\_OpCost

OpCost online  
@MS\_OpCost  
Ship managers can benefit from re...

## OpCost features



- Vessel operating cost benchmarking tool
- 26 vessel types: Including 4 bulker, 12 tanker and 4 container ship types
- 12 cost categories:
  - Including crew costs, stores, repairs & maintenance and insurance as well as dry-docking
- Over 3,300 vessels in OpCost 2017 database
- Exclusive to Moore Stephens

## Benefits



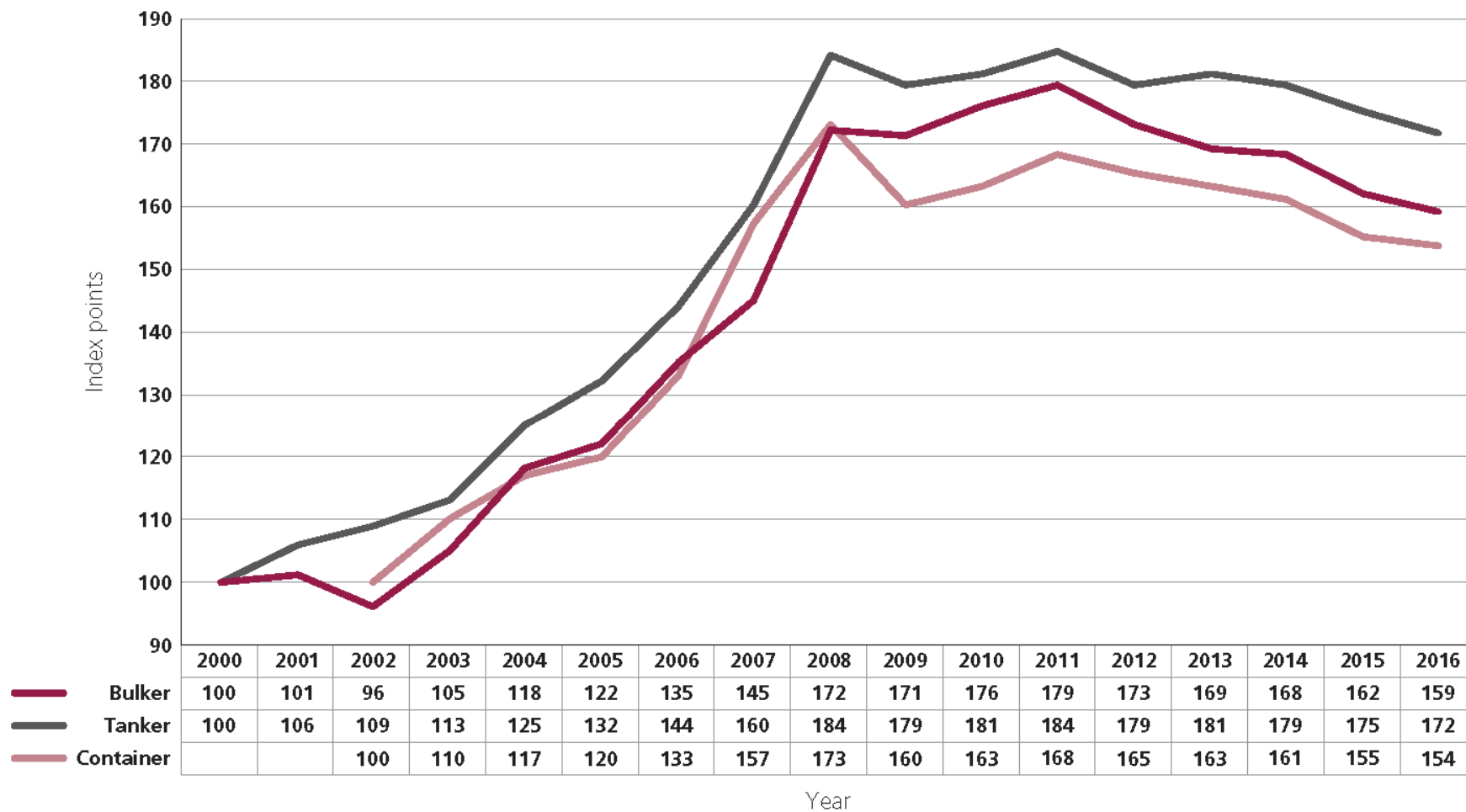
- Assistance in improving cost control
- Backup figures in business plans
- Analysis of costs in new sectors and other ship types
- Helps to manage (and reduce) vessel operating costs

# OpCost 2017 results

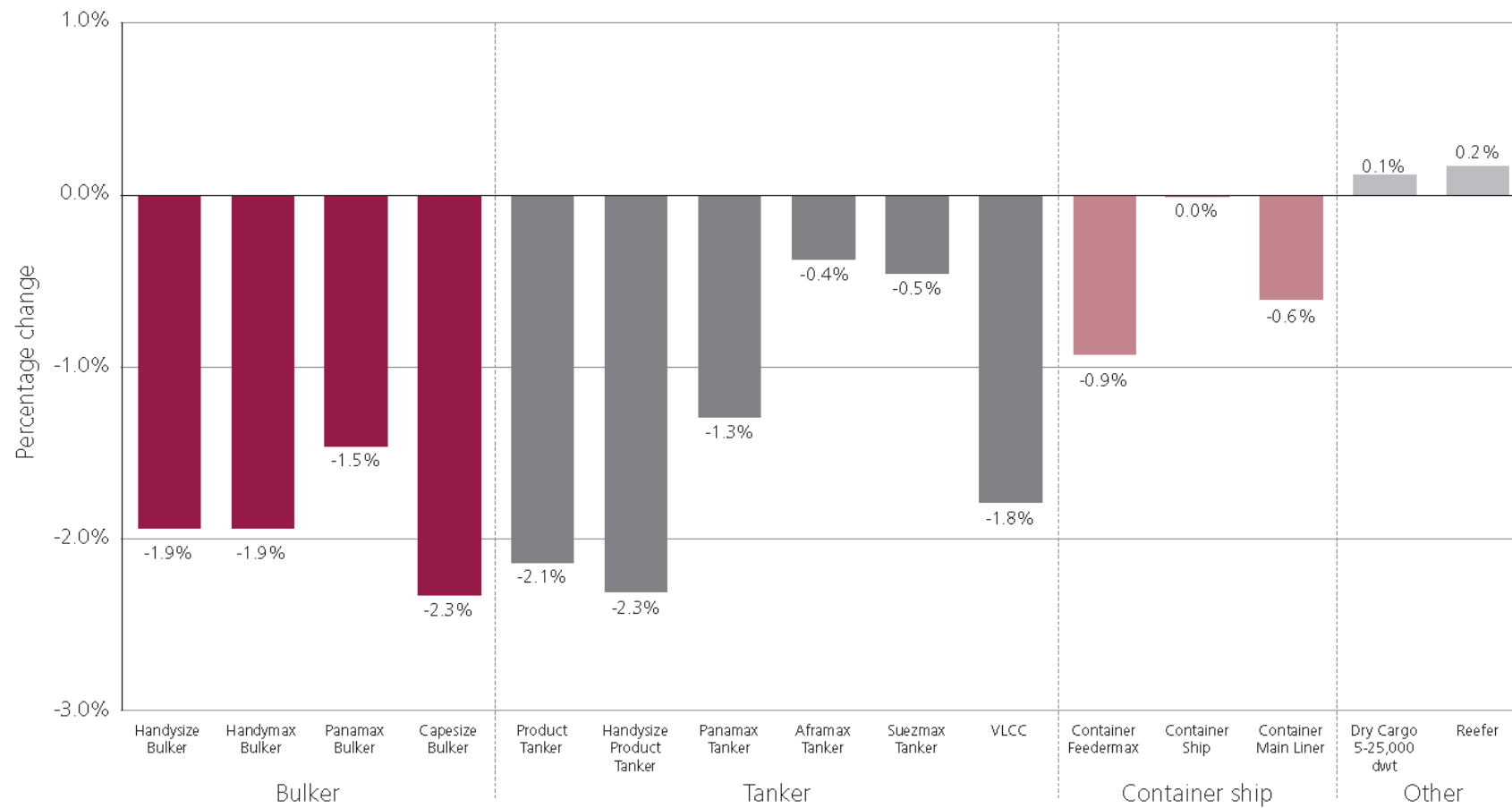


- OpCost indices (by sector)
- Daily running cost rates (by vessel type)
- Analysis of:
  - Crew costs
  - Stores
  - Repairs and maintenance
  - Insurance
- Drydock

# OpCost indices



# Total operating costs 2015:2016



Source: Moore Stephens OpCost 2017



## Operating costs – Bulker



|           | OpCost 2017<br>Daily Rate US\$ | Year on year<br>change (%) |
|-----------|--------------------------------|----------------------------|
| Handysize | 4,995                          | -1.9                       |
| Handymax  | 5,480                          | -1.9                       |
| Panamax   | 5,663                          | -1.5                       |
| Capesize  | 6,691                          | -2.3                       |
|           | <b>Weighted<br/>average</b>    | <b>-1.9</b>                |

## Operating costs – Tanker



|                   | OpCost 2017<br>Daily Rate US\$ | Year on year<br>change (%) |
|-------------------|--------------------------------|----------------------------|
| Product           | 7,433                          | -2.1                       |
| Handysize Product | 7,557                          | -2.3                       |
| Panamax           | 8,041                          | -1.3                       |
| Aframax           | 7,832                          | -0.4                       |
| Suezmax           | 9,104                          | -0.5                       |
| VLCC              | 9,950                          | -1.8                       |
|                   | <b>Weighted average</b>        | <b>-1.7</b>                |

## Operating costs – Container ship



|                                  | OpCost 2017<br>Daily Rate US\$ | Year on year<br>change (%) |
|----------------------------------|--------------------------------|----------------------------|
| Feedermax (100-1,000 TEU)        | 4,372                          | -0.9                       |
| Container Ship (1,000-2,000 TEU) | 5,172                          | 0.0                        |
| Main Liner (2,000-6,000 TEU)     | 6,830                          | -0.6                       |
|                                  | <b>Weighted average</b>        | <b>-0.6</b>                |

## Operating costs – Bulker



|           | 1-7<br>years old | 8-15<br>years old | 16-25<br>years old |
|-----------|------------------|-------------------|--------------------|
|           | Daily Rate US\$  | Daily Rate US\$   | Daily Rate US\$    |
| Handysize | 4,874            | 4,963             | 5,147              |
| Handymax  | 5,294            | 5,576             | 5,825              |
| Panamax   | 5,529            | 5,678             | 5,872              |
| Capesize  | 6,554            | 6,853             | 6,989              |

## Operating costs – Tanker



|                   | 1-7<br>years old | 8-15<br>years old | 16-25<br>years old |
|-------------------|------------------|-------------------|--------------------|
|                   | Daily Rate US\$  | Daily Rate US\$   | Daily Rate US\$    |
| Product           | 7,116            | 7,127             | 8,194              |
| Handysize Product | 7,127            | 7,552             | 8,501              |
| Panamax           | 7,766            | 8,041             | 8,682              |
| Aframax           | 7,488            | 7,940             | 8,306              |
| Suezmax           | 8,714            | 9,091             | 9,543              |
| VLCC              | 9,677            | 10,107            | 10,550             |

## Operating costs – Container ship



1-7  
years old

8-15  
years old

16-25  
years old

Daily Rate US\$   Daily Rate US\$   Daily Rate US\$

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Container Ship (1,000-2,000 TEU)

5,082

5,111

5,424

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Main Liner (2,000-6,000 TEU)

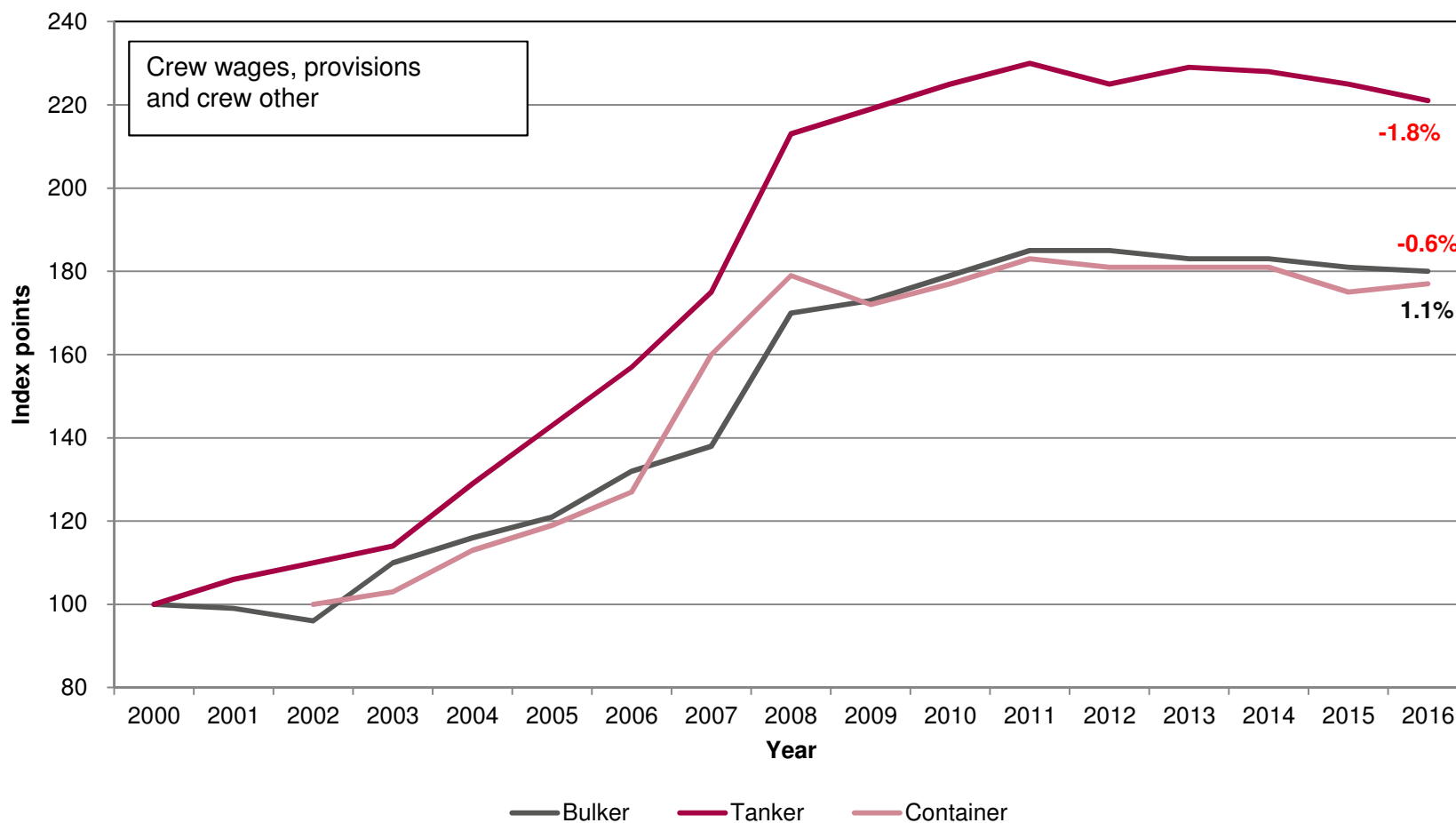
6,671

6,891

7,192

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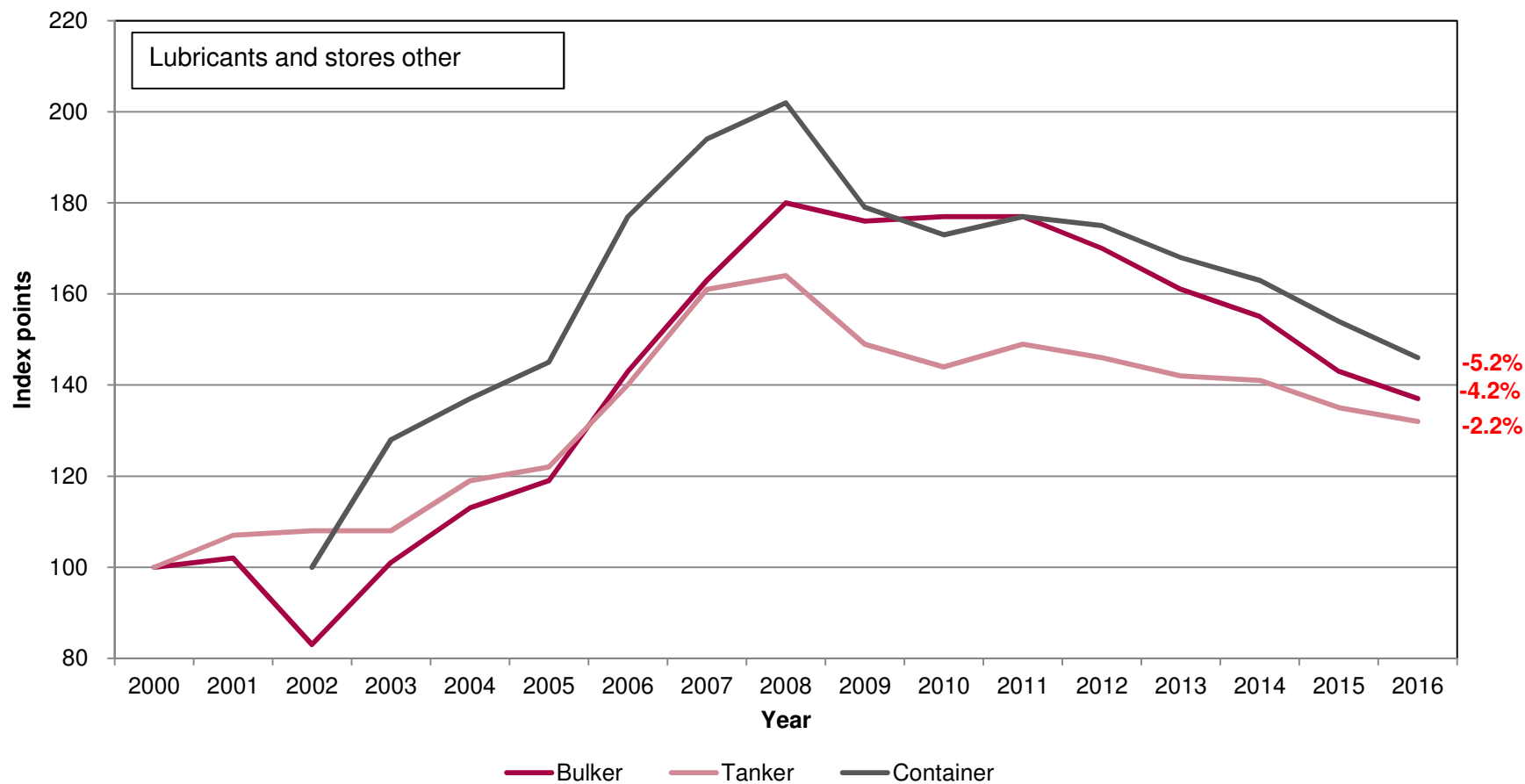
# OpCost crew costs indices



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

Source: Moore Stephens OpCost 2017

# OpCost stores indices

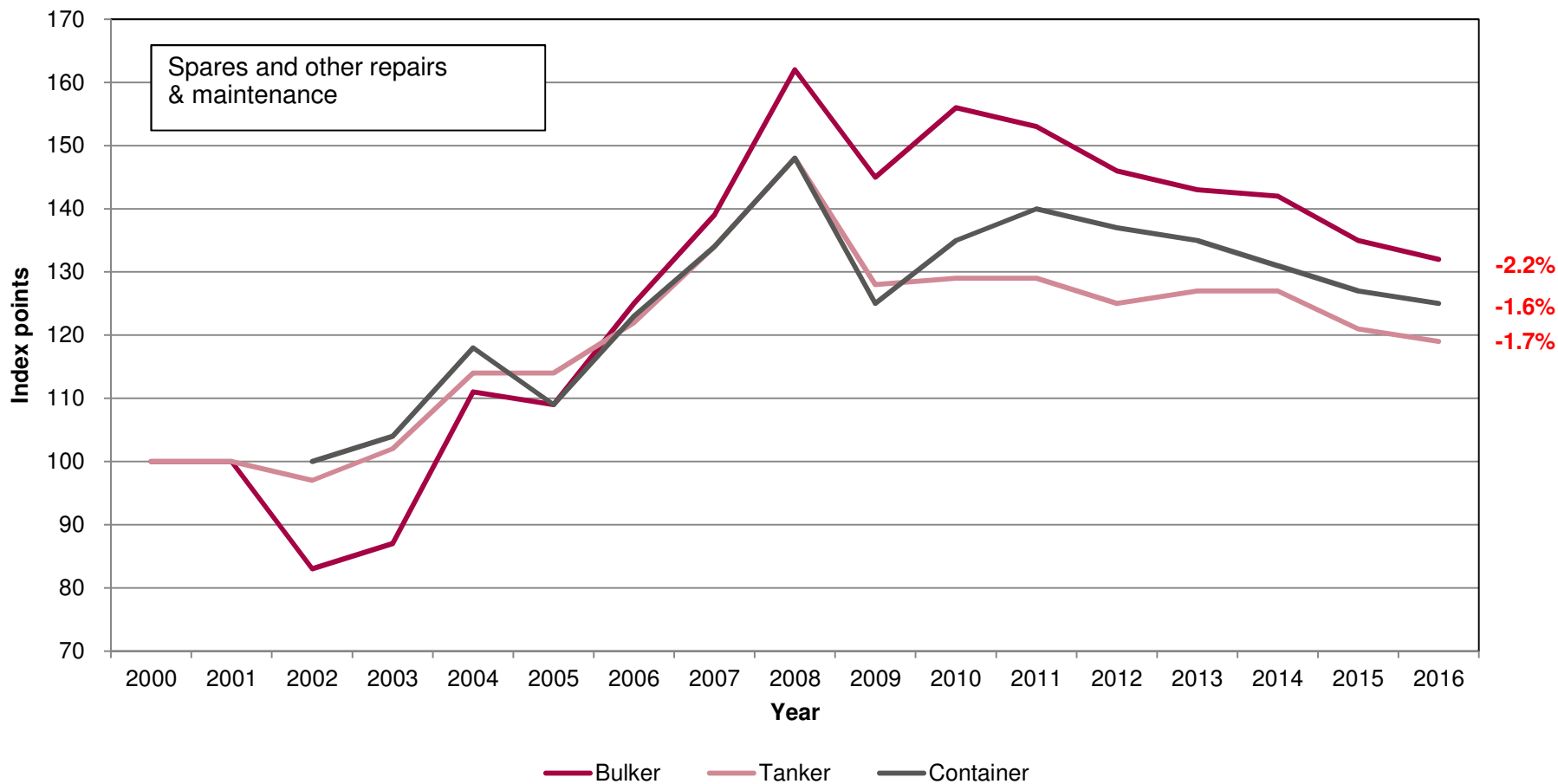


For tankers and bulkers 2000 equals 100, for containers 2002 equals 100

Source: Moore Stephens OpCost 2017



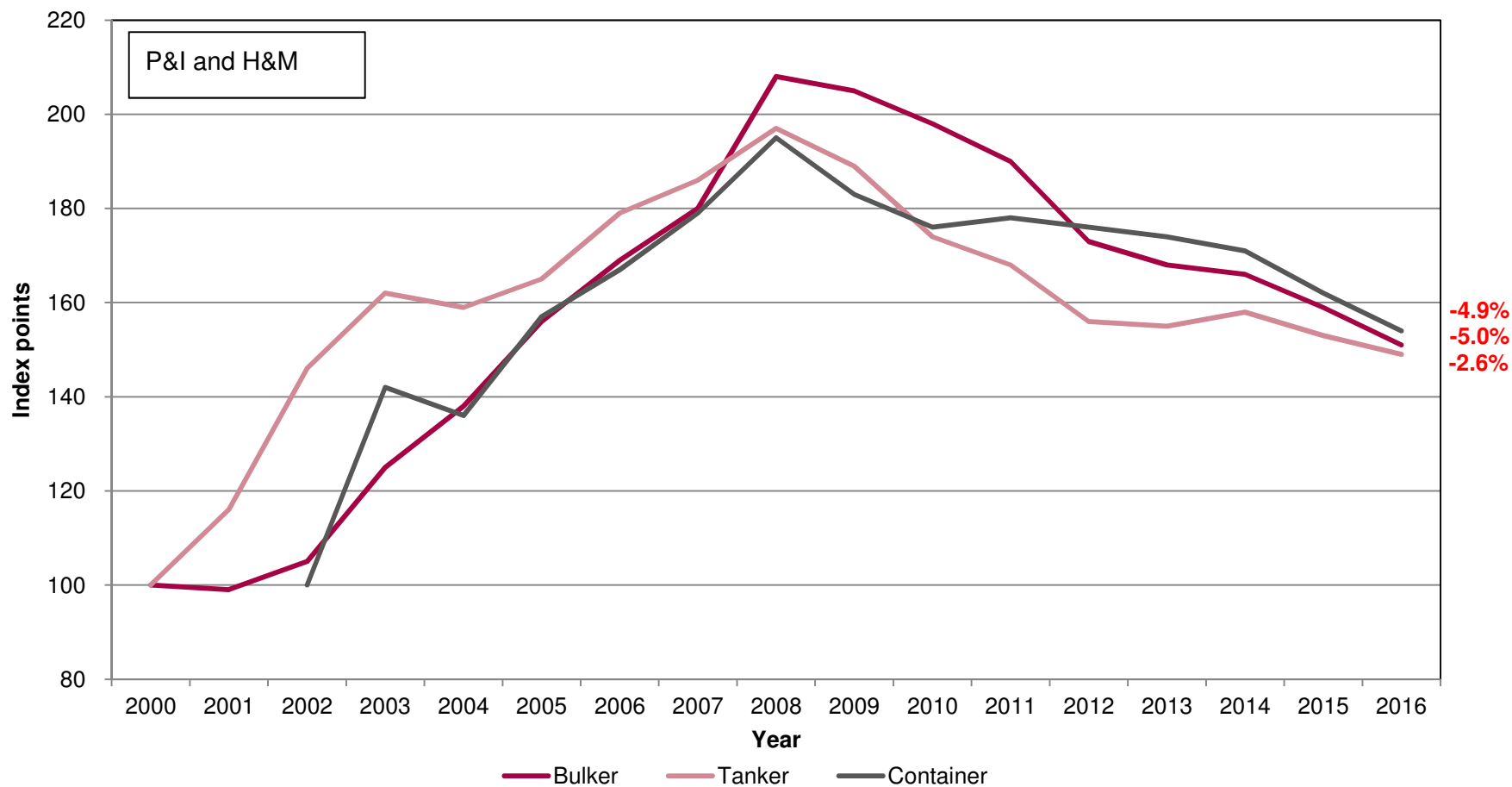
# OpCost repairs & maintenance indices



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

Source: Moore Stephens OpCost 2017

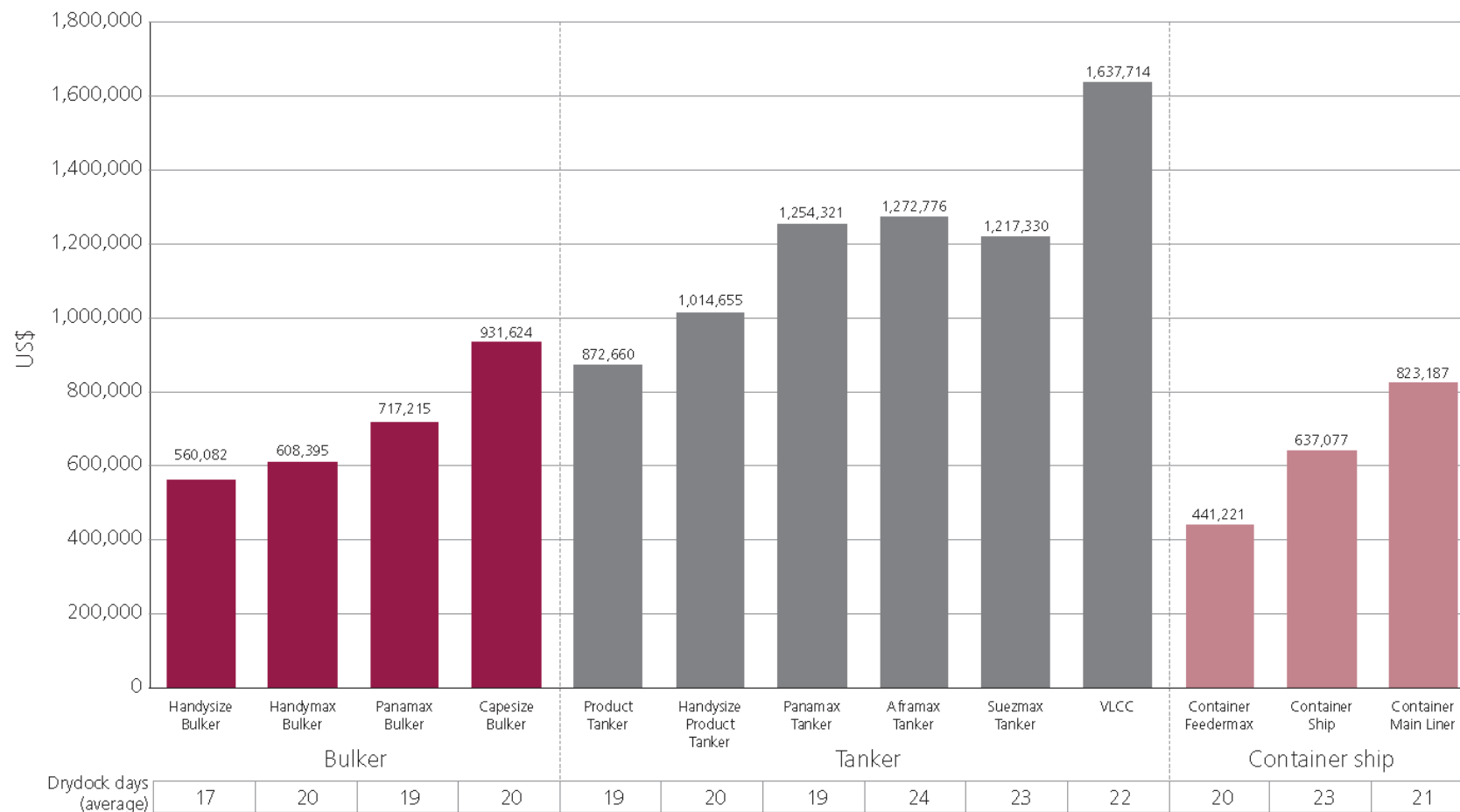
# OpCost insurance indices



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

Source: Moore Stephens OpCost 2017

# Drydock costs and duration



Source: Moore Stephens OpCost 2017

## OpCost 2017: A summary



- OpCost 2017 annual change (%):
  - Bulker -1.9
  - Tanker -1.7
  - Container ship -0.6
- Annual average change (%):
  - Bulker 3.1
  - Tanker 3.6
  - Container ship 3.3

# OpCost 2018



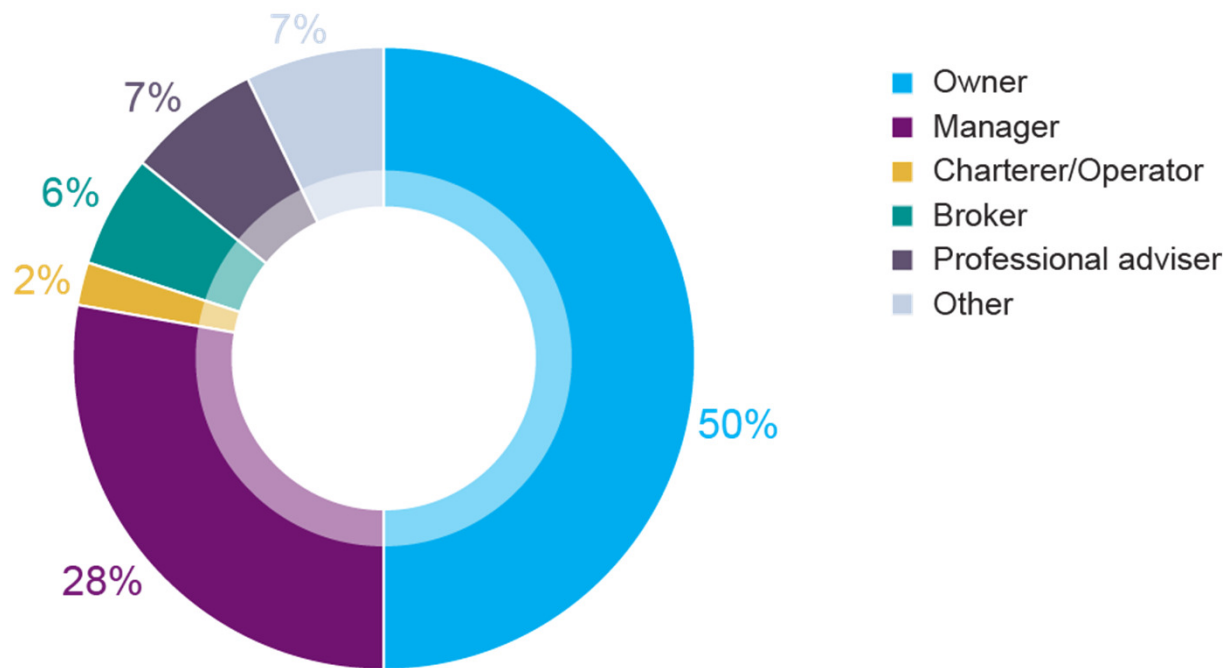
- To be published September 2018
- Aiming for increased participation and more vessel types
- Ideas for new features welcome

# Future operating costs survey



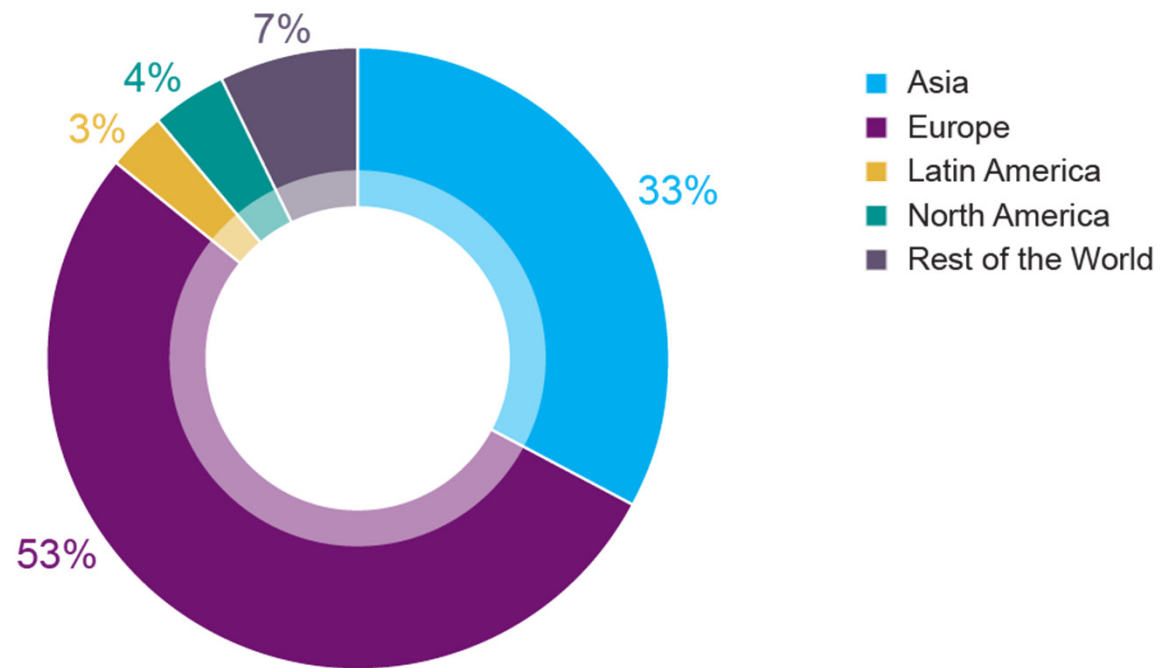
- Respondents
- Expected cost increases
- Influencing factors

# Respondents by type



Source: Moore Stephens,  
2017 Future operating costs survey

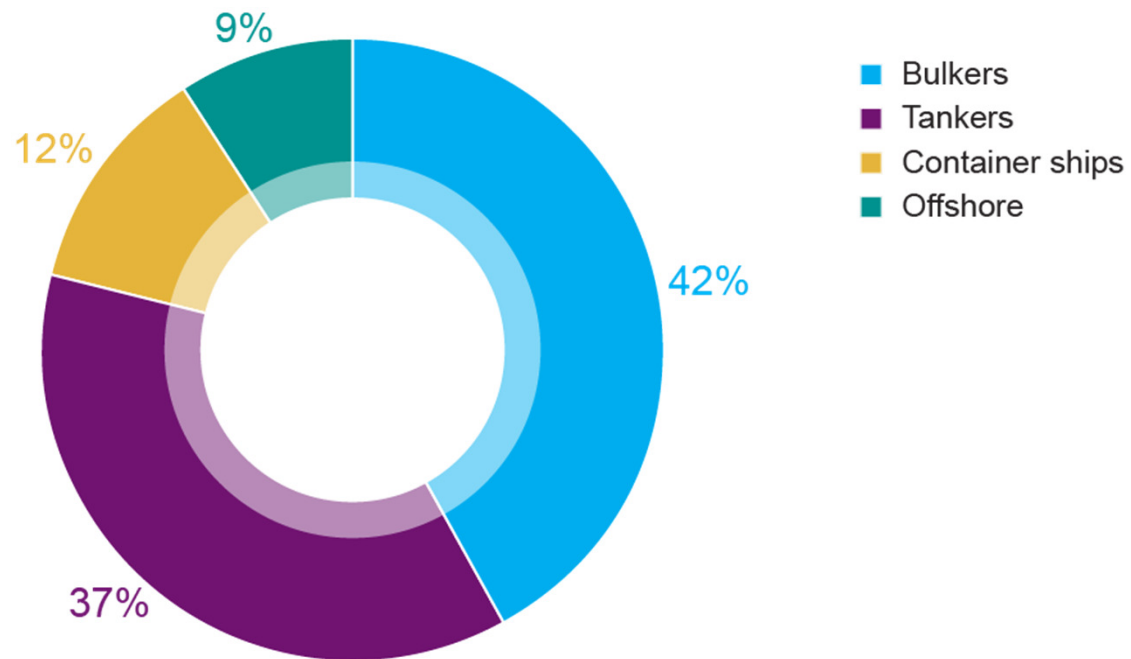
# Respondents by location



Source: Moore Stephens,  
2017 Future operating costs survey



# Respondents by sector



Source: Moore Stephens,  
2017 Future operating costs survey

# Expected cost increases



|                | 2017 | 2018 |
|----------------|------|------|
| Overall – mean | 2.1% | 2.4% |

## Expected increases by cost type



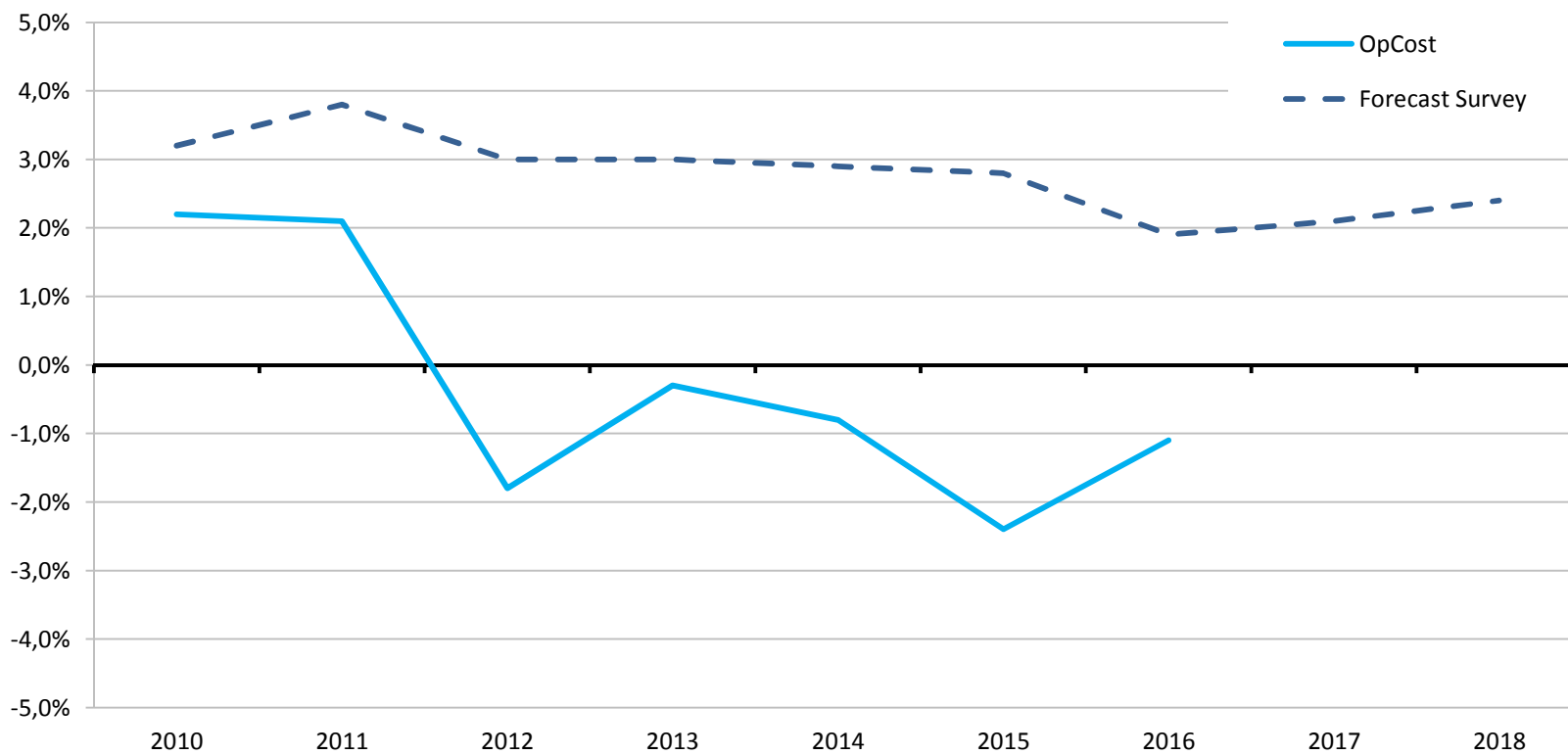
| Cost type – mean | 2017 | 2018 |
|------------------|------|------|
| Crew wages       | 1.7% | 1.7% |
| Other crew       | 1.6% | 1.5% |
| Lubricants       | 1.6% | 1.6% |
| Stores           | 1.5% | 1.7% |
| Spares           | 2.0% | 1.9% |
| R&M              | 2.0% | 2.0% |
| H&M              | 0.5% | 1.0% |
| P&I              | 0.7% | 1.1% |
| Management fees  | 0.7% | 1.0% |
| Drydock          | 1.7% | 1.8% |

Source: Moore Stephens,  
2017 Future operating costs survey

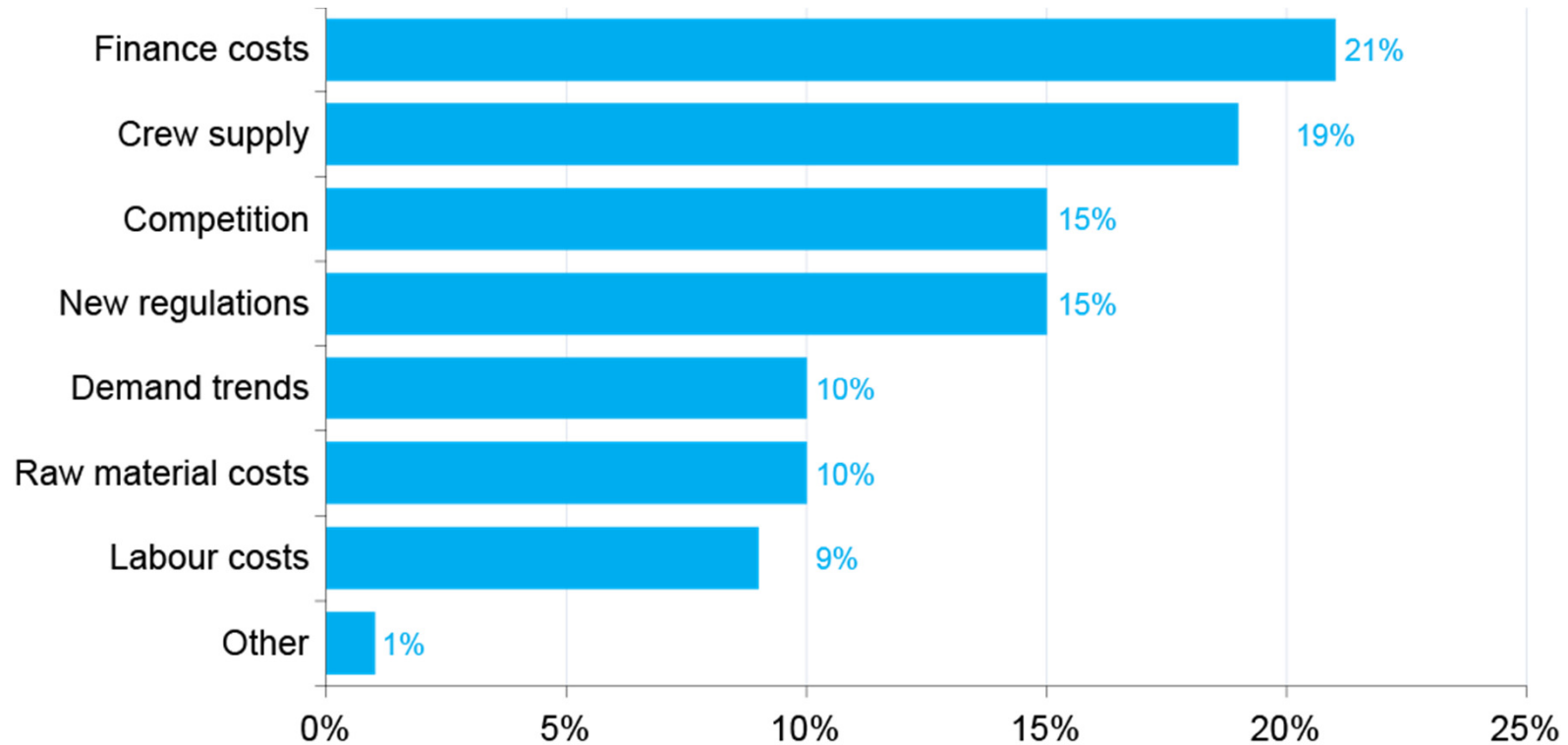
# OpCost vs. Forecast survey



Percentage change in overall operating costs (y-o-y)  
OpCost vs. Forecast survey



# Factors influencing operating costs



Source: Moore Stephens,  
2017 Future operating costs survey

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