

SHIPPING PROFITABILITY to 2015

The Outlook for Vessel Costs & Revenues

The recent volatility of shipping freight markets across almost all vessel categories has focussed market attention on levels of costs, revenues and profitability. This Report examines typical operating and capital costs for a variety of vessel sizes/types – at the current time and over recent years. The past 2-3 years have seen extensive development in certain operating cost categories – particularly with regard to insurance and repairs – and the analyses in this Report serve to highlight the scale of such changes.

At the same time as operating cost developments have been witnessed, capital costs have also changed markedly. The cost of finance in many cases is now cheaper than at any time for many years, although in some cases vessel secondhand prices have tended to move in line with respective freight rates whilst lack of newbuilding berth availability and higher world steel prices have caused a recent upturn in newbuilding prices.

The detailed analysis of current/recent cost levels is extended to provide an indication of potential cost levels over the next decade – a period in which further extensive cost developments are expected, in both operating and capital expenses.

Alongside the detailed cost appraisals, the Report presents corresponding analysis of freight market revenue for a wide variety of shipping types and sizes. This facilitates a realistic insight into current and recent levels of profitability for newbuildings and secondhand purchases. Analysis of potential freight market development in the forward study period is then considered against future operating and capital cost projections. This provides an invaluable insight into potential future shipping profitability – across a wide range of vessel types and sizes.

This Report represents the latest in a series of OSC in-depth Reports on shipping markets published over the last 20 years. The detail and range of the analysis and forecasts in the new Report are even greater than those in previous publications, and represent the most up to date and comprehensive set of cost & profitability analysis and forecasts available on international shipping. It is essential reading for all parties with an interest in this sector.

CONTENTS

SECTION 1 INTRODUCTION & EXECUTIVE SUMMARY

Includes an overview of the Report's aims, as well as a summary of the methodology underlying the analyses.

This Section also includes a summary of the most significant points and conclusions drawn from the main body of the Report. They are presented in the order of the corresponding Sections for ease of reference.

SECTION 2 OVERVIEW : VESSEL CAPITAL COSTS

This Section provides detailed analysis of the key developments in vessel capital costs in recent years, current levels for different vessel types/sizes, and the prospects for the forward period. This covers the development of newbuilding prices and secondhand prices (for different ages of vessel), and the evolving costs of finance.

SECTION 3 OVERVIEW : VESSEL OPERATING COSTS

This Section includes full discussion and analysis of each major component of vessel operating costs, namely :

- Manning Costs
- Repairs & Maintenance
- Insurance
- Stores & Lubes
- Administration

The main recent/current trends in each of these areas are explored in detail, with a presentation of typical costs for individual cost components for different vessel types/sizes. The likely forward development of each sector of operating costs is examined, and projected cost levels presented and discussed.

SECTION 4 BULK CARRIERS : COSTS & PROFITABILITY

The current profile of bulk carrier operating costs for a variety of vessel sizes is examined, as too the development in recent years. Analysis of the levels of capital costs associated with newbuilding orders and deliveries for different vessel sizes enables a full cost profile of bulk carriers to be determined. This is considered in conjunction with the current level and recent development of freight market revenue, to provide an indication of vessel profitability.

Based on a consideration of potential freight market development for bulk carriers in the forward study period, a series of projections are presented on vessel profitability – covering a range of vessel sizes, newbuildings and secondhand purchases.

SECTION 5 TANKERS : COSTS & PROFITABILITY

The current profile of tanker (product tanker and crude carrier) operating costs for a variety of vessel sizes is examined, as too the development in recent years. Analysis of the levels of capital costs associated with newbuilding orders and deliveries for different vessel sizes enables a full cost profile of tankers to be determined. This is considered in conjunction with the current level and recent development of freight market revenue, to provide an indication of vessel profitability.

Based on a consideration of potential freight market development for tankers in the forward study period, a series of projections are presented on vessel profitability – covering a range of vessel sizes, newbuildings and secondhand purchases.

SECTION 6 CONTAINERSHIPS : COSTS & PROFITABILITY

The current profile of containership operating costs for a variety of vessel sizes is examined, as too the development in recent years. Analysis of the levels of capital costs associated with newbuilding orders and deliveries for different vessel sizes enables a full cost profile of containerships to be determined. This is considered in conjunction with the current level and recent development of freight market revenue, to provide an indication of vessel profitability.

Based on a consideration of potential freight market development for containerships in the forward study period, a series of projections are presented on vessel profitability – covering a range of vessel sizes, newbuildings and secondhand purchases.

SECTION 7 OTHER VESSELS : COSTS & PROFITABILITY

The current profile of operating costs for a variety of vessel sizes and types is examined, as too the development in recent years. Analysis of the levels of capital costs associated with newbuilding orders and deliveries for different vessel sizes enables a full cost profile for each vessel type to be determined. This is considered in conjunction with the current level and recent development of freight market revenue, to provide an indication of vessel profitability.

Based on a consideration of potential freight market development for each sector in the forward study period, a series of projections are presented on vessel profitability – covering a range of vessel sizes, newbuildings and secondhand purchases.

The vessel sectors included in this Section are :-

- General Cargo Vessels
- LPG Carriers

SECTION 8 VESSEL PROFITABILITY OUTLOOK & MAIN IMPLICATIONS

This Section presents a summary of the outlook for costs and profitability across the different vessel sectors under study. It also includes a consideration of the implications of this outlook for shipping company planning.

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SHIPPING PROFITABILITY to 2015: The Outlook for Vessel Costs & Revenues

SHIPPING PROFITABILITY to 2015

The Outlook for Vessel Costs & Revenues

Analysis of the profitability of:

- Bulk Carriers
- Tankers
- Containerships
- General Cargo Vessels
- LPG Carriers

This Report provides invaluable independent analyses on the development of costs and profitability for individual sectors throughout the period to 2015. It represents the most up to date and comprehensive examination of shipping sector profitability, and is essential reading for all parties with an interest in this sector.

"SHIPPING PROFITABILITY to 2015" is one of a large number of detailed analytical reports researched and published by **Ocean Shipping Consultants Ltd.**

Other recent publications include:-

Tick for details

"Product Tanker Markets to 2010"

"Reefer Trades to 2010"

"World Cement to 2015"

"Self-Unloading Hybrid & Geared Bulk Carriers"

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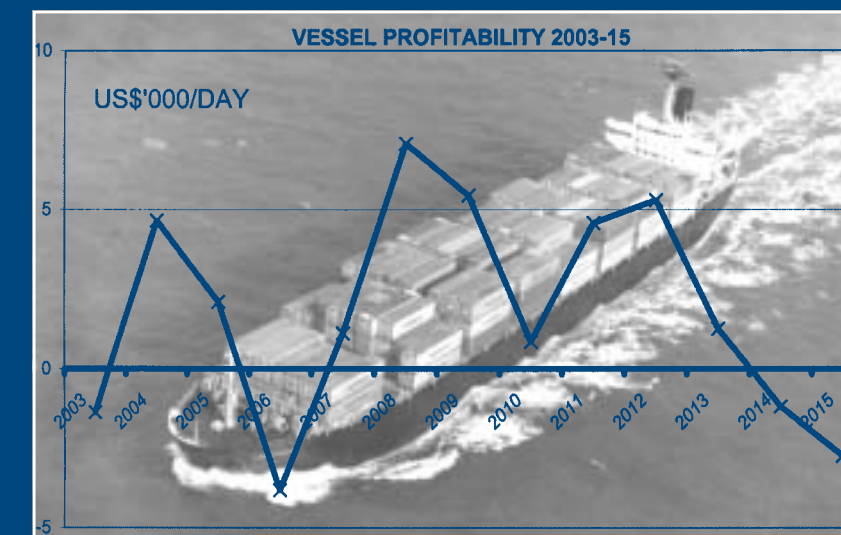
"Cruise Shipping to 2015"

"Ferries: World Fleet Market Prospects to 2012"

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Analysis of the profitability of:

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