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The best and worst performing dry bulk companies



Maritime advisors Liengard & Roschmann has published its Vesselindex Performance Report 2019, ranking the best performing listed dry bulk companies. Belships, Pangaea and Thoresen come out on top. The team explain the results to Splash readers today in their drive to make the sector more transparent for investors.

A year ago we made a [contribution on this site](#). The article was a comparison of the two listed dry bulk companies – Pacific Basin Shipping and Scorpio Bulkers – on their performance in Q1 2018.

Using the online tool Vesselindex.com it was established that simplified reporting methods used by many dry bulk companies can show a very different outperformance of the market compared to the results produced when using Vesselindex.com. The reason being that most listed dry bulk companies compare their results directly with the Baltic Index without considering that these indices are produced on the back of a specific standard index vessel for each segment. This means that companies with superior fleets – those who drives the Ferraris and Aston Martins – are more likely to outperform the index compared to the companies driving VWs.

When benchmarking performance across companies it is therefore imperative to measure relative performance. This is done by normalising (normalisation means adjusting values measured on different scales to a common scale) the various fleets before making comparisons.

The contribution of last year concluded that Pacific Basin outperformed the Baltic Supramax index with 7.6% instead of the 10% stated in their quarterly update. For Scorpio Bulkers the performance went from 4% to 16% underperformance against the same index.

The contribution received a fair amount of positive feedback which fuelled an idea; to analyse all stock listed dry bulk companies and to compile the results in one single report. Here it is: <https://www.vesselindex.com/vesselindex-report>.

Questioning why it's important to measure relative performance the answer is; relative performance addresses the core of a shipping business, namely its ability to generate cashflow based on a given asset base. Hence it is a key indicator of the effectiveness and competency within a dry bulk shipping organisation.

The Vesselindex Performance Report 2019 has identified 53 stock-listed companies engaged in dry bulk shipping. 42% of these companies report details upon which relative performance can be derived which is in itself an interesting indicator on transparency levels in the dry bulk industry. Further it reveals a significant difference in value creation across the transparent companies;

- 10 companies outperform the market by more than 5%.
- Thoresen Thai, Pangaea and Belships are in the top three and the highest-ranking company outperforms the market with close to 40%.
- Lastly 10 companies underperform the market with the lowest ranking company performing minus 13% relative to the general market.

There are many ways of reporting time charter earnings, some are more transparent than others. The report drills even further into this subject across the transparent companies and it provides a third party independent recommendation as to how daily earnings (TCEs) should be reported in order to provide the highest levels of transparency.

Finally, the report suggest that size doesn't always matter and that larger fleets equals better performance. There seems to be nothing supporting the general claim that fleet scale leads to superior results.

Turning to the individual strategies – some companies can be categorised as so-called tonnage providers with relatively small commercial organisations whereas others pursue the strategy of being close to their client and thus having large commercial setups with multiple satellite offices around the world. The report creates an obvious opportunity to look at the performance in comparison with the G&As.

It is our hope that the Vesselindex Performance Report 2019 will contribute to making dry bulk reporting more transparent to the benefit of analysts, investors, managements, boards and other stakeholders.

Source : [splash247](#)