



Maersk's container shipping business slumps into the red for Q3

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AP Moller Maersk's container shipping, or ocean, business slumped into the red in the third quarter and the Danish company warns of challenges ahead.

Maersk reported a \$27 million loss at an EBIT level for its ocean business in Q3 2023 compared to an \$8.34 billion profit in the same period a year earlier.

The slump of container shipping business into the red came despite a 9% increase in volume in Q3 compared to Q2 2023, and 11% drop in bunker costs compared to Q3 2022. The company said the negative EBIT in Q3 was, "driven by significant pressure on rates, in particular on Asia to Europe, North America and Latin America trades".

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Revenues from the ocean business in Q3 2023 were \$7.9 billion less than half the \$18 billion reported in the same quarter in 2022.

Overall Maersk's business at group level, including terminals, logistics, and towage and marine services reported an EBIT of \$538 million in Q3 2023 compared to \$9.48 billion a year earlier.

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"Our industry is facing a new normal with subdued demand, prices back in line with historical levels and inflationary pressure on our cost base. Since the summer, we have seen overcapacity across most regions triggering price drops and no noticeable uptick in ship recycling or idling," said Vincent Clerc, CEO of Maersk.

"Given the challenging times ahead, we accelerated several cost and cash containment measures to safeguard our financial performance. While continuously streamlining our organisation and operations, we remain dedicated to our strategy of fulfilling our customers' diversified supply chain needs while pursuing growth opportunities across our terminals business and logistic & services," he added.

Maersk has already reduce its global headcount from 110,000 at the start of 2023 to around 103,500 and now plans further staff cuts.

"Given the worsening price outlook in Ocean, Maersk is intensifying those measures and today introduce plans to further decrease the workforce by 3,500 positions, with up to 2,500 to be carried out in the coming months and the remaining to extend into 2024," the company said.

Maersk is now forecasting global container volume growth in the range of -2% to -0.5% compared to -4% to -1% previously.

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