

Major lines' margins in negative territory for first time after five years

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Mainline operators' operating profit margins fell into negative territory for the first time since 2018, due to losses in 4Q 2023, according to Alphaliner's report.

On average, these operators' operating margins stood at -3% in the last three months of 2023, as the Covid-19-fuelled boom ended its run. Six out of the nine largest box lines reported operating losses for the last quarter of 2023.

Only Evergreen Marine Corporation and [HMM](#) have reported operating profits, albeit sharply reduced from the same period in 2022.

COSCO Shipping Lines will announce its 2023 results at the end of this month, but based on its preliminary results, is expected to record a significantly lower operating profit for the fourth quarter of the last year.

Taiwan's Evergreen had the largest operating profit margin, which stood at 7%, 10 times that of HMM, which only narrowly avoided a loss.

Overall, the carriers' average margin remained positive for the year, at around 4%.

For the larger operators, margins remain above those in 2019. However, [ZIM](#), [Yang Ming](#) and [Wan Hai Lines](#) reported operating losses, and hence negative margins, over the full year, a faster-than-expected slide into red ink.

The world's second-largest carrier, [Maersk](#) reported the lowest margin for 4Q 2023, at -12.8%, but remained positive for the year with a margin of 6.6%. However, the Danish shipping company released the worst outlook for the current year, confirming it is unlikely to stay in the black and could generate operating losses of up to US\$5 billion in 2024.

Comparisons suggest rate declines during the year affected earnings more than volume gains. Better-performing [CMA CGM](#) and [Hapag-Lloyd](#) increased volumes by a slight 0.5% in 2023 but saw a year-on-year decline in rates of just 48%, while other carriers suffered rate drops between 55% and 65%.

While the Red Sea crisis and restrictions on Panama Canal transits remain, Alphaliner said these factors make 2024 an unpredictable year for container shipping.

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