

Liner operators' margins hit post-Covid peak

September 4, 2024



Alphaliner's report today (4 September) stated that margins for the nine largest liner operators topped 20% in Q2 2024, the highest since the Covid-19 pandemic, as the tonnage overhang was absorbed by the Red Sea crisis.

As in the early days of the pandemic, carriers with strong spot exposure to Far East exports performed best in the latest quarter. Taiwanese operator Evergreen Marine Corporation (EMC) has the highest margin, at 30.7%, after operating profit of US\$1 billion.

Effective cost control and raising revenue has enabled EMC to achieve the best margins among all operators for half of the last 14 quarters.

EMC's compatriot peer Wan Hai Lines has the second-best margin, at 28.5%, after overturning a loss-making 2023 to stay profitable in 2024 to date.

Alphaliner opined that Wan Hai's newbuilding spree during the pandemic was well-timed for the resurgent market amid the Red Sea crisis, which has absorbed excessive vessel supply due to detours round the Cape of Good Hope.

The consultancy said, "Wan Hai has taken delivery of 40 ships of 265,000 TEU over the past two years and with a rising cost base, would have faced a very different set of figures without the impact of the Red Sea crisis."

HMM and Yang Ming were jointly, the third best performer where margins were concerned, recording margins of 26.9% in the quarter.

ZIM Line and COSCO had margins of over 20%, while ONE's margin was just 15.8%, reflecting its concentration on long-term shipping contracts.

Margins for Maersk Line and other European carriers were also comparatively lower due to their focus for long-term shipping contracts. For the third straight quarter, Maersk had the lowest margins among major operators, with a 5.6% margin in Q2 2024.

COSCO, which achieved a US\$1.6 billion operating profit in Q2 2024, had a margin of 24.9% and said that faster growth in emerging markets like South America and East Africa is another factor in earnings.

This year, COSCO launched new services between the Far East and the South American West Coast, as well as between China's Dalian port and Mexico. It also upgraded its China-Vietnam and China-East Africa services.

Martina Li
Asia Correspondent