
Hapag-Lloyd achieves significantly improved Group net result in 2019

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Hapag-Lloyd published its audited business results for 2019.

The Group net result improved significantly to around USD 418 million (EUR 373 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) rose to USD 2.2 billion (almost EUR 2 billion).

At the same time, earnings before interest and taxes (EBIT) climbed to USD 908 million (EUR 811 million). The results include effects from the first-time application of the IFRS 16 accounting standard, which amount to approximately USD 523 million (EUR 467 million) for the EBITDA and approximately USD 34 million (EUR 31 million) for the EBIT.

“Today we are in rapidly changing and uncertain times, but that does not take away that 2019 was a very good year for Hapag-Lloyd. We benefitted from higher volumes and better freight rates, kept a close eye on our costs and brought down our financial debt significantly. We also continued implementing our Strategy 2023, and achieved a Group net result that is well above the prior-year result” said Rolf Habben Jansen, Chief Executive Officer of Hapag-Lloyd AG.

Revenues increased in the 2019 financial year by approximately 3 percent, to USD 14.1 billion (EUR 12.6 billion). The average freight rate of 1,072 USD/TEU was up by 2.7 percent over the previous year due to a stronger focus on more profitable trade lanes and active revenue management. The 1.4 percent year-on-year increase in transport volumes, to more than 12 million TEU, also made a positive contribution to revenues. Lower expenses for the handling and inland haulage of containers, a slightly lower average bunker consumption price of USD 416 per tonne as well as the first-time application of IFRS 16 had a positive effect on transport expenses, which amounted to USD 10.9 billion (EUR 9.7 billion).

In addition, almost USD 1 billion (more than EUR 800 million) in financial debt was repaid (excluding IFRS 16) in 2019, which significantly reduced financing costs in the second half of the year. The leverage ratio (Net Debt to EBITDA) decreased to 3.0x and is thereby below the 3.5x target set for 2019.

In light of this, the Executive Board and Supervisory Board of Hapag-Lloyd AG have decided to propose to the Annual General Meeting that a dividend of EUR 1.10 per share shall be paid out for the 2019 financial year.

For 2020, Hapag-Lloyd expects an EBITDA of EUR 1.7 to 2.2 billion and an EBIT of EUR 0.5 to 1.0 billion. This forecast for 2020 is subject to considerably higher uncertainties than normal, particularly due to the coronavirus outbreak. After a decent start of 2020, global container volumes will be impacted by the global coronavirus crisis, and the magnitude of that is impossible to determine right now. Hapag-Lloyd anticipates that transport capacity deployments may have to be adjusted in light of the coronavirus in the coming months to cope with lower demand. The extent of the coronavirus outbreak cannot be accurately predicted, but Hapag-Lloyd expects that it will have an impact on the development of earnings at least in the first half of 2020.

“2020 will be a very unusual year after we have seen that due to the coronavirus outbreak conditions in many markets have changed very quickly over the last weeks. After the initial shock, markets in China and other Asian Countries have started to recover probably faster than many feared – but now also the other continents are impacted, and the effects of that will be significant. We will in the upcoming weeks and months mainly focus on the three things that matter most to us: the safety and health of our people, keeping the Supply Chains of our customers flowing and taking precautionary financial measures to weather the storm if it lasts longer than anticipated” said Rolf Habben Jansen.

(Hapag-Lloyd)