
Hapag-Lloyd gets 2020 off to a decent start despite coronavirus pandemic, but uncertainties remain

2020/05/20 16:14 στην κατηγορία INTERNATIONAL

For the first quarter of 2020, Hapag-Lloyd recorded earnings before interest and taxes (EBIT) of USD 176 million (EUR 160 million), which is below the corresponding prior-year figure of USD 243 million (EUR 214 million). The Group net result declined to approximately USD 27 million (EUR 25 million). Earnings before interest, taxes, depreciation and amortisation (EBITDA) decreased slightly to USD 517 million (EUR 469 million).

“Despite the coronavirus pandemic, we have gotten the year off to a good start. Higher transport volumes and better freight rates have boosted our revenues. The financial result is below the first quarter of the previous year as we faced higher bunker prices after the new IMO 2020 rules on 1 January and we had a significant negative bunker stock valuation after the decline in crude oil prices at the end of the first quarter,” said Rolf Habben Jansen, Chief Executive Officer of Hapag-Lloyd AG.

Revenues increased in the first quarter of 2020 by around 6 percent, to USD 3.7 billion (EUR 3.3 billion). This can primarily be attributed to a 4.3 percent increase in transport volumes, to more than 3 million TEU, and an improved average freight rate of USD 1,094 per TEU. Transport expenses increased by almost 10 percent, disproportionately to revenues, particularly due to higher bunker costs, which increased by USD 98 to USD 523 per tonne as a result of the transition to low-sulphur fuel oil required by the IMO 2020 regulation. This had a negative impact on earnings, as did a devaluation of bunker inventories of around USD 64 million (approximately EUR 58 million) due to the rapid decline in crude oil prices that began at the end of the first quarter.

Free cashflow was once again clearly positive at USD 302 million (EUR 274 million). At the end of the first quarter, the liquidity reserve stood at approximately USD 1.2 billion (EUR 1.1 billion), thereby remaining at a persistently good level.

Rolf Habben Jansen: “Although we were able to pick up a bit of tailwind at the beginning of the year, we anticipate that the coronavirus pandemic will have very significant impacts in 2020, beginning in the second quarter. Our main focuses will

continue to be the safety and well-being of our employees as well as the supply chains of our customers. We have taken a wide range of measures designed to save an amount in the mid-triple-digit million range to safeguard our profitability and liquidity. We adjust our service network to the lower demand and seek savings in all cost categories, from terminal, transport, equipment and network costs to overhead.”

Taking into account the prevailing uncertainties and building on the planned cost cutting measures as well as based on the premise that the pandemic will peak in the second quarter and give way to a gradual recovery in the global economy in the second half of the year, the Executive Board has substantiated its earnings forecast from the start of the year. This means that Hapag-Lloyd still continues to expect EBITDA of EUR 1.7 to 2.2 billion and EBIT of EUR 0.5 to 1.0 billion for the current financial year. However, unless there is a recovery in demand for container transport services earlier and stronger than expected in the market studies cited in the financial report for the first quarter 2020, the upper end of the forecast ranges is barely achievable from today’s perspective.

(Hapag-Lloyd)