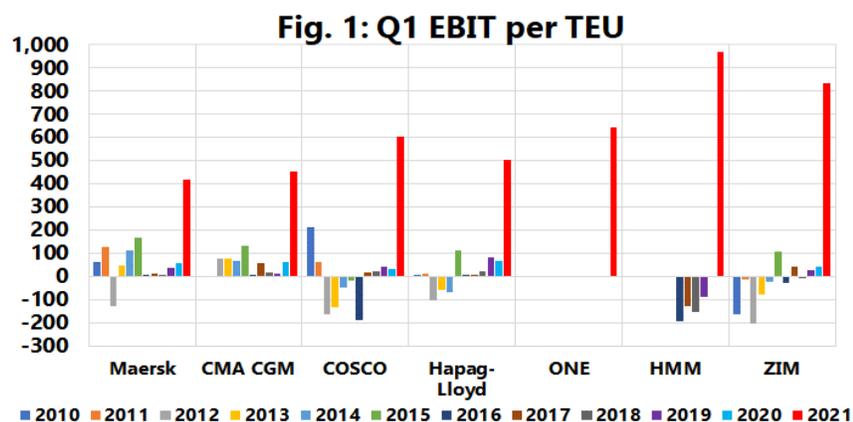


Record USD 16.2bn carrier EBIT in 2021-Q1

Amidst the pandemic and its impact on the industry, the 11 largest shipping lines saw unprecedented levels of operating profits in 2020-2H, to the tune of a combined USD 13.3bn operating profit. In issue 518 of the *Sunday Spotlight*, we looked at whether the strong results for the large shipping lines continued in 2021-Q1.

While Q1 is traditionally considered a slack season for container shipping, revenues have soared to unprecedented levels. Out of the 11 carriers that report on these figures, only three carriers recorded a Y/Y increase in revenue in 2021-Q1 of under 50.0%, with three carriers more than doubling their revenue Y/Y. In terms of the profitability from operations, for the first time in 10 years, all major carriers recorded a positive Q1 EBIT, with 7 carriers recording an EBIT of over USD 1bn, and 3 carriers recording an EBIT of over USD 2bn, which is completely without precedent. To put it into perspective, in 2010-2020, only twice did any carrier record a positive EBIT of over USD 500M. The combined EBIT in 2021-Q1 of all reporting carriers was a staggering USD 16.19bn. For all 11 carriers, their EBIT in 2021-Q1 was their highest across all previous first quarters in 2010-2020 and was greater than the sum of the Q1 EBITs of all of the previous 10 years combined.



To illustrate this improvement in profitability, figure 1 shows the EBIT/TEU for each of the 7 carriers that reports on both their EBIT and their global volumes. The figure essentially shows how much money each shipping line have been earning (or losing) for every TEU of container shipped.

One quick glance at figure 1 and we can see how extraordinarily high the carriers' operating profits have been in 2021-Q1. HMM recorded the highest EBIT/TEU of 971 USD/TEU, which means that HMM had an operating profit of nearly USD 1,000 for every TEU shipped. This is remarkable for a carrier that has had considerable profitability issues in the past. ZIM recorded the second-highest EBIT/TEU of 836 USD/TEU in 2021-Q1. Two carriers, COSCO and ONE, recorded EBIT/TEU of 600-700 USD/TEU, with Hapag-Lloyd the only carrier with an EBIT/TEU in the 500-600 USD/TEU range. The last two carriers, CMA CGM and Maersk, had EBIT/TEU of under 500 USD/TEU at 452 USD/TEU and 419 USD/TEU, respectively.

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Sea-Intelligence is a leading provider of Research & Analysis, Data Services, and Advisory Services within the global supply chain, with a strong focus on container shipping. Combining strong quantitative analytical skills with a deep understanding of the supply chain industry, based on many decades of experience at all central parts of the Ocean supply chain, Sea-Intelligence supports customers across all stakeholder groups.