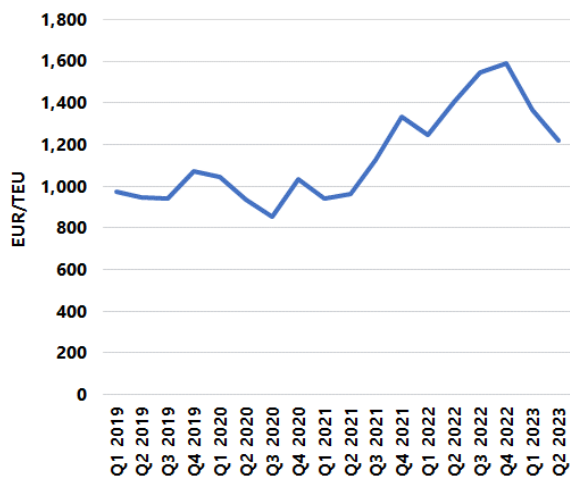


Hapag-Lloyd: Cost inflation at 29%

The term “cost inflation” has been mentioned frequently in 2023 as the freight rates kept coming down, yet the indication was that the carriers’ unit costs remained high. All elements of the global economy have seen soaring inflation, but we are also seeing that this is beginning to slowly abate. For the carriers though, the cost inflation is 29% compared to pre-pandemic. This is based on Hapag-Lloyd’s detailed financial data as a market proxy.

Cost inflation reached an apex in 2022-Q3, where the total unit cost was 64% higher than pre-pandemic, which is indeed a significant figure. However, this is being dealt with from the carriers’ side, as the cost inflation has already been halved (compared to the apex) in 2022-Q2 to 29%.

Fig. 1: Total operating expenses (Hapag-Lloyd)



If we look at the underlying cost elements, handling and haulage and seen to have been the least affected by inflation, as the unit costs presently are 11.2% above 2019 levels, whereas the costs to personnel are up by 51% compared to before the pandemic. But of course, each of these cost components do not have the same impact. Personnel expenses only account for 7% of the total operating expenses and is the smallest component. Conversely, Handling and Haulage account for 37% and is the largest component.

The next largest component, with a 30% share of the total operating expenses – vessels (excl. bunker), which also includes depreciation, amortization, and impairments, was up by significant 38.9% above the 2019 level. However, this category saw one of the smaller decreases from the apex, of -16.2%.

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All quotes can be attributed to: Alan Murphy, CEO, Sea-Intelligence.

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Sea-Intelligence is a leading provider of Research & Analysis, Data Services, and Advisory Services within the global supply chain industry, 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.