Evergreen swings to profit on higher rates, volume

Greg Knowler, Senior Asia Editor | May 15, 2017 1:08AM EDT

Evergreen converted a loss in the fourth quarter of 2016 into a first quarter profit. Taiwan’s top three carriers have reported contrasting results for the first quarter with Evergreen Marine Corp. bouncing back from a poor fourth quarter, while Wan Hai Lines and Yang Ming Line posted losses. Evergreen reported a $5.6 million in profit in a filing to the Taiwan Stock Exchange, a significant turnaround from the $219 million loss posted in the fourth quarter of last year. The Taipei-based carrier saw revenue in the first quarter
Wan Hai, by contrast, reported a $7.8 million loss in the first quarter after a fourth quarter 2016 profit of $38 million. Its revenue slipped 1.2 percent compared to the first three months of 2016 to $460 million.

Intra-Asia specialist Wan Hai in 2016 bucked the industry trend and posted a full year profit of $37.5 million, although that figure was down 71 percent on the previous year.

Yang Ming’s first-quarter volume shot up 14 percent, year-over-year, helping boost its revenue in the same period by nearly 11.6 percent, to $963 million. The carrier’s loss in the first three months of the year fell 75 percent to $29 million.

Yang Ming said it would announce new investors after trading resumed, but hasn’t detailed when. Without a curb to its revenue decline, maritime analyst Alphaliner warned the carrier needs at least $300 million in equity injections within the next 12 months to avoid a liquidity crunch.

Carriers are optimistic that a market rebound is underway. Despite Maersk Line reporting a $66 million loss in the first quarter of 2017, during its first quarter earnings call with investors Thursday, group CEO Soren Skou said “freight rates are increasing not only east-west but also now north-south.” He reiterated the Danish carrier’s guidance to investors that Maersk Line’s full year profit would improve by $1 billion over the 2016 result.

In the first quarter of 2017, the average China Containerized Freight Index reached 825 points, up 8% quarter-over-quarter. The average composite index of the World Container Index assessed by Drewry for the year to date is $1,591 per FEU, $118 lower than the 5-year average of $1,710 per FEU but 40 percent higher than a year ago. The weekly rates are tracked at JOC.com’s Market Data Hub.

In other first quarter results, Hyundai Merchant Marine widened its losses to $653 million that it blamed on lower freight rates, despite volume increasing by 37 percent year-over-year to 958,000 TEU. HMM took over bankrupt Hanjin Shipping’s intra-Asia and trans-Pacific routes, which ramped up the volume the carrier handled on those trades. Trans-Pacific shipments grew 41.4 percent in the first quarter and intra-Asia rose 62.4 percent year-over-year.

In its first-quarter operational update, Orient Overseas Container Line also reported dramatic increases in container volumes and revenue on the Asia-Europe and trans-Pacific trades. Trans-Pacific volume in the first three months of the year was 393,469 TEU, a 20 percent increase over the same period of 2016, while Asia-Europe liftings reached 251,289 TEU, up 17.6 percent year-over-year.

Hapag-Lloyd recorded a flat earnings before interest and tax and ended the quarter with a $67 million loss, and the three Japanese carriers, Mitsui OSK Lines, NYK Line, and "K" Line, posted combined operating losses of $550 million in the year ended March 31.

Cosco Shipping Holdings bounced back from its huge 2016 loss with a profit of USD39 million in the first quarter, driven by its container division that reported surging volumes and a solid increase in revenue.

Contact Greg Knowler at greg.knowler@ihsmarkit.com and follow him on Twitter: @greg_knowler
Russia won’t levy fines for collusion against carriers until next year

Evergreen looks to further harness intra-Asia trade growth with 10-vessel order

Evergreen, Arkas to launch Mediterranean service

Add comment

Your name
tim.demichiel@p... (users/timdemiichielportsamericacom)

Comment *

Save
White Papers

1TPM
Container Shipping Outlook: How Shippers See 2017
LEARN MORE »

IHS Markit Maritime & Trade Perspectives: 2017 Global Outlook
LEARN MORE »

Best Practices to Reduce International Freight Costs
LEARN MORE »

More Whitepapers
International Logistics

- **Green Supply Chain** (/international-logistics/green-supply-chain)
- **Industrial Real Estate** (/international-logistics/industrial-real-estate)
- **Distribution Centers** (/international-logistics/distribution-centers)
- **Global Sourcing** (/international-logistics/global-sourcing)
- **Logistics Providers** (/international-logistics/logistics-providers)
  - 5K Logistics (/international-logistics/logistics-providers/5k-logistics)
  - A.N. Deringer (/international-logistics/logistics-providers/deringer)
  - ADS Logistics (/international-logistics/logistics-providers/ads-logistics)
  - AIT Worldwide Logistics (/international-logistics/logistics-providers/ait-worldwide-logistics)
  - AJ Arango (/international-logistics/logistics-providers/aj-arango)
  - ALG Worldwide Logistics (/international-logistics/logistics-providers/alg-worldwide-logistics)
  - APL Logistics (/international-logistics/logistics-providers/apl-logistics)
  - ATA Freight Line (/international-logistics/logistics-providers/ata-freight-line)
  - ATT Group (/international-logistics/logistics-providers/att-group)
  - Accel Logistica (/international-logistics/logistics-providers/accel-logistica)
  - Advanced Distribution Services (/international-logistics/logistics-providers/advanced-distribution-services)
  - More... (/tertiary-navigation)
- **Logistics Technology** (/international-logistics/logistics-technology)
- Cool Cargoes (/international-logistics/cool-cargoes)