



By Carl Collen

Wednesday 19th August 2020, 9:14 GMT

Maersk's Q2 earnings boost

Logistics giant turns in strong second quarter performance despite Covid-19 impact



AP Moller-Maersk has announced that its profitability "improved across all businesses" in the second quarter (Q2) of the year, despite the sharp drop in global volumes following the Covid-19 crisis.

Earnings for the quarter increased thanks to what Maersk called "agile capacity deployment, cost mitigation initiatives and adaption to changed customer needs".

Earnings before interest, tax, depreciation and amortisation (EBITDA) improved to US\$1.697bn, up on the US\$1.357bn recorded in the same period of 2019, and higher than the initial expectations in the trading update from June of an EBITDA slightly above US\$1.5bn.

Revenue dropped by 6.5 per cent to US\$9bn from US\$9.6bn, driven by a volume decrease of 16 per cent in Ocean and 14 per cent in gateway terminals.

In Ocean, the lower volumes were partly offset by "agile capacity deployment of the global network" leading to lower costs, together with lower fuel prices and higher freight rates.

"As expected, the second quarter was materially impacted by Covid-19 and our focus remained on protecting our employees from the virus, serving our customers by keeping our global network of ships sailing and our ports, warehouses and inland transportation networks operating, and helping the societies we are part of fight the virus," said Søren Skou, chief executive of Maersk.

"I am pleased that we despite the headwinds, continued our track record of improving earnings and free cash flow," he continued. "Our operating earnings improved by 25 per cent, marking the eighth consecutive quarter with year-on-year improvements, driven by strong cost performance across all our businesses, lower fuel prices and higher freight rates in Ocean and increased profitability in Logistics & Services.

"With a strong result and a strong balance sheet we are well positioned to financially and strategically come out of the crisis stronger."

AP Moller-Maersk suspended its full-year guidance for 2020 (EBITDA before

restructuring and integration costs of around US\$5.5bn) on 20 March 2020 due to the Covid-19 pandemic, given material uncertainties and lack of visibility related to the global demand for container transport and logistics.

Despite the uncertainties related to Covid-19, Maersk reinstated its full-year guidance for 2020 and now expects EBITDA to be between US\$bn-US\$7bn, before restructuring and integration costs.

<http://www.fruitnet.com/americafruit/article/1474/parts-of-san-diego-quarantined-as-psyllid-count-mounts>

© Copyright Market Intelligence Ltd - Fruitnet.com 2014. The copyright on this article and all content published on Market Intelligence Ltd - Fruitnet.com is held by Market Intelligence Ltd - Fruitnet.com Limited, a joint venture between Market Intelligence Limited and Dr Rolf M Wolf Media GmbH. All rights reserved. Neither this article nor any part of it may be reproduced, stored or transmitted in any form, including print-outs, screen grabs and information retrieval systems, without the prior permission of the copyright owners.

FRUITNET.COM