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Maersk upgrades guidance

Logistics group upgrades expectations for third quarter and 2020 full-year guidance



Søren Skou

AP Moller-Maersk has revealed that it is changing its full-year guidance for 2020 based on preliminary third-quarter (Q3) figures and the current outlook for the fourth quarter (Q4).

The logistics giant is now reporting an unaudited revenue of US\$9.9bn and an EBITDA before restructuring and integration costs of US\$2.4bn for Q3 2020, driven by a "continued recovery in demand and an initiative to improve cost".

Volumes in Ocean declined by around 3 per cent in the third quarter compared to previous year, which is slightly better than the anticipated mid-single digit contraction.

"AP Moller-Maersk is on track to deliver a strong Q3 with solid earnings growth across all our businesses, in particular in Ocean and Logistics and Services," said Søren Skou, group CEO.

"Volumes have rebounded faster than expected, our cost have remained well

under control, freight rates have increased due to strong demand and we are growing earnings rapidly in Logistics and Services," he enthused. "The outlook for Q4 is solid for the same reasons, and we are therefore able to upgrade our expectations for the full year."

"The outlook for 2021 remains uncertain due to the ongoing pandemic," Skou added. "The positive impact from stimulus packages may be less strong in 2021, potential new lockdowns will impact demand and the timing and effectiveness of a potential vaccine will impact 2021."

Maersk expects to take a restructuring charge of around US\$100m in the third quarter, related to the redundancies of approximately 2,000 employees as the consequence of the changes to the organisation in Ocean and Logistics and Services.

"Given the result in Q3 2020 and the current earnings momentum we see

across the businesses, the full year 2020 EBITDA is now expected to be in the range of US\$7.5-8bn, before restructuring and integration costs (previously US\$6-7bn)," Maersk stated. "Trading conditions for the quarters ahead remain subject to a higher than normal uncertainty given the disruptions caused or potentially being caused by Covid-19."

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