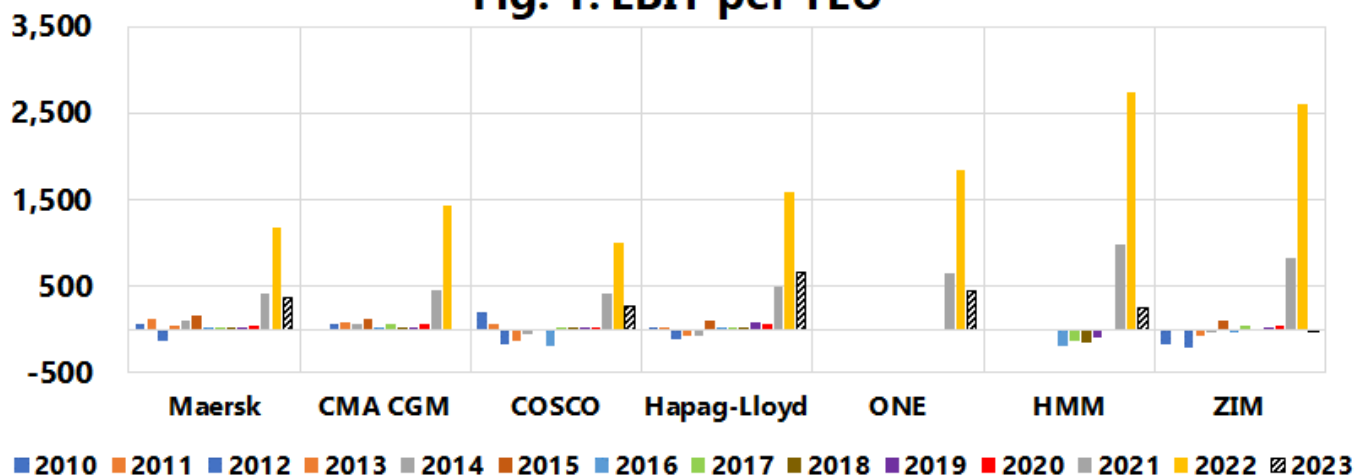


## 2023-Q1 EBIT drops 81% Y/Y to USD 7bn

There were indications of a weakness in the market in the second half of 2022, which has manifested fully in 2023-Q1. Revenues declined quite sharply, in the range of 35%-70% Y/Y. In terms of EBIT, there was a stark difference for 2023-Q1 versus the previous two years. Overall, 2023-Q1 EBIT was USD 7.00bn versus a staggering USD 43.93bn in 2022-Q1, and even lower than the USD 16.28bn EBIT of 2021-Q1. That said, it is still markedly higher than the USD 621M EBIT of 2019-Q1. In fact, the combined EBIT drop Y/Y was a staggering - 81.0% (across the same set of carriers).

**Fig. 1: EBIT per TEU**



This can also be seen in the EBIT/TEU figures, where none of the shipping lines were able to sustain their 2022-Q1 EBIT/TEU figures into 2023. On average, the shipping lines recorded EBIT/TEU of 330 USD/TEU in 2023-Q1, down 81% from 2022-Q1's average of 1,829 USD/TEU, but still vastly above the just 53 USD/TEU average of 2010-2021.

The only silver lining, if you can even call it that, is that while Y/Y comparisons with 2022-Q1 will show a horrifying picture due to the unnaturally high numbers in that year, the reality is that the profitability of the shipping lines has increased considerably compared to the pre-pandemic levels, and looking at the current market indicators, it does not seem that the shipping lines are going to drop back down to those low levels in the short term.

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

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