

## Lower ocean, air rates weigh on DHL Global Forwarding despite volume growth



*DHL Global Forwarding's air cargo volumes rose 5.1% in the first quarter, with the improvement mainly linked to trade routes between Asia and Europe. Photo credit: Andrew Harker / Shutterstock.com.*

**Keith Wallis, Special Correspondent | May 7, 2024, 12:52 PM EDT**

Lower rates for ocean and air freight weighed on DHL Global Forwarding in the first quarter, with the company seeing sharply reduced earnings and revenues despite an increase in volumes, particularly from Asia, parent company DHL said Tuesday.

Group CFO Melanie Kreis would not be drawn on the near-term freight rate outlook or the likelihood of a modal shift from ocean to air or sea-air caused by supply chain disruptions, including the ongoing vessel diversions to avoid the Red Sea.

Instead, Kreis said “there are always distortions” that influence spot rates and sometimes lead to a shift between air and ocean. “It’s a normal part of business,” she said during a first-quarter results briefing.

Kreis forecasts that DHL's results for the second quarter would be similar to Q1 but believes there will be an improvement in the second half of the year. She said the air and ocean sectors are going through "an extended period of market sluggishness."

DHL Global Forwarding saw earnings before interest and taxes (EBIT) fall 32% to \$283 million (€263 million) in the first quarter, while revenue dropped 16% to \$5 billion.

The declines came even though the company's ocean freight volumes climbed 6.6% in the quarter, while air cargo volumes rose 5.1%. The improvement in air freight volumes was "primarily attributable to trade routes between Asia and Europe," DHL said.

## Full-year guidance unchanged

The company's Express business, its biggest contributor in terms of revenue and EBIT, reported a 30% drop in EBIT to \$681 million in Q1 while revenue slipped 4.4% to \$6.5 billion.

Kreis said results at both Global Forwarding and Express were in line with expectations. She pointed out that for Global Forwarding, EBIT was still down in Q1 compared with the "elevated post-pandemic" result of last year, while Express saw continued weak demand.

Overall, the DHL Group posted a slight decrease in Q1 EBIT to \$1.4 billion, while revenues slid to \$22 billion from \$22.5 billion. Full-year guidance is unchanged, with operating profit forecast at between \$6.5 billion and \$7.1 billion.

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