S&P Journal of Commerce

Cosco forecasts 95% jump in 2024 net profit on robust volumes, freight rates

OOCL Portugal, delivered in August, was the last of the carrier's order of a dozen 24,188-TEU ships. Photo credit: OOCL.

Greg Knowler, Senior Editor Europe | Jan 10, 2025, 12:09 PM EST

Cosco Shipping Holdings, the parent of Cosco Shipping and OOCL, on Friday said it expects $7.5 billion in net profit for 2024, a 95% year-over-year jump that the carrier attributed to an increase in volumes and higher freight rates.

While Cosco did not provide the volume or revenue figures in its estimated annual results, the China state-owned carrier noted in an announcement to the Hong Kong Exchange that the Red Sea diversions had caused a shortage in capacity and kept rates at "a relatively high level."

"In 2024, the company recorded an increase in volume and freight rate of its container shipping business on a year-over-year basis, achieving better operating results," Cosco said in the statement.

Also released Friday was an operational update from Cosco subsidiary OOCL. Although no profit and loss details were published — full financial results will be announced in March — the OOCL result gave a little more color on fourth-quarter and full-year performance.

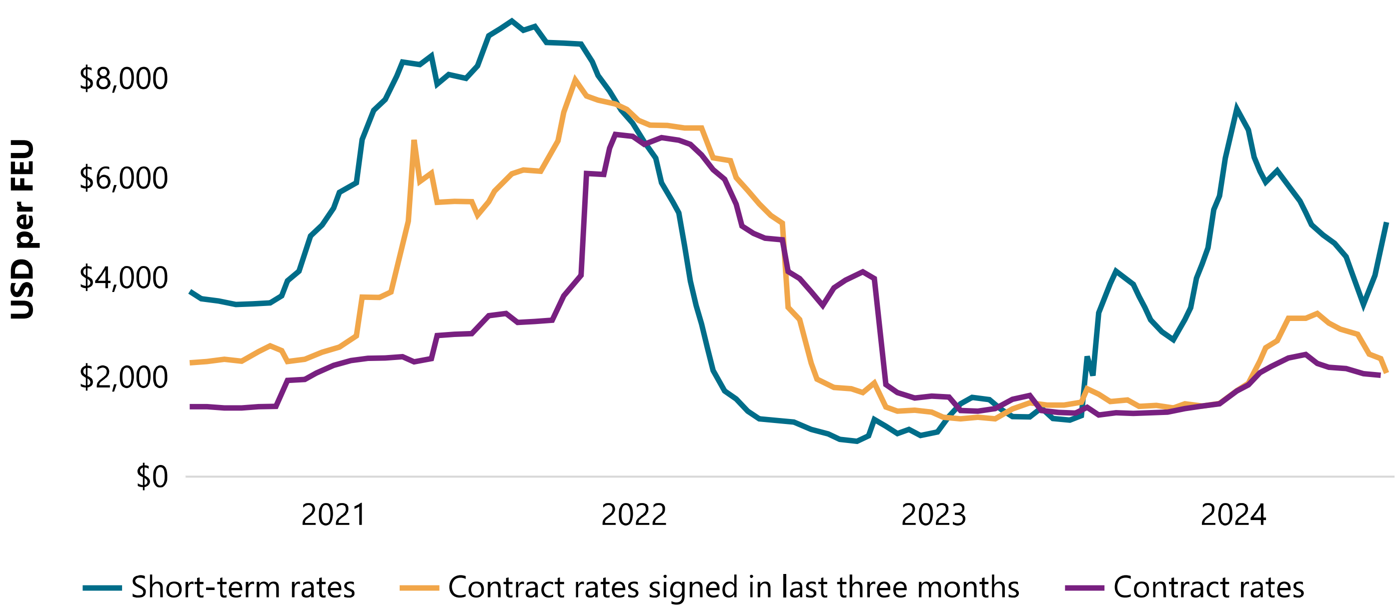
OOCL reported 2024 annual revenue just shy of $10 billion, with the 30% year-over-year increase driven by a booming fourth quarter when volume rose 3.5% to 7.6 million TEUs and average revenue per TEU rose 46.2% compared with the last three months of 2023.

The operating result and Cosco's 2024 earnings forecast show container shipping is firmly back in profitable territory following a poor end to 2023 when several carriers, including Maersk and Hapag-Lloyd, reported fourth-quarter operating losses.

High average revenue per TEU

The trans-Pacific trade led both volume and revenue growth at OOCL last year, with 2024 volume up 10% to 2 million TEUs and revenue on the lane soaring 53.5% to $3.8 billion. Asia-Europe volume of 1.4 million TEUs was down 10.9% while revenue rose 44% to $2.3 billion. Trans-Atlantic volumes fell 0.6% to 479,517 with revenue declining 26% to $616 million.

Sharp divergence between spot and long-term rates on trans-Pacific
Asia to US West Coast short-term and contract rates



Source: Xeneta

3M 6M 1Y YTD MAX

Related data for this chart
Click here to explore related data on Gateway

OOCL's largest segment by volume is effectively two trade lanes, intra-Asia and Australasia, which reported a 7.4% increase in demand to 3.6 million TEUs and revenue rising 17.1% to just under $3 billion.

It was the fourth quarter where the big financial numbers were recorded as the carrier capitalized on trans-Pacific and trans-Atlantic frontloading ahead of a threatened increase in US tariffs on China by the new Trump administration and an earlier Lunar New Year.

Trans-Pacific leads Q4 volume growth

While OOCL's total fourth-quarter volume rose 6.1% to just under 2 million TEUs, a sharp rise in average rate levels propelled revenue in the last three months of 2024 to $2.5 billion, up 55% year over year.

The trans-Pacific led OOCL's fourth-quarter volume growth, increasing 14.5% to 551,734 TEUs with revenue up 61.7% at $967 million. While Asia-Europe recorded a 6.5% decline in volume to 363,125 TEUs, revenue on the trade rose 75.4% to $553 million as diversions around southern Africa absorbed all available capacity and drove up rate levels.

Trans-Atlantic fourth-quarter volume rose 11.3% to 119,733 TEUs, while revenue was up 22.9% to $163 million. Intra-Asia-Australasia volume in the fourth quarter increased 6.3% to 951,318 TEUs and revenue was up 44.3% year over year at $828 million.

OOCL's operational result also highlighted the gap between demand and available capacity, a result of strong demand all year on the trans-Pacific and the Africa diversions absorbing all excess supply.

In the fourth quarter, the volume growth of 6.1% across all the carrier's trade lanes was accompanied by available capacity growth of 4.2%. The full-year volume growth of 3.5% came as available capacity increased by just 0.3%.

Contact Greg Knowler at greg.knowler@spglobal.com.