S&P Journal of Commerce

Ocean carrier profit margins, earnings outlook for 2025 trimmed further

Asia-based carriers have shown more resilient margins due to their exposure to intra-Asia trades and other routes outside the US market. Photo credit: Sven Hansche / Shutterstock.com.

Michael Angell, Senior Editor, East Coast Ports | Sep 3, 2025, 3:39 PM EDT

Ocean carrier earnings this year are expected to fall by more than half compared with last year, as profit margins slip to 2023 levels. And with vessel capacity outstripping demand for the foreseeable future, liner operators face the prospect of a loss-making 2026.

Full-year 2025 earnings for eight publicly-traded ocean carriers are expected to fall by an average of 61% compared with 2024, according to Capital IQ Estimates, a sister company of the *Journal of Commerce* within S&P Global.

The consensus analyst estimates as of September mark a further ratcheting down from the 53% drop in 2025 earnings expected as of March 31.

The downward revision comes after carriers reported second-quarter results and offered up dismal forecasts for the remainder of 2025. Out of all the carriers, only Maersk saw its earnings estimates revised upward after Chief Executive Vincent Clerc said its non-ocean logistics business would hit its 2025 profit margin targets.

Investment bank HSBC said in a report on Tuesday that import frontloading during the second quarter will dampen demand throughout the rest of 2025. The investment bank added that as retail goods that came in ahead of tariffs get replaced with goods subject to tariffs, consumers could rein in spending, thus hurting further inventory replenishment.

“We think tariff-driven cost escalation would suppress consumer demand while frontloadings from Q2 to early Q3 could retard retailer restocking cycles in H2,” HSBC said. “In this context, we argue that carriers would face margin compression as they balance capacity cuts against softening demand in the rest of the year.”

Big decline in operating margins

Alphaliner noted the margin compression in its weekly report Tuesday. Since hitting their most recent peak of 38.4% in the third quarter of 2024, operating profit margins for ocean carriers have since fallen to 9.9% as of the second quarter of 2025, the lowest level since the fourth quarter of 2023, according to Alphaliner. It said the rerouting of ships away from the Suez Canal was the big factor in 2024 margin strength.

“This time round, margins are falling while the Red Sea crisis continues,” Alphaliner said, adding that a weaker earnings outlook and margin compression were seen in carriers reporting the steepest declines in their freight rates.

South Korea’s HMM reported a 22% year-over-year decline in revenue per TEU for the second quarter, Alphaliner said. The carrier’s operating margins fell from 30% last year to 9% for the second quarter of 2025, according to Capital IQ, while earnings for 2025 are now expected to fall 50% compared with a consensus estimate of a 28% decline back in March.

Zim reported an 11% year-over-year decline in freight rates during the second quarter, Alphaliner said. While the carrier reported a 29% operating margin in 2024, its most recent operating margin was 9%, according to Capital IQ. Analysts’ consensus estimates now show Zim’s profits falling 82% this year.

Alphaliner noted that Wan Hai Lines, Evergreen Marine and Cosco Shipping reported second-quarter operating margins well above the industry average, attributing their margin strength to exposure to trades outside of the US that have proved more resilient.

As for 2026, the outlook is not much better. A J.P. Morgan report last week said shipping rates globally could slip below $1,000 per TEU due to tepid demand and an oversupply of vessels. With operating costs increasing and the potential return of Suez Canal transits exacerbating oversupply, “we expect material EBIT losses” in 2026 for the liner operators under its analyst coverage, the bank said.

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