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Yang Ming reports $27 million loss

Taiwanese carrier among Asian container shipping lines criticized for government subsidies

Kim Link-Wills • Thursday, May 14, 2020 0 245 1 minute read

Yang Ming said its first-quarter container business earnings were weaker than expected. (Photo: Flickr/Arjen van Veldhuisen)

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Yang Ming Marine Transport Corp. reported a first-quarter net loss of more than $27 million on Thursday as it faced criticism for receiving government aid during the coronavirus crisis.

The last sentence of the Taiwanese carrier's press release states that "several [economic] stimulus or bailout [packages have] been revealed by the government to support the shipping industry as it weathers the pandemic impact."

Terms of those bailout packages were not included in the three-paragraph earnings release.

A.P. Moller – Maersk on Wednesday tweeted the link to an article in which CEO Søren Skou told the Financial Times that the European Union needed to push for free trade and intervene against Asian carriers receiving government assistance.

But Asian shipping lines are not the only ones receiving federal aid. Reuters reported Wednesday that CMA CGM had received a €1.05 billion ($1.1 billion) loan that will be 70% guaranteed by the French government.

Yang Ming said Thursday its first-quarter container business earnings were weaker than expected because of the slow resumption of manufacturing after the Lunar New Year, coupled with a service and space reduction plan instituted by THE Alliance in response to the COVID-19 pandemic.

Yang Ming is a member of THE Alliance, a space-sharing agreement on major east-west container routes, with Hapag-Lloyd, ONE and HMM.

Yang Ming reported that its Q1 2020 net loss after tax was 820 million New Taiwan dollars ($27.15 million).

Last year Yang Ming reported a first-quarter loss of $22 million. In 2018, the Q1 loss was $67 million.

It said the Q1 2020 results were impacted by the recognition of loss from part of the group's subsidiaries, including the bulk business, of about NTD 330 million ($10.95 million).

Yang Ming reported consolidated first-quarter revenue of 34.64 billion NTD ($1.15 billion), down just 1% from the same period last year.

The world's eighth-largest container shipping line said Q1 volumes decreased 4% year-over-year to 1.24 million twenty-foot equivalent units (TEUs), while fuel cost increased 5% year-over-year. Yang Ming attributed the fuel cost hike to implementation of the International Maritime Organization low-sulfur fuel regulation on Jan. 1.

Yang Ming said it was blanking sailings in Q2 to mitigate the financial impact of the coronavirus crisis. "Reduced revenue due to large-scale capacity withdrawal in Q2 could be expected. However, related variable or semi-variable cost could also be lowered," it said.

The carrier said it had maintained its twBBB long-term and twA-2 short-term credit ratings.

"The credit rating agency [believes] will continue to benefit from favorable borrowing costs and sufficient liquidity support from banks in Taiwan," it said. "Yang Ming's liquidity and refinancing risks remain low despite the COVID-19 impact. Also, the Ministry of Transportation and Communications recognizes Yang Ming's efforts in the last year to reinforce container business operation and strengthen operating structure via implementing measures to increase profit, reduce cost and enforce risk control."

Tags: A.P. Moller - Maersk | Coronavirus | COVID-19 | Hapag-Lloyd | Ministry of Transportation | pandemic | Taiwanese carrier | Yang Ming