

Hapag-Lloyd's Uneven Red Sea Year

In 2024, a carrier's late recovery left annual operating profit flat while Suez's receipts collapsed. The accounts reveal different outcomes, not a complete allocation of the disruption's cost.

Hapag-Lloyd's liner shipping business earned \$833 million in operating profit in the last quarter of 2024. A year earlier, it had lost \$243 million. That \$1.076 billion turnaround came in a year when attacks in the Red Sea sent ships around Africa. Yet the business ended the full year with operating profit almost unchanged. The quarter and the year tell different stories. [HLFY24, PDF12]

This investigation covers the first full calendar year after the late-2023 diversions. Here, operating profit means earnings before interest and tax, or EBIT. Hapag-Lloyd's investor report presents company-calculated dollar figures alongside its euro reporting. At the annual dollar table's precision, liner EBIT was \$2.717 billion in both years; the audited euro comparison shows a small decline. Neither measure supports a claim that this carrier's annual operating profit surged. [HLFY24, PDF12; HLAR24, PDF51]

Who absorbed the costs of the Red Sea disruption cannot be read straight from a freight index. A carrier pays for longer voyages but may charge more. A cargo owner can absorb the increase, alter an order or pass it to a customer. A canal operator loses receipts when ships take another route. Those outcomes need different records.

The records follow those participants unevenly. The canal reported its receipts, Hapag-Lloyd reported its earnings, and Bank of England contacts described pressure on some importers' margins. None provides a ledger of the world's disruption costs.

The detour began in a falling market

The relevant starting point is not a tranquil shipping business earning a stable return. Hapag-Lloyd's 2023 investor report describes falling freight rates and weak demand after the exceptional pandemic period. Its liner business entered the disruption with a loss-making final quarter. [HLFY23, PDF12-13; HLFY24, PDF12]

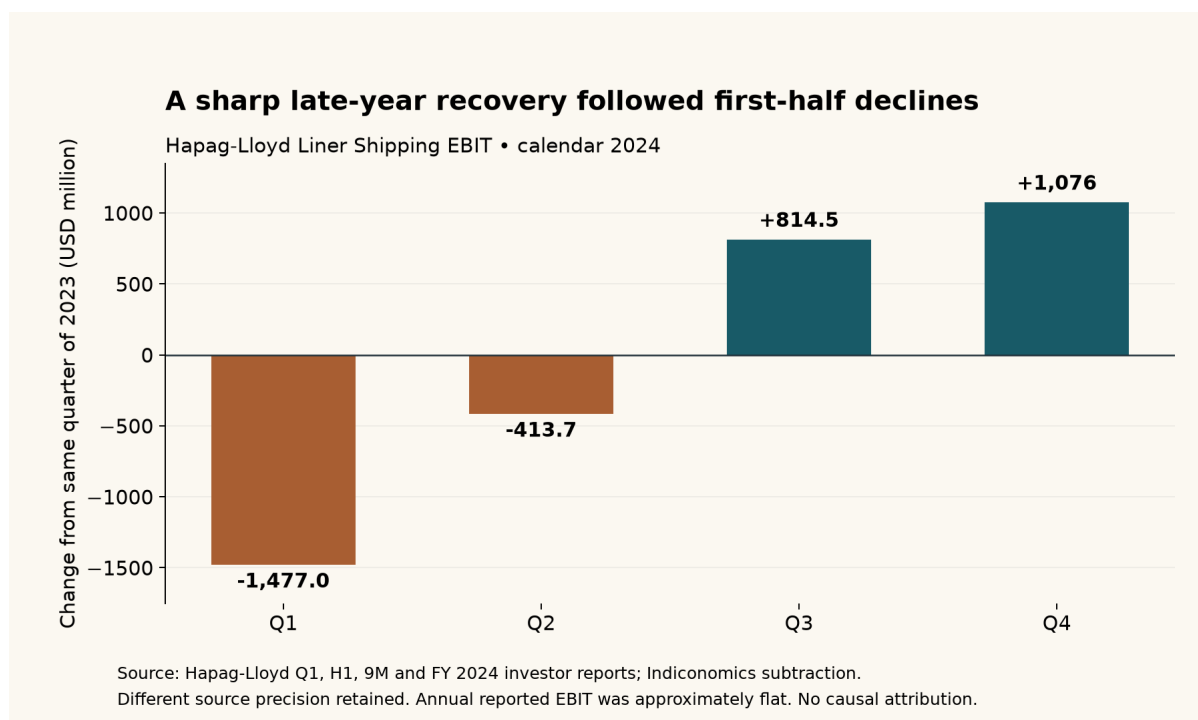
Hapag-Lloyd dates the industry's Cape diversions to mid-December 2023. The Suez Canal Authority's administrative figures put the subsequent contraction in scale: 2,138 vessels passed through the canal that December, followed by 1,362 in January 2024 and 1,120 in February. The canal remained open; fewer vessels chose or were able to use it. By December 2024, monthly transits were 1,006. [HLQ1, PDF6; SCA24, table2, PDF5]

The December start also complicates the comparison. A carrier's annual accounts combine regions, contracts and voyages; a detour does not change every price at once. Rates can rise on an exposed route while another market weakens. Quarter-on-quarter and year-on-year comparisons can then point in different directions.

Hapag-Lloyd's company-wide average freight rate rose from \$1,190 per twenty-foot equivalent unit (TEU) in the fourth quarter of 2023 to \$1,359 in the first quarter of 2024. The first-quarter rate was still far below the \$1,999 recorded a year earlier. More

containers did not offset that comparison: first-quarter liner EBIT fell by \$1.477 billion year on year. TEU measures container capacity, not ships or the value of cargo. [HLFY24, PDF13; HLQ1, PDF11–12]

A recovery that vanished in the annual total



Hapag-Lloyd liner EBIT changes versus the same quarter of 2023: Q1 minus \$1,477 million, Q2 minus \$413.7 million, Q3 plus \$814.5 million, and Q4 plus \$1,076 million.

Liner Shipping EBIT, USD million	2023	2024	Change
January–March	1,855.0	378.0	–1,477.0
April–June	881.4	467.7	–413.7
July–September	223.7	1,038.2	+814.5
October–December	–243	833	+1,076

Sources: Hapag-Lloyd Q1, H1, nine-month and full-year 2024 investor reports. Q2 EBIT uses the H1 table; the nine-month report's Q2 comparator transposes EBIT and EBITDA. Figures retain each report's disclosed precision. Quarterly sums need not reproduce rounded annual dollar figures exactly.

Against the previous year, the second half recovered almost exactly what the first half had lost. That near-cancellation explains why the strong final quarter gives a misleading picture of annual profit. It says nothing by itself about what profit would have been without the disruption.

The annual accounts also reveal the offset. Liner revenue increased by \$1.077 billion, while transport expenses increased by \$947 million. The depreciation, amortisation and impairment charge rose by \$105 million, and the remaining reported operating expense balance worsened by \$26 million. Those movements account for the flat EBIT outcome

within \$1 million of published rounding. In the audited euro table, the corresponding bridge leaves a €0.1 million rounding difference. [HLFY24, PDF12; HLAR24, PDF51]

The \$1.077 billion in extra revenue was largely matched by higher reported expenses. EBIT also excludes financing costs and tax; it is not cash available for distribution.

Nor is every additional transport dollar a Red Sea cost. The company carried more containers. Management links additional bunker consumption to longer Cape voyages, but also records cheaper bunker prices and the first year of European emissions allowances. Handling, transshipment and empty-container repositioning changed too. Crucially, avoiding Suez reduced canal costs. A detour adds some expenses while removing another. [HLFY24, PDF14–15]

The public accounts cannot isolate what profit would have been without the attacks. Their useful finding is narrower and firmer: the late-year rebound coexisted with higher annual costs and essentially unchanged annual liner EBIT. Calling the rebound a measured “Red Sea windfall” would require a counterfactual these tables do not supply.

The average freight rate hid opposing routes

The annual company-wide freight rate slipped from \$1,500 to \$1,492 per TEU. That does not mean customers on exposed routes escaped higher prices. Under the company's adjusted annual trade definitions, its Asia–Europe average rose from \$1,189 to \$1,509 per TEU, about 26.9%, while volume on that trade fell from 3.606 million to 3.547 million TEU. [HLFY24, PDF12–13]

The global average blends that increase with other trades and changing volumes. It is an average of this company's reported business, not an independently measured global shipping price. Likewise, a trade's average rate reflects the mix of customers, contracts and services, not necessarily the price of an identical shipment booked twice.

The changing definitions require care. Hapag-Lloyd regrouped seven trades into four from the fourth quarter. The full-year comparison adjusts both years to that new structure. Earlier quarterly “Atlantic” figures cannot simply be joined to the later “Atlantic” series as if the label guaranteed an unchanged market. Our quarterly profit comparison uses the stable liner segment; the regional comparison uses the company's matched annual table. [HLFY24, PDF13]

A quantity-times-average-rate reconstruction helps expose a further limit. At the previous year's average rate, the additional annual volume contributes \$840 million to a mechanical revenue bridge. Applying the change in the reported average rate to current-year volume subtracts about \$99.7 million. The remaining approximately \$336.7 million brings the bridge to the reported \$1.077 billion revenue increase.

That remainder is not an unexplained profit. Total revenue includes amounts outside the assigned trades and revenue recognised on voyages still in progress; the published quantity and rate inputs are also rounded. The company identifies items such as detention, demurrage and space compensation in its unassigned revenue. Our residual is not a precise measurement of any one of them. It shows why multiplying a headline rate by containers carried cannot reconstruct the entire income statement. [HLFY24, PDF13]

The canal lost receipts

For the toll collector, the departure of ships had a much more direct revenue counterpart. Egypt's State Information Service, reporting the Suez Canal Authority's April 2025 presentation, gives calendar-year receipts of \$10.250 billion in 2023 and \$3.991 billion in 2024. The reported decline was \$6.259 billion, or 61.1%. These are official reported revenues, not an audited profit or an estimate of lost national income. [SIS25]

The Authority's navigation report records a 50.0% decline in all-vessel transits over the same calendar years. Container-ship transits fell 70.1%. Different types and sizes of vessels make a traffic percentage an imperfect guide to receipts. The report also distinguishes ship net tonnage from cargo tonnes; substituting either for the number of vessels would answer another question. [SCA24, tables1-4]

It would be tempting to set the canal's revenue decline beside carriers' improved late-year profits and call the difference a transfer. That arithmetic would be false. The canal serves many operators; Hapag-Lloyd's accounts cover a global business. Avoided tolls are only one offset to additional fuel, time and other costs. A dollar no longer collected in Suez need not become a dollar of carrier profit.

The toll collector's role has already been studied: a Banque de France working paper examines how substitute routes and canal toll-setting affect who bears a chokepoint disruption. The contribution here is a reconciliation of observed reporting periods and participant accounts, not a new theory of that incidence. [BDF26]

What the traffic and customer records cannot settle

Shipping trackers offer speed and detail, but their definitions deserve the same scrutiny as financial accounts. Our 28 September 2026 download of PortWatch contains 2,192 daily Suez and Cape observations for 2022-2024. Its annual Suez container-transit count for 2024 is 3,198; the Canal Authority reports 1,748 container ships. Basic checks found no duplicate dates, missing days or broken count identities that explain the gap. [PW26; SCA24, table3]

PortWatch counts boundary-crossing events under its own repeat-transit rule. The downloaded aggregate data cannot identify individual journeys or establish why the administrative and AIS-based container totals disagree. We therefore use the Authority's figures for the main traffic chronology. The discrepancy remains in the research record; it is not corrected by averaging the two sources. Neither a decline at Suez nor an increase at the Cape, on its own, measures permanently lost customer demand.

The customer end is less completely observed. The Bank of England's September 2024 Agents summary said higher shipping costs from the Far East had so far been absorbed through a further squeeze on margins. Its intelligence was gathered in the six weeks to late August, amid weak consumer demand and subdued goods-price pressures. The contacts supply qualitative context, not a measured burden for all importers or a match to Hapag-Lloyd's customers. [BOE24Q3, Costs and prices]

For an Indian exporter, the relevant exposure would likewise depend on the shipment's route, freight contract, sales terms and collection date. A higher transport quote might reduce a margin, raise the buyer's bill or induce a different order. These records do not

establish which adjustment occurred for Indian firms. That requires matched invoices and shipment or firm outcomes, rather than assigning an international freight index to everyone.

The strongest alternative to a simple disruption story is consequently substantial: late-2023 rates supplied a weak comparator; demand, contract renewal, fleet expansion, fuel prices and other disruptions also moved during 2024. A carrier can benefit from scarce effective capacity and still incur enough additional cost to leave annual profit flat. The available accounts permit both mechanisms; they cannot separate their causal magnitudes.

The next decisive evidence would match route-specific freight payments, carrier costs and customers' sale or delivery outcomes over the same period. Until then, the most informative observation is the divergence itself. The toll collector's receipts, a carrier's quarterly recovery and an importer's squeezed margin can all belong to the same disruption. A single freight-price chart cannot tell us which of those bills a particular participant ultimately paid.

References

HLQ1: Hapag-Lloyd AG. HLAG Investor Report Q1 2024. 2024-05-15. Locator: PDF p. 6 (diversions), PDF pp. 11-12 (liner EBIT, volumes and rates).

HLH1: Hapag-Lloyd AG. HLAG Investor Report H1 2024. 2024-08-14. Locator: PDF p. 11 (Q2 liner P&L), PDF p. 12 (volume/rate definitions).

HL9M: Hapag-Lloyd AG. HLAG Investor Report 9M 2024. 2024-11-14. Locator: PDF p. 11 (Q3 P&L; Q2 comparator anomaly), PDF p. 12 (rates and volumes).

HLFY23: Hapag-Lloyd AG. HLAG Investor Report FY2023. 2024-03-14. Locator: PDF pp. 12-13 (2023 liner results and freight-market explanation).

HLAR24: Hapag-Lloyd AG. HLAG FY 2024 EN. 2025-03-20. Locator: PDF p. 51, printed p. 49 (annual euro liner P&L).

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SCA24: Suez Canal Authority. Navigation Statistics Annual Report 2024. publication date not established. Locator: Tables 1-4; table 2, PDF p. 5; table 3, PDF p. 7.

SIS25: Egypt State Information Service. Prime Minister attends the Suez Canal Authority's Day of Excellence celebration. Event: 16 April 2025; page: 19 April 2025. Locator: SCA chairman calendar revenue statement.

PW26: IMF PortWatch. PortWatch Daily Chokepoints Data. Item updated 22 September 2026. Locator: Original ArcGIS item and daily pages; 2022-2024 rows.

BOE24Q3: Bank of England. Agents' business conditions summary for Q3 2024. 19 September 2024. Locator: Overview; Costs and prices; intelligence from six weeks to late August.

BDF26: Brockhaus, Hinz, Serfaty; Banque de France WP 1057. Navigating Shocks: The Ripple Effects of Shipping Route Closures. August 2026; page updated 24 September 2026. Locator: Official abstract/nontechnical summary only.

PortWatch attribution: Sources: UN Global Platform; IMF PortWatch (<https://portwatch.imf.org/>).