CONTAINER NEWS

ZIM reports Q1 revenues of over US$1.5 billion, marking a recovery quarter

May 22, 2024

ZIM Integrated Shipping Services, a global container liner shipping company, has released its consolidated results for the three months ending on 31 March 2024.

Total revenues amounted to US$1.5 billion in the first quarter of 2024, a notable increase from US$1.3 billion recorded in the same period of 2023, primarily attributed to rising freight rates and carried volume.

During the first quarter of 2024, ZIM transported 846,000 TEUs, compared to 769,000 TEUs in the first quarter of 2023. The average freight rate per TEU stood at US$1.45 in Q1 2024, up from US$1.39 in Q1 2023.

ZIM's operating income (EBIT) for Q1 2024 reached US$167 million, marking a significant improvement from the operating loss of US$14 million in Q1 2023, mainly fueled by the aforementioned revenue growth. Additionally, the net income of the Israeli ocean carrier for the first three months amounted to US$92 million, in contrast to a net loss of US$58 million in the last year.

Moreover, the company's adjusted EBITDA for the first quarter of 2024 was US$427 million, compared to US$373 million in the first quarter of 2023, while adjusted EBIT was US$167 million, compared to an adjusted EBIT loss of US$14 million in 2023 Q1.

Eli Glickman, ZIM President & CEO, stated, "ZIM’s solid first quarter results illustrate the incremental benefits from our strategic transformation and the outstanding execution of the ZIM team worldwide, as well as a significant improvement in global freight rates. Having taken important steps to revamp our fleet and enhance our cost structure, which exceeded our expectations, we delivered profitable growth in Q1 2024"

Summary of Key Financial and Operational Results

	Q1.24	Q1.23
Carried volume (K-TEUs)	846	769
Average freight rate ($/TEU)................................	1,452	1,390
Total Revenues ($ in millions)	1,562	1,374
Operating income (loss) (EBIT) ($ in millions)	167	(14)
Profit (loss) before income tax ($ in millions).........	96	(65)
Net income (loss) ($ in millions)	92	(58)
Adjusted EBITDA[1] ($ in millions)	427	373
Adjusted EBIT[1] ($ in millions)	167	(14)
Net income (loss) margin (%)	6%	(4)%
Adjusted EBITDA margin (%)..............................	27%	27%
Adjusted EBIT margin (%).................................	11%	(1)%
Diluted earnings (loss) per share ($).....................	0.75	(0.50)
Net cash generated from operating activities ($ in millions)	326	174
Free cash flow[1] ($ in millions)	303	142
	MAR 31, 2024	**DEC 31, 2023**
Net debt[1] ($ in millions)......................................	3,110	2,309

Regarding the first quarter of 2024, ZIM adhered to its dividend policy by approving a cash dividend of roughly US$28 million, equating to US$0.23 per ordinary share, representing approximately 30% of the net income for the period. This dividend is scheduled for payment on 11 June 2024, to shareholders holding ZIM ordinary shares as of 4 June 2024.

All forthcoming dividends remain contingent upon the discretion of the Company's Board of Directors and are subject to the regulations outlined by Israeli law.

ZIM increased its guidance for the full year of 2024 and now expects to generate adjusted EBITDA between US$1.15 billion and US$1.55 billion and adjusted EBIT between zero and US$400 million.

Glickman added, "Looking ahead, we now expect freight rates to remain stronger for longer than initially anticipated due to a combination of continued pressure on supply and availability of equipment and a recent uptick in demand. While the rate environment during the latter part of 2024 remains unknown, we are confident in ZIM’s strategic positioning as an agile container shipping player with a competitive cost- and fuel-efficient, modern fleet."

ZIM's boss concluded, "We look forward to further implementing our differentiated strategy to create a best-in-class experience for customers and generate sustainable value for shareholders. By year’s end, we expect the delivery of the final 16 out of 46 newbuild containerships that we secured, which include 28 LNG-powered vessels. With a fleet optimally suited to the trades in which we operate, together with declining unit costs, we are well positioned to achieve our volume growth targets and deliver on our commitment to profitability over the long term."