

# Maersk profit plunges amid weak trade, low oil prices

COPENHAGEN: Danish conglomerate A.P. Moller-Maersk on Wednesday reported an 82-percent drop in annual profit as its shipping unit was hit by lower freight rates and its oil business suffered from lower oil prices.



Lukasz Golowanow via [Wikimedia Commons](#)

Shipping unit Maersk Line, seen as an international trade bellwether as it controls around 15 percent of global sea freight, was hit by a "combination of low demand and high supply increase in the second half of 2015," the group said in a statement.

Net profit plunged to \$925 million (821 million euros) from \$5.19 billion a year earlier as revenue dropped 15 percent to \$40.30 billion. "The demand for transportation of goods was significantly lower than expected, especially in the emerging markets as well as the group's key Europe trades," it said.

Copenhagen-based Maersk also wrote down the value of its oil business by \$2.6 billion as it posted a loss of \$2.1 billion. Maersk Line announced a cost-cutting programme in November, saying it would cut 4,000 jobs by the end of 2017 and defer vessel investments to buoy up its dominant position in a falling market.

The move came shortly after Maersk Oil announced it would slash its workforce by between 10 and 12 percent in the face of low oil prices.

In the current year, Maersk Line would be hit by "the significantly lower freight rates going into 2016 and the continued low growth with expected global demand for seaborne container transportation," Maersk said on Wednesday. As a result, the group's underlying result would be "significantly below last year," it said.

*Source: AFP*

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