

# Iran war will cost us \$500m every month, warns Maersk

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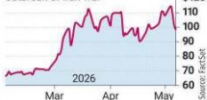
The shipping container company AP Moller-Maersk is facing a \$500 million a month hit from disruption caused by the Iran war, which its chief executive called the "most comprehensive energy shock in our lifetimes".

The Danish group, which carries about one in five of the world's seaborne containers, expects costs to rise further over the next two quarters, but it is so far fully offsetting this through price rises.

Vincent Clerc, the chief executive, warned that continued closure of the Strait of Hormuz could lead to wider damage across global trade, as rising

## Pump it up

Brent crude price per barrel since outbreak of Iran war



costs lead to destruction in demand. Traffic through the vital waterway remains "at a near standstill", the company said, while weaker sentiment is weighing on consumer confidence. Freight rates have risen sharply since the outbreak of the conflict in February, but gains have been offset by higher fuel prices and insurance premiums.

Clerc told Bloomberg TV: "There is a lot of uncertainty if we look further into the year with respect to what are going to be the secondary impacts of this war — inflation, possibly a reduction in demand."

The group reported a steep drop in pre-tax profits to \$292 million in the first quarter, down from \$1.4 billion a

year earlier, although this was ahead of analyst forecasts. Revenues fell 2.6 per cent to \$13 billion.

Maersk kept its guidance unchanged for 2 per cent to 4 per cent growth in the global container market but said this outlook was "highly uncertain". As well as confusion over US attempts to reopen the strait, the industry continued to face oversupply from new vessel deliveries.

That uncertainty was reflected in its full-year expectations for operating income, which spanned a range between a loss of \$1.5 billion and a profit of \$1 billion. Shares in the group, which were up 24 per cent over the past year, fell 9 per cent to Dkr 13,860 (£2,183) on Nasdaq Copenhagen yesterday.

Clerc said: "We are able to confirm our guidance, despite the fact that we are faced with what is probably the most comprehensive energy shock, at least in our lifetimes."

"What this energy shock is going to mean is about \$500 million of extra costs per month for as long as the oil price remains around the \$100 per barrel neighbourhood. And there is so much we can do on reducing costs, but there is a lot we need to do on passing on these costs to customers, because it's such a massive cost increase that we can't shoulder it."

More than 800 ships and roughly 20,000 crew members remain stranded in the strait. This week Maersk's American-flagged vehicle carrier Alliance Fairfax was able to transit the narrow waterway with US military assistance. The company had seven owned or chartered vessels in the Gulf when the war began.

Clerc said that Maersk's remaining vessels in the strait were likely to stay anchored until the safety of crew and cargo could be guaranteed. "They will stay there as long as the situation is unsafe — a large part of the strait is mined today," he said.



Maersk carries about one in five of the world's seaborne containers and its chief