

Grimaldi buoyed by shortsea and deepsea operations



NAPLES-based Grimaldi Group anticipates earnings of €100m (\$150.3m) this year, buoyed by a solid performance from its core shortsea and deepsea operations and a €60m profit from the sale of Minoan Lines' 33.4% stake in Hellenic Seaways.

Speaking in Cagliari, where he was hosting the annual Euromed conference on the motorways of the sea, managing director Emanuele Grimaldi said the company was profitable "even in the first six months of the year, which was the worst we have ever seen".

On the operating side, he cited specifically an increase in cargo units transported in the short-sea network, a steady increase in passengers transported — up 22% in the first 10 months alone — and continuous growth in deep-sea multipurpose liner operations.

Revenues, however, would inevitably be hit hard by the ongoing economic crisis, and were likely to come in between €400m-€500m shy of last year, when the company registered revenues of €2.5bn.

Both of the group's recent purchases — Finnlines and Minoan Lines — had had a tough year, Mr Grimaldi said. Finnlines was still struggling to turn the corner after a dismal first half.

"Unfortunately, the bottom line is still in the red and it will be until the end of the year," he said.

"We have been burdened by the mistakes of previous management. When you have 15-20 ships too many, it is difficult to invent anything [to turn the company around]."

He said that after redelivering or repositioning a number of vessels, Finnlines was still overtonnaged.

However, on December 15, it would redeliver "four or five more ships" bringing the fleet into balance with its needs and readying the company for a better performance next year.

As for the sector's prospects, Mr Grimaldi said that the ro-ro/ferry business was considerably better placed to weather the crisis than other segments of the industry.

He said the orderbook over the next three years amounted to only 13.5% of the existing fleet, compared with over 40% in several other segments. He added that the fleet for car transport ran to between 600 and 700 ships, and 99 vessels had already been scrapped this year.

Grimaldi is already scrapping older ships aggressively in preparation for the arrival of as many as 26 new vessels across the group over the next two years.

Mr Grimaldi urged Brussels to approve the compulsory scrapping of ships over 30 years old, citing the safety and environmental benefits, and the relief it would provide for the hard-pressed shipowning and shipbuilding industries.

"There is an unprecedented opportunity here," he said. "The European Commission should take action now. In five years it will be too late, because the shippers will be afraid that rates will go up."