

Grimaldi carves out distinctive niche

Purpose-built tonnage and direct calls prove a winning formula for Neapolitan group

RO-RO specialist Grimaldi has forged a very distinct niche for itself that is paying dividends in terms of its bottom line performance.

By designing vessels purpose-built for certain trades, operating direct calls to ports that most other international shipping lines would serve by feeder, and focusing on a specific geographic area, Grimaldi has managed to steer clear of the cut-throat competition that can beset the deepsea liner trades.

Even during the global economic slump of 2009, the family-owned shipping group still turned a profit despite falling revenues. Turnover shrank from €2.5bn (\$3.6bn) in 2008, its best year, to €2.1bn the following year, before rising to €2.3bn in 2010. That produced a profit of €150m, up 40% on the 2009 outcome, with the recovery continuing this year. The results for the first half of 2011 were slightly ahead of 2010.

Staying in the black has enabled Grimaldi to press ahead with its ambitious fleet expansion programme, with an impressive number of newbuildings delivered in recent months and more to come.

The outstanding orderbook consists of four ro-ro ships for its subsidiary Finnlines, each with loading capacity of 3,326 lane metres of rolling cargo and 600 cars, which will replace five chartered vessels. Another four ro-ro vessels for Grimaldi Line are being built by Hyundai Mipo. All eight are due for delivery in 2012 and 2013.

More orders will be placed very soon, with Grimaldi subsidiary Atlantic Container Line close to signing a contract for five multipurpose ro-ro ships that will be the biggest of their kind ever built. These will replace ACL's five elderly G3 ships that have been operating on the Atlantic for a quarter of a century.

Underpinned by a combination of newbuildings and acquisitions including Minoan Lines as well as Finnlines and ACL, Grimaldi now operates fleet of more than 100 owned and chartered ships compared with just 50 in 2003. Ships include ro-ro/multipurpose vessels, pure car and truck carriers, ro-pax ferries, and cruiseships. Most recently, Grimaldi, along with Mediterranean Shipping Co and Moby Lines, jointly acquired Italy's state-owned ferry operator Tirrenia di Navigazione. Each will have a one third stake in the company.

Rather than go global, Grimaldi has concentrated on specific markets, first developing its Mediterranean network and then expanding services to West Africa, North and South America, and northern Europe. The company has never felt inclined to enter the Asia trades, or compete directly against the big container lines. Instead, it has tended to seek out relatively poorly served markets, and build ships suitable for those trades. The strategy now is to develop those trades, gaining economies of scale through the introduction of larger ships, rather than expand into new markets. There are no plans to extend the network to Asia and go head-to-head with the global carriers, says Grimaldi spokesman Paul Kyprianou.

Instead, Grimaldi and its subsidiaries take pride in being different.

"We carry cargo that others don't want, and go to places that others don't go to," says ACL chief executive Andrew Abbott.

Only rarely do things go wrong, with problems encountered recently in Tunisia where a new Grimaldi service deploying a pair of newbuildings has run into difficulties and unexplained delays. Tunis port officials appear to be trying to protect a local operator from outside competition.

Calls to Libya were also suspended following international sanctions. But elsewhere Grimaldi ships have continued to call even through all the disturbances that have hit Arab countries in recent months.

Press review

Geographically spread and diversified in terms of what can be carried, with Grimaldi handling containers and passengers as well as cars and all types of ro-ro cargo, the company thinks it is well-positioned to cope with market ups and downs.

“If anything happens in one sector, we still have other markets to rely on. That is our strength,” says Mr Kyprianou.