

Emanuele Grimaldi: More growth at Finnlines after record profit

BY SØREN PICO Published 16.11.17 at 10:20

Finnlines, like major Danish peer DFDS, is also looking at the possibilities of making acquisitions and adding new routes and markets to its portfolio. But there is nothing specific on the table for now, CEO and President Emanuele Grimaldi tells ShippingWatch after new record profit.



Photo: PR-foto: Grimaldi-gruppen

One word in particular has appeared again and again in past financial reports from Finnish RoRo carrier Finnlines.

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Record.

For the past three years, despite sliding revenue the carrier has been able to grow its profits, and when the most recent figures for the third quarter 2017 were published last week, the carrier noted that the period was the best ever in the company's 70 years.

EMANUELE GRIMALDI, CEO AND PRESIDENT, FINNLINES, ABOUT HIS EXPECTATIONS FOR THIS YEAR

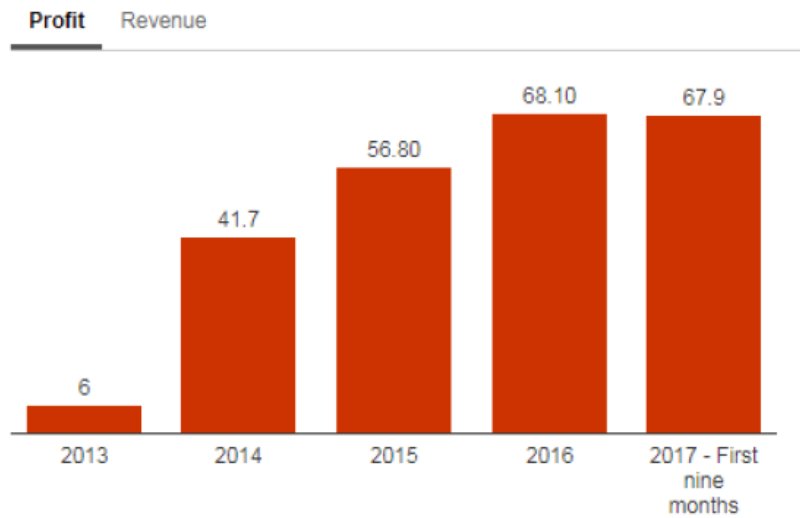
But there is still more to gain on the bottom line, says the carrier's CEO and President, Emanuele Grimaldi, in an interview with ShippingWatch. He explains that Finnlines is focusing in particular on boosting its productivity, while the investments made in "sustainable shipping" in recent years will also help improve the results.

"As a matter of fact, I think that this year we will deliver a result with about 10 percent growth, so it is about EUR 15 million," Grimaldi tells ShippingWatch.

Already after the first three quarters in 2017, the bottom line is just EUR 200,000 away from last year's result, which at the time was described as the best result ever.

Finnlines expects to grow its profit again

Figures in EUR millions

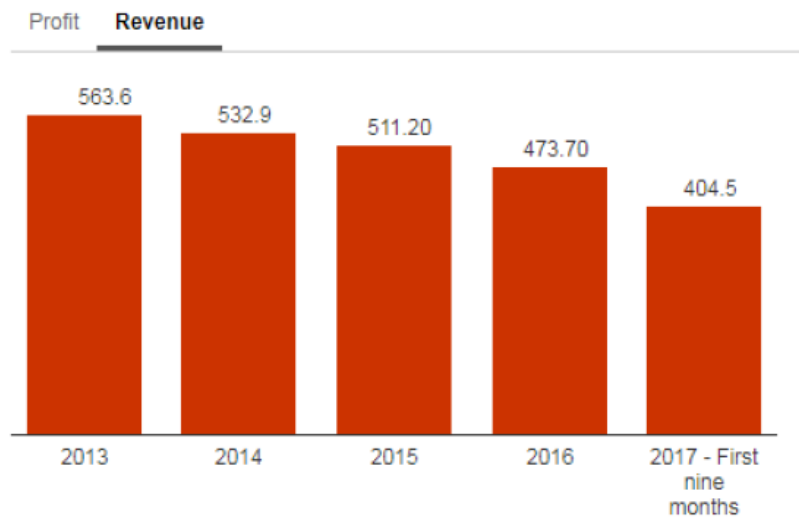


Source: Finnlines' interim reports

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Finnlines expects to grow its profit again

Figures in EUR millions



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More than a year has passed since the Grimaldi group took over full ownership of the Finnish RoRo carrier and delisted it from the Helsinki Stock Exchange, after Grimaldi's company had for years owned a controlling stake in the carrier.

In the pursuit of further growth, Grimaldi, who has served as CEO and president of Finnlines since 2013, explains that Finnlines is working to consolidate its businesses and operations, while the carrier is also focusing on increasing the length of four vessels, with two more vessels potentially also being made longer.

By extending the ships' capacity by almost 30 percent, the carrier is looking to reduce energy consumption per transported unit, and the upgrades will also make room for more passengers.

As another possibility, the carrier is looking at potential acquisitions and new routes, says Grimaldi. As such, his agenda falls in line with that of DFDS and its CEO Niels Smedegaard, which is also very much centered around acquisitions.

"Of course we are looking if there are operators which are not successful operating and if they are interested to sell we are looking also at possible acquisitions," says Grimaldi, though he adds that the carrier is not looking at anything concrete right now.

A few years ago, Finnlines, like DFDS, showed a big interest in taking over Polferries, which operates ferry services between Poland and Denmark and Sweden. But the Polish Ministry of Commerce opted not to sell the carrier after all.

Low growth in the Baltic

Where DFDS' Smedegaard has on several occasions highlighted improved growth conditions in Europe, Grimaldi is more skeptical about this growth, which he describes as "not that significant."

"We are keeping our services from Spain, Ukraine, Belgium and Germany and Denmark to Russia so we are keeping on, but unfortunately the volumes are not what we were predicting"

EMANUELE GRIMALDI

"Recently there was a little bit of growth and I think we have intercepted this growth but it has not been that significant. Particularly I think that the business to Russia has been hit very much since the introduction of the sanctions against Russia," he says.

For Finnlines, which operates mainly in the North and Baltic seas, Finland and Russia are among the most important destinations.

"Of course we are looking very closely at all the possibilities of growth and even to Russia and we are keeping our services from Spain, Ukraine, Belgium and Germany and Denmark to Russia so we are keeping on, but unfortunately the volumes are not what we were predicting."

In addition to the Finnish RoRo carrier, the Grimaldi group consists of the companies Grimaldi Lines, ACL, Minoan Lines, and Malta Motorways of the Sea.

The fleet counts 21 passenger, RoRo, and RoPax vessels, and Finnlines has recently repurchased vessel MS Europalink from parent company Grimaldi Group.

This ship, built at Italy's Fincantieri and which the carrier was forced to sell back in 2013 after some tough years, is expected to return to the Baltic in early 2018. As with Finnlines' other vessels, the MS Europalink will be equipped with scrubbers in order to meet the new sulfur regulations. The carrier has in recent years completed a EUR 100 million investment aimed at reducing its sulfur emissions.