



# Grimaldi leader in fuel saving!

Italian Grimaldi Group reported for 2021 the best result ever in the history of the family-owned world leading RoPax and RoRo shipping company! During 2020, due to the Covid 19 pandemic Grimaldi had in 2020 a reduced passenger volume but growing cargo flows. In 2021 it took delivery of the first five of a total of 12 ordered ECO vessels, with 7.000 lane meters of capacity and a 50% reduction of emissions compared to the previous generation of RoRo vessels. The Grimaldi Group is the leader in sustainable fleet development. Next Car Carrier generation with double capacity and 50% less emissions is finalized for order. RoPax was in Naples and spoke to Dr. Emanuele Grimaldi about the growth and the next steps of the company.

**RoPax:** What do you think about the current situation? If we look back at the last two years dominated by the Covid 19 pandemic how was the performance of the Grimaldi Group?

**Emanuele Grimaldi:** We can say that the Grimaldi Group has always produced a profit, with 2021 being the best year ever. In fact, we generated an EBIDTA (Earnings Before Interest, Taxes, Depreciation and Amortization) of Euro 947 million compared to Euro 659 million of 2020. In 2020 we were hit by the pandemic which heavily affected our new vehicles traffic due to the closing down of factories. Also, passenger traffic was stopped for all vessels of Finlines, Grimaldi Lines and Minoan Lines due to the restriction in the transportation of passengers. Despite the ongoing pandemic, in 2021 we announced to be back with significant figures. Our turnover increased by Euro 700 million, moving from Euro 2.78 billion to Euro 3.46 billion. This significant growth was partially due to the set up of

Trasmed and the growing volumes handled by the new ECO class vessels.

**RoPax:** If we look at these figures your performance is much better than the pre-pandemic times.



Dr. Emanuele Grimaldi together with Jan Philip Eckmann

**Emanuele Grimaldi:** As for the traffic of passengers, in 2021 we did not come back to the pre-pandemic volumes, but now in 2022 we see a huge increase in pre-bookings and a +100% increase in bookings. We had 800.000 pre-bookings only for Grimaldi Lines by the end of March 2022. Minoan Lines and Finlines are also doing better.

**RoPax:** What is your forecast for 2022?

**Emanuele Grimaldi:** We are confident that results will be above those of 2021.

**RoPax:** How will you cover the increasing energy costs which came up the last months?

**Emanuele Grimaldi:** We have invested billions to be more efficient with the result that our vessels are less fuel consuming. Moreover, we have an increase in cargo volumes which is higher than that of our competitors.

On the other hand, our bunker surcharge is moderate compared to other operators,

partly covering the increase of the price of fuel. Besides, some of our competitors have not installed scrubbers on their vessels and they must pay more for low sulphur fuels. But we do not have such problems as most of our vessels are equipped with exhaust gas cleaning systems.

**RoPax:** You did your homework to be more successful than all the other operators.

**Emanuele Grimaldi:** On the new ECO ships we have 20 tools that reduce fuel consumption. We used every possible invention and even today we are working on the new car carriers which we will order in the course of the year to make them even more energy efficient. Right now, we have three new patents covering some of the innovation introduced on these new car carriers. For example, these new ships will have an engine with a smaller horsepower but a loading capacity (9.000 CEU) which will be double compared to the vessels they will replace.

**RoPax:** What will be their speed?

**Emanuele Grimaldi:** It will be the same speed of the current car carriers but with half the fuel consumption!

**RoPax:** Where is the secret?

**Emanuele Grimaldi:** The secrets are in the various devices that we will install onboard, among which the Air Lubrication System, the silicone paint, solar panels, battery for peak shaving, waste heat recovery and exhaust treatment systems for Sox, NOx and PM, and others. We also plan to install a new propulsion system which will allow us to reduce fuel consumption by approximately 8% of fuel consumption compared to the conventional propulsion! In a lifespan of a vessel this means a saving of 50.000 tons of fuel consumed.

**RoPax:** Congratulations to your patent for cleaning the Ocean from microplastics with the use of scrubbers. Three years ago, you told me you would develop such a system and now, together with Wartsila, you presented a system which could be installed at every vessel!

**Emanuele Grimaldi:** Indeed, we have the patent on the micro plastics collection system, and I remember you were the first journalist whom I revealed our invention. The whole world will benefit from this and the money obtained from licensing the patent will go to the Grimaldi Foundation. This foundation which is the most important in Southern Italy works on many projects aiming at assisting people in need in the field of health, education, housing, etc.

**RoPax:** If we see the new regulations on emissions, which is, according to you, the fuel of the future?



**Emanuele Grimaldi:** Here I will speak not only on behalf of the Grimaldi Group but also on behalf of ICS (the International Chamber of Shipping), of which I am the Chairman Designate. In a form of respect, many efforts have been made in different directions. You have one fuel type perhaps in pole position which is ammonia, then comes hydrogen and then, in third position, you have electric power which is currently possible only for short distances

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and small ships. Behind these options you have synthetic fuels and biofuels. But my favorite solution is carbon capture! This solution is wonderful as you can convert and integrate existing scrubbers to catch the carbon which is then used in many ways such as in the construction field. It is carbon that you use to produce mineral or sparkling water.

**RoPax:** Mr Grimaldi, is this the next crazy story from you after the Hoover of the Seas you will be the sparkling water producer at sea by carbon capture?

**Emanuele Grimaldi:** Carbon capture is genius as you can use it to produce new fuel for the future. We think we can develop such a solution in the next years.

**RoPax:** It is a fantastic idea because all others are talking about hydrogen or electric systems.

**Emanuele Grimaldi:** All the other solutions we are talking about will create more problems than the fuel which we use today. If you want to produce hydrogen or ammonia with today's existing systems you will create more pollution than the existing propulsion systems. We have made a study which shows that, if we use ammonia or hydrogen, with the existing system from Bosch you will create three times more pollution.

In Australia, ammonia was produced with zero emissions by solar and wind energy. This is what we call green ammonia but it is not competitive enough today.

We have not opted for LNG as we do not think it is the solution, as it is a fossil fuel. We have not even thought of installing the Flettner rotor on our vessels as the output is too low. Methanol is also not an option: you must destroy green fields to get this fuel out of it, creating also a problem by reducing the production of agricultural products to feed people.

From our side, we are looking at various energy options. We are using the first hydrogen tug master in Valencia, but hydrogen is produced by LNG which is not a green solution if you investigate the whole system. We need green hydrogen, but which unfortunately is not available today.

**RoPax:** You started last year the activities around the Balearic Islands. How will it work in your opinion if we look at the competition?

**Emanuele Grimaldi:** There is a fierce competition because GNV came into this market too. However, we handle a huge part of the cargo volumes moving between Continental Spain and the islands.

**RoPax:** Today you have around the Balearic Islands four operators, Tramed, Balearia, GNV and Trasmapi. How do you see this competition?

**Ettore Morace:** Trasmapi is a very good friend of ours we are using the Trasmapi connection between Ibiza and Formentera in combination with our schedule. We offer combined tickets, at the beginning of May we will launch a service from Barcelona and Valencia to Formentera by using Trasmapi for the connection from Ibiza to Formentera. As Tramed we will promote the fact that we sail to Formentera too, but the leg Ibiza-Formentera will be performed by Trasmapi.

**RoPax:** Let's look at your new wonderful ECO vessels which are very huge and have a lot of capacity. As in some ports you have issues with space, what will you do to increase the room for operation?

**Emanuele Grimaldi:** We see a lot of possibilities to grow together with ports. As done in the past, we intend to buy in the future other terminal operators. In Barcelona we are operating also in the Tramed area, and we have now a huge terminal for all our activities to the Balearic Islands and the trade to Italy and other destinations. Through this operation, we are getting cargo to Mallorca from Valencia and more passengers via Barcelona to/from the Balearic islands.

**RoPax:** How are you prepared for the CII and EEXI which will come up in 2025 and will oblige you pay a carbon tax if you are not efficient enough?

“I think fast speed ferries will no longer be viable. Higher speed and fuel consumption will cause more emissions and that will be heavily taxed in the future.”

**Emanuele Grimaldi:** We must change the concept on some routes that we serve. You cannot sail any longer at 24 to 25 knots as this would imply that we will be applied very heavy taxes for the emissions produced.

I think fast speed ferries will no longer be viable. Higher speed and fuel consumption will cause more emissions and that will be heavily taxed in the future.

**RoPax:** How will you manage your fast operations between Travemünde and Helsinki in the future?

**Emanuele Grimaldi:** We must slow down to 22-23 knots. I think we have the risk we must put an additional slower RoRo vessel there. We can go down to 21 knots and stay for a shorter time in the ports. This would imply that we must put more tug masters there for the discharging and loading process.



**RoPax:** Are you still interested to buy the port of Igoumenitsa? Do you think to gain via this port more loads from Turkey?

**Emanuele Grimaldi:** Yes, we are very interested. The port of Igoumenitsa is a strategically located port with a lot of potential and is the gateway to Greece, the Balkans and Turkey. Via the Egnatia motorway you can reach very fastly Northern Greece and the borders with Turkey.

Today, in terms of volumes we are the main customer of Igoumenitsa with services to Brindisi and Ancona, employing three ro/pax vessels.

**RoPax:** What do you think about the new competitor from the port of Norvik, in the south of Stockholm to Hanko in Finland? It is a new player in this market.

**Emanuele Grimaldi:** We will see how they will perform. We think there is enough competition between Sweden and Finland and that there is no room for additional competitors. When we talk about Finnlink and Nordölink we have two extremely competitive markets.

If we look at the trade between Sweden and Germany there are three main operators with a total of 11 ships and the fourth competitor operates via Denmark. There, we have a market volume of about one million trucks and trailers per year. As Finnlines, we transport about 250.000 units per year. If you consider the area between Kiel, Travemünde and Rostock there is no room for more competition.

Now, if we go to the route between the Stockholm area and Finland we have

currently three highly-competitive operators with a dozen vessels.

**RoPax:** What do you think about the purchase of 25% shares of Moby by MSC group?

**Emanuele Grimaldi:** If you put only 25% into a company you are not taking responsibility. MSC presence in Moby risks to be very problematic.

I will give you an example. We have a claim of about Euro 200 million as Grimaldi

against Tirrenia-Moby. Approximately Euro 40 million concern four vessels which we chartered to Tirrenia and they did zero maintenance. After five years of charter contract two RoPax vessels and two RoRo vessels were returned to Grimaldi Lines and Minoan Lines. We had to invest to refurbish the engines and to perform the overdue maintenance.

Moreover, We have a very big claim of about Euro 150 million because Moby was guilty of unlawful competition by abusing of its dominant position on the Mainland Italy-Sardinia routes. In this claim I was assisted by a Professor of Bocconi University, the best in Italy, and by an important group that certifies annual accounts.

In the past years, Moby-Tirrenia had been threatening their customers not to load their trucks on Grimaldi vessels bound to Sardinia, otherwise, they would not load these trucks on other ships of their lines. They would even sail with empty space on board and leave trucks with perishable goods in the port to punish customers who were cooperating with us. After a police investigation, Moby-Tirrenia was convicted by the tribunal for unfair and unlawful competition.

Such behaviour from our competitors has caused huge damages to our Group which we have estimated to be about Euro 150 million. If you are breaking the competition rules by blackmailing your customers you must pay.

**RoPax:** You have now over 60% cargo volumes to Sardinia?



**Emanuele Grimaldi:** Yes, in Sardinia and Sicily we are the main operator today.

**RoPax:** Are there still subsidies on the lines to Sardinia and Sicily?

**Emanuele Grimaldi:** In the past subsidies were about Euro 70 million for Sardinia and Euro 20 million for Sicily and were all given to Tirrenia.

I then wrote to the Italian Government explaining that more than half of the lines did not need any money at all. After an in-depth investigation the Government accepted my theory and decided that more than half of these lines did not need subsidies. But still a few lines need some sort of financial assistance to be viable.

Moreover, after 20 years the Italian Government recently started launching tenders for the Continental Italy-Sardinia routes, while when Tirrenia was the only beneficiary of the subsidies, no tenders were launched, even after its purchase by Moby.

In July 2021, Grimaldi won the tender for operating the Naples-Cagliari-Palermo line for five years.

Later last year the Italian Government entrusted the Civitavecchia-Arbatax-Cagliari line to our company for six months. Grimaldi offered to serve the line for Euro 1 million per month – half the bid of other competitors. Our company has recently won a new ministerial tender for operating the same line for one more year (until March 2023), being the only operator able and willing to meet the Government's qualitative and economic requirements.

Finally, as for the line from Civitavecchia to Olbia, GNV, Tirrenia and Grimaldi got licenses to operate, but without subsidies. We agreed that in the winter only one operator will serve the line while all three will operate during the summer. This is the agreement, but we are ready to serve the line during the winter too.

**RoPax:** What will happen if the new taxation comes into force in 2023 and 2024?

The shipping companies will be obliged to repay the CO<sub>2</sub> tax after the first year of operation in 2023. How are you prepared for this cost increase, especially at the fast and high frequent lines between Continental Italy and Sardinia?

**Emanuele Grimaldi:** Indeed, when the emission trading regulations come in force our sector will have to change. There are companies which trade and operate as usual, and they are not prepared for this taxation.

For Grimaldi the taxation is estimated to be Euro 400 million for all lines. Of course, in order to cut such taxation we will be obliged to replace vessels with a high fuel consumption with more efficient ones and to reduce speed in order to cut the emissions.

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**RoPax:** You must pay Euro 400 million taxation?

**Emanuele Grimaldi:** Yes, this is the additional bill to pay as we around 130 ships and some of them go fast.

**RoPax:** After the ECO vessels, do you plan the next generation of ecofriendly vessels?

**Emanuele Grimaldi:** There are a lot of inventions which allow to reduce our footprint but we are far away from zero emissions. From our side we are working hard to find the real solution which is to consume less fuel to move our ships.

For example, the most environmentally friendly Hybrid RoPax in the world will be the SuperStar-class ferries which Finlines will deploy next year between Sweden and Finland. Their names will be “Finnsirius” and “Finncanopus”.

Moreover, in the next few months we will place an order for five new car carriers which will be among the most environmentally friendly in the world. We need carbon capture, synthetic fuels. With the Air Lubrication System to be installed on all new vessels, we can save 6-7% of fuel consumption. We will install a new rudder system, meaning an additional 6-7% fuel saving.

Sofar, I can say that we have saved over 500.000 tons of fuel per year, which could go up to 750.000 tons. This is not enough and I keep looking for new solutions.

**RoPax:** You have started a line to Ireland from Antwerp and Zeebrugge. How is your opinion about this trade?

“Today we transport up to about 500 cargo units every week which means 25.000 units back and forth the whole year, mainly to and from Zeebrugge.”

**Emanuele Grimaldi:** The line is our feeder service to and from Ireland and the rest of the world. It is gradually growing, but we are not at the level which we wish to reach yet. Today we transport up to about 500 cargo units every week which means 25.000 units back and forth the whole year, mainly to and from Zeebrugge. We are also moving 50.000 cars to Ireland while from Ireland we carry mainly containers and machineries to the rest of the world via Antwerp.

**RoPax:** Thank you very much for the conversation. ■

