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Full Steam AHEAD

Finnish shipping company Finnlines is looking to the horizon after a strong period of success and rationalisation has pointed it in the right direction.

Images courtesy of Finnlines

Finnlines is powering ahead after a raft of vital changes and improvements has strategically positioned the company for success. The renowned Finnish shipping company, which is listed on the NASDAQ OMX Helsinki, operates freight throughout Northern Europe, passenger services in the Baltic Sea, and runs port operations in the most important seaports in Finland.

While the economic environment and market are continually shifting, Finnlines' strong leadership and successful strategies have steered the company into safe waters. Finnlines' relationship and partnership with its parent company, the Grimaldi Group, has been instrumental in this success.

"I think we are aligned and ready to have the best year in the history of Finnlines."

- Emanuele Grimaldi

As one of the world's largest operators of ro-ro [roll-on/roll-off] vessels and the largest operator of Motorway of the Sea in Europe for both passengers and freight, the Grimaldi Group provides Finnlines with essential expertise and support. As a result of this strong affiliation, Finnlines is able to offer liner services to and from any destination in the Mediterranean and West Africa, as well as the Atlantic coast of North and South America.

Emanuele Grimaldi, CEO and President of Finnlines Oyj, says the company has seen substantial shifts since he took the helm at the beginning of this year. "I think we have been doing extremely well over the past six months. We have improved dramatically over that time. We have implemented several changes

that have been very successful and the numbers are speaking very clearly on this improvement.

"First of all, we did a rationalisation of all our services and the people we employ throughout these services. We also improved the productivity of our people, but unfortunately as a result of this heightened productivity we had to reduce quite significantly the number of people working in the company. We have been saving a lot of energy through optimising the speed of the ships and making sure that the ships are completely full on both legs.

"We have also sold some of our non-core assets as they weren't really contributing to the company result, and reduced our debt significantly. I think we are aligned >



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and ready to have the best year in the history of Finnlines.”

This success is impressive considering the tough market conditions that Finnlines and its competitors now face. Emanuele explains, “A lot of people in the Finnish ports were working for Russians. Russia has invested dramatically in its ports with huge investments in its port operations. Now, they don’t need to use the Finnish ports.

“The Finnish ports are only serving five million Finns and there’s very little Russian business left. It was necessary to reduce the number of people working inside the ports and we’ve undertaken this. Of course, it was a cost at first but now the company is much lighter and it’s improving.”

Under Emanuele’s leadership the company has thrived with Emanuele drawing on his years of experience in the industry. He says, “I’ve had a lot of experience

because I’ve been president of many shipping companies where I was doing the same thing. I was also the chairman of Finnlines before taking on this role so I got to know Finnlines and the board extremely well.

“I think when you’re in a period of crisis like Europe is at the moment then most people think too much and they don’t act fast enough. You’ve got to do things quickly. I understood the sense of urgency, I knew exactly what was needed in Finnlines, and I started doing things at a very fast pace.”

As the company continues to grow and evolve, Emanuele states that he and his team will continue the work that they’ve started over the past few months. “We’ll keep working. We want to achieve the best efficiency possible, particularly in regard to fuel consumption. I have been looking at that a lot. We have also developed some very important innovations that will

be implemented very soon. In six of our ships we’ll be introducing some very modern technology to our propellers. By applying this new technology, it’ll help us to achieve some very significant savings.

“Additionally, by January 2015 all the vessels operating in the Baltic area have to use a certain type of low-emission fuel, which is extremely expensive unless you have scrubbers. Scrubbers are a type of machinery that reduce the exhaust gas emissions from ships. We have already invested very significantly in this technology and we’ll retrofit 14 of our ships with scrubbers.

“We are investing a lot in making sure that our fleet is sustainable, not only from an economic impact but also from an environmental impact. It’s through this direct investment that we will reduce our consumption and reduce the exhaust emissions from our fleet.” >





During the first six months, Emanuele received \$70 million from the board and invested it in these various initiatives. Emanuele says, “I’m still researching and studying some other investments that we will do very soon. I think now that the numbers are making good sense we’re looking to continue to grow.”

“We want to be best in class and we want to operate with the least fuel possible so that we can be very energy efficient, because this is the biggest cost that we have. The cost of fuel exceeds the cost of operating and maintaining the ships and exceeds the cost of the people working on those ships. We are working very hard to reduce our consumption.”

According to Emanuele, these initiatives and improvements are built on the firm foundations of Finnlines’ strong history. “I think the heritage and the name of this company have been vital. It’s a company that has a great history and heritage. We also have to understand that since the recession struck lots of things have to be done and you have to do your homework. Before we weren’t fast enough in delivering this change.

“We have accelerated and I think we’ve made up the ground that we lost. Today, I think we have the most modern fleet in the Baltics. I think I’ve also found some very good managers and the people that are working with me are really working hard. It’s important to find excellent people that can work together.”

Finnlines works closely with its people and its suppliers to achieve excellence. Emanuele notes, “A few of our suppliers are some of the biggest companies in the world—from the suppliers that provide us with marine parts and technologies to the suppliers that provide us with our fuel. Being part of the Grimaldi Group, as the biggest company in this



market niche, gives us the possibility to have very stable, long-term relationships with some of the most important suppliers. It’s important to have a partnership role with your suppliers where nobody is leading anyone else but instead

working side by side. It has to be on a level playing field.

“There has to be a huge respect for your customer and a true desire to provide an excellent service. It’s extremely important, because if you can deliver a high-quality

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- Emanuele Grimaldi

service then you’ll always be successful. Once customers and suppliers understand that you’re truly committed to delivering a first-class service then they’ll work with you towards this mission.

“We’ve been doing this for a long time for huge groups like Fiat, Ford, and General Motors. I think we’ve been recognised as the best supplier for General Motors for 20 years. We are the logistics company that has received more awards from General Motors than anyone else. We received the same award from Fiat Chrysler this year and we’ve received it from Honda as well. Every year we feel very proud and honoured to receive these awards.”

“Finnlines operates ferries and ro-ro vessels in a very challenging environment. RINA Services is a world leader in classing ferries and ro-ro vessels, with a strong focus on the environment and ensuring the highest safety standards. Together we are a successful fit.” - Mr Michele Francioni, CEO, RINA Services



This feeling of pride has spread throughout Finnlines and the Grimaldi Group as the companies look to the horizon ahead. “The future is very promising,” states Emanuele. “We can look at the future and be very happy because of the hard work that we’ve done.

“Finnlines is just one component of the Grimaldi Group and I think we have a super team of managers that are working in our group. We

have more than 10,000 people working across the group and we haven’t lost any money during the recession. The shipping business is very cyclical and most of our colleagues have lost money. We have done some very good work.”

A strong work ethic and a dedication to excellence will see Finnlines continue to prosper in coming years as the company invests in its fleet and people. •

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