

Italian owners are not 'zombies', claims Confitarma finance specialist

Local industry unluckily came unstuck after sound investments, unlike speculation-driven counterparts, Fabrizio Vettosi argues

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David Osler @finance_LL david.osler@informa.com

Industry only looks dead, with ferry operators and chemtanker outfits still making money



VETTOSI: WE HAVE TO SEPARATE THE SITUATION OF ITALIAN FERRY COMPANIES FROM DEEPSEA OPERATORS IN TANKERS AND DRY BULK.

ITALIAN shipping is not in as much trouble as widely believed outside the country, according to a big name local ship finance specialist who sits on the board of the Italian and European Union-wide shipowner associations.

Fabrizio Vettosi, managing director of investment and advisory firm Venice Shipping and Logistics, made his counterintuitive remarks in an interview with Lloyd's List, following the political turmoil seen in Italy in recent weeks.

On top of his standing as probably the country's best-known ship financier, he also plays prominent roles in both Confitarma and the European Community Shipowners' Associations.

Despite the generally acknowledged statistic that something like 90% of the top 50 Italian owners are struggling to service debt, Mr Vettosi dismissed the popular 'zombie company' designation as "not correct".

Italian shipowners acquired their debt burden responsibly, on the back of a basically sound investment strategy, unlike their speculation-driven German and Greek counterparts, he also opined.

Italy has just seen the formation of a populist/far right coalition government, which has rattled markets and increased spreads on sovereign bonds, which Mr Vettosi concedes will not help the maritime sector.

But by his lights, that should not retract from the reality that the country has a very efficient international register and a generous tonnage tax scheme, fully the equal of any other European country.

These factors have allowed rapid growth in the maritime space over the last decade, boosting the number of seafarers from 30,000 to 60,000

"The Italian international register brought the benefit of huge growth to the Italian maritime cluster, increasing and improving the knowledge and increasing the number of employees in maritime industry," said Mr Vettosi.

Accordingly, he will work with Confitarma president Mario Mattioli to preserve and defend this framework from any potential political interference.

Italian shipping's secret weapon is the cabotage market, which Mr Vettosi claims to be the largest in Europe, running to 100m tonnes of cargo and 40m passengers. That gives it a stronger domestic base than Greece, for instance.

"It is not correct to say Italian companies are zombie companies. We have to separate the situation of Italian ferry companies from deepsea operators in tankers and dry bulk," he went on.

In particular, ferry operators such as Grimaldi, Grande Navi Veloce and Moby are doing well and making profits.

And it's a similar story for those companies that are dedicated to niche markets such as towage or chemical tankers, citing Marnavi and Ievoli family interests in the latter category.

"Companies involved in tramp activities — tankers and dry bulk — are suffering, like other such companies elsewhere in the world, like Greek companies or Danish companies.

"But I want to stress that the crisis of Italian companies arose not from speculation but from the strategic view of the market they took in 2008 and 2009, where a lot of them decided to renew their aged fleets and to invest in new ships.

"Unfortunately this happened at the peak of the market. They ordered at high prices and are now suffering from the drop of the market.

"Italian owners did not take a speculative approach, they invested for the effective needs of transportation and effective needs to renew the fleet."

Total mortgage lending to Italian owners is in the order of \$14bn, of which about 80% has been lent by Italian banks. Mr Vettosi admits that just over half of the total exposure is likely non-performing.

Within that figure, some \$1.5bn is connected to companies that have gone bust, and a further \$2.5bn is being hawked around on the secondary market.

The rest, perhaps something around \$3.5bn, is subject to restructuring through friendly negotiation, on the basis of Italian bankruptcy law.