UK LEISURE, SUPERYACHT AND SMALL COMMERCIAL MARINE INDUSTRY

KEY PERFORMANCE INDICATORS 2009/10

British Marine Federation

CONTENTS

INTRODUCTION

This report details a range of economic indicators within the UK leisure, superyacht and small commercial marine industry, from revenue and value added to international trade and employment. The data is presented at a total UK level, by region and by sector.

The BMF industry model providing this data consists of two parts. The first is based directly on primary data received from BMF Members' declaration forms on their last annual business performance prior to April 2010. The second is founded on a comprehensive assessment of non-member marine companies in the UK*. Therefore, estimations are based on factual information about the size and structure of the industry.

This Key Performance Indicators (KPI) report is published annually to enhance knowledge of the industry and identify trends over time. It is only possible to complete the industry model reliably through the time dedicated by BMF Members in completing their forms accurately, for which thanks is extended. All data is held in complete confidence.

For further information please call 01784 223615 or e-mail research@britishmarine.co.uk

*The non-member data was revised in 2010 as a new list was purchased and researched. There have been a few changes in some classifications, including movements from sea charter to sailing schools and from boat distribution to dealer; to monitor trends over time these categories should be combined. Brokers and business services have also increased through this re-classification but these categories also report an increase in real terms.

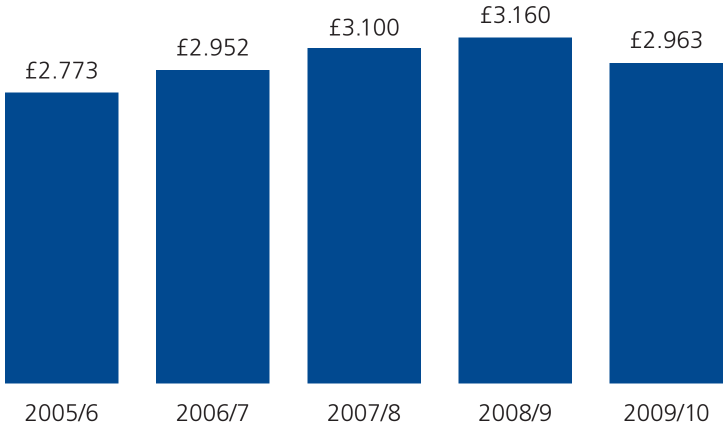
HEADLINE FIGURES

- Total revenue of the UK leisure, superyacht & small commercial marine industry is £2.963 billion (-6.2% from 2008/9)
- Value added contribution, the principal measure of national economic benefit, is £933.7 million, 31.5% of revenue (-10.4% from 2008/9)
- International trade is £1.148 billion, 38.7% of the total revenue (-8% from 2008/9)
- Full time equivalent employees (FTE) c. 32,500 across the industry (-5.2% from 2008/9)
- UK businesses c. 4,200

NB: Figures quoted are subject to rounding

Industry Revenue Over Time

(£ billion)



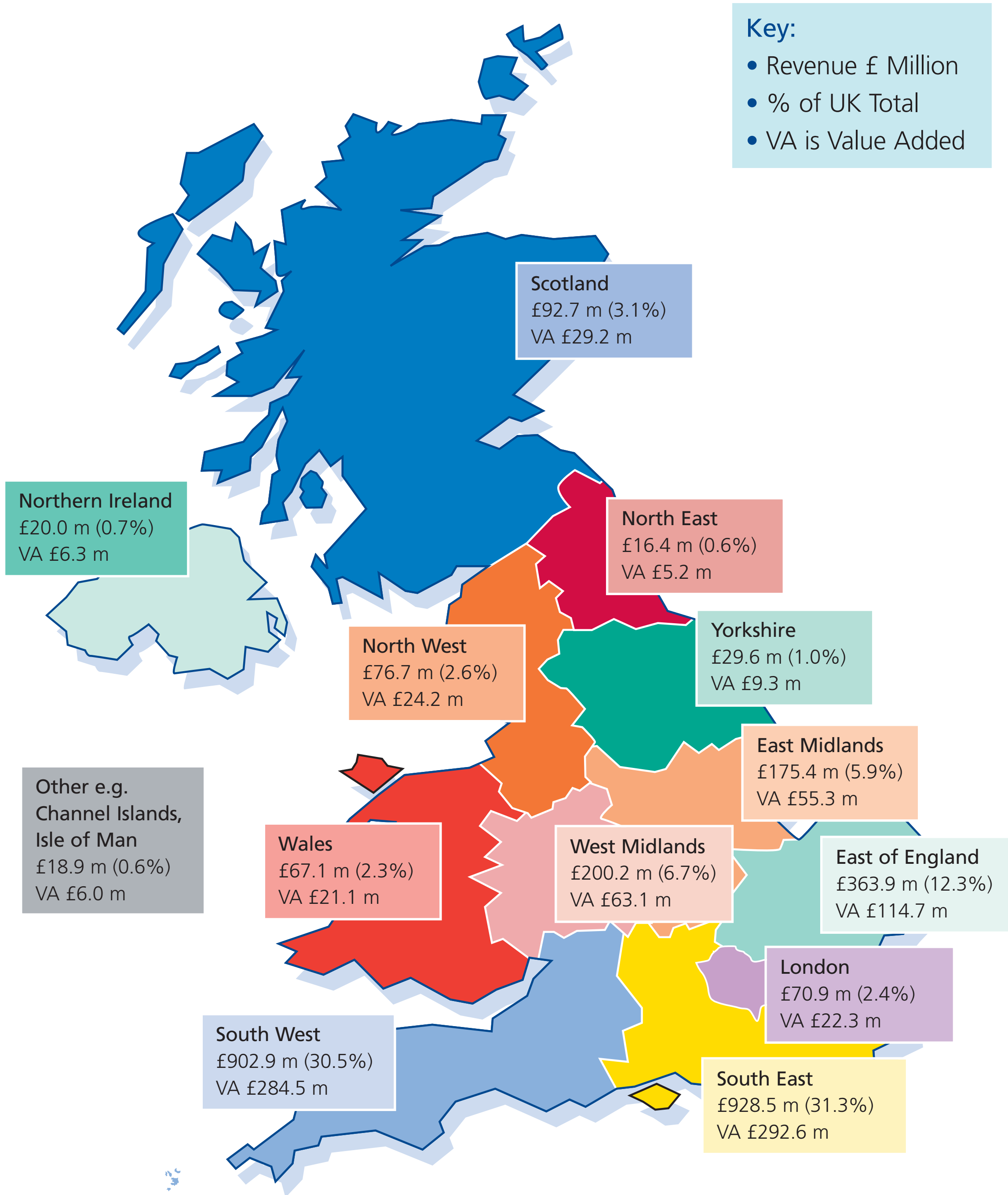
Reflecting the downturn in the economy, both revenue and employment have decreased in 2009/10 from 2008/9; revenue for the industry is now back to levels reported in 2006/7. Value added also decreased, which again, is reflective of the economy as profit margins were lower and fewer people were employed. International trade is still behind the 2008/9 peak, however still higher, in revenue terms, than the previous years.

REVENUE AND VALUE ADDED

Total UK Industry Revenue £2.963 billion

Value Added £933.7 million

Industry Revenue by Region

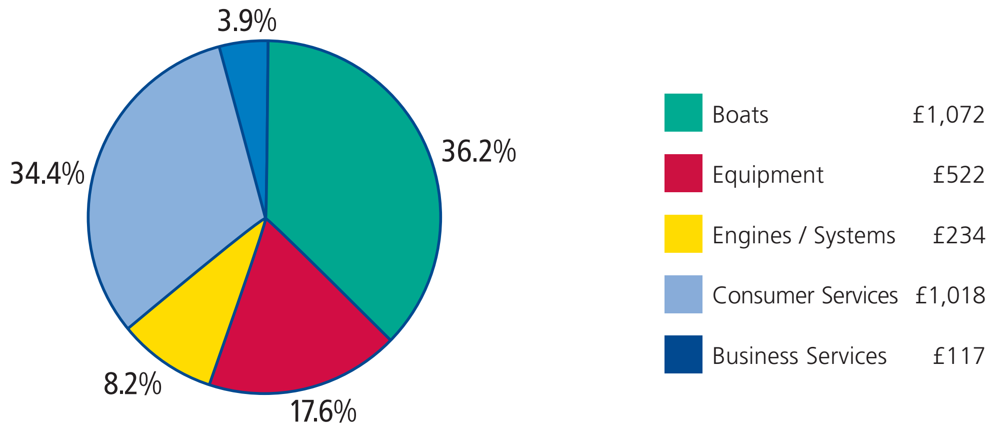


All regions have decreased in revenue from 2008/9, with the exception of the South West and London which both remained stable. The increase reported for the West Midlands is due to the change in the registered address of one company from the East Midlands

REVENUE AND VALUE ADDED

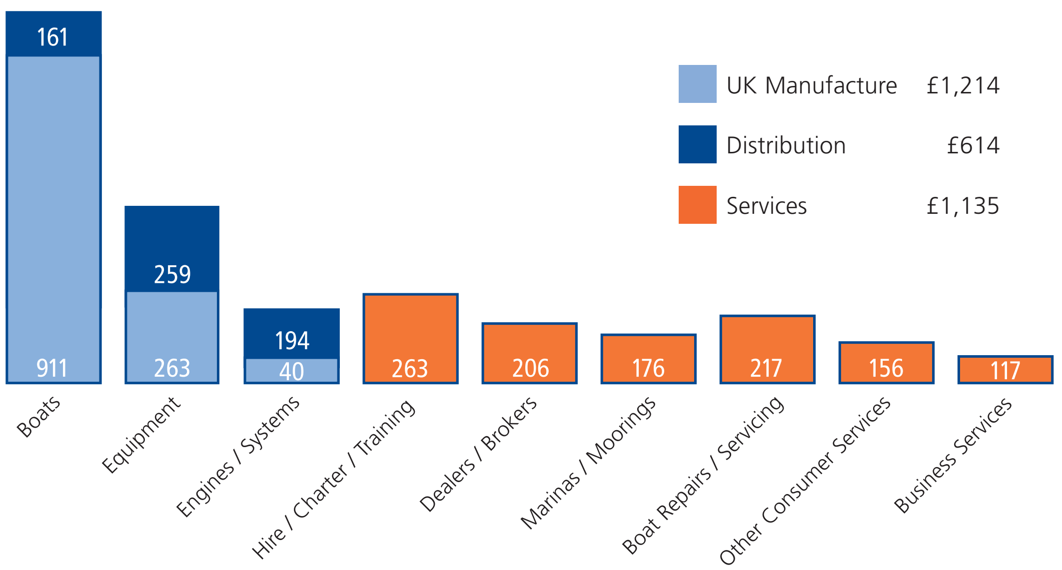
Industry Revenue by Core Sector

(to nearest £ million)



Industry Revenue by Sector

(to nearest £ million)



Industry revenue for all UK manufacture and distribution has decreased from 2008/9 by -10.5%; boats decreasing by -9.5% and equipment and engines / systems by -11.8%. Revenue for services to consumers is more stable during 2009/10 as -1.3% from the previous year.

Industry Revenue by Detailed Sector

(£ million)

	£ million	% of UK Total
Manufacture in the UK		
Motor / Power Boat Manufacture	790.35	26.7
Sail Boat Manufacture	104.39	3.5
Other Boat Manufacture	15.84	0.5
Electronics Manufacture	18.53	0.6
Deckgear / Rigging Manufacture	130.81	4.4
Other Equipment / Accessories Manufacture	113.44	3.8
Engines / Systems Manufacture	40.49	1.4
Total Manufacture in the UK	**1,213.84**	**41.0**
Distribution		
Motor / Power Boat Distribution	92.22	3.1
Sail Boat Distribution	58.51	2.0
Other Boat Distribution	10.64	0.4
Electronics Distribution	127.98	4.3
Deckgear / Rigging Distribution	24.28	0.8
Other Equipment / Accessories Distribution	106.96	3.6
Engines / Systems Distribution	193.88	6.5
Total Distribution	**614.45**	**20.7**
Consumer Services		
Boat Repairs / Servicing / Installation	217.06	7.3
Coastal / Sea Charter / Passenger Boats	97.53	3.3
Inland Boat Hire / Passenger Boats	86.03	2.9
Watersports Rental	16.82	0.6
Sailing Schools / Training	62.86	2.1
Dealers / New Boat & Craft Sales	126.64	4.3
Brokers / Second-Hand Boat & Craft Sales	79.34	2.7
Chandleries / Online Stores	101.52	3.4
Coastal Marinas / Moorings	127.24	4.3
Inland Marinas / Moorings	48.33	1.6
Finance / Insurance / Legal / Surveyors	36.06	1.2
Other Services	18.56	0.6
Total Consumer Services	**1,017.97**	**34.4**
Business Services		
Business Consultants	21.25	0.7
Financial / Insurance / Legal	12.81	0.4
Other Services	82.84	2.8
Total Business Services	**116.90**	**3.9**
Total	**2,963.16**	**100.0**

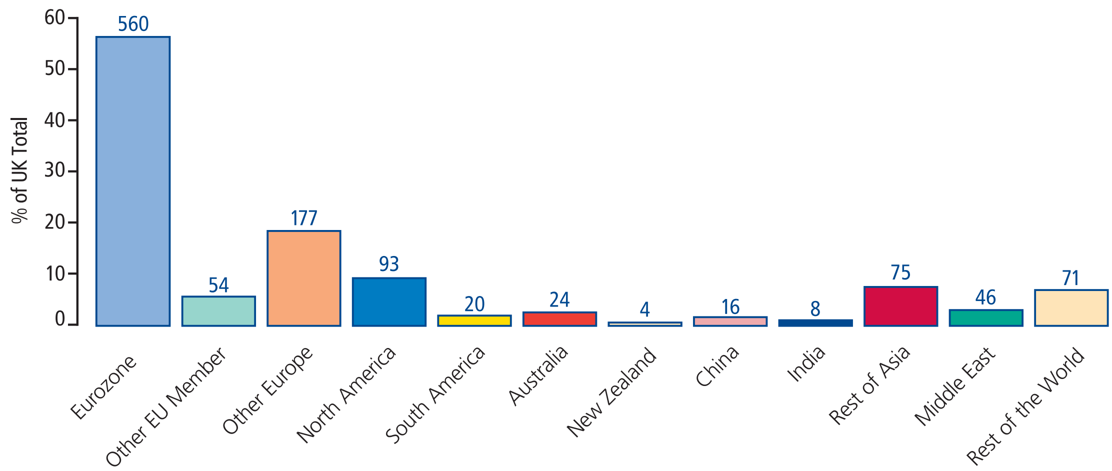
Revenue from manufacture in the UK now represents 41% of the total industry, distribution 20.7% and services to consumers and businesses 38.3%. The decreases reported from 2008/9 are across manufacture and distribution of all boat / product types, new boat sales and other consumer services. However, slight increases from the previous year are reported for boat repairs / servicing, brokers, chandlery / online stores and business services.

INTERNATIONAL TRADE

Total International Trade £1.148 billion

International Trade by Market

(to nearest £ million)



Proportion of International Versus Domestic Trade

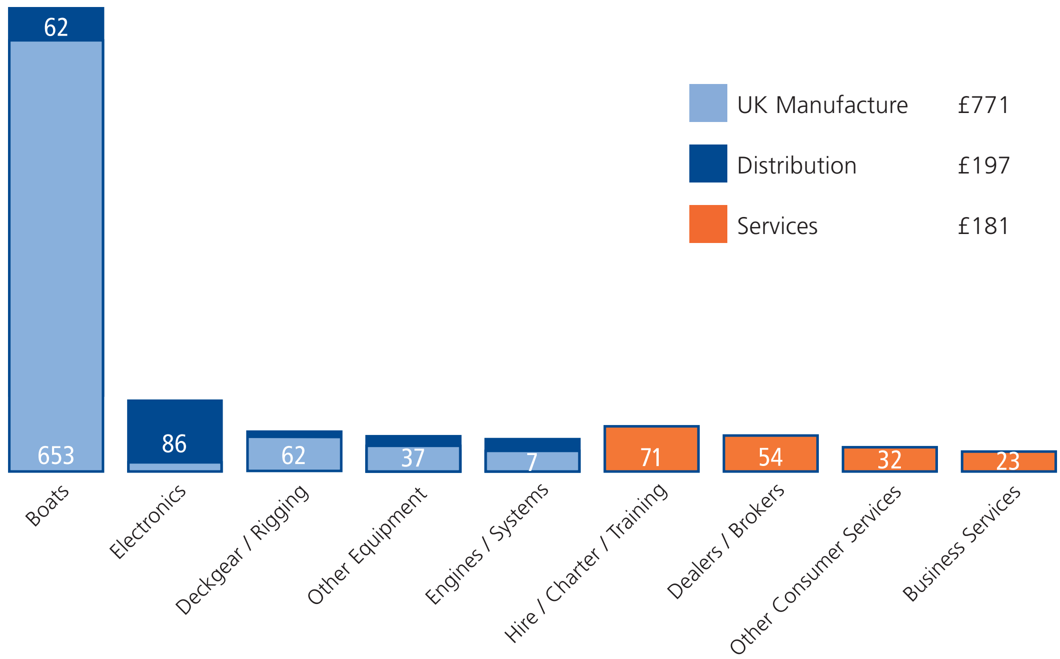
	Domestic Trade	International Trade
Boat Manufacture in the UK	28.3%	71.7%
Equipment Manufacture in the UK	59.7%	40.3%
Engines / Systems Manufacture in the UK	82.3%	17.7%
Boat Distribution	61.4%	38.6%
Equipment Distribution	84.7%	15.3%
Engines / Systems Distribution	85.3%	14.7%
Consumer Services	84.6%	15.4%
Business Services	79.9%	20.1%
Total	**61.3%**	**38.7%**

International trade has decreased in revenue overall by -8%, most notably to Europe (-£74 m) and North America (-£48.8 m) as the largest export markets. Trading to emerging markets continues to rise steadily year on year, including South America, China, India, Rest of Asia and the Middle East.

INTERNATIONAL TRADE

International Trade by Product / Service

(to nearest £ million)



International Trade by Product / Service and Market

(£ million)

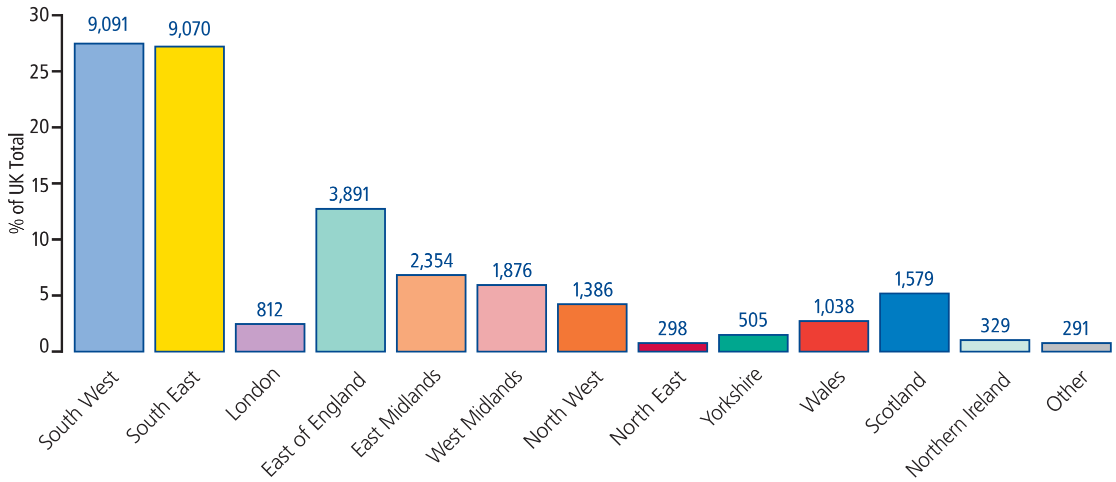
	Total	Eurozone	Other EU Member	Other Europe	North America	South America	Aus/ N.Zea	Middle East	Asia	Rest of World
Boat UK Manufacture	**652.52**	299.62	31.36	112.81	27.46	19.32	11.41	33.24	80.42	36.87
Electronics UK Manufacture	**12.50**	7.68	0.71	0.47	1.49	0.11	0.68	0.21	0.52	0.62
Deckgear / Rigging UK Manufacture	**61.98**	29.30	1.97	1.26	17.81	0.24	4.36	0.91	1.45	4.68
Other Equipment UK Manufacture	**36.51**	20.22	2.02	2.25	5.63	0.08	1.20	1.60	1.23	2.28
Engine / Systems UK Manufacture	**7.17**	4.52	0.47	0.53	0.49	0.03	0.20	0.21	0.25	0.47
Boat Distribution	**62.25**	36.88	1.74	14.92	1.07	0.13	0.08	0.45	1.16	5.83
Electronics Distribution	**85.87**	39.82	4.27	6.76	21.20	0.08	7.06	1.57	3.97	1.12
Deckgear / Rigging Distribution	**3.99**	2.63	0.16	0.28	0.22	0.00	0.04	0.09	0.50	0.08
Other Equipment Distribution	**16.14**	7.45	3.83	1.52	0.98	0.02	0.34	0.83	0.45	0.72
Engine / Systems Distribution	**28.58**	8.30	1.11	12.16	2.06	0.02	0.28	0.22	4.17	0.27
Hire / Charter / Training	**71.12**	39.66	0.82	15.18	9.46	0.02	0.29	1.67	1.29	2.75
Dealers / Brokers	**54.05**	36.29	3.20	4.02	1.80	0.02	0.58	2.44	0.72	4.99
Other Consumer Services	**31.91**	15.88	1.11	3.01	1.31	0.12	0.69	1.41	0.64	7.74
Business Services	**23.45**	11.61	1.31	2.10	1.65	0.06	1.23	1.51	1.18	2.79
Total	**1,148.06**	**559.85**	**54.08**	**177.28**	**92.62**	**20.24**	**28.45**	**46.36**	**97.95**	**71.22**

Manufacture in the UK accounts for the majority of international trade at 67.1% of the total, while distribution represents 17.2% and services 15.7%. Compared to 2008/9, revenue has decreased by -6% for UK manufacture, by -9.1% for distribution and by -14. 4% for services.

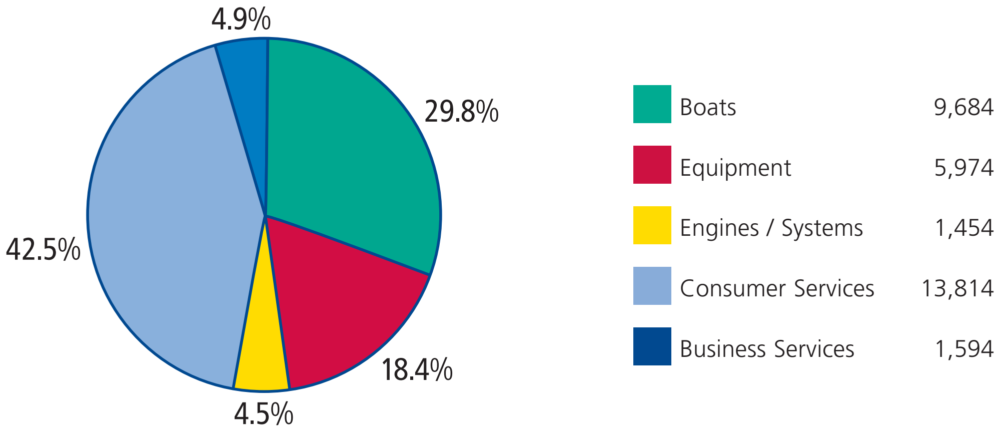
EMPLOYMENT

Total UK Employment (FTE) 32,521

Employment (FTE) by Region



Employees (FTE) by Core Sector



All regions report a decrease in employment compared to 2008/9, most notably in the West Midlands (not due to the company change on p3), East of England and Scotland in percentage terms but in the South West and South East in absolute numbers. This is being driven largely by the manufacturing workforce decreasing.

EMPLOYMENT

Employment by Detailed Sector

	Employees	% of UK Total
Manufacture in the UK		
Motor / Power Boat Manufacture	7,724	23.8
Sail Boat Manufacture	1,156	3.6
Other Boat Manufacture	264	0.8
Electronics Manufacture	255	0.8
Deckgear / Rigging Manufacture	1,668	5.1
Other Equipment / Accessories Manufacture	1,632	5.0
Engines / Systems Manufacture	524	1.6
Total Manufacture in the UK	**13,224**	**40.7**
Distribution		
Motor / Power Boat Distribution	321	1.0
Sail Boat Distribution	171	0.5
Other Boat Distribution	48	0.1
Electronics Distribution	883	2.7
Deckgear / Rigging Distribution	299	0.9
Other Equipment / Accessories Distribution	1,237	3.8
Engines / Systems Distribution	930	2.9
Total Distribution	**3,889**	**12.0**
Consumer Services		
Boat Repairs / Servicing / Installation	3,430	10.5
Coastal / Sea Charter / Passenger Boats	1,021	3.1
Inland Boat Hire / Passenger Boats	1,511	4.6
Watersports Rental	161	0.5
Sailing Schools / Training	1,320	4.1
Dealers / New Boat & Craft Sales	835	2.6
Brokers / Second-Hand Boat & Craft Sales	931	2.9
Chandleries / Online Stores	1,684	5.2
Coastal Marinas / Moorings	1,451	4.5
Inland Marinas / Moorings	738	2.3
Finance / Insurance / Legal / Surveyors	451	1.4
Other Services	279	0.9
Total Consumer Services	**13,814**	**42.5**
Business Services		
Business Consultants	328	1.0
Financial / Insurance / Legal	230	0.7
Other Services	1,036	3.2
Total Business Services	**1,594**	**4.9**
Total	**32,521**	**100.00**

Employment trends mirror those reported for revenue as the workforce for UK manufacture and distribution has decreased the most from 2008/9 (-16.2%, -12.7% respectively). Overall, the service sectors have held up during this period and report the same trends noted previously for revenue (increasing for boat repairs / servicing, brokers, chandlery / online stores and business services only).

INDUSTRY AND BMF MEMBERSHIP PROFILE

Total Industry Structure

The BMF estimate the total UK leisure, superyacht and small commercial marine industry to have the following structure and size for both members and non-members.

	Size Category	No. of Businesses	Employees (FTE)	Revenue (£ million)
Small	<1 to 5	3,045	7,085	431,696
	>5 to 10	635	4,916	382,230
	>10 to 25	355	5,611	406,161
Medium	>25 to 50	104	3,675	462,807
	>50 to 100	27	1,932	202,980
	>100 to 250	14	2,128	285,341
Large	>250	8	7,174	791,948
Total		**4,188**	**32,521**	**2,963.16**

The industry comprises a majority of companies with 5 or less employees (72.1%) who provide 21.8% of all employees and 14.6% of all revenue.

There are 49 companies with over 50 employees and these account for 34.5% of all employees and 43.2% of the total industry revenue.

BMF Membership

BMF Membership is highly representative of the UK leisure, superyacht and small commercial marine industry with 73.5% of the total UK marine revenue.

BMF Members employ 57.8% of all the marine labour force and are 30.6% of all businesses.

The majority of larger companies in the marine industry are within BMF Membership, with an estimated 83.7% of those with over 50 employees.

Within membership, there are an estimated 37.3% of all companies with between 5 and 50 employees and 27.4% of those with 5 or less employees.

UK ADULT BOATING PARTICIPATION

The Watersports & Leisure Participation 2009 survey commissioned by the BMF, MCA, RNLI, RYA sponsored by Ybw.com gives an accurate view on UK adult participation levels in the UK and overseas, the sample size being a robust 12,000.

The latest survey found up to 3.7 million adults took part in boating activities in 2009 compared to 3.2 million in 2008. There was a growth in the number of participants for several activities, with a decline in the average number of times people participated in an activity. This is a reverse of the trend in 2008, as there was a recovery of the number of casual boaters participating in 2009, most likely due to the better weather in the UK that year (correlates with Met Office data).

2009	Average % of UK adult population	Maximum number of adults
Any boating activity	**7.21**	**3,719,000**
Canoeing	2.57	1,376,000
Power Boating	1.16	646,000
Small Sail Boat Activities	1.13	631,000
Motor Boating / Cruising	0.96	542,000
Yacht Cruising	0.78	447,000
Rowing / Sculling	0.71	410,000
Using Personal Watercraft	0.69	395,000
Canal Boating	0.65	378,000
Water Skiing	0.64	372,000
Windsurfing	0.54	316,000
Small Sail Boat Racing	0.30	187,000
Yacht Racing	0.20	131,000

To download the full report providing detailed demographics, frequency and household ownership by boat type, please visit **www.britishmarine.co.uk/research**

EXPLANATORY NOTES

Marine Trading Activities

The UK leisure, superyacht and small commercial marine industry comprise over four thousand businesses and sole traders.

The figures presented relate to all the leisure, superyacht (over 24m) and small commercial (up to 50m) marine industry, including the manufacture and supply of craft, equipment, engines/systems and accessories as well as all the services to consumers and businesses.

Activities represented are drawn from both coastal and inland sectors of the marine industry which encompasses all privately owned and charter/hire boats and craft, superyachts and small commercial workboats. This includes all motor/power boats, sailing yachts/dinghies, narrowboats/barges, RIBs/inflatables, personal watercraft, windsurfers, canoes and other speciality boats and craft.

Sample & Methodology

The methodology combines primary data from BMF Members through completion of the Declaration of Turnover Form which is circulated each year for their last financial performance prior to April. This data is provided by company headquarters when there are multiple sites.

To determine the remaining marine companies outside of membership, a list of marine companies was obtained from reputable business list provider, Experian. Desk research was conducted on each company to ensure they were relevant i.e. leisure, superyacht and small commercial marine and not shipping, naval etc. This provided non-member company names, sizes, locations and sectors.

In 2010, the data on non-member companies has been revised as a new list of marine companies was purchased and some categories have since changed. Each company has again been desk researched to ensure they are relevant.

Industry Revenues

The revenue for members has been taken directly from information provided by them and this accounts for almost three-quarters of the total revenue for the industry. The non-members revenue is determined via a data model which has been based on the factual information provided by Experian with assumptions on revenue by company size based on members.

To ensure ‘double counting’ is minimized the handling fees and commissions or earnings have been provided by BMF members as their revenue, where relevant. This is applicable to brokerage and agents, insurance companies and underwriters, finance houses, finance brokers and solicitors. There will be an element of double counting in boatbuilding and distribution / dealership revenue when the boat is built in the UK then sold within the industry before selling to the end consumer. However all double counting has been eliminated by measuring the value added contribution of the marine industry which is the principle measure of national economic benefit i.e. the revenue the Treasury is interested in. This figure represents the absolute contribution to the economy and eliminates double counting. The value-added approach used in this model is the Output Approach (sales minus the costs of intermediate inputs i.e. goods and services) of the total revenue.

EXPLANATORY NOTES

International Trade Activities

Countries within Europe are grouped as follows for the purposes of international trade:

- **Eurozone:** Austria, Belgium, Cyprus, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, Malta, The Netherlands, Portugal, Slovakia, Slovenia, Spain.
- **Other EU Member Countries:** Bulgaria, Czech Republic, Denmark, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Sweden.
- **Other European Countries:** Croatia, Gibraltar, Monaco, Norway, Switzerland, Turkey.

Accuracy

Accurate statistics are vital to our function as the national representative body for the industry in the UK. BMF carries out random checks to verify Members' declarations of their turnover via Companies House. The non-member list was investigated thoroughly to ensure all businesses included in the model are relevant, i.e. leisure, superyacht and small commercial marine. Extensive quality assurance of the data model on both the source data and subsequent analysis has been conducted.

The large majority of Members complete their declaration form annually and data for non-returned forms (< 5%) is based on previous year's figures. The Member data represents the majority of the revenue (c. 73%) and data for the remaining non-member companies is based on a business list, with revenue based on a model by company size. It is important to note that non-member companies whose core business is not marine have not been included, therefore our figures are a conservative estimate. Overall, the confidence level is estimated to be c. 95% for the headline industry figures.

Disclaimer

BMF takes no responsibility for decisions taken using the information provided in this report.

OTHER REPORTS AVAILABLE

UK Markets

Free downloads on www.britishmarine.co.uk/research include:

- Bi-Annual Marine Industry Trends reports
- Annual Watersports & Leisure Participation report, including boat ownership
- Superyacht UK Annual Industry report
- Boat park and boat production estimates

Economic Benefits of Inland Marinas 2008

Launched in 2008 in partnership with British Waterways and the Environment Agency, with support from The Broads Authority and TYHA members. The report assesses and documents the economic significance and impact of inland marinas in the UK at a country and regional level, and details contribution at a local level through a series of sixteen case studies, based on primary research.

BMF members - £30
Non-BMF Members - £300

Economic Benefits of Coastal Marinas in the UK & Channel Islands 2007

Launched in 2007 in partnership with the Crown Estate and Jersey Harbours, with support from TYHA members. The report assesses and documents the economic significance and impact of coastal marinas in the UK and Channel Islands at a country and regional level, and details contribution at a local level through a series of nine case studies, based on primary research.

BMF members - £30
Non-BMF Members - £300

OTHER REPORTS AVAILABLE

International Markets

ICOMIA (International Council of Marine Industry Associations) Global Boating Industry Statistics Book

This annual report by ICOMIA contains a summary of data from ICOMIA's 24 member Marine Industry Associations who between them represent the large majority of the world's recreational boating industry. It also includes trade data for 35 countries, superyacht statistics courtesy of ShowBoats International and marine outboard and personal watercraft sales www.icomia.com/statistics/statistics.asp

Individual Country Reports - Free for BMF Members

Please visit www.britishmarine.co.uk/international for individual reports providing market information and contacts on the following:

- European Emerging Markets – Croatia, Poland, Russia, Slovenia, Turkey, Ukraine
- Middle East – Abu Dhabi, Bahrain, Dubai, Egypt, Kuwait, Qatar, Saudi Arabia
- Brazil & Mexico

Reports (December 2010) are also available on the key superyacht markets of Holland, Germany, Italy and the USA, researching the buying processes of the yards and how UK companies should best approach them.

UK Trade & Investment (UKTI) commissioned reports are also available providing generic information on different countries.

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Federation