UK LEISURE, SUPERYACHT AND SMALL COMMERCIAL MARINE INDUSTRY

KEY PERFORMANCE INDICATORS 2008/9

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 2009. 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

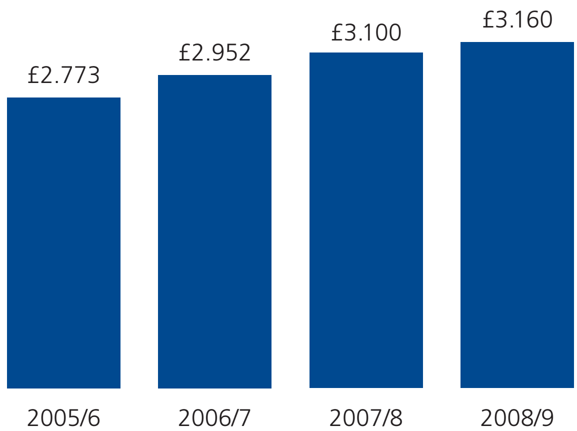
HEADLINE FIGURES

- Total revenue of the UK leisure, superyacht & small commercial marine industry is £3.16 billion (+1.9% from 2007/8)
- Value added contribution, the principal measure of national economic benefit, is £1.042 billion, 33% of revenue (-4% from 2007/8)
- International trade is £1.248 billion, 39.5% of total revenue (+13.6% from 2007/8)
- Full time equivalent employees c. 34,300 across the industry (-2.5% from 2007/8)
- UK businesses c. 4,200

NB: Figures quoted are subject to rounding

Industry Revenue

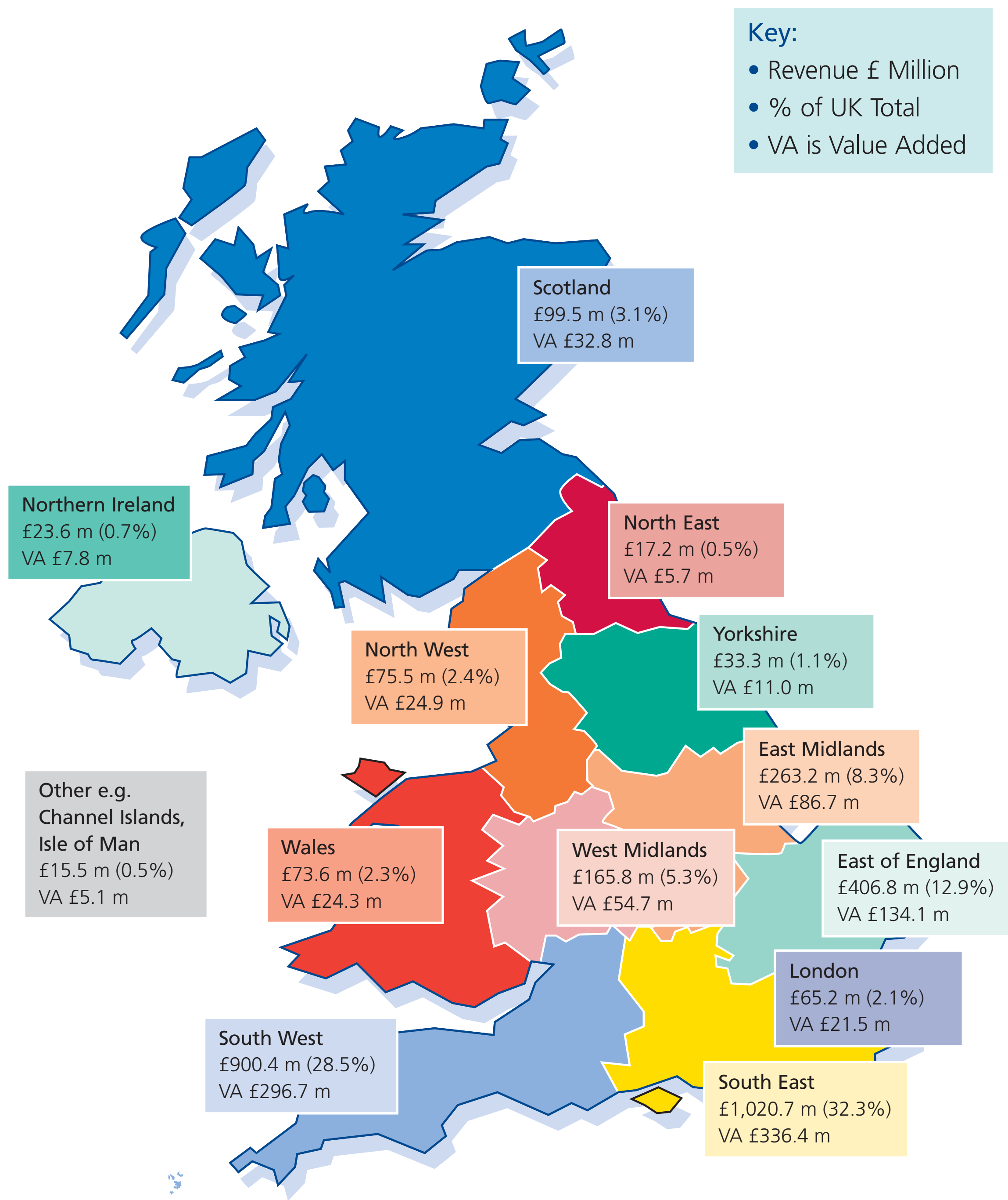
(£ billion)



REVENUE AND VALUE ADDED

Total UK Industry Revenue £3.16 billion

Industry Revenue by Region

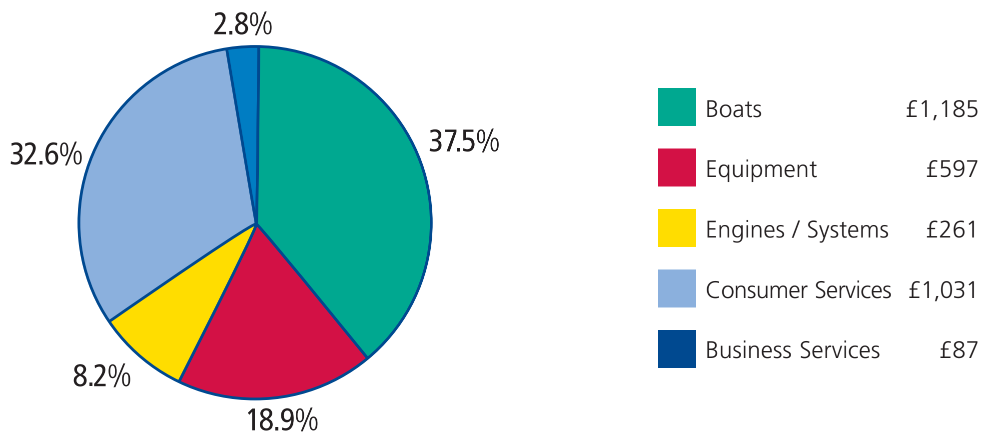


The revenue in both Southern regions has increased from 2007/8 by a slightly higher uplift than the national average, most notably the South West (+£65.9 m). East Midlands and North West have decreased the most though this is largely due to a small number of individual companies.

REVENUE AND VALUE ADDED

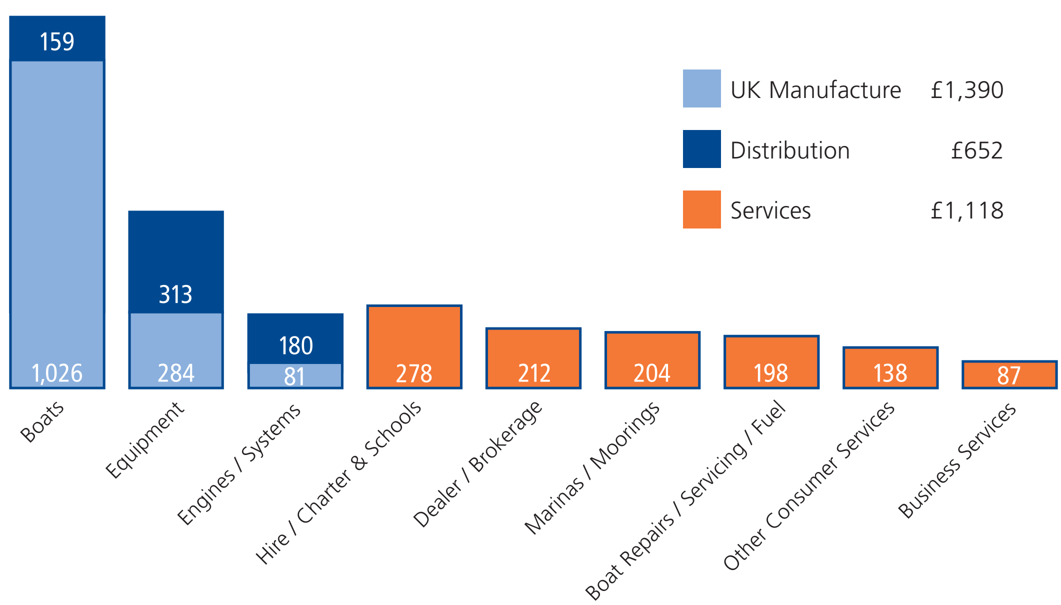
Industry Revenue by Core Sector

(to nearest £ million)



Industry Revenue by Sector

(to nearest £ million)



Industry revenue for all UK manufacture and distribution is almost the same as 2007/8 at -0.1%, which specifically for boats is -1.6% and for equipment and engines / systems is +2%. Revenue from services to consumers and businesses has increased the most at +5.9%.

REVENUE AND VALUE ADDED

Industry Revenue by Detailed Sector

(£ million)

	£ million	% of UK Total
Manufacture in the UK		
Motor / Power Boat Manufacture	844.82	26.7
Sail Boat Manufacture	162.97	5.2
Other Boat Manufacture	17.85	0.6
Electronics Manufacture	21.84	0.7
Deckgear / Rigging Manufacture	134.72	4.3
Other Equipment / Accessories Manufacture	127.37	4.0
Engines / Systems Manufacture	80.72	2.6
Total Manufacture in the UK	**1,390.28**	**44.0**
Distribution		
Motor / Power Boat Distribution	117.86	3.7
Sail Boat Distribution	28.84	0.9
Other Boat Distribution	12.18	0.4
Electronics Distribution	161.30	5.1
Deckgear / Rigging Distribution	28.67	0.9
Other Equipment / Accessories Distribution	122.71	3.9
Engines / Systems Distribution	180.10	5.7
Total Distribution	**651.66**	**20.6**
Consumer Services		
Boat Repairs / Servicing	197.98	6.3
Coastal / Sea Charter	134.24	4.2
Inland Boat Hire	82.36	2.6
Watersports Rental	16.09	0.5
Sailing Schools	45.50	1.4
Dealers	156.81	5.0
Brokerage	55.58	1.8
Chandleries / Marine Outlets	86.62	2.7
Coastal Marinas / Moorings	148.76	4.7
Inland Marinas / Moorings	55.41	1.8
Finance / Insurance / Legal / Surveyors	28.48	0.9
Other Services	23.30	0.7
Total Consumer Services	**1,031.14**	**32.6**
Business Services		
Business Consultants	15.29	0.5
Financial / Insurance / Legal	22.15	0.7
Other Services	49.74	1.6
Total Business Services	**87.18**	**2.8**
Total	**3,160.25**	**100.0**

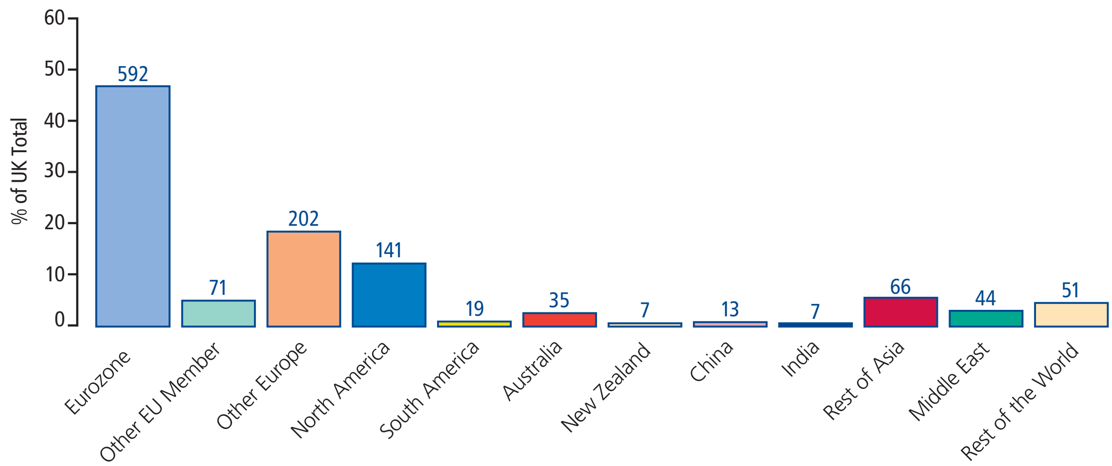
Overall, revenue from boat manufacture in the UK has increased from 2007/8 (+£68.3 m) whereas boat distribution has decreased (-£87.2 m). Within equipment and accessories, there has been a decrease in manufacture only, mainly in deckgear / rigging. Engines / systems have also decreased slightly. Within services, revenue for boat repairs / servicing, chandleries / marine outlets, coastal marinas and services for businesses have increased the most.

INTERNATIONAL TRADE

Total International Trade £1.248 billion

International Trade by Market

(to nearest £ million)



Proportion of International Versus Domestic Trade

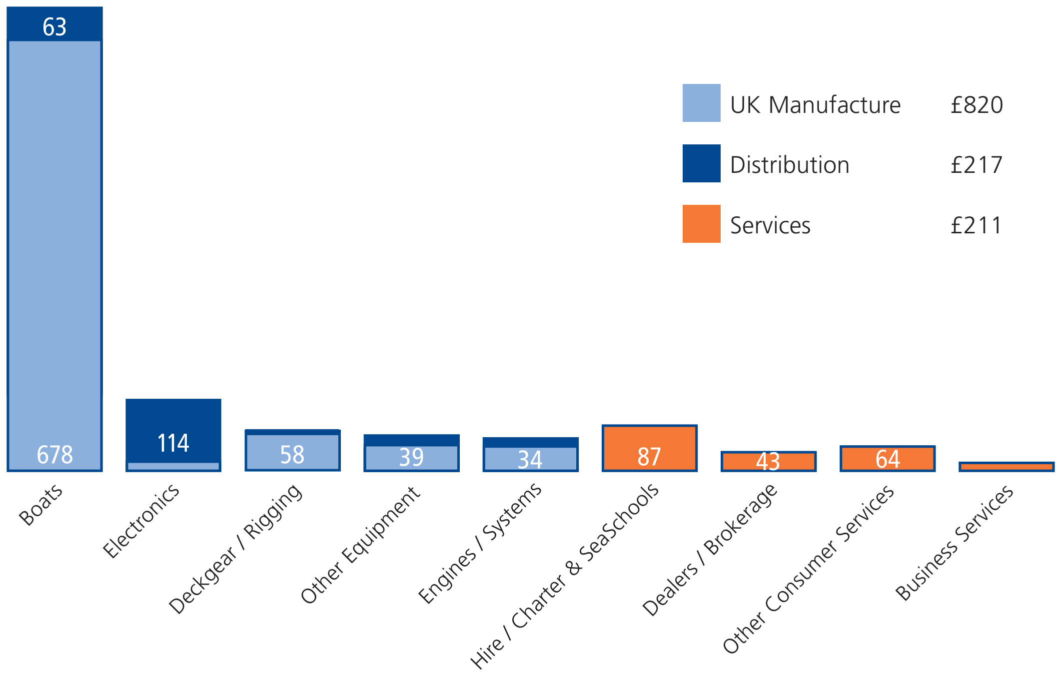
	Domestic Trade	International Trade
Boat Manufacture in the UK	33.9%	66.1%
Equipment Manufacture in the UK	63.0%	37.0%
Engines / Systems Manufacture in the UK	58.3%	41.7%
Boat Distribution	60.6%	39.4%
Equipment Distribution	82.7%	17.3%
Engines / Systems Distribution	92.4%	7.6%
Consumer Services	81.2%	18.8%
Business Services	80.4%	19.6%
Total	**60.5%**	**39.5%**

All markets have increased slightly in revenue, with the exception of Other Europe, China and Rest of the World staying the same. International trade is greatest to Europe accounting for 69.3% of the total with an increase compared to 2007/8 in both the Eurozone (+£56.6 m) and Other EU countries (+13.6 m).
In addition, increases are more to North America (NB included change in one company's corporate reporting), South America, 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)

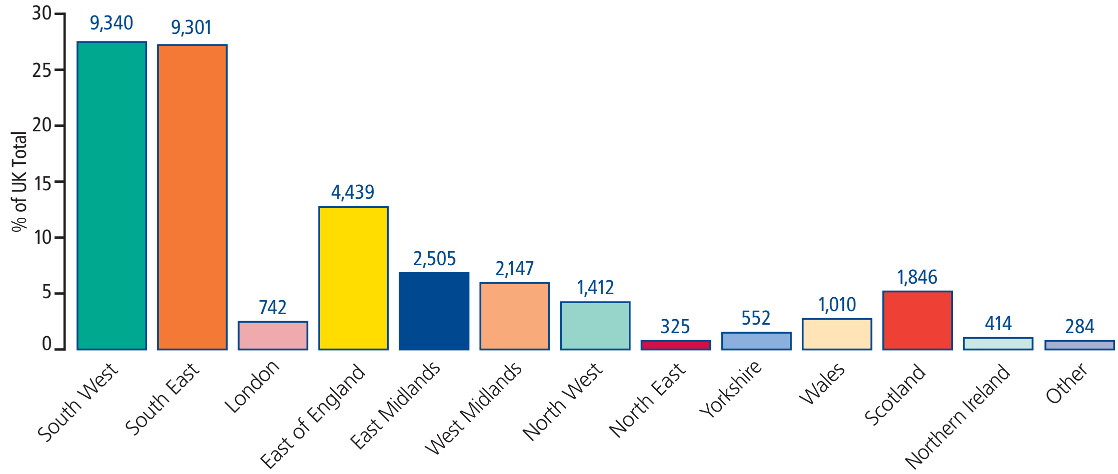
	Total	Eurozone	Other EU Member	Other Europe	North America	South America	Aus/ N.Zea	Middle East	Asia	Rest of World
Boat Manufacture	**678.08**	283.30	41.05	121.40	63.41	16.27	22.60	25.44	70.40	34.21
Electronics Manufacture	**11.35**	6.25	0.31	0.70	2.18	0.05	0.73	0.65	0.22	0.26
Deckgear / Rigging Manufacture	**58.22**	26.69	5.17	1.39	14.88	0.86	4.51	1.52	2.74	0.47
Other Equipment Manufacture	**38.80**	22.72	1.72	1.70	6.06	0.35	1.13	2.90	0.72	1.50
Engine / Systems Manufacture	**33.66**	9.65	1.23	9.81	3.90	0.21	1.42	1.04	4.77	1.63
Boat Distribution	**62.59**	38.00	0.55	21.99	0.98	0.01	0.07	0.13	0.66	0.20
Electronics Distribution	**113.97**	56.41	6.77	5.62	30.80	0.05	7.78	4.18	1.94	0.43
Deckgear / Rigging Distribution	**6.13**	3.69	0.81	0.49	0.39	0.01	0.09	0.08	0.52	0.06
Other Equipment Distribution	**20.09**	9.25	5.61	1.86	0.97	0.31	0.55	1.00	0.29	0.24
Engine / Systems Distribution	**13.73**	9.89	0.58	1.22	0.56	0.11	0.24	0.34	0.25	0.56
Hire / Charter & Sea Schools	**86.85**	44.98	4.99	20.35	9.94	0.12	0.96	1.93	1.33	2.26
Dealers / Brokerage	**42.86**	25.66	0.17	9.91	2.10	0.01	0.36	1.52	0.52	2.62
Other Consumer Services	**64.20**	45.95	1.54	4.15	3.20	0.13	0.84	2.24	0.85	5.30
Business Services	**17.05**	9.25	0.59	1.84	2.05	0.09	0.33	0.57	0.76	1.56
Total	**1,247.57**	**591.69**	**71.08**	**202.41**	**141.42**	**18.59**	**41.60**	**43.53**	**85.96**	**51.30**

International trade from manufacture in the UK accounts for 65.7% of the total which is a similar proportion to 2007/8 increasing by 12.7% in revenue terms, predominantly through boat manufacture. Distribution has decreased slightly from 2007/8, again mostly due to boats and accounts for 17.4%. Services to consumers, and business have increased slightly; both now representing 16.9% of all international trade.

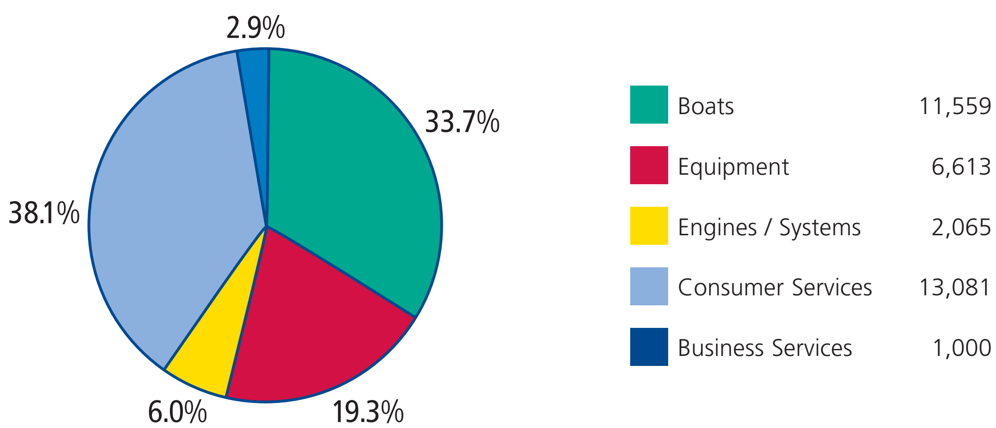
EMPLOYMENT

Total UK Employment (FTE) 34,300

Employment (FTE) by Region



Employees (FTE) by Core Sector



All regions report a decrease in employment compared to 2007/8, with the exception of the South West and East of England. The South East region and Equipment sector have experienced the greatest drop in number of employees from last year.

EMPLOYMENT

Employment by Detailed Sector

	Employees	% of UK Total
Manufacture in the UK		
Motor / Power Boat Manufacture	8,789	25.6
Sail Boat Manufacture	1,732	5.0
Other Boat Manufacture	368	1.1
Electronics Manufacture	257	0.7
Deckgear / Rigging Manufacture	1,651	4.8
Other Equipment / Accessories Manufacture	1,997	5.8
Engines / Systems Manufacture	986	2.9
Total Manufacture	**15,780**	**46.0**
Distribution		
Motor / Power Boat Distribution	456	1.3
Sail Boat Distribution	120	0.4
Other Boat Distribution	93	0.3
Electronics Distribution	1,062	3.1
Deckgear / Rigging Distribution	223	0.7
Other Equipment / Accessories Distribution	1,422	4.1
Engines / Systems Distribution	1,079	3.1
Total Distribution	**4,456**	**13.0**
Consumer Services		
Boat Repairs / Servicing	3,077	9.0
Coastal / Sea charter	1,588	4.6
Inland Boat Hire	1,439	4.2
Watersports Rental	79	0.2
Sailing Schools	908	2.6
Dealers	675	2.0
Brokerage	595	1.7
Chandleries / Marine Outlets	1,281	3.7
Coastal Marinas / Moorings	1,828	5.3
Inland Marinas / Moorings	841	2.5
Finance / Insurance / Legal / Surveyors	404	1.2
Other Services	366	1.1
Total Consumer Services	**13,081**	**38.1**
Business Services		
Business Consultants	284	0.8
Financial / Insurance / Legal	253	0.7
Other Services	463	1.3
Total Business Services	**1,000**	**2.9**
Total	**34,318**	**100.0**

The decrease in employment levels is being driven by manufacture and distribution not the service sectors to consumers. From 2007/8, employment in manufacture in the UK decreased by -5.1%, distribution decreased by -6.5% while services to consumers increase by 2.9%.

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 (£'s millions)
Small	<1 to 5	3,144	7,301	488.41
	>5 to 10	532	4,068	339.89
	>10 to 25	322	5,226	463.91
Medium	>25 to 50	120	4,266	368.45
	>50 to 100	41	2,866	283.11
	>100 to 250	19	2,793	373.10
Large	>250	9	7,798	843.39
Total		**4,187**	**34,318**	**3,160.25**

The industry comprises a majority of companies with 5 or less employees (75.1%) who provide 21.3% of all employees and 15.5% of all revenue.

There are 69 companies with over 50 employees and these account for 39.2% of all employees and 47.5% of the total industry revenue.

BMF Membership

BMF membership is highly representative of the UK leisure, superyacht and small commercial marine industry with 75.6% of the total UK marine revenue.

BMF Members employ 59.2% of all the marine labour force and are 31.4% of all businesses.

The majority of larger companies in the marine industry are within BMF Membership, with an estimated 76.8% of those with over 50 FTE.

Within membership, there are an estimated 41.0% 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 2008 survey commissioned by 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 3.2 million adults took part in boating activities in 2008 compared to 4 million in 2007. The results suggested that committed participants continued their activities and this decrease was due to a decline in casual participation, most likely linked to poor weather and economic climate.

2008	Average % of UK adult population	Maximum number of adults
Any boating activity	**6.20**	**3,212,000**
Canoeing	1.98	1,069,000
Motor boating / Cruising	1.09	611,000
Small sail boat activities	0.87	495,000
Yacht cruising	0.85	480,000
Using personal watercraft	0.69	395,000
Water skiing	0.60	349,000
Power boating	0.58	337,000
Canal boating	0.54	317,000
Rowing / Sculling	0.38	233,000
Windsurfing	0.35	213,000
Small sail boat racing	0.25	159,000
Yacht racing	0.20	129,000

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EXPLANATORY NOTES

Marine Trading Activities

The UK leisure, superyacht and small commercial marine industry comprises 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 the seagoing and inland sectors of the marine industry across manufacture and distribution of boats, engines and equipment, and all consumer and business services.

Sample & Methodology

The methodology combines primary data from our BMF Members through completion of the Formal 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.

Industry Revenues

The revenue for members has been taken directly from information provided by them and this accounts for over 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 assumption 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 boat building 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.

6.9% of BMF Members did not complete their turnover form so estimates were provided based on the previous years figures. The non-member list provider, Experian, report they have nearly all commercial companies in their database and that their employee data is 96.04% accurate within +/- 2%. Revenue for the non-member companies have been 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

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

Please visit www.britishmarine.co.uk/research for further information on the following:-

- 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

- Individual Country Reports

Market overviews providing country information and contacts are available on European Emerging Markets (Croatia, Poland, Russia, Slovenia, Turkey, Ukraine) and the Middle East. UKTI commissioned reports are also available providing generic information on different countries.

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