

## **SUPERYACHT UK RESULTS FOR 2010/11**

The BMF has carried out its fifth annual survey of Superyacht UK members to determine year-on-year trends. Superyacht UK, a dedicated association of the British Marine Federation (BMF), represents 186 members and over 70% of the total UK industry operating in the design, build, supply chain and service provision of yachts over 24 metres in length.

This latest national survey by Superyacht UK/BMF reports the revenue of the superyacht industry during last year (2010/11\*) is just over £450 million, an increase of 6.6% on the previous year. There have been slight improvements in all of the economic trends measured, with workload and future expectations rated positively for the majority. However, the challenging climate is still impacting on the monetary measures with a quarter of members reporting lower profit margins and lower value of their order book.

The key statistics from the latest superyacht trends survey show that:

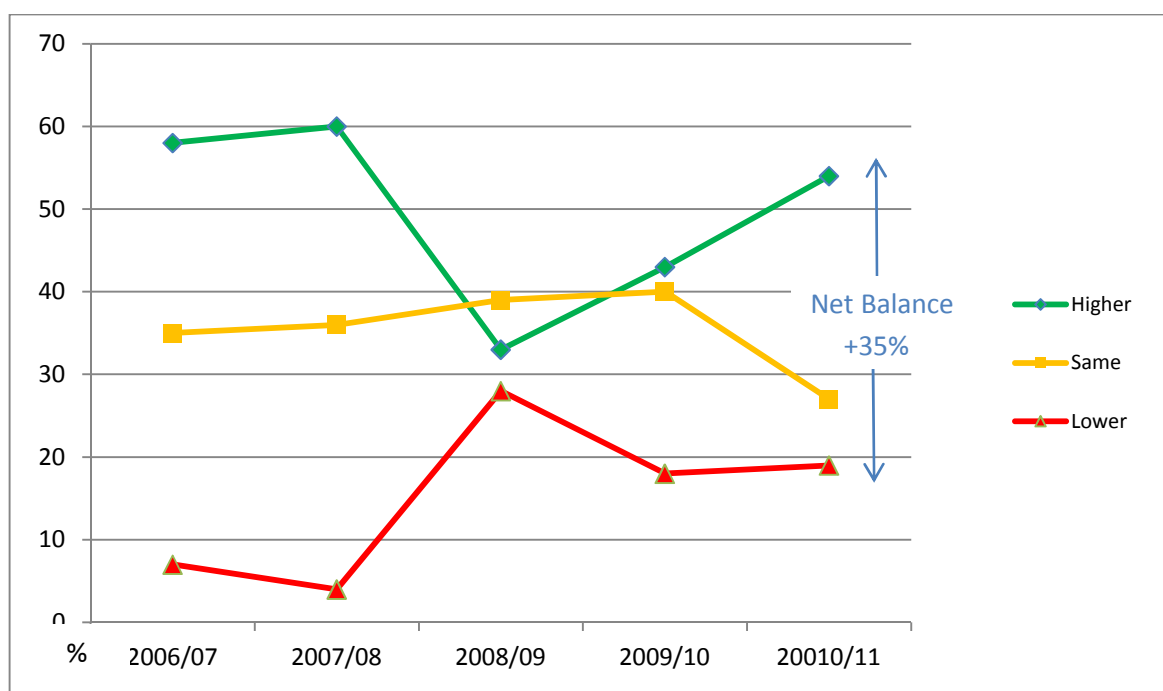
- The value of the UK superyacht industry in 2010/11 is now just over £450 million, compared to just over £420 million in 2009/10; an increase of 6.6%. This is a higher percentage increase year-on-year than reported last year but still not back to the levels experienced prior to the downturn in the economic climate (2009/10 +3%, 2008/9 +15.3% and 2007/8 +14.8% from the previous year).
- 54% of members responding report a higher workload over the last 12 months compared to the same period a year ago, while just under a fifth (19%) experienced a lower workload. This is a further increase from the trend for workload reported in the survey this time a year ago for 2009/10.
- The value of the order book has a slightly more positive response to a year ago but overall the levels over the last 12 months are not as high as the rating for workload. 46% report a higher value of the order book compared to the same period a year ago and around a quarter report a lower value (26%).
- The impact of the recession continues to be evident in the rating of the monetary measures, with profits rated lower than revenue; 50% rate revenue higher than the previous year, while profits are higher for 39%. Fewer members than reported in 2009/10 are declaring their revenue and profits as lower than a year ago.
- Encouragingly, the majority (59%) rate prospects for the next 12 months as good or excellent while 39% state it as OK. Only 2% foresee the year negatively. This is slightly more positive overall than last year given the net balance between positive and negative responses is +57% compared to +50%, but fewer companies state that prospects are 'excellent'.
- There are around 3,645 full time equivalent employees working in the sector which is + 2.7% from last year; individual company's workforce has remained stable for the majority (62%), for 26% it is higher and for 12% it is lower.

\*Reporting period is the last financial year prior to June 1<sup>st</sup> 2011.

## UK superyacht workload over the last 12 months compared to 2009/10

The trend for superyacht workload amongst members responding continues to increase slightly each year since 2008/9. Just over half (54%) report that they had a higher workload over the last 12 months compared to the same period a year ago while just under a fifth (19%) state it is lower.

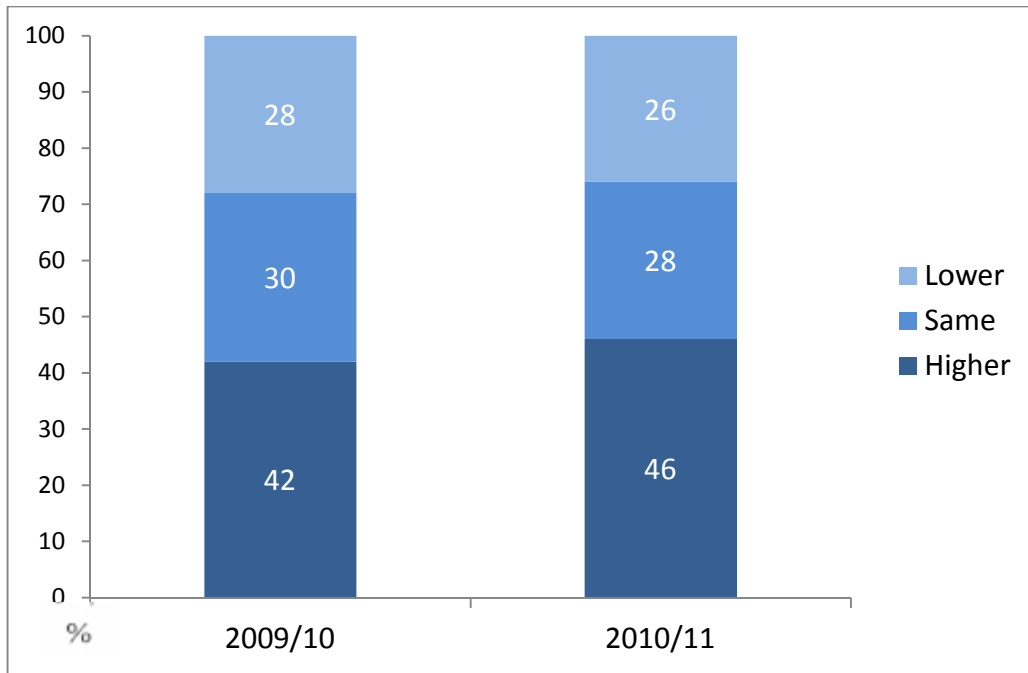
This results in a net balance between the positive and negative responses of +35% for 2010/11 compared to the previous year which is slightly more favourable than reported a year ago (+25 reported in 2009/10, +5% reported in 2008/9).



## UK superyacht value of the order book over the last 12 months compared to 2009/10

The value of the order book is slightly more positive to a year ago but not to a significant degree, and overall the levels are not as high as the rating for workload.

46% report a higher value of the order book and a quarter (26%) report a lower value of the order book for the last 12 months compared to the same period a year ago. This results in a net balance of +20% in 2010/11 which is slightly higher than previously reported given +14% reported in 2009/10.

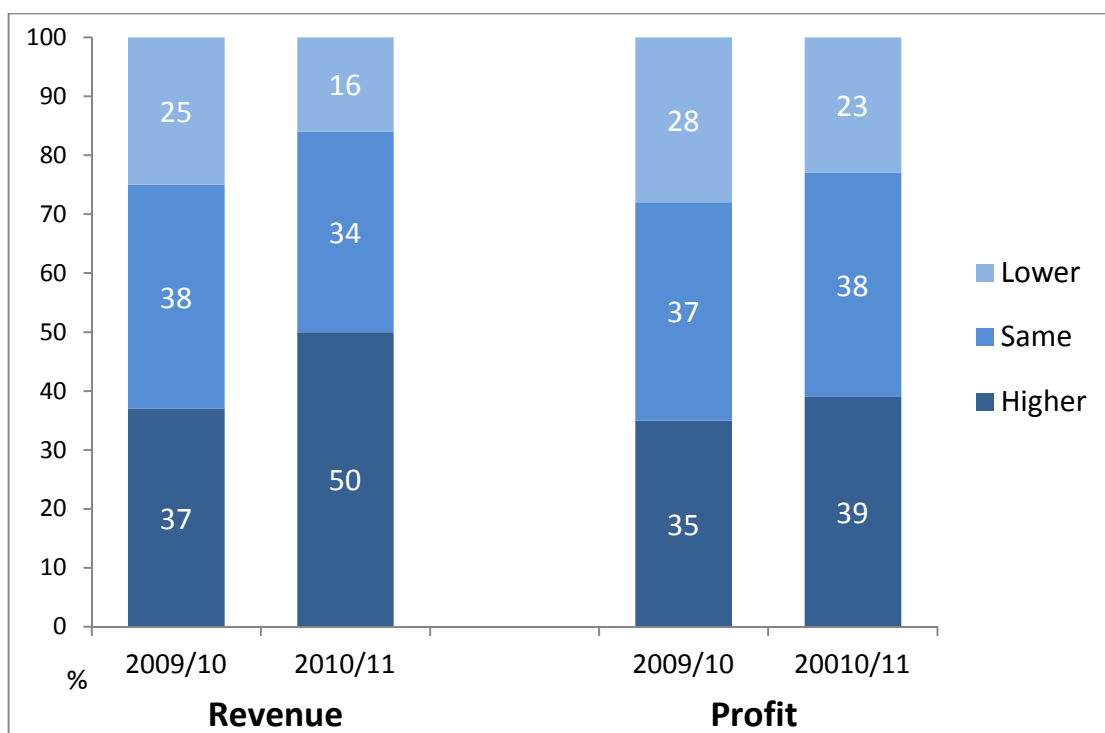


### UK superyacht revenue & profit over the last 12 months compared to 2009/10

The impact of the recession continues to be evident in the rating of the monetary measures, with profits rated lower overall than revenue, however there are signs of improvement in both trends reported from a year ago, especially for revenue.

There has been a recovery in the trend reported for revenue for 2010/11, with 50% reporting revenue as higher than the previous year and 16% attaining a lower revenue. This results in a net balance of +34% in 2010/11 compared to +12% reported in 2009/10.

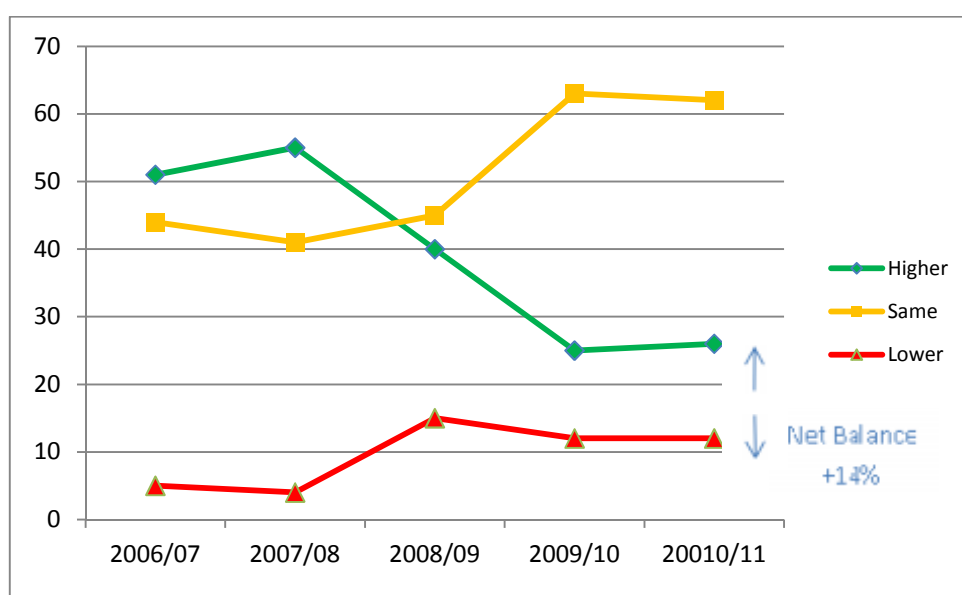
Profits are also rated slightly better than a year ago, though not to a significant degree, with 39% rating profits higher than the previous year and 23% lower. The resulting net balance is +16% in 2010/11 compared to +7% reported in 2009/10.



### UK superyacht workforce over the last 12 months compared to 2009/10

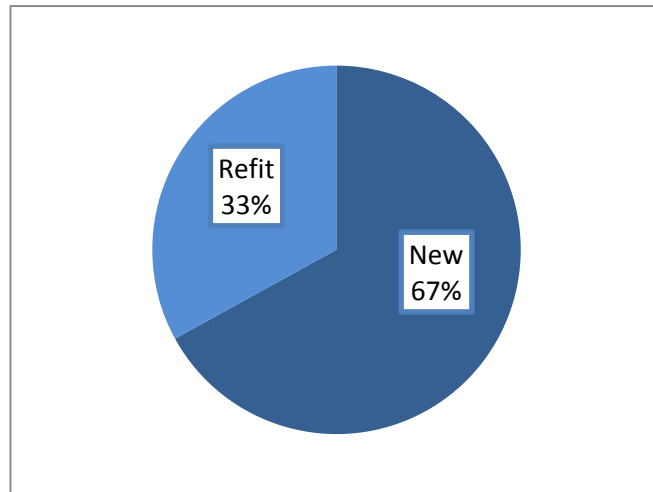
There are around 3,645 full time equivalent employees working in the sector and levels have remained stable for the majority, up 2.7% from last year.

The trend for individual company's workforce levels is also consistent, with near identical results as reported last year. The majority (62%) report their workforce has stayed the same over the last 12 months compared to the previous year, with 26% increasing and 12% lowering their superyacht workforce. This is a stable net balance of +14% compared to +13% reported in 2009/10 though still not as positive a trend as reported in previous years (+25% in 2008/9, +51% in 2007/8).



### Proportion of the UK superyacht industry in the new build versus refit sectors

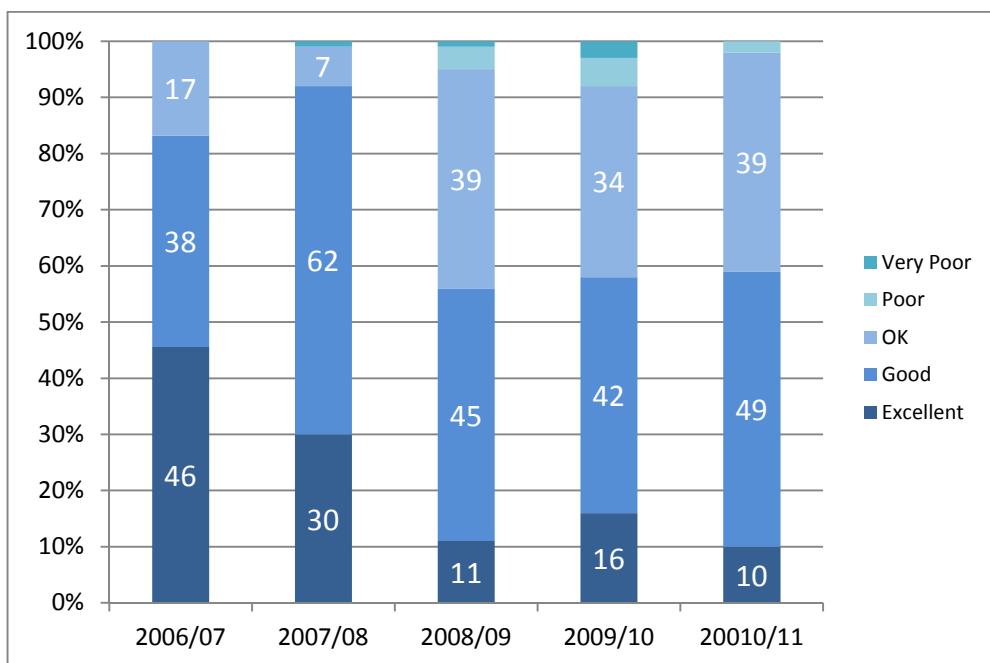
Refit work within the superyacht industry has stayed consistent among members given new build work is 67% compared to 70% over previous years.



### Future prospects perceived for the UK superyacht industry over the next 12 months

Encouragingly, the majority rate future prospects for the next 12 months as good or excellent (59%) while 39% state it looks OK. Only 2% foresee the year negatively.

This expectation is slightly better than reported a year ago as the net balance is now +57% compared to +50% in 2009/10, though there has been a slight decline in those rating it as 'excellent' as 10% from 16%. Trends for future forecasts are moving in the right direction, but not yet as positive as pre-recession (+51% 2008/9 +91% 2007/8, +84% 2007/8).



## **Conclusions**

During 2010/11, the UK superyacht industry continues to show its strength and resilience as it continues to overcome the impact on the economy since the recession. It is clear that times are still harder than pre-recession but there have been improvements in the majority of measures from the last survey, including workload and revenue.

It is encouraging that the majority have a positive outlook for the next 12 months and only 2% perceive it negatively. Therefore, indications are that the superyacht industry in the UK will continue to perform well into 2012 and beyond.

Rob Stevens, Chief Executive of the British Marine Federation, said: “We are pleased to report that despite the challenging economic conditions our superyacht industry has been able to report growth, and the prospects for the next year are positive for a majority of our members. However, we are mindful that the industry has not recovered back to levels experienced prior to the downturn, and although the industry has shown itself to be resilient the outlook for many companies is still tough – demonstrated by the rates of profits and revenue. The BMF and SYUK together are working to ensure all support necessary is given to the industry, and our presence at events such as the Monaco Yacht Show in September will help showcase the skill and experience of the UK industry.”

This survey is conducted annually amongst Superyacht UK members, a flagship Association of the British Marine Federation. In total, 136 completed questionnaires were received from SYUK members (74% response rate) while revenue is received from 96% of all BMF members. The survey aims to monitor trends in UK superyacht marine industry performance. The reporting period is the last 12 month financial year prior to June 1st 2011.