

Global Superyacht Forum 2009 Transcript

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Day 1

State of the Industry - How's Business

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Martin Redmayne

Allright. Wow, the crowd gets bigger the longer the day goes on. That's interesting. Welcome everyone for the second afternoon session. A state of the industry discussion, or presentation, let's call it. We have a lot of interesting disciplines here talking about their various sectors of the market. We've obviously had a very very interesting year. I think our current calculations are there are around 98 new orders signed from about 40 shipyards in the last year, which is a very small number. It's a very interesting climate.

The panel is represented by lawyers, brokerage houses, SYBAss as in shipyards, the refit yard world, security and the training and manning worlds. So the most important people in the last 12 months have obviously been the lawyers, who probably made the most money out of this whole industry.

Bob Wagemakers Marina Barcelona 92

Thank you. As I'm representing the ICOMIA Superyacht Refit Group I'm going to give you a little bit of an insight because it's a brand new group, we've only been existing for less than a year. I'll give you a bit of an insight of how we see the market and also give you a bit of an idea of what we stand for and how we aim to improve our sector of the market. So I think generally talking how is business? Business has been relatively good for us and we've seen in the economic downturn many yards have seen growth, so we can't complain, not at all. Regarding the state of the industry, rather than focussing on the past year or the past 2 years I think you can see it is going through a growth process still. Under the longer period we've seen that the superyacht sector has very much matured, the boats are getting bigger, they're getting more complex and what has developed over the past year or so is that owners and management companies are running their yachts on a much tighter schedule and a budget. That's obviously where we do have an impact but basically what we see is that people want to know what they're getting. We feel that it's no longer viable just to tie a boat up somewhere along a dock and carrying out a refit expecting it to be done on time within budget and just some sort of quality that the owner can expect. So what we want to do is to bring professionalism with our members to a sector of the industry that hasn't always been having a very good image. Often refits went over budget, weren't done on time, the quality wasn't always there. So our mission is to provide a certainty and consistency to those refits so that the owner knows what he can get in terms of that time frame and that budget and so that the whole experience of the owner will be enhanced. So obviously we fall under ICOMIA, the International Council of Marine Industry Associations, so we've had a meeting this morning one of the few meetings we've had this year and we very much feel now that our sector's voice is being heard at a higher level and that's also something I want to come back to later on because we had that discussion this morning about industry associations like SYBAss. I'll get back to that at a later stage.

So we now have an organisation that protects our interests at a high level such as the European commission, or ISO, but we also have a means to stay up to date with the latest law making development and also environmental developments. So obviously we see sometimes that it's important that refit stays updated because there is legislation that affects refit a lot more than it may affect new builds. So very quickly explaining how we aim to bring this certainty. We set criteria where the members must prove that they have a certain high standard, which for example they have to show that they have been around in the industry for a certain number of years, they have to work to a quality assurance system like ISO 9001, or something similar, they must have a good project management structure, they need to have the technical expertise and the facilities that they work in. And a very important item is liability insurance, that's obviously something that's been affected more and more and insurance companies demand more, owners demand more, and that's something where we want to set a high standard. Warranties, very important. Safety and security for the yard workers, for the crew and obviously for the vessel of the owner. And then we consider very important is the environmental best practices. People have to work in a healthy yard environment but also we want to minimise the impact on our environment and finally there's the high standard of customer service that we want to give. So then once a yard becomes a member there's obviously the way that we aim to work together. It's one of the few associations in the industry where a group of companies stick together as SYBAss does, for example. So we're sharing best working practices so that we all work to a high level, we work together on the environmental side to exchange ideas, not only to improve our own sustainability footprint but also to make crew, management companies and perhaps even owners more aware of the environmental impact of our industry and therefore hopefully reduce our impact.

Finally what is also very helpful is that by having a network worldwide of refit yards we have an easy way to make a warranty coverage much better so we have the possibility to go to another yard, carry out the work, or have the other yard carry out the work for us. So altogether even though not all refit yards are going to be part of the group what we do want is that there is an incentive for other yards to raise their standards, make sure that the quality gets better, there's more certainty in the sector, that the image of refit becomes better and that hopefully we give a better experience to the owner. Now coming back to something we discussed earlier ↓ there seems to be a growing need for more representation, whether it's on any side of the industry, so obviously we have refit organisation that is many organisations. But from the meeting we had today we think that there could be an interesting point in developing an organisation that represents the companies representing the owners, because like that there can be cooperation between various organisations and this should very much improve the state of the industry that we're in. That's our point of view. Thank you.

Martin

Thank you Bob. Any comments on that before I move to the next session? Can I just ask you to wait for the microphone, one second.

Henk de Vries

I have a question. What we are curious to hear is how was business? Because some of your previous speakers already said not many people are buying new boats, so maybe they're buying many cheap second hand ones and fix them up with you guys? I mean is your business booming, is it unprecedented and wonderful? Or what is it?

Bob

It's good.

Martin

Actually, how is Henk de Vries' refit division? I think the refit market is still very robust at the moment. I was in Marseilles in La Ciotat 3 weeks ago and it was jam packed.

Tork

But interestingly, of all the refit yards that I spoke to recently and asked them if there was that factor that you've just described, they said business was good but no, they weren't seeing an increase in people doing more work because they've bought an old dog to fix up.

Martin

So just minimum work as they need it? But it's still moving the business through on refit. There's still activity.

Bob

What we see is that definitely the budgets, there's no open cheque book any more, that's for sure. There's still a lot of boats, they all need maintenance, obviously we see a lot of boats that have been delivered in the past 4 to 6 years that are coming up to their first special surveys now, even though it's maybe minimum work that professional yards they will do this work as quick as possible and to the highest standard so the owner can have his boat back. So there's a turnover thing there, there's a lot of boats, maybe with less work, but still.

Martin

There's still volume.

Bob

Definitely volume.