



The state of the art of the global yachting market.

Extract for external stakeholders

Milan | 3rd April 2023



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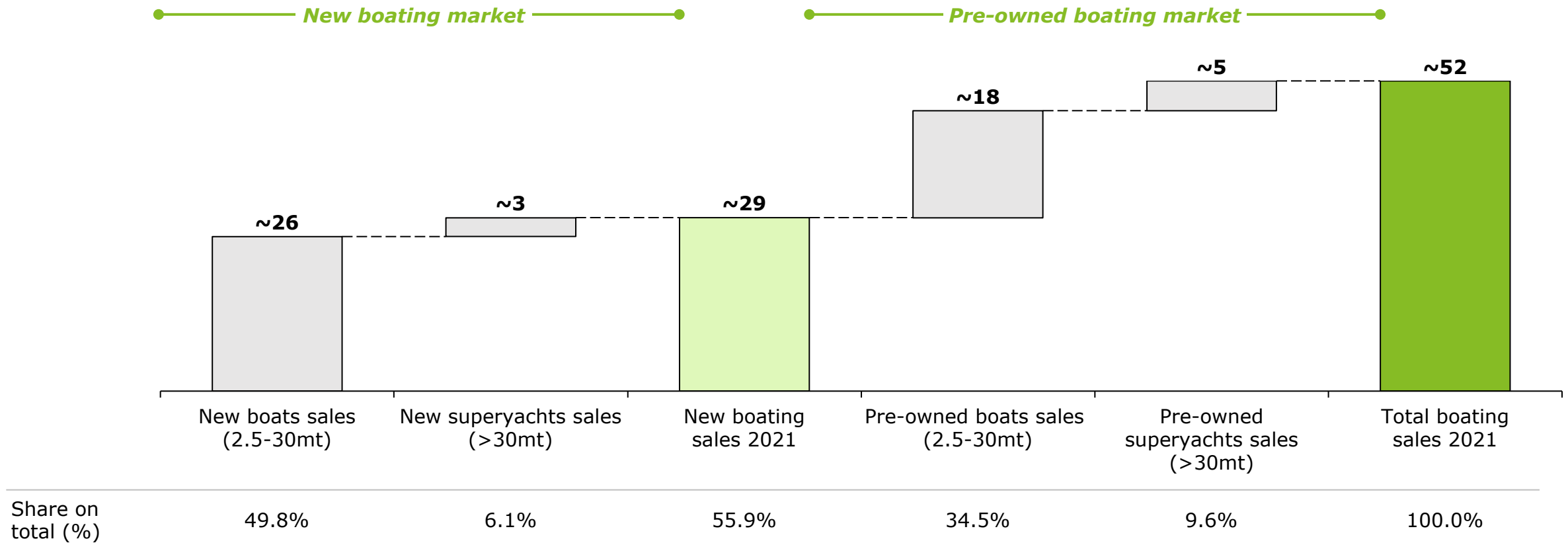
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Objectives of the study

- 1 Overview of the **Global Boating Market** with sizing and evolution of the new build market by main key business driver (i.e. Length range, propulsion, macro geographies) and **superyacht market evolution** during the last years
- 2 **Yachting positioning within overall Luxury Market** in terms of business performance
- 3 **Yachting Industry Consolidation** and M&A trends during the last years
- 4 **Potential demand and penetration of the current market** on potential target customers
- 5 **Italian Shipyards' Performance** in terms of Production and main export destinations
- 6 **Market Outlook Sentiment** on the Yachting Industry and key business trends underlying the forecasts regulations' impact

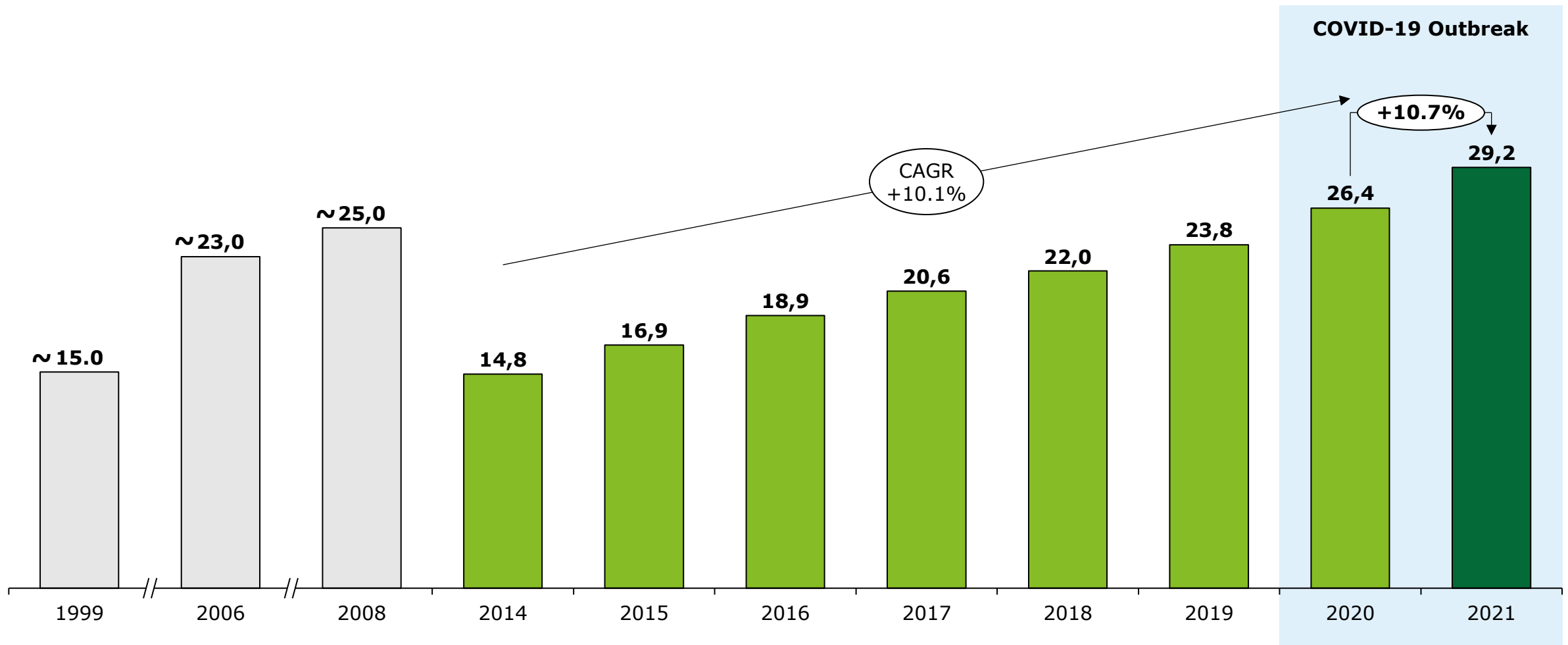
Global boating market new build and pre-owned amounted to ~52B€ in 2021, with new build accounting for ~60% of the total

Global Yachting retail market value (B€)



Global new build retail market grew at +10.1% CAGR 14-20 achieving ~29B€ in 2021 (~11% YoY), showing resiliency to COVID-19 outbreak

Global new build¹ retail market value historical evolution (B€)

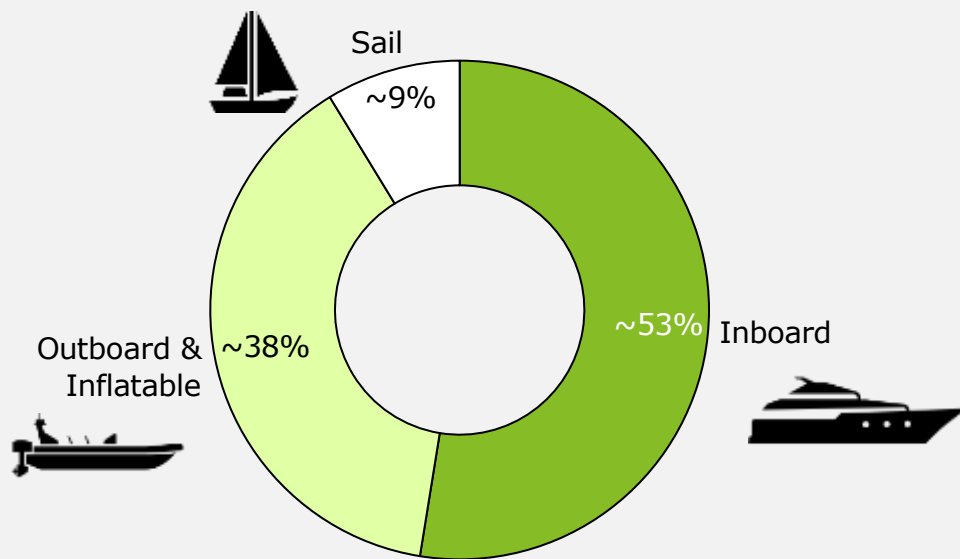


Notes: (1) Figures exclude PWC and small boats. Values at historical yearly exchange rate. Source: Deloitte Boating Market Monitor – Elaboration on secondary data source, official annual reports, official press release and interviews with business operators. Data gathered were not subject to audit or verification

The new build retail market is mainly represented by motor boats (~90%) and by North America and Europe (~70%)

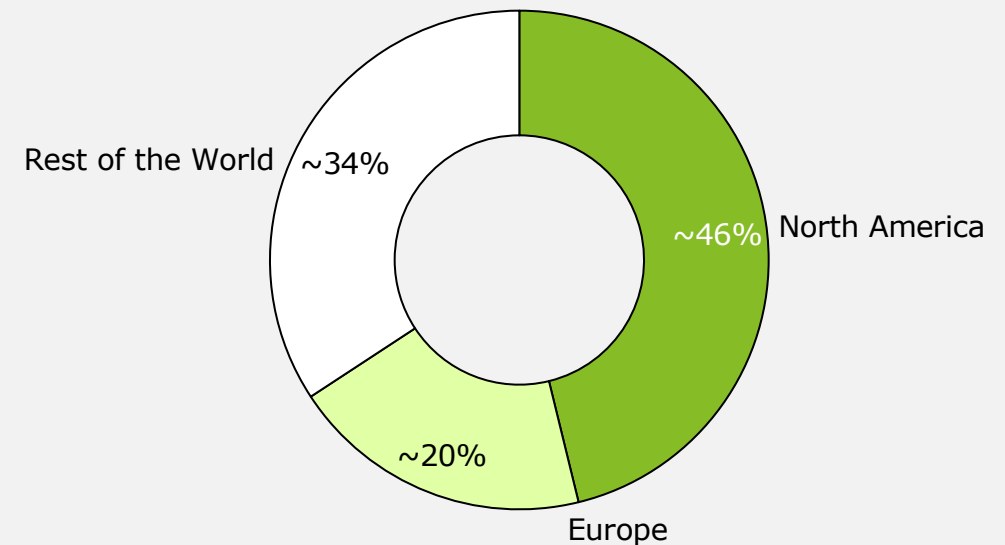
Global new build¹ retail market value breakdown 2021 (Percentage)

BY PROPULSION



~90% of global new build retail market is generated by Motor boats

BY REGION²

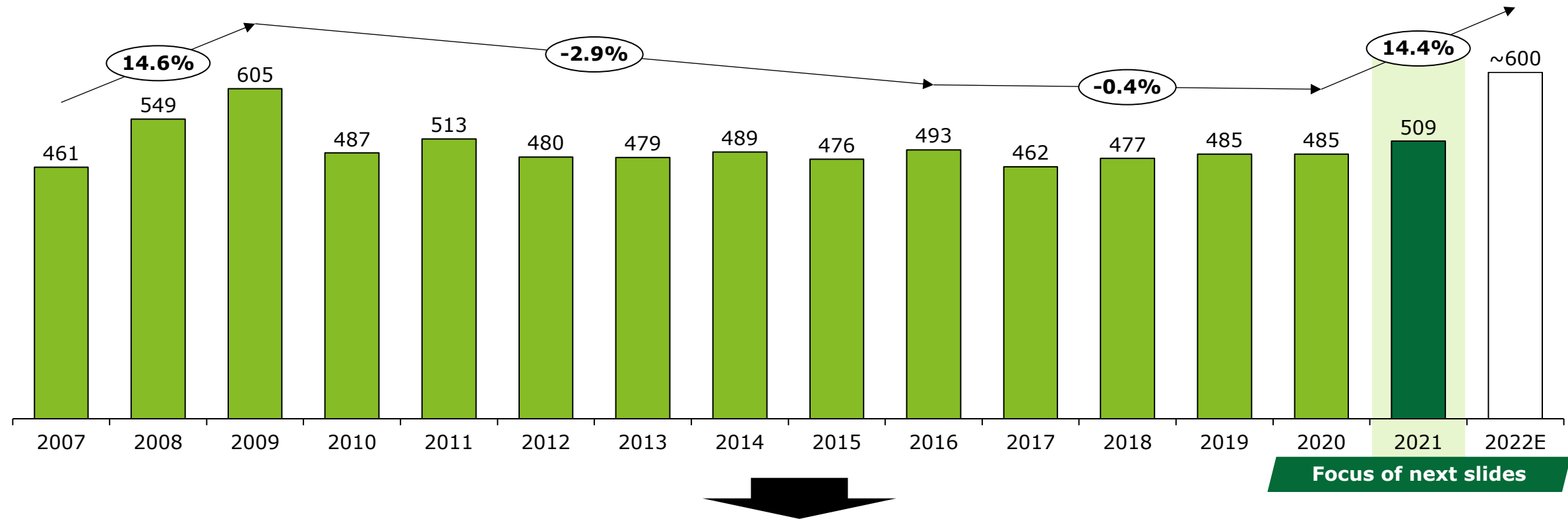


~70% of the global new build retail market is represented by North America and Europe

Notes: (1) Figures exclude PWC and small boats; (2) Regions referred to destination of products and not client nationality. Source: Deloitte Boating Market Monitor – Elaboration on secondary data source, official annual reports, official press release and interviews with business operators. Data gathered were not subject to audit or verification

Superyachts Global Order Book +30 meters accelerated during the last 3 years and is expected to overcome 600 units in 2022

Superyachts Global Order Book +30 meters evolution (# of projects)



More than 90% of projects included in the Global Order Book are addressable to motor boats

The pandemic has contributed to shaping the boating market with the people looking for safer and comfort places to enjoy their holidays

Emerging trends shaping the recreational boating market



1

A safe place

After the dramatic covid experience, the boat is perceived even more as a safe place, a **"safe haven asset"** for which more and more people are willing to spend.

Moreover, after the pandemic, there is the need toward a less stressful life that urges the public to use **the boat as an antidote to personal and work problems**. The boat and the sea as a protective cell that makes you live better.



2

Focus on environment

Considering the increasing attention on sustainability, **shipyards** and the **whole value chain** are getting engaged to face the **future challenges**.

Main topics will regard new **typology of sustainable materials**, **different construction process** - starting from re-use of old boats - and **new propulsion solutions** like **hydrogen** cells fueled by **methanol** and **hybrid engines**.



3

Comfort & Safety needs

Due to **the industry's recent innovations**, vessels are now more **sophisticated, easier to navigate and dock** (with joystick controls, automatic docking, cell phone connection, and so many other advantages), and more attractive in what comes to design and decor, providing owners and guests high levels of **comfort, performance, and safety**.



4

"Newcomers" booming

The pandemic effect has brought **new clients to approach** for the **first time** the boating world. As matter of fact, the market assisted to an increasing number of **"newcomers"** entering the nautical world and buying their first boat (many starting from large boats) although there is no clear evidence about the future path of such new clients.



5

Supply Chain Challenges

Supply shortage disruption has resulted in **delivery delays** and **longer than usual delivery times** for new boat and repair and to mitigate such disruption, producers have diversified their suppliers and holding on to more inventory.

In order to keep satisfying the growing demand, supply chain challenges must be addressed properly.



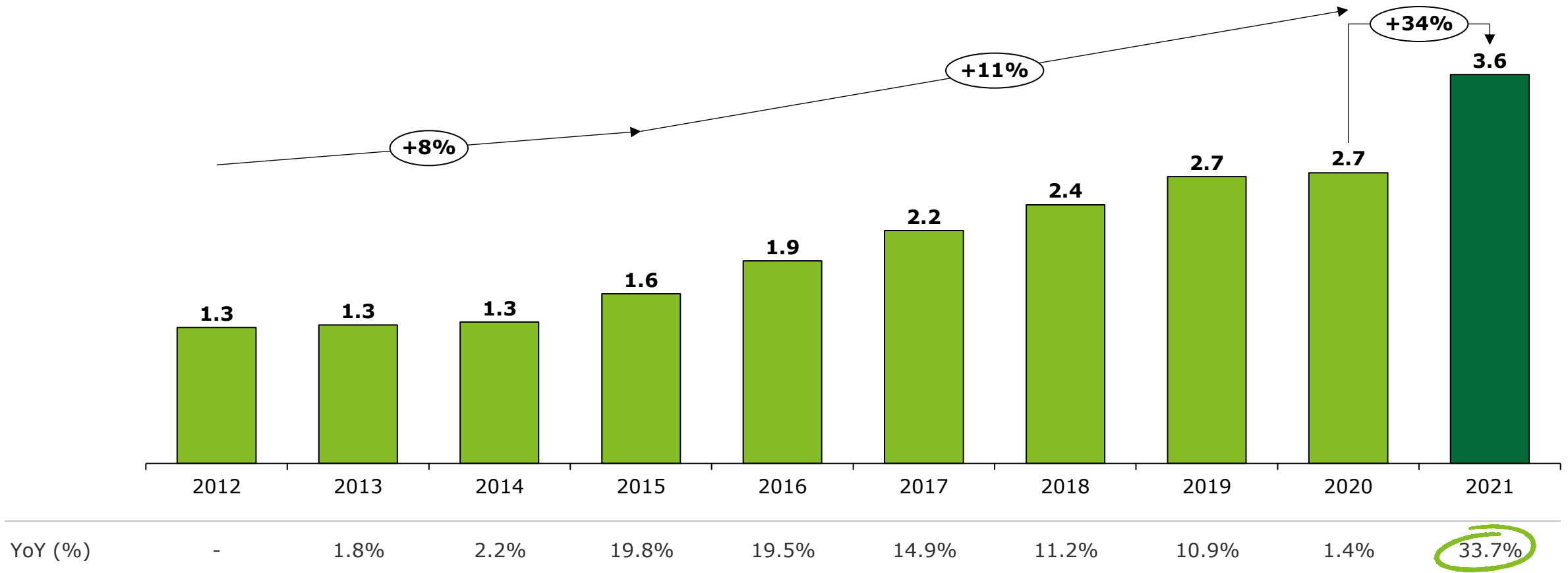
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Macroeconomic Uncertainties

Macroeconomic issues (e.g. inflation, anticipated recession, General inflation) can affect boating industry and **reduce willingness of clients** to buy a boat and **redirecting the spending** on other forms of entertainment.

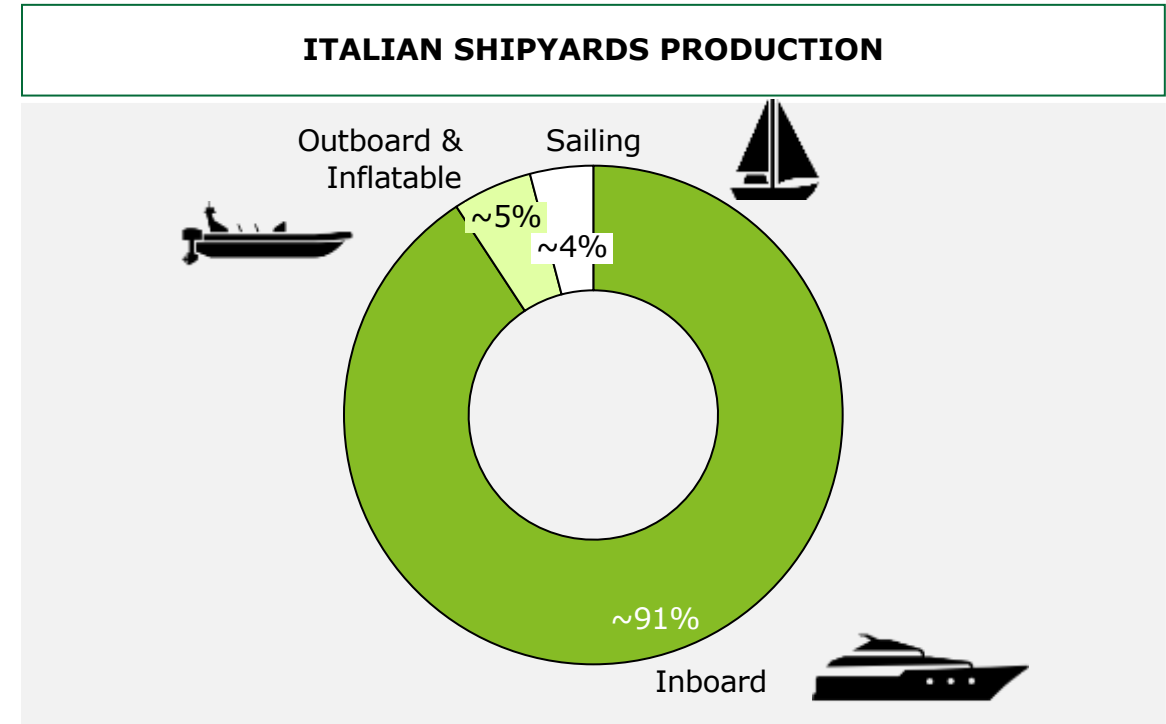
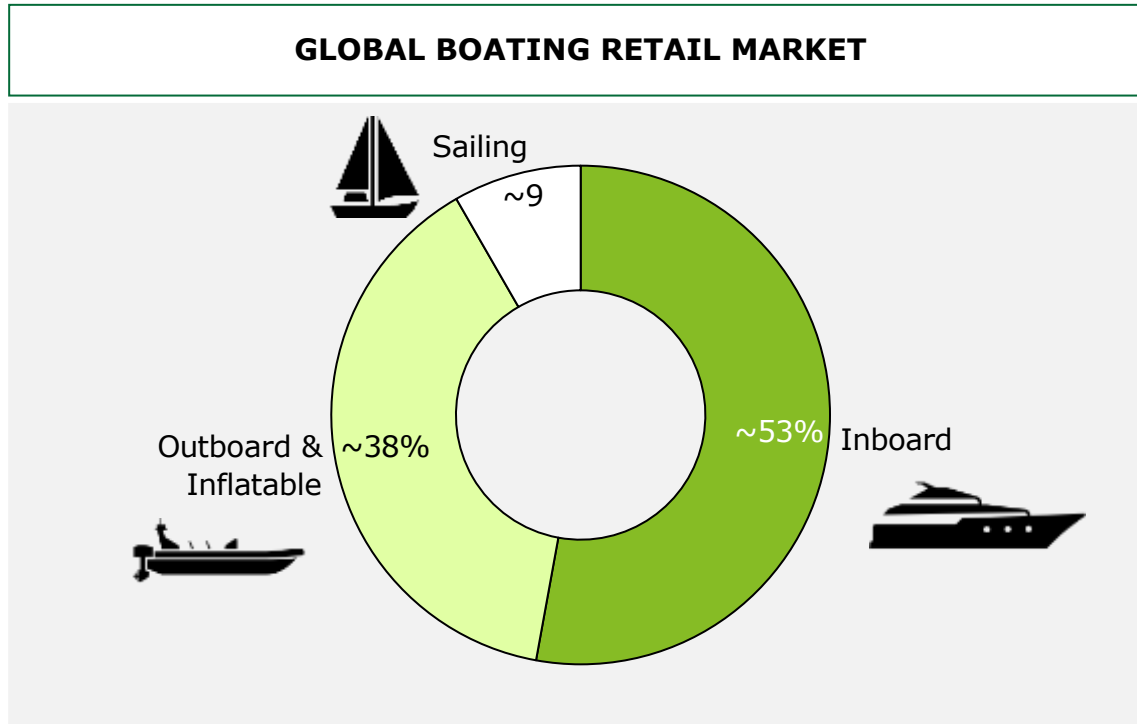
Italian shipyards' production showed resiliency to the pandemic reaching 3.6B€ in 2021

Italian shipyards' Value of Production historical evolution (B€)



Compared to the global market, Italian shipyards are mainly focused on the production and sales of large boats

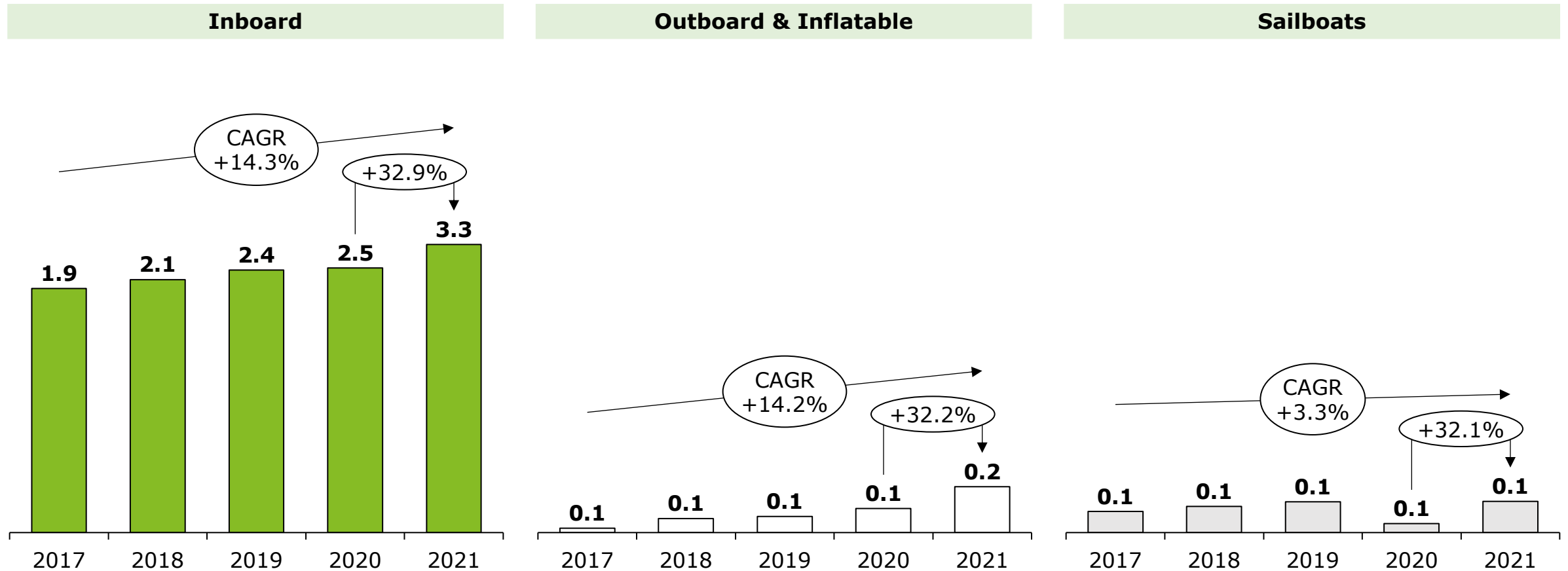
Global market mix vs. Italian shipyards' Production mix¹ (Percentage)



Italy holds a leading positioning within the global Superyachts market (24mt+ /80ft+)

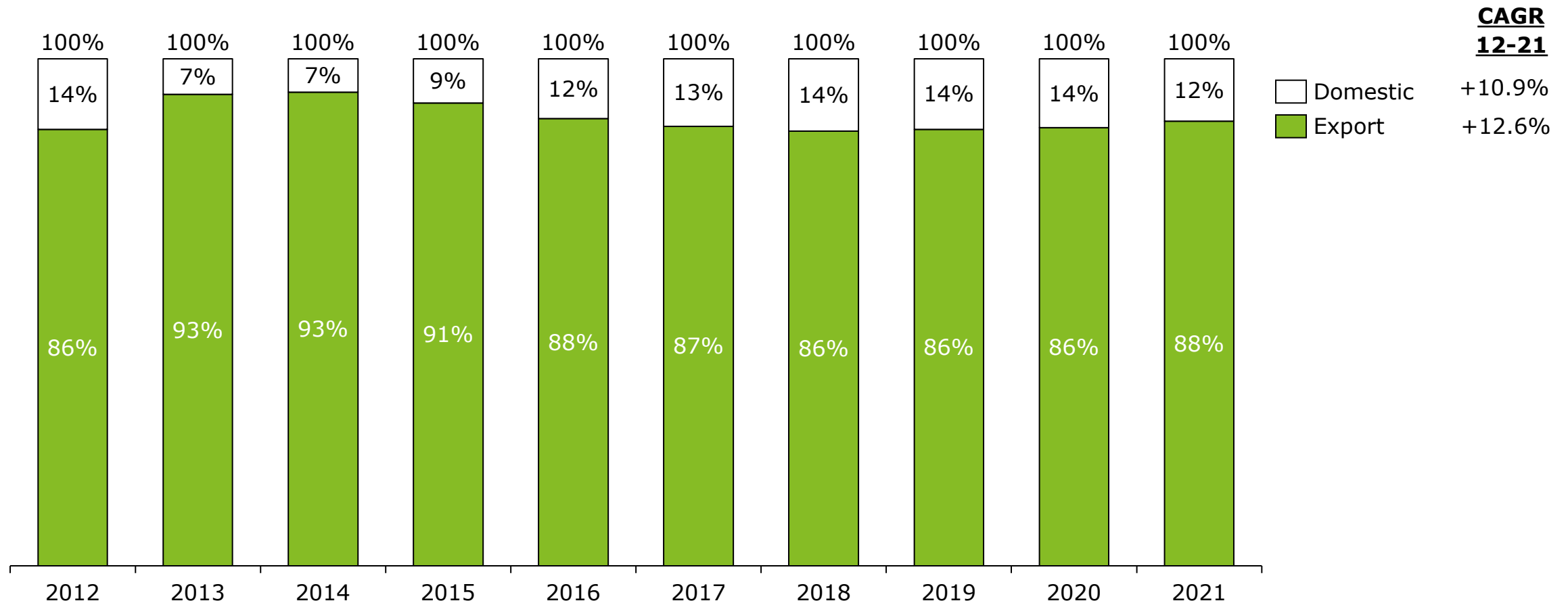
Inboard is by far the main segment in Italy growing at a CAGR of +14.3% 17-21 (and +32.9% YoY growth 20-21)

Italian shipyards' Production value evolution | Breakdown by propulsion (B€)



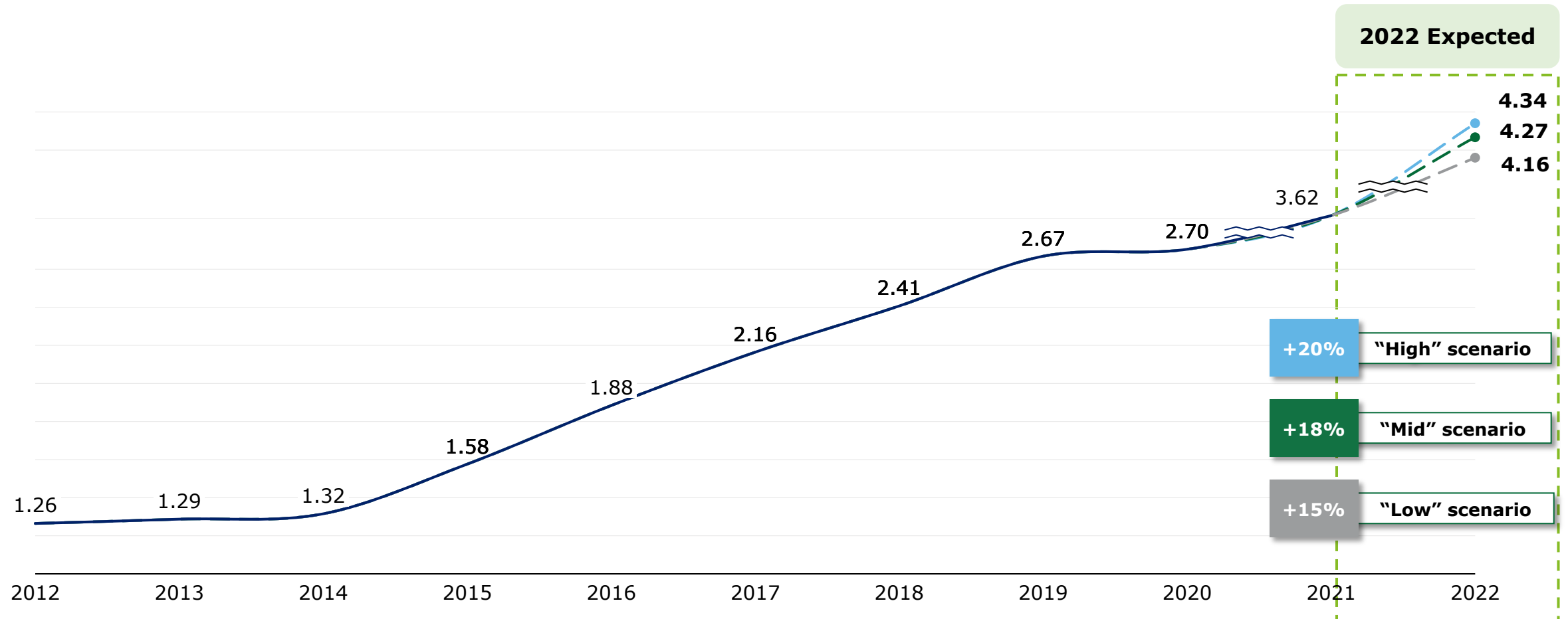
Italian shipyards production is mainly destined to international markets, attesting the primary role Italy has within the global yachting market

Italian shipyards' Production Value | Break by Destination Market (Percentage)



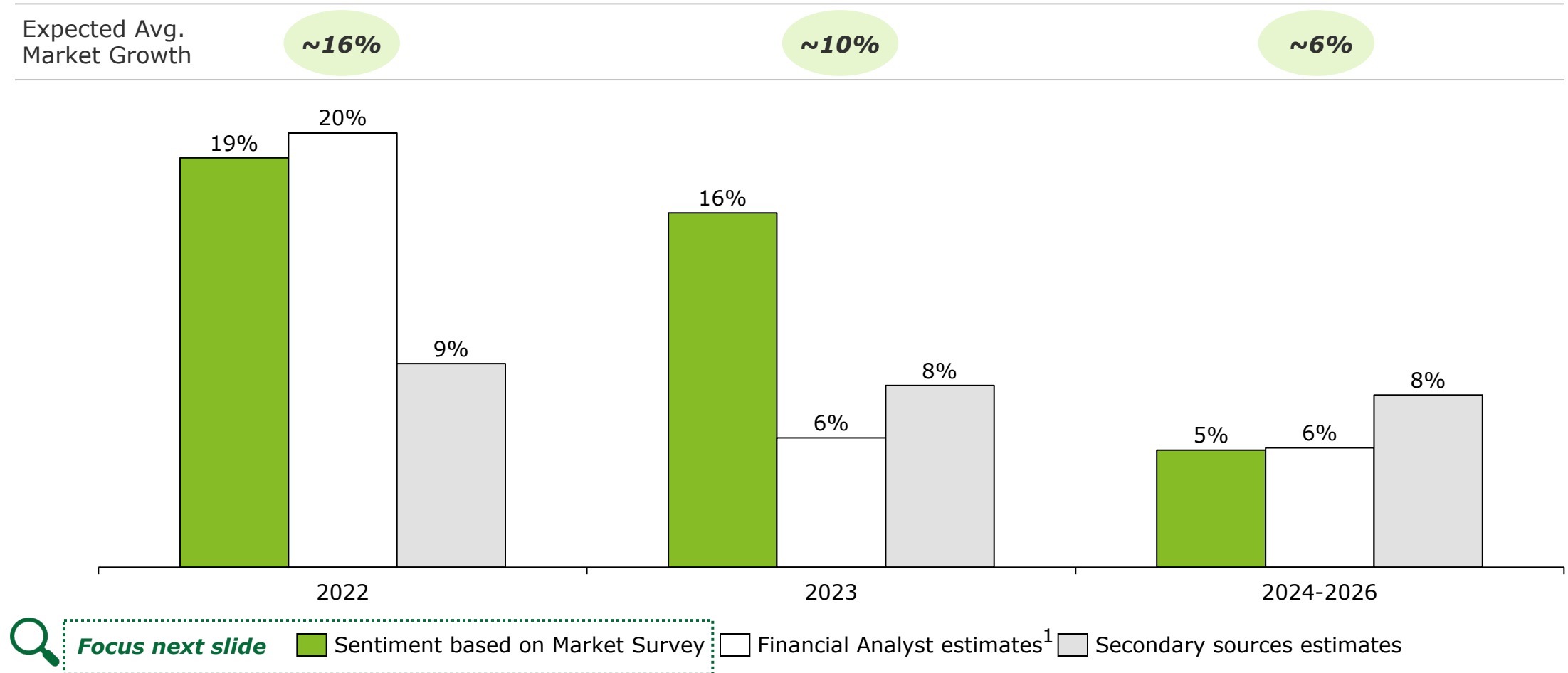
According to main market operators and analyst estimates, Italian yachting production could reach ~4.1/4.3B€ in 2022 (+15/20% YoY)

Italian Yachting Production Value evolution | 2022 Estimates (B€; Percentage)



Market sentiment and analyst reports expect a double-digit growth in 2022 and a demand stabilization from 2023 onwards

Market Outlook Sentiment



Note: (1) On a panel of listed yachting players

Source: Deloitte Market Survey on Confindustria Nautica shipyards members, elaboration on Refinitiv Workspace, secondary sources

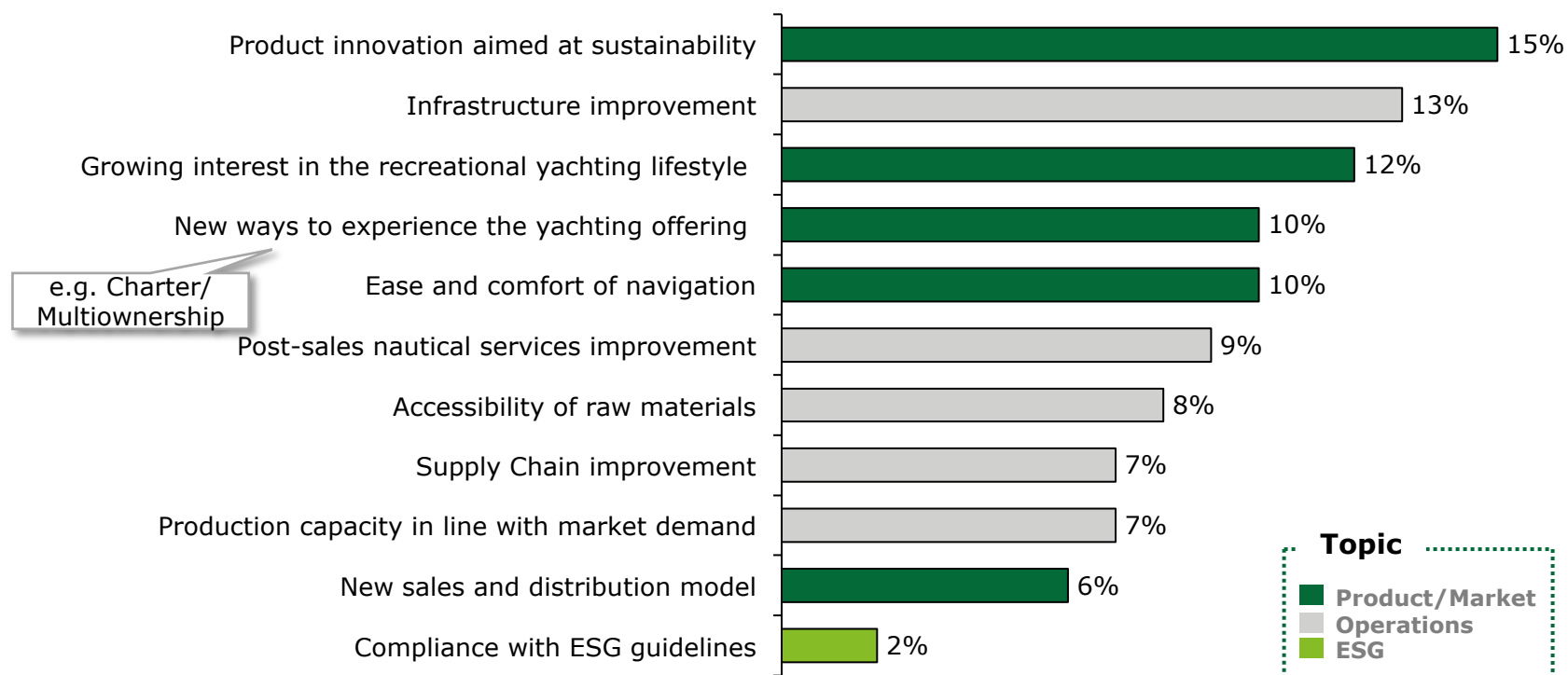
Sustainability, infrastructure improvement and growing interest towards yachting lifestyle are the main levers expected to shape the market

Market Dynamics | Value Creation Levers and Challenges

Main Value Creation Levers and Competitive Challenges

(% on total answers collected)

"What will be the competitive challenges and value creation levers underlying the evolution of the industry in the coming years?"



Key quotes from Industry operators



"product innovation will be core to deliver **better performance, reduce costs and be more sustainable**"

"ports and infrastructure status is a **serious limitation** for the further development of the Mediterranean, a **key destination** for the yachting world"

"**design, innovation and technology** will be key purchasing criteria for the clients"

"to adequately cope with the new **sustainability challenges**, the whole value chain will need **disruptive technology and processes**"

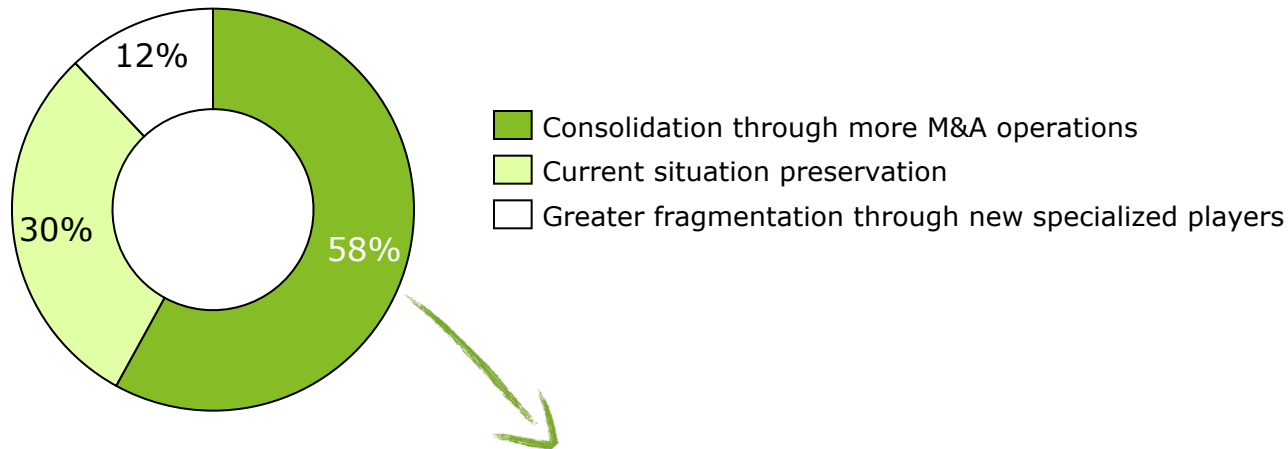
"we experienced a **supply chain disruption** that is still affecting the market"

Supply chain disruption, new market challenges and uncertain macroeconomic situation can accelerate the industry consolidation

Market Dynamics | Industry Evolution

Expectations on Industry development (% on total answers collected)

"How will evolve the yachting industry in the near future?"



58% of the respondents thinks that the industry will go through a **consolidation phase** with increasing numbers of M&A operations

Key quotes from Industry operators



*"I expect a less fragmented industry as the **bigger players** will be **resilient enough** to tackle the **future challenges**"*

*"the **worldwide uncertain macroeconomic** situation and the sustainability challenges could **affect smaller players**"*

*"market has historically been **highly fragmented**, although in the future we could assist to a **higher concentration**. I think that smaller shipyards **might benefit** from a new wave of consolidation"*

*"a consolidation phase could present opportunities for **strategic partnerships and acquisitions** that can lead to **long-term success**"*

Sustainability is acknowledged as a potential success factor as well as a challenge. The whole Yachting Value Chain must be involved to tackle it

ESG Topics within the Yachting Industry



Sustainability within the Shipyards

53%

Of the shipyards declare to have a mission and a strategy for sustainability...

- ...although the **71%** does not have **specific formalized targets**
- **59%** does not have a dedicated role within the company for issues **related to sustainability**



Sustainability across the Value Chain

79%

Of suppliers are not involved in the shipyards ESG strategy...

- ..in fact, although the topic is well-known among the players, only **18%** adopts **ESG clauses in contracts with suppliers**



Key Takeaways (1/2)

Section	Key Takeaways
Market Performance	<ul style="list-style-type: none">• Global boating market reached ~52B€ in 2021 (of which new build represents c. 60%) with the leading segment being boats below 30mt• In 2021, global pre-owned boating market reached 23B€ and shows a higher growth vs. new-build as a result of supply chain shortage due to Covid-19 impact on the industry• The new-build retail market reached ~29B€ in 2021 (+10.7% YoY 20-21), being resilient to Covid-19, and it is mainly concentrated in North America and Europe (c. 70%). 90% of the market is represented by motor-boats, driving the growth• Although Luxury Yacht represents a small niche within the Luxury market (~1%), it shows a higher growth vs. other segments over the last years• Luxury Yacht shows a gap in terms of marginality vs. other segments, even though EBITDA margin is increasing over the last years (+4.4 p.p. 15-21) more than Experiential Luxury average• In 2021-22 in the boating market occurred ~300 deals, mainly focused on the downstream value chain (~52%) and primarily in North America (~53%). In Italy, occurred ~20 deals• Yachting operators represent ~60% of investors (mainly Service companies) while Financial investors represent ~17%• Superyachts Global Order Book +30 meters is showing positive performance over the last years, reaching 509 units in 2021, accounting for 14.4B€ (almost 5x the superyacht market deliveries value)• Luxury Yacht addressable marker, represented by HNWI population, accounts for c. 73.5T€ of Financial Wealth. Yachting penetration is ~2.5/3.0%, representing a wide room for growth

Key Takeaways (2/2)

Section	Key Takeaways
Italian Shipyard Industry	<ul style="list-style-type: none">• Italian shipyards' production showed resiliency to the pandemic with a 34% YoY growth between 20 and 21, reaching 3.6B€• Compared to the global market, Italian shipyards are mainly focused on the production and sales of large boats (91% vs 53% mix on total), growing at a CAGR 17-21 of +14.3% and YoY 20-21 of +32.9%• In 2021 Italy owns an overall global boating market share of ~12% having the larger share within the Inboard segment at ~21%• Italy represents the leading country within the Superyachts Global Order Book in terms of share (~50% of total boats 30mt+ in 2021) and historical growth, leader in the 30-50mt boats and holding a consolidated positioning on semi-custom superyachts with an average length equal to ~43 meters
Market Outlook	<ul style="list-style-type: none">• According to main market operators and analyst estimates, Italian Shipyards Production could reach ~4.1/4.3B€ in 2022, a +15/20% YoY• The market sentiment seems to confirm the growth trend of the industry, expected to keep the pace also in the coming years• In terms of propulsion, Inboard boats are those expected to lead the market growth• Sustainability, infrastructure improvement and the growing interest towards recreational boating lifestyle are the main levers expected to shape and affect the industry in the upcoming years• Supply chain disruption, new market challenges and uncertain macroeconomic situation can accelerate the industry consolidation• Sustainability is acknowledged as a potential success factor as well as a challenge for the industry. The whole Yachting Value Chain must be involved to properly tackle it

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