

FRASER

PRESENTATION FOR THE MARITIME LAW ASSOCIATION

Y A C H T M A R K E T /
F I N A N C E C L E P R E S E N T A T I O N
2 0 1 8 F A L L M E E T I N G - M I A M I



Market Overview



6,135

Yachts in Operation
Over 24 Meter
Globally

1,790

Yachts for Sale
Over 24 Meters
Globally

433

Yachts in Build
Over 30 Meters

160

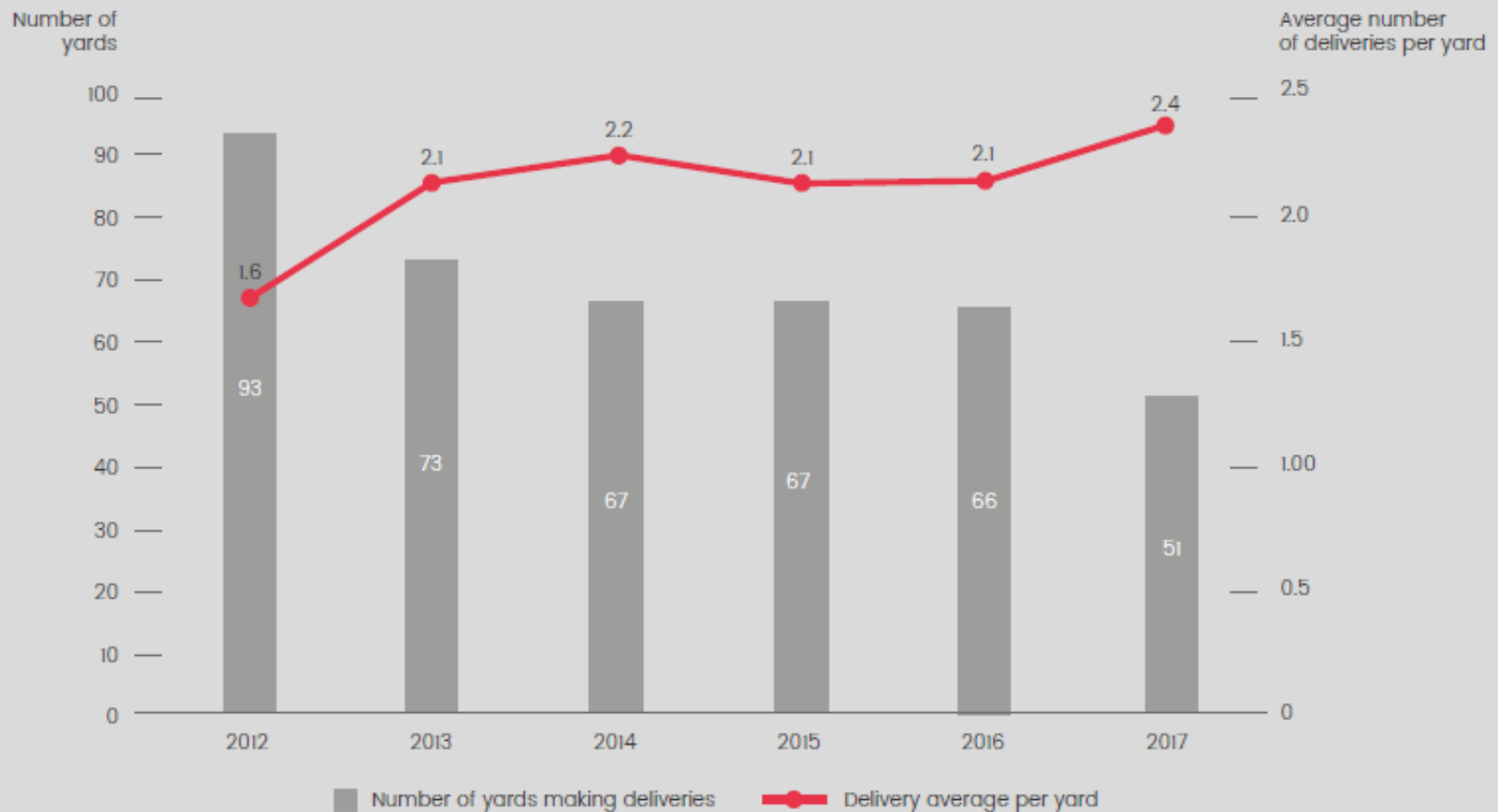
Total Active
Shipyards Globally

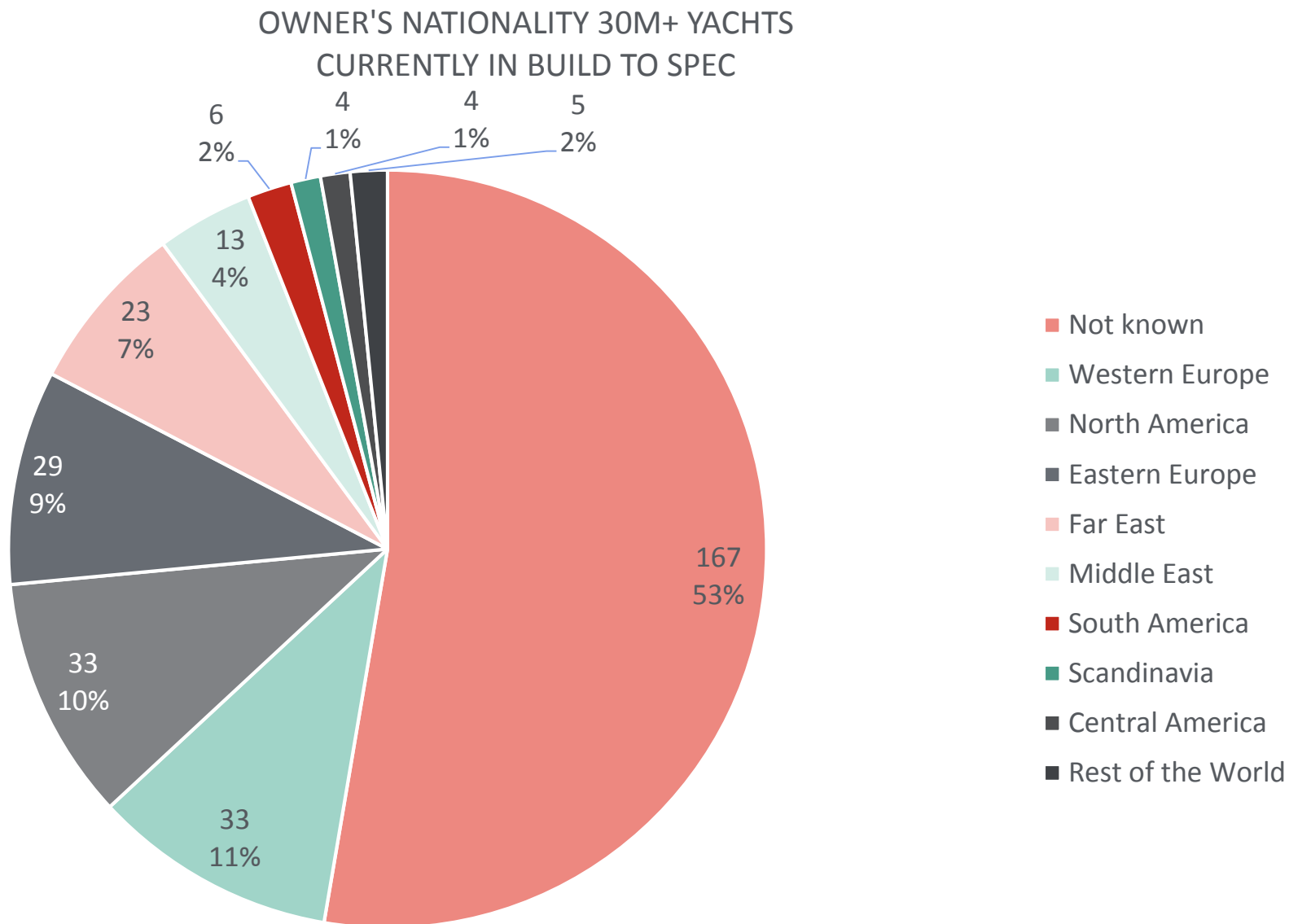


Market Overview



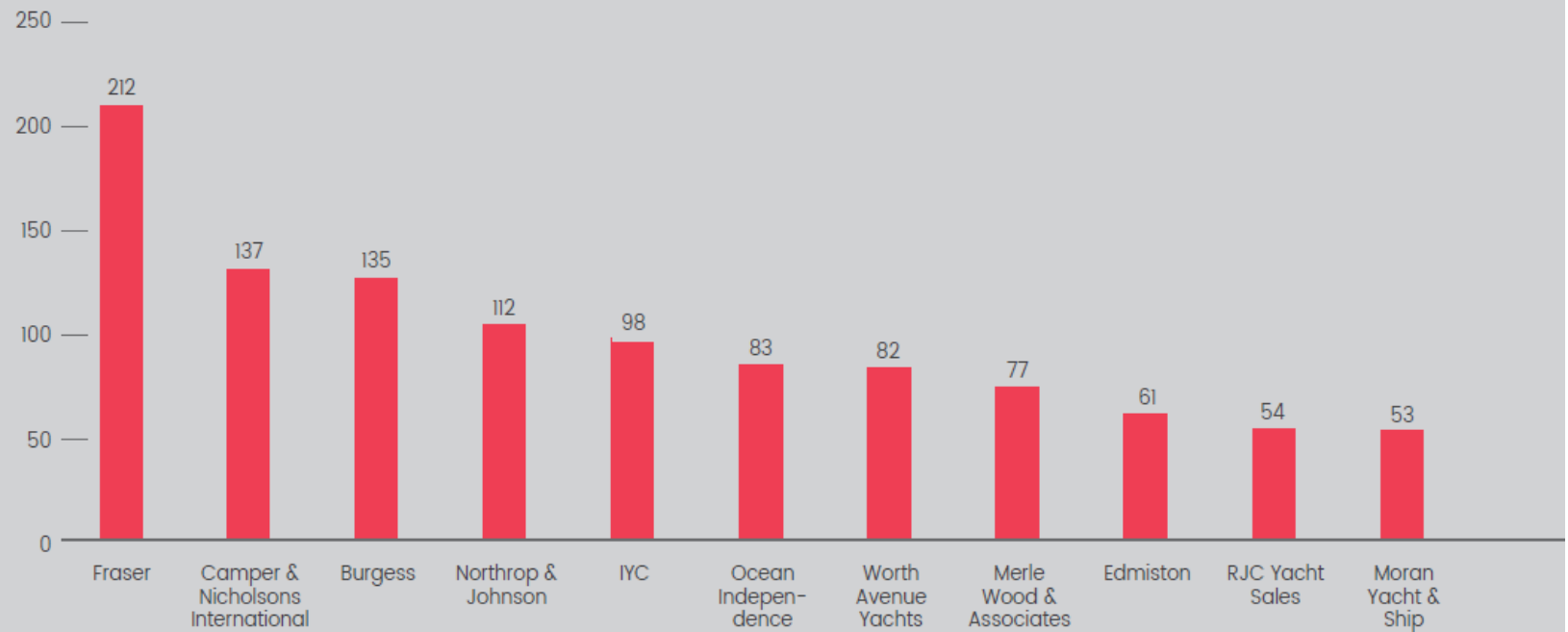
Number of yards making deliveries and average deliveries per yard





Total number of sales transactions by brokerage house, 2013-2017

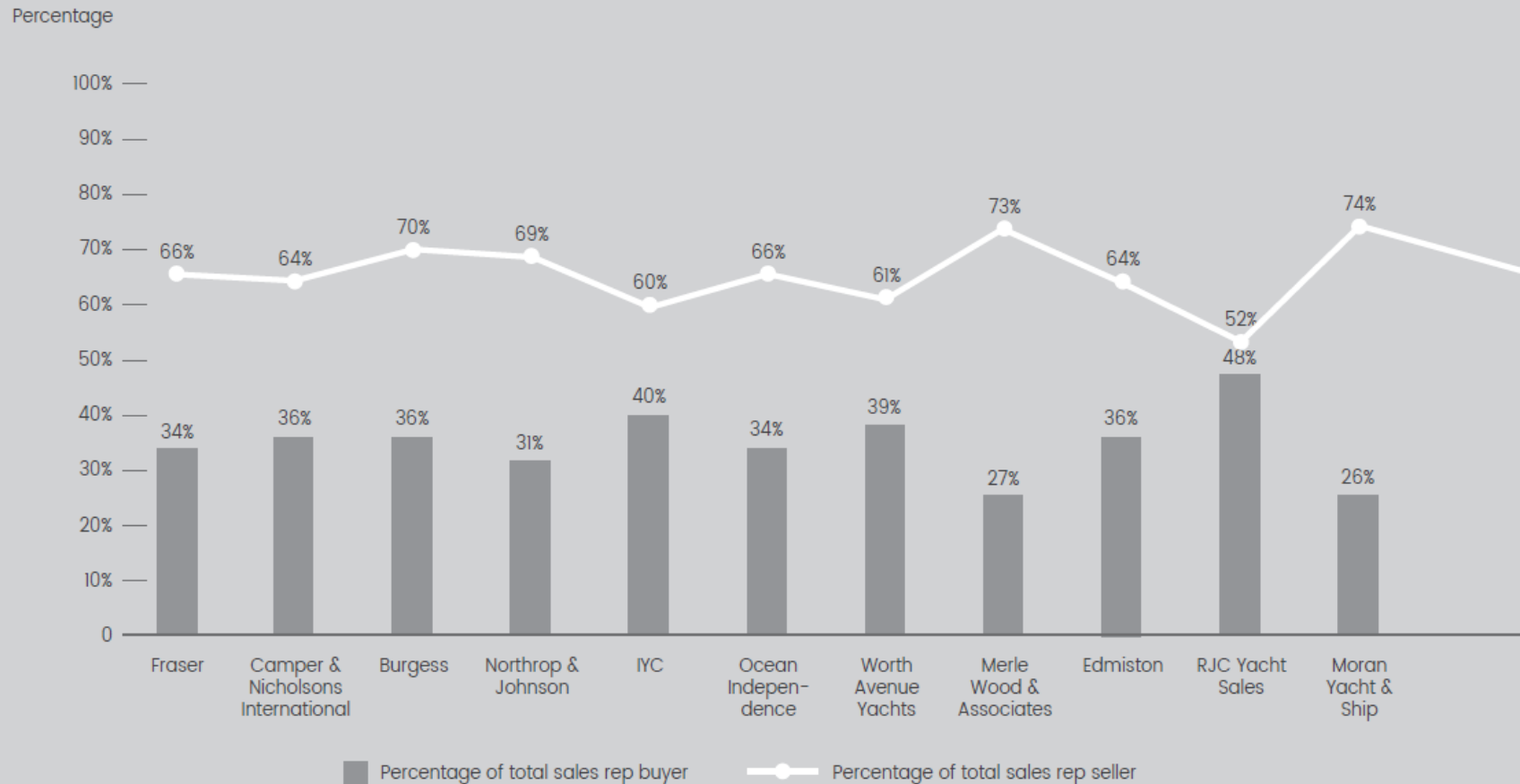
Total no. of
transactions



Market Overview



Percentage of seller representation versus buyer representation
in transactions, 2013-2017



Yacht Ownership Pros & Cons



PRO

- The design and use is customized to Owner's precise needs
- Crew is built to Owner's preference
- Itineraries are built to Owner's precise preference
- The yacht is at Owner's disposal 24/7
- The pride of Ownership



Yacht Ownership Pros & Cons



CON

- Continuous operational and maintenance expenses
- Responsibility for all decision-making
- Lack of adaptability to evolving needs or your holiday plans

Crew Issues: Island Girl Affect



A Florida jury awarded \$70.6 million to a day crew worker on the yacht *Endless Summer*.

The case established precedent to what is a seafarer (live-aboard employee) versus what is a day worker (non-live-aboard employee).



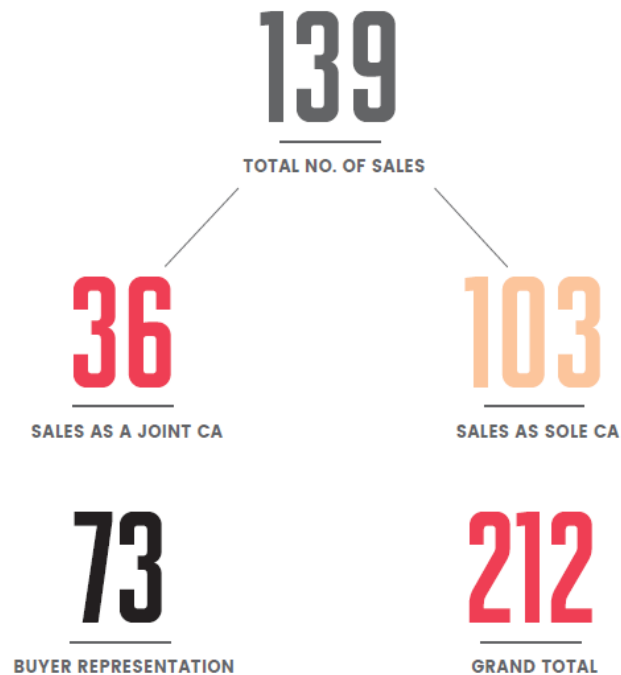
Brokerage Sales Summary



According to The Superyacht Annual Report published by The Superyacht Group, Fraser is the #1 Brokerage in the world.

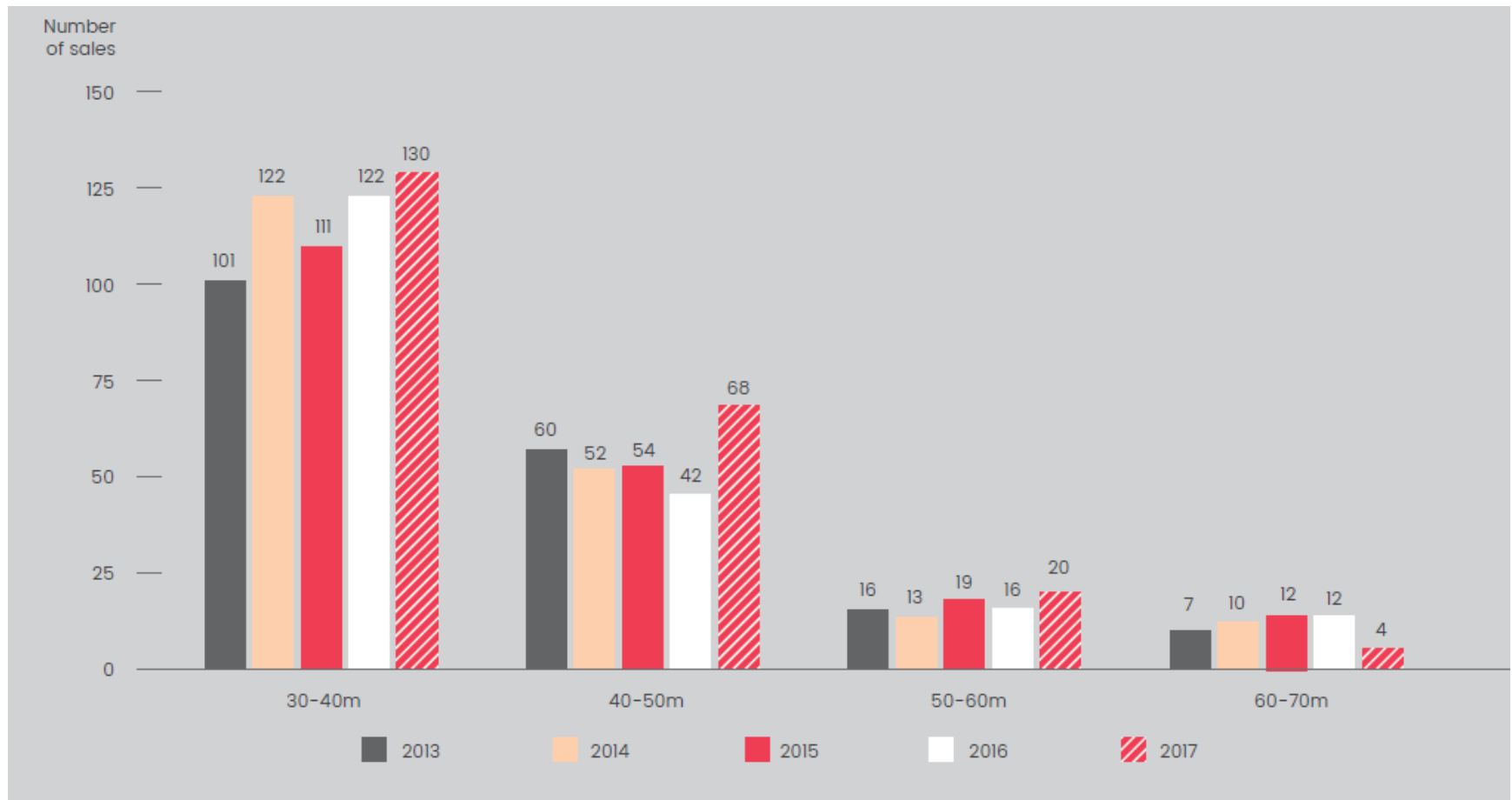
Fraser has also shown a steady increase, year on year, in its market share, spiking in 2017, when Fraser was responsible for nearly a quarter of the value of the entire market.

Fraser's sweet spot is in the 30-40M sector, which equates to 41% of all sales.



[FRASER Stats Video](#)

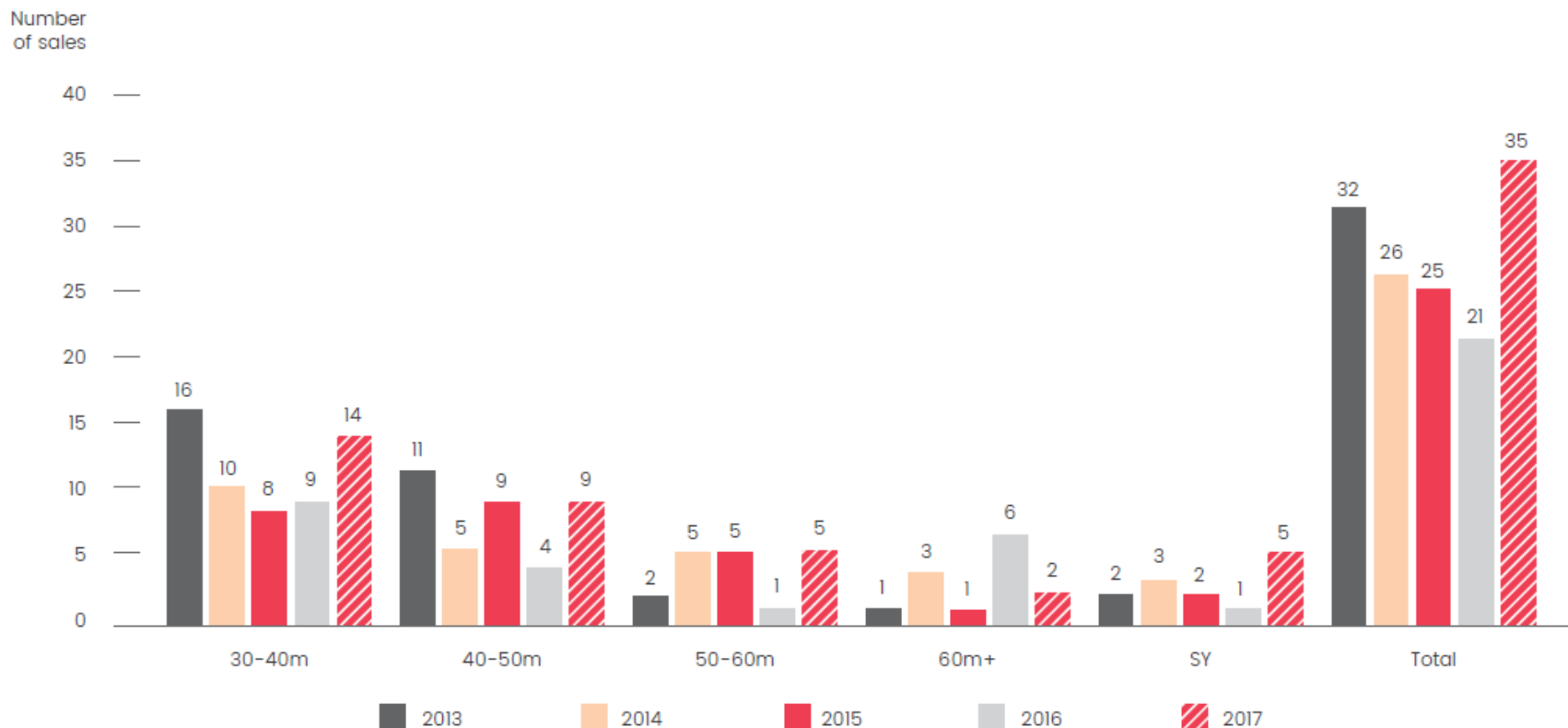
Global number of superyachts sold by LOA (m)



Brokerage Sales Summary



Fraser's number of superyachts sold by LOA (m)



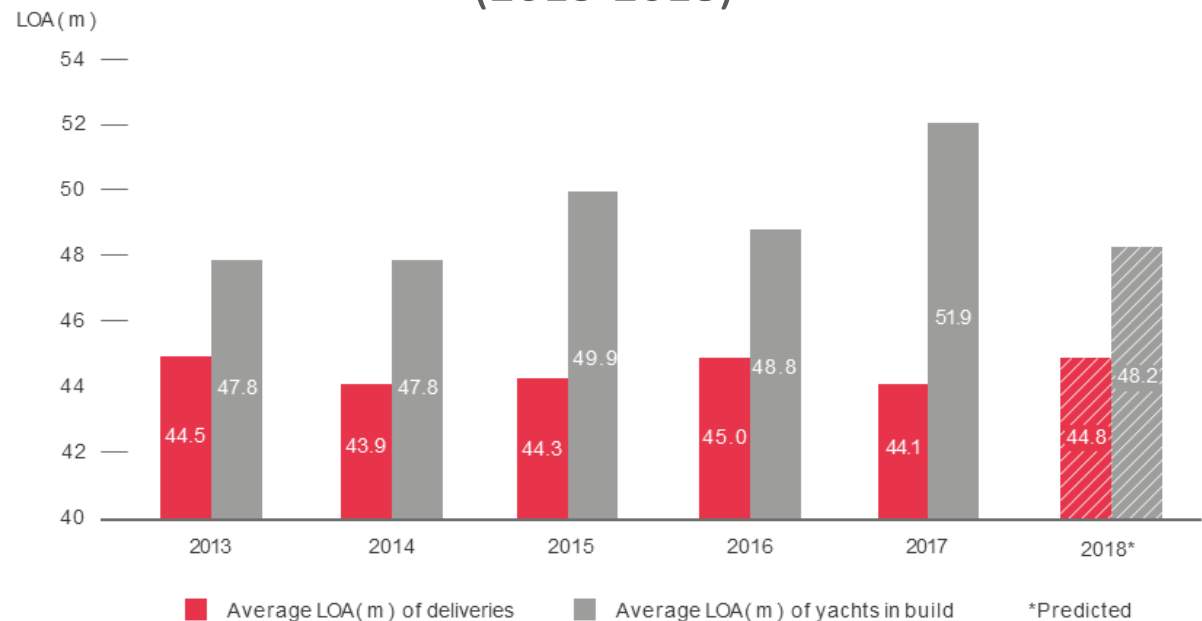
How big will they get?



The largest in construction:
182.6M by Vard Shipyard
for a Scandinavian Owner

According to The Superyacht Report: The move away from the very smallest yachts could bring with it a move from the tendency to build smaller production, semi custom superyachts on-spec simply due to the investment required for – and the relatively greater risk involved in – larger-yachtbuilding.

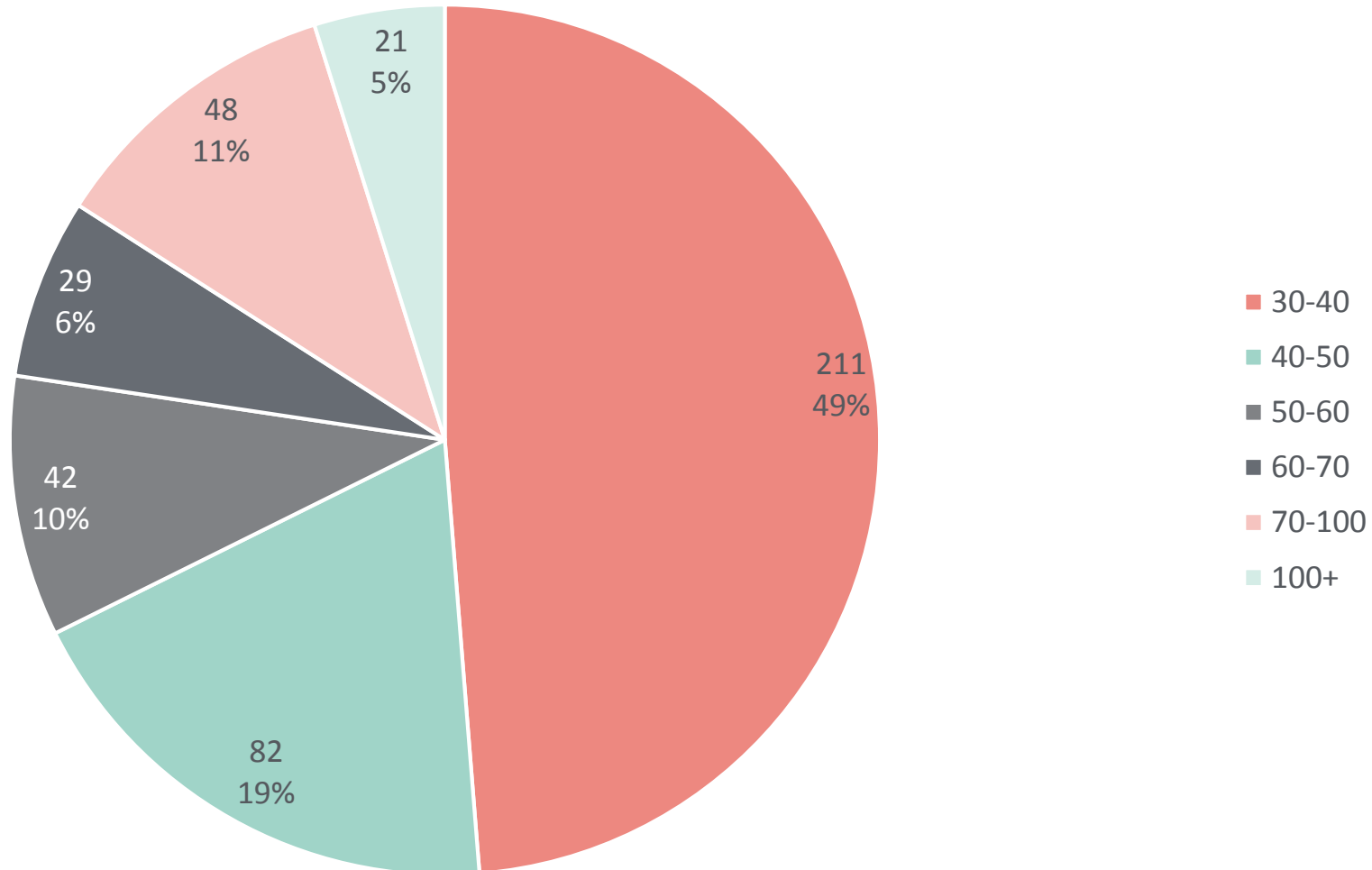
Average LOA (m) of yachts delivered and in build (2013-2018)



How big will they get?



YACHTS 30M+ CURRENTLY IN BUILD BY SIZE



Family office v. corporate purchase



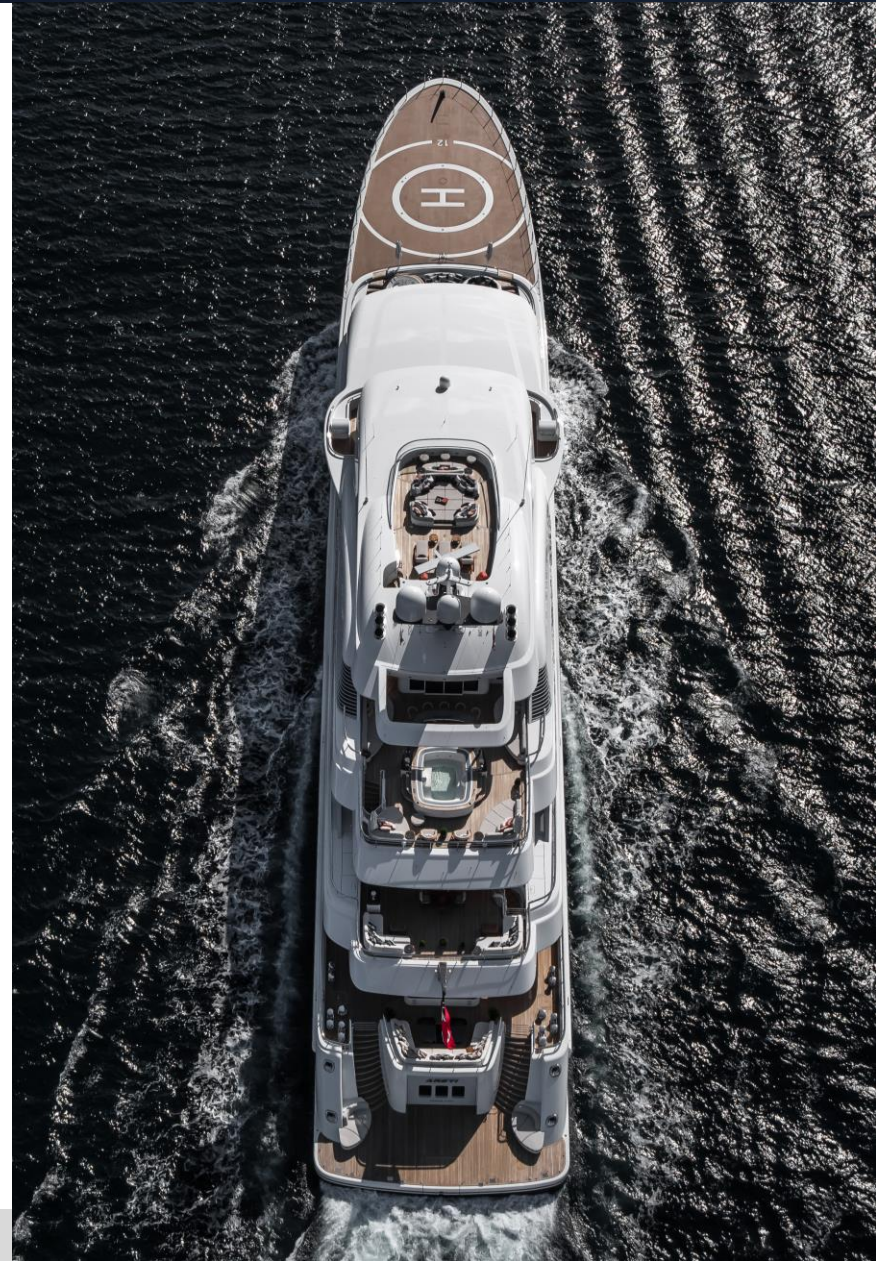
- Many yachts have a family office to assist in the operation of the yacht
- Purchases are typically made under the name of a corporation to protect the individual from exposure
- Owners with multiple yachts typically keep each yacht in separate corporate entities

Purchase for Charter



Reasonable operational costs offset:
covering 50% of cost is considered
doing very well.

- Chartering your yacht is a great opportunity to offset expenses,
- The reality is that very few boats entire budget is covered by chartering. Still there are many reasons to consider chartering your yacht, and a good charter broker can help explain them to you.
- To be cash flow positive, you need have 12-13 weeks of active charter per year





Currency Know Your Client (KYC) issues

- More stringent in the EU than US
- If not done in advance: issues can add a week to the sales process before an attorney can accept an escrow

Survey/Class/Oversight >3,000 GRT Issues

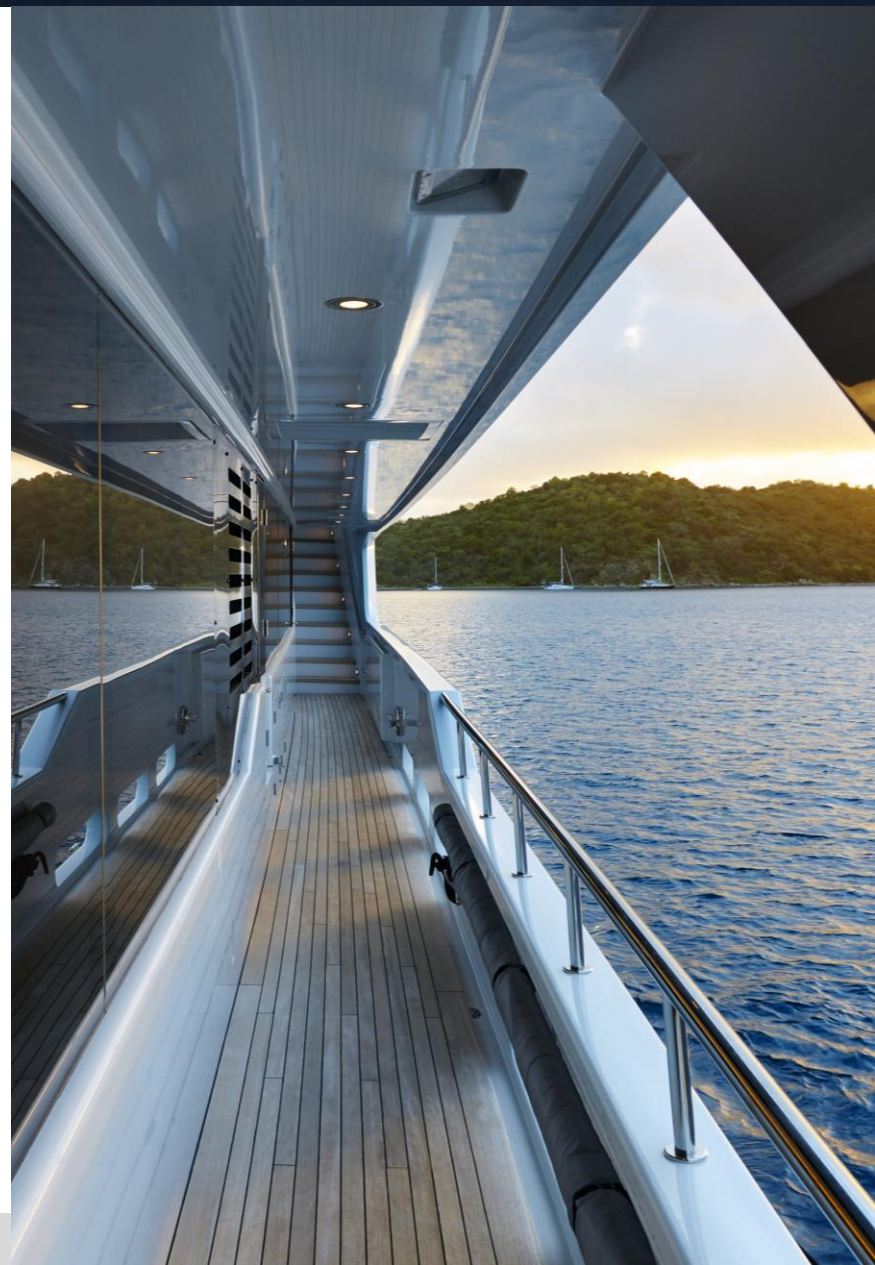


Large Yacht Code (LY3) = up to 12 passengers

- Yacht built to LY3 cannot be changed to PYC without a significant, structural refit

Passenger Yacht Code (PYC)= 12 to 36 passenger code regulations

- Specific drill and training requirements for crew
- Masters decision support systems
- Structural fire protection requirements





- Typically turn into renegotiations
- Can be a major stumbling block in the closing of the deal
- Managing client expectations of Buyer and Seller is critical role of the Broker at this stage

Yacht Sales and Finance Summary 2017 (middle market)



- Brokers role is limited in regard to financing.
- Fraser's market is typically handled behind the scenes by the family office and bank relationships.
- Most often our only interaction is to provide specific documentation to the banks.



Sales Agreements (MYBA v. IYBA)



- MYBA offers more clarity on the seller's expectation of the buyer. Offers better protection to the Seller. Creates more expectations of the Buyer.
- IYBA is found to not be as internationally acceptable. Most international clients prefer to use English Law. US clients prefer IYBA for its agreement with US Law.

Tariffs and the Affect to Yacht Construction Market

