

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

Shipyards

Overview of the Industry

The European shipbuilding industry is a dynamic and competitive sector both in the EU and on a global scale.

It has great **importance from both an economic and a social perspective**, and also involves other areas including transport, security, research and the environment. The EU promotes its development and addresses competitiveness issues the sector is facing.

Shipbuilding is an important and strategic industry in a number of EU Member States.

Shipyards often play a significant role for the regional industrial infrastructure and, with regard to military shipbuilding, for national security interests.

The European shipbuilding industry is the global leader in the construction of complex vessels such as cruise ships, ferries, mega-yachts and dredgers.

It also has a strong position in the building of submarines and other naval vessels. Equally, the European marine equipment industry is world leader for a wide range of products from propulsion systems, large diesel engines, environmental and safety systems to cargo handling and electronics.

There are around 150 large shipyards in Europe, with around 40 of them active in the global market for large sea-going commercial vessels. Around **120,000 people are directly employed by shipyards** (civil and naval, new building and repair) in the European Union.

In shipbuilding, the level of sub-contracting can go up to 80% in terms of value. **The marine equipment industry has an annual turnover (2007 figures) of around €26 billion** (including naval technology) - of which over 45% is exported, it provides **direct employment for approximately 300,000 people**, and **Europe possesses a global market share of around 35%**.

Historically, the industry has suffered from the absence of global rules and a tendency of (state-supported) over-investment due to the fact that shipyards offer a wide range of technologies, employ a significant number of workers and generate foreign currency income (as the shipbuilding market is dollar-based and a global one). Many of the resulting problems are still troubling this industry and the Commission is actively

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

addressing the issues through a variety of policy measures (especially LeaderSHIP 2015).

LeaderSHIP 2015

(<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2003:0717:FIN:en:PDF>)

The EU gives a coordinated response to the new competitive challenges of the European shipbuilding sector. (beginning in 2003).

The Leadership 2015 initiative has been carried out in an effort to give a coordinated response to the new competitive challenges of the European shipbuilding sector. It takes into consideration the high-tech nature of this sector and the substantial investments made by yards on research, development and innovation.

Europe 's competitive advantage has been and will continue to be based upon its ability to construct the most advanced vessels. And they bear witness to the fact that European shipyards are genuine engineering power-houses. The high-tech nature of the shipbuilding industry is further underlined by the fact that yards, on average, invest more than 10% of their turnover on research, development and innovation.

The LeaderSHIP 2015 initiative is the EU shipbuilding industry's response to the competitive challenges it is facing. It is designed to address all important issues for the competitiveness of this industry sector. In high-tech industry sectors such as shipbuilding, success is first of all based on knowledge: with regard to knowledge-based economic activities, LeaderSHIP 2015 provides a sector-specific response to the EU's longer term strategy for economic, social and environmental renewal. It aims to foster the competitiveness of the EU shipbuilding industry, by providing the tools for this industry to improve research and innovation among other items.

Dedicated chapters for each of the key areas describe the challenges and spell out concrete recommendations. These areas are:

1. Establishing a Level Playing Field in World Shipbuilding
2. Improving Research, Development and Innovation Investment
3. Developing Advanced Financing and Guarantee Schemes
4. Promoting Safer and More Environment-Friendly Ships
5. A European Approach to Naval Shipbuilding Needs
6. Protection of Intellectual Property Rights (IPR)
7. Securing the Access to a Skilled Workforce
7. Building a Sustainable Industry Structure

Progress report done in 2007:

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0220:FIN:en:PDF>

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

=== Pay Attention to Asia: "Enter the Dragon" Article from Superyacht Business Magazine ===

A range of maritime services are related to shipbuilding (shipping, inland navigation, seaport services, offshore supply, recreational boating, research and development, education, classification and inspection, bunkering, maritime works, maritime insurance, maritime financing, maritime brokerage, maritime law, crewing, associations, government services, rescue, diving, ship supply).

These services account for a direct production value of around 267 billion Euros annually, according to a 2008 Commission study on maritime clusters.

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

Shipyards: defining the best

How to quantify a top yard?

- no industry-wide standards for rating or ranking
- no regulators
- ultimately owners decide with their feet
- a yard can quickly undo years of excellence when there are no orders in the order-book or no staff on the books.

How to decide which yards are the best?

- every owner has a very different idea of what a perfect yacht constitutes
- “top” for one owner may not be “top” for another.

Some of the factors worth considering in defining the best shipyard:

1) The SYBAss Definition

The Superyacht Builders Association membership criteria:

The applying yard must have delivered a **minimum of three yachts of 40m over the last 10 years** - is probably the closest measure that has been formally laid down for defining a top yard. Also, the yachts delivered were **built “to the satisfaction of their owners”**.

SYBAss promotes itself as an association that “unites and represents the world’s leading builders of large yachts” and “the most experienced and prestigious yards”.

21 yards are members of SYBAss

25 meet the conditions for membership

SYBAss Members:

Aberking & Rasmussen

Alloy Yachts

Amels

Benetti

Burger Boat Company

CRN

Delta Marine

Feadship

Heesen Yachts

Holland Jachtbouw

Horizon Yachts

ISA

Lurssen

Oceanco

Pendennis

Perini Navi

Proteksan Turquoise

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

Royal Huisman

Sanlorenzo

Trinity Yachts

Witters

Wally

2) Longevity

Yard **longevity** and **secure financing** are two very important aspects when considering which the best yard to build in might be.

26%, 30+m launches for 20 years or more

23% for 10 to 20 years

19% for 5 to 10 years

32% for 0 to 5 years

Longevity is also important as it ensures a long-term relationship with a yard, particularly key in terms of **after-sales care**.

Longevity is not a guarantee that a long-established yard won't be a risk. Sensation Yachts built yachts over a 20-year period before spectacularly folding and leaving five ordered yachts incomplete and un-started. Baglietto too fell victim to financial troubles.

A yard may have only delivered a small number of yachts over time, demonstrating inability to secure orders on a regular basis despite longevity.

3) Numbers

One way of ranking builders is by the number of yachts they have delivered. However, this is an indication of past success and capacity, and **not a firm indication of a secure future**.

The numbers list quantification is hindered by the fact that many builders considered to be "top", especially those who build highly custom yachts, might not build yachts in huge numbers. For example **Royal Huisman and Feadship, both of which are considered to be some of the finest yacht builders in the world**. Royal Huisman have delivered 26 yachts and Feadship 158, but it does not make Royal Huisman a lesser builder.

Also a yard in existence over a long period of time might have delivered more yachts than a recent yard, and yet might not rank as highly in the opinion of customers. More important is the consistency of the numbers of yachts delivered over time and satisfaction of customers.

Gross tonnage is a much more accurate reflection of the work of yards than number of yachts built and/or their combined length. Gross tonnage better represents the time and

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

cost of a yacht built and reaffirms the continued importance to attempt to rank orders by gross tonnage and not by LOA.

4) Quality and Price

- Quality is hugely important to whether a yard would be recommended by one owner to another.
- To one owner, money might be no object, while another owner might have a strict budget. The price of a yacht can probably more often define what is not a top yard, rather than what is a top yard.

5) Location

- Location too can heavily affect other aspects of yacht building, such as cost.
- Northern Europe is considered the leading area for yacht builders, it is also impacted by higher costs, such as wages, material and facility rent or maintenance.
- For an owner wishing to remain very involved in the build process - especially if it is a custom build - location may be extremely important. A top yard for a British owner may be very different from that of an Australian owner.

2) Awards

Talking the case study of the International Superyacht Society Design Awards; looking at the yards with the highest number of awards in a) all categories, b) sailing categories, c) motoryacht categories. Leading the awards tally are Royal Huisman, with 12 awards won, in all the sailing yacht categories, followed closely by Feadship with 11 awards and Alloy Yachts with 10.

Of those yards nominated for awards since 1990 that are still in business, 73% are or could be SYBAss members.

Awards can serve as a useful tool of success of a yard amongst its peers. Worth noting, however, is that all the winners between 1990 and 2010, 11 yards that received awards for their yachts are no longer building. This returns once more to the importance of yard longevity.

Check out the World Superyacht Awards (<http://worldsuperyachtawards.com/>).

Conclusion

As these points of discussion demonstrate, there are a large number of factors that might go into what makes a top yard. There are lots of reasons a yard should not qualify to be in a list of top yards, of which there are but a few. There is to way of establishing

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

which yard is a top without a universal means of deciding. A yard can be right or wrong for an owner for so many different reasons. The main keywords for choosing the best yard should be:

- quality
- reputation
- stability
- ability to listen

The best advice to impart is to create a checklist including following questions when considering which yard to build a yacht at:

- how long has the yard management been in place?
- who owns the yard - what is its financial stability and pedigree?
- what is the staff turnover?
- what after-sales service is available?
- is it possible to speak to three owners who have most recently taken delivery of a yacht from the yard?
- what is the total allocated budget and can the yard deliver the quality and yacht that is expected for that price?
- how involved do I want to be in the build, and how easy is it to get to and interact with the yard?
- what existing relationship does my broker have with the yards being presented to me?

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

Refit Industries

How to prepare and plan for a refit

- Most superyachts are likely to undergo a refit after a few years' service. The owner may want to modernise the vessel (new interiors for example) or updating navigation or other equipment. More structural modifications may be planned.
- It is crucial to identify the precise scope of work to be undertaken and, where new designs are to be implemented into an existing structure, to ensure that careful consideration is given to the interface between old and new materials.

Choice of yard

- new players have entered the market challenging established European and North American shipyards, often offering competitive prices and attractive re-delivery windows.
- like new builds, experience, capacity and financial stability are important. Due diligence must include: a) references, b) required workforce, c) plant and machinery, d) covered docks. Logistics such as: a) accessibility, b) facilities available for the yacht's crew during the refit (transportation, visas). The owner will also want to understand the financial drivers both by identifying mark-ups and overhead charges in order to understand the shipyard's profit and agreeing suitable milestones for the payment schedule. It is also important to confirm the position regarding tax and duty.

Management of Risk

The risks of the shipyards non-performance can be grouped into commercial, credit and technical risks.

Principle consequences of shipyard non-performance for the owner will be an exposure to unexpected costs and loss of use of the yacht for longer than expected.

Commercial Risks

- possibility that the yard will fail to deliver
- fail to complete certain aspects of the refit

Credit Risks

- possibility that the shipyard will become insolvent before the yacht is re-delivered

Technical Risks

- deficient workmanship
- incorporate materials of inferior

Re-delivery

- the contract should clearly specify the circumstances under which the owner is entitled to refuse re-delivery of his yacht if he is not satisfied that the shipyard has met the contractual requirements and usually provides for the shipyard to pay liquidated damages for any un-authorized delay in re-delivery.

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

Regulatory Considerations

Important to define in the contract the rules and regulations -- most importantly class requirements -- which must be complied with.

- any new equipment may have consequences for the compliance of the yacht both for vessel certification and safe manning.
- alteration to a hull structure may alter the tonnage, affect stability or statutory fire safety requirements.
- advisable to involve the yacht's flag state and classification society early on in the project to identify any aspect of the refit likely to have an impact on the yacht's certificates.

Top Players in South of France:

1) Sud Marine Shipyard - Marseille

Max Length: 170m

Employees: 110

Total area: 20000 sqm

2) H2X Yachts & Ships - La Ciotat

Max Length: 360m

Employees: 45

Max lift: 2000 tons

3) Compositeworks - La Ciotat

Max Length: 180m

Max lift: 2000 tons

Min length: 14m

4) International Marine Services - Saint Mandrier

Max Length: 50

Max lift: 320 tons

Total area: 13000 sqm

5) Monaco Marine

Max Length: no limit

Max lift: 2000 tons

Min length: 8m

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

Shipyards: Management & Strategic Lessons

In an environment where the demands of superyacht owners and their naval architects and designers are becoming increasingly fierce, the builders of these vessels have been forced to adapt and change. The phrase, “we really pushed the builder” has become a standard amongst their clients, and a rallying call for excellence.

Azimut Benetti: Empire of the Ocean

Paolo Vitelli, founder, CEO and President

“I need to challenge and be challenged continuously in order to create within the company the spirit of having to fight to maintain and confirm our position.

There is no room for complacency. Having said that, the industry will probably experience a consolidation in the near future and this could come either from the market or from clients, who will suddenly require a higher level of technology and service.

Therefore the winner of this possible revision of the market will be the company that at the moment it happens, is strong in terms of their product, their relationship with the client, their capacity to supply service, their view towards innovation, creativity and in terms of the technology they are able to put into the product. The winners of the revision will be the ones who are ready and capable to respond to it.

Ferretti Group: Roads and Waves

Norberto Ferretti, founder

“Boats have changed a lot. They used to be noisy, uncomfortable, with lots of vibration. At present the most important difference between a successful company and a small company is style. It is relatively easy to obtain a good look, aesthetic and design, especially with modern technology, but now the biggest change of the last 20 years lies in the technical side: performance, noise, vibration.”

Royal Huisman: Family Business

Alice Huisman, managing director

“I think unlike many other boatyards, we do everything in-house, which means we have a high level of quality control. It also means that at the moment you sign the contract with the client, you may have a plan and a sketch of the interior and so on, but not everything is finalised yet. So throughout the whole engineering process and sometimes during the build, the client is able to change their mind and decide they want to do things differently. That is the difference between us and other yards.

Lurssen: Power & Pedigree

Peter Lurssen, managing director

“I don’t believe that we’ll see the ever growing size of yachts continue. The past would have proved me wrong, but my feeling is that we won’t see a growing market length-wise for yachts. We have a couple of yachts under construction that are very large, and these are all built for very special purposes. There will always be the odd 400ft plus, but will we see 650, 700 foot yacht? I don’t really see that.”

Case Study: Refitting as Alchemy -- the story of Amico & Co. in Genoa.

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

Case Study: The Best recent Refits article.

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

Regattas & Races

See Wikipedia for a full list of:

- rowing regattas
- sailing regattas
- oldest sailing regattas
- university regattas
- school regattas
- other regattas

<http://en.wikipedia.org/wiki/Regatta>

There are many different types of sail boat racing but they are grouped in two categories: **inshore and offshore**.

Inshore Racing usually gathers more yachts, racing close to the shore. From optimist racing (http://en.wikipedia.org/wiki/Optimist_%28dinghy%29), to the America's Cup (http://en.wikipedia.org/wiki/Americas_Cup), **there are hundreds of different types of regattas**.

Optimist racing

Olympic sailing classes

Match racing

Maxi yacht racing

Club racing

These are some examples of different inshore types of regattas.

America's Cup

The oldest and most distinguished competition in the yachting world.

1851: schooner named America won race at Isle of Wight for the Royal Yacht Squadron Cup. It involved the longest winning sequence in sporting history.

Offshore Racing involves longer distances with usually fewer boats and more extreme sailing conditions. Some examples include:

- The Volvo Ocean Race (currently taking place <http://www.volvoceanrace.com>)
- Trophe Jules Vernes
- Vendee Globe
- Transat Jaques Vabre (currently taking place)
- La Solitaire du Figaro

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

Racing Superyachts

1. Antigua Sailing Week

Over the last two decades, Antigua Sailing Week has become one of the biggest events in the international sailing calendar, and it is one of the most fantastic times to visit Antigua and take advantage of an island-wide party. From small beginnings, the regatta has developed into a world-class event and now includes an Ocean Series for boats that prefer ocean racing.

Antigua Sailing Week began in 1967 with only 10 boats, and at times has had over 200 entries. You don't have to be a sailor however, to enjoy the festivities of Antigua Sailing Week. The races are followed by many non-competing yachts that tag along to see the action, and there are fantastic look-out points around the island from which to spectate. Most of the racing is off the south coast of Antigua with some of the fleet going up the west coast to Jolly Harbour on Thursday. The Event Village is located in Nelson's Dockyard, English Harbour and is the central point at which all the crews gather after the day's racing is finished to exchange stories and enjoy happy hour from 3 to 6 pm. There is a combination of background and live music every day and evening in the Event Village and some nights there are parties in various other locations.

Mid-Sailing Week, there is no racing but don't miss the famous Antigua Sailing Week Lay Day events held at Antigua Yacht Club in Falmouth Harbour!

Antigua Sailing Week is a non-profit organisation that is sponsored and operated by the Antigua Hotels and Tourist Association. Planning for the event is a year-long task for the team involved and starts again every year as soon as Sailing Week finishes at the beginning of May.

2. Superyacht Cup Palma

Now in its 16th year, The Superyacht Cup is the longest running superyacht regatta in Europe and the Mediterranean. The event has become a favourite with owners, friends and captains around the world that visit Palma de Mallorca annually for the 4 day Palma edition of the Superyacht Cup. Famed for its central location and reliable wind conditions in the Bay of Palma, the Superyacht Cup provides an ideal combination of professionally managed racing with a relaxed and fun atmosphere ashore.

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

3. Les Voiles de Saint-Tropez

The sailing calendar for classic yachts in the Mediterranean includes stops in idyllic ports including Antibes, Monaco, and Cannes. But it is the finale in St Tropez that is the not-to-be-missed conclusion for classic and modern yachts alike. This year Les Voiles de Saint-Tropez – which began life as La Nioulargue – marks the 30th running of this prestigious event.

The nearly 300-boat regatta brings together the finest collection of traditional yachts (vintage and spirit of tradition), as well as the other end of the spectrum: modern high-performance racers. Today was the first scheduled day of racing for the Modern fleet, with the light 6-8 knot conditions on the Golfe de St Tropez causing a delayed start, all classes managed one race today. Racing for the Tradition classes begins tomorrow.

Les Voiles' fleet is divided into Modern and Traditional; with almost 200 boats, the Modern classes make up the majority. Boats such as Mike Slade's 100-foot (30 metre) super maxi, Leopard 3, which held the monohull course record in the Rolex Fastnet Race until this year; the impeccably restored 1930s-era J-Class Shamrock; Swan yachts from the popular one-design Swan 42 to the Swan 112 Highland Breeze, as well as a good showing from the Wally fleet of 80 – 130 footers.

But it is the Traditional fleet – 84-strong this year – that impresses. The 'grande dame' of the fleet is the 136-foot (41.5m) Herreshoff schooner, Elena. She is not alone among yachts over the 100-foot mark, joined by Cambria, the Fife-designed 23m class sloop; the Herreshoff schooner, Mariette of 1915, and the Fife gaff schooner, Altair, which raced successfully for nearly 50 years before being brought back to impeccable condition in 1985 at Fairlie Restorations in the UK. Rounding out the 'bigger' boat fleet is the more recently launched Sunshine, built in out of teak and rosewood in Myanmar.

Equally impressive are the 15-meter class yachts, the elegant Tuiga (1909) and Mariska (1908). Though 15 meters (50 feet) on the waterline, with their long bow and stern overhangs and bowsprit, they stretch to 90 stunning feet overall. Along with these two is the recently re-launched Fife III-designed 15-meter Hispania, originally built for the King of Spain in 1909 – but unfortunately the Spanish boat had to withdraw from Les Voiles.

The idea for La Nioulargue is a now legendary story that took place in 1981 at Club 55, Patrice de Colmont's ultra-chic beach bar and restaurant on Pampelonne Beach. It began as a casual barroom bet between the 12-metre Ikra, skippered by Jean Laurin and Pride, a Swan 44 owned by Dick Jayson, an American who was cruising in the Mediterranean at that time.

November 11, 2011

Subject 1: Shipyards and Refit Industries

Subject 2: Regattas and Races

4. St. Barth's Bucket

One of the most popular and prestigious invitational sailing yacht races is St. Barts Bucket race in the Caribbean, generally held in March. During this event, you will see a variety of beautiful sailboat brands, luxury yachts and superyachts – all in one place, which makes quite a spectacle. Perini Navi, Pendennis, Fitzroy, Dubois, Alloy Yachts, Holland Jachtbouw, Baltic, Palmer Johnson, Farr, Vitters, J Boat, Royal Denship, Royal Huisman – you name it, classic and contemporary, all the yacht designs and builds can be seen at the race. The invitational regatta is held along the island of St. Barthelemy or St. Barth in French or St. Barts in English for short.

St. Barts Bucket Race is an invitational regatta and is especially known for the spirit and demeanor the racers almost automatically take on during the race: they race merely for the love of sailing yachts.

St. Barts Bucket Race usually limits its participants to a maximum of 30 yachts and each one must have a length over all (LOA) of a hundred or more feet. But being a bucket regatta, whose foremost concern is fun, authorities usually forego the fastidiousness of formal LOA measurements and often make allowances for the inputs in the Velocity Prediction Program (VPP) of participants. This is a truly fun and carefree yacht race where yacht owners and crews can experiment on the capabilities of their yacht without worries.

For this event, you can charter yachts or bring your own. The entire event is chiefly 3 full days of sailing where the starting point is usually held at Port Gustavia, which at the time of the event will be exclusively reserved for the yachts to dock on.

5. Perini Navi Cup

The Perini Navi Cup is a regatta dedicated exclusively to Perini yachts that for a few intense days gather to challenge each other in the Mediterranean Sea.

After the first edition in 2004 Perini Navi Cups have been held in 2006 and 2009, the appointment for the fourth edition on September 1-2-3-4 2011 in the beautiful waters of Porto Cervo in Sardinia.