



Middle East Superyacht Briefing

2011 Abu Dhabi Yacht Show

Constantinos K. Constantinou
President & CEO
ART Marine

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Understanding the Middle Market for Superyachts

I. Global Brokerage Market Trends

- i. Sales in Units
- ii. Sales in Total Length
- iii. Sales in Euro
- iv. Sales by Size Segment
- v. Sales by Shipyard
- vi. Conclusions

II. ME Superyacht Ownership

III. ME Superyacht Ambitions

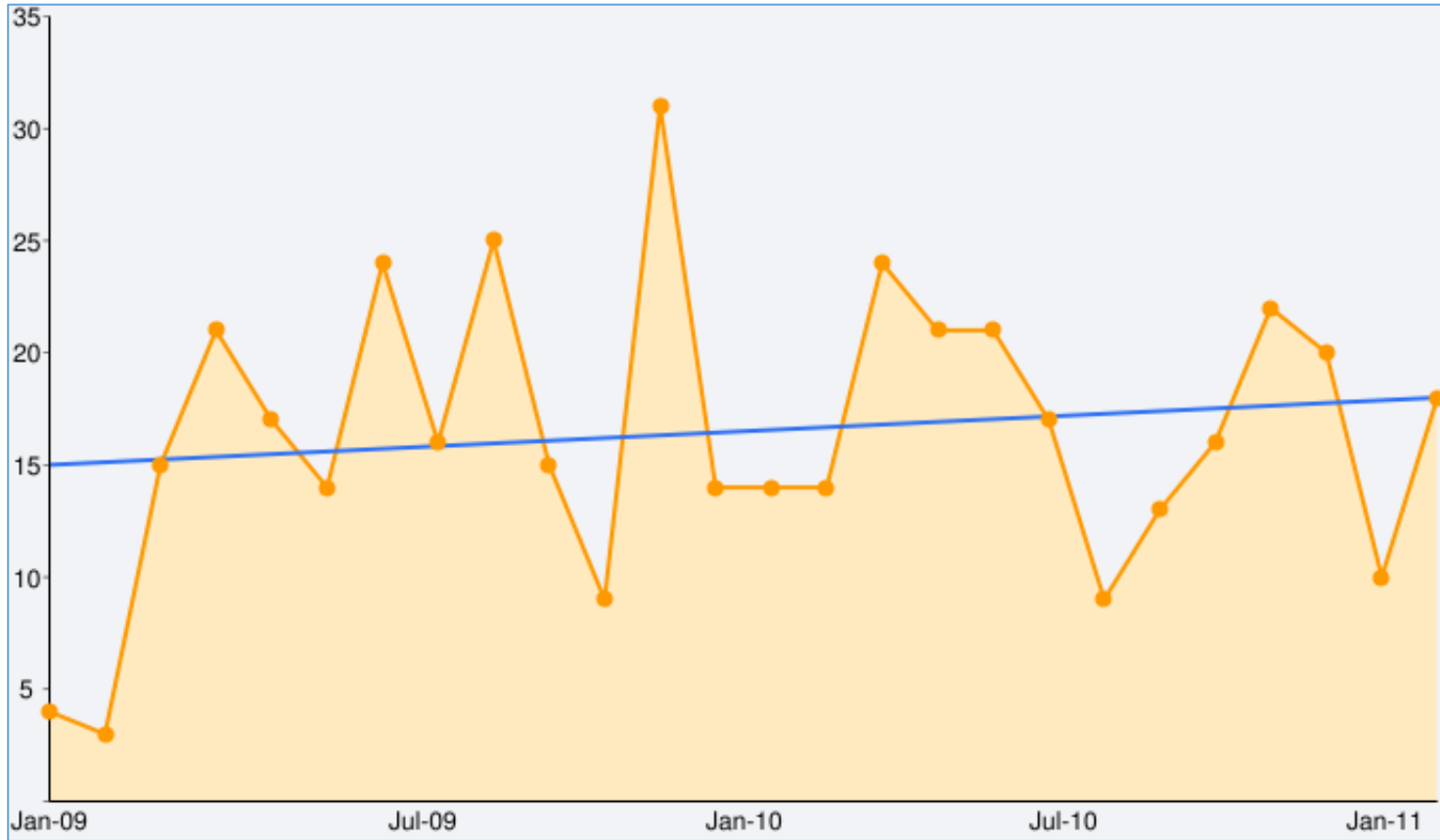
- i. Abu Dhabi MAR
- ii. Oceanco
- iii. Majesty - Gulfcraft

IV. ME Growth Drivers & Opportunities

V. ME Growth Inhibitors & Threats

VI. ME Superyacht Outlook - Conclusions

Global Brokerage Yacht Sales, in Units

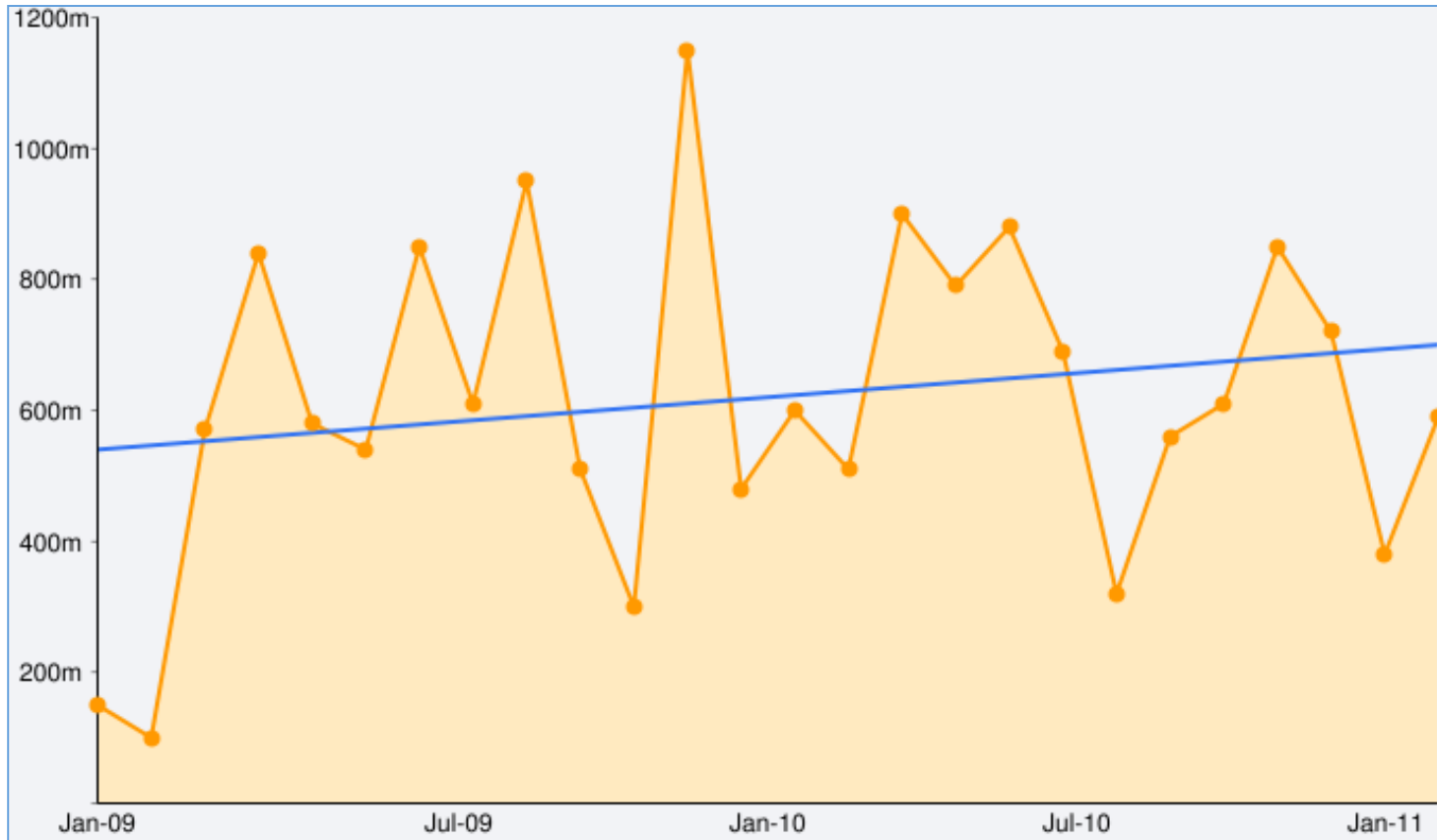


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Global Brokerage Sales, in Total Length

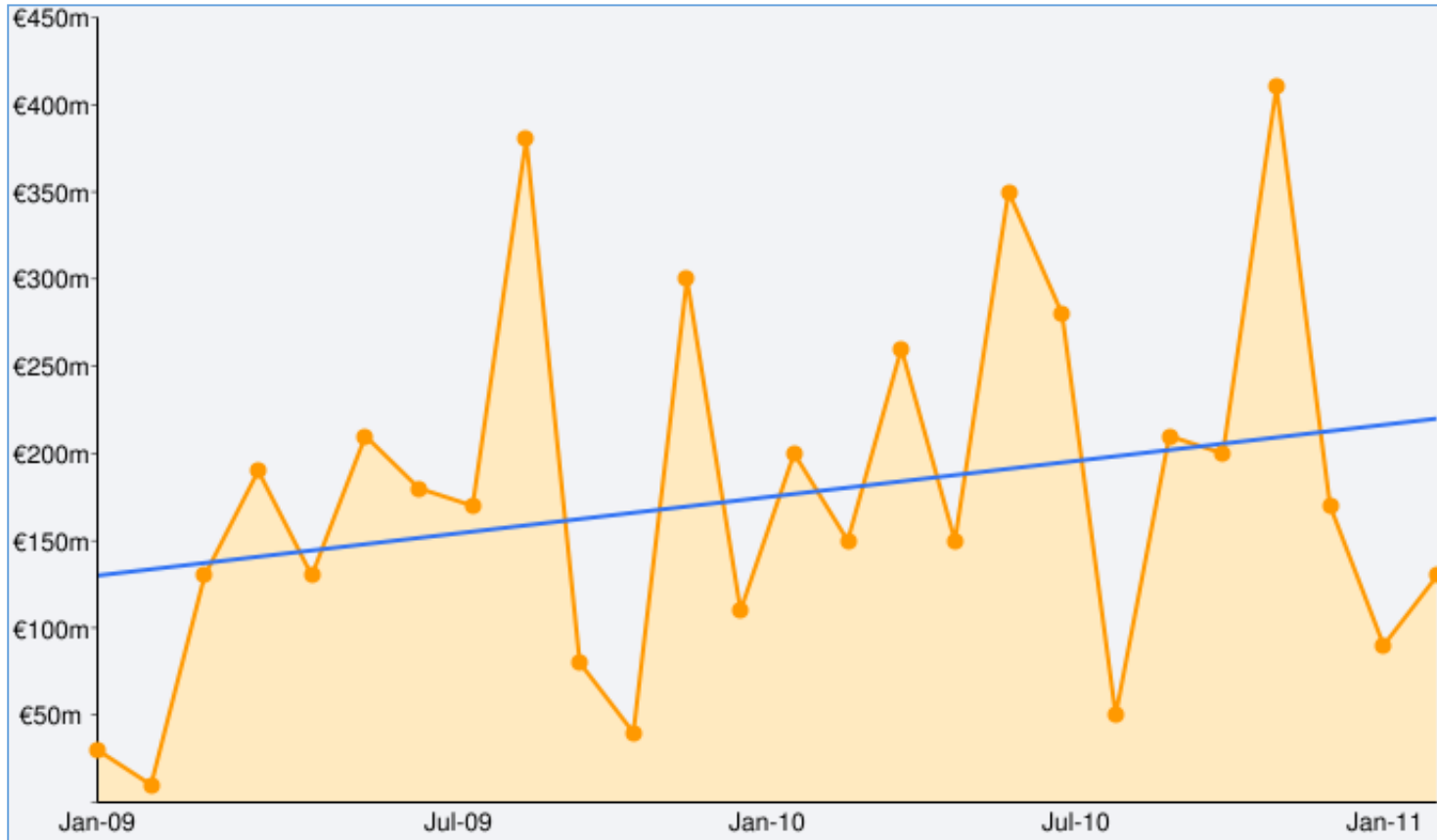


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Global Brokerage Yacht Sales, in Euro

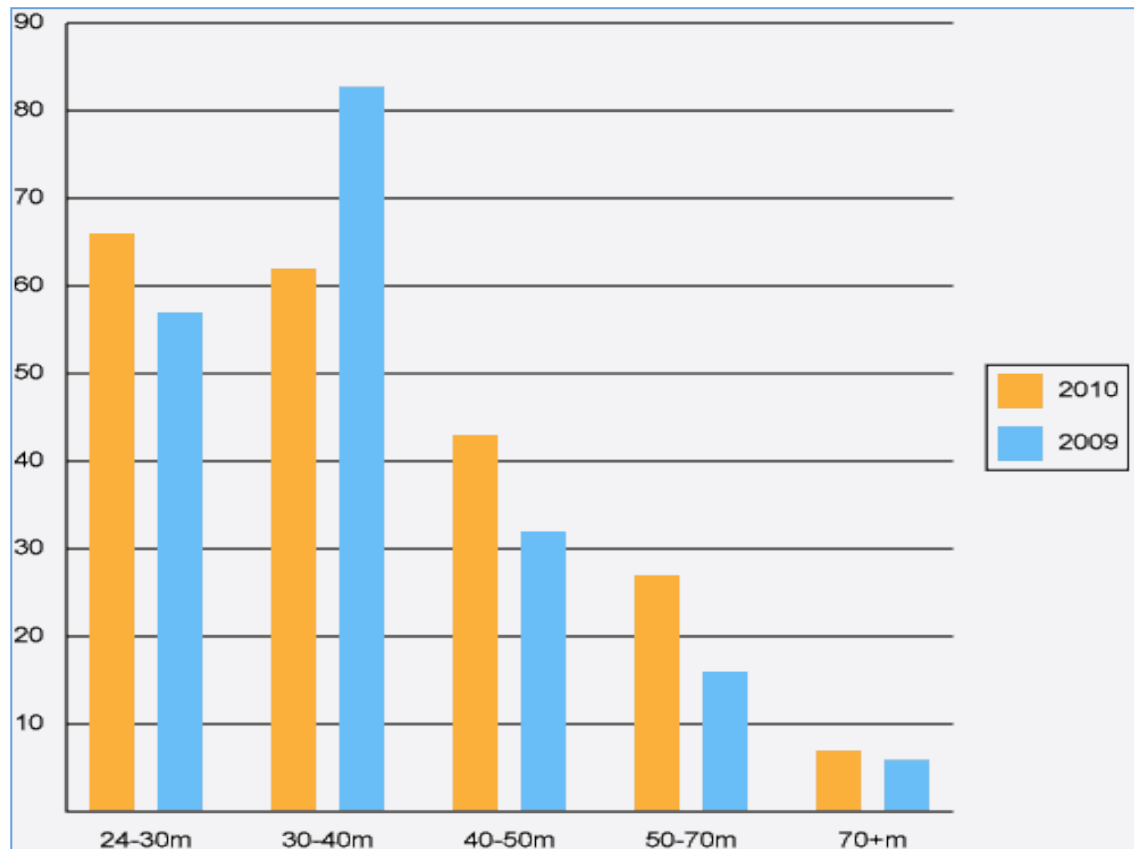


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Global Brokerage Sales, by Size Segment

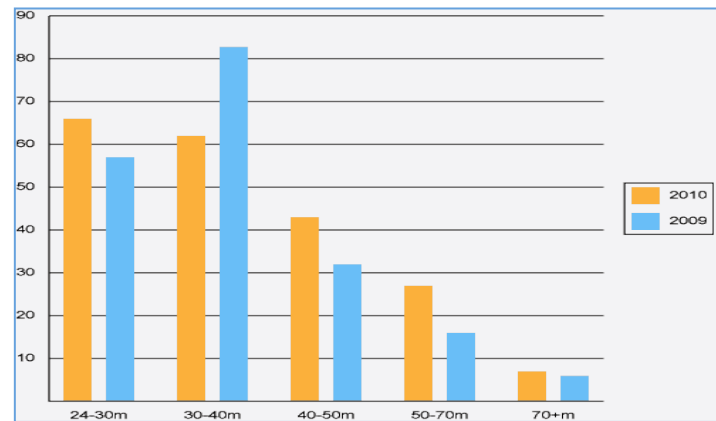
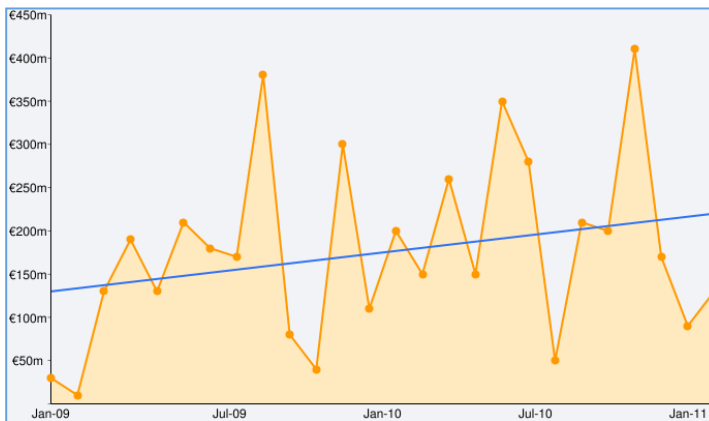
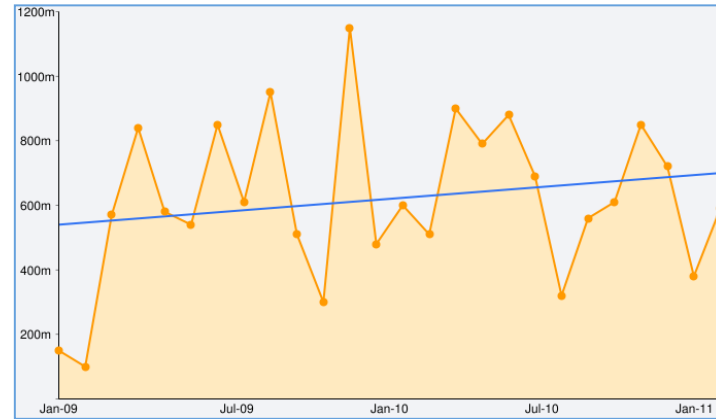
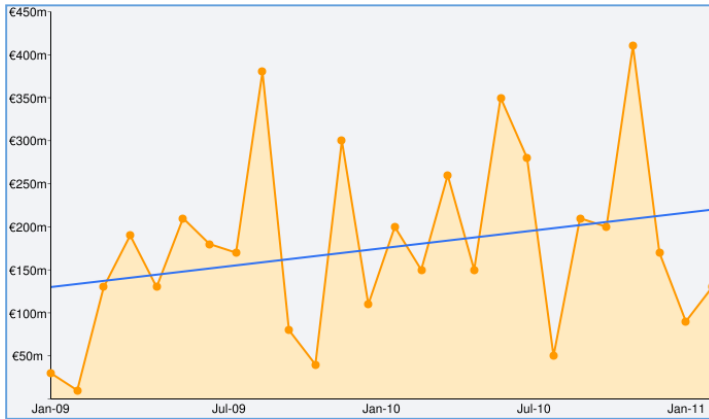


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Global Brokerage Yacht Sales, all Metrics



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Global Brokerage Sales, by Shipyard

2010 Global Sales



5 builders command 53% share of the market, or 108 of 205 units sold

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Global Brokerage Market - Conclusions

- ✓ Average monthly unit sales is trending upwards
- ✓ Average monthly sales value is trending upwards
- ✓ Average length of units sold is trending upwards
- ✓ Data suggests that price levels are normalizing
- ✓ Backlog of established shipyards is improving
- ✓ Wealth of UHNWIs has increased
- Stark differences in sales activity amongst world regions
- Margin/price pressures persist
- Distressed sales still around

Tepid yet distinct signs of global market recovery

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ME Superyacht Ownership

Ranking

No. 2	Dubai	531ft 6in	UAE
No. 3	Al Said	508ft 5in	Oman
No. 4	Prince Abdul Aziz	482ft 4in	KSA
No. 5	El Horriya	478ft 0in	Egypt
No. 6	Swift	462ft 7in	UAE
No. 7	Al Salamah	456ft 11in	KSA
No. 10	Al Mirqab	437ft 0in	Qatar

7 of the world's 10 largest Superyachts, or 70% share
28 of the world's 100 largest Superyachts, or 28% share

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ME Superyacht Owner Profile

Quote by an industry professional:

“Middle East clients normally **require speed and luxury** at the **lowest possible price**.

A Superyacht is an opportunity for a buyer to fulfill a wish list of desirables: **Middle East owners seek the equivalent facilities of a five-star hotel in a vessel** that can move from place to place at very high speeds.

Privacy and confidentiality are usually important to Middle East owners. Many of the largest and most luxurious yachts in the world are owned by ME clients.”

How truly different are ME Superyacht clients compared to ROW clients?

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ME Superyacht Owner Profile

The needs, wants and expectations of Superyacht clients and owners in the Middle east, while certainly unique in many ways, are not very different to the ones of clients and owners from other parts of the world.

Generally speaking, one can expect

- A tougher and lengthier negotiating process
- Deal structures that might be out of the norm
- Special requirements for customization, reflecting culture and taste
- Round-the-clock availability
- If satisfied, long-term loyalty and referrals

Working hard to satisfy clients and owners from the ME is rewarded

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ME Superyacht Ambitions

Abu Dhabi MAR

Has achieved rapid growth, both acquisitive as well as organic

- More than 150 years of shared experience
- More than 1,600 vessels launched
- 10 yachts in build up to 141 metres

His Excellency Ahmad Darwish Al Marar, Chairman of Abu Dhabi MAR, said: “This agreement with ThyssenKrupp is an important milestone for Abu Dhabi MAR in the implementation of our strategy **to position ourselves as a world leading shipbuilding company.**“

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ME Superyacht Ambitions

OCEANCO

Is now in ME ownership, implementing clear strategic growth plans

- Committed to taking company to next level
- Exploring both global as well as regional opportunities
- Focused on yachts in the upper Superyacht size segment

Mohammed Al Barwani, new owner of Oceanco, commented:
I see Oceanco as a great brand. The company offers an **outstanding growth opportunity** as the world economy recovers. Oceanco's order book is healthy and the business shows a strong balance sheet."

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ME Superyacht Ambitions

Majesty – Gulf Craft

Recently launched a 135ft yacht

- Recent facility expansion to accommodate large yacht production
- Continues to invest in new product development
- Growing export activity and market penetration

Erwin Bamps, COO of Gulf Craft said recently:

“Through his strong vision, core values and understanding of our client needs, Mr. Mohammed Hussein AlShaali has turned Gulf Craft from being the number one yacht builder in the region, to an international brand acting as an ambassador to the entire Middle East.”

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ME Growth Drivers & Opportunities

- ✓ General ME Prosperity and Number of HNWIs and UHNWIs
- ✓ Solid demographics – Population and wealth generation trends
- ✓ Yas Marina Circuit Grand Prix – A highlight on the F1 calendar
- ✓ Industry Events – ADYS and DIBS (Superyacht Boulevard)
- ✓ Regional Marina Projects – ART Marine, IGY Mourjan
- ✓ The Emirates Palace Marina – Top lifestyle address
- ✓ ME Industry players – Abu Dhabi MAR, Oceanco, etc.
- ✓ Companies Truly Vested in Region - ART Marine

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ME Growth Inhibitors & Threats

- Disparity in Regional Legislation/Regulations – Let's do something
- Securing Sailing Permits – It could/should be simpler
- Insufficient International Harmonization – The standards are there
- Passage from West - Piracy, safety issues
- Political instability – Hopefully not a long-term issue
- Regional infrastructure not in place yet – But in progress
- Opportunistic mentality – An industry plague

ME Superyacht Outlook - Conclusions

- ✓ Advent of Regional Industry Players – a positive
- ✓ Regional Marina Development – supporting growth
- ✓ Wealth Generation and Demographics – very attractive
- ✓ Industry talent based in region – on par with West
- ✓ Professional standards or services – improving fast
- ✓ Government mindset – generally supportive of industry
- Plenty of work to do on the legislation/regulatory front
- Uphold/safeguard industry professionalism – Protect the client
- Opportunities abound – but hard work and prudence is called for

Middle East Market for Superyachts – Poised for Growth

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Shukran – Thank You

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