FUTURE OF BOATING INDUSTRY

some ideas

Boat Program Annual Seminar
Tampere, March 23rd 2011

Crisis is “just” a change

- We are facing fast and deep cultural, political and economical changes
- Change is a pain in the ass
- A big change is a big pain…
- and we perceive the change as a “crisis”
Financial crisis, toxic papers?

No, the real problem today is the loss of global competitiveness of the “old world” (Eu + USA)

As they say in the USA:

The markets are up, but the jobs are down
## World Top 10 Countries by GDP 2010-2015

<table>
<thead>
<tr>
<th>Rank</th>
<th>Country</th>
<th>GDP T $ 2010</th>
<th>Rank</th>
<th>Growth 2011 %</th>
<th>GDP T $ 2015</th>
<th>Rank</th>
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<td>17,7</td>
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<tr>
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<td>2</td>
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<td>Italy</td>
<td>1,7</td>
<td>10</td>
<td>1</td>
<td>1,9</td>
<td>10</td>
</tr>
</tbody>
</table>

### BRIC in 2015:

- of Top 10 GDP: close to 50%
- of Top 10 GDP 2010 to 2015 growth: 70 – 80%!
Question: why do new cars from a boxy Scandinavian maker look like this?

Change facts

- World is polarizing to “Old World” and BRIC
- Ageing population in the Old World (US and Eu baby boom)
- Change of values in the Old World
- Emerging values in BRIC?
  - Old world pattern?
  - New (unseen) values
  - BRIC disparity
but, as they say…

“Problem is not a problem, absence of reaction to a problem is a problem.”

Solution = global competitiveness

- Creativity and innovation
- New technologies
- Speed, reactivity and adaptability
GLOBAL ? Only 7 important countries...

- Japan
- China
- India
- Russia
- USA
- Brazil
- EU

EU, our country, is the only one which is:

Multi-national
Multi-ethnic
Multi-lingual
Multi-cultural

= richer, more creative
New values?

May be we just need to reinstall the old ones...

Virtues

Prudence
Justice
Temperance
Courage
Sins:

Lust
Gluttony
Greed
Sloth = discouragement = failure to use talents or gifts
Anger
Enly
Pride

Change: what is it about?

- Value – money is gold (again)
- Less overstatement, more true needs
- Attention to fossil fuel consumption and the environment (202020)
- Globally accepted styling and products, market polarization (old vs BRIC)
- Comfort is king
- European baby boom
- Reliability
- Service(s)
First 30 1980 vs 2010

Boating “Issues”

- Industry is loosing customers
- Powerboats represent most of the growth
- Sailors are ageing
- Newcomers have doubts:
  - Value – at purchase and during use (fuel consumption)
  - Inadequate comfort
  - Technical problems and issues
  - Product complexity, handling
Today’s Markets - Estimate

Power: 4,5 B Eu appr.
Sail: 1,2 B Eu appr.
Ratio: 3,75 : 1
Trend: Increasing

Boating industry: where do we stand?

- In 3 years half of the turnover was lost
- In 3 years cumulative EBIT fell 6 times
- Industry is reshaping fast: companies with no debt, investment capacity, good development, brand and sales network are gaining terrain
- Mid-air is getting thin
- Small companies cannot compete on production efficiency, R&D, branding and marketing
**Sail**

- 2 companies make money, other struggle
- Top 6 companies represent 60% of the market
- No important growth on the horizon
- Reliable well established brands have advantage

**Power**

- 2 companies make money, other struggle
- Top 9 companies represent 60% of the market
- Growth on the horizon mainly BRIC
- Gaining market share vs. sail
- Reliable well established brands have advantage
New Products Axioms

- Concept
- Design
- Engineering
- Industrialization
- Marketing

The Greenline Example
Greenline 33

- New generation of motoryachts based on:
  - Comfort
  - Value
  - Low environment impact

- Hybrid technology co-developed by Seaway, started in 2003

- Philosophy and design in 2007

- Tank testing, prototype field testing 2008

- Superdisplacement Hull, hybrid technology protected 2008
Greenline 33

- World’s first Hybrid Solar Production Yacht, currently largest hybrid fleet worldwide
- Over 3 M Eu invested during 2008 and 2009
- Technology developed with VW Marine, Iskra Avtoelektrika, Bisol and Kokam
- Introduced in September 2009 (Amsterdam), production start January 2010
- Over 180 sold (150 launched) – currently best selling motoryacht of 10 m or over worldwide
- Reducing environmental impact of boating by up to 75%
Greenline owners

- European baby-boomers
- Young families
  - 40% ex sailors,
  - 40% ex powerboaters,
  - 20% newcomers
- Well received in Europe, Australia and USA

Greenline 33 Awards

- European Boat of the Year 2010
- HISWA Dutch Boat of the Year 2010
- Slovenian Boat of the Year 2009
- Croatian Boat of the Year 2010
- Slovenian Award for Environment 2009
- Swedish Environmental Boat of the Year 2010
- Nominated for European Award for Environment, 2010
- Nominated for Norwegian Environment Award, 2010
- Project presented at World EXPO, Shanghai 2010
- PBO Green Award, England 2010
- Golden Award for Innovation, 2010
- Nautical Design Award, Italy 2010
- Motor Yacht of the Year, England 2011
- UIM Environmental Award, France 2011
- Powerboat of the Year, USA 2011
- Finnish Boat of the Year, 2011
Greenline 40  - launch June 2011

Greenline Ocean Class 70
Launch March 2011
Le Boat TUI 15 m, launch February 2011
Small companies…

- Have a tough time to compete
- And hence cannot grow….
- Can hide in (small) niches

Solutions:
- Create product industrialization platforms
- Create Purchase groups (national or international)
- Create R&D platforms (national or international)
- Create Marketing and Sales network platforms
- The synergies initiated and managed by national boatbuilders association
- Could work in areas with no predominant builder in place
TIME OF CHANGE means

a challenge and an opportunity

especially for the fast, creative, reactive, innovative and intelligent

THE RACE IS ON!
Thank You!

Japec Jakopin, Seaway