

The Superyacht Report

BUSINESS

Moran Yacht & Ship President, Rob Moran

Responsible for the sale and management of some of the world's largest superyacht projects, the inimitable principal of the US-based firm is in a unique position to evaluate the state of the custom superyacht market and brokerage as a discipline.

OWNER

There are few more prolific owners than John Rosatti. Having owned 20 yachts of various sizes throughout his life, Rosatti knows a thing or two about running a tight ship. And he pulls no punches in conversation with TSR.

TECHNOLOGY

The aerial threat on the horizon

The privacy of owners and guests could be compromised by the growing prevalence of drones. So how can a yacht be fortified and what is the legality of proactive deterrence?

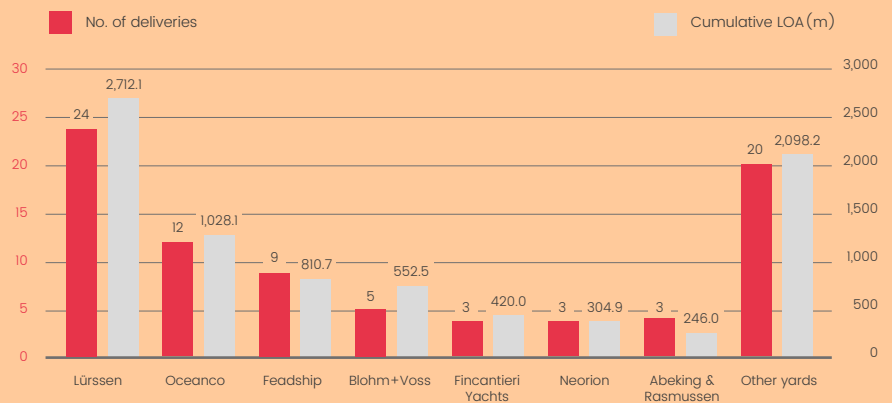
OPERATIONS

"There are too many managers and owners who assume 'no news is good news'."

FLEET

The Superyacht 80m+ Motoryacht Report

Number of 80m+ M/Y deliveries and cumulative LOA(m):
1997-2016



BUYER

Expanding into Asia

Camper & Nicholson's International is exploring Eastern frontiers amid a period of significant change for the organisation, as MD Paolo Casani explains.

DESIGN

The evolution of the owner's deck, and how this once-radical use of space on large yachts has now become the norm.



An interview with the
managing director of Camper
& Nicholsons International



Eastern ambitions





In October 2016, Camper & Nicholson's International announced that Hong Kong-based Lai Sun Development Company Limited was a new shareholder after signing an agreement to invest in the group. The investment was later matched by Fincantieri, in December 2016, which more than doubled its stake in the company after the initial equity purchase less than two years ago.

AN INTERVIEW BY FELIX SOWERBUTTS

As managing director of Camper & Nicholson's International, a traditionally British but also international leader in all luxury yachting activities that was established a staggering 235 years ago, Paolo Casani had a critical task upon arrival at the company in August 2015 – to orchestrate its strategic growth amid a challenging period of transition. Casani, whose role will be amalgamated with that of CEO after the departure of Michael Payne, is now the sole Camper & Nicholson's International member on the five-person board, which sees the arrival of Dr Peter Lam as chairman and Lester Lam as director, and the removal of 1782 Group's Gualtiero Giori.

TSR speaks to Casani, whose former roles as CEO of Azimut Yachts, then CEO of Nautor Holding – not to mention his 20 years' experience in the fashion and luxury-goods sectors with brands such as Armani, Valentino, Calvin Klein and Ferragamo – stand him in good stead to guide the full-service brokerage firm into the next phase of its life, an Asian expansion.

Paolo, the past 18 months have represented a period of significant restructuring for the organisation. What is the current ownership structure and what strategic advantages does it offer the group?

It has been an intense 18 months of restructuring and re-strategising our core business. A new era unfolded for us in August 2014 when Colosseum Services SA of Geneva [now known as 1782 Group] announced that it had acquired CNI Group. Then, in December 2014, Camper & Nicholson's International acquired Camper & Nicholson's Designs Ltd, before Fincantieri acquired a minority stake via a capital increase in May 2015. And, of course, the most recent is Lai Sun, which has a 49.96 per cent share in the company, with Fincantieri holding exactly the same stake.

The main advantages are that the company becomes even more international. We are already international, of course, but increasing your international presence in a luxury market with a



Paolo Casani is leading Camper & Nicholsons into Asia.





ABOUT LAI SUN DEVELOPMENT COMPANY LIMITED

Lai Sun Development Company Limited falls under the umbrella of the Lai Sun Group, which was established in 1947 and was first listed on the Hong Kong stock exchange in 1972. The group's principal business activities comprise property investment, property development, investment holdings and the investment in, and operation of, hotels and restaurants.

small demographic of clients is very important, especially in a region that offers the wealth prospects of Asia. It will also make us more stable and stronger financially, with a great opportunity to develop a competent and ambitious brand in Camper & Nicholson's Asia. We have been working on this project intensely and it will be ready to go live in early 2017.

Is the introduction of a luxury property and hotel specialist indicative of a broader need for the industry to overhaul its sales and charter model and incorporate the practices of more established luxury markets?

I think the synergy will definitely support and evolve our business model in the right way. While there is bound to be crossover in how we operate and our ideas, I'm confident they will enlighten us with fresh concepts. We will, of course, remain focused on yachting but the synergies on, let's say, sharing experiences, the lifestyle aspects and the way we conduct our businesses will make them a valuable addition to the group. As you say, the markets they are used to operating in are more established and we can only learn from working closely with those who have conducted themselves in other luxury businesses and markets.

Which element of your service offerings has the greatest potential for growth in the short to medium term?

I believe that retail charter is probably the one with the most potential in the short term. It is frequently the first experience of yachting for potential owners and the first step to ownership – most of our sales clients have had experience chartering. They might try chartering a boat for a few seasons before considering a purchase. We also want to improve our new-build construction as a priority in our strategic plan. In this particular division, it's the project management team that we really want

to develop and grow. I think this will complement the sales division, allowing us to be even more comprehensive with our advice to owners.

At the Monaco Yacht Show in September, you told us that Camper & Nicholson's was entering a market that was "not previously a priority". Why was Asia not previously a priority and what has triggered this change?

When I said that it was not previously a priority, what I meant was that we had to focus on getting our operational moves right before considering entry into a new region. Moving into Asia was not the first on our list of priorities, but now that we've made some developments to the core business, we have been able to adjust those priorities. Now we have the opportunity to develop this plan – and not alone, most importantly – for the future and the perception of Camper & Nicholson's. Alone, we may not have been able to face such a venture, not just because of the investment but also because it's a difficult project in terms of the people and consumers. Having strong local partners will help us to adjust and fine-tune our service offerings for the region.

So you may not have made a comprehensive move into Asia without local partners?

Absolutely not. It's a very unique market with a very different luxury lifestyle. A strong local partner is of paramount importance for success – in the short term especially. You can't afford to lose time when you move into a new region and it would have taken time for us to understand their culture and perspectives. You need that local knowledge to progress quickly, especially in a high-end market such as superyachts where you are already working with a very small population of clients. It's an added bonus that our new partners are familiar with, and fond of, the industry, with a valuable link to Asian clients.



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Engineers, First Officers,
Designers, Brokers,
Yacht Managers, Investors,
Owners' Representatives
& Shipyard CEOs:
We have published our new
upgraded edition of
The Superyacht Report
& we invite you to sign up
as a VIP Subscriber with
our compliments.**

*If you fit any of the above criteria, please register at:
shop.thesuperyachtgroup.com/vip-request*

Right: the office of Hong Kong-based Lai Sun Group.



From your research, what are the typical client requests and client profiles that you expect from this region?

It will definitely be very different from what we're used to. Japan and China fall into the top five countries of UHNWIs, but are not present in the top five UHNWI yacht-owner nations. It's an unbelievable market to explore. The client profiles are, of course, determined by the lifestyles of the client, so it's hard to tell at this point. But Asians, mainly the Chinese, do not cruise very much. They use the yachts to socialise and stay at anchor so they can meet people and do business – more so than spending time with family and friends like your more typical superyacht owner. What Asian clients have requested to date, in terms of general arrangements, shows that they use their yachts differently.

Asian markets appear to grow and change very quickly. The cycle of growth in Asia is much quicker than in western regions such as Europe or the United States. The younger generation in western regions is very different from the older generation.

So do you think that they can come to grips with the yachting culture faster than other regions that are not established in our industry?

Absolutely, yes. It's also important to note that the development of yachting is part of governmental policies and strategies for the future. They're working hard at investing in the yachting infrastructure, and also acquiring leading European builders such as

Ferretti and Sunseeker. Sooner or later, I'm sure they will have a successful yachting culture. They've made a huge amount of progress in the past five to 10 years – perhaps not as much as everyone thought, but they've still come a long way, and the next generation, I'm sure, will speed up this process.

And are you expecting to overhaul your strategy for other regions under this new board composition?

We've made a lot of changes over the past couple of years, so now is the time to consolidate. Camper & Nicholsons is an ongoing project, so it will take a lot of energy in the next couple of years. I have drafted the new strategic plan for the next two to three years and we're not planning any major strategic changes. We need to consolidate and stabilise all our new project ventures. Less than a year ago, we launched Camper & Nicholsons Insurance Solutions, a Swiss-based company. It's been very successful and exceeded our expectations after less than one year, but it needs care and attention to keep stable.

Camper & Nicholsons Financial Services, another Swiss-based company, provides financing for yacht owners or refinance according to different legislations and countries. We can provide mortgages and leasing and other kinds of financing due to a special agreement with some of the most important financial institutions in the world. According to the region and the needs of the customer, we can choose the right partner to finance our customers. This is another feature of our portfolio that we are looking to progress.



Do you foresee Camper & Nicholsons retaining the charm of its traditional English heritage?

We will definitely do all we can to reinforce our heritage. In fact, we are now working on a new project – a Camper & Nicholsons heritage programme to help safeguard the brand’s heritage, the culture and build knowledge for current owners and potential owners of prestigious classic yachts, inviting them to become an active part of the Camper & Nicholsons family. It will help us to communicate to outside markets what we are all about. It’s a value that we do not want to lose.

What, for you, is pertinent to improving the way the brokerage market operates?

That could take a while to answer! I’d like to see brokers evolving not as independent people but as partners of a company. For me, a broker represents the company 100 per cent and they need to sell the company as much as the service – the heritage of the company and the full breadth of capabilities of the company. They, of course, sell a product, but they are also part of a team, so it’s important for them to convey this message – when they speak to the market and clients, they are representing a brand. Too many brokers still base themselves on a traditional business model where they sell a boat and split the commission and so on. I don’t believe that the current processes are done as effectively or cooperatively as they could be.

What would you say is a yacht of optimum size for the future owner?

Today, I would say that the optimum size is 45m–65m, for many reasons. They’re easier to manage and you have more berthing options. Yachts this size are the most appealing for charter – we had a 60m that did 96 days of charter in one season, which is quite exceptional. The owner offset his running costs and actually made a profit. If you have a boat in good condition, you can offset a lot of the running costs. The pricing for charters becomes far less attractive when you get above 65m, so I see 45m–65m as optimum – especially from a commercial perspective. [FS](#)

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As an industry, we are confident that the Asian market, with a little help from infrastructural developments and lifestyle education, is a demographic that will see significant growth in the coming years. From a wealth perspective, there is a nucleus of Asian UHNWIs (those worth more than \$30 million) that will grow by 66 per cent to 67,999 between 2015 and 2025 (source: The Knight Frank Wealth Report 2016).

134%

ASIA'S RATE OF
UHNWI GROWTH
(2005-2015)

61%

GLOBAL RATE OF
UHNWI GROWTH
(2005-2015)

222%

GROWTH OF HONG KONG'S
INWARD INVESTMENT
(2005-2015)

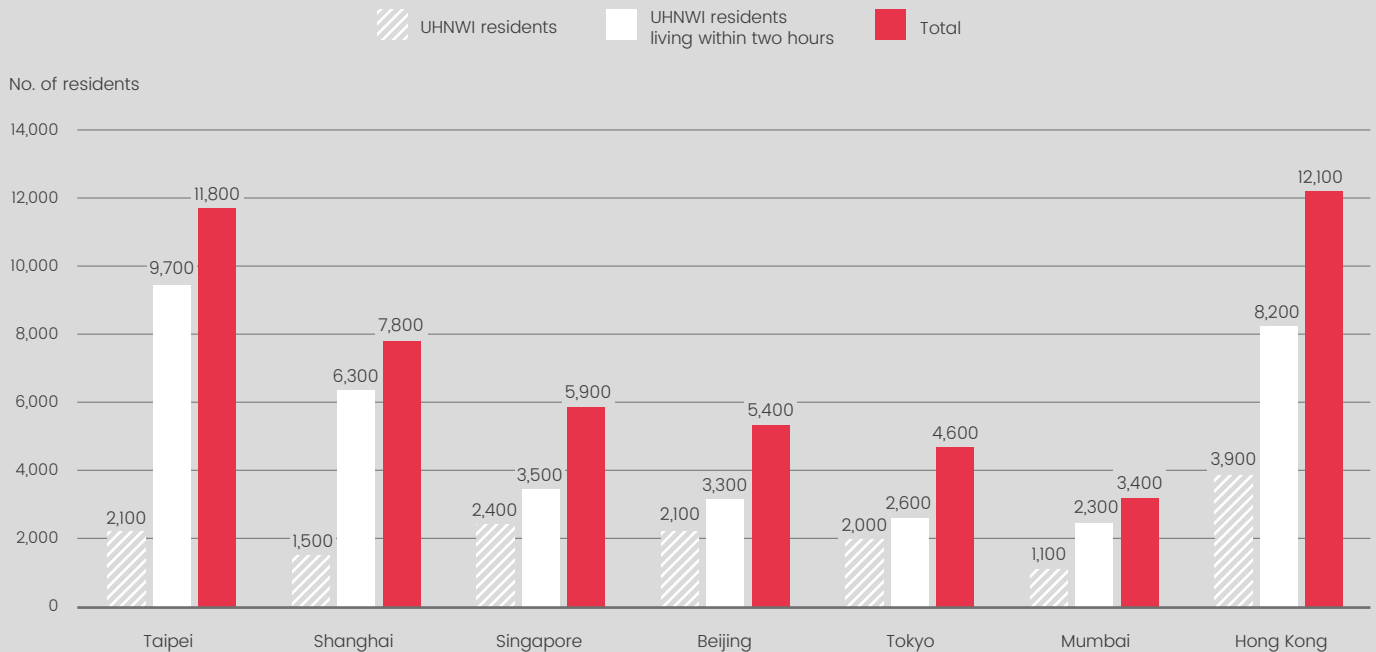
208%

GROWTH OF HONG KONG'S
OUTWARD INVESTMENT
(2005-2015)

8,200

UHNW RESIDENTS
LIVING IN HONG
KONG

Asian cities best connected to the world's UHNWIs



Source: The Knight Frank Wealth Report 2016

BY FELIX SOWERBUTTS

Asia's rate of growth will see its UHNWI population overtake Europe in the not too distant future, and although North America looks set to retain pole position, the Asian UHNWI number is growing at more than double the pace, and as such certainly merits its interest from major players in luxury markets. Examining Hong Kong in particular, The Knight Frank Wealth Report 2016 Attitudes Survey suggests it is the fourth most important city in the world to UHNWIs after London, New York and Singapore. Hong Kong is also the leading Asian city in terms of the number of UHNWI residents and those living within two hours of Hong Kong (12,100 residents) – more than twice the number of Singapore (5,900).

But with places such as Singapore creeping ahead of Hong Kong in terms of UHNWI-perceived importance – in

spite of a lower number of resident and nearby UHNWIs – it's palpable that Hong Kong has room for broadening its appeal to the world's wealthy. Combined with the increasing mobility of the UHNWI population, it would seem that a super-yachting infrastructure could add considerably to Hong Kong's attraction to UHNWIs.

Further analysis in the Knight Frank Wealth Report looks at the 10-year shift in global wealth and suggests that inward investment – liabilities that are claims on local assets by foreign residents – in Hong Kong has seen a 222 per cent increase to \$1.8 trillion between 2005 and 2015, making it the fourth-highest location for inward investment in the world.

On the other hand, Hong Kong's outward investment – assets that are claims of a local resident on an asset located in a

foreign country – has seen a 208 per cent increase to \$1.7 trillion between 2005 and 2015, making it the third highest in the world.

Hong Kong is a promising door into the Asian market for a brokerage firm – there is a great deal of wealth in the local vicinity and hopeful wealth forecasts for Asia. But is that enough to translate into a lucrative superyachting hub in the short term?

There is a willingness of the local government to support yachting activities – such as the recently relaxed 'permission to navigate' rule for visiting yachts and crew. But, with the passing of wealth from one generation to another a key stepping stone for the market's growth, it looks to be a move based on the optimism of what it will be in 10 years' time, not two years' time. **FS**