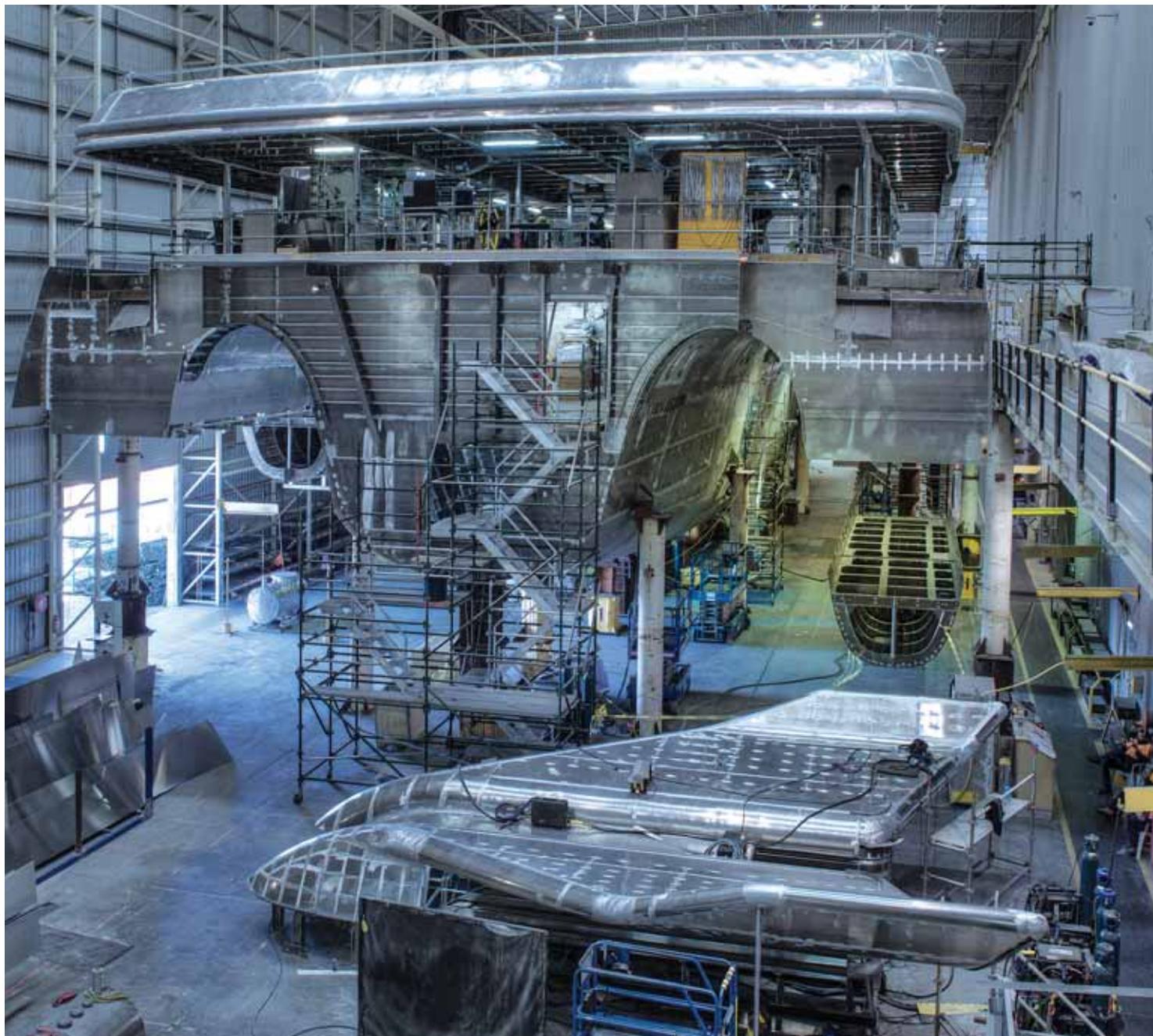


The Superyacht

TRUTH • OPINION KNOWLEDGE • IDEAS AND EXPERT INDUSTRY ANALYSIS



REPORT

FEADSHIP

A look at Feadship's 34m series platform – the first of which launched this year.

TIER III

The solutions for yachts that need to comply to Tier III's emissions regulations.

SUPERYACHT INDUSTRIALISTS

Rob Luijendijk and Rose Damen discuss Amels' strong leadership and business plan.

SUBCONTRACTORS

What can subcontractors do to ensure they get paid on time and in full?

Superyacht
Industrialists



The perfect family business

The superyacht industry is full of family businesses – some that have sold out, some that have no succession plan and some that are moving forward with the next generation. The Damen Group is in the latter category and is owner of one of the most successful companies in the superyacht sector: Amels Shipyard. During a recent trip to Vlissingen, at the foot of the Netherlands, **Martin H Redmayne** spent a few entertaining hours with the management team from Amels, who embody the statement, “Behind every successful company is a good business plan, a clear strategy and strong leadership”.



Prolific sales performance and robust financials are two elements that are rare in the superyacht new build sector. I think it is fair to say that Amels has enjoyed both in the past decade, and the yard is looking forward to a healthy future with one of the most diverse portfolios of large yachts in the market. Sitting down over lunch with Rob Luijendijk and Rose Damen gave me some rare insight into the past, present and future. Rob entered the business back in 2004, at the start of the new business plan, with Rose joining the family business as a non-exec on the board in 2008, becoming more hands on in the past 18 months in the Amels commercial department.

What has made Amels what it is today?

When I first came on board in 2004 there was a meeting with Kommer Damen, where he told us, “I’m going to set up a semi-custom business model and create a series of projects with yachts built on speculation, so we can control the business for ourselves.” That was the birth of the Limited Editions range. A business plan was written and we stuck to the path we set – and we have delivered on that plan. The proof is clear to the market, with 25 yachts above 50 metres delivered in the past 12 years, and today we have a very healthy order book, which includes our largest project at 83 metres. What made Amels great, in my opinion, is the way we have stuck to our principles and built what we promised.

What is likely to change at Amels going forward?

We realised a few years ago that the large-yacht market was becoming very exciting and we could see some of our clients moving to other yards for bigger projects, which is not nice to see, obviously. Then we watched the Italian and Turkish yards emerge into the 50-metre plus sector with products that were highly competitive financially and we thought, “How will this affect our business and how do we react?” To be honest, we decided that the market for higher quality would be strong and that experienced clients would pay more for established brands with good resale pedigree. However, we also decided we could not just stick with one safe portfolio, so we have refocused on larger, full-custom projects as another





“Full custom is all about being flexible but also intelligent, and you do that by providing a safe and secure technical base that will save everyone time and money.”

element to our business plan. In the same way that Damen, our parent, has several segments and a diverse portfolio of products for different markets, we have built a portfolio that is pretty unrivalled in the past five years. New concepts, like the SeaAxe Yacht Support vessels and now the SeaXplorer, built under the Damen brand, have created both interest from the market and some serious success, with five of the 69-metre support vessels on order or in our fleet. While we are always looking to do new things, as long as they make sense, we feel confident that we have one of the most stable portfolios in the industry, with six models in the Limited Editions range, five models in the SeaAxe range and three models in the SeaXplorer range. It's hard to imagine what else we need to add, apart from the larger full custom offering.

Does full custom truly exist in our industry?

I think so. We all know that yacht building is not easy, therefore it is sensible for any yard to provide some form of technical platform, but with a level of flexibility to offer the required customisation. Building a yacht of 80 metres or more, the clients at this level expect customisation and personalisation, but, as we all know, it's very difficult to make money if everything is totally flexible. The market has learned from the past and it is fair to say that full custom is all about being flexible but also intelligent, and you do that by providing a safe and secure technical base that will save everyone time and money.



What are your views on sharing data and market intelligence?

As you know, we are completely transparent on what we have sold or delivered to the market and we are very proud of these facts. However, we feel that if our peers are not going to share completely accurate data on what is really happening in their yard, then why should we? It's not always useful to publish figures if the data is not clear. The number of hulls in build is not the same as how many yachts have been sold; if the information is inconsistent then we can see how the market can be inflated, and this is not always helpful. One thing that has changed in the past few years is the relationship between the major yards. Yes, we are all competitors but we are communicating well and sharing ideas better, but we can still improve.

How much more efficient is the Amels business today?

Over the past 10 years, during the evolution of the Limited Editions, we have clearly become more efficient. This is down to learning from the previous project teams, the operational feedback and giving more control to the heads of department when it comes to engineering and execution. Our plan was to add a new model every two years, with each new model being a better version of the previous project but with more volume, hence we now have the six models ranging from 700gt all the way to 2,800gt. Going from a 55-metre to an 83-metre is not a simple step change because we are talking about a project four times the volume. To do this we have to be more efficient. What we have seen, however, as with many yards, is the retiring of the older workforce, so we've been investing heavily in

“The bigger the projects – over 70 metres – the more we recognise that we have to be more flexible and this is critical for the future. If our project managers, heads of department and workforce can operate with the right level of flexibility without compromising the efficiency, we will deliver on our promise.”



Rose Damen

“ After graduating from Erasmus University, I felt a need to spread my wings, so I moved to Sri Lanka and set up a school to improve local children’s English and IT skills. Having spent a year in Asia, I moved to London as I became curious about the financial world. For five years, I worked at an investment fund while also joining the board of Damen in 2008.

Within the Damen group, Amels particularly intrigued me; it was the autonomous division and I grew keen to learn more about this sector. It would also offer some professional autonomy, slightly distancing me from my father and brother within the Damen Group. Following my MBA, which I gained in 2013, I took the plunge and joined Rob in the Amels commercial department with a focus on clients and sales.

While my father has been the visionary for this business, I am excited to bring my own expertise and a valuable new viewpoint to the company and take it new places myself. I’m from a new generation but, like him, I am a ‘people person’ – a defining trait I was happy to inherit, and a key aspect of the yacht market where everything revolves around relationships. As Rob will confirm, it is so important for clients to know they are dealing with key family members, and they pick up such signals very quickly. I work hard to uphold the trust and stability element that is at the core of Damen’s principles. ”

engineering, which again contributes to the efficiency of the build process. When we started with hull number 1 and 2 in the Limited Editions range, they were built on spec, with the first breaking even and the second a slight improvement on the first. Since then we have been focused on doing it right and gaining efficiency, as this maintains our product quality and our financial stability. However, the bigger the projects – over 70 metres – the more we recognise that we have to be more flexible and this is critical for the future. If our project managers, heads of department and workforce can operate with the right level of flexibility without compromising the efficiency, we will deliver on our promise.

“With such a large fleet of 50-metre plus clients we are comfortable that our feeder market is pretty robust.”

Is there anything that you think the market doesn’t understand about Amels?

I often wonder if the market recognises the scope of our portfolio, but I suppose our sales performance proves that in most cases we are in the right place. In the past few years, and more recently with the addition of Rose to our management team, we have been absolutely focused on giving the right amount of attention to our clients, with several repeat customers and a large portfolio, and we really need to make sure we pay attention to everything they need. We are in a good place today and although we have built a very solid reputation in the 55-metre market, with the huge success of the Limited Editions 180, we are also very serious about the 66-metre, 74-metre and 80-metre sectors, not to mention the 80-metre plus full-custom market. The aforementioned three larger projects are for existing Amels’ customers. With such a large fleet of 50-metre plus clients we are comfortable that our feeder market is pretty robust. Add to this the fact that we are family owned and have one member of the family directly involved in Amels and it sends a strong message, especially in a market where we have seen new investors buy shipyards with various levels of success and failure.

In what ways can we improve the market?

From our perspective, the only way to improve the market is to focus 100 per cent on quality in all aspects of the business. We have positioned ourselves above the 500gt market and this is where we are comfortable. The below 500gt market is highly competitive with a diverse range of products, but with the arrival of regulations and technical issues it is almost no longer attractive to build below 500gt. An optimised 55-metre 700gt+ yacht makes sense from an operational and space perspective and I think as the market realises and wakes up to this fact, we will see a clearer segmentation.

With hull number 20 of the Limited Editions 180 in build, we are confident that we have created a market place based on quality and integrity – very few yards can demonstrate the same levels of success. I think we have stuck to our model and built a robust product and have improved the market in our own way. If I can suggest one thing we can all do to improve the market, it is to do the best thing for your client. This applies to all disciplines in the industry.

Is the 3,000gt+ market likely to continue?

It's an interesting question and I don't know the answer – it could go either way. Essentially we are seeing plenty of activity in the new build sector at this level, but there is the issue of social responsibility and operational limitations. The main northern European builders are all thinking the same thing: will it continue? None of us really know, but it seems that we are all preparing for a shift with 2,000gt being a more logical compromise, with large-volume 75-metre projects delivering as much space as a client needs without the excess of the 100-metre projects. These may suddenly become too extravagant in the next generation's mind. We currently have a client who has bought two 55-metre yachts to operate in two locations. Now this is a new concept that could be very interesting as it delivers capacity for 12 guests per yacht and complete flexibility at a fraction of the cost of an 80-metre yacht. This client is part of the next generation and we can only wait to see what other changes will be driven by clients who are new to the market. Big yachts over 3,000gt have become a trend that many have enjoyed for the past decade and there are still plenty who can afford them. The question is whether they will see them as private islands or an escape route to somewhere new.

Where is the most active market for Amels?

In 2015 we enjoyed some success in the USA and we feel confident that this will remain a strong and mature market. We have always had success in Russia and we feel it will remain strong there, too, as our relationships in Russia are good and we have a variety of clients there who are loyal to Amels. In addition to these core markets, we have also enjoyed recent success in Asia with the sale of M/Y *Event* and M/Y *Bel Abri* into the region and the recent tour of M/Y *La Familia* into south-east Asia, so our profile is very high. This, in conjunction with our Damen operation in China, puts us in a very good position to become one of the respected brands in Asia. It is a long-term game in Asia, but I feel we have made good progress.

EDITOR'S NOTE

Rob Luijendijk and Rose Damen are two very charming characters who are now at the helm of one of the most prolific and powerful players in the market. It's always a pleasure to spend time with them and chat about the market, even if much of the conversation was off the record. However, during the past decade it has been wonderful to watch this business model develop into, perhaps, the most successful shipyard in the sector. Their timing has been immaculate and you can see how the company and portfolio has evolved over the years. They enter the next phase of the industry with the new SeaAxe models and the recently developed SeaXplorer range, which seem to be gaining traction, not to mention their appetite for full custom. In essence, when you look at their portfolio it is easy to see why all this makes sense: the pipeline of clients who have bought into the Limited Editions range at 50–55m and now have the option to move through the range all the way up to the 80m plus sector is not only logical, it is strategically proven, with three existing clients now building in the upper tier. I also love the concept of the SeaAxe Yacht Support vessels and how they add so much value to the portfolio. This is especially clear when you consider the fact that a 50m support yacht can be delivered at less than €15 million. It is hard to imagine a client who owns or is building anything above 60m not wanting this floating technical platform for every additional toy and service you could wish for. It all makes sense. In fact, that's what I admire about Amels: everything they do seems to "Make Sense ..." ■



TO COMMENT ON THIS ARTICLE,
EMAIL: ISSUE171@SUPERYACHTREPORT.COM
WITH SUBJECT: THE PERFECT FAMILY BUSINESS

PHOTOS: DENNIS VAN OVERBEEKE