

SPRING 2009 TRENDS SURVEY RESULTS

November 2008 – May 2009

Latest industry trends from the British Marine Federation (BMF) show small signs of recovery in specific areas of the leisure marine industry. But while some parts of the industry are doing better than six months ago, others are still finding conditions extremely difficult and continue to be hit hard by the recession.

And while there are glimmers of recovery in some areas, all sectors are still faring worse than 12 months ago.

These findings are derived from the BMF's spring trends survey; conducted bi-annually, this edition was completed by a representative sample of 207 BMF members (42% response rate). The research is published as an aid to the industry in forecasting and planning for future months.

The number of businesses showing an increased workload in the home market has increased from six months ago, as has the value of the home order book. Importantly, future perceptions have improved from six months ago, with 77% of respondents seeing future prospects as OK, good or excellent, compared with 62% who felt the same six months ago.

On the negative side, there has been a significant decrease in investment over the past six months, while turnover has decreased for 50% of the members compared to a year ago.

The uplifts in home workload and home value of the order book and future perceptions are most notable for the services sectors. Boat manufacturers and sales, on the whole, are slightly less negative for home workload and value of the order book.

Rob Stevens, BMF Chief Executive, said: "While it is encouraging that some parts of the industry are showing signs of improvement these statistics make it clear that this remains a very challenging time.

"I am convinced, however, that the UK marine industry has the strength and quality to come through this difficult time ready to prosper in the upturn. But this is certainly no time for complacency and that is why the BMF is redoubling its efforts to ensure that it offers members high-quality services and support at excellent value. As part of this, we are continuing to work closely with Government to ensure that the interests of the leisure marine industry are heard and understood at the highest level."

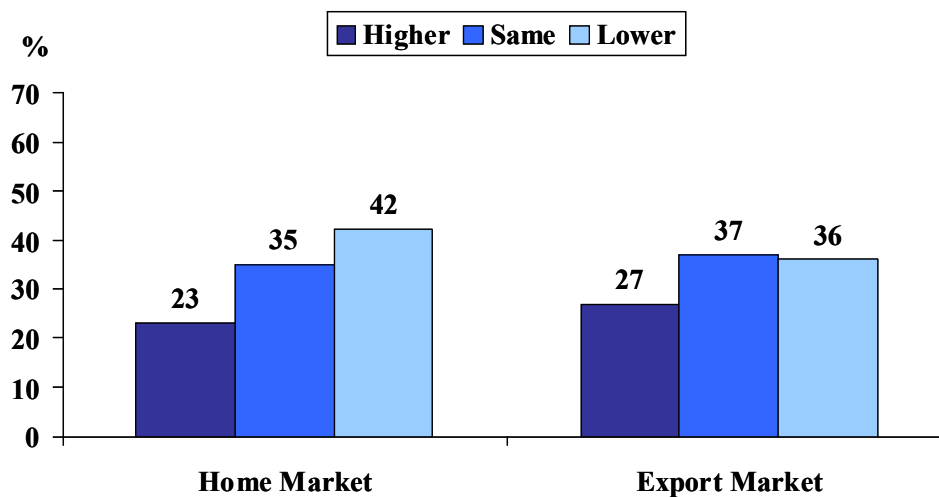
WORKLOAD COMPARED WITH 6 MONTHS AGO

Overall, the **home market workload** has increased compared to six months ago though it has not recovered to meet levels reported this time a year ago. This increase is more notable amongst the services sectors than manufacturing and boat sales.

- ~ **Spring 2009: 23% higher, 35% same, 42% lower**
Autumn 2008: 14% higher, 30% same, 56% lower
Spring 2008: 30% higher, 41% same, 29% lower

The rating of the **exports market workload** is quite similar to that reported last Autumn, though it had not declined previously to the same extent as the home market. Compared to the home market, exports have slightly further to climb to reach the 'higher' rating of Spring '08.

- ~ **Spring 2009: 27% higher, 37% same, 36% lower**
Autumn 2008: 25% higher, 33% same, 42% lower
Spring 2008: 42% higher, 40% same, 18% lower



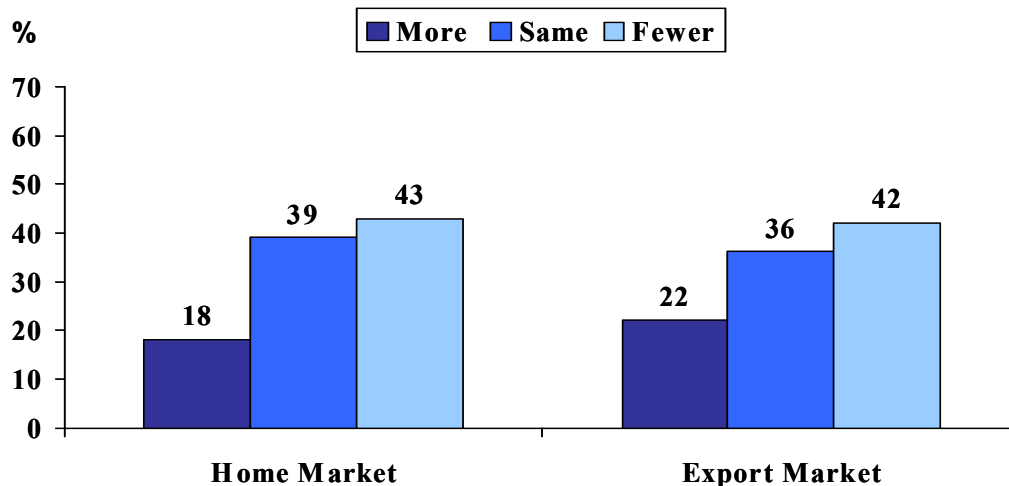
VALUE OF THE ORDER BOOK COMPARED WITH 6 MONTHS AGO

As with home workload, **the value of the home market order book** has also improved compared to the rating reported in Autumn '08. However, it is more likely to be the 'same' as six months ago than 'more'. As with workload, this is not quite as positive as the rating achieved a year ago, and it is also more positive amongst the services sectors.

- ~ **Spring 2009: 18% more, 39% same, 43% fewer**
Autumn 2008: 14% more, 22% same, 63% fewer
Spring 2008: 25% more, 41% same, 34% fewer

A similar trend to export workload is also found for the **value of export market order book** given levels are comparable to Autumn '08 though more negative than Spring '08.

- ~ **Spring 2009: 22% more, 36% same, 42% fewer**
Autumn 2008: 20% more, 34% same, 46% fewer
Spring 2008: 35% more, 42% same, 23% fewer



OBSTACLES TO BUSINESS

Not surprisingly given the current climate, respondents perceive the main obstacles to success and development of their marine businesses to be the general economy/recession and lack of orders. The lack of finance / credit available has a greater number of mentions compared to the last survey when answers were more generic about the economy. Other reasons include the exchange rate, increased costs and competition at a time when companies are cost cutting.

Financial climate / general economy	28%
Lack of finance / credit available	28%
Lack of orders / sales	28%
Exchange rate (esp. the Euro)	13%
General costs (esp. marketing, raw materials)	9%
Competition in UK (esp. with price cutting)	5%
Internal constraints (esp. space)	5%
Regulation / red tape	4%
Government	2%
None	3%

BARRIERS TO EXPORTS

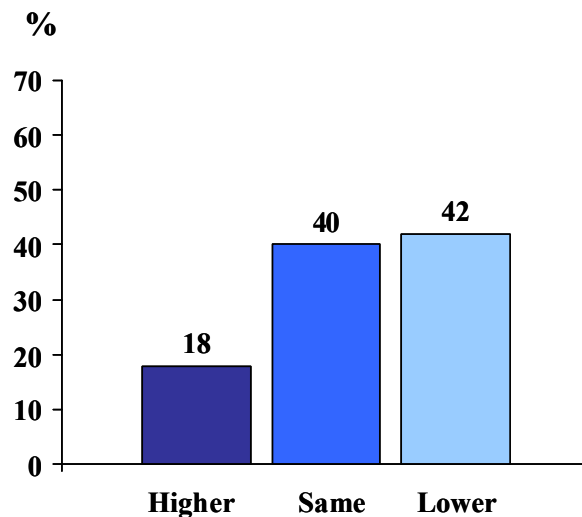
As with obstacles above, the main barrier to exports is perceived to be the global economic downturn, which is resulting in lower sales and lack of finance. Other barriers mentioned include the practical implications of entering new markets including costs, time, effort, finding distributors and language.

Financial Climate / Worldwide downturn	23%
Lack of orders / sales	19%
General costs (esp. freight and marketing)	16%
Lack of Finance / Credit available	9%
Cost / Time required to enter new markets	9%
Finding Good Distribution / Networks	8%
Exchange rate fluctuations	4%
Language barrier	5%
None	16%

QUALITY OF EARNINGS COMPARED WITH 6 MONTHS AGO

The quality of earnings has not changed significantly compared to six months ago which shows the impact of the recession given sales are still much harder to achieve than Spring a year ago.

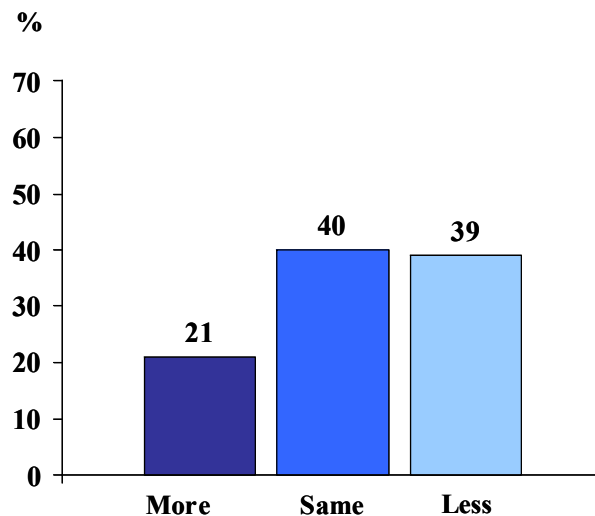
- ~ **Spring 2009: 18% higher, 40% same, 42% lower**
- Autumn 2008: 12% higher, 38% same, 50% lower
- Spring 2008: 21% higher, 51% same, 28% lower



LEVEL OF INVESTMENTS COMPARED WITH NOV-MAY 2007/8

Investments is one of the economic measures which has decreased compared to the last survey, though this rating is comparing with a year ago not six months ago. 39% of respondents state they have made fewer investments over the last six months, which indicates one of the ways in which companies are managing the economic downturn.

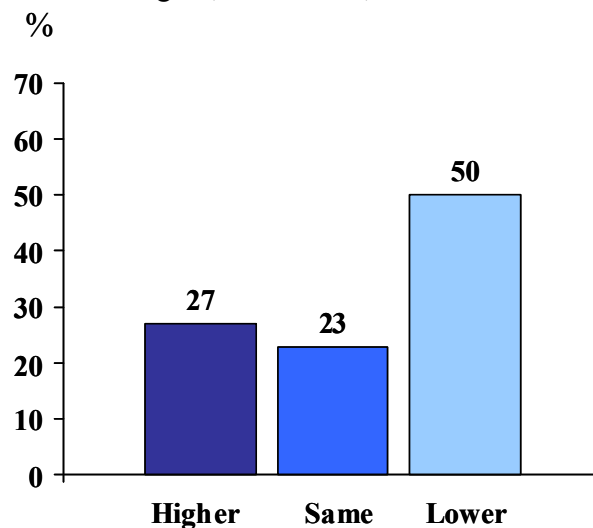
- ~ **Spring 2009: 21% more, 40% same, 39% less**
- Autumn 2008: 28% more, 44% same, 28% less
- Spring 2008: 36% more, 46% same, 18% less



BUSINESS TURNOVER COMPARED WITH NOV-MAY 2007/8

Reflecting the current climate, turnover is lower compared with this time a year ago for 50% of respondents which is slightly lower than reported in Autumn '08 though not significantly.

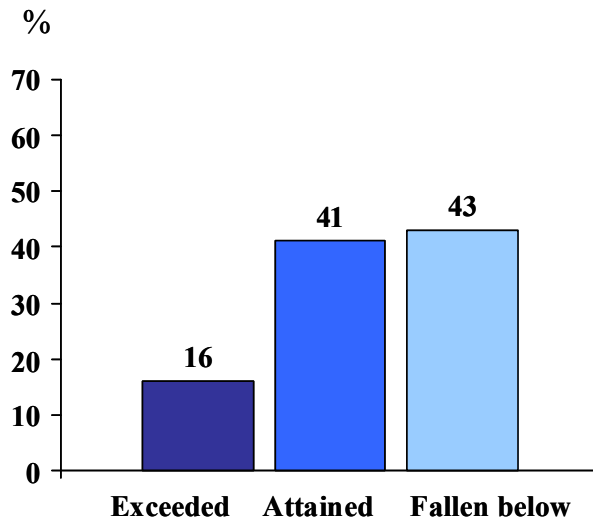
- ~ **Spring 2009: 27% higher, 23% same, 50% lower**
- Autumn 2008: 30% higher, 29% same, 41% lower
- Spring 2008: 39% higher, 30% same, 31% lower



COMPARISON OF BUSINESS RESULTS WITH PROFIT FORECAST

Meeting or exceeding profit forecasts over the last six months has increased compared to the last survey to now attain a similar rating to Spring '08 and Autumn '07. This suggests companies are slightly less likely to be performing contrary to expectations though 43% of respondents still have results lower than forecasted.

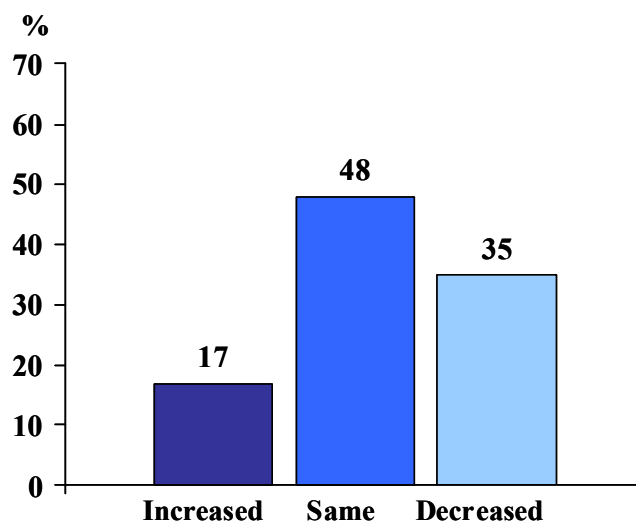
- ~ **Spring 2009: 16% exceeded, 41% same, 43% lower**
Autumn 2008: 9% exceeded, 39% same, 52% fallen below
Spring 2008: 8% exceeded, 51% same, 41% fallen below



WORKFORCE CHANGES OVER LAST SIX MONTHS

Workforce levels shows a degree of uplift compared to six months ago but this is from those 'staying the same' to having 'increased'. The proportion of businesses decreasing their workforce remains at a similar level to that reported in Autumn '08, showing the continued impact of the recession.

- ~ **Spring 2009: 17% increased, 48% same, 35% decreased**
Autumn 2008: 10% increased, 54% same, 36% decreased
Spring 2008: 20% increased, 59% same, 21% decreased



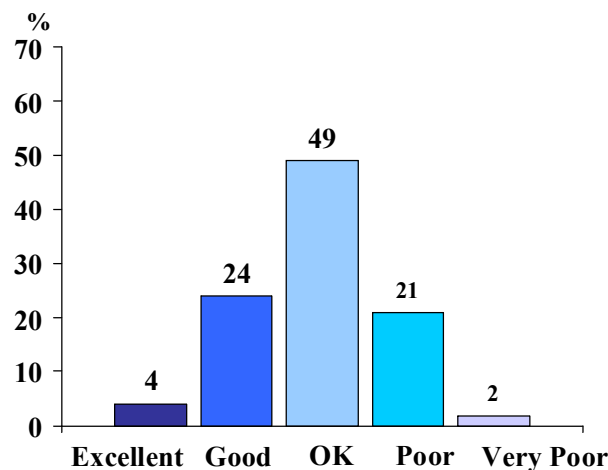
CURRENT VACANCIES

8% of respondents state their company is currently have difficulties filling company vacancies compared to 10% in Autumn '08 and 20% in Spring '08. The vacancies difficult to fill are varied by job type including engineers, sales, admin, project managers, skippers, commercial controller.

RATING OF FUTURE PROSPECTS OVER THE NEXT 6 MONTHS

Encouragingly, rating of future prospects also suggests glimmers of recovery for the leisure marine industry given 28% of respondents now rate the next six months as good/excellent compared to 16% in Autumn '08. Whilst just under a quarter (23%) are predicting a poor outcome, this is lower than the 38% rating in the last survey. These results are now not significantly different to the rating provided in Spring '08.

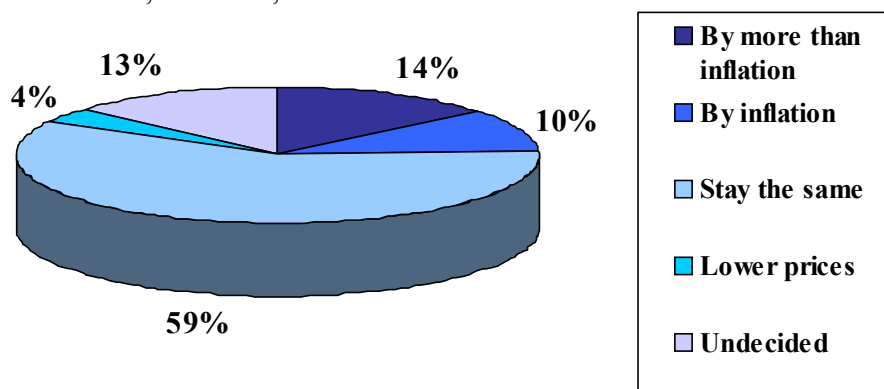
- ~ **Spring 2009: 4% Excellent, 24% Good, 49% OK, 21% Poor, 2% Very poor**
- Autumn 2008: 2% Excellent, 14% Good, 46% OK, 30% poor, 8% very poor
- Spring 2008: 6% Excellent, 27% Good, 51% OK, 15% poor, 1% very poor



EXPECTATION TO RAISE PRICES OVER THE NEXT 6 MONTHS

The most notable difference in the survey results compared to Autumn '08 is the measure on pricing strategy. Compared to previous years, there has been a large drop in those stating they will be raising prices (24%) which shows how companies are adapting their pricing strategy to meet economic circumstances.

- ~ **Spring 2009: 24% Yes, 63% No, 13% Undecided**
- Autumn 2008: 53% Yes, 38% No, 9% Undecided
- Spring 2008: 59% Yes, 35% No, 6% Undecided



MAJOR INDUSTRY CONCERNS

As mentioned throughout the report, while some parts of the industry are doing better than six months ago, others are still finding conditions extremely difficult and continue to be hit hard by the recession. Hence, the main industry concerns mentioned by respondents below are dominated by impacts of this economic climate.

Lack of demand / orders 16%
General market / economy 12%
Lack of Finance / Available Credit 10%
Government support / red tape 7%
Competition (home and abroad) 5%
Exchange rate 4%
Increased costs (esp. marketing, raw materials) 3%
End of red diesel derogation 3%
Lack of (skilled/affordable) labour 3%
British Waterways 3%
Boat shows (esp. costs) 3%
Solvency of businesses 2%
None 20%

This survey is conducted twice a year in order to monitor leisure marine industry performance. The next survey will be conducted by BMF in November for the six months period of May to November 2009.