

Denison Yachting Q1 Market Report

An encouraging start in 2022 for the yachting industry

FORT LAUDERDALE, FL | June, 2022

Quarter 1 of 2022 in the yachting industry has been a positive one. Like 2020, 2021 was an impressive year for the yacht sector, and 2022 is following this upward trend. After unprecedented shake-ups in the initial stages of the COVID-19 pandemic, yachting recovered with a bang, and hotbeds like the United States Southeast and the Mediterranean region achieved record sales. By the end of Q4 2021, powerboat sales in the U.S. had exceeded more than 300,000 units for the second consecutive year, and the industry stood out as an excellent example of economic resilience. This set the stage for Q1 2022.

Now that 2022 is underway, the long-term impact of the pandemic has begun taking shape. While a reasonable chunk of the sales in 2021 was attributed to the long backlogs carried over from 2020, the market's performance this year has so far been primarily driven by new orders.

This proves the sector has done commendably well to retain the broadened customer base it attracted during the pandemic. More than ever before, people want to get out on the water and enjoy all that boating has to offer, be it fishing, wakeboarding, cruising, or simply socializing with friends. Looking at the first quarter performance, Denison is confident that this will be another solid year for yachting.

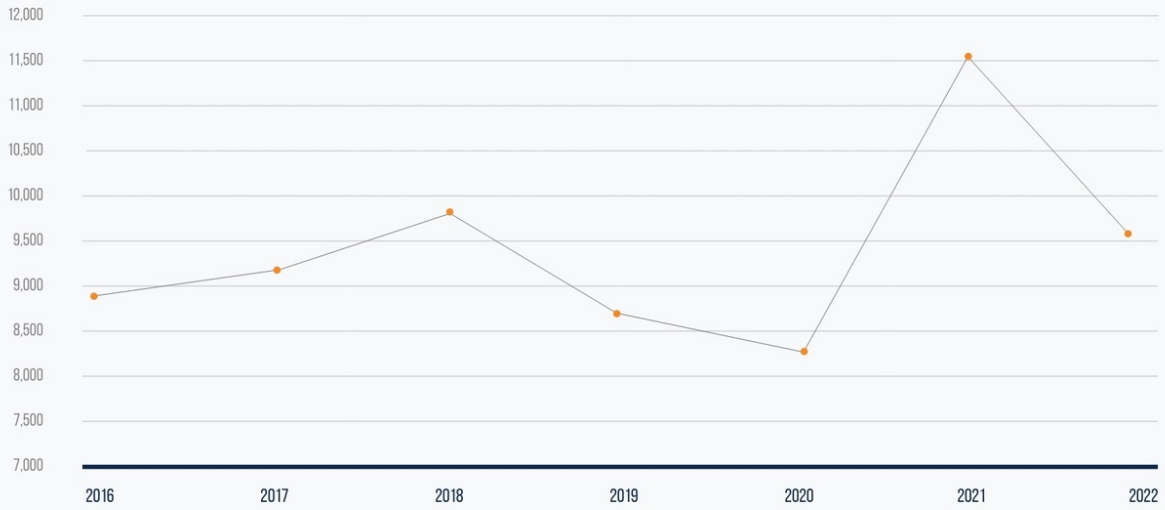
Global Yacht Market Performance in Q1 2022

Despite economic times and supply chain upheavals, the yachting sector had a strong start to the year. Quarter 1 2022 had the third highest first-quarter boat sales of the last 15 years, behind only 2021 and 2018.

The below chart demonstrates this, showing first-quarter sales in North America in the last seven years.

2022 Global Regional Sales - North America

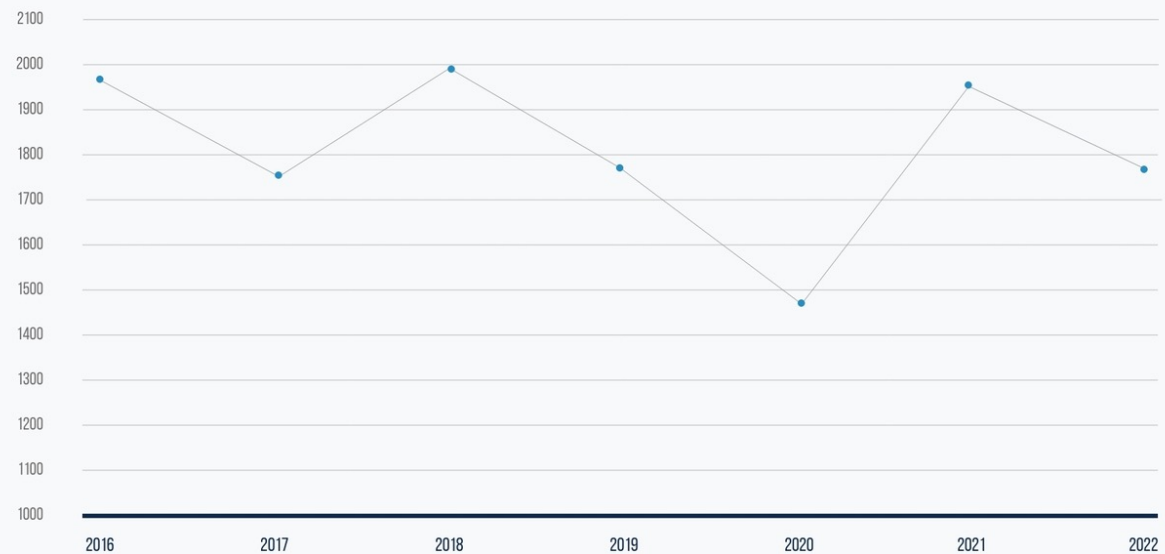
Source: soldboats.com



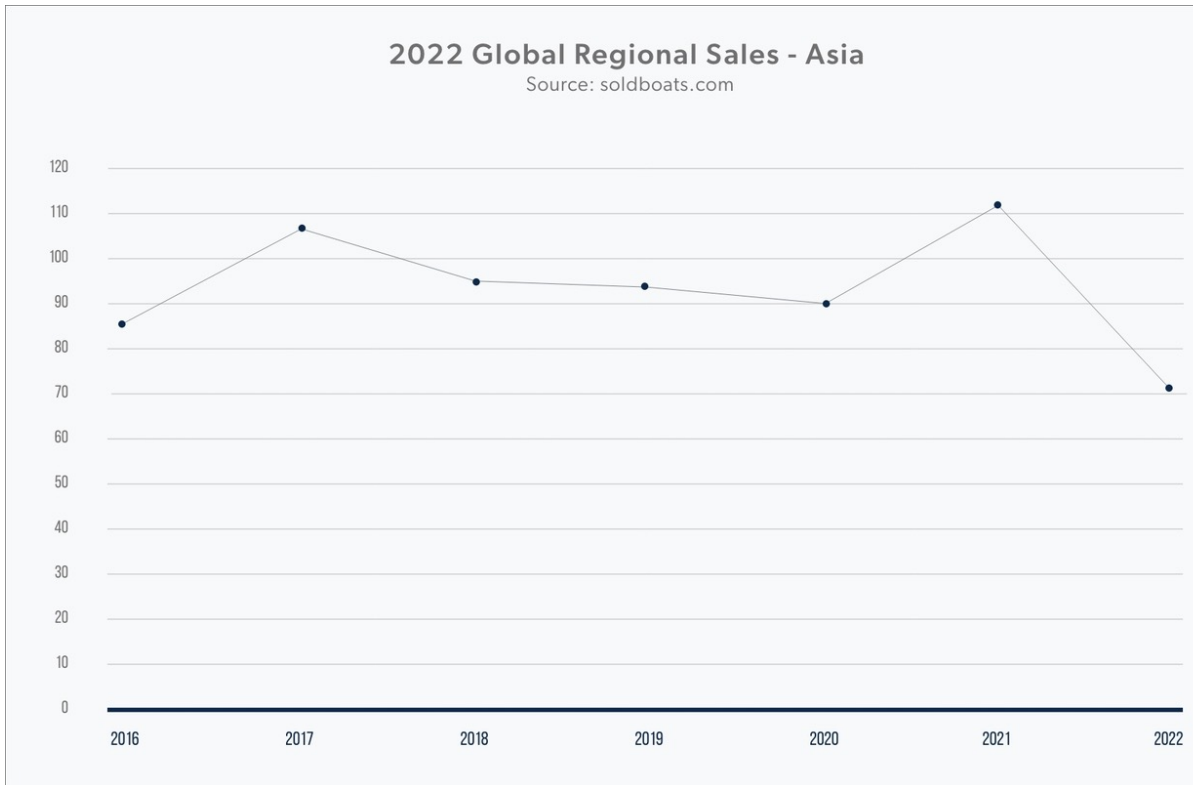
The chart below displays first-quarter sales in Europe for the past seven years.

2022 Global Regional Sales - Europe

Source: soldboats.com



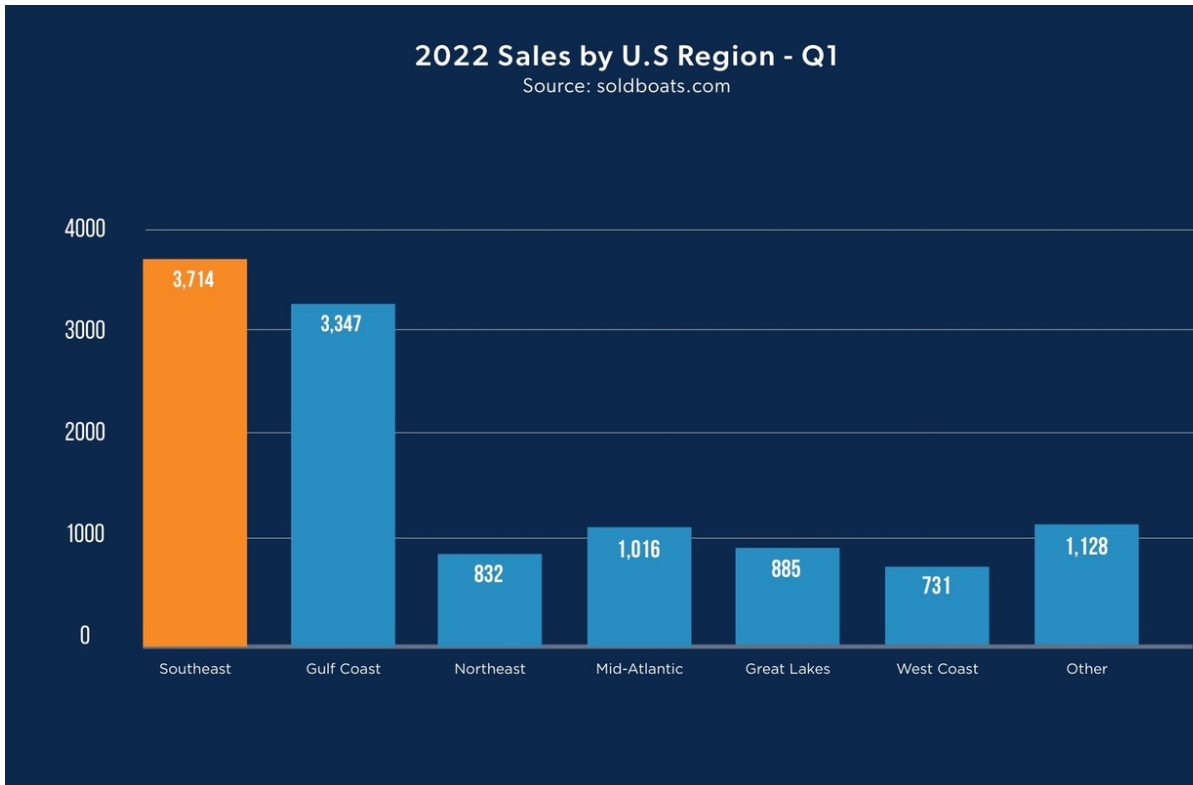
The following chart illustrates first-quarter sales in Asia since 2016.



Sales across all the top boating regions decreased in Q1 2022 compared to Q1 2021, bringing the total closer to, but still above, pre-pandemic times. Asia registered a 35% drop from the target-shattering 2021 figures, followed by North America with 16%. Surprisingly, sales in Europe only dropped by 8%, even with sanctioned Russian buyers, who have traditionally accounted for 9% of all global superyacht sales.

Q1 2022 Sales in the U.S.

The U.S. market started the year on a high, with sales in Quarter 1 2022 only marginally below Quarter 1 2021 levels. America was the only one of the three key yachting areas with higher sales than the five-year average.



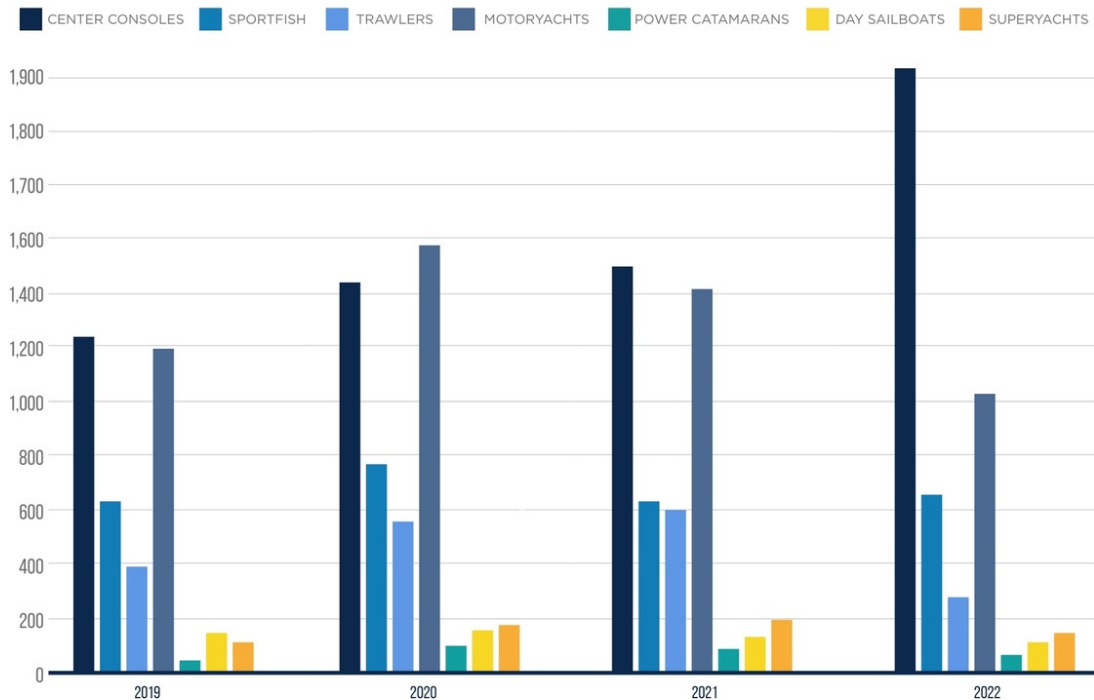
Sales in the top three major boating destinations – the Southeast, the Gulf Coast, and the Mid-Atlantic – dropped by 14% from Q1 2021, but were still 19% higher than Q1 2020.

Q1 2022 Sales by Category

Center consoles continued their dominance over other boating categories in Quarter 1 2022, edging out motoryacht sales by a staggering 75%. Additionally, center-console sales dropped by 4% from Quarter 1 2021, compared to a 27% slump for motoryachts. Sportfish and trawlers, the next two best performers, registered drops of 18% and 27%, respectively, from Q1 2021.

2022 Yacht Sales by Category - Q1

Source: soldboats.com



Superyachts, the surprise performers of the entire year in 2021, also racked up decent sales in Quarter 1 2022. Sales of yachts measuring 78 feet and longer were higher in the first quarter this year than over the same period in 2020 and 2019.

An Impressive First Quarter for Denison

Denison sales in Q1 2022 mirrored the industry's overall performance, exceeding pre-pandemic numbers and our five-year average. The top Denison categories – superyachts, motor yachts, sportfish, sailboats, and trawlers, all had a strong showing in Q1.

We had a remarkable Quarter 1, with sales exceeding \$160 million for the second consecutive first quarter. We attribute this performance to the uptick of people looking to finally sell their old boats and take advantage of the increased demand or upgrade to larger or more modern options.

Commendable Traction in Charter

Fortunately, more yachts are available for charter today than ever before, giving would-be yacht owners a chance to experience the lifestyle without making a long-term commitment, as well as yacht enthusiasts a great option for enjoying their

favorite

pastime.

In addition to being the ideal way to sample the high-end yachting lifestyle, chartering gives customers the chance to book a yacht in a different location every time they go on vacation, without having to worry about maintenance or storage fees. Denison charter clients also get additional benefits, such as concierge services to take care of all the nitty-gritty vacation details.

Denison's charter business has achieved commendable growth in the past two years, and we expect traction to continue throughout 2022.

Looking Ahead: A Promising 2022

Like most other industries, the yachting sector is experiencing significant disruption, thanks to COVID-19 aftershocks, geopolitical events in Europe, and rising inflation, among other unprecedented challenges. Fortunately, interest in outdoor activities like boating is still high and will continue driving sales.

As the yachting season kicks in, Denison is excited to see how the market will develop in the coming months. We are optimistic and believe that with the right mix of innovation, adaptation, and agility, 2022 will not fall far behind the phenomenal year that was 2021.