

Global Yachting Group

Inaugural FY results show class

Global Yachting Group (GYG) has reported its first FY results since listing in July 2017. At €20.4m, the order book has reached a record level, building visibility for the group. FY17 revenue growth of 14.7% reflected a solid contribution from all business areas, while the acquisition of ACA Marine enhances the portfolio. Overall, GYG now has the financial strength to take on larger contracts, build on its market share and deliver earnings growth.

FY17 results demonstrate strength

The reported order book of €20.4m (FY16 €17.9m) was a record high and €14.3m is scheduled for delivery in FY18. Reported revenue of €62.6m (FY16 €54.6m) reflects growth of 14.7% with contribution from all divisions. Coatings (Refit & New Build) revenue grew by 16.7% with Supply revenue up 4.2%. In Q317, Refit was affected by hurricane season on cruising patterns; however, contracts were deferred and not cancelled. The group introduced a FY17 dividend of 3.2p and the policy will be progressive. The company's 86% customer retention rate and preferred supplier status with leading refit shipyards remains compelling.

Strategy

GYG is already the refit market leader and is looking to increase its share of the lucrative new build market from 6% today, closer to its share in refit at 30%. According the company, addressable markets are expected to grow at 6% CAGR to FY20, with expected growth in the 40m+ superyacht global fleet. GYG has also experienced a trend in average superyacht length from 54m in FY06 to 78m in FY17, thus increasing the addressable surface area for coating work. GYG is focused on improving operations. The company employs electrostatic methods to improve transfer efficiency in top-coat applications. Owning a scaffolding company brings predictability, allows more complex offshore work and a reduction in rental fees. Meanwhile, investment in systems to predict maintenance schedules identifies new business opportunities. A 'battle bus' tour of Northern European shipyards was also timely, informative and fruitful in new prospects. Since listing, the company has also become more visible in the M&A market.

Valuation: Scaled for growth

Listing has brought financial security and opportunity. The company is improving operations and now has the scale to take on larger contracts. The company is also well positioned to take advantage of attractive M&A opportunities. This all supports future earnings growth, with 12.3x FY18e P/E looking undemanding.

Consensus estimates

Year end	Revenue (€m)	Adj EBITDA (€m)	Adj EPS* (€)	DPS (p)	P/E (x)	Yield (%)
12/16	54.6	6.7	0.08	0.0	16.9	N/A
12/17	62.6	7.2	0.09	3.2	15.0	6.4**
12/18e	74.0	9.9	0.11	6.6	12.3	5.6
12/19e	82.1	11.3	0.14	6.8	9.7	5.8

Source: Company reports, Bloomberg estimates. Note: *Adj for IPO. **Annualised.

Leisure boats & yacht building

20 April 2018

Price **117.5p**

Market cap **£55m**

€1.15/£1

Share price graph



Share details

Code	GYG
Listing	AIM
Shares in issue	46.6m

Business description

Global Yachting Group is the market leader in painting, supplies and maintenance services for the global superyacht market, with 18% market share. The group operates in the Mediterranean, Northern Europe and the US under the brands Pinmar, Pinmar USA, Pinmar Supply, Rolling Stock, ACA Marine and Techno Craft.

Bull

- Growing global superyacht fleet.
- Market leader.
- Financial strength.

Bear

- Weather impact.
- M&A integration risk.
- Macroeconomic risk.

Analysts

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