

Industry update – Marine

Key market drivers



Global
trade



Regulation
compliance



Efficiency
improvements



Digitalisation
& Connectivity



Process
automation



Shift in
offshore service



Defence
spending

Overview M&A Activity

Investment into the digital marine ecosystem hit unprecedented levels through the first quarter of 2022. We are aware of numerous ongoing transactions in the space with valuations reflecting the depth of strategic and financial interest and the small numbers of truly scalable platforms available. Whilst uncertainty caused by the Russia-Ukraine war has impacted access to development resource it has not impacted valuations in the sector. The highly anticipated process for Veson Nautical came to a conclusion, with Fransico Partners winning out against a final field of financial investors. The successful Series B fundraises by Nautilus Labs and Shippy further demonstrate investors' desire to invest in solutions which help to address the inefficiencies in the global shipping market that have been brought to the attention of the broader investment community in the last 24 months

Selected recent M&A activity headlines

Digital Marine

- Mar-22 – Francisco Partners acquired **Veson Nautical**, a commercial freight management platform
- Mar-22 – M12 led a Series B fundraising in **Nautilus Labs**, a voyage optimisation platform
- Feb-22 – Sequoia Capital India's Surge led a Series B fundraising in **Shippy**, a logistics management platform
- Jan-22 – ZeroNorth acquired **ClearLynx**, a provider of bunker data

Marine Services

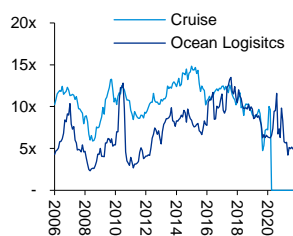
- Mar-22 – Hapag-Lloyd AG agreed to acquire **DAL Deutsche Afrika-Linien's liner service to South Africa**
- Mar-22 – Vertom acquired **Cory Brothers**, the logistics division of Braemar Shipping
- Jan-22 – Wilhelmsen acquired an 80% stake in **Ahrenkiel Tankers**, a provider of technical ship management
- Jan-22 – VesselsValue acquired **ViaMar**, a Norwegian shipping research and advisory company

Marine Hardware

- Mar-22 – Campbell Transport Company has acquired **E Squared Marine Service**, an owner of towboats and barges
- Mar-22 – Tidewater acquired **Swire Pacific Offshore (SPO)**, a fleet of Southeast Asian OSVs
- Feb-22 – Svanehøj acquired **Wärtsilä's Tank Control Systems**, a provider of land-based LNG tank gauging systems
- Jan-22 – Fairbanks Morse Defense acquires **Maxim Watermakers**, a provider of desalination and water treatment technologies
- Jan-22 – Langley Holdings acquired **Bergen Engines**, the Norwegian maritime engine business of Rolls Royce
- Jan-22 – Fairbanks Morse Defense acquires **Federal Equipment Company's military and commercial business**

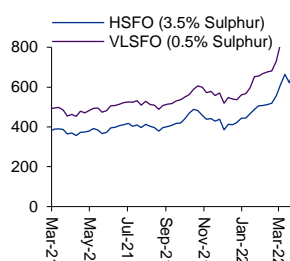
Marine market KPIs

Cruise and Ocean Logistics (EV/ LTM EBITDA)



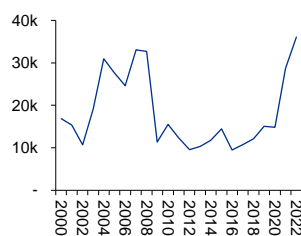
Source: Capital IQ

Bunker prices Rotterdam (\$/tonne)



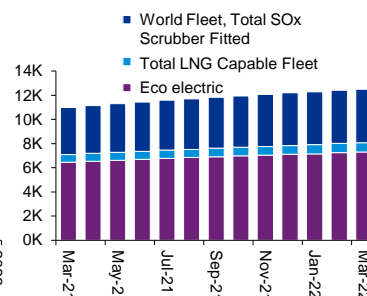
Source: Clarksons

ClarkSea Index (\$/day)



Source: Clarksons

Alternative Fuel Usage Number of vessels



Source: Clarksons

Note: From Q1 2021 to Q4 2021, all cruise comparable companies had negative earnings

Industry update - Marine

Valuation of selected market players

GBPm		Adjusted Enterprise	Leverage Net Debt /	EBITDA Margin	EBIT Margin	Enterprise Value as a multiple of:								
		Value	EBITDA	2022F	2022F	2021A	2022F	2023F	2021A	2022F	2023F	2021A	2022F	2023F
Company		Country												
Shipyards: Commercial														
Daewoo Shipbuilding & Marine Engineering Co., Ltd.	South Korea	2,092	3.2x	3.4%	nmf	0.8x	0.5x	0.4x	nmf	15.6x	8.9x	nmf	nmf	13.0x
Korea Shipbuilding & Offshore Engineering Co., Ltd.	South Korea	5,343	0.0x	3.9%	1.9%	0.6x	0.5x	0.4x	nmf	12.3x	7.5x	nmf	24.5x	11.7x
Mitsubishi Heavy Industries, Ltd.	Japan	15,143	3.6x	8.8%	4.9%	0.6x	0.6x	0.6x	7.7x	7.2x	6.7x	17.4x	12.9x	11.5x
Samsung Heavy Industries Co., Ltd.	South Korea	3,667	16.1x	0.9%	nmf	0.9x	0.8x	0.7x	nmf	nmf	16.6x	nmf	nmf	41.9x
Median				3.6%	3.4%	0.7x	0.6x	0.5x	7.7x	12.3x	8.2x	17.4x	18.7x	12.3x
Shipyards: Defence														
Austal Limited	Australia	354	n/a	10.2%	6.9%	0.4x	0.4x	0.4x	4.3x	4.2x	4.6x	6.0x	6.3x	7.2x
BAE Systems plc	United Kingdom	28,031	1.2x	13.5%	10.7%	1.4x	1.3x	1.2x	11.5x	9.4x	9.0x	15.2x	11.8x	11.2x
Fincantieri S.p.A.	Italy	2,921	4.3x	7.3%	4.5%	0.5x	0.5x	0.4x	7.0x	6.4x	6.0x	12.0x	10.5x	9.1x
Huntington Ingalls Industries, Inc.	United States	8,250	2.6x	10.0%	5.6%	1.2x	1.0x	1.0x	10.5x	10.0x	9.2x	16.4x	18.0x	15.7x
Median				10.1%	6.3%	0.8x	0.7x	0.7x	8.8x	7.9x	7.5x	13.6x	11.1x	10.2x
Strategic Marine														
Alfa Laval AB (publ)	Sweden	11,706	0.7x	20.3%	16.1%	3.5x	3.0x	2.8x	17.5x	14.8x	13.4x	23.4x	18.6x	16.6x
Cargotec Corporation	Finland	2,275	0.9x	11.3%	8.3%	0.8x	0.7x	0.6x	8.8x	5.9x	5.3x	13.2x	8.1x	6.9x
Kongsberg Gruppen ASA	Norway	4,904	n/a	14.6%	10.6%	2.1x	1.9x	1.7x	14.8x	12.7x	11.7x	19.9x	17.6x	16.0x
Palfinger AG	Austria	1,174	2.5x	10.6%	6.3%	0.8x	0.7x	0.7x	7.9x	7.0x	5.5x	12.5x	11.7x	8.5x
Wärtsilä Oyj Abp	Finland	4,254	0.0x	10.7%	8.0%	1.1x	0.9x	0.8x	12.2x	8.5x	7.4x	18.1x	11.4x	9.5x
Median				11.3%	8.3%	1.1x	0.9x	0.8x	12.2x	8.5x	7.4x	18.1x	11.7x	9.5x
Marine Services														
Babcock International Group PLC	United Kingdom	2,991	2.9x	11.1%	6.2%	0.7x	0.7x	0.7x	9.6x	6.3x	5.9x	32.3x	11.2x	9.7x
Mintira Holding AS	Norway	55	n/a	27.6%	15.5%	2.7x	2.6x	2.5x	11.0x	9.3x	8.7x	20.8x	16.4x	16.0x
James Fisher and Sons plc	United Kingdom	354	2.5x	14.1%	5.7%	0.7x	0.7x	0.7x	nmf	4.8x	4.4x	nmf	12.0x	9.0x
Royal Boskalis Westminster N.V.	Netherlands	3,245	n/a	15.8%	7.1%	1.3x	1.2x	1.1x	9.0x	7.6x	6.8x	23.5x	16.9x	14.0x
Wilh. Wilhelmsen Holding ASA	Norway	619	2.8x	15.4%	8.3%	1.0x	0.9x	0.8x	6.3x	5.5x	5.2x	11.6x	10.3x	9.2x
Median				15.4%	7.1%	1.0x	0.9x	0.8x	9.6x	6.3x	5.9x	22.1x	12.0x	9.7x
Marine Broking														
Braemar Shipping Services Plc	United Kingdom	97	1.7x	13.3%	10.1%	0.9x	0.9x	0.8x	7.4x	6.5x	6.1x	10.2x	8.6x	7.9x
Clarkson PLC	United Kingdom	913	n/a	19.4%	15.2%	2.1x	1.9x	1.9x	10.6x	9.9x	10.4x	12.9x	12.7x	12.4x
Median				16.3%	12.7%	1.5x	1.4x	1.4x	9.0x	8.2x	8.3x	11.6x	10.6x	10.2x
Satcom														
KVH Industries, Inc.	United States	115	n/a	9.3%	nmf	0.9x	0.9x	0.8x	nmf	9.2x	5.4x	nmf	nmf	nmf
SES S.A.	Luxembourg	5,283	2.4x	59.1%	21.3%	3.5x	3.5x	3.5x	5.8x	5.9x	5.8x	14.9x	16.4x	16.3x
Viasat, Inc.	United States	4,552	3.0x	25.8%	6.7%	2.3x	2.0x	1.8x	9.6x	7.8x	7.2x	43.4x	29.7x	23.6x
Median				25.8%	14.0%	2.3x	2.0x	1.8x	7.7x	7.8x	5.8x	29.1x	23.1x	19.9x

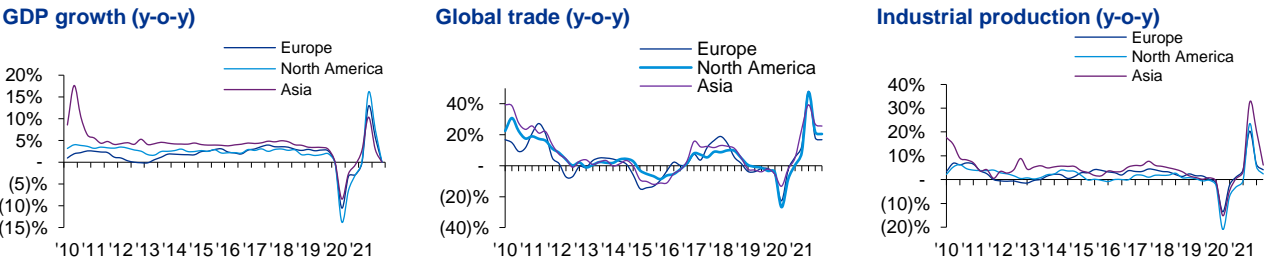
Note: Multiples are based on enterprise value as of 31 March 2022 and historical and forecast sales, EBITDA and EBIT, calendarised to 31st of December
"nmf": not meaningful; "n/a": not available

Sector valuation through the cycle (EV/LTM EBITDA)
























Source: Capital IQ
Note: Through the Cycle constituents as per the comparable companies listed in the table above

Economic Indicators



Industry update - Marine

Longstanding KPMG global network marine credentials

<div><p>Acted as financial advisor to Sealite Pty. Ltd. on its sale to SPX Corporation</p><p>2021</p></div> <div>Marine aids to navigation products</div>	<div><p>Acted as financial advisor to Safebridge on the sale of the business to Mintra Holding</p><p>2021</p></div> <div>E-learning and crew competence solutions</div>	<div><p>Acted as financial advisor to Rescompany Systems on the sale of the business to The Schulte Group</p><p>2020</p></div> <div>Hospitality software solutions to the cruise industry</div>	<div><p>Acted as financial advisor to Cracking Logistics on the sale of the business to The Descartes Systems Group Inc</p><p>2020</p></div> <div>Digital freight execution platform</div>
<div><p>Acted as financial advisors to Phoenix Equity on the sale of Global Navigation Solutions to Comes Chart Group</p><p>2019</p></div> <div>Digital navigation and voyage compliance platform</div>	<div><p>Acted as financial advisor on the sale of GEV Group to Bridges fund management</p><p>2019</p></div> <div>Offshore wind turbine blade repair and maintenance</div>	<div><p>Acted as exclusive financial advisor to the shareholders of Class NK on the sale of Helm Operations to Volaris</p><p>2018</p></div> <div>Operations software for the tug and barge and OSV industries</div>	<div><p>Acted as financial advisor to 3Si group on the sale of Ocean Safety, Typhoon International and Reverse Survival to Alliance Marine Group</p><p>2018</p></div> <div>Marine safety and protective equipment; lifejackets, rafts, suits</div>
<div><p>Acted as financial advisor to the shareholders of Gardline on the sale of the company to Boskalis</p><p>2017</p></div> <div>Marine geophysical and environmental surveys</div>	<div><p>Acted as financial adviser to ChartCo on the acquisition of Docmaps</p><p>2017</p></div> <div>Marine safety and compliance software</div>	<div><p>Acted as financial advisor to ECI partners on the sale of their marine asset ChartCo to Equistone Private Equity</p><p>2016</p></div> <div>Digital navigation and voyage compliance platform</div>	<div><p>Acted as exclusive financial advisor to the shareholders of TMC Marine sale of the company to Bureau Veritas</p><p>2016</p></div> <div>Pre and post casualty advice and support to the marine industry</div>

Our Sector Experts



Simon Davis
Head of Industrials M&A – KPMG UK
Tel: +44 (0)20 7694 3128
Email: Simon.Davis@kpmg.co.uk



Al Horrocks
Director – KPMG UK
Tel: +44 (0)20 7694 1846
Email: Alastair.Horrocks@kpmg.co.uk

kpmg.com/uk



The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavour to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

© 2022 KPMG LLP, a UK limited liability partnership and a member firm of the KPMG global organisation of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organisation. Designed by CREATE | Date | CRT134281A