

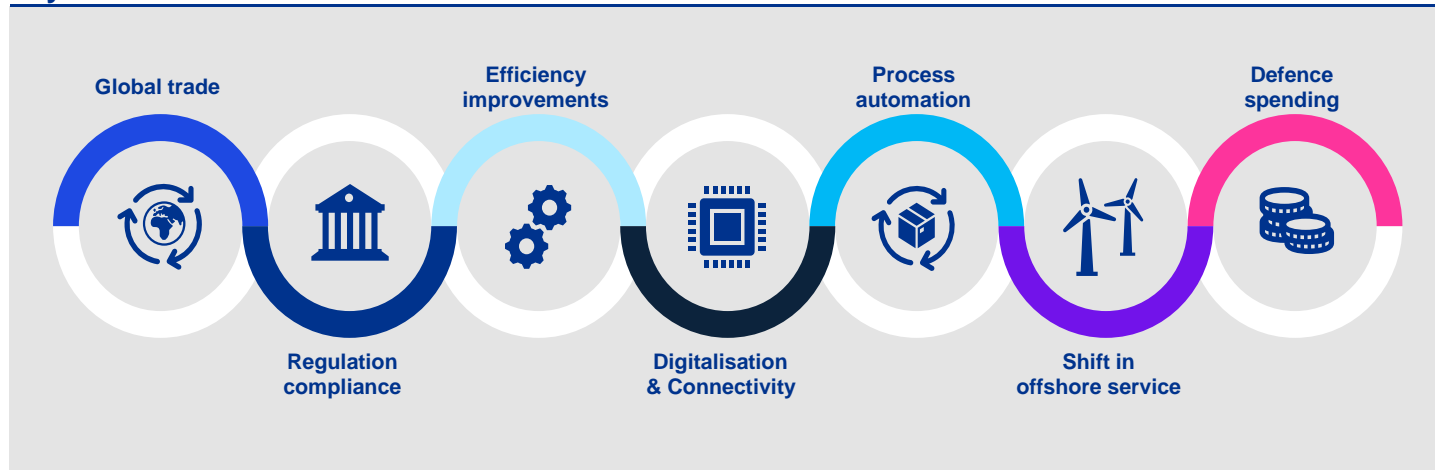
Marine

Industry update

Q3 2022



Key market drivers



Overview of the Marine Market

The cooling of container markets has been matched by unprecedented demand in the LNG market as Europe scrambles to secure supplies for the winter and into 2023. Covid driven demand for connectivity continues unabated across all fleet types. Inmarsat reported data usage in June 2022 had increased materially across all fleet from June 2021: at the lower end of the range bulk and fishing fleets were showing monthly usage over 40% on the same month whilst at the top end the container fleet was showing data usage up over 100%. Key drivers behind increased usage remain crew welfare, voyage optimisation/ decarbonisation, and remote operations. Data usage for business applications was up by 34% on the same period a year earlier and daily data consumption per vessel rose from 3.4 to 9.8 gigabytes between January 2020 and March 2021. Nor is this growth deemed to drop in the next 2 years. All parts of the Satcom supply chain predict exponential growth for the foreseeable future. There has been an increase in capacity across all spectrums. As a result the end-user will undoubtedly be the chief beneficiary in terms of cheaper data packages, better coverage, increased latency. The long term beneficiaries in the satcom supply chain are harder to predict. The anecdotal feedback from SMM in Hamburg was that Starlink were impressing the end customers and making embryonic inroads with their direct to customer approach. However whoever wins out in the wholesale versus Direct to Consumer battle it is safe to predict that the end customer will still require a reliable partner to install, integrate and service an increasingly critical solution. Exponential growth in capacity will facilitate the increasing penetration of digital solutions, and this in turn leads to the expectation that data can unlock the myriad inefficiencies that exist across the global market. Valuations in the market certainly reflect an expected acceleration in this trend plus a scarcity of assets of scale. The most notable transactions in the quarter being: Lloyds Register acquiring OneOcean, and PSG investing, alongside existing shareholders Maersk and Cargill into ZeroNorth. Standardisation still remains a key barrier to progress; voluntary collaboration to facilitate such a goal has never survived commercial reality. That standardisation in data will eventually be the norm is not in doubt, what is less certain is how it will be achieved: it could be unlocked by a significant fleet owner establishing and exporting best practice, it could be driven by a deep pocketed platform solution investing aggressively to penetrate their solution, it could be driven by the end customers – historically a remote and disenfranchised stakeholder in the byzantine web – insisting on it, it could be driven by the institutions that finance the vessels. Most likely it will evolve due to combination of the above; but unfortunately evolution takes longer than revolution and those that have made big investments may require a quicker return.

Selected M&A highlights

Digital Marine

- Sep-22: Alfa Laval acquired **BunkerMetric**, a software company that develops advanced decision support tools for marine bunker vessels
- Sep-22: Emcore acquired the inertial navigation assets manufacturing digital navigation and mobile satellites communication products from **KVH Industries**
- Sep-22: NewRoad Capital has acquired **MyCarrier**, a software company with a digital LTL shipping platform
- Sep-22: Apax Partners acquired a 30% stake **Xeneta**, a developer of a global tracking software for shipping companies
- Sep-22: Acron Group acquired **Red Rock**, a provider of digital, autonomous & integrated solutions to marine, transport, fisheries
- Sep-22: Lloyd's register Group acquired **OneOcean Group**, a software provider for navigational data, nautical charts, marine technical publications, compliance data and digital service
- Aug-22: Montagu Private Equity acquired **Maritime Intelligence**, a provider of maritime data and intelligence

Marine Services

- Sep-22: A consortium led by Grantham Foundation acquired **Carbon Ridge**, a provider of fuel agnostic solutions to decarbonise marine vessels
- Sep-22: Hapag-Lloyd has acquired 49% of **Spinelli**, a company engaged in freight and logistics transport business
- Sep-22: Lebal acquired **Port Gdanski Eksploatacja**, a provider of port operation and cargo handling services

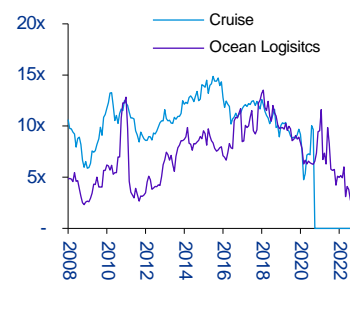
- Aug-22: Taylor Maritime acquired **Grindrod Shipping**, a provider of maritime transportation services of dry and liquid bulk carrier and tanker vessels
- Aug-22: Savosolar acquired **Meriaura**, a marine logistics company

Marine Hardware

- Sep-22: Hanwha and SIT have acquired 49% of **Daewoo Shipbuilding & Marine Engineering**, engaged in the manufacture of vessels, onshore platforms, rigs & submarines
- Sep-22: Yizheng Xingyi acquired a 94% stake in **Jiangsu Suhao Ship Heavy Industry**, a company engaged in shipbuilding
- Sep-22: Imabari Shipbuilding acquired **Nippon Pusnes**, a manufacturer of deck machinery for ships
- Aug-22: A Chinese based investor group acquired **Xianning Haiwei Composite Material**, a company engaged in manufacturing marine equipment and advanced polymer composite materials for military ships
- Aug-22: Otterlei Group acquired **Mandal Maskinering**, a manufacturer of spare parts for ship engines
- Jul-22: H2 Equity Partners acquired **Motive Offshore Group**, a manufacturer of marine equipment and associated services to onshore and offshore oil & gas, marine and renewable industries

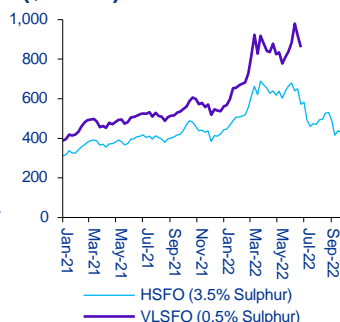
Key market drivers

Cruise and Ocean Logistics (EV/ LTM EBITDA)



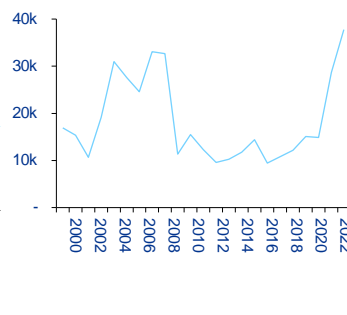
Source: Capital IQ
Note: From Q1 2021 to Q2 2022, all cruise comparable companies had negative earnings

Bunker prices Rotterdam (\$/tonne)



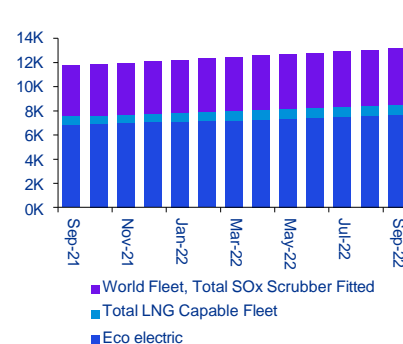
Source: Clarksons

ClarkSea Index (\$/day)



Source: Clarksons

Alternative Fuel Usage Number of vessels



Source: Clarksons

Valuation of selected market players

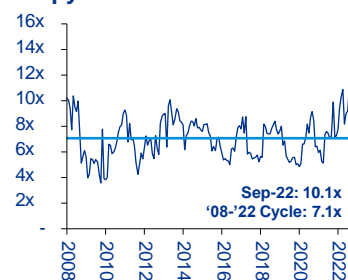
GBPM		Adjusted Enterprise	Leverage Net Debt /	EBITDA Margin	EBIT Margin	Enterprise Value as a multiple of:									
Company	Country	Value	EBITDA	2022F	2022F	Sales			EBITDA			EBIT			
						2021A	2022F	2023F	2021A	2022F	2023F	2021A	2022F	2023F	
Shipyards: Commerical															
Daewoo Shipbuilding & Marine Engineering Co., Ltd.	South Korea	2,416	n/a	nmf	nmf	0.9x	0.7x	0.5x	nmf	nmf	14.7x	nmf	nmf	23.6x	
Korea Shipbuilding & Offshore Engineering Co., Ltd.	South Korea	4,745	n/a	nmf	nmf	0.5x	0.4x	0.4x	nmf	nmf	6.6x	nmf	nmf	10.2x	
Mitsubishi Heavy Industries, Ltd.	Japan	14,663	2.8x	8.1%	4.7%	0.6x	0.6x	0.6x	9.3x	7.4x	6.5x	21.6x	12.7x	10.2x	
Samsung Heavy Industries Co., Ltd.	South Korea	3,347	n/a	nmf	nmf	0.8x	0.8x	0.7x	nmf	nmf	16.1x	nmf	nmf	52.1x	
Median				8.1%	4.7%	0.7x	0.6x	0.5x	9.3x	7.4x	10.6x	21.6x	12.7x	10.2x	
Shipyards: Defence															
Austal Limited	Australia	472	n/a	10.6%	7.3%	0.6x	0.6x	0.5x	5.4x	5.3x	5.5x	7.7x	7.6x	8.4x	
BAE Systems plc	United Kingdom	28,920	1.6x	13.5%	10.6%	1.5x	1.3x	1.2x	11.9x	9.5x	8.8x	15.7x	12.0x	11.1x	
Fincantieri S.p.A.	Italy	4,142	12.2x	4.4%	1.8%	0.7x	0.6x	0.6x	11.3x	14.4x	9.1x	19.1x	35.2x	16.2x	
Huntington Ingalls Industries, Inc.	United States	10,334	2.6x	9.6%	5.6%	1.5x	1.1x	1.0x	13.2x	11.2x	10.5x	20.5x	19.1x	17.1x	
Median				10.1%	6.5%	1.1x	0.9x	0.8x	11.6x	10.3x	9.0x	17.4x	15.5x	13.7x	
Strategic Marine															
Alfa Laval AB (publ)	Sweden	10,072	1.0x	19.3%	14.9%	3.0x	2.5x	2.2x	15.1x	12.9x	11.1x	20.2x	16.7x	13.9x	
Cargotec Corporation	Finland	2,236	1.5x	10.5%	8.0%	0.8x	0.7x	0.6x	8.7x	6.2x	5.0x	12.9x	8.1x	6.5x	
Kongsberg Gruppen ASA	Norway	4,653	0.2x	13.9%	9.8%	2.0x	1.8x	1.6x	14.0x	13.3x	11.4x	18.9x	18.8x	15.2x	
Palfinger AG	Austria	1,179	2.8x	10.7%	6.6%	0.8x	0.7x	0.6x	7.9x	6.2x	5.2x	12.5x	10.1x	8.1x	
Wärtsilä Oyj Abp	Finland	3,778	0.7x	10.8%	6.8%	0.9x	0.8x	0.7x	10.8x	7.1x	6.7x	16.1x	11.2x	8.8x	
Median				10.8%	8.0%	0.9x	0.8x	0.7x	10.8x	7.1x	6.7x	16.1x	11.2x	8.8x	
Marine Services															
Babcock International Group PLC	United Kingdom	2,372	2.4x	10.3%	6.2%	0.6x	0.6x	0.6x	7.3x	5.6x	5.1x	19.7x	9.4x	7.9x	
Mintra Holding AS	Norway	63	n/a	35.0%	24.6%	3.2x	3.0x	2.9x	20.3x	8.7x	7.7x	25.0x	12.4x	10.6x	
James Fisher and Sons plc	United Kingdom	339	3.3x	12.1%	5.4%	0.7x	0.7x	0.6x	19.4x	5.5x	4.7x	nmf	12.3x	9.1x	
Wilh. Wilhelmsen Holding ASA	Norway	211	2.6x	14.6%	9.1%	0.3x	0.2x	0.2x	2.1x	1.7x	1.6x	3.9x	2.7x	2.6x	
Median				13.3%	7.6%	0.6x	0.6x	0.6x	13.3x	5.6x	4.9x	19.7x	10.8x	8.5x	
Marine Broking															
Braemar Shipping Services Plc	United Kingdom	109	1.0x	17.6%	14.8%	1.1x	0.9x	0.9x	8.3x	5.0x	5.4x	11.0x	5.9x	6.4x	
Clarkson PLC	United Kingdom	619	n/a	19.4%	16.3%	1.4x	1.1x	1.2x	7.3x	5.9x	6.4x	8.7x	7.0x	7.6x	
Median				18.5%	15.6%	1.3x	1.0x	1.0x	7.8x	5.4x	5.9x	9.9x	6.4x	7.0x	
Satcom															
KVH Industries, Inc.	United States	147	n/a	11.3%	-6.3%	1.2x	1.0x	1.1x	275.9x	9.2x	6.9x	nmf	nmf	nmf	
SES S.A.	Luxembourg	4,605	2.3x	61.0%	24.5%	3.1x	2.7x	2.5x	5.0x	4.5x	1.7x	13.0x	11.2x	3.0x	
Viasat, Inc.	United States	4,374	3.4x	24.6%	5.6%	2.2x	1.6x	1.5x	10.5x	6.6x	5.7x	117.7x	29.0x	25.7x	
Median				24.6%	15.1%	2.2x	1.6x	1.5x	7.8x	6.6x	5.7x	13.0x	20.1x	14.3x	

Note: Multiples are based on enterprise value as of 30 September 2022 and historical and forecast sales, EBITDA and EBIT, calendarised to 31st of December

"n/mf": not meaningful; "n/a": not available

Sector valuation through the cycle (EV/ LTM EBITDA)

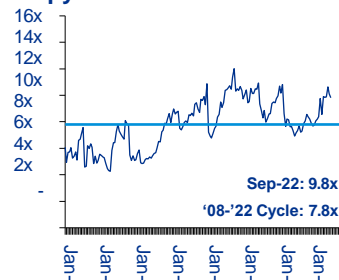
Shipyards Commercial



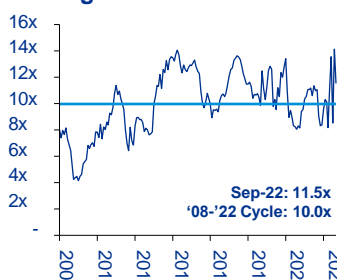
Source: Capital IQ

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

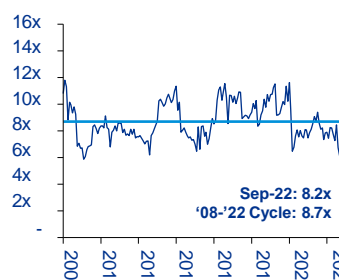
Shipyards Defence



Strategic Marine



Marine Services



Economic Indicators



Longstanding KPMG global network marine credentials

<p>Shipamax III I wisetech il' global</p> <p>Acted as financial advisor to Shipamax Inc on the sale of the business to Wisetech Global</p> <p>2022</p> <p>Data entry automation software for logistics industry</p>	<p>Sealite SPX</p> <p>Acted as financial advisor to Sealite Pty. Ltd. on its sale to SPX Corporation</p> <p>2021</p> <p>Marine aids to navigation products</p>	<p>Safebridge MINTRA</p> <p>Acted as financial advisor to Safebridge on the sale of the business to Mintra Holding</p> <p>2021</p> <p>E-learning and crew competence solutions</p>	<p>rescompany SCHULTE GROUP</p> <p>Acted as financial advisor to Rescompany Systems on the sale of the business to The Schulte Group</p> <p>2020</p> <p>Hospitality software solutions to the cruise industry</p>
<p>Kontainers DESCARTES</p> <p>Acted as financial advisor to to Cracking Logistics on the sale of the business to The Descartes Systems Group Inc</p> <p>2020</p> <p>Digital freight execution platform</p>	<p>GNS CORNES</p> <p>Acted as financial advisors to Phoenix Equity on the sale of Global Navigation Solutions to Cornes Chart Group</p> <p>2019</p> <p>Digital navigation and voyage compliance platform</p>	<p>GEV Bridges Fund Management</p> <p>Acted as financial advisor on the sale of GEV Group to Bridges fund management</p> <p>2019</p> <p>Offshore wind turbine blade repair and maintenance</p>	<p>Helm VOLARIS</p> <p>Acted as exclusive financial advisor to the shareholders of Class NK on the sale of Helm Operations to Volaris</p> <p>2018</p> <p>Operations software for the tug and barge and OSV industries</p>
<p>3Si ALLIANCE MARINE</p> <p>Acted as financial advisor to 3Si group on the sale of Ocean Safety, Typhoon International and Revere Survival to Alliance Marine Group</p> <p>2020</p> <p>Marine safety and protective equipment; lifejackets, rafts, suits</p>	<p>Gardline Boskalis</p> <p>Acted as financial advisor to the shareholders of Gardline on the sale of the company to Boskalis</p> <p>2017</p> <p>Marine geophysical and environmental surveys</p>	<p>Docmap ChartCo OneOcean</p> <p>Acted as financial adviser to ChartCo on the acquisition of Docmaps</p> <p>2019</p> <p>Marine safety and compliance software</p>	<p>ChartCo OneOcean EQUISTONE</p> <p>Acted as financial advisor to ECI partners on the sale of their marine asset ChartCo to Equistone Private Equity</p> <p>2016</p> <p>Digital navigation and voyage compliance platform</p>

Our Sector Experts



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