

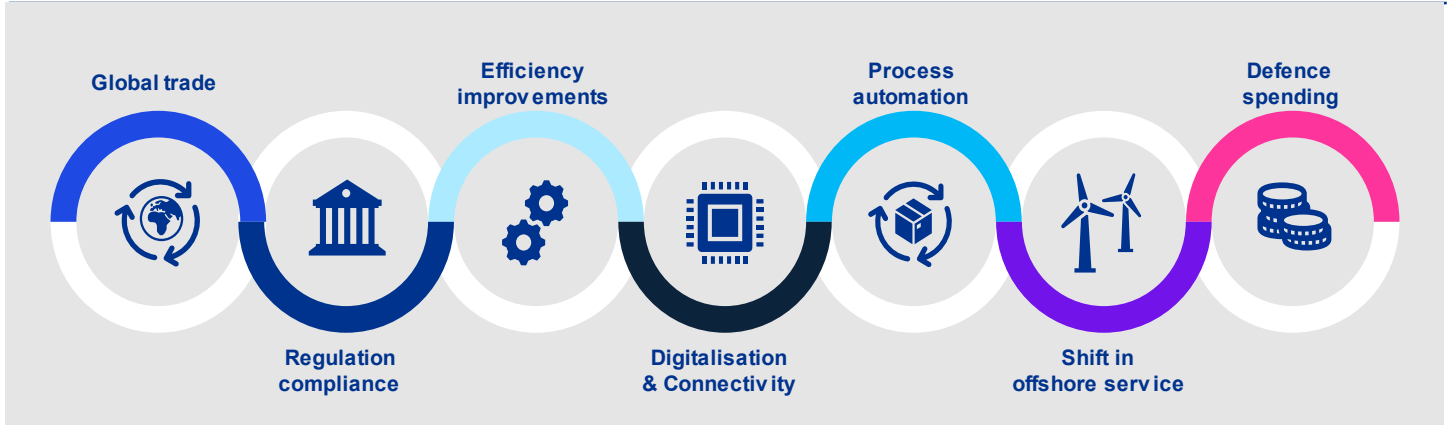
Marine

Industry update

Q3 2023



Key market drivers



Overview of the Marine Market

Digitisation and decarbonisation remain the dominant themes driving investment in the sector. Consolidation remains a key driver of M&A but Q3 was a relatively slow quarter (Mintra the online training platform acquired Seably AB). Nevertheless the number of platforms of scale is decreasing and those late to the party, strategic or financial, need to be prepared to pay a significant premium to catch up. This often explains the disconnection between price and fundamentals when looking at platform sales. Those with platforms are sitting on a significant strategic advantage as customers shift to enterprise level solutions in an attempt to rationalise purchasing, training and upgrade costs. Well capitalised platforms have the resources and the customer intimacy to accelerate the adoption of new, more efficient methods of operation. They are unlocking value, but, the rate of change is incremental and the addressable market sometimes constrained.

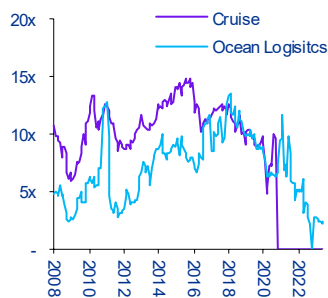
Decarbonisation, supported by legislation with real teeth, is turbo charging the market opportunity and ensuring the ultimate customer is now an active stakeholder in the transportation of their cargo. Scope 3 emissions, alongside punitive legislation in the EU, means the end customer is incentivised to charter with the most efficient, most compliant vessels and will demand increasing oversight into their operations. There will be teething problems – it is widely accepted by the industry that the audit of the first year of ETS in 2024 will be chaotic. The availability and accuracy of data will be not be able to support the legislation. However there is an acceptance that a year of pain will force the collaboration that is needed for accurate reporting – and this will further benefit those with the scale and customer access to capitalise

Access to data will obviously improve the accuracy of reporting and provide the insights on which customers make key commercial decisions. KPMG are pleased to have supported Stratum Five in their sale to Polestar. The opportunity to sell the Podium onboard informatics platform to a combined fleet in excess of 15,000 vessels will drive significant growth.

But data alone will not unlock the real value. This will depend upon collaboration, shared incentives and changes to historic maritime and commercial law. Imagine if the master knew 21 days out, the exact time his vessel could be piloted into the available berth and there was no incentive to get their too early. The operation of that vessel could then be optimised for that arrival time. One ambitious organisation is attempting to deliver this outcome, and they will do so by proving one route at a time the powers of collaboration and shared incentive. It will be hard yards at the start but will gain momentum. Shipping hates centrally imposed solutions, but, in the true spirit of commerce that imbued the first global traders centuries ago, will quickly adopt proven solutions that improve individual gains.

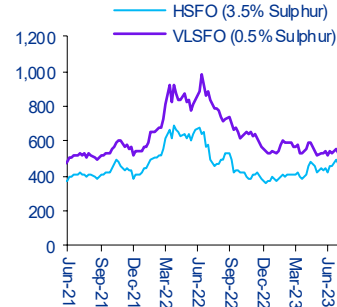
Marine market KPIs

Cruise and Ocean Logistics (EV/ LTM EBITDA)



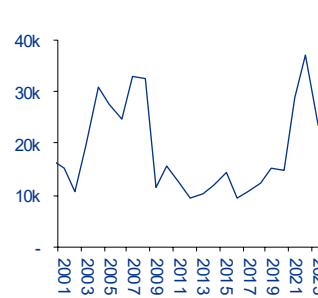
Source: Capital IQ

Bunker prices Rotterdam (\$/tonne)



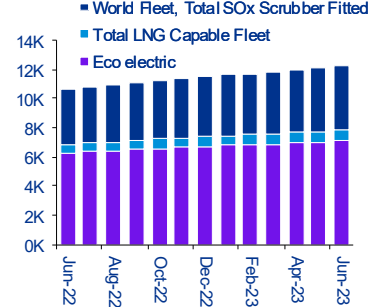
Source: Clarksons

ClarkSea Index (\$/day)



Source: Clarksons

Alternative Fuel Usage Number of vessels



Source: Clarksons

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

Selected M&A highlights

Digital Marine

- Sep-23: Wisetech Global acquired MatchBox Exchange, an Australian based software company engaged with open market digital platform for the re-use and exchange of empty shipping containers
- Aug-23: Dovetail AS and Nysno Climate Investments acquired Metizoft, a Norway based consulting company providing IHM (Inventory of Hazardous Materials) solutions to shipyards, shipowners and suppliers in the maritime industry
- Jul-23: Mintra Holding acquired Seably AB, a Sweden based digital learning marketplace for maritime professionals
- Jul-23: Rolls-Royce Holdings acquired TEAM Italia, an Italy based designer and developer of integrated bridges and navigation and automation systems for the marine industry

Marine Services

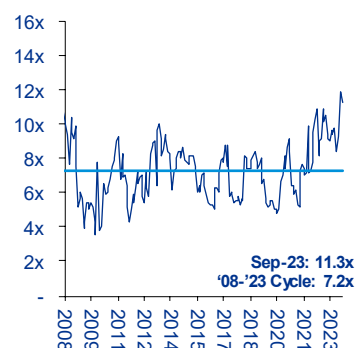
- Sep-23: Maritime Partners acquired US Marine Management LLC, a US based company engaged in chartering U.S. flag tanker and military support vessels
- Sep-23: Rhneus SE & Co. KG acquired Rietlanden Terminals BV, a Netherlands based dry bulk port operator
- Sep-23: N Logistics Holdings acquired Navios Maritime Holdings, a Greece based provider of seaborne shipping, specialising in worldwide carriage, trading, storing and related logistics of international bulk cargoes
- Sep-23: Global Transport Solutions acquired Ship Spares Logistics, a Netherlands based marine logistics company providing barge deliveries, warehouse consolidation and freight forwarding services
- Sep-23: Business Growth Fund acquired Ocean Crest Marine, an Ireland based provider of various barge solutions for marine projects
- Aug-23: Fondo Italiano d'Investimento acquired 33% of RINA, an Italy based company engaged in ship classification, assessment, control, certifications and research services and in charge of the operational activities of Registro Italiano Navale
- Aug-23: APEM Limited acquired NASH Maritime Ltd, a UK based specialist shipping, navigation and maritime risk consultancy
- Jul-23: Cambiaso Risso Group has acquired Leonhardt & Blumberg, a German based insurance broker for the shipping industry
- Jul-23: Arthur J Gallagher & Co acquired Fender Marine, the Norway based managing general agent specialising in providing marine hull and protection & indemnity (P&I) coverages

Marine Hardware

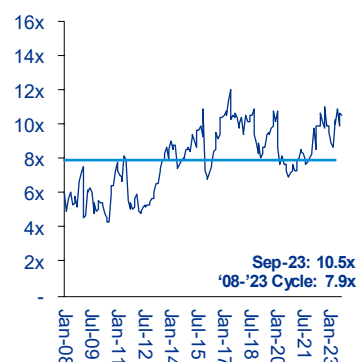
- Sep-23: Ibla Capital acquired Heila Cranes, an Italy based marine cranes producer
- Sep-23: Shift4Good SAS acquired bound4blue, a Spain based developer of automated wind assisted propulsion systems as a turnkey solution for all shipowners

Sector valuation through the cycle (EV/ LTM EBITDA)

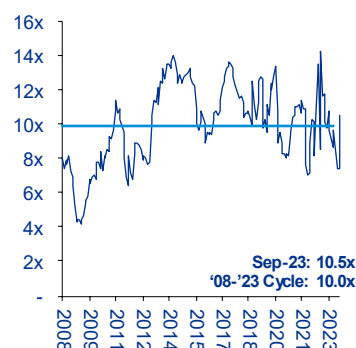
Shipyards Commercial



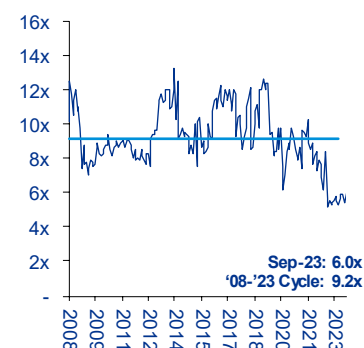
Shipyards Defence



Strategic Marine



Marine Services



Source: Capital IQ

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

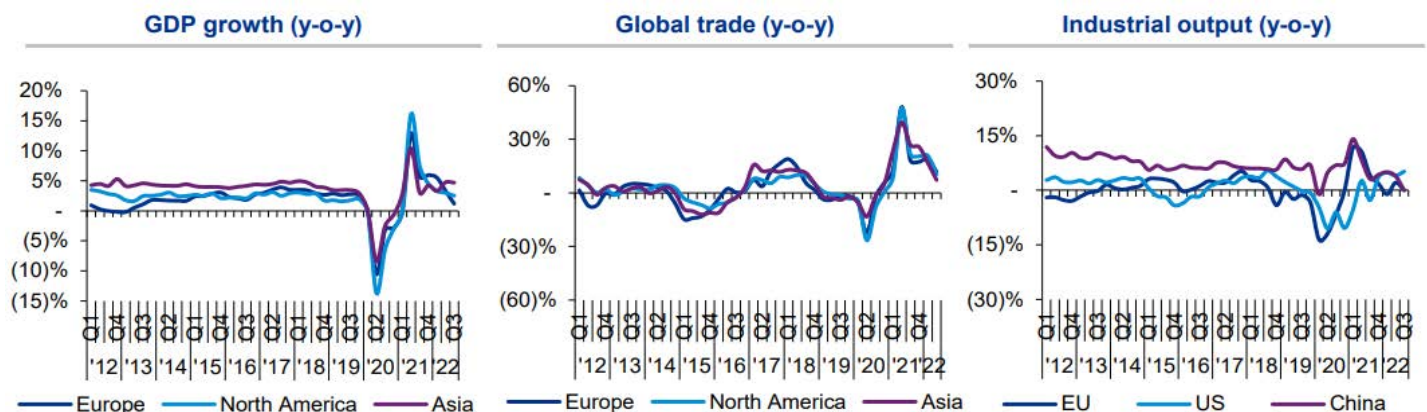
Valuation of selected market players

Company	Country	Adjusted Enterprise Value	Leverage Net Debt / EBITDA	EBITDA Margin 2023F	EBIT Margin 2023F	Enterprise Value as a multiple of:								
						Sales			EBITDA			EBIT		
						2022A	2023 F	2024 F	2022A	2023 F	2024 F	2022A	2023 F	2024 F
Shipyards: Commerical														
Daewoo Shipbuilding & Marine Engineering.	South Korea	4,341	n/a	nmf	nmf	1.4x	0.9x	0.8x	nmf	nmf	14.4x	nmf	nmf	19.5x
Korea Shipbuilding & Offshore Engineering	South Korea	5,918	n/a	4.5%	2.8%	0.5x	0.4x	0.4x	131.4x	9.9x	4.3x	nmf	15.8x	5.3x
Mitsubishi Heavy Industries, Ltd.	Japan	20,052	2.3x	9.8%	6.4%	0.8x	0.8x	0.8x	10.7x	8.6x	7.5x	18.7x	13.0x	10.9x
Samsung Heavy Industries Co., Ltd.	South Korea	5,374	5.1x	5.3%	2.6%	1.4x	1.1x	0.9x	nmf	20.8x	12.9x	nmf	42.3x	18.3x
Median				5.3%	2.8%	1.1x	0.9x	0.8x	10.7x	9.9x	10.2x	18.7x	15.8x	14.6x
Shipyards: Defence														
Austal Limited	Australia	391	0.8x	4.5%	0.9%	0.5x	0.4x	0.4x	8.1x	9.9x	5.7x	17.4x	51.7x	11.0x
BAE Systems plc	United Kingdom	33,192	1.0x	13.3%	10.7%	1.6x	1.3x	1.3x	12.1x	10.1x	9.4x	15.9x	12.6x	11.6x
Fincantieri S.p.A.	Italy	3,657	8.9x	5.1%	1.9%	0.6x	0.5x	0.5x	12.9x	10.7x	8.9x	35.4x	29.2x	19.7x
Huntington Ingalls Industries, Inc.	United States	8,880	2.3x	10.6%	6.1%	1.0x	1.0x	1.0x	8.4x	9.3x	8.8x	15.3x	16.1x	14.3x
Median				7.9%	4.0%	0.8x	0.8x	0.7x	10.3x	10.0x	8.9x	16.6x	16.1x	13.0x
Strategic Marine														
Alfa Laval AB (publ)	Sweden	12,847	1.3x	18.7%	15.5%	3.1x	2.7x	2.5x	17.0x	14.3x	12.6x	20.0x	17.3x	14.7x
Cargotec Corporation	Finland	2,588	0.8x	13.2%	11.0%	0.7x	0.6x	0.7x	9.4x	4.9x	5.7x	14.5x	5.9x	6.9x
Kongsberg Gruppen ASA	Norway	5,912	0.5x	14.9%	11.3%	2.2x	2.0x	1.9x	15.8x	13.6x	12.2x	20.8x	17.9x	15.7x
Palfinger AG	Austria	1,305	2.5x	12.2%	8.4%	0.7x	0.6x	0.6x	7.3x	5.1x	5.3x	10.8x	7.5x	7.9x
Wärtsilä Oyj Abp	Finland	5,876	0.7x	10.8%	7.8%	1.1x	1.1x	1.0x	nmf	10.0x	8.5x	nmf	13.9x	11.2x
Median				13.2%	11.0%	1.1x	1.1x	1.0x	12.6x	10.0x	8.5x	17.2x	13.9x	11.2x
Marine Services														
Babcock International Group PLC	United Kingdom	2,661	1.4x	9.8%	6.0%	0.6x	0.6x	0.6x	7.9x	6.4x	5.6x	16.3x	10.4x	8.5x
Mintra Holding AS	Norway	70	1.8x	33.4%	23.1%	3.4x	3.5x	3.3x	14.5x	10.4x	9.7x	16.2x	15.1x	13.9x
James Fisher and Sons plc	United Kingdom	361	3.2x	13.0%	6.1%	0.8x	0.7x	0.7x	5.6x	5.6x	5.2x	14.1x	12.0x	10.1x
Wilh. Wilhelmsen Holding ASA	Norway	303	2.1x	14.4%	9.0%	0.4x	0.4x	0.3x	2.8x	2.4x	2.5x	5.2x	3.9x	4.0x
Median				13.7%	7.6%	0.7x	0.7x	0.7x	6.8x	6.0x	5.4x	15.2x	11.2x	9.3x
Marine Broking														
Braemar Shipping Services Plc	United Kingdom	73	0.2x	14.4%	12.1%	0.5x	0.5x	0.5x	3.3x	3.3x	3.3x	3.9x	4.0x	3.8x
Clarkson PLC	United Kingdom	601	n/a	18.1%	15.1%	1.0x	1.0x	1.0x	5.2x	5.4x	5.5x	6.0x	6.4x	6.5x
Median				16.2%	13.6%	0.8x	0.7x	0.7x	4.3x	4.4x	4.4x	4.9x	5.2x	5.2x
Satcom														
KVH Industries, Inc.	United States	27	n/a	12.3%	nmf	0.2x	0.2x	0.2x	2.6x	1.9x	1.8x	nmf	nmf	nmf
SES S.A.	Luxembourg	5,326	3.2x	52.1%	16.8%	3.1x	3.1x	3.0x	5.4x	5.9x	5.7x	14.9x	18.3x	18.9x
Viasat, Inc.	United States	6,368	4.7x	30.7%	9.8%	3.1x	2.1x	1.8x	19.2x	6.7x	4.9x	nmf	21.1x	nmf
Median				30.7%	13.3%	3.1x	2.1x	1.8x	5.4x	5.9x	4.9x	14.9x	19.7x	18.9x

Note: Multiples are based on enterprise value as of 30 September 2023 and historical and forecast sales, EBITDA and EBIT, calendarised to 31st of December

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

Economic Indicators



Longstanding KPMG global network marine credentials



stratumfive

POLE STAR

Acted as financial advisor to the shareholders of Stratum Five on the sale of the business to Pole Star Global

2023

Maritime data and informatics platform



IDWAL

LDC

Acted as financial advisor to LDC Managers on their acquisition of Idwal Marine Services

2023

Tech-enabled inspection services



Shipamax

wisetech global

Acted as financial advisor to Shipamax Inc on the sale of the business to Wisetech Global

2022

Data entry automation software for logistics industry



Sealite

SPX

Acted as financial advisor to Sealite Pty. Ltd. on its sale to SPX Corporation

2021

Marine aids to navigation products



Safebridge

MINTRA

Acted as financial advisor to Safebridge on the sale of the business to Mintra Holding

2021

E-learning and crew competence solutions




rescompany

SCHULTE GROUP

Acted as financial advisor to Rescompany Systems on the sale of the business to The Schulte Group

2020

Hospitality software solutions to the cruise industry



kontainers

DESCARTES

Acted as financial advisor to Cracking Logistics on the sale of the business to The Descartes Systems Group Inc

2020

Digital freight execution platform



GNS

CORNES

Acted as financial advisors to Phoenix Equity on the sale of Global Navigation Solutions to Cornes Chart Group

2019

Digital navigation and voyage compliance platform



GEV

Bridges Fund Management

Acted as financial advisor on the sale of GEV Group to Bridges fund management

2019

Offshore wind turbine blade repair and maintenance




Helm

VOLARIS

Acted as exclusive financial advisor to the shareholders of Class NK on the sale of Helm Operations to Volaris

2018

Operations software for the tug and barge and OSV industries



3Si

ALLIANCE MARINE

Acted as financial advisor to 3Si group on the sale of Ocean Safety, Typhoon International and Revere Survival to Alliance Marine Group

2020

Marine safety and protective equipment; lifejackets, rafts, suits



Gardline

Boskalis

Acted as financial advisor to the shareholders of Gardline on the sale of the company to Boskalis

2017

Marine geophysical and environmental surveys



Docmap

ChartCo

OneOcean

Acted as financial adviser to ChartCo on the acquisition of Docmaps

2019

Marine safety and compliance software



ChartCo

OneOcean

EQUISTONE

Acted as financial advisor to ECI partners on the sale of their marine asset ChartCo to Equistone Private Equity

2016

Digital navigation and voyage compliance platform

Our Sector Experts



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