



CLIENT STORY | Transaction advisory for a luxury yachts business in south east asia

**Region :**

SOUTHEAST ASIA

**Consulting Services :**

TRANSACTION ADVISORY, STRATEGY AND BUSINESS PLAN

## CLIENT SITUATION

- The client is a Singapore-based yacht company that owns and manages luxury, bespoke yachts. The client was looking to set up a time-share programme for its yachts, targeting Ultra High Net Worth Individuals (UHNWIs)
- The company was keen to explore the potential for offering the timeshare programme to UHNWIs in the GCC, India, China and South East Asia
- In case there was a proven opportunity, the company wished to create a concrete business plan and explore sources of funds for the business

## OUR APPROACH

- Avalon first clearly articulated the value proposition of the yacht time share program
- In order to establish the demand, Avalon conducted secondary research using wealth reports, key yachting publications, internal databases, published news articles, etc. to estimate the UHNWI population by geography and wealth buckets. We further identified the addressable population by understanding the extent of investment in items of passion, such as yachts, by each wealth bracket and the penetration of yacht ownership by region
- Avalon also estimated the yacht fleet by size and the latest trends in the fleet order book using published reports to understand the existing yacht population
- In order to understand the dynamics and economics of yacht chartering and ownership, Avalon conducted in-depth telephonic interviews with yacht charterers, brokers, ship yards and interior design firm across the key ship building and yachting destinations in the world – Germany, UK, the Mediterranean and the Caribbean
- Avalon also detailed out the operational and marketing plan for the program and designed a high level organisation structure for the client
- Based on findings from secondary and primary data sources, Avalon Consulting prepared a detailed business plan in conjunction with the client's operational and executive team
- Post this, Avalon created an Investment Teaser and Business Case document for the concept, and approached potential funding partners

## OUR RECOMMENDATION/ IMPACT

- Avalon created multiple financial models and business cases under various capital structure scenarios for various funding partners, including private equity firms, governmental organizations, etc. and tested the business plans across various revenue and cost scenarios to prove the robustness of the business
- The customized business model allowed funding partners to understand the structure, quantum, tenure and returns on the investment based on the instrument employed (debt/ equity)
- Avalon also arrived at a valuation range for the business, which helped the client negotiate with funding partners and make decisions related to stake dilution, etc.
- Avalon was also instrumental in helping the client defend the business model and negotiate for export credit for building the yachts with the Government of Germany