

THE PROBLEM WITH PIRACY

The security implications for yacht management



WELCOME

YCO understands that yacht management is increasingly important in the present economic climate. The new YCO management newsletter will be sent to you directly to provide you with current stories focusing on the issues that matter the most.

There is a sense of optimism within the industry, and by staying informed and prepared for the challenges we all face, times ahead look positive. We hope that this newsletter is both useful and interesting - a quick way to stay afloat in a sea of media!

The maritime world has been rocked by numerous reports of piracy across the world. The Gulf of Aden, in particular the Somali coast, has been the main focus of concern in recent years. Despite efforts to reduce the number of attacks through naval patrols, the area remains among the most hazardous in the world, suffering approximately 90 acts of piracy reported by the end of November.

A number of initiatives have been established to combat the risk of piracy in the region. Coalition Task Force-151 has been created to ensure Navies have the authority to carry out counter-piracy missions in the hijacking hot spot off the Horn of Africa. In addition an EU task force is now patrolling the Indian Ocean and GOA. The initiatives are proving successful following the French Navy's arrest of 19 Somali pirates earlier this month as they attacked a cargo vessel.

All YCO managed yachts transiting the Gulf of Aden now employ Veritas security teams on board and would strongly advise any yacht travelling to hazardous areas to consider such a precaution. The International Maritime Bureau advises merchant ships to stay at least 200 nautical miles away from the Somalian coast to lessen the risk of attack. YCO also strongly recommends attending a 'Security Awareness' course which simulates terrorist attacks onboard and trains Captains and Crew on how to handle the situation and can make recommendations and reservations on a yacht's behalf. The YCO Management team has undergone emergency response training to deal with critical situations. Visit **YCO Live** for the latest information from DRYAD.

(YCO LIVE > Safety & Security > Fleet Circulars > 2008 > Piracy Reports)



VERITAS SECURITY

Having conducted numerous escorts for small and large yachts over the past five years, Veritas has gained an unrivalled level of experience operating

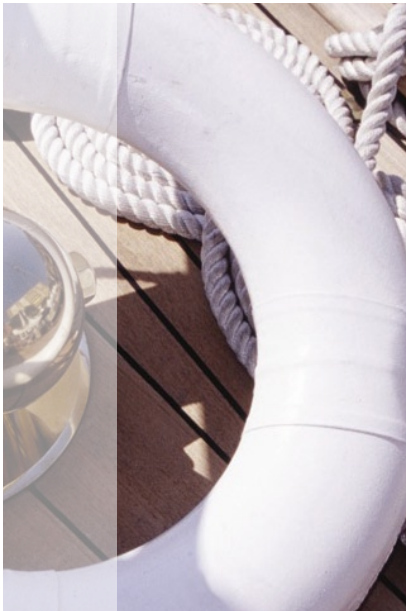
in the private yacht world. Veritas focuses on tailoring appropriate levels of protection through detailed planning, area intelligence and vigilance.

For more information call Veritas on:

0044 (0)207 758 2645

www.veritas-international.com

MANAGEMENT



ISM AMENDMENTS FOR 2010

The International Safety Management code (ISM) became compulsory for all charter yachts over 500GRT in 2002. Based upon a set of rules published by the United Nations department that governs global maritime affairs (IMO) the ISM code offers general guidelines to operate a vessel in a safe manner and establishes clear responsibility for the safe operation of a ship, her crew and passengers along with the protection of the environment.

There have been some recent updates to ISM which will come into force in 2010. The main amendment was the introduction of a maximum interval of 12 months between internal audits (ashore and on board) by the company. Ship owners and ship managers must comply with these changes as they will affect the company and ship's SMS.

The YCO SMS is a simple, comprehensive set of requirements that prides itself in being the most interactive and thorough system in the world. Establishing good relations and consistent communication with the crew is absolutely vital to

maintaining an effective safety management culture onboard. If you have any queries about ISM or the YCO SMS please contact **Russell.s@ycoyacht.com**

Other recent updates to ISM are:

- Change in the definition of "major non-conformity"
- To include "assess all identified risk to its ships" in the objective
- To include "periodically" as master's responsibility over the review of the SMS
- To require companies to identify potential emergency shipboard situations
- To include "measures intended to prevent recurrence" in the procedure for the implementation of corrective action
- To require companies to identify equipment and technical systems the sudden operation failure of which may result in hazardous situations
- Introducing possible 3 months extension of certificate, if a ship is not in a port.

Quick Hint

New visa regulations mean that authorities will be carrying out more random checks on yachts operating in Balearic waters. Prices have also been raised for issued Transit visas. For more information contact YHG info@yachthelgroup.com



MANAGEMENT



BIGGER BUILDS AND YACHT MANAGEMENT

The YCO management team is at the forefront of proactive development to adapt to the ever changing industry trends

Over the past ten years the size of Super Yachts has increased from 50m to 70m plus. As the average size of yachts has continued to grow the effect this has had on the yachting industry as a whole is far reaching. The obvious factor is cost. Shipyards have grown to accommodate this increase in size, as have the workforces constructing the yachts.

The increased size of yachts places its own demands upon the support infrastructure within the industry. Legislation such as the ISM and ISPS codes have been carried over to yachting, as well as the requirement for a higher level qualification for senior members of crew. Management companies and crew agencies are finding the need for merchant navy qualified, yacht experienced crew to be increasing due to the size of yachts. The logistical demands

of yachts of this size are also far higher. The consumables used by a 100m yacht are enormous and as a result the support required for items such as fuel, food, water and not to mention spare parts is a constant logistical challenge.

The YCO management team is at the forefront of proactive development to adapt to the ever changing industry trends and requirements of the yachts, their owners and crew. With unrivalled experience in all areas of yachting the YCO management team is able to make accurate predictions and prepare for future expectations. YCO is continually developing the system to improve the support for vessels, new services such as YCO LIVE and YCO VISA have secured YCO as the most comprehensive and innovative management team in the industry.

Quick Hint

STP have opened a new fuelling station in Barcelona taking yachts with a beam up to 11m. It is set to offer a 24hr service during the peak summer season.



INDUSTRY UPDATE



YCO Photography Challenge

YCO believes in great photography and we know Captains and crew often have some of the best opportunities to capture life on board. We're offering a pair of Odyssey Sunglasses for any pictures that are published so start snapping and send your photography to the YCO marketing team via email to marketing@ycoyacht.com or on a disc to the YCO offices in Monaco. (Please make sure images are taken at a high resolution)

SHIPYARDS AND THE GLOBAL MARKET

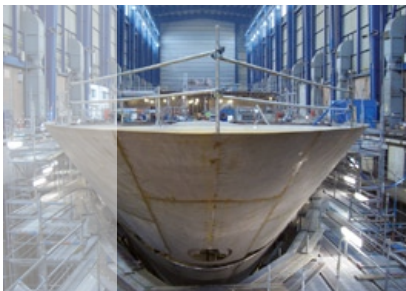
As predicted by many, there has been a significant contraction in the market for yachts below 40m, in particular the production market. With the lack of finance and leasing available from banks and lenders as a result of the credit crunch, this situation is expected to be exacerbated further as 2009 continues. The production market is important to the long-term growth of business and focus should be put on the smaller yacht market to ensure stability.

There are some positive reports from UK Shipyards however, for example Sunseeker International who has expanded its base in Portland, Dorset. Some yards have enjoyed an influx in business from the Eurozone following a shift in Euro-Sterling currency rates in favour of British export. While many builders do concede that their customers are facing some uncertainty and expect a decline in orders therefore, there is a positive outlook for others.

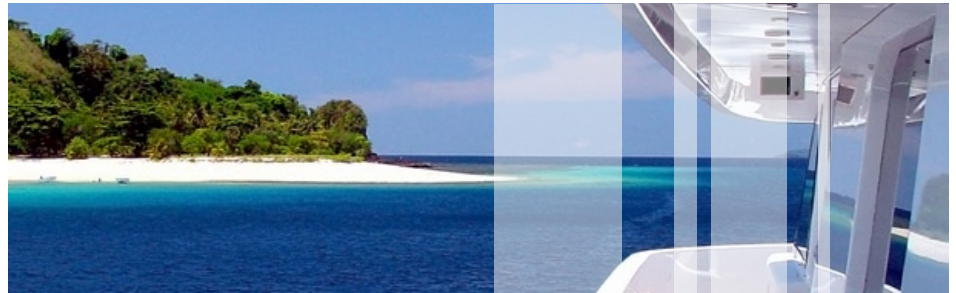
A recession also presents opportunities for those who are in a position to buy. While there has been a dramatic increase

in the price of yachts over the past 5 years due to demand outstripping supply, the current economic climate is bringing about what many are calling a 'necessary price correction' across the whole industry. Competitive pricing within the industry is now proving beneficial to those wanting to buy or build a super yacht, and in a period where perspective buyers may be put off by the world's turbulent financial markets, this perception of better, more realistic value is especially crucial.

In conclusion it appears that while further constriction to the world's economy will affect smaller builders, there is the potential for larger, more lucrative companies to continue to be successful. The end of 2008 saw a continuation of the work of previous years and shipyards' order books displayed growth in most parts. There is no denying that industry is already seeing the effects of the current economic situation, and this might well continue into 2010, but for the time being there is hope for a positive performance from many during this year and a steady recovery for the industry as a whole.



INDUSTRY UPDATE



THE CHARTER MARKET

YCO charter suggests that yachts should always be ready to go as last minute bookings continue to prevail in this economic climate

There has been some concern regarding the charter market for 2009. Whilst 2008 was a successful year for many of the larger yachts some of the smaller yachts did suffer. The heavy stock market losses of November and December as well as the threat of nationalisation to several UK banks are still recent news and at present it seems that clients are preferring to spend carefully and looking to take advantage of last minute deals.

The beginning of the year is traditionally a quiet time, aside from 50m plus, there are generally fewer yacht bookings this early in the season. Having said that the large yachts have not been booking up as early as in previous years and clients are increasingly cautious due to the ever changing economy. This is not generally perceived with concern, as agents are confident that these yachts will

still have busy schedules, they will just be booked slightly later in the season.

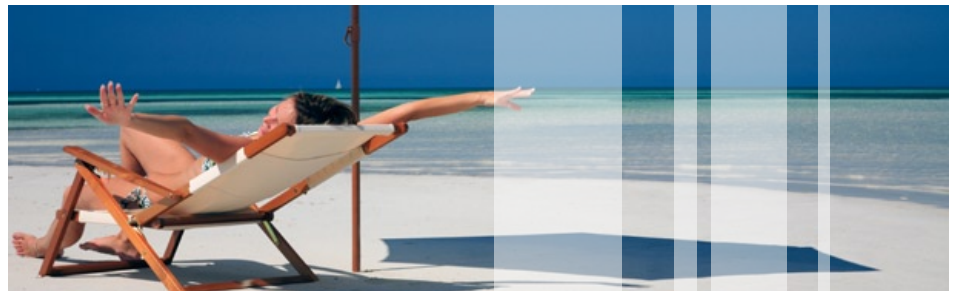
However it is unlikely to be a bumper year for smaller yachts. In order to maximise bookings for the Mediterranean summer season, YCO charter suggests always being ready to go as last minute bookings continue to prevail. July and August are the most popular months, so being available at these peak times will also increase charter potential.

Although 2009 might be a challenging year for some, a little flexibility along with some magnificent yachts available will help to make this season a successful one. Please contact YCO for any of your charter requirements at:

charter@ycoyacht.com

Quick Hint

A new copy of the MYBA contract has been issued with a few changes to the terms and conditions. Be ready for the summer season and ask YCO for your copy.



YACHT HELP GROUP



OPENING OF THE ANTIBES OFFICE

YHG support services include

- quay services
- concierge service
- berth arrangements
- yacht maintenance
- provisioning
- customs and excise assistance

Yacht Help Group, part of YCO Deuxmil Plc, is expanding their support of Super Yachts across the world with the forthcoming opening of an office in Antibes this spring. Former yacht Captain, Yves Damette has been appointed as International Operations Director for the company. A full range of yacht support services will be available. This new location will be in addition to the existing network of offices, each strategically located in a major yachting base. As well as existing in Palma, Barcelona and the Costa del Sol, YHG also operates out of Gibraltar.

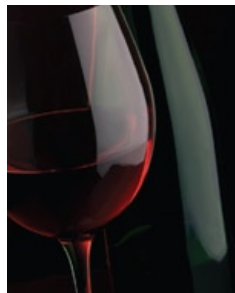
Please contact yves@yachthelppgroup.com for more information about the new office and its services.

CATALOGUES NOW AVAILABLE ONLINE

To make life a little easier onboard a busy yacht, the YHG Provisioning Catalogues are now available directly via their website: www.yachthelppgroup.com

There is a vast range of products and this is a selection of the items most in demand, the many specialist items that are also available may not be listed but for any of these special requests or more information please contact the provisioning department at:

provisions@yachthelppgroup.com



YACHT FUEL SERVICES



ECONOMIC EFFECTS ON YACHT FUEL SERVICES

YFS support services include

- marine fuel
- lubricants
- jet A1 aviation fuel
- carbon offsetting
- consultancy

YFS thrive on achieving the seemingly impossible. For competitive pricing and a unique service please contact YFS on 0044 870 608 2124 or email: mail@yachtfuel.com

In a time of global recession it is reassuring to hear about businesses which are still thriving. For Yacht Fuel Services December 2008 saw a dramatic increase in business, continuing into January which was the most successful month in the 20 years it has been the leading supplier of fuel to privately owned Super Yachts. There are two main factors which have contributed to this surprise increase.

After the banking crisis began in October many very wealthy Yacht owners re-assessed losses and re-organized capital, abstaining from extravagant holidays. The collapse in fuel price over the last 6 months has seen Yachts travelling twice the distance for the same cost, fuel is a large part of the overall running cost and the falling prices have meant big savings for Owners.

Many companies have been affected by the recent credit squeeze and banks have tightened restrictions on their lending, leaving some companies unable to operate to the levels they were before. YFS, like its competition, relies on good working relationships with the 6 largest fuel suppliers in the world, this is based on many things but primarily a good credit rating. Some companies are now no longer in a position to supply very large quantities of fuel as the major banks have changed the credit terms because of a re-rating on risk. YFS is part of a public company (YCO Deuxmil) and has a strong balance sheet with no debt, which allows YFS to continue to offer low fuel prices and guarantee success whilst some other companies are now struggling to meet demand.

Quick Hint

Two new classes of visa for Super Yacht crews in Australia have been introduced. The new visas allow applicants to stay and work in Australia for up to 12 months on board commercial or private Super Yachts. For more information contact YCO crew.



YCO NEWS

YCO LIVE

YCO Live, the unique online Yacht Management System designed and developed by YCO, has now successfully implemented the complete fleet of YCO managed yachts onto the system. With many of the yachts already available, the system has proved an invaluable tool for Owners, Captains and Yacht Managers alike. YCO has a dedicated team working on new functionality to ensure YCO Live continues to be a huge success.

Please contact Joanna Miller (joanna.m@ycoyacht.com) to organise a training day for key crew members either in our offices or onboard and any other queries about YCO Live.



YCO CREDIT CARD

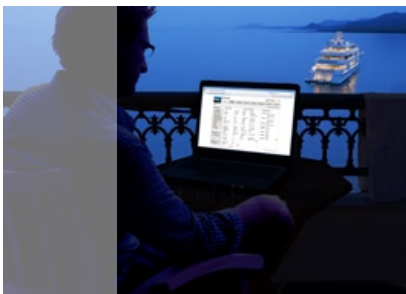
YCO has recently announced the launch of YCO VISA. This revolutionary new tool is available to yachts under YCO management and YCO charter management. The new card has been introduced to make the delivery, carriage and spending of cash onboard safer and simpler.

YCO VISA has been developed as a solution to logistical problems arising from strict limitations of cash which can legally be carried on board, in relation to the amount the Captain might have to spend on fuelling and provisioning during each trip, reducing these sums of cash also greatly improves the safety for everyone on a yacht.

Based on a simple to use pre-loaded

credit card system, a YCO VISA account is created for each yacht under management. Several cards can be issued per yacht and each draws from a central account. The advantage is the account is controlled by YCO as Yacht Managers which allows for immediate additional funding wherever in the world the yacht may be.

The YCO Visa has proven especially popular with the busier Charter yachts as a means of handling the APA (Advanced Provisioning Allowance) as it provides the charter client with a clear record of how funds are spent whilst the funds are being held securely. The cards can also be 'activated' solely for the duration of a charter. Please contact YCO for further information about YCO VISA.



YCO NEWS

NEW SYSTEMS AT YCO

February 2009 sees the final implementation of YCO LIVE throughout the YCO fleet, the introduction of a Bespoke Onboard Accounting system (powered by Microsoft Navision) to all Yachts and the realisation of an internal CRM system to all YCO offices. As a result members of our team from London and Doha will spend time training on the new systems in Monaco during the coming weeks. During this time we will temporarily centralise all yacht management operations in our Monaco Headquarters. The London office will remain open for all other business.

Russell Stockil
Yacht Manager:
Safety & Security,
Designated Person
Ashore

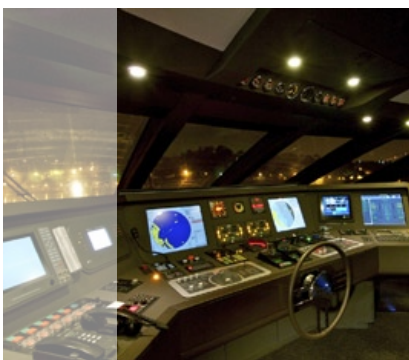


MANAGEMENT PROFILE

The DPA (Designated Person Ashore) is responsible for maintaining ISM and ISPS compliance as well as overall safety and security throughout the YCO fleet. A qualified Master, Russell's broad experience with all aspects of these mandatory systems and the requirements imposed on the crew, coupled with a natural attention to detail, have helped to move the YCO Safety Management System into a well respected position at the forefront of the industry.

"I am very aware of the responsibilities involved in running a safe, well informed fleet. We have a good relationship with the

relevant local authorities and we run real time exercises with yachts in the fleet and provide full debriefs to take some of the 'mystery' out of a shore based reaction. It is our core philosophy at YCO to improve, rather than just add to the requirements to ensure that the residual risks of working in an inherently dangerous environment are constantly being reduced. It is a challenge that I enjoy and I am proud to be involved in the development of the simplest but most respected system in the industry. Following the integration of the ISM and ISPS systems in YCO Live, the future is looking good!"



YCO CREW



FROM CREW SHORTAGE TO CREW SURPLUS

For the past few years, yachting has been suffering from a shortage of qualified, experienced crew. However there has been a shift in this trend since the recent fall in the economy. Owners are cutting costs and often the first place they look is human resources (normally 25-35% of a yacht's budget). Whilst jobs are available, this winter there haven't been enough for the amount of qualified, skilled crew looking for work, even though with the building of bigger yachts the need for experienced crew is still growing. For the first time in over two years, crew salaries are reflecting this changing dynamic.

As it is officially low season in the Mediterranean at the moment we won't know the full effect the economy is having on crew until the beginning of the summer but after a quiet Caribbean season it is clear that owners are focusing on maintaining their yachts as economically as possible. The one prediction that can be made for the forthcoming Mediterranean season is that there may well be a surplus

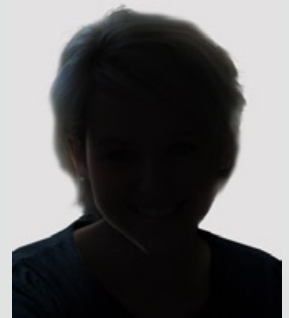
in 'green' crew looking for their first job in yachting as people who have lost their land based jobs look to new horizons.

There is however no need to panic! YCO crew has already had over 70 new job opportunities in 2009 which is a record for the month of January. With a database of over 4000 qualified crew, growing rapidly with several hundred new members this year already, it would seem that crew recruitment is still thriving. All new registrations this year have been made by qualified crew who realise that the competition might be tougher this year and want to be organised. Boats are also working on a similar premise and we have already had numerous enquiries for the start of the Mediterranean season. Hatty Campbell, General Manager of YCO crew seems positive about the year ahead "despite predictions for a bleak start to 2009, we had a great month with lots of fantastic job opportunities for crew and some great, experienced and qualified crew to fill these positions".

TEAM PLAYER

Maintaining strong working relationships on board is invaluable to the smooth running of any yacht. Every now and then it's important to appreciate and be appreciated which is where YCO crew steps in with a chance to nominate a colleague to be Team Player. Whoever wins this prestigious title will become the

proud owner of a unique pair of Odyssey Sunglasses. So if you can think of someone who deserves a little extra praise this month please send your entries to marketing@ycoyacht.com along with their position, yacht, age, experience, reasons why they have been nominated and a good quality photograph.



A YCO CHOICE

UPCOMING EVENTS

Miami International Boat Show

12th – 16th February
Produced by the National Marine Manufacturers Association (NMMA), this public show is at three locations for a complete view of the industry

Abu Dhabi Yacht Show

12th - 14th of March
Exclusive 'invitation only' Super Yacht show which has sold out exhibition spaces 5 months before the event. YCO will be at stand 5D40

Antibes Yacht Show

2nd – 5th April
A host of events and exhibitors celebrate the opening of the Mediterranean yachting season in Europe's largest harbour.



ODYSSEY SUNGLASSES

'Bold enough to make a statement but understated enough to hide from your sins'

Odyssey 2020 is capturing the market for chic sunglasses that actually protect your eyes. Working on a Super Yacht, boarding through pristine powder or surfing the perfect wave, the sun can cause huge problems for your eyes and glare can sometimes be a dangerous distraction, without an exceptional pair of sunglasses you're at risk of permanent damage.

The Australian company was started in 2003 and since its French launch in 2008 has continued its outstanding success. Odyssey 2020's have Melatonic lenses that protect the melanin in your eyes to provide the optimum protection without compromising on style. With an outstanding range, these sunglasses

are ideal for crew working long hours on deck, in the sun. Odyssey 2020 are also launching their long awaited goggles in February, designed and crafted by K2, they are indispensable for any winter sport. All of these desirable products are durable and come with a 12 month guarantee, so short of being dropped over board, your Odyssey 2020's will travel the world with you and make sure you don't miss a thing.

YCO Crew is the first yachting company to promote eyewear for crew and Odyssey 2020 is the obvious choice. When signing up at YCO Crew everyone receives a 10% discount card for this unique sunglasses brand. Available at the Blue Lady, Sea Design in Antibes or by appointment anywhere along the Cote D'Azur please contact Leila on 0621019426 or visit: www.odyssey2020.com

