

SuperYacht24

Il quotidiano online del mercato superyacht

Paolo and Giovanna Vitelli: “The future of Azimut Benetti group with new investments and generational shift”

Nicola Capuzzo · Friday, January 6th, 2023

Avigliana (Turin) – SUPER YACHT 24 (which will celebrate its first year of activity on January the 21st) started the new year with an exclusive interview with Paolo and Giovanna Vitelli, Chairman and Vice-Chairman (for now) respectively of Azimut Benetti group, the world’s first shipyard in the manufacturing of yachts and superyachts according to the latest edition of the Global Order Book. The 2021/22 financial statements (as at August) recorded a turnover of over one billion, an 110 million Ebitda and a net financial position amounting to 315 million. According to Azimut Benetti, since its entire production has already been sold, the current financial year (2022/23) will close with a 20% growth in turnover (1.2 billion) and a 40% Ebitda increase (over 150 million). Thanks to its rich order portfolio, in the upcoming two years the group can expect a further margin increase. Therefore, the company decided to invest in order to improve its production capacity and efficiency, so much so that its Ebitda will turn into 15% of its turnover.

How do you feel about Azimut Benetti group’s prolonged leadership worldwide in the Global Order Book 2022, and how do you explain it?

Paolo Vitelli: “We are very proud of the positive results we have achieved for the 23rd year in a row. Although we think that it did not happen by chance and we were not concerned about the possibility of losing our leadership, we are proud to have achieved it once again. We believe that both our leadership and the advantage we achieved on our competitors are based on product innovation. My daughter Giovanna played a significant role in our innovation because she manages innovation and product development and collection tables”.

Are innovation and sustainability currently essential to each other?

P.V.: “As of today they are, but until recently they were not because innovation and sustainability were not yet regarded as a top priority for the boating industry. We have been focusing on production technology, boat lightening, propulsive machine efficiency for 15 years, and we were also pioneers of Pods. From now on we will essentially concentrate on reducing the percentage of pollution per kilowatt produced. We started doing this by launching on the market our easy-to-use diesel/electric hybrid super yacht B.Yond 37 featuring hotel mode and electric propulsion and

completely managed by a Siemens system coordinating all the functions that can be modified. The point is using new technologies, and in February we will openly reveal which direction we need to take. However, unlike our competitors, we want to follow a clear path. Sometimes using a very small quantity of a new source of energy is mistaken for using a new source of energy for the entire propulsion of the ship. In fact, the parties are not very clear in their communications. We want to deliver a credible message like the credible message about product innovation that we already delivered in the past years”.

Giovanna Vitelli: “This is happening today because we started focusing on sustainability 8 years ago, when it was not yet a main issue. In order to achieve our goals today, we started working a long time ago”.

Do you agree with those who believe that methanol can be the fuel of the future?

G.V.: “It does not seem to be a feasible solution in the short term”.

P.V.: “It is an option, but it requires two and a half more storage capacity onboard, thus implying a reduction in autonomy to less than a half or a doubling of the number of tanks. We have been opposing small talks about methanol for a while now!”

What are your superyacht market forecasts for the upcoming 5-10 years after this boom?

P.V.: “Our forecasts are good because the economy will slow down slightly, but in the medium term it will achieve stability. This positive trend is definitely favoured by the new tendency resulting from the Covid pandemic because boats provide a less contaminated and more exclusive and familiar environment. How long will this tendency last? I believe it will last long. How long will the financial reserves accumulated during the Covid pandemic last? Not very long, but in the meantime the economy can recover. Therefore, we expect stability not only for large yachts, but also for average boats (possibly with different demand trends)”.

However, new risks are emerging: for instance, there are those who want to oppose superyachts as is the case with private airplanes. Are you worried about this trend?

P.V.: “Public awareness about the use of superyachts must change as there is nothing wrong about them, and we will prove that they have a very small impact on the environment. We need a wide consensus, also on the part of the media, about boats as holiday accommodation and as one of the main productive assets of Italy. Other Countries are blunt about it. The Dutch, the Germans, the Americans and also the French openly declare that they are proud of this asset because it generates both wealth and leisure. We have not taken this step yet”.

G.V.: “However, our sector must deal with the issue of sustainability and we all need to focus on consumption reduction because it affects us all, ranging from house heating to sailing. For this reason, I believe that shipyards are left without choice: they need to deal with this issue seriously. Therefore, to answer your question, I believe that it is only right that the sustainability issue should affect our sector because we need to deal with it.

Moreover, I would like to add that finally also our customers are concerned about this issue. For instance, as concerns Benetti’s B.Yond, half of the 10 units sold were purchased by our customers because they deliberately chose Siemens’ system, which is rather expensive, as it ensures greater sustainability. In fact, also consumers’ culture is changing”.

Besides its shipbuilding core business, what is Azimut Benetti group's main focus? More marinas under management, more refit or service activities?

P.V.: “We have always aimed at doing things well focusing on our core business as our main activity. As concerns services, we believe that vessels refit is essential, therefore we decided to develop this activity by investing 12 million Euro in order to develop our Lusben shipyard in Livorno. We aim at achieving the same turnover of the leading shipyard (Amico & Co, ed.), and we plan to outdo it soon. We regard it as a completion of our activity.

Marinas are equally important, but we want to incorporate our activities into a wider mechanism because we believe that marinas are based on a hotel network. We plan to connect with existing structures in order to create a network of marinas”.

In terms of production capacity, are you interested in acquiring new shipyards or new production areas?

G.V.: “We need to increase our production capacity because this is a favourable moment and our large order portfolio requires us to do it. In Avigliana, in this 3-year period we will increase our production capacity by 27%, reviewing all our processes and investing also in a space review. For instance, in one of our warehouses used only as a depot we will implement vertical and automated storage in order to free up space to use for production. Therefore, the review of processes to make them even more efficient, with a reduction of lead times, combined with freeing up spaces and advanced industry investments will allow us to increase our production capacity. As concerns Tuscany, we are renting external areas to have more space”.

Are you still interested in giga yachts?

P.V.: “We already built giga yachts but we intend to build them only if they have an innovation and technology content consistent with what we have learned. We will not build giga yachts only for the sake of it, otherwise we would use a space which could be devoted to the construction of smaller boats. We are negotiating the construction of giga yachts consistent with our standards, around 100 meters long, in order to provide the quintessence of beauty and technology. As soon as the opportunity arises, we will build another giga yacht, otherwise our past investments would be lost”.

G.V.: “We might seem presumptuous, and maybe we are, but since productive slots are full because market demands are high we can decide how to use our production space”.

How long might Benetti's new giga yacht be?

P.V.: “Around 100 meters”.

As concerns the generational shift, what will be Azimut Benetti group's future?

P.V.: “Next February my daughter Giovanna will replace me as chairman because I reached the right age to retire and because my daughter acquired the necessary expertise and knowledge.

We are ready for the generational shift we have been working on for many years. We are lucky because the economic situation allows us to face this shift smoothly. I will be part of the Board of Directors for a while and will remain available, but we both want to update our

rules in order to ensure a proper shift of power. At that point I will leave”.

G.V.: “I cannot think of any founder of an Italian company who was equally farsighted with regard to the generational shift. He had a unique and very forward-looking vision, as well as very generous towards both me and the company. I am very thankful for this because our case is unique.

In the future we plan to continue this shift, which is proportional to the growth of our company size. In fact, already in its 3-year ongoing plan, our company expects a very significant growth in turnover. At present we forecast 1.2 billion Euro, and we will achieve 1.4 billion, therefore this shift and the related change in our governance are necessary for the health of our company”.

Do you think that, as regards super yachts and giga yachts, Italian shipyards are not yet as good as their Northern European competitors?

P.V.: “We are improving. Unfortunately, although their products are very similar to ours, they still have an international credibility that for some reason is greater than ours. In fact, in the past 40 years Northern European shipyards created an added value thanks to their timeliness, transparency with customers and consistent trade rules. However, I believe that in the past 5 years we almost caught up with them in this respect. In terms of substance, we made up for almost all the time past, but we need to be more organized in our communication.

It is no coincidence that the Sybass – Superyacht Builders Association is headquartered in Holland and managed by Northern Europeans. Since we hold a large percentage of the worldwide turnover of this sector, and since we hold it well, not only as regards prices, but also in terms of credibility, we should strengthen our credibility by combining it with our image and communication”.

Does not a company like yours need to look at the Stock Exchange or to investment funds?

G.V.: “In the past we have always had minority shareholders, therefore, depending on the times, we chose different partners. The first one was a Benetti’s customer from Hong Kong who fell in love also with our company, then Banca Intesa provided us access to the Italian system abroad and today our partner is TIP (Tamburi Investments Partners), currently holding 12% of our company. As these partnerships proved useful over time, we are always opened to new ones. We have definitely been very sought-after lately. In the future, we will certainly take advantage of useful partnership”.

P.V.: “We no longer have absolute preclusions. We are open to anything that will strengthen our company. Obviously, after 10 years also the TIP fund is looking for new opportunities”.

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