

## **Princess Yachts boss praises city workers**

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PRINCESS Yachts' success in riding the economic crisis has been down to the extraordinary efforts of its team in Plymouth, the managing director says.

Company boss Chris Gates was speaking after the boat builder posted results showing increased turnover in 2009, despite having to make redundancies in the first half of the year.

"The success of the company is totally down to the team in Plymouth," he said. "Every man Jack in the company is being asked to do more on a daily basis, and is rising to that challenge."

Mr Gates said Princess Yachts, one of Plymouth's biggest employers with more than 2,000 staff, had managed to hold on to its turnover by developing exciting new boats and promoting itself in emerging markets such as the Far East to compensate for business lost in the recession, as well as passing on cost savings to customers.

He said the hard work was ongoing, warning the world's economic woes were not over, as the debt crisis in southern Europe threatened important Mediterranean markets.

He said: "We are still in the middle of a serious worldwide recession, and businesses like ours have got to be extremely cautious, as the austerity plans that are going to be implemented across Europe will impact on people and spending patterns.

"We are looking at a couple of difficult years ahead of us."

Mr Gates said many of the firm's competitors had struggled in the recession and used the analogy of climbing Mount Everest and reaching a camp three quarters of the way up to illustrate Princess Yachts' position.

"You could say the worst is still to come, or that we are three quarters of the way up the mountain," he said.

He added: "If we can continue to hold on to [sales] volume for the next two years then we should come out of it stronger, but I'm not underestimating the challenge."

Princess Yachts' luxury boats are mainly sold abroad, and Mr Gates said the company had benefited from a weak pound, making its boats cheaper to customers and giving it an advantage over Eurozone competitors.

He said it was important Sterling remained weak to help UK exporters.

In the year to December 31, 2009, Princess Yachts increased turnover to £213.8million, up three per cent from 2008.

Profit before tax, although down on the previous year, also remained strong at £18.4million.

The company cut back on more than 300 workers in June last year — including 261 compulsory job losses. But it has since re-employed more than 100 of its former staff and has plans for a £45million new factory in the South Yard, to be built in three stages.

The factory will produce bigger yachts, but Mr Gates said the firm would be keeping its existing Plymouth sites. "South Yard is all about developing new markets," he said. "It's fundamental in the long term to secure everybody's employment in Plymouth because it creates capacity in all our other sites."

He said the planned development would be funded as much as possible out the company's profits, to avoid debt problems.

Mr Gates said the next key objective for Princess Yachts was to secure a freehold of the South Yard site, for which it currently has a long term lease. The South Yard factory is expected to create a further 200 jobs at least.

He said the firm was in negotiations with a number of agencies over buying the MoD site.

*(This article first appeared in the Plymouth Herald)*