Luxury yacht makers celebrate buoyant sales thanks to rising wealth and a sinking pound

Sellers at the London Boat Show talk of 'fantastic' 2017 for the industry in Britain

Rupert Neate
Wealth correspondent

Whether it was pints of ale in a mocked-up canalside pub or flutes of champagne on the bow of brand-new luxury yachts, the London Boat Show's organisers were raising a glass to Brexit yesterday.

The collapse in the value of the pound since the referendum result in June 2016 has fuelled a boom in British boatbuilding, as the vast majority of UK-built yachts are sold overseas.

Boats and equipment sales totalled £3.1bn last year - a 3.4% increase on 2016 and the best year since before the 2008 financial crisis, when rich people's appetite for new yachts evaporated.

"We suddenly became 15% to 20% cheaper than our competitors in Europe and the US," said Russell Currie, managing director of Fairline Yachts, at the opening of the London Boat Show at ExCel Centre in east London. "It's been a fantastic year."

Currie said 95% of the company's yachts, the biggest of which sell for several million pounds, were exported so the collapse in the pound had made its vessels better value, compared with European and US rivals.

"That doesn't mean that only 5% of owners are British," he said. "Most of them are British but they are buying them in a sunnier climate than ours."

Brexit has helped Fairline recover from collapsing into administration two years ago. "We've gone from zero employees, with zero contracts and zero dealers in January 2016 to more than 380 employees and a full order book," Currie said. "We've sold 162 boats in the last two years ... no, 163 - we sold one this morning."

£16m Price (not including tax) of Sunseeker International's 131ft superyacht, its largest. The company has seen strongest demand for models over 100ft

Currie said Fairline's customers - who, he said, were generally very rich with self-made fortunes - were increasingly demanding bigger boats, which had created a headache for the company, which is based in landlocked Oundle, Northamptonshire.

At present Fairline's boats are transported to the sea by lorry in the middle of the night, but doing so has limited the maximum size of its yachts to 78ft (24 metres). "Our Oundle base is nowhere near the sea, and the cost [of transporting boats to the sea] has compromised the size and design of our boats," Currie said. "So we have invested £30m in a shoreside manufacturing facility on Southampton Water."

The company will hire about 200 new workers in Southampton. The new base will allow it to match its customers' growing demand for roomier boats.

"We have made 115 78ft boats, and 80 65ft boats. That gives you an indication of the appetite - they want bigger," he said. "Buying our boats is how our customers reward themselves for the success they have achieved."

Currie said the company's customers tended not to be too ostentatious, but had been known to buy "seven, eight, nine or 10 Fairlines - but not all at the same time". The company's strategy was to encourage owners to start small and then upgrade to bigger models as they became more experienced with yachting and their bank balances grew.

"They want to bring their families and enjoy their free time," Currie said. "They tend to be very family-oriented , they want to enjoy their wealth rather than show their wealth."

Even Fairline's Russian owners Alexander Volov and Igor Glyanenko, who bought the company out of administration for £4m in 2016, do not own the brand's biggest boat. "One owns a 42ft boat, the other a 62ft," Currie said. "These are conservative guys. These are very hard-working business guys - this is not an oligarch story."

Sales are so strong at Poole-based Sunseeker International that the now Chinese-owned company is splashing cash on sponsoring the 2018 World Cup in Russia, which will allow it to invite a selection of its super-rich customers to the Fifa tournament. Phil Popham, the chief executive, said Brexit had helped fuel "very, very strong growth" and he expected to report that 2017 sales had increased by at least 10% on 2016. The company saw revenue of £252m in 2016, an increase of 26% on 2014.

"We sold 140 yachts last year, and we expect to sell a lot more than that this year," he said, standing on the bow of a newly launched 76ft model. "We've sold 90% of our production for 2018 already on forward order." For some larger models, customers would have to wait until 2020 for delivery if they ordered now.

Popham said demand was strongest for superyacht-sized models, including the largest 131ft Sunseeker, which cost £16m plus tax. "It takes 10 to 12 guests and requires seven crew - it really is a superyacht," he said. "We've sold 125 boats over 100ft since 2002."

Sunseeker is now the world's largest producer of yachts over 85ft, turning out about 30 a year.

While Brexit has helped make Sunseekers more price competitive, Popham said cost was not the main motivation for his customers. "This is a discretionary purchase," he said, tapping the yacht. "No one needs a superyacht."

"The world is becoming more and more affluent. There are more ultra-high-net-worth individuals than ever before. We see that trend continuing and that is clearly our target market."

Clockwise from above: the Sunseeker 76 Yacht, the most expensive boat on sale at the London Boat Show; Huw Williams and his son Steffan use the show to protest against cuts to lifeboats; a customer in green socks takes a close look at a yacht Photograph: Victoria Jones/ PA; Leon Neal/ Getty Images

Sainsbury's warns of 'challenging market'

Sarah Butler

Sainsbury's has warned of a "challenging" market as it reported sales in line with expectations despite a tough time for its Argos chain.

Sales at established stores rose by 1.1% in the three months to 6 January and total sales were up by 1.2%. The company said grocery sales increased by 2.3%, behind the pace of food price inflation, but ahead of the 1.4% growth achieved in the previous quarter. General merchandise sales fell by 1.4%, largely because of the closure of dozens of Argos outlets in Homebase stores after the catalogue shop's demerger from the DIY chain.

Mike Coupe, Sainsbury's chief executive, said Argos had increased its share of a tough market as it sold more games consoles and more audio technology but fewer toys. "The market is challenging and there is a bit of squeeze on disposable income. Where [shoppers] are able to defer purchases, they do," he said.

The group, which is Britain's second-largest supermarket chain, said profits would be about £28m higher than previous estimates of £559m because cost savings following its takeover of Argos were coming through faster than expected.

Sainsbury's subdued trading figures came as Lidl said it had increased sales by 16% year-on-year in December.

Sainsbury's, Britain's second-largest supermarket chain, said grocery sales were up 2.3% after growth of 1.4% the previous quarter

Bruno Monteyne, an analyst at Bernstein Research, estimated that 10 percentage points of Lidl's growth was the result of opening new stores. The German discounter said sales of turkeys rose by 10% and luxury Christmas puddings by 60%.

The relative performances highlight the scale of the challenge for traditional supermarkets, which all lost market share over Christmas while Lidl and Aldi increased theirs. Both discounters are rapidly opening stores at a time when inflation is outstripping pay rises and shoppers are looking for ways to save money.

Coupe said customers bought more from Sainsbury's premium Taste the Difference range and snapped up bags of 25p vegetables before Christmas. He said he expected food price inflation to fall away in the next six to nine months, leaving shoppers with more disposable income.

Spread betting shares take a dive as watchdog finds failings are rife

Richard Partington

Shares in UK spread betting companies have tumbled after the City watchdog found widespread failings that could be putting consumers at serious risk of harm.

The Financial Conduct Authority (FCA) issued a severe health warning after uncovering "areas of serious concern" in the contracts for difference (CFD) market - a type of betting on financial products banned in the US but legal in the UK.

CFDs allow investors to gamble on the price of an asset without owning it.

Shares in the London-listed Plus500 closed down almost 5.5%, CMC Markets was down 2% and IG Group ended the day 4.4% lower. The intervention follows repeated warnings from European regulators about the risks posed by CFDs and a crackdown on the market.

After a year-long review, the City watchdog said it found 76% of consumers had lost money on CFDs between July 2015 and June 2016, and it feared companies were operating outside its rules.

The FCA said it assessed 34 businesses. Most were unable to offer a satisfactory definition of their target market, or why CFDs might be an appropriate bet for consumers, which the FCA said raised the risk of companies selling CFDs to inappropriate customers.

All distributors in the review had inadequate procedures to manage conflicts of interest, while the FCA found some companies paid employees solely in bonuses, which raised the risk of mis-selling.