



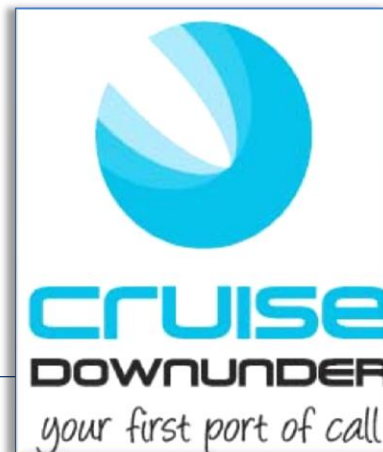
ROYAL CARIBBEAN CRUISES LTD.

# Christopher Allen

AVP – Global Deployment & Itinerary Planning

Royal Caribbean International

Celebrity Cruises



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# Today's Itinerary

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- Who we are?
- Deployment Process
- Industry
- Australia & Royal Caribbean





ROYAL  
CARIBBEAN  
CRUISES LTD.

[www.RoyalCaribbean.com](http://www.RoyalCaribbean.com)

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# Our Company

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**2<sup>ND</sup>**  
**LARGEST**  
*cruise company*

**3 SHIPS**  
*on order  
in Germany*

**\$7.5**  
**BILLION**  
*2011 Revenue*

**4.9**  
**MILLION**  
*Guests carried  
in 2011*

**39**  
*Ships*  
**93,000**  
*Berths*

**6 BRANDS**  
*serving over*  
**400**  
*ports of call*



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# Our Brands

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# Why Is Deployment Planning So Critical?

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- Leveraging moveable assets
- Optimizing deployment
  - Impacts all areas of our company
  - Complex
  - Fluid, never static
  - Internal and external pressure and constraints

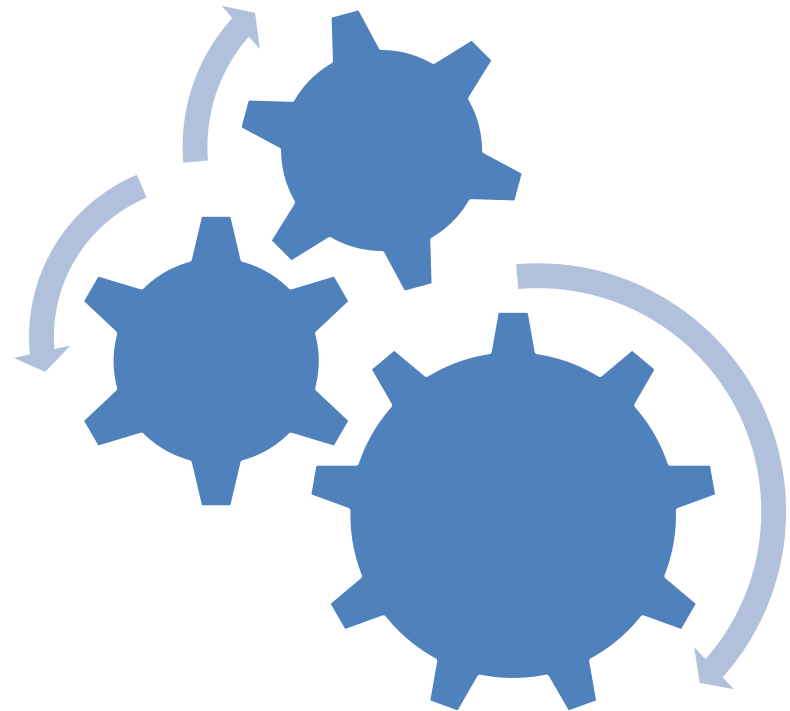


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# Deployment Drivers

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- Guest Appeal
- Sourcing
- Profitability
- Brand Positioning
- Trade offs





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# Itinerary Drivers

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- Guest demand: Our guests tell us where they want us to take them!
  - Differs by market
- Demand also drives the different types of itineraries
  - For example, 5 night cruise or 12 night cruise?
  - New Zealand or Top End or New Caledonia
- T(time), S(speed), D(distance) between ports.
- Is the destination ETDBW? (=Easy to Do Business With)



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# Trade Offs and Other Considerations

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- Must also take into account:
  - **Infrastructure**
  - Berthing availability and policies
  - Fuel cost & availability
  - Global emission regulations
  - Dock versus Tendering
  - Air lift availability & cost
  - Weather

Deployment drivers are often conflicting; tradeoffs are invariably required



# Guest Appeal and Satisfaction

- Ongoing surveys of guests
  - Overall itinerary satisfaction
  - Ratings of individual ports
- Ad hoc surveys for feedback from:
  - Loyalty guests
  - Potential cruisers
  - Travel agencies
  - Specific markets and market segments
  - Shipboard staff

## Highest Rated Ports

- Quebec City, Canada
- Monterey, California
- Geiranger, Norway
- Lahaina, Maui

## Lowest Rated Ports

- Pointe A Pitre, Guadeloupe
- Fujairah, United Arab Emirates
- Samana, Dominican Republic
- Recife, Brazil

**Must translate consumer tastes into profitable itineraries**

*Data From Deployment Guest Survey*

# Profitability

- Many costs for operating a cruise ship are fixed:
  - Construction, crew, food, repairs and maintenance, etc.
- Key variable revenue components
  - Ticket Revenue
  - Shipboard & Shore-Excursion Revenue
- Key variable cost components
  - Fuel
  - Hotel expenses
  - Port expenses
  - Direct & Indirect Taxes & Fees



Australia Itineraries are very expensive to operate





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# INDUSTRY TRENDS



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# Industry Fundamentals Remain Strong

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- Continued proven resilience despite headwinds
  - Long-term industry growth
    - Capacity continues to grow but at a more modest pace
    - Ability to absorb new capacity
    - Driven by deployment to new markets
  - Great vacation product
    - Product innovation
  - Low penetration of vacation market
    - Favorable demographics
  - Favorable Economic Impact
- 



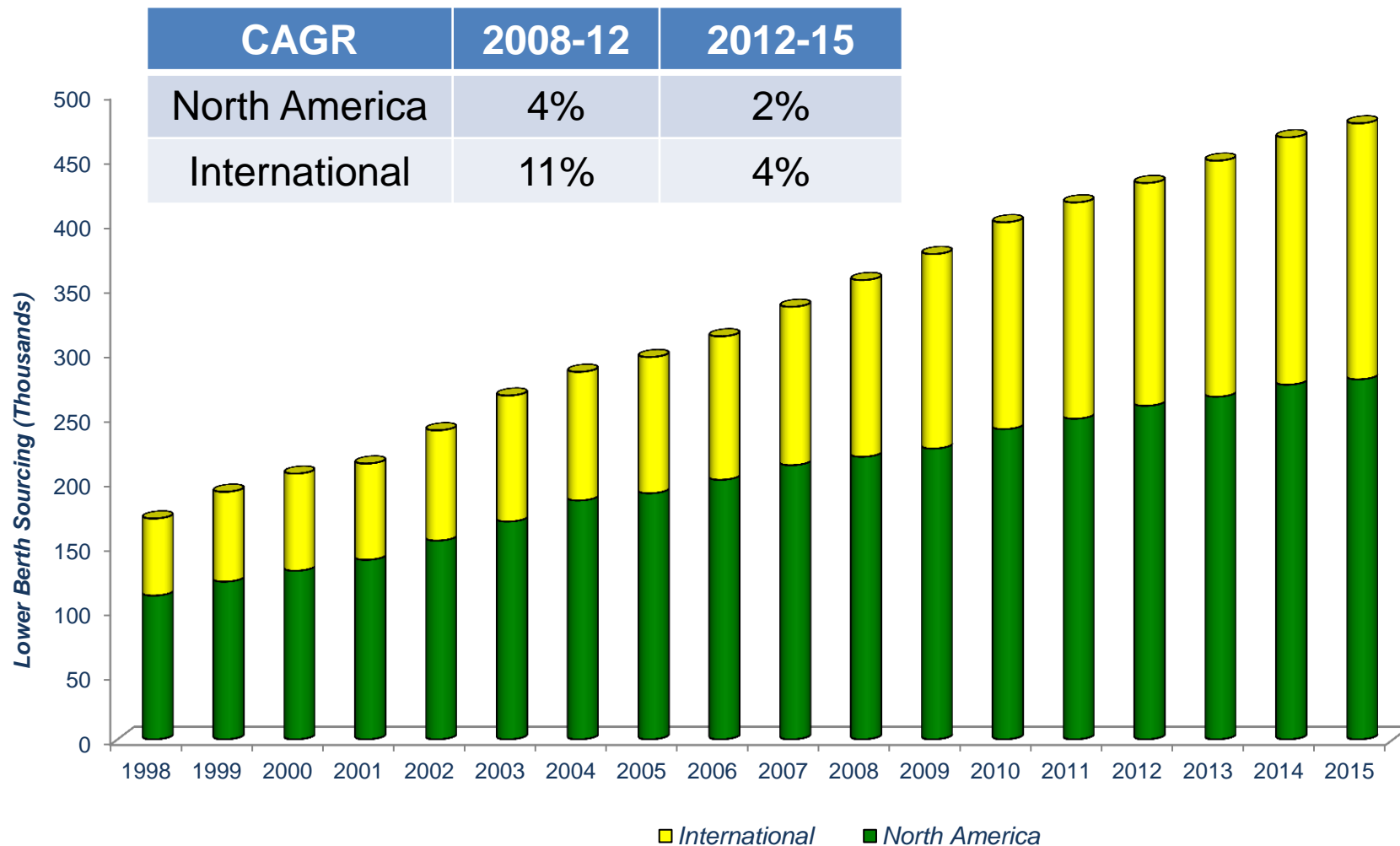
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# Industry Impact

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- Cruise industry continues to be the fastest growing travel sector in the world
  - Industry CAGR has been 7.2% since 1990
  - Industry forecast 17 million guests in 2012, +4% from 2011
  - 18 ships are on order at a cost of almost \$12 billion USD
- Today's cruise ships offer an array of feature rich innovative facilities, amenities and services that exceed the expectations of a growing population of travelers
  - Destinations are as important as ever
  - 80% of cruise guests believe that cruising is an important way to sample destinations which **they may return**
- Industry provides significant direct and indirect financial impact
- Average cruise passenger spend per port of call is almost **US\$100** with a **US\$ 90** additional spend from crew members..

# North America & International Growth





# All Markets are Underpenetrated

## **North America**

*330 Million Residents*

*10 Million Cruisers*

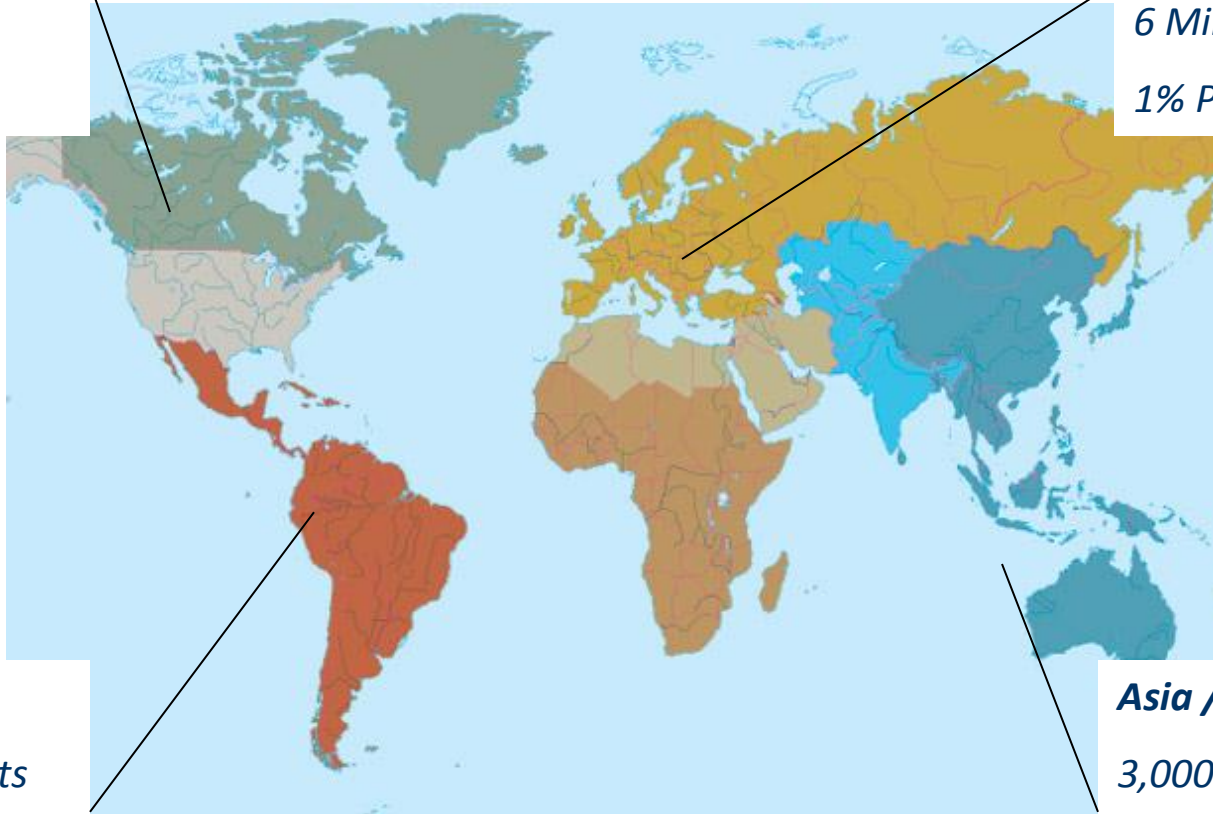
*3% Penetration*

## **Europe**

*500 Million Residents*

*6 Million Cruisers*

*1% Penetration*



## **Latin America**

*570 Million Residents*

*1 Million Cruisers*

*0% Penetration*

## **Asia / Pacific**

*3,000 Million Residents*

*1.5 Million Cruisers*

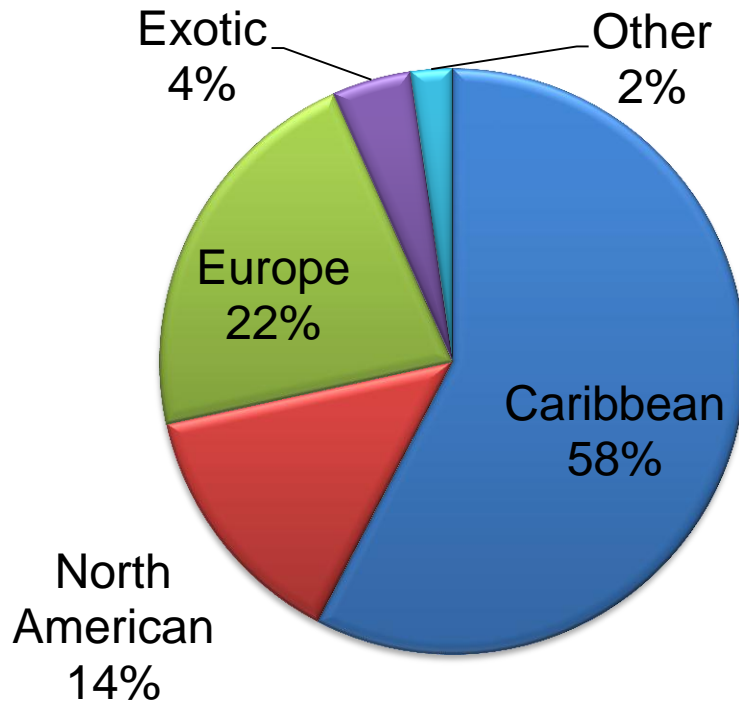
*0% Penetration*

*Almost 3% penetration in  
Australia*

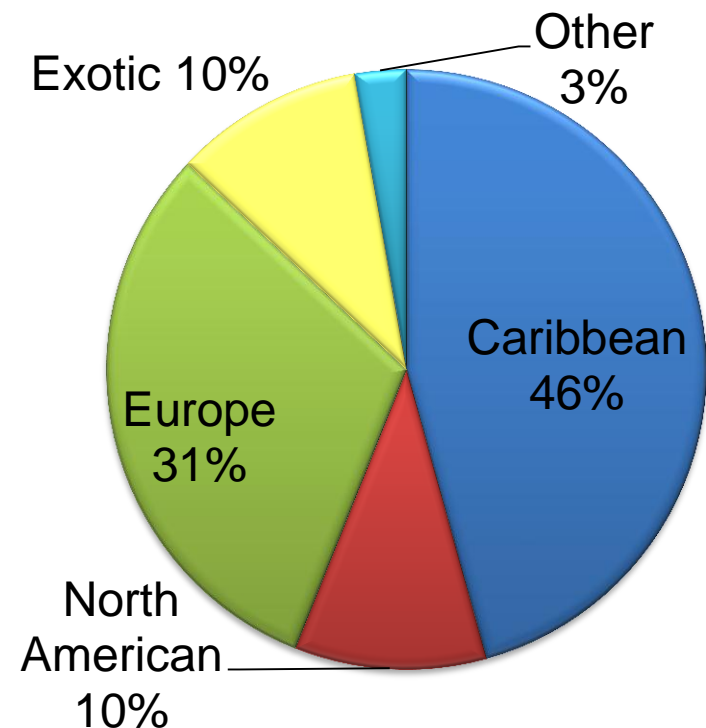
- 2011 Estimated annual penetration
- Data from European Cruise Council website

# Industry Continues to Grow and Shift

2000 Industry Capacity Allocation

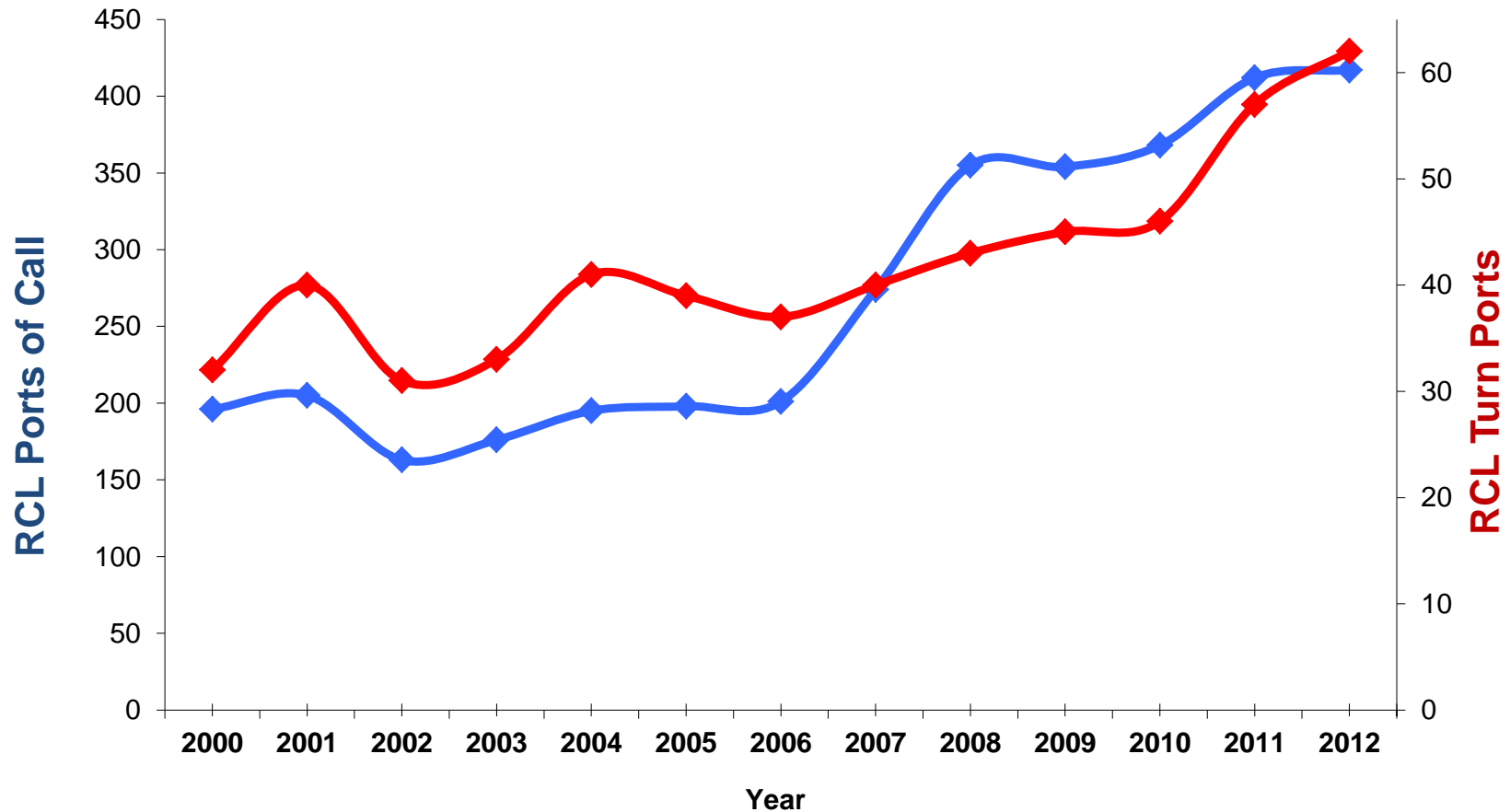


2012 Industry Capacity Allocation



About 4% of industry capacity deployed in Australia

# Royal Caribbean Port Trends



Ports of call up from 196 to 417; homeports up from 32 to 62

- Includes Royal Caribbean, Celebrity, and Azamara
- Source: Deployment database

# 10 Largest Ships On Order

Brand	Ship	Gross Tonnage	Lower Berths	LOA (in Meters)	Launch Year
Royal Caribbean	Sunshine 1	158,000	4,100	TBD	2014
Royal Caribbean	Sunshine 2	158,000	4,100	TBD	2015
NCL	Breakaway	144,000	3,988	TBD	2013
NCL	Getaway	144,000	3,988	TBD	2014
Princess	Royal Princess	141,000	3,600	TBD	2013
Princess	TBD	141,000	3,600	TBD	2014
P&O Cruises U.K.	TBD	141,000	3,611	TBD	2015
MSC	Preziosa	139,400	3,500	333	2013
Costa Cruises	TBD	132,500	3,700	TBD	2014
Celebrity Cruises	Reflection	126,000	3,030	315	2012





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# Australia

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# *Royal Caribbean Bases Three Ships Seasonally in Australia*

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- *Voyager* joins *Radiance*, and *Rhapsody* this season
  - First turn is in Perth on Nov. 2nd, and call to Hobart on Nov. 13th
- All three ships will source a blend of local and international guests
  - *Voyager* : 2-18 night itineraries focusing on New Zealand and the South Pacific
  - *Radiance*: 2-18 night itineraries featuring New Zealand, South Pacific, Queensland, and two Top End Cruises
  - *Rhapsody*: 7-16 night itineraries highlighting Queensland and the South Pacific



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# *Celebrity Continues to “Solsticize” Australia*

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- *Celebrity Solstice* arrives this season!
  - Newest ship based in Australia
  - First turn is in Sydney on Dec. 9th; arrives in Hobart on Jan. 13th
  - Will offer 2-18 itineraries including a blend of New Zealand, South Pacific, and a Top End sailing
- *Celebrity Millennium* visits during her transpacific repositioning





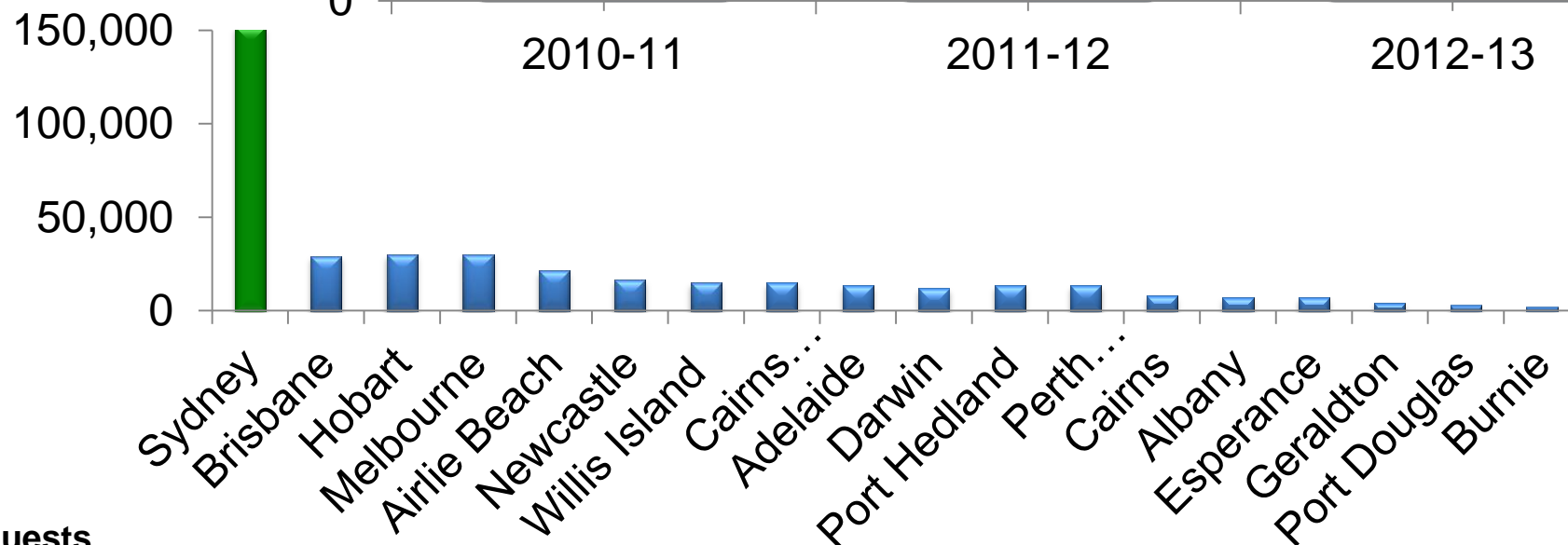
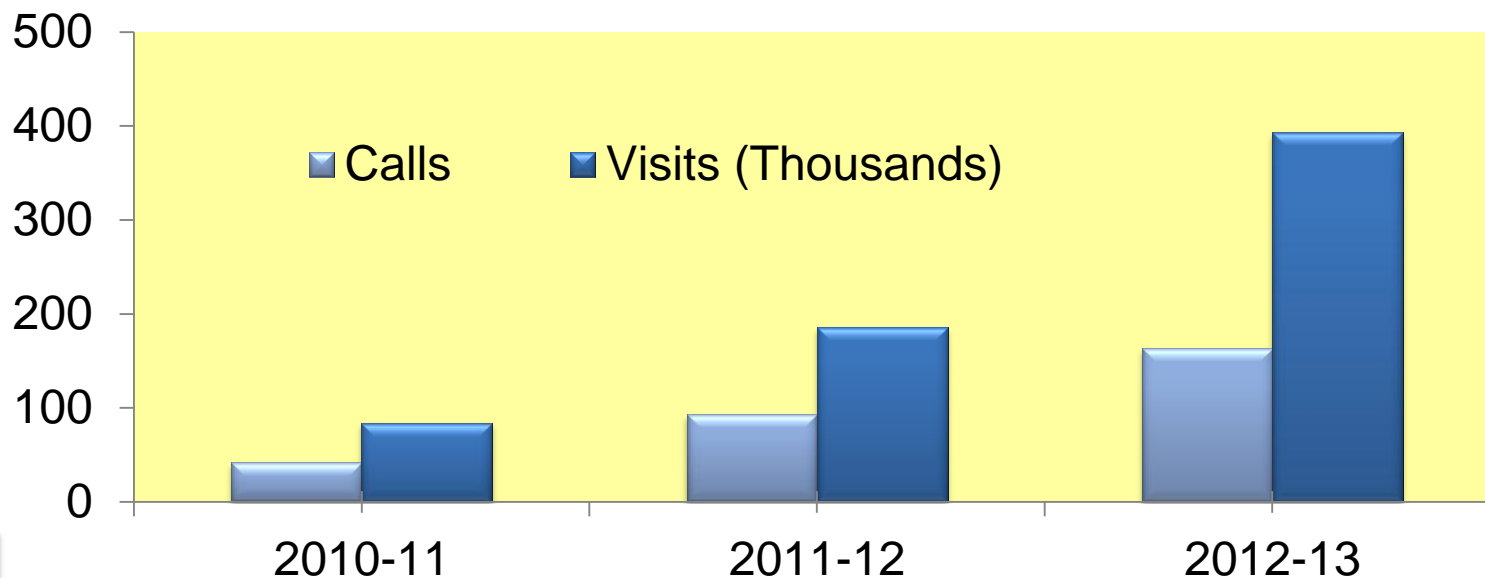
# Royal Caribbean Summer\* Deployment

	<u>2004-05</u>	<u>2012-13</u>	<u>2013-14</u>
<b>Caribbean</b>	22 ships	20 ships	20 ships
<b>South America</b>	1 ship	2 ships	2 ships
<b>Australia</b>		<b>4 ships</b>	<b>4 ships</b>
<b>Asia</b>		3 ships	3 ships
<b>Panama Canal / Hawaii</b>	1 ship	2 ships	2 ships
<b>Middle East</b>		1 ship	
<b>Mexico (Pacific)</b>	3 ships		
<b>Total</b>	<b>27 ships</b>	<b>32 ships</b>	<b>31 ships</b>

- Includes Royal Caribbean, Celebrity, Azamara
- Reflects Southern Hemisphere summer



# Australia, Royal Caribbean & Celebrity



Guests

• Detail by port reflects 2012-13 season

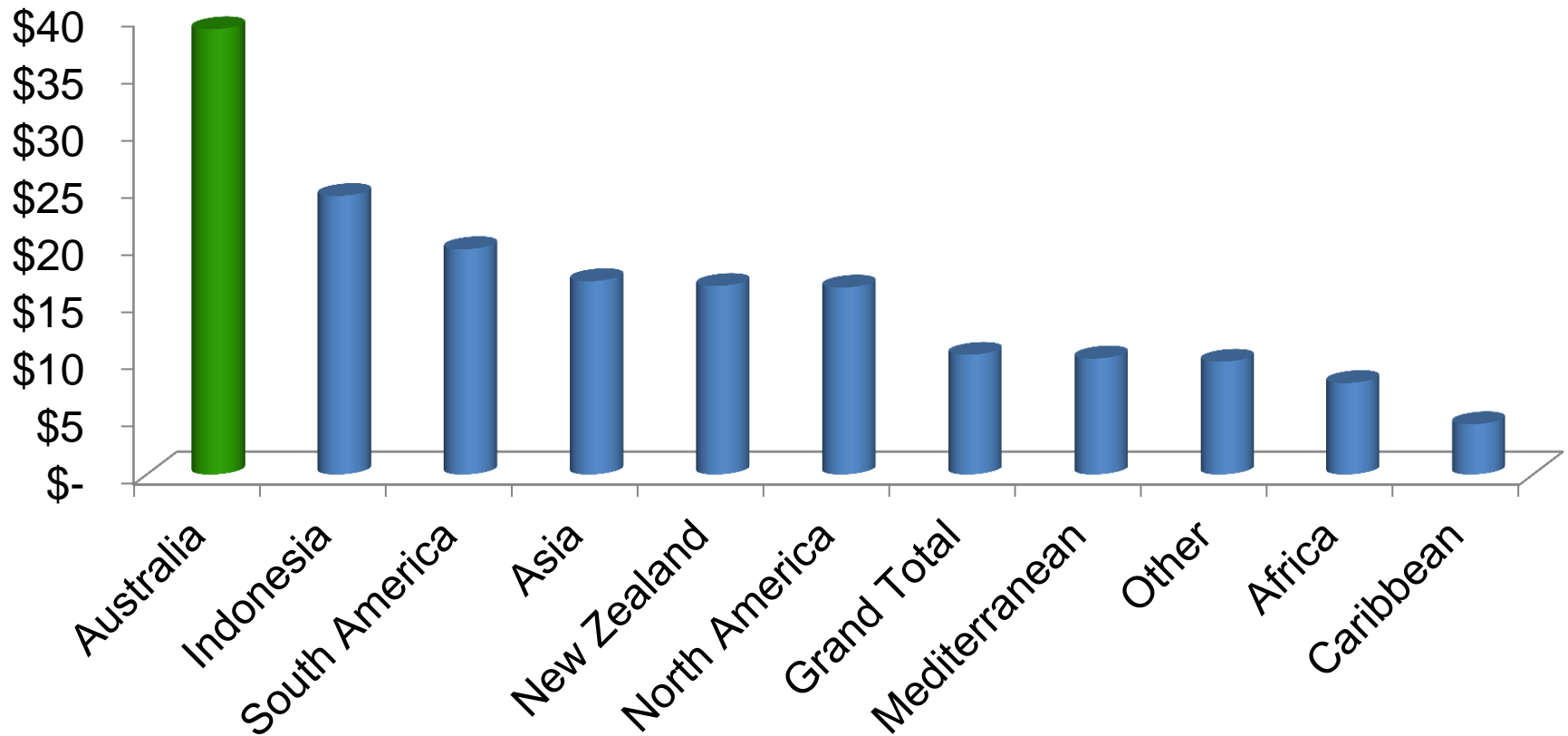
# ***Top RCL\* Home Ports for November 2013 – April 2014***

1. Fort Lauderdale, Florida
2. Miami, Florida
3. Port Canaveral, Florida
4. San Juan, Puerto Rico
5. **Sydney, Australia**
6. Singapore
7. Tampa, Florida
8. Sao Paulo, Brazil
9. Colon, Panama
10. Cape Liberty, New Jersey
11. Baltimore, Maryland
12. Cartagena, Colombia,
13. Galveston, Texas
18. New Orleans, Louisiana
19. Los Angeles, California
20. San Diego, California
21. Hong Kong, China
22. Auckland, New Zealand
23. Buenos Aires, Argentina
24. Perth (Freemantle), Australia
25. Honolulu , Hawaii



# Regional Port Costs Highest in the World

## Cost per APCD

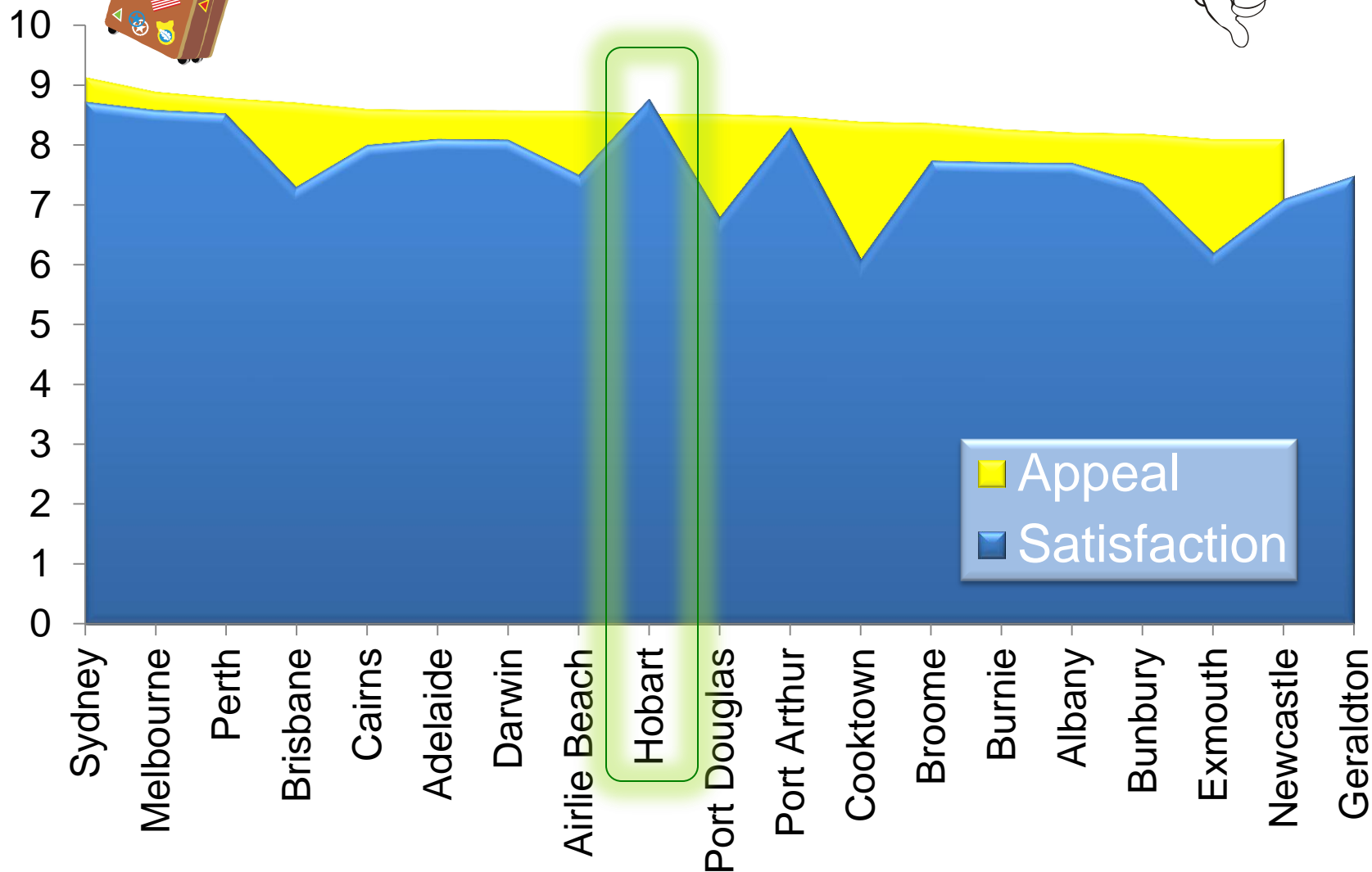


- Includes Royal Caribbean, Celebrity, and Azamara
- Cost per APCD for Vision class





# Guest Port Survey Ratings



- Includes Royal Caribbean, Celebrity, and Azamara
- Deployment Database



# THANK YOU!!

