Royal Caribbean INTERNATIONAL

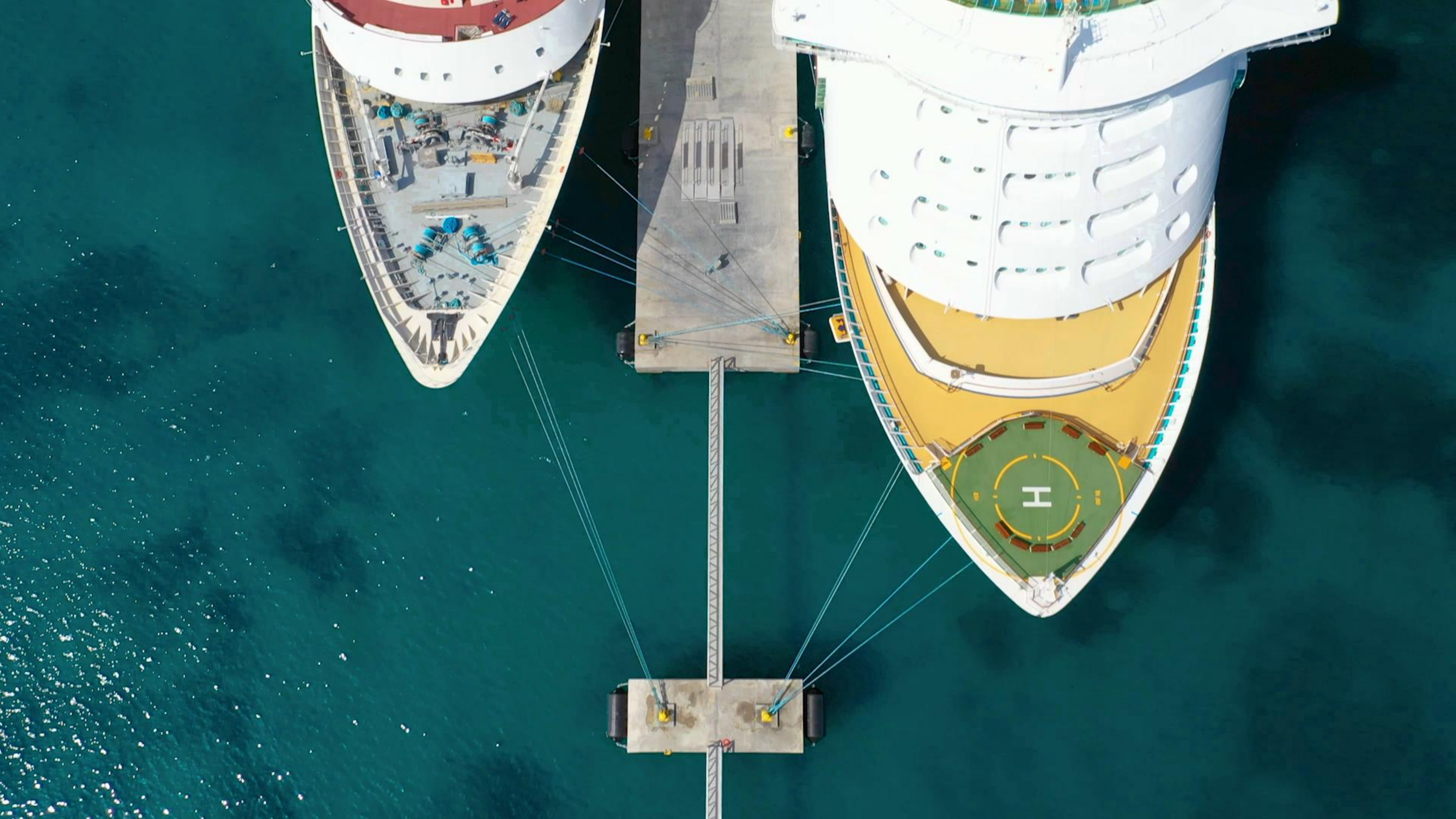
PLANNING FOR THE FUTURE

AUSTRALIAN CRUISE ASSOCIATION

Townsville Sep.2022

GAVIN SMITH

Royal Caribbean Group



SHIP BUILDING CONTINUES

- Global fleet of approx. 270 cruise ships
- Industry annual carryings of 30m pax
- From expedition to mega liners
- Approx. 550,000 berths - average 6-night cruises

50% GROWTH BY 2027

75-80 ships

on order through 2027

Ships with more than

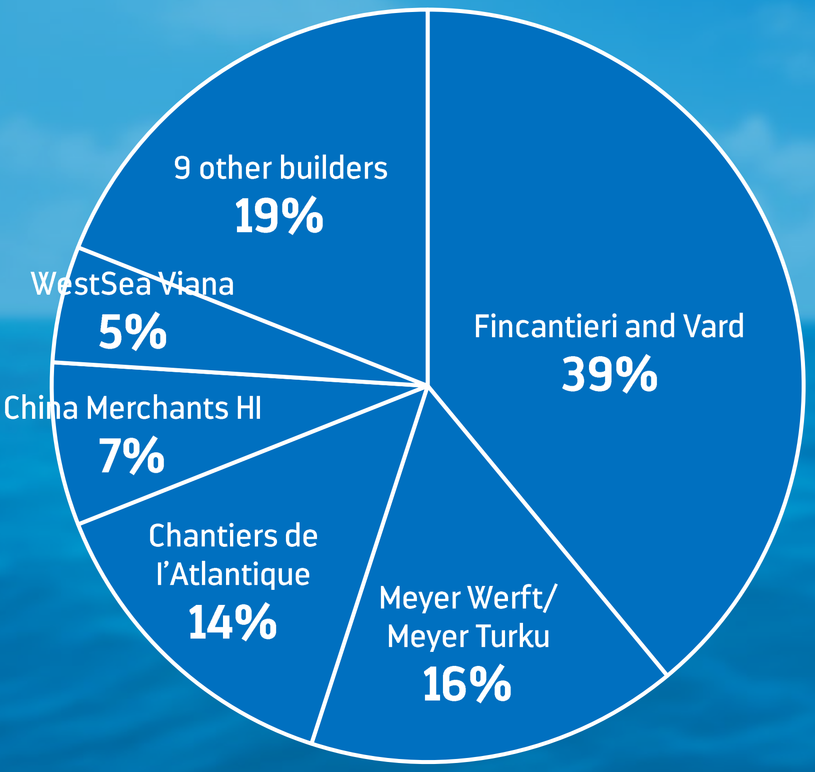
1,000 berths

- 40 orders (15% fleet increase)
- 15m additional berths by 2027 (50% capacity growth)

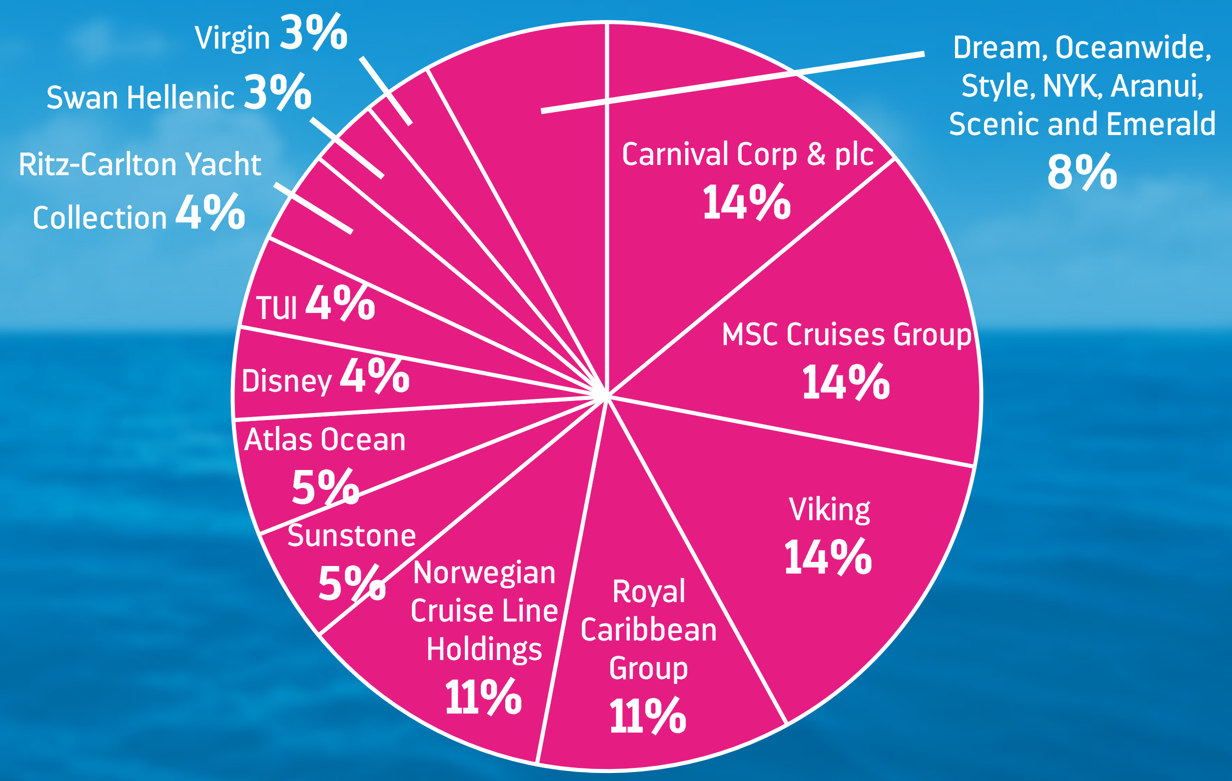
EUROPE SHIPYARDS DOMINATE

70% BUILT IN 3 SHIPYARDS

WHO IS BUILDING…



FOR WHO?



NORTH AMERICA RETURNS

- 75% deployed in Atlantic
- 25% deployed in Pacific
- Concentration in North America
  Caribbean / West Coast / Alaska / North-East
- China slow to return
  impacting deployment in Asia Pacific
- Australia growth will be under pressure

CRUISE LINE THINKING

Cruise lines making ship construction decisions today that impact performance for decades

As industry grows, with predominantly larger vessels, cruise lines thinking through:

- Port availability
- Port capability
- Destination experience
- Tourism congestion
- Quality and value of total port experience

DESTINATION CONSIDERATIONS

Cruise industry visit more than

250 destinations

(for ships over 40K GRTs)

More than 100 ports need investment:

- Port precinct development (e.g. size of pier, gangways)
- Berthing capability (e.g. dredging, terminal size)
- Creation of pier (e.g. create access)

INVESTMENT SOLUTIONS

Investment can be via:

- Capital injection by cruise line
- Providing minimum call guarantee to underwrite investment
- Joint venture with equity partner or pier owner

PORT PERFECTION

Port planning obligations

- **Strategic plan**
  (e.g. 5 and 10 year outlook)
- **Investment plan**
  (e.g. gangways, dredging, pier dimensions)
- **Berth allocation Policy**
  (e.g. volume benefits, booking priority, cancellation fees)
- **Clear objective**
  (e.g. turn around port, way port, gateway to region)
- **Cost structure**
  (e.g. head tax, tonnage based, incentives)
- **Destination management**
  (e.g. regional tourism interpretation)

LET'S TALK PROFIT

Cruise line profitability ambition

Public companies

Seek certainty

Consider many factors

Guest Satisfaction NPS Appeal Overall Satisfaction	**Ticket Revenue** NTR Impact Head Tax
Onboard Revenue Casino, Bar, Shore Ex	**Fuel Consumption** Fuel Mix Euro Carbon Tax


TIMING IS EVERYTHING
Ship construction confirmed through 2027
Strawman deployments through 2027/28
How can you influence these decisions?


THANK YOU