State of the Industry 2007

John Tercek
Royal Caribbean Cruises Ltd.

Cruise Companies

- Carnival
- Royal Caribbean
- NCL
- MSC
- Oceania
- Regent

Carnival

- About 55%   +/- 80 ships
- Carnival
- Princess
- P&O
- Holland America
- Costa
- Cunard
- Aida

Royal Caribbean

- About 27%
- +/- 35 ships
- Royal Caribbean
- Celebrity
- Pulmantur
- Island Cruises

NCL- Norwegian

- About 11%
- +/- 10 ships

MSC

- About 8%
- +/- 8 ships

Big Trends

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- Exotic Dests Seeing Big Line Growth

Exotic Markets

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- Dubai-Arabian Gulf
- Southern Mediterranean
- Tunisia, Libya, Morocco
- World Cruises
- South American coasts

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- These all compete with winter Caribe!

Background Noise

- Novovirus
- Fuel Prices
- Falling Home Prices
- Iraq War
- Missing passengers
- US Dollar Value vs. Euro
- Cruise Stock Prices- PE Ratios

Bigger Issues

- Can we deliver an experience that people will happily pay for again and again?
- Can we identify and attract an increasing number of first timers to try cruising?

AAPA’s Role

- Educating & Coordinating Port Authorities, Government Entities and Cruise Companies to continually upgrade and enhance the port infrastructure and shore side guest experience.
- Goal: Making cruise visitors “want to visit” and “want to return”.

Regional Homeporting

- Big Post 9-11 growth has slowed
  "Homeland Cruising..." slowing
- Drive- in market growth slowing
- Different Cruise Brands have different strategies

2006 6-month port stats compared to 2003

Port	2006	2003	% chng
Miami	999	1,052	-5%
Ft Laud	678	599	+13%
Canav	676	539	+25%
Galv	332	185	+79%
S Juan	307	300	+2%
LA	297	233	+27%
Tampa	261	225	+16%

2006 6-month port stats

Lng Beach	187	79	+137%
NYC	181	116	+56%
Seattle	142	64	+121%
Vancouver	137	162	-15%
Honolulu	123	99	+25%
San Diego	101	32	+218%
Jacksonville	64	0	
All others	320	338	

Near Term Industry Growth

- 8-10 ships delivered annually thru 2010
- About 6-7% annual fleet growth
- Some 30,000 berths/year, +1.5 million pax
- Avg ship size over 3,000 pax
- MIX: Huge- RCI
- Medium- HAL & AIDA
- Small- Seabourn

Slow Growth markets

- Bermuda - No vision, old infrastructure
- East Canada - Summer competition
- Bahamas- No govt support
- Alaska- No room; new taxes
- Florida 3-4 day; flat supply
- Trans-canal; tired product

Fast Growth Markets

- Barcelona based Mediterranean
- Italian ports
- Core 7-day Caribbean: Bigger Ships
- 5-day Caribbean
- New York-Caribbean Year round
- Mexico Pacific
- Dominican Republic

Infrastructure Challenges

- NYC- slow build out
- Bermuda- old infrastructure
- Jamaica- old infrastructure
- Nassau- old infrastructure
- Cayman- needs a dock
- Belize- needs a dock
- Alaska-Seattle-Vancouver- old infrastructure
- San Diego- taking too long

Port Bright Spots

- San Juan- RCCL built out new Pier 3
- Miami- new terminals for NCL & CCL
- New Orleans- fully functional
- Roatan- RCL & CCL building new ports
- St. Martin building 4 new berths
- St Thomas- Crown Bay & Freedom expan
- Cozumel- two docks alreadyrefurbished
- Grand Turk – new CCL port