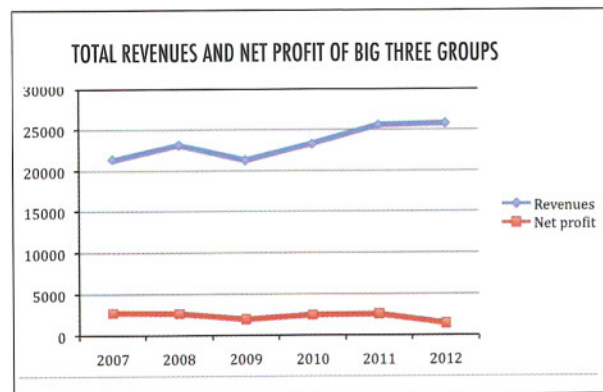




THE WORST MAY BE OVER

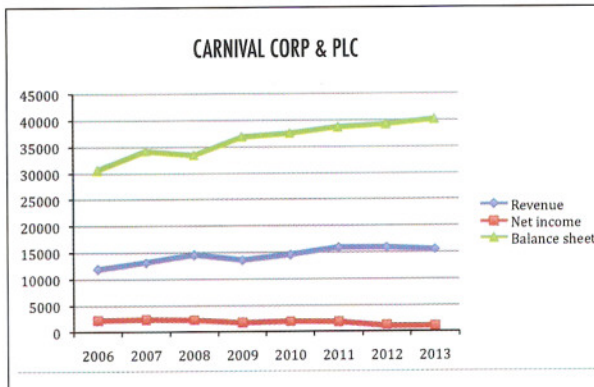
The recent past has not been kind to the cruise industry, whose profitability has weakened significantly due to the toxic cocktail of a weak global economy since 2008 and incidents that have hurt the image of the industry. However, the year 2013 may have marked a turning point.



Companies included are Carnival Corporation & plc, Royal Caribbean Cruises Ltd. and Norwegian Cruise Line. All figures in millions of U.S. dollars

The combined revenues of the three largest cruise shipping groups - Carnival Corporation & plc, Royal Caribbean Cruises Ltd. (RCCL) and Norwegian Cruise Line - rose to \$25.7 billion in 2012 from \$21.4 billion in 2007. However, their combined net profit declined to \$1.5 billion from \$2.8 billion. Even so, there is some indication that the worst could be over for the industry's largest operators that amongst themselves control more than two-thirds of all lower berths on the market.

At the time of this writing in mid-January, only Carnival had released its results for the latest financial year that ends on 30 November, while the latest figures from the other two groups cover the January to September period. These show that the combined revenues of the three companies had amounted to \$25.5 billion, while their combined net profit had reached \$1.6 billion - exceeding the full-year level for 2012. This was mainly due to a marked recovery in the fortunes of RCCL, which had suffered a one-off impairment charge related to its Spanish operations in the previous year (see figure 2).



The figures for 2013 cover 12 months to November 30, 2013

What is perhaps the most striking observation from the data is that the performance of the Carnival group has continued to deteriorate, even while the other two majors have seen a strengthening in their position. A dip in the case of Norwegian last year again came from a one-off cost item, but otherwise the company that posted deep losses only six years ago has succeeded in markedly improving its performance.

Little to celebrate at Carnival

The Carnival group had yet another tough year in 2013, when net profit fell to \$1.08 billion from \$1.30 billion in the previous financial year, although revenues increased slightly to \$15.46 billion from \$15.38 billion. Affecting the group's results in 2013 was a fire in February on the ms Carnival Triumph of the group's Carnival Cruise Lines brand - much as the sinking of the ms Costa Concordia in January 2012 had done the year before.



FORECASTS 2014

HEADLINES 2013