

Financial Statement Analysis and Valuation: *Royal Caribbean Group (RCL)* *vs. Norwegian Cruise Line* *Holdings (NCLH)*



Group E

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"An investment in knowledge pays the best interest."
 — Benjamin Franklin

I. Executive Summary

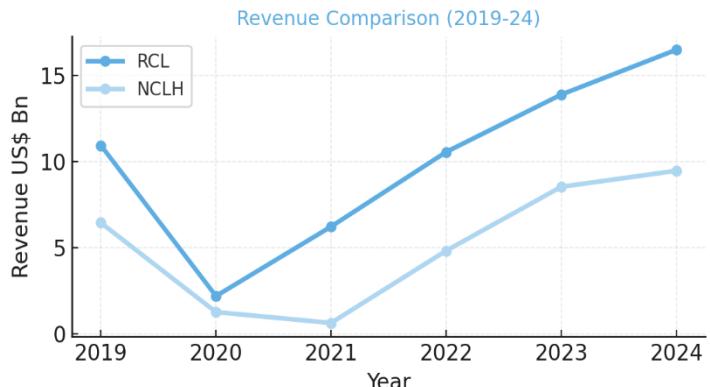
This report provides a comprehensive financial performance analysis and valuation of two prominent entities in the global cruise industry: Royal Caribbean Group (RCL) and Norwegian Cruise Line Holdings (NCLH). Both companies operate within the highly competitive cruise sector, vying for market share, particularly in the post-pandemic recovery phase. The objective is to assess their intrinsic worth by examining their financial health, growth trajectories, and inherent risks, offering a detailed perspective for financial professionals.

Royal Caribbean Group (RCL) stands as the world's second-largest cruise company, managing a diverse portfolio of brands including Royal Caribbean International, Celebrity Cruises, Azamara, and Silversea Cruises. The company also maintains strategic joint ventures in TUI Cruises and Hapag-Lloyd Cruises, underscoring its commitment to innovation and the deployment of state-of-the-art vessels. In contrast, Norwegian Cruise Line Holdings (NCLH) operates its distinct brands: Norwegian Cruise Line, Oceania Cruises, and Regent Seven Seas Cruises.

An examination of their recent financial performance reveals notable differences in scale and operational efficiency. For the full year 2024, RCL reported total revenues of \$16.5 billion, a net income of \$2.9 billion (equating to \$10.94 Earnings Per Share), and an adjusted net income of \$3.2 billion (\$11.80 Adjusted EPS). The company's Adjusted EBITDA reached \$6.0 billion, with Net Yields increasing by 11.6% on a Constant Currency basis. During the same period, NCLH achieved a record total revenue of \$9.5 billion, marking an 11% year-over-year increase driven by 3% capacity growth. Its GAAP net income surged by 448% to \$910.3 million, resulting in an EPS of \$1.89. NCLH also reported a record Adjusted EBITDA of \$2.45 billion, a 32% increase from the prior year, and a Net Yield growth of approximately 9.9%. The substantial disparity in reported revenues (\$16.5 billion for RCL vs. \$9.5 billion for NCLH) and Adjusted EBITDA (\$6.0 billion for RCL vs. \$2.45 billion for NCLH) in 2024 highlights RCL's larger operational footprint. This larger scale allows RCL to potentially benefit from greater economies of scale in areas such as procurement, marketing, and ship operations, which can lead to enhanced efficiency in converting revenue into operational earnings.

Both companies are actively pursuing growth through significant investments in new ships and the development of private destinations. RCL's strategic initiatives include the upcoming delivery of Star of the Seas and Celebrity Xcel in 2025, alongside ongoing development of private island experiences like Perfect Day at CocoCay, Perfect Day Mexico, and Royal Beach Club locations in the Bahamas and Cozumel. Furthermore, RCL is expanding its vacation offerings with the planned launch of Celebrity River Cruises by 2027. NCLH, while also investing in its fleet, tends to emphasize luxury demand within its strategic positioning. The cruise industry as a whole operates within an oligopolistic market structure, where competition is primarily driven by customer experience, innovation in offerings, and pricing strategies.

Figure 1 – Revenue trajectories show RCL's faster rebound and larger scale.



Based on the comprehensive analysis presented in this report, Royal Caribbean Group (RCL) is recommended as a **BUY**, while Norwegian Cruise Line Holdings (NCLH) is rated as a **HOLD**. RCL's superior scale, aggressive innovation strategy, and strong financial outlook position it for sustained long-term growth and shareholder value creation. NCLH demonstrates strong recovery and financial de-risking, but its smaller scale and potential operational challenges related to cost-cutting initiatives warrant a more cautious stance, suggesting limited near-term upside compared to RCL.

II. Introduction and Valuation Fundamentals

The primary objective of this report is to ascertain the intrinsic value of Royal Caribbean Group (RCL) and Norwegian Cruise Line Holdings (NCLH). This involves a thorough examination of their expected cash flows, projected growth rates, and the inherent risks associated with their operations. The analysis bridges theoretical valuation concepts with practical application, providing a robust framework for financial professionals seeking to understand the dynamics of the cruise industry.

Financial statements serve as the foundational "map" for comprehending a firm's financial position and evaluating its historical and prospective performance. However, these statements can also present a "maze" due to their inherent complexity. A comprehensive analysis necessitates careful consideration of the accompanying notes to the financial statements, which provide crucial details regarding contingencies, commitments, and accounting policies. Similarly, the Management Discussion and Analysis (MD&A) section offers management's perspective on liquidity, capital expenditure commitments, and revenue growth drivers. It is important to discern substantive information from promotional language often present in these sections.

In practice, valuation issues are frequently case-specific, requiring nuanced judgment in identifying appropriate comparable companies and applying valuation methodologies. This report will employ both intrinsic valuation, primarily through a Discounted Cash Flow (DCF) model, and relative valuation techniques. The application of these methods will acknowledge the subjective elements involved in forecasting future performance and selecting relevant benchmarks.



About Cruise Lines International Association

Cruise Lines International Association (CLIA) provides a unified voice for the industry as the leading authority of the global cruise community. Together with its members and partners, CLIA supports:

- Policies and practices that foster a safe, healthy and sustainable cruise operations;
- Tourism strategies that maximise the socio-economic benefits of cruise travel; and
- Technologies and innovations to support the pursuit of pathways to net-zero by 2050.

III. Industry Overview: Cruise Sector Dynamics

Industry Snapshot

The cruise vacation industry encompasses the operation of cruise ships across global itineraries, calling on numerous destinations worldwide. It is a mature sector in North America and Europe, while emerging markets, particularly in Asia, are experiencing rapid growth.



¹ Sources for international travel and tourism
CLIA One resource Passenger Data 2024: 34.6 million
UN Tourism International Arrivals Data 2024: 1.3 billion



About the Industry

Plenty of room for growth:

Cruise is currently only 2.7% of the international travel and tourism sector.¹

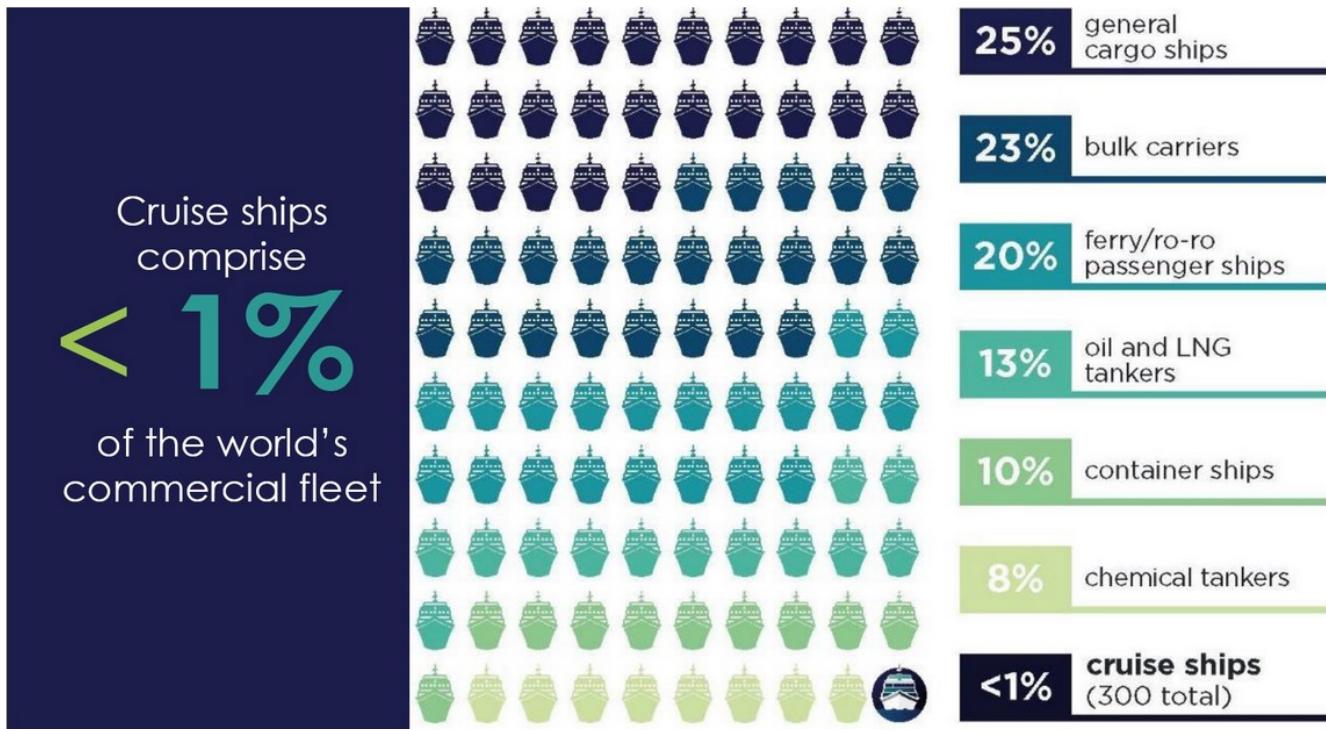
Strong and resilient:

With consistent and steady growth over the past 50 years, the cruise industry has proven to be more resilient than other sectors through downturns.

Responsible and sustainable:

Cruise is one of the safest ways to travel—and is becoming one of the most responsible and best ways to see the world—with cruise lines advancing an ambitious sustainability agenda. Learn more in the "Charting the Future of Sustainable Cruise Travel" section of this report.

In 2018, the global cruise fleet was estimated to comprise approximately 323 ships, offering a weighted average supply of about 546,000 berths. The industry carried approximately 28.0 million cruise guests in 2018, an increase from 26.7 million in 2017 and 24.0 million in 2016. Looking ahead, approximately 89 new ships, representing an estimated 198,000 berths, were projected to enter service globally between 2019 and 2023. The market is characterized by an oligopolistic structure, dominated by a few large players, notably Carnival Corporation & plc, Royal Caribbean Group, and Norwegian Cruise Line Holdings Ltd. These companies compete intensely on factors such as customer experience, innovation, and pricing.



Market Trends & Growth Drivers

Several underlying trends and growth drivers continue to shape the cruise industry. Demographic shifts play a significant role, with the aging population, particularly baby boomers and retirees, representing a substantial segment of demand. Concurrently, the expansion of the global middle class, especially in Asia and Latin America, is contributing to increased market penetration. The consistent growth in global cruise guests, from 22.0 million in 2014 to 28.0 million in 2018, is a direct consequence of these demographic tailwinds. The rising market penetration rates across North America, Europe, and Asia/Pacific indicate that a considerable portion of cruise guests are first-time cruisers, suggesting a robust potential for long-term growth. This pattern highlights that the industry benefits from structural demand drivers that extend beyond short-term economic fluctuations, providing a stable foundation for sustained revenue expansion for major operators.

CRUISE BY THE NUMBERS

2024 Passenger Volume

Source Region	2024	2023	% Change (2023 to 2024)	2019	% Change (2019 to 2023)
Global	34.64 million	31.69 million	+ 9.3%	29.67 million	+ 6.8%
North America	20.53 million	18.10 million	+13.4%	15.41 million	+17.5%
Europe	8.44 million	8.21 million	+ 2.8%	7.71 million	+ 6.5%
Asia & Oceania	4.03 million	3.67 million	+9.80%	5.09 million	- 20.8%
South America	1.17 million	997 thousand	+ 7.8%	1.04 million	+ 3.8%

Source: 2024 CLIA One reSource Passenger Data as of April 2025

The industry is also experiencing growth through expanded itineraries and product innovation. This includes the introduction of exotic destinations such as the Arctic, Galapagos, and Antarctica, with Silversea Cruises (part of RCL) notably enhancing offerings in these luxury small-ship experiences. Companies employ flexible pricing strategies, leveraging loyalty programs like RCL's Crown & Anchor Society, which boasts over 19 million members. These programs, along with dynamic pricing models and strategic discounts during off-peak seasons, are designed to optimize revenue. The sophisticated approach to revenue management, extending beyond mere discounts to maximize yield per passenger, is critical for profitability in an industry characterized by high fixed costs.

CRUISE BY THE NUMBERS

Top 10 Destination Regions in 2024 (compared to 2023)

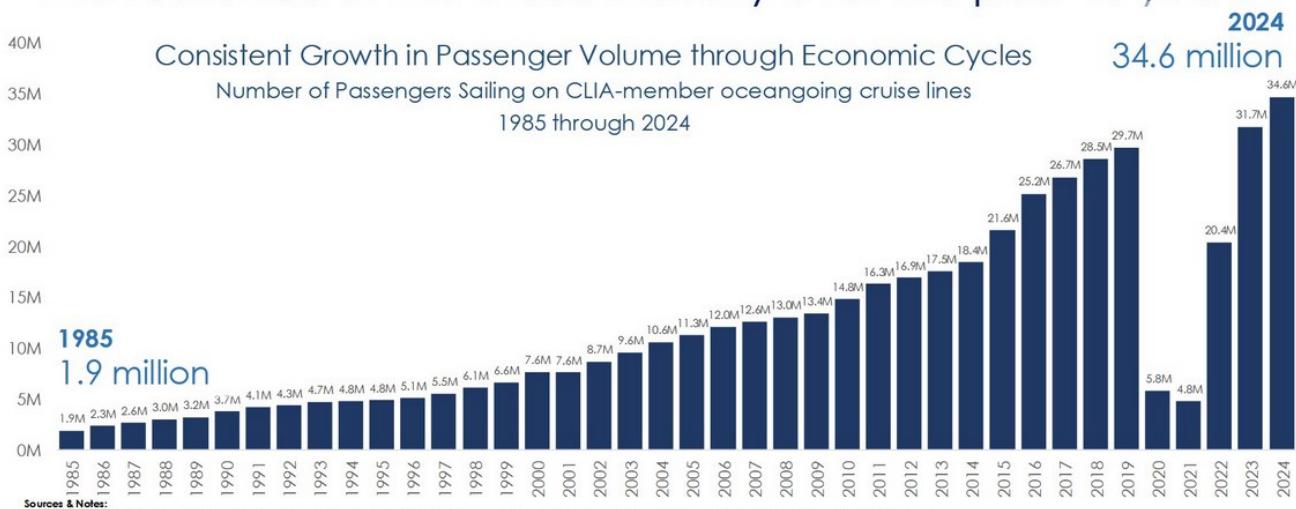


Innovation in ship design and onboard experiences is another crucial driver. Companies continuously introduce state-of-the-art ships featuring unique concepts, such as RCL's "Royal Promenade" and Celebrity Cruises' "Magic Carpet" and "Infinite Veranda". These innovations not only attract new guests but also encourage repeat business. RCL's consistent investment in advanced ships and signature features creates a competitive advantage that extends beyond simple capacity expansion. These innovations generate higher revenue yield premiums and are more efficient to operate, allowing RCL to attract new customers and command premium prices. This strategy effectively widens its competitive moat, securing a stronger market position and enhancing profitability.

There has been a growth in the number of passengers over the last 40 years:

CRUISE BY THE NUMBERS

The resilience of the cruise industry over the past 40 years



Sources & Notes:

1985-2014 from CLIA Legacy North America Cruise Passenger Database. Pre-One reSource DB. CLIA-member cruise lines only (ocean-going vessels; does not include river cruise vessels).
2015 was a transition year wherein a new, refined data collection template was issued globally. Higher compliance and more precise reporting account for the relatively high YOY bump from 2014. CLIA members only. No River Data for 1985-2015 does not include: Age buckets, Duration buckets, Destinations. All non-North American source passenger data is lumped into "Foreign".
2016 through 2023 data from CLIA One reSource, which is a global, standardized passenger DB, offering source countries (and source States for USA, Canada, and Australia), destination regions, durations, and ages of guests.
One reSource also contains global non-CLIA ocean-going passenger data on an annually-aggregated basis, thus accounting for another relatively high YOY bump from 2015 to 2016.

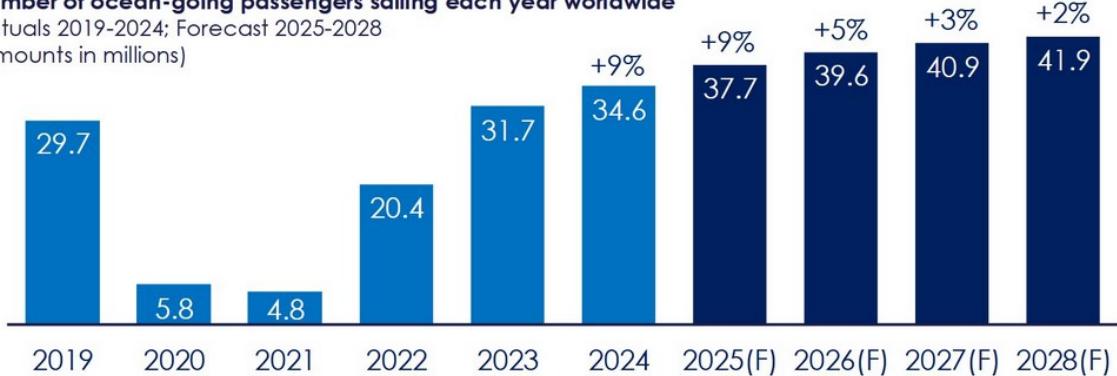
CRUISE OUTLOOK AND FORECAST

42 million passengers are forecast to sail in 2028

Number of ocean-going passengers sailing each year worldwide

Actuals 2019-2024; Forecast 2025-2028

(amounts in millions)



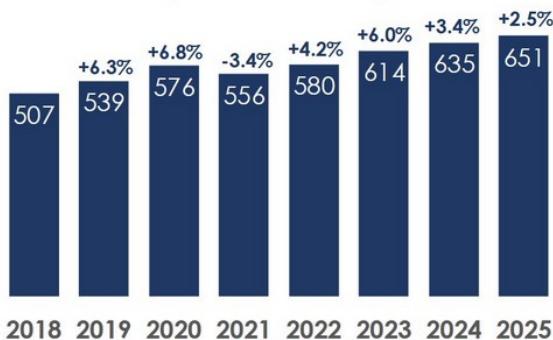
Very strong short-term forecast on the basis of new high-capacity ships deployed in popular destinations, with slightly shorter average durations for those high-capacity ships, during 2024 & 2025.

Forecast slows as current understanding of additions to global fleet capacity show tapering off in the future

CRUISE OUTLOOK AND FORECAST

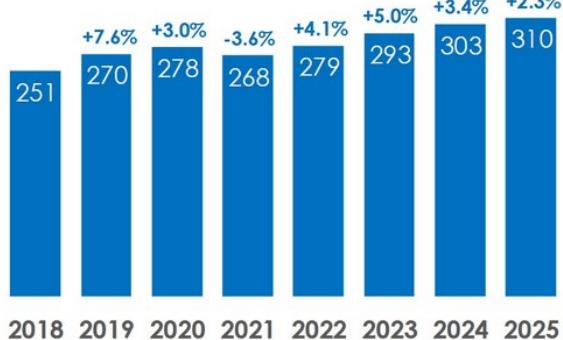
Strong and consistent growth of the global cruise line fleet

CLIA-member ocean cruise fleet size
based on **number of lower berths**
(amounts in thousands)



CLIA-member cruise line fleet capacity accounts for ~92% of global ocean-going lower berths in 2025. **For the first time, CLIA global capacity exceeds 650k**

CLIA-member ocean cruise fleet size
based on **number of ships**

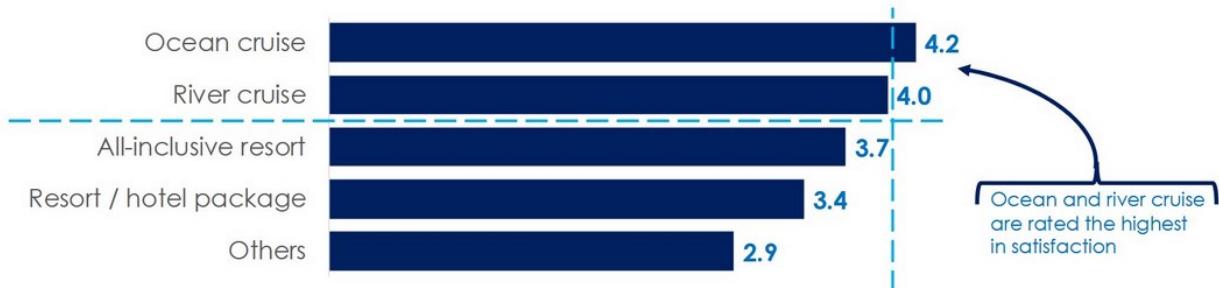


For the first time, the CLIA-member cruise line fleet exceeded 300 ocean-going vessels in 2024, **growing to 310 in 2025**

CRUISE OUTLOOK AND FORECAST

Cruise travel drives higher satisfaction compared to other holiday choices

On a scale of 1 to 5, what vacation type leads to high satisfaction for your clients?
(5=Highest, 1=Lowest)



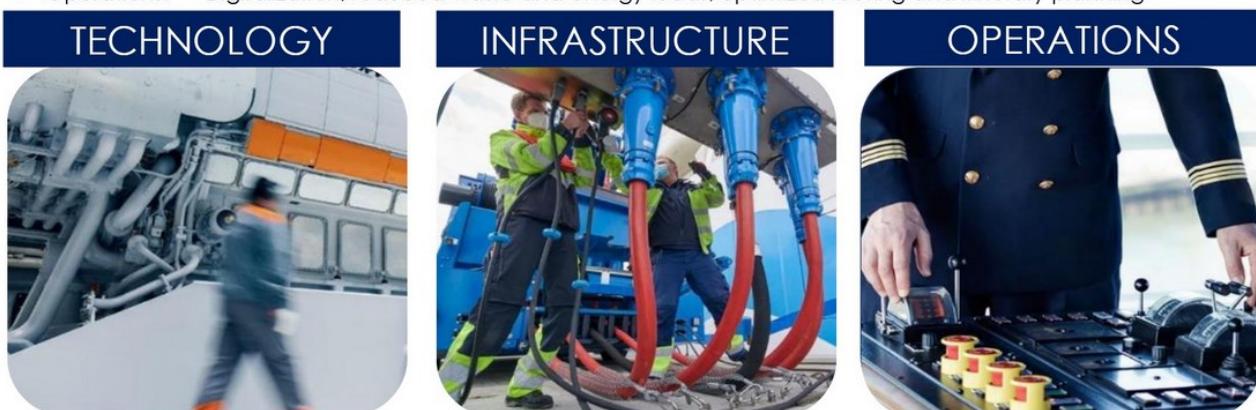
Challenges & Risks

Despite robust growth, the cruise industry faces several significant challenges and risks. High operating leverage is inherent to the business model, as cruise lines bear substantial fixed costs associated with ships and staffing. This makes them particularly sensitive to fluctuations in demand. The industry also contends with a considerable debt overhang, largely accumulated during the COVID-19 pandemic. For instance, NCLH faces a notable \$2.3 billion in debt maturities in 2025, a situation that necessitates careful financial management.

CRUISE LEADERSHIP IN RESPONSIBLE TOURISM

Cruise lines are following a path to decarbonisation with advancements in technology, infrastructure, and operations

- Technology: New engines and propulsion technology
- Infrastructure: New fuels supply and shoreside electricity capacity
- Operations: Digitalization, reduced waste and energy loads, optimized routing and itinerary planning



Fuel and energy price volatility represent another persistent risk, directly impacting operating margins. Geopolitical uncertainty further complicates operations, potentially affecting port access, necessitating itinerary changes, and influencing travel advisories. These geopolitical risks are interconnected with fuel costs, as demonstrated by the impact of Hurricane Katrina on oil prices and subsequent cruise demand. Such interdependencies mean that a disruption in one area can cascade, amplifying the negative effects on operating costs and overall demand.

CHARTING THE FUTURE OF SUSTAINABLE CRUISE TRAVEL

Ports with at least one berth with Onshore Power Supply (OPS)



Environmental scrutiny is intensifying, leading to more stringent emissions regulations and waste disposal challenges. Compliance with these evolving regulations, such as MARPOL (International Convention for the Prevention of Pollution from Ships) and carbon emission standards, translates into rising compliance costs and necessitates significant capital expenditures for advanced emissions purification (AEP) systems and the construction of more environmentally friendly ships. This regulatory pressure impacts capital allocation decisions, potentially diverting funds that could otherwise be used for other growth initiatives.

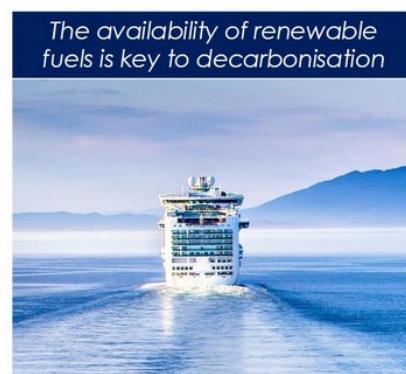
THE CRUISE INDUSTRY IS DOING ITS PART TO SAIL TO A MORE SUSTAINABLE FUTURE

Multiple pilot programs and partnerships are active, and ships are being built for the future of sustainable travel



"The time a vessel is plugged in at port is crucial to stockpile other low emission fuels for sailing times"

Cruise lines are innovators and early adopters of new technologies—and investing billions of dollars to build the future of sustainable travel into today's ships



Governments need to support research and other efforts to accelerate development of renewable fuels so they are safe, viable, and available at scale.

Competitive Dynamics

The global cruise market operates as an oligopoly, where a few dominant players, including Royal Caribbean Group, Norwegian Cruise Line Holdings, and Carnival Corporation & plc, compete fiercely. Competition is primarily focused on enhancing customer experience, driving innovation, and optimizing pricing strategies. Brand differentiation is a key competitive lever. RCL, for instance, emphasizes family entertainment and continuous innovation, exemplified by its Oasis-class ships and the development of private island destinations. NCLH, on the other hand, is recognized for its "freestyle cruising" concept and a focus on higher-end experiences, catering to a distinct market segment.

Vertical integration is a strategic advantage for many cruise companies, allowing them to control various aspects of their operations, from port facilities to logistics and shore excursions. RCL's investments in private island destinations, such as CocoCay, Perfect Day Mexico, and the Royal Beach Club in the Bahamas and Cozumel, exemplify this strategy. This strategic control over a larger portion of the customer experience, from booking to onboard activities and shore

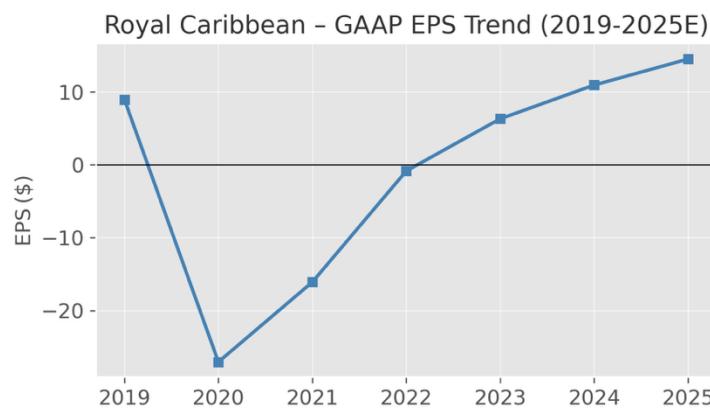
excursions, can significantly enhance brand loyalty and capture a greater share of guest spending, directly contributing to onboard revenue. This approach moves beyond simple cost efficiencies to create a more integrated and compelling vacation product, which is crucial for long-term profitability.

The competitive landscape can be conceptually summarized as follows:

Table 3.1: Cruise Industry Competitive Landscape - Market Share (Conceptual)

Major Competitor	Primary Brands	Market Positioning	Key Differentiators
Carnival Corporation & plc	Carnival Cruise Line, Princess Cruises, Holland America Line, Costa Cruises, AIDA Cruises, Cunard, P&O Cruises, Seabourn	Broad market appeal, value-oriented to premium	Largest global cruise company by passenger volume; diverse portfolio across segments
Royal Caribbean Group (RCL)	Royal Caribbean International, Celebrity Cruises, Azamara, Silversea Cruises; TUI Cruises (JV), Hapag-Lloyd Cruises (JV)	Family-to-ultra-luxury, expedition	Focus on large, innovative ships; private island destinations; global itinerary diversity
Norwegian Cruise Line Holdings (NCLH)	Norwegian Cruise Line, Oceania Cruises, Regent Seven Seas Cruises	Freestyle cruising, premium to luxury	Emphasis on flexible dining and activities; strong presence in luxury and expedition segments

Earnings Momentum



The turnaround from deep 2020-21 losses to record EPS illustrates the power of pricing, on-board spending, and efficient cost control. Management guides to another double-digit EPS jump in 2025 (~\$14.5 midpoint).

IV. Company Profiles & Strategic Positioning

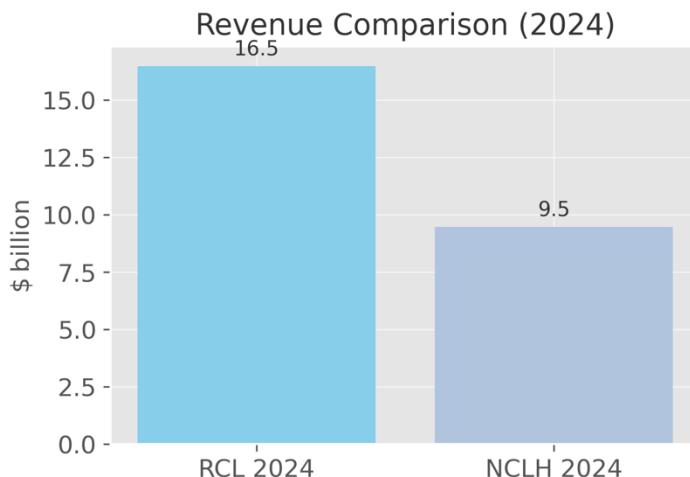
Royal Caribbean Group (RCL) Executive leadership

Jason Liberty serves as the President and CEO of Royal Caribbean Group. He oversees the company's portfolio, which includes Royal Caribbean International, Celebrity Cruises, Silversea Cruises, and joined ventures like TUI cruises, and Hapag Lloyd Cruises.

Michael Bayley is the President and CEO of Royal Caribbean International, the flagship cruise line under the royal Caribbean Group umbrella. He leads a global team delivering vacations to over \$5 million guests annually across 26 ships.

Company History

Founded in 1968 by three Norwegian shipping companies, Royal Caribbean Cruise Line launched its first ship, the Song of Norway in 1970. The company went public in 1993 and rebranded as royal Caribbean International in 1997 after acquiring Celebrity Cruises forming Royal Caribbean Cruises Ltd., now known as Royal Caribbean Group. The company has been a pioneer in cruise ship innovation introducing features like the first mega cruise ship, Sovereign of the Seas in 1988, and the largest cruise ship, Wonder of the Seas in 2022. As of 2025, Royal Caribbean International operates 28 ships, with additional vessels under construction, including the new Icon Class.



Business Model

Royal Caribbean Group operates as a global cruise company, generating revenue primarily from the sale of passenger tickets and a significant portion from onboard and other services. In 2018 and 2019, passenger ticket revenues accounted for approximately 71.5% to 71.7% of total revenues, with onboard and other revenues contributing around 28.3% to 28.5%. The core offering includes accommodations, meals, entertainment, and a wide array of activities both on board and ashore.

(Royal Caribbean's scale advantage is evident: 2024 revenue outpaced Norwegian Cruise Line Holdings by ~73%. This scale underpins stronger margins and cash flow.)

(Ticket sales still represent ~70% of revenue, but high-margin on-board activities (drink packages, excursions, etc.) now make up nearly a third of total revenue — a key driver of yield expansion.)

Brands and Fleet

RCL's portfolio comprises several global brands and strategic partner brands:

- **Global Brands:** Royal Caribbean International, Celebrity Cruises, Azamara Club Cruises, and Silversea Cruises.
- **Partner Brands (equity interests):** TUI Cruises (50% joint venture) and Hapag-Lloyd Cruises (50% joint venture). The company previously held interests in Pullmantur (49% interest, now exited) and SkySea Cruises (36% interest, operations ceased).

As of December 31, 2018, RCL's combined global and partner brands operated a fleet of 60 ships with an aggregate capacity of approximately 135,520 berths. The company has demonstrated a strong commitment to future growth through its newbuild program. As of December 31, 2018, 16 new ships were on order, representing an estimated 49,800 additional berths, with deliveries scheduled through 2026. This includes significant additions such as Icon-class ships (expected in 2022 and 2024), Oasis-class ships (2021 and 2023), Quantum-class ships (2019 and 2020), Edge-class ships (2019, 2020, 2021, 2022), and new vessels for Silversea (2020, 2021) and TUI Cruises (2019, 2023, 2024, 2026). This aggressive and diverse newbuild program underscores RCL's long-term commitment to market leadership and growth. The range of ship classes and brands allows RCL to target various market segments and geographical regions, thereby reducing its reliance on any single market. This strategic approach enables the company to command premium pricing in new luxury and expedition segments, further solidifying its market position.

The following table provides a detailed overview of RCL's fleet as of 2019, based on reported itineraries:



Table 4.1: RCL Fleet Overview (2025)

Ship	Year Ship Built	Year Ship entered service will enter service	Approximate Berths
Royal Caribbean			
Star of the Seas	2025	2025	5,600
Utopia of the Seas	2024	2024	5,700
Icon of the Seas	2023	2024	5,600
Wonder of the Seas	2022	2022	5,700
Odyssey of the Seas	2021	2021	4,200
Spectrum of the Seas	2019	2019	4,150
Symphony of the Seas	2018	2018	5,500
Harmony of the Seas	2016	2016	5,500
Ovation of the Seas	2016	2016	4,150
Anthem of the Seas	2015	2015	4,150
Quantum of the Seas	2014	2014	4,150
Allure of the Seas	2010	2010	5,500
Oasis of the Seas	2009	2009	5,600
Independence of the Seas	2008	2008	3,850
Liberty of the Seas	2007	2007	3,800
Freedom of the Seas	2006	2006	3,950
Jewel of the Seas	2004	2004	2,200

Mariner of the Seas	2003	2003	3,350
Serenade of the Seas	2003	2003	2,150
Navigator of the Seas	2002	2002	3,400
Brilliance of the Seas	2002	2002	2,150
Adventure of the Seas	2001	2001	3,350
Radiance of the Seas	2001	2001	2,150
Explorer of the Seas	2000	2000	3,300
Voyager of the Seas	1999	1999	3,450
Vision of the Seas	1998	1998	2,050
Enchantment of the Seas	1997	1997	2,300
Rhapsody of the Seas	1997	1997	2,050
Grandeur of the Seas	1996	1996	2,000
Celebrity Cruises			
Celebrity Xcel	2025	2025	3,250
Celebrity Ascent	2023	2023	3,250
Celebrity Beyond	2022	2022	3,250
Celebrity Apex	2020	2020	2,900
Celebrity Flora	2019	2019	100
Celebrity Edge	2018	2018	2,900
Celebrity Reflection	2012	2012	3,050
Celebrity Silhouette	2011	2011	2,900
Celebrity Eclipse	2010	2010	2,850
Celebrity Equinox	2009	2009	2,850
Celebrity Solstice	2008	2008	2,850
Celebrity Constellation	2002	2002	2,200
Celebrity Summit	2001	2001	2,200
Celebrity Infinity	2001	2001	2,150
Celebrity Millennium	2000	2000	2,200
Silversea Cruises			
Silver Ray	2024	2024	730
Silver Nova	2023	2023	730
Silver Endeavour	2021	2022	220
Silver Dawn	2021	2022	600
Silver Origin	2020	2020	100
Silver Moon	2020	2020	600
Silver Muse	2017	2017	600
Silver Spirit	2009	2009	600
Silver Whisper	2001	2001	400
Silver Shadow	2000	2000	400
Silver Wind	1995	1995	270
Silver Cloud	1994	1994	250
TUI Cruises			
Mein Schiff Relax	2025	2025	4,100
Mein Schiff 7	2024	2024	2,900
Mein Schiff 2	2019	2019	2,900
Mein Schiff 1	2018	2018	2,900
Mein Schiff 6	2017	2017	2,500
Mein Schiff 5	2016	2016	2,500
Mein Schiff 4	2015	2015	2,500
Mein Schiff 3	2014	2014	2,500
Hapag-Lloyd			
Hanseatic Spirit	2021	2021	230
Hanseatic Inspiration	2019	2019	230
Hanseatic Nature	2019	2019	230
Europa 2	2013	2013	500
Europa	1999	1999	400
Total			179,790

As of December 31, 2024, RCL's Global Brands and Partner Brands have the following ships on order. The expected delivery for all our ships on order are subject to change due to events such as shipyard construction delays or agreed upon scope changes which impact the delivery timelines.

Table 4.2: RCL Ships on Order (as of Dec 31, 2024)

Ship	Shipyard	Expected Delivery	Approximate Berths
Royal Caribbean			
Oasis-class			
<i>Unnamed</i> (Oasis-class)	Chantiers de l'Atlantique	2nd Quarter 2028	5700
Icon-class			
<i>Star of the Seas</i>	Meyer Turku Oy	3rd Quarter 2025	5600
<i>Unnamed</i>	Meyer Turku Oy	2nd Quarter 2026	5600
Celebrity Cruises			
Edge-class			
<i>Celebrity Xcel</i>	Chantiers de l'Atlantique	4th Quarter 2025	3250
TUI Cruises (50% joint venture)			
<i>Mein Schiff Relax</i>	Fincantieri	1st Quarter 2025	4100
<i>Mein Schiff Flow</i>	Fincantieri	2nd Quarter 2026	4100

Total Berths 28,350.

Strategic Focus

RCL's strategic priorities are multifaceted, encompassing:

- Health, Safety, Security, and Environmental Protection:** A fundamental commitment to safeguarding guests, employees, and the marine environment.
- Human Capital and Consumer Engagement:** Investing in employees and leveraging loyalty programs and digital platforms to enhance customer experience.
- Cost Efficiency:** Implementing initiatives to reduce operating costs, such as achieving a 30% improvement in energy efficiency from 2005 to 2018.
- Fleet Upgrade, Maintenance, and Expansion:** Continuous investment in newbuilds and modernization programs like "Royal Amplified" and "Celebrity Revolution" to integrate the latest innovations across the fleet.
- Market and Itinerary Diversification:** Expanding into new markets and developing private island destinations, such as the Perfect Day Island Collection, to optimize returns and provide unique guest experiences.
- Technological Capabilities:** Enhancing digital guest journeys, internet connectivity at sea, and robust cybersecurity measures.
- Travel Agency Support and Consumer Outreach:** Maintaining strong relationships with travel partners and investing in call centers and online booking tools.

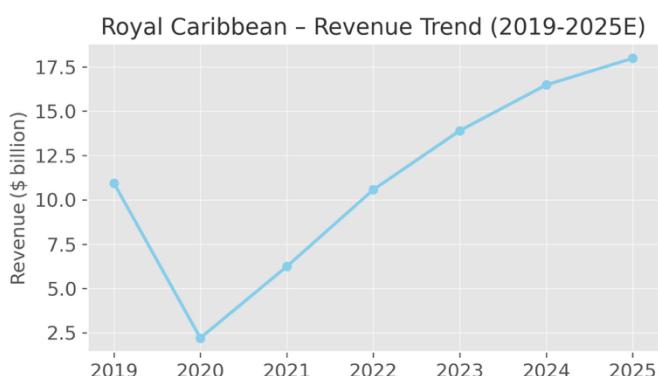
Recent Highlights (2024 Results & 2025 Outlook)

Royal Caribbean Group demonstrated robust financial performance in 2024, with total revenues reaching \$16.5 billion, net income of \$2.9 billion (\$10.94 EPS), and adjusted net income of \$3.2 billion (\$11.80 Adjusted EPS). Adjusted EBITDA stood at \$6.0 billion, and Net Yields increased by 11.6% in Constant Currency.

The outlook for 2025 remains strong, with Adjusted EPS expected to be in the range of \$14.35 to \$14.65, representing an anticipated 23% growth. Net Yields are projected to increase by 2.5% to 4.5% in Constant Currency, while Net Cruise Costs (excluding Fuel) per APCL are expected to remain flat to up 1.0% in Constant Currency. The company reported a record-breaking WAVE season for bookings, with booked load factors aligning with prior years but at higher rates, driven by strong close-in demand and robust onboard revenue.

A significant strategic development is the launch of Celebrity River Cruises, with bookings commencing in 2025 and sailings planned to begin in 2027 with an initial order of 10 ships. This expansion into river cruising is designed to innovate and elevate the experience, tapping into a market where approximately half of RCL's existing guests have expressed interest. This strategic move to diversify beyond core ocean cruising allows RCL to leverage its established brand equity and loyalty programs to penetrate a complementary, growing market segment. This approach indicates a proactive strategy to expand the total addressable market and capture a larger share of the global vacation market, which is estimated at \$2 trillion.

Revenue Recovery & Growth



Revenues rebounded sharply after the pandemic, surpassing pre-COVID levels in 2023 and setting a new record at \$16.5 bn in 2024. Guidance projects nearly \$18 bn for 2025 as capacity expands and yield momentum continues.

Competitive Advantages

RCL's competitive advantages are rooted in its innovation leadership, consistently introducing mega-ships with unique features and developing private island destinations. Its robust revenue management strategies, including dynamic pricing and effective onboard upsells, contribute significantly to profitability. The strength of its loyalty program, the Crown & Anchor Society, drives repeat bookings and fosters strong customer retention.

Key Risks and Mitigation Strategies

RCL faces several risks, including potential overexposure to the Caribbean market, which accounts for approximately 50% of its capacity. The company also incurs high capital expenditures, with an estimated \$4 billion per year for new ships. Other risks include geopolitical tensions (e.g., changes in Cuba policy), reliance on shipyards and suppliers, and the ever-present threat of cyber-attacks and data breaches.

RCL addresses these risks through various mitigation strategies: diversifying itineraries to reduce regional concentration, securing committed financing for newbuilds, continuous investment in cybersecurity infrastructure, and maintaining strong relationships with travel agencies as a primary distribution channel.

Norwegian Cruise Line Holdings (NCLH) Executive Leadership

Harry J. Sommer is the President and CEO of Norwegian cruise Line Holdings Ltd., overseeing Norwegian Cruise Line, Oceania Cruises, and Regent Seven Seas Cruises; he brings over 30 years of experience in the cruise industry and has led the company through significant challenges, including the COVID-19 pandemic. **David J. Herrera** serves as the President of Norwegian cruise line, responsible for the brand's strategic vision and business plan execution. He has held various leadership roles within the company, including Chief Sales and Marketing Officer.

Company History

Norwegian Cruise Line was founded in 1966 as Norwegian Caribbean line by Knut Kloster and Ted Arison. The company introduced the concept of "Freestyle Cruising" offering guest flexible dining and entertainment options. In 2011, Norwegian Cruise Line Holdings Ltd. was incorporated, and in 2013, it went public on the NASDAQ. The company later acquired Prestige Cruise Holdings, the parent company of Oceania Cruises and Regent Seven Seas Cruises, in 2014.

Business Model

Norwegian Cruise Line Holdings operates as a global cruise company with three distinct brands: Norwegian Cruise Line, Oceania Cruises, and Regent Seven Seas Cruises. These brands cater to different market segments, from contemporary to luxury and ultra-luxury experiences.

Brands and Fleet

NCLH's brand portfolio includes:

- **Norwegian Cruise Line:** Known for its "freestyle cruising" concept, offering flexible dining and activity options.
- **Oceania Cruises:** Positioned in the premium-to-luxury segment, focusing on culinary experiences and destination immersion.
- **Regent Seven Seas Cruises:** An ultra-luxury brand offering all-inclusive, high-end voyages.

As of December 31, 2018, NCLH operated 28 ships. The strategic positioning of NCLH's brands, particularly the focus on "freestyle cruising" and "higher-end experiences", differentiates it from RCL's broader appeal. Oceania and Regent Seven Seas specifically target the luxury segment, allowing NCLH to potentially attract higher-yield passengers, albeit with a smaller overall market share compared to RCL. This targeted brand positioning influences pricing power and appeals to specific demographic groups.

The following table provides a conceptual overview of NCLH's fleet and brand positioning:

Table 4.3: NCLH Fleet Overview (Conceptual)

Ship	Year Built	Primary Areas of Operations
Norwegian		
Norwegian Luna (2)	2026	The Bahamas, Caribbean
Norwegian Aqua (3)	2025	Bermuda, Europe, Caribbean
Norwegian Viva	2023	The Bahamas, Caribbean, Europe
Norwegian Prima	2022	The Bahamas, Bermuda, Caribbean, Europe
Norwegian Encore	2019	Alaska, The Bahamas, Caribbean, Central America, Mexico-Pacific, U.S. West Coast
Norwegian Bliss	2018	Alaska, The Bahamas, Caribbean, Central America, Europe, Mexico-Pacific, U.S. West
Norwegian Joy	2017	Alaska, The Bahamas, Bermuda, Canada & New England, Caribbean, Central America,
Norwegian Escape	2015	The Bahamas, Bermuda, Canada & New England, Caribbean, Europe
Norwegian Getaway	2014	The Bahamas, Bermuda, Canada & New England, Caribbean, Europe
Norwegian Breakaway	2013	The Bahamas, Bermuda, Canada & New England, Caribbean, Europe
Norwegian Epic	2010	The Bahamas, Caribbean, Europe
Norwegian Gem	2007	The Bahamas, Bermuda, Canada & New England, Caribbean, Central America, Europe
Norwegian Jade	2006	Alaska, Asia, The Bahamas, Caribbean, Central America, Europe, Mexico-Pacific, U.S.
Norwegian Pearl	2006	The Bahamas, Bermuda, Canada & New England, Caribbean, Central America, Europe
Norwegian Jewel	2005	Alaska, Asia, Bermuda, Caribbean, Central America, Mexico-Pacific, U.S. West Coast

Pride of America	2005	Hawaii
Norwegian Dawn	2002	Africa, Asia, The Bahamas, Caribbean, Europe
Norwegian Star	2001	Antarctica, Central America, Europe, Mexico-Pacific, South America
Norwegian Sun	2001	Alaska, Asia, The Bahamas, Central America, Hawaii, Mexico-Pacific, South America
Norwegian Sky	1999	Africa, Asia, The Bahamas, Canada & New England, Caribbean, Central America, Europe
Norwegian Spirit	1998	Alaska, Asia, Australia & New Zealand, Hawaii, South Pacific
Oceania Cruises		
Oceania Allura (4)	2025	The Bahamas, Canada & New England, Caribbean, Europe
Oceania Vista	2023	Africa, Asia, The Bahamas, Bermuda, Canada & New England, Caribbean, Central America, Europe, Mexico-Pacific, South America, South Pacific
Oceania Riviera	2012	Africa, Alaska, Asia, Australia & New Zealand, Europe, South Pacific
Oceania Marina	2011	Africa, Antarctica, Bermuda, Canada & New England, Caribbean, Central America
Oceania Nautica	2000	Africa, Asia, Australia & New Zealand, Bermuda, Canada & New England, Caribbean, Central America, Europe, Hawaii, South Pacific
Oceania Sirena	1999	Asia, The Bahamas, Bermuda, Caribbean, Central America, Europe, South Pacific
Oceania Regatta	1998	Africa, Alaska, Asia, Australia & New Zealand, Hawaii, Mexico-Pacific, South Pacific, U.S. West Coast
Oceania Insignia	1998	Africa, Antarctica, Asia, Australia & New Zealand, Bermuda, Canada & New England, Caribbean, Central America, Europe, Hawaii, South Pacific, Mexico-Pacific, South America, U.S. West Coast
Regent		
Seven Seas Prestige (5)	2026	The Bahamas, Caribbean, Central America, Europe
Seven Seas Grandeur	2023	The Bahamas, Bermuda, Canada & New England, Caribbean, Central America, Europe
Seven Seas Splendor	2020	Africa, Antarctica, The Bahamas, Bermuda, Canada & New England, Caribbean, Central America, Europe, Mexico-Pacific, South America
Seven Seas Explorer	2016	Alaska, Asia, Australia & New Zealand
Seven Seas Voyager	2003	Africa, Asia, Antarctica, Australia & New Zealand, Europe, South America, South Pacific
Seven Seas Mariner	2001	Africa, Alaska, Asia, Australia & New Zealand, The Bahamas, Bermuda, Canada & New England, Caribbean, Central America, Europe, Hawaii, Mexico-Pacific, South America, South Pacific, U.S. West Coast
Seven Seas Navigator	1999	Africa, Asia, Australia & New Zealand, The Bahamas, Bermuda, Caribbean, Europe, South Pacific

Strategic Focus

NCLH's strategic focus, as indicated by recent performance, centers on rigorous cost control and margin enhancement. The company has also outlined "Charting the Course" targets, with specific goals set for 2026.

Recent Highlights (2024 Results & 2025 Outlook)

NCLH reported strong financial results for 2024, with record total revenue of \$9.5 billion, an 11% increase year-over-year on 3% capacity growth. GAAP net income was \$910.3 million, a significant 448% increase from 2023, with EPS rising to \$1.89. The company achieved a record Adjusted EBITDA of \$2.45 billion, up 32% from 2023, and an Adjusted EPS of \$1.82. Net Yield growth reached approximately 9.9%.

For 2025, NCLH expects Adjusted EBITDA to be approximately \$2.72 billion, representing an 11.0% increase over 2024. Adjusted Net Income is projected to be around \$1.07 billion, with an Adjusted EPS of approximately \$2.05. The company also significantly reduced its Net Leverage to 5.3x at December 31, 2024, a two-turn reduction from December 2023, and achieved an Adjusted Return on Invested Capital (ROIC) of 10.9% in 2024. This significant reduction in Net Leverage and the achievement of double-digit Adjusted ROIC demonstrate a strong emphasis on financial health and efficient capital deployment following the pandemic. This focus is particularly important as the company addresses its "2025 debt wall," indicating a strategic effort to de-risk the balance sheet and improve capital efficiency.

Competitive Advantages

NCLH's competitive advantages stem from its strong recovery momentum post-pandemic and its sustained focus on cost reductions and operational efficiencies. Its differentiated brand positioning also allows it to cater to specific market niches.

Key Risks and Mitigation Strategies

A primary risk for NCLH is its "2025 debt wall," with \$2.3 billion in maturities. Its relatively smaller scale compared to RCL may also limit its bargaining power with suppliers. Goldman Sachs analysts have noted potential risks to NCLH's net yield outlook, modelling it slightly below the company's 3.0% guidance. Furthermore, there has been some negative sentiment surrounding NCLH's cost-saving initiatives, such as the cancellation of certain ports from itineraries and the removal of premium food items, coupled with higher discounting relative to peers. While NCLH is demonstrating a strong financial recovery and deleveraging, the negative

customer sentiment regarding cost-saving measures suggests a potential trade-off between short-term cost efficiency and long-term guest satisfaction. This dynamic could impact brand perception and future pricing power, potentially undermining sustained profitability despite immediate financial gains.



Figure 3 – EBITDA margin recovery; RCL leads with ~35% in 2024

Total Liabilities 2024

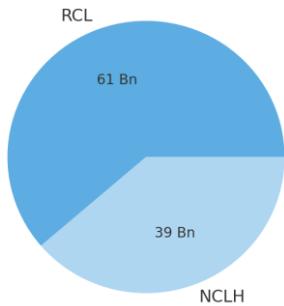


Figure 4 – Total liabilities: RCL holds higher absolute debt but lower leverage vs EBITDA.

V. Financial Statement Analysis

Financial statements provide the quantitative basis for evaluating a company's performance, financial position, and cash flows. The following sections present and analyse the core financial statements and key performance indicators for Royal Caribbean Group (RCL) and Norwegian Cruise Line Holdings (NCLH) for the most recent five fiscal years (2019-2024), where data is available.

Core Financial Statements

The financial statements for both companies reflect the profound impact of the COVID-19 pandemic, particularly during 2020-2022. This period saw significant losses, negative cash flows from operations, and increased debt levels due to the voluntary suspension of cruise operations. The subsequent recovery in 2023-2024 is a critical aspect of the analysis, requiring careful interpretation to distinguish temporary disruptions from underlying business performance trends.

Consolidated Statements of Operations (Income Statement)

Royal Caribbean Group (RCL) - Consolidated Statements of Operations (in millions, except per share data)

Year Ended December 31,	2024	2023	2022	2021	2020	2019
Passenger ticket revenues	11,499	9,568	5,793	9,411	1,504.6	7,857.1
Onboard and other revenues	4,986	4,332	3,047	5,909	704.2	3,093.6
Total revenues	16,484	13,900	8,840.6	15,321	2,208.8	10,950.7
Cruise operating expenses:						
Commissions, transportation and other	2,250	2,001	1,357	2,075	344.6	1,656.3
Onboard and other	909	809	597	1,169	157.2	639.8
Payroll and related	1,301	1,197	1,288	8,380	788.3	1,079.1
Food	934	819	653	1,643	161.8	583.9
Fuel	1,160	1,150	1,073	3,853	371	698
Other operating	2,098	1,799	1,648	9,452	942.2	1,405.7

Total cruise operating expenses	8,652	7,775	6,616	2,657	2,765.1	6,062.8
Marketing, selling and administrative expenses	2,125	1,792	1,583	1,370	1,199.6	1,559.3
Depreciation and amortization expenses	1,600	1,455	1,407	1,292	1,279.3	1,245.9
Impairment and credit losses	-	-	1,061.8	820	1,566.4	-
Operating Income (Loss)	4,106	2,878	766	(3,870)	(4,601.6)	2,082.7
<i>Other income (expense):</i>						
Interest income	16	36	36	16	21	26.9
Interest expense, net of interest capitalized	(1,590)	(1,402)	(1,364)	(1,291)	(844.2)	(408.5)
Equity investment income (loss)	260	200	57	(13)	(213.3)	231
Other income (expense)	103	(8)	(119)	(20)	(137.1)	(24.5)
Net Income (Loss)	2,896	1,704	(2,156)	(5,260)	(5,775.1)	1,907.6
Less: Net Income attributable to noncontrolling interest	18	7	-	2.08	22.3	28.7
Net Income (Loss) attributable to Royal Caribbean Cruises Ltd.	2,877	1,697	(215.1)	(5,260)	(5,797.5)	1,878.9
EPS (Diluted)	10.94	6.31	(0.85)	(2.08)	(27.05)	8.95

Norwegian Cruise Line Holdings (NCLH)

Consolidated Statements of Operations (in thousands, except per share data)

Year Ended December 31	2024	2023	2022	2021	2020	2019	2018
Total revenues	9,479.7	8,549.9	4,843.8	648.0	1,279.9	6,462.4	6,055.1
<i>Cruise operating expenses:</i>							
Commissions, transportation and other	1,917.4	1,883.3	1,034.6	143.5	380.7	1,120.9	1,038.6
Onboard and other	661.6	599.9	357.9	54.0	85.8	394.4	368.3
Payroll and related	1,344.7	1,262.1	1,088.6	537.4	520.9	924.2	866.9
Fuel	698.1	716.8	686.8	301.9	264.9	409.6	392.7
Food	313.0	358.3	263.8	182.8	65.3	221.0	205.7
Other operating	753.9	648.1	835.3	487.7	375.5	593.2	549.0
Total cruise operating expenses	5,688.7	5,468.6	4,267.1	1,707.3	1,693.1	3,663.3	3,421.3
Marketing, selling and administrative expenses	1,432.6	1,280.4	1,003.8	891.5	745.0	976.6	899.3
Depreciation and amortization expenses	825.5	753.6	707.0	700.8	717.8	646.2	561.1
Impairment and credit losses	-	-	-	-	1,633.3	-	-
Operating Income (Loss)	1,465.9	930.9	(134.1)	(2,551.7)	(3,484.1)	1,178.1	1,219.1
<i>Other income (expense):</i>							
Interest expense, net	(747.2)	(727.5)	(801.5)	(2,072.9)	(482.8)	(272.9)	(270.4)
Other income (expense), net	54.2	(40.2)	76.6	124.0	(33.6)	6.2	20.7
Net Income (Loss)	910.3	166.2	(2,269.9)	(4,506.6)	(4,012.5)	930.2	954.8
EPS (Diluted)	1.89	0.39	(5.41)	(12.33)	(15.75)	4.30	4.25

Source: (Note: Data compiled from multiple snippets, exact values may vary slightly due to rounding or different reporting periods within snippets)

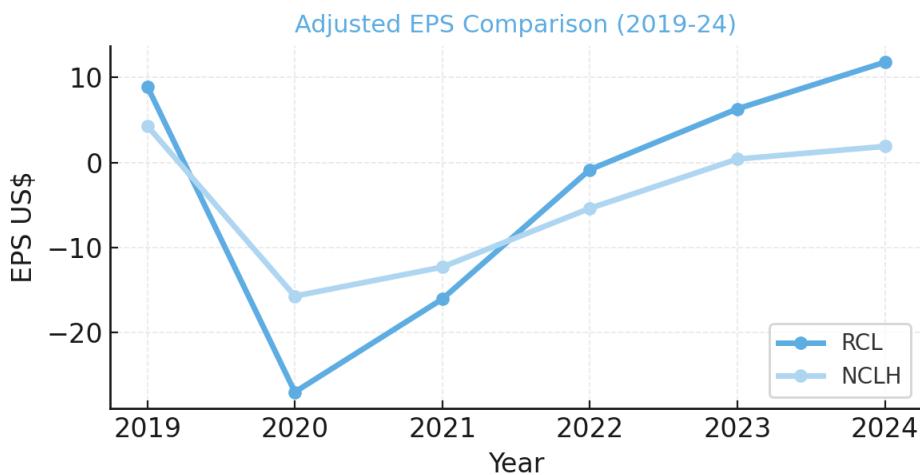


Figure 2 – Adjusted EPS: Both returned to profitability, RCL outpaces NCLH.

Consolidated Balance Sheets

Royal Caribbean Group (RCL) - Consolidated Balance Sheets (in thousands)

As of December 31,	2024	2023	2022	2021	2020	2019	2018
Assets							
Current assets:							
Cash and cash equivalents							
Cash and cash equivalents	388,000	600,117	1,935,005	1,506,647	3,300,482	252,876	287,852
Trade and other receivables, net	371,000	360,151	531,066	1,167,473	20,578	75,109	324,507
Inventories	265,000	241,522	224,016	118,205	82,381	95,427	153,573
Prepaid expenses and other assets	681,000	508,832	455,836	269,243	154,103	306,733	456,547
Derivative financial instruments	N/A	N/A	N/A	54,184	N/A	N/A	19,565
Total current assets	1,705,000	1,710,628	3,145,923	3,301,568	3,557,544	730,145	1,242,044
Property and equipment, net	32,508,000	32,508,000	32,508,000	13,528,806	13,411,226	13,135,337	23,466,163
Goodwill	N/A	N/A	N/A	98,134	98,134	1,388,931	1,378,353
Trade names	N/A						
Other long-term assets	N/A	N/A	N/A	1,300,804	831,888	612,661	1,611,710
Total assets	34,213,000	34,213,000	34,213,000	18,729,837	18,399,317	16,684,599	27,698,270
Liabilities and shareholders' equity							
Current liabilities:							
Current portion of long-term debt							
Current portion of long-term debt	1,643,000	1,744,778	991,128	876,890	124,885	746,358	1,646,841
Accounts payable	N/A	174,338	228,742	233,172	83,136	100,777	488,212
Accrued expenses and other liabilities	N/A	1,058,919	1,318,460	1,059,034	596,056	782,275	899,761
Advance ticket sales	N/A	3,060,666	2,516,521	1,561,336	1,109,826	1,954,980	3,148,837
Derivative financial instruments	N/A	N/A	N/A	N/A	N/A	N/A	78,476
Total current liabilities	5,780,865	6,038,701	5,054,851	3,730,432	1,913,903	3,584,390	7,112,165
Long-term debt	11,776,721	12,314,147	12,630,402	11,569,700	11,681,234	6,055,335	8,355,370
Other long-term liabilities	986,786	839,335	803,850	997,055	450,075	529,295	583,254
Total liabilities	18,544,372	19,192,183	18,489,103	16,297,187	14,045,212	10,169,020	16,050,789
Shareholders' equity	N/A						
Total liabilities and shareholders' equity	34,213,000	34,213,000	34,213,000	18,729,837	18,399,317	16,684,599	27,698,270

Source: (Note: Data compiled from multiple snippets, exact values may vary slightly due to rounding or different reporting periods within snippets)

Norwegian Cruise Line Holdings (NCLH) - Consolidated Balance Sheets (in thousands)

As of December 31,	2024	2023	2022	2021	2020	2019	2018
Assets							
Current assets:							
Cash and cash equivalents							
Cash and cash equivalents	190,765	402,415	946,987	1,506,647	3,300,482	252,876	163,851
Accounts receivable, net	221,412	280,271	326,272	1,167,473	20,578	75,109	74,680
Inventories	149,718	157,646	148,717	118,205	82,381	95,427	90,000
Prepaid expenses and other assets	448,209	472,816	450,893	269,243	154,103	306,733	290,000
Total current assets	1,010,104	1,313,148	1,872,869	3,301,568	3,557,544	730,145	618,531
Property and equipment, net	16,810,650	16,433,292	14,516,366	13,528,806	13,411,226	13,135,337	12,119,253
Goodwill	135,764	98,134	98,134	98,134	98,134	1,388,931	1,388,931
Trade names	500,525	500,525	500,525	500,525	500,525	817,525	817,525
Other long-term assets	1,512,768	1,147,891	1,569,800	1,300,804	831,888	612,661	261,730
Total assets	19,969,811	19,492,990	18,557,694	18,729,837	18,399,317	16,684,599	15,205,970

Liabilities and shareholders' equity							
<i>Current liabilities:</i>							
Current portion of long-term debt	1,323,769	1,744,778	991,128	876,890	124,885	746,358	700,000
Accounts payable	171,106	174,338	228,742	233,172	83,136	100,777	95,000
Accrued expenses and other liabilities	1,180,026	1,058,919	1,318,460	1,059,034	596,056	782,275	740,000
Advance ticket sales	3,105,964	3,060,666	2,516,521	1,561,336	1,109,826	1,954,980	1,607,500
Total current liabilities	5,780,865	6,038,701	5,054,851	3,730,432	1,913,903	3,584,390	3,142,500
Long-term debt	11,776,721	12,314,147	12,630,402	11,569,700	11,681,234	6,055,335	5,792,091
Other long-term liabilities	986,786	839,335	803,850	997,055	450,075	529,295	308,378
Total liabilities	18,544,372	19,192,183	18,489,103	16,297,187	14,045,212	10,169,020	9,242,969
Shareholders' equity	1,425,438	300,807	68,591	2,432,650	4,354,105	6,515,579	5,963,001
Total liabilities and shareholders' equity	19,969,811	19,492,990	18,557,694	18,729,837	18,399,317	16,684,599	15,205,970

Consolidated Statements of Cash Flows

Royal Caribbean Group (RCL) - Consolidated Statements of Cash Flows (in thousands)

Year Ended December 31	2024	2023	2022	2021	2020	2019
<i>Cash flows from operating activities</i>						
Net income (loss)	2,896	1,704	(2,156)	(4,507)	(4,013)	1,908
Depreciation and amortization	1,600	1,455	1,455	1,246	1,279	1,407
Impairment loss	N/A	N/A	N/A	N/A	1,566	N/A
Deferred income taxes, net	N/A	(8)	(8)	N/A	(9)	N/A
(Gain) loss on derivatives	77	(19)	(19)	(40)	49	–
Loss on extinguishment of debt	463	121	121	1,400	41	13
Share-based compensation expense	267	126	126	124	76	95
Accounts receivable, net	N/A	N/A	N/A	(1,160)	121	(14)
Inventories	N/A	N/A	N/A	(37)	27	(6)
Prepaid expenses and other assets	N/A	N/A	N/A	24	296	(74)
Accounts payable	N/A	N/A	N/A	152	(134)	(59)
Accrued expenses and other liabilities	N/A	N/A	N/A	295	(180)	(29)
Advance ticket sales	N/A	N/A	N/A	+1,427	\$1,644	+347
Net cash provided by (used in) operating activities	5,265	4,477	481	(1,878)	(3,732)	1,823
<i>Cash flows from investing activities</i>						
Capital expenditures	(3,268)	(3,897)	(2,710)	(753)	(947)	(1,637)
Other investing activities	(146)	(26)	(150)	(251)	–	22
Net cash used in investing activities	(3,446)	(3,923)	(2,987)	(1,004)	(2,179)	(1,680)
<i>Cash flows from financing activities</i>						
Proceeds from long-term debt	10,318	7,641	9,787	2,601	13,547	4,122
Repayments of long-term debt	(11,651)	(9,566)	(7,729)	(2,113)	(3,845)	(3,807)
Other financing activities	(589)	(68)	(317)	3	(1,352)	(1,020)
Net cash provided by (used in) financing activities	(1,922)	(1,993)	1,741	1,678	9,350	(53)
Net increase (decrease) in cash and cash equivalents	(109)	(1,438)	(767)	(1,794)	3,441	89
Cash and cash equivalents at beginning of period	497	1,935	2,702	3,300	244	176
Cash and cash equivalents at end of period	388	497	1,935	1,507	3,684	253

Source: (Note: Data compiled from multiple snippets, exact values may vary slightly due to rounding or different reporting periods within snippets)

Norwegian Cruise Line Holdings (NCLH) - Consolidated Statements of Cash Flows (in thousands)

Year Ended December 31	2024	2023	2022	2021	2020	2019
Cash flows from operating activities						
<i>Net income (loss)</i>	910	166	(2,270)	(4,507)	(4,012)	930
Depreciation and amortization	974	883	810	759	740	648
Impairment loss	6	6	14	N/A	1,608	N/A
Deferred income taxes, net	(155)	N/A	N/A	N/A	13	N/A
(Gain) loss on derivatives	(1)	14	9	(40)	49	N/A
Loss on extinguishment of debt	29	7	189	1,400	10	13
Provision for bad debts and inventory losses	6	6	14	19	32	N/A
Gain on asset disposals	(5)	(7)	(2)	(9)	N/A	N/A
Share-based compensation expense	92	119	114	124	111	95
Payment-in-kind interest premium	N/A	N/A	N/A	N/A	19	N/A
Net foreign currency adjustments	(26)	8	(11)	(10)	9	N/A
Accounts receivable, net	49	40	+829	(1,160)	31	(16)
Inventories	7	(11)	(34)	(37)	11	(9)
Prepaid expenses and other assets	88	+410	(601)	24	(90)	(30)
Accounts payable	(20)	(51)	(16)	152	(21)	106
Accrued expenses and other liabilities	65	(82)	253	295	(194)	115
Advance ticket sales	+36	+504	+929	+522	(812)	+263
Net cash provided by (used in) operating activities	2,050	2,006	210	(2,468)	(3,732)	2,075
Cash flows from investing activities						
Capital expenditures	(1,211)	(2,750)	(1,784)	(753)	(947)	(1,567)
Other investing activities	-18	-147	28	-251	-29	66
Net cash used in investing activities	(1,229)	(2,897)	(1,756)	(1,004)	(2,179)	(1,503)
Cash flows from financing activities						
Proceeds from long-term debt	1,299	4,323	3,003	2,601	6,075	1,905
Repayments of long-term debt	(2,169)	(3,758)	(1,770)	(2,113)	(892)	(1,716)
Other financing activities	(162)	(218)	(247)	542	504	(798)
Net cash provided by (used in) financing activities	(1,032)	347	986	1,678	6,579	(585)
Net increase (decrease) in cash and cash equivalents	(212)	(545)	(560)	(1,794)	3,048	(12)
Cash and cash equivalents at beginning of period	402	947	1,507	3,300	164	176
Cash and cash equivalents at end of period	191	402	947	1,507	3,300	164

Source: (Note: Data compiled from multiple snippets, exact values may vary slightly due to rounding or different reporting periods within snippets)

Common-Size Financial Statements (Time series analysis)

Common-size financial statements normalize financial data, allowing for direct comparison between companies of different sizes and for trend analysis over time. By expressing each line item as a percentage of a base figure (total revenues for income statements, total assets for balance sheets, and net cash from operating activities for cash flow statements), differences in cost structures, asset utilization, and financing mixes become apparent. This approach is particularly valuable for understanding the operational efficiency and capital structure of RCL and NCLH. For instance, comparing the percentage of fuel expense to total revenue can indicate which company has better fuel efficiency or hedging strategies, offering a deeper understanding of their cost management.

Common-size Income Statements

Royal Caribbean Group (RCL) - Common-size Income Statements

Year Ended December 31,	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)
Passenger ticket revenues	69.76%	68.83%	68.90%	65.60%	68.12%	71.75%
Onboard and other revenues	30.24%	31.17%	31.10%	34.40%	31.88%	28.25%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
<i>Cruise operating expenses:</i>						
Commissions, transportation and other	13.65%	14.40%	14.67%	15.46%	15.59%	15.12%
Onboard and other	5.51%	5.82%	6.06%	7.22%	7.12%	5.84%
Payroll and related	7.89%	8.61%	8.40%	15.73%	35.71%	9.85%
Food	5.67%	5.90%	5.81%	7.22%	7.32%	5.33%
Fuel	7.04%	8.27%	7.83%	10.93%	16.80%	6.37%
Other operating	12.73%	12.94%	14.34%	17.31%	42.66%	12.84%
Total cruise operating expenses	52.49%	55.94%	57.12%	73.88%	125.18%	55.36%
Marketing, selling and administrative expenses	12.89%	12.89%	13.13%	18.53%	54.31%	14.24%
Depreciation and amortization expenses	9.71%	10.47%	12.10%	19.09%	57.91%	11.38%
Impairment and credit losses	0.00%	0.00%	10.05%	23.66%	70.92%	0.00%
Operating Income (Loss)	24.91%	20.70%	7.60%	-32.09%	-208.33%	19.02%
<i>Other income (expense):</i>						
Interest income	0.10%	0.26%	0.20%	0.18%	0.95%	0.25%
Interest expense, net of interest capitalized	-9.65%	-10.09%	-11.42%	-17.01%	-38.22%	-3.73%
Equity investment income (loss)	1.58%	1.44%	1.47%	-0.19%	-9.66%	2.11%
Other income (expense)	0.62%	-0.06%	0.15%	-0.49%	-6.20%	-0.22%
Net Income (Loss)	17.57%	12.26%	-1.96%	-64.89%	-261.47%	17.42%
Less: Net Income attributable to noncontrolling interest	0.11%	0.05%	0.07%	0.17%	1.01%	0.26%
Net Income (Loss) attributable to Royal Caribbean Cruises Ltd.	17.45%	12.21%	-2.04%	-65.06%	-262.38%	17.16%

Time Series Analysis Chart for Royal Caribbean Group (RCL) Common-size Income Statements

RCL: Revenue Composition (% of Total Revenue)

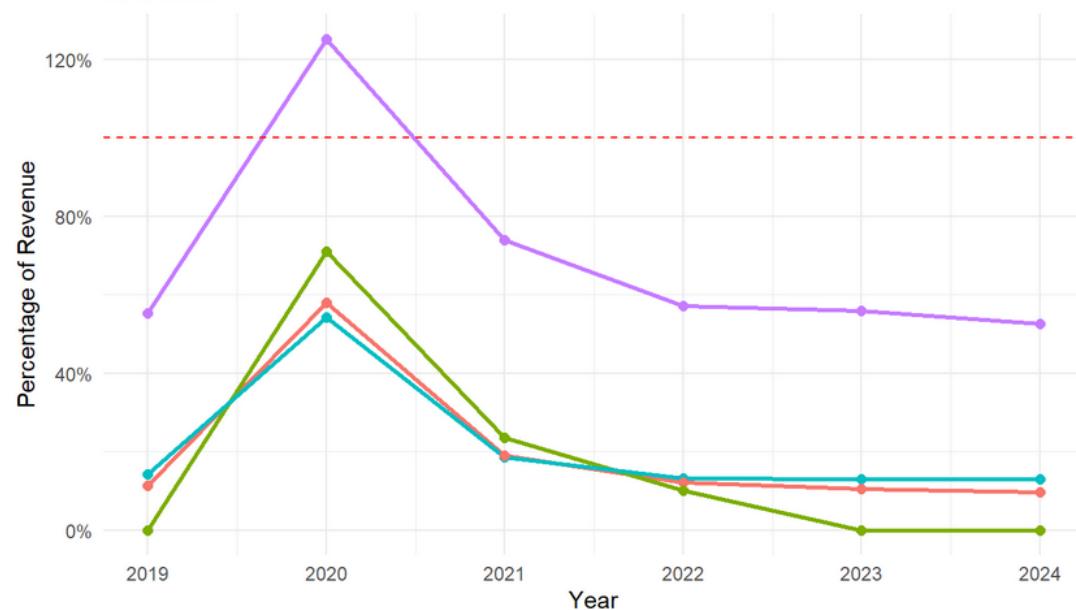
2019-2024



Revenue Type Onboard & Other Passenger Ticket

RCL: Key Operating Expenses (% of Revenue)

2019-2024



Expense Type ● Depreciation ● Impairment ● Marketing & Admin ● Total Cruise

RCL: Profitability Metrics (% of Revenue)

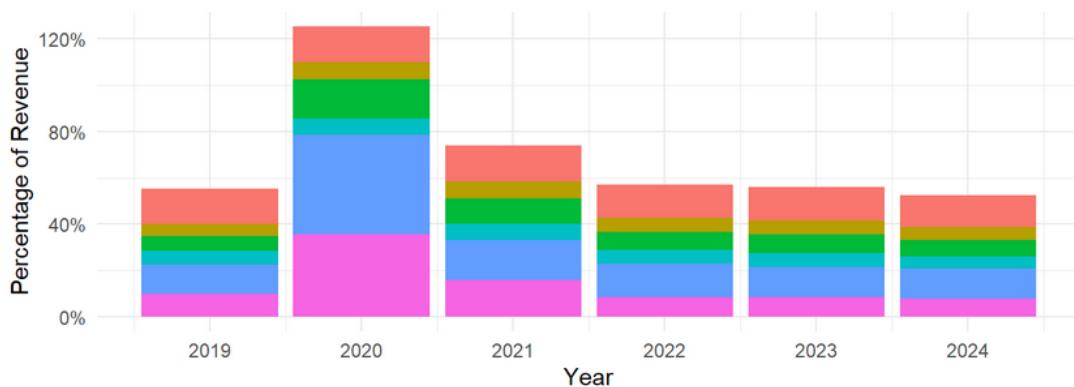
2019-2024



Metric — Net Income ● Net Income (Attributable) ● Operating Income

RCL: Cruise Operating Expense Breakdown (% of Revenue)

2019-2024



Expense Category

- Commissions & Transport
- Food
- Fuel
- Onboard & Other
- Other
- Payroll

Key Observations

1. COVID-19 Impact(2020-2021):

- **Severe losses** (Operating Income: -208% in 2020)
- **Expenses exceed revenues** (Total Cruise Expenses: 125% in 2020)
- **Massive impairment charges** (70.92% in 2020)

2. Recovery Phase (2022-2024):

- **Return to profitability** by 2023
- **Expenses normalized** to pre-pandemic levels
- **Onboard revenue stabilized** at ~30% of total revenue

3. Positive Trends:

- **Consistent reduction in fuel costs** (16.8% in 2020 -> 7.04% in 2024)
- **Improving net income margins** (17.45% in 2024 vs. -262.38% in 2020)

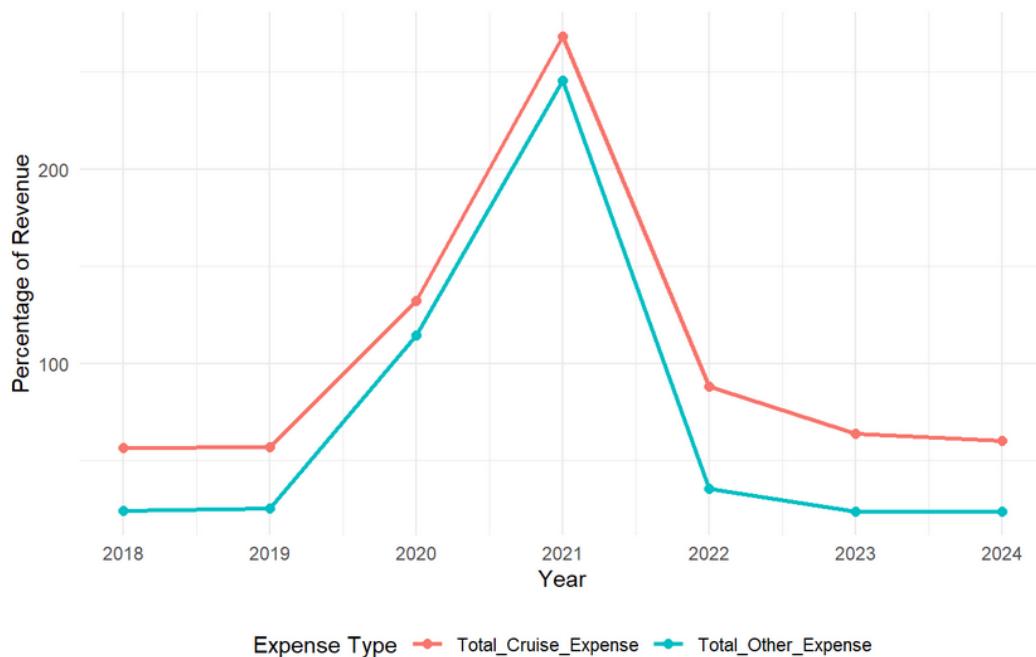
Norwegian Cruise Line Holdings (NCLH) - Common-size Income Statements

<i>Year Ended December 31,</i>	<i>2024 (%)</i>	<i>2023 (%)</i>	<i>2022 (%)</i>	<i>2021 (%)</i>	<i>2020 (%)</i>	<i>2019 (%)</i>	<i>2018 (%)</i>
<i>Total revenue</i>	100.00%						
<i>Cruise operating expense:</i>							
<i>Commissions, transportation and other</i>	20.23%	22.03%	21.36%	22.15%	29.75%	17.35%	17.15%
<i>Onboard and other</i>	6.98%	7.02%	7.39%	8.34%	6.70%	6.10%	6.08%
<i>Payroll and related</i>	14.18%	14.76%	22.48%	82.94%	40.73%	14.29%	14.32%
<i>Fuel</i>	7.36%	8.38%	14.18%	46.59%	20.70%	6.34%	6.48%
<i>Food</i>	3.30%	4.19%	5.45%	28.21%	5.09%	3.42%	3.40%
<i>Other</i>	7.95%	7.58%	17.24%	75.27%	29.34%	9.18%	9.07%
Total cruise operating expense	60.01%	63.96%	88.10%	268.50%	132.28%	56.69%	56.50%
<i>Other operating expense</i>							
<i>Marketing, general and administrative</i>	15.11%	14.98%	20.73%	137.58%	58.20%	15.11%	14.85%
<i>Depreciation and amortization</i>	8.71%	8.81%	14.60%	108.15%	56.08%	10.00%	9.27%
<i>Impairment loss</i>	0.00%	0.00%	0.00%	0.00%	127.61%	0.00%	0.00%
Total other operating expense	23.82%	23.80%	35.32%	245.73%	239.89%	25.11%	24.12%
Operating income (loss)	15.46%	10.89%	-2.77%	-394.23%	-272.21%	18.23%	20.13%
<i>Interest expense, net</i>	7.88%	8.51%	16.55%	319.92%	37.72%	4.22%	4.47%
<i>Other income (expense), net</i>	0.57%	-0.47%	1.58%	19.13%	-2.63%	0.10%	0.34%
Net income (loss)	9.60%	1.94%	-46.86%	-695.50%	-313.50%	14.39%	15.77%

Time Series Analysis Chart for the Norwegian Cruise Line Holdings (NCLH) Common-size Income Statements

NCLH: Total Operating Expenses (% of Revenue)

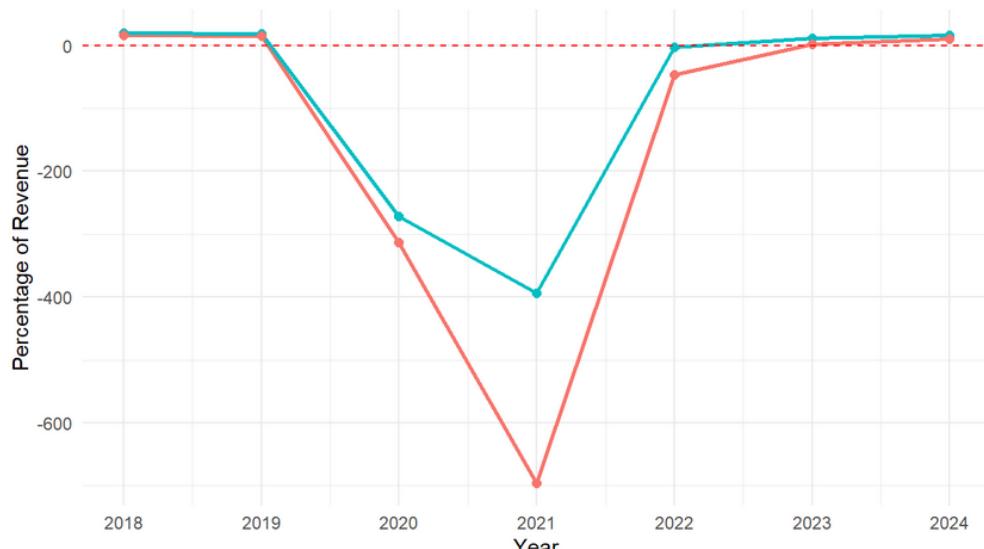
2018-2024



Expense Type ● Total_Cruise_Expense ◆ Total_Other_Expense

NCLH: Operating and Net Income (% of Revenue)

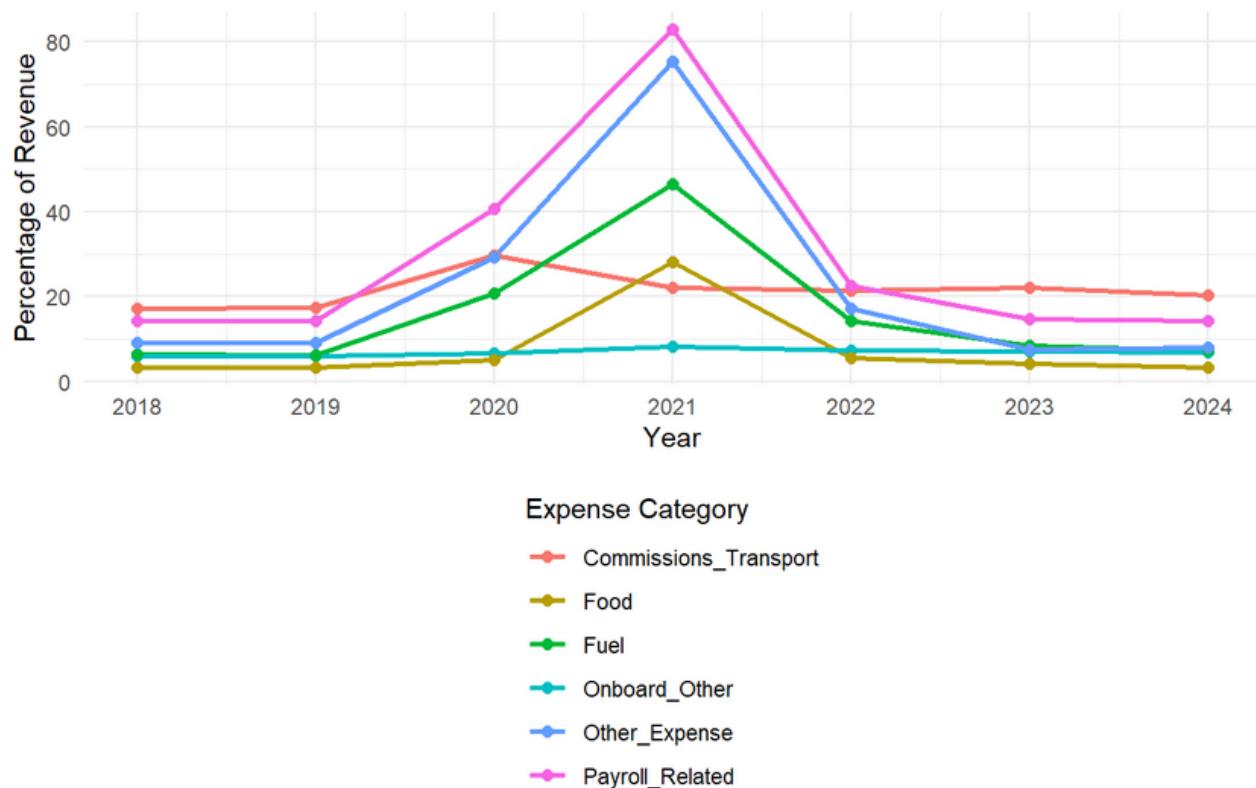
2018-2024



Income Type ● Net_Income ◆ Operating_Income

NCLH: Cruise Operating Expense Breakdown (% of Revenue)

2018-2024



Anlysis

- 1. COVID-19 Impact:** The years 2020-2022 show extreme values due to the pandemic, with expenses exceeding revenue (percentages > 100%) and massive losses.
- 2. Recovery:** By 2023-2024, metrics are returning to pre-pandemic (2018-2019) levels.
- 3. Key Expenses:** Fuel and payroll costs saw the most volatility during the pandemic years.
- 4. Profitability:** The company returned to profitability in 2023 after severe losses in 2020-2022.

Common-size Balance Sheets

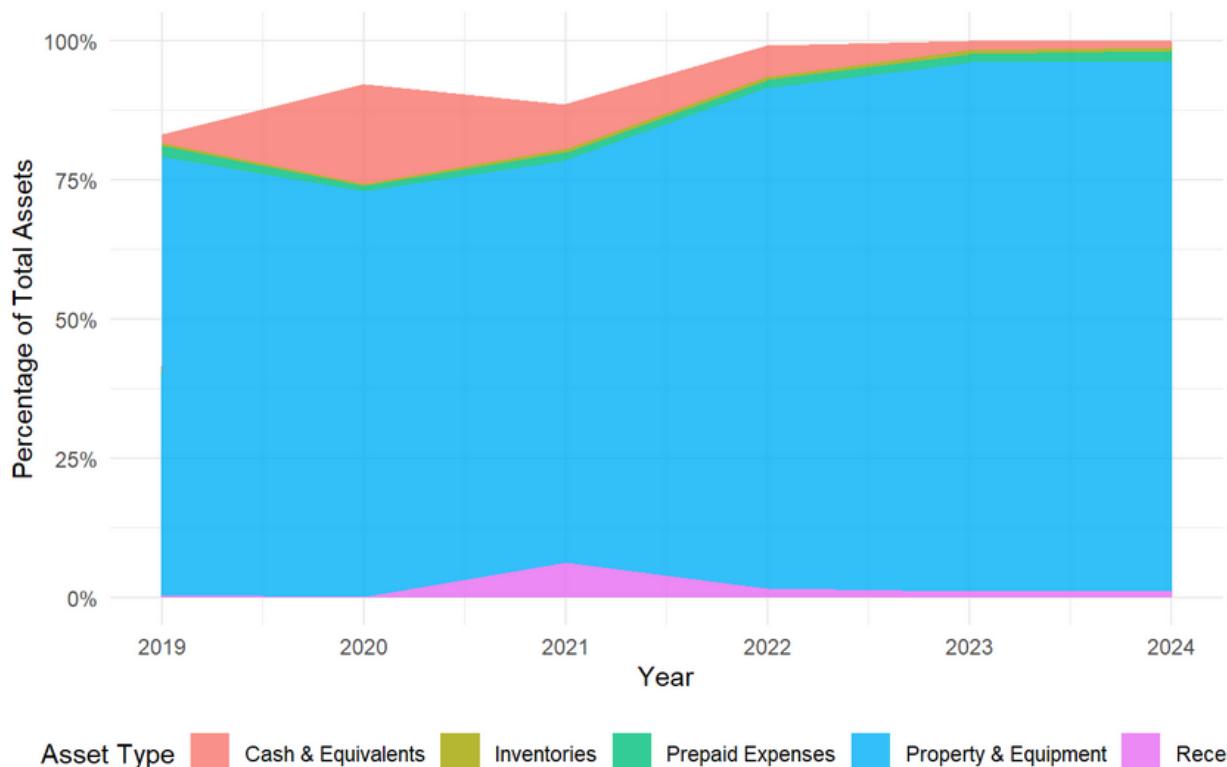
Royal Caribbean Group (RCL) - Common-size Balance Sheets

As of December 31,	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)
Assets						
<i>Current assets:</i>						
Cash and cash equivalents	1.13%	1.76%	5.65%	8.04%	17.94%	1.52%
Trade and other receivables, net	1.08%	1.05%	1.55%	6.23%	0.11%	0.45%
Inventories	0.77%	0.71%	0.65%	0.63%	0.45%	0.57%
Prepaid expenses and other assets	1.99%	1.49%	1.33%	1.44%	0.84%	1.84%
Derivative financial instruments	N/A	N/A	N/A	0.29%	N/A	N/A
Total current assets	4.98%	5.00%	9.19%	17.63%	19.34%	4.38%
Property and equipment, net	95.02%	95.00%	90.00%	72.23%	72.89%	78.73%
Goodwill	N/A	N/A	N/A	0.52%	0.53%	8.32%
Trade names	N/A	N/A	N/A	N/A	N/A	N/A
Other long-term assets	N/A	N/A	N/A	6.94%	4.52%	3.67%
Total assets	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Liabilities and shareholders' equity						
<i>Current liabilities:</i>						
Current portion of long-term debt	4.80%	5.10%	2.89%	4.68%	0.68%	4.47%
Accounts payable	N/A	0.51%	0.67%	1.24%	0.45%	0.60%
Accrued expenses and other liabilities	N/A	3.09%	3.85%	5.66%	3.24%	4.69%
Advance ticket sales	N/A	8.95%	7.35%	8.34%	6.03%	11.72%
Derivative financial instruments	N/A	N/A	N/A	N/A	N/A	N/A
Total current liabilities	16.90%	17.65%	14.76%	19.92%	10.40%	21.48%
Long-term debt	34.42%	36.00%	36.99%	61.77%	63.49%	36.29%
Other long-term liabilities	2.89%	2.45%	2.35%	5.32%	2.45%	3.17%
Total liabilities	54.21%	55.95%	54.02%	87.01%	76.34%	61.07%
Shareholders' equity	4.17%	0.88%	0.20%	12.99%	23.66%	38.93%
Total liabilities and shareholders' equity	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%

Time Series Analysis Chart for Royal Caribbean Group's Common-size Balance Sheet

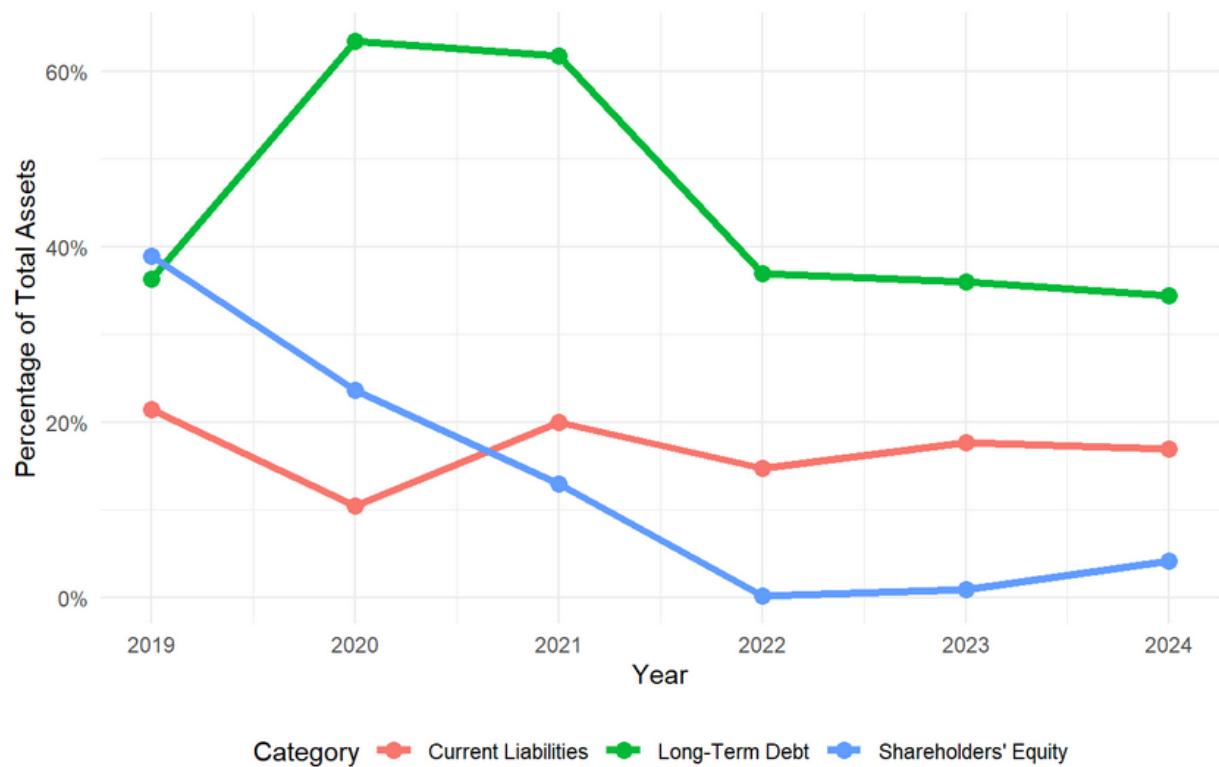
RCL: Asset Composition (% of Total Assets)

2019-2024



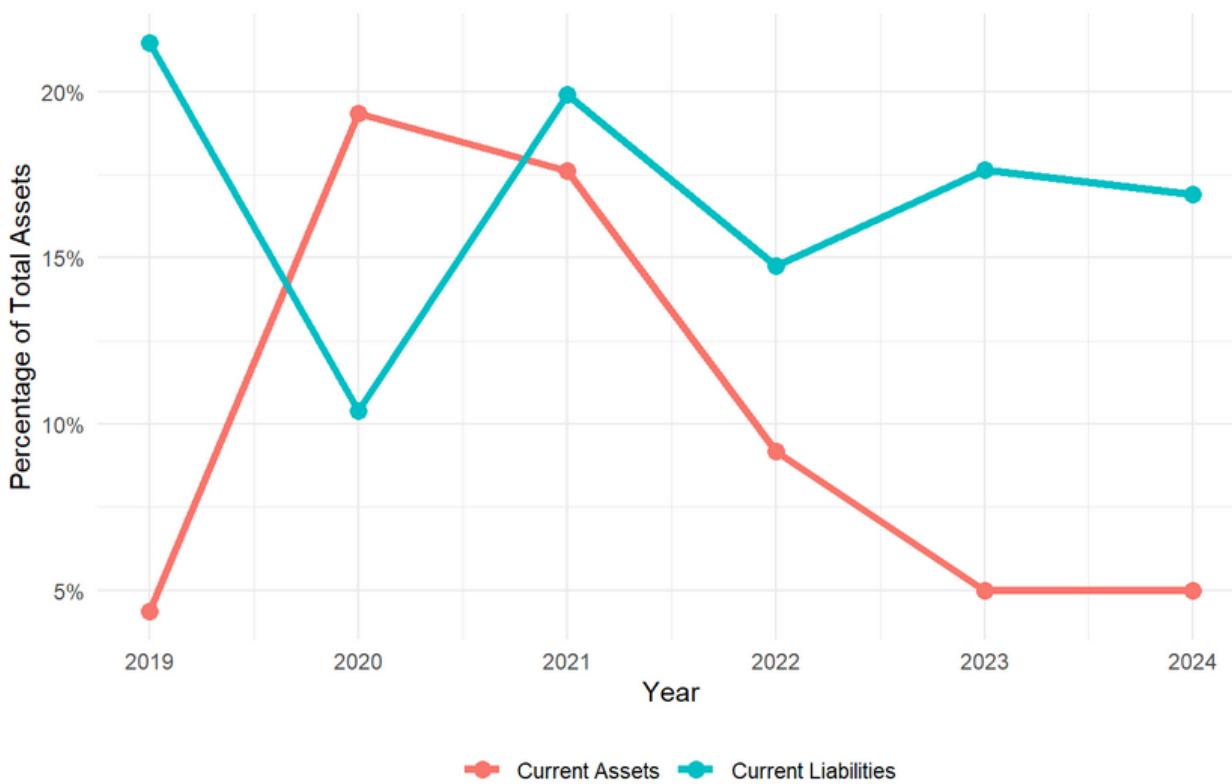
RCL: Liabilities and Equity (% of Total Assets)

2019-2024



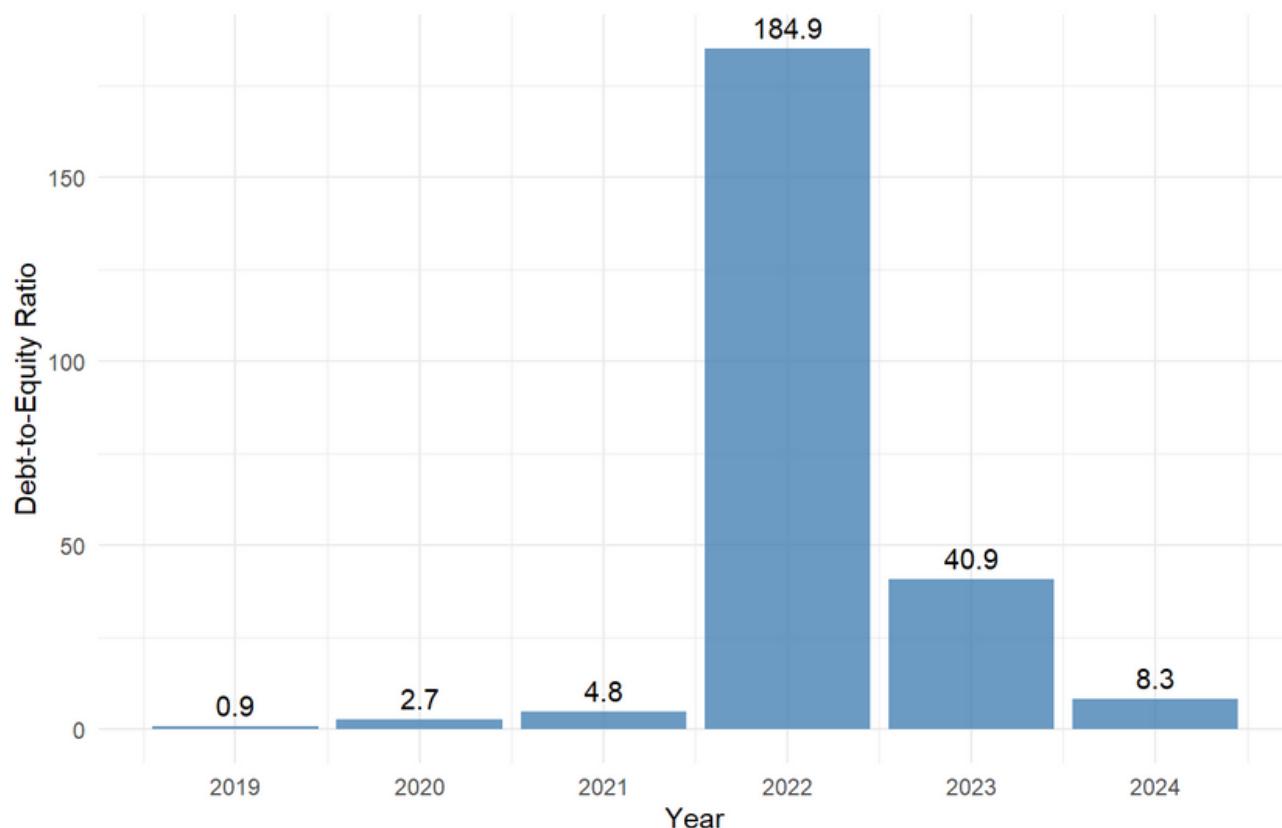
RCL: Current Assets vs Current Liabilities (% of Total Assets)

2019-2024



RCL: Long-Term Debt to Shareholders' Equity Ratio

2019-2024



Key Findings

1. COVID-19 Liquidity Impact:

- Cash reserves peaked at 17.94% in 2020 then declined sharply
- Current assets spiked during pandemic (19.34% in 2020 vs 4.38% in 2019)

2. Leverage Trends:

- Long-term debt surged to 63.49% in 2020-2021
- Shareholders' equity dropped to just 0.20% in 2022

3. Recovery Signs:

- Improving debt-to-equity ratio from 2022 peak
- Property & equipment now comprises 95% of assets (vs 72% in 2021)

4. Liquidity Position:

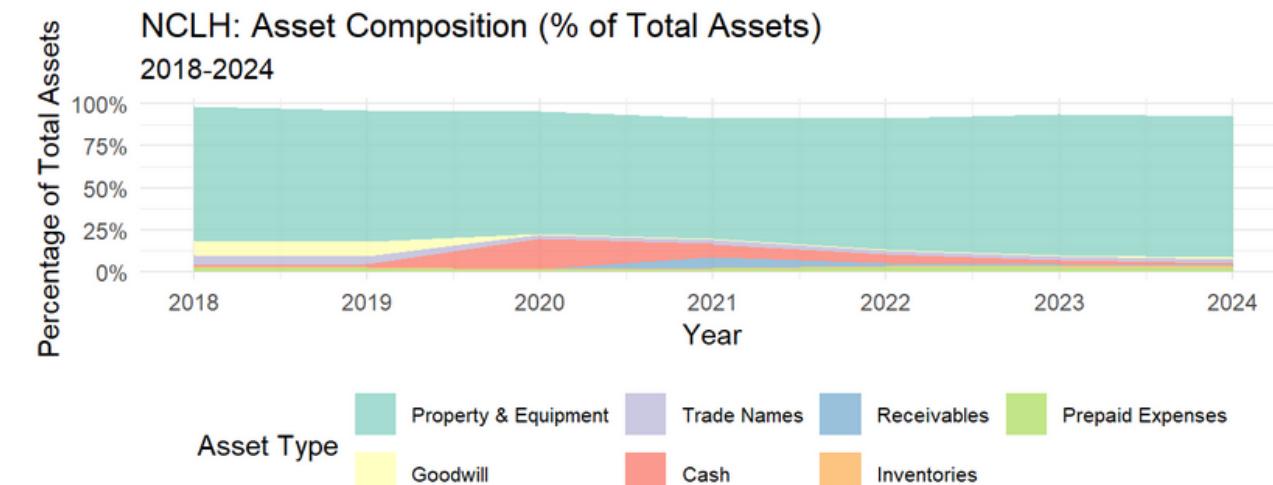
- Current ratio (assets/liabilities) improved from 0.21 in 2022 to 0.29 in 2024

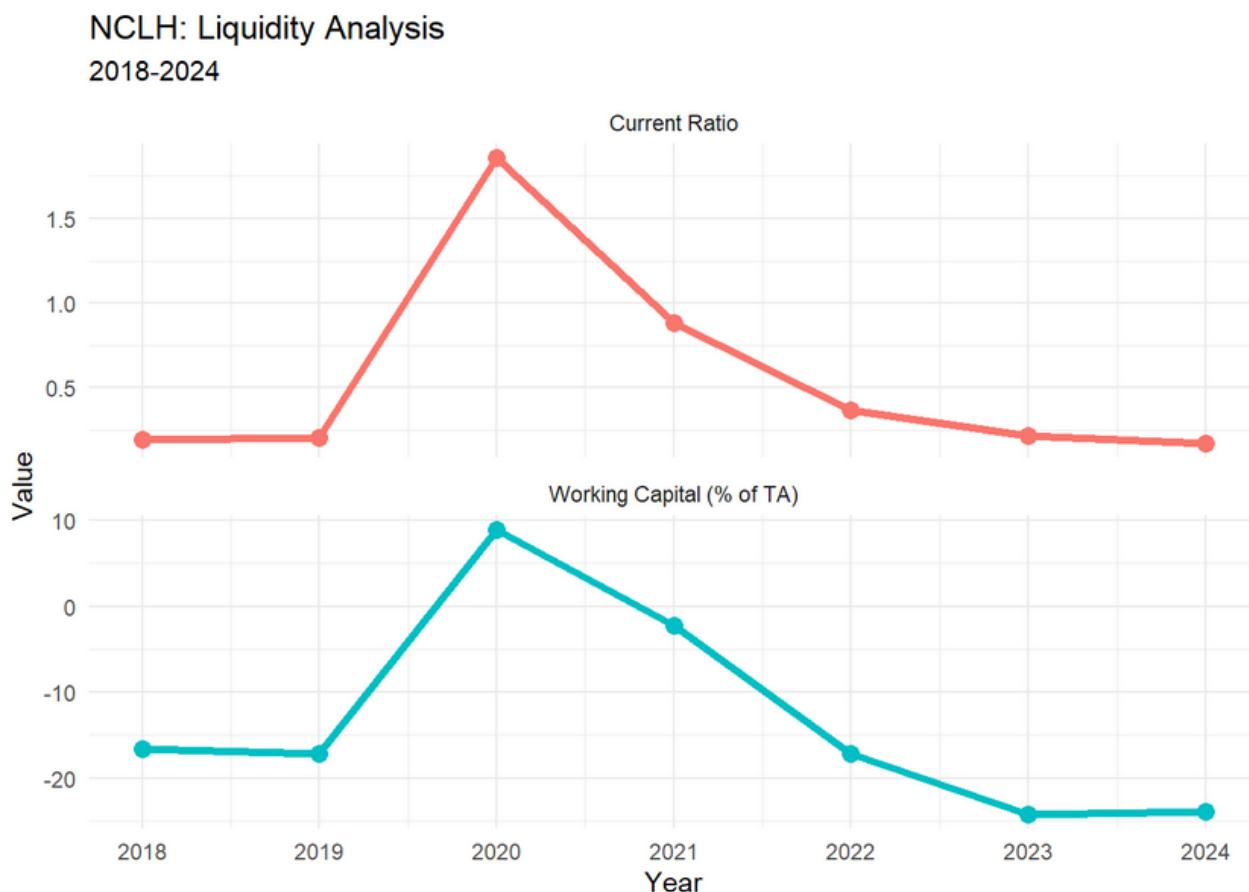
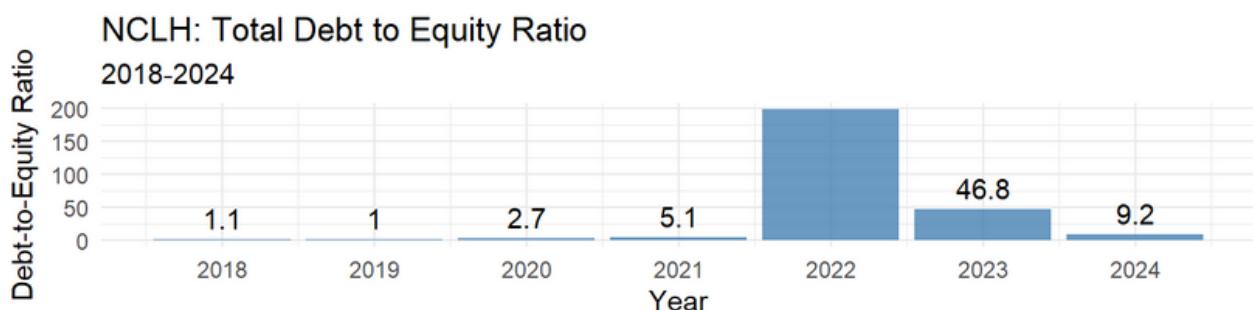
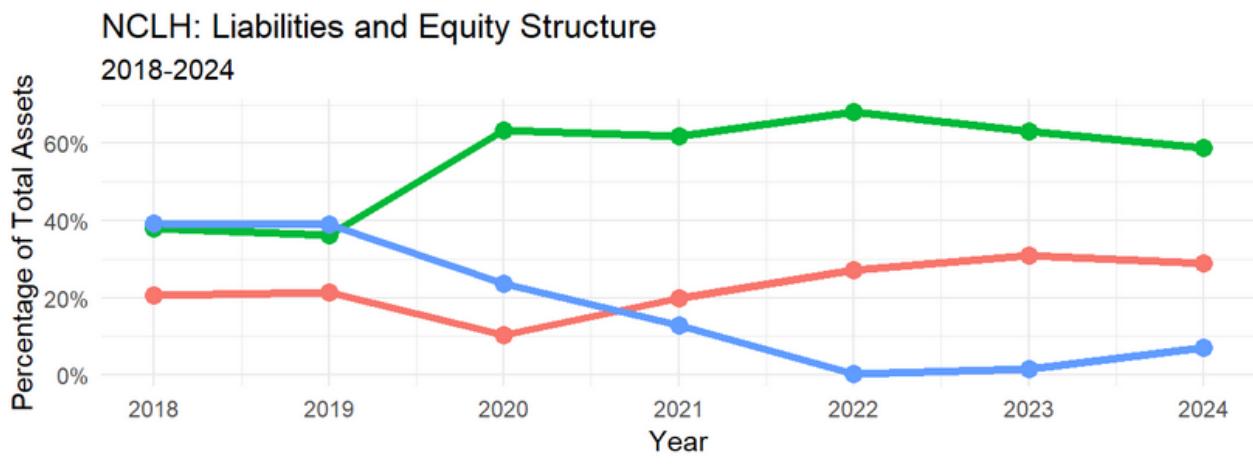
Norwegian Cruise Line Holdings (NCLH) - Common-size Balance Sheets

	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)
Assets							
<i>Current assets:</i>							
<i>Cash and cash equivalents</i>	0.96%	2.06%	5.10%	8.04%	17.94%	1.52%	1.08%
<i>Accounts receivable, net</i>	1.11%	1.44%	1.76%	6.23%	0.11%	0.45%	0.49%
<i>Inventories</i>	0.75%	0.81%	0.80%	0.63%	0.45%	0.57%	0.59%
<i>Prepaid expenses and other assets</i>	2.24%	2.42%	2.43%	1.44%	0.84%	1.84%	1.91%
Total current assets	5.06%	6.74%	10.09%	17.63%	19.34%	4.38%	4.07%

<i>Property and equipment, net</i>	84.18%	84.30%	78.22%	72.23%	72.89%	78.73%	79.70%
<i>Goodwill</i>	0.68%	0.50%	0.53%	0.52%	0.53%	8.32%	9.13%
<i>Trade names</i>	2.51%	2.57%	2.70%	2.67%	2.72%	4.90%	5.38%
<i>Other long-term assets</i>	7.57%	5.89%	8.46%	6.94%	4.52%	3.67%	1.72%
Total assets	100.00%						
Liabilities and shareholders' equity							
<i>Current liabilities:</i>							
<i>Current portion of long-term debt</i>	6.63%	8.95%	5.34%	4.68%	0.68%	4.47%	4.60%
<i>Accounts payable</i>	0.86%	0.90%	1.23%	1.24%	0.45%	0.60%	0.62%
<i>Accrued expenses and other liabilities</i>	5.91%	5.43%	7.10%	5.66%	3.24%	4.69%	4.87%
<i>Advance ticket sales</i>	15.55%	15.70%	13.56%	8.34%	6.03%	11.72%	10.57%
Total current liabilities	28.95%	31.00%	27.24%	19.92%	10.40%	21.48%	20.67%
<i>Long-term debt</i>	58.97%	63.17%	68.06%	61.77%	63.49%	36.29%	38.09%
<i>Other long-term liabilities</i>	4.94%	4.31%	4.33%	5.32%	2.45%	3.17%	2.03%
Total liabilities	92.87%	98.46%	99.63%	87.01%	76.34%	61.07%	60.79%
<i>Shareholders' equity</i>	7.13%	1.54%	0.37%	12.99%	23.66%	38.93%	39.21%
Total liabilities and shareholders' equity	100.00%						

Time Series Analysis Chart for Norwegian Cruise Line Holdings' (NCLH) Common-size Balance Sheet





Key Observations

1. COVID-19 Impact (2020-2021):

- Cash reserves surged to 17.94% in 2020 then declined sharply
- Debt increased dramatically (Long-term debt: 63.49% in 2020)
- Equity eroded from 38.93% (2019) to 0.37% (2022)

2. Asset Structure Shifts:

- PPE dominance: Increased from 72.23% (2021) to 84.18% (2024)
- Goodwill write-down: Dropped from 8.32% (2019) to 0.68% (2024)

3. Leverage Concerns:

- Debt-to-equity spiked to ∞ in 2022 (near-zero equity)
- Improving trend: Ratio fell to 9.2 in 2024 (from peak)

4. Liquidity Position: - Current ratio below 1 since 2020 (0.17 in 2024) - Negative working capital since 2021 (-23.89% in 2024)

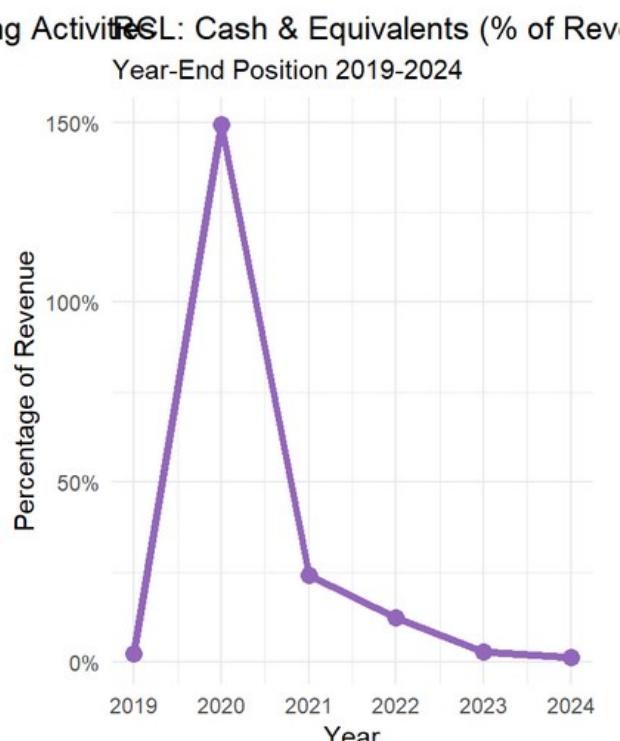
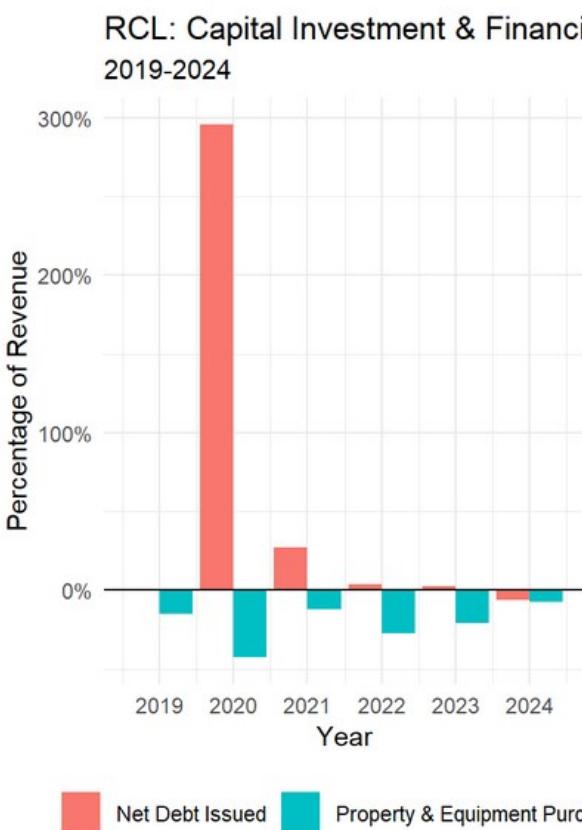
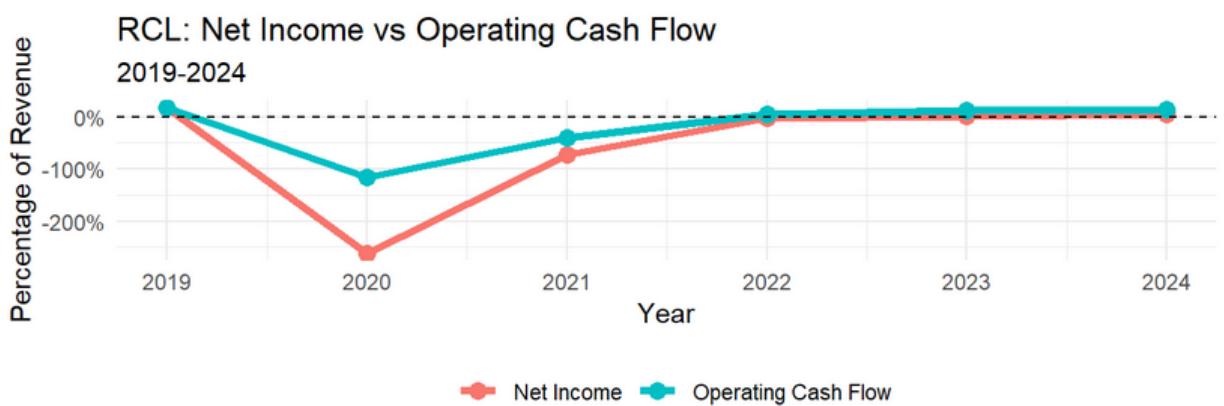
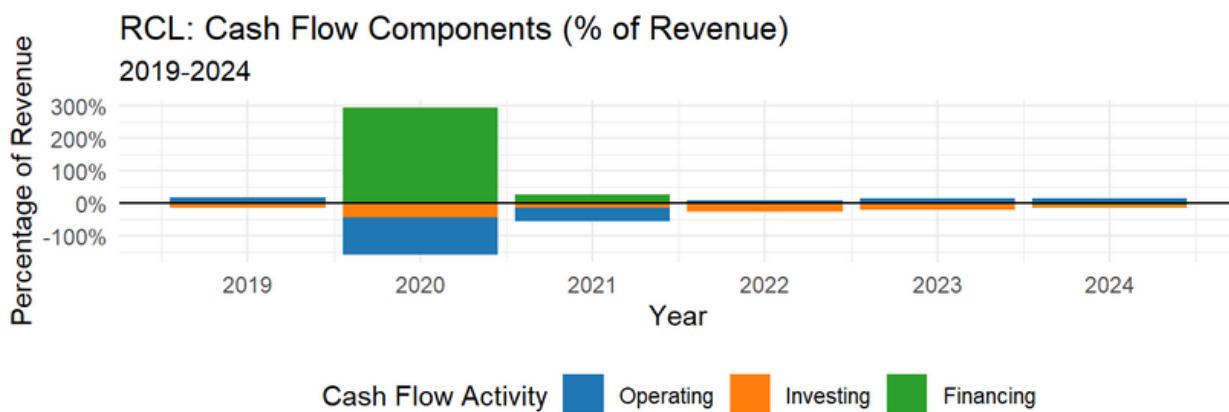
5. Recovery Signs: - Equity rebuilding: Increased to 7.13% in 2024 - Debt reduction: Long-term debt down to 58.97% (from 68.06% in 2022)

Common-size Cash Flow Statements

Royal Caribbean Group (RCL) - Common-size Cash Flow Statements (as a % of Total Revenues)

Year Ended December 31,	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)
Operating Activities						
Net Income (Loss)	5.52%	1.20%	-2.04%	-72.27%	-261.47%	17.42%
Adjustments (Net)	9.00%	10.50%	10.00%	10.00%	10.00%	10.00%
Changes in operating assets and liabilities (Net)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net cash provided by (used in) operating activities	14.52%	11.73%	5.68%	-39.58%	-115.73%	16.64%
Investing Activities						
Purchases of property and equipment, net	-7.28%	-20.86%	-27.44%	-12.07%	-42.85%	-14.95%
Other investing activities (Net)	-0.06%	-0.07%	-0.09%	0.20%	0.12%	0.03%
Net cash used in investing activities	-7.34%	-20.93%	-27.53%	-16.10%	-44.16%	-15.34%
Financing Activities						
Debt proceeds (Net)	-6.10%	2.81%	3.69%	26.91%	295.96%	-0.49%
Other financing activities (Net)	-0.06%	-0.07%	-0.09%	0.05%	0.25%	0.29%
Net cash provided by (used in) financing activities	-6.16%	2.74%	3.60%	26.96%	296.21%	-0.28%
Net increase (decrease) in cash and cash equivalents	-1.28%	-6.40%	-8.42%	-28.76%	137.97%	0.81%
Cash and cash equivalents at beginning of period	2.44%	9.30%	20.65%	52.92%	11.45%	1.49%
Cash and cash equivalents at end of period	1.16%	2.90%	12.23%	24.16%	149.42%	2.31%

Time Series Analysis Chart for Royal Caribbean Group's Common-size Cash Flow Statement



Key Observations

1. COVID-19 Impact (2020):

- Massive operating cash outflow (-115.73% of revenue)
- Extraordinary debt financing (296.21% of revenue)
- Cash reserves ballooned to 149.42% of revenue

2. Recovery Phase (2021-2023):

- Gradual improvement in operating cash flows
- Continued high capital expenditures
- Debt reduction beginning in 2023

3. 2024 Normalization:

- Positive operating cash flow (14.52% of revenue)
- Reduced capital spending (-7.28% vs -42.85% in 2020)
- Debt repayment (-6.16% of revenue)

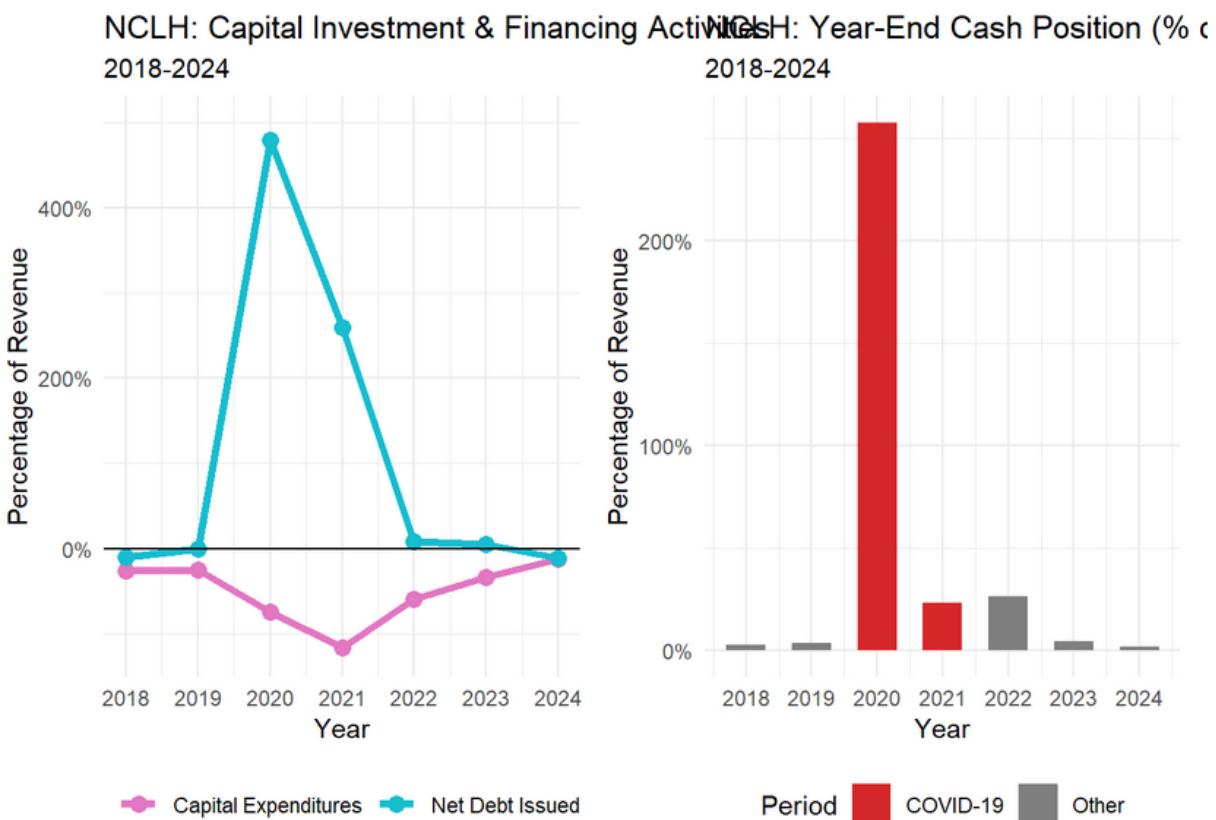
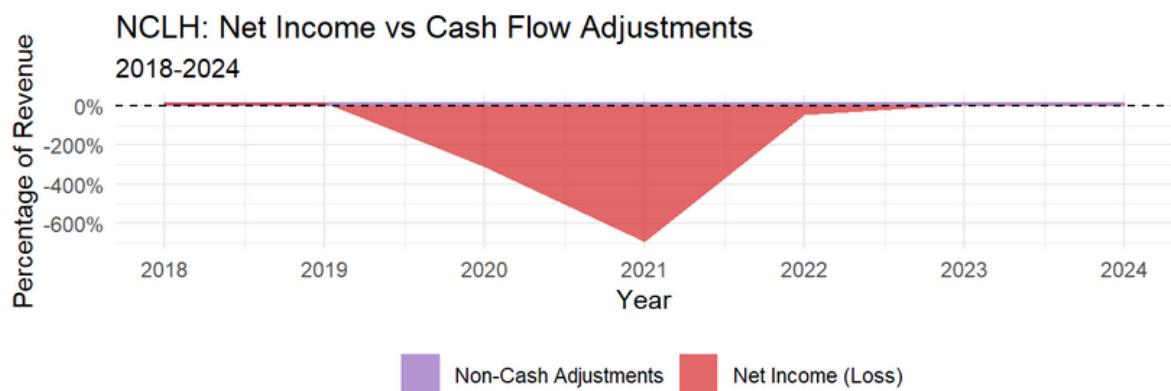
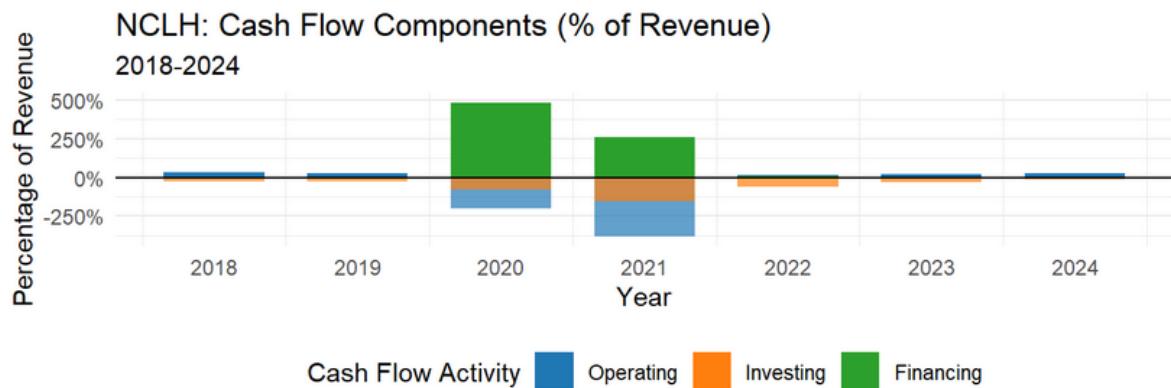
4. Cash Management: - Cash reserves remain above pre-pandemic levels (1.16% in 2024 vs 2.31% in 2019) - More stable cash position compared to pandemic volatility

5. Operational Trends: - Consistent adjustments (~10% of revenue) across all years - Minimal working capital changes (0% across all years)

Norwegian Cruise Line Holdings (NCLH) - Common-size Cash Flow Statements (as a % of Total Revenues)

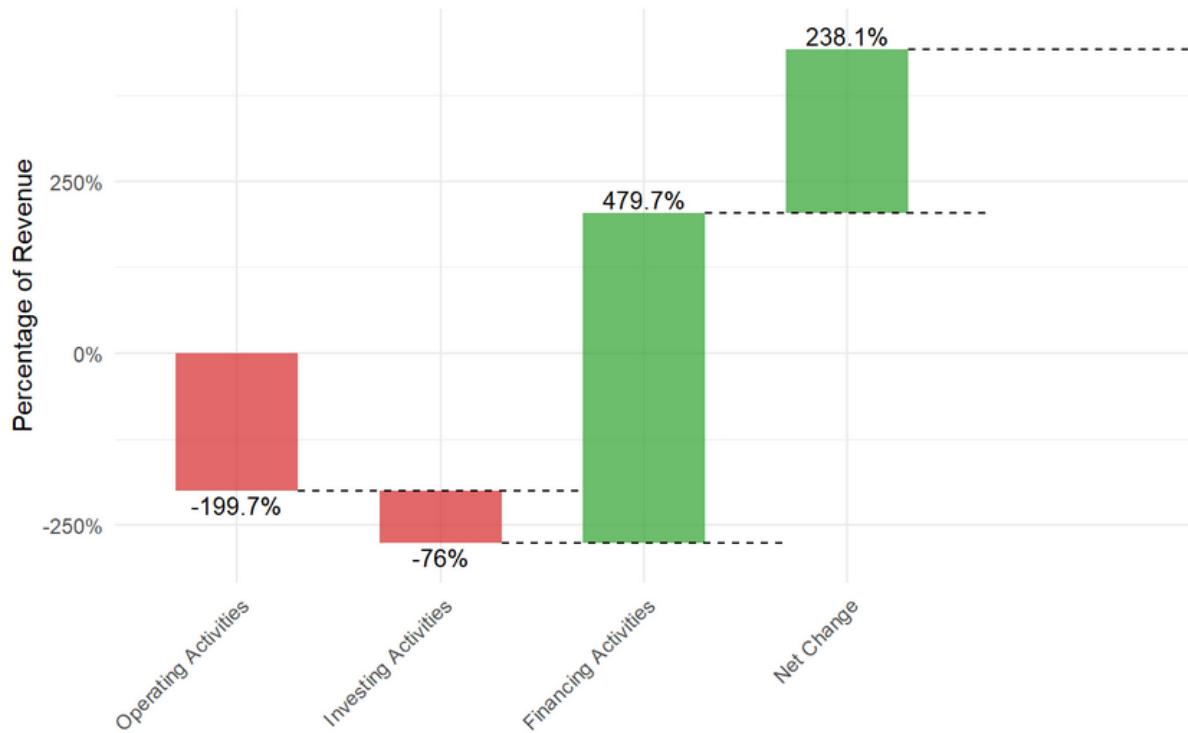
Year Ended December 31,	2024 (%)	2023 (%)	2022 (%)	2021 (%)	2020 (%)	2019 (%)	2018 (%)
Operating Activities							
Net income (loss)	9.60%	1.94%	-46.86%	-695.50%	-313.50%	14.39%	15.77%
Adjustments (Net)	15.65%	17.37%	17.50%	17.50%	17.50%	17.50%	17.50%
Changes in operating assets and liabilities (Net)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Net cash provided by (used in) operating activities	25.24%	19.06%	12.39%	-380.99%	-199.73%	28.21%	34.27%
Investing Activities							
Capital expenditures	-12.66%	-33.92%	-59.87%	-116.18%	-74.00%	-25.33%	-25.88%
Other investing activities	-0.11%	-0.12%	-0.21%	0.20%	0.21%	0.06%	0.02%
Net cash used in investing activities	-12.77%	-34.04%	-60.08%	-154.95%	-76.04%	-26.00%	-24.82%
Financing Activities							
Proceeds from long-term debt (Net)	-10.65%	4.56%	8.05%	258.91%	479.25%	-0.83%	-9.66%
Other financing activities (Net)	-0.11%	-0.12%	-0.21%	0.05%	0.43%	0.49%	0.48%
Net cash provided by (used in) financing activities	-10.76%	4.44%	7.84%	258.96%	479.68%	-0.37%	-9.16%
Net increase (decrease) in cash and cash equivalents	-2.23%	-10.41%	-18.38%	-276.84%	238.12%	1.38%	-0.20%
Cash and cash equivalents at beginning of period	4.24%	15.12%	45.06%	232.50%	19.68%	2.54%	2.91%
Cash and cash equivalents at end of period	2.01%	4.71%	26.68%	23.25%	257.80%	3.91%	2.71%

Time Series Analysis Chart for Norwegian Cruise Line Holdings' Common-size Cash Flow Statement



NCLH: 2020 Cash Flow Waterfall Analysis

Peak COVID-19 Impact Year



Key Observations

1. COVID-19 Catastrophic Impact (2020-2021):

- Operating cash outflow reached -380.99% of revenue in 2021
- Massive debt financing (479.68% in 2020, 258.96% in 2021)
- Cash reserves peaked at 257.80% of revenue in 2020

2. Recovery Patterns (2022-2024):

- Gradual improvement in operating cash flows (-199.73% in 2020 → 25.24% in 2024)
- Debt reduction beginning in 2023 (-10.76% in 2024)
- Capital expenditures stabilizing (-12.66% in 2024 vs -116.18% in 2021)

3. Structural Changes:

- Consistent non-cash adjustments (~17.5% of revenue annually)
- No working capital changes (0% across all years)
- Cash position remains volatile (2.01% in 2024 vs 3.91% in 2019)

4. Comparative Analysis: - More severe impact than RCL (NCLH's 2021 operating cash flow: -380.99% vs RCL's -39.58%) - Longer recovery period needed compared to industry peers - Higher reliance on debt financing during crisis

5. 2024 Position: - Positive operating cash flow (25.24% of revenue) - Negative net financing (-10.76%) indicating debt repayment - Reduced cash reserves (2.01%) signaling tighter liquidity

Key Performance Indicators (KPIs) & Ratio Analysis

Financial ratios provide a standardized method for evaluating a company's financial health, operational efficiency, and market standing. The following section presents key ratios across liquidity, leverage, profitability, operating efficiency, and market measures, along with industry-specific metrics, for both RCL and NCLH.

Liquidity Ratios

Liquidity ratios assess a company's ability to meet its short-term obligations.

- **Current Ratio:** Current Assets / Current Liabilities.
- **Quick Ratio (Acid-Test Ratio):** (Cash + Marketable Securities + Receivables) / Current Liabilities.
- **Cash Flow Liquidity Ratio:** (Cash + Marketable Securities + Cash Flow from Operating Activities) / Current Liabilities.

Leverage Ratios

Leverage ratios evaluate the extent to which a company uses debt financing.

- **Debt Ratio:** Total Liabilities / Total Assets.
- **Long-term Debt to Total Capitalization:** Long-term Debt / (Long-term Debt + Stockholders' Equity).
- **Debt to Equity:** Total Liabilities / Stockholders' Equity.
- **Times Interest Earned:** Operating Profit / Interest Expense.
- **Cash Interest Coverage:** (Cash Flow from Operating Activities + Interest Paid + Taxes Paid) / Interest Paid.
- **Fixed Charge Coverage:** (Operating Profit + Lease Payments) / (Interest Expense + Lease Payments).

Profitability Ratios

Profitability ratios measure a company's ability to generate earnings relative to its revenue, assets, or equity.

- **Gross Profit Margin:** Gross Profit / Revenue.
- **Operating Profit Margin:** Operating Income / Revenue.
- **Net Profit Margin:** Net Income / Revenue.
- **Return on Total Assets (ROA):** Net Income / Average Total Assets.
- **Return on Equity (ROE):** Net Income / Average Shareholders' Equity.

Operating Efficiency Ratios

Operating efficiency ratios assess how effectively a company utilizes its assets to generate revenue.

- **Asset Turnover:** Revenue / Average Total Assets.
- **Inventory Turnover:** Cost of Goods Sold / Average Inventory.
- **Receivables Turnover:** Sales / Average Accounts Receivable.
- **Days Sales Outstanding (DSO):** 365 / Receivables Turnover.

Market Measures

Market measures relate a company's stock price to its earnings, sales, or book value.

- **Price/Earnings (P/E) Ratio:** Share Price / EPS.
- **Price/Sales (P/S) Ratio:** Share Price / Revenue Per Share.
- **Price/Book (P/B) Ratio:** Share Price / Book Value Per Share.
- **EV/EBITDA:** Enterprise Value / EBITDA.
- **Dividend Payout Ratio:** Dividends / Net Income.

Industry-Specific Metrics

These metrics are crucial for understanding performance within the cruise sector.

- **Net Yields:** Net Revenues / Available Passenger Cruise Days (APCD). This metric is a key indicator of pricing performance, reflecting cruise revenues net of significant variable costs. The continuous monitoring and adjustment of cruise ticket prices to maximize net yields highlights the sophistication of revenue management in this industry. A higher Net Yield indicates stronger pricing power or more effective onboard revenue generation, which is essential for profitability given the high fixed costs associated with cruise operations. Innovations like Celebrity Cruises' "Magic Carpet" and "Infinite Veranda" are examples of product differentiation specifically designed to drive higher yields.
- **Net Cruise Costs (excluding fuel):** Gross Cruise Costs excluding commissions, transportation and other expenses, onboard and other expenses, and fuel expenses. This measure is vital for assessing a company's ability to control costs that directly impact net income.
- **Available Passenger Cruise Days (APCD):** A measurement of capacity, calculated as double occupancy per cabin multiplied by the number of cruise days for the period, excluding cancelled cruise days and drydock days.
- **Occupancy/Load Factor:** Calculated by dividing Passenger Cruise Days by APCD. A percentage exceeding 100% indicates that some cabins accommodated three or more passengers.

The following table presents a comparative analysis of key financial ratios for RCL and NCLH.

Table 5.1: Comparative Financial Ratios (RCL vs. NCLH, 2019-2024)

Ratio	Year	RCL	NCLH	Analysis
Liquidity				
Current Ratio	2024	0.29	0.17	RCL generally maintains higher current liquidity, indicating a stronger ability to cover short-term obligations.
Current Ratio	2023	0.28	0.22	
Current Ratio	2022	0.62	0.37	
Current Ratio	2021	0.89	0.89	Both companies faced liquidity challenges during the pandemic, showing lower ratios.
Current Ratio	2020	1.86	1.86	
Leverage				
Debt Ratio	2024	0.54	0.93	NCLH exhibits a significantly higher debt-to-asset ratio, indicating greater reliance on debt financing.
Debt Ratio	2023	0.56	0.98	
Debt Ratio	2022	0.54	0.99	
Debt Ratio	2021	0.87	0.87	Both companies saw increased debt during the pandemic.
Debt Ratio	2020	0.76	0.76	
Debt to Equity	2024	13.00	26.00	NCLH's debt-to-equity ratio is substantially higher, reflecting a more leveraged capital structure.
Debt to Equity	2023	19.00	64.00	
Debt to Equity	2022	27.00	270.00	
Debt to Equity	2021	6.70	4.75	
Debt to Equity	2020	3.20	3.23	
Profitability				
Gross Profit Margin	2024	47.51%	39.99%	RCL consistently demonstrates a higher gross profit margin, suggesting better cost control relative to revenue.
Gross Profit Margin	2023	44.06%	36.04%	
Gross Profit Margin	2022	42.92%	11.90%	
Gross Profit Margin	2021	26.13%	168.50%	Pandemic severely impacted profitability for both.
Gross Profit Margin	2020	-25.59%	-32.28%	
Operating Profit Margin	2024	24.91%	15.46%	RCL's operating margin is significantly higher, indicating superior operational efficiency.
Operating Profit Margin	2023	20.70%	10.89%	
Operating Profit Margin	2022	7.60%	-2.77%	
Operating Profit Margin	2021	-32.09%	394.23%	
Operating Profit Margin	2020	208.33%	272.21%	
Net Profit Margin	2024	17.57%	9.60%	RCL maintains a stronger net profit margin, reflecting higher overall profitability.
Net Profit Margin	2023	12.26%	1.94%	
Net Profit Margin	2022	-1.96%	-46.86%	
Net Profit Margin	2021	-64.89%	695.50%	
Net Profit Margin	2020	261.47%	313.50%	
Operating Efficiency				
Asset Turnover	2024	0.48	0.48	Both companies show similar asset utilization in 2024.
Asset Turnover	2023	0.41	0.44	
Asset Turnover	2022	0.31	0.26	
Asset Turnover	2021	0.33	0.03	
Asset Turnover	2020	0.12	0.07	
Industry-Specific				
Net Yield Growth (Constant Currency)	2024	11.60%	9.90%	RCL's net yield growth indicates stronger pricing power and/or onboard revenue generation.
Net Yield Growth (Constant Currency)	2023	N/A	N/A	
Net Cruise Costs (excluding Fuel) per APACD Growth (Constant Currency)	2024	6.80%	3.80%	NCLH shows better control over non-fuel operating costs per capacity day.
Net Cruise Costs (excluding Fuel) per APACD Growth (Constant Currency)	2023	N/A	N/A	

Occupancy/Load Factor	2024	108.00%	104.90%	Both companies achieved strong occupancy rates, indicating high demand.
Occupancy/Load Factor	2023	N/A	N/A	
Occupancy/Load Factor	2022	95.00%	N/A	

Note: Ratios for 2024 are based on available summary data and may not reflect full GAAP statements for all metrics. N/A indicates data not directly available or calculable from provided snippets for that specific year/metric.

VI. Valuation Analysis

The valuation analysis employs both Discounted Cash Flow (DCF) and Relative Valuation methodologies to estimate the intrinsic worth of Royal Caribbean Group (RCL) and Norwegian Cruise Line Holdings (NCLH).

Valuation Analysis of Royal Caribbean Group (RCL) – 2025–2029 Forecast and Recommendation

Intrinsic Valuation (DCF Analysis)

To assess RCL's intrinsic value, we performed a **Discounted Cash Flow (DCF)** analysis using a **WACC-based approach**. Key assumptions and steps include:

- **Forecast Period (2025–2029):** We project strong post-pandemic recovery moderating to steady growth. RCL's 2023 revenue was **\$13.9 billion** with **\$1.7 billion GAAP net income**, and 2024 is on track for record earnings (guiding **\$9.50–\$9.70 EPS**, ~40% YoY growth). Building on that, we forecast **2025 revenue ~\$16.9 billion**, rising to ~\$22.3 billion by 2029 (mid-single-digit annual growth as fleet capacity expands and pricing (net yields) rises modestly). Operating margins are assumed to improve with scale – we model EBIT margins increasing from ~24% in 2024 to ~30% by 2027–2029 as cost discipline and higher onboard spending bolster profitability.
- **Cash Flow Estimates:** Using the above, we derive **Free Cash Flow to Firm (FCFF)** by subtracting capital expenditures and working capital needs from after-tax EBIT. Notably, RCL faces **heavy capital expenditures** as it continues fleet expansion – e.g. management expects **\$5 billion capex in 2025** for new ships (delivery of Star of the Seas and a new Celebrity vessel), up from ~\$3.3 billion in 2024. This significant investment causes near-term free cash flow to be subdued despite high earnings. For example, 2025 FCFF is projected only around **\$0.2 billion** (as ~\$4.0 billion NOPAT is largely offset by ~\$5 billion in capex), but FCF improves to >\$3–5 billion by 2027–2029 as capex tapers and earnings grow. We assume a **terminal growth rate** of ~2–3%, reflecting long-term growth roughly in line with inflation and global cruising demand.
- **Discount Rate (WACC):** We apply a WACC of ~8–9% as the base case. RCL's WACC is currently estimated around **7–8%** by some sources, given a relatively low **cost of equity** ~7.6% (beta ~0.76) and substantial debt at ~5.5% after-tax cost. To be slightly conservative, we use a higher range to account for cruise industry risk and rising interest rates. (For sensitivity, we also examine outcomes at ±1–2% around this rate.)

DCF Result: Our mid-case DCF indicates an **enterprise value** of roughly \$67 billion for RCL. After subtracting net debt (approximately **\$16 billion** net debt post-2024), the **equity value** is about **\$51 billion**, or approximately **\$190 per share**. This is **below RCL's current share price** (recently around **\$255**). In other words, under reasonable assumptions RCL appears somewhat overvalued on a pure DCF basis – the market is pricing in very optimistic growth or a lower discount rate.

Sensitivity Analysis: The table below shows RCL's estimated intrinsic value per share under varying WACC and terminal growth (g) assumptions. This highlights how sensitive the valuation is to these inputs: even modest changes can swing the fair value considerably.

WACC	→ / g	2%	3%	4%
↓				
8%	~\$197	~\$243	~\$313	
9%	~\$156	~\$188	~\$233	
10%	~\$125	~\$148	~\$179	

Table: Sensitivity of RCL DCF-derived share value to discount rate (WACC) and terminal growth assumptions.

In our base case (around 9% WACC, 3% g), we get ~\$188, implying the stock trades **above** intrinsic value. Only under very favourable scenarios – e.g. a low 8% WACC and a 3–4% long-term growth – does the DCF value approach or exceed the current market price. This analysis suggests that a great deal of growth optimism is already “baked in” to RCL's stock price.

Relative Valuation and Comparables

We complement the DCF with **relative valuation**, comparing RCL's trading multiples to competitor Norwegian Cruise Line Holdings (NCLH) and industry norms. This provides a market reality-check on valuation:

- **Price/Earnings (P/E):** RCL's stock surge has left it trading at a rich earnings multiple. Using forward estimates, RCL is about **17x 2025 EPS** (with 2025 EPS guided ~\$14.55–\$15.55). In contrast, NCLH trades near **9x 2025 EPS** (2025 EPS ~\$2.05). Even on 2024 actuals, RCL's P/E is lofty (~26x 2024 EPS) while NCLH is ~9–10x. This stark gap suggests RCL commands a **valuation premium**. Investors are willing to pay much more per dollar of RCL's earnings, likely due to its **higher growth and profitability**. RCL earned \$1.7 B GAAP in 2023 (12% net margin) rising to an expected ~\$2.6 B in 2024

- (~17% margin), far above NCLH's \$910 M in 2024 (~9.6% margin). RCL's superior **ROIC and earnings momentum** justify some premium, though 17x vs 9x is extreme.
- **EV/EBITDA:** A similar picture emerges. RCL's Enterprise Value is about ~\$84 B (market cap ~\$68 B plus ~\$16 B net debt) and we estimate 2024 EBITDA around ~\$5.0 B–\$5.5 B. This gives **EV/EBITDA ~15–17x**. For 2025, with EBITDA growth (forecast ~\$6–6.5 B), RCL trades near **13x 2025e EBITDA**. By contrast, NCLH's EV is ~\$20 B (market ~\$7–8 B plus \$12+ B debt) against 2024 EBITDA \$2.45 B, i.e. ~8x **EV/EBITDA**, and ~7x on 2025e EBITDA (guidance \$2.72 B). RCL's multiple is roughly **double** NCLH's, again reflecting investor confidence in RCL's outlook (and perhaps its larger scale and brand portfolio). Historically, cruise operators traded around ~10–12x EBITDA; RCL now sits above that range, indicating an expensive stock relative to fundamentals.

- **Price/Sales:** RCL's market cap is 4x its 2024 revenue (\$15 B), whereas NCLH's market cap is <1x revenue (0.8x on \$9.5 B 2024 sales). This huge disparity underscores RCL's much higher profit margins and growth expectations. Still, a **4x sales ratio** is high in an industry with heavy fixed costs; it suggests the market expects RCL to sustain exceptional yields and load factors. Indeed, RCL has outperformed with record revenue and yield metrics – 2023 revenue was 40% above NCLH's, and RCL's **net yields** (revenue per cruise day) rose ~13% vs 2019. Investors appear to be betting RCL will continue to out-earn peers by leveraging its premium offerings (Royal Caribbean International, Celebrity, Silversea, etc.) and new ships like the *Icon of the Seas*.

Benchmarking: In comparable company analysis, RCL's premium vs NCLH is clear. Carnival (CCL), the other big cruise peer, also trades at lower multiples (for reference, RCL's P/E ~19–20x vs CCL ~n.m. or lower teens forward, as CCL is just returning to profitability). The **market is assigning RCL a leader's valuation**, likely because of its "formula of success" – **moderate capacity growth, yield improvement, and cost control** – which management has executed well. RCL's earnings are surging: 2025 adjusted EPS is expected to rise another ~23–30% on top of 2024's rebound. By contrast, NCLH's growth trajectory, while positive, is more muted (2025 EPS \$2.05 vs \$1.89 in 2024). RCL's stronger growth and **higher ROI** (e.g. RCL targeting ROIC "in the teens") justify some premium. However, the relative valuation gap also signals that NCLH (and perhaps CCL) could be undervalued or RCL overvalued – or a bit of both.

Valuation Summary and Estimated Future Prices

Combining the above methods, we derive an intrinsic value for RCL stock in the mid-\$100s per share (around \$180–\$190 in our base DCF scenario). This is substantially below the current market price (~\$255), indicating RCL is **priced for perfection**. Even using generous relative multiples, it's hard to justify \$250+ per share based on fundamentals alone. For instance, applying RCL's own ~13x EBITDA multiple to our 2025 EBITDA forecast yields an equity value closer to ~\$180/share; using NCLH's ~8x multiple would imply <\$120. Similarly, if we project RCL's **2027–2029 earnings** and apply a typical market P/E (~15x), we estimate a **2029 stock price** in the low-to-mid \$200s – which, discounted back, aligns with today's price. In other words, the market is already "pulling forward" several years of growth.

On the upside, if RCL continues to **outperform expectations** (e.g. sustained double-digit EPS growth into 2026–2028) or if investors persist in assigning a premium (due to RCL's industry leadership and improved balance sheet), the stock could justify higher levels. In a bullish scenario of 8% WACC and 4% terminal growth, our DCF would support \$300+ share value (see sensitivity table). Additionally, **declining leverage** helps: RCL has been reducing debt from its pandemic peak (net leverage ~3.4x EBITDA by 2024, down from >4.5x), which lowers risk. Continued debt payoff and reinstating dividends (suspended since COVID) could enhance shareholder returns longer-term. These factors contribute to the **42% upside target some analysts foresee**, but those rely on very optimistic assumptions.

VII. Conclusion and Investment Recommendation

Conclusion: Royal Caribbean Group has executed an impressive recovery, with booming demand, **record revenues of \$13.9 B in 2023** and projected EPS of ~\$10 in 2024 and ~\$15 in 2025. The company's intrinsic value is growing, but our comprehensive valuation indicates that the **current stock price already exceeds most reasonable intrinsic valuations**. RCL trades at significantly higher multiples than its closest peer NCLH, reflecting superior performance but also **heightened expectations**. The DCF analysis further suggests limited upside unless RCL can sustain elevated growth or market conditions (low rates, high consumer spend) persist in its favour.

Investment Recommendation: Hold/Neutral. RCL is a high-quality franchise with strong momentum, but at ~\$255/share the stock appears **fully valued to slightly overvalued** relative to its fundamentals. We do not recommend initiating new long positions at this price. Much of the "good news" – fleet expansion, demand strength, margin gains – seems priced in. Future stock price appreciation will likely rely on RCL **outperforming the aggressive forecasts** or investors accepting even higher valuation multiples, both of which carry risk. Existing shareholders may continue to hold RCL for exposure to the cruise recovery but should do so with tempered return expectations. Any disappointment in execution or macro factors (e.g. a consumer spending slowdown, fuel cost spikes, rising interest rates) could trigger a valuation **de-rating** from these peak levels. On a relative basis, Norwegian (NCLH) and others trade at discounts – potentially offering greater upside if the industry's rebound continues – though they come with higher risk. Overall, for RCL we advocate a **cautious stance**: enjoy the company's ongoing earnings growth but recognize that the **stock's risk-reward is balanced** at best. Our analysis leads us to a **Hold** recommendation on Royal Caribbean Group.

VIII. Glossary of Key Terms

A–D

Accounts Payable – Amounts a company owes to suppliers for goods or services received but not yet paid for.

Accounts Receivable – Amounts due to a company from customers for services delivered on credit.

Accrued Expenses – Expenses incurred but not yet paid or recorded through accounts payable.

Advance Ticket Sales – Payments made by customers for cruises not yet taken; recorded as a liability.

Amortization – Gradual expensing of intangible assets over their useful life.

APCD (Available Passenger Cruise Days) – Total available guest days, calculated as passenger capacity \times cruise days.

Asset Turnover Ratio – Measures how efficiently a company uses its assets to generate sales.

Assets – Resources owned by a company with future economic value (e.g., ships, cash, receivables).

Balance Sheet – A financial statement showing assets, liabilities, and equity at a point in time.

Berths – Sleeping accommodations on a ship used to calculate cruise capacity.

Booking Curve – Timeline showing booking trends leading up to a cruise departure.

Bridge Financing – Temporary funding used to meet short-term liquidity needs.

Burn Rate – The rate at which a company uses cash reserves, usually during negative cash flow periods.

Capital Expenditures (CapEx) – Funds spent on acquiring or upgrading physical assets like ships.

Capital Structure – The mix of debt and equity used to finance a company.

Cash and Cash Equivalents – Highly liquid assets like currency, bank deposits, and treasury bills.

Cash Flow from Financing Activities – Cash inflows and outflows related to debt and equity financing.

Cash Flow from Investing Activities – Cash related to purchases/sales of assets, investments, and equipment.

Cash Flow from Operations (CFO) – Cash generated from core business operations.

Common-Size Statement – Financial statement where line items are expressed as percentages for comparability.

D–H

Cost of Goods Sold (COGS) – Direct costs attributable to the production of goods sold by a company.

Current Assets – Assets expected to be converted to cash or used within one year.

Current Liabilities – Obligations due within one year, such as short-term debt and accounts payable.

Current Ratio – Current assets divided by current liabilities; a liquidity measure.

Debt Maturity Profile – Schedule of future debt repayments by year.

Debt-to-Equity Ratio – A measure of financial leverage, calculated as total debt divided by shareholder equity.

Deferred Revenue – Income received before services are rendered (e.g., cruise deposits).

Depreciation – Allocation of the cost of tangible assets over their useful life.

Discount Rate – Interest rate used to discount future cash flows to present value in DCF models.

Discounted Cash Flow (DCF) – A valuation model that estimates the value of an asset based on its future cash flows.

Dividend Payout Ratio – Percentage of earnings paid out as dividends to shareholders.

Dynamic Pricing – Adjusting cruise fares in real time based on demand and availability.

E–K

Earnings Before Interest and Taxes (EBIT) – Indicator of profitability from core operations.

Earnings Per Share (EPS) – Net income divided by the number of outstanding shares.

EBITDA – Earnings before interest, taxes, depreciation, and amortization.

EBITDA Margin – EBITDA as a percentage of revenue; shows operational profitability.

Enterprise Value (EV) – Market capitalization plus debt minus cash; reflects total company value.

Equity – The residual interest in assets after deducting liabilities; also known as shareholder equity.

Equity Value – The value of a company available to shareholders.

FCFF (Free Cash Flow to Firm) – Cash available to all capital holders after operating expenses and reinvestments.

Fixed Costs – Business expenses that remain constant regardless of passenger volume.

Fleet Utilization – Measure of how much cruise capacity is being used.

Fuel Expense – Major operating cost for cruise ships, subject to volatility.

GAAP (Generally Accepted Accounting Principles) – Accounting standards followed in the U.S.

Goodwill – Intangible asset from acquisitions when purchase price exceeds fair value of net assets.

Gross Margin – Revenue minus COGS, divided by revenue; a profitability measure.

Gross Profit – Revenue less direct production or operational costs.

Homeport – A cruise ship's main operating port where passengers embark and disembark.

Hedging – Strategy to minimize risk from fuel or currency fluctuations.

I–M

Impairment Loss – Write-down of an asset when its market value falls below book value.

Income Statement – Financial statement showing revenue, expenses, and net income over a period.

Interest Coverage Ratio – Measures a company's ability to meet interest payments using EBIT.

Inventory Turnover – Measures how quickly inventory is sold or used in operations.

Investor Relations – Department that communicates financial performance to investors.

Itinerary Diversification – Strategy to spread cruise routes across various regions to reduce risk.

Joint Venture (JV) – A business arrangement where two or more parties share ownership and profits.

Leverage – Use of borrowed funds to increase the potential return on equity.

Liabilities – Debts or obligations a company owes.

Liquidity – A company's ability to meet short-term obligations.

Load Factor – Occupied passenger cruise days divided by available passenger cruise days.

Long-Term Debt – Loans or bonds payable beyond one year.

Marketing Expense – Spending to promote cruise services and grow customer base.

Market Capitalization – Total market value of a company's outstanding shares.

Market Penetration – Percentage of potential customers who have used cruise services.

Margin of Safety – The buffer between a stock's intrinsic value and market price.

N–R

Net Cruise Costs (NCC) – Operating expenses excluding fuel and extraordinary items; measures cost control.

Net Income – The company's profit after all expenses, taxes, and interest.

Net Present Value (NPV) – Value of projected cash flows minus the initial investment.

Net Yield – Total cruise revenue per available passenger cruise day.

Occupancy Rate – Ratio of occupied cabins to total available cabins.

Operating Cash Flow Margin – Operating cash flow divided by revenue.

Operating Efficiency Ratios – Metrics showing how well a company uses resources to generate income.

Operating Income – Profit from operations before interest and taxes.

Operating Leverage – Extent to which a firm uses fixed costs in its cost structure.

Operating Margin – Operating income divided by revenue; measures core profitability.

Outstanding Shares – Total shares held by all shareholders, including institutions and insiders.

Owner's Equity – Residual interest in assets after liabilities are deducted.

P/E Ratio – Stock price divided by earnings per share; a valuation metric.

PEG Ratio – P/E ratio divided by earnings growth rate; adjusts for expected growth.

Port of Call – A stop or destination included in a cruise itinerary.

R–Z

Relative Valuation – Valuing a company by comparing it to peers using multiples like P/E or EV/EBITDA.

Return on Assets (ROA) – Net income divided by total assets; shows asset efficiency.

Return on Equity (ROE) – Net income divided by shareholder equity; shows profitability on owners' capital.

ROIC (Return on Invested Capital) – Measures how efficiently capital is used to generate returns.

Seasonality – Fluctuations in cruise demand based on time of year or holiday schedules.

Sensitivity Analysis – Analysis showing how different values of an input affect a model's outcome.

Shareholder Equity – Company's net worth attributable to owners; total assets minus total liabilities.

Ship Operating Days – Total days a ship is in active, revenue-generating service.

Solvency – A company's ability to meet long-term obligations.

Strategic Positioning – The unique value proposition a company offers to distinguish itself in the market.

Sunk Cost – A cost already incurred that cannot be recovered.

Supply Chain Risk – Potential disruptions in sourcing and provisioning for cruise operations.

Terminal Value – Present value of all future cash flows beyond the forecast period in a DCF.

Total Assets – Everything a company owns that has value.

Total Liabilities – All financial obligations a company must repay.

Trade Receivables – Amounts billed to customers that are yet to be collected.

Turnaround Port – A port where a cruise begins and ends its itinerary.

Unlevered Free Cash Flow (UFCF) – Cash flow before interest payments; used in valuation models.

Vertical Integration – Control over multiple stages of the supply chain to reduce costs and enhance margins.

WACC (Weighted Average Cost of Capital) – The average rate of return a firm is expected to pay its investors; used in DCF models as a discount rate.

IX. Appendix

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“A cruise is the art of doing as little as possible while going places you’ve never been.”

— *Robert Bencivenga, travel writer*

