



**CRUISE LINES INTERNATIONAL ASSOCIATION (CLIA)
2013 NORTH AMERICA CRUISE INDUSTRY UPDATE**

February 2013

Ex. 105, p. 1

2013 CLIA NORTH AMERICA CRUISE INDUSTRY UPDATE

The following information is intended to provide a snapshot of the global cruise industry as represented by the 26 member lines of CLIA North America and is accurate as of February 2013.

CLIA Fleet and Capacity

Through the steady introduction of new products, particularly new ships, the cruise industry has enjoyed systematic growth, which will continue through 2013 and beyond.

By the end of 2013, 167 new ships will have been built since 2000, representing some of the most dynamic and innovative design concepts the industry has ever seen. The diversity of the vessels introduced/to be introduced range from US and European riverboats to new classes of large contemporary ships ranging in size from 32 guests to 5,400.

- 13 ships introduced in 2012 (12 new, one refurbished), with 17,774 new beds. A capital investment of +\$4.418 Billion US

Cruise Line	Ship Name	Capacity
AMA Waterways	<i>ms AmaCerto</i>	164
American Cruise Line	<i>Queen of the Mississippi</i>	140
Avalon Waterways	<i>Vista</i>	166
Avalon Waterways	<i>Visionary</i>	128
Avalon Waterways	<i>Angkor</i>	32
Carnival Cruise Lines	<i>Carnival Breeze</i>	3,690
Celebrity Cruises	<i>Celebrity Reflection</i>	3,030
Costa Cruises	<i>Fascinosa</i>	3,012
Disney Cruise Line	<i>Fantasy</i>	2,500
MSC Cruises	<i>MSC Divina</i>	3,502
Oceania Cruises	<i>Riviera</i>	1,260
Paul Gauguin Cruises	<i>M/V Moana (Previously Owned)</i>	90
Uniworld Boutique River Cruises	<i>River Saigon</i>	60

- 11 ships to be introduced in 2013 (10 new, one re-introduced), with 12,125 new beds. A capital investment of +\$2.317 Billion US

Cruise Line	Ship Name	Capacity
AMA Waterways	<i>AmaPrima</i>	164
AMA Waterways	<i>AmaVida</i>	108
Avalon Waterways	<i>Artistry II</i>	128
Avalon Waterways	<i>Expression</i>	166
MSC Cruises	<i>Preziosa</i>	2,502
Norwegian Cruise Line	<i>Norwegian Breakaway</i>	3,969
Pearl Seas Cruises	<i>Pearl Mist</i>	210
Princess Cruises	<i>Royal Princess</i>	3,600
Silversea Cruises	<i>Silver Galapagos (Previously Owned)</i>	100
Uniworld Boutique River Cruises	<i>Queen Isabel</i>	118
Uniworld Boutique River Cruises	<i>River Orchid</i>	60

- 13 new ships, with 16,702 beds, will join the CLIA fleet in 2014. A capital investment of +\$3.395 Billion US

Cruise Line	Ship Name	Capacity
AMA Waterways	<i>AmaSonata</i>	164
AMA Waterways	<i>AmaReina</i>	164
American Cruise Lines	<i>TBD</i>	150
Avalon Waterways	<i>Avalon Poetry II</i>	128
Avalon Waterways	<i>Avalon Illumination</i>	166
Avalon Waterways	<i>Avalon Impression</i>	166
Costa Cruises	<i>Diadema</i>	3,700
Norwegian Cruise Line	<i>Norwegian Getaway</i>	3,969
Princess Cruises	<i>Regal Princess</i>	3,600
Royal Caribbean International	<i>Quantum of the Seas</i>	4,100
Tauck River Cruises	<i>TBD</i>	118
Tauck River Cruises	<i>TBD</i>	118
Uniworld Boutique River Cruises	<i>S.S. Catherine</i>	159

- 3 new ships, with 10,960 beds, will join the CLIA fleet in 2015. A capital investment of +\$2.466 Billion US

Cruise Line	Ship Name	Capacity
Holland America Line	<i>TBD – New Class</i>	2,660
Norwegian Cruise Line	<i>TBD – Project Breakaway Plus 1 class</i>	4,200
Royal Caribbean International	<i>Anthem of the Seas</i>	4,100

- 2 new ships, with 9,400 beds, will join the CLIA fleet in 2016. A capital investment of +\$2.080 Billion US

Cruise Line	Ship Name	Capacity
Royal Caribbean International	<i>Anthem of the Seas</i>	4,100
Royal Caribbean International	<i>TBD – Oasis Class</i>	5,400

- Total beds and ships in the CLIA North America fleet* at year end:
 - 2011 – 329,050 beds – net 212 ships
 - 2012 – 342,155 beds – net 221 ships
 - 2013 – 350,606 beds – net 227 ships
 - 2014 - 367,146 beds – net 235 ships
 - 2015 – 378,256 beds – net 239 ships
 - * Includes ships added and deleted from fleet and CLIA North America cruise line membership changes
- In the period 2013-2016, 29 ships* will join the CLIA fleet/on order/option, an investment of more than \$10.258 billion US
*(28 new and 1 refurbished, 14 ocean going vessels and 15 riverboat/coastal vessels)
- (As of 2/4/2012, the Seatrade Order Book was for 22 ships with 66,831 berths, for an investment of \$14.9 billion)

CLIA Passenger Carryings

New ships, global destinations and itineraries, and innovative shipboard facilities and activities have driven constant growth in cruise passengers. CLIA member lines have experienced an average annual passenger growth rate of 7.2 percent since 1980, with average yearly occupancies above 100 percent.

- In 2012, the CLIA fleet sailed at approximately 102 percent capacity
- Passenger growth over time: Between 1980 and 2012, the CLIA North America fleet will have carried an estimated 225 million guests: 188 million passengers sourced from North America and 37 million passengers from other parts of the world

CLIA Passenger Carryings

CLIA North America Member Cruise Line Passenger trends:

- 2000: 7.214 million (91 percent of guests sourced from North America)
- 2002: 8.648 million (86 percent of guests sourced from North America)
- 2004: 10.46 million (84.4 percent of guests sourced from North America)
- 2006: 12.01 million (83.9 percent of guests sourced from North America)
- 2008: 13.01 million (77.6 of guests sourced from percent North America)
- 2010: 14.82 million (72.8 percent of guests sourced from North America)
- 2011: 16.32 million (68.7 percent of guests sourced from North America)
- 2012 Est. 17.2 million (68.0 percent of guests sourced from North America)
- 2013 Forecast 17.6 million (67 percent of guests sourced from North America)

Global passenger forecast in 2013 is 20.9 million guests. (Collective passenger estimate from CLIA North America, Europe, UK, Canada, Canada, Alaska, Asia, Brazil member lines.)

North America, Europe, Brazil and Australasia Cruise Passenger Market Penetration Overview

	2011 Population (Millions)	2011 Cruise Pax (Millions)	Pax %	Population (%)	(Rank)	(Rank)
US	312.10	10.448	56.1%	3.348%	1	1
UK (Includes England, N. Ireland, Wales & Scotland)	63.07	1.700	9.1%	2.695%	3	2
Australia	22.62	0.623	3.3%	2.754%	2	8
Canada	35.00	0.763	4.1%	2.180%	4	5
Germany	81.80	1.388	7.4%	1.697%	5	3
Italy	60.80	0.923	5.0%	1.518%	8	4
Spain	46.20	0.703	3.8%	1.522%	7	6
Scandinavia*	25.50	0.306	1.6%	1.200%	10	10
Benelux*	28.00	0.159	0.9%	0.568%	12	11
Switzerland	7.90	0.121	0.6%	1.532%	6	12
Austria	8.40	0.104	0.6%	1.238%	9	13
France	65.40	0.441	2.4%	0.674%	11	9
Brazil	199.30	0.694	3.7%	0.348%	13	7
Portugal	10.60	0.036	0.2%	0.340%	14	14
Other Europe		0.224	1.2%			
NA/Europe/AUS Total	966.69	18.633	100%	1.928%		
North America Total	347.10	11.211	60.2%	3.230%		
Europe Total* Countries listed	334.60	4.405	23.6%	1.316%		
Australia Total	22.62	0.623	3.3%	2.754%		
Global Passenger total		19.400				
NA/Europe/AUS Total Share		96.0%				

* Source: CLIA, ECC, ICCA, Abremer - 2011

*Scandinavia: Norway, Sweden, Denmark, Finland, Iceland

*Benelux: Belgium, Netherlands and Luxembourg

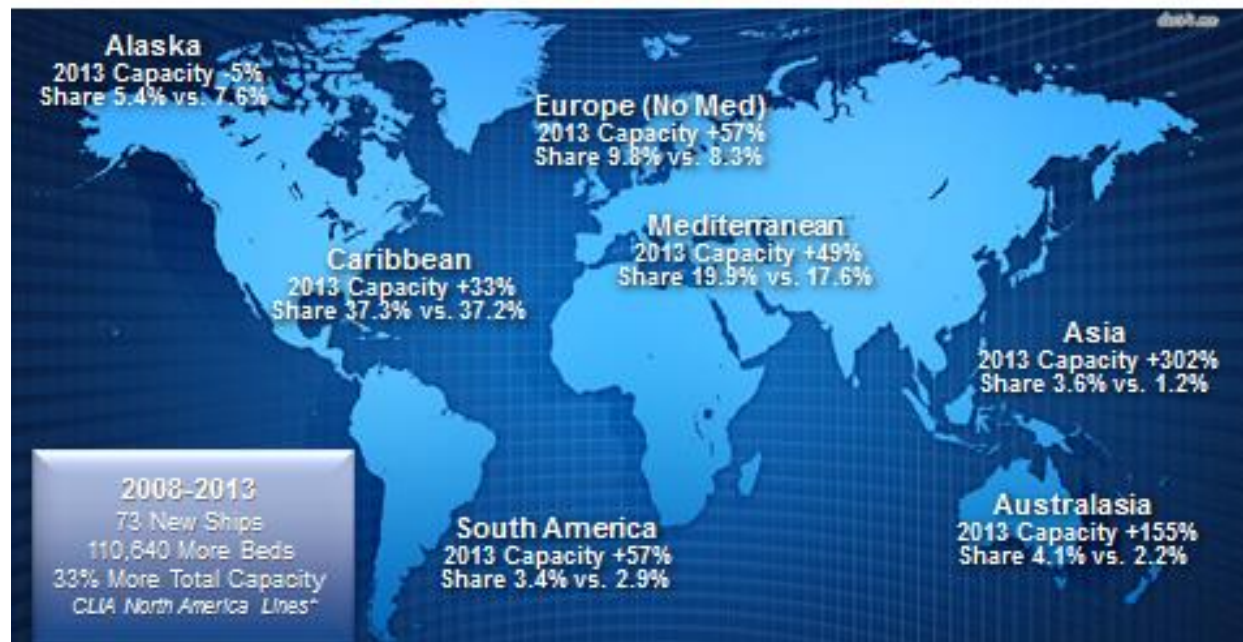
*UK: England, N. Ireland, Wales & Scotland (includes Eire)

Deployment Trends



Deployment Trends

2008-2013 5-Year Growth and Deployment Trends



Cruise Industry Trends

Refreshments and Revitalizations

In addition to new builds, several North American CLIA fleet member lines are investing in multi-million dollar revitalization and refreshment projects on individual ships or fleet-wide. For example:

- **Royal Caribbean** is in the midst of upgrading its entire fleet with new onboard amenities, stateroom upgrades and restaurants and by fall 2013 all but one of Royal Caribbean's *Vision* and *Radiance* class ships will have undergone revitalization. In 2012, the line invested a total of \$131 million to upgrade *Grandeur of the Seas*, *Rhapsody of the Seas* and *Serenade of the Seas*. The line is starting 2013 with the completion of the *Legend of the Seas*' \$50 million, month-long renovation at a dry dock in Singapore
- **Carnival Destiny** is undergoing a \$155-million bow-to-stern remodeling, with extensive renovations and a re-emergence as the *Carnival Sunshine*. The makeover will incorporate all of the "Fun Ship 2.0" dining, bar and entertainment features, as well as adding 182 new cabins, new dining choices and a massive racing-theme water park
- **Celebrity Millennium**® was "Solsticized" in May of 2012 with award-winning Solstice® Class features including spa-inspired AquaClass® staterooms, the AquaClass signature restaurant, Blu, and the addition of verandas to the ship's chic Celebrity Suites cabin category
- **Azamara Quest's** renovations, completed in 2012, included a refresh of all public spaces and staterooms and a new "Azamara Blue" hull
- **Silver Cloud** completed a major refurbishment in November 2012, where extensive renovations were made to nearly every area of the ultra-luxury ship. Some highlights include: refreshed public spaces, dining enhancements and sophisticated new décor for suites
- **Windstar Cruises** just completed an \$18 million fleet refurbishment plan on all of its yachts, the most extensive in Windstar's history

Cruise Industry Trends

Firsts at Sea

Be it new builds, or revitalizations, the cruise industry continues to deliver exciting “firsts” at sea – both in terms of products and services:

- **MSC Preziosa** will feature Vertigo, the longest single rider waterslide on the seas
- **Crystal Symphony** will create the world’s first self-contained, free-standing living wall at sea, not only bringing the outdoors in, but also adding to Crystal’s “Crystal Clean” environmental efforts (2012)
- In 2013, **Avalon Waterways** is introducing Avalon ChoiceSM – a concept that gives river cruisers the freedom to personalize their cruise, from beginning to end, including what and where to eat, customized room configuration and personal cruise style; selection of shore excursions and other online, pre-sail customizations
- **Celebrity Reflection’s** debut introduced the premium cruise brand’s “Reflection Suite,” the line’s first two-bedroom suite (at 1,636 square feet) as well as a 194-square-foot wraparound veranda. The Reflection Suite includes a sea-view bathroom with a distinctive all-glass shower extending out over the edge of the ship, a veranda tub and breathtaking panoramic views
- Princess’s new **Royal Princess**, debuting this year, will feature a Sea Walk, extending 28 feet beyond the starboard side of the ship. At 60 feet long and hovering 128 feet above the ocean, this dramatic glass-bottomed walkway offers unparalleled views available on no other ship
- The top decks of **Norwegian Breakaway** will feature the first Aqua Park at sea, including five multi-story water slides and the ‘Free Fall’ - two side-by-side slides where guests will stand up and have the floor drop from underneath, propelling them into a loop. Also onboard will be the first “Black Light Spinning” class at sea

Cruise Industry Trends

Exploring the unknown

A major cruise industry trend has been the globalization of destinations and itineraries as cruise lines open new geographic markets and provide exciting new experiences for first-timers and loyal cruisers.

- Asia, for example, which leads the world in international tourism growth, is accelerating in exotic port offerings and itineraries:
 - More and more homeports in Asia are now capable of serving large, luxury liners – of note: the number of international liners arriving in Shanghai’s specialty port for luxury ships was 62 in 2012 and is expected to jump to 150+ in 2013
 - **Princess Cruises** is introducing the largest deployment ever by a global cruise line in the Japanese market when it brings *Sun Princess* to Japan for a spring-to-summer season of cruising in April 2013. The new program features nine cruises on seven different itineraries operating April through July of next year from both Yokohama and Kobe
 - **Costa Cruises** continues to expand its offerings in the Far East. Until October 2013 *Costa Victoria* will depart from Hong Kong, Shanghai and Tianjin for short cruises to Taiwan or South Korea, Japan and Vietnam
- **Azamara Club Cruises** is featuring 40 new ports including Beijing (Xingang), Shanghai (Haitong) and Jinhae, South Korea in the Far East; as well as charming Amasra (Safranbolu), Turkey, and 2014-Winter Olympic host-city Sochi, Russia in the Black Sea
- New this year, **Crystal Cruises** is offering cruises to/from Reykjavik, Iceland and a La Spezia, an Italy maiden call and a UNESCO World Heritage site. The line will also visit Iberia/Morocco- during Seville’s La Feria de Abril festival
- Other exotic itineraries include **Holland America Line’s** 50-Day Australia Circumnavigation & Great Barrier Reef route; **Seabourn’s** addition of Antarctica cruising and landings to its popular Patagonia cruises; and **Silversea’s** Galapagos programs onboard their new ship, *Silversea Galapagos*

Cruise Industry Trends

Big brand entertainment

CLIA member lines are continuing to expand entertainment options through partnerships with big brand names, especially in new onboard games, shows and activities.

- **Crystal Cruises** is launching a new alliance with **Hollywood's Magic Castle**, with magicians from the world-famous private club coming aboard to showcase and teach secret magic tricks in an uber-intimate setting. The line also is partnering with the renowned **USC School of Cinematic Arts**, which brings sophisticated movie-making education onboard, enabling guests to create iMovies on their iPads
- Additionally, **Carnival Cruise Lines** is introducing a new Hasbro, The Game show activity, which offers larger than life adaptations of popular Hasbro games such as Operation, Connect 4, Yahtzee, Monopoly and others presented in a TV game-show format popular in the 1970s. Kids love the excitement of the game show while parents feel a sense of nostalgia for the games and shows they grew up with
- An exciting new "Dancing with the Stars" experience will be featured on board **Holland America** ships. Six theme cruises in 2013 and early 2014 will feature "Dancing with the Stars" events including dance lessons, a chance to meet the dancers, ask questions and take photos, and a dazzling production starring celebrities and the famed dance pros
- In collaboration with PLAYBILL®, the theatre's most recognized institution for over 125 years and a name synonymous worldwide with Broadway, **Regent Seven Seas Cruises** is introducing a "Spotlight on Theatre" voyage that will star two-time Tony Award winner Patti LuPone, Tony nominee Norm Lewis and two-time Tony Award nominee Howard McGillin as they sing their hit songs, participate in live Q&A sessions and more

Cruise Industry Trends

Technology

Cruise lines are increasingly outfitting their ships with the latest high-tech products and services – in passenger areas, as well as behind the scenes.

- **Royal Caribbean** introduced iPads in every stateroom aboard *Splendour of the Seas* last year and the line's Wayfinder system has won multiple awards for technology excellence –Onboard activities, real time updates, and customized directions and routing are at guests' fingertips with plasma and LCD touch-screen signs throughout *Oasis of the Seas* and *Allure of the Seas*
- Last year **Norwegian** introduced the Norwegian iConcierge Smart Phone App. The app allows **iPhone**, iPad, Android, and Windows7 users to interact with *Norwegian Epic's* onboard guest information and service systems during their cruise
- **Carnival** offers a new experience on *Carnival Breeze* – "Thrill 5D Theater". Watch 3D-formatted films with special effects like squirting water and bubbles, vibrating and shifting seats and wind and scent that thrill and excite viewers
- **Disney Dream's** inside staterooms feature a "Magical Porthole" that gives guests a real-time view outside the ship via high-definition cameras placed on the ship's exterior
- **Crystal Cruises** "Fast-Track Check-In" utilizes a new barcode on each guest cruise ticket and a new ticket scanning system that eliminates 100% of ship check-in procedures in port terminal waiting areas - quickly and efficiently transitioning guests from dock to security

Cruise lines continue to develop Energy-saving technology

- **LED and compact fluorescent lighting** – Several cruise lines have already made the switch to energy saving lighting, including Carnival, with compact fluorescent and LED bulbs installed fleet-wide at a potential savings of approximately \$100,000 annually in energy cost per ship
- **Reverse Osmosis for fresh water** – MSC Cruises' *Divina* recently introduced a revolutionary reverse osmosis system for fresh water production that consumes 40% less power

Travel Agent and Cruise Line Survey

CLIA member lines and over 600 travel agent partners were surveyed in January 2013 for the following insight:

When asked to rank the reasons why people chose cruising over other types of vacations:

- Cruise lines ranked value as the top reasons, followed by cruise vacation lifestyle
- Travel agents ranked, in order: value, price and ease of booking a cruise

When asked what motivates vacationers to pick a particular cruise line:

- Cruise lines listed, in order: knowledge of a cruise brand, destination/itineraries, and price
- Agents ranked the top three criteria as: price, cruise brand and destination/itinerary
- Clients are motivated to switch brands, according to agents, by: pricing, wanting to try a new ship, and new itineraries

Top cruise trends by cruise lines and agents:

- Cruise lines: global expansion of destinations, smaller ships, globalization of passenger sourcing, shorter cruise offerings
- Agents: global destinations and itineraries, increase in domestic ports of embarkation, larger ships, smaller/niche market ships, green technology, and shorter cruise offerings
- General trends:
 - Entertainment: more large-scale and greater diversity of offerings cultural option, interactive entertainment, age specific entertainment, adults only offerings
 - Dining: increased culinary education, focus on organic/local/sustainable cuisine, signature restaurants, focus on international cuisines, celebrity chefs, food themed cruises
 - Accommodations: more choice (price, size, amenities, etc.), customized cabin amenities and technological innovation
 - Demographic growth: families and multigenerational families, first-time cruisers, social groups, friends traveling with friends, corporate groups, Gen X/Y and first timers

Travel Agent and Cruise Line Survey

Cruise lines and travel agents identified the following as the “Hot” destinations for 2013:

- Caribbean
- U.S. rivers
- European rivers
- Southeast Asia
- South Pacific
- Canada/New England
- Australia/New Zealand
- South America

Most “Popular” destinations in terms of capacity deployment in 2013*:

- 34.4% Caribbean/Bahamas
- 21.7% Mediterranean
- 10.9% Europe (without Med)
- 5.0% Australia/New Zealand/Pacific
- 4.8% Alaska
- 3.9% South America
- 3.4% Asia
- 15.8% Combined Total – Other Destinations

2013* information based on annual bed day audit of the four largest cruise operators representing approximately 85% of global cruise capacity; Carnival Corporation, Royal Caribbean Limited, Norwegian Cruise Line and MSC Cruises. Capacity distribution also reflects destination market seasonality.

Travel Agent and Cruise Line Survey

A Travel Agent survey on business optimism yielded the following:

- 68% believe bookings will be comparable or better than 2012
- Booking window is getting shorter
- Customers are and remain, brand loyal. Most cruise clients have strong brand loyalty: 26.4% of agents say clients stick to one brand; 52.3% say clients stick with two or three brands
- Home port, price and onboard facilities are the top 3 decision making factors
- Ethnic groups, weddings and honeymooners represent the top 3 growth potential target groups
- 85.3% of agents say cruise sales in 2013 will be as good or better than 2012; 38% believe 2013 will be better and 18.6% say 2013 will be their best year ever
- 77.2% of agents say Specialty Cruising is a growing sales opportunity. Factors driving consumer interest in Specialty Cruising include: destination/itineraries, ship size (small), a slower pace of vacationing, and ability to visit smaller ports/destinations
- Pricing and value are driving interest in cruising among younger travelers

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