CARNIVAL CORPORATION & PLC

Seatrade 2017 – Refit

March 15th 2017

AIDA Carnival Costa CUNARD fathom

Holland America Line P&O CRUISES P&O AUSTRALIA PRINCESS CRUISES SEABOURN

Carnival Corporate Ship Refit – Fleet Status

- In March 2017, the Carnival Corporate Fleet (10 Brands – CCL, PCL,HAL,P&O UK, Cunard, CAU, Aida, Costa, Seaborn and Fathom), consist of 103 Ships , and 19 ships on order.

- The average ship age is at present 13.9 years and we have 41 ships with 15 years +.

- Most of the 41 ships did get a mid life upgrade, if not they are planned for the next years.

Carnival Corporate Ship Refit – Refit Definition

- <u>Refurbishment</u>
  - Haircut and shave
  - Regular Dry docking
  - ~ 7-14 days in dry dock
  - 1,0-2,0 mio US$/day spend

<u>Refit</u>

-Midlife or Life extension

- Revenue and energy improvements

~ 15-70 days in dry dock

~ 1,0-3,0 mio US$ / day spend

- Definition lately get faded, since most of the ships in the first 15 years enters dry dock every 5 years, and the dry dock will get big and complex, even without refits. After 15 years the ships dry dock 2x within 5 years.

- We are not looking only at mid life refit, at present we are although looking at life extension refits. For ships in the 30 year range.

Carnival Corporate Ship Refit – Yard strategic location

• Europe:	Mediterranean	Marseille
•	Baltic	Hamburg / Bremerhaven
• US :	East Cost	Freeport / Bahamas
•	West Coast	Victoria/SanFran/Portland
• Asia / China		Singapore/ Shanghai
• Australia		Sydney – Singapore

- Size of docks get more important

- Deviation and infrastructure of yards is a key element of selection of yard

Carnival Corporate Ship Refit – ROI - calculation

- As usual the ROI is calculated for all discretionary spending , this does not include safety, compliance and regular overhaul intervals like engine /equipment maintenance and or blasting and painting etc
- There are certain thresholds which needs to be fulfilled to make the final decisions.
- Big factors are itineraries or length of cruises which might trigger investments over and above age related investments.
- Very good ROI’s are usually additional cabins and additional balconies.
- LNG or dual fuel upgrades are in the consideration.