

The Henry Fund

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Royal Caribbean Cruises Ltd. (RCL)
Consumer Discretionary – Hotels, Resorts and Cruise Lines

September 29, 2025

Stock Rating: **HOLD**

Investment Thesis

Price Target: **\$265**

We rate Royal Caribbean (RCL) a **HOLD**. Our blended valuation of \$265 per share is very close to the current market price of \$252, leaving limited upside. Strong long-term drivers include capacity growth, onboard revenue expansion, and gradual margin improvement, but we believe these are already reflected in RCL's premium valuation versus peers.

Drivers of Thesis

- Capacity growth of 7% in 2025 and 6% in 2026 from new ships
- Ticket yields growing 5% in 2025, 4% through 2028, and 2% long-term.
- Onboard yields growing faster at 7% through 2027 and ~6% afterward.
- EBITDA margin expansion from 34.6% in 2024 to 40.4% by 2034, slower than Street.

Risks to Thesis

- U.S. consumer discretionary slowdown pressuring demand.
- Fuel price volatility tied to VLSFO/MGO markets.
- Execution risk in ship deliveries, onboard revenue growth, or refinancing \$9B debt wall (2026–2028).

Henry Fund DCF	\$250
Henry Fund DDM	\$293
Relative Multiple	\$254

HF % Upside 2.86%

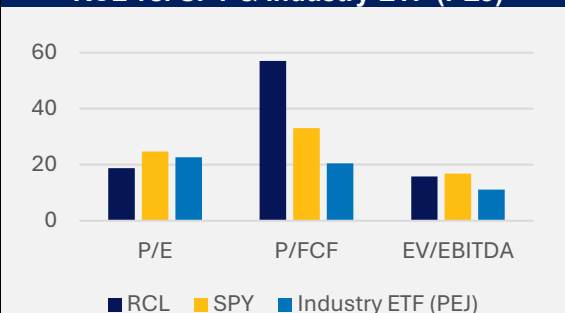
Price Data

Current Price	\$252
Date of Price	11/21/2025
52wk Range	\$164.01 – 366.50
Consensus Price Target	\$282
Consensus % Upside	13%

Key Statistics

Market Cap (B)	88.79
Diluted Shares Out. (M)	97.00
Institutional Ownership	85.04%
Beta (3Y Adjusted)	1.43
Dividend Yield	1.22%
LT Growth Rate	16%

RCL vs. SPY & Industry ETF (PEJ)



Earnings / EBITDA Estimates

Year	2022	2023	2024	2025e	2026e	2027e
HF EPS	-8.45	6.63	11.00	17.38	20.59	23.61
% Growth	59.55	178.6	65.91	57.99	18.47	14.66
Street EPS	-8.45	6.63	11.00	15.66	18.29	21.04
% Growth	59.55	178.6	65.91	32.71	16.79	15.04
HF EBITDA	641	4333	5706	6958	8038	8353
% Growth	-125.9	575.9	31.69	21.94	15.52	3.91
Street EBITDA	641	4333	5706	6890	7703	8577
% Growth	-125.9	575.9	31.69	15.35	11.80	11.35

Balance Sheet / Cash Flow Snapshot

Net Debt	22059	21633	20432	20116	16334	13488
Debt/Equity	8.36	4.52	2.69	2.00	1.23	0.86
FCF	-2228	580	1997	2108	5462	4619
CFO	482	4477	5265	6568	8690	8559

Profitability

HF EBITDA	641	4333	5706	6958	8038	8353
Gross Margin	-73.5	25.2	44.1	47.5	50.2	50.2
Net Margin	-24.39	12.21	17.45	25.17	27.28	27.81
ROA	-6.38	4.83	7.76	11.00	12.99	12.92
ROE	-42.39	59.15	58.73	60.62	52.66	40.30
ROIC	-3.36	12.07	16.26	19.58	20.54	20.82

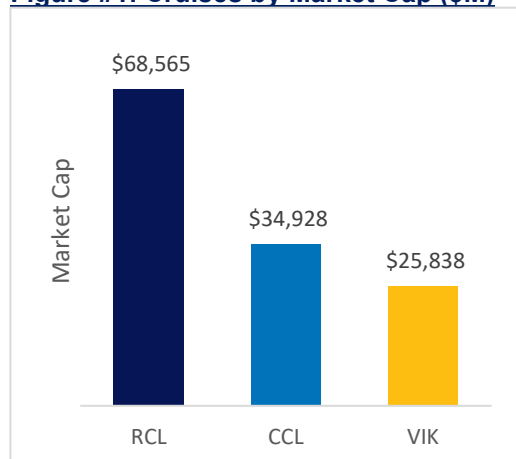
Price Performance



RCL vs. Peer Group – Sales Growth

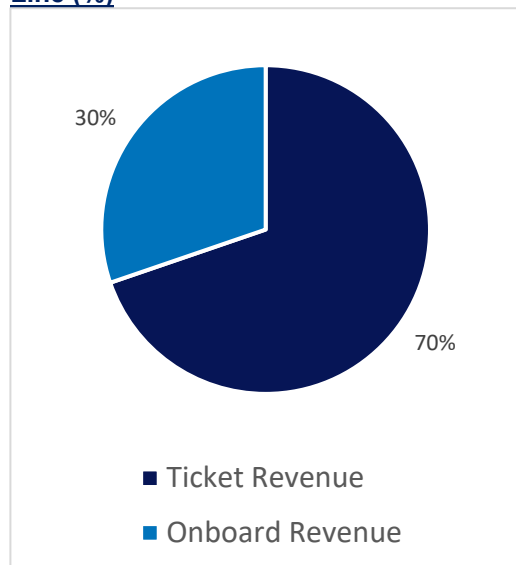
Year	2025e	2026e	2027e
RCL	13.0%	12.1%	10.0%
CCL	6.3%	4.2%	3.6%
NCLH	6.2%	10.5%	7.9%
LIND	15.6%	9.4%	3.8%
VIK	19.4%	13.5%	12.4%

Figure #1: Cruises by Market Cap (\$M)



Source: FactSet

Figure #2: 2024 Revenue by Product Line (%)



Source: RCL 10k

Company Description

Royal Caribbean is the second-largest cruise operator in the world, behind Carnival Corporation in fleet size. The company runs three main brands: Royal Caribbean International, which is geared toward families and younger travelers, Celebrity Cruises, which targets the premium segment, and Silversea, which focuses on luxury and expedition trips with smaller ships. RCL also owns 50% of TUI Cruises, giving it a stronger position in the German market.

By the end of 2024, Royal Caribbean's fleet included about 68 ships with more than 170,000 berths, sailing to over 1,000 destinations worldwide. Most of its revenue (around 70%) comes from passenger ticket sales, with the rest from onboard spending like food, drinks, entertainment, and excursions.

The company is incorporated in Liberia, to lower income taxes, and capitalize on relaxed labor regulations, but its headquarters are in Miami, Florida. It employs about 106,000 people. The current CEO, Jason Liberty, has been with Royal Caribbean since 2005 and has more than 20 years of experience with the company.

Passenger Ticket Revenues

Passenger ticket sales make up the majority of RCL's revenue, accounting for about 70% in 2024, 68% in 2023, and 66% in 2022. Ticket revenue is driven by three factors: available passenger cruise days (APCDs), occupancy, and net ticket yields.

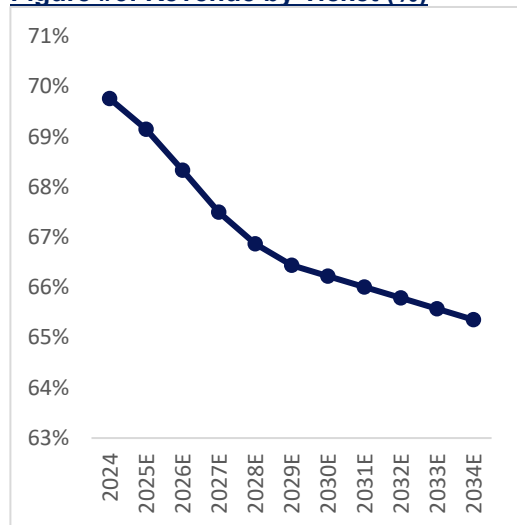
We expect ticket revenue to grow at a 10% CAGR from 2024–2027. This growth comes from added berth capacity with new ships like *Star of the Seas* and *Celebrity Xcel*, both of which have been recently deployed, along with occupancy levels we forecast to stay above 105%. This assumes that more than one passenger occupies a room. Net ticket yields are projected to increase around 5% annually through 2027, before tapering to 2% growth long term. This is a much slower pace compared to the sharp rebound of +11.6% in 2024 and +45% in 2023.

Ticket sales will remain the foundation of RCL's revenue in our model. Since occupancy is already very high, the bigger question going forward is how much pricing power the company can sustain. With cabins essentially full, we believe most of the growth will need to come from and onboard revenues. RCL's family focus and international reach should help keep demand strong, but pushing prices too aggressively could eventually turn away more price-sensitive customers.

Onboard & Other Revenues

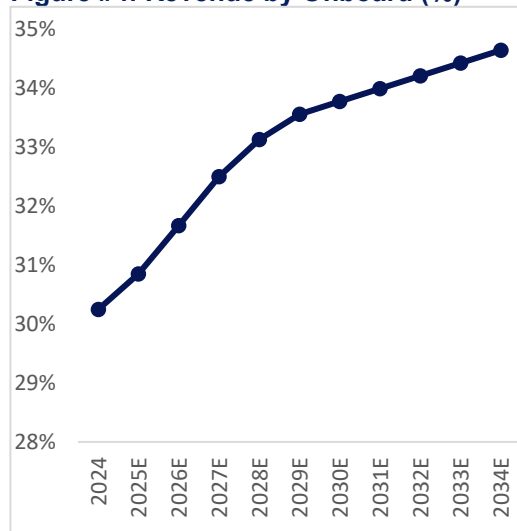
Onboard and other revenues make up about 30% of RCL's total sales. This category covers discretionary spending like food and drinks, excursions, retail, casino, and newer revenue streams from private island destinations. In recent years, it has grown faster than ticket

Figure #3: Revenue by Ticket (%)



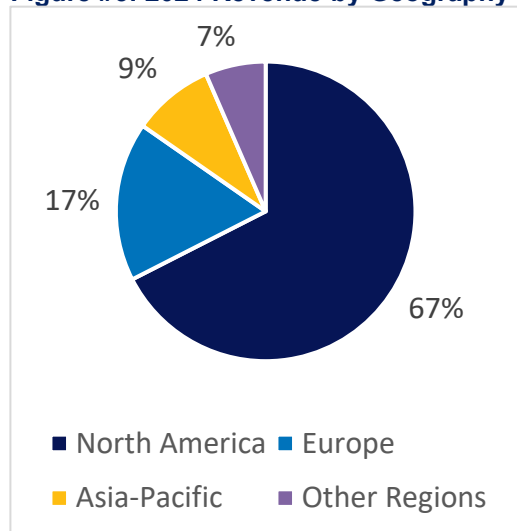
Source: RCL 10k & Model

Figure #4: Revenue by Onboard (%)



Source: RCL 10k & Model

Figure #5: 2024 Revenue by Geography



Source: RCL 10k

revenue as the company pushes to capture a larger share of passenger spending once travelers are onboard.

In our model, we project onboard and other revenues to grow at a 12% CAGR from 2024–2027, which outpaces ticket revenue growth. This level reaches a steady state of 5% thereafter. This growth is supported by higher spending per passenger, especially among loyalty members and guests on premium cruises such as Celebrity and Silversea. We also see new offerings, like the Royal Beach Club in Nassau, driving double-digit excursion growth. By 2027, we expect onboard revenue to represent 32% of total sales, up slightly from the historical 30% level.

The key question is whether RCL can keep expanding onboard spending without hitting limits on consumer budgets, particularly in a higher inflation environment where discretionary spending may slow. This will matter more as competition increases, since operators could be forced to compete on ticket price and lean more heavily on onboard revenue to differentiate and grow margins.

If RCL continues to push onboard revenue as we expect, the company will need to make sure its offerings stay fresh and engaging. It's worth noting that if customers become more inflation conscious, they might look for cruise plans that are all inclusive and do not require additional onboard spending. Ticket sales will remain the base of the business, but onboard growth has become an important differentiator. To keep that edge, RCL will need to keep investing in new experiences and destinations that appeal to both first-time and repeat cruisers.

Geographic Development

RCL earns most of its itinerary revenue from North America, which makes up about 67% of the total. Europe contributes around 17%, Asia-Pacific about 9%, and Other Regions the remaining 7%. This mix has stayed fairly stable over time, showing how important the Caribbean is for the company while Europe provides steady seasonal business and Asia-Pacific represents a long-term growth opportunity.

In our model, we project itinerary revenue to grow at about a 10% CAGR from 2024–2027. North America is expected to hold steady at roughly 67% of revenue and remain the company's anchor. Europe grows in line with industry averages, while Asia-Pacific shows faster near-term growth of about 11–12% annually in 2025–2026, though it comes from a smaller base. Other Regions stay near 7% of revenue, with mid-single-digit growth. Non-itinerary revenue sources like licensing and tour packages remain around 5% of the total in our forecast.

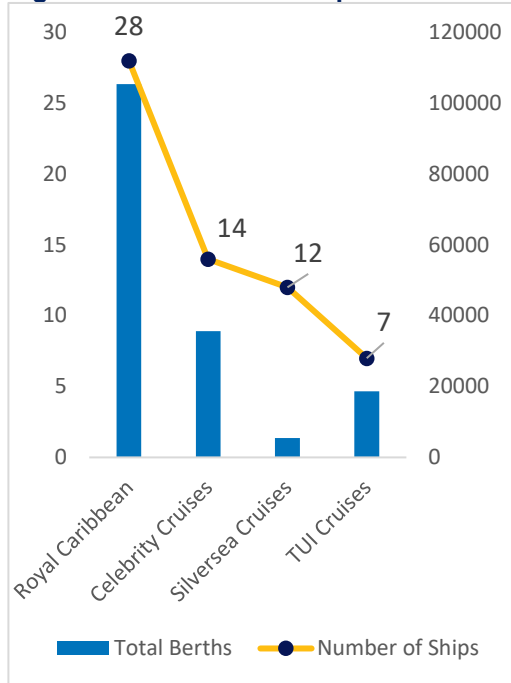
The main question is whether RCL can stay profitable while relying so heavily on North America. This concentration gives the company stability but also leaves it exposed to U.S. consumer spending trends and hurricane risks in the Caribbean. Growth in Asia-Pacific could help diversify the business if middle-class demand continues to rise,

though the risks of expanding there are higher. Europe will stay important but faces limits due to seasonality and higher costs. Over the long term, balancing its geographic exposure will be key for RCL to grow beyond its Caribbean base.

Brand-Level Positioning

RCL reports revenue in two main categories—ticket sales and onboard/other—but the company operates through several brands that each serve different customer groups.

Figure #6: 2024 Brand Ships to Berths

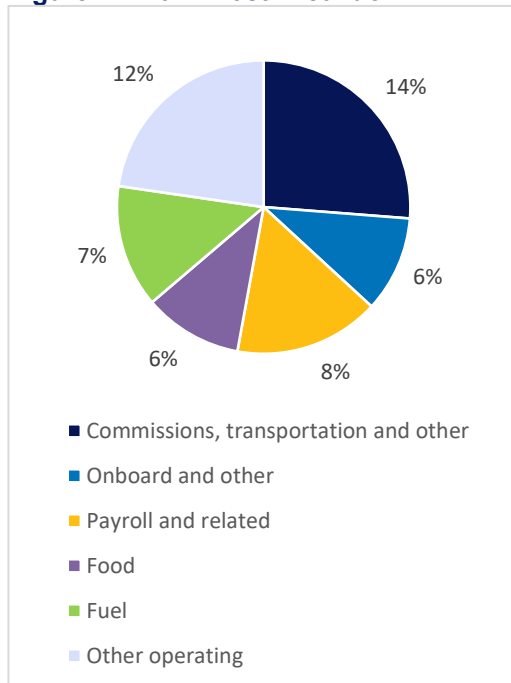


Source: RCL 10k

- **Royal Caribbean International** targets the mass market and families and drives most of the company's ticket revenue growth. Royal Caribbean operates 28 ships with an aggregate capacity of 105,400 berths. Three ships are on order.
- **Celebrity Cruises** focuses on premium itineraries for more affluent travelers, with growth supported by new ships like *Celebrity Xcel*. Celebrity operates 14 ships with an aggregate capacity of 35,650 berths. One ship is on order.
- **Silversea Cruises** offers ultra-luxury and expedition trips, using smaller ships but generating higher onboard spending per passenger. Silversea operates 12 ships with an aggregate capacity of 5,500 berths.
- **TUI Cruises**, a 50% joint venture with TUI AG, expands RCL's reach in the German market. TUIC operates 7 ships with an aggregate capacity of 18,700 berths. Two ships are on order.

We don't break out revenue by brand in our model because the company doesn't provide those details, but each brand plays an important role. They help shape RCL's pricing power, onboard revenue potential, and global footprint.

Figure #7: 2024 Cost Breakdown



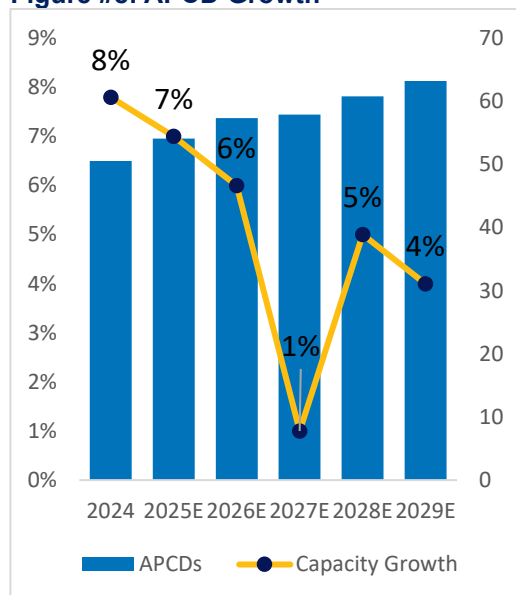
Source: RCL 10k

Cost Structure Analysis

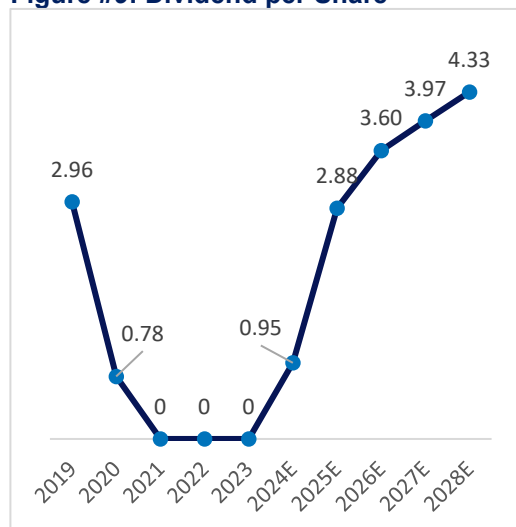
RCL's main costs come from fuel, labor, food and provisions, ship operating expenses, and depreciation. Some of these are relatively fixed once a ship is deployed. For example, the ship still needs its full crew, and maintenance whether it sails 80% full or 108% full. This cost structure makes cruise lines very sensitive to changes in demand. When revenue rises, profits can scale quickly, but when revenue falls, costs don't decline nearly as much.

In our model, EBITDA margins improve gradually from 34.6% in 2024 to 36.4% by 2027, reaching 38.5% by 2034. This steady climb reflects the benefit of operating leverage as occupancy and pricing improve, even as new ship launches like *Star of the Seas* and *Celebrity Xcel* add to expenses. We assume food, commissions, and fuel grow in line with revenue, while payroll and other operating costs rise with inflation and step-ups from fleet expansion. Fuel is the most unpredictable cost and remains a major risk to margins.

The main question is whether RCL can expand margins faster, then what consensus expects (8543 EBITDA by 2026). Our forecast

Figure #8: APCD Growth

Source: RCL 10k & Model

Figure #9: Dividend per Share

Source: RCL 10k

Figure #10: Debt Maturity Analysis

Five-Year Debt Maturity Schedule	
Fiscal Year	Payment (\$M)
2025	1604
2026	2927
2027	2587
2028	3413
2029	998
Thereafter	9075
Total	20604

Source: RCL 10k

assumes solid execution and EBITDA in-line with consensus at 8353. If RCL fails to cut costs aggressively as we have predicted, margins will suffer greatly.

APCD & Key Operating Metrics

Royal Caribbean measures its capacity using Available Passenger Cruise Days (APCDs). This is calculated by multiplying the number of available berths by the number of cruise days in a period. APCDs represent the fleet's total potential to generate revenue and are used as the denominator for key metrics like net yields and operating costs. Occupancy rates can exceed 100% because more than two passengers may share a stateroom.

At the end of 2024, the fleet included 68 ships with about 170,000 berths. Three more ships are scheduled for delivery in 2025, adding roughly 13,000 berths (7.6% of total), which is the cruise industry's term for new passenger capacity. The new ships are baked into the APCD growth assumption. As APCDs expand, they will continue to be a direct driver of revenue growth for both ticket sales and onboard spending. Put simply, the more passengers the more revenue. These operating metrics form the foundation for our revenue forecast.

Management & Strategy

Royal Caribbean is led by CEO Jason Liberty, who took over from long-time chief executive Richard Fain in early 2022. Management's strategy focuses on steady capacity growth while investing in premium guest experiences and proprietary destinations. Capital allocation has shifted away from heavy debt-funded expansion toward paying down debt, though the company still funds select high-return projects like private islands and new ship classes.

The return of a dividend in 2024 shows confidence in stable cash flows, and the 2025 launch of share repurchases indicates management is willing to increase its payout ratio. At the same time, management continues to push for efficiency and margin growth through initiatives such as digital booking platforms and sustainability investments, which should support competitiveness over the long run.

Debt Maturity Analysis

Royal Caribbean ended 2024 with \$20.6 billion of total debt, down slightly from \$22.0 billion in 2023. The company's maturity profile is weighted toward the next few years, with \$1.6 billion due in 2025, \$2.9 billion in 2026, \$2.6 billion in 2027, and \$3.4 billion in 2028. This creates a refinancing wall over 2026–2028 when more than \$9.0 billion of obligations come due. After that, maturities drop to about \$1.0–\$1.5 billion annually through 2035, which should be more manageable given projected EBITDA growth. RCL should have adequate operating cash flow to pay down these debt obligations, or elect refinance if rates continue to drop.

About 85% of RCL's debt is fixed rate, which limits near-term exposure to interest rate swings. The remaining ~\$2.8 billion is variable-rate and

tied to SOFR and EURIBOR. A 50-bps cut in the next six months would reduce interest expense on this floating debt by about \$21 million annually. More importantly, lower yields would help RCL refinance the 2026–2028 maturities at cheaper rates. If credit spreads also tighten, the company could refinance the \$9.0 billion wall closer to 5% rather than the 6% implied today, potentially saving about \$90 million each year.

Fitch recently upgraded RCL’s credit rating to BBB from BBB-, which moves the company further into investment-grade territory. This should also reduce the spread at which RCL can refinance, adding incremental savings.

The success of this refinancing will depend not only on Fed policy but also on investor demand. Credit spreads remain elevated for consumer discretionary companies, so market access is still a risk as the maturity wall approaches. Overall, while the near-term debt load looks challenging, stronger cash flows, and a better credit rating give RCL a clear path to handling it.

Environmental, Social, Governance (ESG)

Environmental

Royal Caribbean has committed to net zero emissions by 2050 and is investing in lower-carbon technologies. Its Icon-class ships are LNG-powered, which reduces sulfur and particulate emissions, and the company is piloting renewable diesel, biofuels, and exploring methanol as alternatives. Efficiency efforts include advanced hull design, air lubrication systems, and waste heat recovery to lower fuel consumption per APCD. Despite progress, regulatory pressures like IMO carbon targets and EU ETS compliance remain risks, and stricter rules (such as requirements on plastics use) could increase costs if sustainable fuels and technologies are slow to scale.

Social

The company employs staff from over 120 countries and emphasizes training, safety, and healthcare. It has been recognized for diversity, but the industry continues to face scrutiny over long hours, pay equity, and working conditions. Because ships operate in international waters, cruise operators are not bound by U.S. minimum wage or many labor protections, which remains an ongoing reputational risk.

Governance

RCL is led by CEO Jason Liberty, with Richard Fain serving as Chair. The board is majority independent, which supports oversight, though investors remain focused on management’s capital allocation discipline given the company’s elevated leverage and significant ship order book.

Figure #11: ESG Score

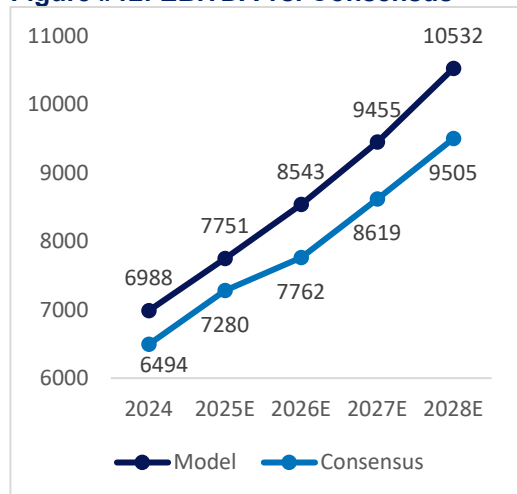
ESG Peer Comparison		
Company	Risk Score	Risk Rating
RCL	21	Medium
CCL	24	Medium
NCLH	26	Medium
LIND	37	High

Source: Sustainalytics

Recent Developments

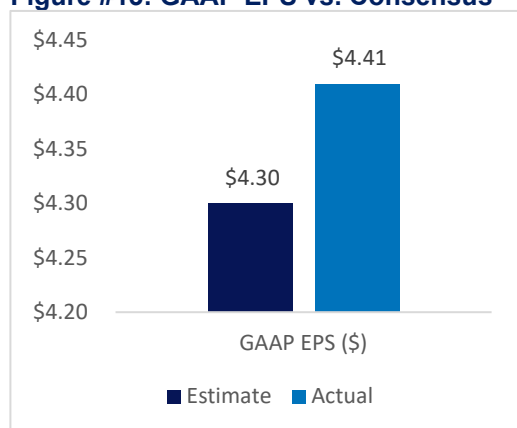
Recent Earnings Announcement

Figure #12: EBITDA vs. Consensus



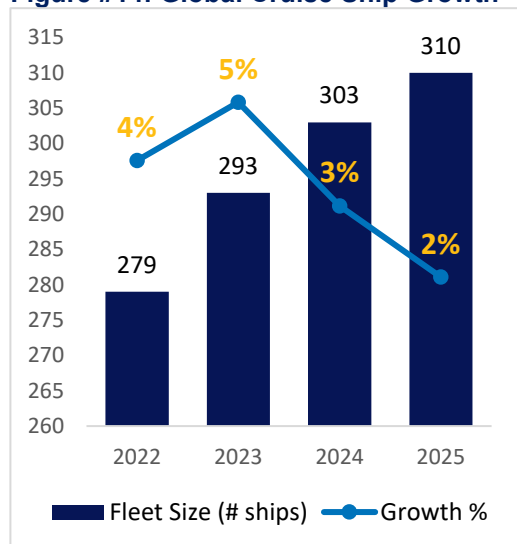
Source: RCL 10k, FactSet

Figure #13: GAAP EPS vs. Consensus



Source: RCL 10k, FactSet

Figure #14: Global Cruise Ship Growth



Source: FactSet

Figure #15: Cruise Operator Analysis

Royal Caribbean reported Q2 2025 EPS of \$4.38, ahead of the \$4.10 consensus estimate, while revenue of \$4.54 billion came in slightly below expectations of \$4.55 billion. Passenger ticket revenue was \$3.2 billion, up from \$2.9 billion last year and in line with FactSet estimates, and onboard and other revenue increased to \$1.34 billion from \$1.22 billion, modestly above the \$1.3 billion estimate. Total cruise operating expenses were \$2.28 billion, up 6.1 percent year over year and matching expectations. Net yields rose 5.3 percent compared with Q2 2024, and net cruise costs excluding fuel per APCD increased 2.5 percent from the prior-year quarter.

Earnings outperformed mainly because of stronger pricing and higher guest spending. Onboard spending and pre-cruise purchases continued to exceed prior-year levels as guests engaged more and spent at higher price points. Bookings for upcoming ship launches, including *Star of the Seas* and *Celebrity Xcel*, are seeing strong demand, and early sales for the planned *Royal Beach Club* on Paradise Island have been well received. CEO Jason Liberty noted in the earnings call that consumer travel preferences are shifting toward shorter booking windows and more experience-driven vacations. Royal Caribbean is positioning its offerings to align with these trends as it aims to gain share in the global vacation market.

Share Repurchase Program

In 2025, RCL announced a 12-month, \$1.0 billion share repurchase program and raised its quarterly dividend from \$0.75 to \$1.00 per share. The company also expanded its fleet with the delivery and of *Utopia of the Seas* and *Star of the Seas*, which introduced LNG propulsion and new efficiency features. As of this write up, both new ships are operational.

Industry Trends

Strong Demand with Shifting Mix

Cruise demand remains resilient, with passenger volume reaching 34.6M in 2024 and projected to grow to ~41.9M by 2028. Growth is supported by a broader customer base, including younger travelers and first-time cruisers, which helps sustain mid-single-digit demand even if macro slows. Within that growth, premium, luxury, and expedition segments are expanding faster than mass market, driving higher yields and greater onboard spend opportunities.

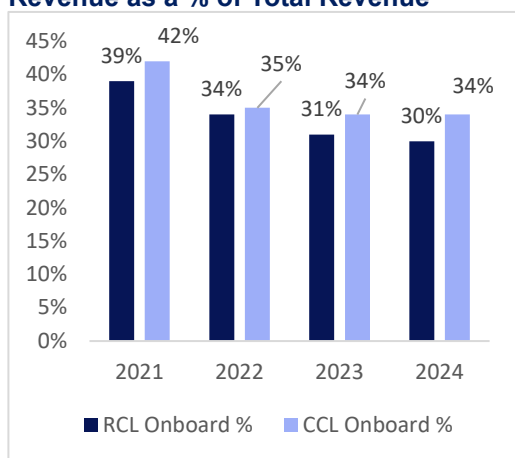
Capacity Expansion & Sustainability Pressures

Global cruise capacity continues to rise, with the fleet surpassing 300 ships in 2024 and expected to exceed 310 in 2025 before tapering as the current orderbook is delivered. New builds are larger, more efficient, and increasingly equipped with LNG, and methanol-ready engines. These trends support long-term margin improvement but also increase exposure to fuel price volatility, regulatory costs, and execution risk tied to decarbonization initiatives.

	RCL	CCL	NCLH
Ships	68	94	32
Capacity (000s)	167	270	67
Passengers (000s)	8,564	13,509	2,927
Occupancy	109%	105%	104%
Net Yield	264	162	294

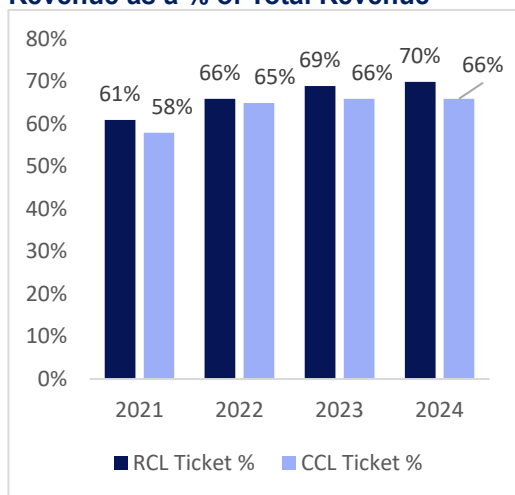
Source: RCL 10k, FactSet

Figure #16: RCL and CCL Onboard Revenue as a % of Total Revenue



Source: RCL 10k, CCL 10k

Figure #17: RCL and CCL Ticket Revenue as a % of Total Revenue



Source: RCL 10k, CCL 10k

Markets and Competition

RCL's Peer Group

We define the core peer group as Royal Caribbean Group (RCL), Carnival Corporation (CCL), Norwegian Cruise Line Holdings (NCLH), and Viking Holdings (VIK). These companies control most of the industry's capacity, while private operators like MSC and Disney are also relevant but excluded from our comps due to limited disclosure.

Carnival is the largest operator, followed by Royal Caribbean, which has a stronger premium and luxury mix through Celebrity and Silversea. Norwegian is smaller but more concentrated, and Viking has built a premium position in river and expedition cruising while expanding into ocean voyages. Market share is concentrated, with Carnival and Royal Caribbean together controlling more than half of global capacity.

The industry operates as an oligopoly with high barriers to entry given shipbuilding costs, yard slots, and port access rights. Competition is usually based on brand mix, ship design, private destinations, and onboard monetization rather than aggressive pricing. Profitability tends to favor companies with newer fleets and exclusive destinations. Royal Caribbean typically earns higher margins and ROIC, Carnival benefits from scale, Norwegian delivers strong yields but carries more leverage risk, and Viking commands premium pricing in river and expedition cruising.

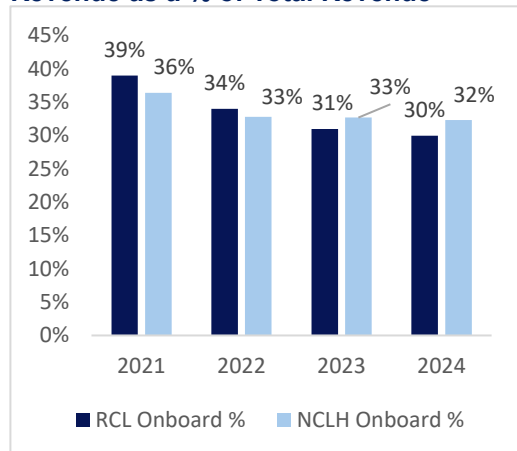
Long-term growth is supported by new-to-cruise penetration, and larger and more efficient ships. Risks include regulatory pressure on emissions, and substitution from all-inclusive resorts and land-based travel.

Carnival Corporation (CCL) – 22.87% YTD

Carnival Corporation (CCL) is the largest cruise operator in the world, headquartered in Miami, Florida, with operations across North America, Europe, Australia, and Asia. The company owns nine brands, including Carnival Cruise Line, Princess, Holland America, Seabourn, P&O (UK and Australia), Costa, Cunard, and AIDA. Its fleet totaled 93 ships at the end of 2024, the most in the industry. Carnival's size gives it an advantage in filling ships, lowering unit costs, and driving yield growth through a broad customer base.

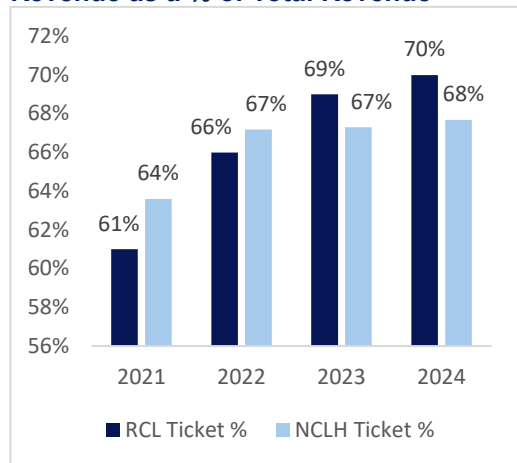
In FY2024, Carnival generated about \$25.1 billion in revenue with an EBITDA margin of 24.5%. Net income is still below pre-pandemic levels because of higher fuel costs and elevated interest expense from post-COVID debt. As of September 26, 2025, the company had a market cap of \$39.8 billion and an enterprise value of \$66.9 billion, trading at 9.9x forward EV/EBITDA, which is below RCL's multiple. Carnival is an important peer given its scale and global reach, but its lower-pricing strategy sets it apart from Royal Caribbean's more premium positioning.

Figure #18: RCL and NCLH Onboard Revenue as a % of Total Revenue



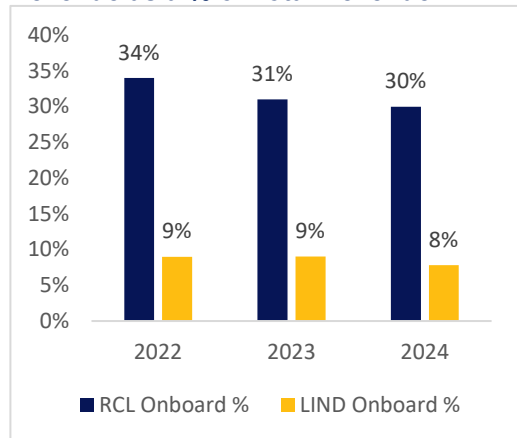
Source: RCL 10k, NCLH 10k

Figure #19: RCL and NCLH Ticket Revenue as a % of Total Revenue



Source: RCL 10k, NCLH 10k

Figure #20: RCL and LIND Onboard Revenue as a % of Total Revenue



Source: RCL 10k, LIND 10k

Norwegian Cruise Line (NCLH) – -2.68% YTD

Norwegian Cruise Line Holdings (NCLH) is the third-largest global cruise operator, headquartered in Miami, Florida. The company runs three brands: Norwegian Cruise Line in the contemporary segment, Oceania Cruises in the premium market, and Regent Seven Seas in the luxury segment. At the end of 2024, its fleet included 32 ships with about 66,500 berths. Norwegian differentiates itself with a focus on smaller, higher-end ships and a strategy built around maximizing onboard spending rather than scale.

In FY2024, Norwegian generated \$9.5 billion in revenue with an EBITDA margin of 25.9%, among the highest in the industry. However, leverage remains elevated at about 6.0x Net Debt/EBITDA because of post-pandemic financing. As of September 26, 2025, the company had a market cap of \$11.6 billion and an enterprise value of \$25.2 billion, trading at 9.4x forward EV/EBITDA, slightly below CCL. Norwegian is a relevant peer given its focus on premium experiences and high-margin customers, though its smaller size and higher leverage distinguish it from Royal Caribbean.

Lindblad Expeditions (LIND) – 9.2% YTD

Lindblad Expeditions Holdings (LIND) is a U.S.-based small-cap cruise operator that specializes in expedition travel, often through its partnership with National Geographic. Its 17-vessel fleet operates in niche markets such as the Arctic, Antarctic, and Galápagos, serving affluent, adventure-focused travelers.

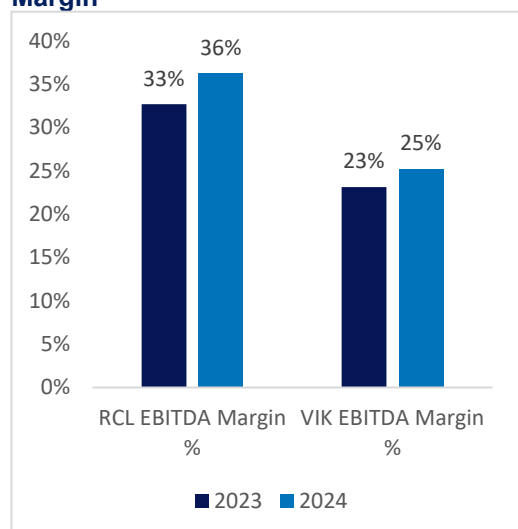
In FY2024, Lindblad generated \$645 million in revenue with an EBITDA margin of 11.6%. Its smaller scale and higher operating costs limit profitability compared to larger peers. As of September 26, 2025, the company had a market cap of \$709 million and an enterprise value of about \$1.3 billion, trading at 10.5x forward EV/EBITDA. While much smaller than Royal Caribbean, Lindblad is a useful peer for looking at the premium and expedition segments, and it highlights the potential for strong yields in specialized cruise offerings. However, for our valuation we have decided to exclude LIND from our relative analysis due to its size and multiples.

Viking Holdings (VIK) – 36.86% YTD

Viking Holdings Ltd. (VIK), headquartered in Hamilton, Bermuda, is a premium cruise operator focused on destination-oriented travel across river, ocean, and expedition cruising. Founded in 1997, the company has built a fleet of 80 river vessels, 11 ocean ships, and 3 expedition ships, catering to affluent travelers who value immersive itineraries and inclusive experiences. Viking stands out from mass-market operators by emphasizing smaller ships, included shore excursions, and premium onboard service.

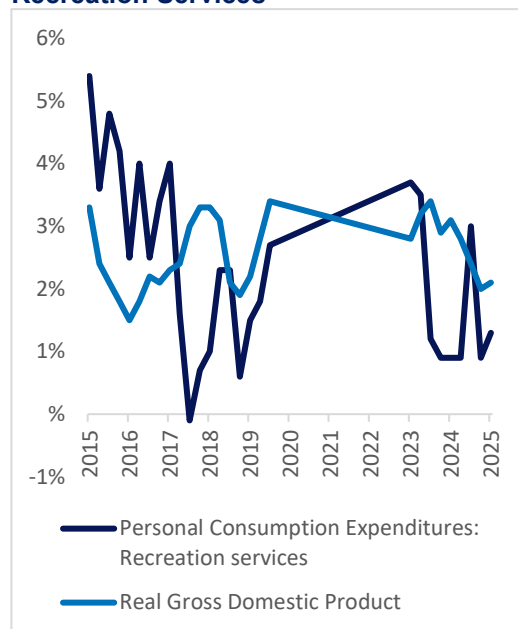
In FY2024, Viking generated \$5.3 billion in revenue with an EBITDA margin of 25.0%. As of September 26, 2025, the company had a market cap of \$26.7 billion and an enterprise value of \$30.2 billion,

Figure #21: RCL and VIK EBITDA Margin



Source: RCL 10k, VIK 10k

Figure #22: Real GDP vs. PCE Recreation Services



Source: RCL 10k, CCL 10k

trading at 21.4x forward EV/EBITDA, well above peers. Viking is a relevant comparison for Royal Caribbean on the premium side of the market, though its smaller overall scale makes the comparison a challenge

Economic Outlook

Consumer Discretionary Outlook

U.S. consumer discretionary spending is a key driver for Royal Caribbean because cruises are highly cyclical and depend on households choosing to spend on travel and leisure. Over the past decade, discretionary spending has usually grown faster than GDP, as depicted in the graph, averaging about 2.5–3.5% annually compared to roughly 2.0% Real GDP growth. The category is also very sensitive to the cycle, falling by 3.4% in 2009 and 6.8% in 2020, but rebounding strongly with a 12.1% increase in 2021. Royal Caribbean's revenues have closely tracked these patterns and often magnified them due to the discretionary and luxury nature of cruises.

Looking forward, we expect U.S. Real GDP growth to normalize around 2.0% annually, while discretionary normalizes closer to 3.0% as consumer confidence stabilizes, wages remain healthy, and preferences continue shifting toward experiences over goods. This should provide support for Royal Caribbean's demand outlook and references our forecast for 8% average revenue growth. At the same time, because this driver is tied to the broader economy, any slowdown in consumer spending would weigh on the entire leisure industry and disproportionately impact Royal Caribbean during future downturns.

Fuel Cost Outlook

Fuel is one of Royal Caribbean's largest expenses, making oil prices a major driver of profitability. In the past, cruise lines mainly used heavy fuel oil (HFO), a low-quality residual product that traded at a discount to crude oil and refined products like diesel or jet fuel. This gave the industry relatively low fuel costs compared to other forms of transportation.

The International Maritime Organization's 2020 sulfur cap (IMO 2020) changed this dynamic. Cruise operators were required to switch to very low sulfur fuel oil (VLSFO) or marine gasoil (MGO), both of which are cleaner but also more expensive. Prices for these fuels are tied closely to diesel and jet fuel markets, which makes Royal Caribbean's costs more sensitive to refined product price swings rather than just crude oil.

Looking ahead, the International Energy Agency expects Brent crude to average around \$75–85 per barrel over the medium term, while distillate markets remain tight due to high demand and limited refining additions. For Royal Caribbean, relatively stable oil prices and the introduction of more fuel-efficient ships (with 20–25% efficiency gains

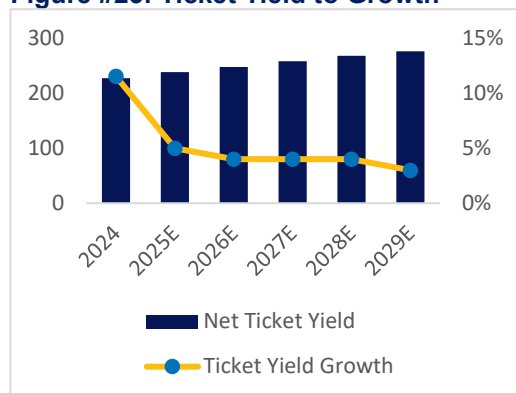
Figure #23: MGO Fuel Outlook

Source: FactSet

Figure #24: Ship Building Schedule

Class / Ship:	2025E	2026E
Icon Class: Unnamed		5600
Icon Class: Star of the Seas	5600	
Celebrity Cruises: Edge Class: Celebrity Xcel	3250	
TUI Cruises (50% joint venture): Mein Schiff: Relax Mein Schiff: Flow	4100	4100
Approximate Berths by Year	12,950	9,700

Source: RCL 10k

Figure #25: Ticket Yield to Growth

Source: Henry Fund Model

per berth) should support margins. Still, as a cyclical and global industry, the company remains exposed to geopolitical shocks and supply disruptions that could quickly raise prices and pressure earnings. It's worth noting that RCL hedges their fuel risk too.

Valuation

Revenue Assumptions

As outlined in our key operating metrics, we forecast Royal Caribbean's revenue using a capacity and yield-based framework. Passenger ticket revenue is modeled as APCD × Net Ticket Yield, while onboard and other revenue is modeled as APCD × Net Onboard Yield.

Capacity (APCD): APCD increased 8.0% year-over-year in 2024, reflecting the post-pandemic recovery and new ship deliveries. We project APCD growth of 7.0% in 2025 and 6.0% in 2026, supported by ships currently under construction. Growth slows to about 1.0% in 2027, as no deliveries are scheduled that year, before stabilizing around 4.0% annually through 2035. This uneven pattern is typical in the cruise industry given multi-year shipbuilding cycles. By 2035, APCDs are expected to reach about 80.0 million, up from 50.6 million in 2024.

Net Ticket Yield: Net ticket yield rose to \$227 in 2024 (+12.0% YoY), reflecting strong post-pandemic pricing power. We assume more moderate increases going forward: +5.0% in 2025, +4.0% annually through 2028, and +2.0% per year thereafter. By 2035, net ticket yields reach about \$309, implying long-term growth above inflation.

Net Onboard Yield: Onboard yield was \$98.6 in 2024, up 7.0% YoY. We assume onboard yields will continue to grow faster than ticket yields, with 7.0% annual growth through 2027 and about 6.0% annually thereafter. This takes onboard yields to nearly \$193 by 2035, consistent with management's focus on expanding ancillary revenue from food, beverage, casinos, and excursions.

Consolidated Revenue Outlook: Combined, these assumptions support consolidated revenue growth of about 8.0% CAGR from 2025–2034. This is consistent with our macroeconomic outlook of 3.0% long-term discretionary spending growth, stable occupancy near 100–105%, and steady capacity expansion.

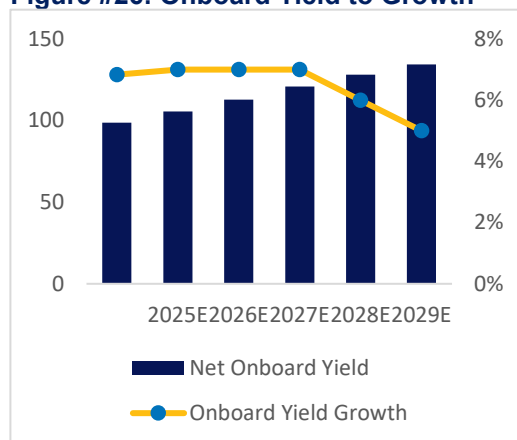
Cost Assumptions

We forecast Royal Caribbean's expenses using a mix of revenue-based ratios, inflation adjustments, and balance sheet drivers. This approach reflects management's historical reporting and the broader cost structure of the cruise industry.

Cruise Operating Expenses

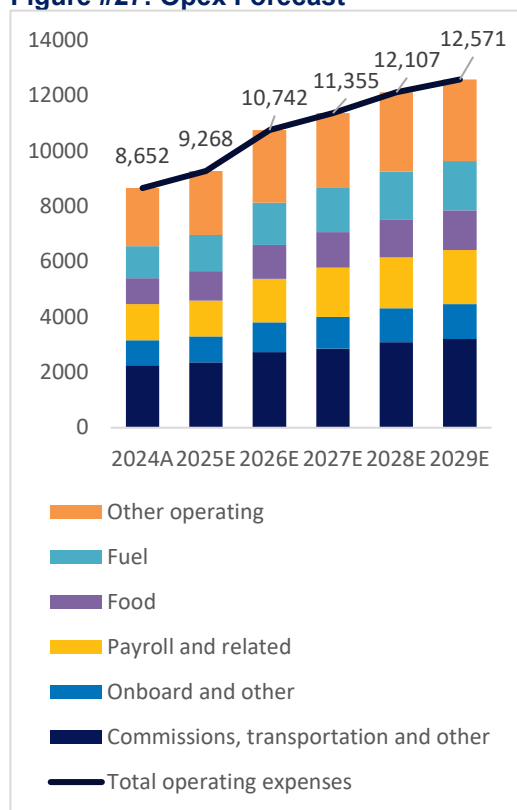
- **Commissions, transportation, and other:** Modeled as a percentage of total revenue, consistent with historical averages.

Figure #26: Onboard Yield to Growth



Source: Henry Fund Model

Figure #27: Opex Forecast



Source: Henry Fund Model

- **Onboard and other:** Forecast as a percentage of total revenue rather than onboard revenue alone. This avoids overstating growth as onboard yields expand and aligns with RCL's reporting.
- **Payroll and related:** Projected as 2024 actual $\times (1 + \text{U.S. inflation of } 2.9\%)$, with additional increases tied to new ship deliveries to reflect both wage inflation and new crew requirements.
- **Food:** Modeled as a percentage of total revenue, reflecting the variable, passenger-driven nature of this cost.
- **Fuel:** Forecast as a percentage of total revenue, capturing exposure to crude oil and refined product markets. While RCL hedges part of its fuel needs, we balance volatility with expected efficiency gains from new ships.
- **Other operating:** Based on 2024 actual $\times (1 + \text{U.S. inflation of } 2.9\%)$, with step-ups in years when new ships are delivered.

Marketing, Selling, and Administrative (SG&A): Modeled as a percentage of total revenue, with slight operating leverage assumed over time as fixed costs scale.

Depreciation and Amortization: Calculated using the average implied depreciation rate $\times$ beginning net PP&E. COVID years are excluded to avoid distortion, and depreciation rises in line with new ship deliveries.

Other Income (Expense)

- **Interest income:** Based on short-term investments (cash proxy) $\times$ ROI%.
- **Interest expense:** Modeled as total debt $\times$ 5.6% cost of debt, using RCL's longest-dated bond maturing in 2033, net of capitalized interest.
- **Equity investment income:** Forecast as a percentage of operating income, reflecting historical correlation between affiliate and parent results.
- **Other income/expense and noncontrolling interest:** Smoothed using historical averages.

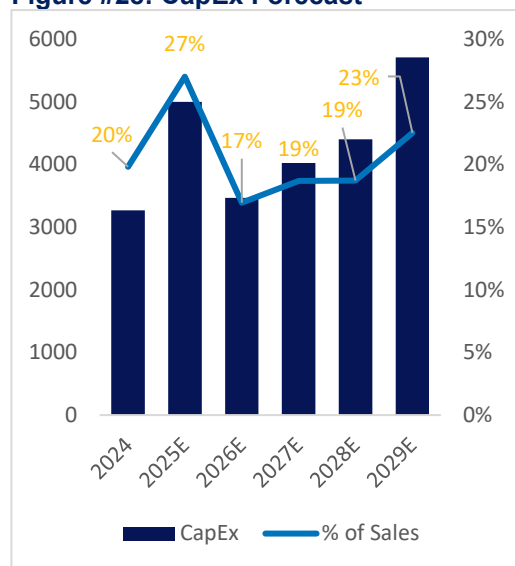
Taxes

Royal Caribbean has historically reported minimal effective taxes because of its international structure and exemptions. We assume a near-zero rate across the forecast horizon, though changes in global tax policy could raise the effective rate.

CapEx Assumptions

Royal Caribbean's capital expenditures are naturally uneven, as they depend on both new ship deliveries and recurring maintenance needs. In 2024, CapEx was \$3.27 billion, or 20.0% of revenue. For 2025, we base our forecast on management's guidance of \$5.0 billion (27.0% of revenue), which reflects heavy spending on ships currently under construction.

Figure #28: CapEx Forecast



Source: Henry Fund Model

After 2025, we use FactSet consensus as a baseline and assume spending stays elevated through the end of the company's order book. We project \$3.47 billion in 2026 (17.0% of revenue), \$4.03 billion in 2027 (18.0%), and \$4.40 billion in 2028 (18.0%). CapEx is expected to peak again at \$5.71 billion in 2029–2030 (21.0–22.0% of revenue), before declining to about \$3.0 billion annually (8.0–10.0% of revenue) from 2031 onward. We treat this level as a long-term steady state for maintenance and refurbishment.

WACC Calculation

We estimate Royal Caribbean's weighted average cost of capital (WACC) at about 10.0%. This reflects the company's cyclical risk profile, moderate leverage, and minimal effective tax rate.

Cost of Equity: We calculate the cost of equity using the CAPM. Inputs include a 4.04% risk-free rate (10-year U.S. Treasury), a 5.0% equity risk premium (1928–2024 geometric average), and an adjusted 3-year beta of 1.39. Together, these produce a cost of equity of 10.99%.

Cost of Debt: The pre-tax cost of debt is estimated at 5.58%, based on the yield-to-maturity of Royal Caribbean's longest-dated outstanding bond, which matures in February 2033. Because of the company's international structure and historically minimal effective tax rate, we assume no meaningful tax shield. This makes the after-tax cost of debt 5.58%.

Capital Structure: We weight these costs by market value. At September 2025, equity was \$87.9 billion (80.9% of firm value) and debt, including leases, was \$20.8 billion (19.1%). This equity-heavy structure is consistent with Royal Caribbean's profile after the post-pandemic recovery.

Overall, our WACC estimate reflects the higher equity risk premium typical of discretionary travel and a relatively expensive cost of debt compared to investment-grade corporates. We view 10.0% as an appropriate discount rate given Royal Caribbean's cyclical, leverage, and limited tax benefit.

DCF/EP

We value Royal Caribbean using both a discounted cash flow (DCF) and an economic profit (EP) framework, applying the same cost of capital and growth assumptions in each model.

Our forecast projects NOPLAT rising from \$5.3 billion in 2025E to \$9.7 billion in 2034E, supported by capacity growth, ticket yield gains, and higher onboard revenues. Free cash flow is expected to increase from \$2.1 billion in 2025E to \$8.1 billion in 2034E, while invested capital expands from \$30.3 billion in 2025E to \$47.5 billion in 2034E.

The DCF model produces an equity value of \$61.9 billion, or \$250 per share, after adjusting for debt, cash, and non-operating items. The EP

model gives a consistent operating asset value and converges on the same implied price.

Both methods suggest an intrinsic value of about \$250 per share, which is extremely close to the current market price of \$252. This points to the stock being fairly valued, although sensitivity analysis shows the outcome is highly dependent on WACC and terminal growth.

Dividend Discount Model

We also value Royal Caribbean using a dividend discount model (DDM), which capitalizes expected dividend payments and a terminal price based on fundamentals. Our forecast assumes EPS grows from \$17.97 in 2025E to \$42.01 in 2034E, with dividends per share increasing from \$2.88 in 2025E to \$6.50 in 2033E.

We apply a cost of equity of 9.2%, a long-term EPS growth rate of 2.5%, and a continuing ROE of 27.3%. These inputs imply a terminal P/E multiple of 13.7x, leading to a future stock price of \$549 at the end of the forecast horizon. Discounting dividends and the terminal price back to present value produces an implied value of \$293.28 per share.

The DDM result of \$293 per share is higher than our DCF and EP estimate of \$250, suggesting a more optimistic outcome when focusing on dividend capacity and long-term ROE.

Relative Multiple

We benchmark Royal Caribbean against a peer group that includes Carnival (CCL), Norwegian (NCLH), and Viking (VIK). Lindblad (LIND) is excluded from P/E and PEG averages because of negative EPS but is included in EV/EBITDA and P/S comparisons. Disney (DIS) is not included since it does not provide segment-level cruise financials.

On a forward basis, peers trade at an average of 17.3x 2025E P/E, 12.4x EV/EBITDA, and 1.95x P/S. Royal Caribbean currently trades at 18.8x P/E, 16.6x EV/EBITDA, and 4.7x P/S, which represents a clear premium. Applying peer multiples to RCL's 2025–2026 estimates give an implied price of \$254.19 per share assuming EV/EBITDA, in-line with the current market price of \$252.

This discount is explained by Royal Caribbean's premium valuation, which reflects its superior ROIC of 27%+ and a stronger balance sheet. PEG-based multiples point to somewhat higher values (\$258–\$269 per share), but these are still below the current market price. This suggests the market is already pricing in RCL's stronger growth profile.

We use relative valuation mainly as a conservative cross-check, since Royal Caribbean's metrics are much higher than peers. Our intrinsic methods (DCF, EP, and DDM) point to values closer to the current market price, which supports our Hold rating.

Henry Fund vs. The Street

Figure #29: Relative Metrics

Implied Relative Value Metric	Value (\$)
P/E (EPS25)	310.85
P/E (EPS26)	313.47
PEG (EPS25)	251.26
PEG (EPS26)	256.14
Target Price per Share (EV/EBITDA)	254.19
P/S	86.02

Source: FactSet

Our estimates for Royal Caribbean are close to consensus in the near term but begin to diverge further out.

For 2025, we forecast EPS of \$17.97, slightly above consensus at \$15.64. By 2026, we project \$22.54 compared to the Street's \$17.91, reflecting somewhat stronger ticket pricing and onboard spending in our model. Over the long run, we expect EPS to grow about 17.1% annually from 2024–2034, compared to the Street's forecast of around 16.0%.

On EBITDA, consensus is more optimistic, with estimates of \$6.8 billion in 2025E and \$7.6 billion in 2026E versus our \$6.6 billion and \$8 billion. This difference mainly reflects the Street assuming faster margin expansion from onboard revenue and higher operating leverage. However, our model diverges slightly in 2027 due to our higher assumption of revenue.

On valuation, FactSet consensus shows a mean target price of \$282.95 (Overweight), implying roughly 13.0% upside. Our blended valuation approaches (DCF, EP, DDM, and relative) suggest a fair value range of \$265 per share. We think Royal Caribbean deserves a premium to peers for its strong ROIC and brand portfolio, but we also see limited upside from today's price.

As a result, while the Street leans more bullish, we recommend a Hold, as our valuation points to Royal Caribbean trading close to fair value.

References

1. [FactSet](#)
2. [Statista](#)
3. [RCL – 10k](#)
4. [CCL – 10k](#)
5. [NCLH – 10k](#)
6. [LIND – 10k](#)
7. [DIS – 10k](#)
8. [Cruise Market Watch](#)
9. [State of the Cruise Industry Report 2025](#)
10. [Skift Research — Global Cruise Sector Market Estimates 2025](#)

Figure #30: Henry Fund vs. The Street

Estimates			
	Rev	2025e EPS	EBITDA
HF	18628	17.97	6598
Street	17952	15.64	6807
% Diff.	3.8%	14.9%	-3.1%

Estimates			
	Rev	2026e EPS	EBITDA
HF	21560	22.54	8038
Street	19646	17.91	7634
% Diff.	9.8%	25.9%	5.3%

Estimates			
	Rev	2027e EPS	EBITDA
HF	22624	24.10	8353
Street	21138	20.47	8483
% Diff.	7.0%	17.7%	-1.5%

Source: FactSet

Disclaimer

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Revenue Decomposition

[illegible]

Royal Caribbean Cruises LTD
Income Statement

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Passenger ticket revenues	5894	6059	6149	6313	6793	7857	1505	941	5,793	9,568	11,499	12919	14822	15415	16518	17013	18157	18611	20119	20521	21818
Onboard and other revenues	2180	2240	2347	2465	2701	3094	704	591	3,047	4,332	4,986	5708	6738	7210	7874	8268	8910	9266	10213	10622	11514
Total revenues	8074	8299	8496	8778	9494	10951	2209	1532	8,840	13,900	16,484	18628	21560	22624	24392	25281	27067	27877	30332	31143	33332
Cruise operating expenses: Commissions, transportation and other	1373	1401	1350	1363	1434	1656	345	208	1,357	2,001	2,250	2356	2727	2862	3085	3198	3424	3526	3837	3939	4216
Cruise operating expenses: Onboard and other	583	553	494	496	537	640	157	117	597	809	909	934	1081	1134	1223	1268	1357	1398	1521	1562	1671
Cruise operating expenses: Payroll and related	848	862	883	853	925	1079	788	838	1,288	1,197	1,301	1301	1572	1785	1837	1948	2005	2138	2200	2400	2470
Cruise operating expenses: Food	478	480	486	493	521	584	162	164	653	819	934	1055	1222	1282	1382	1432	1534	1580	1719	1765	1889
Cruise operating expenses: Fuel	947	796	714	681	711	698	371	385	1,073	1,150	1,160	1311	1517	1592	1716	1779	1905	1962	2134	2192	2346
Cruise operating expenses: Other operating	1078	1008	1090	1011	1135	1406	942	945	1,648	1,799	2,098	2310	2623	2700	2863	2946	3142	3234	3527	3630	3895
Total cruise operating expenses	5306	5099	5016	4897	5262	6063	2765	2658	6,616	7,775	8,652	9268	10742	11355	12107	12571	13366	13837	14939	15488	16487
Marketing, selling and administrative expenses	1053	1087	1109	1186	1303	1559	1200	1370	1,583	1,792	2,125	2401	2779	2917	3144	3259	3489	3594	3910	4015	4297
Depreciation and amortization expenses	772	827	895	951	1034	1246	1279	1293	1,407	1,455	1,600	1700	1876	1961	2072	2196	2384	2562	2654	2762	2871
Impairment and credit losses	0	411	0	0	0	0	1566	82	0	0	0	0	0	0	0	0	0	0	0	0	0
Operating Income (Loss)	942	875	1477	1744	1895	2083	-4062	-3870	-766	2,878	4,106	5258	6162	6392	7069	7254	7827	7884	8829	8878	9677
Other income (expense): Interest income	10	12	21	30	33	27	21	17	36	36	16	14	82	103	144	67	126	189	302	467	617
Other income (expense): Interest expense, net of interest capitalized	-258	-278	-307	-300	-334	-409	-844	-1292	-1364	-1402	-1590	-1033	-870	-726	-535	-480	-395	-311	-226	-142	-58
Other income (expense): Equity investment income	0	0	0	0	0	0	0	0	57	200	260	349	409	424	469	482	520	524	586	590	643
Other income (expense): Other income (expense)	70	57	93	151	222	206	-350	-115	-119	-8	103	112	112	112	112	112	112	112	112	112	112
Total other income (expense)	-178	-209	-194	-119	-79	-176	-1173	-1390	-1390	-1174	-1210	-558	-267	-87	190	181	362	514	774	1026	1314
Net Income (Loss)	764	666	1284	1625	1816	1907	-5775	-5260	-2156	1,704	2,896	4700	5895	6305	7259	7436	8189	8398	9603	9904	10991
Less: Net Income attributable to noncontrolling interest	0	0	0	0	5	29	22	0	0	7	18	10	13	14	16	16	18	18	21	22	24
Net Income (Loss) attributable to Royal Caribbean Cruises Ltd.	764	666	1284	1625	1811	1879	-5797	-5260	-2156	1,697	2,877	4689	5882	6291	7243	7419	8171	8380	9582	9882	10967
Basic Earnings Per Share (EPS)	3.45	30.30	5.96	7.57	8.60	8.97	-27.05	-20.89	-8.45	6.63	11.00	17.97	22.54	24.10	27.75	28.43	31.31	32.11	36.71	37.86	42.02
% Growth		778.26%	-80.33%	27.01%	13.61%	4.30%	-401.56%	22.77%	59.55%	178.46%	65.91%	63.33%	25.44%	6.95%	15.14%	2.43%	10.14%	2.55%	14.34%	3.14%	10.98%
Total Shares Outstanding (basic)	219	218	215	213	209	208	237	255	255	256	269	267	266	264	263	261	260	258	257	256	254
Weighted Average Shares Outstanding (basic)	222	220	215	215	211	209	214	252	255	256	261	261	261	261	261	261	261	261	261	261	261
Annual Dividends per Share	1.10	1.35	1.71	2.16	2.60	2.96	0.78	0.00	0.00	0.00	0.95	2.88	3.60	3.97	4.33	5.50	5.75	6.00	6.25	6.50	6.75

Balance Sheet

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Assets																					
Current assets																					
Cash and cash equivalents	189	122	133	120	288	244	3684	2702	1,935	497	388	2250	2806	3946	1843	3437	5171	8262	12747	16860	22218
Trade and other receivables, net	261	239	292	319	325	306	284	408	531	405	371	419	485	509	549	569	609	627	683	701	750
Inventories	123	121	114	111	154	162	119	150	224	248	265	299	347	364	392	406	435	448	488	501	536
Prepaid expenses and other assets	227	221	210	194	457	429	154	286	456	617	670	757	876	920	991	1028	1100	1133	1233	1266	1355
Derivative financial instruments	0	135	0	99	20	22	70	54	59	25	11	11	12	12	13	13	14	14	15	15	16
Total current assets	801	837	748	843	1242	1163	4312	3600	3,205	1,792	1,705	3737	4526	5750	3788	5453	7329	10485	15165	19342	24875
Property and equipment, net	18236	18778	20161	19735	23466	25467	25247	25908	27,546	30,114	31,831	35131	36722	38787	41117	44633	47961	49695	51715	53752	56018
Operating lease right-of-use assets	0	0	0	0	0	688	600	542	538	611	677	747	781	825	875	949	1020	1057	1100	1143	1191
Goodwill	421	287	288	289	1378	1386	809	809	809	809	808	808	808	808	808	808	808	808	808	808	808
Equity Method Investments	424	445	658	460	770	646	538	444	466	657	814	814	814	814	814	814	814	814	814	814	814
Other assets, net of equity method investments	832	811	598	796	486	610	718	812	1,212	1,148	1,235	1396	1615	1695	1827	1894	2028	2089	2272	2333	2497
Total assets	20713	20922	22310	22296	27698	30320	32465	32258	33,776	35,131	37,070	42632	45267	48679	49229	54551	59960	64948	71875	78193	86203
Liabilities and shareholders' equity																					
Current liabilities																					
Current portion of long-term debt	800	900	1286	1189	1647	1187	962	2243	2,088	1,720	1,603	2927	2587	3413	998	1512.5	1513	1513	1513	1513	1513
Commerical Paper	0	0	0	0	775	1434	409	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Current portion of operating lease liabilities	0	0	0	0	0	97	103	69	80	65	74	100	105	111	117	127	137	142	147	153	160
Accounts payable	332	302	305	360	488	564	353	546	647	792	919	1039	1202	1261	1360	1409	1509	1554	1691	1736	1858
Accrued expenses and other liabilities	684	697	738	950	974	1148	868	1140	1,459	1,478	1,635	1848	2138	2244	2419	2508	2685	2765	3009	3089	3306
Derivative financial instruments	267	652	147	47	78	95	57	127	131	35	90	93	97	100	104	108	112	116	120	124	129
Customer deposits	1767	1742	1965	2244	3149	3428	1785	3161	4,168	5,311	5,496	5694	6591	6916	7457	7728	8274	8522	9272	9520	10189
Total current liabilities	3849	4293	4442	4790	7112	7953	4537	7286	8,573	9,401	9,817	11701	12720	14045	12455	13393	14229	14611	15752	16135	17155
Long-term debt	7644	7767	8102	6351	8355	8414	17958	18847	21,303	19,732	18,473	18520	15593	13006	9593	8595	7083	5570	4058	2545	1033
Long-term operating lease liabilities	0	0	0	0	0	602	564	535	523	613	670	818	855	903	958	1039	1117	1157	1204	1252	1305
Other long-term liabilities	935	799	646	453	583	618	646	505	508	486	375	424	490	515	555	575	616	634	690	708	758
Redeemable noncontrolling interest	0	0	0	0	542	570	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total liabilities	12429	12859	13189	11594	16593	18156	23705	27173	30,907	30,232	29,335	31463	29659	28470	23561	23603	23044	21973	21704	20641	20250
Shareholders' equity																					
Common Equity	3256	3300	3331	3392	3423	3496	6001	7560	7288	7477	7834	7,834	7,834	7,834	7,834	7,834	7,834	7,834	7,834	7,834	7,834
Retained earnings (accumulated deficit)	6575	6945	7860	9022	10263	11523	5563	302	-1707	-10	2612	6550	11492	16747	22860	28844	35514	42328	50278	58464	67669
Accumulated other comprehensive loss	-897	-1328	-916	-334	-628	-798	-739	-711	-644	-674	-802	-805	-809	-812	-816	-820	-824	-828	-832	-836	-841
Treasury stock	-650	-853	-1153	-1378	-1953	-2058	-2064	-2066	-2068	-2069	-2081	-2581	-3081	-3731	-4381	-5081	-5781	-6531	-7281	-8081	-8881
Total shareholders' equity attributable to Royal Caribbean Cruises Ltd.	8284	8063	9121	10702	11105	12164	8761	5086	2869	4724	7563	10997	15436	20038	25497	30777	36743	42803	49999	57380	65781
Noncontrolling Interest	0	0	0	0	0	0	0	0	0	175	172	172	172	172	172	172	172	172	172	172	172
Total shareholders' equity	8284	8063	9121	10702	11105	12164	8761	5086	2,869	4,899	7,735	11169	15608	20210	25669	30949	36915	42975	50171	57552	65953
Total liabilities and shareholders' equity	20713	20922	22310	22296	27698	30320	32465	32258	33,776	35,131	37,070	42632	45267	48679	49229	54551	59960	64948	71875	78193	86203
Check	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

Royal Caribbean Cruises LTD
Historical Cash Flow Statement

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Operating Activities											
Net Income	764.1	665.8	1,283.40	1,625.10	1,815.80	1,907.60	-5,775.10	-5,260.50	-2,156.00	1,704.00	2,896.00
Depreciation, Depletion & Amortization	772.4	827	894.9	951.2	1,033.70	1,245.90	1,279.30	1,292.90	1,406.70	1,455.00	1,600.00
Deferred Taxes & Investment Tax Credit	-44.4	-10	2.6	1.7	-2.7	7.7	-8.8	-43	-21.6	-8	0
Other Funds	71.9	503.8	78.7	-23.8	179.7	81.7	2,092.20	666.9	336.5	137	645
Funds from Operations	1,564.00	1,986.60	2,259.60	2,554.30	3,026.50	3,243.00	-2,412.40	-3,343.70	-434.3	3,288.00	5,141.00
Changes in Working Capital	179.8	-40.2	257.1	320.3	452.6	473.4	-1,319.20	1,465.90	916.2	1,189.00	124
Receivables	100.1	63.1	4.8	-32	-9.6	-9.9	121.1	-181.7	-234.3	99	52
Inventories	26.3	1.2	-1.7	2.4	-23.8	-8.5	27.1	-34.5	-73.8	-24	-17
Accounts Payable	-40.7	-25.3	29.6	36.8	91.7	75.3	-133.8	188.5	74.7	124	120
Other Accruals	16.6	31	28.6	35.5	61.7	92	2.1	234.8	352.8	13	0
Other Assets/Liabilities	77.4	-110.2	195.9	277.6	332.6	324.5	-1,335.60	1,258.80	796.8	977	-31
Net Operating Cash Flow	1,743.80	1,946.40	2,516.70	2,874.60	3,479.10	3,716.40	-3,731.70	-1,877.80	481.9	4,477.00	5,265.00
Investing Activities											
Capital Expenditures	-1,811.40	-1,613.30	-2,494.40	-564.1	-3,660.00	-3,024.70	-1,965.10	-2,229.70	-2,710.10	-3,897.00	-3,268.00
Net Assets from Acquisitions					-916.1	0	0	0	0	0	0
Sale of Fixed Assets & Businesses	220	0	0	230	0	0	27.8	176	0.4	222	0
Purchase/Sale of Investments	-112.4	68.1	29.1	51.9	110.3	7.3	-79.5	-38.9	18.7	9	-49
Purchase of Investments	188.6	56.2	9.2	10.4	27.2	25.6	100.6	70.2	0	31	67
Sale/Maturity of Investments	76.2	124.3	38.2	62.3	137.5	32.9	21.1	31.3	18.7	40	18
Other Funds	-66.6	-197.7	-259.6	68.6	-23.3	-74	-161.7	-52.2	-296.8	-48	-129
Other Uses	-68.1	-197.7	-259.6	0	-99.8	-81.7	-177.6	-96.7	-349.3	-83	-143
Other Sources	1.5	0	0	68.6	76.5	7.6	15.9	44.5	52.6	35	14
Net Investing Cash Flow	-1,770.40	-1,743.00	-2,724.90	-213.6	-4,489.20	-3,091.40	-2,178.60	-2,144.70	-2,987.80	-3,714.00	-3,446.00
Financing Activities											
Cash Dividends Paid	-199	-280	-346	-437	-527	-603	-326	0	0	0	-107
Common Dividends	-199	-280	-346	-437	-527	-603	-326	0	0	0	-107
Change in Capital Stock	-165	-189	-298	-222	-571	-98	1,431	1,622	0	0	0
Repurchase of Common & Preferred Stk.	-236	-200	-300	-225	-575	-100	0	0	0	0	0
Sale of Common & Preferred Stock	71	11	2	3	4	2	1,431	1,622	0	0	0
Proceeds from Stock Options	71	11	2	3	4	2	1,431	1,622	0	0	0
Issuance/Reduction of Debt, Net	357	213	885	-2,020	2,310	42	8,256	1,419	1,757	-2,199	-1,758
Change in Current Debt	0	0	0	0	765	627	-1,072	-415	0	0	0
Change in Long-Term Debt	357	213	885	-2,020	1,545	-585	9,327	1,834	1,757	-2,199	-1,758
Issuance of Long-Term Debt	4,081	4,331	7,250	5,815	8,509	3,475	13,172	4,266	9,535	7,447	10,185
Reduction in Long-Term Debt	-3,724	-4,119	-6,366	-7,835	-6,964	-4,060	-3,845	-2,432	-7,778	-9,646	-11,943
Other Funds	25	3	3	4	-14	-12	-11	0	-16	-3	-57
Other Uses	0	0	0	0	-14	-12	-11	0	-16	-3	-57
Other Sources	25	3	3	4	0	0	0	0	0	0	0
Net Financing Cash Flow	17	-254	244	-2,676	1,198	-670	9,350	3,041	1,741	-2,202	-1,922
All Activities											
Exchange Rate Effect	-6.3	-17.6	-24.6	2.3	-20.3	1.3	1.2	-0.7	-1.8	1	-6
Net Change in Cash	-15.4	-67.7	11	-12.5	167.7	-44.1	3,440.70	-982.7	-766.8	-1,438.00	-109
Cash and cash equivalents at beginning of year	205	189	122	133	120	288	244	3684	2702	1935	497
Cash and cash equivalents at end of year	189	122	133	120	288	244	3684	2702	1935	497	388

Royal Caribbean Cruises LTD
Forecasted Cash Flow Statement

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Operating Activities										
Net Income	4689	5882	6291	7243	7419	8171	8380	9582	9882	10967
Depreciation and amortization	1700	1876	1961	2072	2196	2384	2562	2654	2762	2871
Decrease (increase) in trade and other receivables	-48	-66	-24	-40	-20	-40	-18	-55	-18	-49
Increase in inventories, net	-34	-47	-17	-28	-14	-29	-13	-39	-13	-35
Increase in prepaid expenses and other assets	-87	-119	-43	-72	-36	-73	-33	-100	-33	-89
Increase in accounts payable	120	163	59	99	50	100	45	137	45	122
Increase in accrued expenses and other liabilities	213	291	106	175	88	177	80	243	80	217
Increase in customer deposits	198	896	325	540	272	546	248	750	248	669
Operating Lease Assets	-70	-34	-44	-50	-75	-71	-37	-43	-43	-48
Other Assets, net of equity method investments	-161	-220	-80	-132	-67	-134	-61	-184	-61	-164
Other Liabilities	49	67	24	40	20	41	18	56	18	50
Net cash provided by operating activities	6568	8690	8559	9847	9834	11072	11171	13001	12868	14510
Investing Activities										
Purchases of property and equipment	-5000	-3468	-4026	-4402	-5712	-5712	-4296	-4674	-4799	-5137
Equity method investments	0	0	0	0	0	0	0	0	0	0
Derivative Financial Assets	0	0	0	0	0	0	0	-1	-1	-1
Derivative Financial Liabilities	3	3	4	4	4	4	4	4	4	5
AOCI	-3	-3	-4	-4	-4	-4	-4	-4	-4	-5
Net cash used in investing activities	-5000	-3468	-4026	-4402	-5712	-5712	-4297	-4675	-4800	-5137
Financing Activities										
Change in ST Debt	1324	-340	826	-2415	515	0	0	0	0	0
Change in LT Debt	47	-2927	-2587	-3413	-998	-1513	-1513	-1513	-1513	-1513
Current portion of operating lease liabilities	26	5	6	7	10	9	5	6	6	6
Long-term operating lease liabilities	148	37	48	54	82	78	40	47	47	53
Dividends paid	-752	-940	-1036	-1130	-1436	-1501	-1566	-1631	-1697	-1762
Share Repurchases	-500	-500	-650	-650	-700	-700	-750	-750	-800	-800
Net cash (used in) provided by financing activities	294	-4665	-3393	-7547	-2527	-3626	-3783	-3841	-3956	-4015
Net decrease in cash and cash equivalents	1862	557	1139	-2102	1594	1734	3091	4485	4112	5358
Cash and cash equivalents at beginning of year	388	2250	2806	3946	1843	3437	5171	8262	12747	16860
Cash and cash equivalents at end of year	2250	2806	3946	1843	3437	5171	8262	12747	16860	22218

Royal Caribbean Cruises LTD
Common Size Income Statement

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Passenger ticket revenues	73.00%	73.01%	72.38%	71.92%	71.55%	71.75%	68.12%	61.43%	65.53%	68.83%	69.76%	69.35%	68.75%	68.13%	67.72%	67.30%	67.08%	66.76%	66.33%	65.89%	65.46%
Onboard and other revenues	27.00%	26.99%	27.62%	28.08%	28.45%	28.25%	31.88%	38.57%	34.47%	31.17%	30.25%	30.65%	31.25%	31.87%	32.28%	32.70%	32.92%	33.24%	33.67%	34.11%	34.54%
Total revenues	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%
Cruise operating expenses: Commissions, transportation and other	17.00%	16.88%	15.89%	15.53%	15.10%	15.13%	15.60%	13.55%	15.35%	14.40%	13.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%	12.65%
Cruise operating expenses: Onboard and other	7.22%	6.66%	5.81%	5.65%	5.66%	5.84%	7.12%	7.63%	6.75%	5.82%	5.51%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%	5.01%
Cruise operating expenses: Payroll and related	10.50%	10.38%	10.39%	9.72%	9.74%	9.85%	35.69%	54.70%	14.57%	8.61%	7.89%	6.98%	7.29%	7.89%	7.53%	7.70%	7.41%	7.67%	7.25%	7.71%	7.41%
Cruise operating expenses: Food	5.92%	5.78%	5.72%	5.62%	5.49%	5.33%	7.33%	10.73%	7.39%	5.89%	5.67%	5.67%	5.67%	5.67%	5.67%	5.67%	5.67%	5.67%	5.67%	5.67%	5.67%
Cruise operating expenses: Fuel	11.73%	9.59%	8.40%	7.76%	7.48%	6.37%	16.80%	25.15%	12.14%	8.27%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%	7.04%
Cruise operating expenses: Other operating	13.35%	12.14%	12.83%	11.52%	11.95%	12.84%	42.66%	61.69%	18.64%	12.94%	12.73%	12.40%	12.17%	11.93%	11.74%	11.65%	11.61%	11.60%	11.63%	11.66%	11.68%
Total cruise operating expenses	65.72%	61.45%	59.03%	55.78%	55.43%	55.36%	125.19%	173.45%	74.84%	55.94%	52.49%	49.75%	49.83%	50.19%	49.63%	49.73%	49.38%	49.64%	49.25%	49.73%	49.46%
Marketing, selling and administrative expenses	13.04%	13.10%	13.05%	13.51%	13.72%	14.24%	54.31%	89.42%	17.91%	12.89%	12.89%	12.89%	12.89%	12.89%	12.89%	12.89%	12.89%	12.89%	12.89%	12.89%	12.89%
Depreciation and amortization expenses	9.57%	9.96%	10.53%	10.84%	10.89%	11.38%	57.92%	84.39%	15.92%	10.47%	9.71%	9.13%	8.70%	8.67%	8.49%	8.69%	8.81%	9.19%	8.75%	8.87%	8.61%
Impairment and credit losses	0.00%	4.95%	0.00%	0.00%	0.00%	0.00%	70.92%	5.35%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Operating Income (Loss)	11.67%	10.54%	17.38%	19.87%	19.96%	19.02%	-183.90%	-252.59%	-8.67%	20.71%	24.91%	28.23%	28.58%	28.25%	28.98%	28.69%	28.92%	28.28%	29.11%	28.51%	29.03%
Other income (expense): Interest income	0.13%	0.14%	0.25%	0.34%	0.35%	0.25%	0.95%	1.10%	0.00%	0.26%	0.10%	0.08%	0.38%	0.45%	0.59%	0.27%	0.46%	0.68%	1.00%	1.50%	1.85%
Other income (expense): Interest expense, net of interest capitalized	-3.20%	-3.35%	-3.62%	-3.42%	-3.51%	-3.73%	-38.22%	-84.31%	-15.43%	-10.09%	-9.65%	-5.55%	-4.04%	-3.21%	-2.19%	-1.90%	-1.46%	-1.11%	-0.75%	-0.46%	-0.17%
Other income (expense): Equity investment income	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.64%	1.44%	1.58%	1.87%	1.90%	1.88%	1.92%	1.91%	1.92%	1.88%	1.93%	1.89%	1.93%
Other income (expense): Other income (expense)	0.87%	0.69%	1.09%	1.72%	2.34%	1.88%	-15.85%	-7.51%	-1.35%	-0.06%	0.62%	0.60%	0.52%	0.49%	0.46%	0.44%	0.41%	0.40%	0.37%	0.36%	0.34%
Total other income (expense)	-2.20%	-2.51%	-2.28%	-1.35%	-0.83%	-1.60%	-53.11%	-90.72%	-15.72%	-8.45%	-7.34%	-3.00%	-1.24%	-0.38%	0.78%	0.72%	1.34%	1.84%	2.55%	3.29%	3.94%
Net Income (Loss)	9.46%	8.03%	15.11%	18.51%	19.13%	17.42%	-261.45%	-343.31%	-24.39%	12.26%	17.57%	25.23%	27.34%	27.87%	29.76%	29.41%	30.26%	30.13%	31.66%	31.80%	32.97%
Less: Net Income attributable to noncontrolling interest	0.00%	0.00%	0.00%	0.00%	0.05%	0.26%	1.01%	0.00%	0.00%	0.05%	0.11%	0.06%	0.06%	0.06%	0.07%	0.06%	0.07%	0.07%	0.07%	0.07%	0.07%
Net Income (Loss) attributable to Royal Caribbean Cruises Ltd.	9.46%	8.03%	15.11%	18.51%	19.08%	17.16%	-262.45%	-343.31%	-24.39%	12.21%	17.45%	25.17%	27.28%	27.81%	29.70%	29.35%	30.19%	30.06%	31.59%	31.73%	32.90%
EBITDA Margin		20.51%	27.92%	30.70%	30.85%	30.40%	-125.98%	-168.20%	7.25%	31.17%	34.62%	37.35%	37.28%	36.92%	37.47%	37.38%	37.73%	37.47%	37.86%	37.38%	37.65%
EBIT Margin		10.54%	17.38%	19.87%	19.96%	19.02%	-183.90%	-252.59%	-8.67%	20.71%	24.91%	28.23%	28.58%	28.25%	28.98%	28.69%	28.92%	28.28%	29.11%	28.51%	29.03%

Royal Caribbean Cruises LTD
Common Size Balance Sheet

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Assets																					
Current assets																					
Cash and cash equivalents	2.34%	1.46%	1.56%	1.37%	3.03%	2.23%	166.81%	176.34%	21.89%	3.58%	2.35%	12.08%	13.02%	17.44%	7.56%	13.60%	19.10%	29.64%	42.03%	54.14%	66.66%
Trade and other receivables, net	3.24%	2.88%	3.44%	3.63%	3.42%	2.79%	12.86%	26.63%	6.01%	2.91%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Inventories	1.53%	1.46%	1.34%	1.27%	1.62%	1.48%	5.37%	9.80%	2.53%	1.78%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%	1.61%
Prepaid expenses and other assets	2.81%	2.66%	2.47%	2.21%	4.81%	3.92%	6.99%	18.67%	5.16%	4.44%	4.06%	4.06%	4.06%	4.06%	4.06%	4.06%	4.06%	4.06%	4.06%	4.06%	4.06%
Derivative financial instruments	0.00%	1.62%	0.00%	1.13%	0.21%	0.20%	3.17%	3.54%	0.67%	0.18%	0.07%	0.06%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%	0.05%
Total current assets	9.92%	10.09%	8.81%	9.60%	13.08%	10.62%	195.21%	234.98%	36.26%	12.89%	10.34%	20.06%	20.99%	25.42%	15.53%	21.57%	27.08%	37.61%	50.00%	62.11%	74.63%
Property and equipment, net	225.86%	226.26%	237.29%	224.83%	247.17%	232.56%	1143.00%	1690.97%	311.61%	216.65%	193.10%	188.60%	170.33%	171.44%	168.57%	176.55%	177.20%	178.27%	170.50%	172.60%	168.06%
Operating lease right-of-use assets	0.00%	0.00%	0.00%	0.00%	0.00%	6.28%	27.16%	35.38%	6.09%	4.40%	4.11%	4.01%	3.62%	3.65%	3.59%	3.75%	3.77%	3.79%	3.63%	3.67%	3.57%
Goodwill	5.21%	3.46%	3.39%	3.29%	14.52%	12.65%	36.65%	52.83%	9.15%	5.82%	4.90%	4.34%	3.75%	3.57%	3.31%	3.20%	2.99%	2.90%	2.66%	2.59%	2.42%
Equity Method Investments	5.25%	5.36%	7.74%	5.24%	8.11%	5.90%	24.36%	28.98%	5.27%	4.73%	4.94%	4.37%	3.78%	3.60%	3.34%	3.22%	3.01%	2.92%	2.68%	2.61%	2.44%
Other assets, net of equity method investments	10.30%	9.77%	7.04%	9.07%	5.12%	5.57%	32.51%	53.00%	13.71%	8.26%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%	7.49%
Total assets	256.55%	252.10%	262.59%	254.01%	291.75%	276.88%	1469.81%	2105.45%	382.08%	252.74%	224.88%	228.87%	209.96%	215.16%	201.83%	215.78%	221.53%	232.98%	236.96%	251.08%	258.62%
Liabilities and shareholders' equity																					
Current liabilities																					
Current portion of long-term debt	9.90%	10.84%	15.13%	13.54%	17.35%	10.84%	43.54%	146.41%	23.62%	12.37%	9.72%	15.71%	12.00%	15.09%	4.09%	5.98%	5.59%	5.43%	4.99%	4.86%	4.54%
Commercial Paper	0.00%	0.00%	0.00%	0.00%	8.17%	13.10%	18.53%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Current portion of operating lease liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	0.89%	4.65%	4.50%	0.90%	0.47%	0.45%	0.54%	0.49%	0.49%	0.48%	0.50%	0.50%	0.51%	0.49%	0.49%	0.48%
Accounts payable	4.11%	3.64%	3.59%	4.10%	5.14%	5.15%	16.00%	35.64%	7.32%	5.70%	5.58%	5.58%	5.58%	5.58%	5.58%	5.58%	5.58%	5.58%	5.58%	5.58%	5.58%
Accrued expenses and other liabilities	8.47%	8.40%	8.69%	10.83%	10.26%	10.49%	39.32%	74.38%	16.50%	10.63%	9.92%	9.92%	9.92%	9.92%	9.92%	9.92%	9.92%	9.92%	9.92%	9.92%	9.92%
Derivative financial instruments	3.31%	7.85%	1.73%	0.54%	0.83%	0.87%	2.57%	8.30%	1.48%	0.25%	0.55%	0.50%	0.45%	0.44%	0.43%	0.43%	0.41%	0.42%	0.40%	0.40%	0.39%
Customer deposits	21.88%	20.99%	23.13%	25.56%	33.17%	31.31%	80.81%	206.31%	47.15%	38.21%	33.34%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%	30.57%
Total current liabilities	47.68%	51.73%	52.28%	54.57%	74.91%	72.62%	205.41%	475.53%	96.98%	67.63%	59.55%	62.81%	59.00%	62.08%	51.06%	52.98%	52.57%	52.41%	51.93%	51.81%	51.47%
Long-term debt	94.68%	93.59%	95.35%	72.35%	88.01%	76.84%	813.02%	1230.13%	240.98%	141.96%	112.07%	99.42%	72.33%	57.49%	39.33%	34.00%	26.17%	19.98%	13.38%	8.17%	3.10%
Long-term operating lease liabilities	0.00%	0.00%	0.00%	0.00%	0.00%	5.49%	25.53%	34.90%	5.92%	4.41%	4.06%	4.39%	3.97%	3.99%	3.93%	4.11%	4.13%	4.15%	3.97%	4.02%	3.91%
Other long-term liabilities	11.58%	9.62%	7.60%	5.16%	6.14%	5.64%	29.23%	32.97%	5.75%	3.50%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%	2.27%
Redeemable noncontrolling interest	0.00%	0.00%	0.00%	0.00%	5.71%	5.20%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total liabilities	153.94%	154.94%	155.23%	132.08%	174.77%	165.80%	1073.18%	1773.53%	349.63%	217.50%	177.96%	168.91%	137.56%	125.84%	96.59%	93.36%	85.14%	78.82%	71.56%	66.28%	60.75%
Shareholders' equity																					
Common Equity	40%	40%	39%	39%	36%	32%	272%	493%	82.44%	53.79%	47.52%	42.06%	36.34%	34.63%	32.12%	30.99%	28.94%	28.10%	25.83%	25.16%	23.50%
Retained earnings (accumulated deficit)	81%	84%	93%	103%	108%	105%	252%	20%	-19.31%	-0.07%	15.85%	35.16%	53.30%	74.02%	93.72%	114.09%	131.21%	151.84%	165.76%	187.73%	203.02%
Accumulated other comprehensive loss	-11%	-16%	-11%	-4%	-7%	-7%	-33%	-46%	-7.29%	-4.85%	-4.87%	-4.32%	-3.75%	-3.59%	-3.35%	-3.24%	-3.04%	-2.97%	-2.74%	-2.69%	-2.52%
Treasury stock	-8%	-10%	-14%	-16%	-21%	-19%	-93%	-135%	-23.39%	-14.88%	-12.62%	-13.86%	-14.29%	-16.49%	-17.96%	-20.10%	-21.36%	-23.43%	-24.00%	-25.95%	-26.64%
Total shareholders' equity	103%	97%	107%	122%	117%	111%	397%	332%	32.45%	33.99%	45.88%	59.04%	71.60%	88.57%	104.53%	121.74%	135.75%	153.54%	164.84%	184.25%	197.35%
Noncontrolling Interest	0%	0%	0%	0%	0%	0%	0%	0%	0.00%	1.26%	1.04%	0.92%	0.80%	0.76%	0.71%	0.68%	0.64%	0.62%	0.57%	0.55%	0.52%
Total shareholders' equity	103%	97%	107%	122%	117%	111%	397%	332%	32.45%	35.24%	46.92%	59.96%	72.40%	89.33%	105.24%	122.42%	136.39%	154.16%	165.41%	184.80%	197.87%
Total liabilities and shareholders' equity	257%	252%	263%	254%	292%	277%	1470%	2105%	382.08%	252.74%	224.88%	228.87%	209.96%	215.16%	201.83%	215.78%	221.53%	232.98%	236.96%	251.08%	258.62%

Royal Caribbean Cruises LTD

Weighted Average Cost of Capital (WACC) Estimation

Cost of Equity:

Risk-Free Rate	4.04%
Beta	1.39
Equity Risk Premium	5.00%
Cost of Equity	10.99%

ASSUMPTIONS:

10-year Treasury bond
3 year average Beta
1928-2024 geometric average over 10-year Treasury

Cost of Debt:

Risk-Free Rate	4.04%
Implied Default Premium	1.54%
Pre-Tax Cost of Debt	5.58%
Marginal Tax Rate	
After-Tax Cost of Debt	5.58%

10-year Treasury bond

YTM on company's 8-year corporate bond

Market Value of Common Equity:

Total Shares Outstanding	269
Current Stock Price	\$326.89
MV of Equity	87,933.41

MV Weights

80.86%

Market Value of Debt:

Short-Term Debt	
Current Portion of LTD	1603
Long-Term Debt	18473
PV of Operating Leases	744
MV of Total Debt	20,820.00

19.14%

Market Value of the Firm

108,753

100.00%

Estimated WACC

9.95%

Discounted Cash Flow (DCF) and Economic Profit (EP) Valuation Models

CV Growth of NOPLAT	3.50%
CV Year ROIC	21%
WACC	9.95%
Cost of Equity	9.16%

DCF Model:										
Free Cash Flow (FCF)	2108	5462	4619	5247	3944	4992	6369	7540	7054	8054
Continuing Value (CV)										125494
PV of FCF	1917	4518	3475	3590	2454	2825	3278	3529	3003	53421
Value of Operating Assets:	82008									
Non-Operating Adjustments	-20095									
Less: Total Debt	20820									
Plus: Excess Cash	162									
Plus: Investments	814									
Plus: Derivative Assets	11									
Less: Derivative Liabilities	90									
Less: ESOP	0									
Less: Non-Controlling Interest	172									
Value of Equity	61914									
Shares Outstanding	261									
Intrinsic Value of Last FYE	237									
Implied Price as of Today	\$ 250.83									

Economic Profit (EP)	2585	3176	3336	3836	3841	4084	3859	4652	4574	5191
Continuing Value (CV)										80425
PV of EP	2351	2627	2509	2625	2390	2311	1986	2178	1947	34236
Total PV of EP	55159									
Invested Capital (last FYE)	26850									
Value of Operating Assets:	82008									
Non-Operating Adjustments	-20095									
Less: Total Debt	20820									
Plus: Excess Cash	162									
Plus: Investments	814									
Plus: Derivative Assets	11									
Less: Derivative Liabilities	90									
Less: ESOP	0									
Less: Non-Controlling Interest	172									
Value of Equity	61914									
Shares Outstanding	261									
Intrinsic Value of Last FYE	\$ 237									
Implied Price as of Today	\$ 250.83									

Royal Caribbean Cruises LTD

Dividend Discount Model (DDM) or Fundamental P/E Valuation Model

<i>Fiscal Years Ending</i>	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
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EPS	\$ 17.97	\$ 22.54	\$ 24.10	\$ 27.75	\$ 28.43	\$ 31.31	\$ 32.11	\$ 36.71	\$ 37.86	\$ 42.02
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Key Assumptions

CV growth of EPS	2.50%
CV Year ROE	19.06%
Cost of Equity	9.16%

Future Cash Flows

P/E Multiple (CV Year)										13.05
EPS (CV Year)										\$ 42.02
Future Stock Price										\$ 549
Dividends Per Share	2.88	3.60	3.97	4.33	5.50	5.75	6.00	6.25	6.50	
Discounted Cash Flows	2.64	3.02	3.05	3.05	3.55	3.40	3.25	3.10	2.95	249.35

Intrinsic Value as of Last FYE	\$ 277.36
Implied Price as of Today	\$ 293.28

Royal Caribbean Cruises LTD
Relative Valuation Models

Ticker	Company	Price	EPS 2025E	EPS 2026E	P/E 25E	P/E 26E	Est. 5yr EPS gr.	PEG 25E	PEG 26E	2025E EBITDA	2025E EV	2025E EV/EBITDA	2025E P/S
CCL	Carnival Corp	\$30.52	\$2.01	\$2.33	15.18	13.10	0.19	79.08	68.22	6977	69370	9.94	1.50
NCLH	Norwegian Cruise Line Hol	\$25.23	\$2.05	\$2.61	12.31	9.67	0.25	48.45	38.06	2730	25623	9.39	1.10
LIND	Lindblad Expeditions Holdi	\$12.98	(\$0.22)	(\$0.12)	(59.00)	(108.17)	N/M	N/M	N/M	95.38	1,271.71	13.33	1.01
VIK	Viking Holdings Ltd	\$60.30	\$2.47	\$3.18	24.41	18.96	0.33	73.09	56.77	1757	29920	17.03	4.20
Average					17.30	13.91		66.88	54.35			12.42	1.95
RCL	Royal Caribbean Group	\$326.89	\$17.97	\$22.54	18.2	14.5	0.21	87.0	69.4	6958	108049	15.53	4.72

Implied Relative Value:		
P/E (EPS25)	\$	310.85
P/E (EPS26)	\$	313.47
PEG (EPS25)	\$	251.26
PEG (EPS26)	\$	256.14
Target Price per Share (EV/EBITDA)	\$	254.19
P/S	\$	86.02

Royal Caribbean Cruises LTD
Key Management Ratios

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Liquidity Ratios:																					
Current Ratio (Current Assets / Current Liabilities)	0.21	0.19	0.17	0.18	0.17	0.15	0.95	0.49	0.37	0.19	0.17	0.32	0.36	0.41	0.30	0.41	0.52	0.72	0.96	1.20	1.45
Cash Ratio (Cash / Current Liabilities)	0.05	0.03	0.03	0.03	0.04	0.03	0.81	0.37	0.23	0.05	0.04	0.19	0.22	0.28	0.15	0.26	0.36	0.57	0.81	1.04	1.30
Net Working Capital to Revenue Ratio (NWC / Revenue)																					
Asset-Management Ratios:																					
Net Working Capital Ratio (Revenue / Net Working Capital)	-3.92	-4.05	-3.73	-3.12	-2.68	-2.68	-0.91	-0.38	-1.79	-2.27	-2.53	-2.72	-2.72	-2.72	-2.72	-2.72	-2.72	-2.72	-2.72	-2.72	-2.72
Cash Turnover Ratio (Revenue / Cash)	42.66	68.27	64.07	73.08	32.98	44.93	0.60	0.57	4.57	27.97	42.48	8.28	7.68	5.73	13.23	7.36	5.23	3.37	2.38	1.85	1.50
Asset Turnover Ratio (Revenue / Average Total Assets)	0.39	0.40	0.38	0.39	0.34	0.36	0.07	0.05	0.26	0.40	0.44	0.44	0.48	0.46	0.50	0.46	0.45	0.43	0.42	0.40	0.39
Financial Leverage Ratios:																					
Debt Ratio (Total Debt / Total Assets)	0.41	0.41	0.42	0.34	0.36	0.34	0.60	0.67	0.71	0.63	0.56	0.52	0.42	0.36	0.24	0.21	0.16	0.13	0.10	0.07	0.05
Debt-to-Equity Ratio (Total Debt / Total Equity)	1.02	1.07	1.03	0.70	0.90	0.85	2.24	4.27	8.36	4.52	2.69	2.00	1.23	0.86	0.45	0.36	0.27	0.20	0.14	0.09	0.06
Long-Term Debt / Total Assets	0.37	0.37	0.36	0.28	0.30	0.28	0.55	0.58	0.63	0.56	0.50	0.43	0.34	0.27	0.19	0.16	0.12	0.09	0.06	0.03	0.01
Leverage Ratio (Net Debt / EBITDA)	4.81	5.02	3.90	2.75	3.32	3.02	-5.71	-7.37	34.41	4.99	3.58	2.89	2.03	1.61	1.07	0.83	0.46	0.01	-0.51	-0.98	-1.45
Profitability Ratios:																					
Return on Equity (Net Income / Beginning Total Shareholders' Equity)	15.02%	13.10%	25.24%	31.96%	35.62%	36.94%	-113.99%	-103.43%	-42.39%	59.15%	58.73%	60.62%	52.66%	40.30%	35.84%	28.90%	26.40%	22.70%	22.30%	19.70%	19.06%
Return on Assets (Net Income / Average Total Assets)	3.69%	3.18%	5.75%	7.29%	6.54%	6.20%	-17.86%	-16.31%	-6.38%	4.83%	7.76%	11.00%	12.99%	12.92%	14.71%	13.60%	13.63%	12.90%	13.33%	12.64%	12.72%
Gross Margin ((Revenue – COGS) / Revenue)	34.28%	38.55%	40.97%	44.22%	44.57%	44.64%	-25.19%	-73.45%	25.16%	44.06%	47.51%	50.25%	50.17%	49.81%	50.37%	50.27%	50.62%	50.36%	50.75%	50.27%	50.54%
Payout Policy Ratios:																					
Dividend Payout Ratio (Dividends / Net Income)	31.57%	44.17%	28.59%	28.35%	30.00%	32.77%	-3.19%	0.00%	0.00%	0.00%	8.62%	16.03%	15.97%	16.47%	15.60%	19.35%	18.37%	18.69%	17.02%	17.17%	16.06%
Total Payout Ratio ((Dividends + Repurchases) / Net Income)	31.57%	74.72%	51.96%	42.20%	61.75%	38.35%	-3.30%	-0.04%	-0.09%	0.06%	8.62%	26.69%	24.47%	26.80%	24.58%	28.78%	26.93%	27.64%	24.85%	25.26%	23.36%

Royal Caribbean Cruises LTD
Present Value of Operating Lease Obligations

Fiscal Years Ending Dec. 31	2014	2015	2016	2017	2018
Year 1	18.15	22.23	20.75	29.42	67.68
Year 2	14.38	17.10	16.51	22.06	60.19
Year 3	14.38	17.10	16.51	22.06	60.19
Year 4	8.81	11.56	12.07	11.32	52.64
Year 5	8.81	11.56	12.07	11.32	52.64
Thereafter	125.00	146.95	231.88	145.21	383.97
Total Minimum Payments	189.5	226.5	309.8	241.4	677.3
Less: Cumulative Interest	68.8	78.7	135.6	79.7	190.4
PV of Minimum Payments	120.8	147.8	174.2	161.7	486.9
Implied Interest in Year 1 Payment		6.7	8.2	9.7	9.0
Pre-Tax Cost of Debt	5.58%	5.58%	5.58%	5.58%	5.58%
Years Implied by Year 6 Payment	14.2	12.7	19.2	12.8	7.3
Expected Obligation in Year 6 & Beyond	8.81	11.56	12.07	11.32	52.64
Present Value of Lease Payments					
PV of Year 1	17.2	21.1	19.7	27.9	64.1
PV of Year 2	12.9	15.3	14.8	19.8	54.0
PV of Year 3	12.2	14.5	14.0	18.7	51.1
PV of Year 4	7.1	9.3	9.7	9.1	42.4
PV of Year 5	6.7	8.8	9.2	8.6	40.1
PV of 6 & beyond	64.6	78.7	106.8	77.6	235.2
Capitalized PV of Payments	120.8	147.8	174.2	161.7	486.9

Royal Caribbean Cruises LTD

Effects of ESOP Exercise and Share Repurchases on Common Stock Account and Number of Shares Outstanding

Number of Options Outstanding (shares):	0
Average Time to Maturity (years):	0.00
Expected Annual Number of Options Exercised:	0

Current Average Strike Price:	\$ -
Cost of Equity:	9.16%
Current Stock Price:	\$326.89

Fiscal Years Ending Dec. 31	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
Increase in Shares Outstanding:	0	0	0	0	0	0	0	0	0	0
Average Strike Price:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Increase in Common Stock Account:	-	-	-	-	-	-	-	-	-	-
Share Repurchases (\$)	500	500	650	650	700	700	750	750	800	800
Expected Price of Repurchased Shares:	\$ 326.89	\$ 352.50	\$ 380.12	\$ 409.91	\$ 442.02	\$ 476.66	\$ 514.00	\$ 554.28	\$ 597.70	\$ 644.54
Number of Shares Repurchased:	2	1	2	2	2	1	1	1	1	1
Shares Outstanding (beginning of the year)	269	267	266	264	263	261	260	258	257	256
Plus: Shares Issued Through ESOP	0	0	0	0	0	0	0	0	0	0
Less: Shares Repurchased in Treasury	2	1	2	2	2	1	1	1	1	1
Shares Outstanding (end of the year)	267	266	264	263	261	260	258	257	256	254