CARNIVAL
CORPORATION & PLC

Pan-European Dialogue
Impact of new demand on Cruise Ports

Michel Nestour - Brussels - 5 March 2015

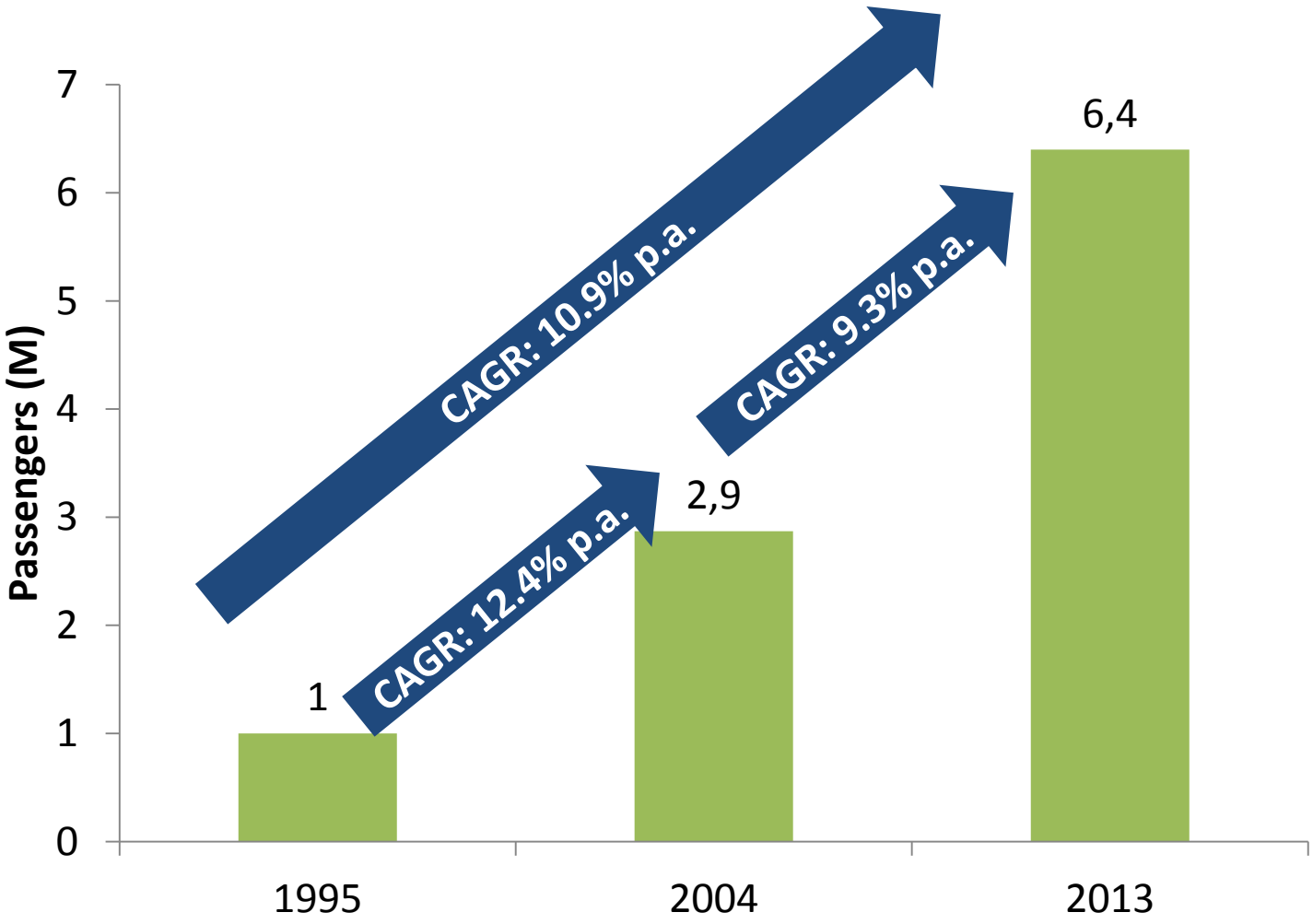
AIDA CRUISES · Carnival · Costa CRUISES · CUNARD · Holland America Line · P&O CRUISES · P&O AUSTRALIA · PRINCESS CRUISES · SEABOURN

A global group with leading brands

North America	United Kingdom	Continental Europe	Australia & Asia
Carnival	P&O CRUISES	Costa CRUISES	P&O CRUISES This is how to holiday
PRINCESS CRUISES come back new	CUNARD	AIDA CRUISES	Costa 歌诗达邮轮
Holland America Line A Signature of Excellence			
SEABOURN			

Not all cruise ships are equal: they come in all sizes

Unbroken 18 years growth in European demand for cruises



Note: sourced from Cruise Europe 2007 and CLIA 2014 contribution of Cruise Tourism to the Economies of Europe

Do cruise lines face port/destination congestion?

$$Congestion_t = (D_t > \textbf{Available}\ S_t)$$

$$can\ result\ from\ either\ High\ D\ or\ Low\ S$$

$$\neq$$

$$Peak\ Demand_t = \textbf{Max}\ (D, S)_t$$

We work in the vacation <u>NOT</u> in the transport business and due to vacation timing we have to face Peak Demand$_t$

Where are the main areas of port/destination peak demand?

How can we best manage peak demand at the berth?

There are really only 2 main options!

How can we best manage peak demand in the terminal?

Only really 1 main option!

How can we best manage peak demand in the intermodal?

Intermodal is the logistical hub between the terminal and port entrance.

Intermodal area fluidity is dependent on the behaviour of many users and stakeholders.

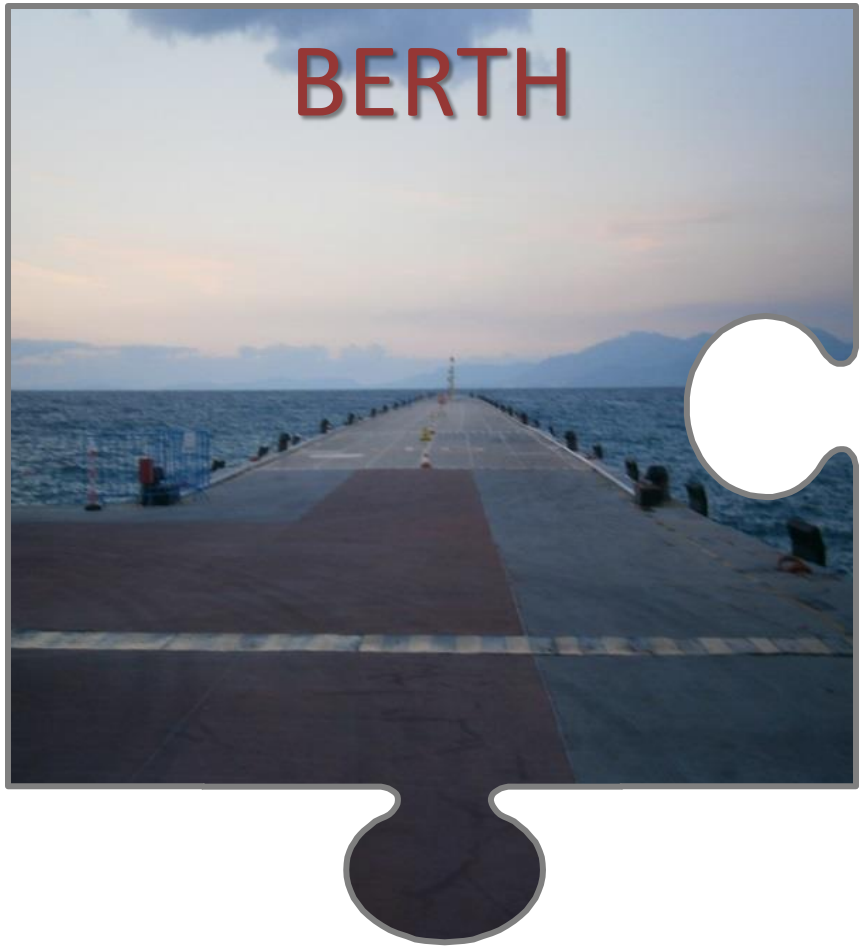
How can we best manage Shorex peak demand?

Complicated area due to ''Must See'' attractions!

Local creativity and dynamism can help!

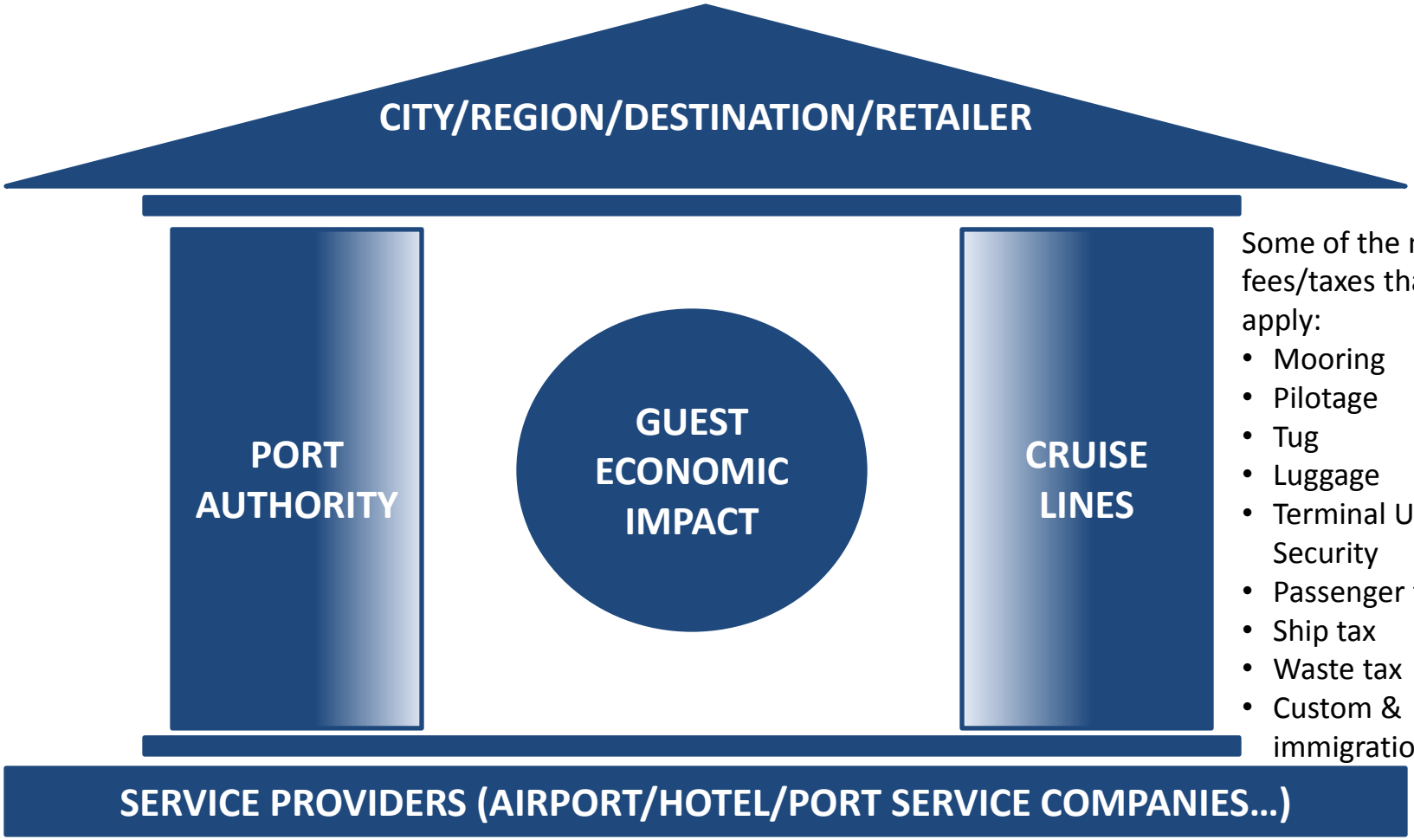
We need it with 62% repeat cruisers!

What is the single most important infrastructure to a cruise line?



But **Not Any** berth!

Which stakeholders could be interested in cruise port infrastructure financing?



Some of the many fees/taxes that apply:

- Mooring
- Pilotage
- Tug
- Luggage
- Terminal Use & Security
- Passenger tax
- Ship tax
- Waste tax
- Custom & immigration

What commercial considerations are relevant to port infrastructure financing?

Consideration 1 → Lack of secured berth access impact itineraries (i.e. other ports) and passengers' expectation (when cancelled)

Consideration 2 → Cruise Lines seek operational efficiency and peak demand sizing in cruise port developments

Consideration 3 → Cruise Lines need their mobile assets to be able to respond to socio, geopolitical and economic trends

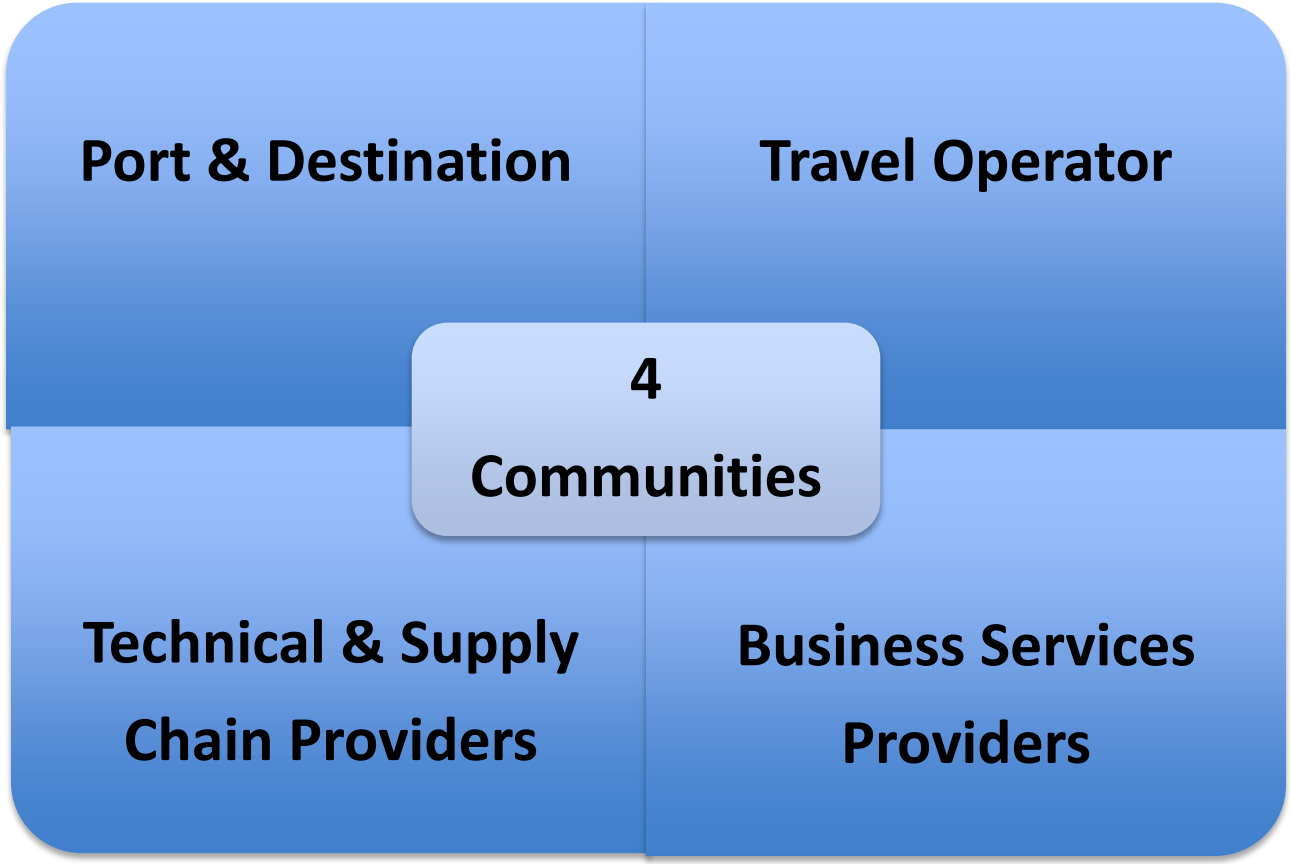
Consideration 4 → Private port operator entry can disrupt Port Authority and Cruise Lines local objectives/interests alignment (thus reducing Economic Impact)

Consideration 5 → Cruise port infrastructure development takes far longer than building new cruise ships so ports are always catching up

To bring our Economic Impact we need assurance that a berth is available when we need one and this requires financing flexibility

Some ports today are already planning the support of the cruise of tomorrow

CCO is part of CLIA's communities of interest



Thank you