

RCL
LISTED
NYSE

Q2
2024
EARNINGS CALL



FORWARD LOOKING STATEMENTS AND NON-GAAP FINANCIAL INFORMATION

Certain statements in this presentation relating to, among other things, our future performance estimates, forecasts and projections constitute forward-looking statements under the Private Securities Litigation Reform Act of 1995. These statements include, but are not limited, to: statements regarding revenues, costs and financial results for 2024 and beyond, demand for our brands, our progress towards achievement of our Trifecta goals; and expectations regarding our credit profile. Words such as “anticipate,” “believe,” “could,” “driving,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “project,” “seek,” “should,” “will,” “would,” “considering,” and similar expressions are intended to help identify forward-looking statements. Forward-looking statements reflect management’s current expectations, are based on judgments, are inherently uncertain and are subject to risks, uncertainties and other factors, which could cause our actual results, performance or achievements to differ materially from the future results, performance or achievements expressed or implied in those forward-looking statements. Examples of these risks, uncertainties and other factors include, but are not limited to, the following: our ability to obtain sufficient financing or capital to fund our capital expenditures, operations, debt repayments and other financing needs; the impact of the economic and geopolitical environment on key aspects of our business, such as the demand for cruises, passenger spending, and operating costs; incidents or adverse publicity concerning our ships, port facilities, land destinations and/or passengers or the cruise vacation industry in general; concerns over safety, health and security of guests and crew; further impairments of our goodwill, long-lived assets, equity investments and notes receivable; an inability to source our crew or our provisions and supplies from certain places; disease outbreaks and increased concern about the risk of illness on our ships or when travelling to or from our ships, which could cause a decrease in demand, guest cancellations, and ship redeployments; unavailability of ports of call; growing anti-tourism sentiments and environmental concerns; changes in U.S. or other countries' foreign travel policy; the uncertainties of conducting business globally and expanding into new markets and new ventures; our ability to recruit, develop and retain high quality personnel; changes in operating costs; our indebtedness, any additional indebtedness we may incur and restrictions in the agreements governing our indebtedness that limit our flexibility in operating our business; fluctuations in foreign currency exchange rates, fuel prices and interest rates; the settlement of conversions of our convertible notes, if any, in shares of our common stock or a combination of cash and shares of our common stock, which may result in substantial dilution for our existing shareholders; our expectation and ability to pay a cash dividend on our common stock in the future; changes to our dividend policy; vacation industry competition and increase in industry capacity and overcapacity; the risks and costs related to cyber security attacks, data breaches, protecting our systems and maintaining data integrity and security; the impact of new or changing legislation and regulations (including environmental regulations) or governmental orders on our business; pending or threatened litigation, investigations and enforcement actions; the effects of weather, climate events and/or natural disasters on our business; the impact of issues at shipyards, including ship delivery delays, ship cancellations or ship construction cost increases; shipyard unavailability; the unavailability or cost of air service; and uncertainties of a foreign legal system as we are not incorporated in the United States. It is not possible to predict or identify all such risks.

More information about factors that could affect our operating results is included under the caption “Risk Factors” in our most recent Annual Report on Form 10-K, as well as our other filings with the SEC, copies of which may be obtained by visiting our Investor Relations website at www.rclinvestor.com or the SEC’s website at www.sec.gov. Undue reliance should not be placed on the forward-looking statements in this release, which are based on information available to us on the date hereof. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Additional information relating to certain of our financial measures contained herein, including non-GAAP financial measures, is available in the appendix to our presentation and our most recent earnings release, available at our website at www.rclinvestor.com.

OUR MISSION

**DELIVER THE
BEST VACATION EXPERIENCES
RESPONSIBLY**

Q2 2024 HIGHLIGHTS



NET YIELDS*

+13.3%

Net Yield Growth
in constant currency vs. '23

108%

Load Factor



STRONG DEMAND



Robust booking volumes



Continued strength in new-to-brand and new-to-cruise growth



DRIVING CASH GENERATION

\$1.6B

Operating Cash Flow
Stronger cash flow driven by robust demand



STRONG INCOME GENERATION

\$3.21

Adjusted EPS*

\$1.6B

Adjusted EBITDA*



IMPROVED PROFITABILITY

100%

of Revenue increase flowing through the bottom line

37.8%

Adjusted EBITDA Margin*



STRENGTHENING THE BALANCE SHEET

\$3.8B

Liquidity as of 6/30

Paid down remaining ECA debt holiday

ACHIEVED TRIFECTA, INCREASING 2024 GUIDANCE, REINSTATED DIVIDEND



CAPACITY GROWTH

8.0% Capacity growth
vs. '2023

3 new ships delivered in 2024: *Icon of the Seas, Utopia of the Seas, Silver Ray*



STRONG YIELD GROWTH

10.4% to 10.9%

Net Yield growth*
in constant currency vs. '23



STRONG COST CONTROLS

~6.0%
NCCx per APCD growth
in constant currency vs. '23
In-line with prior guidance when
excluding stock comp



STRONG EARNINGS GROWTH

\$11.35 - \$11.45

Expected Adjusted
Earnings Per Share



ACHIEVED TRIFECTA

18 months early

Triple digit Adj. EBITDA per APCD*
ROIC in the teens*
Double Digit Adj. EPS*



REINSTATED DIVIDEND

Declared a quarterly dividend of \$0.40 per
share.

Q3 2024 GUIDANCE

APCDs	13.4M
Net Yields vs. 2023 <i>(in Constant Currency)</i>	6.5% to 7.0%
NCCx vs. 2023 <i>(in Constant Currency)</i>	4.7% to 5.2%
Fuel	Approximately \$293M
D&A	\$405M - \$415M
Net Interest Expense	\$275M - \$285M
Adjusted Earnings Per Share	\$4.90 to \$5.00



Crowns Edge—Icon of the SeasSM

2024 Full Year Guidance

APCDs	50.7M
Net Yields vs. 2023 <i>(in Constant Currency)</i>	10.4% to 10.9%
NCCx vs. 2023 <i>(in Constant Currency)</i>	Approximately 6.0%
Fuel	Approximately \$1,169M
D&A	\$1,600M - \$1,610M
Net Interest Expense	\$1,130M - \$1,140M
Adjusted Earnings Per Share	\$11.35 - \$11.45



Medallion Suite — Silver RaySM

Expecting 68% Year over Year Adj. EPS Growth

April 2024 Guidance \$10.70 - \$10.90

Fuel Rates and Foreign Exchange Rate \$0.06

Rest of Year Stock Compensation (\$0.08)

Q2 2024 business outperformance (excl. timing of costs) \$0.33

Better Outlook for Rest of the Year 2024 \$0.28

July 2024 Guidance \$11.35 - \$11.45



Adrenaline Peak – Icon of the SeasSM

OUR PROVEN FORMULA DELIVERS **LONG-TERM** **SHAREHOLDER VALUE**



+



+



Moderate Capacity Growth

Moderate Yield Growth

Strong Cost Control



APPENDIX–

Definitions and Non-GAAP Information and Reconciliation

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The presentation of adjusted financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with U.S. GAAP. These measures may be different from adjusted measures used by other companies. In addition, these adjusted measures are not based on any comprehensive set of accounting rules or principles. Adjusted measures have limitations in that they do not reflect all of the amounts associated with our results of operations as do the corresponding U.S. GAAP measures.

We have not provided a quantitative reconciliation of the projected non-GAAP financial measures to the most comparable GAAP financial measures because preparation of meaningful U.S. GAAP projections would require unreasonable effort. Due to significant uncertainty, we are unable to predict, without unreasonable effort, the future movement of foreign exchange rates, fuel prices and interest rates inclusive of our related hedging programs. In addition, we are unable to determine the future impact of non-core business related gains and losses which may result from strategic initiatives. These items are uncertain and could be material to our results of operations in accordance with U.S. GAAP. Due to this uncertainty, we do not believe that reconciling information for such projected figures would be meaningful.

Definitions

- Adjusted EBITDA is a non-GAAP measure that represents EBITDA (as defined below) excluding certain items that we believe adjusting for is meaningful when assessing our profitability on a comparative basis.
- Adjusted Earnings (Loss) per Share ("Adjusted EPS") is a non-GAAP measure that represents Adjusted Net Income (Loss) attributable to Royal Caribbean Cruises Ltd. (as defined below) divided by weighted average shares outstanding or by diluted weighted average shares outstanding, as applicable. We believe that this non-GAAP measure is meaningful when assessing our performance on a comparative basis.
- Adjusted Net Income (Loss) attributable to Royal Caribbean Cruises Ltd. is a non-GAAP measure that represents net income (loss) less net income attributable to noncontrolling interest, excluding certain items that we believe adjusting for is meaningful when assessing our performance on a comparative basis.
- Available Passenger Cruise Days ("APCD") is our measurement of capacity and represents double occupancy per cabin multiplied by the number of cruise days for the period, which excludes canceled cruise days and cabins not available for sale. We use this measure to perform capacity and rate analysis to identify our main non-capacity drivers that cause our cruise revenue and expenses to vary.
- Constant Currency is a significant measure for our revenues and expenses, which are denominated in currencies other than the U.S. Dollar. Because our reporting currency is the U.S. Dollar, the value of these revenues and expenses in U.S. Dollar will be affected by changes in currency exchange rates. Although such changes in local currency prices are just one of many elements impacting our revenues and expenses, it can be an important element. For this reason, we also monitor our revenues and expenses in "Constant Currency" - i.e., as if the current period's currency exchange rates had remained constant with the comparable prior period's rates. We do not make predictions about future exchange rates and use current exchange rates for calculations of future periods. It should be emphasized that the use of Constant Currency is primarily used by us for comparing short-term changes and/or projections. Over the longer term, changes in guest sourcing and shifting the amount of purchases between currencies can significantly change the impact of the purely currency-based fluctuations.
- EBITDA is a non-GAAP measure that represents net income (loss) attributable to Royal Caribbean Cruises Ltd. excluding (i) interest income; (ii) interest expense, net of interest capitalized; (iii) depreciation and amortization expenses; and (iv) income tax benefit or expense. We believe that this non-GAAP measure is meaningful when assessing our operating performance on a comparative basis.
- Occupancy ("Load Factor"), in accordance with cruise vacation industry practice, is calculated by dividing Passenger Cruise Days (as defined below) by APCD. A percentage in excess of 100% indicates that three or more passengers occupied some cabins.
- Passenger Cruise Days ("PCD") represent the number of passengers carried for the period multiplied by the number of days of their respective cruises.
- Gross Cruise Costs represent the sum of total cruise operating expenses plus marketing, selling and administrative expenses.

Definitions

- Net Cruise Costs (“NCC”) and NCC excluding Fuel are non-GAAP measures that represent Gross Cruise Costs excluding commissions, transportation and other expenses and onboard and other expenses and, in the case of Net Cruise Costs excluding Fuel, fuel expenses. In measuring our ability to control costs in a manner that positively impacts net income, we believe changes in Net Cruise Costs and Net Cruise Costs excluding Fuel to be the most relevant indicators of our performance.
- Invested Capital represents the most recent five-quarter average of total debt (i.e., Current portion of long-term debt plus Long-term debt) plus the most recent five-quarter average of Total shareholders' equity. We use this measure to calculate ROIC (as defined below).
- Adjusted Operating Income (Loss) is a non-GAAP measure that represents operating income (loss) including income (loss) from equity investments and income taxes but excluding certain items that we believe adjusting for is meaningful when assessing our operating performance on a comparative basis. We use this non-GAAP measure to calculate ROIC (as defined below).
- Return on Invested Capital (“ROIC”) represents Adjusted Operating Income (Loss) divided by Invested Capital. We believe ROIC is a meaningful measure because it quantifies how efficiently we generated operating income relative to the capital we have invested in the business. ROIC is also used as a key metric in our long-term incentive compensation program for our executive officers.
- Gross Margin Yield represent Gross Margin per APCD.
- Trifecta refers to the multi-year Adjusted EBITDA per APCD, Adjusted EPS and ROIC goals we publicly announced in November 2022 and are seeking to achieve by the end of 2025. We designed this program to help us better execute and achieve our business goals by clearly articulating longer-term financial objectives. Under the Trifecta Program, we are targeting Adjusted EBITDA per APCD of at least \$100, Adjusted EPS of at least \$10, and ROIC of 13% or higher by the end of 2025.
- Adjusted Gross Margin represent Gross Margin, adjusted for payroll and related, food, fuel, other operating, and depreciation and amortization expenses. Gross Margin is calculated pursuant to GAAP as total revenues less total cruise operating expenses, and depreciation and amortization.
- Net Yields represent Adjusted Gross Margin per APCD. We utilize Adjusted Gross Margin and Net Yields to manage our business on a day-to-day basis as we believe that they are the most relevant measures of our pricing performance because they reflect the cruise revenues earned by us net of our most significant variable costs, which are commissions, transportation and other expenses, and onboard and other expenses.
- Adjusted EBITDA Margin is a non-GAAP measure that represents Adjusted EBITDA (as defined above) divided by total revenues.

SELECTED STATISTICAL INFORMATION

ROYAL CARIBBEAN CRUISES LTD.
STATISTICS
(unaudited)

	Quarter Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
Passengers Carried	2,040,242	1,900,810	4,094,624	3,707,079
Passenger Cruise Days	13,230,448	12,297,290	26,380,157	23,772,032
APCD	12,233,196	11,708,837	24,519,026	22,942,326
Occupancy	108.2 %	105.0 %	107.6 %	103.6 %

NON-GAAP RECONCILIATION INFORMATION (UNAUDITED)

Gross Margin Yields, Net Yields and Adjusted Gross Margin per PCD were calculated by dividing Gross Margin and Adjusted Gross Margins by APCD, and Adjusted Gross Margin by PCD as follows (in millions, except APCD, PCD, Yields, and Adjusted Gross Margin per PCD. Reported Yields and per PCD amounts may vary from amounts calculated based on accompanying financial tables due to rounding.):

	Quarter Ended June 30,			Six Months Ended June 30,		
	2024	2024 On a Constant Currency Basis	2023	2024	2024 On a Constant Currency Basis	2023
Total revenue	\$ 4,110	\$ 4,115	\$ 3,523	\$ 7,838	\$ 7,838	\$ 6,408
Less:						
Cruise operating expenses	2,152	2,155	1,955	4,209	4,211	3,747
Depreciation and amortization expenses	393	393	362	780	780	721
Gross Margin	1,565	1,567	1,206	2,849	2,847	1,940
Add:						
Payroll and related	313	313	284	631	631	594
Food	225	226	203	446	446	402
Fuel	282	282	276	586	586	577
Other operating	516	517	456	1,039	1,039	876
Depreciation and amortization expenses	393	393	362	780	780	721
Adjusted Gross Margin	\$ 3,294	\$ 3,298	\$ 2,787	\$ 6,331	\$ 6,329	\$ 5,110
APCD	12,233,196	12,233,196	11,708,837	24,519,026	24,519,026	22,942,326
Passenger Cruise Days	13,230,448	13,230,448	12,297,290	26,380,157	26,380,157	23,772,032
Gross Margin Yields	\$ 127.94	\$ 128.06	\$ 103.04	\$ 116.21	\$ 116.14	\$ 84.51
Net Yields	\$ 269.38	\$ 269.61	\$ 238.00	\$ 258.23	\$ 258.20	\$ 222.74
Adjusted Gross Margin per PCD	\$ 249.08	\$ 249.29	\$ 226.61	\$ 240.01	\$ 239.98	\$ 214.97

NON-GAAP RECONCILIATION INFORMATION (UNAUDITED)

EBITDA, Adjusted EBITDA and Adjusted EBITDA Margin were calculated as follows (in millions, except APCD and per APCD data. Reported per APCD and Margin amounts may vary from amounts calculated based on accompanying financial tables due to rounding.):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net Income attributable to Royal Caribbean Cruises Ltd.	\$ 854	\$ 459	\$ 1,214	\$ 411
Interest income	(4)	(10)	(9)	(24)
Interest expense, net of interest capitalized	298	355	721	714
Depreciation and amortization expenses	393	362	780	721
Income tax expense (benefit) (1)	17	8	23	(1)
EBITDA	<u>1,558</u>	<u>1,174</u>	<u>2,729</u>	<u>1,821</u>
Other (income) expense (2)	(14)	(3)	(12)	2
Gain on sale of controlling interest (3)	—	—	—	(3)
Recovery of losses from one of our equity method investees	—	(4)	—	(4)
Restructuring charges and other initiative expenses	3	5	3	5
Impairment and credit losses (recoveries) (4)	6	—	6	(7)
Adjusted EBITDA	<u>\$ 1,553</u>	<u>\$ 1,172</u>	<u>\$ 2,726</u>	<u>\$ 1,814</u>
Total revenues	\$ 4,110	\$ 3,523	\$ 7,838	\$ 6,408
APCD	12,233,196	11,708,837	24,519,026	22,942,326
Net Income (Loss) attributable to Royal Caribbean Cruises Ltd. per APCD	69.85	39.18	49.53	17.91
Adjusted EBITDA per APCD	126.96	100.16	111.18	79.09
Adjusted EBITDA Margin	37.8 %	33.3 %	34.8 %	28.3 %

(1) These amounts are included in *Other expense* within our consolidated statements of comprehensive income (loss).

(2) Represents net non-operating expense. The amount excludes income tax expense (benefit), included in the EBITDA calculation above.

(3) For 2023, represents gain on sale of controlling interest in cruise terminal facilities in Italy. These amounts are included in *Other operating* within our consolidated statements of comprehensive income (loss).

(4) For 2024, represents property and equipment impairment charges related to certain construction in progress assets. For 2023, represents asset impairments and credit losses recoveries for notes receivables for which credit losses were previously recorded. These amounts are included in *Other operating* within our consolidated statements of comprehensive income (loss).

NON-GAAP RECONCILIATION INFORMATION (UNAUDITED)

Adjusted Net Income attributable to Royal Caribbean Cruises Ltd. and Adjusted Earnings per Share were calculated as follows (in millions, except shares and per share data):

	Quarter Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Net Income attributable to Royal Caribbean Cruises Ltd.	\$ 854	\$ 459	\$ 1,214	\$ 411
Loss on extinguishment of debt	17	30	133	44
Amortization of Silversea Cruises intangible assets resulting from the Silversea Cruises acquisition (1)	2	2	3	3
Gain on sale of controlling interest (2)	—	—	—	(3)
PortMiami tax on sale of noncontrolling interest (3)	—	—	—	10
Silver Whisper deferred tax liability release (4)	—	—	—	(26)
Restructuring charges and other initiative expenses	3	5	3	5
Recovery of losses from one of our equity method investees	—	(4)	—	(4)
Impairment and credit losses (recoveries) (5)	6	—	6	(7)
Adjusted Net Income attributable to Royal Caribbean Cruises Ltd.	\$ 882	\$ 492	\$ 1,359	\$ 433
Earnings per Share - Diluted (6)	\$ 3.11	\$ 1.70	\$ 4.46	\$ 1.60
Adjusted Earnings per Share - Diluted (6)	\$ 3.21	\$ 1.82	\$ 4.97	\$ 1.69
Weighted-Average Shares Outstanding - Diluted	281	282	281	259

⁽¹⁾ Represents the amortization of the Silversea Cruises intangible assets resulting from the 2018 Silversea Cruises acquisition.

⁽²⁾ For 2023, represents gain on sale of controlling interest in cruise terminal facilities in Italy. These amounts are included in *Other operating* within our consolidated statements of comprehensive income (loss).

⁽³⁾ For 2023, represents tax on the PortMiami sale of noncontrolling interest. These amounts are included in *Other expense* in our consolidated statements of comprehensive income (loss).

⁽⁴⁾ For 2023, represents the release of the deferred tax liability subsequent to the execution of the bargain purchase option for the *Silver Whisper*. These amounts are included in *Other expense* within our consolidated statements of comprehensive income (loss).

⁽⁵⁾ For 2024, represents property and equipment impairment charges related to certain construction in progress assets. For 2023, represents asset impairments and credit losses recoveries for notes receivables for which credit losses were previously recorded. These amounts are included in *Other operating* within our consolidated statements of comprehensive income (loss).

⁽⁶⁾ Diluted EPS and Adjusted Diluted EPS includes the add-back of dilutive interest expense related to our convertible notes of \$19 million and \$38 million for the quarter and six months ended June 30, 2024, respectively, and \$21 million and \$4 million for the quarter and six months ended June 30, 2023, respectively.