PNW Cruise Industry Outlook
Presentation to PNWER

Greg Wirtz, President CLIA NW and Canada
July 24, 2018
<table>
<thead>
<tr>
<th>Carnival</th>
<th>Celebrity Cruises</th>
<th>Crystal Cruises</th>
<th>Disney Cruise Line</th>
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</thead>
<tbody>
<tr>
<td>Holland America Line</td>
<td>Norwegian Cruise Line</td>
<td>Oceania Cruises</td>
<td>Ponant</td>
</tr>
<tr>
<td>Princess Cruises</td>
<td>Regent Seven Seas</td>
<td>Royal Caribbean International</td>
<td>Seabourn</td>
</tr>
<tr>
<td>Silversea</td>
<td>Windstar Cruises</td>
<td></td>
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</tr>
</tbody>
</table>

**ONE INDUSTRY. ONE VOICE.**
Recent cruise news

Royal Caribbean Buys Silversea
June 14, 2018
Capacity Growth In Focus as Three Major Players Trade Ship Orders
Cruise Industry News - Jul. 16, 2018
While investors eye concerns about cruise industry capacity growth, the three major cruise corporations traded ship orders back and forth to open the month of July, pushing the orderbook to 110 ships. Following Royal …

Giant Royal Caribbean ship, Ovation of the Seas, to move to Alaska
USA TODAY - Nov. 7, 2017
Get ready for the Battle of the Megaships in Alaska. Royal Caribbean today will announce it's re-deploying one of its newest, biggest vessels, …

Carnival Corporation To Acquire White Pass Railroad, Cruise Port
Cruise Critic - Jun. 7, 2018
(11:35 a.m. EDT) -- Carnival Corporation & plc has entered into an agreement through its subsidiary Holland America Princess Alaska Tours, …

Princess Cruises to Build Two Next Generation LNG Cruise Ships
New ship order represents the largest and most environmentally friendly advanced fuel technology ships for Princess, a leading international premium cruise line.

Viking plans 6 more newbuilds, pushing cruise orderbook to stunning ...
Seatrade Cruise News - Mar. 6, 2018
Viking Cruises and Fincantieri announced an agreement for six further … Viking a 16-ship brand and push the global cruise ship orderbook to a …
Cruise Industry Fundamentals

• Global passenger growth rate consistently ~ 7% per year
• Consumer demand for cruise vacations continues to grow
• Supply continues to grow:
  • cruise ship order book now at **US +$60 billion and 110 ships**, = +40% of current capacity

Cruise Passenger Source Markets

- United States 10.92 MILLION
- United Kingdom 1.73 MILLION
- Germany 1.69 MILLION
- Italy 870,000
- Australia 830,000
- Canada 770,000
- Brazil 730,000
- China 730,000
- France 520,000
- Spain 480,000
- Rest of the World 2.01 MILLION
Alaska Cruise Market

- Return to growth, preparing for more
- Strong consumer demand - Alaska tops the wish list
- Port capacity expansions underway or planned in:
  - Juneau, Ketchikan, Seward, Skagway, Icy Straits Point, AK
  - Seattle, WA
- New and larger ships to Alaska
  - Celebrity Solstice – 3,000+ pax as of 2015
  - Explorer of the Seas – 4,000 pax as of 2016
  - Norwegian Bliss - 4,000 pax as of 2018
  - Norwegian Joy – 4,000 pax as of 2018
  - Ovation of the Seas 4,000 pax in 2019
  - Royal Princess - 3,600 pax in 2019
  - Plus Viking, Azamara, Cunard, Windstar….

ONE INDUSTRY. ONE VOICE.
SUSTAINABILITY

DESTINATION SUSTAINABILITY

- Economic and Social Impact
- Cultural and Heritage Preservation
- Infrastructure and Public Safety

ENVIRONMENTAL SUSTAINABILITY

- Clean air
- Clean water
- Less waste, more recycling
- Reduced impact on wildlife
- Reduced ecosystem impact
Public Opinion in PNW Port Communities
Top of mind responses

When you think of cruise ships coming to Victoria, what is the first thing that comes to mind? Please write your response in the box below.
“With us or against us?”

<table>
<thead>
<tr>
<th>City</th>
<th>Benefits - significant</th>
<th>Benefits - moderate</th>
<th>Drawbacks - moderate</th>
<th>Drawbacks - significant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quebec (Nov 2017)</td>
<td>83</td>
<td>11</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Halifax (Jan 2018)</td>
<td>79</td>
<td>14</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td>Vancouver (Dec 2016)</td>
<td>70</td>
<td>23</td>
<td>6</td>
<td>1</td>
</tr>
<tr>
<td>Victoria (Jun 2016)</td>
<td>60</td>
<td>26</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>Seattle (Dec 2016)</td>
<td>56</td>
<td>32</td>
<td>7</td>
<td>6</td>
</tr>
<tr>
<td>Montreal (Nov 2017)</td>
<td>56</td>
<td>30</td>
<td>8</td>
<td>6</td>
</tr>
<tr>
<td>Honolulu (Jan 2018)</td>
<td>51</td>
<td>28</td>
<td>14</td>
<td>7</td>
</tr>
</tbody>
</table>

Q. Below are two contrasting statements about the cruise ship industry in ____ (city). For each pair of statements, please choose a dot closer to the words that you believe best describe your point of view.
PNW Cruises – Two Nation Vacation

Seattle – Round Trip with Victoria Port Call

Vancouver – One Way

Vancouver – Round Trip
Canada / US Cruise Passenger Border Clearance Considerations

- Precise itinerary scheduling
- High passenger volume, short turnaround time
- Relatively low risk
- Multiple clearances
- Advanced passenger information
- Facility capacity constraints
Cruise ship dry docking and refurbishment

- Average Time Between Drydockings: 2.5 Years
- Average Drydocking Days: 14 Days
- Number of Ocean Going Ships: 335
- Drydock Days Annually: 1,500
- Average Spend per Day: $2,000,000
- Total Spending Annually: $3,000,000,000

Thank You