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Carnival Corporation & plc

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EXECUTIVE SUMMARY

Carnival Corporation & plc is a global cruise company and one of the largest vacation companies in the world. This paper researches the company by analyzing environmental factors, strategic position within the cruise industry and competitive advantages. After reviewing company's strategic history, this paper evaluates the effectiveness of the company's present strategies (Carnival Corporation and PLC, 2010b).

Carnival Corporation & plc is a global cruise company whose strategy is broad differentiation grew by acquisition, joint venture, organic growth and international strategy. The company's cruise brand portfolio consists of 11 popular brands, offering a broad range of products to suit vacationing guests of many ages, backgrounds and interests. Its major businesses include contemporary and premium cruise businesses (Carnival Corporation and PLC, 2010b).

Based on environmental analysis and comparison with the two competitors, Royal Caribbean Cruises Ltd. and Genting Hong Kong, the paper finds out that Carnival has strong strategic position in the cruise industry with sustainable competitive advantages in marketing and finance. After reviewing company's strategic history, the paper indicates that Carnival expands its capacity mainly through the merging and buying of other companies (Carnival Corporation and PLC, 2010b).

At the end of the study, the paper suggests that Carnival can continue use Broad Differentiation strategy by insisting on product diversity, multiple market places and its brand promotion in the future. This direction will help the company sustain its sustainable competitive advantage in marketing (Carnival Corporation and PLC, 2010b).

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NATURE OF THE BUSINESS

Carnival Corporation & plc is a global cruise company whose strategy is broad differentiation grew by acquisition, joint venture, organic growth and international strategy. The company's cruise brand portfolio consists of 11 brands, which include Carnival Cruise Lines, Holland America Line, Princess Cruises and The Yachts of Seabourn in North America; P&O Cruises, Cunard Line and Ocean Village in the United Kingdom; AIDA in Germany; Costa Cruises in Southern Europe; Iberocruceros in Spain; and P&O Cruises in Australia. Apart from the cruise operation, the company owns and operates Holland America Tours and Princess Tours, the leading tour operators in Alaska and the Yukon Territory of Canada. By geographic area, Carnival Corporation &PLC has product offerings in North America, Europe, Australia and New Zealand, Asia and South America (Carnival Corporation & PLC, 2010b).

Carnival Corporation and Carnival plc completed a dual listed company (DLC) transaction in 2003. According to the transaction, both the companies maintained their legal identity with separate stock exchange listings and own shareholders. However, the boards and senior executive management of both companies are identical (Carnival Corporation & PLC, 2010b).

As Chairman of the Board and Chief Executive Officer, Carnival Corporation & plc, Micky Arison's contributions to the cruise industry have been recognized worldwide. He has been employed for 38 years, helping the company expand the business. David Bernstein is Senior Vice President and Chief Financial Officer. He has been employed by Carnival for 11 years. David Dingle is Chief Executive Officer of Carnival UK, whose brands include P&O Cruises, Ocean Village and Cunard. In addition, he is also Chairman of the Carnival plc experienced cruise guest who is usually more affluent and older. Premium cruises emphasize quality, comfort, style, more destination-focused itineraries and the average pricing is normally higher than contemporary cruises. A premium cruise might be compared with Westin resort. The key cruise competitors for premium segment are Star Cruises and NCL, which are controlled by Genting Hong Kong; RCI, Celebrity, and Azamara Club Cruise, all three owned by RCCL (Carnival Corporation & PLC, 2010b).

The luxury experience is usually characterized by small vessel size, very high standards of accommodation and service, higher prices and exotic itineraries to ports which are inaccessible to larger ships. For Carnival's luxury business, there is only one brand "Seabourn" and the total passenger capacity of this segment is less than 0.6% of the company's total capacity, it contributes less to the company's revenue than the other two business do. Thus this paper does not discuss the luxury cruise business (Carnival Corporation & PLC, 2010b).

Business Maturity

Contemporary cruise business in North America—Mature

North America is the primary market for cruise activities. With 63% of passengers originating from US, the region represents the most mature market of cruise activities. From 2006 to 2009, the number of North American Cruise Passengers fluctuate narrowly around 10.2 million. Moreover, North American cruise guests have a total satisfaction rating of 95%. These facts indicate that North American-sourced customers are stable and there is a positive response to North American cruise offerings. Though contemporary cruise pricing increased $159 in 2009 as compared to the previous year, 17% passengers prefer to choose contemporary experience instead of others, which is the highest among all three segments based on travel agent survey of Cruise Market Watch. Therefore, the customers of contemporary cruise business in this region travel. With the growing middle class group and the increasing interest of people in cruising activities, this region provides ample growth opportunities for the players. The entry is easy. The global cruise industry is now looking toward Asia as a major growth engine (Carnival Corporation & PLC, 2010b).

Premium cruise business—Growth

The premium experience typically last from seven to 14 days. According to Cruise Line International Association's report, the market share of 9-17 days category has double increase in 2009 as compared to that of 1990, which reached 18.9% of total. The market share of this business is better known. The percentage of customers preferring to take premium cruise is 16.2%, which is only 0.8% less than that of contemporary cruise customers. More and more customers are willing to spend more money to have premium experience. This business mainly develops in North America (Carnival Corporation & PLC, 2010b; CLIA, 2010; Cruise Market Watch, 2010a; Cruise Market Watch, 2010b).

Overall Strategy

Carnival adopts Broad Differentiation as its present overall strategy. The company is engaged in offering broad range of holiday vacations to its customers. It has a portfolio of 11 widely recognized cruise brands. Their cruising is designed to provide something for every generation, from the youth clubs for four to five year olds to the elegance, style and sophistication of a bygone era provided to more senior guests. The company also offers a very broad range of price points to attract people from substantially all income levels. The range of pricing can vary from a three-day cruise from a local homeport in an inside state room on a contemporary line to a penthouse suite on a world cruise, on a premium or luxury line. They

ENVIRONMENTAL ANALYSIS[1]

General

Global ★★★★★

The spread of contagious diseases and threats thereof, adverse weather conditions or natural disasters could have an adverse effect on cruise products' sales and the profitability of all cruise businesses. For example, travel restrictions to Mexico due to the flu virus and significant reduction in discretionary spending, which ultimately led to the largest one-year cruise pricing decline in all businesses. Events such as the terrorist attacks in the U.S. on September 11, 2001 and the threats of additional attacks in the U.S. adversely affected the demand for cruises. Therefore, global issues have a strong impact on all cruise businesses (Carnival Corporation & PLC, 2010b).

Environmental ★★★★★

The cruise industry is subject to various international, national, state and local environmental protection laws, regulations and treaties that govern, among other things, air emissions, waste discharge, water management and disposal, and the storage, handling, use and disposal of hazardous substances, such as chemicals, solvents, paints and asbestos. From time to time, environmental regulators consider more stringent regulations which may affect the compliance costs or otherwise materially adversely affect cruise business, results of operations and financial condition (Carnival Corporation & PLC, 2010b).

[1] For the ranking: One star =weak; two stars=moderate weak; three stars=moderate; four stars=moderate strong; five stars =strong

lead to price discounting which, in turn, could reduce the profitability of business. Decreases in discretionary income or consumer confidence could also result in lower onboard revenues, which could also have a negative effect on the industry's profitability. In addition, these conditions can also impact cruise business's suppliers, which can result in disruptions in service and financial losses (Carnival Corporation & PLC, 2010b).

Increases in the global cost of fuel would increase the cost of cruise ship operations. For example, in 2008, 2007 and 2006 fuel costs accounted for 20.3%, 14.9% and 14.4%, respectively, of Carnival's total cruise operating expenses. Economic and market conditions in certain parts of the world, including fuel demand and supply disruptions, make it difficult to predict the price and availability of fuel in the future. Therefore, economic environment is a strong factor influencing all cruise businesses (Carnival Corporation & PLC, 2010b).

Demographic ★★★★★

Customers' preferences, ages, backgrounds, and how much income they have are relatively strong to their choices that can affect which cruise line they will choose for their vacation. The players may segment the market using multiple brands that target different demographic groups to achieve maximum penetration. The cruise industry has to position itself to meet the demand for cruising based on the consideration of demographic trends impacting its major markets (Carnival Corporation & PLC, 2010b).

The age of the U.S., Canadian and Western European populations is increasing, primarily as a result of the aging of the Baby-Boom generation and healthcare advancements. Therefore, between 2010 and 2020, the number of people in the cruise industry's primary age group of 45 years and older are expected to grow by 20 million in the U.S. and Canada, and 17 million in the aspects of traveling, have had a significant adverse impact on demand and pricing in the travel and vacation industry in the past, and may have an adverse impact in the future. Decreases in demand could lead to price discounting which, in turn, could reduce the profitability of all cruise businesses. Therefore political/legal issues strongly affect all cruise businesses (Carnival Corporation & PLC, 2010b).

Technological ★★★★

All cruise businesses use software and other IT systems to, among other things, manage its inventory of cabins held for sale and set pricing in order to maximize its revenue yields, and to optimize the effectiveness and efficiency of its shoreside and shipboard operations. High technology provides convenient services for customers and all cruise business. However, cruise businesses are later adopters as compared to other technology business. Therefore, technology has a moderate strong influence on the all businesses (Carnival Corporation & PLC, 2010b).

That is because entry barriers are high. Existing competitors are struggling to earn healthy profits. Premium cruise business is growth. The threat of new entry is moderate, which is stronger than that of contemporary business. When existing industry members are looking to expand their market reach by entering product segments where they currently do not have a presence, it provides opportunities for new entrants to start their business. Therefore, the overall threat of new entry for the cruise businesses is moderate.

Threat of Suppliers ★★★

Food and beverage suppliers do not have very much power. There is a surge in the availability of food and beverage suppliers. The food being supplied is a commodity, which is readily available from many suppliers at the going market price. Seller switching costs to alternative suppliers are low. Fuel suppliers have a strong power. Fuel is a consolidated industry. There are only a few fuel suppliers so that it can dictate the cost of fuel. Ports that are available have very little power as there are many ports available in the world. The overall threat of suppliers is moderate weak for all cruise businesses.

Threat of Buyers ★★

Buyers usually purchase the cruise products infrequently and in small quantities so that the bargaining power of buyers is usually weak in the cruise industry. For contemporary cruise business, the threat of buyers is moderate weak. Buyers are price-sensitive and they can compare the cruising price on the internet. There are more options of other cruise lines for them. Besides, word of mouth from past customers affects buyers' decisions. For premium cruise business, the threats of buyers are weak because guests are pursuing better quality of service and not price-sensitive. Overall, the threat of buyers is moderate weak.

spacious staterooms, innovative children's programming, revitalizing spa services and action-packed casinos. Princess offers over 125 unique itineraries to more than 330 destinations. Princess ships have a warm, welcoming "comfortable elegance," providing a relaxed, rejuvenating retreat from which to explore the world, befitting its mission to be The Consummate Host® to its guests (Carnival Corporation & PLC, 2010b).

Promotion: Carnival put more focus on marketing to communicate its value proposition effectively. The company projects itself as the ultimate entertainment destination, so the main theme of "Fun Ships" incorporated in 1984 is still used. Besides, Carnival invests heavily in print and television media. Each cruise line is advertised as per its value proposition. Carnival Cruise Lines has been branded as the fun ship with the tagline "fun for all, all for fun". Holland America, a premium cruise, is promoted through the tagline "a signature of excellence". Another luxury line from the stable of Carnival, Seabourn, projects itself as "intimate luxury" while the Ocean Village projects as "the cruise for people who don't do cruises" (Carnival Corporation & PLC, 2010b).

In addition to advertising, Carnival uses several promotion techniques to encourage travel agents and new customers by offering attractive commissions and discounts. The aggressive marketing and promotion highlights Carnival brands in a highly competitive cruise industry. However, advertising expenses decreased from $524 million in 2008 to 508 million in fiscal 2009. The company spent less money on advertising in 2009. Therefore, promotion for all businesses is moderately strong (Carnival Corporation & PLC, 2010b).

Places: The geographic distribution is strong. The company's fleet includes 93 cruise ships with passenger capacity of 180,746 berths in North America, Europe, UK, Germany, Span, Carnival generated $1.8 billion of net income and $3.3 billion of cash from operations Carnival did not have a good liquidity. Both quick ratio and current ratio were much lower than industry median during 2009 and 2008. The solvency of Carnival decreased in 2009. The trend of solvency ratios except solvency ratio shows a decrease. With the increased debt, the company's ability to meet its debt obligation became weak. A declined trend happened in most profitability data shows that the company business went down slightly in 2009. In the face of the most challenging economic environment in Carnival's history, the result was still good. Profit margin in 2009 was much higher than the industry median. ROA and ROE in 2009 both were much higher than that of industry median. Carnival continued to make money. The drop of cruise passengers' tickets sales caused to the decrease of net income in 2009. Therefore financial factor is moderate strong (Carnival Corporation & PLC, 2010a; Carnival Corporation & PLC, 2010b; Hoovers, 2010a).

Ratios	2009	2008
Liquidity ratios		
Current ratio	0.31	0.29
Quick ratio	0.18	0.18
Solvency ratios		
Solvency ratio	2.49	2.34
Debt-equity ratio	0.67	0.75
Number of times interest earned ratio	5.93	7.27
Operating cash flows/Av. total liabilities	0.23	0.24
Profitability ratios		
Profit margin	14%	16%
Operating efficiency ratio	16.37%	18.63%
EBIDA margin	26%	27%
Return on asset	5.1%	6.9%
Return on equity	8.7%	11.9%

(See Appendix C for more details)

situation and strategic direction. They have the capabilities to be in their position. The organization structure is stable and strong (Carnival Corporation & PLC, 2010b).

Physical ★★★★★

Carnival's most significant assets are their ships and ships under construction, which represent 78% of total assets. Repairs and maintenance expenses, including minor improvement costs and dry-dock expenses, increased 13.3% annually from 2007 to 2009, which were $749 million, $661 million and $583 million in fiscal 2009, 2008 and 2007, respectively. The company spent more money on keeping the facilities in good shape (Carnival Corporation & PLC, 2010b).

Carnival is involved in the development of new or enhanced cruise port facilities. These facilities are expected to provide guests with an improved vacation experience. The company owns a 40% interest in Grand Bahama Shipyard Ltd. ("GBSL"), which is the largest cruise ship dry-dock repair facility in the world (Carnival Corporation & PLC, 2010b).

As cruise ships, headquarters, port and other shoreside facilities and Holland America Princess Alaska Tours' properties, are all well maintained and in good condition, Carnival is strong in physical aspect (Carnival Corporation & PLC, 2010b).

Partnership ★★★★★

Carnival currently operate or have interests in joint ventures that operate port facilities in Barcelona, Spain; Civitavecchia, Italy; Cozumel, Mexico; Grand Turk, Turks and Caicos Islands; Hamburg, Germany; Juneau, Alaska; Long Beach, California; Naples, Italy; Roatán, Honduras and Savona, Italy. In September 2007, Carnival entered into an agreement with Orizonia under-industrialized countries in Asia, Eastern Europe, the Caribbean, and Central America. Below decks on virtually all cruise ships, there is a hidden world of long hours, low pay, insecurity and exploitation. Carnival has been sited many times by the American Maritime Union for exploiting employees (Klein, 2002).

The law firm of Charles Lipcon is suing Carnival Corp. in federal court, accusing the company of "forced labor, slavery and/or human trafficking" of Reshma Harilal, a 33-year-old citizen of South Africa, and other crew members onboard Carnival ships (Crew member sues Carnival, 2008).

However, Carnival employees stay with the company on an average of eight years. This shows that the company has a low turnover rate. Human Resources effectively hire qualified employees who remain loyal to the company (Carnival Corporation & PLC, 2010b).

Innovation ★★★★★

AIDA introduced the "Theatrium," a completely new space concept that provides guests a central meeting space and an enhanced entertainment venue. Additional product innovations on AIDAblu will be the Brauhaus, the first brewery on a cruise ship. Carnival Dream is the first in a new class of Dream ships, offering a host of innovations including, among others, the largest WaterWorks aqua park at sea, a two-level Serenity adults-only retreat, an entertainment venue called Ocean Plaza and an indoor/outdoor cafe. Cunard's newest ship, Queen Victoria, is a marriage of heritage and innovation with a three tier grand lobby that offers a sense of the lavish lifestyle that its guests experience onboard. Thus all cruise businesses are strong in innovation (Carnival Corporation & PLC, 2010b).

COMPETITIVE ADVANTAGE

The competitive advantage of Carnival's business can be reviewed according to the analysis and comparison with two major competitors, Royal Caribbean Cruises Ltd. and Genting Hong Kong.

Chart I[2]---Marketing

Marketing	Carnival	RCL	Genting Hong Kong
Products	5	4	3
Price	5	4	3
Places	5	4	3
Promotion	5	4	3
Total	20	16	12
Average	5	4	3

Products: RCL owns five cruise brands. Celebrity Cruises, a cruise brand of the company, was the top-rated premium cruise line by Conde Nast Traveler readers in the "World's Best Large Ships" category of the February 2008 Cruise Poll. Genting Hong Kong operates the brands of Star Cruises and Norwegian Cruise Line. Carnival has 11 popular cruise brands, which is over twice that of RCI (5) and 5 times that of Genting Hong Kong (2). The passenger capacities for Carnival, RCL and GHK are 180,746 berths, 84,050 berths and 30,000 berths, respectively. Carnival's capacity of ships over 2 times that of RCL which is nearly three times GHK's capacity. Overall, Carnival has much stronger products as compared to the rest two competitors in terms of brands and passenger capacity. RCL's product portfolio is stronger than GHK's. (Carnival Corporation and PLC, 2010; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

[2] All the rankings showing in the following charts are the same: 1(weak)-5(strong)

of worldwide itineraries that call on approximately 400 destinations for RCL, 200 destinations for GHK. Two brands of Carnival, Prince Cruises and Holland American Line cruises, both call at more than 330 destinations. Therefore, Carnival's has the strongest geographic distribution (Carnival Corporation and PLC, 2010; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

Promotion: Advertising costs was $508 million for Carnival, $244.2 million for RCL, $5.4 million for GHK in 2009. Carnival spent much more money to promote its cruise products in comparison with other competitors. It is over 2 times that of RCL. Thus Carnival has the highest ranking in promotion. The advertising expense of GHK was much lower than other two companies. Lower advertising cost incurred not only because the company made less effort to promote its products, but also because its primary market is in Asian-Pacific, where the labor cost and expenditure is much lower than in the United States. Therefore, the promotion for GHK is moderate (Carnival Corporation and PLC, 2010; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

Overall, Carnival enjoys a leading market position that helps it attract and serve a diverse customer base. The company has a portfolio of widely recognized cruise brands that offer cruises to all major vacation destinations. Following behind Carnival, Royal Caribbean holds significant market share in the cruising industry. Genting Hong Kong has a relatively weak market position due to fewer strong cruise brands and smaller passenger capacity compared to the two competitors (Carnival Corporation and PLC, 2010; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

RCL's high debt-to-equity ratio indicates that the company used a lot of outside financing (such as business loans) to finance their company and may not be able to generate enough cash to satisfy its debt obligations. For $1 owners' net worth, RCL owed creditors $1.43 in 2009. RCL's Quick Ratio was 0.23 in 2009 which is lower industry median (0.4) and industry standard (1). Its high D/E ratio and low quick ratio will bring troubles in paying creditors on time. It is more risky for the company. On contrary, GHK has a lowest D/E ratio (0.39) and a highest current ratio (0.79) among the three companies. The company is exposing itself to a large amount of equity and has the lowest risk to pay creditors on time. This is certainly better than RCL's high ratio of 1.43 since this would expose the company to risk such as interest rate increases and creditor nervousness. However, low debt-to-equity ratios may also indicate that a company is not taking advantage of the increased profits that financial leverage may bring. Therefore, D/E ratio of GHK is moderate strong. Carnival's D/E ratio is slightly under leverage, which is great (Carnival Corporation and PLC, 2010b; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

The profit margin of Carnival was 14% during the fiscal year 2009, which nearly 5 times that of RCL (3%). That's because Carnival earned $ 1.8billion net income, which was much higher than that of RCL ($162.42 million). Carnival still made lots of money in the face of the most challenging economic environment. Thus rank the company as 5. RCL's net income had a decrease of 72% from 2008, which led to its relatively low profit margin (3%) compared to Carnival. However, it is still higher than the industry median 0.12%. Therefore, RCL's profit margin is moderate. Though GHK had loss of $ 36 million net income in 2009 which caused negative profit margin (10%), the net income had a 67% increase from 2008 and the profit margin in 2009 increased 15% compared to that of 2008. The company performs better than

Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

Overall, Carnival is very strong in its financial and operating performance as compared to its peers. With an approximate average occupancy percentage of 105.6% since 2008 to 2009, the company has registered strong revenue growth, barring 2009 when global recession impacted the cruise industry adversely. Carnival has high profitability ratios and has decreased their current and long-term debt by using more liquidity. RCL's financial performance is weaker than Carnival due to limited liquidity position and much lower return on equity. GHK has the weakest financial position among the three. The company lost money for both 2009 and 2008 in face the hard time (Carnival Corporation and PLC, 2010b; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

Corporation and PLC, 2010b; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

Physical: The expense of ship improvements was $1.2 billion for GHK, $749 million for Carnival, $698 million for GHK. GHK is strong in physical aspect as the company spent a lot of money on ship improvements. Carnival's expense is higher than RCL's probably because it has more ships than RCL. Carnival own a 40% interest in Grand Bahama Shipyard Ltd. ("GBSL"), which is the largest cruise ship dry-dock repair facility in the world. Royal Caribbean Cruises Ltd. also owns a 40% interest. During 2009, Carnival were in various stages of involvement with the development, enhancement and/or financing of government and privately-owned and operated cruise port facilities in Galveston, Texas; Miami, Florida; Marseilles, France; New York City, New York; San Diego, California; San Juan, Puerto Rico; Southampton, England and St. Maarten, Netherlands Antilles. RCL is also currently assisting in the development of a new pier and port facilities at the Port of Falmouth, Jamaica. This will allow for the simultaneous berthing of one Oasis and one Freedom-class ship along with the addition of several new port and shoreside facilities. Celebrity Cruises, a brand of RCL, improves its existing fleet to keep them current with the newest innovations. Therefore, the physical factors for both the two companies are strong (Carnival Corporation and PLC, 2010b; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

Partnership: RCL collaborates with local, private or governmental entities by providing management and/or financial assistance and often enter into long-term port usage arrangements. During 2009, an extensive renovation of the Labadee pier and port facility in Haiti was completed which emerged undamaged from the January 2010 earthquake. The renovations allow the Royal Caribbean International's Freedom and Oasis-class ships to dock at the newly

Galaxy, a 1,850-berth ship, previously part of Celebrity Cruises, was sold to TUI Cruises to serve as its first ship and has been sailing under the name Mein Schiff since May 2009. Therefore, all the three companies have a strong partnership (Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c).

Technological: In 2008 and 2009, RCL introduced the Solstice-class and Oasis-class ships by delivering three state of the art ships from these classes, Celebrity Solstice, Celebrity Equinox and Oasis of the Seas. Each of these ships leverages a fully converged network that joins telephone, television and internet, helping to drive revenue and guest satisfaction. Oasis of the Seas is a first in class ship, delivering high definition television in each stateroom as well as phone service to our guests over a single converged data network. The ship boasts a pervasive bow to stern wireless network used to run our crew phones, internet access from anywhere and nine different operational systems, including wireless point-of-sale, show ticketing, and electronic mustering hand-helds. Technology innovation is present everywhere on the ship with enhanced digital signage systems with intuitive location and directions capabilities, real-time restaurant availability displays to help our guests decide among a multitude of dining options, and a state-of-the art child tracking system that can locate a child anywhere onboard. In addition to improving the shipboard experience, the company also leverages technology to enhance our guests' ability to plan their vacation before coming onboard. This includes booking show tickets and signing up for electronic waivers on Oasis of the Seas, receiving guest bag tags and enhanced electronic documents, and booking spa & beverage packages in advance. RCL also deployed major system enhancements to support innovative new programs, including Choice Air, "My Time Dining" and "Celebrity Select Dining". RCL is relatively stronger than other two specialty restaurants and dining options. The Oasis-class ships also offer new categories in onboard accommodations including bi-level, urban-style two bedroom/two bathroom suites and balcony staterooms facing some of the distinct neighborhoods. The Solstice-class ships are also equipped with solar foils and solar panels, another industry first (Royal Caribbean Cruises Ltd., 2010).

Carnival Dream is the first in a new class of Dream ships, offering a host of innovations including, among others, the largest WaterWorks aqua park at sea, a two-level Serenity adults-only retreat, an entertainment venue called Ocean Plaza and an indoor/outdoor cafe. Cunard's newest ship, Queen Victoria, is a marriage of heritage and innovation with a three tier grand lobby that offers a sense of the lavish lifestyle that its guests experience onboard. AIDA introduced the "Theatrium," a completely new space concept that provides guests a central meeting space and an enhanced entertainment venue. Additional product innovations on AIDAblu will be the Brauhaus, the first brewery on a cruise ship. Therefore, Both Carnival and RCL are stronger in innovation than GHK (Carnival Corporation and PLC, 2010b).

Reputational: All three companies won a number of awards as recognition of its service. Carnival Corporation & plc (Carnival Corporation) is one of the largest cruise and vacation companies in the world. The company attracts wider range of customers based on its 11 popular brands compared to the other two competitors. Therefore it has the highest ranking. RCL is the second largest cruise company in the world. Star Cruises has achieved global recognition, being the leading cruise line in Asia-Pacific and one of the three largest in the world (Carnival Corporation and PLC, 2010b; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c; Royal Caribbean Cruises Ltd., 2010).

weak financial performance shown in its negative 10% profit margin and negative 2% return on equity, which results in the lowest average ranking (Carnival Corporation and PLC, 2010b; Genting Hong Kong, 2010a; Genting Hong Kong, 2010b; Genting Hong Kong, 2010c).

In management standpoint, RCL has relatively strong positions, which is 0. 2 point more than that of Carnival. Carnival should improve the performance in technology and human resource aspect as the company had many lawsuits in the history (Carnival Corporation and PLC, 2010b; Royal Caribbean Cruises Ltd., 2010).

Distinctive Competitive Advantage

According to chat analysis, Carnival has two distinctive competitive advantages

- Marketing
- Financial

Marketing: Carnival enjoys a leading market position that helps it attract and serve a diverse customer base. The company has a portfolio of widely recognized cruise brands that offer cruises to all major vacation destinations. The company's North American brands realized higher ticket prices for their shorter value oriented Caribbean cruises. The European brands too absorbed significant capacity growth of 21%. Thus, the company's strong brand portfolio helps the company cater to a diversified customer base and generate higher revenues (Carnival Corporation and PLC, 2010b).

The company follows a decentralized operating structure, with each of its major brands having their own headquarters and operating team. This helps the company customize its services based on the geographic and economic markets. The company also leverages on its size financially strong. These ratios indicate Carnival's strong capacity to generate profits in a seasonal industry with a low profit generation history (Cruise Market Watch, 2010a; Carnival Corporation and PLC, 2010b).

Sustainable Competitive advantage

Marketing

Valuable: The Company operates 93 cruise ships with a passenger capacity of 180,746 berths. Carnival carries about eight million passengers annually. Besides, a large fleet capacity, Carnival has a portfolio of 11 widely recognized cruise brands. They also target different cultures and demographic groups while addressing people's diverse entertainment and holiday preferences. Carnival has harnessed its strong brand portfolio to expand its addressable market, thereby becoming a leading provider of cruises to all major vacation destinations. Strong Brand Portfolio and large fleet capacity are valuable (Carnival Corporation and PLC, 2010b).

Rare: Carnival's strong brand portfolio that helps it cater to the needs of a diversified customer base, following a decentralized operating structure, with each of its major brands having their own headquarters and operating team, is seldom in the cruise industry (Carnival Corporation and PLC, 2010b).

Costly to Imitate: Carnival invests heavily in print and television media. Each cruise line is advertised as per its value proposition. In addition to advertising, Carnival uses several promotion techniques to encourage travel agents and new customers by offering attractive commissions and discounts. It is costly for competitors to imitate (Carnival Corporation and PLC, 2010b).

STRATEGIC POSITION

Carnival's strategic position is strong. The company has a strong marketing mix, offering a large selection of cruise options, with ports located in many countries around the world. The company adopts strong marketing strategy to effectively communicate value proposition to the target audience. Each cruise line is advertised as per its value proposition. The ships have a "Fun Ship" theme that is promoted through television and print advertising. They are trying to make their product unique by using the "Fun Ship" theme. Carnival wants to think of the boat as the destination, and the ports as secondary. They also offer many promotions that lower the cost of their cruise. Carnival places a high priority on marketing. The company's market share is 55% in North America and 52% in the rest of the world, which evidenced the success of its marketing strategy (Carnival Corporation and PLC, 2010b).

With the growing potential in the global cruise industry, the competition too has been increasing strongly. The company faces intense competition from players such as Royal Caribbean International, Celebrity Cruises and Azamara Cruises in North America and the Norwegian Cruise Line in the UK. The company also faces some challenge from Star Cruise Lines in Asia. RCL has a favorable strategic position in the cruise industry. It places a strong focus on product innovation to drive new demand for its products and stimulate repeat business from its guests. Innovation of the products is achieved by introducing new concepts on its new ships and continuously making improvements to its existing fleet in a cost effective manner. For example, RCL's Solstice-class ships are equipped with solar foils and solar panels, another industry first. Thus to sustain the competition, Carnival needs to compete by offering more comprehensive services to its customers, along with a timely and efficient service. The company may be acquired to take actions against RCL's strength of product innovation. Moreover, there is

STRATEGIC HISTORY

Acquisition

- In 1989, the company acquired Holland America Line.
- In 1992, luxury brand Seabourn Cruise Line
- In 1997, Costa Cruises, Europe's leading cruise company
- In 1998, luxury operator Cunard Line, which built the world's largest ocean liner, the 150,000-ton Queen Mary 2.

(Carnival Corporation & PLC, 2010d; Hoovers, 2010b)

Merger

In 2003, the shareholders of P&O Princess Cruises plc voted to combine with Carnival Corporation; Consequently, P&O changed its name to Carnival plc. A combination of Carnival Corporation and P&O Princess Cruises is completed, creating the first global cruise company (Carnival Corporation and PLC, 2010b).

Joint Venture

In 2008, Carnival and Spain's Orizonia Corporation finalize a new multi-ship joint venture serving the Spanish cruise market. Carnival owns 75 percent of the new company, called Iberocruceros, with Orizonia owning 25 percent (Carnival Corporation and PLC, 2010b).

In 2009, the company operates or has interests in joint ventures that operate port facilities in Barcelona, Spain; Civitavecchia, Italy; Cozumel, Mexico; Grand Turk, Turks and Caicos Islands; Hamburg, Germany; Juneau, Alaska; Long Beach, California; Naples, Italy; Roatán, Honduras and Savona, Italy (Carnival Corporation and PLC, 2010b).

Broad differentiation strategy

Carnival started its business by using broad differentiation strategy. It is engaged in offering broad range of holiday vacations to its customers. The company has a portfolio of 11 widely recognized cruise brands. They target different cultures and demographic groups while addressing people's diverse entertainment and holiday preferences. Carnival has harnessed its strong brand portfolio to expand its addressable market. The company broadens the demographic appeal and can appeal to different cultures and age groups specifically (Carnival Corporation and PLC, 2010b).

Carnival uses differentiation Strategy through innovation, and new service offerings. They provide full-size shopping mall onboard a ship, wireless computer network allowing internet access and communication anywhere on board, radio or television station on board and provide cruises to new locations. Carnival adopts advertising tactics to differentiate their products, investing heavily in print and television media. Each cruise line is advertised as per its value proposition. Carnival Cruise Lines has been branded as the fun ship with the tagline "fun for all, all for fun". Holland America, a premium cruise, is promoted through the tagline "a signature of excellence". Another luxury line from the stable of Carnival, Seabourn, projects itself as "intimate luxury" while the Ocean Village projects as "the cruise for people who don't do cruises". In 2009, Carnival Cruise Lines launched the Your Choice DiningSM program, further enhancing the onboard dining experience with added flexibility and convenience (Carnival Corporation and PLC, 2010b).

STRATEGY EFFECTIVENESS

Acquisitions

Acquisition strategy is effective for the company. Holland America Line cruises call at more than 320 destinations in more than 100 countries and territories on all seven continents. As Holland America Line introduces new guests to its premium brand, the brand also continues to enjoy one of the highest rates of repeat cruisers in the cruise industry. Seabourn will continue its fleet expansion with two additional 450-guest yachts, one in 2010 and one in 2011, Seabourn Sojourn and Seabourn Quest, respectively. Costa is one of the most recognized cruise brands marketed in Europe. is Italy's and Europe's No.1 Cruise Line based on guests carried and ship capacity, and boasts over 61 years of cruising history. In 2010, Costa's existing capacity will grow by 24%. Cunard has the most famous ocean liners in the world. Queen Victoria, a product of Cunard Line will embark on a world cruise prior to sailing out of Southampton throughout the summer of 2010 on a series of Northern Europe and Mediterranean voyages followed by a fall Mediterranean program. After acquisition, these brands all develop their fleet expansion and are widely recognized. Therefore, this strategy is effective. Acquisition also helps the company strengthen its brand portfolio, increase its passenger capacity and expand its geographic coverage, giving the company sustainable competitive advantage in marketing area (Carnival Corporation and PLC, 2010b).

Merger

Merger strategy is effective for the company. After merger, P&O Cruises, keeping offering high quality distinctly British experience, become the largest cruise operator and best known cruise brand in the UK. The recent P&O Cruises fleet expansion has enabled P&O

increase marketing as well. Therefore, the strategy is effective (Carnival Corporation and PLC, 2010b).

The joint venture strategy will help the company expand its business in different countries by providing more itineraries. Good ports are important for ships because it provides guests with better experience. Thus the strategy gives the company sustainable competitive advantage in marketing by expanding its geographic distribution (Carnival Corporation and PLC, 2010b).

International Strategy

Multi-country strategy helps the company customize its services based on the geographic and economic markets. The company also leverages on its size to obtain economies of scale and synergies that helps the company reduce costs through consolidated purchasing as well as other cost containment initiatives, which includes common reservation systems, shared data centers, and shared port facilities. This offers a strong competitive advantage to the company over its rivals. The company appeals to international markets by achieving different themes and providing cultural activities (Carnival Corporation and PLC, 2010b).

As previously announced, the company is planning to increase its berth capacity for the European market from the present 33% to 37% by 2012. The company also intends to grow the presence in emerging growth markets, such as Australia and New Zealand, Asia and South America, by redeploying some of the existing ships to these markets in order to develop an increasing awareness and appetite for cruising. Carnival began its Asian operations in 2006 with Costa Allegra catering to the Chinese and surrounding markets. In 2009, Costa Classica was launched specifically for this market. The company is planning to introduce larger cruise Costa cruise liners vindicates the strength in Carnival's strategic and marketing capacity (Carnival Corporation and PLC, 2010b).

This effective corporate level strategy helps the company to gain sustainable competitive advantage in marketing and finance. It helps the company build a portfolio of 11 widely recognized cruise brands. It makes the company very strong in its financial and operating performance as compared to its peers. With an approximate average occupancy percentage of 105.6 % from 2008 to 2009, the company has registered strong revenue growth, barring 2009 when global recession impacted the cruise industry adversely. If Carnival continues to use this strategy, they can keep its leading marketing position in the future (Carnival Corporation and PLC, 2010b).

experience about the Asia-Pacific market. It will help Carnival to get into Asian market quickly and gain inside knowledge about unfamiliar market. It will bring together the personnel and expertise while blocking a competitive threat from GHK. Moreover, this joint venture is similar with Ibero's case. Carnival can learn from that previous experience (Genting Hong Kong, 2010a).

Based on the charts analysis, GHK' cruise business experienced a bad financial condition in 2009. The company makes efforts to try to improve its financial performance. They might be willing to form strategic alliance with Carnival.

In addition, RCL, its top competitor, invests in information technology on regular basis to improve its operational efficiencies. These technologies will help RCC to provide higher service levels to its guests and at the same time reduce its operating expenses. Facing the rising competition, the company needs to develop a budget more concentrated on marketing and improvement of services. This will make their product seem more unique (Royal Caribbean Cruises Ltd., 2010).

Carnival Corporation & plc (Carnival or "the company") is a global cruise company whose strategy is broad differentiation grew by acquisition, joint venture, organic growth and international strategy. Carnival can continue use Broad Differentiation strategy by insisting on product diversity, multiple market places and its brand promotion. Top management should continue to merge with other companies and build new and larger ships. They should increase their efforts to expand into other ports, particularly the Asian market. This direction will help the company sustain its sustainable competitive advantage in marketing (Carnival Corporation and PLC, 2010b).

Appendix A

Critical people

Micky Arison has been Chairman of the Board of Directors since October 1990 and a director since June 1987. He has been Chief Executive Officer since 1979. Mr. Arison has been employed by us for 38 years. By early 1989, Arison engineered the acquisition of the venerable Holland America Line. The purchase also included Windstar Cruises and Westours (now Holland America Tours), a leading Alaska tour operator, giving Carnival entrée to the premium segment of the cruise industry. In April 2003, Arison spearheaded the transaction combining Carnival Corporation's six cruise operators with the six brands of P&O Princess Cruises: Princess Cruises, P&O Cruises, Ocean Village, Swan Hellenic, AIDA Cruises, and P&O Cruises Australia, creating a truly global cruise operator with the leading cruise brands in both North America and Europe. (Carnival Corporation & PLC, 2010b)

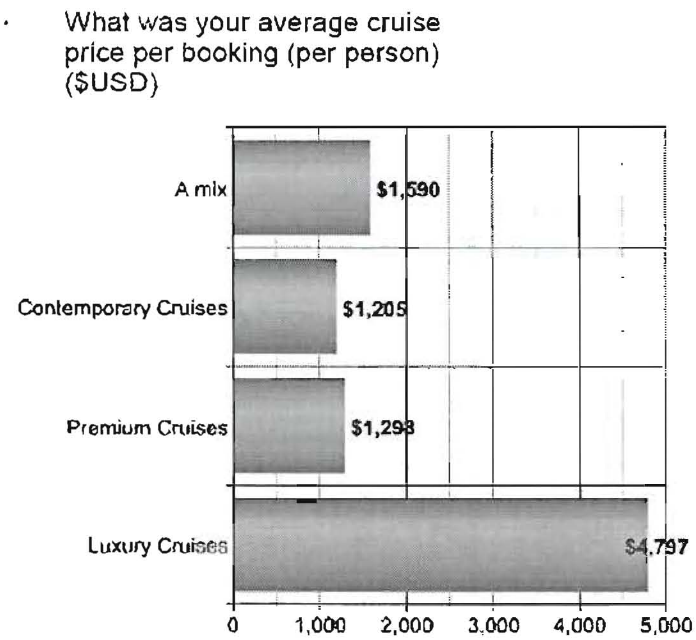
David Bernstein has been Senior Vice President and Chief Financial Officer since July 2007. From July 2003 to July 2007, he was Vice President and Treasurer. From June 1998 to July 2003, he was Chief Financial Officer of Cunard and Seabourn. Mr. Bernstein has been employed by us for 11 years. (Carnival Corporation & PLC, 2010b)

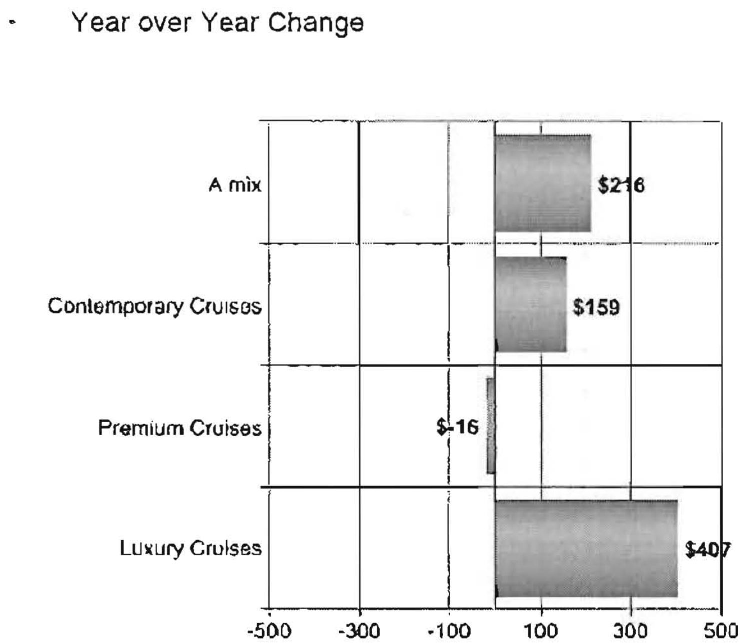
Alan B. Buckelew has been Chief Executive Officer of Princess since June 2007. He has been President of Princess from February 2004. From October 2004 to June 2007, he was Chief Operating Officer of Cunard. From October 2000 to January 2004, he was Executive Vice President and Chief Financial Officer of Princess. Mr. Buckelew has been employed by us or Carnival plc predecessor companies for 32 years. (Carnival Corporation & PLC, 2010b)

Gerald R. Cahill has been President and Chief Executive Officer of Carnival Cruise Lines since July 2007. From December 2003 to June 2007, he was Executive Vice President and Chief Financial and Accounting

Arnaldo Perez has been Senior Vice President, General Counsel and Secretary since March 2002. From August 1995 to February 2002 he was Vice President, General Counsel and Secretary. Mr. Perez has been employed by us for 17 years. (Carnival Corporation & PLC, 2010b)

3. Cruise Pricing





(Cruise Market Watch, 2010b)

B. Passenger Capacity

The table below is the summary of data from total worldwide cruise capacity posted on "Cruise Market Watch".

Segment	Ships			%
	North America	Rest of the World	Total	
Contemporary	62	97	159	66.25%
Premium	48	0	48	20%
Luxury	25	8	33	13.75%
Total	165	105	240	100%

(Cruise Market Watch, 2010a)

B. Growth by length of cruise (Total passenger carried)

. sengers

	Passengers (000's)		% Growth
	1990	2009	
2-5 Days	1.434	4.097	185.7
6-8 Days	1.966	6.606	236.0
9-17 Days	358	2.539	609.2
18+ Days	16	200	1050.0
TOTAL	3.774	13.442	256.2

Share

	Category Shares		% Point Change
	1990	2009	
2-5 Days	38.0%	30.5	-7.5
6-8 Days	52.1	49.1	-3.0
9-17 Days	9.5	18.9	9.4
18+ Days	0.4	1.5	1.1
TOTAL	100.0%	100.0%	0.0

rce: CLIA Year Passenger Carrying Reports

(CLIA, 2010)

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF INCOME
(In millions, except per share data)

	2009	2008	Dollar Change	Change %	2009% (vertical)	2008% (vertical)
Revenues						
Cruise						
Passenger tickets	9,985	11,210	(1225)	(10.93%)	75.89%	76.54%
Onboard and other	2,885	3,044	(159)	(5.22%)	21.93%	20.78%
Other	287	392	(105)	(26.79%)	2.18%	2.68%
Total Revenues	**13,157**	**14,646**	**(1489)**	**(10.17%)**	**100%**	**100%**
Costs and Expenses						
Operating						
Cruise						
Commissions, transportation and other	1,917	2,232	(315)	(14.11%)	19.20%	19.91%
Onboard and other	461	501	(40)	(7.98%)	15.98%	16.46%
Payroll and related	1,498	1,470	28	1.90%	11.39%	10.04%
Fuel	1,156	1,774	(618)	(34.84%)	8.79%	12.11%
Food	839	856	(17)	(1.99%)	6.38%	5.84%
Other ship operating	1,997	1,913	84	4.39%	15.18%	13.06%
Other	236	293	(57)	(19.45%)	82.23%	74.74%
Total	8,104	9,039	(935)	(10.34%)	61.59%	61.72%
Selling and administrative	1,590	1,629	(39)	(2.39%)	12.08%	11.12%
Depreciation and amortization	1,309	1,249	60	4.80%	9.95%	8.53%
Total Costs and Expenses	**11,003**	**11,917**	**(914)**	**(7.67%)**	**83.63%**	**81.37%**
Operating Income	2,154	2,729	(575)	(21.07%)	16.37%	18.63%
Nonoperating (Expense) Income						
Interest income	14	35	(21)	(60%)	0.11%	0.24%
Interest expense, net of capitalized interest	(380)	(414)	34	8.21%	(2.89%)	(2.83%)
Other income (expense), net	18	27	(9)	(33.3%)	0.14%	0.18%
Total Nonoperating (Expense) Income	(348)	(352)	4	1.14%	(2.64%)	(2.40%)
Income Before Income Taxes	1,806	2,377	(571)	(24.02%)	13.73%	16.23%
Income Tax Expense, Net	(16)	(47)	31	(65.96%)	(0.12%)	(0.32%)
Net Income	1,790	2,330	(540)	(23.18%)	13.60%	15.9%

(Carnival Corporation & PLC, 2010b)

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In millions)

	2009	2008	Dollar Change	Change%	2009 % (Vertical)	2008% (Vertical
OPERATING ACTIVITIES						
Net income	1,790	2,330	(540)	(23.18%)	53.56%	68.71%
Adjustments to reconcile net income to net cash provided by operating activities						
Depreciation and amortization	1,309	1,249	60	4.80%		
Share-based compensation	50	50	--	--		
Other	37	(37)	74	200%		
Total non-cash expense	**1396**	**1262**	**134**	**10.62%**	**41.77%**	**37.22%**
Changes in operating assets and liabilities, excluding businesses acquired and sold						
Receivables	81	(70)	151	215.71%		
Inventories	10	(8)	18	225%		
Prepaid expenses and other	7	(18)	25	138.89%		
Accounts payable	74	(66)	140	212.12%		
Accrued and other liabilities	29	37	(8)	(21.62%)		
Customer deposits	(45)	(76)	31	40.79%		
Net cash provided by operating activities	3,342	3,391	(49)	(1.45%)		
INVESTING ACTIVITIES						
Additions to property and equipment	(3,380)	(3,353)	(27)	(0.81%)		
Purchases of short-term investments	(4)	(4)	--	--		
Sales of short-term investments	2	11	(9)	(81.82%)		
.cquisition of business, net of cash acquired and sales of businesses	(33)	--	--	--		
Other, net	31	91	(60)	(65.93%)		
Net cash used in investing activities	(3,384)	(3,255)	(129)	(3.96%)		
FINANCING ACTIVITIES						
Principal repayments of revolver	(1,749)	(3,314)	1565	47.22%		
Proceeds from revolver	1,166	3,186	(2020)	(63.40%)		
Proceeds from issuance of other long-term debt	2,299	2,243	56	2.50%		
Principal repayments of other long-term debt	(1,273)	(1,211)	(62)	(5.12%)		
(Repayments of) proceeds from short-term borrowings, net	(288)	138	(426)	(308.70%)		
Dividends paid	(314)	(1,261)	947	75.10%		
Purchases of treasury stock	(188)	(98)	(90)	(91.84%)		
Sales of treasury stock	196	15	180	1200%		
Proceeds from settlement of foreign currency swaps	113		--	--		
Other, net	(55)	(13)	(42)	(323.08%)		
Net cash used in financing activities	(93)	(315)	222	70.48%		
Effect of exchange rate changes on cash and cash equivalents	23	(114)	137	120.18%		
Net decrease in cash and cash equivalents	(112)	(293)	181	61.77%		
Cash and cash equivalents at beginning of year	650	943	(293)	(31.07%)		
Cash and cash equivalents at end of year	538	650	(112)	(17.23%)		

(Carnival Corporation & PLC, 2010b)

ROYAL CARIBBEAN CRUISES LTD.

CONSOLIDATED BALANCE SHEETS

(In thousands)

	2009	2008	Dollar Change	Change %
Assets				
Current assets				
Cash and cash equivalents	284,619	402,878	-118,259	-29%
Trade and other receivables, net	338,804	271,287	67,517	25%
Inventories	107,877	96,077	11,800	12%
Prepaid expenses and other assets	180,997	125,160	55,837	45%
Derivative financial instruments	114,094	81,935	32,159	39%
Total current assets	1,026,391	977,337	49,054	5%
Property and equipment, net	15,268,053	13,878,998	1,389,055	10%
Goodwill	792,373	779,246	13,127	2%
Other assets	1,146,677	827,729	318,948	39%
	18,233,494	16,463,310	1,770,184	11%
Liabilities and Shareholders' Equity				
Current liabilities				
Current portion of long-term debt	756,215	471,893	284,322	60%
Accounts payable	264,554	245,225	19,329	8%
Accrued interest	147,547	128,879	18,668	14%
Accrued expenses and other liabilities	487,764	687,369	-199,605	-29%
Customer deposits	1,059,524	968,520	91,004	9%
Hedged firm commitments	33,426	172,339	-138,913	-81%
Total current liabilities	2,749,030	2,674,225	74,805	3%
Long-term debt	7,663,555	6,539,510	1,124,045	17%
Other long-term liabilities	321,192	446,563	-125,371	-28%
Commitments and contingencies (Note 14)				
Shareholders' equity				
Preferred stock ($0.01 par value; 20,000,000 shares authorized; none outstanding)	—	—		
Common stock ($0.01 par value; 500,000,000 shares authorized; 224,258,247 and 223,899,076 shares issued, December 31, 2009 and December 31, 2008, respectively)	2,243	2,239	4	0%
Paid-in capital	2,973,495	2,952,54020,	955	1%
Retained earnings	4,754,950	4,592,529	162,421	4%
Accumulated other comprehensive income (loss)	182,733	(319,936)	502,669	-157%
Treasury stock (10,308,683 and 11,076,701 common shares at cost, December 31, 2009 and December 31, 2008, respectively)	(413,704)	(424,360)	10,656	-3%
Total shareholders' equity	7,499,717	6,803,012	696,705	10%
	18,233,494	16,463,310	1,770,184	11%

(Royal Caribbean Cruises Ltd., 2010)

Net (decrease) increase in cash and cash equivalents	(118,259)	172,094	-290,353	-169%
Cash and cash equivalents at beginning of year	402,878	230,784	172,094	75%
Cash and cash equivalents at end of year	284,619	402,878	-118,259	-29%
Supplemental Disclosures				
Cash paid during the year for:				
Interest, net of amount capitalized	288,458	321,206	-32,748	-10%
Non-cash Investing Transactions				
We accrued for purchases of property and equipment paid in 2009	—	63,857		

(Royal Caribbean Cruises Ltd., 2010)

Ratios	2009	Industry Median	Industry Standard
Liquidity ratios			
Current ratio	0.37	0.49	1.2
Quick ratio	0.23	0.4	1
Solvency ratios			
Debt-equity ratio	1.43	0.57	N/A
Profitability ratios			
Profit margin	3%	0.12%	6%-12%
EBIDA margin	18%	N/A	N/A
Return on equity	2%	0.1%	N/A
Operating ratios			
Occupancy	102.5%	2.68%	N/A

(Hoovers, 2010; Royal Caribbean Cruises Ltd., 2010)

GENTING HONG KONG STATEMENT OF BALANCE SHEET
(In thousands)

Group

	2009	2008	Dollar Change	Change %
Assets				
Current assets				
Consumable inventories	5,397	5,363	34	1%
Trade receivables	11,685	9,142	2,543	28%
Prepaid expenses and other receivables	39,366	302,142	-262,776	-87%
Derivative financial instruments	654	-		
Restricted cash	-	-		
Amounts due from subsidiaries				
Amounts due from related companies	1,933	446	1,487	333%
Cash and cash equivalents	137,574	112,147	25,427	23%
Total current assets	196,609	429,240	-232,631	-54%
Non-current assets	2,202,852	1,946,612	256,240	13%
Non-current assets classified as held for sale	197,720	192,659	5,061	3%
Total assets	2,597,181	2,568,511	28,670	1%
Liabilities and Shareholders' Equity				
Total equity	1,866,821	1,890,891	-24,070	-1%
Liabilities				
Non-current liabilities				
long-term borrowings	480,024	466,959	13,065	3%
Derivative financial instruments	1,412	3,031	-1,619	-53%
Other long-term liabilities	-	-		
Deferred tax liabilities	816	254	562	221%
Total non-current liabilities	482,252	470,244	12,008	3%
Current liabilities	248,108	207,376	40,732	20%
Total liabilities	730,360	677,620	52,740	8%
Total Liabilities and Shareholders' Equity	2,587,181	2,568,511	18,670	1%

(Genting Hong Kong, 2010b)

Appendix D

Awards

Carnival Cruise Lines

- Southern Living Magazine: In the publication's Reader's Choice Awards, Carnival was rated number one cruise line in a survey of the magazine's two-million plus readers.
- World Cruise & Ocean Liner Society: Carnival was recognized as the Best Cruise Value in both the "superior 4-star" and "short cruise" segments in the organization's consumer-oriented magazine, Ocean & Cruise News
- Modern Bride Magazine: In the publication's first ever "Travel Agent Honeymoon Survey" which asked 3,000 honeymoon specialists their opinions on cruise lines, hotels, vacation destinations and other categories, Carnival was named the Best Honeymoon Cruise Value.
- Bride's Magazine: Carnival's "Fun Ship" fleet was recognized as the Top Honeymoon Cruise Choice in a survey of 1,000 recent honeymooners regarding their vacation choices and overall honeymoon experience.
- Econoguide Cruises 1999-00: This publication, one of many travel guides published by Contemporary Books rated Carnival one of its "Best Cruise Lines" and named three Carnival vessels Ð the Destiny, Triumph and Victory among the "Best Cruise Ships."

(Atlantic Canada Cruise Association, 2009)

Holland America Line

- 1999 Berlitz Complete Guide to Cruising: Highest Rating Premium Cruise Line