

outheast Conference

n Samuels, VP Government & Community Relations
nd America Group



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Holland America Line®



SEABOURN®

P&O
AUSTRALIA

going Assets



- 14 Holland America ships
+ new ship in fall, 2018
- 7 ships in AK, 2017
& 2018



- 17 Princess ships
+ new ship in fall, 2018
- 6 ships in AK, 2017
- 7 ships in AK, 2018



- 4 Seabourn ships
- 1 ship in AK, 2017
& 2018



- 5 P&O ships
+ new ship in fall, 2018

Based Assets



Hotels



Over 300 Motorcoaches



20 Railcars



Half Moon Cay



Princess Cays



Alaska Port of



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More than
1,000
Ports
Global



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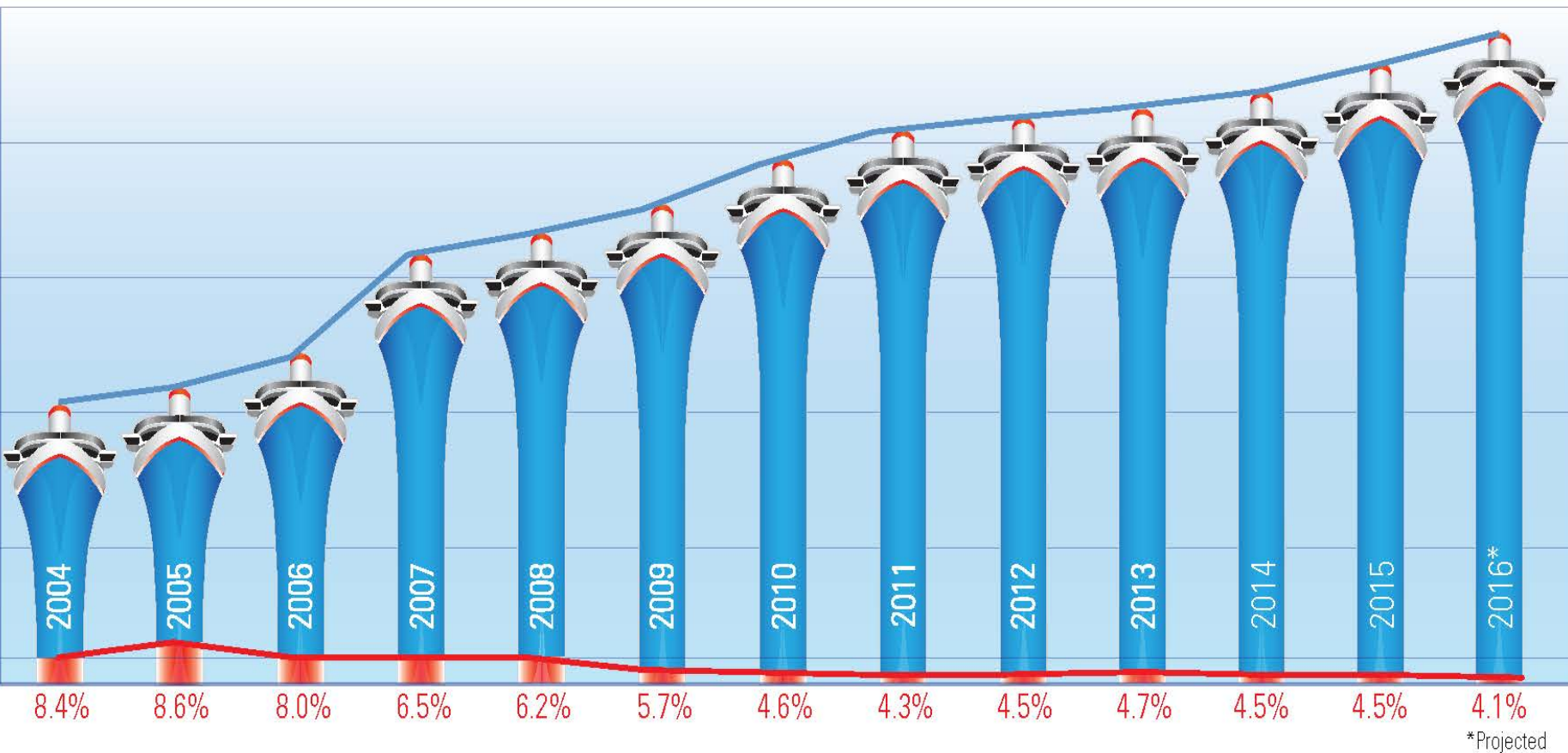
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ka's Market Share

■ Global Cruise Passengers

■ Alaska Cruise Passengers



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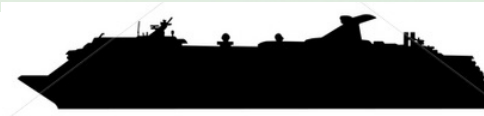
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Summer Visitor Breakdown



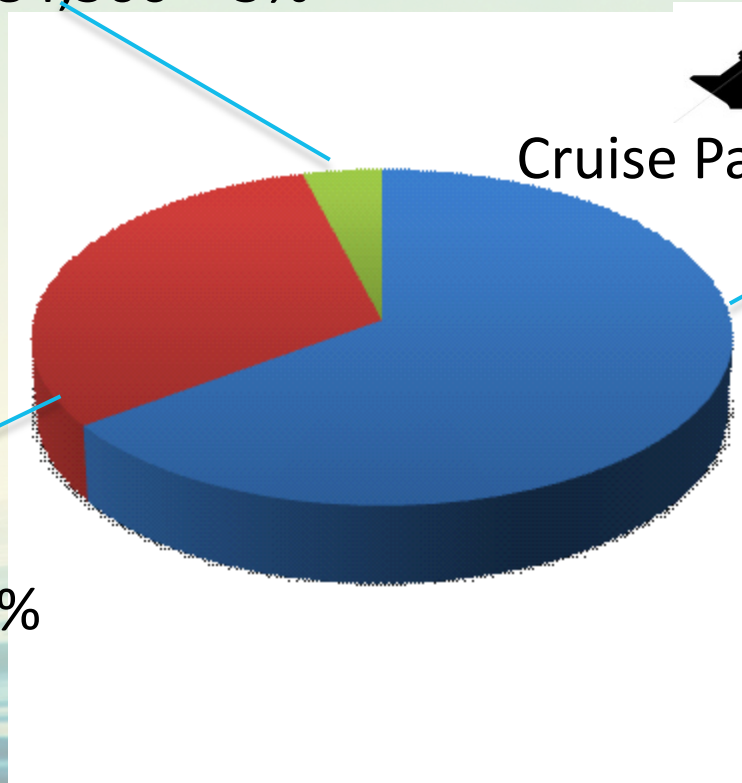
Ferry/Highway 84,500 = 5%



Cruise Passengers 1,025,900 = 55%



Air 747,100 = 40%



2016 Summer Visitors =

oyment Considerations

Consumer Demand

Competitive Capacity

Political Issues

-docking/Maintenance needs

Class Variations

Historical Yields / Improvement Opportunities

Market Revenue – Fuel Cost – Port Cost = Itinerary\$



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ism Stats at a Glance

itors purchased a multi-day package, while the other were independent.

slightly down in the last ten years from 69%

a captures 67% of market, Southcentral 52%, interior 29%

decision time was 7.7 months, while the advance booking time was 5.4 mo

38%, South 21%, Midwest 15%, East 10% Canada 7%, other/Intl 9%

age about 54 years

en/women

spend per person is \$991 This does NOT including transportation to/from s

bookings via airline websites followed by cruise ship websites, then Expedia, e



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Cruise Line Economic Impact

10,000 passengers expected this year, a new record

2018 and 2019 will continue to break records

Generate over \$1 Billion in total taxable spending (May 1 to Sept 30)

Over \$10 million of spending in Alaska every single day for 150 days



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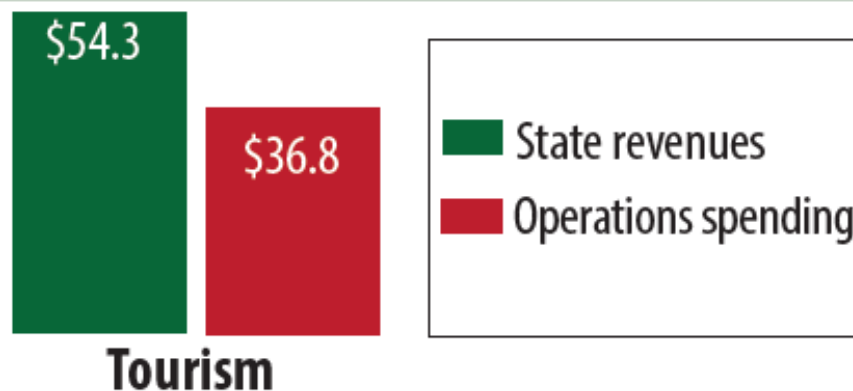
ffler study - www.iser.uaa.alaska.edu

generates **state** revenues of \$54.3 million a year

pays more in combined state taxes than the state spends to manage it

ly, 60% of tourism revenue goes to local governments (sales taxes, b
-.)

**Figure 1. Average Annual State and Local Revenues
and State Management Spending***
(In Millions of 2014 Dollars)



*Revenues: average FY 2010-2014; state operations spending: FY 2014

Table 1. Selected Revenues to Municipal and State Governments, 2011-12 through 2014-15

	2011-12	2012-13	2013-14	2014-15
Revenues	\$71.1 million	\$78.0 million	\$78.0 million	\$82.9 million
Excise revenues	\$29.2 million	\$31.5 million	\$31.4 million	\$33.4 million
Docking tax revenues	\$26.7 million	\$29.4 million	\$30.5 million	\$32.6 million
Dockage/moorage revenues	\$15.2 million	\$17.1 million	\$16.1 million	\$16.9 million
Alaska Revenues	\$90.7 million	\$100.6 million	\$100.1 million	\$104.8 million
Railroad Corporation revenues	\$20.2 million	\$23.0 million	\$24.8 million	\$27.6 million
Marine Highway System revenues	\$18.4 million	\$19.1 million	\$19.0 million	\$18.6 million
Wild Game licenses/tags	\$17.8 million	\$17.6 million	\$18.1 million	\$18.1 million
Commercial Passenger Vessel Tax	\$16.4 million	\$17.2 million	\$18.4 million	\$17.2 million
Hotel Gambling Tax	\$5.2 million	\$6.0 million	\$6.7 million	\$6.6 million
Rental Tax	\$5.7 million	\$5.8 million	\$5.8 million	\$6.7 million
Ranger Program	\$3.7 million	\$3.9 million	\$3.7 million	\$3.9 million
State Income Tax	\$2.4 million	\$7.0 million	\$2.6 million	\$5.1 million
Commercial Passenger Vessel Environmental Compliance Program	\$0.9 million	\$1.0 million	\$1.0 million	\$1.0 million
SELECTED REVENUES	\$161.8 million	\$178.6 million	\$178.1 million	\$187.8 million

Depending on the availability of data, figures above may reflect calendar year, fiscal year, or the study time period. They are as close as possible to the study periods. Columns may not add to totals due to rounding.

Excise and lodging tax revenues are McDowell Group estimates. Dockage/moorage revenues were collected from municipalities. Alaska revenues were collected from Alaska Railroad Corporation, Alaska Marine Highway System, and Departments of Revenue.

theast Alaska Cruise Ship Calls

	2014	2018 (Projected)	% Difference
	20	53	165%
	513	519	1%
	450	488	8%
g	38	38	0%
	73	104	42%
	112	155	38%
	396	392	-1%
	10	27	170%



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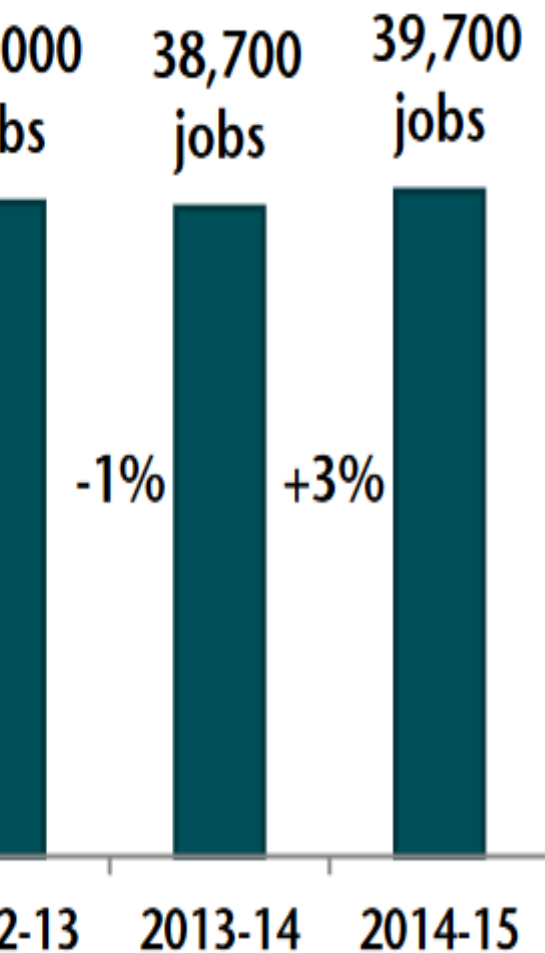


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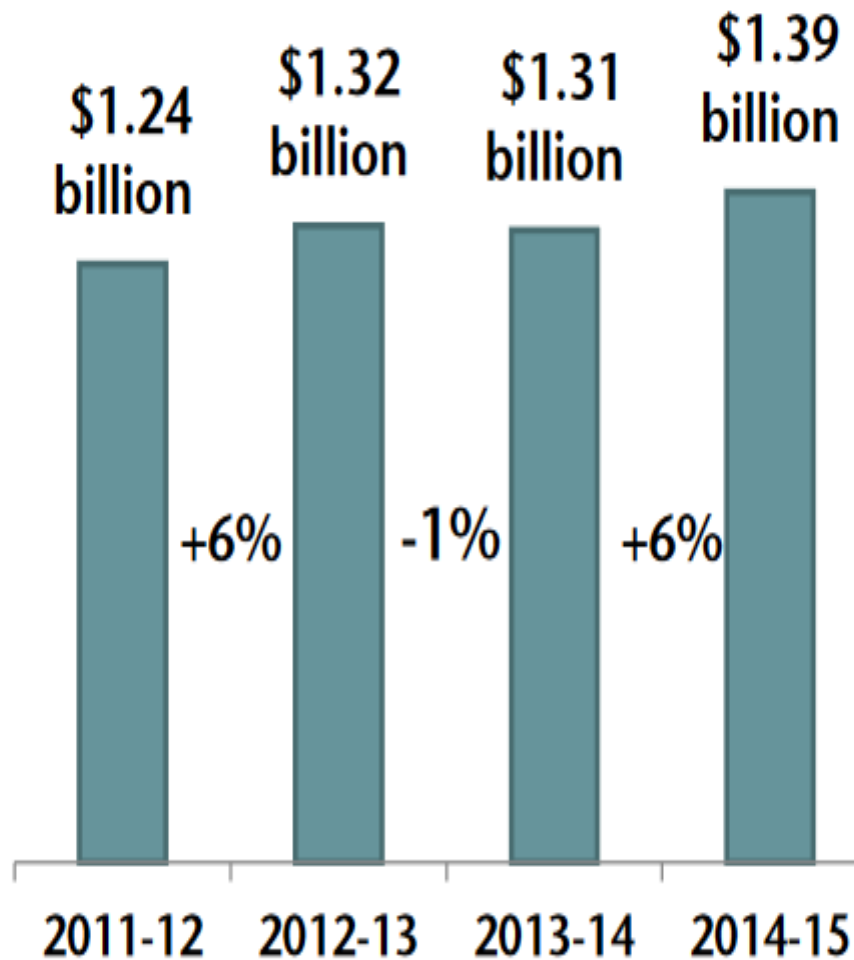
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Figure 2. Total Visitor Industry-Related Employment, Labor Income, and Spending in Alaska, 2011-12 through 2014-15

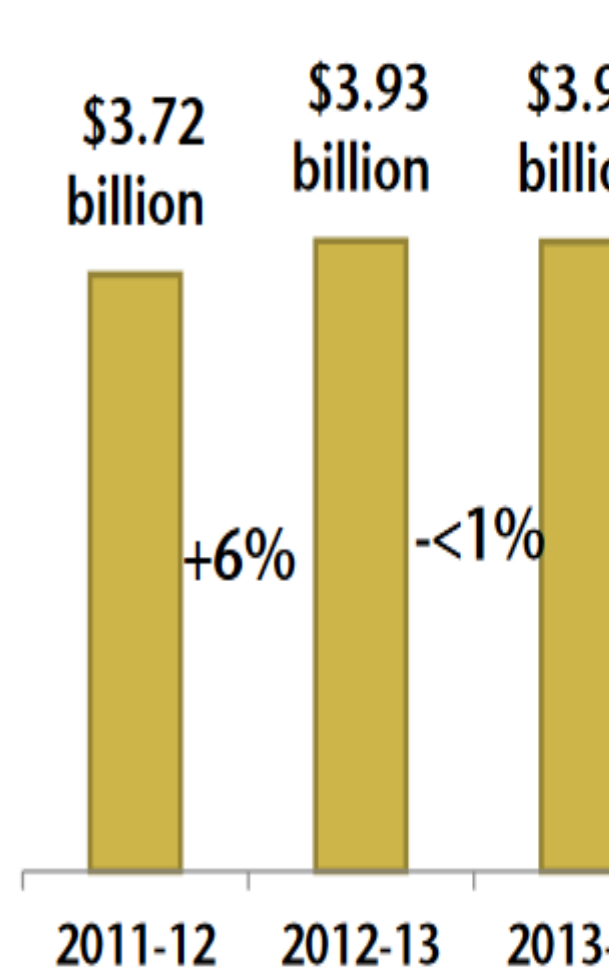
Employment



Labor Income



Total Spending



Industry Outlook

Interest for Alaska cruises remains high

Continuing demand for domestic travel

Higher prices

Operational challenges

Budget challenges

Can cost structure and demand remain stable?

Regulatory environment?

Industry working to meet demand

Outlook for 2017 and beyond is very good

Princess and America Line celebrating 70 years operating in Alaska

Yah!



Industry Outlook Beyond 2017

is adding a ship in 2018 (Cross Gulf)

ar Cruises coming in 2018

Cruises coming in 2019

ra Cruises coming in 2019

Cruise Line coming in 2019



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each

le and senior class tours

r ship tours

unity Advisory Boards

mental tours

tive tours

ons and receptions – local Rotary clubs, volunteers, etc.



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Commitment to Safety & Sustainability

Princess Cruises Corp. rated among America's 100 best corporate citizens
Princess Cruises ranked 1st in corporate responsibility among firms in the travel and tourism sector
Princess Cruises is the only cruise-specific company to make the list

America Line Named as a 2016 World's Most Ethical Company

Recycling program/waste reduction

Cardboard recycling program

8 tons at mid-season

Exhaust gas cleaning system

Water discharge

CARBON FOOTPRINT
Reduce the intensity of our emissions (equivalent carbon dioxide emissions) from our operations by 25% by 2020 relative to our 2008 baseline, measured in CO2e per ALB-kWh.

EXHAUST GAS CLEANING TECHNOLOGY
Continue to improve the quality of our emissions into the air by developing, deploying and operating Exhaust Gas Cleaning systems across the fleet capable of reducing sulfur compounds and particulate matter from our ship's engine exhaust.

What can we do to Grow the Pie?

Alaska a good place to do business
Smart tax policies
Reasonable regulation
Working decisions as a region
Keep the product fresh
Demand up
To us



ns?



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