Cruise industry commitment to sustainable growth

Resource Development Council
May 16, 2019
HISTORICAL CRUISE VISITORS TO ALASKA

ONE INDUSTRY. ONE VOICE.
## 2017-2019 Comparison

<table>
<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019 (projected)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Ships</td>
<td>33</td>
<td>34</td>
<td>37</td>
</tr>
<tr>
<td>Voyages</td>
<td>497</td>
<td>519</td>
<td>567</td>
</tr>
<tr>
<td>Passengers</td>
<td>1,089,700</td>
<td>1,169,000</td>
<td>1,361,400</td>
</tr>
</tbody>
</table>
CROSS GULF PASSENGERS

Record year expected in 2019

1 Yr increase = 15.3%
2 Yr increase = 40.7%

* Projected
GLOBAL OUTLOOK – NEW SHIPS 2019-2027

• 18 new ships entering market in 2019
• 124 ships on order
• $69.3 billion value
• Total Berths: 268,736
Alaska cruises are most booked US vacations, survey finds

Alaska cruises jumped to the top spot from last year's fifth place to become the most booked domestic vacation for 2018, according to findings from Travel Leaders Group's 2018 Travel Trends Survey.

Orlando was bumped down to second place. Las Vegas, Maui and New York City rounded out the Top 5.

Internationally, Caribbean cruises and Cancun, Mexico, respectively, maintained the top two spots, while European river cruises edged up one place to third. Mediterranean cruises and Punta Cana, Dominican Republic, were fourth and fifth, respectively.

Top up and coming destinations include Iceland, New Zealand, Thailand, Vietnam and Croatia. Additionally, the respondents who book travel to the Caribbean, 45.9% said their 2018 bookings to the Caribbean are about even with last year, while 13.3% said their bookings to the Caribbean are higher. When it comes to Alaska cruises, 71.7% said those bookings are either higher than or equal to last year's bookings.

It's important to note that interest in the Caribbean, whether it is a cruise or land-based travel, remains high, said Travel Leaders Group CEO Nathan Crabtree. "Crusing overall, whether it's to the Caribbean, a European river cruise or a cruise in the Mediterranean, is a popular vacation option for Americans due to the multiple destinations one can visit, along with the tremendous value and convenience cruise lines offer."

Alaska cruises have been among the top 10 domestic trips booked by Travel Leaders Group travel advisors over the last several years, but this is the first year they have reached the No. 1 spot in the annual Travel Trends Survey. According to Cruise Lines International Association, 1,697,709 passengers cruised in Alaska last year, and that number is projected to grow another 7% to 1,165,500 passengers in 2018.
INDUSTRY’S FOCUS
Sustainability on Land and Sea

Improve the quality of life in the communities we visit

Protect the seas we sail
2019 SEASON STARTING LINEUP

Norwegian Bliss
Royal Princess
Ovation of the Seas
Norwegian Joy
Celebrity Eclipse
2019 SEASON STARTING LINEUP

Celebrity Eclipse
3,100 pax
19 voyages
58,900 pax x $640
=$37.7 Million Spending

Royal Princess
4,000 pax
19 voyages
76,000 pax x $640
=$48.6 Million Spending

Calculations based on average number of passengers per ship.
2019 SEASON STARTING LINEUP

Ovation of the Seas
5,100 pax
18 voyages
91,800 pax x $640
=$58.75 Million Spending

Norwegian Joy
4,350 pax
22 voyages
95,700 pax x $640
=$61.2 Million Spending

Norwegian Bliss
4,700 pax
21 voyages
98,700 pax x $640
=$63.2 Million Spending
2019 SEASON STARTING LINEUP

Passenger spending from the five largest ships = $269.45 Million
New Money Into our Economy

Norwegian Bliss
Norwegian Joy
Royal Princess
Ovation of the Seas
Celebrity Eclipse
VISITORS BENEFIT SOUTHCENTRAL ALASKA

Southcentral greets more than 1 million visitors
>Adds $960 million to our economy

Creates 20,700 jobs
Adds $41.3 million to local governments
Region will greet 156 ships

Source: Economic Impact of Alaska’s Visitor Industry, 2017, McDowell Group
VISITORS BENEFIT ALASKA

State greeted 2.24M visitors in 2017
Almost half came by cruise ship
Visitors spend $2.8 Billion
Support 52,000 jobs, $1.5 Billion in payroll
that’s 1 out of 10 Alaska jobs
and a $4.5 Billion economic impact

Source: Economic Impact of Alaska’s Visitor Industry, 2017, McDowell Group
WORKING WITH LOCAL COMMUNITIES

Community and Industry Partnerships Are Important

Juneau Examples

• 22 years of success with TBMP
  • Avenue for public to comment
  • Still identifying new ways to improve
    • Stanchions like Ketchikan

• CBJ and cruise lines partnership
  • Ship fees supporting local services
    • Crossing Guards
    • Police/Fire
    • Restroom/Downtown Cleaning
    • Bus staging
TO SUSTAIN THE ENVIRONMENT

We’re focusing on 3 areas:

- Improving Air Quality
- Treating & Recycling Waste Water
- Reducing Waste
$1B INVESTED IN *EGCS AND CLEAN FUELS

Dramatically reduced Alaska air emissions

- Reduce NO\textsubscript{x} and well over 50% of particulate matter – Catalytic filters can remove additional 30% of PM
- 70% ships have capability of running on alternative fuels
- Fuel cell and equivalent technologies being explored

- EGCS designed to meet ultra-low sulfur requirements
- Systems effectively remove 98 - 99% of sulfur
NEW INITIATIVES TO REDUCE EMISSIONS
Industry rolling out LNG, Hybrid, Electric

• 34% of new builds will rely on LNG as primary fuel for propulsion
• Roald Amundsen now in service is first hybrid vessel

1st hybrid ship visits Alaska this year
OUR TREATED WATER IS FIT TO DRINK

Pioneering new technology and setting the highest water-quality standards in the world

Our advanced waste water treatment systems treat wastewater to a higher standard than most coastal cities' treatment systems.
Unrecyclable waste on cruise ships can be as little as 1.5 pounds per person a day compared to 4.5 pounds of waste that Americans produce while on land.

Waste that can’t be recycled or reused is responsibly disposed of on-shore.
SUSTAINABILITY IN ALASKA COMMUNITIES

We need strong partnerships with port communities to:

• Protect Alaska’s environment
• Sustain a high quality of life for local residents
• Maintain a high level of guest satisfaction
THANK YOU