November 22, 2021

Norwegian Cruise Line Holdings Ltd. Completes Strategic Balance Sheet Optimization Transactions

Key Benefits Include Significantly Reduced Annual Interest Expense, Lower Leverage, Extended Debt Maturity Profile, Flexibility to Limit Future Shareholder Dilution and Increased Liquidity

MIAMI, Nov. 22, 2021 (GLOBE NEWSWIRE) -- Norwegian Cruise Line Holdings Ltd. (NYSE: NCLH) (the “Company”) announced today that it has closed on a series of related balance sheet and cash flow optimization transactions initiated last week. The net result of these strategic transactions is significantly favorable for the Company and its shareholders as it reduces annual interest expense, lowers leverage, extends the Company’s debt maturity profile and increases its liquidity. A key benefit of these related transactions is that assuming the newly issued 1.125% exchangeable senior notes due 2027 (the “2027 Exchangeable Notes”) are settled entirely in cash, at the Company’s election, the Company will benefit from a net reduction in its diluted shares outstanding of approximately 5.2 million shares.

“The completion of these balance sheet and cash flow optimization transactions represents an important milestone for our Company as we have now taken the first significant step forward in executing on our post-crisis financial recovery plan,” said Mark A. Kempa, Executive Vice President and Chief Financial Officer of Norwegian Cruise Line Holdings Ltd. “We are focused on maximizing value for all of our key stakeholders and we believe this transaction delivers long-term benefits from multiple perspectives by reducing our annual interest expense, reducing our outstanding debt, extending our debt maturities and increasing liquidity, all while providing additional flexibility to limit future shareholder dilution. While our ability to clearly and fully communicate the significant and expected multiple benefits of these transactions to our valued shareholders was limited by contractual and legal restrictions prior to completion of these transactions, we are pleased to now be able to convey the highlights of the transactions to our various stakeholders.”

Key elements of the optimization transactions include:

- Issuance of $1,150 million aggregate principal amount of 2027 Exchangeable Notes, which includes the full exercise of the greenshoe option. The initial exchange rate per $1,000 principal amount of 2027 Exchangeable Notes is 29.6850 ordinary shares, which is equivalent to an initial exchange price of approximately $33.69 per ordinary share, subject to adjustment in certain circumstances.

- Repurchase of $715.9 million aggregate principal amount of its 6.00% exchangeable senior notes due 2024 (the “2024 Exchangeable Notes”) for approximately $1.4 billion.

- Issuance of 46,858,854 ordinary shares to certain existing holders of the 2024 Exchangeable Notes at a price of $23.64 per share, resulting in net proceeds of approximately $1.1 billion.

- A portion of the net proceeds from the issuance of the ordinary shares will be used to redeem $236.25 million aggregate principal amount of the Company's 12.25% senior secured notes due 2024 and $262.50 million aggregate principal amount of the Company's 10.250% senior secured notes due 2026.

The Company anticipates that the expected net effect of the optimization transactions, which are outlined as follows, will increase shareholder value:

Estimated Annualized Interest Expense Savings:	Approximately $86 million
Reduction in Diluted Shares Outstanding[1]:	Approximately 5.2 million
Debt Principal Reduction:	Approximately $65 million
Additional Liquidity (After Estimated Expenses and Fees):	Approximately $259 million

By repurchasing the majority of the 2024 Exchangeable Notes, which are required to be settled entirely in ordinary shares of the Company, the Company was able to remove approximately 52.1 million shares from its diluted share count, which was partially offset by the issuance of approximately 46.9 million shares in the equity offering. The 2027 Exchangeable Notes may be settled at the Company's election, in cash, ordinary shares or a combination of cash and ordinary shares, preserving flexibility for the Company to manage shareholder dilution in the future. Assuming the Company elects, in accordance with the terms of the indenture governing the 2027 Exchangeable Notes, to settle the 2027 Exchangeable Notes entirely in cash, the net result from the optimization transactions would be a reduction in diluted shares outstanding of approximately 5.2 million shares.

For additional details on the strategic rationale and expected impact of these balance sheet optimization transactions please view an investor presentation, which can be found at https://www.nclhltd.com/investors and here.

About Norwegian Cruise Line Holdings Ltd.

Norwegian Cruise Line Holdings Ltd. (NYSE: NCLH) is a leading global cruise company which operates the Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises brands. With a combined fleet of 28 ships with approximately 60,000 berths, these brands offer itineraries to more than 490 destinations worldwide. The Company has nine additional ships scheduled for delivery through 2027, comprising approximately 24,000 berths.

Cautionary Statement Concerning Forward-Looking Statements

Some of the statements, estimates or projections contained in this press release are "forward-looking statements" within the meaning of the U.S. federal securities laws intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. All statements other than statements of historical facts contained in this press release, including, without limitation, those regarding the benefits of the transactions described herein, including estimates of annualized interest savings, additional liquidity and reduction in diluted shares outstanding, our business strategy, financial position, results of operations, plans, prospects, actions taken or strategies being considered with respect to our liquidity position, valuation and appraisals of our assets and objectives of management for future operations (including those regarding expected fleet additions, our suspension of certain cruise voyages, our ability to weather the impacts of the novel coronavirus ("COVID-19") pandemic, our expectations regarding the resumption of cruise voyages and the timing for such resumption of cruise voyages, the implementation of and effectiveness of our health and safety protocols, operational position, demand for voyages, plans or goals for our sustainability program and decarbonization efforts, our expectations for future cash flows and probability, financing opportunities and extensions, and future cost mitigation and cash conservation efforts and efforts to reduce operating expenses and capital expenditures) are forward-looking statements. Many, but not all, of these statements can be found by looking for words like "expect," "anticipate," "goal," "project," "plan," "believe," "seek," "will," "may," "forecast," "estimate," "intend," "future" and similar words. Forward-looking statements do not guarantee future performance and may involve 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 impact of:

- the spread of epidemics, pandemics and viral outbreaks and specifically, the COVID-19 pandemic, including its effect on the ability or desire of people to travel (including on cruises), which are expected to continue to adversely impact our results, operations, outlook, plans, goals, growth, reputation, cash flows, liquidity, demand for voyages and share price;

- our ability to comply with the United States Centers for Disease Control and Prevention's ("CDC") Conditional Order and any additional or future regulatory restrictions on our operations and to otherwise develop enhanced health and safety protocols to adapt to the pandemic's unique challenges;

- legislation prohibiting companies from verifying vaccination status;

- coordination and cooperation with the CDC, the federal government and global public health authorities to take precautions to protect the health, safety and security of guests, crew and the communities visited and the implementation of any such precautions;

- our ability to work with lenders and others or otherwise pursue options to defer, renegotiate, refinance or restructure our existing debt profile, near-term debt amortization, newbuild related payments and other obligations and to work with credit card processors to satisfy current or potential future demands for collateral on cash advanced from customers relating to future cruises;

- our need for additional financing, or financing to optimize our balance sheet, which may not be available on favorable terms, or at all, and may be dilutive to existing shareholders;

- our indebtedness and restrictions in the agreements governing our indebtedness that require us to maintain minimum levels of liquidity and otherwise limit our flexibility in operating our business, including the significant portion of assets that are collateral under these agreements;

- the accuracy of any appraisals of our assets as a result of the impact of the COVID-19 pandemic or otherwise;
- our success in controlling operating expenses and capital expenditures;
- our guests' election to take cash refunds in lieu of future cruise credits or the continuation of any trends relating to such election;
- trends in, or changes to, future bookings and our ability to take future reservations and receive deposits related thereto;
- the unavailability of ports of call;
- future increases in the price of, or major changes or reduction in, commercial airline services;
- adverse events impacting the security of travel, such as terrorist acts, armed conflict and threats thereof, acts of piracy, and other international events;
- adverse incidents involving cruise ships;
- adverse general economic and related factors, such as fluctuating or increasing levels of unemployment, underemployment and the volatility of fuel prices, declines in the securities and real estate markets, and perceptions of these conditions that decrease the level of disposable income of consumers or consumer confidence;
- any further impairment of our trademarks, trade names or goodwill;
- breaches in data security or other disturbances to our information technology and other networks or our actual or perceived failure to comply with requirements regarding data privacy and protection;
- changes in fuel prices and the type of fuel we are permitted to use and/or other cruise operating costs;
- mechanical malfunctions and repairs, delays in our shipbuilding program, maintenance and refurbishments and the consolidation of qualified shipyard facilities;
- the risks and increased costs associated with operating internationally;
- fluctuations in foreign currency exchange rates;
- overcapacity in key markets or globally;
- our expansion into and investments in new markets;
- our inability to obtain adequate insurance coverage;

- pending or threatened litigation, investigations and enforcement actions;
- volatility and disruptions in the global credit and financial markets, which may adversely affect our ability to borrow and could increase our counterparty credit risks, including those under our credit facilities, derivatives, contingent obligations, insurance contracts and new ship progress payment guarantees;
- our inability to recruit or retain qualified personnel or the loss of key personnel or employee relations issues;
- our reliance on third parties to provide hotel management services for certain ships and certain other services;
- our inability to keep pace with developments in technology;
- changes involving the tax and environmental regulatory regimes in which we operate; and
- other factors set forth under the section entitled "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2020 and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2021, June 30, 2021 and September 30, 2021.

Additionally, many of these risks and uncertainties are currently amplified by and will continue to be amplified by, or in the future may be amplified by, the COVID-19 pandemic. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown.

The above examples are not exhaustive and new risks emerge from time to time. Such forward-looking statements are based on our current beliefs, assumptions, expectations, estimates and projections regarding our present and future business strategies and the environment in which we expect to operate in the future. These forward-looking statements speak only as of the date made.

We expressly disclaim any obligation or undertaking to release publicly any updates or revisions to any forward-looking statement to reflect any change in our expectations with regard thereto or any change of events, conditions or circumstances on which any such statement was based, except as required by law.

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[1] Assumes the Company elects to settle the 2027 Exchangeable Notes entirely in cash. Actual reduction in dilution may differ.

Source: Norwegian Cruise Line Holdings Ltd.