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NCLH
NORWEGIAN CRUISE LINE HOLDINGS LTD.

Norwegian Cruise Line Holdings Ltd. Announces “Charting the Course” Strategy and New 2026 Financial Targets; Increases Full Year 2024 Guidance

Strategic initiatives lay foundation to deliver on the Company’s vision to have guests across its brands
“Vacation Better. Experience More.”

Company’s Charting the Course 2026 Targets include key financial metrics and affirm commitment to reduce greenhouse gas intensity.

MIAMI, May 20, 2024 (GLOBE NEWSWIRE) -- Norwegian Cruise Line Holdings Ltd. (NYSE: NCLH) (together with NCL Corporation Ltd., (“NCLC”), “Norwegian Cruise Line Holdings”, “Norwegian”, “NCLH” or the “Company”) will hold its Investor Day today at the New York Stock Exchange where it will discuss its new comprehensive **“Charting the Course”** strategy, which includes a refreshed vision; strategic initiatives centered around four pillars encompassing people, product, growth platform and performance; and three-year financial and sustainability targets geared at enhancing shareholder returns. In conjunction with the new strategy announcement, the Company is also raising its guidance for full year 2024 across several metrics.

NCLH’s “Charting the Course” strategy leads off with a bold new vision to “Vacation Better. Experience More.” that aims to resonate with guests of its three award-winning cruise brands—Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises—and inspire team members, both shipboard and shoreside, to deliver on this vision to the nearly three million guests that sail on the Company’s brands each year. Under this new vision, the Company positions itself as a leader in vacation experiences, both at sea and on land.

This new vision is bolstered by strategic initiatives under four pillars—People Excellence, Guest-centric Product, Long-term Growth Platform and Exceptional Performance. These pillars look to transform the Company’s culture, target investments towards offerings that guests value, capitalize on high growth opportunities, and drive the Company’s financial performance through operational excellence, all underpinned by its Sail & Sustain sustainability strategy.

“We are thrilled to begin charting our new course with a transformational strategy that will guide our plans for future growth. Our new ’*Vacation Better. Experience More.’* vision not only captures our commitment to offer our guests unforgettable vacation experiences, but focuses our over approximately 40,000 team members to deliver on that commitment through the several strategic initiatives that comprise our ‘Charting the Course’ strategy,” said Harry Sommer, president and CEO, Norwegian Cruise Line Holdings Ltd. "This strategy has already been set in motion with initiatives such as our recent announcement regarding eight transformational newbuilds for our three brands and infrastructure improvements for our private island in the Bahamas, Great Stirrup Cay. We will continue to innovate and build on our foundation of success—not just financially, but also sustainably through our Sail & Sustain program."

The Company's strategic initiatives aim to drive performance to achieve its "Charting the Course" financial and sustainability targets[1], by the end of 2026:

- Adjusted Operational EBITDA Margin of approximately 39%, approaching historical levels.
- Adjusted EPS of approximately $2.45, representing a 2-year CAGR from 2024 to 2026 of over 30%.
- A reduction of Net Leverage to the mid-four turn levels, continuing its commitment to strengthening its balance sheet.
- Record Adjusted ROIC of 12% exceeding pre-2020 levels.
- Renewing its commitment to a 10% greenhouse gas intensity reduction from 2019 baseline levels[2].

Based on current strong demand and an improved outlook for the year, the Company is increasing its full year 2024 guidance, raising expectations for Net Yield growth from 6.4% to 7.2%, increasing Adjusted EBITDA from $2.25 billion to $2.30 billion and upping its Adjusted EPS from $1.32 to $1.42.

"We have continued to see very strong demand and record bookings. We are now thrilled to launch this financial plan by setting long term targets with increased 2024 guidance, putting ourselves on solid footing to enhance shareholder value in the coming years," said Mark Kempa, chief financial officer at Norwegian Cruise Line Holdings Ltd.

Updated 2024 guidance[1]

	Full Year 2024	
	As Reported	Constant Currency
Net Yield	~7.2% ~$287	~7.2% ~$287
Adjusted Net Cruise Cost Excluding Fuel per Capacity Day[3]	~3.5% ~$159	~3.4% ~$159
Capacity Days	~23.50 million	
Occupancy	~105.1%	
Adjusted EBITDA	~$2.30 billion	
Adjusted Net Income	~$730 million	
Adjusted EPS[4]	~$1.42	
Diluted Weighted-Average Shares Outstanding[5]	~516 million	
Depreciation and Amortization	~$895 million	
Adjusted Interest Expense, net[6]	~$740 million	
Effect of a 1% change in Net Yield on Adjusted EBITDA / Adjusted EPS	~ $67 million ~ $0.13	

Effect of a $1 change in Adjusted Net Cruise Cost Excluding Fuel per Capacity Day on Adjusted EBITDA / Adjusted EPS	~$24 million ~$0.05

Webcast

The Company has scheduled a webcast of the Investor Day for Monday, May 20, 2024 at 9:00 a.m. Eastern Time. A link to the live webcast can be found on the Company's Investor Relations website at https://www.nclhltd.com/investors. A replay of the event and related presentations will also be available on the website for 30 days after the call.

About Norwegian Cruise Line Holdings Ltd.

Norwegian Cruise Line Holdings Ltd. (NYSE: NCLH) is a leading global cruise company which operates Norwegian Cruise Line, Oceania Cruises and Regent Seven Seas Cruises. With a combined fleet of 32 ships and approximately 66,500 berths, NCLH offers itineraries to approximately 700 destinations worldwide. NCLH expects to add 13 additional ships across its three brands through 2036, which will add approximately 41,000 berths to its fleet. To learn more, visit www.nclhltd.com.

Terminology

Adjusted EBITDA. EBITDA adjusted for other income (expense), net and other supplemental adjustments.
Adjusted EPS. Adjusted Net Income (Loss) divided by the number of diluted weighted-average shares outstanding.
Adjusted Gross Margin. Gross margin adjusted for payroll and related, fuel, food, other and ship depreciation. Gross margin is calculated pursuant to GAAP as total revenue less total cruise operating expense and ship depreciation.
Adjusted Operational EBITDA Margin. Adjusted EBITDA divided by Adjusted Gross Margin.
Adjusted Net Cruise Cost Excluding Fuel. Net Cruise Cost Excluding Fuel adjusted for supplemental adjustments.
Adjusted Net Income (Loss). Net income (loss) adjusted for the effect of dilutive securities and other supplemental adjustments.
Berths. Double occupancy capacity per cabin (single occupancy per studio cabin) even though many cabins can accommodate three or more passengers.
Capacity Days. Berths available for sale multiplied by the number of cruise days for the period for ships in service.
Dry-dock. A process whereby a ship is positioned in a large basin where all of the fresh/sea water is pumped out in order to carry out cleaning and repairs of those parts of a ship which are below the water line.
Adjusted ROIC. An amount expressed as a percentage equal to (i) Adjusted EBITDA less depreciation and amortization, divided by (ii) the sum of total long-term debt and shareholders' equity as of the end of a respective quarter, averaged for the most recent five fiscal quarters ending with the last date of the applicable fiscal year.
EBITDA. Earnings before interest, taxes, and depreciation and amortization.
Gross Cruise Cost. The sum of total cruise operating expense and marketing, general and administrative expense.
Net Cruise Cost. Gross Cruise Cost less commissions, transportation and other expense and onboard and other expense.
Net Cruise Cost Excluding Fuel. Net Cruise Cost less fuel expense.
Net Debt. Long-term debt, including current portion, less cash and cash equivalents.
Net Leverage. Net Debt divided by Adjusted EBITDA.

Net Yield. Adjusted Gross Margin per Capacity Day.
Occupancy or Occupancy Percentage. The ratio of Passenger Cruise Days to Capacity Days. A percentage greater than 100% indicates that three or more passengers occupied some cabins.
Passenger Cruise Days. The number of passengers carried for the period, multiplied by the number of days in their respective cruises.

Non-GAAP Financial Measures

We use certain non-GAAP financial measures, such as Adjusted Gross Margin, Adjusted Operational EBITDA Margin, Net Yield, Net Cruise Cost, Adjusted Net Cruise Cost Excluding Fuel, Adjusted EBITDA, Net Leverage, Net Debt, Adjusted Net Income (Loss), Adjusted EPS, and Adjusted ROIC, to enable us to analyze our performance. See “Terminology” for the definitions of these and other non-GAAP financial measures. Our management believes the presentation of Adjusted ROIC provides a useful performance metric to both management and investors for evaluating our effective use of capital and has used it as a performance measure for our incentive compensation. We utilize Adjusted Gross Margin and Net Yield to manage our business on a day-to-day basis because they reflect revenue earned net of certain direct variable costs. We utilize Adjusted Operational EBITDA Margin to assess operating performance. We also utilize Net Cruise Cost and Adjusted Net Cruise Cost Excluding Fuel to manage our business on a day-to-day basis. In measuring our ability to control costs in a manner that positively impacts net income (loss), we believe changes in Adjusted Gross Margin, Adjusted Operational EBITDA Margin, Net Yield, Net Cruise Cost and Adjusted Net Cruise Cost Excluding Fuel to be the most relevant indicators of our performance.

As our business includes the sourcing of passengers and deployment of vessels outside of the U.S., a portion of our revenue and expenses are denominated in foreign currencies, particularly British pound, Canadian dollar, Euro and Australian dollar which are subject to fluctuations in currency exchange rates versus our reporting currency, the U.S. dollar. In order to monitor results excluding these fluctuations, we calculate certain non-GAAP measures on a Constant Currency basis, whereby current period revenue and expenses denominated in foreign currencies are converted to U.S. dollars using currency exchange rates of the comparable period. We believe that presenting these non-GAAP measures on both a reported and Constant Currency basis is useful in providing a more comprehensive view of trends in our business.

We believe that Adjusted EBITDA is appropriate as a supplemental financial measure as it is used by management to assess operating performance. We also believe that Adjusted EBITDA is a useful measure in determining our performance as it reflects certain operating drivers of our business, such as sales growth, operating costs, marketing, general and administrative expense and other operating income and expense. In addition, management uses Adjusted EBITDA as a performance measure for our incentive compensation. Adjusted EBITDA is not a defined term under GAAP nor is it intended to be a measure of liquidity or cash flows from operations or a measure comparable to net income (loss), as it does not take into account certain requirements such as capital expenditures and related depreciation, principal and interest payments and tax payments and it includes other supplemental adjustments.

In addition, Adjusted Net Income (Loss) and Adjusted EPS are non-GAAP financial measures that exclude certain amounts and are used to supplement GAAP net income (loss) and EPS. We use Adjusted Net Income (Loss) and Adjusted EPS as key performance measures of our earnings performance. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparison to our historical performance. In addition, management uses Adjusted EPS as a performance measure for our incentive compensation.

Net Leverage and Net Debt are performance measures that we believe provide management and investors a more complete understanding of our leverage position and borrowing capacity after factoring in cash and cash equivalents.

The amounts excluded in the presentation of these non-GAAP financial measures may vary from period to period; accordingly, our presentation of these non-GAAP financial measures may not be indicative of future adjustments or results. You are encouraged to evaluate each adjustment used in calculating our non-GAAP financial measures and the reasons we consider our non-GAAP financial measures appropriate for supplemental analysis. In evaluating our non-GAAP financial measures, you should be aware that in the future we may incur expenses similar to the adjustments in our presentation. Our non-GAAP financial measures have limitations as analytical tools, and you should not consider these measures in isolation or as a substitute for analysis of our results as reported under GAAP. Our presentation of our non-GAAP financial measures should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. Our non-GAAP financial measures may not be comparable to other companies. Please see a historical reconciliation of these measures to the most comparable GAAP measure presented in our consolidated financial statements below.

Cautionary Statement Concerning Forward-Looking Statements

Some of the statements, estimates or projections contained in this 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, or incorporated by reference, in this release, including, without limitation, our expectations regarding our future financial position, including our liquidity requirements and future capital expenditures, plans, prospects, actions taken or strategies being considered with respect to our liquidity position, including with respect to refinancing, amending the terms of, or extending the maturity of our indebtedness, our ability to comply with covenants under our debt agreements, expectations regarding our exchangeable notes, valuation and appraisals of our assets, expected fleet additions and cancellations, including expected timing thereof, our expectations regarding the impact of macroeconomic conditions and recent global events, and expectations relating to our sustainability program and decarbonization efforts may be 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: adverse general economic factors, such as fluctuating or increasing levels of interest rates, inflation, 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;

implementing precautions in coordination with regulators and global public health authorities to protect the health, safety and security of guests, crew and the communities we visit and to comply with related regulatory restrictions; our indebtedness and restrictions in the agreements governing our indebtedness that require us to maintain minimum levels of liquidity and be in compliance with maintenance covenants and otherwise limit our flexibility in operating our business, including the significant portion of assets that are collateral under these agreements; 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 our outstanding exchangeable notes and any future financing which may be dilutive to existing shareholders; the unavailability of ports of call; future increases in the price of, or major changes, disruptions or reduction in, commercial airline services; changes involving the tax and environmental regulatory regimes in which we operate, including new regulations aimed at reducing greenhouse gas emissions; the accuracy of any appraisals of our assets; our success in controlling operating expenses and capital expenditures; trends in, or changes to, future bookings and our ability to take future reservations and receive deposits related thereto; adverse events impacting the security of travel, or customer perceptions of the security of travel, such as terrorist acts, armed conflict, such as Russia's invasion of Ukraine or the Israel-Hamas war, or threats thereof, acts of piracy, and other international events; public health crises, including the COVID-19 pandemic, and their effect on the ability or desire of people to travel (including on cruises); adverse incidents involving cruise ships; our ability to maintain and strengthen our brand; breaches in data security or other disturbances to our information technology systems 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; our inability to recruit or retain qualified personnel or the loss of key personnel or employee relations issues; impacts related to climate change and our ability to achieve our climate-related or other sustainability goals; 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; any further impairment of our trademarks, trade names or goodwill; our reliance on third parties to provide hotel management services for certain ships and certain other services; fluctuations in foreign currency exchange rates; our expansion into new markets and investments in new markets and land-based destination projects; overcapacity in key markets or globally; and other factors set forth under "Risk Factors" in our most recently filed Annual Report on Form 10-K and subsequent filings with the Securities and Exchange Commission. The above examples are not exhaustive and new risks emerge from time to time. There may be additional risks that we consider immaterial or which are unknown. 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.

Investor Relations & Media Contact

Sarah Inmon
(786) 812-3233
InvestorRelations@nclcorp.com
NCLHmedia@nclcorp.com

[1] The Company does not provide certain estimated future results and targets on a GAAP basis because the Company is unable to predict, with reasonable certainty, the future movement of foreign exchange rates or the future impact of certain gains and charges. These items are uncertain and will depend on several factors, including industry conditions, and could be material to the Company's results computed in accordance with GAAP. The Company has not provided reconciliations between the Company's 2024 guidance and 2026 targets and the most directly comparable GAAP measure because it would be too difficult to prepare a reliable U.S. GAAP quantitative reconciliation without unreasonable effort.

[2] GHG intensity is measured by MTCO2e on a per Capacity Day basis. The targets cover NCLH's emissions from its fleet of ships, islands and facilities (Scopes 1 & 2) as well as upstream fuel- and energy-related activities, including well-to-tank emissions (portion of Scope 3). Capacity Days is defined as Berths available for sale multiplied by the number of cruise days for the period for ships in service.

[3] Full Year 2024 includes an approximate 300 basis point, or $5, impact of increased Dry-dock days and related costs. Excluding this impact, the Adjusted Net Cruise Cost Excluding Fuel per Capacity Day would be essentially flat year-over-year, amounting to $154 in 2024 as reported and in Constant Currency.

[4] Based on guidance and using diluted weighted-average shares outstanding of approximately 516 million for full year 2024. Adjusted EPS for the full year 2024 assumes that all four of the Company's outstanding exchangeable notes are fully dilutive and therefore excludes approximately $62 million of interest expense, respectively, associated with the Company's exchangeable notes.

[5] Full year 2024 assumes all four of the Company's exchangeable notes are dilutive and therefore are included in diluted weighted-average shares outstanding.

[6] Based on the Company's March 31, 2024 outstanding variable rate debt balance, a one percentage point increase in annual SOFR interest rates would increase the Company's annual interest expense by approximately $7 million excluding the effects of capitalization of interest.

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Source: Norwegian Cruise Line Holdings Ltd.