

ROYAL CARIBBEAN CRUISES LTD
Form 10-Q
July 26, 2013
[Table of Contents](#)

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2013

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number: 1-11884

ROYAL CARIBBEAN CRUISES LTD.

(Exact name of registrant as specified in its charter)

Republic of Liberia

(State or other jurisdiction of incorporation or organization)

98-0081645

(I.R.S. Employer Identification No.)

1050 Caribbean Way, Miami, Florida 33132

(Address of principal executive offices) (zip code)

(305) 539-6000

(Registrant's telephone number, including area code)

N/A

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

There were 219,637,201 shares of common stock outstanding as of July 17, 2013.

Table of Contents

ROYAL CARIBBEAN CRUISES LTD.

TABLE OF CONTENTS

	Page
<u>PART I. FINANCIAL INFORMATION</u>	
<u>Item 1. Financial Statements</u>	1
<u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	25
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk</u>	42
<u>Item 4. Controls and Procedures</u>	43
<u>PART II. OTHER INFORMATION</u>	
<u>Item 1. Legal Proceedings</u>	44
<u>Item 1A. Risk Factors</u>	44
<u>Item 6. Exhibits</u>	45
<u>SIGNATURES</u>	46

Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****ROYAL CARIBBEAN CRUISES LTD.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(unaudited; in thousands, except per share data)**

	Quarter Ended June 30,	
	2013	2012
Passenger ticket revenues	\$ 1,366,713	\$ 1,332,207
Onboard and other revenues	516,054	488,797
Total revenues	1,882,767	1,821,004
Cruise operating expenses:		
Commissions, transportation and other	316,506	307,697
Onboard and other	140,710	130,981
Payroll and related	208,975	206,519
Food	112,530	109,300
Fuel	232,471	237,961
Other operating	312,427	303,556
Total cruise operating expenses	1,323,619	1,296,014
Marketing, selling and administrative expenses	259,626	247,571
Depreciation and amortization expenses	186,184	180,514
Operating Income	113,338	96,905
Other income (expense):		
Interest income	3,405	4,972
Interest expense, net of interest capitalized	(86,877)	(89,106)
Other expense	(5,119)	(16,424)
	(88,591)	(100,558)
Net Income (Loss)	\$ 24,747	\$ (3,653)
Earnings (Loss) per Share:		
Basic	\$ 0.11	\$ (0.02)
Diluted	\$ 0.11	\$ (0.02)
Weighted-Average Shares Outstanding:		
Basic	219,502	217,866
Diluted	220,648	217,866
Comprehensive Income (Loss)		
Net Income (Loss)	\$ 24,747	\$ (3,653)
Other comprehensive income (loss):		
Foreign currency translation adjustments	(1,551)	(12,361)
Change in defined benefit plans	5,293	

Edgar Filing: ROYAL CARIBBEAN CRUISES LTD - Form 10-Q

Gain (loss) on cash flow derivative hedges	17,542	(288,252)
Total other comprehensive income (loss)	21,284	(300,613)
Comprehensive Income (Loss)	\$ 46,031	\$ (304,266)

The accompanying notes are an integral part of these consolidated financial statements.

Table of Contents**ROYAL CARIBBEAN CRUISES LTD.****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(unaudited; in thousands, except per share data)**

	Six Months Ended	
	June 30,	
	2013	2012
Passenger ticket revenues	\$ 2,760,491	\$ 2,684,445
Onboard and other revenues	1,033,496	971,039
Total revenues	3,793,987	3,655,484
Cruise operating expenses:		
Commissions, transportation and other	639,443	628,435
Onboard and other	262,197	238,576
Payroll and related	418,898	416,633
Food	232,013	222,925
Fuel	474,123	466,955
Other operating	579,135	577,602
Total cruise operating expenses	2,605,809	2,551,126
Marketing, selling and administrative expenses	533,660	512,172
Depreciation and amortization expenses	375,548	359,906
Operating Income	278,970	232,280
Other income (expense):		
Interest income	7,152	11,318