



---

**PRESS RELEASE**

**OCTOBER 13, 1999**

---

## **STAR CRUISES ANNOUNCES RECORD THIRD QUARTER EARNINGS**

Star Cruises PLC announced a third consecutive record net income of US\$28.2 million (US 4.5 cents earnings per share) on revenue of US\$109.0 million for its third quarter ended September 30, 1999 as compared to US\$20.2 million (US 3.2 cents earnings per share) on revenue of US\$77.8 million in the same quarter of 1998 (excluding the results of the discontinued North American cruise operations in 1998).

For the third quarter of 1999, revenues increased 40% and operating income increased 76%, whilst net income and earnings per share increased 40% over the comparable quarter of 1998. During the quarter, earnings and revenues growth were driven by capacity increase in available berth days by 36%, improved occupancy of 110% in the third quarter of 1999 compared to 95% in 1998 and improved revenue yields (revenue per available berth day) by 3% as compared with the same quarter of 1998.

Net income in the third quarter of 1999 was affected by startup and promotional expenses of SuperStar Virgo and SuperStar Europe of approximately US\$5.0 million offset by a reversal of US\$3.2 million in capitalised interest for the first 2 quarters. For the same third quarter last year, the Company recognised a one time US\$3.5 million gain on the sale of SuperStar Sagittarius to Hyundai Merchant Marine. Excluding these events, net income and earnings per share on a comparable basis would have risen 80% as compared to the reported 40%.

Net income for the nine months ended September 30, 1999 was a record US\$64.9 million (US 10.4 cents earnings per share) on revenue of US\$277.3 million compared to net income of US\$28.0 million (US 5.2 cents earnings per share) on revenue of US\$195.8 million for the same period last year (excluding the results of the discontinued North American cruise operations in 1998).

For the first nine months of 1999, revenues increased 42%, net income increased 131% and earnings per share increased by 100% over the same period in 1998. Earnings and revenues growth in the first nine months were also driven by capacity increase of 34% in available berth days compared with the same period last year. Occupancy for the first nine months was 101% compared to 89% for the previous year and gross revenue yields was US\$200 as compared with US\$189, an increase of 6%.

The record results for the third quarter and the first nine months of 1999 were also due to continued costs control and economies of scale resulting in lower cost per passenger cruise day. The improvements in occupancies, yields and profitability were broad based in all market segments and ships.

For the first nine months of 1999, Star Cruises' financial performance for EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation), Operating Income and Net Income on a per available berth day and operating margins are comparable to the 3 major cruise lines in the world. The 110% occupancy in the third quarter of 1999 demonstrates Star Cruises can reach the industry norm of exceeding 100% occupancy for the second consecutive quarter.

The startup of the second world-class megaship in Asia-Pacific, the 76,800 gross tonne SuperStar Virgo was smooth and she replaced SuperStar Leo in Singapore. SuperStar Leo was repositioned in Hong Kong. SuperStar Europe also commenced trading at the end of the third quarter and positioned in Bangkok from October 1999.

"We are very pleased with the SuperStar Leo in Hong Kong which has about the same occupancies and forward bookings as SuperStar Virgo in Singapore despite being positioned almost one year later," says Dato KT Lim, Chairman of Star Cruises. "SuperStar Leo has attracted a different market segment of cruise passengers. After 4 weeks of operations, both the SuperStar Leo and Star Pisces in Hong Kong are having satisfactory occupancies. As a result, we have decided to charter a new ship to be positioned to Japan instead of the Star Pisces", he further commented.

Star Cruises continues to strengthen its brand image by significant expenditures on advertising and promotions in Hong Kong for the arrival of SuperStar Leo. The name "Star Cruises" was prominently painted on the sides of SuperStar Leo in English and Chinese and are among the largest advertising signs in Hong Kong. With SuperStar Leo calling three times a week into the busy Hong Kong harbour, Star Cruises brand name has become one of the best known in Hong Kong.

Star Cruises is named as one of the top Asian brands in the October 1999 edition of Asia Inc. Star Cruises is also nominated as the 1999 winner of the Best Cruise Award in the Meetings and Conventions Asia-Pacific Gold Awards organised by Venture Asia for the second consecutive years since inception.

Star Cruises' brand image internationally will be given a great boost when SuperStar Leo is featured on the front cover of the year 2000 edition of the Berlitz Complete Guide to Cruising & Cruise Ships authored by Mr. Douglas Ward. "It is extremely pleasing that Star Cruises has won all these recognition within a short 6 years and we must be the fastest growing brand name in Asia-Pacific," said Mr. Colin Au, President and CEO of Star Cruises.

The entry barriers to the cruise industry are very high as demonstrated by the dominant market share of the leading cruise companies. With investments in cruise infrastructure throughout Asia-Pacific, exclusive marketing arrangements with most key tour operators and building of new megaships with the most number of alternative restaurants, best cruise service with 50% more crew to passengers than other ships and multi-language and multi-cultural approach to cruise operations, Star Cruises believes it has sustainable competitive advantages to ensure its dominant position in Asia-Pacific.

The shareholders of Star Cruises have approved the placement of 5% (31.2 million) of the outstanding shares but management has decided not to place out the shares yet. "We had a lot of interest from institutions but we may not achieve the liquidity we desire if we place the shares with them," says Dato KT Lim. "We want a proper spread of shareholders and we will consider it in the second quarter of 2000 as we believe the fourth quarter performance will be satisfactory due to the significant 56% increase in available berth days to 637,000 compared to the same period last year. A full year 1999 results will assure investors on the superb performance of Star Cruises," Dato KT Lim added.

Star Cruises, "The Leading Cruise Line in Asia-Pacific", is one of the five largest cruise lines in the world. By 2005, Star Cruises will have a fleet of 12 vessels with lower berth capacity of about 18,000 and an annual growth of 25% per year for the corresponding period.

Star Cruises has also one of the youngest and most modern cruise fleets in the world with the highest safety standards having its own US\$5.0 million ship simulator for training of all officers and voyage data records or "black boxes" for all ships. Star Cruises ships are based throughout Asia-Pacific with Singapore, Port Klang, Phuket, Bangkok, Hong Kong, Taipei and Osaka/Kobe as ports of embarkation by early 2000.

Star Cruises has offices in Asia (China, Hong Kong, India, Indonesia, Japan, Malaysia, Singapore, Taiwan and Thailand); Australia (Sydney, Melbourne, Brisbane and Perth), Europe (Austria, Germany, Sweden and United Kingdom) and the United States of America. New offices will be operational in Korea and Philippines by the end of this year.

Attached are unaudited quarterly results for the third quarter of 1998 and 1999, the nine months ended September 30 of 1998 and 1999 and audited for the full year 1998 in accordance with US GAAP.

Certain statements in this press announcement are forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, which may cause the actual results, performances or achievements to differ materially from future results, performance or achievements expressed or implied in such forward-looking statements. Such factors include general economic and business conditions, changes in cruise industry competition, weather and other factors.

Star Cruises' completely new web-site is at [www.starcruiises.com](http://www.starcruiises.com) which provides more information on the cruise line and the itineraries.

- end -

For editorial, please contact:

#### MALAYSIA

##### **Gerard Lim**

*Vice President, Corporate Planning*

Port Klang, Malaysia

Tel : 603-309 2600

Fax : 603- 384 0213

e-mail : [gerard@starcruiises.com.my](mailto:gerard@starcruiises.com.my)

##### **Jane Poh**

*Vice President, Corporate Communications*

Port Klang, Malaysia

Tel : 603-309 2526

Fax : 603- 301 1479

e-mail : [sjpoh@starcruiises.com.my](mailto:sjpoh@starcruiises.com.my)

**STAR CRUISES PLC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**IN UNITED STATES OF AMERICA**  
**(EXCLUDING THE DISCONTINUED NORTH AMERICAN CRUISE OPERATIONS' RESULTS IN 1998)**  
(Unaudited, in thousands of US dollars except per share and operating data)

	Third Quarter Ended Sept 30,		Nine Months Ended Sept 30,		Full year
	<u>1998</u>	<u>1999</u>	<u>1998</u>	<u>1999</u>	<u>1998</u>
Revenues	\$77,778	\$109,016	\$195,793	\$277,250	\$268,508
Costs and expenses					
Operating expenses	(41,786)	(49,336)	(122,938)	(130,244)	(154,896)
Selling, general and administrative expenses	(10,580)	(17,052)	(27,026)	(39,639)	(36,347)
Depreciation and amortization	(8,576)	(12,925)	(23,230)	(34,157)	(33,334)
Total costs and expenses	<u>(60,942)</u>	<u>(79,313)</u>	<u>(173,194)</u>	<u>(204,040)</u>	<u>(224,577)</u>
Operating income	16,836	29,703	22,599	73,210	43,931
Non-operating income (expense)					
Interest income	1,615	921	2,610	4,139	4,038
Interest expense, net of capitalized interest	(243)	(1,495)	(636)	(9,781)	(4,776)
(Loss) gain on foreign exchange and interest rate swaps, net	(1,086)	-	706	(1,065)	(7,214)
Other income (expense), net	3,551	(3)	3,372	(123)	3,516
Income tax expense	(380)	(886)	(760)	(1,505)	(519)
Minority interests	(63)	-	152	-	161
Total non-operating income (expense)	<u>3,394</u>	<u>(1,463)</u>	<u>5,444</u>	<u>(8,335)</u>	<u>(4,794)</u>
Net income	<u>\$20,230</u>	<u>\$28,240</u>	<u>\$28,043</u>	<u>\$64,875</u>	<u>\$39,137</u>
Earnings per share in US cents:					
- Basic	US 3.2 cents	US 4.5 cents	US 5.2 cents	US 10.4 cents	US 7.0 cents
- Diluted	US 3.2 cents	US 4.4 cents	US 5.2 cents	US 10.3 cents	US 6.9 cents
Weighted average common stock outstanding ('000)	624,447	624,448	542,030	624,448	562,803
Weighted average common stock outstanding assuming dilution ('000)	624,447	635,336	542,820	631,303	563,503
<i>Operating Data (excluding the discontinued North American cruise operations)</i>					
Passenger Cruise Days	360,599	569,755	920,280	1,399,042	1,280,967
Available Berth Days	379,928	518,560	1,036,520	1,388,929	1,453,489
Occupancy as a percentage of total capacity	95%	110%	89%	101%	88%

**STAR CRUISES PLC**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES**  
**IN UNITED STATES OF AMERICA**

(Unaudited, in thousands of US dollars except per share and operating data)

	Third Quarter Ended Sept 30,		Nine Months Ended Sept 30,		Full year
	1998	1999	1998	1999	1998
Revenues	\$81,055	\$109,016	\$203,146	\$277,250	\$275,941
Costs and expenses					
Operating expenses	(44,017)	(49,336)	(141,933)	(130,244)	(173,891)
Selling, general and administrative expenses	(12,117)	(17,052)	(35,495)	(39,639)	(45,142)
Depreciation and amortization	(8,613)	(12,925)	(24,205)	(34,157)	(34,400)
Total costs and expenses	(64,747)	(79,313)	(201,633)	(204,040)	(253,433)
Operating income	16,308	29,703	1,513	73,210	22,508
Non-operating income (expense)					
Interest income	1,615	921	2,610	4,139	4,038
Interest expense, net of capitalized interest	(243)	(1,495)	(636)	(9,781)	(4,776)
(Loss) gain on foreign exchange and interest rate swaps, net	(1,086)	-	706	(1,065)	(7,214)
Other income (expense), net	3,192	(3)	2,750	(123)	2,627
Income tax expense	(380)	(886)	(760)	(1,505)	(519)
Minority interests	(63)	-	392	-	401
Total non-operating income (expense)	3,035	(1,463)	5,062	(8,335)	(5,443)
Net income	\$19,343	\$28,240	\$6,575	\$64,875	\$17,065
Earnings per share in US cents:					
- Basic	US 3.1 cents	US 4.5 cents	US 1.2 cents	US 10.4 cents	US 3.0 cents
- Diluted	US 3.1 cents	US 4.4 cents	US 1.2 cents	US 10.3 cents	US 3.0 cents
Weighted average common stock outstanding ('000)	624,447	624,448	542,030	624,448	562,803
Weighted average common stock outstanding assuming dilution ('000)	624,447	635,336	542,820	631,303	563,503
<i>Operating Data (excluding the discontinued North American cruise operations)</i>					
Passenger Cruise Days	360,599	569,755	920,280	1,399,042	1,280,967
Available Berth Days	379,928	518,560	1,036,520	1,388,929	1,453,489
Occupancy as a percentage of total capacity	95%	110%	89%	101%	88%