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**PRESS RELEASE**  
**(For immediate release)**

**MAY 3, 2000**

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## **STAR CRUISES ANNOUNCES RECORD FIRST QUARTER EARNINGS FOR 2000**

With mandatory offer for the acquisition of NCL Holding ASA ("NCL") completed on February 17, 2000, Star Cruises PLC ("Star Cruises") now owns 84.5% of NCL with affiliates owning a further 10.9%. Since the acquisition of 84.5% of NCL by Star Cruises, the results of Star Cruises will be described on the basis of (1) Star Cruises (excluding NCL) which represents the results of Star Cruises for the first quarter 2000 excluding the contribution of NCL as well as the financing and selling, general and administrative expenses associated with the acquisition of NCL; (2) NCL (post acquisition) which represents the post acquisition results of NCL before accounting for fair value adjustments.

Star Cruises (excluding NCL) recorded a net income of US\$18.0 million for the first quarter ended March 31, 2000, an increase of 13% over the same quarter last year. This was achieved despite greater seasonality as more ships are positioned in North Asia where the first quarter (winter) is traditionally the weakest quarter of the year.

In the month of March, the post acquisition period, net income of NCL before accounting for fair value adjustments was US\$2.6 million. Prior to the completion of the acquisition, Star Cruises' equity share of NCL's results for the period January to February was a loss of US\$0.75 million.

Arising from the acquisition of NCL, Star Cruises incurred interest expense of US\$16.9 million. Amortisation of preliminary goodwill amount arising from consolidation of NCL into Star Cruises financial statements and amortisation of trademarks amounts to US\$1.4 million.

As a result Star Cruises Group recorded a net income of US\$1.2 million for the first quarter 2000 against a net income of US\$15.9 million in last year's corresponding quarter. The first quarter of 2000 is not comparable with the first quarter of last year due to the large financing charges for the acquisition of NCL and the greater seasonality of NCL results.

The acquisition finance is expected to be replaced by a medium-term loan and fresh issue of equity which should be in place by the third quarter of this year. If these are implemented, the NCL acquisition is not expected to be dilutive to Star Cruises earnings.

"We are very pleased with the first quarter results and the ability of the Asia-Pacific market to absorb a 58% increase in capacity. With NCL positioning itself as the first cruise line in North America to offer "Freestyle Cruising" based principally on higher service standards and an open seating dining policy, similar to Star Cruises in Asia, NCL will be able to increase occupancies and improve," says Dato KT Lim, Chairman of Star Cruises.

### **Star Cruises (excluding NCL)**

Revenue and operating income for Star Cruises (excluding NCL) increased 35% and 33% respectively quarter on quarter. Available berth days increased by 58% from 436,800 in the first quarter last year to 691,086 this year. Passenger cruise days is 61% higher than for the comparable quarter last year.

In the first quarter this year, Star Cruises (excluding NCL) recorded an occupancy of 87% compared to 85% for last year. Although occupancy levels have increased versus last year, yields and margins are lower as more ships are positioned in North Asia where the first quarter is the winter period. The SuperStar Leo is positioned in Hongkong and the SuperStar Taurus is positioned in Japan. Both these countries have their peak occupancies and yields in the third quarter of the year.

As the weather gets warmer and cruising conditions get better towards the third quarter, the Company expects occupancies, yields and margins to increase. In April, the first month of the second quarter, occupancy level increased to 96% as compared to the average of 87% in the first quarter.

### **NCL Post Acquisition**

In February 2000, Star Cruises acquired a further interest of approximately 48.3% in NCL resulting in Star Cruises owning, including ordinary shares previously held by Star Cruises a total interest of about 84.5%. As a consequence of this acquisition, Star Cruises therefore consolidated the results from March 1, 2000 (a date determined as the most practicable date) using purchase accounting method. Prior to this date, the Company equity accounted for its share of the results of NCL.

Excluding all accounting for fair value adjustments, NCL post acquisition recorded a net income of US\$2.6 million for the month of March 2000.

### **NCL First Quarter 2000**

For the full first quarter 2000, NCL showed a marked improvement over the first quarter of 1999. Revenues and operating income excluding the effect of certain non-recurring charges and charges related to the change of control increased 17.0% and 141% respectively in the first quarter 2000 compared to the same quarter of 1999 due to higher yields and added capacity.

Available berth days increased by 24.5% from 882,738 to 1,098,874. Occupancy was down 3.5 percentage points, from 99.0% to 95.5%; however, achieved net per diems were up 7.4% and therefore yields on a 100% occupancy basis were up by 3.6%. NCL has embarked on a policy to ensure 100% occupancy for the balance of this year.

For the first quarter 2000, NCL recorded a net income before taxes and excluding the impact of write-offs for Norwegian Capricorn Line and non-recurring charges of US\$6.7 million versus US\$2.8 million for the same quarter last year. This represents an increase of 139%.

NCL, like other North American cruise companies will also have its best results in the third quarter of the year due to seasonality.

NCL has also adopted the open-seating concept of Star Cruises and will increase service standards on their ships under the new tagline "Freestyle Cruising". This has made a significant impact in the Northern American cruise media as the concept of open-seating or "dine when you want, with whom you wish" is typical of 96% of the leisure market (excluding the 4% on cruise vacation). This will help NCL position itself better in the North American market for market share and yields.

### **Fleet Deployment**

As part of the fleet deployment program, the Norwegian Star currently operating in Australia under charter will be sub-chartered from NCL to Star Cruises in October of this year. She will be renamed SuperStar Capricorn and positioned in Taipei, replacing the Star Aquarius. SuperStar Capricorn is more suited to the sea conditions in Taiwan.

The Star Aquarius will replace the SuperStar Aries in Bangkok as demand for cruises in Thailand, especially for the weekends, has increased significantly and Star Aquarius will be able to provide a 75% increase in capacity for the Thai market.

The Company has successfully launched mass-market cruising in Japan from late March of this year. The SuperStar Taurus has been well received in the Japanese market. In terms of passengers carried, Star Cruises has about 50% of the market share in short cruises in Japan. The market reception to SuperStar Taurus has been above expectations and to cater for the demand a second ship, the SuperStar Aries will be positioned in Japan by the end of this year instead of Dubai, which was previously announced.

The Company has positioned the 100 passenger MegaStar Capricorn in Dubai, West Asia in April 2000 and the market is being assessed for its receptivity to cruising in the Arabian Gulf.

It was also announced that the second Libra-Class vessel to be delivered in late 2002 will be transferred to NCL.

"We are pleased that with the acquisition of NCL, we can now optimise the deployment of the newbuildings to markets which will provide the best yields and occupancies, taking into consideration competition and maturity of the cruise industry in the various markets" says Colin Au, President and CEO of Star Cruises.

### **Achievements**

Star Cruises has once again been voted as the "*Best Cruise Operator in Asia-Pacific*" by TTG Asia Travel Awards for the year 2000. This is the fourth consecutive year that Star Cruises has won this prestigious and internationally acclaimed award.

Star Cruises Group created history by becoming the first shipping company ever to be accredited by the Panamanian Maritime Authority to carry out the Seafarer's Training Certificate and Watch Keeping Code (STCW-95) without involvement by other external training institute.

Star Cruises is the winner of the Third Annual "Salute to Youth and Training 2000" awarded by Lloyd's List and International Maritime Industry in London in March, 2000.

### **Financing**

The task for the remaining of this year is to harmonise the systems of Star Cruises and NCL and cross market each others cruises in their respective geographic markets.

The acquisition was initially funded by a US\$600 million bridge facility and this bridge facility is expected to be refinanced with a medium-term loan. In addition, the Company expects to issue new shares and obtain a listing for its shares in a major stock exchange to raise the liquidity of its shares and the Company's profile as "The First Global Cruise Line".

### **Consolidated Statements of Operations**

Attached are the unaudited quarterly results for the first quarter of 2000 and 1999, prepared in accordance with US GAAP.

### **Further Details on Star Cruises and NCL**

Following the acquisition of NCL Holdings this year, Star Cruises became "*The First Global Cruise Line*" in addition to "*The Leading Cruise Line in Asia-Pacific*" with a fleet of 20 ships and over 21,000 lower berths. By 2004, with the five ships currently on order, Star Cruises with NCL will have 25 vessels with about 35,000 lower berths.

Star Cruises also has one of the youngest and most modern cruise fleets in the world with the highest safety standards. Star Cruises is the only cruise line to own a US\$5 million world-class ship simulator in its operational headquarters in Malaysia and together with the Danish Maritime Institute, trains all Star Cruises' officers in addition to a further 500 officers for Maersk Sealand and other shipping lines each year.

Presently, Star Cruises' 12 ships are based throughout Asia-Pacific with Singapore, Port Klang (Malaysia), Phuket, Bangkok, Hong Kong, Taipei, Kobe, Fukuoka, Pusan and Dubai as ports of embarkation. Star Cruises' award-winning fleet has the best services afloat with the highest crew-to-passenger ratio reflecting the high standards of the hospitality industry in Asia-Pacific.

The NCL group operates a fleet of eight ships under two brands. **Norwegian Cruise Line**, with six ships, offers mainstream cruises in the Caribbean, Alaska, Europe, Bermuda, and the Exotics. **Orient Line**, with two ships, offers destination-oriented cruises in Europe in the summer months and worldwide, as far as Antarctica, in the fall-through-spring. Both NCL and Orient Lines market primarily in North America but also extensively in the UK, Europe, South America, and Asia.

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

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.

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**STAR CRUISES**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(unaudited, in thousands of US dollars, except per share and operating data)

**ATTACHMENT**

	First Quarter Ended March 31, 2000			First Quarter Ended March 31, 1999	
	STAR CRUISES (excluding NCL) <i>(note 1)</i>	NCL (post- acquisition results) <i>(note 2)</i>	Adjustments	STAR CRUISES GROUP	STAR CRUISES GROUP
Revenues	\$ 112,222	\$ 81,350	\$ -	\$ 193,572	\$ 83,177
Costs and expenses					
Operating expenses	(56,663)	(52,159)	-	(108,822)	(41,121)
Selling, general and administrative expenses	(14,424)	(14,431)	(271) <i>(note 3)</i>	(29,126)	(11,606)
Depreciation and amortization	(14,825)	(5,589)	(1,183) <i>(note 4)</i>	(21,597)	(10,699)
Total costs and expenses	(85,912)	(72,179)	(1,454)	(159,545)	(63,426)
Operating income	26,310	9,171	(1,454)	34,027	19,751
Non-operating income (expense)					
Interest income	151	256	-	407	1,543
Interest expense, net of capitalized interest	(7,918)	(5,039)	(16,883) <i>(note 3)</i>	(29,840)	(4,165)
Other expense, net	(148)	(80)	-	(228)	(1,037)
Minority interests	-	-	(337)	(337)	-
Income tax expense	(376)	(1,737)	-	(2,113)	(138)
Loss from affiliated operation, net	-	-	(748) <i>(note 5)</i>	(748)	-
Total non-operating expense	(8,291)	(6,600)	(17,968)	(32,859)	(3,797)
NET INCOME (LOSS)	<u>\$ 18,019</u>	<u>\$ 2,571</u>	<u>(\$19,422)</u>	<u>\$ 1,168</u>	<u>\$ 15,954</u>
Earnings per share in US cents:					
- Basic				US 0.2 cents	US 2.6 cents
- Diluted				US 0.2 cents	US 2.6 cents
Weighted average common stock outstanding ('000)				624,708	624,447
Weighted average common stock outstanding assuming dilution ('000)				636,740	625,375
<u>Operating Data (note 6)</u>					
Passenger cruise days	599,082	389,770	-	988,852	371,173
Available berth days	691,086	381,486	-	1,072,572	436,800
Occupancy as a percentage of total capacity	87%	102%	-	92%	85%

Note -:

1. Represents the results of Star Cruises for the first quarter ended March 31, 2000 excluding the contribution from NCL as well as financing costs and selling, general and administrative expenses associated with the acquisition of NCL.
2. Represents the post-acquisition results of NCL for the month of March 2000 before accounting for the fair value adjustments.
3. Represents the interest and administrative expenses of \$16.9 million and \$0.3 million respectively (see also Note 1 above).
4. Represents the goodwill amortization of \$0.8 million and fair value adjustments of \$0.4 million arising from the consolidation of NCL.
5. Represents Star Cruises' share of NCL's results, net of goodwill amortization for the period from January to February 2000.
6. Passenger cruise days and available berth days of 389,770 and 381,486 respectively and the occupancy rate of 102% for NCL were for the month of March 2000.