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**PRESS RELEASE  
FOR IMMEDIATE RELEASE**

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INTERNATIONAL**

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## **STAR CRUISES GROUP ANNOUNCES EARNINGS FOR YEAR 2001**

### Star Cruises Group

The Star Cruises Group, ("the Group") recorded a net loss for the year ended December 31, 2001 of US\$8.4 million on revenue of US\$1.38 billion, compared to a net loss of US\$29.6 million on revenue of US\$1.33 billion in 2000. The results for year 2001 are not comparable to previous year's as the acquisition of the majority interest in NCL occurred only in February 2000. On a proforma basis, including NCL's results of operations for January and February 2000, the Group recorded a net loss of US\$8.4 million on revenue of US\$1.38 billion compared to a proforma net loss of US\$23.2 million on revenue of US\$1.47 billion in 2000.

Operating income decreased 47% from US\$160.6 million for the year ended December 31, 2000 to US\$85.2 million for the year ended December 31, 2001. Operating income for the year 2001 was adversely affected by charges of US\$54.9 million. These charges were mainly comprised of non-recurring expenses of US\$30.8 million, startup and promotional expenses of ships of US\$15.7 million and an impairment charge of US\$8.4 million related to a write down in the carrying value of a ship. The non-recurring expenses were primarily costs in rationalizing the North Asia operations in the face of a steeper than expected economic downturn exacerbated by the tragic events of September 11, 2001, with the cessation of cruise operations in Taiwan and Japan. The Group's North American market and the longer itinerary ships based in Europe were also negatively impacted by the events of September 11 resulting in lower occupancies and prices during the last quarter of 2001. Operating income for year 2000 included an impairment loss of US\$37.7 million arising from the sale of m.v. Star Aquarius. Excluding these one time charges and non-recurring expenses, the Group operating income would be US\$140.1 million for year 2001 as compared to a proforma operating income of US\$213.6 million for year 2000, a decrease of 34%.

The Group revenue for the quarter ended December 31, 2001 decreased 1.8% to US\$339.1 million from US\$345.3 million for the quarter ended December 31, 2000. The decrease in revenue was due primarily to a 3.2% decrease in yield, defined as revenue per capacity day. The decrease in yield for the quarter ended December 31, 2001 was primarily due to the impact of the events of September 11.

Excluding the above non-recurring charges, the Group's operating, selling, general and administrative expenses for the quarter increased 2.2% from US\$278.5 million for the quarter ended December 31, 2000 to US\$284.5 million for the quarter ended December 31, 2001. However, on a per capacity day basis, operating, selling, general and administrative expenses was maintained at the same level.

Non-operating expenses for the quarter decreased 37.2% from US\$41.1 million for the quarter ended December 31, 2000 to US\$25.8 million for the quarter ended December 31, 2001 as a result of lower net interest expenses.

The Group reported a net loss of US\$57.3 million for the quarter as compared with net loss of US\$54.9 million in the fourth quarter of 2000. Excluding the charges mentioned above, net loss for the quarter would have been US\$12.9 million as compared to net loss of US\$17.2 million for the fourth quarter of 2000.

#### Star Cruises (excluding NCL)

For the year ended December 31, 2001, Star Cruises recorded a decrease in passenger cruise days and capacity days of 5.2% and 2.9% respectively, compared to the year of 2000. Occupancy was down by 3%, however, yield improved 3.6%. The 2.9% decline in capacity days was primarily due to the sale and drydocking of ships and cessation of cruise operations in Taiwan and Japan. This was partially offset by the introduction into service of Wasa Queen in September 2001 and m.v. Norwegian Star 1 in November 2000.

For the quarter ended December 31, 2001, Star Cruises recorded a decrease in passenger cruise days and capacity days of 12.4% and 6.2% respectively, compared to the quarter ended December 31, 2000. Occupancy was down by 6%, however, yield improved 22.4%.

#### NCL Group

NCL Group recorded a decrease in both passenger cruise days and capacity days of 2.6% and 1.2% respectively for the year ended December 31, 2001 compared to proforma passenger cruise days and proforma capacity days for the year ended December 31, 2000. (The year on year comparison includes Norwegian Capricorn Line in 2000) Occupancy and yield decreased by 1% and 8.5% respectively. On a net yield basis, the decrease is 10.4%. The 1.2% decline in capacity days was primarily due to the drydocking of ships and the transfer of m.v. Norwegian Star 1 into Star fleet in November 2000 which was partially offset by the introduction into service of M/S Norwegian Sun in August 2001 and m.v. Norwegian Star in December 2001.

For the quarter ended December 31, 2001, NCL Group recorded a decrease in passenger cruise days of 2.5% and an increase in capacity days of 6.6%. Occupancy was lower by 9% which contributed to yield being reduced by 15.9%. On a net yield basis, the decrease is 17.7%.

## **MORE ON STAR CRUISES**

*Star Cruises is the fourth largest cruise line in the world operating a combined fleet of 19 ships with over 24,000 lower berths, with cruises to destinations and islands in Asia-Pacific, North and South America, Caribbean, Alaska, Europe, Mediterranean, Bermuda and Antarctica. By the end of fiscal year 2002, with one ship currently on order, Star Cruises with NCL will have over 26,000 lower berths. Star Cruises is represented in more than 20 locations worldwide with offices in Australia, New Zealand, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, Norway, Philippines, Singapore, Sweden, Switzerland, Taiwan, Thailand, United Kingdom and the United States of America.*

*For more information on Star Cruises and NCL, please visit [www.starcrui-ses.com](http://www.starcrui-ses.com) and [www.ncl.com](http://www.ncl.com) respectively.*

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**CONSOLIDATED STATEMENTS OF OPERATIONS**  
**FOR THE FOURTH QUARTER AND THE YEAR ENDED DECEMBER 31, 2001 AND 2000**  
**PREPARED IN ACCORDANCE WITH US GAAP**  
(in thousands of US dollars, except per share and operating data)

	Fourth Quarter ended December 31,		Year ended December 31,	
	<u>2001</u> unaudited	<u>2000</u> unaudited	<u>2001</u> audited	<u>2000</u> audited
Revenues	\$ 339,119	\$ 345,308	\$1,381,566	\$1,326,743
Costs and expenses				
Operating expenses	(225,960)	(219,968)	(862,408)	(780,136)
Selling, general and administrative expenses	(63,645)	(58,513)	(240,954)	(208,216)
Other non-recurring expenses	(30,816)	-	(30,816)	-
Depreciation and amortization	(41,770)	(38,984)	(153,753)	(140,056)
Impairment loss	(8,430)	(37,694)	(8,430)	(37,694)
Total costs and expenses	(370,621)	(355,159)	(1,296,361)	(1,166,102)
Operating income (loss)	(31,502)	(9,851)	85,205	160,641
Non-operating income (expense)				
Interest income	508	5,523	6,821	7,488
Interest expense, net of capitalized interest	(24,910)	(46,797)	(105,132)	(171,980)
Loss from affiliated operation, net	-	-	-	(748)
Other income (expense), net	(432)	52	6,450	2,844
Minority interests (net of taxes)	-	22	-	(5,650)
Income tax (expense) benefit	(952)	86	(1,759)	(18,307)
Total non-operating expense	(25,786)	(41,114)	(93,620)	(186,353)
Net loss before extraordinary items	(57,288)	(50,965)	(8,415)	(25,712)
Extraordinary items, net of tax benefits	-	(3,914)	-	(3,914)
Net loss	<u>\$ (57,288)</u>	<u>\$ (54,879)</u>	<u>\$ (8,415)</u>	<u>\$ (29,626)</u>
Loss per share in US cents:				
- Basic	(1.4)	(1.6)	(0.2)	(0.9)
- Diluted	N/A (note)	N/A (note)	N/A (note)	N/A (note)
Weighted average common stock outstanding ('000)	4,146,732	3,470,487	4,144,733	3,212,970
Weighted average common stock outstanding and assuming dilution ('000)	4,153,812	3,510,958	4,161,324	3,263,273
<u>Unaudited operating data</u>				
Passenger Cruise Days	1,778,127	1,895,370	7,133,949	6,735,894
Capacity Days	2,034,822	2,004,697	7,523,849	6,949,853
Occupancy as a percentage of capacity days	87%	95%	95%	97%

*Note: Diluted loss per share for the fourth quarter ended December 31, 2001 and 2000 and years ended December 31, 2001 and 2000 are not shown, as the diluted loss per share is less than the basis loss per share*

## **Proforma results of operations for the year ended December 31, 2000**

(unaudited, in thousands of US dollars, except operating data)

	Year ended December 31,	
	<u>2001</u>	<u>2000</u>
Reported operating income	\$85,205	\$160,641
<u>Proforma adjustments</u>		
To consolidate 100% of NCL's results from January 1, 2000 as if the acquisition of 100% of NCL had occurred on January 1, 2000	-	15,243
Proforma operating income	<u>\$85,205</u>	<u>\$175,884</u>
Reported net loss	\$ (8,415)	\$ (29,626)
<u>Proforma adjustments</u>		
To consolidate 100% of NCL's results from January 1, 2000 as if the acquisition of 100% of NCL had occurred on January 1, 2000	-	6,429
Proforma net loss	<u>\$ (8,415)</u>	<u>\$ (23,197)</u>
<u>Operating data</u>	<u>Actual</u>	<u>Proforma</u>
Passenger Cruise Days	7,133,949	7,396,010
Capacity Days	7,523,849	7,667,241
Occupancy as a percentage of capacity days	95%	96%

### Note:

The above unaudited proforma results of operations for the year ended December 31, 2000 have been prepared for illustrative purposes only and exclude any proforma adjustments for increased interest expense on acquisition debts.

## **Reconciliation of results prepared under US GAAP to HK GAAP**

The following reconciles the Group's results prepared under US GAAP to HK GAAP:

(in thousands of US dollars)	Fourth Quarter ended December 31,		Year ended December 31,	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Net loss prepared under US GAAP	\$ (57,288)	\$ (54,879)	\$ (8,415)	\$ (29,626)
<u>HK GAAP adjustments :</u>				
Interest capitalisation	(1,377)	(4,281)	(13,360)	(13,532)
Forward contract gains	5,056	-	6,396	-
Others	(360)	(936)	(664)	(842)
Net loss prepared under HK GAAP	<u>\$ (53,969)</u>	<u>\$ (60,096)</u>	<u>\$ (16,043)</u>	<u>\$ (44,000)</u>