



---

HK GAAP RESULTS RELEASE (*Note 1*)  
FOR IMMEDIATE RELEASE

10 November 2004  
INTERNATIONAL

---

**STAR CRUISES GROUP (“THE GROUP”) ANNOUNCES THIRD QUARTER AND FIRST NINE MONTHS RESULTS FOR 2004**

The commentary that follows is based on the results prepared in accordance with HK GAAP.

Key points for the quarter and in comparison with 3Q 2003: -

- Capacity decreased by 3.9% from 2.2 million to 2.1 million capacity days
- Net revenue increased by 6.4%
- Net revenue yield increased by 10.8%
- EBITDA increased by 6.0% from US\$117.5 million to US\$124.5 million
- Operating profit increased by 4.1% from US\$76.7 million to US\$79.9 million
- Net profit decreased by 10.1% from US\$51.6 million to US\$46.4 million
- Ship operating expenses per capacity day were up by 11.6%
- Selling, general and administrative expenses (“SG&A”) per capacity day were up by 9.3%

Key points for the first nine months and in comparison with first nine months of 2003: -

- Capacity decreased by 8.3% from 6.6 million to 6.1 million capacity days
- Net revenue increased by 2.8%
- Net revenue yield was up by 12.1%
- EBITDA increased by 11.7% from US\$230.7 million to US\$257.8 million
- Operating profit increased by 30.0% from US\$88.7 million to US\$115.4 million
- Net profit increased by 94.7% from US\$14.5 million to US\$28.2 million
- Ship operating expenses per capacity day were up by 7.0%
- SG&A expenses per capacity day were up by 13.8%

- *Net revenue yield represents net revenue per capacity day after deducting such costs as commissions, air ticket costs and other direct costs.*
- *Ship operating expenses represent operating expenses excluding such costs as commissions, air ticket costs and other direct costs as well as excluding non-recurring income or expenses.*
- *EBITDA represents earnings before interest, taxation, depreciation and amortisation and excluding non-recurring income or expenses.*

## Star Cruises Group

For 3Q 2004, the Group recorded a net profit of US\$46.4 million as compared with a net profit of US\$51.6 million in 3Q 2003. Excluding the proceeds of US\$9.2 million from the loss-of-hire coverage net of related expenses arising from the s/s *Norway* boiler accident in the 3Q 2003, the net profit for 3Q 2003 was US\$42.4 million.

The Group net revenue for 3Q 2004 was 6.4% higher as compared with 3Q 2003 despite a 3.9% decrease in capacity. Net revenue yield was up by 10.8% primarily due to higher net revenue per diem and higher occupancy levels. Occupancy level increased to 107.7% in 3Q 2004 from 100.4% in 3Q 2003. The capacity reduction resulted mainly from the disposal of *m.v. SuperStar Capricorn* and *m.v. SuperStar Aries* which recorded lower than average occupancies.

The 3Q 2004 ship operating expenses per capacity day were 11.6% higher as compared with 3Q 2003. The increase was largely the result of the expected higher cost structure for the NCL America fleet. SG&A expenses per capacity day were up 9.3% as compared with 3Q 2003 mainly due to negative scale economy arising from the reduction in capacity and the additional shoreside expenses in Hawaii.

EBITDA per capacity day for 3Q 2004 were 10.3% higher as compared with 3Q 2003 and operating profit per capacity day increased 8.3% as compared with 3Q 2003.

Net profit for the first nine months of 2004 was US\$28.2 million as compared to the depressed net profit of US\$14.5 million for the first nine months of 2003, which performance was severely affected by the impact from the Iraq conflict and the outbreak of Severe Acute Respiratory Syndrome ("SARS") in Asia.

Similarly, the Group net revenue for the first nine months of 2004 was 2.8% higher as compared with the first nine months of 2003 despite a 8.3% decrease in capacity. Net revenue yield was up by 12.1% in the first nine months of 2004 as compared with the first nine months of 2003 and occupancy level has also increased to 103.7% from 95.7% in the first nine months of 2003.

On a per capacity day basis, total ship operating and SG&A expenses were 8.8% higher for the first nine months of 2004 as compared with the first nine months of 2003. In large part, this was due to start up expenses and higher expenses relating to the NCL America operations in Hawaii and lay up expenses of *s/s Norway*.

EBITDA per capacity day for the first nine months of 2004 were 21.8% higher as compared with the first nine months of 2003 and operating profit per capacity day increased 41.8% as compared with the same period in 2003.

#### Star Cruises (excluding NCL)

The 3Q 2004 capacity was 41.2% lower as compared with 3Q 2003 because of the disposal of two older and less cost efficient ships and the transfer of *m.v. SuperStar Leo* (renamed *m.v. Norwegian Spirit*) to the NCL Group. Net revenue yield in 3Q 2004 was 43.2% higher as compared with 3Q 2003 and 25.3% higher as compared with 3Q 2002. The higher net revenue yield was driven mainly by higher occupancies and improved onboard revenues. Occupancy for 3Q 2004 was at 102.2% as compared with 85.1% in 3Q 2003 which saw the tail end impact of SARS. As a comparison, 3Q 2002 recorded an occupancy of 95.9%.

On a per capacity day basis, ship operating expenses increased 14.7% in 3Q 2004 as compared with 3Q 2003 as a result of higher crew payroll expenses. SG&A costs per capacity day have increased as a result of the negative scale economy impact of the capacity reduction despite a reduction in the SG&A costs of about US\$2.0 million in 3Q 2004 as compared with 3Q 2003.

In the first nine months of 2004, capacity was 24.8% lower as compared with the first nine months of 2003. Net revenue yield was 32.7% higher as compared with the first nine months of 2003 and 13.5% higher as compared with the same period in 2002. The occupancy levels increased to 94.5% in the first nine months of 2004 from 73.9% and 85.7% for the first nine months of 2003 and 2002 respectively. Ship operating and SG&A expenses per capacity day increased 5.5% as compared with the first nine months of 2003 primarily due to increased SG&A costs per capacity day for the reasons mentioned above.

#### NCL Group

Capacity days in 3Q 2004 increased by 11.7% to 1.7 million as a result of *m.v. Norwegian Spirit* joining the NCL fleet. Occupancy levels rose from 106.8% to 108.9%. Net revenue

yield increased 2.3% (+3.9% versus 2002). Ship operating expenses per capacity day rose by 9.8% primarily due to operational challenges during the start-up of *m.v. Pride of Aloha* in Hawaii and higher than budgeted manning costs on that ship. Ship operating expenses excluding *m.v. Pride of Aloha* rose by 2.4% per capacity day. SG&A expenses increased from US\$44.1 million to US\$48.8 million, which is a decrease of 1.1% on a per capacity day basis.

Capacity days for the first nine months of 2004 decreased by 1.8% to 4.7 million. Although *m.v. Norwegian Spirit* joined the fleet in mid-May 2004, the *s/s Norway* had been in service through to mid-May 2003 and so the two roughly equal sized ships have cancelled each other out in terms of capacity. Occupancy levels rose from 104.3% to 106.5%. Net revenue yield rose by 5.9% (+5.7% versus 2002). Ship operating expenses per capacity day rose by 8.1% primarily due to the build up of the US flag operation. Ship operating expenses excluding the US flag build-up were up by 2.5% per capacity day. SG&A expenses rose from US\$138.9 million to US\$153.4 million, an increase of 12.4% on a per capacity day basis. This increase has been driven in part by the shoreside costs of the new Honolulu operation and, during the early part of the year, by TV advertising campaigns in California and New York to support the new Hawaii operation and the year-round New York operation. Both of these markets are targeted for considerable growth in NCL future deployment and the decision was taken to commence the investment in consumer marketing this year in advance of the build-up.

## **ABOUT STAR CRUISES GROUP**

Star Cruises, the third largest cruise line in the world is a global cruise brand with a combined fleet of 20 ships in service and under construction, with over 29,000 lower berths, cruising to destinations and islands in Asia-Pacific, North and South America, Hawaii, Caribbean, Alaska, Europe, Mediterranean, Bermuda and the Antarctica under the Star Cruises, Norwegian Cruise Line, NCL America, Orient Lines and Cruise Ferries brands.

Star Cruises is represented in more than 20 locations worldwide with offices in Australia, China, Germany, Hong Kong, India, Indonesia, Japan, Korea, Malaysia, New Zealand, Norway, Philippines, Singapore, Sweden, Switzerland, Taiwan, Thailand, United Arab Emirates, United Kingdom and the United States of America. For more information on Star Cruises and NCL, please visit [www.starcruises.com](http://www.starcruises.com) and [www.ncl.com](http://www.ncl.com)

### **Note 1**

Since 2000, the Group has been reporting its financial results in accordance to both HK GAAP and US GAAP (“Generally Accepted Accounting Principles”). HK GAAP differs in certain respects from US GAAP. The differences include methods for treating certain descriptions shown in the financial statements, as well as disclosure requirements.

The numerous differences have resulted in a divergence of the financial numbers in the HK GAAP financial statements and the US GAAP financial statements. The presentation of these two sets of results has caused a degree of difficulty to the readers of our announcements. Accordingly, from this quarter, the Group will restrict its report to HK GAAP.

For investor relations and editorial, please contact:

**Gerard Lim**

*Chief Financial Officer*

Port Klang, Malaysia

Tel : (603) 3109 2600

Fax : (603) 3884 0213

Email : [gerard@starcruises.com.my](mailto:gerard@starcruises.com.my)

**Jane Poh**

*Vice President, Corporate Communications*

Port Klang, Malaysia

Tel : (603) 3109 2526

Fax : (603) 3109 2686

Email : [sjpoh@starcruises.com.my](mailto:sjpoh@starcruises.com.my)

- end -

**Forward-looking statements**

*This press release contains forward-looking statements that involve risks and uncertainties. These forward-looking statements are not historical facts, but rather are based on the current beliefs, assumptions, expectations, estimates and projections of the directors and management of Star Cruises Limited (the “Company”) about the industry and markets in which the Company and its subsidiaries (the “Group”) operate. These statements are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the control of the Group, are difficult to predict and could cause actual result to differ materially from those express or forecast in the forward-looking statements. Factors that could cause actual result to differ materially from those reflected in the forward-looking statements include general economic and business conditions, changes in cruise industry competition, weather and other factors. Reliance should not be placed on these forward-looking statements, which reflect the view of the Company’s directors and management as of the date of this press release only. The Company undertakes no obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the release.*

**CONSOLIDATED PROFIT AND LOSS ACCOUNTS**  
**FOR THE THREE MONTHS AND NINE MONTHS ENDED 30 SEPTEMBER 2004**  
**PREPARED IN ACCORDANCE WITH HK GAAP**

	Three months ended 30 September		Nine months ended 30 September	
	2004 US\$'000 unaudited	2003 US\$'000 unaudited	2004 US\$'000 unaudited	2003 US\$'000 unaudited
Turnover	478,657	437,518	1,246,332	1,218,176
Operating expenses (excluding depreciation and amortisation)	(293,967)	(253,513)	(801,997)	(799,233)
Selling, general and administrative expenses (excluding depreciation)	(60,157)	(57,307)	(190,908)	(182,949)
Depreciation and amortisation	(44,667)	(49,966)	(138,062)	(147,277)
	(398,791)	(360,786)	(1,130,967)	(1,129,459)
Operating profit	79,866	76,732	115,365	88,717
Interest income	735	388	2,010	2,054
Financial costs	(32,731)	(22,694)	(77,720)	(70,332)
Other non-operating expenses, net	(1,484)	(2,247)	(10,744)	(4,674)
	(33,480)	(24,553)	(86,454)	(72,952)
Profit before taxation	46,386	52,179	28,911	15,765
Taxation	36	(568)	(670)	(1,261)
Net profit for the period	46,422	51,611	28,241	14,504
Earnings per share in US cents:				
- Basic	0.88	1.04	0.53	0.29
- Diluted	0.81	1.04	0.49	0.29
Weighted average outstanding ordinary shares in thousands	5,293,202	4,946,489	5,293,181	4,946,279
Weighted average outstanding ordinary shares after assuming dilution in thousands	5,732,117	4,950,712	5,731,795	4,946,477
<u>Operating data</u>				
Passenger Cruise Days	2,242,544	2,176,090	6,317,867	6,358,900
Capacity Days	2,082,874	2,168,005	6,093,773	6,643,851
Occupancy as a percentage of total capacity days	108%	100%	104%	96%