

ROYAL CARIBBEAN CRUISES LTD

Form 10-Q

October 25, 2012

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**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 September 30, 2012**

**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

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There were 218,100,633 shares of common stock outstanding as of October 17, 2012.

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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)**

	<b>Quarter Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
Passenger ticket revenues	\$ 1,635,033	\$ 1,734,328
Onboard and other revenues	591,357	587,666
<b>Total revenues</b>	<b>2,226,390</b>	<b>2,321,994</b>
<b>Cruise operating expenses:</b>		
Commissions, transportation and other	366,100	405,674
Onboard and other	166,356	181,604
Payroll and related	201,644	210,535
Food	111,315	113,319
Fuel	213,434	202,478
Other operating	289,476	291,690
<b>Total cruise operating expenses</b>	<b>1,348,325</b>	<b>1,405,300</b>
Marketing, selling and administrative expenses	243,877	231,761
Depreciation and amortization expenses	182,051	177,191
<b>Operating Income</b>	<b>452,137</b>	<b>507,742</b>
<b>Other income (expense):</b>		
Interest income	4,744	7,070
Interest expense, net of interest capitalized	(84,977)	(98,198)
Extinguishment of unsecured senior notes	(7,485)	-
Other income (expense)	3,360	(17,656)
	(84,358)	(108,784)
<b>Net Income</b>	<b>\$ 367,779</b>	<b>\$ 398,958</b>
<b>Earnings per Share:</b>		
Basic	\$ 1.69	\$ 1.84
Diluted	\$ 1.68	\$ 1.82
<b>Weighted-Average Shares Outstanding:</b>		
Basic	217,940	217,105
Diluted	219,296	218,934
<b>Comprehensive Income (Loss)</b>		
<b>Net Income</b>	<b>\$ 367,779</b>	<b>\$ 398,958</b>

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Other comprehensive income (loss):			
Foreign currency translation adjustments		1,331	(43,786)
Gain (loss) on cash flow derivative hedges		81,322	(255,015)
Total other comprehensive income (loss)		82,653	(298,801)
<b>Comprehensive Income</b>		<b>\$ 450,432</b>	<b>\$ 100,157</b>

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)**

	<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>
Passenger ticket revenues	\$ 4,319,478	\$ 4,257,634
Onboard and other revenues	1,562,396	1,504,228
<b>Total revenues</b>	<b>5,881,874</b>	<b>5,761,862</b>
<b>Cruise operating expenses:</b>		
Commissions, transportation and other	994,535	984,397
Onboard and other	404,932	419,032
Payroll and related	618,277	613,816
Food	334,240	312,550
Fuel	680,389	556,667
Other operating	867,078	805,284
<b>Total cruise operating expenses</b>	<b>3,899,451</b>	<b>3,691,746</b>
<b>Marketing, selling and administrative expenses</b>		