

ROYAL CARIBBEAN CRUISES LTD. 1999 ANNUAL REPORT

looking



forward



An aggressive shipbuilding effort will add 10 new ships by 2004 to the Company's fast-expanding fleet of modern cruise ships. Celebrity Cruises' *Millennium* on the cover and Royal Caribbean International's *Voyager of the Seas* on the foldout are the next ship, and the newest ship, respectively, to join the globally-deployed fleet.



VOYAGER ^{OF THE} SEAS

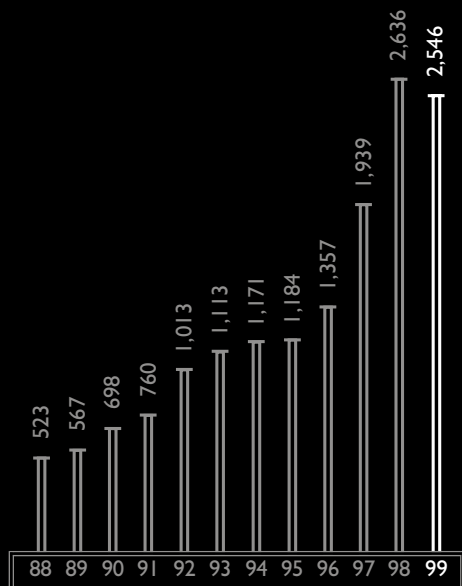
The 142,000-ton Voyager of the Seas, the newest o



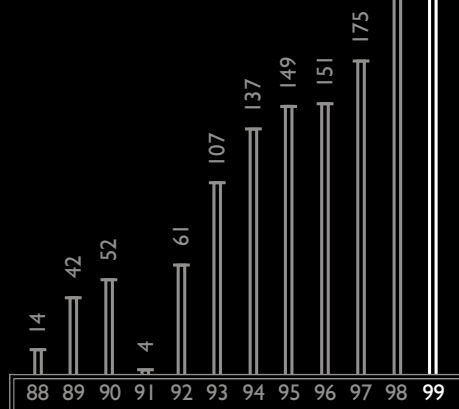
of Royal Caribbean International's ships, is revolutionizing what guests expect from their vacations.

financial highlights

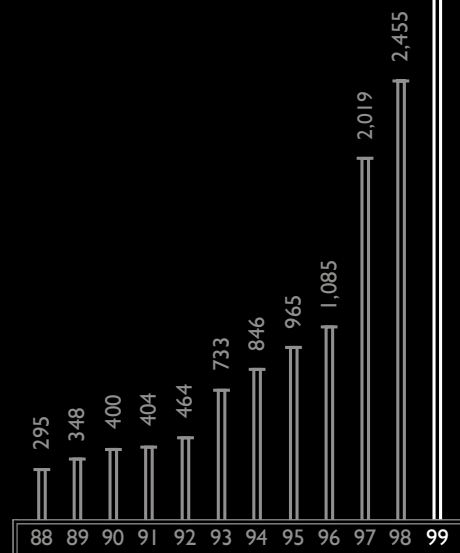
<i>In thousands, except per share amounts</i>	1999	1998	1997
Revenues	\$2,546,152	\$2,636,291	\$1,939,007
Operating Income	480,174	488,735	303,555
Income Before Extraordinary Item	383,853	330,770	182,685
Net Income	383,853	330,770	175,127
Diluted Earnings Per Share:			
Income Before Extraordinary Item	\$ 2.06	\$ 1.83	\$ 1.20
Net Income	2.06	1.83	1.15
Shareholders' Equity	\$3,261,156	\$2,454,758	\$2,018,721



REVENUES
(\$ millions)



NET INCOME
(\$ millions)



SHAREHOLDERS' EQUITY
(\$ millions)



dear shareholders

Perhaps no single event captured the year – or our imaginations – more than the delivery of *Voyager of the Seas*. When *Voyager of the Seas* pulled into the Port of Miami-Dade on that beautiful morning of November 11, there was no mistaking that everyone cheering from her decks and waving welcome banners from the piers was witnessing history being made.

Few superlatives do *Voyager of the Seas* justice. Journalists have called it “eye-popping,” “a destination in itself” and “more kid-friendly than a cocker spaniel.” Travel agents and guests have responded in more tangible ways, filling a seven-night cruise December 19 with a record 3,404 guests, and, a week later, topping *that* with 3,497 guests. It was a nice gift for the holidays. It was also validation that, perhaps, we *had* started a revolution.

NEW SHIPS

Ten new ships are under construction and will follow in the wake of *Voyager of the Seas*. The honor of the next ship out of the construction bay belongs to our Celebrity Cruises brand. The 90,000-ton *Millennium* is scheduled to set sail June 17 on a 14-night cruise from Amsterdam to Russia. Celebrity Cruises has a total of four new ships on order – all 90,000-ton Millennium-class ships. When these four vessels are completed by 2002, Celebrity Cruises will have nearly doubled the size of its fleet within three years.

Our Royal Caribbean International brand has two more 142,000-ton phenomenons in the wings in its Eagle-class series, and has four 88,000-ton vessels in the works in its Vantage design set. With all of these orders, the Company now has some \$5 billion earmarked for new-ship construction. That computes to 23,000 new berths – an approximate 70 percent increase in capacity by 2004.

There is no question that adding more than one new ship every six months will be extraordinarily challenging. There is also no question that we are extraordinarily well-placed to meet that challenge, having successfully brought 10 new ships to market *in the last five years*. We have taken extra steps to improve our recruiting, training and retention of employees and, as always, we have enormous confidence in the men and women who make us so successful. Since 1997, all employees also have received shares in our Company under a program called “Taking Stock in Employees,” thus allowing all employees to share in the Company’s growth and prosperity.

We continue to finance our growth with our strong operating cash flow, as well as access to the capital and bank markets. Again this year, we completed a public offering of 10.8 million shares of common stock. This equity offering further strengthened our balance sheet and led Standard & Poor’s and Moody’s to raise our investment grade rating to BBB and Baa2, respectively. We are pleased that the market has responded so favorably to our strong capital structure and operating fundamentals.

NEW FACILITIES

Like many with growing families, we found ourselves in need of larger quarters this year. We recently announced plans to significantly expand our facilities in Wichita, and expect to create some 400 new jobs there. Closer to home, we are planning on additional supplemental office space to accommodate expected growth in our operations.

Our newest ship also got a new home this year. Fourteen hours before *Voyager of the Seas* sailed into Miami, we officially opened a new, state-of-the-art cruise terminal at the Port of Miami-Dade. When fully completed, the new terminal will greatly speed the comings and goings of up to 10,000 guests a day. We will continue to prioritize port-development initiatives as the needs of our ships and guests evolve.

Without a doubt, our growth in fleet size, aided by a steady increase in ships' speeds, has opened a world of opportunity for us in deploying our fleet. Celebrity Cruises entered the European cruise market for the first time this year, joining sister brand Royal Caribbean International for a successful summer of sailings, despite the Kosovo conflict. We also announced plans to begin dedicated South American itineraries, starting in November 2000. Meanwhile, Royal Caribbean International embarked on longer itineraries to Europe, Asia and Australia, and recently added Africa. It also more than doubled its popular shorter sailings, offering three weeks of two-, three- and four-night cruises from Seattle, beginning in May 2000, and year-round three- and four-night trips from Port Canaveral, also starting in May 2000. Clearly, we are well-prepared for the rising tide of cruise vacationing.

Close to two million guests vacationed with Royal Caribbean International and Celebrity Cruises this year – one of every three cruisers in the North American market.

NEW SERVICES

We continue to invest heavily in information technology (IT) to support our corporate infrastructure and guest and travel-trade relations. We now have fully automated our pier-side embarkation process, shaving valuable minutes off guests' check-in and boarding procedures. We also have begun installing interactive television in guests' staterooms, enabling them to shop for shore excursions, select a dinner wine and keep tabs on their onboard activities. Another innovation, *royal caribbean online*SM, allows guests unprecedented access to the Internet and their e-mail.



EXECUTIVE OFFICERS (from left to right) Richard E. Sasso, President, Celebrity Cruises; Jack L. Williams, President, Royal Caribbean International; Richard D. Fain, Chairman and CEO, Royal Caribbean Cruises Ltd.; Richard J. Glasier, Executive Vice President and Chief Financial Officer, Royal Caribbean Cruises Ltd.

A new Customer Service Center capitalizes on our IT investment on land, using cutting-edge technology to help travel agents resolve booking and billing issues *before* guests sail. Not yet five months old, the center is already receiving top marks from our travel-agency partners.

Displaying a connectivity of a different sort altogether, hundreds of employees worldwide participated in dozens of corporate G.I.V.E. (Get Involved Volunteer Everywhere) projects, honoring a tradition of community service begun nearly three decades ago. One notable project, which involved crews on all 17 ships, was a holiday toy drive for children's charities from Bali to the Barbados. Another was a cultural exchange program pairing 100 children with crew members in Juneau, Alaska.

NEW SYSTEMS

We continue to make steady and sustained progress in our environmental program. We now have state-of-the-art, bilge-water-treatment equipment on all 17 ships, and are testing a new system to clean gray water. Celebrity Cruises' *Millennium* will be the first ship in the industry to run on environmentally-benign, gas-turbine engines, which dramatically cut smokestack air emissions. All subsequent Millennium- and Vantage-class ships will have similar equipment.

Both brands received recognition for their efforts to improve environmental performance: Celebrity Cruises with an Environmental Protection (EP) rating from Lloyd's Register of Shipping; ISO 14000 certification from the International Organization of Standards; and a perfect score – its third ever – from the U.S. Public Health Service. Royal Caribbean International also gained ISO 14000 certification.

We were able to reach a settlement agreement with the U.S. government and, at long last, conclude a long and difficult probe into the Company's past environmental practices. The Company in July pled guilty to, and agreed to pay an \$18 million fine for, pollution incidents in the mid-1990s. We have moved beyond these unacceptable events, and have strengthened our procedures even further to operate at the highest levels of environmental excellence.

Looking back over these last 12 months, there is no question that, as a company, 1999 moved us forward, raised us higher and made us stronger. I am very much indebted to the 20,000 men and women of Royal Caribbean International and Celebrity Cruises, and to the Company's Board of Directors, for their ceaseless efforts on behalf of our Company. It is they who create the forward motion.

Sincerely,



Richard D. Fain
Chairman and CEO



Captain Ioannis Papanikolaou sails Celebrity Cruises' *Century* into Europe for the first time, an important market in the Company's overall growth strategy.

An aggressive shipbuilding program, one that will add 10 new ships to the 17 today by the year 2004, is opening new opportunities for fleet deployment. New itineraries to Asia, Australia, Africa and South America were announced in 1999.

The Company now has some **\$5 billion** earmarked for new-ship construction, the



output of which will increase capacity by approximately

70 percent.



The Royal Promenade, a **four-deck-high** town square on Royal Caribbean



International's *Voyager of the Seas* has shops, bars, restaurants and staterooms with a bird's-eye view of the street.



The efforts of the **20,000** employees of Royal Caribbean



What most people recall most fondly about their cruise experience is the exceptional service they receive from individual shipboard staff and crew.

Two sisters wrote recently that their waiter, who had served them on a previous cruise, not only recognized and called them by name, but remembered exactly what they liked to eat for breakfast.

Both Royal Caribbean International and Celebrity Cruises are known for their high service levels.

International and Celebrity Cruises are driven by a **commitment** to total guest satisfaction.

Shuffleboard has been replaced by rock climbing, ice skating, in-line skating and other sports on Royal Caribbean International's *Voyager of the Seas*.

USA Today reports that the menu of offerings "is topping anything found on other ships and at most resorts on land." *The Los Angeles Times* agreed, adding, "Even the most active would barely tap the options."



Close to **2 million** guests vacationed this year with Royal Caribbean International



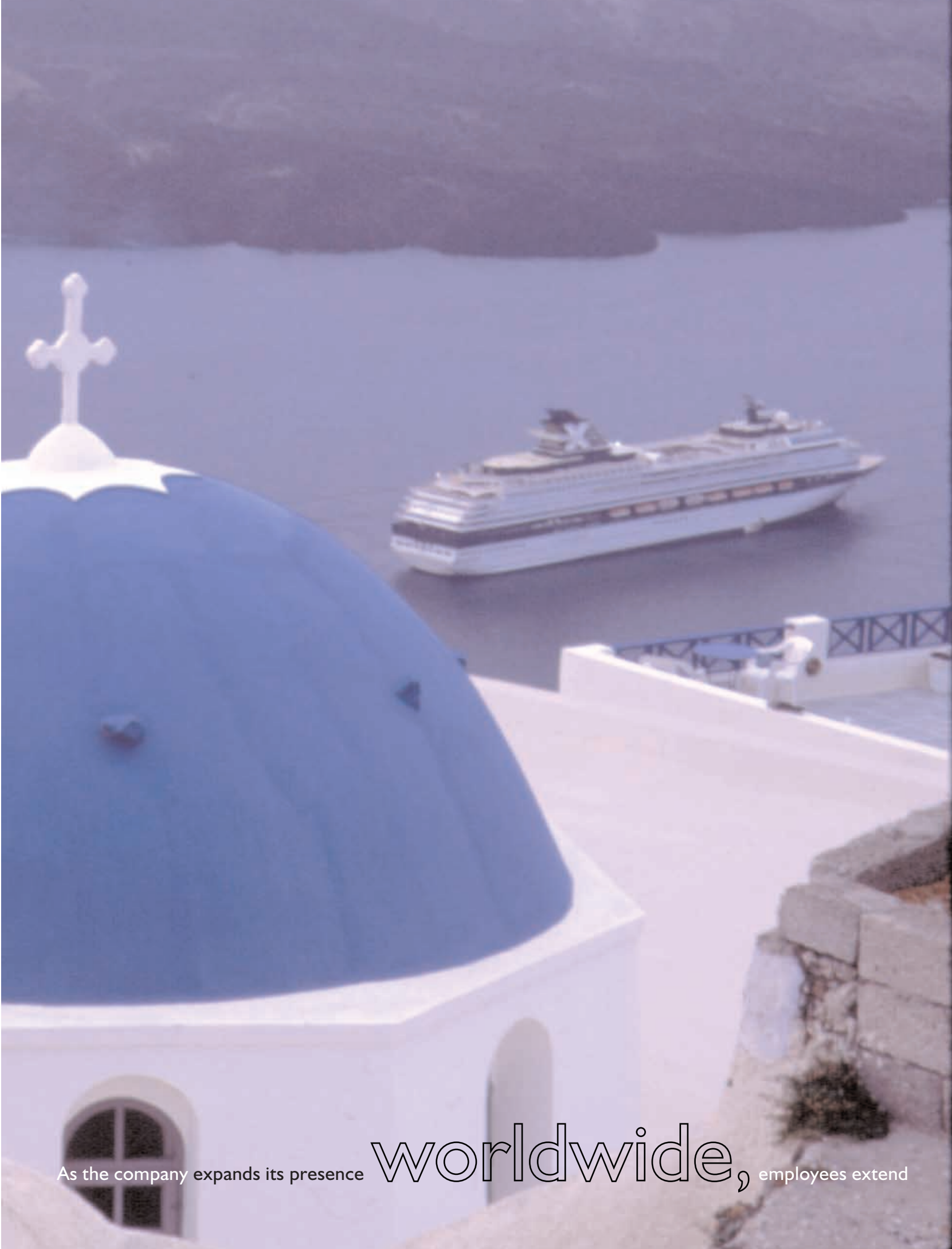
and Celebrity Cruises – **one of every three** cruisers sailing in the North American market.



The **new cruise terminal** at the Port of Miami-Dade is designed to



handle up to **10,000** arriving and departing cruise-ship guests.



As the company expands its presence worldwide, employees extend

Shipboard crew participate in the first G.I.V.E. (Get Involved Volunteer Everywhere) Dive Day. Working with The Nature Conservancy, divers clean and monitor the health of coral reefs in Key West, Florida. Every year, hundreds of employees volunteer needed services to an expanding sphere of communities. Every ship in the Royal Caribbean International and Celebrity Cruises fleet participated in one or more projects this year.



the scope of their **charitable** assistance, this year helping others from Juneau to Jamaica.



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1999 moved us forward, raised us higher and made us stronger.

shareholder information

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Internet <http://www.royalcaribbean.com>
<http://www.celebrity-cruises.com>

INDEPENDENT AUDITORS

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200 South Biscayne Boulevard
Miami, Florida 33131-2330

COMMON STOCK TRANSFER

AGENT & REGISTRAR

ChaseMellon Shareholder Services, L.L.C.
Overpeck Centre
85 Challenger Road
Ridgefield Park, New Jersey 07660
Internet <http://www.chasemellon.com>

COMMON STOCK

Common stock of Royal Caribbean Cruises Ltd. trades on the New York Stock Exchange (NYSE) and the Oslo Stock Exchange (OSE) under the symbol "RCL."

The table below sets forth the quarterly high and low prices of the common stock on the New York Stock Exchange:

1999	High	Low
First Quarter	\$40 ¹ / ₄	\$31 ³ / ₈
Second Quarter	44 ¹ / ₂	31 ¹ / ₈
Third Quarter	51 ³ / ₈	41 ¹ / ₈
Fourth Quarter	58 ³ / ₈	42 ³ / ₈

1998	High	Low
First Quarter	\$35 ⁷ / ₈	\$24 ¹ / ₄
Second Quarter	40 ³ / ₈	32 ³ / ₈
Third Quarter	43 ³ / ₂	23 ¹ / ₈
Fourth Quarter	37 ¹ / ₈	17

ANNUAL MEETING

The annual meeting will be held on Thursday, May 18, 2000 at 9 a.m. at the Hyatt Regency, Miami, Florida.

AVAILABILITY OF FORM 20-F

A copy of the Company's annual report on Form 20-F will be provided without charge upon written request to the Company.

