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Fincantieri clinches \$1.5bn order for Carnival Princess pair



Carnival Dream: the cruise line's satisfaction at the vessel and an "attractive price" led to the order for two sisterships.

Deal follows success of Carnival Dream order

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CARNIVAL has unveiled a memorandum of agreement with **Fincantieri** for two cruiseship newbuildings built to a new prototype for its upmarket Princess brand, at a cost of €1.1bn (\$1.5bn) for both ships.

The order remains subject to a definitive agreement and on Carnival securing financing.

Carnival vice-president Tim Gallagher said the company would seek to put finance in place through "conventional" routes, rather than by a share offering. But he indicated that Carnival would be interested in securing the involvement of the Italian export credit agency.

The pair of orders comes on the heels of Carnival's order for a sistership in the Dream class for the flagship Carnival brand, which was awarded to the Italian shipbuilding group last December.

The *Carnival Dream* sistership, with a

dollar-denominated cost of some \$740m, was the only cruiseship newbuilding order placed in 2009.

Assuming the deal for the Princess pair goes ahead, **Fincantieri** will have the distinction of securing the world's first three cruiseship orders following the 2008-2009 recession, all from Carnival.

Fincantieri, which is under political pressure to preserve shipbuilding jobs, highlighted the possibility that the Princess breakthrough might spawn more sistership orders.

Fincantieri chief executive **Giuseppe Bono** said: "Since these are prototypes, we hope that in the years to come they will be followed by a substantial number of ships of the same family."

"This important agreement is a source of pride and optimism for us. I am confident that we will once again be supported by all the stakeholders in our national system."

Mr Gallagher refused to comment on the prospect of future orders.

Carnival chief executive Micky Arison, in public comments since last autumn, has highlighted the group's intention to place new orders for Princess, which has been mentioned as the brand in the Car-



nival family with the most urgent need for new ships. Carnival has also previously stated it was in "detailed talks with several shipyards" regarding this project.

Carnival said at the time that the spontaneous decision to order the sistership at **Eincantieri** was sparked by the company's satisfaction at the *Carnival Dream* and the "attractive price" offered by **Eincantieri**.

Mr Gallagher said the matter of a negotiating a new prototype for the Princess fleet was "more complicated and was always going to take longer than a simple sistership order". Still, he said, pricing was an important factor in selecting **Eincantieri**.

Meyer Werft of Germany and **Eincantieri** have popularly been seen as candidates for securing the new order.

The all-in cost of a cruiseship includes all fittings and extras, but the contacted price at the shipyard alone is always lower. The Princess pair has an estimated all-in per-berth cost of €155,000, which works out at an all-inclusive price of €558m per ship.

The pair expected to be confirmed for Princess would be 139,000 gt each, with a berth capacity of 3,600, and scheduled for delivery in 2013 and 2014.

The Dream-class sistership for Carnival, a 130,000 gt vessel with 3,700 berths, is due for delivery in 2012.

Cruiseships on order by leading groups

Group	No of ships	Lower berth capacity	Estimated value (\$bn)
Carnival	15	37,200	8.6
RCCL	4	13,950	3.5
MSC	3	7,650	1.6
Star/NCL	1	4,200	0.7
Disney	2	5,000	1.1
Oceania	2	2,520	1.0

Note: includes vessels with 400+ lower berth capacity. Source: Lloyd's Shipping Economist