CRUISE BALTIC MARKET REVIEW 2017

February 2017

INTRODUCTION

Cruise Baltic is a network of 10 countries with 29 cruise destinations in the Baltic Sea.

Three additional destinations (St. Petersburg, Kiel and Riga) have been included in the analysis to achieve a full view of the entire region.

The purpose of this report is to present an updated view of the developments in the cruise sector in the Baltic Sea Region, including data on passengers, calls and turnarounds.

The information presented in this report is based on a collection of data among ports in the Baltic Sea Region as of February 2017. The report presents the actual developments until 2016 and the expected numbers for 2017

SUMMARY

In 2016 cruise business in the Baltic Sea had an increase in the number of passengers visiting the region, amounting to a total number of 4,333,529 pax. The region experienced positive growth rates within calls and turnarounds.

In 2016:

- The total number of passengers increased by 1.2%
- The total number of calls was stable
- The total number of turnarounds increased by 14.1%

Estimates for 2017 are overall positive, predicting an increase in all numbers.

In 2017:

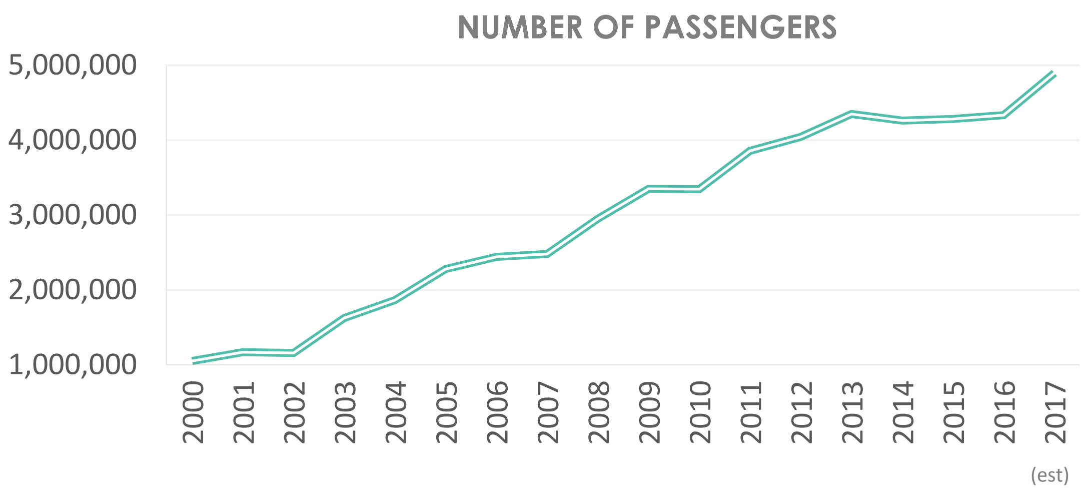
- The total number of passengers will increase by 13.0%
- The total number of calls will increase by 15.2%
- The total number of turnarounds will increase by 3.5%

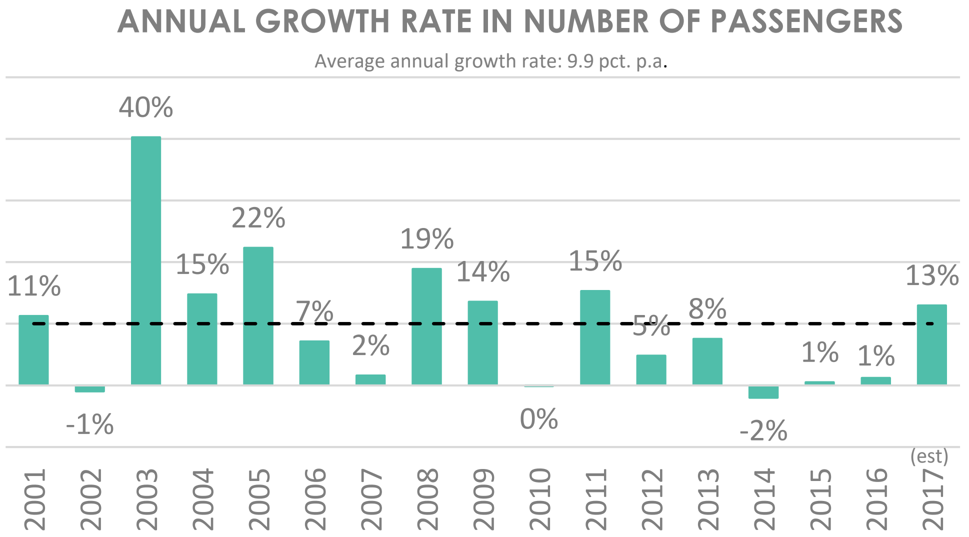
PASSENGERS

The number of passengers visiting the Cruise Baltic destinations in 2016 increased by 1.2% compared to number of passengers in 2015.

From 2000-2016 the number of passengers increased by an average annual rate of 9.9% per year (from 1.1 mill. in 2000 to 4.3 mill. in 2016).

Expected number of passengers in 2017 is increasing (13%) compared to 2016 with an increase of 561,972 pax.



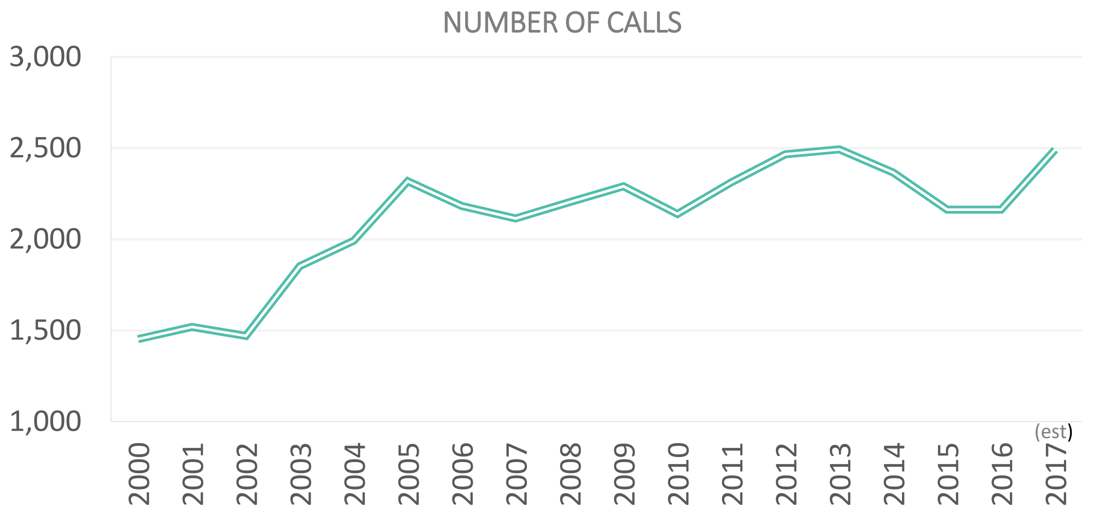


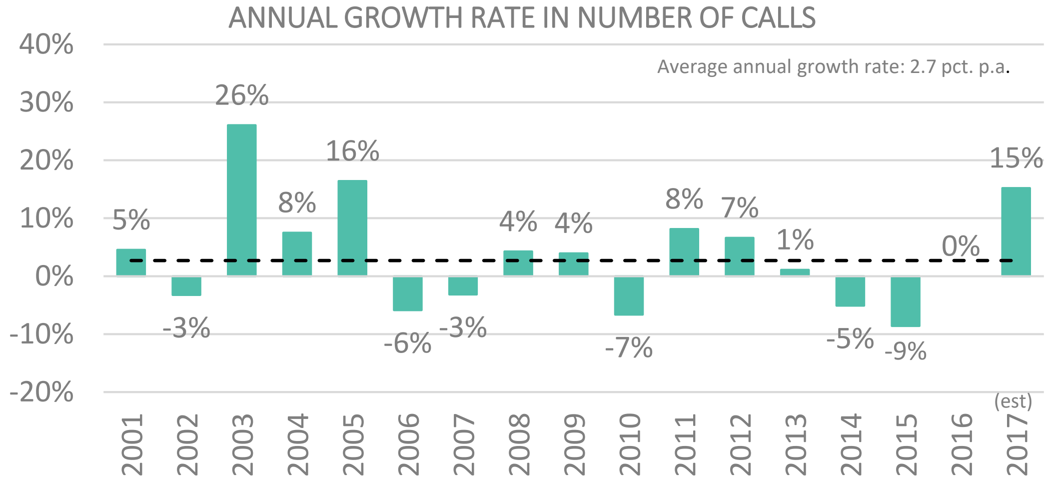
CALLS

The number of calls stayed stable with 2,163 calls in total.

From 2000-2016 the number of calls increased by an average annual rate of 2.7% per year (from 1.453 in 2000 to 2,163 in 2016).

The Cruise Baltic ports anticipate an increase of 15.2% in the total number of calls and expect 2,492 calls in 2017.



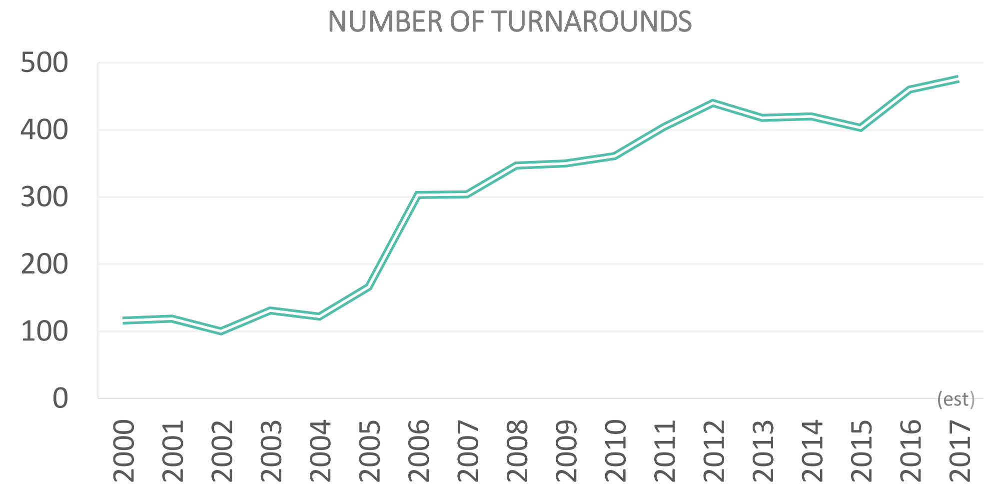


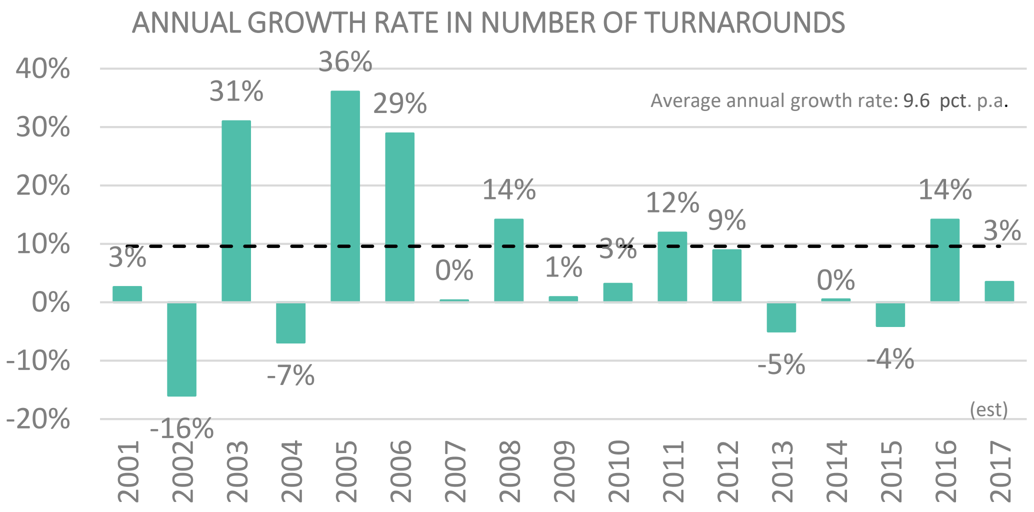
TURNAROUNDS

The number of turnarounds increased by 14.1% from 2015 to 2016, from a total of 403 to 460 turnarounds.

An increase of 3.5% is expected in 2017 (from 460 in 2016 to an estimated 476 in 2017).

From 2000-2016 the number of turnarounds increased by an average annual rate of 9.6% per year (from 116 in 2000 to 460 in 2016).





CRUISE BALTIC SEGMENTS

Small (0-24 calls)	Aalborg (21), Rønne (20), Lübeck-Travemünde (14), Skagen (13), Mariehamn (9), Helsingborg (8), Turku (8), Arendal (4), Kalmar (4), Fredericia (4), Saaremaa (2), Karlskrona (2), Malmö (2), Elsinore (2), Kalundborg (1), Kemi (1), Kalundborg (1), Kotka (0)
Medium (25-49 calls)	Visby (43), Gothenburg (34), Gdansk (32), Aarhus (29)
Large (50-199 calls)	Rostock (181), Kiel (147), Oslo (82), Kristiansand (66), Riga (63), Klaipeda (52)
X-Large (200+ calls)	Copenhagen (306), St. Petersburg (272), Tallinn (271), Helsinki (240), Stockholm (230)

Based on 2016 calls. Compared to 2015 Rønne moved from the medium to the small segment. Aarhus moved from the small to the medium segment, while Gothenburg and Visby moved to the medium from the large segment.

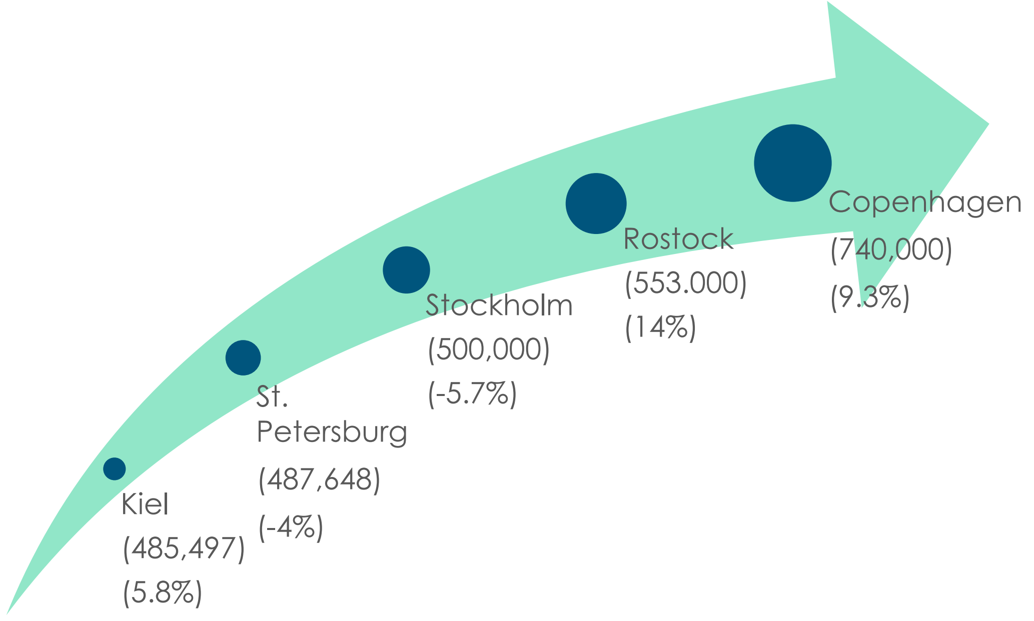
TOP 5:
MOST PASSENGERS 2016

Copenhagen is the largest port in terms of passengers, it has experienced a 9.3% increase in passengers in 2016 compared to 2015.

Rostock has had the highest growth rate of 14% growing from 485,000 passengers in 2015 to 553,000 passengers in 2016. Copenhagen also experienced a positive growth (9.3%) moving from 677,000 passengers in 2015 to 740,000 passengers in 2016.

Stockholm and St. Petersburg experienced a decline in 2016.

Expectations for 2017 are positive, only Kiel is expecting a decrease by -13.5%. Rostock will remain stable while Stockholm, St. Petersburg and Copenhagen will grow (34.0%, 17.5%, and 14.9%)

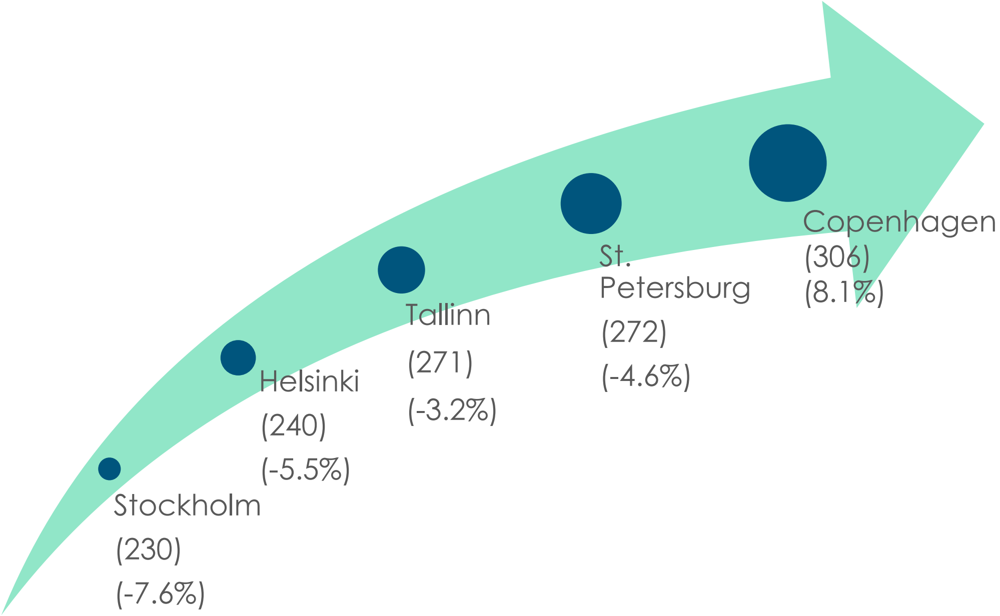


TOP 5: MOST CALLS 2016

The number of calls in 2016 decreased in four out of the Top 5 ports. Stockholm decreased the most with -7.6%, Helsinki by -5.5%, St. Petersburg by -4.6%, and Tallin by -3.2%. Only the number of calls in Copenhagen increased (8.1%).

The number of calls is expected to increase in all of the five ports in 2017: Copenhagen by 4.9%, Tallinn by 17.3%, Helsinki by 10.4%, Stockholm by 18.7%, and St. Petersburg by 18%.

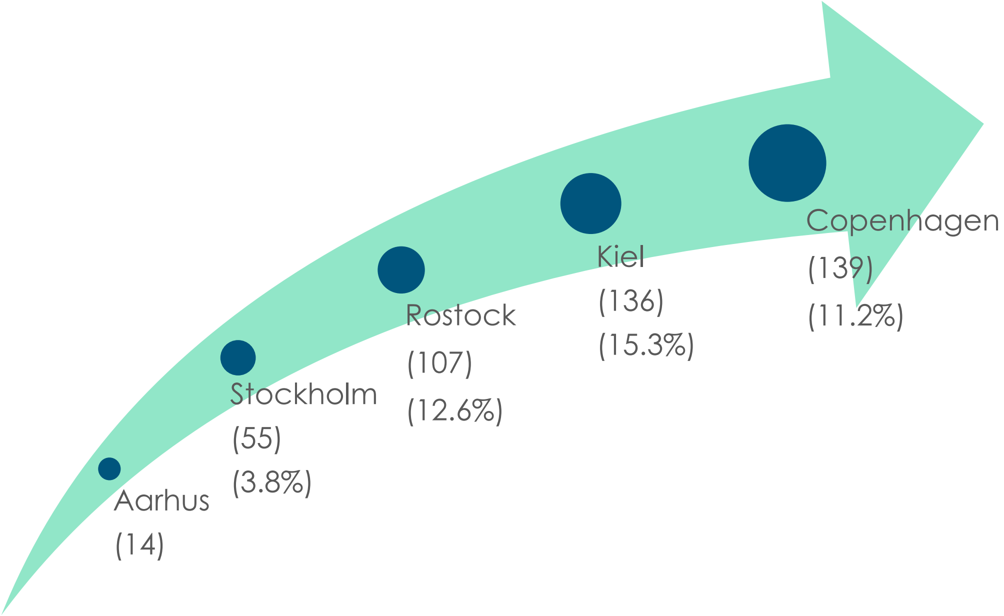
The Top 5 ports amount to 1.319 calls out of the total 2.163 calls in 2016, accounting for 63.9% of all calls.



TOP 5:
MOST TURNAROUNDS 2016

Four out of the Top 5 turnaround ports are the same as in 2014 and 2015. Copenhagen has experienced an increase of 11.2%, so have Kiel (15.3%), Rostock (12.6%), and Stockholm (3.8%). Aarhus has had 14 turnaround calls in 2016.

Expectations for 2017 see an increase for Copenhagen (8.6%), Stockholm (34.5%), and Rostock (4.7%). Kiel is expecting a decrease of -5.9%, while Aarhus is not planning to have any turnaround calls at all.



THE LARGE SEGEMENT

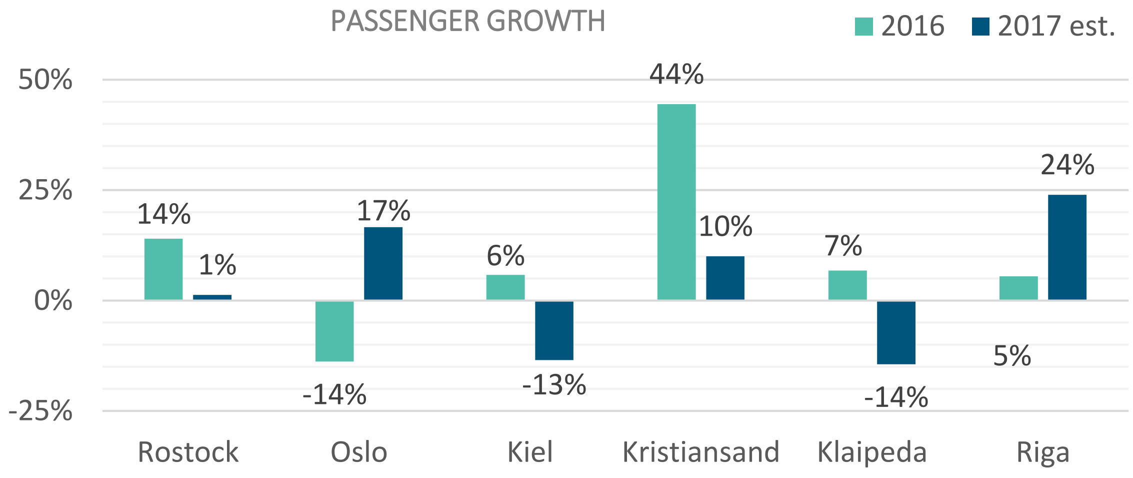
(50-199 CALLS)

The Large segment consists of Rostock (181), Kiel (147), Oslo (82), Kristiansand (66), Riga (63), and Klaipeda (52).

The segment grew in passenger numbers 7.9% in 2016 but is expected to decrease -0.8% in 2017. Rostock increased by 14%, Kristiansand by 44.5%, Kiel increased by 5.8%, Riga by 5.5%, and Klaipeda by 6.8%. Oslo decreased by -13.8%.

Between them, the destinations had 591 calls in 2016 and will increase by 2.2% in 2017 to 604 calls.

Rostock and Kiel had turnarounds in 2016, respectively 107 and 136. In 2017 Rostock (112), Kiel (128), and Oslo (3) will have turnarounds.



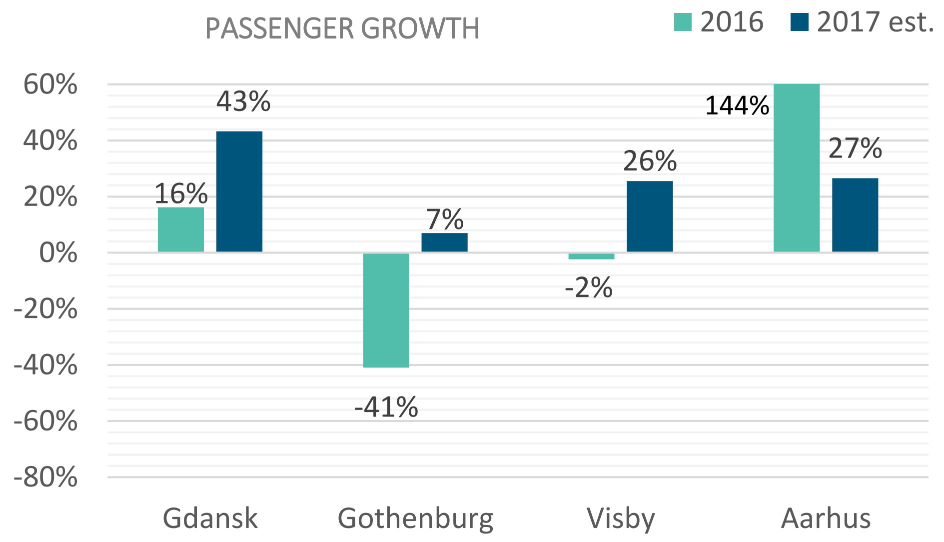
THE MEDIUM SEGEMENT

(25-49 CALLS)

The medium segment consists of Visby (43), Gothenburg (34), Gdansk (32), and Aarhus (29).

The segment increased in passenger numbers by 2.5% in 2016 and is expected to increase 21.4% in 2017. However, Gothenburg decreased by -41% and Visby by -2.3%. Gdansk and Aarhus both grew by 16.2% and 144.2%.

Between them, the destinations had 138 calls in 2016 and will increase with 40.6% in 2017 to 194 calls.



THE SMALL SEGEMENT

(0-24 CALLS)

The small segment consists of Aalborg (21), Rønne (20), Lübeck-Travemünde (14), Skagen (13), Mariehamn (9), Malmö (2), Turku (8), Helsingborg (8), Arendal (4), Kalmar (4), Fredericia (4), Saaremaa (2), Karlskrona (2), Elsinore (2), Kalundborg (1), Kemi (1), Kotka (0).

Overall the passenger figures in the small segment decreased by -17.2% in 2016. The segment is characterized by great variation with 4 destinations growing more than 100% and 7 destinations decreasing.

Passenger numbers for 2017 overall is expected to grow by 90.7%. The segment had 115 calls in 2016, a 5.5% increase from 2015. Calls are expected to go up in 2017 by 70.4% to 196 calls.

Kalundborg and Lübeck-Travemünde are new destinations.

STRONG GROWTH IN 2016 ≈100%

Karlskrona (166.7% 600 to 1,600)
Helsingborg (109% 6,700 to 14,000)
Kalmar (365.9% 328 to 1,528)
Elsinore (420% 200 to 1,040)

GROWTH IN 2016

Mariehamn (36.6% 5,500 to 7,513)
Aalborg (44.9% 12,685 to 18,380)
Rønne (18% 7,885 to 9,307)

DECREASE IN 2016

Malmö (-95% 31,700 to 1,600)
Saaremaa (-80,1% 3,623 to 720)
Skagen (-50.3% 21,888 to 10,880)
Arendal (-39% 5,250 to 3,200)
Kemi (-67.5% 2,500 to 812)
Fredericia (-42.2% 11,668 to 6,746)
Turku (-42.3% 7,500 to 4,325)

DEFINITIONS AND TERMINOLOGY

What is a cruise?

A Cruise is a voyage of at least 60 hours by a seagoing vessel, mainly for pleasure. No cargo/rolling stock will be transported but only passengers with tickets that should include accommodation and all meals. The Cruise voyage must include at least two visiting ports apart from the starting and ending port.
This definition is based on Cruise Europe's definition.

Number of passengers

Counted according to Cruise Europe's definition, i.e. turnaround passengers count double and stopovers count single.

Terminology

When a ship enters a port, it "calls". The number of calls in a port is hence the number of ships visiting that port. A call is called a turnaround*, if the passengers leave the ship at the port and new passengers board the ship.
A cruise tourist is a person buying a cruise trip. A cruise includes visits to several cities/ports; each time the tourist is counted as a passenger in that city/port (a passenger visit). If the cruise tourist stays on the ship for 7 nights and visits 5 cities/ports, he or she is counted as 1 tourist, but as a passenger 5 times with 7 bed-days (on board the ship).
In this report we look at passengers and port visits.

**Turnarounds also include part-turnarounds. A call is defined as a part-turnaround if at least 25%, but not all of the passengers leave the ship and new passengers board.*

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