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Profits surge at Royal Caribbean as industry rebound continues

By [Gene Sloan](#), USA TODAY



Royal Caribbean's 3,114-passenger Voyager of the Seas.

CAPTION

Courtesy Royal Caribbean

Industry giant Royal Caribbean Cruises (NYSE: RCL) today announced better-than-expected fourth quarter earnings as demand for cruises continued to rebound from the downturn of late 2008 and 2009.

The world's second largest cruise company reported a profit of \$42.7 million for the quarter, or 20 cents per share -- a sharp rise from the same period a year ago when the company made a profit of just \$3.4 million.

"These improved results reflect the strong reception our new ships have received along with the solid branding our different cruise brands have enjoyed," Royal Caribbean Cruises chairman and CEO Richard Fain says in a statement, adding that the busy winter booking period known as "wave season" also is looking upbeat. "Wave is off to a solid start and supports our earlier confidence in meaningful pricing recovery and record financial performance in 2011."

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GALLERY: [Cabins on Royal Caribbean's Allure of the Seas](#)

Royal Caribbean Cruises is the parent company of several major cruise brands including its namesake Royal Caribbean, Celebrity Cruises and Azamara Club Cruises. Both the Royal Caribbean and Celebrity Cruises brands have rolled out major, headline-grabbing new vessels over the past two years, including the world's two largest cruise ships: the Royal Caribbean brand's 5,400-passenger Allure of the Seas and sister Oasis of the Seas.

Royal Caribbean says net yields -- a measure of how much it makes per berth -- increased 3.2% during the third quarter. The company says the number would have been even higher if not for what it calls "extreme weather" in some areas where its ships sail. Absent the unusual weather, which caused some customers to miss sailings, net yields would have been up 4.7%, the company says.

Net cruise costs on a per berth basis during the quarter were flat.

For the full year of 2010, Royal Caribbean reported earnings of \$547.5 million, or \$2.51 per share, on revenue of \$6.8 billion. That's up sharply from earnings of \$162.4 million on revenue of \$5.9 billion in 2009.

Net yields for 2010 as a whole were up 4.2% from 2009.

Royal Caribbean says it expects net yields to be up another 4% to 6% in 2011, and it is projecting earnings for the year of between \$3.25 and \$3.45. The company says it expects to earn 10 to 15 cents a share during the first quarter of 2011.

In a research note issued after the earnings release, analyst Tim Conder of Wells Fargo calls the first quarter guidance "disappointing," noting it is below Wall Street consensus. Shares of Royal Caribbean Cruises are down more than 5% in early trading.