ModernGraham Valuation

Company Name: Royal Caribbean Cruises Ltd

Company Ticker RCL

Date of Analysis 6/2/2018

Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > $2Bil	$22,515,040,396	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.20	Fail
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	274.19%	Pass
6. Moderate PEmg Ratio	PEmg < 20	15.90	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.13	Pass

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	0.20	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-1.84	Fail
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Pass
	Score		

Suitability

Defensive	**No**
Enterprising	**No**

Stage 2: Determination of Intrinsic Value

EPSmg		$6.69
MG Growth Estimate		15.00%
MG Value		**$257.39**
MG Value based on 3% Growth		$96.94
MG Value based on 0% Growth		$56.83
Market Implied Growth Rate		3.70%

MG Opinion

Current Price		$106.33
% of Intrinsic Value		41.31%
Opinion	**Undervalued**	
MG Grade	**C**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$57.54
Graham Number	$98.41
PEmg	15.90
Current Ratio	0.20
PB Ratio	2.13
Current Dividend	$2.16
Dividend Yield	2.03%
Number of Consecutive Years of Dividend Growth	7

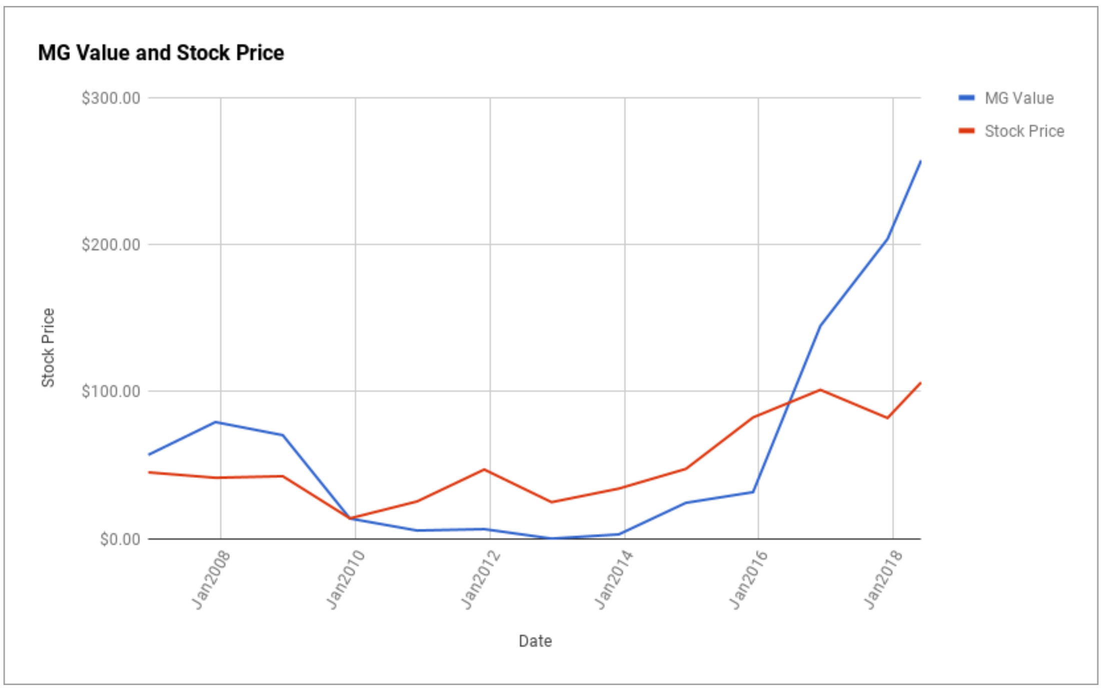
Useful Links:

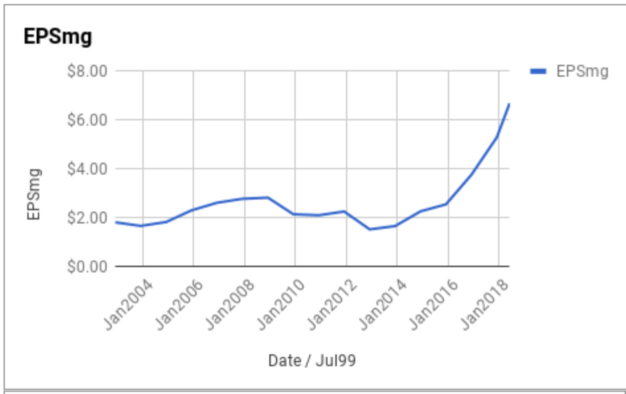
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

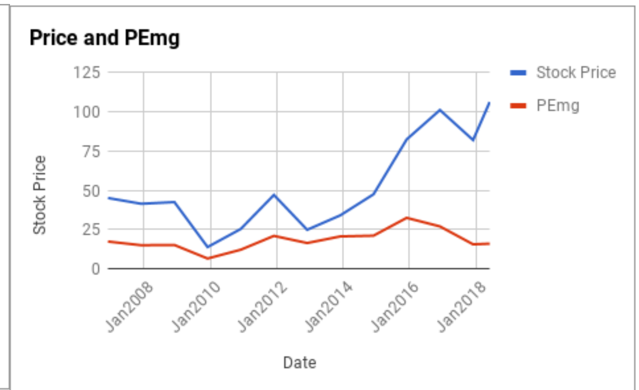
EPS History	
Next Fiscal Year Estimate	$8.58
Dec2017	$7.53
Dec2016	$5.93
Dec2015	$3.02
Dec2014	$3.43
Dec2013	$2.14
Dec2012	$0.08
Dec2011	$2.77
Dec2010	$2.37
Dec2009	$0.75
Dec2008	$2.68
Dec2007	$2.82
Dec2006	$2.94
Dec2005	$3.26
Dec2004	$2.26
Dec2003	$1.42
Dec2002	$1.79
Dec2001	$1.32
Dec2000	$2.31
Dec1999	$2.06
Dec1998	$1.83

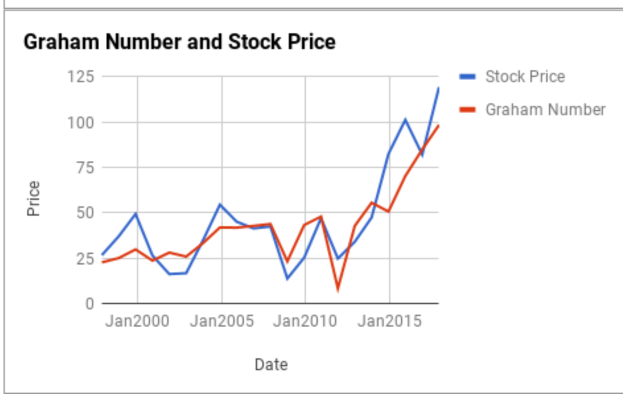
EPSmg History	
Next Fiscal Year Estimate	$6.69
Dec2017	$5.30
Dec2016	$3.76
Dec2015	$2.54
Dec2014	$2.26
Dec2013	$1.65
Dec2012	$1.52
Dec2011	$2.25
Dec2010	$2.10
Dec2009	$2.14
Dec2008	$2.82
Dec2007	$2.77
Dec2006	$2.61
Dec2005	$2.30
Dec2004	$1.82
Dec2003	$1.66
Dec2002	$1.81

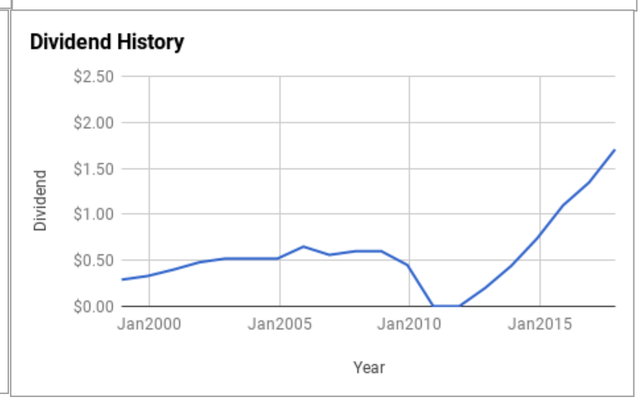
Balance Sheet Information	**3/1/2018**
Total Current Assets	$1,034,526,000
Total Current Liabilities	$5,195,154,000
Long-Term Debt	$7,664,722,000
Total Assets	$23,970,972,000
Intangible Assets	$288,479,000
Total Liabilities	$13,324,176,000
Shares Outstanding (Diluted Average)	213,602,000











Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

Other ModernGraham posts about the company	#N/A
Other ModernGraham posts about related companies	[Expedia Group Inc Valuation – May 2018 $EXPE] [Booking Holdings Inc Valuation – April 2018 $BKNG] [TripAdviser Inc Valuation – March 2018 $TRIP] [Expedia Inc Valuation – February 2017 $EXPE] [Priceline Group Inc Valuation – July 2016 $PCLN] [TripAdvisor Inc Valuation – June 2016 $TRIP] [TripAdvisor Inc. Valuation – November 2015 Update $TRIP] [Expedia Inc. Analysis – October 2015 Update $EXPE] [Tripadvisor Stock Analysis – August 2015 Update $TRIP] [Priceline Group Annual Valuation – 2015 $PCLN]