

# ModernGraham Valuation

Royal Caribbean  
Cruises Ltd



## Company Name:

Company Ticker RCL

Date of Analysis

3/14/2019

## 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	\$24,317,988,750	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	0.17	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	396.93%	Pass
6. Moderate PEmg Ratio	PEmg < 20	14.42	Pass
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	2.20	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	0.17	Fail
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	-1.42	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 Score		Pass

### Suitability

<b>Defensive</b>	<b>No</b>
<b>Enterprising</b>	<b>No</b>

## Stage 2: Determination of Intrinsic Value

EPSmg	\$8.06
MG Growth Estimate	15.00%
<b>MG Value</b>	<b>\$310.46</b>
MG Value based on 3% Growth	\$116.93
MG Value based on 0% Growth	\$68.54
Market Implied Growth Rate	2.96%

### MG Opinion

Current Price	\$116.25
% of Intrinsic Value	37.44%
<b>Opinion</b>	<b>Undervalued</b>
<b>MG Grade</b>	<b>C</b>

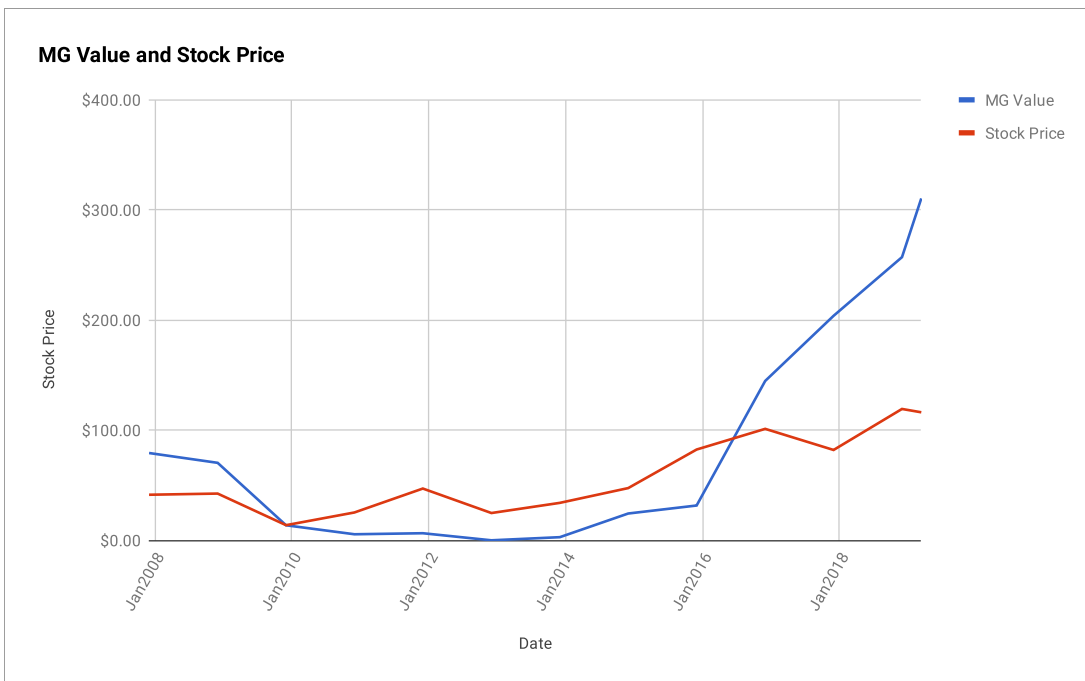
## Stage 3: Information for Further Research

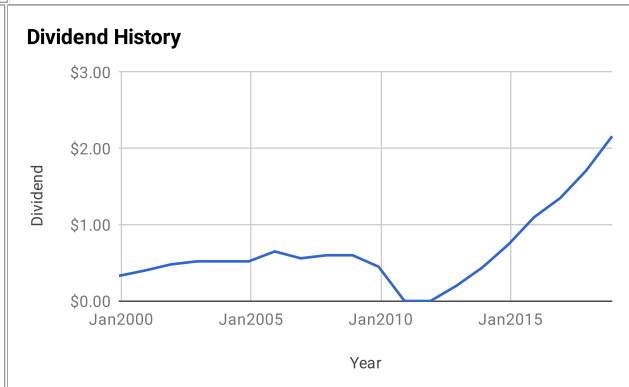
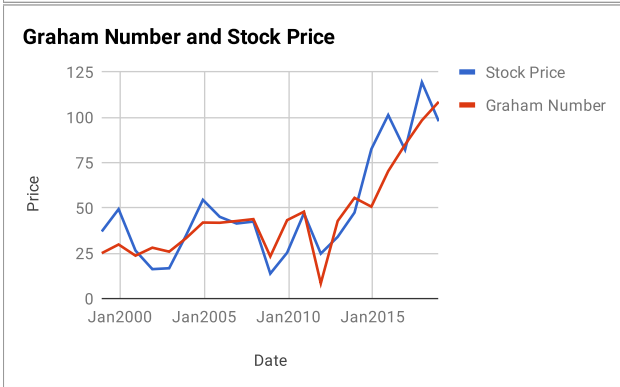
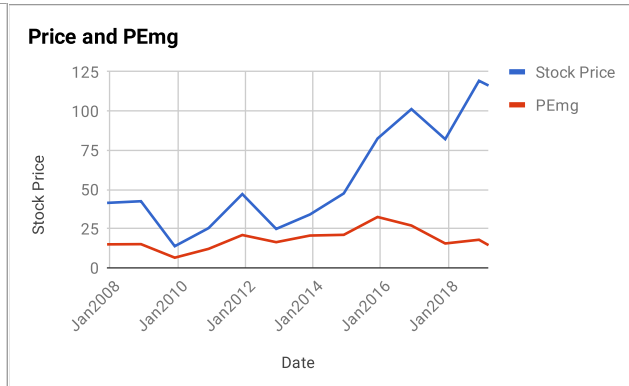
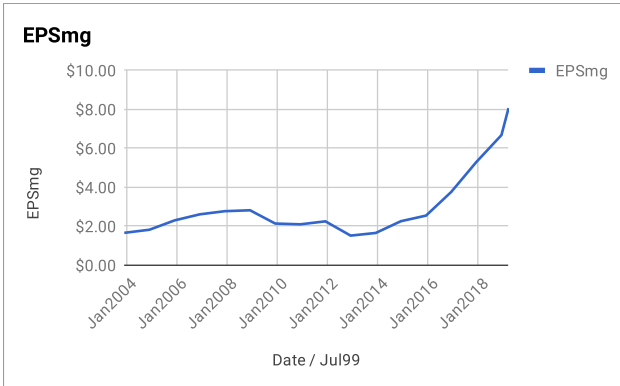
Net Current Asset Value (NCAV)	-\$73.00
Graham Number	\$108.51
PEmg	14.42
Current Ratio	0.17
PB Ratio	2.20
Current Dividend	\$2.60
Dividend Yield	2.24%
Number of Consecutive Years of Dividend Growth	8

### Useful Links:

<a href="#">ModernGraham tagged articles</a>	<a href="#">Morningstar</a>
<a href="#">Google Finance</a>	<a href="#">MSN Money</a>
<a href="#">Yahoo Finance</a>	<a href="#">Seeking Alpha</a>
<a href="#">GuruFocus</a>	<a href="#">SEC Filings</a>

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$9.85	Next Fiscal Year Estimate	\$8.06
Dec2018	\$8.56	Dec2018	\$6.68
Dec2017	\$7.53	Dec2017	\$5.30
Dec2016	\$5.93	Dec2016	\$3.76
Dec2015	\$3.02	Dec2015	\$2.54
Dec2014	\$3.43	Dec2014	\$2.26
Dec2013	\$2.14	Dec2013	\$1.65
Dec2012	\$0.08	Dec2012	\$1.52
Dec2011	\$2.77	Dec2011	\$2.25
Dec2010	\$2.37	Dec2010	\$2.10
Dec2009	\$0.75	Dec2009	\$2.14
Dec2008	\$2.68	Dec2008	\$2.82
Dec2007	\$2.82	Dec2007	\$2.77
Dec2006	\$2.94	Dec2006	\$2.61
Dec2005	\$3.26	Dec2005	\$2.30
Dec2004	\$2.26	Dec2004	\$1.82
Dec2003	\$1.42	Dec2003	\$1.66
Dec2002	\$1.79	<b>Balance Sheet Information 12/1/2018</b>	
Dec2001	\$1.32	Total Current Assets	\$1,242,044,000
Dec2000	\$2.31	Total Current Liabilities	\$7,112,165,000
Dec1999	\$2.06	Long-Term Debt	\$8,355,370,000
		Total Assets	\$27,698,270,000
		Intangible Assets	\$1,378,353,000
		Total Liabilities	\$16,592,809,000
		Shares Outstanding (Diluted Average)	210,297,000





**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** [Royal Caribbean Cruises Ltd Valuation – Initial Coverage June 2018 \\$RCL](#)

**Other ModernGraham posts about related companies** [Hilton Worldwide Holdings Inc Valuation – February 2019 \\$HLT](#)  
[Carnival Corp Valuation – February 2019 \\$CCL](#)  
[Marriott International Inc Valuation – January 2019 \\$MAR](#)  
[Norwegian Cruise Line Holdings Ltd Valuation – January 2019 \\$NCLH](#)  
[Wyndham Worldwide Corp Valuation – May 2018 \\$WYN](#)  
[Carnival Corp Valuation – April 2018 \\$CCL](#)  
[Marriott International Inc Valuation – March 2018 \\$MAR](#)  
[Norwegian Cruise Line Holdings Ltd Valuation – Initial Coverage \\$NCLH](#)  
[Wyndham Worldwide Corp Valuation – January 2017 \\$WYN](#)  
[ILG Inc Valuation – Initial Coverage \\$ILG](#)