

Section I. Executive Summary

The purpose of this Business Plan is to demonstrate the tremendous business potential that exists in the Cruise Industry. This document sets out this exciting opportunity to two intended audiences: -

1. Firms in the Travel, Transport and Tourism industries who may find a cruise business complimentary to your core businesses.
2. Firms currently involved in the Cruise Industry as an illustration of the author's executive ability and business understanding.

This Business Plan identifies the means by which V-Cruises will achieve our mission "To create a profitable holiday business, delighting guests and employees alike through an innovative, dynamic and fun experience."

V-Cruises presents a compelling Business Case as a stand alone business model as illustrated in the financial projections. V-Cruise becomes even more interesting for those firms which can take advantage of the identified synergies.

V-Cruises will commence operations with a 1,200 passenger ship, and grow to a fleet of four ships (2 x 1,200 and 2 x 1,950) during the first five years of operations. My financial projections are built upon a set of conservative assumptions, ensuring greater upside potential than downside risk. Even with these assumptions, V-Cruises has a positive cash flow in Year 1 and delivers an EBIT of US\$20 million. By Year 5 of operations, V-Cruises' EBIT rises to over US\$120 million per annum. At the end of Year 5, V-Cruises will have a business valuation of US\$330-US\$390 million.

Incremental to these financial projections are a range of tangible synergies available to a range of business. Following my vessel introduction plan, V-Cruises will yield US\$626 million through Year 5 and US\$1.3 billion through Year 10 to companies engaged in the V-Synergies Group*.

Tremendous opportunity exists in the Cruise Industry because penetration into the Travel and Tourism sector is low, and demand for cruises will continue to soar. This represents a major opportunity for the business-savvy and innovative cruise line. Currently, of the 763 million international tourists each year, less than 2% are Cruisers. Over the next five years, passenger demand will increase by 8-10% and industrial maturity remains 40 years into the future.

Market structure is receptive for a new cruise line due to the vast operating arena. While 70% of the global cruise capacity is ultimately controlled by the "Big 3" corporate entities; Carnival, Royal Caribbean and Star Cruises; at a competitive level there are 111 cruise lines operating 338 ships carrying over 15 million guests per annum.

* V-Synergies Group is a term that describes one or more companies who have become involved in V-Cruises with the objective of deriving synergies from a cruise operation.

With all four ships in operation, V-Cruises will still hold less than 2% market share, meanwhile we will position ourselves in the widest market segments to ensure a solid platform for growth during our start up years, namely; -

1. In the 'Standard' and 'Premium' market sectors, representing 80% of the global cruise capacity.
2. Towards the North American and British passenger source markets, or about 75% of global passenger demand.
3. Initially in the primary cruising grounds of the Caribbean and Mediterranean (over 50% of the annual deployments) to take advantage of the infrastructure and market appeal of these regions.

Shortcomings exist in the current cruise product provision which will be filled through V-Cruises' Innovative, Dynamic and Fun (IDF) framework described throughout this Business Plan. V-Cruises provides an entire holiday experience, not simply a resort or destination. As we have our guests with us for only the briefest of time; we have a responsibility to relax, revitalise, excite and invigorate – returning them home having had a truly remarkable break. This philosophy permeates our Price, Product, Brand and Promotion.

The Cruise Industry is in need of a fresh new product and through IDF V-Cruises meets this demand. A cruise holiday is becoming more mainstream, attracting a wider range of customer demographics. To date, the Cruise Lines' primary competition has come from Land Based Resorts but in looking forward increased competition within the industry will separate the innovators from the rest of the pack. Evidence of this can be seen in the increased advertising and promotional campaigns by the Cruise Lines.

Competitive advantage and business success are inevitable with the model illustrated in this business plan. It does offer an opportunity to a wide range of potential parties. Existing cruise lines will recognise many of the elements, meanwhile travel and tourism industry firms will find the vehicle by which they may extract the substantial benefits complimentary to their core businesses. Backing this business plan is an international executive who has the capability and drive to deliver results.

Read on – for if you like the book, I guarantee you'll love the movie.

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