Lindblad Expeditions Holdings, Inc.

Fourth Quarter and Full Year 2017 Earnings Conference Call

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CORPORATE PARTICIPANTS

Sven Lindblad, *Founder and Chief Executive Officer*

Craig Felenstein, *Chief Financial Officer*

PRESENTATION

Operator
Good morning and welcome to the Lindblad Expeditions Fourth Quarter and Full Year 2017 Earnings Conference Call. All participants will be in listen-only mode today. Should you need assistance, please signal a conference specialist by pressing the star key followed by zero. After today's presentation, there will be an opportunity to ask questions. To ask a question, you may press star, then 1 on your touchtone phone. To withdraw your question, please press star, then 2. Please note this event is being recorded.

I would now like to turn the conference over to Craig Felenstein, Chief Financial Officer. Please go ahead.

Craig Felenstein
Thank you, Operator. Good morning, everyone, and thank you for joining us for Lindblad's 2017 Fourth Quarter and Full Year Earnings call. With me on the call today is Sven Lindblad, our Founder and Chief Executive Officer. Sven will begin with some opening comments, and then I will follow with some details on our fourth quarter and full year results before we open the call for Q&A. You can find our latest earnings release in the Investor Relations section of our website.

Before we get started, let me remind everyone that the company's comments today may include forward-looking statements. Those expectations are subject to risks and uncertainties that may cause actual results and performance to be materially different from these expectations. The company cannot guarantee the accuracy of any forecast or estimates, and we undertake no obligation to update any such forward-looking statements. If you would like more information on the risks involved in forward-looking statements, please see the company's SEC filings.

In addition, our comments may reference non-GAAP financial measures. A reconciliation of the most directly comparable GAAP financial measures and other associated disclosures are contained in the company's earnings release.

And, with that out of the way, let me turn the call over to Sven.

Sven Lindblad
Thanks, Craig, and thank you, everyone, for joining us this morning. I'm pleased to have the opportunity to review the company's performance in 2017 and to highlight some of the key events that shaped our financial results and our progress towards meaningful growth, and then I would like to turn to 2018 and beyond.

Above all else, we were delighted with this past year to begin operation of our newest ship, the National Geographic *Quest* on July 29th, the first of our robust new build program. Yes, that was later than originally planned by 32 days, but she is, in fact, the prototype and certainly the most sophisticated passenger ship built in the U.S. in decades. While any delay is unfortunate, its effect, when considering a 25-plus year life is really, in my view, minimal. Most importantly, she completed 2017 with high occupancies and yields, and our guests are delighted with her ability to execute expeditions in comfort and in style. At the same time, the National Geographic *Seabird* and *Sea Lion*, which operate in the same core geography as the *Quest* — Alaska, primarily — maintained their high occupancies this past year, confirming that demand is very strong, and we need not be concerned with cannibalization as a consequence of bringing new vessels into the region.

As we speak, the National Geographic *Quest* is exploring a geography where we have not been since 2004, Belize, which is totally sold out for the seven voyages planned this year. Expanding our expedition footprint is key for our U.S. Flag Fleet, which makes this result particularly important. The *Quest* will have a full year of operations this year, and, much like the second half of 2017, we expect it to be a key driver of our strong financial growth.

Of course, as we have discussed before, the other significant event from this past year was losing the *Orion*'s Antarctic season in the first quarter of 2017, particularly as all of the cancelled voyages were completely sold out. I have been asked on occasion by investors, whether this incident, combined with the much shorter two-week cancelling of the National Geographic *Sea Lion*, was indicative of any sort of pattern. Perhaps the best way to answer this is that in the past ten years prior to 2017, we averaged only 2.1 days out of service on our owned and operated ships due to any form of mechanical or accidental reason. There was no correlation to any lack of maintenance, age of vessels, or human error that caused the incidents on the National Geographic *Orion* or the *Sea Lion*, as we know, as well as anyone, that the prospect of being out of service is prevented both by rigorous maintenance and personnel training, and the track record I mentioned earlier is a testament to that. So it is clear that these incidents are without question the exception rather than the rule.

While we did deliver financial growth this past year, this increase would, of course, have been significantly greater had it not been for these unusual events. Craig will walk you through the details shortly, but with these unique incidents in our rearview mirror, we are poised to deliver significant growth in the years ahead.

When we spoke to you on our third quarter earnings call on November 7th, we highlighted that bookings during 2017 for travel in 2018 and beyond were up approximately 26 percent over the same time a year prior. That base has continued into 2018. Already bookings for travel during 2018 have eclipsed all of 2017 bookings, and each week that gap widens considerably. It is partially a factor of the added inventory but also stronger occupancy and yield from the fleet more broadly.

At the same time, bookings for 2019 and beyond are approximately 40 percent higher than the same point in ’17 for ’18. This, again, is not just based on new inventory but largely by increased demand for existing itineraries as well as from opening up new geographies, particularly in bringing the National Geographic *Orion* to the Russian Far East and Northern Alaska in the summer of 2019, where occupancy already is approximately 60 percent, with limited marketing efforts to date.

I believe this booking strength is true in part because of the ever increasing demand for this kind of travel, but also because we are a focused, tenured expedition brand, are in a very good position to harvest increased interest in this space despite, and perhaps because of, new entrants. People who sign on for this kind of experience do a lot of research, and our proven track record, along with the trusted partnership like the one between ourselves and National Geographic means a great deal. Our jointly developed photography program, for example, is relevant both in perception and execution. Our guests want to travel with a company that is fully committed to the notion that we will do whatever it takes to provide them with extraordinary experiences in the world’s untraveled places.

We also launched in 2017, a jointly created Global Explorers Program for kids, making their experience richer and more meaningful, something not only they, but parents and grandparents, appreciate enormously, and the family business, particularly during school holidays, is very, very important to Lindblad Expeditions.

Now I'd like to turn to our next new build, the National Geographic *Venture*, sister to the *Quest*, and the new blue-water vessel being built in Europe. We will be announcing the name on March 17^{th}, during the keel-laying ceremony. Both are on track for their revised delivery dates of December 2018 for the Venture and January 2020 for the polar ice cap ship. These dates are approximately six months later than our original expectations, but with good reason.

In the case of the *Venture*, it is a factor of lessons learned from building the *Quest*, areas for improvement that required re-engineering aspects of the prototype design. In the case of the blue-water vessel, this is a very, very specialized ship, the most sophisticated expedition ship ever designed, with capabilities unheard of previously. We decided, subsequent to our original plan, to add elements based on what we perceive as an opportunity, in part because we realized there was a significant interest — increased interest in polar travel. The new vessel as now engineered, will extend our polar season by several months, a huge competitive advantage. A six-month delay may feel like a lot in the short term, but, again, if you look out to an over 25-year lifespan, it is so much more valuable to factor in new information, new opportunity that will pay dividends for more than a quarter century.

In the meantime, aside from just building new ships, we are expanding geographies where we operate the Russian Far East and Northern Alaska, as I mentioned earlier. We have also re-entered Egypt, modestly initially, but with the intent to expand significantly in 2019 — a region which was once very, very important to Lindblad Expeditions. We are expanding on a series of shorter voyages, four- and five-day in a variety of regions, to attract audiences that simply do not have the time for longer voyages, perhaps people like many of you who might be on this call. Some of these shorter expeditions are incorporating new and different focuses as well — more active, wellness brought to a higher level, et cetera, et cetera, to test and nurture future generations of travelers.

Our marketing and sales platform has been significantly augmented since 2017, expanding the use of video with both National Geographic outlets and our own. Recently National Geographic posted a video we shot in Antarctica from the decks of the National Geographic *Explorer*, of a killer whale hunt that to date has well over 5 million "views" and nearly 20,000 "shares." We are also beginning to build the architecture for a new CRM system and focusing on increasing sales activity from our Web platform. At the same time, our reach into the travel agent community has exponentially increased by doubling our in-field salesforce, and together with National Geographic, we will significantly increase our reach into the international markets.

Before I finish, I do want to mention the strong year that Natural Habitat delivered in its first full year as part of our company. Ben Bressler and his team have done a fantastic job driving this land-based business, and Natural Habitat continues to exceed our initial expectations. They are attracting more and more guests across their diverse and unique product offering, while at the same time, we are generating increased cross-selling between Lindblad and Nat Hab. This acquisition has proven to be very accretive to both. In fact, the number of Nat Hab guests traveling with Lindblad increased fourfold in 2017 versus '16, and we are seeing significant growth already for '18 as well.

So with our future outlook on a multitude of important measures, extremely positive, we are excited about the year ahead and as confident as ever in our long-range growth plan. Demand is clearly very strong. The fleet expansion, albeit with some delivery changes, is on track. And, most importantly, our core mission to provide guests with awesome connections to the world's wild places, radiating passion and commitment, is intact, something I would contend is the ultimate luxury in today's world.

So thank you for your time this morning, and now please let me turn this back over to Craig.

Craig Felenstein
Thanks, Sven. Lindblad's strategic investment to expand our capacity to capitalize on the growing demand for high quality, authentic expedition travel has begun to generate significant financial returns. In the fourth quarter of 2017, total company revenue growth was 13 percent versus the fourth quarter a year ago, and this revenue growth contributed to a $3.3 million increase in adjusted EBITDA, to $4.8 million. The substantial year-on-year increase during the fourth quarter was driven by the Lindblad segment, which generated 17 percent revenue growth, to $48.9 million. This $7 million increase was primarily due to a 10 percent rise in available guest nights from the launch of the National Geographic *Quest* in July. The fourth quarter also included higher [unintelligible] from the National Geographic *Orion*, from the addition of a transatlantic voyage in the current year and the cancellation of an expedition in the prior year due to engine repairs.

The revenue growth also reflects a 6 percent increase in net yields, to $924, due to higher pricing across most itineraries. Occupancy across the fleet was in line with a year ago, despite the inclusion of the *Orion*'s transatlantic voyage as the vessel traveled from Port [Unintelligible] Chile, in October, ahead of the Antarctica season. As I mentioned last quarter, this voyage was always expected to sail at below-normal occupancy levels, given the itinerary, but the addition of this voyage was opportunistic and added to our revenue and adjusted EBITDA growth this past quarter.

Turning to the cost side of the business, Lindblad's segment operating expenses increased 10 percent on a reported basis and 8 percent excluding stock-based compensation and depreciation and amortization. The year-on-year growth was primarily driven by costs from operating the National Geographic *Quest* and increased commissions due to the revenue and booking growth we generated this year, partially offset by lower personnel costs. Fuel costs in the quarter were 18 percent above prior year, due in large part to the additional operating nights on the *Quest*, and fuel overall was 4.4 percent of revenue, in line with the fourth quarter a year ago. Adjusted net cruise cost on a per-night basis decreased 2 percent, reflecting the lower personnel costs I just mentioned. Overall, the 17 percent revenue growth and the stable cost base showed a $3.4 million increase in adjusted EBITDA at the Lindblad segment versus the fourth quarter a year ago.

At Natural Habitat's segment, revenues of $14.3 million and adjusted EBITDA of $2.9 million were in line with a year ago. It is important to note that commissions from the sale of Lindblad itineraries to Natural Habitat guests, which continues to grow rapidly, as Ben just mentioned, are eliminated from these reported results.

Total company net loss available to common stockholders in the quarter was $16 million, or 36 cents a share, versus a loss of $8.7 million, or 18 cents a share reported in the fourth quarter a year ago, as the improved operating results were more than offset by higher taxes, primarily due to a $12.7 million impact from the enactment of the U.S. Tax Cuts and Jobs Act in December of 2017. This expense is non-cash and primarily relates to a one-time toll charge on our accumulated foreign cash and retained earnings. While we are still evaluating the full impact of the tax rules on both current and future earnings, we do not currently anticipate a significant increase on our overall taxes moving forward at this time, but we do anticipate additional flexibility with regards to utilizing the cash generated at our international operations.

Turning quickly to the full year, on a reported basis, Lindblad delivered revenue growth of 10 percent and adjusted EBITDA growth of 4 percent. These results included a full year of contributions from Natural Habitat, which was acquired during the second quarter of 2016, and the impact of the highly booked voyage cancellations on the National Geographic *Orion, Sea Lion*, and *Quest*, that we have discussed previously. As Sven mentioned in his remarks, these types of cancellations have been extremely rare for Lindblad, and we continue to take every measure possible to ensure there are no significant voyage disruptions in the future.

Excluding the impact of these voyage cancellations in ’17, we estimate that total company revenue would have increased 15 percent to $279 million, and adjusted EBITDA would have increased 26 percent to $52.5 million. On a reported basis, the Lindblad segment delivered revenues of $217 million in 2017, an increase of $9 million, or 4 percent, versus 2016, primarily due to a 3 percent increase in available guest nights, driven by the launch of the National Geographic *Quest* and a full year of charter expeditions to Cuba, partially offset by the voyage cancellations. Excluding the impact of the cancelations, we estimate that Lindblad segment revenue would have grown 10 percent to $229 million.

Net yields for the full year increased slightly and occupancy was 87 percent versus 90 percent a year ago, reflecting the impact of the cancelled voyages as well as lower bookings in ’16 for travel in the first half of ’17. Lindblad’s segment costs increased 7 percent in 2017 versus 2016, primarily reflecting operating costs associated with the National Geographic *Quest*; $5 million of higher stock-based compensation, mainly associated with Sven’s distribution of his personal shares for the employee base; and $1.4 million in executive severance expense. These were partially offset by accelerated depreciation a year ago related to the December 2016 retirement of the National Geographic *Endeavour*.

Excluding stock-based compensation, severance costs, and depreciation and amortization, total operating expenses were 5 percent higher than 2016, primarily from costs associated with operating the *Quest* and increased charter costs, mostly related to Cuba.

Fuel costs in the year were slightly below prior year despite additional operating nights on the *Quest*, and fuel overall was 3.2 percent of revenue compared with 3.4 percent of revenue in 2016.

Total company net loss for the full year available to common stockholders was $8.7 million, or 19 cents a share, versus net income of $4.9 million, or 10 cents a share a year ago, as the improved operating results were more than offset by the higher taxes and stock-based compensation.

Looking at our balance sheet, we are extremely well positioned to invest in future growth opportunities. We ended the year with $96 million in unrestricted cash. Free cash flow for ’17 was the use of $28 million, including $71 million spent on the new builds. Including only maintenance capex, free cash flow was $44 million for 2017, an increase of $19 million from the same period a year ago.

In January of 2018, we further expanded our financial flexibility by securing an export credit agreement with regard to our Norwegian blue-order build. This loan is available at our option when the vessel is delivered and, at our election, will bear either a fixed interest rate of 5.78 percent or a floating rate equal to LIBOR plus a margin of 3 percent. Given the strength of our balance sheet, the confidence we have in our long-term growth opportunity, and the belief that the company’s share and warrant prices are not reflective of the value of the company and our prospects, we repurchased $6.2 million in securities during the year under our $35 million stock and warrant repurchase plan, including 547,000 shares of stock and 530,000 warrants. As of February 26th, we have approximately $12 million remaining under the existing plan. It is important to note that our first priority for capital allocation is investing in our existing business and external growth opportunities that will enhance our long-term growth profile.

Turning to the full year 2018, we anticipate significant growth driven by the increased capacity from a full year of operating the National Geographic *Quest* and the impact of the voyage cancellations in 2017. The Lindblad segment is currently pacing $28 million ahead of the same point a year ago, and we are already at 90 percent of our full year projected ticket revenues for 2018, despite the additional inventory that we have in the upcoming year, as compared with 85 percent of the 2017 full year ticket revenue at the same time a year ago.

It is important to note that while *Venture* will launch late in 2018 and contribute to the revenue growth in the current year, it will have a negative impact on EBITDA as it will have start-up costs ahead of its December launch. We also anticipate a $1.5 million negative impact in the year due to the adoption of new revenue recognition rules under ASC 606. Previously, all revenue from voyages under ten days that started before year-end were recognized in the year the voyage departed despite some of the operating days not taking place until the following year. Starting in 2018, we are required to recognize revenue in the current year only for those days that actually operate within the current year, regardless of voyage start date and length. Lastly, we will also have less Cuba inventory in 2018 versus 2017, which will be partially offset by the addition of the two expeditions to Egypt in the current year that Sven mentioned earlier.

Factoring all of these items, the current operating environment, booking trends, and the impact of the additional capacity in the current year, we expect total company core revenue in 2018 between $308 [million] and $315 million, 16 to 18 percent growth versus 2017, and we expect adjusted EBITDA between $54 [million] and $57 million, or 24 to 31 percent growth versus 2017. We also, as Sven mentioned, remain firmly on track to meet the long-term financial objectives that were laid out when the company went public in 2015.

Thank you for your time this morning, and now Sven and I would be happy to answer any questions that you might have.

QUESTIONS AND ANSWERS

Operator
We will now begin the question-and-answer session. To ask a question, you may press star, then 1 on your touchtone phone. If you are using a speakerphone, please pick up your handset before pressing the keys. To withdraw your question, please press star, then 2.

The first question comes from Chris Woronka of Deutsche Bank. Please go ahead.

Steve Bazell [phonetic]
Hey, guys, this is Steve Bazell on for Chris. As you look at your 2018 guidance, can you walk us through some of the headwinds and tailwinds you foresee?

Craig Felenstein
Sure. So it's obviously a much different year in 2018 versus 2017, so the headwinds that we would see overall on the revenue side is certainly the addition of a full year of the *Quest* — will certainly be helpful for the full year, because the *Quest* in 2017 launched in the end of July, so

we'll have a full year of operations on the *Ques*t, so that will be a positive. We also will have the voyage cancellations that happened on the *Orion* as well as the *Sea Lion* — will obviously not be taking place this year. So those two things are very good positives as well as the booking strength that we have seen, really, since the early part of 2017. The booking strength has been remarkably strong, so we expect significant growth from that. Those will be really the things that are driving the growth in the upcoming years. We expect higher occupancies, higher yields, and additional available guest nights due to the items I just mentioned.

On the flip side, we do expect less inventory on Cuba, which will certainly overall be a slight negative for the full year. As I mentioned, the revenue recognition change will lower revenues by $1½ million because of the timing, really, because there's nothing being deferred into 2018, but there is stuff being deferred out of 2018, so that's really a 2018 issue and will resolve itself in 2019. And so those are really the big items that are going to take place in 2018 versus 2017.

Steve Bazell
Okay, great. Thanks. And then just reflecting back on 2017, have you made any adjustments through internal processes or maintenance schedules to potentially reduce the impact of any future malfunctions?

Sven Lindblad
Yeah, Sven here. Well, first of all, the malfunctions had nothing to do with any maintenance factor or human error. They were complete — just unusual events that could not have been predicted, so we did not require any kind of a change in our procedures as a consequence of those events. We are, however, expanding our marine team both in capacity and number, given the fact that the fleet is growing, and that is a necessary thing to do and a wise thing to do, but not because of those particular incidents which were not reflective of anything that needed to be changed.

Craig Felenstein
Yeah, I think it's important to note that we actually go above and beyond what's required from the maintenance perspective in terms of putting our ships into drydocks annually, in terms of going ahead and doing any kind of inspection that we can do to make sure that we're operating the vessels at the most efficient capacity. We've always done that just to make sure that we're delivering the best experience to our guests but also because of where our vessels operate, and we want to make sure they're in the right shape to operate in these, I would say, dispersed locations.

The other thing that I would point out is when you look at the 2017 incidents, the repairs on these vessels were fully covered by our insurance policies, which speaks to the fact that the insurance companies saw the work that we did on these vessels and fully agreed with us that the impact of these items could not have been identified previously, and they could not have been prevented by doing anything different than we had already done. So we feel very confident, given the history of the company, the efforts that we put in on a repair and maintenance and an upkeep schedule, that we will continue to operate these vessels very efficiently moving forward.

Steve Bazell
Okay, understood. Thank you.

Operator
The next question is from Greg Badishkanian of Citi. Please go ahead.

Jesse

Hi, this is actually Jesse [phonetic] on for Greg. Thanks for taking my call. So looking at Cuba and others, some trouble there in the third quarter, just kind of wondering what you guys saw in the fourth quarter in terms of bookings. Any recovery you saw there? And then maybe just what you see in that market going forward.

Craig Felenstein
Yeah, so, you know, the Cuba — as you mentioned on the last quarter call, the government warning about travel in Cuba as well as some of the news reports regarding some of the sonic boom issues that were happening in Cuba, certainly slowed down some of the bookings that we have seen for Cuba. The bookings for us are so far in advance that we haven't seen many new bookings, really, in the fourth quarter for the first quarter of travel, because we don't operate the vessel in Cuba other than the first quarter. So the first quarter of 2018 we are seeing lower occupancies than we saw in the first quarter of 2017, but we didn't expect that to change since the last call, because the window between then and the travel in the first quarter was so short.

I will say that overall, the Cuba destination for us is not something that we're spending a lot of time focused on when we talk about our growth plans. We're looking for opportunities to find locations that can expand our itineraries that our guests are really interested in doing. A prime example of that, as Sven mentioned earlier, is Egypt. Egypt was a place that the company had traveled to previously and done very well with. We had not been there in a while. We are chartering a vessel later this year for two voyages, and we have some vessels — some itineraries lined up for 2019 as well, and the early indications, from just an early email and a quick brochure, have been very, very positive on Egypt. So we think we have an opportunity to grow there, and we're always looking for new itineraries and new charter opportunities around the globe. So we'll continue to do that, and the Cuba — while there's short term impact is minor from a financial perspective, overall, it's not going to be big implications to our long-term growth strategy.

Jesse
Okay, great. That makes sense. And then just on the overall concerns about industry demand keeping up with capacity, a few years out from now, can you maybe just talk about your thoughts on that, what do you see industry capacity, like, 2019 and after?

Sven Lindblad
I'm not 100 percent sure whether your mean consumer capacity or supply — demand or supply capacity, but I'll try and speak to them both. Demand, I see absolutely nothing on the horizon that would suggest anything but an increasing demand as it relates to both demographics and the ever growing interest in this kind of travel.

As far as the supply side, there are new entrants coming into the market. My view is that any market that is underserved, if you will — and I think the expedition market is somewhat underserved — that new entrants, in fact, broaden the category, increase interest in the category, and that is a fundamentally good thing, and I believe that we are well positioned to harvest interest simply because of our tenure, our partnership with National Geographic, the fact that this is what we are focused on. And so we do not view these new entrants as a negative. In fact, I would view it primarily as a positive, broadening the category, and we believe we will benefit as a consequence of that.

Jesse
Okay, great. Yeah, sorry, I was talking about supply. That's all for me. Thanks.

Sven Lindblad

Thank you.

Operator
The next question is from George Kelly of Imperial Capital. Please go ahead.

George Kelly
Hi, guys, thanks for taking my questions. I just have a few for you. So, first, to follow up on the previous question, have you seen any pricing pressure from any of your competitors, or just generally does the pricing environment seem healthy?

Sven Lindblad
Well, to date we have not seen any long-term pricing pressure. What does happen invariably, if people feel that they are coming up short in terms of their expectations attracting guests, they start lowering their prices, but a lot of the competition or a lot of the new entrants are not here yet. They're out into the future. Most of them will be entering in 2019 and 2020, so we haven't seen any of that to date.

Craig Felenstein
One other thing that I would point out is that we are not ones to compete on price. We compete on delivering an exceptional experience and amazing opportunity for our guests given the history of the company and the locations that we deliver to. And I think it's important to note that, yes, obviously pricing in the marketplace will certainly play into the overall occupancy and demand factors that are in that marketplace, but we have traditionally been at the high end of the yields per night, and the reason we can charge those yields is because of the experience that we are delivering to our guests on a regular basis.

George Kelly
Okay, got you. And then, Sven, you mentioned in the prepared remarks that the booking environment continues to be really strong in 2018, and I just — I had a hard time keeping up with some of the numbers, so I'm just wondering if you could again give us what you're seeing so far this year, and then just, if you look at the current environment, you've been in this industry for a long time now, does it seem like everything's kind of coming together? How do you feel about where we are and what the demand looks like?

Sven Lindblad
Yeah, great question. Sometimes the numbers tell you certain things, and sometimes just the signals you're getting from a variety of sources tell you certain things. And so I've been at this a long time, so I've gone through a whole lot of cycles, obviously, since I started this business in — this particular business in 1979. And, '16 was a really, really stressful year, because there were all these external factors that were getting in the way, just a multitude of them, and they were coming in drips and drips and drips.

In '17, things began to really sort of clear up. There was a lot less of that, and in '18 — so to date, it's been a very, very, very positive environment. The level of future bookings on a daily basis are unprecedented and certainly in terms of my own experience, and it just feels that this malaise, if you will, that took place for a while is just behind us. And it just feels very, very, very optimistic, and certainly the numbers bear out. For us, getting bookings far in advance is a good thing. That kind of visibility is a very good thing, and for us to be approximately 40 percent higher for 2019 than we were at the same time for '18 is a very, very good and positive indicator.

Craig Felenstein

Yeah, and let me just throw a little more color behind what Sven said. From a numbers perspective, if you look at 2018 as we said earlier, we have today $28 million more on the books for 2018 than we had at the same time for 2017, and, in actuality, when you look at the 2018 bookings we have today, they already exceed the full year of 2017 a year ago. So we're doing very well from a booking perspective, partially due to the increased capacity, but partially due to increased demand in the space, certainly.

George Kelly
Great. Thank you very much.

Operator
Again, if you have a question, please press star, then 1.

Our next question is from Greg Pendy of Sidoti. Please go ahead.

Greg Pendy
Hey, guys, thanks for taking my call. Just two quick questions. One, you mentioned Egypt as far as a new region. Where are you in terms of testing shorter duration trips, and is that something that's likely to enter into 2018, just to get the market that can't really take two weeks?

Sven Lindblad
Yeah, so we started, actually, a series of shorter programs in Baja, California, in — at the end of '17 and early '18. This was a with one of our smaller ships, the *Sea Bird*. Initially, we had — that period was intended to be laid up, and we decided to experiment with some of these shorter programs. I think we mentioned them before. We partnered with an organization called Exhale to create programs that had a significant and really focused wellness component. We've now decided to continue in the fall of 2018 with some voyages in the Pacific Northwest and on the West Coast of the United States and to continue those programs in Baja, California. So they are going to accelerate significantly. We — honestly, these will not fly off the shelves in the short term, because they require us to build new markets, which we're actively doing, but we believe in the long term, they will be extremely valuable for the organization, particularly sort of at the edges of key seasons.

Greg Pendy
Great, that's helpful. And then just one for Craig. Can you just help us a little bit in terms of how we should be thinking about capex. I believe the large vessel had a 20 percent down payment, but how should we be thinking about 2018 on that front, maintenance versus ship build?

Craig Felenstein
Sure. So, this cap ex across the company really hovers somewhere in that high-single to low-double digit range, anywhere from $8 [million] to $12 million depending on the year. This year it should be somewhere probably around $10 [million] or $11 million, all in. When you look at the growth capex of the company in the current year, it really depends on a couple of factors, but we certainly know that we'll be spending the remainder of the build associated with the *Venture* headed for the rest of the year. That's somewhere probably around $20 million or so, and then we have some start-up costs associated with the blue-water vessel. The one variable that does remain outstanding on the capex side is whether we exercise the option related to the new builds. We have two options on the blue-water build that we have going on in Ulstein, whether we want to exercise those or not. If we do that, then we certainly will have a down payment associated with those, which will impact the current year, but then we would have the advantage of having

that vessel in two to three years from then. So that's the real big variable. Aside from that, the capex would be primarily related to the *Venture*, the growth capex in the current year.

Greg Pendy
Okay, great. That's helpful. Thanks.

Operator
There are no additional questions at this time. This concludes our question-and-answer session. I would like to turn the conference back over to Craig Felenstein for closing remarks.

CONCLUSION

Craig Felenstein
Thank you, everybody for joining us this morning, and if you have any follow-up questions, I'm happy to talk later today. Just give me a call in the office. Thank you very much.

Operator
The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.