

Top Deal: Continued Success of the Wellness-Based Cruise Line



Blue World Voyages has been selected as a “Top Deal” by KingsCrowd. Today, we are reiterating this Top Deal rating, reserved for the top 10% of all deals across the market. If you have questions regarding our deal diligence and selection methodology please reach out to hello@kingscrowd.com.

Since We Last Saw Blue World Voyages...

Blue World Voyages, a cruise line with a health focus, was [rated a Top Deal by Kingscrowd in August of 2018](#). The team is crowdfunding once again, this time on the Republic platform. In its prior round on Wefunder, Blue World Voyages raised via a SAFE with a valuation cap of \$60M.

A Memory Jog

Very few cruise lines promote health and wellness. In fact, most do the opposite. And health and wellness trends are becoming increasingly popular among younger generations. As mentioned in the last KC rating of Blue World Voyages, [millennials prefer to spend money on experiences over material items](#). Blue World Voyages targets this demographic by focusing its cruise line on wellness. Pairing an experiential cruise line with a health and wellness focus is not only strongly differentiated, but on trend.

Blue World Voyages' ships will incorporate amenities like a sea water lap pool, farm-to-table dining, and an Aft therapy pool. In creating this wellness cruise line, Blue World Voyages aims to disrupt the [\\$45.6B global cruise line market](#).

Blue World Voyages Traction Update

Since we last reviewed Blue World Voyages, three ships are now available that meet the dimensions and needs for the wellness-based cruise experience. According to the team, financing has been offered by the seller and shipyard.

Today the BWV team is focusing on filling out its 500-member Founder's club, all investors of \$500 or more that the team expects will bring in ~\$1M for deposit on the first ship. More importantly, the team now has a proof of concept to show larger investors that there is in fact a significant demand to sail and even purchase luxury residences on the ship.

Through partnerships with lifestyle and travel brands, BWV has secured 15,000 signups on its website for interested passengers that want to sail on a BWV cruise.

More importantly, BWV is offering 40 luxury Owner's Residences on the ship, which cost in the range of \$2 to \$3M per unit. The sale of these units alone will generate \$105M in sales to finance the buildout of the first ship. Over the past year the team has identified 283 interested buyers and has vetted out around 30 that seem to be firm buyers for the 40 units. They will be working to get deposits into escrow in the coming weeks.

By developing this demand for the luxury residents they are not only proving the concept is viable, but they are also raising a good amount of the necessary capital to purchase and outfit the first ship, which as an asset alone is worth around \$60M to \$80M.

In addition, this demand has created interest from a large marina-focused investment bank to help lead the Series A, which could provide the rest of the necessary capital to fully launch the business. A cruise line has also indicated interest in providing either financing or capital for an equity stake in the business.

Blue World Voyages Financials Update

Blue World Voyages closed its seed round in January of 2018 for a total of \$450K. [Revenue and cost of goods sold for the past fiscal year were \\$0.](#) Blue World Voyages, though through a different platform, is raising once again on a Crowd SAFE at a \$60M valuation cap with a 10% discount. This valuation remains the same from the prior raise.

As outlined in the last KC review, this valuation is reasonable for this type of business. In reality, a single completed ship alone will be worth around \$60M. In addition, this valuation was attractive in the last funding round, based on internal revenue projections.

Why We (Continue To) Like It:

- 1. Valuation Cap:** Blue World Voyages is re-raising with the same attractive valuation cap that it had last year. Again this is because the idea behind this raise is not necessarily to raise tons of capital, but rather to build a loyal Founders Club of 500 investors/travelers to help spread the word. Internal revenue projections suggest that investors will earn 52% annual return based on a model with just three ships and a five year exit plan. Speaking with management, this all seems well within reason with 80% occupancy rates and a staggered rollout of 3 ships over the coming years with 120 luxury units sold.
- 2. Exit Potential:** [In August of 2018, we sat down with founder John Richards](#) in which he confirmed “The company expects to pursue a liquidity event to provide returns for our investors over a five year time horizon. One option could be a public offering, acquisition by a private investment firm, or acquisition by another line to fill an underserved niche they don’t offer as the market continues to segment itself by a combination of price, activity profile, accommodation and destination.” At this point, Blue World Voyages has progressed as predicted and is on track for a successful liquidity event in the future. To be clear, there are no guarantees of returns but an exit plan seems clear especially with larger cruise lines already poking around the brand.

3. **Differentiated Offering:** The cruise line is full of one-size fits all ships that cater to the traveler looking for all-you-can-eat buffets, but there are few cruise lines that cater to a high-end clientele. Moreover, BWV is really the first to focus on providing a cruise line tailored to a health-conscious, activity-based traveler looking for farm-to-table food, workout classes and activities relevant to the local region. Everything about BWV from top to bottom is unique in the cruise industry. They are even knocking down cabin walls and doubling the size of each room. No more tiny rooms for cruise travelers!
4. **Traction:** In a year's time, BWV has generated interest from 15,000 potential cruisers through its partnerships with luxury brand publications and appears to be nearing 30 firm buyers for its high-end onboard residences that will provide a significant amount of the needed capital to set sail. This experienced management team is on the right track and taking all the right steps to build something really special in the cruise industry.

The Rating: Top Deal

We are reiterating Blue World Voyages as a Top Deal.

The team has identified a target market, and executed. The terms and internal projections are quite promising, especially as Blue World Voyages continues on this growth trajectory. With an experienced management team in place, clear demand/traction, financing nearing where it needs to be to build out the first ship, and clear exit opportunities, we really like the future prospects of the business.

It is worth mentioning that former President, John Richards has since left the team. Though he had a strong management background as the former President of Starbucks, the exit is justified and not a major concern, considering that attrition at the management level for early-stage startups is natural and after speaking with management regarding this departure.

Regardless, Blue World Voyages remains a Top Deal due to its impressive terms, strong business model, proven traction, and clear differentiators in a large market.