

CARNIVAL CORPORATION & PLC REPORTS RECORD THIRD QUARTER RESULTS AND AUTHORIZES REPLENISHMENT OF \$1 BILLION SHARE REPURCHASE PROGRAM

Record third quarter revenues and earnings

MIAMI (September 27, 2018) - Carnival Corporation & plc (NYSE/LSE: CCL; NYSE: CUK) announced U.S. GAAP net income of \$1.7 billion, or \$2.41 diluted EPS, for the third quarter of 2018, higher than U.S. GAAP net income for the third quarter of 2017 of \$1.3 billion, or \$1.83 diluted EPS. Third quarter 2018 adjusted net income of \$1.7 billion, or \$2.36 adjusted EPS, was higher than adjusted net income of \$1.7 billion, or \$2.29 adjusted EPS, for the third quarter of 2017. Adjusted net income excludes unrealized gains and losses on fuel derivatives and other net charges, totaling \$34 million in net gains for the third quarter of 2018 and unrealized gains on fuel derivatives of \$65 million and impairments and other net charges of \$395 million for the third quarter of 2017. Revenues for the third quarter of 2018 were \$5.8 billion, higher than the \$5.5 billion in the prior year.

Also in the third quarter, the company authorized the replenishment of its \$1.0 billion share repurchase program covering both Carnival Corporation common stock traded on the New York Stock Exchange and Carnival plc ordinary shares traded on the London Stock Exchange. Repurchases will take place in the open market or privately negotiated transactions in accordance with applicable laws, rules and regulations. The share repurchases are subject to prevailing market conditions and other considerations and may continue during any closed periods. All shares repurchased will initially be held in treasury.

Carnival Corporation & plc President and Chief Executive Officer Arnold Donald stated, “Strong execution delivered the highest quarterly performance in our company’s history, overcoming fuel and currency headwinds. At the same time, our strong cash flow and balance sheet enabled us to accelerate our opportunistic share repurchase program, investing almost \$750 million in Carnival stock since the beginning of the third quarter, bringing the total investment to \$4.4 billion in just three years, and leading to the second replenishment of our \$1.0 billion repurchase program this year alone.”

Key information for the third quarter of 2018 compared to the third quarter of 2017:

- Gross revenue yields (revenue per available lower berth day or “ALBD”) increased 4.0 percent. In constant currency, net revenue yields increased 2.9 percent, better than June guidance of up 1.5 to 2.5 percent.
- Gross cruise costs including fuel per ALBD decreased 2.6 percent. In constant currency, net cruise costs excluding fuel per ALBD increased 2.7 percent, better than June guidance of up 3.0 to 4.0 percent, principally due to the timing of expenses between quarters.
- Changes in fuel prices (including realized fuel derivatives) and currency exchange rates decreased earnings by \$0.08 per share.

Highlights from the third quarter include the signing of an agreement between Princess Cruises and Italian shipbuilder Fincantieri S.p.A to build two new liquefied natural gas (“LNG”) cruise ships that will be delivered in 2023 and 2025, bringing the total to 11 LNG cruise ships on order. P&O Cruises (Australia) announced the sale of *Pacific Jewel*, which will leave the fleet in March 2019; Holland America Line announced the sale of *Prinsendam*, which will leave the fleet in July 2019; and P&O Cruises (UK) announced the sale of *Oriana*, which will leave the fleet in August 2019, bringing the total to four ships leaving the fleet in 2019. Seabourn received approval to begin sailing to Cuba from Miami and San Juan, becoming our third cruise brand currently approved to sail to Cuba. The company released its 2017 Sustainability Report and achieved its goal to reduce its carbon footprint by 25 percent three years ahead of schedule.

2018 Outlook

Based on the third quarter results and booking strength for the fourth quarter of 2018, the company now expects full year 2018 net revenue yields in constant currency to be up approximately 3.5 percent compared to the prior year, better than June guidance of up approximately 3.0 percent. The company expects full year net cruise costs excluding fuel per ALBD in constant currency compared to the prior year to be up approximately 1.5 percent, versus June guidance of approximately 1.0 percent, primarily due to the accounting treatment for ships sold during the quarter. Changes in fuel prices (including realized fuel derivatives) and currency exchange rates are expected to decrease earnings by \$0.06 per share compared to June guidance and \$0.18 per share compared to the prior year.

Taking the above factors into consideration, the company expects full year 2018 adjusted earnings per share to be in the range of \$4.21 to \$4.25 compared to 2017 adjusted earnings per share of \$3.82.

Donald commented, “We are on track to achieve double digit return on invested capital in 2018 as we deliver upon our strategy to create demand in excess of measured capacity growth, all while containing costs and leveraging our industry leading

scale. Going forward, we remain on a path toward continued growth in earnings and returns, driven to a greater degree by capacity increases as we add more efficient ships, replacing less efficient capacity. We believe the plans we have put in place will maximize returns to shareholders over time as we continue to execute in an industry that is both under-penetrated and capacity constrained.”

Donald added, “At the same time, we remain committed to returning cash to shareholders as evidenced by the growth in our recurring dividend, currently distributing \$1.4 billion annually, accompanied by our recently replenished share repurchase program.”

Fourth Quarter 2018 Outlook

Fourth quarter constant currency net revenue yields are expected to be up approximately 1.5 to 2.5 percent compared to fourth quarter 2017. Net cruise costs excluding fuel per ALBD in constant currency for the fourth quarter are expected to decrease by approximately 1.0 to 2.0 percent compared to fourth quarter 2017. Changes in fuel prices (including realized derivatives) and currency exchange rates are expected to decrease earnings by \$0.11 per share compared to the prior year. Based on the above factors, the company expects adjusted earnings per share for the fourth quarter 2018 to be in the range of \$0.65 to \$0.69 versus 2017 adjusted earnings per share of \$0.63.

First Half of 2019

At this time, cumulative advanced bookings for the first half of 2019 are ahead of the prior year at prices that are in line with the prior year. Since June, booking volumes for the first half of next year have been running significantly higher than the prior year at lower prices compared to the prior year. More recently, during the first half of September, booking volumes for the first half of next year have also been running significantly higher than the prior year but at higher prices compared to the prior year. Based on these booking trends, the company expects continued net revenue yield improvement for the first half of 2019, albeit with increases less than the net revenue yield guidance for the fourth quarter of 2018, primarily due to comparisons to a very strong prior year.

Selected Key Metrics

Year over year change:	Full Year 2018		Fourth Quarter 2018	
	Current Dollars	Constant Currency	Current Dollars	Constant Currency
Net revenue yields	Approx 5.0%	Approx 3.5%	1.0 to 2.0%	1.5 to 2.5%
Net cruise costs excl. fuel / ALBD	Approx 3.0%	Approx 1.5%	(1.5) to (2.5)%	(1.0) to (2.0)%

	Full Year 2018	Fourth Quarter 2018
Fuel cost per metric ton consumed	\$488	\$529
Fuel consumption (metric tons in thousands)	3,305	845
Currencies (USD to 1)		
AUD	\$0.75	\$0.73
CAD	\$0.78	\$0.77
EUR	\$1.19	\$1.18
GBP	\$1.34	\$1.31
RMB	\$0.15	\$0.15

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2018	2017	2018	2017
Net income (in millions)	\$ 1,707	\$ 1,329	\$ 2,659	\$ 2,060
Adjusted net income (in millions) (a)	\$ 1,673	\$ 1,659	\$ 2,537	\$ 2,318
Earnings per share-diluted	\$ 2.41	\$ 1.83	\$ 3.72	\$ 2.84
Adjusted earnings per share-diluted (a)	\$ 2.36	\$ 2.29	\$ 3.55	\$ 3.19

(a) See the net income to adjusted net income and EPS to adjusted EPS reconciliations in the Non-GAAP Financial Measures included herein.

Conference Call

The company has scheduled a conference call with analysts at 10:00 a.m. EDT (3:00 p.m. BST) today to discuss its 2018 third quarter results. This call can be listened to live, and additional information can be obtained, via Carnival Corporation & plc's website at www.carnivalcorp.com and www.carnivalplc.com.

Carnival Corporation & plc is the world's largest leisure travel company and among the most profitable and financially strong in the cruise and vacation industries, with a portfolio of 10 dynamic brands that include nine of the world's leading cruise lines. With operations in North America, Australia, Europe and Asia, its portfolio features Carnival Cruise Line, Princess Cruises, Holland America Line, Seabourn, P&O Cruises (Australia), Costa Cruises, AIDA Cruises, P&O Cruises (UK) and Cunard, as well as Fathom, the corporation's immersion and enrichment experience brand.

Together, the corporation's cruise lines operate 103 ships with 234,000 lower berths visiting over 700 ports around the world, with 22 new ships scheduled to be delivered between 2018 and 2025. Carnival Corporation & plc also operates Holland America Princess Alaska Tours, the leading tour company in Alaska and the Canadian Yukon. Traded on both the New York and London Stock Exchanges, Carnival Corporation & plc is the only group in the world to be included in both the S&P 500 and the FTSE 100 indices.

In 2017, *Fast Company* recognized Carnival Corporation as being among the "Top 10 Most Innovative Companies" in both the design and travel categories. *Fast Company* specifically recognized Carnival Corporation for its work in developing Ocean Medallion™, a high-tech wearable device that enables the world's first interactive guest experience platform capable of transforming vacation travel into a highly personalized and elevated level of customized service.

Additional information can be found on www.carnival.com, www.princess.com, www.hollandamerica.com, www.seabourn.com, www.pocruises.com.au, www.costacruise.com, www.aida.de, www.pocruises.com, www.cunard.com, and www.fathom.org.

MEDIA CONTACT

Roger Frizzell

+1 (305) 406 7862

INVESTOR RELATIONS CONTACT

Beth Roberts

+1 (305) 406 4832

Cautionary Note Concerning Factors That May Affect Future Results

Carnival Corporation and Carnival plc and their respective subsidiaries are referred to collectively in this document as “Carnival Corporation & plc,” “our,” “us” and “we.” Some of the statements, estimates or projections contained in this document are “forward-looking statements” that involve risks, uncertainties and assumptions with respect to us, including some statements concerning future results, outlooks, plans, goals and other events which have not yet occurred. These statements are intended to qualify for the safe harbors from liability provided by Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical facts are statements that could be deemed forward-looking. These statements are based on current expectations, estimates, forecasts and projections about our business and the industry in which we operate and the beliefs and assumptions of our management. We have tried, whenever possible, to identify these statements by using words like “will,” “may,” “could,” “should,” “would,” “believe,” “depends,” “expect,” “goal,” “anticipate,” “forecast,” “project,” “future,” “intend,” “plan,” “estimate,” “target,” “indicate,” “outlook,” and similar expressions of future intent or the negative of such terms.

Forward-looking statements include those statements that relate to our outlook and financial position including, but not limited to, statements regarding:

- Net revenue yields
- Booking levels
- Pricing and occupancy
- Interest, tax and fuel expenses
- Currency exchange rates
- Net cruise costs, excluding fuel per available lower berth day
- Estimates of ship depreciable lives and residual values
- Goodwill, ship and trademark fair values
- Liquidity
- Adjusted earnings per share

Because forward-looking statements involve risks and uncertainties, there are many factors that could cause our actual results, performance or achievements to differ materially from those expressed or implied by our forward-looking statements. This note contains important cautionary statements of the known factors that we consider could materially affect the accuracy of our forward-looking statements and adversely affect our business, results of operations and financial position. It is not possible to predict or identify all such risks. There may be additional risks that we consider immaterial or which are unknown. These factors include, but are not limited to, the following:

- The demand for cruises may decline due to adverse world events impacting the ability or desire of people to travel, including conditions affecting the safety and security of travel, government regulations and requirements, and decline in consumer confidence
- Incidents, such as ship incidents, security incidents, the spread of contagious diseases and threats thereof, adverse weather conditions or other natural disasters and the related adverse publicity affecting our reputation and the health, safety, security and satisfaction of guests and crew
- Changes in and compliance with laws and regulations relating to environment, health, safety, security, data privacy and protection, tax and anti-corruption under which we operate may lead to litigations, enforcement actions, fines, or penalties
- Disruptions and other damages to our information technology and other networks and operations, breaches in data security, lapses in data privacy, and failure to keep pace with developments in technology
- Ability to recruit, develop and retain qualified shipboard personnel who live on ships away from home for extended periods of time
- Increases in fuel prices and availability of fuel supply
- Fluctuations in foreign currency exchange rates
- Overcapacity and competition in the cruise ship and land-based vacation industry
- Continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain, as well as reductions in the availability of, and increases in the prices for, the services and products provided by these vendors
- Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments on terms that are favorable or consistent with our expectations, as well as increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages
- Geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect

The ordering of the risk factors set forth above is not intended to reflect our indication of priority or likelihood.

Forward-looking statements should not be relied upon as a prediction of actual results. Subject to any continuing obligations under applicable law or any relevant stock exchange rules, we expressly disclaim any obligation to disseminate, after the date of this document, any updates or revisions to any such forward-looking statements to reflect any change in expectations or events, conditions or circumstances on which any such statements are based.

CARNIVAL CORPORATION & PLC
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)
(in millions, except per share data)

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2018	2017	2018	2017
Revenues				
Cruise				
Passenger ticket	\$ 4,353	\$ 4,138	\$ 10,694	\$ 9,814
Onboard and other	1,316	1,223	3,509	3,237
Tour and other	167	154	222	200
	<u>5,836</u>	<u>5,515</u>	<u>14,425</u>	<u>13,251</u>
Operating Costs and Expenses				
Cruise				
Commissions, transportation and other	760	699	2,000	1,781
Onboard and other	207	184	485	438
Payroll and related	537	520	1,638	1,552
Fuel	434	307	1,166	914
Food	275	270	804	774
Other ship operating (a)	655	947	2,115	2,293
Tour and other	90	86	140	132
	<u>2,958</u>	<u>3,013</u>	<u>8,348</u>	<u>7,884</u>
Selling and administrative	573	547	1,794	1,649
Depreciation and amortization	511	473	1,510	1,368
Goodwill and trademark impairment	—	89	—	89
	<u>4,042</u>	<u>4,122</u>	<u>11,653</u>	<u>10,990</u>
Operating Income	<u>1,794</u>	<u>1,393</u>	<u>2,772</u>	<u>2,261</u>
Nonoperating Income (Expense)				
Interest income	5	3	10	7
Interest expense, net of capitalized interest	(49)	(49)	(147)	(150)
Gains (losses) on fuel derivatives, net (b)	4	7	61	(19)
Other (expense) income, net	(9)	14	2	7
	<u>(50)</u>	<u>(25)</u>	<u>(74)</u>	<u>(155)</u>
Income Before Income Taxes	<u>1,744</u>	<u>1,368</u>	<u>2,699</u>	<u>2,106</u>
Income Tax Expense, Net	<u>(37)</u>	<u>(39)</u>	<u>(40)</u>	<u>(46)</u>
Net Income	<u>\$ 1,707</u>	<u>\$ 1,329</u>	<u>\$ 2,659</u>	<u>\$ 2,060</u>
Earnings Per Share				
Basic	\$ 2.42	\$ 1.84	\$ 3.73	\$ 2.85
Diluted	\$ 2.41	\$ 1.83	\$ 3.72	\$ 2.84
Dividends Declared Per Share	<u>\$ 0.50</u>	<u>\$ 0.40</u>	<u>\$ 1.45</u>	<u>\$ 1.15</u>
Weighted-Average Shares Outstanding - Basic	<u>706</u>	<u>723</u>	<u>712</u>	<u>724</u>
Weighted-Average Shares Outstanding - Diluted	<u>707</u>	<u>726</u>	<u>714</u>	<u>727</u>

- (a) Includes \$304 million of ship impairment charges in the three and nine months ended August 31, 2017.
- (b) During the three months ended August 31, 2018 and 2017, our gains (losses) on fuel derivatives, net include net unrealized gains of \$8 million and \$65 million and realized (losses) of \$(4) million and \$(57) million, respectively. During the nine months ended August 31, 2018 and 2017, our gains (losses) on fuel derivatives, net include net unrealized gains of \$90 million and \$134 million and realized (losses) of \$(29) million and \$(153) million, respectively.

CARNIVAL CORPORATION & PLC
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)
(in millions, except par values)

	August 31, 2018	November 30, 2017
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 526	\$ 395
Trade and other receivables, net	366	312
Inventories	405	387
Prepaid expenses and other	458	502
Total current assets	<u>1,755</u>	<u>1,596</u>
Property and Equipment, Net	35,178	34,430
Goodwill	2,949	2,967
Other Intangibles	1,182	1,200
Other Assets	689	585
	<u>\$ 41,753</u>	<u>\$ 40,778</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 632	\$ 485
Current portion of long-term debt	688	1,717
Accounts payable	666	762
Accrued liabilities and other	1,616	1,877
Customer deposits	4,418	3,958
Total current liabilities	<u>8,020</u>	<u>8,800</u>
Long-Term Debt	8,297	6,993
Other Long-Term Liabilities	783	769
Shareholders' Equity		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 656 shares at 2018 and 655 shares at 2017 issued	7	7
Ordinary shares of Carnival plc, \$1.66 par value; 217 shares at 2018 and 2017 issued	358	358
Additional paid-in capital	8,741	8,690
Retained earnings	24,921	23,292
Accumulated other comprehensive loss	(1,840)	(1,782)
Treasury stock, 129 shares at 2018 and 122 shares at 2017 of Carnival Corporation and 44 shares at 2018 and 32 shares at 2017 of Carnival plc, at cost	(7,533)	(6,349)
Total shareholders' equity	<u>24,654</u>	<u>24,216</u>
	<u>\$ 41,753</u>	<u>\$ 40,778</u>

CARNIVAL CORPORATION & PLC
OTHER INFORMATION

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2018	2017	2018	2017
STATISTICAL INFORMATION				
ALBDs (in thousands) (a) (b)	21,475	21,120	62,626	61,541
Occupancy percentage (c)	112.6%	111.3%	107.8%	106.7%
Passengers carried (in thousands)	3,562	3,441	9,393	9,116
Fuel consumption in metric tons (in thousands)	818	814	2,458	2,463
Fuel consumption in metric tons per thousand ALBDs	38.1	38.5	39.3	40.0
Fuel cost per metric ton consumed	\$ 531	\$ 378	\$ 474	\$ 371
Currencies (USD to 1)				
AUD	\$ 0.74	\$ 0.78	\$ 0.76	\$ 0.76
CAD	\$ 0.76	\$ 0.78	\$ 0.78	\$ 0.76
EUR	\$ 1.16	\$ 1.15	\$ 1.20	\$ 1.11
GBP	\$ 1.31	\$ 1.29	\$ 1.36	\$ 1.27
RMB	\$ 0.15	\$ 0.15	\$ 0.15	\$ 0.15
CASH FLOW INFORMATION (in millions)				
Cash from operations	\$ 1,349	\$ 1,449	\$ 4,436	\$ 4,298
Capital expenditures	\$ 583	\$ 437	\$ 2,784	\$ 2,296
Dividends paid	\$ 356	\$ 290	\$ 1,003	\$ 797

Notes to Statistical Information

- (a) ALBD is a standard measure of passenger capacity for the period that we use to approximate rate and capacity variances, based on consistently applied formulas that we use to perform analyses to determine the main non-capacity driven factors that cause our cruise revenues and expenses to vary. ALBDs assume that each cabin we offer for sale accommodates two passengers and is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.
- (b) For the three months ended August 31, 2018 compared to the three months ended August 31, 2017, we had a 1.7% capacity increase in ALBDs comprised of a 3.1% capacity increase in our North America and Australia segment (“NAA”) and a 0.8% capacity decrease in our Europe and Asia segment (“EA”).

Our NAA segment’s capacity increase was caused by:

- Full quarter impact from one Carnival Cruise Line 3,970-passenger capacity ship that entered into service in April 2018
- Full quarter impact from one Seabourn 600-passenger capacity ship that entered into service in May 2018

Our EA segment's capacity decrease was caused by:

- Full quarter impact from one P&O Cruises (UK) 700-passenger capacity ship removed from service in March 2018
- Full quarter impact from one Costa Cruises 1,300-passenger capacity ship removed from service in April 2018

For the nine months ended August 31, 2018 compared to the nine months ended August 31, 2017, we had a 1.8% capacity increase in ALBDs comprised of a 2.2% capacity increase in our NAA segment and a 1.0% capacity increase in our EA segment.

Our NAA segment's capacity increase was caused by:

- Partial period impact from one Princess Cruises 3,560-passenger capacity ship that entered into service in April 2017
- Partial period impact from one Carnival Cruise Line 3,970-passenger capacity ship that entered into service in April 2018
- Partial period impact from one Seabourn 600-passenger capacity ship that entered into service in May 2018

These increases were partially offset by the partial period impact from one P&O Cruises (Australia) 1,550-passenger capacity ship removed from service in April 2017.

Our EA segment's capacity increase was caused by:

- Partial period impact from one AIDA Cruises 3,290-passenger capacity ship that entered into service in June 2017

This increase was partially offset by:

- Partial period impact from one P&O Cruises (UK) 700-passenger capacity ship removed from service in March 2018
- Partial period impact from one Costa Cruises 1,300-passenger capacity ship removed from service in April 2018

- (c) In accordance with cruise industry practice, occupancy is calculated using a denominator of ALBDs, which assumes two passengers per cabin even though some cabins can accommodate three or more passengers. Percentages in excess of 100% indicate that on average more than two passengers occupied some cabins.

CARNIVAL CORPORATION & PLC
NON-GAAP FINANCIAL MEASURES

Consolidated gross and net revenue yields were computed by dividing the gross and net cruise revenues by ALBDs as follows:

<i>(dollars in millions, except yields)</i>	Three Months Ended August 31,			Nine Months Ended August 31,		
	2018	2018 Constant Dollar	2017	2018	2018 Constant Dollar	2017
Passenger ticket revenues	\$ 4,353	\$ 4,342	\$ 4,138	\$ 10,694	\$ 10,413	\$ 9,814
Onboard and other revenues	1,316	1,315	1,223	3,509	3,447	3,237
Gross cruise revenues	5,669	5,657	5,361	14,203	13,860	13,051
Less cruise costs						
Commissions, transportation and other	(760)	(758)	(699)	(2,000)	(1,930)	(1,781)
Onboard and other	(207)	(207)	(184)	(485)	(476)	(438)
	(967)	(965)	(883)	(2,485)	(2,406)	(2,219)
Net passenger ticket revenues	3,593	3,584	3,439	8,694	8,483	8,033
Net onboard and other revenues	1,109	1,108	1,039	3,024	2,971	2,799
Net cruise revenues	\$ 4,702	\$ 4,692	\$ 4,478	\$ 11,718	\$ 11,454	\$ 10,832
ALBDs	21,475,014	21,475,014	21,120,155	62,626,499	62,626,499	61,540,974
Gross revenue yields	\$ 263.98	\$ 263.40	\$ 253.82	\$ 226.78	\$ 221.31	\$ 212.07
% increase	4.0%	3.8%		6.9%	4.4%	
Net revenue yields	\$ 218.96	\$ 218.48	\$ 211.99	\$ 187.10	\$ 182.90	\$ 176.01
% increase	3.3%	3.1%		6.3%	3.9%	
Net passenger ticket revenue yields	\$ 167.31	\$ 166.89	\$ 162.82	\$ 138.82	\$ 135.45	\$ 130.52
% increase	2.8%	2.5%		6.4%	3.8%	
Net onboard and other revenue yields	\$ 51.65	\$ 51.60	\$ 49.17	\$ 48.28	\$ 47.45	\$ 45.49
% increase	5.0%	4.9%		6.1%	4.3%	

<i>(dollars in millions, except yields)</i>	Three Months Ended August 31,			Nine Months Ended August 31,		
	2018	2018 Constant Currency	2017	2018	2018 Constant Currency	2017
Net passenger ticket revenues	\$ 3,593	\$ 3,573	\$ 3,439	\$ 8,694	\$ 8,455	\$ 8,033
Net onboard and other revenues	1,109	1,110	1,039	3,024	2,980	2,799
Net cruise revenues	\$ 4,702	\$ 4,683	\$ 4,478	\$ 11,718	\$ 11,436	\$ 10,832
ALBDs	21,475,014	21,475,014	21,120,155	62,626,499	62,626,499	61,540,974
Net revenue yields	\$ 218.96	\$ 218.06	\$ 211.99	\$ 187.10	\$ 182.60	\$ 176.01
% increase	3.3%	2.9%		6.3%	3.7%	
Net passenger ticket revenue yields	\$ 167.31	\$ 166.38	\$ 162.82	\$ 138.82	\$ 135.01	\$ 130.52
% increase	2.8%	2.2%		6.4%	3.4%	
Net onboard and other revenue yields	\$ 51.65	\$ 51.68	\$ 49.17	\$ 48.28	\$ 47.59	\$ 45.49
% increase	5.0%	5.1%		6.1%	4.6%	

(See Explanations of Non-GAAP Financial Measures.)

CARNIVAL CORPORATION & PLC
NON-GAAP FINANCIAL MEASURES (CONTINUED)

Consolidated gross and net cruise costs and net cruise costs excluding fuel per ALBD were computed by dividing the gross and net cruise costs and net cruise costs excluding fuel by ALBDs as follows:

<i>(dollars in millions, except costs per ALBD)</i>	<u>Three Months Ended August 31,</u>			<u>Nine Months Ended August 31,</u>		
	2018	2018 Constant Dollar	2017	2018	2018 Constant Dollar	2017
Cruise operating expenses	\$ 2,867	\$ 2,864	\$ 2,927	\$ 8,208	\$ 8,014	\$ 7,752
Cruise selling and administrative expenses	569	567	543	1,772	1,728	1,637
Gross cruise costs	3,436	3,431	3,470	9,980	9,743	9,389
Less cruise costs included above						
Commissions, transportation and other	(760)	(758)	(699)	(2,000)	(1,930)	(1,781)
Onboard and other	(207)	(207)	(184)	(485)	(476)	(438)
Gains (losses) on ship sales and impairments	27	26	(304)	39	35	(300)
Restructuring expenses	—	—	(3)	—	—	(3)
Other	—	—	—	(1)	(1)	—
Net cruise costs	2,496	2,492	2,280	7,532	7,370	6,867
Less fuel	(434)	(434)	(307)	(1,166)	(1,166)	(914)
Net cruise costs excluding fuel	\$ 2,062	\$ 2,058	\$ 1,973	\$ 6,367	\$ 6,204	\$ 5,953
ALBDs	21,475,014	21,475,014	21,120,155	62,626,499	62,626,499	61,540,974
Gross cruise costs per ALBD	\$ 160.02	\$ 159.76	\$ 164.32	\$ 159.36	\$ 155.57	\$ 152.56
% (decrease) increase	(2.6)%	(2.8)%		4.5%	2.0%	
Net cruise costs excluding fuel per ALBD	\$ 96.03	\$ 95.85	\$ 93.39	\$ 101.66	\$ 99.07	\$ 96.72
% increase	2.8 %	2.6 %		5.1%	2.4%	

<i>(dollars in millions, except costs per ALBD)</i>	<u>Three Months Ended August 31,</u>			<u>Nine Months Ended August 31,</u>		
	2018	2018 Constant Currency	2017	2018	2018 Constant Currency	2017
Net cruise costs excluding fuel	\$ 2,062	\$ 2,060	\$ 1,973	\$ 6,367	\$ 6,205	\$ 5,953
ALBDs	21,475,014	21,475,014	21,120,155	62,626,499	62,626,499	61,540,974
Net cruise costs excluding fuel per ALBD	\$ 96.03	\$ 95.92	\$ 93.39	\$ 101.66	\$ 99.07	\$ 96.72
% increase	2.8%	2.7%		5.1%	2.4%	

(See Explanations of Non-GAAP Financial Measures.)

CARNIVAL CORPORATION & PLC
NON-GAAP FINANCIAL MEASURES (CONTINUED)

<i>(in millions, except per share data)</i>	Three Months Ended August 31,		Nine Months Ended August 31,	
	2018	2017	2018	2017
Net income				
U.S. GAAP net income	\$ 1,707	\$ 1,329	\$ 2,659	\$ 2,060
Unrealized (gains) losses on fuel derivatives, net	(8)	(65)	(90)	(134)
(Gains) losses on ship sales and impairments	(27)	392	(39)	389
Restructuring expenses	—	3	—	3
Other	—	—	7	—
Adjusted net income	\$ 1,673	\$ 1,659	\$ 2,537	\$ 2,318
Weighted-average shares outstanding	707	726	714	727
Earnings per share				
U.S. GAAP earnings per share	\$ 2.41	\$ 1.83	\$ 3.72	\$ 2.84
Unrealized (gains) losses on fuel derivatives, net	(0.01)	(0.09)	(0.13)	(0.18)
(Gains) losses on ship sales and impairments	(0.04)	0.55	(0.05)	0.53
Restructuring expenses	—	—	—	—
Other	—	—	0.01	—
Adjusted earnings per share	\$ 2.36	\$ 2.29	\$ 3.55	\$ 3.19

Explanations of Non-GAAP Financial Measures

Non-GAAP Financial Measures

We use net cruise revenues per ALBD (“net revenue yields”), net cruise costs excluding fuel per ALBD, adjusted net income and adjusted earnings per share as non-GAAP financial measures of our cruise segments’ and the company’s financial performance. These non-GAAP financial measures are provided along with U.S. GAAP gross cruise revenues per ALBD (“gross revenue yields”), gross cruise costs per ALBD and U.S. GAAP net income and U.S. GAAP earnings per share.

Net revenue yields and net cruise costs excluding fuel per ALBD enable us to separate the impact of predictable capacity or ALBD changes from price and other changes that affect our business. We believe these non-GAAP measures provide useful information to investors and expanded insight to measure our revenue and cost performance as a supplement to our U.S. GAAP consolidated financial statements.

Under U.S. GAAP, the realized and unrealized gains and losses on fuel derivatives not qualifying as fuel hedges are recognized currently in earnings. We believe that unrealized gains and losses on fuel derivatives are not an indication of our earnings performance since they relate to future periods and may not ultimately be realized in our future earnings. Therefore, we believe it is more meaningful for the unrealized gains and losses on fuel derivatives to be excluded from our net income and earnings per share and, accordingly, we present adjusted net income and adjusted earnings per share excluding these unrealized gains and losses.

We believe that gains and losses on ship sales, impairment charges, restructuring and other expenses are not part of our core operating business and are not an indication of our future earnings performance. Therefore, we believe it is more meaningful for gains and losses on ship sales, impairment charges, and restructuring and other non-core gains and charges to be excluded from our net income and earnings per share and, accordingly, we present adjusted net income and adjusted earnings per share excluding these items.

The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. It is possible that our non-GAAP financial

measures may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.

Net revenue yields are commonly used in the cruise industry to measure a company's cruise segment revenue performance and for revenue management purposes. We use "net cruise revenues" rather than "gross cruise revenues" to calculate net revenue yields. We believe that net cruise revenues is a more meaningful measure in determining revenue yield than gross cruise revenues because it reflects the cruise revenues earned net of our most significant variable costs, which are travel agent commissions, cost of air and other transportation, certain other costs that are directly associated with onboard and other revenues and credit and debit card fees.

Net passenger ticket revenues reflect gross passenger ticket revenues, net of commissions, transportation and other costs.

Net onboard and other revenues reflect gross onboard and other revenues, net of onboard and other cruise costs.

Net cruise costs excluding fuel per ALBD is the measure we use to monitor our ability to control our cruise segments' costs rather than gross cruise costs per ALBD. We exclude the same variable costs that are included in the calculation of net cruise revenues as well as fuel expense to calculate net cruise costs without fuel to avoid duplicating these variable costs in our non-GAAP financial measures. Substantially all of our net cruise costs excluding fuel are largely fixed, except for the impact of changing prices, once the number of ALBDs has been determined.

Reconciliation of Forecasted Data

We have not provided a reconciliation of forecasted gross cruise revenues to forecasted net cruise revenues or forecasted gross cruise costs to forecasted net cruise costs without fuel or forecasted U.S. GAAP net income to forecasted adjusted net income or forecasted U.S. GAAP earnings per share to forecasted adjusted earnings per share because preparation of meaningful U.S. GAAP forecasts of gross cruise revenues, gross cruise costs, net income and earnings per share would require unreasonable effort. We are unable to predict, without unreasonable effort, the future movement of foreign exchange rates and fuel prices. While we forecast realized gains and losses on fuel derivatives by applying current Brent prices to the derivatives that settle in the forecast period, we do not forecast the impact of unrealized gains and losses on fuel derivatives because we do not believe they are an indication of our future earnings performance. We are unable to determine the future impact of gains or losses on ships sales, restructuring expenses and other non-core gains and charges.

Constant Dollar and Constant Currency

Our operations primarily utilize the U.S. dollar, Australian dollar, euro and sterling as functional currencies to measure results and financial condition. Functional currencies other than the U.S. dollar subject us to foreign currency translational risk. Our operations also have revenues and expenses that are in currencies other than their functional currency, which subject us to foreign currency transactional risk.

We report net revenue yields, net passenger revenue yields, net onboard and other revenue yields and net cruise costs excluding fuel per ALBD on a "constant dollar" and "constant currency" basis assuming the 2018 periods' currency exchange rates have remained constant with the 2017 periods' rates. These metrics facilitate a comparative view for the changes in our business in an environment with fluctuating exchange rates.

Constant dollar reporting removes only the impact of changes in exchange rates on the translation of our operations.

Constant currency reporting removes the impact of changes in exchange rates on the translation of our operations (as in constant dollar) plus the transactional impact of changes in exchange rates from revenues and expenses that are denominated in a currency other than the functional currency.

Examples:

- The translation of our operations with functional currencies other than U.S. dollar to our U.S. dollar reporting currency results in decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies and increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies.

- Our operations have revenue and expense transactions in currencies other than their functional currency. If their functional currency strengthens against these other currencies, it reduces the functional currency revenues and expenses. If the functional currency weakens against these other currencies, it increases the functional currency revenues and expenses.