

# Achieves All-Time High Financial Results with Adjusted Net Income of \$2B Exceeds Guidance and Raises Full Year 2025 Outlook for the Third Time This Year

## Third Quarter 2025 Earnings Presentation





# Disclaimers, Forward Looking Statements and Responsibility

This presentation includes certain financial measures not presented in accordance with generally accepted accounting principles ("GAAP") including, but not limited to, cruise costs without fuel, Adjusted EBITDA, Adjusted Net Income (loss), ROIC, and certain ratios and metrics derived therefrom. These non-GAAP measures are supplemental measures that are not required by, and are not presented in accordance with, GAAP and we have presented these measures because we believe they are useful to investors in evaluating a company's performance and/or ability to service and/or incur indebtedness. The items excluded from these measures are significant in assessing Carnival Corporation & PLC's operating results and liquidity and should not be construed as an inference that its future results will be unaffected by any such adjustments. Certain adjustments that are made in calculating these measures are based on assumptions and estimates that may prove to have been inaccurate. Therefore, these measures have limitations as analytical tools and should not be considered in isolation or as an alternative to net income, cash flows from operations or other measures of profitability, liquidity or performance under GAAP. You should be aware that Carnival's presentation of these measures may not be comparable to similarly-titled measures used by other companies.

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 statements concerning future results, operations, strategy, outlooks, plans, goals, reputation, cash flows, liquidity 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, as amended. 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," "aspiration," "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, but are not limited to, statements that relate to our outlook and financial position, as well as, statements regarding:

- Pricing
- Booking levels
- Occupancy
- Interest, tax and fuel expenses
- Currency exchange rates
- Goodwill, ship and trademark fair values
- Liquidity and credit ratings
- Investment grade leverage metrics
- Estimates of ship depreciable lives and residual values
- Adjusted net income (loss)
- Adjusted EBITDA
- Adjusted EBITDA per ALBD
- Adjusted EBITDA margin
- Adjusted earnings per share
- Net debt to adjusted EBITDA
- Net yields
- Adjusted cruise costs per ALBD
- Adjusted cruise costs excluding fuel per ALBD
- Adjusted ROIC

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. These factors include, but are not limited to, the following:

- Events and conditions around the world, including geopolitical uncertainty, war and other military actions, pandemics, inflation, higher fuel prices, higher interest rates and other general concerns impacting the ability or desire of people to travel could lead to a decline in demand for cruises as well as have significant negative impacts on our financial condition and operations.
- Incidents concerning our ships, guests or the cruise industry may negatively impact the satisfaction of our guests and crew and lead to reputational damage.
- Changes in and non-compliance with laws and regulations under which we operate, such as those relating to health, environment, safety and security, data privacy and protection, anti-money laundering, anti-corruption, economic sanctions, trade protection, labor and employment, and tax may be costly and lead to litigation, enforcement actions, fines, penalties and reputational damage.
- Factors associated with climate change, including evolving and increasing regulations, increasing concerns about climate change and the shift in climate conscious consumerism and stakeholder scrutiny, and increasing frequency and/or severity of adverse weather conditions could have a material impact on our business.
- Inability to meet or achieve our targets, goals, aspirations, initiatives, and our public statements and disclosures regarding them, including those related to sustainability matters, may expose us to risks that may adversely impact our business.
- Cybersecurity incidents and data privacy breaches, as well as disruptions and other damages to our principal offices, information technology operations and system networks and failure to keep pace with developments in technology have adversely impacted and may in the future materially adversely impact our business operations, the satisfaction of our guests and crew and may lead to fines, penalties and reputational damage.
- The loss of key team members, our inability to recruit or retain qualified shoreside and shipboard team members and increased labor costs could have an adverse effect on our business and results of operations.
- Increases in fuel prices, changes in the types of fuel consumed and availability of fuel supply may adversely impact our scheduled itineraries and costs.
- We rely on suppliers who are integral to the operations of our businesses. These suppliers and service providers may be unable to deliver on their commitments, which could negatively impact our business.
- Fluctuations in foreign currency exchange rates may adversely impact our financial results.
- Overcapacity and competition in the cruise and land-based vacation industry may negatively impact our cruise sales, pricing and destination options.
- Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments may adversely impact our business operations and the satisfaction of our guests.
- We require a significant amount of cash to service our debt and sustain our operations. Our ability to generate cash depends on many factors, including those beyond our control, and we may not be able to generate cash required to service our debt and sustain our operations.
- Our debt could adversely affect our financial health and operating flexibility.

The ordering of the risk factors set forth above is not intended to reflect our indication of priority or likelihood. There may be additional risks that we consider immaterial or which are unknown.

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.

Forward-looking and other statements in this document may also address our sustainability progress, plans, and goals (including climate change- and environmental-related matters). In addition, historical, current, and forward-looking sustainability- and climate-related statements may be based on standards and tools for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions and predictions that are subject to change in the future and may not be generally shared.

# Record Breaking Third Quarter

- ✓ Record Revenues
- ✓ Record Net Yields
- ✓ Record Adj. EBITDA
- ✓ Record Operating Income
- ✓ Record Customer Deposits
- ★ All-Time High Quarterly Adj. Net Income of \$2B!



All delivered on 2.5% lower capacity than 3Q 2024

## Outperformed Third Quarter June Guidance on Every Measure...

3Q 2025	Guidance <i>(Approx. Estimates)</i>	Actual
Net Yields vs. 2024	3.5%	4.6%
Adj. Cruise Costs excl. Fuel per ALBD vs. 2024	7.0%	5.5%
Adj. EBITDA	\$2.9B	\$3.0B
Adj. Net Income	\$1.8B	\$2.0B
Adj. Earnings Per Share - Diluted	\$1.30	\$1.43

**Delivered 13% Adj. ROIC<sup>(1)</sup>, first time in nearly 20 years that returns have reached the teens**

## ...Taking Up Full Year 2025 Guidance for the Third Time this Year

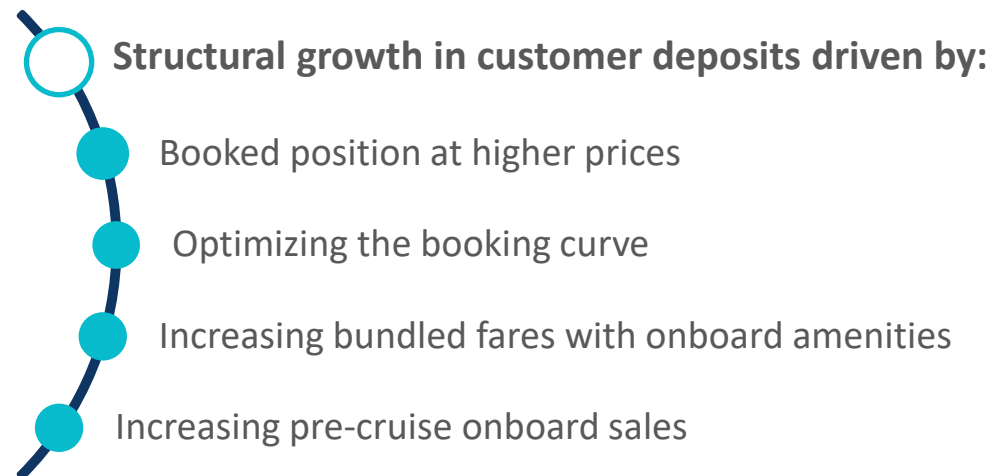
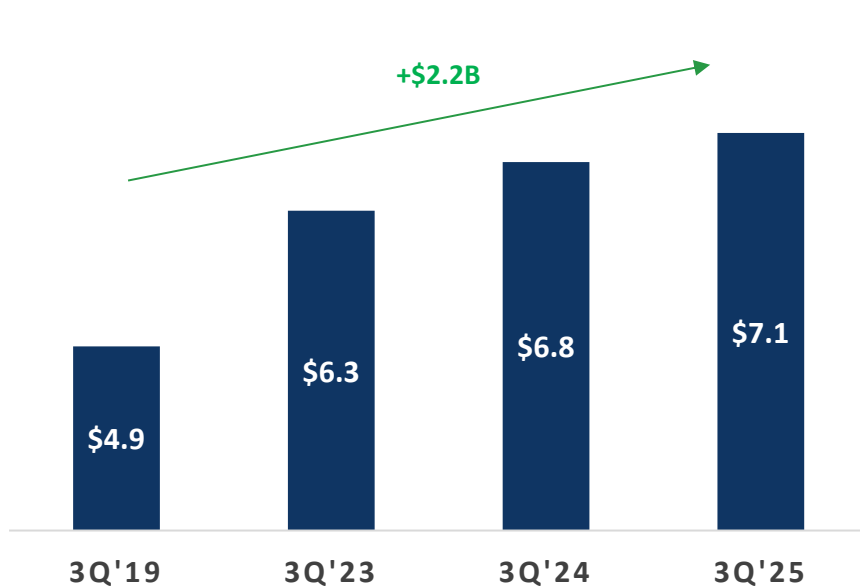
Full Year 2025 <i>(Approx. estimates)</i>	Dec Guidance	Mar Guidance	Jun Guidance	Sep Guidance
Net Yields vs. 2024	4.2%	4.7%	5.0%	5.3%
Adj. Cruise Costs excl. Fuel per ALBD vs. 2024	3.7%	3.8%	3.6%	3.3%
Adj. EBITDA	\$6.6B	\$6.7B	\$6.9B	\$7.1B
Adj. Net Income	\$2.3B	\$2.5B	\$2.7B	\$2.9B
Adj. Earnings Per Share - Diluted	\$1.70	\$1.83	\$1.97	\$2.14

**Outperformance has increased our Adj. Net Income expectations by \$235M since June and over \$600M since December**

# Record 3Q Customer Deposits

## Customer Deposits

*In Billions*



Customer deposits in 3Q 2025 up ~45% vs. 3Q 2019 on less than 10% capacity growth



# 2026 Bookings Hitting New Historical Highs

## Full Year 2026 Booked Position

- ✓ Nearly half of 2026 already on the books
- ✓ Historical high on price for both North America and Europe
- ✓ In-line with prior year record levels on occupancy



Alongside unprecedented start to 2027 with record booking volumes during 3Q

# Welcomed Star Princess

**Sister To The Sun Princess, Awarded 2024 Mega Ship of the Year by Condé Nast Traveler**





# Debuted Celebration Key, Our Game-Changing Destination

- ✓ Opened on time and on budget
- ✓ Nearly 1.5B media impressions at the grand opening alone
- ✓ Nearly half a million guests have enjoyed so far
- ✓ Fantastic guest feedback





# Nearly 3 Million Guests Expect to Visit Celebration Key in 2026

- ✓ Pier extension opening in Fall 2026
- ✓ Welcoming 20 Carnival Cruise Line ships leaving from 12 different homeports
- ✓ 1 ship in port virtually every day of the year; 2 ships or more in port 85% of the time





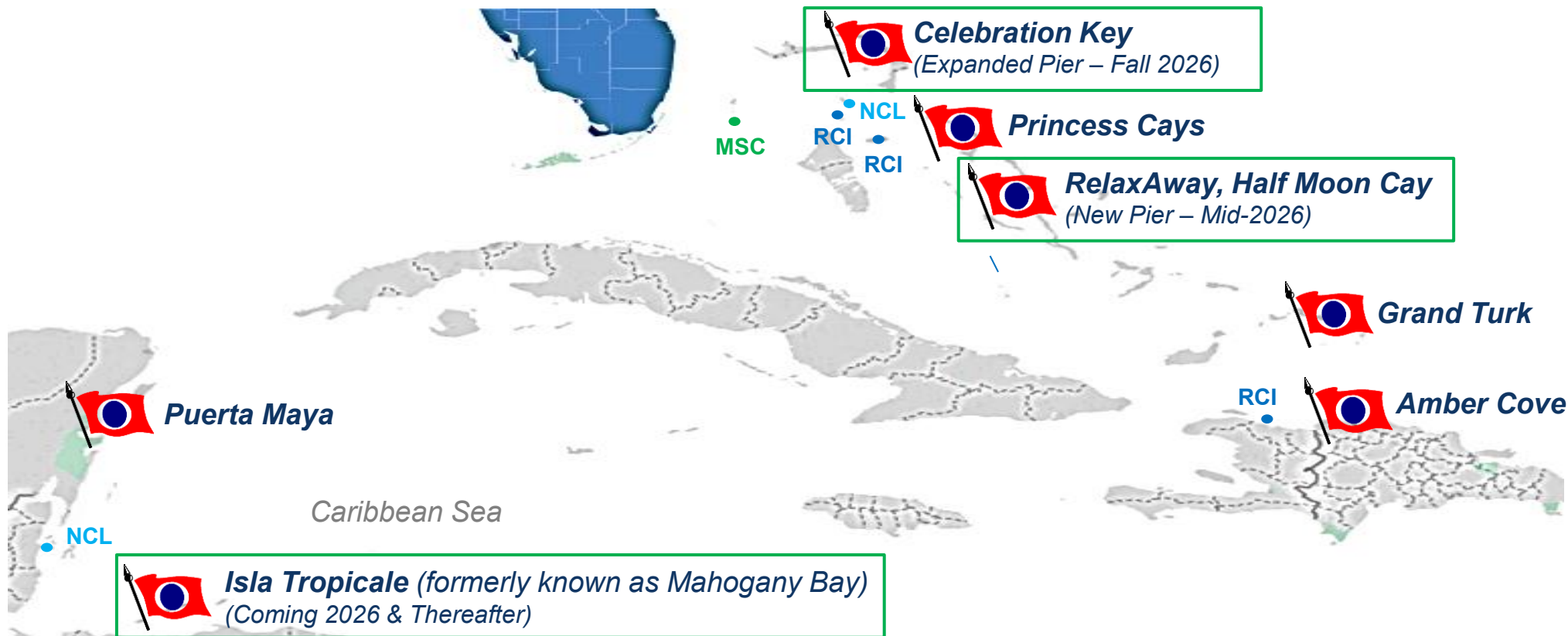
# RelaxAway, Half Moon Cay Coming Mid-2026

✓ Enhanced and Expanded to Feature a Newly Constructed Pier





# Unrivalled Footprint of Seven Purpose-Built Caribbean Gems



Over 8M guests expected to visit to our exclusive destinations in 2026, nearly equal to all peers<sup>(1)</sup> combined

# We Have the Most Assets in and Capacity Dedicated to Alaska...



## Alaska Land-Based Assets Structural Advantages

- ✓ Drives brand preference
- ✓ Achieves yield premium
- ✓ Attracts new-to-cruise guests
- ✓ Most recommended by travel agents



8 Hotels & Lodges  
~2.5k hotel rooms

330+ Motorcoaches &  
Revenue Vehicles

20 Glass Dome Rail Cars

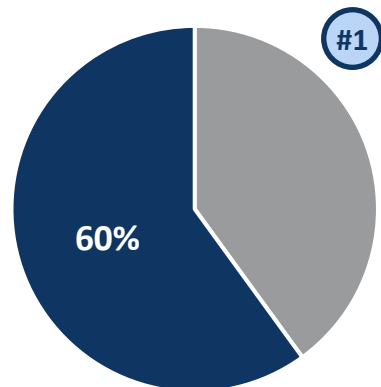
Most Glacier Bay Permits

...enabling us to capture multiple times the land-sea guests vs. others

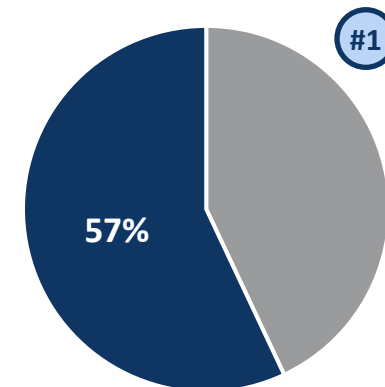
## ...And We Have the Biggest Reach into Europe



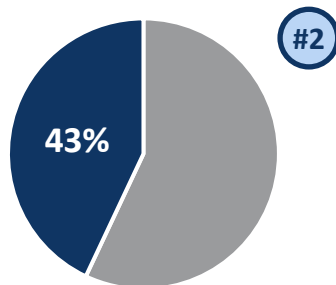
Germany



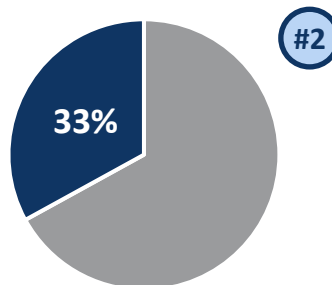
UK



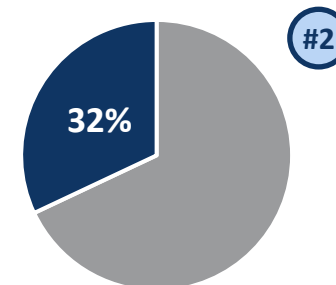
Italy



France



Spain



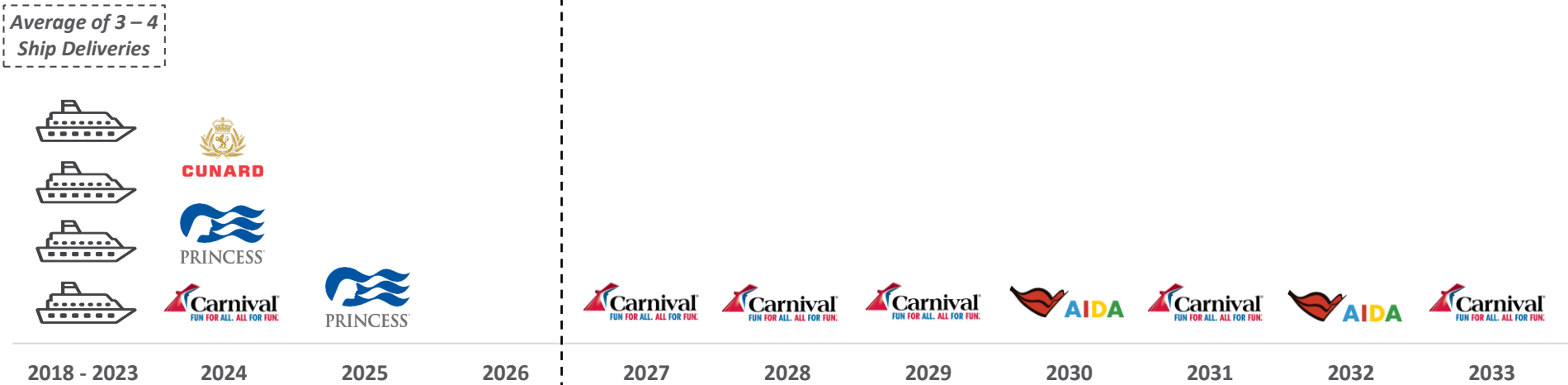
Our leading brands are #1 or #2 in every established cruise market in Europe, with ~1/3 to >1/2 of market share



# Adding Capacity to Our Highest Returning Brands

## Ship Deliveries

## Current Orderbook



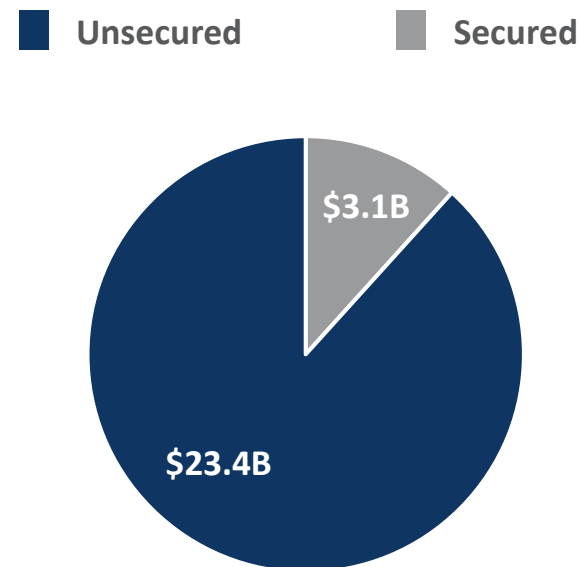
Disciplined capacity growth – 1 to 2 ship deliveries expected per year

# Maintaining Momentum on Our Refinancing and Deleveraging Strategy

## 3Q Financing Activity Highlights

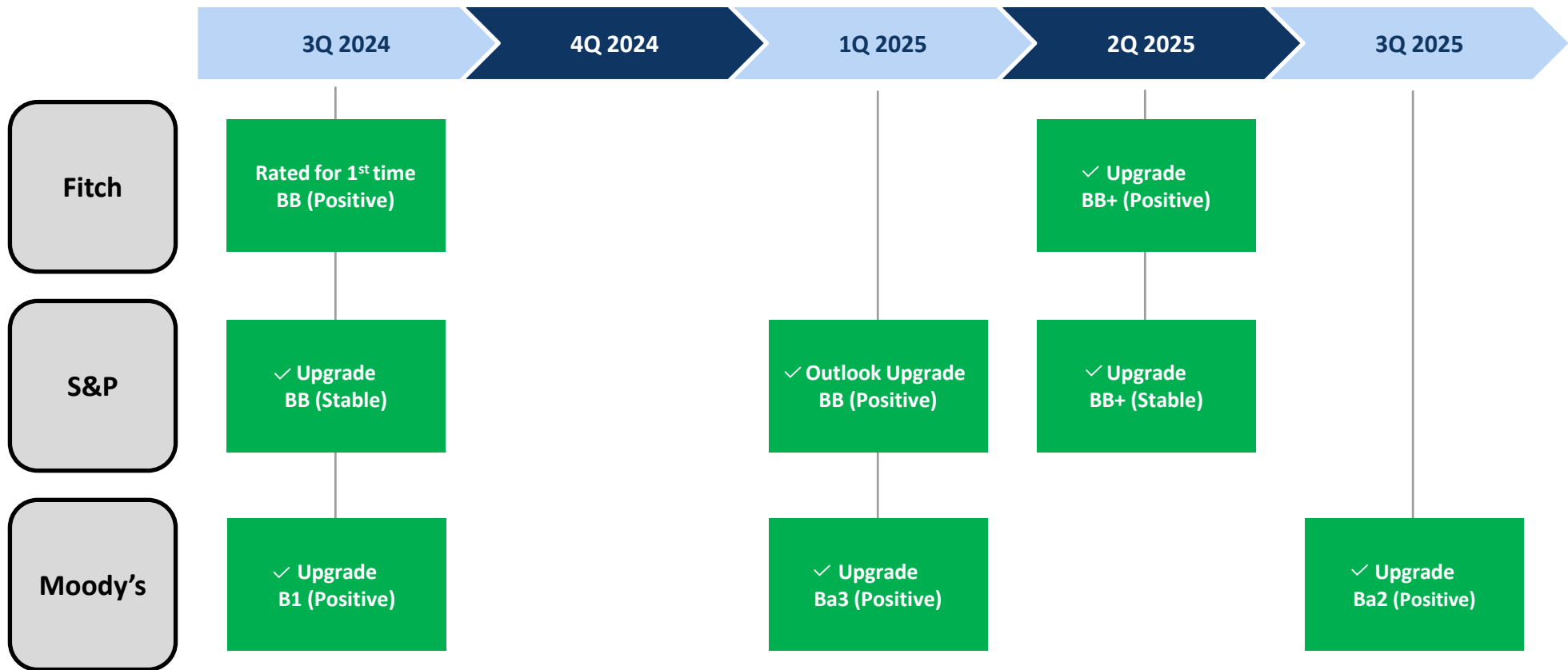
- ✓ Successfully issued two senior unsecured notes:
  - €1.0B at 4.125% due 2031
  - \$3.0B at 5.75% due 2032
- ✓ Entered into a \$400M loan
- ✓ Combined proceeds from these financings, together with cash on hand, used to repay over \$5B of debt
- ✓ Reduced secured debt by nearly \$2.5B during the quarter leaving just \$3.1B remaining

## Debt by Category



Opportunistically refinanced over \$11B of debt and prepaid another \$1B since January 2025

# Our Strong Performance and Deleveraging Continues to be Recognized by Credit Rating Upgrades



Only one notch to go to reach investment grade rating with S&P and Fitch

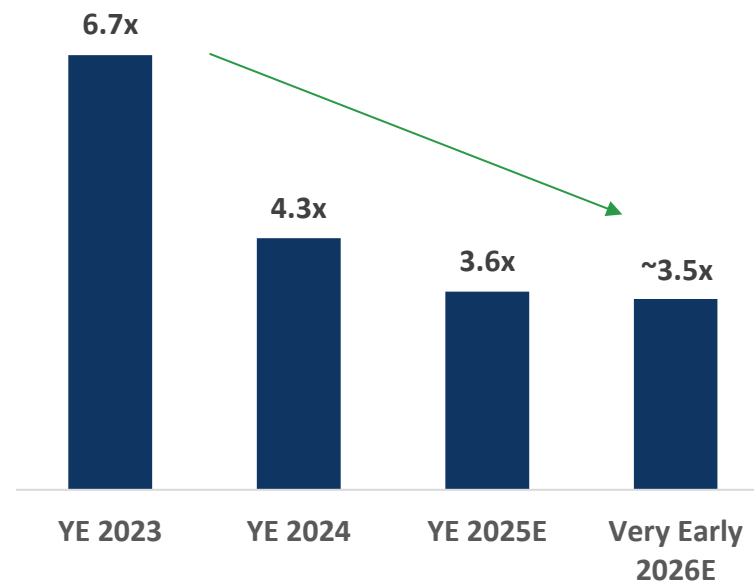


# Closing in on Investment Grade Leverage Metrics

## Provided Redemption Notice For All Outstanding Convertible Notes

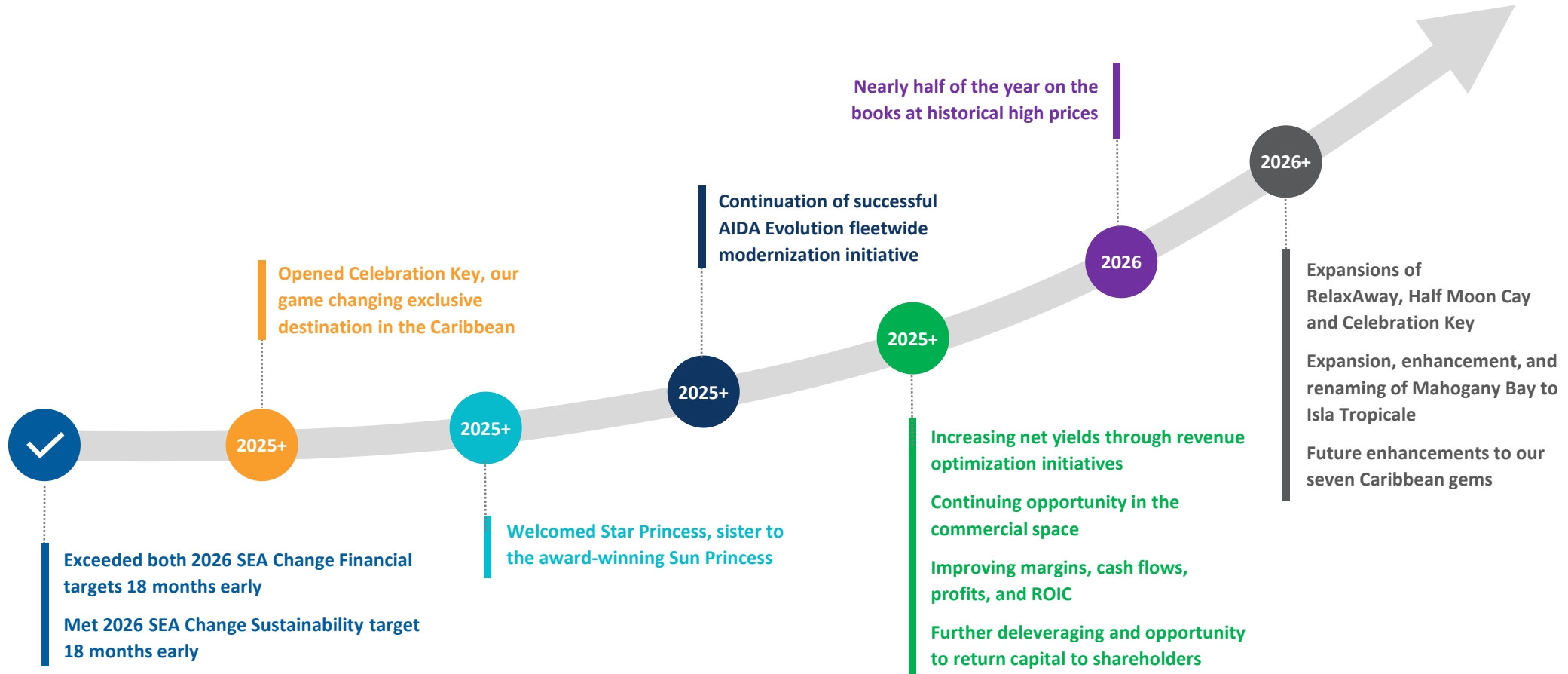
- ✓ Using a combination of equity and \$500M of cash
- ✓ Transaction will be settled on 12/5/2025
- ✓ Will result in \$600M improvement in net debt and lower share count used in the calculation for our fully diluted EPS for 2026
- ✓ Expected to reduce Net Debt to Adj. EBITDA to ~3.5x by very early next year

## Improving Net Debt to Adj. EBITDA



Looking forward, we are targeting a Net Debt to Adj. EBITDA ratio of under 3.0x

# Creating Value for Our Stakeholders and Delivering Unforgettable Vacations to Our Guests





Appendix



## Capacity By Program – 2025

<i>Per Dec Guidance</i>	1Q	2Q	3Q	4Q	Full Year
Caribbean	48%	33%	24%	29%	34%
Northern Europe	9%	16%	24%	16%	16%
Mediterranean	3%	13%	21%	19%	14%
Australia/New Zealand	10%	6%	3%	4%	6%
Alaska	0%	4%	16%	4%	6%
Other Programs	30%	28%	12%	28%	24%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

# Guidance

	4Q 2025		Full Year 2025	
	Current Dollars	Constant Currency	Current Dollars	Constant Currency
Year over year change				
Net yields	Approx. 6.4%	Approx. 4.3%	Approx. 6.2%	Approx. 5.3%
Adjusted cruise costs excluding fuel per ALBD	Approx. 5.5%	Approx. 3.2%	Approx. 4.4%	Approx. 3.3%
			<b>4Q 2025</b>	<b>Full Year 2025</b>
ALBDs (in millions) (a)			24.1	96.5
Fuel consumption in metric tons (in millions)			0.7	2.8
Fuel cost per metric ton consumed (excluding European Union Allowance ("EUA"))	\$		598	\$ 615
Fuel expense (including EUA expense) (in billions)	\$		0.45	\$ 1.84
Depreciation and amortization expense (in billions)	\$		0.73	\$ 2.79
Interest expense, net of capitalized interest and interest income (in billions)	\$		0.30	\$ 1.31
Adjusted EBITDA (in billions)			Approx. \$1.34	Approx. \$7.05
Adjusted net income (loss) (in millions)			Approx. \$300	Approx. \$2,925
Adjusted earnings per share - diluted (b)			Approx. \$0.23	Approx. \$2.14
Weighted-average shares outstanding - basic			1,313	1,312
Adjusted weighted-average shares outstanding - diluted (b)			1,403	1,402

(a) See "Notes to Statistical Information"

(b) Diluted adjusted earnings per share includes the add-back of dilutive interest expense related to the company's convertible notes of \$18 million for the fourth quarter of 2025 and \$71 million for full year 2025.

Currencies (USD to 1)	4Q 2025		Full Year 2025	
AUD	\$	0.66	\$	0.63
CAD	\$	0.72	\$	0.72
EUR	\$	1.18	\$	1.13
GBP	\$	1.35	\$	1.32

Sensitivities (impact to adjusted net income (loss) in millions)	4Q 2025	
1% change in net yields	\$	45
1% change in adjusted cruise costs excluding fuel per ALBD	\$	29
10% change in fuel cost per metric ton (excluding EUA)	\$	42
100 basis point change in variable rate debt	\$	9
1% change in currency exchange rates	\$	6

## Capital Expenditures

For the fourth quarter of 2025, newbuild capital expenditures are \$1.0 billion and non-newbuild capital expenditures are \$0.7 billion. These future capital expenditures will fluctuate with foreign currency movements relative to the U.S. Dollar. In addition, these figures do not include potential stage payments for ship orders that the company may place in the future.

# Reconciliation of Net Yields

	Three Months Ended August 31,			Nine Months Ended August 31,		
	2025	2025 Constant Currency	2024	2025	2025 Constant Currency	2024
<i>(in millions, except yields data)</i>						
Total Revenues	\$ 8,153		\$ 7,896	\$ 20,292		\$ 19,083
Less: Cruise and tour operating expenses	(4,385)		(4,303)	(12,037)		(11,805)
Depreciation and amortization expense	(717)		(651)	(2,064)		(1,898)
<b>Gross margin</b>	<b>3,051</b>		<b>2,941</b>	<b>6,191</b>		<b>5,380</b>
Less: Tour and other revenues	(179)		(181)	(212)		(222)
Add: Payroll and related	636		575	1,915		1,812
Fuel	451		515	1,384		1,546
Food	398		393	1,124		1,099
Other operating	1,044		995	2,858		2,796
Depreciation and amortization expense	717		651	2,064		1,898
<b>Adjusted gross margin</b>	<b>\$ 6,119</b>	<b>\$ 6,006</b>	<b>\$ 5,891</b>	<b>\$ 15,323</b>	<b>\$ 15,250</b>	<b>\$ 14,307</b>
<b>ALBDs</b>	<b>24.6</b>	<b>24.6</b>	<b>25.2</b>	<b>72.3</b>	<b>72.3</b>	<b>71.7</b>
<b>Gross margin yields (per ALBD)</b>	<b>\$ 124.20</b>		<b>\$ 116.77</b>	<b>\$ 85.57</b>		<b>\$ 75.05</b>
<b>Net yields (per ALBD)</b>	<b>\$ 249.11</b>	<b>\$ 244.51</b>	<b>\$ 233.87</b>	<b>\$ 211.79</b>	<b>\$ 210.79</b>	<b>\$ 199.60</b>

# Reconciliation of Non-GAAP Financial Measures

	Three Months Ended August 31,		Nine Months Ended August 31,	
	2025	2024	2025	2024
<i>(in millions, except per share data)</i>				
<b>Net income (loss)</b>	\$ 1,852	\$ 1,735	\$ 2,338	\$ 1,613
(Gains) losses on ship sales and impairments	0	(6)	(101)	(6)
Debt extinguishment and modification costs	111	13	366	78
Restructuring expense	3	9	5	20
Other	17	—	17	—
<b>Adjusted net income (loss)</b>	\$ 1,982	\$ 1,751	\$ 2,625	\$ 1,705
Interest expense, net of capitalized interest	317	431	1,034	1,352
Interest income	(15)	(19)	(34)	(77)
Income tax expense, net	(8)	8	16	13
Depreciation and amortization expense	717	651	2,064	1,898
<b>Adjusted EBITDA</b>	\$ 2,993	\$ 2,822	\$ 5,706	\$ 4,890
<b>Earnings per share - diluted (a)</b>	\$ 1.33	\$ 1.26	\$ 1.71	\$ 1.21
<b>Weighted-average shares outstanding - diluted (a)</b>	1,402	1,399	1,401	1,398
<b>Adjusted earnings per share - diluted (a)</b>	\$ 1.43	\$ 1.27	\$ 1.91	\$ 1.27
<b>Adjusted weighted-average shares outstanding - diluted (a)</b>	1,402	1,399	1,401	1,398

*(See Non-GAAP Financial Measures)*

(a) Diluted earnings per share and diluted adjusted earnings per share include the add-back of dilutive interest expense related to the company's convertible notes of \$18 million and \$53 million for the three and nine months ended August 31, 2025, and \$25 million and \$73 million for the three and nine months ended August 31, 2024.

	Three Months Ended August 31,			Nine Months Ended August 31,		
	2025	2025 Constant Currency	2024	2025	2025 Constant Currency	2024
<i>(in millions, except costs per ALBD data)</i>						
Cruise and tour operating expenses	\$ 4,385		\$ 4,303	\$ 12,037		\$ 11,805
Selling and administrative expense	779		763	2,442		2,366
Less: Tour and other expenses	(102)		(105)	(157)		(174)
<b>Cruise costs</b>	5,062		4,962	14,323		13,998
Less: Commissions, transportation and other	(973)		(958)	(2,603)		(2,510)
Onboard and other costs	(883)		(866)	(2,154)		(2,043)
Gains (losses) on ship sales and impairments	0		6	101		6
Restructuring expense	(3)		(9)	(5)		(20)
Other	(4)		—	(4)		—
<b>Adjusted cruise costs</b>	3,201	3,143	3,134	9,659	9,611	9,430
Less: Fuel	(451)	(450)	(515)	(1,384)	(1,383)	(1,546)
<b>Adjusted cruise costs excluding fuel</b>	\$ 2,750	\$ 2,693	\$ 2,619	\$ 8,275	\$ 8,228	\$ 7,885
<b>ALBDs</b>	24.6	24.6	25.2	72.3	72.3	71.7
<b>Cruise costs per ALBD</b>	\$ 206.11		\$ 196.98	\$ 197.97		\$ 195.29
<b>Adjusted cruise costs per ALBD</b>	\$ 130.31	\$ 127.98	\$ 124.44	\$ 133.50	\$ 132.84	\$ 131.56
<b>Adjusted cruise costs excluding fuel per ALBD</b>	\$ 111.96	\$ 109.65	\$ 103.97	\$ 114.38	\$ 113.72	\$ 110.00



# Non-GAAP Financial Measures

We use non-GAAP financial measures and they are provided along with their most comparative U.S. GAAP financial measure:

Non-GAAP Measure	U.S. GAAP Measure	Use Non-GAAP Measure to Assess
<ul style="list-style-type: none"> <li>Adjusted net income (loss), adjusted EBITDA, adjusted EBITDA per ALBD and adjusted EBITDA margin</li> </ul>	<ul style="list-style-type: none"> <li>Net income (loss)</li> </ul>	<ul style="list-style-type: none"> <li>Company Performance</li> </ul>
<ul style="list-style-type: none"> <li>Adjusted earnings per share</li> </ul>	<ul style="list-style-type: none"> <li>Earnings per share</li> </ul>	<ul style="list-style-type: none"> <li>Company Performance</li> </ul>
<ul style="list-style-type: none"> <li>Net debt to adjusted EBITDA</li> </ul>	<ul style="list-style-type: none"> <li>—</li> </ul>	<ul style="list-style-type: none"> <li>Company Leverage</li> </ul>
<ul style="list-style-type: none"> <li>Net yields</li> </ul>	<ul style="list-style-type: none"> <li>Gross margin yields</li> </ul>	<ul style="list-style-type: none"> <li>Cruise Segments Performance</li> </ul>
<ul style="list-style-type: none"> <li>Adjusted cruise costs per ALBD and adjusted cruise costs excluding fuel per ALBD</li> </ul>	<ul style="list-style-type: none"> <li>Gross cruise costs per ALBD</li> </ul>	<ul style="list-style-type: none"> <li>Cruise Segments Performance</li> </ul>
<ul style="list-style-type: none"> <li>Adjusted ROIC</li> </ul>	<ul style="list-style-type: none"> <li>—</li> </ul>	<ul style="list-style-type: none"> <li>Company Performance</li> </ul>

The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as a 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.

Adjusted net income (loss) and adjusted earnings per share provide additional information to us and investors about our future earnings performance by excluding certain gains, losses and expenses that we believe are not part of our core operating business and are not an indication of our future earnings performance. We believe that gains and losses on ship sales, impairment charges, debt extinguishment and modification costs, restructuring costs and certain other gains, losses and expenses are not part of our core operating business and are not an indication of our future earnings performance.

Adjusted EBITDA, adjusted EBITDA per ALBD and adjusted EBITDA margin provide additional information to us and investors about our core operating profitability, including on a per ALBD basis, by excluding certain gains, losses and expenses that we believe are not part of our core operating business and are not an indication of our future earnings performance as well as excluding interest, taxes and depreciation and amortization. In addition, we believe that the presentation of adjusted EBITDA provides additional information to us and investors about our ability to operate our business in compliance with the covenants set forth in our debt agreements. We define adjusted EBITDA as adjusted net income (loss) adjusted for (i) interest, (ii) taxes and (iii) depreciation and amortization. There are material limitations to using adjusted EBITDA. Adjusted EBITDA does not take into account certain significant items that directly affect our net income (loss). These limitations are best addressed by considering the economic effects of the excluded items independently and by considering adjusted EBITDA in conjunction with net income (loss) as calculated in accordance with U.S. GAAP. We define adjusted EBITDA margin as adjusted EBITDA divided by total revenues.

Net debt to adjusted EBITDA provides additional information to us and investors about our overall leverage. We define net debt to adjusted EBITDA as total debt less cash and cash equivalents excluding a minimum cash balance divided by twelve-month adjusted EBITDA.

Net yields enable us and investors to measure the performance of our cruise segments on a per ALBD basis. We use adjusted gross margin rather than gross margin to calculate net yields. We believe that adjusted gross margin is a more meaningful measure in determining net yields than gross margin because it reflects the cruise revenues earned net of only 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.

# Non-GAAP Financial Measures (Cont'd)



Adjusted cruise costs per ALBD and adjusted cruise costs excluding fuel per ALBD enable us and investors 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 us and investors and expanded insight to measure our cost performance. Adjusted cruise costs per ALBD and adjusted cruise costs excluding fuel per ALBD are the measures we use to monitor our ability to control our cruise segments' costs rather than cruise costs per ALBD. We exclude gains and losses on ship sales, impairment charges, restructuring costs and certain other gains and losses that we believe are not part of our core operating business as well as excluding 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. We exclude fuel expense to calculate adjusted cruise costs excluding fuel. The price of fuel, over which we have no control, impacts the comparability of period-to-period cost performance. The adjustment to exclude fuel provides us and investors with supplemental information to understand and assess the company's non-fuel adjusted cruise cost performance. Substantially all of our adjusted cruise costs excluding fuel are largely fixed, except for the impact of changing prices once the number of ALBDs has been determined.

Adjusted ROIC provides additional information to us and investors about our operating performance relative to the capital we have invested in the company. We define adjusted ROIC as the twelve-month adjusted net income (loss) before interest expense and interest income divided by the monthly average of debt plus equity minus construction-in-progress, excess cash, goodwill and intangibles.

## Reconciliation of Forecasted Data

We have not provided a reconciliation of forecasted non-GAAP financial measures to the most comparable U.S. GAAP financial measures because preparation of meaningful U.S. GAAP forecasts would require unreasonable effort. We are unable to predict, without unreasonable effort, the future movement of foreign exchange rates and fuel prices. We are unable to determine the future impact of gains and losses on ship sales, impairment charges, debt extinguishment and modification costs, restructuring costs and certain other non-core gains and losses.

## 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.

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

We report adjusted gross margin, net yields, adjusted cruise costs excluding fuel and adjusted cruise costs excluding fuel per ALBD on a "constant currency" basis assuming the current periods' currency exchange rates have remained constant with the prior periods' rates. These metrics facilitate a comparative view for the changes in our business in an environment with fluctuating exchange rates.

## 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.