



## Carnival Corporation & PLC Reports Record First Quarter Earnings

March 21, 2005

MIAMI, March 21, 2005 /PRNewswire-FirstCall via COMTEX/ -- Carnival Corporation & plc (NYSE: CCL; LSE)(NYSE: CUK) reported record net income of \$345 million, or \$0.42 diluted EPS, on revenues of \$2.40 billion for its first quarter ended February 28, 2005. Net income for the first quarter of 2004 was \$203 million, or \$0.25 diluted EPS, on revenues of \$1.98 billion.

The 21 percent increase in revenues in the 2005 first quarter was driven by a 15 percent increase in capacity and a continuation of the improvement in revenue yields (revenue per available lower berth day) that began in early 2004. Net revenue yields for the first quarter of 2005 increased 7.2 percent compared to the prior year, primarily due to higher cruise ticket prices and onboard revenues and, to a lesser extent, higher occupancy and the weak U.S. dollar relative to the euro and sterling. Gross revenue yields increased 5.1 percent. Net revenue yields as measured on a local currency basis ("constant dollar basis") increased 5.9 percent over the same period last year.

Despite a 10 percent increase in fuel prices, gross and net cruise costs per available lower berth day ("ALBD") for the first quarter of 2005 were approximately the same as the corresponding amounts in the similar period last year. The higher fuel costs were offset by lower selling, general and administrative costs per ALBD, partly due to the delay until later in the year of advertising expenditures. On a constant dollar basis, net cruise costs per ALBD decreased 1.0 percent from the same period last year.

As previously announced, as a result of the cancellation of P&O Cruises' 2005 world cruise on the Aurora, earnings per share for the first quarter of 2005 were reduced by \$0.04 per share. Also during the first quarter of 2005, the company recorded a \$0.01 per share gain from a litigation settlement.

Carnival Corporation & plc Chairman and CEO Micky Arison said that he was pleased with the company's performance during the quarter. "We are delighted with the first quarter results," Arison said. "Stronger than expected pricing coupled with a 15 percent increase in capacity more than offset higher fuel costs, enabling us to achieve a very healthy 70 percent increase in net income."

During the 2005 first quarter, Carnival Cruise Lines introduced the 2,974-passenger Carnival Valor, which is currently operating seven-day Caribbean cruises from Miami. Also during the first quarter, Carnival Corporation & plc announced an agreement to construct a new 3,000-passenger ship for Costa Cruises, with the delivery scheduled for spring 2007.

Just yesterday, delivery ceremonies were held in Venice, Italy, for P&O Cruises' 1,968-passenger Arcadia, which will operate a series of European cruises from Southampton, England, beginning April 14, 2005.

As a result of the merger with P&O Princess, the company assumed a contingent liability related to the British Merchant Navy Officers Pension Fund ("MNOFF"). The company was recently informed that the decision on how to allocate the MNOFF's deficit among its participating employers is expected to be issued by the court at a hearing scheduled for March 22, 2005. As more fully discussed in Note 13 to the company's 2004 annual financial statements, the company's share of the MNOFF deficit is estimated to be between \$26 million and \$113 million. Depending on the court's decision and other factors, the company could be required to update its 2005 first quarter results to record a one-time expense for its share of the MNOFF deficit.

### Outlook for the Remainder of 2005

Looking forward, Arison said that he continued to be optimistic about the climate for cruise vacations for the remainder of 2005. "We began this year's wave season with significantly less inventory to sell than at this same time last year, despite an 8.6 percent increase in 2005 capacity. With continued strong demand during the 2005 wave season, we have achieved higher pricing than during last year's wave season and, as a result, expect to see an increase in revenue yields for the remainder of the year," Arison said.

For the last nine months of 2005, advance booking levels are well ahead of the prior year's levels on a capacity adjusted basis, with pricing higher than last year. Assuming a continuing strong demand for travel, the company has raised its guidance for net revenue yields for the last nine months of 2005 from an increase of 4 to 6 percent to an increase of 5 to 6 percent (3.5 to 4.5 percent on a constant dollar basis), compared to last year. Capacity is expected to increase 6.7 percent over the balance of 2005. In recent weeks, fuel prices have spiked up significantly. The company's cost guidance for fuel is based on recent forward prices for fuel for the balance of the year, which is 23 percent higher than average prices for the last three quarters of fiscal 2004. As a result, the company now estimates that net cruise costs per ALBD for the remainder of 2005 are expected to increase by 4 to 5 percent (2.5 to 3.5 percent on a constant dollar basis), compared to 2004. On a constant dollar basis, and excluding the higher fuel costs, the company's forecast for net cruise costs per ALBD for the balance of 2005 is approximately flat with the prior year.

Based on these estimates, the company continues to expect that diluted earnings per share for the year 2005 will be approximately \$2.70. This guidance is based on currency exchange rates of \$1.30 to the euro and \$1.88 to the sterling.

For the second quarter of 2005, the company expects net revenue yields to increase 6 to 7 percent (4.5 to 5.5 percent on a constant dollar basis), compared to last year. Net cruise costs per ALBD are expected to be up 6 to 7 percent (up 4.5 to 5.5 percent on a constant dollar basis), compared to last year. The increased costs are mostly attributable to the higher fuel price estimates. Also affecting second quarter 2005 cost estimates are higher dry-dock amortization expense and the timing of expenditures between quarters. Based on these estimates, the company expects diluted earnings per share for the second quarter of 2005 to be in the range of \$0.45 to \$0.47. This guidance, as well as the company's guidance for the year, includes a previously announced reduction in second quarter 2005 earnings per share of \$0.02 for the impact of the cancellation of the Aurora's 2005 world cruise.



Operating Income	1,978 418	1,721 260
Nonoperating (Expense) Income		
Interest income	3	4
Interest expense, net of capitalized interest	(86)	(65)
Other income, net	7 (2) (76)	(61)
Income Before Income Taxes	342	199
Income Tax Benefit, Net	3	4
Net Income	\$345	\$203
Earnings Per Share		
Basic	\$0.43	\$0.25
Diluted	\$0.42	\$0.25
Dividends Per Share	\$0.150	\$0.125
Weighted-Average Shares Outstanding - Basic	805	800
Weighted-Average Shares Outstanding - Diluted	855	820

(1) Reclassifications have been made to certain 2004 amounts to conform to the current period presentation.

(2) Includes a \$7 million gain from the settlement of litigation.

CARNIVAL CORPORATION & PLC  
SELECTED STATISTICAL AND SEGMENT INFORMATION

Three Months Ended February 28/29,  
2005                      2004 (1)  
(in millions, except statistical information)

STATISTICAL INFORMATION

Passengers carried	1,618,873	1,346,964
Available lower berth days (2)	11,586,444	10,062,655
Occupancy percentage	103.8 %	102.0 %

SEGMENT INFORMATION

Revenues		
Cruise	\$2,387	\$1,973
Other	12	10
Intersegment elimination	(3)	(2)
	\$2,396	\$1,981
Operating expenses		
Cruise	\$1,412	\$1,207
Other	14	12
Intersegment elimination	(3)	(2)
	\$1,423	\$1,217
Selling and administrative expenses		
Cruise	\$322	\$302
Other	12	14
	\$334	\$316
Operating income (loss)		
Cruise	\$440	\$281
Other	(22)	(21)
	\$418	\$260

- (1) Reclassifications have been made to certain 2004 amounts to conform to the current period presentation.
- (2) Available lower berth days is the total passenger capacity for the period, assuming two passengers per cabin, that we offer for sale, which is computed by multiplying passenger capacity by revenue-producing ship operating days in the period.

CARNIVAL CORPORATION & PLC  
GAAP TO NON-GAAP RECONCILING INFORMATION

Gross and net revenue yields were computed by dividing the gross or net revenues, without rounding, by ALBDs as follows:

Three Months Ended February 28/29,

	2005	2004
(in millions, except ALBDs and yields)		
Cruise revenues		
Passenger tickets	\$1,841	\$1,527
Onboard and other	546	446
Gross cruise revenues	2,387	1,973
Less cruise costs		
Commissions, transportation and other	(431)	(384)
Onboard and other	(96)	(81)
Net cruise revenues (1)	\$1,860	\$1,508
 ALBDs	 11,586,444	 10,062,655
 Gross revenue yields (1)	 \$206.07	 \$196.02
 Net revenue yields (1)	 \$160.59	 \$149.84

Gross and net cruise costs per ALBD were computed by dividing the gross or net cruise costs, without rounding, by ALBDs as follows:

Three Months Ended February 28/29,

	2005	2004
(in millions, except ALBDs and costs per ALBD)		
Cruise operating expenses	\$1,412	\$1,207
Cruise selling and administrative expenses	322	302
Gross cruise costs	1,734	1,509
Less cruise costs included in net cruise revenues		
Commissions, transportation and other	(431)	(384)
Onboard and other	(96)	(81)
Net cruise costs (1)	\$1,207	\$1,044
 ALBDs	 11,586,444	 10,062,655
 Gross cruise costs per ALBD (1)	 \$149.62	 \$149.91
 Net cruise costs per ALBD (1)	 \$104.13	 \$103.73

NOTE TO GAAP TO NON-GAAP RECONCILING INFORMATION

- (1) We use net cruise revenues per ALBD ("net revenue yields") and net cruise costs per ALBD as significant non-GAAP financial measures of our cruise segment financial performance. We believe that net revenue yields are commonly used in the cruise industry to measure a company's cruise segment revenue performance. This measure is also used for revenue management purposes. In calculating net revenue

yields, we use "net cruise revenues" rather than "gross cruise revenues." 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 by us net of our most significant variable costs, which are travel agent commissions, cost of air transportation and certain other variable direct costs associated with onboard revenues. Substantially all of our remaining cruise costs are largely fixed once our ship capacity levels have been determined.

Net cruise costs per ALBD is the most significant measure we use to monitor our ability to control our cruise segment costs rather than gross cruise costs per ALBD. In calculating net cruise costs, we exclude the same variable costs as described above, which are included in the calculation of net cruise revenues. This is done to avoid duplicating these variable costs in these two non-GAAP financial measures.

We have not provided estimates of future gross revenue yields or future gross cruise costs per ALBD because the reconciliations of forecasted net cruise revenues to forecasted gross cruise revenues or forecasted net cruise costs to forecasted cruise operating expenses would require us to forecast, with reasonable accuracy, the amount of air and other transportation costs that our forecasted cruise passengers would elect to purchase from us (the "air/sea mix"). Since the forecasting of future air/sea mix involves several significant variables that are relatively difficult to forecast and the revenues from the sale of air and other transportation approximate the costs of providing that transportation, management focuses primarily on forecasts of net cruise revenues and costs rather than gross cruise revenues and costs. This does not impact, in any material respect, our ability to forecast our future results, as any variation in the air/sea mix has no material impact on our forecasted net cruise revenues or forecasted net cruise costs. As such, management does not believe that this reconciling information would be meaningful.

We also monitor these two non-GAAP financial measures assuming the 2005 exchange rates have remained constant with the 2004 comparable period rates, or on a "constant dollar basis," in order to remove the impact of changes in exchange rates on our non-U.S. dollar cruise operations. On a constant dollar basis, the 2005 net cruise revenues and net cruise costs would be \$1.839 billion and \$1.190 billion, respectively.

SOURCE Carnival Corporation

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