

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT  
Pursuant to Section 13 or 15(d) of The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) June 22, 2017

Carnival Corporation

(Exact name of registrant as  
specified in its charter)

Republic of Panama

(State or other jurisdiction of  
incorporation)

001-9610

(Commission File Number)

59-1562976

(IRS Employer Identification No.)

3655 N.W. 87th Avenue  
Miami, Florida 33178-2428

(Address of principal  
executive offices)  
(Zip Code)

(305) 599-2600

(Registrant's telephone number,  
including area code)

None

(Former name or former address,  
if changed since last report.)



Carnival plc

(Exact name of registrant as  
specified in its charter)

England and Wales

(State or other jurisdiction of  
incorporation)

001-15136

(Commission File Number)

98-0357772

(IRS Employer Identification No.)

Carnival House, 100 Harbour Parade,  
Southampton SO15 1ST, United Kingdom

(Address of principal  
executive offices)  
(Zip Code)

011 44 23 8065 5000

(Registrant's telephone number,  
including area code)

None

(Former name, former address,  
if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrants under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrants are emerging growth companies as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2) of this chapter.

Emerging growth companies

If emerging growth companies, indicate by check mark if the registrants have elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Section 2 - Financial Information**

### **Item 2.02 Results of Operations and Financial Condition.**

On June 22, 2017, Carnival Corporation & plc issued a press release entitled “**CARNIVAL CORPORATION & PLC REPORTS SECOND QUARTER EARNINGS.**” A copy of this press release is furnished as Exhibit 99.1 to this report. This information shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, and is not incorporated by reference into any filing of either Carnival Corporation or Carnival plc, whether made before or after the date of this report, regardless of any general incorporation language in the filing.

## **Section 9 - Financial Statements and Exhibits**

### **Item 9.01 Financial Statements and Exhibits.**

#### **(d) Exhibits.**

Exhibit 99.1 Press release, dated June 22, 2017 (furnished pursuant to Item 2.02).

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the registrants has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

**CARNIVAL CORPORATION**

By: /s/ David Bernstein  
Name: David Bernstein  
Title: Chief Financial Officer and Chief Accounting Officer  
  
Date: June 22, 2017

**CARNIVAL PLC**

By: /s/ David Bernstein  
Name: David Bernstein  
Title: Chief Financial Officer and Chief Accounting Officer  
  
Date: June 22, 2017

## Exhibit Index

<u>Exhibit No.</u>	<u>Description</u>
99.1	Press release, dated June 22, 2017 (furnished pursuant to Item 2.02)

## CARNIVAL CORPORATION & PLC REPORTS SECOND QUARTER EARNINGS

MIAMI (June 22, 2017) - Carnival Corporation & plc (NYSE/LSE: CCL; NYSE: CUK) announced U.S. GAAP net income of \$379 million, or \$0.52 diluted EPS, for the second quarter of 2017 compared to U.S. GAAP net income for the second quarter of 2016 of \$605 million, or \$0.80 diluted EPS. Second quarter 2017 adjusted net income of \$378 million, or \$0.52 adjusted EPS, was higher than adjusted net income of \$370 million, or \$0.49 adjusted EPS, for the second quarter of 2016. Adjusted net income excludes unrealized gains/(losses) on fuel derivatives and other net charges, which totaled gains of \$1 million for the second quarter 2017 and \$235 million, or \$0.31 per share, for the second quarter 2016. Revenues for the second quarter of 2017 of \$3.9 billion were higher than the \$3.7 billion in the prior year.

Carnival Corporation & plc President and Chief Executive Officer Arnold Donald noted, “Strong execution drove significant operational improvements, which more than offset the substantial drag from fuel and currency, leading to another second quarter adjusted earnings record. It was reinforcing to see over five percent improvement in cruise ticket prices, affirming our efforts to increase demand by building positive word of mouth through the delivery of exceptional guest experiences as well as our innovative marketing and public relations programs.”

Key information for the second quarter 2017 compared to the prior year:

- Gross revenue yields (revenue per available lower berth day or “ALBD”) increased 2.7 percent. In constant currency, net revenue yields increased 5.1 percent for 2Q 2017, better than March guidance of up 2.5 to 3.5 percent.
- Gross cruise costs including fuel per ALBD increased 3.2 percent. In constant currency, net cruise costs excluding fuel per ALBD increased 1.5 percent, in line with March guidance of up 1.5 to 2.5 percent.
- Changes in fuel prices (including realized fuel derivatives) and currency exchange rates decreased earnings by \$0.12 per share.

Highlights from the second quarter include the delivery of Princess Cruises’ *Majestic Princess*, the first ship tailored for the China market, as well as the addition of *AIDAperla* to the company’s German brand, AIDA Cruises. Also during the quarter, two additional Princess Cruises ships, *Caribbean Princess* and *Royal Princess*, were outfitted with the technical requirements to transition them in early 2018 to the Ocean Platform featuring Ocean Medallion™. This cutting edge interactive guest experience will debut on *Regal Princess* this November.

Additionally, Carnival Corporation was ranked among the 100 Best Corporate Citizens by Corporate Responsibility magazine and was ranked number one, globally, for the year’s most engaging and informative sustainability report in the 10th annual Corporate Register Reporting Awards.

### Outlook

At this time, cumulative bookings for the next three quarters are higher at prices that are well ahead of the prior year. During the quarter, booking volumes for the next three quarters have been running in line with last year, also at prices that are well ahead.

Looking forward, Donald commented, “We are realizing sustained strength in booking trends across all core products. We are delivering on our strategy to grow demand in excess of measured capacity growth while leveraging our industry-leading scale resulting in increased return on invested capital. We are working hard to sustain the momentum. We have accelerated returns to shareholders through our recent dividend increase, with annual dividend distributions now approaching \$1.2 billion, and the reauthorization of up to \$1 billion in share repurchases.” Donald added that the company has completed \$2.7 billion in share repurchases since late 2015.

The company expects full year 2017 net revenue yields in constant currency to be up approximately 3.5 percent compared to the prior year, better than March guidance of up approximately 3 percent. The company expects full year net cruise costs excluding fuel per ALBD in constant currency to be up approximately 1.5 percent compared to March guidance of up approximately 1 percent. Changes in fuel prices (including realized fuel derivatives) and currency exchange rates compared to the prior year are expected to decrease earnings by \$0.35 per share.

Taking the above factors into consideration, the company expects full year 2017 adjusted earnings per share to be in the range of \$3.60 to \$3.70 compared to March guidance of \$3.50 to \$3.70 and 2016 adjusted earnings per share of \$3.45.

### Third Quarter 2017 Outlook

Third quarter constant currency net revenue yields are expected to be up approximately 4 percent compared to the prior year. Net cruise costs excluding fuel per ALBD in constant currency for the third quarter of 2017 are expected to be in line with the prior year. Changes in fuel prices (including realized fuel derivatives) and currency exchange rates compared to the prior year are expected to decrease earnings by \$0.05 per share. Based on the above factors, the company expects adjusted earnings per share for the third quarter 2017 to be in the range of \$2.16 to \$2.20 versus 2016 adjusted earnings per share of \$1.92.

### Selected Key Metrics

<u>Year over year change:</u>	<u>Full Year 2017</u>		<u>Third Quarter 2017</u>	
	<u>Current Dollars</u>	<u>Constant Currency</u>	<u>Current Dollars</u>	<u>Constant Currency</u>
Net revenue yields	Approx 2.5%	Approx 3.5%	Approx 3.5%	Approx 4.0%
Net cruise costs excl. fuel / ALBD	Approx 1.0%	Approx 1.5%	Approx (0.5%)	Approx flat

	<u>Full Year 2017</u>		<u>Third Quarter 2017</u>	
Fuel price per metric ton		\$367		\$372
Fuel consumption (metric tons in thousands)		3,300		815
Currency: Euro		\$1.10 to €1		\$1.12 to €1
Sterling		\$1.26 to £1		\$1.27 to £1
Australian dollar		\$0.75 to A\$1		\$0.75 to A\$1

	<u>Three Months Ended</u>		<u>Six Months Ended</u>	
	<u>May 31,</u>		<u>May 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net income (in millions)	\$ 379	\$ 605	\$ 730	\$ 747
Adjusted net income (in millions) (a)	\$ 378	\$ 370	\$ 657	\$ 672
Earnings per share-diluted	\$ 0.52	\$ 0.80	\$ 1.00	\$ 0.98
Adjusted earnings per share-diluted (a)	\$ 0.52	\$ 0.49	\$ 0.90	\$ 0.88

(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 2017 second 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](http://www.carnivalcorp.com) and [www.carnivalplc.com](http://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, Europe, Australia and Asia, its portfolio features Carnival Cruise Line, Holland America Line, Princess Cruises, Seabourn, AIDA Cruises, Costa Cruises, Cunard, P&O Cruises (Australia) and P&O Cruises (UK), as well as Fathom, the corporation's immersion and enrichment experience brand.

Together, the corporation's cruise lines operate 103 ships with 231,000 lower berths visiting over 700 ports around the world, with 17 new ships scheduled to be delivered between 2018 and 2022. 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](http://www.carnival.com), [www.fathom.org](http://www.fathom.org), [www.hollandamerica.com](http://www.hollandamerica.com), [www.princess.com](http://www.princess.com), [www.seabourn.com](http://www.seabourn.com), [www.aida.de](http://www.aida.de), [www.costacruise.com](http://www.costacruise.com), [www.cunard.com](http://www.cunard.com), [www.pocruises.com.au](http://www.pocruises.com.au) and [www.pocruises.com](http://www.pocruises.com).

### **MEDIA CONTACT**

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## 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:

- 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
- Economic conditions and adverse world events affecting the safety and security of travel, such as civil unrest, armed conflicts and terrorist attacks
- Changes in and compliance with laws and regulations relating to the environment, health, safety, security, tax and anti-corruption under which we operate
- Disruptions and other damages to our information technology and other networks and operations, and breaches in data security
- Ability to recruit, develop and retain qualified personnel
- Increases in fuel prices
- Fluctuations in foreign currency exchange rates
- Misallocation of capital among our ship, joint venture and other strategic investments
- Future operating cash flow may not be sufficient to fund future obligations and we may be unable to obtain financing
- Overcapacity in the cruise ship and land-based vacation industry
- Deterioration of our cruise brands’ strengths and our inability to implement our strategies
- Continuing financial viability of our travel agent distribution system, air service providers and other key vendors in our supply chain and 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 and increases to our repairs and maintenance expenses and refurbishment costs as our fleet ages
- Failure to keep pace with developments in technology



- Geographic regions in which we try to expand our business may be slow to develop and ultimately not develop how we expect and our international operations are subject to additional risks not generally applicable to our U.S. operations
- Competition from the cruise ship and land-based vacation industry
- Economic, market and political factors that are beyond our control
- Litigation, enforcement actions, fines or penalties
- Lack of continuing availability of attractive, convenient and safe port destinations on terms that are favorable or consistent with our expectations
- Union disputes and other employee relationship issues
- Decisions to self-insure against various risks or the inability to obtain insurance for certain risks at reasonable rates
- Reliance on third-party providers of various services integral to the operations of our business
- Business activities that involve our co-investment with third parties
- Disruptions in the global financial markets or other events that may negatively affect the ability of our counterparties and others to perform their obligations to us
- Our shareholders may be subject to the uncertainties of a foreign legal system since Carnival Corporation and Carnival plc are not U.S. corporations
- Small group of shareholders may be able to effectively control the outcome of shareholder voting
- Provisions in Carnival Corporation's and Carnival plc's constitutional documents may prevent or discourage takeovers and business combinations that our shareholders might consider to be in their best interests
- The dual listed company arrangement involves risks not associated with the more common ways of combining the operations of two companies

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 May 31,		Six Months Ended May 31,	
	2017	2016	2017	2016
<b>Revenues</b>				
Cruise				
Passenger tickets	\$ 2,872	\$ 2,696	\$ 5,676	\$ 5,414
Onboard and other	1,036	978	2,014	1,901
Tour and other	37	31	46	42
	<u>3,945</u>	<u>3,705</u>	<u>7,736</u>	<u>7,357</u>
<b>Operating Costs and Expenses</b>				
Cruise				
Commissions, transportation and other	513	495	1,082	1,077
Onboard and other	129	123	253	240
Payroll and related	513	502	1,032	994
Fuel	310	196	607	383
Food	253	248	504	495
Other ship operating	685	667	1,346	1,271
Tour and other	33	27	46	41
	<u>2,436</u>	<u>2,258</u>	<u>4,870</u>	<u>4,501</u>
Selling and administrative	553	532	1,102	1,083
Depreciation and amortization	456	437	896	861
	<u>3,445</u>	<u>3,227</u>	<u>6,868</u>	<u>6,445</u>
<b>Operating Income</b>	<u>500</u>	<u>478</u>	<u>868</u>	<u>912</u>
<b>Nonoperating Income (Expense)</b>				
Interest income	2	2	4	3
Interest expense, net of capitalized interest	(50)	(57)	(101)	(108)
(Losses) gains on fuel derivatives, net (a)	(53)	171	(27)	(65)
Other (expense) income, net	(15)	13	(7)	8
	<u>(116)</u>	<u>129</u>	<u>(131)</u>	<u>(162)</u>
<b>Income Before Income Taxes</b>	<u>384</u>	<u>607</u>	<u>737</u>	<u>750</u>
<b>Income Tax Expense, Net</b>	<u>(5)</u>	<u>(2)</u>	<u>(7)</u>	<u>(3)</u>
<b>Net Income</b>	<u>\$ 379</u>	<u>\$ 605</u>	<u>\$ 730</u>	<u>\$ 747</u>
<b>Earnings Per Share</b>				
Basic	<u>\$ 0.52</u>	<u>\$ 0.81</u>	<u>\$ 1.01</u>	<u>\$ 0.99</u>
Diluted	<u>\$ 0.52</u>	<u>\$ 0.80</u>	<u>\$ 1.00</u>	<u>\$ 0.98</u>
<b>Dividends Declared Per Share</b>	<u>\$ 0.40</u>	<u>\$ 0.35</u>	<u>\$ 0.75</u>	<u>\$ 0.65</u>
<b>Weighted-Average Shares Outstanding - Basic</b>	<u>724</u>	<u>751</u>	<u>724</u>	<u>758</u>
<b>Weighted-Average Shares Outstanding - Diluted</b>	<u>727</u>	<u>753</u>	<u>727</u>	<u>761</u>

- (a) During the three months ended May 31, 2017 and 2016, our (losses) gains on fuel derivatives, net include net unrealized (losses) gains of \$(2) million and \$242 million and realized (losses) of \$(51) million and \$(71) million, respectively. During the six months ended May 31, 2017 and 2016, our gains (losses) on fuel derivatives, net include net unrealized gains of \$69 million and \$96 million and realized (losses) of \$(96) million and \$(161) million, respectively.

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

	May 31, 2017	November 30, 2016
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 597	\$ 603
Trade and other receivables, net	319	298
Inventories	351	322
Prepaid expenses and other	507	466
Total current assets	<u>1,774</u>	<u>1,689</u>
<b>Property and Equipment, Net</b>	33,823	32,429
<b>Goodwill</b>	2,953	2,910
<b>Other Intangibles</b>	1,286	1,275
<b>Other Assets</b>	615	578 (a)
	<u>\$ 40,451</u>	<u>\$ 38,881</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current Liabilities</b>		
Short-term borrowings	\$ 675	\$ 457
Current portion of long-term debt	1,108	640
Accounts payable	690	713
Accrued liabilities and other	1,807	1,740
Customer deposits	4,778	3,522
Total current liabilities	<u>9,058</u>	<u>7,072</u>
<b>Long-Term Debt</b>	7,635	8,302 (a)
<b>Other Long-Term Liabilities</b>	794	910
<b>Shareholders' Equity</b>		
Common stock of Carnival Corporation, \$0.01 par value; 1,960 shares authorized; 655 shares at 2017 and 654 shares at 2016 issued	7	7
Ordinary shares of Carnival plc, \$1.66 par value; 217 shares at 2017 and 2016 issued	358	358
Additional paid-in capital	8,673	8,632
Retained earnings	22,026	21,843
Accumulated other comprehensive loss	(2,154)	(2,454)
Treasury stock, 118 shares at 2017 and 2016 of Carnival Corporation and 30 shares at 2017 and 27 shares at 2016 of Carnival plc, at cost	(5,946)	(5,789)
Total shareholders' equity	<u>22,964</u>	<u>22,597</u>
	<u>\$ 40,451</u>	<u>\$ 38,881</u>

(a) On December 1, 2016, we adopted the Financial Accounting Standards Board's *Interest - Imputation of Interest* and reclassified \$55 million from Other Assets to Long-Term Debt on our November 30, 2016 Consolidated Balance Sheet.

**CARNIVAL CORPORATION & PLC**  
**OTHER INFORMATION**

	Three Months Ended May 31,		Six Months Ended May 31,	
	2017	2016	2017	2016
<b>STATISTICAL INFORMATION</b>				
ALBDs (in thousands) (a)	20,397	19,693	40,421	38,983
Occupancy percentage (b)	104.1%	104.1%	104.3%	104.1%
Passengers carried (in thousands)	2,906	2,781	5,675	5,340
Fuel consumption in metric tons (in thousands)	830	808	1,649	1,623
Fuel consumption in metric tons per thousand ALBDs	40.7	41.0	40.8	41.6
Fuel cost per metric ton consumed	\$ 374	\$ 243	\$ 368	\$ 236
Currencies				
U.S. dollar to euro	\$ 1.08	\$ 1.13	\$ 1.07	\$ 1.11
U.S. dollar to sterling	\$ 1.26	\$ 1.44	\$ 1.25	\$ 1.44
U.S. dollar to Australian dollar	\$ 0.75	\$ 0.75	\$ 0.75	\$ 0.73
<b>CASH FLOW INFORMATION (in millions)</b>				
Cash from operations	\$ 1,917	\$ 1,883	\$ 2,849	\$ 2,681
Capital expenditures	\$ 1,447	\$ 1,636	\$ 1,859	\$ 1,966
Dividends paid	\$ 253	\$ 227	\$ 507	\$ 459

**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) 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 (dollars in millions, except yields) (a):

	Three Months Ended May 31,			Six Months Ended May 31,		
	2017	2017 Constant Dollar	2016	2017	2017 Constant Dollar	2016
Passenger ticket revenues	\$ 2,872	\$ 2,944	\$ 2,696	\$ 5,676	\$ 5,825	\$ 5,414
Onboard and other revenues	1,036	1,051	978	2,014	2,044	1,901
<b>Gross cruise revenues</b>	<b>3,908</b>	<b>3,995</b>	<b>3,674</b>	<b>7,690</b>	<b>7,869</b>	<b>7,315</b>
Less cruise costs						
Commissions, transportation and other	(513)	(526)	(495)	(1,082)	(1,114)	(1,077)
Onboard and other	(129)	(131)	(123)	(253)	(258)	(240)
	(642)	(657)	(618)	(1,335)	(1,372)	(1,317)
Net passenger ticket revenues	2,359	2,418	2,201	4,594	4,711	4,337
Net onboard and other revenues	907	920	855	1,761	1,786	1,661
<b>Net cruise revenues</b>	<b>\$ 3,266</b>	<b>\$ 3,338</b>	<b>\$ 3,056</b>	<b>\$ 6,355</b>	<b>\$ 6,497</b>	<b>\$ 5,998</b>
<b>ALBDs</b>	<b>20,396,773</b>	<b>20,396,773</b>	<b>19,693,362</b>	<b>40,420,819</b>	<b>40,420,819</b>	<b>38,983,272</b>

<b>Gross revenue yields</b>	\$ 191.59	\$ 195.89	\$ 186.55	\$ 190.25	\$ 194.68	\$ 187.65
% increase vs. 2016	2.7%	5.0%		1.4%	3.7%	
<b>Net revenue yields</b>	\$ 160.15	\$ 163.67	\$ 155.21	\$ 157.21	\$ 160.74	\$ 153.87
% increase vs. 2016	3.2%	5.5%		2.2%	4.5%	
<b>Net passenger ticket revenue yields</b>	\$ 115.66	\$ 118.55	\$ 111.78	\$ 113.65	\$ 116.56	\$ 111.25
% increase vs. 2016	3.5%	6.1%		2.2%	4.8%	
<b>Net onboard and other revenue yields</b>	\$ 44.49	\$ 45.12	\$ 43.43	\$ 43.56	\$ 44.18	\$ 42.61
% increase vs. 2016	2.4%	3.9%		2.2%	3.7%	

	Three Months Ended May 31,			Six Months Ended May 31,		
	2017	2017 Constant Currency	2016	2017	2017 Constant Currency	2016
Net passenger ticket revenues	\$ 2,359	\$ 2,409	\$ 2,201	\$ 4,594	\$ 4,716	\$ 4,337
Net onboard and other revenues	907	917	855	1,761	1,778	1,661
<b>Net cruise revenues</b>	<b>\$ 3,266</b>	<b>\$ 3,326</b>	<b>\$ 3,056</b>	<b>\$ 6,355</b>	<b>\$ 6,494</b>	<b>\$ 5,998</b>
<b>ALBDs</b>	<b>20,396,773</b>	<b>20,396,773</b>	<b>19,693,362</b>	<b>40,420,819</b>	<b>40,420,819</b>	<b>38,983,272</b>
<b>Net revenue yields</b>	\$ 160.15	\$ 163.05	\$ 155.21	\$ 157.21	\$ 160.65	\$ 153.87
% increase vs. 2016	3.2%	5.1%		2.2%	4.4%	
<b>Net passenger ticket revenue yields</b>	\$ 115.66	\$ 118.10	\$ 111.78	\$ 113.65	\$ 116.68	\$ 111.25
% increase vs. 2016	3.5%	5.7%		2.2%	4.9%	
<b>Net onboard and other revenue yields</b>	\$ 44.49	\$ 44.94	\$ 43.43	\$ 43.56	\$ 43.98	\$ 42.61
% increase vs. 2016	2.4%	3.5%		2.2%	3.2%	

(See Notes to 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 (dollars in millions, except costs per ALBD) (a):

	Three Months Ended May 31,			Six Months Ended May 31,		
	2017	2017 Constant Dollar	2016	2017	2017 Constant Dollar	2016
Cruise operating expenses	\$ 2,403	\$ 2,451	\$ 2,231	\$ 4,824	\$ 4,929	\$ 4,460
Cruise selling and administrative expenses	548	559	530	1,094	1,117	1,079
<b>Gross cruise costs</b>	<b>2,951</b>	<b>3,010</b>	<b>2,761</b>	<b>5,918</b>	<b>6,046</b>	<b>5,539</b>
Less cruise costs included above						
Commissions, transportation and other	(513)	(526)	(495)	(1,082)	(1,114)	(1,077)
Onboard and other	(129)	(131)	(123)	(253)	(258)	(240)
Gain on ship sale (c)	4	4	—	4	4	2
Restructuring expenses (c)	—	—	(2)	—	—	(2)
Other (c)	(1)	(1)	(5)	—	—	(21)
<b>Net cruise costs</b>	<b>2,312</b>	<b>2,356</b>	<b>2,136</b>	<b>4,587</b>	<b>4,678</b>	<b>4,201</b>
Less fuel	(310)	(310)	(196)	(607)	(607)	(383)
<b>Net cruise costs excluding fuel</b>	<b>\$ 2,002</b>	<b>\$ 2,046</b>	<b>\$ 1,940</b>	<b>\$ 3,980</b>	<b>\$ 4,071</b>	<b>\$ 3,818</b>
<b>ALBDs</b>	<b>20,396,773</b>	<b>20,396,773</b>	<b>19,693,362</b>	<b>40,420,819</b>	<b>40,420,819</b>	<b>38,983,272</b>
<b>Gross cruise costs per ALBD</b>	<b>\$ 144.63</b>	<b>\$ 147.58</b>	<b>\$ 140.18</b>	<b>\$ 146.42</b>	<b>\$ 149.57</b>	<b>\$ 142.08</b>
% increase vs. 2016	3.2 %	5.3%		3.1%	5.3%	
<b>Net cruise costs excluding fuel per ALBD</b>	<b>\$ 98.11</b>	<b>\$ 100.29</b>	<b>\$ 98.49</b>	<b>\$ 98.46</b>	<b>\$ 100.71</b>	<b>\$ 97.93</b>
% (decrease) increase vs. 2016	(0.4)%	1.8%		0.5%	2.8%	

	Three Months Ended May 31,			Six Months Ended May 31,		
	2017	2017 Constant Currency	2016	2017	2017 Constant Currency	2016
<b>Net cruise costs excluding fuel</b>	<b>\$ 2,002</b>	<b>\$ 2,039</b>	<b>\$ 1,940</b>	<b>\$ 3,980</b>	<b>\$ 4,051</b>	<b>\$ 3,818</b>
<b>ALBDs</b>	<b>20,396,773</b>	<b>20,396,773</b>	<b>19,693,362</b>	<b>40,420,819</b>	<b>40,420,819</b>	<b>38,983,272</b>
<b>Net cruise costs excluding fuel per ALBD</b>	<b>\$ 98.11</b>	<b>\$ 99.99</b>	<b>\$ 98.49</b>	<b>\$ 98.46</b>	<b>\$ 100.23</b>	<b>\$ 97.93</b>
% (decrease) increase vs. 2016	(0.4)%	1.5%		0.5%	2.3%	

(See Notes to Non-GAAP Financial Measures.)

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

Adjusted fully diluted earnings per share was computed as follows (in millions, except per share data) (a):

	Three Months Ended May 31,		Six Months Ended May 31,	
	2017	2016	2017	2016
<b>Net income</b>				
<b>U.S. GAAP net income</b>	\$ 379	\$ 605	\$ 730	\$ 747
Unrealized losses (gains) on fuel derivatives, net (b)	2	(242)	(69)	(96)
(Gain) on ship sale (c)	(4)	—	(4)	(2)
Restructuring expenses (c)	—	2	—	2
Other (c)	1	5	—	21
<b>Adjusted net income</b>	<b>\$ 378</b>	<b>\$ 370</b>	<b>\$ 657</b>	<b>\$ 672</b>
<b>Weighted-average shares outstanding</b>	<b>727</b>	<b>753</b>	<b>727</b>	<b>761</b>
<b>Earnings per share</b>				
<b>U.S. GAAP earnings per share</b>	\$ 0.52	\$ 0.80	\$ 1.00	\$ 0.98
Unrealized losses (gains) on fuel derivatives, net (b)	—	(0.32)	(0.10)	(0.13)
(Gain) on ship sale (c)	—	—	—	—
Restructuring expenses (c)	—	—	—	—
Other (c)	—	0.01	—	0.03
<b>Adjusted earnings per share</b>	<b>\$ 0.52</b>	<b>\$ 0.49</b>	<b>\$ 0.90</b>	<b>\$ 0.88</b>

**Notes to Non-GAAP Financial Measures**

(a) **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.

We believe that gains and losses on ship sales and ship impairments and restructuring and certain other expenses are not part of our core operating business and, therefore, are not an indication of our future earnings performance. As such, we exclude these items from non-GAAP measures. 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.

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.

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.

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 Europe, Australia & Asia ("EAA") segment and Cruise Support segment operations utilize the euro, sterling and Australian dollar as their functional currencies to measure their results and financial condition. This subjects us to foreign currency translational risk. Our North America, EAA and Cruise Support segment operations also have revenues and expenses that are in a currency other than their functional currency. This subjects 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 2017 periods' currency exchange rates have remained constant with the 2016 periods' rates. These metrics facilitate a comparative view for the changes in our business in an environment with fluctuating exchange rates.

Constant dollar reporting is a non-GAAP financial measure that removes only the impact of changes in exchange rates on the translation of our EAA segment and Cruise Support segment operations.

Constant currency reporting is a non-GAAP financial measure that removes the impact of changes in exchange rates on the translation of our EAA segment and Cruise Support segment 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 for our North America, EAA and Cruise Support segments.

#### Examples:

- The translation of our EAA segment operations 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 North American segment operations have a U.S. dollar functional currency but also have revenue and expense transactions in currencies other than the U.S. dollar. If the U.S. dollar strengthens against these other currencies, it reduces the U.S. dollar revenues and expenses. If the U.S. dollar weakens against these other currencies, it increases the U.S. dollar revenues and expenses.
- Our EAA segment operations have euro, sterling and Australian dollar functional currencies but also 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.



- (b) 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.
  
- (c) We believe that gains and losses on ship sales and ship impairments and 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 and ship impairments 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.