

June 24, 2019

**RELEASE OF CARNIVAL CORPORATION & PLC QUARTERLY REPORT ON FORM 10-Q AND
CARNIVAL PLC GROUP HALF-YEARLY FINANCIAL REPORT**

Carnival Corporation & plc announced its three and six months results of operations in its earnings release issued on June 20, 2019. Carnival Corporation & plc is hereby announcing that today it has filed its joint Quarterly Report on Form 10-Q ("Form 10-Q") with the U.S. Securities and Exchange Commission ("SEC") containing the Carnival Corporation & plc 2019 three and six months unaudited consolidated financial statements, which reported results are unchanged from those previously announced on June 20, 2019.

The information included in the attached Schedules A, B and C is extracted from the Form 10-Q and has been prepared in accordance with SEC rules and regulations. The Carnival Corporation & plc unaudited consolidated financial statements contained in the Form 10-Q have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

- **Schedule A** contains the Carnival Corporation & plc unaudited consolidated financial statements as of and for the three and six months ended May 31, 2019
- **Schedule B** contains management's discussion and analysis ("MD&A") of financial conditions and results of operations
- **Schedule C** contains information on Carnival Corporation and Carnival plc's sales and purchases of their equity securities and use of proceeds from such sales

In addition, the Directors are today presenting in the attached **Schedule D**, the unaudited interim condensed financial statements for the Carnival plc Group ("Interim Financial Statements") as of and for the six months ended May 31, 2019. The Interim Financial Statements exclude the consolidated results of Carnival Corporation and are prepared under International Financial Reporting Standards as adopted by the European Union.

The Directors consider that within the Carnival Corporation and Carnival plc dual listed company ("DLC") arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the Carnival Corporation & plc U.S. GAAP unaudited consolidated financial statements ("DLC Financial Statements").

All these schedules (A, B, C & D) are presented together as Carnival plc's Group half-yearly financial report ("Interim Financial Report") in accordance with the requirements of the UK Disclosure Guidance and Transparency Rules.

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The Form 10-Q, including the portions extracted for this announcement, is available for viewing on the SEC website at www.sec.gov under Carnival Corporation or Carnival plc or the Carnival Corporation & plc website at www.carnivalcorp.com or www.carnivalplc.com. A copy of the Form 10-Q has been submitted to the National Storage Mechanism and will shortly be available for inspection at www.morningstar.co.uk/uk/nsm. Additional information can be obtained via Carnival Corporation & plc's website listed above or by writing to Carnival plc at Carnival House, 100 Harbour Parade, Southampton, SO15 1ST, United Kingdom.

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 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.

Together, the corporation's cruise lines operate 104 ships with 243,000 lower berths visiting over 700 ports around the world, with 19 new ships scheduled to be delivered through 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.

With a long history of innovation and providing guests with extraordinary vacation experiences, Carnival Corporation has received thousands of industry awards - including recognition by the Consumer Technology Association™ as a CES® 2019 Innovation Awards Honoree for Ocean Medallion™. A revolutionary wearable device that contains a proprietary blend of communication technologies. Ocean Medallion enables the world's first interactive guest experience platform transforming vacation travel on a large scale into a highly personalized level of customized service. The prestigious CES Innovation Awards honor outstanding design and engineering in consumer technology products.

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 and www.cunard.com.

SCHEDULE D

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF INCOME
(UNAUDITED)

(in millions, except per share data)

	Six Months Ended May 31,	
	2019	2018
Revenues		
Cruise		
Passenger ticket	\$ 3,039	\$ 3,092
Onboard and other	934	779
Tour and other	99	55
	<u>4,073</u>	<u>3,926</u>
Operating Costs and Expenses		
Cruise		
Commissions, transportation and other	699	669
Onboard and other	287	127
Payroll and related	461	461
Fuel	352	329
Food	215	223
Other ship operating	867	900
Tour and other	90	49
	<u>2,971</u>	<u>2,757</u>
Selling and administrative	454	457
Depreciation and amortisation	359	367
	<u>3,784</u>	<u>3,581</u>
Operating Income	<u>289</u>	<u>345</u>
Nonoperating Income (Expense)		
Interest income	4	2
Interest expense, net of capitalised interest	(9)	(13)
Other income (expense), net	26	(105)
	<u>20</u>	<u>(116)</u>
Income Before Income Taxes	<u>309</u>	<u>229</u>
Income Tax Benefit (Expense), Net	<u>(5)</u>	<u>2</u>
Net Income	<u>\$ 304</u>	<u>\$ 231</u>
Earnings Per Share		
Basic	<u>\$ 1.59</u>	<u>\$ 1.11</u>
Diluted	<u>\$ 1.59</u>	<u>\$ 1.11</u>

The accompanying notes are an integral part of these Interim Financial Statements. These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements. Set out below is the U.S. GAAP and adjusted consolidated earnings per share included within the DLC Financial Statements of this Interim Financial Report for the six months ended May 31:		
	2019	2018
DLC basic earnings per share	<u>\$ 1.14</u>	<u>\$ 1.33</u>
DLC diluted earnings per share	<u>\$ 1.13</u>	<u>\$ 1.33</u>
DLC adjusted diluted earnings per share	<u>\$ 1.15</u>	<u>\$ 1.21</u>

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF COMPREHENSIVE INCOME
(UNAUDITED)
(in millions)

	Six Months Ended May 31,	
	2019	2018
Net Income	\$ 304	\$ 231
Other Comprehensive Income (Loss)		
Items that will not be reclassified through the Statements of Income		
Remeasurements of post-employment benefit obligations	(7)	5
Items that may be reclassified through the Statements of Income		
Changes in foreign currency translation adjustment	(159)	(106)
Other	36	46
	(123)	(60)
Other Comprehensive Income (Loss)	(130)	(55)
Total Comprehensive Income	\$ 174	\$ 176

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Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
INTERIM CONDENSED GROUP BALANCE SHEETS
(UNAUDITED)
(in millions)

	May 31, 2019	November 30, 2018
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 266	\$ 368
Trade and other receivables, net	241	202
Inventories	266	231
Prepaid expenses and other	178	157
Total current assets	<u>952</u>	<u>959</u>
Property and Equipment, Net	14,243	12,985
Goodwill	584	595
Other Intangibles	4	4
Other Assets	510	479
	<u>\$ 16,292</u>	<u>\$ 15,022</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current Liabilities		
Short-term borrowings	\$ 480	\$ 848
Current portion of long-term debt	184	168
Amount owed to the Carnival Corporation group	1,507	268
Accounts payable	348	328
Accrued liabilities and other	614	738
Customer deposits	1,755	1,768
Total current liabilities	<u>4,888</u>	<u>4,117</u>
Long-Term Debt	2,699	2,007
Other Long-Term Liabilities	353	361
Shareholders' Equity		
Share capital	358	358
Share premium	180	173
Retained earnings	10,360	10,257
Other reserves	(2,546)	(2,250)
Total shareholders' equity	<u>8,352</u>	<u>8,537</u>
	<u>\$ 16,292</u>	<u>\$ 15,022</u>

The accompanying notes are an integral part of these Interim Financial Statements. These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF CASH FLOWS
(UNAUDITED)
(in millions)

	Six Months Ended May 31,	
	2019	2018
OPERATING ACTIVITIES		
Income before income taxes	\$ 309	\$ 229
Adjustments to reconcile income before income taxes to net cash provided by (used in) operating activities		
Depreciation and amortisation	359	367
Share-based compensation	6	6
Interest expense, net	11	11
Other, net	5	(9)
	<u>381</u>	<u>375</u>
Changes in operating assets and liabilities		
Receivables	(23)	(7)
Inventories	16	21
Prepaid expenses and other	(55)	14
Accounts payable	26	(59)
Accrued and other liabilities	19	(131)
Customer deposits	18	128
	<u>692</u>	<u>570</u>
Cash provided by operations before interest and income taxes		
Interest received	4	2
Interest paid	(13)	(19)
Income taxes paid, net	(19)	(12)
Net cash provided by (used in) operating activities	<u>664</u>	<u>541</u>
INVESTING ACTIVITIES		
Purchases of property and equipment	(2,051)	(431)
Proceeds from sales of ships	6	102
Other, net	42	2
Net cash provided by (used in) investing activities	<u>(2,003)</u>	<u>(327)</u>
FINANCING ACTIVITIES		
Changes in loans with the Carnival Corporation group	1,325	(737)
Proceeds from (repayments of) short-term borrowings, net	(357)	818
Principal repayments of long-term debt	(89)	(215)
Proceeds from issuance of long-term debt	869	469
Dividends paid	(193)	(189)
Purchases of treasury shares	(290)	(319)
Other, net	(23)	(11)
Net cash provided by (used in) financing activities	<u>1,243</u>	<u>(184)</u>
Effect of exchange rate changes on cash and cash equivalents	(6)	6
Net increase (decrease) in cash and cash equivalents	<u>(102)</u>	<u>36</u>
Cash and cash equivalents at beginning of period	368	265
Cash and cash equivalents at end of period	<u>\$ 266</u>	<u>\$ 301</u>

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Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.

CARNIVAL PLC
INTERIM CONDENSED GROUP STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(UNAUDITED)
(in millions)

	Share capital	Share premium	Retained earnings	Reserves					Total	Total shareholders' equity
				Translation reserve	Cash flow hedges	Treasury shares	Other reserves	Merger reserve		
2018										
Balances at November 30, 2017	\$ 358	\$ 164	\$ 9,474	\$ (2,058)	\$ (55)	\$ (372)	\$ (170)	\$ 1,503	\$(1,152)	\$ 8,844
Comprehensive income (loss)										
Net income	—	—	231	—	—	—	—	—	—	231
Changes in foreign currency translation adjustment	—	—	—	(106)	—	—	—	—	(106)	(106)
Net gains on cash flow derivative hedges	—	—	—	—	3	—	—	—	3	3
Net losses on hedges of net investments in foreign operations	—	—	—	43	—	—	—	—	43	43
Remeasurements of post-employment benefit obligations	—	—	5	—	—	—	—	—	—	5
Total comprehensive income	—	—	236	(63)	3	—	—	—	(60)	176
Purchase of treasury shares	—	—	—	—	—	(312)	—	—	(312)	(312)
Share repurchase obligations	—	—	—	—	—	—	(30)	—	(30)	(30)
Cash dividends declared	—	—	(197)	—	—	—	—	—	—	(197)
Other, net	—	4	—	—	—	—	—	—	—	4
Balances at May 31, 2018	<u>\$ 358</u>	<u>\$ 168</u>	<u>\$ 9,513</u>	<u>\$ (2,121)</u>	<u>\$ (52)</u>	<u>\$ (684)</u>	<u>\$ (200)</u>	<u>\$ 1,503</u>	<u>\$(1,554)</u>	<u>\$ 8,485</u>
2019										
Balances at November 30, 2018	\$ 358	\$ 173	\$ 10,257	\$ (2,250)	\$ (51)	\$ (1,361)	\$ (91)	\$ 1,503	\$(2,250)	\$ 8,537
Comprehensive income (loss)										
Net income	—	—	304	—	—	—	—	—	—	304
Changes in foreign currency translation adjustment	—	—	—	(159)	—	—	—	—	(159)	(159)
Net losses on hedges of net investments in foreign operations	—	—	—	36	—	—	—	—	36	36
Remeasurements of post-employment benefit obligations	—	—	(7)	—	—	—	—	—	—	(7)
Total comprehensive income	—	—	297	(123)	—	—	—	—	(123)	174
Purchase of treasury shares	—	—	—	—	—	(284)	—	—	(284)	(284)
Share repurchase obligations	—	—	—	—	—	—	111	—	111	111
Cash dividends declared	—	—	(190)	—	—	—	—	—	—	(190)
Other, net	—	7	(3)	—	—	—	—	—	—	3
Balances at May 31, 2019	<u>\$ 358</u>	<u>\$ 180</u>	<u>\$ 10,360</u>	<u>\$ (2,373)</u>	<u>\$ (51)</u>	<u>\$ (1,645)</u>	<u>\$ 20</u>	<u>\$ 1,503</u>	<u>\$(2,546)</u>	<u>\$ 8,352</u>

The accompanying notes are an integral part of these Interim Financial Statements. These Interim Financial Statements only present the Carnival plc consolidated IFRS Interim Financial Statements and, accordingly, do not include the consolidated IFRS results of Carnival Corporation.

<p>Within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is considered to be by reference to the DLC Financial Statements.</p>
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CARNIVAL PLC
NOTES TO INTERIM CONDENSED GROUP FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - General

Basis of Preparation

Carnival plc was incorporated in England and Wales in 2000 and is domiciled in the UK with its headquarters located at Carnival House, 100 Harbour Parade, Southampton, Hampshire, SO15 1ST, UK (registration number 04039524). The Interim Financial Statements have been prepared on the basis of the accounting policies and methods of computation, including estimates and assumptions, adopted and disclosed in Carnival plc and its subsidiaries and associates (referred to collectively in these Interim Financial Statements as the "Group," "our," "us" and "we") consolidated statutory financial statements for the year ended November 30, 2018, except for the adoption of new accounting standards. These Interim Financial Statements were approved by the Board of Directors on June 21, 2019.

Carnival Corporation and Carnival plc operate a dual listed company ("DLC") arrangement, known as Carnival Corporation & plc, whereby the businesses of Carnival Corporation and Carnival plc are combined through a number of contracts and provisions in Carnival Corporation's Articles of Incorporation and By-Laws and Carnival plc's Articles of Association. The two companies operate as a single economic enterprise with a single senior executive management team and identical Boards of Directors, but each has retained its separate legal identity. Each company's shares are publicly traded; on the New York Stock Exchange ("NYSE") for Carnival Corporation and the London Stock Exchange for Carnival plc. The Carnival plc American Depository Shares are traded on the NYSE.

The Boards of Directors consider that within the DLC arrangement, the most appropriate presentation of Carnival plc's results and financial position is by reference to the U.S. generally accepted accounting principles ("U.S. GAAP") DLC Financial Statements because all significant financial and operating decisions affecting the DLC companies are made on a joint basis to optimize the consolidated performance as a single economic entity. Accordingly, the DLC Financial Statements for the six months ended May 31, 2019 are provided to shareholders as other information, which are included in Schedule A. In addition, the related management commentary has been included in Schedule B as other information. Schedules A & B do not form part of these Carnival plc Interim Financial Statements.

The assessment of liquidity, financial conditions and capital resources within Schedule B indicates that Carnival Corporation & plc is well positioned to meet its commitments and obligations for at least 12 months from the date of the report. In light of these circumstances, the Board of Directors of the Group have a reasonable expectation that Carnival Corporation & plc has adequate resources to continue its operational existence and continue to adopt the going concern basis of preparing the Carnival plc Interim Financial Statements.

These Interim Financial Statements are required to satisfy reporting requirements of the United Kingdom Listing Authority and do not include the consolidated results and financial position of Carnival Corporation and its subsidiaries. These Interim Financial Statements have been prepared in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority ("FCA") and with International Accounting Standard 34 "Interim Financial Reporting" as adopted by the European Union ("IAS 34"). The Interim Financial Statements should be read in conjunction with the audited annual financial statements for the year ended November 30, 2018, which were prepared in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS"). Our Interim Financial Statements are presented in U.S. dollars as this is our presentation currency.

The preparation of our Interim Financial Statements in conformity with IFRS requires management to make estimates and assumptions that affect the application of policies as well as reported and disclosed amounts in these financial statements. The estimates and underlying assumptions are based on historical experience and various other factors that we believe to be reasonable under the circumstances and form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from the estimates used in preparing these Interim Financial Statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Status of Financial Statements

Our Interim Financial Statements for the six months ended May 31, 2019 have not been audited or reviewed by the auditors.

Our Interim Financial Statements do not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended November 30, 2018 were approved by the Board of Directors on January 25, 2019 and delivered to the Registrar of Companies. The report of the auditors on those accounts was (i) unqualified, (ii) did not contain an emphasis of matter paragraph and (iii) did not contain any statement under section 498 of the Companies Act 2006.

Accounting Pronouncements

The International Accounting Standards Board (“IASB”) issued a new standard, IFRS 15, *Revenue from Contracts with Customers*. This standard requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. On December 1, 2018, we adopted this guidance using the modified retrospective method for all contracts as of the adoption date. Results for reporting periods beginning after December 1, 2018 are presented under IFRS 15, while prior period amounts are not adjusted and continue to be reported in accordance with our historical accounting under IAS 18, *Revenue*.

The impact of the adoption of IFRS 15 on our consolidated financial statements primarily relates to the gross presentation of prepaid travel agent commissions (Consolidated Balance Sheet), shore excursions and other onboard revenues and costs (Consolidated Statement of Income) which were historically presented net.

The following table summarizes the impacts of IFRS 15 adoption on our interim financial statements as of and for the six months ended May 31, 2019:

<i>(in millions)</i>	Prior to adoption of IFRS 15		Adjustments		As Reported	
<u>Statement of Income</u>						
Onboard and other (Revenues)	\$	768	\$	167	\$	934
Revenues (Total)	\$	3,906	\$	167	\$	4,073
Onboard and other (Operating Costs and Expenses)	\$	120	\$	167	\$	287
Operating Costs and Expenses (Total)	\$	3,618	\$	167	\$	3,784
Operating Income	\$	289	\$	—	\$	289
Net Income	\$	304	\$	—	\$	304
<u>Balance Sheet</u>						
Prepaid expenses and other	\$	128	\$	50	\$	178
Total current assets	\$	901	\$	50	\$	952
Customer deposits	\$	1,705	\$	50	\$	1,755
Total current liabilities	\$	4,837	\$	50	\$	4,888
<u>Statement of Cash Flows</u>						
Prepaid expenses and other	\$	(4)	\$	(50)	\$	(55)
Customer deposits	\$	(32)	\$	50	\$	18
Net cash provided by operating activities	\$	664	\$	—	\$	664

The IASB issued a new standard, IFRS 9, *Financial Instruments*, which replaces the previous standard and includes changes on classification, measurement and derecognition of financial instruments, including a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. On December 1, 2018, we adopted the new standard and it did not have a material impact on our consolidated financial statements.

The IASB has issued amendments to the standard, IFRS 3, *Business Combinations*, aimed at resolving the difficulties that arise when an entity determines whether it has acquired a business or a group of assets. On December 1, 2018, we early adopted this guidance using the prospective transition method. The adoption of this guidance had no impact on our consolidated financial statements.

The IASB issued a new standard, IFRS 16, *Leases*. This standard will result in almost all leases being recognized on the balance sheet as the distinction between operating and finance leases is removed for lessees. The only exceptions are short-term and low-value leases. The total operating lease expense will be replaced with depreciation and interest expense. This standard is required to be adopted by us for the financial year commencing December 1, 2019. Based on our assessment to date, the initial adoption of this guidance is expected to increase both our total assets and total liabilities and will require some additional disclosures. We are evaluating certain contractual arrangements to determine if they contain an implicit right to use an asset that would qualify as a leasing arrangement under the new guidance.

NOTE 2 - Revenue and Expense Recognition

Guest cruise deposits represent unearned revenues and are initially included in customer deposit liabilities when received. Customer deposits are subsequently recognized as cruise revenues, together with revenues from onboard and other activities, and all associated direct costs and expenses of a voyage are recognized as cruise costs and expenses, upon completion of voyages with durations of ten nights or less and on a pro rata basis for voyages in excess of ten nights. The impact of recognizing these shorter duration cruise revenues and costs and expenses on a completed voyage basis versus on a pro rata basis is not significant. Certain of our product offerings are bundled and we allocate the value of the bundled services and goods between passenger ticket revenues, onboard and other revenues and tour and other revenues based upon the estimated standalone selling prices of those goods and services.

Future travel discount vouchers are included as a reduction of cruise passenger ticket revenues when such vouchers are utilized. Guest cancellation fees are recognized in cruise passenger ticket revenues at the time of cancellation.

Our sale to guests of air and other transportation to and from airports near the home ports of our ships are included in cruise passenger ticket revenues, and the related cost of purchasing these services are included in cruise transportation costs. The proceeds that we collect from the sales of third-party shore excursions are included in onboard and other revenues and the related costs are included in onboard and other costs. The amounts collected on behalf of our onboard concessionaires, net of the amounts remitted to them, are included in onboard and other cruise revenues as concession revenues. All of these amounts are recognized on a completed voyage or pro rata basis as discussed above.

Cruise passenger ticket revenues include fees, taxes and charges collected by us from our guests. A portion of these fees, taxes and charges vary with guest head counts and are directly imposed on a revenue-producing arrangement. This portion of the fees, taxes and charges is expensed in commissions, transportation and other costs when the corresponding revenues are recognized. For the six months ended May 31, 2019 and 2018, the fees, taxes and charges included in passenger ticket revenues and commissions, transportation and other costs were \$89 million and \$84 million. The remaining portion of fees, taxes and charges are also included in cruise passenger ticket revenues and are expensed in other ship operating expenses when the corresponding revenues are recognized.

Revenues and expenses from our hotel and transportation operations, which are included in our Tour and Other segment, are recognized at the time the services are performed or expenses are incurred. Revenues from the long-term leasing of ships, which are also included in our Tour and Other segment, are recognized ratably over the term of the agreement.

Customer Deposits

Our payment terms generally require an initial deposit to confirm a reservation, with the balance due prior to the voyage. Cash received from guests in advance of the cruise is recorded in customer deposits and in other long-term liabilities on our Consolidated Balance Sheets. These amounts include refundable deposits. We had customer deposits of \$1.8 billion and \$1.9 billion as of May 31, 2019 and December 1, 2018. During the six months ended May 31, 2019, we recognized revenues of \$1.5 billion related to our customer deposits as of December 1, 2018. Our customer deposits balance changes due to the seasonal nature of cash collections, the recognition of revenue and foreign currency translation.

Contract Receivables

Although we generally require full payment from our customers prior to or concurrently with their cruise, we grant credit terms to a relatively small portion of our revenue source. We also have receivables from credit card merchants for cruise ticket purchases and onboard revenue. These receivables are included within trade and other receivables, net.

Contract Assets

Contract assets are amounts paid prior to the start of a voyage, which we record as an asset within prepaid expenses and other and which are subsequently recognized as commissions, transportation and other at the time of revenue recognition. We have contract assets of \$50 million and \$60 million as of May 31, 2019 and December 1, 2018.

NOTE 3 - Property and Equipment

(in millions)

At November 30, 2018	\$ 12,985
Foreign currency translation adjustment	(281)
Additions	1,993
Disposals	(99)
Depreciation	(355)
At May 31, 2019	<u>\$ 14,243</u>

In March 2019, we sold and transferred an NAA segment 1,680-passenger capacity ship.

In April 2019, we sold and transferred an NAA segment 1,260-passenger capacity ship.

NOTE 4 - Goodwill

(in millions)

At November 30, 2018	\$ 595
Foreign currency translation adjustment	(12)
At May 31, 2019	<u>\$ 584</u>

At July 31, 2018, we performed our annual goodwill impairment reviews and no goodwill was impaired.

The determination of our cruise brands' goodwill fair values includes numerous assumptions that are subject to various risks and uncertainties. We believe that we have made reasonable estimates and judgments. A change in the conditions, circumstances or strategy, including decisions about the allocation of new ships amongst brands and the transfer of ships between brands (influencing fair values in the future), may result in a need to recognize an impairment charge.

NOTE 5 - Unsecured Debt

At May 31, 2019, our short-term borrowings consisted of euro-denominated commercial paper of \$480 million. For the six months ended May 31, 2019 and 2018, we had no borrowings and repayments of commercial paper with original maturities greater than three months.

In February 2019, we borrowed \$587 million under a euro-denominated export credit facility due in semi-annual installments through 2031. We also entered into an \$899 million export credit facility, which may be drawn in euro or U.S. dollars in 2023 and will be due in semi-annual installments through 2035. The interest rate on this export credit facility can be fixed or floating, at our discretion.

In March 2019, we borrowed \$283 million under two euro-denominated floating rate bank loans due in 2023.

NOTE 6 - Ship Commitments

At May 31, 2019, we had eight ships under contract for construction. The estimated total future commitments, including the contract prices with the shipyards, design and engineering fees, capitalised interest, construction oversight costs and various owner supplied items are as follows:

<i>(in millions)</i>	May 31, 2019
Fiscal	
2019	\$ 1,486
2020	1,901
2021	2,068
2022	1,691
2023	969
Total	<u>\$ 8,116</u>

NOTE 7 - Contingencies

In the normal course of our business, various claims and lawsuits have been filed or are pending against us. Most of these claims and lawsuits, or any settlement of claims and lawsuits, are covered by insurance and the maximum amount of our liability, net of any insurance recoverables, is typically limited to our self-insurance retention levels. We believe the ultimate outcome of these claims, lawsuits, and settlements, as applicable, each and in the aggregate, will not have a material impact on our consolidated financial statements.

NOTE 8 - Dividends

	Quarters Ended	
	February 28	May 31
<i>(in millions, except per share data)</i>		
2019		
Dividends declared per share	\$ 0.50	\$ 0.50
Dividend declarations	\$ 95	\$ 95
2018		
Dividends declared per share	\$ 0.45	\$ 0.50
Dividend declarations	\$ 93	\$ 104

NOTE 9 - Segment Information

As previously discussed, within the DLC arrangement the most appropriate presentation of Carnival plc's results and financial position is by reference to the DLC Financial Statements. The operating segments are reported on the same basis as the internally reported information that is provided to the chief operating decision maker ("CODM"), who is the President and Chief Executive Officer of Carnival Corporation and Carnival plc. The CODM assesses performance and makes decisions to allocate resources for Carnival Corporation & plc based upon review of the results across all of the segments. Carnival Corporation & plc has four reportable segments comprised of (1) North America and Australia cruise operations ("NAA"), (2) Europe and Asia cruise operations ("EA"), (3) Cruise Support and (4) Tour and Other.

The operating segments within each of the NAA and EA reportable segments have been aggregated based on the similarity of their economic and other characteristics, including geographic guest sourcing. The Cruise Support segment represents Carnival Corporation & plc's portfolio of leading port destinations and other services, all of which are operated for the benefit of its cruise brands. The Tour and Other segment represents the hotel and transportation operations of

Holland America Princess Alaska Tours and other operations.

<i>(in millions)</i>	Six Months Ended May 31,				
	Revenues	Operating costs and expenses	Selling and administrative	Depreciation and amortisation	Operating income (loss)
2019					
NAA	\$ 6,239	\$ 4,043	\$ 695	\$ 667	\$ 833
EA	3,087	2,108	390	318	270
Cruise Support	86	60	152	55	(180)
Tour and Other	99	90	13	19	(22)
Carnival Corporation & plc – U.S. GAAP	9,511	6,301	1,250	1,059	902
Carnival Corporation, U.S. GAAP vs IFRS differences and eliminations (a)	(5,438)	(3,330)	(796)	(699)	(613)
Carnival plc – IFRS	<u>\$ 4,073</u>	<u>\$ 2,971</u>	<u>\$ 454</u>	<u>\$ 359</u>	<u>\$ 289</u>
2018					
NAA	\$ 5,519	\$ 3,405	\$ 705	\$ 617	\$ 793
EA	2,952	1,892	379	316	364
Cruise Support	63	43	119	48	(147)
Tour and Other	55	50	17	19	(31)
Carnival Corporation & plc – U.S. GAAP	8,589	5,390	1,221	1,000	978
Carnival Corporation, U.S. GAAP vs IFRS differences and eliminations (a)	(4,663)	(2,633)	(764)	(633)	(633)
Carnival plc – IFRS	<u>\$ 3,926</u>	<u>\$ 2,757</u>	<u>\$ 457</u>	<u>\$ 367</u>	<u>\$ 345</u>

(a) Carnival Corporation consists primarily of cruise brands that do not form part of the Group; however, these brands are included in Carnival Corporation & plc and thus represent substantially all of the reconciling items. The U.S. GAAP vs IFRS accounting differences principally relate to differences in the carrying value of goodwill and other intangibles, ships and related depreciation expenses. The eliminations include ship charters between Carnival Corporation and the Group.

Revenue by geographic areas, which are based on where our guests are sourced, were as follows:

<i>(in millions)</i>	Six Months Ended May 31, 2019
North America	\$ 256
Europe	2,453
Australia and Asia	1,126
Other	238
	<u>\$ 4,073</u>

NOTE 10 - Related Party Transactions

There have been no changes in the six months ended May 31, 2019 to the nature of the related party transactions described in the Group IFRS financial statements for the year ended November 30, 2018 that have a material effect on the financial position or results of operations of the Group. All amounts owed to the Carnival Corporation group are unsecured and repayable on demand.

During the six months ended May 31, 2019, Holland America Line and Princess Cruises purchased land tours from us totaling \$16 million (\$17 million in 2018) and packaged these land tours for sale with their cruises. In addition, during each of the six months ended May 31, 2019 and 2018, we sold pre- and post-cruise vacations, shore excursions and transportation services to the Carnival Corporation group.

During the six months ended May 31, 2019 and 2018, Carnival plc had ship charter agreements with Princess Cruises and Carnival Cruise Line for ships operating in Australia and/or Asia. Princess Cruises and Carnival Cruise Line are subsidiaries of Carnival Corporation. The total charter expense for the six months ended May 31, 2019 were \$333 million (\$362 million in 2018), which was included in other ship operating expenses.

At May 31, 2019 and November 30, 2018, Carnival Corporation owned 1.0 million or 0.4% of Carnival plc's ordinary shares, which are non-voting. At May 31, 2019 and November 30, 2018 Carnival Investments Limited ("CIL"), a wholly-owned subsidiary of Carnival Corporation, owned 24.9 million or 11.5% of Carnival plc's ordinary shares, which are also non-voting. During the six months ended May 31, 2019, Carnival Corporation and CIL received dividends on their Carnival plc ordinary shares in the aggregate amount of \$26 million.

During the six months ended May 31, 2019, Carnival plc continued to provide a guarantee to the Merchant Navy Officers Pension Fund for certain employees who have transferred from Carnival plc to a subsidiary of Carnival Corporation.

Within the DLC arrangement, there are instances where the Group provides services to Carnival Corporation group companies and also where Carnival Corporation group companies provide services to the Group.

NOTE 11 - Principal Risks and Uncertainties

The principal risks and uncertainties affecting our business activities are included in Item 4. Risk Management and/or Mitigation of Principal Risks of our 2018 Strategic Report and remain the same.

NOTE 12 - Seasonality

Our revenues from the sale of passenger tickets are seasonal. Historically, demand for cruises has been greatest during our third quarter, which includes the Northern Hemisphere summer months. This higher demand during the third quarter results in higher ticket prices and occupancy levels and, accordingly, the largest share of our operating income is earned during this period. The seasonality of our results also increases due to ships being taken out-of-service for maintenance, which we schedule during non-peak demand periods. In addition, substantially all of Holland America Princess Alaska Tours' revenue and net income is generated from May through September in conjunction with the Alaska cruise season.

NOTE 13 - Fair Value Measurements and Derivative Instruments and Hedging Activities

Fair Value Measurements

Fair value is defined as the amount that would be received for selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date and is measured using inputs in one of the following three categories:

- Level 1 measurements are based on unadjusted quoted prices in active markets for identical assets or liabilities that we have the ability to access. Valuation of these items does not entail a significant amount of judgment.
- Level 2 measurements are based on quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active or market data other than quoted prices that are observable for the assets or liabilities.
- Level 3 measurements are based on unobservable data that are supported by little or no market activity and are significant to the fair value of the assets or liabilities.

Considerable judgment may be required in interpreting market data used to develop the estimates of fair value. Accordingly, certain estimates of fair value presented herein are not necessarily indicative of the amounts that could be realized in a current or future market exchange.

Financial Instruments that are not Measured at Fair Value on a Recurring Basis

(in millions)	May 31, 2019			November 30, 2018				
	Carrying Value	Fair Value			Carrying Value	Fair Value		
		Level 1	Level 2	Level 3		Level 1	Level 2	Level 3
Assets								
Long-term other assets (a)	\$ 122	\$ —	\$ —	\$ 122	\$ 63	\$ —	\$ —	\$ 62
Total	\$ 122	\$ —	\$ —	\$ 122	\$ 63	\$ —	\$ —	\$ 62
Liabilities								
Fixed rate debt (b)	\$ 1,001	\$ —	\$ 1,032	\$ —	\$ 710	\$ —	\$ 737	\$ —
Floating rate debt (b)	2,386	—	2,410	—	2,322	—	2,338	—
Total	\$ 3,387	\$ —	\$ 3,442	\$ —	\$ 3,032	\$ —	\$ 3,075	\$ —

- (a) Long-term other assets is comprised of notes receivable. The fair value of our Level 3 notes receivable was estimated using risk-adjusted discount rates.
- (b) The debt amounts above do not include the impact of interest rate swaps or debt issuance costs. The fair values of our debt were estimated based on appropriate market interest rates being applied to this debt.

Financial Instruments that are Measured at Fair Value on a Recurring Basis

(in millions)	May 31, 2019			November 30, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Assets						
Cash and cash equivalents	\$ 266	\$ —	\$ —	\$ 368	\$ —	\$ —
Total	\$ 266	\$ —	\$ —	\$ 368	\$ —	\$ —
Liabilities						
Derivative financial instruments	\$ —	\$ 14	\$ —	\$ —	\$ 14	\$ —
Total	\$ —	\$ 14	\$ —	\$ —	\$ 14	\$ —

Derivative Instruments and Hedging Activities

(in millions)	Balance Sheet Location	May 31, 2019	November 30, 2018
Derivative liabilities			
Derivatives designated as hedging instruments			
Interest rate swaps (a)	Accrued liabilities and other	\$ 5	\$ 5
	Other long-term liabilities	9	9
Total derivative liabilities		\$ 14	\$ 14

- (a) We have euro interest rate swaps designated as cash flow hedges whereby we receive floating interest rate payments in exchange for making fixed interest rate payments. These interest rate swap agreements effectively changed \$267 million at May 31, 2019 (\$298 million at November 30, 2018) of EURIBOR-based floating rate euro debt to fixed rate euro debt. At May 31, 2019, these interest rate swaps settle through March 2025.

Our derivative contracts include rights of offset with our counterparties.

		May 31, 2019				
<i>(in millions)</i>	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts	
Assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Liabilities	\$ 14	\$ —	\$ 14	\$ —	\$ —	\$ 14

		November 30, 2018				
<i>(in millions)</i>	Gross Amounts	Gross Amounts Offset in the Balance Sheet	Total Net Amounts Presented in the Balance Sheet	Gross Amounts not Offset in the Balance Sheet	Net Amounts	
Assets	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Liabilities	\$ 14	\$ —	\$ 14	\$ —	\$ —	\$ 14

The effect of our derivatives qualifying and designated as hedging instruments recognized in other comprehensive income and in income was as follows:

<i>(in millions)</i>	Six Months Ended May 31,	
	2019	2018
Gains (losses) recognized in reserves:		
Interest rate swaps – cash flow hedges	\$ —	\$ 3
Gains (losses) reclassified from reserves – cash flow hedges:		
Interest rate swaps – Interest expense, net of capitalized interest	\$ (3)	\$ (3)

There are no credit risk related contingent features in our derivative agreements. The amount of estimated cash flow hedges' unrealized gains and losses that are expected to be reclassified to earnings in the next twelve months is not significant.

NOTE 14 - Reserves and Other Equity Activity

Effective August 27, 2018, Carnival Corporation & plc approved a modification of the general authorization to repurchase Carnival Corporation common stock and/or Carnival plc ordinary shares (the "Repurchase Program"), which replenished the remaining authorized repurchases at the time of the approval to \$1.0 billion. During the six months ended May 31, 2019, we repurchased 5.4 million shares of Carnival plc ordinary shares and 0.6 million shares of Carnival Corporation common stock for \$282 million and \$26 million, respectively, under the Repurchase Program. At May 31, 2019, the remaining availability under the Repurchase Program was \$419 million. The Repurchase Program does not have an expiration date and may be discontinued by Carnival Corporation & plc's Boards of Directors at any time.

NOTE 15 - Supplemental Cash Flow Information

For the six months ended May 31, 2019 and 2018, we issued notes receivable upon sale of ships of \$104 million and \$35 million.

NOTE 16 - Responsibility Statement

The Directors confirm that to the best of their knowledge the Interim Financial Statements included as Schedule D to this release have been prepared in accordance with IAS 34 as adopted by the European Union, and that the half-

yearly financial report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure Guidance and Transparency Rules of the United Kingdom's FCA.

The Directors of Carnival plc are listed in the Carnival plc Annual Report for the year ended November 30, 2018, with the exception of the following change in the period: Katie Lahey was appointed on January 14, 2019. Besides the aforementioned, no new Directors have been appointed during the six months ended May 31, 2019. A list of current Directors is maintained and is available for inspection on the Group's website at www.carnivalplc.com.

By order of the Board

/s/ Micky Arison
Micky Arison
Chairman of the Board of Directors
June 24, 2019

/s/ Arnold W. Donald
Arnold W. Donald
President and Chief Executive Officer and Director
June 24, 2019