



CARNIVAL
CORPORATION & PLC.

Achieves Record First Quarter Operating Results and Record Bookings

Introduces PROPEL, Ambitious Targets Designed to Reflect Continued Earnings Growth Momentum Through 2029



First Quarter 2026 Earnings Presentation

Disclaimers, Forward Looking Statements and Responsibility



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

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

Forward-looking statements include, but are not limited to, statements that relate to our outlook and financial position, as well as, statements regarding:

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

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

- Events and conditions around the world, including geopolitical uncertainty, war and other military actions, pandemics, inflation, higher interest rates and other general concerns impacting the ability or desire of people to travel could lead to a decline in demand for cruises as well as have significant negative impacts on our financial condition and operations.
- Incidents concerning our ships, guests or the cruise industry may negatively impact the satisfaction of our guests and crew and lead to reputational damage.
- Adverse weather conditions or an increase in the frequency and/or severity of adverse weather conditions could have a material impact on our business and results of operations.
- Our targets, goals, aspirations, initiatives, public statements and disclosures, including those related to sustainability matters, may expose us to risks that may adversely impact our business.
- Cybersecurity incidents and data privacy breaches, as well as disruptions and other damages to our principal and other offices, information technology operations and system networks and failure to keep pace with developments in technology may adversely impact our business operations, the satisfaction of our guests and crew and may lead to fines, penalties and reputational damage.
- Our debt requires a significant amount of cash to service and our ability to generate sufficient cash depends on many factors, some of which may be beyond our control. Our financial condition and operations could be adversely impacted if we are unable to service our debt or satisfy our covenants.
- Increases in fuel costs, changes in the types of fuel consumed and availability of fuel supply may adversely impact our scheduled itineraries and costs.
- The loss of key team members, our inability to recruit or retain qualified shoreside and shipboard team members and increased labor costs could have an adverse effect on our business and results of operations.
- We rely on suppliers who are integral to the operations of our businesses. These suppliers and service providers may be unable to deliver on their commitments, which could negatively impact our business.
- Fluctuations in foreign currency exchange rates may adversely impact our financial results.
- Our investments in port destinations and exclusive islands may expose us to additional risks.
- Overcapacity and competition in the cruise and land-based vacation industry may negatively impact our cruise sales, pricing and destination options.
- Inability to implement our shipbuilding programs and ship repairs, maintenance and refurbishments may adversely impact our business operations and the satisfaction of our guests.
- Changes in and non-compliance with laws and regulations under which we operate, such as those relating to health, environment, safety and security, data privacy and protection, anti-money laundering, anti-corruption, economic sanctions, trade protection measures, labor and employment, and tax may be costly and lead to litigation, enforcement actions, fines, penalties and reputational damage.
- Factors associated with sustainability and the impact of greenhouse gases and other emissions on the environment could have a material impact on our business and operating results.
- We may not successfully complete the proposed unification of our DLC structure and the migration of Carnival Corporation’s legal incorporation to Bermuda, or, if we do, we may not realize the anticipated benefits and will be subject to Bermuda law, which differs in some respects compared to our current jurisdictions.

The ordering of the risk factors set forth above is not intended to reflect our indication of priority or likelihood. There may be additional risks that we consider immaterial or which are unknown. Additional information about the factors that may affect future results is contained in our most recent Annual Report on Form 10-K as well as our other filings with the SEC, all of which are available on the SEC’s website at www.sec.gov.

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

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

Record-Breaking First Quarter

The image shows a large cruise ship, the Westerdam, sailing on a blue fjord. The ship is white with a dark hull and has several orange lifeboats visible. The name 'Westerdam' is written on the side of the ship. In the background, there are snow-capped mountains and a large glacier. The sky is blue with some clouds.

- ✓ Record Revenues
- ✓ Record Net Yields
- ✓ Record Adj. EBITDA
- ✓ Record Operating Income
- ✓ Record Customer Deposits

Outperformed First Quarter December Guidance on Every Measure

1Q 2026	Guidance	Actual
Net Yields vs. 2025	1.6%	2.7%
Adj. Cruise Costs excl. Fuel per ALBD vs. 2025	5.9%	5.3%
Adj. EBITDA	\$1.24B	\$1.27B
Adj. Net Income	\$235M	\$275M
Adj. Earnings Per Share - Diluted	\$0.17	\$0.20

Operationally exceeded Adj. EPS guidance by \$0.07⁽¹⁾

Continued Strength of Close-In Demand and Customer Deposits

1Q 2026 Results

Net Yields outperform guidance by >100 basis points

Strong growth in onboard revenue

Acceleration in pre-cruise onboard revenue

Record Customer Deposits

In Billions



Operational Improvement of ~\$150M to the Bottom Line...

Full Year 2026	Dec Guidance	Mar Guidance
Net Yields vs. 2025	2.5% (3.0% Normalized ⁽¹⁾)	2.75% (3.25% Normalized⁽¹⁾)
Adj. Cruise Costs excl. Fuel per ALBD vs. 2025	3.25% (2.5% Normalized ⁽²⁾)	3.1% (2.3% Normalized⁽²⁾)
Adj. EBITDA	\$7.63B	\$7.19B
Adj. Net Income	\$3,450M	\$3,070M
Adj. Earnings Per Share - Diluted	\$2.48	\$2.21

...which helps to absorb headwind of over \$500M from higher fuel prices

Note: Net Yields and Adj. Cruise Costs excl. Fuel per ALBD in Constant Currency. Adj. EBITDA, Adj. Net Income, and Adj. Earnings Per Share - Diluted in Current Dollars

(1) Normalized for the previously disclosed impact of the summer 2025 close-in decision to redeploy away from the previously planned first quarter 2026 Arabian Gulf voyages and the impacts of loyalty program accounting for Carnival Cruise Line

(2) Normalized for the partial year of operating expenses from Celebration Key, Grand Bahama and RelaxAway, Half Moon Cay as well as the timing of certain expenses between the years

First Quarter Achieved Highest Ever Booking Levels

*Bookings taken for 2026 sailings
up double-digits*

*Bookings taken for 2027 sailings and beyond
reached record levels*

*Booked position for remainder of 2026
at historical high price and occupancy*

Well-positioned to deliver yield growth with nearly 85% of 2026 on the books and less inventory remaining vs. STLY



Introducing Our New Long-Term Targets

PROPEL: Powering Growth and Returns, Responsibly



Surpassed 2026 SEA Change Targets in Roughly Half the Outlined Time...

Sustainability: >20% Carbon
Intensity Reduction

In Tons Per Berth Day vs. 2019

50% Increase in Adj. **E**BITDA
per ALBD vs. 2023

12% **A**dj. ROIC

Achieved 18 months early!

...building robust foundation and strong momentum heading into PROPEL

Introducing PROPEL: Powering Growth & Returns, Responsibly

Ambitious targets designed to drive higher returns, earnings and cash distributions through 2029

>16%

Return on Invested Capital

>50%

Adjusted EPS Growth from 2025

>40%

Cash from Operations
Distributed to Shareholders (~\$14B)

To be achieved responsibly: 2.75x Net Debt to Adj. EBITDA ratio
>25% reduction of GHG⁽¹⁾ emissions rate vs. 2019

Primary Pillars Underpinning PROPEL Targets

Yield expansion

driven by continued focus on high-quality commercial execution, same-ship demand and increased onboard spend

Intentionally measured capacity growth and return generating modernization programs

Further monetizing destination portfolio

Continued cost discipline
driven by operational efficiencies and further strengthening industry-leading cost structure

All supported by a phenomenal team and advancing technologies

High-Quality Revenue Growth Outpacing Cost Growth on Measured Capacity...

	2016-2019	2024-2025	Target Inputs 2026-2029E
Capacity CAGR	3%	3%	~1%
Yield CAGR ⁽¹⁾	3%	8% ⁽²⁾	Moderate
Adj. Cruise Costs ex. Fuel per ALBD CAGR ⁽¹⁾	1%	3%	Low Single Digit
ROIC Improvement	3 ppts.	8 ppts.	~3 ppts.
Distributions to Shareholders	\$10B	---	~\$14B

...to drive significant margin expansion

(1) In Constant Currency

(2) Per Diem growth of 5.6% and Occupancy growth of 2.6%

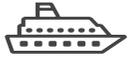
Investing in Growth While Accelerating Shareholder Returns



Capacity Growth Remains Intentionally Measured

Ship Deliveries

Average of
3 to 4



2018 - 2024

2025

Current Orderbook



2026

2027

2028

2029

2030

2031

2032

2033

Only 3 ship deliveries during the PROPEL period with potential for additional orders in the 2030's

Investing in Return Generating Modernization Programs to Deliver Revenue Uplift and Enhance Guest Experience

- ▶ Three of seven ships have now completed the successful AIDA Evolution program
- ▶ *Second cruise line to announce modernization program next month, with more to follow*



Further Monetizing Our Destination Portfolio

- ▶ Expanding and enhancing unique destination assets in the Caribbean and Alaska
- ▶ Delivering differentiated guest experiences while generating attractive incremental returns

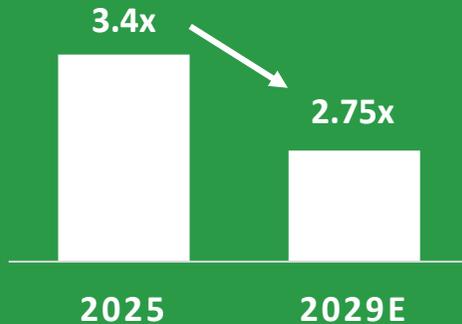


*Celebration Key
Grand Bahama Island, Bahamas*

*Denali Princess Wilderness Lodge
Denali National Park, Alaska*

2026 – 2029 Estimates

Net Debt to Adj. EBITDA



Capital Expenditures

> \$15B

Shareholder Distributions

~ \$14B

Strong and growing cash flow enables both reinvestment and shareholder returns

Kick Started in 2026 with:

Dividend Reinstatement

>\$800M

Total Dividend Distributions
Expected in 2026

Opportunistic Share Buyback Program

\$2.5B

Initial Share Buyback Program
Announced Today

All while further strengthening the balance sheet



Appendix

Capacity by Market – 2026

	1Q	2Q	3Q	4Q	Full Year
Caribbean	51%	34%	26%	31%	35%
Eastern Mediterranean	0%	4%	7%	5%	4%
Western Mediterranean	5%	12%	13%	12%	10%
Europe w/o Mediterranean	11%	16%	23%	17%	17%
Australia/New Zealand	7%	6%	3%	5%	5%
Alaska	0%	4%	17%	5%	7%
Other Programs	26%	24%	11%	25%	22%
Total	100%	100%	100%	100%	100%

Guidance

Year over year change	2Q 2026		Full Year 2026	
	Current Dollars	Constant Currency	Current Dollars	Constant Currency
Net yields	Approx. 3.7%	Approx. 2.0%	Approx. 4.1%	Approx. 2.75%
Adjusted cruise costs excluding fuel per ALBD	Approx. 4.0%	Approx. 2.6%	Approx. 4.4%	Approx. 3.1%
			2Q 2026	Full Year 2026
ALBDs (in millions) (a)			24.7	97.4
Capacity growth compared to prior year			1.9 %	0.9 %
Fuel consumption in metric tons (in millions)			0.7	2.8
Fuel cost per metric ton consumed (excluding emission allowances) (b)			\$ 795	\$ 718
Fuel expense (including emission allowances expense) (in billions)			\$ 0.61	\$ 2.15
Depreciation and amortization expense (in billions)			\$ 0.73	\$ 2.97
Interest expense, net of capitalized interest and interest income (in billions)			\$ 0.27	\$ 1.09
Adjusted EBITDA (in billions)			Approx. \$1.48	Approx. \$7.19
Adjusted net income (in millions)			Approx. \$470	Approx. \$3,070
Adjusted earnings per share - diluted			Approx. \$0.34	Approx. \$2.21
Weighted-average shares outstanding - basic			1,386	1,385
Adjusted weighted-average shares outstanding - diluted			1,392	1,392

(a) See "Notes to Statistical Information."
 (b) Given the recent spike and volatility in fuel prices, we believe it is reasonable to forecast fuel based on the purchased price of fuel for the month of March and early April, Brent averaging \$90 per barrel for the remainder of April and May, Brent averaging \$85 per barrel for the third quarter, and Brent averaging \$80 for the fourth quarter rather than use the spot price for our guidance. See sensitivities for fuel costs included below.

Currencies (USD to 1)	2Q 2026		Full Year 2026	
AUD	\$	0.71	\$	0.70
CAD	\$	0.73	\$	0.73
EUR	\$	1.15	\$	1.16
GBP	\$	1.34	\$	1.34
Sensitivities (impact to adjusted net income in millions)	2Q 2026		Remainder of 2026	
1% change in net yields	\$	48	\$	160
1% change in adjusted cruise costs excluding fuel per ALBD	\$	28	\$	87
10% change in fuel cost per metric ton (excluding emission allowances)	\$	56	\$	160
100 basis point change in variable rate debt		—	\$	31
1% change in currency exchange rates	\$	6	\$	23

Capital Expenditures

For the remainder of 2026, newbuild capital expenditures are \$0.6 billion and non-newbuild capital expenditures are \$1.8 billion. These future capital expenditures will fluctuate with foreign currency movements relative to the U.S. Dollar. In addition, these figures do not include potential stage payments for ship orders that the company may place in the future.

Reconciliation of Net Yields

	Three Months Ended February 28,		
	2026	2026 Constant Currency	2025
<i>(in millions, except yields data)</i>			
Total Revenues	\$ 6,165		\$ 5,810
Less: Cruise and tour operating expenses	(3,939)		(3,766)
Depreciation and amortization expense	(696)		(654)
Gross margin	1,530		1,390
Less: Tour and other revenues	0		(2)
Add: Payroll and related	684		640
Fuel	397		465
Food	382		354
Other operating	986		858
Depreciation and amortization expense	696		654
Adjusted gross margin	\$ 4,675	\$ 4,495	\$ 4,359
ALBDs	23.7	23.7	23.6
Gross margin yields (per ALBD)	\$ 64.63		\$ 58.99
Net yields (per ALBD)	\$ 197.44	\$ 189.86	\$ 184.95

Reconciliation of Net Debt and Adjusted EBITDA

	November 30,
<i>(in millions)</i>	2025
Long-term debt	\$ 24,037
Current portion of long-term debt	2,603
Total debt	\$ 26,640
Less: Cash and cash equivalents	(1,928)
Net debt	\$ 24,712
	November 30,
<i>(in millions)</i>	2025
Net income (loss) attributable to Carnival Corporation & plc	\$ 2,760
(Gains) losses on ship sales and impairments	(110)
Debt extinguishment and modification costs	409
Restructuring expense	13
Other	7
Adjusted net income	\$ 3,079
Interest expense, net of capitalized interest	1,349
Interest income	(51)
Income tax expense, net	14
Depreciation and amortization expense	2,790
Adjusted EBITDA	\$ 7,182
Net debt to adjusted EBITDA	3.4

Reconciliation of Non-GAAP Financial Measures

<i>(in millions, except per share data)</i>	Three Months Ended February 28,	
	2026	2025
Net income (loss) attributable to Carnival Corporation & plc	\$ 258	\$ (78)
(Gains) losses on ship sales and impairments	—	—
Debt extinguishment and modification costs	—	252
Restructuring expense	0	—
Other	16	—
Adjusted net income	\$ 275	\$ 174
Interest expense, net of capitalized interest	291	377
Interest income	(12)	(7)
Income tax expense, net	17	7
Depreciation and amortization expense	696	654
Adjusted EBITDA	\$ 1,267	\$ 1,205
Earnings per share - diluted (a)	\$ 0.19	\$ (0.06)
Weighted-average shares outstanding - diluted (a)	1,392	1,309
Adjusted earnings per share - diluted (a)	\$ 0.20	\$ 0.13
Adjusted weighted-average shares outstanding - diluted (a)	1,392	1,316

(See Non-GAAP Financial Measures)

(a) Diluted earnings per share and diluted adjusted earnings per share for the three months ended February 28, 2025 excludes the company's convertible notes, which were antidilutive and therefore were not included in the calculations.

<i>(in millions, except costs per ALBD data)</i>	Three Months Ended February 28,		
	2026	2026 Constant Currency	2025
Cruise and tour operating expenses	\$ 3,939		\$ 3,766
Selling and administrative expense	924		848
Less: Tour and other expenses	(18)		(19)
Cruise costs	4,845		4,595
Less: Commissions, transportation and other	(872)		(850)
Onboard and other costs	(618)		(599)
Gains (losses) on ship sales and impairments	—		—
Restructuring expense	0		—
Other	(16)		—
Adjusted cruise costs	3,339	3,234	3,146
Less: Fuel	(397)	(397)	(465)
Adjusted cruise costs excluding fuel	\$ 2,941	\$ 2,837	\$ 2,681
ALBDs	23.7	23.7	23.6
Cruise costs per ALBD	\$ 204.63		\$ 194.99
Adjusted cruise costs per ALBD	\$ 141.01	\$ 136.58	\$ 133.50
Adjusted cruise costs excluding fuel per ALBD	\$ 124.22	\$ 119.81	\$ 113.76

Non-GAAP Financial Measures

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

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

The presentation of our non-GAAP financial information is not intended to be considered in isolation from, as a substitute for, or superior to the financial information prepared in accordance with U.S. GAAP. It is possible that our non-GAAP financial measures may not be exactly comparable to the like-kind information presented by other companies, which is a potential risk associated with using these measures to compare us to other companies.

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

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

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

Net yields enable us and investors to measure the performance of our cruise segments on a per ALBD basis. We use adjusted gross margin rather than gross margin to calculate net yields. We believe that adjusted gross margin is a more meaningful measure in determining net yields than gross margin because it reflects the cruise revenues earned net of only our most significant variable costs, which are travel agent commissions, cost of air and other transportation, certain other costs that are directly associated with onboard and other revenues and credit and debit card fees.

Non-GAAP Financial Measures (Cont'd)

Adjusted cruise costs per ALBD and adjusted cruise costs excluding fuel per ALBD enable us and investors to separate the impact of predictable capacity or ALBD changes from price and other changes that affect our business. We believe these non-GAAP measures provide useful information to us and investors and expanded insight to measure our cost performance. Adjusted cruise costs per ALBD and adjusted cruise costs excluding fuel per ALBD are the measures we use to monitor our ability to control our cruise segments' costs rather than cruise costs per ALBD. We exclude gains and losses on ship sales, impairment charges, restructuring costs and certain other gains and losses that we believe are not part of our core operating business as well as excluding our most significant variable costs, which are travel agent commissions, cost of air and other transportation, certain other costs that are directly associated with onboard and other revenues and credit and debit card fees. We exclude fuel expense to calculate adjusted cruise costs excluding fuel. The price of fuel, over which we have no control, impacts the comparability of period-to-period cost performance. The adjustment to exclude fuel provides us and investors with supplemental information to understand and assess the company's non-fuel adjusted cruise cost performance. Substantially all of our adjusted cruise costs excluding fuel are largely fixed, except for the impact of changing prices once the number of ALBDs has been determined.

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

Reconciliation of Forecasted Data

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

Constant Currency

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

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

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

Examples:

- The translation of our operations with functional currencies other than U.S. dollar to our U.S. dollar reporting currency results in decreases in reported U.S. dollar revenues and expenses if the U.S. dollar strengthens against these foreign currencies and increases in reported U.S. dollar revenues and expenses if the U.S. dollar weakens against these foreign currencies.
- Our operations have revenue and expense transactions in currencies other than their functional currency. If their functional currency strengthens against these other currencies, it reduces the functional currency revenues and expenses. If the functional currency weakens against these other currencies, it increases the functional currency revenues and expenses.