



**Delivers Record Second Quarter  
Revenues, Net Yields and Adjusted Net Income  
Accelerates Shareholder Returns, Surpassing \$450M in Stock Repurchases**



**Second 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, 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 Corporations 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.

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](http://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 Second Quarter



- ✓ Record Revenues
- ✓ Record Net Yields (*12<sup>th</sup> Consecutive Quarter*)
- ✓ Record Adj. EBITDA
- ✓ Record Adj. Net Income
- ✓ Record Customer Deposits

# Outperformed Second Quarter March Guidance by \$100M



2Q 2026	Guidance	Actual
Net Yields vs. 2025	2.0%	<b>2.2%</b>
Adj. Cruise Costs excl. Fuel per ALBD vs. 2025	2.6%	<b>0.1%</b>
Adj. EBITDA	\$1,480M	<b>\$1,582M</b>
Adj. Net Income	\$470M	<b>\$569M</b>
Adj. Earnings Per Share - Diluted	\$0.34	<b>\$0.41</b>

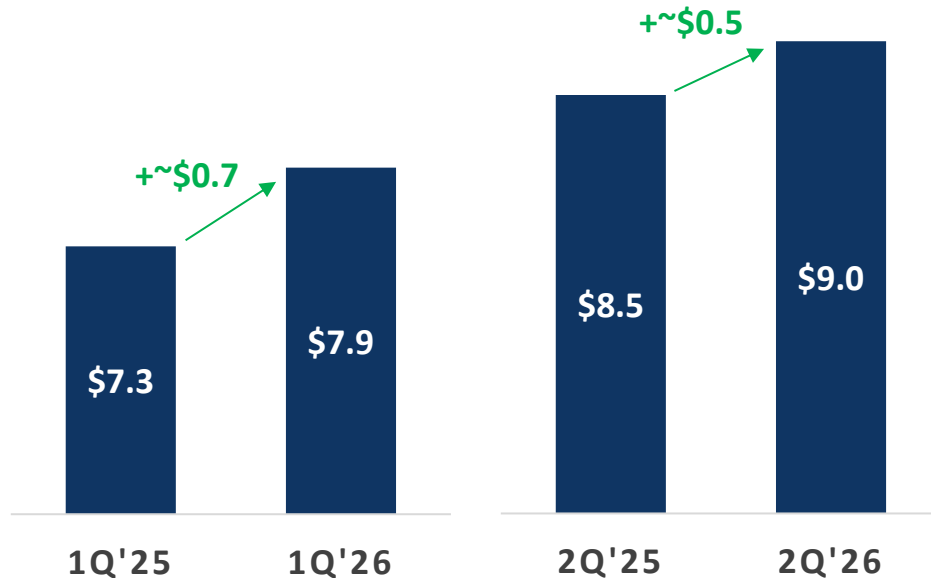
*Note: Net Yields and Adj. Cruise Costs excl. Fuel per ALBD in Constant Currency. Adj. EBITDA, Adj. Net Income, and Adj. Earnings Per Share - Diluted in Current Dollars*

**Outperformance reflecting continued commercial execution, strong onboard revenue and sharpened cost discipline**

# All-Time High Customer Deposits Reflecting Continued Demand Strength

## Customer Deposits

*In Billions*



*Booking curve is the furthest out on record at higher booked prices*

*Acceleration in pre-cruise onboard revenue*

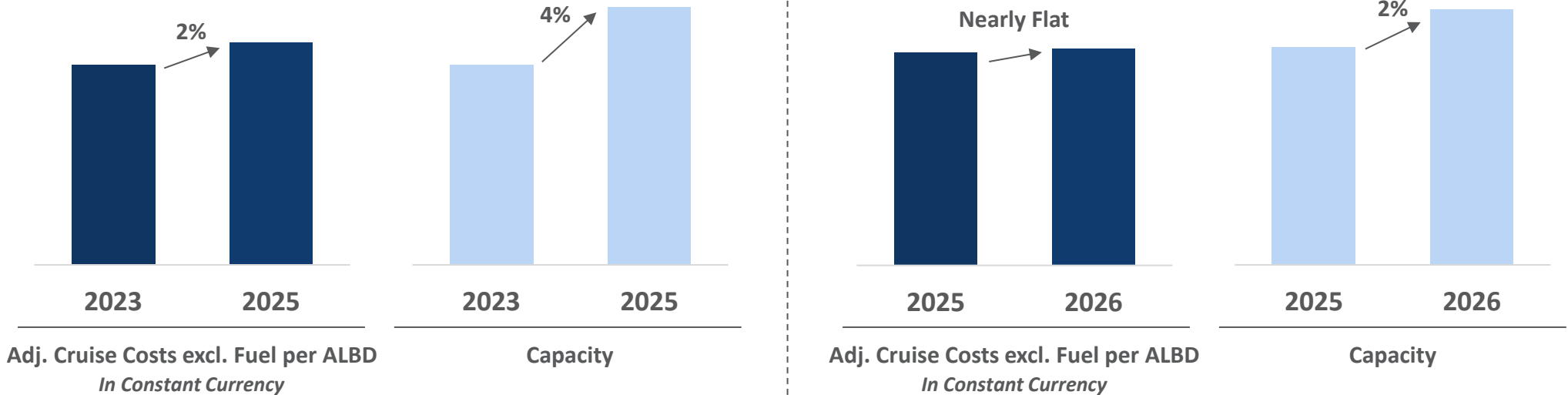
*Customer deposits up 5% in 2Q on flat capacity growth over the next 12 months (In constant currency, YoY % growth in line with 1Q 2026)*

# Leveraging Industry-Leading Cost Structure Discipline Despite Minimal Capacity Growth

## Second Quarter

### 2-Yr CAGR

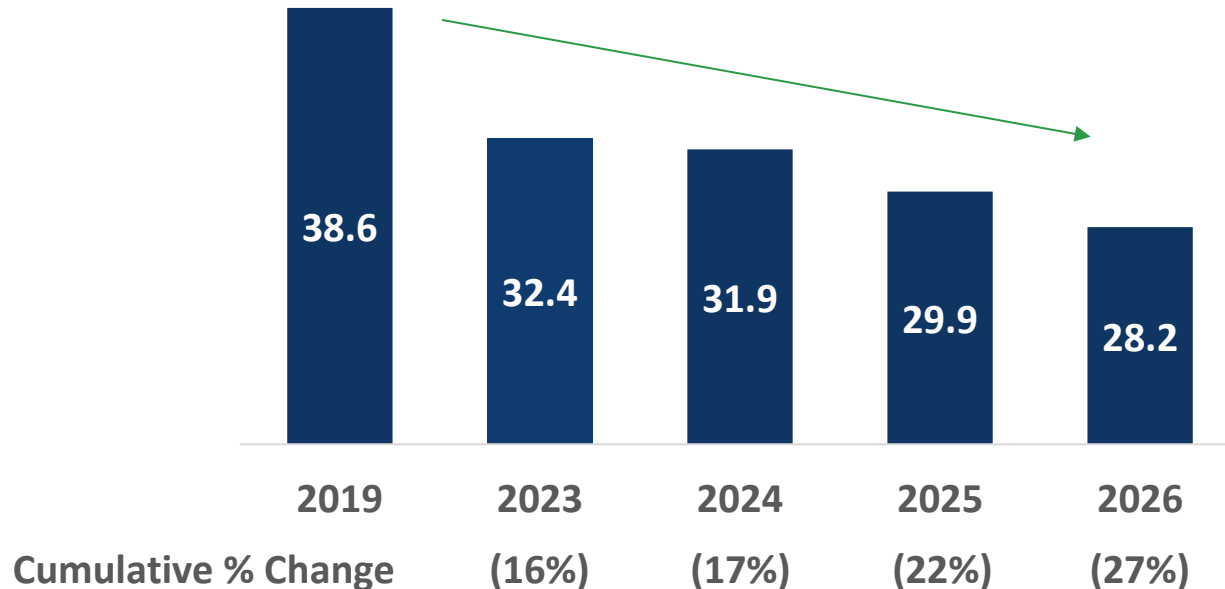
### YoY Growth



**Hyperfocused on permanent cost savings opportunities as we seek to drive more to the bottom line**

# Managing Fuel Expense the Best Way Possible... By Consuming Less

Fuel Tons Consumed per kALBD  
Second Quarter



Reduction in fuel consumption saved us over \$200M vs. 2019 and over \$80M vs. 2023 in 2Q alone

# Maintaining Bottom Line Full Year Guidance Despite Impact from Conflict



Full Year 2026	March Guidance	June Guidance
Net Yields vs. 2025	3.25% Normalized <sup>(1)</sup> 2.75%	2.25% Normalized <sup>(1)</sup> 1.75%
Adj. Cruise Costs excl. Fuel per ALBD vs. 2025	2.3% Normalized <sup>(2)</sup> 3.1%	1.3% Normalized <sup>(2)</sup> 2.4%
Adj. EBITDA	\$7.19B	\$7.11B
Adj. Net Income	\$3.1B	\$3.1B
Adj. Earnings Per Share - Diluted	\$2.21	\$2.22

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

**Revision to yields due to geopolitical volatility offset by intensified focus on cost management**

(1) Reflecting the 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) Reflecting the timing of certain expenses between the years, partial year operating expenses from two exclusive destinations and over 30 basis points for certain elevated logistics costs as a result of disruption from the Middle East conflict

# Expecting Record Net Yields in 2H 2026 *Strong Demand for 2027 and Beyond*

**Booked position for remainder of 2026  
ahead of prior year at historical high prices**

*Bookings taken since 2Q for 2027 and beyond  
sailings ahead on volume and price*

*Booking curve remains the furthest out on record*



**Well-positioned to close out 2026 with 93% of business on our books and less inventory remaining vs. STLY<sup>(1)</sup>**

(1) STLY = Same Time Last Year

# Introducing Voyager Class

## Princess Cruises' Next-Generation and Largest Platform

*Building on the success of the Sphere Class, featuring the award-winning Sun and Star Princess  
Three ships scheduled for delivery in 2035, 2038, and 2039*



# Capacity Growth Remains Intentionally Measured

## Current Orderbook



Carnival Cruise Line



AIDA Cruises



Princess Cruises



2026

2027

2028

2029

2030

2031

2032

2033

2034

2035 - 2039

Expect additional orders over time while remaining committed to one-to-two ship per year cadence  
Down from three-to-four ship per year historical pace

# **Building on the Success of AIDA Evolution Comes... Holland America Evolution Our Next Mid-Life Modernization Program**



***Multiyear investment of over \$500M across six Holland America ships  
Oosterdam will be the first ship to undergo enhancements debuting in the Fall of 2027  
Expanding onboard offerings, adding food and beverage options and refreshing key guest spaces***

# Paradise Collection

## Leveraging Our Unmatched Destination Portfolio in the Caribbean



**Amber Cove**  
Dominican Republic



**Puerta Maya**  
Cozumel



**Grand Turk**  
Turks & Caicos



**Princess Cays**  
The Bahamas



★ *Expect to welcome over 9M guests in 2027 across our Paradise Collection destinations*

★ *90% of North American brands on Caribbean itineraries in 2027 to visit at least 1 exclusive destination; roughly half visiting 2+*

# Pier Extension Completed at Celebration Key

*Now accommodates up to 4 ships and over 13,000 guests on any given day*

*Expected to welcome 3.5M visitors in 2027*



# New Pier Opened at RelaxAway, Half Moon Cay

*Now accommodates up to 12,000 visitors per day*

*~25% of Caribbean sailings to visit both Celebration Key and RelaxAway, Half Moon Cay in 2027*



# Debuted Isla Tropicale

*Includes new 48,000-square-foot recreational area*

*Feature pool complete with swim-up bar, splash pad and variety of cabanas, daybeds and loungers*



# Building on Our Position of Strength in the Western Caribbean Over 25 Years Spent Establishing Industry-Leading Presence in the Gulf



*We sail ~1M guests annually and operate six ships from Galveston, including Carnival Cruise Line's newest ship, Carnival Jubilee, with Carnival Tropicale joining in 2028*



**Our major Gulf homeports, destination portfolio and long-standing year-round presence provide meaningful competitive advantage as demand in the Western Caribbean continues to grow**

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

*Expansion of Denali, Our Most Popular Property, is Currently Underway*

 DENALI PRINCESS  
WILDERNESS LODGE

 COPPER RIVER PRINCESS  
WILDERNESS LODGE

Holland  America  
DAWSON CITY INN

Holland  America  
SKAGWAY INN

Holland  America  
DENALI LODGE

 KENAI PRINCESS  
WILDERNESS LODGE

 FAIRBANKS PRINCESS  
RIVERSIDE LODGE

 MT. MCKINLEY PRINCESS  
WILDERNESS LODGE



20

*Glass Dome  
Rail Cars*

8

*Hotels & Lodges  
(~2,500 rooms)*

MOST

*Glacier Bay  
Permits*



# Accelerating Shareholder Returns Responsibly

Annualized Dividends Distributed

**>\$0.8B**

*\$0.15 per share per quarter*



Shares Repurchased

**~\$0.5B**

*Over 17M Shares YTD<sup>(1)</sup>*



Annualized Total Shareholder Returns

**\$1.3B+**

All while reducing Net Debt to Adj. EBITDA ratio to 3.1x in 2Q 2026, 0.6x improvement from 2Q 2025



# 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%
<b>Total</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>



# Reconciliation of Net Yields



<i>(in millions, except yields data)</i>	Three Months Ended May 31,			Six Months Ended May 31,		
	2026	2026 Constant Currency	2025	2026	2026 Constant Currency	2025
Total Revenues	\$ 6,663		\$ 6,328	\$ 12,828		\$ 12,139
Less: Cruise and tour operating expenses	(4,225)		(3,886)	(8,165)		(7,653)
Depreciation and amortization expense	(723)		(692)	(1,419)		(1,346)
<b>Gross margin</b>	1,714		1,750	3,244		3,140
Less: Tour and other revenues	(34)		(31)	(34)		(33)
Add: Payroll and related	699		640	1,383		1,280
Fuel	595		468	992		933
Food	389		372	771		726
Other operating	1,067		955	2,054		1,813
Depreciation and amortization expense	723		692	1,419		1,346
<b>Adjusted gross margin</b>	<u>\$ 5,153</u>	<u>\$ 5,052</u>	<u>\$ 4,846</u>	<u>\$ 9,829</u>	<u>\$ 9,535</u>	<u>\$ 9,204</u>
<b>ALBDs</b>	24.7	24.7	24.2	48.4	48.4	47.8
<b>Gross margin yields (per ALBD)</b>	\$ 69.42		\$ 72.25	\$ 67.07		\$ 65.71
<b>Net yields (per ALBD)</b>	\$ 208.69	\$ 204.57	\$ 200.07	\$ 203.18	\$ 197.11	\$ 192.61

# Reconciliation of Net Debt and Adjusted EBITDA



<i>(in millions)</i>	<b>May 31, 2026</b>
Long-term debt	\$ 23,418
Current portion of long-term debt	1,471
<b>Total debt</b>	<b>\$ 24,889</b>
Less: Cash and cash equivalents	(2,243)
<b>Net debt</b>	<b>\$ 22,645</b>
<i>(in millions)</i>	<b>Twelve Months Ended May 31, 2026</b>
<b>Net income (loss) attributable to Carnival Corporation Ltd.</b>	<b>\$ 3,069</b>
(Gains) losses on ship sales and impairments	(9)
Debt extinguishment and modification costs	154
Restructuring expense	11
Other	56
<b>Adjusted net income</b>	<b>\$ 3,280</b>
Interest expense, net of capitalized interest	1,208
Interest income	(57)
Income tax expense, net	24
Depreciation and amortization expense	2,863
<b>Adjusted EBITDA</b>	<b>\$ 7,318</b>
<b>Net debt to adjusted EBITDA</b>	<b>3.1</b>

# Reconciliation of Non-GAAP Financial Measures



	Three Months Ended May 31,		Six Months Ended May 31,	
	2026	2025	2026	2025
<i>(in millions, except per share data)</i>				
<b>Net income attributable to Carnival Corporation Ltd.</b>	\$ 537	\$ 565	\$ 795	\$ 486
(Gains) losses on ship sales and impairments	—	(101)	—	(101)
Debt extinguishment and modification costs	—	4	—	255
Restructuring expense	0	2	0	2
Other	32	—	49	—
<b>Adjusted net income</b>	\$ 569	\$ 470	\$ 844	\$ 643
Interest expense, net of capitalized interest	285	341	577	718
Interest income	(12)	(12)	(24)	(18)
Income tax expense, net	17	17	34	24
Depreciation and amortization expense	723	692	1,419	1,346
<b>Adjusted EBITDA</b>	\$ 1,582	\$ 1,508	\$ 2,849	\$ 2,713
<b>Earnings per share - diluted (a)</b>	\$ 0.39	\$ 0.42	\$ 0.57	\$ 0.37
<b>Weighted-average shares outstanding - diluted (a)</b>	1,388	1,400	1,390	1,316
<b>Adjusted earnings per share - diluted (a)</b>	\$ 0.41	\$ 0.35	\$ 0.61	\$ 0.48
<b>Adjusted weighted-average shares outstanding - diluted (a)</b>	1,388	1,400	1,390	1,400

	Three Months Ended May 31,			Six Months Ended May 31,		
	2026	2026 Constant Currency	2025	2026	2026 Constant Currency	2025
<i>(in millions, except costs per ALBD data)</i>						
Cruise and tour operating expenses	\$ 4,225		\$ 3,886	\$ 8,165		\$ 7,653
Selling and administrative expense	863		816	1,786		1,663
Less: Tour and other expenses	(47)		(37)	(65)		(56)
<b>Cruise costs</b>	5,041		4,665	9,886		9,260
Less: Commissions, transportation and other	(778)		(780)	(1,650)		(1,631)
Onboard and other costs	(697)		(671)	(1,316)		(1,271)
Gains (losses) on ship sales and impairments	—		101	—		101
Restructuring expense	0		(2)	0		(2)
Other	(17)		—	(34)		—
<b>Adjusted cruise costs</b>	3,548	3,498	3,312	6,887	6,732	6,458
Less: Fuel	(595)	(594)	(468)	(992)	(991)	(933)
<b>Adjusted cruise costs excluding fuel</b>	\$ 2,953	\$ 2,904	\$ 2,845	\$ 5,895	\$ 5,741	\$ 5,525
<b>ALBDs</b>	24.7	24.7	24.2	48.4	48.4	47.8
<b>Cruise costs per ALBD</b>	\$ 204.13		\$ 192.61	\$ 204.37		\$ 193.78
<b>Adjusted cruise costs per ALBD</b>	\$ 143.68	\$ 141.65	\$ 136.75	\$ 142.37	\$ 139.17	\$ 135.14
<b>Adjusted cruise costs excluding fuel per ALBD</b>	\$ 119.60	\$ 117.60	\$ 117.45	\$ 121.86	\$ 118.68	\$ 115.62

# Non-GAAP Financial Measures

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

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

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

Adjusted net income and adjusted earnings per share provide additional information to us and investors about our future earnings performance. These measures represent net income attributable to Carnival Corporation Ltd., 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 attributable to Carnival Corporation Ltd. 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 attributable to Carnival Corporation Ltd. 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 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.