

## Carnival Corporation & plc Reports First Quarter Earnings

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Carnival Corporation & plc (NYSE/LSE: CCL, NYSE: CUK) reported net income of \$236 million, or \$0.30 diluted EPS, on revenues of \$3.2 billion for its first quarter ended February 29, 2008. Net income for the first quarter of 2007 was \$283 million, or \$0.35 diluted EPS, on revenues of \$2.7 billion.

Carnival Corporation & plc Chairman and CEO Micky Arison said that first quarter results were better than the company's January 2008 earnings per share guidance due primarily to lower than expected cruise costs.

"With the continued recovery of Caribbean business for our North American brands and our European brands performing well, bolstered by the strengthening euro and sterling, the company enjoyed strong revenue growth in the first quarter. However, this strong performance was more than offset by continually rising fuel prices, which cost the company \$156 million, or \$0.19 per share, during the quarter," Arison said.

Key metrics for the first quarter of 2008 were as follows:

Net and gross revenue yields (revenue per available lower berth day) for Q1 2008 increased 6.2 percent (3.4 percent on a constant dollar basis) compared to the prior year.

Excluding fuel, net cruise cost per available lower berth day ("ALBD") for Q1 2008 increased 1.4 percent on a constant dollar basis compared to the prior year primarily due to the increase in the number of dry-docks.

Including fuel, net cruise costs per ALBD increased 12.9 percent (9.8 percent on a constant dollar basis) compared to the prior year. Gross cruise costs per ALBD increased 11.0 percent compared to the prior year.

Fuel price increased 66 percent to \$499 per metric ton for Q1 2008 compared to \$301 per metric ton in the prior year, and was slightly below the company's January 2008 guidance of \$505 per metric ton.

### **2008 Outlook**

On a cumulative basis, advance bookings for the remainder of 2008 are ahead of last year in terms of both occupancy and pricing. Since we entered the year with less inventory remaining for sale than last year, bookings taken since the start of the wave season have been less than prior year levels. However, pricing for those bookings was higher than last year.

"Consistent with their historical performance, our cruise brands continued to demonstrate resiliency despite a difficult economic environment," Arison noted. "This especially holds true in the Caribbean where there continues to be a strong rebound in pricing from last year. The favorable value proposition and high guest satisfaction levels versus land-based vacations, coupled with reduced supply -- as less inventory remains for sale than at this time in 2007 -- continues to work in our favor during this challenging economic climate," he added.

As a result of the strengthening euro and sterling exchange rates, the company now expects a 5.5 to 6.5 percent improvement in net revenue yields for the full year 2008 compared to 2007, versus December guidance of an increase of 4.5 to 5.5 percent. On a constant dollar basis, net revenue yields are expected to increase 2.0 to 3.0 percent, versus December guidance of a 3.0 to 4.0 percent increase, primarily due to reduced expectations for onboard spending.

The company expects net cruise costs excluding fuel for the full year 2008 to be down slightly on a constant dollar basis. However, based on the forward curve higher fuel prices for full year 2008 are now forecasted to increase fuel expense by \$532 million compared to 2007, which reduces full year earnings by \$0.65 per share. Since the previous guidance, forecasted fuel costs have increased \$127 million or \$0.15 per share. Primarily as a result of the significantly higher fuel cost expectation, the company now forecasts full year 2008 earnings per share to be in the range of \$3.00 to \$3.20 compared to its previous guidance of \$3.10 to \$3.30.

"Although our strong revenue growth is expected to be offset by a forecasted 45 percent increase in fuel prices for the year, we still expect higher earnings per share than in 2007. This speaks volumes about our ability to weather difficult economic times, as well as, these extraordinary increases in fuel costs," Arison said.

### **Second Quarter 2008**

For the second quarter of 2008, net revenue yields are expected to increase 6.5 to 7.5 percent (2.5 to 3.5 percent on a constant dollar basis) driven primarily by the continued improvement in Caribbean pricing. Net cruise costs excluding fuel for the second quarter 2008 are expected to be flat on a constant dollar basis. Based on the forward curve, higher fuel prices for the second quarter 2008 are expected to increase fuel expense by \$161 million compared to 2007 which will have the effect of reducing earnings by \$0.20 per share. As a result, the company expects earnings for the second quarter of 2008 to be in the range of \$0.42 to \$0.44 per share, down from \$0.48 per share in 2007.

During the 2008 second quarter the company will take delivery of two new ships -- P&O Cruises' 3,076-passenger Ventura, and AIDA Cruises' 2,050-passenger AIDAbella.

Selected Key Forecast Metrics

|  | Full Year 2008     |                     | Second Quarter 2008 |                     |
|--|--------------------|---------------------|---------------------|---------------------|
|  | Current<br>Dollars | Constant<br>Dollars | Current<br>Dollars  | Constant<br>Dollars |
| Change in:                                     |                    |                     |                     |                     |
| Net revenue yields                             | 5.5 to 6.5%        | 2.0 to 3.0%         | 6.5 to 7.5%         | 2.5 to 3.5%         |
| Net cruise cost per<br>ALBD                    | 8.5 to 9.5%        | 5.5 to 6.5%         | 12.5 to 13.5%       | 8.5 to 9.5%         |
|  | Full Year 2008     |                     | Second Quarter 2008 |                     |
| Fuel price per metric ton                      | \$525              |                     | \$528               |                     |
| Fuel consumption (metric tons<br>in thousands) | 3,260              |                     | 823                 |                     |
| Currency                                       |                    |                     |                     |                     |
| Euro   | \$1.55 to 1 euro   |                     | \$1.57 to 1 euro    |                     |
| Sterling                                       | \$2.00 to 1 pound  |                     | \$2.00 to 1 pound   |                     |

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