

Carnival Corporation & plc Reports Second Quarter Earnings

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Carnival Corporation & plc (NYSE/LSE: CCL, NYSE: CUK) reported net income of \$390 million, or \$0.49 diluted EPS, on revenues of \$3.4 billion for its second quarter ended May 31, 2008. Net income for the second quarter of 2007 was \$390 million, or \$0.48 diluted EPS, on revenues of \$2.9 billion.

Carnival Corporation & plc Chairman and CEO Micky Arison said that second quarter results were better than the guidance provided in March 2008 due primarily to stronger than expected revenue yields and lower than expected cruise costs.

"Our North American and European brands continue to perform well in the current difficult economic environment and we were pleased with our second quarter results. We enjoyed strong revenue growth supported by solid cost controls, however higher fuel prices cost the company \$158 million, or \$0.19 per share, during the quarter," Arison said.

Key metrics for the second quarter of 2008 compared to the prior year were as follows:

-- Net revenue yield (revenue per available lower berth day) for Q2 2008 increased 7.3 percent (3.7 percent on a constant dollar basis). Gross revenue yields increased 7.6 percent.

-- Excluding fuel, net cruise cost per available lower berth day ("ALBD") for Q2 2008 decreased 1.1 percent on a constant dollar basis primarily due to lower selling and administrative costs.

-- Including fuel, net cruise costs per ALBD increased 10.8 percent (7.2 percent on a constant dollar basis). Gross cruise costs per ALBD increased 10.3 percent.

-- Fuel price increased 59 percent to \$530 per metric ton for Q2 2008 from \$333 per metric ton, and was in line with the company's March 2008 guidance of \$528 per metric ton.

During the second quarter, the company successfully introduced AIDA Cruises' 2,050-passenger AIDAbella in Germany and P&O Cruises' 3,076-passenger Ventura in the UK, as part of its planned strategy of expansion in the European marketplace.

Outlook

Occupancy levels for advance bookings for the next twelve months are in line with the prior year, with ticket prices for these bookings at higher levels.

"Despite the current difficult economic environment, our booking trends continue to be solid. Consumers continue to plan leisure travel but appear more cost conscious placing greater emphasis on finding more economical options. A cruise vacation is an attractive alternative for those seeking the most value for their vacation dollar," said Arison. "However, the impact of skyrocketing fuel prices on our operating results has overshadowed the revenue yield improvement we have experienced."

Primarily as a result of changes in currency exchange rates, the company now forecasts a 4.5 to 5.5 percent improvement in net revenue yields for the full year 2008 compared to 2007, versus March 2008 guidance of an increase of 5.5 to 6.5 percent. On a constant dollar basis, the company continues to expect net revenue yields to increase 2.0 to 3.0 percent, although lower in the range than the previous guidance due primarily to slightly lower expectations for both cruise ticket and onboard revenues for the remainder of 2008.

The company continues to expect net cruise costs excluding fuel for the full year 2008 to be down slightly on a constant dollar basis, although it expects a modest increase in cruise costs for the remainder of the year compared to the previous guidance. However, based on current spot prices for fuel, forecasted fuel costs have increased \$224 million, or \$0.27 per share, since the previous March guidance. For the full year 2008 fuel expense is now forecast to increase by \$752 million compared to 2007, which reduces full year 2008 earnings by \$0.92 per share. Taking all the above factors into consideration, the company now forecasts full year 2008 earnings per share to be in the range of \$2.70 to \$2.80 compared to its previous guidance of \$3.00 to \$3.20.

Third Quarter 2008

For the third quarter of 2008, net revenue yields are expected to increase approximately 4.0 percent (approximately 1.0 percent on a constant dollar basis). Net cruise costs excluding fuel for the third quarter 2008 are expected to be up modestly on a constant dollar basis. Based on current spot prices for fuel, third quarter 2008 fuel expense is expected to increase by \$241 million compared to 2007, which reduces earnings by \$0.30 per share. As a result, the company expects earnings for the third quarter of 2008 to be in the range of \$1.56 to \$1.58 per share, down from \$1.67 per share in 2007.

During the third quarter, the company will add two new ships to its fleet. Holland America Line's 2,104-passenger Eurodam was successfully delivered June 16, 2008, and will be named by Her Royal Majesty Queen Beatrix of Holland on July 1, 2008, and Carnival Cruise Lines' 3,006-passenger Carnival Splendor will be delivered on June 30, 2008. Both of these vessels will operate European itineraries this summer, which is proving to be a popular way for North American guests to visit Europe while paying in U.S. dollars thus minimizing the impact of unfavorable currency exchange.

Selected Key Forecast Metrics

	Full Year 2008		Third Quarter 2008	
	Current Dollars	Constant Dollars	Current Dollars	Constant Dollars
Change in:				
Net revenue yields	4.5 to 5.5%	2.0 to 3.0%	4.0%	1.0%
Net cruise cost per ALBD	11.0 to 12.0%	8.5 to 9.5%	18.0%	15.0%
	Full Year 2008		Third Quarter 2008	
Fuel price per metric ton	\$594		\$670	
Fuel consumption (metric tons in thousands)	3,240		819	
Currency				
Euro	\$1.53 to 1 euro		\$1.55 to 1 euro	
Sterling	\$1.97 to 1 pound		\$1.96 to 1 pound	

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