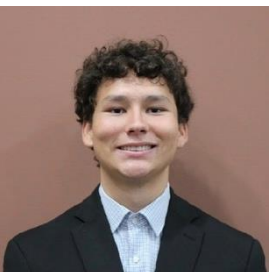


Carnival Corporation & plc (NYSE: CCL) – LONG Lion Cub Fund, Fall 2024



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Company Overview:

Carnival Cruise Lines, founded in 1972, is the world's largest cruise operator, managing a fleet of over 90 ships across nine brands. Offering cruises ranging from 2 to 29 days, Carnival provides a variety of onboard entertainment, dining options, excursions, and vacation packages. With a 40% market share—surpassing Royal Caribbean and Norwegian—Carnival reported a 75% revenue growth from 2022 to 2023. The company is also a leader in sustainability, introducing LNG-powered ships like Mardi Gras, Celebration, and Jubilee.

Industry Overview:

The \$47.7 billion cruise line industry is thriving, fueled by a strong post-COVID recovery, growing tourism demand, and a strengthening global economy. Dominated by deep-sea passenger transportation and coastal services, the industry benefits from high barriers to entry that preserve its exclusivity and reputation. Despite inflationary trends, rising interest in premium travel experiences positions the sector for continued growth and innovation.

Investment Thesis:

1) Balance Sheet De-levering

Carnival's limited order book for new ships is enabling significant cash flow to be directed toward debt reduction, with \$7.3 billion prepaid since 2023, including \$625 million since June 2024. The company is targeting an investment-grade credit rating by 2026 (currently BB-). A de-levered balance sheet will position Carnival to reinstate dividends or explore other capital allocation opportunities, enhancing shareholder value.

2) Increased Tourism Driving Booking Momentum

Carnival is capitalizing on surging demand, with 2024 cruise travelers expected to exceed pre-COVID levels at 35 million and record bookings already secured for 2025 and 2026, even at higher prices. Strategic investments in advertising have driven a 17% year-over-year increase in new-to-cruise customers in Q3, while still spending less than peers. With the cruise industry remaining underpenetrated, Carnival is well-positioned to benefit from significant long-term growth opportunities as demand for cruise vacations continues to expand.

3) Industry Leadership

Carnival, as the world's largest cruise operator with nine brands and 92 ships, leverages its market leadership and scale to maintain a competitive edge. Its strategic fleet flexibility enables redeployment to high-demand regions like Asia-Pacific, optimizing pricing and capacity. Combined with efficient scale, access to low-cost financing, and significant barriers to entry, Carnival is well-positioned for sustained growth and profitability in the cruise market.

Current Capitalization (Millions of USD)	
Share Price	\$25.13
Shares Out.	1,299.0
Market Capitalization	32,247.1
Corporation Common Stock Shares Out	1,154.2
* Corporation Common Stock Share Price	25.1
= Corporation Common Stock Market Capitalization	29,004.2
+ PLC Ordinary Shares Shares Out	144.8
* PLC Ordinary Shares Share Price	22.4
= PLC Ordinary Shares Market Capitalization	3,243.0
- Cash & Short Term Investments	1,525.0
+ Total Debt	30,292.0
= Total Enterprise Value (TEV)	61,014.1

Valuation Multiples (12-Month)					
	Nov-2023	LTM	Nov-2024E	Nov-2025E	Nov-2026E
TEV/Total Revenue	2.9x	2.5x	2.44x	2.33x	2.25x
TEV/EBITDA	13.6x	10.0x	10.06x	9.27x	8.81x
TEV/EBIT	31.8x	18.0x	17.30x	15.72x	14.91x
P/Diluted EPS Before Extra	NM	21.0x	18.83x	14.69x	12.70x
P/BV	4.6x	3.7x	3.68x	3.04x	2.39x
Price/Tang BV	6.2x	4.7x	-	-	-

Key Financials					
For the Fiscal Period Ending	12 months		LTM ²		12 months
	Nov-30-2023A	Aug-31-2024A	12 months†	12 months	
Currency	USD	USD	USD	USD	USD
Total Revenue	21,593.0	24,479.0	24,991.24	26,142.54	27,069.17
<i>Growth Over Prior Year</i>	77.4%	22.2%	15.74%	4.61%	3.54%
Gross Profit	10,702.0	12,720.0	-	-	-
<i>Margin %</i>	49.6%	52.0%	76.90%	63.41%	72.56%
EBITDA	4,314.0	5,878.0	6,057.24	6,575.44	6,918.9
<i>Margin %</i>	20.0%	24.0%	24.24%	25.15%	25.56%
EBIT	1,944.0	3,384.0	3,523.46	3,878.55	4,088.99
<i>Margin %</i>	9.0%	13.8%	14.10%	14.84%	15.11%
Earnings from Cont. Ops.	(74.0)	1,565.0	-	-	-
<i>Margin %</i>	(0.3%)	6.4%	-	-	-
Net Income	(74.0)	1,565.0	1,827.05	2,343.29	2,711.5
<i>Margin %</i>	(0.3%)	6.4%	7.31%	8.96%	10.02%
Diluted EPS Excl. Extra Items³	(0.06)	1.2	1.33	1.71	1.97
<i>Growth Over Prior Year</i>	NM	NM	-	28.23%	15.63%