

# RYANAIR ANNOUNCES RECORD ANNUAL RESULTS

Ryanair Holdings Plc today (20<sup>th</sup> June 2000) announced record financial results for the year ended March 31, 2000. Total revenues grew by 25% to €370.1m, reflecting a 13% increase in passenger volumes to 5.6m, an increase in average yields due to a longer sector length, and the increased strength of Sterling to the Euro. Operating expenses increased by 26% which, as expected, was fractionally ahead of revenue growth reflecting the increased costs (primarily staff and, airport and handling costs) associated with the growth of the airline, and the launch of eight new routes. As a result profits increased by 26% to a new record of €72.5m for the year.

## Summary Table of Results (Irish GAAP) - in Euro's

Year	Mar 31, 1999	Mar 31, 2000	% Increase
Passengers	4.9m	5.6m	13%
Revenues	€295.8m	€370.1m	25%
Profit after tax	€57.5m	€72.5m	26%
Basic EPS	17.44cents	21.62cents	24%

**Speaking in London today Michael O'Leary, Ryanair's Chief Executive said;**

*“The past year has been among the most turbulent in recent aviation history, with huge increases in fuel prices, the ending of intra-European duty free, and continuing intense competition throughout Europe. Despite this market turmoil, Ryanair has continued to deliver strong growth in fleet, routes, traffic, and profitability. These results represent our tenth year of rising profits, and again demonstrate the unique strength of Ryanair's Low Fares formula.*

*These results cover a period during which Ryanair purchased the first five new Boeing 737-800 series aircraft and introduced them seamlessly into service. This additional capacity allowed us to increase frequencies on existing routes, whilst opening eight new European routes from London Stansted and Glasgow Prestwick airports. All of these new routes were immediately profitable as customers in Germany, Italy, France, Northern Ireland and Denmark flocked to Ryanair's low, low, air fares.*

*The only dark cloud on our growth horizon remains Ireland, where the Government continues to prioritise the interests of its high cost airport monopoly over the needs of the Irish consumer and potential European visitors. Not surprisingly, total traffic to Dublin from the UK (by far Ireland's biggest market) has stagnated, and, in the first three months of 2000, has actually declined for the first time since the Gulf War in 1991. While Dublin stagnates - Ryanair continues to grow strongly by adding capacity to existing and new routes from Stansted (which is now Europe's fastest growing airport), and which will shortly surpass Dublin in terms of passenger traffic.*

*We remain vigilant in reducing costs and improving our efficiencies wherever possible. Notable among these initiatives over the last year has been the introduction of the 189 seater Boeing 737-800 series aircraft, which has significantly reduced our operating costs per seat. Our policy of hedging, fuel, currency, and interest rate exposures continued to pay substantial dividends last year as we have been insulated from adverse market movements. Even as we announce these results today Ryanair has hedged almost 100% of our fuel needs over the next twelve months, and we are fully protected from interest rate increases in servicing aircraft related debt.*

*Undoubtedly the most significant cost initiative last year was the launch of our [www.RYANAIR.COM](http://www.RYANAIR.COM) internet site. The startling success and instant customer acceptance of RYANAIR.COM has enabled us to increase our proportion of direct bookings to almost 70%, reduce travel agents commission to 5%, and finally allow us to eliminate the over priced Galileo CRS system which we will cease using on 31 July next. We are reinvesting these substantial savings in lower air fares and aggressive promotion of our RYANAIR.COM internet site which will in turn assist our growth by developing and enhancing customer loyalty.*

*There are 3 features that make the RYANAIR.COM site different from other internet travel sites and other low fares airlines. Firstly it is both profitable and cash positive. Secondly, because Ryanair has historically sold some 60% of our seats through travel agents, the switching of a large proportion of this traffic to the internet is generating large savings in CRS fees and agent commissions which are not available to other low fares airlines who have never had to bear the high costs of travel agency distribution. Thirdly, RYANAIR.COM has truly unique content - namely the lowest scheduled air fares in Europe - and this unique content is winning many new subscribers, whilst our low fares keeps them coming back.*

*Our customer service indices have improved again last year. Ryanair was for the third year in a row, the most punctual airline on Dublin-London, now Europe's busiest international scheduled route. Our on-time record improved from 74% to 80% of all flights, and our low rate of customer complaints fell even further from 2.5 to 2.3 per thousand passengers, a figure that is some three times better than the very best U.S. airlines. Ryanair continues to grow because we deliver not just the lowest fares in Europe, but do so on some of the newest aircraft in use, with reliable on-time services for both our leisure and business customers.*

*The new financial year has started well and we are pleased with current trading. Already four of our five new aircraft have been delivered, six of our ten new routes have started operating, and advance bookings on these and the remaining four (which start in two weeks time) are strong, but then we would expect no less as we enter the peak Summer period. We have every reason to be confident that our target of 7 million passengers this year can be achieved. We continue to see our growth prospects as strong and these are being enhanced by the rush towards consolidation among Europe's flag carriers which will lead to less competition and put further upward pressure on their already high air fares. Equally the failure to date of the newer low fare start up carriers to demonstrate any record of sustainable profitability underlines the unique strength of the Ryanair low fares formula. As the big airline groups continue to push up air fares, Ryanair will offer competition and low fare travel to more and more European consumers.*

*Lastly, this growth, and these results could not have been delivered without the exceptional team of outstanding people which comprise Ryanair. Ryanair's successful company wide share option scheme continues to reward all of our people as our share price grows in line with the advances being made by Europe's largest, most successful and profitable low fares airline. Ryanair's growth is not just good news for our passengers, but continues to be good news for our people whilst delivering great returns for our shareholders."*

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**Certain of the information included in this release is forward looking and is subject to important risks and uncertainties that could cause actual results to differ materially. It is not reasonably possible to itemise all of the many factors and specific events that could affect the outlook and results of an airline operating in the European economy. Among the factors that are subject to change and could significantly impact Ryanair's expected results are the airline pricing environment, fuel costs, competition from new and existing carriers, market prices for replacement aircraft, costs associated with environmental, safety and security measures, actions of the Irish, U.K., European Union ("EU") and other governments and their respective regulatory agencies, fluctuations in currency exchange rates and interest rates, airport access and charges, labour relations, the economic environment of the airline industry, the general economic environment in Ireland, the UK and Continental Europe, the general willingness of passengers to travel and other economics, social and political factors.**

Ryanair is Europe's largest low fares airline with 45 low fare routes across 11 countries. Ryanair has a fleet of 30 Boeing 737's, orders for up to a further 36 new 737-800's which will be delivered over the next 4 years. Ryanair currently employs a team of over 1300 people and will fly 7 million passengers in the current year.

[www.RYANAIR.COM](http://www.RYANAIR.COM) was launched in January 2000 and is already Europe's largest travel website, recording 50,000 bookings per week. As Ryanair's low fares network continues to successfully expand in Europe, the growth in business and bookings at RYANAIR.COM continues to grow exponentially.

## **Ryanair Holdings plc** **Management Discussion and Analysis of Results**

### **Summary Year Ended March 31, 2000**

#### **Consolidated Profit and Loss**

**Profit after tax** has increased by 26% to €72.5m, compared to €57.5m in the previous year ended March 31, 1999. **Total Operating Revenues**, grew by 25% to €370.1m whilst passenger volumes increased by 13% to 5.6m.

**Total Operating Expenses** increased by 26% to €286.1m, due to the increased level of activity, and the increased costs, primarily staff, and airport & handling costs associated with the growth of the airline.

**Profit Before Tax** has increased by 19% to €90.1m. The effective **Corporation Tax** rate for the year was 20% compared to 24% for the previous year, and primarily reflects the impact of the decline in the headline rate of corporation tax in Ireland.

#### **Balance Sheet**

**Cash and Liquid Resources** have increased from €158.6m at March 31, 1999 to €355.2m at March 31, 2000, reflecting the increased cash flows from the profitable trading performance, and the receipt of the proceeds of the secondary offering amounting to €117.9m in March 2000. During the year the company incurred capital expenditure of €155.2m primarily financed by an increase in the level of debt.

**Shareholder's Funds** at March 31, 2000 have increased to €441.4m, compared to €251m at March 31, 1999.

#### **Discussion and Analysis Year Ended March 31, 2000**

**Profit after tax** has increased by 26% to €72.5m driven by record passenger numbers, strong yields and tight cost control. Operating margins have remained consistent at 23% resulting in Operating Profit increasing by €16.2m to €84.1m compared to year ended March 31, 1999. Profit before tax increased by 19%, which is lower than the percentage increase in Operating Profit due to higher interest costs arising from the increase in aircraft related debt.

**Total Operating Revenues** increased by 25% to €370.1m whilst passenger volumes increased by 13% to 5.6m.

**Scheduled Passenger Revenues** increased by 28% to €330.6m due to a combination of increased passenger numbers, an increase in average yields due to the longer sector length, and the positive impact on fares of the strength of Sterling to the Euro.

**Ancillary Revenues** increased by 7% to €39.6m which is lower than the growth in passenger volumes, due to a reduction in the average spend per passenger post the cessation of duty free on July 1, 1999, being offset by, strong growth in revenues from other ancillary activities.

**Total Operating Expenses** increased by 26% to €286.1m due to the increased level of activity, and the increased costs primarily staff, depreciation and airport costs associated with the growth of the airline.

**Staff costs** have increased by 22% to €48.5m. This increase reflects a 15% increase in average employee numbers to 1,262. Pilots, who earn higher than the average salary, accounted for 24% of the increase in employment. Staff costs also rose due to the impact of the 3% pay increases granted, which were ahead of the level set by the national wage agreement.

**Depreciation and Amortisation** increased by 22% to €44.1m due to an increase in the average number of aircraft owned from 21 to 26, and the amortisation of capitalised maintenance costs.

**Fuel costs** rose by 14% to €41.7m due to a 15% increase in the number of sectors flown, and an increase in the average sector length, offset by a reduction in average cost per gallon of fuel.

**Maintenance costs** increased by 41% to €16.9m reflecting an increase in the size of the fleet operated, an increase in the number of flight hours, and the increased line maintenance costs due to the expansion of our Stansted base.

**Marketing and Distribution Costs** increased by 31% to €32.1m due to a combination of an increase in passenger volumes, increased distribution costs, and the marketing costs associated with the launch of eight new routes.

**Aircraft Rental Costs** decreased by €0.8m to €2.1m due to the delivery of five 737-800 next generation aircraft, and the resultant decline in the need to rent additional seat capacity.

**Route Charges** increased by 26% to €26.3m due to an increase in the number sectors flown, and an increase in the average sector length.

**Airport and Handling Charges** increased by 48% to €43.1m due to an increase in the number of passengers flown, the impact of increased airport and handling charges on some existing routes, and the adverse impact of the strength of Sterling to the Euro, offset by, lower charges on our new European routes.

**Other Expenses** increased by 21% to €31.3m which was higher than the growth in passenger volumes and reflects the increased ancillary product costs arising from the change of product mix, post the cessation of duty free.

**Operating Profits** have increased by 24% to €84.1m due to the reasons outlined above.

**Interest Receivable** increased by 13% to €7.5m reflecting the strong growth in cash resources arising from the profitable trading performance during the year. **Interest Payable** increased by €3.5m due to the higher level of debt arising from the acquisition of five new aircraft. **Gains on Disposal** of €1.0m represents the gain arising on the sale of shares in an airline network provider.

**Taxation** declined in the year by €0.8m primarily due to the decline in the headline rate of Corporation Tax in Ireland.

The Company's **Balance Sheet** continues to strengthen due to the combined benefit of strong growth in profits and receipt of the net proceeds of the secondary offering of €117.9m during March 2000. The Company generated cash from operating activities of €149.6m which partly funded the acquisition of five 737-800 aircraft and the additional aircraft deposits. Capital expenditure net of acquired debt, increased by €58.3m during the year.

**Shareholder's Funds** at March 31, 2000 have increased to €441.4m compared to €251.0 at March 31, 1999.

## **Notes to the Financial Statements**

### 1. **Accounting Policies**

The accounting policies followed in the preparation of these consolidated financial statements for the year ended March 31, 2000 are consistent with those set out in the Annual Report for the year ended March 31, 1999.

### 2. **Approval of the Financial Statements**

The consolidated financial statements for the Year ended 31 March 2000 were approved by the Board of Directors on June 19th, 2000.

### 3. **Generally Accepted Accounting Policies**

The Management Discussion and Analysis of Results for the Year ended March 31, 2000 are based on the results reported under Irish and UK GAAP.

### 4. **Year 2000 Compliance**

The company has successfully completed its Year 2000 programme and the company's information systems continue to operate normally.

### 5. **Nationality Declaration**

The company has undertaken to notify the shareholders twice yearly of the percentage of Ordinary shareholders held by EU Nationals. Accordingly, on March 31, 2000 not less than 53% of the ordinary shares were held by EU Nationals.

### 6. **Share Split**

On February 28, 2000 the company implemented a sub-division of the Company's Ordinary Shares of IR4p into Ordinary Shares of IR2p (the "Stock Split"). Both the share capital and earnings per share figures for prior years have been restated to give effect to the share split.



