

Ryanair Holdings plc
Management Discussions and Analysis of Results

Summary

Quarter Ended December 31, 1999

Profit after tax has increased by 33% to IR£12.6m, compared to IR£9.4m in the previous quarter December 31, 1998. **Total Operating Revenues**, grew by 35% to IR£70.6m, whilst passenger volumes increased by 17% to 1.4m.

Total Operating Expenses increased by 36% to IR£56.9m, due to the increased level of activity, and the increased costs, primarily staff and airport costs, associated with the growth of the airline. **Profit Before Tax** has increased by 29% to IR£15.7m. The **Corporation Tax** rate for the period was 20% compared to 22% for the previous quarter, and primarily reflects the impact of the decline in the headline rate of corporation tax in Ireland.

Nine Months Ended December 31, 1999

Profit after tax has increased by 25% to IR£45.9m, compared to IR£36.7m in the previous nine months ended December 31, 1998. **Total Operating Revenues**, grew by 22% to IR£223.8m, whilst passenger volumes increased by 13% to 4.2m.

Total Operating Expenses increased by 22% to IR£168.6m, due to the increased level of activity, and the increased costs, primarily staff and airport costs, associated with the growth of the airline. **Profit Before Tax** has increased by 20% to IR£58.5m. The **Corporation Tax** rate for the period was 22% compared to 25% for the previous nine months, and reflects the impact of the decline in the headline rate of corporation tax in Ireland.

Balance Sheet at December 31, 1999

Cash and Liquid Resources have increased from IR£125.0m at March 31, 1999 to IR£166.3m at December 31, 1999, reflecting the increased cash flows from the profitable trading performance. During the nine months the company incurred capital expenditure of IR£105.0m primarily financed by an increase in the level of debt. **Shareholder's Funds** at December 31, 1999 have increased to IR£243.6m, compared to IR£197.7m at March 31, 1999.

Discussion and Analysis

Quarter Ended December 31, 1999

Profit after tax has increased by 33% to IR£12.6m, compared to IR£9.4m in the previous quarter ended December 31, 1998.

Total Operating Revenues, grew by 35% to IR£70.6m, whilst passenger volumes increased by 17% to 1.4m.

Scheduled Passenger Revenues increased by 37% to IR£63.1m due to a 17% increase in passenger volumes, an increase in the average yield per passenger reflecting the strength of sterling, and the longer average sector length flown.

Ancillary Revenues increased by 15% to IR£7.4m reflecting the reduction in average spend per passenger due to the cessation of duty free sales, being offset by, increased revenues from other ancillary activities.

Total Operating Expenses increased by 36% to IR£56.9m, due to the increased level of activity, and the increased costs, primarily staff and airport costs, associated with the growth of the airline.

Staff Costs have increased by 30% to IR£9.8m. The increase in staff costs reflects a 16% increase in average

employment to 1,261. Pilots, who earn higher than average salaries, accounted for 18% of the increase in employment. Staff costs also rose due to the impact of a 3% increase in pay during the quarter.

Depreciation increased by 29% to IR£8.9m, reflecting the increased depreciation costs arising from the acquisition of five new Boeing 737-800 next generation aircraft, and the amortisation of capitalised maintenance costs.

Fuel Costs rose by 26% to IR£8.4m reflecting the impact of a 19% increase in the number of sectors flown, an increase in the average sector length, and an increase in the cost per gallon of fuel in local currency due to the strengthening of the dollar.

Maintenance Costs increased by 50% to IR£3.9m, reflecting an increase in the number of sectors flown, increased line maintenance costs associated with the expansion of the Stansted base, and a non-recurring engine overhaul cost incurred during the quarter.

Marketing and Distribution Costs have increased by 45% to IR£5.7m, due to a combination of, an increase in passenger volumes, increased distribution costs, and the increased marketing costs associated with the launch of eight new routes.

Aircraft Rental Costs were £0.3m reflecting the cost incurred to rent additional seat capacity during the quarter.

Route Charges increased by 29% to IR£5.2m primarily due to a 19% increase in the number of sectors flown, and an increase in the average sector length.

Airport and Handling Charges increased by 65% to IR£8.4m, due to an increase in the number of passengers flown, and the impact of increased airport and handling charges on some existing routes, offset by, lower charges on the new routes from the UK to Europe.

Other Expenses increased by 28% to IR£6.4m, which was higher than the growth in passenger volumes and reflects the increased ancillary product costs arising from the change in product mix post the cessation of duty free.

Operating Profits have increased by 30% to IR£13.6m for the reasons outlined above.

Interest Receivable amounted to IR£1.5m during the quarter, and **Interest Payable** increased to IR£1.0m due to the increased level of debt arising from the acquisition of the five new aircraft. **Gains on Disposals of Assets** increased by £0.7m reflecting the gain on the disposal of shares in an airline network provider.

Corporation Tax rate for the quarter was 20% compared to 22% in the previous quarter and primarily reflects the impact of the decline in the headline rate of corporation tax in Ireland.

The Company's **Balance Sheet** continues to highlight the impact of the profitable trading performance during the period. **Cash and liquid resources** increased from IR£125.0m at March 31, 1999 to IR£166.3m reflecting the strong cashflows generated during the period. The company incurred capital expenditure of IR£105.0m primarily financed by an increase in the level of debt.

Shareholder's Funds at December 31, 1999 have increased to IR£243.6m compared to IR£197.7m at March 31 1999.

Nine Months Ended December 31, 1999

Profit after tax has increased by 25% to IR£45.9m compared to IR£36.7m in the nine months ended December 31, 1998.

Total Operating Revenues, grew by 22% to IR£223.8m, whilst passenger volumes increased by 13% to 4.2m.

Scheduled Passenger Revenues increased by 24% to IR£199.3m due to a 13% increase in passenger volumes, an increase in the average yield per passenger reflecting the strength of sterling, and the longer sector length flown.

Ancillary Revenues increased by 9% to IR£24.4m, which was lower than the growth in passenger volumes, and reflects the reduction in average spend per passenger post the cessation of duty free, being offset by, increased revenues from other ancillary activities.

Total Operating Expenses increased by 22% to IR£168.6m, due to the increased level of activity, and the increased costs, primarily staff and airport costs, associated with the growth of the airline.

Staff Costs have increased by 23% to IR£28.4m. The increase in staff costs reflects a 16% increase in average employment to 1,248. Pilots, who earn higher than average salaries, accounted for 22% of the increase in employment. Staff costs also rose due to the impact of a 3% increase in pay.

Depreciation increased by 20% to IR£25.5m, reflecting the impact of the acquisition of five new Boeing 737-800 next generation aircraft, and the amortisation of capitalised maintenance costs.

Fuel Costs rose by 12% to IR£25.0m and reflects the impact of, a 13% increase in the number of sectors flown during the nine months, an increase in the average sector length, offset by, a reduction in the average cost per gallon of fuel reflecting the impact of the forward hedging contracts entered into in 1998.

Maintenance Costs increased by 31% to IR£10.1m, primarily reflecting the increase in the number of hours flown, and the increased line maintenance costs associated with the expansion of our Stansted base.

Marketing and Distribution Costs have increased by 23% to IR£18.8m, due to a combination of an increase in passenger volumes, and the increased costs associated with the launch of eight new routes.

Aircraft Rental Costs decreased by IR£0.6m to IR£1.4m reflecting the continued decline in the need to rent additional seat capacity.

Route Charges increased by 22% to IR£15.6m due to a 13% increase in the number of sectors flown, and an increase in the average sector length.

Airport and Handling Charges increased by 42% to IR£25.4m, due to an increase in the number of passengers flown, and the impact of increased airport and handling charges on some existing routes, offset by, lower charges on the new routes from the UK to Europe.

Other Expenses increased by 16% to IR£18.4m, and reflects the increase in the level of activity during the period.

Operating Profits have increased by 24% to IR£55.2m for the reasons outlined above.

Interest Receivable amounted to £4m during the period, and **Interest Payable** increased to IR£2.1m due to the increased level of debt arising from the acquisition of the five new aircraft. **Gains on Disposals of Assets** increased by £0.7m reflecting the gain on the disposal of shares in an airline network provider.

Corporation Tax for the half year was 22% compared to 25% in the previous nine months and reflects the impact of the decline in the headline rate of corporation tax in Ireland.

The Company's **Balance Sheet** continues to highlight the impact of the profitable trading performance during the nine months. **Cash and liquid resources** increased from IR£125.0m at March 31, 1999 to IR£166.3m reflecting the strong cashflows during the nine months. The company incurred capital expenditure of IR£105.0m during the nine months which was primarily financed by an increase in the level of debt.

Shareholder's Funds at December 31, 1999 have increased to IR£243.6m compared to IR£197.7m at March 31, 1999.

-

Notes to the Financial Statements

1. **Accounting Policies**

The accounting policies followed in the preparation of these interim consolidated financial statements have not changed from 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 Nine Months and Quarter ended 31 December 1999 were approved by the Audit Committee on February 4th, 2000.

3. **Generally Accepted Accounting Policies**

The Management Discussion and Analysis of Results for the Nine Months and Quarter ended December 31, 1999 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.

Ryanair Holdings plc
Announcement

**Sub-Division of Each Ordinary Share of IR4p each into
2 Ordinary Shares of IR2p Each**

The Directors of Ryanair Holdings plc (“Ryanair” or the “Company”) have resolved to implement the sub-division of the Company’s Ordinary Shares of IR4p into Ordinary Shares of IR2p (the “Stock Split”) which was approved by Ryanair shareholders at the Annual General Meeting of the Company held on 14 September, 1999. The Stock Split is intended to increase the liquidity and marketability of the stock by reducing the absolute price per share. The Stock Split is expected to become effective on Monday 28 February, 2000. Following the Stock Split, shareholders will own two Ordinary Shares in the Company for each one Ordinary Share they owned as at the record date (close of business on 25 February 2000). Subject to market movements, it is expected that the price of each sub-divided Ordinary Share on the Irish and London Stock Exchanges (the “Stock Exchanges”), on the day the Stock Split becomes effective, will be one half of the price of an Ordinary Share on the Stock Exchanges prior to the Stock Split.

The Company’s authorised ordinary share capital prior to the Stock Split will be IR£8,400,000 divided into 210,000,000 Ordinary Shares of IR4p each and the Company’s issued ordinary share capital will be IR£6,696,993 divided into 167,424,814 Ordinary Shares of IR4p each. Following the Stock Split, the total value of the authorised ordinary share capital of the Company will remain at IR£8,400,000, but will be divided into 420,000,000 Ordinary Shares of IR2p each and the total value of the issued ordinary share capital of the Company will similarly remain at IR£6,696,993 but will be divided into 334,849,628 Ordinary Shares of IR2p each. The Stock Split will not result in new Ordinary Shares being issued by the Company or becoming available in whole or in part to the public. The Ordinary Shares created pursuant to the Stock Split will carry the same rights in all respects as the Ordinary Shares in existence prior to the Stock Split, including full voting rights and rights to participate in any dividend of the Company and in any surplus on a winding up, and will be transferable in the same manner as Ordinary Shares in existence prior to the Stock Split. The Ordinary Shares created pursuant to Stock Split will be in registered form and may be held in certificated or uncertificated form.

Application will be made to the Stock Exchanges for admission of the sub-divided Ordinary Shares to the Official List of both Exchanges. If admission is granted, the last day of dealings in the Ordinary Shares of IR4p each will be Friday 25 February, 2000 and the effective date for dealings to commence in the sub-divided Ordinary Shares of IR2p each will be Monday 28 February, 2000. New share certificates, reflecting the sub-divided Ordinary Shares, will be issued to Ryanair shareholders on request in exchange for their existing share certificates and as the Company’s Registrars receive old share certificates for the purpose of processing share disposals or transfers in the normal course of business. Existing share certificates for Ordinary Shares of IR4p each remain valid, but will represent twice the number of Ordinary Shares stated on the certificate. The Company’s Registrars are Bank of Ireland Registration Department, 4th Floor, Hume House, Ballsbridge, Dublin 4 (phone: 00 353 1 660 5666).

Assuming admission to the Official Lists is granted, the CREST accounts of holders of uncertificated Ordinary Shares will be credited with the sub-divided Ordinary Shares at the start of business on 28 February, 2000.

With regard to the Company's American Depositary Shares ("ADSs"), the existing ADS ratio, where one ADS represents five Ordinary Shares will remain. Following the Stock Split the number of ADS's held by an ADR holder as of the record date will be doubled. Trading in the ADS's on the Nasdaq National Market will reflect the Stock Split as of the open of trading on Monday, 28 February, 2000. ADS holders need take no action. ADS accounts held in book entry form will be credited with a 100% distribution while registered holders will receive a 100% distribution in the mail. The record date for the Stock Split will be the close of business in Dublin on Friday 25 February, 2000 with regard to the Ordinary Shares and close of business in New York on Friday 25 February, 2000 with regard to the ADS's.

