

# RYANAIR ANNOUNCES STRONG GROWTH AND RECORD RESULTS FOR THE FIRST QUARTER

Ryanair Holdings Plc today (August 9<sup>th</sup> 2000) announced strong growth and record financial results for the First Quarter ended June 30, 2000. Total revenues grew by 37% to €115.0m, reflecting a 32% increase in passenger volumes to 1.7m, an increase in average yields due to a longer sector length and the strength of Sterling to the Euro. Operating expenses increased by 39%, which was fractionally ahead of revenue growth, reflecting the increased costs associated with the growth of the airline, the delivery of five new aircraft and the launch of ten new routes during the quarter. As a result profits increased by 29% to a new record of €18.1m for the first quarter.

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

Quarter End	June 30, 2000	June 30, 1999	% Increase
Passengers	1.67m	1.27m	32%
Revenue	€115.0m	€84.0m	37%
Profit after tax	€18.1m	€14.0m	29%
Basic EPS (Euro Cents)	5.16	4.17	24%

Announcing these results in London, Ryanair's Chief Executive, Michael O'Leary said:

*"Ryanair's strong growth in the first quarter reflects the continuing roll out of our successful low fares formula across Europe. These results again highlight Ryanair's ability to grow traffic in both new and existing markets, by giving customers the airline service they want most, namely widely available low air fares".*

*"During this quarter, we took delivery of five more new 737-800 series aircraft, and launched ten new routes with daily services from London Stansted to Malmo in Sweden, Perpignan and Nimes in the South of France, Alghero, Lamezia and Brescia in Italy and Hamburg in Germany. We also initiated services from Shannon to London Stansted and Frankfurt Hahn, and our fourth route from Glasgow Prestwick to Frankfurt Hahn. These routes are performing well, with strong load factors despite the fact that they are in their first months of operation".*

*"Ryanair's strong growth continues to be underpinned by the success of our Internet venture, [www.ryanair.com](http://www.ryanair.com). During the quarter we became the only Internet site in Europe to guarantee the lowest air fares, and this radical initiative has helped us to accelerate our penetration on new routes by targeting low prices and special offers to new customers. The rapid passenger acceptance of [www.ryanair.com](http://www.ryanair.com), as the source of the lowest air fares in Europe enabled us to reduce travel agent commissions from 7½% to 5% and we have terminated our relationship with the expensive Galileo CRS system with effect from 01 August. The significant savings arising from such initiatives will enable us to continue to offer even lower air fares through [www.ryanair.com](http://www.ryanair.com), and this in turn should help us to maintain our strong traffic growth in the current year".*

*“The strength of these results in the first quarter is further evidence of Ryanair’s ability to consistently deliver growth in traffic and profitability, even in adverse market conditions such as those which persist currently. No other European airline, either flag carriers, or the more recent low fare “ Ryanair imitators” can match this track record of sustained profitable growth”.*

*“Whilst Ryanair and our principal UK airports Stansted and Glasgow Prestwick are growing at 30% per annum, UK traffic to/from Dublin Airport ( the Irish Government owned monopoly which has significantly increased costs this year) has lurched from 10 successive years of record growth to stagnation in just six months despite the record strength of Sterling against the Euro. The abrupt ending of Ireland’s ten year record of traffic and tourism growth from the UK (Ireland’s largest market) is directly due to Aer Rianta’s fundamentally flawed strategy of increasing prices and still expecting growth to continue. Their rejection of Ryanair’s offer last year to launch up to ten new low fare routes from Ireland to Continental Europe, was clearly a strategic blunder and we continue to urge the Irish Government to reverse the Aer Rianta strategy so that tourism growth to Ireland can be revived”.*

*“I remain somewhat cautious about the general market outlook. Whilst current traffic growth and trading performance is good, there are some factors outside of our control which are artificially enhancing this performance at present, not least of which continues to be the strength of Sterling and our successful fuel hedging policy. We continue to be conservative in our medium term expectations for Sterling and fuel prices. Despite this, we remain happy with the current performance and comfortable with the general range of analysts forecasts”.*

For results and further information                      Howard Millar  
please contact:    Ryanair Holdings Plc  
[www.Ryanair.com](http://www.Ryanair.com)                      Tel: 353-1-8121212

Pauline McAlester  
Murray Consultants  
Tel: 353-1-6633332

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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 31 Boeing 737’s, orders for up to a further 35 new 737-800’s which will be delivered over the next 4 years. Ryanair currently employs a team of over 1400 people and will fly 7 million passengers in the current year.

# Ryanair Holdings plc

## Management Discussion and Analysis of Results

### Summary

#### Quarter Ended June 30, 2000

**Profit after tax** has increased by 29% to €18.1m, compared to €14.0m in the previous quarter ended June 30, 1999. **Total Operating Revenues**, grew by 37% to €115.0m whilst passenger volumes increased by 32% to 1.7m.

**Total Operating Expenses** increased by 39% to €92.8m, due to the increased level of activity, and the increased costs, primarily staff, depreciation and airport & handling costs, associated with the growth of the airline. **Profit Before Tax** has increased by 26% to €22.7m. The effective **Corporation Tax** rate for the quarter was 20% compared to 23% 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 €355.2m at March 31, 2000 to €420.4m at June 30, 2000, reflecting the increased cash flows from the profitable trading performance. During the quarter the company incurred capital expenditure of €139.0m primarily financed by an increase in the level of debt. **Shareholder's Funds** at June 30, 2000 have increased to €459.9m, compared to €441.4m at March 31, 2000.

#### Detailed Discussion and Analysis Quarter Ended June 30, 2000

**Profit after tax** has increased by 29% to €18.1m driven by strong growth in passenger volumes, and continued tight cost control. Operating margins have declined by 1% due to the increased level of activity whilst Operating Profit increased by 29% to €22.3m compared to the quarter ended June 30, 1999. Profit before tax increased by 26%, 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 37% to €115.0m whilst passenger volumes increased by 32% to 1.7m.

**Scheduled Passenger Revenues** increased by 40% to €103.3m due to a combination of increased passenger numbers, an increase in average yields primarily due to the longer sector length, and the positive impact on fares of the strength of Sterling to the Euro.

**Ancillary Revenues** increased by 13% to €11.8m 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 39% to €92.8m due to the increased level of activity, and the increased costs primarily staff, depreciation and airport & handling costs associated with the growth of the airline.

**Staff costs** have increased by 30% to €14.8m. This increase reflects an 18% increase in average employee numbers to 1,422. Pilots, who earn higher than the average salary, accounted for 25% of the increase in employment. Staff costs also rose due to the impact of pay increases granted which were between 3% to 5.5%.

**Depreciation and Amortisation** increased by 29% to €13.3m due to an increase in the number of aircraft owned from 23 to 31, and the amortisation of capitalised maintenance costs.

**Fuel costs** rose by 37% to €13.4m due to a 24% increase in the number of sectors flown, an increase in the

average sector length, and an increase in the average cost per gallon of fuel.

**Maintenance costs** increased by 35% to €5.1m 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 continued expansion of our Stansted base.

**Marketing and Distribution Costs** increased by 37% to €11.0m due to a combination of an increase in passenger volumes, increased distribution costs, and the marketing costs associated with the launch of ten new routes.

**Aircraft Rental Costs** increased by €1.9m to €2.4m reflecting the need to rent additional seat capacity during the quarter to continue the route expansion programme.

**Route Charges** increased by 38% to €8.2m due to an increase in the number sectors flown, and an increase in the average sector length.

**Airport and Handling Charges** increased by 62% to €15.2m due to an increase in the number of passengers flown, the impact of increased airport and handling charges primarily at Dublin and Stansted airports, 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 24% to €9.3m which was higher than the growth in ancillary revenues, 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 29% to €22.3m due to the reasons outlined above.

**Interest Receivable** increased by €1.9m to €3.3m reflecting the strong growth in cash resources arising from the profitable trading performance during the quarter. **Interest Payable** increased by €1.3m to €1.7m due to the increased level of debt arising from the acquisition of five new aircraft.

**Taxation** increased in the quarter by €0.6m to €4.6m whilst the Corporation Tax rate declined to 20% compared to 23% in the previous quarter due to the reduction 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 the acquisition of five new Boeing 737-800 next generation aircraft. The Company generated cash from operating activities of €63.6m which partly funded the acquisition of five 737-800 aircraft and additional aircraft deposits. Capital expenditure amounted to €139m during the quarter primarily financed by an increase in debt.

**Shareholder's Funds** at June 30, 2000 have increased to €459.9m compared to €441.4m at March 31, 2000.

## **Notes to the Financial Statements**

### **1. Accounting Policies**

The accounting policies followed in the preparation of these consolidated financial statements for the quarter ended June 30, 2000 are consistent with those followed in the financial year ended March 31, 2000.

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

The consolidated financial statements for the quarter ended June 30, 2000 were approved by the Audit Committee on August 8, 2000.

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

The Management Discussion and Analysis of Results for the quarter ended June 30, 2000 are based on the results reported under Irish and UK GAAP.

## Ryanair Holdings plc and Subsidiaries

*Consolidated Profits and Loss Accounts in accordance  
with UK and Irish GAAP (unaudited)*

	<b>Quarter Ended June 30 2000</b>	<b>Quarter Ended June 30 1999</b>
	<b><u>EUR'000</u></b>	<b><u>EUR'000</u></b>
<b>Operating Revenues</b>		
Scheduled revenues	103,268	73,588
Ancillary revenues	<u>11,773</u>	<u>10,407</u>
<b>Total operating revenues continuing operations</b>	115,041	83,995
<b>Operating expenses</b>		
Staff costs	14,822	11,405
Depreciation and Amortisation	13,290	10,295
<b>Other operating expenses</b>		
Fuel & Oil	13,370	9,792
Maintenance, materials and repairs	5,098	3,784
Marketing and distribution costs	11,037	8,063
Aircraft rentals	2,444	570
Route charges	8,196	5,922
Airport and Handling charges	15,206	9,366
Other	<u>9,312</u>	<u>7,494</u>
<b>Total operating expenses</b>	<u>92,775</u>	<u>66,691</u>
<b>Operating profit-continuing operations</b>	<u>22,266</u>	<u>17,304</u>
<b>Other income/(expenses)</b>		
Interest receivable and similar income	3,311	1,389
Interest payable and similar charges	(1,715)	(373)
Foreign exchange gains	(1,141)	(267)
Gains on disposal of fixed assets	<u>0</u>	<u>0</u>
<b>Total other income/(expenses)</b>	<u>455</u>	<u>749</u>
<b>Profit on ordinary activities before taxation</b>	22,721	18,053
Tax on profit on ordinary activities	(4,634)	(4,081)
<b>Profit for the period</b>	<b><u>18,087</u></b>	<b><u>13,972</u></b>
Earnings per ordinary share*		
Basic - (Euro cents)	5.16	4.17
Diluted (Euro cents)	5.10	4.14

Number of ordinary shares (in 000's)		
*	350,253	334,850
Basic		
Diluted	354,459	337,424

**\* The company implemented a 2:1 share split on February 28<sup>th</sup>, 2000. Share capital and earnings per share figures have been restated to give effect to the share split.**

## Ryanair Holdings plc and Subsidiaries

*Consolidated Balance Sheets in accordance with  
UK and Irish GAAP (unaudited)*

	Quarter Ended June 30 2000	Quarter Ended June 30 1999
	<u>EUR'000</u>	<u>EUR'000</u>
<b>Fixed Assets</b>		
Tangible assets	440,879	315,032
Financial assets	<u>36</u>	<u>36</u>
<b>Total Fixed Assets</b>	<b><u>440,915</u></b>	<b><u>315,068</u></b>
<b>Current Assets</b>		
Cash and liquid resources	420,396	355,248
Accounts receivable	19,613	21,974
Other assets	6,879	6,478
Inventories	<u>14,541</u>	<u>13,933</u>
<b>Total current assets</b>	<b><u>461,429</u></b>	<b><u>397,633</u></b>
<b>Total assets</b>	<b><u>902,344</u></b>	<b><u>712,701</u></b>
<b>Current liabilities</b>		
Accounts payable	24,776	22,861
Accrued expenses and other Liabilities	136,942	107,445
Current maturities of long term debt	20,354	9,567
Short term borrowings	<u>1,660</u>	<u>3,780</u>
<b>Total current liabilities</b>	<b><u>183,732</u></b>	<b><u>143,653</u></b>
<b>Other liabilities</b>		
Provisions for liabilities and charges	16,043	15,279
Long Term debt	<u>242,669</u>	<u>112,412</u>
	<u>258,712</u>	<u>127,691</u>
<b>Shareholder's funds - equity</b>		
Called -up share capital	8,902	8,892
Share Premium Account	248,539	248,093
Profit and loss account	<u>202,459</u>	<u>184,372</u>
<b>Shareholder's funds - equity</b>	<b><u>459,900</u></b>	<b><u>441,357</u></b>
<b>Total liabilities and shareholders'</b>	<b>-</b>	<b>-</b>

**funds**

**902,344**

**712,701**

## Ryanair Holdings plc and Subsidiaries

*Consolidated Cashflow Statements in Accordance  
with UK and Irish GAAP (unaudited)*

	<b>Quarter Ended June 30 2000</b>	<b>Quarter Ended June 30 1999</b>
	<b><u>EUR'000</u></b>	<b><u>EUR'000</u></b>
<b>Net cash inflow from operating activities</b>	63,637	25,792
Returns on investments and servicing of finance	1,140	1,083
Taxation	0	0
Capital expenditure (including aircraft deposits)	<u>(139,011)</u>	<u>(53,150)</u>
<b>Net cash (outflows) before financing and use of liquid resources</b>	(74,234)	(26,275)
Financing	141,502	55,738
(Increase) in liquid resources	<u>(68,200)</u>	<u>(24,191)</u>
<b>((Decrease) / Increase in cash</b>	<b><u>(932)</u></b>	<b><u>5,272</u></b>
<b>Analysis of movement in liquid resources</b>		
Liquid resources at beginning of year	334,149	138,039
Increase in period	<u>68,200</u>	<u>24,191</u>
<b>Liquid resources at end of period</b>	<b><u>402,349</u></b>	<b><u>162,230</u></b>
<b>Analysis of movement in cash</b>		
At beginning of year	17,319	16,663
Net cash (outflow)/inflow	<u>(932)</u>	<u>5,272</u>
<b>Net cash at end of period</b>	<b><u>16,387</u></b>	<b><u>21,935</u></b>

## Ryanair Holdings plc and Subsidiaries

*Consolidated Statement of Changes in Shareholders' Funds - Equity  
in accordance with UK and Irish GAAP (unaudited)*

	<b>Ordinary shares <u>EUR'000</u></b>	<b>Share Premium account <u>EUR'000</u></b>	<b>Profit and loss account <u>EUR'000</u></b>	<b>Total <u>EUR'000</u></b>
Balance at April 1, 2000	8,892	248,093	184,372	441,357
Issue of ordinary equity shares (net of issue costs)	10	446	0	456
Profit for the period	0	0	18,087	18,087
<b>Balance at June 30,2000</b>	<b><u>8,902</u></b>	<b><u>248,539</u></b>	<b><u>202,459</u></b>	<b><u>459,900</u></b>

**Ryanair Holdings plc and Subsidiaries***Consolidated Profit and Loss Account in Accordance with US GAAP (unaudited)*

	<b>Quarter Ended June 30 2000</b>	<b>Quarter Ended June 30 1999</b>
	<b><u>EUR'000</u></b>	<b><u>EUR'000</u></b>
<b>Operating Revenues</b>		
Scheduled revenues	103,268	73,588
Ancillary revenues	<u>11,773</u>	<u>10,407</u>
<b>Total operating revenues - continuing operations</b>	115,041	83,995
<b>Operating expenses</b>		
Staff costs	14,623	11,354
Depreciation and Amortisation	13,000	9,801
<b>Other operating expenses</b>		
Fuel & Oil	13,370	9,792
Maintenance, materials and repairs	5,098	3,784
Marketing and distribution costs	11,037	8,063
Aircraft rentals	2,444	570
Route charges	8,196	5,922
Airport and Handling charges	15,206	9,366
Other	<u>9,290</u>	<u>7,473</u>
<b>Total operating expenses</b>	<u>92,264</u>	<u>66,125</u>
<b>Operating profit - continuing operations</b>	<u>22,777</u>	<u>17,870</u>
<b>Other income/(expenses)</b>		
Interest receivable and similar income	3,311	1,389
Interest payable and similar charges	(1,715)	(373)
Foreign exchange gains	1,331	1,163
Gains on disposal of fixed assets	<u>0</u>	<u>0</u>
<b>Total other income/(expenses)</b>	<u>2,927</u>	<u>2,179</u>
<b>Profit on ordinary activities before taxation</b>	25,704	20,049
Tax on profit on ordinary activities	<u>(5,317)</u>	<u>(4,490)</u>
<b>Net income</b>	<b><u>20,387</u></b>	<b><u>15,559</u></b>
<b>Net income per ADS</b>		
- Basic(Euro cents)	29.10	23.23
- Diluted(Euro cents)	28.76	23.06
<b>Weighted Average number of shares*</b>		
- Basic	350,253	334,850
- Diluted	354,459	337,424

**The Company implemented a 2:1 share split on February 28<sup>th</sup>, 2000. Share capital and earnings per share figures have been restated to give effect to the share split. (Each ADS represents five ordinary shares)**

**Ryanair Holdings plc and Subsidiaries**

*Summary of significant differences between UK, Irish and US generally  
accepted accounting principles (unaudited)*

**Quarter  
Ended June  
30 2000**

**Quarter  
Ended June  
30 2000**

**(A) Net Income under US GAAP**

	<u>EUR'000</u>	<u>EUR'000</u>
<b>Profit as reported in the consolidated profit and loss accounts and in accordance with UK and Irish GAAP</b>	18,087	13,972
<b>Adjustments</b>		
Pension	58	44
Unrealised gains forward exchange contracts	2,472	1,430
Employment grants	141	22
Basis of accounting for August 1996 transaction	180	383
Basis of accounting for aircraft acquired from Northill Limited	110	110
Darley Investments Limited	22	22
Share option compensation expense	0	(15)
Taxation effect of above adjustments	<u>(683)</u>	<u>(409)</u>
<b>Net income under US GAAP</b>	<b><u>20,387</u></b>	<b><u>15,559</u></b>

**(B) Consolidated Cashflow Statements in accordance with US GAAP (unaudited)**

	<b>Quarter Ended June 30 2000 <u>EUR'000</u></b>	<b>Quarter Ended June 30 1999 <u>EUR'000</u></b>
Cash Inflow from operating activities	64,776	26,875
Cashflow from investing activities	(128,231)	(57,599)
Cashflow from financing activities	<u>139,381</u>	<u>57,626</u>
<b>Increase in cash and cash equivalents</b>	75,926	26,902
Cash and cash equivalents at beginning of the period	<u>121,430</u>	<u>97,704</u>
Cash and cash equivalents at end of period	<b><u>197,356</u></b>	<b><u>124,606</u></b>
Cash and cash equivalents under US GAAP	197,356	124,606
Deposits with a maturity of between three and six months	<u>233,040</u>	<u>65,339</u>
<b>Cash and liquid resources under UK and Irish GAAP</b>	<b><u>420,396</u></b>	<b><u>189,945</u></b>

**Ryanair Holdings plc and Subsidiaries**

*Summary of significant differences between UK, Irish and US generally accepted accounting principles (unaudited)*

	<b>June 30 2000</b>	<b>June 30 1999</b>
(C) Shareholders' Funds equity	<b>EUR'000</b>	<b>EUR'000</b>
<b>Shareholders' equity as reported in the consolidated balance sheets (UK and Irish GAAP)</b>	459,900	264,936
<b>ADJUSTMENTS:</b>		
Pension	981	604
Unrealised (losses)/gains on forward exchange contracts	(142)	2,571
Employment grants	(1,193)	(648)
Basis of accounting for August 1996 transactions	(1,351)	(3,144)
Basis of accounting for aircraft acquired from Northill Limited	(69)	(511)
Darley Investments Limited	(481)	(567)
Share Option compensation expense	0	41
Investments	988	3,058
Tax effect of adjustments	<u>550</u>	<u>(112)</u>
Shareholder's equity as adjusted to accord with US GAAP	-	-
	<b><u>459,183</u></b>	<b><u>266,228</u></b>
Opening shareholder's equity under US GAAP	-	-
Investments	439,340	249,913
Net income in accordance with US GAAP	(1,000)	756
	20,387	15,559
Stock issued for cash	456	0
	<b><u>459,183</u></b>	<b><u>266,228</u></b>
Closing shareholder's equity US GAAP		

