

# RYANAIR DELIVERS RECORD 3<sup>RD</sup> QUARTER PROFITS TRAFFIC GROWS BY 39% PROFITS INCREASE BY 42%

*(PROPOSES TO RAISE UP TO €123M BY PLACING ORDINARY SHARES)*

Ryanair, Europe's largest low fares airline today (6 February 2001) announced record traffic and profit figures for its third quarter ended 31 December 2000. Despite being a weaker "winter" period, passenger volumes rose by 39% to 1.9m, whilst adjusted profits after tax rose by 42% to €21.3m, compared to the previous quarter. Basic EPS increased by 28% to 6.08 cents per share.

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

Quarter End:	Dec 30, 2000	Dec 30, 1999	% Growth
<b>Passengers</b>	<b>1.89m</b>	<b>1.36m</b>	<b>39%</b>
<b>Revenue</b>	<b>€114.9m</b>	<b>€89.6m</b>	<b>28%</b>
<b>Profit after tax</b>	<b>€21.3m</b>	<b>€15.9m</b>	<b>34%</b>
<b>Adjusted profit after tax *</b>	<b>€21.3m</b>	<b>€15.0m</b>	<b>42%</b>
<b>EPS (euro cents)</b>	<b>6.08</b>	<b>4.76</b>	<b>28%</b>
<b>Adjusted EPS (euro cents) *</b>	<b>6.08</b>	<b>4.48</b>	<b>36%</b>

\* Adjusted to exclude the once off profit from the sale of shares in Equant in the 1999 figures.

Total revenues grew by 28% to €114.9m due to strong growth in both traffic and ancillary sales. The continuing success of *Ryanair.com* enabled the airline to offer even lower airfares and stimulate traffic on both existing and new routes during the weaker winter months. Ryanair continues to tightly control costs despite this rapid expansion. Operating costs during the quarter rose by 29% to €21.7m a rate which is significantly less than the rise in traffic. The particularly strong performance of *Ryanair.com* for example contributed to an impressive 66% decline in marketing and distribution costs during a quarter when traffic grew by 39%.

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

*"These results confirm another quarter of very strong growth by Ryanair on both existing and new routes. The fact that Ryanair delivered 39% traffic growth during an off-peak winter quarter whilst still increasing profit after tax by 42% demonstrates the strength and robust nature of Ryanair's low fares formula.*

*Our website, [www.Ryanair.com](http://www.Ryanair.com) made a very significant contribution to our growth. Internet sales are now running in excess of 65% of all bookings, which when added to Ryanair Direct means that we are now taking over 90% of all bookings direct. Travel Agency sales now account for just 8% of our bookings and are still falling.*

*However, the Ryanair.com website is not our only major cost reduction initiative. Over the coming 18 months our entire fleet of 21 Boeing 737-200s will go ex-depreciation. We've just taken delivery of 5 more 737-800s, (15 in total) which are significantly lowering our operating costs per seat whilst enabling us to carry 45% more passengers per flight. We have just completed a 12-year debt financing on these 5 aircraft at fixed Euro interest rates of under 5%. Our fuel hedging policy continues to deliver Ryanair lower than spot fuel prices and more importantly lessens our exposure to future fuel cost increases.*

*Our most important initiative in cost terms during the 3<sup>rd</sup> quarter was the revolutionary 5-year pay, productivity and share options agreement with our pilot group. This new package will make Ryanair's pilots amongst the best-paid and most productive short haul 737 pilots in Europe. They will share in the success of Ryanair through enhanced participation in our share option scheme. In return our pilots will underpin this growth over the next 5 years through moderation of basic pay increases and enhanced productivity. We have also just now agreed a new 5-year pay and productivity deal with our inflight people also and expect shortly to reach agreements with all other groups within the airline on increased pay and productivity packages.*

*These significant initiatives (which we expect to reduce our major operating costs on a per passenger basis) enable Ryanair to look to the future with some degree of confidence. Unlike most of our competitors, our major operating costs are falling and we intend to use these efficiencies to continue to lower yields by making lower airfares even more widely available on our existing and new routes. We will continue to be the only European airline to guarantee that our prices are the lowest airfares on the internet through Ryanair.com.*

*Our growth objectives continue to be realised. Before the end of February we plan to announce at least six new destinations, one additional European base and increased frequency on some of our existing routes. This summer's expansion is designed to enable Ryanair to grow to 9 million passengers over the coming year making us not just the largest low fares carrier, but one of the top ten international scheduled airlines (by traffic numbers) in Europe.*

*This quarter's results again demonstrate the outstanding job that the 1,500 people in Ryanair are doing. We have for 10 years been pioneering low fare air travel in Europe. We are aggressively competing with British Airways, Lufthansa, Alitalia and Air France among others in their home markets. We are bringing down the cost of air travel in Europe, and giving ordinary people the choice of flying where previously many couldn't afford to pay the high fares charged by Europe's flag carriers."*

## **Proposed Share Placement**

Ryanair also announces today that it intends to place up to 10 million new ordinary shares in the company (“the new ordinary shares”), representing approximately 2.8% of the existing share capital of the company. At the same time, Michael O’Leary, the C.E.O of the company also intends to sell up to 3.0 million of his ordinary shares (“the existing ordinary shares”, and together with the new ordinary shares, the “placing shares”). In total this represents some 3.7% of the company’s issued share capital. Michael O’Leary currently owns 30 million ordinary shares or 8.5% of the issued share capital of the company. Ryanair and Michael O’Leary also expect to offer the underwriters an option to purchase up to an additional 1.0 million ordinary shares each to cover over allotments.

The net proceeds from the placing will be used principally to finance the acquisition of 13 new Boeing 737-800 series aircraft, five of which will be delivered in December 2001 and January of 2002, one each in May, June, July of 2002 with five more being delivered in December 2002 and January 2003. The funds may also be used to exploit opportunities for the purchase of second-hand aircraft, and the company believes that there will be significant opportunities to acquire significant quantities such aircraft over the next 12 to 24 months.

The offering will be directed at both existing and new institutional investors in Ireland, the UK and Continental Europe, with the intention of continuing to broaden the company’s European shareholder base. The placing shares to be sold in the placing, have not been, and will not be registered under the U.S. Securities Act of 1933, and no offers or sales of such shares may be made in the U.S. or to U.S. persons. The placing shares are being offered and sold outside the United States in reliance under Regulation S under the Securities Act.

Morgan Stanley & Co. International Ltd, and Davy Stockbrokers, will act as joint lead managers of the proposed placing and Goldman Sachs will act as a co-lead manager. Details of the number of new ordinary shares to be issued and the price at which the placing shares will be sold are expected to be determined and announced on Friday 9<sup>th</sup> February, following a series of roadshow presentations of the company in Ireland, the UK and Continental Europe.

This announcement has been issued by and is the sole responsibility of Ryanair Holdings plc (the “Company”) and has been approved solely for the purposes of section 57 of the Financial Services Act 1986 by Morgan Stanley and Co. International Limited (“Morgan Stanley”), which is regulated in the United Kingdom by The Securities and Futures Authority Limited. Morgan Stanley is advising the Company and Mr. O’Leary in relation to the proposed offering and no one else and will not be responsible to anyone other than the Company for providing the protection afforded to customers of Morgan Stanley nor for providing advice in relation to the proposed offering.  
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This announcement is not for publication or distribution or release in the United States of America ( including its territories and possessions, any State of the United States and the District of Columbia). This announcement does not constitute or form part of an offer or solicitation of an offer to purchase or subscribe for securities in the United States or any other jurisdiction. The securities referred to herein have not been and will not be registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to or for the benefit of U.S. persons, except pursuant to an available exemption from registration. No public offering of securities is being made in the United States.

Ryanair Holdings has been notified that the partners of Irish Air Gen Par LP (Genpar) are proceeding with dissolution of the partnership, which will involve distribution of 4,553,220 ordinary shares of Ryanair (approximately 1.3% of the outstanding shares of Ryanair) to the individual partners. David Bonderman, Chairman of Ryanair is the principal partner and prior to the dissolution had a beneficial interest in 3,528,340 ordinary shares. Post the dissolution he has transferred 3,278,730 shares into a trust for the benefit of his children. Two of the other directors of Ryanair, Jeff Shaw and Rick Schifter, post the dissolution will continue to have a beneficial interest in 192,800 and 332,410 shares, respectively.

ENDS.

For results and further information  
please contact:

Howard Millar  
Ryanair Holdings Plc  
[www.Ryanair.com](http://www.Ryanair.com) Tel: 353-1-8121212

Pauline McAlester  
Murray Consultants  
Tel: 353-1-6633332

**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 36 Boeing 737's, orders for up to a further 30 new 737-800's which will be delivered over the next 4 years. Ryanair currently employs a team of 1,500 people and will carry over 7 million scheduled 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. This is the only internet site to guarantee the lowest fares on the web.

Ryanair Holdings plc and Subsidiaries

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

	Quarter Ended Dec 31, 2000	Quarter Ended Dec 31, 1999	Nine months Ended Dec 31, 2000	Nine months Ended Dec 31, 1999
	<u>€' 000</u>	<u>€' 000</u>	<u>€' 000</u>	<u>€' 000</u>
<b>Operating Revenues</b>				
Scheduled revenues	100,256	80,180	338,130	253,092
Ancillary revenues	<u>14,648</u>	<u>9,432</u>	<u>42,693</u>	<u>31,020</u>
<b>Total operating revenues continuing operations</b>	114,904	89,612	380,823	284,112
<b>Operating expenses</b>				
Staff costs	15,147	12,433	45,689	36,007
Depreciation and amortisation	15,505	11,280	42,299	32,424
<b>Other operating expenses</b>				
Fuel & Oil	16,524	10,723	46,792	31,792
Maintenance, materials and repairs	4,588	4,956	15,346	12,875
Marketing and distribution costs	2,472	7,265	18,153	23,822
Aircraft rentals	2,192	339	7,270	1,770
Route charges	8,770	6,570	27,252	19,821
Airport and Handling charges	16,829	10,661	50,491	32,242
Other	<u>11,218</u>	<u>8,073</u>	<u>30,664</u>	<u>23,310</u>
<b>Total operating expenses</b>	<u>93,245</u>	<u>72,300</u>	<u>283,956</u>	<u>214,063</u>
<b>Operating profit- continuing operations</b>	<u>21,659</u>	<u>17,312</u>	<u>96,867</u>	<u>70,049</u>
<b>Other income/(expenses)</b>				
Interest receivable and similar income	5,255	1,907	13,647	5,136
Interest payable and similar charges	(3,154)	(1,329)	(7,535)	(2,713)
Foreign exchange gains	677	1,058	323	922
Gain: on disposal of fixed assets	<u>53</u>	<u>929</u>	<u>53</u>	<u>929</u>
<b>Total other income/ (expenses)</b>	<u>2,831</u>	<u>2,565</u>	<u>6,488</u>	<u>4,274</u>
<b>Profit on ordinary activities before taxation</b>	24,490	19,877	103,355	74,323
Tax on profit on ordinary activities	<u>(3,145)</u>	<u>(3,939)</u>	<u>(18,651)</u>	<u>(15,981)</u>
<b>Profit for the financial period</b>	<u>21,345</u>	<u>15,938</u>	<u>84,704</u>	<u>58,342</u>
Earnings per ordinary share*	6.08	4.76	24.16	17.42

Basic(Euro cents)	6.01	4.76	23.88	17.27
Diluted (Euro cents)				
Number of ordinary shares (in 000's)*	350,782	334,850	350,536	334,850
Basic	355,279	337,873	354,769	337,729
Diluted				

\* 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

	December 31, 2000	March 31, 2000
	€' 000	€' 000
	(unaudited)	
<b>Fixed Assets</b>		
Tangible assets	523,973	315,032
Financial assets	<u>36</u>	<u>36</u>
<b>Total Fixed Assets</b>	<b><u>524,009</u></b>	<b><u>315,068</u></b>
<b>Current Assets</b>		
Cash and liquid resources	432,190	355,248
Accounts receivable	14,771	21,974
Other assets	15,270	6,478
Inventories	<u>14,887</u>	<u>13,933</u>
<b>Total current assets</b>	<b><u>477,118</u></b>	<b><u>397,633</u></b>
<b>Total assets</b>	<b><u>1,001,127</u></b>	<b><u>712,701</u></b>
<b>Current liabilities</b>		
Accounts payable	39,074	22,861
Accrued expenses and other Liabilities	99,320	107,445
Current maturities of long term debt	20,209	9,567
Short term borrowings	<u>221</u>	<u>3,780</u>
<b>Total current liabilities</b>	<b><u>158,824</u></b>	<b><u>143,653</u></b>
<b>Other liabilities</b>		
Provisions for liabilities and charges	22,849	15,279
Long Term debt	<u>292,550</u>	<u>112,412</u>
	<u>315,399</u>	<u>127,691</u>
<b>Shareholder's funds - equity</b>		
Called -up share capital	8,911	8,892
Share Premium Account	248,917	248,093
Profit and loss account	<u>269,076</u>	<u>184,372</u>
<b>Shareholder's funds - equity</b>	<b><u>526,904</u></b>	<b><u>441,357</u></b>
<b>Total liabilities and shareholders' funds</b>	<b><u>1,001,127</u></b>	<b><u>712,701</u></b>

**Ryanair Holdings plc and Subsidiaries**

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

	Period ended Dec 31, 2000 <u>€'000</u>	Period ended Dec 31, 1999 <u>€'000</u>
<b>Net cash inflow from operating activities</b>	151,374	102,567
Returns on investments and servicing of finance	759	2,264
Taxation	(12,451)	(15,538)
Capital expenditure (including aircraft deposits)	<u>(250,805)</u>	<u>(133,353)</u>
<b>Net cash (outflow) before financing and use of liquid resources</b>	(111,123)	(44,060)
Financing	191,624	99,225
(Increase) in liquid resources	<u>(63,930)</u>	<u>(48,200)</u>
<b>Increase in cash</b>	<b><u>16,571</u></b>	<b><u>6,965</u></b>
<b>Analysis of movement in liquid resources</b>		
Liquid resources at beginning of year	334,149	138,039
Increase in period	<u>63,930</u>	<u>48,201</u>
<b>Liquid resources at end of period</b>	<b><u>398,079</u></b>	<b><u>186,240</u></b>
<b>Analysis of movement in cash</b>		
At beginning of year	17,319	16,663
Net cash outflow	<u>16,571</u>	<u>6,965</u>
<b>Net cash at end of period</b>	<b><u>33,890</u></b>	<b><u>23,628</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>€'000</u></b>	<b>Share Premium account <u>€'000</u></b>	<b>Profit and loss account <u>€'000</u></b>	<b>Total <u>€'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)	19	824	0	843
Profit for the period	0	0	84,704	84,704
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Balance at December 31, 2000</b>	<b><u>8,911</u></b>	<b><u>248,917</u></b>	<b><u>269,076</u></b>	<b><u>526,904</u></b>

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

	Quarter Ended Dec 31, 2000 €' 000	Quarter Ended Dec 31, 1999 €' 000	Nine months Ended Dec 31, 2000 €' 000	Nine months Ended Dec 31, 1999 €' 000
<b>Operating Revenues</b>				
Scheduled revenues	100,256	80,180	338,130	253,092
Ancillary revenues	<u>14,648</u>	<u>9,432</u>	<u>42,693</u>	<u>31,020</u>
<b>Total operating revenues</b>				
- continuing operations	114,904	89,612	380,823	284,112
<b>Operating expenses</b>				
Staff costs	14,997	12,382	45,190	35,855
Depreciation and amortisation	15,378	10,797	41,686	30,963
<b>Other operating expenses</b>				
Fuel & Oil	16,524	10,723	46,792	31,792
Maintenance, materials and repairs	4,588	4,956	15,346	12,875
Marketing and distribution costs	2,472	7,265	18,153	23,822
Aircraft rentals	2,192	339	7,270	1,770
Route charges	8,770	6,570	27,252	19,821
Airport and Handling charges	16,829	10,661	50,491	32,242
Other	<u>11,196</u>	<u>8,051</u>	<u>30,598</u>	<u>23,245</u>
<b>Total operating expenses</b>	<u>92,946</u>	<u>71,744</u>	<u>282,778</u>	<u>212,385</u>
<b>Operating profit - continuing operations</b>	<u>21,958</u>	<u>17,868</u>	<u>98,045</u>	<u>71,727</u>
<b>Other income/(expenses)</b>				
Interest receivable and similar income	5,255	1,907	13,647	5,136
Interest payable and similar charges	(3,154)	(1,329)	(7,535)	(2,713)
Foreign exchange gains	2,803	972	3,988	387
Gains on disposal of fixed assets	<u>53</u>	<u>929</u>	<u>53</u>	<u>929</u>
<b>Total other income/(expenses)</b>	<u>4,957</u>	<u>2,479</u>	<u>10,153</u>	<u>3,739</u>
<b>Profit on ordinary activities before taxation</b>	26,915	20,347	108,198	75,466
Tax on profit on ordinary activities	<u>(3,650)</u>	<u>(3,922)</u>	<u>(19,641)</u>	<u>(15,855)</u>
<b>Net Income</b>	<u>23,265</u>	<u>16,425</u>	<u>88,557</u>	<u>59,611</u>
<b>Net Income per ADS*</b>				
Basic (Euro cents)	33.16	24.53	126.32	89.01
Diluted (Euro cents)	32.74	24.31	124.81	88.25
<b>Weighted Average number of shares*</b>				
Basic	350,782	334,850	350,536	334,850
Diluted	355,279	337,873	354,769	337,729

\* 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)

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

	Quarter Ended Dec 31, 2000 €' 000	Quarter Ended Dec 31, 1999 €' 000	Nine months Ended Dec 31, 2000 €' 000	Nine months Ended Dec 31, 1999 €' 000
<b>Profit as reported in the consolidated profit and loss accounts and in accordance with UK and Irish GAAP</b>	21,345	15,938	84,704	58,342
<b>Adjustments</b>				
Pension	70	44	198	133
Unrealised gains/(losses) on forward exchange contracts	2,126	(86)	3,665	(535)
Employment grants	80	22	301	65
Basis of accounting for August 1996 transaction	127	373	434	1,130
Basis of accounting for aircraft acquired from Northhill Limited	0	110	179	331
Darley Investments Limited	22	22	66	65
Share option compensation expense	0	(15)	0	(46)
Taxation effect of above adjustments	(505)	17	(990)	126
<b>Net income under US GAAP</b>	<u>23,265</u>	<u>16,425</u>	<u>88,557</u>	<u>59,611</u>

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

	Half Year Ended Dec 31, 2000 €' 000	Half Year Ended Dec 31, 1999 €' 000
Cash Inflow from operating activities	139,681	89,295
Cashflow from investing activities	(233,964)	(174,451)
Cashflow from financing activities	188,065	96,638
<b>Increase in cash and cash equivalents</b>	93,782	11,482
Cash and cash equivalents at beginning of period	<u>121,430</u>	<u>97,704</u>
<b>Cash and cash equivalents at end of period</b>	<u>215,212</u>	<u>109,186</u>
Cash and cash equivalents under US GAAP	215,212	109,186
Deposits with a maturity of between three and six months	<u>216,978</u>	<u>101,988</u>
<b>Cash and liquid resources under UK and Irish GAAP</b>	<u>432,190</u>	<u>211,174</u>

**Ryanair Holdings plc and Subsidiaries**

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

<b>(C) Shareholders' Funds equity</b>	<b>Dec 31, 2000</b>	<b>Dec 31, 1999</b>
	<b><u>€' 000</u></b>	<b><u>€' 000</u></b>
<b>Shareholders' equity as reported in the consolidated balance sheets (UK and Irish GAAP)</b>	526,904	309,306
<b>Adjustments:</b>		
Pension	1,121	693
Unrealised gains on forward exchange contracts	1,051	607
Employment grants	(1,033)	(606)
Basis of accounting for August 1996 transactions	(1,097)	(2,397)
Basis of accounting for aircraft acquired from Northhill Limited	0	(290)
Darley Investments Limited	(437)	(524)
Share option compensation expense	0	10
Investments	593	2,250
Tax effect of adjustments	<u>243</u>	422
<b>Shareholders' equity as adjusted to accord with US GAAP</b>	<b><u>527,345</u></b>	<b><u>309,471</u></b>
Opening shareholders' equity under US GAAP	—	—
Investments	439,340	249,912
Net income in accordance with US GAAP	(1,395)	(52)
Stock issued for cash	88,557	59,611
	843	0
<b>Closing shareholder's equity under US GAAP</b>	<b><u>527,345</u></b>	<b><u>309,471</u></b>

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

Summary

Quarter Ended December 31, 2000

**Profit after tax**, adjusted for non-recurring gains on disposal of investments in 1999, increased by 42% to €21.3m from €15.0m in the previous quarter ended December 31, 1999. Excluding the adjustment for non-recurring gains **Profit after tax** has increased by 34%. **Total Operating Revenues**, grew by 28% to €114.9m whilst passenger volumes increased by 39% to 1.9m.

**Total Operating Expenses** increased by 29% to €93.2m, due to the increased level of activity, and the increased costs, primarily depreciation, fuel and airport & handling costs, associated with the growth of the airline. These cost increases were partly offset by savings in Marketing & Distribution costs which declined by 66% to €2.5m due to the significant increase in internet bookings on **Ryanair.com**. **Profit before Tax** has increased by 23% to €24.5m, excluding non-recurring gains the increase is 29%. The effective **Corporation Tax** rate for the quarter was 13% compared to 20% for the previous year, and primarily reflects the reduction in the headline rate of corporation tax in Ireland and the positive impact of the increased level of direct bookings.

**Nine months ended December 31, 2000**

**Profit after tax**, adjusted for non-recurring gains in 1999, has increased by 48% to €84.7m, compared to €58.3m in the previous nine months ended December 31, 1999. Excluding the adjustment for the non-recurring gain Profits after tax increased 45%. **Total Operating Revenues** grew by 34% to €380.8m whilst passengers volumes have increased by 35% to 5.7m.

**Total Operating Expenses** increased by 33% to €284.0m due to the increased level of activity, and the increased costs, primarily staff, depreciation, fuel and airport & handling costs associated with the growth of the airline. **Profit before Tax** has increased by 39% to €103.4m, whilst **Adjusted Profit before Tax** increased by 41%. The effective **Corporation Tax** rate for the period was 18% compared to 22% for the previous nine months and primarily reflects 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 €432.2m at December 31, 2000, reflecting the increased cash flows arising from the profitable trading performance. During the period the company incurred capital expenditure of €250.8m primarily financed by an increase in the level of long term debt. **Shareholder's Funds** at December 31, 2000 have increased to €526.9m, compared to €441.4m at March 31, 2000.

## Detailed Discussion and Analysis - Quarter Ended December 31, 2000

**Profit after tax**, adjusted for non-recurring gains on disposal of investments in 1999, increased by 42% to €21.3m from €15.0m in the previous quarter ended December 31, 1999 driven by strong growth in passenger volumes and continued tight cost control. Excluding the adjustment for non-recurring gains in 1999 Profit after tax increased by 34%. **Operating Profit** increased by 25% to €21.7m compared to the quarter ended December 31, 1999.

**Total Operating Revenues** increased by 28% to €114.9m whilst passenger volumes increased by 39% to 1.9m.

**Scheduled Passenger Revenues** increased by 25% to €100.3m, reflecting a 39% increase in passenger volumes, and the successful launch of ten new routes. The success of Ryanair.com generated substantial cost savings, that were passed on to passengers in the form of lower average fares, which in turn further stimulated passenger volumes.

**Ancillary Revenues** increased by 55% to €14.6m, which is higher than the growth in passenger volumes, and primarily reflects the increase in the level of car hire rentals, other ancillary products and internet-related revenues.

**Total Operating Expenses** increased by 29% to €93.2m due to the increased level of activity, and the increased costs primarily depreciation, fuel and airport & handling costs associated with the growth of the fleet and the airline.

**Staff costs** have increased by 22% to €15.1m. This increase reflects a 17% increase in average employee numbers to 1,473. Pilots, who earn higher than the average salary, accounted for 37% of the increase in employment. Staff costs also rose due to the impact of pay increases granted which were between 3% and 5.5%.

**Depreciation and Amortisation** increased by 37% to €15.5m due to an increase in the number of aircraft owned from 26 to 33, two of which were delivered in December 2000, and the amortisation of capitalised maintenance costs.

**Fuel costs** rose by 54% to €16.5m due to a 20% increase in the number of hours flown, an increase in the average US\$ cost per gallon of fuel and the adverse impact of the strengthening of the US dollar to the Euro.

**Maintenance costs** decreased by 7% to €4.6m due to a lower level of unscheduled engine maintenance offset by 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** decreased by 66% to €2.5m due to a combination of, an increase in the level of direct bookings via the internet, a 33% reduction in the commission rate paid to travel agents, and the termination of the distribution agreement with Galileo.

**Aircraft Rental Costs** increased by €1.9m to €2.2m reflecting the need to rent additional seat capacity during the quarter.

**Route Charges** increased by 33% to €8.8m due to an increase in the number sectors flown, and an increase in the average sector length.

**Airport and Handling Charges** increased by 58% to €16.8m 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 39% to €11.2m primarily reflecting the increased ancillary product costs arising from the increase in ancillary revenues.

**Operating Profits** have increased by 25% to €21.7m due to the reasons outlined above.

**Interest Receivable** increased by €3.3m to €5.3m reflecting the strong growth in cash resources arising from the profitable trading performance during the quarter. **Interest Payable** increased by €1.8m to €3.2m due to the increased level of debt arising from the acquisition of seven new aircraft.

**Gains on disposal of assets** in quarter ended December 31, 2000 declined by €0.9m due to a non-recurring gain arising in 1999 from the profit on the sale of shares in an airline network provider.

**Taxation** declined in the quarter by €0.8m to €3.2m whilst the rate of Corporation Tax declined to 13% compared to 20% in the previous quarter. This was due to the combined effect of the reduction in the headline rate of Corporation Tax in Ireland and the positive impact of the increased level of direct bookings.

## Detailed Discussion and Analysis - Nine months ended December 31, 2000

**Profit after tax**, adjusted for non-recurring gains on disposal has increased by increased by 48% to €84.7m driven by strong growth in passenger volumes and continued tight cost control. Excluding the adjustment for non-recurring gains Profit after tax increased by 45%. **Operating Profit** increased by 38% to €96.9m compared to the nine months ended December 31, 1999. **Profit before tax** increased by 41% to €103.4m, which is higher than the percentage increase in Operating Profit due to an increase in net interest receivable from €2.4m to €6.1m.

**Total Operating Revenues** increased by 34% to €380.8m whilst passenger volumes increased by 35% to 5.7m.

**Scheduled Passenger Revenues** increased by 34% to €338.1m primarily due to a combination of increased passenger numbers, and the positive impact on average fares of the strength of Sterling to the Euro.

**Ancillary Revenues** increased by 38% to €42.7m, which is higher than the growth in passenger volumes, and primarily reflects the increase in the level of car hire rentals, other ancillary products and internet-related revenues.

**Total Operating Expenses** increased by 33% to €284.0m due to the increased level of activity, and the increased costs primarily staff, depreciation, fuel and airport & handling costs associated with the growth of the airline.

**Staff costs** have increased by 27% to €45.7m. This increase reflects an 18% increase in average employee numbers to 1,468. Pilots, who earn a higher than the average salary, accounted for 29% of the increase in employment. Staff costs also rose due to the impact of pay increases granted which were between 3% and 5.5%.

**Depreciation and Amortisation** increased by 30% to €42.3m due to the delivery of an additional seven next generation 737-800 aircraft, two of which were delivered in December 2000, and the amortisation of capitalised maintenance costs.

**Fuel costs** rose by 47% to €46.8m due to a 28% increase in the number of hours flown, an increase in the average US\$ cost per gallon of fuel and the adverse impact of the strengthening of the US dollar to the Euro.

**Maintenance costs** increased by 19% to €15.3m 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. This was partly offset by a reduction in the level of unscheduled engine maintenance.

**Marketing and Distribution Costs** decreased by 24% to €18.2m due to a combination of, an increase in the level of direct bookings, a 33% reduction in the commission rate paid to travel agents, the termination of the distribution agreement with Galileo on August 1, 2000, partly offset by higher marketing costs associated with the promotion of Ryanair.com and the launch of ten new routes.

**Aircraft Rental Costs** increased by €5.5m to €7.3m reflecting the need to rent additional seat capacity during the period.

**Route Charges** increased by 38% to €27.3m due to an increase in the number sectors flown, and an increase in the average sector length.

**Airport and Handling Charges** increased by 57% to €50.5m 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 32% to €30.7m, which is less than the growth in ancillary revenues reflecting improved margins on some new and existing products.

**Operating Profits** have increased by 38% to €96.9m due to the reasons outlined above.

**Interest Receivable** increased by €8.5m to €13.6m reflecting the strong growth in cash resources arising from the profitable trading performance during the period. **Interest Payable** rose by €4.8m to €7.5m due to the increased level of debt arising from the acquisition of seven new aircraft.

**Taxation** increased in the period by €2.7m to €18.7m whilst the Corporation Tax rate declined to 18% compared to 22% in the previous period primarily due to the reduction in the headline rate of Corporation Tax in Ireland and the increased level of direct sales.

The Company's **Balance Sheet** continues to strengthen due to the strong growth in profits. Tangible fixed assets increased to €524.0m from €315.0m principally as a result of the acquisition of seven new Boeing 737-800 aircraft. At December 31, 2000 the Company had €432.2m in Cash and Liquid resources, an increase of €76.9m compared to March 31, 2000 despite utilising €60.0m of internally generated cash on aircraft purchases and deposits. Total Debt has increased since March 31, 2000 by €190.8m to €312.8m to part fund the additional aircraft acquired during the period.

**Shareholder's Funds** at December 31, 2000 have increased to €526.9m 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 and nine months ended December 31, 2000 are consistent with those followed in the financial year ended March 31, 2000.

### 2. Approval of the Financial Statements

The Audit Committee approved the consolidated financial statements for the Quarter and Nine months ended December 31, 2000 on February 2, 2001.

### 3. Generally Accepted Accounting Policies

The Management Discussion and Analysis of Results for the Quarter and Nine months ended December 31, 2000 are based on the results reported under Irish and UK GAAP.

