

# RYANAIR BEATS MARKET EXPECTATIONS FOR THE HALF YEAR ENDED 30<sup>TH</sup> SEPT 2001 TRAFFIC GROWS BY 37%, PROFITS RISE BY 39%

Ryanair, Europe's largest low fares airline today announced sharply higher results for the half year ended 30<sup>th</sup> Sept 2001. Passenger **traffic grew by 37% to 5.3 million passengers, load factors rose to 77%** (84% if the no show passengers are included as they are by other low fare airlines). Average yields declined during the period by 6%, a fall that was slightly lower than the 8% decline during the first quarter. Another strong performance by ancillary revenues (up 35%), resulting in total revenue growth of 29% to €344.2m.

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

Half Year Ended	Sept 30, 2001	Sept 30, 2000	% Increase
Passengers	5.3m	3.9m	37%
Load factor actual	77%	74%	4%
Load Factor (incl no shows)	84%	80%	5%
Revenue	€344.2m	€265.9m	29%
Profit after tax	€88.0m	€63.4m	39%
Basic EPS (Euro Cent)	24.31	18.08	34%

Costs continued to be tightly controlled, particularly marketing and distribution costs which have declined by 30% (despite 37% volume growth) thanks to the successful development of RYANAIR.COM, Europe's biggest travel website. Total operating costs increased at a lower rate than revenues despite the launch of 13 new routes including our first European base at Brussels Charleroi. Unlike other carriers, **operating margins increased from 28% to 29%** for the half year, whilst **net margins also increased from 23.8% to 25.6%**. **Profit after tax has risen sharply by 39% to €88m**. Earnings per share grew by 34% to 24.31 cent per share.

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

*"This is a great set of results bearing in mind that the half year covers both the foot and mouth outbreak in the UK at the beginning, and the tragic events of 11 September in the U.S. at the end, both of which negatively impacted air travel in Europe. This disciplined profit growth again highlights the difference between Ryanair and other European low fare carriers. Ryanair is continuing to grow at a faster rate than them and both our profits and our margins continue to rise, even in extremely adverse market conditions.*

*"Over the past six months Ryanair has put five new 737-800 aircraft into service, launched our first Continental European base (seven routes) at Brussels Charleroi, and opened six new low fare routes from London Stansted. In August we started services on the Dublin-Edinburgh route. Ryanair's entry in to all of these markets has led to substantial savings for consumers, and high load factors which exceeded our forecasts. Our continued obsessive cost management has meant that despite significant - and expected - declines in average fares, Ryanair continues to grow with stable margins and increased profitability.*

*“Obviously the tragic events of the 11<sup>th</sup> September (“9/11”) last have had a traumatic impact on the airline business. They had little impact on these half year numbers as they occurred at the end of the period. Ryanair responded energetically in the immediate aftermath of 9/11 by lowering air fares, increasing their availability, and leading the campaign within Europe to maintain consumer confidence in, and stimulate demand for great value air travel.*

*“As usual many of Europe’s flag carrier airlines have used the tragic events of 9/11 as an excuse to cover their continuing losses. Many of these airlines were loss making well before the 11<sup>th</sup> September, and will continue to be so long into the future. These airlines were not grounded (as our American colleagues were) and their European operations continued without disruption. Whilst there was a decline in bookings in the immediate aftermath of the 11<sup>th</sup> September, this was rapidly made up by Ryanair and those other airlines who lowered fares and stimulated bookings. In contrast many of Europe’s flag carrier airlines tried to maintain their ridiculously high air fares and consequently their forward bookings declined and their first solution has been to stick out the begging bowl for more State subsidies.*

*“Ryanair supports the policy of Commissioner de Palacio and the EU to prevent these “basket cases” receiving more State aid. The notion (for example) that Sabena, having lost money for 39 of the last 40 years, can suddenly be restored to viability with one more tranche of State aid is a fantasy. Following Ryanair’s successful entry into the Belgian market, Belgian consumers now have a choice and low fares. More than 1 million of them will fly with Ryanair in our first 12 months there and in a recent survey in “Le Soir” newspaper, Belgian consumers voted Ryanair their favourite airline in Belgium.*

*“The 11<sup>th</sup> September has highlighted significant opportunities for Ryanair. Many of our competitors are now withdrawing from routes where they previously competed with us. These include British Airways, Alitalia and Aer Lingus. Both Lufthansa and SAS have announced their intention to pull out of Stansted altogether. We are also working on exciting opportunities for further cost reduction. Aircraft prices have declined and we expect this to continue. Airport, maintenance and handling contracts are presently being renegotiated and we expect to achieve efficiencies from these suppliers in return for delivering increased growth. In this negative environment in Europe, Ryanair is now being courted by many more airports, some of whom would never have talked to us prior to 9/11.*

*“As these results indicate and as we said in our recent statement, our business so far has not been materially effected by the events of the 11<sup>th</sup> September. Looking forward to the third and fourth quarters we expect that the reduction in average air fares will be somewhat higher than budgeted, however we equally expect to make up for much of this yield erosion with cost reductions and increased traffic volumes as we take market share from competitors.*

*“Our objective over the coming months will be to retain our disciplined growth and our focus on cost reduction. In any fare war or recession, the lowest cost provider will always prevail. This is as true of Southwest Airlines as it is of Wal-Mart in the United States, and we believe that Ryanair is similarly positioned in Europe for growth and profitability, as long as there are no further untoward terrorist events (which might have a short term impact on traffic).*

*“Ryanair remains comfortable with our current trading which (in the aftermath of 9/11) is characterised by lower average fares, but higher traffic flows, and we continue to see no reason why Ryanair will not continue to perform in line with the current general consensus range of analyst forecasts for the remainder of the fiscal year.”*

ENDS.

For results and further information

[www.Ryanair.com](http://www.Ryanair.com)

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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 56 low fare routes across 12 countries. Ryanair has a fleet of 36 Boeing 737’s, and firm orders for up to a further 13 new 737-800’s which will be delivered over the next 2 years. Ryanair currently employs a team of 1,600 people and will carry over 9 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.

# Ryanair Holdings plc and Subsidiaries

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

	Quarter ended Sept 30, 2001 <u>€'000</u>	Quarter ended Sept 30, 2000 <u>€'000</u>	Half Year ended Sept 30, 2001 <u>€'000</u>	Half Year ended Sept 30, 2000 <u>€'000</u>
<b>Operating Revenues</b>				
Scheduled revenues	171,947	134,606	306,492	237,874
Ancillary revenues	21,436	16,272	37,735	28,045
<b>Total operating revenues -continuing operations</b>	<u>193,383</u>	<u>150,878</u>	<u>344,227</u>	<u>265,919</u>
<b>Operating expenses</b>				
Staff costs	19,542	15,720	38,373	30,542
Depreciation and amortisation	14,478	13,504	30,150	26,794
Other operating expenses				
Fuel & Oil	27,890	16,898	54,244	30,268
Maintenance, materials and repairs	6,809	5,660	14,109	10,758
Marketing and distribution costs	3,264	4,644	9,410	15,681
Aircraft rentals	1,006	2,634	3,879	5,078
Route charges	12,946	10,286	24,456	18,482
Airport and Handling charges	23,170	18,456	44,847	33,662
Other	12,021	10,134	23,741	19,446
<b>Total operating expenses</b>	<u>121,126</u>	<u>97,936</u>	<u>243,209</u>	<u>190,711</u>
<b>Operating profit - continuing operations</b>	72,257	52,942	101,018	75,208
<b>Other income/(expenses)</b>				
Interest receivable and similar income	7,412	5,081	12,623	8,392
Interest payable and similar charges	(4,586)	(2,666)	(9,151)	(4,381)
Foreign exchange (losses)/gains	(643)	787	(2,581)	(354)
Gains on disposal of fixed assets	519	-	526	-
<b>Total other income/(expenses)</b>	<u>2,702</u>	<u>3,202</u>	<u>1,417</u>	<u>3,657</u>
<b>Profit on ordinary activities before taxation</b>	74,959	56,144	102,435	78,865
Tax on profit on ordinary activities	(10,138)	(10,872)	(14,397)	(15,506)
<b>Profit for the period</b>	<u><u>64,821</u></u>	<u><u>45,272</u></u>	<u><u>88,038</u></u>	<u><u>63,359</u></u>
<b>Earnings per ordinary share</b>				
-Basic(Euro cent)	17.90	12.91	24.31	18.08
-Diluted(Euro cent)	17.66	12.91	23.97	17.87
<b>Number of ordinary shares(in 000's)*</b>				
-Basic	362,142	350,570	362,098	350,412
-Diluted	367,132	354,800	367,314	354,640

# Ryanair Holdings plc and Subsidiaries

## *Consolidated Balance Sheets in accordance with UK and Irish GAAP*

	September 30, 2001 €'000 (unaudited)	March 31, 2000 €'000
<b>Fixed assets</b>		
Tangible assets	641,535	613,591
Financial assets	-	36
	<u>641,535</u>	<u>613,627</u>
<b>Total fixed assets</b>	<u>641,535</u>	<u>613,627</u>
<b>Current Assets</b>		
Cash and liquid resources	708,686	626,720
Accounts receivable	8,687	8,695
Other assets	14,049	12,235
Inventories	17,029	15,975
	<u>748,451</u>	<u>663,625</u>
<b>Total current assets</b>	<u>748,451</u>	<u>663,625</u>
<b>Total assets</b>	<u><u>1,389,986</u></u>	<u><u>1,277,252</u></u>
<b>Current liabilities</b>		
Accounts payable	39,864	29,998
Accrued expenses and other liabilities	159,774	139,406
Current maturities of long term debt	27,569	27,994
Short term borrowings	7,748	5,078
	<u>234,955</u>	<u>202,476</u>
<b>Total current liabilities</b>	<u>234,955</u>	<u>202,476</u>
<b>Other liabilities</b>		
Provisions for liabilities and charges	36,788	30,122
Long term debt	360,189	374,756
	<u>396,977</u>	<u>404,878</u>
<b>Shareholders' funds - equity</b>		
Called - up share capital	9,197	9,194
Share premium account	371,964	371,849
Profit and loss account	376,893	288,855
	<u>758,054</u>	<u>669,898</u>
<b>Shareholders' funds - equity</b>	<u>758,054</u>	<u>669,898</u>
<b>Total liabilities and shareholders' funds</b>	<u><u>1,389,986</u></u>	<u><u>1,277,252</u></u>

# Ryanair Holdings plc and Subsidiaries

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

	<b>Half Year ended Sept 30, 2001 €'000</b>	<b>Half Year ended Sept 30, 2000 €'000</b>
<b>Net cash inflow from operating activities</b>	153,201	117,147
Returns on investments and servicing of finance	2,442	3,554
Taxation	(3,940)	(12,096)
Capital expenditure(including aircraft deposits)	<u>(57,532)</u>	<u>(176,363)</u>
<b>Net cash inflow/(outflow) before financing and use of liquid resources</b>	94,171	(67,758)
Financing	(14,875)	137,576
(Increase) in liquid resources	<u>(100,034)</u>	<u>(72,360)</u>
<b>(Decrease) in cash</b>	<u><u>(20,738)</u></u>	<u><u>(2,542)</u></u>
 <b>Analysis of movement in liquid resources</b>		
Liquid resources at beginning of year	564,782	334,149
Increase in period	<u>100,034</u>	<u>72,360</u>
<b>Liquid resources at end of period</b>	<u><u>664,816</u></u>	<u><u>406,509</u></u>
 <b>Analysis of movement in cash</b>		
At beginning of year	56,860	17,319
Net cash outflow	<u>(20,738)</u>	<u>(2,542)</u>
<b>Net cash at end of period</b>	<u><u>36,122</u></u>	<u><u>14,777</u></u>

## Ryanair Holdings plc and Subsidiaries

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

	Ordinary shares <u>€'000</u>	Share premium account <u>€'000</u>	Profit and loss account <u>€'000</u>	Total <u>€'000</u>
Balance at April 1, 2001	9,194	371,849	288,855	669,898
Issue of ordinary equity shares	3	115	-	118
Profit for the period	-	-	88,038	88,038
<b>Balance at September 30, 2001</b>	<b>9,197</b>	<b>371,964</b>	<b>376,893</b>	<b>758,054</b>

# Ryanair Holdings plc and Subsidiaries

## Consolidated Profit and Loss Accounts in accordance with US GAAP (unaudited)

	Quarter ended Sept 30, 2001 €'000	Quarter ended Sept 30, 2000 €'000	Half Year ended Sept 30, 2001 €'000	Half Year ended Sept 30, 2000 €'000
Scheduled revenues	171,947	134,606	306,492	237,874
Ancillary revenues	21,436	16,272	37,735	28,045
<b>Total operating revenues -continuing operations</b>	<b>193,383</b>	<b>150,878</b>	<b>344,227</b>	<b>265,919</b>
<b>Operating expenses</b>				
Staff costs	19,341	15,570	37,971	30,193
Depreciation and amortisation	14,478	13,308	30,150	26,308
Other operating expenses				
Fuel & Oil	27,890	16,898	54,244	30,268
Maintenance, materials and repairs	6,809	5,660	14,109	10,758
Marketing and distribution costs	3,264	4,644	9,410	15,681
Aircraft rentals	1,006	2,634	3,879	5,078
Route charges	12,946	10,286	24,456	18,482
Airport and Handling charges	23,170	18,456	44,847	33,662
Other	11,999	10,112	23,697	19,402
<b>Total operating expenses</b>	<b>120,903</b>	<b>97,568</b>	<b>242,763</b>	<b>189,832</b>
<b>Operating profit - continuing operations</b>	<b>72,480</b>	<b>53,310</b>	<b>101,464</b>	<b>76,087</b>
<b>Other income/(expenses)</b>				
Interest receivable and similar income	7,412	5,081	12,623	8,392
Interest payable and similar charges	(4,586)	(2,666)	(9,151)	(4,381)
Foreign exchange (losses)/gains	(643)	(146)	(2,581)	1,185
Gains on disposal of fixed assets	519	-	526	-
<b>Total other income/(expenses)</b>	<b>2,702</b>	<b>2,269</b>	<b>1,417</b>	<b>5,196</b>
<b>Profit on ordinary activities before taxation</b>	<b>75,182</b>	<b>55,579</b>	<b>102,881</b>	<b>81,283</b>
Tax on profit on ordinary activities	(10,155)	(10,674)	(14,431)	(15,991)
<b>Net Income</b>	<b>65,027</b>	<b>44,905</b>	<b>88,450</b>	<b>65,292</b>
<b>Net Income per ADS *</b>				
-Basic(Euro cent)	89.78	64.05	122.14	93.16
-Diluted(Euro cent)	88.56	63.28	120.40	92.05
<b>Weighted Average number of shares*</b>				
-Basic	362,142	350,570	362,098	350,412
-Diluted	367,132	354,800	367,314	354,640

\*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--->		<---Half Year ended--->	
	Sept 30, 2001 €000	Sept 30, 2000 €000	Sept 30, 2001 €'000	Sept 30, 2000 €'000
<b>Profit as reported in the consolidated profit and loss accounts in accordance with UK and Irish GAAP</b>	<b>64,821</b>	<b>45,272</b>	<b>88,038</b>	<b>63,359</b>
<b>Adjustments</b>				
Pension	85	70	170	128
Unrealised gains/(losses) on forward exchange contracts	-	(933)	-	1,539
Employment grants	116	80	232	221
Basis of accounting for August 1996 transaction	-	127	-	307
Basis of accounting for aircraft acquired from Northhill Limited	-	69	-	179
Darley Investments Limited	22	22	44	44
Tax effect of adjustments	(17)	198	(34)	(485)
<b>Net income under US GAAP</b>	<b>65,027</b>	<b>44,905</b>	<b>88,450</b>	<b>65,292</b>

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

	<---Half Year ended--->	
	Sept 30, 2001 €'000	Sept 30, 2000 €'000
Cash inflow from operating activities	151,703	108,604
Cash inflow/(outflow) from investing activities	18,274	(252,603)
Cash (outflow)/ inflow from financial activities	(12,205)	137,875
Increase/(decrease) in cash and cash equivalents	157,772	(6,124)
Cash and cash equivalents at beginning of year	389,059	121,430
<b>Cash and cash equivalents at end of period</b>	<b>546,831</b>	<b>115,306</b>
Cash and cash equivalents under US GAAP	546,831	115,306
Deposits with a maturity of between three and six months	161,855	310,059
<b>Cash and liquid resources under UK and Irish GAAP</b>	<b>708,686</b>	<b>425,365</b>

## Ryanair Holdings plc and Subsidiaries

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

#### (C) Shareholders' funds - equity

	Sept 30, 2001 <u>€'000</u>	Sept 30, 2000 <u>€'000</u>
<b>Shareholders' equity as reported in the consolidated balance sheets (UK and Irish GAAP)</b>	758,054	505,227
<b>Adjustments:</b>		
Pension	1,833	1,051
Unrealised gains/(losses) on forward exchange contracts	4,189	(1,075)
Employment grants	(701)	(1,113)
Basis of accounting for August 1996 transactions	-	(1,224)
Darley Investments Limited	(371)	(459)
Investments	-	885
Unrealised gains on derivative financial instruments	439	-
Tax effect of adjustments	(638)	748
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<b>Shareholders' equity as adjusted to accord with US GAAP</b>	<b>762,805</b>	<b>504,040</b>
	<hr/> <hr/>	<hr/> <hr/>
Opening shareholders' equity under US GAAP	674,386	439,340
<b>Comprehensive Income adjustments</b>		
Investments	(588)	(1,103)
Unrealised gains on derivative financial instruments	439	-
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	(149)	(1,103)
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Net income in accordance with US GAAP	88,450	65,292
Stock issued for cash	118	511
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<b>Closing shareholders' equity under US GAAP</b>	<b>762,805</b>	<b>504,040</b>
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# Ryanair Holdings plc

## Management Discussion and Analysis of Results

### Half Year ended September 30, 2001 - Summary

**Profit after tax** has increased by 39% to €88.0m, compared to €63.4m in the previous half year ended September 30, 2000. **Total Operating Revenues** grew by 29% to €344.2m whilst passengers numbers have increased by 37% to 5.3m reflecting growth in our existing route network, and the successful launch of 13 new routes which were offset by a reduction in average fares.

**Ancillary Revenue** grew by 35% to €37.7m, slightly less than the growth in passenger numbers, arising from a reduction in the level of seat capacity allocated to the Charter programme compared to last year. Income generated from ancillary activities on **Ryanair.com** and included in Ancillary Revenue has grown strongly in the period to €4.9m.

**Total Operating Expenses** increased by 28% to €243.2m due to the increased level of activity, and the increased costs, primarily staff, fuel and airport & handling costs associated with the growth of the airline. Direct bookings have increased from an average of 60% in 2000 to 96% in the six months ended September 2001 giving rise to continued savings in **Marketing & Distribution costs**. **Operating margins** have as a result increased by 1% to 29% in the six months over the corresponding period last year and **Operating Profits** have risen by 34% to €101.0m. **Profit before Tax** has increased by 30% to €102.4m. The effective **Corporation Tax** rate for the period was 14% compared to 20% for the previous six months. For the reasons outlined **Net Margin** has increased from 23.8% to 25.6% in the period.

### Balance Sheet

**Cash and Liquid Resources** have increased by €82.0m from €626.7m at March 31, 2001 to €708.7m at September 30, 2001, reflecting the increased cash flows from the profitable trading performance during the period. The Company incurred capital expenditure of €58.2m mainly on aircraft deposits, while **Total Debt** declined as a result of loan repayments of €15.0m.

**Shareholder's Funds** at September 30, 2001 have increased to €758.1m, compared to €669.9m at March 31, 2001.

## **Detailed Discussion and Analysis - Half Year ended September 30, 2001**

**Profit after tax** has increased by 39% to €88.0m driven by strong growth in passenger volumes and continued tight cost control and as a result **Operating margins** have increased by 1% to 29%. **Operating Profit** increased by 34% to €101.0m compared to the half year ended September 30, 2000.

**Total Operating Revenues** increased by 29% to €344.2m whilst passenger volumes increased by 37% to 5.3m.

**Scheduled Passenger Revenues** increased by 29% to €306.5m primarily due to increased passenger numbers on new and existing routes, offset by a reduction in average fares.

**Ancillary Revenues** increased by 35% to €37.7m, which is slightly lower than the growth in passenger volumes, and reflects the increase in the level of car hire rentals, other ancillary products, and internet-related revenues, offset by a reduction in Charter revenues due to the continued focus on the scheduled operation.

**Total Operating Expenses** increased by 28% to €243.2m due to the increased level of activity, and the increased costs primarily staff, fuel and airport & handling costs associated with the growth of the airline.

**Staff costs** have increased by 26% to €38.4m. This increase reflects a 6% increase in average employee numbers to 1,552. Pilots, who earn a higher than the average salary, accounted for 63% of the increase in employment. The increase in the level of activity has also resulted in an increase in the level of productivity based pay for both pilots and Inflight crew. Staff costs also rose due to the impact of pay increases granted which were between 3% to 7.5%.

**Depreciation and Amortisation** increased by 13% to €30.2m due to an increase in the number of aircraft owned from 31 to 36 and the amortisation of capitalised maintenance costs offset by savings due to the increase in the number of aircraft fully depreciated.

**Fuel costs** rose by 79% to €54.2m 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 31% to €14.1m 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** decreased by 40% to €9.4m due to a combination of, an increase in the level of direct bookings, the termination of the distribution agreement with Galileo on August 1, 2000, partly offset by a higher spend on the promotion of 13 new routes.

**Aircraft Rental Costs** decreased by €1.2m to €3.9m reflecting the increased size of the fleet and the reduced need to rent additional seat capacity during the period.

**Route Charges** increased by 32% to €24.5m due to an increase in the number sectors flown, an increase in the average sector length and an increase in the basic unit cost in some countries.

**Airport and Handling Charges** increased by 33% to €44.8m due to an increase in the number of passengers flown, the impact of increased airport and handling charges on some existing routes, offset by lower charges on our new European routes.

**Other Expenses** increased by 22% to €23.7m, which is less than the growth in ancillary revenues due to improved margins on some products and the achievement of increased commissions (without a corresponding cost) from internet related products.

**Operating Profits** have increased by 34% to €101.0m due to the reasons outlined above.

**Interest Receivable** increased by €4.2m to €12.6m reflecting the strong growth in cash resources arising from the profitable trading performance during the period and the receipt of proceeds from the secondary offering in February 2001. **Interest Payable** increased by €4.8m to €9.2m due to the increased level of debt arising from the acquisition of five new aircraft.

**Gains on disposal of assets** consist mainly of the profit on the sale of the remaining shares held in a publicly quoted airline network provider.

**Taxation** has declined in the period by €1.1m to €14.4m due mainly to decline in the headline rate of Corporation Tax in Ireland.

The Company's **Balance Sheet** continues to benefit from the strong growth in profits. Tangible fixed assets increased to €641.5m from €613.6m principally as a result of the payment of deposits for the remaining 13 confirmed deliveries. The Company generated cash from operating activities of €153.2m, which funded the payment of all capital expenditure and aircraft deposits, and in turn resulted in cash and liquid resources increasing by €82.0m in the period to €708.7m. **Total Debt** has declined since March 31, 2001 to €387.8m due to loan repayments made of €15.0m. **Shareholder's Funds** at September 30, 2001 have increased to €758.1m compared to €669.9m at March 31, 2001.

## **Detailed Discussion and Analysis - Quarter Ended September 30, 2001**

**Profit after tax** has increased by 43% to €64.8m driven by strong growth in passenger volumes and continued tight cost control. **Operating margins** have, as a result, increased by 2% to 37%. **Operating Profit** increased by 36% to €72.3m compared to the quarter ended September 30, 2000 whilst **Profit before tax** increased by 34%.

**Total Operating Revenues** increased by 28% to €193.4m whilst passenger volumes increased by 33% to 2.9m.

**Scheduled Passenger Revenues** increased by 28% to €171.9m, reflecting the increase in passenger volumes arising from the successful launch of 13 new routes and extra capacity on existing routes. Furthermore, the success of Ryanair.com continued to generate substantial savings which were passed on to passengers in the form of lower than average fares, and in turn these fares further stimulated passenger volumes.

**Ancillary Revenues** increased by 32% to €21.4m, which is slightly lower than the growth in passenger volumes, arising from a reduction in seat capacity allocated to the Charter programme compared to last year due to the continued focus on the scheduled operation. Income generated from Ryanair.com has grown strongly to €3.3m in Quarter 2.

**Total Operating Expenses** increased by 24% to €121.1m due to the increased level of activity, and the increased costs primarily staff, fuel and airport & handling costs associated with the growth of the airline.

**Staff costs** have increased by 24% to €19.5m. This increase reflects a 4% increase in average employee numbers to 1,564. Pilots, who earn higher than the average salary, accounted for 67% of the increase in employment. The increase in the level of activity has also resulted in an increase in the level of productivity based pay for both pilots and Inflight crew. Furthermore staff costs rose due to the impact of pay increases granted which were between 3% to 7.5%.

**Depreciation and Amortisation** increased by 7% to €14.4m due to an increase in the number of aircraft owned from 31 to 36 and the amortisation of capitalised maintenance costs, offset by savings arising from the increase in the number of fully depreciated aircraft.

**Fuel costs** rose by 65% to €27.9m due to a 21% increase in the number of hours flown, a 30% increase in the average US\$ cost per gallon of fuel and the adverse impact of the strengthening of the US dollar to the Euro, offset by an improvement in fuel burn due to the increase in 737-800 fleet (more efficient engines) as a percentage of the total fleet.

**Maintenance costs** increased by 20% to €6.8m 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** decreased by 30% to €3.2m due to a combination of, an increase in the level of direct bookings via the internet, the termination of the distribution agreement with Galileo in August 2000, offset by increased marketing and advertising costs associated with the launch of fourteen new routes.

**Aircraft Rental Costs** declined by €1.6m to €1.0m reflecting the reduced requirement to rent additional seat capacity arising from the delivery of the new 737-800 aircraft and a reduction in the charter programme.

**Route Charges** increased by 26% to €12.9m due to an increase in the basic unit rate in some countries, an increase in the number of sectors flown, and an increase in the average sector length.

**Airport and Handling Charges** increased by 26% to €23.2m due to an increase in the number of passengers flown, and the impact of increased handling charges at Stansted airports, offset by lower charges on our new European routes.

**Other Expenses** increased by 19% to €12.0m, which is less than the growth in ancillary revenues reflecting improved margins on some new and existing products.

**Operating Profits** have increased by 36% to €72.3m due to the reasons outlined above.

**Interest Receivable** increased by €2.3m to €7.4m reflecting the strong growth in cash resources arising from the profitable trading performance. **Interest Payable** increased by €1.9m to €4.6m due to the increased level of debt arising from the acquisition of five new aircraft.

**Gains on disposal of assets** represents the profit on the sale of the remaining shares held in a publicly quoted airline network provider.

**Taxation** declined in the quarter by €0.8m to €10.1m due to the reduction in the headline rate of Corporation Tax in Ireland

## **Notes to the Financial Statements**

### 1. **Accounting Policies**

With effect from April 1, 2001 Ryanair adopted Statement of Financial Accounting Standards no. 133, "Accounting for Derivative Financial Instruments and Hedging Activities" (SFAS no. 133), as amended. Ryanair has not recorded any cumulative adjustment to earnings as a result of the implementation of the SFAS no. 133. All other accounting policies followed in the preparation of these consolidated financial statements for half year ended September 30, 2001 are consistent with those set out in the Annual Report for the year ended March 31, 2001.

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

The Audit Committee approved the consolidated financial statements for the Quarter and Half Year ended September 30, 2001 on November 1, 2001.

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

The Management Discussion and Analysis of Results for the Quarter and Half Year ended September 30, 2001 are based on the results reported under Irish and UK GAAP.

# **Independent review report to Ryanair Holdings plc**

## **Introduction**

We have been instructed by the company to review the financial information set out on pages 1 to 7 and we have read the other information contained in the interim report and considered whether it contains any apparent misstatements or material inconsistencies with the financial information.

## **Directors' responsibilities**

The interim report, including the financial information contained therein, is the responsibility of, and has been approved by the directors. The Listing Rules of the Irish Stock Exchange require that the accounting policies and presentation applied to the interim figures should be consistent with those applied in preparing the preceding annual accounts except where any changes, and the reasons for them, are disclosed.

## **Review work performed**

We conducted our review in accordance with guidance contained in Bulletin 1999/4 issued by the Auditing Practices Board. A review consists principally of making enquiries of management and applying analytical procedures to the financial information and underlying financial data and based thereon, assessing whether the accounting policies and presentation have been consistently applied unless otherwise disclosed. A review excludes audit procedures such as tests of controls and verification of assets, liabilities and transactions. It is substantially less in scope than an audit performed in accordance with Auditing Standards and therefore provides a lower level of assurance than an audit. Accordingly we do not express an audit opinion on the financial information.

## **Review conclusion**

On the basis of our review we are not aware of any material modifications that should be made to the financial information as presented for the six months ended 30 September 2001.

KPMG  
Chartered Accountants

1 November 2001