

**RYANAIR ANNOUNCES Q.3 TRAFFIC GROWTH OF 21%,  
NET PROFITS FALL 27% TO €35M - IN LINE WITH GUIDANCE**

Ryanair, Europe's largest low fares airline today (4 Feb) announced third quarter after tax profits of €35m, a 27% decline over the comparable quarter last year, and in line with previous guidance. This profit figure excludes a €12.1m profit from aircraft disposals. Traffic grew by 21% to 12.4m, yields fell by 4%, as revenues rose by 16% to €569m. The prior year Q3 comparable was distorted by a one off €10m contract termination penalty received from a previous hotel partner. Excluding this one off prior year Q3 receipt reveals an underlying profit decline of 10%. Unit costs were flat in the quarter due primarily to a doubling of airport charges at Stansted, significant cost increases at the Dublin Airport monopoly, combined with longer sector lengths, offset in part by lower cost fuel hedges.

**Summary Table of Results (IFRS) - in Euro**

Quarter Ended	Dec 31, 2006	Dec 31, 2007	% Increase
Passengers	10.3m	12.4m	21%
Revenue	€493m	€569m	16%
Adjusted Profit after Tax (Note 1)	€48m	€35m	-27%
Adjusted Basic EPS(EuroCents) (Note 1)	3.09	2.35	-24%

Note 1: Quarter ended 31 December 07 excludes a gain of €12.1m net of tax arising from the disposal of 5 Boeing 737-800 aircraft.

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

*"This net profit of €35m is a creditable performance in very adverse market conditions. It reflects Ryanair's 21% traffic growth, a 4% decline in yields, flat unit costs and a strong ancillary sales performance. Ancillary revenues (excluding a one off €10m termination payment in the prior year) grew by 30% to €111m. Ancillary penetration continues to increase, and we are on target to achieve our ancillary sales objective of 20% of revenues over the next 3 years. Inflight mobile phone services will be tested on 25 aircraft - subject to regulatory approval - during the April-June quarter and we are optimistic that passengers will quickly adopt this service to make/receive calls and texts on their mobile phones and blackberries.*

*"Whilst unit costs were flat during the quarter, excluding our fuel hedges they rose by 6% due to the unjustified doubling of airport charges at the Stansted Airport monopoly, significantly higher charges at the even less competitive Dublin Airport monopoly and 7% longer sectors. Costs were positively impacted by our decision to reduce Winter capacity at Stansted by 7 aircraft, while staff costs rose by 18% to €67m due to an increase in cabin crew ratios which will continue through the remainder of this fiscal year.*

*"We welcome the UK Government's decision to reject the anti-consumer proposal by the CAA Regulator to dedesignate the Stansted Airport monopoly. We continue to campaign for the break up of the BAA Airport monopoly in London, and/or a more effective regulatory regime than that operated by the inept CAA Regulator. The CAA stood idly by last year while Stansted Airport doubled passenger charges and at the same time delivered abject service to airlines and passengers.*

*The London airports and consumers need a much tougher regulator than the misguided CAA which has repeatedly put the needs of the BAA Stansted airport monopoly before the reasonable interests of passengers and airport users.*

*“At Dublin, a similarly protected (Government owned) monopoly continues to raise prices by up to 50% at a time when most other European airports are reducing them. The DAA are pushing ahead with their crazy €800m second terminal, the cost of which has escalated to more than four times its original €200m budget. Passenger charges at Dublin Airport are rising at many times the rate of inflation, because the Irish Aviation Regulator (who is even more ineffectual than the CAA in the UK) is asleep on the job. Ryanair has called for his dismissal on grounds of incompetence. He can't even run his own office efficiently or effectively, never mind regulate a powerful, abusive monopoly like the DAA.*

*“Thankfully at most other airports, where competition exists, airport and handling costs are falling. This is as it should be in an era of ever declining air fares. Our new bases at Alicante and Valencia in Spain, Belfast City in Northern Ireland, and Bristol in the UK have performed well during their first Winter and we expect this trend to continue. We have recently announced two new bases at Bournemouth and Birmingham in the UK, where we expect to invest significantly in new aircraft, new routes and new jobs in Summer 2008, as we roll out Ryanair's guaranteed lowest fares to more regional UK cities. We continue to have more new base opportunities than we can handle at present, and expect to be in a position to announce at least two further European bases shortly, both of which will launch in Winter 2008.*

#### **GUIDANCE FOR 07/08**

*“Looking forward to the end of the current fiscal year ('07/'08) we now have sufficient visibility over Q.4 bookings and yields to enable us to maintain our previous guidance of net profit growth of 17.5% to approx. €470m for the full fiscal year, (07/08). We expect the decline in average fares this Winter will be close to 5% and within the range previously guided. Our ability to grow net profits, in a year when most of our competitors are suffering declines or losing money is testament to the continuing strength of Ryanair's guaranteed lowest fare business model across Europe.*

#### **GUIDANCE FOR 08/09**

*“At this time it is too early to make any accurate forecasts in such volatile markets for 2008/09. However with oil prices at \$90 a barrel and fear of recession in the UK and many other European economies, the current outlook for the coming fiscal year is poor. We remain essentially unhedged for next year. Current oil prices, which have risen by nearly 40% to \$90 a barrel, will impose significantly higher costs during a year when we are expanding capacity by almost 20%. Costs will be hurt by a projected 5% increase in sector length. To compound this negative outlook, European consumer confidence is waning which would suggest that, unlike two years ago, (when higher yields compensated for higher oil prices), next years yields may be flat or continue to fall, as consumers become more price sensitive.*

*Our earnings may also be impacted by the recent weakness of Sterling which accounts for a significant proportion of Ryanair's revenues.*

*"The European airline sector is presently facing one of these cyclical downturns, with possibility of a "perfect storm" of higher oil prices, poor consumer demand, weaker Sterling and higher costs at unchecked monopoly airports such as Dublin and Stansted which account for a significant proportion of Ryanair's traffic. While it is impossible to accurately forecast full year fuel prices and yields this far in advance, there is now a significant chance that profits may decline next year. At our most optimistic, a combination of flat yields and \$75 oil would see profits grow by 6% to approximately €500m, but at our most conservative, if forward oil prices remain at \$85, and consumer sentiment/sterling weakness leads to a 5% reduction in yields, then profits in the coming year could fall by as much as 50% to as low as €235m (excluding profits from aircraft disposals). We would hope to be in a position to provide a more informed update on guidance with the release of our full year results on June 3<sup>rd</sup>, 2008.*

*"There can be only one competitive response to any consumer uncertainty, and that is for Ryanair to slash fares and yields, stimulate traffic, encourage price sensitive consumers, and promote new routes/base developments. The airline business is highly cyclical and we have seen these downturns before. They pose unique long term opportunities for the lowest cost producer - Ryanair - to grow rapidly, open new markets, win share from competitors and speed up the pace of industry consolidation which will lead to flag carriers withdrawing capacity from certain markets and loss making competitors disappearing altogether.*

*"This process has already started in Europe. For example, Aer Lingus has already withdrawn services on routes from Dublin to Seville, Newcastle, Poznan, and from Shannon to London. We have also witnessed the withdrawal of British Airways from Birmingham following the sale of its "Connect" subsidiary to Flybe and the subsequent closure of 9 routes. Capacity has also been withdrawn by weaker so called low fare carriers across Europe. Many of these carriers have cancelled their growth plans, while others are in significant retrenchment. High fuel costs combined with rising losses mean that some of these carriers will not survive should this potential "perfect" storm materialise.*

*"Ryanair has the lowest cost base in the European industry and even in a recession will continue to be substantially profitable. Despite the possibility of a fall in profits next year, our airline continues to deliver the industry's highest margins and will remain enormously cash generative, with a very strong balance sheet. We continue to have over €2bn in cash despite spending over €700m in the last twelve months acquiring a 29% stake in Aer Lingus and completing a share buyback of €300m.*

## €200M SHARE BUY BACK.

*At our AGM in September 2007, shareholders authorised that directors could re-purchase ordinary shares ("buyback") amounting to 5% of the company's issued share capital. The directors have decided, in the best interests of the company and its shareholders as a whole, to undertake a second buyback programme of up to €200m. At the current market price of €3.60 this equates to a buyback of approx. 3% of the company's issued share capital. Whilst there is no guarantee that this buyback will be completed, we would not anticipate initiating any buyback programme until after at least February 6<sup>th</sup> 2008, if at all. Ordinary (and not ADR's) shares may be re-purchased under the programme in accordance with the provisions of the company's annual re-purchase authority and the requirements of the Irish Stock Exchange and UK listing rules. The company's brokers, Davys, will conduct any share buyback programme and any shares re-purchased will be cancelled immediately."*

Ends.

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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 the 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 25 bases and 627 low fare routes across 26 countries. By the end of March 2008 Ryanair will operate a fleet of 163 Boeing 737-800 aircraft with firm orders for a further 99 new aircraft (net of planned disposals), which will be delivered over the next 5 years. Ryanair currently employs a team of 5,000 people and expects to carry circa 50.5 million scheduled passengers in the current fiscal year.

**Ryanair Holdings plc and Subsidiaries**  
*Condensed Consolidated Interim Balance Sheet measured in  
accordance with IFRS (unaudited)*

	At Dec 31, 2007 <u>€000</u>	At Mar 31, 2007 <u>€000</u>
<b>Non-current assets</b>		
Property, plant and equipment	3,252,192	2,884,053
Intangible assets	46,841	46,841
Available for sale financial assets	325,478	406,075
<b>Total non-current assets</b>	<u>3,624,511</u>	<u>3,336,969</u>
<b>Current assets</b>		
Inventories	2,777	2,420
Other assets	113,711	77,707
Trade receivables	24,519	23,412
Derivative financial instruments	57,907	52,736
Restricted cash	171,728	258,808
Financial assets: cash > 3months	419,667	592,774
Cash and cash equivalents	1,459,606	1,346,419
<b>Total current assets</b>	<u>2,249,915</u>	<u>2,354,276</u>
<b>Total assets</b>	<u>5,874,426</u>	<u>5,691,245</u>
<b>Current liabilities</b>		
Trade payables	55,727	54,801
Accrued expenses and other liabilities	676,863	807,136
Current maturities of debt	194,834	178,918
Derivative financial instruments	94,621	56,053
Current tax	42,300	20,822
<b>Total current liabilities</b>	<u>1,064,345</u>	<u>1,117,730</u>
<b>Non-current liabilities</b>		
Provisions	38,630	28,719
Derivative financial instruments	49,440	58,666
Deferred income tax liability	153,824	151,032
Other creditors	113,218	112,177
Non-current maturities of debt	1,874,165	1,683,148
<b>Total non-current liabilities</b>	<u>2,229,277</u>	<u>2,033,742</u>
<b>Shareholders' equity</b>		
Issued share capital	9,465	9,822
Share premium account	591,400	607,433
Retained earnings	2,059,991	1,905,211
Other reserves	(80,052)	17,307
<b>Shareholders' equity</b>	<u>2,580,804</u>	<u>2,539,773</u>
<b>Total liabilities and shareholders' equity</b>	<u>5,874,426</u>	<u>5,691,245</u>

**Ryanair Holdings plc and Subsidiaries**  
*Condensed Consolidated Interim Income Statement measured in  
accordance with IFRS (unaudited)*

	<b>Quarter ended Dec 31, 2007 €000</b>	Quarter ended Dec 31, 2006 €000	<b>Period ended Dec 31, 2007 €000</b>	Period ended Dec 31, 2006 €000
<b>Operating revenues</b>				
Scheduled revenues	<b>458,664</b>	397,595	<b>1,760,662</b>	1,489,697
Ancillary revenues	<b>110,745</b>	95,168	<b>363,075</b>	259,489
<b>Total operating revenues-continuing operations</b>	<b>569,409</b>	492,763	<b>2,123,737</b>	1,749,186
<b>Operating expenses</b>				
Staff costs	<b>66,832</b>	56,856	<b>213,117</b>	170,700
Depreciation	<b>47,537</b>	36,619	<b>123,600</b>	108,242
Fuel & oil	<b>192,294</b>	174,887	<b>585,031</b>	511,929
Maintenance, materials & repairs	<b>14,265</b>	10,846	<b>41,205</b>	32,159
Marketing & distribution costs	<b>1,028</b>	4,246	<b>15,563</b>	15,854
Aircraft rentals	<b>18,343</b>	15,457	<b>55,050</b>	40,851
Route charges	<b>63,150</b>	47,720	<b>192,125</b>	146,104
Airport & handling charges	<b>94,003</b>	65,584	<b>302,886</b>	204,682
Other	<b>27,739</b>	23,340	<b>89,509</b>	75,652
<b>Total operating expenses</b>	<b>525,191</b>	435,555	<b>1,618,086</b>	1,306,173
<b>Operating profit - continuing operations</b>	<b>44,218</b>	57,208	<b>505,651</b>	443,013
Gain on disposal of property, plant & equipment	<b>13,650</b>	-	<b>13,650</b>	-
<b>Other income/(expenses)</b>				
Finance income	<b>21,415</b>	14,854	<b>62,909</b>	43,777
Finance expense	<b>(25,317)</b>	(20,812)	<b>(70,182)</b>	(62,123)
Foreign exchange gain/(losses)	<b>(3,486)</b>	(40)	<b>(1,999)</b>	(1,269)
<b>Total other income/(expenses)</b>	<b>(7,388)</b>	(5,998)	<b>(9,272)</b>	(19,615)
<b>Profit before tax</b>	<b>50,480</b>	51,210	<b>510,029</b>	423,398
Tax on profit on ordinary activities	<b>(3,302)</b>	(3,478)	<b>(55,255)</b>	(46,541)
<b>Profit for the period-all attributable to equity holders of parent</b>	<b>47,178</b>	47,732	<b>454,774</b>	376,857
Basic earnings per ordinary share (in euro cents)	<b>3.16</b>	3.09	<b>29.94</b>	24.41
Diluted earnings per ordinary share (in euro cents)	<b>3.13</b>	3.06	<b>29.65</b>	24.27
Weighted average number of ordinary shares (in 000's)*	<b>1,494,201</b>	1,545,490	<b>1,519,030</b>	1,543,718
Weighted average number of diluted shares (in 000's)*	<b>1,508,550</b>	1,559,984	<b>1,534,001</b>	1,552,738

\* Adjusted for share split of 2 for 1 which occurred on February 26, 2007

## Ryanair Holdings plc and Subsidiaries

### *Condensed Consolidated Interim Cashflow Statement measured in accordance with IFRS (unaudited)*

	<b>Period Ended Dec 31, 2007 €000</b>	Period ended Dec 31, 2006 €000
<b>Operating activities</b>		
Profit before tax	<b>510,029</b>	423,398
<b>Adjustments to reconcile profits before tax to net cash provided by operating activities</b>		
Depreciation	<b>123,600</b>	108,242
(Increase)/decrease in inventories	<b>(357)</b>	1,470
(Increase)/decrease in trade receivables	<b>(1,107)</b>	9,141
(Increase) in other current assets	<b>(13,780)</b>	(25,776)
Increase/(decrease) in trade payables	<b>926</b>	(15,057)
(Decrease) in accrued expenses	<b>(165,654)</b>	(40,618)
Increase in other creditors	<b>1,041</b>	72,571
Increase in maintenance provisions	<b>9,911</b>	9,769
(Gain) on disposal of property, plant and equipment	<b>(13,650)</b>	-
(Increase)/decrease in interest receivable	<b>(4,857)</b>	1,221
Increase in interest payable	<b>2,138</b>	7,047
Retirement costs	<b>985</b>	494
Share based payments	<b>10,162</b>	2,747
Income tax (paid)/refunded	<b>(17,902)</b>	236
<b>Net cash provided by operating activities</b>	<b>441,485</b>	554,885
<b>Investing activities</b>		
Capital expenditure (purchase of property, plant and equipment)	<b>(578,444)</b>	(195,208)
Proceeds from sale of property, plant and equipment	<b>132,613</b>	-
Purchase of equities classified as available for sale	<b>(57,990)</b>	(342,410)
Reduction/(investment) in restricted cash	<b>87,080</b>	(136)
Reduction/(investment) in financial assets: cash > 3months	<b>173,107</b>	(198,158)
<b>Net cash used in investing activities</b>	<b>(243,634)</b>	(735,912)
<b>Financing activities</b>		
Cost associated with repurchase of shares	<b>(299,994)</b>	-
Net proceeds from shares issued	<b>8,397</b>	10,055
Increase in long term borrowings	<b>206,933</b>	19,954
<b>Net cash provided by financing activities</b>	<b>(84,664)</b>	30,009
<b>Increase/(decrease) in cash and cash equivalents</b>	<b>113,187</b>	(151,018)
Cash and cash equivalents at beginning of the period	<b>1,346,419</b>	1,439,004
<b>Cash and cash equivalents at end of the period</b>	<b>1,459,606</b>	1,287,986

**Ryanair Holdings plc and Subsidiaries**  
**Condensed Consolidated Interim Statement of Recognised Income**  
**and Expense measured in accordance with IFRS (unaudited)**

	<b>Quarter ended Dec 31, 2007 <u>€000</u></b>	<b>Quarter ended Dec 31, 2006 <u>€000</u></b>	<b>Period ended Dec 31, 2007 <u>€000</u></b>	<b>Period ended Dec 31, 2006 <u>€000</u></b>
<b>Cash flow hedge reserve-effective portion of fair value changes to derivatives:</b>				
Net movements into/(out of) cash flow hedge reserve	<b>1,305</b>	12,740	<b>(5,953)</b>	(20,066)
Net decrease in fair value of available for sale financial asset	<b>(41,440)</b>	18,063	<b>(126,355)</b>	18,063
Income and expenditure recognised directly in equity	<b>(40,135)</b>	30,803	<b>(132,308)</b>	(2,003)
Profit for the period	<b>47,178</b>	47,732	<b>454,774</b>	376,857
<b>Total recognised income and expense</b>	<b>7,043</b>	78,535	<b>322,466</b>	374,854

# Ryanair Holdings plc and Subsidiaries

## Operating and Financial Overview

### Introduction

For the purposes of the Management Discussion and Analysis (“MD&A”) all figures and comments are by reference to the adjusted income statement excluding the exceptional items referred to below.

Exceptional items in the nine months ended December 31, 2007 amounted to €12.1m (net of tax) which arose from the sale of 5 Boeing 737-800 aircraft.

Profit after tax increased by 21% compared to the previous nine months ended December 31, 2007 to €454.8m, whilst adjusted profit after tax increased by 17% to €442.6m. During the quarter ended December 31, 2007, profit after tax decreased by 1% to €47.2m whilst adjusted profit after tax decreased by 27% to €35.0m.

### Summary Nine Months ended December 31, 2007

**Profit after tax** increased by 17% to €442.6m, compared to €376.9m in the comparative nine month period ended December 31, 2006 reflecting a 20% increase in passenger numbers, a 2% decrease in fares (including checked in baggage revenues) and strong growth in ancillary revenues. The growth in revenues was offset by a combination of higher fuel, airport charges, and staff costs. **Total operating revenues** increased by 21% to €2,123.7m, which was faster than the 20% growth in passenger volumes, as average fares decreased by 2% and ancillary revenues grew by 40% to €363.1m. **Total revenue per passenger** as a result increased by 1%, whilst **Passenger Load Factor** decreased by 1 point to 84% during the period.

**Total operating expenses** increased by 24% to €1,618.1m, due to the increased level of activity, and increased costs, associated with the growth of the airline. Fuel, which represents 36% of total operating costs compared to 39% last year, increased by 14% to €585.0m due to an increase in the number of hours flown, offset by a decrease in the US dollar cost per gallon, a positive movement in the US dollar exchange rate versus the euro, and a reduction in fuel consumption arising from the installation of winglets. Staff costs rose by 25% reflecting the growth in the airline, a share option charge of €0.1m, and an increase in cabin crewing ratios. Excluding the charge of €0.1m for the share option grant, staff costs would have increased by 20%. Airport and Handling charges increased by 48% to €302.9m arising from the doubling of airport charges at Stansted and higher charges at Dublin Airport. **Unit costs** rose by 3% and **operating margins** decreased by 1 point to 24%, whilst **operating profit** increased by 14% to €505.6m.

**Net Margins** decreased by 1 point to 21% for the reasons outlined above.

**Earnings per share** increased by 23% to 29.94 cent for the period.

## Balance Sheet

Total cash decreased by €147.0m to €2,051.0m as the growth in profitability was offset by the funding of, a €300m share buy back programme, an additional €8.0m investment in Aer Lingus and €78.4m in capital expenditure largely from internal resources. Total debt, net of repayments, increased during the period by €206.9m. Shareholders' Equity at December 31, 2007 increased by €41.0m to €2,580.8m, compared to March 31, 2007 due to the €454.8m increase in profitability during the period and by €8.4m due to the exercise of share options, offset by, €122.1m due to the impact of the required IFRS accounting treatment for derivative financial instruments, available for sale financial assets, stock options and a share buy back of €300m.

## Detailed Discussion and Analysis Nine Months Ended December 31, 2007

**Adjusted Profit after tax**, increased by 17% to €42.6m due to a 20% increase in passenger numbers, a 2% decrease in fares (including checked in baggage revenues) and strong growth in ancillary revenues. The growth in revenues was offset by a combination of, increased airport costs which rose by 48% to €302.9m (arising from the doubling of airport charges at Stansted and higher charges at Dublin Airport) and increased staff costs primarily due to higher cabin crewing ratios, which rose by 25% to €13.1m. **Operating margins**, as a result, decreased by 1 point to 24%, which in turn resulted in **operating profit** increasing by 14% to €505.6m compared to the previous nine months ended December 31, 2006.

**Total operating revenues** increased by 21% to €1,123.7m whilst passenger volumes increased by 20% to 38.9m. **Total revenue per passenger** increased by 1% due to strong ancillary revenue growth.

**Scheduled passenger revenues** increased by 18% to €1,760.7m reflecting a 2% decrease in fares and a 20% increase in traffic due to increased passenger numbers on existing routes and the successful launch of new routes and bases. **Load factor** decreased by 1 point to 84% during the period due to a 22% increase in seat capacity.

**Ancillary revenues** continue to outpace the growth of passenger volumes and rose by 40% to €63.1m in the period. This performance reflects the strong growth in onboard sales, excess baggage revenues, non-flight scheduled revenues, and other ancillary products.

**Total operating expenses** rose by 24% to €1,618.1m due to the increased level of activity, and the increased costs associated with the growth of the airline particularly higher airport charges and staff costs. **Total operating expenses** were also adversely impacted by a 7% increase in average sector length.

**Staff costs** have increased by 25% to €13.1m. This primarily reflects a 29% increase in average employee numbers to 5,056, the impact of pay increases granted during the period, and a €0.1m charge for a share option grant made to eligible employees. Excluding the charge of €0.1m for the share option grant, staff costs would have increased by 20%. Employee numbers rose due to the growth of the business and an increase in cabin crewing ratios as a result of a new EU working directive. Pilots, who earn higher than the average salary, accounted for 24% of the increase in employees during the period.

**Depreciation and amortisation** increased by 14% to €123.6m. This reflects, net of disposals, an additional 25 lower cost 'owned' aircraft in the fleet this period compared to December 31, 2006, offset by a revision of the residual value of the fleet to reflect current market valuations and the positive impact on amortisation of the stronger euro versus the US dollar.

**Fuel costs** rose by 14% to €85.0m due to a 28% increase in the number of hours flown offset by a 9% decrease in the euro equivalent cost per gallon of fuel hedged in addition to a reduction in fuel consumption due to the installation of winglets.

**Maintenance costs** increased by 28% to €41.2m, due to a combination of the growth in the number of leased aircraft from 30 to 35, the increased level of activity, offset by the positive impact of a stronger euro versus US dollar exchange rate.

**Marketing and distribution costs** decreased by 2% to €15.6m due to the tight control on expenditure and the increased focus on internet based promotions.

**Aircraft rental costs** increased by 35% to €5.1m as the weighted average number of leased aircraft increased by 12 during the period compared to the same period last year.

**Route charges** rose by 32% to €92.1m due to an increase in the number of sectors flown and a 7% increase in the average sector length.

**Airport and handling charges** increased by 48% to €302.9m, significantly faster than the growth in passenger volumes, and reflects the impact of the doubling of unit costs at Stansted Airport and higher charges at Dublin Airport, offset by lower costs at new airports and bases.

**Other expenses** increased by 18% to €89.5m, which is lower than the growth in ancillary revenues due to improved margins on some existing products and cost reductions on some indirect costs.

**Operating margins** have declined by 1 point to 24% due to the reasons outlined above whilst operating profits have increased by 14% to €505.6m during the period.

**Interest receivable** has increased by 44% to €62.9m for the period primarily due to the increase in average deposit rates earned in the period, partially offset by a lower average cash balance.

**Interest payable** increased by 13% to €70.2m due to the drawdown of debt to part finance the purchase of new aircraft and the adverse impact of higher interest rates.

**Foreign exchange losses** during the period of €2.0m are primarily due to the negative impact, on foreign currency deposits, of changes in the US dollar and sterling exchange rate against the euro.

**Gains on disposal of property, plant and equipment** of €13.7m arose on the sale of 5 Boeing 737-800 aircraft.

The Company's **Balance Sheet** continues to strengthen due to the strong growth in profits during the period. The Company generated cash from operating activities of €441.5m and €132.6m from the sale of Boeing 737-800 aircraft which part funded the €300m share buy back programme, €58.0m increased investment in Aer Lingus, and capital expenditure incurred during the period with the remaining balance reflected in **Total Cash** of €2,051.0m. Capital expenditure amounted to €78.4m which largely consisted of advance aircraft payments for future aircraft deliveries the delivery of nineteen aircraft and two simulators. **Long term debt**, net of repayments, increased by €206.9m during the period.

**Shareholders' Equity** at December 31, 2007 increased by €41.0m to €2,580.8m, compared to March 31, 2007 due to the €454.8m increase in profitability during the period, €8.4m arising from the exercise of share options, offset by €22.1m reflecting the impact of IFRS accounting treatment for derivative financial assets, available for sale financial assets, stock options and share buy back of €300m.

### **Detailed Discussion and Analysis Quarter Ended December 31, 2007**

**Adjusted Profit after tax**, decreased by 27% to €35.0m due to a 21% increase in passenger numbers, offset by a 4% decrease in fares (including checked in baggage revenues). Excluding the one off €10.0m contract termination penalty receipt in the prior year comparative, profit after tax fell by 10%. The 16% growth in Total Revenues was offset by a combination of increased airport costs which rose by 43% to €94.0m arising from the doubling of airport charges at Stansted and higher charges at Dublin Airport, and a one off step up in staff costs, primarily due to higher cabin crewing ratios, which rose by 18% to €66.8m. **Operating margins**, as a result, decreased by 4 points to 8%, which in turn resulted in **operating profit** decreasing by 23% to €44.2m compared to the comparative quarter ended December 31, 2006.

**Total operating revenues** increased by 16% to €69.4m whilst passenger volumes increased by 21% to 12.4m. **Total revenue per passenger** decreased by 4% in line with the decrease in average passenger fares.

**Scheduled passenger revenues** increased by 15% to €458.7m due to a 21% increase in traffic reflecting increased passenger numbers on existing routes and the successful launch of new routes and bases. During the period average fares (including checked baggage revenues) were down by 4% whilst **load factor** remained flat at 81% during the quarter.

**Ancillary revenues** increased by 16% to €110.7m in the quarter and excluding the one off €10.0m contract termination penalty receipt in the prior year comparative they rose by 29%. This performance reflects the strong growth in excess baggage revenues, non-flight scheduled revenues, and other ancillary products.

**Total operating expenses** rose by 21% to €25.2m due to the increased level of activity, and the increased costs associated with the growth of the airline particularly higher airport charges and staff costs. **Total operating expenses** were also adversely impacted by a 7% increase in average sector length.

**Staff costs** have increased by 18% to €66.8m. This primarily reflects a 29% increase in average employee numbers to 5,056 and the impact of pay increases granted during the year. Employee numbers rose due to an increase in cabin crewing ratios as a result of a new EU working directive. Pilots, who earn higher than the average salary, accounted for 15% of the increase in employees during the period.

**Depreciation and amortisation** increased by 30% to €47.5m. This reflects, net of disposals, an additional 25 lower cost 'owned' aircraft in the fleet this quarter compared to December 31, 2006, offset by a revision of the residual value of the fleet to reflect current market valuations and the positive impact on amortisation of the stronger euro versus the US dollar.

**Fuel costs** rose by 10% to €92.3m due to a 27% increase in the number of hours flown offset by an 11% decrease in the average euro equivalent cost per gallon of fuel hedged and a reduction in fuel consumption due to the installation of winglets.

**Maintenance costs** increased by 31% to €4.3m, due to a combination of the increase in the number of leased aircraft from 30 to 35, an increase in the level of activity, offset by the positive impact of stronger euro versus the US dollar exchange rate.

**Marketing and distribution costs** decreased to €1.0m due to the tight control on expenditure and increased focus on internet based promotions.

**Aircraft rental costs** increased by 19% to €18.3m reflecting an additional 5 leased aircraft operating during the quarter compared to the same quarter last year.

**Route charges** rose by 32% to €63.2m due to an increase in the number of sectors flown and a 7% increase in the average sector length.

**Airport and handling charges** increased by 43% to €94.0m. This is higher than the growth in passenger volumes and reflects the impact of the doubling of costs at Stansted Airport and higher charges at Dublin Airport, offset by lower costs at new airports and bases.

**Other expenses** increased by 19% to €27.7m, lower than the growth in ancillary revenues excluding the one off €10.0m contract termination receipt in ancillary revenues in the prior year comparative.

**Operating margins** fell by 4 points to 8% due to the reasons outlined above and operating profits have decreased by 23% to €44.2m during the quarter.

**Interest receivable** has increased by 44% to €21.4m for the quarter primarily due to the increase in average deposit rates earned in the period, offset somewhat by a lower average cash balance.

**Interest payable** increased by 22% to €25.3m due to the drawdown of further debt to part finance the purchase of new aircraft and the adverse impact of higher interest rates.

**Foreign exchange losses** during the period of €3.5m are primarily due to the negative impact, on foreign currency deposits, of changes in the US dollar and sterling exchange rate against the euro.

**Gains on disposal of property, plant and equipment** of €13.7m arose on the sale of 5 Boeing 737-800 aircraft.

## **Statement of the directors in respect of the nine month financial report**

We confirm our responsibility for the nine month financial statements and that to the best of our knowledge:

\* the condensed set of financial statements comprising the condensed income statement, the condensed statement of recognised income and expense, the condensed balance sheet and the related notes have been prepared in accordance with IAS 34 Interim Financial Reporting;

\* the interim management report includes a fair review of the information required by:

(a) Regulation 8(2) of the Transparency (Directive 2004/109/EC) Regulations 2007, being an indication of important events that have occurred during the first nine months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining three months of the year; and

(b) Regulation 8(3) of the Transparency (Directive 2004/109/EC) Regulations 2007, being related party transactions that have taken place in the first nine months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

The Group's auditors have not reviewed these condensed financial statements.

On behalf of the Board

David Bonderman  
Chairman  
February 4, 2008

Michael O'Leary  
Chief Executive

# Ryanair Holdings plc and Subsidiaries

## Notes

### 1. Reporting entity

Ryanair Holdings plc (the “Company”) is a company domiciled in Ireland. The condensed consolidated interim financial statements of the Company for the nine months ended December 31, 2007 comprise the Company and its subsidiaries (together referred to as the “Group”).

The consolidated financial statements of the Group as at and for the year ended March 31, 2007 are available at [www.ryanair.com](http://www.ryanair.com)

### 2. Statement of compliance

These unaudited condensed consolidated interim financial statements (“the interim financial statements”) have been prepared in accordance with International Accounting Standard No. 34 (“IAS 34”) “Interim Financial Reporting”. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the most recent published consolidated financial statements of the Group.

The comparative figures included for the year ended March 31, 2007 do not constitute statutory financial statements of the Group within the meaning of regulation 40 of the European Communities (companies, group accounts) regulations, 1992. Statutory financial statements for the year ended March 31, 2007 have been filed with the companies’ office. The auditors’ report on these financial statements was unqualified.

The Audit Committee approved the interim financial statements for the nine months ended December 31, 2007 on February 1, 2008.

### 3. Significant accounting policies

Except as stated otherwise below, this quarter’s financial information has been prepared in accordance with the accounting policies set out in the Group’s most recent published consolidated financial statements, which were prepared in accordance with International Financial Reporting Standards (“IFRS”).

### 4. Generally Accepted Accounting Policies

The Management Discussion and Analysis of Results (Operating and Financial Overview) for the nine months ended December 31, 2007 and the comparative nine months are based on the results reported under the Group’s IFRS accounting policies.

### 5. Estimates

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing these consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied in the most recent published consolidated financial statements.

During the period ended December 31, 2007 management reassessed its estimates of the recoverable amount of aircraft residual values following certain recent and forward aircraft disposals and trends in the market.

## **6. Seasonality of operations**

The Group's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. Among the factors causing these variations are the airline industry's sensitivity to general economic conditions and the seasonal nature of air travel. Accordingly the first half-year typically results in higher revenues and results.

## **7. Income tax expense**

The Group's consolidated effective tax rate in respect of operations for the nine months ended December 31, 2007 was approximately 11 percent, in line with the same period last year.

## **8. Capital and reserves**

*Share buy back programme.*

The Company commenced a share buy back programme in June 2007 and 59.5m shares, at an approximate cost of €300m, have been purchased and cancelled. This represents approximately 3.8% of the pre existing share capital of the Company.

## **9. Share based payments**

The terms and conditions of the share option programme are disclosed in the most recent published consolidated financial statements. In June 2007 a further grant on similar terms was made to eligible employees, with a consequent charge to the income statement in the period of approximately €0.1m.

## **10. Contingencies**

The Group is engaged in litigation arising in the ordinary course of its business. The Group does not believe that any such litigation will individually or in aggregate have a material adverse effect on the financial condition of the Group. Should the Group be unsuccessful in these litigation actions, management believes the possible liabilities then arising cannot be determined but are not expected to materially adversely affect the Group's results of operations or financial position.

## **11. Capital commitments**

During the nine months ended December 31, 2007 the Group announced the purchase of 27 additional Boeing 737-800s. This brings Ryanair's total firm orders for B737-800s to 308 and the total fleet size (net of planned disposals) to 262 by 2012. These additional aircraft are due for delivery in financial year ending March 31, 2010.

## 12. Available for sale financial assets (Aer Lingus)

The following table sets out the movement in available for sale financial assets in the nine month period.

	<u>€000</u>
Balance at April 1, 2007	406,075
Purchase of equities	57,990
Net change in fair value	(138,587)
<b>Balance at December 31, 2007</b>	<u><b>325,478</b></u>

As of December 31, 2007 the average cost per share of Aer Lingus was €2.52 and the market value was €2.09, a decline of 17%. Accordingly the view at this time under accounting rules is that this is neither “significant” nor “prolonged”, in particular because there has been a recovery in the share price post period end, and therefore no impairment loss has been recorded.

However in the event that the asset becomes impaired the difference between the cost of the shares and the market value is recorded as an impairment loss in the profit and loss. At December 31, 2007 this amounted to €77.4m and on February 1, 2008 this had fallen to €41.6m. The Group will review this matter at the end of each quarter.

## 13. Post balance sheet events

There were no significant post balance sheet events.

## 14. Loans and borrowings

The following is the movement in loans and borrowings (non-current and current) during the half year.

	<u>€000</u>
Balance at April 1, 2007	1,862,066
Loans raised to finance aircraft/simulator purchases	386,517
Repayments of debt borrowed	(179,584)
<b>Balance at December 31, 2007</b>	<u><b>2,068,999</b></u>

## 15. Changes in shareholders' equity

	Ordinary shares €000	Share premium account €000	Retained earnings €000	Other Reserves		Total €000
				Capital redemption Shares €000	Other reserves €000	
<b>Balance at March 31, 2006</b>	9,790	596,231	1,467,623	-	(81,659)	1,991,985
Issue of ordinary equity shares	32	11,202	-	-	-	11,234
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	46,105	46,105
Net change in fair value of available for sale assets	-	-	-	-	48,926	48,926
Share based payments	-	-	-	-	3,935	3,935
Profit for the financial year	-	-	435,600	-	-	435,600
Retirement benefits	-	-	1,988	-	-	1,988
<b>Balance at March 31, 2007</b>	9,822	607,433	1,905,211	-	17,307	2,539,773
Repurchase of ordinary equity shares	-	-	(299,994)	-	-	(299,994)
Issue of ordinary equity shares	21	8,376	-	-	-	8,397
Capital redemption reserve fund	(378)	(24,409)	-	24,787	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	-	(5,953)	(5,953)
Net change in fair value of available for sale assets	-	-	-	-	(126,355)	(126,355)
Share-based payments	-	-	-	-	10,162	10,162
Profit for the period	-	-	454,774	-	-	454,774
<b>Balance at December 31, 2007</b>	<b>9,465</b>	<b>591,400</b>	<b>2,059,991</b>	<b>24,787</b>	<b>(104,839)</b>	<b>2,580,804</b>

## 16. Analysis of operating revenues and segmental analysis

All revenues derive from the Group's principal activity and business segment as a low fares airline and includes scheduled services, car hire, internet income and related sales to third parties.

Revenue is analysed by geographical area (by country of origin) as follows:

	Period ended Dec 31, 2007 €000	Period ended Dec 31, 2006 €000
United Kingdom	755,180	686,381
Other European countries	1,368,557	1,062,805
Balance at December 31, 2007	<b>2,123,737</b>	1,749,186

All of the Group's operating profit arises from low fares airline-related activities, its only business segment. The major revenue earning assets of the Group are comprised of its aircraft fleet, which is registered in Ireland and therefore principally all profits accrue in Ireland. Since the Group's aircraft fleet is flexibly employed across its route network in Europe, there is no suitable basis of allocating such assets and related liabilities to geographical segments.

## **17. Property, plant and equipment**

### *Acquisitions and disposals*

During the nine months ended December 31, 2007, the Group acquired assets with a cost of €578.4m (nine months ended December 31, 2006: €195.2 million). There were five Boeing 737-800 aircraft disposed of during the nine month period, the sale proceeds of which amounted to €100.4m. Additional deposits have been received in relation to forward sales.

## **18. US GAAP Reconciliation**

Following on from the issuance by the SEC of rule 3235 “Acceptance from Foreign Private Issuers of Financial Statements prepared in accordance with International Financial Reporting Standards without reconciliation to US GAAP”, the Group has chosen to exclude a US GAAP Reconciliation from these interim financial statements.