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RYANAIR HOLDINGS PLC
Form 6-K
November 02, 2004

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For the month of November, 2004

RYANAIR HOLDINGS PLC
(Translation of registrant's name into English)

c/o Ryanair Ltd Corporate Head Office
Dublin Airport
County Dublin Ireland
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F..X.. Form 40-F.....

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No ..X..

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82- _____

RYANAIR PROFITS RISE 15% TO RECORD EUR201m
TRAFFIC GROWTH OF 24%, NET MARGIN OF 28%

Ryanair, Europe's No.1 low fares airline today (2 Nov 2004) announced record half year profits of EUR201.3m. Traffic grew by 24% to 14.1m passengers, yields declined by 5% and consequently total revenues rose by 21% to EUR721.1m. Unit costs (excluding fuel and route charges) fell by 4% and (including fuel and route charges unit costs remained flat) and as a result the profit margin after tax declined by 1% to an industry leading 28%.

Summary Table of Results (Irish GAAP) - in Euro

Half Year Ended	Sept 30, 2003	Sept 30, 2004	% Increase
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Passengers	11.3m	14.0m	+24%
Revenue	EUR596.4m	EUR721.1m	+21%
Adjusted Profit after tax (Note 1)	EUR175.5m	EUR201.3m	+15%
Adjusted Basic EPS (Euro Cents) (Note 1)	23.21	26.51	+14%

Note 1: Adjusted profit after tax and EPS for 2003, excludes non-recurring costs of EUR2.7m (net of tax) arising from the earlier than planned retirement of 6 Boeing 737-200 aircraft, the re-organisation of "Buzz" in April '03 of EUR2.7m (net of tax), and finally a Goodwill charge of EUR1.2m in both periods.

Announcing these results, Ryanair's Chief Executive, Michael O'Leary said: "These record traffic and profit figures show just how robust Ryanair's "lowest fares" model remains even in a very difficult economic environment characterised by record fuel prices and intense price competition. Like Southwest, this is Ryanair's 30th consecutive quarter of unbroken profitability (before exceptionals) since we floated in May 1997.

"Central to these record profits is Ryanair's continuing disciplined route growth. Our two new bases in Barcelona and Rome have exceeded expectations, as have the 41 other new routes launched this Summer. Our expansion continues this Winter with our Rome and Milan bases each getting two more aircraft. Our Frankfurt, Stockholm and Glasgow bases welcome one additional plane each, and our London Luton base rises from one 737-200 to four 737-800's. This Winter will also see Ryanair open five new destinations with low fare flights to Riga (Latvia), Santander, Seville and Valencia (Spain) and Porto (Portugal).

"Despite intense price competition and our own considerable growth, the yield decline of 5% for the half year was at the better end of our -5% to -10% guidance. We attribute this to a combination of slightly better peak Summer yields and the initial impact of the multiple fuel surcharges imposed by many of our high fare competitors which has increased the price differential, making Ryanair's low fares even more attractive to consumers.

"Unit costs remained flat for the first half due to higher fuel and route charges which rose at a much faster rate than traffic growth. Excluding fuel and route charges, all other unit costs were reduced by 4% thanks to the addition of more cost efficient Boeing 737-800s, new lower cost airport agreements, and continuing tight control over all other costs. We continue to aggressively attack costs and have recently agreed the forward sale of our remaining 737-200 fleet for \$10m as well as a new 10 year engine maintenance contract with General Electric (GE) which locks away significant cost reductions.

"Our focus on continuously improving our No.1 customer service package remains relentless. We have again reduced Europe's lowest fares by 5% whilst delivering our passengers the best punctuality with the least cancellations and fewest lost bags in the industry. The UK CAA recently released on time statistics confirmed Ryanair as the No.1 on-time major airline operating to/from the main UK airports. In addition Ryanair customers are enjoying these benefits on a fleet of brand new Boeing 737-800 aircraft, with all leather seating, through convenient local airports using Europe's largest travel website. Ryanair will shortly be the first low fares airline in the world to introduce an Inflight Entertainment System (IFE) for all passengers featuring latest Hollywood movies, chart topping music videos, kids

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cartoons, sitcoms and audio CDs. Ryanair's customer service offering is now superior to all of our high fare competitors and our rapid growth in traffic and market share testifies to this fact.

"In Ireland we regret that the Minister for Transport who has spent two years trying to introduce real competition at the Government owned airport monopoly was moved to a different portfolio. We hope the new Minister will move quickly to promote the development of competing independent terminals at Dublin Airport. The 31st October last marks the second anniversary of this Government's receipt of 13 separate offers to develop a competing second terminal at Dublin. Despite enormous support from the entire tourism industry not one inch of progress has been made in two years to introduce competition to the Dublin Airport monopoly. We are concerned that the new Dublin Airport Authority has taken over where the old monopoly left off with an unnecessary proposal to build a second runway and waste EUR120m. The two existing runways at Dublin have just 16m passengers annually compared to the 40m passenger traffic on the single runway at Gatwick. What Dublin needs is competing terminals not "Cartier runways". The Dublin Airport monopoly has repeatedly failed its customers, and we urge the Government to fix this by introducing competing terminals at Dublin which will revolutionise Irish tourism.

"The enormous impact of record fuel prices on the airline industry will impact future guidance. In November last year (during the run up to the Iraq War) when the cost per barrel surged we stopped our forward hedging policy. From November 2004 we are unhedged and will continue to remain so until forward rates return towards their previous "normal" levels. As usual much of the commentary on fuel prices in Ryanair has been hyperbolic. Ryanair can absorb much higher oil prices than its competitors and still offer the lowest air fares. We remain by some distance the most profitable airline in Europe. \$50 a barrel for Brent crude for the remainder of this fiscal year will add some EUR55m to our total budgeted costs. However the multiple fuel surcharging policy of our competitors has seen our rate of yield decline ease. These stronger than expected yields will partially offset our higher fuel costs.

"Furthermore, many of our competitor airlines who were losing money heroically when fuel was \$25 per barrel are doomed the longer it stays at \$50. Our prediction of a bloodbath and airline casualties this Winter may be accelerated by record high oil prices as well as irrational competition. Just two weeks ago V-Bird in Germany closed, and we believe it will be followed by other failures this Winter and beyond. Despite this environment Ryanair's world record margins enables us to absorb higher fuel prices - without resorting to surcharges - and still remain Europe's fastest growing most profitable airline.

"We remain cautious in our outlook for the remainder of the fiscal year. We expect to achieve significant increases in passenger volume growth this fiscal year and increased load factors. We anticipate that yield attrition in Q3 and Q4 will now be better than our original -10% to -20% forecast and based on current financial booking trends should finish in the -5% to -10% range. This will help to partially offset higher fuel prices for the second half. We anticipate that there will be further airline casualties as the "perfect storm" of declining fares and record high oil prices force loss making carriers out of the industry. Despite increases in route charges and fuel prices we continue to generate better margins than all of our competitors. With the lowest cost base, the lowest fares and industry leading customer service, we believe that Ryanair will continue to grow profitably to the benefit of our customers, our people and our shareholders".

ENDS.

Tuesday, 2nd November 2004

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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 189 low fare routes to 91 airports across 17 countries. Ryanair operates a fleet of 78 aircraft, and firm orders for up to a further 96 new 737-800's which will be delivered over the next 5 years. Ryanair currently employs a team of 2,300 people and expect to carry approximately 27.5 million scheduled passengers in the current year.

Ryanair Holdings plc and Subsidiaries

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

	Quarter ended Sept 30, 2004 EUR '000	Quarter ended Sept 30, 2003 EUR '000	Half Year ended Sept 30, 2004 EUR '000	Half Year ended Sept 30, 2003 EUR '000
Operating Revenues				
Scheduled revenues	358,585	309,509	617,644	523,540
Ancillary revenues	59,759	41,709	103,448	72,834
Total operating revenues				
-continuing operations	418,344	351,218	721,092	596,374
Operating expenses				
Staff costs	35,184	31,576	69,259	61,478
Depreciation and amortisation	21,333	23,682	44,904	46,719
Other operating expenses				
Fuel & Oil	61,908	43,688	113,750	84,346
Maintenance,	10,825	11,003	24,898	22,187

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materials and repairs				
Marketing and distribution costs	3,509	2,300	10,775	9,983
Aircraft rentals	8,152	2,214	16,236	3,720
Route charges	34,721	27,740	67,926	52,889
Airport and Handling charges	46,052	37,562	90,322	72,079
Other	25,931	21,240	47,505	39,686
Total operating expenses	247,615	201,005	485,575	393,087
Operating profit before non-recurring items, and goodwill	170,729	150,213	235,517	203,287
Aircraft retirement costs	-	(2,718)	-	(2,718)
Buzz re-organisation costs	-	-	-	(3,012)
Amortisation of goodwill	(586)	(587)	(1,172)	(1,171)
	(586)	(3,305)	(1,172)	(6,901)
Operating profit after non-recurring items, and goodwill	170,143	146,908	234,345	196,386
Other income/(expenses)				
Foreign exchange (losses)/gains	(874)	1,240	(759)	1,433
Gain/(loss) on disposal of fixed assets	-	(8)	6	(8)
Interest receivable and similar income	6,759	6,057	12,818	12,527
Interest payable and similar charges	(13,291)	(11,727)	(25,921)	(22,803)
Total other income/(expenses)	(7,406)	(4,438)	(13,856)	(8,851)
Profit before taxation	162,738	142,470	220,489	187,535
Tax on profit on ordinary activities	(15,183)	(14,049)	(20,380)	(18,594)
Profit for the period	147,555	128,421	200,110	168,941

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Earnings per ordinary share				
-Basic(Euro cent)	19.43	16.95	26.35	22.34
-Diluted(Euro cent)	19.31	16.76	26.18	22.09
Adjusted earnings per ordinary share*				
-Basic(Euro cent)	19.51	17.39	26.51	23.21
-Diluted(Euro cent)	19.39	17.19	26.33	22.95
Number of ordinary shares(in 000's)				
-Basic	759,351	757,477	759,315	756,341
-Diluted	764,183	766,342	764,343	764,799

* Calculated on Profit for the period before non-recurring items (net of tax), and Goodwill.

Ryanair Holdings plc and Subsidiaries

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

	Sept 30, 2004 EUR'000	March 31, 2004 EUR'000
Fixed assets		
Intangible Assets	43,327	44,499
Tangible assets	1,738,458	1,576,526
Total fixed assets	1,781,785	1,621,025
Current assets		
Cash and liquid resources	1,421,703	1,257,350
Accounts receivable	16,806	14,932
Other assets	21,259	19,251
Inventories	26,469	26,440
Total current assets	1,486,237	1,317,973
Total assets	3,268,021	2,938,998
Current liabilities		
Accounts payable	75,362	67,936
Accrued expenses and other liabilities	356,957	338,208
Current maturities of long term debt	91,932	80,337
Short term borrowings	657	345
Total current		

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liabilities	524,907	486,826
Other liabilities		
Provisions for liabilities and charges	107,980	94,192
Other creditors	27,551	30,047
Long term debt	951,985	872,645
Total other liabilities	1,087,516	996,884
Shareholders' funds - equity		
Called - up share capital	9,644	9,643
Share premium account	560,605	560,406
Profit and loss account	1,085,349	885,239
Shareholders' funds - equity	1,655,598	1,455,288
Total liabilities and shareholders' funds	3,268,021	2,938,998

Ryanair Holdings plc and Subsidiaries

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

	Half Year ended Sept 30, 2004 EUR'000	Half Year ended Sept 30, 2003 EUR'000
Net cash inflow from operating activities	296,297	253,122
Returns on investments and servicing of finance	(12,640)	(7,774)
Taxation	(38)	814
Capital expenditure (including aircraft deposits)	(208,496)	(283,630)
Acquisitions including onerous lease payments	(2,218)	(20,795)
Net cash inflow/(outflow) before financing and management of liquid		

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resources	72,905	(58,263)
Financing	91,136	159,450
(Increase) in liquid resources	(164,675)	(141,306)
(Decrease) in cash	(634)	(40,119)
Analysis of movement in liquid resources		
At beginning of year	1,231,572	982,352
Increase in period	164,675	141,306
At end of period	1,396,247	1,123,658
Analysis of movement in cash		
At beginning of year	25,433	76,550
Net cash (outflow) during period	(634)	(40,119)
At end of period	24,799	36,431

Ryanair Holdings plc and Subsidiaries

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

	Ordinary shares EUR'000	Share premium account EUR'000	Profit and loss account EUR'000	Total EUR'000
Balance at April 1, 2004	9,643	560,406	885,239	1,455,288
Issue of ordinary equity shares	1	199	-	200
Profit for the period	-	-	200,110	200,110
Balance at Sept 30, 2004	9,644	560,605	1,085,349	1,655,598

Reconciliation of adjusted earnings per share (unaudited)

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	Quarter ended Sept 30, 2004 EUR'000	Quarter ended Sept 30, 2003 EUR'000	Half Year ended Sept 30, 2004 EUR'000	Half Year ended Sept 30, 2003 EUR'000
Profit for the period under UK and Irish GAAP	147,555	128,421	200,110	168,941
Adjustments				

Aircraft retirement costs		2,718	-	2,718
Buzz re-organisation costs	-	-	-	3,012
Amortisation of goodwill	586	587	1,172	1,171
Taxation adjustment for above	-	-	-	(305)
Adjusted profit under UK and Irish GAAP	148,140	131,726	201,282	175,537
Number of ordinary shares (in 000's)				
-Basic	759,351	757,477	759,315	756,341
-Diluted	764,183	766,342	764,343	764,799
Adjusted earnings per ordinary share				
-Basic (EUR cent)	19.51	17.39	26.51	23.21
-Diluted (EUR cent)	19.39	17.19	26.33	22.95

Ryanair Holdings plc and Subsidiaries

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

	Quarter ended Sept 30, 2004 EUR'000	Quarter ended Sept 30, 2003 EUR'000	Half Year ended Sept 30, 2004 EUR'000	Half Year ended Sept 30, 2003 EUR'000
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Operating Revenues
Scheduled

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revenues	358,585	309,509	617,644	523,540
Ancillary revenues	59,759	41,709	103,448	72,834
Total operating revenues -continuing operations	418,344	351,218	721,092	596,374
Operating expenses				
Staff costs	35,144	31,376	69,179	61,058
Depreciation and amortisation	22,111	23,682	45,682	46,719
Other operating expenses				
Fuel & Oil	61,908	43,688	113,750	84,346
Maintenance, materials and repairs	10,825	11,003	24,898	22,187
Marketing and distribution costs	3,509	2,300	10,775	9,983
Aircraft rentals	8,152	2,214	16,236	3,720
Route charges	34,721	27,740	67,926	52,889
Airport and Handling charges	46,052	37,562	90,322	72,079
Other	25,909	21,218	47,461	39,642
Total operating expenses	248,331	200,783	486,229	392,623
Operating profit before non-recurring items	170,014	150,435	234,863	203,751
Aircraft retirement costs	-	(2,718)	-	(2,718)
Buzz re-organisatio n costs	-	-	-	(3,012)
Operating profit after non-recurring items	170,014	147,717	234,863	198,021
Other income/(expenses)				
Foreign exchange (losses)/gains	(874)	1,240	(759)	1,433
Gain/(loss) on				

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disposal of fixed assets	-	(8)	6	(8)
Interest receivable and similar income	6,759	6,057	12,818	12,527
Interest payable and similar charges	(11,355)	(9,859)	(22,085)	(19,112)
Total other income/(expenses)	(5,470)	(2,570)	(10,020)	(5,160)
Profit on ordinary activities before taxation	164,544	145,147	224,844	192,861
Tax on profit on ordinary activities	(15,431)	(14,308)	(20,869)	(19,108)
Net income	149,113	130,839	203,975	173,753
Net income per ADS				
-Basic (Euro cent)	98.18	86.36	134.32	114.86
-Diluted (Euro cent)	97.56	85.37	133.43	113.59
Adjusted net income per ADS *				
-Basic (Euro cent)	98.18	88.16	134.32	118.45
-Diluted (Euro cent)	97.56	87.14	133.43	117.14
Weighted Average number of shares				
-Basic	759,351	757,477	759,315	756,341
-Diluted	764,183	766,342	764,343	764,799

* Calculated on Net Income before non-recurring items (net of tax).

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, 2004	Sept 30, 2003	Sept 30, 2004	Sept 30, 2003
EUR000	EUR000	EUR'000	EUR'000

Profit as reported in the consolidated profit and

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loss accounts in accordance with UK and Irish GAAP	147,555	128,421	200,110	168,941
Adjustments				
Pension	40	200	80	420
Amortisation of goodwill	586	587	1,172	1,171
Capitalised interest (net of amortisation) regarding aircraft acquisition programme	1,158	1,868	3,058	3,691
Darley Investments Limited	22	22	44	44
Taxation- effect of above adjustments	(247)	(259)	(489)	(514)
Net income under US GAAP	149,113	130,839	203,975	173,753

(B) Consolidated Cashflow Statements in accordance with US GAAP

	Half Year ended	
	Sept 30, 2004 EUR'000	Sept 30, 2003 EUR'000
Cashflow from operating activities	283,619	246,162
Cash (outflow) from investing activities	(566,193)	(568,793)
Cash inflow from financial activities	91,448	159,136
Decrease in cash and cash equivalents	(191,126)	(163,495)
Cash and cash equivalents at beginning of year	744,605	537,476
Cash and cash equivalents at end of period	553,479	373,981
Cash and cash equivalents under US GAAP	553,479	373,981

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Restricted cash	200,000	198,300
Deposits with a maturity of between three and six months	668,224	588,810
Cash and liquid resources under UK and Irish GAAP	1,421,703	1,161,091
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, 2004 EUR'000	Sept 30, 2003 EUR'000
Shareholders' equity as reported in the consolidated balance sheets (UK and Irish GAAP)	1,655,598	1,415,524
Adjustments:		
Pension	3,280	3,531
Amortisation of goodwill	3,514	1,171
Capitalised interest (net of amortisation) regarding aircraft acquisition programme	20,560	13,980
Darley Investments Limited	(107)	(195)
Minimum pension liability (net of tax)	(2,631)	(2,656)
Unrealised losses on derivative financial instruments (net of tax)	(113,302)	(70,013)
Tax effect of adjustments (excluding pension & derivative adjustments)	(3,077)	(2,189)
Shareholders' equity as adjusted to accord with US GAAP	1,563,834	1,359,153
Opening shareholders' equity under US GAAP	1,356,281	1,177,187
Comprehensive Income		
Unrealised gains on derivative financial instruments (net of tax)	3,379	3,358
Net income in accordance with US GAAP	203,975	173,753
Total Comprehensive Income	207,353	177,111
Stock issued for cash	200	4,855
Closing shareholders' equity under US GAAP	1,563,834	1,359,153

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Ryanair Holdings plc Management Discussion and Analysis of Results

Introduction

For the purposes of the MD&A all figures and comments are by reference to the adjusted profit and loss account excluding the non-recurring costs and goodwill referred to below.

Non-recurring costs consisted of Buzz re-organisation costs of EUR2.7m (net of tax), and goodwill of EUR1.2m amounting to EUR3.9m (net of tax) in the half year ended September 30, 2003 compared to EUR1.2m of goodwill in the period ended September 30, 2004. During last year an additional amount of EUR2.7m was also charged in the period arising from the write down in the residual value of aircraft which was necessitated by the 'scribing' of five aircraft (Note 4). Profit after tax increased by 18% to EUR200.1m during the six months compared to last year. The adjusted profit for the half year, excluding non-recurring costs and goodwill, increased by 15% to EUR201.3m.

Summary Half year ended September 30, 2004

Profit after tax increased by 15% to EUR201.3m, compared to EUR175.5m in the previous half year ended September 30, 2003. These results were achieved by strong growth in passenger volumes and continued tight cost control. Total operating revenues increased by 21% to EUR721.1m, which is slower than the 24% growth in passenger volumes, and reflects the competitive fare environment, and the company's objective of continuing to drive down average fares. Average fares have however declined at the better end of the 5% to 10% range that we had originally forecast. The combination of lower fares, the successful launch of new routes and the slower rate of growth resulted in the Passenger Load Factor increasing from 83% to 87% during the period.

Total operating expenses increased by 24% to EUR485.6m, due to the increased level of activity, and the increased costs, primarily fuel, route charges and airport & handling costs associated with the growth of the airline. Operating expenses were also adversely impacted by the strengthening of the sterling to euro exchange rate. Operating margins declined by 1% which in turn resulted in Operating profit increasing by 16% from EUR203.3m to EUR235.5m. Profit after tax has increased by 15%, slightly less than the growth in Operating profit and reflects the higher net interest charge resulting primarily from the increased level of debt during the period. Net Margins declined by 1 point to 28% for the reasons outlined above.

Earnings per share have risen by 14% to 26.51 cent for the period.

Balance Sheet

The strong profit growth continues to positively impact the balance sheet with Cash and Liquid Resources growing despite funding an additional EUR145.0m in capital expenditure from internal resources. Cash balances at September 30, 2004 were EUR1,421.7m, an increase of EUR164.4m from March 31st 2004. Six aircraft were delivered in the period which in addition to aircraft deposits accounted for the bulk of the EUR208.5m incurred in capital expenditure. An additional EUR90.9m of debt, net of repayments, was drawn down to part fund these aircraft deliveries during the period. Shareholders' Funds at September 30, 2004 have increased to EUR1,655.6m, compared to EUR1,455.3m at March 31, 2004.

Detailed Discussion and Analysis Half year ended September 30, 2004

Profit after tax, increased by 15% to EUR201.3m driven by strong growth in passenger volumes and continued tight cost control. Operating margins declined by 1% which has resulted in Operating profit increasing by EUR32.2m to EUR235.5m

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compared to half year ended September 30, 2003.

Total operating revenues increased by 21% to EUR721.1m whilst passenger volumes increased by 24% to 14.0m.

Scheduled passenger revenues increased by 18% to EUR617.6m due to a combination of increased passenger volumes on existing routes, the successful launch of new bases at Rome-Ciampino and Barcelona-Girona, and the commencement of 38 new routes during the period, primarily offset by a 5% reduction in average fares. The strong growth in passenger volumes is also reflected in the improvement in the load factor achieved, which rose from 83% to 87% in the period.

Ancillary revenues continue to perform strongly with revenues growing by 42% to EUR103.4m in the period. This performance reflects the strong growth in non-flight scheduled revenues, car hire and other ancillary products. Ancillary revenues continue to grow at a faster rate than passenger volumes and now account for 14% of total revenues compared to 12% last year.

Total operating expenses increased by 24% to EUR485.6m due to the increased level of activity, and the increased costs primarily maintenance, fuel, aircraft rentals, route charges and airport and handling costs associated with the growth of the airline. The increase in total operating expenses were also due to the higher level of activity and the stronger Sterling to Euro exchange rate partly offset by a stronger Euro to US\$ exchange rate.

Staff costs have increased by 13% to EUR69.3m. This increase primarily reflects a 13% increase in average employee numbers to 2,531 and the impact of pay increases of 3% granted during the period offset by the lower level of productivity based payments as sectors flown increased by 10%.

Depreciation and amortisation declined by 4% to EUR44.9m. There are an additional six 'owned' 737-800 aircraft in the fleet this year compared to last year, however during the same period the company has retired three 737-200 aircraft. The resultant higher depreciation charge was offset by a combination of lower amortisation due to the retirement of 737-200 aircraft and the positive impact of a new maintenance deal on the cost of amortisation of 737-800 aircraft. The strengthening of the euro to US\$ also had a positive impact on the depreciation and amortisation charge.

Fuel costs rose by 35% to EUR113.8m due to a 23% increase in the number of hours flown, an increase in the average US\$ cost per gallon of fuel offset by the positive impact of the strengthening of the Euro to the US dollar during the period.

Maintenance costs increased by 12% to EUR24.9m reflecting an increase in the size of the fleet operated, and an increase in the number of hours flown offset by maintenance savings due to improved reliability arising from the higher proportion of 737-800 operated. Four BAE 146 aircraft, which incurred higher maintenance charges per aircraft operated compared to the remainder of the fleet, were returned to KLM earlier this year.

Marketing and distribution costs increased by 8% to EUR10.8m due to higher spend on promoting new routes and an increase in the level of activity during the period.

Aircraft rental costs increased by EUR12.5m to EUR16.2m reflecting the increased costs associated with the lease of ten 737-800 aircraft which were delivered in the period to March 31, 2004 offset by the return to KLM of four BAE 146 aircraft earlier this year.

Route charges increased by 28% to EUR67.9m due to an increase in the number sectors flown, an increase in the average sector length, an increase in the

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weight of the aircraft operated (which incur a higher charge), and the negative impact of the strengthening of sterling against the Euro during the period. Airport and handling charges increased by 25% to EUR90.3m, slightly more than the increase in passenger volumes due to increased costs at certain existing airports offset by lower costs at new airports, and the adverse impact of the strength of the sterling exchange rate against the euro during the period. Other expenses increased by 20% to EUR47.5m, which is less than the growth in ancillary revenues due to improved margins on some new and existing products, and cost reductions achieved on indirect costs.

Operating margins have remained very strong at 33% for the period due to the reasons outlined above which has resulted in Operating profits increasing by 16% to EUR235.5m.

Interest receivable has only increased by EURO.3m despite an increase in the level of cash and liquid resources and highlights the lower deposit interest rates earned in the period compared to last year. Interest payable increased by EUR3.1m due to the drawdown of debt to part fund the purchase of new aircraft during the period.

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 EUR296.3m, which part funded additional capital expenditure of EUR208.5m. Capital expenditure primarily comprised of the delivery of 6 aircraft and further advance payments for future aircraft deliveries. Long term Debt, net of repayments increased by EUR90.9m which was drawn down to part fund aircraft deliveries during the period. Cash and liquid resources continued to reflect the strong trading performance of the company during the period and at September 30, 2004 stood at EUR1,421.7m compared to EUR1,257.4 at March 31, 2004.

Shareholders' Funds at September 30, 2004 have increased to EUR1,655.6m compared to EUR1,455.3m at March 31, 2004.

Detailed Discussion and Analysis Quarter Ended September 30, 2004

Profit after tax, increased by 12% to EUR148.1m driven by strong growth in passenger volumes and continued tight cost control. Operating margins have remained strong at 41% although slightly down on last year, which has resulted in Operating profit increasing by EUR20.5m to EUR170.7m compared to quarter ended September 30, 2003.

Total operating revenues increased by 19% to EUR418.3m whilst passenger volumes increased by 20% to 7.4m.

Scheduled passenger revenues increased by 16% to EUR358.6m due to a combination of increased passenger volumes on existing routes, the successful launch of new bases at Rome-Ciampino and Barcelona-Girona offset by a 3% reduction in average fares. The strong growth in passenger volumes is also reflected in the improvement in the load factor achieved, which rose from 87% to 90% in the quarter.

Ancillary revenues increased 43% to EUR59.8m, a faster growth rate than passenger volumes, reflecting a strong performance in non-flight scheduled revenues, car hire and other ancillary products. Ancillary revenues continue to grow at a faster rate than passenger volumes and now account for 14% of total revenues compared to 12% for the same period last year.

Total operating expenses increased by 23% to EUR247.6m due to the increased level of activity, and the increased costs primarily fuel, aircraft rentals, route charges and airport and handling costs associated with the growth of the airline. Total operating costs were also adversely impacted by increases in the average sector length and the strengthening of the sterling exchange rate against the euro whilst higher US\$ fuel prices were partly offset by the

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strength of the euro exchange rate against the US\$.

Staff costs have increased by 11% to EUR35.2m primarily reflecting an increase in average employee numbers to 2,595 and the impact of pay increases of 3% granted during the period, offset by the lower level of productivity based pay as sectors flown increased by 9%.

Depreciation and amortisation decreased by 10% to EUR21.3m. A higher depreciation charge due to an increase in the size of the 'owned' fleet from 56 to 60, offset by a lower amortisation charge due to the retirement of 737-200 aircraft and the positive impact of a new engine maintenance deal on the cost of amortisation of 737-800 aircraft. The strengthening of the euro to US\$ also had a positive impact on the depreciation and amortisation charge.

Fuel costs rose by 42% to EUR61.9m due to an increase in the number of sectors flown, a 10% increase in sector length, and a higher average US\$ cost per gallon of fuel offset by the positive impact of the strengthening of the Euro to the US dollar during the period.

Maintenance costs decreased by 2% to EUR10.8m reflecting the improved reliability arising from the higher proportion of 737-800 operated and a lower level of maintenance costs incurred due to the return of four BAE 146 aircraft to KLM earlier in the year.

Marketing and distribution costs increased by 53% to EUR3.5m due to a higher promotional spend, and increased costs associated with the higher level of activity.

Aircraft rental costs increased by EUR5.9m to EUR8.2m reflecting the increased costs arising from the lease of ten 737-800 aircraft which were delivered in the quarter to March 31, 2004 offset by the return of four BAE 146s to KLM.

Route charges increased by 25% to EUR34.7m due to an increase in the number sectors flown, an increase in the average sector length and an increase in the weight of the aircraft operated (which incur a higher charge), and the negative impact of the strengthening of sterling against the Euro.

Airport and handling charges increased by 23% slightly more than the increase in passenger volumes due to increased costs at certain existing airports offset by lower costs at new airports, and the adverse impact of the strength of the sterling exchange rate against the euro during the period.

Other expenses increased by 22% to EUR25.9m, which is less than the growth in ancillary revenues due to improved margins on some new and existing products, and cost reductions achieved on indirect costs.

Operating margins have remained very robust at 41% although they were 1% lower than last year, due to the reasons outlined above which has resulted in Operating profits increasing by 14% to EUR170.7m during the quarter.

Interest receivable has increased by EUR0.7m due to the combined impact of higher levels of cash and liquid resources and an improvement in average deposit interest rates earned in the quarter compared to last year. Interest payable increased by EUR1.6m due to the drawdown of debt to part fund the purchase of new aircraft.

Notes to the Financial Statements

1. Accounting Policies

The accounting policies followed in the preparation of these consolidated financial statements for the half year ended September 30, 2004 are consistent with those set out in the financial statements for the year ended

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March 31, 2004.

2. Approval of the Financial Statements

The Audit Committee approved the consolidated financial statements for the Half year ended September 30, 2004 on October 29th, 2004.

3. Generally Accepted Accounting Policies

The Management Discussion and Analysis of Results for the Half year ended September 30, 2004 are based on the results reported under Irish and UK GAAP.

4. Aircraft retirement costs

Five aircraft were retired earlier than projected in 2003 due to the detection of scratch marks ('scribing') that occurred during an aircraft painting programme on these aircraft in 1995. It had been determined that the cost of repairing these aircraft was uneconomic due to the short remaining life of the aircraft. Accordingly the Company had determined that the residual value of US\$1m(EUR794k) for these aircraft was excessive and as a result reduced it to EUR250k per aircraft. The cost of this adjustment charge was reflected in the results for Quarter ended September 30, 2003.

Independent review report by KPMG 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 directors are responsible for preparing the interim report in accordance with the Listing Rules of the Irish Stock Exchange which 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 they are to be changed in the next annual accounts in which case any changes, and the reasons for them, are to be disclosed.

Review work performed

We conducted our review in accordance with guidance contained in Bulletin 1999/4: Review of interim financial information issued by the Auditing Practices Board. A review consists principally of making enquiries of group 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 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 2004.

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KPMG
Chartered Accountants

29th October 2004

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, hereunto duly authorized.

RYANAIR HOLDINGS PLC

Date: 2 November 2004

By:___/s/ Howard Millar___

H Millar
Company Secretary & Finance Director