RYANAIR REPORTS FULL YEAR LOSS OF €815M AS TRAFFIC FALLS 81% DUE TO COVID-19 TRAVEL RESTRICTIONS

Ryanair Holdings plc today (17 May) reported a full year loss of €815m (excl. hedge ineffectiveness), compared to a PY profit of €1,002m. Features of FY21 included:

- FY21 traffic fell 81% from 149m to 27.5m due to Covid-19 restrictions.
- Liquidity preservation prioritised with €3.15bn cash at year end (31 Mar.).
- Cost reductions implemented across all Group airlines.
- Unprecedented backlog of Covid customer requests/refunds processed.
- Job losses minimised via engagement with our people & unions.
- B737-8200 "*Gamechanger*" firm order increased to 210 aircraft (from 135).
- CDP awarded very strong (first time) "B-" climate protection score.
- Non-EU shareholder voting rights were restricted post Brexit.

FY end	31 Mar. 2020	31 Mar. 2021	Change
Customers	148.6m	27.5m	-81%
Load Factor	95%	71%	-24pts
Revenue	€8.49bn	€1.64bn	-81%
Op. Costs	€7.37bn	€2.48bn	-66%
PAT/(Net Loss)*	€1,002m	(€815m)	n/m

**Non-IFRS financial measure, excl. FY21 €200m except. hedge ineffectiveness charge (FY20: €353m charge).*

COVID-19:

FY21 was the most challenging in Ryanair's 35-year history. Covid-19 saw traffic collapse, almost overnight, from 149m to just 27.5m as many European Govts. (with little notice or co-ordination) imposed flight bans, travel restrictions and national lockdowns. There was a partial recovery during summer 2020, as initial lockdowns eased, however a second Covid-19 wave in Europe followed quickly in the autumn with a third wave in spring. This created enormous disruptions and uncertainty for both our customers and our people, as they suffered constantly changing Govt. guidelines, travel bans and restrictions. Ryanair responded promptly, and effectively, to this crisis, by working hard to assist millions of customers with flight changes, refunds and changed travel plans. We minimised job losses through agreed pay cuts and participation in Govt. job support schemes, while at the same time keeping our pilots, cabin crew and aircraft current and ready to resume service once normality returns.

The Covid-19 crisis precipitated the collapse of a number of EU airlines including Flybe, Norwegian, Germanwings and Level and substantial capacity cuts at many others. It sparked a tsunami of State Aid from EU Govts. to their insolvent flag carriers including Alitalia, AirFrance/KLM, LOT, Lufthansa, SAS, TAP and others, which will distort EU competition and prop up high cost, inefficient, flag carriers for many years. We expect intra-European air travel capacity to be materially lower for the foreseeable future. This will create opportunities for Ryanair to extend airport growth incentives, as the Group takes delivery of 210 new (lower cost) Boeing 737s. We are encouraged by the recent release of multiple Covid-19 vaccines and hope that their rollout will facilitate the resumption of intra-Europe air travel and tourism this summer. If, as is presently predicted, most European populations are vaccinated by Sept., then we believe that we can look forward to a strong recovery in air travel, jobs and tourism in H2 of the current fiscal year (FY22). The recent strong increases in weekly bookings since early April suggests that this recovery has already begun.

THE ENVIRONMENT:

Ryanair has shown that we can grow low fare traffic while reducing our impact on the environment. Every passenger that switches to Ryanair from one of Europe's legacy airlines cuts their CO_2 emissions by almost 50% per flight. Over the next 5-years Ryanair's traffic will grow to 200m p.a. This will be achieved in a manner that balances the desire for low fares with the need for sustainable flying. Ryanair's $20bn+ investment in new technology aircraft will be pivotal in achieving this ambition. The new B737-8200 *"Gamechanger"* aircraft offers 4% more seats, but delivers a 16% lower fuel burn and 40% lower noise emissions which will help Ryanair to lower its CO_2 and noise footprint over the next decade.

The Group continues to work actively with the EU, fuel suppliers and aircraft manufacturers to incentivise sustainable aviation fuel (SAF) use. We are working with A4E and the EU Commission to accelerate reform to the Single European Sky, so that we can minimize ATC delays and the resulting avoidable oil consumption and CO_2 emissions. In 2020 Ryanair received a (first time) "B-" climate protection rating from CDP[1]. While this is a strong inaugural rating, highlighting Ryanair's excellent environmental performance and governance, the Group is committed to improving this score over the next 2 years. In April, Ryanair established a Sustainable Aviation Research Centre partnership with Trinity College Dublin to help accelerate the development of SAF. Ryanair's goal is to power 12.5% of its flights with SAF by 2030. This, together with the Group's investment in new Gamechanger aircraft will help Ryanair achieve its target of lowering CO_2 per passenger/km by 10% to just 60 grams by 2030.

FY21 BUSINESS REVIEW:

Revenue & Costs

FY21 revenue fell by 81% to €1.64bn, in line with the fall in traffic to just 27.5m from 149m (pre Covid-19). Ancillary revenue delivered a solid performance as more guests chose priority boarding and reserved seating, resulting in an 11% increase in per passenger spend to almost €22. FY21 cost performance was strong, falling 66%. Due to an 81% reduction in traffic and aircraft delivery delays, the Group recorded a €200m ineffectiveness charge on fuel and currency hedges in FY21.

During the past year substantial work has been undertaken to right size the Group's long-term cost leadership. This process commenced with significant cuts in senior management pay and the cancellation of FY21 management bonus payments this year. Group airlines negotiated modest pay cuts with our people and their unions that minimised job losses but allow for pay restoration over years 3 to 5 under multi-year pay agreements. Our Route Development teams continue to work with airport partners across Europe, and have negotiated lower airport costs, traffic recovery incentives and the extension of many low cost airport growth deals – incl., for example, long term extensions of low-cost growth deals in London Stansted (to 2028), Milan Bergamo (to 2028) & Brussels Charleroi (to 2030). In Dec. the Group increased its firm order for the B737-8200 Gamechanger from 135 to 210 aircraft while securing further, modest, price discounts. Reasonable and fair compensation was also agreed with Boeing for the 2-year delivery delays to these aircraft. The Gamechanger will, we believe, further widen the cost gap between Ryanair and all other European airlines for the next decade. These new aircraft have 4% more seats, 16% lower fuel burn and 40% lower noise emissions and will enable the Ryanair Group to grow to 200m passengers p.a. over the next 5 years. Ryanair hopes to take delivery of its first Gamechanger aircraft in late May and hopes to have over 60 Gamechangers in the fleet before the peak S.22.

Balance Sheet & Liquidity

The balance sheet remains one of the strongest in the industry with a BBB credit rating (S&P and Fitch), €3.15bn cash at 31 Mar. and over 85% of the B737 fleet being unencumbered. Since Mar. 2020, the Group has lowered cash burn by cutting costs, participating in EU Govt. payroll support schemes, cancelling share buybacks and deferring non-essential capex. Over the past year, the Group successfully raised c.€1.95bn in new finance (incl. €400m share placing, €850m eurobond and £600m CCFF) and cash was further boosted by supplier reimbursements during the year. This financial strength enables the Group to capitalise on the many growth opportunities that will be available post Covid-19.

EU OWNERSHIP & CONTROL POST-BREXIT:

As previously advised, Ryanair has restricted voting rights of non-EU shareholders (now including UK nationals) from 1 Jan. 2021 to protect its EU airline licences post-Brexit. A long-standing prohibition on non-EU citizens purchasing Ryanair's ordinary shares now also extends to UK nationals, which will ensure a steady increase in the Company's EU shareholding (currently approx. 1/3 of economic rights but 100% of voting rights). We expect these restrictions will remain in place for the foreseeable future until the balance in favour of EU shareholders is restored or the EU & UK agree a less restrictive airline ownership and control regime than the current 50%+ nationality rule which dates back to the 1940s. Meanwhile, UK nationals and other non-EU investors may continue to invest only in ADRs which are listed on NASDAQ.

[1] CDP – Carbon Disclosure Project is an independent, non-profit, global environmental reporting organisation.

OUTLOOK:

FY22 continues to be challenging, with uncertainty around when and where Covid lockdowns and travel restrictions will be eased. The Group expects Q1 traffic to be heavily curtailed to between 5m and 6m guests. With a very close-in booking curve, visibility for the remainder of FY22 is close to zero although bookings have jumped significantly from a very low base since week 1 of April. It is therefore impossible to provide meaningful FY22 guidance at this time. However, as recently announced, we think that FY22 traffic is likely to be towards the lower end of our previously guided range of 80m to 120m passengers. We also (cautiously) believe that the likely outcome for FY22 is currently close to breakeven – assuming that a successful rollout of vaccines this summer allows a timely easing of European Govt. travel restrictions on intra-European traffic in time for the peak travel period of Jul./Aug./Sept.

As we look beyond the Covid-19 crisis, and the successful completion of vaccination roll outs, the Ryanair Group expects to have a much improved cost base and a very strong balance sheet. We will also benefit from a reduced fleet cost for the next decade as we take more deliveries of our B737 "Gamechanger" aircraft which will materially improve revenues with 4% more seats while substantially reducing unit costs, especially fuel. This will enable the Group to fund lower fares and capitalise on the many growth and market share opportunities that are now available across Europe, especially where competitor airlines have substantially cut capacity or failed. The Group expects to benefit from a strong rebound of pent up travel demand through the second half of 2021, and looks forward to returning to pre-Covid growth in summer 2022 with the help of the Gamechanger aircraft and new bases (incl. those recently announced in Billund, Riga, Stockholm, Zadar & Zagreb). Ryanair is committed to delivering this growth in an environmentally sustainable manner (which reduces both fuel consumption and CO_2 emissions per passenger) while at the same time improving its industry leading customer service and customer experience.

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Ryanair Holdings plc, Europe's largest airline group, is the parent company of Buzz, Lauda, Malta Air & Ryanair. Carrying 149m guests p.a. (pre Covid-19) on more than 2,500 daily flights from over 80 bases, the Group connects over 225 destinations in 37 countries on a fleet of 450 aircraft, with a further 210 Boeing 737s on order, which will enable the Ryanair Group to lower fares and grow traffic to 200m p.a. over the next 5 years. Ryanair has a team of over 16,000 highly skilled aviation professionals delivering Europe's No.1 on-time performance, and an industry leading 35-year safety record. Ryanair is Europe's greenest cleanest airline group and customers switching to fly Ryanair can reduce their CO_2 emissions by up to 50% compared to the other Big 4 European major airlines.