

RYANAIR HOLDINGS PLC  
Form 20-F  
July 29, 2009  
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As filed with the United States Securities and Exchange Commission on July 29, 2009

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**

**FORM 20-F**

**REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**OR**

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the Fiscal Year Ended: March 31, 2009**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**OR**

**SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**Date of event requiring this shell company report: \_\_\_\_\_**

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission file number: 0-29304

# Ryanair Holdings plc

(Exact name of registrant as specified in its charter)

**Ryanair Holdings plc**

(Translation of registrant's name into English)

**Republic of Ireland**

(Jurisdiction of incorporation or organization)

**c/o Ryanair Limited**

**Corporate Head Office**

**Dublin Airport**

**County Dublin, Ireland**

(Address of principal executive offices)

Please see **Item 4. Information on the Company** herein.

(Name, telephone, e-mail and/or facsimile number and address of company contact person)

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
<b>American Depositary Shares, each representing five Ordinary Shares</b>	<b>Nasdaq National Market</b>
<b>Ordinary Shares, par value 0.635 Euro cents per share</b>	<b>Nasdaq National Market (not for trading but only in connection with the registration of the American Depositary Shares)</b>

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: **None**



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Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**1,473,356,159 Ordinary Shares**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes  No

Note: Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligations under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer  Accelerated filer  Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP  International Financial Reporting Standards as issued by the International Accounting Standards Board  Other

If Other has been checked in response to the previous question, indicate by check mark which financial statement Item the registrant has elected to follow

Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes  No

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes  No



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**Presentation of Financial and Certain Other Information**

As used herein, the term *Ryanair Holdings* refers to Ryanair Holdings plc. The term *the Company* refers to Ryanair Holdings or Ryanair Holdings together with its consolidated subsidiaries, as the context requires. The term *Ryanair* refers to Ryanair Limited, a wholly owned subsidiary of Ryanair Holdings, together with its consolidated subsidiaries, unless the context requires otherwise. The term *fiscal year* refers to the 12-month period ended on March 31 of the quoted year. All references to *Ireland* herein are references to the Republic of Ireland. All references to the *U.K.* herein are references to the United Kingdom and all references to the *United States* or *U.S.* herein are references to the United States of America. References to *U.S. dollars*, *dollars*, *\$* or *U.S. cents* are to the currency of the United States, references to *U.K. pound sterling*, *U.K. £* and *£* are to the currency of the U.K. and references to *€*, *Euro*, *Euros* and *Euro cents* are to the Euro, the common currency of the sixteen member states of the European Union (the *EU*), including Ireland. Various amounts and percentages set out in this annual report on Form 20-F have been rounded and accordingly may not total.

The Company owns or otherwise has rights to the trademark *Ryanair*<sup>®</sup> in certain jurisdictions. See *Item 4. Information on the Company Trademarks*. This report also makes reference to trade names and trademarks of companies other than the Company.

The Company publishes its annual and interim consolidated financial statements in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board ( *IASB* ). Additionally, in accordance with its legal obligation to comply with the International Accounting Standards Regulation (EC 1606 (2002)), which applies throughout the EU, the consolidated financial statements of the Company must comply with International Financial Reporting Standards as adopted by the EU. Accordingly, the Company's consolidated financial statements and the selected IFRS financial data included herein comply with International Financial Reporting Standards as issued by the IASB and also International Financial Reporting Standards as adopted by the EU, in each case as in effect for the year ended and as at March 31, 2009 (collectively referred to as *IFRS* throughout).

The Company publishes its consolidated financial statements in Euro. Solely for the convenience of the reader, this report contains translations of certain Euro amounts into U.S. dollars at specified rates. These translations should not be construed as representations that the converted amounts actually represent such U.S. dollar amounts or could be converted into U.S. dollars at the rates indicated or at any other rate. Unless otherwise indicated, such U.S. dollar amounts have been translated from Euro at a rate of 1.00=\$1.3261, or \$1.00= 0.7541, the official rate published by the U.S. Federal Reserve Board in its weekly *H.10* release (the *Federal Reserve Rate* ) on March 31, 2009. The Federal Reserve Rate for Euro on July 24, 2009 was 1.00=\$1.4213 or \$1.00= 0.7036. See *Item 3. Key Information Exchange Rates* for information regarding historical rates of exchange relevant to the Company, and *Item 5. Operating and Financial Review and Prospects* and *Item 11. Quantitative and Qualitative Disclosure About Market Risk* for a discussion of the effects of changes in exchange rates on the Company.

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**Cautionary Statement Regarding Forward-Looking Information**

Except for the historical statements and discussions contained herein, statements contained in this report constitute forward-looking statements within the meaning of Section 27A of the U.S. Securities Act of 1933, as amended (the Securities Act ), and Section 21E of the U.S. Securities Exchange Act of 1934, as amended (the Exchange Act ). Forward-looking statements may include words such as expect, estimate, project, anticipate, should, intend, and similar expressions or variations on such expressions. Any filing made by the Company with the U.S. Securities and Exchange Commission (the SEC ) may include forward-looking statements. In addition, other written or oral statements which constitute forward-looking statements have been made and may in the future be made by or on behalf of the Company, including statements concerning its future operating and financial performance, the Company's share of new and existing markets, general industry and economic trends and the Company's performance relative thereto and the Company's expectations as to requirements for capital expenditures and regulatory matters. The Company's business is to provide a low-fares airline service in Europe, and its outlook is predominately based on its interpretation of what it considers to be the key economic factors affecting that business and the European economy. Forward-looking statements with regard to the Company's business rely on a number of assumptions concerning future events and are subject to a number of uncertainties and other factors, many of which are outside the Company's control, that could cause actual results to differ materially from such statements. It is not reasonably possible to itemize 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 and aircraft maintenance services, aircraft availability, costs associated with environmental, safety and security measures, terrorist attacks, actions of the Irish, U.K., EU and other governments and their respective regulatory agencies, fluctuations in currency exchange rates and interest rates, airport handling and access charges, litigation, labor relations, the economic environment of the airline industry, the general economic environment in Ireland, the U.K. and elsewhere in Europe, the general willingness of passengers to travel, the value of its equity stake in Aer Lingus Group plc ( Aer Lingus ), and other factors discussed herein. The Company disclaims any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

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**PART I**

**Item 1. Identity of Directors, Senior Management and Advisers**

Not applicable.

**Item 2. Offer Statistics and Expected Timetable**

Not applicable.

**Item 3. Key Information**

**THE COMPANY**

Ryanair operates a low-fares, scheduled passenger airline serving short-haul, point-to-point routes in Europe and Morocco from its bases at Dublin, London (Stansted and Luton), Glasgow (Prestwick), Brussels (Charleroi), Frankfurt (Hahn), Milan (Bergamo), Stockholm (Skvasta), Rome (Ciampino), Barcelona (Girona), Nottingham East Midlands, Liverpool, Shannon, Pisa, Cork, Marseille, Madrid, Bremen, Dusseldorf (Weeze), Bristol, Alicante, Belfast, Bournemouth, Birmingham, Kerry, Edinburgh, Reus, Alghero, Cagliari, Trapani, Bologna and Pescara airports, which together are referred to as Ryanair's bases of operations or Ryanair's bases. Ryanair plans to open a base at Porto in August 2009. Ryanair pioneered the low-fares operating model in Europe in the early 1990s. As of June 30, 2009, the Company offered over 1,200 scheduled short-haul flights per day serving 145 locations throughout Europe and Morocco, with an operating fleet of 196 aircraft flying approximately 845 routes. The Company also holds a 29.8% interest in Aer Lingus, which it has acquired through market purchases following Aer Lingus partial privatization in 2006. The European Commission has prevented Ryanair from acquiring a majority stake in Aer Lingus pursuant to a decision that the Company is in the process of appealing. For additional information, see Item 8. Financial Information Other Financial Information Legal Proceedings Aer Lingus Merger Decision.

A detailed description of the Company's business can be found in Item 4. Information on the Company.

**Table of Contents****SELECTED FINANCIAL DATA**

The following tables set forth certain of the Company's selected consolidated financial information as of and for the periods indicated, presented in accordance with IFRS. This information should be read in conjunction with: (i) the audited consolidated financial statements of the Company and related notes thereto included in Item 18; and (ii) Item 5. Operating and Financial Review and Prospects.

**Income Statement Data:**

	2009(a)	2009	Fiscal year ended March 31,		2006	2005
			2008	2007		
(in thousands, except per-Ordinary Share data)						
Total operating revenues	\$ 3,901,340	2,941,965	2,713,822	2,236,895	1,692,530	1,319,037
Total operating expenses	(3,778,502)	(2,849,334)	(2,176,742)	(1,765,150)	(1,317,484)	(978,299)
Operating income	122,838	92,631	537,080	471,745	375,046	340,738
Net interest (expense) income	(72,965)	(55,022)	(13,131)	(19,893)	(35,739)	(29,287)
Other non-operating (expense) income	(289,217)	(218,096)	(85,022)	(815)	(419)	(2,255)
Profit (loss) before taxation	(239,344)	(180,487)	438,927	451,037	338,888	309,196
Taxation	15,003	11,314	(48,219)	(15,437)	(32,176)	(29,153)
Profit (loss) after taxation	\$ (224,341)	(169,173)	390,708	435,600	306,712	280,043
Ryanair Holdings basic earnings (loss) per Ordinary Share (U.S. cents)/(Euro cents)(b)	(15.17)	(11.44)	25.84	28.20	20.00	18.43
Ryanair Holdings diluted earnings (loss) per Ordinary Share (U.S. cents)/(Euro cents)(b)	(15.17)	(11.44)	25.62	27.97	19.87	18.33

**Balance Sheet Data:**

	2009(a)	2009	As of March 31,		2006	2005
			2008	2007		
(in thousands)						
Cash and cash equivalents	\$ 2,099,474	1,583,194	1,470,849	1,346,419	1,439,004	872,258
Total assets	8,470,944	6,387,862	6,327,551	5,763,687	4,634,219	3,818,153
Long-term debt, including capital lease obligations	3,180,571	2,398,440	2,266,495	1,862,066	1,677,728	1,414,857
Shareholders' equity	\$ 3,215,873	2,425,061	2,502,194	2,539,773	1,991,985	1,734,503
Issued share capital	\$ 12,404	9,354	9,465	9,822	9,790	9,675

**Cash Flow Statement Data:**

	2009(a)	2009	Fiscal year ended March 31,		2006	2005
			2008	2007		

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	(in thousands)					
Net cash inflow from operating activities	\$ 547,857	413,134	703,901	900,837	610,570	511,203
Net cash (outflow) from investing activities	(514,968)	(388,333)	(692,310)	(1,188,993)	(337,285)	(850,462)
Net cash inflow from financing activities	116,092	87,544	112,839	195,571	293,461	467,257
Increase (decrease) in cash and cash equivalents	\$ 148,980	112,345	124,430	(92,585)	566,746	127,998

- (a) Dollar amounts are translated from Euro solely for convenience at the Federal Reserve Rate on March 31, 2009, of 1.00=\$1.3261 or \$1.00= 0.7541.
- (b) All per-Ordinary Share amounts have been adjusted to reflect the 2-for-1 split of Ordinary Shares (and ADRs) that occurred on February 26, 2007. For additional information, see Item 10. Additional Information Description of Capital Stock.

**Table of Contents****EXCHANGE RATES**

The following table sets forth, for the periods indicated, certain information concerning the exchange rate between: (i) the U.S. dollar and the Euro; (ii) the U.K. pound sterling and the Euro; and (iii) the U.K. pound sterling and the U.S. dollar. Such rates are provided solely for the convenience of the reader and are not necessarily the rates used by the Company in the preparation of its consolidated financial statements included in Item 18. No representation is made that any of such currencies could have been, or could be, converted into any other of such currencies at such rates or at any other rate.

*U.S. dollars per 1.00(a)*

<b>Year ended December 31,</b>	<b>End of Period</b>	<b>Average(b)</b>	<b>Low</b>	<b>High</b>
2004	1.354	1.248		
2005	1.184	1.239		
2006	1.319	1.256		
2007	1.458	1.371		
2008	1.395	1.471		
<b>Month ended</b>				
January 31, 2009			1.283	1.396
February 28, 2009			1.256	1.306
March 31, 2009			1.254	1.364
April 30, 2009			1.293	1.348
May 31, 2009			1.326	1.412
June 30, 2009			1.378	1.429
Period ended July 24, 2009			1.385	1.427

*U.K. pounds sterling per 1.00(c)*

<b>Year ended December 31,</b>	<b>End of Period</b>	<b>Average(b)</b>	<b>Low</b>	<b>High</b>
2004	0.708	0.679		
2005	0.689	0.682		
2006	0.674	0.682		
2007	0.735	0.685		
2008	0.957	0.797		
<b>Month ended</b>				
January 31, 2009			0.887	0.960
February 28, 2009			0.872	0.903
March 31, 2009			0.889	0.939
April 30, 2009			0.881	0.918
May 31, 2009			0.867	0.898
June 30, 2009			0.844	0.879
Period ended July 24, 2009			0.854	0.866

**Table of Contents***U.K. pounds sterling per U.S.\$1.00(d)*

<b>Year ended December 31,</b>	<b>End of Period</b>	<b>Average(b)</b>	<b>Low</b>	<b>High</b>
2004	0.522	0.545		
2005	0.581	0.551		
2006	0.511	0.543		
2007	0.504	0.500		
2008	0.686	0.546		

**Month ended**

January 31, 2009			0.657	0.730
February 28, 2009			0.669	0.703
March 31, 2009			0.679	0.726
April 30, 2009			0.666	0.695
May 31, 2009			0.619	0.672
June 30, 2009			0.603	0.624
Period ended July 24, 2009			0.604	0.624

- (a) Based on the Federal Reserve Rate for Euro.
- (b) The average of the relevant exchange rates on the last business day of each month during the relevant period.
- (c) Based on the composite exchange rate as quoted at 5 p.m., New York time, by Bloomberg.
- (d) Based on the Federal Reserve Rate for U.K. pounds sterling.

As of July 24, 2009, the exchange rate between the U.S. dollar and the Euro was 1.00=\$.4213, or \$1.00= 0.7036; the exchange rate between the U.K. pound sterling and the Euro was U.K. £1.00= 1.1555, or 1.00=U.K. £0.8654; and the exchange rate between the U.K. pound sterling and the U.S. dollar was U.K. £1.00=\$1.6432, or \$1.00=U.K. £0.6086. For a discussion of the impact of exchange rate fluctuations on the Company's results of operations, see Item 11. Quantitative and Qualitative Disclosures About Market Risk.

**Table of Contents****SELECTED OPERATING AND OTHER DATA**

The following tables set forth certain operating data of Ryanair for each of the fiscal years shown. Such data are derived from the Company's consolidated financial statements prepared in accordance with IFRS and certain other data, and are not audited. For definitions of the terms used in this table, see the Glossary in Appendix A.

**Operating Data:**

	<b>Fiscal Year ended March 31,</b>			
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Average Yield per Revenue Passenger Mile ( RPM ) ( )	0.060	0.065	0.070	0.070
Average Yield per Available Seat Miles ( ASM ) ( )	0.050	0.054	0.059	0.058
Average Fuel Cost per U.S. Gallon ( )	2.351	1.674	1.826	1.479
Cost per ASM (CASM) ( )	0.058	0.051	0.054	0.052
Break-even Load Factor	98%	79%	77%	75%
Operating Margin	5%	20%	21%	22%
Total Break-even Load Factor(a)	79%	67%	66%	65%
Average Booked Passenger Fare ( )	40.02	43.70	44.10	41.23
Ancillary Revenue per Booked Passenger ( )	10.21	9.58	8.52	7.45

**Other Data:**

	<b>Fiscal Year ended March 31,</b>			
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>
Revenue Passengers Booked	58,565,663	50,931,723	42,509,112	34,768,813
Revenue Passenger Miles	39,202,293,374	34,452,733,067	26,943,689,231	20,342,377,824
Available Seat Miles	47,102,503,388	41,342,195,458	32,043,022,051	24,282,100,345
Booked Passenger Load Factor	81%	82%	82%	83%
Average Length of Passenger Haul (miles)	654	662	621	585
Sectors Flown	380,915	330,598	272,889	227,316
Number of Airports Served at Period End	143	147	123	111
Average Daily Flight Hour Utilization (hours)	9.59	9.87	9.77	9.60
Employees at Period End	6,616	5,920	4,462	3,453
Employees per Aircraft at Period End	36	36	34	35
Booked Passengers per Employee at Period End	8,852	8,603	9,527	10,069

(a) Total Break-even Load Factor is calculated on the basis of total costs and revenues, including the costs and revenues from all ancillary services.



**Table of Contents****RISK FACTORS***Risks Related to the Company*

*Changes in Fuel Costs and Fuel Availability Affect the Company's Results and Increase the Likelihood that the Company May Incur Additional Losses.* Jet fuel costs are subject to wide fluctuations as a result of many economic and political factors and events occurring throughout the world that Ryanair can neither control nor accurately predict, including increases in demand, sudden disruptions in supply and other concerns about global supply, as well as market speculation. Fuel prices increased substantially in fiscal years 2008 and 2009, peaking at \$147 per barrel of Brent crude oil in July 2008. These increases had a significant impact on Ryanair's costs, and in turn, on its financial results contributing to the net loss recorded in fiscal year 2009 (the first such loss since the Company's public flotation), which reflected a 59% increase in fuel costs between fiscal year 2008 and fiscal year 2009, in addition to a 223.0 million write-down of the Company's investment in Aer Lingus and accelerated depreciation of 51.7 million. As international prices for jet fuel are denominated in U.S. dollars, Ryanair's fuel costs are also subject to certain exchange rate risks. Substantial price increases, adverse exchange rates, or the unavailability of adequate supplies, including, without limitation, any such events resulting from prolonged hostilities in the Middle East or other oil-producing regions or the suspension of production by any significant producer, may adversely affect Ryanair's profitability. In the event of a fuel shortage resulting from a disruption of oil imports or otherwise, additional increases in fuel prices or a curtailment of scheduled services could result.

Ryanair has historically entered into arrangements providing for substantial protection against fluctuations in fuel prices, generally through forward contracts covering periods of up to 18 months of anticipated jet fuel requirements. Ryanair (like many other airlines) has, in more recent periods, entered into hedging arrangements on a much more selective basis. Ryanair has entered into forward jet fuel (jet kerosene) contracts covering approximately 90% of its estimated requirements for the period from April to December 2009 at prices equivalent to approximately \$620 per metric ton. In addition, Ryanair has entered into forward jet fuel (jet kerosene) contracts covering approximately 60% of its estimated requirements for the period from January 2010 to March 2010 at prices equivalent to \$610 per metric ton. The Company expects depending on oil price movements over the coming months to hedge a further portion of its fuel requirements for the fourth quarter of its 2010 fiscal year. Other than the foregoing, Ryanair has not entered into material agreements to seek to fix the price of any material quantity of fuel, and the Company is therefore exposed to risks arising from fluctuations in the price of fuel, especially in light of the recent volatility. Any new increase in fuel costs could have a material adverse effect on the Company's financial condition and results of operations. See *The Company May Not Be Successful in Raising Fares to Offset Increased Business Costs* below.

No assurances whatsoever can be given about trends in fuel prices, and average fuel prices for the 2010 fiscal year or for future years may be significantly higher than current prices. Management estimates that every \$1.00 movement in the price of a metric ton of jet fuel will impact Ryanair's net income by approximately 0.18 million, taking into account Ryanair's hedging program for the 2010 fiscal year. There can be no assurance, however, in this regard, and the impact of fuel prices on Ryanair's operating results may be more pronounced. There also cannot be any assurance that Ryanair's current or any future arrangements will be adequate to protect Ryanair from further increases in the price of fuel, that Ryanair will not incur losses due to high fuel prices alone or in combination with other factors, or that fuel prices will ever decline from their current levels. See *Item 11. Quantitative and Qualitative Disclosures About Market Risk Fuel Price Exposure and Hedging*. Because of Ryanair's low fares and its no-fuel-surcharges policy, as well as the Company's significant expansion plans, which will tend to have a negative impact on yields, its ability to pass on increased fuel costs to passengers through increased fares or otherwise is limited. Moreover, the anticipated expansion of Ryanair's fleet will result in an increase, in absolute terms, in Ryanair's aggregate fuel costs.

Based upon Ryanair's fuel consumption for the 2009 fiscal year, a change of \$1.00 in the average annual price per metric ton of jet fuel would have caused a change of approximately 1.1 million in the Company's annual fuel costs. Ryanair's fuel costs in the 2009 fiscal year, after giving effect to the Company's fuel hedging activities, increased by 59% over the comparable period ended March 31, 2008, to 1,257.1 million, primarily due to the significant increase in the cost of jet fuel and an increase in the number of sectors flown as a result of the expansion of Ryanair's fleet and route network, offset in part by the positive impact on fuel costs of the strengthening of the Euro against the U.S. dollar. Ryanair estimates that its fuel costs would have been approximately 1,154.5 million in the 2009 fiscal year, as compared to 915.8 million in the 2008 fiscal year, had Ryanair not had any fuel hedging arrangements in place in either fiscal year. Fuel costs were a significant



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component in the significant increase in Ryanair's cost base during fiscal year 2009, as its Cost per Available Seat Mile ( CASM ) increased from 0.051 Euro cents to 0.058 Euro cents, and its Break-Even Load Factor increased from 79% to 98%.

*Ryanair Has Decided to Freeze its Development in the U.K. Market and Curtail Certain U.K. Operations.* Ryanair informed its U.K.-based pilots on June 16, 2009 that it had completed a review of its U.K. growth plans. The review was prompted by the recessionary environment in the U.K. and the impact it had on Ryanair's business, coupled with the negative impact of the U.K.'s £10 Air Passenger Duty ( APD ), described in more detail below. As a secondary issue, Ryanair also noted that the campaign conducted by the British Airline Pilots Association ( BALPA ) for union recognition had made Ryanair's position in the U.K. more uncertain. See *Risks Related to the Airline Industry The Airline Industry Is Particularly Sensitive to Changes in Economic Conditions; A Continued Recessionary Environment Would Negatively Impact Ryanair's Result of Operations* below.

As a result of the review, Ryanair announced its decision to temporarily freeze all growth at its existing U.K. bases from June 16, 2009 onwards. Ryanair plans to review the freeze of U.K. bases at the end of 2009; any changes in the announced policy will be dependent upon the recovery of the U.K. economy, the status of the U.K.'s APD tourist tax and any other relevant factors (such as airport growth incentives).

Furthermore, Ryanair announced on July 21, 2009 that, as a result of the U.K. government's £10 APD tourist tax (as well as the planned increase in APD from £10 to £11 in November 2009) and the high costs of operating at its London (Stansted) base, it would implement a 40% reduction in capacity at such base between October 2009 and March 2010. In particular, the Company will reduce its London (Stansted)-based aircraft from the current 40 to 24 during the aforementioned period. This reduction in capacity will accompany a 30% reduction in the number of weekly Ryanair flights to and from the airport, and is expected to result in 2.5 million fewer passenger trips during the period.

The decision to freeze the Company's development in the U.K. and reduce flights to and from London (Stansted) presents numerous risks. In the past, the Company's growth has been largely dependent on flights to or from the U.K. Such flights represented 28.6% of total flights in the 2009 fiscal year. A weak U.K. economy, along with the Company's decision to freeze its U.K. bases, and reduce its London (Stansted) flights, may affect the overall growth of the Company. In addition, the abovementioned measures affecting U.K.-based pilots may affect the Company's labor relations. Such risks could lead to negative effects on the Company's financial condition and/or results of operations.

*The Company May Not Be Successful in Reducing Business Costs to Offset Reduced Fares.* Ryanair operates a low-fares airline. The success of its business model depends on its ability to control costs so as to deliver low fares while at the same time earning a profit. However, the Company currently faces an environment of weakening economic demand prompting fare reductions as well as high fuel costs. See *The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment* below and *Changes in Fuel Costs and Fuel Availability Affect the Company's Results and Increase the Likelihood that the Company May Incur Additional Losses* above.

Although the Company believes fare reductions are necessary in order to retain and grow its market share, every 1% movement in average fares tends to impact Ryanair's net income by approximately 23.5 million (based on fiscal 2009 data). As a result, Ryanair is likely to be able to generate profits only if it is able to reduce fuel and other costs. The Company has limited control over its fuel costs and already has comparatively low operating costs. If the Company is unable to reduce its operating costs, operating profits could fall. The Company cannot offer any assurances regarding its future profitability.

*Terrorism in the United Kingdom or Elsewhere in Europe Could Have a Material Detrimental Effect on the Company.* On August 10, 2006, U.K. security authorities arrested and subsequently charged eight individuals in connection with an alleged plot to attack aircraft operating on transatlantic routes. As a result of these arrests, U.K. authorities introduced increased security measures, which resulted in all passengers being

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body-searched, and a ban on the transportation in carry-on baggage of certain liquids and gels. The introduction of these measures led to passengers suffering severe delays while passing through these airport security checks. As a result, Ryanair cancelled 279 flights in the days following the incident and refunded a total of 2.7 million in fares to approximately 40,000 passengers. In the days following the arrests, Ryanair also suffered reductions in bookings estimated to have resulted in the loss of approximately 1.9 million of additional revenue. As in the past, the Company reacted to these adverse events by initiating system-wide fare sales to stimulate demand for air travel.

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In addition, reservations on Ryanair's flights to London dropped materially for a number of days in the immediate aftermath of the terrorist attacks in London on July 7, 2005. Although the terrorist attack in Glasgow on June 30, 2007 (in which a car filled with explosives was driven into the Glasgow airport) and the failed terrorist attacks in London on July 21, 2005 and June 29, 2007 had no material impact on bookings, there can be no assurance that future such attacks will not affect passenger traffic. In the 2009 fiscal year, flights into and out of London carried 18.8 million, or approximately 32%, of total passengers traveling on the Company's network.

Future acts of terrorism or significant terrorist threats, particularly in London or other markets that are significant to Ryanair, could have a material adverse effect on the Company's profitability or financial condition should the public's willingness to travel to and from those markets decline as a result. See also *Risks Related to the Airline Industry* *The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry*.

*The Company is Subject to Legal Proceedings Alleging State Aid at Certain Airports.* In December 2002, the European Commission announced the launch of an investigation into the April 2001 agreement between Ryanair and Brussels (Charleroi) airport and the airport's owner, the government of the Walloon Region of Belgium. The agreement enabled the Company to launch new routes and base up to four aircraft at Brussels (Charleroi).

In February 2004, the European Commission found that a portion of the arrangements between Ryanair, the airport, and the region constituted illegal state aid, and therefore ordered Ryanair to repay the amount of the benefit received in connection with those arrangements. In May 2004, Ryanair appealed the decision of the European Commission to the European Court of First Instance (CFI), requesting that the decision be annulled. The CFI heard Ryanair's appeal in March 2008. In December 2008, the CFI annulled the European Commission's decision and Ryanair was repaid the 4 million that the Commission had claimed was illegal state aid. Additionally, the Walloon Region withdrew a separate action for 2.3 million against the Company.

On June 17, 2008, the European Commission launched a further investigation into Ryanair's agreements at Frankfurt (Hahn) airport, which is a significant base for Ryanair. The European Commission announced in a public statement that its initial investigation had found that the airport might have acted like a private market investor but that it had insufficient evidence to reach a conclusion and therefore had elected to open a formal investigation. The formal investigation is ongoing and is expected to last approximately 18 months. Ryanair is also facing legal challenges with respect to similar agreements with certain other airports.

Ryanair believes that the positive decision by the CFI in the Charleroi case will cause the Commission to rethink its policy in this area. However, adverse rulings in the Frankfurt (Hahn) or similar cases could be used as precedents by competitors to challenge Ryanair's agreements with other publicly owned airports and could cause Ryanair to strongly reconsider its growth strategy in relation to public or state-owned airports across Europe. This could in turn lead to a scaling-back of Ryanair's overall growth strategy due to the smaller number of privately owned airports available for development. No assurance can be given as to the outcome of legal proceedings, nor as to whether any unfavorable outcomes may, individually or in the aggregate, have a material adverse effect on the results of operation or financial condition of the Company. For additional information, please see *Item 8. Financial Information* *Other Financial Information* *Legal Proceedings*.

*The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment.* Ryanair operates in a highly competitive marketplace, with a number of new entrants, traditional airlines, and charter airlines competing throughout the route network. Airlines compete primarily with respect to fare levels, frequency and dependability of service, name recognition, passenger amenities (such as access to frequent flyer programs), and the availability and convenience of other passenger services. Unlike Ryanair, certain of Ryanair's competitors are state-owned or state-controlled flag carriers and in some cases may have greater name recognition and resources and may have received, or may receive in the future, significant amounts of subsidies and other state aid from their respective governments. In addition, the EU-U.S. Open Skies Agreement, which was signed in April 2007 and entered into effect in March 2008, allows U.S. carriers to offer services in the intra-EU market,

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which should eventually result in increased competition. See Item 4. Information on the Company Government Regulation Liberalization of the EU Air Transportation Market.

The airline industry is highly susceptible to price discounting, in part because airlines incur very low marginal costs for providing service to passengers occupying otherwise unsold seats. The number of new-entrant low-fares airlines and traditional carriers offering lower, more competitive fares in direct competition with Ryanair across its route network has increased significantly in recent years as a result of the liberalization of the

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EU air transport market and greater public acceptance of the low-fares model. Increased price competition and the resulting lower fares, combined with continuing increases in the Company's capacity in recent years (including an increase of approximately 15% during the 2009 fiscal year), have combined to put downward pressure on the Company's yields. Ryanair's Yield per Available Seat Mile (YASM) decreased by 7.8% in the 2008 fiscal year and an additional 7.6% in the 2009 fiscal year.

Although Ryanair intends to compete vigorously and to assert its rights against any predatory pricing or other conduct, price competition among airlines could reduce the level of fares or passenger traffic on the Company's routes to the point where profitability may not be achievable.

In addition to traditional competition among airline companies and charter operators who have entered the low-fares market, the industry also faces some limited competition from ground transportation (including high-speed rail systems such as the TGV in France) and sea transportation alternatives, as businesses and recreational travelers seek more comfortable or convenient substitutes for air travel.

*The Company Will Incur Significant Costs Acquiring New Aircraft and the Continued Instability in the Credit and Capital Markets Could Negatively Impact Ryanair's Ability to Obtain Financing on Acceptable Terms.* Ryanair's continued growth is dependent upon its ability to acquire additional aircraft to meet additional capacity needs and to replace older aircraft.

Ryanair expects to have 232 aircraft in its fleet by March 31, 2010. With the Company's current orders for aircraft it is obligated to buy (i.e., firm orders) under its contracts with The Boeing Company (Boeing), the Company expects to increase the size of its fleet to as many as 302 Boeing 737-800 next generation aircraft by March 2012 (assuming the exercise of 10 options, and that planned disposals of aircraft and returns of leased aircraft are completed on schedule). For additional information on the Company's aircraft fleet and expansion plans, see Item 4. Information on the Company Aircraft and Item 5. Operating and Financial Review and Prospects Liquidity and Capital Resources. There can be no assurance that this planned expansion will not outpace the growth of passenger traffic on Ryanair's routes or that traffic growth will not prove to be greater than the expanded fleet can accommodate. In either case, such developments could have a material adverse effect on the Company's business, results of operations, and financial condition.

Ryanair plans to finance its purchases of firm-order aircraft through a combination of bank loans, operating and finance leases including via sale-and-leaseback transactions and cash flow generated from the Company's operations. As in the past, Ryanair expects a majority of its financing to be supported by guarantees granted by the Export-Import Bank of the United States (ExIm Bank). Nonetheless, due to the significant general deterioration in the availability of bank credit facilities over the last year, no assurance can be given that sufficient financing will be available to Ryanair or that the terms of any such financing will be favorable. Any inability of the Company to obtain financing for new aircraft on reasonable terms could have a material adverse effect on its business, results of operations, and financial condition.

In addition, the financing of new and existing Boeing 737-800 aircraft has already and will continue to significantly increase the total amount of the Company's outstanding debt and the payments it is obliged to make to service such debt. Furthermore, Ryanair's ability to draw down funds under its existing bank-loan facilities to pay for aircraft as they are delivered is subject to various conditions imposed by the counterparties to such bank loan facilities and related loan guarantees, and any future financing is expected to be subject to similar conditions. The Company currently has arranged financing for all 65 aircraft to be delivered in the period to October 2010 through ExIm Bank-supported finance and operating leases (though financing for 55 of such aircraft remains subject to the issuance of credit guarantees by ExIm Bank). The Company also has financing mandates in place covering the following 12 firm-order aircraft deliveries through operating leases. For additional details on Ryanair's financings, see Item 5. Operating and Financial Review and Prospects Liquidity and Capital Resources.

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Ryanair has also entered into significant derivative transactions intended to hedge its current aircraft acquisition-related debt obligations. These derivative transactions expose Ryanair to certain risks and could have adverse effects on its results of operations and financial condition. See Item 11. Quantitative and Qualitative Disclosures About Market Risk.

*The Company's Rapid Growth May Expose It to Risks.* Ryanair's operations have grown rapidly since it pioneered the low-fares operating model in Europe in the early 1990s. See Item 5. Operating and Financial Review and Prospects History. During the 2009 fiscal year, Ryanair announced 236 new routes originating



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from Belgium, France, Germany, Ireland, Italy, Spain, Sweden and the U.K. Ryanair intends to continue to expand its fleet and add new destinations and additional flights, which are expected to increase Ryanair's booked passenger volumes in the 2010 fiscal year to approximately 67 million passengers, an increase of approximately 14% over the 2009 fiscal year level of approximately 58.6 million passengers, although no assurance can be given that this target will in fact be met. If growth in passenger traffic and Ryanair's revenues do not keep pace with the planned expansion of its fleet, Ryanair could suffer from overcapacity and its results of operations and financial condition (including its ability to fund scheduled aircraft purchases and related debt) could be materially adversely affected.

The expansion of Ryanair's fleet and operations, in addition to other factors, may also strain existing management resources and related operational, financial, management information, and information technology systems, including Ryanair's Internet-based reservation system, to the point that they may no longer be adequate to support Ryanair's operations. This would require Ryanair to make significant additional expenditures. Expansion will generally require additional skilled personnel, equipment facilities, and systems. An inability to hire skilled personnel or to secure the required equipment and facilities efficiently and in a cost-effective manner may adversely affect Ryanair's ability to achieve growth plans and sustain or increase its profitability.

*Ryanair's New Routes and Expanded Operations may have an Adverse Financial Impact on its Results.* Currently, a substantial number of carriers operate routes that compete with Ryanair's, and the Company expects to face further intense competition. See Item 4. Information on the Company Industry Overview European Market.

When Ryanair commences new routes, its load factors initially tend to be lower than those on its established routes and its advertising and other promotional costs tend to be higher, which may result in initial losses that could have a material negative impact on the Company's results of operations as well as require a substantial amount of cash to fund. In addition, there can be no assurance that Ryanair's low-fares service will be accepted on new routes. Ryanair also periodically runs special promotional fare campaigns, in particular in connection with the opening of new routes. Promotional fares may have the effect of increasing load factors and reducing Ryanair's yield and passenger revenues on such routes during the periods that they are in effect. See Item 4. Information on the Company Route System, Scheduling and Fares. Ryanair expects to have other substantial cash needs as it expands, including as regards the cash required to fund aircraft purchases or aircraft deposits related to the acquisition of additional Boeing 737-800s. There can be no assurance that the Company will have sufficient cash to make such expenditures and investments, and to the extent Ryanair is unable to expand its route system successfully, its future revenue and earnings growth will in turn be limited. See The Company Will incur Significant Costs Acquiring New Aircraft and the Continued Instability in the Credit and Capital Markets Could Negatively Impact Ryanair's Ability to Obtain Financing on Acceptable Terms.

*Ryanair's Continued Growth is Dependent on Access to Suitable Airports; Charges for Airport Access are Subject to Increase.* Airline traffic at certain European airports is regulated by a system of grandfathered slot allocations. Each slot represents authorization to take-off and land at the particular airport during a specified time period. Although the majority of Ryanair's bases currently have no slot allocations, traffic at a minority of the airports Ryanair serves, including its primary bases, is currently regulated through slot allocations. Applicable EU regulations appear to prohibit the buying or selling of slots for cash, although media reports indicate that the buying and selling of slots may be happening at certain airports in Europe. Regardless of any such sales, there can be no assurance that Ryanair will be able to obtain a sufficient number of slots at slot-controlled airports that it may wish to serve in the future, at the time it needs them, or on acceptable terms. There can also be no assurance that its non-slot bases, or the other non-slot airports Ryanair serves, will continue to operate without slot allocations in the future. See Item 4. Information on the Company Government Regulation Slots. Airports may impose other operating restrictions such as curfews, limits on aircraft noise levels, mandatory flight paths, runway restrictions, and limits on the number of average daily departures. Such restrictions may limit the ability of Ryanair to provide service to, or increase service at, such airports.

Ryanair's future growth also materially depends on its ability to access suitable airports located in its targeted geographic markets at costs that are consistent with Ryanair's low-fares strategy. Any condition that denies, limits, or delays Ryanair's access to airports it serves or seeks to serve in the future would constrain Ryanair's ability to grow. A change in the terms of Ryanair's access to these facilities or any increase in the relevant charges paid by Ryanair as a result of the expiration or termination of such arrangements and Ryanair's failure to renegotiate comparable terms or rates could have a material adverse effect on the Company's financial condition and results of operations. For example, in March 2007, the

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discount arrangement formerly in place at London (Stansted) airport terminated, subjecting Ryanair to an average increase in charges of approximately

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100%. This increase in charges had a negative impact on yields and passenger volumes. In addition, in September 2006, the Dublin Airport Authority ( DAA ) announced that it was planning to build a new terminal (Terminal 2) at Dublin Airport at a cost of approximately 800 million. Subsequently, the projected cost of the new terminal has risen to in excess of 1.0 billion. This capital expenditure will mean that charges at Dublin Airport will increase significantly, possibly doubling from their current level, leading to increased fares and an adverse impact on yields and passenger volumes at Dublin Airport. Ryanair has responded by moving to reduce capacity in both summer and winter periods. The increase in charges, in combination with the introduction of the 10 Air Travel Tax described below, could lead to substantially reduced passenger volumes and a significant decline in yields on flights to and from Dublin Airport. See Item 4. Information on the Company Airport Operations Airport Charges. See also The Company Is Subject to Legal Proceedings Alleging State Aid at Certain Airports.

*The Company's Acquisition of 29.8% of Aer Lingus and Subsequent Failure to Conclude a Complete Acquisition of Aer Lingus Could Expose the Company to Risk.* During the 2007 fiscal year, the Company acquired 25.2% of Aer Lingus. The Company increased its interest to 29.3% during the 2008 fiscal year, and to 29.8% during the 2009 fiscal year at a total aggregate cost of 407.2 million. Following the acquisition of its initial stake and upon the approval of the Company's shareholders, management proposed to effect a tender offer to acquire the entire share capital of Aer Lingus. This acquisition proposal was, however, blocked by the European Commission on competition grounds. Ryanair filed an appeal with the CFI, which was heard in July 2009, and currently expects the CFI to announce its decision approximately nine months thereafter.

The EU Commissioner for Competition, Neelie Kroes, said on June 27, 2007 that, "Since Ryanair is not in a position to exert de jure or de facto control over Aer Lingus, the European Commission is not in a position to require Ryanair to divest its minority shareholding, which is, by the way, not a controlling stake." In October 2007, the European Commission also reached a formal decision that it would not force Ryanair to sell its shares in Aer Lingus. However, Aer Lingus appealed this decision before the CFI and the CFI may overturn the decision. This case was heard in July 2009 and a decision is expected to be issued approximately nine months thereafter. In addition to the risk that the CFI may overturn the decision, the EU legislation may change in the future so as to require such a forced disposition. In January 2008, the CFI heard an application by Aer Lingus for interim measures limiting Ryanair's voting rights, pending a decision of the CFI on Aer Lingus' appeal of the European Commission's decision not to force Ryanair to sell the Aer Lingus shares. In March 2008, the court dismissed Aer Lingus' application for interim measures. If eventually forced to dispose of its stake in Aer Lingus, Ryanair could suffer significant losses due to the negative impact on attainable prices of the forced sale of such a significant portion of Aer Lingus' shares.

During the 2008 fiscal year, Ryanair recognized an impairment charge in the income statement of 91.6 million on its Aer Lingus shareholding reflecting the decline in the Aer Lingus share price from the dates of purchase to March 31, 2008. During the 2009 fiscal year, the Company recognized a further impairment charge of 222.5 million.

During the three-month period ended June 30, 2009, the Company has recognized a further impairment charge in the income statement of 13.5 million on its Aer Lingus shareholding, reflecting the decline in the Aer Lingus share price from 0.59 at March 31, 2009 to 0.50 at June 30, 2009.

Generally deteriorating conditions in the airline industry affect the Company not only directly, but also indirectly, because the value of its stake in Aer Lingus fluctuates with the share price. However, as the value of the Company's stake in Aer Lingus has already been written down to just 79.7 million, the potential for future write-downs of that asset is currently limited to that amount.

On December 1, 2008, Ryanair made a new offer to acquire all of the ordinary shares of Aer Lingus it did not own at a price of 1.40 per ordinary share. The offer of 1.40 per share represented a premium of approximately 25% over the closing price of 1.12 of Aer Lingus on November 28, 2008. Ryanair also advised the market that it would not proceed to seek EU approval for the new bid unless the shareholders agreed to sell their stakes in Aer Lingus to Ryanair. However, the Company was unable to secure the shareholders' support and, accordingly, on January 28, 2009, it withdrew its new offer for Aer Lingus.

*Labor Relations Could Expose the Company to Risk.* In the past, a variety of factors, including, but not limited to, the Company's historical profitability, have made it difficult for Ryanair to avoid increases to its base salary levels and employee productivity payments. Consequently, there can be no assurance that Ryanair's existing employee compensation arrangements may not be subject to change or modification at any time. However, given the deterioration in the economic prospects of the Company, the Company has negotiated with

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all employee groups and has secured a pay freeze for fiscal years 2009 and 2010. In addition, the Company will eliminate any positions which may be identified as redundant. These steps may lead to deteriorations in labor relations in the Company and could impact the Company's business or results of operations.

The Company completed the retirement of its former fleet of Boeing 737-200A aircraft in December 2005 and replaced them with Boeing 737-800 aircraft. As a result of the retirement of the Boeing 737-200A aircraft, Ryanair required its pilots who lacked the necessary training to undergo a conversion training process to enable them to fly the new Boeing 737-800 aircraft. Starting in the fall of 2004, Ryanair made a number of written offers to its Dublin-based pilots to enable them to participate in a re-training process in order to obtain the correct type-rating for flying the Boeing 737-800 aircraft. All of these pilots have now been trained on the Boeing 737-800 aircraft, either by paying in advance the 15,000 cost of the conversion training, or by executing a five-year bond, under which the training is provided free of charge unless the pilots do not maintain their employment with Ryanair for a period of at least five years, in which case they are obligated to reimburse Ryanair for the training costs. In the Irish High Court, 64 pilots initiated proceedings claiming that the terms of such bond infringed their freedom of association rights and their right to allow trade unions to negotiate on their behalf. Only 11 of such pilots remain in the Company's employment and still have claims. These proceedings were not progressed by these employees during the 2009 fiscal year.

Ryanair currently conducts collective bargaining negotiations with groups of employees, including its pilots, regarding pay, work practices, and conditions of employment, through Employee Representation Committees, internally elected collective bargaining units that may conduct negotiations. Ryanair considers its relationships with its employees to be good, although in 1998 the Company did experience work stoppages by a small group of Dublin baggage handlers. In addition, in the U.K., the BALPA unsuccessfully sought to represent Ryanair's U.K.-based pilots in their negotiations with the Company in 2001. On June 19, 2009, BALPA made a request for voluntary recognition under applicable U.K. legislation, which Ryanair rejected. BALPA now has the option of applying to the U.K.'s Central Arbitration Committee (CAC) to organize a vote on union recognition by Ryanair's pilots in relevant bargaining units, as determined by the CAC. If BALPA were successful in such a ballot initiative, this would allow it to represent the U.K. pilots at some or all U.K. bases in negotiations over salaries and working conditions. For additional details, see Item 6. Directors, Senior Management and Employees Employees and Labor Relations. See, also, Ryanair Has Decided to Freeze its Development in the U.K. Market and Curtail Certain U.K. Operations above.

Limitations on Ryanair's flexibility in dealing with its employees or the altering of the public's perception of Ryanair generally could have a material adverse effect on the Company's business, operating results, and financial condition.

*The Company is Dependent on External Service Providers.* Ryanair currently assigns its heavy airframe maintenance overhauls, engine overhauls and rotatable repairs to outside contractors approved under the terms of Part 145, the European regulatory standard for aircraft maintenance established by the European Aviation Safety Agency (Part 145). The Company also assigns its passenger and aircraft handling and ground handling services at airports other than Dublin and certain airports in Spain to established external service providers. See Item 4. Information on the Company Maintenance and Repairs Heavy Maintenance and Item 4. Information on the Company Airport Operations Airport Handling Services.

The termination or expiration of any of Ryanair's service contracts or any inability to renew them or negotiate replacement contracts with other service providers at comparable rates could have a material adverse effect on the Company's results of operations. Ryanair will need to enter into airport service agreements in any new markets it enters, and there can be no assurance that it will be able to obtain the necessary facilities and services at competitive rates. In addition, although Ryanair seeks to monitor the performance of external parties that provide passenger and aircraft handling services, the efficiency, timeliness, and quality of contract performance by external providers are largely beyond Ryanair's direct control. Ryanair expects to be dependent on such outsourcing arrangements for the foreseeable future.

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*The Company is Dependent on Key Personnel.* The Company's success depends to a significant extent upon the efforts and abilities of its senior management team, including Michael O'Leary, the Chief Executive Officer, and key financial, commercial, operating and maintenance personnel. Mr. O'Leary's current contract may be terminated by either party upon 12 months' notice. See Item 6. Directors, Senior Management and Employees' Compensation of Directors and Senior Management Employment Agreements. The Company's success also depends on the ability of its executive officers and other members of senior management to operate and manage effectively, both independently and as a group. Although the Company's employment agreements with

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Mr. O Leary and some of its other senior executives contain non-competition and non-disclosure provisions, there can be no assurance that these provisions will be enforceable in whole or in part. Competition for highly qualified personnel is intense, and either the loss of any executive officer, senior manager, or other key employee without adequate replacement or the inability to attract new qualified personnel could have a material adverse effect upon the Company's business, operating results, and financial condition.

*The Company Faces Risks Related to its Internet Reservations Operations and its Announced Elimination of Airport Check-in Facilities.* Approximately 99% of Ryanair's flight reservations are made through its website. Although the Company has established a contingency program whereby the website is hosted in three separate locations, each of these locations accesses the same booking engine, located at a single center, in order to make reservations.

A back-up booking engine is available to Ryanair to support its existing platform in the event of a breakdown in this facility. Nonetheless, the process of switching over to the back-up engine could take some time and there can be no assurance that Ryanair would not suffer a significant loss of reservations in the event of a major breakdown of its booking engine or other related systems, which, in turn, could have a material adverse effect on the Company's operating results or financial condition.

In addition, in March 2006, Ryanair also commenced its Internet check-in service for passengers traveling without bags. Internet check-in is part of a package of measures intended to improve service by reducing airfares as well as reducing check-in and boarding gate lines. See Item 4. Information on the Company Reservations/Ryanair.com. The Company has deployed this system across its network. Any disruptions to the Internet check-in service as a result of a breakdown in the relevant computer systems or otherwise could have a material adverse impact on these service-improvement efforts. Moreover, the Company has announced that, with effect from October 1, 2009, all passengers, including those traveling with bags and non-EU nationals, will be required to use Internet check-in. The anticipated result of this requirement is that Ryanair will reduce airport and handling costs, as a result of the need to have fewer check-in staff and rented check-in desks. There can be no assurance, however, that this process will be successful or that consumers will not switch to other carriers that provide standard check-in facilities, which would negatively affect the Company's results of operations and financial condition.

### *Risks Related to the Airline Industry*

*The Airline Industry Is Particularly Sensitive to Changes in Economic Conditions; A Continued Recessionary Environment Would Negatively Impact Ryanair's Result of Operations.* Ryanair's operations and the airline industry in general are sensitive to changes in economic conditions. Unfavorable economic conditions such as high unemployment rates, constrained credit markets and increased business operating costs lead to reduced spending by both leisure and business passengers. Unfavorable economic conditions, including the current recession, also tend to impact Ryanair's ability to raise fares to counteract increased fuel and other operating costs. Demand for European air travel weakened during the latter half of 2008 and the first half of 2009, which Ryanair believes can be primarily attributed to the crisis experienced in the worldwide credit markets, high oil prices, and the global recession. A continued recessionary environment will likely negatively impact Ryanair's operating results. It could also restrict the company's ability to grow passenger volumes, secure new airports and launch new routes and bases, and could have a material adverse impact on its financial results.

*The Introduction of Government Taxes on Travel Could Damage Ryanair's Ability to Grow and Could Have a Material Adverse Impact on Operations.* The U.K. government levies an Air Passenger Duty (APD) of £10 per departing passenger and plans to increase it to £11 per passenger in November 2009. The tax was previously set at £5 per passenger, but it was increased to £10 per passenger in 2007. The increase in this tax is thought to have had a negative impact on Ryanair's operating performance, both in terms of average fares paid and growth in passenger volumes. In 2008, the Dutch government introduced a travel tax ranging from 11 on short-haul flights to 45 on long-haul flights. On March 30, 2009, the Irish government also introduced a 10 Air Travel Tax on all passengers departing from Irish airports on routes longer than 300 kilometers. Both the Belgian and Greek governments planned to introduce similar taxes; however, they have now cancelled plans to introduce

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these taxes. The Dutch government withdrew its travel tax with effect from July 1, 2009. The introduction of government taxes on travel, Ryanair believes, has a negative impact on passenger volumes, particularly during a period of decreased economic activity, such as the current global recession, when passengers' disposable income is reduced. The introduction of further government taxes on travel across Europe could have a material negative impact on Ryanair's results of operations as a result of price-sensitive passengers being less likely to travel.



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*Any Significant Outbreak of any Airborne Disease, Including Swine Flu or Foot-and-Mouth Disease, Could Significantly Damage Ryanair's Business.* Worldwide, there has been substantial publicity in recent months regarding the A (H1N1) influenza virus also known as swine flu which emerged in North America in March 2009. The Company believes that this publicity may have a negative impact on demand for air travel in Europe. Past outbreaks of SARS, foot-and-mouth disease and avian flu have adversely impacted the travel industries, including aviation, in certain regions of the world, including Europe. The Company believes that if the swine flu pandemic becomes severe in Europe, its effect on demand for air travel in the markets in which Ryanair operates could be material, and it could therefore have a significantly adverse impact on the Company. A severe outbreak of swine flu, SARS, foot-and-mouth disease, avian flu or another pandemic or livestock-related disease also may result in European or national authorities imposing restrictions on travel, further damaging Ryanair's business. A serious pandemic could therefore severely disrupt Ryanair's business, resulting in the cancellation or loss of bookings, and adversely affecting Ryanair's financial condition and results of operations.

*EU Regulation on Passenger Compensation Could Significantly Increase Related Costs.* The EU has passed legislation for compensating airline passengers who have been denied boarding on a flight for which they hold a valid ticket (Regulation (EC) No. 261/2004). This legislation, which came into force on February 17, 2005, imposes fixed levels of compensation to be paid to passengers in the event of cancelled flights, except when the airline can prove that such a cancellation is caused by extraordinary circumstances, such as weather, air-traffic control delays, or safety issues. The regulation calls for compensation of 250, 400, or 600 per passenger, depending on the length of the flight. As Ryanair's average flight length is less than 1,500 km the upper limit for short-haul flights the amount payable is generally 250 per passenger per occurrence. Passengers subject to long delays (in excess of two hours for short-haul flights) are also entitled to assistance, including meals, drinks and telephone calls, as well as hotel accommodations if the delay extends overnight. For delays of over five hours, the airline is also required to offer the option of a refund of the cost of the unused ticket. This legislation has had no material financial impact on the Company to date. However, there can be no assurance that the Company will not incur an increase in costs in the future due to the impact of this legislation, if Ryanair experiences an increase in cancelled flights, which could occur as a result of factors beyond its control.

*EU Regulation of Emissions Trading Could Increase Costs.* On November 19, 2008, the European Council of Ministers adopted legislation to add aviation to the EU Emissions Trading Scheme with effect from 2012. This scheme, which has thus far applied mainly to energy producers, is a cap-and-trade system for CO<sub>2</sub> emissions to encourage industries to improve their CO<sub>2</sub> efficiency. Under the legislation, airlines will be granted initial CO<sub>2</sub> allowances based on historical performance and a CO<sub>2</sub> efficiency benchmark. Any shortage of allowances will have to be purchased in the open market and/or at government auctions. The cost and amount of such allowances that Ryanair will have to buy in 2012 have yet to be determined. There can be no assurance that Ryanair will be able to obtain sufficient carbon credits or that the cost of the credits will not have a material adverse effect on the Company's business, operating results, and financial condition.

*The Company is Dependent on the Continued Acceptance of Low-fares Airlines.* In past years, accidents or other safety-related incidents involving certain low-fares airlines have had a negative impact on the public's acceptance of such airlines. Any adverse event potentially relating to the safety or reliability of low-fares airlines (including accidents or negative reports from regulatory authorities) could adversely impact the public's perception of, and confidence in, low-fares airlines like Ryanair, and could have a material adverse effect on the Company's financial condition and results of operations.

*The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry.* The terrorist attacks on the United States on September 11, 2001, in which four commercial aircraft were hijacked, had a severe negative impact on the international airline industry, particularly on U.S. carriers and carriers operating international service to and from the United States. Although carriers such as Ryanair that operate primarily or exclusively in Europe were generally spared from such material adverse impacts on their businesses, the cost to all commercial airlines of insurance coverage for certain third-party liabilities arising from acts of war or terrorism has increased dramatically since the September 11 attacks. See Item 4. Information on the Company Insurance. In addition, Ryanair's insurers have indicated that the scope of the Company's current act of war-related insurance may exclude certain types of catastrophic incidents, such as certain forms of biological, chemical or dirty bomb attacks. This could result in the Company's seeking alternative coverage, including government insurance or self-insurance, which could lead to further increases in costs. Although Ryanair to date has passed on increased insurance costs to passengers by means of a special insurance levy on each ticket, there can be no assurance that it will continue to be successful in doing so.



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Because a substantial portion of airline travel (both business and personal) is discretionary and because Ryanair is substantially dependent on discretionary air travel, any prolonged general reduction in airline passenger traffic may adversely affect the Company. Similarly, any significant increase in expenses related to security, insurance or related costs could have a material adverse effect on the Company. Any further terrorist attacks in the U.S. or in Europe, particularly in London or other markets that are significant to Ryanair, any significant military actions by the United States or EU nations (such as the current occupation of, and insurgency in, Iraq), or any related economic downturn may have a material adverse effect on demand for air travel and thus on Ryanair's business, operating results, and financial condition. See also [Risks Related to the Company Further Terrorist Attacks in London and Other Destinations Could Have a Detrimental Effect on the Company](#).

*The Company Faces the Risk of Loss and Liability.* Ryanair is exposed to potential catastrophic losses that may be incurred in the event of an aircraft accident or terrorist incident. Any such accident or incident could involve costs related to the repair or replacement of a damaged aircraft and its consequent temporary or permanent loss from service. In addition, an accident or incident could result in significant legal claims against the Company from injured passengers and others who experienced injury as a result of the accident or incident, including ground victims. Ryanair currently maintains passenger liability insurance, employer liability insurance, aircraft insurance for aircraft loss or damage, and other business insurance in amounts per occurrence that are consistent with industry standards. Ryanair currently believes its insurance coverage is adequate (although not comprehensive). However, there can be no assurance that the amount of insurance coverage will not need to be increased, that insurance premiums will not increase significantly, or that Ryanair will not be forced to bear substantial losses from any accidents not covered by its insurance. Airline insurance costs increased dramatically following the September 2001 terrorist attacks on the United States. See [The 2001 Terrorist Attacks on the United States Had a Severe Negative Impact on the International Airline Industry](#) above. Substantial claims resulting from an accident in excess of related insurance coverage could have a material adverse effect on the Company's results of operations and financial condition. Moreover, any aircraft accident, even if fully insured, could lead to the public perception that Ryanair's aircraft were less safe or reliable than those operated by other airlines, which could have a material adverse effect on Ryanair's business.

EU Regulation No. 2027/97, as amended by Regulation No. 889/2002, governs air carrier liability. See [Item 4. Information on the Company Insurance](#) for details of this regulation. This regulation increased the potential liability exposure of air carriers such as Ryanair. Although Ryanair has extended its liability insurance to meet the requirements of the regulation, no assurance can be given that other laws, regulations, or policies will not be applied, modified or amended in a manner that has a material adverse effect on Ryanair's business, operating results, and financial condition.

*Airline Industry Margins are Subject to Significant Uncertainty.* The airline industry is characterized by high fixed costs and by revenues that generally exhibit substantially greater elasticity than costs. Although fuel accounted for 43.8% of total operating expenses (excluding de-icing costs) in the 2009 fiscal year, management anticipates that this perc