

RYANAIR HOLDINGS PLC
Form 20-F
July 30, 2018
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As filed with the United States Securities and Exchange Commission on July 30, 2018

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, 2018

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: 000-29304

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 DAC
Dublin Office
Airside Business Park, Swords
County Dublin, K67 NY94, 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
American Depositary Shares, each representing five Ordinary Shares	The NASDAQ Stock Market LLC
Ordinary Shares, par value 0.6 euro cent per share	The NASDAQ Stock Market LLC (not for trading but only in connection with the registration of the American Depositary Shares)

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

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Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

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.

1,171,142,985 Ordinary Shares

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

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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, a non-accelerated filer or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Emerging growth company

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)

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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 DAC, 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. The term “Ordinary Shares” refers to the outstanding par value 0.600 euro cent per share common stock of the Company. 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 “cent” are to the euro, the common currency of nineteen 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® 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 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 of March 31, 2018 (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 = \$1.232, or \$1.00 = €0.812, the official rate published by the U.S. Federal Reserve Board in its weekly “H.10” release (the “Federal Reserve Rate”) on March 31, 2018. The Federal Reserve Rate for euro on July 13, 2018 was €1.00 = \$1.167 or \$1.00 = €0.857. 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 Disclosures 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 predominantly 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, “Brexit” (as defined below), costs associated with environmental, safety and security measures, significant outbreaks of airborne disease, terrorist attacks, cyber-attacks, actions of the Irish, U.K., EU and other governments and their respective regulatory agencies, dependence on external service providers and key personnel, fluctuations in currency exchange rates and interest rates, fluctuations in corporate tax rates, changes to the structure of the European Community and the euro, airport handling and access charges, litigation, labor relations, the economic environment of the airline industry, the general economic environment in Europe, the general willingness of passengers to travel, continued acceptance of low fares airlines and flight interruptions caused by Air Traffic Controllers (“ATC”) strikes and staff shortages, extreme weather events or other atmospheric disruptions. 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 an ultra-low fare, scheduled airline serving short-haul, point-to-point routes from 86 bases to airports across Europe, which together are referred to as “Ryanair’s bases.” For a list of these bases, see “Item 4. Information on the Company—Route System, Scheduling and Fares.” Ryanair pioneered the low-fares air travel model in Europe in the early 1990s. As of June 30, 2018, the Company offered over 2,000 short-haul flights per day serving over 200 airports across Europe, with a fleet of over 440 Boeing 737 aircraft. A detailed description of the Company’s business can be found in “Item 4. Information on the Company.”

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SELECTED FINANCIAL DATA

The following tables set forth certain of the Company's selected consolidated financial information as of and for the periods indicated. Financial information presented in euro in the table below has been derived from the consolidated financial statements that are prepared in accordance with IFRS. The financial information for fiscal year 2018 has been translated from euro to US\$ using the Federal Reserve Rate on March 31, 2018. 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:

	Fiscal year ended March 31,					
	2018(a)	2018	2017	2016	2015	2014
	(in millions, except per-Ordinary Share data)					
Total operating revenues	\$ 8,810.0	€ 7,151.0	€ 6,647.8	€ 6,535.8	€ 5,654.0	€ 5,036.7
Total operating expenses	\$ (6,755.9)	€ (5,483.7)	€ (5,113.8)	€ (5,075.7)	€ (4,611.1)	€ (4,378.1)
Operating income	\$ 2,054.1	€ 1,667.3	€ 1,534.0	€ 1,460.1	€ 1,042.9	€ 658.6
Net interest/(expense)	\$ (71.6)	€ (58.1)	€ (63.0)	€ (53.2)	€ (56.3)	€ (66.7)
Other non-operating (expense)/income	\$ 2.6	€ 2.1	€ (0.7)	€ 315.0	€ (4.2)	€ (0.5)
Profit before taxation	\$ 1,985.1	€ 1,611.3	€ 1,470.3	€ 1,721.9	€ 982.4	€ 591.4
Tax expense on profit on ordinary activities	\$ (198.5)	€ (161.1)	€ (154.4)	€ (162.8)	€ (115.7)	€ (68.6)
Profit after taxation	\$ 1,786.6	€ 1,450.2	€ 1,315.9	€ 1,559.1	€ 866.7	€ 522.8
Ryanair Holdings basic earnings per Ordinary Share (U.S. dollars)/(euros)	\$ 1.4970	€ 1.2151	€ 1.0530	€ 1.1626	€ 0.6259	€ 0.3696
Ryanair Holdings diluted earnings per Ordinary Share (U.S. dollars)/(euros)	\$ 1.4839	€ 1.2045	€ 1.0464	€ 1.1563	€ 0.6246	€ 0.3686
Ryanair Holdings dividend paid per Ordinary Share (U.S. dollars)/(euros)	n/a	n/a	€ n/a	€ 0.2940	€ 0.3750	€ n/a

Balance Sheet Data:

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	As of March 31,					
	2018(a)	2018	2017	2016	2015	2014
	(in millions)					
Cash and cash equivalents	\$ 1,866.5	€ 1,515.0	€ 1,224.0	€ 1,259.2	€ 1,184.6	€ 1,730.1
Total assets	\$ 15,229.7	€ 12,361.8	€ 11,989.7	€ 11,218.3	€ 12,185.4	€ 8,812.1
Current and long-term debt, including capital lease obligations	\$ 4,882.4	€ 3,963.0	€ 4,384.5	€ 4,023.0	€ 4,431.6	€ 3,083.6
Shareholders' equity	\$ 5,505.7	€ 4,468.9	€ 4,423.0	€ 3,596.8	€ 4,035.1	€ 3,285.8
Issued share capital	\$ 8.6	€ 7.0	€ 7.3	€ 7.7	€ 8.7	€ 8.8
Weighted Average Number of Ordinary Shares in issue during the year	1,193.5	1,193.5	1,249.7	1,341.0	1,384.7	1,414.6

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Cash Flow Statement Data:

	Fiscal year ended March 31,					
	2018(a)	2018	2017	2016	2015	2014
	(in millions)					
Net cash inflow from operating activities	\$ 2,751.3	€ 2,233.2	€ 1,927.2	€ 1,846.3	€ 1,689.4	€ 1,044.6
Net cash (outflow)/inflow from investing activities	\$ (886.3)	€ (719.4)	€ (1,290.8)	€ (283.6)	€ (2,888.2)	€ 300.7
Net cash (outflow)/inflow from financing activities	\$ (1,506.5)	€ (1,222.8)	€ (671.6)	€ (1,488.1)	€ 653.3	€ (856.1)
Increase/(decrease) in cash and cash equivalents	\$ 358.5	€ 291.0	€ (35.2)	€ 74.6	€ (545.5)	€ 489.2

(a) Dollar amounts are initially measured in euro in accordance with IFRS and then translated to U.S.\$ solely for convenience at the Federal Reserve Rate on March 31, 2018 of €1.00 = \$1.232 or \$1.00 = €0.812.

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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)

Year ended December 31,	End of Period	Average (b)	Low	High
2013	1.378	1.328	1.277	1.382
2014	1.210	1.330	1.210	1.393
2015	1.086	1.103	1.052	1.202
2016	1.055	1.107	1.038	1.152
2017	1.202	1.130	1.042	1.204
Month ended				
January 31, 2018	1.243	1.220	1.192	1.249
February 28, 2018	1.221	1.234	1.221	1.248
March 31, 2018	1.232	1.233	1.222	1.244
April 30, 2018	1.207	1.227	1.207	1.238
May 31, 2018	1.167	1.182	1.155	1.200
June 30, 2018	1.168	1.168	1.158	1.182
Period ended July 13, 2018	1.167	1.169	1.160	1.174

U.K. pounds sterling per €1.00(c)

Year ended December 31,	End of Period	Average (b)	Low	High
2013	0.830	0.849	0.810	0.875
2014	0.776	0.806	0.776	0.840
2015	0.737	0.723	0.694	0.785
2016	0.852	0.823	0.732	0.912

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2017	0.888	0.876	0.835	0.926
Month ended				
January 31, 2018	0.875	0.883	0.871	0.891
February 28, 2018	0.886	0.884	0.877	0.889
March 31, 2018	0.879	0.883	0.872	0.893
April 30, 2018	0.877	0.872	0.863	0.880
May 31, 2018	0.879	0.877	0.870	0.884
June 30, 2018	0.884	0.879	0.872	0.884
Period ended July 19, 2018	0.894	0.886	0.881	0.894

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U.K. pounds sterling per U.S.\$1.00(d)

Year ended December 31,	End of Period	Average (b)	Low	High
2013	0.603	0.639	0.603	0.674
2014	0.642	0.607	0.583	0.644
2015	0.678	0.656	0.630	0.683
2016	0.811	0.741	0.676	0.823
2017	0.739	0.776	0.736	0.825
Month ended				
January 31, 2018	0.705	0.723	0.701	0.740
February 28, 2018	0.725	0.716	0.702	0.725
March 31, 2018	0.713	0.716	0.702	0.727
April 30, 2018	0.727	0.710	0.698	0.727
May 31, 2018	0.753	0.742	0.735	0.754
June 30, 2018	0.758	0.752	0.745	0.764
Period ended July 13, 2018	0.757	0.757	0.754	0.761

- (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/Reuters.
(d) Based on the Federal Reserve Rate for U.K. pound sterling.

As of July 13, 2018, the exchange rate between the U.S. dollar and the euro was €1.00 = \$1.167, or \$1.00 = €0.857 and the exchange rate between the U.K. pound sterling and the U.S. dollar was U.K. £1.00 = \$1.322, or \$1.00 = U.K. £0.757. As of July 19, 2018 the exchange rate between the U.K. pound sterling and the euro was U.K. £1.00 = €1.118, or €1.00 = U.K. £0.894. 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."

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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 from certain other data, and are not audited. For definitions of the terms used in this table, see the Glossary in Appendix A.

Operating Data:	Fiscal Year Ended March 31,									
	2018		2017		2016		2015		2014	
Operating Margin	23	%	22	%	22	%	18	%	13	%
Break-even Load Factor	73	%	73	%	72	%	72	%	72	%
Average Booked Passenger Fare (€)	39.40		40.58		46.67		47.05		46.40	
Ancillary Rev. per Booked Passenger (€)	15.48		14.83		14.74		15.39		15.27	
Cost Per Booked Passenger (€)	42.08		42.62		47.69		50.92		53.61	
Average Fuel Cost per U.S. Gallon (€)	1.65		1.83		2.21		2.34		2.45	

Other Data:	Fiscal Year Ended March 31,									
	2018		2017		2016		2015		2014	
Revenue Passengers Booked (millions)	130.3		120.0		106.4		90.6		81.7	
Booked Passenger Load Factor	95	%	94	%	93	%	88	%	83	%
Average Sector Length (miles)	775		770		762		776		788	
Sectors Flown	725,044		675,482		609,501		545,034		524,765	
Number of Airports Served at Period End	216		207		200		189		186	
Average Daily Flight Hour Utilization (hours)	9.13		9.33		9.36		9.03		8.81	
Team Members at Period End	14,583		13,026		11,458		9,394		8,992	
Team Members per Aircraft at Period End	34		34		34		31		30	

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Risk Factors

Risks Related to the Company

Changes in Fuel Costs and Availability Affect the Company's Results. Jet fuel is subject to wide price 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. Oil prices in fiscal year 2018 decreased when compared to fiscal year 2017. 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 fuel supplies, including, without limitation, any such events resulting from international terrorism, 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 is exposed to risks arising from fluctuations in the price of fuel, and movements in the euro/U.S. dollar exchange rate because of the limited nature of its hedging program, especially in light of recent volatility in the relevant currency and commodity markets. Any movements in fuel costs could have a material adverse effect on Ryanair's financial performance. In addition, any strengthening of the U.S. dollar against the euro could have an adverse effect on the cost of buying fuel in euro.

No assurances whatsoever can be given about trends in fuel prices. Average fuel prices for future years may be significantly higher than current prices. There also cannot be any assurance that Ryanair's current or any future arrangements will be adequate to protect Ryanair from increases in the price of fuel or that Ryanair will not incur losses due to high fuel prices, either alone or in combination with other factors. Because of Ryanair's low fares and its no-fuel-surcharges policy, as well as Ryanair's expansion plans, which could have a negative impact on yields, its ability to pass on increased fuel costs to passengers through increased fares or otherwise is somewhat limited. The expansion of Ryanair's fleet has resulted and will likely continue to result in an increase in Ryanair's aggregate fuel consumption.

Additionally, declines in the price of oil may expose Ryanair to some risk of hedging losses that could lead to negative effects on Ryanair's financial condition and/or results of operations.

Ryanair is Subject to Cyber Security Risks and May Incur Increasing Costs in an Effort to Minimize Those Risks. As almost all of Ryanair's reservations are made through its website and mobile App, security breaches could expose it to a risk of loss or misuse of customer information, litigation and potential liability. A third party service organization is used for the reservation process which is also subject to cyber security risks. Ryanair takes steps to secure its website

and is fully compliant with the Payment Card Industry Data Security Standard “PCI DSS”. Nevertheless, the security measures which have been or will be implemented may not be effective, and Ryanair’s systems may be vulnerable to theft, loss, damage and interruption from a number of potential sources and events, including unauthorized access or security breaches, cyber-attacks, computer viruses, power loss, or other disruptive events. Ryanair may not have the resources or technical sophistication to anticipate or prevent rapidly evolving types of cyber-attacks. Attacks may be targeted at Ryanair, its customers and suppliers, or others who have entrusted it with information.

In addition, data and security breaches can also occur as a result of non-technical issues, including breaches by Ryanair or by persons with whom it has commercial relationships that result in the unauthorized release of personal or confidential information. Any such cyber-attack or other security issue could result in a significant loss of reservations and customer confidence in the website and its business which, in turn, could have a material adverse effect on Ryanair’s operating results or financial condition and potentially entail its incurring significant litigation or other costs.

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Ryanair is subject to increasingly complex data protection laws and regulations. Ryanair's business involves the processing and storage on a large scale of personal data relating to its customers, employees, business partners and others and is therefore subject to new and increasingly complex data protection laws and regulations. Ryanair is subject to the GDPR (which became fully applicable on May 25, 2018) as well as relevant national implementing legislation (Irish Data Protection Act 2018), which introduce a number of new significant obligations and requirements upon subject companies. Ryanair has set up a Privacy Working Group, which assists the Company Data Protection Officer, to ensure data protection compliance and to implement any additional controls to facilitate compliance with the GDPR and other data protection laws in the future. Ensuring compliance with data protection laws is an ongoing commitment which involves substantial costs, and it is possible that despite Ryanair's efforts governmental authorities or third parties will assert that Ryanair's business practices fail to comply with these laws and regulations. If its operations are found to be in violation of any of such laws and regulations, Ryanair may be subject to significant civil, criminal and administrative damages, penalties and fines, as well as reputational harm, which could have a material adverse effect on its business, financial condition or results of operations.

Ryanair Has Seasonally Grounded Aircraft. In prior years, in response to typically lower Winter traffic and yields, higher airport charges and/or taxes and, at times, higher fuel prices, Ryanair adopted a policy of grounding a certain portion of its fleet during the Winter months (from November to March). Ryanair carries out its scheduled heavy maintenance during the Winter months which also results in the grounding of aircraft. In the Winter of fiscal year 2018, Ryanair grounded approximately 60 aircraft (consistent with the 40 aircraft in fiscal year 2017 plus an additional 25 groundings in response to the September 2017 pilot rostering management failure) and the Company intends to again ground a similar number of aircraft in fiscal year 2019 (excluding the 25 groundings referred to above). Ryanair's policy of seasonally grounding aircraft presents some risks. While Ryanair seeks to implement its seasonal grounding policy in a way that will allow it to reduce the negative impact on operating income by operating flights during periods of high oil prices to high cost airports at low Winter yields, there can be no assurance that this strategy will be successful.

While seasonal grounding does reduce Ryanair's variable operating costs, it does not avoid fixed costs such as aircraft ownership costs, and it also decreases Ryanair's potential to earn ancillary revenues. Decreasing the number and frequency of flights may also negatively affect Ryanair's labor relations, including its ability to attract flight personnel only interested in year round employment. Such risks could lead to negative effects on Ryanair's financial condition and/or results of operations.

Ryanair May Not Achieve All of the Expected Benefits of its Recent Strategic Initiatives. Ryanair is continuously implementing new strategic initiatives under its "Always Getting Better" ("AGB") customer experience program that could have a significant impact on its business. In recent fiscal years, Ryanair announced a series of customer-experience related initiatives under its AGB customer experience program, including a new easier-to-navigate website, a mobile app, reduced penalty fees, more customer-friendly baggage allowances, 24 hour grace periods to correct minor booking errors, the introduction of allocated seating for all passengers, security fast track in selected airports, family, business traveler and group booking facilities, new crew uniforms, new cabin interiors, an improved inflight menu, the introduction of additional routes, the introduction of connecting flights and express booking. For additional information on these initiatives, see "Item 4. Information on the Company —Strategy". Although customer reaction to the measures has so far been positive and management expects these initiatives to be accretive to the Company's results over time, no assurance can be given that the financial impact of the initiatives will

be positive, particularly in the short to medium term. In particular, certain of the strategic initiatives may have the effect of increasing certain of the Company's costs (including airport fees and marketing expenses) while reducing ancillary revenues previously earned from website sales and from various penalty fees and charges. There can be no assurance that revenues from allocated seating will offset the reduction in ancillary revenues. Factors beyond Ryanair's control, including but not limited to customer acceptance, competitive reactions, market and economic conditions and other challenges described in this report could limit Ryanair's ability to achieve some or all of the expected benefits of these initiatives. A relatively minor shortfall from expected revenue levels (or an increase in expected costs) could have a material adverse effect on the Company's growth or financial performance.

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Currency Fluctuations Affect the Company's Results. Although the Company is headquartered in Ireland, a significant portion of its operations are conducted in the U.K. Consequently, the Company has significant operating revenues and operating expenses, as well as assets and liabilities, denominated in U.K. pounds sterling. In addition, fuel, aircraft, insurance, and some maintenance obligations are denominated in U.S. dollars. The Company's operations and financial performance can therefore be significantly affected by fluctuations in the values of the U.K. pound sterling and the U.S. dollar. Ryanair is particularly vulnerable to direct exchange rate risks between the euro and the U.S. dollar because a significant portion of its operating costs are incurred in U.S. dollars and substantially none of its revenues are denominated in U.S. dollars.

Although the Company engages in foreign currency hedging transactions between the euro and the U.S. dollar and, from time to time, between the euro and the U.K. pound sterling, hedging activities cannot be expected to eliminate currency risks. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk."

The "Brexit" Referendum and the resulting uncertainty about the status of the U.K. could adversely affect Ryanair's business. Following the Brexit Referendum and the U.K. government's invocation of Article 50 of the Lisbon Treaty, necessary in order to begin the process by which the U.K. will leave the EU, negotiations have commenced to determine the future terms of the U.K.'s relationship with the EU. This includes the renegotiation, either for a transitional period or more permanently, or both, of a number of arrangements between the EU and the U.K. that directly impact Ryanair's business. These arrangements include, inter alia, freedom of movement between the U.K. and the EU, employment rules governing the relationship between the U.K. and the EU, the status of the U.K. in relation to the EU's open air transport market and the tax status of EU member state entities operating in the U.K. Adverse changes to any of these arrangements, and even uncertainty over potential changes during any period of negotiation, could potentially materially impact on Ryanair's financial condition and results of operations in the U.K. or other markets Ryanair serves.

Depending on the outcome of negotiations between the U.K. and the EU, there remains a distinct possibility that there may be no flights, for an unknown period of time, between the U.K. and the EU from the end of March 2019 if agreement has not been reached in relation to European "Open Skies" or replacement bilateral agreements. This may lead to a situation whereby the Company could temporarily relocate its U.K. based aircraft (approximately 22% of its current fleet) to alternative European bases. Ryanair may also be unable to operate its domestic U.K. flights (less than 1% of current capacity) under its existing Air Operator Certificate ("AOC") and has therefore applied for a U.K. AOC which it intends to receive before the end of 2018. Alternatively, the Company may decide to cancel such routes.

Ryanair is exposed to Brexit-related risks and uncertainties, as approximately 24% of revenue in fiscal year 2018 came from operations in the U.K., although this was offset somewhat by approximately 17% of Ryanair's non-fuel costs in fiscal year 2018 which were related to operations in the U.K.

Brexit could also present Ryanair with a number of potential regulatory challenges. Brexit could lead to potentially divergent national laws and regulations as the U.K. determines which EU laws to replace or replicate. It could also require special efforts to ensure Ryanair's continuing compliance with EU Regulation No. 1008/2008, which requires that air carriers registered in EU member states be majority-owned and effectively controlled by EU nationals. If U.K. holders of the Company's shares are no longer designated as EU nationals, the Board of Directors may have to take action to ensure continuing compliance with EU Regulation No. 1008/2008. For additional information, please see "Item 3 – Risks Related to Ownership of the Company's Ordinary Shares or ADRs".

Brexit has caused, and may continue to cause, both significant volatility in global stock markets and currency exchange rate fluctuations, as well as create significant uncertainty among U.K. businesses and investors. In particular, the pound sterling has lost approximately 6% and 15% of its value against the U.S. Dollar and the euro respectively since the Referendum. Further, the Bank of England and other observers have warned of a significant probability of a Brexit-related recession in the U.K. The Company earns a significant portion of its revenues in pounds sterling, and any significant decline in the value of the pound and/or recession in the U.K. would materially impact its financial condition and results of operations. For the remainder of fiscal year 2019, taking account of timing differences between the receipt of sterling denominated revenues and the payment of sterling denominated costs, Ryanair estimates that every 1 pence sterling movement in the €/£ exchange rate will impact income by approximately €6 million. For additional information, please see “Item 3 – Currency Fluctuations Affect the Company’s Results”.

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The Company May Not Be Successful in Increasing Fares to Cover Rising Business Costs. 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. Ryanair has limited control over its fuel costs and already has comparatively low operating costs. In periods of high fuel costs, if Ryanair is unable to further reduce its other operating costs or generate additional revenues, operating profits are likely to fall. Furthermore, as part of its change in marketing and airport strategy, the Company will expect increased marketing and advertising costs along with higher airport charges due to the increasing number of primary airports to which it operates. Ryanair cannot offer any assurances regarding its future profitability. Changes in fuel costs and availability could have a material adverse impact on Ryanair's results. See “—The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment” below and “—Changes in Fuel Costs and Availability Affect the Company's Results” above.

The Company is Subject to Legal Proceedings Alleging State Aid at Certain Airports. Formal investigations are ongoing by the European Commission into Ryanair's agreements with the Paris (Beauvais), La Rochelle, Carcassonne, Girona, Reus, Târgu Mures and Montpellier airports. The investigations seek to determine whether the agreements constitute illegal state aid under EU law. The investigations are expected to be completed in late 2018, with the European Commission's decisions being appealable to the EU General Court. Between 2010 and 2018, investigations into Ryanair's agreements with the Bratislava, Tampere, Marseille, Berlin (Schönefeld), Aarhus, Dusseldorf (Weeze), Brussels (Charleroi), Frankfurt (Hahn), Alghero, Stockholm (Västerås) and Lübeck airports concluded with findings that these agreements contained no state aid. Between 2014 and 2016, the European Commission announced findings of state aid to Ryanair in its arrangements with Pau, Nimes, Angouleme, Altenburg, Zweibrücken, Cagliari and Klagenfurt airports, ordering Ryanair to repay a total of approximately €22.5 million of alleged state aid. Ryanair is appealing these seven “aid” decisions to the EU General Court. These appeal proceedings are expected to take between two and four years. In addition to the European Commission investigations, Ryanair is facing an allegation that it has benefited from unlawful state aid in a German court case in relation to its arrangements with Frankfurt (Hahn). Adverse rulings in the above state aid matters 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 these legal proceedings, nor as to whether any unfavorable outcomes may, individually or in the aggregate, have an adverse effect on the results of operations or financial condition of Ryanair.

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 low-fare, traditional and charter airlines competing throughout its route network. Airlines compete primarily in respect of 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 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, allows U.S. carriers to offer services in the intra-EU market, which could eventually result in increased competition in the EU market. 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. Both low-fare and traditional airlines sometimes offer low fares in direct competition with Ryanair across a significant proportion of its route network as a result of the liberalization of the EU air transport market and greater public acceptance of the low-fares model. Any decrease in fuel prices may enable weaker, unhedged, airlines to pass through fuel savings via lower fares. There is no guarantee that lower fuel prices will not lead to greater price competition and encourage new entrants to the market in the short to medium term.

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Although Ryanair intends to compete vigorously and to assert its rights against any predatory pricing or other similar conduct, price competition among airlines could reduce the level of fares and/or passenger traffic on Ryanair'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 competition from ground transportation (including high-speed rail systems) and sea transportation alternatives, as businesses and recreational travelers seek substitutes for air travel.

The Company Will Incur Significant Costs Acquiring New Aircraft and Any 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 had over 440 aircraft in its fleet as at June 30, 2018 and has ordered an additional 225 new aircraft (a mix of 15 new Boeing 737-800 next generation aircraft and 210 737-MAX-200 aircraft (including 135 firm and 75 option aircraft) for delivery post June 30, 2018 to fiscal year 2024 pursuant to contracts with the Boeing Company (the "2013 Boeing Contract" and "2014 Boeing Contract"). Ryanair expects to have approximately 585 operating aircraft in its fleet by March 31, 2024, depending on the level of lease returns/disposals. 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.

As a result of the 2013 Boeing Contract, the 2014 Boeing Contract and other general corporate purposes, Ryanair DAC has raised and expects to continue to raise substantial debt financing, including Ryanair's issuance of €750 million in 1.125% unsecured Eurobonds with a 6.5-year tenor in February 2017 that is guaranteed by Ryanair Holdings. Ryanair's ability to raise unsecured or secured debt to pay for aircraft as they are delivered is subject to various conditions imposed by the counterparties and debt markets to such loan facilities and related loan guarantees, and any future financing is expected to be subject to similar conditions. Any failure by Ryanair to comply with such conditions would have a material adverse effect on its operations and financial condition. Additionally, Ryanair's ability to raise unsecured or secured debt to pay for aircraft is subject to potential volatility in the worldwide financial markets.

Using the debt capital markets to finance the Company requires the Company to retain its investment grade credit ratings (the Company has a BBB+ (stable) credit rating from S&P and a BBB+ (stable) credit rating from Fitch Ratings). There is a risk that the Company will be unable, or unwilling, to access these markets if it is downgraded or is unable to retain its investment grade credit ratings and this could lead to a higher cost of finance for Ryanair.

Ryanair has also entered into significant derivative transactions intended to hedge its 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 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. Ryanair intends to continue to expand its fleet and add new destinations and additional flights, with the goal of increasing Ryanair’s booked passenger volumes to approximately 200 million passengers per annum by March 31, 2024, an increase of approximately 53% from the approximately 130 million passengers booked in fiscal year 2018. However, no assurance can be given that this target will 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 purchases of the new aircraft and related debt repayments) could be materially adversely affected.

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The continued expansion of Ryanair's fleet and operations combined with other factors, may also strain existing management resources and related operational, financial, management information and information technology systems. Expansion will generally require additional skilled personnel, equipment, facilities and systems. An inability to hire skilled personnel or to secure required equipment and facilities efficiently and in a cost-effective manner may adversely affect Ryanair's ability to achieve its growth plans and sustain or increase its profitability.

Ryanair's New Routes and Expanded Operations May Have an Adverse Financial Impact on its Results. When Ryanair commences new routes, its load factors and fares 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 Ryanair'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. Ryanair has significant cash needs as it expands, including the cash required to fund aircraft purchases or aircraft deposits related to the acquisition of additional Boeing 737-800 and Boeing 737-MAX-200 series aircraft. There can be no assurance that Ryanair 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 Any Instability in the Credit and Capital Markets Could Negatively Impact Ryanair's Ability to Obtain Financing on Acceptable Terms" above.

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 at a specified time. As part of Ryanair's recent strategic initiatives, which include more flights to primary airports, Ryanair is operating to an increasing number of slot coordinated airports, a number of which have constraints at particular times of the day. There can be no assurance that Ryanair will be able to obtain a sufficient number of slots at slot-coordinated 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 constrained bases, or the other non-slot constrained airports Ryanair serves, will continue to operate without slot allocation restrictions 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 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 additional information, 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".

Labour Relations Could Expose the Company to Risk. Ryanair announced in December 2017 its decision to recognise trade unions for collective bargaining purposes. Since then Ryanair has concluded recognition agreements in the UK

and Italy for pilots. The majority of cabin crew are also covered by recognition agreements. Ryanair is currently in negotiations with other unions representing both pilots and cabin crew throughout Europe to recognise those unions for collective bargaining whilst transitioning from the current Employee Representative Committees (“ERC”) model.

Over 95% of Ryanair pilots have already accepted an updated pay deal but there is still the potential for claims from unions to increase pay over and above what has already been agreed. There may be a push for legacy type working conditions which if acceded to could decrease the productivity of pilots, increase costs and have an adverse effect on profitability. Ryanair intends to retain its low fare high people productivity model; however, there may be periods of labour unrest as unions challenge the existing high productivity model which may have an adverse effect on customer sentiment and profitability.

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Ryanair crew with the exception of those based in the UK operate on Irish contracts of employment. That model has been challenged in the past by individuals and may continue to be challenged by trade unions who often favour local employment contracts. If local contracts were imposed it could impact on costs, productivity and complexity of the business. Any subsequent decision to switch capacity to lower cost locations could result in redundancies and a consequent deterioration in labour relations. Following the European Court of Justice (the “ECJ”) decision in the “Mons” case in September 2017, the case has been referred to the Belgian Labour Court in Mons, and with a hearing date set for November 2018 and a decision expected in early 2019. An unfavourable decision could mean the introduction of local Belgian contracts however, this decision may be appealed to the Supreme Court. Ryanair could face legal challenge from trade unions arising from unrealistic demands and expectations that do not align with the Company’s high productivity business model.

The Company is Dependent on External Service Providers. Ryanair currently assigns its engine overhauls and “rotable” 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, aircraft and ground handling services at airports other than Dublin and certain airports in Spain (including the Canary Islands) and Portugal 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.

The Company is Dependent on Key Personnel. Ryanair’s success depends to a significant extent upon the efforts and abilities of its senior management team, including Michael O’Leary, the CEO, and key financial, commercial, operating, IT and maintenance personnel. In October 2014, Mr. O’Leary signed a five-year contract with the Company. This contract can be terminated by either party giving twelve months’ notice. See “Item 6. Directors, Senior Management and Employees—Compensation of Directors and Executive Officers—Employment and Bonus Agreement with Mr. O’Leary.” Ryanair’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 Ryanair’s employment agreements with Mr. O’Leary and several 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 Ryanair’s business, operating results, and financial condition.

The Company Faces Risks Related to its Internet Reservations Operations and its Elimination of Airport Check-in Facilities. Ryanair's flight reservations are made through its website, mobile app and Global Distribution Systems (GDSs). Ryanair has established contingency programs which include hosting its website in multiple locations and having a back-up booking engine available to support its existing booking 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 Ryanair's operating results or financial condition.

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All Ryanair passengers are required to use Internet check-in. Internet check-in is part of a package of measures intended to reduce check-in lines and passenger handling costs and pass on these savings by reducing passenger airfares. Ryanair 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 and cost-reduction efforts. There can be no assurance, however, that this process will continue to be successful or that consumers will not switch to other carriers that provide standard check-in facilities, which would negatively affect Ryanair's results of operations and financial condition.

The Company Faces Risks Related to Unauthorized Use of Information from the Company's Website. Screenscraper websites gain unauthorized access to Ryanair's website and booking system, extract flight and pricing information and display it on their own websites for sale to customers at prices which may include hidden intermediary fees on top of Ryanair's fares. Ryanair does not allow any such commercial use of its website and objects to the practice of screenscraping also on the basis of certain legal principles, such as database rights, copyright protection, etc. Ryanair is currently involved in a number of legal proceedings against the proprietors of screenscraper websites in Ireland, Germany, The Netherlands, France, Spain, Italy and Switzerland. Ryanair's objective is to prevent any unauthorized use of its website. Ryanair does allow certain companies who operate fare comparison (i.e. not reselling) websites to access its schedule and fare information for the purposes of price comparison provided they sign a licence and use the agreed method to access the data. Ryanair also permits Travelport (trading as Galileo and Worldspan) and Sabre, GDS operators, to provide access to Ryanair's fares to traditional and corporate travel agencies. Ryanair has obtained both favorable and unfavorable rulings in its actions in EU member states against screenscrapers. However, pending the outcome of these legal proceedings and if Ryanair were to be ultimately unsuccessful in them, the activities of screenscraper websites could lead to a reduction in the number of customers who book directly on Ryanair's website and consequently to a reduction in Ryanair's ancillary revenue stream. Also, some customers may be lost to Ryanair once they are presented by a screenscraper website with a Ryanair fare inflated by the screenscraper's intermediary fee. This could also adversely affect Ryanair's reputation as a low-fares airline, which could negatively affect Ryanair's results of operations and financial conditions.

For additional details, see "Item 8. Financial Information—Other Financial Information—Legal Proceedings—Legal Proceedings Against Internet Ticket Touts."

The Irish Corporation Tax Rate Could Rise. The majority of Ryanair's profits are subject to Irish corporation tax at a statutory rate of 12.5%. There remains a risk that the Irish government could increase Irish corporation tax rates above 12.5% in order to repay current or future loans or to increase tax revenues.

At 12.5%, the rate of Irish corporation tax is lower than that applied by most of the other European Union member states, and has periodically been subject to critical comment by the governments of other EU member states. Although the Irish government has repeatedly publicly stated that it will not increase corporation tax rates, there can be no assurance that such an increase in corporation tax rates will not occur.

In the event that the Irish government increases corporation tax rates or changes the basis of calculation of corporation tax from the present basis, any such changes would result in the Company paying higher corporation taxes and would

have an adverse impact on Ryanair's cash flows, financial position and results of operations.

Change in EU Regulations in Relation to Employers and Employee Social Insurance Could Increase Costs. European legislation governs the country in which employees and employers must pay social insurance costs. Under the terms of legislation introduced in 2012, employees and employers must pay social insurance in the country where the employee is based. Prior to June 2012, Ryanair paid employee and employer social insurance in the country under whose laws the employee's contract of employment was governed, which was either the U.K. or Ireland. The legislation introduced in 2012 included grandfathering rights whereby existing employees (i.e. those employed prior to the introduction of the new legislation in June 2012) were exempt from the effects of the new legislation for a period of 10 years up until 2022 provided they did not transfer between bases. Each country within the EU has different rules and rates in relation to the calculation of employee and employer social insurance contributions and any increase in the rates of contributions will have an adverse impact on Ryanair's cash flows, financial position and results of operations.

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Ryanair is Subject to Tax Audits. The Company operates in many jurisdictions and is, from time to time, subject to tax audits, which by their nature are often complex and can require several years to conclude. While the Company is of the view that it is tax compliant in the various jurisdictions in which it operates, there can be no guarantee, particularly in the current economic environment, that it will not receive tax assessments following the conclusion of the tax audits. In the event that the Company is unsuccessful in defending its position, it is possible that the effective tax rate, employment and other costs of the Company could materially increase. See “—The Irish Corporation Tax Rate Could Rise” above.

Risks Associated with the euro. The Company is headquartered in Ireland and its reporting currency is the euro. As a result of the uncertainty arising from the Eurozone debt crisis, there was widespread speculation regarding the future of the Eurozone. In addition, following the 2016 Brexit Referendum, the U.K. invoked the declaration required by Article 50 of the Lisbon Treaty to begin the process by which the U.K will leave the EU. As a result, the pound sterling has been volatile against the euro and could become more volatile as we approach the Brexit date. Ryanair predominantly operates to/from countries within the Eurozone and has significant operational and financial exposures to the Eurozone that could result in a reduction in the operating performance of Ryanair or the devaluation of certain assets. Ryanair has taken certain risk management measures to minimize any disruptions; however these risk management measures may be insufficient.

The Company has cash and aircraft assets and debt liabilities that are denominated in euro on its balance sheet. In addition, the positive/negative mark-to-market value of derivative-based transactions are recorded in euro as either assets or liabilities on the Company’s balance sheet. Uncertainty regarding the future of the Eurozone could have a materially adverse effect on the value of these assets and liabilities. In addition to the assets and liabilities on Ryanair’s balance sheet, the Company has a number of cross currency risks as a result of the jurisdictions of the operating business including non-euro revenues, fuel costs, certain maintenance costs and insurance costs. A strengthening in the value of the euro primarily against U.K. pound sterling and other non-Eurozone currencies such as Polish zloty or a weakening against the U.S. dollar could negatively impact the operating results of the Company.

Recession, austerity and uncertainty in connection with the euro could also mean that Ryanair is unable to grow. The recent European recession, austerity measures still in effect in several European countries and social and political instability associated with the influx of refugees related to the wars in Syria and Afghanistan could mean that Ryanair may be unable to expand its operations due to lack of demand for air travel.

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 government austerity measures, the uncertainty relating to the Eurozone and in the U.K. following Brexit, high unemployment rates, constrained credit markets and increased business operating costs could lead to reduced spending by both leisure

and business passengers. Unfavorable economic conditions, such as the conditions persisting as of the date hereof, also tend to impact Ryanair's ability to raise fares to counteract increased fuel and other operating costs. A continued recessionary environment, combined with austerity measures by European governments and increased Brexit-related uncertainty in the U.K., 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.

Brexit and the resulting uncertainty could adversely affect Ryanair's business. On March 29, 2017 the U.K. invoked the declaration required by Article 50 of the Lisbon Treaty to begin the process by which the U.K. will leave the EU. Please see "Risks Related to the Company — The "Brexit" Referendum and the resulting uncertainty about the status of the U.K. could adversely affect Ryanair's business." Above for further information.

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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 £13 per passenger. The tax was previously set at £5 per passenger. The increase in this tax has had a negative impact on Ryanair's operating performance, both in terms of average fares paid and growth in passenger volumes. On December 3, 2014, the U.K. government announced that it was reducing APD for children under the age of 12 years from May 1, 2015. It was also announced that this reduction of APD would be extended to persons under the age of 16 years from March 1, 2016. In 2008, the Dutch government introduced a travel tax ranging from €11 on short-haul flights to €45 on long-haul flights (withdrawn with effect from July 1, 2009). In Germany, the government introduced an air passenger tax of €8 in January 2011 which was subsequently reduced to €7.50 in January 2012. In Austria, the government also introduced an ecological air travel levy of €8 in January 2011. The Moroccan government has also introduced a similar tax (equivalent to approximately €9) from April 2014. From June 2016, the Norwegian government introduced a passenger travel tax of NOK80 (equivalent to approximately €8.50) which resulted in Ryanair closing its Oslo Rygge base in late October 2016. The Swedish government has introduced a passenger tax of SEK60 (equivalent to approximately €6) on April 1, 2018.

Other governments have also introduced or may introduce similar taxes. See "Item 4. Information on the Company—Airport Operations—Airport Charges." The introduction of government taxes on travel has had a negative impact on passenger volumes, particularly given the current period of decreased economic activity. The introduction of further government taxes on travel across Europe could have a material negative impact on Ryanair's results.

Political uncertainty and an increase in trade protectionism could have a material adverse effect on Ryanair's business, results of operation and financial condition. The current U.S. administration has voiced strong concerns about imports from countries that it perceives as engaging in unfair trade practices, and has imposed tariffs on certain goods imported into the United States and has raised the possibility of imposing significant, additional tariff increases. The announcement of unilateral tariffs on imported products by the U.S. has triggered retaliatory actions from certain foreign governments and may trigger retaliatory actions by other foreign governments, potentially resulting in a "trade war". Certain foreign governments have instituted or are considering imposing trade sanctions on certain U.S. goods. Others are considering the imposition of sanctions that will deny U.S. companies access to critical raw materials. These measures could increase the price of goods and services globally and may affect Ryanair, which has exposure, either directly or indirectly, to certain raw materials, including steel used for aircraft it purchases and jet fuel. A "trade war" of this nature or other governmental action related to tariffs or international trade agreements has the potential to adversely impact demand for Ryanair's services, its costs, customers, suppliers and/or the Irish, E.U., U.S. or world economy or certain sectors thereof and, thus, to adversely impact Ryanair's business.

The Company is Substantially Dependent on Discretionary Air Travel. As 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 could have a material adverse effect on the Company's profitability or financial condition. Similarly, any significant increase in expenses related to security, insurance or related costs could have a material adverse effect on the Company. As a consequence, future terrorist attacks in Europe, the U.S. or elsewhere, any significant military actions by the United States or EU nations, 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.

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EU Regulation on Passenger Compensation Could Significantly Increase Related Costs. EU Regulation (EC) No. 261/2004 requires airlines to compensate passengers (holding a valid ticket) who have been denied boarding or whose flight has been cancelled or delayed more than 3 hours on arrival. The regulation calls for compensation of €250, €400, or €600 per passenger, depending on the length of the flight and the cause for the cancellation or delay, i.e. whether it is caused by “extraordinary circumstances”. 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. Passengers subject to flight delays over two hours are also entitled to “assistance,” including meals, drinks and telephone calls, as well as hotel accommodation 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. On September 15, 2017, the Company announced the cancellation of 40 to 50 flights daily until the end of October as the Company’s system-wide punctuality fell below 80 percent in the first two weeks of September 2017. The drop in punctuality was due to a combination of ATC capacity delays and strikes, weather disruptions and the impact of increased holiday allocations to pilots and cabin crew. Customers were offered alternative flights or full refunds in connection with this cancellation. There can be no assurance that the Company will not incur a significant increase in costs in the future due to the impact of this regulation if Ryanair experiences a large number of delays or cancelled flights, which could occur as a result of certain types of events beyond its control. Further, recently courts in several jurisdictions have been broadening the definition of the term “extraordinary circumstances” thus allowing increased consumer claims for compensation. In September 2015, the European Court of Justice, in *Van der Lans v KLM*, held that airlines are required to provide compensation to passengers even in the event of a flight cancellation on account of unforeseen technical defects. See “—Risks Related to the Airline Industry— Extreme Weather Events Could Affect the Company and Have a Material Adverse Effect on the Company’s Results of Operations” below.

Under the terms of Regulation (EC) No. 261/2004, described above, in addition to the payment of compensation, Ryanair has certain duties to passengers whose flights are cancelled. In particular, Ryanair is required to reimburse passengers who have had their flights cancelled for certain reasonable, documented expenses – primarily for accommodation and food. Passengers must also be given a re-routing option if their flight is delayed over three hours or if it is cancelled. Such re-routing options are not limited to Ryanair flights and other carriers must be considered if no suitable Ryanair flight can be sourced. If a passenger elects for a refund, Ryanair’s reimbursement and re-routing obligations cease.

EU Regulation of Emissions Trading Will Increase Costs. The EU Emissions Trading Scheme (“ETS”), is a cap-and-trade system for CO₂ emissions to encourage industries to improve their CO₂ efficiency. Under the legislation, airlines are granted initial CO₂ allowances based on historical performance and a CO₂ efficiency benchmark. Any shortage of allowances has to be purchased in the open market and/or at government auctions. The cost of such allowances increased significantly during fiscal year 2018 and has continued to rise in the fiscal year 2019. 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.

Extreme Weather Events Could Affect the Company and Have a Material Adverse Effect on the Company’s Results of Operations. In 2010 and 2011 a significant portion of the airspace over northern Europe was closed by authorities as a result of safety concerns presented by emissions of ash from an Icelandic volcano, which resulted in the cancellation of a significant number of flights.

Extreme weather events may happen again and could lead to further significant flight cancellation costs which could have a material adverse impact on the Company's financial condition and results of operations. Furthermore, the occurrence of such events and the resulting cancellations due to the closure of airports could also have a material adverse effect on the Company's financial performance indirectly, as a consequence of changes in the public's willingness to travel within Europe due to the risk of flight disruptions.

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Any Significant Outbreak of any Airborne Disease Could Significantly Damage Ryanair's Business. Worldwide, there has, from time to time, been substantial publicity in recent years regarding certain potent influenza viruses and other disease epidemics. Publicity of this type may have a negative impact on demand for air travel in Europe. Past outbreaks of MERS, SARS, foot-and-mouth disease, avian flu, swine flu and the Zika virus have adversely impacted the travel industries, including aviation, in certain regions of the world, including Europe. The Company believes that if any influenza or other 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, MERS, SARS, foot-and-mouth disease, avian flu or another pandemic or livestock-related disease may also 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.

The Company is Dependent on the Continued Acceptance of Low-fares Airlines. Ryanair has an excellent 33 year safety record. In past years, however, accidents or other safety-related incidents involving certain other 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 Ryanair's financial condition and results of operations.

The Company Faces the Risk of Loss and Liability. Ryanair has an excellent 33 year safety record; however, it 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 or property damage 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 Company is Substantially Dependent on Discretionary Air Travel" 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.

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Airline Industry Margins are Subject to Significant Uncertainty. The airline industry is capital intensive and is characterized by high fixed costs and by revenues that generally exhibit substantially greater elasticity than costs. Although fuel accounted for approximately 35% of total operating expenses in fiscal year 2018, management anticipates that this percentage may vary significantly in future years. See “—Changes in Fuel Costs and Availability Affect the Company’s Results” above. The operating costs of each flight do not vary significantly with the number of passengers flown, and therefore, a relatively small change in the number of passengers, fare pricing, or traffic mix could have a disproportionate effect on operating and financial results. Accordingly, a relatively minor shortfall from expected revenue levels could have a material adverse effect on the Company’s growth or financial performance. See “Item 5. Operating and Financial Review and Prospects.” The very low marginal costs incurred for providing services to passengers occupying otherwise unsold seats are also a factor in the industry’s high susceptibility to price discounting. See “Risks Related to the Company—The Company Faces Significant Price and Other Pressures in a Highly Competitive Environment” above.

Safety-Related Undertakings Could Affect the Company’s Results. Aviation authorities in Europe and the United States periodically require or suggest that airlines implement certain safety-related procedures on their aircraft. In recent years, the U.S. Federal Aviation Administration (the “FAA”) and or European Aviation Safety Agency (the “EASA”) has required a number of such procedures with regard to Boeing 737-800 aircraft, including major modifications to implement changes to the take-off configuration warning lights, cabin pressurization system, pitot system heating, CFM fan blade nondestructive testing (NDT) on certain production CFM-56 engines, fuel tank boost pump electrical arcing protection, and the European Commission’s Datalink mandate. Ryanair’s policy is to implement any such required procedures in accordance with FAA and EASA guidance and to perform such procedures in close collaboration with Boeing. To date, all such procedures have been conducted as part of Ryanair’s standard maintenance program and have not interrupted flight schedules nor required any material increases in Ryanair’s maintenance expenses. However, there can be no assurance that the FAA and EASA or other regulatory authorities will not recommend or require other safety-related undertakings or that such undertakings would not adversely impact Ryanair’s operating results or financial condition.

There also can be no assurance that new regulations will not be implemented in the future that would apply to Ryanair’s aircraft and result in an increase in Ryanair’s cost of maintenance or other costs beyond management’s current estimates. In addition, should Ryanair’s aircraft cease to be sufficiently reliable or should any public perception develop that Ryanair’s aircraft are less than completely reliable, Ryanair’s business could be materially adversely affected.

Risks Related to Ownership of the Company’s Ordinary Shares or ADRs

EU Rules Impose Restrictions on the Ownership of Ryanair Holdings’ Ordinary Shares by Non-EU Nationals, and the Company has Instituted a Ban on the Purchase of Ordinary Shares by Non-EU Nationals. EU Regulation No. 1008/2008 requires that, in order to obtain and retain an operating license, an EU air carrier must be majority-owned and effectively controlled by EU nationals. The regulation does not specify what level of share ownership will confer effective control on a holder or holders of Ordinary Shares. The Board of Directors of Ryanair Holdings is given certain powers under Ryanair Holdings’ articles of association (the “Articles”) to take action to ensure that the number of

Ordinary Shares held in Ryanair Holdings by non-EU nationals (“Affected Shares”) does not reach a level that could jeopardize the Company’s entitlement to continue to hold or enjoy the benefit of any license, permit, consent, or privilege which it holds or enjoys and which enables it to carry on business as an air carrier. The Directors, from time to time, set a “Permitted Maximum” on the number of the Company’s Ordinary Shares that may be owned by non-EU nationals at such level as they believe will comply with EU law. The Permitted Maximum is currently set at 49.9%. In addition, under certain circumstances, the Directors can take action to safeguard the Company’s ability to operate by identifying those Ordinary Shares, American Depositary Shares (“ADSs”) or Affected Shares which give rise to the need to take action and treat such Ordinary Shares, the American Depositary Receipts (“ADRs”) evidencing such ADSs, or Affected Shares as “Restricted Shares.”

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The Board of Directors may, under certain circumstances, deprive holders of Restricted Shares of their rights to attend, vote at, and speak at general meetings, and/or require such holders to dispose of their Restricted Shares to an EU national within as little as 21 days. The Directors are also given the power to transfer such Restricted Shares themselves if a holder fails to comply. In 2002, the Company implemented measures to restrict the ability of non-EU nationals to purchase Ordinary Shares, and non-EU nationals are currently effectively barred from purchasing Ordinary Shares, and will remain so for as long as these restrictions remain in place. There can be no assurance that these restrictions will ever be lifted. Additionally, these foreign ownership restrictions could result in Ryanair's exclusion from certain stock tracking indices. Any such exclusion may adversely affect the market price of the Ordinary Shares and ADRs. Since April 2012, the Company has had the necessary authorities in place to repurchase ADRs as part of its general authority to repurchase up to 10% of the issued share capital in the Company. See "Item 10. Additional Information—Limitations on Share Ownership by Non-EU Nationals" for a detailed discussion of restrictions on share ownership and the current ban on share purchases by non-EU nationals.

While there is a general belief that a 21 month transition agreement from March 2019 to December 2020 will be implemented and further extended, the likelihood of a hard Brexit may have an adverse impact on the business operations of Ryanair. In these circumstances, it is likely that the Company's UK shareholders will be treated as non-EU and this could potentially affect Ryanair's licencing and flight rights. Accordingly, in line with the Company's Articles of Association, Ryanair may restrict the voting rights of all non-EU shareholders in the event of a hard Brexit, to ensure that the Company is majority owned and controlled by EU shareholders at all times to comply with licence requirement. This would result in non-EU shareholders not being able to vote on shareholder resolutions. In the meantime, the Company has applied for a UK Air Operator Certificate ("UK AOC") which it intends to receive before the end of 2018.

As of June 30, 2018, ADRs accounted for approximately 43.7% of Ryanair Holdings' issued ordinary shares (assuming conversion of all outstanding ADRs into Ordinary Shares).

Holders of Ordinary Shares are Currently Unable to Convert those Shares into American Depositary Receipts. In an effort to increase the percentage of its share capital held by EU nationals, on June 26, 2001, Ryanair Holdings instructed The Bank of New York Mellon, the depositary for its ADR program (the "Depositary"), to suspend the issuance of new ADRs in exchange for the deposit of Ordinary Shares until further notice. Holders of Ordinary Shares cannot convert their Ordinary Shares into ADRs during this suspension, and there can be no assurance that the suspension will ever be lifted. See also "—EU Rules Impose Restrictions on the Ownership of Ryanair Holdings' Ordinary Shares by Non-EU nationals and the Company has Instituted a Ban on the Purchase of Ordinary Shares by Non-EU Nationals" above.

The Company's Results of Operations May Fluctuate Significantly. The Company's results of operations have varied significantly from quarter to quarter, and management expects these variations to continue. See "Item 5. Operating and Financial Review and Prospects—Seasonal Fluctuations." Among the factors causing these variations are the airline industry's sensitivity to general economic conditions, the seasonal nature of air travel, and trends in airlines' costs, especially fuel costs. Because a substantial portion of airline travel (both business and personal) is discretionary, the industry tends to experience adverse financial results during general economic downturns. The Company is

substantially dependent on discretionary air travel.

The trading price of Ryanair Holdings' Ordinary Shares and ADRs may be subject to wide fluctuations in response to quarterly variations in the Company's operating results and the operating results of other airlines. In addition, the global stock markets from time to time experience extreme price and volume fluctuations that affect the market prices of many airline company stocks. These broad market fluctuations may adversely affect the market price of the Ordinary Shares and ADRs.

Ryanair Holdings May or May Not Pay Dividends. Since its incorporation as the holding company for Ryanair in 1996, Ryanair Holdings, has only occasionally declared special dividends on both its Ordinary Shares and ADRs. Ryanair Holdings' ability to pay dividends in the future will be dependent on the financial performance of the Company and there is no guarantee that any further dividends will be paid. See "Item 8. Financial Information—Other Financial Information—Dividend Policy." As a holding company, Ryanair Holdings does not have any material assets other than the shares of Ryanair or other entities within the Ryanair Holdings group structure.

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Increased Costs for Possible Future ADR and Share Repurchases. Up until April 2012, shareholders had only authorized the Directors to repurchase Ordinary Shares. As the ADRs have historically traded on the NASDAQ Stock Market (“NASDAQ”) at a premium compared to Ordinary Shares, the inclusion of ADRs in buyback programs may result in increased costs in performing share buy-backs. Over the past five years the Company has repurchased shares as follows:

Fiscal Year	Ordinary Shares M'	Ordinary Shares Underlying ADRs M'	Total Shares M'	Total Spent €'M	Average Price per Share €
2014	63.5	6.0	69.5	482	6.93
2015	10.9	—	10.9	112	10.28
2016	33.8	19.9	53.7	706	13.15
2017	50.7	21.6	72.3	1,018	14.08
2018	44.7	2.0	46.7	829	17.75

Item 4. Information on the Company

INTRODUCTION

Ryanair Holdings was incorporated in 1996 as a holding company for Ryanair Limited, now known as Ryanair Designated Activity Company (“DAC”). The latter operates an ultra-low fare, scheduled-passenger airline serving short-haul, point-to-point routes mainly within Europe. See “Item 5. Operating and Financial Review and Prospects History” for detail on the history of the company. As of June 30, 2018, Ryanair had a principal fleet of over 440 Boeing 737 aircraft and offered over 2,000 scheduled short-haul flights per day serving over 200 airports (including 86 bases) largely throughout Europe. See Item 4. “Route System, Scheduling and Fares Route System and Scheduling” for more details of Ryanair’s route network. See “Item 5. Operating and Financial Review and Prospects Seasonal Fluctuations” for information about the seasonality of Ryanair’s business.

Ryanair recorded a profit on ordinary activities after taxation of €1,450.2 million in fiscal year 2018, as compared with a profit of €1,315.9 million in fiscal year 2017. This 10% increase was primarily attributable to an 8% increase in revenues (due to a 9% increase in traffic) and an 8% fuel saving per passenger. Ryanair generated an average booked passenger load factor of approximately 95% in fiscal year 2018, compared to 94% in fiscal year 2017, and average booked passenger fare of €39.40 per passenger in fiscal year 2018, down from €40.58 in the prior fiscal year. The Company has focused on maintaining low operating costs (€42.08 per passenger in fiscal year 2018, a decrease from €42.62 in fiscal year 2017).

The market's acceptance of Ryanair's low-fares service is reflected in the "Ryanair Effect" – Ryanair's history of stimulating significant annual passenger traffic growth on the routes where it commences service. For example, the number of scheduled airline passengers traveling on Ryanair routes increased from 0.7 million passengers in 1991 to 130.3 million passengers in fiscal year 2018. Most international routes Ryanair has begun serving have recorded significant traffic growth in the period following Ryanair's commencement of service, with Ryanair typically capturing the largest portion of such growth on each route. A variety of factors contributed to this increase in air passenger traffic, including the development of the Irish, U.K., and European economies in past years. However, management believes that the most significant factors driving such growth across all its European routes have been Ryanair's low-fares policy and its superiority to its competitors in terms of flight punctuality, levels of lost baggage, and rates of flight cancellations.

The address of Ryanair Holdings' registered office is: c/o Ryanair DAC, Dublin Office, Airside Business Park, Swords, County Dublin, K67 NY94, Ireland. The Company's contact person regarding this Annual Report on Form 20-F is: Neil Sorahan, Chief Financial Officer (same address as above). The telephone number is +353-1-945-1212 and facsimile number is +353-1-945-1213. Under its current Articles, Ryanair Holdings has an unlimited corporate duration.

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STRATEGY

Ryanair's objective is to establish itself as Europe's biggest scheduled passenger airline, through continued improvements and expanded offerings of its low-fares service. In the highly challenging current operating environment, Ryanair seeks to offer low fares that generate increased passenger traffic while maintaining a continuous focus on cost- containment and operating efficiencies. The key elements of Ryanair's long-term strategy are:

Low Fares. Ryanair's low fares are designed to stimulate demand, particularly from fare-conscious leisure and business travelers who might otherwise use alternative forms of transportation or choose not to travel at all. Ryanair sells seats on a one-way basis, thus eliminating minimum stay requirements from all travel on Ryanair scheduled services. Ryanair sets fares on the basis of the demand for particular flights and by reference to the period remaining to the date of departure of the flight, with higher fares typically charged on flights with higher levels of demand and for bookings made nearer to the date of departure. Ryanair also periodically runs special promotional fare campaigns. See Item 4. "Route System, Scheduling and Fares—Widely Available Low Fares" below.

Customer Service. Ryanair's strategy is to deliver the best customer service performance in its peer group. According to airlines' own published statistics, Ryanair has achieved better punctuality and fewer lost bags than its peer group in Europe. Ryanair achieves this by focusing strongly on the execution of these services and by primarily operating from un-congested airports. Ryanair conducts a daily conference call with airport personnel at each of its base airports, during which the reasons for each "first wave" flight delay and baggage short-shipment are discussed in detail and logged to ensure that the root cause is identified and rectified. Subsequent (consequential) delays and short shipments are investigated by Ryanair ground operations personnel. Customer satisfaction is also measured by regular online, mystery-passenger and by passenger surveys.

Ryanair is continuously implementing new strategic initiatives that are expected to improve its customer service offering. In recent years, Ryanair introduced a series of customer-service related initiatives under the AGB customer experience program, including an easy-to-navigate website, a mobile app, reduced penalty fees, allocated seating, security fast track at selected airports and more customer-friendly baggage allowances and change flight policies. Ryanair has also introduced several important products that improve its offering to customers. Family PLUS offers families travelling with Ryanair a set of bundled ancillary discounts. PLUS gives customers a discounted bundle of ancillaries including a 20kg bag, priority boarding and a reserved seat. Flexi PLUS offers business travelers a flexible ticket, airport fast track and optional airport check-in. Ryanair Groups is a dedicated booking service designed for groups travelling together. Furthermore, these customer-service related initiatives include scheduling more flights to primary airports, selling flights via travel agents on GDS, marketing spending to support these initiatives, and adjusting the airline's yield management strategy with the goal of increasing load factors and yield.

Frequent Point-to-Point Flights on Short-Haul Routes. Ryanair provides frequent point-to-point service on short- haul routes. In fiscal year 2018, Ryanair flew an average route length of 775 miles and an average flight duration of approximately 1.9 hours. Short-haul routes allow Ryanair to offer its low fares and frequent service, while eliminating

the need to provide unnecessary “frills,” like free in-flight meals and movies, otherwise expected by customers on longer flights. Point-to-point flying (as opposed to hub-and-spoke service) allows Ryanair to offer direct, non-stop routes and avoid the costs of providing “through service,” for connecting passengers, including baggage transfer and transit passenger assistance.

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Low Operating Costs. Management believes that Ryanair's operating costs are among the lowest of any European scheduled-passenger airline. Ryanair strives to reduce or control four of the primary expenses involved in running a major scheduled airline: (i) aircraft equipment and finance costs; (ii) personnel costs; (iii) customer service costs; and (iv) airport access and handling costs:

(i) Aircraft Equipment and Finance Costs. Ryanair's strategy for controlling aircraft costs is focused on operating a single aircraft type. Ryanair currently operates "next generation" Boeing 737-800s and will commence operating the updated Boeing MAX-200 aircraft in Spring 2019. The purchase of aircraft from a single manufacturer enables Ryanair to limit the costs associated with personnel training, maintenance, and the purchase and storage of spare parts while also affording the Company greater flexibility in the scheduling of crews and equipment. Management also believes that the terms of Ryanair's contracts with Boeing are very favorable to Ryanair. See Item 4. "Aircraft" below for additional information on Ryanair's fleet. The Company has a BBB+ rating from both S&P and Fitch Ratings (see Item 3. "The Company Will Incur Significant Costs Acquiring New Aircraft and Any Instability in the Credit and Capital Markets Could Negatively Impact Ryanair's Ability to Obtain Financing on Acceptable Terms" above) and can raise inexpensive unsecured debt in the Capital Markets. The Company also finances aircraft from its strong cashflows.

(ii) Personnel Costs. Ryanair endeavors to control its labor costs through high productivity. Compensation for personnel emphasizes productivity-based pay incentives. These incentives include sales bonus payments for onboard sales of products for cabin crew and payments based on the number of hours or sectors flown by pilots and cabin crew within strict limits set by industry standards or regulations fixing maximum working hours.

(iii) Customer Service Costs. Ryanair has entered into agreements with external contractors at certain airports for ticketing, passenger and aircraft handling, and other services that management believes can be more cost- efficiently provided by third parties. Ryanair negotiates competitive rates for such services by negotiating fixed-price, multi-year contracts. The development of its own Internet booking facility has allowed Ryanair to eliminate travel agent commissions. As part of its strategic initiatives, and the AGB customer experience program, the Company has broadened its distribution base by making Ryanair's fares available to Travelport (trading as Galileo and Worldspan) and Sabre at nominal cost to the Company. Direct sales via the Ryanair website and mobile app continues to be the prime generator of scheduled passenger revenues.

(iv) Airport Access and Handling Costs. Ryanair prioritizes airports that offer competitive prices. Ryanair's record of delivering a consistently high volume of passenger traffic growth at many airports has allowed it to negotiate favorable growth contracts with such airports, although the recent change in strategy by the Company has seen it access more primary airports, which typically have higher airport charges and greater competition along with slot limitations. Secondary and regional airports also generally do not have slot requirements or other operating restrictions that can increase operating expenses and limit the number of allowed take-offs and landings. Ryanair endeavors to reduce its airport charges by opting, when practicable, for less expensive gate locations as well as outdoor boarding stairs, rather than jetways, which are more expensive and operationally less efficient to use. Ryanair requires all passengers to check-in on the Internet, which reduces waiting times at airports and speeds a passenger's journey from arrival at the airport to boarding, as well as significantly reduce airport handling costs. Ryanair has also introduced a checked-bag fee, which is payable on the Internet at the time of booking or post booking and is aimed at

reducing the number of bags carried by passengers in order to further reduce handling costs. See “Item 3. Risk Factors—Risks Related to the Company—The Company Faces Risks Related to its Internet Reservations Operations and its Elimination of Airport Check-in Facilities.”

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Taking Advantage of the Internet. Ryanair’s reservation system operates under a hosting agreement with Navitaire which currently extends to November 2025. As part of the implementation of the reservation system, Navitaire developed an Internet booking facility. The Ryanair system allows Internet users to access its host reservation system and to make and pay for confirmed reservations in real time through the Ryanair.com website. The Company also has a mobile app which makes it simpler and easier for customers to book Ryanair flights. The website and app also offer customers the ability to add additional ancillary products on day of travel (e.g. bags, priority boarding and fast track). Ryanair has continued to invest in its website with the key features being personalization, a new “My Ryanair” account, easier booking flow, more content, faster, intuitive and fully responsive for mobile devices. The new “My Ryanair” registration service, which allows customers to securely store their personal and payment details, has also significantly quickened the booking process and made it easier for customers to book a flight. Membership of “My Ryanair” is automatic for all bookings. Ryanair, as part of the AGB customer experience program, will endeavor to continue to improve its website and mobile app through a series of ongoing upgrades.

Commitment to Safety and Quality Maintenance. Safety is the primary priority of Ryanair. This commitment begins with the hiring and training of Ryanair’s pilots, flight attendants, and maintenance personnel and includes a policy of maintaining its aircraft in accordance with the highest European industry standards. Ryanair has not had a single passenger or flight crew fatality as a result of an accident with one of its aircraft in its 33-year operating history. Although Ryanair seeks to maintain its fleet in a cost-effective manner, management does not seek to extend Ryanair’s low-cost operating strategy to the areas of safety, maintenance, training or quality assurance. Routine aircraft maintenance and repair services are performed primarily by Ryanair, at Ryanair’s main bases, but are also performed at other base airports by maintenance contractors approved under the terms of a European Aviation Safety Agency (“EASA”) Part 145 approval. Ryanair currently performs the majority of heavy airframe maintenance in-house, but contracts with other parties who perform engine overhaul services and rotatable repairs. Ryanair also outsources some heavy maintenance activity. These contractors also provide similar services to a number of other airlines, including Southwest Airlines, British Airways, Air France, Alitalia, Turkish Airlines, Norwegian Airlines, Aer Lingus and SAS.

Enhancement of Operating Results through Ancillary Services. Ryanair distributes accommodation services and travel insurance primarily through its website. For accommodation services (hotels, B&Bs, apartments, hostels etc.), Ryanair currently has a contract with five providers (Hotels.com, Hotelopia.com, HRS.com, Evivo and Hostelsclub) to market hotels and other accommodation offerings during and after the booking process. Ryanair also offers airport transfers and car park services through its website and on board its aircraft. Ryanair offers car hire services via a contract with CarTrawler. Ancillary revenues accounted for approximately 28% of Ryanair’s total operating revenues in fiscal year 2018 and approximately 27% of Ryanair’s total operating revenues in fiscal year 2017. See “—Ancillary Services” below and “Item 5. Operating and Financial Review and Prospects—Results of Operations—Fiscal Year 2018 Compared with Fiscal Year 2017—Ancillary Revenues” for additional information.

Focused Criteria for Growth. Ryanair believes it will have opportunities for continued growth by: (i) using aggressive fare promotions to stimulate demand; (ii) initiating additional routes in the EU; (iii) initiating additional routes in countries party to a European Common Aviation Agreement with the EU that are currently served by higher-cost, higher-fare carriers; (iv) increasing the frequency of service on its existing routes; (v) starting new domestic routes within individual EU countries; (vi) considering acquisition opportunities that may become available in the future; (vii) connecting airports within its existing route network; (viii) establishing new bases; and (ix) initiating new routes not currently served by any carrier.

Responding to Market Challenges. In recent periods, Ryanair's low-fares business model faced substantial pressure due to significantly increased fuel costs and reduced economic growth (or economic contraction) in some of the economies in which it operates. The Company has aimed to meet these challenges by: (i) grounding approximately 60 aircraft in fiscal year 2018 during the Winter season; (ii) disposing of aircraft (lease hand backs totaled 2 in fiscal year 2018); (iii) controlling costs; and (iv) renegotiating contracts with existing suppliers, airports and handling companies. There can be no assurance that the Company will be successful in achieving all of the foregoing or taking other similar measures, or that doing so will allow the Company to earn profits in any period. See "Item 3. Key Information—Risk Factors—Risks Related to the Company—Changes in Fuel Costs and Availability Affect the Company's Results" and "— The Company May Not Be Successful in Increasing Fares and Revenues to Cover Rising Business Costs."

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In prior years, in response to an operating environment characterized by high fuel prices, typically lower seasonal yields and higher airport charges and/or taxes, Ryanair adopted a policy of grounding a certain portion of its fleet during the Winter months (from November to March inclusive). Ryanair also carries out its scheduled aircraft maintenance at this quieter time of the year. While seasonal grounding does reduce the Company's operating costs, it also decreases Ryanair's Winter season flight and non-flight revenues. Decreasing the number and frequency of flights may also negatively affect the Company's labor relations, including its ability to attract flight personnel interested in full-time employment. See "Item 3. Key Information—Risk Factors—Ryanair has Seasonally Grounded Aircraft."

ROUTE SYSTEM, SCHEDULING AND FARES

Route System and Scheduling

As of July 19 2018, the Company offered over 2,000 scheduled short-haul flights per day serving over 200 airports largely throughout Europe. The following table lists Ryanair's operating bases:

Operating
Bases