RYANAIR HOLDINGS PLC
Form 6-K
February 04, 2019

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer

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

For the month of February 2019

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

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

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

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

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

Yes No ..X..

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

RYANAIR REPORTS Q3 LOSS OF €20M (EXCL LAUDA)

LOWER FARES LEADS TO STRONGER GROWTH AS COMPETITORS FAIL

Ryanair today (4 Feb.) reported a Q3 net loss of €20m (excl. Lauda). Strong traffic growth (+8%) to 33m was offset by a 6% decline in ave. fares due to excess winter capacity in Europe. Stronger ancillary revenue growth (+26%) was offset by higher fuel, staff and EU261 costs.

Q3 Results (IFRS)*	Dec. 31, 2017	Dec. 31, 2018	% Change
Guests	30.4m	32.7m	+8%
Load Factor	96%	96%	0%
Revenue	€1.41bn	€1.53bn	+9%
PAT/ (Net Loss)	€105.6m	(€19.6m)	

* excl. €46.5m exceptional Q3 FY19 Lauda loss

Ryanair's Michael O'Leary said:
"While a €20m loss in Q3 was disappointing, we take comfort that this was entirely due to weaker than expected air fares so our customers are enjoying record low prices, which is good for current and future traffic growth. While ancillary revenues performed strongly, up 26% in Q3, this was offset by higher fuel, staff and EU261 costs.

Q3 highlights include:

- Traffic grew 8% to 33m (LF unchanged at 96%)
- Ave. fares fell 6% to under €30
- Ancillary revenue rose 26% to €557m
- More union progress - 20 Jan. Spanish Cabin Crew agreement
- Lauda holding increased to 100%
- UK AOC granted in Dec.

Revenue
Q3 revenue increased 9% to €1.53bn, up 1% per guest, due to a strong performance in ancillary revenue and increased traffic stimulated by a 6% decline in average fares to under €30 due to excess short-haul capacity in Europe. Ryanair Labs continues to drive ancillary revenue. In Q3 priority boarding and reserved seating grew strongly. A transformational improvement of our digital platform is underway (website, app & 3rdparty ancillary plug-ins) and will be completed before year-end. This will further improve personalisation, and triple capacity, as we grow to 200m guests p.a. and welcome over 1bn platform visits each year.

Cost Leadership
Ryanair has the lowest unit costs of any EU airline and this gap is widening. We will take delivery of our first 5x B737 MAX "gamechanger" aircraft from April. These aircraft have 4% more seats, are 16% more fuel efficient, have 40% lower noise emissions and are hedged at an average €/$ rate of $1.24 out to FY24. They will drive unit cost efficiencies over the next 5 years. As consolidation continues and weaker European airlines fail (or sell), airports are increasingly keen to attract Ryanair's dependable, efficient (high load factor) traffic growth. FY19 is a year of investment in our people, our systems and our business as we prepare to grow to 200m guests p.a. by 2024. In Q3 ex-fuel unit costs increased by 6%. This includes higher staff costs, including the 20% pilot pay increases, investment in engineering headcount, pilot/cabin crew training, and elevated EU261 costs due to the high number of ATC staff shortages/disruptions in FY19. We have extended our fuel hedges and are 90% hedged for FY20 at c.$71bbl and 13% hedged for Q1 FY21 at c.$63bbl.

Balance Sheet
The Group's balance sheet (BBB+ rated) remains one of the strongest in the industry with €2.2bn gross cash and 93% of our fleet owned - 60% of which is unencumbered. In the first 9 months of FY19 Ryanair generated almost €560m

net cash from operations, spent €1.2bn on capex (primarily aircraft, simulators, engines, hangars and spare parts), returned €560m to shareholders via share buybacks, and repaid over €230m debt. As a result, net debt increased to €1.5bn at quarter end.

Lauda

In December, Ryanair acquired the remaining 25% of Laudamotion. This Austrian airline will carry just over 4m customers in its first (start up) year, but was heavily loss making, mainly due to the very late release of S.18 schedules, low promotional fares, expensive aircraft leases and unhedged fuel. Due to recent improvements in schedules, fares and costs, the exceptional year 1 start-up loss has been reduced from an expected €150m to approx. €140m. Lauda is now gearing up for its second year with an increased fleet of 25 aircraft (from 19 in prior year), traffic growth to 6m guests, lower cost fuel hedges, and we expect losses to narrow substantially to between €50m and breakeven depending on S.19 peak season yields. By year 3 Lauda is on track to grow to over 7.5m customers and profitability.

Competition & Consolidation

Higher oil prices and lower fares have over the past 4 months seen a wave of EU airline failures including Primera (UK & Spain), Small Planet and Azur (Ger), Sky Works (Swi), VLM (Bel), Cobalt (Cyprus) and Cello (UK). In addition, other bigger airlines like Wow (Ice), Flybe (UK), and Germania (Ger) are urgently seeking buyers or, like Norwegian, refinancing just to survive.

Other airlines have also cut or closed bases in response to lower fares and higher fuel costs. Ryanair closed unprofitable bases in Bremen & Eindhoven and we cut aircraft numbers in Niederrhein and Hahn. Norwegian have closed multiple bases, many where they compete with Ryanair, including Rome, Las Palmas, Palma, Tenerife, Edinburgh & Belfast, and will cut their Dublin base from 6 to 1 aircraft in October. Wizz (Poznan), Lufthansa (Dusseldorf) and EasyJet (Oporto) have also announced base cuts and/or closures in recent months. We expect more closures and airline failures in 2019 due to over capacity in the European market, which is causing continued fare weakness.

Brexit

The risk of a "no deal" Brexit remains worryingly high. While we hope that common sense will prevail, and lead to either a delay in Brexit, or agreement on the 21 month transition deal currently on the table, we have taken all necessary steps to protect Ryanair's business in a no-deal environment. We have now obtained a UK AOC to protect our 3 domestic UK routes, and we will place restrictions on the voting rights and share sales of non-EU shareholders for a period of time (in the event of a hard Brexit) to ensure that Ryanair remains at all times an EU owned and EU controlled airline, even if the UK exits the EU without a deal.

Guidance (excl. Lauda)

As announced on 18 Jan., Ryanair's FY19 profit guidance will be in a range of €1.0bn to €1.1bn due to:

- Lower winter fares, which are expected to fall 7% (H2) (compared to -2% originally forecast);
- Stronger traffic growth, up 9% to 142m;
- Stronger ancillary sales as more customers choose lower cost optional services; and
- Slightly better than expected H2 unit cost performance, mainly lower unhedged oil prices.

This guidance excludes (exceptional) start-up losses in Lauda, which have been cut from €150m to €140m primarily on the back of better than expected unit cost performance during the winter period.

While we have reasonable visibility of our Q4 bookings, we cannot rule out further cuts to air fares and/or slightly lower full year guidance especially if there are unexpected Brexit and/or security developments which adversely impact fares for close-in bookings between now and the end of March.

We do not share the recent optimistic outlook of some competitors that Summer 2019 airfares will rise. In the absence of further EU airline failures, and because of the recent fall in oil prices (which allows loss making unhedged competitors to survive longer), we expect excess short haul capacity to continue through 2019, which will we believe lead to a weaker - not stronger - fare environment. Ryanair will continue to be load factor active / price passive in this market, which we expect will lead to lower fares for our customers, robust traffic growth and more casualties among already loss making competitors before the year end."

Group Structure

Over the next 12 months Ryanair Holdings Plc will move to a group structure not dissimilar to that of IAG. A small senior management team will oversee the development of 4 airline subsidiaries; Ryanair DAC, Laudamotion, Ryanair Sun and Ryanair UK, each with their own CEOs and management teams. Holdings will focus upon efficient capital allocation, cost reductions, aircraft acquisitions and small scale M&A opportunities.

To lead this group structure Michael O'Leary will become Group CEO, a role in which he will concentrate on the development of the group. A replacement CEO of Ryanair DAC, who will work alongside the CEOs of Laudamotion and Ryanair Sun, will be appointed later this year. The Group CEO will be assisted in Holdings by small group legal and group finance teams. As we expand the Lauda Airbus fleet and take delivery of over 200 B737 Max aircraft, we believe this group structure will deliver cost and operating efficiencies, while enabling the group to look at other small scale M&A opportunities like the successful development of Lauda.

Board Succession

Having agreed this group strategy as the best way to grow Ryanair, Sun, Lauda and other possible airline brands, Michael O'Leary has agreed a new 5 year contract as Group CEO, which secures his services for the group until at least July 2024. His agreement to commit for a 5 year period is welcome, and will give certainty to our shareholders and allow him to guide the individual CEO's of Ryanair, Laudamotion and Ryanair Sun.

The Board had previously committed to setting out its succession plan before the Sept. 2019 AGM. In that regard, David Bonderman (Chairman) and Kyran McLaughlin (SID) have agreed to lead the Board for 1 more year until summer 2020, but neither of them wishes to go forward or be considered for re-election at the September 2020 AGM. In order to ensure a smooth succession, Stan McCarthy who joined the Board in May 2017, has agreed to take up the position of Deputy Chairman from April 2019, and will transition to Chairman of the Board in summer 2020. Stan will bring his enormous international experience (as a former CEO of Kerry Group Plc) and leadership skills to the development of Ryanair Holdings over the coming years, although a legend like David Bonderman will be a very hard act to follow.

ENDS.

For further information	Neil Sorahan	Piaras Kelly
please contact:	Ryanair Holdings plc	Edelman
www.ryanair.com	Tel: 353-1-9451212	Tel: 353-1-6789333

Ryanair is Europe's favourite airline, carrying 142m guests p.a. on more than 2,400 daily flights from 84 bases, connecting over 200 destinations in 37 states on a fleet of over 460 aircraft, with a further 210 Boeing 737's on order, which will enable Ryanair to lower fares and grow traffic to 200m p.a. by FY24. Ryanair has a team of more than 14,000 highly skilled aviation professionals delivering Europe's No.1 on-time performance, and extending an industry leading 33-year safety record.

Certain of the information included in this release is forward looking and is subject to important risks and uncertainties that could cause actual results to differ materially. It is not reasonably possible to itemise all of the many factors and specific events that could affect the outlook and results of an airline operating in the European economy.

Among the factors that are subject to change and could significantly impact Ryanair's expected results are the airline pricing environment, fuel costs, competition from new and existing carriers, market prices for the replacement aircraft, costs associated with environmental, safety and security measures, actions of the Irish, U.K., European Union ("EU") and other governments and their respective regulatory agencies, uncertainties surrounding Brexit, weather related disruptions, fluctuations in currency exchange rates and interest rates, airport access and charges, labour relations, the economic environment of the airline industry, the general economic environment in Ireland, the UK and Continental Europe, the general willingness of passengers to travel and other economics, social and political factors and unforeseen security events.

Ryanair Holdings plc and Subsidiaries
Condensed Consolidated Interim Balance Sheet as at December 31, 2018 (unaudited)

	Note	At Dec 31, 2018 €M	At Mar 31, 2018 €M
Non-current assets			
Property, plant and equipment	10	8,828.4	8,123.4
Intangible assets	11	146.4	46.8
Derivative financial instruments		135.6	2.6
Total non-current assets		9,110.4	8,172.8
Current assets			
Inventories		6.4	3.7
Other assets		235.6	235.5
Trade receivables		73.9	57.6
Derivative financial instruments		200.9	212.1
Restricted cash		34.6	34.6
Financial assets: cash > 3 months		1,359.7	2,130.5
Cash and cash equivalents		836.5	1,515.0
Total current assets		2,747.6	4,189.0
Total assets		11,858.0	12,361.8
Current liabilities			
Trade payables		319.4	249.6
Accrued expenses and other liabilities		1,779.6	2,502.2
Current maturities of debt		399.2	434.6
Derivative financial instruments		459.6	190.5
Current tax		70.6	36.0
Total current liabilities		3,028.4	3,412.9
Non-current liabilities			
Provisions		133.6	138.1
Derivative financial instruments		112.2	415.5
Deferred tax		377.6	395.2
Other creditors		-	2.8
Non-current maturities of debt		3,329.9	3,528.4
Total non-current liabilities		3,953.3	4,480.0

Shareholders' equity			
Issued share capital	13	6.8	7.0
Share premium account		719.4	719.4
Other undenominated capital	13	3.2	3.0
Retained earnings	13	4,343.8	4,077.9
Other reserves		(196.9)	(338.4)
Shareholders' equity		4,876.3	4,468.9
Total liabilities and shareholders' equity		11,858.0	12,361.8

Ryanair Holdings plc and Subsidiaries
Condensed Consolidated Interim Income Statement for the Quarter ended December 31, 2018 (unaudited)

	Note	Change* %	Pre-Except. Q3-Dec 31, 2018 €M	Lauda. Except. Q3-Dec 31, 2018 €M	IFRS Q3-Dec 31, 2018 €M	IFRS Q3-Dec 31, 2017 €M
Operating revenues						
Scheduled revenues		+1%	975.0	49.4	1,024.4	964.2
Ancillary revenues		+26%	557.0	-	557.0	440.7
Total operating revenues - continuing operations		+9%	1,532.0	49.4	1,581.4	1,404.9
Operating expenses						
Fuel and oil		+32%	571.7	-	571.7	433.0
Airport and handling charges		+8%	241.1	-	241.1	223.2
Staff costs		+31%	237.2	-	237.2	180.7
Route charges		+6%	172.5	-	172.5	163.3
Depreciation		+14%	159.3	-	159.3	140.1
Marketing, distribution and other		+28%	104.4	-	104.4	81.7
Maintenance, materials and repairs		+1%	36.5	-	36.5	36.0
Aircraft rentals		-24%	15.8	-	15.8	20.9
Lauda costs		-	-	110.9	110.9	-
Total operating expenses		+20%	1,538.5	110.9	1,649.4	1,278.9
Operating (loss)/profit - continuing operations			(6.5)	(61.5)	(68.0)	126.0
Other (expense)/income						
Net finance expense		+4%	(14.2)	-	(14.2)	(13.6)
Foreign exchange (loss)/gain			(1.4)	-	(1.4)	0.5
Total other (expense)/income		+19%	(15.6)	-	(15.6)	(13.1)
(Loss)/profit before tax			(22.1)	(61.5)	(83.6)	112.9

Tax credit/(expense) on profit	4	2.5	15.0	17.5	(7.3)
(Loss)/profit for the quarter - all attributable to equity holders of parent		(19.6)	(46.5)	(66.1)	105.6
(Loss)/earnings per ordinary share (€)					
Basic	9			(0.0583)	0.0893
Diluted	9			(0.0580)	0.0885
Weighted average no. of ordinary shares (in Ms)					
Basic	9			1,133.5	1,182.9
Diluted	9			1,139.8	1,193.1

*With the exception of EPS, the percentage change since prior year is calculated based on the pre-Lauda costs for FY19.

Ryanair Holdings plc and Subsidiaries
Condensed Consolidated Interim Income Statement for the nine months ended December 31, 2018 (unaudited)

	Note	Change* %	Pre-Except. 9 Months Ended Dec 31, 2018 €M	Lauda. Except. 9 Months Ended Dec 31, 2018 €M	IFRS 9 Months Ended Dec 31, 2018 €M	IFRS 9 Months Ended Dec 31, 2017 €M
Operating revenues						
Scheduled revenues		+2%	4,479.9	97.7	4,577.6	4,377.3
Ancillary revenues		+27%	1,841.8	-	1,841.8	1,452.9
Total operating revenues - continuing operations		+8%	6,321.7	97.7	6,419.4	5,830.2
Operating expenses						
Fuel and oil		+25%	1,841.5	-	1,841.5	1,473.2
Airport and handling charges		+7%	815.4	-	815.4	760.2
Staff costs		+32%	722.2	-	722.2	545.5
Route charges		+4%	576.5	-	576.5	554.3
Depreciation		+14%	478.5	-	478.5	420.2
Marketing, distribution and other		+18%	361.2	-	361.2	305.5
Maintenance, materials and repairs		+24%	131.7	-	131.7	106.5
Aircraft rentals		-20%	49.9	-	49.9	62.4
Lauda costs		-	-	206.0	206.0	-
Total operating expenses		+18%	4,976.9	206.0	5,182.9	4,227.8
Operating profit - continuing operations		-16%	1,344.8	(108.3)	1,236.5	1,602.4
Other (expense)/income						
Net finance expense			(45.3)	-	(45.3)	(45.2)
Share of associate losses	11		-	(9.8)	(9.8)	-

Foreign exchange (loss)/gain			(1.5)	-	(1.5)	1.4
Total other (expense)/income		+7%	(46.8)	(9.8)	(56.6)	(43.8)
Profit before tax		-17%	1,298.0	(118.1)	1,179.9	1,558.6
Tax (expense) on profit	4	-24%	(122.0)	26.7	(95.3)	(160.5)
Profit for the nine months - all attributable to equity holders of parent		-16%	1,176.0	(91.4)	1,084.6	1,398.1
Earnings per ordinary share (€)						
Basic	9	-19%			0.9457	1.1669
Diluted	9	-19%			0.9388	1.1568
Weighted average no. of ordinary shares (in Ms)						
Basic	9				1,146.9	1,198.1
Diluted	9				1,155.3	1,208.6

*With the exception of EPS, the percentage change since prior year is calculated based on the pre-Lauda costs for FY19.

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Statement of Comprehensive Income for the Quarter ended December 31, 2018 (unaudited)

	Q3-Dec 31, 2018 €M	Q3-Dec 31, 2017 €M
(Loss)/profit for the quarter	(66.1)	105.6
Other comprehensive income:		
Items that are or may be reclassified to profit or loss:		
Cash flow hedge reserve movements:		
Net movement in cash flow hedge reserve	(509.3)	(41.1)

Other comprehensive (loss) for the quarter, net of income tax	(509.3)	(41.1)
Total comprehensive (loss)/income for the quarter - all attributable to equity holders of parent	(575.4)	64.5

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Statement of Comprehensive Income for the nine months ended December 31, 2018 (unaudited)

	9 Months Ended Dec 31, 2018 €M	9 Months Ended Dec 31, 2017 €M
Profit for the nine months	1,084.6	1,398.1
Other comprehensive income:		
Items that are or may be reclassified to profit or loss:		
Cash flow hedge reserve movements: Net movement in cash flow hedge reserve	134.0	(386.6)
	134.0	(386.6)

Other comprehensive income/(loss) for the nine months, net of income tax