

RYANAIR

The Worlds Favourite Airline!

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Presentation Title

In the past two years Ryanair has launched 500 new routes, more than twice as many as its easyJet rival, and in September it added its 33rd Base (In Porto). Where on this base network are the most promising prospects for new routes, and what should airports do to achieve a profitable Ryanair service?

Content Listing

Quick Overview of FR

Route Development Strategy

Analysis of last 12 months growth

Factors which will influence future growth

What airports should do to participate in Ryanair growth

Overview – Growth Driven by lowest fares

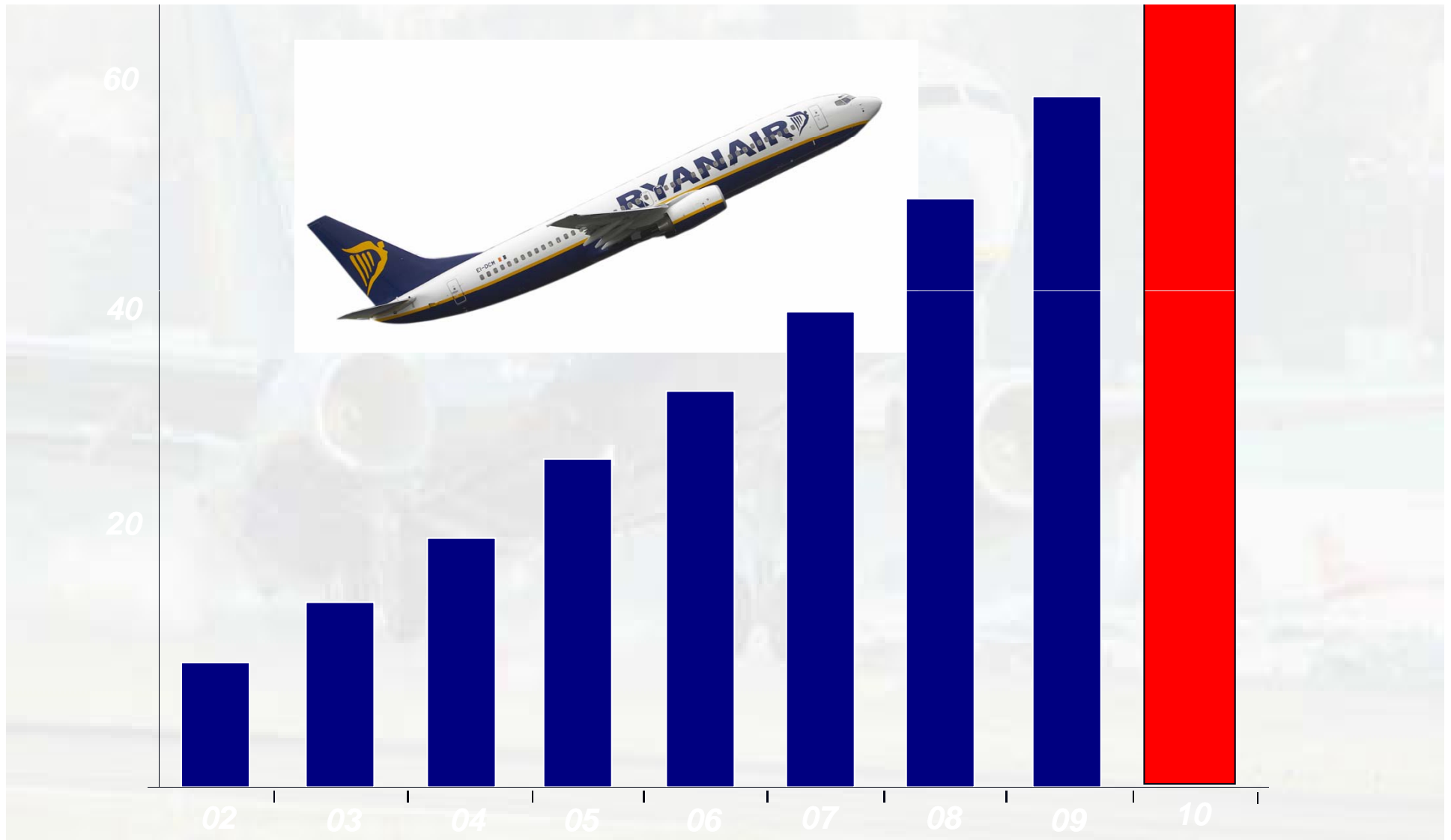
		<i>Av. Fare</i>	<i>% > Ryanair</i>
<i>Low</i>	Ryanair	€ 32 (-20%)	
<i>High</i>	easyJet	€ 66	78%
	Aer Lingus	€ 88	138%
	Iberia	€ 166	349%
	Air France	€ 267	622%
	Lufthansa	€ 283	665%
	British Airways	€ 284	668%

Overview – Fares Driven by lowest costs

Units cost per pax	<u>EI*</u>	<u>EZY**</u>	<u>FR</u>	<u>Trend</u>
Staff	€30.77	€8.78	€4.64	(-8%)
Apt & Handling	€24.56	€18.55	€6.86	(-9%)
Route charges	€5.70	€5.86	€4.78	(0%)
A/c o'ship & mtnc	€7.53	€9.55	€5.41	(+3%)
Sales/Mkt. & other	€10.56	€3.31	€1.81	(-19%)
Total cost per pax (ex fuel)	€79.13	€46.05	€23.49	(-5%)
Fuel	€38.35	€22.12	€12.65	(-49%)
Total Unit cost per pax	€117.48	€68.17	€36.14	(-27%)
> FR	+225%	+89%		

Based on pub stats → *(for 6 mths to Jun 09) **(for 12 mths to Mar 09)

Overview - Ryanair's Historical Traffic Growth



Route Development Strategy

-  ***Basic Assumption – there is not a market that cannot be expanded via low fares***
 - LCC penetration rates remain low at circa 35%***
-  ***Historic Development has focussed on ROI & UK;***
-  ***Italy, Spain have grown rapidly recently***
-  ***We will continue to seek to develop existing and new markets where cost conditions support this growth***
-  ***Have a strategy that is fluid and flexible!***

Why 5 New Bases & 67 New Routes in Italy

- 10 bases
- 23 airports
- 265 routes
- 18m pax p.a.



Why 5 New Bases & 67 New Routes in Italy

Low Costs

Efficient Facilities

Many airports competing for business

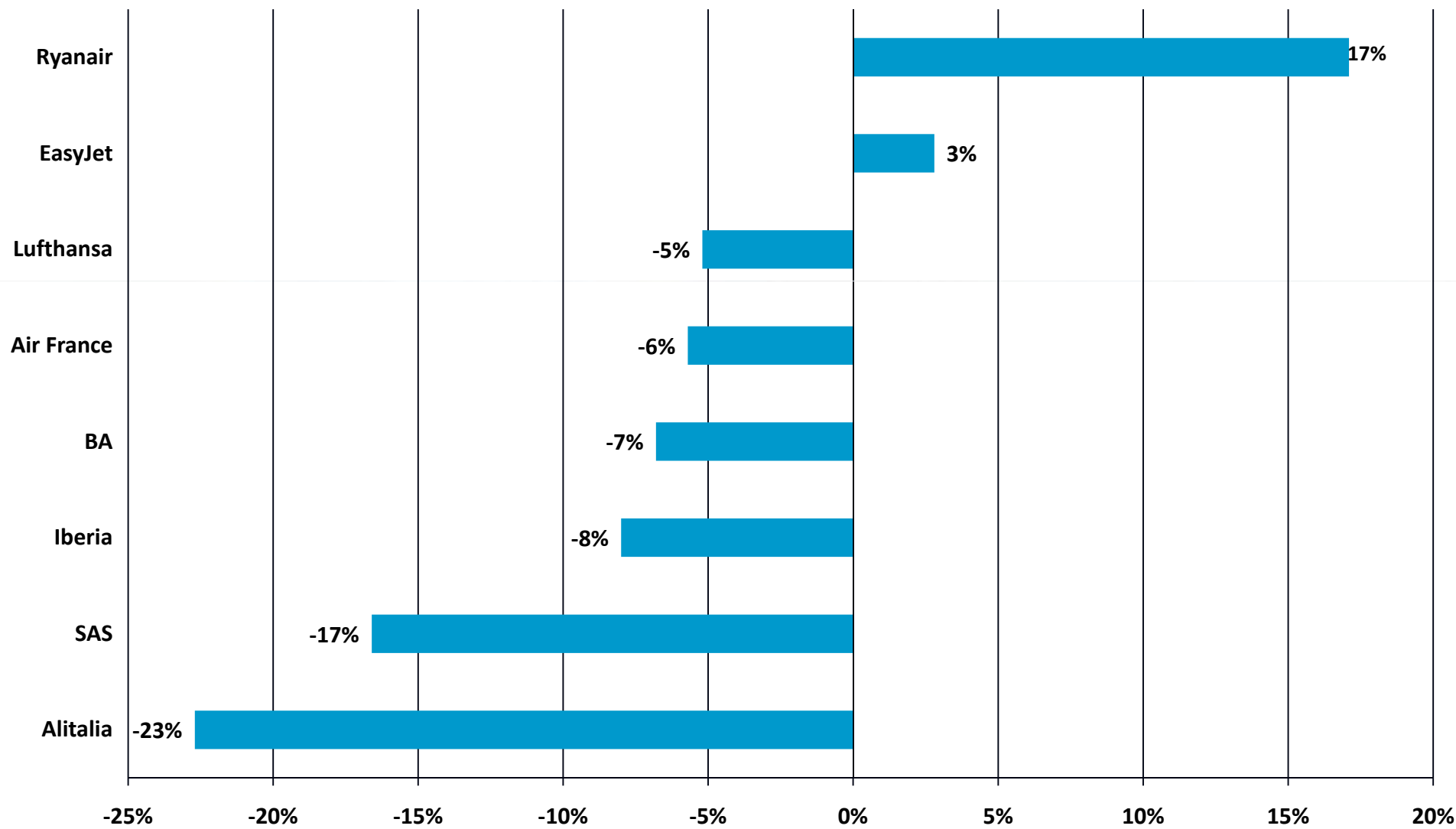
Weak Competition reducing capacity

Strong Domestic Route Potential

Low Costs Drive Growth in Italy

	Cumulative Total To %			Cumulative Ryanair To % Change			W/O FR growth
	Aug-09	Aug-08	'09 v '08	Aug-09	Aug-08	'09 v '08	% Change '09 v '08
Bergamo	4.8	4.4	8.4%	3.6	2.8	27.5%	-9.0%
Roma CIA	3.2	3.3	-1.3%	2.4	2.3	1.9%	-2.7%
Bologna	3.2	3.0	7.7%	0.6	0.0		-12.9%
Palermo	3.0	3.1	-1.7%	0.2	0.1	85.5%	-4.8%
Pisa	2.8	2.7	1.7%	1.6	1.5	11.5%	-4.4%
Cagliari	2.3	2.0	11.4%	0.7	0.2	184.3%	-10.0%
Torino	2.2	2.4	-8.6%	0.2	0.1	67.9%	-11.7%
Verona	2.2	2.5	-12.3%	0.0	0.0	-100.0%	-11.6%
Bari	1.9	1.7	10.9%	0.4	0.2	119.5%	-0.3%
Olbia	1.3	1.3	-4.6%	0.0	0.0	116.6%	-5.0%
Treviso	1.2	1.2	-0.2%	1.0	1.0	-1.3%	0.9%
Lamezia T.	1.1	1.0	6.7%	0.2	0.1	55.5%	0.1%
Alghero	1.0	1.0	6.9%	0.7	0.5	29.3%	-8.6%
Genova	0.7	0.8	-8.4%	0.1	0.1	37.7%	-10.7%
Brindisi	0.7	0.7	5.2%	0.1	0.0	288.5%	-8.7%
Trapani	0.7	0.4	79.9%	0.6	0.2	198.4%	-33.2%
Trieste - Ronchi dei L.	0.5	0.5	-12.8%	0.1	0.1	49.8%	-19.1%
Forlì	0.4	0.6	-39.7%	0.0	0.3	-99.9%	14.8%
Ancona	0.3	0.3	-1.7%	0.1	0.1	35.3%	-11.0%
Pescara	0.3	0.3	-8.0%	0.2	0.2	1.8%	-9.0%
Rimini	0.3	0.3	-15.0%	0.1	0.0	50.6%	-21.0%
Parma	0.2	0.2	-12.0%	0.0	0.0	-3.9%	-11.2%
Brescia	0.1	0.2	-27.6%	0.1	0.1	27.7%	-36.4%
Cuneo	0.1	0.1	63.8%	0.0	0.0		18.1%
Perugia	0.1	0.1	14.0%	0.1	0.0	34.4%	-5.5%
Ryanair Airports	34.4	34.1	1.1%	12.9	10.0	29.6%	-7.5%
Roma FCO	22.6	24.2	-6.8%				
Milano MXP	11.9	13.7	-12.8%				
Milano LIN	5.6	6.5	-13.8%				
Venezia	4.5	4.8	-5.6%				
Catania	4.0	4.2	-5.3%				
Napoli	3.6	4.0	-9.8%				
Firenze	1.1	1.3	-16.2%				
Reggio Cal.	0.4	0.4	-5.8%				
Foggia	0.0	0.0	504.5%				
Bolzano	0.0	0.1	-22.1%				
Crotone	0.0	0.1	-54.5%				
Siena	0.0	0.0	-30.1%				
Other Airports	53.8	59.3	-9.2%				
Total Italian Traffic	88.3	93.3	-5.4%				-8.6%

COMPETITION REDUCING CAPACITY & TRAFFIC (Q3 09)



Source: UBS

Ryanair Close to No 1 Market Share Position



	<i>Seat cap. Sep</i>
▼ Alitalia/Air One	1,435,205
▼ Ryanair	1,245,699
▼ Easyjet	618,192
▼ Lufthansa	430,829
▼ Air France	189,935

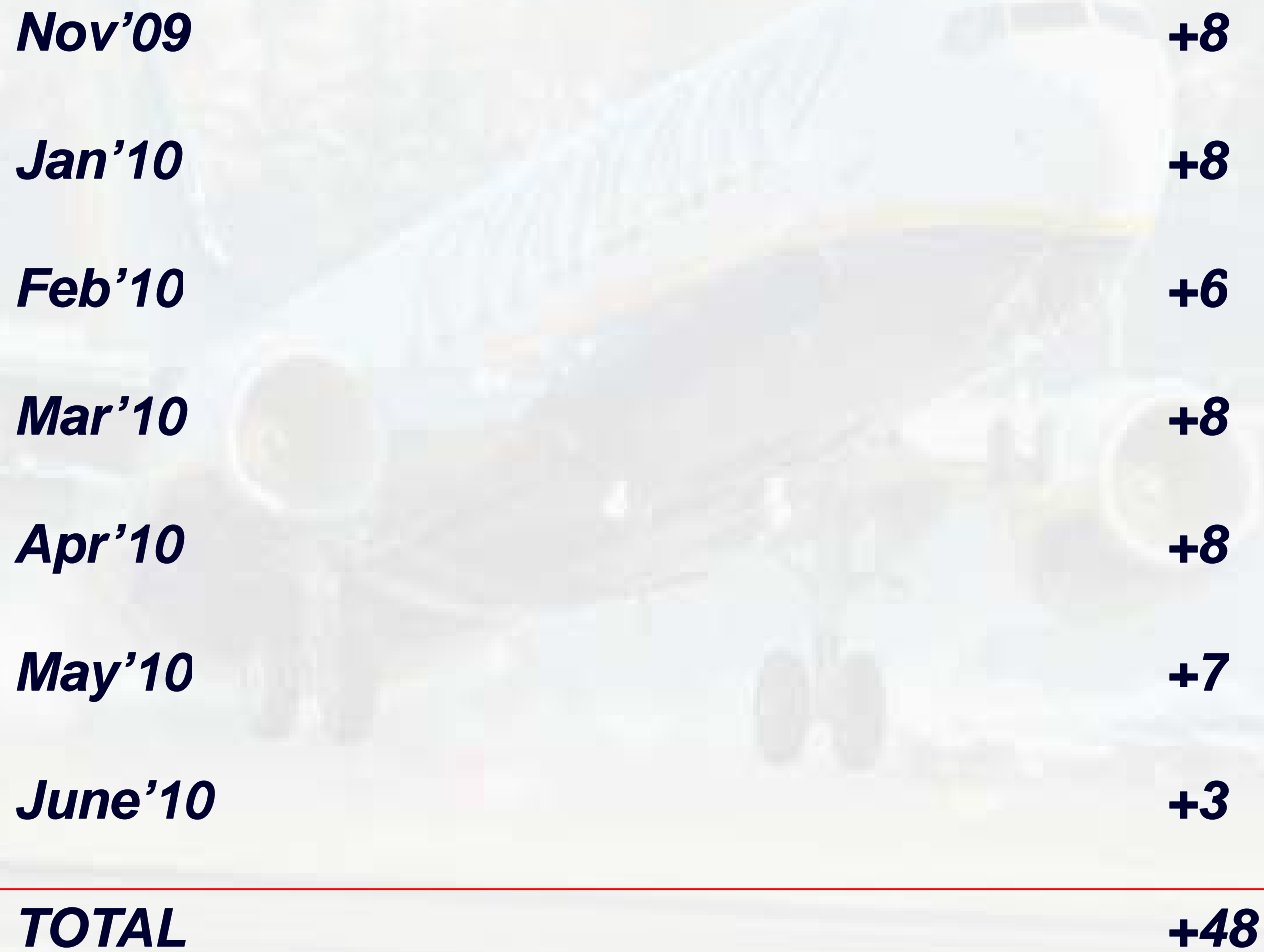
Source: capstats.com

Factors Which Will Influence Future Growth & Route Selections

- ✦ **Future Aircraft Deliveries & those already allocated**
- ✦ **Current FR market penetration**
- ✦ **Continuing capacity reductions across Europe**
- ✦ **Cost & Market Issues**
- ✦ **Organic Development - from a destination to becoming a base**
- ✦ **Airline Failures**
- ✦ **Airports that are providing LCC facilities**

Source: capstats.com

Future Deliveries



Nov'09	+8
Jan'10	+8
Feb'10	+6
Mar'10	+8
Apr'10	+8
May'10	+7
June'10	+3
TOTAL	+48

Future Deliveries Already Allocated



TOTAL	+48
Bari	(2)
Brindisi	(1)
Leeds Bradford	(2)
Glasgow Prestwick	(1)
Liverpool	(2)
Bristol	(1)
Edinburgh	(1)
BALANCE O/S	+38

Future Deliveries Already Allocated

BASE	REASON	PROFILE OF ROUTES
Bari	MyAir /Cost	Rplment, Int&Dom, In/Outbound
Brindisi	MyAir/Cost	Int&Dom, Inbound mainly
Leeds Bradford	Competition & Cost	Int, Leisure, Outbound mainly
Glasgow Prestwick	Competition & Cost	Int, Sun routes, Outbound
Liverpool	Existing Base & Cost	Int, Leisure & Ethnic
Bristol	Existing Base & Cost	Int, Leisure, Ethnic & Sun
Edinburgh	Existing Base & Cost	Int, Leisure & Sun, In/outbound

Current Market Shares

Market	Capacity	Market Share	Position
<u>A) Mature/ Well Developed Markets</u>			
ROI	728,804	45%	No 1
UK	1,919,146	19%	No 2
<u>B) Recent Growth</u>			
Italy	1,303,911	15%	No 2
Spain	1,292,193	10%	No 2
<u>C) Underserved</u>			
France	483,462	4%	No 3
Germany	666,603	10%	No 3
Belgium	188,433	11%	No 2
<u>D) Others</u>		<u>E) Unserved</u>	
Sweden , Norway, Finland, Denmark		Turkey, Greece, Cyprus	
Latvia, Lithuania , Netherlands		Tunisia, Algeria	
Slovakia, Czech Republic, Poland		Bulgaria	
Portugal , Austria, Hungary			
Croatia, Romania, Morocco, Malta			

Continuing Capacity Reductions Across Europe



▼ Madrid	↓ 2.4%
▼ Frankfurt	↓ 2.5%
▼ Paris	↓ 11.8%
▼ Rome	↓ 4.1%
▼ Amsterdam	↓ 11.1%
▼ Barcelona	↓ 7.6%
▼ Milan MXP	↓ 3.2%
▼ Brussels	↓ 10.0%

Source: seat capacity major RDC Nov 09

Cost & Market Issues

Will AENA extend their 2009 incentive scheme?

Will the Scandinavians try and remedy nearly 20% traffic declines?

Will the UK and ROI governments see sense and repeal their Sales taxes

Will the French reduce their outrageous levels of airport taxes?

Do the Baltic states want RIX to be the only international airport in the region?

Will Fraport invite Ryanair to Frankfurt Main!!!!

Organic Development

Organic Development – destinations that could become bases

151 airports in the Ryanair network

36 bases in the Ryanair network

115 non-bases in the Ryanair network

40 of the above 115 are airports with traffic >500k p.p.a

E.G.

Paris Beauvais, Venice Treviso, London Gatwick, Berlin SXF, Malaga, Palma, Oslo Torp & Oslo Rygge, Riga, Kaunas, Krakow, Gothenburg, Faro, Malta

Airline Failures

Low Cost Facilities

Replacing volume where airlines go bankrupt

- BRI/BDS most recent example***
- BTS has potential***
- tough winter ahead for a lot of operators***

Airports that respond to requirement for low cost and low cost facilities

Interesting to observe that some traditional legacy orientated airports now in the process of providing low cost terminal facilities – Copenhagen, Bordeaux, Brussels, Bucharest

Others have taken strategically disastrous decisions - Dublin

What airports need to do to attract low fares

Commercial Perspective

- ✦ Lower costs – have offers on the table for consideration
- ✦ Do your research – FR do not have all the answers

Practical Issues

- ✦ Stop gold plating. End marble cladding. Sensible, simple and efficient facilities
- ✦ Stop seeing airlines as cash cows
- ✦ Develop ancillary revenue streams
- ✦ Consistent focus on cost reduction
- ✦ Low costs = high growth