

## Ryanair

### FQ2:15 Results - 60 Second Update - ALERT

RYA FQ2 (fiscal year ends March) Net Income missed JPMe and company consensus by a touch on the back of in-line Revenue. Management lifted F15 Net Income guidance, which implies an average of 13% upside to JPMe and 10% upside to consensus, reflective of stronger volume outlook, and better cost control than we previously expected.

- **Net Income of €598m was 2% below JPMe and 1% below consensus**, on the back of €2.04bn Revenue (+7% yoy), which was in line with JPMe and 4% ahead of consensus. Both passenger revenue and ancillary revenue were as we expected. Fuel cost in FQ2 was 2% less than JPMe while 7% higher than consensus.
- **F15 Net Income guidance is lifted by an average of 17%** to €750m-770m from €650m. The updated guidance implies upside of 12-15% to current JPMe of €671mn, and 8-11% to consensus €694mn. Upside from guidance is driven by stronger H2 traffic outlook and better unit cost – Ryanair management now sees 16% yoy H2 traffic growth vs. JPMe 9% yoy; F15 unit cost is expected to be -4% yoy (vs. JPMe -0.5%), or flat ex-fuel (JPMe +3.5%).
- **Valuation:** RYA currently trades on 2015e EV/EBITDAR of 7.5x and P/E of 13.6x, vs. EZJ multiples of 6.6x and 11.3x, and 5.1x/8.1x for legacy peers average.
- **Credit perspective:** Ryanair's net cash position improved from €158m at FYE14 to €618m as of 30-Sep, with lease-adjusted leverage now 0.1x (flat from Q1). Ryanair's board has approved the payment of a €520m special dividend (announced with FQ1 results), to be paid in Feb'15. Capex over H114 was €293m (flat YoY), primarily relating to aircraft pre-delivery payments, spare engine purchases and two aircraft deliveries. The group's order for 200 additional Boeing Max aircraft (100 firm + 100 options, to be delivered from 2019) is subject to EGM approval in November, as part of the group's policy to maintain a young (average <5yrs) and cost-efficient fleet. We are Overweight Ryanair credit, 2021 notes mid-price 101.5, Z-spread 98bp, close 31-Oct.
- **Conf call at 11:00 GMT.** Dial-in: +44 20 3139 4830; Pin 5995 2585.

## Neutral

RYA.I, RYA ID

Price: €7.62

31 October 2014

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Ryanair (RYA.I, RYA ID) Price Chart



Date	Rating	Share Price (€)	Price Target (€)
03-Mar-05	OW	4.22	7.00
01-Mar-10	OW	3.50	--
21-Jun-10	N	3.66	--
28-Sep-11	N	3.28	3.60
09-Nov-11	N	3.60	3.80
01-Feb-12	N	4.24	4.00
05-Jun-12	UW	3.93	4.25
05-Nov-12	UW	4.89	4.75
17-Jul-13	OW	7.07	8.50
04-Sep-13	OW	6.00	8.00
25-Nov-13	OW	6.01	7.00
27-May-14	OW	7.22	8.15
06-Oct-14	N	7.53	8.50

Source: Bloomberg and J.P. Morgan; price data adjusted for stock splits and dividends.  
 Break in coverage Mar 01, 2010 - Jun 21, 2010.

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North America Corporate Research  
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