RYANAIR HOLDINGS PLC
Form 6-K
November 03, 2014

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 November 2014

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 HALF YEAR PROFITS RISE 32% TO €795M
FULL YEAR TRAFFIC & PROFIT GUIDANCE RAISED.

Ryanair Europe's favourite low fares airline today (Nov 3) announced that H1 Net Profit rose by 32% to €795m. Traffic grew 4% to 51.3m customers, ave. fares increased 5%, and total revenues rose by 9% to €3,537m. Unit costs fell by 2% (excluding fuel they rose by 3%). H1 load factors jumped by 4% points to 89%, due to a stronger Easter period and the success of Ryanair's "Always Getting Better" customer experience improvements.

H1 Results (IFRS)	Sep 30, 2013	Sep 30, 2014	% Change
Passengers(m)	49.2m	51.3m	+4%
Revenue(m)	€3,255m	€3,537m	+9%
Profit after Tax(m)	€602m	€795m	+32%
Basic EPS(€ cent)	42.04	57.44	+36%

Ryanair's CEO, Michael O'Leary, said:
"We are pleased to report this significant increase in H1 profits. While partially due to the presence of Easter in Q1 and a weak prior year comparable, we have also enjoyed a strong summer thanks to our strategy (announced Sept. 2013), of raising forward bookings and improving our customer experience which has delivered higher load factors and yields. We achieved a number of milestones during the half year including:

- H1 profits up 32% to €795m.
- Traffic up 4% to 51.3m (load factor up 4% points to 89%).
- Average H1 fare up 5% to €54.
- 4 new bases and 57 new routes opened.
- Improved website and mobile app rolled out.
- "Always Getting Better" customer experience improving.
- "Family Extra" and "Business Plus" products launched.
- €850m 7yr Euro bond issued @ 1.875%.
- €520m special dividend in Feb 2015 approved.
- Launch order for 200 Boeing 737-MAX "Gamechanger" aircraft (sub. to EGM approval).
- Revised growth plan to double to 150m p.a. customers by 2024.

The 5% rise in average fares and the 4% point increase in load factors has driven a 32% increase in H1 profits and validates our "Always Getting Better" programme and higher forward booking strategy. Our customers are finding it easier to locate and book our lowest fares on our improved website, while our new responsive mobile app has been downloaded more than 3m times in just 6 months. The customer experience is also improving at every touch point

from mobile booking, online check-in, a smoother boarding process, and a friendlier on-board service where customers are really enjoying allocated seating and using their PED's.
Half year unit costs fell by 2%. Excluding fuel they rose 3% mainly due to higher landing and handling costs at primary airports, and a higher marketing spend to support the "Always Getting Better" programme. H1 Ancillary revenue grew by 4% to €741m in line with traffic growth as airport and baggage fee reductions were offset by the increased uptake of
allocated seating.

Our "Always Getting Better" Program is Delivering.
The success of our "Always Getting Better" programme is evidenced by our rising forward booking's profile which is continuing into the winter season despite a very substantial (16%) winter traffic growth. As we enter November, forward bookings for Dec. to March continue to run on average 5% ahead of this time last year.
We have been pleasantly surprised at the rapid uptake of our new Family and Business Plus products which are enabling Ryanair to win new customers from all our higher fare competitors. We expect the uptake of our "Business Plus" service to build during our winter schedule which offers many more business routes to\from primary airports. Price conscious and time sensitive business passengers are already switching to Ryanair for our industry leading punctuality, and the better travel experience which our "Business Plus" product delivers.

Continuous Digital Development.
The success of our improved website and mobile app has been validated by the significant surge in web visits across all major markets particularly the UK. This time last year Ryanair was just 3rd in the UK for airline website visits (running behind both British Airways and Easyjet) on the Hitwise website listings. In the last 6 months we have overtaken both of these higher fare competitors to become the UK's number one airline website, and the gap between us and these higher fare competitors is widening. Our newly established Ryanair Labs development team will roll out more innovative services and features on our website and mobile app on a continuous basis into 2015.

New Route & Base Development.
Our 4 new summer bases in Athens, Brussels, Lisbon and Rome have performed well with strong load factors, as customers at primary airports switch quickly to Ryanair's lower fares and industry leading punctuality.
Forward bookings on our 4 new winter bases in Cologne, Gdansk, Glasgow and Warsaw are building quickly. We are very excited by Ryanair's re-entry into the 2 big UK domestic routes, Glasgow-London and Edinburgh-London (where we offer 3 times daily business schedules) at fares which are 50% lower than those charged by Easyjet or British Airways. We look forward to winning a significant share of the Scotland-London business market this winter. We expect this performance to be mirrored in other domestic business routes where we offer double daily frequencies such as Porto-Lisbon, Gdansk-Warsaw, and Wroclaw-Warsaw. We are making significant inroads in domestic Italy as Alitalia cuts short haul capacity. Germany is also an area of significant opportunity as continuing shorthaul capacity cuts by Air Berlin and Lufthansa enables Ryanair to expand in primary airports including Cologne, Hamburg, and Berlin. Last week we announced Copenhagen as our 70th base which opens in March 2015 and begins Ryanair's expansion in the high fare Scandinavian region after a number of years without capacity growth in that market.
New Aircraft Order.
In September, Ryanair celebrated 2 milestone events with Boeing. We took delivery of the 1st of 180 new Boeing 737-800 NG aircraft in Seattle. These new aircraft will enable Ryanair to deliver strong traffic and profit growth over the coming 5 years as we grow to over 114m passenger's p.a. These new aircraft will allow us exploit the unfolding opportunities at many primary and secondary airports across Europe who are encouraging Ryanair to grow quickly at their airports as their incumbent carriers cut capacity.
We also signed a new agreement to be the launch customer for 200 new Boeing 737-MAX 200 "Gamechanger" aircraft (100 firm and 100 options) which is subj. to EGM approval on 28th November next. These aircraft have the potential to transform Ryanair's cost base while further improving our on-board customer experience. They have 8

extra seats (197), more leg room, and Boeing's attractive "sky" interiors. These extra seats will generate more revenue per flight while the CFM Leap-1B engines will deliver an 18% reduction in fuel unit costs. When these aircraft deliver, between 2019 to 2024, they will significantly lower our unit costs enabling Ryanair to offer even more lower fares, which will underpin our ambitious growth targets.

Fuel Hedging.

We have taken advantage of recent oil price weakness to extend our fuel hedges to 90% for FY16, at approx. $93 per barrel. In Euro terms this will result in a 2% reduction in unit fuel costs over the next 12 months. We will now look for opportunities to extend our fuel hedging programme into FY17 to lock in future cost savings. We have also extended our Capex programme to September 2017 at an average exchange rate of €/$1.35 which locks in substantially lower costs for the new aircraft deliveries.

Shareholder Returns & Balance Sheet.

Our September AGM approved the Board's proposal to return another €520m via a special dividend (€0.375 per ordinary share). This will be paid at the end of February 2015, at a time when our cash balances are rising. This will bring to over €2.5bn the returns made by Ryanair to shareholders since 2008. Ryanair's balance sheet remains one of the strongest in the industry. Despite €293m of Capex and debt repayments of €199m during H1, our Net Cash position has improved from €158m to €618m reflecting our profitable H1 trading. Our BBB+ rating from S&P and Fitch enabled us to issue our first unsecured Eurobond at a coupon of 1.875% fixed for 7 years, which will further reduce our ownership and financing costs.

Forward Guidance.

Based on these solid H1 results, underpinned by strong forward bookings and rising load factors, we have significantly raised our winter capacity and traffic growth objectives. Traffic will grow by 12% in Q3 and by 20% in Q4, which are very ambitious targets during the weaker half of the year. However, we believe it is time to capitalise upon the many opportunities available to us at both primary and secondary airports, to grow our route network and increase frequencies, in order to attract business traffic which tends to travel more during the winter period.

As a result traffic in H2 will now rise by 16% or 5.3m customers (2.2m more than previously guided) although we still expect H2 fares to fall. With reasonable visibility in Q3 we expect traffic will grow 12%, while ave. fares will fall between -3% to -5% (slightly better than our previous -6% to -8% guidance). In Q4, we plan to grow traffic by 20%, and expect fares will fall by -6% to -10%, (as we use lower fares to achieve our significantly higher traffic targets). Accordingly, we now expect full year traffic will grow by 9% to 89m customers, and ave. fares for FY15 to rise by just 1% to €47. Unit costs (excluding fuel) will be positively impacted by this significant H2 traffic increase, and we now expect unit costs will be flat for FY15. Including fuel, unit costs will fall 4% in FY15.

As a result of these 2.2m additional H2 passengers and falling unit costs our full year net profit will significantly exceed our previous guidance (of €650m) to a new range of between €750m to €770m. However, we caution that this raised guidance remains heavily reliant on the strength of close in bookings for the remainder of Q3, and in particular Q4 where we presently have very little visibility.

While encouraged by the continuing strength of forward bookings, we would caution that close in bookings for the remainder of this winter will be subject to unforeseen events which always overhang our business, and so extreme caution rather than irrational exuberance should underpin any medium term forecasts. As these strong H1 results and raised full year guidance demonstrate, our business model is performing well but much work remains to be done over the next 12 months to continue to develop and improve our "Always Getting Better" programme for the benefit of our customers, our people, and our shareholders".

ENDS.

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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, 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.

Ryanair is Europe's favourite airline, operating more than 1,600 daily flights from 70 bases, connecting 186 destinations in 30 countries and operating a fleet of more than 300 new Boeing 737-800 aircraft. Ryanair has recently announced firm orders for a further 280 new Boeing 737 aircraft, as well as options for 100 more Boeing 737 MAX 200s, which will enable Ryanair to lower fares and grow traffic from 89m this year to over 150m p.a. in 2024. Ryanair currently has a team of more than 9,500 highly skilled aviation professionals, and has an industry leading 30-year safety record.

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Balance Sheet as at September 30, 2014 (unaudited)

	Note	At Sep 30, 2014 €M	At Mar 31, 2014 €M
Non-current assets			
Property, plant and equipment	11	5,157.8	5,060.3
Intangible assets		46.8	46.8
Available for sale financial assets	8	226.1	260.3
Derivative financial instruments		114.2	0.4
Total non-current assets		5,544.9	5,367.8
Current assets			
Inventories		2.5	2.5
Other assets		138.0	124.2
Current Tax		-	1.1
Trade receivables		61.2	58.1
Derivative financial instruments		180.2	16.7
Restricted cash		18.1	13.3
Financial assets: cash > 3months		3,057.7	1,498.3
Cash and cash equivalents		1,299.3	1,730.1
Total current assets		4,757.0	3,444.3
Total assets		10,301.9	8,812.1

Current liabilities			
Trade payables		165.6	150.0
Accrued expenses and other liabilities		1,254.9	1,561.2
Current maturities of debt		461.8	467.9
Derivative financial instruments		144.5	95.4
Current tax		78.0	-
Total current liabilities		2,104.8	2,274.5
Non-current liabilities			
Provisions		150.1	133.9
Derivative financial instruments		40.8	43.2
Deferred tax		412.8	368.6
Other creditors		73.1	90.4
Non-current maturities of debt		3,294.9	2,615.7
Total non-current liabilities		3,971.7	3,251.8
Shareholders' equity			
Issued share capital	13	8.8	8.8
Share premium account		709.1	704.2
Capital redemption reserve	13	1.2	1.2
Retained earnings	13	3,263.2	2,465.1
Other reserves		243.1	106.5
Shareholders' equity		4,225.4	3,285.8
Total liabilities and shareholders' equity		10,301.9	8,812.1

Ryanair Holdings plc and Subsidiaries
Condensed Consolidated Interim Income Statement for the half-year ended September 30, 2014 (unaudited)

	Note	Half-year Ended Sep 30, 2014 €M	Half-year Ended Sep 30, 2013 €M
Operating revenues			
Scheduled revenues		2,796.1	2,542.1
Ancillary revenues		741.3	712.7
Total operating revenues - continuing operations		3,537.4	3,254.8
Operating expenses			
Fuel and oil		1,171.5	1,201.3
Airport and handling charges		407.6	367.0
Route charges		315.4	318.5
Staff costs		265.0	258.6
Depreciation		195.1	182.3
Marketing, distribution and other		123.9	103.4
Maintenance, materials and repairs		64.9	53.9
Aircraft rentals		60.6	52.6

Total operating expenses		2,604.0	2,537.6
Operating profit - continuing operations		933.4	717.2
Other income/(expense)			
Finance expense		(37.8)	(42.7)
Finance income		12.8	11.8
Foreign exchange (loss)		(0.9)	(0.9)
Total other expense		(25.9)	(31.8)
Profit before tax		907.5	685.4
Tax expense on profit on ordinary activities	4	(112.5)	(83.5)
Profit for the half-year - all attributable to equity holders of parent		795.0	601.9
Earnings per ordinary share (in € cent)			
Basic	10	57.44	42.04
Diluted	10	57.29	41.85
Weighted average no. of ordinary shares (in Ms)			
Basic	10	1,384.0	1,431.9
Diluted	10	1,387.7	1,438.1

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Income Statement for the quarter ended September 30, 2014 (unaudited)

	Note	Quarter Ended Sep 30, 2014 €M	Quarter Ended Sep 30, 2013 €M
Operating revenues			
Scheduled revenues		1,671.1	1,556.4
Ancillary revenues		370.6	356.2
Total operating revenues - continuing operations		2,041.7	1,912.6
Operating expenses			
Fuel and oil		607.7	624.7
Airport and handling charges		212.5	190.7
Route charges		160.9	163.3
Staff costs		132.3	128.2
Depreciation		98.4	91.8
Marketing, distribution and other		64.3	49.7
Maintenance, materials and repairs		29.7	24.1
Aircraft rentals		34.3	26.2
Total operating expenses		1,340.1	1,298.7
Operating profit - continuing operations		701.6	613.9
Other income/(expense)			

	Finance expense		(18.8)	(21.0)
	Finance income		3.7	2.7
	Foreign exchange (loss)/gain		(2.6)	1.3
Total other expense			(17.7)	(17.0)
Profit before tax			683.9	596.9
	Tax expense on profit on ordinary activities	4	(85.7)	(73.1)
Profit for the quarter - all attributable to equity holders of parent			598.2	523.8
	Earnings per ordinary share (in € cent)			
	Basic	10	43.21	36.80
	Diluted	10	43.09	36.64
	Weighted average no. of ordinary shares (in Ms)			
	Basic	10	1,384.4	1,423.4
	Diluted	10	1,388.1	1,429.7

Ryanair Holdings plc and Subsidiaries
Condensed Consolidated Interim Statement of Comprehensive Income for the half-year ended September 30, 2014 (unaudited)

	Half-year Ended Sep 30, 2014 €M	Half-year Ended Sep 30, 2013 €M
Profit for the half-year	795.0	601.9
Other comprehensive income:		
Items that may or will be reclassified to profit or loss in subsequent period:		
Cash flow hedge reserve movements:		
Net movement in cash flow hedge reserve	175.0	(79.2)
Available for sale financial asset:		
Net (decrease)/increase in fair value of available for sale financial asset	(34.2)	20.8
Other comprehensive income/(loss) for the half-year, net of income tax	140.8	(58.4)
Total comprehensive income for the half-year - all attributable to equity holders of parent	935.8	543.5

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Statement of Comprehensive Income for the quarter ended September 30, 2014 (unaudited)

	Quarter Ended Sep 30, 2014 €M	Quarter Ended Sep 30, 2013 €M
Profit for the quarter	598.2	523.8
Other comprehensive income:		
Items that may or will be reclassified to profit or loss in subsequent period:		
Cash flow hedge reserve movements:		
Net movement in cash flow hedge reserve	109.8	(1.4)
Available for sale financial asset:		
Net (decrease)/increase in fair value of available for sale financial asset	(4.8)	0.8
Other comprehensive income/(loss) for the quarter, net of income tax	105.0	(0.6)
Total comprehensive income for the quarter - all attributable to equity holders of parent	703.2	523.2

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Statement of Cash Flows for the half-year ended September 30, 2014 (unaudited)

	Note	Half-year Ended Sep 30, 2014 €M	Half-year Ended Sep 30, 2013 €M
Operating activities			
Profit after tax		795.0	601.9
Adjustments to reconcile profit before tax to net cash provided by operating activities			
Depreciation		195.1	182.3
(Increase) in inventories		(0.0)	(0.1)
Tax expense on profit on ordinary activities		112.5	83.5
(Increase) in trade receivables		(3.1)	(1.6)
(Increase) in other current assets		(14.0)	(4.8)
Increase in trade payables		15.6	47.0
(Decrease) in accrued expenses		(306.1)	(311.7)
(Decrease) in other creditors		(17.3)	(18.8)

Increase/(decrease) in provisions		16.2	(2.9)
(Decrease) in finance expense		(0.2)	(0.4)
Decrease in finance income		0.2	0.5
Share based payments		(1.1)	1.0
Income tax paid		(18.2)	(14.1)
Net cash provided by operating activities		774.6	561.8
Investing activities			
Capital expenditure (purchase of property, plant and equipment)		(292.6)	(291.7)
(Increase)/decrease in restricted cash		(4.8)	6.2
(Increase)/decrease in financial assets: cash > 3months		(1,559.4)	67.2
Net cash used in investing activities		(1,856.8)	(218.3)
Financing activities			
Net proceeds from shares issued		4.9	2.5
Proceeds from long term borrowings	14	845.9	-
Repayments of long term borrowings		(199.4)	(194.1)
Shares purchased under share buy-back programme	13	-	(176.6)
Net cash provided by/(used in) financing activities		651.4	(368.2)
(Decrease) in cash and cash equivalents		(430.8)	(24.7)
Cash and cash equivalents at beginning of the period		1,730.1	1,240.9
Cash and cash equivalents at end of the period		1,299.3	1,216.2

Ryanair Holdings plc and Subsidiaries

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity for the half -year September 30, 2014 (unaudited)

	Ordinary Shares	Issued Share Capital	Share Premium Account	Retained Earnings	Capital Redemption Reserve	Other Reserves Hedging	Other Reserves Other Reserves	Total
	M	€M	€M	€M	€M	€M	€M	€M
Balance at March 31, 2013	1,447.1	9.2	687.8	2,418.6	0.8	0.5	155.7	3,272.6
Profit for the half- year	-	-	-	601.9	-	-	-	601.9
Other comprehensive income								
Net movements into cash flow reserve	-	-	-	-	-	(79.2)	-	(79.2)
Net change in fair value of available for sale financial asset	-	-	-	-	-	-	20.8	20.8
Total other comprehensive income	-	-	-	-	-	(79.2)	20.8	(58.4)
Total comprehensive income	-	-	-	601.9	-	(79.2)	20.8	543.5
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary equity shares	0.5	-	2.5	-	-	-	-	2.5
	-	-	-	(176.6)	-	-	-	(176.6)

Repurchase of ordinary equity shares								
Cancellation of repurchased ordinary shares	(24.1)	(0.2)	-	-	0.2	-	-	-
Share-based payments	-	-	-	-	-	-	1.0	1.0
Transfer of exercised and expired share based awards	-	-	-	1.0	-	-	(1.0)	-
Balance at September 30, 2013	1,423.5	9.0	690.3	2,844.9	1.0	(78.7)	176.5	3,643.0
Profit for the period	-	-	-	(79.1)	-	-	-	(79.1)
Other comprehensive income								
Net actuarial losses from retirement benefit plans	-	-	-	(1.6)	-	-	-	(1.6)
Net movements in cash flow reserve	-	-	-	-	-	(4.5)	-	(4.5)
Net change in fair value of available for sale financial asset	-	-	-	-	-	-	18.3	18.3
Total other comprehensive income	-	-	-	(1.6)	-	(4.5)	18.3	12.2
Total comprehensive income/(expense)	-	-	-	(80.7)	-	(4.5)	18.3	(66.9)
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary equity shares	5.2	-	13.9	-	-	-	-	13.9
Share-based payments	-	-	-	-	-	-	0.9	0.9
Dividend paid	-	-	-	-	-	-	-	-
Repurchase of ordinary equity shares	-	-	-	(305.1)	-	-	-	(305.1)
Cancellation of repurchased ordinary shares	(45.4)	(0.2)	-	-	0.2	-	-	-
Transfer of exercised and expired share based awards	-	-	-	6.0	-	-	(6.0)	-
Balance at March 31, 2014	1,383.3	8.8	704.2	2,465.1	1.2	(83.2)	189.7	3,285.8

Condensed Consolidated Interim Statement of Changes in Shareholders' Equity for the half -year September 30, 2014 (unaudited) (contd)

						Other Reserves		
	Ordinary Shares	Issued Share Capital	Share Premium Account	Retained Earnings	Capital Redemption Reserve	Hedging	Other Reserves	Total
	M	€M	€M	€M	€M	€M	€M	€M
Balance at March 31, 2014	1,383.3	8.8	704.2	2,465.1	1.2	(83.2)	189.7	3,285.8
Profit for the period				795.0				795.0
Other comprehensive income								
Net movements in cash flow reserve	-	-	-	-	-	175.0	-	175.0
Net change in fair value of available for sale financial	-	-	-	-	-	-	(34.2)	(34.2)

asset								
Total other comprehensive income	-	-	-	-	-	175.0	(34.2)	140.8
Total comprehensive income/(expense)	-	-	-	795.0	-	175.0	(34.2)	935.8
Transactions with owners of the Company recognised directly in equity								
Issue of ordinary equity shares	1.2	-	4.9	-	-	-	-	4.9
Share-based payments	-	-	-	-	-	-	(1.1)	(1.1)
Transfer of exercised and expired share based awards	-	-	-	3.1	-	-	(3.1)	-
Balance at September 30, 2014	1,384.5	8.8	709.1	3,263.2	1.2	91.8	151.3	4,225.4

Ryanair Holdings plc and Subsidiaries
Operating and Financial Overview
Detailed Discussion and Analysis for the half-year ended September 30, 2014

Profit after tax increased by 32% to €795.0m primarily due to a 5% increase in average fares and a stronger load factor (up 4 points to 89%), partially offset by a 3% increase in total operating expenses. Total operating revenues increased by 9% to €3,537.4m, primarily due to a 10% increase in scheduled revenues to €2,796.1m, driven by the 5% increase in average fare, aided by the timing of Easter in the first quarter and its absence in the prior year comparative along with a 4% increase in load factor. Ancillary revenues rose by 4%, in line with the growth in passenger numbers, to €741.3m. Fuel, which represents 45% of total operating costs in the current period and 47% in the comparative period, decreased by 2% to €1,171.5m due to a lower euro price per gallon paid. Unit costs excluding fuel rose by 3%, however, including fuel unit costs fell by 2%. Operating margin, as a result of the above, increased by 4 points to 26% whilst operating profit increased by 30% to €933.4m.

Total operating revenues increased by 9% to €3,537.4m primarily due to (i) a 5% increase in average fare, (ii) a 4% increase in traffic to 51.3m, (iii) the timing of Easter in the first quarter and its absence in the prior year comparative, and (iv) the strength of sterling to the euro. Ancillary revenues grew in line with the increase in passenger numbers.

Total revenue per passenger rose by 4%, primarily due to the strong growth in scheduled revenues.

Scheduled passenger revenues increased by 10% to €2,796.1m due to a 5% rise in average fares, partially due to the timing of Easter and its absence in the prior year comparative, along with strong load factors and the strength of sterling to the euro. Load factor rose by 4 points to 89%.

Ancillary revenues increased by 4% to €741.3m, in line with the increase in passenger numbers.

Total operating expenses increased by 3% to €2,604.0m due to the increased costs associated with the growth of the airline offset by a 2% reduction in fuel costs.

Fuel & oil costs decreased by 2% to €1,171.5m due to a lower euro fuel price per gallon in the period.

Airport & handling charges increased by 11%, as expected, to €407.6m, due to the mix of new routes and bases launched at primary airports, a 4% increase in passenger numbers and the strengthening of sterling against the euro.

Route charges decreased by 1% to €315.4m as the number of sectors flown remained flat and average sector length reduced by 1%.

Staff costs increased by 2% to €265.0m in line with the 2% pay increase granted in April 2014.

Depreciation and amortisation increased by 7% to €195.1m due to the purchase of 10 spare engines in the period, 2 aircraft deliveries and the higher level of maintenance activity during the period.

Marketing, distribution & other costs, which include ancillary costs, increased by 20% to €123.9m, mainly due to higher marketing spend to support our "Always Getting Better" programme and the launch of new routes and bases.

Maintenance costs increased by 20% to €64.9m, primarily due to the inclusion in the prior year comparative of a one off credit of €3.7m arising from the renegotiation of certain maintenance contracts. The remainder of the increase is due to higher line maintenance costs resulting from the launch of new bases and unscheduled maintenance costs.

Aircraft rental costs increased by €8.0m to €60.6m, reflecting short term leases over the summer, offset by a lower number of operating leased aircraft in the period (Sep 30, 2014: 51) compared to the prior year (Sep 30, 2013: 57).

Operating margin increased by 4 points to 26% due to the reasons outlined above and operating profits have increased by 30% to €933.4m.

Finance expense decreased by 12% to €37.8m due to lower interest rates on both existing floating rate debt and our new fixed rate bond.

Finance income increased by 8% to €12.8m primarily due to higher cash balances and a slightly longer tenor on fixed term deposits.

Balance sheet

Gross cash increased by €1,133.4m since March 31, 2014 to €4,375.1m and Gross debt rose by €673.1m to €3,756.7m. The Group generated €774.6m cash from operating activities and approximately €846.0m from its debut Eurobond issuance in June 2014 (see note 14). This funded net capital expenditure of €292.6m and debt repayments of €199.4m. As a result the Group's Net cash position rose to €618.4m at the period end (March 31, 2014: €158.1m).

Shareholders' equity increased by €939.6m to €4,225.4m in the period due to the net profit after tax of €795.0m and the impact of IFRS accounting treatment for derivatives and changes in unrealised losses on available for sale financial assets.

Detailed Discussion and Analysis for the quarter ended September 30, 2014

Profit after tax increased by 14% to €598.2m primarily due to a stronger load factor (up 4 points to 91%) and a 3% increase in average fares, partially offset by a 3% increase in total operating expenses. Total operating revenues increased by 7% to €2,041.7m, primarily due to a 7% increase in scheduled revenues to €1,671.1m, driven by a strong load factor and a 3% increase in average fare. Ancillary revenue was up 4%, in line with the growth in passenger numbers, to €370.6m. Fuel, which represents 45% of total operating costs in the current quarter and 48% in the comparative quarter, decreased by 3% to €607.7m due to a lower euro price per gallon paid. Unit costs excluding fuel rose by 4%, however, including fuel unit costs fell by 1%. Operating margin, as a result of the above, increased by 2 points to 34% whilst operating profit increased by 14% to €701.6m.

Total operating revenues increased by 7% to €2,041.7m primarily due to a 4% increase in traffic to 27.1m, boosted by a 3% increase in average fare and the strength of sterling against the euro. Ancillary revenues grew in line with the increase in passenger numbers.

Total revenue per passenger rose by 2%, primarily due to the strong growth in scheduled revenues.

Scheduled passenger revenues increased by 7% to €1,671.1m due to a 3% rise in average fares, strong load factors and the strength of sterling to the euro. Load factor rose by 4% points to 91%.

Ancillary revenues increased by 4% to €370.6m, in line with the 4% increase in passenger numbers.

Total operating expenses increased by 3% to €1,340.1m due to the increased costs associated with the growth of the airline offset by a 3% reduction in fuel costs.

Fuel & oil costs decreased by 3% to €607.7m due to a lower euro fuel price per gallon in the quarter.

Airport & handling charges increased by 11%, as expected, to €212.5m due to the mix of new routes and bases launched at primary airports, a 4% increase in passenger numbers and the strengthening of sterling against the euro.

Route charges were down €2.4m to €160.9m as the number of sectors flown remained flat and average sector length reduced by 1%.

Staff costs increased by 3% to €132.3m due to a 2% pay increase granted in April 2014 and the strengthening of the sterling against the euro.

Depreciation and amortisation increased by 7% to €98.4m due to 10 additional spare engines purchased, the delivery of 2 new aircraft in the period, and the higher level of maintenance activity during the quarter.

Marketing, distribution & other costs, which include ancill