UNDERLYING NET PROFIT* INCREASES 53% ON 21% PASSENGER GROWTH

LSE Ticker: WIZZ

Geneva, 25 May 2016: Wizz Air Holdings Plc ("Wizz Air" or the "Company"), the largest low-cost airline in Central and Eastern Europe[1], today announces its audited results for the full year ended 31 March 2016 ("FY2016" or "F16").

Full year to 31 March	FY2016	FY2015	Change
Passengers carried (million)	**20.0**	16.5	+ 21%
Load factor (%)	**88.2%**	86.7%	+1.5 pp
Year End Fleet	**67**	55	+ 22%
Revenue (€ million)	**1,429**	1,227	+ 16%
Reported net profit (IFRS) (€ million)	**193**	183	+ 5%
Underlying net profit (€ million)[2]	**224**	146	+ 53%
Underlying net profit margin (%)	**15.7**	11.9	+3.8 pp
Free cash (€ million)	**646**	449	44%

RECORD PROFITABILITY AND MARGIN EXPANSION IN F16

- Total revenue increased by 16% to €1,429 million
  - Ticket revenue up 13% to €895 million
  - Ancillary revenue up 23% to €534 million
- Underlying net profit was a record €224 million, an increase of 53% compared to the previous financial year
- Underlying net profit margin* of 16%, an increase of 3.8 percentage points

CONTINUED GROWTH IN Q4

- Revenue growth of 20% to €282 million
- Q4 FY2016 underlying net profit of €1 million compared to loss of €11 million in Q4 FY2015
- Seat capacity growth was 19% and load factor increased by 1.8 percentage points to 85.4%
- Strong end to the quarter due to the timing of Easter

STRONG FULL YEAR OPERATING PERFORMANCE ACROSS KEY METRICS

- Passengers carried up 21% to 20 million and load factor up 1.5 percentage points to 88.2%
- Total unit costs fell by 5% to 3.43 euro cents per ASK[3]
- Ancillary revenue per passenger increased by 2% to €27
- Wizz Discount Club membership was 815,000 by the financial year end, an increase year-on-year of 40%

CONTINUED EXPANSION THROUGH CEE

- 69 new routes added in FY2016 including routes to three new CEE destinations and 12 new Western European destinations
- Four new operating bases opened during FY2016, in Tuzla (Bosnia and Herzegovina), Kosice (Slovakia), Lublin (Poland) and Debrecen (Hungary)
- Three new operating bases announced during FY2016, Iasi and Sibiu (Romania) and Kutaisi (Georgia)

FLEXIBILITY TO SUSTAIN STRONG GROWTH

- Strong balance sheet with free cash of €646 million at FY2016 and net debt to EBITDAR ratio of 1.4 times
- Deployment of larger 230-seat Airbus A321ceo, driving efficiency

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1 Central and Eastern Europe, or CEE, is a region comprised of Albania, Belarus, Bosnia and Herzegovina, Bulgaria, Croatia, the Czech Republic, Estonia, Hungary, Kosovo, Latvia, Lithuania, Macedonia, Moldova, Montenegro, Poland, Romania, Russia, Serbia, Slovakia, Slovenia and Ukraine.

2 Underlying net profit is defined as reported net profit under IFRS less unrealised FX gains/losses and exceptional items.

3 ASK: available seat kilometres

Notes: 2016, F16, FY16 and FY 2016 in this document refer to the financial year ended 31 March 2016
2015, F15, FY15 and FY 2015 in this document refer to the financial year ended 31 March 2015
Equivalent terms are used for prior financial years

- Purchase agreement for 110 Airbus A321neo aircraft to drive future growth

Commenting on the results, József Váradi, Wizz Air's Chief Executive Officer said:

"I am delighted to report another remarkable year for us as we delivered a strong operating performance across all key metrics. We continue to build on our market leadership in Central and Eastern Europe and have a strong balance sheet and an attractive order book of existing and new technology aircraft to drive growth.

We delivered an underlying net profit after tax of €224 million, an increase of 53% compared to FY2015. Our underlying net profit margin increased from 11.9% to 15.7% over the course of the financial year and passenger numbers increased by 21.2% to 20 million. Notwithstanding the fact that Easter fell one week earlier in 2016 than in 2015 pushing a higher proportion of this high yield traffic into FY 2016, we currently expect a further significant rise in the Group's net profit for the current financial year to 31 March 2017 ("FY2017") to a range of between €245 million and €255 million (excluding exceptional items). This guidance is heavily caveated by the revenue performance for the second half of FY2017, a period for which we currently have limited visibility.

We will continue to expand our route network, drive efficiency in our operating model, and enhance our compelling customer proposition to sustain growth and drive returns for shareholders."

ABOUT WIZZ AIR

Wizz Air is the largest low-cost airline in Central and Eastern Europe, operates a fleet of 68 Airbus A320 and Airbus A321 aircraft, and offers more than 420 routes from 25 bases, connecting 124 destinations across 39 countries. At Wizz Air, a team of approximately 2,600 aviation professionals delivers superior service and very low ticket prices making Wizz Air the preferred choice of 20 million passengers in the financial year ended 31 March 2016. Wizz Air is listed on the London Stock Exchange under the ticker WIZZ and is included in the FTSE 250 and FTSE All-Share Indices. The company was recently named 2016 Value Airline of the Year by the editors of Air Transport World, one of the leading airline trade magazines.

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CHIEF EXECUTIVE'S REVIEW

FINANCIAL PERFORMANCE

I am delighted to present Wizz Air's second annual results as a publicly listed company. The financial year ended 31 March 2016 was another remarkable year for us as we delivered a strong operating performance across all key metrics. We continue to build on our market leadership in Central and Eastern Europe and have a strong balance sheet and an attractive order book of existing and new technology aircraft to drive growth in 2017 and beyond.

Wizz Air delivered a profit for the year of €192.9 million, and an underlying profit after tax of €223.9 million, a 53.2 per cent improvement compared to FY 2015. Our underlying net profit margin increased from 11.9 per cent to 15.7 per cent over the course of the year and passenger number increased by 21.2 per cent to 20 million.

Our strong performance was driven by capacity expansion, passenger growth and continued improvements to our industry leading ultra-low cost base. In numbers the Company delivered:

- ticket revenue up 12.7 per cent to €894.9 million;
- ancillary revenue up 23.2 per cent to €534.2 million;
- total unit cost decline of 5.4 per cent to €3.43 cent per ASK;
- a 19.1 per cent increase in the capacity offered to the market (as measured by ASKs), as we extended and deepened our network of routes to and from Central and Eastern Europe; and
- an increase in our average load factor by 1.5 percentage points to 88.2 per cent in the financial year, despite the significant capacity expansion.

ORDER BOOK TO DRIVE GROWTH

In the year we made significant investment in our fleet and order book. We added twelve aircraft to the fleet in the period, taking the fleet to 67 aircraft at the end of March 2016. The finalisation of the order for 110 Airbus A321neo aircraft, overwhelmingly supported by our shareholders, and the introduction of the Airbus A321ceo to our fleet provide significant capacity growth into the next decade, meaning we can grow at around 15 per cent each year until 2024. While we have flexibility within our order book to align deliveries with our actual growth, we are confident in our ability to deploy this capacity given our business model and the characteristics of the markets we serve.

A321ceo

The Airbus A321ceo aircraft underpin our near term growth plans ensuring that we maintain our industry leading ultra-low cost base. Our first A321ceo entered service in November 2015 and we have a total of 30 to be added to our fleet between now and the end of 2018. As of today, we have five A321ceos in operation and will have a total of eleven in service by the end of the 2016 calendar year.

The composition of our fleet at the last financial year end and as currently anticipated at the next end of the next two is the following:

	March 2016 Actual	March 2017 Planned	March 2018 Planned
A320 without winglets (180 seats)	**35**	35	35
A320 with winglets (180 seats)	**28**	28	31
A321 with winglets (230 seats)	**4**	15	25
Fleet size	**67**	78	91
Share of fleet with winglets	**47.8%**	55.1%	61.5%
Average number of seats per aircraft	**183**	190	194

Wizz Air took delivery of four new A321ceo aircraft during FY 2016, further contributing to one of the most efficient fleets and to the Company's drive for ever decreasing unit costs. The benefits we are seeing from the operation of the A321ceo are in line with the Company's expectations and the initial 27 A321ceo order was increased to 30 units through the conversion of three additional A320ceo delivery slots, all of which will be delivered by the end of the 2018 calendar year.

A321neo

In addition to the A321ceo deliveries, another crucial milestone in the Company's history took place last year when a new purchase agreement was entered into with Airbus for the purchase of 110 A321neo aircraft. The neo version will bring further fuel burn efficiency and even lower unit cost making it the perfect replacement for those aircraft being returned to lessors as well as the foundation for Wizz Air's continued growth. Deliveries of our A321neos start in 2019 and will continue until the end of 2024. The purchase agreement includes uncommitted purchase rights for 90 additional A321neo aircraft as well as certain flexibility for conversion to the A320neo, providing flexibility to ensure that deliveries match the Company's capacity needs.

On the basis of our current order book, our fleet will reach close to 160 aircraft in 2024; more than double our current size.

BUILDING OUR STRONG MARKET POSITION

CEE comprises 21 countries with a total population of over 300 million people, a larger overall market than that of Western Europe. However as this market is relatively underserved by airlines and in particular low-cost airlines, it represents a huge opportunity for a low-cost airline.

At present Wizz Air has operations in 17 CEE countries. We serve the market by offering a network of 25 bases and 124 destinations. We are convinced that the ultra-low cost business model is best placed to serve this market and as such the Company offers safe, reliable operations, low fares and hassle-free services and a distinctive brand designed to appeal to the whole market.

This approach has enabled the Company to become the number one or number two low-cost airline in all but one of its base countries. The Company's aggregate market share in CEE reached 42.6 per cent. in the 2016 financial year, up from 39.2 per cent. in the 2015 financial year. The table below shows the Company's ranking by low-cost market share in each of its base countries.

	Number 1		Number 2		Number 3	
Market	Carrier	Share	Carrier	Share	Carrier	Share
CEE	**Wizz Air**	**42.64%**	Ryanair	32.56%	Easyjet	6.13%
Poland	Ryanair	51.29%	Wizz Air	39.82%	Norwegian	4.25%
Romania	Wizz Air	60.38%	Blue Air	23.66%	Ryanair	13.74%
Ukraine	Wizz Air	40.78%	Pegasus Airlines	26.20%	Flydubai	19.42%
Czech Republic	Easyjet	31.47%	Ryanair	19.70%	Wizz Air	13.77%
Hungary	Wizz Air	50.66%	Ryanair	24.79%	Easyjet	8.43%
Latvia	Ryanair	57.72%	Wizz Air	28.24%	Norwegian	14.03%
Bulgaria	Wizz Air	80.83%	Easyjet	12.72%	Transavia	3.68%
Serbia	Wizz Air	67.73%	Pegasus Airlines	10.25%	Norwegian	8.10%
Lithuania	Ryanair	52.19%	Wizz Air	42.61%	Norwegian	5.20%
Slovakia	Ryanair	77.66%	Wizz Air	18.84%	Flydubai	3.50%
Macedonia	Wizz Air	89.23%	Pegasus Airlines	7.42%	Flydubai	3.35%
Bosnia and Herzegovina	Wizz Air	54.56%	Pegasus Airlines	22.15%	Flydubai	9.19%

Source data: Innovata, March 2016.

The table below shows the fleet allocation by country at 31 March 2016 compared to a year earlier.

	Fleet deployment by country		
Year to end	**March 2016**	March 2015	Change
Total	**67**	**55**	**+12**
Poland	**19**	17	+2
Romania	**15**	15	-
Hungary	**10**	7	+3
Bulgaria	**6**	4	+2
Lithuania	**4**	3	+1
Ukraine	**1**	2	-1
Macedonia	**3**	2	+1
Czech Republic	**1**	1	-
Slovakia	**1**	-	+1
Bosnia Herzegovina	**1**	-	+1
Serbia	**1**	1	-
Latvia	**2**	1	+1
Maintenance cover/en-route to base	**3**	2	+1

The Company also offers services from 18 CEE cities where it does not base aircraft and crews. Three new CEE points were added in the 2016 financial year as well as twelve new destinations in Western Europe (WE) during the year.

New non-based CEE stations	
City	Country
Ohrid	Macedonia
Nis	Serbia
Palanga	Lithuania

New destination airports in WE	
City	Country
Aberdeen	UK
Birmingham	UK
Bristol	UK
Friedrichshafen	Germany
Karlsruhe/Baden-Baden	Germany
Reykjavik	Iceland
Nice	France
Pescara	Italy
Berlin	Germany
Tenerife	Spain
Billund	Denmark
Copenhagen	Denmark

In total the Company operates to 124 airports in 39 countries, making it one of the most diversified low-cost airlines in Europe.

IMPROVING THE CUSTOMER EXPERIENCE

New routes and bases

We are very happy with our network development over the last twelve months, including the opening of four new bases in Tuzla, Kosice, Lublin, and Debrecen and the announcement of new bases in Sibiu, Iasi, and Kutaisi. In total we added 69 routes, increasing to 420 routes from 25 bases, connecting 124 destinations across 39 countries. In April of this year we also announced an exciting new destination at London Gatwick and will operate a route from London to Bucharest, the only direct connection between the two airports. We now operate from nine UK airports.

Offering our customers more

We operate in more countries and have the most diversified network of any airline in CEE. We also have the youngest fleet of any European airline, which contributes to our efficiency and towards the comfort and travel experience of our customers.

We understand that every passenger has different needs and we have adapted our business model and pricing to reflect that. We have a range of services that our customers can avail themselves of after their ticket has been purchased. These services include a range of seating alternatives, baggage options, flexible tickets and on-board purchases and priority boarding. This “unbundling” philosophy enables Wizz Air to offer each customer exactly and only what he or she needs while keeping the price of the basic service as low as possible.

In addition, we also provide customers with the opportunity to buy hotel, car hire and public transport services as part of the same booking. Our Wizz Discount Club also enables customers and their friends and families to benefit from lower air fares than those that are generally available.

Technology advancements

We recognise the importance of online engagement with our customers. 49 per cent of all our interactions with customers now happen through mobile devices and tablets. 29 per cent of mobile or tablet visitors used our WIZZ mobile app or the mobile website. Therefore, the new responsive website and the development of the mobile app are increasingly important aspects of our business. We currently offer 24 languages on wizzair.com and 11 languages on our mobile app. We are due to launch a brand new customer website in mid-2016 and recently launched a new Investor Relations section on our site.

We currently have over 815,000 Wizz Discount Club members, 3 million newsletter subscribers, 1.3 million mobile app users and over 700,000 Facebook followers and we aim to continue to build this loyal customer base.

MANAGEMENT CHANGES

There have been a number of management changes throughout the year in what has been a busy twelve months. I am delighted to take this opportunity to welcome our new Chief Financial Officer (CFO), Ms Sonia Jerez Burdeus to the Wizz Air team. Sonia brings to the Company significant experience as a chief financial officer and board member of a European low-cost airline and we look forward to working with Sonia as we continue to drive the growth of the business. Her appointment will take effect on 1 June 2016.

As announced earlier in the 2016 financial year Mike Powell our previous CFO stepped down from that position. We would like to thank Mike for his contribution to the Group over the past eight years, during which he sat on the Company's Senior Leadership Team and contributed to the growth and success of the business today. He was also central to the successful listing of the business on the London Stock Exchange in 2015 and we wish him well for the future.

I would also like to take this opportunity to congratulate David Morgan, Chief Flight Operations Officer and Johan Eidhagen, Chief Marketing Officer, who were appointed to their new roles and have now joined Wizz Air’s Leadership Team.

HEDGING POSITIONS

Wizz Air operates under a clear set of treasury policies supervised by the Board. The aim of the Company’s hedging policy is to reduce short-term volatility in earnings and liquidity. Therefore Wizz Air hedges a minimum of 50 per cent. of the projected US Dollar and jet fuel requirements for the next twelve months (40 per cent. on the full 18-month hedge horizon).

Details of the current hedging positions (as at 24 May 2016) are set out below:

Foreign Exchange (FX) hedge coverage (Euro/US Dollar)

Period covered	F17 11 months	F18 12 months
Exposure (million)	$657	$820
Hedge coverage (million)	$359	$115
Hedge coverage for the period	55%	14%
Weighted average floor	$1.09	$1.10
Weighted average ceiling	$1.13	$1.12

Fuel hedge coverage

Period covered	F17 11 months	F18 12 months
Exposure in metric tons ('000)	693	877
Coverage in metric tons ('000)	414	71
Coverage with zero cost collars	*5%*	*8%*
Coverage with fuel caps	*55%*	-
Hedge coverage for the period	60%	8%
Blended capped rate	$675	$505
Blended floor rate*	$708	$456

*Fuel caps provide the Company with protection against the risk of higher fuel prices and also enable the Company to benefit from lower fuel costs should fuel prices fall. The blended floor rate for fuel hedges shown in the table is only applicable to zero cost collar hedges.

Sensitivities

- Pre-hedging a $10 (per metric ton) movement in the price of jet fuel impacts the 2017 financial year fuel costs by $7.1 million.
- Pre-hedging a one cent movement in the Euro/US Dollar exchange rate impacts the 2017 financial year operating expenses by €6.0 million.

In the Company's view, the profit impact of such changes is likely to be less given the empirical evidence of major industry-wide movements in input costs being passed through to air fares with a lag of three to twelve months.

OUTLOOK

2017 financial year

Thanks to our ultra-low fares and our growing route network across CEE, we continue to experience strong demand and forward booking momentum. We expect to continue to grow capacity by around 17 per cent. in the 2017 financial year.

Assuming the jet fuel price and Euro/US Dollar exchange rate remain close to the prevailing spot levels ($450 per metric tonne and $/€ 1.12 respectively), the Company expects total operating cost per available seat kilometre (CASK) to be 5 per cent. lower than FY2016. This comprises an anticipated fuel CASK decline of 15 per cent. and a broadly flat non-fuel CASK. The expected fuel CASK decline reflects the combined impact of lower fuel prices, offset by a stronger US Dollar, fuel consumption savings, the cost of fuel cap hedges and a higher cost of complying with the EU-ETS carbon scheme.

As previously indicated, lower fuel prices are feeding through to lower air fares and management continue to believe that the earnings benefit from declining fuel prices is limited over the short term. Based on current booking trends management expect total revenue per available seat kilometer (RASK) to decline by a mid single-digit percentage in the first six month of the financial year (H1) and remains cautious regarding the revenue performance for the second six months of the financial year (H2), when capacity growth is planned to be 16 per cent.

Notwithstanding the fact that Easter fell one week earlier in 2016 than in 2015 pushing a higher proportion of this high yield traffic into fiscal year 2016, we currently expect a further significant rise in the Group's underlying net profit over F16 to a range of between €245 million and €255 million (excluding exceptional items). This guidance is heavily caveated by the H2 revenue performance, a period for which we currently have limited visibility.

Full year guidance

	2017 Financial Year	Comment
Capacity growth (ASKs)	17 %	H1: 18%, H2 16%
Average stage length	Modest increase	-
Load Factor	Modest improvement	-
Fuel CASK	-15 %	Assumes spot price of $450/MT
Ex-fuel CASK	Broadly flat	Assumes $/€1.12
Total CASK	-5 %	-
RASK	Down mid- single digit	Pass through of lower fuel prices
Tax rate	6 %	-
Net profit	€245 - 255 million	Excluding unusual or exceptional items

First (June) quarter of the 2017 financial Year

The Company expects to grow capacity in terms of seats flown by 17 per cent. in the June quarter and anticipates a modest rise in load factor versus the same period of the previous year. Management expects the timing of Easter to result in a net profit in Q1 (June quarter) only marginally ahead of Q1 of last year.

The last twelve months have been extremely exciting and as I outlined during the year, I remain fully committed to this business. At just twelve years old, Wizz Air is one of the strongest airlines in Europe and the market leader in CEE. I am very proud of what we have achieved as a management team – in particular during 2015 with our listing on the London Stock Exchange and our major A321neo aircraft order with Airbus. We have made a considerable investment in the future growth of the business. I look forward to leading the Wizz Air team in 2016 and well beyond as we build on our position as the leading low-cost airline in CEE and to bringing a *World of Opportunities* to all of our customers.

FINANCIAL REVIEW

During the 2016 financial year Wizz Air carried 20 million passengers, a 21.2 per cent. increase versus the previous year, and contributed to the grand milestone of reaching 100 million passengers since the start of Wizz Air's operations. Revenues grew to €1,429.1 million, representing a 16.4 per cent. increase compared to the previous year. These growth rates compare to the balanced capacity growth measured in terms of ASK of 19.1 per cent. and seats of 19.2 per cent.

Given strong volume growth and declining industry wide input costs through the year, the unit revenue performance of the business was creditable. RASK decreased by 2.2 per cent. versus the previous year.

The 2016 financial year was characterised by a strong drop in fuel prices complemented by a healthy fuel hedging position resulting in a fuel unit cost (per ASK) decline of 15.0 per cent. partly offset by the stronger US Dollar. Non-fuel unit costs, remained neutral and therefore the overall operating unit cost has decreased by 5.4 per cent.

Underlying profit after tax increased by 53.2 per cent. from €146.2 million in 2015 to €223.9 million in 2016. This equates to a 3.8 percentage point rise in the underlying after tax profit margin from 11.9 per cent to 15.7 per cent.

The profit for the year was €192.9 million and included a €31.0 million net loss from unrealised FX losses and exceptional items. These comprised unrealised foreign exchange losses of €14.7 million and a loss from the change in the time value of hedge positions of €25.0 million, offset by €8.7 million of exceptional realised FX gain on the conversion of USD 75.6 million of deposits behind collaterals into EUR.

The income tax expense for the year was again €8.5 million (2015: €8.5 million) giving an effective tax rate for the Group of 4.2 per cent. (2015: 4.4 per cent.). The main components of this charge are local business tax and innovation tax paid in Hungary and corporate income tax paid in Switzerland.

	2016	2015	Change
Average jet fuel price ($/metric ton, including into plane premium and hedge impact)	**740**	986	-24.9%
Average USD/EUR rate (including hedge impact)	**1.20**	1.32	-9.0%
Year-end USD/EUR rate	**1.14**	1.07	+6.5%

FINANCIAL OVERVIEW

Summary statement of comprehensive income € million	**2016**	2015
Total revenue	**1,429.1**	1,227.3
Fuel costs	**(401.5)**	(396.6)
Operating expenses excluding fuel	**(792.1)**	(663.4)
Total operating expenses	**(1,193.6)**	(1,060.0)
Operating profit	**235.5**	167.3
Operating profit margin	***16.5%***	*13.6%*
Net financing (expense)/income	**(34.1)**	24.4
Profit before income tax	**201.4**	191.7
Income tax expense	**(8.5)**	(8.5)
Profit for the year	**192.9**	183.2

Adjusted performance measures (Note 4)	Operating Profit		Profit for the year	
€ million	**2016**	2015	**2016**	2015
Statutory (IFRS) profit	**235.5**	167.3	**192.9**	183.2
Exceptional items (Note 4):				
Cost of extending and revaluing convertible debt	**-**	-	**-**	2.5
Translation gain relating to closure of Wizz Air Ukraine Airlines LLC	**-**	-	**-**	(14.5)
IPO related costs	**-**	2.8	**-**	2.8
Realised FX gain on conversion of deposits	**-**	-	**(8.7)**	-
Loss from change in time value of hedges	**-**	-	**25.0**	-
Total exceptional adjustments	**-**	2.8	**16.3**	(9.2)
Unrealised foreign exchange losses/(gains) (Note 5)	**-**	-	**14.7**	(27.8)
Underlying profit	**235.5**	170.2	**223.9**	146.2
Underlying profit margin	***16.5%***	13.9%	***15.7%***	11.9%

Earnings per share

	2016	2015
Basic earnings per share, EUR	**3.62**	14.43
Diluted earnings per share (statutory), EUR	**1.54**	6.91
Proforma earnings per share (underlying), EUR	**1.78**	1.19
Proforma earnings per share (underlying), GBP*	**1.41**	0.87

*Translated from EUR to GBP at 1.263 for 2016 (rate applicable at 31 March 2016) and at 1.377 for 2015 (rate applicable at 31 March 2015).

The proforma underlying earnings per share (EPS) is a fully diluted measure defined by the Company. Its calculation differs from the IFRS diluted EPS measure in the following ways:

- For earnings the underlying profit for the year is used, as opposed to the statutory (IFRS) profit for the year.
- For the fully diluted number of shares, all convertible debt is taken into account for its dilution impact as at the year-end, resulting in 126.8 million (2015: 126.5 million) shares used as the denominator. By contrast, the IFRS diluted EPS measure includes only those convertible debts that could be converted without restriction and takes a weighted average position for the year.

RETURN ON CAPITAL EMPLOYED AND CAPITAL STRUCTURE

ROCE** for the 2016 financial year was 22.4 per cent., an improvement of 0.9 percentage points versus the previous year driven by a proportionate growth of earnings before interest and tax (EBIT), shareholder's equity, net cash position, and capitalised leases.

The Company's leverage, defined as net debt adjusted to include capitalised operating lease obligations* divided by earnings before interest, tax, depreciation, amortisation and aircraft rentals (EBITDAR), fell to a ratio of 1.4 from 1.6 at the end of the 2016 financial year.

Liquidity, defined as cash and equivalents as a percentage of the last twelve months' revenue, rose from 37 per cent at the end of the 2015 financial year to 45 per cent a year later.

These improvements in the Company's leverage and liquidity ratios reflect the combined effect of improved profitability and the IPO proceeds.

	2016	2015	Change
ROCE**	**22.4%**	21.5%	0.9 ppts
Leverage	**1.4**	1.6	(0.2) pts
Liquidity	**45%**	37%	8 ppts

*Annual aircraft lease expenses multiplied by seven as an estimate of the total outstanding obligation.

**ROCE: underlying operating profit after tax/average capital employed, where average capital employed is the sum of average equity (excluding convertible debt) and capitalised operating lease obligations, less average free cash.

FINANCIAL PERFORMANCE

Revenue

The following table sets out an overview of Wizz Air's revenue items for 2016 and 2015 and the percentage change in those items:

	2016		2015		
	Total (€ million)	**Percentage of total revenue**	Total (€ million)	Percentage of total revenue	Percentage change
Passenger ticket revenue	**894.9**	**62.6%**	793.8	64.7%	12.7%
Ancillary revenue	**534.2**	**37.4%**	433.5	35.3%	23.2%
Total revenue	**1,429.1**	**100%**	1,227.3	100%	16.4%

In 2016 ASKs rose by 19.1 per cent. which combined with relatively stable RASK of –2.2 per cent. resulted in a 16.4 per cent increase in total revenue. Passenger ticket revenue increased by 12.7 per cent. to €894.9 million and ancillary (or "non-ticket") revenue increased by 23.2 per cent. to €534.2 million.

Average revenue per passenger decreased slightly from €74.5 in 2015 to €71.5 in 2016, a decrease of 3.9 per cent. Average passenger ticket revenue per passenger declined from €48.2 in 2015 to €44.8 (-7.0 per cent.), while average ancillary revenue per passenger increased from €26.3 in 2015 to €26.7 in 2016, an increase of 1.7 per cent. This slight decrease in average revenue per passenger was due to:

- a significant increase in average passenger ticket revenue per passenger in 2016 compared to 2015, which was the result of the increasing maturity of Wizz Air's route network and higher passenger demand in 2016 than in 2015 as evidenced by a 1.5 percentage point increase in load factor to 88.2%; and
- the combined impact of the modification of certain products (priority boarding now allows a second piece of carry-on luggage, and there are now two weight categories within checked-in luggage), the introduction of new services (allocated seating, and Plus Fare), and the adaptation of customers to some of the longer standing products such as payable carry-on luggage.

Operating expenses

Total operating expenses increased by 12.6 per cent. to €1,193.6 million in 2016 from €1,060.0 million in 2015. CASK declined by 5.4 per cent. to 3.43 Euro cents in 2016 from 3.62 Euro cents in 2015. This reduction in CASK was principally driven by a reduction in the average fuel price and a favourable development of airport mix. CASK excluding

fuel expenses remained flat at 2.27 Euro cents in 2016 driven by the combined effect of further improvement of major cost items (airport, handling, en-route charges) set off by increasing aircraft rentals and a larger budget allocated to distribution and marketing.

The following table sets out Wizz Air's operating expenses for 2016 and 2015 and the percentage changes in those items:

	2016		2015		
	Total (€ million)	**Percentage of total operating expenses**	Total (€ million)	Percentage of total operating expenses	Percentage change
Staff costs	**101.4**	**8.5%**	83.4	7.9%	21.6%
Fuel costs	**401.5**	**33.6%**	396.6	37.4%	1.2%
Distribution and marketing	**23.5**	**2.0%**	18.8	1.8%	25.0%
Maintenance, materials and repairs	**77.5**	**6.5%**	62.0	5.8%	25.0%
Aircraft rentals	**176.2**	**14.8%**	137.1	12.9%	28.5%
Airport, handling and en-route charges	**343.1**	**28.7%**	297.7	28.1%	15.3%
Depreciation and amortisation	**28.8**	**2.4%**	33.9	3.2%	(14.9)%
Other expenses	**41.7**	**3.5%**	30.5	2.9%	36.7%
Total operating expenses	**1,193.6**	**100%**	1,060.0	100%	12.6%

Staff costs increased by 21.6 per cent. to €101.4 million in 2016, up from €83.4 million in 2015. The increase in overall staff costs reflected an 18.4 per cent. rise in aircraft block hours and higher bonus payments than in the previous year.

Fuel expenses rose by 1.2 per cent. to €401.5 million in 2016, up from €396.6 million in 2015. Although there has been an increase of 19.1 per cent. growth in ASKs, and a 9.0 per cent. appreciation of the US Dollar against the Euro after hedging (moving from average 1.32 rate in 2015 to 1.20 in 2016), it has been offset by a 0.5 per cent. reduction in fuel consumption per block hour and a 24.9 per cent. decline in the fuel price (after hedging). The average fuel price (including hedging impact and into-plane premium) paid by Wizz Air in 2016 was US$740 per tonne, a decline of 24.9 per cent. from the previous year's figure of US$986 per tonne.

Distribution and marketing costs rose 25.0 per cent. to €23.5 million in 2016 from €18.8 million in 2015. This increase was largely due to distribution costs which grow in line with revenue growth. In addition, Company incurred increased discretionary marketing activity year which included a comprehensive re-branding exercise.

Maintenance, materials and repair costs increased by 25.0 per cent. to €77.5 million in 2016 from €62.0 million in 2015. This cost increase was the result of the increase in the average fleet size and the implementation of the amended engine maintenance contract that resulted in a one-off cost of €3.0 million.

Aircraft rental costs grew 28.5 per cent. to €176.2 million in 2016, from €137.1 million in 2015. This increase was largely due to fleet growth (equivalent aircraft expanded by 19.1 per cent.), and increasing average lease rate due to A321 aircraft joining the fleet, and the appreciation of the US Dollar to the Euro (average 9 per cent year on year including hedge impact).

Airport, handling and en-route charges increased by 15.3 per cent. to €343.1 million in 2016 from €297.7 million in 2015. This category comprised €193.9 million of airport and handling fees and €149.3 million of en-route and navigation charges in 2016 and €170.5 million of airport and handling fees and €127.2 million of en-route and navigation charges in 2015. The cost increase was primarily due to an 18.8 per cent. increase in the number of flights, and a 21.2 per cent. rise in passenger numbers.

Depreciation and amortisation charges fell by 14.9 per cent. to €28.8 million in 2016, down from €33.9 million in 2015. This was driven by the implementation of a new engine maintenance contract which takes into account the greater reliability and therefore the longer on-wing times of the airline's engines. The fall in depreciation is temporary and will catch up once the respective engines become out of condition again. See Note 8 to the financial statements for more details.

Other expenses increased by 36.7 per cent. to €41.7 million in 2016 from €30.5 million in 2015. This increase was primarily a result of an increase in non-salary related overhead and crew costs and flight cancellation costs, which were partially offset by lower insurance premiums due to better terms achieved on the renewal of the insurance policy. A further €1.7 million increase was caused by bringing the tour operator business unit in-house, because third party input costs to the packages (for the time being these only apply to hotels) are now recognised on a gross basis under other expenses.

Operating profit

As a result of the foregoing factors, Wizz Air made an operating profit of €235.5 million in 2016, a 40.8 per cent. increase from the operating profit of €167.3 million made in 2015 (which included €2.8 million of exceptional items).

Operating profit increased by 38.4 per cent when compared to the €170.2 million profit in 2015 excluding exceptional items. This equates to a 2.6 percentage point improvement in the underlying operating profit margin from 13.9 per cent to 16.5 per cent.

Net financing income and expense

Wizz Air's net financing costs resulted in a cost of €34.1 million in 2016 after a net gain of €24.4 million in 2015. This significant change was driven primarily by three special items, as shown in the table below:

€ million	2016	2015	Change
Net FX-related impacts (including exceptional item in 2016)	**(3.1)**	16.2	(19.2)
Change in time value of hedges (exceptional)	**(25.0)**	-	(25.0)
Closure of Wizz Air Ukraine (one-off, exceptional)	**-**	14.6	(14.6)
All other financial income & expenses (recurring)	**(6.0)**	(6.3)	0.3
Net financing income and expense*	**(34.1)**	24.4	(58.5)

*See also Notes 4 and 5 to the financial statements.

Net FX-related impacts are expected to be limited in the future because by the end of 2016 the historically high net US Dollar monetary asset position of the Group was substantially eliminated. Changes in hedge time value will stop impacting earnings as soon as the EU endorses IFRS 9 and thus the Group can adopt it instead of the currently applied IAS 39 – endorsement is now expected by the end of the 2016 calendar year.

Taxation

Wizz Air recorded an income tax expense of €8.5 million in 2016, in line with an almost identical figure in 2015. The effective tax rate for the Group was 4.2 per cent. in 2016 and 4.4 per cent. in 2015. The reduction in the effective tax rate reflects the impacts of Hungarian local taxes the tax base of which is different from the corporate tax base.

Profit for the period

As a result of the foregoing factors, Wizz Air generated an IFRS profit for 2016 of €192.9 million, a 5.3 per cent. increase from the profit of €183.2 million in 2015.

Other comprehensive income and expense

In 2016 the Group had other comprehensive income of €33.2 million compared to the €51.7 million expense in 2015. This change was driven primarily by the significant movements in the balance of the cash flow hedging reserve (in equity) in the two years. In 2015 there was a €43.0 million increase in the reserve caused by the sharp fall in fuel prices during the year combined with a substantial volume of zero cost collar hedge instruments open at 31 March 2015. In 2016 there was a €33.2 million decrease in the reserve because, although fuel prices continued to drop, at 31 March 2016 the Group's open instruments were fuel caps, which do not result in a liability for the Group even if the market rates for jet fuel are below the hedged rates.

CASH FLOWS AND FINANCIAL POSITION

Summary statement of cash flows

The following table sets out selected cash flow data and the Company's cash and cash equivalents for 2016 and 2015:

€ million	2016	2015	Change
Net cash generated by operating activities	**288.9**	174.0	114.9
Net cash used in investing activities	**(90.6)**	(49.8)	(40.8)
Net cash (used in)/from financing activities	**(1.7)**	139.3	(141.0)
Effect of exchange rate fluctuations on cash and cash equivalents	**0.5**	(0.5)	1.0
Cash and cash equivalents at end of period	**645.6**	448.6	197.0

Cash flow from operating activities

The vast majority of Wizz Air's cash inflows from operating activities are derived from passenger ticket sales. Net cash flows from operating activities are also materially affected by movements in working capital items.

While the difference in profit before tax was only €9.7 million between 2016 and 2015, the improvement in operating cash flows (€114.9 million) was much more significant. This can be explained by two main adjusting factors between book profit and cash flows:

- Financial income and expenses: In 2015 there were two significant non-cash items within financial ***income***: unrealised FX gain of €27.8 million and €14.5 million from the recycling of the balance of the cumulated translation adjustment account from equity to the income statement. In contrast, in 2016 there were three significant non-cash items within financial expense anunrealised FX loss of €14.7 million, €25.0 million loss from the change in the time value of hedges, and recognition of €5.3 million fuel-cap related fees paid in 2015. These factors together explain the €87.3 million difference between the two years. Most of these factors explain similarly the significant year on year improvement in underlying profits, when compared to the relatively little improvement in IFRS profits. See also Notes 4 and 5 to the financial statements.
- Changes in working capital: €25.9 million was paid for fuel caps in 2015 while there was nil cash spending in 2016. The other significant contributor was trade and other payables: while the balance grew in both years, as it is normal in a fast growing business, in 2016 it contributed by €29.6 million more to the operating cash flows than in 2015.

Cash flow from investing activities

Net cash used in investing activities increased by €40.8 million from a net cash outflow of €49.8 million in 2015 to a net cash outflow of €90.6 million in 2016. The main contributor was advances paid for aircraft, net of refunds of advances, for which €29.4 million more was invested in 2016 than in 2015.

Cash flow from financing activities

Net cash from financing activities decreased by €141.0 million to a €1.7 million outflow in 2016 from a €139.3 million inflow in 2015. This was mainly due to the net proceeds of €149.1 million received during 2015 from the issue of new shares, most of them being the primary proceeds from the Company's IPO.

SUMMARY STATEMENT OF BALANCE SHEET

The following table sets out summary statements of financial position of the Group for 2016 and 2015:

€ million	**2016**	2015	Change
ASSETS			
Property, plant and equipment	**353.6**	247.1	106.5
Restricted cash*	**101.6**	73.6	28.0
Derivative financial instruments*	**1.7**	60.7	(59.0)
Trade and other receivables*	**197.7**	167.9	29.8
Cash and cash equivalents	**645.6**	448.6	197.0
Other assets*	**31.7**	22.6	9.1
Total assets	**1,331.8**	1,020.5	311.3
EQUITY AND LIABILITIES			
Equity			
Equity	**688.8**	459.9	228.9
Liabilities			
Trade and other payables	**177.3**	123.9	53.4
Convertible debt and other borrowings*	**33.6**	31.5	2.1
Deferred income*	**321.6**	262.9	58.7
Derivative financial instruments*	**17.6**	81.7	(64.1)
Provisions*	**84.9**	52.4	32.5
Other liabilities*	**8.1**	8.2	(0.1)
Total liabilities	**643.1**	560.6	82.5
Total equity and liabilities	**1,331.8**	1,020.5	311.3

*Including both current and non-current asset and liability balances, respectively.

Property, plant and equipment increased by €106.5 million as at 31 March 2016 compared to 31 March 2015 (see Note 8 to the financial statements). This was driven by investments in all the important fixed asset categories, as follows: (i) aircraft maintenance assets (including advances for these assets) increased by €43.5 million, mainly due to more engines being out of condition as they approach end of useful life as at the end of 2016 than a year before; (ii) advances paid for aircraft (PDPs) increased by €35.8 million due to a combination of the deposit in relation to the purchase agreement for110 A321neo aircraft deal, the fact that A321 PDPs are higher than those for A320s, and also the fact that the deposits open at 31 March 2016 were placed during a stronger US Dollar environment than those open at 31 March 2015 (iii) investment into aircraft parts in the amount of €13.3 million, most of this related to the delivery of a spare engine.

Restricted cash (current and non-current) increased by €28.0 million as at 31 March 2016 compared to 31 March 2015. This was driven by the growth in the amount of lease-related letters of credit, particularly as security in relation to future maintenance obligations.

Derivative financial assets (current and non-current) decreased by €59.0 million as at 31 March 2016 compared to 31 March 2015. The decrease was driven by two factors: (i) USD/EUR FX collars: there was a significant receivable on these instruments at 31 March 2015 due to the heavy appreciation of the USD during the 2015 financial year, however the FX rate stabilised in the twelve months to 31 March 2016 and the older instruments that were contracted at a weaker USD had been settled by then; and (ii) fuel caps: the 31 March 2015 balance included €22.6 million in relation to the fair value of fuel caps while by 31 March 2016 the fair value reduced to close to nil, due mainly to the reduction in time value.

Trade and other receivables (current and non-current) increased by €29.8 million as at 31 March 2016 compared to 31 March 2015. This increase of 18 per cent was broadly in line with the growth of the business and its revenue.

Cash and cash equivalents increased by €197.0 million as at 31 March 2016 compared to 31 March 2015. This change is explained in detail in the cash flow analysis above.

Trade and other payables increased by €53.4 million as at 31 March 2016 compared to 31 March 2015. This increase was at a higher rate than the overall growth of the business, driven primarily by a temporary peak in vendor payables in March 2016. This in turn was caused by the stabilisation that was required after changes made in a key system used for the control of the Group's vendor invoices.

Deferred income (current and non-current) increased by €58.7 million as at 31 March 2016 compared to 31 March 2015. This was driven by the increase in unflown revenues (€36.2 million), itself primarily due to the increase of offered seat capacity at the end of the year, and by the concessions received by aircraft and component manufacturers in relation to the twelve new aircraft delivered during the year.

Derivative financial liabilities (current and non-current) decreased by €64.1 million as at 31 March 2016 compared to 31 March 2015. This is because at 31 March 2016 the majority of the open fuel hedge instruments were caps (for which the Group does not have a liability when market rates are below the capped rate), while at 31 March 2015 the majority

of open fuel hedge instruments were collars (for which the Group had significant liability due to the market rates for jet fuel at the time being significantly below the floor rates of the collars).

Provisions (current and non-current) increased by €32.5 million as at 31 March 2016 compared to 31 March 2015 (see Note 9 to the financial statements). The increase relates primarily to new provisions made for future heavy maintenance events, particularly engine LLP replacements.

KEY STATISTICS

	2016	2015	Change*
CAPACITY			
Number of aircraft at end of period	**67**	55	21.8%
Equivalent aircraft	**62.57**	52.53	19.1%
Utilisation (block hours per aircraft per day)	**12.44**	12.55	(0.9)%
Total block hours	**284,894**	240,711	18.4%
Total flight hours	**246,930**	208,736	18.3%
Revenue departures	**125,501**	105,627	18.8%
Average departures per day per aircraft	**5.48**	5.51	(0.5)%
Seat capacity	**22,654,100**	19,012,860	19.2%
Average aircraft stage length (km)	**1,538**	1,539	(0.1)%
Total ASKs ('000 km)	**34,844,016**	29,266,510	19.1%
OPERATING DATA			
RPKs (revenue passenger kilometer) ('000 km)	**30,786,117**	25,350,823	21.4%
Load factor (%)	**88.2**	86.7	1.7%
Number of passenger segments	**19,981,377**	16,482,468	21.2%
Fuel price (US$ per ton, including hedging impact and into-plane premium)	**740**	986	(24.9)%
Foreign exchange rate (US$/€ including hedging impact)	**1.20**	1.32	(9.0)%
FINANCIAL MEASURES			
Yield (revenue per RPK, € cents)	**4.64**	4.84	(4.1)%
Average revenue per seat (€)	**63.09**	64.55	(2.3)%
Average revenue per passenger (€)	**71.52**	74.46	(3.9)%
RASK (€ cents)	**4.10**	4.19	(2.2)%
CASK (including exceptional items) (€ cents)	**3.43**	3.62	(5.4)%
CASK (excluding exceptional items) (€ cents)	**3.43**	3.61	(5.2)%
Ex-fuel CASK (including exceptional items) (€ cents)	**2.27**	2.27	0.3%
Ex-fuel CASK (excluding exceptional items) (€ cents)	**2.27**	2.26	0.7%
Operating profit margin (including exceptional items) (%)	**16.5**	13.6	20.9%
Operating profit margin (excluding exceptional items) (%)	**16.5**	13.9	18.9%
Net profit margin for the period (profit after tax divided by revenue) (%)	**13.5**	14.9	(9.6)%
Underlying net profit margin for the period (%)	**15.7**	11.9	31.5%

*Percentage changes in this table are calculated by division of the two years' KPIs also when the KPIs are expressed in percentage.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 March 2016

Continuing operations	Note	**2016 € million**	2015 € million
Passenger ticket revenue		**894.9**	793.8
Ancillary revenue		**534.2**	433.5
Total revenue		**1,429.1**	1,227.3
Staff costs		**(101.4)**	(83.4)
Fuel costs		**(401.5)**	(396.6)
Distribution and marketing		**(23.5)**	(18.8)
Maintenance materials and repairs		**(77.5)**	(62.0)
Aircraft rentals		**(176.2)**	(137.1)
Airport, handling and en-route charges		**(343.1)**	(297.7)
Depreciation and amortisation		**(28.8)**	(33.9)
Other expenses		**(41.7)**	(30.5)
Total operating expenses		**(1,193.6)**	(1,060.0)
Operating profit		**235.5**	167.3
Comprising			
– operating profit excluding exceptional items		**235.5**	170.1
– exceptional expense	4	**-**	(2.8)
Financial income	5	**2.0**	1.8
Financial expenses	5	**(8.0)**	(5.6)
Net foreign exchange (loss)/gain	5	**(11.8)**	16.2
Net exceptional financial (expense)/income	4	**(16.3)**	12.0
Net financing (expense)/income		**(34.1)**	24.4
Profit before income tax		**201.4**	191.7
Income tax expense	6	**(8.5)**	(8.5)
Profit for the year		**192.9**	183.2
Other comprehensive income /(expense) – items that may be subsequently reclassified to profit or loss:			
Net movements in cash flow hedging reserve, net of tax		**33.2**	(43.0)
Currency translation differences		**-**	(8.7)
Other comprehensive income /(expense) for the year, net of tax		**33.2**	(51.7)
Total comprehensive income for the year		**226.1**	131.5
Earnings per share (Euro/share)	7	**3.62**	14.43
Diluted earnings per share (Euro/share)	7	**1.54**	6.91

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

At 31 March 2016

	Note	**2016 € million**	2015 € million
ASSETS			
Non-current assets			
Property, plant and equipment	8	**353.6**	247.1
Intangible assets		**5.7**	3.2
Restricted cash		**100.0**	70.4
Deferred tax assets		**0.2**	0.7
Deferred interest		**6.0**	7.7
Derivative financial instruments		**-**	22.1
Trade and other receivables		**71.2**	80.3
Total non-current assets		**536.8**	431.5
Current assets			
Inventories		**17.6**	8.8
Trade and other receivables		**126.5**	87.6
Financial assets available for sale		**1.0**	1.0
Derivative financial instruments		**1.7**	38.6
Deferred interest		**1.2**	1.2
Restricted cash		**1.6**	3.2
Cash and cash equivalents		**645.6**	448.6
Total current assets		**795.1**	589.0
Total assets		**1,331.8**	1,020.5
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		**-**	-
Share premium		**377.0**	375.4
Reorganisation reserve		**(193.0)**	(193.0)
Equity part of convertible debt		**8.3**	8.3
Cash flow hedging reserve		**(13.0)**	(46.1)
Retained earnings		**509.4**	315.3
Total equity		**688.8**	459.9
Non-current liabilities			
Borrowings		**5.9**	3.8
Convertible debt		**26.9**	27.0
Deferred income		**96.6**	74.2
Deferred tax liabilities		**4.9**	4.1
Derivative financial instruments		**1.2**	1.8
Provisions for other liabilities and charges	9	**41.2**	44.9
Total non-current liabilities		**176.7**	155.8
Current liabilities			
Trade and other payables		**177.3**	123.9
Current tax liabilities		**3.2**	4.1
Borrowings		**0.5**	0.4
Convertible debt		**0.3**	0.3
Derivative financial instruments		**16.4**	79.9
Deferred income		**225.0**	188.7
Provisions for other liabilities and charges	9	**43.7**	7.5
Total current liabilities		**466.4**	404.8
Total liabilities		**643.1**	560.6
Total equity and liabilities		**1,331.8**	1,020.5

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 March 2016

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulated translation adjustments € million	Retained earnings € million	Total equity € million
Balance at 1 April 2015	-	375.4	(193.0)	8.3	(46.1)	-	315.3	459.9
Comprehensive income								
Profit for the year	-	-	-	-	-	-	192.9	192.9
Other comprehensive income								
Hedging reserve	-	-	-	-	33.2	-	-	33.2
Currency translation differences	-	-	-	-	-	-	-	-
Recycling of currency translation difference on closure of the subsidiary operation	-	-	-	-	-	-	-	-
Total other comprehensive income	-	-	-	-	33.2	-	-	33.2
Total comprehensive income for the year	-	-	-	-	33.2	-	192.9	226.1
Transactions with owners								
Proceeds from shares issued	-	1.6	-	-	-	-	-	1.6
Convertible debt conversion	-	-	-	-	-	-	-	-
Share based payment charge	-	-	-	-	-	-	1.2	1.2
Total transactions with owners	-	1.6	-	-	-	-	1.2	2.8
Balance at 31 March 2016	**-**	**377.0**	**(193.0)**	**8.3**	**(13.0)**	**-**	**509.4**	**688.8**

For the year ended 31 March 2015

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulated translation adjustments € million	Retained earnings € million	Total equity € million
Balance at 1 April 2014	-	207.1	(193.0)	11.1	(3.1)	8.7	129.1	159.9
Comprehensive income								
Profit for the year	-	-	-	-	-	-	183.2	183.2
Other comprehensive income								
Hedging reserve	-	-	-	-	(43.0)	-	-	(43.0)
Currency translation differences	-	-	-	-	-	5.8	-	5.8
Recycling of currency translation difference on closure of the subsidiary operation (Note 4)	-	-	-	-	-	(14.5)	-	(14.5)
Total other comprehensive income	-	-	-	-	(43.0)	(8.7)	-	(51.7)
Total comprehensive income for the year	-	-	-	-	(43.0)	(8.7)	183.2	131.5
Transactions with owners								
Proceeds from shares issued on IPO	-	149.1	-	-	-	-	-	149.1
Convertible debt conversion	-	19.2	-	(2.8)	-	-	2.8	19.2
Share based payment charge	-	-	-	-	-	-	0.2	0.2
Total transactions with owners	-	168.3	-	(2.8)	-	-	3.0	168.5
Balance at 31 March 2015	**-**	**375.4**	**(193.0)**	**8.3**	**(46.1)**	**-**	**315.3**	**459.9**

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 March 2016

	Note	**2016 € million**	2015 € million
Cash flows from operating activities			
Profit before tax		**201.4**	191.7
Adjustments for:			
Depreciation	9	**26.8**	32.5
Amortisation		**2.0**	1.4
Financial income		**(2.0)**	(44.2)
Financial expense		**47.3**	8.1
Share based payment charges		**1.2**	0.2
		276.8	189.7
Changes in working capital (excluding the effects of exchange differences on consolidation)			
Increase in trade and other receivables		**(32.0)**	(35.9)
Increase in restricted cash		**(31.7)**	(24.4)
Increase in derivative assets		**-**	(25.9)
Decrease/(increase)/ in deferred interest		**1.5**	(0.3)
Increase in inventory		**(8.8)**	(2.6)
(Decrease)/increase in provisions		**(0.4)**	1.0
Increase in trade and other payables		**47.1**	17.5
Increase in deferred income		**45.0**	59.1
Cash generated by operating activities before tax		**297.5**	178.2
Comprising			
– cash flow excluding exceptional item		**297.5**	177.2
– exceptional item	4	**-**	1.0
Income tax paid		**(8.6)**	(4.2)
Net cash generated by operating activities		**288.9**	174.0
Cash flows from investing activities			
Purchase of aircraft maintenance assets		**(42.7)**	(36.3)
Purchases of tangible and intangible assets		**(12.4)**	(7.3)
Advances paid for aircraft		**(116.7)**	(74.6)
Refund of advances paid for aircraft		**80.9**	68.2
Interest received		**0.2**	0.2
Net cash used in investing activities		**(90.6)**	(49.8)
Cash flows from financing activities			
Proceeds from the issue of share capital		**1.6**	149.1
Interest paid		**(2.8)**	(3.7)
Commercial loan repaid		**(0.4)**	(6.1)
Net cash (used in)/generated from financing activities		**(1.7)**	139.3
Net increase in cash and cash equivalents		**196.5**	263.5
Cash and cash equivalents at the beginning of the year		**448.6**	185.6
Effect of exchange rate fluctuations on cash and cash equivalents		**0.5**	(0.5)
Cash and cash equivalents at the end of the year		**645.6**	448.6

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

These consolidated financial statements consolidate those of the Company and its subsidiaries. The consolidated financial statements have been prepared and approved by the directors in accordance with International Financial Reporting Standards as adopted by the EU ("Adopted IFRSs" and IFRS IC interpretations).

Based on the exemption provided in Article 105 (11) of the Companies (Jersey) Law 1991 the Company does not present its individual financial statements and related notes.

The financial statements are presented in Euros which is the functional currency of all companies in the Group with the exception of Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC for which the functional currency is the Ukrainian Hryvnia (national currency of Ukraine).

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, and financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

The preparation of the consolidated financial statements in conformity with IFRS legislates the use of certain critical accounting estimates and requires management to exercise judgements in the process of applying the Group's accounting policies. The areas involving a high degree of judgement or complexity, on areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

2. FINANCIAL RISK MANAGEMENT

Hedge transactions during the periods

The Group uses non-derivatives and zero cost collar instruments to hedge its foreign exchange exposures and uses zero cost collar and outright cap instruments to hedge its jet fuel exposures. The time horizon of the hedging programme with derivatives is a usually up to a maximum of 18 months; however, this horizon can be exceeded at the Board's discretion. The volume of hedge transactions expired during the periods was as follows:

a) Foreign exchange hedge (USD versus EUR):

USD 339.0 million (2015: USD 390.0 million).

b) Fuel hedge:

439,500 metric tons (2015: 306,000 metric tons).

Hedge year-end open positions

At the end of the year and the prior year the Group had the following open hedge positions:

a) Foreign exchange hedge with derivatives:

The fair value of the open positions was €4.8 million gain (2015: €37.5 million gain) recognised within other comprehensive income, current assets or current liabilities, respectively.

The notional amount of the open positions was USD 313.5 million (2015: USD 297.0 million).

b) Foreign exchange hedge with non-derivatives:

The notional amount of the open positions was USD 190.5 million (2015: USD 132.0 million).

Non-derivatives are existing financial assets that hedge highly probable foreign currency cash flows in the future, therefore act as a natural hedge. During the year out of its non-derivative financial assets the Group designated USD 34.5 million for hedge accounting (2015: nil). The rest of the open positions relate to expected PDP refunds (USD 156.0 million in 2016 and USD 132.0 million in 2015), for which no hedge accounting is applied.

c) Fuel hedge:

The fair value of the open positions was €11.4 million loss (2015: €84.4 million loss) recognised within other comprehensive income and current assets or liabilities, respectively.

The notional amount of the open positions was 449,000 metric tons (2015: 888,500 metric tons).

In relation to these open hedge positions the cash flows will occur and the hedge relationships will impact the statement of comprehensive income during the years ending 31 March 2017.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS MADE IN APPLYING THE GROUP'S ACCOUNTING POLICIES

a) Maintenance policy

For aircraft held under operating lease agreements, provision is made for the minimum unavoidable costs of specific future obligations created by the lease at the time when such obligation becomes certain. The amount of the provision involves making estimates of the cost of the heavy maintenance work that is required to discharge the obligation, including any end of lease costs.

The cost of heavy maintenance is capitalised and recognised as a tangible fixed asset (and classified as "aircraft maintenance asset") at the earlier of (a) the time the lease re-delivery condition is no longer met or (b) when maintenance including enhancement is carried out. The calculation of the depreciation charge on such assets involves making estimates for the future utilisation of the aircraft and in case of engines also of the future operating conditions of the engine.

b) Hedge and derivative accounting

Fair value of derivatives (namely open position of cash flow hedges) is determined by the contracting financial institutions as per their industry practice. As required, the fair values ascribed to those instruments are verified also by management using high-level models. Further, the effectiveness of hedges is tested both prospectively and retrospectively to determine the appropriate accounting treatment of hedge gains and losses.

c) Net presentation of government taxes and other similar levies

The Group's accounting policy stipulates that where charges levied by airports or government authorities on a per passenger basis represent a government tax in fact or in substance, then such amounts are presented on a net basis in the statement of comprehensive income (netted between revenue and airport, handling and en-route charges lines).

Management reviews all passenger-based charges levied by airports and government authorities to ensure that any amounts recovered from passengers in respect of these charges are appropriately classified within the statement of comprehensive income. Given the variability of these charges and the number of airports and jurisdictions within which the Group operates, the assessment of whether these items constitute taxes in nature is an inherently complex area, requiring a level of judgement.

4. EXCEPTIONAL ITEMS AND UNDERLYING PROFIT

Exceptional items

In the 2016 financial year the Group had a net exceptional expense of €16.3 million from the following:

- €16.3 million of net financial expense, consisting of: (i) exceptional expense of €25.0 million relating to the change in time value of open hedge positions, particularly fuel caps; (ii) exceptional income of €8.7 million relating to realised foreign exchange gain arising on a one-off replacement of USD 75.6 million bank deposits behind collaterals with Euro deposits.

In the 2015 financial year the Group had an exceptional income of €9.2 million from the following:

- €2.8 million of operating expenses in relation to the IPO of the Company. These consisted of (i) €1.6 million within staff costs for a one-off IPO bonus for employees other than senior management; and (ii) €1.2 million within other expenses for advisory fees incurred in relation to the IPO.
- €12.0 million of net financial income, consisting of: (i) an exceptional income of €14.5 million relating to the recycling of the balance of the cumulated translation adjustment account from equity to the statement of comprehensive income. This balance had been accumulated in relation to Wizz Air Ukraine, and the Company announced in March 2015 that the operations of this subsidiary would be discontinued which then happened in April 2015; and (ii) an exceptional expense of €2.5 million arising on the extension of the Company's convertible debt in August 2015.

The financial income and expense items are non-cash therefore are not impacting the statement of cash flows. The cash flow impact of the €2.8 million of IPO-related operating expenses is not significant in either year and is therefore not presented as an exceptional item in the statement of cash flows. The €1.0 million exceptional cash inflow in the statement of cash flows for 2014 relates to a settlement received from the main credit card acquirer of the Group, related to prior years (€6.3 million total settlement, of which €5.3 million was received in the 2014 financial year and the remaining €1.0 million in 2015).

These items were used by management in the determination of the non-GAAP underlying profit measure for the Group – see below.

Underlying profit

	2016 € million	2015 € million
Profit for the period	**192.9**	183.2
Adjustments (exclusions):		
Unrealised foreign exchange loss/(gain)	**14.7**	(27.8)
Exceptional items net loss/(gain)	**16.3**	(9.2)
Sum of adjustments	**31.0**	(37.0)
Underlying profit after tax	**223.9**	146.2

On top of the exceptional items listed in Note 4, unrealised foreign exchange gains and losses are also excluded from the calculation of underlying profit. These are non-cash translation differences that arise primarily on the revaluation of the significant net US Dollar monetary asset position of the Group.

This had material impact particularly in the 2015 financial year due to the significant strengthening of the US Dollar against the Euro in the period. The unrealised loss in 2016 relates primarily to the conversion of USD 75.6 million collaterals into Euro – this transaction alone resulted in €8.7 million realised foreign exchange gain on one hand and €12.4 million unrealised foreign exchange loss on the other hand (the latter being the reversal of the unrealised gains recognised on these assets since their initial recognition). That is, the net foreign exchange impact of this conversion in 2016 was €3.7 million loss – all included in the adjustments in the table above.

By the end of the 2016 financial year the US Dollar monetary asset-liability position of the Group became materially balanced, therefore starting from financial year 2017 there are no material movements expected in this area.

The tax effects of the adjustments made above are insignificant.

5. NET FINANCING INCOME AND EXPENSE

	2016 € million	2015 € million
Interest income	**1.0**	1.0
Ineffective hedge gain	**1.0**	0.8
Financial income	**2.0**	1.8
Interest expense		
Convertible debt	**(1.6)**	(4.5)
Finance lease	**(0.4)**	(0.4)
Other	**(0.7)**	(0.7)
Premium of expired fuel cap deals	**(5.3)**	-
Financial expenses	**(8.0)**	(5.6)
Foreign exchange (loss)/gain		
Realised	**2.9**	(11.6)
Unrealised	**(14.7)**	27.8
Net foreign exchange (loss)/gain	**(11.8)**	16.2
Net exceptional financial (expense)/income (Note 4)	**(16.3)**	12.0
Net financing (expense)/income	**(34.1)**	24.4

Interest income and expense contain interest on financial instruments and the effect of the initial discounting of long-term deposits and the later unwinding of such discounting. Interest expense includes also withholding tax paid in Switzerland on the interest accrued on convertible loans. This withholding tax for these instruments is the liability of the Group according to the terms of the respective loan agreements.

Interest expense on convertible debt is lower in 2016 because (i) a significant part of the convertible debt was converted into shares in 2015, linked to the IPO of the Company; (ii) interest rates were also reduced during 2015; and (iii) Swiss withholding tax of €0.4 million previously incurred on convertible debt was now recovered and credited to interest expenses.

The fuel caps premium of €5.3 million in 2016 relates to the option fees for fuel caps expired in the period – these were paid in the 2015 financial year.

Out of the unrealised foreign exchange loss of €14.7 million in 2016 €12.4 million was caused by the replacement of US Dollar bank deposits behind collaterals with Euro deposits. This is because the unrealised foreign exchange gain recognised on these assets until March 2015 now had to be reversed due to their de-recognition – see also in Note 4.

For the year ended 31 March 2015 the net realised foreign exchange loss of €11.6 million was primarily driven by the devaluation of the Ukrainian Hryvnia and by the strengthening of the US Dollar against the Euro. The net unrealised foreign exchange gain of €27.8 million was primarily driven by the strengthening of the US Dollar against the Euro, impacting through the revaluation of the net US Dollar monetary asset position of the Group.

6. INCOME TAX EXPENSE

Recognised in the statement of comprehensive income

	2016 € million	2015 € million
Current year corporate tax	**2.3**	1.9
Other income based taxes	**5.4**	5.3
Deferred tax	**0.8**	1.3
Total tax charge	**8.5**	8.5

The Company has a tax rate of 7.8 per cent. (2015: 7.8 per cent.). The tax rate relates to Switzerland, where the Company is tax resident.

The current tax charge for the year is different to the standard rate of corporation tax of 7.8 per cent. (2015: 7.8 per cent.). The difference is explained below.

Reconciliation of effective tax rate

	2016 € million	2015 € million
Profit before tax	**201.4**	191.7
Tax at the corporation tax rate of 7.8 per cent. (2015: 7.8 per cent.)	**15.7**	14.9
Effect of different tax rate of subsidiaries versus the parent company	**(12.6)**	(11.7)
Other income based foreign tax	**5.4**	5.3
Total tax charge	**8.5**	8.5
Effective tax rate	**4.2%**	4.4%

The Company had no taxable income. Substantially all the profits of the Group in 2016 and 2015 were made by Wizz Air Hungary Kft, the airline subsidiary of the Group, and substantially all the tax charges presented in this Note were incurred by this entity.

Other income based foreign tax represents the “innovation contribution” and the local business tax payable in Hungary in 2016 and 2015 by the Hungarian subsidiaries of the Group, primarily Wizz Air Hungary Kft. Hungarian local business tax and innovation contribution are levied on an adjusted profit basis.

7. EARNINGS PER SHARE

Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to equity holders of the Company by the weighted average number of Ordinary Shares in issue during each period.

	2016	2015
Profit from the year, € million	**192.9**	183.2
Weighted average number of Ordinary Shares in issue	**53,344,145**	12,693,373
Basic earnings per share, EUR	**3.62**	14.43

There were also 44,830,503 Convertible Shares in issue at 31 March 2016. These shares are non-participating, i.e. the profit attributable to them is €nil. Therefore these shares are not included in the basic earnings per share calculation above.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares in issue with the weighted average number of Ordinary Shares that could have been issued in the respective year as a result of the conversion of various convertible instruments. In this respect the period prior to IPO (in March 2015) and post IPO have different characteristics, as explained below, which causes the significant difference between the fully diluted share numbers between the two years.

Period prior to IPO:

- Convertible notes and loans: Not all of the shares which would have been issued on full conversion of the convertible debt instruments have been included in the diluted earnings per share calculation as there were contractual restrictions limiting the number which could be converted. These restrictions were in place to ensure that the Group remains owned and controlled by a majority of EU nationals.
- Employee share options: Conversion of employee share options was not assumed because the completion of an IPO by the Company was one of the vesting conditions that was not met before March 2015.

Period post IPO:

- Convertible Shares: The Convertible Shares that were issued on the IPO as a result of the conversion of some of the convertible loans and notes were included in the diluted earnings per share calculation.
- Convertible notes remaining after IPO: These can be converted at the option of the holder into Ordinary Shares, although these might be subject to restrictions on voting and dividend rights.

- Employee share options: Vested share options are included in the calculation. Since the IPO there are no further criteria in place that would limit the exercisability of vested share options.

The profit for the year has been adjusted for the purposes of calculating diluted earnings per share in respect of the interest charge relating to the debt which could have been converted into shares.

	2016	2015
Profit for the year, € million	**192.9**	183.2
Interest expense on convertible debt (net of tax), € million	**1.6**	1.0
Profit used to determine diluted earnings per share, € million	**194.5**	184.2
Weighted average number of Ordinary Shares in issue	**53,344,145**	12,693,373
Adjustment for assumed conversion of convertible instruments	**73,208,656**	13,940,632
Weighted average number of Ordinary Shares for diluted earnings per share	**126,552,801**	26,634,005
Diluted earnings per share, EUR	**1.54**	6.91

Proforma earnings per share

The proforma earnings per share is a fully diluted non-IFRS measure defined by the Company, calculated as follows:

	2016	2015
Underlying profit for the year, € million	**223.9**	146.2
Interest expense on convertible debt, € million(1)	**1.6**	4.5
Profit used to determine proforma earnings per share, € million	**225.4**	150.7
Number of shares in issue at year end(2)	**101,752,674**	101,110,618
Adjustment for assumed conversion of convertible debt instruments(3)	**24,246,715**	24,246,716
Adjustment for assumed conversion of employee share options	**765,390**	1,117,446
Fully diluted number of shares for proforma earnings per share	**126,764,779**	126,474,780
Proforma earnings per share, EUR	**1.78**	1.19

(1) Interest expense on convertible debt is lower in 2016 because interest rates were reduced during 2015 and a significant part of the debt was converted into shares on IPO in 2015.

(2) The issued share number includes also the 44.8 million Convertible Shares in issue at 31 March 2016 (2015: 48.8 million).

(3) Interest outstanding on convertible notes in issue at year end is not taken into account for conversion because it is more likely to be paid in cash than converted into shares (as it was the case also in the past).

The calculation of the proforma underlying EPS is different from the calculation of the IFRS diluted EPS measure in the following:

- For earnings the underlying profit for the year was used (see Note 4), as opposed to the statutory (IFRS) profit for the year.
- For the fully diluted number of shares, (i) year-end position was taken rather than the weighted average for the year and (ii) all convertible debts were taken into account for their dilution impact as at the year end. By contrast, the IFRS diluted EPS measure takes a weighted average position for the year and includes only those convertible debt instruments that could be converted by the holder without any restriction.

The proforma EPS measure was introduced by the Company to better reflect the underlying earnings and the underlying equity structure, particularly to remove the distortion that was caused by the special conversion restrictions existing for convertible debt until the IPO in March 2015. The latter issue was relevant last for the 2015 financial year. In the 2016 financial year the same instruments were place both during the year and at the end of the year; therefore, the fully diluted share number was almost the same in the diluted EPS calculation as in the proforma EPS calculation.

8. PROPERTY, PLANT AND EQUIPMENT

	Land and buildings € million	Aircraft maintenance assets € million	Aircraft parts € million	Fixtures and fittings € million	Advances paid for aircraft € million	Advances paid for aircraft maintenance assets € million	Total € million
Cost							
At 1 April 2014	5.0	118.5	11.6	3.3	110.3	25.4	274.1
Additions	-	29.4	4.6	1.8	79.9	25.9	141.6
Disposals	-	(30.8)	-	(0.1)	(83.7)	-	(114.6)
Transfers	-	5.4	-	-	-	(5.4)	-
Foreign exchange differences	-	(0.1)	(0.1)	-	-	-	(0.2)
At 31 March 2015	5.0	122.4	16.1	5.0	106.5	45.9	300.9
Additions	2.7	41.1	16.2	1.0	116.7	37.5	215.2
Disposals	-	(3.9)	-	(1.0)	(80.9)	-	(85.8)
Transfers	-	(10.5)	-	-	-	10.5	-
Foreign exchange differences	-	-	(0.1)	-	-	-	(0.1)
At 31 March 2016	7.7	149.1	32.2	5	142.3	93.9	430.2
Accumulated depreciation							
At 1 April 2014	0.4	45.8	3.4	2.7	-	-	52.3
Depreciation charge for the year	0.4	29.7	1.9	0.5	-	-	32.5
Disposals	-	(30.8)	-	(0.1)	-	-	(30.9)
Foreign exchange differences	-	-	-	(0.1)	-	-	(0.1)
At 31 March 2015	0.8	44.7	5.3	3.0	-	-	53.8
Depreciation charge for the year	0.5	22.9	2.8	0.6	-	-	26.8
Disposals	-	(3.9)	-	(0.1)	-	-	(4.0)
Foreign exchange differences	-	-	-	-	-	-	-
At 31 March 2016	1.3	63.7	8.1	3.5	-	-	76.6
Net book amount							
At 31 March 2016	**6.4**	**85.4**	**24.1**	**1.5**	**142.3**	**93.9**	**353.6**
At 31 March 2015	4.2	77.7	10.8	2.0	106.5	45.9	247.1

Additions to aircraft parts were €16.2 million. Approximately half of this increase was related to the delivery of a spare engine from IAE. This is the first owned spare engine of the Group – the others are all leased under operating lease contracts.

In May 2015 the Group entered into an amendment of its existing IAE Fleet Hour Agreement (FHA) that covers the scheduled and unscheduled maintenance of its aircraft engines. The reason for the change was that the type of IAE engines used by the Group (V2500 family) have had better operational performance than originally expected by the parties – sufficient empirical evidence now exists that demonstrate that engines can stay on-wing longer before they need to be taken into the shop for a scheduled shop visit. This change was reflected in a revised engine maintenance plan of the Group, supported by the amendment of the FHA with IAE.

Many of the engines of the Group that were in May 2015 'out of condition' under the lease return conditions of the respective aircraft lease agreement became 'in condition' as a consequence of these changes. The aircraft maintenance assets that existed for these engines were de-recognised and their net book value was transferred to advances paid for aircraft maintenance assets – as reflected in the net €10.5 million 'reverse direction' transfer between the two asset categories in 2015. Depreciation for these de-recognised assets ceased in May 2015 – that resulted in the lower depreciation charge for aircraft maintenance assets in 2016 when compared to 2015. A new asset is recognised and depreciation is re-commenced when the engine becomes 'out of condition' for its lease contract under the new amended FHA and the revised maintenance plan.

Land and buildings includes the following amounts where the Group is a lessee under a finance lease:

	2016 € million	2015 € million
Cost from capitalised finance lease	**7.5**	4.8
Accumulated depreciation	**(1.2)**	(0.7)
Net book amount	**6.3**	4.1

9. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 2014	26.9	0.7	27.6
Capitalised within property, plant and equipment	26.5	-	26.5
Charged to comprehensive income	-	1.5	1.5
Used during the year	(2.8)	(0.4)	(3.2)
At 31 March 2015	50.6	1.8	52.4
Non-current provisions	44.9	-	44.9
Current provisions	5.7	1.8	7.5
Capitalised within property, plant and equipment	41.0	-	41.0
Charged to comprehensive income	-	0.8	0.8
Used during the year	(7.9)	(1.4)	(9.3)
At 31 March 2016	**83.7**	**1.2**	**84.9**
Non-current provisions	41.2	-	41.2
Current provisions	42.5	1.2	43.7

Non-current provisions relate to future aircraft maintenance obligations of the Group on leased aircraft and spare engines, falling due beyond one year from the balance sheet date. Current aircraft maintenance provisions relate to heavy maintenance obligations expected to be fulfilled in the coming financial year. The amount of provision reflects management's estimates of the cost of heavy maintenance work that will be required in the future to discharge obligations under the Group's operating lease agreements (see Note 3). Maintenance provisions in relation to engines covered by FHA agreements are netted off with the FHA prepayments made to the engine maintenance service provider in respect of the same group of engines.

The increase in current maintenance provisions from 2015 to 2016 relates primarily to new provisions made for engine Life Limited Part (LLP) replacements most of which fall due in the 2017 financial year.

Other provisions relate to future liabilities under the Group's customer loyalty programme, all within one year.

10. CONTINGENT LIABILITIES

Legal disputes

European Commission state aid investigations

Six of the European Commission's on-going state aid investigations which are in their formal phase concern arrangements between Wizz Air and certain airports to which it flies, namely, Timişoara, Cluj-Napoca, Targu Mures, Beauvais, Girona and Lübeck. Wizz Air has submitted its legal observations and supporting economic analyses of these arrangements to the European Commission. Ultimately, an adverse decision by the European Commission could result in a repayment order for the recovery from Wizz Air of any amount determined by the European Commission to be illegal state aid. None of these on-going investigations are expected to lead to exposure that is material to the Group.

The European Commission has given notice that the state aid investigations involving Wizz Air will be assessed on the basis of new "EU Guidelines on State aid to airports and airlines" which were adopted by the European Commission on 20 February 2014. Where relevant, Wizz Air has made further submissions to the European Commission in connection with this notification.

Claims by Carpatair

Carpatair, a regional airline based in Romania, started a number of cases in the Romanian courts during 2012 and 2013 which relate to Carpatair's allegations that Timişoara airport granted unlawful state aid to Wizz Air pursuant to an agreement between the parties or by virtue of the publicly available scheme of charges published by Timişoara airport. Wizz Air is intervening in the defence of these claims, either in its own right or in support of Timişoara airport. One of these cases determined that state aid existed in the 2010 scheme of charges, but failed to substantiate that decision or to quantify the amount involved. Following this decision, Carpatair began a case in which both Timişoara airport and Wizz Air are named as defendants and, pursuant to which, Carpatair aims to have the alleged state aid under the 2010 scheme of charges quantified and a repayment order issued. Wizz Air understands that the Romanian Chamber of Accounts has issued a decision requiring Timişoara airport to recover from Wizz Air an amount of approximately €3 million in respect of the state aid attributable to the 2010 and 2011 scheme of charges despite there having been no expert quantification of the amount and the airport has now started proceedings which Wizz Air is defending.

In January 2016 Carpatair filed a new legal action – registered with the Bucharest Tribunal – against Timisoara Airport, the Romanian Ministry of Transports and Wizz Air. The legal action was sent by the court to Wizz Air on 22 April 2016. By the said legal action Carpatair asks the court to order the three defendants to pay, jointly, to Carpatair damages preliminarily

estimated to amount to €92 million and interest related to the said amount, resulting from an alleged state aid granted by Timisoara Airport to Wizz Air, from the existence of a marketing agreement between Timisoara Airport and Wizz Air and from an abuse of dominant position on the part of Timisoara Airport.

Wizz Air is currently reviewing the substance of the new legal action and will submit its defense in due course.
Management estimates that the maximum potential exposure for these cases could be in the region of €113 million (including the €3 million and the 92 million specifically mentioned above). No provision has been made by the Group in relation to these issues because there is currently no reason to believe that the Group will incur charges from these cases.

11. RELATED PARTIES

Identity of related parties

Related parties are:

- Indigo Hungary LP and Indigo Maple Hill LP (collectively referred to as "Indigo" here), because it appointed three Directors to the Board of Directors (all in service at 31 March 2016); and
- key management personnel (Directors and Officers).

These related parties held 24.7 per cent. of the voting shares of the Company at 31 March 2016 (2015: 20.5 per cent.).

Transactions with related parties

There were no transactions with related parties during the fiscal year except as indicated below.

Transactions with Indigo

At 31 March 2016 Indigo held 10,740,633 of Ordinary Shares (equal to 18.9 per cent. of the Company's issued share capital) and 44,830,503 of Convertible Shares of the Company (2015: 6,740,633 Ordinary Shares and 48,830,503 Convertible Shares).

Indigo has interest in convertible debt instruments issued by the Company. The Company's liability to Indigo, including principal and accrued interest, was €27.2 million at 31 March 2016 (2015: €27.3 million).

During the year ended 31 March 2016 the Company entered into transactions with Indigo as follows:

- Indigo converted 4,000,000 Convertible Shares into the Company's Ordinary Shares;
- the Company recognised interest expense on convertible debt instruments held by Indigo in the amount of €2.0 million (2015: €3.9 million); and
- fees of €0.1 million (2015: €0.1 million) were paid to Indigo in respect of the remuneration of two of the Directors who were delegated by Indigo to the Board of Directors of the Company.