WIZZ AIR HOLDINGS PLC – RESULTS FOR THE THREE MONTHS TO 31 DECEMBER 2019

RECORD Q3 NET PROFIT ON +23% PASSENGER GROWTH UNDERPINNED BY A STRONG COST AND REVENUE PERFORMANCE. FY20 NET PROFIT GUIDANCE RAISED TO BETWEEN €350M AND €355M

LSE: WIZZ

Geneva, 29 January 2020: Wizz Air Holdings Plc ("Wizz Air" or "the Company"), the largest low-cost airline in Central and Eastern Europe ("CEE"), today issues unaudited results for the three months to 31 December 2019 ("third quarter" or "Q3").

Three months to 31 December	**2019**	2018 *IFRS 16 restated*	Change
Passengers carried (million)	**10.0**	8.1	23.2%
Revenue (€ million)	**637.3**	511.3	24.6%
EBITDA (€ million)	**131.6**	105.1	25.2%
EBITDA margin (%)	**20.6**	20.6	0.1ppt
Net profit/(loss) for the period (€ million)	**21.4**	(21.0)	42.4
Net profit margin for the period (%)	**3.4**	(4.1)	7.5ppt
Net profit/(loss) for the period excluding foreign currency loss (€ million)	**22.6**	(1.1)	23.7
Net profit margin for the period excluding foreign currency loss (%)	**3.5**	(0.2)	3.8ppt
Ex-fuel CASK (€ cent)	**2.26**	2.40	(5.6%)
CASK (€ cent)	**3.47**	3.55	(2.1%)
RASK (€ cent)	**3.60**	3.54	1.9%
Cash and cash equivalents (€ million)	**1,319.9**	1,093.5	20.7%
Load factor (%)	**92.5%**	91.4%	1.1ppt
CO_2 emissions in grams per passenger/km	**57.8**	59.3	-2.4%

The IFRS 16 restatement for 2018 is explained later in this document.
The revenue, EBITDA, CASK and profit measures for 2018 in this table are for continuing operations.
'Net profit/(loss) for the period excluding foreign currency loss' is profit after tax (for continuing operation in case of 2018) excluding the amount of net foreign exchange result in the period.

RECORD Q3 PROFIT AND STRONG BALANCE SHEET

- Total revenue increased 24.6% to €637.3 million:
    - Ticket revenues increased 15.5% to €336.3 million
    - Ancillary revenues increased 36.7% to €301.1 million
- Profit for the period was a record €21.4 million in Q3, a yoy increase of 42.4 million
- Total cash at the end of December 2019 was €1,501.4 million, of which €1,319.9 million was free cash

STRONG EX-FUEL UNIT COSTS PERFORMANCE AND POSITIVE YIELDS

- Unit revenues increased 1.9% yoy to 3.60 Euro cents per available seat kilometre (ASK)
- Total unit costs decreased by 2.1% yoy to 3.47 Euro cents per ASK
- Ex-fuel unit costs decreased by 5.6% yoy to 2.26 Euro cents per ASK
- Fuel unit costs increased by 5.2% yoy to 1.21 Euro cents per ASK

BUSINESS DEVELOPMENTS, SUSTAINABILITY AND INNOVATION

- Wizz Air announced that it has reached an agreement in principle for the establishment of Wizz Air Abu Dhabi in partnership with Abu Dhabi Developmental Holding Company PJSC (ADDH). Operations are expected to launch in the second half of 2020, with Wizz Air Abu Dhabi gaining access to markets with potentially 5 billion customers across Europe and beyond.
- For the second consecutive year, Wizz Air has been named the Best Low Cost Airline in Europe in the 2020 annual ranking of AirlineRatings, the world's only safety and product rating website. This rating is considered one of the most important and respected awards in the world of aviation, guiding customers in their choice of the safest and best airlines to fly with.
- Wizz Air remains the greenest choice of air travel with the lowest carbon emissions per passenger/km of all European airlines, at 57.3 grams per passenger/km over the last twelve months. Wizz Air will continue to drive efficiency and improvement in this area with its environmental footprint further decreasing by one third for every passenger/km over the next decade.

LEADING POSITION IN CENTRAL AND EASTERN EUROPE

- Passengers carried increased 23.2% to 10.0 million, securing Wizz Air's position as CEE's number one low cost carrier.
- Wizz Air announced 105 new routes since the beginning of the current fiscal year and now offers more than 710 routes to 45 countries from 25 bases.

- Two new stations were added to the network during the period: Yerevan in Armenia with two new routes to Vienna and Vilnius, and Paris Orly, with two new routes to Budapest and Warsaw.
- The fleet continued to grow with the delivery of one new Airbus A321neo during the period, taking the fleet to 120 aircraft at the end of the third quarter.
- Average aircraft age of 5 years, one of the youngest fleets of any major European airline.

József Váradi, Wizz Air Chief Executive said:
"Wizz Air again reports a record financial performance in the third quarter as our low-fare, low-cost business model delivered a net profit of €21.4 million compared to a broadly breakeven operational outcome in the same period last year. We have delivered unit cost reduction ahead of expectations with ex-fuel CASK improving 5.6% year-on-year. Whilst growing passenger volumes by an industry leading 23% in the third quarter, we have achieved both higher load factors and improved yields. In short, it has been another quarter of significant achievement.

Wizz Air is the lowest cost, lowest emission airline in Europe and the largest airline in the growing CEE market, a market that continues to show exciting growth dynamics. We believe that the company is uniquely positioned for long term value creation. We will continue to enhance our market-leading positions with the roll out of the game-changing, attractively priced and financed A321 neo aircraft which will enable Wizz Air to continue widening our cost advantage over our competitors, providing passengers with the reassurance that they are making the right choice to fly with Wizz Air as we have the lowest impact on the environment of any airline."

Commenting on new business developments, Mr Váradi said:
"In the third quarter, Wizz Air announced its first airline to be established outside of Europe in Abu Dhabi, the capital of the UAE. Wizz Air Abu Dhabi will be an incremental path of growth for Wizz Air, built on our successful ultra-low cost business model, bringing affordable travel to ever more customers. We believe the new airline which is expected to be operational in the second half of 2020 has the potential to be a significant player in the region operating over 50 aircraft within ten years."

On current trading and the outlook for the full year, Mr Váradi commented:
"As previously announced at our H1 results, Wizz Air has reinvested some of its outperformance of the first half in the third quarter, and will grow even faster in the fourth quarter, delivering an industry leading growth rate of 24%. The Company will benefit from this additional growth in the next financial year as new routes will be in place ahead of the all-important summer period. Wizz Air also confirms that the current trading conditions continue to be favourable with a relatively benign competitive environment, stable fuel prices and a positive yield environment. Despite our additional investment in growth in the fourth quarter, the Company is today raising its net profits guidance to a range of between €350m to €355m for the full year."

FULL YEAR FY20 GUIDANCE
The table below sets out the components of the Company's full year outlook.

	2020 Financial Year	*Previously*
Capacity growth (ASKs)	+20%	
Average stage length	Moderate increase	
Load Factor	+ 1%	
Fuel CASK	+ 7%	
Ex-fuel CASK (incl. net financial income and expense)	- 1%	*Slightly negative*
Total CASK	+ 2%	
RASK	Slightly positive	
Tax rate	5%	*4%*
Net profit	Between €350 - €355 million	*€335 - €350 million*

ABOUT WIZZ AIR
Wizz Air, the largest low-cost airline in Central and Eastern Europe, offers more than 710 routes from 25 bases, connecting 154 destinations across 45 countries. A team of more than 5,000 aviation professionals delivers superior service and very low fares making Wizz Air the preferred choice of 40 million passengers in the past 12 months. WIZZ operates an all-Airbus fleet of 120 aircraft. Its A320s are equipped with 180 seats, its A321s with 230 seats and its A321neo aircraft with 239 seats. According to the latest data of the Swiss airline intelligence provider CH-Aviation, Wizz Air has one of the youngest airline fleets in the world. 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. Wizz Air is registered under the International Air Transport Association (IATA), Operational Safety Audit (IOSA), the global benchmark in airline safety recognition. The company was recently named one of the world's top ten safest airlines by airlineratings.com, the world's only safety and product rating agency, and 2019 - Airline of the Year by Air Transport Awards the only international awards that recognizes the year's most outstanding performers in the aerospace industry in the most important categories.

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Q3 FINANCIAL REVIEW

In the third quarter, Wizz Air carried 10.0 million passengers, a 23.2% increase compared to the same period in the previous year, and generated revenues of €637.3 million, 24.6% higher than the previous year. These growth rates compare to capacity growth measured in terms of ASKs of 22.3% and additional seats of 21.8%. Load factor increased 1.1 ppt from 91.4% to 92.5%.

The net profit for the third quarter was €21.4 million, compared to a loss of € 21.0 million in the same period of 2018.

Summary statement of comprehensive income (unaudited)
For the three months ended 31 December

Continuing operations	**2019 € million**	2018* € million	Change
Passenger ticket revenue	**336.3**	291.1	15.5%
Ancillary revenue	**301.1**	220.2	36.7%
Total revenue	**637.3**	511.3	24.6%
Staff costs	**(58.2)**	(50.5)	15.2%
Fuel costs	**(213.8**)	(166.2)	28.6%
Distribution and marketing	**(10.6)**	(9.3)	14.0%
Maintenance materials and repairs	**(46.6)**	(33.4)	39.5%
Airport, handling and en-route charges	**(156.4)**	(130.2)	20.1%
Depreciation and amortisation	**(97.0)**	(83.1)	16.7%
Net other expenses	**(20.1)**	(16.6)	21.1%
Total operating expenses	**(602.8)**	(489.4)	23.2%
Operating profit	**34.6**	22.0	57.3%
Financial income	**14.4**	0.5	
Financial expenses	**(25.3)**	(23.8)	
Net foreign exchange loss	**(1.2)**	(19.9)	
Net financing expense	**(12.2)**	(43.2)	
Profit/(loss) before income tax	**22.4**	(21.2)	
Income tax expense	**(1.0)**	0.2	
Profit/(loss) from continuing operation	**21.4**	(21.0)	
Loss from discontinued operation	**-**	(0.4)	
Profit/(loss) for the period	**21.4**	(21.4)	

*Q3 (October-December) 2018 was re-presented under IFRS 5 and restated for IFRS 16

Revenue

Passenger ticket revenue increased 15.5% to €336.3 million and ancillary income (or "non-ticket" revenue) increased by 36.7% to €301.1 million during the period. Total revenue per ASK (RASK) increased by 1.9% to 3.60 Euro cents.

Average revenue per passenger was €63.7 during the third quarter, an increase of 1.2% versus 2018. Average ticket revenue per passenger decreased from €35.9 in Q3 2018 to €33.6 in Q3 2019, €2.2 or 6.2% lower than last year, while average ancillary revenue per passenger increased from €27.1 in Q3 2018 to €30.1 in Q3 2019, an increase of €3.0 or 11.0%. The decrease in ticket revenue was driven by the high growth rate of the company which required ultra-low fares to stimulate traffic, while the increase in ancillary revenue per passenger was driven by last year's change of Wizz Air's cabin bag policy and improved conversion of value-added services.

Operating expenses

Operating expenses for the third quarter increased by 23.2% to €602.8 million in Q3 2019 from €489.4 million in Q3 2018. Total cost per ASK (CASK) decreased by 2.1% to 3.47 Euro cents in Q3 2019 from 3.55 Euro cents in Q3 2018. CASK excluding fuel expenses decreased by 5.6 % to 2.26 Euro cents in Q3 2019 compared to 2.40 Euro cents in Q3 2018.

Staff costs increased by 15.2% to €58.2 million in Q3 2019, up from €50.5 million in Q3 2018, this increase was at a slower pace than capacity growth.

Fuel expenses increased by 28.6% to €213.8 million in Q3 2019, up from €166.2 million in the same period of 2018. The increase was driven by the growth of the Company and higher average carbon prices as well as a negative impact from foreign exchange rates. The average fuel price (including hedging impact and into-plane premium) paid by Wizz Air in the third quarter was US$734.1 per ton, a decrease of 1.2% from US$742.8 in the same period in 2018.

Distribution and marketing costs rose 14.0% to €10.6 million in Q3 2019 from €9.3 million in the third quarter of 2018, at a lower rate than capacity growth, mainly due to the timing of marketing activities.

Maintenance, materials and repair costs increased by 39.5% to €46.6 million in Q3 2019 from €33.4 million in Q3 2018, driven by the timing of maintenance events.

Airport, handling and en-route charges increased by 20.1% to €156.4 million in the third quarter of 2019 versus €130.2 million in the same period of 2018. The increase was primarily due to a 19.3% growth in the number of flights with 23.2% more passengers and a 1.1ppt increase in load factor.

Depreciation and amortisation charges were higher by 16.7% at €97.0 million in the third quarter, up from €83.1 million in the same period in 2018.

Net other expenses increased 21.1% to €20.1 million in the third quarter from €16.6 million in the same period in 2018.

Financial income increased to €14.4 million in the third quarter from €0.5 million in the same period in 2018. From 1 April 2019, the Company adopted a new risk management strategy and converted the majority of its cash from euros to US dollar to naturally hedge US dollar lease liabilities arising from the adoption of IFRS 16 and, as a result, is benefiting from the higher US dollar interest rates on cash deposits.

Financial expenses increased to €25.3 million in the third quarter from €23.8 million in the same period in 2018. Financial expenses predominantly arise from interest charges related to lease liabilities under IFRS 16 which was adopted at the beginning of this financial year.

Net foreign exchange loss decreased to €1.2 million in the third quarter from €19.9 million in the same period in 2018. The large majority of the loss in 2018 was an unrealised loss due to the application of the 'full retrospective' method of adopting IFRS 16.

Taxation
The Group recorded an income tax expense of €1.0 million in the period compared to a tax benefit of €0.2 million in the same period in 2018. The main components of the income tax charge are local business tax and innovation tax paid in Hungary, and corporate income tax paid in Switzerland.

OTHER INFORMATION

1. Cash
Total cash at the end of the third quarter increased by 17.4% to €1,501.4 million versus September 2018, of which €1,319.9 million is free cash.

2. Restatement of F19 Q3 Comparatives under IFRS 16
The Company adopted IFRS 16 effective from 1 April 2019 and applied the 'full retrospective' method of transition. As a result, the comparative period has been restated under IFRS 16 and the impact on the various line items is as follows:

For the three months ended 31 December – rounded to one decimal place

	2018 As originally presented € million	Impact of IFRS 16 € million	2018 As restated € million
Maintenance materials and repairs	(29.5)	(3.9)	(33.4)
Aircraft rentals	(84.0)	84.0	-
Depreciation and amortisation	(22.3)	(60.9)	(83.1)
Other expenses	(19.0)	2.4	(16.6)
Financial expenses	(1.0)	(22.8)	(23.8)
Net foreign exchange loss	2.4	(22.3)	(19.9)
Income tax (expense)/credit	-	0.3	0.2
Profit/(loss) after tax from continuing operations	**2.1**	**(23.1)**	**(21.0)**
Profit after tax from continuing operations excl. foreign exchange loss*	**(0.3)**	**(0.8)**	**(1.1)**

- *Adjusted for effect of the foreign exchange gain/loss*

3. Net foreign exchange loss
The 'full retrospective' method of transition of IFRS 16 requires the Company to revalue the US dollar lease liabilities from 1 October 2018 to 31 December 2018. This revaluation resulted in an unrealised foreign exchange loss of €22.3 million as the US dollar strengthened versus the euro during this period. The Company implemented a new risk management strategy from 1 April 2019 that fully matches the notional US dollar monetary lease liabilities with offsetting US dollar monetary assets, thereby mitigating this risk. As this new risk was only created from the date of adoption (i.e. 1 April 2019), hedging for a prior period was neither possible nor practical, as the US dollar liability did not exist. Excluding the impact of net foreign exchange loss (most of which related to the retrospective FX revaluation under IFRS 16) the loss (from continuing operations) for the prior period was €1.1 million.

4. Hedging positions

Wizz Air operates under a clear set of treasury policies approved by the Board and supervised by the Audit Committee. The aim of our hedging policy is to reduce short-term volatility in earnings and liquidity.

Wizz Air hedges a minimum of 50% of the projected US Dollar and jet fuel requirements for the next twelve months (40% on an 18-month hedge horizon). Wizz Air also hedges the GBP, its largest non-EUR revenue currency, against EUR in order to smooth out potential future volatility due to Brexit. Unlike for the US Dollar, there is no minimum coverage set, while the maximum is 60% of projected net GBP exposure on a rolling twelve-month basis.

Details of the current hedging positions (as of 27 January 2020) are set out below:

FX hedge coverage

Euro/US Dollar

Period covered	FY20 3 months	FY21 12 months
Exposure (million)	$177	$921
Hedge coverage (million)	$128	$398
Hedge coverage for the period	**72%**	**43%**
Weighted average ceiling	$1.18	$1.17
Weighted average floor	$1.15	$1.13

Euro/British Pound

Period covered	FY20 3 months
Exposure (million)	£35
Hedge coverage (million)	£18
Hedge coverage for the period	**51%**
Weighted average floor	£0.87
Weighted average ceiling	£0.91

The US Dollar related exposures, as presented above, exclude the planned future cash flows from leases. Following the adoption of IFRS 16, the FX exposure from leases arises through the revaluation of the lease liability recognised on the statement of financial position. The Group has FX hedges (forward contracts) in place to maintain the balance of US Dollar denominated financial assets and liabilities.

Fuel hedge coverage

Period covered	FY20 3 months	FY21 12 months
Exposure in metric tons ('000)	287	1,462
Coverage in metric tons ('000)	234	921
Hedge coverage for the period	**82%**	**63%**
Blended capped rate	$680	$650
Blended floor rate	$625	$590

Sensitivities

- Pre-hedging, a one cent movement in the Euro/US Dollar exchange rate impacts operating expenses by €1.4 million for the remainder of the 2020 financial year.
- Pre-hedging, a one penny movement in the Euro/British Pound exchange rate impacts operating expenses by €0.25 million for the remainder of the 2020 financial year.
- Pre-hedging, a $10 (per metric ton) movement in the price of jet fuel impacts fuel costs by $2.9 million for the remainder of 2020 financial year.

5. Fully diluted share capital

The figure of 127,290,452 should be used for the Company’s theoretical fully diluted number of shares as at 15 January 2020. This figure comprises 72,941,840 issued Ordinary Shares, 29,830,503 Convertible Shares, 24,246,715 new Ordinary Shares which would have been issued if the full principal of outstanding convertible notes had been fully converted on 15 January 2020 (excluding any Ordinary Shares that would be issued in respect of accrued but unpaid interest on that date) and 271,394 new Ordinary Shares which may be issued upon exercise of vested but unexercised employee share options.

6. EEA ownership

The Company remains within the 49% maximum permitted level of Ordinary Share ownership by Non-Qualifying Nationals set by the Company’s Board of Directors (“the Permitted Maximum”). The Company's Board of Directors will continue to monitor the situation closely and will take such action as it considers necessary and as contemplated by the Company's articles of association.

Qualifying Nationals include (1) EEA nationals, (2) nationals of Switzerland and (3) in respect of any undertaking, an undertaking which satisfies the conditions as to nationality of ownership and control of undertakings granted an operating licence contained in Article 4(f) of the Regulation (EC) No. 1008/2008, as such conditions may be amended, varied, supplemented or replaced from time to time, or as provided for in any agreement between the EU and a third country (whether or not such an undertaking is itself granted an operating licence). A Non-Qualifying National is any person who is not a Qualifying National in accordance with the above definition. (http://corporate.wizzair.com/en-GB/investor_relations/news/press_releases)

KEY STATISTICS

For the three months ended 31 December

	2019	2018	Change
Capacity			
Number of aircraft at end of period	**120**	106	11.6%
Equivalent aircraft	**119.8**	104.6	14.6%
Utilisation (block hours per aircraft per day)	**11.85**	11.28	5.1%
Total block hours	**130,691**	108,620	20.3%
Total flight hours	**114,540**	94,945	20.6%
Revenue departures	**53,866**	45,163	19.3%
Average departures per day per aircraft	**4.88**	4.69	4.1%
Seat capacity	**10,813,972**	8,881,810	21.8%
Average aircraft stage length (km)	**1,635**	1,628	0.5%
Total ASKs ('000 km)	**17,683,955**	14,458,411	22.3%
Operating data			
RPKs ('000 km)	**16,406**	13,235	24.0%
Load factor	**92.5%**	91.4%	1.1ppt
Number of passenger segments	**10,004,629**	8,119,860	23.2%
Fuel price (average US$ per ton, including hedging impact and into-plane premium)	**734.1**	742.8	-1.2%
Foreign exchange rate (average US$/€, including hedging impact)	**1.14**	1.17	1.9%

CASK

For the three months ended 31 December

	2019 ***Euro cents***	2018 IFRS 16 restated *Euro cents*	Change *Euro cents*
Fuel costs	**1.21**	1.15	0.06
Staff costs	**0.33**	0.35	(0.02)
Distribution and marketing	**0.06**	0.06	0.00
Maintenance, materials and repairs	**0.26**	0.23	0.03
Airport, handling and en-route charges	**0.88**	0.90	(0.02)
Depreciation and amortisation	**0.55**	0.58	(0.03)
Net other expenses	**0.11**	0.11	0.00
Net cost from financial income and expenses	**0.06**	0.16	(0.10)
Total CASK	**3.47**	3.55	(0.08)
Total ex-fuel CASK	**2.26**	2.40	(0.14)

CASK: cost per ASK, where cost is defined as operating expenses and financial expenses net of financial income.

Ex-fuel CASK: cost per ASK, where cost is defined as operating expenses and financial expenses net of fuel expenses and financial income.

The definition of 'cost' applied in the CASK measures until the 2019 financial year was based only on operating expenses. Financial income and expenses are now incorporated into the definition of cost because following the adoption of IFRS 16 this results in a more appropriate measure of cost development for the company. The CASK measures for the prior period shown in this report were restated to the current definition.

For the definition of certain other technical terms used in this document, including some non-GAAP financial measures, please refer to our annual report for the financial year ended 31 March 2019, particularly on page 26.

FORWARD-LOOKING STATEMENTS

The information in this announcement includes forward-looking statements which are based on the Company's or, as appropriate, the Company's Directors' current expectations and projections about future events. These forward-looking statements may be identified by the use of forward-looking terminology including, but not limited to, the terms "believes", "estimates", "plans", "projects", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology, or by discussion of strategy, plans, objectives, goals, future events or intentions. These forward-looking statements are subject to risks, uncertainties and assumptions about the Company and its subsidiaries and investments, including, among other things, the development of its business, trends in its operating industry and future capital expenditures. In light of these risks, uncertainties and assumptions, the events or circumstances referred to in the forward-looking statements may differ materially from those indicated in these statements. Forward-looking statements may, and often do, materially differ from actual results.

None of the future projections, expectations, estimates or prospects or any other statements contained in this announcement should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the announcement. Forward-looking statements speak only as of the date of this announcement. Subject to obligations under the listing rules and disclosure and transparency rules made by the Financial Conduct Authority under Part VI of the Financial Services and Markets Act 2000 (as amended from time to time), neither the Company nor any of its affiliates, or individuals acting on its behalf, undertakes to publicly update or revise any such forward-looking statement, or any other statements contained in this announcement, whether as a result of new information, future events or otherwise.

As a result of these risks, uncertainties and assumptions, you should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise. The information and opinions contained in this announcement are provided as at the date of this announcement and are subject to change without notice.

PRINCIPAL RISKS AND UNCERTAINTIES

The aviation industry is subject to many risks and Wizz Air's business is no exception. A number of risks, as described in our annual report for the financial year ended 31 March 2019, have the potential to adversely affect Wizz Air's expected results for the remainder of the current financial year. These risks include competitive moves, political and economic events, safety events, foreign exchange rates and the price of fuel. The Directors consider that the principal risks to the Company's business during the second half of the financial year remain those set out on pages 28 to 32 of our annual report for the financial year ended 31 March 2019, available at corporate.wizzair.com.

This announcement includes inside information.