WIZZ AIR HOLDINGS PLC – RESULTS FOR THE TWELVE MONTHS TO 31 MARCH 2019

RECORD NET PROFIT OF €292M ON 17% PASSENGER GROWTH IN FY19. HIGH GROWTH TO CONTINUE IN FY20 SUPPORTED BY ROBUST SUMMER DEMAND AND A SUPERIOR UNIT COST PERFORMANCE. FY20 NET PROFIT GUIDANCE OF BETWEEN €320M AND €350M.

LSE Ticker: WIZZ

Geneva, 31 May 2019: Wizz Air Holdings Plc ("Wizz Air" or the "Company"), the largest low-cost airline in Central and Eastern Europe, today announces its audited results for the full year ended 31 March 2019 ('2019", "FY2019" or "FY19") for the Company:

Full year to 31 March	2019	2018	Change
Passengers carried (million)	34.6	29.6	+16.7%
Revenue (€ million)	2,319.1	1,939.0	+19.6%
EBITDAR[1] (€ million)	718.5	659.9	+8.9%
EBITDAR margin[2] (%)	31.0%	33.8%	-3.1ppt
Profit for the year (€ million)	291.6	275.1	+6.0%
Profit margin (%)	12.5%	14.1%	-1.4ppt
Profit for the year from continuing operations (€ million)	295.3	276.4	+6.9%
Profit margin from continuing operations (%)	12.7%	14.3%	-1.5ppt
RASK (€ cent)	3.85	3.76	+2.3%
Ex-fuel CASK (€ cent)	2.24	2.26	-0.9%
Cash and Cash Equivalents (€ million)	1,316.0	979.6	+34.3%
Load factor (%)	92.8	91.3	+1.5ppt
Year-end fleet	112	93	20.4%

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

Wizz Air has once again delivered record passenger numbers and revenues, while also delivering higher load factors and a record net profit of €292 million in FY19. The high economic growth rates across CEE continue and the opportunities created by Wizz Air's ultra-low fares saw our revenues increase by 20%, load factors reaching 93% and passenger numbers of almost 35 million up 17% year-on-year. This was a very solid performance given the absence of Easter traffic which fell into the end of the last financial year, higher fuel prices and a challenging operating environment across the industry.

In FY19 the Company consolidated its leadership position in CEE and expanded in strategic Western European markets such as Vienna and London. Wizz Air will supply more seats to the London-Luton market this summer than any other airline - a clear statement of our ambitions. We continued to drive efficiencies in our operations to deliver on our mission to become Europe's undisputed airline cost leader, efficiencies include the inauguration of our state-of-the-art €30m pilot and cabin crew training centre in Budapest.

Commenting on the outlook for the Company, József Váradi added:

We remain very optimistic for the current financial year. Higher fuel prices are supporting a stronger fare environment and we expect these macro conditions to provide Wizz Air with market share opportunities as weaker carriers withdraw unprofitable capacity. Our ability to drive cost advantage further and offer low fares across our ever expanding network will lead to an expected 17% increase in passenger numbers to 40 million in FY20. Although still at an early stage of the financial year, the Company's net profit is expected to be in a range of between €320 million and €350 million in FY20. As usual, this guidance is dependent on the revenue performance for the all-important summer period as well as the second half of FY 2020, a period for which the Company, like most airlines, currently has limited visibility.

Wizz Air has recorded a solid start to FY20 with RASK forecast up 4% in Q1 year-on-year driven by the strength in the Company's ancillary revenues which is expected to continue into the summer and also by the timing of Easter. With no signs that ATC and airport infrastructure issues will improve any time soon the Company anticipates another very challenging operating environment in FY20. To counter these issues the Company has implemented a number of initiatives designed to improve our operations and customer experience which includes re-affirming our FY20 aircraft delivery schedule with Airbus, additional capacity in our schedule during the peak summer months and changing our cabin bag policy which will improve boarding times.

Our cost focus, market leading position in CEE, pipeline of 253 larger and more fuel efficient game-changing Airbus A320neo family aircraft and our investment grade balance sheet are the strongest of foundations for Wizz Air to

1 EBITDAR: profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and aircraft rentals. (See also under Key statistics)
2 EBITDAR Margin: EBITDAR divided by total revenue.

continue to drive profitable growth and achieve one of the best profit margins of all European airlines, ensuring Wizz Air remains one of the most exciting airline businesses in the world".

RECORD NET PROFIT AND STRONG BALANCE SHEET

- Net profit grew 6% to a record €292 million and net profit margin was 12.5%.
- Net profit excluding discontinued operations was a record €295 million and net profit margin of 12.7%
- Total cash at the end of March 2019 was €1,505 million of which €1,315 million was free cash, one of the strongest balance sheets of any European airline.

REVENUE AND COST HIGHLIGHTS

Revenues: Total revenue increase of 20% to €2,319 million.

- ASKs and passenger numbers both grew 17% on 15% seat growth yoy.
- Ticket revenue up 21% to €1,366 million.
- Ancillary revenue up 18% to €953 million (representing 41% of total revenue).

Costs: Total operating costs increased 23% to €2,019 million and total unit costs increased by 5% to 3.35 Euro cents per (ASK). The increase was driven by:

- Fuel unit costs which were 19% higher at 1.11 Euro cents per ASK.
- Ex-fuel unit costs were 1% lower at 2.24 Euro cents per ASK.

The Company's enviable A320neo family aircraft order started to deliver significant value in the fourth quarter of F19 with the delivery of the Company's first two A321 neo aircraft. This milestone event led to a decrease in net other expenses from €54.2 million in 2018 to €30.9 million in 2019. This reduction was driven by credit items in 2019 totalling €44.5m relating to various aircraft asset sale and leaseback transactions and certain supplier contract negotiations. These items are not expected to recur to the same magnitude in the 2020 financial year. The embedded value in the Company's aircraft order of 253 aircraft is expected to deliver significant financial benefits over the life of the contract.

AIRLINE AND WIZZ TOURS

The segmented reporting illustrates the financial performance of the Airline and Wizz Tours business units separately:

- **Airline:** FY19 performance:
  - Total unit revenue improved by 2% to 3.85 euro cents per available seat kilometre (ASK).
  - Total unit costs increased by 5% to 3.35 euro cents per ASK.
  - Fuel unit costs increased by 19% to 1.11 euro cents per ASK.
  - Ex-fuel unit costs decreased by 1% to 2.24 euro cents per ASK.
  - Ancillary revenue per passenger increased by 1% to €27.6 per passenger.
    - Value added services €22.2 per passenger.
    - Baggage fees €5.3 per passenger.
- **Wizz Tours:** The Company closed its Wizz Tours business unit during the financial year.

MARKET LEADING POSITION IN CENTRAL AND EASTERN EUROPE

- 34.6 million passengers carried (+17%) consolidating our number one LCC market share position in CEE at 39%.
- 125 new routes started in FY19, strengthening our geographic network and market leadership position in CEE.
- Named 2018 The Best Low-Cost Airline of the Year in CEE region, and voted Best Cabin Crew award by Central and Eastern European passengers.

AIRBUS NEO AND FLEET UPDATE

- Fleet expansion by 19 aircraft to 112 aircraft at the end of FY19 (2x A321neos, 12x A321ceo, 5x A320ceos) with over 41% of seats now served by the more cost effective A321 type aircraft.
- First two Airbus A321neo aircraft delivered powered by Pratt & Whitney GTF engines, featuring the widest single-aisle cabin with 239 seats in a single class configuration, offering Wizz Air maximum flexibility, fuel efficiency and low operating cost.
- Committed order book for a further 253 A320neo family aircraft ensuring Wizz operates only the latest and most fuel efficient technologies. Early indications show 16% lower fuel burn and CO_2 emitted per flight and up to 60% lower noise pollution compared to an Airbus A320 CEO aircraft.
- Average aircraft age of 4.8 years, remains one of the youngest and most cost efficient fleets of any major European airline.

OTHER BUSINESS DEVELOPMENTS AND INNOVATION

- Introduction of a new transparent baggage policy aimed at easing the boarding experience for customers, decreasing baggage-related delays and improving on time performance.
- Inauguration of Wizz Air's brand new €30 million state-of-the-art pilot and cabin crew training centre in Budapest with two full motion simulators that can train up to 300 crew members on a daily basis.
- Wizz Air UK company expansion with two additional aircraft to be deployed from summer 2019, taking our new UK airline fleet to 11 aircraft.
- Wizz Air was awarded the highest 7-star safety ranking from the world's only one-stop airline safety and product rating agency – Airline Ratings.
- Wizz Discount Club membership continued to increase reaching over 1.3 million by year end.

FULL YEAR GUIDANCE

	2020 Financial Year	Comment
Capacity growth (ASKs)	16%	H1: 17%; H2: 15%
Average stage length	Moderate increase	-
Load Factor	+ 1%	-
Fuel CASK	+ 7%	Fuel price of $650, €/US$ of $1.12
Ex-fuel CASK	- 2%	Reclassification of lease cost to interest expense and depreciation under IFRS16
Ex-fuel CASK (including net interest expense)	Broadly flat	-
Total CASK	+ 2%	-
RASK	Up low single digit	-
Tax rate	4%	-
Net profit	€320 - €350 million	-

ABOUT WIZZ AIR

Wizz Air is the largest low-cost airline in Central and Eastern Europe, operates a fleet of 113 Airbus A320 and Airbus A321 aircraft, and offers more than 650 routes from 25 bases, connecting 146 destinations across 44 countries. At Wizz Air, a team of more than 4,500 aviation professionals delivers superior service and very low ticket prices making Wizz Air the preferred choice of over 34 million passengers in the past 12 months. 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 recently received the highest 7-star safety rating by airlineratings.com, the world's only safety and product rating agency, and was recently named 2017 - European Airline of the Year by Aviation 100, a renowned annual publication that recognizes the year's most outstanding performers in the aerospace industry.

For more information:

Evelin Horvath, Wizz Air	+41 22 555 9863
Tamara Vallois, Wizz Air:	+36 1 777 9324
Edward Bridges / Jonathan Neilan, FTI Consulting LLP:	+44 20 3727 1017

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CHIEF EXECUTIVE'S REVIEW

I am delighted to be able to report another year of success for Wizz Air in 2019, as we delivered market leading growth rates and continued to drive cost efficiencies across the network. In an environment of high fuel prices, our ultra-low-cost business model provides us with a significant competitive advantage. As we continue to drive our cost base even lower and profitably stimulate traffic, this advantage allows us to capture an even greater share of the market for air travel in CEE as well as selected routes in Western Europe.

As economic growth continues across the CEE region, we are happy to welcome customers on board on 125 new routes launched in the last 12 months. In 2019, we carried 34.6 million customers, up 16.7% year on year. We delivered revenue growth of 19.6% and net profit of a record €291.6 million, an increase of 6.0% year on year.

The first half of the 2019 financial year brought a particularly challenging operating environment for all airlines in Europe, and we were not immune. Unprecedented disruptions due to air traffic control ('ATC') strikes, slot constraints and heavily congested airports meant that 251 of our flights were cancelled in the first half. We took steps to resolve those issues within our control and experienced a significant improvement in the operating environment in the second half.

We remain well on track to deliver on our mission to be the undisputed ultra-low-cost carrier in the industry.

Central to Wizz Air's ultra-low-cost base is our commitment to operating the youngest, most fuel-efficient aircraft. The average age of our fleet is 4.7 years, one of the youngest fleets of any major European airline. In the fourth quarter, we took delivery of our first A321neo aircraft. We have 254 NEO aircraft on order to be delivered over the next eight years. These deliveries when combined with an intensive programme of returning older CEO aircraft back to lessors means that Wizz Air will very soon operate one of the most fuel-efficient fleets in the world.

Our performance in 2019 demonstrated the agility of our business; the benefits of our fleet and efficiency, the diversified network and continued improvements to our industry-leading ultra-low-cost base all coming together to drive fares lower and stimulate ever higher load factors and passenger numbers. In FY 2019, we delivered:

- An increase in revenues of 19.6% to €2,319.1 million;
- Growth in ancillary revenue of 18.1% to €953.0 million;
- An increase in net profit of 6.0% to €291.6 million;
- A total airline ex-fuel unit cost decrease of -1% to €2.24 cents per Available Seat Kilometre (ASK);
- A 17% increase in 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 92.8% in the financial year while delivering industry leading growth rates with a passenger number increase of 16.7% to €34.6 million.

Strategic progress

We remain committed to our strategy built on low fares and a diverse network, supported by efficient operations and high-quality customer service.

Cost control is at the core of our business and with a relentless focus on costs and efficiency across all areas of the business, we are able to offer our customers industry-leading low fares and grow our markets. Our structured approach to risk management and our agile infrastructure of personnel, processes, systems, suppliers and outsourced services means that the organization is sufficiently scalable and therefore best placed to carry out our ambitious growth plans.

Our organisation is deeply international across all functions, and this allows us to maintain sustainable partnerships with all key stakeholders, including our employees, airport operators, suppliers, governments and regulators in new markets as a reliable, long-term partner.

With our investment-grade credit rating, we will be able to reduce our aircraft ownership costs significantly, which will enable us to become the undisputed cost leader in the European airline industry, sustainably grow our business and maximize shareholder value.

CEE's Leader

Wizz Air remains the undisputed market leader in the CEE region, with a market share of 38.6% in the low-cost sector and 16.3% of the total CEE market. During FY 2019, we launched 125 new routes and now operate from 25 bases which connect 146 destinations in 44 countries. We remain confident in the growth potential of the region and will continue to stimulate demand in our markets.

The table below shows the Company's ranking by low-cost market share in each of its CEE base countries:

	Number 1		Number 2		Number 3	
Market	Carrier	Share	Airline	Share	Airline	Share
CEE	Wizz Air	38.6%	Ryanair Group	30.2%	Easyjet	6.1%
Poland	Ryanair Group	50.3%	Wizz Air	38.8%	Norwegian Group	4.1%
Romania	Wizz Air	57.1%	Blue Air	24.6%	Ryanair Group	15.0%
Hungary	Wizz Air	50.9%	Ryanair Group	26.1%	Easyjet	8.3%
Bulgaria	Wizz Air	53.0%	Ryanair Group	35.7%	Easyjet	4.4%

Ukraine	Wizz Air	43.1%	Nordwind Airlines	12.9%	Pegasus	12.5%
Lithuania	Ryanair Group	53.2%	Wizz Air	42.1%	Norwegian Group	4.8%
Latvia	Ryanair Group	53.2%	Wizz Air	29.2%	Norwegian Group	16.7%
Slovakia	Ryanair Group	63.6%	Wizz Air	32.4%	flydubai	2.6%
Georgia	Wizz Air	48.4%	flydubai	23.5%	Air Arabia	11.9%
Serbia	Wizz Air	54.5%	Ryanair Group	12.2%	Easyjet	8.4%
Moldova	Wizz Air	55.1%	FlyOne	44.9%		
Macedonia	Wizz Air	86.3%	Germania Flug	6.3%	Pegasus	4.9%
Bosnia and Herzegovina	Wizz Air	54.8%	Pegasus	12.4%	flydubai	11.8%

The table below shows the Company's ranking by market share in each of its CEE base countries:

	Number 1		Number 2		Number 3	
Market	Carrier	Share	Airline	Share	Airline	Share
CEE	Wizz Air	16.3%	Ryanair Group	12.7%	LOT Polish Airlines	6.2%
Poland	Ryanair Group	25.9%	LOT Polish Airlines	25.6%	Wizz Air	20.0%
Romania	Wizz Air	35.7%	TAROM	16.5%	Blue Air	15.3%
Ukraine	Ukraine International	35.9%	Aeroflot Russian	8.2%	Wizz Air	7.7%
Hungary	Wizz Air	31.1%	Ryanair Group	16.0%	Lufthansa	7.0%
Bulgaria	Wizz Air	24.1%	Ryanair Group	16.2%	Bulgaria Air	13.4%
Latvia	airBaltic	58.8%	Ryanair Group	12.8%	Wizz Air	7.0%
Serbia	Air Serbia	45.1%	Wizz Air	10.9%	Lufthansa	5.2%
Lithuania	Ryanair Group	30.8%	Wizz Air	24.4%	airBaltic	9.8%
Georgia	Georgian Airways	13.6%	Wizz Air	11.7%	Turkish Airlines	11.4%
Moldova	Air Moldova	46.6%	Wizz Air	14.2%	FlyOne	11.6%
Slovakia	Ryanair Group	39.1%	Travel Service Group	21.4%	Wizz Air	19.9%
Macedonia	Wizz Air	61.0%	Turkish Airlines	8.5%	Austrian Airlines	6.7%
Bosnia and Herzegovina	Wizz Air	31.4%	Turkish Airlines	12.0%	Austrian Airlines	9.5%

(Source data for both tables: Innovata, April 2018 – March 2019.)

The table below shows the fleet allocation by country at 31 March 2019 compared to a year earlier:

	Fleet deployment by country		
Year end	March 2019	March 2018	Change
Total	112	93	+19
Romania	26	21	+5
Poland	24	25	-1
Hungary	15	12	+3
Great Britain	9	3	+6
Bulgaria	7	8	-1
Austria	5	-	+5
Macedonia	4	4	0
Ukraine	4	2	2
Lithuania	3	4	-1
Bosnia and Herzegovina	2	2	0
Latvia	2	2	0
Serbia	2	2	0
Georgia	2	1	+1
Moldova	2	1	+1
Czech Republic	-	1	-1
Slovakia	-	1	-1
Undesignated	5	4	1

Expanding Network

During 2019, we maintained our leadership position in the CEE market, and continued to take advantage of valuable market opportunities beyond CEE. Our new base in Vienna opened in June 2018 with five based aircraft. In addition, we started operations to two new destinations in CEE (Tallinn in Estonia and Kharkiv in Ukraine), as well as from five new destinations across Western Europe and Northern Africa.

As at today, Wizz Air offers services from 23 CEE countries including the 11 CEE countries where we have based aircraft and crews. During the year, the Company started operations to/from 7 new airports, as follows:

New CEE stations	
City	Country
Kharkiv	Ukraine
Tallinn	Estonia

New stations outside CEE	
City	Country
Bremen	Germany
Castellon	Spain
Oslo	Norway
Marrakech	Morocco
Vienna	Austria

Fleet development

During the 2019 financial year, we continued to invest significantly in our fleet by adding twelve A321ceo, five A320ceo and two A321neo aircraft, taking our fleet to 112 aircraft at the end of March 2019. Deliveries of the A321ceo aircraft commenced in November 2015 and in just less than three years we are already operating 38 of the type, and in March 2019 we took delivery of the first two A321neo aircraft. Together they represent 41 per cent. of the Company's total seat capacity.

The arrival of the A321neo aircraft is a game-changer for Wizz Air, as we continue to grow at an industry-leading rate and expand our market reach across and beyond Europe. The aircraft is powered by Pratt & Whitney GTF engines and features the widest single-aisle cabin with 239 seats in a single class configuration and offers Wizz Air maximum flexibility, fuel efficiency and low operating costs.

The A321neo offers significant environmental benefits with nearly a 50 per cent. reduction in noise footprint compared to previous generation aircraft. Since entering into service in early 2016, Pratt and Whitney's GTF engine has demonstrated its promised ability to reduce fuel burn by 16 per cent. and nitrogen oxide emissions by 50 per cent.

The composition of our fleet at the end of the 2019 financial year and currently anticipated at the end of the next two financial years is as follows:

	March 2019 Actual	March 2020 Planned	March 2021 Planned
A320ceo without winglets (180 seats)	35	32	27
A320ceo with winglets (180 seats)	28	28	28
A320ceo with winglets (186 seats)	9	9	9
A321ceo with winglets (230 seats)	38	41	41
A321neo with winglets (239 seats)	2	12	35
Fleet size	112	122	140
Proportion of seat on A321	41%	50%	61%
Average number of seats per aircraft	198,5	203,5	209,8

Aircraft Orders

In FY 2016 the Company concluded a purchase agreement with Airbus for 110 firm-order A321neo aircraft and purchase rights for a further 90 of the type. During the 2017 financial year the Company selected and contracted Pratt & Whitney's new technology geared turbofan engines to power these aircraft. The purchase agreement includes uncommitted purchase rights for 75 additional A321neo aircraft as well as ample flexibility with conversion and deferral rights.

During FY 2018 the Company signed two additional purchase agreements with Airbus. The first was for 10 A321ceo aircraft with deliveries in 2018 and 2019 calendar years responding to the ever-increasing demand for Wizz Air's low fares. The second and historic order at the end of 2017 was the Company's largest ever order of 146 A320neo family aircraft (72 A320neo and 74 A321neo), and as part of an airline group initiative, marked also as Airbus' largest ever A320 family aircraft order of 430 units. This exceptional deal secures a continued stable flow of new aircraft starting from 2021 until 2026 at extremely competitive prices.

Wizz Air now has 254 Airbus aircraft on order and these ultra-efficient, next-step technology aircraft will underpin our growth plans for the next decade as we continue with our mission to be the undisputed cost leader among European airlines. Based on the current order book with Airbus, and lessor return schedule, the fleet will more than double in size from the end of FY 2017 to the end of FY 2024.

Offering our customers more

We are continuously working on offering the lowest fares, yet also provide our customers with superior service starting with the booking flow up to the on-board experience. Our aim is to simplify processes and offer the most suitable travel options for our customers. In order to deliver a seamless travel experience, we introduced the following improvements during the 2019 financial year:

- The new generation Airbus A321neo aircraft that features the widest single-aisle cabin with 239 seats in a single class configuration and offers Wizz Air maximum flexibility, fuel efficiency and low operating cost;
- Introduction of a new and improved baggage policy which allows priority boarding customers two pieces of hand-luggage on board and enables more efficient operations, resulting in improved on-time performance;
- New app functionalities with fast track and lounge access sales during and post booking, as well as last minute sales for WIZZ Priority up to 40 minutes before departure;
- Re-design of the check-in and booking flow on the website and the mobile app to provide a more seamless experience and a better understanding of our products and services;
- Improved disruption management: Wizz Air continuously works on pro-active and timely customer support by implementing changes and initiatives for better managing disruptions;
- Faster repatriation of mishandled bags to passengers with SITA WorldTracer®, which allows the airline to trace mishandled bags across the globe;
- Increased coverage of parking and transfer services via the app by 10% network-wide, to provide a wider choice to our customers; and
- New cooperation with our partners including Heinemann in Budapest to offer further benefits to our customers.

Wizz Air's customer base consists of many loyal Wizz Air fans who frequently fly with us: with our Wizz Discount Club, more than 1.3 million members and their friends and families benefit from even lower fares.

The trust of our customers is further demonstrated by increasing bookings with our partners via wizzair.com, as well as further growth of our ancillary revenues by 18.1% year-on-year.

During 2019, we were delighted to having been recognised by a number of awards from our loyal Central and Eastern European customers, including two CESAAR awards as "The Best Low Cost Airline" as well as the airline with the "Best Cabin Crew" in Poland, and two Sky Awards in Bulgaria as the "Best Low-Cost Airline" and as "Passengers' most preferred choice". These awards, which are among the most important and prestigious prizes of the aviation industry in the CEE region, are a recognition of Wizz Air's excellent performance, superior service and strong network expansion. In May 2019, Wizz Air was named "2019 Airline of the Year" by Air Transport Awards, the only international prize that awards all the main categories of the air transport industry.

Developing our people

The success of our business is directly related to the quality of our employees across the network. Without the best people, we would be unable to deliver on our growth ambitions. We have developed a number of training and career development initiatives for our employees to help them with their career progression not only through promotions but also by helping them move between functions, operations and bases. In 2019, we rolled out the Wizz Air Pilot Academy program in Hungary, following previous successful launches in Poland, Bulgaria and Romania. We also opened our new €30 million state-of-the-art pilot and cabin crew training facility in Budapest.

During the 2018 financial year, WIZZ air decided to open the WIZZ foundation, an official funding entity set up in Hungary, with the aim of supporting the broader community in four different areas: health, education, child care and emergency aid.

The board of trustees consists of four members drawn from cabin crew, flight crew and office. In addition to the WIZZ foundation, WIZZ air also introduced WIZZ aid, an employee emergency fund which is designed to provide financial support to colleagues who need urgent medical treatment or suffer from natural or man-made disasters.

In addition, the 'WIZZ People Council', a community of Wizz Air staff enables an effective two-way communication between the management and employees, to support the decision-making process on matters which affect all staff within the company.

Environmental initiatives

We continuously use innovative technologies to minimise the effect of our operations on the environment. With our order of the ultra-efficient Airbus A320neo Family aircraft that started delivery in March 2019, our environmental footprint will continue to decrease.

In addition, the company is currently implementing over 65 various fuel saving initiatives to make sure that we minimise our fuel consumption. While undeniably good for business, it also means that we operate in as environmentally friendly a way as possible. Since 2012, we have started several projects including the improvement of economic flying speed, descent optimization and zonal drying, which add up nearly 100,000 tons reduction of CO_2 emissions per year, or over 3% per aircraft per year.

Technology advancements

Digital technology has been at the core of Wizz Air's success from the start, and we will continue to serve our customers across Europe in a scalable and personalized way. In FY 2019, we appointed Joel Goldberg to the newly-created position of Chief Digital Officer, who will ensure that Wizz Air's digital development not only keeps up with, but also anticipates the future needs of our customers as well as continues to improve efficiency across the business.

Wizzair.com remains one of the world's top ten most visited airline websites, and 96% of our current sales come through digital sales channels. To leverage the shifting trends and maintain a low-cost distribution strategy, Wizz Air has embraced a "mobile first" strategy. By applying user research and service design, Wizz Air's digital optimization has contributed to ever improving conversion rates on ticket and ancillary sales. On our mobile application, we recorded close to 138 million sessions of more than 26 million users in FY 2019.

In addition, we will focus on maintaining and developing solid, reliable and scalable enterprise platforms and focus on automated processes that support our core business and enable digital ways of working. In FY19, we have mapped out our most critical processes to lay the groundwork for continuous automation.

As we look ahead to FY20, we will drive further digitalization of the customer journey and support customer self-service in order to make our products and services available 24-7 to our customers. We will have a relentless focus on automating the highest volume areas of manual work to free our people up to focus on the more strategic, value adding activities, and we will be introducing new digital tools to enhance productivity and connectedness of our employees. This strong digital foundation and framework will enable us to further leverage emerging technologies like machine learning and artificial intelligence in the coming years. As we continue our remarkable growth story, we are committed to becoming the most digital ULCC in the industry in order to better serve the evolving expectations of our customers and people.

Balanced hedging approach

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 per cent. of the projected US Dollar and jet fuel requirements for the next twelve months (40 per cent. on an 18-month hedge horizon).

During the 2017 fiscal year the Company started to hedge the GBP, its largest non-EUR revenue currency, against EUR in order to avoid potential short-term volatility. 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 at 20 May 2019) are set out below:

Foreign exchange (FX) hedge coverage of Euro/US Dollar

Period covered	F20 11 months	F21 7 months
Exposure (million)	$734	$578
Hedge coverage (million)	$398	$122
Hedge coverage for the period	54%	21%
Weighted average ceiling	$1.2398	$1.1862
Weighted average floor	$1.1909	$1.1415

Foreign exchange (FX) hedge coverage of Euro/US Dollar

Period covered	F20* 2 months	F21 *
Exposure (million)	£29	-
Hedge coverage (million)	£16	-
Hedge coverage for the period	55%	-
Weighted average ceiling	£0.9195	-
Weighted average floor	£0.8798	-

* The GBP hedging program is applicable on a maximum twelve-month horizon and within this horizon is discretionary. The open hedges currently in place cover only May-June 2019 (i.e. the first two months of F20)

Fuel hedge coverage

Period covered	F20 11 months	F21 7 months
Exposure in metric tons ('000)	1129	873
Coverage in metric tons ('000)	612	191
Hedge coverage for the period	54%	22%
Blended capped rate	$705	$689
Blended floor rate	$643	$631

Sensitivities

- Pre-hedging, a one cent movement in the Euro/US Dollar exchange rate impacts the 2020 financial year operating expenses by €6.0 million.
- Pre-hedging, a one penny movement in the Euro/British Pound exchange rate impacts the 2020 financial year operating expenses by €1.9 million.
- Pre-hedging, a $10 (per metric ton) movement in the price of jet fuel impacts the 2020 financial year fuel costs by $11.0 million.

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

Management changes

In August 2018, we announced the appointment of Joel Goldberg to the newly created position of Chief Digital Officer. As mentioned, Mr. Goldberg will be responsible for our continued focus on digital innovation to ensure we are providing the best service for our customers. Mr. Goldberg reports to Stephen Jones, Managing Director Wizz Air Hungary and Deputy Chief Executive Officer and is responsible for the Group's E-commerce, Data Analytics and Automation, IT Innovation and IT Infrastructure and Services functions.

In September 2018 our Chief Corporate Officer Owain Jones assumed the newly created role of Managing Director of Wizz Air UK Limited to lead what we expect will be a significant part of our business in the future. In the same month, Marion Geoffroy was promoted to Chief Corporate Officer from Head of Legal.

In April 2019, András Sebők was promoted to the newly created Chief Supply Chain Officer position. András assumed responsibility for fleet acquisition, purchasing, facility management and airport development functions. In the same month, Johan Eidhagen assumed responsibility of human resources in addition to Marketing and Communications as well as customer experience and retail as Chief People and Marketing Officer.

Outlook

As the new financial year begins we are very optimistic for the coming twelve months. Higher fuel prices are supporting a stronger fare environment and we expect these macro conditions to provide Wizz Air with market share opportunities as weaker carriers withdraw unprofitable capacity. Our ability to drive cost advantage further and offer lower fares across our ever expanding network will lead to an expected 17% increase in passenger numbers to 40 million in FY20. Although still at an early stage of the financial year, the Group net profit is expected to be in a range of between €320 million and €350 million in FY 2020. As usual, this guidance is dependent on the revenue performance for the all-important summer period as well as the second half of FY 2020, a period for which the Company, like most airlines, currently has limited visibility.

Wizz Air has recorded a solid start to FY20 with RASK[1] forecast up 4% in Q1 year-on-year driven by the strength in the Company's ancillary revenues which is expected to continue into the summer and also by the timing of Easter. With no signs that ATC and airport

[1] See definition of RASK and CASK in the Glossary of technical terms.

infrastructure issues will improve any time soon the Company anticipates another very challenging operating environment in F20. To counter these issues the Company has implemented a number of initiatives designed to improve our operations customer experience which includes re-affirming our F20 aircraft delivery schedule with Airbus, additional capacity in our schedule during the peak summer months and changing our cabin bag policy which will improve boarding times.

Our cost focus, market leading position in CEE, pipeline of 253 larger and more fuel efficient game-changing Airbus A320neo family aircraft and our investment-grade balance sheet are the strongest of foundations for Wizz Air to continue to drive profitable growth and achieve one of the best profit margins of all European airlines, ensuring Wizz Air remains one of the most exciting airline businesses in the world.

FINANCIAL REVIEW

During the 2019 financial year Wizz Air carried 34.6 million passengers, which represents an increase of 16.7 per cent. compared to the previous year. The company grew revenues to €2,319.1 million, an increase of a 19.6 per cent. compared to the previous year. Wizz Air delivered strong capacity growth profitably, despite challenging circumstances: capacity growth measured in terms of available seat kilometres (ASK) increased by 17.0% per cent. and seats of 14.9% per cent while delivering a net profit growth of 6.0 per cent. to €291.6m (the latter including the result of discontinued operation).

The Group achieved an increase in unit revenues measured in terms of ASKs, which rose by 2.3% per cent. to 3.85 Euro cents, while unit costs grew by 4.9 per cent. to 3.35 Euro cents in 2019 from 3.19 Euro cents in 2018. This increase in CASK[1] was principally driven by an increase of 19.0% in fuel CASK. CASK excluding fuel expenses decreased by 0.9% per cent to 2.24 €cents in 2019 from 2.26 €cents in 2018. Net profit margin decreased to 12.7%, down from 14.3% in 2018. (These measures, and all other revenue and expense numbers stated in the Financial Review, are for the continuing operation of the Group unless otherwise indicated. See Note 4 to the financial statements for more details on the results of the discontinued operation.)

Wizz Air continued to make investments during the financial year, which drive efficiencies and lower costs to enable long-term growth. Significant milestones include:

- The delivery of the first two Airbus A321neo aircraft, which will further strengthen Wizz Air's position as Europe's ultimate cost leader.
- Two brand new Airbus A321 aircraft are being deployed in Krakow from summer 2019, operating 12 new routes to nine countries at Wizz Air's 26th base.
- Wizz Air inaugurated its brand new €30 million state-of-the-art pilot and cabin crew training centre in Budapest. The facility currently operates two full motion simulators and can train up to 300 flight and cabin crew members on a daily basis.
- The Company expanded Wizz Air UK with two additional aircraft to be deployed from summer 2019, taking the London Luton based fleet to 11 aircraft.

Profit after tax, including the result of the discontinued operation, increased by 6.0 per cent. to €291.6 million in 2019 from €275.1 million in 2018. Excluding the result (loss) of the discontinued operation profit increased by 6.9 per cent. to €295.3 million in 2019 from €276.4 million in 2018

The macro variables with significant influence on the financial performance of the Group developed during the year as follows:

	2019	2018	Change
Average jet fuel price ($/metric ton, including into plane premium and hedge impact)	724	611	+18.4%
Average USD/EUR rate (including hedge impact)	1.18	1.15	+15.9%
Year-end USD/EUR rate	1.12	1.23	-9.0%

Financial overview

Summary statement of comprehensive income
€ million

Continuing operation	2019	2018	Change in results
Total revenue	2,319.1	1,939.0	19.6%
Fuel costs	667.9	479.8	39.2%
Operating expenses excluding fuel	1,351.5	1,166.1	15.9%
Total operating expenses	2,019.4	1,645.9	22.7%
Operating profit	299.8	293.0	2.3%
Operating profit margin	*12.9%*	*15.1%*	
Net financing income/(expense)	0.5	(5.7)	
Profit before income tax	300.2	287.3	4.5%
Income tax expense	(4.9)	(11.0)	
Profit from continuing operation	295.3	276.4	6.9%

1 See definition of RASK and CASK in the Glossary of technical terms.

Loss from discontinued operation	(3.7)	(1.3)	
Profit for the year	291.6	275.1	6.0%

Earnings per share

Earnings per share, EUR (Note 10)	2019	2018	Change
Basic earnings per share from continuing operation	4.06	4.02	0.04
Diluted earnings per share from continuing operation	2.34	2.19	0.15
Basic earnings per share	4.01	4.00	0.01
Diluted earnings per share	2.31	2.18	0.13

Return on capital employed and capital structure

Return on capital employed (ROCE)* is a non-statutory performance measure commonly used to measure the financial returns that a business achieves on the capital it uses. ROCE for the 2019 financial year was 15.6 per cent., a change of 0.6 percentage points compared to the previous year.

The Company's leverage* fell to a ratio of 1.4 (2018: 1.5) at the end of the 2019 financial year.

The year-on-year comparisons of ROCE and leverage were impacted by the translation effect of the stronger US Dollar compared to last year as capitalised aircraft leases, mostly denominated in US Dollar, are translated into a higher Euro value in 2019.

Liquidity* rose from 50.5 per cent. at the end of the 2018 financial year to 56.7 per cent. a year later.

	2019	2018	Change
ROCE*	15.6%	16.2%	0.6 ppts
Leverage*	1.4	1.5	0.1 ppts
Liquidity*	56.7%	50.5%	6.2 ppts

* See the definition of these non-statutory measures and their calculation under Key statistics on page 18.

Financial performance

Revenue

The following table sets out an overview of Wizz Air's revenue items for 2019 and 2018 and the percentage change in those items:

	2019		2018		
	Total (€ million)	Percentage of total revenue	Total (€ million)	Percentage of total revenue	Percentage change
Passenger ticket revenue	1,366.1	58.9%	1,132.2	58.4%	20.7%
Ancillary revenue	953.0	41.1%	806.8	41.6%	18.1%
Total revenue	2,319.1	100%	1,939.0	100%	19.6%

The passenger ticket revenue increase of 20.7 per cent. to €1,366.1 million was primarily driven by increased RASK1 of 2.3 per cent. as well as 16.7% higher passenger numbers. Ancillary (or "non-ticket") revenue remained strong with an 18.1 per cent. growth to €953.0 million. Its share of the total revenue only decreased slightly, by 0.5 percentage points to 41.1%, despite the fact that the free large cabin bag policy was only removed in Q3 2019.

Average revenue per passenger rose to €67.1 in 2019 from €65.4 in 2018, representing an increase of 2.5 per cent. Average ticket revenue per passenger increased from €38.2 in 2018 to €39.5 (by 3.4 per cent.), while average ancillary revenue per passenger increased to €27.6 from €27.2 (by 1.3 per cent.). The increase in average revenue per passenger was due to the impact of increased customer penetration of existing products such as allocated seating and different checked-in luggage sizes.

In 2019 the Group adopted IFRS 15, 'Revenue from Contracts with Customers', which had immaterial impact (€4.2 million reduction) on total revenues in the year.

Operating expenses

Total operating expenses increased by 22.7 per cent. to €2,019.4 million in 2019 from €1,645.9 million in 2018. CASK[1] grew by 4.9 per cent. to 3.35 Euro cents in 2019 from 3.19 Euro cents in 2018. The main driver of this was an increase in the average fuel price.

CASK excluding fuel expenses decreased to 2.24 Euro cents in 2019 from 2.26 Euro cents in 2018. Higher staff-related unit costs were offset by lower unit costs on depreciation and on net other expenses.

1 See definition of RASK and CASK in the Glossary of technical terms.

The following table sets out the operating expenses for 2019 and 2018 and the percentage changes in those items:

	2019			2018			
	Total (€ million)	Percentage of total operating expenses	Unit Cost (€cts/ASK)	Total (€ million)	Percentage of total operating expenses	Unit Cost (€cts/ASK)	Percentage change of total cost
Staff costs	198.6	9.8%	0.33	147.6	9.0%	0.29	34.6%
Fuel costs	667.9	33.1%	1.11	479.8	29.2%	0.93	39.2%
Distribution and marketing	37.8	1.9%	0.06	33.1	2.0%	0.06	14.4%
Maintenance, materials and repairs	115.1	5.7%	0.19	98.6	6.0%	0.19	16.7%
Aircraft rentals	326.0	16.1%	0.54	276.3	16.8%	0.54	18.0%
Airport, handling and en-route charges	550.3	27.3%	0.91	465.7	28.3%	0.90	18.2%
Depreciation and amortisation	92.7	4.6%	0.15	90.6	5.5%	0.18	2.4%
Net other expenses	30.9	1.5%	0.05	54.2	3.3%	0.11	(43.0)%
Total operating expenses	2,019.4	100%	3.35	1,645.9	100%	3.19	22.7%

Staff costs increased by 34.6 per cent. to €198.6 million in 2019, up from €147.6 million in 2018. The increase in overall staff costs were driven by a significant pilot salary increase, as well as a 14.7 per cent. rise in aircraft block hours.

Fuel expenses increased by 39.2 per cent. to €667.9 million in 2019, up from €479.8 million in 2018. The main driver for this increase was rising average fuel prices, as well as an ASK growth of 17 per cent. The average fuel price, including hedging impact and into-plane premium, paid by Wizz Air in 2019 was US$724 per ton, an increase of 18.4 per cent. from the previous year's figure of US$611 per ton. The average euro / US dollar exchange rate, including the impact of hedging, was 1.18 in 2019 compared to a rate of 1.15 in 2018.

The increase in distribution and marketing costs of 14.4 per cent. to €37.8 million in 2018 from €33.1 million in 2018 is in line with FY 2019 seat capacity growth of 14.9 per cent.

Maintenance, materials and repair costs rose by 16.7 per cent. to €115.1 million in 2019 from €98.6 million in 2018. This cost increase was the result of the increased numbers of hours flown and the timing of certain maintenance events.

Aircraft rental costs rose 18 per cent. to €326.0 million in 2019, up from €276.3 million in 2018, which is favourable when compared to a higher fleet growth (equivalent aircraft grew by 21 per cent.).

Airport, handling and en-route charges increased by 18.2 per cent. to €550.3 million in 2019 from €465.7 million in 2018. This category comprised €336.5 million of airport and handling fees and €213.7 million of en-route and navigation charges in 2019, compared to €273.9 million of airport and handling fees and €191.8 million of en-route and navigation charges in 2018. The main driver of this cost increase was a 13 per cent. increase in the number of flights, and a 16.7 per cent. rise in passenger numbers.

Depreciation and amortisation charges increased by 2.4 per cent. to €92.7 million in 2019 from €90.6 million in 2018.

Net other expenses include primarily (i) office overhead and crew related costs other than direct staff costs, (ii) passenger welfare and compensation costs, (iii) aviation and other insurance costs, and (iv) credits that do not classify as revenue from customers. The Company's enviable A320neo family aircraft order started to deliver significant value in the fourth quarter of F19 with the delivery of the Company's first two A321 neo aircraft. This milestone event led to a decrease in net other expenses from €54.2 million in 2018 to €30.9 million in 2019. This reduction was driven by credit items in 2019 totalling €44.5m relating to various aircraft asset sale and leaseback transactions and certain supplier contract negotiations. These items are not expected to recur to the same magnitude in the 2020 financial year. The embedded value in the Company's aircraft order of 254 aircraft is expected to deliver significant financial benefits over the life of the contract.

Net financing income and expense

The Group's net financing gain was €0.5 million in 2019 after a loss of €5.7 million in 2018. This aggregate change was driven by improvements both in financial income and expenses and in foreign exchange impacts, as shown in the table below:

€ million	2019	2018	Change
Net financial income/(expenses)	2.0	(2.2)	4.2
Net foreign exchange loss	(1.6)	(3.5)	2.0
Net financing income and expense	0.5	(5.7)	6.2

See also Note 8 to the financial statements.

Taxation

The Group recorded an income tax expense of €4.9 million in 2019 compared to €11.0 million in 2018. The effective tax rate for the Group in 2019 was 1.6 per cent compared to 3.8 per cent. in 2018. The main components of the tax charge are local business tax and innovation tax paid in Hungary, and corporate income tax paid in Switzerland and in the United Kingdom. The lower rate of tax and the lower tax charge in 2019 were driven by a decrease of Swiss tax, partly offset by an increase of Hungarian local taxes. The decrease of Swiss tax charge was caused by the reduction in the Swiss income tax rate applicable to Wizz Air Hungary Kft., resulting in both (i) in a permanent reduction in the current tax for the year, and (ii) in a decrease of deferred tax liability and an adjustment to the current tax of prior periods, which credits were one-off in nature.

Profit for the year

The Group generated a profit for 2019 of €291.6 million, a 6.0 per cent. increase from the net profit of €275.1 million in 2018 (both including the result of discontinued operation).

Other comprehensive income and expenses

In 2019 the Group had other comprehensive expense of €5.7 million compared to €10.0 million income in 2018. This change was driven primarily by the movements in the fair value of open hedge instruments, as reflected in the balance of the cash flow hedging reserve in equity.

Cash flows and financial position

Summary statement of cash flows

The following table sets out selected cash flow data and the Group's cash and cash equivalents for 2019 and 2018:

€ million	2019	2018	Change
Net cash generated by operating activities	407.1	416.9	(9.8)
Net cash used in investing activities	(64.0)	(208.9)	144.9
Net cash used in financing activities	(6.5)	(2.3)	(4.2)
Effect of exchange rate fluctuations on cash and cash equivalents	(0.1)	(0.1)	-
Cash and cash equivalents at the end of the year	1,316.0	979.6	336.4

Cash flow from operating activities

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

Operating cash flows declined from €416.9 million in 2018 to €407.1 million in 2019 primarily due to the following factors:

- Operating cash flows before adjusting for changes in working capital: while profit before tax (including the result of the discontinued operation) increased by €10.5 million year on year, operating cash flows (before working capital impacts) declined by €16.1 million primarily because the 2019 profit included €25.7 million gain from the sale of tangible fixed assets, the cash flow impact of which is taken into account under investing activities.
- Changes in working capital: The movements in working capital items increased 2019 operating cash flows by €53.5 million, which is €9.5 million higher than the impact of the same items in 2018. The cash flows from the regular significant items of working capital for the Group (receivables, restricted cash, payables, deferred income) were all increasing year-on-year broadly in line with the rate of growth of the business.

Cash flow from investing activities

Net cash used in investing activities decreased by €144.9 million from a net cash outflow of €208.9 million in 2018 to a net cash outflow of €64.0 million in 2019. The lower investment in 2019 was the net impact of the following two opposite impacts:

- Advances paid for aircraft (pre-delivery payments, 'PDP'): The net PDP flows (payments paid to Airbus less refunds received) were €71.3 million inflow in 2019 compared to net €124.9 million outflow in 2018, requiring €196.2 million less net cash investment in 2019 than in 2018. This decrease was primarily due to a restructuring of the Company's CY2019 aircraft delivery schedule and associated PDP commitments with Airbus in October 2018.
- Purchase of maintenance assets amounting to €133.0 million in 2019, compared to only €84.1 million in 2018, consisting of heavy maintenance related activities (by amount primarily related to engine life limited parts replacements) as well as advance payments made in relation to engine heavy maintenance scheduled to be performed in the future.

Cash flow from financing activities

Net cash used in financing activities increased by €4.2 million resulting in a €6.5 million outflow in 2019 from a €2.3 million outflow in 2018.

Summary statement of balance sheet

The following table sets out summary statements of financial position of the Group for 2019 and 2018:

€ million	2019	2018	Change
ASSETS			
Property, plant and equipment	**659.3**	684.5	(25.2)
Restricted cash*	**188.9**	162.1	26.8
Derivative financial instruments*	**31.5**	34.1	(2.6)
Trade and other receivables*	**304.2**	239.0	65.2
Cash and cash equivalents	**1,316.0**	979.6	336.4
Other assets*	**57.6**	42.7	14.9
Total assets	**2,557.5**	2,142.1	415.4
EQUITY AND LIABILITIES			
Equity			
Equity	**1,527.7**	1,241.9	285.8
Liabilities			
Trade and other payables	**306.4**	254.7	51.7
Convertible debt and other borrowings*	**29.0**	32.2	(3.2)

Deferred income*	**524.1**	437.4	86.7
Derivative financial instruments*	**18.8**	13.7	5.1
Provisions*	**149.2**	153.0	(3.8)
Other liabilities*	**2.2**	9.2	(7.0)
Total liabilities	**1,029.8**	900.2	129.6
Total equity and liabilities	**2,557.5**	2,142.1	415.4

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

Property, plant and equipment decreased by €25.2 million as at 31 March 2019 compared to 31 March 2018. This was driven by the decrease of PDP held with Airbus, as explained above under cash flows from investing activities. Restricted cash (current and non-current) increased by €26.8 million as at 31 March 2019 compared to 31 March 2018. These are mainly deposits behind letters of credit issued by Wizz Air's banks, related primarily to lease security deposits and maintenance reserves. The growth was broadly proportional with the increase in the number of aircraft (all leased). Derivative financial assets (current and non-current) decreased by €2.6 million as at 31 March 2019 compared to 31 March 2018. Trade and other receivables (current and non-current) increased by €65.2 million as at 31 March 2019 compared to 31 March 2018, which is broadly consistent with the rate of increase of the business during the year. Cash and cash equivalents increased by €336.4 million as at 31 March 2019 compared to 31 March 2018.

Trade and other payables increased by €51.7 million as at 31 March 2019 compared to 31 March 2018. This rate of increase is broadly consistent with rate of increase for the Group's business during the year. Deferred income (current and non-current) increased by €86.7 million as at 31 March 2019 compared to 31 March 2018. This was driven by the increase in unearned revenues, including also an impact from the timing of Easter (that fell to the end of March in 2018 but to April in 2019). Derivative financial liabilities (current and non-current) increased by €5.1 million as at 31 March 2019 compared to 31 March 2018. Provisions (current and non-current) decreased by €3.8 million as at 31 March 2019 compared to 31 March 2018 (see Note 12 to the financial statements). The low rate of increase was driven primarily by a decrease in maintenance provisions for engine life limited parts replacements as a high number of these events were performed during the 2019 financial year.

Adoption of IFRS 16

The Group is adopting IFRS 16 from 1 April 2019. This change will have significant impact on the financial statements of the Group. The Group will apply the full retrospective method of transition and will restate the FY 2019 financial statements in the Annual Report and Accounts for FY 2020.

The transition involves the recognition of a very significant lease liability under IFRS 16, denominated primarily in US Dollar, which is subject to FX revaluation. This required the implementation of new risk management measures, to protect earnings from FX translation volatility. The Group, starting from 1 April 2019, is mitigating these exposures by holding the majority of its cash balances in US Dollar (thus creating a US Dollar monetary asset to naturally offset most of the lease liability) and by entering into Euro/US Dollar FX forward contracts to cover the residual risk. The balance of the forward contracts will be actively managed in the future on a roll-forward basis to cover the estimated future net US Dollar liability.

Overall we feel positive about the impacts of IFRS 16 on our business because it will facilitate a fairer and more transparent comparison of the financial performance between airlines, independent from the form of aircraft financing.

KEY STATISTICS

	2019	2018	Change*
CAPACITY			
Number of aircraft at end of period	112	93	20.4%
Equivalent aircraft	103.2	85.3	21.0%
Utilisation (block hours per aircraft per day)	12.02	12.68	(5.2)%
Total block hours	452,550	394,624	14.7%
Total flight hours	394,993	343,006	15.2%
Revenue departures	190,019	168,208	13.0%
Average departures per day per aircraft	5.05	5.41	(6.6)%
Seat capacity	37,266,876	32,438,754	14.9%
Average aircraft stage length (km)	1,618	1,589	1.8%
Total ASKs ('000 km)	60,283,961	51,536,986	17.0%
OPERATING DATA			
RPKs (revenue passenger kilometre) ('000 km)	55,993,952	47,209,679	18.6%
Load factor (%)	92.8	91.3	1.5ppt
Number of passenger segments	34,566,688	29,632,357	16.7%
Fuel price (US$ per ton, including hedging impact and into-plane premium)	724	611	18.4%
Foreign exchange rate (US$/€ including hedging impact)	1.18	1.15	2.9%
FINANCIAL MEASURES (for the Airline only)			
Yield (revenue per RPK, € cents)	4.14	4.11	0.8%
Average revenue per seat (€)	62.23	59.77	4.1%
Average revenue per passenger (€)	67.1	65.43	2.5%
RASK (€ cents)	3.85	3.76	2.3%
CASK (€ cents)	3.35	3.19	4.9%
Ex-fuel CASK (€ cents)	2.24	2.26	(0.9)%

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

Glossary of technical terms

Available seat kilometres (ASK): available seat kilometres, the number of seats available for scheduled passengers multiplied by the number of kilometres those seats were flown.

Block hours: each hour from the moment an aircraft's brakes are released at the departure airport's parking place for the purpose of starting a flight until the moment the aircraft's brakes are applied at the arrival airport's parking place.

CASK: operating expenses per ASK.

Equivalent aircraft: the number of aircraft available to Wizz Air in a particular period, reduced on a per aircraft basis to reflect any proportion of the relevant period that an aircraft has been unavailable.

Ex-fuel CASK: operating expenses net of fuel expenses per ASK.

Flight hours: each hour from the moment the aircraft takes off from the runway for the purposes of flight until the moment the aircraft lands at the runway of the arrival airport.

Load factor: the number of seats sold divided by the number of seats available.

PDP: the pre-delivery payments under the Group's aircraft purchase arrangements.

Utilisation: the total block hours for a period divided by the total number of aircraft in the fleet during the period and the number of days in the relevant period.

Revenue passenger kilometres (RPK): revenue passenger kilometres, the number of seat kilometres flown by passengers who paid for their tickets.

RASK: passenger revenue divided by ASK.

Yield: the total revenue per RPK.

Definition and reconciliation of non-statutory financial performance measures

Return on capital employed (ROCE) is adjusted operating profit after tax divided by average capital employed, expressed as a percentage.

Average capital employed is the sum of annual average equity (excluding convertible debt) and capitalised operating lease obligations, less annual average cash and cash equivalents.

Capitalised operating lease obligations is annual aircraft lease rental expenses multiplied by seven as an estimate of total outstanding obligation.

€ million	2019	2018
Profit for the year	291.6	275.1
Interest element of operating lease payments (being 1/3 of aircraft rentals)	108.7	92.1
Effective tax rate for the year	*1.6%*	*3.8*
Adjusted operating profit after tax	393.9	353.2
Average shareholders' equity	1,385.1	1,123.9
Average cash and cash equivalents	(1,147.8)	(876.8)
Capitalised operating lease obligations	2,282.0	1,934.1
Average capital employed	2,519.3	2,181.2
ROCE (%)	15.6%	16.2%

Leverage: net debt adjusted to include capitalised operating lease obligations divided by EBITDAR.

Net debt is interest bearing borrowings less cash and cash equivalents.

Earnings before interest, tax, depreciation, amortisation and rentals (EBITDAR) is profit (or loss) before net financing costs (or gain), income tax expense (or credit), depreciation, amortisation and aircraft rentals.

€ million	2019	2018
Operating profit	299.8	293.0
Depreciation and amortization	92.7	90.6
Aircraft rentals	326.0	276.3
EBITDAR	718.5	659.9
Borrowings	2.2	5.3
Convertible debt	26.8	26.9
Cash and cash equivalents	(1,316.0)	(979.6)
Net debt	(1,287.0)	(947.4)
Capitalised operating lease obligations	2,282.0	1,934.1
Adjusted net debt	995.0	986.7
Leverage	1.4	1.5

Following the adoption of IFRS 16 capitalised lease obligations as in the calculation above would be replaced by the lease liability determined under IFRS 16. The lease liability at the end of the 2019 financial year is estimated to be €1,815 million. This 20 per cent. reduction in the obligation/liability will cause the leverage ratio to drop to 0.7 for 2019 under IFRS 16.

Liquidity is cash and cash equivalents divided last twelve months' revenue, expressed as a percentage.

€ million	2019	2018
Cash and cash equivalents	1,316.0	979.6
Revenue	2,319.1	1,939.0
Liquidity	56.7%	50.5%

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

Continuing operations	Note	2019 € million	2018 € million
Passenger ticket revenue	5,6	1,366.1	1,132.2
Ancillary revenue	5,6	953.0	806.8
Total revenue	5	2,319.1	1,939.0
Staff costs		(198.6)	(147.6)
Fuel costs		(667.9)	(479.8)
Distribution and marketing		(37.8)	(33.1)
Maintenance materials and repairs		(115.1)	(98.6)
Aircraft rentals		(326.0)	(276.3)
Airport, handling and en-route charges		(550.3)	(465.7)
Depreciation and amortisation		(92.7)	(90.6)
Net other expenses	7	(30.9)	(54.2)
Total operating expenses		(2,019.4)	(1,645.9)
Operating profit	7	299.8	293.0
Financial income	8	6.2	2.8
Financial expenses	8	(4.1)	(5.0)
Net foreign exchange loss	8	(1.6)	(3.5)
Net financing income/(expense)	8	0.5	(5.7)
Profit before income tax		300.2	287.3
Income tax expense	9	(4.9)	(11.0)
Profit from continuing operation	4	295.3	276.4
Loss from discontinued operation	4	(3.7)	(1.3)
Profit for the year	4	291.6	275.1
Other comprehensive income/(expense) – items that may be subsequently reclassified to profit or loss:			
Net movements in cash flow hedging reserve, net of tax		(6.2)	10.0
Currency translation differences		0.5	-
Other comprehensive income/(expense) for the year, net of tax from continuing operation		(5.7)	10.0
Total comprehensive income/(expense) for the year		285.9	285.1
from continuing operation		289.6	286.4
from discontinued operation		(3.7)	(1.3)
Earnings per share from continuing operation (Euro/share)	10	4.06	4.02
Diluted earnings per share from continuing operation (Euro/share)	10	2.34	2.19
Earnings per share (Euro/share)	10	4.01	4.00
Diluted earnings per share (Euro/share)	10	2.31	2.18

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2019

	Note	**2019 € million**	2018 € million
ASSETS			
Non-current assets			
Property, plant and equipment	11	659.3	684.5
Intangible assets		20.5	17.6
Restricted cash		165.8	159.4
Deferred tax assets		0.1	-
Deferred interest		2.3	3.4
Derivative financial instruments		3.0	2.5
Trade and other receivables		17.0	43.7
Total non-current assets		867.9	910.9
Current assets			
Inventories		31.7	21.6
Trade and other receivables		287.3	195.4
Current tax prepaid		2.4	-
Derivative financial instruments		28.5	31.7
Deferred interest		0.6	0.2
Restricted cash		23.1	2.8
Cash and cash equivalents		1,316.0	979.6
Total current assets		1.689.5	1,231.1
Total assets		2,557.5	2,142.1
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		-	-
Share premium		379.1	379.1
Reorganisation reserve		(193.0)	(193.0)
Equity part of convertible debt		8.3	8.3
Cash flow hedging reserve		12.5	18.7
Cumulated translation adjustments		0.5	-
Retained earnings		1,320.2	1,028.7
Total equity		1,527.7	1,241.9
Non-current liabilities			
Borrowings		2.1	4.7
Convertible debt		26.6	26.6
Deferred income		104.2	107.3
Deferred tax liabilities		2.2	7.4
Derivative financial instruments		1.5	0.9
Provisions for other liabilities and charges	12	45.9	94.8
Total non-current liabilities		182.5	241.7
Current liabilities			
Trade and other payables		306.4	249.1
Current tax liabilities		-	1.8
Borrowings		0.1	0.6
Convertible debt		0.2	0.3
Derivative financial instruments		17.3	12.8
Deferred income		420.0	330.1
Provisions for other liabilities and charges	12	103.3	63.8
Total current liabilities		847.3	658.5
Total liabilities		1,029.8	900.2
Total equity and liabilities		2,557.5	2,142.1

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2019

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Cumulated translation adjustment € million	Retained earnings € million	Total equity € million
Balance at 1 April 2018 as stated before	-	379.1	(193.0)	8.3	18.7	-	1,028.7	1,241.9
IFRS 15 adjustment*	-	-	-	-			(3.1)	(3.1)
Balance at 1 April 2018 (restated)	-	379.1	(193.0)	8.3	18.7	-	1,025.6	1,238.8
Comprehensive income:								
Profit for the year	-	-	-	-	-	-	291.6	291.6
Other comprehensive income:								
Hedging reserve	-	-	-	-	(6.2)	-	-	(6.2)
Currency translation differences	-	-	-	-	-	0.5	-	0.5
Total other comprehensive income	-	-	-	-	(6.2)	0.5	-	(5.7)
Total comprehensive income for the year	-	-	-	-	(6.2)	0.5	291.6	285.9
Transactions with owners:								
Proceeds from shares issued	-	-	-	-	-	-	-	-
Share-based payment charge	-	-	-	-	-	-	3.0	3.0
Total transactions with owners	-	-	-	-	-	-	3.0	3.0
Balance at 31 March 2019	-	379.1	(193.0)	8.3	12.5	0.5	1,320.2	1 527.7

* The Company adopted IFRS 15 on 1 April 2018 using the 'cumulative effect method'. The impact of the transition to IFRS 15 was a reduction in retained earnings (net of tax) of €3.1 million offsetting (i) an increase of €4.7million in contract liabilities (unearned revenues) reported as part of deferred income and (ii) an increase of €1.6 million in contract assets reported as part of trade and other receivables in the consolidated statement of financial position as at 1 April 2018.

FOR THE YEAR ENDED 31 MARCH 2018

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Retained earnings € million	Total equity € million
Balance at 1 April 2017 as stated before	-	378.2	(193.0)	8.3	2.6	756.4	952.5
Hedge time value reclassification*	-	-	-	-	6.1	(6.1)	-
Balance at 1 April 2017 (restated)	-	378.2	(193.0)	8.3	8.7	750.3	952.5
Comprehensive income:							
Profit for the year	-	-	-	-	-	275.1	275.1
Other comprehensive income:							
Hedging reserve	-	-	-	-	10.0	-	10.0
Total other comprehensive income	-	-	-	-	10.0	-	10.0
Total comprehensive income for the year	-	-	-	-	10.0	275.1	285.1
Transactions with owners:							
Proceeds from shares issued	-	0.9	-	-	-	-	0.9
Share-based payment charge	-	-	-	-	-	3.3	3.3
Total transactions with owners	-	0.9	-	-	-	3.3	4.2
Balance at 31 March 2018	**-**	**379.1**	**(193.0)**	**8.3**	**18.7**	**1,028.7**	**1,241.9**

* The Group adopted IFRS 9 by restating the opening balances of reserves on 1 April 2017. The €6.1 million gain that related to the time value of open hedge instruments was reclassified from retained earnings into the cash flow hedging reserve. This is presented separately from the other movements in reserves in the year.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

	Note	2019 € million	2018 € million
Cash flows from operating activities			
Profit before income tax		296.6	286.1
Adjustments for:			
Depreciation	11	87.4	86.9
Amortisation		6.8	3.8
Write-off of intangibles		0.1	-
Financial income		(6.4)	(2.8)
Financial expense		5.9	8.8
Gain on sale of PPE		(25.7)	(2.2)
Share-based payment charges		3.0	3.2
		367.7	383.8
Changes in working capital (excluding the effects of exchange differences on consolidation)			
Increase in trade and other receivables		(57.5)	(38.3)
Increase in restricted cash		(23.8)	(10.6)
Decrease in deferred interest		0.7	2.3
(Increase)/decrease in inventory		(10.1)	3.3
Increase in provisions		3.0	0.4
Increase in trade and other payables		62.2	49.5
Increase in deferred income		79.0	37.4
Cash generated by operating activities before tax		421.2	427.8
Income tax paid		(14.1)	(10.9)
Net cash generated by operating activities		407.1	416.9
Cash flows from investing activities			
Purchase of aircraft maintenance assets		(133.0)	(84.1)
Proceeds from the sale of available for sale financial assets		-	1.0
Purchases of tangible and intangible assets		(61.9)	(25.6)
Proceeds from the sale of tangible assets		57.4	23.8
Advances paid for aircraft	11	0.0	(219.8)
Refund of advances paid for aircraft	11	71.3	94.9
Interest received		2.2	0.9
Net cash used in investing activities		(64.0)	(208.9)
Cash flows from financing activities			
Proceeds from the issue of share capital		-	1.0
Interest paid		(3.5)	(2.8)
Commercial loan repaid		(3.1)	(0.6)
Net cash used in financing activities		(6.5)	(2.3)
Net increase in cash and cash equivalents		336.6	205.6
Cash and cash equivalents at the beginning of the year		979.6	774.0
Effect of exchange rate fluctuations on cash and cash equivalents		(0.1)	(0.1)
Cash and cash equivalents at the end of the year		1,316.0	979.6

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 other than Wizz Air UK Limited and two dormant entities, Dnieper Aviation LLC and Wizz Air Ukraine Airlines LLC.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of 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 judgments in the process of applying the Group's accounting policies. The areas involving a high degree of judgment or complexity or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

Change in presentation

The Group's liabilities for EU 261 passenger compensation were previously presented as accruals under trade and other payables in the statement of financial position. However, management considered it to be more appropriate to present this liability under provisions and applied this presentation in 2019.

Prior year comparatives as at 31 March 2018 have been re-presented by reclassifying €5.5 million from trade and other payables to current provisions (€3.2 million as at 1 April 2017).

2. Financial risk management

Hedge transactions during the periods

The Group uses non-derivatives, zero-cost collar instruments and outright forward contracts to hedge its foreign exchange exposures, and uses zero-cost collar instruments to hedge its jet fuel exposures. The time horizon of the hedging programme with derivatives is usually up to a maximum of 18 months; however, this horizon can be exceeded at the Board's discretion.

The volume of hedge transactions that expired during the periods was as follows:

a) Foreign exchange hedge (USD versus EUR):

US$762 million (2018: US$517 million).

b) Foreign exchange hedge (GBP versus EUR):

£44.8 million (2018: £48.0 million).

c) Fuel hedge:

821,000 metric tons (2018: 703,000 metric tons).

The gains and losses arising from the expired hedge transaction during the year were as follows:

a) Foreign exchange hedge (USD versus EUR):

€18.8 million gain (2018: €10.7 million loss). Out of this, €10.1 million gain related to fuel cost (2018: €7.4 million loss) and €8.7 million gain related to lease rental cost (2018: €3.3 million loss).

b) Foreign exchange hedge (GBP versus EUR):

€0.2 million loss (2018: €1.9 million gain). GBP foreign exchange hedge affects revenue.

c) Fuel hedge:

€43.5 million gain (2018: €24.4 million gain).

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 a €18.0 million gain (2018: €12.8 million loss) recognised within other comprehensive income, corresponding to assets of €19.7 million (2018: €0.8 million in 2018) and liabilities of €1.7 million (2018: €13.7 million), respectively. The €18.0 million gain can be analysed further (i) into €23.7 million intrinsic value gain and €5.7 million time value loss components, or (ii) as €19.0 million gain incurred on zero-cost collar instruments and €1.0 million loss on outright forward contracts.

The notional amount of the open positions was US$463.0 million on EUR/USD zero-cost collar instruments (2018: US$726.0 million), US$676.0 million on EUR/USD forward contracts (2018: nil) and £24.1 million on GBP/EUR zero-cost collar instruments at the end of the current year (2018: nil).

The FX hedge positions at year-end can be analysed according to the maturity periods and price ranges of the underlying hedge instruments as follows:

Euro/US Dollar foreign exchange hedge:

At 31 March 2019	F20 12 months	F21 6 months
Maturity profile of notional amount (million)	$444	$19
Weighted average ceiling	$1.24	$1.21
Weighted average floor	$1.19	$1.16

At 31 March 2018	F19 12 months	F20 6 months
Maturity profile of notional amount (million)	$599	$127
Weighted average ceiling	$1.23	$1.29
Weighted average floor	$1.18	$1.24

Euro/British Pound foreign exchange hedge:

At 31 March 2019	F20 3 months	F21
Maturity profile of notional amount (million)	£24	-
Weighted average ceiling	£0.92	-
Weighted average floor	£0.88	-

There were no open positions on GBP hedges at 31 March 2018.

b) Foreign exchange hedge with non-derivatives:

Non-derivatives are existing financial assets that hedge highly probable foreign currency cash flows in the future and therefore act as a natural hedge. At the end of the year out of its non-derivative financial assets position the Group had US$6.7 million designated for hedge accounting (2018: US$13.5 million). This amount is part of trade and other receivables on the consolidated statement of financial position.

c) Fuel hedge:

The fair value of the open positions was a €5.3 million loss (2018: €33.3 million gain) recognised within other comprehensive income corresponding to assets (€11.8 million in 2019 and €33.3 million in 2018) and liabilities (€17.1 million in 2019 and nil in 2018), respectively. The €5.3 million loss can be analysed further into €13.4 million intrinsic value loss and €8.1 million time value gain components.

The notional amount of the open positions was 712,000 metric tons (2018: 626,000 metric tons).

The fuel hedge positions at year-end can be analysed according to the maturity periods and price ranges of the underlying hedge instruments as follows:

At 31 March 2019	F20 12 months	F21 6 months
Maturity profile (‘000 metric tons)	624	88
Blended capped rate	$700	$670
Blended floor rate	$639	$613

At 31 March 2018	F19 12 months	F20 6 months
Maturity profile (‘000 metric tons)	517	109
Blended capped rate	$593	$636
Blended floor rate	$533	$580

During the year, until 28 March 2019, the Group had only cash flow hedges. Additionally, on 29 March 2019 (being the last banking day of the financial year) the Group also entered into FX forward contracts in preparation for the adoption of IFRS 16 on 1 April 2019. These forward contracts were not in hedge relationship on 31 March 2019.

The amounts removed from equity during the year were all recycled to the statement of comprehensive income.

During the year the Group realised €6.2 million loss in other comprehensive income in relation to change in the fair value of cash flow hedge open positions. The change in 2018 was €10.0 million gain coming from movements in intrinsic value, and additionally as of 1 April 2017 €6.1 million time value gain was reclassified from retained earnings to the hedge reserve as a result of adoption of IFRS 9.

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 an "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 the case of engines also of the future operating conditions of the engine.

The policy adopted by the Company, as summarized above, is only one of the policies available under IFRS in accounting for heavy maintenance for aircraft held under operating lease agreements. A principal alternative policy involves recognising provisions for future maintenance obligations in accordance with hours flown or similar measure, and not only when lease re-delivery conditions are not met. The directors believe the policy adopted by the Company provides the most reliable and relevant information about the Company's obligations to incur major maintenance expenditure on leased aircraft and at the same time it best reflects the fact that an aircraft has lower maintenance requirements in the early years of its operation.

b) Hedge and derivative accounting

The fair value of derivatives (namely the open position of cash flow hedges) is estimated 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 the revenue and the 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 judgment.

d) Cost and fair value of aircraft and spare engine assets

When the Group acquires new aircraft and spare engines, then it applies the following critical judgment in determining the acquisition cost of these assets:

- Engine contracts typically include the selection of an engine type to be installed on future new aircraft, a commitment to purchase certain number of spare engines, and lump-sum (i.e. not per engine) concessions from the manufacturer. Management recalculates the unit cost of engines by allocating lump-sum credits over all engines ordered and by adjusting costs between installed and spare engines in a way that ensures that identical physical assets have equal acquisition cost.
- Aircraft acquisition costs are recalculated to reflect the impacts of (i) any adjustment on the cost of installed engines (as above); and (ii) concessions received from the manufacturers of other aircraft components under selection agreements. While the Group has not so far purchased aircraft (but leased them all), the acquisition cost has relevance also for leased aircraft when calculating the amount of total gain or loss on the respective sale and leaseback agreement (see next).

What regards gains and losses coming from sale and leaseback agreements for aircraft and spare engines, the determination of the amounts to be deferred and to be recognised immediately, respectively, requires estimating the fair value of these assets at the date of the transaction. In determining fair values the Group relies on independent third party valuation reports prepared by specialist aircraft and engine valuation experts.

4. Discontinued operation

In October 2018 the Group decided to cease its online tour operator business line and thus the activity of Wizz Tours Kft. effective from 31 December 2018. This business line was in the past presented as a separate operating segment of the Group (see Note 5) and for the purposes of the current financial statements was classified as discontinued operation under IFRS 5. The results of the discontinued operation are presented as a single loss figure in the statement of comprehensive income. The 2018 statement of comprehensive income was re-presented accordingly, which impacted revenues and certain expense lines. The other financial statements include balances and cash flows for the full Group, including those of the discontinued operation.

The financial information relating to the discontinued operation is set below:

	2019 € million	2018 € million
Revenue	7.6	9.1
Expenses	(11.3)	(10.3)
Loss before income tax	(3.7)	(1.3)
Income tax expense	-	-
Loss from discontinued operation	(3.7)	(1.3)

Other comprehensive income/(expense) – items that may be subsequently reclassified to profit or loss:		
Other comprehensive income/(expense) for the year, net of tax from discontinued operation	-	-
Total comprehensive expense for the year from discontinued operation	(3.7)	(1.3)

The 2019 expenses and the post-tax loss include €1.9 million loss recognised on the disposal of the assets of the discontinued operation. No assets were sold. Earnings per share for the discontinued operation was antidilutive and for this reason it is not being disclosed.

	2019 € million	2018 € million
Net cash generated by operating activities	(4.7)	(0.4)
Net cash used in investing activities	(0.5)	(0.3)
Net cash from financing activities	5.0	-
Net decrease in cash and cash equivalents generated by the discontinued operation	(0.2)	(0.7)
Cash and cash equivalents at the beginning of the year	0.8	1.5
Cash and cash equivalents at the end of the year	0.6	0.8

5. Segment information

Reportable segment information

The Chief Operating Decision Maker' of the Group, as defined in IFRS 8 'Operating segments' is the senior management team of the Group.

The Group had two reportable segments: the airline and the tour operator business units, marketed under the Wizz Air and Wizz Tours brand names, respectively. In October 2018 the Group decided to cease operating Wizz Tours Kft. as of 31 December 2018. Following this closure (i) the Group has only one reportable segment being its entire route network; (ii) all segment revenue is derived wholly from external customers and, as the Group has a single reportable segment, inter-segment revenue is zero.

Wizz Air sells flight tickets and related services to external customers and, to a small extent (until 31 December 2018), to Wizz Tours. Wizz Tours sold travel packages to external customers, such packages including flight tickets from the network of Wizz Air. The intra-group revenue of Wizz Air was €9.0 million in 2018 and €6.7 million in 2019 (until the closure of the tour operator business). The Group estimates that the revenues of Wizz Air from the sale of flight tickets will not be negatively impacted by the closure of Wizz Tours as tickets in broadly the same amount and value will be purchased in the future by its passengers either directly or through other tour operators and agents. For more details on the discontinued operation, please refer to Note 4.

6. Revenue

The split of total revenue presented in the statement of comprehensive income, being passenger ticket revenue and ancillary revenue, is a non-GAAP measure (or Alternative Performance Measure). The Group did not change the disaggregation of revenue, as applied under IAS 18, to that defined under IFRS 15. The existing presentation is considered relevant for the users of the financial statements because (i) it mirrors disclosures presented outside of the financial statements and (ii) it is regularly reviewed by the Chief Operating Decision Maker for evaluating financial performance of the (now only one) operating segment.

Revenue from contracts with customers can be disaggregated as follows based on IFRS 15:

	2019 €'000	2018 €'000
Revenue from contracts with passengers	2,296.4	1,925.5
Revenue from contracts with other partners	22.7	13.5
Total revenue from contracts with customers	2,319.1	1,939.0

These two categories represent revenues that are distinct from a nature, timing and risks point of view. Revenue from contracts with other partners relate to commissions on the sale of on-board catering, accommodation, car rental, travel insurance, bus transfers, premium calls and co-branded cards.

The contract assets reported in 2019 as part of trade and other receivables amounted to €2.2 million and the contract liabilities (unearned revenues) reported as part of deferred income were €395.1 million. Of the €2,319.1 million revenue recognised in 2019, €304.4 million was included in the contract liability balance at the beginning of the year. For 2018 the same amount was €260.0 million.

7. Operating profit

Net other expenses

Net other expenses decreased from €54.2 million in 2018 to €30.9 million in 2019. This reduction was driven by credit items in 2019 totalling €44.5m relating to various aircraft asset sale and leaseback transactions and certain supplier contract negotiations. These items are not expected to recur to the same magnitude in the 2020 financial year.

8. Net financing income and expense

	2019 € million	2018 € million
Interest income	2.8	2.8

Other	3.4	-
Financial income	6.2	2.8
Interest expenses:		
Convertible debt	(2.0)	(1.8)
Finance lease	(0.3)	(0.5)
Other	(1.8)	(2.7)
Financial expenses	(4.1)	(5.0)
Foreign exchange gains/(losses):		
Realised	(3.9)	0.2
Unrealised	2.3	(3.7)
Net foreign exchange loss	(1.6)	(3.5)
Net financing income/(expense)	0.5	(5.7)

Interest income and expense include interest on financial instruments and, under the 'Other' category the effect of the initial discounting of long-term deposits and the later unwinding of such discounting.

9. Income tax expense

Recognised in the statement of comprehensive income

	2019 € million	2018 € million
Current tax on profits for the year	1.4	3.9
Adjustment for current tax of prior periods	(2.9)	-
Other income-based taxes for the year	10.4	6.4
Adjustment for income-based taxes of prior periods	1.0	-
Total current tax expense	9.9	10.3
Deferred tax – decrease in deferred tax liabilities	(4.9)	0.7
Deferred tax – increase in deferred tax assets	(0.1)	-
Total deferred tax (benefit)/expense	(5.0)	0.7
Total tax charge	4.9	11.0

The Company, that is Wizz Air Holdings Plc, has a tax rate of 7.8% (2018: 7.8%). The tax rate relates to Switzerland, where the Company is tax resident. The income tax expense is fully attributable to continuing operations. The adjustment for current tax of prior periods and the decrease in deferred tax liabilities are caused by the reduction in the Swiss income tax rate applicable to Wizz Air Hungary Kft., and as such are one-off in nature.

Reconciliation of effective tax rate

The tax charge for the year (including both current and deferred tax charges and credits) is different to the Company's standard rate of corporation tax of 7.8% (2018: 7.8%). The difference is explained below.

	2019 € million	2018 € million
Profit before tax	300.2	287.3
Tax at the corporation tax rate of 7.8% (2018: 7.8%)	23.4	22.4
Adjustment for taxes of prior periods	(1.9)	-
Decrease in deferred tax liabilities due to reduced Swiss tax rate	(5.3)	-
Effect of different tax rate of subsidiaries versus the parent company	(22.7)	(17.8)
Other income based foreign tax	11.4	6.4
Total tax charge	4.9	11.0
Effective tax rate	1.6%	3.8%

The Company paid €0.2 million tax in the year (2018: €0.2 million). Substantially all the profits of the Group in 2019 and 2018 were made by the airline subsidiaries of the Group (being Wizz Air Hungary Kft, in 2018, and in 2019 also Wizz Air UK Limited), and substantially all the tax charges presented in this Note were incurred by these two entities.

Other income based foreign tax represents the "innovation contribution" and the local business tax payable in Hungary in 2019 and 2018 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.

Recognised in the statement of other comprehensive income

	2019 € million	2018 € million
Deferred tax	(0.3)	0.2
Total tax charge	(0.3)	0.2

10. 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.

	2019	2018
Profit from the year from continuing operation, € million	295.3	276.4
Profit from the year, € million	291.6	275.1
Weighted average number of Ordinary Shares in issue	72,753,686	68,739,736
Basic earnings per share from continuing operation, €	4.06	4.02
Basic earnings per share, €	4.01	4.00

There were also 29,830,503 Convertible Shares in issue at 31 March 2019. These shares are non-participating, i.e. the profit attributable to them is nil. 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 the following convertible instruments of the Group:

- Convertible Shares;
- Convertible Notes; and
- employee share options (vested share options are included in the calculation).

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.

	2019	2018
Profit for the year from continuing operation, € million	295.3	276.4
Profit for the year, € million	291.6	275.1
Interest expense on convertible debt (net of tax), € million	2.0	1.8
Profit used to determine diluted earnings per share from continuing operation, € million	297.3	278.2
Profit used to determine diluted earnings per share, € million	293.6	276.9
Weighted average number of Ordinary Shares in issue	72,753,686	68,739,736
Adjustment for assumed conversion of convertible instruments	54,372,732	58,111,974
Weighted average number of Ordinary Shares for diluted earnings per share	127,126,418	126,851,711
Diluted earnings per share from continuing operation, €	2.34	2.19
Diluted earnings per share, €	2.31	2.18

Interest expense on convertible debt was all related to the continuing operation. The dilution effect of each class of convertible instrument from the total 54,372,732 dilutive shares in 2018 was the following: Convertible Shares: 29,830,503 shares; convertible debt: 24,246,715 shares and employee share options: 295,514 shares.

11. 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 2017	9.6	256.0	69.5	6.2	206.3	74.7	622.3
Additions	-	88.2	17.8	6.7	219.8	58.8	391.3
Disposals	(0.1)	(18.3)	(23.0)	(0.3)	(94.8)	(4.5)	(141.0)
Transfers	-	25.5	-	-	-	(25.5)	-
Foreign exchange differences	-	-	(0.1)	-	-	-	(0.1)
At 31 March 2018	9.5	351.4	64.2	12.6	331.3	103.5	872.5
Additions	15.8	44.5	31.6	0.8	102.7	76.2	271.5
Disposals	(4.8)	(12.1)	(26.7)	(0.1)	(174.0)	(10.3)	(228.1)
Transfers	-	30.9	5.0	(5.0)	-	(30.9)	-
At 31 March 2019	20.5	414.3	74.1	8.3	259.9	138.6	915.7
Accumulated depreciation							
At 1 April 2017	2.0	95.9	14.9	3.8	-	-	116.6
Depreciation charge for the year	0.8	77.2	8.3	0.6	-	-	86.9
Disposals	(0.1)	(12.6)	(2.5)	(0.3)	-	-	(15.5)
At 31 March 2018	2.7	160.5	20.7	4.1	-	-	188.0
Depreciation charge for the year	1.0	75.3	10.3	0.8	-	-	87.4
Disposals	(2.1)	(11.9)	(4.6)	(0.1)	-	-	(18.8)
At 31 March 2019	1.6	223.7	26.3	4.8	-	-	256.4
Net book amount							
At 31 March 2019	19.0	190.6	47.8	3.5	259.9	138.6	659.3
At 31 March 2018	6.8	190.9	43.5	8.5	331.3	103.5	684.5

Additions to aircraft parts were €31.6 million (2018: €17.8 million) primarily related to the delivery of spare engines from the engine manufacturer.

Additions to aircraft maintenance assets (€44.5 million in 2019 and €88.2 million in 2018) were fixed assets created primarily against provision, as the Group's aircraft or their main components did not any longer meet the relevant return conditions under lease contracts. The additions in 2019 were related primarily to future required airframe checks and engine LLP (life limited part) replacements, while the additions in 2018 related almost exclusively to future LLP replacements.

Additions to 'advances paid to aircraft maintenance assets' reflect primarily the advance payments made by the Group to the engine maintenance service provider under fleet hour agreements (FHA).

Additions to 'advances paid for aircraft' represent pre-delivery payments (PDP) made in the period, while disposals in the same category represent PDP refunds received from the manufacturer where the respective aircraft or spare engine was leased (i.e. not purchased) by the Group. During 2018 the Group accumulated a PDP balance with Airbus that was above the contractual obligation. During 2019 the balance was reduced and there were no PDP payments made by the Group during the year – hence in the statement of cash flows there is only cash inflow (€71.3 million 'refund of advances paid for aircraft') but there is no cash outflow. The additions in this table for 2019 (€102.7 million) represent the new PDP obligations in the year, even though in the cash flows these were fully netted with the refunds receivable.

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

	2019 € million	2018 € million
Cost from capitalised finance lease	2.6	7.5
Accumulated depreciation	(0.6)	(2.5)
Net book amount	2.0	5.0

12. Provisions for other liabilities and charges

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 2017	111.8	5.1	116.9
Non-current provisions	77.5	-	77.5
Current provisions	34.3	5.1	39.4
Capitalised within property, plant and equipment	87.6	-	87.6
Charged to comprehensive income	-	3.8	3.8
Used during the year	(48.7)	(1.0)	(49.7)
At 31 March 2018	150.7	7.9	158.6
Non-current provisions	94.8	-	94.8
Current provisions	55.9	7.9	63.8
Capitalised within property, plant and equipment	36.2	-	36.2
Charged to comprehensive income	-	4.5	4.5
Used during the year	(48.6)	(1.5)	(50.1)
At 31 March 2019	138.3	10.9	149.2
Non-current provisions	45.9	-	45.9
Current provisions	92.4	10.9	103.3

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 €38.9 million increase in maintenance provisions from 2017 to 2018 related primarily to new provisions made for engine Life Limited Part (LLP) replacements planned after March 2018. The €12.4 million decrease in maintenance provisions from 2018 to 2019 related primarily to LLP replacements as a high number of these were performed during the 2019 financial year.

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

The Group's liabilities for EU 261 passenger compensation were previously presented as accruals under trade and other payables in the statement of financial position. However, management considered it to be more appropriate to present this liability under provisions and applied this presentation in 2019.
Prior year comparatives as at 31 March 2018 have been re-presented by reclassifying €5.5 million from trade and other payables to current provisions (€3.2 million as at 1 April 2017).

13. Contingent liabilities

Legal disputes

European Commission state aid investigations

Between 2011 and 2015, the European Commission has initiated state aid investigations with respect to certain arrangements made between Wizz Air and the following airports, respectively: Timişoara, Cluj-Napoca, Târgu Mureş, Beauvais and Girona. In the context of these investigations, Wizz Air has submitted its legal observations and supporting economic analyses of the relevant arrangements to the European Commission, which are currently under review. The European Commission has given notice that the state aid investigations involving Wizz Air will be assessed on the basis of the 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 response to this notification. 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 constitute illegal state aid. None of these ongoing investigations are expected to lead to exposure that is material to the Group.

Claims by Carpatair

Between 2011 and 2013, Carpatair, a regional airline based in Romania, has initiated a number of legal proceedings in Romania alleging that Wiz Air has been receiving state aid from Timişoara airport.

Essentially, Carpatair has been seeking a decision on the question whether the scheme of charges applied by Timişoara airport in the context of Wizz Air's operations to/from Timişoara airport constitutes state aid. In 2012, the Romanian courts confirmed in a final decision that the scheme of charges applied by Timişoara airport constitutes state aid, referencing an amount of approximately EUR 3 million. Following this decision, Carpatair has been seeking a court order obliging Wizz Air to reimburse any such aid to Timişoara airport. A decision on this matter has been suspended pending the outcome of a separate proceeding initiated by Timişoara airport on a related question of law.

In parallel, Carpatair has initiated an action for damages against, amongst others, Wizz Air, alleging to have suffered approximately €93 million in damages as a consequence of (i) state aid granted by Timişoara airport, and (ii) an alleged abuse of dominant position on the part of Timişoara airport. On 12 July 2018, the court of first instance found that (i) Carpatair lacks a legal interest for a part of its damages claim, and (ii) the term of statutes of limitations has expired for the other part of Carpatair's damages claim, which was consequently dismissed in full. The decision is currently under appeal.

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.

14. 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 two Directors to the Board of Directors (all in service at 31 March 2019);
- key management personnel (Directors and Officers); and

Indigo, Directors and Officers altogether held 23.5% of the voting shares of the Company at 31 March 2019 (2018: 23.8%).

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 2019 Indigo held 15,000,000 Ordinary Shares (equal to 20.6% of the Company's issued share capital) and 29,830,503 Convertible Shares of the Company (2018: 15,000,000 Ordinary Shares and 29,830,503 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 €26.8 million at 31 March 2019 (2018: €26.9 million).

During the year ended 31 March 2019 the Company entered into transactions with Indigo as follows:

- the Company recognised interest expense on convertible debt instruments held by Indigo in the amount of €2.0 million (2018: €2.0 million); and
- fees of €0.3 million (2018: €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.