RECORD F17 PROFITABILITY ON 19% PAX GROWTH, F18 PROFIT GUIDANCE OF BETWEEN €250M AND €270M

LSE Ticker: WIZZ

Geneva, 25 May 2017: Wizz Air Holdings Plc ("Wizz Air" or the "Company"), the largest low-cost airline in Central and Eastern Europe[1], today announces its audited results for the full year ended 31 March 2017 ("FY2017" or "FY17") for the Company as a whole, and separately for its airline ("Airline") and tour operator ("Wizz Tours") business units[2].

Full year to 31 March	2017 (million)	2016 (million)	Change
Passengers carried	**23.8**	20.0	+19%
Revenue (€ million)	**1,571**	1,429	+10%
EBITDAR (€ million)	**538**	441	+22%
EBITDAR margin (%)	**34.3**	30.8	+3.5pp
Profit for the year (IFRS)[3] (€ million)	**246**	193	+28%
Profit margin for the year (IFRS) (%)	**15.7**	13.5	+2.2pp
Underlying net profit after tax[4] (€ million)	**225**	224	+1%
Underlying profit after tax margin (%)	**14.3**	15.7	-1.3pp
Free cash (€ million)	**774**	646	+128
Load factor (%)	**90.1**	88.2	+1.9pp
Year-end fleet	**79**	67	+12

RECORD PROFITABILITY DESPITE CHALLENGING CONDITIONS

- Total revenue increase of 10% to €1,571 million
  - Ticket revenue up 2% to €916 million
  - Ancillary revenue up 23% to €655.7 million, ancillary revenue up €0.8 to €27.5 per passenger
- Profit for the year (IFRS) was a record €246.0 million, a year on year increase of 27.5%.
- Underlying net profit was higher at €225 million amidst industry wide yield pressures
- Total cash at the end of March 2017 was €929.9 million of which €774.0 million was free cash.

AIRLINE AND WIZZ TOURS

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

- ***Airline:*** FY17 performance:
  - Total unit revenue declined 8.5% to 3.75 euro cents per available seat kilometre (ASK).
  - Total unit costs fell by 7.8% to 3.15 euro cents per ASK.
  - Ex-fuel unit costs decreased by 0.6% to 2.25 euro cents per ASK.
  - Fuel unit costs fell by 21.9% to 0.90 euro cents per ASK.
  - Reported net profit margin increased 2.2ppt to 15.8%.
  - Underlying net profit margin decreased by 1.3ppt to 14.5%.
- ***Wizz Tours:*** FY17 package holiday revenues of €18.1 million, a fourfold increase year on year.

STRENGTHENING OUR MARKET LEADING POSITION

- Passengers carried up 18.9% to 23.8 million and load factor up 1.9 ppt to 90.1% securing Wizz Air's position as CEE's leading low cost carrier
- Wizz Discount Club membership increased 29% to over 1 million by year end
- 113 new routes operated including routes to four new CEE destinations and 10 new destinations outside CEE
- Opened four new operating bases in Chisinau (Moldova), Kutaisi (Georgia), Iasi and Sibiu (Romania)
- Two more operating bases announced during FY2017 in London Luton (UK) and Varna (Bulgaria)
- Fleet expansion with 12 new Airbus A321ceo aircraft added during the year taking the fleet to 79 aircraft, a mix of 63 A320ceos and 16 A321ceos, driving efficiency on lower unit costs
- Average aircraft age of 4.4 years, remains one of the youngest fleets of any major European airline

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

2 Starting from this financial year the Company introduces separate reporting for its airline and tour operator business units. Where a measure is reported for a business unit then this is explicitly stated. All other measures and statements relate to the Group as a whole. See also Note 4 to the financial statements.

3 International Financial Reporting Standards ("IFRS")

4 A reconciliation between underlying (non-GAAP) and IFRS profit for the year is set out in the Financial Review and also in Note 5 to the financial statements

BREXIT

- Reiterating that despite the UK's decision to leave the European Union ("Brexit"), there are no signs of demand weakness on routes to/from the UK. The negative translation effect on British pound revenues due to Brexit in FY2017 is estimated at €17 million, which was absorbed by the rest of Wizz Air's large and diversified route network.

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

"I am pleased to report another year of profitable growth for Wizz Air, which saw passenger numbers in FY2017 increase 19% year-on-year to 23.8 million, against a trading environment of very low fares and increasing fuel prices, proving that our ultra-low cost business model is the right one for the CEE's number one low cost carrier. We continue to drive our cost base lower to maintain one of the highest profit margins of any European carrier, something to which the exceptional operational and financial performance of our new A321ceo aircraft contributed. We continue to increase the number of brand-new A321ceo which we operate, with the type making up a quarter of our seat capacity at the end of March 2017 and delivering the anticipated double digit cost savings compared to A320ceo aircraft which gives us a clear cost advantage compared to most of our rivals.

The resilience of our ultra-low cost business model combined with our growing, diversified network and our ever stronger balance sheet places Wizz Air in a unique position to exploit the significant market opportunity that exists in the CEE market of over 300 million people. We will continue to expand our route network, drive efficiency in our operating model, grow our ancillary revenue streams and enhance our compelling customer proposition. This winning formula leaves Wizz Air well placed to continue to deliver significant returns for our shareholders.

Growth will continue as a top priority for us and we plan to increase capacity by around 23% and carry nearly 30 million passengers in FY2018. We had a strong start to FY2018 due to the timing of Easter which leaves us optimistic for the year ahead and Group net profit is currently expected to be in a range between €250 million and €270 million in FY2018. This guidance is heavily caveated by the revenue performance for the all-important summer period as well as the second half of FY2018, a period for which we currently have limited visibility."

ABOUT WIZZ AIR

Wizz Air is the largest low-cost airline in Central and Eastern Europe, operates a fleet of 81 Airbus A320 and Airbus A321 aircraft, and offers more than 500 routes from 28 bases, connecting 141 destinations across 42 countries. At Wizz Air, a team of approximately 3,000 aviation professionals delivers superior service and very low ticket prices making Wizz Air the preferred choice of 23 million passengers in 2016. Wizz Air is listed on the London Stock Exchange under the ticker WIZZ and is included in the FTSE 250 and FTSE All-Share Indices. Wizz Air is registered under the International Air Transport Association (IATA), Operational Safety Audit (IOSA), the global benchmark in airline safety recognition. The company was recently named 2016 Value Airline of the Year by the editors of Air Transport World, one of the leading airline trade magazines, as well as 2016 Low Cost Airline of the Year by the Center for Aviation (CAPA), a leading provider of independent aviation market intelligence.

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CHIEF EXECUTIVE'S REVIEW

Financial performance

The 2017 financial year delivered profitable growth, with passenger numbers increasing by 18.9 per cent. year-on-year to 23.8 million. The trading environment experienced in FY 2017 of very low fares and increasing fuel prices unquestionably favoured our ultra-low-cost business model and we were able to increase our growth rate, strengthen our number one position in CEE and also maintain one of the highest profit margins of any European carrier. Our market leading position, with the combination of one of the highest growth rates and profit margins of all European airlines, makes Wizz Air one of the most exciting airline businesses in Europe.

Operating the most efficient aircraft with the latest technology has always been a key foundation stone of Wizz Air's ultra-low cost base. Our fleet currently has an average age of just 4.4 years, one of the youngest in Europe. We continue to build on that foundation with a delivery stream of brand new A321ceo aircraft which deliver double digit cost savings compared to

A320ceo aircraft. At the end of FY 2017 we operated 16 A321ceo aircraft, representing a quarter of the airline's seat capacity, which gives us a clear cost advantage compared to most of our rivals.

The resilience of our ultra-low cost business model, which we are convinced is the best model for stimulating air travel in CEE, combined with our growing diversified network and our ever stronger balance sheet places Wizz Air in a unique position to exploit the significant market opportunity that exists in a market of over 300 million people.

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

- ticket revenues that increased by 2.3 per cent. to €915.5 million;
- ancillary revenue that increased by 22.7 per cent. to €655.7 million;
- total airline unit cost that decreased by 7.8 per cent. to €3.15 cents per Available Seat Kilometre (ASK);
- a 19.7 per cent. increase in the capacity offered to the market (as measured by ASKs), as we extended and deepened our network of routes to and from Central and Eastern Europe; and
- an increase in our average load factor by 1.9 percentage points to 90.1 per cent. in the financial year, despite significant capacity expansion.

Strategic progress

The Company is convinced that its strategy of building on its strong network, highly efficient model, compelling customer proposition, solid finances and sound risk management policies will enable it to deliver sustainable growth and returns for Shareholders.

Wizz Air's management team enforces rigorous cost control in all aspects of the Group's business and has created a company-wide business culture that is keenly focused on driving costs lower. The Company believes that this cost advantage protects Wizz Air's market position, enables it to offer some of the lowest ticket prices in its markets, stimulates demand in its markets and supports continued profitable growth.

With its ultra-low-cost structure, innovative unbundled pricing strategy, leading market position among low-cost carriers in CEE and track record of expansion in CEE and beyond, the Company believes that it is well positioned to continue to grow profitably. Wizz Air's infrastructure, including personnel, processes, systems and relationships with suppliers of outsourced services, is scalable and sufficiently flexible to support Wizz Air's growth plans.

The Company believes that Wizz Air is a "pioneering" airline in the markets in which it operates by seeking to bring the low-cost carrier concept and Western European aviation standards into currently under-served new Eastern markets and is at the forefront of airline innovation in these new markets. Wizz Air has a strong track record of working with regulators to develop appropriate regulatory structures in non-EU countries. Wizz Air has been able to leverage the know-how, market understanding and cultural awareness of its senior management team and employees to build strong relationships with airport operators, suppliers, governments and regulators in new markets and is able to present itself as a reliable partner that, to date, has never exited from a country where it has established an operating base.

Strengthened leadership in CEE

Wizz Air continues to be the clear market leader in Central and Eastern Europe, maintaining our market share of over 39 per cent. of low-cost airline traffic. The expansion of our network with 113 new routes launched in FY 2017 has allowed us to strengthen our position, reaching new customers throughout the region.

Today we operate in 19 of the 21 CEE countries, serving the market by offering a network of 28 bases and 141 destinations in 42 countries. With a low propensity to travel and low-cost market penetration currently at 40.4 per cent. *(source data: Innovata, April 2016 – March 2017)*, there remains a significant opportunity for Wizz Air and we continue to believe that the ultra-low-cost business model is best placed to serve this market. Wherever we operate, Wizz Air brings safe, reliable operations, low fares, hassle-free services and a distinctive brand designed to appeal to the whole market.

As a result, Wizz Air's aggregate market share in CEE was 39.1 per cent. in the 2017 financial year and we are the number one or number two low-cost airline in all but one of our CEE base countries. 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	Carrier	Share	Carrier	Share
CEE	Wizz Air	39.08%	Ryanair	32.20%	Easyjet	6.21%
Poland	Ryanair	51.61%	Wizz Air	39.49%	Easyjet	4.12%
Romania	Wizz Air	54.76%	Blue Air	26.31%	Ryanair	16.37%
Ukraine	Wizz Air	43.00%	Pegasus Airlines	25.46%	Flydubai	20.90%
Czech Republic	EasyJet	28.01%	Ryanair	19.47%	Wizz Air	12.20%
Hungary	Wizz Air	49.34%	Ryanair	25.80%	Easyjet	8.47%
Bulgaria	Wizz Air	59.55%	Ryanair	29.53%	Easyjet	6.12%
Latvia	Ryanair	57.05%	Wizz Air	29.30%	Norwegian	13.41%
Serbia	Wizz Air	64.24%	Pegasus Airlines	7.91%	Ryanair	7.43%
Lithuania	Ryanair	53.26%	Wizz Air	42.32%	Norwegian	4.20%
Georgia	Wizz Air	34.61%	Flydubai	30.68%	Pegasus Airlines	19.35%

Slovakia	Ryanair	75.37%	Wizz Air	20.89%	Flydubai	3.74%
Macedonia	Wizz Air	89.51%	Pegasus Airlines	7.66%	Flydubai	2.83%
Bosnia and Herzegovina	Wizz Air	47.70%	Pegasus Airlines	19.30%	Flydubai	13.78%

Source data: Innovata, April 2016 – March 2017.

The table below shows the fleet allocation by country at 31 March 2017 compared to a year earlier.

	Fleet deployment by country		
Year end	March 2017	March 2016	Change
Total	79	67	+12
Poland	21	19	+2
Romania	21	15	+6
Hungary	10	10	0
Bulgaria	7	6	+1
Lithuania	4	4	0
Macedonia	3	3	0
Bosnia and Herzegovina	2	1	+1
Latvia	2	2	0
Czech Republic	1	1	0
Serbia	1	1	0
Slovakia	1	1	0
Ukraine	1	1	0
Georgia	1	0	+1
Moldova	1	0	+1
Undesignated	3	3	0

The Company offers services from 19 CEE countries including the 14 CEE countries where it has base aircraft and crews. The Company opened four new CEE bases and started flights from further four new CEE airports in the 2017 financial year as well as ten new destinations outside of CEE, as follows:

New CEE stations		New stations outside CEE	
City	Country	City	Country
Podgorica	Montenegro	Hanover	Germany
Olsztyn-Mazury	Poland	Lamezia Terme	Italy
Satu Mare	Romania	Eilat - Ovda	Israel
Suceava	Romania	Lanzarote	Spain
		Fuerteventura	Spain
		Ibiza	Spain
		Santander	Spain
		Porto	Portugal
		Växjö	Sweden
		London Gatwick	UK

Fleet development securing long-term growth

During the 2017 financial year, we continued to invest significantly in our fleet by adding twelve A321ceo aircraft, taking our fleet to 79 aircraft at the end of March 2017. Deliveries of the A321ceo commenced in November 2015 and in just 18 months we are already operating 16 of the type representing 24.5 per cent. of the Company's total seat capacity. We are excited about the cost savings we are seeing from the A321ceo aircraft, and the continued roll-out of these aircraft across our network is expected to further improve our cost base and competitive edge.

The composition of our fleet at the end of the 2017 financial year and currently anticipated at the end of the next two financial years is as follows:

	March 2017 Actual	March 2018 Planned	March 2019 Planned
A320ceo without winglets (180 seats)	35	35	28
A320ceo with winglets (180 seats)	28	28	28
A320ceo with winglets (186 seats)	-	3	9
A321ceo with winglets (230 seats)	16	25	31
A321neo with winglets (239 seats)	-	-	3
Fleet size	79	91	99
Share of fleet with winglets	55.7%	61.5%	71.7%
Average number of seats per aircraft	190	194	198

A321neo

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.

We anticipate that, based on the estimates of both Airbus and Pratt & Whitney, the A321neo will deliver significantly better fuel burn efficiency and even lower unit costs compared to the ceo version, making it the perfect aircraft to underpin the Company's ambitious growth plans and replace older aircraft as they are returned to lessors. Our first A321neo is scheduled to be delivered in 2019 and deliveries will continue until the end of 2024. The purchase agreement includes uncommitted purchase rights for 90 additional A321neo aircraft as well as certain conversion rights to receive the smaller A320neo, providing the flexibility needed to match aircraft deliveries with the Company's capacity needs.

Based on our current order book with Airbus, and lessor return schedule, our fleet will nearly double in size from the end of FY 2017 to the end of FY 2024.

Improving the customer experience

New routes and base operations

We launched 113 new routes during the 2017 financial year, taking our route network to 486 routes from 28 bases, connecting 141 destinations in 42 countries at the end of March 2017.

Our markets are also reacting very well to the emergence of air travel within CEE with the Company launching 13 new routes connecting CEE countries in FY 2017. This trend is continuing into FY 2018 with the Company commencing operations on five previously unserved Western Balkan routes between Budapest and Kosovo, Montenegro, Bosnia and Herzegovina, Macedonia and Albania. In addition to connecting CEE countries we are also experiencing significant demand on the two domestic routes launched in Romania and Bulgaria.

Offering our customers more

We know that our customers welcome the opportunity to fly at Wizz Air's lowest prices yet experience the great on-board service provided by our dedicated crew. We also know that many of our customers also welcome the opportunity to tailor their travel experience to their requirements by adding additional services. We took a look at what our customers are buying and decided to make it easier and cheaper for them to buy some of the most popular additional services together, with the "WIZZ Go" bundle, which offers a discount over the "Basic Fare" and the prices of the included additional services when bought separately.

Many of our customers are loyal Wizz Air fans who fly with us on multiple occasions each year. Our Wizz Discount Club enables our most loyal customers and their friends and families to benefit from even lower fares than normal, throughout the year. No wonder it's popular: membership of the Wizz Discount Club reached 1.05 million members by the end of the 2017 financial year, representing a 29 per cent. growth compared to the 2016 financial year.

Our customers have always enjoyed the convenience of being able to book accommodation and car hire, along with other travel services, with our partners through wizzair.com. But, demonstrating our commitment always to give our customers more, for less, we launched our own inclusive package tour operator Wizz Tours, in 2015. The opportunity to book flights and accommodation at the same time, in a single package and at a discounted price, is proving increasingly popular – Wizz Tours' revenues increased fourfold to €18.1 million in the 2017 financial year.

None of this means that we've taken any less interest in ancillary revenue, though, which continues to be a very important part of the Company's business model. For the financial year ended 31 March 2017, total ancillary revenues represented 41.8 per cent of overall airline revenue, up from 37.4 percent in the previous financial year.

Technology advancements

In FY 2017 Wizz Air launched the new wizzair.com website across all platforms through a mobile-first phased roll-out in May and August. The new responsive design caters for the needs of Wizz Air's young and mobile savvy audience, through a clean and fast one-page booking process. The introduction of our unique three-click express booking functionality enables an even faster booking experience. Throughout the year hundreds of major and minor digital optimizations contributed to a record high conversion rate on ticket and ancillary sales.

With a website now available in 24 languages and 11 on the app, Wizz Air served over 200 million sessions to more than 50 million users. Wizz Air is the eighth most visited airline website in the world with one of the highest (56%) share of mobile visitors. Our mobile app user base more than doubled to 3.7 million users in FY 2017. With 1.8 million followers on Facebook, Wizz Air has by far most fans per available seat among its peers in Europe. New digital initiatives in the next financial year will further strengthen the engagement with our ever more connected customers.

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

Details of the current hedging positions (as at 15 May 2017) are set out below:

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

Period covered	F18 11 months	F19 7 months
Exposure (million)	$787	$488
Hedge coverage (million)	$396	$135
Hedge coverage for the period	50%	28%

Weighted average ceiling	$1.13	$1.09
Weighted average floor	$1.09	$1.07

Foreign exchange (FX) hedge coverage of Euro/British Pound

Period covered	F18 11 months	F19*
Exposure (million)	£170	N/A
Hedge coverage (million)	£48	N/A
Hedge coverage for the period	28%	N/A
Weighted average floor	0.860	N/A
Weighted average ceiling	0.827	N/A

*GBP hedging program is applicable on a twelve-month horizon, started in April 2017, so currently covering F18 only.

Fuel hedge coverage

Period covered	F18 11 months	F19 7 months
Exposure in metric tons ('000)	831	508
Coverage in metric tons ('000)	551	127
Hedge coverage for the period	66%	25%
Blended capped rate	$526	$545
Blended floor rate	$482	$496

Sensitivities

- Pre-hedging, a one cent movement in the Euro/US Dollar exchange rate impacts the 2018 financial year operating expenses by €6.9 million.
- Pre-hedging, a one penny movement in the Euro/British Pound exchange rate impacts the 2018 financial year operating expenses by €2.3 million.
- Pre-hedging, a $10 (per metric ton) movement in the price of jet fuel impacts the 2018 financial year fuel costs by $8.3 million.

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

Management changes

There were a number of management changes throughout the year.

John Stephenson, the Group's Executive Vice President and Gyorgy Abran, Chief Commercial Officer stepped down from their positions in August 2016. I would like to take this opportunity to thank John and Gyorgy for their significant contribution they have made to the Company over the last 10-12 years, respectively. They played a central role in building Wizz Air into the leading low cost carrier in CEE and one of the strongest airlines in Europe. We wish them all the best in the future.

As announced earlier in the year Sonia Jerez Burdeus stepped down from her position of Chief Financial Officer in order to relocate back to Spain. I would like to thank her once again for her contribution during the time that she was with us. We are making good progress in recruiting her replacement and will make a further announcement in due course.

During the 2017 financial year George Michalopoulos, Chief Commercial Officer and Jozsef Ujhelyi, Chief Flight Operations Officer, were promoted to their current roles and Diederik Pen was promoted to become Executive Vice President & Chief Operations Officer, reflecting the importance of the Operations function to the success of Wizz Air. I would like to congratulate each of them on their appointments and wish them well as their careers continue to develop at Wizz Air. Between them, Diederik, George and Jozsef have collectively been with Wizz Air for over 25 years, which demonstrates the continuity and depth of experience within the Wizz Air management team, something which the Company is fortunate to be able to call upon as it continues its fast growth in the coming years.

Outlook

2018 financial year

In FY2018 growth continues as a top priority with increase in capacity by around 23% targeting to carry nearly 30 million passengers. The Company recorded a strong start to FY2018 due to the timing of Easter, and although still at an early stage of the financial year, currently the Group net profit is expected to be in a range between €250 million and €270 million in FY2018. This guidance is heavily caveated by the revenue performance for the all-important summer period as well as the second half of FY2018, a period for which the Company currently have limited visibility.

Full year guidance

	2018 Financial Year	Comment
Capacity growth (ASKs)	23%	Throughout the financial year
Average stage length	Modest increase	-
Load Factor	+1%	-
Fuel CASK	+10%	Assumes spot price of $515/MT
Ex-fuel CASK	Broadly flat	Assumes $/€ 1.11
Total CASK	+3%	-
RASK	Low single digit increase	Stable fuel prices leading to stable fares
Tax rate	6%	-

Net profit	€250 - 270 million	-

FINANCIAL REVIEW

During the 2017 financial year Wizz Air carried 23.8 million passengers, an 18.9 per cent. increase compared to the previous year. Revenue grew to €1,571.2 million, representing a 9.9 per cent. increase compared to the previous year. Wizz Air recorded a balanced capacity growth measured in terms of available seat kilometres (ASK) of 19.7 per cent. and seats of 16.4 per cent.

As indicated throughout the 2017 financial year, most airlines, including Wizz Air, added capacity in response to lower fuel prices. During the 2017 financial year Wizz Air collected ca. 20% of its revenues in British Pounds, which leading up to the UK referendum to leave the European Union and right after the actual vote has devalued significantly against the Euro. In addition the peculiarity of the 2017 financial year was that both Easter holidays of 2016 and 2017 calendar years fell outside of the 2017 financial year, resulting in related additional revenues materializing in the 2016 and 2018 financial years. The combined effect of the above mentioned events resulted in revenue per ASK decreasing by 8.5 per cent. in 2017 compared to the previous financial year.

Despite the UK's decision to leave the European Union ("Brexit"), there are no signs of demand weakness on routes to/from the UK. The negative translation effect on British pound revenues due to Brexit in the 2017 financial year is estimated at €17 million, which was partially offset by the positive translation effect on British pound costs. The Company continues to examine the terms on which Brexit might materialize, the potential implications of these to Wizz Air's business, and take actions that are considered necessary.

Unit costs further improved as lower fuel prices complemented by a healthy fuel hedging position resulted in fuel unit cost (per ASK) declining 21.9 per cent. This, combined with another strong performance on non-fuel cost, which declined 0.6 per cent., delivered a total unit cost decline of 7.8 per cent.

The profit for the year was €246.0 million and included a €20.7 million net gain from unrealised FX gains and exceptional items. These comprised unrealised foreign exchange gains of €1.9 million and a gain from the change in the time value of hedge positions of €14.3 million, and a €4.5 million net gain on fuel caps sold before expiry.

The income tax expense for the year was €9.8 million (2016: €8.5 million) giving an effective tax rate for the Group of 3.8 per cent. (2016: 4.2 per cent.). The main components of this charge are local business tax and innovation tax paid in Hungary, and corporate income tax paid in Switzerland.

Underlying profit after tax increased by 0.6 per cent. to €225.3 million in 2017 from €223.9 million in 2016.

	2017	2016	Change
Average jet fuel price ($/metric ton, including into plane premium and hedge impact)	553	740	-25.2%
Average USD/EUR rate (including hedge impact)	1.10	1.20	-8.0%
Year-end USD/EUR rate	1.07	1.14	-6.1%

Group Financial overview

Summary statement of comprehensive income
€ million

Continuing operations	Airline 2017	Wizz Tours[5] 2017	Consolidation adjustment	Group 2017	Group 2016	Change in Group results
Passenger ticket revenue	909.3	6.3		915.5	894.9	2.3%
Ancillary revenue	652.7	11.8	(8.9)	655.7	534.2	22.7%
Total revenue	1,562.0	18.1	(8.9)	1,571.2	1,429.1	9.9%
Staff costs	112.6	0.3		112.9	101.4	11.3%
Fuel costs	375.2			375.2	401.5	(6.6)%
Distribution and marketing	27.0	0.9		27.9	23.5	18.7%
Maintenance materials and repairs	74.7			74.7	77.5	(3.6)%
Aircraft rentals	233.9			233.9	176.2	32.8%
Airport, handling and en-route charges	390.0			390.0	343.1	13.7%
Depreciation and amortisation	57.5			57.6	28.8	100.0%
Other expenses	43.6	17.8	(8.9)	52.4	41.7	25.7%
Total operating expenses	1,314.5	18.9	(8.9)	1,324.5	1,193.6	11.0%
Operating profit	247.4	(0.8)		246.7	235.5	4.8%
Financial income	0.6			0.6	2.0	
Financial expenses	(13.0)			(13.0)	(8.0)	
Net foreign exchange gain/(loss)	2.6			2.6	(11.8)	
Net exceptional financial income/(expense)	18.8			18.8	(16.3)	
Net financing income/(expense)	9.0			9.1	(34.1)	
Profit before income tax	256.4	(0.9)		255.8	201.4	27.0%
Income tax expense	(9.8)			(9.8)	(8.5)	
Profit for the year	246.7	(0.9)		246.0	192.9	27.5%

Adjusted performance measures (Note 5) € million	Profit for the year 2017	2016
Statutory (IFRS) profit	246.0	192.9
Exceptional items (Note 5):		
Net gain on fuel caps sold before expiry	(4.5)	-
Realised FX gain on conversion of deposits	-	(8.7)
(Gain)/loss from change in time value of hedges	(14.3)	25.0
Total exceptional adjustments	(18.8)	16.3
Unrealised foreign exchange (gains)/losses (Note 6)	(1.9)	14.7
Underlying profit	225.3	223.9
Underlying profit margin	*14.3%*	*15.7%*

Earnings per share

Earnings per share (Note 8)	2017	2016
Basic earnings per share, EUR	4.30	3.62
Diluted earnings per share (statutory), EUR	1.95	1.54
Proforma earnings per share (underlying), EUR	1.79	1.78
Proforma earnings per share (underlying), GBP*	1.53	1.41

* Translated from EUR to GBP at 1.164 for 2017 (rate applicable at 31 March 2017) and at 1.263 for 2016 (rate applicable at 31 March 2016).

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

- for earnings the underlying profit for the year is used, as opposed to the statutory (IFRS) profit for the year; and
- for the fully diluted number of shares the year-end position was taken rather than the weighted average for the year.

Return on capital employed and capital structure

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 2017 financial year was 17.6 per cent., a decrease of 4.8 percentage points compared to the previous year driven by varying level of growth in earnings before interest and tax (EBIT), shareholder's equity, net cash position, and capitalised leases.

The Company's leverage, defined as net debt adjusted to include capitalised operating lease obligations* divided by earnings before interest, tax, depreciation, amortisation and aircraft rentals (EBITDAR), fell to a ratio of 1.7 from 1.4 at the end of the 2017 financial year.

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

[5] Starting from the 2017 financial year the Company introduced separate reporting for its airline and tour operator business units. Where a measure is reported for a business unit as opposed to the Group as a whole then this fact is explicitly stated. All other measures and statements relate to the Group as a whole. See also Note 5 to the financial statements.

Liquidity, defined as cash and equivalents as a percentage of the last twelve months' revenue, rose from 45.2 per cent. at the end of the 2016 financial year to 49.3 per cent. a year later.

	2017	2016	Change
ROCE**	17.6%	22.4%	(4.8) ppts
Leverage	1.7	1.4	0.3 pts
Liquidity	49.3%	45.2%	4.1 ppts

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

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

Financial performance

Starting from 2017, revenues and operating expenses are analysed by business segment, compared to the same measures for the 2016 financial year. In the 2016 Annual Report these analyses were done for the Group as a whole. Therefore revenues, certain expenses, and certain KPIs for 2016 (for the Airline) are different in this report from the corresponding numbers presented in the 2016 report (for the Group). The remaining measures (financial income and expenses, taxation, other comprehensive income and expense) are continued to be analysed for the Group, as the share of the tour operator business unit is immaterial or nil in these measures.

Airline revenue

The following table sets out an overview of Wizz Air's revenue items for 2017 and 2016 and the percentage change in those items:

	2017		2016		
	Total (€ million)	Percentage of total revenue	Total (€ million)	Percentage of total revenue	Percentage change
Passenger ticket revenue	909.3	58.2%	893.5	62.6%	1.8%
Ancillary revenue	652.7	41.8%	533.8	37.4%	22.3%
Total revenue	1,562.0	100%	1,427.4	100%	9.4%

The decline in RASK by 8.5 per cent. was the main driver for passenger ticket revenue increasing by only 1.8 per cent. to €909.3 million, while ancillary (or "non-ticket") revenue increased by 22.3 per cent. to €652.7 million.

Average revenue per passenger decreased from €71.4 in 2016 to €65.7 in 2017, a decrease of 8.0 per cent which helped stimulate more passenger volumes. Average passenger ticket revenue per passenger declined from €44.7 in 2016 to €38.3 (-14.4 per cent.), while average ancillary revenue per passenger increased from €26.7 in 2016 to €27.5 in 2017, an increase of €0.8 per passenger or 2.8 per cent. This slight decrease in average revenue per passenger was due to:

- a decrease in average passenger ticket revenue per passenger in 2017 compared to 2016, which was the result of lower input prices feeding into lower fares even though load factors increased by 1.9 percentage points to 90.1%; and
- the combined impact of the modification of certain products, the introduction of new services ('Go Fare'), and the adaptation of customers to some of the longer standing products such as allocated seating and different checked-in luggage sizes.

Airline operating expenses

Total airline operating expenses increased by 10.3 per cent. to €1,314.5 million in 2017 from €1,191.2 million in 2016. Airline CASK declined by 7.8 per cent. to 3.15 Euro cents in 2017 from 3.42 Euro cents in 2016. This reduction in CASK was principally driven by a reduction in the average fuel price and continued improvement of the airport mix. CASK excluding fuel expenses decreased to 2.25 Euro cents in 2017 from 2.27 Euro cents in 2016 driven by the combined effect of further improvement of major cost items (maintenance, airport, handling and en-route charges) set off by increasing aircraft rentals.

Financial performance continued

Airline operating expenses continued

The following table sets out the airline operating expenses for 2017 and 2016 and the percentage changes in those items:

	2017		2016		
	Total (€ million)	Percentage of total operating expenses	Total (€ million)	Percentage of total operating expenses	Percentage change
Staff costs	112.6	8.6%	102.1	8.6%	10.3%
Fuel costs	375.2	28.5%	401.5	33.7%	(6.6)%
Distribution and marketing	27.0	2.1%	23.3	2.0%	16.0%
Maintenance, materials and repairs	74.7	5.7%	77.5	6.5%	(3.6)%
Aircraft rentals	233.9	17.8%	176.2	14.8%	32.8%
Airport, handling and en-route charges	390.0	29.7%	343.1	28.8%	13.7%
Depreciation and amortisation	57.5	4.4%	28.8	2.4%	99.9%
Other expenses	43.6	3.3%	38.8	3.3%	12.3%
Total operating expenses	1,314.5	100%	1,191.2	100%	10.3%

Staff costs increased by 10.3 per cent. to €112.6 million in 2017, up from €102.1 million in 2016. The increase in overall staff costs reflected a 15.7 per cent. rise in aircraft block hours and reduced bonus payments made compared to the previous year as certain profitability targets were not reached.

Fuel expenses decreased by 6.6 per cent. to €375.2 million in 2017, down from €401.5 million in 2016. Although there was an increase of 19.7 per cent. growth in ASKs, and an 8.0 per cent. appreciation of the US Dollar against the Euro after hedging (moving from an average 1.20 rate in 2016 to 1.10 in 2017), it has been offset by a 1.6 per cent. reduction in fuel consumption per block hour and a 25.2 per cent. decline in the average fuel price (after hedging). The average fuel price (including hedging impact and into-plane premium) paid by Wizz Air in 2017 was US$553 per ton, a decline of 25.2 per cent. from the previous year's figure of US$740 per ton.

Distribution and marketing costs rose 16.0 per cent. to €27.0 million in 2017 from €23.3 million in 2016. This increase is modestly lower than the passenger growth of 18.9 per cent. during the same period.

Maintenance, materials and repair costs decreased by 3.6 per cent. to €74.7 million in 2017 from €77.5 million in 2016. This cost decrease was the combined result of several renegotiated maintenance contracts with third party providers and the timing of certain maintenance events.

Aircraft rental costs increased 32.8 per cent. to €233.9 million in 2017, from €176.2 million in 2016. This increase was largely due to fleet growth (equivalent aircraft expanded by 15.3 per cent.), an increasing average lease rate due to the A321 aircraft joining the fleet and the appreciation of the US Dollar to the Euro which was 8.0 per cent. stronger than the previous year (after hedging impact).

Airport, handling and en-route charges increased by 13.7 per cent. to €390.0 million in 2017 from €343.1 million in 2016. This category comprised €224.2 million of airport and handling fees and €165.8 million of en-route and navigation charges in 2017 and €193.9 million of airport and handling fees and €149.3 million of en-route and navigation charges in 2016. The cost increase was primarily due to a 12.9 per cent. increase in the number of flights, and an 18.9 per cent. rise in passenger numbers.

Depreciation and amortisation charges increased by 99.9 per cent. to €57.5 million in 2017, up from €28.8 million in 2016 as the airline is preparing to return older leased aircraft back to lessors and engine maintenance programs are required. See Note 9 to the financial statements for more details.

Other expenses increased by 12.3 per cent. to €43.6 million in 2017 from €38.8 million in 2016. Other expenses include cancellation and delay related costs of €12.2 million, an increase of 92.5 per cent year-on-year. The European airline industry is experiencing a significant increase in customer compensation costs – to levels that the Company believes is disproportionate to the Company's very low fares, especially as the Company only cancelled 214 flights out of a total of 141,698 flights in the financial year. With the exception of cancellation and delay related costs the Company delivered a strong cost performance on all other areas in this line item.

Airline operating profit

As a result of the foregoing factors, the Airline made an operating profit in respect of its airlines operations of €247.4 million in 2017, a 4.8 per cent. increase from the operating profit of €236.1 million made in 2016.

Wizz Tours

Wizz Tours generates revenue by selling package holidays made up of flight tickets purchased from the airline and hotel accommodation purchased from wholesalers (bedbanks). Revenue grew by 364.1 per cent. in the 2017 financial year to €18.1 million from €3.9 million in 2016 financial year. Operating costs in the same period increased from €4.5 million to €18.9 million.

Financial performance continued

Net financing income and expense

The Group's net financing income resulted in a net gain of €9.1 million in 2017 after an expense of €34.1 million in 2016. This significant change was driven primarily by the change in the time value of hedges, with the net impact of all other items being limited, as shown in the table below:

€ million	2017	2016	Change
Net FX-related impacts (including exceptional item in 2016)	2.6	(3.1)	5.7
Change in time value of hedges (exceptional)	14.3	(25.0)	39.3
Fuel cap impacts (including exceptional item in 2017)	(4.5)	(5.3)	(0.9)
All other financial income and expenses, net (recurring)	(3.3)	(0.7)	(2.7)
Net financing income and expense*	9.1	(34.1)	43.2

* See also Notes 5 and 6 to the financial statements.

Changes in the time value of hedges, as accounted for under IAS 39, resulted in significant gains and losses in the two years, respectively. Such changes will stop impacting earnings from the 2018 financial year as the Group adopted IFRS 9 from 1 April 2017.

Fuel caps impacted the two years similarly, after taking into account for 2017 the one-off impacts of the closure of caps in September 2016. By that date all caps expired or were sold, so there will be no further impacts from these instruments in future years.

The remaining recurring items had relatively limited impacts. The €2.7 million higher net financial income and expenses in 2017 was caused by (i) the lower interest yield environment; (ii) some gains in 2016 coming from ineffective fuel hedges; and (iii) the net impact of discounting long-term financial assets.

Taxation

The Group recorded an income tax expense of €9.8 million in 2017, slightly higher than the €8.5 million in 2016. The effective tax rate for the Group was 3.8 per cent. in 2017 and 4.2 per cent. in 2016. The reduction in the effective tax rate reflects the impact of Hungarian local taxes, the tax base of which is different from the corporate tax base – particularly given that financial income and expenses are not in the scope of these taxes.

Profit for the year

As a result of the foregoing factors, the Group generated an IFRS profit for 2017 of €246.0 million, a 27.5 per cent. increase from the profit of €192.9 million in 2016.

Other comprehensive income and expense

In 2017 the Group had other comprehensive income of €15.5 million compared to €33.2 million in 2016. This change was driven by the movements in the balance of the cash flow hedging reserve (in equity) in the two years. This situation arises when, based on the spot prices at year end there is an overall more favourable position on the Group's open hedge instruments than a year before.

Cash flows and financial position

Summary statement of cash flows

The following table sets out selected cash flow data and the Company's cash and cash equivalents for 2017 and 2016:

€ million	2017	2016	Change
Net cash generated by operating activities	310.9	288.9	22.0
Net cash used in investing activities	(179.7)	(90.6)	(89.1)
Net cash used in financing activities	(1.8)	(1.7)	(0.1)
Effect of exchange rate fluctuations on cash and cash equivalents	(1.0)	0.5	(1.5)
Cash and cash equivalents at the end of the year	774.0	645.6	128.5

Cash flow from operating activities

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

Operating cash flows improved from €288.9 million in 2016 to €310.9 million in 2017 primarily due to the following factors:

- Profit before tax and depreciation: Profit before tax in 2017 was €54.4 million higher than in 2016. However, this increase in the profits was almost exclusively due to the impacts from financial income and expense items that are non-cash. (It is for similar reasons that on an 'underlying' basis there was only a small increase in profits from 2016 to 2017, as shown earlier.) On the other hand, depreciation and amortisation expenses were €28.8 million higher in 2017 – this almost alone explains the €29.0 million increase in operating cash flows before adjusting for changes in working capital.
- Changes in working capital: The movements in working capital items helped the 2016 operating cash flows by €20.7 million, while the same impact was only €14.1 million for 2017. This is a relatively small difference between the two years when compared to the absolute size of the respective asset and liability balances. There are two differences between the two years that are worth noting as contributors: (i) the restricted cash balance increased by €20.8 million more during 2017 than in 2016; and (ii) the trade and other payables balance increased by €25.2 million less during 2017 than in 2016 (primarily because the increase in 2016 was particularly high).

Cash flow from investing activities

Net cash used in investing activities increased by €89.1 million from a net cash outflow of €90.6 million in 2016 to a net cash outflow of €179.7 million in 2017. There are three contributors to the higher investments in 2017:

- Aircraft maintenance assets: There was €35.0 million more invested into aircraft maintenance assets in 2017 than in 2016, caused primarily by the increase in the number of engine LLP replacements performed in the year (there was one such event in 2016 and nine in 2017).
- Purchases of tangible assets: The Group invested €25.7 million more into tangible assets in 2017 than in 2016 due primarily to more spare engines being purchased.
- Advances paid for aircraft (pre delivery payments, 'PDP'): The net PDP flows (payments paid to Airbus less refunds received) required €28.3 million more cash investment in 2017 than in 2016.

Cash flow from financing activities

Net cash used in financing activities were immaterial and increased by only €0.1 million to a €1.8 million outflow in 2017 from a €1.7 million outflow in 2016.

Summary statement of balance sheet

The following table sets out summary statements of financial position of the Group for 2017 and 2016:

€ million	2017	2016	Change
ASSETS			

Property, plant and equipment	505.7	353.6	152.1
Restricted cash*	155.8	101.6	54.2
Derivative financial instruments*	10.1	1.7	8.4
Trade and other receivables*	208.7	197.7	11.0
Cash and cash equivalents	774.0	645.6	128.4
Other assets*	42.1	31.7	10.4
Total assets	1,696.3	1,331.8	364.5
EQUITY AND LIABILITIES			
Equity			
Equity	952.5	688.8	263.7
Liabilities			
Trade and other payables	197.7	177.3	20.4
Convertible debt and other borrowings*	33.0	33.6	(0.6)
Deferred income*	388.8	321.6	67.2
Derivative financial instruments*	1.8	17.6	(15.8)
Provisions*	113.7	84.9	28.8
Other liabilities*	8.9	8.1	0.8
Total liabilities	743.8	643.1	100.7
Total equity and liabilities	1,696.3	1,331.8	364.5

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

Property, plant and equipment increased by €152.1 million as at 31 March 2017 compared to 31 March 2016 (see Note 9 to the financial statements). This was driven by investments in all the important fixed asset categories, as follows: (i) the gross book value of aircraft maintenance assets (including advances paid for these assets) increased by €87.7 million, mainly due to more engines being out of condition under the respective lease contract at the end of 2017 than a year before; (ii) PDPs increased by €64.0 million due to the growing number of aircraft deliveries and their respective payments as well as the relatively higher PDP of the A321ceo compared to the A320ceo; and (iii) investment into aircraft parts in the amount of €37.3 million, with most of this related to the delivery of several spare engines during the year.

Restricted cash (current and non-current) increased by €54.2 million as at 31 March 2017 compared to 31 March 2016. This was driven by the growth in the amount of lease-related letters of credit, particularly as security in relation to future maintenance obligations.

Derivative financial instruments (current and non-current) increased by €8.4 million as at 31 March 2017 compared to 31 March 2016. The receivable from open hedge instruments at the end of 2016 was close to nil (rather there were payable positions, see below), but at the end of 2017 there were few million Euro receivables both on the open foreign exchange and fuel hedges. .

Trade and other receivables (current and non-current) increased by €11.0 million as at 31 March 2017 compared to 31 March 2016.

Cash and cash equivalents increased by €128.4 million as at 31 March 2017 compared to 31 March 2016. This change is explained in detail in the cash flow analysis above.

Trade and other payables increased by €20.4 million as at 31 March 2017 compared to 31 March 2016. 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 €67.2 million as at 31 March 2017 compared to 31 March 2016. This was driven primarily by the increase in unflown revenues (€52.3 million), itself primarily due to the increase in offered seat capacity, and to a smaller extent by the concessions received from aircraft and component manufacturers during the year.

Derivative financial liabilities (current and non-current) decreased by €15.8 million as at 31 March 2017 compared to 31 March 2016. At the end of 2016 the Group had primarily payable positions (and only very small receivables) in relation to its open foreign exchange and fuel hedge instruments, but this situation reversed by the end of 2017 (having primarily receivables on both foreign exchange and fuel, with only very small fuel-related payables).

Provisions (current and non-current) increased by €28.8 million as at 31 March 2017 compared to 31 March 2016. The increase relates primarily to new provisions made for future heavy maintenance events, particularly engine LLP replacements.

KEY STATISTICS

	2017	2016	Change*
CAPACITY			
Number of aircraft at end of period	79	67	17.9%
Equivalent aircraft	72.13	62.57	15.3%
Utilisation (block hours per aircraft per day)	12.48	12.44	0.4%
Total block hours	329,592	284,894	15.7%
Total flight hours	286,188	246,930	15.9%
Revenue departures	141,698	125,501	12.9%

Average departures per day per aircraft	5.37	5.48	(2.1)%
Seat capacity	26,378,840	22,654,100	16.4%
Average aircraft stage length (km)	1,582	1,538	2.8%
Total ASKs ('000 km)	41,690,967	34,844,016	19.7%
OPERATING DATA			
RPKs (revenue passenger kilometre) ('000 km)	37,627,831	30,786,117	22.2%
Load factor (%)	90.1	88.2	1.9ppt
Number of passenger segments	23,764,385	19,981,377	18.9%
Fuel price (US$ per ton, including hedging impact and into-plane premium)	553	740	(25.2)%
Foreign exchange rate (US$/€ including hedging impact)	1.10	1.20	(8.0)%
FINANCIAL MEASURES (for the Airline** only)			
Yield (revenue per RPK, € cents)	4.15	4.64	(10.5)%
Average revenue per seat (€)	59.21	63.01	(6.0)%
Average revenue per passenger (€)	65.73	71.43	(8.0)%
RASK (€ cents)	3.75	4.10	(8.5)%
CASK (€ cents)	3.15	3.42	(7.8)%
Ex-fuel CASK (€ cents)	2.25	2.27	(0.6)%

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

** These measures in the 2016 Annual Report were presented for the Group as a whole.

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 cost per ASK.

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

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 cost 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.

Leverage: net debt adjusted to include capitalised operating lease obligations divided by earnings before interest, tax, depreciation, amortisation and aircraft rentals.

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.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2017

Continuing operations	Note	2017 € million	2016 € million
Passenger ticket revenue		915.5	894.9
Ancillary revenue		655.7	534.2
Total revenue		1,571.2	1,429.1
Staff costs		(112.9)	(101.4)
Fuel costs		(375.2)	(401.5)
Distribution and marketing		(27.9)	(23.5)
Maintenance materials and repairs		(74.7)	(77.5)
Aircraft rentals		(233.9)	(176.2)
Airport, handling and en-route charges		(390.0)	(343.1)

Depreciation and amortisation		(57.6)	(28.8)
Other expenses		(52.4)	(41.7)
Total operating expenses		(1,324.5)	(1,193.6)
Operating profit		246.7	235.5
Financial income	6	0.6	2.0
Financial expenses	6	(13.0)	(8.0)
Net foreign exchange gain/(loss)	6	2.6	(11.8)
Net exceptional financial income/(expense)	5	18.8	(16.3)
Net financing income/(expense)		9.1	(34.1)
Profit before income tax		255.8	201.4
Income tax expense	7	(9.8)	(8.5)
Profit for the year		246.0	192.9
Other comprehensive income – items that may be subsequently reclassified to profit or loss:			
Net movements in cash flow hedging reserve, net of tax		15.5	33.2
Currency translation differences		-	-
Other comprehensive income for the year, net of tax		15.5	33.2
Total comprehensive income for the year		261.6	226.1
Earnings per share (Euro/share)	8	4.30	3.62
Diluted earnings per share (Euro/share)	8	1.95	1.54

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AT 31 MARCH 2017

	Note	2017 € million	2016 € million
ASSETS			
Non-current assets			
Property, plant and equipment	9	505.7	353.6
Intangible assets		10.3	5.7
Restricted cash		154.7	100.0
Deferred tax assets		-	0.2
Deferred interest		4.7	6.0
Derivative financial instruments		0.1	-
Trade and other receivables		67.3	71.2
Total non-current assets		742.7	536.8
Current assets			
Inventories		24.9	17.6
Trade and other receivables		141.4	126.5
Financial assets available for sale		1.0	1.0
Derivative financial instruments		10.0	1.7
Deferred interest		1.2	1.2
Restricted cash		1.2	1.6
Cash and cash equivalents		774.0	645.6
Total current assets		953.7	795.1
Total assets		1,696.3	1,331.8
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital		-	-
Share premium		378.2	377.0
Reorganisation reserve		(193.0)	(193.0)
Equity part of convertible debt		8.3	8.3
Cash flow hedging reserve		2.6	(13.0)
Retained earnings		756.4	509.4
Total equity		952.5	688.8
Non-current liabilities			
Borrowings		5.3	5.9
Convertible debt		26.8	26.9
Deferred income		107.9	96.6
Deferred tax liabilities		6.5	4.9
Derivative financial instruments		0.8	1.2
Provisions for other liabilities and charges	10	77.5	41.2
Total non-current liabilities		224.7	176.7
Current liabilities			
Trade and other payables		197.7	177.3
Current tax liabilities		2.4	3.2
Borrowings		0.6	0.5
Convertible debt		0.3	0.3
Derivative financial instruments		1.1	16.4
Deferred income		280.9	225.0
Provisions for other liabilities and charges	10	36.2	43.7

Total current liabilities	519.1	466.4
Total liabilities	743.8	643.1
Total equity and liabilities	1,696.3	1,331.8

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

	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 2016	-	377.0	(193.0)	8.3	(13.0)	509.4	688.8
Comprehensive income							
Profit for the year	-	-	-	-	-	246.0	246.0
Other comprehensive income							
Hedging reserve	-	-	-	-	15.5	-	15.5
Total other comprehensive income	-	-	-	-	15.5	-	15.5
Total comprehensive income for the year	-	-	-	-	15.5	246.0	261.6
Transactions with owners							
Proceeds from shares issued (Note 28)	-	1.2	-	-	-	-	1.2
Share based payment charge (Note 27)	-	-	-	-	-	1.0	1.0
Total transactions with owners	-	1.2	-	-	-	1.0	2.2
Balance at 31 March 2017	-	378.2	(193.0)	8.3	2.6	756.4	952.5

FOR THE YEAR ENDED 31 MARCH 2016

	Share capital € million	Share premium € million	Reorganisation reserve € million	Equity part of convertible debt € million	Cash flow hedging reserve € million	Retained earnings € million	Total equity € million
Balance at 1 April 2015	-	375.4	(193.0)	8.3	(46.1)	315.3	459.9
Comprehensive income							
Profit for the year	-	-	-	-	-	192.9	192.9
Other comprehensive income							
Hedging reserve	-	-	-	-	33.2	-	33.2
Total other comprehensive income	-	-	-	-	33.2	-	33.2
Total comprehensive income for the year	-	-	-	-	33.2	192.9	226.1
Transactions with owners							
Proceeds from shares issued (Note 28)	-	1.6	-	-	-	-	1.6
Share based payment charge (Note 27)	-	-	-	-	-	1.2	1.2
Total transactions with owners	-	1.6	-	-	-	1.2	2.8
Balance at 31 March 2016	-	377.0	(193.0)	8.3	(13.0)	509.4	688.8

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 € million	2016 € million
Cash flows from operating activities			
Profit before tax		255.8	201.4
Adjustments for:			
Depreciation	8	55.0	26.8
Amortisation		2.6	2.0
Financial income		(21.6)	(2.0)
Financial expense		13.0	47.3
Share based payment charges		1.0	1.2
		305.8	276.8
Changes in working capital (excluding the effects of exchange differences on consolidation)			
Increase in trade and other receivables		(7.6)	(32.0)
Increase in restricted cash		(52.4)	(31.7)

Decrease in deferred interest	1.3	1.5
Increase in inventory	(7.3)	(8.8)
Increase/(decrease) in provisions	0.7	(0.4)
Increase in trade and other payables	21.9	47.1
Increase in deferred income	57.6	45.0
Cash generated by operating activities before tax	319.9	297.5
Income tax paid	(9.0)	(8.6)
Net cash generated by operating activities	310.9	288.9
Cash flows from investing activities		
Purchase of aircraft maintenance assets	(77.7)	(42.7)
Purchases of tangible and intangible assets	(38.1)	(12.4)
Advances paid for aircraft	(172.7)	(116.7)
Refund of advances paid for aircraft	108.7	80.9
Interest received	0.2	0.2
Net cash used in investing activities	(179.7)	(90.6)
Cash flows from financing activities		
Proceeds from the issue of share capital	1.2	1.6
Interest paid	(2.4)	(2.8)
Commercial loan repaid	(0.5)	(0.4)
Net cash used in financing activities	(1.8)	(1.7)
Net increase in cash and cash equivalents	129.4	196.5
Cash and cash equivalents at the beginning of the year	645.6	448.6
Effect of exchange rate fluctuations on cash and cash equivalents	(1.0)	0.5
Cash and cash equivalents at the end of the year	774.0	645.6

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 two dormant entities).

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

The preparation of the consolidated financial statements in conformity with IFRS legislates the use of certain critical accounting estimates and requires management to exercise 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 4.

2. Financial risk management

Hedge transactions during the periods

The Group uses non-derivatives and zero-cost collar instruments to hedge its foreign exchange exposures and uses zero-cost collar and outright cap instruments to hedge its jet fuel exposures. The time horizon of the hedging programme with derivatives is 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$333.5 million (2016: US$339.0 million).

b) Fuel hedge:

   475,000 metric tons (2016: 439,500 metric tons).

Hedge year-end open positions

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

a) Foreign exchange hedge with derivatives:

   The fair value of the open positions was a €5.8 million gain (2016: €4.8 million) recognised within other comprehensive income, current assets or current liabilities, respectively.

The notional amount of the open positions was US$297 million (2016: US$313.5 million).

b) Foreign exchange hedge with non-derivatives:

The notional amount of the open positions was US$238.5 million (2016: US$190.5 million).

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$23.6 million designated for hedge accounting (2016: US$34.5 million). The rest of the open positions relate to expected PDP refunds (2017: US$214.9 million; 2016: US$156.0 million) for which no hedge accounting is applied.

c) Fuel hedge:

The fair value of the open positions was a €2.5 million gain (2016: €11.4 million loss) recognised within other comprehensive income and current assets or liabilities, respectively.

The notional amount of the open positions was 598,000 metric tons (2016: 449,000 metric tons).

In relation to these open hedge positions the cash flows will occur and the hedge relationships will impact the statement of comprehensive income during the year ending 31 March 2018.

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.

b) Hedge and derivative accounting

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

c) Net presentation of government taxes and other similar levies

The Group's accounting policy stipulates that where charges levied by airports or government authorities on a per passenger basis represent a government tax in fact or in substance, then such amounts are presented on a net basis in the statement of comprehensive income (netted between 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) Accounting for membership fees

The Group operates the Wizz Discount Club (WDC) loyalty program for its customers. Under this program customers can pay an annual membership fee, with the key benefit that during most of the twelve-month membership period they get access to special fares that are lower than the standard ticket prices.

The Group recognises the revenue from the membership fees following the pattern of customers taking benefits from the program. This pattern is determined by management once a year, on the basis of the actual distribution of member flights in the preceding twelve months, and then applied prospectively. It is unlikely that there would be a material change in the pattern within one year, because the underlying fact patterns (for customers to buy membership, to buy tickets and then to fly those tickets) are reasonably stable.

The WDC program was introduced by the Group in 2012 and had insignificant impact initially. Management used to recognise membership revenues on a straight-line basis in the twelve-month membership period. In the last few years the number of members and thus also the level of membership revenues picked up, and it also became visible that the actual pattern how customers take the membership benefits is significantly different from the straight-line method. Therefore, starting from 2017 management started to apply a revenue recognition pattern matching the historic pattern of how customers were taking the benefits of the program. This change in estimates, combined with some other changes related to this area, resulted in €7.9 million additional revenue for 2017.

4. Segment information

Reportable segment information

The 'chief operating decision maker' (CODM) of the Group, as defined in IFRS 8 'Operating segments' is the senior management team of the Group.

The Group has two reportable segments: the airline and the tour operator business units, marketed under the Wizz Air and Wizz Tours brand names, respectively. Wizz Air sells flight tickets and related services to external customers and, to a smaller extent, to Wizz Tours. Wizz Tours sells travel packages to external customers covering the network of Wizz Air.

The Group classified the tour operator business as a separate reportable segment starting from 1 April 2016. The Wizz Tours brand was launched already in 2013 but initially the travel packages were sold by a third-party tour operator partner. During this period the financial impact of the tour operator activity was insignificant. The Group started its own tour operator activity in October 2015. Therefore, no comparative information is reported for the prior period.

	2017 Airline € million	2017 Tour operator € million	2017 Group € million
Total revenue	1,562.0	18.1	1,581.0
Less: inter-segment revenue	(8.8)	-	(8.8)
Revenue from external customers	1,553.1	18.0	1,571.2
Operating expenses	1,314.5	18.9	1,324.5
Operating profit/(loss)	247.4	(0.8)	246.7
Profit/(loss) after tax	246.7	(0.9)	246.0
Underlying profit/(loss) after tax	226.1	(0.9)	225.3

Financial income, financial expenses, depreciation and amortisation, and income tax expenses reported for the Group in the period are all related to the airline business, except for an aggregate of €54,000 of financial expenses and income tax expense incurred by the tour operator business, which explains the €0.1 million difference between operating loss and loss after tax in the table. There were no material non-cash items in the period for the tour operator business.

5. Exceptional items and underlying profit

Exceptional items

Exceptional items are disclosed separately in the financial statements where it is necessary to do so to provide further understanding of the financial performance of the Group. They are material items of income or expense that have been shown separately due to the significance of their nature or amount. In the 2017 and 2016 financial years all items classified by the Group as exceptional related to financial income or expenses.

In the 2017 financial year the Group had a net exceptional income of €18.8 million, consisting of: (i) exceptional gain of €14.3 million relating to the change in time value of open hedge positions, particularly on fuel caps; and (ii) exceptional income of €4.5 million relating to closing of fuel cap deals. According to the contracts the fuel caps had their expiry dates in the second half of the financial year (October 2016 to February 2017) however they were sold in order to enable the Group to enter into new deals (zero cost collars) at more favourable rates, without breaching the fuel hedge coverage limits set in the Hedging Policy of the Group. The net €4.5 million gain consisted of time value gain of €16.8 million (coming from the reversal of time value losses previously accumulated on these instruments), the writing off of option fee costs of €12.4 million, and sale proceeds of €0.2 million.

In the 2016 financial year the Group had an exceptional expense of €16.3 million, consisting of: (i) exceptional expense of €25.0 million relating to the change in time value of open hedge positions, particularly on fuel caps; and (ii) exceptional income of €8.7 million relating to a realised foreign exchange gain arising on a one-off replacement of US$75.6 million bank deposits behind collaterals with Euro deposits.

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

Underlying profit

	2017 € million	2016 € million
Profit for the period	246.0	192.9
Adjustments (exclusions):		
Unrealised foreign exchange (gain)/loss	(1.9)	14.7
Exceptional items net (gain)/loss	(18.8)	16.3
Sum of adjustments	(20.7)	31.0
Underlying profit after tax	225.3	223.9

On top of the exceptional items explained above, unrealised foreign exchange gains and losses are also excluded from the calculation of underlying profit. These are non-cash translation differences that arise primarily on the revaluation of the net US Dollar monetary asset position of the Group, that used to be material until 2016.

The unrealised loss of €14.7 million in 2016 related primarily to the conversion of US$75.6 million collaterals into Euros. This transaction alone resulted in an €8.7 million realised foreign exchange gain on one hand (explained above among exceptional items) and a €12.4 million unrealised foreign exchange loss on the other hand (the latter being the reversal of the unrealised gains recognised on these assets since their initial recognition). That is, the net foreign exchange impact of this conversion in 2016 was a €3.7 million loss – all included in the adjustments in the table above.

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

The tax effects of the adjustments made above are insignificant.

6. Net financing income and expense

	2017 € million	2016 € million
Interest income	0.3	1.0
Ineffective hedge gain	0.3	1.0
Financial income	0.6	2.0
Interest expense		
Convertible debt	(1.2)	(1.6)
Finance lease	(0.5)	(0.4)
Other	(2.3)	(0.7)
Premium of expired fuel cap deals	(9.0)	(5.3)
Financial expenses	(13.0)	(8.0)
Foreign exchange gain/(loss)		
Realised	0.7	2.9
Unrealised	1.9	(14.7)
Net foreign exchange gain/(loss)	2.6	(11.8)
Net exceptional financial income/(expense) (Note 9)	18.8	(16.3)
Net financing income/(expense)	9.1	(34.1)

Interest income and expense contain 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.

The fuel caps premium of €9.0 million in 2017 and €5.3 million in 2016 relate to the option fees for fuel caps expired in the periods – these were paid in the 2015 financial year.

Out of the unrealised foreign exchange loss of €14.7 million in 2016 €12.4 million was caused by the replacement of US Dollar bank deposits behind collaterals with Euro deposits. This is because the unrealised foreign exchange gain recognised on these assets until March 2015 had to be reversed due to their de-recognition – see also in Note 9.

7. Income tax expense

Recognised in the statement of comprehensive income

	2017 € million	2016 € million
Current year corporate tax	2.6	2.3
Other income based taxes	5.6	5.4
Deferred tax	1.6	0.8
Total tax charge	9.8	8.5

The Company has a tax rate of 7.8 per cent. (2016: 7.8 per cent.). The tax rate relates to Switzerland, where the Company is tax resident.

The current tax charge for the year is different to the standard rate of corporation tax of 7.8 per cent. (2016: 7.8 per cent.). The difference is explained below.

Reconciliation of effective tax rate

	2017 € million	2016 € million
Profit before tax	255.8	201.4
Tax at the corporation tax rate of 7.8 per cent. (2016: 7.8 per cent.)	20.0	15.7
Effect of different tax rate of subsidiaries versus the parent company	(15.8)	(12.6)
Other income based foreign tax	5.6	5.4
Total tax charge	9.8	8.5
Effective tax rate	3.8%	4.2%

The Company had no taxable income. Substantially all the profits of the Group in 2017 and 2016 were made by Wizz Air Hungary Kft, the airline subsidiary of the Group, and substantially all the tax charges presented in this Note were incurred by this entity.

Other income based foreign tax represents the "innovation contribution" and the local business tax payable in Hungary in 2017 and 2016 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.

8. 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.

	2017	2016
Profit from the year, € million	246.0	192.9
Weighted average number of Ordinary Shares in issue	57,254,581	53,344,145
Basic earnings per share, EUR	4.30	3.62

There were also 44,830,503 Convertible Shares in issue at 31 March 2017 (see Note 28). These shares are non-participating, i.e. the profit attributable to them is €nil. Therefore, these shares are not included in the basic earnings per share calculation above.

Diluted earnings per share

Diluted earnings per share is calculated by adjusting the weighted average number of Ordinary Shares in issue with the weighted average number of Ordinary Shares that could have been issued in the respective year as a result of the conversion of the following convertible instruments of the Group:

- Convertible Shares (see Note 28);
- Convertible Notes (see Note 24); and
- employee share options (see Note 27) (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.

	2017	2016
Profit for the year, € million	246.0	192.9
Interest expense on convertible debt (net of tax), € million	1.2	1.6
Profit used to determine diluted earnings per share, € million	247.2	194.5
Weighted average number of Ordinary Shares in issue	57,254,581	53,344,145
Adjustment for assumed conversion of convertible instruments	69,514,785	73,208,656
Weighted average number of Ordinary Shares for diluted earnings per share	126,769,366	126,552,801
Diluted earnings per share, EUR	1.95	1.54

Proforma earnings per share

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

	2017	2016
Underlying profit for the year, € million	225.3	223.9
Interest expense on convertible debt, € million(1)	1.2	1.6
Profit used to determine proforma earnings per share, € million	226.5	225.4
Number of shares in issue at year end(2)	102,235,474	101,752,674
Adjustment for assumed conversion of convertible debt instruments(3)	24,246,715	24,246,715
Adjustment for assumed conversion of employee share options	288,700	765,390
Fully diluted number of shares for proforma earnings per share	126,770,889	126,764,779
Proforma earnings per share, EUR	1.79	1.78

(1) Interest expense on convertible debt is lower in 2016 because of the refund of interest withholding tax incurred in earlier periods.

(2) The issued share number includes also the 44.8 million Convertible Shares in issue at 31 March 2017 (2016: 44.8 million). See Note 28 for share capital.

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

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

- for earnings, the underlying profit for the year was used (see Note 9), as opposed to the statutory (IFRS) profit for the year; and
- for the fully diluted number of shares the year-end position was taken rather than the weighted average for the year.

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

9. 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 2015	5.0	122.4	16.1	5.0	106.5	45.9	300.9
Additions	2.7	41.1	16.2	1.0	116.7	37.5	215.2
Disposals	-	(3.9)	-	(1.0)	(80.9)	-	(85.8)
Transfers	-	(10.5)	-	-	-	10.5	-
Foreign exchange differences	-	-	(0.1)	-	-	-	(0.1)
At 31 March 2016	7.7	149.1	32.2	5.0	142.3	93.9	430.2
Additions	1.9	69.9	37.3	1.4	172.7	32.6	315.8
Disposals	-	(14.8)	-	(0.2)	(108.7)	-	(123.7)
Transfers	-	51.8	-	-	-	(51.8)	-

Foreign exchange differences	-	-	-	-	-	-	-
At 31 March 2017	9.6	256.0	69.5	6.2	206.3	74.7	622.3
Accumulated depreciation							
At 1 April 2015	0.8	44.7	5.3	3.0	-	-	53.8
Depreciation charge for the year	0.5	22.9	2.8	0.6	-	-	26.8
Disposals	-	(3.9)	-	(0.1)	-	-	(4.0)
Foreign exchange differences	-	-	-	-	-	-	-
At 31 March 2016	1.3	63.7	8.1	3.5	-	-	76.6
Depreciation charge for the year	0.7	47.0	6.8	0.5	-	-	55.0
Disposals	-	(14.8)	-	(0.2)	-	-	(15.0)
Foreign exchange differences	-	-	-	-	-	-	-
At 31 March 2017	2.0	95.9	14.9	3.8	-	-	116.6
Net book amount							
At 31 March 2017	7.6	160.1	54.6	2.4	206.3	74.7	505.7
At 31 March 2016	6.4	85.4	24.1	1.5	142.3	93.9	353.6

Additions to aircraft parts were €37.3 million (2016: €16.2 million). Most of this increase was related to the delivery of various spare engines from IAE.

Additions to aircraft maintenance assets were €69.9 million (2016: 41.1 million). The increase is due to the fact that there were significantly more engine-related new assets created in 2017 because: (i) there were more engines becoming out of condition for LLP replacement than in 2016; (ii) in 2016 the Company revised its engine maintenance plan combined with a new IAE FHA agreement (see the 2016 report for details) and as a result only a few engines became out of condition for shop visit in that period – instead most of these became out of condition in 2017; and (iii) the Group has a few engines that require second shop visit and these all became out of condition (and partly already went through the shop visit) in 2017.

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

	2017 € million	2016 € million
Cost from capitalised finance lease	7.5	7.5
Accumulated depreciation	(1.8)	(1.2)
Net book amount	5.7	6.3

10. Provisions for other liabilities and charges

	Aircraft maintenance € million	Other € million	Total € million
At 1 April 2015	50.6	1.8	52.4
Capitalised within property, plant and equipment	41.0	-	41.0
Charged to comprehensive income	-	0.8	0.8
Used during the year	(7.9)	(1.4)	(9.3)
At 31 March 2016	83.7	1.2	84.9
Non-current provisions	41.2	-	41.2
Current provisions	42.5	1.2	43.7
Capitalised within property, plant and equipment	67.9	-	67.9
Charged to comprehensive income	-	1.2	1.2
Used during the year	(39.8)	(0.5)	(40.3)
At 31 March 2017	111.8	1.9	113.7
Non-current provisions	77.5	-	77.5
Current provisions	34.3	1.9	36.2

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 4). Maintenance provisions in relation to engines covered by FHA agreements are netted off with the FHA prepayments made to the engine maintenance service provider in respect of the same group of engines.

The increase in current maintenance provisions from 2016 to 2017 relates primarily to new provisions made for engine Life Limited Part (LLP) replacements.

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

11. Contingent liabilities

Legal disputes

European Commission state aid investigations

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

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

Claims by Carpatair

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

In January 2016 Carpatair filed a new legal action – registered with the Bucharest Tribunal – against Timişoara airport, the Romanian Ministry of Transports, the Ministry of Public Finances representing the Romanian State and Wizz Air. By the said legal action Carpatair asked the court to order the four defendants to pay, jointly, to Carpatair damages preliminarily estimated to amount to €92 million and interest related to the said amount, resulting from alleged state aid granted by Timişoara airport to Wizz Air, from the existence of a marketing agreement between Timişoara airport and Wizz Air and from an abuse of dominant position on the part of Timişoara airport.

The court's decision delivered on 20 December 2016 upheld the objection raised by the Company that the Bucharest Tribunal lacked jurisdiction to hear the case and that the case should be heard by the Administrative Litigation Section of the Bucharest Court of Appeals. The case was therefore forwarded to the Bucharest Court of Appeals – Administrative and Fiscal Litigation Section where a hearing is scheduled on 18 May 2017.

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

12. Related parties

Identity of related parties

Related parties are:

- Indigo Hungary LP and Indigo Maple Hill LP (collectively referred to as "Indigo" here), because it appointed three Directors to the Board of Directors (all in service at 31 March 2017);
- key management personnel (Directors and Officers); and
- Éden Rent Kft., one of the logistics suppliers of the Group, because one of the Officers of the Group due to equity investment has joint control over this entity.

Indigo, Directors and Officers altogether held 23.3 per cent. of the voting shares of the Company at 31 March 2017 (2016: 24.7 per cent.).

Transactions with related parties

Transactions with Indigo

At 31 March 2017 Indigo held 10,740,633 Ordinary Shares (equal to 18.7 per cent. of the Company's issued share capital) and 44,830,503 Convertible Shares of the Company (2016: 10,740,633 Ordinary Shares and 44,830,503 Convertible Shares).

Indigo has interest in convertible debt instruments issued by the Company. The Company's liability to Indigo, including principal and accrued interest, was €27.1 million at 31 March 2017 (2016: €27.2 million).

During the year ended 31 March 2017 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 (2016: €2.0 million); and

- fees of €0.1 million (2016: €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.

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