# Q1 F23 RESULTS
# RAMPING UP FOR RECORD SUMMER FLYING

## LSE: WIZZ

**Geneva, 27 July 2022:** Wizz Air Holdings Plc ("Wizz Air" or "the Company"), the fastest growing and one of the most sustainable European airlines, today issues unaudited results for the three months to 30 June 2022 ("first quarter" or "Q1") for the Company.

| Three months to 30 June | 2022 | 2021 | Change |
|---|---|---|---|
| Passengers | **12,182,156** | 2,954,274 | 312.4% |
| Revenue (€ million) | **808.8** | 199.0 | 306.4% |
| EBITDA (€ million) | **(154.4)** | (17.8) | 766.6% |
| EBITDA margin (%) | **(19.1)** | (9.0) | -10.1ppt |
| Operating loss for the period (€ million) | **(284.5)** | (108.6) | 162.0% |
| Reported loss for the period (€ million) | **(452.5)** | (114.4) | 295.5% |
| RASK (€ cent) | **3.46** | 2.69 | 28.6% |
| Ex-Fuel CASK (€ cent) | **2.62** | 3.57 | (26.6)% |
| Fuel CASK (€ cent) | **2.18** | 0.86 | 153.5% |
| Total Cash (€ million) | **1,583.2** | 1,378.8* | 14.8% |
| Load factor (%) | **84.7** | 63.6 | +21.1ppt |
| Period-end fleet size | **157** | 141 | 11.3% |
| Period-end seat count | **14,390,508** | 4,645,853 | 209.7% |

* Total Cash balance as at March 31, 2022. Total cash comprises cash and cash equivalents, short-term cash deposits and restricted cash.

### József Váradi, Wizz Air Chief Executive commented on the results:

*"During the first quarter of F23 we continued to ramp-up Wizz Air as COVID-19 transitioned from a pandemic to an endemic setting. Passengers and revenue more than quadrupled versus the same quarter last year, up almost 20% versus pre-pandemic levels, with 30% more capacity operated.*

*Whilst we are rebuilding the airline with greater scale we remain very conscious of the challenging macroeconomic and operational backdrop. Fuel prices for the quarter were double pre-pandemic levels. Lingering restrictions from COVID-19 remained, particularly during April and May, while the war in Ukraine and supply chain disruptions affecting air traffic control, security and ground operation resources have impacted our utilisation.*

*As a result, unit costs (CASK) for the quarter were around 40% higher versus pre-pandemic, 75% of this increase was driven by commodity inflation, whilst unit revenues (RASK) for the quarter were 10% below pre-pandemic levels, predominantly a function of lower load factors as we ramped up the operation and as the Ukraine war dented our momentum.*

*Our operating loss for the quarter was 285m EUR, whilst our net reported loss of 453m EUR was impacted by the strength of the USD causing a non-cash, unrealized FX impact in the income statement. Our liquidity strengthened significantly in the quarter to 1.6 billion EUR as we grew our business.*

*During Q1 F23 we invested to re-establish our proven pre-pandemic operating model, defined by our ultra-low cost principles. We are seeing the results of this investment already through Q2 and we expect to deliver a material operating profit as revenue and pricing momentum continue to improve."*

### Commenting on further business developments during the period, Mr Váradi added:

*"During the quarter we focused on ramping up our network – restoring capacity in our core markets just below pre-pandemic levels. Around 30% of our new capacity was deployed in markets where we expanded new operations during COVID-19 (e.g. Italy, Albania, Abu Dhabi, new bases in UK and West-Balkans).*

*We've now adjusted our network in view of the industry supply chain disruptions, making tactical capacity reductions from June onwards to increase the agility of our operation and supply chain."*

**On the summer and the outlook, Mr Váradi said:**

*"By now we have the largest part of the summer ramp-up behind us and expect to operate around 30% higher ASKs in the summer compared to pre-pandemic levels. We expect continued month-on-month momentum in net total fares and loads through the summer as we work to maximize RASK - given the higher input costs - and we expect RASK in the second quarter to improve +10% versus F20.*

*We are encouragingly starting to see normalization of operational disruption levels as we have lowered utilization by circa five per cent for the summer versus F20, still operating industry-leading utilization.*

*We continue to be a leader on cost and sustainability. Our ex-Fuel CASK cost structure will continue to improve sequentially, our fleet renewal continued with an average aircraft seat count of 214 seats. Our emission levels for the summer are expected to be almost 10% lower versus F20 summer (measured in $CO_2$ grams per RPK), as we continue to make strong progress towards our 2030 goal of 43g per RPK, a 25% reduction versus F20."*

## FINANCIAL RESULTS IN Q1

- Total revenue amounted to €808.8 million, an increase of 306.4% versus Q1 F22:
  - Ticket revenues increased by 349.6% to €392.0 million.
  - Ancillary revenues increased by 272.6% to €416.8 million.
  - Total unit revenue increased by 28.7% to 3.46 euro cents per available seat kilometre (ASK).
  - Ancillary revenue per passenger decreased by 9.0% versus F22 to €34.2, however, versus F20 it was still a 13.8% increase (up €4.1 per passenger). The increase in ancillary revenue per passenger versus F20 is driven by dynamic pricing on bundles, seats and bags as well as continuous demand for our flexibility products.
  - Ticket revenue per passenger increased by 9.0% versus F22 to €32.2, while compared to F20 it was tracking lower by 12.0% (down €4.4 per passenger). The lower ticket revenue per passenger versus F20 was driven by softer demand amidst lingering restrictions from COVID-19 (particularly during April and May), the war in Ukraine and concerns around supply chain disruptions.
- Total operating cost increased 255.3% to €1,093.3 million versus Q1 F22:
  - Total unit costs increased by 8.3% to 4.80 euro cents per ASK, driven by significantly higher fuel unit costs
  - Fuel unit costs increased by 153.5% to 2.18 euro cents per ASK.
  - Ex-fuel unit costs decreased by 26.6% to 2.62 euro cents per ASK, driven by the much improved utilisation of our aircraft assets, resulting in lower unit cost of depreciation.
- The statutory loss for the period was €452.5 million.
- Total cash at the end of June 2022 increased to €1,583.2 million, including €153.2 million restricted cash.

## NETWORK ADDITIONS

Base rationalization

- Doncaster, United Kingdom: one aircraft

New bases:

- Cardiff, United Kingdom: one aircraft
- Venice, Italy: two aircraft

Base aircraft additions

- London Gatwick, United Kingdom: four additional aircraft, taking the base to five aircraft
- London Luton, United Kingdom: one additional aircraft, taking the base to eleven aircraft
- Rome, Italy: one additional aircraft, taking the base to five aircraft
- Catania, Italy: one additional aircraft, taking the base to three aircraft
- Tirana, Albania: two additional aircraft, taking the base to eight aircraft
- Katowice, Poland: two additional aircraft, taking the base to six aircraft
- Warsaw, Poland: one additional aircraft, taking the base to eight aircraft
- Gdansk, Poland: one additional aircraft, taking the base to seven aircraft
- Budapest, Hungary: one additional aircraft, taking the base to twelve aircraft

- Cluj, Romania: one additional aircraft, taking the base to seven aircraft
- Craiova, Romania: one additional aircraft, taking the base to two aircraft
- Larnaca, Cyprus: one additional aircraft, taking the base to two aircraft

In addition to announcing new routes across its European network, Wizz Air also announced launching of new routes to Dammam, the Kingdom of Saudi Arabia from Rome, Vienna and Abu Dhabi.

## FLEET UPDATE

Fleet expansion to 157 aircraft with the addition of eight new A321neo aircraft in the quarter. Out of the eight new A321neo aircraft, two were financed with Sale and Leaseback transactions, while six used JOLCO transactions. At the same time, we returned four end-of-lease A320ceo aircraft to lessors, which increased the average seats per aircraft to 214 seats. Wizz Air's average aircraft age is 4.9 years, one of the youngest fleets of any major airline. For the balance of F23 we expect 36 new A321neo aircraft deliveries, while 11 A320ceo aircraft will reach the end of lease and will exit the fleet.

## SUSTAINABILITY UPDATE

- Wizz Air has been recognized as a leading airline in sustainable travel, improving its sustainability ratings over the past years. Underpinning its commitment to sustainability and highlighting the main reasons why it is the greenest choice for flying, Wizz Air launched, at the beginning of 2022, the 'Fly the Greenest' campaign and on 27 June, Wizz Air has been recognised as the „Most Sustainable Low-Cost Airline" within the World Finance Sustainability Awards 2022, announced in this year's summer issue of World Finance magazine. World Finance praised Wizz Air's continued commitment to sustainability, specifically its ambitious fleet renewal programme and other fuel-saving initiatives.
- In June, Wizz Air released its annual sustainability report for F22, including its TCFD disclosure with an enhanced climate risk analysis, and reported the company's greenhouse gas emissions for Scope 1,2 and 3 the first time comprehensively. As a key step in recognizing the impact of indirect emissions, the company implemented a Sustainable Procurement Policy in April.
- On 28 June, Wizz Air operated its first green demonstration flight between Bucharest and Lyon on the occasion of the European Commission's "Connecting Europe Days 2022" sustainable mobility conference. Brought to the next level through the Airbus A321neo aircraft, a staple in durable aviation, the green demonstration operations using partly sustainable aviation fuel (SAF) were a pivotal moment for Wizz Air. During the demonstration operations, Wizz Air took 4.5 tonnes of a SAF fuel blend, consisting of 30% pure SAF and 70% Jet A1 fuel. This helped Wizz Air also achieve the currently lowest possible emissions per passenger kilometre in Europe out of the airlines taking part in this sustainable effort.
- Wizz Air is in favour of the recently approved directions in the EU institutions' positions on the Fit for 55 climate package. The European Parliament (EP) and the Council of the European Union (Council) have proposed elements that we have also been advocating in order to achieve a level playing field:
    - RefuelEU Aviation: The EP proposed to include a sustainable aviation fuel (SAF) flexibility mechanism, which would help airlines meet the SAF blending mandates when operating in regions with limited (or zero) possibilities to purchase SAF at a favourable price. Council proposed a Sustainable Aviation Fund to support innovation, in which this mechanism would be included.
    - Emissions Trading System (ETS) Aviation proposal: The EP proposed to extend the scope to all flights departing the EEA and to create SAF allowances to address price differential.
- Wizz Air's $CO_2$ emissions per passenger/km amounted to 59.6 grams per passenger/km for the rolling 12 months to 30 June 2022 with significant improvement for Wizz Air this year, contributing to our $CO_2$/RPK levels consistently reaching pre-pandemic levels.

## CHANGES TO THE MANAGEMENT TEAM

In April 2022 Alexandra Avadanei was promoted to the position of Revenue Officer. Alexandra joined Wizz Air as a cabin attendant in January 2009 and since then held a number of senior management roles.

In July 2022, Yvonne Moynihan joined Wizz Air as Corporate Officer. In her previous role Yvonne was the General Counsel and Board Secretary at Vueling Airlines based in Barcelona. Prior to it, she worked for Ryanair as Legal Counsel for five years, based in Dublin.

In July 2022, Owain Jones was appointed to the position of Development Officer. Owain joined Wizz Air as General Counsel in September 2010 and has served as Chief Corporate Officer, Managing Director Wizz Air UK and Chief Supply Chain and Legal Officer.

With these new appointments we are further enhancing our leadership capacity as we continue to demonstrate outstanding agility in the pursuit of being the ultimate structural cost winner in the industry.

**ABOUT WIZZ AIR**

Wizz Air, Europe's fastest growing and most sustainable ultra-low-cost airline, operates a fleet of 161 Airbus A320 and A321 aircraft. A team of dedicated aviation professionals delivers superior service and very low fares, making Wizz Air the preferred choice of 40.0 million passengers in the financial year F20 ending 31 March, 2020 and 27.1 million passengers in the financial year F22 ending 31 March 2022. Wizz Air is listed on the London Stock Exchange under the ticker WIZZ. The company was recently named one of the world's top ten safest airlines by airlineratings.com, the world's only safety and product rating agency, and 2020 Airline of the Year by ATW, the most coveted honour an airline or individual can receive, recognizing individuals and organizations that have distinguished themselves through outstanding performance, innovation, and superior service. Wizz Air was also rated the most sustainable airline in Europe by Sustainalytics in January 2022.

For more information:

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## Q1 FINANCIAL REVIEW

In the first quarter, Wizz Air carried 12,182,156 passengers, a 312.4% increase compared to the same period in the previous year as a direct result of the gradually returning travel demand and easing travel restrictions imposed by governments due to COVID-19. The Company generated revenues of €808.8 million, an increase of 306.4%. These rates compare to capacity increase measured in terms of ASKs of 215.8% and 209.7% more seats. The underlying net loss for the first quarter was €452.5 million.

**Consolidated statement of comprehensive income (unaudited)**
*For the three months ended 30 June – rounded to one decimal place*

| Continuing operations | 2022 € million | 2021 € million | Change |
|---|---|---|---|
| Passenger ticket revenue | **392.0** | 87.2 | 349.6% |
| Ancillary revenue | **416.8** | 111.9 | 272.6% |
| **Total revenue** | **808.8** | 199.0 | 306.4% |
| Staff costs | **(86.3)** | (34.5) | 150.0% |
| Fuel costs | **(508.0)** | (63.5) | 700.6% |
| Distribution and marketing | **(20.0)** | (7.3) | 174.2% |
| Maintenance materials and repairs | **(53.8)** | (41.6) | 29.2% |
| Airport, handling and en-route charges | **(229.6)** | (69.9) | 228.4% |
| Depreciation and amortisation | **(130.1)** | (90.8) | 43.3% |
| Net other expenses | **(65.5)** | (0.1) | n.m.** |
| **Total operating expenses** | **(1,093.3)** | (307.7) | 255.3% |
| **Operating loss** | **(284.5)** | (108.7) | 161.9% |
| Financial income | **0.4** | 0.9 | -56.5% |
| Financial expenses | **(27.0)** | (20.8) | 30.1% |
| Net foreign exchange (loss)/gain | **(139.9)** | 14.9 | n.m.** |
| **Net financing expense** | **(166.5)** | (4.9) | n.m.** |
| **Loss before income tax** | **(451.1)** | (113.6) | 297.1% |
| Income tax expense | **(1.4)** | (0.8) | 68.9% |
| Statutory loss for the period* | **(452.5)** | (114.4) | 295.5% |
| **Underlying loss for the period*** | **(452.5)** | **(118.7)** | 281.2% |

**Q1 FY22 underlying net profit excludes the impact of hedge gains classified as discontinued (amounting to €4.3 million)*
**n.m.: not meaningful as a variance is more than (-)100 per cent

**Revenue**
Passenger ticket revenue increased 349.6% to €392 million and ancillary income (or "non-ticket" revenue) increased by 272.6% to €416.8 million, driven by gradually returning travel demand. Total revenue per ASK (RASK) increased by 28.7% to 3.46 euro cents from 2.69 euro cents in the same period of F22 driven by a significantly higher load factor. For perspective, RASK in Q1 F20 was 3.84 euro cents and the decline in RASK in Q1 F23 is completely attributable to load factor differences.

Average revenue per passenger decreased to €66.4 in Q1 F23 which was 1.1% lower than the Q1 F22 level of €67.1. Average ticket revenue per passenger increased by 9% from €29.5 in Q1 F22 to €32.2 in Q1 F23, average ancillary revenue per passenger decreased from €37.6 in Q1 F22 to €34.2 in Q1 F23, representing a decrease of 9.0%. As noted above, this quarter's average ancillary revenue per passenger when compared with Q1 F20 (pre-Covid period), shows an increase of 13.8% from €30.1 to €34.2 on the back of dynamic pricing on bundles, seats and bags as well as increased demand for our flexibility products.

**Operating expenses**
Operating expenses for the three months increased by 255.3% to €1,093.3 million from €307.7 million in Q1 F22. Total Cost per ASK ('CASK') increased by 8.3% to 4.80 euro cents in Q1 F23 from 4.43 euro cents in Q1 F22.

**Staff costs** increased by 150% to €86.3 million in Q1 F23 from €34.5 million in Q1 F22, trailing behind the increased capacity operated.

**Fuel expenses** increased by 700.6% to €508.0 million in Q1 F23, significantly up from €63.5 million in the same period of F22. The average fuel price (including hedging impact and excluding into-plane premium) paid by Wizz Air during the first quarter was US$1,238.7 per tonne, an increase of 130.3% from US$537.9 the same period in F22.

**Distribution and marketing** costs increased by 174.2% in Q1 F23 to €20.0 million due to the increased revenue performance.

**Maintenance, materials and repair** costs increased by 29.2% to €53.8 million in Q1 F23 compared to €41.6m in Q1 F22 due to a larger fleet, increased base maintenance events and end of lease obligations.

**Airport, handling and en-route** charges increased by 228.4% to €229.6 million in the first quarter of F23 versus €69.9 in the prior year, an increase mostly driven behind the ASK increase and mix effects in the network operated.

**Depreciation and amortisation** charges increased by 43.3% in the first quarter to €130.1 million, up from €90.8 million in the same period in F22, mainly due to larger fleet and higher aircraft utilization.

**Other expenses** amounted to €65.5 million in the first quarter, compared to €0.1 million costs in the same period last year. The increase is caused by significantly higher flight disruption and passenger compensation costs (an increase of €60.2 million), further increased by higher non salary related crew expenses (training, etc).

**Financial expenses** amounted to €27.0 million compared to €20.8 million in Q1 F22, driven by the increase in fleet size.

**Net foreign exchange loss** was €139.9 million compared to a gain of €14.9 million in Q1 F22, caused by the significant weakening of the euro against the US dollar that resulted unrealised foreign exchange losses on the revaluation of US dollar denominated lease liabilities.

**Income tax expense** was €1.4 million (Q1 F22: €0.8 million) reflecting mainly local business tax and innovation tax in Hungary.

## OTHER INFORMATION

### 1. Cash

Total cash (including cash and cash equivalents restricted cash and cash deposits with more than 3 months maturity) at the end of the first quarter increased by 14.8% to €1,583.2 million (including €153.2 million restricted cash) versus 31 March 2022.

### 2. Hedging positions

During the earlier phases of the Covid-19 crisis, key players in the airline industry, including Wizz Air, were severely impacted with significant financial hedge losses. As a result, during that time and as agreed with its Board of Directors, Wizz Air moved to a no hedge policy to avoid hedge losses in the future.

In Europe, however, key competitors continued to hedge, albeit at lower coverage levels versus pre-pandemic.

Given the sustained and ongoing volatility in commodity prices Wizz Air has decided to reinstate a hedging policy and align its policy to those of its peers. Jet fuel hedge coverages are as follows:

**Fuel hedge coverage**

| Period covered | F23<br>9 months | F24<br>12 months |
|---|---|---|
| Exposure in metric tons ('000) | 1,077 | 1,777 |
| Coverage in metric tons ('000) | 493 | 256 |
| Hedge coverage for the period | 46% | 20% |
| Blended capped rate | 1,319 | 1,081 |
| Blended floor rate | 1,105 | 940 |

**Sensitivities**

- Pre-hedging, a one cent movement in the Euro/US Dollar exchange rate impacts this financial year's operating expenses by €12.0 million.
- Pre-hedging, a $10 (per metric ton) movement in the price of jet fuel impacts this financial year's fuel costs by $5.8 million.

### 3. Fully diluted share capital

The figure of 127,699,720 should be used for the Company's theoretical fully diluted number of shares as at 15 July 2022. This figure comprises 103,237,078 issued ordinary shares and 24,246,715 new ordinary shares which would have been issued if the full principal of outstanding convertible notes had been fully converted on 15 July 2022 (excluding any ordinary shares that would be issued in respect of accrued but unpaid interest on that date) and 215,927 new ordinary shares which may be issued upon exercise of vested but unexercised employee share options.

### 4. Ownership and Control

To protect the EU airline operating licence of Wizz Air Hungary Ltd (a subsidiary of the Company), the Board has resolved to continue to apply a disenfranchisement of Ordinary shares held by non-EEA shareholders in the capital of the Company. This will continue to be done on the basis of a 'Permitted Maximum' of 45 per cent pursuant to the Company's articles of association (the "Permitted Maximum"). The decision by the Board is considered appropriate to ensure Wizz Air Hungary Ltd's continued compliance with applicable ownership and control requirements. We will provide further details on or before 19 August 2022, simultaneously with the notice of annual general meeting that is scheduled to take place on 13 September 2022.

a "**Qualifying National**" includes: (i) EEA nationals, (ii) nationals of Switzerland and (iii) in respect of any undertaking, an undertaking which satisfies the conditions as to nationality of ownership and control of undertakings granted an operating licence contained in Article 4(f) of Regulation (EC) No. 1008/2008 of the European Commission, as such conditions may be amended, varied, supplemented or replaced from time to time, or as provided for in any agreement between the EU and any third country (whether or not such undertaking is itself granted an operating licence); and

a "**Non-Qualifying National**" includes any person who is not a Qualifying National in accordance with the definition above.

## KEY STATISTICS

*For the three months ended 30 June*

| | **2022** | **2021** | **Change** |
|---|---|---|---|
| **Capacity** | | | |
| Number of aircraft at end of period | **157** | 141 | 11.3% |
| Equivalent aircraft | **152.2** | 138.8 | 9.7% |
| Utilisation (block hours per aircraft per day; hh:mm) | **11:47** | 4:22 | 170.0% |
| Total block hours | **162,281** | 55,182 | 194.1% |
| Total flight hours | **141,367** | 48,418 | 192.0% |
| Revenue departures | **67,243** | 23,128 | 190.7% |
| Seat capacity | **14,390,508** | 4,645,853 | 209.7% |
| Average aircraft stage length (km) | **1,622** | 1,591 | 2.0% |
| Total ASKs (mln. km) | **23,343** | 7,391 | 215.8% |
| | | | |
| **Operating data** | | | |
| RPKs (mln. km) | **19,959** | 4,719 | 322.9% |
| Load factor | **84.7%** | 63.6% | 21.1ppts |
| Number of passenger segments | **12,182,156** | 2,954,274 | 312.4% |
| Fuel price (average US$ per ton, including hedging impact but excluding into-plane premium) | **1,238.7** | 537.9 | 130.3% |
| Foreign exchange rate (average US$/€, including hedging impact) | **1.07** | 1.21 | (11.6%) |

## CASK

*For the three months ended 30 June**

| | **2022** ***euro cents*** | **2021** *euro cents* | **Change** *euro cents* |
|---|---|---|---|
| Fuel costs | **2.18** | 0.86 | 1.32 |
| Staff costs | **0.37** | 0.46 | (0.11) |
| Distribution and marketing | **0.09** | 0.10 | (0.01) |
| Maintenance, materials and repairs | **0.23** | 0.56 | (0.33) |
| Airport, handling and en-route charges | **0.98** | 0.95 | 0.03 |
| Depreciation and amortisation | **0.56** | 1.23 | (0.67) |
| Other expenses/income | **0.27** | (0.00) | 0.27 |
| Net of financial income and expenses | **0.11** | 0.27 | (0.16) |
| **Total CASK** | **4.80** | 4.43 | 0.37 |
| **Total ex-fuel CASK** | **2.62** | 3.57 | (0.95) |

*Figures are rounded to two decimal places