



Press Release

Wizz Air Holdings Plc 2019 Annual Report and Notice of Annual General Meeting

Geneva, 31 May 2019: Wizz Air Holdings Plc (“**Wizz Air**” or the “**Company**” and, together with its subsidiaries, the “**Group**”), the largest low-cost airline in Central and Eastern Europe, announces that it has today published its 2019 Annual Report and Notice of its Annual General Meeting of shareholders (“**AGM**” or “**Meeting**”).

The documents listed below will be sent to shareholders and, as required under the UK Listing Rules, will be submitted to the UK Listing Authority for publication through the National Storage Mechanism where they will shortly be available for inspection at www.morningstar.co.uk/uk/nsm.

Documents:

- Annual Report in respect of the financial year ended 31 March 2019 (the “**2019 Annual Report**”)
- Notice of AGM
- Form of Proxy

Copies of the 2019 Annual Report and Notice of AGM are also available on the ‘Investor Relations’ section of the Company’s website at <http://corporate.wizzair.com/en-GB/>.

The Company’s AGM will be held at 1.00pm (CEST) on Wednesday 24 July 2019 at Starling Hotel Geneva, Route François-Peyrot 34, 1218 Le Grand-Saconnex, Geneva, Switzerland. The voting results of all resolutions proposed at the Meeting will be announced immediately after the Meeting.

In compliance with DTR 6.3.5, the following information is extracted from the 2019 Annual Report and should be read together with the Company’s final results announcement issued on 31 May 2019 which can be found at <http://corporate.wizzair.com/en-GB/> (the “**2019 Final Results Announcement**”). Together, these constitute the information required to be communicated to the media in unedited full text through a Regulatory Information Service. This information is not a substitute for reading the full 2019 Annual Report.

STATEMENT OF DIRECTORS’ RESPONSIBILITIES

The following responsibility statement is extracted from the Statement of Directors’ Responsibilities on page 80 of the 2019 Annual Report and is repeated herein solely for the purpose of complying with DTR 6.3.5. The statement relates to the full 2019 Annual Report and not the extracted information provided in this announcement or the 2019 Final Results Announcement:

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

The Companies (Jersey) Law 1991 requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the Group financial statements in accordance with International



Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the

state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies (Jersey) Law 1991 and the Directors' Remuneration Report complies with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the Company's website. Legislation in Jersey and the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's position and performance, business model and strategy.

Each of the Directors, whose names and functions are listed on pages 38 to 41 confirm that, to the best of their knowledge:

- the Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and
- the Strategic Report contained in the annual report includes a fair, balanced and understandable review of the position and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

PRINCIPAL RISKS AND UNCERTAINTIES

The risks and uncertainties set out below are extracted from the pages 28 to 32 of the 2019 Annual Report and are repeated herein solely for the purpose of complying with DTR 6.3.5:

This section of the annual report sets out our risk management process and provides an overview of some of the principal risks that could, if not appropriately dealt with, affect Wizz Air's future success. Risk management is a dynamic and ever-evolving area and the Company is committed to employing the best risk management practice in order to identify and manage risks effectively.

Our risk management process

The Board is responsible for the Company's risk management and it has delegated to the Audit Committee to monitor the adequacy and effectiveness of the Company's risk management systems. The Company has a comprehensive enterprise risk management (ERM) process to support the achievement of business and strategic goals. As part of our ERM process, risks are identified through a series of meetings with the management team,

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analysed for likelihood and impact, and quantified. Risk response is determined depending on the risk type and appetite. As part of this process, the internal Risk Council, involving the Company's senior management team and a number of other senior employees, meets regularly, to consider and update the principal risks identified. The resulting principal risk report is then reviewed with the Audit Committee and presented to the Board. These principal risks, many of which have been the subject of regular reporting and discussion between senior management and the Board for some time, are detailed below. The Board is therefore satisfied that it has carried out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity.

Risks relating to the Group

Introduction

The key risks identified by the Risk Committee fall into seven broad groupings:

- **information technology and cyber risk**, including website availability, protection of our own and our customers' data and ensuring the availability of operations-critical systems;
- **external factors**, such as the default of a partner financial institution, fuel cost, foreign exchange rates, competition, general economic trends and geopolitical risk;
- **product development**, making sure that we are making the best use of our capacity and ensuring that we have access to the right airport infrastructure at the right price so that we can keep on delivering the superior Wizz Air service at low fares across an ever wider network;
- **fleet development**, ensuring the Company has the right number of aircraft available at the right time to take advantage of commercial opportunities and grow in a disciplined way;
- **regulatory risk**, making sure that we remain compliant with regulations affecting our business and operations;
- **operations**, including safety events and terrorist incidents;
- human resources, ensuring we are able to recruit the right quality and the right number of colleagues to support our ambition to grow or, once recruited, that they remain engaged and motivated and that the Company has in place appropriate succession management for key colleagues; and
- **climate risk**.

Information technology and cyber risk

Wizz Air primarily is an e-business. During the 2019 financial year, 96 per cent. of bookings were made through wizzair.com and mobile applications. We are therefore dependent on our information technology systems to enable and manage ticket reservations, process payments, check in passengers, manage our traffic network, perform flight operations and engage in other critical business tasks. Our website is our shop window and therefore it is critical that it is functional, reliable and secure. While we outsource the hosting and operation of some of these systems to external IT suppliers, we retain an experienced internal team to oversee the operation of these systems and manage service level. We will continue to review our business-critical systems to ensure that the appropriate level of back-up is in place and that there are reliable recovery procedures in place. The Company has employed business continuity processes since its beginning and during the 2018 financial year, the Company's business continuity plan was comprehensively reviewed and updated to ensure that it remained appropriate and sufficient for the Company's continued growth. The up-to-date state and the operability of the business continuity plan is ensured through regular testing and maintenance.

Cyber risk is a hugely important consideration for our business and is one of the areas closely monitored by the Board. Our systems could be attacked in a number of ways and with varying outcomes – for example, unavailability of wizzair.com or operations-critical systems or theft of our customers' data that could result in considerable loss of customer confidence. In the months leading up to the implementation of the General Data



Protection Regulation ("GDPR") in May 2018 we completed a comprehensive review of the Company's data systems architecture and launched a combination of new processes, policies, and technological solutions resulting in an increased data protection at Wizz Air. During the 2019 financial year, we have continued to strengthen such processes, systems and policies and have engaged a Data Protection Officer. Cyber security is a constantly evolving challenge and one of the key issues related to cyber security is our colleagues' awareness

of the risk and of the possible ways in which our business could be attacked and, therefore, a comprehensive and compulsory e-learning training programme for all colleagues is maintained. Our in-house IT security department continues to review emerging threats and the Board will be kept up to date on the actions being taken to safeguard our Company.

External risks

We are a truly international business and, while we report in Euros, we transact in over 20 currencies. We also make a large number of payments in US Dollars. Appreciation of the US Dollar against the Euro may impact results and margins. Therefore, to reduce our exposure to currency fluctuations in respect of costs incurred in US Dollars, we engage in Euro/US Dollar hedging in accordance with the Board-approved hedging policy. In addition, and recognising the importance of the British Pound as accounting for around 16 per cent. of the Company's total revenues, we also engage in Euro/British Pound hedging, again in accordance with the Board-approved hedging policy. In all cases, hedging transactions are subject to the approval of the Audit Committee.

During the 2019 financial year fuel accounted for 33.1 per cent. of our total Group operating costs and a rise in fuel prices could significantly affect our operating costs. We therefore hedge our aviation fuel cost in accordance with a Board-approved hedging policy. The Audit Committee is involved in and approves each hedging decision.

In the past few years, Wizz Air has seen its cash reserves continue to increase. We believe that a strong cash position is a vital foundation for the Company's continued, aggressive growth and its ability to capture commercial opportunities as they arise. Therefore, we actively manage the safeguarding of our financial assets and monitor the viability of our hedging counterparties. In fact, all of the Company's cash is invested in accordance with a Board-approved counterparty risk policy which assigns investment limits to each counterparty based upon its credit rating.

Competition is one of the key risks to our business. Our competitors continuously strive to protect or gain market share in markets in which we operate, perhaps by offering discounted fares or more attractive schedules. Competition can, however, adversely affect revenues and so we constantly monitor our competitors' actions and the performance of our route network to ensure that we take both reactive and proactive actions in a timely manner. Ultimately, our key competitive strength is our commitment to driving our costs ever lower while delivering a superior service and building a loyal customer base. We firmly believe that in tough market conditions lowest cost ultimately wins and therefore we are relentlessly committed to the strictest cost discipline day in and day out.

Our business extends beyond the borders of the EU and into countries such as Russia, Turkey and Ukraine and regions including the Caucasus, North Africa and the Middle East. We are exposed to global political and economic events and trends. An economic downturn could affect demand for air travel. Some of the regions we operate in have in the past experienced, and may also in the future be subject to further potential political and economic instability caused by changes in governments, political deadlock in the legislative process, contested election results, tension and local, regional or international conflicts, corruption among governmental officials, social and ethnic unrest and currency instability. We maintain close relationships with local authorities and, as an organisation, we are able to react quickly to adverse events.

The outcome of the Brexit vote continues to cause significant uncertainty for our business because, notwithstanding the agreement-in-principle for an extended transition period, there is still overall uncertainty on how the exit from the EU might happen. To ensure we are able to continue to fly a number of routes from the United Kingdom to destinations outside the EU, as well as to enable the Company to capitalise on any consolidation opportunities that might arise in the United Kingdom we already established Wizz Air UK, an airline licensed in the United Kingdom. We continue a dialogue with various authorities to ensure that there is a general understanding of the need to maintain access to the liberalised market.



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Regardless of the outcome of Brexit, we believe diversification of our network and markets is a key part of sustainable business strategy and we remain confident that CEE is a large addressable market which will continue to provide opportunities for profitable growth should our UK business be adversely affected.

Product development

We do not just compete for customers, we compete for access to infrastructure too. Wizz Air enjoys high growth – but to meet our ambitious growth plans, we require additional space in airport terminals, additional take-off, landing and airport slots. Certain airports in which we operate may already be or become congested, meaning we may not be able to secure access to those airports at our preferred times. We are also making sure that we retain the slots we already have and we maintain close working relationships with the relevant airport authorities and slot co-ordinators and we are continuously improving our scheduling and slot management systems and processes.

Fleet development

In order to support our growth plans, we require additional aircraft. We put emphasis on new aircraft – we currently operate one of the youngest fleets in Europe with an average age of just 4.8 years. Having a modern and reliable fleet means we can utilise it for over twelve hours a day. For the business it means lower unit operating costs, and for our customers, lower prices. On 7 March 2019 the Company celebrated the arrival of the first Airbus A321neo 'gamechanger' aircraft, the most efficient narrow body aircraft today and likely to remain that way over the next few years. Our order book with Airbus as at 31 March 2019 was comprised of 3 A321ceo, 72 A320ceo and 182 A321neo aircraft with deliveries schedule to take place between 2019 and 2026.

A large aircraft order is a significant financial commitment and so requires financing. To date, we have financed all of our new aircraft deliveries through sale and leaseback arrangements. This will continue to be the case for the remaining A320ceo-family deliveries through to the end of 2019, for which we already have in place fully committed sale and leaseback financing. On the A321 neo program the combination of the sale and leaseback and JOLCO financing is providing a diversified fleet financing structure on market low rates. We are confident that, given the aircraft's desirability as a result of its superior operating economics and Wizz Air's established strong financial track record, finance will be readily available on competitive terms in 2020 as well.

With the advance of technology, aircraft computer technology intended to make flight operations safer is becoming more sophisticated and may sometimes fail leading to aircraft getting grounded. Similarly, design flaws of aircraft components may lead to costly delays of aircraft delivery. We are in constant dialogue with our key suppliers Airbus and Pratt & Whitney to ensure that we have sufficient capacity to deliver our planned growth and to be sure that crews are trained to the highest standard possible and are adept at using the latest aircraft technology innovations.

Regulatory risks

Even in a liberalised air traffic right environment, aviation remains a highly regulated industry. Wizz Air Hungary relies on an air operator's certificate (AOC) and operating licence issued by Hungary and Wizz Air UK relies on an AOC and operating licence issued by the United Kingdom. In each case, the licences allow the airline to operate air services both within Europe and to and from countries with which Europe has liberalised air traffic agreements. Each operating licence requires the Company to be majority owned and effectively controlled by qualifying nationals, which currently means nationals of the European Economic Area and Switzerland. If the Company ceases to be majority owned and effectively controlled by qualifying nationals, then its operating licence – and, so, its right to operate its business – could be at risk. The Company therefore closely monitors the nationality of its Shareholders. The Board has set a limit (permitted maximum) of 49% of its issued Ordinary Shares for ownership by non-qualifying nationals and the Board has the power to take action in relation to non-qualifying Shareholder shareholdings to protect the Company's operating licences. The Board receives a report at each Board meeting of the level of share ownership by non-qualifying nationals.

In view of the consequences of a no-deal Brexit and as the outcome still remains uncertain, Wizz Air has held discussion with the European Commission and with the Hungarian Civil Aviation Authority and established an ownership and control contingency plan based on a specific EU Aviation Regulation published in March 2019.



A stop notice published by the Company on 17 April 2018 has been in effect since then, and will continue to remain in place, effectively barring any non-Qualifying Nationals (which from Brexit will include UK nationals) from purchasing ordinary shares in the Company. Next to that, an investor relations program aimed at moving the Company's shareholder base to the EU (excluding the UK) has been initiated. Finally, to the extent the increase of Qualifying Nationals' shareholding would remain insufficient, the Company would implement the disenfranchisement of the voting rights of certain Non-Qualifying National holders of Ordinary Shares, such that, Non-Qualifying Nationals would hold fewer than 49% of those ordinary shares to which voting rights are attached.

Operational risks

An accident or incident, or terrorist attack, can adversely affect an airline's reputation and customers' willingness to travel with that airline.

At Wizz Air, our number one priority is the safety of our passengers and crew. Our aircraft fleet is young and reliable, we use the services of world-class maintenance organisations and we have a strong safety culture. A cross-functional safety council meets four times a year, involving both senior management as well as operational staff, and reviews any issues which have arisen in the previous three months and the actions taken as a consequence. In addition to this, we collect detailed data from all aspects of our operation in order to identify trends, and relevant personnel from our Operations department meet twice a year to discuss any trends identified in their area of operation and how they are being dealt with. We also operate an anonymous safety reporting system, to enable our flight and cabin crew to report safety issues which are a concern to them. The entry standards for our operating crew are high and our own Approved Training Organisation (ATO) ensures that all of our pilots are trained to the highest standards. Wizz Air is a registered International Air Transport Association's Operational Safety Audit (IOSA) programme operator, which helps us to ensure that we have best-in-class airline safety management and control systems and processes.

Our experienced security team has an ongoing programme to ensure that the security of our operations and the airports which we serve meet high standards. Our security team also maintains close contact with relevant authorities in order to assess any potential security or other threats to our operations. Any serious threat will be escalated to senior management. We have in the past suspended operations to destinations where the safety of our passengers, crew, and aircraft cannot be guaranteed. In December 2015, Wizz Air Hungary Ltd. was named as a company of strategic importance by the Hungarian Parliament and, as such, the Company now enjoys enhanced security information and protection under the auspices of the Hungarian Constitution Protection Office. Wizz Air has also joined the campaign launched by the European Union Aviation Safety Agency's (EASA) aiming to reduce the number of unruly passengers on all European flights and protect the passenger's right to a peaceful travel experience.

In October 2018, Wizz Air was awarded the highest 7-star safety ranking from the world's only one-stop airline safety and product rating agency AirlineRatings.com.

The safety rating for each airline is based on a comprehensive analysis utilizing information from the world's aviation governing body and leading association along with governments and historical data. Evaluation criteria are focusing on such important elements as IOSA certification, FAA endorsement, condition and age of the fleet, accident history, International Civil Aviation Organization (ICAO) safety rating of the country of origin, and other parameters. A 7-star safety rating, like in the case of Wizz Air, is awarded to airlines that meet all the assessment criteria.

During the 2019 financial year we experienced significant challenges and an increased level of flight disruption caused by European air traffic control due to national industrial relations issues. Wizz Air is continuing its campaign for a unified pan-European air traffic management system that would lead to increased capacity and decreasing flight disruption and maintaining a constant dialogue with the relevant European authorities.

Human resources

Wizz Air is a people business. We know that our people are the backbone of our business and it is their dedication, day in, day out, that allows us to deliver our low-cost, quality service. But we know that we cannot

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take our people for granted and that competition for the high quality people who we seek is keen and may become even more so.

- From time to time, pilots and other personnel can be in short supply. We invest a huge amount of time in recruiting pilots and also training them to maintain our high standards. In November 2018, the opening of our new 3,800-square metre state-of-the-art training centre in Budapest reaffirmed our commitment to training excellence.
- We are proud that, to date, we have maintained a good relationship with our employees and we have not experienced industrial unrest. We strive to make sure that this will remain the case, but we realise that there can be no guarantee. We know that we need to ensure that we continue to motivate our colleagues. Feedback is an essential part of this process – both giving and receiving – and we consider direct communication between senior management and other employees as the best way of listening to our employees' concerns. Wizz Air People Council initiative regularly brings together employees representing all areas of the business and is designed to facilitate an effective two-way communication between the management and employees and to support the decision-making process on matters that affect all of us within the Company, so that Wizz Air can continue to improve both as an airline and as an employer.
- Our success to date has been driven also by our key personnel. Our continuing success will depend on having the right people in those key positions. While, in the past, we have successfully recruited for those positions, we recognise that we have a pool of talent within the Company and, during the 2019 financial year, a completely new talent management programme was rolled-out across the Company's office functions. Succession of key personnel is a matter which we take extremely seriously and we shall continue to develop our succession planning processes to ensure that we have colleagues of the right calibre to lead the Company in the future.

Climate risk

As an airline, we recognise the risk related to oil consumption and CO2 emissions, which are considered a cause of climate change.

Greenhouse gas emissions and their potential impacts relating to climate change is becoming an increasing global regulatory focus. Aviation is already included in the EU Emissions Trading System (EU ETS) and the Company expects to be part of the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA) when effective. In October 2016, the International Civil Aviation Organization (ICAO) adopted CORSIA with the intention to create a single global market-based measure to achieve carbon-neutral growth for international aviation after 2020, which can be achieved through airline purchases of carbon offset credits. CORSIA is expected to increase operating costs for airlines that operate internationally.

While the precise impact of climate-related requirements continue to evolve, the Company takes its responsibility towards the climate very seriously and is undertaking various measures that are expected to help reduce its CO2 emissions over time, such as improving fuel efficiency through operational measures and fleet renewal.

Until new regulations come into force and/or until pending regulations are finalized, future costs to comply with such regulations remain uncertain but are likely to have a significant financial impact on our operating costs, and the aviation industry as a whole over time. We continue to monitor these developments, however, the precise nature of future requirements and their applicability to the Company are hard to predict.

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ABOUT WIZZ AIR

Wizz Air is the largest low-cost airline in Central and Eastern Europe, operates a fleet of 113 Airbus A320 and Airbus A321 aircraft, and offers more than 650 routes from 25 bases, connecting 146 destinations across 44 countries. At Wizz Air, a team of more than 4,500 aviation professionals delivers superior service and very low ticket prices making Wizz Air the preferred choice of over 34 million passengers in the past 12 months. Wizz Air is listed on the London Stock Exchange under the ticker WIZZ and is included in the FTSE 250 and FTSE All-Share Indices. Wizz Air is registered under the International Air Transport Association (IATA), Operational Safety Audit (IOSA), the global benchmark in airline safety recognition. The company recently received the highest 7-star safety rating by airlineratings.com, the world's only safety and product rating agency, and was recently named 2017 - European Airline of the Year by Aviation 100, a renowned annual publication that recognizes the year's most outstanding performers in the aerospace industry.

For more information:

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