

Wizz Air Holdings Plc

2018 Annual Report and Notice of Annual General Meeting

Geneva, 24 May 2018: 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 2018 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 2018 (the "2018 Annual Report")
- ▶ Notice of AGM
- ▶ Form of Proxy

Copies of the 2018 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 Tuesday 24 July 2018 at World Trade Center I, Route de l'Aéroport 10, 1216 Cointrin, 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 2018 Annual Report and should be read together with the Company's final results announcement issued on 24 May 2018 which can be found at <http://corporate.wizzair.com/en-GB/> (the "2018 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 2018 Annual Report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following responsibility statement is extracted from the Statement of Directors' Responsibilities on page 70 of the 2018 Annual Report and is repeated herein solely for the purpose of complying with DTR 6.3.5. The statement relates to the full 2018 Annual Report and not the extracted information provided in this announcement or the 2018 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 35 to 37 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 25 to 29 of the 2018 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, as well as a short description of some of the key risks that could, if not properly dealt with, affect Wizz Air's future success, although it does not by any means list all risks that might possibly affect our business. Risk management is itself a dynamic and developing area and the Company is committed to ensuring that it employs best practice in order to identify and mitigate risks as best it can.

Our risk management process

The Board is responsible for the Company's risk process and has delegated authority for this to the Audit Committee. The Company's Head of Internal Audit reports directly to the Chairman of the Audit Committee. Each year, under the instruction and supervision of the Audit Committee, a risk universe mapping exercise is undertaken by the Head of Internal Audit with the Company's senior and operational management. The results of this exercise are used to produce an Internal Audit plan for the coming year. The Internal Audit plan generally always covers internal control risks as well as some other enterprise risks.

Senior management reports to the Board at each of the scheduled Board meetings and the Board also received a report from the Chairman of the Audit Committee at each of the scheduled Board meetings. These reports include detailed assessment of, for example, commercial and operational risks which may have arisen or been dealt with during the reporting period. In addition, the Board is kept updated by senior management as and when specific risk issues arise between Board meetings.

Some areas of the Company's business have always had sophisticated risk analysis and mitigation processes in place. For example, the Company's flight operations are subject to a world-class risk assessment and mitigation programme and the Company's exposure to foreign exchange and fuel price changes is mitigated through a Board-approved hedging programme administered by the Audit Committee. Risks and internal controls relating to financial reporting were subject to a detailed and comprehensive analysis as part of the Company's preparations for its initial public offering in March 2015 and, more recently and during the 2018 financial year, were re-examined as part of the two Class 1 shareholder approval processes relating to the Company's aircraft orders. Selected internal controls are re-examined regularly as part of the internal audit programme. The Company's comprehensive enterprise risk management (ERM) process implemented during the course of the 2017 financial year was applied consistently

throughout the 2018 financial year, with review meetings facilitated by Ernst & Young and overseen by the Risk Council.

As part of this process, the internal Risk Council, involving the Company's senior management team and a number of other senior employees, meets at least quarterly, 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 six 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**, to ensure 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**, ensuring that we remain compliant with regulations affecting our business and operations;
- ▶ **operations**, including safety events and terrorist incidents; and
- ▶ **human resources**, ensuring we are able to recruit the right number of colleagues of the right quality to continue to grow or, once recruited, that they remain sufficiently engaged and motivated and ensuring that the Company has appropriate succession management for key colleagues in place.

Information technology and cyber risk

Wizz Air is, primarily, an e-business. During the 2018 financial year, 96 per cent. of bookings were made through our website and mobile applications. We are therefore dependent on our information technology systems to receive, process and manage ticket reservations, process credit and debit card 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 secure and reliable. We outsource the hosting and operation of these systems to a number of IT suppliers. However, we retain an experienced internal team to oversee the operation of these systems and include suitable contractual recovery and other key performance standards with each of our key IT suppliers. We have also increased the number of card acquirers and payment service providers that we use, with each provider being an effective back-up for the others. We will continue to review our business-critical systems to ensure that the appropriate level of backup is in place. The Company has employed business continuity processes since its beginning and our existing processes and procedures ensure that key staff can be relocated to an alternative location should our normal offices become unusable. During the 2018 financial year, the Company's business continuity processes were comprehensively reviewed and updated, to ensure that they remain appropriate and sufficient for the Company's continued growth.

Cyber risk is a hugely important consideration for a business such as ours and is one of the areas on which specific work has been done with the Board over the last year. Our systems could be attacked in a number of ways and with varying outcomes – for example, unavailability of our website or operations-critical systems or theft of our customers' data. Quite apart from immediate commercial loss, any loss of customer data is likely to result in considerable loss of confidence of our customers. 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 course for all colleagues has been implemented. Our in-house IT security department will continue to review emerging threats and the Board will be kept up to date on the actions being taken by the Company to safeguard its systems. More generally, protection of both our own and our customers' data remains a key issue. A cross-functional team drawn from across the Company has been preparing the Company for implementation of the General Data Protection Regulation ("GDPR") in May 2018. The preparations have included a comprehensive review of the Company's data systems architecture as well as existing data protection processes and policies. New processes and policies have been developed and new technological solutions will be implemented to ensure that the Company is compliant with GDPR.

External risks

We are a truly international business and, while we report in Euros, we transact in 20 currencies. We also have to 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 Pound Sterling as accounting for around 16 per cent. of the Company's total revenues, we also engage in Euro/US Dollar hedging, again in accordance with the Board-approved hedging policy. In all cases, hedging transactions are subject to the approval of the Audit Committee.

Fuel accounted for 29.0 per cent. of our total Group operating cost in the 2018 financial year. 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 ability to deal with and/or take advantage of competitive situations when they arise. However, the security of our cash and the financial strength of our hedging counterparties is something that we actively manage. In particular, all of the Company's cash is invested in accordance with a Board-approved counterparty risk policy which assigns certain investment limits for each counterparty based upon its credit rating.

Competition is one of the key risks to our business. Our competitors may seek to protect or gain market share in markets in which we operate, perhaps by offering discounted fares or more attractive schedules. Ultimately, our key competitive strength is our commitment to driving our cost ever lower while delivering a superior customer service. We firmly believe that, in a tough market, lowest cost ultimately wins and the necessary cost discipline is something to which we are committed, day in, day out. 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, as required.

We are exposed to political and economic events and trends across Europe and an economic downturn could affect demand for air travel. 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. These and other countries in the region have experienced, and may still be subject to, potential political and economic instability caused by changes in governments, political deadlock in the legislative process, contested election results, tension and conflict between federal and regional authorities as well as between countries, 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.

As with all airlines in Europe, the outcome of the Brexit vote continues to cause significant uncertainty for our business, notwithstanding the agreement-in-principle for

an extended transition period. During the 2018 financial year, we established Wizz Air UK, an airline licensed in the United Kingdom, to ensure that we are able to continue to fly a number of routes from the United Kingdom to destinations outside the EU, as well as to position the Company to capitalise on any consolidation opportunities that might arise in the United Kingdom and we continue to speak with various authorities to ensure that there is a general understanding of the need to maintain access to the liberalised market. However, whatever the outcome and while we continue to have a strong United Kingdom business, we have always believed that diversification of our network and our customers is a key part of a sustainable business. That remains the case and we are confident that there remains a large addressable market in CEE 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 as we grow, we need more terminal space, slots and aircraft parking to be able to operate our flights. Certain airports to 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 and, therefore, when we have slots we need to make sure that we retain them. We therefore ensure that we maintain close working relationships with relevant airport authorities and slot co-ordinators and we are continually improving our system to ensure that slot requests and submissions are made in a timely way.

Fleet development

In order to grow, we need capacity and that means that we need an appropriate supply contract for new aircraft which manufacturers are able to deliver. And the emphasis here is on new aircraft – we currently operate one of the youngest fleets in Europe, with an average age of 4.4 years, and that means we have a more efficient fleet which is more reliable and therefore able to be utilised for over twelve hours a day. For the business, that means lower unit operating costs, and for our customers, lower prices. Our existing order book with Airbus as at 31 March 2018 comprised a further 20 Airbus A320ceo-family aircraft, split into 5 A320ceo and 15 A321ceo deliveries, all of which will be delivered by June 2019. From 2019 we will start to take delivery of the A321neo aircraft ordered at the Paris Air Show in June 2015 and, from 2022, the additional A320neo Family aircraft ordered at the Dubai Airshow in November 2017. We have selected Pratt & Whitney’s geared turbofan engine to power A321neo aircraft ordered at the Paris Air Show. However, there have been a number of operational issues connected with the introduction of the geared turbofan engine. While we remain confident in our selection of the geared turbofan engine, we are in constant dialogue with Pratt & Whitney to ensure that we have sufficient capacity to deliver our planned growth.

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 A320neo-family deliveries through to the end of 2018, for which we already have in place fully committed sale and leaseback financing. We are now starting to consider the best options for financing the first A321neo deliveries from 2019 – 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.

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.

Operational risks

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

At Wizz Air, our number one priority is the safety of our aircraft, 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 sphere of operation and how they are being dealt with. We also operate an anonymous safety reporting system, to allow our flight and cabin crew to report safety issues which are a concern to them. Our entry standards for operating crew are high and our own Approved Training Organisation (ATO) ensures that all of our pilots are trained to the same exacting standards. Wizz Air is registered under the International Air Transport Association’s Operational Safety Audit (IOSA). The IOSA programme is the worldwide

standard in airline safety evaluation and assesses an airline's 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 aircraft, passengers and crew 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.

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 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 others can be in short supply. We invest a huge amount of time in recruiting pilots and also training them to maintain our high standards. We have added to our existing schemes with CTC Aviation Training and Central European Flight Academy with the announcement during the 2018 financial year of a new part-sponsored pilot training programme, where the Company will provide financial support to cadets together with a job with the Company upon satisfactory completion of the training course.
- ▶ 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 and in the 2018 financial year, we once again conducted a company-wide employee survey which saw employee participation rise to 71% and overall employee satisfaction at 78%.
- ▶ Our success to date has also depended on a number of key personnel, including our Chief Executive Officer, other senior managers and post holders required by regulation. 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 2018 financial year, a completely new talent managed programme was trialled in a limited number of departments in the Company. The success of this trial will see the programme

rolled-out across the Company's office functions in the coming months. 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.

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About Wizz Air

Wizz Air is the largest low-cost airline in Central and Eastern Europe, operates a fleet of 96 Airbus A320 and Airbus A321 aircraft, and offers more than 600 routes from 28 bases, connecting 141 destinations across 44 countries. At Wizz Air, a team of more than 4,000 aviation professionals delivers superior service and very low ticket prices making Wizz Air the preferred choice of 29.6 million passengers in the financial year ended 31 March 2018. 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 2017 - European Airline of the Year by Aviation 100, a renown annual publication that recognizes the year's most outstanding performers in the aerospace industry.

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