Wizz Air records operating profit, but cuts forecast

Company News Story (20.11.2023) by Martin Assmann

Wizz Air has posted net profits of €400.7 million for the six months ending on the 30th of September, a bounce back from the €384,3 million loss in the same period last year. Despite these results, a reduced profit guidance led the share price to fall by almost 10%.

The performance this year was due to strong summer traffic and higher fares across the industry due to many airline fleets still being smaller than before the pandemic.

Wizz Air has recorded an operating profit of €522,9 million for the six months, compared to a €63,8 million loss in the period last year.

It has reduced its full-year profit forecast for 2024 to €350-400 million, from 350-450 million in previous guidance, citing macroeconomic uncertainty and challenging operating conditions as main factors.

Shares fell by nearly 10% on the day as a consequence of the announcement.

Nearly a quarter of its nearly 190-aircraft fleet will be grounded by the end of the fiscal year due to issues with the Pratt & Whitney engines.

The CEO of Wizz Air, responded to worries about Wizz Air's ability to navigate these problems by stating that "our continued ability to manage the impact of complicated issues gives us the confidence that Wizz Air has the strategy and expertise to achieve our profitable growth ambitions."

Wizz Air reported other solid results, as revenues rose to €3,052 million, a jump of almost 40% from €2,193 million in the same period in 2022. EBIDTA also jumped 303% to €878 million, as EBIDTA margin reached 28.8%.

These revenues were still lower than expectations from the market, which Wizz Air missed by 3%. Additionally, worries about the fuel prices and the conflict in Israel influenced the negative sentiment as flights to the region make up 5-6% of Wizz Air's offering.

The airline managed to reinforce its cash position by over 20 per cent.

Its balance sheet remains fraught though, where it still has a Fitch rating of BBB- as its net debt remains virtually unchanged at €3,889.5 million. Asked about this in the earnings call, the Wizz Air CFO acknowledged the stagnating debt, but said that "in terms of our net debt, it's flat year-on-year, but our leverage ratio has come down dramatically from 27x last year to 5x".

The debt question remains pressing, as Wizz Air also plans to keep growing, buy new planes and continue to offer new destinations.