



LOW-COST LEADERSHIP

JOZSEF VARADI

Wizz Air

Wizz Air underlined its development as the biggest low-cost operation from central and eastern Europe with another strong 12 months, posting record profits and reaching almost 24 million passengers during its 2017 financial year.

Wizz was placed in either first or second place by five of the six awards judges this year, reflecting the strength of its nomination.

Since its formative years, when it beat SkyEurope to establish itself as the major central and eastern Europe-based budget player, Wizz has been steadily expanding. The airline has now grown to rank as the 12th biggest low-cost carrier in the world, handling 23.8 million passengers in 2016.

That continued a run of almost unbroken double-digit growth – the one exception being a 9.6% rise in 2013 – in annual passenger numbers since its launch.

At the helm of the carrier throughout its development has been one-time boss of former Hungarian network operator Malev, József Varadi. Under his

leadership the airline has adhered to a clear low-cost model, in line with other low-cost carriers developed by key investor Indigo Partners – which has just sold 18.7% of the ordinary shares in Wizz, but remains a key stakeholder after converting more share options.

“We’ve been very clear since the beginning what this business stands for,” Varadi told Flight-Global last year, explaining the airline has “never looked” at initiatives such as business-class cabins, GDSs or hub-and-spoke services. “When you have a choice between [cost and revenue], cost always wins,” he explained.

Part of the focus on costs is being delivered by its shift to larger Airbus A321s. Wizz began introducing 230-seat A321s in 2015, which it says provides a double-digit improvement in seat costs over its 180-seat A320s. Flight Fleets Analyzer shows 19 of its 83-strong fleet are comprised of the larger model, while the bulk of its roughly 140 aircraft on order are for the bigger model.

That commitment includes its 2015 order with Airbus for 110

high-density A321neos. These aircraft will seat 239 passengers and are set for delivery from 2019. That order was aided by the airline’s successful IPO, after listing on the London stock exchange in February 2015. A strong recent performance sees its share price stand as of mid-June at more than double its launch price.

The latest rise is fuelled by a strong profit performance for the year-ending March 2017 – despite some challenging yield conditions and disruptions in Europe. Wizz Air Group net profits rose by a quarter to reach €246 million (\$280 million).

Wizz has achieved that while expanding rapidly. It launched 117 new routes during the year to March 2017 to take its total routes to over 500 and bases to 28.

While the mainstay of its operations has been linking points from central and eastern Europe with western Europe, it is also developing home markets with a number of new routes connecting central and eastern European countries.

Graham Dunn



A321s have aided cost-cutting

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PAST WINNERS

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