
Wizz Air lays off 19% of its employees, cuts pilots' salaries due to Covid-19

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Hungarian group Wizz Air, one of the biggest low-cost airlines in Europe and the market leader in Romania by number of passengers transported, will lay off 1,000 people, representing 19% of its workforce, to mitigate the financial impact of the new coronavirus (Covid-19) pandemic.

"Additional employee furlough measures have also been and will be taken in the short term as necessitated by the travel restrictions due the Covid-19 pandemic," the company said in a statement. Wizz Air's traffic in March was down 34% year-on-year and the company is currently operating 3% of its pre-Covid-19 capacity.

Another measure the company has decided is to cut the remuneration of its managers and Board members by 22%. It will also reduce by 14%, on average, the salaries of pilots, cabin crew and office staff.

"We have taken various initiatives to protect the position of the Company in a controlled manner during the Covid-19 pandemic and are reviewing the competitiveness and allocation of the assets of the company. We are also working to further improve our strategic, cost and cash position in the aftermath of this crisis to ensure we can deliver our long-term growth target," said József Váradi, Wizz Air Chief Executive, in a press release.

"Wizz Air undoubtedly remains best-placed for long-term value creation in the European aviation industry due to its low-fare – low-cost business model and unique positioning as the market leader in the growing CEE market. The company is expecting to deliver significant shareholder value, environmental benefits and employment opportunities in the years to come," he added.

The company also announced that it has a very strong balance sheet and excellent liquidity with EUR 1.5 bln of cash at the end of March 2020, one of the strongest in the airline industry. It also expects to announce an underlying net profit of EUR 350-355 mln for the financial year ended on March 31, 2020.

However, as a consequence of Covid-19 and in line with IFRS standards, Wizz Air will recognize exceptional losses of EUR 70-80 mln in the fourth quarter (Jan-Mar 2020),

specifically related to hedging losses for the months of March to May 2020. As a result, Wizz Air expects to report a statutory net profit of EUR 270-280 mln for the financial year ended on March 31, 2020.

Meanwhile, the biggest Romanian airlines, state-owned Tarom and privately-owned Blu Air, are facing major financial problems because of the Covid-19 pandemic and have asked the Romanian state for rescue loans of over EUR 60 mln each.

(Romania Insider)