



2021 Q1 RESULTS PRESENTATION

May 2021

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KEY HIGHLIGHTS

Pandemic and restrictions are depressing the business, but Pegasus is still outperforming the peers in capacity recovery



Traffic

- COVID-19 pandemic and travel restrictions continued to depress the industry in Q1: in Europe, capacity was at 28%, pax was at 22% of 1Q19*.
- Pegasus outperformed the peers in capacity recovery (1Q21 ASK at 59% of 1Q19 on 77% LF) and stood out as the most active LCC in Europe**.
- Despite the restrictive measures (weekday night-curfews and weekend lockdown) Q1 domestic ASK production was resilient at 75% of 1Q19.
- Int'l ASK production remained steady at 50% of 1Q19, regardless of the heavy and unforeseeable restrictive environment.



Financial Performance

- Total revenues at EUR123mn, down 57% YoY, driven by the low capacity, decline in passenger volumes and lower yield/pax.
- Fixed cash costs fell by 42% YoY.
- EBITDA was at EUR-5mn for the quarter.
- Q1 bottomline loss was at EUR-101mn, driven by negative operating result and net FX losses recorded on short US\$ balance sheet position.



Liquidity

- Positive cash reserve after deducting total short and long term bank loans stands at EUR91mn as of the end of 1Q21.
- Cash burn in Q1 was at EUR17mn/month, similar to the average monthly burn of the previous nine months (from end-3M to end-12M 2020).
- TRY260mn raised from the bond issuance in February 2021 – total limit TRY2.5bn
- Further efforts to strengthen liquidity: US\$375mn raised through an inaugural eurobond issuance with a maturity of 5Y (non-call 3Y structure)



Outlook

- We expect an improvement in demand starting from June and gradually growing into the summer season.
- Plans are for c.85% ASK production in 3Q21 and 70%-75% ASK production in 12M21, compared to matching period of 2019.
- Fleet size reached 95 A/C in Q1 with 2 net additions. 2021 year-end fleet size is estimated at 91 A/C.
- Capacity estimates are subject to review, depending on the evolution of COVID-19 and travel restrictions.



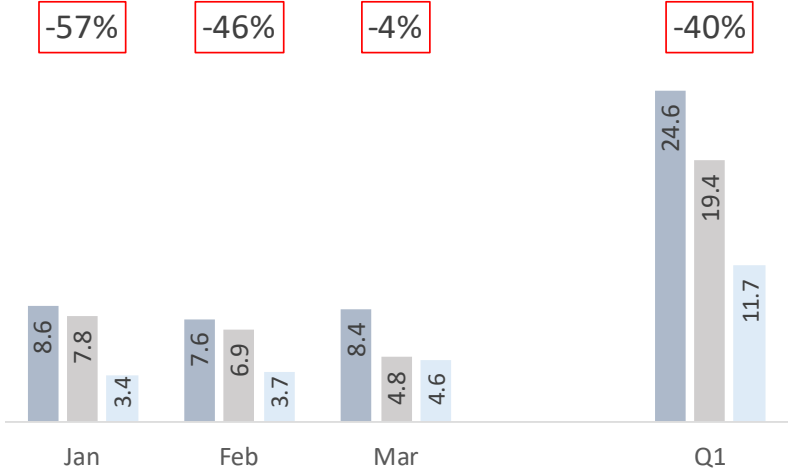
OPERATING ENVIRONMENT – COVID UPDATE

A steady improvement was seen in domestic demand from January to March

TURKEY PAX. (mn)

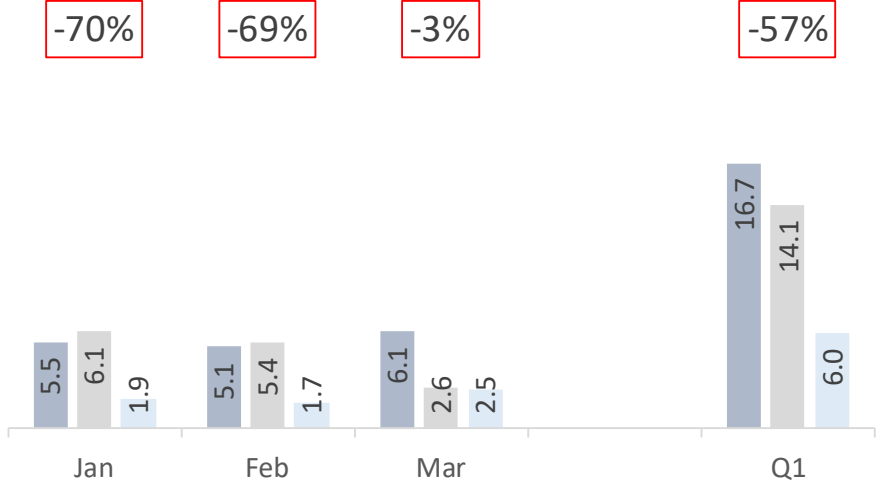
Domestic

■ 2019
■ 2020
■ 2021



International

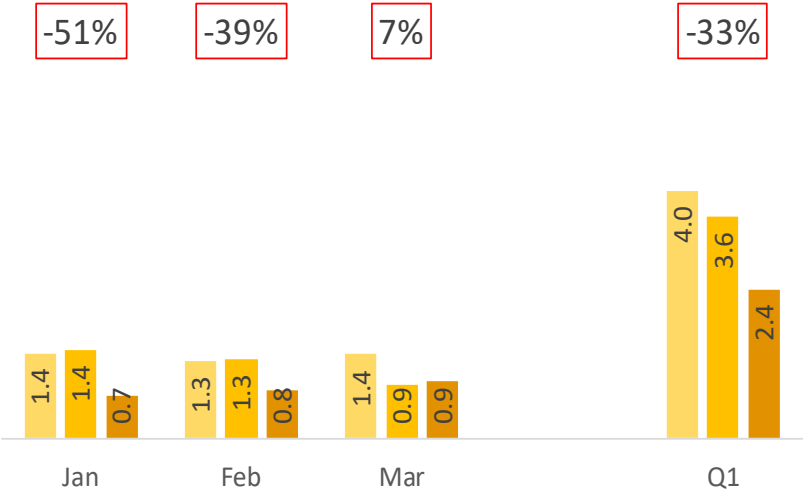
■ 2019
■ 2020
■ 2021



PEGASUS PAX. (mn)

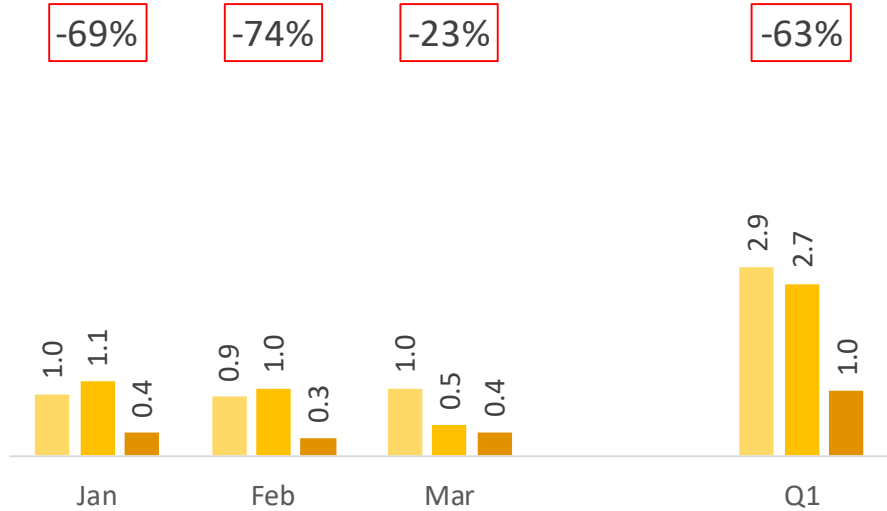
Domestic

■ 2019
■ 2020
■ 2021



International

■ 2019
■ 2020
■ 2021



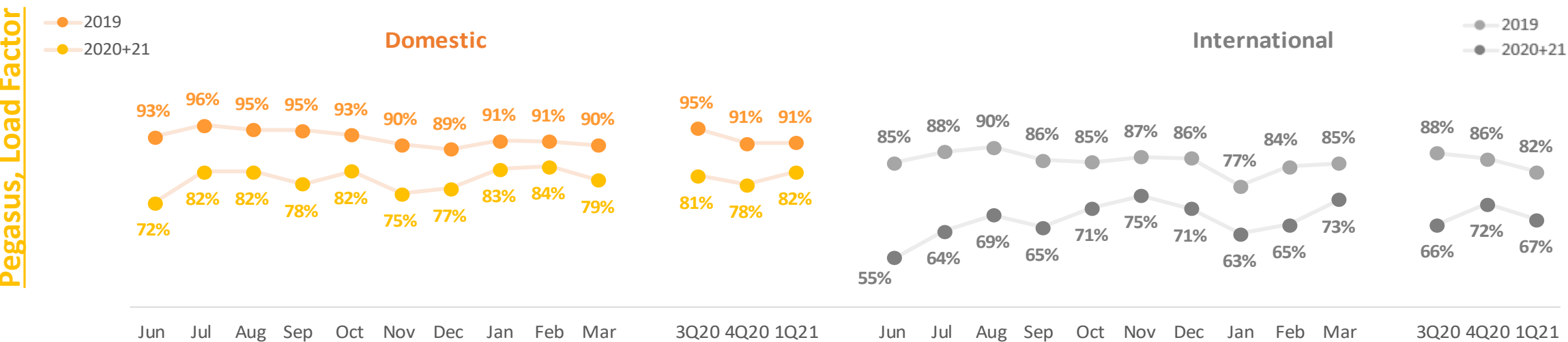
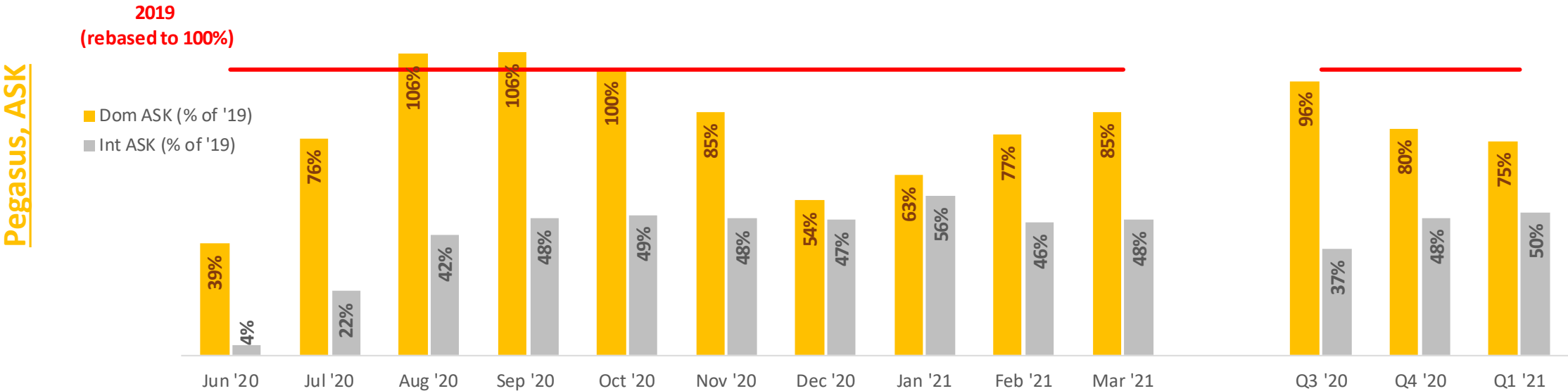
% chg '21 vs. '20

Turkey passenger data is taken from General Directorate of State Airports Authority
Pegasus figures reflect booked passengers, international pax includes charter pax



OPERATING ENVIRONMENT – COVID UPDATE

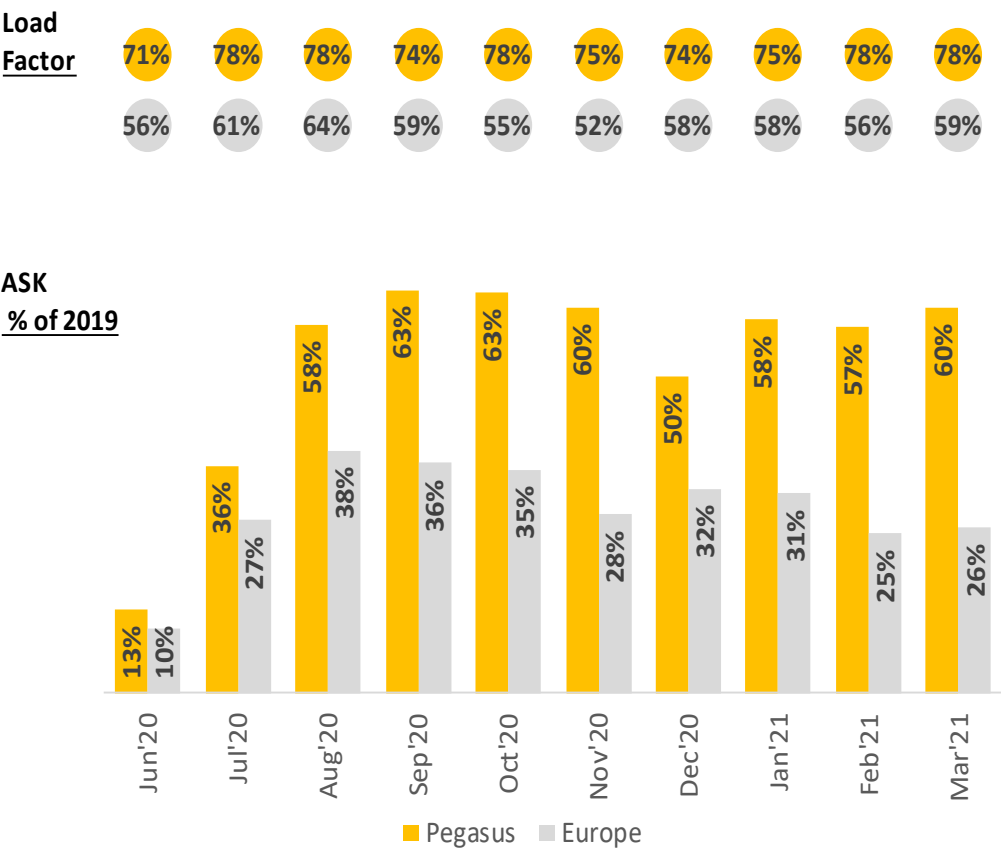
Domestic capacity roll out gradually improved in Q1 parallel to demand, int'l capacity continued on a steady trend



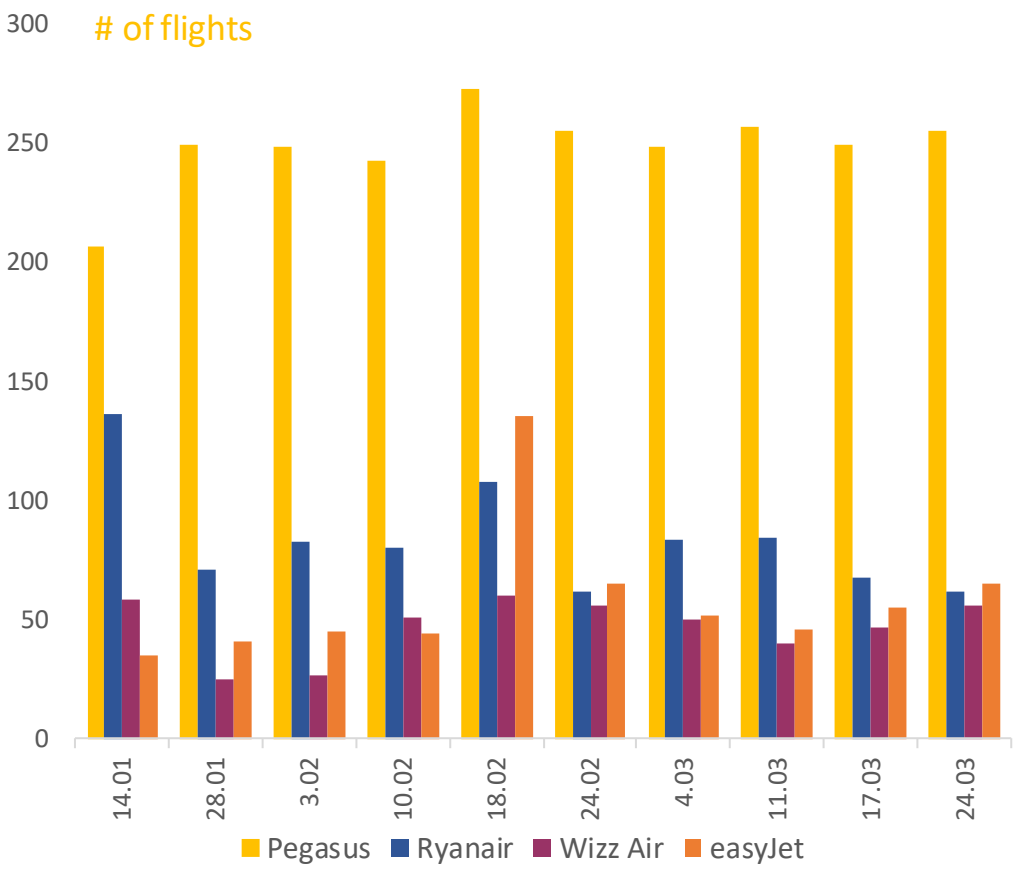
OPERATING ENVIRONMENT – COVID UPDATE

Pegasus outperformed the industry in capacity recovery and stood out as the most active LCC in Europe through Q1

Pegasus vs. Europe, capacity recovery and LF



Pegasus was the most active among European LCCs in Q1



Source: IATA, Pegasus

Source: Eurocontrol <https://www.eurocontrol.int/publication/eurocontrol-comprehensive-assessment-covid-19s-impact-european-air-traffic>



SUMMARY 2020 Q1 FINANCIAL HIGHLIGHTS

Bottom-line read EUR101mn loss in Q1

EURmn	2019 12M	2020 12M	% Chg.	2020 Q1	2021 Q1	% Chg.
Revenues	1,739	630	-64%	287	123	-57%
Costs	1,403	809	-42%	309	194	-37%
EBITDA	580	93	-84%	41	-5	n.m.
Net profit/loss	212	-211	n.m.	-49	-101	n.m.

COVID-19 pandemic, travel restrictions and lockdowns imposed by governments continued to negatively impact the business in Q1. **Revenues** fell 57% in Q1 driven by the decline in pax volumes (-45% YoY), lower yields per pax in EUR terms (primarily driven by the 14% contraction in int'l yield) and 18% contraction in ancillary revenue per pax parallel to the negative mix impact.

Total **RASK** was at EURc2.21 in Q1, down 32% YoY.

Total costs in Q1 declined by 37% YoY helped by the small scale of the operation and continued control on costs. Depreciation expenses grew by 3% YoY while cash fixed costs fell by 42% YoY parallel to the significant reduction generated in staff costs (-51% YoY).

Total **CASK** was EURc3.49 in Q1, flat YoY.

Bottom-line read EUR101mn loss in Q1. On top of the negative operating result, a EUR11mn net FX loss (recorded under finance expenses line) driven by the short US\$ position on the balance sheet was effective on the net loss.






REVENUES

Revenues fell 57% YoY in Q1 on lower pax, lower EUR yield and unfavorable mix impact on ancillary revenues.




EURmn	Q1 '20	Q1 '21	YoY chg.
TOTAL REVENUES	287	123	-57%
Domestic scheduled	59	35	-41%
International scheduled	124	39	-68%
Ancillary	100	45	-55%
Charter and Other	4	4	-11%

EURmn	12M '19	12M '20	YoY chg.
TOTAL REVENUES	1,739	630	-64%
Domestic scheduled	336	156	-53%
International scheduled	884	242	-73%
Ancillary	459	213	-54%
Charter and Other	61	18	-70%




Domestic Sch. – Q1 YoY chg.

Pax	LF	YIELD (TL)
		
2.41mn -33% YoY	81.7% -6.7p YoY	TL129 17% YoY




Int'l Sch. – Q1 YoY chg.

Pax	LF	YIELD (EUR)
		
0.99mn -63% YoY	67.0% -17.3p YoY	EUR40 -14% YoY

Domestic Sch. – 12M YoY chg.

Pax	LF	YIELD (TL)
		
9.60mn -40% YoY	82.3% -10.0p YoY	TL126 -4% YoY

Int'l Sch. – 12M YoY chg.

Pax	LF	YIELD (EUR)
		
4.99mn -65% YoY	76.0% -8.3p YoY	EUR49 -23% YoY

COSTS

Fixed cash costs fell 42% YoY through the first quarter.

EURmn	2019 12M	2020 12M	% chg.	2019 Q2	2020 Q2	% chg.	2019 Q3	2020 Q3	% chg.	2019 Q4	2020 Q4	% chg.	2020 Q1	2021 Q1	% chg.
Fixed Costs	524	437	-16%	121	88	-27%	144	98	-32%	139	122	-12%	128	103	-20%
Depreciation and amort.	244	272	12%	59	64	9%	63	65	3%	64	80	24%	64	66	3%
Personnel	222	122	-45%	48	18	-63%	67	25	-63%	56	29	-48%	50	25	-51%
Overhead	35	27	-24%	7	4	-40%	8	6	-26%	13	7	-48%	10	6	-34%
Other fixed costs	23	17	-28%	7	2	-66%	5	3	-48%	6	7	14%	5	6	40%
Operating costs	880	372	-58%	214	11	-95%	251	93	-63%	228	87	-62%	181	91	-50%
Jet fuel	497	200	-60%	123	4	-97%	147	51	-66%	122	45	-63%	100	42	-58%
Handling fees	113	54	-52%	27	1	-95%	34	15	-57%	29	15	-48%	23	13	-44%
Maintenance	61	23	-63%	12	2	-83%	7	3	-61%	28	3	-88%	15	12	-18%
Navigation	92	45	-52%	23	1	-96%	27	13	-53%	23	12	-49%	19	12	-39%
Landing	50	20	-61%	13	0.3	-98%	16	5	-66%	12	5	-60%	9	5	-49%
Pax service and catering	15	5	-64%	3	0.1	-97%	5	1	-76%	4	1	-67%	3	1	-63%
Commission	22	8	-61%	6	0.2	-97%	7	1	-80%	4	1	-65%	5	1	-76%
Other operating costs	29	17	-41%	7	2	-71%	9	4	-57%	6	4	-35%	7	5	-26%
TOTAL COSTS	1,403	809	-42%	335	100	-70%	395	191	-52%	367	209	-43%	309	194	-37%

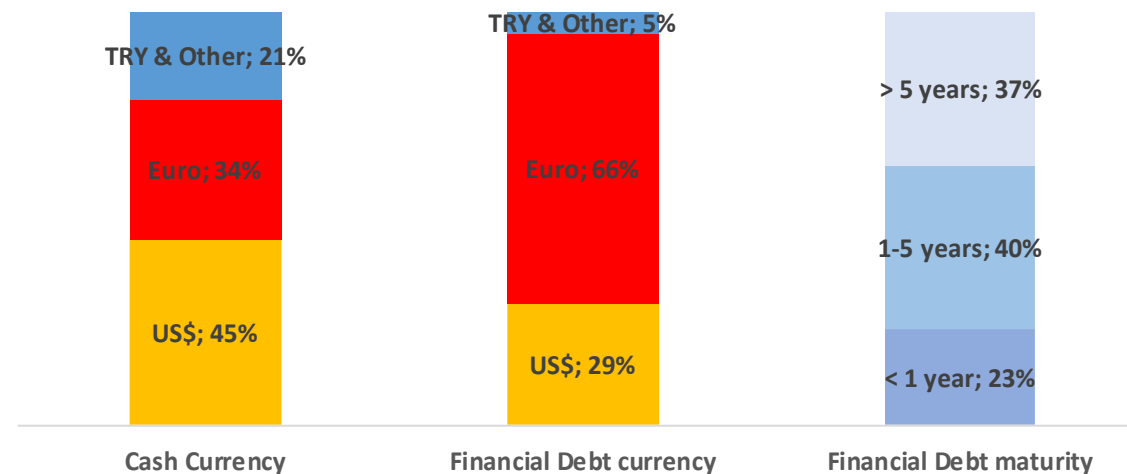
LIQUIDITY

Maintaining a comfortable liquidity position through low cash burn and new funding sources.

EURmn	Mar 31, 2020	Dec 31, 2020	Mar 31, 2021
CASH & EQUIVALENTS	486	426	424
OTHER ASSETS	247	101	94
PRE DELIVERY PAYMENT	270	208	190
FIXED ASSETS	2,151	2,491	2,556
TOTAL ASSETS	3,154	3,226	3,265
LIABILITIES	774	519	519
BANK LOANS	196	283	333
LEASING LIABILITIES	1,494	1,828	1,903
SHAREHOLDERS' EQUITY	690	597	510
TOTAL LIA. & SH. EQUITY	3,154	3,226	3,265
Net Debt, EURmn	1,069	1,580	1,716

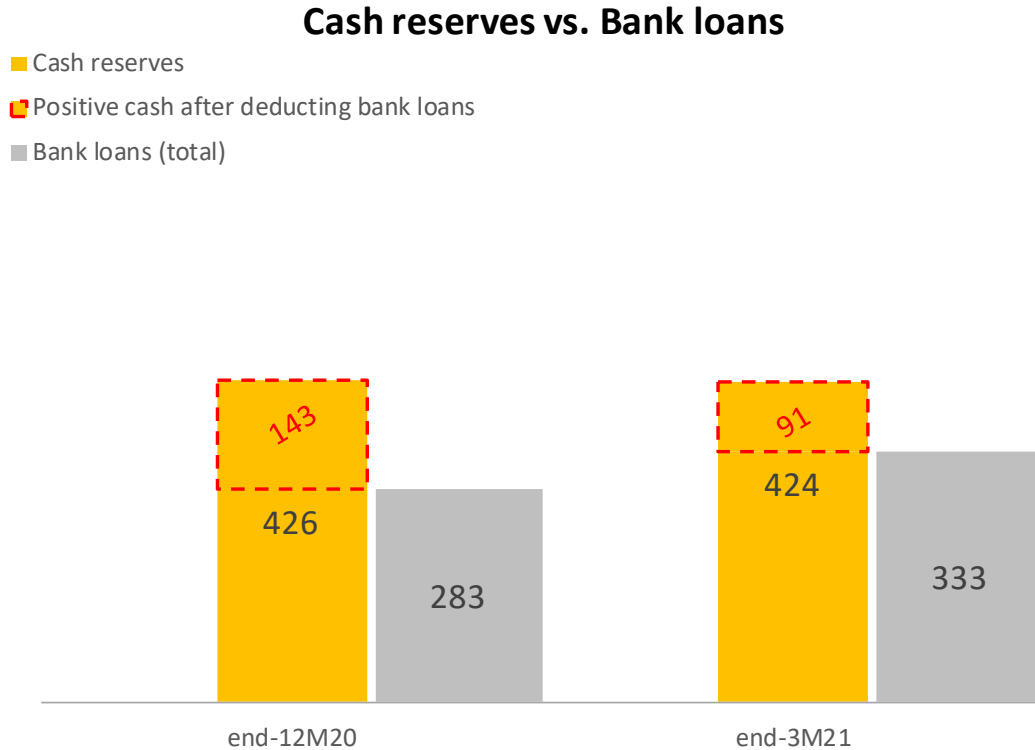
Net Debt: Cash & equivalents + PDP/2 – Bank loans – Leasing liabilities
Cash & equivalents include non-current financial assets

Breakdown of currencies and financial debt maturity



CASH RESERVES

Monthly cash burn was at EUR17mn in 1Q21.



- Total cash reserves are at EUR424mn as of the end of 1Q21, compared to EUR426mn at the end of 4Q20.
- Positive cash reserve after deducting short and long term bank loans stands at EUR91mn as of the end of compared to EUR143mn at the end of 4Q20.
- Cash burn in 1Q21 was at EUR17mn/month, similar to the average monthly burn seen through the nine month period after the start of the COVID pandemic (from end-3M to end-12M 2020).
- TRY260mn raised from the bond issuance in February 2021 – total limit TRY2.5bn.
- Further efforts to strengthen liquidity: US\$375mn raised through an inaugural eurobond issuance with a maturity of 5Y (non-call 3Y structure) and interest rate of 9.25%.

*Cash reserves include non-current financial assets.

FLEET DEVELOPMENT

Fleet size reached 95 aircraft at the end of 1Q21.

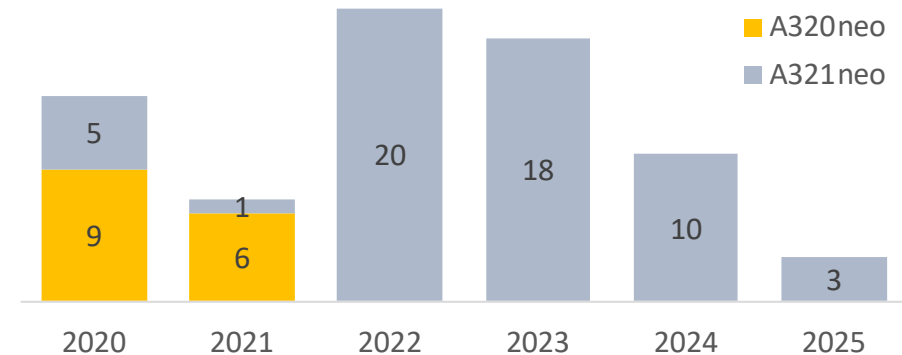
FLEET (as of March 31, 2021)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	1	14	18	33
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	39	4	43
Airbus A321neo	-	7	-	7
Total	1	60	34	95

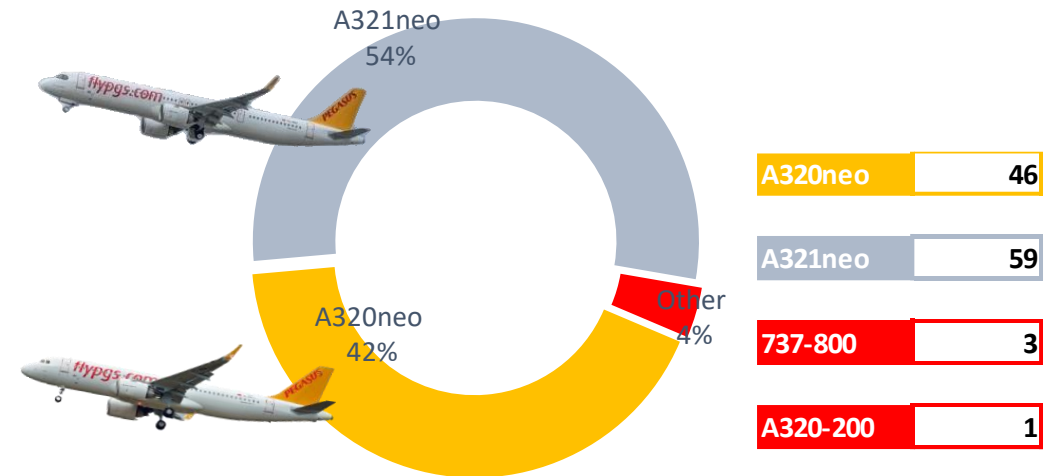
FLEET INFORMATION

- Youngest fleet in Turkey and one of the youngest among LCCs: **5.0 years**.
- **42 A320neo** and **58 A321neo** on order.
- Fleet size will be **91 aircraft** by 2021YE. After Q1;
 - ✓ **3 A320neo** and **1 A321neo** will be delivered
 - ✓ **3 737-800** and **1 A320-200** will be redelivered
 - ✓ **4 737-800** sold to Air Lease Co. will exit the fleet until the end of the year.
- After 2021, all aircraft deliveries will be of **A321neo type**.
 - ✓ **Average seat of the fleet** will increase from **190** in 2020 to **215** in 2025

ORDER BOOK (2019-2025)



FLEET (2025YE)



HEDGING, RISK MANAGEMENT & SENSITIVITY

2021 estimated jet fuel consumption is hedged by 61%.

HEDGE VOLUME AND PRICE

	2021FY	2022FY
Hedge Ratio	61%	2%
Hedged Price range, \$/mt	501-593	472-566
Brent equivalent	53-62	50-60

* Price ranges are calculated by using market data of March 31, 2020

** Jet Fuel Price/9.5

HEDGE STRATEGY

- Non-discretionary portion is limited with 60% at any annual budgeting period, which is executed regardless of the price levels utilizing layered hedging strategy.
- Discretionary portion is up to 20% of any annual budgeting period pursuant to the approval of Hedge Committee.
- Hedging tenor for non-discretionary portion is 24 months.
- **Instruments:** Vanilla Call Options, Zero Cost Collars and Swaps

RISK MANAGEMENT POLICY

- Currency Risk Hedge Program to weather exchange rate fluctuations.
- 100% international ticket revenues which are filed in US\$ but collected in TRY, EUR and GBP as well as up to 25% of domestic ticket revenues collected in TRY (if required) are converted to US\$ in daily spot market.



HIGHLIGHTS and FINANCIAL STATEMENTS



OPERATIONAL & FINANCIAL HIGHLIGHTS

	2018	2019	2020	Q1/Q1									
				2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	YoY chg
TOTAL REVENUE (€mn)	1,474	1,739	630	290	407	647	396	287	22	181	140	123	-57%
ANCILLARY REVENUE (€mn)	357	459	213	93	107	143	116	100	6	55	53	45	-55%
EBITDA (€mn)*	391	580	93	42	131	314	93	41	-14	55	10	-5	n.m.
EBITDA Margin*	26.5%	33.3%	14.7%	14.5%	32.1%	48.6%	23.5%	14.4%	-61.9%	30.1%	7.5%	-4.4%	-18.8pp
PAX (mn)	30.6	30.8	14.7	6.9	7.4	8.80	7.64	6.23	0.4	4.3	3.84	3.4	-45%
LOAD FACTOR	87.3%	88.6%	79.7%	86.9%	87.3%	91.3%	88.4%	86.6%	70.6%	76.1%	75.0%	75.5%	-11.1pp
ASK (bn)	39.9	43.9	22.3	9.5	10.8	12.7	10.9	8.8	0.5	6.6	6.3	5.6	-37%
AVG. STAGE LENGTH (km)	1,138	1,266	1,207	1,192	1,275	1,320	1,264	1,227	1,009	1,180	1,230	1,232	0%
AVERAGE FLEET	79	84	87	82	82	83	84	84	85	87	90	94	12%
RASK, (€c)	3.69	3.96	2.83	3.07	3.76	5.08	3.62	3.25	4.30	2.73	2.22	2.21	-32%
CASK, (€c)	3.26	3.19	3.63	3.24	3.10	3.10	3.36	3.50	19.43	2.88	3.32	3.49	0%
Non-fuel CASK, (€c)	2.08	2.06	2.74	2.14	1.96	1.95	2.24	2.37	18.62	2.12	2.60	2.73	15%
ANCILLARY PER PAX (€)	11.6	14.9	14.5	13.4	14.4	16.3	15.2	16.0	15.6	12.8	13.8	13.1	-18%
EUR/US\$ rate (avg.)	1.18	1.12	1.14	1.14	1.12	1.11	1.11	1.10	1.10	1.17	1.19	1.21	9%
EUR/TRY rate (avg.)	5.67	6.35	8.01	6.09	6.59	6.30	6.40	6.72	7.54	8.41	9.37	8.88	32%

* EBITDAR and EBITDAR margin in 2018 - with the implementation of IFRS-16, EBITDAR is not used starting from 2019 fiscal year.



P&L Statement

P&L STATEMENT, EURmn	2019 12M	2020 12M	2020 3M	2021 3M
Sales	1,739	630	287	123
Cost of sales	-1,306	-753	-290	-183
Gross profit	433	-123	-3	-60
General administrative expenses (-)	-48	-35	-9	-7
Marketing expenses (-)	-49	-21	-10	-4
Other operating income	1	44	0	0
Other operating expenses (-)	-5	-1	-2.1	-2
Operating profit	332	-136	-24	-73
Income/expense from investing activities	-4	-23	0.0	0.1
Share of investments income (equity method)	2.6	1.9	1	0.2
Operating profit before financial expense	330	-157	-23	-73
Financial income	16	50	4	2
Financial expense (-)	-125	-110	-43	-34
Profit / (loss) before tax	221	-218	-62	-105
Current tax expense	-10	0	0	0
Deferred tax income / (expense)	0.1	7	14	4
Profit / (loss) for the period	212	-211	-49	-101

Balance Sheet

ASSETS, EURmn	2020 12M	2021 3M	LIABILITIES, EURmn	2020 12M	2021 3M
Current assets	595	599	Current liabilities	722	799
Cash and cash equivalents	400	398	Short term financial liabilities	433	520
Trade receivables	22	21	Trade payables	101	94
Other receivables	10	8	Passenger flight liabilities	59	70
Derivative financial instruments	0.8	7.3	Derivative financial instruments	10	0
Inventories	10	9	Short term provisions	91	89
Prepaid expenses	141	144	Other current liabilities	28	25
Current income tax assets	1	0.8	Non-Current liabilities	1,907	1,956
Other current assets	9.9	10.8	Long term financial liabilities	1,678	1,716
Non-Current assets	2,631	2,665	Derivative financial instruments	0.4	0.1
Financial assets	26	27	Deferred income	35	20
Other receivables	10	8	Long term provisions	126	141
Investments (equity method)	9	8	Deferred tax liabilities	67	67
Property and equipment	159	151	SHAREHOLDERS' EQUITY	597	510
Intangible assets	12	12	Paid-in share capital	61	61
Right of use assets	2,196	2,262	Share premiums on capital stock	194	194
Prepaid expenses	141	144	Other	-4	10
			Retained earnings	346	245
TOTAL ASSETS	3,226	3,265	TOTAL LIABILITIES AND EQUITY	3,226	3,265

Cash Flow Statement

CASH FLOW STATEMENT, EURmn	2020 3M	2021 3M
A. CASH FLOWS FROM OPERATING ACTIVITIES	-75	5
Net cash generated from operating activities	33	-14
Changes in working capital	-108	18
B. CASH FLOWS FROM INVESTING ACTIVITIES	-108	-9
Cash outflows from purchase of property, equipment and intangible assets	0.0	0.0
Changes in cash advances and payables	-106	-7
Other investing activities	-2	-1
C. CASH FLOWS FROM FINANCING ACTIVITIES	7	-23
Repayment of principal in lease liabilities	-57	-64
Net Change in bank borrowings	76	61
Interest & commission paid	-16	-24
Interest received	3	3
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	5	25
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	-171	-2
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	630	400
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	459	398



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We didn't start aviation in Turkey but
we transformed it!



Thank you