



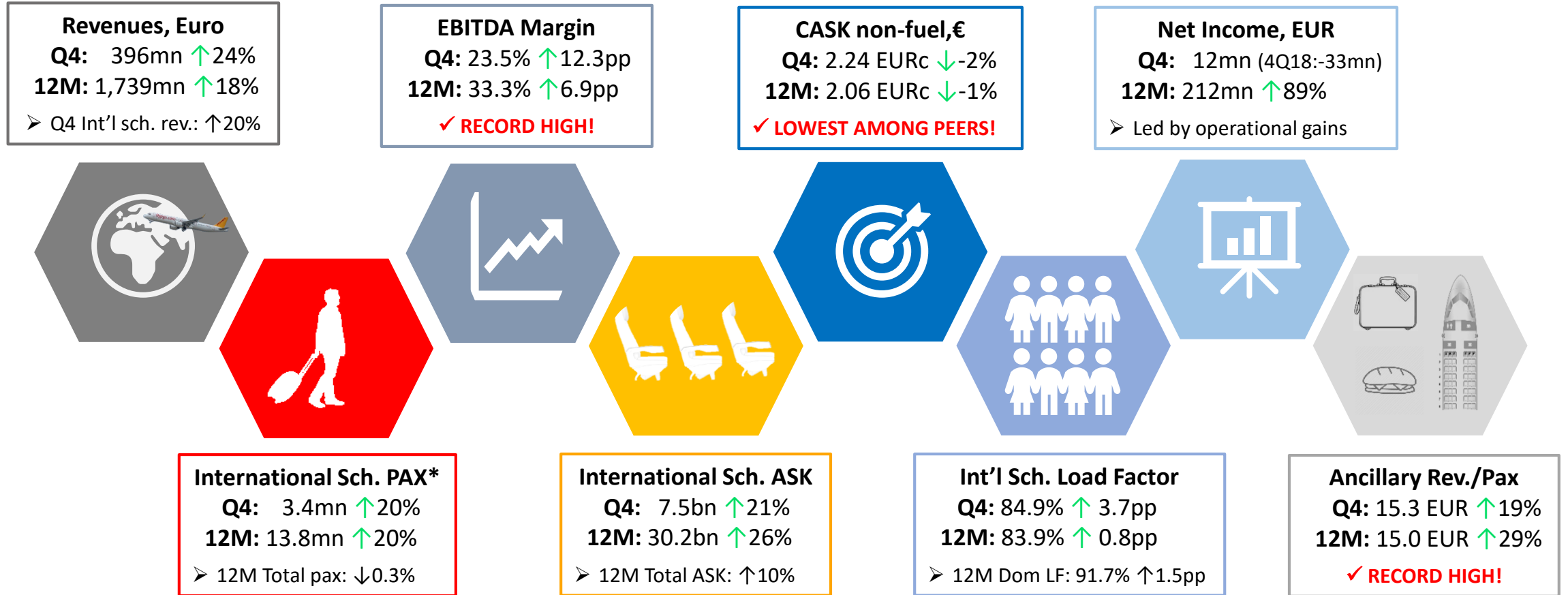
2019 Q4 RESULTS PRESENTATION

March 2020

our lowest fares are @
flypgs.com | **PEGASUS**

KEY HIGHLIGHTS - 2019 Q4 & 12M

2019 CASK non-fuel is the lowest among peers, EBITDA margin is at a record high

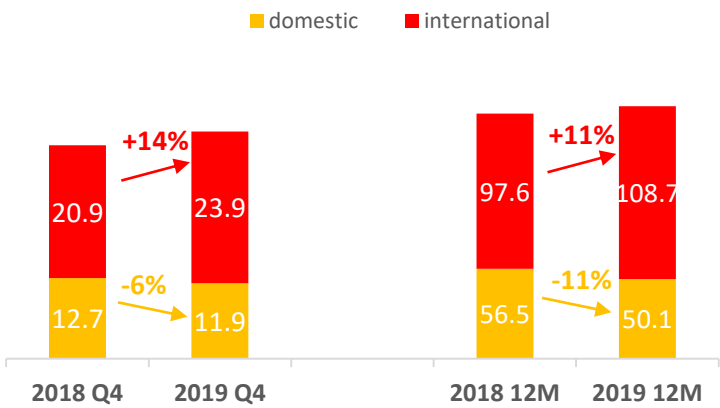


* excluding Air Manas

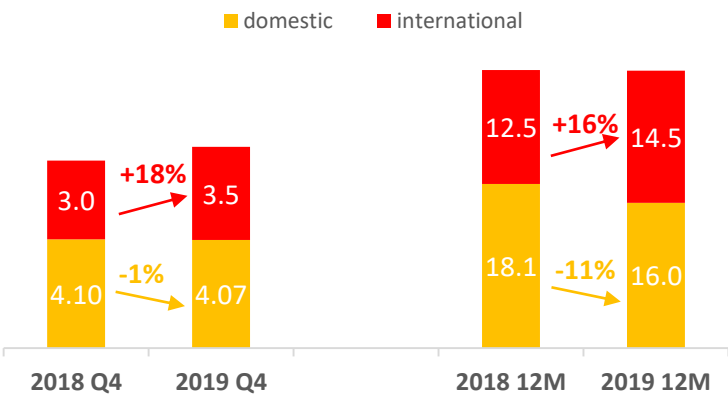
OPERATING ENVIRONMENT

Our international passengers grew by 16% YoY in 2019

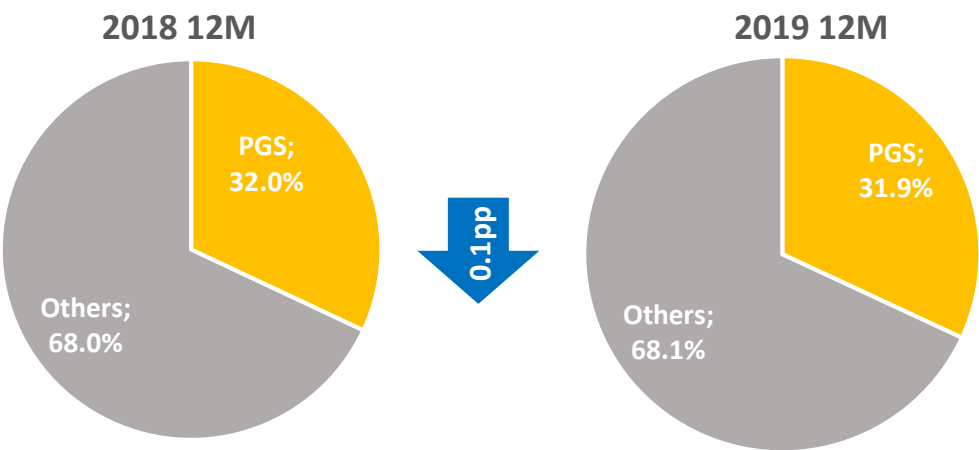
PASSENGERS, Turkey (mn)



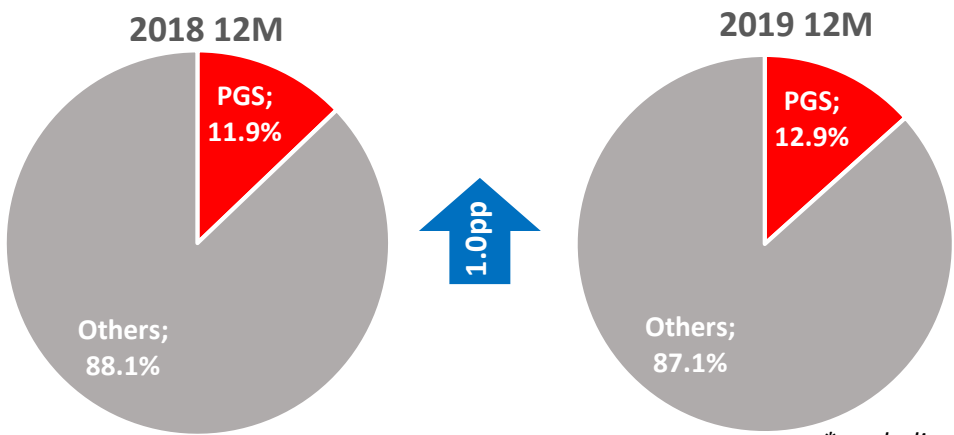
PASSENGERS, PGSUS (mn)



Market Share, Domestic



Market Share, International*



* excluding Air Manas



Source : General Directorate of State Airports Authority

ROUTE NETWORK

New Routes in 2019: Baku, Basra, Venice, Riyadh, Manchester, Eindhoven, Casablanca, Ras al-Khaimah



FLEET DEVELOPMENT

Our second A321neo aircraft joined the fleet in December

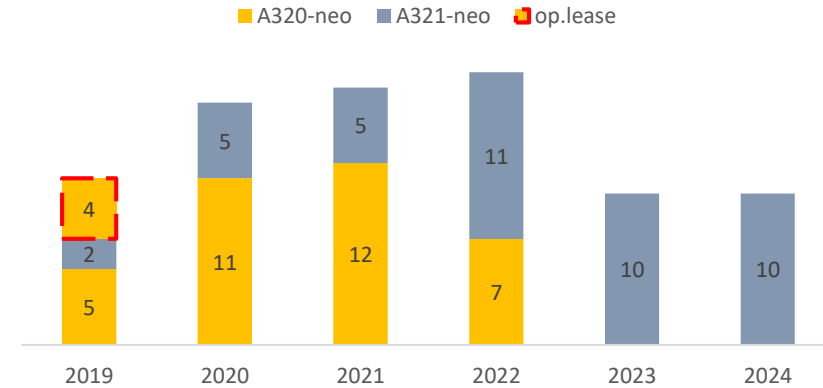
FLEET (as of December 31, 2019)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	16	20	39
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	27	4	31
★ Airbus A321neo	-	2	-	2
Total	3	45	36	84

FLEET INFORMATION

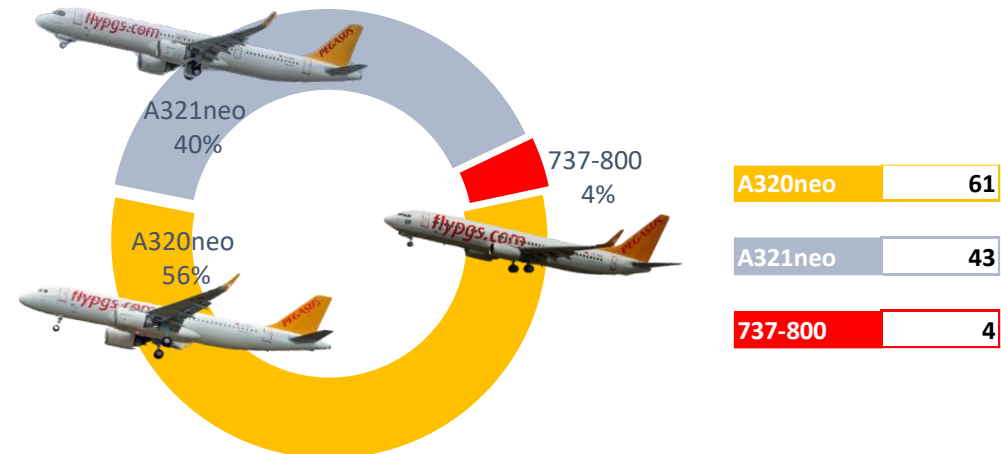
- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.35 years**.
- ✈ Fleet reached **84 aircraft** by 2019YE. **9 A320neo** and **2 A321neo** aircraft have been delivered in 2019, while **8 737-800s** have been redelivered in 2019.
- ✈ Fleet to reach **94 aircraft** by 2020YE. **11 A320neo** and **5 A321neo** will be delivered while **6 737-800** will be redelivered in 2020.

ORDER BOOK (2019-2024)



* 4 operational lease A320neo

FLEET (as of 2024YE)

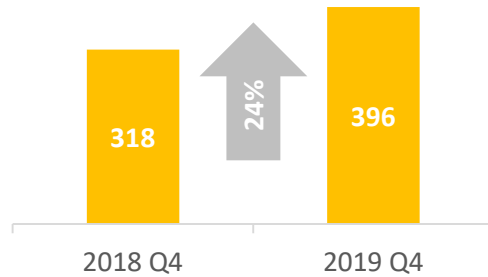


SUMMARY 2019 Q4 & 12M FINANCIAL HIGHLIGHTS

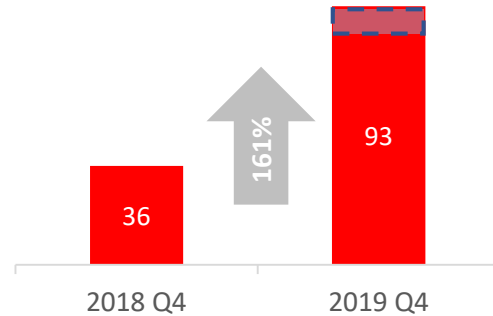
EBITDA margin further expanded in Q4 2019, carrying the 12M figure to a record high

REVENUES, EURmn

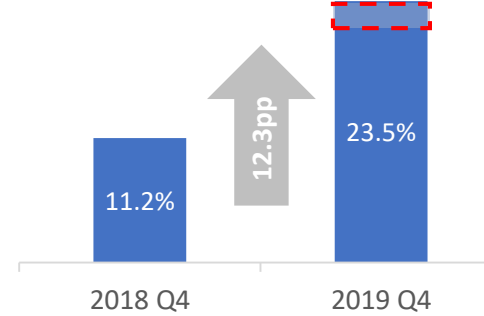
Q4



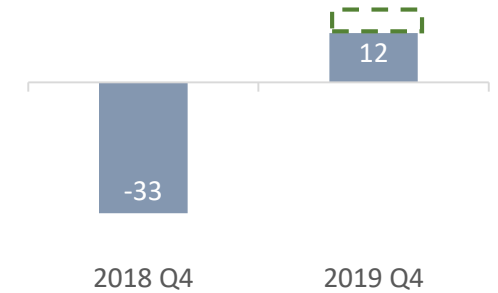
EBITDA, EURmn *



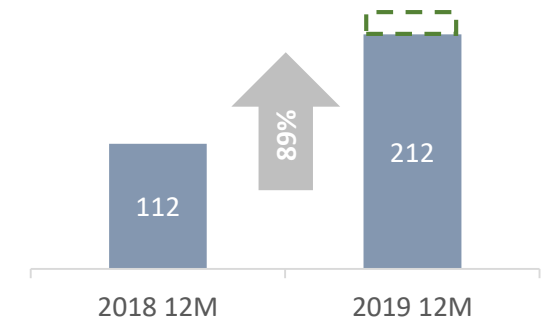
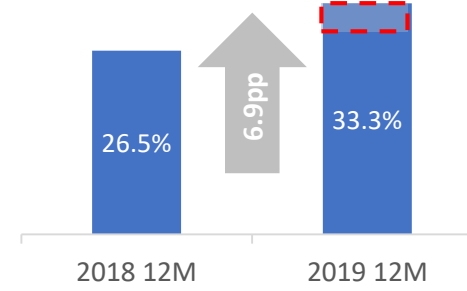
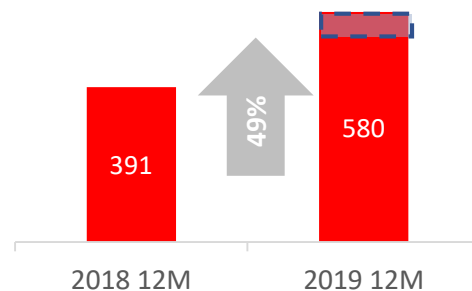
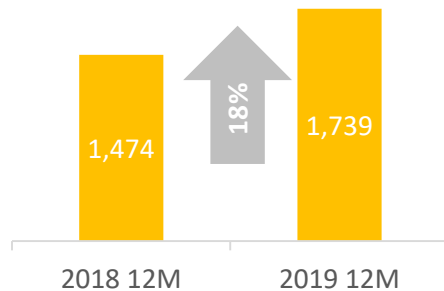
EBITDA Margin *



NET INCOME, EURmn



12M



* EBITDAR and EBITDAR margin in 2018

IFRS-16 maintenance impact
2019 Q4: EUR9mn
2019 12M: EUR45mn

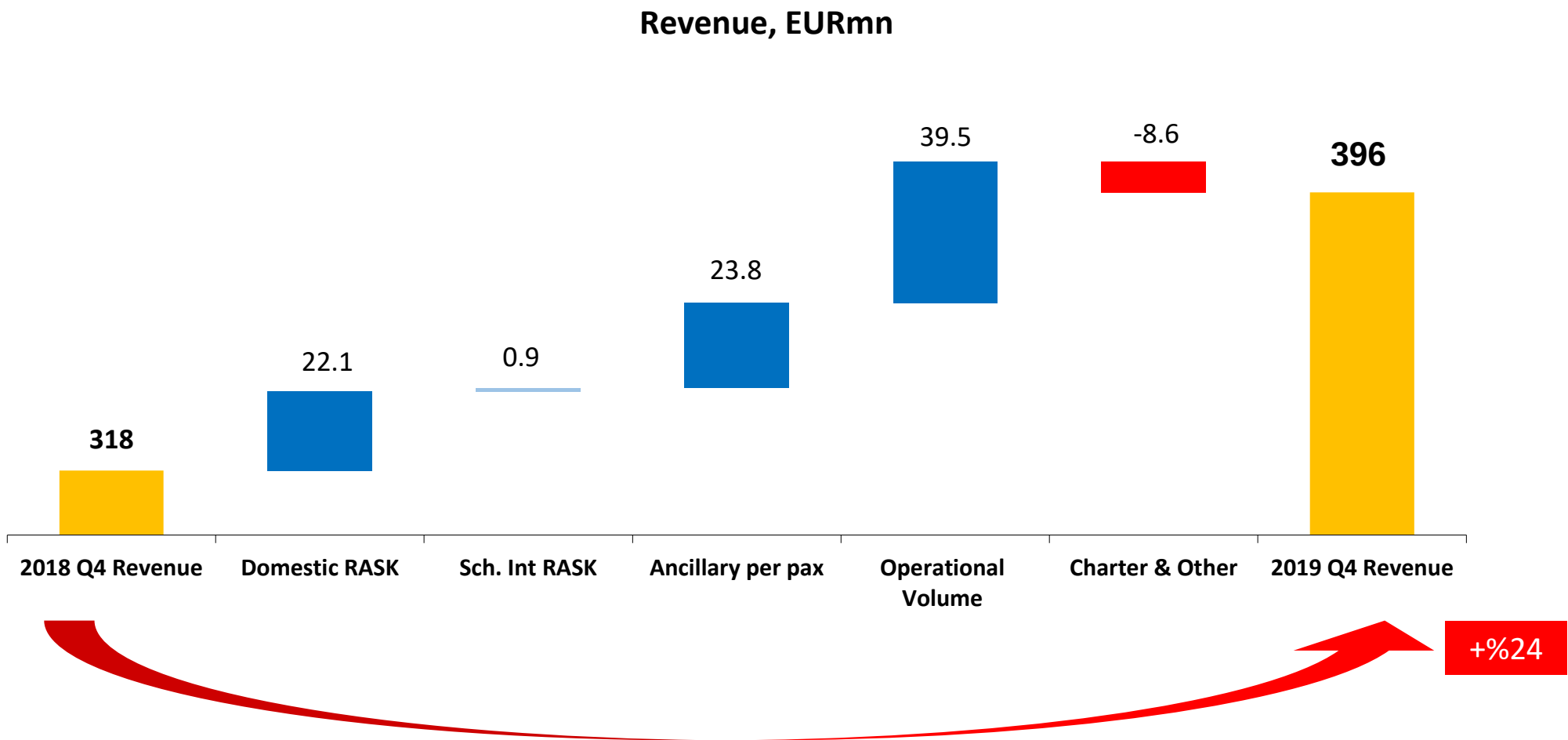
IFRS-16 maintenance impact
2019 Q4: 2.2 points
2019 12M: 2.6 points

EUR4.5mn one-off loss
stemming from the sale of
Air Manas



REVENUE DEVELOPMENT, Q4 2019

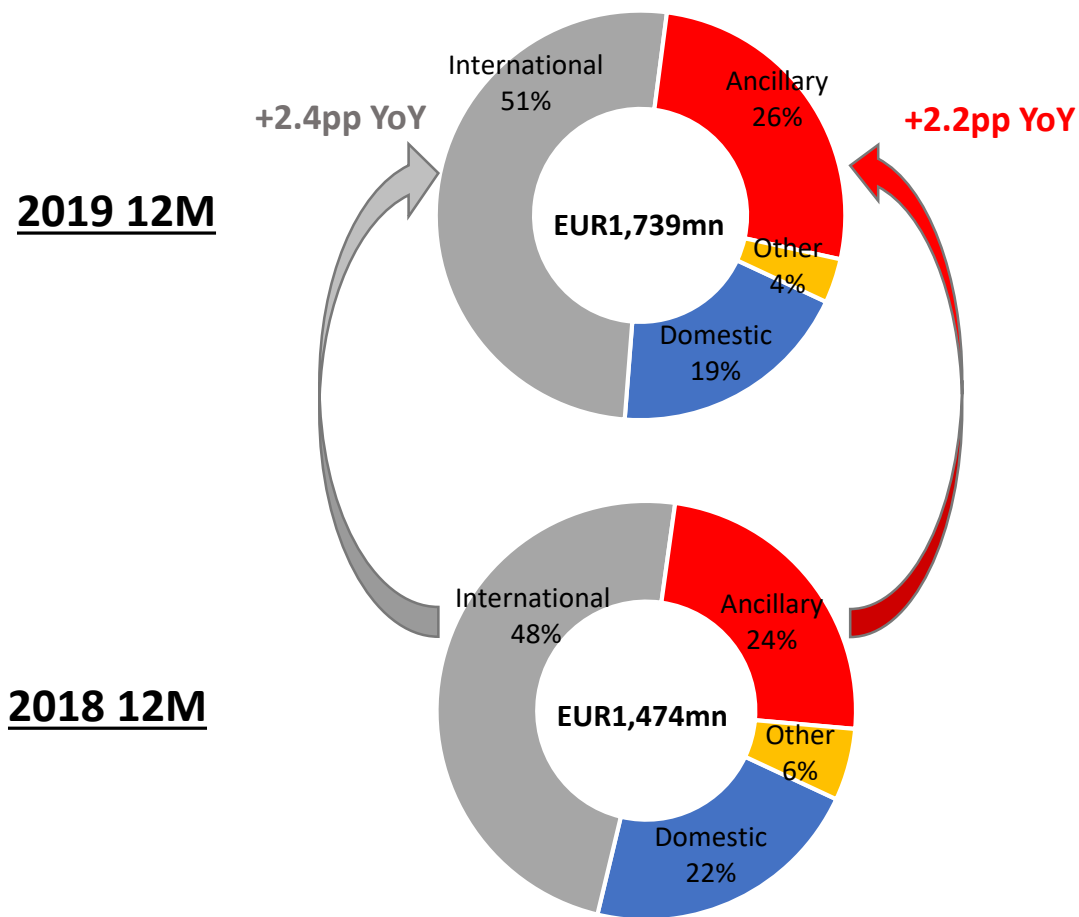
Ancillary revenues and volume were the main drivers of the increase in revenues



REVENUE BREAKDOWN

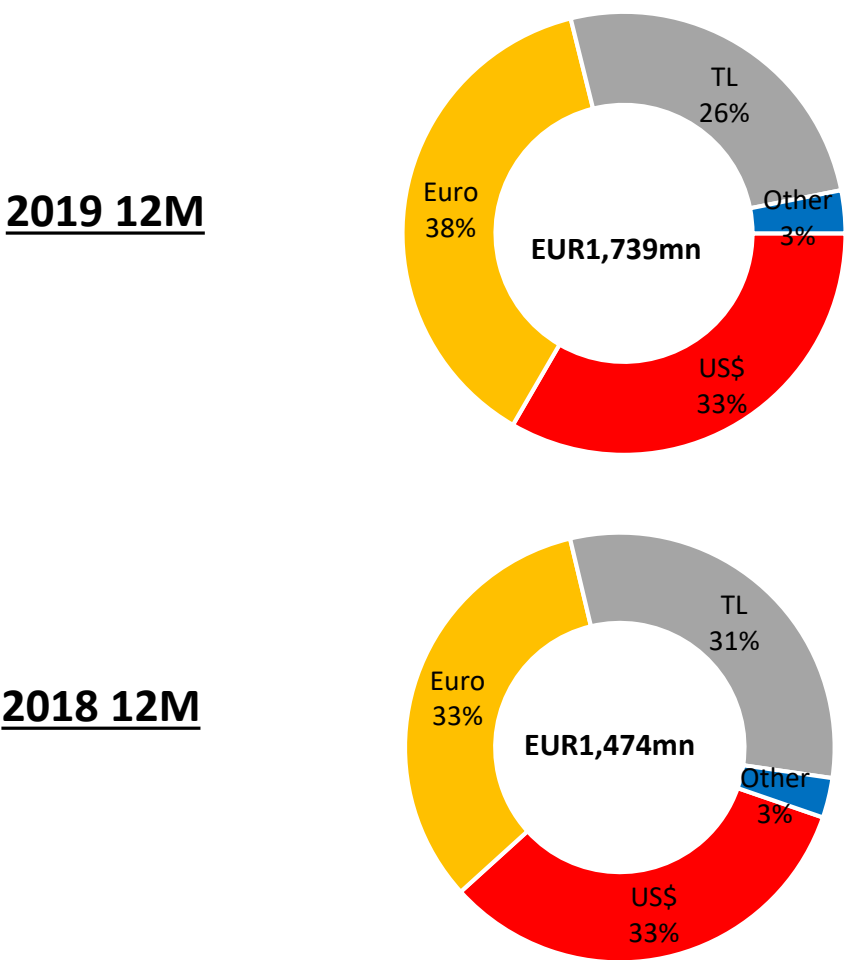
Share of hard currencies in total revenues stands at 71%

SEGMENTAL BREAKDOWN



* International excludes charter

CURRENCY BREAKDOWN

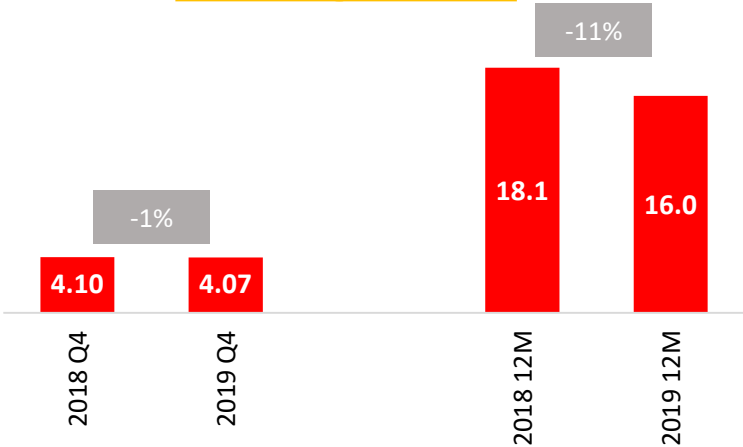


SCHEDULED FLIGHTS – KEY FIGURES

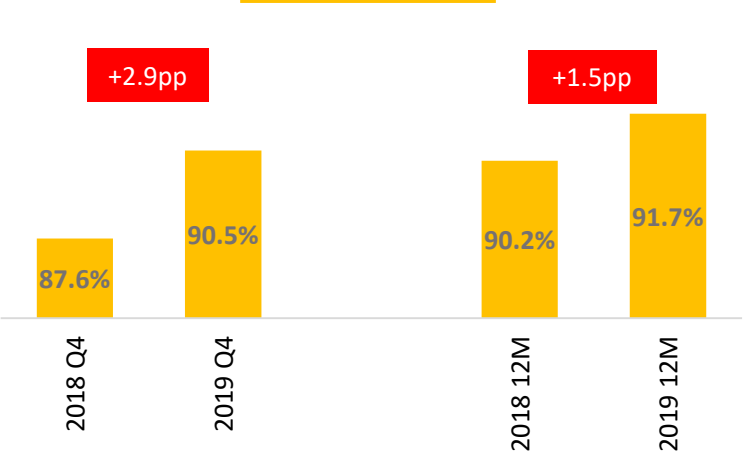
Yields continued to improve while both domestic and international load factors were higher YoY in Q4

DOMESTIC

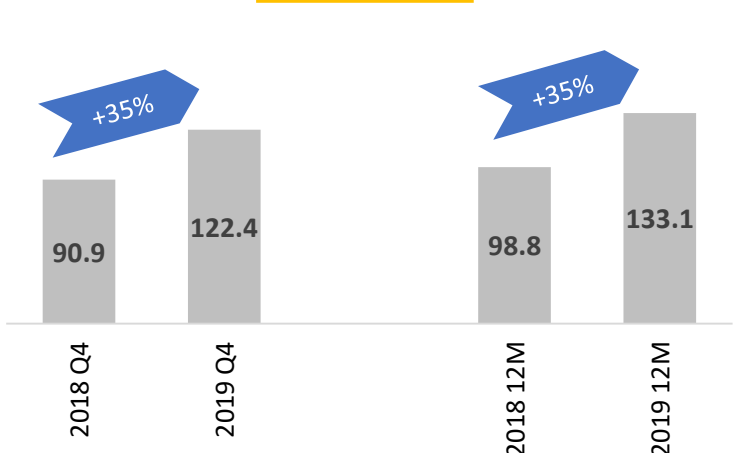
Passengers, mn



Load Factor

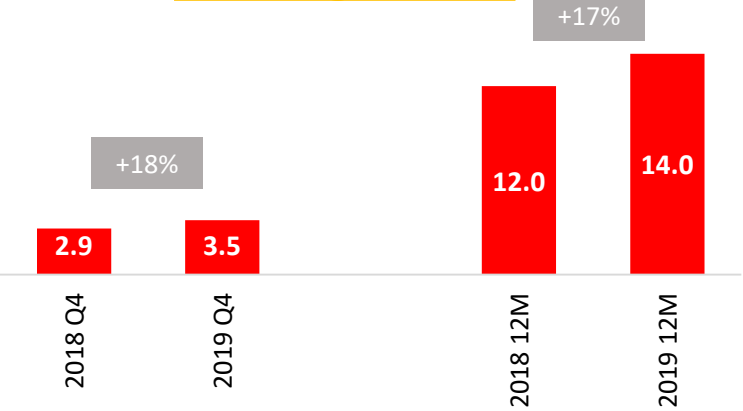


Yield, TRY

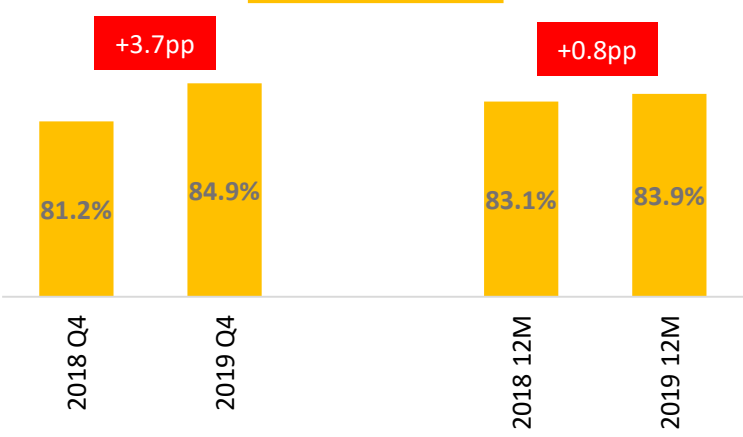


INTERNATIONAL

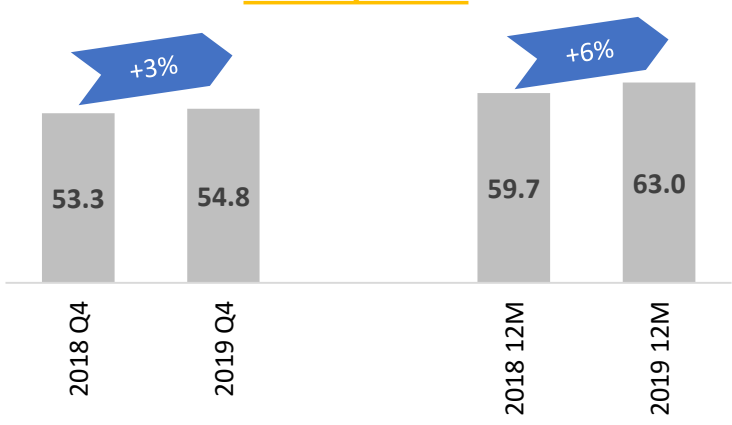
Passengers, mn



Load Factor



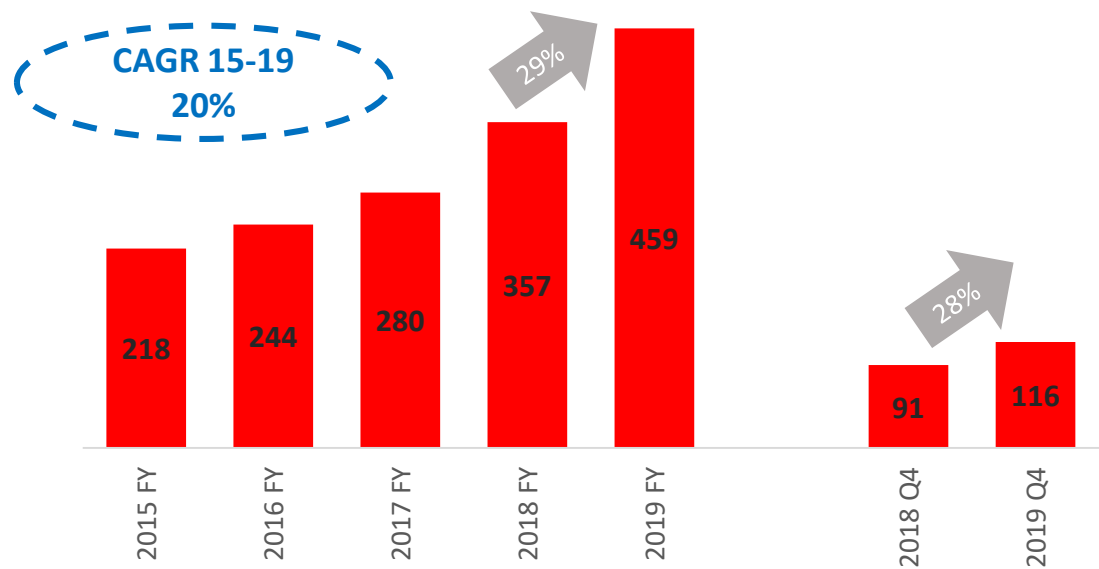
Yield, EUR



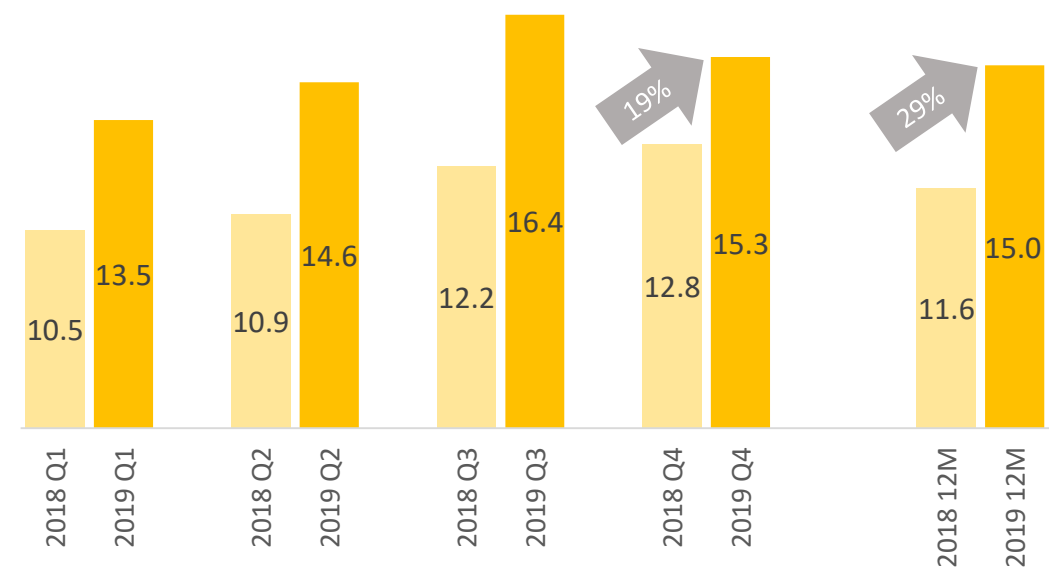
ANCILLARY REVENUE

Ancillary revenue-per-pax is at a record high level

Ancillary Revenues, EURmn

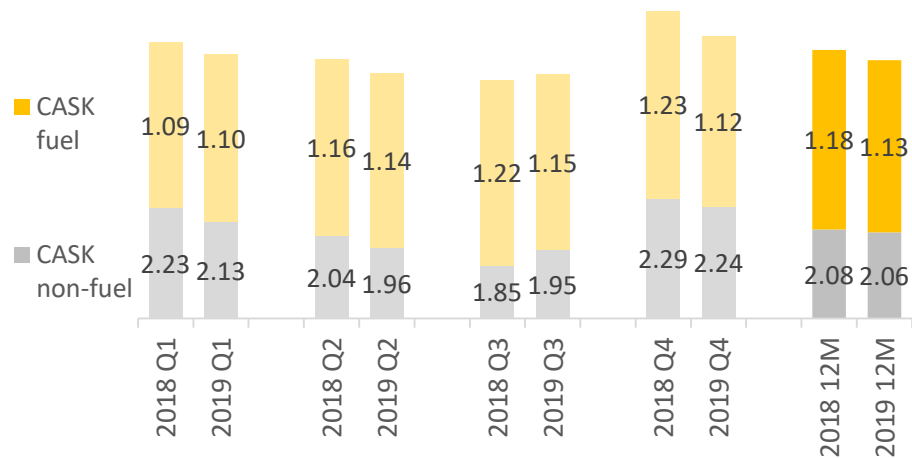


Per Pax, €

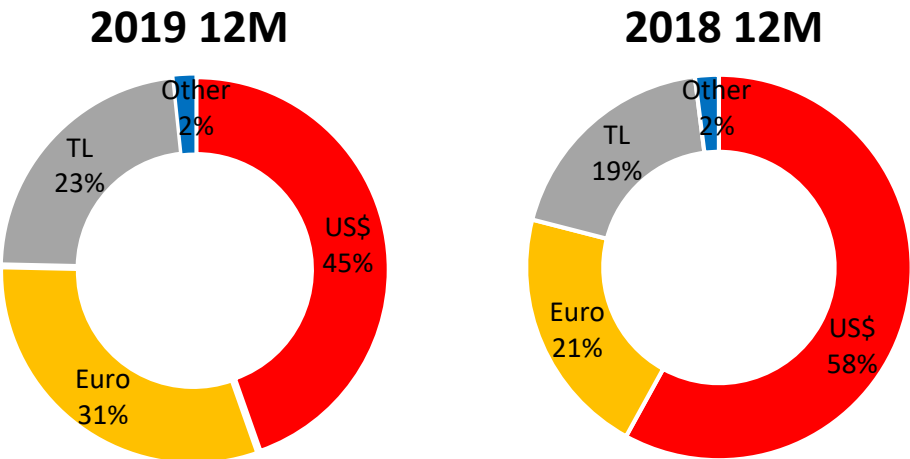


2019 year end CASK non-fuel at EURc2.06 is the lowest among peers!

CASK fuel & CASK non-fuel, €c



CURRENCY BREAKDOWN



SEGMENTAL BREAKDOWN

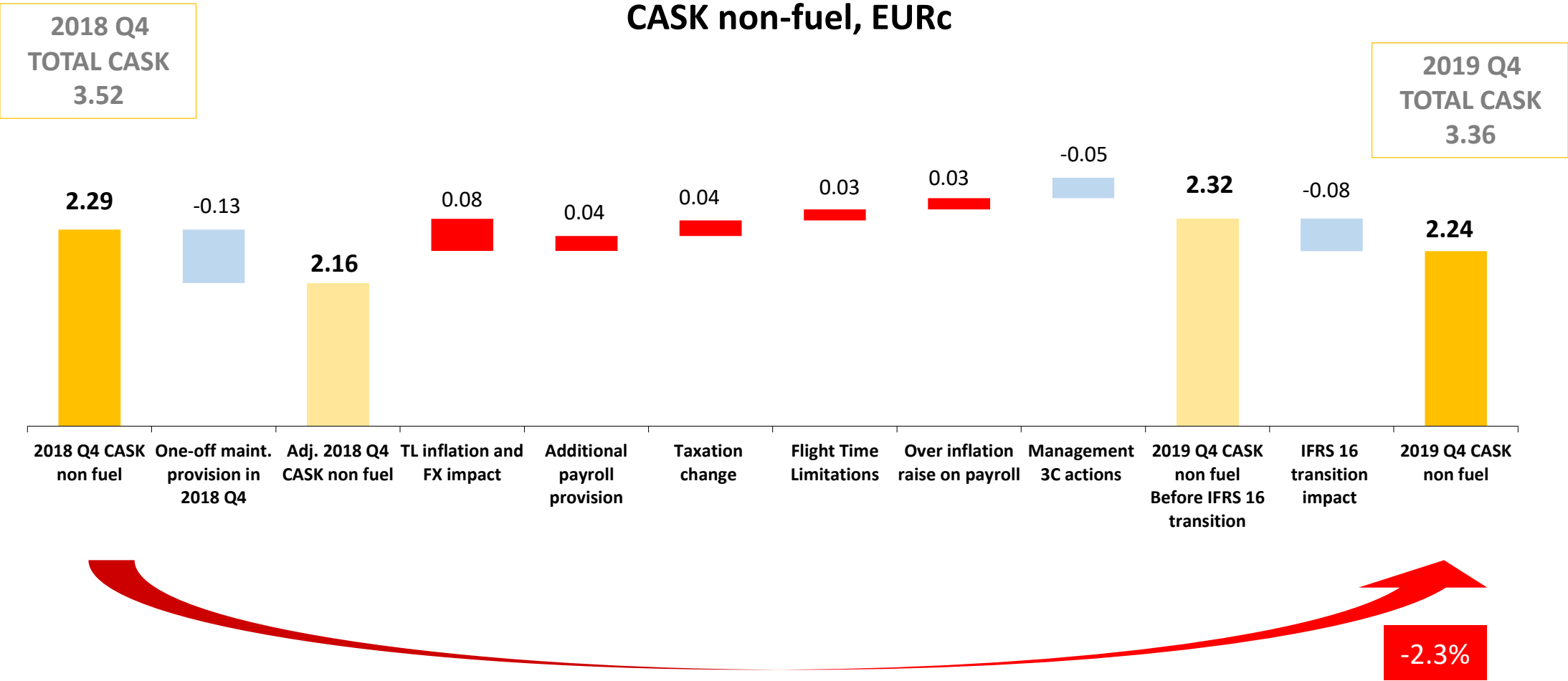
Cost Items	CASK-€c		Change	CASK-€c		Change
	2019 Q4	2018 Q4	YoY	2019 12M	2018 12M	YoY
Jet fuel expenses	1.12	1.23	-9%	1.13	1.18	-4%
Personnel expenses	0.51	0.40	27%	0.50	0.39	31%
Operating lease expenses	0.00	0.33	n.m.	0.00	0.31	n.m.
Maintenance expenses	0.25	0.47	-46%	0.14	0.30	-54%
Depreciation & amortiz. expenses	0.59	0.28	112%	0.56	0.24	134%
Handling fees	0.26	0.23	13%	0.26	0.24	6%
Navigation expenses	0.21	0.18	14%	0.21	0.20	3%
Landing expenses	0.11	0.11	4%	0.11	0.11	7%
Commision expenses	0.03	0.04	-11%	0.05	0.06	-11%
Passenger service & catering exp.	0.04	0.03	2%	0.03	0.03	2%
Advertising expenses	0.03	0.01	138%	0.03	0.02	55%
Other	0.20	0.20	0%	0.17	0.18	-10%
CASK-€c	3.36	3.52	-5%	3.20	3.26	-2%
Non-Fuel CASK-€c	2.24	2.29	-2%	2.06	2.08	-1%

[IFRS 16 impacts]

- Rent expenses are split between depreciation and interest
- Part of the maintenance expenses for operational lease A/C booked under depreciation and interest like financial lease A/C.

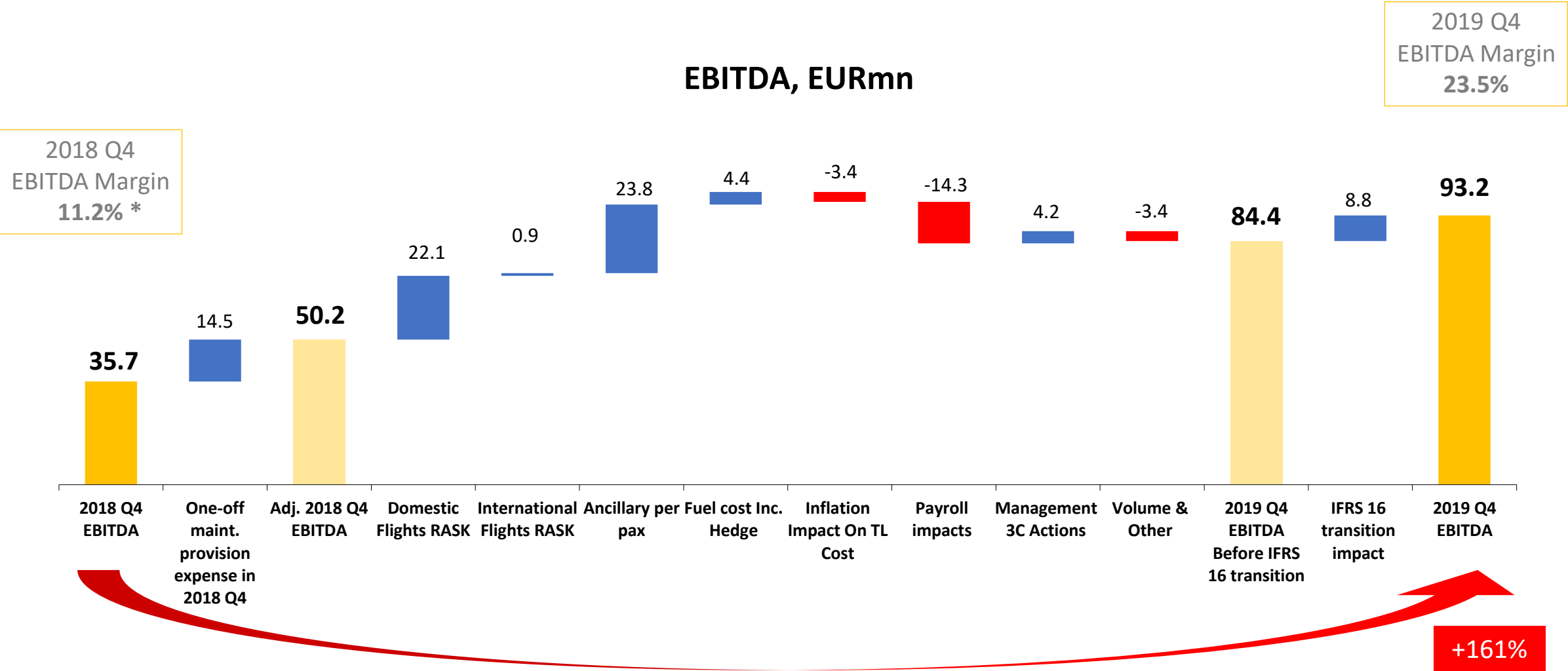
CASK total and CASK non-fuel, Q4 2019

Total CASK fell 5% YoY in 2019 Q4



EBITDA, Q4 2019

Q4 EBITDA margin climbed up by over 12pp YoY



* EBITDAR is used for 2018

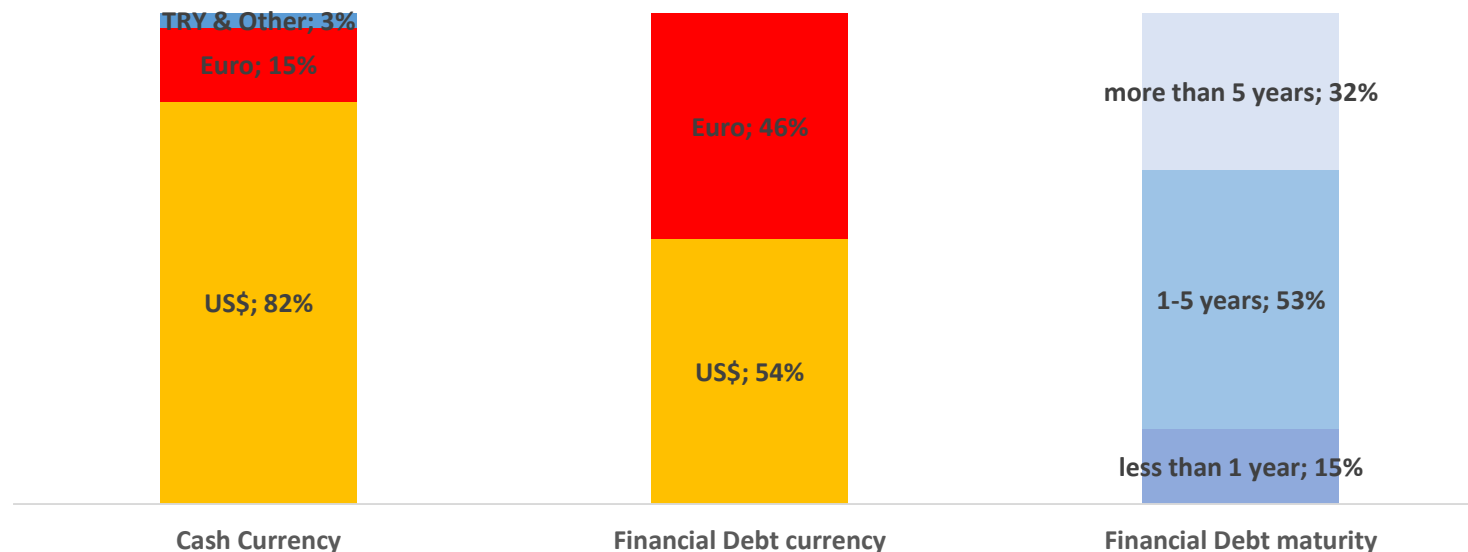


Significant improvement at net debt/EBITDA to 1.5x with IFRS-16 application

EURmn	Dec 31, 2019	Dec 31, 2018
CASH & EQUIVALENTS	652	455
OTHER ASSETS	124	210
PRE DELIVERY PAYMENT	238	177
FIXED ASSETS	2,152	1,425
TOTAL ASSETS	3,165	2,267
LIABILITIES	747	569
FINANCIAL DEBT	1,617	1,082
SHAREHOLDERS' EQUITY	802	616
TOTAL LIA. & SH. EQUITY	3,165	2,267
(Adj.) Net Debt, EURmn	846	1,404
(Adj.) Net Debt/EBITDA(R)*	1.5	3.6
CASH PER A/C, EURmn	7.8	5.5

* Adjusted Net Debt/EBITDAR for 2018 (Cash + PDP/2 - Financial Debt - Operational Lease Expenses *7), Trailing LTM EBITDA was used for calculation.
Cash & equivalents for 2019 include EUR23mn non-current financial assets

Breakdown of currencies and financial debt maturity



HEDGING, RISK MANAGEMENT & SENSITIVITY

2020 consumption is hedged by 57%

HEDGE VOLUME AND PRICE

	2019FY	2020FY	2021FY
Hedge Ratio	59.8%	57.1%	28.1%
Hedged Price Range, \$/mt*	611-698	577-673	511-615
Brent Equivalent **	64-73	61-71	54-65

* Price ranges are calculated by using market data of December 31, 2019

** Jet Fuel Price/9.5

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.

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

SENSITIVITY ANALYSIS

2019 12M P&L	↓0.1 *	↓0.1**	↑\$10
EURmn	EUR/TRY	EUR/USD	Jet Fuel/ton
Revenue	7.2	5.2	-
OPEX	5.1	5.6	7.1
EBIT	2.1	-0.4	-7.1
EBITDA	2.1	-0.4	-7.1

* eg: If EUR/TL decreases to 6.4 from 6.5 or vice versa ** eg: if €/€ decreases from 1.11 to 1.10



APPENDIX



APPENDIX - OPERATIONAL & FINANCIAL HIGHLIGHTS

	2017	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	Q4/Q4 YoY chg	2018 12M	2019 12M	12M/12M YoY chg
TOTAL REVENUE (EURmn)	1,299	255	327	574	318	290	407	647	396	24%	1,474	1,739	18%
ANCILLARY REVENUE (EURmn)	280	73	85	108	91	93	107	143	116	28%	357	459	29%
EBITDA (EURmn)*	321	21	64	270	36	42	131	314	93	161%	391	580	49%
EBITDA Margin*	24.7%	8.2%	19.6%	47.1%	11.2%	14.5%	32.1%	48.6%	23.5%	12.3pp	26.5%	33.3%	6.9pp
PAX (mn)	27.8	6.9	7.8	8.8	7.1	6.9	7.3	8.7	7.6	7.3%	30.6	30.5	-0.3%
LOAD FACTOR	84.6%	86.5%	87.9%	89.4%	84.8%	86.3%	86.5%	90.3%	87.9%	3.0pp	87.3%	87.9%	0.6pp
ASK (bn)	32.7	8.6	9.8	11.8	9.7	9.5	10.8	12.7	10.9	12.6%	39.9	43.9	10.1%
AVERAGE STAGE LENGTH (km)	995	1,073	1,112	1,192	1,163	1,193	1,269	1,320	1,265	8.7%	1,138	1,265	11.1%
AVERAGE FLEET	79	75	76	82	83	82	82	83	84	0.8%	79	83	5.6%
RASK, (€)	3.97	2.96	3.33	4.88	3.28	3.06	3.78	5.08	3.62	10.5%	3.69	3.96	7.2%
CASK, (€)	3.66	3.31	3.20	3.07	3.52	3.24	3.11	3.10	3.36	-4.6%	3.26	3.20	-2.1%
Non-fuel CASK, (€)	2.54	2.23	2.04	1.85	2.29	2.13	1.96	1.95	2.24	-2.3%	2.08	2.06	-1.0%
ANCILLARY PER PAX (€)	10.0	10.5	10.9	12.2	12.8	13.5	14.6	16.4	15.3	18.9%	11.6	15.0	29.1%
EUR/US\$ rate (avg.)	1.13	1.23	1.19	1.16	1.14	1.14	1.12	1.11	1.11	-3%	1.18	1.12	-5%
EUR/TRY rate (avg.)	4.11	4.68	5.20	6.53	6.29	6.09	6.59	6.30	6.40	2%	5.67	6.35	12%

* EBITDAR and EBITDAR margin in 2017 and 2018 - with the implementation of IFRS-16, EBITDAR is not used starting from 2019 fiscal year.

APPENDIX - P&L Statement

P&L Statement	EURmn 2019 12M	EURmn 2018 12M	TRYmn 2019 12M	TRYmn 2018 12M
Sales	1,739	1,470	11,025	8,277
Cost of sales (-)	-1,306	-1,219	-8,304	-7,014
Gross profit	433	252	2,722	1,263
General administrative expenses (-)	-48	-40	-303	-220
Marketing expenses (-)	-49	-40	-331	-226
Other operating income	0.8	7.3	5	40
Other operating expenses (-)	-5	-12	-28	-65
Operating profit	332	167	2,065	792
Income/expense from investing activities	-4	4	-28	23
Share of investments income accounted for using the equity method	3	1	16	8
Operating profit before financial expense	330	173	2,053	823
Financial income	16	21	100	124
Financial expense (-)	-125	-75	-758	-405
Profit / (loss) before tax	221	119	1,394	542
Current tax expense	-10	-4	-61	-25
Deferred tax income / (expense)	0.1	-3	0.8	-16
Profit / (loss) for the period	212	112	1,335	502
Net profit / (loss) attributable to:				
Non-controlling interest	0.2	-1.0	1.2	-5.3
Shareholders' of the parent	211	113	1,333	507

APPENDIX – Balance Sheet (assets & liabilities)

ASSETS	EURmn	EURmn	TRYmn	TRYmn
	2019 12M	2018 12M	2019 12M	2018 12M
Current assets	916	732	6,089	4,412
Cash and cash equivalents	630	455	4,187	2,741
Trade receivables	67	39	447	236
Other receivables	13	80	88	480
Derivative financial instruments	0.0	0.5	0	3
Inventories	11	10	75	58
Prepaid expenses	192	141	1,276	848
Current income tax assets	2	1	14	6
Other current assets	0.1	6.7	1	41
Non-Current assets	2,250	1,535	14,970	9,253
Financial assets	23	0	151	0
Other receivables	22	12	145	73
Investments accounted by using the equity method	9	7	57	40
Property and equipment	251	1,368	1,676	8,248
Intangible assets	12	8	80	47
Right of use assets	1,790	0	11,907	0
Prepaid expenses	144	140	955	845
TOTAL ASSETS	3,165	2,267	21,059	13,665

LIABILITIES	EURmn	EURmn	TRYmn	TRYmn
	2019 12M	2018 12M	2019 12M	2018 12M
Current liabilities	717	590	4,765	3,554
Short term financial liabilities	114	132	758	798
Short term portion of long term financial liabil	231	109	1,537	659
Trade payables	119	97	790	584
Employee benefit obligations	6	4	38	26
Other payables	5	4	33	24
Passenger flight liabilities	145	112	964	678
Derivative financial instruments	8	31	53	190
Deferred income	19	10	130	63
Short term provisions	69	84	460	508
Other current liabilities	0	4	2	25
Non-Current liabilities	1,647	1,061	10,952	6,395
Long term financial liabilities	1,272	840	8,461	5,065
Derivative financial instruments	0	17	2	105
Deferred income	48	20	319	122
Long term provisions	252	104	1,675	624
Deferred tax liabilities	75	79	496	479
TOTAL LIABILITIES	2,363	1,651	15,717	9,949

APPENDIX – Balance Sheet (Shareholders' equity)

	EURmn	EURmn	TRYmn	TRYmn
	2019 12M	2018 12M	2019 12M	2018 12M
SHAREHOLDERS' EQUITY	802	616	5,342	3,715
Equity attributable to shareholders' of the parent	802	622	5,342	3,753
Paid-in share capital	61	61	102	102
Share premiums on capital stock	194	194	456	456
Currency translation differences	-7	-6	0	-90
Other	-3	-35	3,880	2,453
Retained earnings	557	409	904	832
Non-controlling interest	0	-6	0	-38
TOTAL LIABILITIES AND EQUITY	3,165	2,267	21,059	13,665

APPENDIX – Cash Flow Statement

	EURmn 2019 12M	EURmn 2018 12M	TRYmn 2019 12M	TRYmn 2018 12M
A. CASH FLOWS FROM OPERATING ACTIVITIES	553	190	3,566	1,048
Net cash generated from operating activities	509	255	3,234	1,320
Changes in working capital	44	-65	332	-272
B. CASH FLOWS FROM INVESTING ACTIVITIES	-88	-104	-539	-551
Cash outflows from purchase of property, equipment and intangible assets	-22	-45	-148	-228
Changes in cash advances and payables	-67	-76	-396	-425
Proceeds from sale of aircraft	0	16	0	89
Other investing activities	1	2	4	14
C. CASH FLOWS FROM FINANCING ACTIVITIES	-292	-84	-1,826	-536
Repayment of principal in lease liabilities	-221	-84	-1,376	-478
Net change in borrowings	-17	14	-109	59
Interest & commission paid	-68	-35	-433	-240
Interest received	14	22	92	123
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	2	12	246	792
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	175	14	1,446	753
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	455	440	2,741	1,988
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	630	455	4,187	2,741

New Definitions & Restated Figures

✈️ **Average Stage Length (ASL):** Until the end of 2019, we have used '**Great Circle Distance (GCD)**' approach (the shortest distance between two points on the surface of a sphere) for the calculation of ASL. As of 2020, similar to the peer airlines that are operating in the same business segment with Pegasus, we will start using the '**Distance Flown**' approach for the calculation of ASL in order to allow comparison of key performance indicators on the same basis. Following metrics will be affected as a result of this new definition:

- **ASK¹ (Available Seat Kms)** will be higher,
- **RASK² (Revenue per ASK)** will be lower,
- **CASK³ (Cost per ASK)** will be lower,
- **CASK, non-fuel⁴ (Cost ex-fuel per ASK)** will be lower than the previous calculation method.

✈️ **Total Passengers (pax):** Until the end of 2019, we have used '**Carried Pax**' approach for the calculation of total pax, which excluded the no-show pax (a ticketed passenger who doesn't show up for the flight). Starting 2020, we will be using '**Booked Pax**' approach similar to the peer airlines that are operating in the same business segment with Pegasus, in order allow comparison of key performance indicators on the same basis. 2018 & 2019 numbers provided in this document are restated accordingly. Following metrics will be affected as a result of this new definition:

- **LF⁵ (Load Factor)** will be higher,
- **Yield⁶** will be lower,
- **Ancillary per Pax⁷** will be lower than the previous calculation method.

✈️ The mentioned changes will have no impact on the financial statements.

1 ASK= Seats flown x ASL

2 RASK= Total revenues / ASK

3 CASK= Cost / ASK

4 CASK, non-fuel= Cost ex-fuel / ASK

5 LF= Booked pax / Total seats

6 Yield= Revenues / Booked pax

7 Ancillary per Pax= Ancillary revenues / Booked pax

Figures – old and new calculations

	2018					2019				
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Q3	Q4	Total
ASL – old (km)	955	985	1,069	1,034	1,014	1,043	1,115	1,164	1,108	1,110
ASL – new (km)	1,073	1,112	1,192	1,163	1,138	1,193	1,269	1,320	1,265	1,265
ASK – old (mn)	7,675	8,693	10,550	8,625	35,543	8,289	9,470	11,227	9,569	38,555
ASK – new (mn)	8,622	9,812	11,762	9,703	39,900	9,474	10,778	12,731	10,927	43,911
RASK – old (€c)	3.33	3.76	5.44	3.69	4.15	3.50	4.30	5.76	4.14	4.51
RASK – new (€c)	2.96	3.33	4.88	3.28	3.69	3.06	3.78	5.08	3.62	3.96
CASK – old (€c)	3.72	3.61	3.42	3.96	3.66	3.70	3.54	3.52	3.83	3.64
CASK – new (€c)	3.31	3.20	3.07	3.52	3.26	3.24	3.11	3.10	3.36	3.20
CASK non-fuel – old (€c)	2.50	2.30	2.06	2.57	2.34	2.44	2.24	2.21	2.55	2.35
CASK non-fuel – new (€c)	2.23	2.04	1.85	2.29	2.08	2.13	1.96	1.95	2.23	2.06
Total Pax – old	6,791,825	7,597,427	8,666,477	6,915,682	29,971,411	6,697,966	7,193,951	8,557,013	7,419,197	29,868,127
Domestic Scheduled Pax – old	4,283,514	4,651,029	4,748,263	4,009,059	17,691,865	3,869,175	3,688,841	4,126,003	3,980,695	15,664,714
International Scheduled Pax – old	2,455,689	2,789,540	3,584,924	2,868,944	11,699,097	2,815,336	3,389,314	4,121,958	3,380,860	13,707,468
Total Pax – new	6,948,003	7,755,139	8,824,592	7,074,756	30,602,489	6,855,896	7,347,378	8,714,856	7,589,853	30,507,983
Domestic Scheduled Pax – new	4,380,497	4,745,388	4,831,268	4,101,050	18,058,203	3,955,413	3,763,673	4,196,228	4,072,035	15,987,349
International Scheduled Pax – new	2,514,883	2,852,893	3,660,034	2,936,027	11,963,837	2,887,029	3,467,909	4,209,576	3,460,175	14,024,689
Load Factor – old	84.5%	86.1%	87.8%	82.9%	85.5%	84.3%	84.7%	88.7%	85.9%	86.0%
Domestic LF – old	87.0%	89.7%	90.7%	85.7%	88.4%	88.4%	89.6%	93.1%	88.5%	89.9%
International LF – old	80.4%	80.6%	84.1%	79.3%	81.3%	79.3%	80.0%	84.8%	83.0%	82.0%
Load Factor – new	86.5%	87.9%	89.4%	84.8%	87.3%	86.3%	86.5%	90.3%	87.9%	87.9%
Domestic LF – new	89.0%	91.6%	92.3%	87.6%	90.2%	90.3%	91.4%	94.7%	90.5%	91.7%
International LF – new	82.4%	82.5%	85.8%	81.2%	83.1%	81.3%	81.9%	86.6%	84.9%	83.9%
Domestic Yield – old (TRY)	70.5	93.0	142.5	92.9	100.8	97.8	139.4	178.5	125.2	135.8
Domestic Yield – new (TRY)	68.9	91.2	140.1	90.9	98.8	95.7	136.6	175.5	122.4	133.1
International Yield – old (EUR)	45.4	52.7	83.5	54.4	61.0	46.6	61.2	86.3	56.1	64.5
International Yield – new (EUR)	44.4	51.5	81.8	53.3	59.7	45.4	59.9	84.5	54.8	63.0
Ancillary per pax – old (EUR)	10.7	11.2	12.5	13.1	11.9	13.8	14.9	16.7	15.6	15.4
Ancillary per pax – new (EUR)	10.5	10.9	12.2	12.8	11.6	13.5	14.6	16.4	15.3	15.0

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



Thank you