



2020 Q1 RESULTS PRESENTATION

May 2020

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KEY HIGHLIGHTS - 2020 Q1

Negative impact of COVID-19 outbreak was visible on the operating performance, particularly in March

Revenues, Euro

287mn ↓ -1% YoY

- Negative impact of the COVID-19 outbreak in March wiped off the strong growth in January and February

CASK non-fuel, €

2.37 EURc ↑ 11%

- Fixed portion of costs drove the CASK higher after COVID-19 related flight restrictions led to production loss

EBITDA Margin

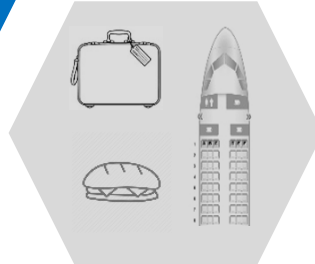
14.4% ↔ flat YoY

- Flight restrictions led to slower revenue growth and hurt efficiency, yet EBITDA margin was maintained flat YoY

Net Income, Euro

-49mn (-36mn before loss on inefficient April-May hedges)

- Net EUR13mn exceptional charge was booked in Q1 as April-May fuel hedges were defined 'inefficient'



Traffic

Pax: ↓ -10% ASK: ↓ -7% LF: ↓ -0.3p

- Pax growth was fast in 2M with +9% YoY, but this was offset by the 44% drop in March. ASK fell 7%, while int'l LF was +3pp higher

Ancillary Rev./Pax

16.0 Euro ↑ 19%

- Ancillary rev./pax grew by 2.6 Euro YoY. Fees collected from voluntary ticket cancellations were helpful

Cash and equivalents

EUR486mn

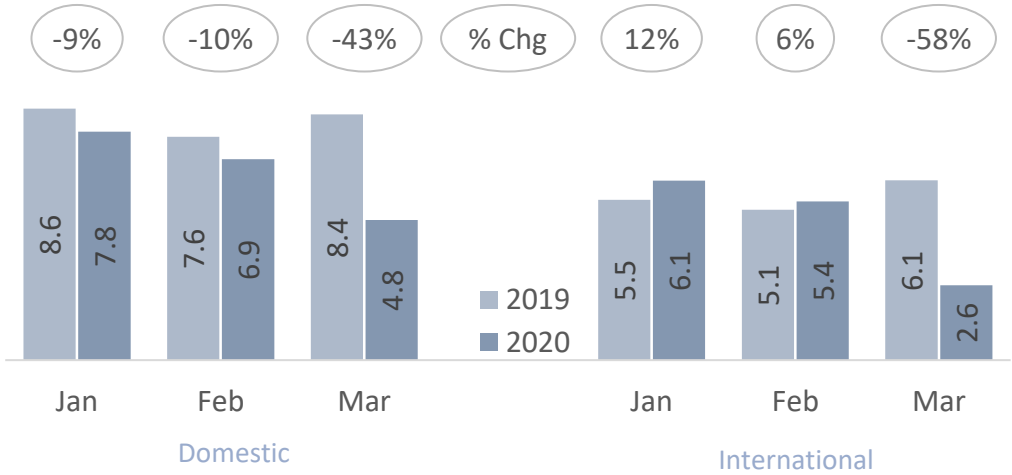
- Cash reserves are strong despite €103mn margin call paid in Q1 on fuel hedges; net debt/EBITDA is still low at 1.8x

OPERATING ENVIRONMENT

Pax number grew 9% YoY in 2M20, but this was largely offset in March with the COVID-19 impact.

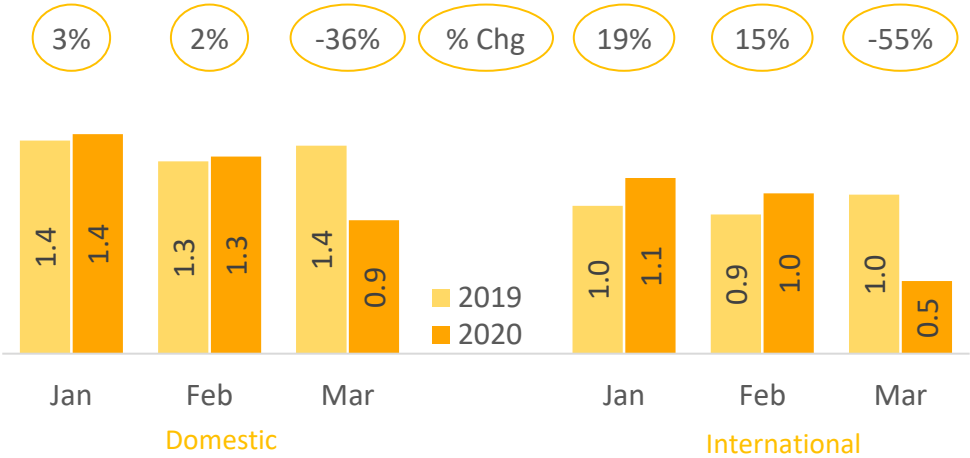
TURKEY

PASSENGERS (mn)



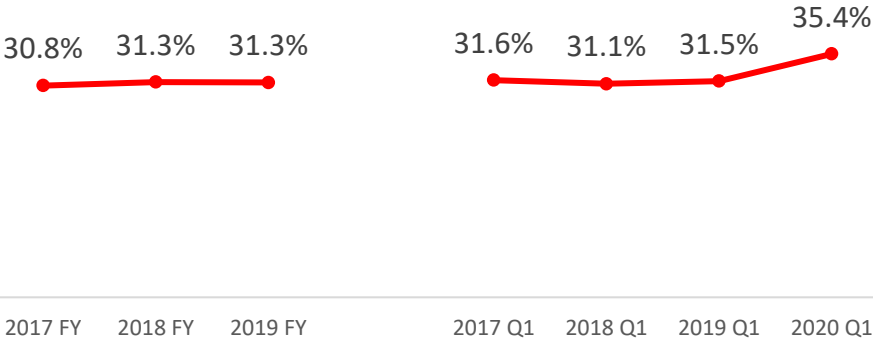
Source : General Directorate of State Airports Authority

PEGASUS

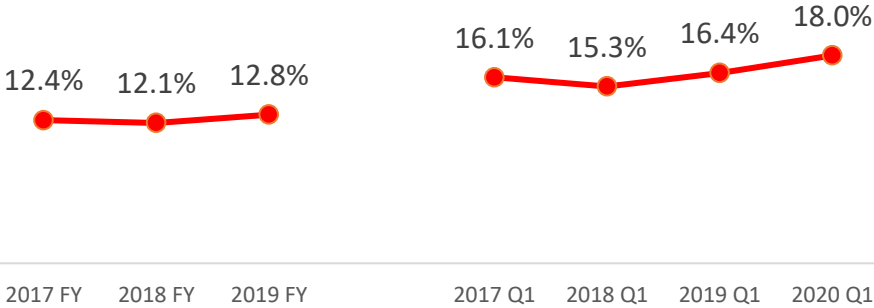


Pegasus Market Share

DOMESTIC



INTERNATIONAL *



* excluding Air Manas



FLEET DEVELOPMENT

One A320neo aircraft joined the fleet in Q1

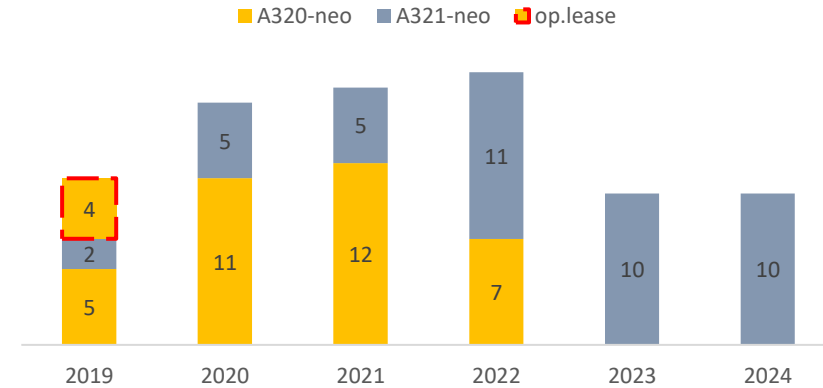
FLEET (as of March 31, 2020)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	16	18	37
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	28	4	32
Airbus A321neo	-	2	-	2
Total	3	46	34	83

FLEET INFORMATION

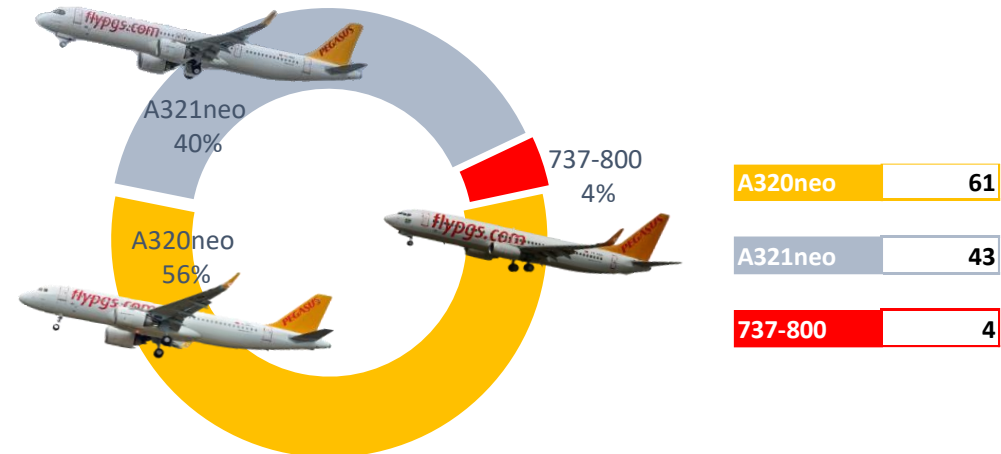
- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.28 years**.
- ✈ **1 A320neo** aircraft has been delivered in the first quarter 2020, while **2 737-800s** have been redelivered.
- ✈ Fleet to reach **93 aircraft** by 2020YE. **10 A320neo** and **5 A321neo** will be delivered while **4 737-800** will be redelivered in the remainder of 2020.

ORDER BOOK (2019-2024)



* 4 operational lease A320neo

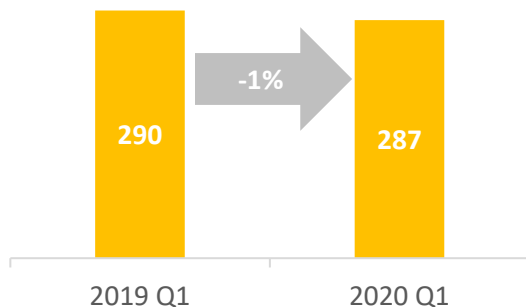
FLEET (as of 2024YE)



SUMMARY 2020 Q1 FINANCIAL HIGHLIGHTS

EBITDA margin remained flat YoY despite the significant pressure on operations stemming from the COVID-19 outbreak

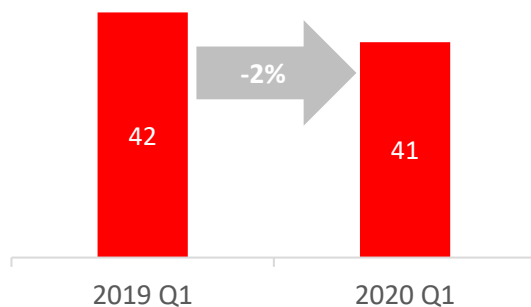
REVENUES, EURmn



Total passenger volume dropped 10% YoY in 1Q20, yet the negative impact on revenues was compensated by the strong yields both in domestic and international operations coupled with the continued growth in ancillary revenues.

RASK grew 6% YoY.

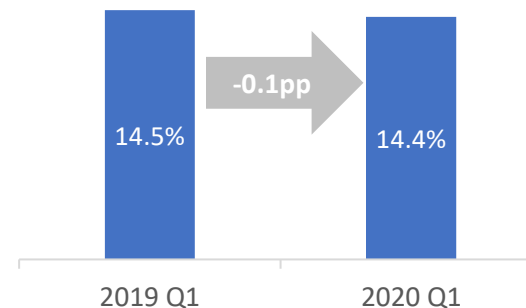
EBITDA, EURmn



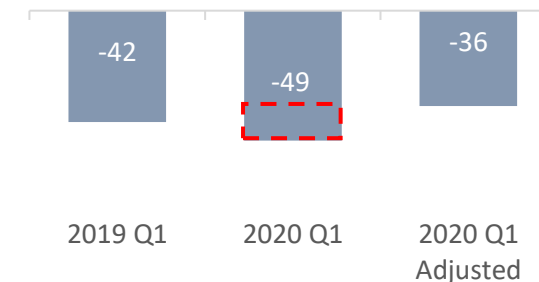
COVID-19 related flight restrictions led to a production loss and the fixed portion of the cost base hurt the overall efficiency. CASK increase matched the RASK increase in 1Q20, leading to a roughly flat operating performance YoY.

Total CASK grew 8% YoY.

EBITDA Margin



NET INCOME, EURmn



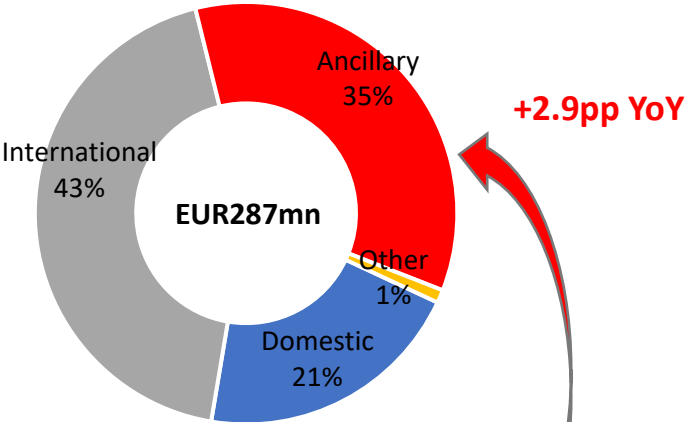
Fuel hedges in place for April-May 2020 were defined as 'inefficient' on grounds that the flight operations were taken on hold with the restrictions brought on inter-city and inter-country travel. As a result, an exceptional charge of net EUR13mn was booked in Q1 related to April and May 2020 fuel hedge contracts.

REVENUE BREAKDOWN

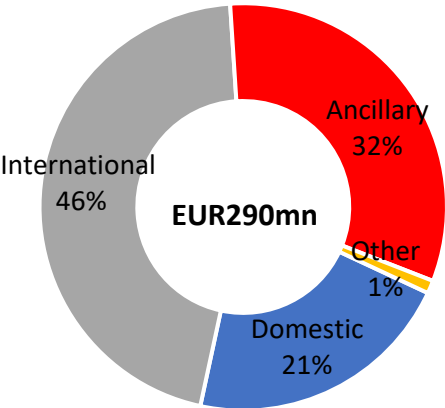
Ancillary segment continued to grow its share in total revenues in Q1

SEGMENTAL BREAKDOWN

2020 Q1

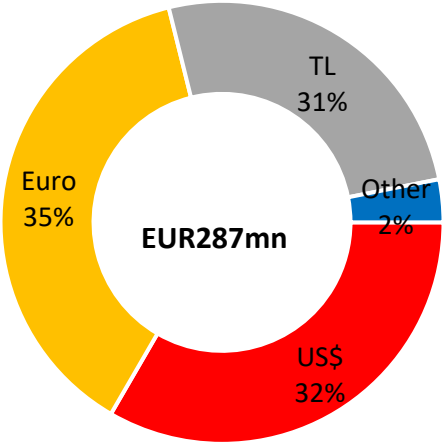


2019 Q1

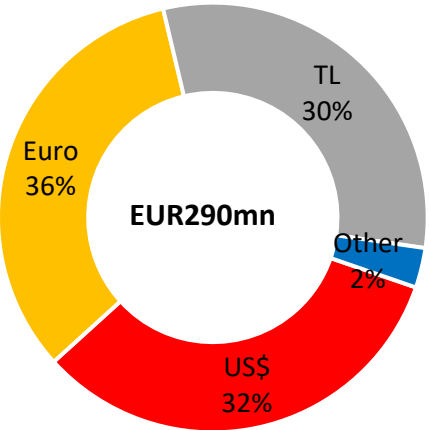


CURRENCY BREAKDOWN

2020 Q1



2019 Q1



SCHEDULED FLIGHTS – KEY FIGURES

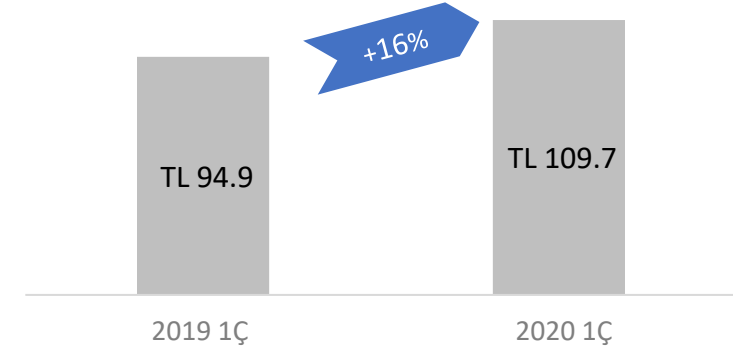
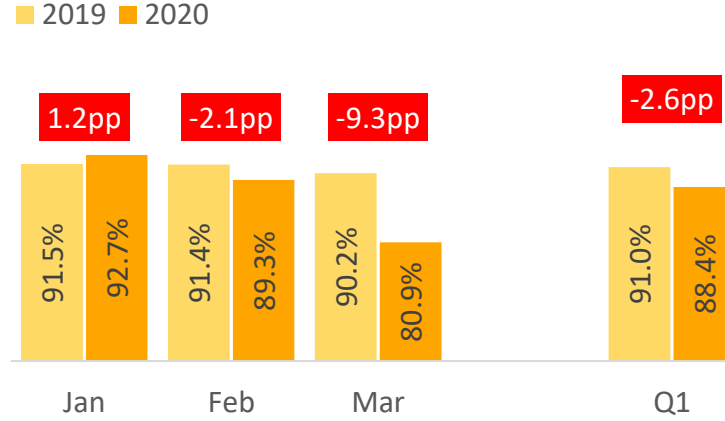
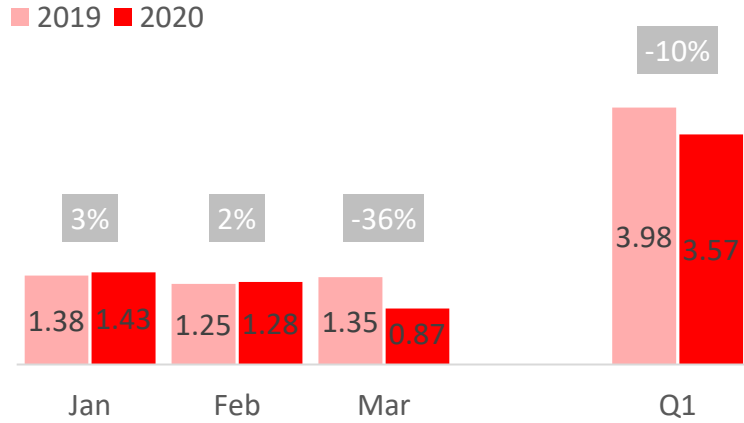
COVID-19 outbreak led a significant decline in pax figures in March, but yields were strong

Passengers, mn

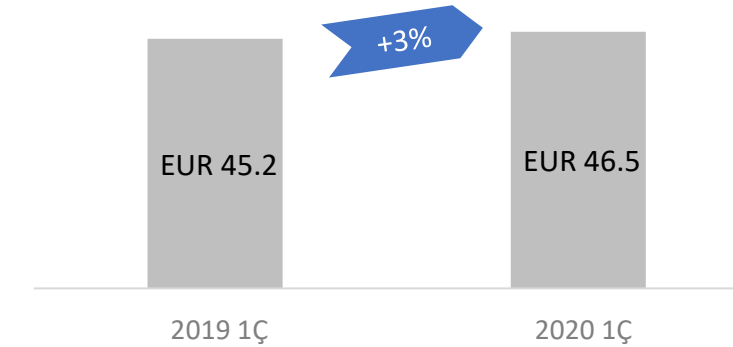
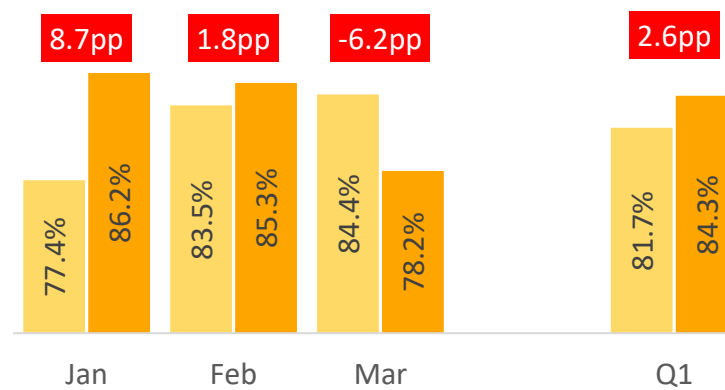
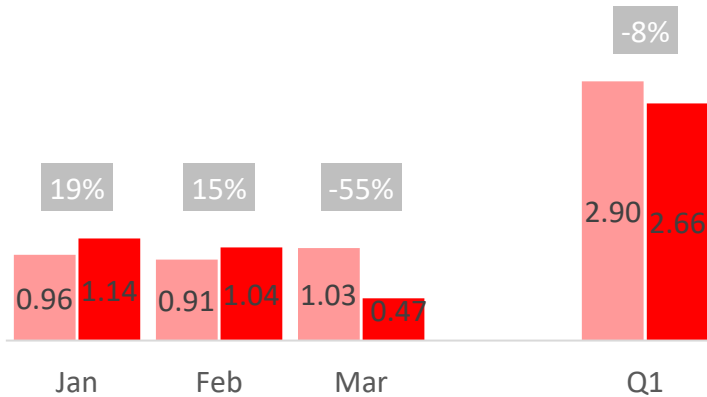
Load Factor

Yield

DOMESTIC



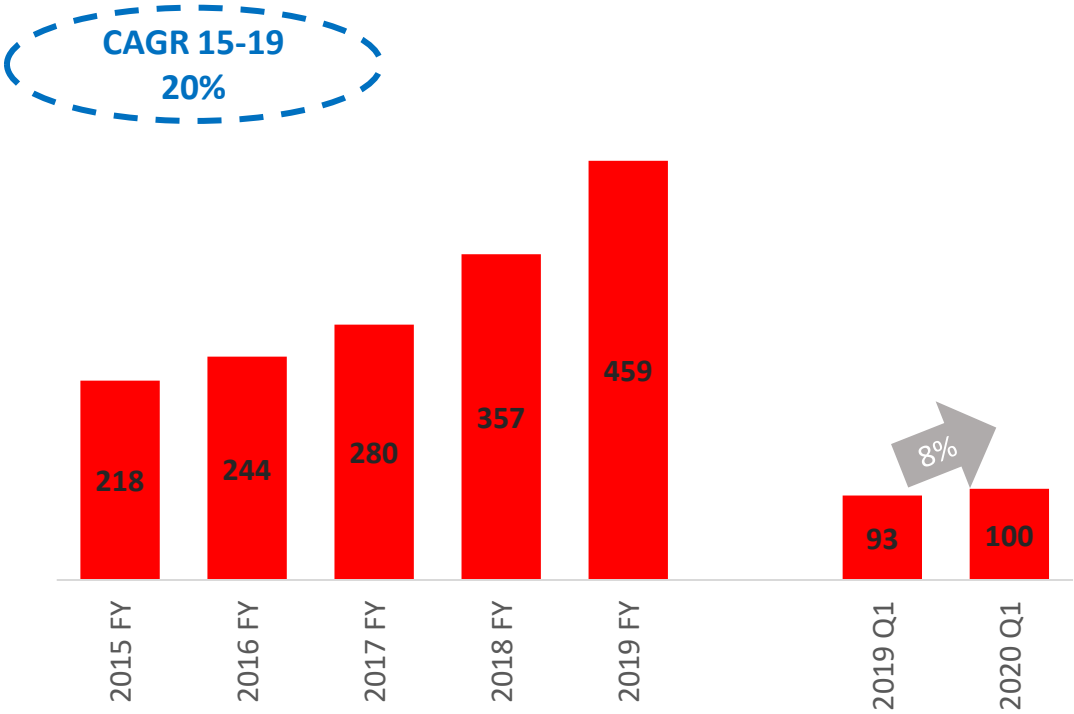
INTERNATIONAL



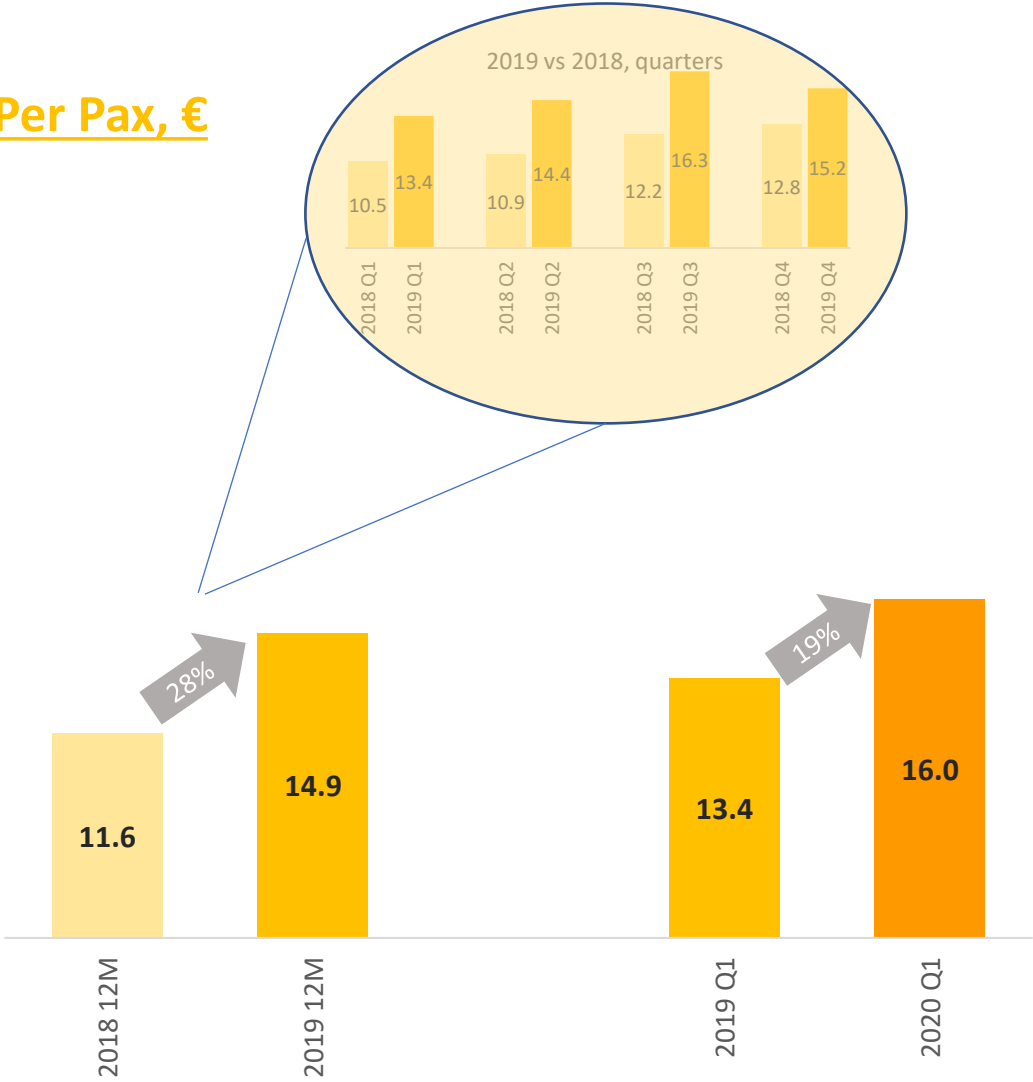
ANCILLARY REVENUE

Ancillary revenue-per-pax continued to grow

Ancillary Revenues, EURmn

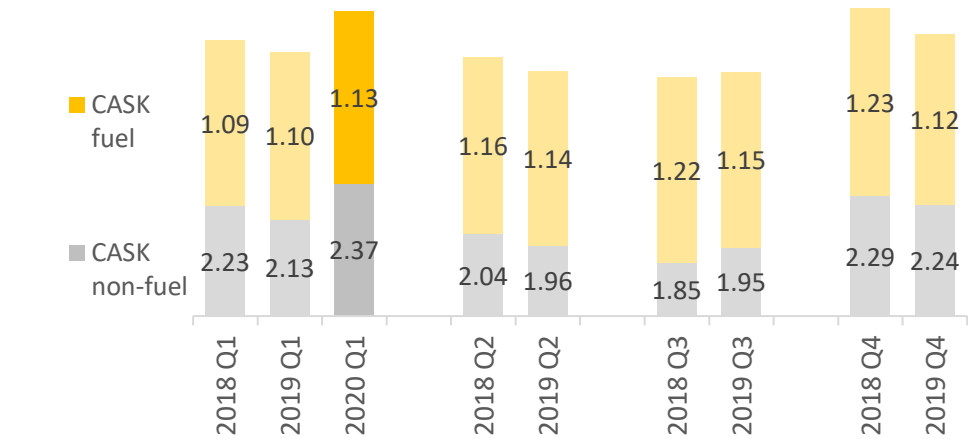


Per Pax, €

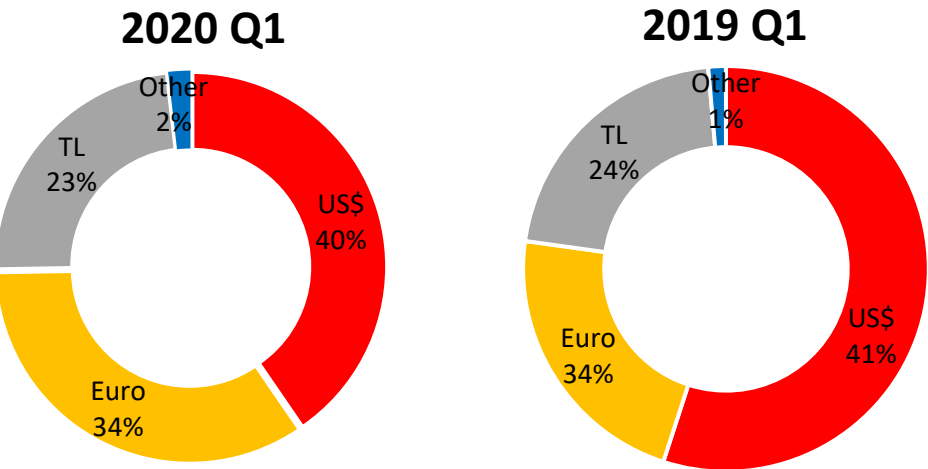


Fixed portion of costs pushed the non-fuel CASK 11% higher YoY in 1Q20

CASK fuel & CASK non-fuel, €c



CURRENCY BREAKDOWN

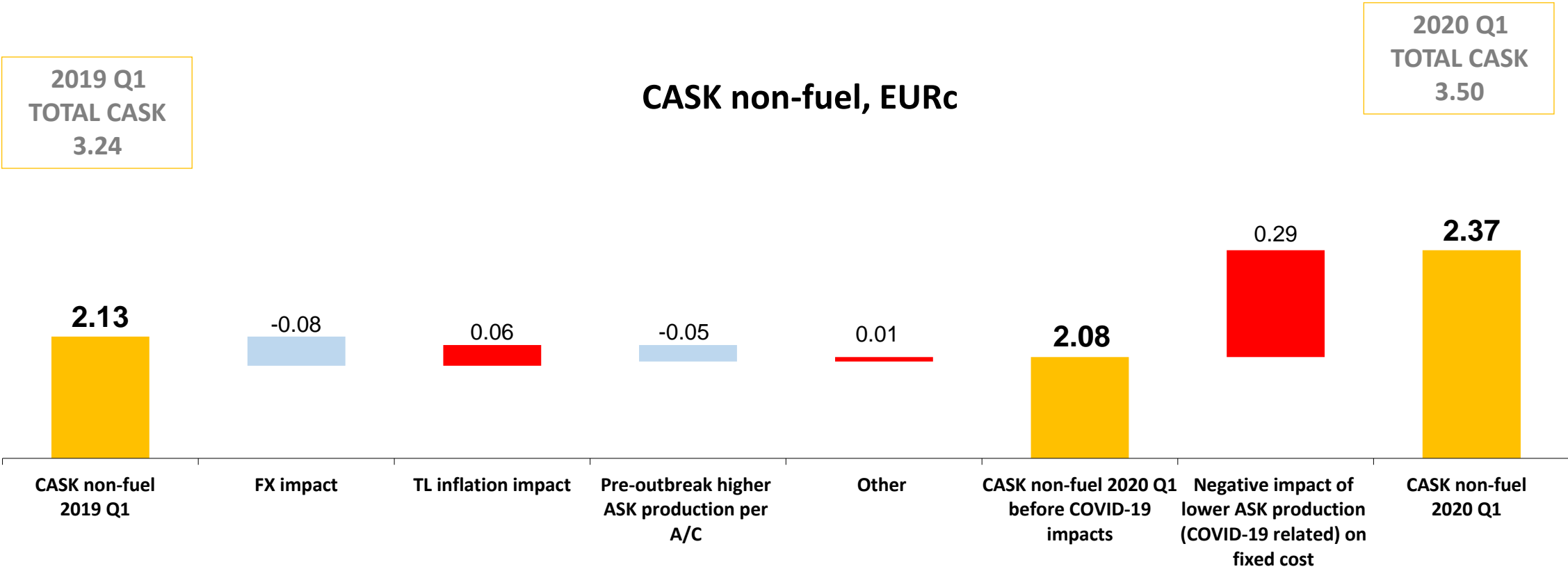


SEGMENTAL BREAKDOWN

Cost Items	CASK-€c		Change
	2020 Q1	2019 Q1	YoY
Jet fuel expenses	1.13	1.10	3%
Personnel expenses	0.57	0.53	7%
Operating lease expenses	0.00	0.00	n.m.
Maintenance expenses	0.16	0.15	13%
Depreciation & amortiz. expenses	0.72	0.62	17%
Handling fees	0.26	0.25	5%
Navigation expenses	0.22	0.20	6%
Landing expenses	0.11	0.11	-1%
Commision expenses	0.06	0.05	18%
Passenger service & catering expenses	0.03	0.03	-4%
Advertising expenses	0.03	0.03	-10%
Overhead expenses	0.11	0.07	46%
Other	0.10	0.09	15%
CASK-€c	3.50	3.24	8%
Non-Fuel CASK-€c	2.37	2.14	11%

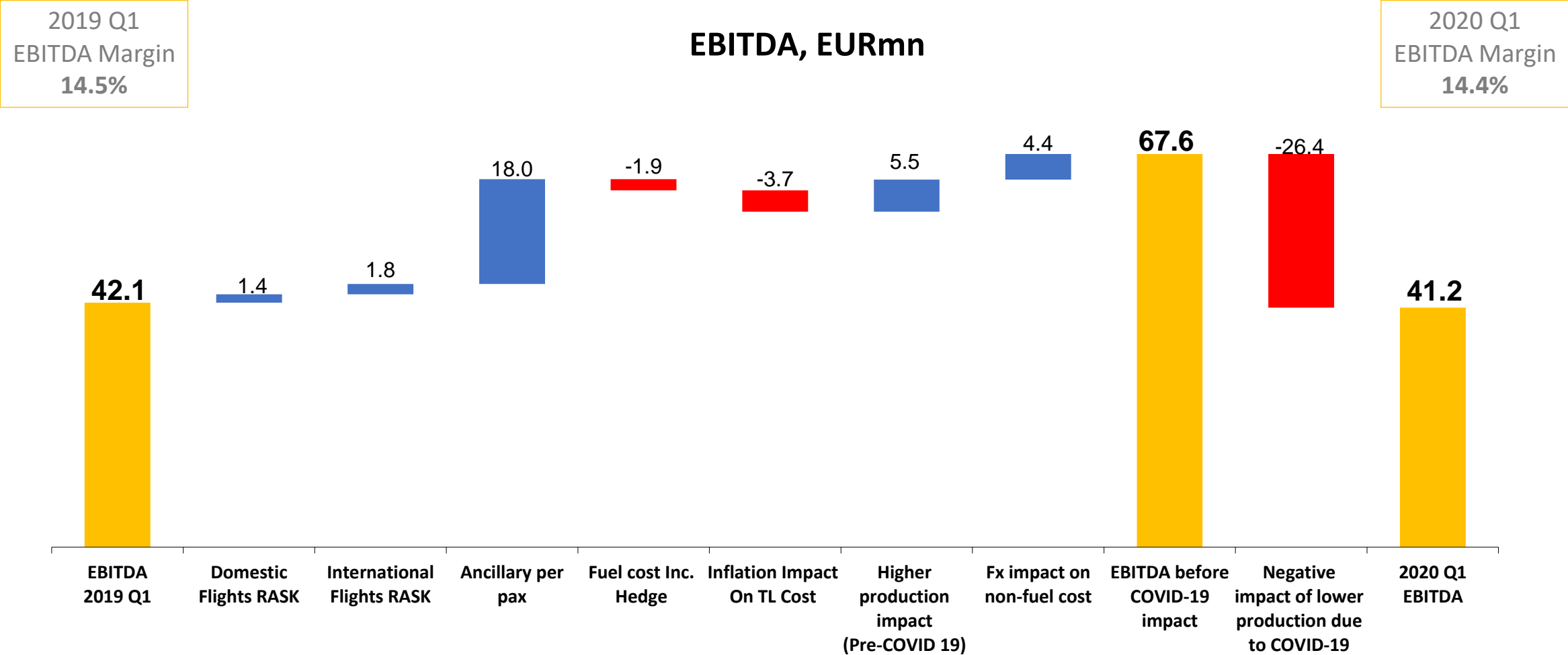
CASK total and CASK non-fuel, Q1 2020

Total CASK increased by 8% YoY in the first quarter



EBITDA, Q1 2020

Q1 EBITDA margin remained flat YoY



LIQUIDITY

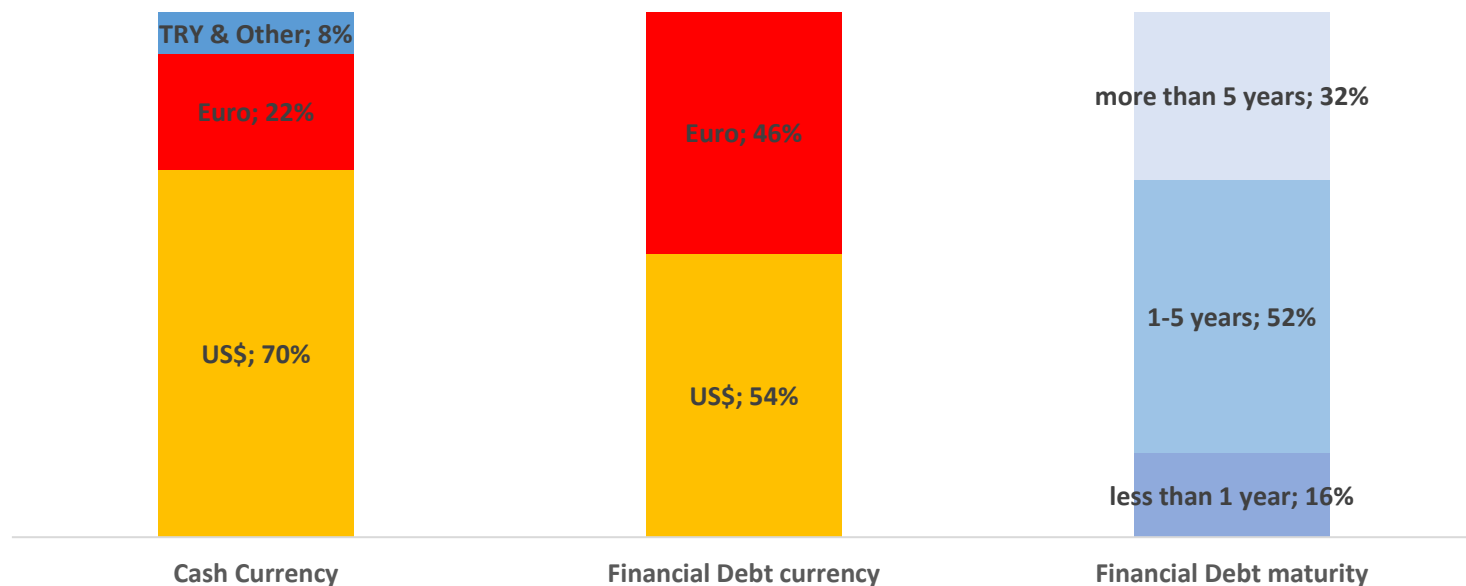
Liquidity remains strong despite the EUR103mn paid for margin calls on fuel hedges in Q1

EURmn	Mar 31, 2020	Dec 31, 2019
CASH & EQUIVALENTS	486	652
OTHER ASSETS	247	101
PRE DELIVERY PAYMENT	270	238
FIXED ASSETS	2,151	2,173
TOTAL ASSETS	3,154	3,165
LIABILITIES	774	746
BANK LOANS	196	114
LEASING LIABILITIES	1,494	1,503
SHAREHOLDERS' EQUITY	690	802
TOTAL LIA. & SH. EQUITY	3,154	3,165
Net Debt, EURmn	1,069	846
Net Debt/EBITDA TTM	1.8	1.5
CASH PER A/C, EURmn	5.8	8.0

Net Debt: Cash & equivalents + PDP/2 – Bank loans – Leasing liabilities

Cash & equivalents include EUR23mn non-current financial assets in Dec 31, 2019 and EUR27mn in Mar 31, 2020

Breakdown of currencies and financial debt maturity



HEDGING, RISK MANAGEMENT & SENSITIVITY

2020 consumption is hedged by 59%

HEDGE VOLUME AND PRICE

	2020FY	2021FY	2022FY
Hedge Ratio	59.3%	38.9%	1.9%
Hedged Price Range, \$/mt*	573-669	500-592	472-566
Brent Equivalent **	60-70	53-62	50-60

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

** 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

2020 3M P&L	↓0.1 *	↓0.1**	↑\$10
EURmn	EUR/TRY	EUR/USD	Jet Fuel/ton
Revenue	1.3	0.8	-
OPEX	1.1	1.1	1.4
EBIT	0.3	-0.3	-1.4
EBITDA	0.3	-0.3	-1.4

* eg: If EUR/TL decreases to 7.0 from 7.1 or vice versa ** eg: if €/€/\$ decreases from 1.11 to 1.10



2020 OUTLOOK

Our previously announced 2020 outlook remains withdrawn, no new guidance issued at the moment

	2020 Outlook
Capacity Increase (ASK)	12%-14%
Utilization (Block Hour)	Flat YoY
Domestic Load Factor	Flat YoY
International Load Factor	1.0-1.5 pp increase YoY
Year end # of A/C	10 A/C increase
Domestic Yield (TRY)	TRY10.0-15.0 YoY increase
International Yield (€)	Flat to slight YoY decrease
Ancillary Revenue per Pax (€)	EUR 1.0-1.5 YoY increase
Total CASK (€c.)	Flat YoY
Non-Fuel CASK (€c.)	c. %1.0 lower YoY
EBITDA Margin	32.0%-32.5%
Net income	€210mn - €250mn
* Average Brent oil price is assumed to be US\$65/bbl in 2020.	

Considering the flight restrictions in our operating geography related with the COVID-19 outbreak and the ongoing uncertainties with respect to its duration, we are currently unable to provide new guidance for 2020.

COVID-19: cash management measures and future preparations

- We suspended all domestic passenger flight operations until May 27 and all international passenger flight operations until May 31.

<u>Timeline of travel restrictions in our operating geography</u>			
Last week of February	14 March	27 March	28 March
Travel ban to Iran, Italy, Iraq	Travel ban to most of Europe	All international flights suspended	All domestic flights suspended

Measures taken on cash management

- Contingency plans are put in effect and are regularly reviewed to conserve cash and reduce costs inside our organization.
- Payroll cost is optimized with short-term employment allowance provided by the Government’s support package.
- Talking with all suppliers for deferring payments and re-negotiating permanent discounts in contracts.
- Fixed costs are pulled down with staff switching to remote working.
- Maintenance activity is rescheduled and optimized.
- Discretionary spending in administrative fields is cut down, non-critical projects and capex are postponed.

Preparations for the new business environment

- Priority will be on creating a totally hygienic environment for passengers and employees
- Digital experience and self-service will be further enhanced.
- Flexible booking options will be offered to passengers.
- Special ancillary offers will be designed.
- Cargo operations are restructured and being adapted to meet increasing demand.



APPENDIX



APPENDIX - OPERATIONAL & FINANCIAL HIGHLIGHTS

	2018 12M	2019 12M	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	Q1/Q1 YoY chg
TOTAL REVENUE (EURmn)	1,474	1,739	255	327	574	318	290	407	647	396	287	-1%
ANCILLARY REVENUE (EURmn)	357	459	73	85	108	91	93	107	143	116	100	8%
EBITDA (EURmn)*	391	580	21	64	270	36	42	131	314	93	41	-2%
EBITDA Margin*	26.5%	33.3%	8.2%	19.6%	47.1%	11.2%	14.5%	32.1%	48.6%	23.5%	14.4%	-0.1pp
PAX (mn)	30.6	30.8	6.9	7.8	8.8	7.1	6.9	7.4	8.8	7.6	6.2	-10%
LOAD FACTOR	87.3%	88.6%	86.5%	87.9%	89.4%	84.8%	86.9%	87.3%	91.3%	88.4%	86.6%	-0.3pp
ASK (bn)	39.9	43.9	8.6	9.8	11.8	9.7	9.5	10.8	12.7	10.9	8.8	-7%
AVERAGE STAGE LENGTH (km)	1,138	1,266	1,073	1,112	1,192	1,163	1,192	1,275	1,320	1,264	1,227	3%
AVERAGE FLEET	79	84	75	76	82	83	82	82	83	84	84	3%
RASK, (€)	3.69	3.96	2.96	3.33	4.88	3.28	3.07	3.76	5.08	3.62	3.25	6%
CASK, (€)	3.26	3.19	3.31	3.20	3.07	3.52	3.24	3.10	3.10	3.36	3.50	8%
Non-fuel CASK, (€)	2.08	2.06	2.23	2.04	1.85	2.29	2.14	1.96	1.95	2.24	2.37	11%
ANCILLARY PER PAX (€)	11.6	14.9	10.5	10.9	12.2	12.8	13.4	14.4	16.3	15.2	16.0	19%
EUR/US\$ rate (avg.)	1.18	1.12	1.23	1.19	1.16	1.14	1.14	1.12	1.11	1.11	1.10	-3%
EUR/TRY rate (avg.)	5.67	6.35	4.68	5.20	6.53	6.29	6.09	6.59	6.30	6.40	6.72	10%

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

APPENDIX - P&L Statement

P&L Statement	EURmn 2020 3M	EURmn 2019 3M	TRYmn 2020 3M	TRYmn 2019 3M
Sales	287	290	1,878	1,766
Cost of sales (-)	-290	-281	-1,959	-1,735
Gross profit	-3	9	-81	31
General administrative expenses (-)	-9	-15	-66	-78
Marketing expenses (-)	-10	-11	-71	-65
Other operating income	23	10	151	60
Other operating expenses (-)	-17	0	-120	-4
Operating profit	-17	-7	-187	-56
Income/expense from investing activities	0.0	0.1	0	0
Share of investments income accounted for using the equity method	1	1	5	3
Operating profit before financial expense	-16	-7	-182	-52
Financial income	4	5	26	31
Financial expense (-)	-50	-44	-338	-217
Profit / (loss) before tax	-62	-46	-494	-238
Current tax expense	0	0	0	0
Deferred tax income / (expense)	14	4	92	23
Profit / (loss) for the period	-49	-42	-402	-215



APPENDIX – Balance Sheet (assets & liabilities)

ASSETS	EURmn 2020 3M	EURmn 2019 12M	TRYmn 2020 3M	TRYmn 2019 12M	LIABILITIES	EURmn 2020 3M	EURmn 2019 12M	TRYmn 2020 3M	TRYmn 2019 12M
Current assets	920	916	6,636	6,089	Current liabilities	831	717	5,993	4,765
Cash and cash equivalents	459	630	3,310	4,187	Short term financial liabilities	196	114	1,412	758
Trade receivables	24	67	176	447	ST portion of long term financial liabilities	236	231	1,704	1,537
Other receivables	114	13	824	88	Trade payables	124	119	896	790
Derivative financial instruments	1	0	4	0	Employee benefit obligations	4	6	32	38
Inventories	11	11	82	75	Other payables	8	5	56	33
Prepaid expenses	309	192	2,227	1,276	Passenger flight liabilities	91	145	654	964
Current income tax assets	2	2	13	14	Derivative financial instruments	89	8	641	53
Other current assets	0.1	0.1	1	1	Deferred income	25	19	184	130
					Short term provisions	57	69	412	460
Non-Current assets	2,235	2,250	16,086	14,970	Other current liabilities	0.3	0.3	2	2
Financial assets	27	23	197	151	Non-Current liabilities	1,633	1,647	11,785	10,952
Other receivables	20	22	147	145	Long term financial liabilities	1,258	1,272	9,078	8,461
Investments accounted by using the equity method	9	9	63	57	Derivative financial instruments	24	0.2	176	2
Property and equipment	248	251	1,780	1,676	Deferred income	42	48	305	319
Intangible assets	13	12	90	80	Long term provisions	267	252	1,927	1,675
Right of use assets	1,783	1,790	12,843	11,907	Deferred tax liabilities	41	75	299	496
Prepaid expenses	134	144	966	955					
TOTAL ASSETS	3,154	3,165	22,723	21,059	TOTAL LIABILITIES	2,464	2,363	17,777	15,717

APPENDIX – Balance Sheet (Shareholders' equity)

	EURmn 2020 3M	EURmn 2019 12M	TRYmn 2020 3M	TRYmn 2019 12M
SHAREHOLDERS' EQUITY	690	802	4,946	5,342
Equity attributable to shareholders' of the parent	690	802	4,946	5,342
Paid-in share capital	61	61	102	102
Share premiums on capital stock	194	194	456	456
Currency translation differences	0	-7	0	0
Other	-73	-3	2,150	3,880
Retained and current year earnings	508	557	2,237	904
Non-controlling interest	0	0	0	0
TOTAL LIABILITIES AND EQUITY	3,154	3,165	22,723	15,292



APPENDIX – Cash Flow Statement

	EURmn 2020 3M	EURmn 2019 3M	TRYmn 2020 3M	TRYmn 2019 3M
A. CASH FLOWS FROM OPERATING ACTIVITIES	-680	239	-85	31
Net cash generated from operating activities	152	159	33	19
Changes in working capital	-832	80	-118	12
B. CASH FLOWS FROM INVESTING ACTIVITIES	-700	-122	-98	-20
Cash outflows from purchase of property, equipment and intangible assets	-15	-31	-2	-5
Changes in cash advances and payables	-685	-92	-96	-15
Proceeds from sale of aircraft	0	1	0	0
Other investing activities	0	0	0	0
C. CASH FLOWS FROM FINANCING ACTIVITIES	85	-716	7	-118
Repayment of principal in lease liabilities	-381	-311	-57	-51
Net Change in Exim loan	550	-307	76	-50
Interest & commission paid	-107	-122	-16	-20
Interest received	23	25	3	4
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	417	186	5	20
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	-878	-413	-171	-86
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	4,187	2,741	630	455
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	3,310	2,328	459	368

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



Thank you