



2021 Q4 RESULTS PRESENTATION
March 2022

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KEY HIGHLIGHTS

4Q21 ASK at 89%, pax at 77% and revenue at 75% of 4Q19 despite tighter travel restrictions with the Omicron variant.



Traffic

- 4Q21 total ASK at 89%, pax at 77% of 4Q19 despite Omicron woes and macro challenges. Total capacity recovery in 2021 reached 75%.
- Q4 domestic ASK at 88% and pax at 74% of 4Q19 on a LF of 80%.
- Int'l operation further gained ground in Q4 with ASK and pax reaching 89% and 80% of 4Q19, despite decisions by authorities to tighten border restrictions after Omicron.



Financial Performance

- Q4 revenues of EUR298mn grew 113% YoY and reached 75% of 4Q19. 12M revenues amounted to EUR1,025mn, up 63% YoY and at 59% of 12M19.
- Q4 topline was supported by strong ancillary performance. EUR17.6 ancillary revenue/pax in 4Q21 marks a record high.
- Q4 EBITDA at EUR74mn vs. EUR10mn in 4Q20 and EUR93mn in 4Q19. 25.0% margin in 4Q21 beat the 23.5% margin in 4Q19. 12M21 EBITDA at EUR254mn, up 175% YoY.



Liquidity

- Total cash reserve stands at EUR662mn as of 4Q21-end.
- Positive cash reserve after deducting total short and long term bank loans and debt instruments is at EUR66mn as of the end of 4Q21.
- EUR35mn cash burn realized in Q4 (EUR12m/month).



Outlook

- Pre-COVID strategy of favoring «growth in international operations» reinstalled.
- Capacity plans are for 2022 ASK production to be «at least» equal to 2019 production.
- Fleet size is at 90 aircraft as of 2021 year-end. 2022 year-end fleet size is estimated at 101 A/C.



OPERATING ENVIRONMENT

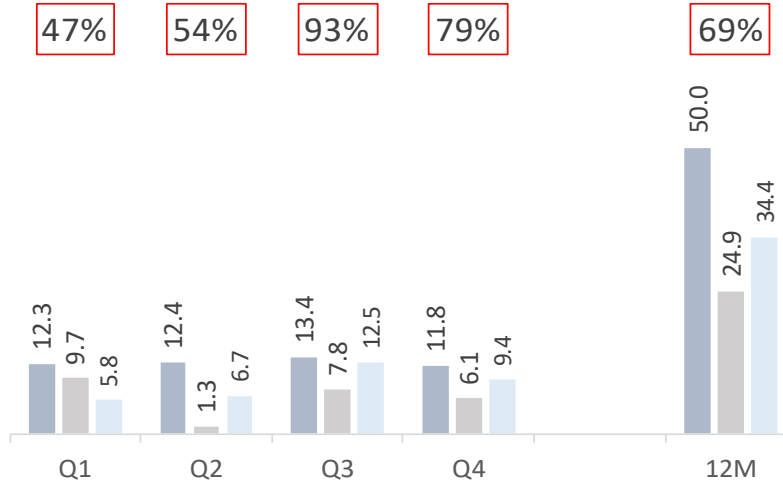
Int'l passenger demand continued its recovery in 4Q21 despite Omicron woes.

TÜRKİYE PAX. (mn)

'21 as % of '19

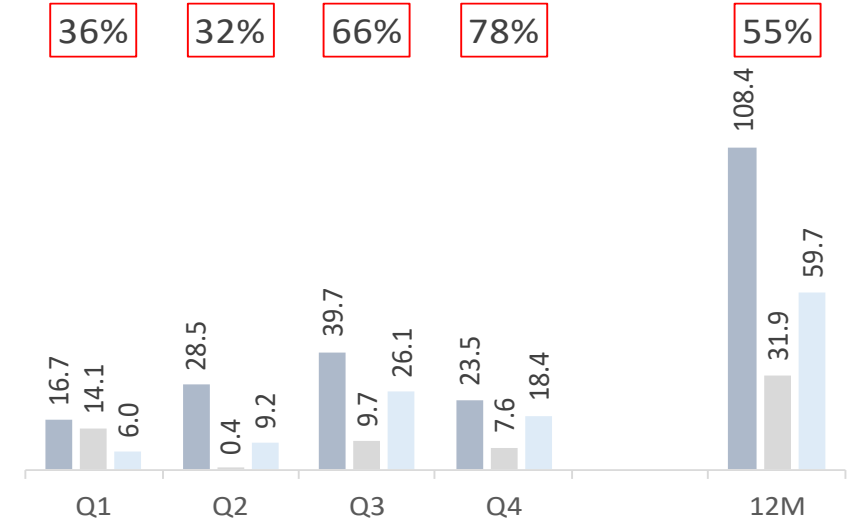
Domestic

■ 2019
■ 2020
■ 2021



International

■ 2019
■ 2020
■ 2021

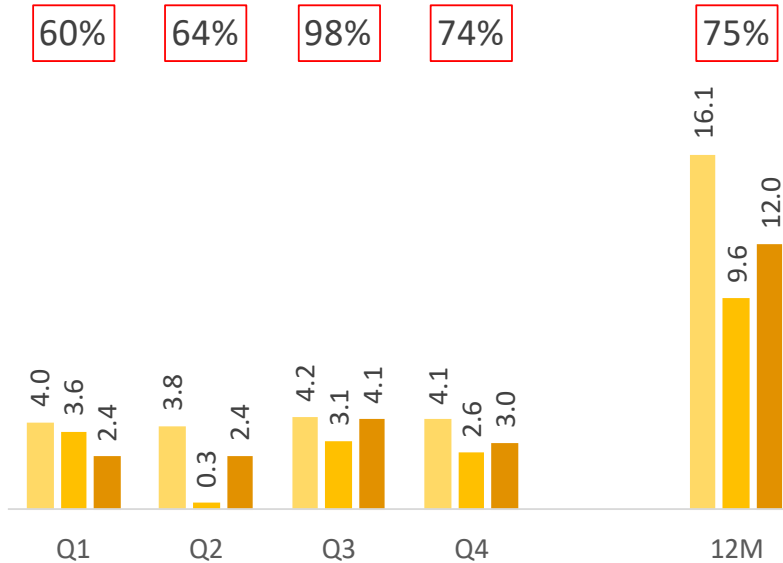


PEGASUS PAX. (mn)

'21 as % of '19

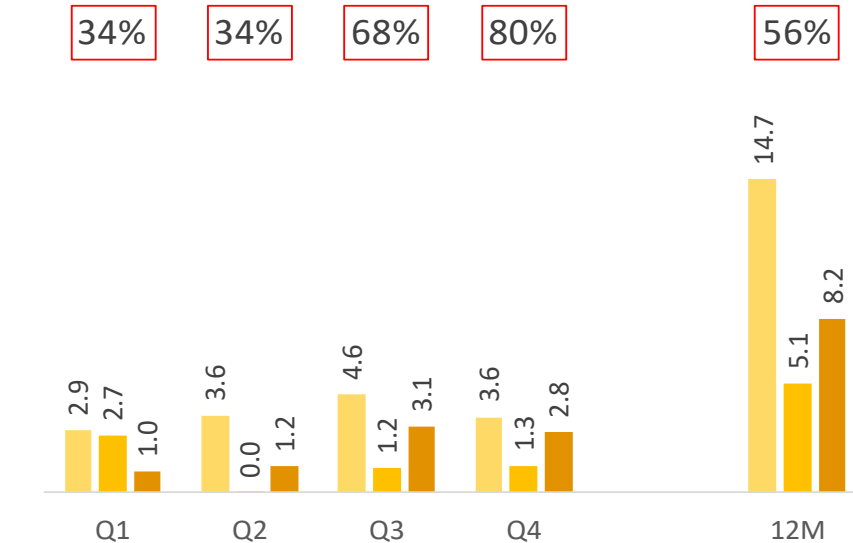
Domestic

■ 2019
■ 2020
■ 2021



International

■ 2019
■ 2020
■ 2021



Türkiye passenger data is taken from General Directorate of State Airports Authority, domestic passengers are divided by 2 in order to avoid double counting. Pegasus figures reflect booked passengers, international pax includes charter pax

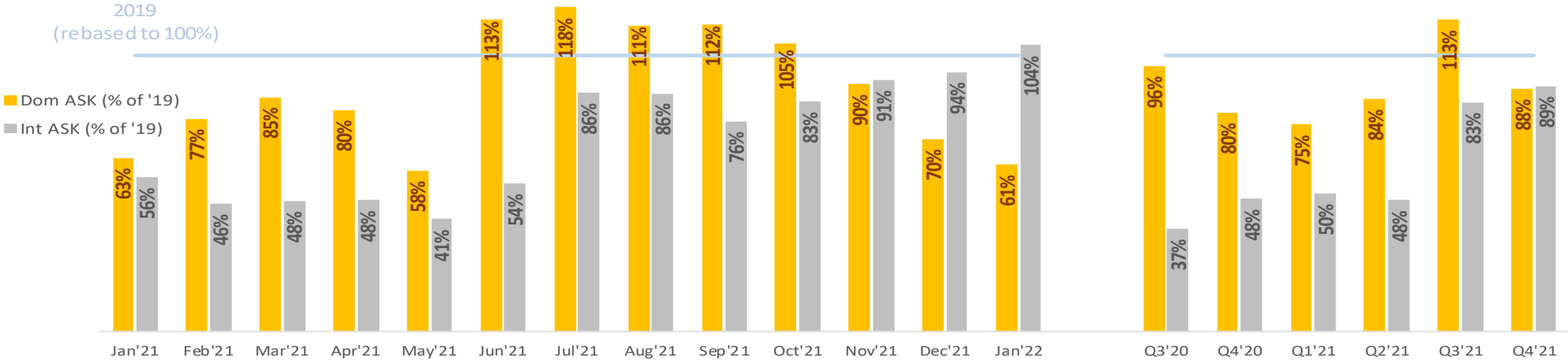


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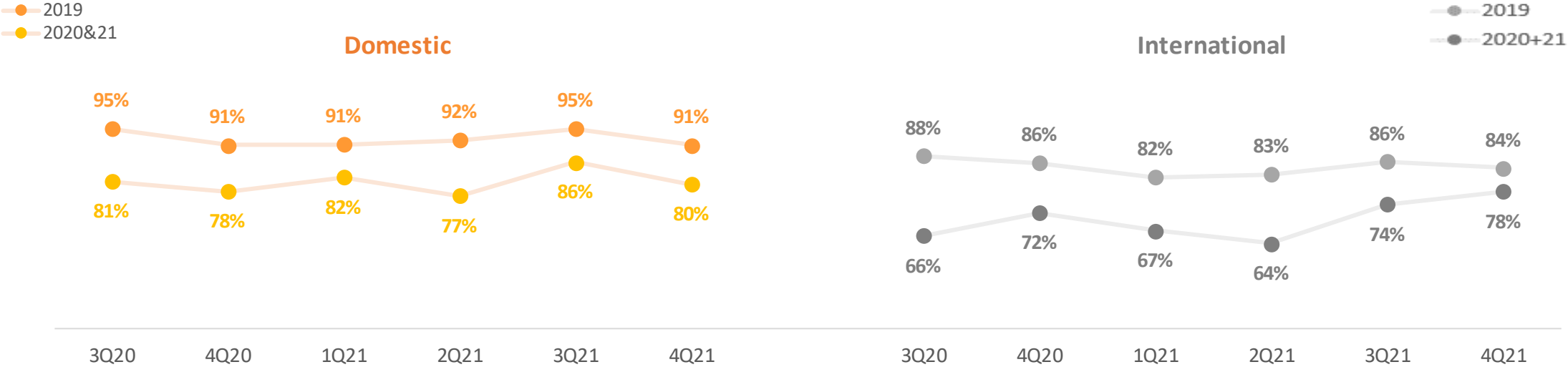
OPERATING ENVIRONMENT

Pre-COVID strategy of prioritizing «international growth» reinstalled.

Pegasus, ASK



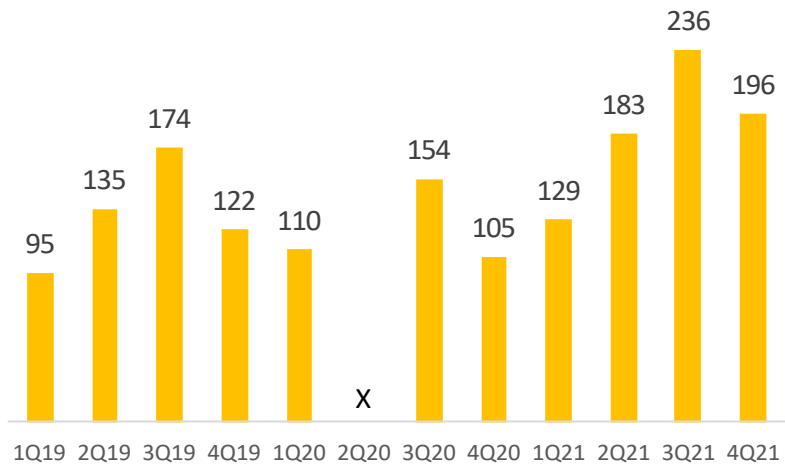
Pegasus, Load Factor



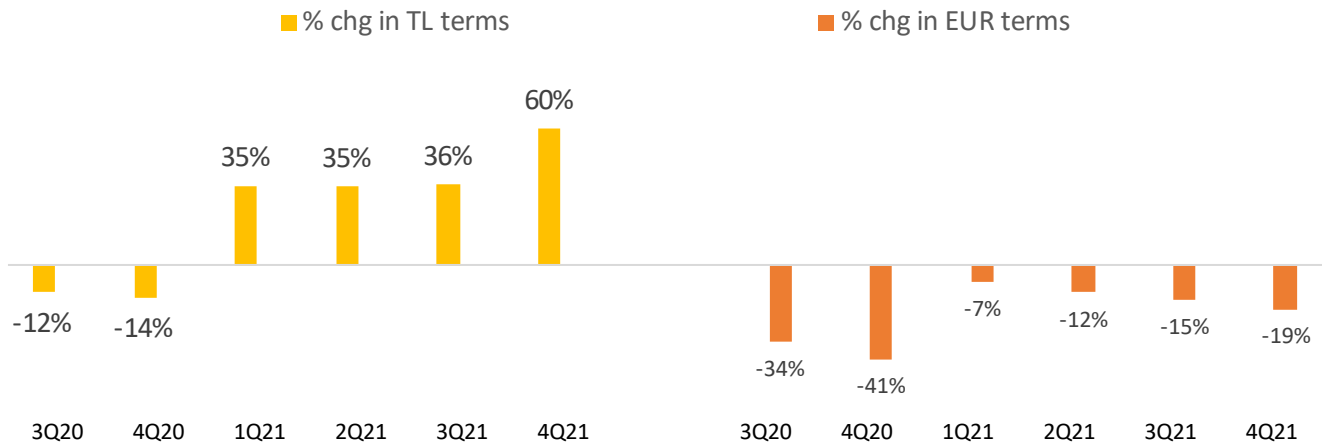
OPERATING ENVIRONMENT

International pax yield further accelerated towards pre-COVID levels in 4Q21.

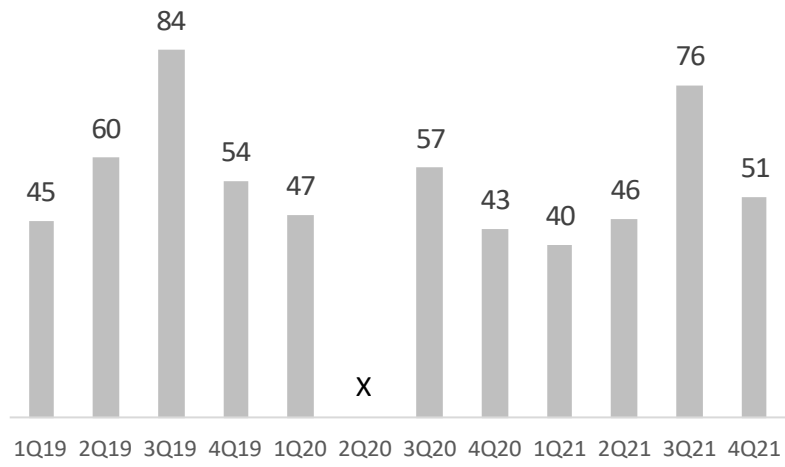
Yield/pax - Sch. Domestic (TL)



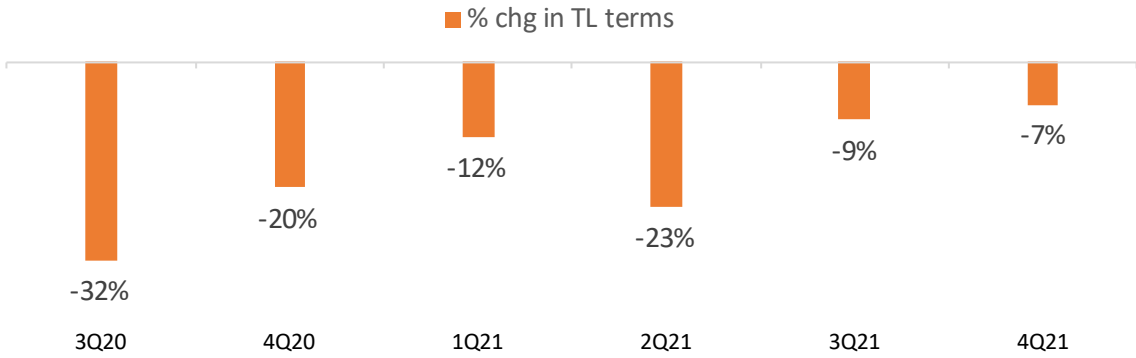
Sch. Domestic Yield/pax - % chg. vs 2019



Yield/pax - Sch. Int'l (EUR)



Sch. Int'l Yield/pax - % chg. vs 2019



SUMMARY 2021 Q4 and 12M FINANCIAL HIGHLIGHTS

Bottom-line loss narrowed from EUR69mn in 4Q20 to EUR40mn in 4Q21.

EURmn	2019 Q4	2020 Q4	2021 Q4	'21 vs '19 % ch.	2019 12M	2020 12M	2021 12M	'21 vs '19 % ch.
Revenues	396	140	298	-25%	1,739	630	1,025	-41%
Costs	367	209	296	-19%	1,403	809	1,040	-26%
EBITDA	93	10	74	-20%	580	93	254	-56%
Net profit/loss	12	-69	-40	n.m.	212	-211	-150	n.m.

- Strong traffic performance seen in the peak of the summer season extended into 4Q21. Omicron variant re-triggered some tightening in border restrictions in December, but overall impact on demand remained subdued.
- Management resumed the pre-COVID strategy of «favoring international growth». Share of seats supplied to international business in total reached 49% in 4Q21, the highest level in the pandemic.
- On a YoY basis (4Q21 vs. 4Q20), with pax volumes growing by 52% and yield recovery accelerating, Pegasus recorded 113% revenue growth. When indexed to 4Q19, while pax volumes reached 77%, revenue recovery stood at 75%.
- Total **RASK** was EURc3.08 in 4Q21 and EURc3.10 in 12M21, at 85% of 4Q19 and 78% of 12M19.

- On a YoY basis (4Q21 vs. 4Q20), total costs increased by 42% in 4Q21, far less than the topline growth.
- When compared to 4Q19, total costs were 19% lower. Cash fixed costs were down by 42%.
- Total **CASK** was EURc3.06 in 4Q21 (-9% vs 4Q19) and EURc3.15 in 12M21 (-1% vs 12M19).

- 4Q21 bottom-line read EUR40mn loss compared to the EUR69mn loss recorded in 4Q20. EUR22mn net interest expenses and EUR22mn net FX losses were recorded in 4Q21.

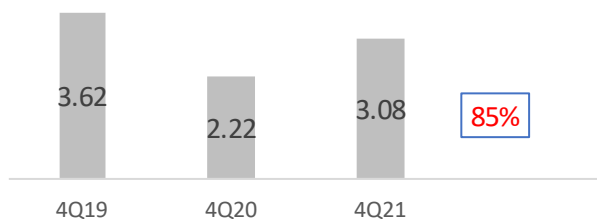


SUMMARY 2021 Q4 FINANCIAL HIGHLIGHTS

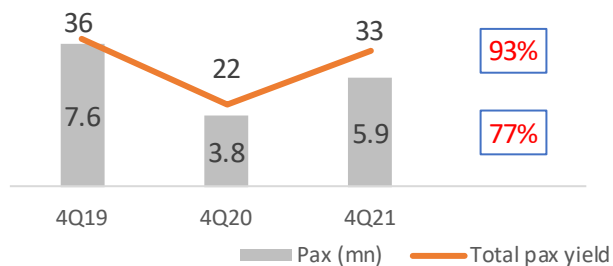
4Q21 RASK was at 85% of 4Q19 while total CASK was at 91%.

'21 as
% of '19

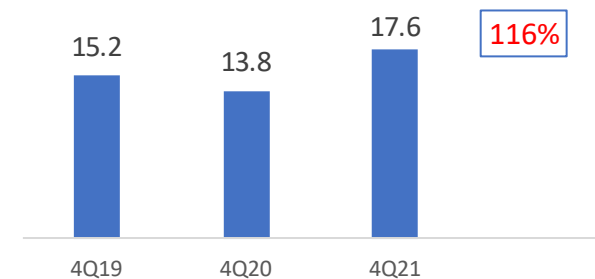
RASK (EURc)



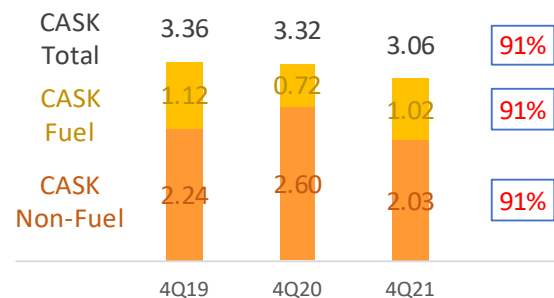
PAX (mn) & Yield (EUR)



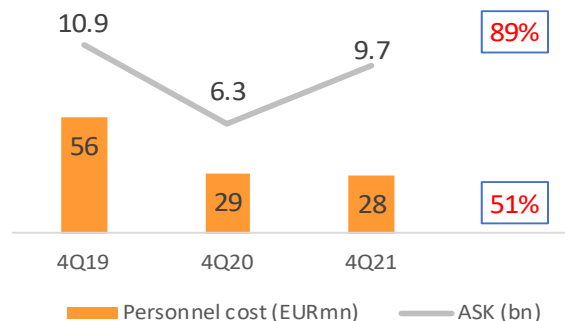
Ancillary revenue/pax (EUR)



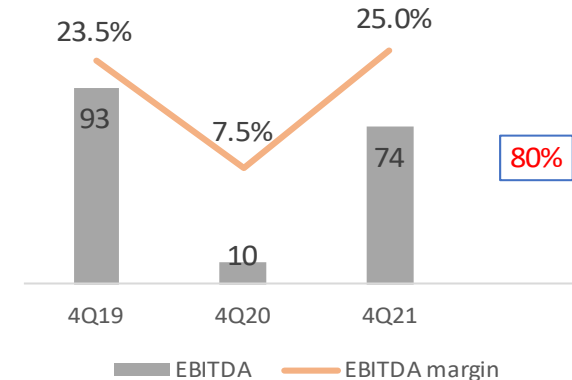
CASK (EURc)



Staff Cost (EURmn) vs. ASK (bn)



EBITDA (EURmn)



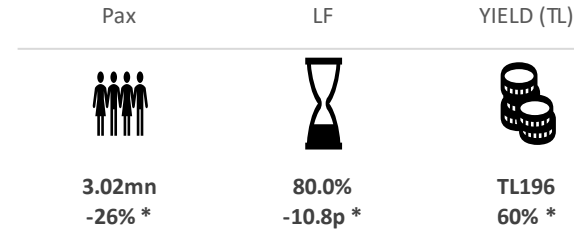
REVENUES

International passenger yields continued to trend up in 4Q21.

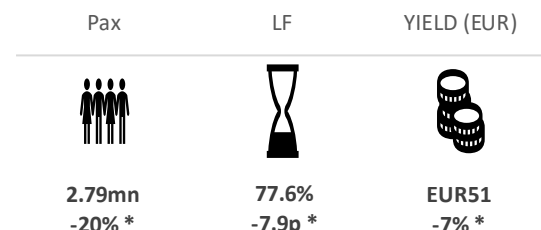
EURmn	Q4'19	Q4'20	Q4'21
TOTAL REVENUES	396	140	298
Domestic scheduled	78	29	50
International scheduled	190	52	141
Ancillary	116	53	103
Charter and Other	12	6	3

EURmn	12M'19	12M'20	12M'21
TOTAL REVENUES	1,739	630	1025
Domestic scheduled	336	156	226
International scheduled	884	242	466
Ancillary	459	213	315
Charter and Other	61	18	17

Domestic Sch.– 4Q21

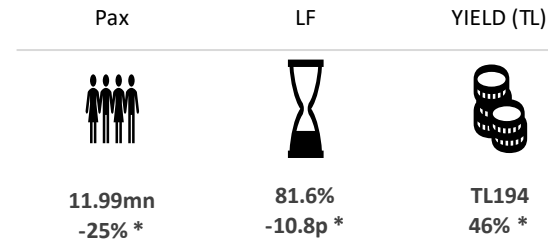


Int'l Sch. – 4Q21

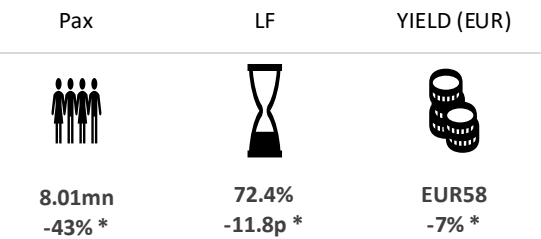


* % changes are calculated over 4Q19

Domestic Sch. – 12M21



Int'l Sch. – 12M21

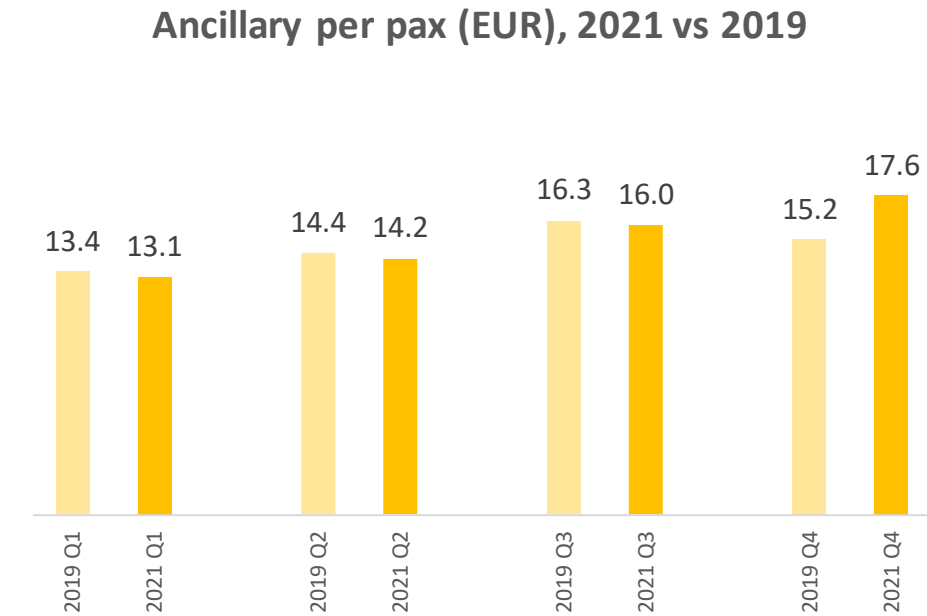
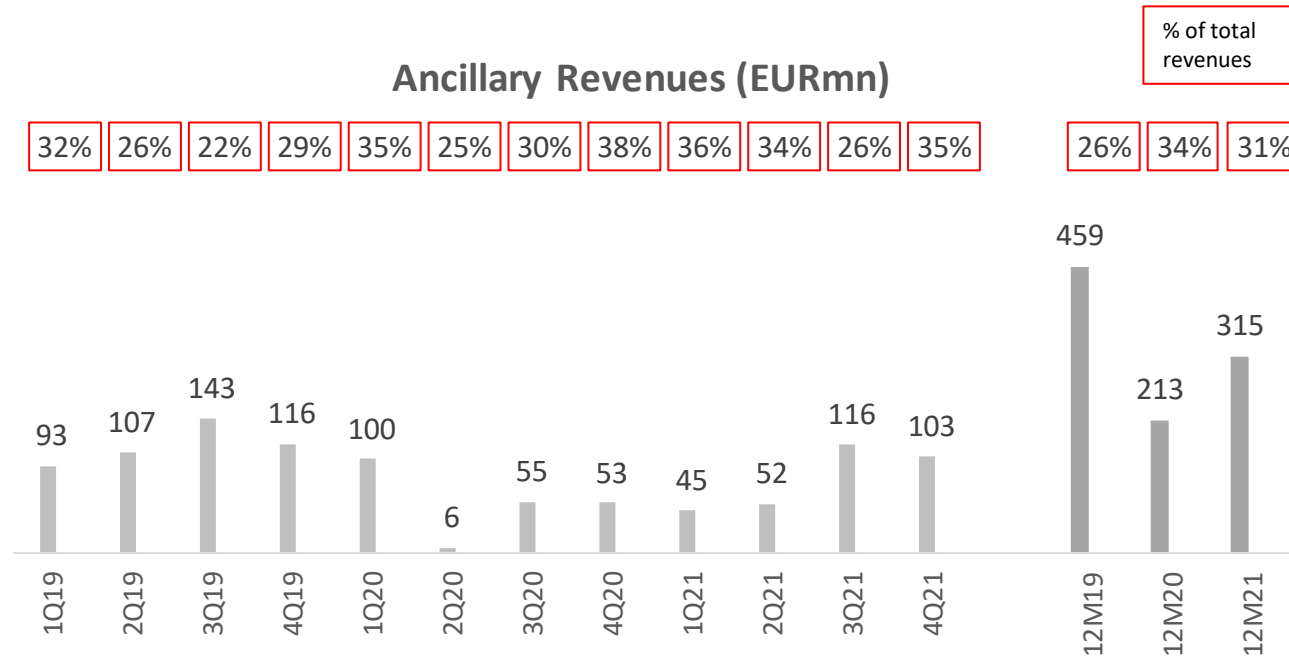


* % changes are calculated over 4M19



ANCILLARY REVENUES

EUR17.6 ancillary revenue/pax in 4Q21 marks a record high.



COSTS

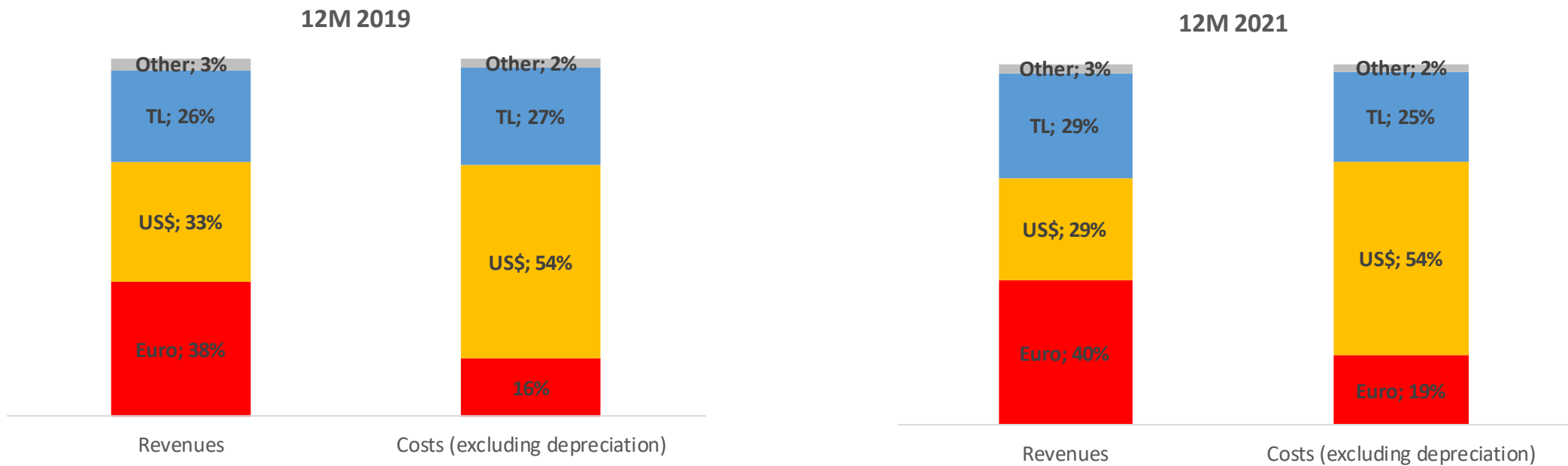
4Q21 cash fixed costs were 42% lower compared to 4Q19.

EURmn	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	'21 vs '19 % ch.	2019 12M	2020 12M	2021 12M	'21 vs '19 % ch.
Fixed Costs	121	121	144	139	128	88	98	122	103	103	129	116	-16%	524	437	452	-14%
Depreciation and amort.	58	59	63	64	64	64	65	80	66	65	66	73	14%	244	272	269	11%
Personnel	50	48	67	56	50	18	25	29	25	26	50	28	-49%	222	122	129	-42%
Overhead	7	7	8	13	10	4	6	7	6	6	8	8	-38%	35	27	28	-20%
Other fixed costs	5	7	5	6	5	2	3	7	6	5	6	7	22%	23	17	25	9%
Operating costs	186	214	251	228	181	11	93	87	91	103	215	180	-21%	880	372	588	-33%
Jet fuel	104	123	147	122	100	4	51	45	42	49	110	99	-19%	497	200	301	-39%
Handling fees	23	27	34	29	23	1	15	15	13	16	30	24	-16%	113	54	83	-27%
Maintenance	14	12	7	28	15	2	3	3	12	11	17	18	-36%	61	23	58	-5%
Navigation	19	23	27	23	19	0.9	13	12	12	13	26	21	-10%	92	45	71	-23%
Landing	10	13	16	12	9	0.3	5	5	5	6	13	10	-16%	50	20	34	-33%
Pax service and catering	3	3	5	4	3	0.1	1	1	1	1	3	2	-45%	15	5	7	-51%
Commission	5	6	7	4	5	0.2	1	1	1	2	7	3	-26%	22	8	13	-39%
Other operating costs	7	7	9	6	7	2	4	4	5	5	8	3	-52%	29	17	21	-28%
TOTAL COSTS	306	335	395	367	309	100	191	209	194	206	344	297	-19%	1403	809	1,041	-26%



CURRENCY BREAKDOWN – OPERATIONAL PERSPECTIVE

Share of TL in revenues and share of TL in costs are nearly even.



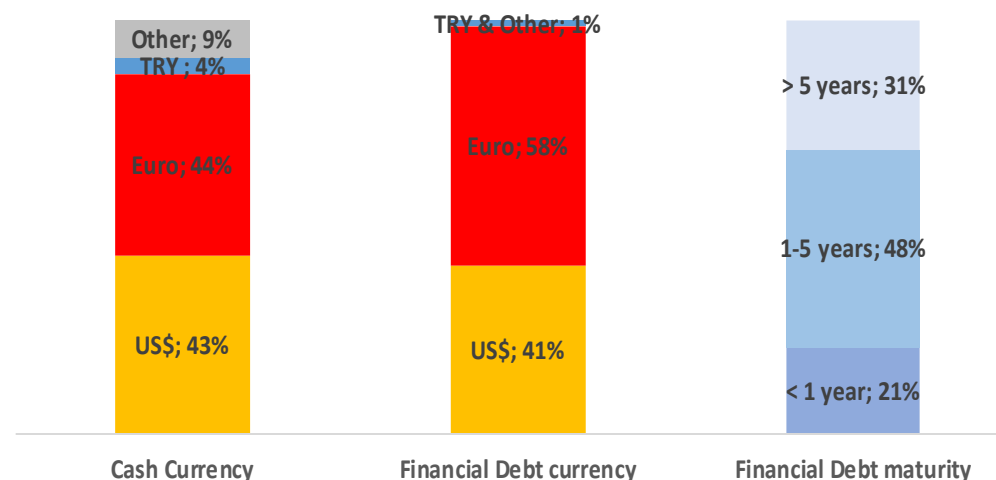
LIQUIDITY

Total cash reserve stands at EUR662mn as of 4Q21-end.

EURmn	Mar 31, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021	Dec 31, 2021
CASH & EQUIVALENTS	486	426	424	701	759	662
OTHER ASSETS	247	101	94	157	133	109
PRE DELIVERY PAYMENT	270	208	190	216	289	295
FIXED ASSETS	2,151	2,491	2,556	2,542	2,485	2,536
TOTAL ASSETS	3,154	3,226	3,265	3,616	3,666	3,602
LIABILITIES	774	519	519	647	655	642
BANK LOANS and DEBT INSTRUMENTS	196	283	333	641	671	596
LEASING LIABILITIES	1,494	1,828	1,903	1,876	1,832	1,901
SHAREHOLDERS' EQUITY	690	597	510	451	508	462
TOTAL LIA. & SH. EQUITY	3,154	3,226	3,265	3,616	3,666	3,602
Net Debt, EURmn	1,069	1,580	1,716	1,709	1,599	1,688

Net Debt: Cash & equivalents + PDP/2 – Bank loans – Leasing liabilities
Cash & equivalents include short and long-term financial assets

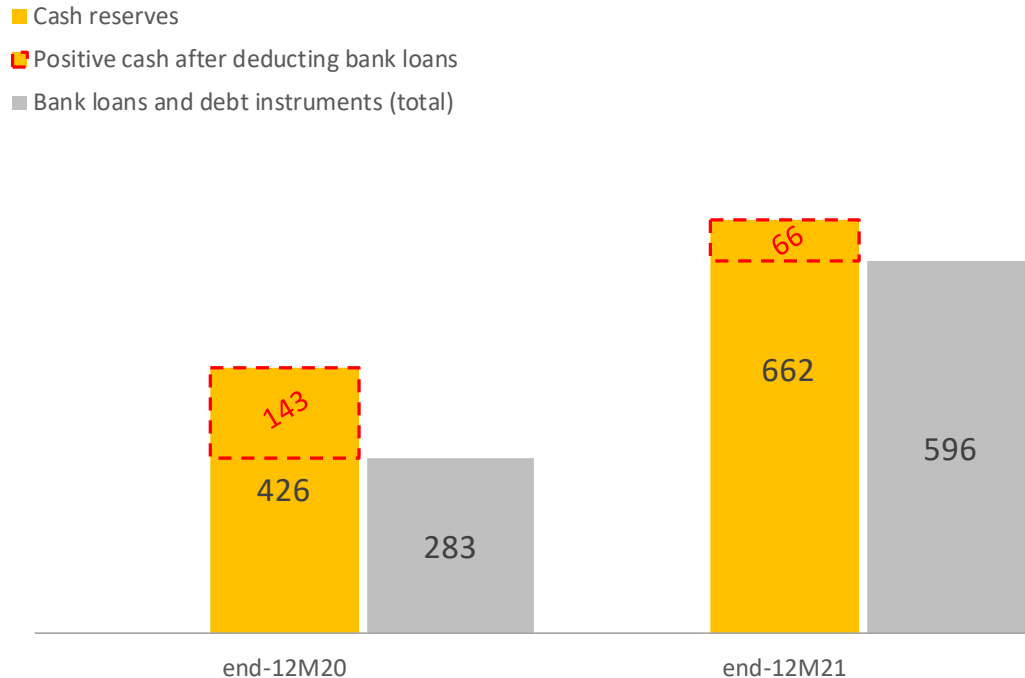
Breakdown of currencies and financial debt maturity



CASH RESERVES

Positive cash reserves are at EUR66mn as of the end of 2021.

Cash reserves vs. Loans



- Total cash reserves are at EUR662mn as of the end of 4Q21, compared to EUR426mn at the end of 2020.
- Positive cash reserve after deducting short and long term bank loans stands and issued debt instruments at EUR66mn as of the end of 4Q21, compared to EUR143mn at the end of 2020 and EUR101mn at the end of 3Q21.
- EUR35mn cash burn realized in Q4 (EUR12m/month).

- Cash reserves include short and long term financial assets.
- Interest accruals (EUR13mn) are excluded from total bank loans.



FLEET DEVELOPMENT

Fleet size is at 90 aircraft at the end of 2021.

FLEET (as of December 31, 2021)

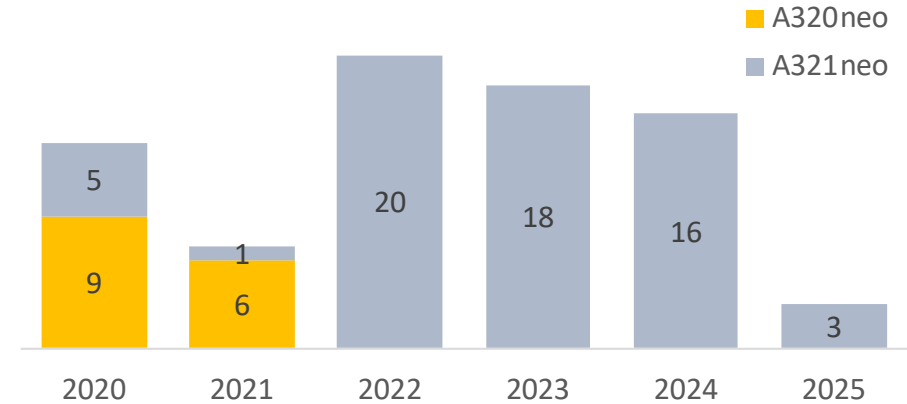
	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	-	14	11	25
Airbus A320ceo	-	-	11	11
Airbus A320neo	-	40	6	46
Airbus A321neo	-	8	-	8
Total	-	62	28	90

FLEET INFORMATION

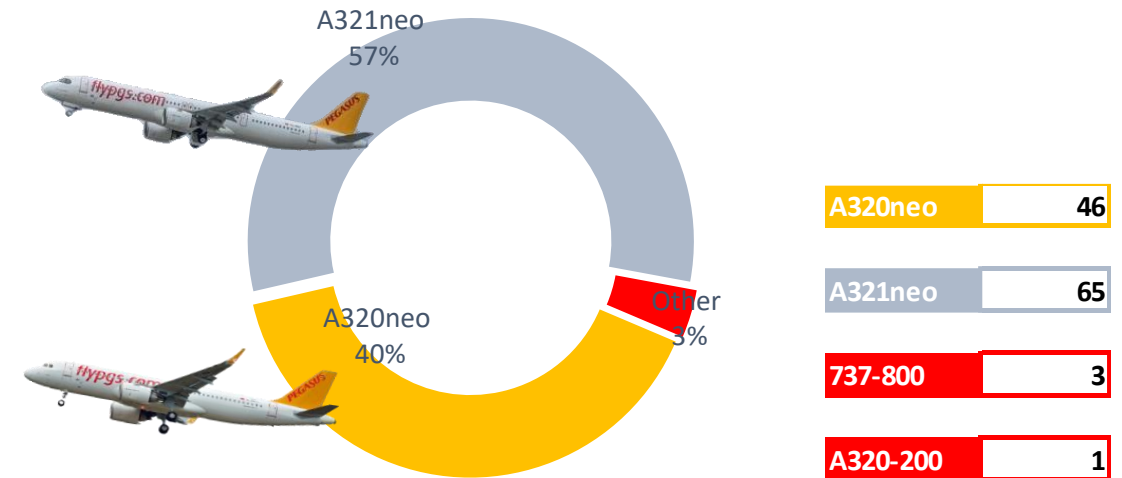
- Youngest fleet in Turkey and one of the youngest among LCCs: **5.0 years**.
- **42 A320neo** and **64 A321neo** on order.
- Fleet size will be **101 aircraft** at the end of 2022.
 - ✓ **20 A321neo** will be delivered
 - ✓ **5 A320-200** and **4 737-800** will be redelivered
- After 2021, all aircraft deliveries will be of **A321neo type**.
 - ✓ **Average seat of the fleet** will increase from **190** in 2020 to **216** in 2025



ORDER BOOK (2019-2025)



FLEET (2025YE)



HEDGING, RISK MANAGEMENT & SENSITIVITY

2022 estimated jet fuel consumption is hedged by 42%.

HEDGE VOLUME AND PRICE

	2022FY	2023FY
Hedge Ratio	42%	26%
Hedged Price range, \$/mt	560-725	574-751
Brent equivalent*	59-76	60-79

Price ranges are calculated by using market data of December 31, 2021

** 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.



Pegasus Airlines committed to achieve “Net Zero Carbon Emissions by 2050”.

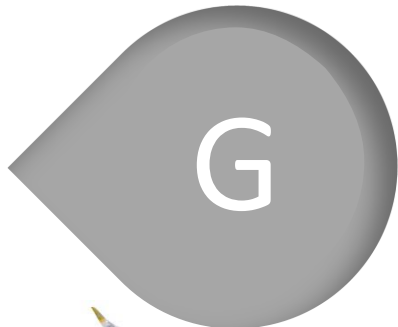
NET
ZERO
2050



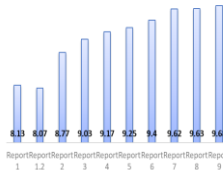
- Committed to achieve ‘Net Zero Carbon Emissions by 2050’.
- Mid-term carbon intensity target to reduce carbon emissions per RPK by 20% by 2030 compared to 2019 levels.
- Awarded ‘B’ score by the CDP for climate change.
- In compliance with the Corsia, EU ETS ve UK ETS regulations.
- Fleet Modernization: Operating a young fleet at 5.0 years of average age. Share of fuel-efficient new generation Airbus NEOs in total seats is currently at 61% and will reach above 90% in 2024.
- Participating to ‘Zero Waste’ project - recycled 5.6 tons of waste/month in 2021.
- Certified with ISO 14001 Environmental Management certificate.



- First airline in Türkiye to sign UN Global Compact in 2019 and a volunteer in the Early Adopter programme.
- Low-cost network carrier business model, making air travel accessible to wider communities across a network of 120 destinations in 44 countries as of 2021-end.
- As “Digital Airline of Türkiye”, full utilization of the benefits of technology in all processes, exploiting technological developments to make lives and work of the passengers and employees easier.
- Personal development programs for employees focusing on professional, personal and management skills.
- Workplace actions covering our way of work, communication, processes and how we work together.
- Certified with ISO 45001 Occupational Health and Safety certificate.



- Highest ranking aviation company in the BIST Corporate Governance Index, rated at 96.8% in 2021. Pegasus is the only member of the index to have obtained a qualifying corporate governance compliance rating within the same year of its IPO. This rating constantly improved over the years.
- Set Board Policy for 25% female representation by 2025 in alignment with IATA’s ‘25by2025’ initiative.
- Pegasus is the first airline to join the UN Women’s Empowerment Principles, is a member at the Turkish General Directorate of Civil Aviation Gender Balance Development Commission and has partnerships with NGOs in the area of gender equality.



HIGHLIGHTS and FINANCIAL STATEMENTS



OPERATIONAL & FINANCIAL HIGHLIGHTS

	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	2021 Q4	Q4/Q4 YoY chg	2019 12M	2020 12M	2021 12M	12M/12M YoY chg
TOTAL REVENUE (€mn)	290	407	647	396	287	22	181	140	123	155	450	298	113%	1,739	630	1,025	63%
ANCILLARY REVENUE (€mn)	93	107	143	116	100	6	55	53	45	52	116	103	95%	459	213	315	48%
EBITDA (€mn)	42	131	314	93	41	-14	55	10	-5	14	172	74	611%	580	93	254	175%
EBITDA Margin	14.5%	32.1%	48.6%	23.5%	14.4%	-61.9%	30.1%	7.5%	-4.5%	9.0%	38.1%	25.0%	17.5pp	33.3%	14.7%	24.8%	10.1pp
PAX (mn)	6.90	7.41	8.80	7.64	6.23	0.36	4.28	3.84	3.41	3.67	7.24	5.85	52%	30.8	14.7	20.2	37%
LOAD FACTOR	86.9%	87.3%	91.3%	88.4%	86.6%	70.6%	76.1%	75.0%	76.8%	72.1%	80.6%	78.9%	3.9pp	88.6%	79.7%	77.8%	-2.0pp
ASK (bn)	9.5	10.8	12.7	10.9	8.8	0.5	6.6	6.3	5.6	6.3	11.6	9.7	54%	43.9	22.3	33.1	48.4%
AVG. STAGE LENGTH (km)	1,192	1,275	1,320	1,264	1,227	1,009	1,180	1,230	1,232	1,212	1,286	1,306	6%	1,266	1,207	1,276	6%
RASK, (€c)	3.07	3.76	5.08	3.62	3.25	4.30	2.73	2.22	2.21	2.47	3.89	3.08	38%	3.96	2.83	3.10	10%
CASK, (€c)	3.24	3.10	3.10	3.36	3.50	19.43	2.88	3.32	3.49	3.29	2.98	3.06	-8%	3.19	3.63	3.15	-13%
Non-fuel CASK, (€c)	2.14	1.96	1.95	2.24	2.37	18.62	2.12	2.60	2.73	2.50	2.02	2.03	-22%	2.06	2.74	2.23	-18%
ANCILLARY PER PAX (€)	13.4	14.4	16.3	15.2	16.0	15.6	12.8	13.8	13.1	14.2	16.0	17.6	28%	14.9	14.5	15.6	8%
EUR/US\$ rate (avg.)	1.14	1.12	1.11	1.11	1.10	1.10	1.17	1.19	1.21	1.20	1.18	1.14	-4%	1.12	1.14	1.18	3%
EUR/TRY rate (avg.)	6.09	6.59	6.30	6.40	6.72	7.54	8.41	9.37	8.88	10.07	10.06	12.70	35%	6.35	8.01	10.43	30%



P&L STATEMENT

P&L STATEMENT, EURmn	2020 Q4	2021 Q4	2020 12M	2021 12M
Sales	140	298	630	1,025
Cost of sales	-194	-273	-753	-971
Gross profit	-54	25	-123	53
General administrative expenses (-)	-11	-18	-35	-43
Marketing expenses (-)	-5	-6	-21	-26
Other operating income	12	2	44	2
Other operating expenses (-)	36	-5	-1	-9
Operating profit	-22	-1	-136	-22
Income/expense from investing activities	-22	3	-22	1.3
Share of investments income (equity method)	0.1	-0.2	2	1.0
Operating profit before financial expense	-44	2	-156	-19
Financial income	22	4	48	14
Financial expense (-)	-51	-49	-110	-153
Profit / (loss) before tax	-73	-44	-218	-158
Current tax expense	0	0	0	0
Deferred tax income / (expense)	4.1	4	7	8
Profit / (loss) for the period	-69	-40	-211	-150



BALANCE SHEET

ASSETS, EURmn	2020 12M	2021 12M	LIABILITIES, EURmn	2020 12M	2021 12M
Current assets	613	864	Current liabilities	722	864
Cash and cash equivalents	400	475	Short term financial liabilities	433	529
Financial assets	18	39	Trade payables	101	129
Trade receivables	22	23	Passenger flight liabilities	57	100
Other receivables	10	9	Derivative financial instruments	10	0
Derivative financial instruments	1	8	Short term provisions	91	71
Inventories	10	10	Other current liabilities	30	35
Prepaid expenses	141	275	Non-Current liabilities	1,907	2,276
Other current assets	11	26	Long term financial liabilities	1,678	1,968
Non-Current assets	2,613	2,738	Derivative financial instruments	0.4	0.0
Financial assets	8	148	Deferred income	35	28
Other receivables	23	26	Long term provisions	126	216
Derivative financial instruments	0	3	Deferred tax liabilities	67	63
Investments (equity method)	9	7	SHAREHOLDERS' EQUITY	597	462
Property and equipment	159	126	Paid-in share capital	61	61
Intangible assets	12	13	Share premiums on capital stock	194	194
Right of use assets	2,196	2,226	Other	-4	12
Prepaid expenses	207	189	Retained earnings and net profit/loss	346	196
TOTAL ASSETS	3,226	3,602	TOTAL LIABILITIES AND EQUITY	3,226	3,602



CASH FLOW STATEMENT

CASH FLOW STATEMENT, EURmn	2020 12M	2021 12M
A. CASH FLOWS FROM OPERATING ACTIVITIES	49	354
Net cash generated from operating activities	80	267
Changes in working capital	-32	87
B. CASH FLOWS FROM INVESTING ACTIVITIES	-46	-292
Cash payments to acquire debt instruments of other entities	-5	-134
Proceeds from sale of property, equipment and intangible assets	12	4
Interest received from financial investment	1	2
Changes in cash advances and payables	-55	-144
Other cash changes	0	-20
C. CASH FLOWS FROM FINANCING ACTIVITIES	-171	84
Increase in borrowings	260	416
Repayment of borrowings	-155	-46
Repayment of principal in lease liabilities	-230	-210
Interest and commission paid	-55	-95
Interest received	9	19
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	-61	-71
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	-229	75
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)	400	475



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



Thank you