



2019 Q2 RESULTS PRESENTATION

August, 9th 2019

our lowest fares are @

flypgs.com | **PEGASUS**

KEY HIGHLIGHTS - 2019 Q2 & H1

Expansion in operating performance continues

Revenues, EUR
Q2: 407mn ↑25%
H1: 697mn ↑20%
➤ Q2 Int'l sch. rev.: ↑41%



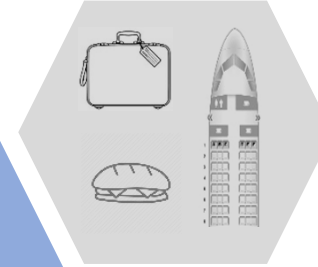
EBITDA Margin
Q2: 32.1% ↑12.5pp
H1: 24.8% ↑10.2pp
✓ RECORD HIGH!



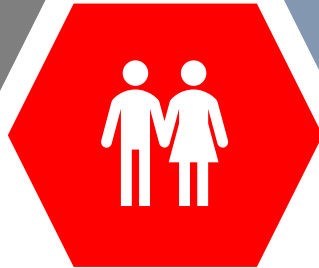
CASK non-fuel,€
Q2: 2.24 EURc ↓-3%
H1: 2.33 EURc ↓-3%
➤ H1 Total CASK: ↓1%



Ancillary Per Pax, €
Q2: 14.9 EUR ↑33%
H1: 14.4 EUR ↑31%
✓ RECORD HIGH!



International Sch. PAX
Q2: 3.4mn ↑22%
H1: 6.2mn ↑18%
➤ H1 Total pax: ↓3.5%



International Sch. ASK
Q2: 6.8bn ↑30%
H1: 12.4bn ↑26%
➤ H1 Total ASK: ↑8.5%



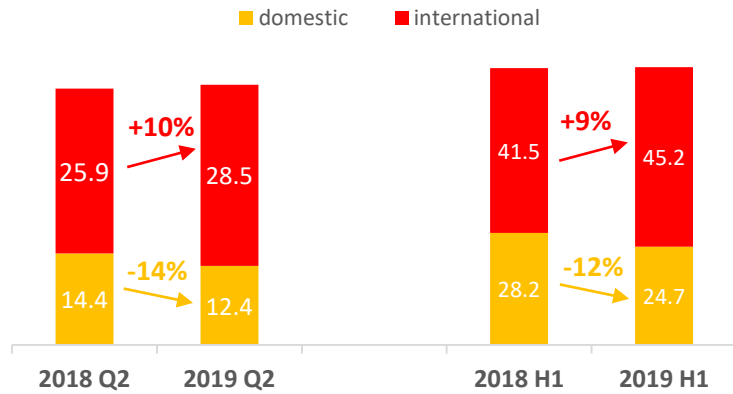
Int'l Sch. Load Factor
Q2: 80.0% ↓0.6pp
H1: 79.7% ↓0.8pp
✓ June Int'l LF: ↑3pp



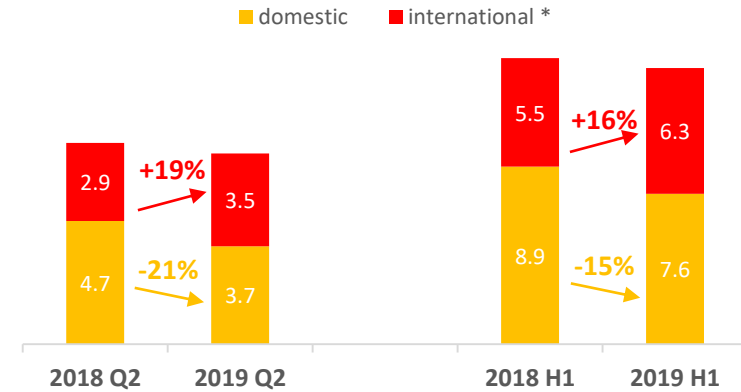
OPERATING ENVIRONMENT

Strong growth in international passengers continued in Q2 2019

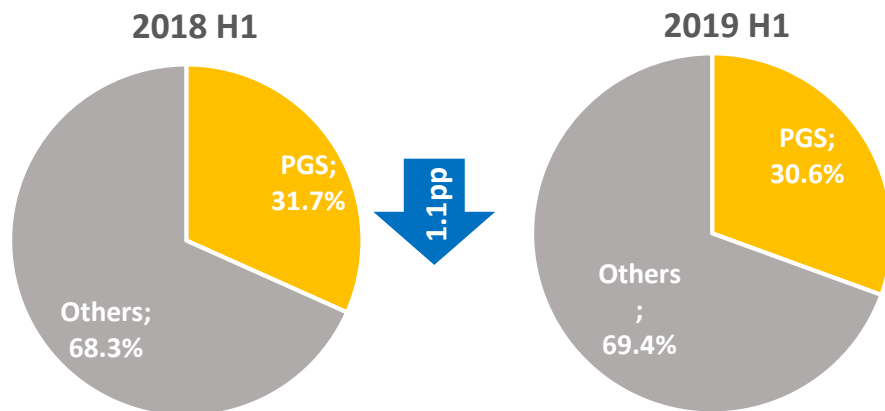
PASSENGERS, Turkey (mn)



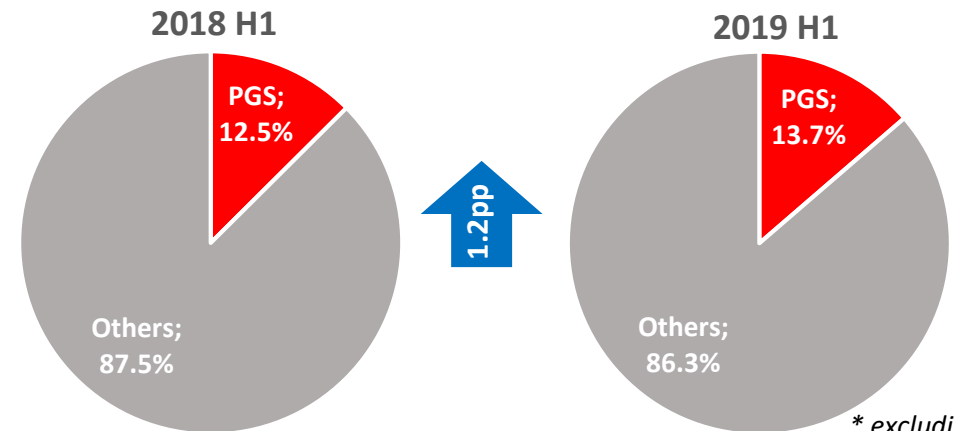
PASSENGERS, PGS (mn)



Market Share, Domestic



Market Share, International*



* excluding Air Manas



Source : General Directorate of State Airports Authority

ROUTE NETWORK

New Routes year-to-date: Baku, Basra, Venice, Riyadh, Manchester, Eindhoven, Casablanca



2012YE
27 Countries
60 Destinations
23 Domestic, 37 Int'l

CURRENT
42 Countries
111 Destinations
35 Domestic, 76 Int'l



FLEET DEVELOPMENT

Majority of the planned deliveries for 2019 were made ahead of the peak season

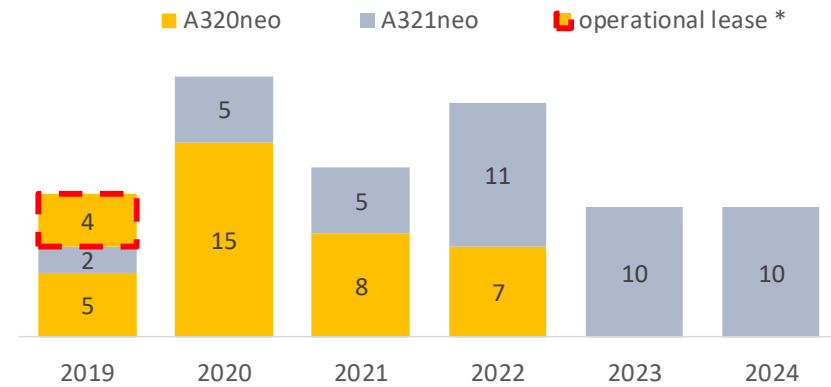
FLEET (as of August 8th, 2019)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	16	20	39
Boeing 737-400	1	-	-	1
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	27	4	31
Airbus A321neo	-	-	-	-
Total	4	43	36	83

FLEET INFORMATION (as of August 8th, 2019)

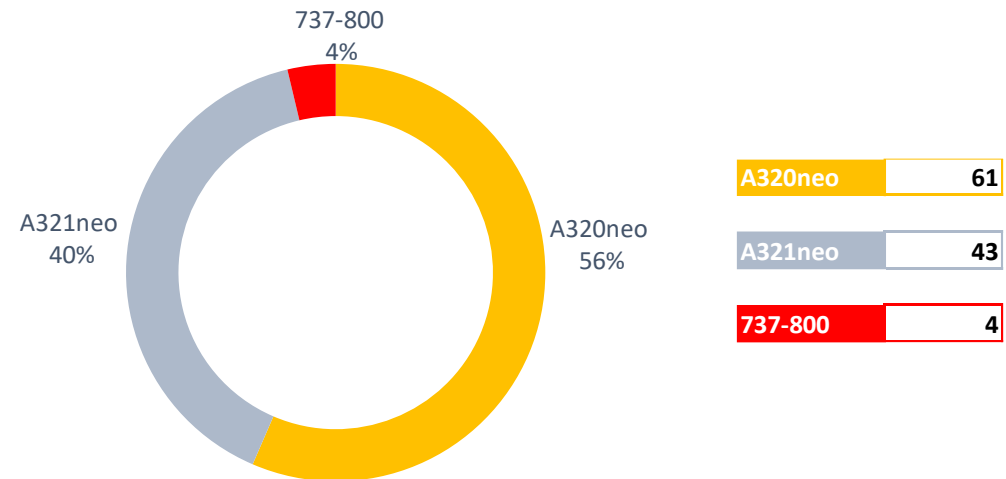
- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.2 years**.
- ✈ **8 737-800s** have been redelivered and 7 A320neo aircraft have been delivered year to date.
- ✈ Fleet to reach **84 aircraft** by 2019YE. **2 A321neos** will be delivered while **1 737-800** will be redelivered in the remainder of 2019.

ORDER BOOK (2019-2024)



* 4 operational lease A320neo

FLEET (as of 2024YE)

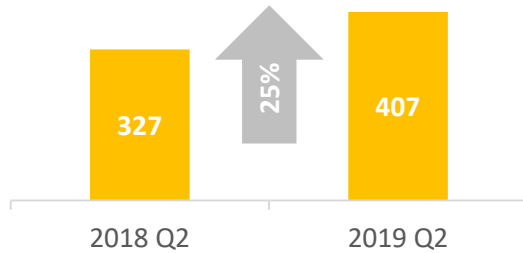


SUMMARY 2019 Q2 & H1 FINANCIAL HIGHLIGHTS

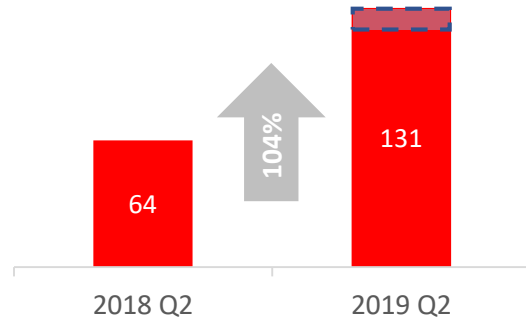
EBITDA margin stands significantly higher YoY, even without IFRS-16 contribution

REVENUES, EURmn

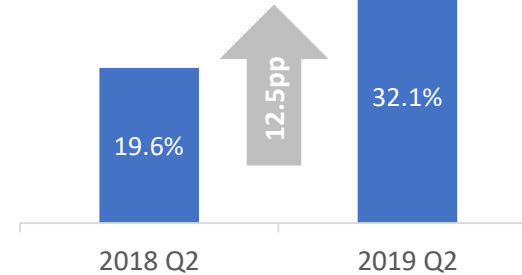
Q2



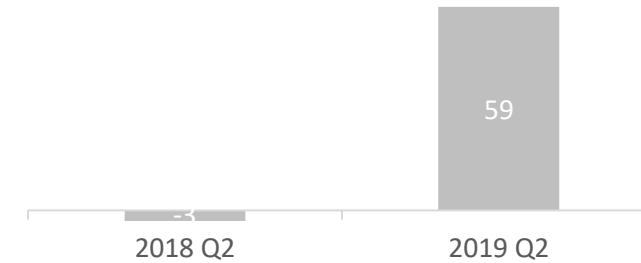
EBITDA, EURmn *



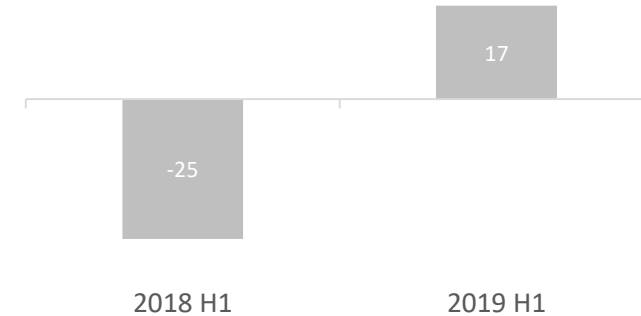
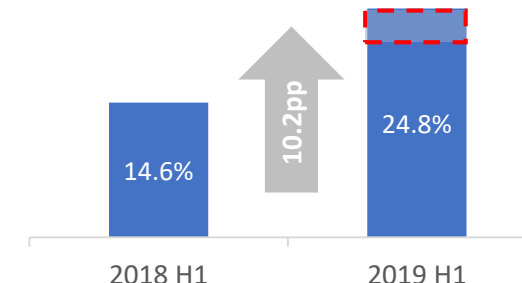
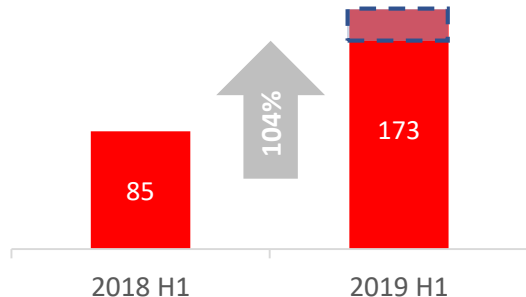
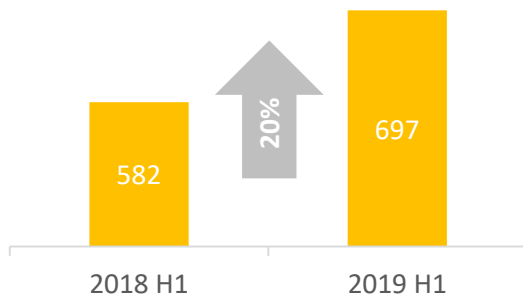
EBITDA Margin *



NET INCOME, EURmn



H1



IFRS-16 contribution
2019 Q2: EUR11mn
2019 H1: EUR21mn

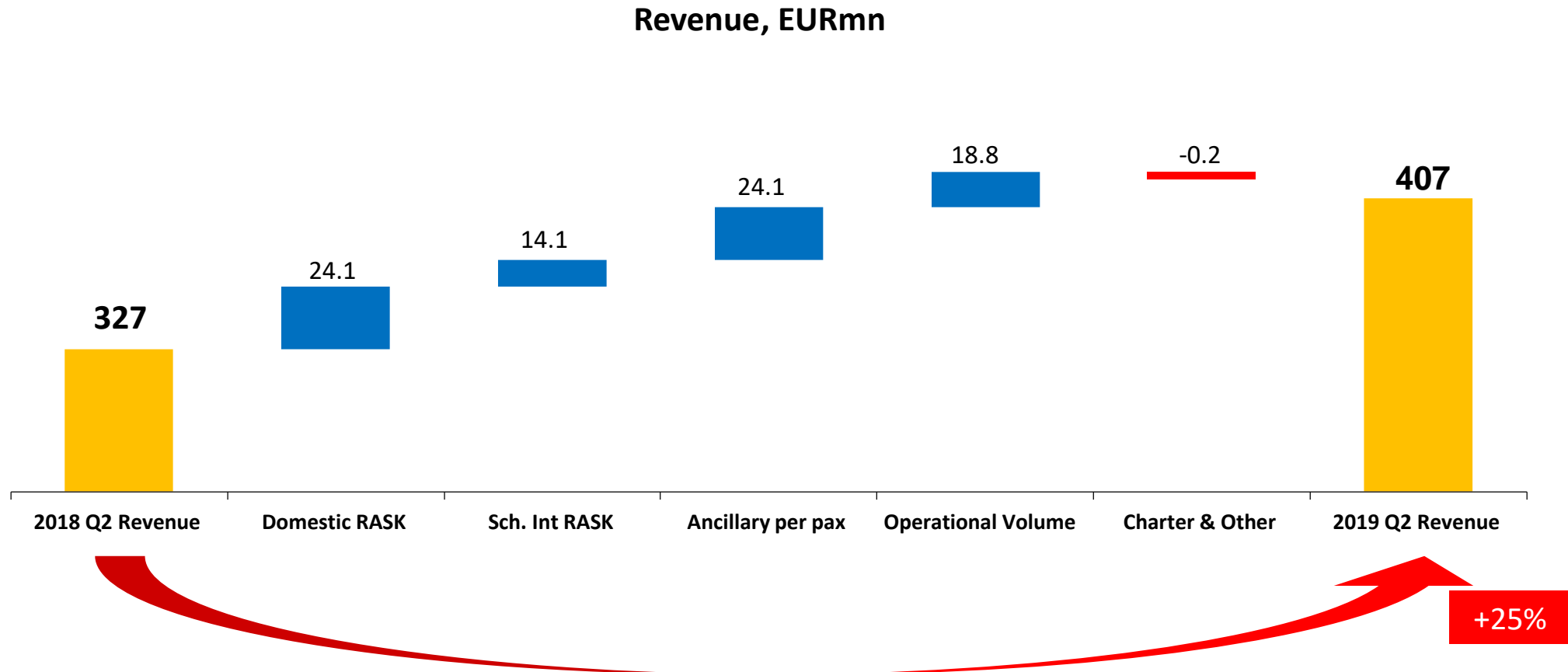
IFRS-16 contribution
2019 Q2: 2.8 points
2019 H1: 3.1 points

* EBITDAR and EBITDAR margin in 2018



REVENUE DEVELOPMENT 2019 Q2

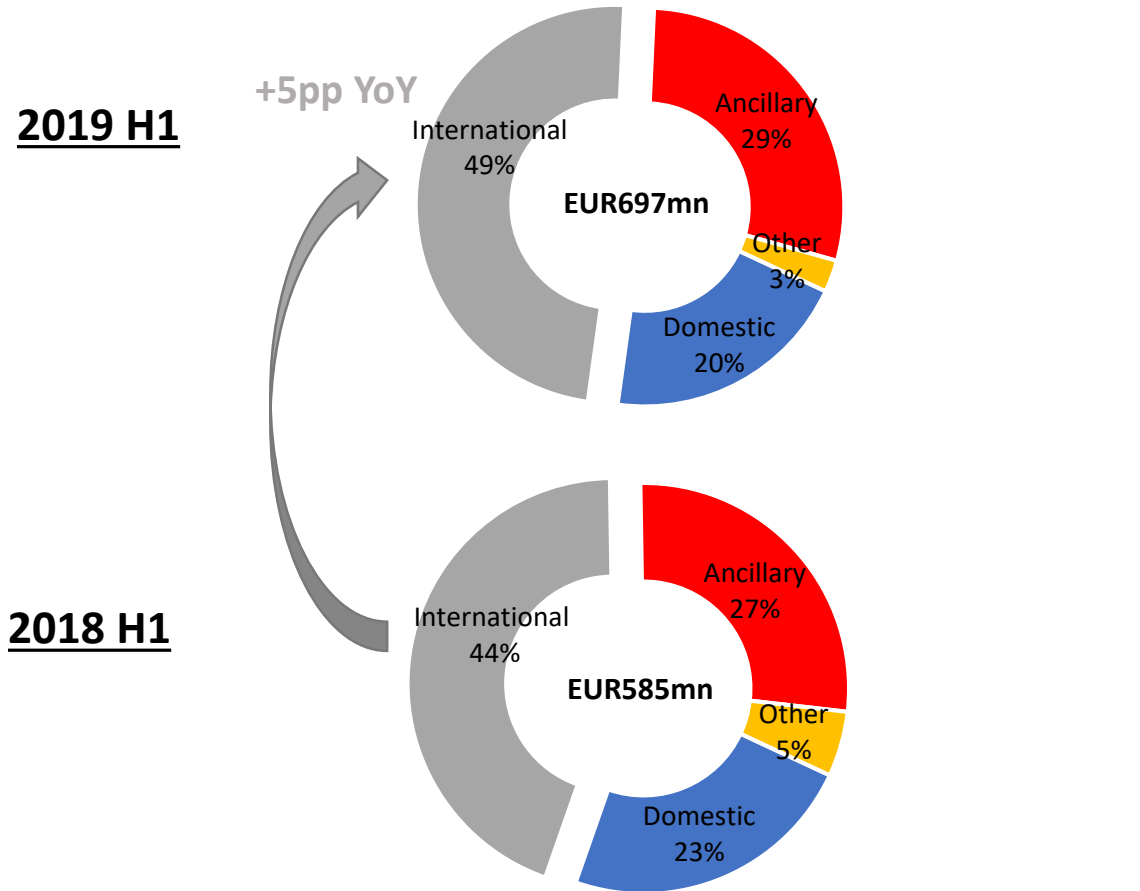
Ancillary and hard currency revenues were the main contributors of top-line growth



REVENUE BREAKDOWN

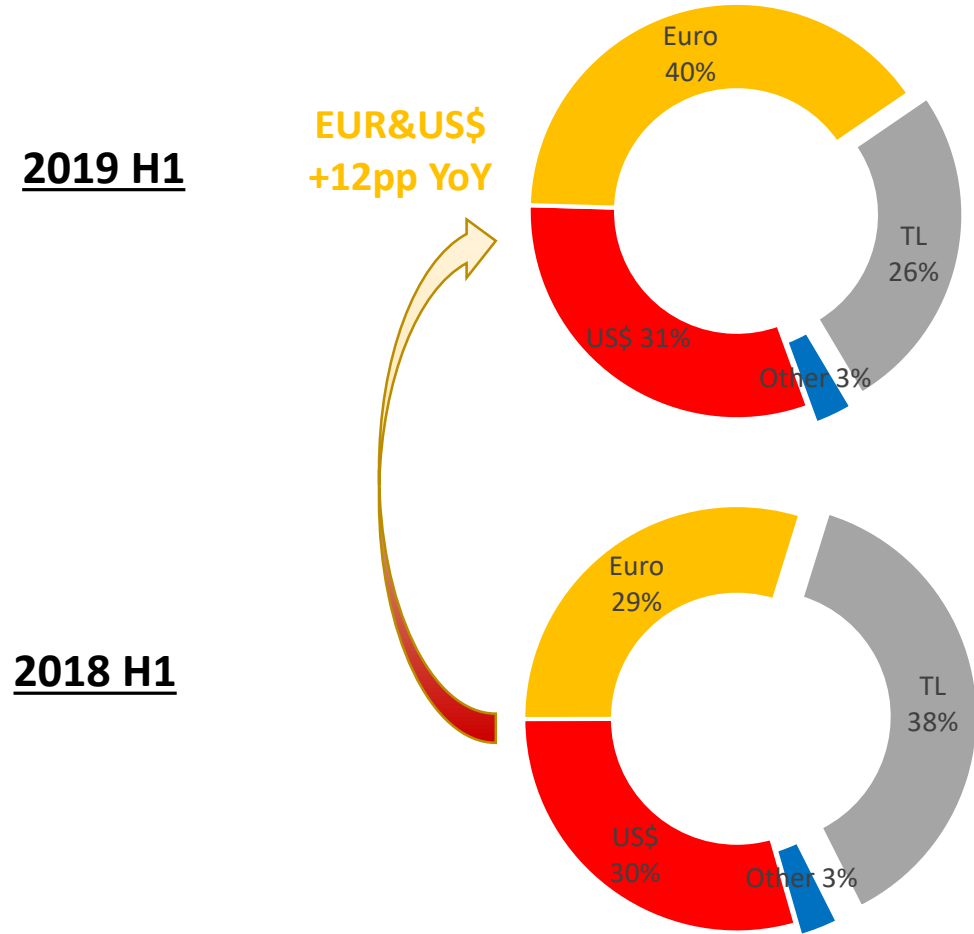
Share of hard currencies in total revenues surged 12ppt to 71%

SEGMENTAL BREAKDOWN



* International excludes charter

CURRENCY BREAKDOWN

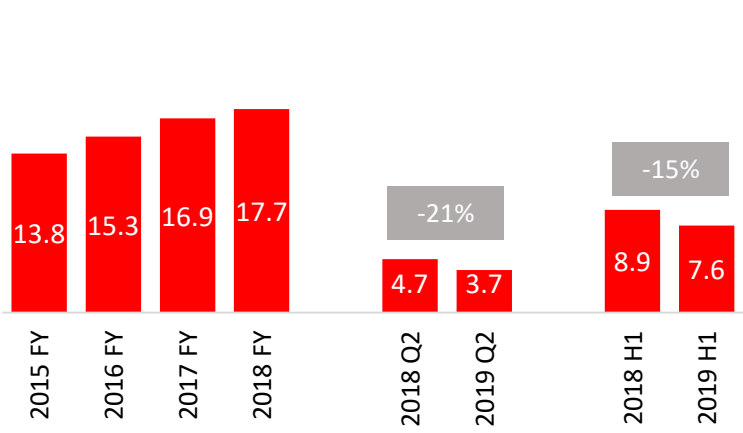


SCHEDULED FLIGHTS – KEY FIGURES

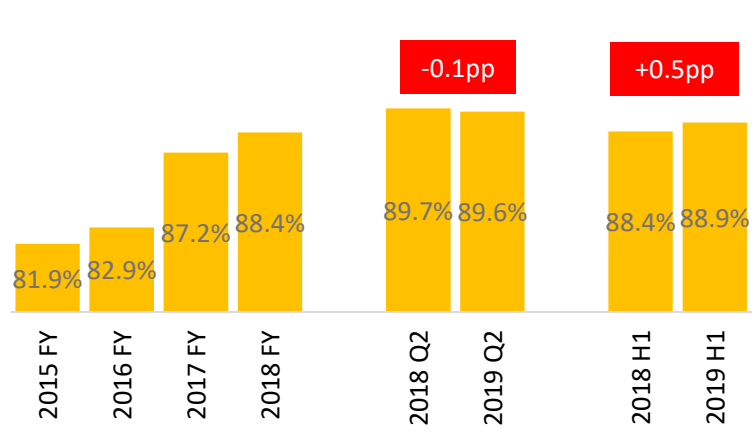
Passenger yields continue trending stronger both at domestic and int'l lines

DOMESTIC

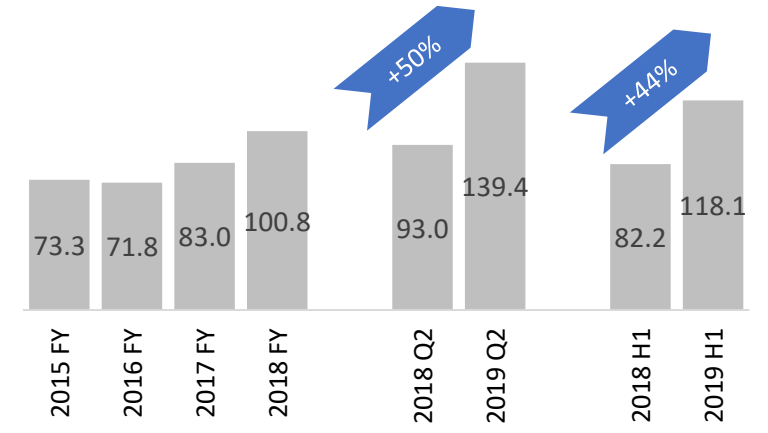
Passengers, mn



Load Factor

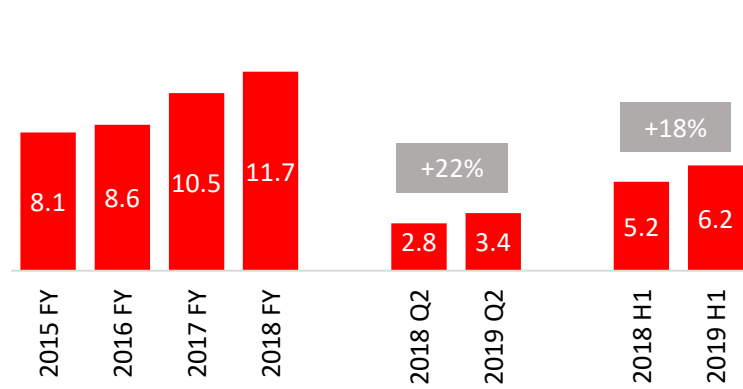


Yield, TRY

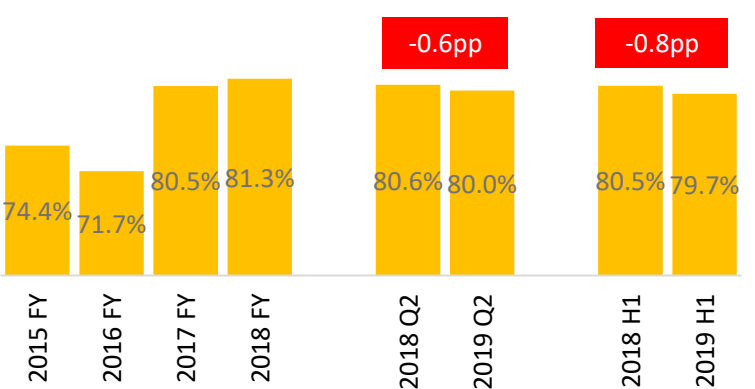


INTERNATIONAL *

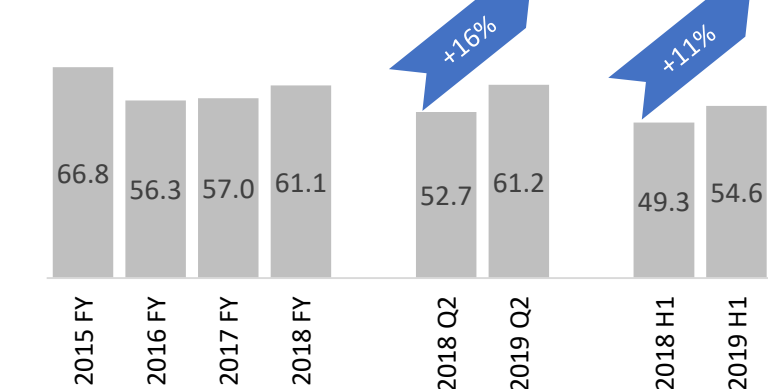
Passengers, mn



Load Factor



Yield, EUR



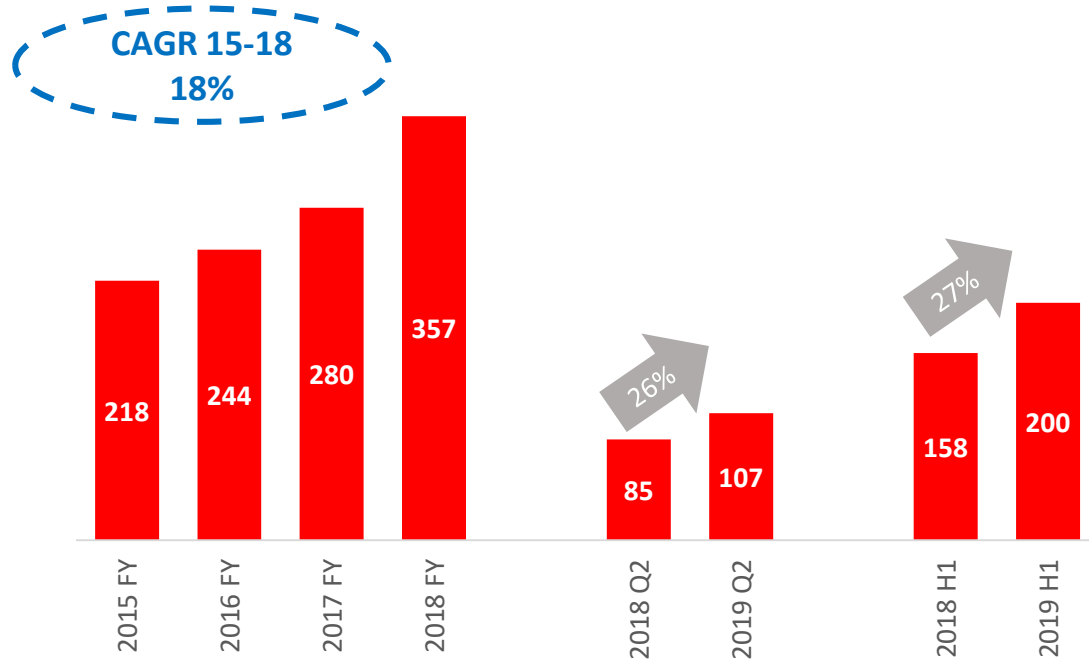
* excludes charter traffic



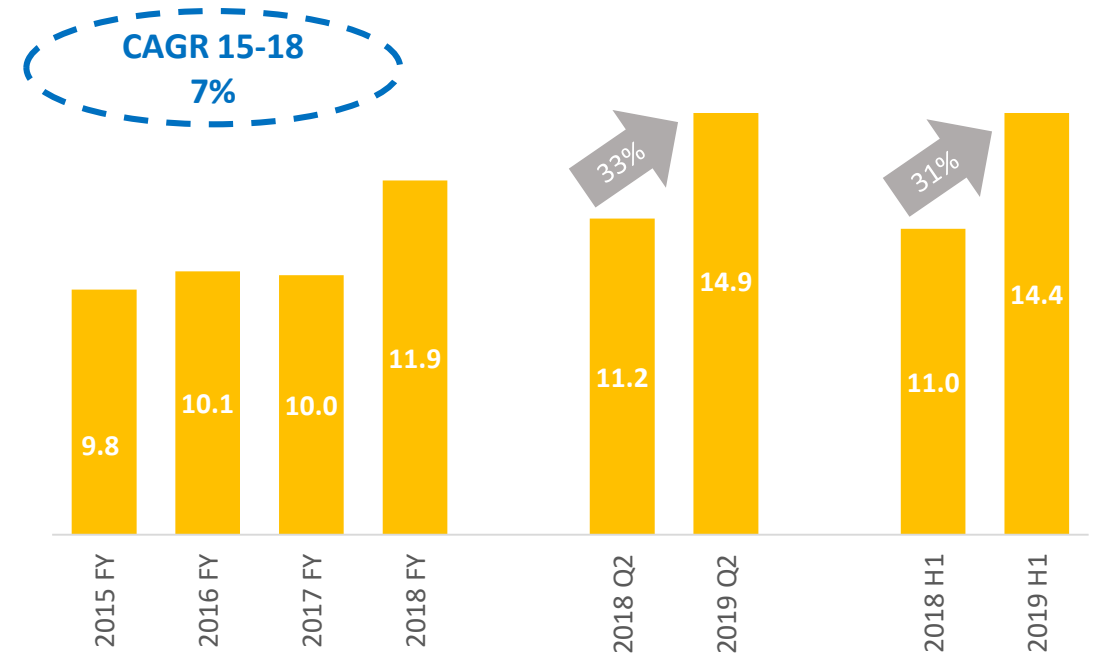
ANCILLARY REVENUE

Fast growth in ancillary continues, driven by international switch strategy

Ancillary Revenues, EURmn

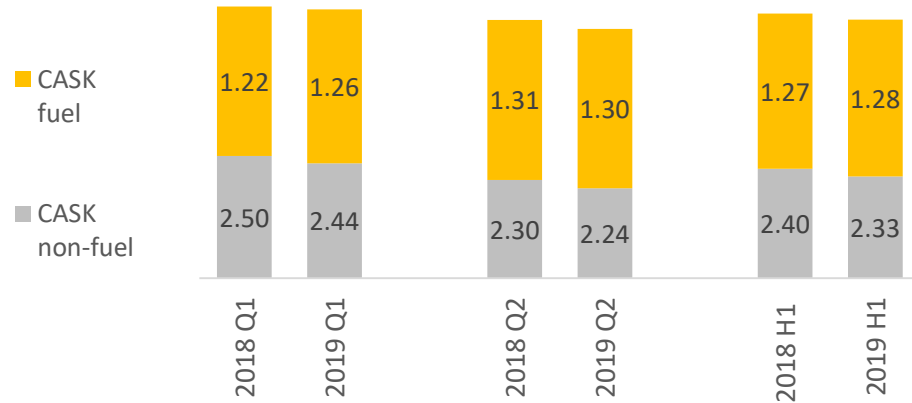


Per Pax, €



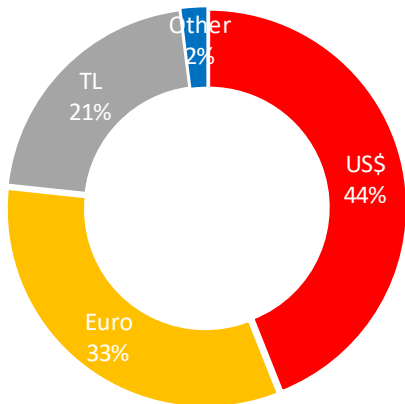
Increase in personnel expenses offset by IFRS-16 impact

CASK & CASK, Non-fuel, €c

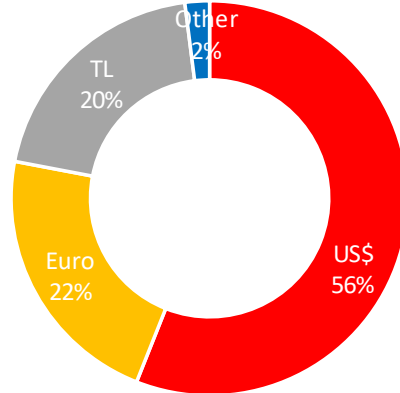


CURRENCY BREAKDOWN

2019 Q2



2018 Q2



SEGMENTAL BREAKDOWN

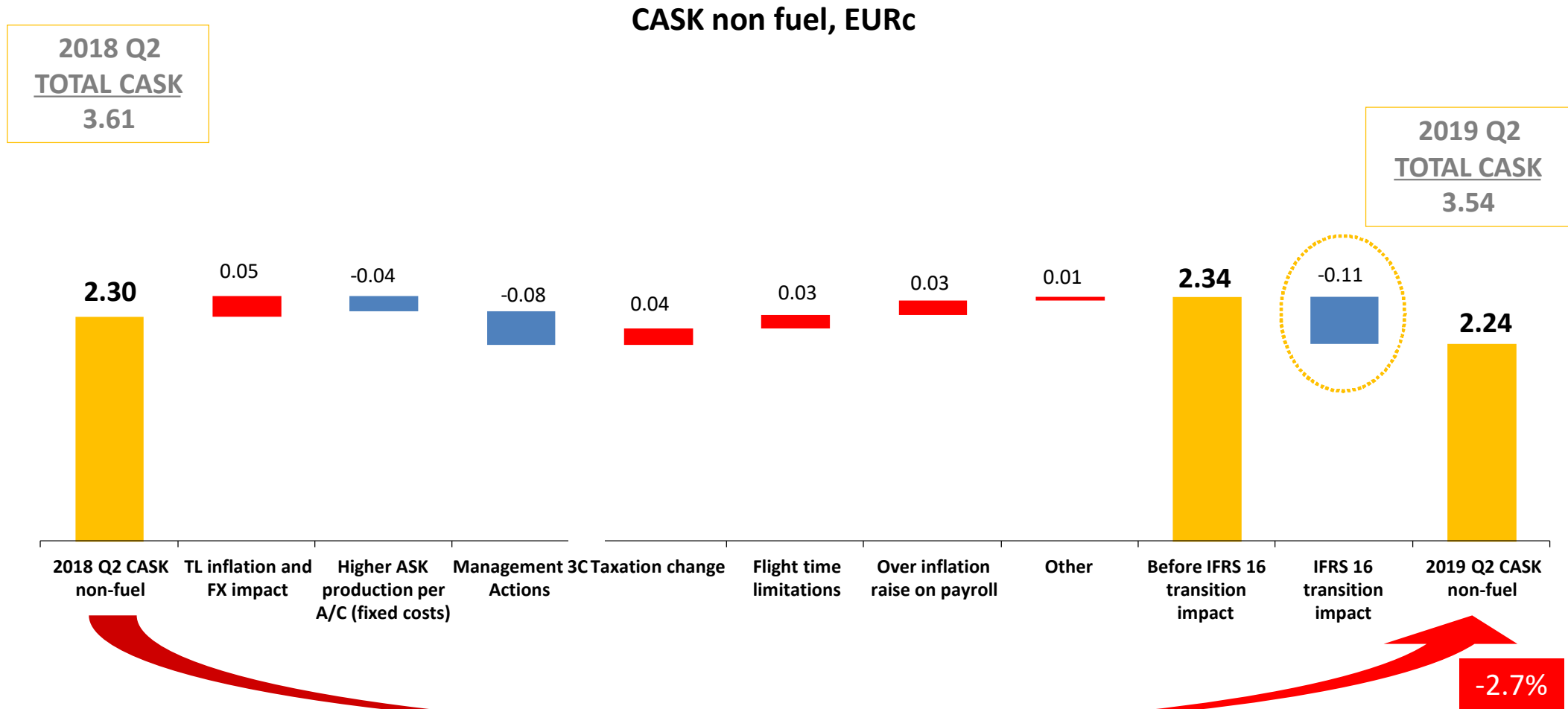
Cost Items	CASK-€c		Change	CASK-€c		Change
	2019 Q2	2018 Q2	YoY	2019 H1	2018 H1	YoY
Jet fuel expenses	1.30	1.31	0%	1.28	1.27	1%
Personnel expenses	0.50	0.42	20%	0.55	0.45	24%
Operating lease expenses	0.00	0.34	n.m.	0.00	0.37	n.m.
Maintenance expenses	0.13	0.31	-57%	0.15	0.32	-54%
Depreciation & amortization expenses	0.62	0.25	147%	0.66	0.26	156%
Handling fees	0.29	0.28	3%	0.28	0.27	4%
Navigation expenses	0.24	0.24	2%	0.24	0.24	1%
Landing expenses	0.13	0.12	12%	0.13	0.12	9%
Commision expenses	0.06	0.08	-22%	0.06	0.07	-18%
Passenger service & catering expenses	0.04	0.04	-5%	0.04	0.04	-3%
Advertising expenses	0.06	0.04	44%	0.05	0.03	38%
Other	0.17	0.20	-17%	0.18	0.23	-24%
CASK-€c	3.54	3.61	-2%	3.61	3.66	-1%
Non-Fuel CASK-€c	2.24	2.30	-3%	2.33	2.40	-3%

[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.

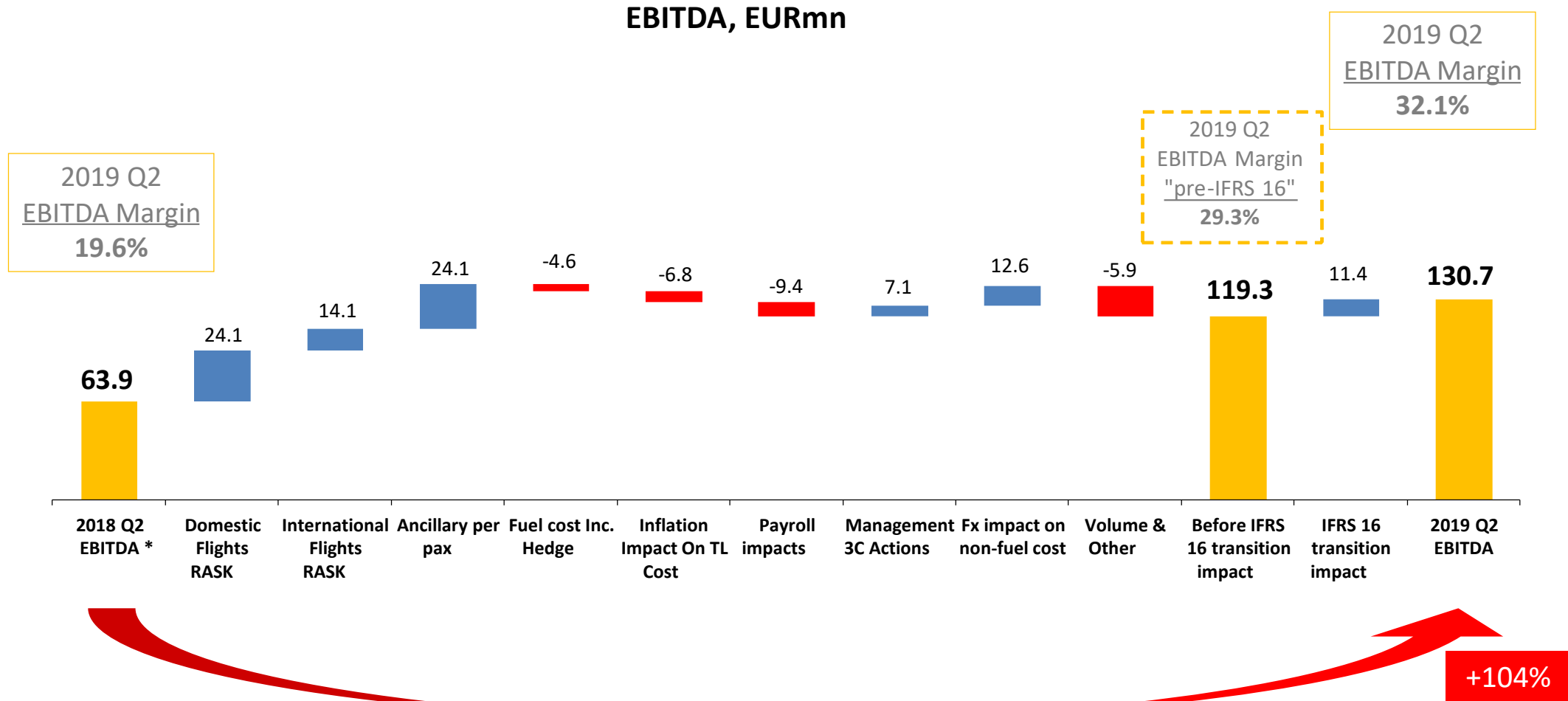
CASK non-fuel

CASK non-fuel fell around 3% YoY in 2019 Q2



EBITDA - 2019 Q2

EBITDA more than doubled YoY on strong yield environment and high ancillary revenues



* EBITDAR is used for 2018

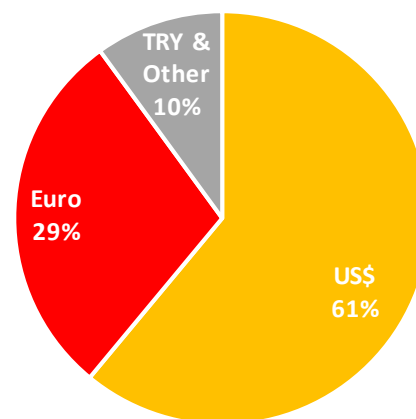


LIQUIDITY

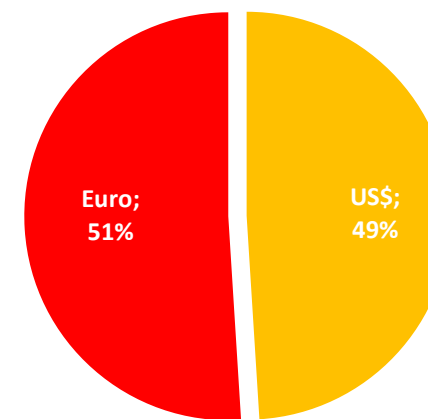
Significant improvement at net debt/EBITDA to 1.9x with IFRS-16 application

EURmn	June 30, 2019	Dec 31, 2018
CASH	456	455
OTHER ASSETS	244	210
PRE DELIVERY PAYMENT	217	177
FIXED ASSETS	1,947	1,425
TOTAL ASSETS	2,864	2,267
LIABILITIES	781	569
FINANCIAL DEBT	1,481	1,082
SHAREHOLDERS' EQUITY	602	616
TOTAL LIA. & SH. EQUITY	2,864	2,267
(Adj.) Net Debt, EURmn	917	1,404
(Adj.) Net Debt/EBITDA(R)*	1.9	3.6
CASH PER A/C, EURmn	5.6	5.5

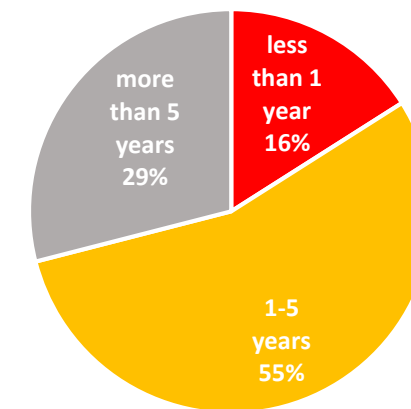
CASH CURRENCY



FIN DEBT CURRENCY



FIN. DEBT MATURITY



* Adjusted Net Debt/EBITDAR for 2018 (Cash + PDP/2 - Financial Debt - Operational Lease Expenses *7), Trailing LTM EBITDA was used for calculation



HEDGING, RISK MANAGEMENT & SENSITIVITY

2019 consumption is hedged by 60%

HEDGE VOLUME AND PRICE

	2019FY	2020FY	2021FY
Hedge Ratio	59.8%	50.4%	11.2%
Hedged Price Range, \$/mt*	611-698	587-683	536-648
Brent Equivalent **	64-73	62-72	56-68

* Price ranges are calculated by using market data of July 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 H1 P&L	-TRY0.1 *	+0.1 >**	+\$10 >
EURmn	EUR/TRY	EUR/USD	Jet Fuel/ton
Revenue	1.6	-1.1	-
OPEX	1.1	-1.3	1.7
EBIT	0.5	0.2	-1.7
EBITDA	0.5	0.2	-1.7

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



APPENDIX



APPENDIX - OPERATIONAL & FINANCIAL HIGHLIGHTS

	2017	2018	2019						Q2/Q2	2019 H1		H1/H1
			2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	YoY chg	2018 H1	2019 H1	YoY chg
TOTAL REVENUE (EURmn)	1,299	1,474	255	327	574	318	290	407	25%	582	697	20%
DOMESTIC SCH. REVENUE (EURmn)	342	321	61	75	127	58	62	79	6%	136	141	4%
INT'L SCH. REVENUE (EURmn)	595	714	112	147	299	157	131	208	41%	258	339	31%
ANCILLARY REVENUE (EURmn)	280	357	73	85	108	91	93	107	26%	158	200	27%
EBITDA (EURmn)*	321	391	21	64	270	36	42	131	104%	85	173	104%
EBITDA Margin*	24.7%	26.5%	8.2%	19.6%	47.1%	11.2%	14.5%	32.1%	12.5pp	14.6%	24.8%	10.2pp
PAX (mn)	27.8	30.0	6.8	7.6	8.7	6.9	6.7	7.2	-5%	14.4	13.9	-3%
LOAD FACTOR	84.6%	85.5%	84.5%	86.1%	87.8%	82.9%	84.3%	84.7%	-1.4pp	85.4%	84.5%	-0.8pp
ASK (bn)	32.7	35.5	7.7	8.7	10.6	8.6	8.3	9.5	9%	16.4	17.8	9%
AVERAGE STAGE LENGTH (km)	995	1,014	955	985	1,069	1,034	1,043	1,115	13%	971	1,081	11%
AVERAGE FLEET	79	79	75	76	82	83	82	82	7%	76	82	8%
RASK, (€)	3.97	4.15	3.33	3.76	5.44	3.69	3.50	4.30	14%	3.56	3.93	10%
CASK, (€)	3.66	3.66	3.72	3.61	3.42	3.96	3.70	3.54	-2%	3.66	3.61	-1%
Non-fuel CASK, (€)	2.54	2.34	2.50	2.30	2.06	2.57	2.44	2.24	-3%	2.40	2.33	-3%
ANCILLARY PER PAX (€)	10.0	11.9	10.7	11.2	12.5	13.1	13.8	14.9	33%	11.0	14.4	31%

* 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	EURmn	TRYmn	TRYmn
	2019 H1	2018 H1	2019 H1	2018 H1
Sales	697	582	4,396	2,892
Cost of sales	-597	-554	-3,814	-2,751
Gross profit	100	28	583	142
General administrative expenses	-21	-23	-129	-110
Marketing expenses	-24	-22	-156	-111
Other operating income	9	25	58	121
Other operating expenses	-1	-4	-7	-23
Operating profit	63	3	349	19
Income from investing activities	0	5	1	24
Share of investments income accounted for using the equity method	1	1	6	3
Operating profit before financial expense	65	9	357	46
Financial income	7	9	44	43
Financial expense	-55	-39	-293	-170
Profit / (loss) before tax	17	-21	108	-80
Deferred tax income / (expense)	0	-4	2	-20
Profit / (loss) for the period	17	-25	109	-100



APPENDIX – Balance Sheet (assets & liabilities)

ASSETS	EURmn	EURmn	TRYmn	TRYmn	LIABILITIES	EURmn	EURmn	TRYmn	TRYmn
	2019 H1	2018 H1	2019 H1	2018 H1		2019 H1	2018 H1	2019 H1	2018 H1
Current assets	892	731	5,843	4,412	Current liabilities	765	590	5,012	3,554
Cash and cash equivalents	456	455	2,987	2,741	Short term financial liabilities	114	132	748	798
Trade receivables	125	39	822	236	Short term portion of long term financial liab	219	109	1,433	659
Other receivables	42	80	275	480	Trade payables	127	97	832	584
Derivative financial instruments	0	1	0	3	Employee benefit obligations	10	4	64	26
Inventories	12	10	75	58	Other payables	5	4	35	24
Prepaid expenses	254	140	1,664	848	Contract liabilities	227	112	1,489	678
Current income tax assets	1	1	8	6	Derivative financial instruments	11	31	75	190
Other current assets	2	7	11	41	Deferred income	25	10	166	63
Non-Current assets	1,972	1,536	12,921	9,253	Short term provisions	25	84	161	508
Other receivables	10	12	65	73	Other current liabilities	1	4	8	25
Investments accounted by using the equity method	7	7	47	40	Non-Current liabilities	1,496	1,061	9,801	6,395
Property and equipment	1,476	1,368	9,675	8,248	Long term financial liabilities	1,148	840	7,523	5,065
Intangible assets	10	8	63	47	Derivative financial instruments	5	17	33	105
Right of use assets	396	0	2,596	0	Deferred income	30	20	197	122
Prepaid expenses	72	141	475	845	Long term provisions	240	104	1,572	624
					Deferred tax liabilities	73	79	476	479
TOTAL ASSETS	2,864	2,267	18,764	13,665	TOTAL LIABILITIES	2,261	1,651	14,813	9,949



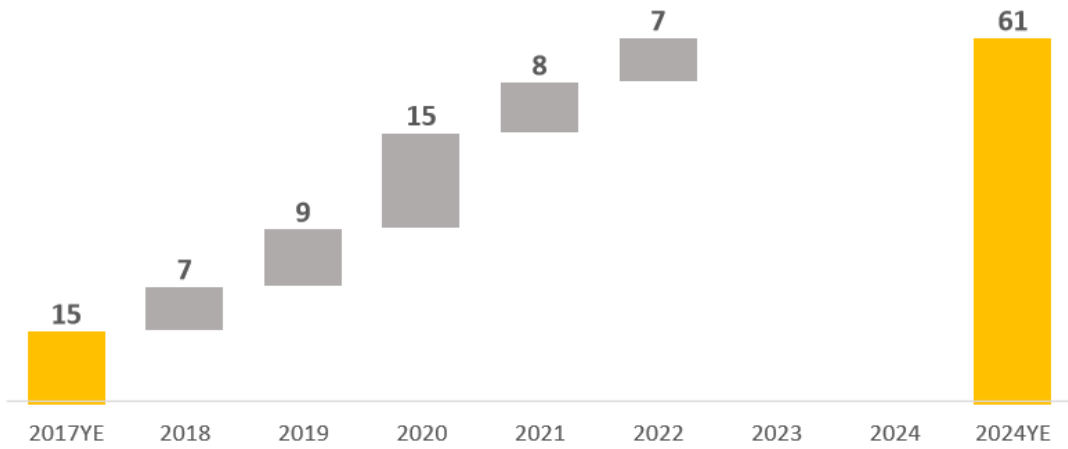
APPENDIX – Balance Sheet (Shareholders' equity)

	EURmn 2019 H1	EURmn 2018 H1	TRYmn 2019 H1	TRYmn 2018 H1
SHAREHOLDERS' EQUITY	603	616	3,952	3,715
Equity attributable to shareholders' of the parent	609	622	3,994	3,753
Paid-in share capital	61	61	102	102
Share premiums on capital stock	194	194	456	456
Currency translation differences	-14	-6	2,363	2,042
Other	-11	-35	-46	-187
Retained earnings & net profit for the period	379	409	1,120	1,340
Non-controlling interest	(6)	(6)	(43)	(38)
TOTAL LIABILITIES AND EQUITY	2,864	2,267	18,764	13,665

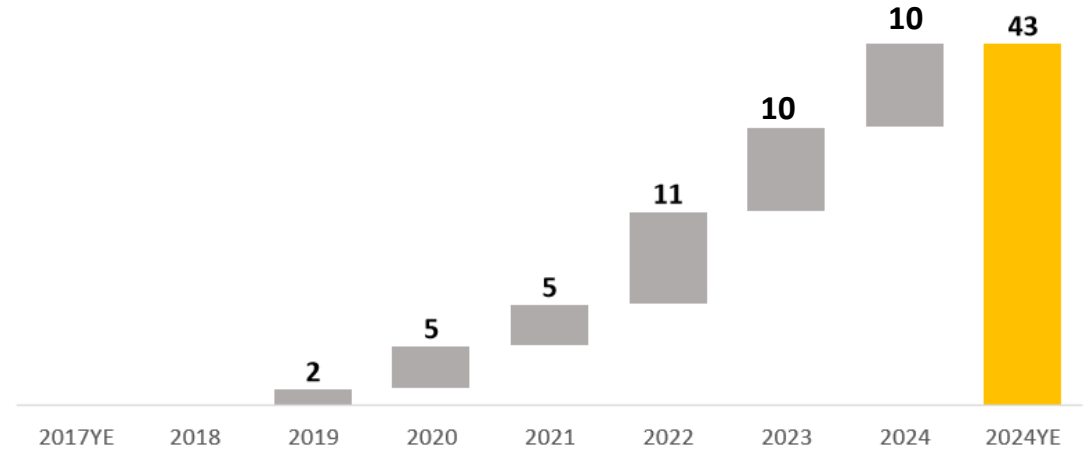


FLEET DELIVERY SCHEDULE

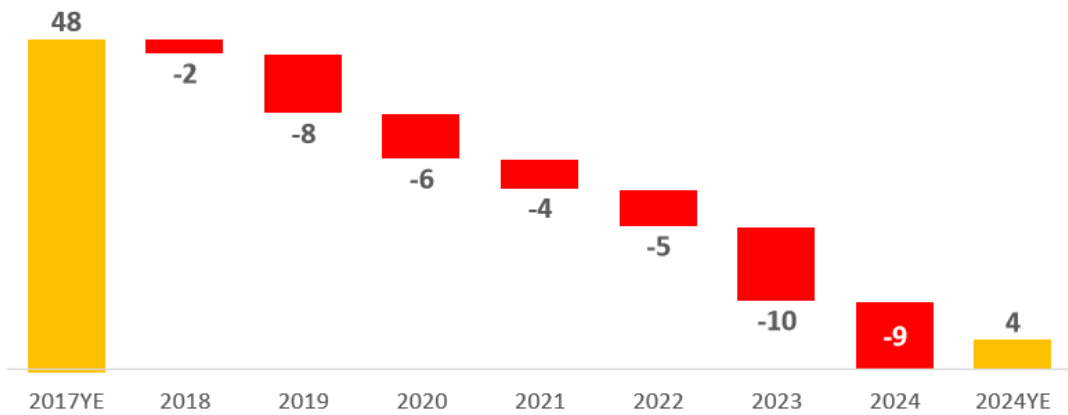
A320neo



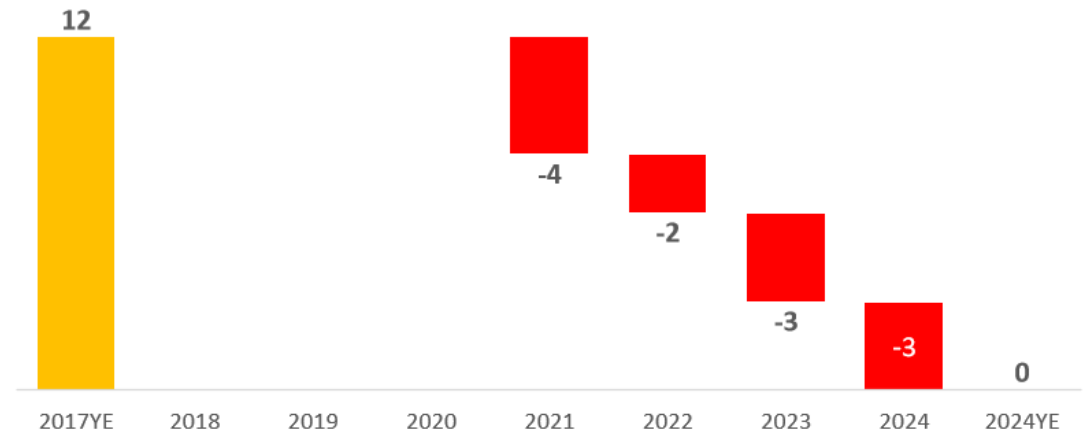
A321neo



B737-800ng



A320ceo



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



Thank you