



# 2019 Q3 RESULTS PRESENTATION

November, 2019

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

# KEY HIGHLIGHTS - 2019 Q3 & 9M

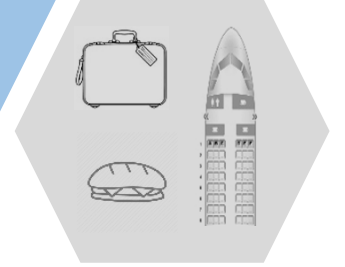
Top-line growth continued with strong ancillary performance, EBITDA margin recorded a record high

**Revenues, Euro**  
Q3: 647mn ↑13%  
9M: 1,344mn ↑16%  
➤ Q3 Int'l sch. rev.: ↑22%

**EBITDA Margin**  
Q3: 48.6% ↑1.5pp  
9M: 36.2% ↑5.5pp  
✓ **RECORD HIGH!**

**CASK non-fuel, €**  
Q3: 2.21 EURc ↑7%  
9M: 2.29 EURc ↑1%  
➤ Low base effect at 3Q18!

**Net Income, EUR**  
Q3: 182mn ↑7%  
9M: 199mn ↑37%  
➤ Led by operational gains



**International Sch. PAX\***  
Q3: 4.0mn ↑17%  
9M: 10.1mn ↑19%  
➤ 9M Total pax: ↓2.6%

**International Sch. ASK**  
Q3: 8.1bn ↑20%  
9M: 20.5bn ↑24%  
➤ 9M Total ASK: ↑7.7%

**Int'l Sch. Load Factor**  
Q3: 84.8% ↑0.7pp  
9M: 81.7% ↓0.3pp  
➤ Jun-Sep Int'l LF: ↑1.2pp

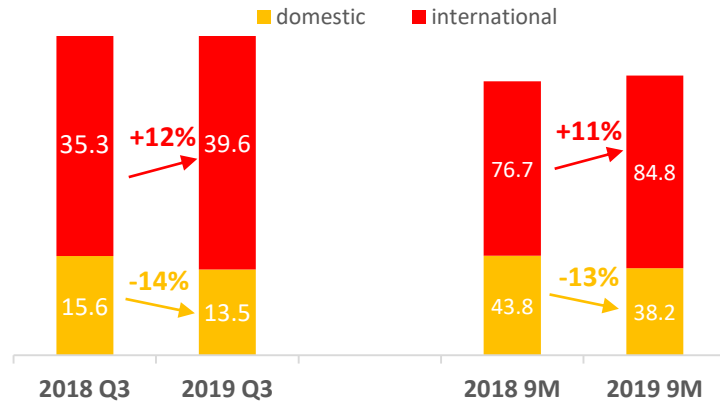
**Ancillary Rev./Pax**  
Q3: 16.7 EUR ↑34%  
9M: 15.3 EUR ↑33%  
✓ **RECORD HIGH!**

\* excluding Air Manas

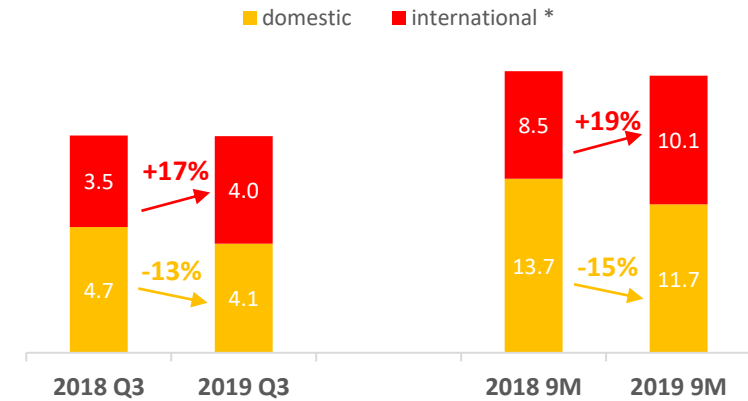
# OPERATING ENVIRONMENT

International passengers grew by 19% YoY in 9M19

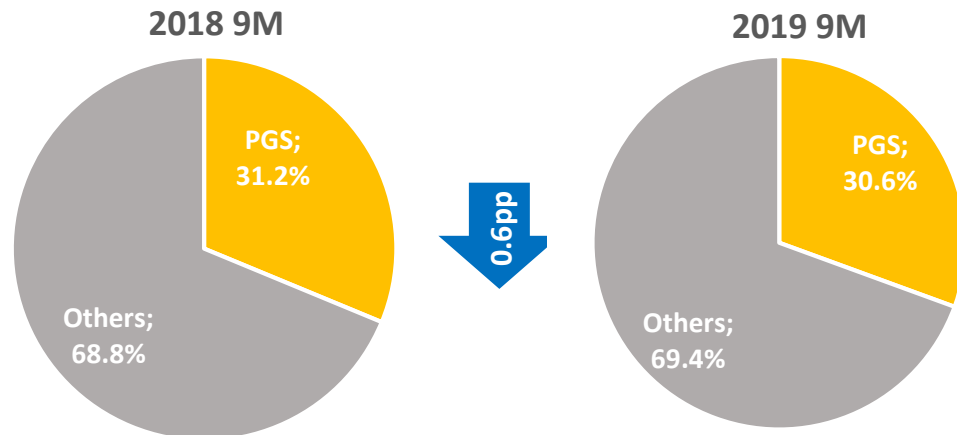
## PASSENGERS, Turkey (mn)



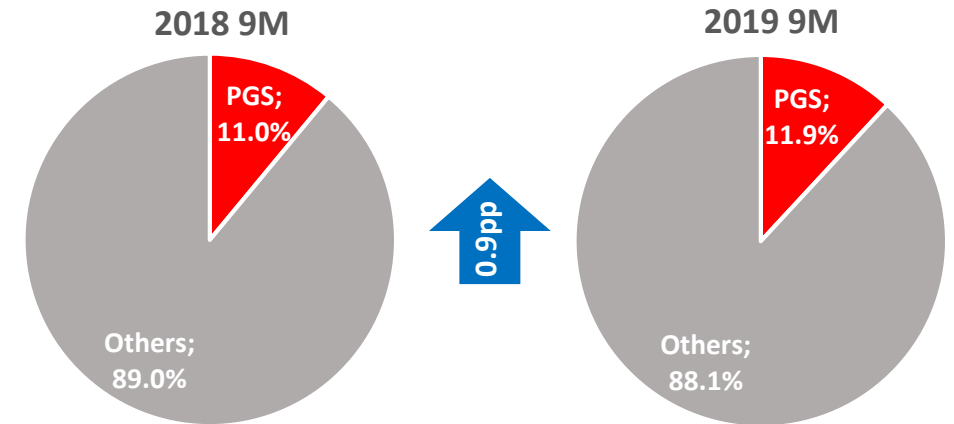
## PASSENGERS, PGS (mn)



## 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, Ras al-Khaimah



2012 YE  
27 Countries  
60 Destinations

23 Domestic, 37 Int'l

CURRENT  
42 Countries  
110 Destinations

35 Domestic, 75 Int'l



# FLEET DEVELOPMENT

Our first A321neo joined the fleet in September

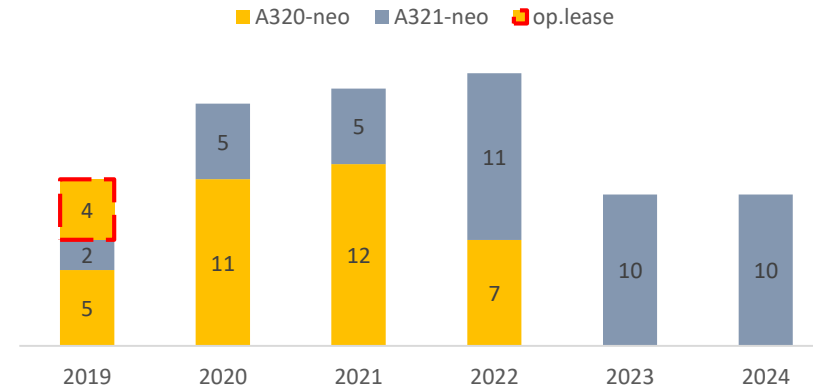
## FLEET (as of November 4th, 2019)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	16	20	39
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	27	4	31
★ Airbus A321neo	-	1	-	1
<b>Total</b>	<b>3</b>	<b>44</b>	<b>36</b>	<b>83</b>

## FLEET INFORMATION (as of November 4th, 2019)

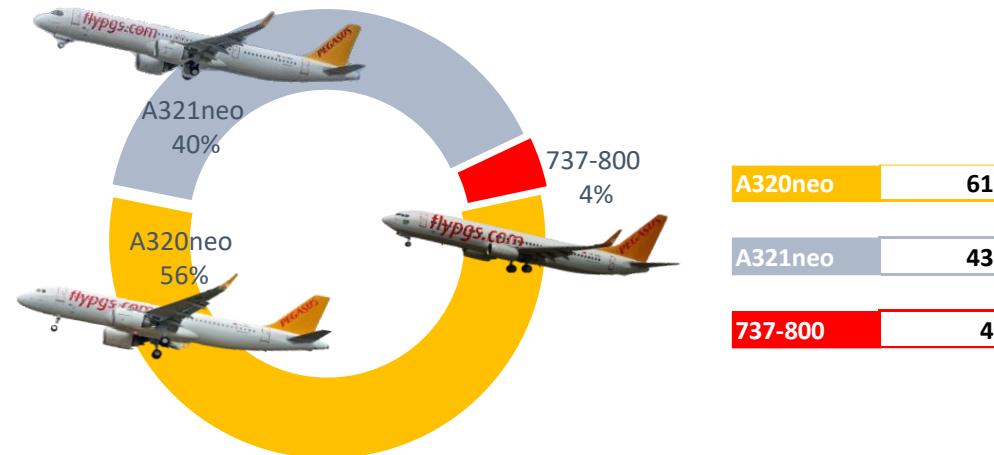
- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.33 years**.
- ✈ **8 737-800s** have been redelivered, **9 A320neo** and **1 A321neo** aircraft have been delivered year to date.
- ✈ Fleet to reach **83 aircraft** by 2019YE. **1 A321neo** will be delivered while **1 737-800** will be redelivered in the remainder of 2019.

## ORDER BOOK (2019-2024)



\* 4 operational lease A320neo

## FLEET (at 2024YE)

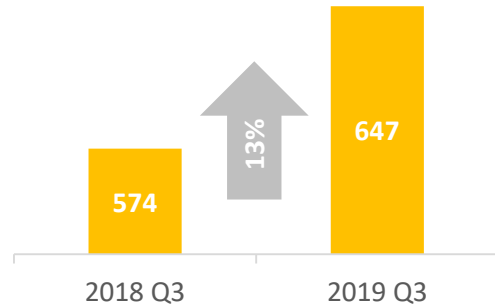


# SUMMARY 2019 Q3 & 9M FINANCIAL HIGHLIGHTS

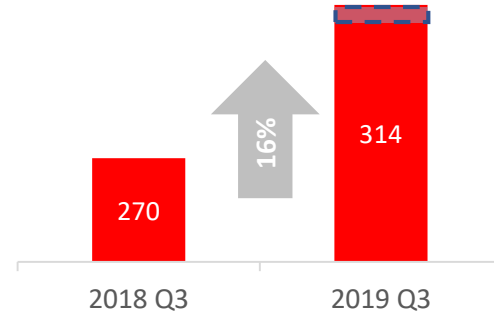
EBITDA margin further expanded in Q3 2019, despite the high base at Q3 2018

## REVENUES, EURmn

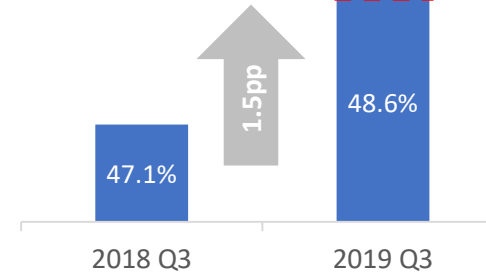
**Q3**



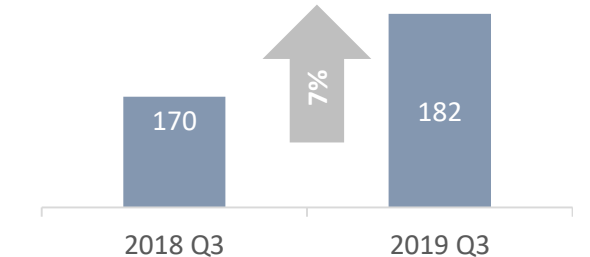
## EBITDA, EURmn \*



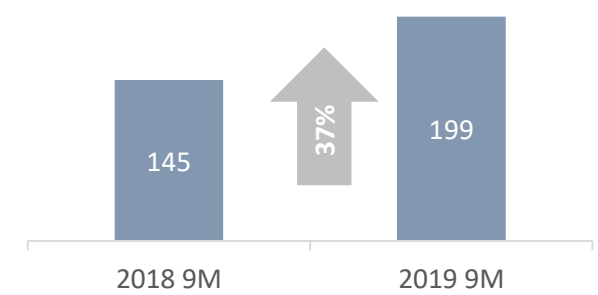
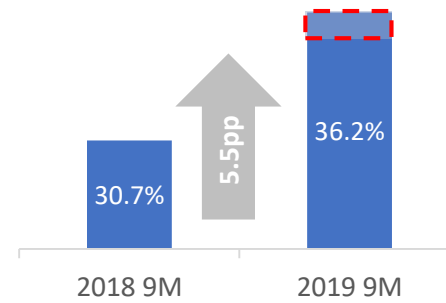
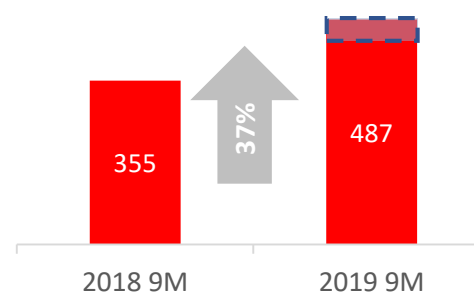
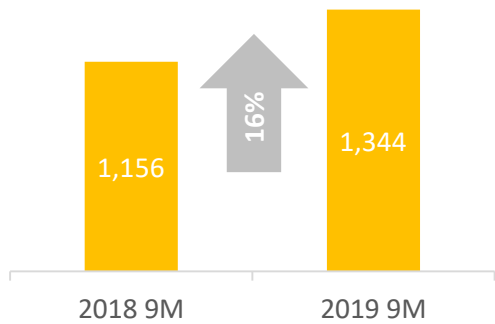
## EBITDA Margin \*



## NET INCOME, EURmn



**9M**



IFRS-16 maintenance impact  
 2019 Q3: EUR15mn  
 2019 9M: EUR36mn

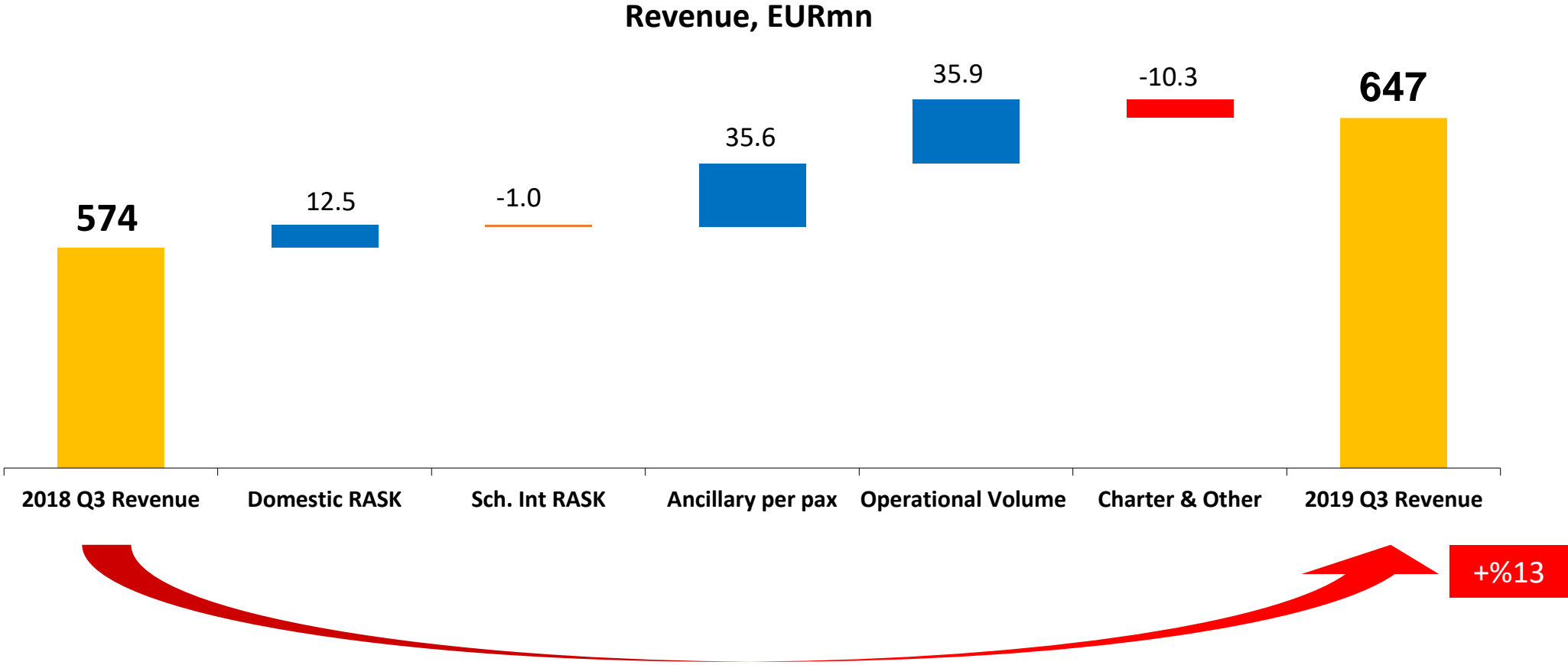
IFRS-16 maintenance impact  
 2019 Q3: 2.3 points  
 2019 9M: 2.7 points

\* EBITDAR and EBITDAR margin in 2018



# REVENUE DEVELOPMENT, Q3 2019

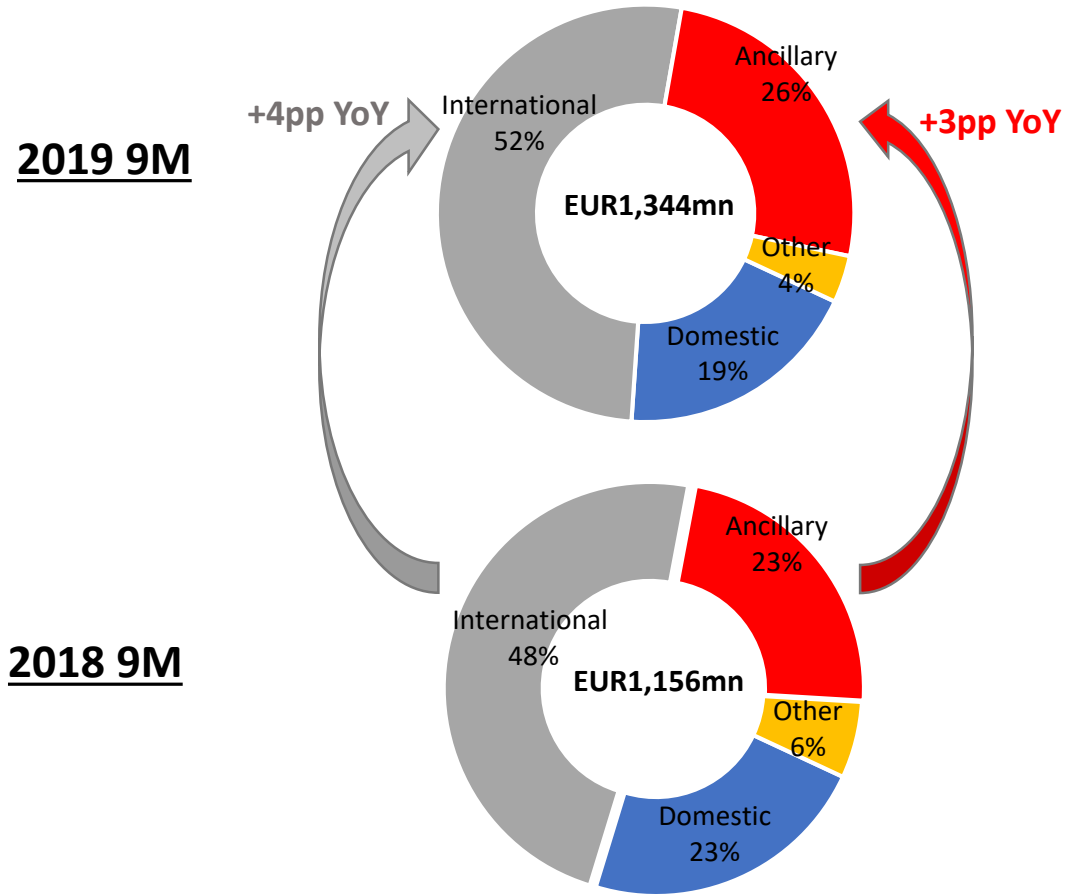
Ancillary revenues and volume were the main drivers of the increase in revenues



# REVENUE BREAKDOWN

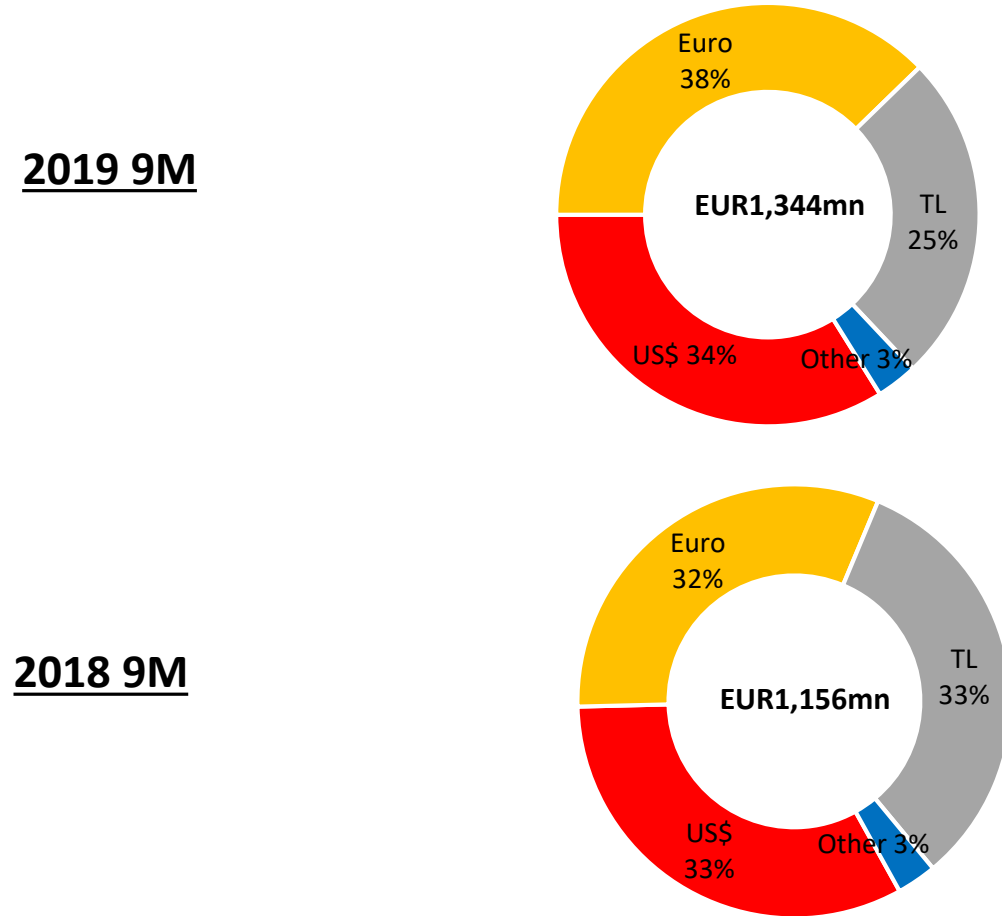
Share of hard currencies in total revenues stands at 72%

## SEGMENTAL BREAKDOWN



\* International excludes charter

## CURRENCY BREAKDOWN



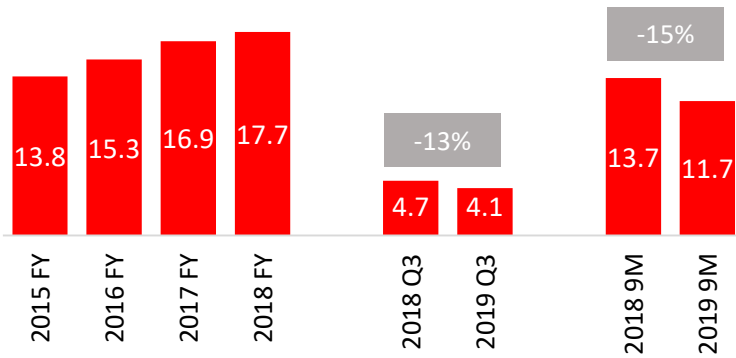


# SCHEDULED FLIGHTS – KEY FIGURES

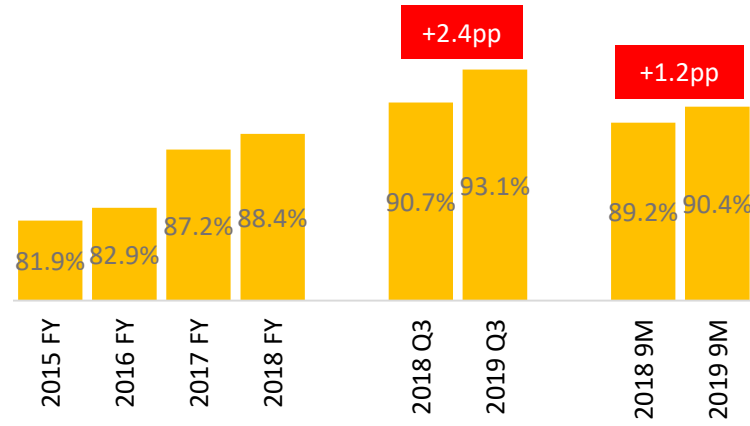
Yields continued to improve while international load factor was higher YoY in Q3

## DOMESTIC

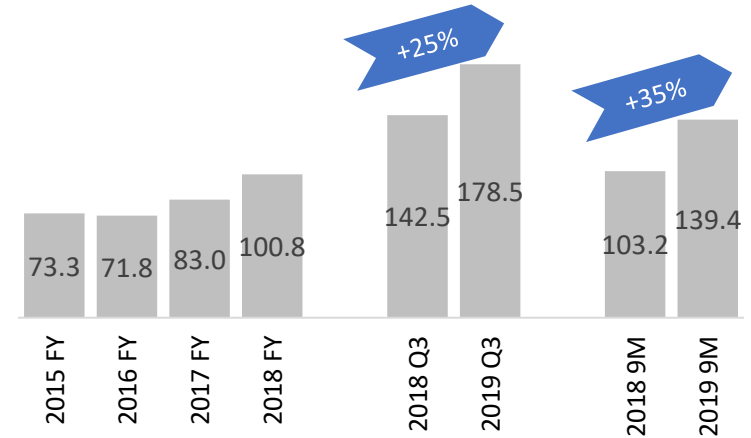
### Passengers, mn



### Load Factor

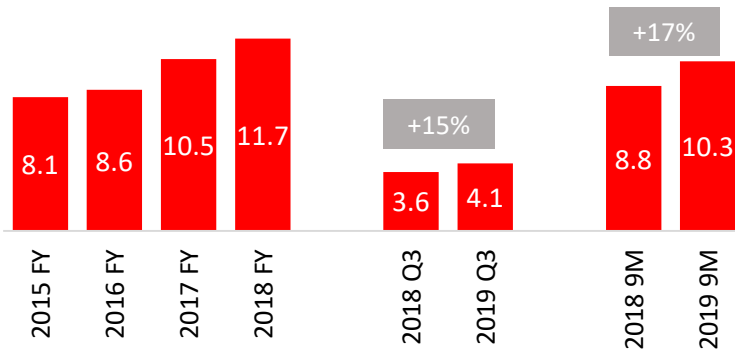


### Yield, TRY

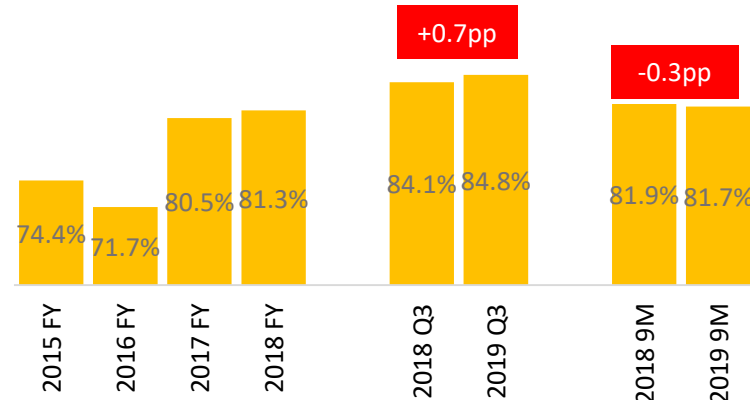


## INTERNATIONAL

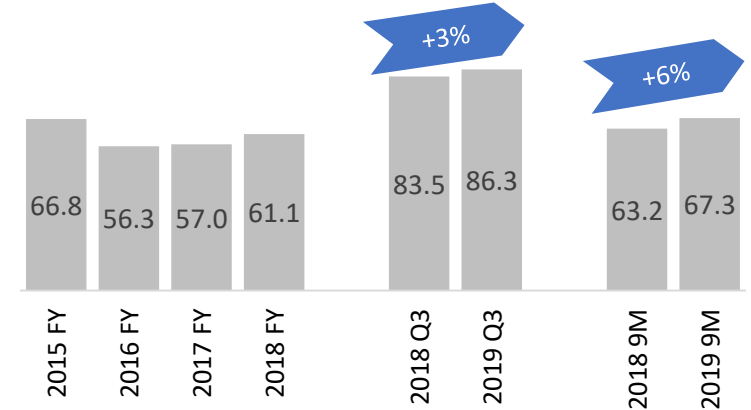
### Passengers, mn



### Load Factor



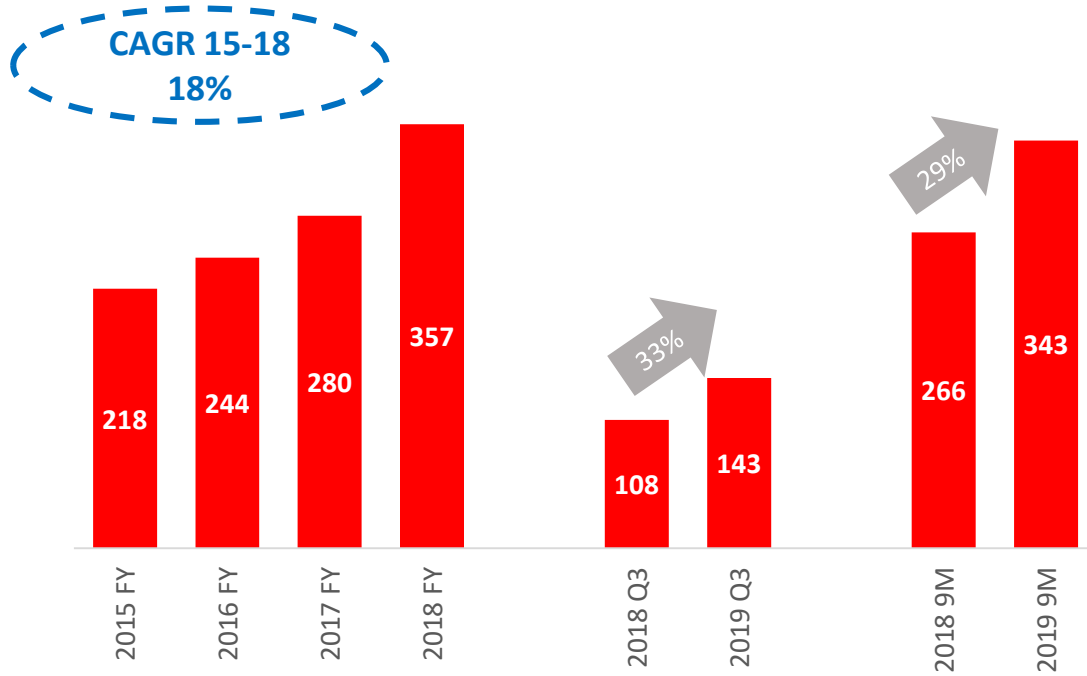
### Yield, EUR



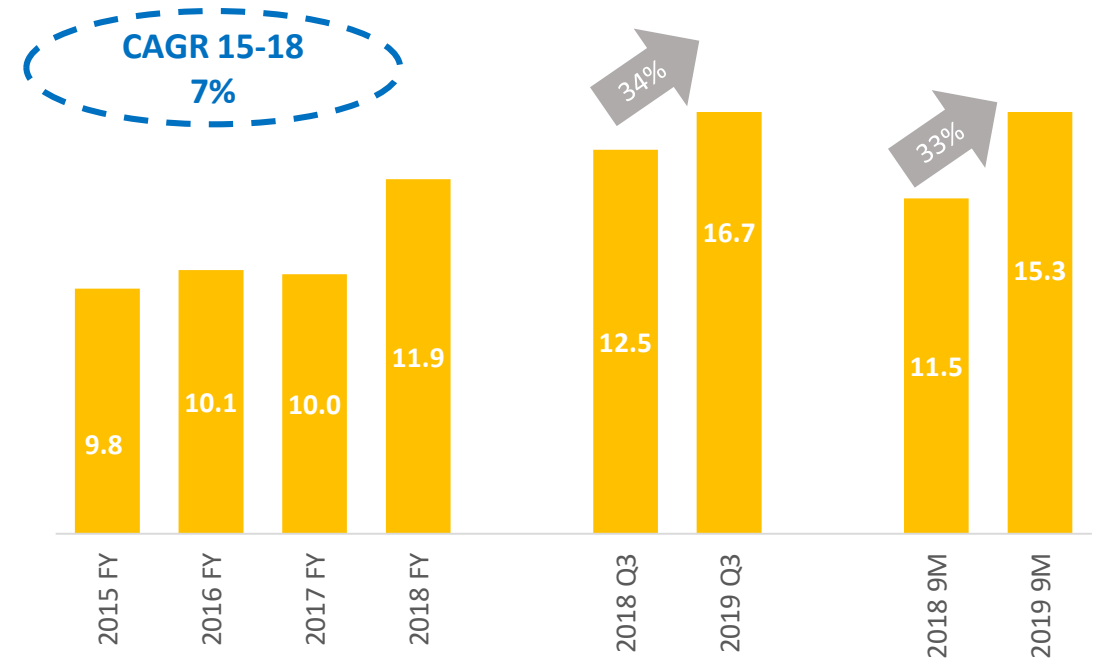
# ANCILLARY REVENUE

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

## Ancillary Revenues, EURmn

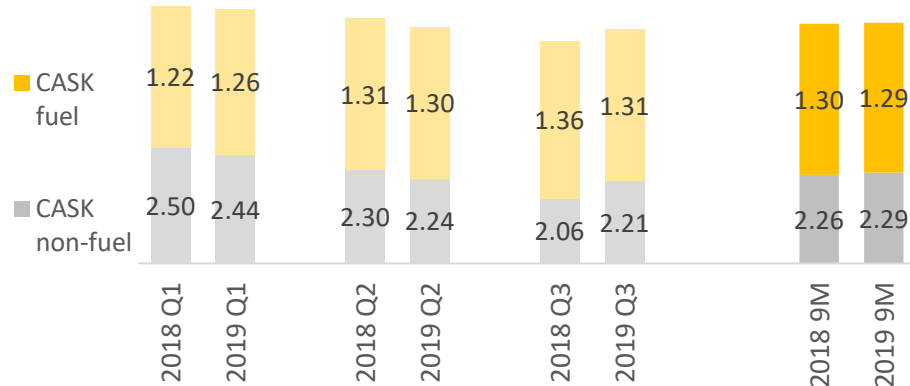


## Per Pax, €



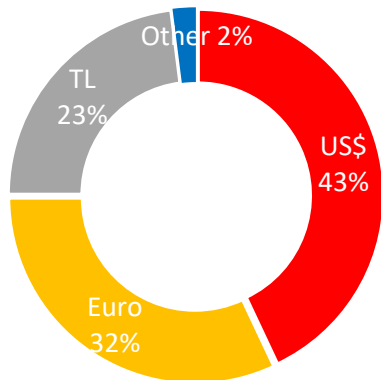
Despite the increase in Q3 on the low base at a year ago, total CASK remained flat YoY in 9M 2019

## CASK fuel & CASK non-fuel, €c

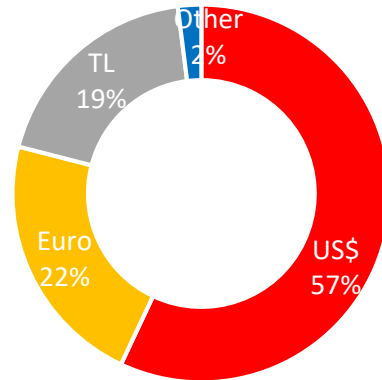


## CURRENCY BREAKDOWN

2019 9M



2018 9M



## SEGMENTAL BREAKDOWN

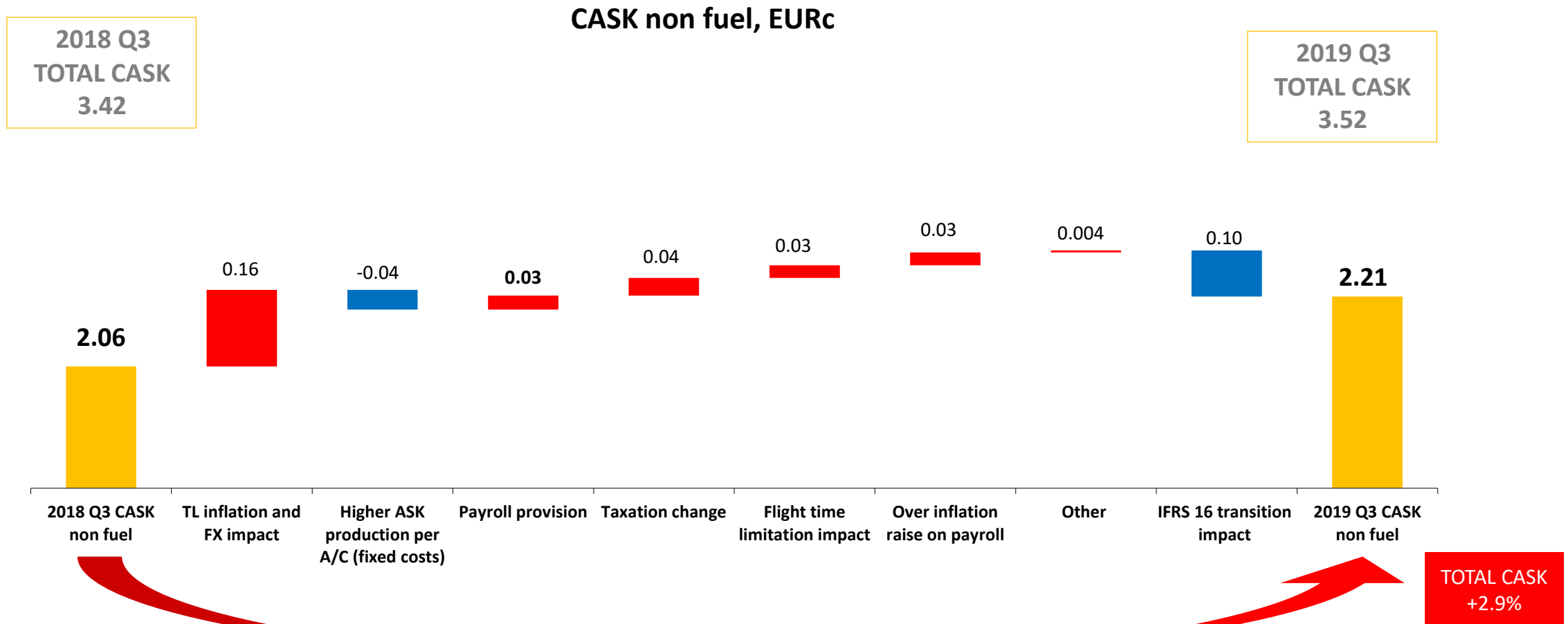
Cost Items	CASK-€c		Change	CASK-€c		Change
	2019 Q3	2018 Q3	YoY	2019 9M	2018 9M	YoY
Jet fuel expenses	1.31	1.36	-4%	1.29	1.30	-1%
Personnel expenses	0.60	0.39	52%	0.57	0.43	34%
Operating lease expenses	0.00	0.30	n.m.	0.00	0.34	n.m.
Maintenance expenses	0.06	0.22	-71%	0.12	0.28	-59%
Depreciation & amortization expenses	0.56	0.24	129%	0.62	0.25	146%
Handling fees	0.30	0.28	8%	0.29	0.28	5%
Navigation expenses	0.24	0.24	3%	0.24	0.24	1%
Landing expenses	0.14	0.13	9%	0.13	0.12	9%
Commision expenses	0.06	0.06	7%	0.06	0.07	-10%
Passenger service & catering expenses	0.04	0.04	14%	0.04	0.04	3%
Advertising expenses	0.03	0.02	58%	0.04	0.03	44%
Other	0.17	0.15	15%	0.17	0.20	-13%
<b>CASK-€c</b>	<b>3.52</b>	<b>3.42</b>	<b>3%</b>	<b>3.58</b>	<b>3.57</b>	<b>0%</b>
<b>Non-Fuel CASK-€c</b>	<b>2.21</b>	<b>2.06</b>	<b>7%</b>	<b>2.29</b>	<b>2.26</b>	<b>1%</b>

[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.

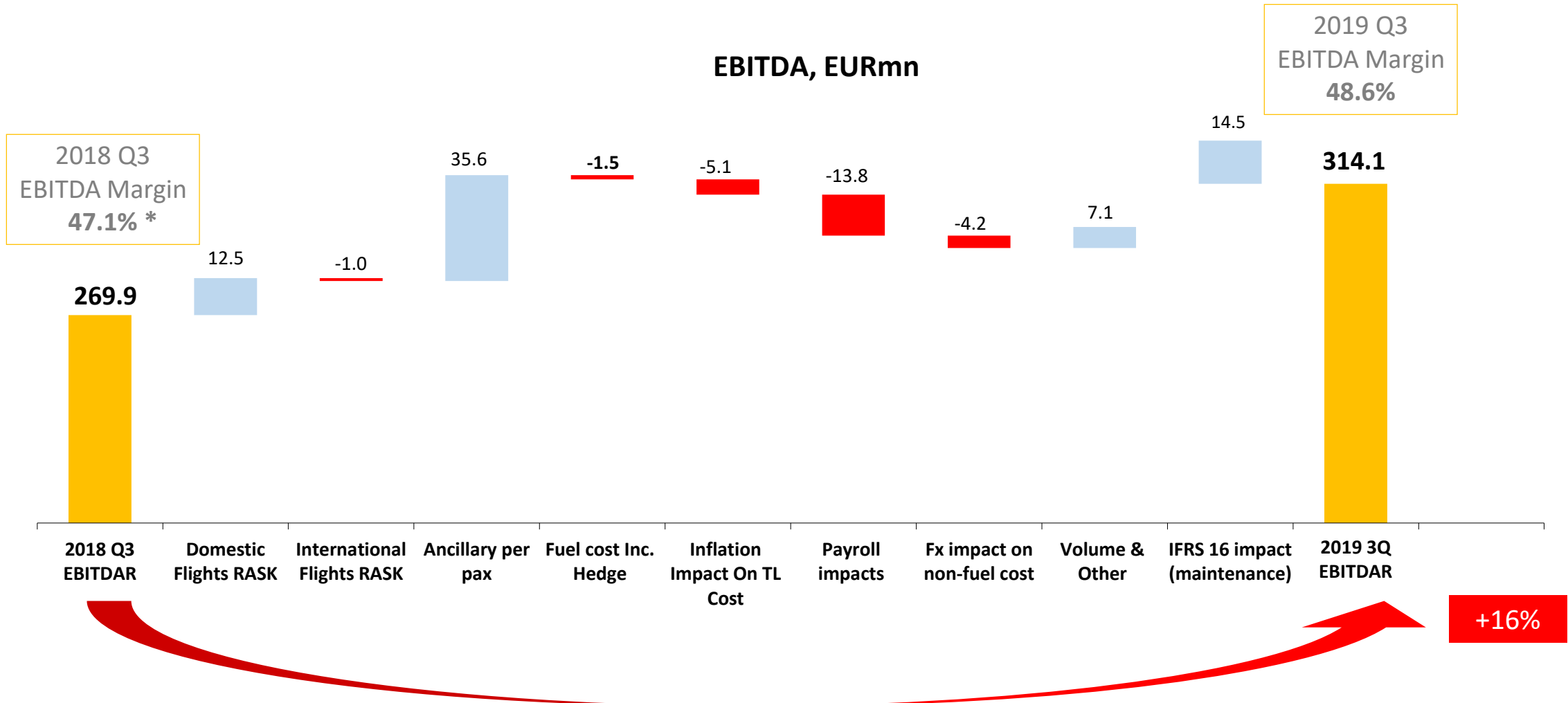
# CASK total and CASK non-fuel, Q3 2019

Total CASK increased by c.3% YoY in 2019 Q3



# EBITDA, Q3 2019

EBITDA margin further increased in Q3 2019



\* EBITDAR is used for 2018

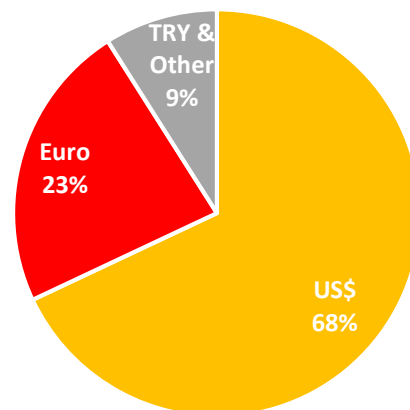


# LIQUIDITY

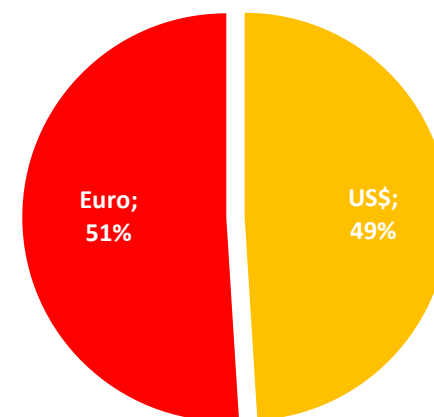
## Significant improvement at net debt/EBITDA to 1.7x with IFRS-16 application

EURmn	Sep 30, 2019	Dec 31, 2018
CASH & EQUIVALENTS	658	455
OTHER ASSETS	245	210
PRE DELIVERY PAYMENT	210	177
FIXED ASSETS	2,083	1,425
<b>TOTAL ASSETS</b>	<b>3,196</b>	<b>2,267</b>
<b>LIABILITIES</b>	<b>777</b>	<b>569</b>
FINANCIAL DEBT	1,649	1,082
SHAREHOLDERS' EQUITY	770	616
<b>TOTAL LIA. &amp; SH. EQUITY</b>	<b>3,196</b>	<b>2,267</b>
<b>(Adj.) Net Debt, EURmn</b>	<b>886</b>	<b>1,404</b>
<b>(Adj.) Net Debt/EBITDA(R)*</b>	<b>1.7</b>	<b>3.6</b>
<b>CASH PER A/C, EURmn</b>	<b>7.8</b>	<b>5.5</b>

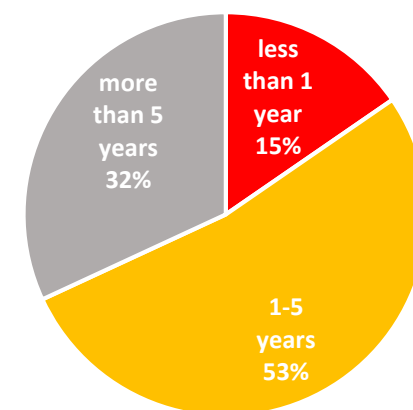
### CASH CURRENCY



### 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.  
Cash equivalents include EUR24mn non-current financial assets



# HEDGING, RISK MANAGEMENT & SENSITIVITY

2020 consumption is hedged by 54%

## HEDGE VOLUME AND PRICE

	2019FY	2020FY	2021FY
Hedge Ratio	59.8%	53.5%	17.3%
Hedged Price Range, \$/mt*	611-698	581-677	518-624
Brent Equivalent **	64-73	61-71	55-66

\* Price ranges are calculated by using market data of September 30, 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 9M P&L	↓0.1 *	↓0.1**	↑\$10
EURmn	EUR/TRY	EUR/USD	Jet Fuel/ton
Revenue	5.4	4.1	-
OPEX	3.9	4.0	5.4
EBIT	1.6	0.1	-5.4
EBITDA	1.6	0.1	-5.4

\* 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	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	Q3/Q3 YoY chg	2018 9M	2019 9M	9M/9M YoY chg
<b>TOTAL REVENUE (EURmn)</b>	<b>1,299</b>	<b>1,474</b>	<b>255</b>	<b>327</b>	<b>574</b>	<b>318</b>	<b>290</b>	<b>407</b>	<b>647</b>	<b>13%</b>	<b>1,156</b>	<b>1,344</b>	<b>16%</b>
ANCILLARY REVENUE (EURmn)	280	357	73	85	108	91	93	107	143	33%	266	343	29%
<b>EBITDA (EURmn)*</b>	<b>321</b>	<b>391</b>	<b>21</b>	<b>64</b>	<b>270</b>	<b>36</b>	<b>42</b>	<b>131</b>	<b>314</b>	<b>16%</b>	<b>355</b>	<b>487</b>	<b>37%</b>
<b>EBITDA Margin*</b>	<b>24.7%</b>	<b>26.5%</b>	<b>8.2%</b>	<b>19.6%</b>	<b>47.1%</b>	<b>11.2%</b>	<b>14.5%</b>	<b>32.1%</b>	<b>48.6%</b>	<b>1.5pp</b>	<b>30.7%</b>	<b>36.2%</b>	<b>5.5pp</b>
<b>PAX (mn)</b>	<b>27.8</b>	<b>30.0</b>	<b>6.8</b>	<b>7.6</b>	<b>8.7</b>	<b>6.9</b>	<b>6.7</b>	<b>7.2</b>	<b>8.6</b>	<b>-1%</b>	<b>23.1</b>	<b>22.4</b>	<b>-3%</b>
<b>LOAD FACTOR</b>	<b>84.6%</b>	<b>85.5%</b>	<b>84.5%</b>	<b>86.1%</b>	<b>87.8%</b>	<b>82.9%</b>	<b>84.3%</b>	<b>84.7%</b>	<b>88.7%</b>	<b>0.9pp</b>	<b>86.3%</b>	<b>86.1%</b>	<b>-0.2pp</b>
ASK (bn)	32.7	35.5	7.7	8.7	10.6	8.6	8.3	9.5	11.2	6%	26.9	29.0	8%
AVERAGE STAGE LENGTH (km)	995	1,014	955	985	1,069	1,034	1,043	1,115	1,164	9%	1,007	1,111	10%
AVERAGE FLEET	79	79	75	76	82	83	82	82	83	1%	78	82	6%
<b>RASK, (€)</b>	<b>3.97</b>	<b>4.15</b>	<b>3.33</b>	<b>3.76</b>	<b>5.44</b>	<b>3.69</b>	<b>3.50</b>	<b>4.30</b>	<b>5.76</b>	<b>6%</b>	<b>4.29</b>	<b>4.64</b>	<b>8%</b>
<b>CASK, (€)</b>	<b>3.66</b>	<b>3.66</b>	<b>3.72</b>	<b>3.61</b>	<b>3.42</b>	<b>3.96</b>	<b>3.70</b>	<b>3.54</b>	<b>3.52</b>	<b>3%</b>	<b>3.57</b>	<b>3.58</b>	<b>0%</b>
Non-fuel CASK, (€)	2.54	2.34	2.50	2.30	2.06	2.57	2.44	2.24	2.21	7%	2.26	2.29	1%
ANCILLARY PER PAX (€)	10.05	11.90	10.72	11.15	12.47	13.14	13.84	14.88	16.74	34%	11.52	15.28	33%
EUR/US\$ rate (avg.)	1.13	1.18	1.23	1.19	1.16	1.14	1.14	1.12	1.11	-4%	1.19	1.12	-6%
EUR/TRY rate (avg.)	4.11	5.67	4.68	5.20	6.53	6.29	6.09	6.59	6.30	-4%	5.47	6.33	16%

\* 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 9M	2018 9M	2019 9M	2018 9M
Sales	1,344	1,156	8,513	6,244
Cost of sales (-)	-969	-894	-6,155	-4,971
<b>Gross profit</b>	<b>374</b>	<b>262</b>	<b>2,358</b>	<b>1,273</b>
General administrative expenses (-)	-30	-34	-186	-182
Marketing expenses (-)	-37	-33	-236	-184
Other operating income	0.04	4	0.3	1
Other operating expenses (-)	-9	-24	-57	-126
<b>Operating profit</b>	<b>298</b>	<b>175</b>	<b>1,879</b>	<b>782</b>
Income from investing activities	0.1	5	1	28
Share of investments income accounted for using the equity method	2	2	11	9
<b>Operating profit before financial expense</b>	<b>300</b>	<b>182</b>	<b>1,891</b>	<b>819</b>
Financial income	11	15	72	90
Financial expense (-)	-95	-36	-545	-174
<b>Profit / (loss) before tax</b>	<b>217</b>	<b>161</b>	<b>1,418</b>	<b>736</b>
Current tax expense	-13	-3	-78	-18
Deferred tax income / (expense)	-5	-14	-29	-74
<b>Profit / (loss) for the period</b>	<b>200</b>	<b>144</b>	<b>1,312</b>	<b>643</b>
<b>Net profit / (loss) attributable to:</b>				
Non-controlling interest	0.2	-0.3	1	-2
Shareholders' of the parent	199	145	1,311	645

# APPENDIX – Balance Sheet (assets & liabilities)

ASSETS	EURmn	EURmn	TRYmn	TRYmn
	2019 9M	2018 12M	2019 9M	2018 12M
<b>Current assets</b>	<b>1,053</b>	<b>732</b>	<b>6,510</b>	<b>4,412</b>
Cash and cash equivalents	635	455	3,925	2,741
Trade receivables	119	39	738	236
Other receivables	34	80	211	480
Derivative financial instruments	0.3	1	2	3
Inventories	14	10	86	58
Prepaid expenses	243	141	1,500	848
Current income tax assets	0	1	0	6
Other current assets	0.4	7	2	41
Non-current assets held for sale	7	0	46	0
<b>Non-Current assets</b>	<b>2,143</b>	<b>1,535</b>	<b>13,254</b>	<b>9,253</b>
Financial assets	24	0	147	0
Other receivables	10	12	63	73
Investments accounted by using the equity method	8	7	51	40
Property and equipment	1,573	1,368	9,730	8,248
Intangible assets	10	8	63	47
Right of use assets	427	0	2,638	0
Prepaid expenses	91	140	562	845
<b>TOTAL ASSETS</b>	<b>3,196</b>	<b>2,267</b>	<b>19,764</b>	<b>13,665</b>

LIABILITIES	EURmn	EURmn	TRYmn	TRYmn
	2019 9M	2018 12M	2019 9M	2018 12M
<b>Current liabilities</b>	<b>769</b>	<b>590</b>	<b>4,758</b>	<b>3,554</b>
Short term financial liabilities	122	132	754	798
Short term portion of long term financial liabilities	235	109	1,454	659
Trade payables	152	97	942	584
Employee benefit obligations	12	4	71	26
Other payables	7	4	43	24
Passenger flight liabilities	146	112	901	678
Derivative financial instruments	24	31	146	190
Deferred income	28	10	172	63
Short term provisions	32	84	200	508
Other current liabilities	12	4	73	25
<b>Non-Current liabilities</b>	<b>1,657</b>	<b>1,061</b>	<b>10,244</b>	<b>6,395</b>
Long term financial liabilities	1,291	840	7,985	5,065
Derivative financial instruments	9	17	53	105
Deferred income	33	20	203	122
Long term provisions	250	104	1,546	624
Deferred tax liabilities	74	79	457	479
<b>TOTAL LIABILITIES</b>	<b>2,426</b>	<b>1,651</b>	<b>15,002</b>	<b>9,949</b>

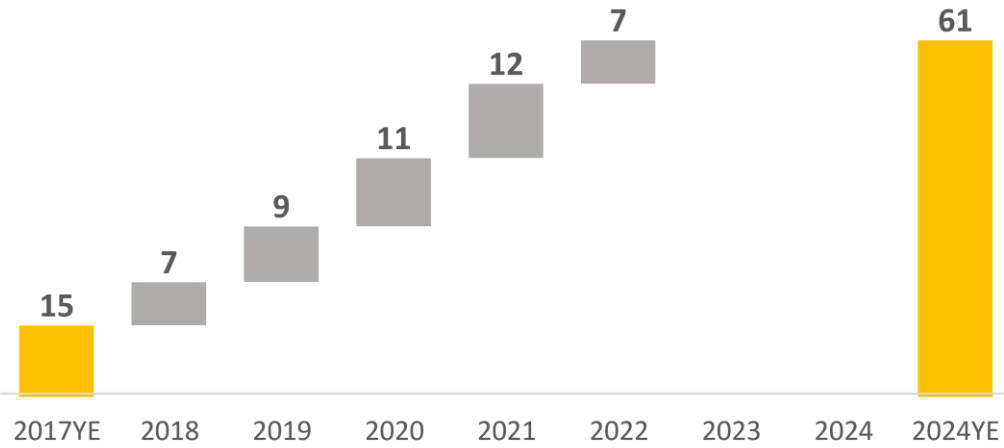
# APPENDIX – Balance Sheet (Shareholders' equity)

	EURmn 2019 9M	EURmn 2018 12M	TRYmn 2019 9M	TRYmn 2018 12M
<b>SHAREHOLDERS' EQUITY</b>	<b>770</b>	<b>616</b>	<b>4,762</b>	<b>3,715</b>
<b>Equity attributable to shareholders' of the parent</b>	<b>776</b>	<b>622</b>	<b>4,801</b>	<b>3,753</b>
Paid-in share capital	61	61	102	102
Share premiums on capital stock	194	194	456	456
Currency translation differences	-7	-6	2,039	2,042
Other	-22	-35	-101	-187
Retained earnings	352	296	995	832
Net profit for the period	199	113	1,311	507
<b>Non-controlling interest</b>	<b>-6</b>	<b>-6</b>	<b>-39</b>	<b>-38</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,196</b>	<b>2,267</b>	<b>19,764</b>	<b>13,665</b>

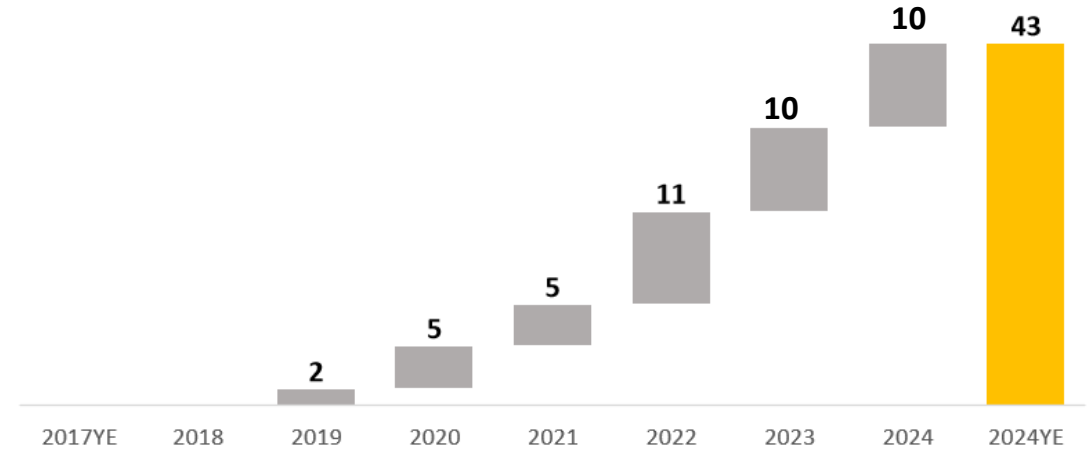


# FLEET DELIVERY SCHEDULE

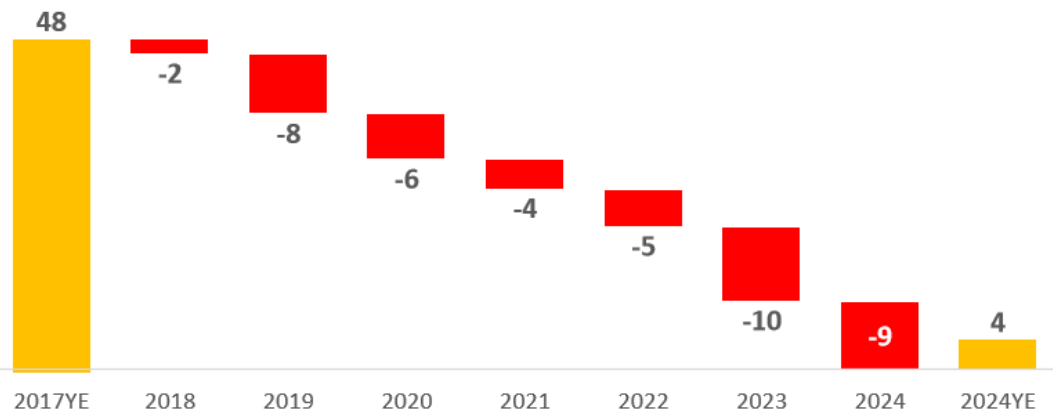
## A320neo



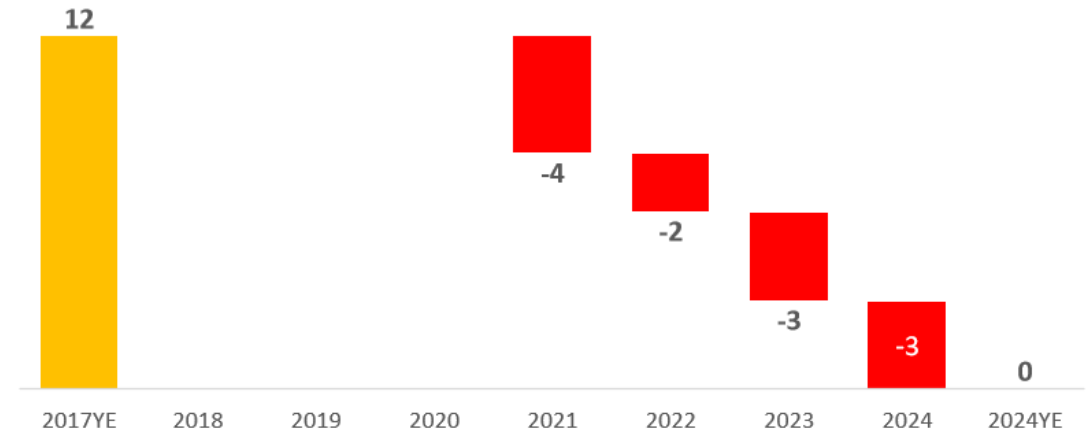
## A321neo



## B737-800ng



## A320ceo



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



*Thank you*