



2020 Q3 RESULTS PRESENTATION
November 2020

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KEY HIGHLIGHTS - 2020 Q3

Pegasus staged one of the fastest recoveries in the industry with total Q3 ASK reaching 52% of a year ago



Traffic

- Health concerns and restrictions due to COVID-19 continued to negatively impact the propensity to travel, especially in int'l routes.
- Pegasus staged one of the fastest recoveries in the industry with total Q3 ASK reaching 52% of a year ago on a load factor of 76%.
- Q3'20 domestic ASK production reached 96% of Q3'19 level. On a load factor of 80.6% domestic pax fell 26% YoY to 3.11mn.
- Slow capacity re-build in int'l flights: Q3 ASK at 37% of a year ago. Int'l pax was down 75% YoY to 1.16mn on a load factor of 66%.



Financial Performance

- Q3 revenues at EUR181mn, down 72% YoY, driven by pax decline and lower yield/pax.
- Strict focus on costs maintained: fixed cash costs down by 59% YoY in Q3.
- EBITDA at positive territory with EUR55mn on 30.1% margin.
- Bottom-line back to '**net profit**' at **EUR27mn**, helped by reversal from charges for ineffective fuel hedges and net FX gains.



Cash reserves

- Positive cash reserve after deducting short and long term bank loans stands at EUR231mn at end-Q3.
- EUR21mn cash-back received in Q3 from margin call account
- EUR24mn cash outflow for ticket refunds related with cancelled flights.
- Monthly cash burn including the ticket refunds was at EUR22mn in Q3.



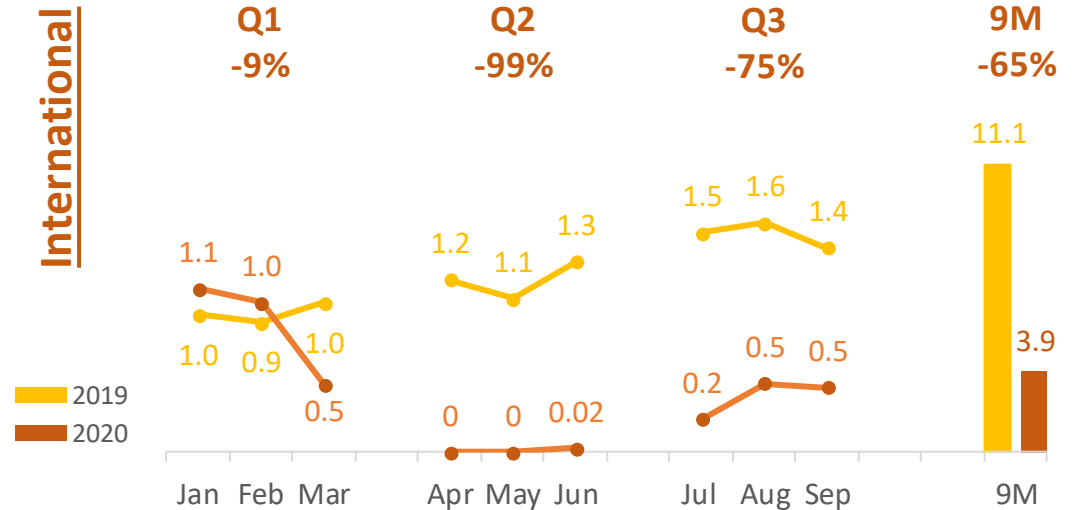
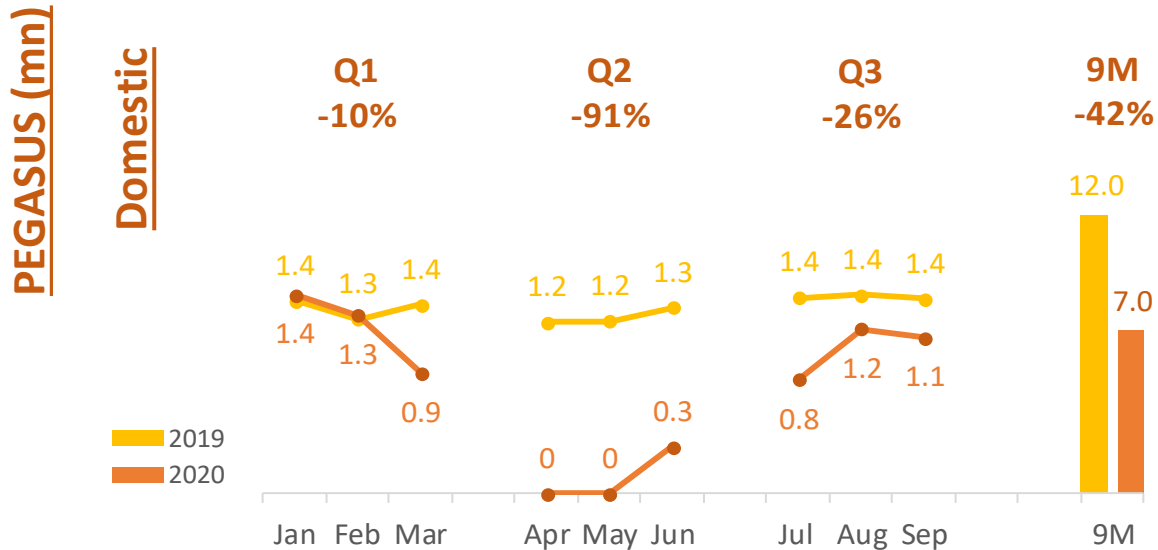
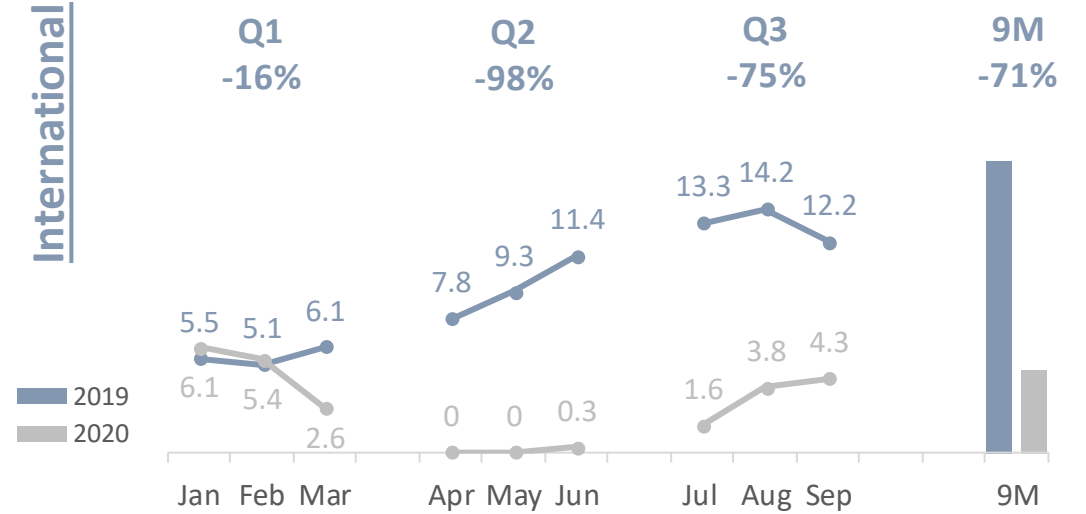
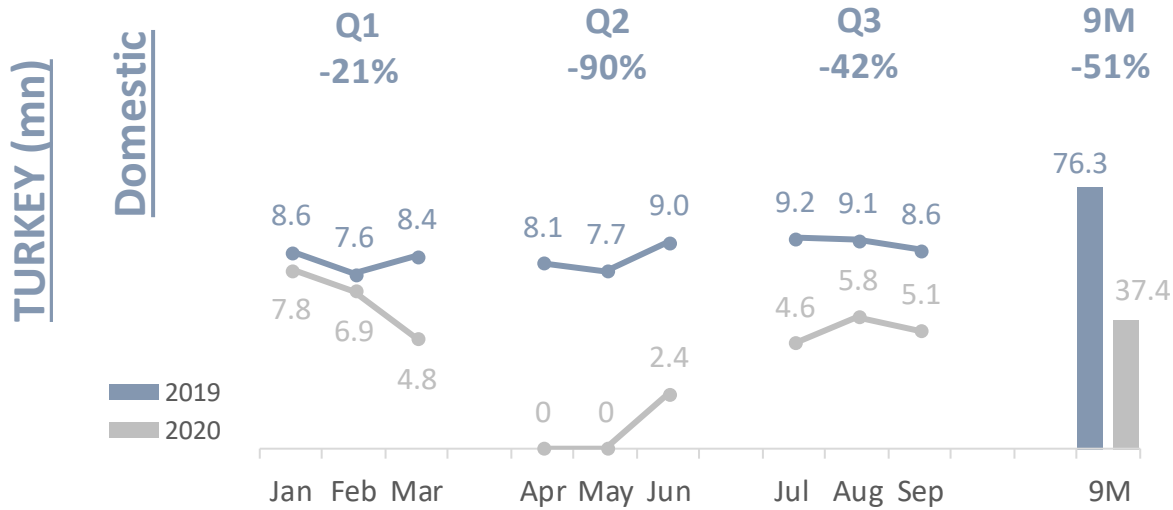
Outlook

- No guidance provided on financial figures due to continued uncertainty.
- Q4'20 ASK planned to be at c.55-60% of Q4'19 (Domestic 90-95%, Int'l 40-45%).
- Current fleet plan foresees 92 aircraft at end-2020, 97 aircraft at end-2021
- Capacity estimates are dependant on the evolution of COVID-19 pandemic and authorities decisions on restrictions.



PASSENGER TRAFFIC – TURKEY & PEGASUS

Domestic traffic recovered fast in Q3, while travel restrictions continued to depress the international traffic

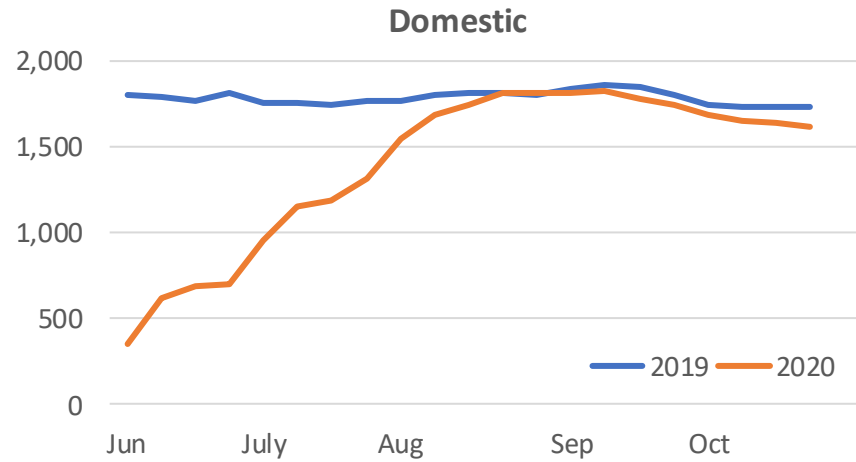


Turkey passenger data is taken from General Directorate of State Airports Authority
Pegasus figures reflect booked passengers, international pax includes charter pax

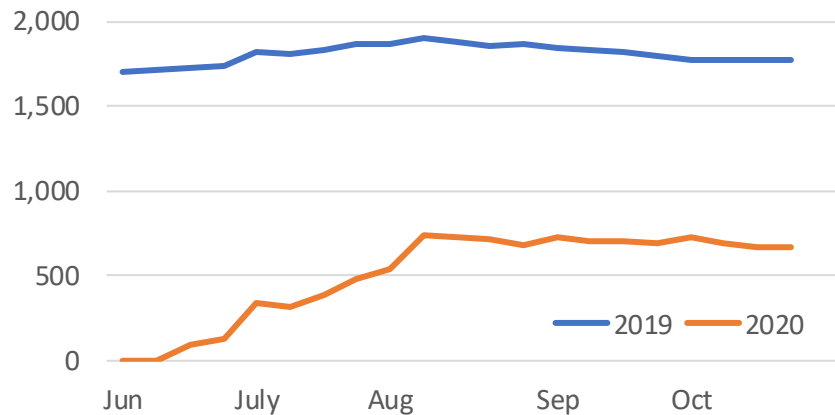
OPERATING ENVIRONMENT – RETURN TO SERVICE

Domestic ASK reached above 2019 levels since August, international roll-out flat due to travel restrictions

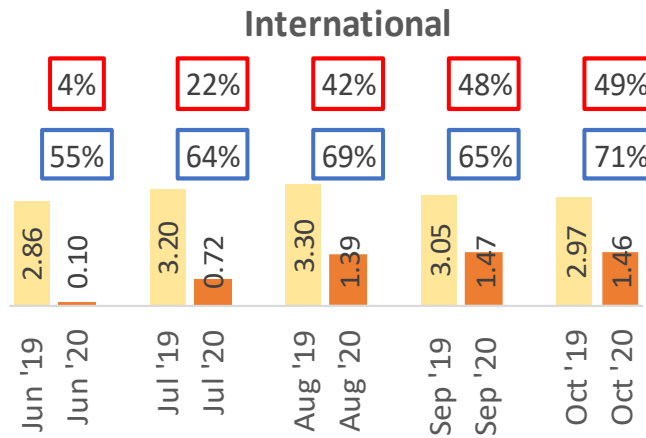
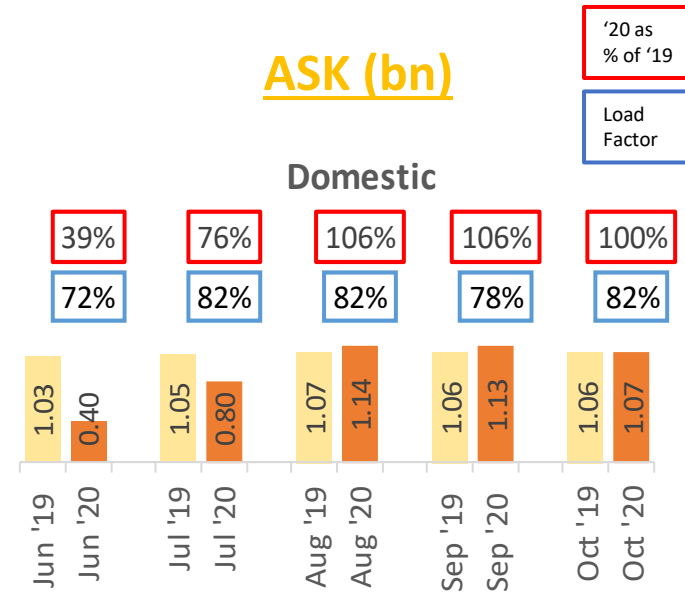
Weekly nb. of cycles



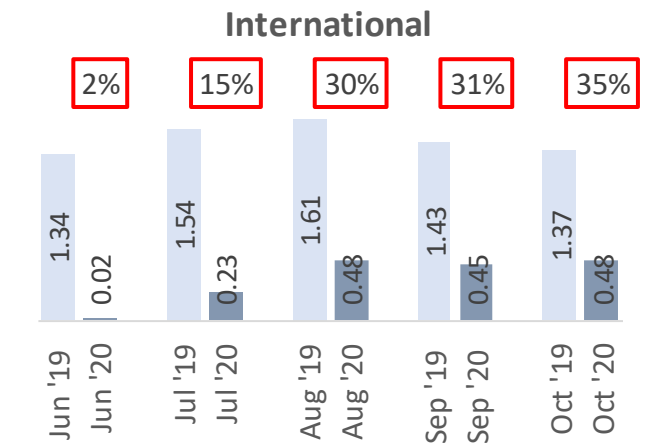
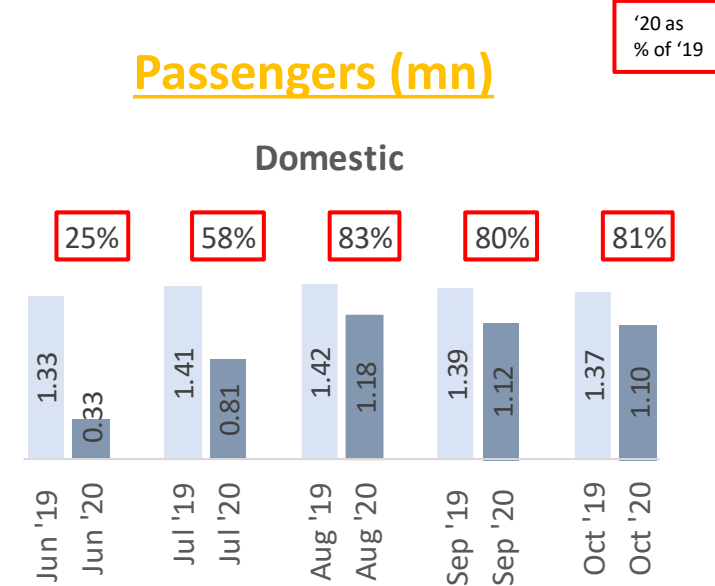
International



ASK (bn)



Passengers (mn)



International pax includes charter pax



SUMMARY 2020 Q3/9M FINANCIAL HIGHLIGHTS

Bottom-line figure returned to positive territory with EUR27mn net profit

EURmn	2019 Q3	2020 Q3	% Chg.	2019 9M	2020 9M	% Chg.
Revenues	647	181	-72%	1,344	490	-64%
Costs	395	191	-52%	1,037	600	-42%
EBITDA	314	55	-83%	487	82	-83%
Net profit	183	27	-85%	199	-142	n.m.

Revenues fell 72% with the decline in passengers (-51% YoY) and lower yields per passenger (domestic TL -12% YoY, Int'l EUR -32% YoY). Ancillary revenues fell 62% YoY parallel to the pax drop and 21% deceleration in per pax ancillary spend. Total Q3 RASK is at EURc2.73, down 46% YoY.

Total costs in Q3 declined by 52% YoY with lower capacity and successful cost saving initiatives. Cash fixed costs fell by 59% YoY parallel to the significant reduction generated in staff and other overhead costs. Total Q3 CASK at EURc2.88 was down 7% YoY.

Bottom-line returned to **net profit** in Q3 with EUR27mn. A small negative operating result was more than off-set by the reversal from ineffective fuel hedge charges and net FX gains stemming from impact of higher EUR/US\$ parity on US\$ based liabilities.

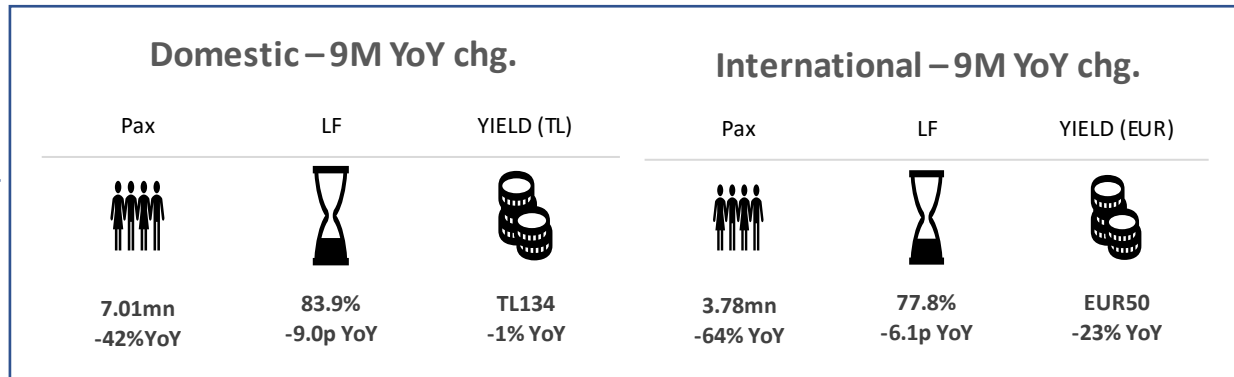
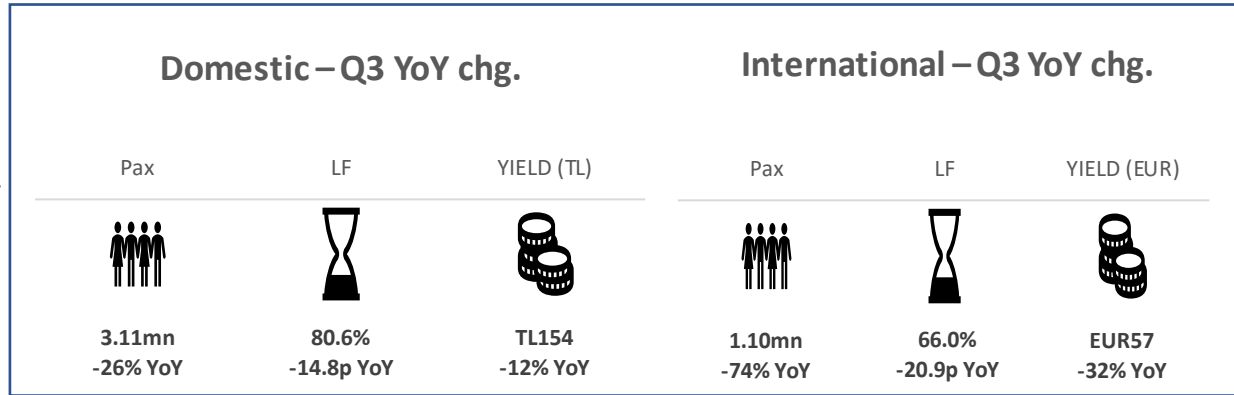


REVENUES

Revenues fell 72% YoY in Q3 on lower pax and yields

	Q3 '19	Q3 '20	
TOTAL REVENUES	647	181	-72%
Scheduled Domestic	116	58	-50%
Scheduled International	356	63	-82%
Ancillary	143	55	-62%
Charter and Other	32	5	-85%

	9M '19	9M '20	
TOTAL REVENUES	1,344	490	-64%
Scheduled Domestic	257	127	-51%
Scheduled International	695	190	-73%
Ancillary	343	160	-53%
Charter and Other	49	13	-74%



COSTS

Strict focus on cost savings maintained

EURmn	2019 Q1	2020 Q1	% chg.	2019 Q2	2020 Q2	% chg.	2019 Q3	2020 Q3	% chg.	2019 9M	2020 9M	% chg.
Fixed Costs	121	128	6%	121	88	-26%	144	98	-31%	385	315	-18%
Depreciation and amort.	58	64	9%	59	64	9%	63	65	4%	180	193	7%
Personnel	50	50	-1%	48	18	-63%	67	25	-63%	166	93	-44%
Overhead	7	10	37%	7	4	-40%	8	6	-29%	22	20	-12%
Other fixed costs	5	5	0%	7	2	-60%	5	3	-48%	17	10	-40%
Operating costs	186	181	-3%	214	11	-95%	251	93	-63%	652	285	-56%
Jet fuel	104	100	-4%	123	4	-97%	147	51	-66%	374	155	-59%
Handling fees	23	23	-2%	27	1	-95%	34	15	-57%	85	39	-54%
Maintenance	14	15	5%	12	2	-83%	7	3	-61%	33	19	-42%
Navigation	19	19	-1%	23	1	-96%	27	13	-53%	69	33	-53%
Landing	10	9	-8%	13	0.3	-98%	16	5	-66%	38	15	-61%
Pax service and catering	3	3	-10%	3	0.1	-97%	5	1	-76%	11	4	-63%
Commission	5	5	10%	6	0.2	-97%	7	1	-80%	18	7	-60%
Other operating costs	7	7	2%	7	2	-77%	9	4	-57%	22	12	-45%
TOTAL COSTS	306	309	1%	335	100	-70%	395	191	-52%	1,037	600	-42%

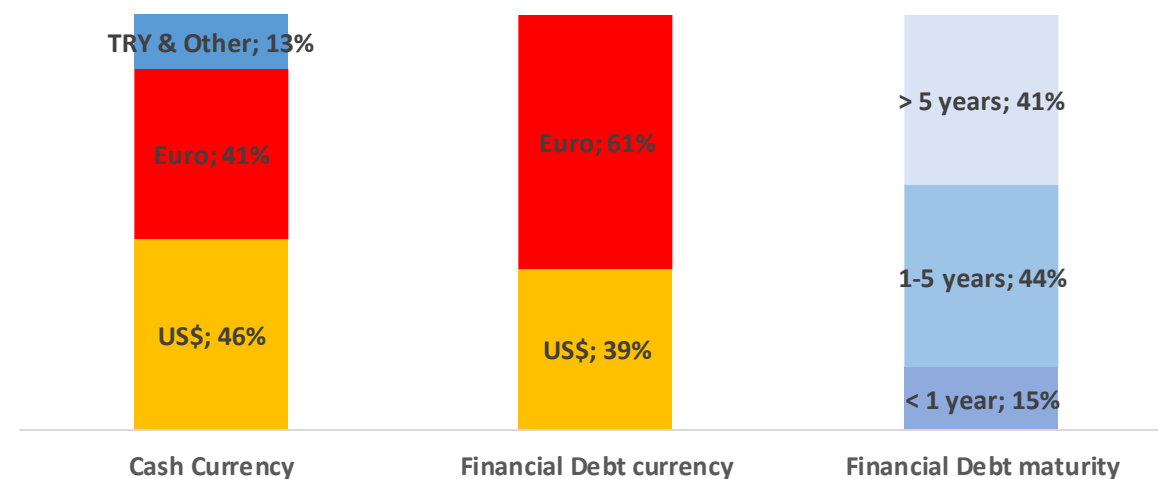
- Cash fixed costs 59% lower YoY thanks to management's successful cost initiatives.
- Personnel costs were 63% lower with unpaid leaves and government's wage support.
- Management is committed to its «no lay-off strategy».
- Operating costs were 63% lower YoY, outpacing the 48% contraction in total ASK.

LIQUIDITY

Cash management remains as management's top priority

EURmn	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020
CASH & EQUIVALENTS	652	486	564	469
OTHER ASSETS	101	247	187	141
PRE DELIVERY PAYMENT	238	270	231	231
FIXED ASSETS	2,173	2,151	2,377	2,342
TOTAL ASSETS	3,165	3,154	3,359	3,183
LIABILITIES	746	774	727	645
BANK LOANS	114	196	288	238
LEASING LIABILITIES	1,503	1,494	1,726	1,650
SHAREHOLDERS' EQUITY	802	690	618	649
TOTAL LIA. & SH. EQUITY	3,165	3,154	3,359	3,183
Net Debt, EURmn	846	1,069	1,335	1,304
CASH PER A/C, EURmn	8.0	5.8	6.3	5.4

Breakdown of currencies and financial debt maturity



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

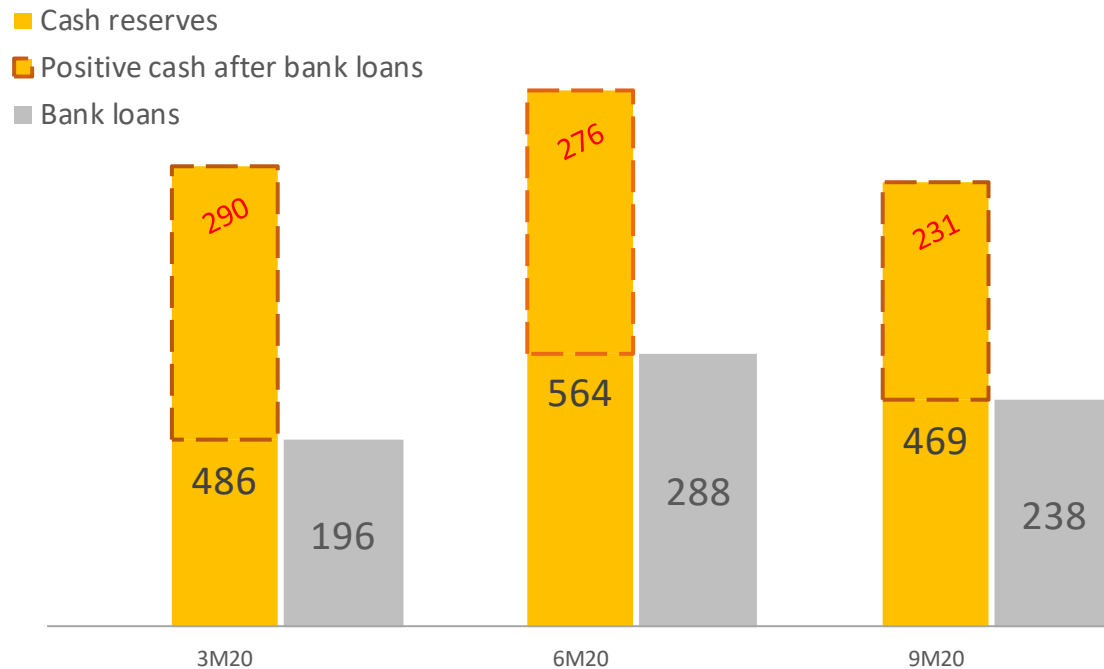
Cash & equivalents include non-current financial assets worth EUR23mn at Dec 31, 2019 and EUR27mn at Mar 31, Jun 30 and Sep 30, 2020



CASH RESERVES

Monthly cash burn of EUR22mn in Q3

Cash reserves vs. Bank loans (ST<)



*Cash reserves include EUR27mn non-current financial assets at 3M20, 6M20 and 9M20.

- Positive cash reserve after deducting short and long term bank loans stands at EUR231mn at end-Q3 with EUR45mn decline from end-Q2 amount
 - EU21mn cash inflow received from the margin call in Q3
 - EUR50mn net bank loan paid back in Q3, total bank loans stand at EUR238mn as of the end of 9M20. Loans that were paid back are rolled over with new loans in Q4.
 - EUR24mn cash outflow for ticket refunds.
- Quarterly cash burn including the inflow from margin call account was at EUR66m, implying a monthly cash burn of EUR22mn in Q3.

FLEET DEVELOPMENT

2 B737-800 aircraft were redelivered in Q3

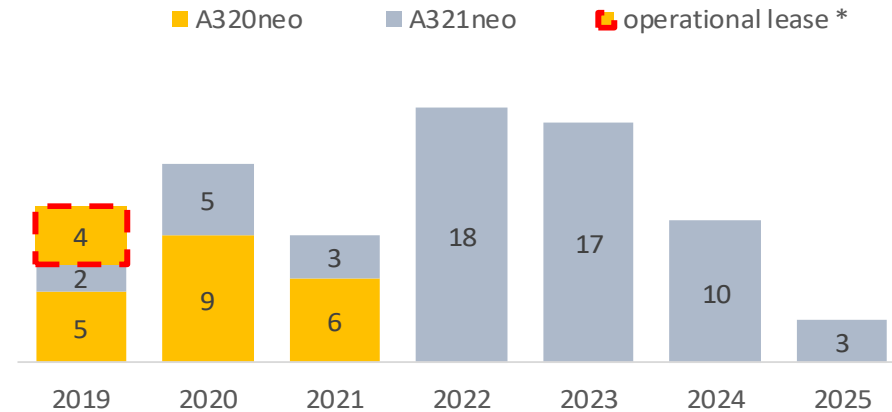
FLEET (as of September 30, 2020)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	16	16	35
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	31	4	35
Airbus A321neo	-	5	-	5
Total	3	52	32	87

FLEET INFORMATION

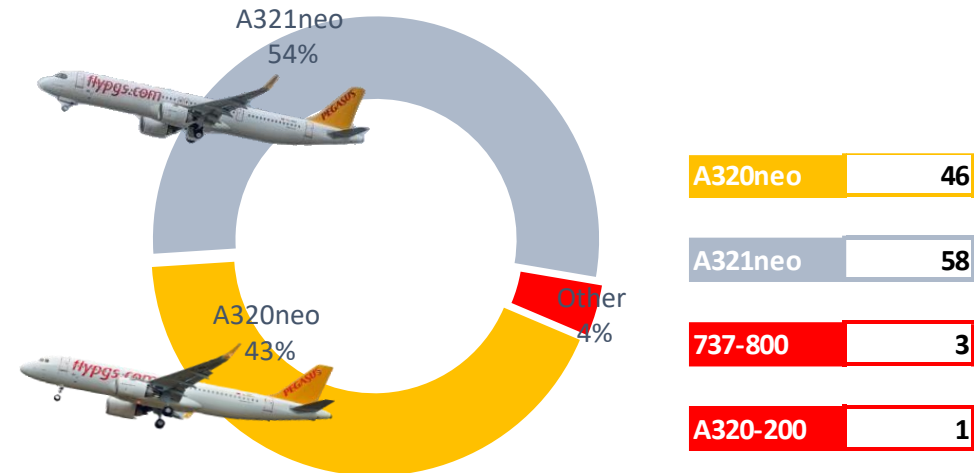
- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.21 years.**
- ✈ **2 737-800** aircraft have been redelivered in Q3 2020.
- ✈ Fleet to reach **92 aircraft** by 2020YE
 - ✓ **5 A320neo** were delivered in October 2020
 - ✓ **2 A321neo** will be delivered in Q4
 - ✓ **2 737-800** will be redelivered in Q4

ORDER BOOK (2019-2025)



* 4 operational lease A320neo

FLEET (as of 2025YE)



FIGHTING COVID-19

Road map of Pegasus: 'Hygiene, Order, Trust'

- Pegasus follows the COVID-19 Aviation Health Safety Protocol published jointly by the European Union Aviation Safety Agency (EASA) and the European Centre for Disease Prevention and Control (ECDC).
- All Pegasus aircraft are fitted with HEPA (High Efficiency Particulate Air) filters.
- Air in the aircraft cabin is filtered and replaced with fresh air every 3 minutes on average.
- All aircraft are disinfected every 24h with high efficacy products that act against the coronavirus and are effective for at least 48h.
- Research and facts:
 - ✓ IATA: Research Points to Low Risk for COVID-19 Transmission Inflight – [click here](#)
 - ✓ AVIATION PUBLIC HEALTH INITIATIVE «Phase One» report – [click here](#)

3 min
All the air in the cabin is **replaced every three minutes** on average.

More than half of the air in the cabin consists of clean and sterile air from **outside the aircraft**, and the rest consists of the interior air which has been **cleaned by HEPA filters**.

Our aircraft are **regularly disinfected** to prevent the spread of infectious diseases and all our aircraft are fitted with high efficiency **HEPA filters which are replaced periodically**.

99.99% of viruses and bacteria in the air are filtered by HEPA filters. This way, the **best quality** air is achieved in the cabin.

The airflow on-board is only from **above the seat to the floor**. There is no airflow to the front or back.

HEPA filters perform similarly to those filters used to keep the air clean in **operating theatres and industrial cleanrooms**.



APPENDIX



APPENDIX - OPERATIONAL & FINANCIAL HIGHLIGHTS

	2018	2019	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	Q3/Q3 YoY chg	2019 9M	2020 9M	9M/9M YoY chg
TOTAL REVENUE (€mn)	1,474	1,739	255	327	574	318	290	407	647	396	287	22	181	-72%	1,344	490	-64%
ANCILLARY REVENUE (€mn)	357	459	73	85	108	91	93	107	143	116	100	6	55	-62%	343	160	-53%
EBITDA (€mn)*	391	580	21	64	270	36	42	131	314	93	41	-14	55	-83%	487	82	-83%
EBITDA Margin*	26.5%	33.3%	8.2%	19.6%	47.1%	11.2%	14.5%	32.1%	48.6%	23.5%	14.4%	-61.9%	30.1%	-18.4pp	36.2%	16.8%	-19.5pp
PAX (mn)	30.6	30.8	6.9	7.8	8.8	7.1	6.9	7.4	8.80	7.6	6.2	0.4	4.3	-51%	23.1	10.9	-53%
LOAD FACTOR	87.3%	88.6%	86.5%	87.9%	89.4%	84.8%	86.9%	87.3%	91.3%	88.4%	86.6%	70.6%	76.1%	-15.2pp	88.6%	81.6%	-7.1pp
ASK (bn)	39.9	43.9	8.6	9.8	11.8	9.7	9.5	10.8	12.7	10.9	8.8	0.5	6.6	-48%	33.0	16.0	-52%
AVG. 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	1,009	1,180	-11%	1,266	1,199	-5%
AVERAGE FLEET	79	84	75	76	82	83	82	82	83	84	84	85	87	6%	82	86	4%
RASK, (€c)	3.69	3.96	2.96	3.33	4.88	3.28	3.07	3.76	5.08	3.62	3.25	4.30	2.73	-46%	4.07	3.07	-25%
CASK, (€c)	3.26	3.19	3.31	3.20	3.07	3.52	3.24	3.10	3.10	3.36	3.50	19.43	2.88	-7%	3.14	3.76	20%
Non-fuel CASK, (€c)	2.08	2.06	2.23	2.04	1.85	2.29	2.14	1.96	1.95	2.24	2.37	18.62	2.12	9%	2.01	2.79	39%
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	15.6	12.8	-21%	14.8	14.7	-1%
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	1.10	1.17	5%	1.12	1.13	0%
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	7.54	8.41	34%	6.33	7.56	19%

* 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	2019 Q3	2020 Q3	2019 9M	2020 9M
Sales	647	181	1,344	490
Cost of sales	-373	-179	-970	-559
Gross profit	273	2	374	-69
General administrative expenses (-)	-9	-8	-30	-24
Marketing expenses (-)	-13	-4	-37	-17
Other operating income	-9	4	0	33
Other operating expenses (-)	-8	17	-9	-37
Operating profit	234	11	298	-114
Income/expense from investing activities	0.0	0.1	0.1	0.1
Share of investments income (equity method)	0.8	0.7	1.8	1.8
Operating profit before financial expense	235	12	300	-112
Financial income	4	20	11	26
Financial expense (-)	-40	-4	-95	-59
Profit / (loss) before tax	200	28	217	-145
Current tax expense	-13	0	-13	0
Deferred tax income / (expense)	-5	-2	-5	3
Profit / (loss) for the period	183	27	199	-142

Notes on Q3 performance

Revenues fell 72% with lower passenger numbers (-51% YoY), lower passenger yields (domestic TL -12% YoY, Int'l EUR -32% YoY).

Operating costs were also down significantly due to smaller capacity supply and cost saving initiatives. Major items among total costs are personnel costs (EUR25mn, -63% YoY), jet fuel costs (EUR51mn, -66% YoY) and depreciation (EUR65mn, +4% YoY).

Other operating income and financial income lines include a total of EUR35mn net FX gain primarily related to US\$ based liabilities.

Other operating expenses includes net EUR17mn reversal of charge previously booked for fuel hedge contracts estimated to be inefficient.



APPENDIX – Balance Sheet

ASSETS, EURmn	2019 12M	2020 9M	LIABILITIES, EURmn	2019 12M	2020 9M
Current assets	916	705	Current liabilities	717	731
Cash and cash equivalents	630	442	Short term financial liabilities	345	378
Trade receivables	67	20	Trade payables	109	101
Other receivables	13	41	Passenger flight liabilities	145	66
Derivative financial instruments	0.0	0.1	Derivative financial instruments	8.0	32.3
Inventories	11	10	Short term provisions	69	92
Prepaid expenses	192	188	Other current liabilities	41	62
Current income tax assets	2	0.5	Non-Current liabilities	1,647	1,803
Other current assets	0.1	3.4	Long term financial liabilities	1,272	1,511
Non-Current assets	2,250	2,478	Derivative financial instruments	0	4
Financial assets	23	27	Deferred income	48	36
Other receivables	22	17	Long term provisions	252	186
Investments (equity method)	9	8	Deferred tax liabilities	75	66
Property and equipment	251	250	SHAREHOLDERS' EQUITY	802	649
Intangible assets	12	12	Paid-in share capital	61	61
Right of use assets	1,790	1,969	Share premiums on capital stock	194	194
Prepaid expenses	144	195	Other	-9	-20
			Retained earnings	557	415
TOTAL ASSETS	3,165	3,183	TOTAL LIABILITIES AND EQUITY	3,165	3,183



APPENDIX – Cash Flow Statement

CASH FLOW STATEMENT, EURmn	2019 9M	2020 9M
A. CASH FLOWS FROM OPERATING ACTIVITIES	456	-13
Net cash generated from operating activities	405	79
Changes in working capital	51	-92
B. CASH FLOWS FROM INVESTING ACTIVITIES	-45	-64
Cash outflows from purchase of property, equipment and intangible assets	-15	-7
Changes in cash advances and payables	-31	-58
Other investing activities	0.2	0.1
C. CASH FLOWS FROM FINANCING ACTIVITIES	-249	-110
Repayment of principal in lease liabilities	-198	-172
Net Change in bank borrowings	0	93
Interest & commission paid	-62	-40
Interest received	11	8
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	18	0
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	180	-187
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	455	630
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	635	442



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



Thank you