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2023 Q2 RESULTS PRESENTATION
August 2023

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KEY HIGHLIGHTS

Strong set of financial performance, EBITDA margin of 33.6% represents a new company record for a second quarter.

Traffic

- As the travel market is normalizing from the post-COVID boost seen in 2022, we are reinstalling our **habitual strategic focus** on 'Load Factor' and 'ancillary revenue growth', built on our industry-leading cost management performance.
- Total ASK grew 27% YoY in 2Q23, driven by the **37% growth in international ASK**.
- Total number of passengers increased by 21% YoY, on the 35% YoY increase in international passengers. 2Q23 **blended load factor increased by 2.7pps** to 81.3%. **International pax per cycle increased to 161 in 2Q23** from 151 in 2Q21.

2Q23 Int'l ASK

+37% YoY

2Q23 Int'l Load Factor

79.8%, +1pps YoY

2Q23 Int'l pax/cycle

161 pax, +10 pax YoY

Financial Performance

- **Q2 revenues** reached **EUR657mn** with **30% YoY increase**, thanks to traffic growth and continued uptrend in ancillary segment. **Ancillary revenue per pax** amounted to **EUR26.2 in 2Q23** vs. EUR19.5 in 2Q22.
- **Q2 EBITDA*** reached **EUR221mn** with **113% YoY growth**. RASK-CASK spread amounted to EURc0.97, the highest level in a Q2, helped by the favorable jet fuel prices. **33.6% EBITDA margin** in 2Q23 also represents a company record for a Q2.
- EUR91mn net profit in 2Q23 posted a notable improvement compared to EUR-40mn loss recorded in 2Q22.

2Q23 Revenues

+30% YoY

2Q23 RASK-CASK spread

EURc 0.97 (Q2 best!)

2Q23 EBITDA margin

33.6% (Q2 best!)

Outlook

- **YoY comparison will turn increasingly difficult in Q3 and Q4**, given the exceptionally strong unit revenue environment through the second half of 2022 driven by the rebound in pent-up demand after the pandemic.
- Ongoing plan for **around 20% growth in total ASK in 2023** vs. 2022 is maintained. Based on the current yield trends and the outlook for jet fuel prices, **RASK-CASK spread is expected to normalize in Q3 and Q4** compared to a year ago.
- **2023FY EBITDA margin** estimate at «+30% territory» is reiterated.

2023E ASK

Around +20% YoY

2023E Ancillary per pax

Around +10% YoY

2023E EBITDA margin

+30% territory



PEGASUS

* EBITDA: Core EBIT+Depreciation expenses+55% of wet lease expenses (i.e. EUR4.0mn for 2Q23)

ROUTE NETWORK

International route network consists of 93 destinations.



Announced additions to the int'l route network in 2023:

Istanbul Sabiha Gokcen

- Plovdiv
- Amman
- Podgorica
- Kazan

Ankara

- Moscow
- Warsaw
- Krakow

Antalya

- Symkent
- St.Petersburg

Dalaman

- Baku

Bodrum

- Tel Aviv

Trabzon

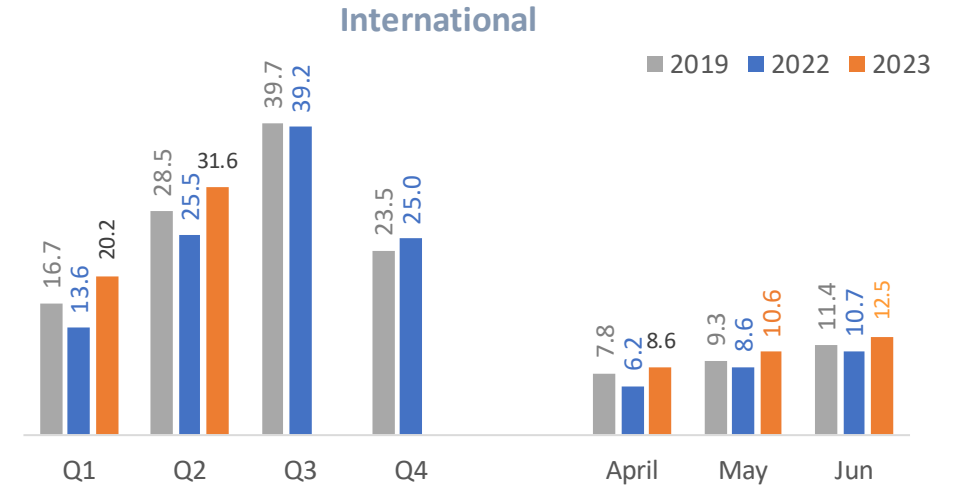
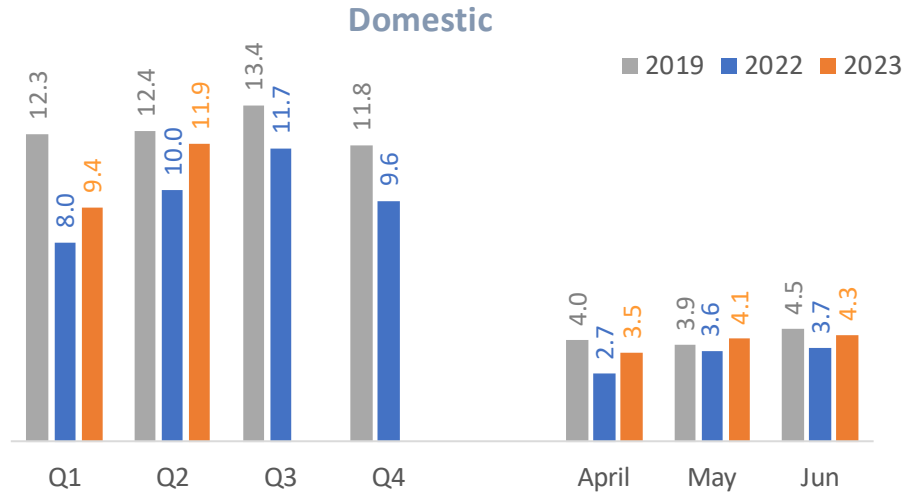
- Tel Aviv
- Dammam
- Erbil



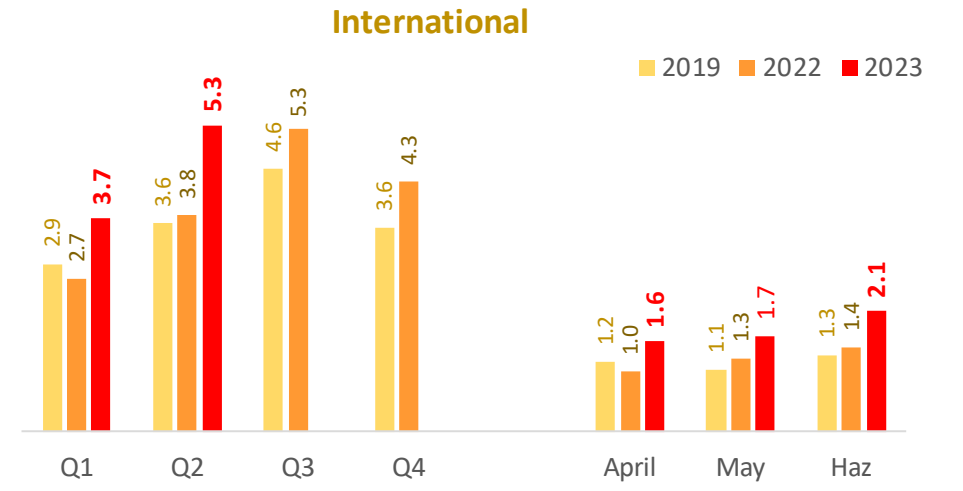
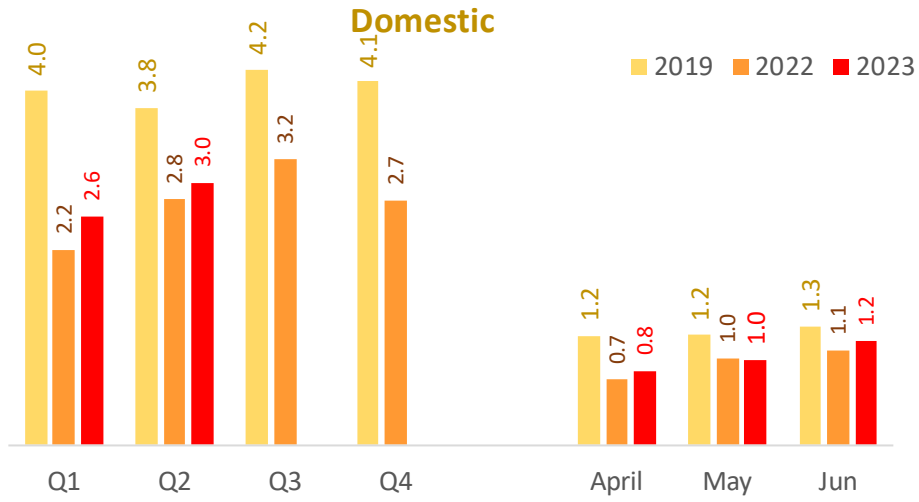
OPERATING ENVIRONMENT

International passengers of Pegasus grew by 35% YoY in 2Q23.

TÜRKİYE PAX. (mn)



PEGASUS PAX. (mn)



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



SUMMARY FIGURES

2Q23 EBITDA* margin of 33.6% represented the highest performance for a second quarter ever.

EURmn	2022 Q2	2023 Q2	YoY % chg.	2022 6M	2023 6M	YoY % chg.
Revenues	504	657	30%	774	1,100	42%
Scheduled pax revenues	356	440	24%	527	720	37%
Ancillary revenues	127	206	61%	220	362	64%
Costs	471	510	8%	400	771	24%
Fuel costs	224	187	-16%	324	350	8%
Personnel costs	45	76	68%	86	142	66%
EBITDA *	104	221	113%	136	290	112%
EBITDA Margin	20.6%	33.6%		17.6%	26.3%	
Net profit/loss	-40	91	n.m.	-101	69	n.m.
	2022 Q2	2023 Q2	YoY % chg.	2022 6M	2023 6M	YoY % chg.
Total Passengers (mn)	6.5	7.9	21%	11.4	14.1	24%
International (mn)	3.8	5.1	35%	6.4	8.8	37%
Total ASK (bn)	11.9	15.2	27%	20.4	26.2	29%
International (bn)	9.4	12.8	37%	15.4	20.8	35%
Load Factor	78.7%	81.3%		79.6%	82.7%	
International	78.8%	79.8%		78.3%	81.4%	

- As part of our continuing strategic focus on international business, seats supplied to international segment grew by 33% YoY and made up 66% of total seats in 2Q23.

- In 2Q23, total pax volumes increased by 21% YoY. Meanwhile, number of international passengers posted 35% increase YoY. Ancillary revenues grew by 61% YoY on the 34% YoY increase in ancillary per pax. Consequently, total revenue growth for the quarter reached 30% YoY.

- Total **RASK** was EURc4.32 in 2Q23, up 2% YoY.

- Total costs increased by 8% in 2Q23. The 16% decline in jet fuel expenses was to a great extent offset by the 68% increase in personnel costs.

- Total **CASK** was EURc3.36 in 2Q23, down 15% YoY, while **CASK non-fuel** was EURc2.13, up 3% YoY.

- 2Q23 bottom-line read EUR91mn net profit, representing a significant improvement compared to the EUR40mn loss in 2Q22.

International includes charter

* EBITDA: Core EBIT+Depreciation expenses+55% of wet lease expenses (i.e. EUR4.0mn for 2Q23)

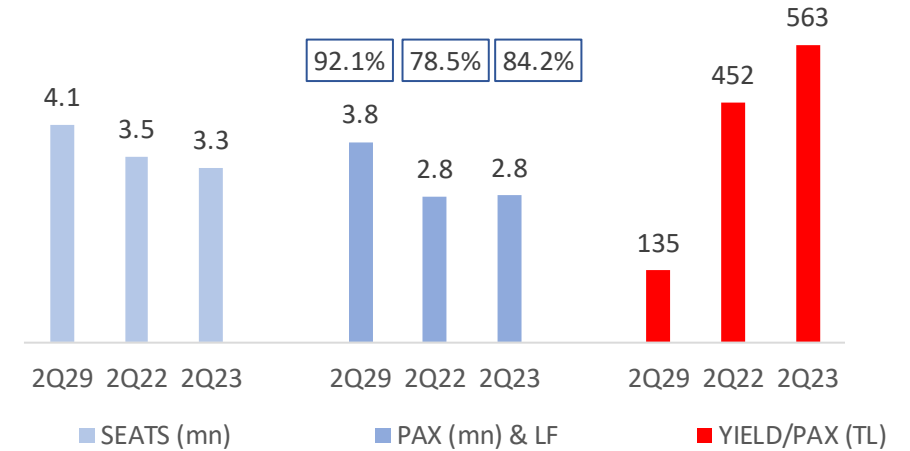


REVENUES

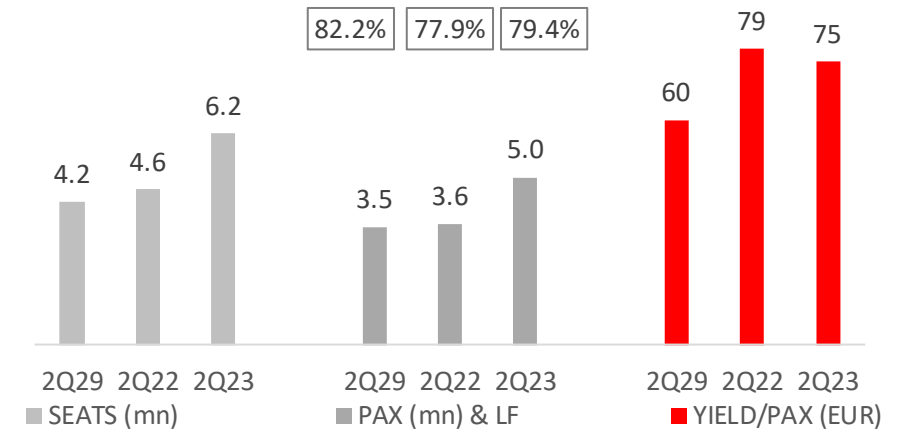
International scheduled revenues grew by 32% YoY in 2Q23.

EURmn	2029 Q2	2022 Q2	2023 Q2	YoY chg.
TOTAL REVENUES	407	504	657	30%
Domestic scheduled	79	75	68	-9%
International scheduled	208	281	372	32%
Ancillary	107	127	206	61%
Charter and Other	13	21	12	-44%
RASK (EURc)	3.76	4.22	4.32	2%

Scheduled Domestic - KPIs



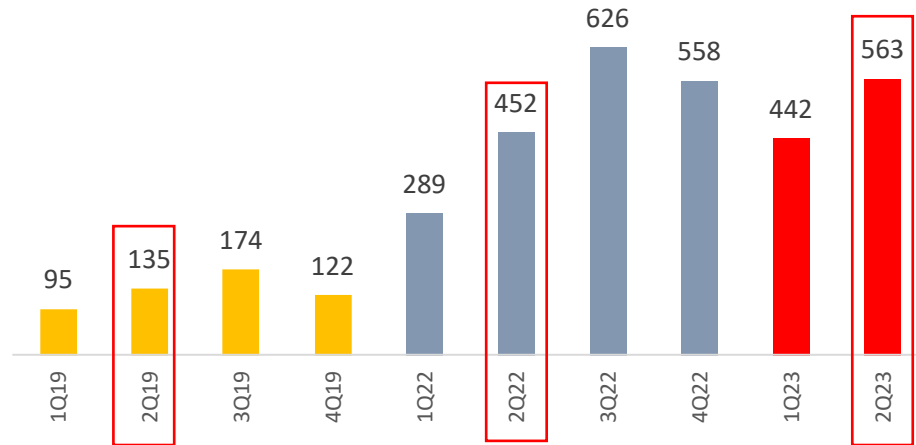
Scheduled International - KPIs



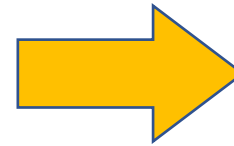
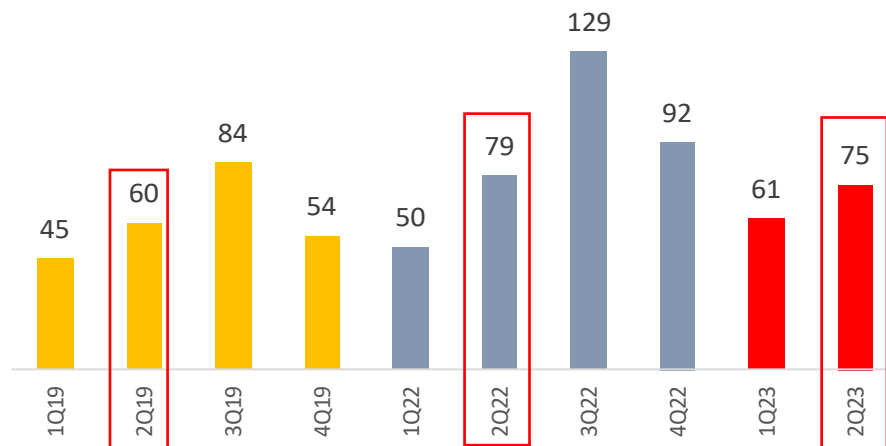
OPERATING ENVIRONMENT

Total scheduled passenger revenue/pax (including ancillary revenue) grew by 10% YoY in 2Q23.

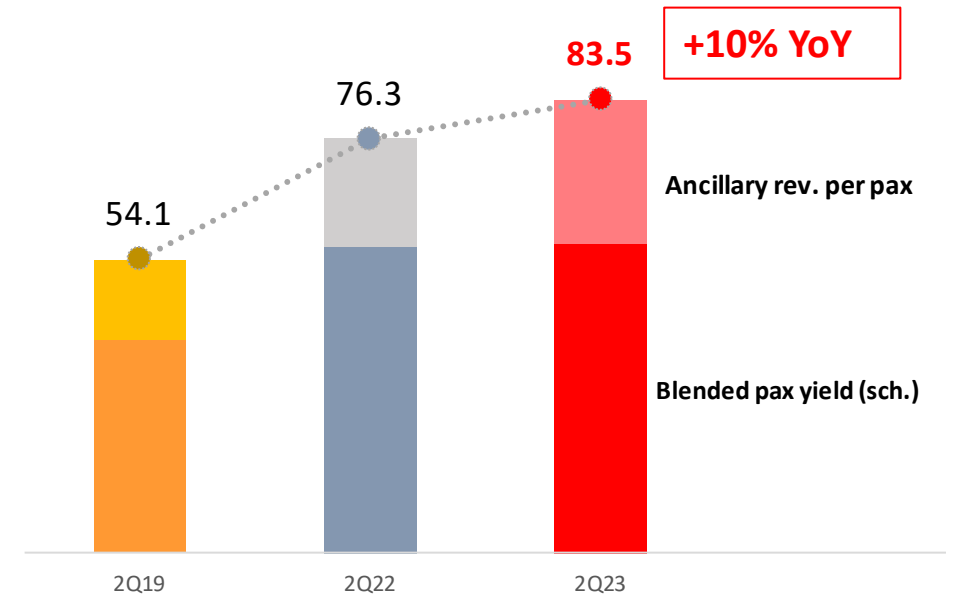
Yield/pax - Sch. Domestic (TL)



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

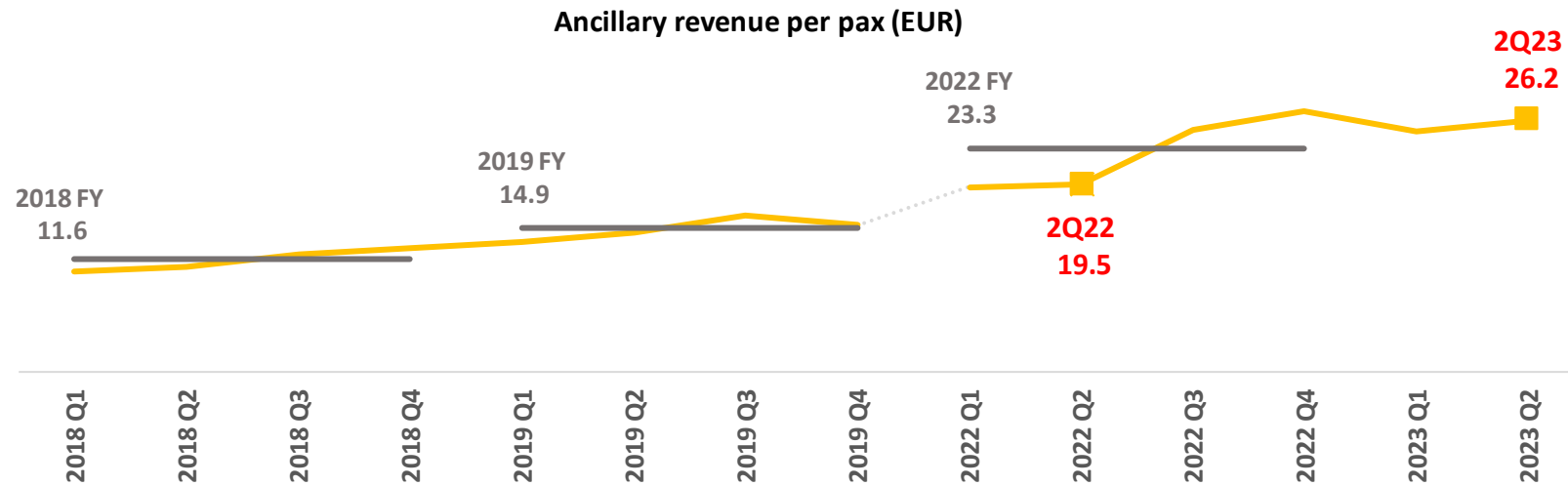
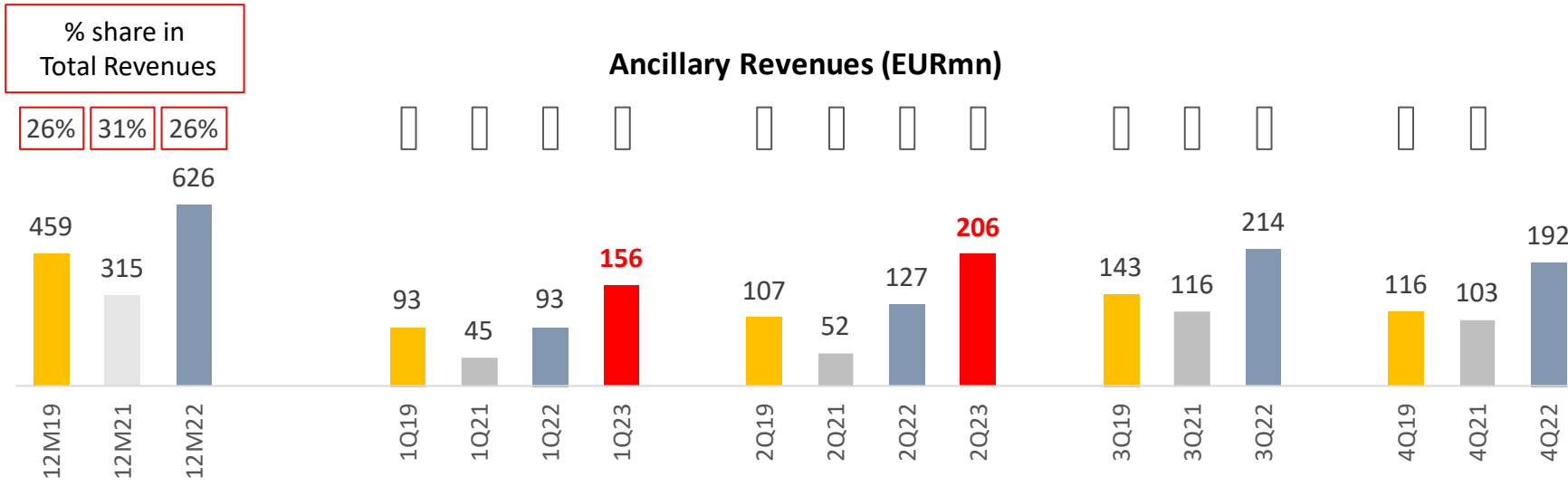


Total Scheduled Passenger Revenue / Pax (EUR)



ANCILLARY REVENUES

Ancillary revenue/pax reached EUR26.2 in 2Q23, in line with the full year target.



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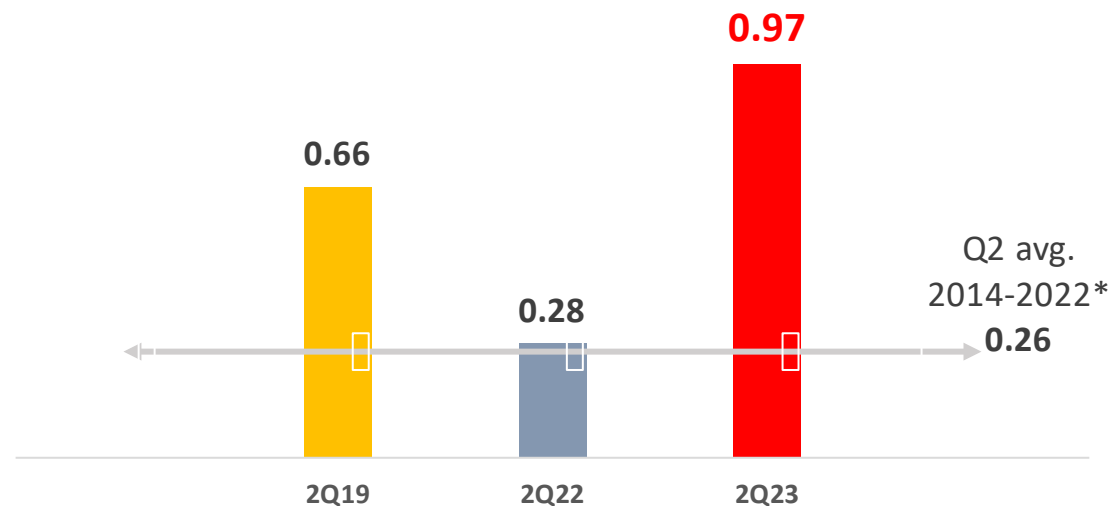


COSTS

RASK-CASK spread amounted to EURc0.97 - the highest level in a Q2.

Cost Items (EURmn)	2019 Q2	2022 Q2	2023 Q2	YoY % chg
Jet fuel expenses	123	224	187	-16%
Personnel expenses	48	45	76	68%
Maintenance	12	23	12	-49%
Depreciation & amortization	59	71	70	-1%
Handling	27	33	47	44%
Navigation	23	27	41	54%
Landing	13	13	24	75%
Commission	6	5	6	21%
Passenger service & catering	3	3	5	73%
Advertising	5	3	5	74%
Short-term lease expenses	0	0	7	n.m.
Other expenses	16	25	30	23%
TOTAL COSTS	335	471	510	8%
CASK (€ cent)	3.10	3.94	3.36	-15%
CASK non fuel (€ cent)	1.96	2.07	2.13	3%

RASK-CASK spread for Q2 (EURc)

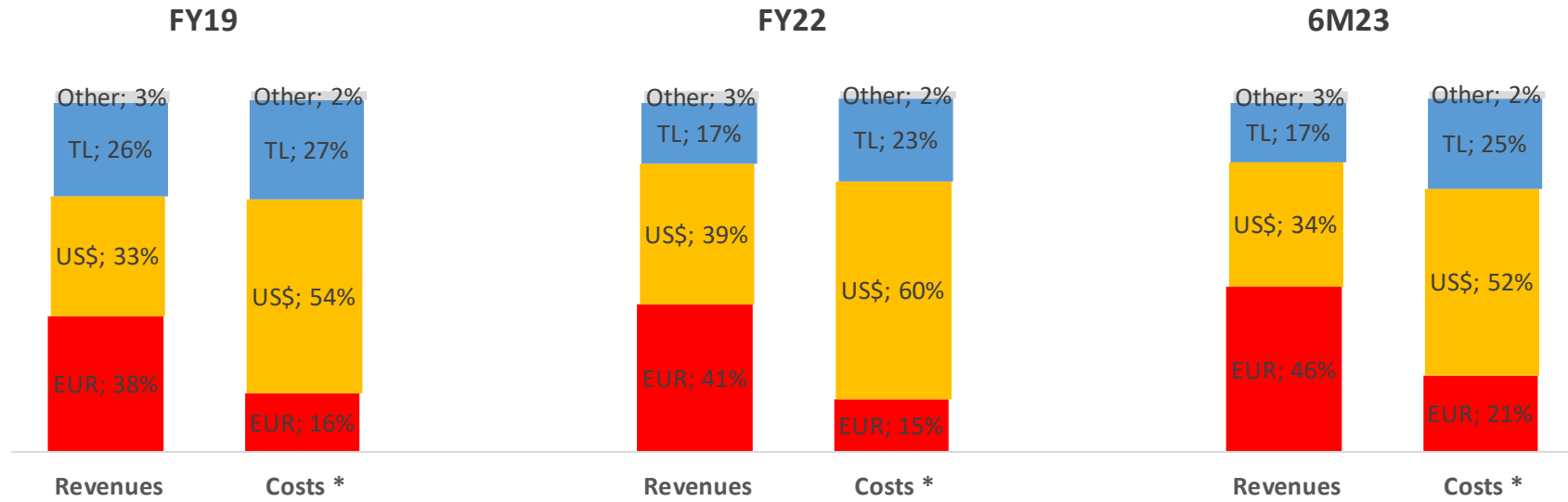


* COVID period (2020 & 2021) excluded from the calculation of the average



CURRENCY BREAKDOWN – OPERATIONAL PERSPECTIVE

Revenues and costs are mainly based on hard currencies.



* Costs excluding depreciation expenses

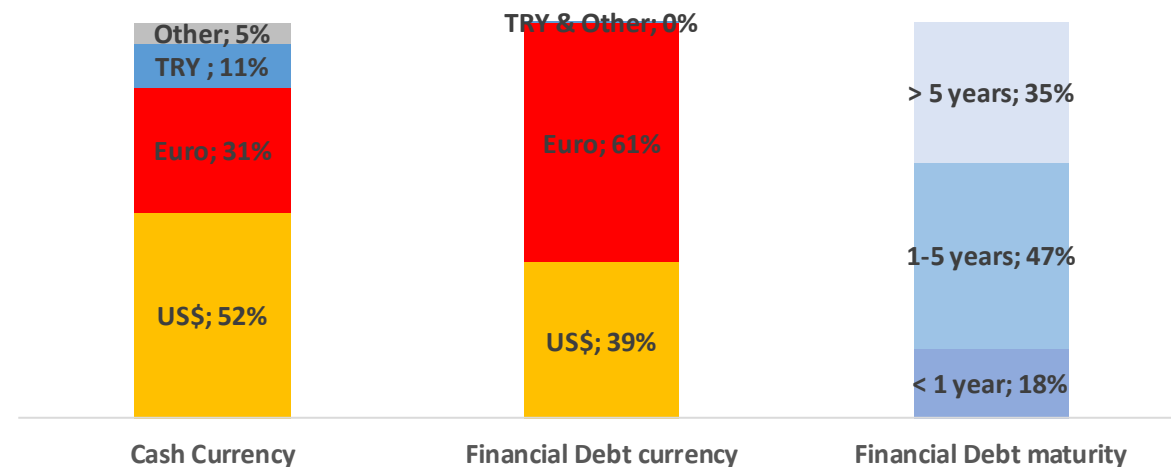


LIQUIDITY

Net debt stands at EUR2.1bn as of the end of 2Q23.

EURmn	Dec 31, 2021	Dec 31, 2022	Jun 30, 2023
Cash & Equivalents	662	858	956
Other Assets	106	216	235
Pre-delivery payment	295	313	294
Fixed Assets	2,539	3,419	3,712
Total Assets	3,602	4,806	5,197
Liabilities	642	841	1,012
Bank Loans & Debt Instruments	596	485	513
Leasing Liabilities	1,901	2,575	2,719
Shareholders' Equity	462	905	953
Total Liab. & Sh. Equity	3,602	4,806	5,197
Net Debt, EURmn	1,688	2,046	2,129

Breakdown of currencies and financial debt maturity



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

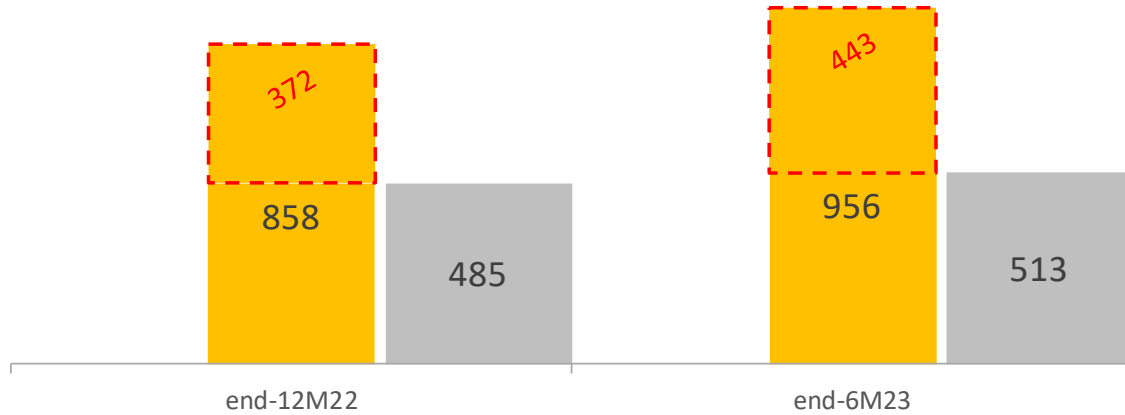


CASH RESERVES

Positive cash reserves are at EUR443mn as of the end of 2Q23.

Cash reserves vs. Loans

- Cash reserves
- Positive cash after deducting bank loans
- Bank loans and debt instruments (total)



- Total cash reserves stood at EUR956mn at the end of 2Q23, compared to EUR858mn at 2022-end.
- Positive cash reserve after deducting total short and long term bank loans and issued debt instruments is at EUR443mn as of the end of 2Q23.

- Cash reserves include short and long term financial assets.



FLEET DEVELOPMENT

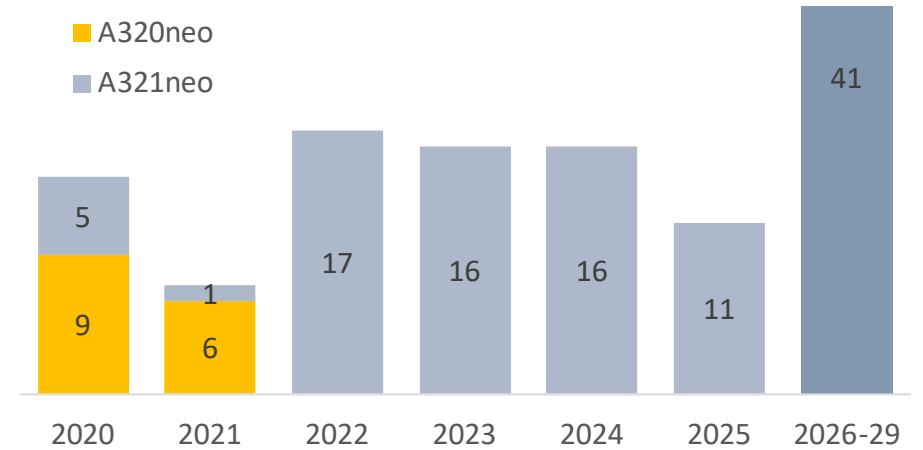
A321neo order book was extended by 36 A/C, deliveries are scheduled for the 2026-29 period

FLEET (as of June 30, 2023)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	-	9	7	16
Airbus A320ceo	-	-	8*	8
Airbus A320neo	-	40	6	46
Airbus A321neo	-	30	1	31
Total	-	79	22	101

* 2 A320ceo on damp lease

A320NEO-A321NEO ORDER BOOK



FLEET INFORMATION

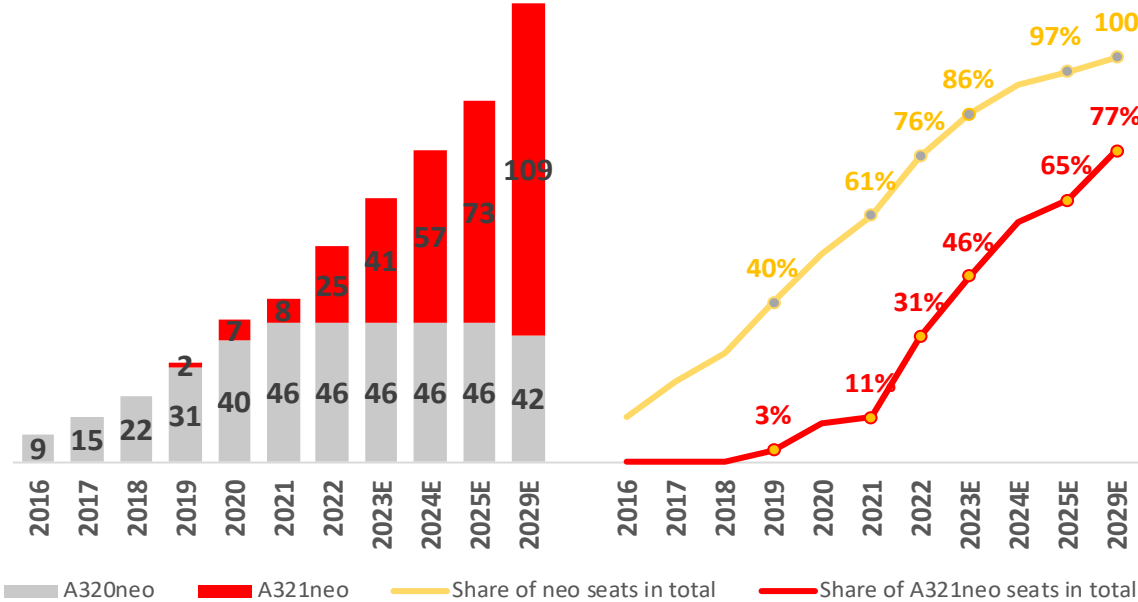
- Youngest fleet in Türkiye and one of the youngest among LCCs globally: **4.7 years**.
- **42 A320neo (all delivered)** and **108 A321neo (30 delivered)** on order.
- Fleet size will be **104 aircraft** at the end of 2023.
 - ✓ **10 A321neo** delivery planned for the remainder of 2023, while **6 737-800** and **1 A320ceo** will exit
- Since 2021-end, all deliveries in the order book are of **A321neo type**.
 - ✓ **Average seat count of the fleet** will reach **223 in 2029**, compared to **191 in 2021**



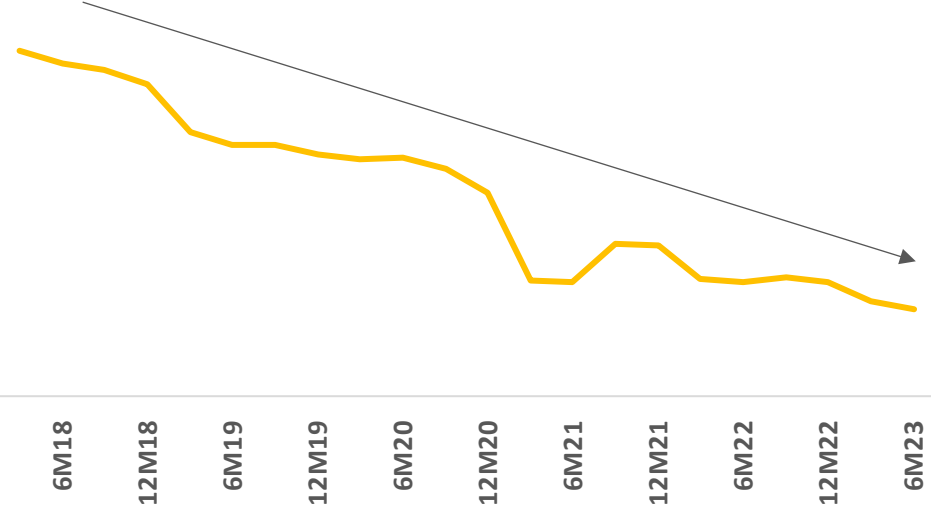
FLEET DEVELOPMENT

Increasing share of Neo seats in total is making significant contribution to efficiency gains.

Evolution of the A320neo and A321neo fleet



Fuel consumption per ASK



HEDGING & RISK MANAGEMENT

2023 estimated jet fuel consumption is hedged by 48%.

HEDGE VOLUME AND PRICE

	2023FY	2024FY	2025FY
Hedge Ratio	48%	36%	5%
Hedged Price range, \$/mt	704-922	744-969	731-906
Brent equivalent*	64-84	68-88	67-82

Price ranges are calculated by using market data of June 30, 2023

** Jet Fuel Price/11*

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 50% 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



SUSTAINABILITY (ESG) UPDATE

Moving towards a
cleaner
future



Our Sustainability-Linked Loan transaction for the financing of ten new Airbus 321neo we took delivery in 2022, was awarded the **Sustainability Supported Finance Deal of the Year** by **Airline Economics**, and the **Guaranteed Financing Deal of the Year 2022** by **Euromoney's Airfinance Journal**. The transaction was also recognized by IATA in its 2050 Net Zero Finance Roadmap as an example for how sustainability-linked financing can be integrated into EXIM-supported aircraft finance.



We continue investing in new generation Airbus neo aircraft. **Three new Airbus 321neo aircraft joined our fleet in 2023Q2**, further contributing to **efficiency in fuel consumption and carbon emissions**. In July 2023, we announced our firm order for another **36 new Airbus 321neo** aircraft, bringing our Airbus Order total to 150 Airbus 320/321neo family aircraft.



We published our [2023 Carbon Disclosure Project \(CDP\) Report](#) in July 2023. **We have been disclosing our emissions on the CDP platform since 2015**. We are one of the five global airlines to have attained leadership level (A & A-) score on 2022 CDP Climate Change reporting.

Moving towards an
equal and harmonious
future



Our new **Diversity, Equality & Inclusion** initiative «**Harmony**» is underway, with volunteers from different business units identifying specific initiatives and targets and implementing them, with specific focus on design, engagement and communication.

Moving towards a
better
future together



As a thriving company, we know that by improving our corporate structure and supporting the development of every individual on our team, we can make a real difference to society and the environment. **Pegasus Airlines Sustainability Team, comprising over 80 members**, is carrying out its work on a wide range of **environmental, social and governance** targets.



In 2023, we joined **UN Global Compact's** new association established in Türkiye. Our CEO, Ms. Güliz ÖZTÜRK will serve as Vice-Chair of the Board of Directors this term. In 2019, we were the **first airline in Türkiye to commit to UN Global Compact** and we are happy to extend our collaboration with the Turkish Network for greater impact towards implementing the **UN Sustainable Development Goals**.

HIGHLIGHTS and FINANCIAL STATEMENTS



OPERATIONAL & FINANCIAL HIGHLIGHTS

	2019	2021	2022	2019	2019	2019	2019	2022	2022	2022	2022	2023	2023	Q2	2019	2022	2023	6M
	12M	12M	12M	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	YoY chg	6M	6M	6M	YoY chg
TOTAL REVENUE (€mn)	1,739	1,025	2,449	290	407	647	396	270	504	1,000	675	442	657	30%	697	774	1,100	42%
ANCILLARY REVENUE (€mn)	459	315	626	93	107	143	116	93	127	214	192	156	206	61%	200	220	362	64%
EBITDA (€mn)	580	254	835	42	131	314	93	33	104	469	230	69	221	113%	173	136	290	112%
EBITDA Margin	33.3%	24.8%	34.1%	14.5%	32.1%	48.6%	23.5%	12.1%	20.6%	46.9%	34.1%	15.5%	33.6%	13.0pp	24.8%	17.6%	26.3%	8.7pp
Net profit/loss (€mn)	212	-150	431	-42	59	183	12	-60	-40	278	254	-22	91	n.m.	17	-101	69	n.m.
PAX (mn)	30.8	20.2	26.9	6.90	7.41	8.80	7.64	4.85	6.51	8.48	7.09	6.27	7.85	21%	14.3	11.4	14.1	24%
LOAD FACTOR	88.6%	77.8%	83.6%	86.9%	87.3%	91.3%	88.4%	80.8%	78.7%	88.0%	85.5%	84.4%	81.3%	2.7pp	87.1%	79.6%	82.7%	3.1pp
ASK (bn)	43.9	33.1	47.6	9.5	10.8	12.7	10.9	8.4	11.9	14.8	12.5	11.0	15.2	27%	20.3	20.4	26.2	29%
AVG. STAGE LENGTH (km)	1,266	1,276	1,479	1,192	1,275	1,320	1,264	1,399	1,443	1,540	1,501	1,473	1,574	9%	1,235	1,425	1,530	7%
RASK, (€c)	3.96	3.10	5.14	3.07	3.76	5.08	3.62	3.21	4.22	6.74	5.42	4.04	4.32	2%	3.44	3.80	4.20	11%
CASK, (€c)	3.19	3.15	3.93	3.24	3.10	3.10	3.36	3.57	3.94	4.02	4.05	4.10	3.36	-15%	3.16	3.79	3.67	-3%
Non-fuel CASK, (€c)	2.06	2.23	2.18	2.14	1.96	1.95	2.24	2.38	2.07	2.06	2.29	2.61	2.13	3%	2.04	2.20	2.33	6%
ANCILLARY PER PAX (€)	14.9	15.6	23.3	13.4	14.4	16.3	15.2	19.2	19.5	25.2	27.1	24.9	26.2	34%	14.0	19.4	25.6	32%
EUR/US\$ rate (avg.)	1.12	1.18	1.05	1.14	1.12	1.11	1.11	1.12	1.07	1.01	1.02	1.07	1.09	2%	1.13	1.09	1.08	-1%
EUR/TRY rate (avg.)	6.35	10.43	17.34	6.09	6.59	6.30	6.40	15.60	16.77	18.04	18.97	20.21	22.64	35%	6.34	16.19	21.43	32%



P&L STATEMENT

P&L STATEMENT, EURmn	2022 Q2	2032 Q2	2022 6M	2023 6M
Sales	504	657	774	1,100
Cost of sales	-451	-479	-732	-903
Gross profit	53	178	42	197
General administrative expenses (-)	-9	-17	-20	-31
Marketing expenses (-)	-11	-14	-19	-25
Other operating income	0	4	0	0
Other operating expenses (-)	-5	-29	-8	-26
Operating profit	28	121	-4	115
Income/expense from investing activities	6	16	14	23
Share of investments income (equity method)	0	-0.1	0	0
Operating profit before financial expense	34	137	10	138
Financial income	3	12	6	37
Financial expense (-)	-80	-55	-123	-104
Profit / (loss) before tax	-43	94	-106	71
Current tax expense	0	0	0	0
Deferred tax income / (expense)	3	-3	6	-2
Profit / (loss) for the period	-40	91	-101	69



BALANCE SHEET

ASSETS, EURmn	2022 12M	2023 6M	LIABILITIES, EURmn	2022 12M	2023 6M
Current assets	1,039	1,378	Current liabilities	1,041	1,299
Cash and cash equivalents	530	565	Short term financial liabilities	496	575
Financial assets	113	342	Trade payables	197	229
Trade receivables	59	75	Passenger flight liabilities	216	361
Other receivables	9	7	Derivative financial instruments	0	4
Derivative financial instruments	13	0	Short term provisions	61	70
Inventories	25	28	Other current liabilities	70	59
Prepaid expenses	282	353	Non-Current liabilities	2,859	2,946
Other current assets	8	7	Long term financial liabilities	2,564	2,658
Non-Current assets	3,767	3,820	Derivative financial instruments	0	3
Financial assets	215	49	Deferred income	62	91
Other receivables	34	30	Long term provisions	197	160
Derivative financial instruments	4	0	Deferred tax liabilities	36	33
Investments (equity method)	18	18	SHAREHOLDERS' EQUITY	905	953
Property and equipment	176	168	Paid-in share capital	61	61
Intangible assets	14	15	Share premiums on capital stock	194	194
Right of use assets	2,947	3,202	Other	24	3
Prepaid expenses	357	337	Retained earnings and net profit/loss	627	695
TOTAL ASSETS	4,806	5,197	TOTAL LIABILITIES AND EQUITY	4,806	5,197



CASH FLOW STATEMENT

CASH FLOW STATEMENT, EURmn	2022 6M	2023 6M
A. CASH FLOWS FROM OPERATING ACTIVITIES	385	338
Net cash generated from operating activities	116	258
Changes in working capital	269	81
B. CASH FLOWS FROM INVESTING ACTIVITIES	-84	-85
Cash payments to acquire debt instruments of other entities	-33	-34
Proceeds from sale of property, equipment and intangible assets	15	-11
Interest received from financial investment	4.3	11
Changes in cash advances and payables	-74	-18
Other cash changes	1	-32
C. CASH FLOWS FROM FINANCING ACTIVITIES	-246	-217
Increase in borrowings	63	160
Repayment of borrowings	-131	-125
Repayment of principal in lease liabilities	-127	-167
Interest and commission paid	-60	-88
Interest received	9	4
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	24	-1
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	80	36
E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	475	530
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)	555	565



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