



2021 Q2 RESULTS PRESENTATION
August 2021

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KEY HIGHLIGHTS

Airline industry posted a rebound in 2Q21, Pegasus continues to outperform the peers in capacity recovery



Traffic

- Industry on recovery: in Europe, 2Q21 capacity was at 33%, pax volume was at 27% of 2Q19, vs. Q1 readings of 28% (capacity) and 22% (pax).
- Pegasus outperforming: 2Q21 ASK at 57% and pax at 49% of 2Q19. Pegasus is the first among peers to catch back with '19's daily # of flights.
- Q2 domestic ASK at 84% of 2Q19: «full lockdown» depressed the demand April and May, but a fast recovery was seen in June (113% ASK).
- Int'l ASK production remained steady at 47% of 2Q19, regardless of the heavy restrictive environment.



Financial Performance

- Q2 revenues at EUR155mn +26% QoQ to reach 38% of 2Q19 (H1: EUR277mn, 40% of 1H19). EBITDA at EUR14mn in Q2, EUR8mn in H1.
- Q2 pax volumes +8% QoQ, reaching 49% of 2Q19. Pax yields are still lower than pre-COVID levels (total yield +25% QoQ, but -31% vs. 2Q19).
- Fixed cash costs were flat QoQ while 39% lower vs 2Q19.
- Bottomline loss at EUR-65mn in 2Q21, EUR-166mn in 1H21.



Liquidity

- Positive cash reserve after deducting total short and long term bank loans and debt instruments stands at EUR60mn as of the end of 2Q21.
- Monthly cash burn in Q2 was at EUR10mn, lower than the avg. EUR17mn burn since the start of the pandemic (from end-1Q20 to end-1Q21).
- Efforts to bolster liquidity: US\$375mn raised in April through an inaugural eurobond issuance with a maturity of 5Y (non-call 3Y structure).
- Forward ticket sales gained pace in June and are foreseen to further support cash reserves in Q3.



Outlook

- Capacity plans are for c.90% ASK in 3Q21, c.80%-85% ASK in 4Q21 and 70%-75% ASK production in 12M21, compared to 2019.
- Fleet size is at 93 A/C in Q2 with 2 net exits. 2021 year-end fleet size is estimated at 91 A/C.
- No capacity outlook shared for 2022 at the moment due to continuing uncertainty.
- Capacity estimates are subject to review, depending on the evolution of COVID-19 and travel restrictions.



OPERATING ENVIRONMENT

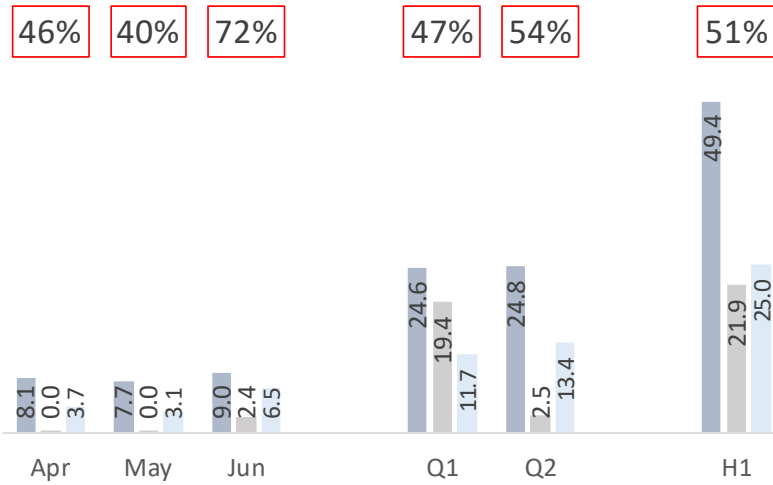
Passenger demand staged a fast recovery starting May 17, after the lifting of «full lockdown» in Turkey

TURKEY PAX. (mn)

'21 as % of '19

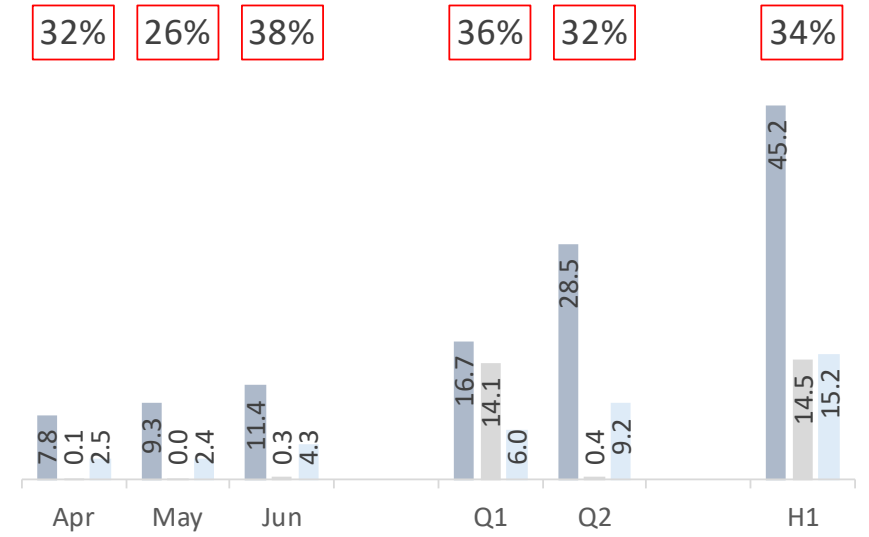
Domestic

■ 2019
■ 2020
■ 2021



International

■ 2019
■ 2020
■ 2021

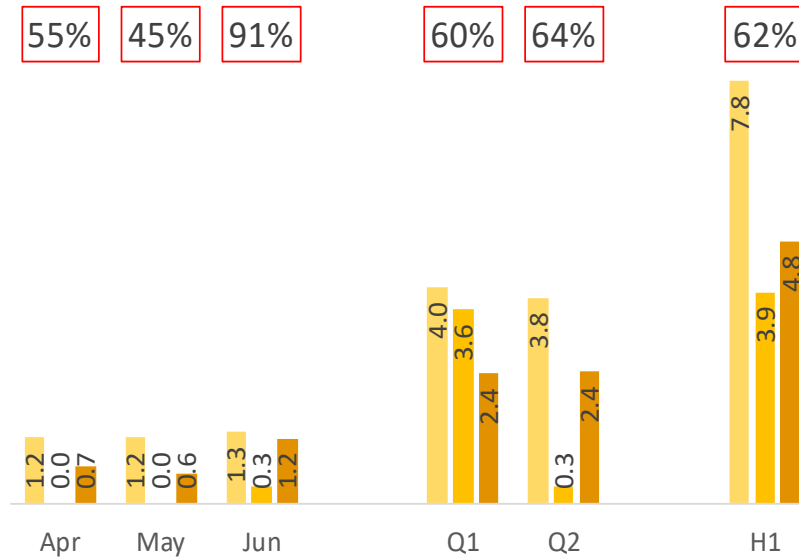


PEGASUS PAX. (mn)

'21 as % of '19

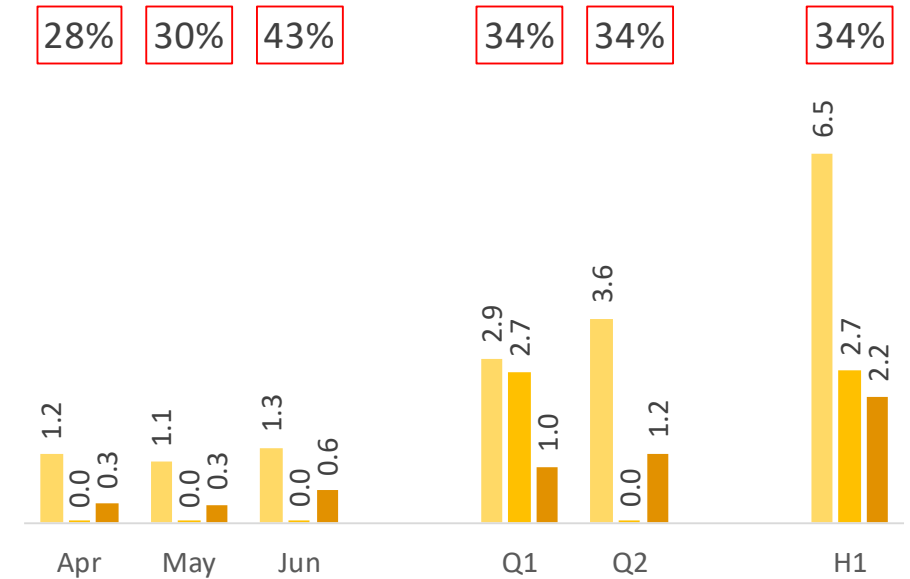
Domestic

■ 2019
■ 2020
■ 2021



International

■ 2019
■ 2020
■ 2021



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

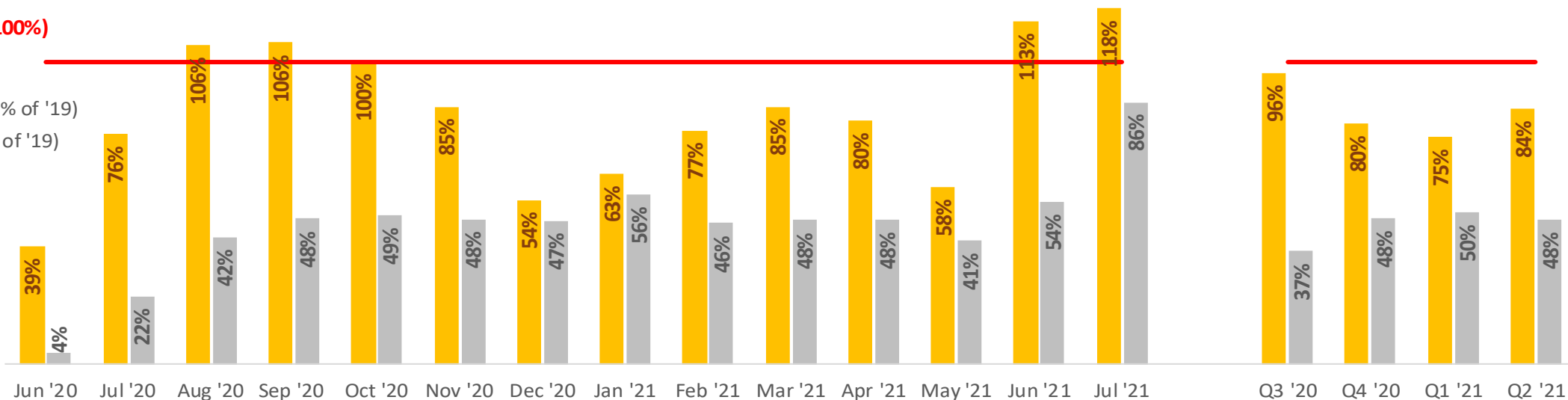
OPERATING ENVIRONMENT

Domestic capacity roll out surpassed 2019 levels starting June while int'l capacity is also on a fast rebound

Pegasus, ASK

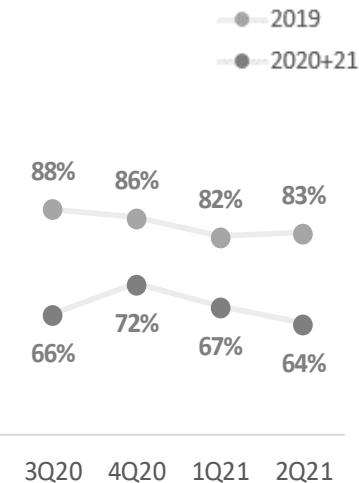
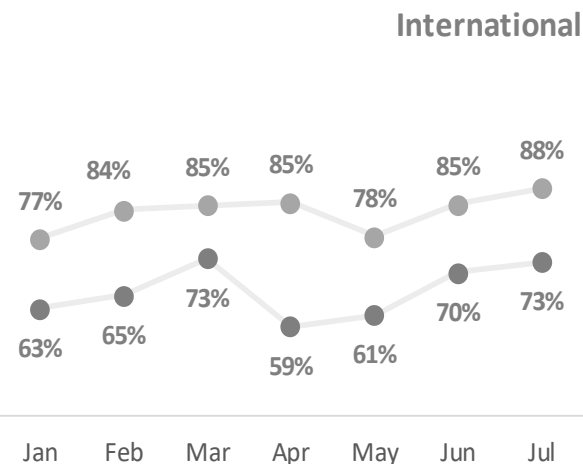
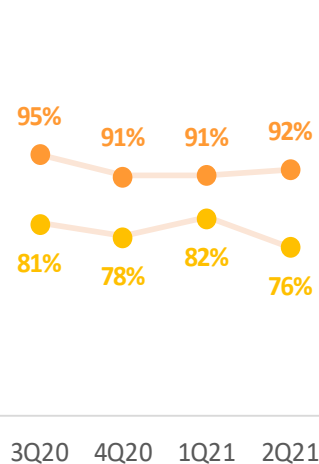
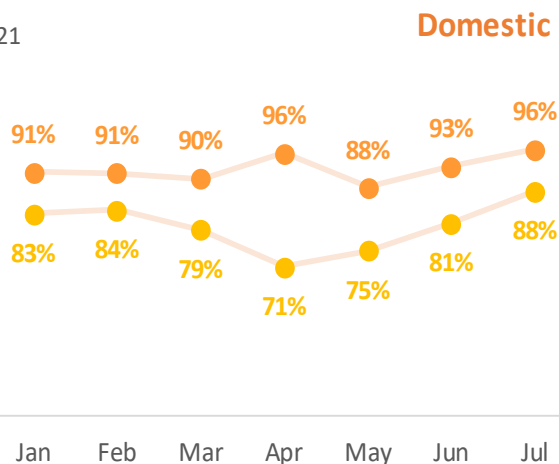
2019
(rebased to 100%)

■ Dom ASK (% of '19)
■ Int ASK (% of '19)



Pegasus, Load Factor

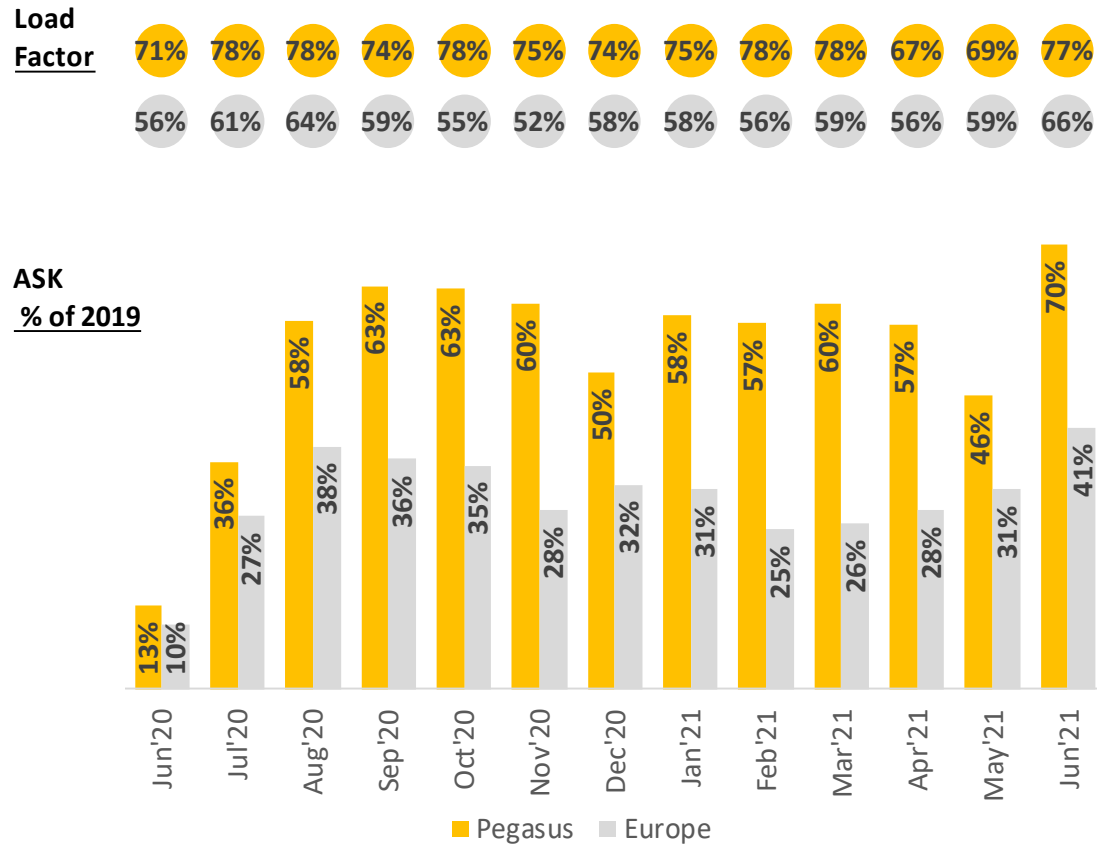
● 2019
● 2020+21



OPERATING ENVIRONMENT

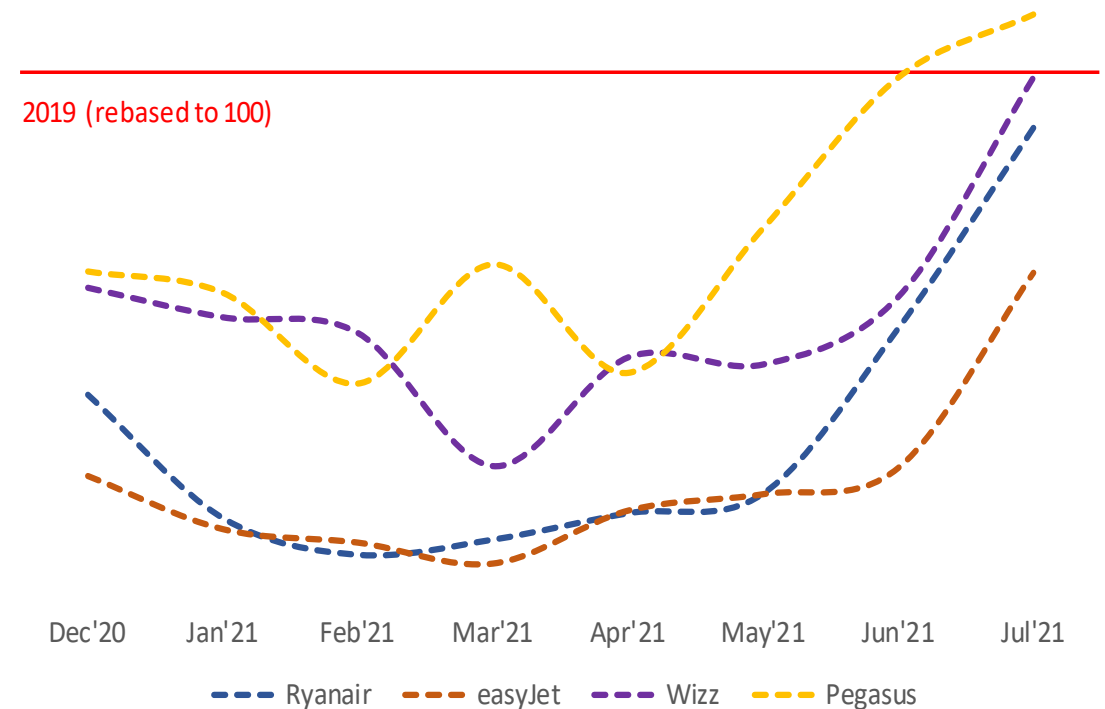
Pegasus outperforming the industry in key performance indicators

Pegasus vs. Europe capacity recovery and LF



Pegasus is the first among peer LCCs that fully recovered its daily number of flights to pre-COVID level

Number of daily flights, 2021 vs 2019



Source: IATA, Pegasus

Source: Eurocontrol <https://www.eurocontrol.int/Economics/DailyTrafficVariation-AOs.html>



SUMMARY 2021 Q2 FINANCIAL HIGHLIGHTS

Bottom-line loss is at EUR65mn in Q2

EURmn	2019 Q2	2020 Q2	2021 Q2	'21 vs '19 % ch.	2019 H1	2020 H1	2021 H1	'21 vs '19 % ch.
Revenues	407	22	155	-62%	697	309	277	-60%
Costs	335	100	206	-39%	642	409	400	-38%
EBITDA	131	-14	14	-89%	173	28	8	-95%
Net profit/loss	59	-120	-65	n.m.	17	-168	-166	n.m.

- Traffic trends continued to be negatively impacted by COVID-19 pandemic, travel restrictions and lockdowns imposed by governments in Q2.
- However, there was an encouraging recovery in demand after the full lockdown in Turkey was lifted on May 16. June total pax volume recovered to 91% of 2019, marking the best performance since the first introduction of Covid related restrictions in March 2020.
- On a quarterly basis, (2Q21 vs. 1Q21), 8% increase in pax volumes and a slight pick up in yields resulted with a 26% revenue growth.
- On the other hand, when compared to pre-COVID levels, yields are still notably low, which is delaying the recovery in revenues. While total ASK and pax reached 58% and 49% in 2Q21 vs 2Q19, revenues stood at 40%.
- Total **RASK** was at EURc2.47 in 2Q21, 12% higher than in 1Q21 while 34% lower than in 2Q19.

- The high discipline in cost management was maintained in 2Q21.
- On a quarterly basis (2Q21 vs. 1Q21), total costs increased by 6%, far below the 26% topline growth. Cash fixed costs were flat.
- When compared to 2Q19, total costs were 39% lower. Cash fixed costs were also down by 39%, similar to the performance in 1Q21 vs. 1Q19. Main factor behind the decline in cash fixed costs was the drop in personnel costs (-45%).
- Total **CASK** was EURc3.29 in 2Q21, -6% vs. 1Q21 and +6% vs. 2Q19.

Bottom-line read EUR65mn loss in Q2. Below the operating line, EUR17mn net interest expenses, EUR9mn net FX gain and EUR4mn deferred tax income were the main items that affected the bottom-line performance.

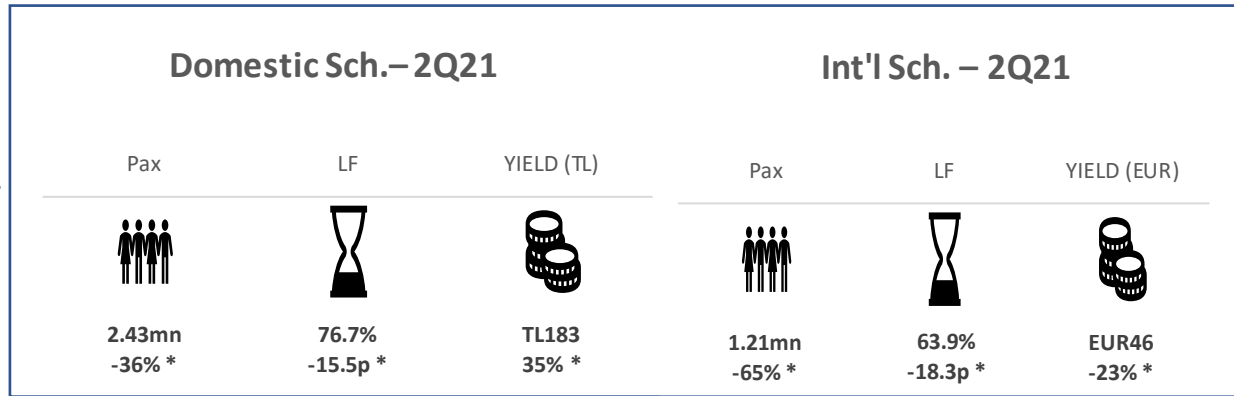


REVENUES

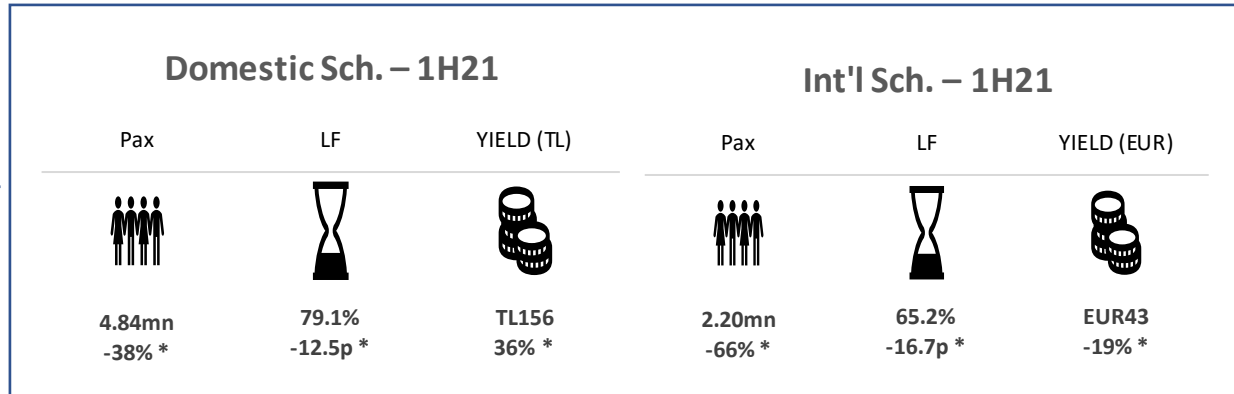
Pax yields trended up from 1Q21 to 2Q21, but were still notably lower compared to 2Q19.

EURmn	Q2'19	Q2 '20	Q2 '21
TOTAL REVENUES	407	22	155
Domestic scheduled	79	9	44
International scheduled	208	3	55
Ancillary	107	6	52
Charter and Other	13	4	3

EURmn	H1'19	H1'20	H1'21
TOTAL REVENUES	697	309	277
Domestic scheduled	141	69	79
International scheduled	339	126	95
Ancillary	200	105	97
Charter and Other	17	8	7



* % changes are calculated over 2Q19



* % changes are calculated over 1H19



COSTS

2Q21 fixed cash costs were flat vs. 1Q21 while 39% lower compared to 2Q19.

EURmn	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	'21 vs '19 % ch.	2019 H1	2020 H1	2021 H1	'21 vs '19 % ch.
Fixed Costs	121	121	144	139	128	88	98	122	103	103	-15%	241	217	206	-15%
Depreciation and amort.	58	59	63	64	64	64	65	80	66	65	11%	117	128	131	12%
Personnel	50	48	67	56	50	18	25	29	25	26	-45%	98	68	51	-48%
Overhead	7	7	8	13	10	4	6	7	6	6	-14%	14	14	13	-12%
Other fixed costs	5	7	5	6	5	2	3	7	6	5	-28%	12	7	11	-1%
Operating costs	186	214	251	228	181	11	93	87	91	103	-52%	400	192	194	-52%
Jet fuel	104	123	147	122	100	4	51	45	42	49	-60%	228	104	92	-60%
Handling fees	23	27	34	29	23	1	15	15	13	16	-42%	51	24	29	-43%
Maintenance	14	12	7	28	15	2	3	3	12	11	-11%	26	17	23	-13%
Navigation	19	23	27	23	19	0.9	13	12	12	13	-42%	42	20	25	-41%
Landing	10	13	16	12	9	0.3	5	5	5	6	-53%	23	10	11	-53%
Pax service and catering	3	3	5	4	3	0.1	1	1	1	1	-67%	7	3	2	-67%
Commission	5	6	7	4	5	0.2	1	1	1	2	-71%	11	6	3	-72%
Other operating costs	7	7	9	6	7	2	4	4	5	5	-29%	14	9	10	-27%
TOTAL COSTS	306	335	395	367	309	100	191	209	194	206	-39%	642	409	400	-38%

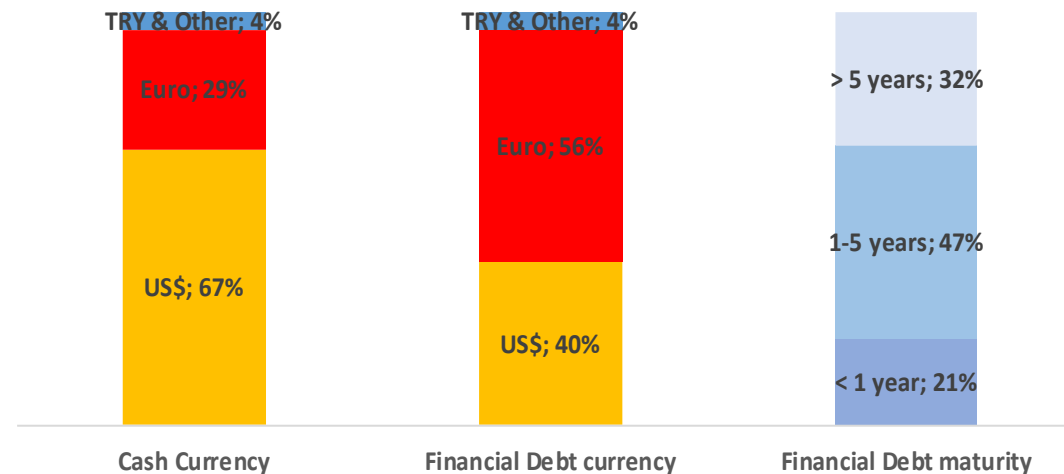
LIQUIDITY

Maintaining a comfortable liquidity position through low cash burn and new funding sources.

EURmn	Mar 31, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021
CASH & EQUIVALENTS	486	426	424	701
OTHER ASSETS	247	101	94	157
PRE DELIVERY PAYMENT	270	208	190	216
FIXED ASSETS	2,151	2,491	2,556	2,542
TOTAL ASSETS	3,154	3,226	3,265	3,616
LIABILITIES	774	519	519	647
BANK LOANS and DEBT INSTRUMENTS	196	283	333	641
LEASING LIABILITIES	1,494	1,828	1,903	1,876
SHAREHOLDERS' EQUITY	690	597	510	451
TOTAL LIA. & SH. EQUITY	3,154	3,226	3,265	3,616
Net Debt, EURmn	1,069	1,580	1,716	1,709

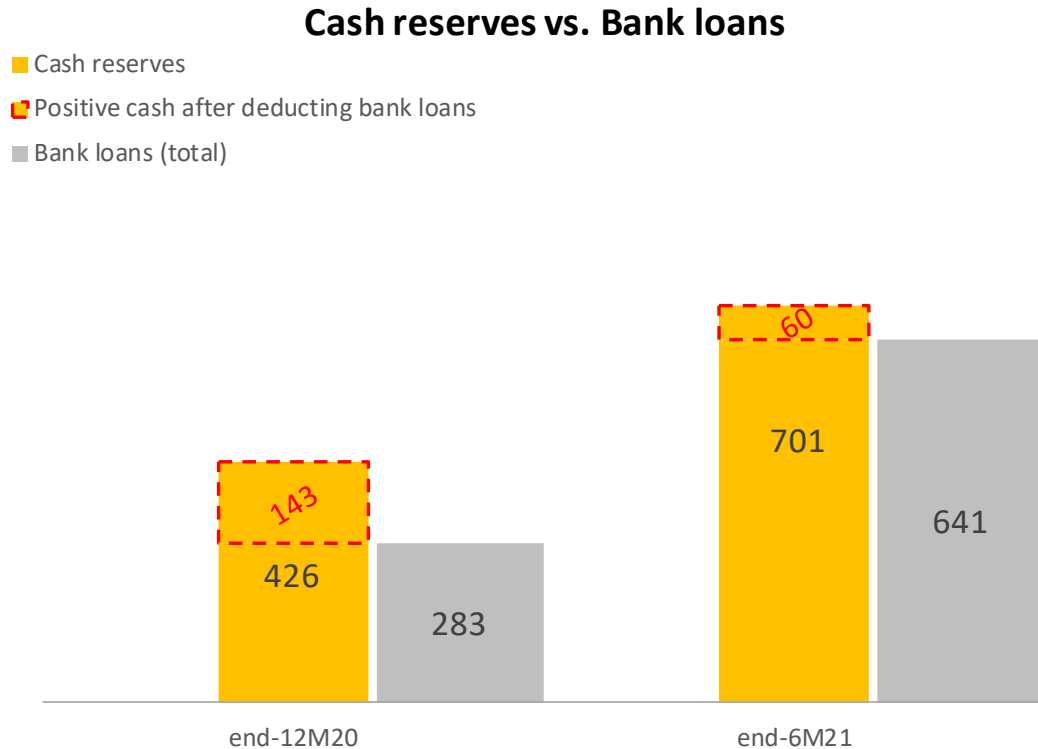
Net Debt: Cash & equivalents + PDP/2 – Bank loans – Leasing liabilities
Cash & equivalents include short and long-term financial assets

Breakdown of currencies and financial debt maturity



CASH RESERVES

Monthly cash burn was pulled down to EUR10mn in 2Q21.



- Total cash reserves are at EUR701mn as of the end of 2Q21, compared to EUR426mn at the end of 2020.
- Positive cash reserve after deducting short and long term bank loans stands at EUR60mn as of the end of 2Q21 compared to EUR143mn at the end of 2020.
- Cash burn in 2Q21 was at EUR10mn/month, lower than the EUR17mn/month burn calculated both for 1Q21 and the twelve month period after the start of the COVID pandemic (from end-1Q20 to end-1Q21).
- US\$375mn raised in April through an inaugural eurobond issuance with a maturity of 5Y (non-call 3Y structure) and interest rate of 9.25%.

*Cash reserves include short and long term financial assets.



FLEET DEVELOPMENT

Fleet size is at 93 aircraft at the end of 2Q21.

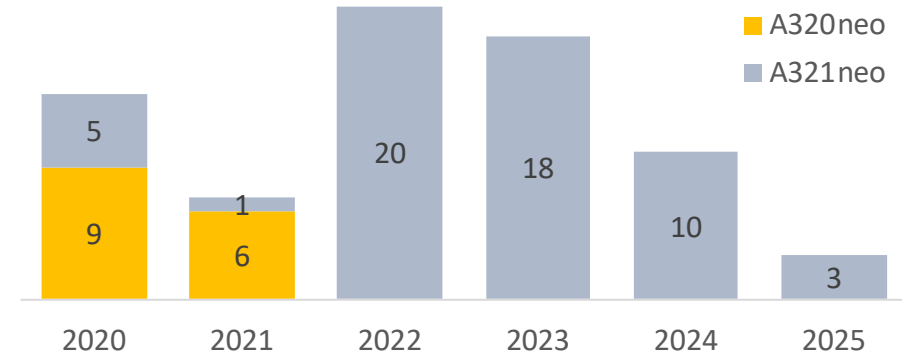
FLEET (as of June 30, 2021)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	1	14	15	30
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	40	4	44
Airbus A321neo	-	7	-	7
Total	1	61	31	93

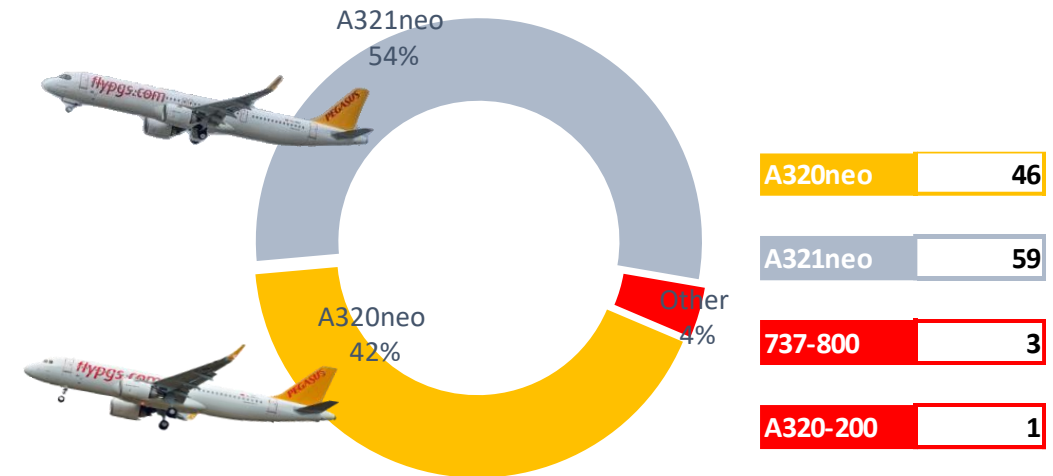
FLEET INFORMATION

- Youngest fleet in Turkey and one of the youngest among LCCs: **5.1 years**.
- **42 A320neo** and **58 A321neo** on order.
- Fleet size will be **91 aircraft** by 2021YE. After Q1;
 - ✓ **2 A320neo** and **1 A321neo** will be delivered
 - ✓ **1 A320-200** will be redelivered
 - ✓ **4 737-800** sold to Air Lease Co. will exit the fleet
- After 2021, all aircraft deliveries will be of **A321neo type**.
 - ✓ **Average seat of the fleet** will increase from **190 in 2020 to 215 in 2025**

ORDER BOOK (2019-2025)



FLEET (2025YE)



HEDGING, RISK MANAGEMENT & SENSITIVITY

2021 estimated jet fuel consumption is hedged by 61%.

HEDGE VOLUME AND PRICE

	2021FY	2022FY
Hedge Ratio	61%	16%
Hedged Price range, \$/mt	500-592	538-680
Brent equivalent*	53-62	57-72

Price ranges are calculated by using market data of June 30, 2021

* 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



HIGHLIGHTS and FINANCIAL STATEMENTS



OPERATIONAL & FINANCIAL HIGHLIGHTS

	2019	2020	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2019 H1	2020 H1	2021 H1
TOTAL REVENUE (€mn)	1,739	630	290	407	647	396	287	22	181	140	123	155	697	309	277
ANCILLARY REVENUE (€mn)	459	213	93	107	143	116	100	6	55	53	45	52	200	105	97
EBITDA (€mn)	580	93	42	131	314	93	41	-14	55	10	-5	14	173	28	8
EBITDA Margin	33.3%	14.7%	14.5%	32.1%	48.6%	23.5%	14.4%	-61.9%	30.1%	7.5%	-4.5%	9.0%	24.8%	8.9%	3.0%
PAX (mn)	30.8	14.7	6.90	7.41	8.80	7.64	6.23	0.36	4.28	3.84	3.41	3.67	14.3	6.6	7.1
LOAD FACTOR	88.6%	79.7%	86.9%	87.3%	91.3%	88.4%	86.6%	70.6%	76.1%	75.0%	76.8%	72.1%	87.1%	85.6%	74.3%
ASK (bn)	43.9	22.3	9.5	10.8	12.7	10.9	8.8	0.5	6.6	6.3	5.6	6.3	20.3	9.3	11.8
AVG. STAGE LENGTH (km)	1,266	1,207	1,192	1,275	1,320	1,264	1,227	1,009	1,180	1,230	1,253	1,230	1,235	1,212	1,241
RASK, (€c)	3.96	2.83	3.07	3.76	5.08	3.62	3.25	4.30	2.73	2.22	2.21	2.47	3.44	3.30	2.35
CASK, (€c)	3.19	3.63	3.24	3.10	3.10	3.36	3.50	19.43	2.88	3.32	3.49	3.29	3.16	4.38	3.38
Non-fuel CASK, (€c)	2.06	2.74	2.14	1.96	1.95	2.24	2.37	18.62	2.12	2.60	2.73	2.50	2.04	3.26	2.61
ANCILLARY PER PAX (€)	14.9	14.5	13.4	14.4	16.3	15.2	16.0	15.6	12.8	13.8	13.1	14.2	14.0	16.0	13.7
EUR/US\$ rate (avg.)	1.12	1.14	1.14	1.12	1.11	1.11	1.10	1.10	1.17	1.19	1.21	1.20	1.13	1.10	1.21
EUR/TRY rate (avg.)	6.35	8.01	6.09	6.59	6.30	6.40	6.72	7.54	8.41	9.37	8.88	10.07	6.34	7.13	9.48



P&L Statement

P&L STATEMENT, EURmn	2020 Q2	2021 Q2	2020 6M	2021 6M
Sales	22	155	309	277
Cost of sales	-90	-193	-380	-375
Gross profit	-68	-38	-71	-98
General administrative expenses (-)	-7	-8	-17	-15
Marketing expenses (-)	-2	-5	-13	-9
Other operating income	7	1	29	1
Other operating expenses (-)	-38	-0.1	-54	-1
Operating profit	-109	-50	-125	-123
Income/expense from investing activities	0	-1	0	-1.4
Share of investments income (equity method)	0.5	0.5	1	0.6
Operating profit before financial expense	-108	-51	-124	-124
Financial income	2	3	6	6
Financial expense (-)	-5	-22	-55	-56
Profit / (loss) before tax	-111	-70	-173	-174
Current tax expense	0	0	0	0
Deferred tax income / (expense)	-8.8	4	5	8
Profit / (loss) for the period	-120	-65	-168	-166



Balance Sheet

ASSETS, EURmn	2020 12M	2021 6M	LIABILITIES, EURmn	2020 12M	2021 6M
Current assets	613	938	Current liabilities	722	918
Cash and cash equivalents	400	584	Short term financial liabilities	433	519
Financial assets	18	16	Trade payables	101	124
Trade receivables	22	82	Passenger flight liabilities	57	144
Other receivables	10	7	Derivative financial instruments	10	0
Derivative financial instruments	1	17	Short term provisions	91	85
Inventories	10	9	Other current liabilities	30	46
Prepaid expenses	141	209	Non-Current liabilities	1,907	2,246
Other current assets	11	15	Long term financial liabilities	1,678	1,999
Non-Current assets	2,613	2,677	Derivative financial instruments	0.4	0.0
Financial assets	8	100	Deferred income	35	35
Other receivables	23	25	Long term provisions	126	147
Investments (equity method)	9	8	Deferred tax liabilities	67	65
Property and equipment	159	146	SHAREHOLDERS' EQUITY	597	451
Intangible assets	12	12	Paid-in share capital	61	61
Right of use assets	2,196	2,241	Share premiums on capital stock	194	194
Prepaid expenses	207	144	Other	-4	17
			Retained earnings and net profit/loss	346	180
TOTAL ASSETS	3,226	3,616	TOTAL LIABILITIES AND EQUITY	3,226	3,616



Cash Flow Statement

CASH FLOW STATEMENT, EURmn	2020 6M	2021 6M
A. CASH FLOWS FROM OPERATING ACTIVITIES	-49	15
Net cash generated from operating activities	-9	10
Changes in working capital	-40	6
B. CASH FLOWS FROM INVESTING ACTIVITIES	-85	-46
Proceeds from sale of property, equipment and intangible assets	0	0
Cash outflows from purchase of property, equipment and intangible assets	-3	-3
Changes in cash advances and payables	-82	-43
C. CASH FLOWS FROM FINANCING ACTIVITIES	39	217
Increase in borrowings	166	380
Repayment of borrowings	0	-11
Repayment of principal in lease liabilities	-101	-109
Interest and commission paid	-31	-49
Interest received	6	6
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	2	-2
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	-93	184
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)	537	584



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



Thank you