



2021 Q3 RESULTS PRESENTATION
November 2021

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KEY HIGHLIGHTS

Fast ramp-up in Q3 driven by leisure travel: 3Q21 ASK recovered to 91%, pax to 82% and revenue to 70% of 3Q19.



Traffic

- A robust high-season thanks to strong leisure traffic and high vaccination rates: 3Q21 total ASK at 91%, pax at 82% of 3Q19 on a LF of 81%.
- Q3 domestic operation recovered back to pre-pandemic levels with an ASK at 113% and pax at 98% of 3Q19 on a LF of 86%.
- Q3 int'l ASK and pax rebounded to 83% and 68% of 3Q19, despite the slow traffic in some key markets due to ongoing border restrictions.



Financial Performance

- Q3 revenues at EUR450mn increased by 191% QoQ and reached 70% of 3Q19. 9M revenues stands at EUR727mn, reaching 54% of 9M19.
- Peak season yield performance was encouraging.
- 3Q21 EBITDA at EUR172mn (3Q19: EUR314mn), 9M21 EBITDA at EUR180mn (9M19: EUR487mn). Net profit at EUR56mn in 3Q21.



Liquidity

- Return to cash creation in 3Q21 with EUR13mn/month, thanks to the recovery in operations.
- Total cash reserve stands at EUR759mn at end-3Q21.
- Positive cash reserve after deducting total short and long term bank loans and debt instruments stands at EUR101mn as of the end of 3Q21.



Outlook

- Capacity plans are for c.85-90% ASK in 4Q21 and c.75% ASK production in 12M21, compared to 2019.
- Fleet size is at 91 A/C in Q3. 2021 year-end fleet size is estimated at 90 A/C.
- No capacity guidance shared for 2022 at the moment due to continuing uncertainty.

OPERATING ENVIRONMENT

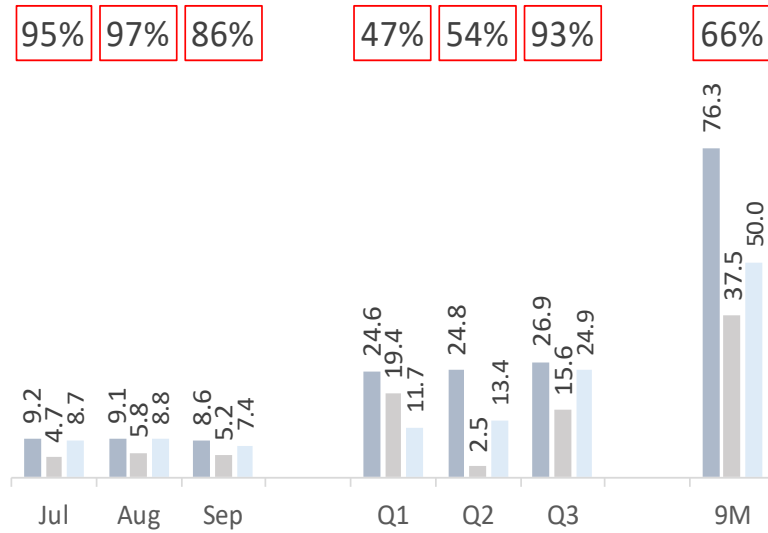
Domestic demand returned to 2019 levels in the peak season.

TURKEY PAX. (mn)

'21 as % of '19

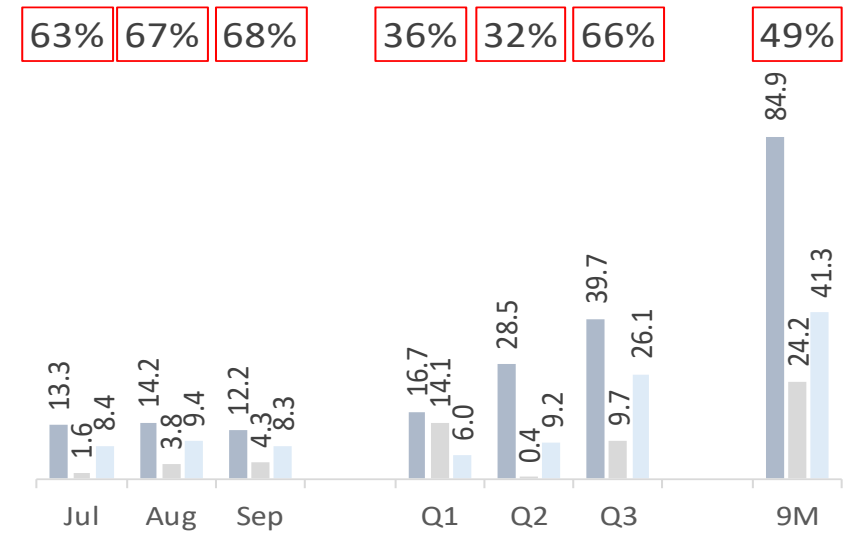
Domestic

■ 2019
■ 2020
■ 2021



International

■ 2019
■ 2020
■ 2021

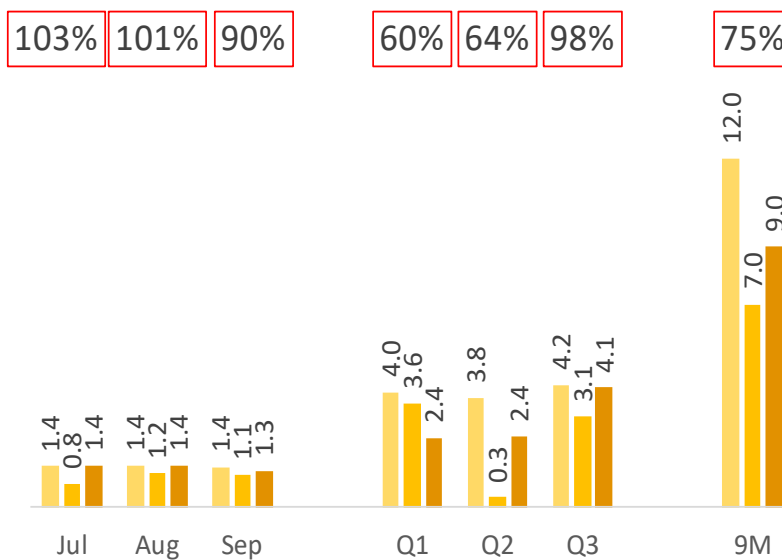


PEGASUS PAX. (mn)

'21 as % of '19

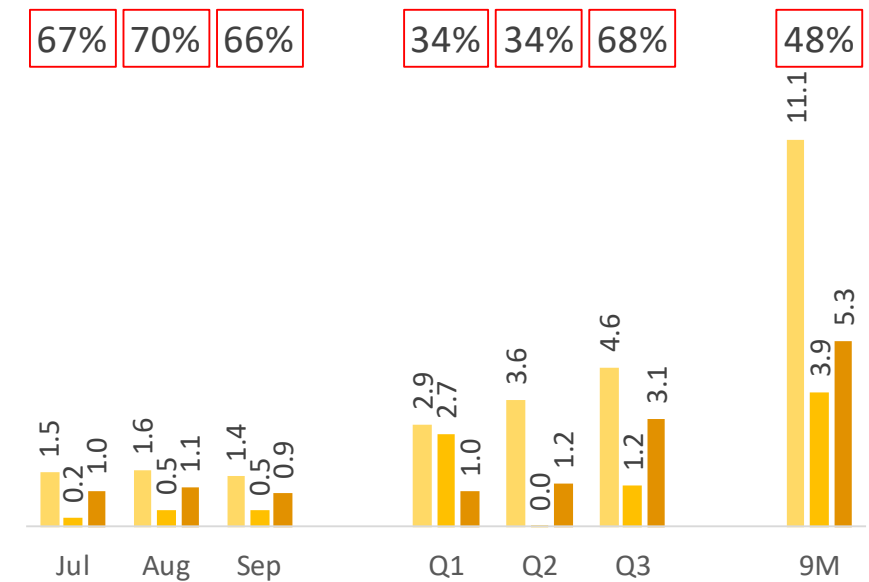
Domestic

■ 2019
■ 2020
■ 2021



International

■ 2019
■ 2020
■ 2021



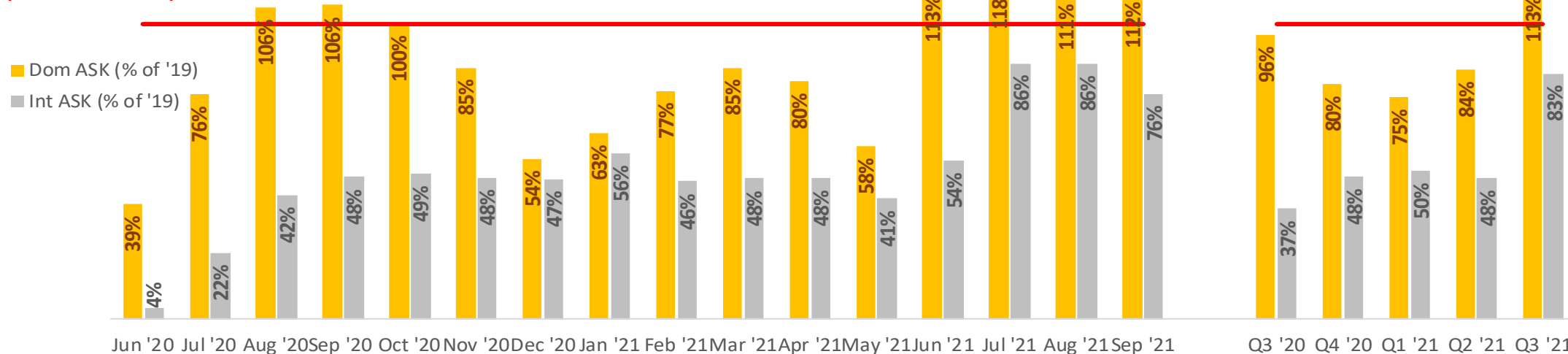
Turkey passenger data is taken from General Directorate of State Airports Authority
Pegasus figures reflect booked passengers, international pax includes charter pax

OPERATING ENVIRONMENT

Capacity roll out further improved in Q3 parallel to strong leisure travel demand and softer border entry rules.

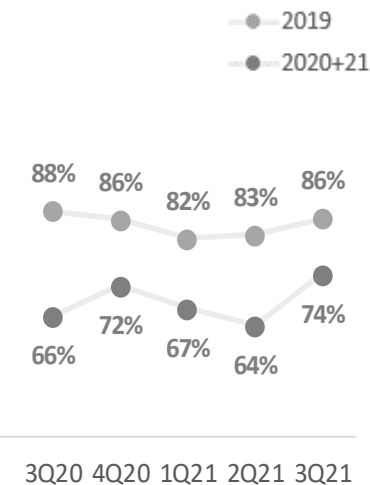
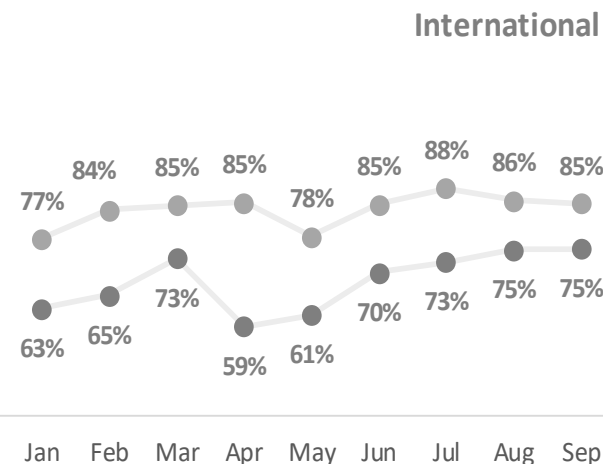
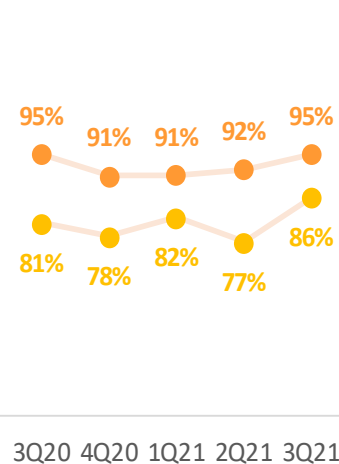
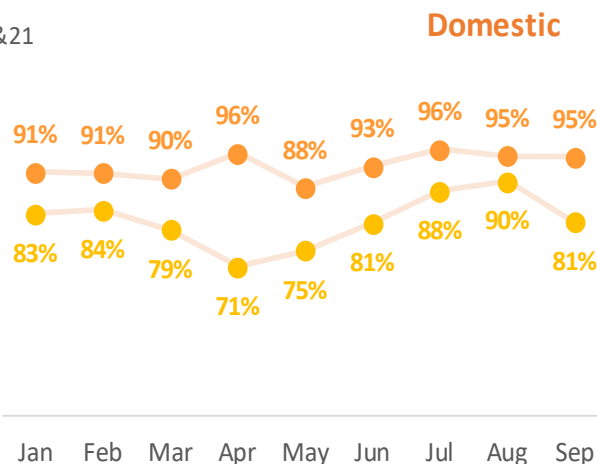
Pegasus, ASK

2019
(rebased to 100%)



Pegasus, Load Factor

● 2019
● 2020&21



SUMMARY 2021 Q3 and 9M FINANCIAL HIGHLIGHTS

Bottom-line net profit is at EUR56mn in Q3.

EURmn	2019 Q3	2020 Q3	2021 Q3	'21 vs '19 % ch.	2019 9M	2020 9M	2021 9M	'21 vs '19 % ch.
Revenues	647	181	450	-30%	1,344	490	727	-46%
Costs	395	191	344	-13%	1,037	600	744	-28%
EBITDA	314	55	172	-45%	487	82	180	-63%
Net profit/loss	183	27	56	-69%	199	-142	-110	n.m.

- Traffic trends showed a significant recovery in the high-season thanks to strong leisure travel demand. High vaccination rates are supporting the willingness to travel and easing of border restrictions.
- Domestic demand was particularly strong, as the fast traffic recovery seen after the lifting of the full lockdown in the country on May 16 extended into peak season. Pegasus supplied %9 higher number of seats in 3Q21 to the domestic market compared to 3Q19.
- On a quarterly basis, (3Q21 vs. 2Q21), with pax volumes growing by 70% and yield recovery further accelerating, Pegasus recorded 191% revenue growth. When indexed to 3Q19, while pax volumes reached 82%, revenue recovery stood at 70%.
- Total **RASK** was EURc3.89 in 3Q21, at 77% of 3Q19.

- On a quarterly basis (3Q21 vs. 2Q21), total costs increased by 67%, far below the topline growth.
- When compared to 3Q19, total costs were 13% lower. Cash fixed costs were down by 21%. Staff costs continued to normalize parallel to the operational recovery.
- Total **CASK** was EURc2.98 in 3Q21, -10% vs. 2Q21 and at 96% of 3Q19.

- Bottom-line read EUR56mn net profit in Q3. Below the operating line, EUR24mn net interest expenses and EUR16mn net FX losses trimmed the positive operating result.

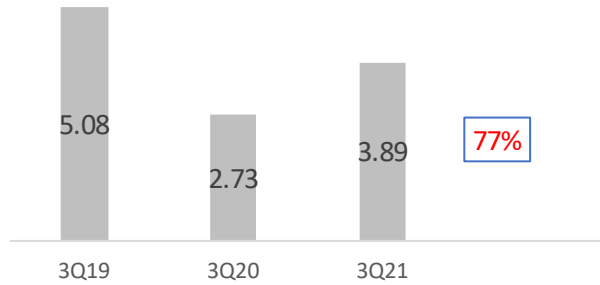


SUMMARY 2021 Q3 FINANCIAL HIGHLIGHTS

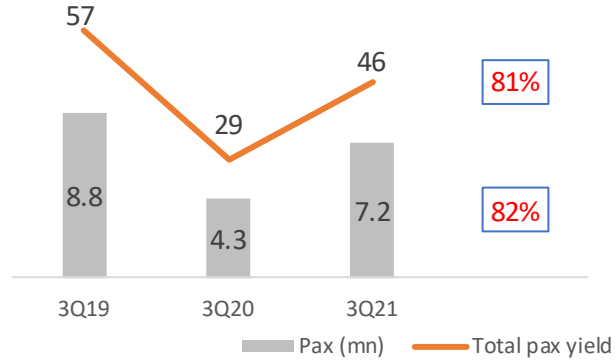
3Q21 RASK was at 77% of 3Q19 while total CASK was at 96%.

'21 as % of '19

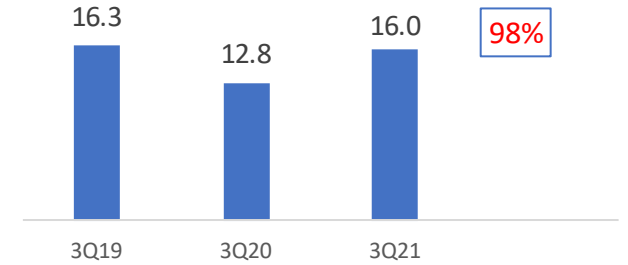
RASK (EURc)



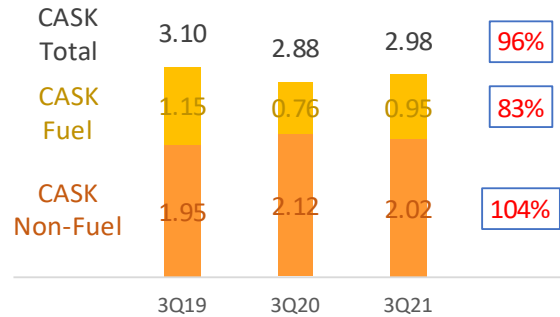
PAX (mn) & Yield (EUR)



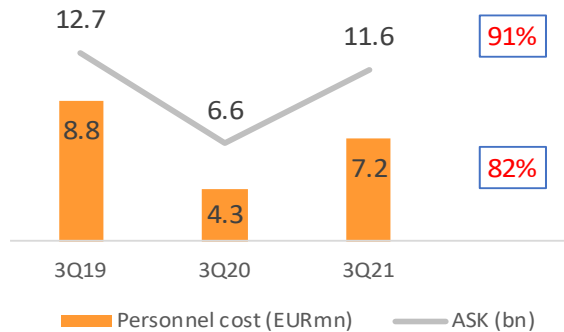
Ancillary revenue/pax (EUR)



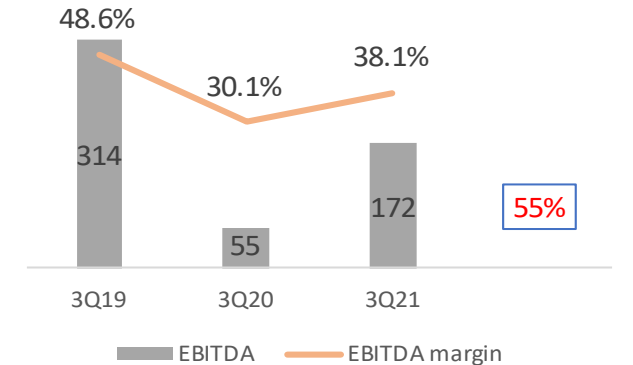
CASK (EURc)



Staff Cost (EURmn) vs. ASK (bn)



EBITDA (EURmn)

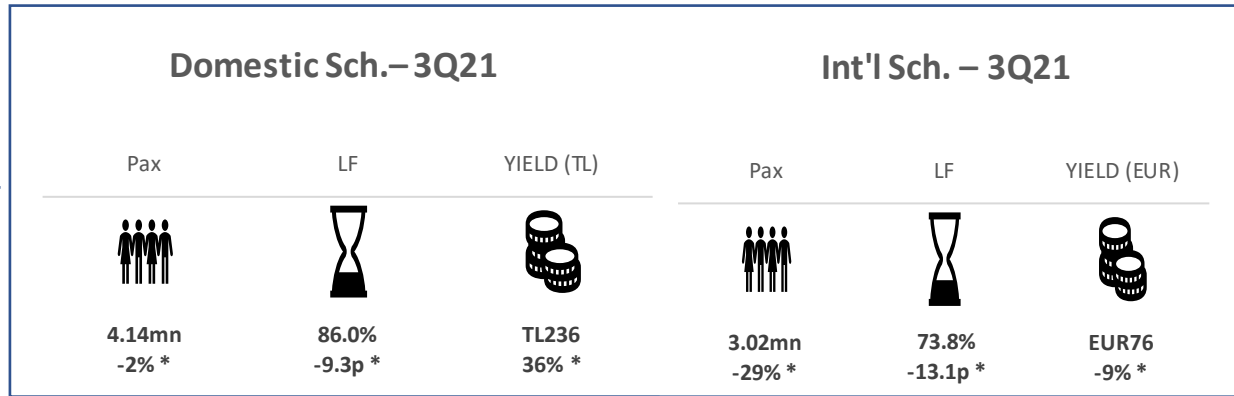


REVENUES

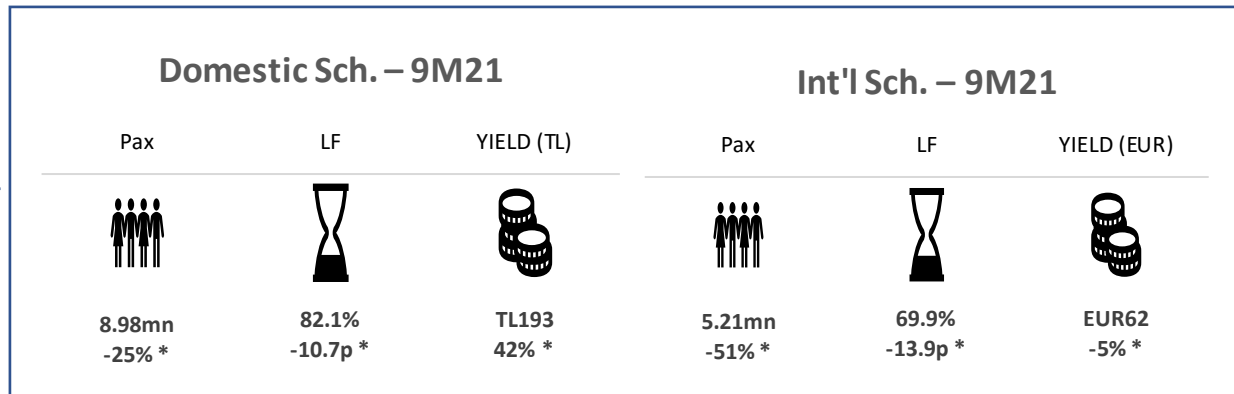
Passenger yields trended up in the peak season.

EURmn	Q3'19	Q3'20	Q3'21
TOTAL REVENUES	647	181	450
Domestic scheduled	116	58	97
International scheduled	356	63	230
Ancillary	143	55	116
Charter and Other	32	5	7

EURmn	9M'19	9M'20	9M'21
TOTAL REVENUES	1,344	490	727
Domestic scheduled	257	127	176
International scheduled	695	190	325
Ancillary	343	160	212
Charter and Other	49	13	14



* % changes are calculated over 3Q19



* % changes are calculated over 9M19



COSTS

Staff costs are starting to normalize parallel to the recovery in operations.

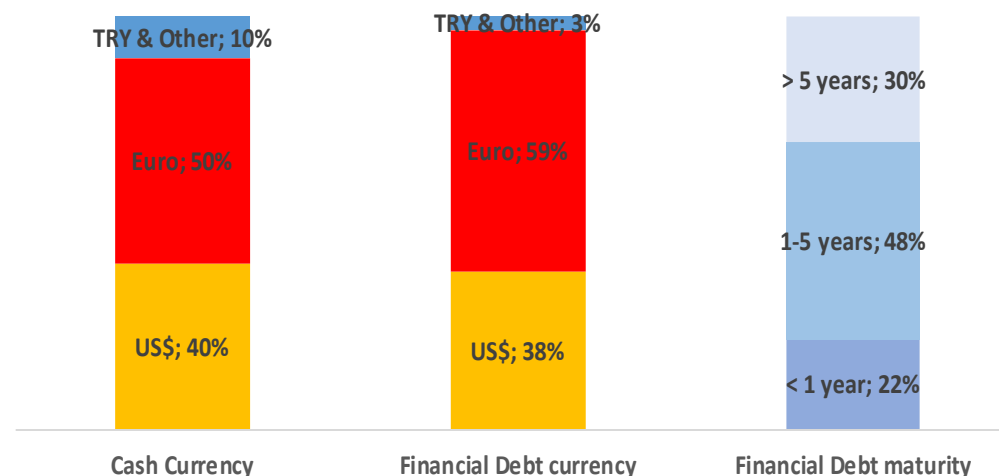
EURmn	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	2021 Q2	2021 Q3	'21 vs '19 % ch.	2019 9M	2020 9M	2021 9M	'21 vs '19 % ch.
Fixed Costs	121	121	144	139	128	88	98	122	103	103	129	-10%	385	315	335	-13%
Depreciation and amort.	58	59	63	64	64	64	65	80	66	65	66	5%	180	192	197	9%
Personnel	50	48	67	56	50	18	25	29	25	26	50	-26%	166	93	100	-39%
Overhead	7	7	8	13	10	4	6	7	6	6	8	-5%	22	20	20	-9%
Other fixed costs	5	7	5	6	5	2	3	7	6	5	6	17%	17	10	18	5%
Operating costs	186	214	251	228	181	11	93	87	91	103	215	-15%	652	285	408	-37%
Jet fuel	104	123	147	122	100	4	51	45	42	49	110	-25%	374	155	202	-46%
Handling fees	23	27	34	29	23	1	15	15	13	16	30	-11%	85	39	59	-30%
Maintenance	14	12	7	28	15	2	3	3	12	11	17	141%	33	19	40	20%
Navigation	19	23	27	23	19	0.9	13	12	12	13	26	-6%	69	33	51	-27%
Landing	10	13	16	12	9	0.3	5	5	5	6	13	-18%	38	15	23	-39%
Pax service and catering	3	3	5	4	3	0.1	1	1	1	1	3	-34%	11	4	5	-53%
Commission	5	6	7	4	5	0.2	1	1	1	2	7	4%	18	7	10	-42%
Other operating costs	7	7	9	6	7	2	4	4	5	5	8	-11%	22	13	18	-21%
TOTAL COSTS	306	335	395	367	309	100	191	209	194	206	344	-13%	1,037	600	744	-28%

LIQUIDITY

Liquidity position was bolstered by the positive cash generation from operations in 3Q21.

EURmn	Mar 31, 2020	Dec 31, 2020	Mar 31, 2021	Jun 30, 2021	Sep 30, 2021
CASH & EQUIVALENTS	486	426	424	701	759
OTHER ASSETS	247	101	94	157	133
PRE DELIVERY PAYMENT	270	208	190	216	289
FIXED ASSETS	2,151	2,491	2,556	2,542	2,485
TOTAL ASSETS	3,154	3,226	3,265	3,616	3,666
LIABILITIES	774	519	519	647	655
BANK LOANS and DEBT INSTRUMENTS	196	283	333	641	671
LEASING LIABILITIES	1,494	1,828	1,903	1,876	1,832
SHAREHOLDERS' EQUITY	690	597	510	451	508
TOTAL LIA. & SH. EQUITY	3,154	3,226	3,265	3,616	3,666
Net Debt, EURmn	1,069	1,580	1,716	1,709	1,599

Breakdown of currencies and financial debt maturity



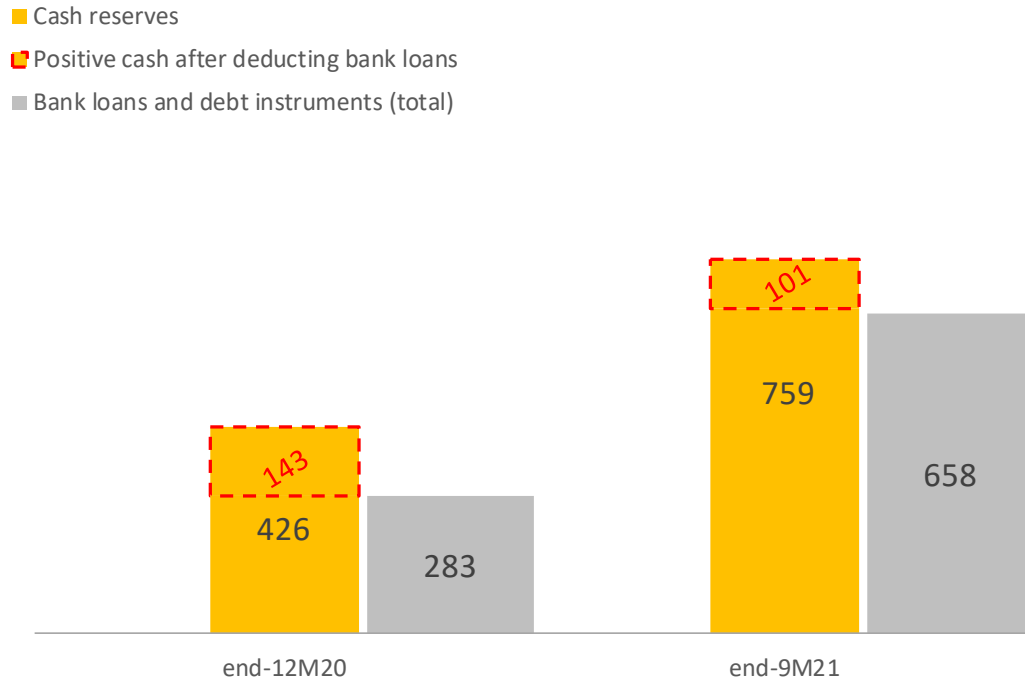
Net Debt: Cash & equivalents + PDP/2 – Bank loans – Leasing liabilities
Cash & equivalents include short and long-term financial assets



CASH RESERVES

Returned to cash creation thanks to recovery in operations.

Cash reserves vs. Loans



- Total cash reserves are at EUR759mn as of the end of 3Q21, compared to EUR426mn at the end of 2020.
- Positive cash reserve after deducting short and long term bank loans stands and issued debt instruments at EUR101mn as of the end of 3Q21, compared to EUR143mn at the end of 2020 and EUR60mn at the end of 2Q21.
- Cash burn was put out in 3Q21 and the operation returned to positive cash generation with EUR13mn/month.

- Cash reserves include short and long term financial assets.
- Interest accruals (EUR13mn) are excluded from total bank loans.



FLEET DEVELOPMENT

Fleet size is at 91 aircraft at the end of 3Q21.

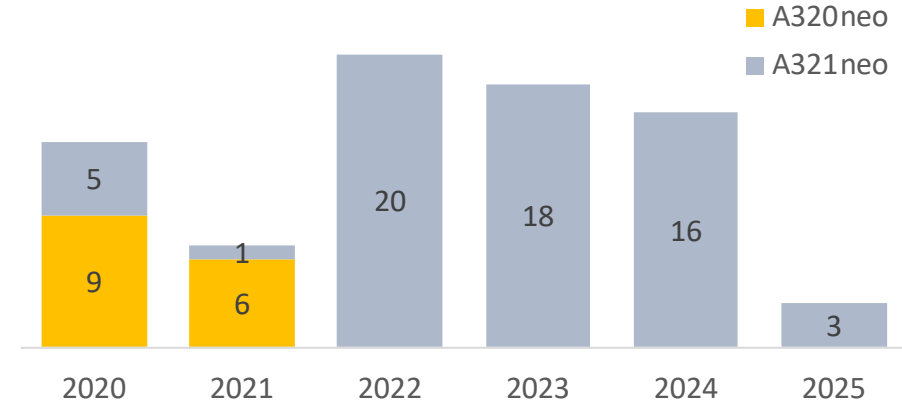
FLEET (as of September 30, 2021)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	1	14	13	28
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	40	4	44
Airbus A321neo	-	7	-	7
Total	1	61	29	91

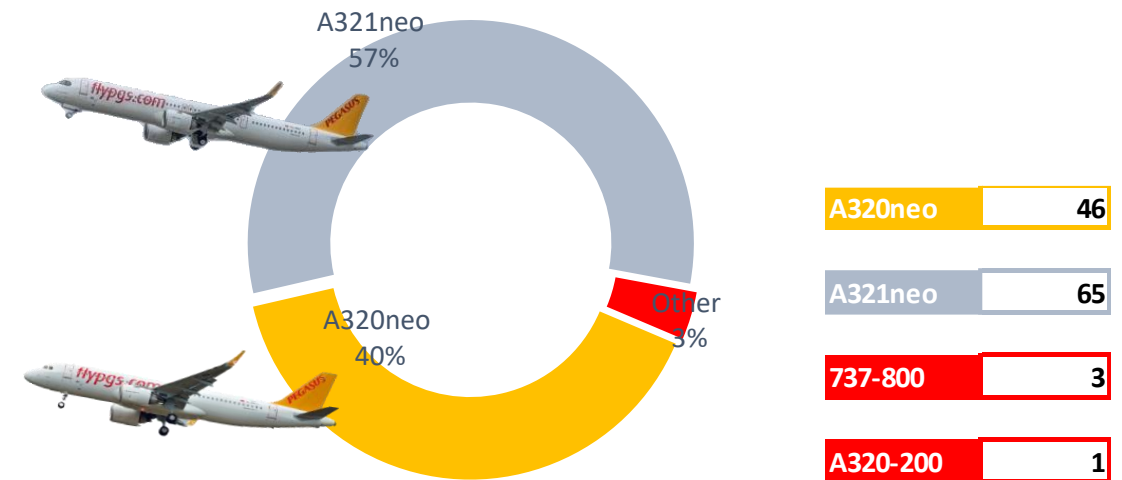
FLEET INFORMATION

- Youngest fleet in Turkey and one of the youngest among LCCs: **5.2 years**.
- **42 A320neo** and **64 A321neo** on order.
- Fleet size will be **90 aircraft** by 2021YE. After Q3;
 - ✓ **2 A320neo** and **1 A321neo** will be delivered
 - ✓ **1 A320-200** will be redelivered
 - ✓ **3 737-800** 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 216 in 2025**

ORDER BOOK (2019-2025)



FLEET (2025YE)



HEDGING, RISK MANAGEMENT & SENSITIVITY

2022 estimated jet fuel consumption is hedged by 24%.

HEDGE VOLUME AND PRICE

	2021FY	2022FY	2023FY
Hedge Ratio	64,9%	24,0%	11,7%
Hedged Price range, \$/mt	501-593	542-692	549-709
Brent equivalent*	53-62	57-73	58-75

Price ranges are calculated by using market data of September 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

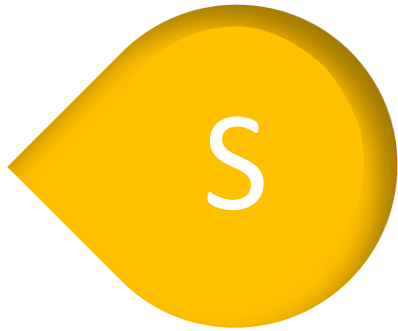
- Non-discretionary portion is limited with 60% at any annual budgeting period, which is executed regardless of the price levels utilizing layered hedging strategy.
- Discretionary portion is up to 20% of any annual budgeting period pursuant to the approval of Hedge Committee.
- Hedging tenor for non-discretionary portion is 24 months.
- **Instruments:** Vanilla Call Options, Zero Cost Collars and Swaps



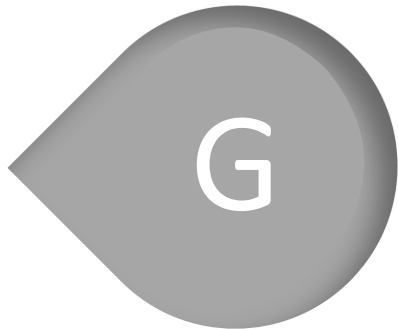
Pegasus Airlines committed to achieve “Net Zero Carbon Emissions by 2050”.



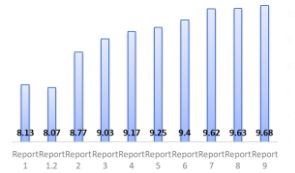
- Committed to achieve ‘Net Zero Carbon Emissions by 2050’.
- Awarded ‘A-’ score by the CDP for climate change.
- In compliance with the Corsia, EU ETS ve UK ETS regulations.
- Fleet Modernization: Operating a young fleet at 5.2 years of average age. Share of fuel-efficient new generation Airbus NEOs in total seats is currently at 61% and will reach above 90% in 2024.
- Participating to ‘Zero Waste’ project - recycled 5 tons of waste/month in 2021 ytd.
- Certified with ISO 14001 Environmental Management certificate.



- As “Turkey’s Digital Airline” Pegasus aims to fully utilize the benefits of technology in all processes; and exploits technological developments to make lives and work of the passengers and employees easier.
- Personal development programs for employees focusing on professional, personal and management skills.
- Conducting employee loyalty and effectiveness surveys, and similar inclusive workplace actions covering our way of work, communication, processes and how we work together.
- Pegasus was awarded “the Company with the highest number of youth employment” at the Secretcv HR Summit for Stars of HR Award Ceremony in 2020.
- Certified with ISO 45001 Occupational Health and Safety certificate.



- Highest ranking aviation company in the BIST Corporate Governance Index, rated at 96.8% in 2021. Pegasus is the only member of the index to have obtained a qualifying corporate governance compliance rating within the same year of its IPO and has constantly improved its rating over the years.
- Set Board Policy for 25% female representation by 2025 in alignment with IATA’s ‘25by2025’ initiative.
- Pegasus is the first airline to join the UN Women’s Empowerment Principles, is a member at the Turkish General Directorate of Civil Aviation Gender Balance Development Commission and has partnerships with NGOs in the area of gender equality.



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	2021 Q3	2019 9M	2020 9M	2021 9M
TOTAL REVENUE (€mn)	1,739	630	290	407	647	396	287	22	181	140	123	155	450	1,344	490	727
ANCILLARY REVENUE (€mn)	459	213	93	107	143	116	100	6	55	53	45	52	116	343	160	212
EBITDA (€mn)	580	93	42	131	314	93	41	-14	55	10	-5	14	172	487	82	180
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%	38.1%	36.2%	16.8%	24.8%
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	7.24	23.1	10.9	14.3
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%	80.6%	88.6%	81.6%	77.3%
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	11.6	33.0	16.0	23.4
AVG. STAGE LENGTH (km)	1,266	1,207	1,192	1,275	1,320	1,264	1,227	1,009	1,180	1,230	1,232	1,212	1,286	1,266	1,199	1,253
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	3.89	4.07	3.07	3.11
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	2.98	3.14	3.76	3.18
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	2.02	2.01	2.79	2.32
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	16.0	14.8	14.7	14.8
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	1.18	1.12	1.13	1.20
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	10.06	6.33	7.56	9.67



P&L Statement

P&L STATEMENT, EURmn	2020 Q3	2021 Q3	2020 9M	2021 9M
Sales	181	450	490	727
Cost of sales	-179	-323	-559	-698
Gross profit	2	127	-69	28
General administrative expenses (-)	-8	-10	-24	-25
Marketing expenses (-)	-4	-11	-17	-20
Other operating income	4	-1	33	0
Other operating expenses (-)	17	-2.5	-37	-4
Operating profit	11	102	-114	-21
Income/expense from investing activities	0	0	0	-1.4
Share of investments income (equity method)	0.7	0.6	2	1.3
Operating profit before financial expense	12	103	-112	-21
Financial income	20	4	26	10
Financial expense (-)	-4	-48	-59	-104
Profit / (loss) before tax	28	60	-145	-115
Current tax expense	0	0	0	0
Deferred tax income / (expense)	-1.6	-4	3	5
Profit / (loss) for the period	27	56	-142	-110



Balance Sheet

ASSETS, EURmn	2020 12M	2021 9M	LIABILITIES, EURmn	2020 12M	2021 9M
Current assets	613	1,018	Current liabilities	722	949
Cash and cash equivalents	400	637	Short term financial liabilities	433	551
Financial assets	18	18	Trade payables	101	168
Trade receivables	22	34	Passenger flight liabilities	57	98
Other receivables	10	8	Derivative financial instruments	10	0
Derivative financial instruments	1	15	Short term provisions	91	85
Inventories	10	10	Other current liabilities	30	47
Prepaid expenses	141	267	Non-Current liabilities	1,907	2,209
Other current assets	11	18	Long term financial liabilities	1,678	1,952
Non-Current assets	2,613	2,649	Derivative financial instruments	0.4	0.0
Financial assets	8	105	Deferred income	35	35
Other receivables	23	25	Long term provisions	126	154
Investments (equity method)	9	9	Deferred tax liabilities	67	69
Property and equipment	159	131	SHAREHOLDERS' EQUITY	597	508
Intangible assets	12	12	Paid-in share capital	61	61
Right of use assets	2,196	2,177	Share premiums on capital stock	194	194
Prepaid expenses	207	186	Other	-4	18
			Retained earnings and net profit/loss	346	236
TOTAL ASSETS	3,226	3,666	TOTAL LIABILITIES AND EQUITY	3,226	3,666



Cash Flow Statement

CASH FLOW STATEMENT, EURmn	2020 9M	2021 9M
A. CASH FLOWS FROM OPERATING ACTIVITIES	5	221
Net cash generated from operating activities	79	165
Changes in working capital	-74	56
B. CASH FLOWS FROM INVESTING ACTIVITIES	-82	-138
Proceeds from sale of property, equipment and intangible assets	0	0
Cash outflows from purchase of property, equipment and intangible assets	-7	-4
Changes in cash advances and payables	-75	-134
C. CASH FLOWS FROM FINANCING ACTIVITIES	-110	167
Increase in borrowings	222	398
Repayment of borrowings	-129	-12
Repayment of principal in lease liabilities	-172	-168
Interest and commission paid	-40	-62
Interest received	8	10
D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS	0	-13
NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)	-187	236
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)	442	637



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



Thank you