



## 2021 Q1 RESULTS PRESENTATION

May 2021

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# KEY HIGHLIGHTS

## Pandemic and restrictions are depressing the business, but Pegasus is still outperforming the peers in capacity recovery



### Traffic

- COVID-19 pandemic and travel restrictions continued to depress the industry in Q1: in Europe, capacity was at 28%, pax was at 22% of 1Q19\*.
- Pegasus outperformed the peers in capacity recovery (1Q21 ASK at 59% of 1Q19 on 77% LF) and stood out as the most active LCC in Europe\*\*.
- Despite the restrictive measures (weekday night-curfews and weekend lockdown) Q1 domestic ASK production was resilient at 75% of 1Q19.
- Int'l ASK production remained steady at 50% of 1Q19, regardless of the heavy and unforeseeable restrictive environment.



### Financial Performance

- Total revenues at EUR123mn, down 57% YoY, driven by the low capacity, decline in passenger volumes and lower yield/pax.
- Fixed cash costs fell by 42% YoY.
- EBITDA was at EUR-5mn for the quarter.
- Q1 bottomline loss was at EUR-101mn, driven by negative operating result and net FX losses recorded on short US\$ balance sheet position.



### Liquidity

- Positive cash reserve after deducting total short and long term bank loans stands at EUR91mn as of the end of 1Q21.
- Cash burn in Q1 was at EUR17mn/month, similar to the average monthly burn of the previous nine months (from end-3M to end-12M 2020).
- TRY260mn raised from the bond issuance in February 2021 – total limit TRY2.5bn
- Further efforts to strengthen liquidity: US\$375mn raised through an inaugural eurobond issuance with a maturity of 5Y (non-call 3Y structure)



### Outlook

- We expect an improvement in demand starting from June and gradually growing into the summer season.
- Plans are for c.85% ASK production in 3Q21 and 70%-75% ASK production in 12M21, compared to matching period of 2019.
- Fleet size reached 95 A/C in Q1 with 2 net additions. 2021 year-end fleet size is estimated at 91 A/C.
- Capacity estimates are subject to review, depending on the evolution of COVID-19 and travel restrictions.

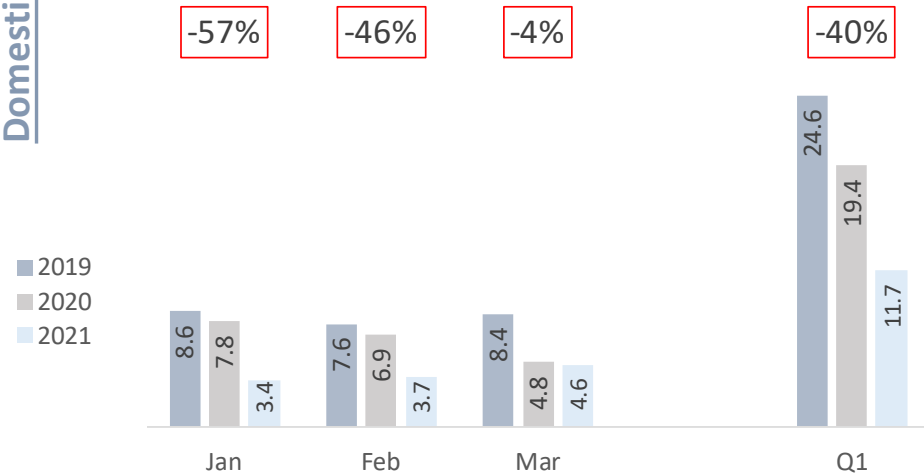


# OPERATING ENVIRONMENT – COVID UPDATE

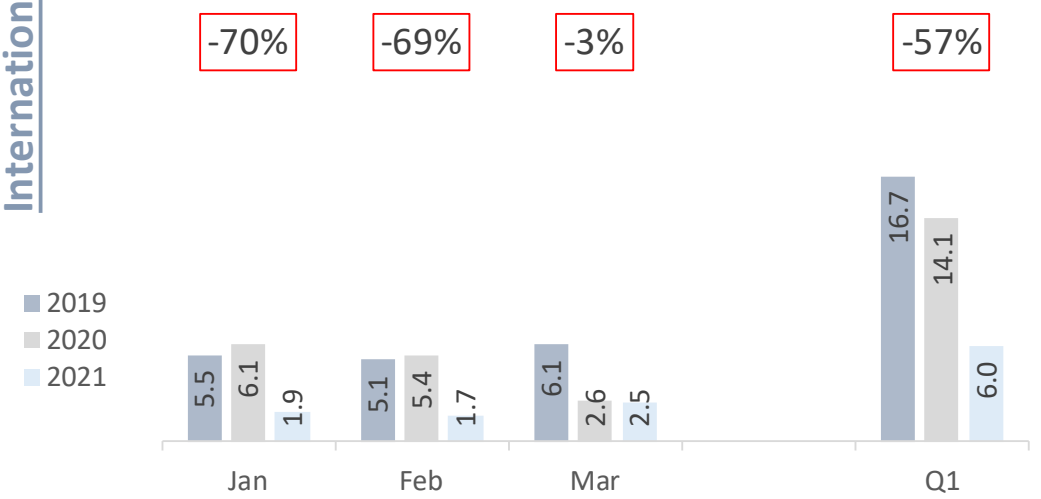
A steady improvement was seen in domestic demand from January to March

TURKEY PAX. (mn)

Domestic

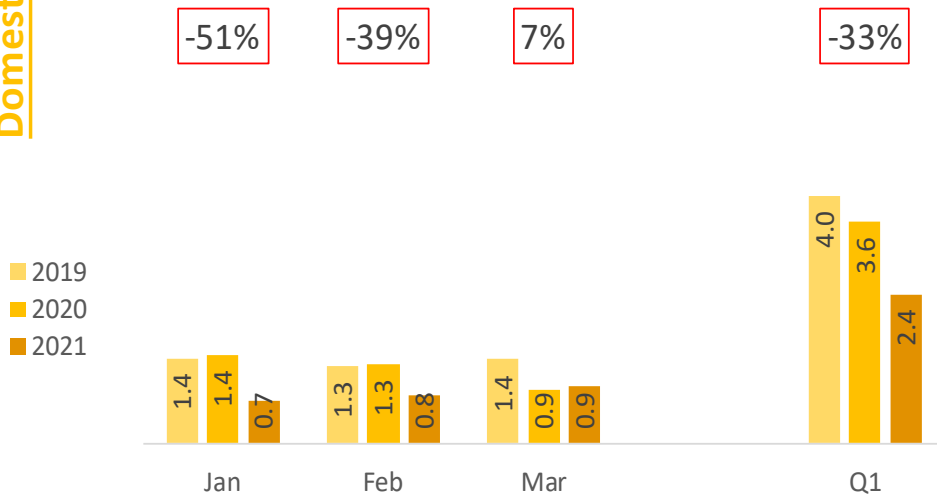


International

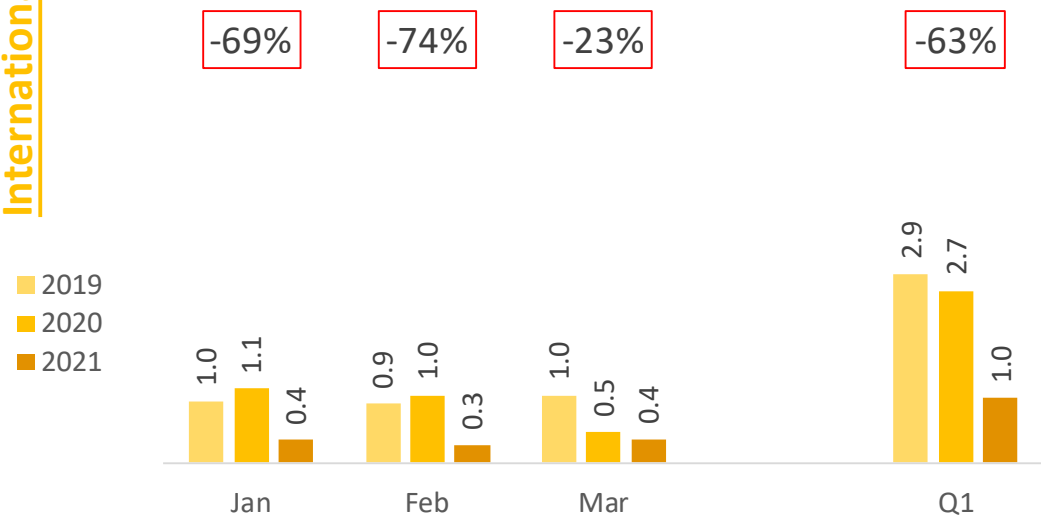


PEGASUS PAX. (mn)

Domestic



International



% chg '21 vs '20

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



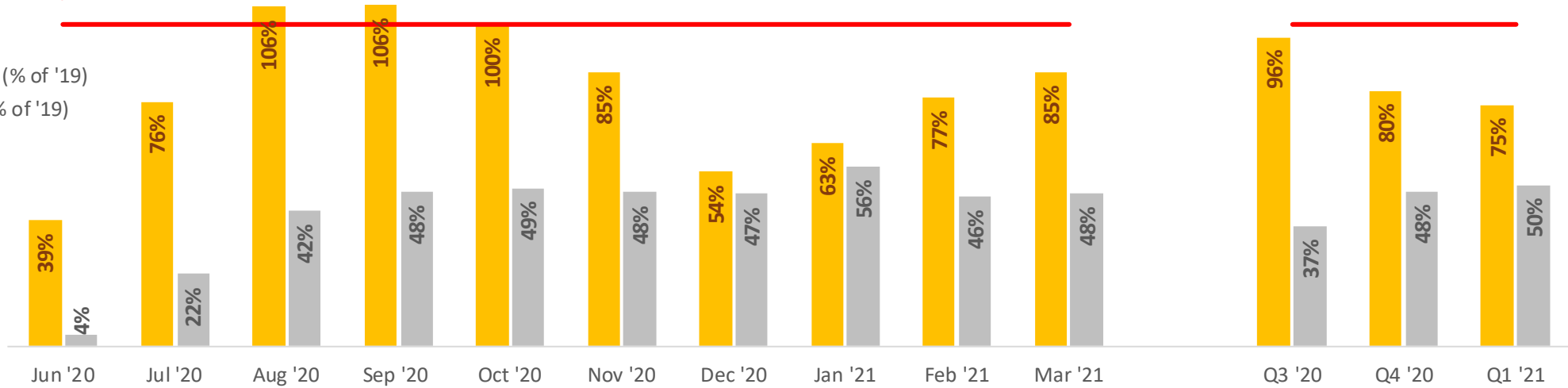
# OPERATING ENVIRONMENT – COVID UPDATE

Domestic capacity roll out gradually improved in Q1 parallel to demand, int'l capacity continued on a steady trend

Pegasus, ASK

2019  
(rebased to 100%)

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



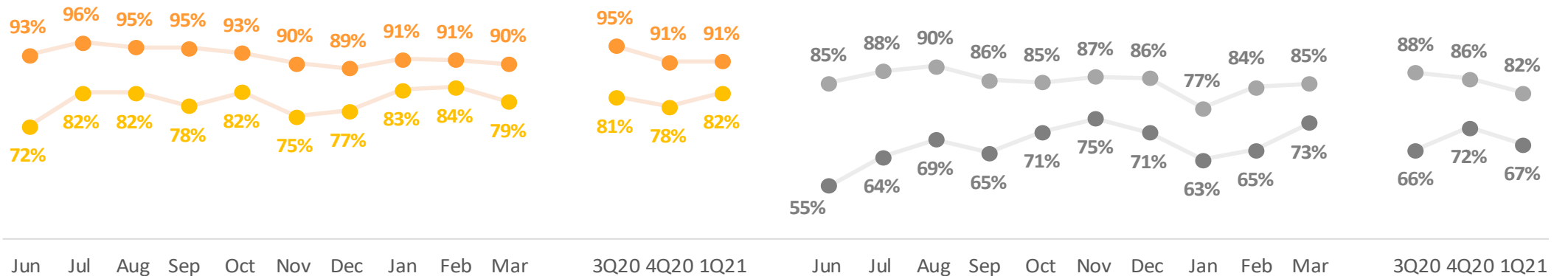
Pegasus, Load Factor

2019  
2020+21

Domestic

International

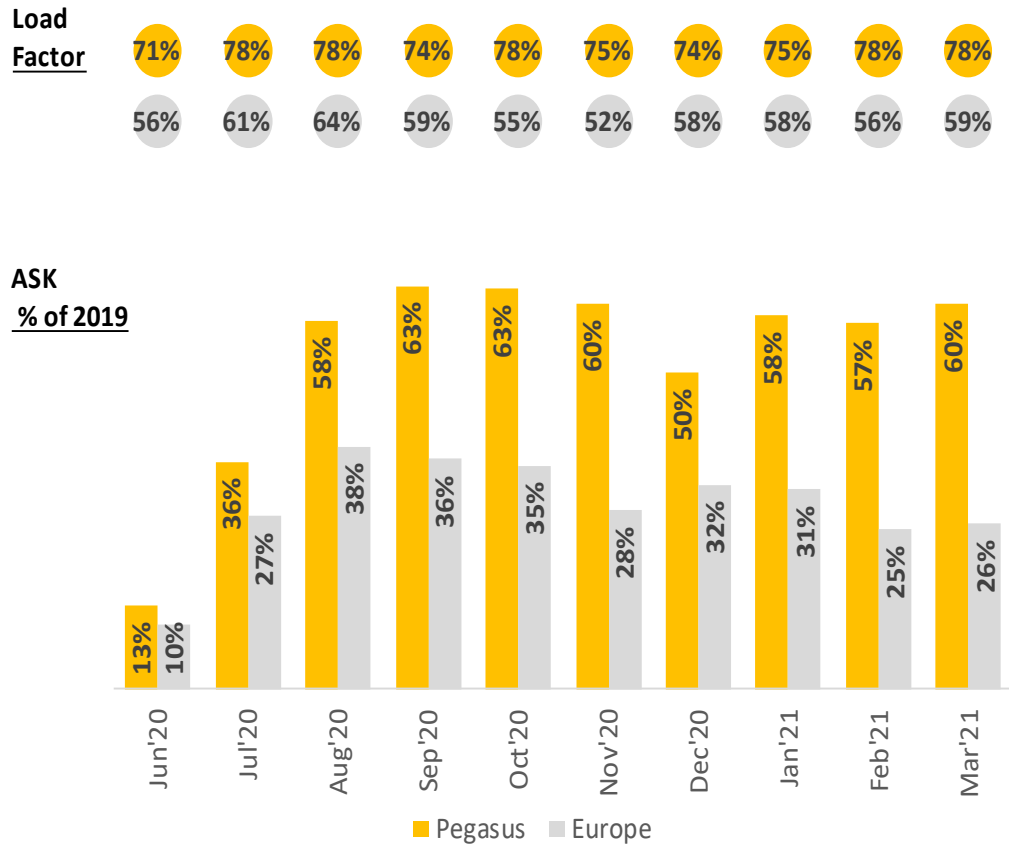
2019  
2020+21



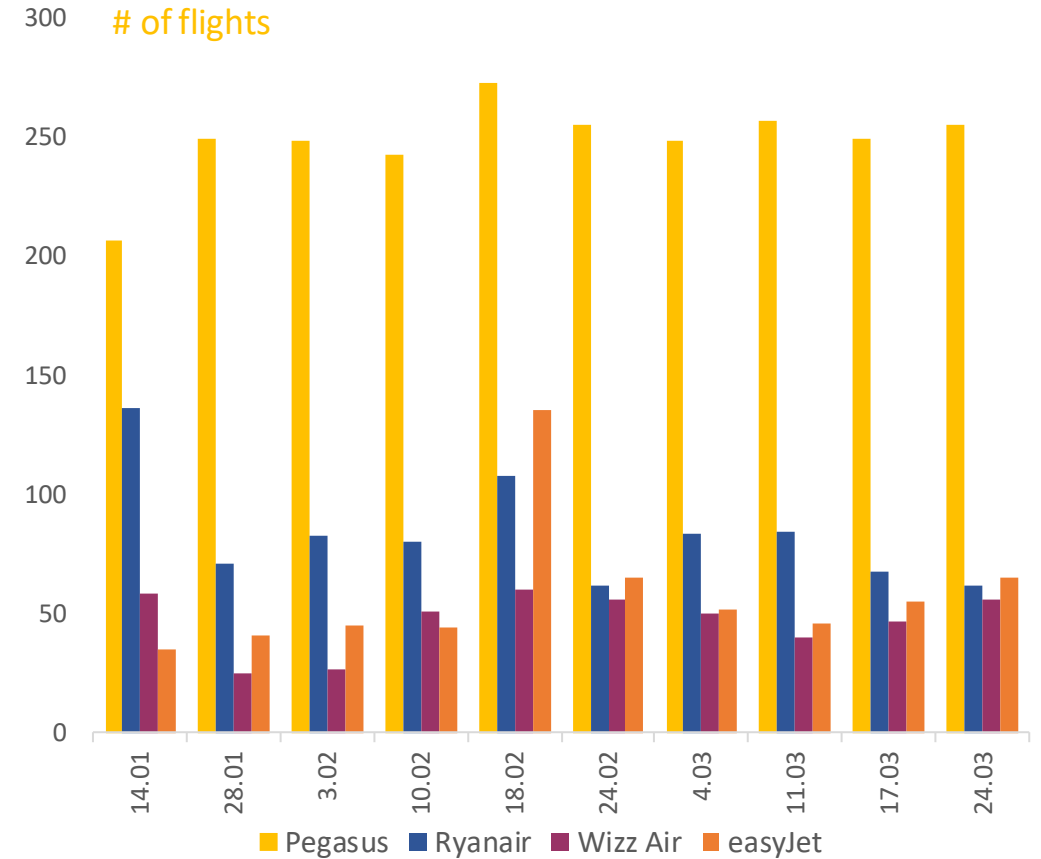
# OPERATING ENVIRONMENT – COVID UPDATE

Pegasus outperformed the industry in capacity recovery and stood out as the most active LCC in Europe through Q1

## Pegasus vs. Europe, capacity recovery and LF



## Pegasus was the most active among European LCCs in Q1



Source: IATA, Pegasus

Source: Eurocontrol <https://www.eurocontrol.int/publication/eurocontrol-comprehensive-assessment-covid-19s-impact-european-air-traffic>



# SUMMARY 2021 Q1 FINANCIAL HIGHLIGHTS

## Bottom-line read EUR101mn loss in Q1

EURmn	2019 12M	2020 12M	% Chg.	2020 Q1	2021 Q1	% Chg.
Revenues	1,739	630	-64%	287	123	-57%
Costs	1,403	809	-42%	309	194	-37%
EBITDA	580	93	-84%	41	-5	n.m.
Net profit/loss	212	-211	n.m.	-49	-101	n.m.

COVID-19 pandemic, travel restrictions and lockdowns imposed by governments continued to negatively impact the business in Q1. **Revenues** fell 57% in Q1 driven by the decline in pax volumes (-45% YoY), lower yields per pax in EUR terms (primarily driven by the 14% contraction in int'l yield) and 18% contraction in ancillary revenue per pax parallel to the negative mix impact.

Total **RASK** was at EURc2.21 in Q1, down 32% YoY.

**Total costs** in Q1 declined by 37% YoY helped by the small scale of the operation and continued control on costs. Depreciation expenses grew by 3% YoY while cash fixed costs fell by 42% YoY parallel to the significant reduction generated in staff costs (-51% YoY).

Total **CASK** was EURc3.49 in Q1, flat YoY.

Bottom-line read EUR101mn loss in Q1. On top of the negative operating result, a EUR11mn net FX loss (recorded under finance expenses line) driven by the short US\$ position on the balance sheet was effective on the net loss.

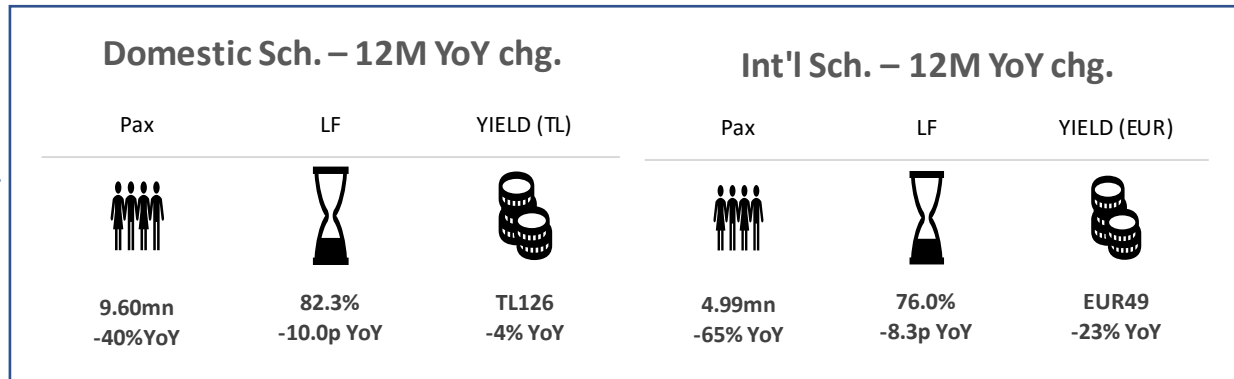
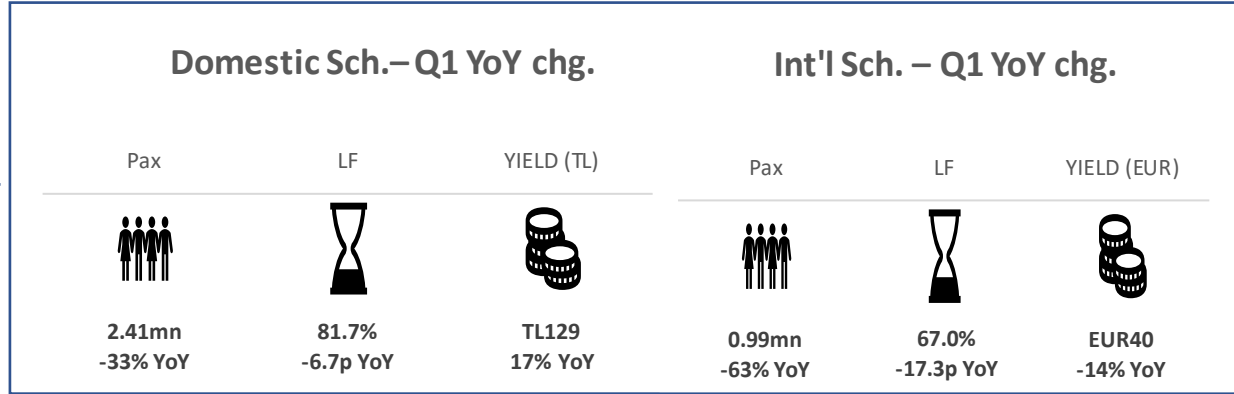


# REVENUES

Revenues fell 57% YoY in Q1 on lower pax, lower EUR yield and unfavorable mix impact on ancillary revenues.

EURmn	Q1 '20	Q1 '21	YoY chg.
<b>TOTAL REVENUES</b>	<b>287</b>	<b>123</b>	<b>-57%</b>
Domestic scheduled	59	35	-41%
International scheduled	124	39	-68%
Ancillary	100	45	-55%
Charter and Other	4	4	-11%

EURmn	12M '19	12M '20	YoY chg.
<b>TOTAL REVENUES</b>	<b>1,739</b>	<b>630</b>	<b>-64%</b>
Domestic scheduled	336	156	-53%
International scheduled	884	242	-73%
Ancillary	459	213	-54%
Charter and Other	61	18	-70%



# COSTS

Fixed cash costs fell 42% YoY through the first quarter.

EURmn	2019 12M	2020 12M	% chg.	2019 Q2	2020 Q2	% chg.	2019 Q3	2020 Q3	% chg.	2019 Q4	2020 Q4	% chg.	2020 Q1	2021 Q1	% chg.
<b>Fixed Costs</b>	<b>524</b>	<b>437</b>	<b>-16%</b>	<b>121</b>	<b>88</b>	<b>-27%</b>	<b>144</b>	<b>98</b>	<b>-32%</b>	<b>139</b>	<b>122</b>	<b>-12%</b>	<b>128</b>	<b>103</b>	<b>-20%</b>
Depreciation and amort.	244	272	12%	59	64	9%	63	65	3%	64	80	24%	64	66	3%
Personnel	222	122	-45%	48	18	-63%	67	25	-63%	56	29	-48%	50	25	-51%
Overhead	35	27	-24%	7	4	-40%	8	6	-26%	13	7	-48%	10	6	-34%
Other fixed costs	23	17	-28%	7	2	-66%	5	3	-48%	6	7	14%	5	6	40%
<b>Operating costs</b>	<b>880</b>	<b>372</b>	<b>-58%</b>	<b>214</b>	<b>11</b>	<b>-95%</b>	<b>251</b>	<b>93</b>	<b>-63%</b>	<b>228</b>	<b>87</b>	<b>-62%</b>	<b>181</b>	<b>91</b>	<b>-50%</b>
Jet fuel	497	200	-60%	123	4	-97%	147	51	-66%	122	45	-63%	100	42	-58%
Handling fees	113	54	-52%	27	1	-95%	34	15	-57%	29	15	-48%	23	13	-44%
Maintenance	61	23	-63%	12	2	-83%	7	3	-61%	28	3	-88%	15	12	-18%
Navigation	92	45	-52%	23	1	-96%	27	13	-53%	23	12	-49%	19	12	-39%
Landing	50	20	-61%	13	0.3	-98%	16	5	-66%	12	5	-60%	9	5	-49%
Pax service and catering	15	5	-64%	3	0.1	-97%	5	1	-76%	4	1	-67%	3	1	-63%
Commission	22	8	-61%	6	0.2	-97%	7	1	-80%	4	1	-65%	5	1	-76%
Other operating costs	29	17	-41%	7	2	-71%	9	4	-57%	6	4	-35%	7	5	-26%
<b>TOTAL COSTS</b>	<b>1,403</b>	<b>809</b>	<b>-42%</b>	<b>335</b>	<b>100</b>	<b>-70%</b>	<b>395</b>	<b>191</b>	<b>-52%</b>	<b>367</b>	<b>209</b>	<b>-43%</b>	<b>309</b>	<b>194</b>	<b>-37%</b>



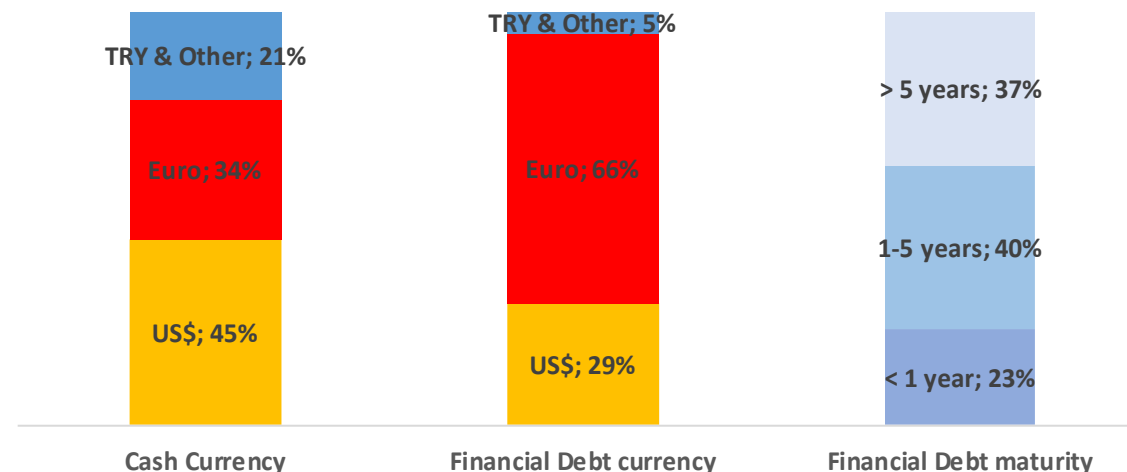
# LIQUIDITY

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

EURmn	Mar 31, 2020	Dec 31, 2020	Mar 31, 2021
CASH & EQUIVALENTS	486	426	424
OTHER ASSETS	247	101	94
PRE DELIVERY PAYMENT	270	208	190
FIXED ASSETS	2,151	2,491	2,556
<b>TOTAL ASSETS</b>	<b>3,154</b>	<b>3,226</b>	<b>3,265</b>
<hr/>			
LIABILITIES	774	519	519
BANK LOANS	196	283	333
LEASING LIABILITIES	1,494	1,828	1,903
SHAREHOLDERS' EQUITY	690	597	510
<b>TOTAL LIA. &amp; SH. EQUITY</b>	<b>3,154</b>	<b>3,226</b>	<b>3,265</b>
<hr/>			
<b>Net Debt, EURmn</b>	<b>1,069</b>	<b>1,580</b>	<b>1,716</b>

Net Debt: Cash & equivalents + PDP/2 – Bank loans – Leasing liabilities  
Cash & equivalents include non-current financial assets

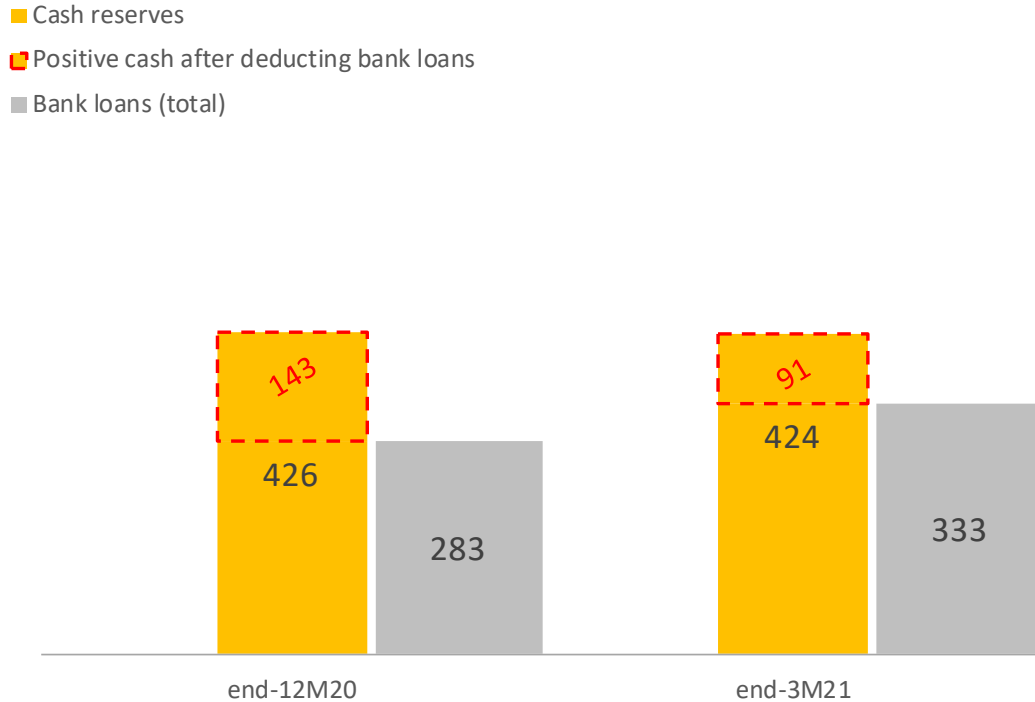
Breakdown of currencies and financial debt maturity



# CASH RESERVES

Monthly cash burn was at EUR17mn in 1Q21.

## Cash reserves vs. Bank loans



\*Cash reserves include non-current financial assets.

- Total cash reserves are at EUR424mn as of the end of 1Q21, compared to EUR426mn at the end of 4Q20.
- Positive cash reserve after deducting short and long term bank loans stands at EUR91mn as of the end of compared to EUR143mn at the end of 4Q20.
- Cash burn in 1Q21 was at EUR17mn/month, similar to the average monthly burn seen through the nine month period after the start of the COVID pandemic (from end-3M to end-12M 2020).
- TRY260mn raised from the bond issuance in February 2021 – total limit TRY2.5bn.
- Further efforts to strengthen liquidity: US\$375mn raised through an inaugural eurobond issuance with a maturity of 5Y (non-call 3Y structure) and interest rate of 9.25%.



# FLEET DEVELOPMENT

Fleet size reached 95 aircraft at the end of 1Q21.

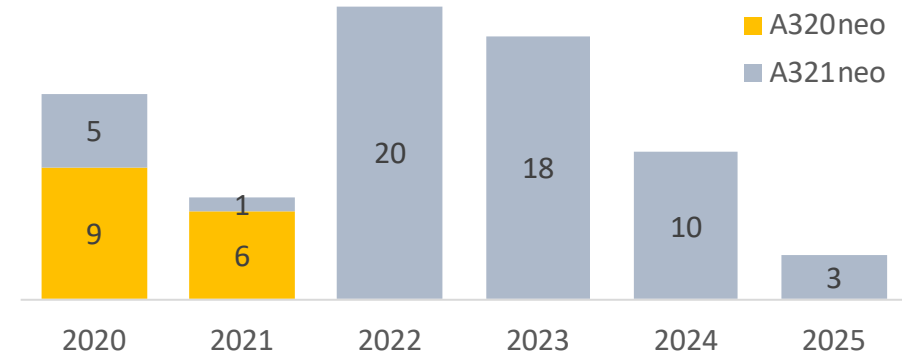
## FLEET (as of March 31, 2021)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	1	14	18	<b>33</b>
Airbus A320ceo	-	-	12	<b>12</b>
Airbus A320neo	-	39	4	<b>43</b>
Airbus A321neo	-	7	-	<b>7</b>
<b>Total</b>	<b>1</b>	<b>60</b>	<b>34</b>	<b>95</b>

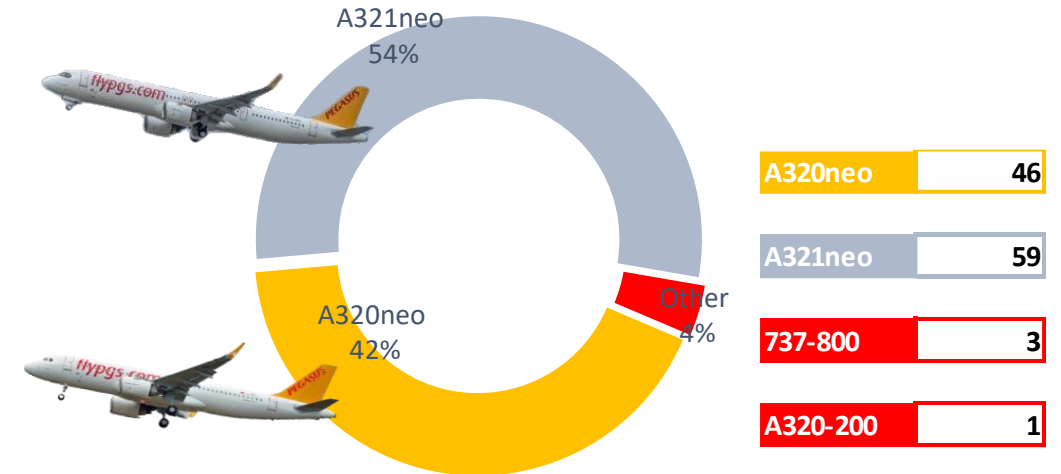
## FLEET INFORMATION

- Youngest fleet in Turkey and one of the youngest among LCCs: **5.0 years**.
- **42 A320neo** and **58 A321neo** on order.
- Fleet size will be **91 aircraft** by 2021YE. After Q1;
  - ✓ **3 A320neo** and **1 A321neo** will be delivered
  - ✓ **3 737-800** and **1 A320-200** will be redelivered
  - ✓ **4 737-800** sold to Air Lease Co. will exit the fleet until the end of the year.
- 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%	2%
Hedged Price range, \$/mt	501-593	472-566
Brent equivalent	53-62	50-60

\* Price ranges are calculated by using market data of March 31, 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

	2018	2019	2020	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	2021 Q1	Q1/Q1 YoY chg
<b>TOTAL REVENUE (€mn)</b>	<b>1,474</b>	<b>1,739</b>	<b>630</b>	<b>290</b>	<b>407</b>	<b>647</b>	<b>396</b>	<b>287</b>	<b>22</b>	<b>181</b>	<b>140</b>	<b>123</b>	<b>-57%</b>
ANCILLARY REVENUE (€mn)	357	459	213	93	107	143	116	100	6	55	53	45	-55%
<b>EBITDA (€mn)*</b>	<b>391</b>	<b>580</b>	<b>93</b>	<b>42</b>	<b>131</b>	<b>314</b>	<b>93</b>	<b>41</b>	<b>-14</b>	<b>55</b>	<b>10</b>	<b>-5</b>	<b>n.m.</b>
<b>EBITDA Margin*</b>	<b>26.5%</b>	<b>33.3%</b>	<b>14.7%</b>	<b>14.5%</b>	<b>32.1%</b>	<b>48.6%</b>	<b>23.5%</b>	<b>14.4%</b>	<b>-61.9%</b>	<b>30.1%</b>	<b>7.5%</b>	<b>-4.4%</b>	<b>-18.8pp</b>
<b>PAX (mn)</b>	<b>30.6</b>	<b>30.8</b>	<b>14.7</b>	<b>6.9</b>	<b>7.4</b>	<b>8.80</b>	<b>7.64</b>	<b>6.23</b>	<b>0.4</b>	<b>4.3</b>	<b>3.84</b>	<b>3.4</b>	<b>-45%</b>
<b>LOAD FACTOR</b>	<b>87.3%</b>	<b>88.6%</b>	<b>79.7%</b>	<b>86.9%</b>	<b>87.3%</b>	<b>91.3%</b>	<b>88.4%</b>	<b>86.6%</b>	<b>70.6%</b>	<b>76.1%</b>	<b>75.0%</b>	<b>75.5%</b>	<b>-11.1pp</b>
ASK (bn)	39.9	43.9	22.3	9.5	10.8	12.7	10.9	8.8	0.5	6.6	6.3	5.6	-37%
AVG. STAGE LENGTH (km)	1,138	1,266	1,207	1,192	1,275	1,320	1,264	1,227	1,009	1,180	1,230	1,232	0%
AVERAGE FLEET	79	84	87	82	82	83	84	84	85	87	90	94	12%
<b>RASK, (€c)</b>	<b>3.69</b>	<b>3.96</b>	<b>2.83</b>	<b>3.07</b>	<b>3.76</b>	<b>5.08</b>	<b>3.62</b>	<b>3.25</b>	<b>4.30</b>	<b>2.73</b>	<b>2.22</b>	<b>2.21</b>	<b>-32%</b>
<b>CASK, (€c)</b>	<b>3.26</b>	<b>3.19</b>	<b>3.63</b>	<b>3.24</b>	<b>3.10</b>	<b>3.10</b>	<b>3.36</b>	<b>3.50</b>	<b>19.43</b>	<b>2.88</b>	<b>3.32</b>	<b>3.49</b>	<b>0%</b>
Non-fuel CASK, (€c)	2.08	2.06	2.74	2.14	1.96	1.95	2.24	2.37	18.62	2.12	2.60	2.73	15%
ANCILLARY PER PAX (€)	11.6	14.9	14.5	13.4	14.4	16.3	15.2	16.0	15.6	12.8	13.8	13.1	-18%
EUR/US\$ rate (avg.)	1.18	1.12	1.14	1.14	1.12	1.11	1.11	1.10	1.10	1.17	1.19	1.21	9%
EUR/TRY rate (avg.)	5.67	6.35	8.01	6.09	6.59	6.30	6.40	6.72	7.54	8.41	9.37	8.88	32%

\* EBITDAR and EBITDAR margin in 2018 - with the implementation of IFRS-16, EBITDAR is not used starting from 2019 fiscal year.



# P&L Statement

P&L STATEMENT, EURmn	2019 12M	2020 12M	2020 3M	2021 3M
Sales	1,739	630	287	123
Cost of sales	-1,306	-753	-290	-183
<b>Gross profit</b>	<b>433</b>	<b>-123</b>	<b>-3</b>	<b>-60</b>
General administrative expenses (-)	-48	-35	-9	-7
Marketing expenses (-)	-49	-21	-10	-4
Other operating income	1	44	0	0
Other operating expenses (-)	-5	-1	-2.1	-2
<b>Operating profit</b>	<b>332</b>	<b>-136</b>	<b>-24</b>	<b>-73</b>
Income/expense from investing activities	-4	-23	0.0	0.1
Share of investments income (equity method)	2.6	1.9	1	0.2
<b>Operating profit before financial expense</b>	<b>330</b>	<b>-157</b>	<b>-23</b>	<b>-73</b>
Financial income	16	50	4	2
Financial expense (-)	-125	-110	-43	-34
<b>Profit / (loss) before tax</b>	<b>221</b>	<b>-218</b>	<b>-62</b>	<b>-105</b>
Current tax expense	-10	0	0	0
Deferred tax income / (expense)	0.1	7	14	4
<b>Profit / (loss) for the period</b>	<b>212</b>	<b>-211</b>	<b>-49</b>	<b>-101</b>



# Balance Sheet

ASSETS, EURmn	2020 12M	2021 3M	LIABILITIES, EURmn	2020 12M	2021 3M
<b>Current assets</b>	<b>595</b>	<b>599</b>	<b>Current liabilities</b>	<b>722</b>	<b>799</b>
Cash and cash equivalents	400	398	Short term financial liabilities	433	520
Trade receivables	22	21	Trade payables	101	94
Other receivables	10	8	Passenger flight liabilities	59	70
Derivative financial instruments	0.8	7.3	Derivative financial instruments	10	0
Inventories	10	9	Short term provisions	91	89
Prepaid expenses	141	144	Other current liabilities	28	25
Current income tax assets	1	0.8	<b>Non-Current liabilities</b>	<b>1,907</b>	<b>1,956</b>
Other current assets	9.9	10.8	Long term financial liabilities	1,678	1,716
<b>Non-Current assets</b>	<b>2,631</b>	<b>2,665</b>	Derivative financial instruments	0.4	0.1
Financial assets	26	27	Deferred income	35	20
Other receivables	10	8	Long term provisions	126	141
Investments (equity method)	9	8	Deferred tax liabilities	67	67
Property and equipment	159	151	<b>SHAREHOLDERS' EQUITY</b>	<b>597</b>	<b>510</b>
Intangible assets	12	12	Paid-in share capital	61	61
Right of use assets	2,196	2,262	Share premiums on capital stock	194	194
Prepaid expenses	141	144	Other	-4	10
			Retained earnings	346	245
<b>TOTAL ASSETS</b>	<b>3,226</b>	<b>3,265</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,226</b>	<b>3,265</b>





# Cash Flow Statement

CASH FLOW STATEMENT, EURmn	2020 3M	2021 3M
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>-75</b>	<b>5</b>
Net cash generated from operating activities	33	-14
Changes in working capital	-108	18
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-108</b>	<b>-9</b>
Cash outflows from purchase of property, equipment and intangible assets	0.0	0.0
Changes in cash advances and payables	-106	-7
Other investing activities	-2	-1
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>7</b>	<b>-23</b>
Repayment of principal in lease liabilities	-57	-64
Net Change in bank borrowings	76	61
Interest & commission paid	-16	-24
Interest received	3	3
<b>D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS</b>	<b>5</b>	<b>25</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>-171</b>	<b>-2</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>630</b>	<b>400</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>459</b>	<b>398</b>



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



*Thank you*