



## 2020 Q4 RESULTS PRESENTATION

March 2021

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**flypgs.com** | **PEGASUS**

# KEY HIGHLIGHTS

## Pegasus continues to outperform the industry in capacity recovery



### Traffic

- With depressed travel confidence and restrictions, total capacity in Europe fell 64% in 4Q20 (pax:-76%) and 58% in 12M20 (pax: -66%)\*.
- Pegasus outperformed the industry in capacity recovery: 4Q20 ASK at 58%, 12M20 ASK at 51% of 2019 on 75% and 80% LF, respectively.
- Robust Q4 domestic ASK production at 80% of a year ago, despite weekday curfews and full weekend lockdown imposed in December.
- Stable trend in Int'l with Q4 ASK at 48% of a year ago, regardless of the heavy and unforeseeable restrictive environment.



### Financial Performance

- Q4 revenues at EUR140mn, down 65% YoY, driven by pax decline and lower yield/pax. 12M revenues at EUR630mn, down 64% YoY.
- Fixed cash costs down by 43% YoY in Q4 and by 41% in 12M.
- Q4 EBITDA at EUR10mn on 7.5% margin, 12M EBITDA at EUR93mn on 14.7% margin.
- EUR69mn net loss in Q4 and EUR211mn net loss in 12M. EUR22mn one-off loss from asset sale in Q4 negatively affected the figures.



### Cash reserves

- Positive cash reserve after deducting total short and long term bank loans stands at EUR143mn at 2020 year-end.
- Cash burn was at EUR29mn per month in Q4.
- Deferred liabilities and ticket refunds with roots to Q2-Q3 were almost completely cleared in Q4.
- Continuously working to bolster liquidity: Raised TRY260mn from the bond issuance in February 2021.



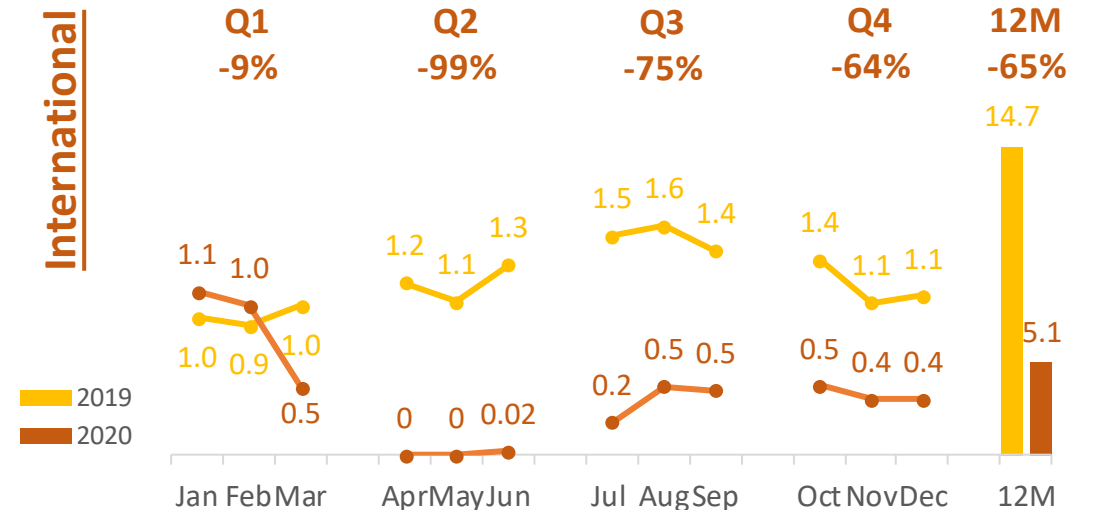
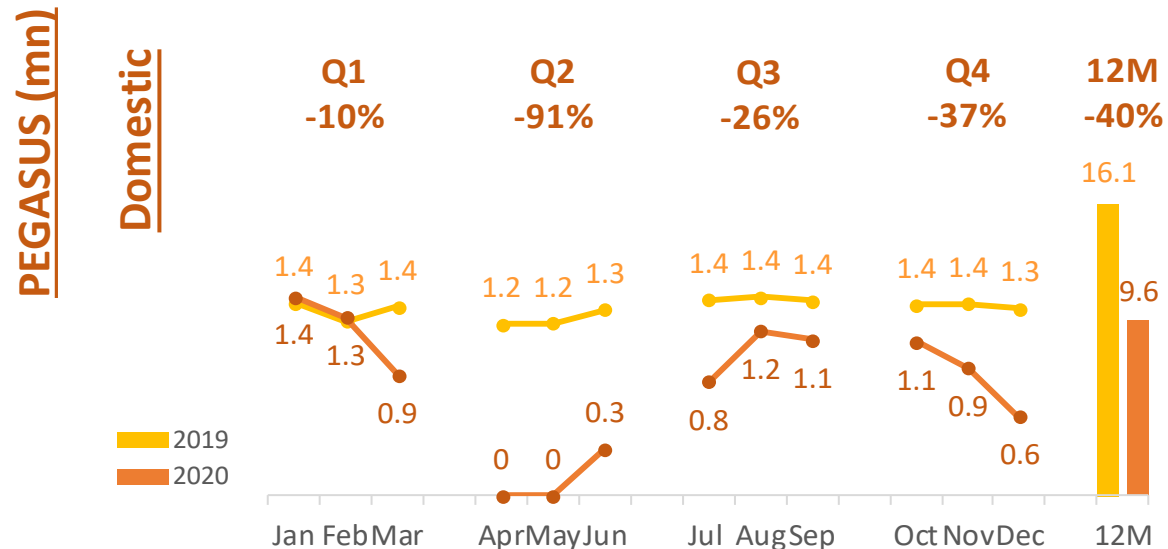
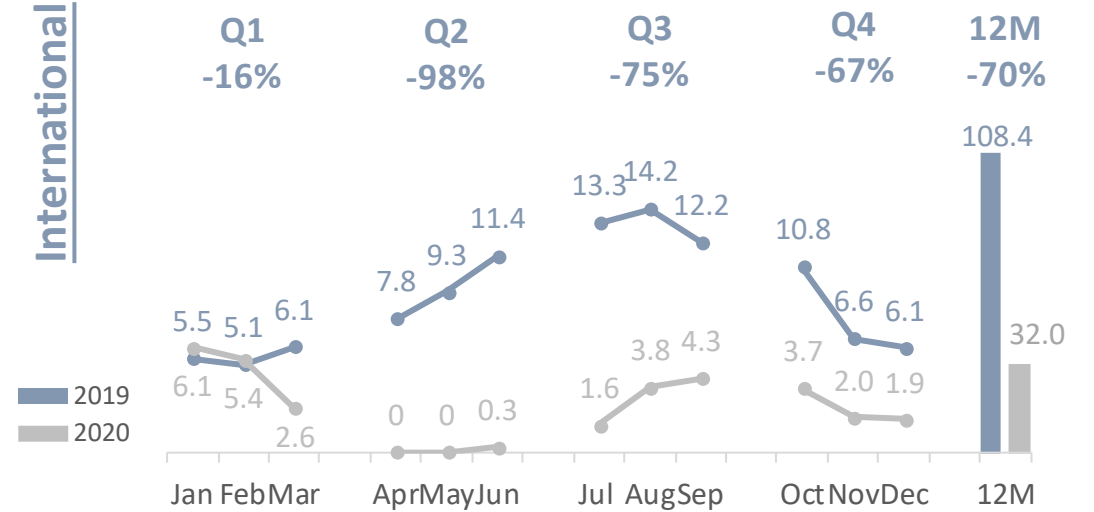
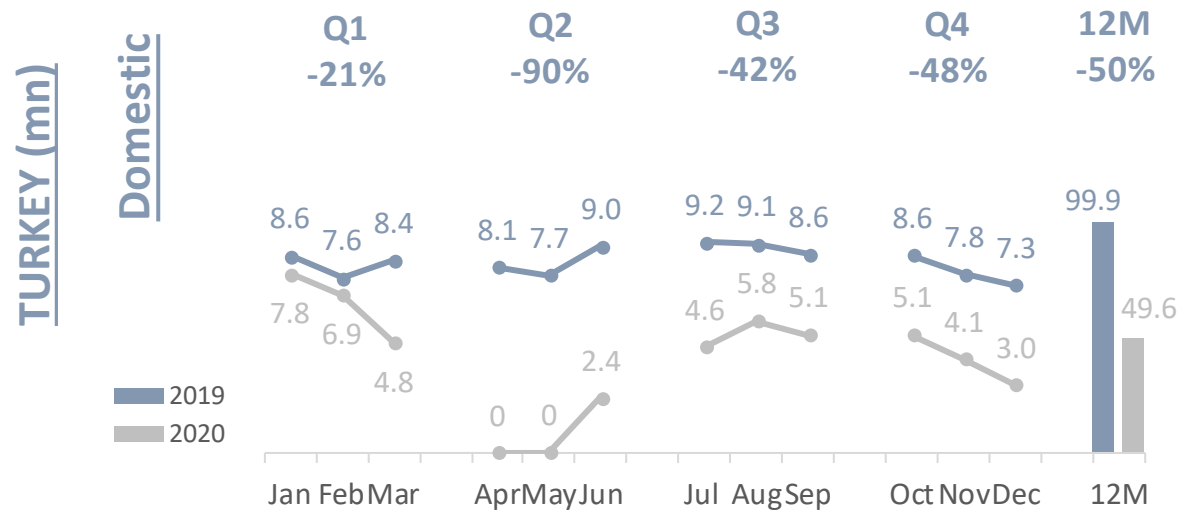
### Outlook

- No guidance provided on financial figures due to continuing uncertainty.
- Base scenario foresees 90% ASK production in 3Q21 and 70%-75% ASK production in 12M21, compared to matching period of 2019.
- 2021 fleet size planned to be flat: 92 A/C at end-2021 vs 93 A/C at end-2020.
- Capacity estimates are subject to review, depending on the evolution of COVID-19 and travel restrictions.



# PASSENGER TRAFFIC – TURKEY & PEGASUS

Domestic traffic lost ground in December 2020 with the imposed restrictions...



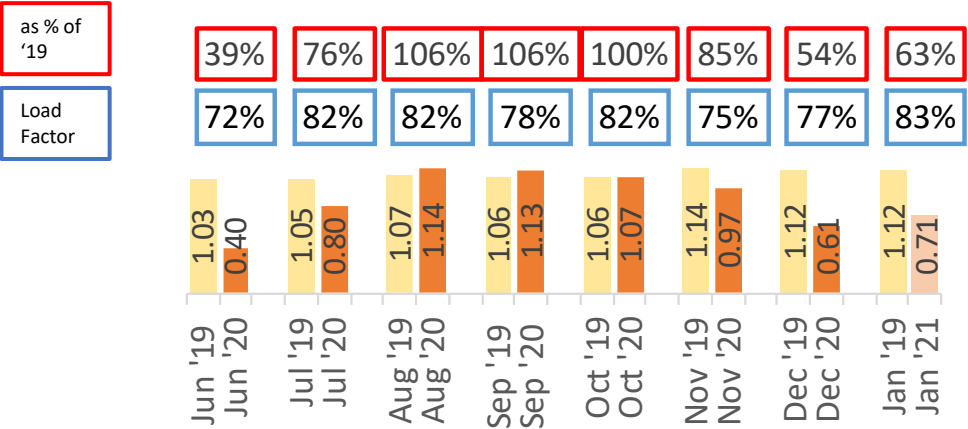
Turkey passenger data is taken from General Directorate of State Airports Authority  
Pegasus figures reflect booked passengers, international pax includes charter pax

# OPERATING ENVIRONMENT – RETURN TO SERVICE

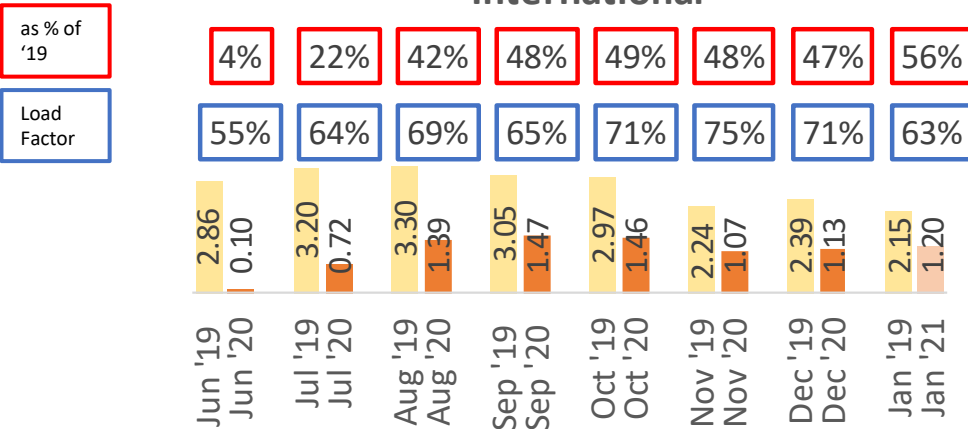
... yet staged a gradual recovery through January 2021.

## Pegasus, ASK (bn)

### Domestic

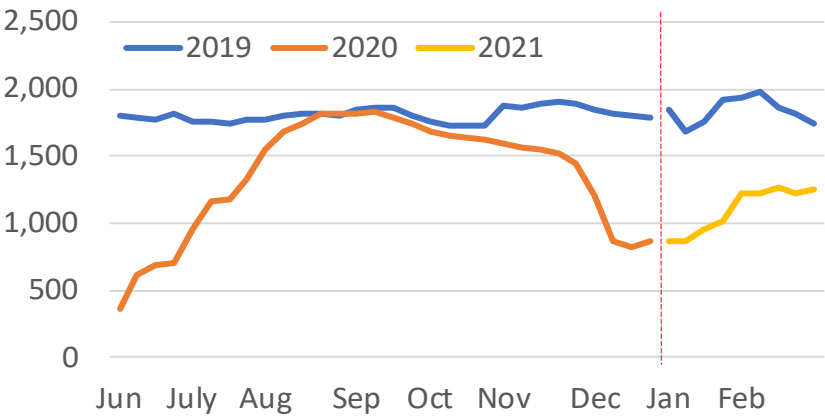


### International

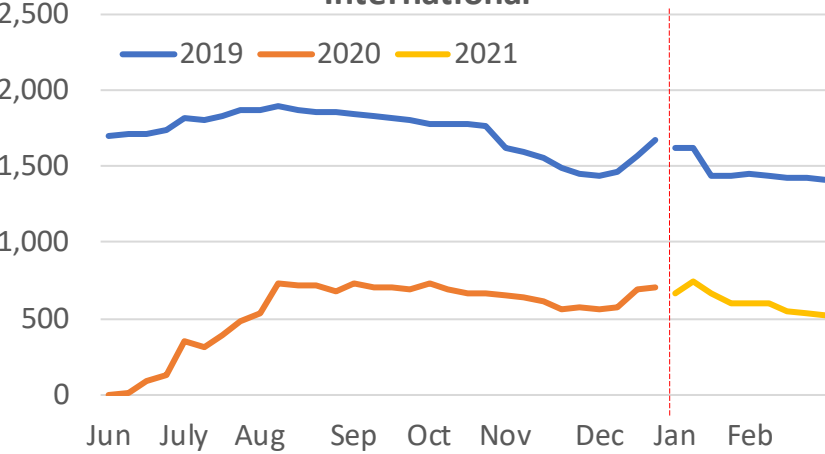


## Pegasus, weekly nb. of cycles

### Domestic



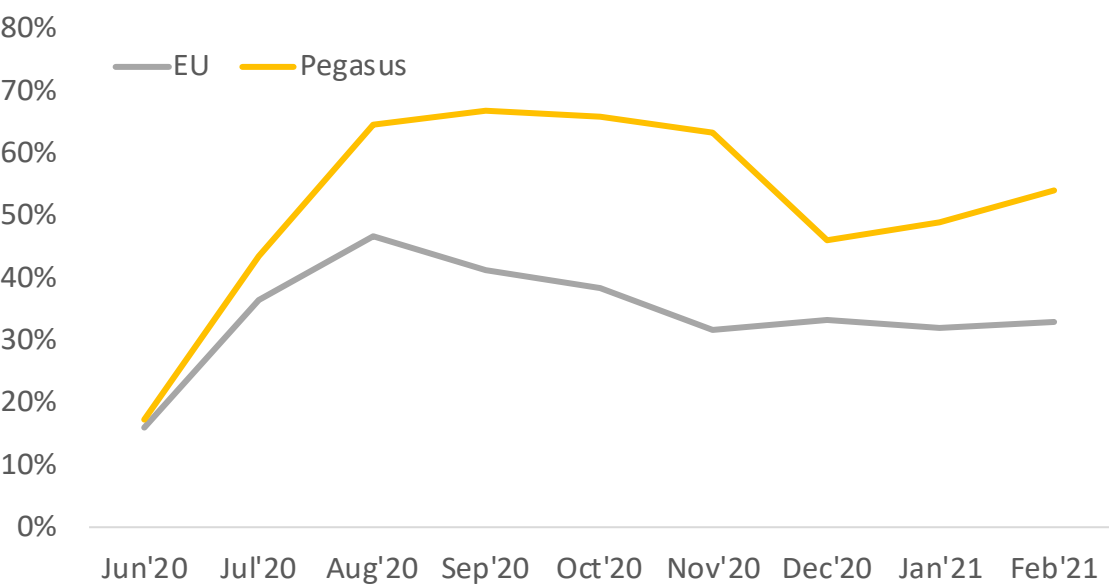
### International



# OPERATING ENVIRONMENT – RETURN TO SERVICE

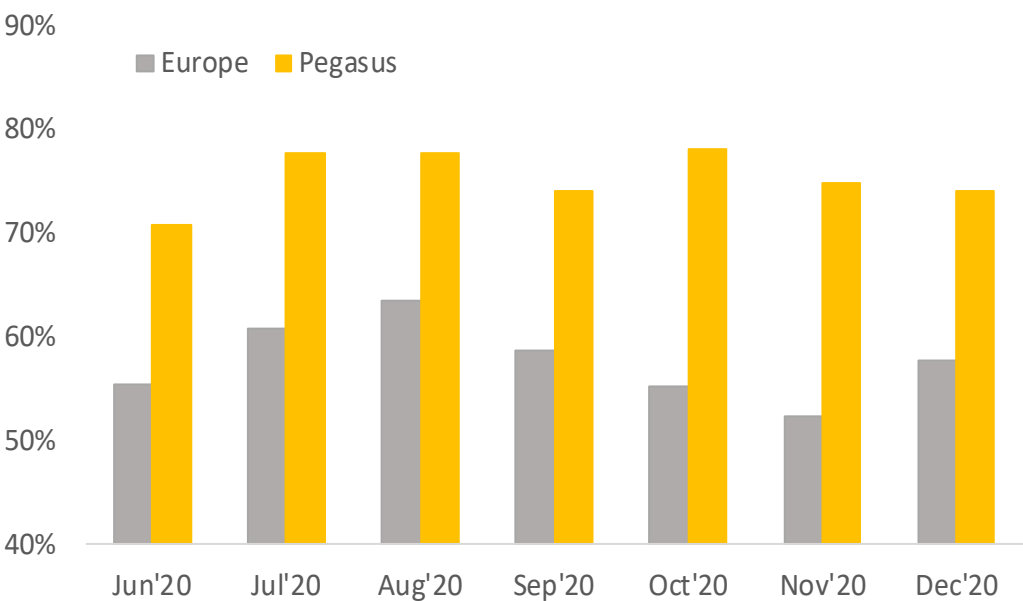
Pegasus is outperforming the industry in capacity recovery.

Pegasus vs EU, # of flights as % of 2019



Source: Eurostat, Pegasus

Pegasus vs Europe, Load factors



Source: IATA, Pegasus



# SUMMARY 2020 Q4/12M FINANCIAL HIGHLIGHTS

Bottom-line read EUR69mn loss in Q4.

EURmn	2019 Q4	2020 Q4	% Chg.	2019 12M	2020 12M	% Chg.
Revenues	396	140	-65%	1,739	630	-64%
Costs	367	209	-43%	1,403	809	-42%
EBITDA	93	10	-89%	580	93	-84%
Net profit	12	-69	n.m.	212	-211	n.m.

**Revenues** fell 65% in Q4 with the decline in pax volumes (-50% YoY), lower yields per pax (domestic TL -14% YoY, Int'l EUR -20% YoY) and 9% deceleration in ancillary revenue per pax. For 12M20, revenue drop was 64% YoY on 52% contraction in pax volumes, lower yields (domestic TL -4% YoY, Int'l EUR -23% YoY) and 3% lower ancillary revenue per pax.

Total **RASK** was at EURc2.22 in Q4, down 39% YoY and EURc2.83 in 12M, down 35%.

**Total costs** in Q4 declined by 43% YoY due to a low scale operation and continued focus on cost savings. Cash fixed costs fell by 43% YoY parallel to the significant reduction generated in staff and other overhead costs. In 12M, total costs were down 42% YoY while cash fixed costs were down 41%.

Total **CASK** was EURc3.32 in Q4, down 1% YoY and EURc3.63 in 12M, up 14% YoY.

Bottom-line read EUR69mn loss in Q4 and EUR211mn loss in 12M. On top of the negative operating result, a EUR22mn loss incurred in Q4 from asset sale was effective on the net loss.



# REVENUES

Revenues fell 65% YoY in Q4 on lower pax and yields.

EURmn	Q4 '19	Q4 '20	YoY chg.
<b>TOTAL REVENUES</b>	<b>396</b>	<b>140</b>	<b>-65%</b>
Domestic scheduled	78	29	-63%
International scheduled	190	52	-72%
Ancillary	116	53	-54%
Charter and Other	12	6	-53%

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%

## Domestic – Q4 YoY chg.

Pax



2.58mn  
-37% YoY

LF



78.3%  
-12.5p YoY

YIELD (TL)



TL105  
-14% YoY

## International – Q4 YoY chg.

Pax



1.21mn  
-65% YoY

LF



70.9%  
-14.6p YoY

YIELD (EUR)



EUR43  
-20% YoY

## Domestic – 12M YoY chg.

Pax



9.60mn  
-40%YoY

LF



82.3%  
-10.0p YoY

YIELD (TL)



TL126  
-4% YoY

## International – 12M YoY chg.

Pax



4.99mn  
-65% YoY

LF



76.0%  
-8.3p YoY

YIELD (EUR)



EUR49  
-23% YoY

# COSTS

Strict focus on cost savings maintained.

EURmn	2019 Q1	2020 Q1	% chg.	2019 Q2	2020 Q2	% chg.	2019 Q3	2020 Q3	% chg.	2019 Q4	2020 Q4	% chg.	2019 12M	2020 12M	% chg.
<b>Fixed Costs</b>	<b>121</b>	<b>128</b>	<b>6%</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>524</b>	<b>437</b>	<b>-16%</b>
Depreciation and amort.	58	64	9%	59	64	9%	63	65	3%	64	80	24%	244	272	12%
Personnel	50	50	-1%	48	18	-63%	67	25	-63%	56	29	-48%	222	122	-45%
Overhead	7	10	37%	7	4	-40%	8	6	-26%	13	7	-48%	35	27	-24%
Other fixed costs	5	5	0%	7	2	-66%	5	3	-48%	6	7	14%	23	17	-28%
<b>Operating costs</b>	<b>186</b>	<b>181</b>	<b>-3%</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>880</b>	<b>372</b>	<b>-58%</b>
Jet fuel	104	100	-4%	123	4	-97%	147	51	-66%	122	45	-63%	497	200	-60%
Handling fees	23	23	-2%	27	1	-95%	34	15	-57%	29	15	-48%	113	54	-52%
Maintenance	14	15	5%	12	2	-83%	7	3	-61%	28	3	-88%	61	23	-63%
Navigation	19	19	-1%	23	1	-96%	27	13	-53%	23	12	-49%	92	45	-52%
Landing	10	9	-8%	13	0.3	-98%	16	5	-66%	12	5	-60%	50	20	-61%
Pax service and catering	3	3	-10%	3	0.1	-97%	5	1	-76%	4	1	-67%	15	5	-64%
Commission	5	5	10%	6	0.2	-97%	7	1	-80%	4	1	-65%	22	8	-61%
Other operating costs	7	7	2%	7	2	-71%	9	4	-57%	6	4	-35%	29	17	-41%
<b>TOTAL COSTS</b>	<b>306</b>	<b>309</b>	<b>1%</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>1,403</b>	<b>809</b>	<b>-42%</b>



# LIQUIDITY

## Cash management remains as management's top priority.

EURmn	Dec 31, 2019	Mar 31, 2020	Jun 30, 2020	Sep 30, 2020	Dec 31, 2020
CASH & EQUIVALENTS	652	486	564	469	426
OTHER ASSETS	124	247	187	141	101
PRE DELIVERY PAYMENT	238	270	231	231	208
FIXED ASSETS	2158	2,151	2,377	2,342	2,491
<b>TOTAL ASSETS</b>	<b>3,172</b>	<b>3,154</b>	<b>3,359</b>	<b>3,183</b>	<b>3,226</b>
LIABILITIES	746	774	727	645	519
BANK LOANS	114	196	288	238	283
LEASING LIABILITIES	1,503	1,494	1,726	1,650	1,828
SHAREHOLDERS' EQUITY	809	690	618	649	597
<b>TOTAL LIA. &amp; SH. EQUITY</b>	<b>3,172</b>	<b>3,154</b>	<b>3,359</b>	<b>3,183</b>	<b>3,226</b>
Net Debt, EURmn	846	1,069	1,335	1,304	1,580
CASH PER A/C, EURmn	8.0	5.9	6.3	5.4	4.8

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

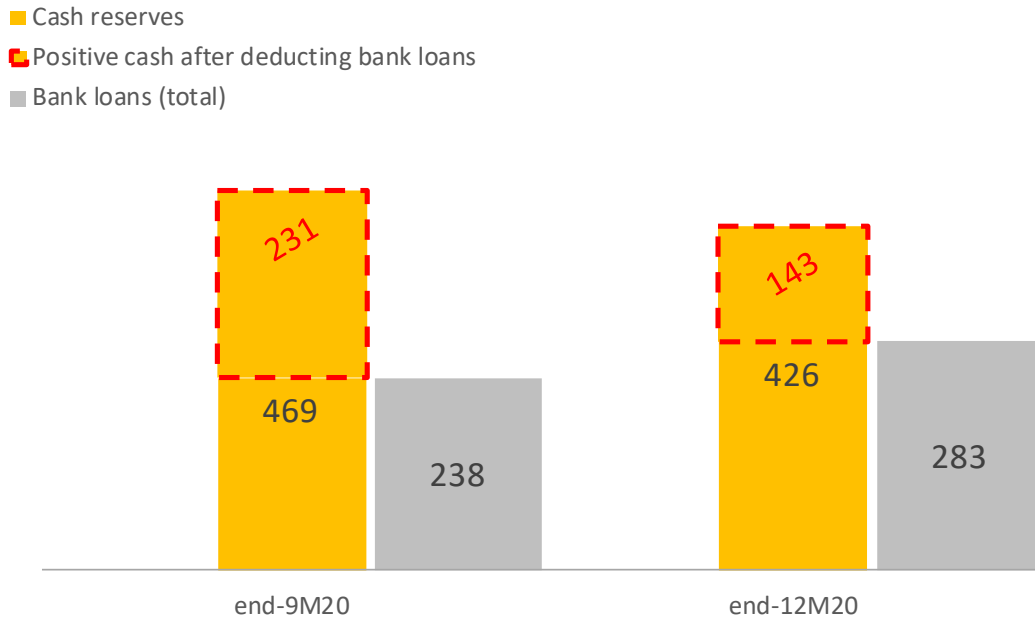
## Breakdown of currencies and financial debt maturity



# CASH RESERVES

Monthly cash burn was at EUR29mn in Q4.

## Cash reserves vs. Bank loans



- Total cash reserves are at EUR426mn as of the end of 4Q20, compared to EUR469mn at the end of 3Q20.
- Positive cash reserve after deducting short and long term bank loans stands at EUR143mn as of the end of compared to EUR231mn at the end of 3Q20.
- Monthly cash burn was at EUR29mn in Q4.
- All payments deferred from Q2 and Q3 as well as the ticket refunds stemming from cancelled flights due to COVID restrictions are almost completely cleared.
- Continuously working to bolster liquidity: TRY260mn (EUR30mn) raised in February 2021 through an inaugural corporate bond issue for local qualified investors.

\*Cash reserves include non-current financial assets.

# FLEET DEVELOPMENT

Fleet size reached 93 aircraft at the end of 2020.

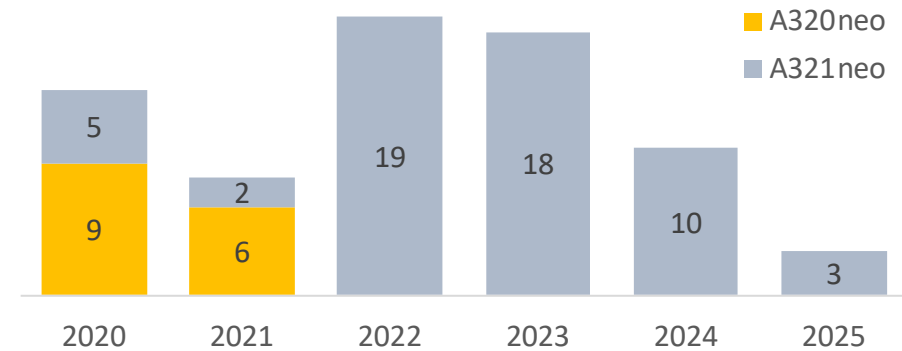
## FLEET (as of December 31, 2020)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	1	14	19	34
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	36	4	40
Airbus A321neo	-	7	-	7
<b>Total</b>	<b>1</b>	<b>57</b>	<b>35</b>	<b>93</b>

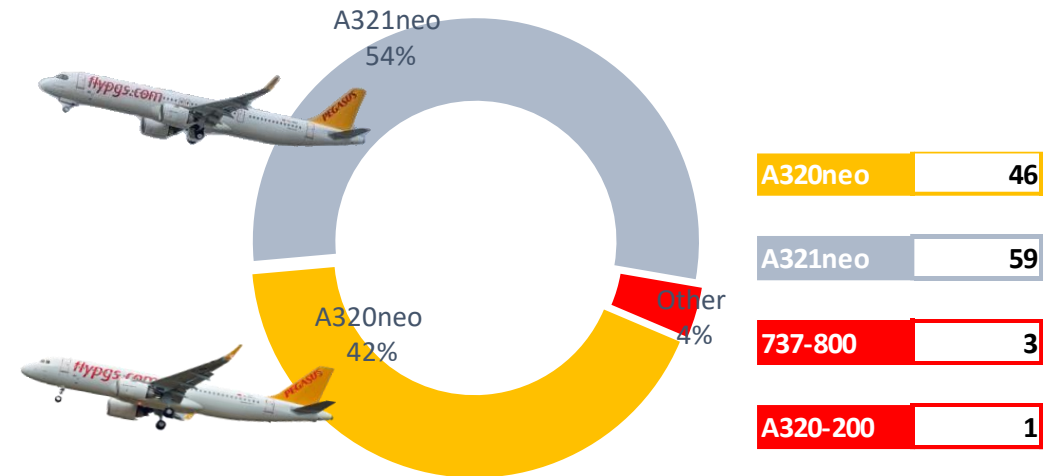
## FLEET INFORMATION

- Youngest fleet in Turkey and one of the youngest among LCCs: **5.2 years**.
- **42 A320neo** and **58 A321neo** on order.
- Fleet size will be **92 aircraft** by 2021YE.
  - ✓ **6 A320neo** and **2 A321neo** will be delivered
  - ✓ **4 737-800** and **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 (as of 2025YE)



# HEDGING, RISK MANAGEMENT & SENSITIVITY

2021 consumption is hedged by 54%.

## HEDGE VOLUME AND PRICE

	2021FY	2022FY
Hedge Ratio	54.2%	2.2%
Hedged Price range, \$/mt	500-592	472-566
Brent equivalent	53-62	50-60

\* Price ranges are calculated by using market data of December 31, 2020

\*\* 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

# APPENDIX





# APPENDIX - OPERATIONAL & FINANCIAL HIGHLIGHTS

	Q4/Q4													12M/12M			
	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4	2020 Q1	2020 Q2	2020 Q3	2020 Q4	YoY chg	2018 12M	2019 12M	2020 12M	YoY chg
TOTAL REVENUE (€mn)	255	327	574	318	290	407	647	396	287	22	181	140	-65%	1,474	1,739	630	-64%
ANCILLARY REVENUE (€mn)	73	85	108	91	93	107	143	116	100	6	55	53	-54%	357	459	213	-54%
EBITDA (€mn)*	21	64	270	36	42	131	314	93	41	-14	55	10	-89%	391	580	93	-84%
EBITDA Margin*	8.2%	19.6%	47.1%	11.2%	14.5%	32.1%	48.6%	23.5%	14.4%	-61.9%	30.1%	7.5%	-16.1pp	26.5%	33.3%	14.7%	-18.6pp
PAX (mn)	6.9	7.8	8.8	7.1	6.9	7.4	8.80	7.64	6.2	0.4	4.3	3.8	-50%	30.6	30.8	14.7	-52%
LOAD FACTOR	86.5%	87.9%	89.4%	84.8%	86.9%	87.3%	91.3%	88.4%	86.6%	70.6%	76.1%	75.0%	-13.4pp	87.3%	88.6%	79.7%	-8.8pp
ASK (bn)	8.6	9.8	11.8	9.7	9.5	10.8	12.7	10.9	8.8	0.5	6.6	6.3	-42%	39.9	43.9	22.3	-49.3%
AVG. STAGE LENGTH (km)	1,073	1,112	1,192	1,163	1,192	1,275	1,320	1,264	1,227	1,009	1,180	1,230	-3%	1,138	1,266	1,207	-5%
AVERAGE FLEET	75	76	82	83	82	82	83	84	84	85	87	90	7%	79	84	87	3%
RASK, (€c)	2.96	3.33	4.88	3.28	3.07	3.76	5.08	3.62	3.25	4.30	2.73	2.22	-39%	3.69	3.96	2.83	-29%
CASK, (€c)	3.31	3.20	3.07	3.52	3.24	3.10	3.10	3.36	3.50	19.43	2.88	3.32	-1%	3.26	3.19	3.63	14%
Non-fuel CASK, (€c)	2.23	2.04	1.85	2.29	2.14	1.96	1.95	2.24	2.37	18.62	2.12	2.60	16%	2.08	2.06	2.74	33%
ANCILLARY PER PAX (€)	10.5	10.9	12.2	12.8	13.4	14.4	16.3	15.2	16.0	15.6	12.8	13.8	-9%	11.6	14.9	14.5	-3%
EUR/US\$ rate (avg.)	1.23	1.19	1.16	1.14	1.14	1.12	1.11	1.11	1.10	1.10	1.17	1.19	8%	1.18	1.12	1.14	2%
EUR/TRY rate (avg.)	4.68	5.20	6.53	6.29	6.09	6.59	6.30	6.40	6.72	7.54	8.41	9.37	46%	5.67	6.35	8.01	26%

\* 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 Q4	2020 Q4	2019 12M	2020 12M
Sales	396	140	1,739	630
Cost of sales	-337	-194	-1,306	-753
<b>Gross profit</b>	<b>59</b>	<b>-54</b>	<b>433</b>	<b>-123</b>
General administrative expenses (-)	-18	-11	-48	-35
Marketing expenses (-)	-12	-5	-49	-21
Other operating income	1	12	1	44
Other operating expenses (-)	4	36	-5	-1
<b>Operating profit</b>	<b>34</b>	<b>-22</b>	<b>332</b>	<b>-136</b>
Income/expense from investing activities	-5	-23	-4	-23
Share of investments income (equity method)	0.8	0.1	3	2
<b>Operating profit before financial expense</b>	<b>30</b>	<b>-45</b>	<b>330</b>	<b>-157</b>
Financial income	4	24	16	50
Financial expense (-)	-30	-51	-125	-110
<b>Profit / (loss) before tax</b>	<b>4</b>	<b>-73</b>	<b>221</b>	<b>-218</b>
Current tax expense	3	0	-10	0
Deferred tax income / (expense)	5	4	0	7
<b>Profit / (loss) for the period</b>	<b>12</b>	<b>-69</b>	<b>212</b>	<b>-211</b>

## Notes on Q4 performance

**Revenues** fell 65% with lower passenger numbers (-50% YoY), lower passenger yields (domestic TL -14% YoY, Int'l EUR -20% YoY).

**Total costs** were also down significantly due to smaller capacity supply and cost saving initiatives. Major items among total costs are personnel costs (EUR29mn, -48% YoY), jet fuel costs (EUR45mn, -63% YoY) and depreciation (EUR80mn, +24% YoY).

Other operating income and financial income lines include a total of EUR31mn net FX gain related to US\$ and TRY based liabilities.

Financial expenses include net EUR7mn reversal of charge previously booked for fuel hedge contracts estimated to be inefficient.

Net expense from investing activities includes EUR22mn loss incurred from asset sale.

# APPENDIX – Balance Sheet

ASSETS, EURmn	2019 12M	2020 12M	LIABILITIES, EURmn	2019 12M	2020 12M
<b>Current assets</b>	<b>916</b>	<b>595</b>	<b>Current liabilities</b>	<b>717</b>	<b>722</b>
Cash and cash equivalents	630	400	Short term financial liabilities	345	433
Trade receivables	67	22	Trade payables	109	101
Other receivables	13	10	Passenger flight liabilities	145	59
Derivative financial instruments	0.0	0.8	Derivative financial instruments	8	10
Inventories	11	10	Short term provisions	69	91
Prepaid expenses	192	141	Other current liabilities	41	28
Current income tax assets	2	0.7	<b>Non-Current liabilities</b>	<b>1,647</b>	<b>1,907</b>
Other current assets	0.1	9.9	Long term financial liabilities	1,272	1,678
<b>Non-Current assets</b>	<b>2,257</b>	<b>2,631</b>	Derivative financial instruments	0.2	0.4
Financial assets	23	26	Deferred income	48	35
Other receivables	22	23	Long term provisions	252	126
Investments (equity method)	9	9	Deferred tax liabilities	75	67
Property and equipment	258	159	<b>SHAREHOLDERS' EQUITY</b>	<b>809</b>	<b>597</b>
Intangible assets	12	12	Paid-in share capital	61	61
Right of use assets	1,790	2,196	Share premiums on capital stock	194	194
Prepaid expenses	144	207	Other	-3	-4
			Retained earnings	557	346
<b>TOTAL ASSETS</b>	<b>3,172</b>	<b>3,226</b>	<b>TOTAL LIABILITIES AND EQUITY</b>	<b>3,172</b>	<b>3,226</b>

# APPENDIX – Cash Flow Statement

CASH FLOW STATEMENT, EURmn	2019 12M	2020 12M
<b>A. CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>553</b>	<b>49</b>
Net cash generated from operating activities	509	80
Changes in working capital	44	-31
<b>B. CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>-88</b>	<b>-43</b>
Cash outflows from purchase of property, equipment and intangible assets	-21	12
Changes in cash advances and payables	-67	-55
Other investing activities	0.1	0.0
<b>C. CASH FLOWS FROM FINANCING ACTIVITIES</b>	<b>-292</b>	<b>-170</b>
Repayment of principal in lease liabilities	-221	-230
Net Change in bank borrowings	-17	105
Interest & commission paid	-68	-55
Interest received	14	10
<b>D. TRANSLATION DIFFERENCES EFFECT ON CASH AND CASH EQUIVALENTS</b>	<b>2</b>	<b>-66</b>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C+D)</b>	<b>175</b>	<b>-229</b>
<b>E. CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD</b>	<b>455</b>	<b>630</b>
<b>CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (A+B+C+D+E)</b>	<b>630</b>	<b>400</b>



# Disclaimer

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



*Thank you*