



FY16 EARNINGS
PRESENTATION

MARCH 07, 2017

TABLE OF CONTENTS

1	Pegasus 2016 Operating Environment
2	2016 Pegasus Operational Performance
3	Revenue Development
4	Growth And Market Dynamics
5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
9	Balance Sheet
10	Foreign Currency Exposure
11	Hedge & Sensitivity
12	Management Action Plan- 3c
13	2016 Guidance Vs Actual
14	2017 Management Guidance

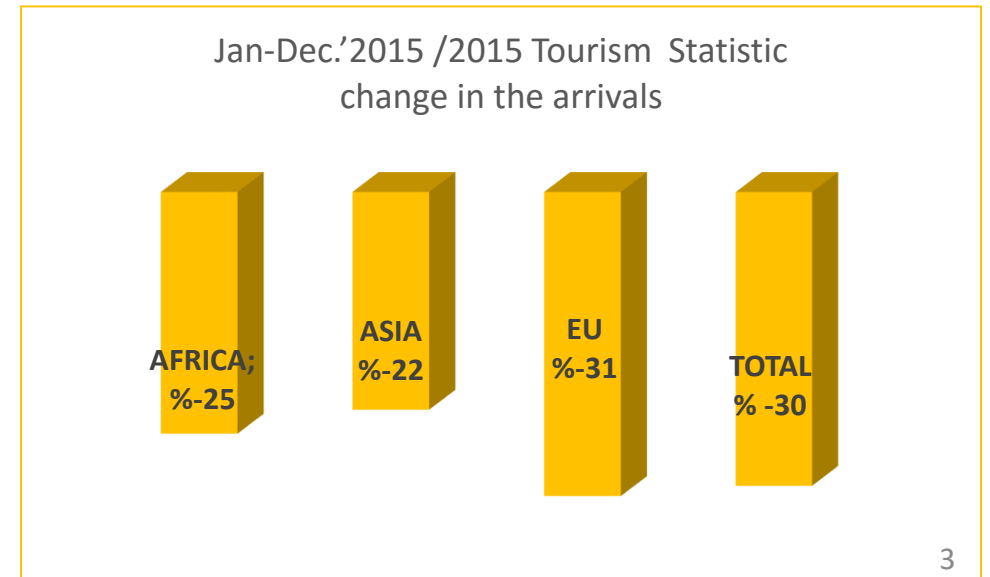
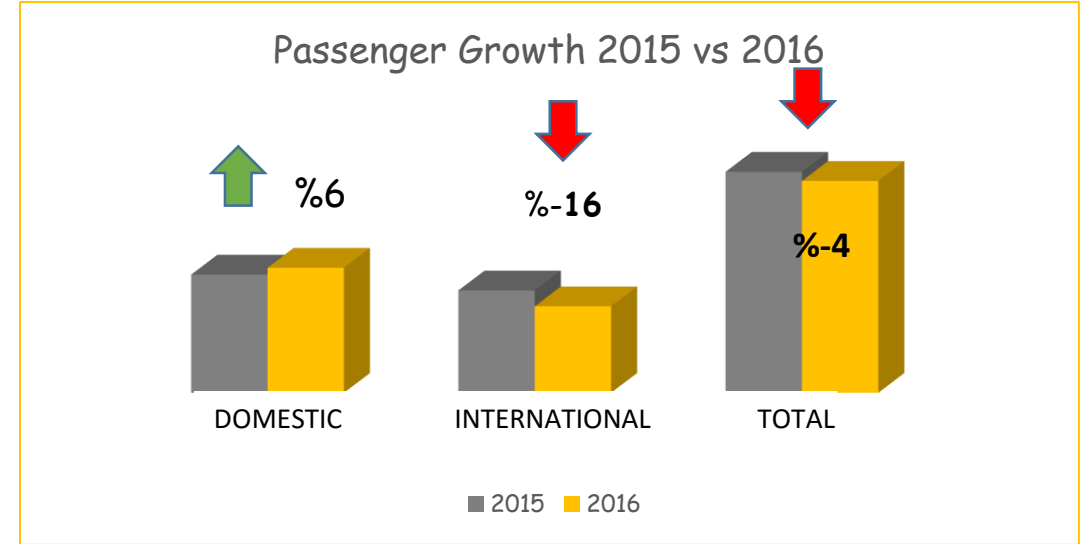
2016 Operating Environment



In 2016 data published by Devlet Hava Meydanları İşletmesi (DHMI); Total passengers used airports in Turkey contracted by 4% and realized as 174 million levels.



In 2016, total tourists visited our country contracted by 30,05% and realized as 25.3mn



1	Pegasus 2016 Operating Environment
2	2016 Pegasus Operational Performance
3	Revenue Development
4	Growth And Market Dynamics
5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
9	Balance Sheet
10	Foreign Currency Exposure
11	Hedge & Sensitivity
12	Management Action Plan- 3c
13	2016 Guidance Vs Actual
14	2017 Management Guidance



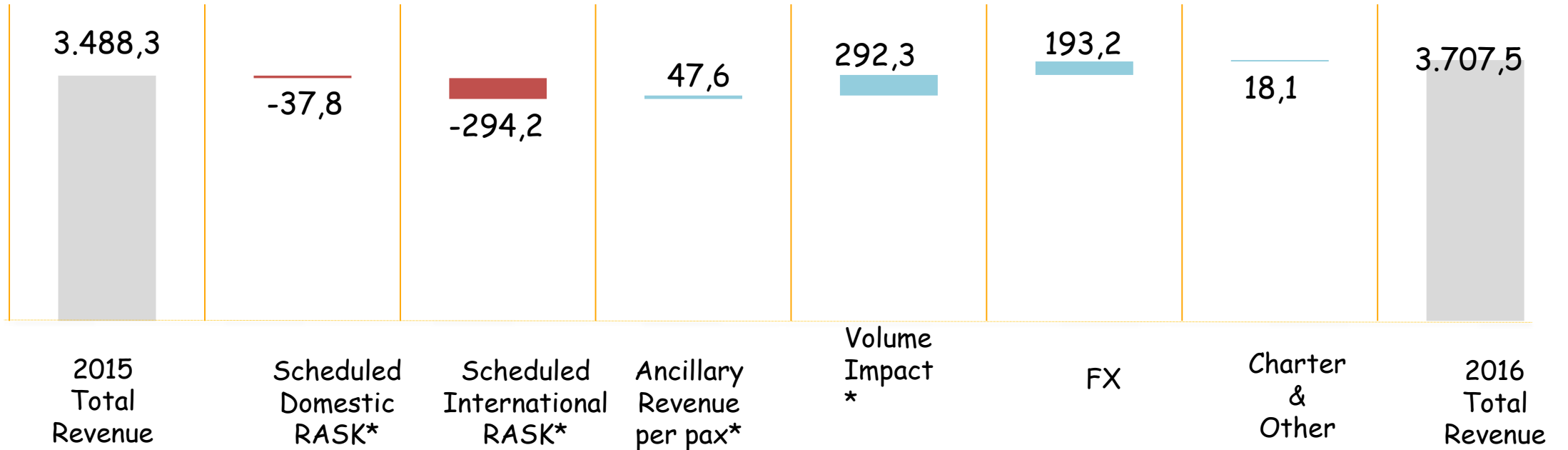
Keeping the Load Factor stable despite capacity increase

	2016	2015	Change
PASSANGER (MN)	24,14	22,34	8,1%
LOAD FACTOR %	78,6%	79,0%	-0,5pp
SEAT (MN)	30,73	28,26	8,7%
AVERAGE STAGE LENGTH(KM)	993	990	0,3%
UNIT REVENUE (TRY) ¹	116,8	124,0	-5,8%
ANCILLARY REVENUE PER PASSANGER (€c)	10,13	9,77	3,7%
TOTAL REVENUE (TLmn)	3.707,5	3.488,3	6,2%
PERIOD END FLEET	82	67	22,4%

1	Pegasus 2016 Operating Environment
2	2016 Pegasus Operational Performance
3	Revenue Development
4	Growth And Market Dynamics
5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
9	Balance Sheet
10	Foreign Currency Exposure
11	Hedge & Sensitivity
12	Management Action Plan- 3c
13	2016 Guidance Vs Actual
14	2017 Management Guidance

Total revenue increased by 6%...

Revenue Performance (mn TRY)



COMMENTS

- Our total revenue increased by %6 compared to 2015.
- Positive impact of Ancillary revenue and volume impact.
- Nominal ancillary revenue improved by 23 % compared to 2015

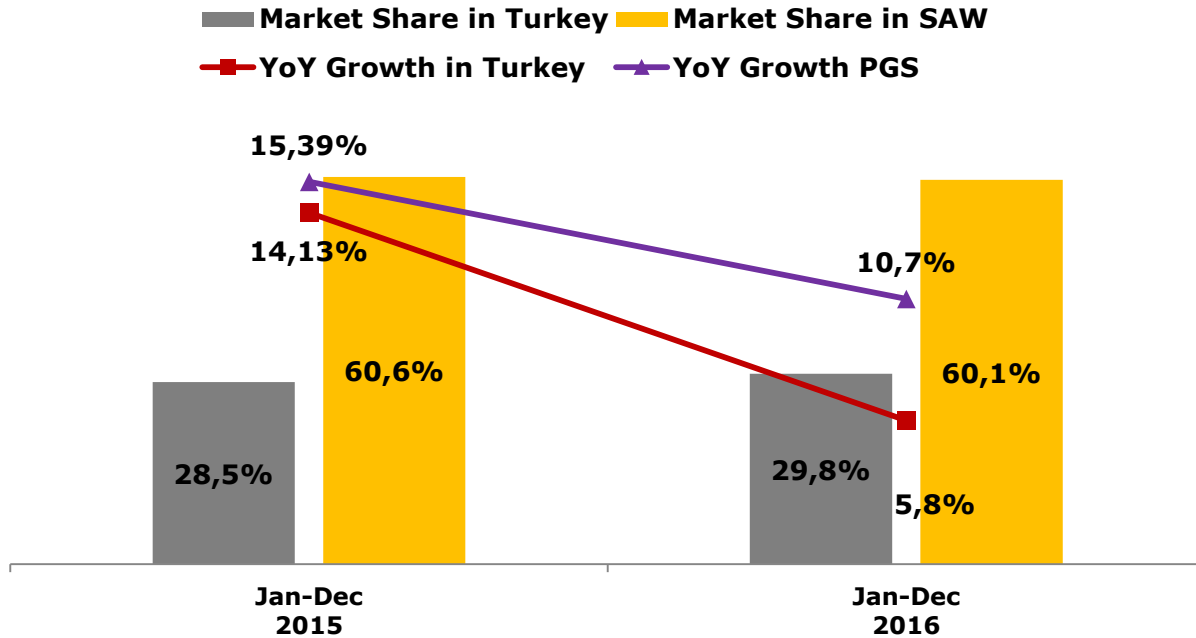
1	Pegasus 2016 Operating Environment
2	2016 Pegasus Operational Performance
3	Revenue Development
4	Growth And Market Dynamics
5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
9	Balance Sheet
10	Foreign Currency Exposure
11	Hedge & Sensitivity
12	Management Action Plan- 3c
13	2016 Guidance Vs Actual
14	2017 Management Guidance



We grew faster than the market...

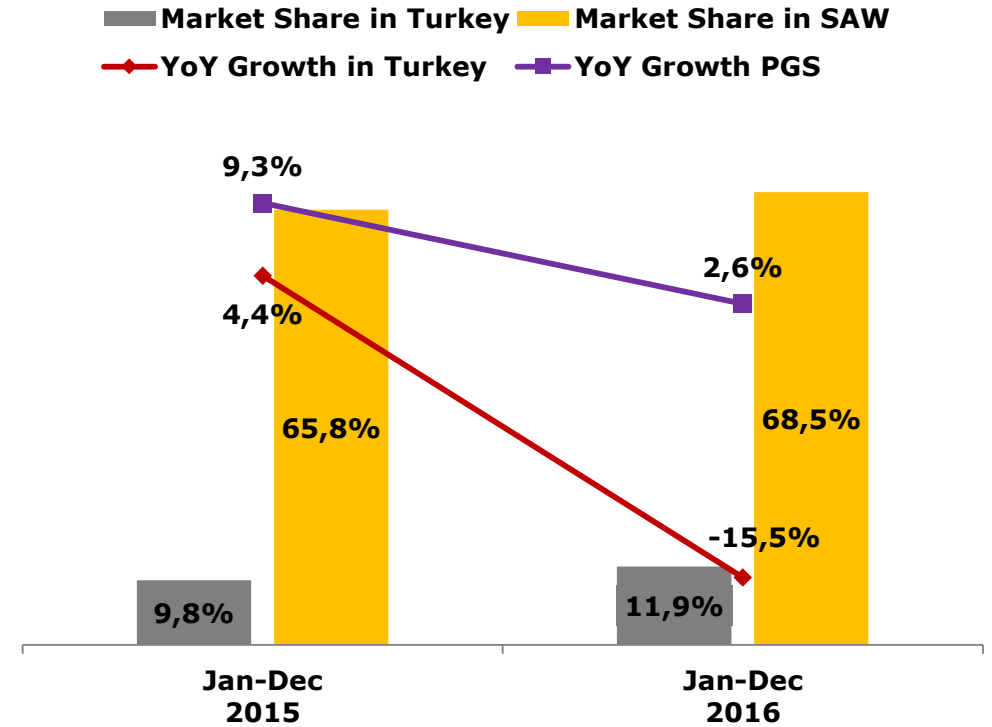
DOMESTIC

Market Share



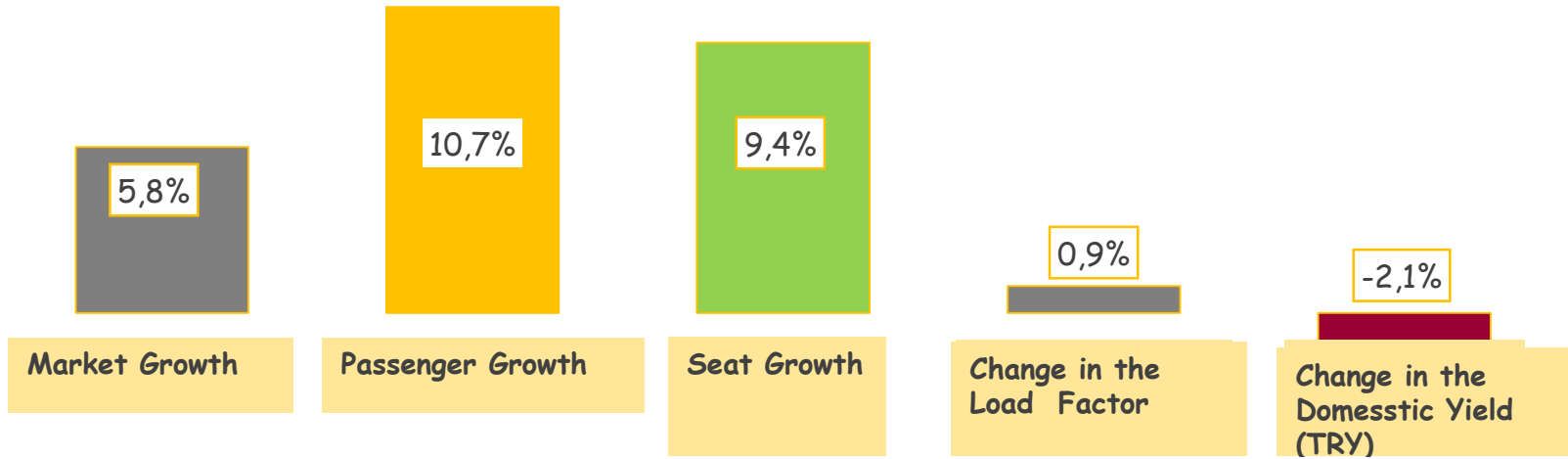
INTERNATIONAL

Growth



Despite the shrinking int'l demand we carried more guests

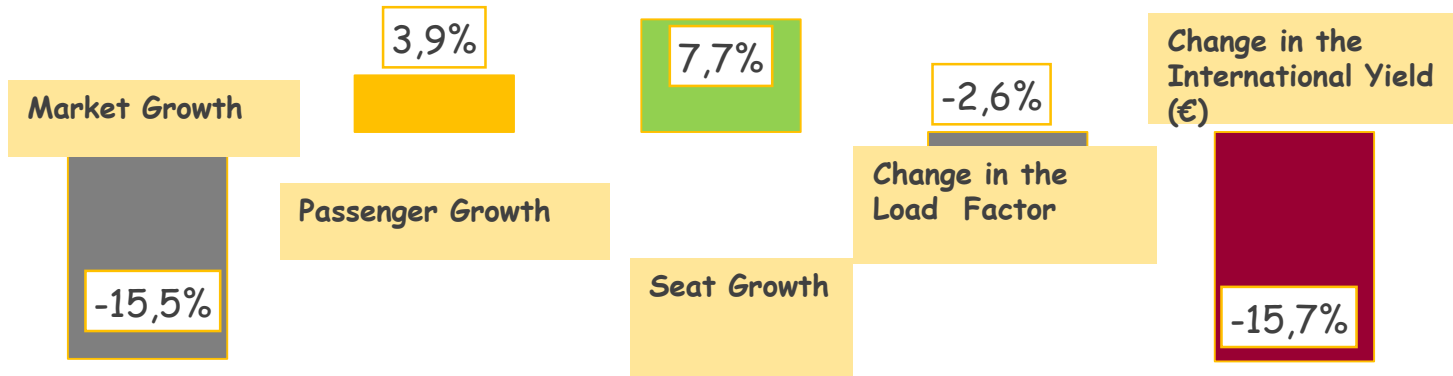
DOMESTIC



DOMESTIC YIELD

2016	71,80 TL
2015	73,34 TL

INTERNATIONAL



INT'L YIELD

2016	€	56,33
2015	€	66,84



- 1 Pegasus 2016 Operating Environment
- 2 2016 Pegasus Operational Performance
- 3 Revenue Development
- 4 Growth And Market Dynamics
- 5 Fleet Development**
- 6 Network & Frequency Development
- 7 EBITDAR Development
- 8 Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
- 9 Balance Sheet
- 10 Foreign Currency Exposure
- 11 Hedge & Sensitivity
- 12 Management Action Plan- 3c
- 13 2016 Guidance Vs Actual
- 14 2017 Management Guidance

Fleet Development

FLEET EXPANSION (CONTRACTED)

Year End	2016	2017	2018	2019	2020
Owned	4	4	4	4	4
Financial Lease	33	33	43	57	70
Operational Lease	45	44	45	37	29
Total	82	81	92	98	103

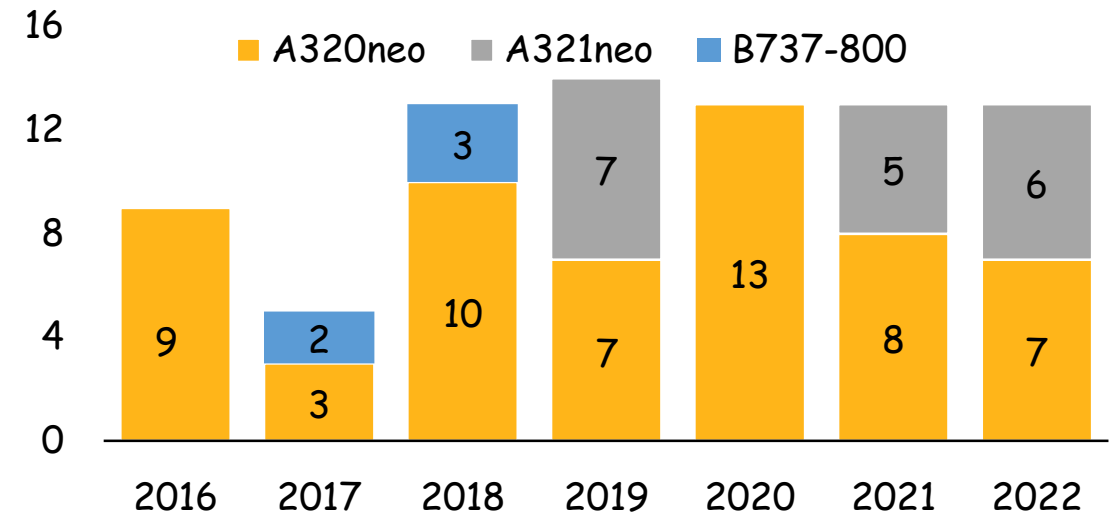
PEGASUS TODAY

- Fleet of 82 aircraft with average of 5.76. The youngest fleet in Turkey.
- Negotiations for the financing of 3 A320neo are proceeding which is going to be delivered in 2017.

PEGASUS FLEET AS OF FEB'17

Feb ' 17	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	24	33	60
Boeing 737-400	1	0	0	1
Airbus A320Ceo	0	0	12	12
Airbus A320Neo	0	9	0	9
Total	4	33	45	82

ORDER BOOK (FEB' 17)



- 1 Pegasus 2016 Operating Environment
- 2 2016 Pegasus Operational Performance
- 3 Revenue Development
- 4 Growth And Market Dynamics
- 5 Fleet Development
- 6 Network & Frequency Development**
- 7 EBITDAR Development
- 8 Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
- 9 Balance Sheet
- 10 Foreign Currency Exposure
- 11 Hedge & Sensitivity
- 12 Management Action Plan- 3c
- 13 2016 Guidance Vs Actual
- 14 2017 Management Guidance



We continue to grow by opening new routes ...



Our international network:
101 cities in 40 countries

32 Domestic Destinations

68 Int'l Destinations

2017 new routes
Diyarbakir - Ercan
SAW - Grozni



1 Pegasus 2016 Operating Environment

2 2016 Pegasus Operational Performance

3 Revenue Development

4 Growth And Market Dynamics

5 Fleet Development

6 Network & Frequency Development

7 EBITDAR Development

8 Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT

9 Balance Sheet

10 Foreign Currency Exposure

11 Hedge & Sensitivity

12 Management Action Plan- 3c

13 2016 Guidance Vs Actual

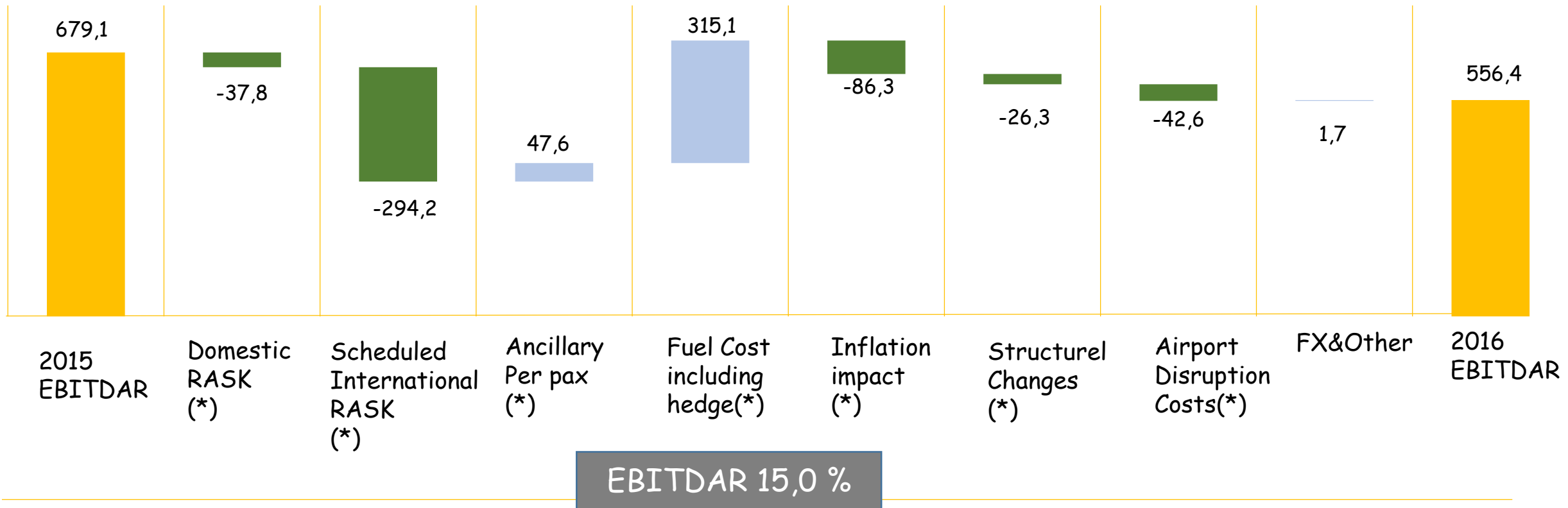
14 2017 Management Guidance

EBITDAR reconciliation

<u>Description</u>	<u>Reference - Footnote</u>	<u>2016</u>
Profit/(loss) before tax	Statement of Profit or Loss	(143.669.576)
Financial expense (-)	Statement of Profit or Loss	100.739.642
Financial income	Statement of Profit or Loss	(34.584.113)
Share of investments income accounted for using the equity method	Statement of Profit or Loss	(2.580.188)
Income from investing activities	Statement of Profit or Loss	(25.860.568)
Other operating expenses (-)	Other operating income	25.293.898
Other operating income	Other operating income	(56.376.669)
Depreciation and amortization expenses	Expenses by nature	226.520.338
Operating lease expenses	Expenses by nature	466.867.310
		<hr/>
		556.350.074

Hit the target!

EBITDAR Development (TRYmn)



→ Nominal EBITDAR value contracted by 18 % compared to 2016 with an realized margin of 15 %

→ Geopolitics Risks ,security concerns, the seasonality impact and bad weather conditions in Q4 and shrinking passenger arrivals to Turkey impacted our EBITDAR negatively.

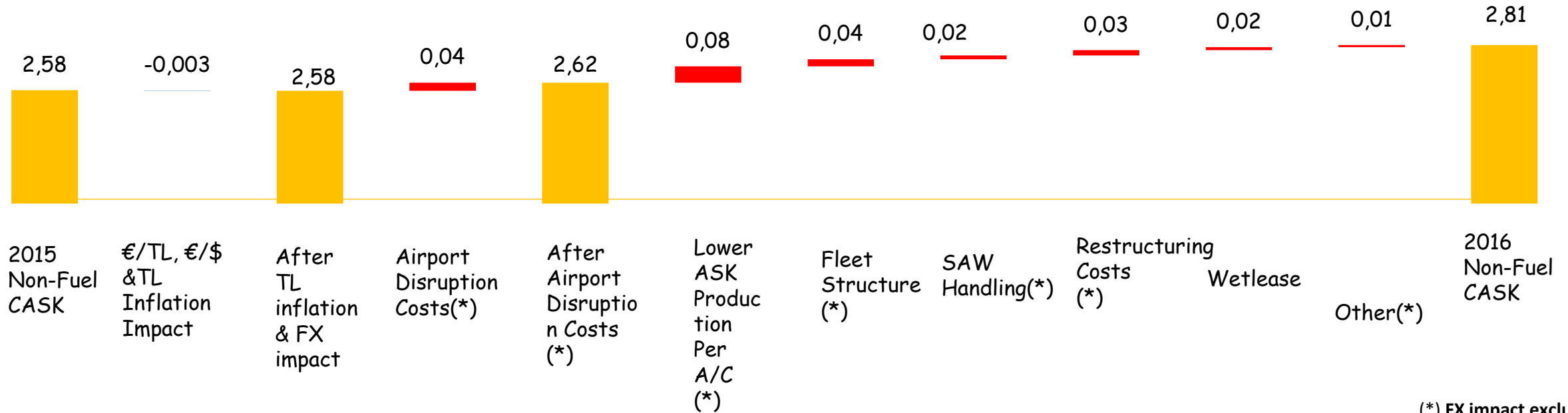
→ Fuel Costs including hedge and ancillary revenue per passenger made a positive contribution



1	Pegasus 2016 Operating Environment
2	2016 Pegasus Operational Performance
3	Revenue Development
4	Growth And Market Dynamics
5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
9	Balance Sheet
10	Foreign Currency Exposure
11	Hedge & Sensitivity
12	Management Action Plan- 3c
13	2016 Guidance Vs Actual
14	2017 Management Guidance

Continue to work for a lower CASK structure...

Non Fuel CASK Developement (€c.)



(*) FX impact excluded



Total non fuel CASK increased by 9 % while increase in the Quarter 4 realised as 12 % compared to Q4 2015. (2.65€ -4Q 2015 - 2.96€ 4Q 2016)



Total CASK including fuel contracted by 3 (2015 CASK : 3.90€ 2016 CASK: 3.78€)

Main drivers behind the increase in non fuel CASK ; Capacity cut (limitation of average traffic movement) at Sabiha Gökçen (SAW) air space

Contraction in the internation passenger demand , pending new route applications and frequency inrease applications in DHMI and lower ASK production



- 1 Pegasus 2016 Operating Environment
- 2 2016 Pegasus Operational Performance
- 3 Revenue Development
- 4 Growth And Market Dynamics
- 5 Fleet Development
- 6 Network & Frequency Development
- 7 EBITDAR Development
- 8 Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
- 9 Balance Sheet**
- 10 Foreign Currency Exposure
- 11 Hedge & Sensitivity
- 12 Management Action Plan- 3c
- 13 2016 Guidance Vs Actual
- 14 2017 Management Guidance

BALANCE SHEET STRUCTURE

mnTRY	31.12.2016	31.12.2015	CHANGE
CASH	692	955	-28%
OTHER ASSETS	587	672	-13%
PDP (Pre Delivery Payments)	405	269	50%
FIXED ASSETS	3.934	2.202	79%
TOTAL	5.618	4.098	37%

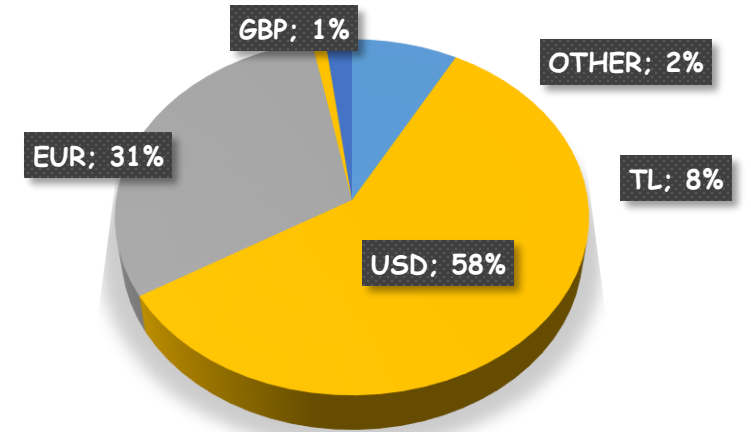
LIABILITIES	1.372	1.230	12%
FINANCIAL DEBT	2.677	1.415	89%
S.EQUITY	1.569	1.453	8%

TOTAL	5.618	4.098	37%
--------------	--------------	--------------	------------

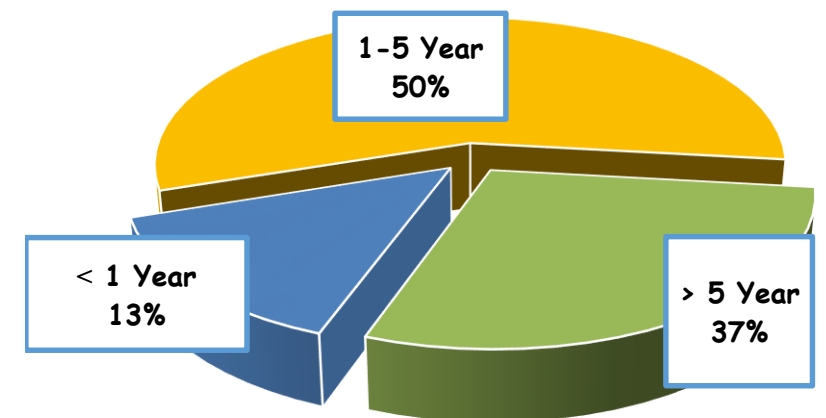
CASH PER AIRCRAFT
(TRYmn)

8,4 14,3

**CASH BREAKDOWN
(31/12/16)**



**FINANCIAL LEASE MATURITY BREAKDOWN
(31/12/16)**

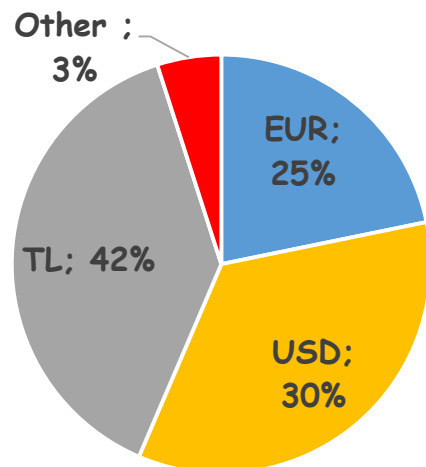


1	Pegasus 2016 Operating Environment
2	2016 Pegasus Operational Performance
3	Revenue Development
4	Growth And Market Dynamics
5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
9	Balance Sheet
10	Foreign Currency Exposure
11	Hedge & Sensitivity
12	Management Action Plan- 3c
13	2016 Guidance Vs Actual
14	2017 Management Guidance

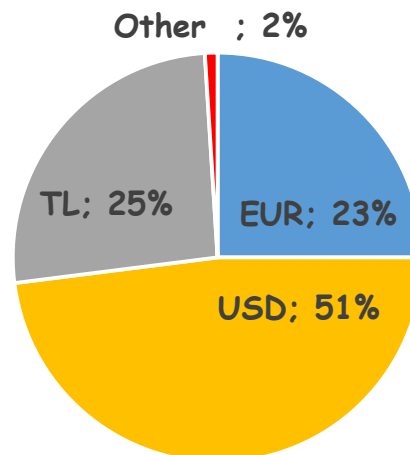


Foreign Currency Exposure

REVENUE BREAKDOWN



EBIT BREAKDOWN



Income Statement

EBIT CURRENCY BREAKDOWN 2016

	TRY mn
EUR	66,1
USD	(871,2)
TL	611,4
OTHER	56,7



As our functional currency is EURO and a substantial part of our COGS are non EURO currency, fluctuation in exchange rates particularly the US Dollar against EURO and Turkish Lira have a material adverse effect on our business. In order to minimize the impacts of the currency fluctuation as of July 1, 2016 we converted the international fares originating from Turkey to Europe into USD



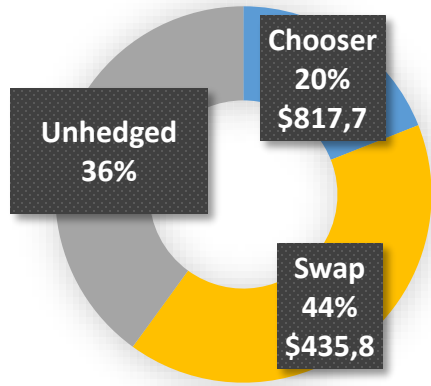
In addition to our existing financial strategy; we decided to buy USD with 25 % of our total non Turkish Lira priced and sold tickets in a T+1 time period. On top of this.; tickets which are priced in 7 different currencies and collected in Turkish Lira will be converted to US Dollar. As of February end, average daily US Dollar purchase transaction volume is 40 USDmn.

1	Pegasus 2016 Operating Environment
2	2016 Pegasus Operational Performance
3	Revenue Development
4	Growth And Market Dynamics
5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELOPMENT
9	Balance Sheet
10	Foreign Currency Exposure
11	Hedge & Sensitivity
12	Management Action Plan- 3c
13	2016 Guidance Vs Actual
14	2017 Management Guidance

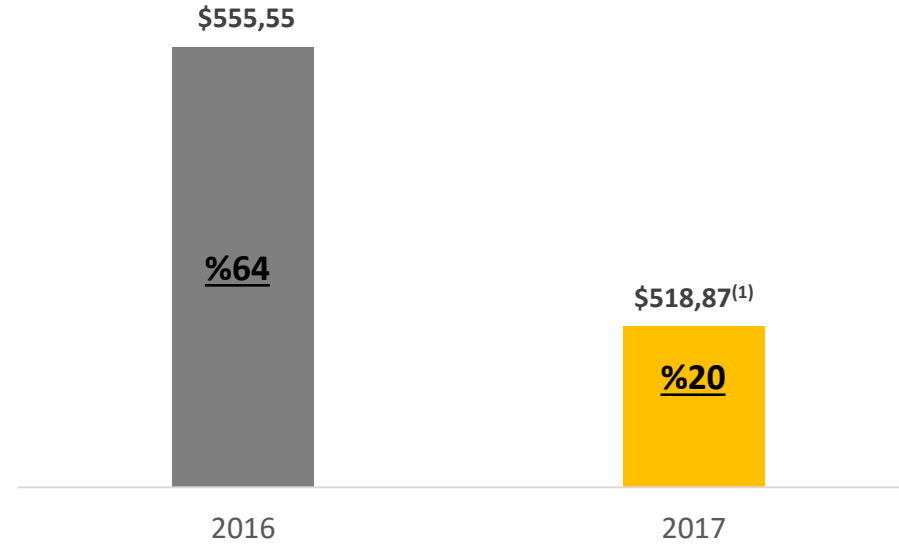


HEDGE & SENSITIVITY

2016 FUEL HEDGING PROPORTION



HEDGE VOLUME & PER TON COST



HEDGE STRATEGY

Non-discretionary portion will be executed every month regardless of the market levels using layered hedging method and will be limited to 30% of total annual consumption. Additional discretionary volumes of 30% annual fuel consumption will be considered as Discretionary Hedging.

Hedge up to 12 months (layered). Avoid speculation and complexity; No speculative hedging, i.e. hedge amount and levels will be certain at execution. Below instruments will be used:

Vanilla Call Options
Zero Cost Collar (ZCC)

DUYARLILIK ANALİZİ

- A \$10 (per metric ton) price movement of jet fuel would impact 2016 opex by 20.7 TRYmn
- A one kuruş movement in the US Dollar/TRY and EUR/TRY FX rate would impact 2016 EBIT by -2.9 TRYmn and 0,2 TRYmn respectively..

2016 Income statement	+0,01 >	+0,01 >	+10\$ >
TRYmn	EUR/TL	USD/TL	Jet Fuel
Revenue	2,8	3,6	-
OPEX	2,6	6,5	20,7
EBIT	0,2	-2,9	-20,7
EBITDAR	0,9	-1,3	-20,7

1	Pegasus 2016 Operating Environment
2	2016 Pegasus Operational Performance
3	Revenue Development
4	Growth And Market Dynamics
5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non - Fuel Cost Per Available Seat - NON FUEL DEVELOPMENT
9	Balance Sheet
10	Foreign Currency Exposure
11	Hedge & Sensitivity
12	Management Action Plan- 3c
13	2016 Guidance Vs Actual
14	2017 Management Guidance



Management Action Plan- 3 C

CASK

- ✂ Revisiting the existing contracts
- ✂ Headcount optimization
- ✂ Optimization in marketing activities
- ✂ Process optimization with lean management
- ✂ Operational optimization i.e. optimization in the fuel consumption
- ✂ Restructuring of revenue management system

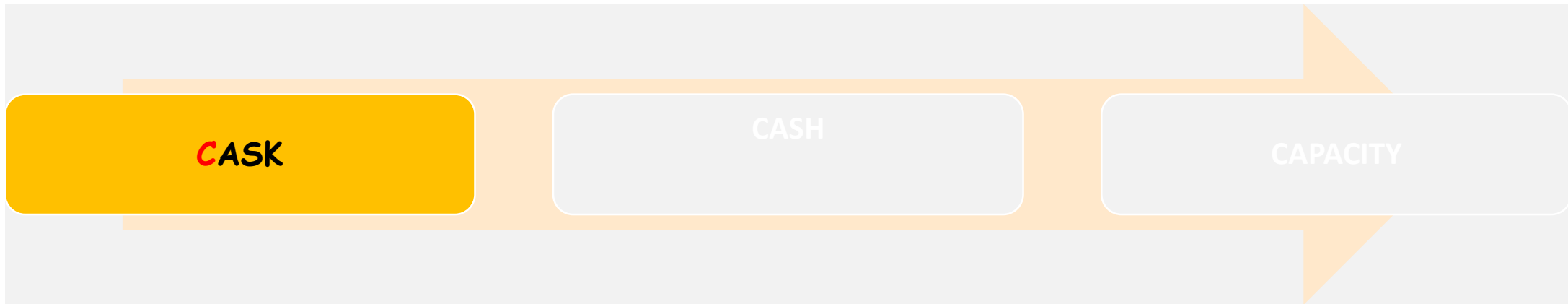
CASH

- ✂ Within the aim of having a younger fleet, the sales of aircrafts scheduled to have its first engine overhaul fleet
- ✂ The sale and lease back of cockpit simulator and spare engines
- ✂ Wet lease operations
- ✂ Acceleration of spare engine discount
- ✂ Dynamic Pricing of Ancillary Products

CAPACITY

- ✂ Sabiha Gokcen Airport speed taxi way construction is expected to be completed in 2017 summer season which will create additional capacity
- ✂ Deferral of the aircraft
- ✂ Sale of Aircraft in the fleet

Management Action Plan- 3 C



- ✎ Revisiting the existing contracts
- ✎ Headcount optimization
- ✎ Optimization in marketing activities
- ✎ Process optimization with lean management
- ✎ Operational optimization i.e. optimization in the fuel consumption
- ✎ Restructuring of revenue management system

Within the scope of the Management Action Plan that we launched in 2016, Turquality Project, Marketing budget optimization, Human Resources employee number optimization, process and organization optimization, fuel consumption optimization studies have been initiated. It is foreseen that the annualized effect of these studies on the unit cost will continue to be positive in 2017 and 2.60-2.70€c. non-fuel CASK levels can be foreseen for 2017 Year End.

Management Action Plan- 3 C

CASK

CASH
(Nakit)

CAPACITY
(Kapasite)

- ✂ Within the aim of having a younger fleet, the sales of aircrafts scheduled to have its first engine overhaul fleet
- ✂ The sale and lease back of cockpit simulator and spare engines
- ✂ Wet lease operations
- ✂ Acceleration of spare engine discount
- ✂ Dynamic Pricing of Ancillary Products

Within the scope of cash generating items, switching the new and more fuel efficient AirbusNEO by selling the aircrafts without any modifications which are completed their half life , with the help of running a younger fleet a positive contribution is targeted on the fuel consumption. In this context, negotiations for the sale of up to 10 aircraft are ongoing. Two of our aircrafts wet leased to Flynas and 4 of our aircraft wet leased to PIA (Pakistan Airways) on a long term basis and in off-season.

Management Action Plan- 3 C

CASK

CASH

CAPACITY

Three of the five new B737-800 NG-type aircraft with a delivery date of 2017 from Boeing's order have been postponed to 2018 as part of managements efforts to regulate the capacity in order to minimize the impact of the fluctuation in the demand.

- ✂ Sabiha Gokcen Airport speed taxi way construction is expected to be completed in 2017 summer season which will create additional capacity
- ✂ Deferral of the aircraft
- ✂ Sale of aircraft in the fleet

- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13**
- 14

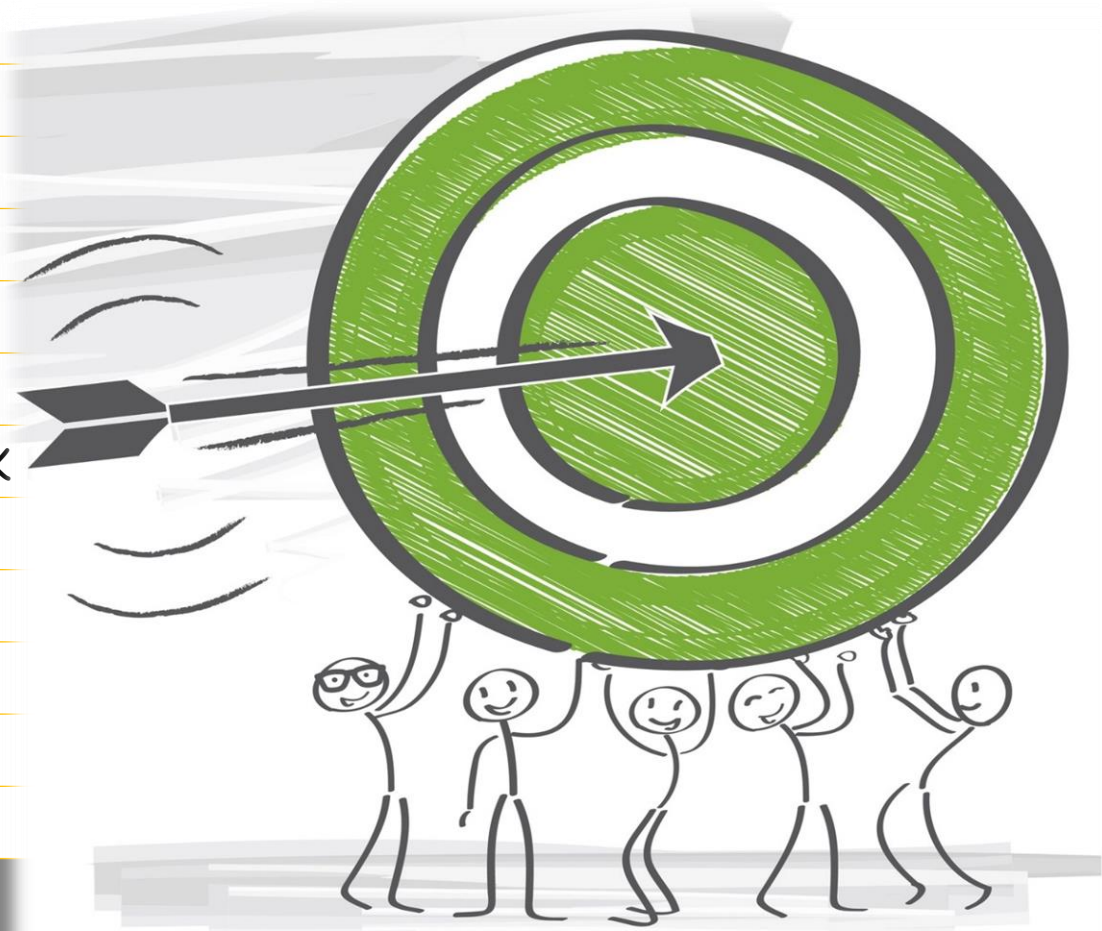
- Pegasus 2016 Operating Environment
- 2016 Pegasus Operational Performance
- Revenue Development
- Growth And Market Dynamics
- Fleet Development
- Network & Frequency Development
- EBITDAR Development
- Non - Fuel Cost Per Available Seat - NON FUEL CASK DEVELO
- Balance Sheet
- Foreign Currency Exposure
- Hedge & Sensitivity
- Management Action Plan- 3c
- 2016 Guidance Vs Actual**
- 2017 Management Guidance














We kept our promise

2016	Management Guidance	Realization		2015	2016
Passenger Growth%	%5-%7	8,1%	✓	22,34	24,14
Capacity Increase (ASK) %	%9-%11	9,1%	✓	27.969	30.510
Utilization(Block Hour)	12	12	✓	12,5	12
Domestic Load Factor	2015 levels	%1pp increase compared to 2015 levels	✓	82%	83%
International Load Factor	4 to 6 pp contraction compared to 2015 levels	3 pp contraction compared to 2015 levels	✓	75%	72%
Domestic Yield (TRY)	2TRY-3TRY contraction compared to 2015 levels	1,54TRY contraction compared to 2015 levels	✓	73,34 TL	71,80 TL
International Yield (€)	9€-10€ contraction compared to 2015 levels	10,5€ contraction compared to 2015 levels	✓	€ 66,84	€ 56,33
Ancillary per passenger	10€-11€	10,13 €	✓	€ 9,77	€ 10,13
Total CASK (€c.)	%1-2 contraction	% 3 contraction	✓	€ 3,90	€ 3,78
EBITDAR	%11-%13	15%	✓	19,5%	15%

1	Pegasus 2016 Operating Environment
2	2016 Pegasus Operational Performance
3	Revenue Development
4	Growth And Market Dynamics
5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non - Fuel Cost Per Available Seat - NON FUEL CASK
9	Balance Sheet
10	Foreign Currency Exposure
11	Hedge & Sensitivity
12	Management Action Plan- 3c
13	2016 Guidance Vs Actual
14	2017 Management Guidance



2017 MANAGEMENT GUIDANCE

		2016 Realization	2017 Management Guidance
Passenger Growth%		8,10%	%5-%7
Capacity Increase (ASK) %		9,10%	%6-%8
Utilization(Block Hour)		12	12
Domestic Load Factor		83%	% 1-2pp improvement compared to 2016 levels
International Load Factor		72%	% 1-2pp improvement compared to 2016 levels
Domestic Yield (TRY)		71,80 TL	TRY2-TRY4 improvement compared to 2016 levels
International Yield (€)		€ 56,33	2016 levels
Ancillary per passenger		10,13 €	10€-11€
Total CASK (€c.)		3,78 €	€3,80-€3,95 levels
Non-Fuel CASK (€c.)		2,81 €	€2.60-€2,70 levels
EBITDAR		15%	%15 - %16

PEGASUS HAVA YOLLARI INVESTOR RELATIONS

Pegasus Hava Tařımacılıđı A.ř.
AEROPARK Yeniřehir Mah. Osmanlı Bulvarı No: 11/A
Kurtky 34912
Pendik-İstanbul / Trkiye



+90 216 560 7580



ir@flypgs.com