



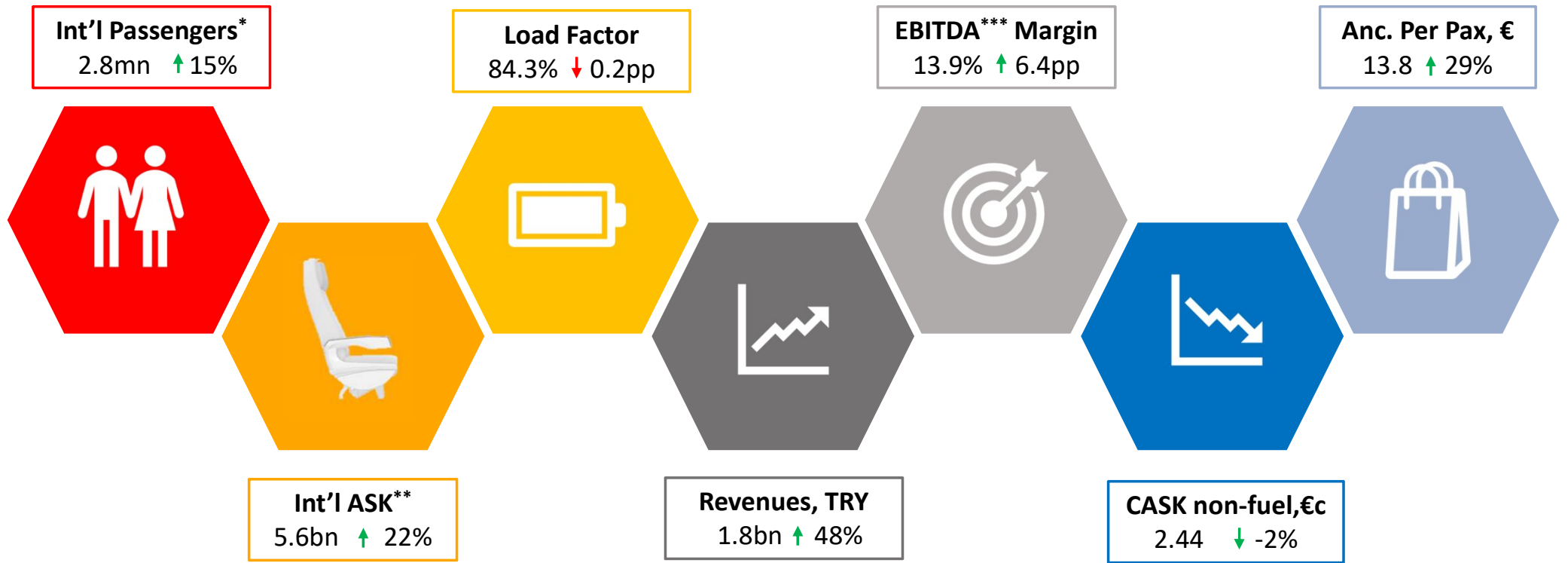
2019 Q1 RESULTS PRESENTATION

May, 10th 2019

our lowest fares are @
flypgs.com | **PEGASUS**

KEY HIGHLIGHTS- 2019 Q1

Superior Q1 performance with international switch strategy



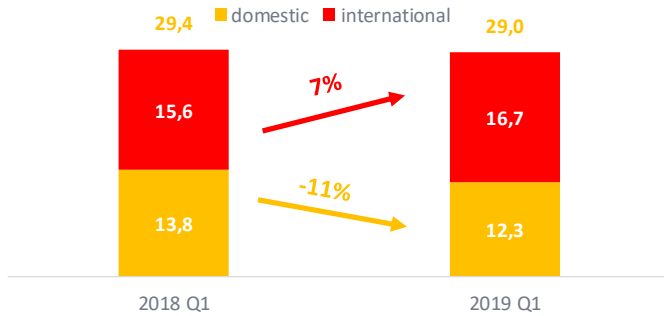
* Total pax growth: -1% ** Total ASK growth: 8% *** EBITDAR in 2018



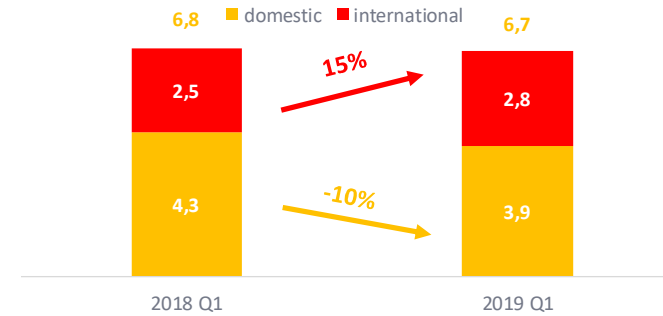
OPERATING ENVIRONMENT

Beat the market; increased market share

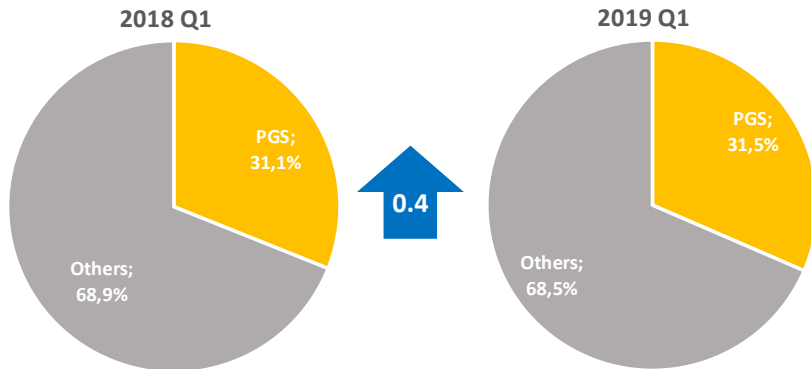
PASSENGERS, Turkey (mn)



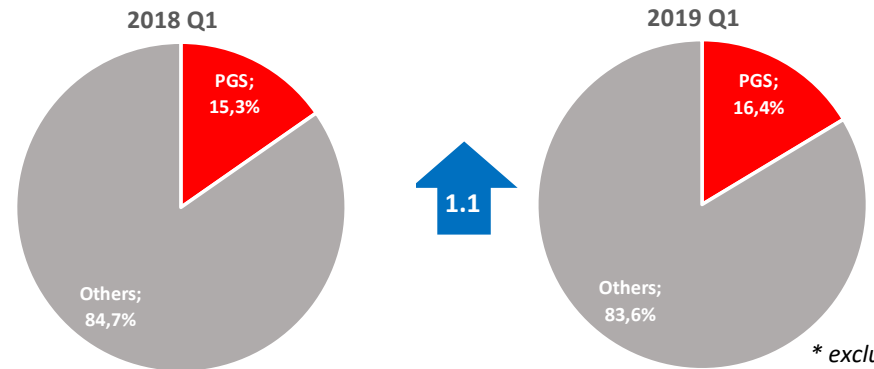
PASSENGERS, PGS (mn)



Market Share, domestic



Market Share, international*



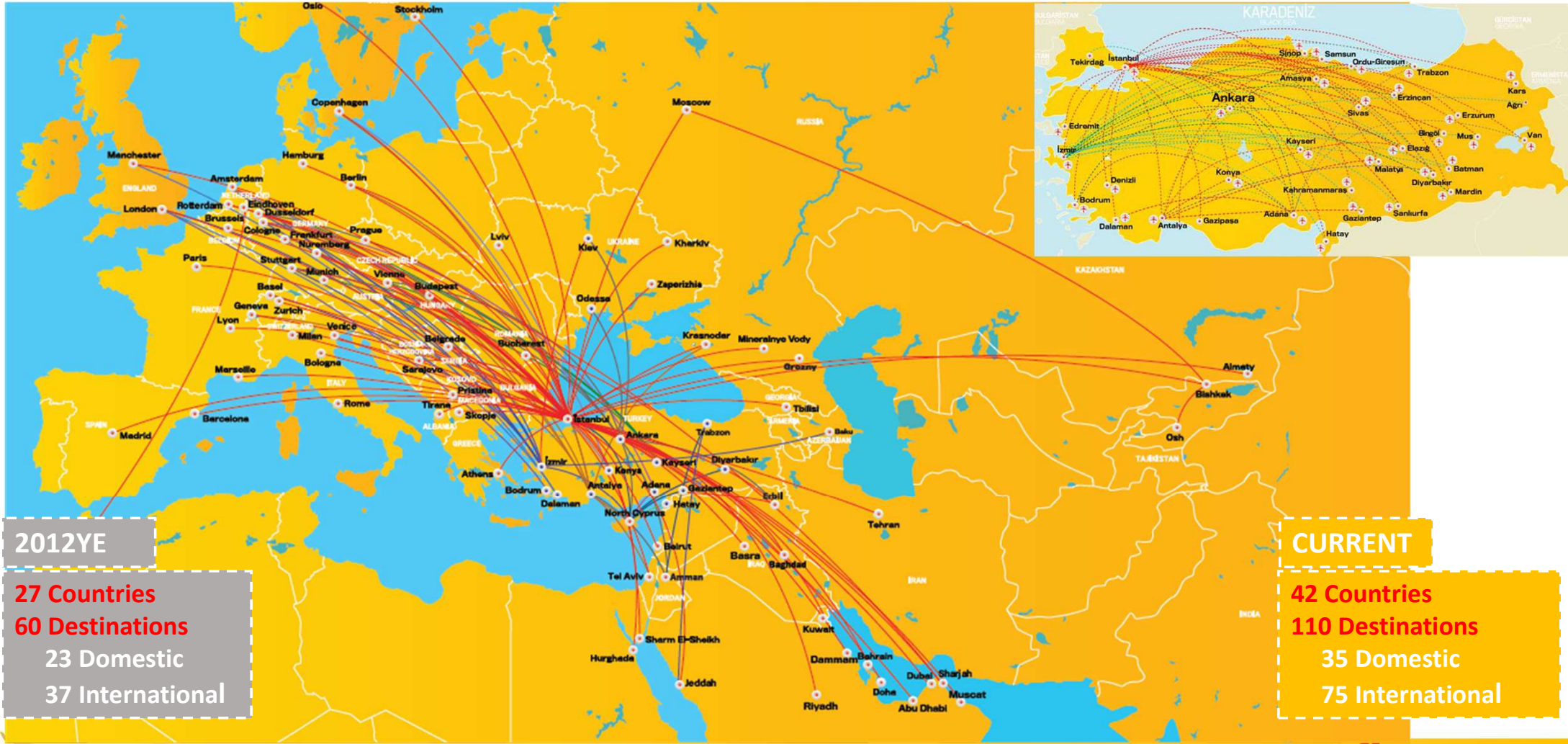
* excludes Air Manas



Source : General Directorate of State Airports Authority

ROUTE NETWORK

New Routes year-to-date: Baku, Basra, Venice, Riyadh, Manchester, Eindhoven, Casablanca



FLEET DEVELOPMENT

Fleet to grow 3 A/C net; 11 additions 8 phase-outs in 2019

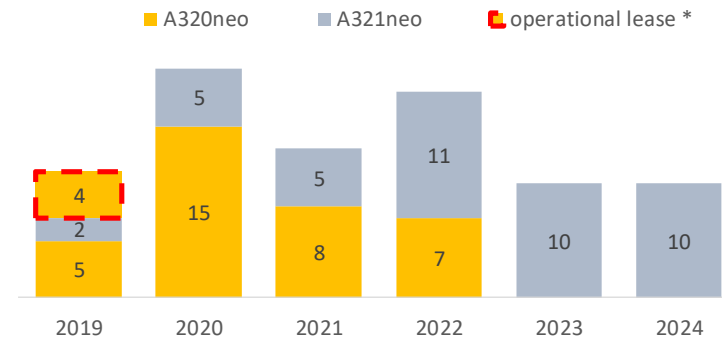
FLEET (as of May 8th, 2019)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	16	25	44
Boeing 737-400	1	-	-	1
Airbus A320ceo	-	-	12	12
Airbus A320neo	-	23	1	24
Airbus A321neo	-	-	-	-
Total	4	39	38	81

FLEET INFORMATION (as of May 8th, 2019)

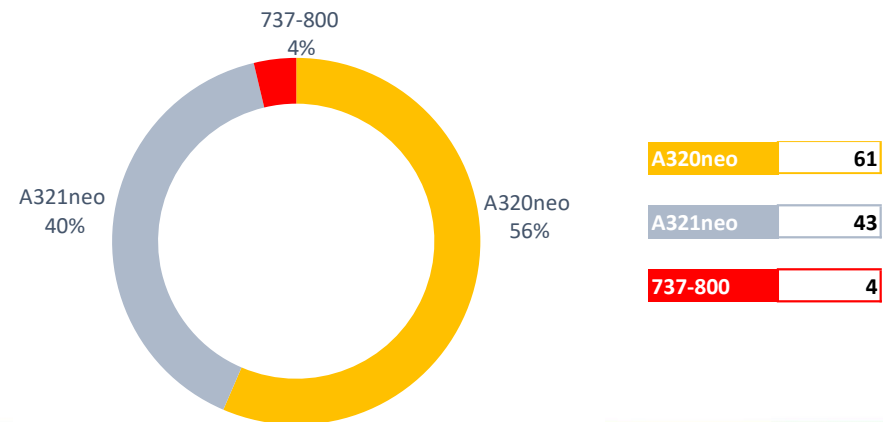
- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.7 years**.
- ✈ **3 737-800s** have been redelivered and 2 A320neo aircraft have been delivered year to date.
- ✈ Fleet to reach **84 aircraft** by 2019YE. **7 A320neos** and **2 A321neos** will be delivered while **5 737-800** will be redelivered in the remainder of 2019.

ORDER BOOK (2019-2024)



* 4 A320neo will be operationally leased

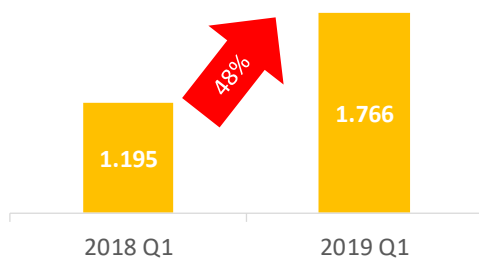
FLEET (as of 2024YE)



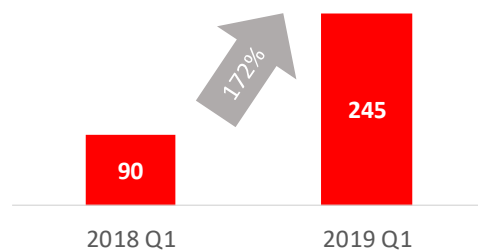
SUMMARY 2019 Q1 HIGHLIGHTS

Revenues and EBITDA jumped YoY

REVENUES, TRYmn

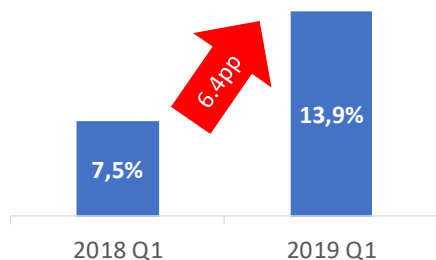


EBITDA*, TRYmn

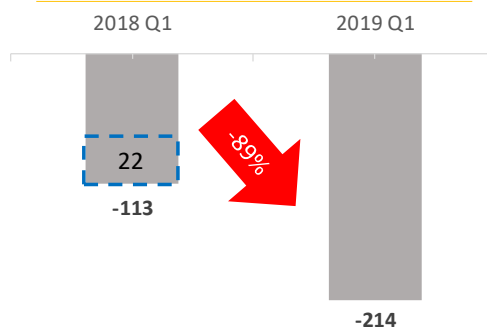


* EBITDAR in 2018

EBITDA Margin



NET INCOME, TRYmn



TRY22mn A/C sale income in 2018 Q1

RASK
 2019 Q1: € 3.50
 2018 Q1: € 3.33

✈️ 5%

CASK
 2019 Q1: € 3.70
 2018 Q1: € 3.72

✈️ -1%

Non-Fuel CASK
 2019 Q1: € 2.44
 2018 Q1: € 2.50

✈️ -2%

Ancillary per Pax
 2019 Q1: € 13.8
 2018 Q1: € 10.7

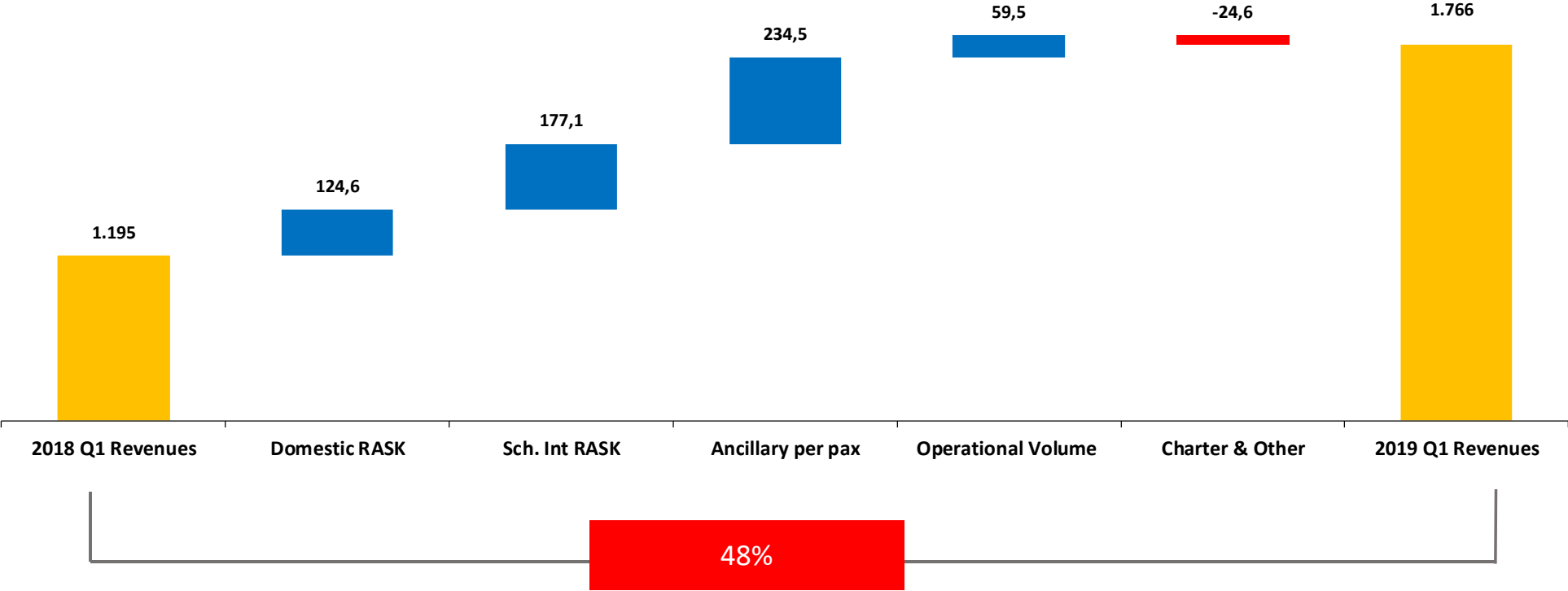
✈️ 29%



REVENUE DEVELOPMENT 2019 Q1

Ancillary and hard currency revenues were the main contributors of top-line growth

(TRYmn)

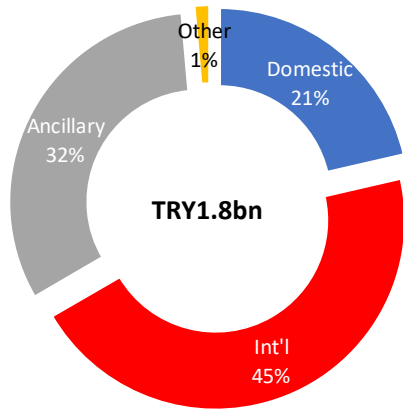


REVENUE BREAKDOWN

Hard currency revenue share surged 8ppt to 70%

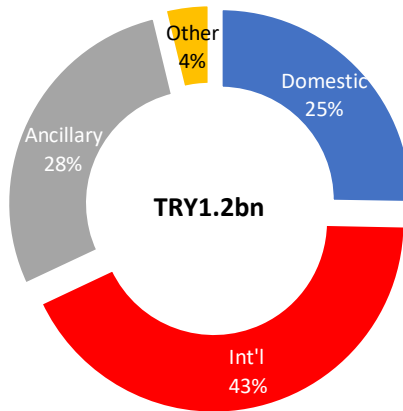
SEGMENT BREAKDOWN

2019 Q1



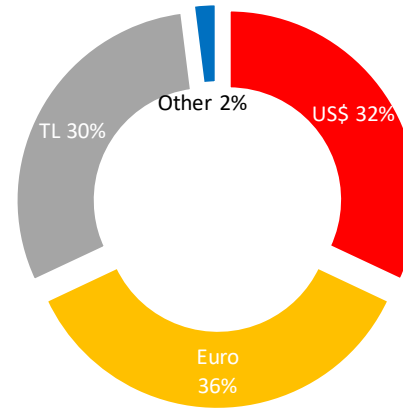
Ancillary 4ppt
International 2ppt
 Domestic -4ppt

2018 Q1



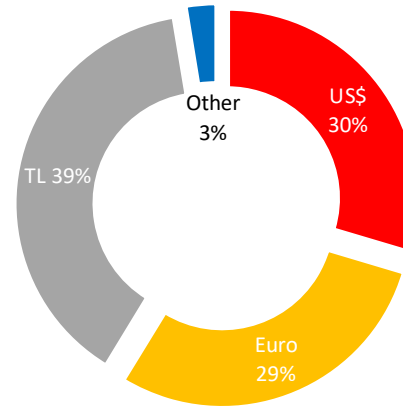
CURRENCY BREAKDOWN

2019 Q1



€ 7ppt
\$ 2ppt

2018 Q1



TRY -9ppt

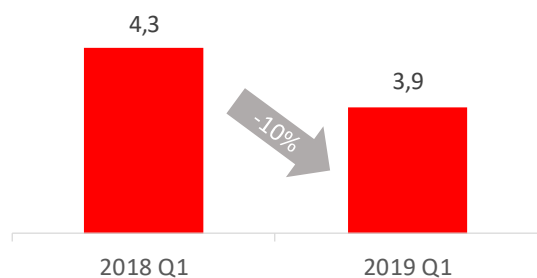


SCHEDULED FLIGHT REVENUES

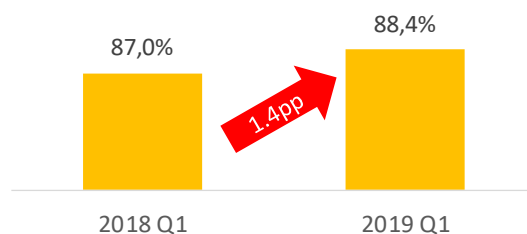
Passenger yields improved YoY both at domestic and international lines

DOMESTIC FLIGHTS

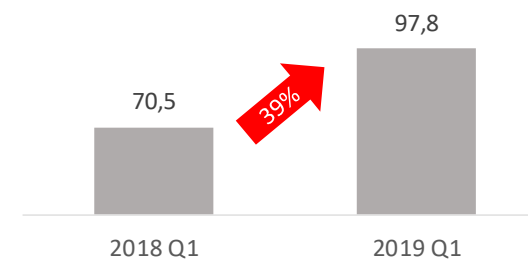
Passengers, mn



Load Factor

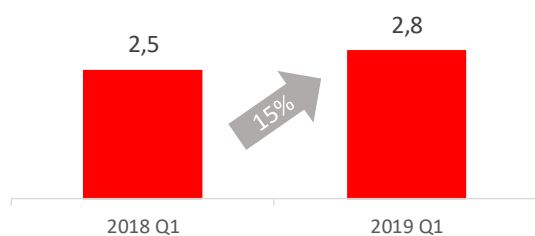


Yield, TRY

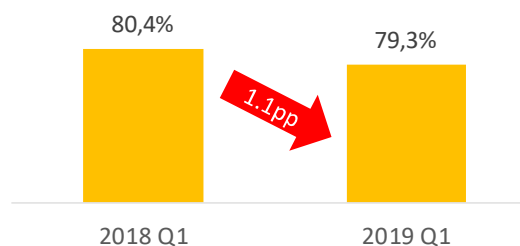


INT'L FLIGHTS*

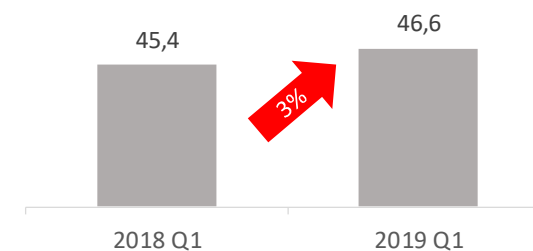
Passengers, mn



Load Factor



Yield, €



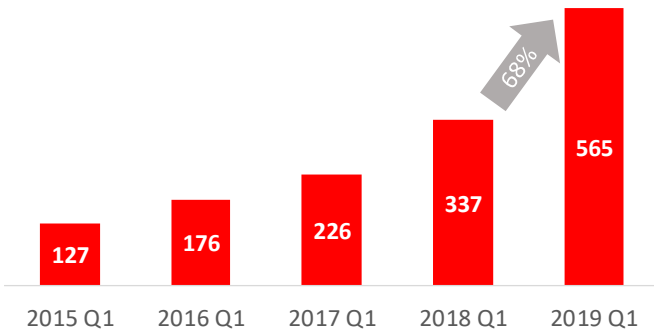
* excludes charter traffic



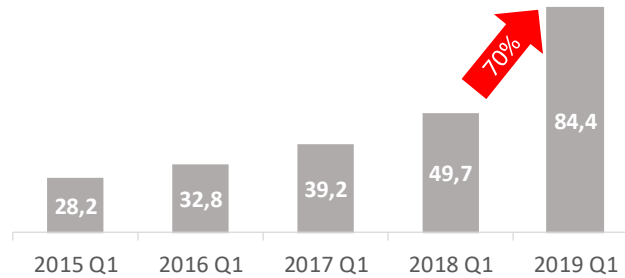
ANCILLARY REVENUE

Ancillary continued to be the growth engine

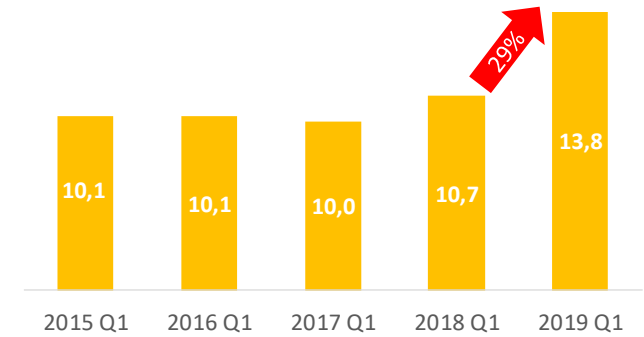
Ancillary Revenues, TRY



Per Pax, TRY



Per Pax, €



CAGR 15-19
35%

CAGR 15-19
24%

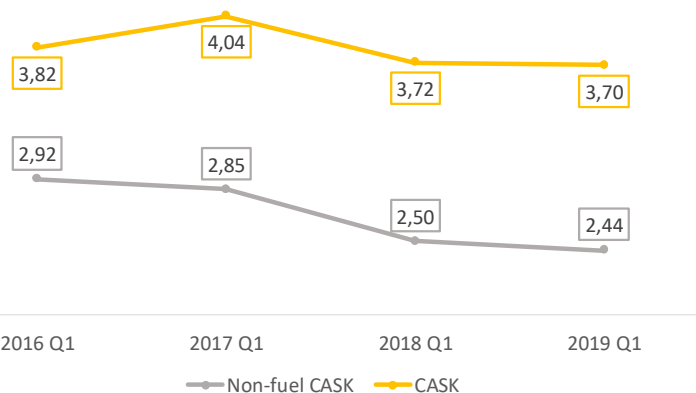
CAGR 15-19
6%



CASK

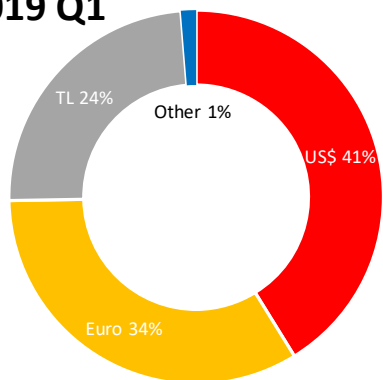
CASK non-fuel dropped with IFRS 16 impact

CASK & CASK, Non-fuel, €c

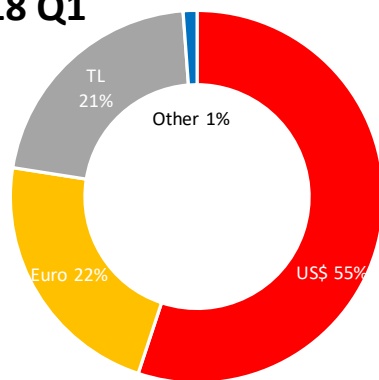


CURRENCY BREAKDOWN

2019 Q1



2018 Q1



SEGMENT BREAKDOWN

Cost Items	CASK-€c		Change
	2019 Q1	2018 Q1	
Jet fuel expenses	1,26	1,22	3%
Personnel expenses	0,61	0,48	28%
Operating lease expenses	0,00	0,40	n.m.
Maintenance expenses	0,17	0,33	-50%
Depreciation and amortization expenses	0,70	0,27	165%
Handling fees	0,28	0,27	5%
Navigation expenses	0,23	0,23	-1%
Landing expenses	0,12	0,12	6%
Commision expenses	0,06	0,07	-14%
Passenger service and catering expenses	0,04	0,04	-2%
Advertising expenses	0,04	0,03	29%
Other	0,19	0,27	-30%
CASK-€c	3,70	3,72	-1%
Non-Fuel CASK-€c	2,44	2,50	-2%



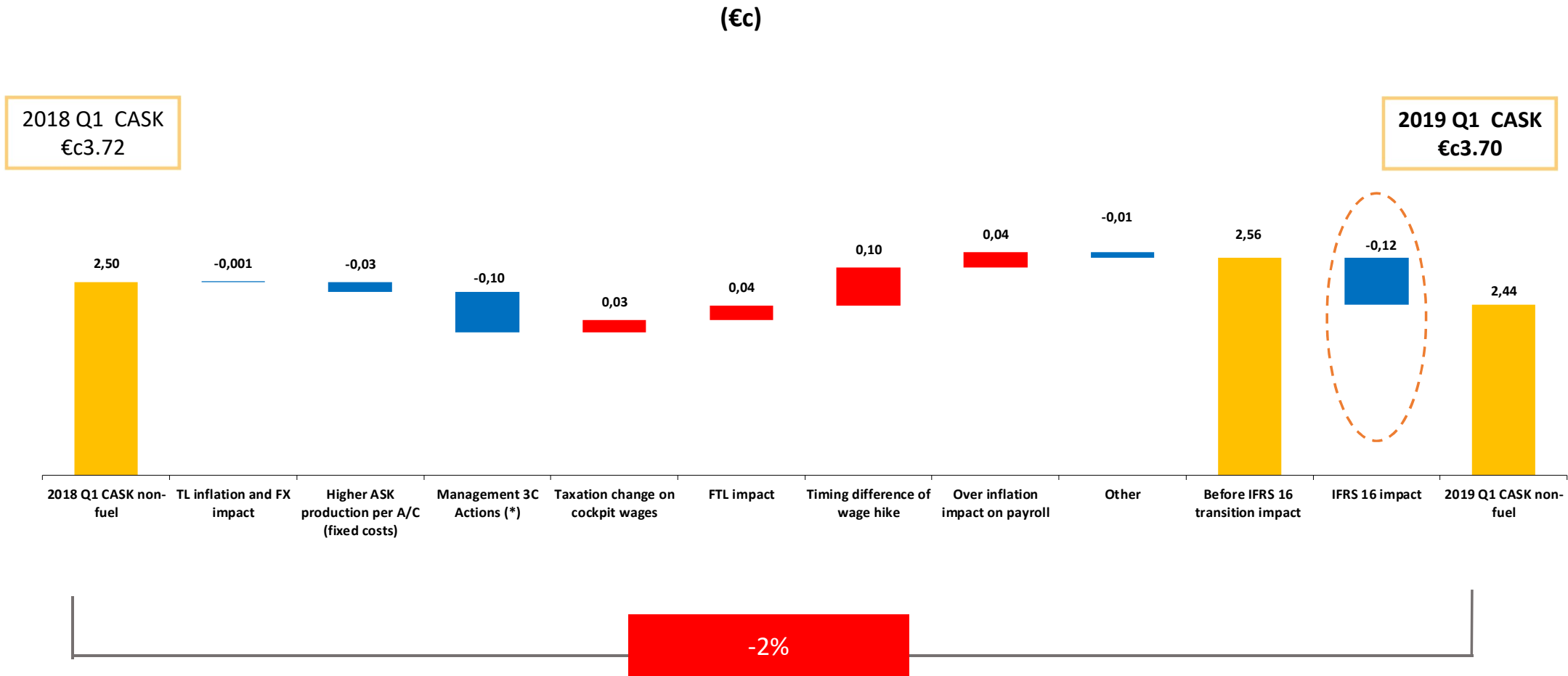
IFRS 16 impacts:

- Rent expenses split between depreciation and interest
- Part of the maintenance expenses for operational lease A/C booked under depreciation and interest like financial lease A/C.



CASK non-fuel - 2019 Q1

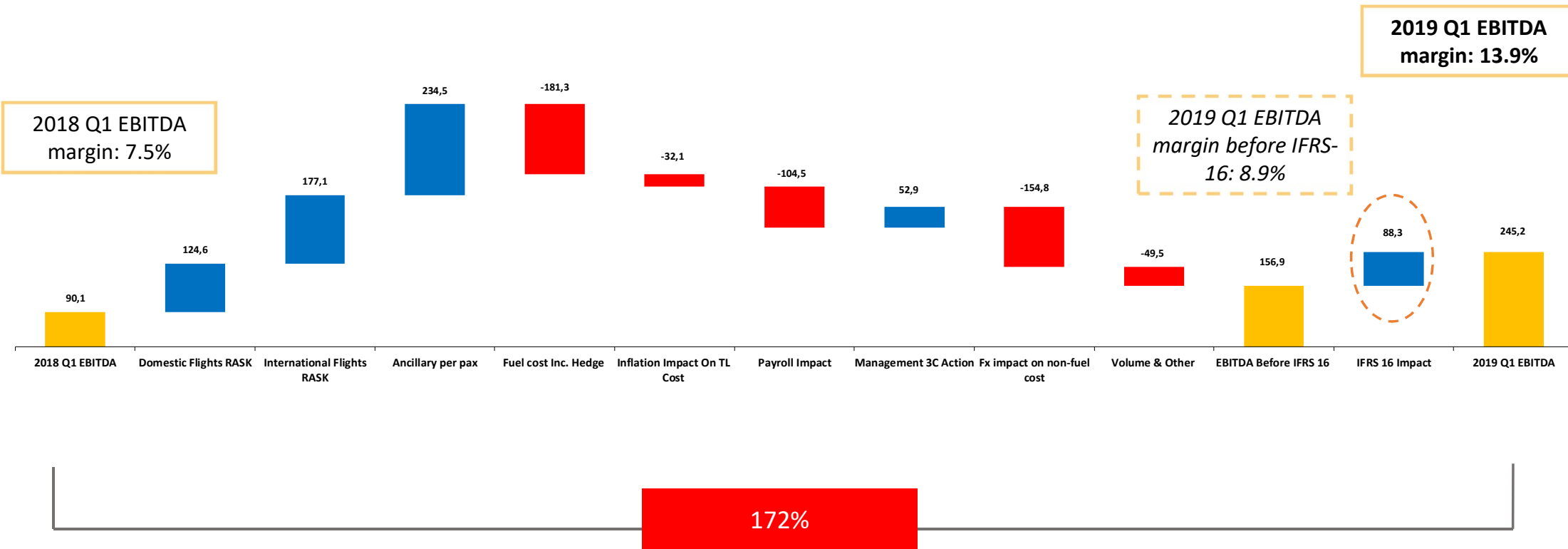
CASK non-fuel was lower YoY



EBITDA- 2019 Q1

Strong profitability with higher yields and ancillary

(TRYmn)



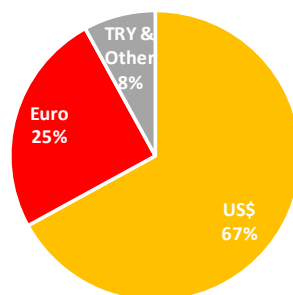
LIQUIDITY

Significant improvement at net debt/EBITDA to 2.7x with IFRS-16 application

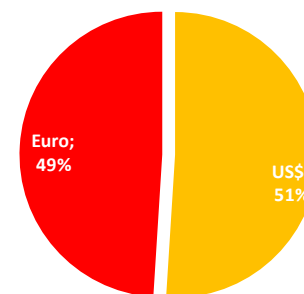
TRY, mn	Mar 31, 2019	Dec 31, 2018
CASH	2,328	2,741
OTHER ASSETS	1,515	1,267
PRE DELIVERY PAYMENT	1,235	1,068
FIXED ASSETS	11,834	8,589
TOTAL ASSETS	16,912	13,665
<hr/>		
LIABILITIES	4,609	3,427
FINANCIAL DEBT	8,832	6,522
SHAREHOLDERS' EQUITY	3,470	3,715
TOTAL LIA. & SH. EQUITY	16,912	13,665
<hr/>		
Net Debt, TRYmn	5,886	8,105
<hr/>		
Net Debt/EBITDA*	2.7	3.9**
<hr/>		
CASH PER A/C, TRYmn	28.1	33.4

- Cash from Operations : TRY301mn
- Cash used for Investments : -TRY122mn
- Cash used for Financing : -TRY715mn

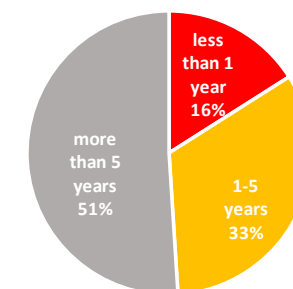
CASH CURRENCY



FIN DEBT CURRENCY



FIN. DEBT MATURITY



* Trailing LTM EBITDA was used for calculation

** Adjusted Net Debt/EBITDAR for 2018 (Cash + PDP/2 - Financial Debt - Operational Lease Expenses *7)



HEDGING, RISK MANAGEMENT & SENSITIVITY

2019 consumption is hedged by 60%

HEDGE VOLUME AND PRICE

	2019FY	2020FY	2021FY
Hedge Ratio	59,8%	44,0%	4,2%
Hedged Price Range, \$/mt*	611-698	559-645	551-671
Brent Equivalent **	64-73	59-68	58-71

* Price ranges are calculated by using market data of April, 30 2019

** Jet Fuel Price/9.5

RISK MANAGEMENT POLICY

- ✈ Currency Risk Hedge Program to weather exchange rate fluctuations.
- ✈ International ticket revenues collected in TRY are converted to US\$ daily in spot market.
- ✈ Up to 25% of domestic ticket revenues are also converted to US\$ depending on currency position.

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

SENSITIVITY ANALYSIS

2019 Q1 P&L	+TRY0.1 > *	+TRY0.1 > *	+\$10 >
TRYmn	EUR/TRY	USD/TRY	Jet Fuel
Revenue	10.5	10.5	-
OPEX	10.4	14.4	9.3
EBIT	-0.1	-3.9	-9.3
EBITDA	6.0	-3.9	-9.3

* eg: If EUR/TL increases to 6.5 from 6.4 or vice versa



APPENDIX



APPENDIX- SUMMARY P&L

(TRY mn)	2019 Q1	2018 Q1	2018 FY	2017 FY
Net sales	1,766	1,195	8,297	5,349
Cost of sales (-)	1,735	1,237	7,033	4,574
Gross profit	31	42	1,263	775
General administrative expenses (-)	78	58	220	183
Marketing expenses (-)	65	47	226	187
EBIT	-111	-147	817	405
Depreciation and amortization (+)	356	95	538	330
Operating lease expenses (+)	-	142	694	572
EBITDA*	245	90	2,050	1,308
EBITDA Margin	13.9%	7.5%	24.7%	24.4%

* Comparative EBITDA figure for 2018 Q1, 2018 FY and 2019 FY is EBITDAR



APPENDIX- OPERATIONAL & FINANCIAL HIGHLIGHTS

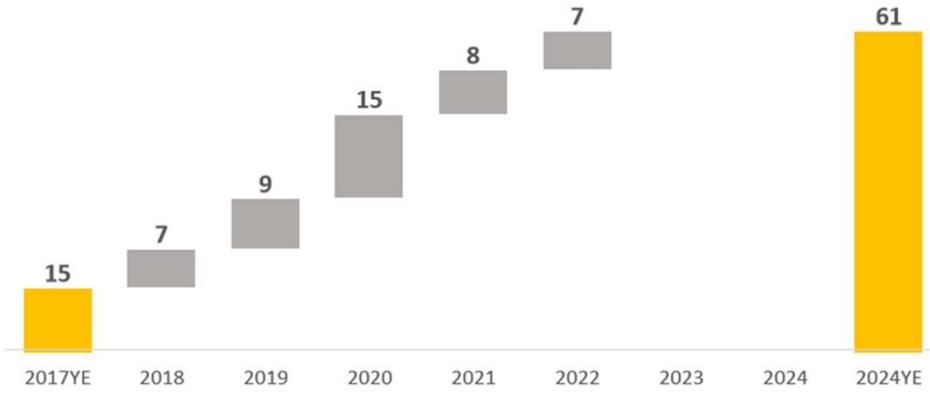
	2019 Q1	2018 Q1	YoY	2018 FY	2017 FY	YoY
TOTAL REVENUE (TRYmn)	1.766	1.195	48%	8.297	5.349	55%
ANCILLARY REVENUE (TRYmn)	565	337	68%	2.017	1.155	75%
EBITDA (TRYmn)*	245	90	172%	2.050	1.308	57%
EBITDA Margin*	13,9%	7,5%	6.4pp	24,7%	24,4%	0.3pp
PAX (mn)	6,7	6,8	-1%	30,0	27,8	8%
LOAD FACTOR	84,3%	84,5%	-0.2pp	85,5%	84,6%	0.9pp
ASK (bn)	8,3	7,7	8%	35,5	32,7	9%
AVERAGE STAGE LENGTH	1.043	955	9%	1.014	995	2%
RASK, (€)	3,50	3,33	5%	4,15	3,97	4%
CASK, (€)	3,70	3,72	-1%	3,66	3,66	0%
Non-fuel CASK, (€)	2,44	2,50	-2%	2,34	2,54	-8%
ANCILLARY PER PAX (€)	13,8	10,7	29%	11,9	10,1	18%
AVERAGE FLEET	82	75	9%	79	79	0%

* EBITDAR and EBITDAR margin in 2018Q1, 2018FY and 2017FY . With the implementation of IFRS16 EBITDAR is not used starting from 2019 fiscal year.

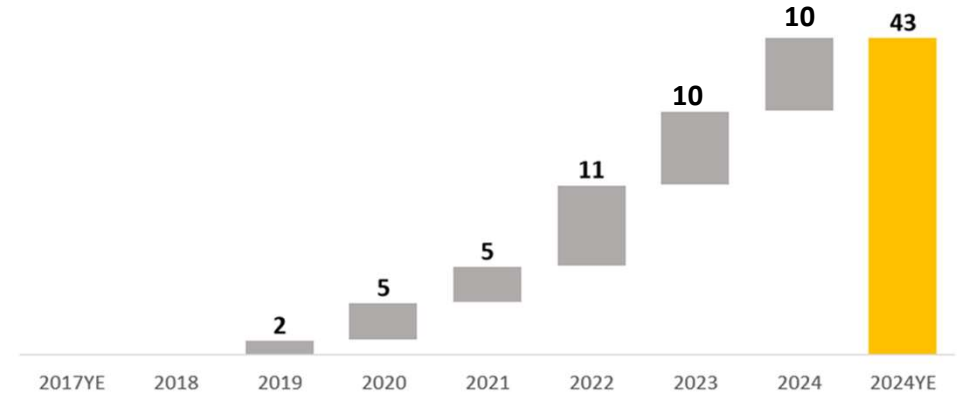


FLEET DELIVERY SCHEDULE

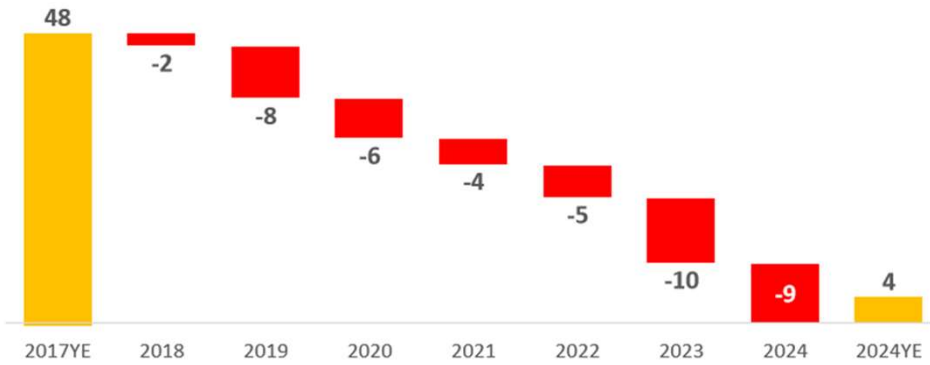
A320neo



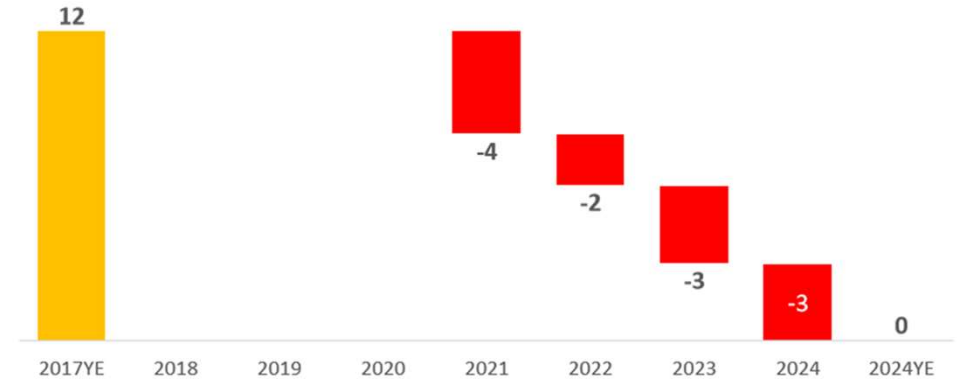
A321neo



B737-800ng



A320ceo



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



Thank you