

Low CASK



Great Saving on Fall and Winter!

Flights within Turkey **24.99**

International Routes From **29.99**

Flight Dates: 01 November 2012 - 30 March 2013

The Easiest way to fly with love...

The second passenger **50% off** price

Special Valentine's Day Offer on pairs of flights...



100 Aircraft Order



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DETAYLI BİLGİ İÇİN



Low CASK

BEIRUT, TBILISI, DONETSK AND KHARKIV

ON ROUND TRIP **30% off**

%30 indirim

TBILISI  
BEIRUT  
KHARKIV  
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**PEGASUS**  
The New Shape of Rewarding

**plus**



# Pegasus Airlines – The Low Cost Network Carrier

2014 INVESTOR DAY – LONDON

# Today's Agenda



**Welcome to the Pegasus Capital Markets Day – thank you for your interest and attendance today**

Topic	Presenter	Time	Pages
Registration		09:00 – 09:15	
IR Introduction / Corporate Video		09:15 – 09:30	
Business Overview	Ali Sabancı	09:30 – 09:45	2-7
Transforming Aviation in Turkey	Sertaç Haybat	09:45 – 10:30	8-18
Coffee Break		10:30 – 10:45	
Sales & Marketing	Güliz Öztürk	10:45 – 11:30	19-24
Financial Review & Management	Serhan Ulga	11.30 – 12:15	26-36
Outlook & Trends	Sertaç Haybat	12:15 – 12:30	37
Q&A		12:30 – 13:30	





# Business Overview

Ali Sabancı - Chairman

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# Introducing the Pegasus Team



We have a deeply experienced management team, instrumental in delivering our unique LCC model

## Experience



**Ali Sabancı**  
*Chairman*

- Chairman of Pegasus since February 2005
- Board member of Esas Holding A.Ş.
- Previously worked at Sabancı Holding
- Prior to Sabancı Holding worked at Morgan Stanley & Co. and Akbank T.A.Ş. (1991-1997)



**Sertaç Haybat**  
*President & CEO*

- Advised on Esas Holding's acquisition of Pegasus in 2005
- Started working in Turkish aviation industry in 1979
- Worked at Turkish Airlines for approximately 15 years, most recently CFO
- Former Board member of SunExpress<sup>(1)</sup>
- Elected as chairman of the Turkish Private Aviation Enterprises Association (26/12/2012)



**Serhan Ulga**  
*CFO*

- Joined Pegasus in 2007
- Former CFO / member of Executive Management at Polisan Holding
- Served as finance director & controller at Avery Dennison Turkey (formerly Paxar) and Dogan Media Group
- Worked for 12 years in the US, with firms including Ernst & Young, Rockwell Automation and Boston Scientific Corporation (1991-2003)



**Güliz Öztürk**  
*Chief Commercial Officer*

- Joined Pegasus in 2005, responsible for commercial operations
- Between 2003 and 2005 served as HR Director at Ciner Holding
- Held various positions at THY from 1990 to 2003, most recently as SVP of marketing and sales



**Verda Beste Taşar**  
*Head of Investor Relations*

- Joined Pegasus in 2013
- Served as Head of Investor Relations/ Business Development Manager, as well as Manager of the Strategy & Business Development Department at Doğu Otomotiv
- Previously also worked as Project Leader in the Scania Bus Project and Team Member in Meiller DOAS Industrial Investment, Krone DOAS Industrial Investment and VW Industrial Investment Project

1. JV between Turkish Airlines and Lufthansa.

# Today's Themes



**The fastest growing airline in Europe<sup>(1)</sup>**

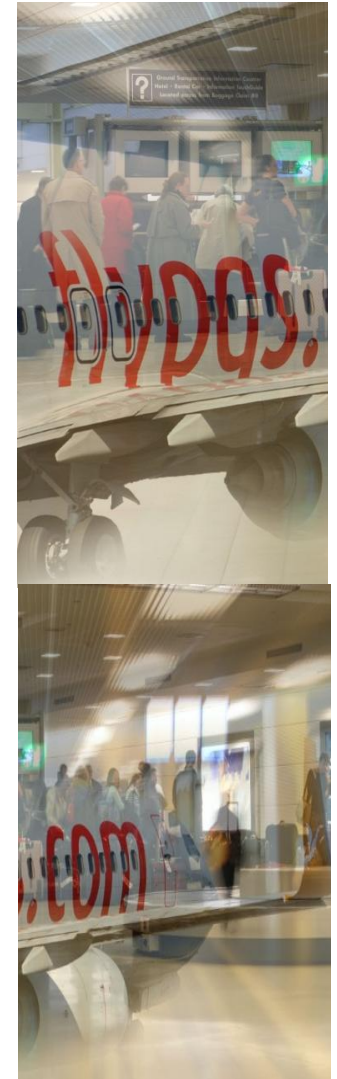
**Sustainable cost advantage – focus on CASK**

**Surrounded by underpenetrated and growing markets**

**State of the art airport hub and young fleet**

**Aggressive sales and marketing**

**Best in class profitability and solid balance sheet**

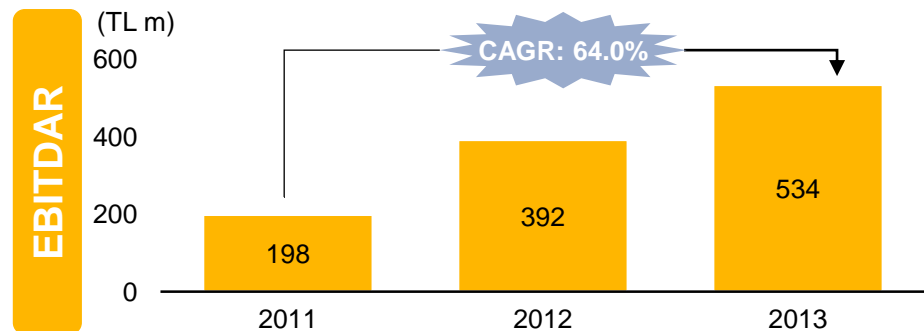
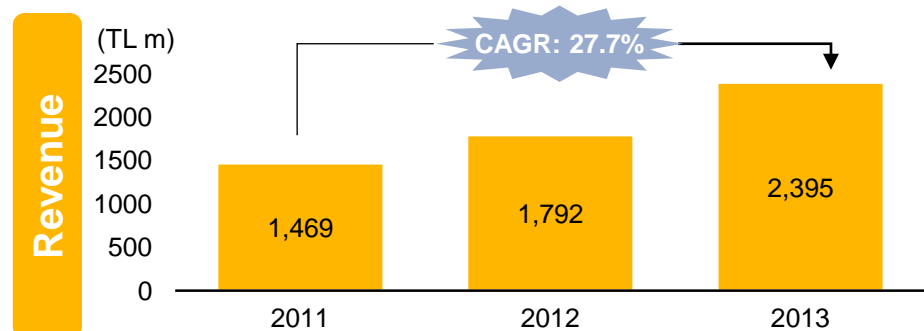
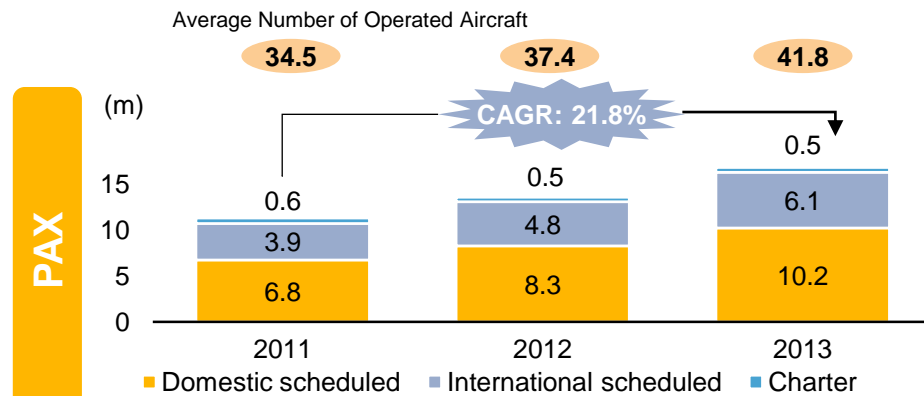


1. Latest OAG data available.

# Who Are We?



## Pegasus is the pioneer of the low cost network carrier model in a fast growing aviation market



Source: Pegasus information.

- Established in 1990 to provide charter services, Pegasus was acquired by Esas Holding in 2005 and started a new chapter in the Turkish aviation market as the only airline operating a low cost network carrier model
  - Headquartered in Istanbul
  - 5 bases in Turkey, main hub is Istanbul Sabiha Gökçen International Airport (“SAW”)
- Flies to 48 international and 30 domestic destinations in 31 countries
  - 16.8m passengers carried in 2013
  - Load factor exceeds 80%
- Young fleet of 49 aircraft (average age of 4.06 years as of 31/12/2013)
  - Recently placed an order for up to 100 Airbus aircraft
- Adjusted Net leverage of 2.8x 2013 EBITDAR

# Our Mission and Journey so Far...



## Our Mission...

- Our Goal is to **transform flying** in our region
  - Our product offering is very simple:
    - ✓ Low Fares
    - ✓ On Time Performance
    - ✓ Young Fleet
- 
- We are an LCC and we customised the business model to benefit from Turkey's geographical advantage
    - ✓ Network LCC
- 
- **CASK** is **what really matters**

## ... and How We've Evolved

	2005	2013
Fleet of aircraft	14	49
Fleet investment	12 aircraft	102 aircraft
Fleet average age	5.39	4.06 <sup>(1)</sup>
PAX	1.9 million (150K scheduled)	16.8 million (16.3m scheduled)
Domestic Market Share	~1%	~27%
Destinations	6	78

Source: Pegasus information.  
1. As of 31/12/2013.



# How Do We Compare Against Our Promises?



## Low Fares

26% of our passengers have flown for less than TL50 / €17  
72% of our customers have done so for under TL100 / €33



## On Time Performance

On time performance in 2013: 90.3%



## Young Fleet

49 aircraft with a fleet average age of only 4.06 years as of 31/12/2013



# Our Growing Footprint





# Transforming Aviation in Turkey

Sertaç Haybat - CEO

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# A Unique Business Model



## We Are An LCC and We Share the Same Principles As Our LCC Peers

- Relentless focus on cost control
- Short / medium haul flights
- Highly focused on punctuality
- Focus on growing ancillary revenue
- Dynamic pricing, low / promotional fares
- Single cabin class
- High aircraft utilisation
- Modern, fuel efficient fleet
- Large fleet orders to secure good pricing and capacity
- Focus on internet as distribution channel

### Current Range of Pegasus Fleet



## Why We Are Different?

- We offer point-to-point structure with network feed primarily through Istanbul SAW hub
- We pioneered in Europe the use of several products and applications that are starting to be implemented by other LCCs
- We constantly continue to focus on product and process innovation



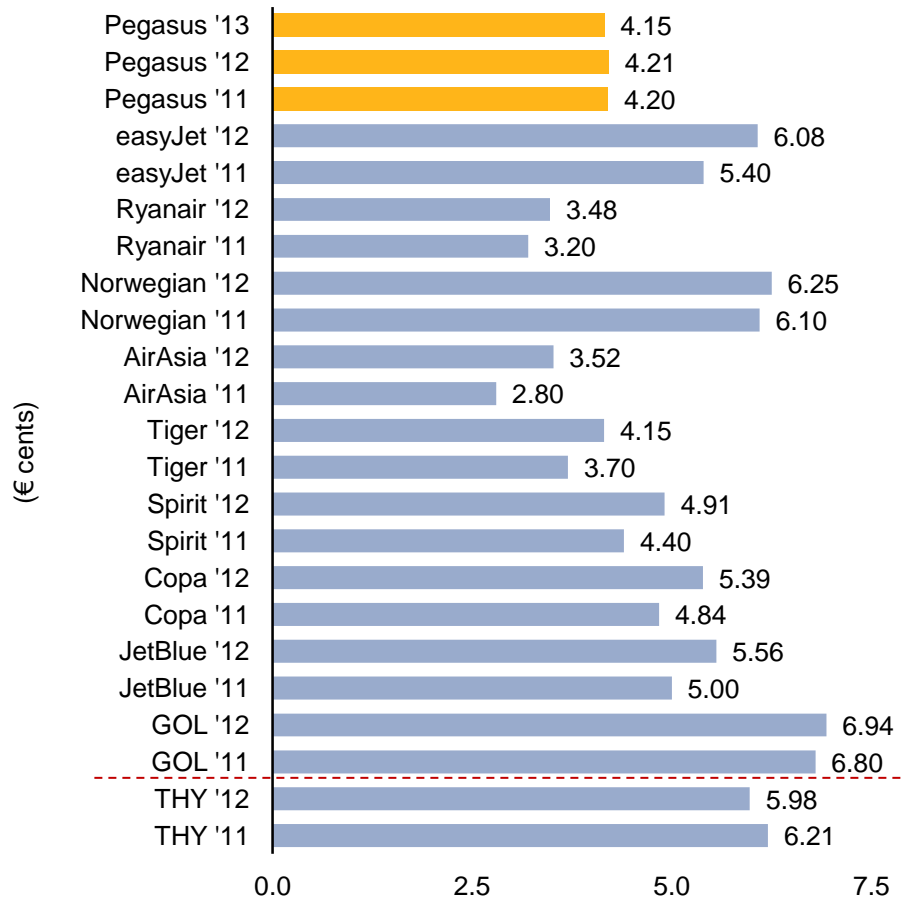
# Core Focus On Cost Control



## Relentless focus on cost control – the Continuous Improvement Team

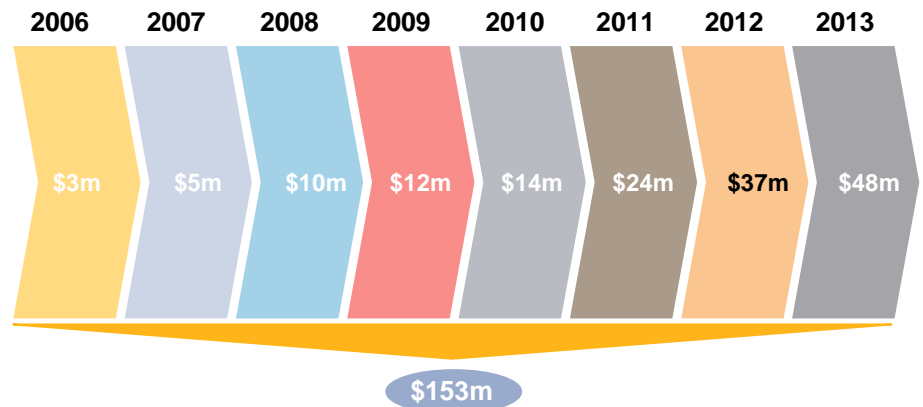
### Industry Leading CASK Performance

Fig. 1: CASK Comparison<sup>(1)</sup>



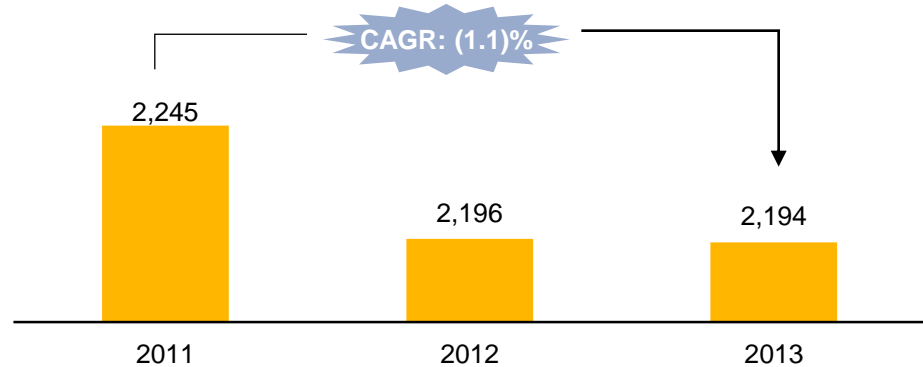
### How Do We Achieve This?

Fig. 2: Cumulative Cost Savings<sup>(2)</sup>



### Fig. 3: Increased Fuel Efficiency

(payload adjusted ton / block hour)



Source: Pegasus information, remaining company data per public filings.

1. Figures calendarised to 2011 & 2012 Dec. year end. Average FX rates from FactSet for the calendar year 2011 & 2012 used. FSCs include Aeroflot, AF-KLM, Finnair, Lufthansa, SAS and IAG. CASK is calculated as operating costs (excluding exceptional items) divided by ASKs.

2. Estimated annual cost savings achieved by the Continuous Improvement Team.



# Solid Operating Performance



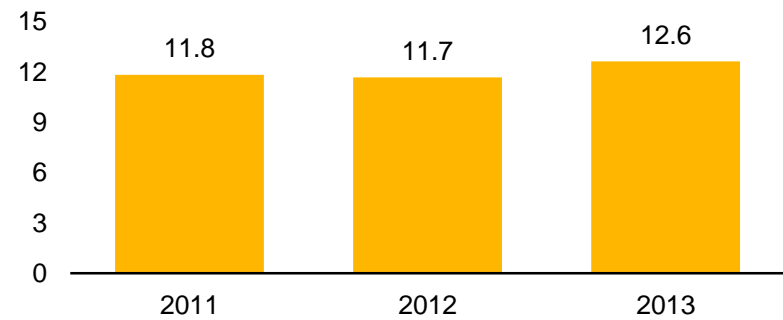
## Strong operational KPIs across the board...

### Commentary

- Excellent “on-time” record, while achieving good utilisation
  - Particularly important for the network model
- Continuously deliver strong and improving utilisation performance
- Consistent focus on improvement of asset utilisation
- Robust load factors as a result of hands on revenue management and meticulous execution of low cost network carrier model
  - Despite significant expansion in route network and fleet size

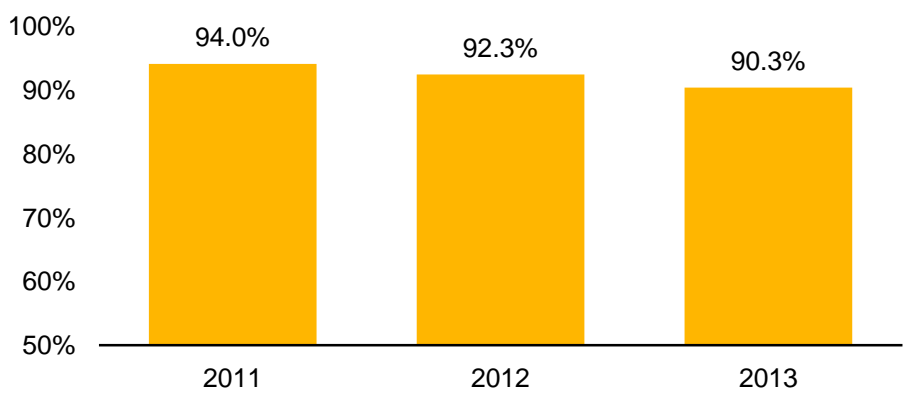
### Fig. 1: Aircraft Utilisation (hours / day)

Turns Per Day	6.5	6.9	7.4
Average Stage Length (km)	996	947	962



Source: Pegasus information.

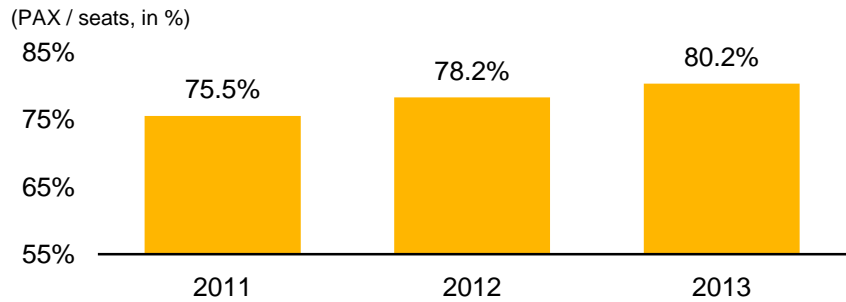
### Fig. 2: “On-Time” Record



Source: Pegasus information.

### Fig. 3: Load Factors

PAX / Cycle	134.1	144.8	149.1
Seat / Cycle <sup>(1)</sup>	178	185	186



Source: Pegasus information.

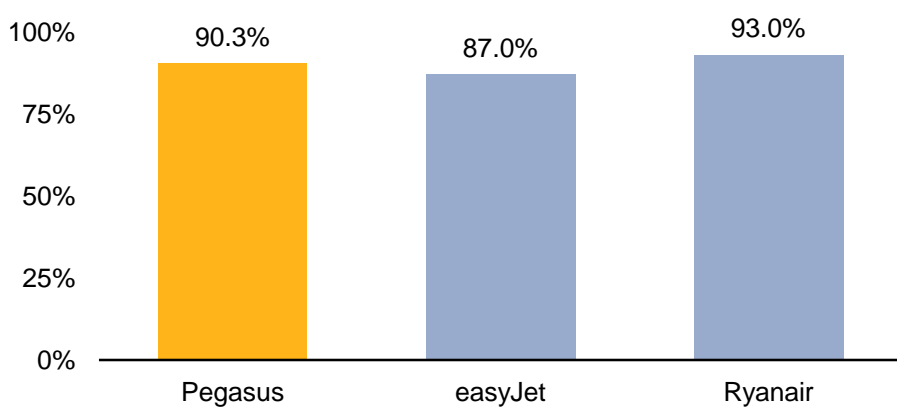
1. Figures are calculated by dividing total seat capacity by total number of cycles.

# In the Premier League Against Key Peers



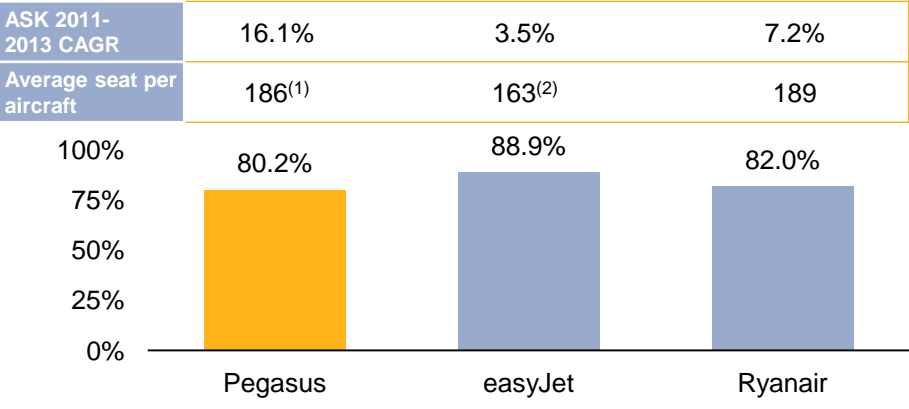
...and our KPIs fare well against leading European low cost carriers

**Fig. 1: "On-Time" Record**



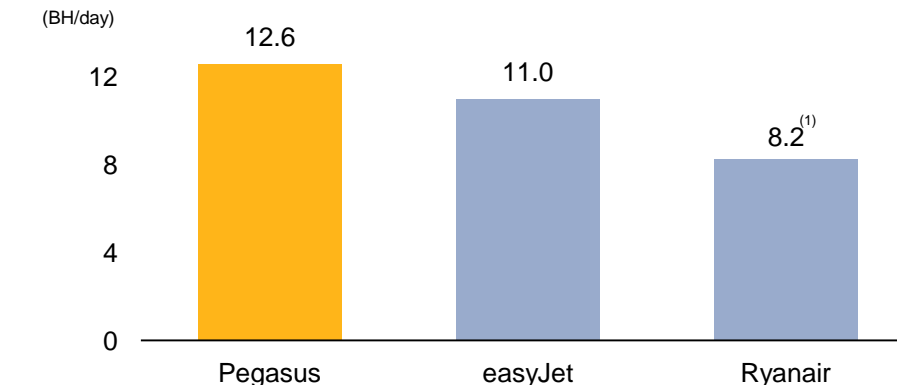
Source: Pegasus information, easyJet and Ryanair company filings.  
 Note: 2013 fiscal year data shown. easyJet year end in September. Ryanair year end in March.

**Fig. 2: Load Factors**



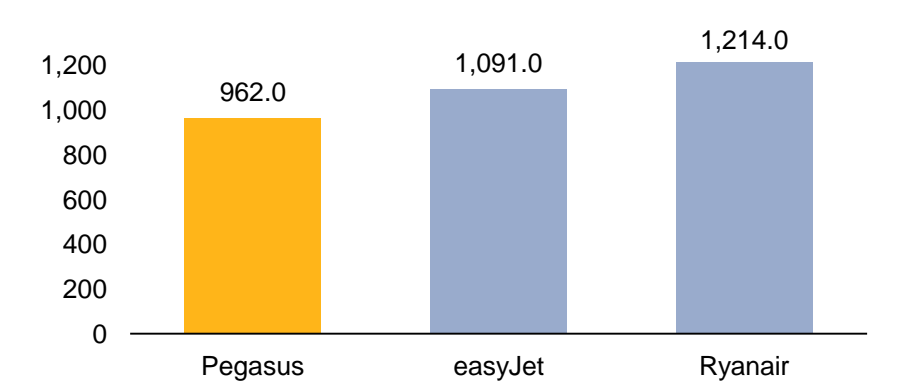
Source: Pegasus information, easyJet and Ryanair company filings.  
 Note: ASK 2011-2013 CAGR calculated using fiscal year end period.  
 1. Figure is calculated by dividing total seat capacity by total number of cycles.  
 2. Weighted average seats of 153 156-seat A319 aircraft and 64 180-seat A320 aircraft.

**Fig. 3: Aircraft Utilisation**



Source: Pegasus information, easyJet and Ryanair company filings.  
 Note: 2013 fiscal year data shown. easyJet year end in September. Ryanair year end in March.  
 1. Aircraft utilisation in reported per flight hours. We estimate that a 15-20% increase is a reasonable assumption to translate into block hours.

**Fig. 4: Average Stage Length**



Source: Pegasus information, easyJet and Ryanair company filings.

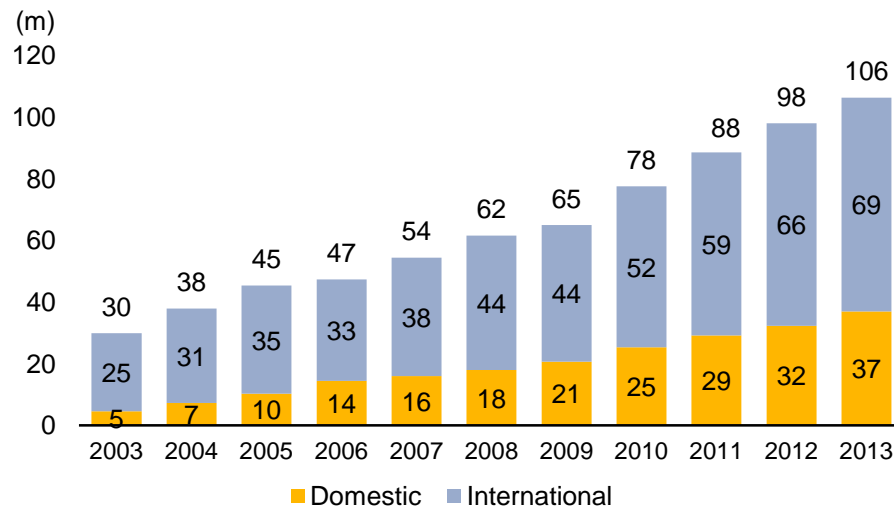
# Highly Attractive Turkish Aviation Market



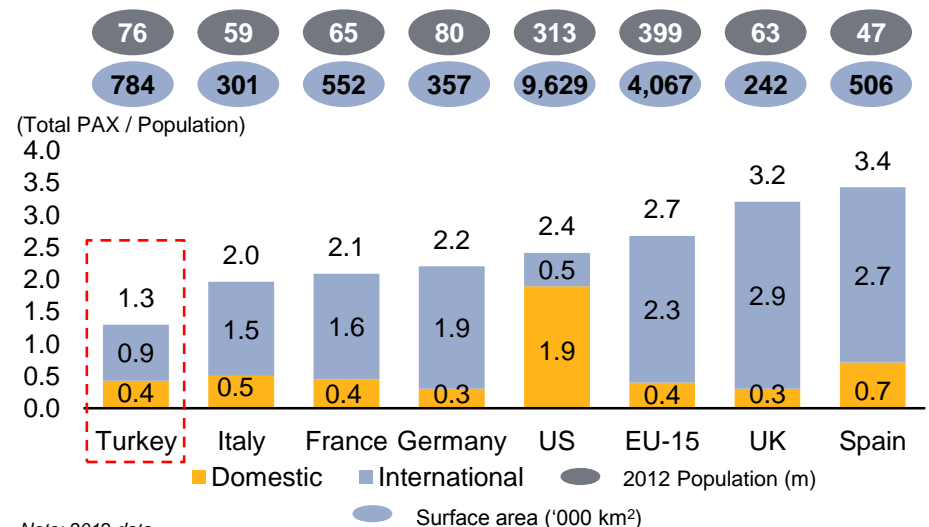
## A growing market, with considerable upside

- The Turkish civil aviation market went through a series of changes in the early 2000s which paved the way for the growth:
  - Change in Civil Aviation Law in 2001 – fare approval process eliminated on domestic flights
  - In 2003 all taxes except VAT eliminated from the ticket prices
- Since 2003, passenger growth has been very strong (13.5% CAGR) and very resilient
  - Even in 2009, when real GDP contracted by 5.1%, passengers in Turkey grew by 5.5%
- One of the top tourism destinations globally
- Despite strong growth, both the domestic and international markets remain underpenetrated on a trips per capita basis
- Very large mountainous country with few motorways and limited high speed rail

**Fig. 1: PAX Growth in Turkey<sup>(1)</sup>**



**Fig. 2: Trips per Capita**



Note:  
1. General Directorate of State Airports Authority of Turkey ("DHMI") data. DHMI double counts the domestic passenger numbers and the displayed numbers have been adjusted for that.

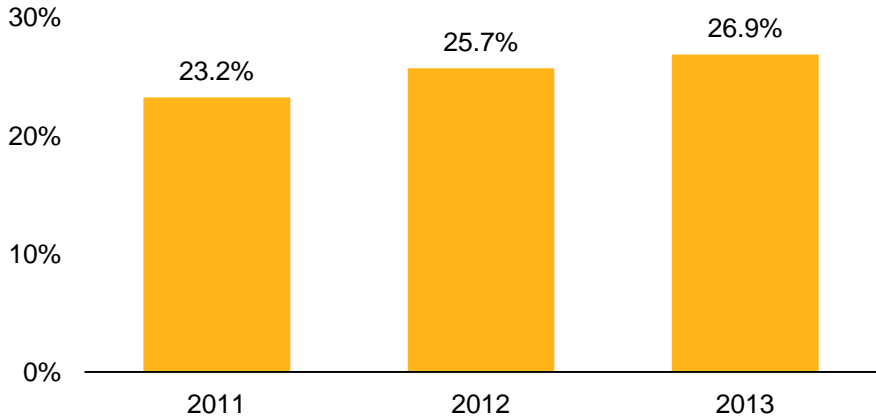
Note: 2012 data.  
PAX: Turkey – DHMI; US – US Bureau of Transportation Statistics; rest – Eurostat.  
Population: Turkey, US – World Bank; rest – Eurostat.  
Surface Area: United Nations.

# Clearly Differentiated from the Domestic Competition



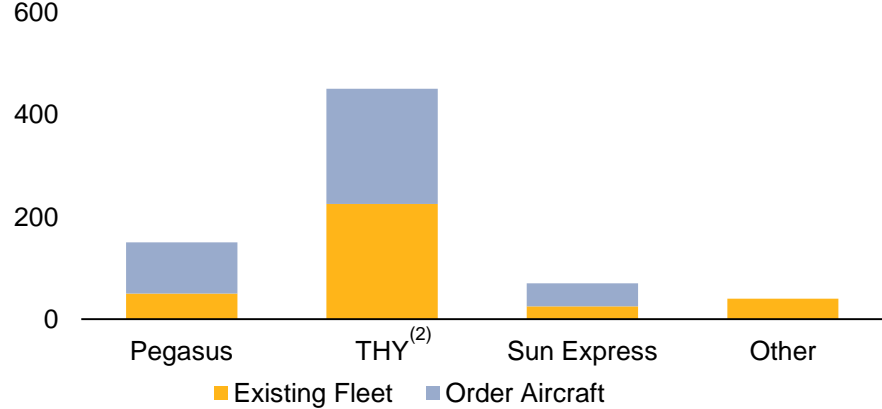
We serve 98%<sup>(1)</sup> of domestic market and we believe we have structural and sustainable competitive advantages over our domestic competitors

**Fig. 1: Pegasus' Domestic Market Share**



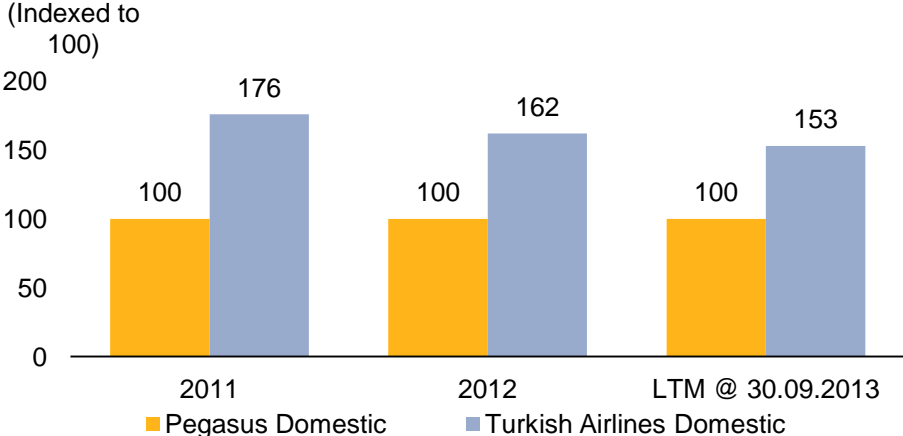
Source: Pegasus information.

**Fig. 2: Fleet Development in Turkish Market**



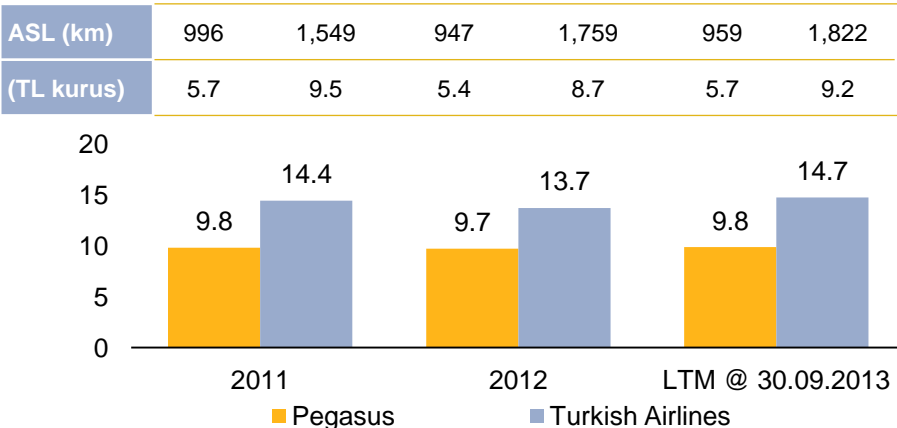
Source: Pegasus information.  
2. 37 aircraft wet leased from Sun Express.

**Fig. 3: Indexed Domestic RASK Comparison**



Source: Pegasus information, THY company information.  
1. Pegasus serves all the airports which make up 98% of total passengers in Turkey as of 2013.

**Fig. 4: Much Lower CASK Base**



Source: Pegasus information, THY company information.



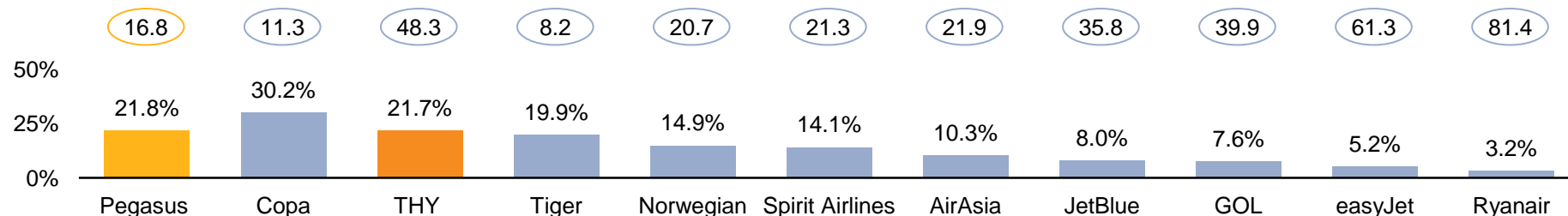
# Track Record of Profitable Growth



**Pegasus is growing faster than our European and domestic competitors whilst maintaining margins**

**Fig. 1: PAX Growth vs Peers**

(2011 – 2013 passenger CAGR)

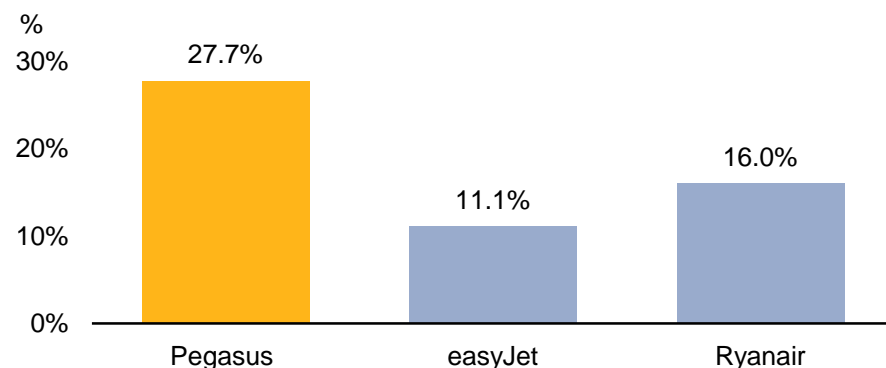


**4-5x growth rate of our key European LCC peers Ryanair and Easyjet**

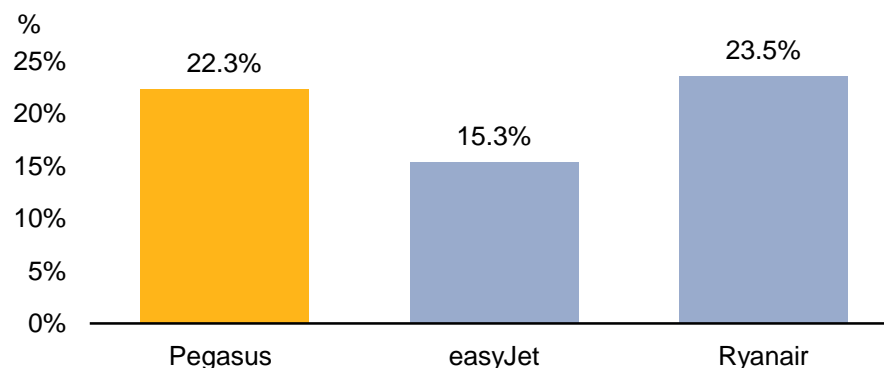
Source: Pegasus information per company data, remaining company data per company websites. PAX figures are calendarised to December year end.

○ 2013 passengers (m)

**Fig. 2: 2011–13 Revenue CAGR<sup>(1)</sup>**



**Fig. 3: EBITDAR Margin <sup>(2)</sup>**



Source: Pegasus information, easyJet and Ryanair filings.

1. 2013 fiscal year data used. easyJet fiscal year end is in September and Ryanair fiscal year end is in March. THY represents 2013 9M – 2011 Revenue CAGR since 2013 results are not available.

2. Latest available fiscal year data used. easyJet fiscal year end is in September and Ryanair fiscal year end is in March. THY represents LTM @ 30.09.2013 EBITDAR Margin since 2013 results are not available.



# Why Are We Excited About the Future?

**Our main hub in Istanbul provides us an excellent base for growth into underpenetrated markets**

- Existing Destinations
- Potential Expansion
- Pegasus Hubs



Source: Pegasus information. LCC penetration rates from "CAPA – Centre for Aviation", defined as LCC capacity share (%) of total seats.  
 Note: Destinations shown do not include seasonal destinations (Zweibrücken, Manchester and Hannover). Baku and Bishkek are codeshare destinations.

# Room For Growth In Ancillary Revenue

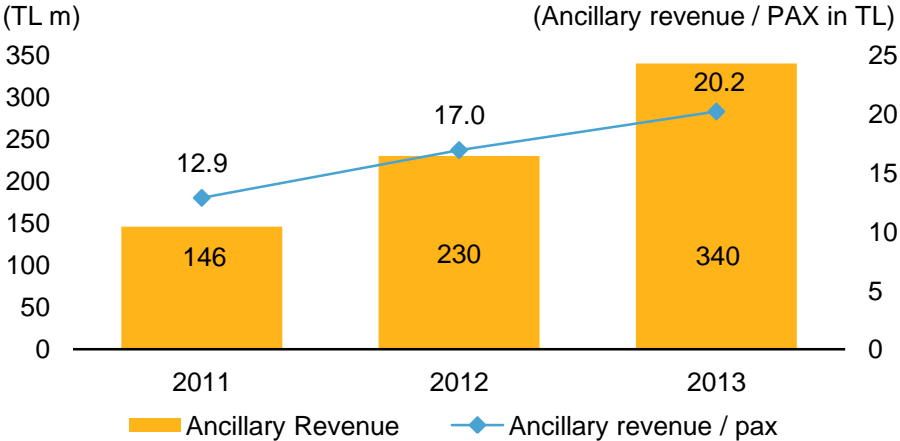


**Potential to augment several ancillary revenue streams with limited incremental cost to achieve this**

## Commentary

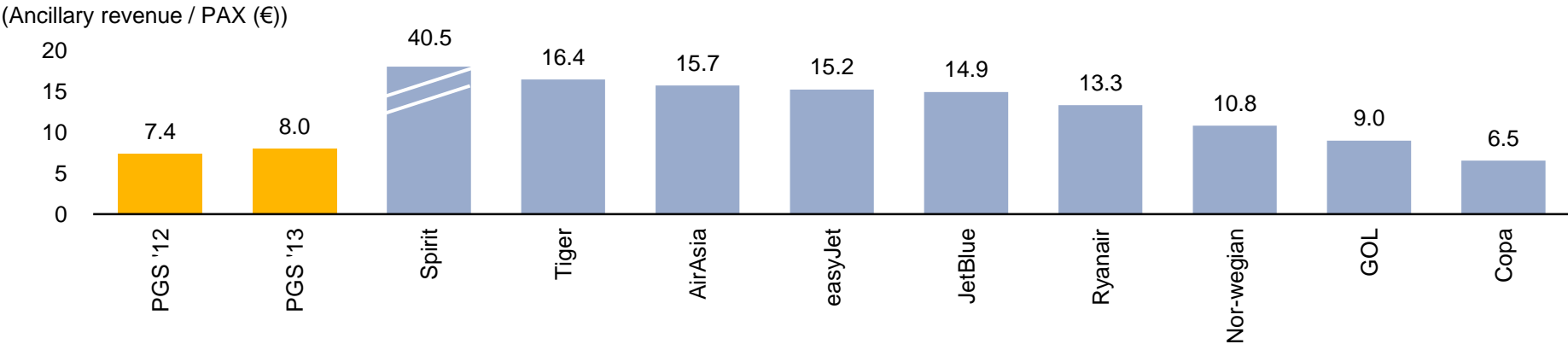
- We have a history of successfully pioneering services and products
  - Seat selection, Pegasus Card, etc.
- Continuously improve and increase penetration of existing services, and identify opportunity areas to introduce new ancillary services
  - Bundled products introduced in December 2013 which was the first of its kind in Turkey
- We still have significant room for growth in ancillary revenues when compared with our peers

## Fig. 1: Ancillary Revenue Development



Source: Pegasus information.

## Fig. 2: Room for Growth in Ancillary Revenue<sup>(1)</sup>



Source: Pegasus information, company information for remaining companies.  
 Note: Financials calendarised to 2013 December year end and converted at the respective average 2013 FX rates. Ancillary revenue of Pegasus and other companies may not be comparable as the term is not universally defined. 2013 fiscal year data shown for easyJet (September fiscal year end). PGS 2012, 2013 figures converted at the €/TL FX rates of 2.3061, and 2.5273 respectively.  
 1. Data not stage length adjusted.

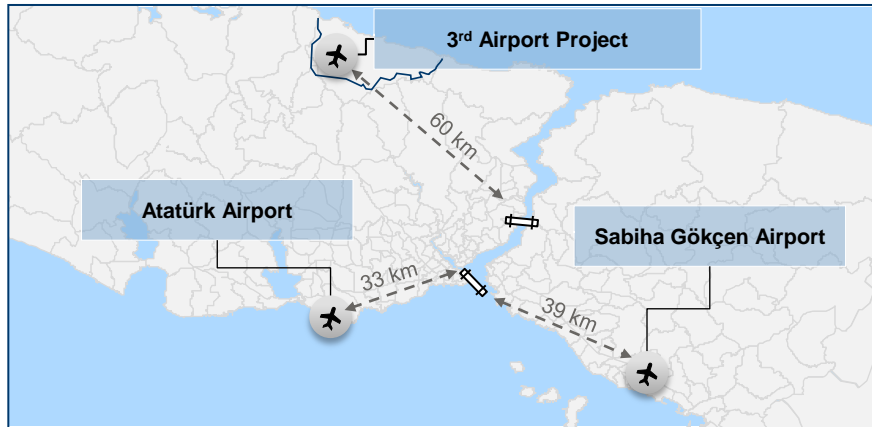
# Established Infrastructure for Future Growth



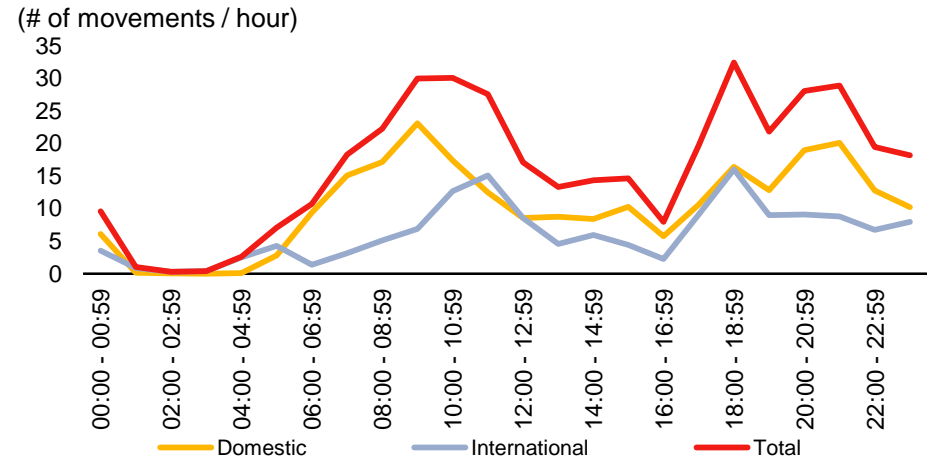
## Growth underpinned by flexible fleet expansion plans and capacity headroom at Sabiha Gökçen

**Fig. 1: Our Main Hub's Positioning**

- Large catchment area – covers population of almost 20 million



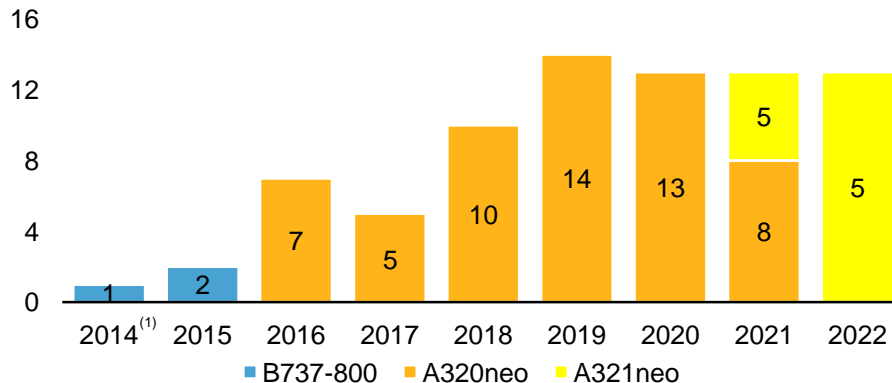
**Fig. 2: Underutilised Runway Capacity**



Source: DHMI February 2014.

**Fig. 3: Fleet Upgrade / Expansion**

Aircraft Deliveries from Manufacturers by Year

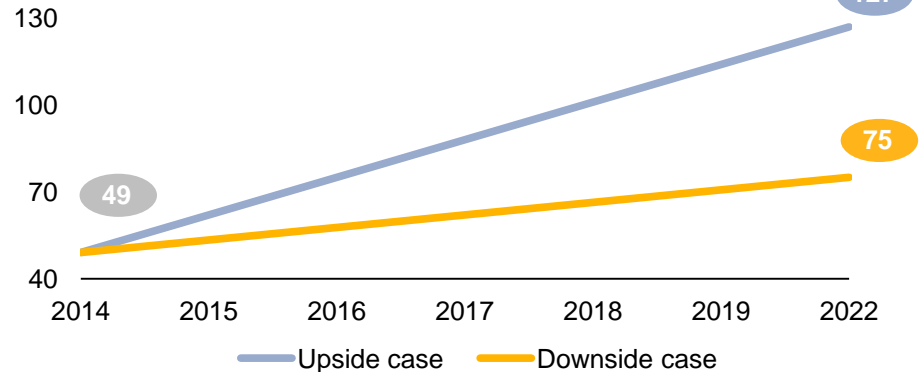


Source: Pegasus information.

1. Includes one new Boeing 737-800NG aircraft delivered after 31 December 2012.

**Fig. 4: Flexible Fleet Development Options**

Year end # of fleet



Source: Per Pegasus current plan.



# How We Share With Our People?



**We have various financial sharing schemes as we incentivise our team efficiently and provide competitive total compensation packages**

## Company Wide Plans

- Company wide plans are available for employees based on performance and when the company makes a profit

TL m	2006	2007	2008	2009	2010	2011	2012	2013 <sup>1</sup>	Total
Personnel Bonus Plan	-	0.9	2.2	3.1	6.6	-	18.5	22.9	54.2

## Other Segment Specific Schemes

- **Executive Bonus Plan:**
  - All-cash plan (no stock component)
  - Eligibility is based on the EBITDAR performance of Pegasus and satisfaction of individuals' own targets in respective years
- **Compensation for Pilots and Crew:**
  - Variable payments for sector flown
  - Cabin crew also receive a tidy up pay per sector flown and commission on Pegasus Café sales
- **Compensation for Other Employees:**
  - Revenue management specialists (route analysts) and sales teams (group sales personnel) are heavily incentivised towards exceeding their annual budget targets by variable compensation schemes

Source: Pegasus information.

1. Accrual amount (will be paid in 2014)



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# Sales and Marketing

Guliz Öztürk - CCO

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# Our Approach to Sales and Marketing



**Low fares = Low CASK**

**Drive demand and increase Load Factor**  
Effective revenue management /AirRM

**Growing ancillary revenue**  
More of the same, some of the new

**Multichannel Distribution Strategy**  
Focus on increasing internet sales

**Continuous investment on branding**  
Emphasis on digital marketing

# Sales Channels



## Overview

- For marketing international flights, Pegasus also uses the GDS system
- Domestic flights are not sold directly via GDS
- “Search Engine Marketing“ budget was increased in countries with low web sales
- Pegasus works with the largest OTAs
- Also works with flight comparison sites
- Flypgs.com awareness campaigns in Turkey
- Continuously increasing use of digital media

## Sales Channels

### Internet

- Main objective is to use direct sales channel via [www.flypgs.com](http://www.flypgs.com)
- Total visits on flypgs.com (average/month): 5,103,272
- Higher penetration for domestic tickets
- Aim to increase tickets sold via internet

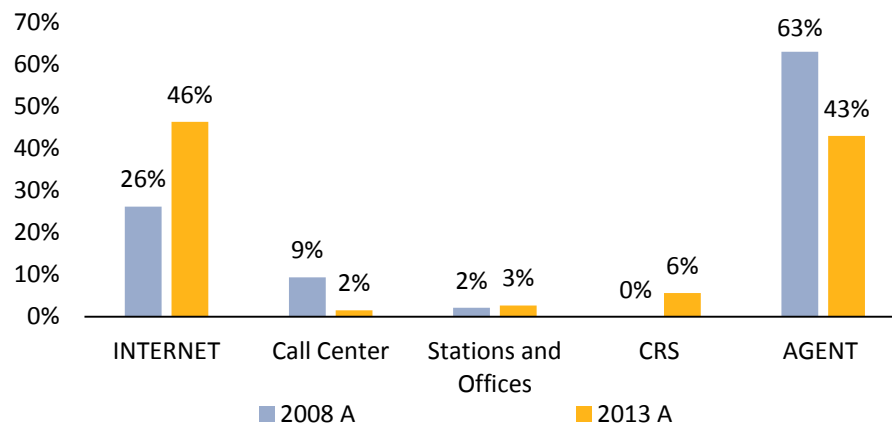
### GDS & Other

- Start of 2008, we opened 49 BSP accounts
- Use Amadeus and Sabre to book
- Member of the IATA Billing and Settlement Plan

### Agent

- Main sales channel in eastern and northern Turkey and in international ethnic markets

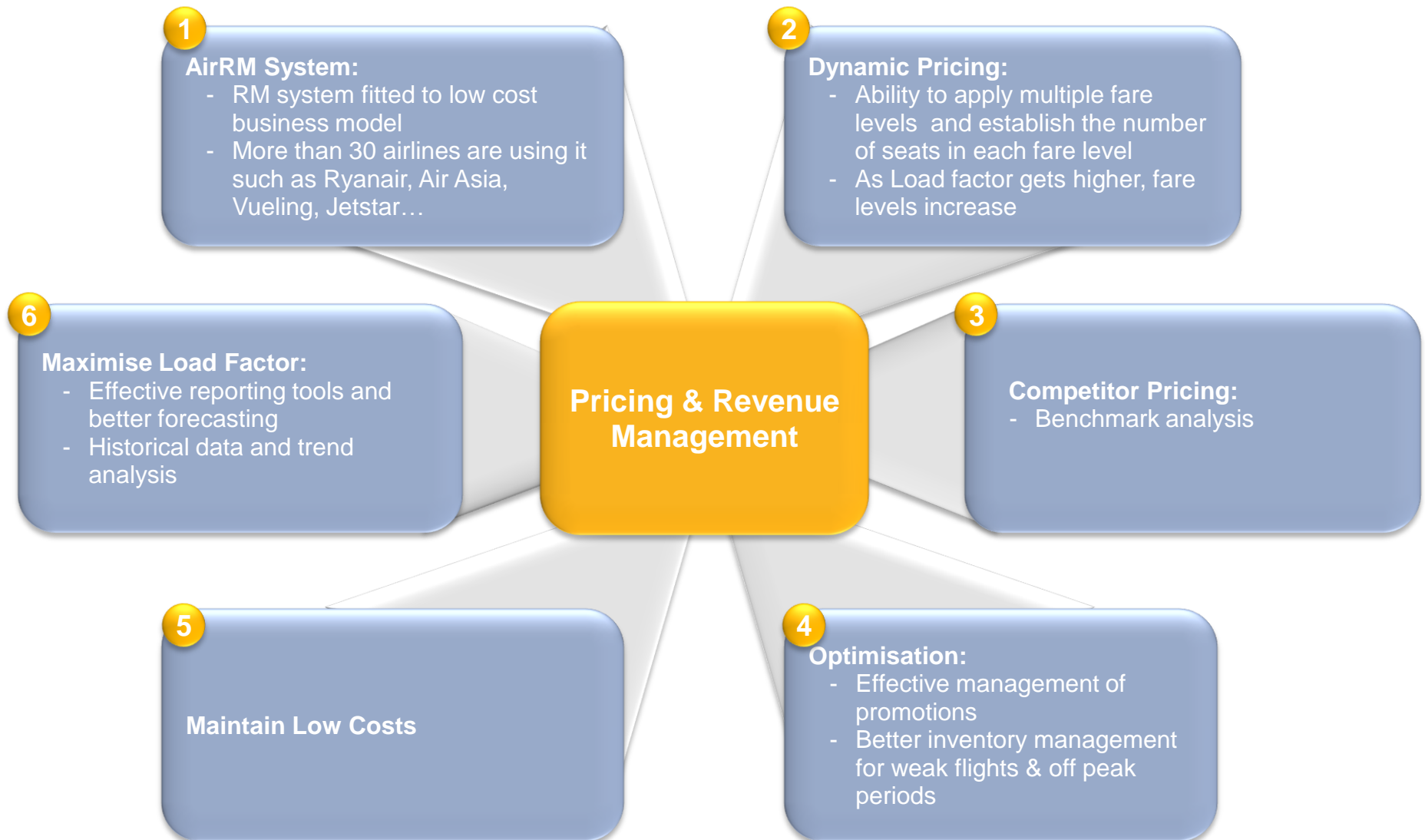
**Fig. 1: Sales Channels Development**



Source: Pegasus information.



# Pricing and Revenue Management



# Growing Ancillary Revenue



## Design your own experience



# Bundled Product: Packaging the Ancillaries



Increasing customer simplicity is choice without adding complexity



## Essentials



Standard baggage allowance



Pegasus Plus flight Points



## Advantage



Extra 5kg baggage allowance



Pegasus Plus flight Points



Free seat selection



Sandwich and drink



## Extras



Extra 10kg baggage allowance



Pegasus Plus flight Points



Free seat selection



Hot meals and drink for International flights.  
Sandwich and drink for Domestic flights



Free changes and refunds

# Value of Our Brand



Pegasus took part in the list of Europe's Best Low Cost Airlines at the 2013 World Airline Awards



Pegasus won A Crystal Apple and two Bronze Awards in the 25th Crystal Apple Advertising Awards



Pegasus was given the Golden Mixx Award in the Microsite category at the Mixx Awards 2012, where the best in the digital marketing communication industry are identified, for its 'What's Going On Behind This Website?' digital campaign during May of that year



According to a flight comparison website WhichAirline's report, Pegasus was chosen as the cheapest low cost carrier in Europe, comparing with 20 well-known low cost airlines



Pegasus was awarded the first prize in the Best Travel Advert category of the first-ever A Awards Outdoor Adverts Competition, held by ARVAK (Outdoor Adverts Foundation), for its 'Communicate With Holidaymakers Outdoors' campaign



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# Financial Review and Management

Serhan Ulga - CFO

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# Key Highlights of 2013 Results



- Operational and financial results were announced yesterday at close of business in Istanbul
- Load Factor increased by 2% as our PAX per cycle went up from 145 to 149 and our ASK grew by 23% vs. 2012
- CASK excluding fuel (€) has increased from 2.35 in 2012 to 2.45 in 2013
- 34% increase in revenues supported by significant growth in scheduled operations and increased ancillary revenue
- EBITDAR went up by 36% supported by operational growth. EBITDAR margin increased to 22.3% from 21.9% mainly driven by increase in scheduled RASK, ancillary per PAX and utilisation
- Ancillary revenue per PAX increased by 19% with the penetration of existing ancillary services
- Adjusted Net debt/EBITDAR leverage went down to 2.8x from 4.5x. Cash<sup>(1)</sup> /Revenue increased to 37% from 12%

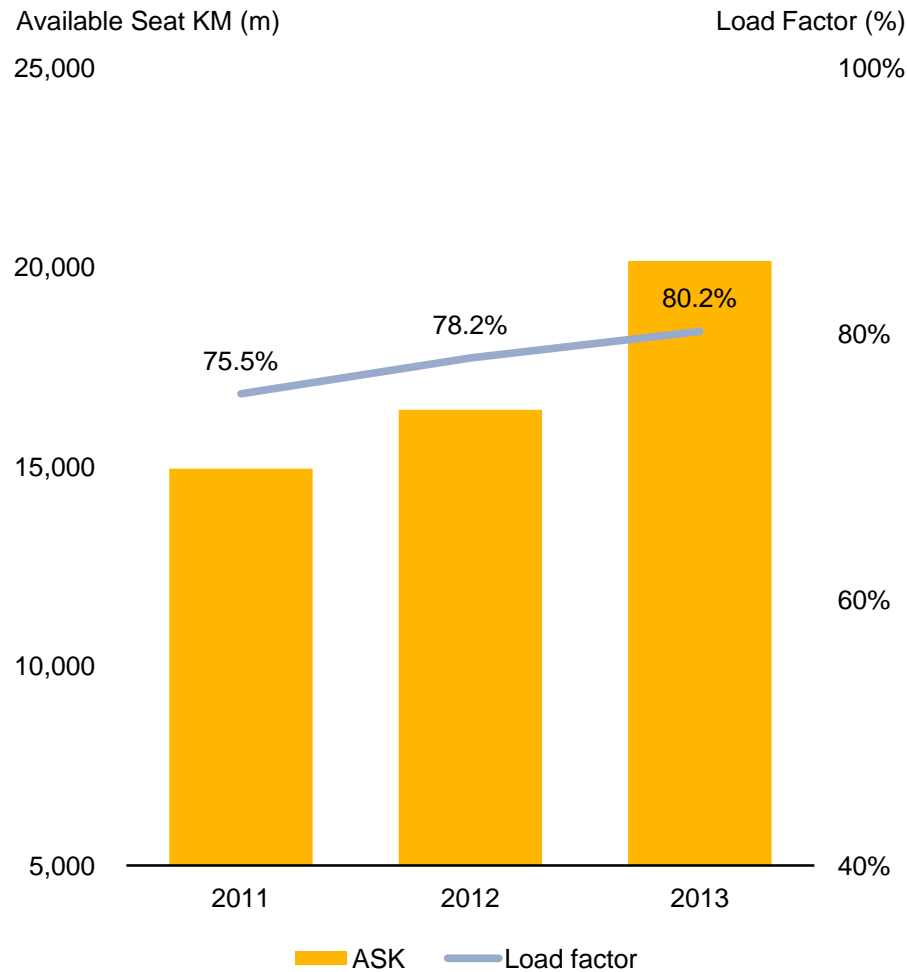
1. Cash and cash equivalent.

# ASK and Load Factor Analysis



**Fig. 1: ASK and Load Factor**

## Comments



- 20,162m available seat kilometres (ASK) in period
  - Up 22.7% vs. previous year
- Load factor of 80.2% in period
  - Up 2% vs previous year
- Key drivers:
  - Low fares
  - Network optimisation
  - Dynamic Pricing System

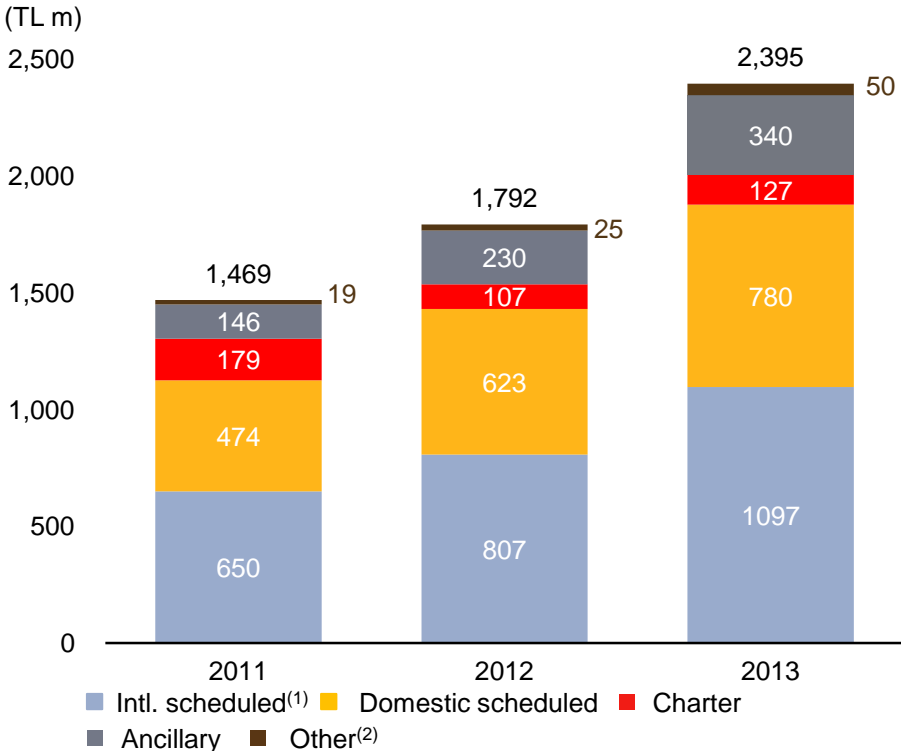
Source: Pegasus information.

# Strong Revenue Performance



**Fig.1: Revenue Development**

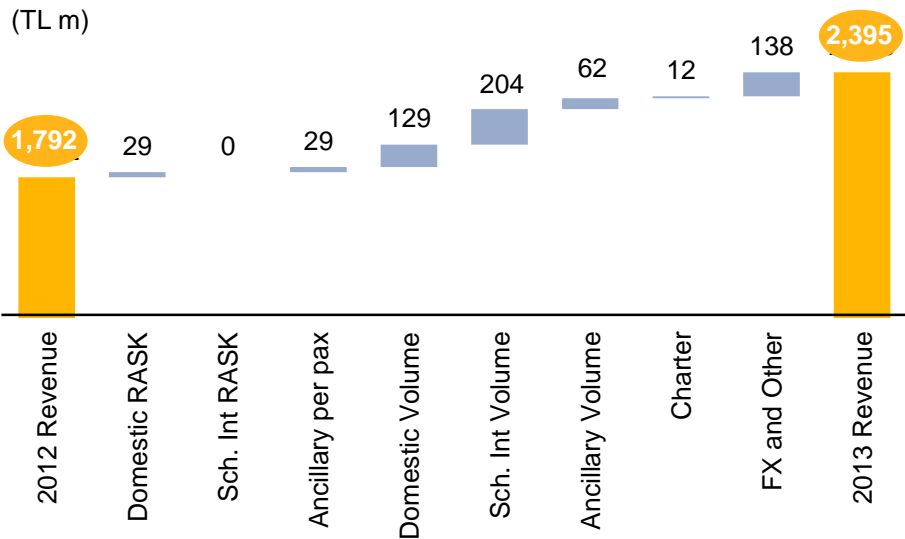
	CAGR 2011-2013
International scheduled <sup>(1)</sup>	29.9%
Domestic scheduled	28.2%
Charter	(15.7%)
Ancillary	52.7%
Other <sup>(2)</sup>	62.5%



**Comments**

- Group revenues of TL 2,395m in 2013
- Up 33.7% vs. previous year
- Strong performance over the last 3 years with a 2011-2013 CAGR of 27.7%

**Fig. 2: Revenue Bridge**

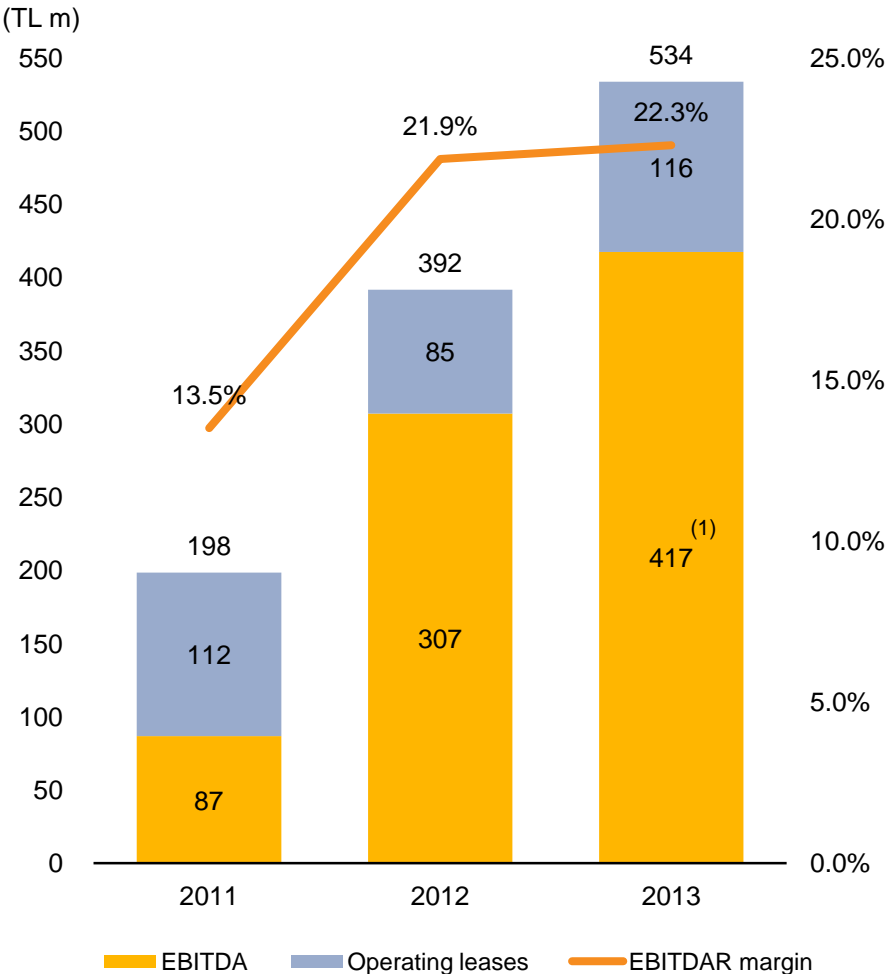


Source: Pegasus information.  
 1. Includes international split charter.  
 2. Includes cargo services and training revenue.

# EBITDAR Analysis



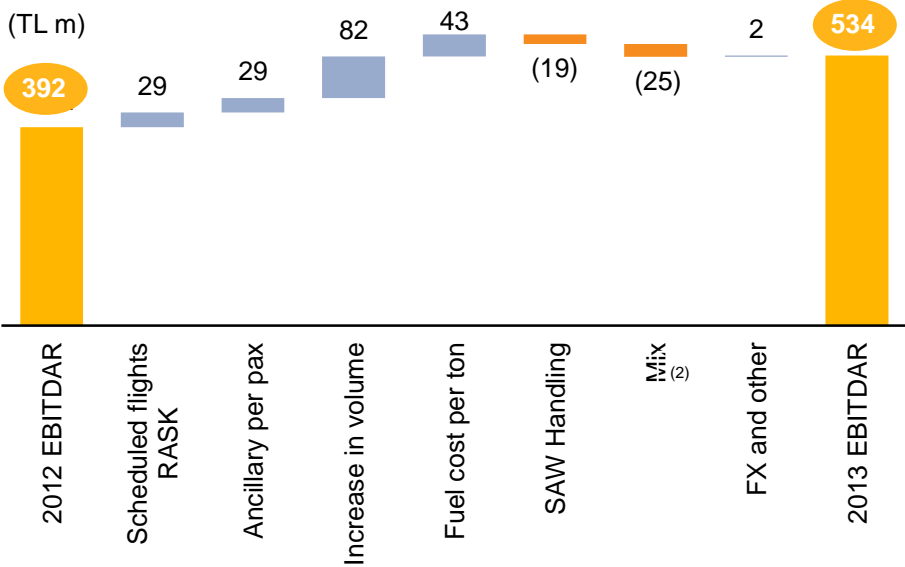
**Fig. 1: EBITDAR and Margin (2011-2013)**



**Comments**

- TL 533.5m EBITDAR in period
- Up 36.2% vs. previous year
- 2011-2013 CAGR of 64.0%
- EBITDAR margin increased to 22.3%

**Fig. 2: 2012-2013 EBITDAR Bridge**



Source: Pegasus information  
1. Recurring EBITDA.

2. Mix includes: Izair & Air Manas consolidation (TL 8m), Regulatory change in shift structure (TL 11m), Change in estimate (engine overhaul) (TL 6m).

# CASK Analysis



Fig. 1: CASK € (exc. fuel) Bridge

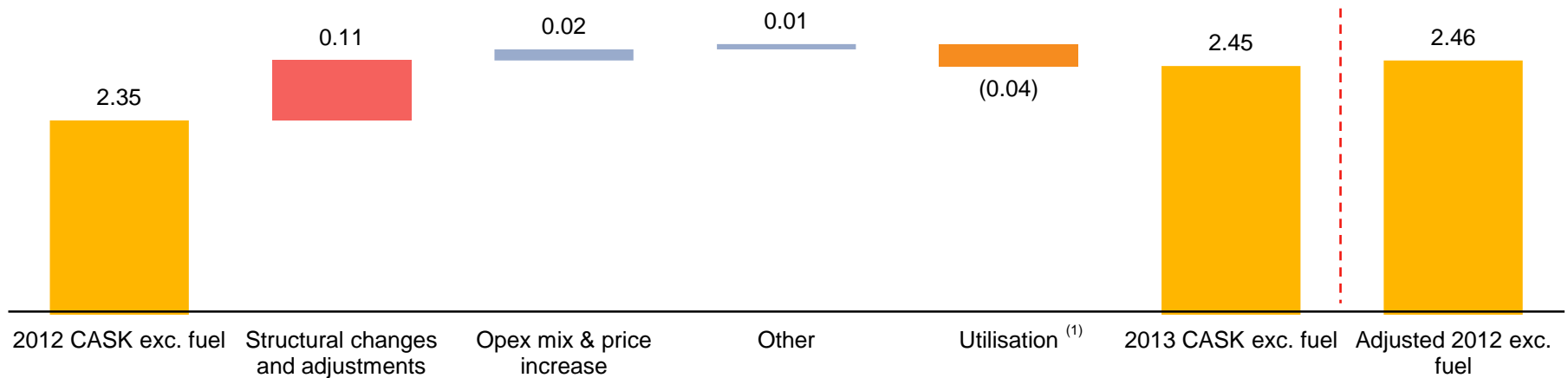


Fig. 2: CASK (TL)

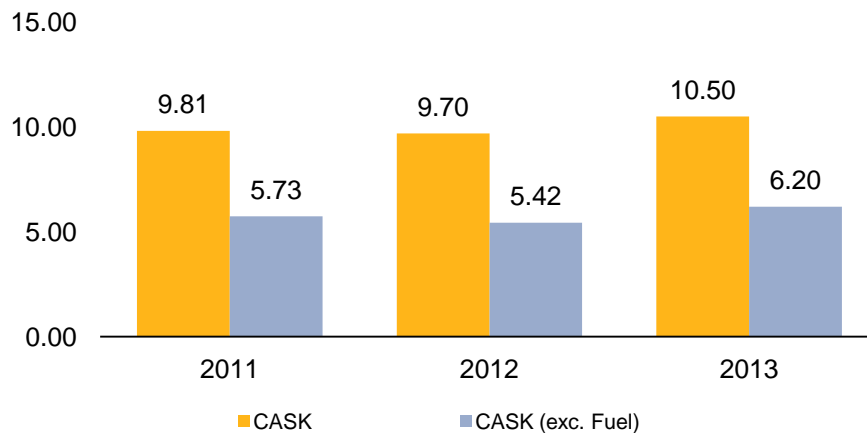
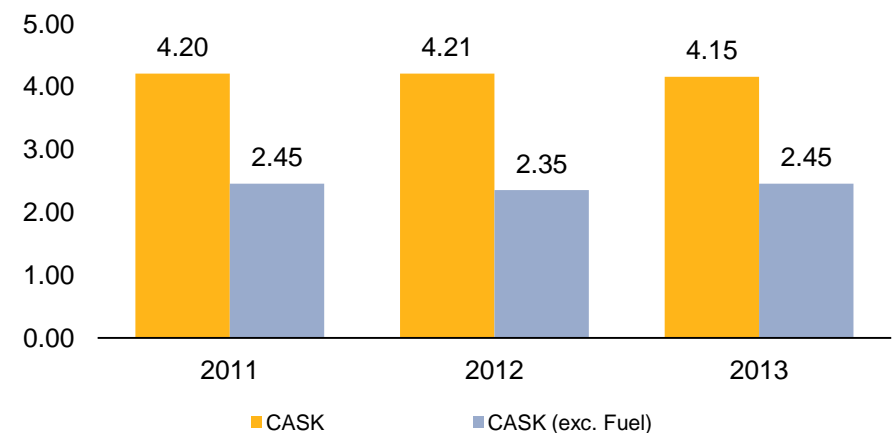


Fig. 3: CASK (€)



Source: Pegasus information.

1. Utilisation impact: increase in ASK due to better utilisation reduces 2013 fixed costs per ASK (2013 Fixed costs/ASK produced by 2013 utilisation @ 2013 # of Operated A/C – 2013 Fixed costs/ASK produced by 2012 utilisation @ 2013 # of Operated A/C).

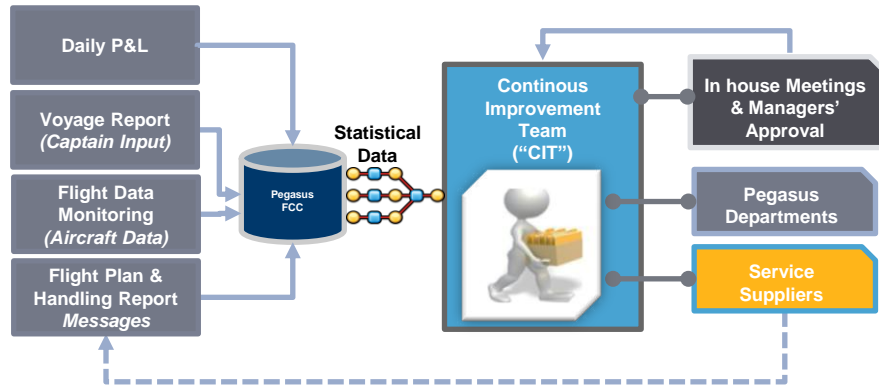


# Relentless Focus on Costs



## Our Continuous Improvement Team have delivered impressive efficiency savings

**Fig. 1: How Does CIT Operate?**



**Fig. 3: Daily P&L System**

EUR <sup>(1)</sup>	Saturday	Sunday	Monday
Grand Total (incl.com.&pass.tax)	1,580,101.94	1,650,628.87	1,354,848.66
Ancillary Revenue	410,738.58	428,941.10	393,149.67
Other Income	31,746.51	31,326.56	29,380.69
<b>Total Revenue</b>	<b>2,022,587.04</b>	<b>2,110,896.53</b>	<b>1,777,379.02</b>
Fuel	947,283.69	939,854.59	875,868.19
Handling	154,630.97	159,613.00	143,253.49
Landing	57,909.10	60,177.79	54,538.37
Overflight	145,527.46	142,256.61	130,899.42
Crew Cost	22,484.81	22,796.81	20,868.57
Maintenance	113,407.93	113,587.19	105,597.52
Catering Cost	23,275.27	25,371.49	22,223.42
Passenger Tax	0.00	0.00	0.00
Commission	47,134.44	49,554.38	42,495.48
Other DOC	30,688.28	30,401.85	28,691.15
<b>Total Operating Expenses</b>	<b>1,542,341.94</b>	<b>1,543,613.71</b>	<b>1,424,435.61</b>
<b>Contribution</b>	<b>480,245.09</b>	<b>567,282.82</b>	<b>352,943.42</b>
<b>Total Expenses</b>	<b>2,359,619.95</b>	<b>2,360,891.72</b>	<b>2,241,713.62</b>
<b>EBITDAR</b>	<b>(30,084.90)</b>	<b>56,952.83</b>	<b>(157,386.57)</b>
Cont.per BH	910.66	1,080.46	723.08
Rev.per PAX (excl.tax)	32.68	32.18	28.85
PAX	48,346.00	51,292.00	46,966.00
LF %	85%	85%	83%
Seat	57,186.00	60,399.00	56,460.00

Source: Pegasus information.

1. FX rate: Daily Turkish Central Bank exchange rate.

**Fig. 2: Selected Saving Initiatives**

### Flight Procedures

- High flight level
- Engine derate-reduced take-off thrust
- APU usage only on the ground
- One alternative airport instead of two
- Hr/cycle minimisation
- Flight planning system change (multi leg tankering, etc.)
- Landing fuel decrease
- Reverse thrust idle

### Weight Reduction

- Removal of airstairs
- Oven number decrease in the galley
- Light weight carpet and trolleys
- Hygiene materials in standard units instead of trolley
- Potable water filling and magazines weight

### Technics

- Carbon brake (steel brakes are replaced by carbon ones – weight decrease and lower maintenance cost)
- Engine washing

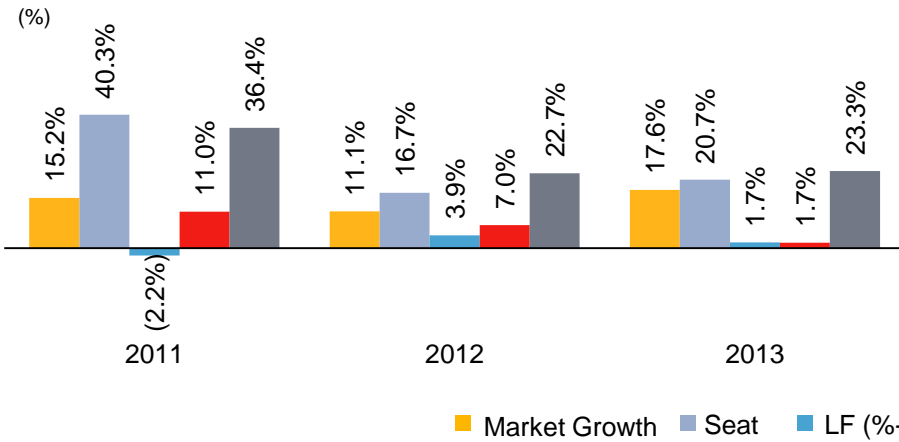
### Other

- Crew Utilisation
- MTOW decrease (lower enroute and landing charges)
- Ideal MAC (for lower fuel flow)
- Negotiation for lower price at SAW for electricity (50% reduction)

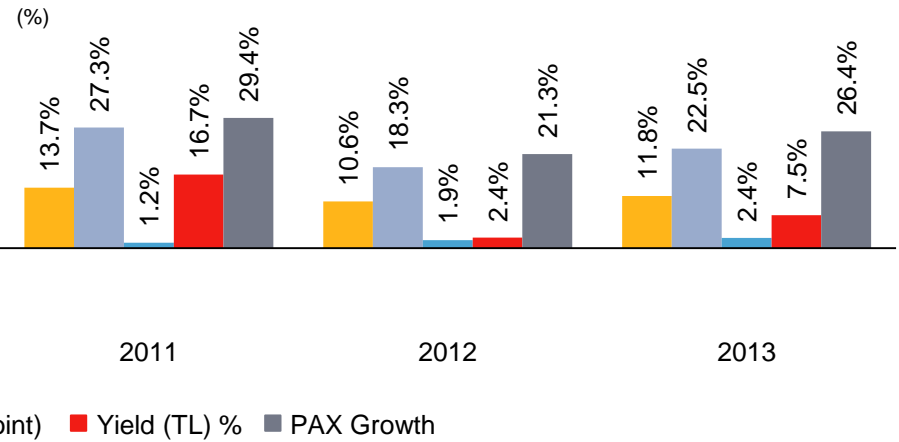
# KPI Drivers and RASK Analysis



**Fig. 1: Change in Key Domestic Scheduled Metrics**



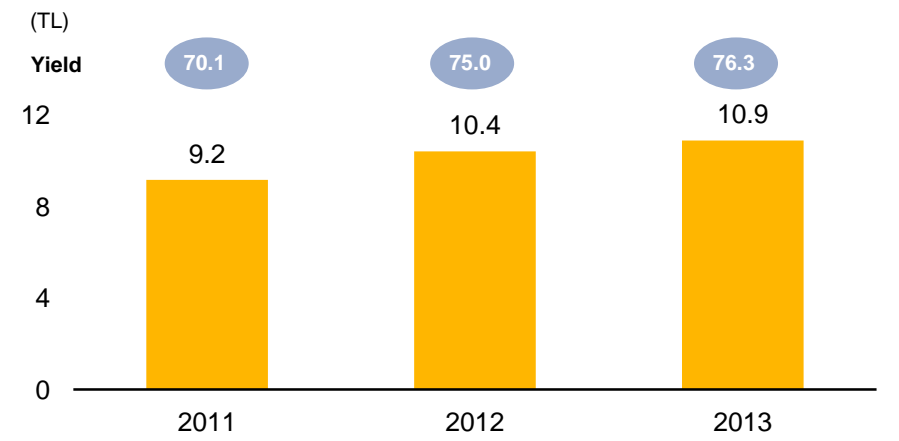
**Fig. 2: Change in Key International Scheduled Metrics**



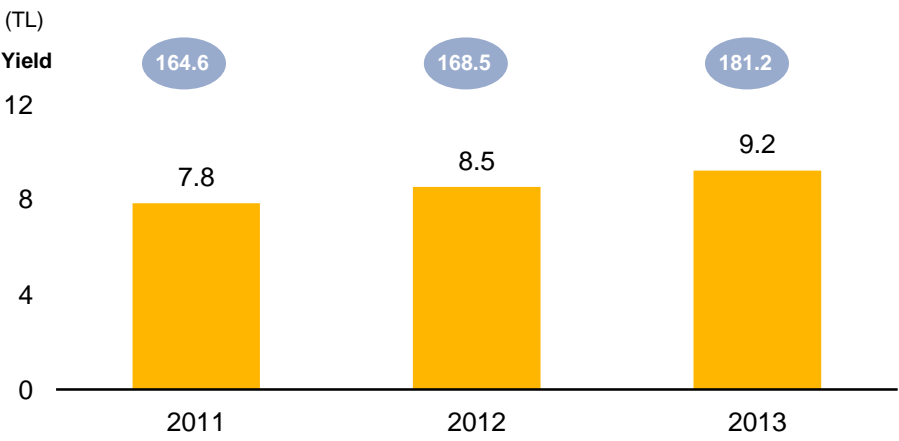
Source: Pegasus information.

Source: Pegasus information.

**Fig. 3: Domestic Scheduled RASK**



**Fig. 4: International Scheduled RASK**



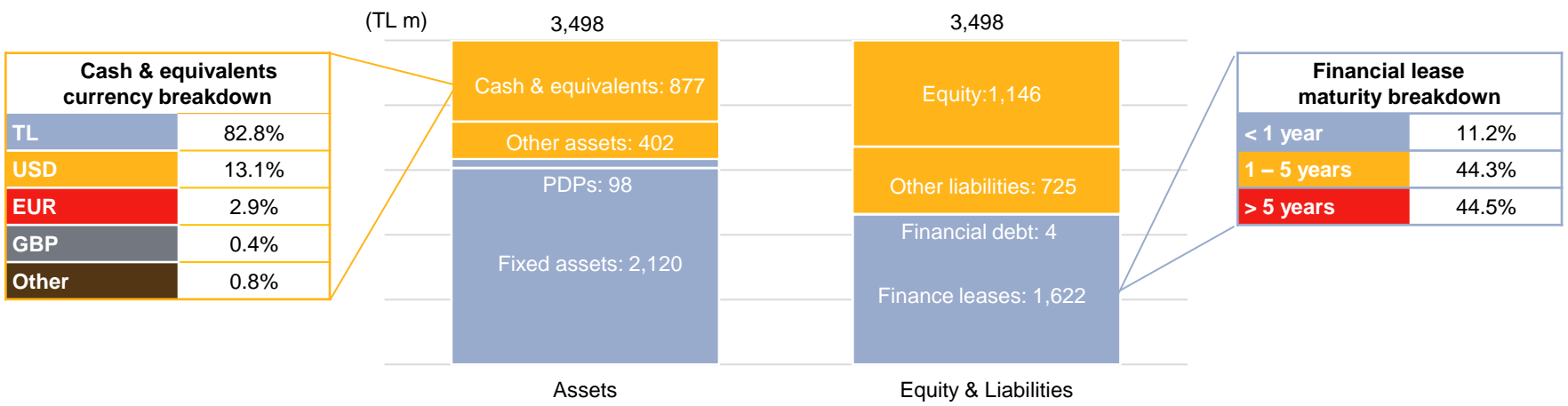
Source: Pegasus information.

Source: Pegasus information.

# Balance Sheet and Leverage Analysis

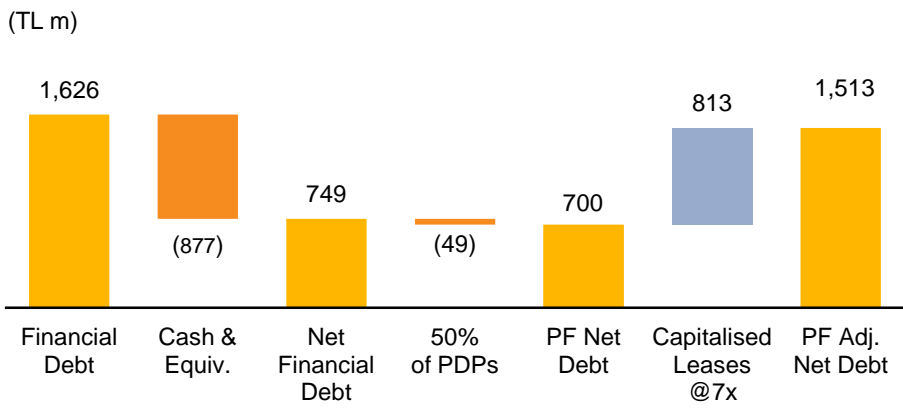


**Fig. 1: Balance Sheet Structure (31<sup>st</sup> Dec 2013)**



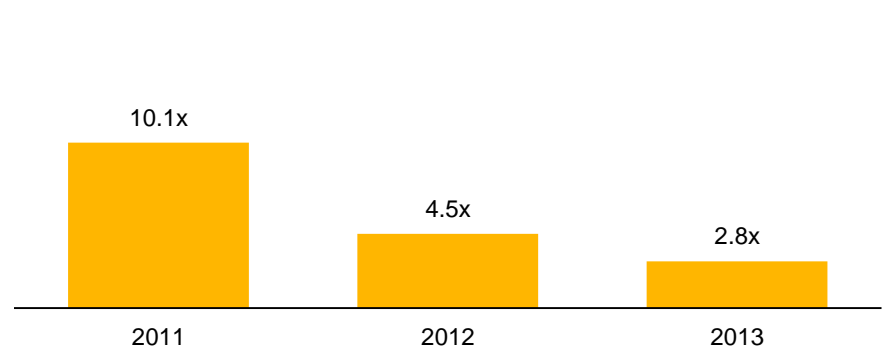
Source: Pegasus information.

**Fig. 2: Adjusted Net Debt (31<sup>st</sup> Dec 2013)**



Source: Pegasus information.





**Fig. 3: Adjusted Net Leverage<sup>(1)</sup>**



Source: Pegasus information.  
 1. Adjusted net leverage calculated as adjusted net debt divided by EBITDAR. Adjusted net debt calculated as financial debt minus cash and cash equivalents minus 50% of PDPs plus operating leases capitalised at 7.0x.

# Foreign Exchange Sensitivity on Balance Sheet



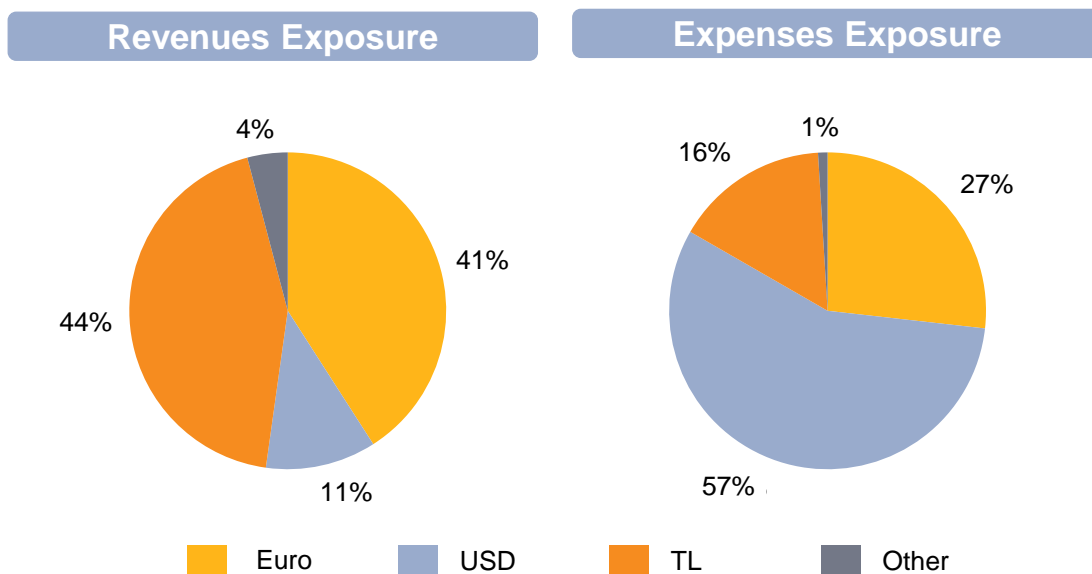
Assets		Liabilities & Equity	
<b>Monetary Assets</b>		<b>Monetary Liabilities</b>	
Cash and cash equivalents	€  VS. TL, \$, £ = FX Loss @ P&L	Bank Loans	€  VS. TL, \$, £ = FX Gain @ P&L
Trade receivables		Obligations under finance leases	
PDP		Trade payables	
FX Gain/(Loss) recorded in 2013 (TL m): (192.1)		FX Gain/(Loss) recorded in 2013 (TL m): 51.9	
<b>Non-Monetary Assets</b>		<b>Non-Monetary Liabilities &amp; Equity</b>	
Investments	€  VS. TL = FX Gain @ P&L	Capital	€  VS. TL = FX Loss @ P&L
Tangible assets		Premium in excess of par	
Intangible assets		Retained earning	
FX Gain/(Loss) recorded in 2013 (TL m): 143.5		FX Gain/(Loss) recorded in 2013 (TL m): (125.0)	
Net FX Gain/(Loss) recorded in 2013 (TL m): (121.8)			

Note: €/TL rates: 31/12/2013: 2.9365; 31/12/2012: 2.3517.

# Understanding Pegasus' P&L FX Exposure



**Fig. 1: Foreign Currency Position of Income Statement (%)**



**Fig. 2: Sensitivity Table (TLm)**

	EUR/TL	USD/TL	Fuel
$\Delta$	+0.01	+0.01	+\$10
	EUR/TL	USD/TL	Fuel
<b>Revenues</b>	3.9	1.4	-
<b>Opex</b>	2.2	6.3	8.4
<b>EBIT</b>	1.6	-4.8	-8.4
<b>EBITDAR</b>	2.2	-4.2	-8.4

## Pegasus manages its FX exposure by hedging

- Pegasus hedges its entire Euro denominated surplus and its Turkish Lira denominated surplus totalling up to 100% USD needs
- Hedging policy allows to cover currencies such as British Pound, Euro, Swiss Franc, Turkish Lira and USD for up to 12 months
- For 2014, 86% of USD short positions are hedged already (2013: 96%)
- Hedging volumes:
  - Fuel – 2014: 41%; 2015: 4%
  - Dollar – 2014: 86%; 2015: 3%

Source: Pegasus information.



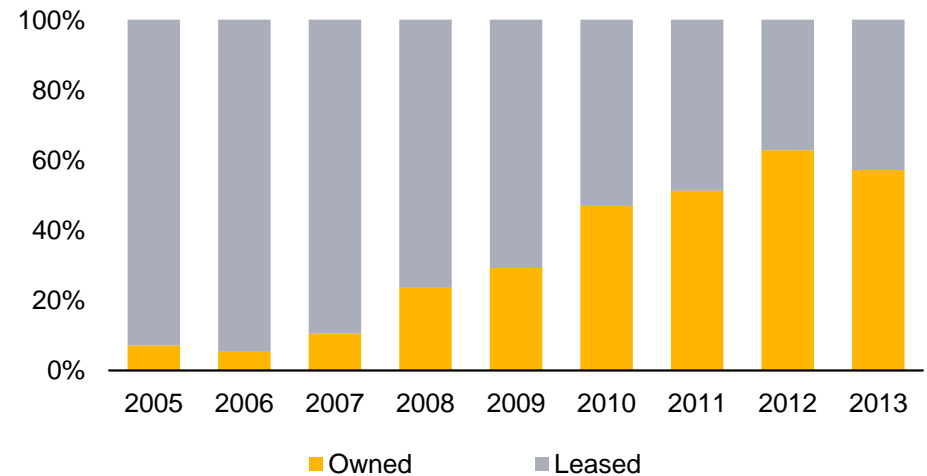
# Aircraft Financing



**Fig. 1: Fleet Overview**

Fleet at 31 Dec 13	Owned	Leased	Total
Boeing 737-800	27	19	46
Boeing 737-400	1	0	1
Airbus A320 CEO	0	2	2
<b>Total Fleet</b>	<b>28</b>	<b>21</b>	<b>49</b>

**Fig. 2: Ownership Profile**



## Comments

- Airbus Fleet Financing Plan
- We envisage to finance the first half of Airbus Neos by using ECA backed financing, EETC and JOLCO structures and keep them on our balance sheet
- We believe the earlier delivered aircraft will have higher residual values
- We are actively investigating different structures to optimize our capital employed structure and financing sources

Source: Pegasus information.



## **Outlook & Trends**

**Sertaç Haybat - CEO**

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# Outlook & Trends



Traffic – Market Growth	<ul style="list-style-type: none"><li>▪ We expect continuation of robust PAX growth in the Turkish aviation market<ul style="list-style-type: none"><li>▪ We target a total PAX growth of c.20% in 2014</li></ul></li><li>▪ DHMI forecasts passenger growth of 10% CAGR in Turkey between 2013 and 2015</li></ul>
Capacity Increase	<ul style="list-style-type: none"><li>▪ In total, we expect to add c.20% of additional ASKs annually to our network over the next three years</li><li>▪ In terms of utilisation, we expect a similar performance to 2013 within the short term</li></ul>
Load Factors and Bookings Trend	<ul style="list-style-type: none"><li>▪ Current favourable trends in load factors expected to continue in 2014 – we target to exceed 2013 levels<ul style="list-style-type: none"><li>▪ Our mid term target is to exceed 82% levels in load factor</li></ul></li></ul>
RASK / Yield	<ul style="list-style-type: none"><li>▪ Pressure on yields offset by increased load factor, resulting in a stable RASK</li></ul>
Ancillary Revenues	<ul style="list-style-type: none"><li>▪ Our target is to grow our ancillary revenues to at least €10-12 per PAX range within the next three years</li></ul>
Operating Costs (CASK)	<ul style="list-style-type: none"><li>▪ Expected to remain stable for the near term</li><li>▪ CIT team actively looking into several initiatives to further bring down costs – and increase the estimated and cumulative savings from 2013's \$48m level</li></ul>
EBITDAR margin	<ul style="list-style-type: none"><li>▪ Between 21-23%</li></ul>
Capex and Cash Flow	<ul style="list-style-type: none"><li>▪ We expect marginal non-aircraft capex</li><li>▪ We target positive cash flow impact from working capital changes</li></ul>

1. These trends and targets involve a number of risks and uncertainties and actual results may differ materially. See disclaimer at the end of the presentation.



# Appendix

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# Key Operating Statistics



## Key Operating Statistics

	2012	2013
Domestic PAX (m)	8.3	10.2
International PAX (m)	4.8	6.1
Charter (m)	0.5	0.5
<b>Total PAX (m)</b>	<b>13.6</b>	<b>16.8</b>
ASL (km)	947	962
Number of segments flown	93,800	112,785
Pax / Cycle	145	149
ASK (m)	16,429	20,162
Seats (m)	17.4	21.0
<b>Load factor</b>	<b>78.2%</b>	<b>80.2%</b>
Number of employees (year end)	2,045	3,099
Average number of operated aircraft	37.4	41.8
Average fleet age	3.7	4.1
Utilisation	11.7	12.6
Turns per day	6.9	7.4
Fuel burn per BH (ton/BH)	2,196	2,194
On-time performance	92.3%	90.3%

Source: Pegasus information.



# Income Statement



## Income Statement

(in TL m)	2012	2013
<b>Sales</b>	<b>1,792</b>	<b>2,395</b>
Jet fuel expenses	(702)	(867)
Personnel expenses	(198)	(274)
Maintenance expenses	(70)	(108)
Handling fees	(111)	(156)
Navigation expenses	(103)	(143)
Landing expenses	(40)	(60)
Passenger service and catering expenses	(20)	(25)
Advertising expenses	(37)	(48)
Commision expenses	(25)	(35)
Other expenses	(98)	(146)
Other income/(expense) (net)	4	3
Total Costs	(1,400)	(1,862)
<b>EBITDAR</b>	<b>392</b>	<b>534</b>
<i>Margin</i>	<i>21.9%</i>	<i>22.3%</i>
Operating lease expenses	(85)	(116)
Depreciation and amortisation expenses	(104)	(136)
Share in gain/ (loss) of associates	(2)	(1)
One off costs	0	(19)
Finance income/(expense) net including fx gain/(loss)	(36)	(104)
<b>EBT</b>	<b>165</b>	<b>158</b>
<i>Margin</i>	<i>9.2%</i>	<i>6.6%</i>
AB Turkey Operation EBT	(10)	(3)
<b>EBT-IFRS</b>	<b>155</b>	<b>155</b>
Deferred Tax Charge	(29)	(66)
<b>Net Profit / (Loss)</b>	<b>126</b>	<b>88</b>

Source: Pegasus information.

# Balance Sheet



## Balance Sheet

(in TL m)	2012	2013
<b>Assets</b>		
Cash and cash equivalents	210	877
Trade & other receivables	127	310
Inventories	2	4
<b>Total current assets</b>	<b>339</b>	<b>1,191</b>
Investments	2	1
Tangible assets and Intangible assets	1,735	2,132
Other receivables and non-current assets	133	165
Deferred tax assets	0	8
<b>Total non-current assets</b>	<b>1,870</b>	<b>2,307</b>
<b>Total Assets</b>	<b>2,209</b>	<b>3,498</b>
<b>Liabilities</b>		
Financial liabilities	51	4
Obligations under finance leases	135	181
Trade payables	130	167
Other payables and current liabilities	198	294
Provision for employee benefits	24	31
<b>Total current liabilities</b>	<b>538</b>	<b>678</b>
Obligations under finance leases	1,241	1,441
Other non-current liabilities	26	66
Provision for employee benefits	4	6
Deferred tax liabilities	72	161
<b>Total non-current liabilities</b>	<b>1,344</b>	<b>1,674</b>
<b>Total Liabilities</b>	<b>1,882</b>	<b>2,352</b>
<b>Equity</b>		
Share capital	75	102
Retained earnings before net profit / (loss)	12	138
Net profit / (loss) for the year	126	92
Other	114	814
<b>Equity attributable to equity holders</b>	<b>327</b>	<b>1,146</b>
Non-controlling interest	0	1
<b>Total equity</b>	<b>327</b>	<b>1,146</b>
<b>Total liabilities and equity</b>	<b>2,209</b>	<b>3,498</b>

Source: Pegasus information.

# Cash Flow Statement



## Cash Flow Statement

(in TL m)	2012	2013
Net Profit / Loss	126	92
Depreciation and amortization	104	136
Current tax expense	29	66
Interest and commission (income)/expense	32	(22)
Other	37	82
<b>Cash generated from ops. Before changes in WC</b>	<b>328</b>	<b>354</b>
(Increase) / Decrease in trade receivables	27	(147)
(Increase) / Decrease in inventories	(1)	(2)
(Increase) / Decrease in other receivables and other current assets	(2)	(47)
Increase in trade payables	83	38
Increase in deferre income, other payables and other current liabilities	29	82
<b>Changes in Working Capital</b>	<b>135</b>	<b>(76)</b>
<b>Cash flows from operating activities</b>	<b>464</b>	<b>278</b>
Payment for bonus plan and retirement pay liabilities	(1)	(19)
<b>Net cash from operating activities</b>	<b>462</b>	<b>260</b>
Purchase of tangible and intangible assets	(20)	(31)
Changes in advances on aircraft	14	(9)
Cash proceeds from sales of tangible and intangible assets / other	3	1
<b>Net cash used in investing activities</b>	<b>(4)</b>	<b>(39)</b>
Repayment of lease payables	(117)	(144)
Interest paid	(37)	(29)
Increase in borrowings	318	7
Repayment of borrowings	(446)	(58)
Net cash inflows related with the sale of shares and other equity instruments	0	483
Other	3	47
<b>Net cash provided by / (used in) financing activities</b>	<b>(279)</b>	<b>305</b>
Net increase in cash and cash equivalents before the effect of translation differences	180	526
Effect of translation differences on cash and cash equivalents	11	142
Cash and cash equivalents at the beginning of the period	20	210
<b>Cash and cash equivalents at the end of the period</b>	<b>210</b>	<b>877</b>

Source: Pegasus information.



## Technical and operational integrity are of paramount importance to Pegasus



- Routine, scheduled maintenance checks on Pegasus' aircraft, including pre-flight, daily and overnight checks and any diagnostics and routine repairs ("A" checks)
- Approved maintenance organisation and licensed by the Turkish Civil Aviation Authority to provide line maintenance for B737-300/400/500/800 models
- At airports where Pegasus does not have a line station, these services may be performed by other maintenance organisations certified through EASA 145 or the Turkish Civil Aviation Authority



# Ground Operations



- Self handling is performed in SAW (Sabiha Gokcen) and ADB (Izmir) which are Pegasus Airlines' main hubs
- Pegasus Airlines' turnaround time which we called Pit Stop, is between 20mn – 25mn for domestic flights and 30mn – 40mn for international flights
- GCC (Guest Control Center) :manages all operational and irregularity issues of transfer and local passengers.
- We also manage baggage service and carried 13.7 mn baggage. Our mishandled success percentage is 0.29 %. (Global average is 0.88 % according to SITA 2013)



Source: Pegasus information.



# Training



## We offer in-house training and for third parties through Pegasus Flight Academy

- All training programs for pilots and cabin crew are approved by the Turkish Civil Aviation Authority (regularly audited)
- Pegasus is Type Rating Training Organisation (TRTO) certified
- In December 2012, Pegasus implemented the infrastructure for the e-learning portal “Pegalearn” for employees which will allow access to the e-learning catalogue of soft skill and technical courses in addition to the standard courses assigned to employees
- As of 1 January 2013, Pegasus is entitled to use the IATA Authorized Training Center which will enable Pegasus employees to obtain the IATA certified courses and train the employees of other airline companies

### Pilot Training

- Has provided either basic or refresher training for pilots flying the Pegasus fleet since 1994

### Technical Training

- Only company in Turkey that provides “Human Factors in Maintenance” training

### Cabin Crew Training

- Cabin crew training takes place in the Pegasus Training Academy and has done so since the airline’s inception in 1990
- This training complies fully with international civil aviation rules and is within the framework of programs authorized by the Turkish Department of Transport and the Directorate General of Civil Aviation



Source: Pegasus information.

# Airports and Airport Projects in Istanbul



We believe the third airport project could provide significant cost and catchment area expansion benefits for us

Description

## Sabiha Gökçen Airport (SAW)

- International airport located on the Anatolian side of Istanbul, 35km southeast of central Istanbul
- Large catchment area – c.20m population living within an area of 100km
- State of the art terminal and an underutilised runway
- Pegasus Airlines is the largest carrier
- 5,050m<sup>2</sup> duty free shopping area
- The terminals are operated by a consortium of Turkey's Limak Holdings, India's GMR Group and Malaysia Airports Holdings Berhad (MAHB)<sup>(1)</sup>

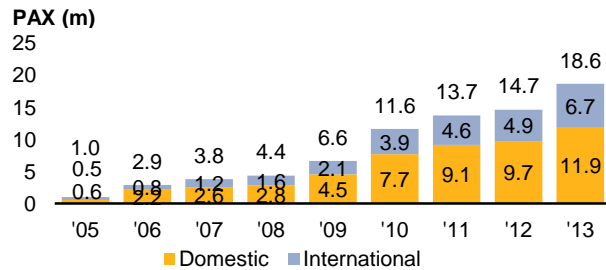


## Atatürk Airport (IST)

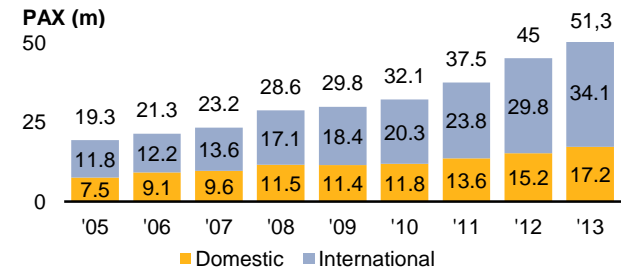
- Main Turkish international airport located on the European side of Istanbul, 25km to city center
- Catchment area: 5.5m people within 30 minutes, 10m people within 60 minutes and 17.5m people within 120 minutes
- Serves 124 airlines and allows access to more than 200 non-stop destinations
- THY is the largest carrier
- Equipped with the latest technology and automation systems
- 6,200m<sup>2</sup> duty free shopping area
- Operated by TAV Airports

Key Statistics

### Passengers



### Passengers



## New Airport Project – 3<sup>rd</sup> Airport

### Description

- If the new airport is constructed it is expected to provide substantial cost savings due to ample capacity
- Planned to be located between Yenikoy and Akpinar on the European side of Istanbul
- Covers a total area of 90 sq.m.
  - Currently the area has coal mines and requires a refilling of the underground coal pits of around 80-100m depth which will be the most costly and time consuming phase of the project
  - Tender specs mention the materials that will come out of Kanal Istanbul project will be given to the new airport construction if they are suitable, but otherwise it could be a force majeure for the operator

### Capacity

- 4 phase project – 150 max PAX capacity planned at the end of all phases, through 6 runways:
  - Phase 1 is expected to bring 70m PAX capacity
  - Phase 2 is expected to bring an additional 20m PAX capacity,
  - Phase 3 adds 30m PAX capacity
  - By the end of Phase 4 expected to reach 150m PAX capacity

Source: Sabiha Gökçen Airport website, TAV Airports, BMI, information on New Airport Project from Transport Minister Press Conference as of 23 January 2013.  
1. Ownership structure of SAW is subject to change as MAHB announced the acquisition of GMR's stake in December 2013.

# Our Main Hub – SAW Airport



State of the art facility with a large catchment area and ample room for further growth

**Fig. 1: SAW–Attractive Location in Istanbul**



- Attractive location: located 35km southeast of central Istanbul
  - Connection via Turkey’s two major highways provides easy and fast access to the airport
- Operated by a consortium of Turkey’s Limak Holdings, India’s GMR Group and Malaysia Airports Holdings Berhad (MAHB)<sup>(1)</sup>, who, after winning a 20-year concession in 2007, invested almost €500m in a new terminal
- Industrial and residential areas around the airport such as Bursa, Gebze, Izmit, Sakarya, Yalova and Istanbul Anatolian side
  - Public bus services, including bus services to the Kartal metro station connecting with Kadıköy, Asian centre of Istanbul and Pendik train station, allow for easy access to SAW
  - We also provide bus services to surrounding cities e.g. Bursa, etc.
- One of the largest catchment areas in Europe
  - c.18m population living within an area of 100km
- Announced construction of a second runway which would, if completed, bring total capacity of SAW to 50m passengers a year
  - This compares to Heathrow Airport operating at 100% capacity with c.70m passengers in 2012 and Charles de Gaulle Airport with 80m passengers capacity and c.62m passengers in 2012

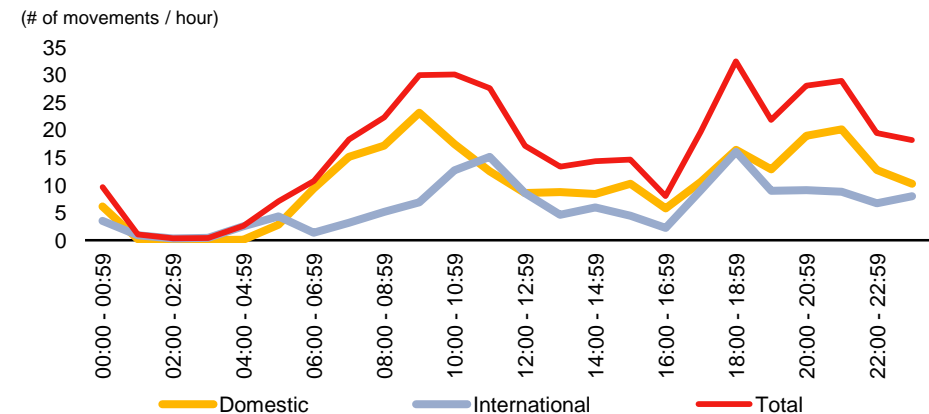
Source: Sabiha Gökçen Airport website.

1. Ownership structure of SAW is subject to change as MAHB announced the acquisition of GMR’s stake in December 2013.

**Infrastructure Details**

- 112 check – in and 30 Self Service check - in kiosks, a total of 54 passport counters for incoming and outgoing passengers
- 6,500m<sup>2</sup> food court for cafés and restaurants, 3 apron viewing lounges and CIP halls
- A two-storey VIP building with terminal connection, 400 sqm conference center, a four – storey car park with a capacity of about 4,718 vehicles & 70 buses (3,836 indoors and 882 + 72 bus outdoors)
- A three – storey airport hotel with 128 rooms, adjacent to the terminal and with separate entrances at air and ground sides
- Multi aircraft parking system, allowing synchronized service to 8 aircrafts with large fuselages or 16 middle sized fuselage aircrafts;
- EDS (Explosives Detection Systems) baggage screening
- 5,050m<sup>2</sup> Duty Free shopping area is run by SETUR and occupies a space of (3,300 sqm in departures and 1,200 sqm in arrivals halls)
- Awards: “Quality in Tourism” award at SKALITE 2012, “SuperBrands 2012” award – the only airport brand in 2012 list, “World Quality Commitment” award in the Gold Category, “Best Airport” award by Voyager magazine, “Best Marketing” award from Routes Europe in the Mediterranean & Southern Europe category

**Fig. 2: Underutilised Runway Capacity**



Source: DHMI February 2014.

# Domestic and International Growth Dynamics



**We have added multiple new and potential destinations both domestically and internationally since the beginning of our operations**

## Domestic

- Turkey is not an EU member and there are foreign ownership restrictions on airlines operating within Turkey
  - For example, non-Turkish airlines such as Ryanair and easyJet cannot provide scheduled services within Turkey with their own air operator certificate (“AOC”) and they cannot establish a Turkish entity controlled by them
- Being a Turkish carrier holding a Turkish AOC, we can fly to any domestic destination and we benefit from a large and attractive domestic aviation market - at the end of 2009, we had 17 domestic destinations; today we have 30 domestic destinations

## International

- International air traffic is governed by bilateral agreements between individual countries or collective agreements such as Open Skies between EU members and the United States
  - For example, Ryanair and easyJet can fly in and out of any airport within the EU; however, they are bound by bilateral international agreements when they fly outside EU borders
- Our international growth is subject to appropriate bilateral agreements between the Turkish government and other countries and there are generally two conditions: number of designated airlines and frequency restrictions
- We believe there is an ongoing liberalization process in bilateral agreements and over the years we have opened several new destinations either by obtaining designations or increasing frequencies - at the end of 2009, we had 15 international destinations; today we have 48 international destinations (including four we have announced and started selling tickets for)
- Beyond these regulations we have clear operational thresholds in selecting new destinations

**Selected International Additions to Our Network From 2012 to Feb 2014**

Destination	First Application	Date of Designation	Date of Commencement	Current Status of Bilateral Agreements
ALMATY	10/12/2009	08/03/2011	23/01/2012	Multiple designation; Restricted to 3 frequencies
OMSK	22/02/2010	23/01/2012	21/06/2012	Single designation; Restricted to 3 frequencies
LVIV	07/07/2011	11/07/2011	17/10/2012	Multiple designation; Restricted to 4 frequencies
DUBAI	26/09/2005	06/07/2011	18/10/2012	Multiple designation; Restricted to 5 frequencies
BELGRADE	16/08/2010	16/07/2012	01/02/2013	Multiple designation
SARAJEVO	29/09/2011	11/10/2012	28/02/2013	Multiple designation
BARCELONA	21/09/2012	11/10/2012	16/05/2013	Multiple designation; Restricted to 7 frequencies
DOHA	28/04/2011	04/05/2011	16/06/2013	Multiple designation; Restricted to 7 frequencies
ATHENS	23/06/2009	15/03/2013	29/06/2013	Multiple designation; Restricted to 7 frequencies
TIRANA	16/08/2010	31/05/2013	02/09/2013	Multiple designation
MOSCOW	08/09/2011	17/06/2013	08/10/2013	Multiple designation; Restricted to 3 frequencies
SOCHI (from Trabzon)	20/04/2011	26/04/2011	01/04/2013	Single designation on a route; Restricted to 7 frequencies
FRANKFURT	20/01/2014	26/01/2014	22/03/2014	Liberal; No restriction
MADRID	21/09/2012	11/10/2012	24/03/2014	Multiple designation; Restricted to 7 frequencies
KUWAIT	05/11/2012	26/12/2013	26/03/2014	Multiple designation; Restricted to 7 frequencies
SIMFEROPOL	24/04/2013	05/02/2014	14/04/2013	Open skies
GENEVA	10/02/2014	13/02/2014	To be announced	Liberal; No restriction
HAMBURG	10/02/2014	13/02/2014	To be announced	Liberal; No restriction

## General

- We generally monitor the daily performance of each route for at least 12 months before making a "continue" or "terminate" decision
- Since the beginning of our operations as a scheduled service provider, we have closed only 4 destinations:

Domestic: Kütahya Zafer (2013), Şırnak (2013-2014)

International: Sofia (2010-2011), Batumi (2012-2014)

# Definitions



## Definitions

“Pegasus,” the “Company,” “PGS,” “Group,” “we,” “our” and “us” refer to Pegasus Hava Taşımacılığı A.Ş.

All revenue, cost of sales, CASK, CASK ex-fuel, EBITDA, EBITDAR and EBITDAR margin items are Pegasus operational figures. These figures do not include the jointly controlled entity with Air Berlin (IzAir)

EBITDA, EBITDAR and EBITDAR margin are unaudited supplementary measures that are not presented in accordance with IFRS. They should not be considered as a substitute for IFRS measures.

EBITDAR, EBITDAR margin, CASK, CASK ex-fuel, RASK, ancillary revenue, internet sales, aircraft utilisation, “on-time” record, average stage length comparison of Pegasus vs. peer group defined in this document may not be comparable as the terms are not universally defined.

“PAX” refers to passengers.

“ASK” refers to available seat kilometers, and is equal to the number of seats available for passengers during a specified period multiplied by the number of kilometers that those seats are flown.

“ASL” refers to average stage length in kilometers, calculated by dividing available seat kilometers (ASK) by capacity.

“Fuel efficiency” is defined as “payload adjusted ton / block hour.” “Block hours,” or “BH” refer to the hours from an aircraft’s take-off to landing (including taxi time). “Payload adjusted ton” is based on 2010 carried PAX per flight, assuming 1 additional PAX adds a weight of 100kg and burns 4kg additional fuel when “carried” 1 block hour.

“CASK” refers to cost per available seat kilometer, and is equal to sum of cost of sales, general administrative expenses and selling and marketing expenses divided by available seat kilometers (ASK).

“Charter flights” refer to flights that take place outside normal schedules through contracting for an aircraft with a particular customer, typically a tour operator.

“Cycle” refers to the operation of an aircraft from take-off to its next landing.

“Load factor,” or “LF” refers to the total number of passengers as a percentage of the total number of available seats during any given period.

“CASK exc. fuel” is equal to CASK excluding jet fuel expenses divided by available seat kilometers (ASK).

“On-time” refers to a flight departure in connection with which the door of the aircraft closes within 15 minutes of the scheduled departure time.

“Point-to-point flight” refers to a flight that takes a passenger non-stop from the point of origin to the destination.

“Revenue passenger” refers to a passenger for whose transportation an air carrier receives commercial remuneration.

“RASK” refers to revenue per available seat kilometer.

“Seat capacity” refers to the total number of passengers who can be seated in an aircraft.

“Split charter flights” refer to an arrangement whereby a tour operator purchases a certain number of seats on a charter flight, rather than commit to the entire aircraft capacity, as seat capacity on each flight is sold in parts to several tour operators. As opposed to standard charter flights, airlines, not tour operators, are ultimately responsible for filling the aircraft.

“Yield” refers to total revenue divided by the number of passengers at any given period.



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