



Q1 2017
RESULTS PRESENTATION

MAY 10, 2017

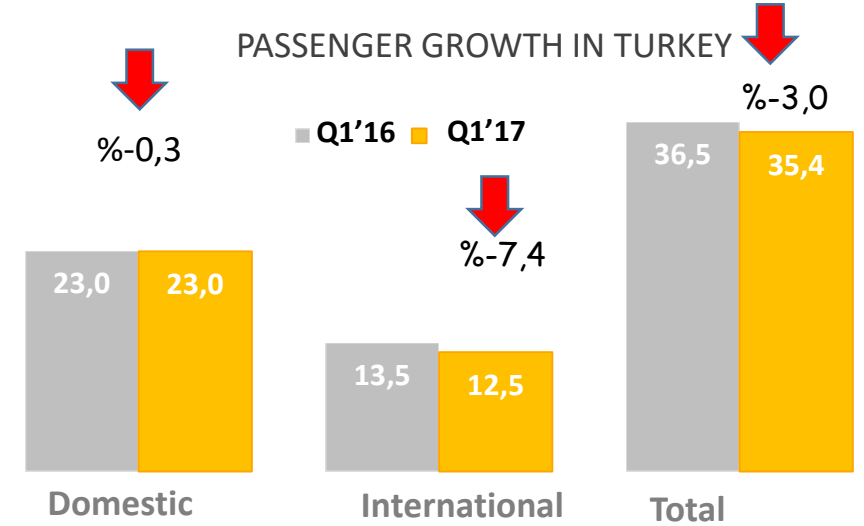
TABLE OF CONTENTS

1	Pegasus 2017 Q1 Operating Environment
2	2017 Q1 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	2017 Management Guidance

2017 Q1 Operating Environment

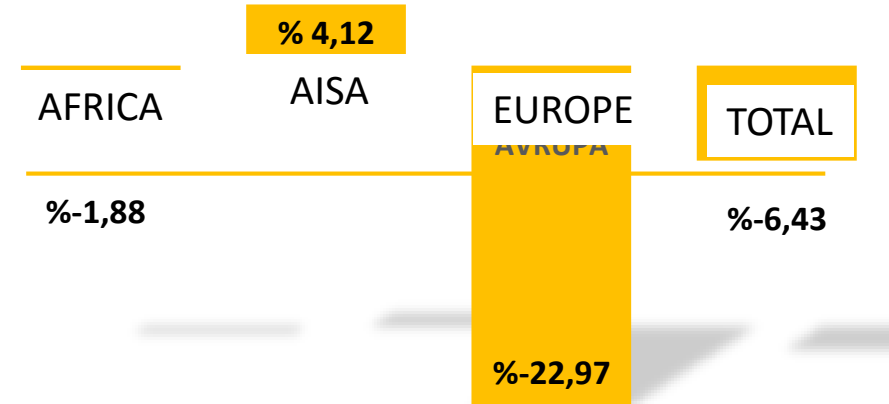


In 2017 in the first quarter data published by Devlet Hava Meydanları İşletmesi (DHMI); Total passengers used airports in Turkey contracted by 3% and realized as 35,4 million levels.



In January- March 2017 period, total tourists visited our country contracted by 6,43%.

YEAR OVER YEAR CHANGE IN TOURIST VISITING TURKEY



1	Pegasus 2017 Q1 Operating Environment
2	2017 Q1 PEGASUS OPERATIONAL PERFORMANCE
3	Revenue Development
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5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
8	Non – Fuel Cost Per Available Seat – NON FUEL CASK DEVELOPMENT
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13	2017 Management Guidance

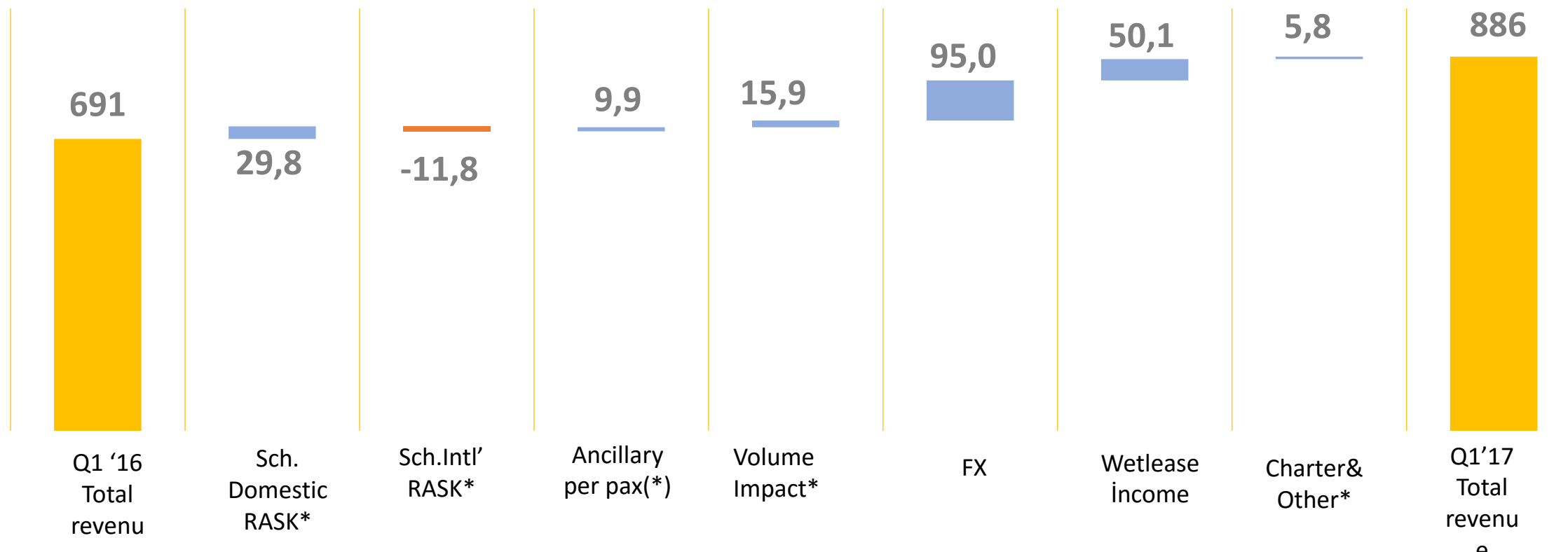


Promising Load Factors despite late Easter..

	2017 Q1	2016 Q1	Change
GUESTS CARRIED (pax mn)	5,76	5,36	7,4%
LOAD FACTOR %	80,9%	76,1%	4,8pp
SEAT (MN)	7,12	7,04	1,1%
AVERAGE STAGE LENGTH (KM)	983	985	-0,2%
REVENUE YIELD (TRY) ¹	110,4	93,6	17,9%
ANCILLARY PER PAX (€c)	9,9	10,1	-1,7%
TOTAL REVENUE (TLmn)	885,8	691,1	28,2%
FLEET @ PERIOD END	82	69	18,8%

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5	Fleet Development
6	Network & Frequency Development
7	EBITDAR Development
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Total revenue increased by 28%...



COMMENTS

- ➔ Total revenue in the first quarter of 2017 increased by 28.
- ➔ FX, Wetlease income, Operational volume impact and ancillary per pax made a positive contribution.
- ➔ Increasing security concerns in 2016 had a negative impact on passenger demands and unit revenue.

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Manage to increase market share by 3% in a declining market

DOMESTIC

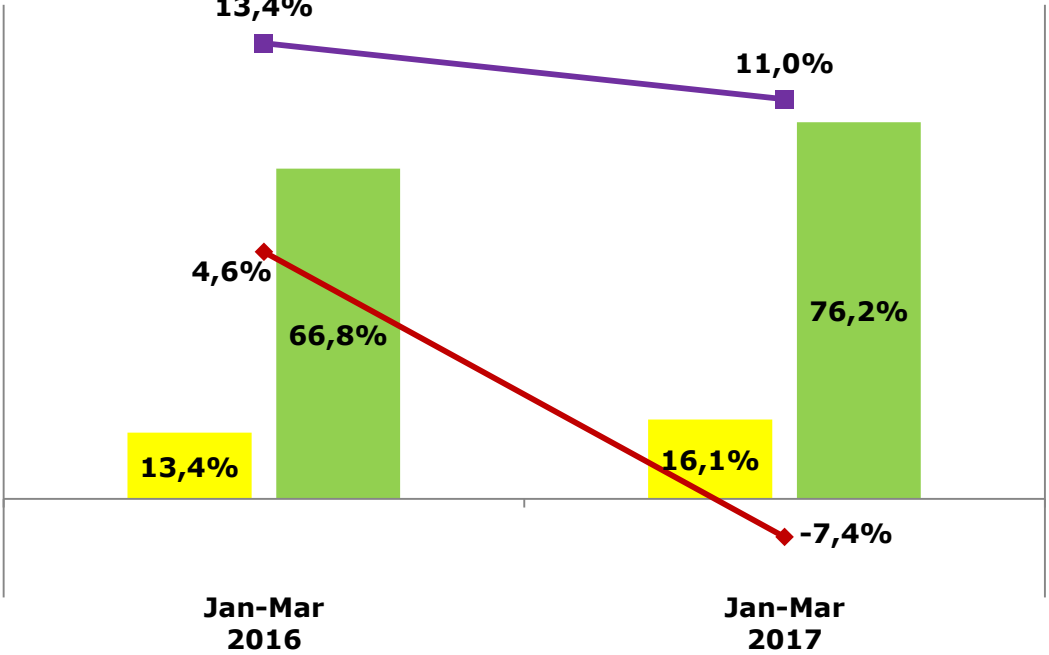
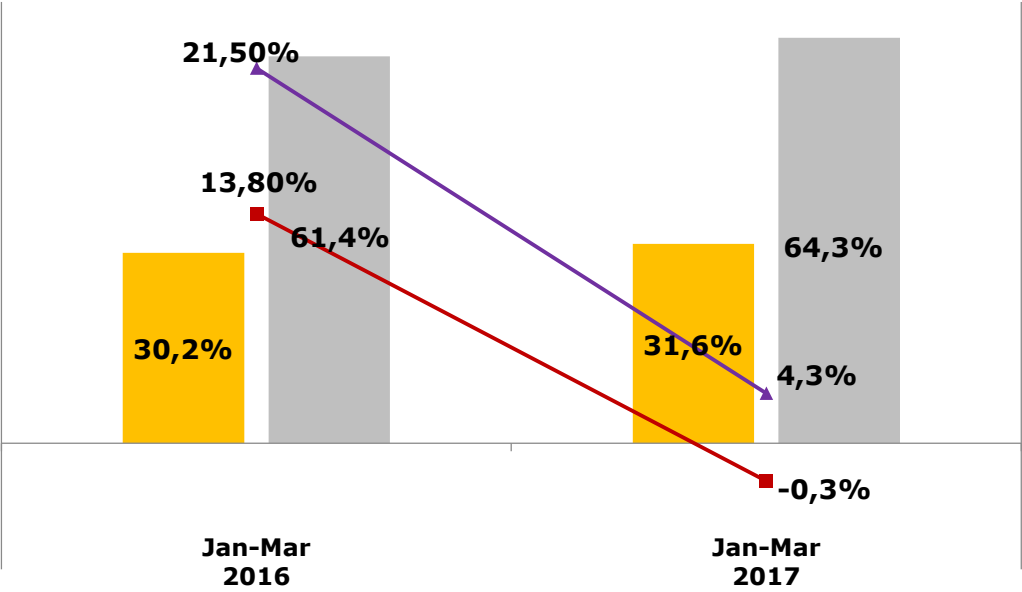
INTERNATIONAL

Market Share

Growth

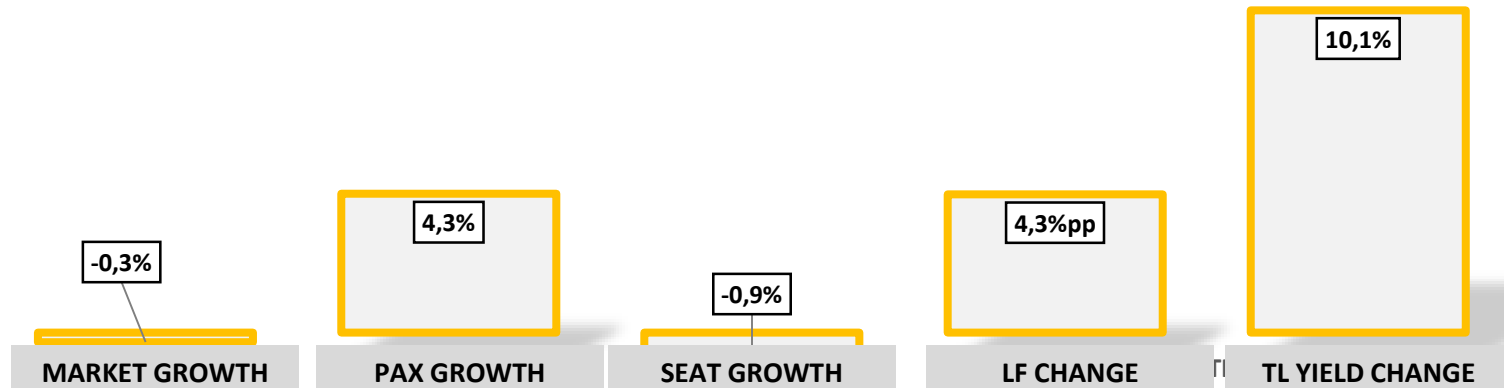
■ Market Share in Turkey
 ■ Market Share in SAW
◆ YoY Growth in Turkey
 ▲ YoY Growth PGS

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 ■ Market Share in SAW
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 ■ YoY Growth PGS

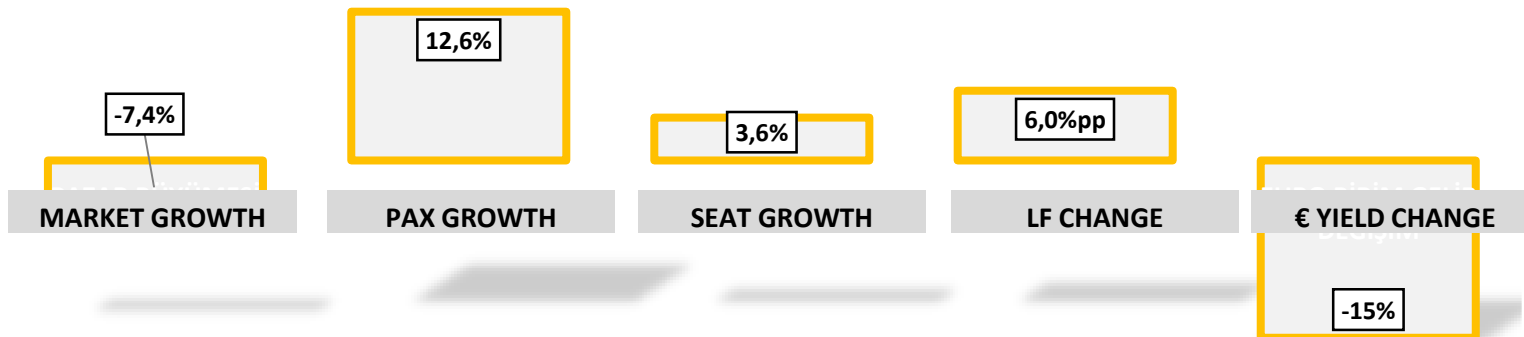


Continue to grow in declining market

DOMESTIC



SCH.INTERNATIONAL⁽¹⁾



DOMESTIC UNIT REVENUE

2017 Q1 65,1 TRY

2016 Q1 59,1 TRY

SCH.INTERNATIONAL UNIT REVENUE

2017 Q1 € 41,3

2016 Q1 € 48,5

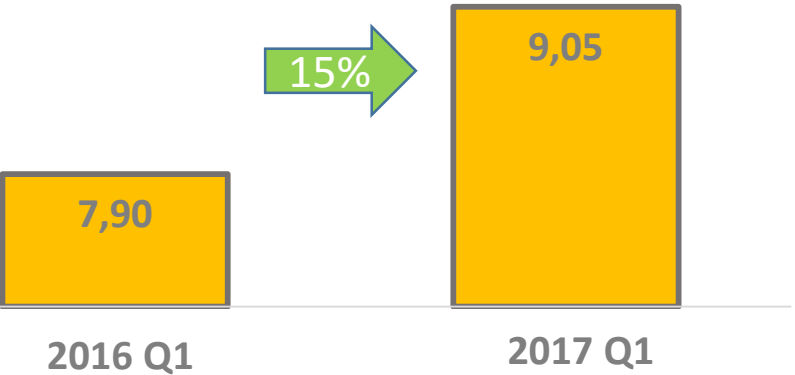
TOTAL EURO YIELD

2017 Q1 € 42,1

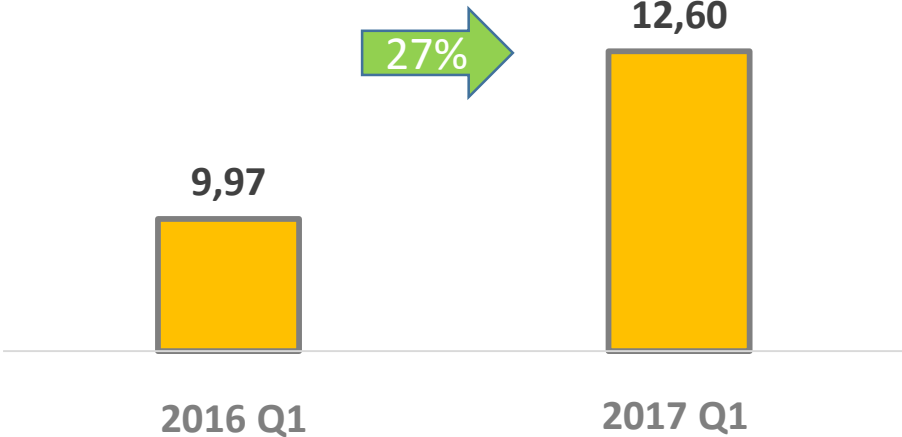
2016 Q1 € 39,8

RASK DEVELOPMENT

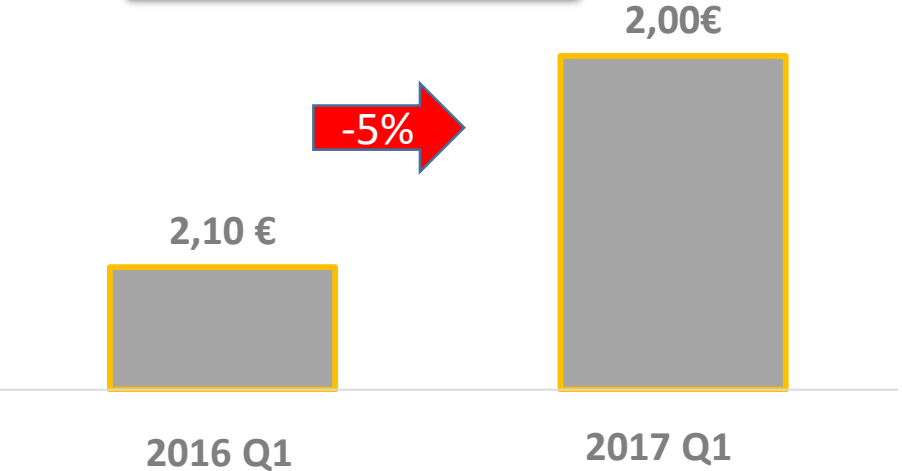
SCH. DOMESTIC RASK



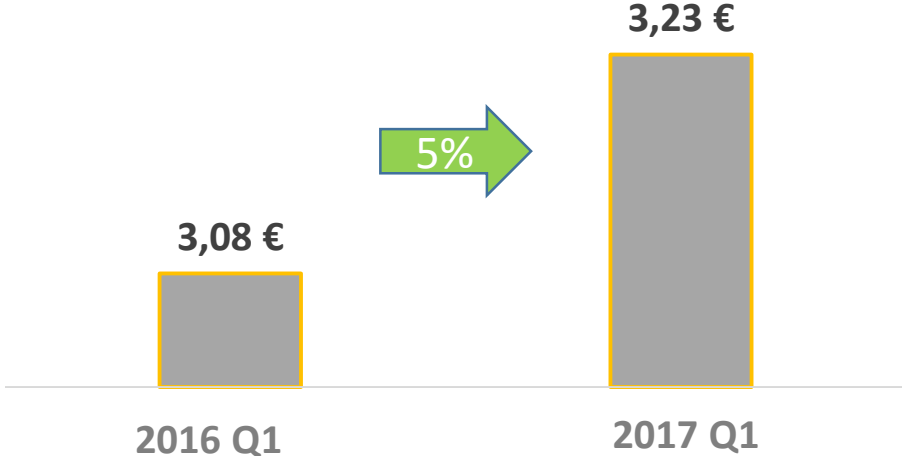
TOTAL TL RASK (2)



€ International RASK



Total € RASK (3)



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Fleet Development*

FLEET EXPANSION

Year End	2016	2017	2018	2019	2020
Owned	4	4	4	4	4
Financial Lease	33	28	35	49	62
Operational Lease	45	42	43	35	27
Total	82	74	82	88	93

PEGASUS TODAY

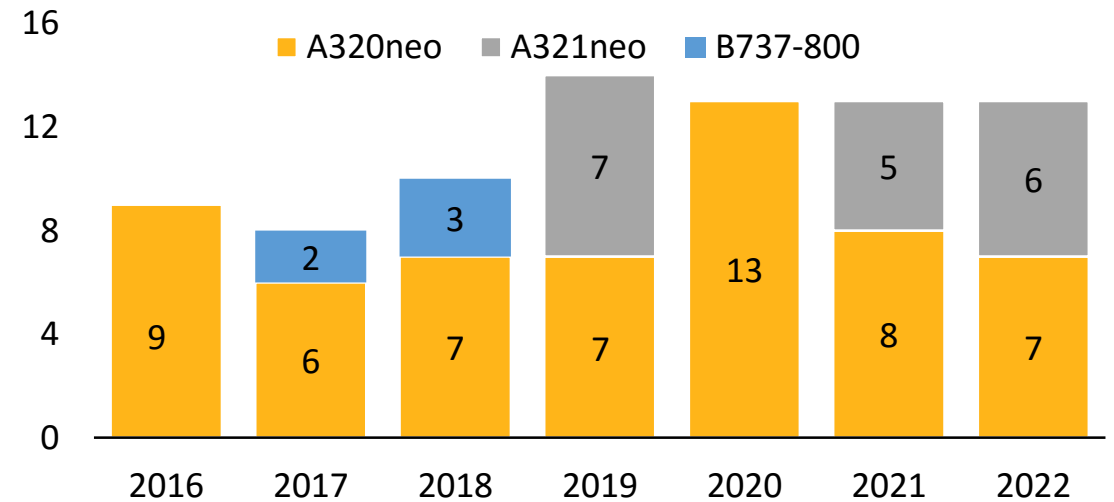
- Fleet of 82 aircraft with average of 5.65 as of March 2017. The youngest fleet in Turkey
- Pegasus fleet consists of Boeing 737-800, Airbus320NEO and Airbus320CEO's which delivers cost efficiency and reliable operations
- Negotiations for the financing of 3 A320neo are proceeding which is going to be delivered in 2017

*The fleet development plan reflects the company's fleet development plan as of the date of this presentations submission. The information contained in this fleet slide is subject to change. The information in this section contains additional 6 aircraft which are subjected to sale but not finalized.

FLEET AS OF MARCH 2017

March' 17	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	6	21	33	60
Boeing 737-400	1	0	0	1
Airbus A320Ceo	0	0	12	12
Airbus A320Neo	0	9	0	9
Total	7	30	45	82

ORDER BOOK AS OF MARCH'17



Fleet Development Plan

			2016	2017	2018	2019	2020
			Year	Year	Year	Year	Year
			End	End	End	End	End
BOEING	737-800	Financial Lease	24	13	13	13	13
		Owned	3	3	3	3	3
		Operational Lease	33	30	31	23	16
	737-400	Owned	1	1	1	1	1
		Operational Lease	0	0	0	0	0
AIRBUS	A320 CEO	Financial Lease	0	0	0	0	0
		Operational Lease	12	12	12	12	11
	A320	Financial Lease	9	15	22	29	42
	NEO	Operational Lease	0	0	0	0	0
	A321	Financial Lease	0	0	0	7	7
	NEO	Operational Lease	0	0	0	0	0

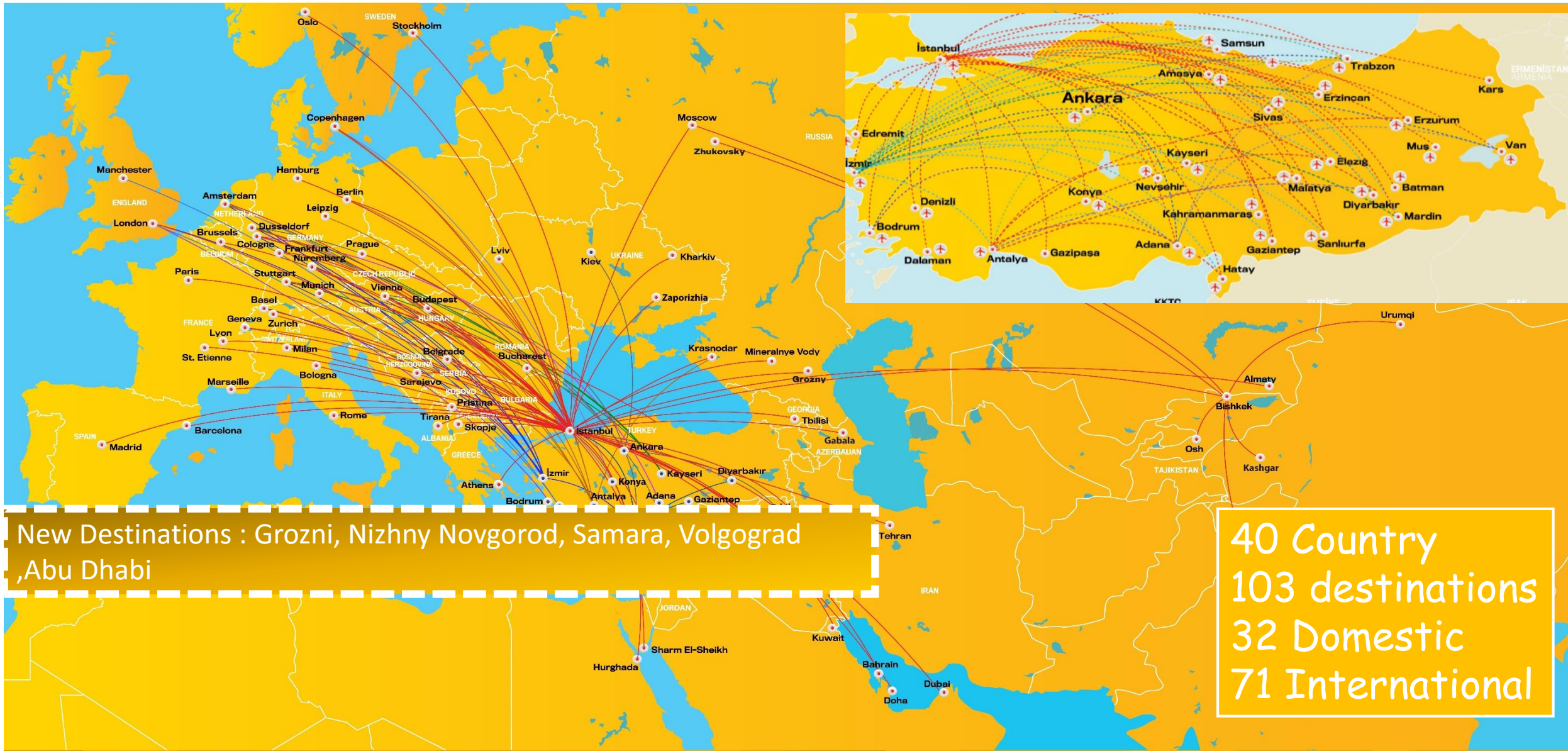
		Financing Type	2016	2017	2018	2019	2020
			Year	Year	Year	Year	Year
			End	End	End	End	End
TOTAL		<i>Owned</i>	4	4	4	4	4
		<i>Financial Lease</i>	33	28	35	49	62
		<i>Operational Lease</i>	45	42	43	35	27
		TOTAL	82	74	82	88	93

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We continue to grow by opening new routes



New Destinations : Grozni, Nizhny Novgorod, Samara, Volgograd ,Abu Dhabi

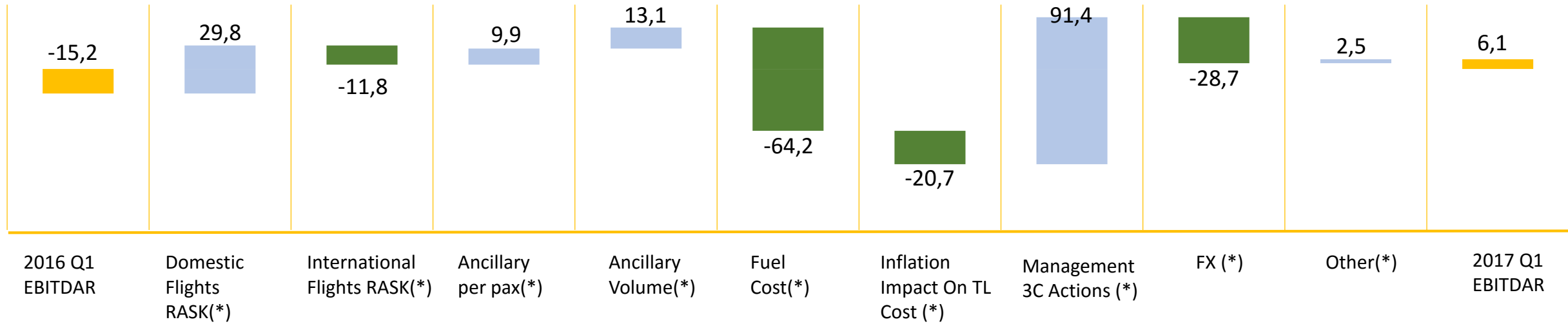
40 Country
103 destinations
32 Domestic
71 International



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EBITDAR Bridge

(TRYmm)

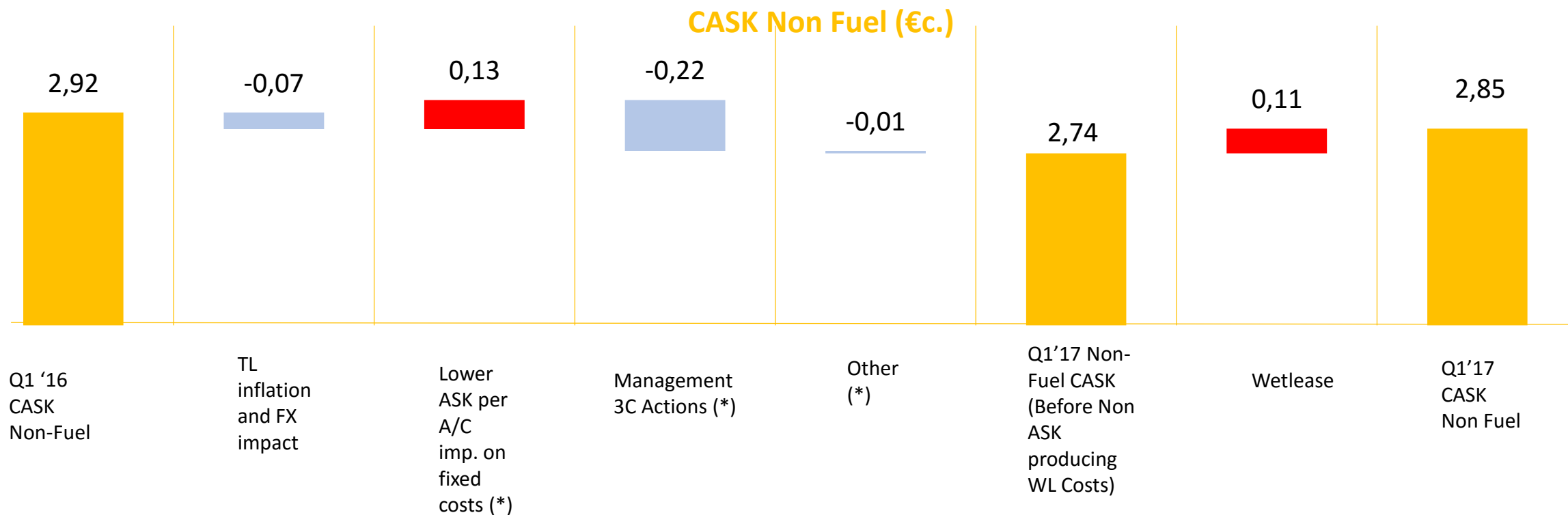


- ➔ Despite the impact of increase in fuel price, currency and inflation, we managed to achieve a better EBITDAR nominally year over year
- ➔ The Breakdown of the management 3C action plan is ; 33mnTL Wetlease, 14.5mnTL Lower Marketing Expense, 12.5mnTL structural changes, 24.4 mnTL man power optimization and 7mnTL Airbus320Neo fuel efficiency impact



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Manage to improve our non fuel CASK by 2%



Non Fuel CASK improved by 2 %



The breakdown of management 3C actions ; 0.09€c Man Power optimisation, 0.03€c Saw Ramp Handling, 0.03€c Fleet Structure and 0.07€c Lower marketing expense

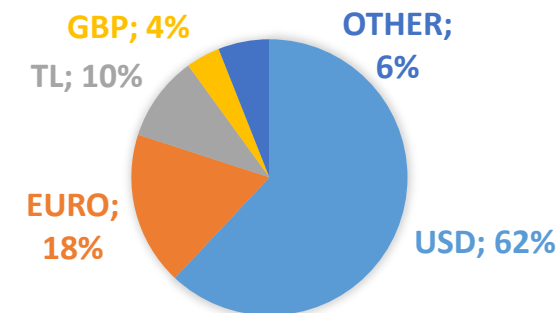


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7	EBITDAR Development
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11	Hedge & Sensitivity
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13	2017 Management Guidance

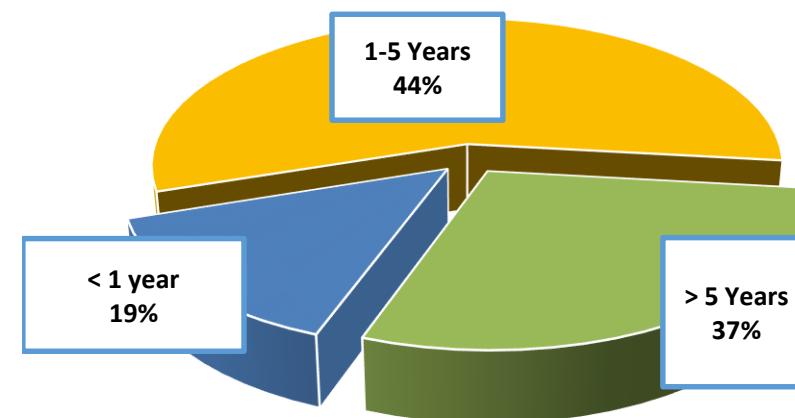
Balance Sheet (TRYmm)

mnTRY	31 March 2017	31 Dec 2016
CASH	244	692
OTHER ASSETS	779	587
ASSETS FOR SALE	248	0
PRE DELIVERY PAYMENT	542	405
FIXED ASSETS	3.838	3.934
TOTAL	5.651	5.618
LIABILITIES	1.611	1.372
FINANCIAL DEBTS	2.598	2.677
SHAREHOLDERS EQUITY	1.442	1.569
TOTAL	5.651	5.618
CASH PER A/C (TRYmn)	3,0	10,3

CASH BREAKDOWN 31/03/2017



FINANCIAL LEASE MATURITY BREAKDOWN (31/03/17)



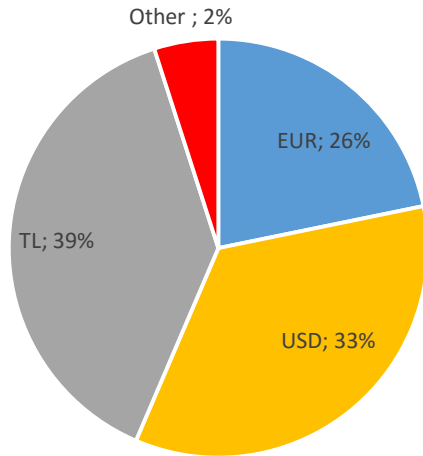
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13	2017 Management Guidance



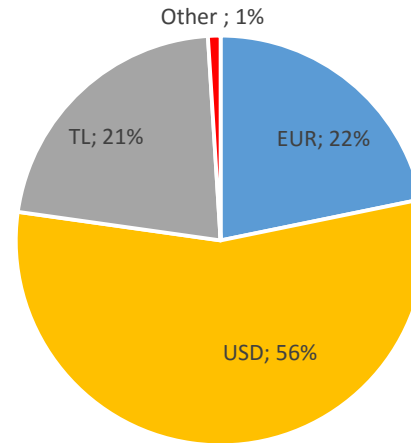
Foreign Currency Exposure

Income Statement

REVENUE BREAKDOWN



EBIT BREAKDOWN



EBIT CURRENCY BREAKDOWN 2017 Q1

	TRY mn
EUR	(13,2)
USD	(326,5)
TL	109,1
OTHER	8,7



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 .



Tickets which are priced in 7 different currencies and collected in Turkish Lira will be converted to US Dollar.

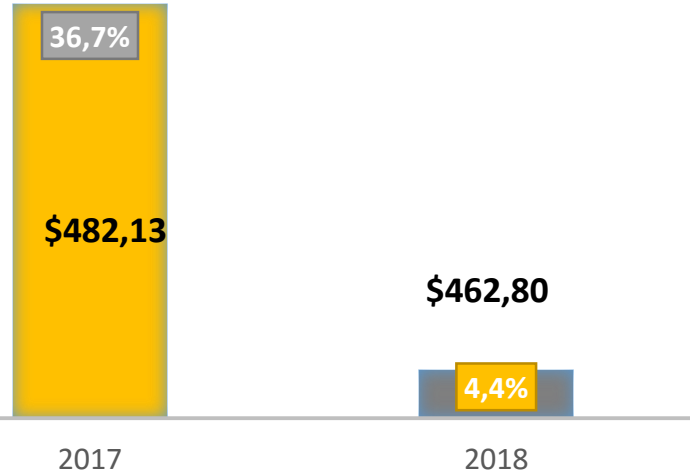
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- Pegasus 2017 Q1 Operating Environment
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HEDGE & SENSITIVITY

HEDGE VOLUME & PER TON COST



2017	Volume	Strike Level
OPTION	28%	\$532,46
ZCC	24%	\$442,25 -\$587,94
SWAP	48%	\$515,23
2018	Volume	Strike Level
OPTION	16%	\$537,17
ZCC	10%	\$441,75-\$573,19
SWAP	74%	\$505,20

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
Swap

SENSITIVITY ANALYSIS

- A \$10 (per metric ton) price movement of jet fuel would impact 2017 Q1 opex by -5.6 TRYmn
- A one kuruş movement in the US Dollar/TRY and EUR/TRY FX rate would impact 2017 Q1 EBIT by -0 TRYmn and 0,2 TRYmn respectively..

2017 Q1 I&S DATA	+0,01 >	+0,01 >	+10\$ >
TRYmn	EUR/TL	USD/TL	Jet Yakiti
Revenue	0,6	0,8	-
OPEX	0,6	1,7	5,6
EBIT	0,0	-0,9	-5,6
EBITDAR	0,2	-0,5	-5,6

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MANAGEMENT ACTION PLAN – 3C

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

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2017 MANAGEMENT GUIDANCE

		2016 Realization	2017 Management Guidance
Guest Growth%		8,10%	%5-%7
Capacity Increase (ASK) %		9,10%	%6-%8
Utulization(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 guest		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

EBITDAR Calculation

<i>(TLmn)</i>	2016 Q1	2017 Q1
Sales	691,1	885,8
Cost of sales (-)	(777,5)	(1.030,5)
Gross loss	(86,4)	(144,6)
General administrative expenses (-)	(35,3)	(41,5)
Marketing Expenses (-)	(45,2)	(35,6)
Other operating income/expenses (net)	(0,3)	-
Operating Loss	(167,2)	(221,8)
Depreciation and amortization	49,2	82,7
Operating lease expenses	102,8	145,2
EBITDAR	(15,2)	6,1

PEGASUS HAVA YOLLARI INVESTOR RELATIONS

Pegasus Hava Tařımacılıđı A.ř.
AEROPARK Yeniřehir Mah. Osmanlı Bulvarı No: 11/A
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