



Pegasus Airlines – The Low Cost Network Carrier

June 2013

Our Business Snapshot



We are the pioneer of the low cost network carrier model in a fast growing aviation market

Background and Key Facts

- 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
- Currently operates out of 4 bases in Turkey (Istanbul Sabiha Gökçen International Airport (“SAW”) being the main hub) and flies to 41 international (including Northern Cyprus) and 29 domestic destinations in 28 countries⁽¹⁾
- Fleet of 40 aircraft (average age of 3.7 years) as of 31 December 2012
 - Recently placed an order for up to 100 Airbus aircraft (57 A320neo, 18 A321neo, option for further 25 aircraft of A320/A321neo)

Figure 1: Business Mix (2012)

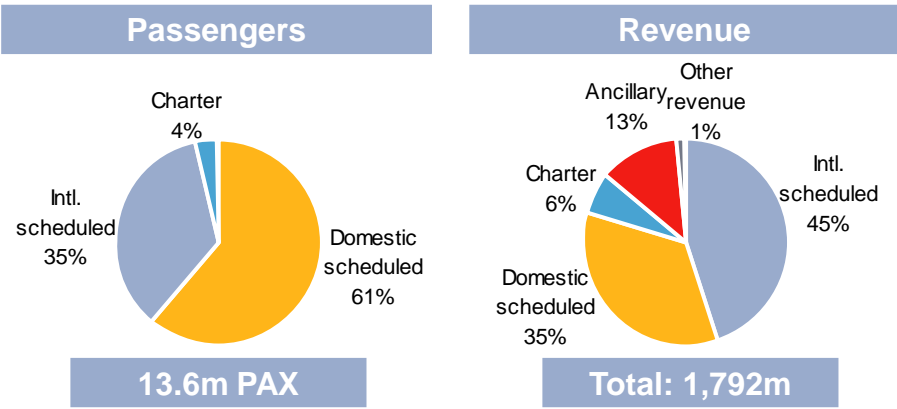
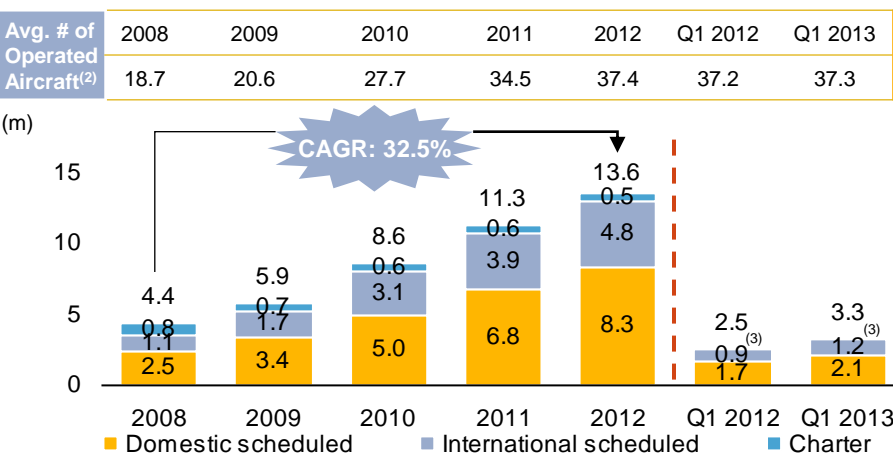


Figure 2: Pegasus Passenger Volume & Aircraft Development



1. As of 26th March 2013. Includes two new international routes and five new domestic routes that have been announced and for which ticket sales have started. The number of destinations does not include seasonal destinations (Zweibrücken, Manchester and Hanover) and codeshare destinations (Baku and Bishkek).

2. Operated aircraft defined as the average number of aircraft less number of days in planned overhaul.

3. International PAX figures for Q1 12/13 include charter operations.

Note: International scheduled includes international split charter.

Source: Pegasus information.

Our IPO and Recent Performance



We have recently completed our IPO in April 2013 and c.35% of our total shares outstanding trade at Borsa Istanbul

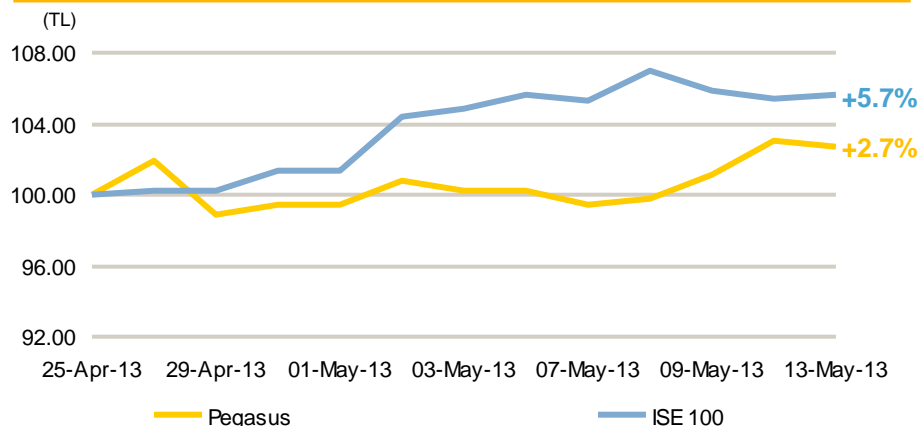
Commentary

- The deal priced at TRY18.40 equating to a market capitalisation at IPO of TRY 1.88bn
- Sold 32.1m shares - 85% primary, 15% secondary, with a 70% international / 30% domestic split
 - Current ownership: c.35% free float / c.65% Esas Holding⁽²⁾ (after greenshoe)
- Strong operating momentum continued in the traditionally slow Q1 2013
- Significantly strengthened the balance sheet and brought down out PF adjusted net leverage to c.2.7x

Figure 3: Key Summary Financials

(TLm)	2010	2011	2012	Q1 2012	Q1 2013
Revenue	978	1,469	1,792	260	377
Growth	-	50.2%	22.0%	-	44.8%
EBITDAR	161	198	392	(21)	52
Margin	16.5%	13.5%	21.9%	(8.1%)	13.8%
Adjusted Net Leverage ⁽¹⁾	7.5x	10.1x	4.5x	nm	2.7x

Figure 4: Share Price Performance since IPO

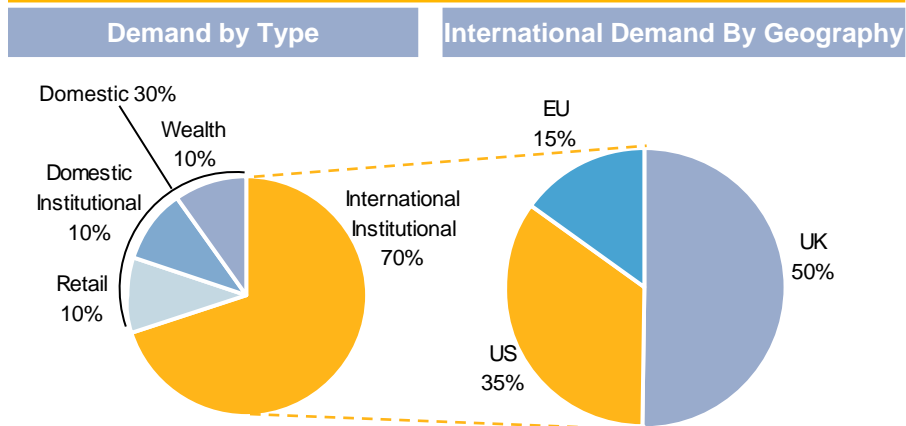


Source: Bloomberg.

1. Adjusted net debt is defined as the sum of current and non-current financial liabilities, current and non-current financial obligations under finance leases, and operating lease expenses multiplied by seven less cash and cash equivalents and 50% of advances on aircraft purchases (PDPs). Q1 2013 adjusted net debt is pro forma for IPO net proceeds of c.TL481m.

2. Refers to shares held by Esas Holding or shares held directly by members of the Esas holding.

Figure 5: IPO Demand Breakdown



Our Growing Route Network



We have significantly expanded our route network over the years and we are actively looking for opportunities to continue to do so



Our Mission Statement:

"We aim to combine the network benefits of full-service carriers, and the price benefits of LCCs, to provide inexpensive travel, on-time performance and new planes."

Ali Sabancı - Chairman

Source: Pegasus information.

1. The number of destinations does not include seasonal destinations (Zweibrucken, Manchester and Hanover) and codeshare destinations (Baku and Bishkek).
2. Refers to the targeted number of destinations as of 31 December 2013.

The Pegasus Equity Story



-  1 Large and Fast Growing Home Market in Turkey
-  2 Resilient and Structurally Attractive Turkish Aviation Market
-  3 Successful “Bespoke” LCC Model
-  4 High Quality, Stress Tested Operating Performance
-  5 Clearly Differentiated from Domestic Competition
-  6 Strong Historical Track Record
-  7 Promising Future Growth Opportunities
-  8 Experienced Management Supported by a Seasoned Board of Directors



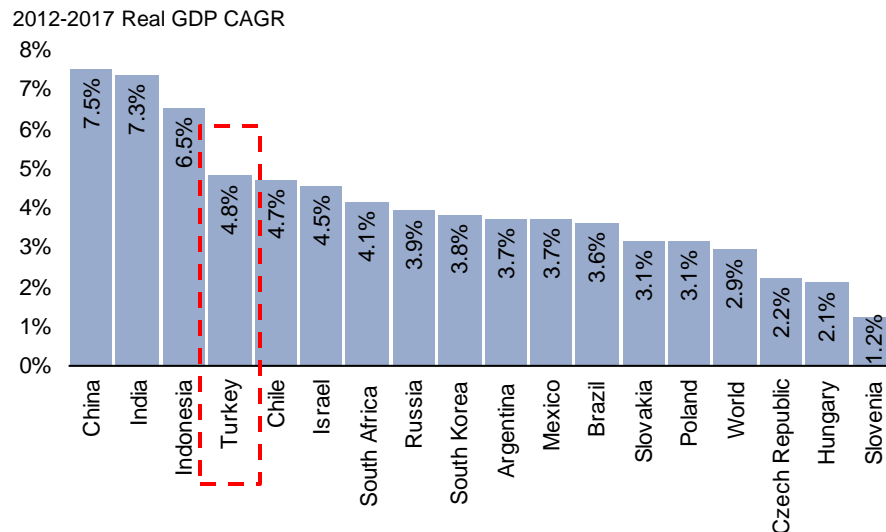
1 Large and Fast Growing Home Market in Turkey



Solid macro picture with healthy growth fundamentals

- Transformation of Turkey into an aspiring economy through structural and financial reforms over the last decade
 - Real GDP has increased significantly since 2001⁽¹⁾ but GDP per capita of \$10.4K⁽²⁾ still has room for growth
- 15th largest economy globally and 7th largest in Europe⁽³⁾
 - Regional hub leveraging unique geographical location
- 3rd largest country in Europe with a young and growing population of ~76m⁽⁴⁾ people – median age of ~30 years⁽⁴⁾
- One of the top tourism destinations globally⁽⁵⁾

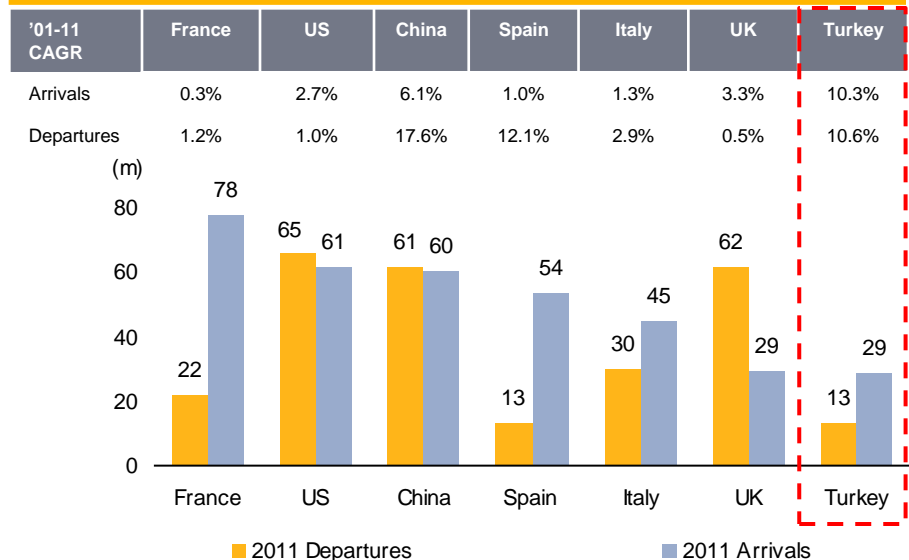
Figure 6: Solid Growth Expectations



Source: EIU, 2013.

Note: In the EIU tourism data presented, arrivals are defined as the number of visitors who travel to a country other than that where they have their normal residence for a period not exceeding 12 months and whose main purpose in visiting is other than an activity remunerated from within the country visited; departures are defined as the number of departures that people make from their country of normal residence to any other country for any purpose other than a remunerated activity within the country visited.

Figure 7: Top Arrival & Departure Destinations Globally⁽⁵⁾



- EIU, 2013.
- Turkish Statistical Institute. Average 2012 TL/\$ exchange rate of 1.8015 used to convert GDP per capita.
- 2011 data by GDP PPP – World Bank.
- TurkStat.
- By arrivals – latest available EIU data. Excludes Hong Kong data.

Resilient and Structurally Attractive Turkish Aviation Market

2

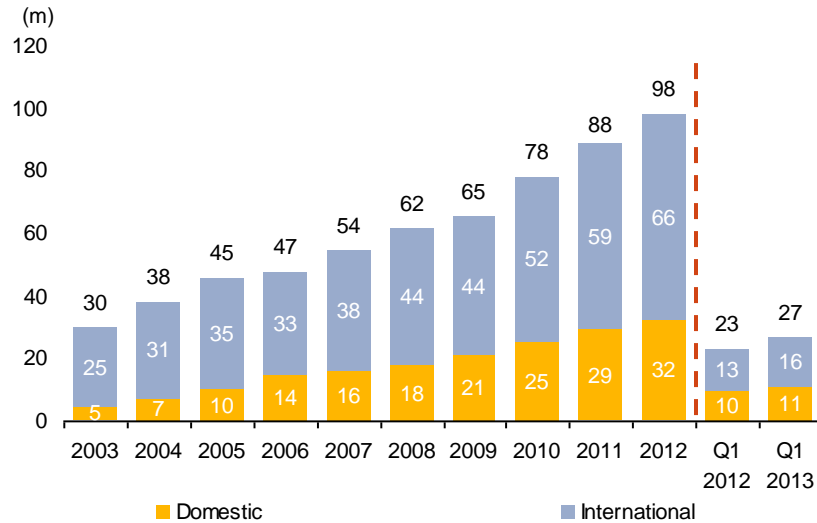


Rapidly growing, but still underpenetrated market

- The Turkish civil aviation market went through a series of changes in the early 2000s which accelerated the growth
- Since 2003, passenger growth has been very strong (14.1% CAGR) and very resilient
 - Even in 2009, when real GDP contracted by 5.1%, passengers in Turkey grew by 5.5%
- Despite strong growth, both the domestic and international markets remain underpenetrated
- Very large mountainous country with few motorways and limited high speed rail

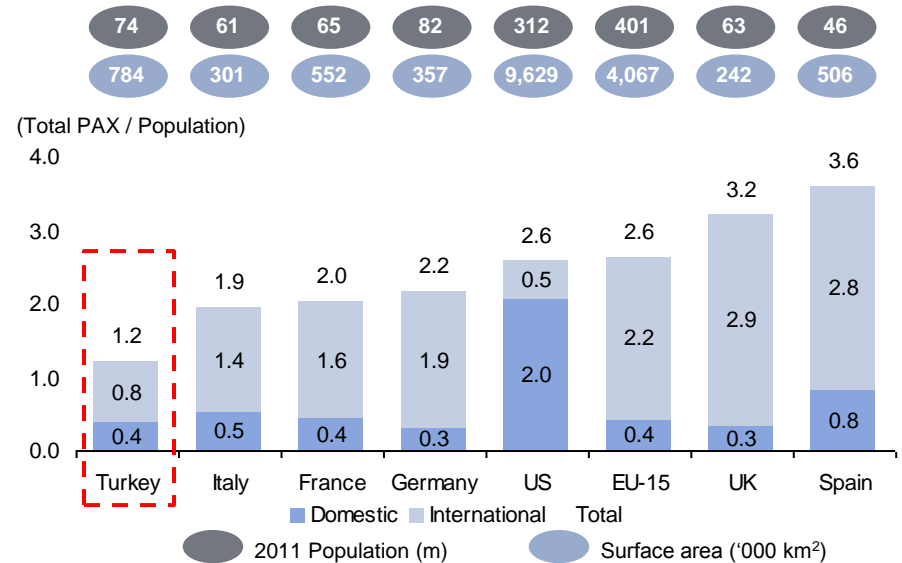
Figure 8: Passenger Volume Growth in Turkey⁽¹⁾

- Passenger growth has been 2.8x real GDP growth between 2003 and 2012



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. Real GDP data from EIU.

Figure 9: Trips per Capita



Note: 2011 data.
PAX: Turkey – DHMI; US – US Bureau of Transportation Statistics; rest – Eurostat.
Population: Turkey, US – World Bank; rest – Eurostat.
Surface Area: United Nations.

3 Successful "Bespoke" LCC Model



Proven and meticulously customised low cost "network" carrier model

We are an LCC and We Stick with the Key Principles...

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

...with a Highly Competitive Cost Base...

Figure 10: CASK (2012)

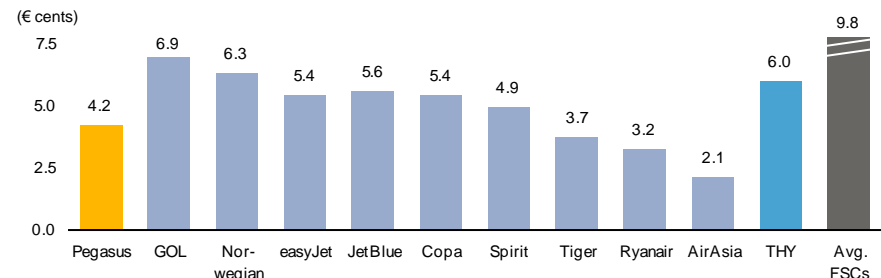
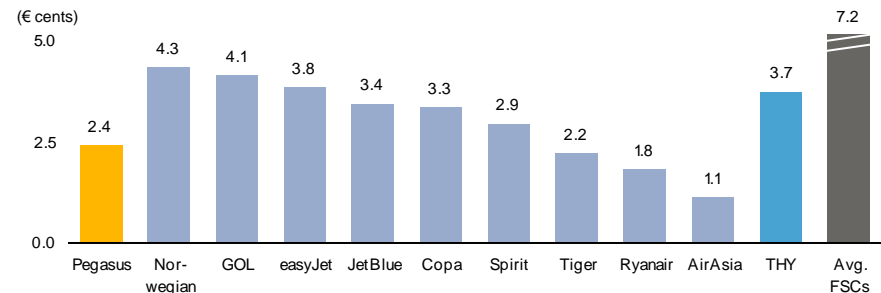


Figure 11: CASK ex-fuel (2012)



Source: Pegasus information, remaining company data per public filings.
 Note: Peers figures calendarised to 2012 December year end; easyJet, Ryanair and Tiger calendarised to 2011 December year end. Average FX rates from FactSet used. FSCs include Aeroflot, AF-KLM, Finnair, Lufthansa, SAS and IAG.

...but We Customised the "Traditional" LCC Model According to the Requirements of Our Markets

- We offer point-to-point structure with network feed primarily through Istanbul SAW hub
 - Increases volume for international routes and decreases seasonality for domestic routes
- We pioneered in Europe the use of several products and applications that are starting to be implemented by other LCCs:
 - Seat selection, use of GDS, code sharing
- We constantly continue to focus on product and process innovation

High Quality, Stress Tested Operating Performance

4

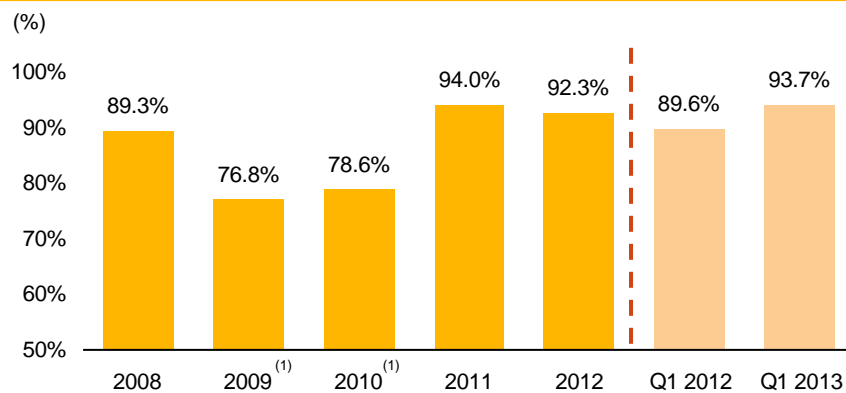


Solid operational KPIs across the board...

Commentary

- Excellent “on-time” record, while achieving solid 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

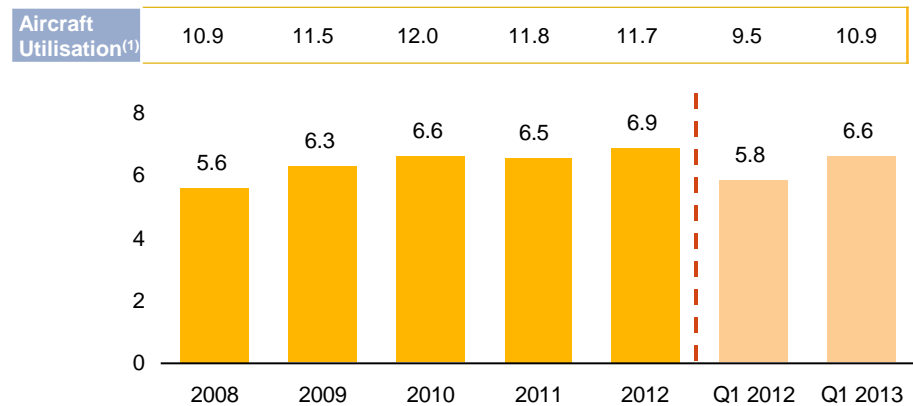
Figure 13: “On-Time” Record



Source: Pegasus information.

1. 2009 and 2010 data impacted by the opening of the new terminal at SAW.

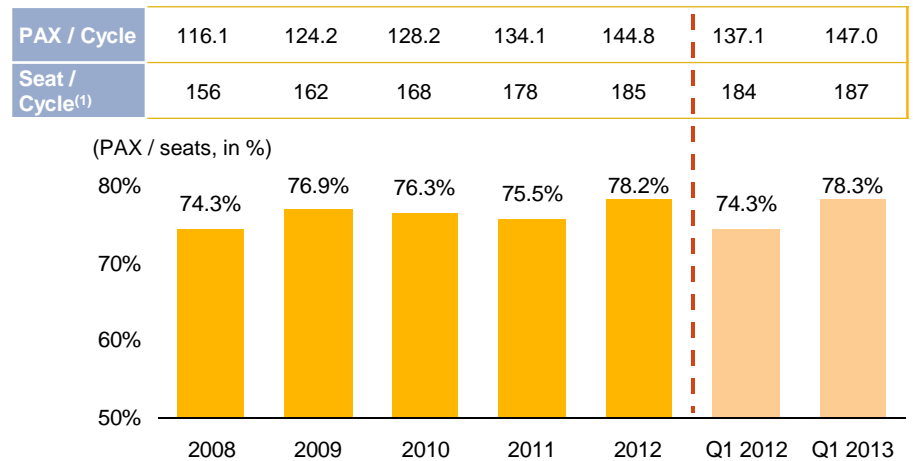
Figure 12: Turns Per Day



Source: Pegasus information.

1. Aircraft utilisation in BH/day and average stage length in km.

Figure 14: Load Factors



Source: Pegasus information.

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

High Quality, Stress Tested Operating Performance

4

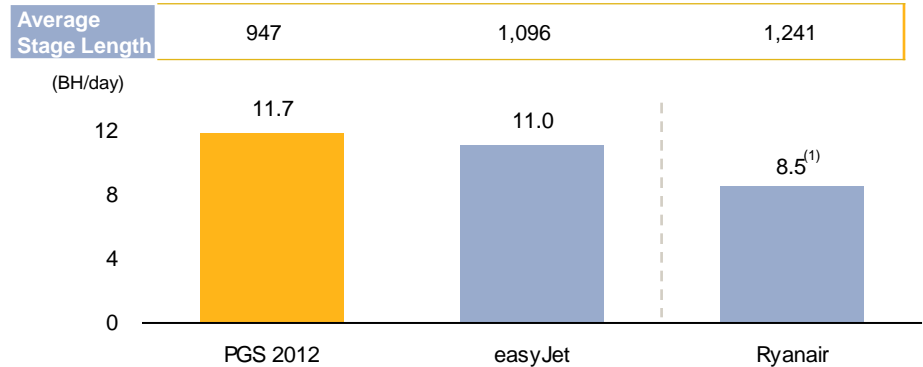


...and our KPIs fare very well against leading European low cost carriers

Commentary

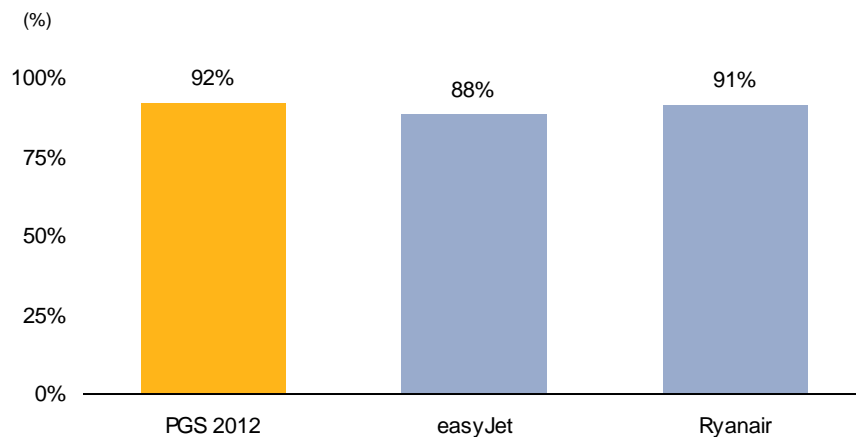
- High aircraft utilisation rates
- Stronger punctuality than Ryanair and easyJet in 2011 and 2012
 - Despite the network feed model
- Good load factor levels with room for improvement
 - We believe +80% levels (close to Ryanair) is achievable within the short/medium term
 - easyJet figures are impacted by the lower average # of seats per aircraft

Figure 15: Aircraft Utilisation



Source: Pegasus information, easyJet and Ryanair company filings.
 Note: 2012 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.

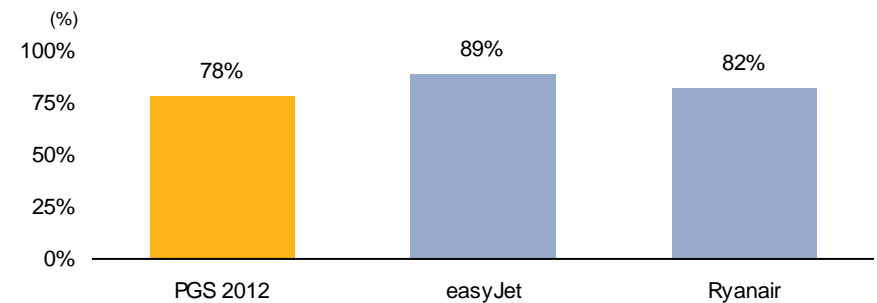
Figure 16: "On-Time" Record



Source: Pegasus information, easyJet and Ryanair company filings.
 Note: 2012 fiscal year data shown. easyJet year end in September. Ryanair year end in March.

Figure 17: Load Factors

ASK 2010-2012 CAGR	16.5%	7.1%	15.3%
Average seat per aircraft	185 ⁽¹⁾	162 ⁽²⁾	189



Source: Pegasus information, easyJet and Ryanair company filings.
 Note: Calendar year 2012 figures shown.
 1. Figure is calculated by dividing total seat capacity by total number of cycles.
 2. Weighted average seats of 157 156-seat A319 aircraft and 56 180-seat A320 aircraft.

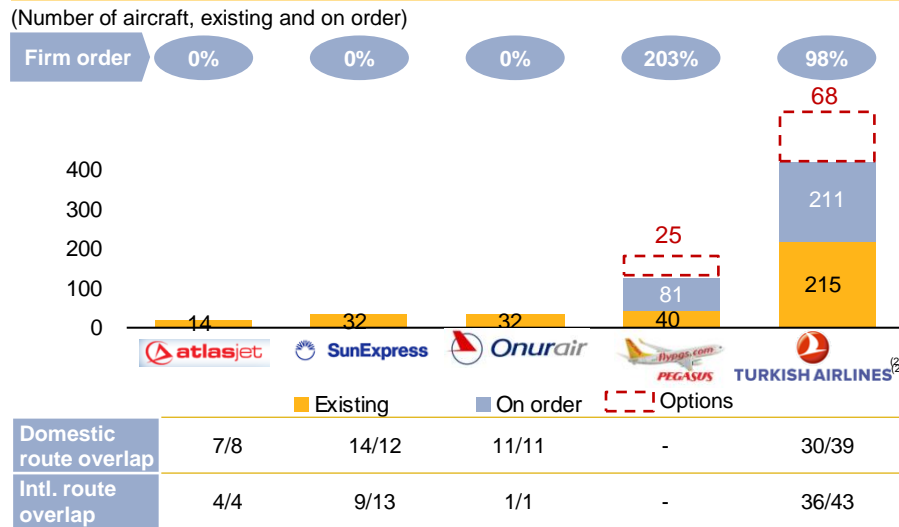
5 Clearly Differentiated from Domestic Competition



We serve 96%⁽¹⁾ of domestic market and we believe we have structural competitive advantages over our domestic competitors

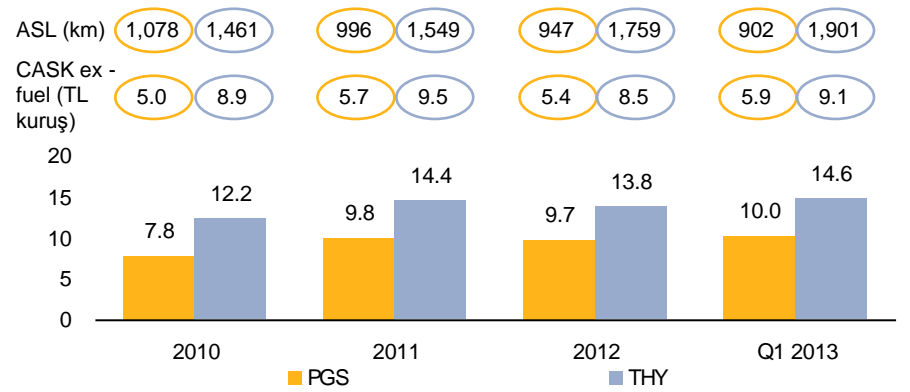
- Comments**
- We are clearly differentiated vs. Turkish Airlines (“THY”)
 - We have a significant cost advantage over THY which enables us to offer attractive low fares
 - We believe our other domestic competitors, such as Atlasjet, Onurair, SunExpress and AnadoluJet (part of THY) lack scale and low cost network carrier business model

Figure 19: Fleet Profiles of Turkish Operators



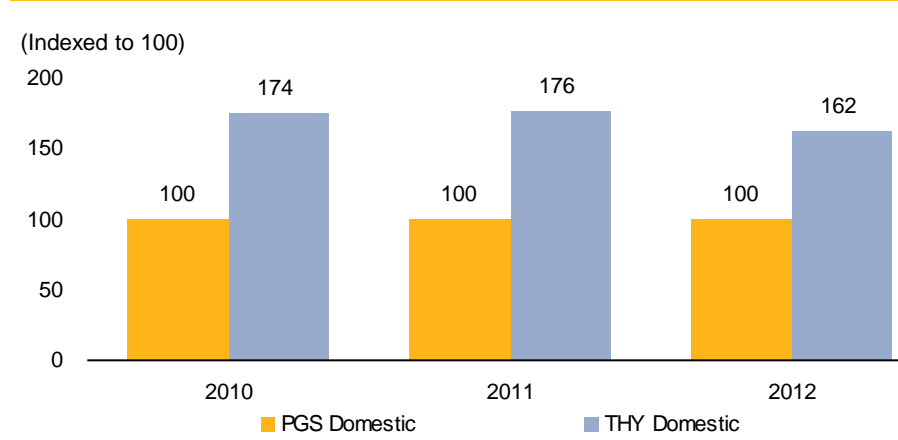
Source: Pegasus information (31 December 2012), TOSHID (29 March 2013).
 Note: Overlap figures represent winter and summer season overlaps, respectively.
 1. Pegasus serves all the airports which make up 96% of total passengers in Turkey as of 2012.
 2. Includes AnadoluJet. THY fleet updated for the most recent Boeing order of 70 firm and 25 optional aircraft.

Figure 18: CASK Comparison with THY



Source: Pegasus information, THY company information.
 Note: PGS CASK and CASK ex-fuel figures converted from € to TL at the average €/TL Jan-March 2013 FX rate of 2.3357.

Figure 20: Indexed Domestic RASK Comparison with THY



Source: Pegasus information, THY company information.

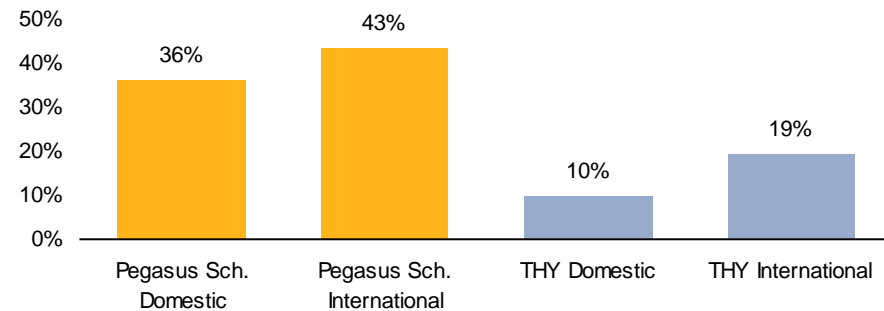
6 Strong Historical Track Record



Our strong performance has led to solid increase in passenger volumes and market share gains, both, domestically and internationally

Figure 21: PAX Growth – Pegasus vs. THY

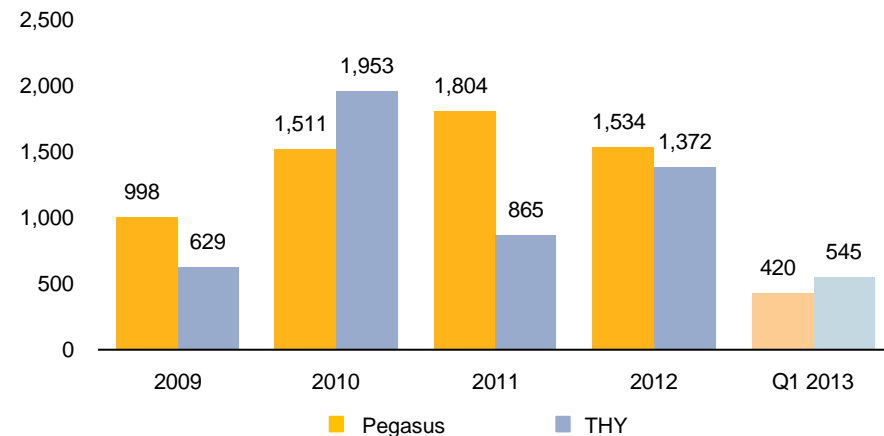
(2008 – 2012 passenger CAGR)



Source: Pegasus information, THY.

Figure 23: Change in Domestic PAX – Pegasus vs. THY

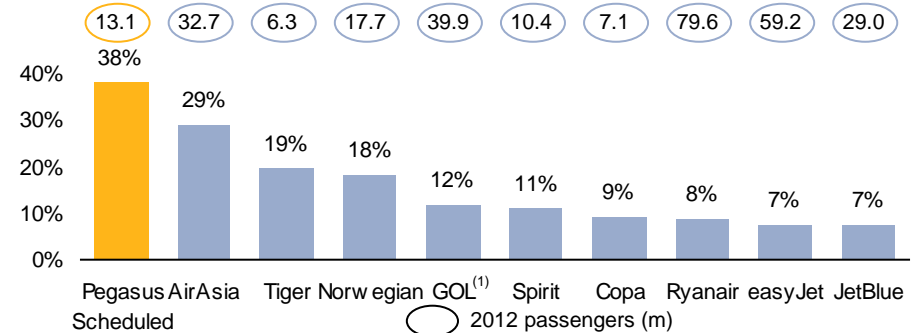
Passengers ('000)



Source: Pegasus information, THY.

Figure 22: PAX Growth – Pegasus vs. International Peers

(2008 – 2012 passenger CAGR)

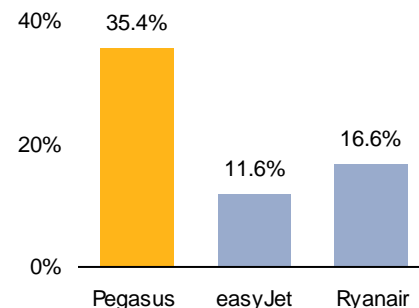


Source: Pegasus information per company data, remaining company data per company websites.

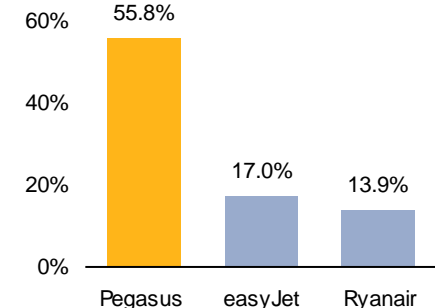
1. Last twelve months' data as of September 2012 for GOL.

Figure 24: Revenue and EBITDAR Growth – Pegasus vs. Key Peers

2010 – 2012 Revenue CAGR⁽¹⁾



2010 – 2012 EBITDAR CAGR⁽²⁾



Source: Pegasus information, easyJet and Ryanair filings.

1. 2012 fiscal year data used. easyJet fiscal year end is in September and Ryanair fiscal year end is in March. 2010 and 2011 easyJet and Ryanair data calendarised to December year end.

2. 2012 fiscal year data used. easyJet fiscal year end is in September and Ryanair fiscal year end is in March.

6 Strong Historical Track Record



Robust topline and EBITDAR performance over the last 3 years and momentum continues in YTD 2013

Figure 25: Revenue Development

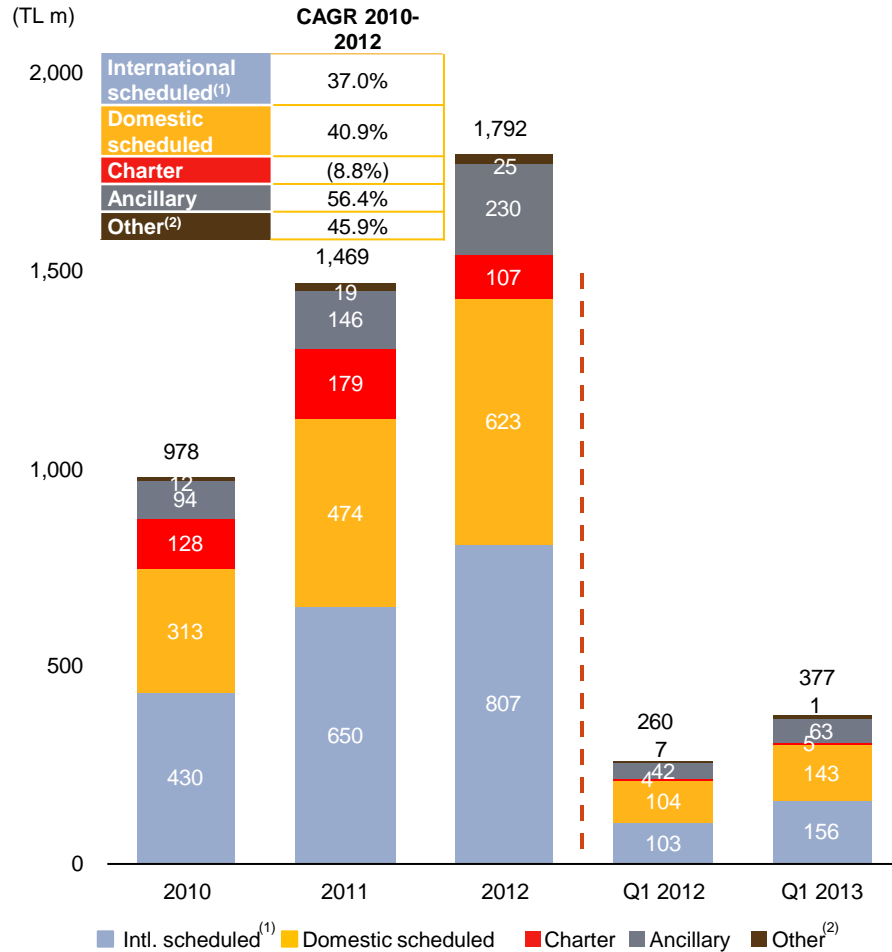
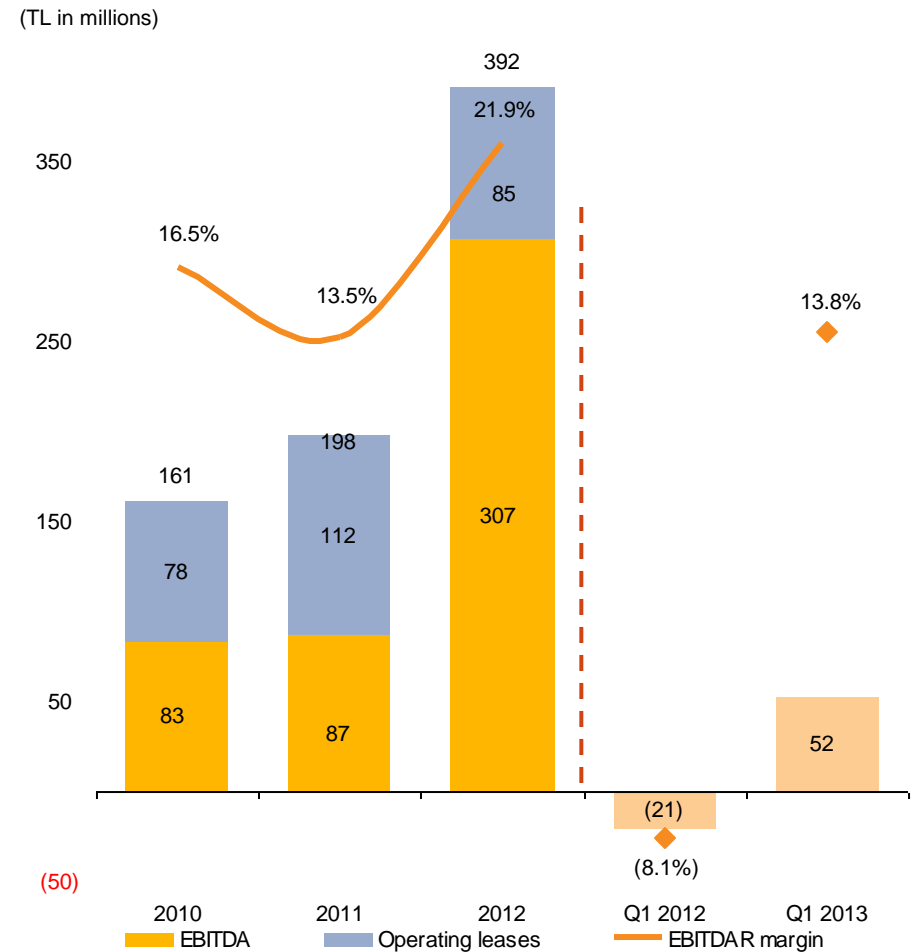


Figure 26: EBITDAR and Margin



Source: Pegasus information.

1. Includes international split charter.

2. Includes cargo services and training revenue.

6 Strong Historical Track Record



Relentless control of costs is in our DNA and we believe in the sustainability of our low cost execution capabilities

Highlights of the Operational Infrastructure

- “Continuous Improvement Team” – aggressive focus on operational cost control
- Strong operational and financial reporting and performance tracking systems and practices
- Integrated IT infrastructure
- Well established risk management systems
- One of the youngest fleets in the LCC sector globally

Figure 28: Flight Data Monitoring System



Source: Pegasus information.

Figure 27: Daily P&L System

EUR	Saturday 25/05/13	Sunday 26/05/13	Monday 27/05/13
Revenue			
Grand Total (incl.com.&pass.tax)	2,264,647	2,580,995	2,044,752
Ancillary Revenue	362,308	374,088	343,250
Other Income	29,890	29,409	26,425
Total Revenue	2,656,845	2,984,492	2,414,427
Fuel	965,095	972,624	887,863
Handling	131,380	146,793	123,769
Landing	68,234	67,966	66,852
Overflight	163,890	161,374	150,664
Crew Cost	23,112	22,182	20,483
Maintenance	108,151	108,435	99,253
Catering Cost	22,857	24,920	20,972
Commission	15,134	14,567	15,426
Other DOC	42,979	39,960	40,454
Total Operating Expenses	1,540,830	1,558,823	1,425,735
Total G&A & Amort .Expenses	658,841	658,841	658,841
Total Expenses	2,199,671	2,217,664	2,084,576
EBITDAR	748,372	1,058,027	621,050
EBT	457,173	766,828	329,851
Rev.per PAX (excl.tax)	47.43	50.40	44.47
Pax	47,744	51,212	45,978
LF %	82%	83%	80%
Seat	58,422	61,572	57,792
Cyc	311	328	309
Ancillary Revenue Per Pax	7.59	7.30	7.47
Total Revenue Per Seat	45.48	48.47	41.78
Total Cost / Seat	37.65	36.02	36.07
ASK	58,441,236	59,243,058	55,096,944

Source: Pegasus information.

6 Strong Historical Track Record



Strongly supported by our Board and “C” level management, our CIT team has been instrumental in increasing cost awareness within the organisation and routinely drives substantial cost savings by breaking the mould of “traditional” practices

Figure 29: How Does CIT Operate?

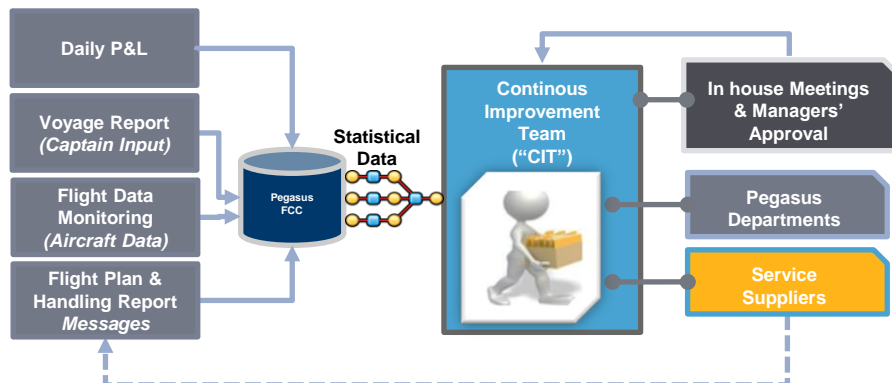
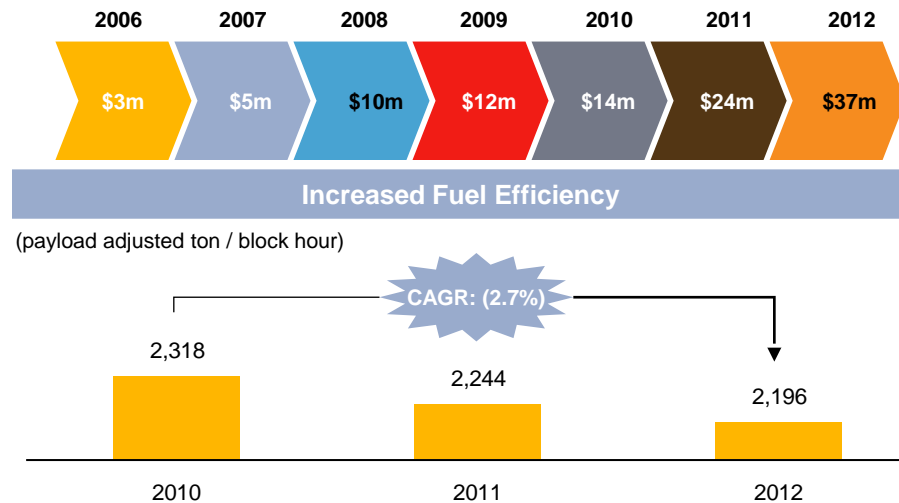


Figure 31: Management Estimates of Achievements of CIT Team



Source: Figures on this page are Pegasus internal estimates and represent the cumulative impact of quantifiable cost saving initiatives.

Figure 30: What are Some of the Specific Project Examples?

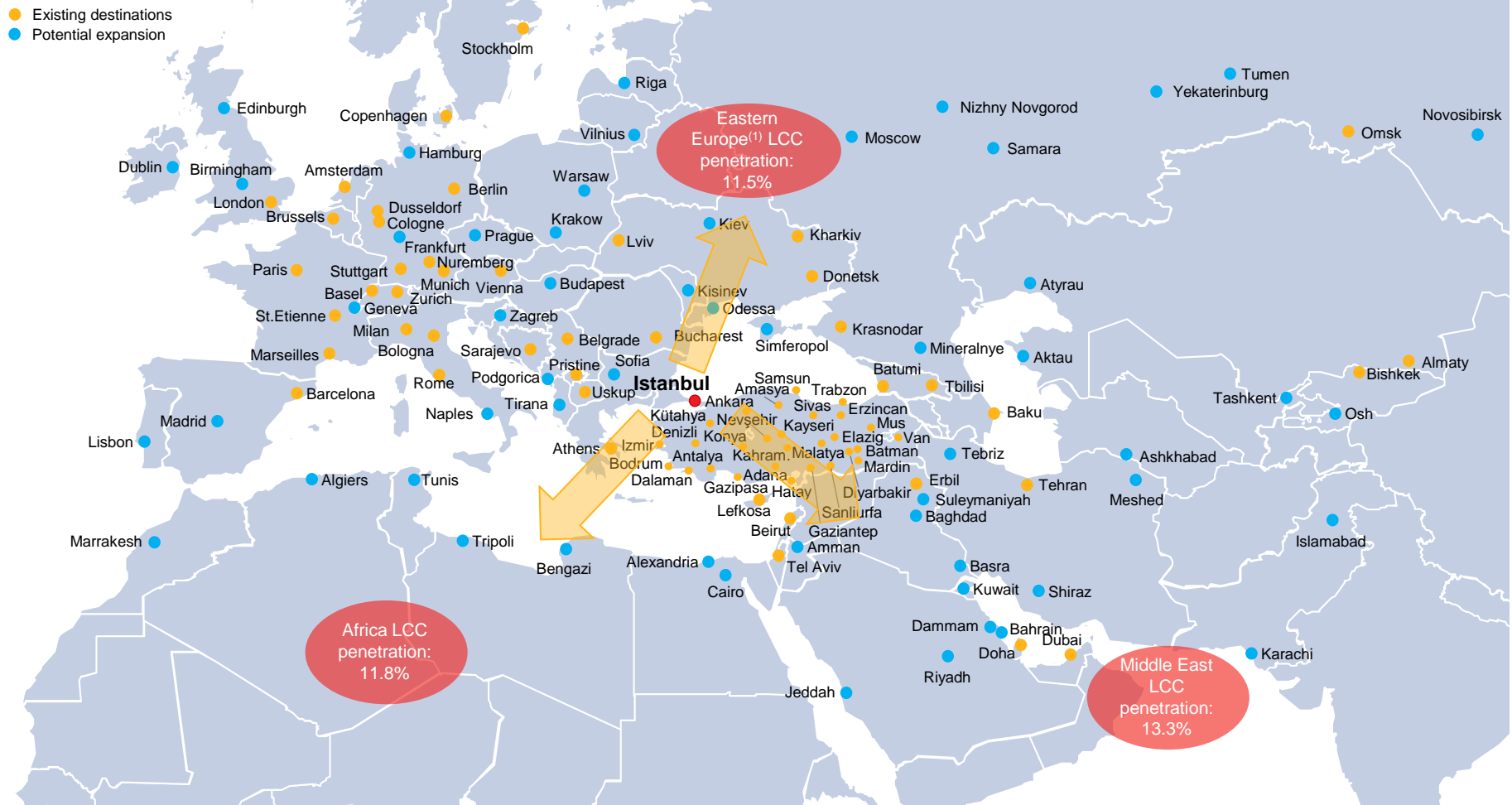
	Selected Initiatives	'12 Financial Impact (\$m)
Flight Procedures	High flight level	\$6.8
	Engine derate-reduced take-off thrust	\$4.3
	APU usage only on the ground	\$4.4
	One alternative airport instead of two	\$1.9
	Hr/cycle minimisation	\$1.7
	Flight planning system change (multi leg tankering, etc.)	\$0.7
	Landing fuel decrease	\$0.7
	Reverse thrust idle	\$0.4
	Other	\$2.4
Weight Reduction	Removal of airstairs	\$0.9
	Oven number decrease in the galley	\$0.3
	Light weight carpet and trolleys	\$0.3
	Hygiene materials in standard units instead of trolley	\$0.2
	Potable water filling and magazines weight	\$0.1
	Other	\$0.6
Technics	Carbon brake (steel brakes are replaced by carbon ones – weight decrease and lower maintenance cost)	\$2.3
	Engine washing	\$1.8
Other	Crew Utilisation	\$3.0 ⁽¹⁾
	MTOW decrease (lower enroute and landing charges)	\$2.4
	Ideal MAC (for lower fuel flow)	\$1.6
	Negotiation for lower price at SAW for electricity (50% reduction)	\$0.5
Total		\$37.3

1. Converted at the 2012 average €/ \$ FX rate of 1.2849.

7 Promising Future Growth Opportunities



Future demand stimulation through growing our route network and increasing frequencies. Internationally, we focus on markets where trips per capita and LCC penetration remain low



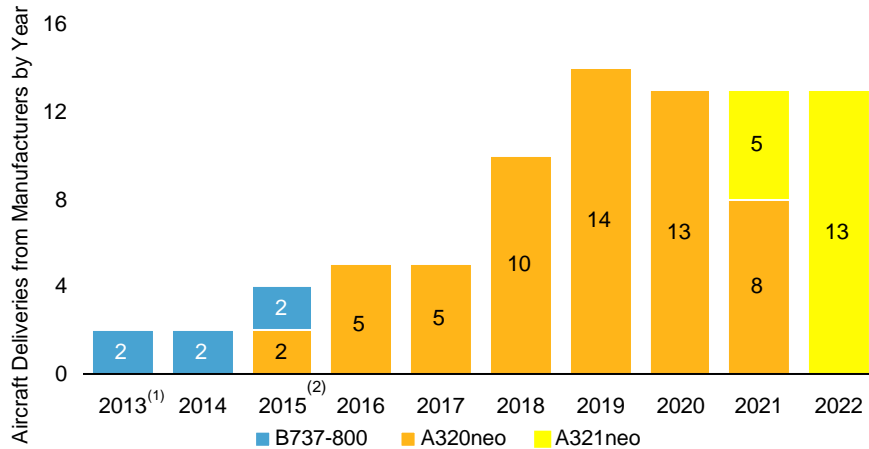
Source: Pegasus information. LCC penetration rates from "CAPA – Centre for Aviation", defined as LCC capacity share (%) of total seats.
 Note: Destinations shown do not include seasonal destinations (Zweibrücken, Manchester and Hanover). Baku and Bishkek are codeshare destinations.
 1. Excluding Russia.

7 Promising Future Growth Opportunities



Growth is supported by future “new generation” aircraft deliveries which give us financial and operational flexibility going forward and a state of the art airport base

Figure 32: Fleet Upgrade / Expansion Supports Continued Growth



Source: Pegasus information.

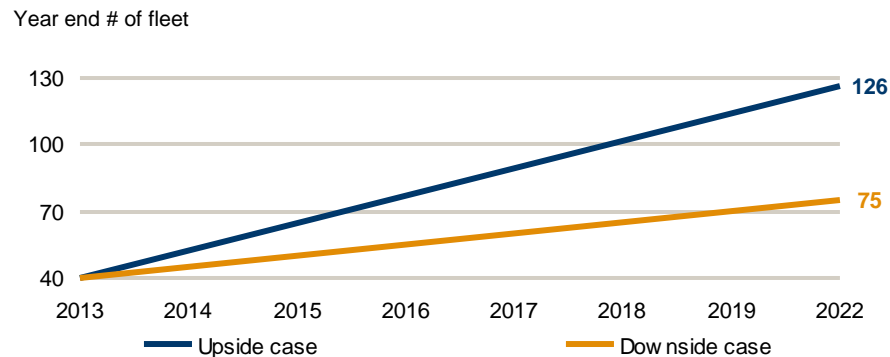
1. Includes one new Boeing 737-800NG aircraft delivered after 31 December 2012.
2. Assuming the first Airbus deliveries in 2015.

Figure 33: SAW Provides an Excellent Base for Our Growth

- International airport located on the Anatolian side of Istanbul, 35km southeast of central Istanbul
- Large catchment area – covers population of almost 20 million

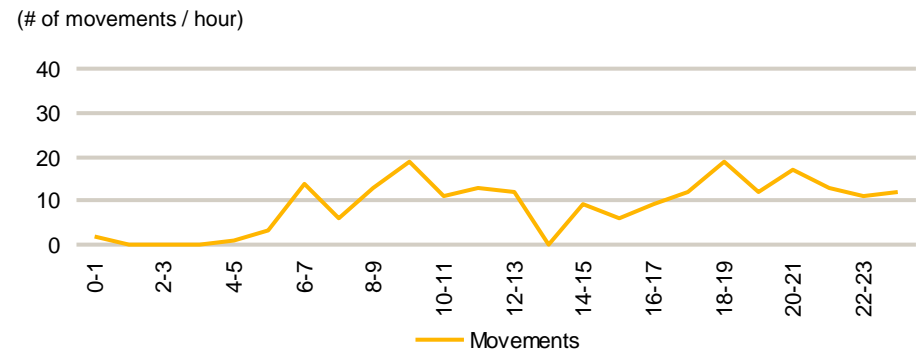


Figure 34: Fleet Development Flexibility



Source: Per Pegasus current plan.

Figure 35: Underutilised Runway Capacity



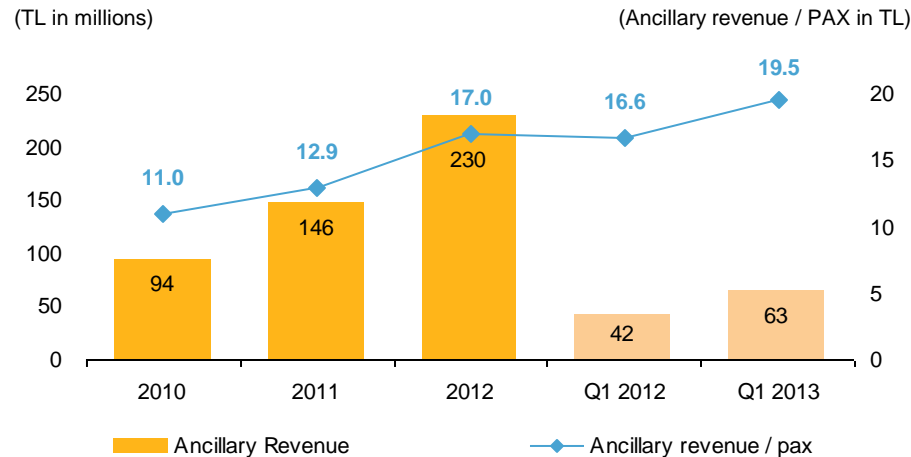
Source: Air Traffic Intelligence.

7 Promising Future Growth Opportunities



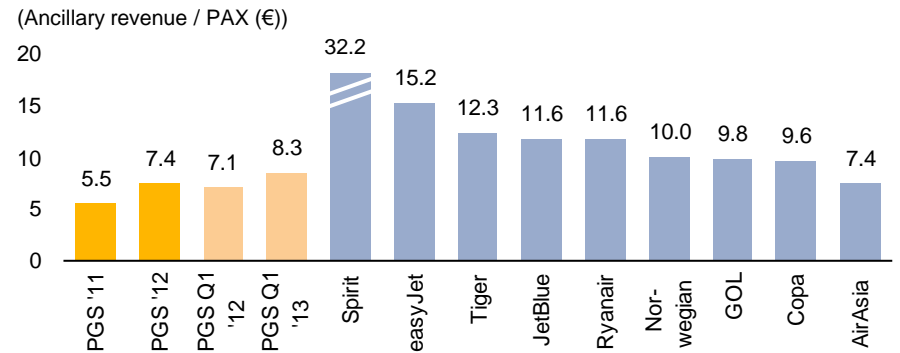
Significant upside potential in ancillary revenues and internet sales channel

Figure 36: Ancillary Revenue Development



Source: Pegasus information.

Figure 37: Room for Growth in Ancillary Revenue⁽¹⁾

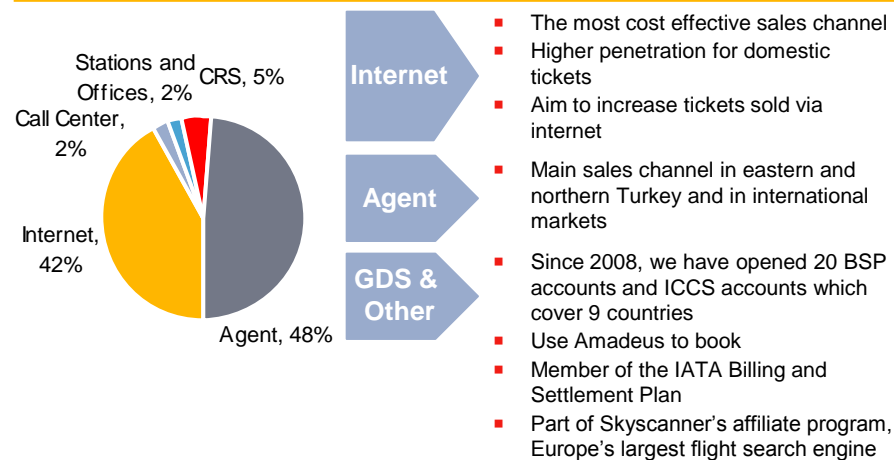


Source: Pegasus information, company information for remaining companies.

Note: Financials calendarised to 2011 December year end and converted at the respective average 2011 FX rates. Ancillary revenue of Pegasus and other companies may not be comparable as the term is not universally defined. 2011 fiscal year data shown for easyJet (September fiscal year end). PGS 2011, 2012, Q1 2012 and Q1 2013 figures converted at the €/TL FX rates of 2.3349, 2.3061, 2.3549 and 2.3557, respectively.

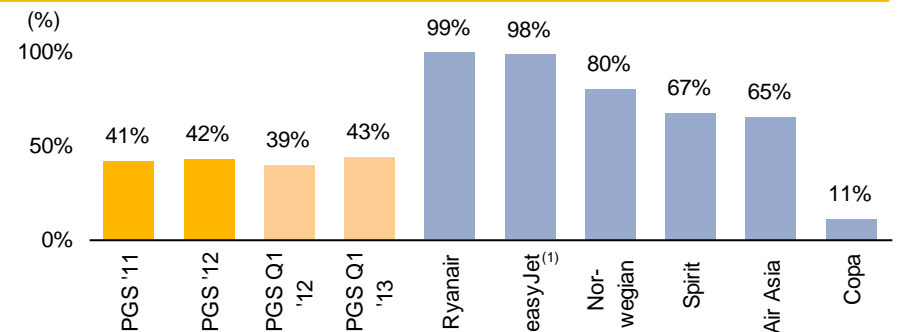
1. Data not stage length adjusted.

Figure 38: Sales Breakdown by Channel – 2012



Source: Pegasus information.

Figure 39: Internet Sales as % of Total Sales



Source: Pegasus information, company information for remaining companies.









Note: Latest disclosed data shown for peers. JetBlue, Tiger and GOL data not disclosed. Pegasus internet sales % for domestic and international each weighted by the proportion of domestic and international revenues to arrive at a combined internet sales %.

1. Percentage of seats sold online – latest disclosed data as of 2007. In 2007 easyJet entered the GDS distribution channel and stopped disclosing internet sales figures.

8 Experienced Management Supported by a Seasoned Board of Directors



We have a high profile management team and Board of Directors of experienced airline professionals

Members of the Board		Leading Corporate Governance	
	Chairman Ali Sabancı	Board composition and independence	<ul style="list-style-type: none"> Minimum 5 and maximum 8 members (currently 8 at Pegasus) 1 out of 3 <u>must</u> be independent
	Vice Chairman Çaçatay Özdoğru		
	Member Sertaç Haybat	Board committees	<ul style="list-style-type: none"> Audit Committee has been established.⁽¹⁾ After the contemplated IPO, Corporate Governance, Nomination, and Risk Committees will be established in accordance with the CMB's rules
	Member Raymond Douglas Webster		
	Member Conor McCarthy		
	Member Cem Kozlu	Safety Committee	<ul style="list-style-type: none"> Flight safety
	Member Emre Berkin	Independent Audit	<ul style="list-style-type: none"> Pegasus' accounts are audited by an internationally recognised independent auditor
	Member Mehmet Sağırođlu		

Note: ✓ = Independent member of the Board of Directors.
 1. Committee was established on 21 April 2011.

Outlook & Trends⁽¹⁾



Traffic – Market Growth	<ul style="list-style-type: none">▪ We expect continuation of robust PAX growth in the Turkish aviation market<ul style="list-style-type: none">▪ We target a total PAX growth of c.15% in 2013▪ DHMI forecasts passenger growth of 8.7% CAGR in Turkey between 2011 and 2015<ul style="list-style-type: none">▪ Our PAX numbers have grown c.3.2x the overall market over the last 5 years
Capacity Increase	<ul style="list-style-type: none">▪ In total, we expect to add 12-16% of additional ASKs annually to our network over the next three years▪ In terms of utilisation, we expect a similar performance to 2012 within the short term, but increasing night flights should increase our utilisation rates as we grow our network
Load Factors and Bookings Trend	<ul style="list-style-type: none">▪ Current favourable trends in load factors expected to continue for the near term<ul style="list-style-type: none">▪ Our short-mid term target is to exceed 80% levels in load factor▪ YTD our bookings show YoY improvement
Ancillary Revenues	<ul style="list-style-type: none">▪ Our target is to grow our ancillary revenues to at least €10-12 per PAX range within the next three years▪ We believe we have several layers of growth opportunities to accomplish this target
Operating Costs (CASK)	<ul style="list-style-type: none">▪ Expected to remain stable for the near term▪ CIT team actively looking into several initiatives to further bring down costs and increase the estimated cumulative annual savings from the current \$37m level▪ Going forward, we will keep the same focus on operating costs, maintain a young and fuel efficient fleet and target to bring our CASK further down
Capex and Cash Flow	<ul style="list-style-type: none">▪ We expect marginal non-aircraft capex▪ We target positive cash flow impact from working capital changes
Current Trading (Q1 2013)	<ul style="list-style-type: none">▪ 25.5% increase in domestic passengers over Q1 2012▪ 32.2% increase in international scheduled passengers over Q1 2012 (33.1% increase including international charter operations)▪ Load factor of 78.3%, an increase of 4.0% over Q1 2012▪ Utilization of 10.9 BH/day, an increase of 14.5% over Q1 2012▪ 6.6 turns per day, an increase of 14.7% over Q1 2012

1. These trends and targets involve a number of risks and uncertainties and actual results may differ materially. See disclaimer on page 24 of this presentation.



Appendices

Income Statement



Figure 40: Income Statement

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated)	2010	2011	2012	Q1 2013
Sales revenue (net)	977,863,116	1,484,079,753	1,919,892,223	386,043,713
Cost of sales	(867,782,511)	(1,376,748,406)	(1,600,787,909)	(348,673,216)
Gross profit	110,080,605	107,331,347	319,104,314	37,370,497
Selling and marketing expenses (-)	(38,823,562)	(67,845,635)	(80,353,989)	(26,512,682)
General administrative expenses (-)	(35,077,321)	(44,887,428)	(50,250,429)	(12,678,476)
Other operating income and expenses (net)	7,199,355	9,850,948	4,189,016	1,866,103
Operating profit / (loss)	43,379,077	4,449,232	192,688,912	45,442
Share of investments' profit / (loss) accounted for using equity method	(109,663)	409,670	(1,513,990)	(1,088,911)
Financial income	4,856,873	13,984,584	13,278,513	12,821,278
Financial expense (-)	(17,175,753)	(31,522,079)	(49,133,836)	(11,306,218)
Profit / (Loss) before tax	30,950,534	(12,678,593)	155,319,599	471,591
Tax income / (expense)				
Current tax expense	-	-	-	-
Deferred tax expense	(10,713,224)	(1,407,307)	(29,016,083)	(6,804,817)
Profit / (Loss) for the period	20,237,310	(14,085,900)	126,303,516	(6,333,226)
Other comprehensive income / (loss)				
Currency translation differences	1,177,467	30,247,314	3,555,138	(5,304,270)
Hedge fund	(126,249)	3,317,598	8,727,235	35,998
<i>Gains on derivative contracts</i>	<i>(49,610)</i>	<i>3,989,186</i>	<i>14,898,232</i>	<i>14,943,230</i>
<i>Gains included in income statement</i>	<i>(86,561)</i>	<i>126,249</i>	<i>(3,191,351)</i>	<i>(11,918,586)</i>
<i>Deferred tax effect</i>	<i>9,922</i>	<i>(797,837)</i>	<i>(2,979,646)</i>	<i>(2,988,646)</i>
Total comprehensive profit / (loss)	21,288,528	19,479,012	138,585,889	(11,601,498)
Net profit / (loss) attributable to:				
Shareholders' of the parent	25,536,874	(15,323,004)	126,303,516	(6,322,187)
Non-controlling interest	(5,299,564)	1,237,104	-	(11,039)
	20,237,310	(14,085,900)	126,303,516	(6,333,226)
Earnings / Loss per share (TL)	1.07	(0.20)	1.68	(0.08)
Total comprehensive profit / (loss) attributable to:				
Shareholders' of the parent	26,703,345	19,612,025	138,585,889	(11,590,459)
Non-controlling interest	(5,414,817)	(133,013)	-	(11,039)
	21,288,528	19,479,012	138,585,889	(11,601,498)

Source: Pegasus information.

Balance Sheet



Figure 41: Balance Sheet

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated)	2010	2011	2012	Q1 2013
Current assets				
Cash and cash equivalents	49,284,469	19,549,364	210,150,238	198,441,277
Trade receivables	18,511,639	78,693,508	41,871,360	160,651,300
Inventories	208,889	580,183	1,882,592	2,228,862
Other receivables and assets	41,011,332	99,314,260	85,424,957	69,295,756
Total current assets	109,016,329	198,137,315	339,329,147	430,617,195
Investments	286,360	662,186	1,512,211	511,471
Tangible assets	854,170,057	1,412,703,602	1,730,317,522	1,681,814,312
Intangible assets	3,231,665	5,632,441	5,013,650	4,795,308
Other receivables and non-current assets	263,790,567	202,706,762	132,838,505	144,454,518
Deferred tax assets	5,550,596	12,346,542	-	766,868
Total non-current assets	1,127,029,245	1,634,051,533	1,869,681,888	1,832,342,477
Total Assets	1,236,045,574	1,832,188,848	2,209,011,035	2,262,959,672
Current liabilities				
Financial liabilities	210,182,820	292,036,185	185,954,714	183,315,204
Trade payables	54,390,220	100,683,084	88,538,575	88,519,165
Other payables and current liabilities	115,778,624	159,974,957	239,537,994	337,465,209
Provision for employee benefits	10,381,839	4,831,192	24,044,479	26,053,544
Total current liabilities	390,733,503	557,525,418	538,075,762	635,353,122
Financial liabilities	11,307,245	-	-	1,197,315,719
Other non-current liabilities	14,255,429	18,302,176	26,333,376	31,780,357
Provision for employee benefits	546,745	625,339	4,149,445	4,063,688
Deferred tax liabilities	28,982,991	36,998,098	72,180,973	77,923,752
Total non-current liabilities	676,331,651	1,085,966,355	1,343,583,125	1,311,083,516
Total liabilities	1,067,065,154	1,643,491,773	1,881,658,887	1,946,436,638
Share capital	75,000,000	75,000,000	75,000,000	75,000,000
Effects of the acquisition of IHY İzmir Havayolları A.Ş. ("İzair")	29,504,957	29,504,957	29,504,957	29,504,957
Translation reserve / Cash flow hedging reserve	37,436,994	72,372,023	84,654,396	79,386,124
Retained earnings post net profit/(loss) for the year	32,453,286	11,889,279	138,192,795	131,870,608
Non-controlling interest	(5,414,817)	(69,184)	0	761,345
Total equity	168,980,420	188,697,075	327,352,148	316,523,034
Total liabilities and equity	1,236,045,574	1,832,188,848	2,209,011,035	2,262,959,672

Source: Pegasus information.

Cash Flow Statement



Figure 42: Cash Flow Statement

(All amounts are expressed in Turkish Lira (TL) unless otherwise stated)	2010	2011	2012	Q1 2013
Profit / (loss) for the period	20,237,310	(14,085,900)	126,303,516	(6,322,187)
Depreciation and amortization	39,548,159	75,870,148	104,401,778	27,774,789
Inc. in income sharing plan, vacation accrual, EBP & provision for retirement pay liability	7,347,640	1,437,576	24,891,069	281,831
Current tax expense	10,713,224	1,407,307	29,016,083	6,804,817
Change in maintenance reserves and redelivery provision	5,545,800	24,708,159	12,739,780	4,561,804
Interest and commission expense	16,835,102	28,462,893	35,096,398	6,983,923
Interest income	(256,762)	(1,351,413)	(3,574,571)	(1,495,285)
Interest income & Other	15,432,398	10,541,012	40,047,144	(6,274,520)
Cash generated from operating activities before changes in working capital	115,583,172	127,396,509	370,316,158	32,390,529
Increase in trade receivables	8,125,563	(56,950,451)	28,952,710	(118,952,289)
(Increase) / Decrease in inventories	(95,361)	(371,294)	(1,303,613)	(346,270)
(Increase) / Decrease in other receivables and other current assets	(8,388,197)	(60,961,681)	(4,436,483)	(3,146,201)
Increase in trade payables	3,639,302	46,958,917	42,232,097	(19,410)
Increase in other current liabilities	28,387,617	21,682,335	58,871,748	103,274,566
Changes in working capital	31,668,924	(49,642,174)	124,316,459	(19,189,604)
Cash flows from operating activities	147,252,096	77,754,335	494,632,617	13,200,925
Retirement pay liabilities paid	(3,614,600)	(6,909,628)	(1,269,663)	(161,114)
Net cash generated from operating activities	143,637,496	70,844,707	493,362,954	13,039,811
Purchase of property, equipment and intangible assets	(7,699,987)	(14,918,929)	(20,058,058)	(1,508,198)
Changes in advances on aircraft	(94,259,452)	47,576,258	13,918,856	(5,838,743)
Proceeds from sale of property, equipment and intangible assets	160,623	952,892	2,557,434	-
Interest received & Other	-	-	14,126,802	1,495,285
Net cash generated from investing activities	(101,798,816)	33,610,221	10,545,034	(5,851,656)
Repayment of principal in finance lease liabilities	(44,595,041)	(78,665,344)	(117,378,591)	(33,611,607)
Interest and commission paid	(16,664,901)	(26,402,099)	(36,526,904)	(7,050,532)
Increase in borrowings	163,490,265	195,318,313	318,010,468	2,864,885
Repayment of borrowings	(83,458,628)	(201,300,888)	(446,496,800)	(2,747,795)
Increase in share capital	2,539,380	-	-	-
Effect of Izair acquisition	(3,168,069)	237,643	-	-
Net cash (used in) / generated from financing activities	18,143,006	(110,812,375)	(282,391,827)	(40,545,049)
Net (decrease) / increase in cash and cash equivalents	59,981,686	(6,357,447)	221,516,161	(33,356,894)
Cash and cash equivalents at the beginning of the period	6,318,186	49,284,469	19,549,364	210,150,238
Cash and cash equivalents at the end of the period	66,299,872	42,927,022	241,065,525	176,793,344

Source: Pegasus information.

Q1 2013 Operating Data



Figure 43: Q1 2013 Operating Data

	Q1 2012	Q1 2013	Y-o-Y Growth
Domestic			
Pax (m)	1.68	2.1	25.0%
Seat (m)	2.19	2.61	19.2%
Load factor (%)	76.5%	80.5%	4.0%
Cycle	11.864	13.858	16.8%
Pax per cycle	141	152	7.8%
ASK (m)	1.273	1.502	18.0%
Market share in Turkey	24%	26%	2.2%
Market share in SAW	62%	72%	9.8%
Internet sales (%)	47%	50%	3.4%
International			
Pax (m)	0.86	1.15	33.7%
Seat (m)	1.22	1.54	26.2%
Load factor (%)	70.4%	74.5%	4.1%
Cycle	6.647	8.381	26.1%
Pax per cycle	130	137	5.4%
ASK (m)	1.695	2.241	32.2%
Market share in Turkey	10%	11%	1.0%
Market share in SAW	70%	75%	4.8%
Internet sales (%)	32%	36%	4.9%
Total			
Pax (m)	2.54	3.25	28.0%
Seat (m)	3.42	4.15	21.3%
Load factor (%)	74.30%	78.30%	4.0%
Cycle	18.511	22.239	20.1%
Pax per cycle	137	147	7.3%
ASK (m)	2.967	3.743	26.2%
Block hour	32.264	36.613	13.5%
Utilisation	9.5	10.9	14.7%
Turns per day	5.8	6.6	14.7%
# of destinations	53	70	17

Source: Pegasus information.

Disclaimer (1/2)



Definitions

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

All revenue, CASK, CASK ex-fuel, EBITDA, EBITDAR and EBITDAR margin items are Pegasus operational figures. These figures do not include figures related to the operation by IZair (which was jointly controlled with Air Berlin) and split charter flights between Turkey and selected cities in Germany under the “Air Berlin Turkey” brand (this operation commenced 1 November 2011)

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.

“Fuel efficiency” is defined as “payload adjusted ton / 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.

“Non-fuel CASK” 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.

“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.

Disclaimer (2/2)



The information in this presentation has been prepared by Pegasus Hava Tasımacıllığı A.S. (the "Company" or "Pegasus") solely for use at a presentation concerning the Company, its proposed listing on the Istanbul Stock Exchange and the proposed offering (the "Offering") of ordinary shares of the Company (the "Shares"). This presentation and its contents are strictly confidential, are intended only for use by the attendee for information purposes only and may not be reproduced in any form or further distributed to any other person (whether or not a Relevant Person as defined below) or published, in whole or in part, for any purpose. Failure to comply with this restriction and the following restrictions may constitute a violation of applicable securities laws.

This presentation does not constitute or form part of, and should not be construed as, an offer to sell, or the solicitation or invitation of any offer to buy or subscribe for, or otherwise acquire, any securities of the Company or an inducement to enter into investment activity. No part of this presentation, nor the fact of its distribution, should form the basis of, or be relied on in connection with, any contract or commitment or investment decision whatsoever. Any purchase of the Shares in the Offering should be made solely on the basis of the information contained in the Turkish language prospectus for the Turkish retail and institutional investors to be published in respect to the Offering within the Republic of Turkey (the "Turkish Prospectus") or the final offering circular for institutional investors to be prepared in connection with the Offering outside the Republic of Turkey (the "Offering Circular"), as applicable. Copies of the Turkish Prospectus and the Offering Circular will, following publication, be available from the Company's registered office.

This presentation is the sole responsibility of the Company. The information contained in this presentation does not purport to be comprehensive and has not been independently verified. The information contained herein is for discussion purposes only and does not purport to contain all information that may be required to evaluate the Company and/or its business, financial position or future performance. The information and opinions contained in this document are provided only as at the date of the presentation and are subject to change without notice. Some of the information is still in draft form and will be finalised or completed only at the time of publication by the Company of the Turkish Prospectus or the final Offering Circular, as applicable, in connection with the Offering. No representation, warranty or undertaking, expressed or implied, is or will be made by the Company, Barclays Bank PLC ("Barclays"), İş Yatırım Menkul Değerler A.S. ("İş Yatırım") or their respective affiliates, advisors or representatives or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained in this presentation (or whether any information has been omitted from this presentation). The Company, to the extent permitted by law, and Barclays, İş Yatırım and each of their respective directors, officers, employees, affiliates, advisors or representatives disclaims all liability whatsoever (in negligence or otherwise) for any loss however arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection with this presentation.

To the extent available, the industry, market and competitive position data contained in this presentation come from official or third party sources. Third party industry publications, studies and surveys generally state that the data contained therein have been obtained from sources believed to be reliable, but that there is no guarantee of the accuracy or completeness of such data. While the Company believes that each of these publications, studies and surveys has been prepared by a reputable source, the Company has not independently verified the data contained therein. In addition, certain of the industry, market and competitive position data contained in this presentation come from the Company's own internal research and estimates based on the knowledge and experience of the Company's management in the markets in which the Company operates. While the Company believes that such research and estimates are reasonable and reliable, they, and their underlying methodology and assumptions, have not been verified by any independent source for accuracy or completeness and are subject to change without notice. Accordingly, undue reliance should not be placed on any of the industry, market or competitive position data contained in this presentation.

This presentation and any materials distributed in connection with this presentation are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing within such jurisdiction.

The Shares have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or the laws of any state, territory or other jurisdiction (including the District of Columbia) of the United States, and may not be offered or sold within the United States, absent registration or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable laws of any state, territory or other jurisdiction of the United States. Pegasus does not intend to register any portion of the offering in the United States or conduct a public offering of securities in the United States.

Neither this presentation nor any part of it may be taken or transmitted in or to Australia, Canada, Japan or Saudi Arabia or distributed, directly or indirectly, in or into Australia, Canada, Japan or Saudi Arabia. Any failure to comply with these restrictions may constitute a violation of Australian, Canadian, Japanese or Saudi Arabian securities laws. The Shares have not been and will not be registered under the applicable securities laws of Australia, Canada, Japan or Saudi Arabia and, subject to certain exceptions, may not be offered or sold within Australia, Canada, Japan or Saudi Arabia.

The offer and distribution of this presentation and other information in connection with the proposed listing and the Offering in certain jurisdictions may be restricted by law and persons into whose possession this presentation or any document or other information referred to herein comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This presentation is made to and directed only at the limited number of invitees who: (A) if in the United States (as defined in Regulation S under the Securities Act), are "qualified institutional buyers" as defined in Rule 144A under the Securities Act, (B) if in the European Economic Area, are persons who are "qualified investors" within the meaning of Article 2(1)(e) of the Prospectus Directive (Directive 2003/71/EC), as amended ("Qualified Investors"); (C) if in the United Kingdom, are persons (i) having professional experience in matters relating to investments so as to qualify them as "investment professionals" under Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"); and (ii) falling within Article 49(2)(a) to (d) of the Order or persons to whom it may otherwise be lawfully communicated; and/or (D) are other persons to whom it may otherwise lawfully be communicated (all such persons referred to in (A), (B), (C), and (D) together being "Relevant Persons"). Nothing in this presentation constitutes investment advice and any recommendations that may be contained herein have not been based upon a consideration of the investment objectives, financial situation or particular needs of any specific recipient. Persons other than Relevant Persons should not rely on or act upon this presentation or any of its contents and must return it immediately to the Company. Any investment or investment activity to which this communication relates is available only to Relevant Persons and will be engaged in only with Relevant Persons.

This presentation includes "forward-looking statements". These statements contain the words "anticipate", "will", "believe", "intend", "estimate", "expect" and words of similar meaning. All statements other than statements of historical fact included in this presentation, including, without limitation, those regarding the Company's financial position, prospects, growth, business strategy, plans and objectives of management for future operations (including statements relating to new routes, number of aircraft, availability of financing, customer offerings, passenger and utilisation statistics and objectives relating to the Company's products and services) are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors, including, without limitation, the risks and uncertainties to be set forth in the Turkish Prospectus and the Offering Circular, that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Company's present and future business strategies and the environment in which the Company will operate in the future. These forward-looking statements speak only as at the date of this presentation. The Company cautions you that forward-looking statements are not guarantees of future performance and that its actual financial position, prospects, growth, business strategy, plans and objectives of management for future operations may differ materially from those made in or suggested by the forward-looking statements contained in this presentation. In addition, even if the Company's financial position, prospects, growth, business strategy, plans and objectives of management for future operations are consistent with the forward-looking statements contained in this presentation, those results or developments may not be indicative of results or developments in any future period. The Company does not undertake and expressly disclaims any obligation to review or confirm or to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the Company's expectations with regard thereto or any events that occur or conditions or circumstances that arise after the date of this presentation.

As of the date of this presentation, the Turkish Prospectus has not been approved under the Turkish Capital Markets Law No 6362. Neither the Turkish Prospectus nor the Offering have been or will be registered with, approved by or notified to any authorities outside the Republic of Turkey (including in any European Economic Area Member State, based on Directive 2003/71/EC of the European Parliament, as amended, and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading). Any offered securities may not be offered or sold outside the territory of the Republic of Turkey unless such offer or sale could be legally made in such jurisdiction without the need to fulfil any additional requirements.

In any European Economic Area Member State that has implemented Directive 2003/71/EC, as amended (together with any applicable implementing measures in any Member State, the "Prospectus Directive"), this presentation is not a prospectus for purposes of the Prospectus Directive.

Each of Barclays and İş Yatırım are acting exclusively for the Company and Esas Holding A.S. and no one else in connection with the Offering and will not be responsible to anyone other than the Company and Esas Holding A.S. for providing the protections afforded to their respective clients or for providing advice in connection with the Offering.

By attending this presentation or by reading the presentation slides, you agree to be bound by the foregoing limitations and restrictions and, in particular, will be deemed to have represented, warranted and undertaken that: (i) you have read and agree to comply with the contents of this disclaimer including, without limitation, the obligation to keep this presentation and its contents confidential; (ii) you are a Relevant Person (as defined above); and (iii) you will be solely responsible for your own assessment of the Company and its business, financial position and future performance and will make any investment decision solely on the basis of the final Turkish Prospectus or the final Offering Circular, as applicable.