



# Q2 2014 ANALYST & INVESTOR PRESENTATION

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# Pegasus at a Glance



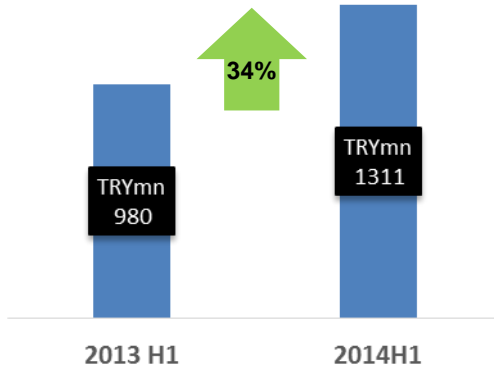
- Fleet of 54 aircraft with an average age of 4.5 year as of August 2014
- Leading presence in domestic market with a market share of 28%
- Operates 84 routes in 35 countries
- Strong on time performance 87.07%
- Growing ancillary revenue
- One of the largest catchment areas in the region with c.18m population living with a one hour drive of Pegasus Main hub SAW airport



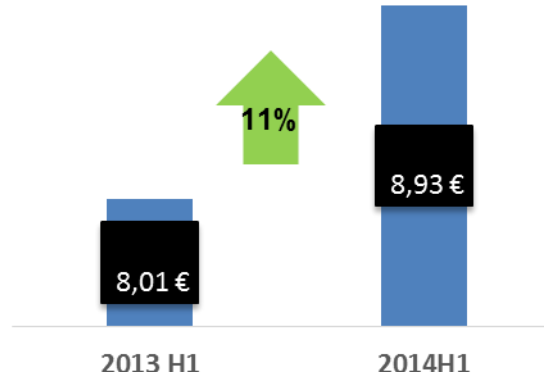
# Key Highlights



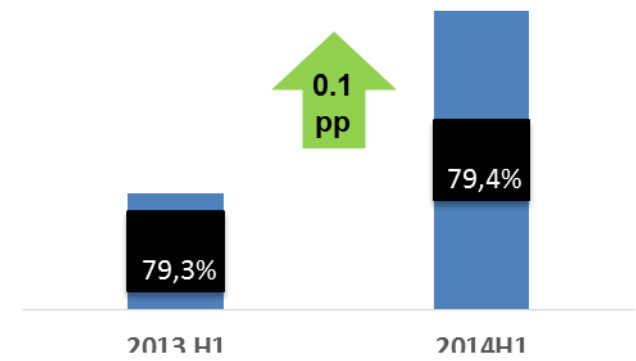
## PGSUS Operational Revenue(\*)



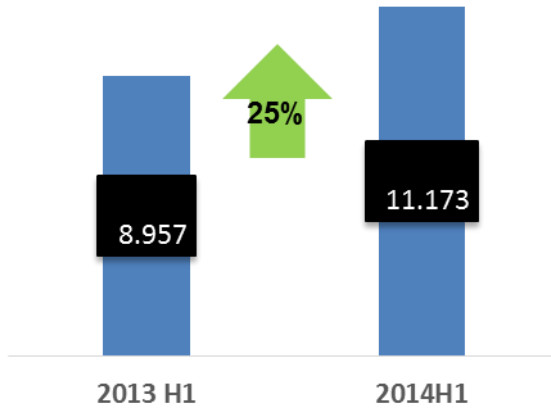
## Ancillary Revenue Per Pax



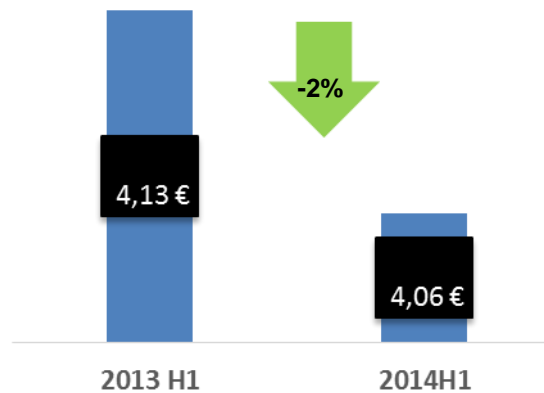
## Load Factor %



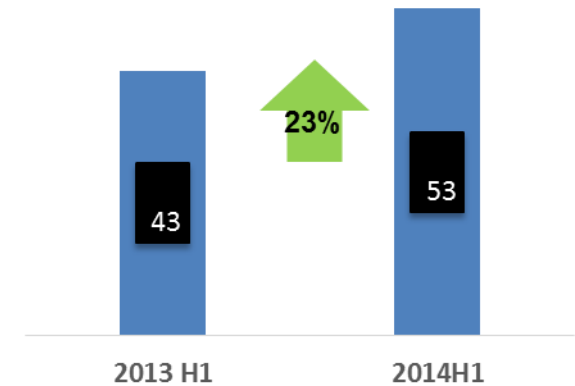
## ASK (mn)



## CASK €cent



## No. of A/C at period end



(\*) Revenue excluding revenue derived from the AirBerlin Turkey Project

# Operational Performance



## Pegasus Hava Taşımacılığı A.Ş. January - June Traffic Results

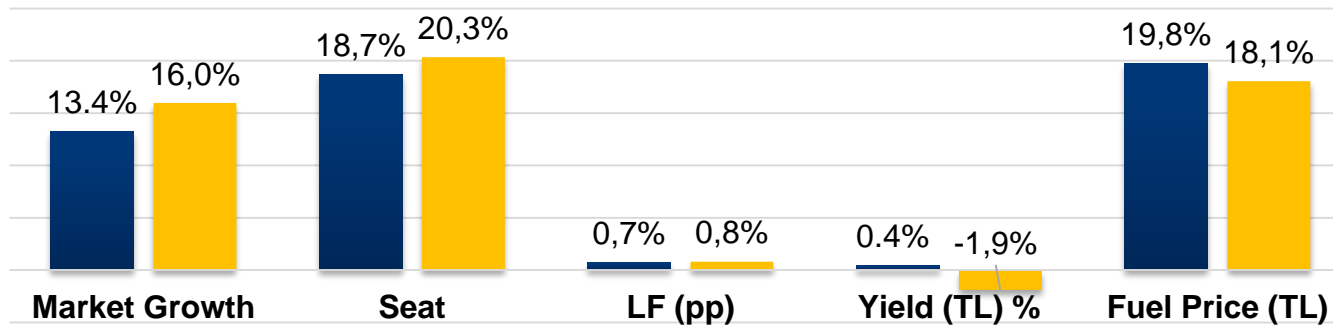
<b>DOMESTIC</b>	<b>1H 2014</b>	<b>1H 2013</b>	<b>Change %</b>		<b>Q2 2014</b>	<b>Q2 2013</b>	<b>Change %</b>	
Pax (mio)	5,74	4,72	21,5%		3,14	2,62	19,7%	
Seat (mio)	7,00	5,82	20,3%		3,80	3,20	18,7%	
Load factor (%)	82,0%	81,2%	0,8%	pp	82,5%	81,8%	0,7%	pp
Cycle	37.378	30.938	20,8%		20.301	17.080	18,9%	
Pax per cycle	154	153	0,6%		154	153	0,7%	
ASK (mio)	4.085	3.326	22,8%		2.199	1.824	20,6%	
<b>INTERNATIONAL(1)</b>	<b>1H 2014</b>	<b>1H 2013</b>	<b>Change %</b>		<b>Q2 2014</b>	<b>Q2 2013</b>	<b>Change %</b>	
Pax (mio)	3,50	2,83	24,0%		2,03	1,68	21,0%	
Seat (mio)	4,65	3,71	25,3%		2,67	2,17	22,9%	
Load factor (%)	75,4%	76,2%	-0,8%	pp	76,3%	77,5%	-1,2%	pp
Cycle	25.398	20.276	25,3%		14.595	11.895	22,7%	
Pax per cycle	138	139	-1,0%		139	141	-1,4%	
ASK (mio)	7.089	5.631	25,9%		4.167	3.390	22,9%	
<b>TOTAL</b>	<b>1H 2014</b>	<b>1H 2013</b>	<b>Change %</b>		<b>Q2 2014</b>	<b>Q2 2013</b>	<b>Change %</b>	
Pax (mio)	9,24	7,55	22,4%		5,17	4,30	20,2%	
Seat (mio)	11,64	9,52	22,3%		6,47	5,37	20,4%	
Load factor (%)	79,4%	79,3%	0,1%	pp	79,9%	80,0%	-0,1%	pp
Cycle	62.776	51.214	22,6%		34.896	28.975	20,4%	
Pax per Cycle	147	147	-0,1%		148	148	-0,2%	
ASK (mio)	11.173	8.957	24,7%		6.367	5.214	22,1%	
Block Hour	108.978	86.149	26,5%		61.765	49.536	24,7%	
Utilization	12,1	12,1	0,6%		13,3	13,1	1,5%	
Destinations Flown	84	71	18,3%		84	71	18,3%	

(1) Charter operations are included



## Growth Analysis - Domestic

■ 14-13 Q2 ■ 14-13 H1

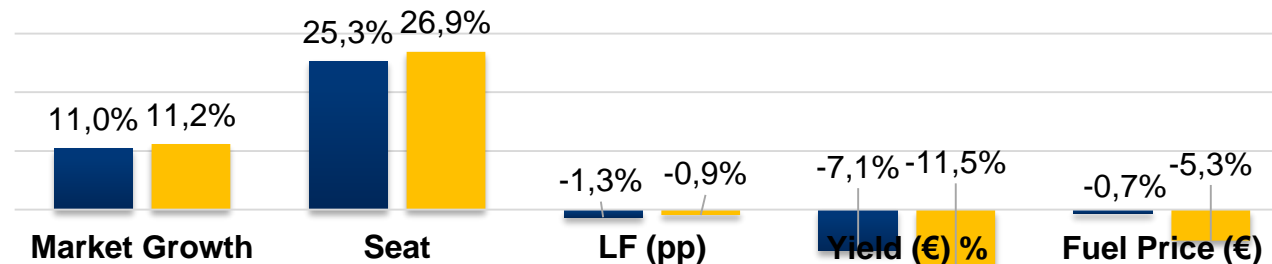


### Domestic Yields

<u>2013 Q2</u>	<u>80,3 TL</u>
<u>2014 Q2</u>	<u>80,6 TL</u>
<u>2013 1H</u>	<u>74,6 TL</u>
<u>2014 1H</u>	<u>73,2 TL</u>

## Growth Analysis - International

■ 14-13 Q2 ■ 14-13 H1



### International Yields

<u>2013 Q2</u>	<u>€ 70,07</u>
<u>2014 Q2</u>	<u>€ 65,10</u>
<u>2013 1H</u>	<u>€ 65,37</u>
<u>2014 1H</u>	<u>€ 57,86</u>

### Fuel Price CIF NWE - Average

2013 Q2	€	713
2014 Q2	€	707
2013 1H	€	750
2014 1H	€	710

# New Destinations & Frequencies in 2014



## New Destinations in S 14

- ✓ Madrid, Frankfurt, Kuwait as of March
- ✓ Charleroi as of April (instead of BRU)
- ✓ Mineralnye Vody as of May
- ✓ Prague, Geneva, Bahrain as of June
- ✓ Hamburg and Budapest as of July

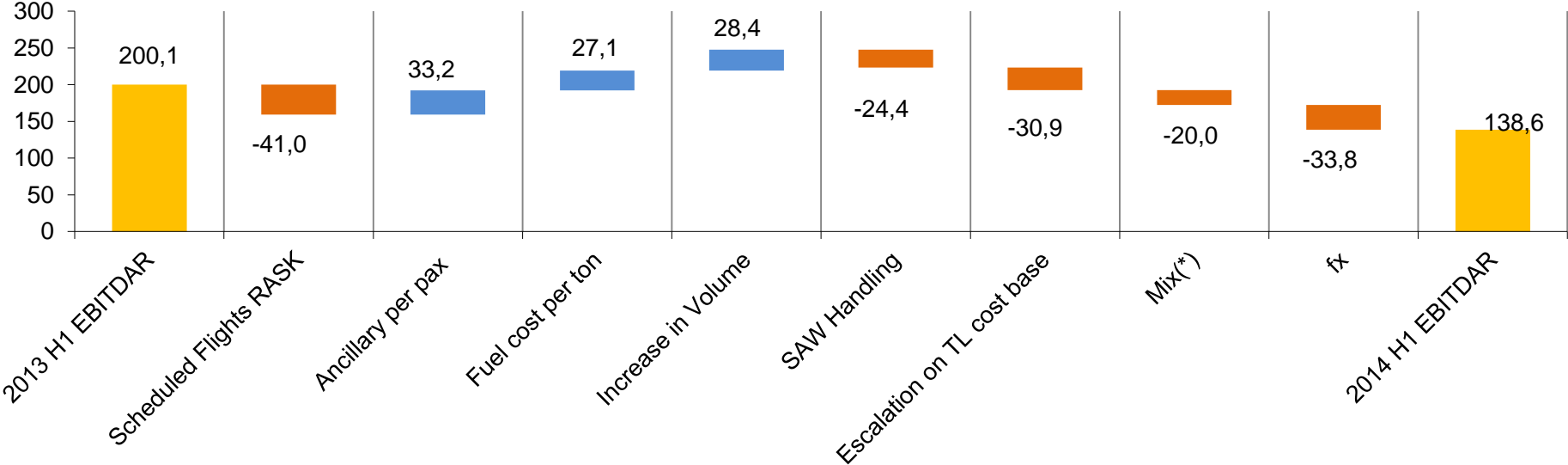
## More Frequencies in S 14

- ✓ Tel Aviv daily 3 freq
- ✓ Cologne daily 2 freq
- ✓ Copenhagen weekly 12 freq (+3 freq)
- ✓ Düsseldorf weekly 10 freq (+3 freq)
- ✓ Bologna daily (+3 freq)
- ✓ Krasnodar daily (+2 freq)
- ✓ Qatar weekly 5 freq (+2 freq)
- ✓ Stuttgart weekly 9 (+2 freq)
- ✓ Basel weekly 10 freq (+3 freq)
- ✓ Barcelona weekly 9 (+2 freq)
- ✓ London Stansted weekly 16 (+2 freq)
- ✓ Tbilisi weekly 9 (+2 freq)
- ✓ And Marseille, Sarajevo, Berlin, Nurnberg, Almaty, Vienna freq increases (+1 freq)

# EBITDAR Analysis – 2014 H1

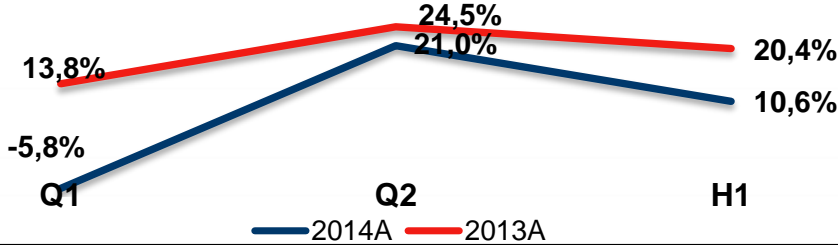


## 2013-2014 EBITDAR Bridge



(\*) Mix includes the impacts of Izair&Air Manas fixed costs, change in engine overhaul provision, fleet ownership structure and payroll structural costs.

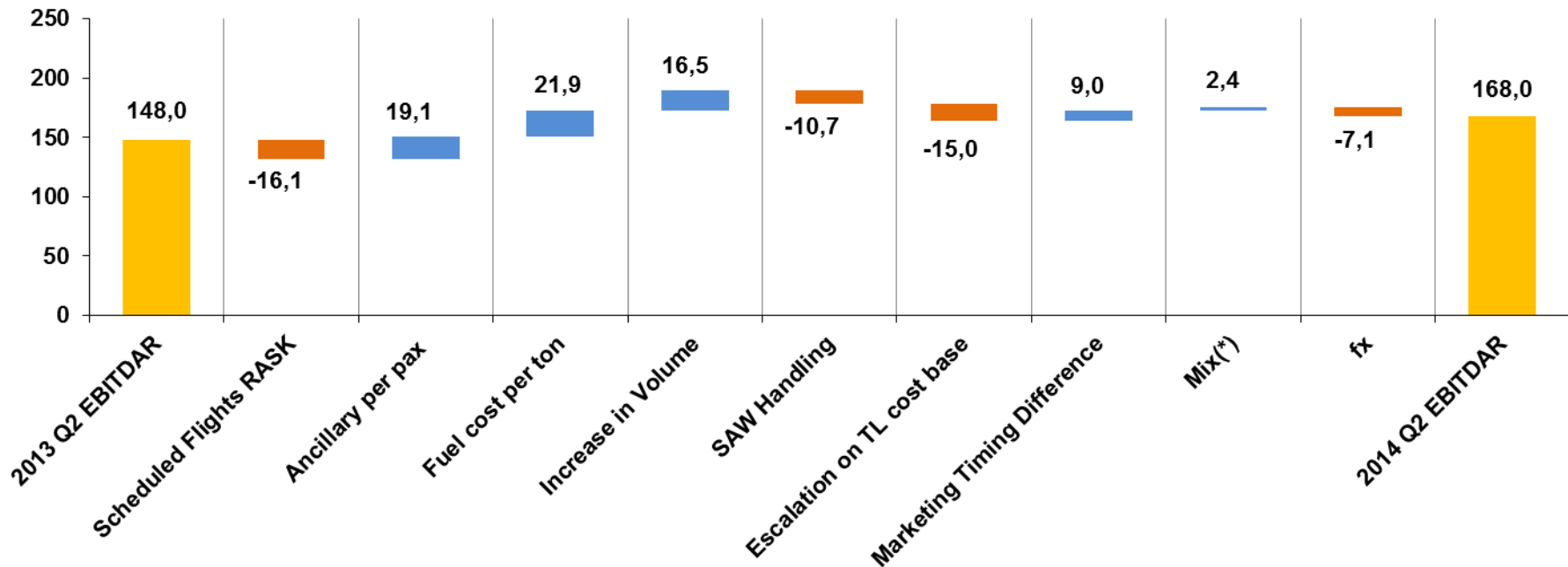
## 2013-2014 EBITDAR Margin Development



# EBITDAR Analysis – Q2 2014



## 2013-2014 EBITDAR Bridge



(\*) Mix includes the net impacts of Izair&Air Manas fixed costs, change in engine overhaul provision, fleet ownership structure and payroll structural costs.

## Comments

- ✓ EBITDAR recorded TRY 168.1 million, an increase of TRY 20.02 million versus 2Q13 with margin of 21%



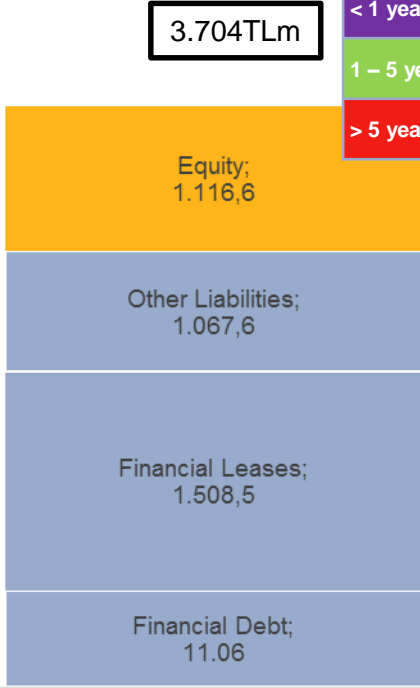
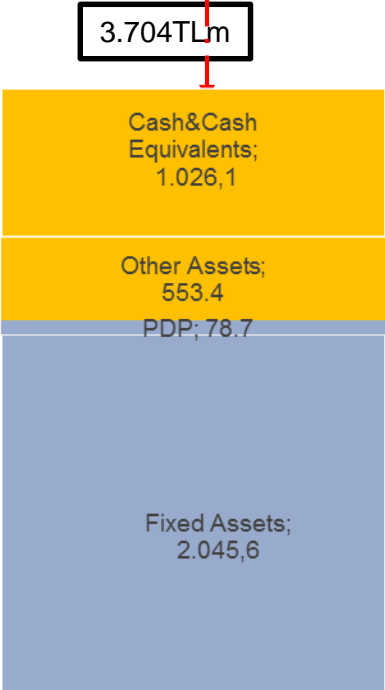
# Balance Sheet Analysis



**Fig. 1: Balance Sheet Structure (30<sup>th</sup> June 2014) (TL m)**

Cash & equivalents currency breakdown	
TL	10,3%
USD	55,9%
EUR	26,2%
GBP	4,4%
Other	3,2%

Financial lease maturity breakdown	
< 1 year	11,5%
1 – 5 years	47,3%
> 5 years	41,2%



Assets

Liabilities & Equity

# CASK Non-Fuel Analysis – 2014 H1



Fig. 1: CASK €c non-fuel Bridge

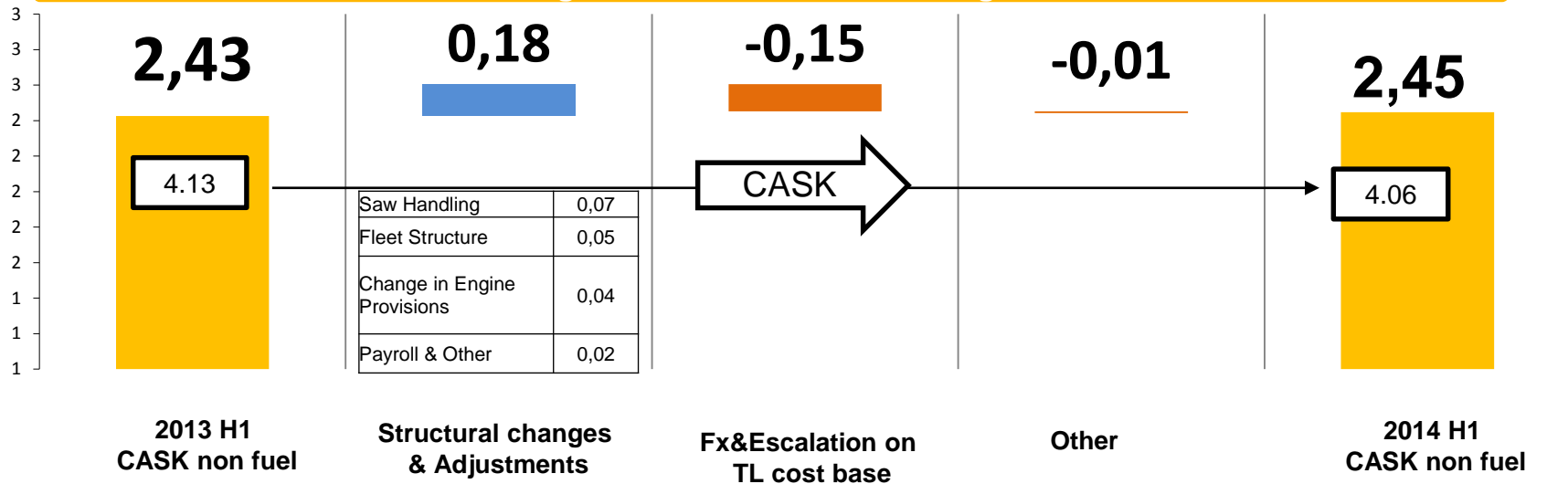


Fig. 2: CASK non-fuel Seasonality Relationship

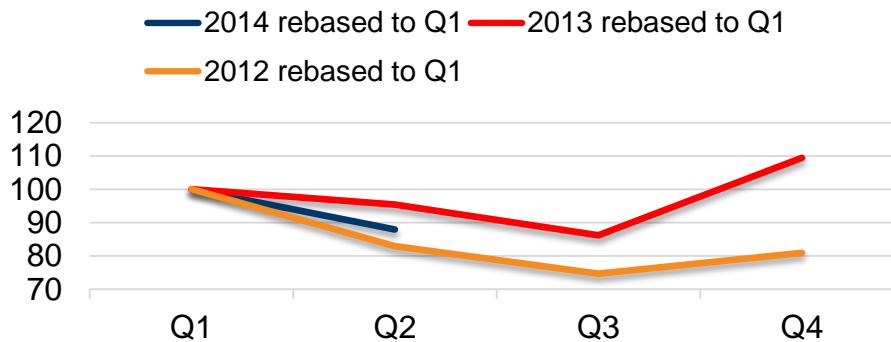
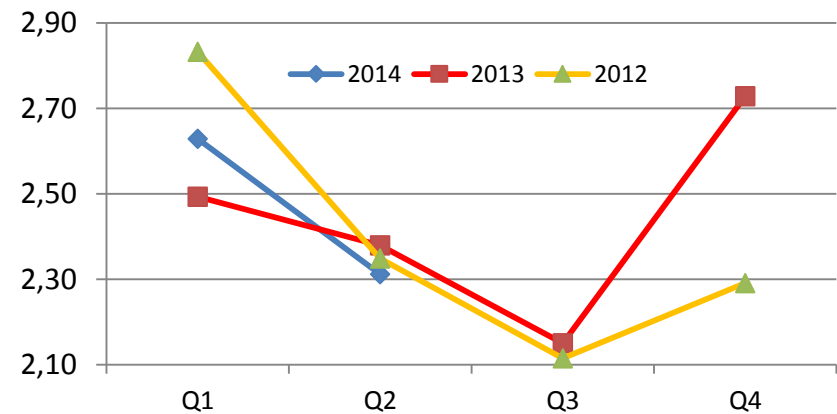


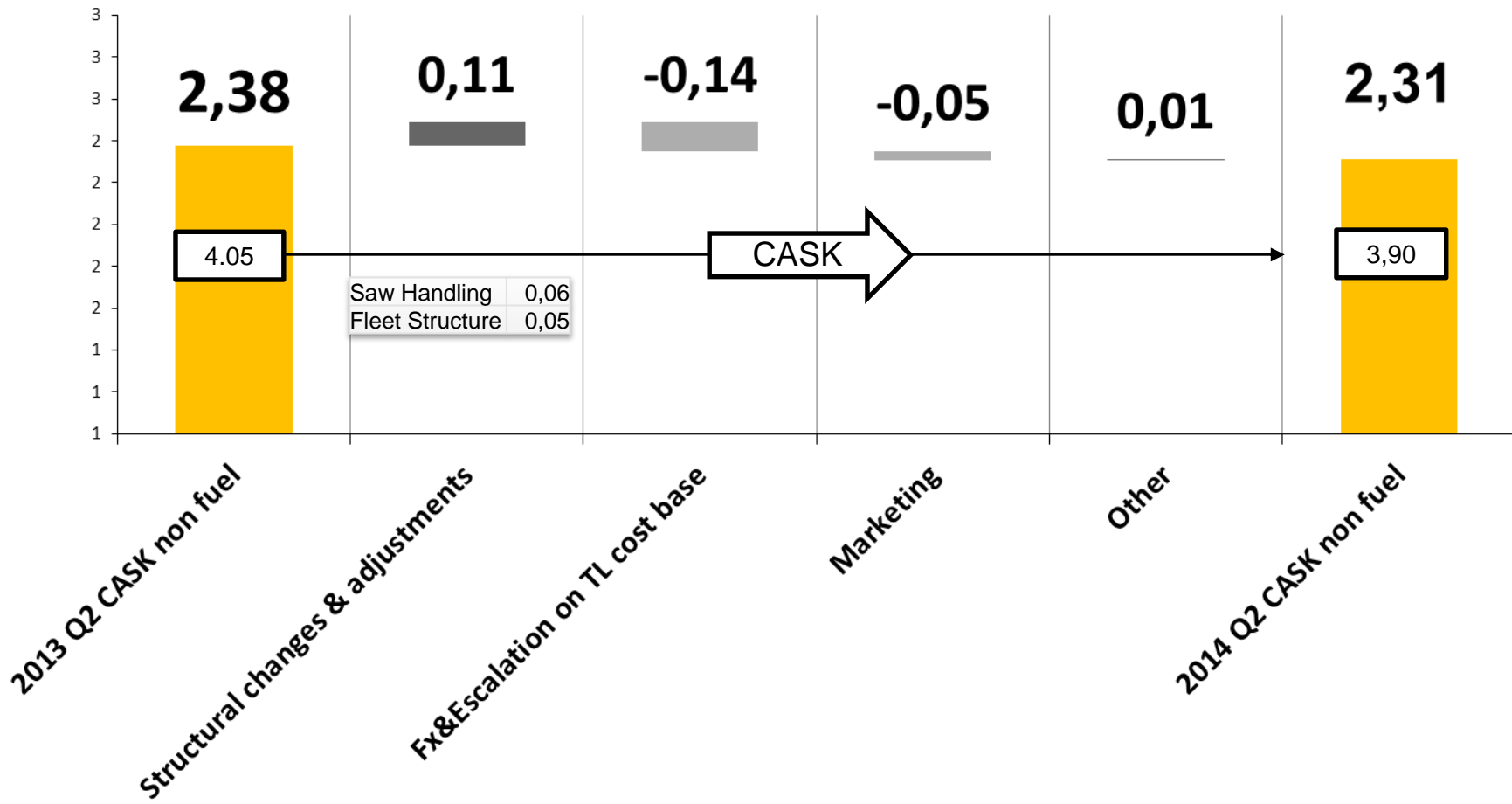
Fig. 3: Nominal CASK non-fuel values



# CASK Non-Fuel Analysis – 2014 Q2



Fig. 1: CASK €c non-fuel Bridge



# FX gain/loss impact





## BALANCE SHEET

### ASSETS

#### Monetary Assets

Cash and cash equivalents  
Trade receivables  
PDP




€  vs. TL,\$,£ => **FX Loss @ P&L**  
€  vs. TL,\$,£ => **FX Gain @ P&L**

**FX Gain / (Loss) recorded in 2014 H1 (TL million) - 8,7 TL**

#### Non-Monetary Assets

Investments  
Tangible assets  
Intangible assets



€  vs. TL => **FX Loss @ P&L**



**FX Gain / (Loss) recorded in 2014 H1 (TL million) - 26,6 TL**

### LIABILITIES&EQUITY

#### Monetary Liabilities

Bank Loans  
Obligations under finance leases  
Trade payables




€  vs. TL,\$,£ => **FX Gain @ P&L**  
€  vs. TL,\$,£ => **FX Loss @ P&L**

**FX Gain / (Loss) recorded in 2014 H1 (TL million) - 8,9 TL**

#### Non-Monetary Liabilities&Equity

Capital  
Premium in excess of par  
Retained earning



€  vs. TL => **FX Gain @ P&L**

**FX Gain / (Loss) recorded in 2014 H1 (TL million) 16,3 TL**

**Net FX Gain / (Loss) recorded in 2014 H1 (TL million) - 27,9 TL**

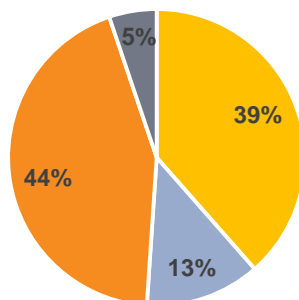
Note: €/TL CBT rates: 31/12/2013: 2.9365; 30/06/2014: 2.8979

# Currency exposure

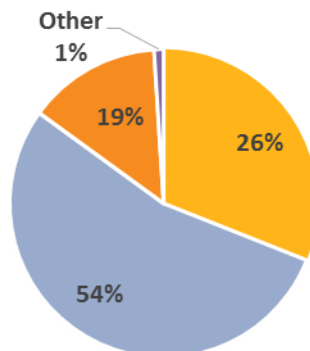


Fig. 1: Foreign Currency Profile of Income Statement (%)

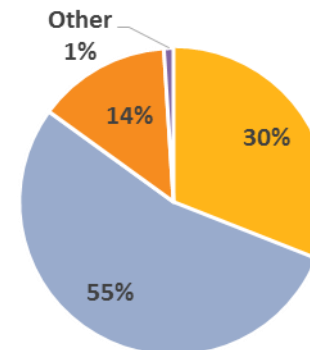
## Currency Exposure of Revenues



## Currency Exposure of expenses



## Currency Exposure of expenses before recent changes



■ Euro   
 ■ USD   
 ■ TL   
 ■ Other

5 pp of expenses converted to TL from Euro and USD

## Hedging Update

- For 2014, 97 % of USD short positions are hedged already (2013: 96%)
- Hedging volumes:
  - Fuel – 2014: 43%; 2015: 9% / USD 931.8 per tonne for 2014 and USD 922.4 for 2015
  - Dollar – 2014: 97%; 2015: 41% / EUR-USD : 1.3849 for 2014 and 1.43 for 2015

Fig. 2: Sensitivity Table (TLm)

2014 H1	EUR/TL	USD/TL	Fuel
Δ	+0.01	+0.01	+\$10
	EUR/TL	USD/TL	Fuel
<b>Revenues</b>	1.7	0.8	-
<b>Opex</b>	1.2	3.4	5.4
<b>EBIT</b>	0.5	-2.6	-5.4
<b>EBITDAR</b>	0.8	-2.2	-5.4

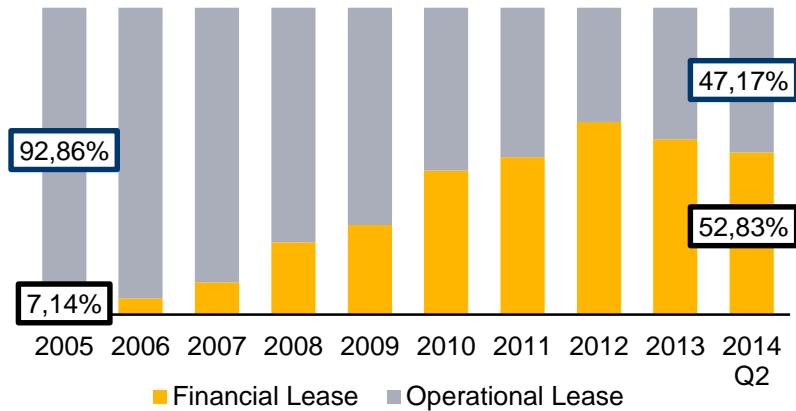
# FLEET DEVELOPMENT



**Fig. 1: Fleet Overview**

Fleet at 30 Haz 14	Financial Lease	Operational Leased	Total
Boeing 737-800	27	21	48
Boeing 737-400	1	0	1
Airbus A320 CEO	0	4	4
<b>Total Fleet</b>	<b>28</b>	<b>25</b>	<b>53</b>

**Fig. 2: Ownership Profile**



**Fig. 3: Fleet Expansion**

TOTAL FLEET	2013	2014				2014 <sup>1</sup>	2015 <sup>1&amp;2</sup>	2016 <sup>1</sup>
	Year End	Q1	Q2	Q3	Q4 <sup>1</sup>	Year End	Year End	Year End
Owned	1	1	1	1	1	1	1	1
Financial Lease	27	27	27	27	27	27	27	34
Operational Lease	21	24	25	26	26	26	27	27
<b>TOTAL</b>	<b>49</b>	<b>52</b>	<b>53</b>	<b>54</b>	<b>54</b>	<b>54</b>	<b>55</b>	<b>62</b>

(1) Under current contracts

(2) Lease agreements has been signed with respect to dry lease of one Boeing 737-800 to be delivered in March 2015

# Outlook & Trends



## Traffic – Market Growth

- We expect continuation of PAX growth in international and domestic aviation market
  - We target a total PAX growth of c.20% in 2014
- DHMI forecasts passenger growth of 10% CAGR in Turkey between 2013 and 2015

## Capacity Increase

- In total, we expect to add c.20% of additional ASKs annually to our network over the next three years
- In terms of utilisation, we expect a performance similar performance to 2013 in the short run

## Load Factors and Bookings Trend

- Current favourable trends in load factors expected to continue in 2014 – we target to exceed 2013 levels
  - Our mid term target is to exceed 82% levels in load factor

## RASK / Yield

- Pressure on Yields partially offset by load factor, resulting in a stable RASK in domestic operations
- Load Factor at par, recovery in Yields in sight for international operations
- Increase in ancillary revenue in H1 2014. Stable for rest of the year

## Ancillary Revenues Per Pax

- Target is to grow ancillary revenues to €10-12 per PAX range within the next three years

## Operating Costs (CASK)

- Expected to remain stable for the near term

## 2014 EBITDAR margin

- Between 17-19%

## Capex and Cash Flow

- We expect marginal non-aircraft capex

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.