



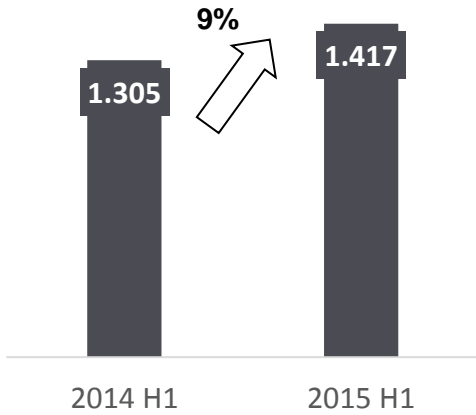
PEGASUS AIRLINES
FIRST HALF 2015
RESULTS PRESENTATION

our lowest fares are @
flypgs.com | **PEGASUS**
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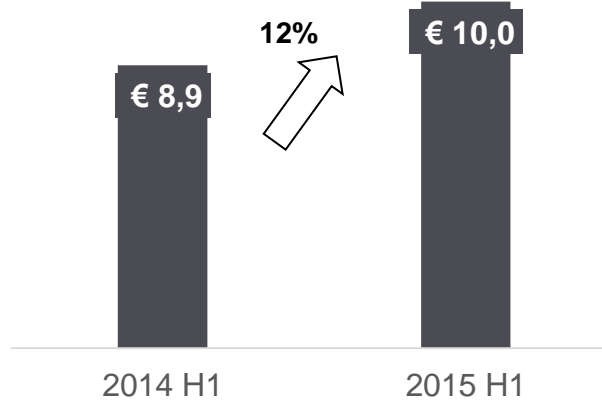
FINANCIAL AND OPERATIONAL HIGHLIGHTS



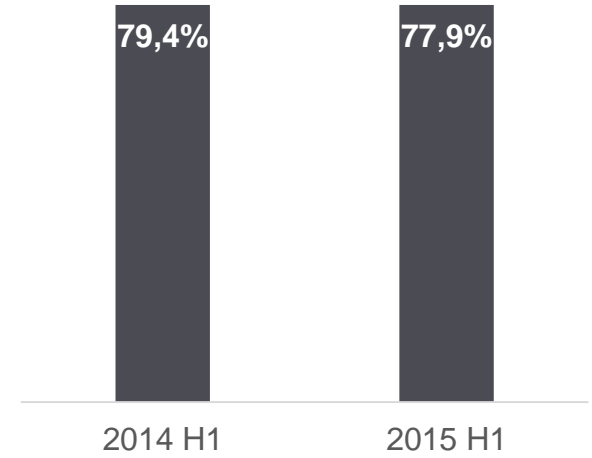
Revenue mnTL



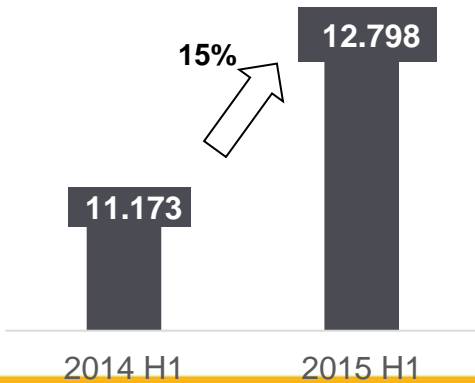
Ancillary Revenue/Pax



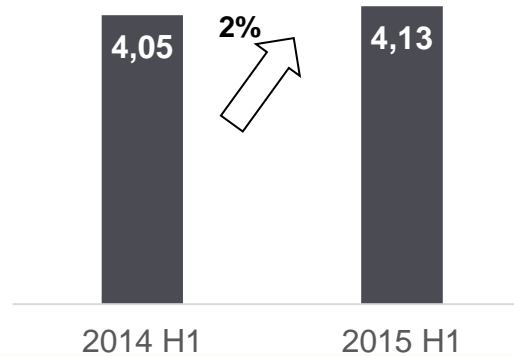
Load Factor %



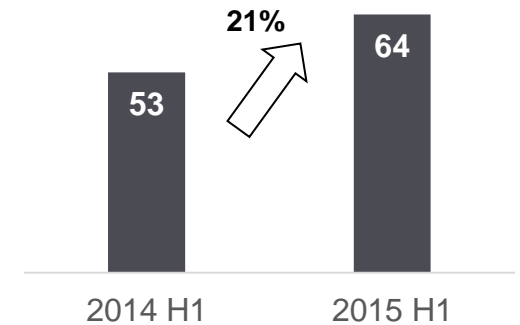
ASK(mn)



CASK €-cent



Period End Fleet



Route and Frequency Update



New destinations

- Planning to fly from/to SAW (Istanbul)
 - Erbil (Iraq)
 - Baghdad (Iraq)
 - Multan (Punjab, Pakistan)
 - Gabala (Qabalah- Azerbaijan)
 - Makhachkala (Russia)
 - Türkmenbaşy (also known as Krasnovodsk)
- Planning to fly from/to ESB (Ankara)
 - Amman (Jordan), Baku(Azerbaijan), Algiers (Algeria), Tehran(Iran), Jeddah (Saudi Arabia)

Major Frequency increase

- ❑ Tel Aviv – add. 7 freq (daily 4)
- ❑ Kuwait – add. 7 freq (daily 2)
- ❑ Frankfurt – add. 7 freq. (daily 2)
- ❑ Dusseldorf– add. 4 freq (daily 2)
- ❑ Moscow – add. 4 freq (daily)
- ❑ Bahrain – add. 4 freq (daily)
- ❑ Roma – add. 3 freq. (weekly 10)
- ❑ Hamburg – add. 3 freq. (daily)
- ❑ Arlanda – add. 2 freq (weekly 10)
- ❑ Stuttgart – add. 1 freq (weekly 10)

Domestic – Continue to expand domestic network with Kastamonu - Domestic growth mainly in frequencies

Pegasus Today

- Fleet of 65 aircraft with average age of 5.1 years as of July 2015
- Second biggest airline in domestic market with market share of 28%
- Operates 91 routes to 37 countries

Growth Drivers and Yield Update



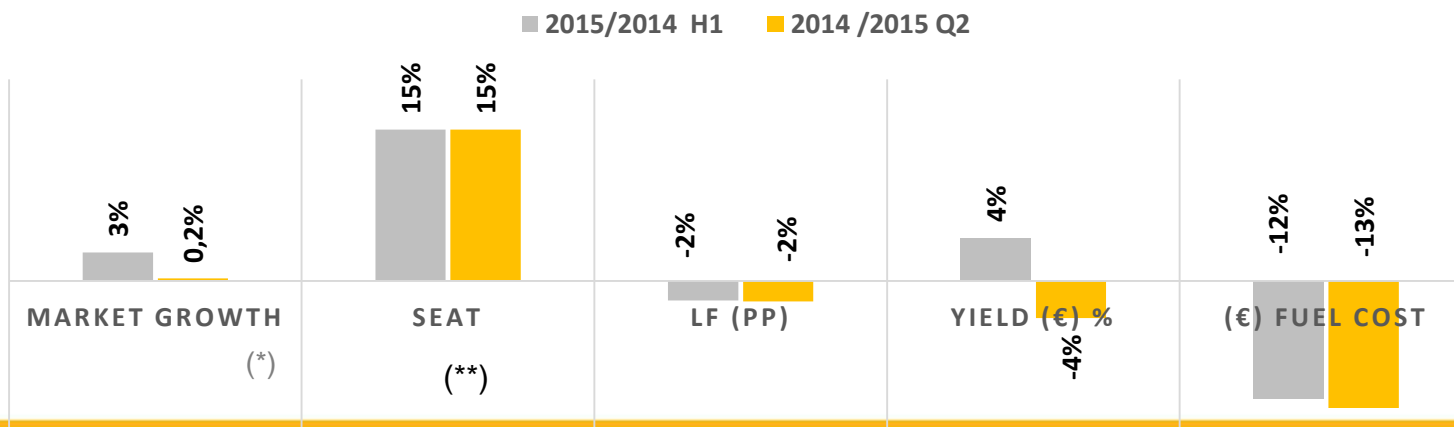
DOMESTIC



Domestic Yield

2014 Q2	79.6 TL
2015 Q2	70.7 TL
2014 H1	72.6 TL
2015 H1	66.8 TL

SCHEDULED INTERNATIONAL (**)



International Yield **

2014 Q2	64.6 €
2015 Q2	62.2 €
2014 H1	57.6 €
2015 H1	60.0 €

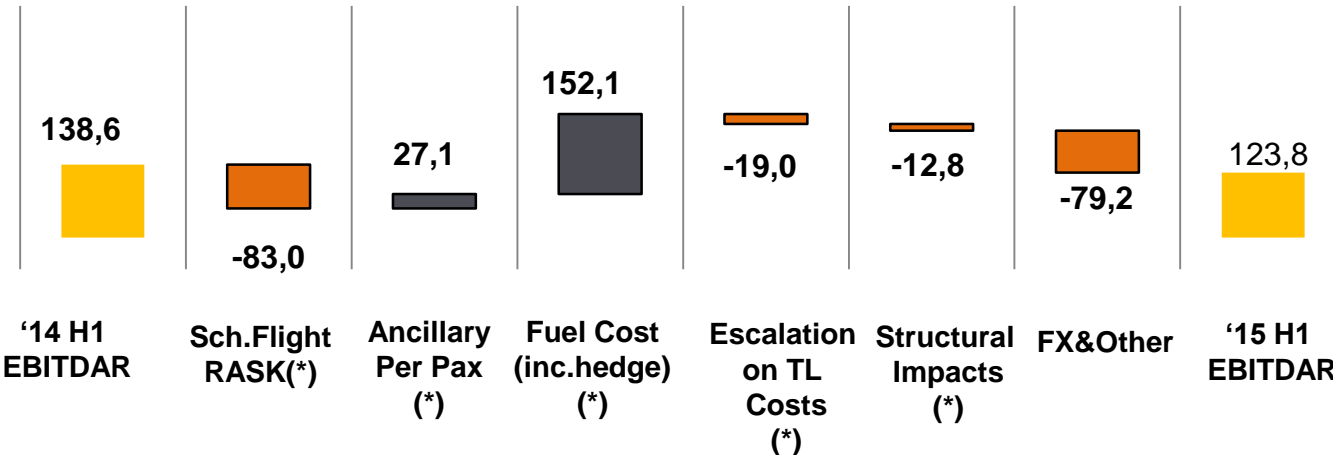
(*) Source : DHMI

(**) (excluding charter flights)

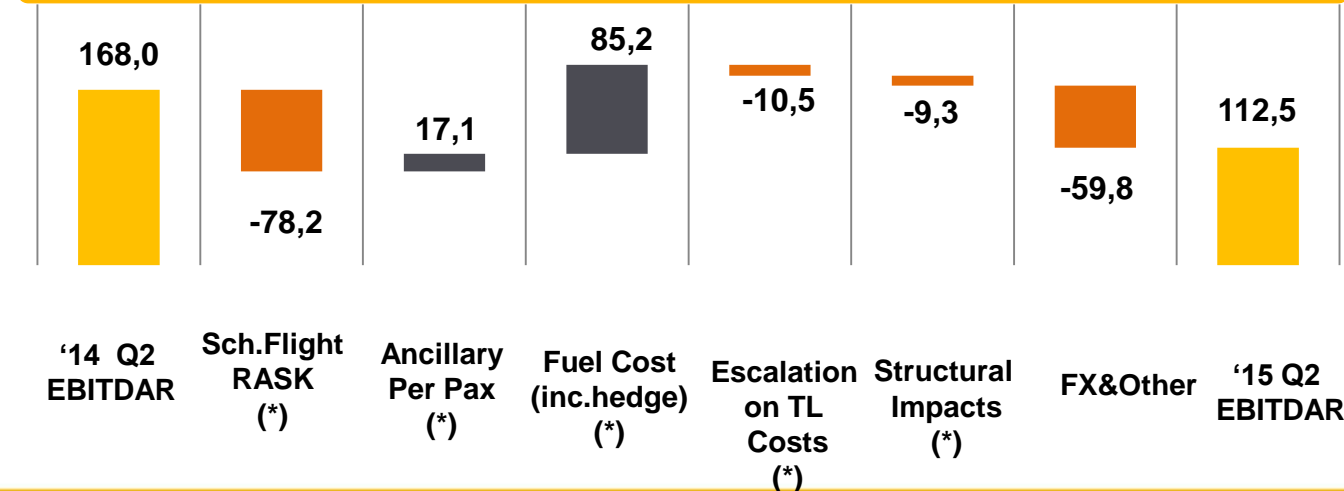
EBITDAR Analysis



EBITDAR Bridge (TRYmn) – 2015 H1



EBITDAR Bridge (TRYmn) – 2015 Q2



Comments

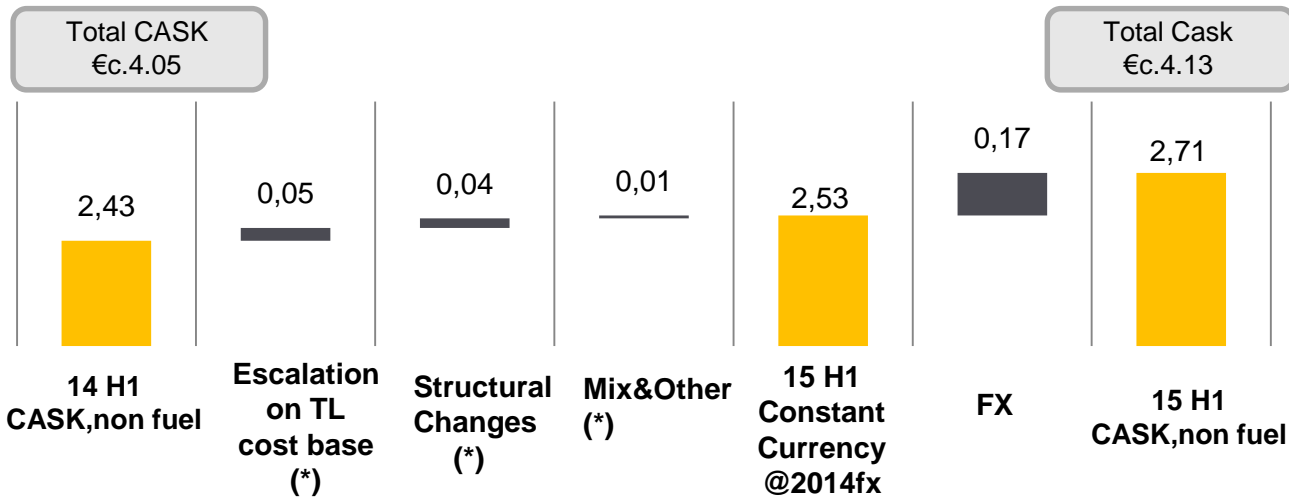
- EBITDAR contracted by 11% in the first half of the year and 33% in the second quarter comparing with the same period last year.
- Contraction in both periods are mainly driven by the scheduled flight RASK and FX impact which is partially offset by fuel cost

(*) excluding FX impact

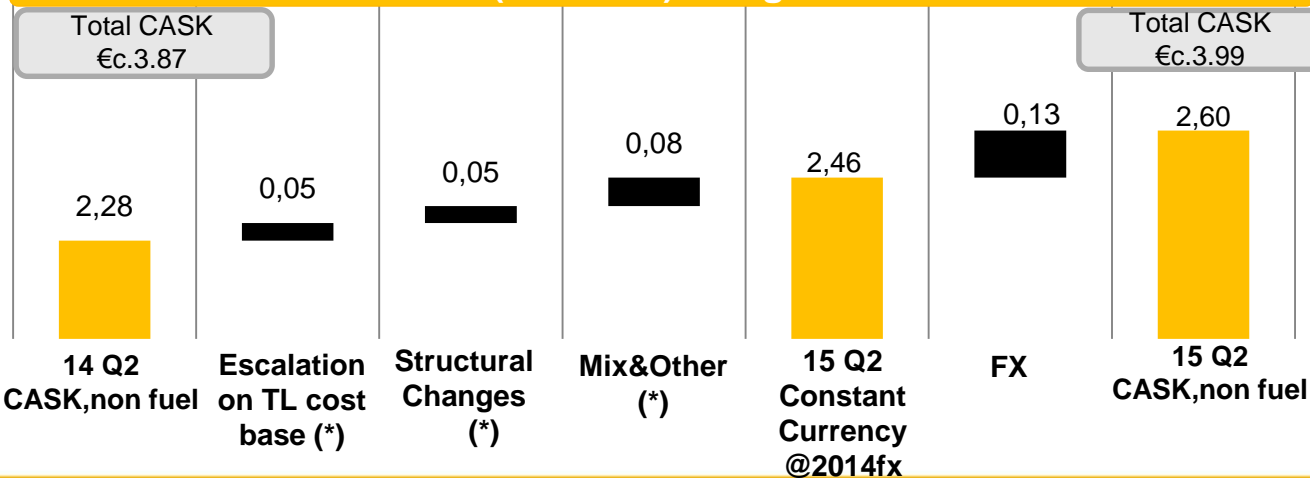
CASK non-fuel Analysis



CASK €c (non- fuel) Bridge – 2015 H1



CASK €c (non- fuel) Bridge – 2015 Q2



Comments

→ Total Cask increased by 2% while non-fuel CASK was up by 11% in the first half of the year.

→ Main drivers behind the increase in non-fuel CASK

→ Structural changes

→ Change in fleet mix

→ Self ramp handling start up cost

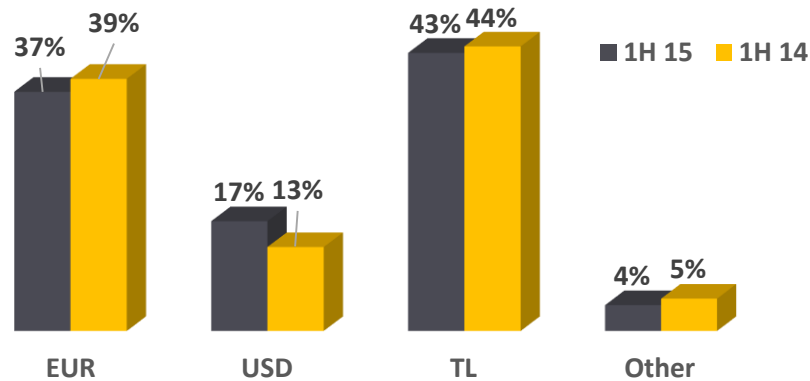
(*) excluding fx impact

Currency exposure

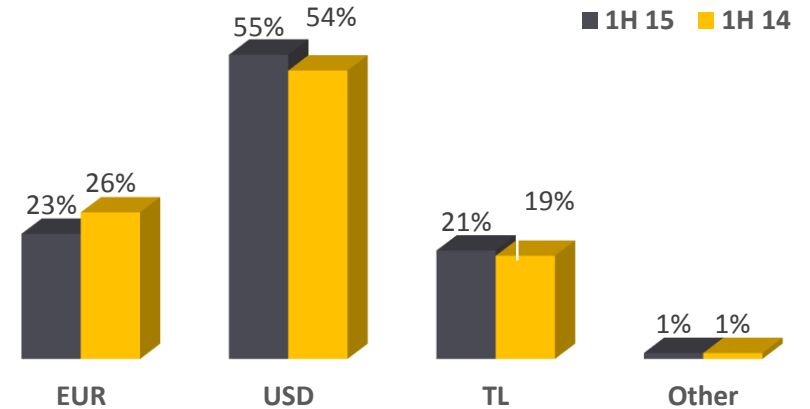


Fig. 1: Foreign Currency Profile of Income Statement (%)

Revenue Currency Breakdown (*)



Expense Currency Breakdown-EBIT base



(*) Starting from July'15 onwards all international fares originating from Turkey have been priced in US\$

Fig. 2: Sensitivity Table (TLm)

→ - A \$10 (per metric ton) movement price of jet fuel impacts 15 H1 opex by 7.2 TRYmn

→ A one cent movement in the Euro/TRY and US Dollar/TRY FX rate impacts 15 1H EBIT by +0.2 TRYmn and -1.0 TRYmn respectively.

	2015 H1	EUR/TL	USD/TL	Jet Fuel /ton
Δ		+0.01	+0.01	+\$10
		EUR/TL	USD/TL	Fuel
Revenues		0.7	0.4	-
Opex		0.6	1.4	7.2
EBIT		0.2	-1.0	-7.2
EBITDAR		0.3	-0.8	-7.2

Illustrative disclosure of the effects of hedge accounting on the financial results



(Mn TL)	June.'15 ⁽¹⁾	Dec.'14 ⁽¹⁾	Diff.	P&L impact of Maturing contracts ⁽²⁾	Total Impact in H1 '15 ⁽²⁾	Accounted in
Derivatives subject to hedge accounting (i.e. Fuel Swaps)	-35,7	-72,6	36,9		36,9	S'Equity/Other Comp.inc.(net off tax)
Derivatives not subject to hedge accounting (i.e. Chooser, FX, Interest Rate Swaps)	-105,0	-165,7	60,7	-72,3	-11,6	P&L(Financial Income/ Expense)
Net Balance Sheet Value	-140,7	-238,3			-	

(1) + assets – liabilities

(2) + income - expense

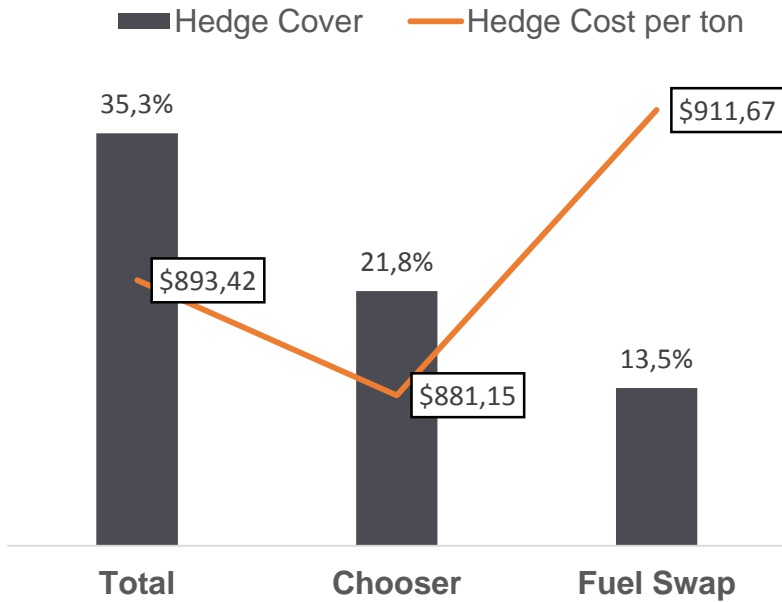
Comments

Marked to market valuation of open contracts are booked under “Derivative Contracts” in the balance sheet as of the end of the fiscal period. Net change in this account compared to the previous period is booked under either in the equity or P&L statement as financial income/expense depending on whether these instruments are subject to hedge accounting. Above is the marked to market values of derivative instruments as of June 30, 2015 and impact of net change compared to Dec 31, 2014 on the Company’s financials.

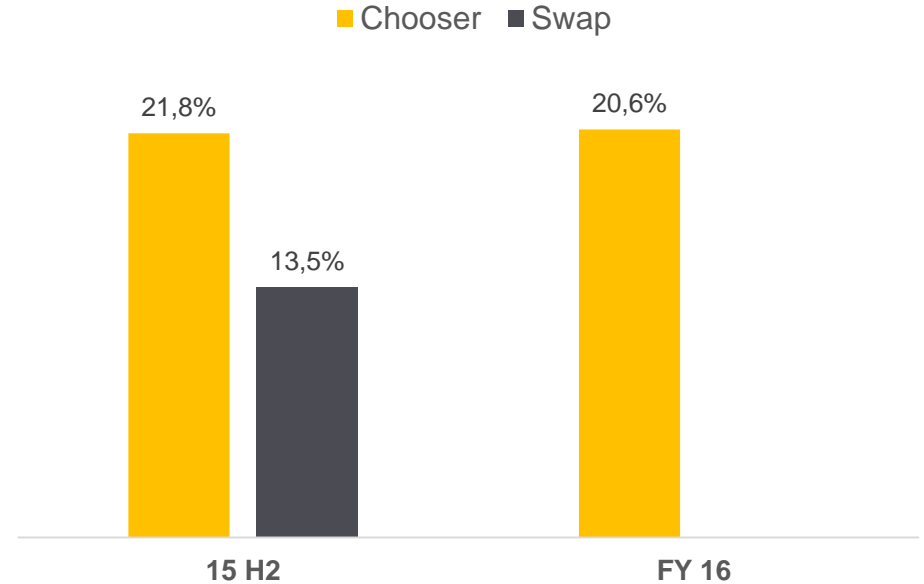
Hedge Programme



Hedge Cover for 2015 H2



Hedge Volume



→ Hedging coverage :

→ Fuel

→ 2015 H2 : 35,3% @ \$893,4

→ 2016 FY : 20,6% @ \$818

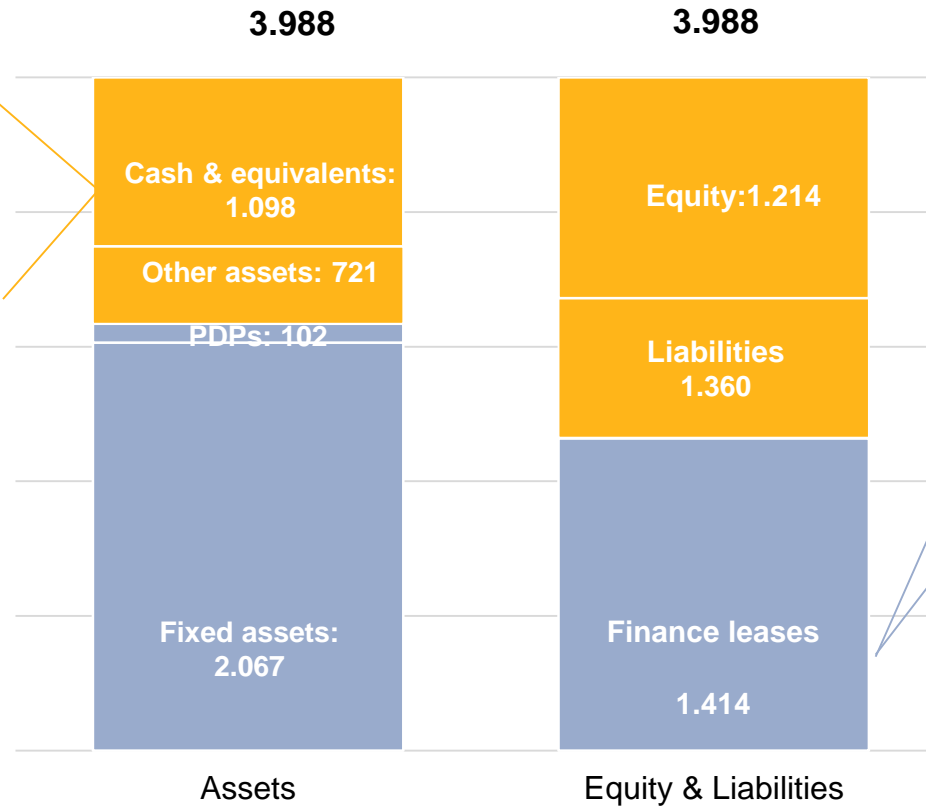
→ Dollar – 2015 FY: 20%

Balance Sheet Update



Balance Sheet Structure (30 June 2015) (mnTL)

Cash & equivalents currency breakdown		
	2015 H1	2014 FY
TL	8%	18%
USD	78%	63%
EUR	9%	15%
GBP	2%	3%
Other	2%	1%



Financial lease maturity breakdown		
	2015 H1	2014 FY
< 1 year	13%	12%
1 – 5 years	53%	49%
> 5 years	33%	38%

Pegasus Fleet Update



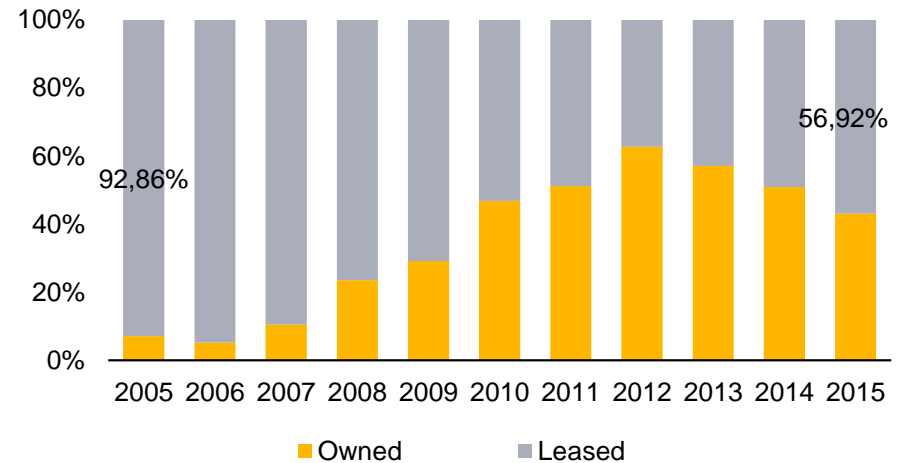
Fleet Overview

Fleet at Jul.2015	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	2	25	28	55
Boeing 737-400	1	0	0	1
Airbus A320 CEO	0	0	9	9
Total Fleet	3	25	37	65

Fleet Expansion (Under Contract)

Fleet	FY 2015	FY2016	FY2017
Owned	3	3	3
Financial Lease	25	32	37
Operational Lease	39	42	39
Total	67	77	79

Ownership Profile



Anticipated financing of Airbus order book

- Airbus Fleet Financing Plan
- We envisage to finance next couple of years deliveries by using ECA backed financing, commercial loans, JOLCO and EETC structures and to keep them on our balance sheet

Source: Pegasus information.

Outlook & FY 2015 Guidance



Traffic – Market Growth

- DHMI revised its forecasts with a passenger growth of 7% in Turkey in 2015 (previously 12%)
- We target a total PAX growth of c. 13-15% in 2015

Capacity Increase

- Full Year c. 17%-19% growth in ASK's
- Utilization flat

Load Factor and Yields

- Domestic : Flat Load Factor / Slight decrease in yields (TRY)
- International : Flat International Yields (€) / Slight decrease in Load Factor

Ancillary Revenues/Pax

- €10 per pax revenue expectation for the FY15

CASK

- Full Year c.2-3 %. increase mainly from FX and fleet mix change

Profitability (EBITDAR)

- Full Year c.19-21 %. in EBITDAR margin

Capex and Cash Flow

- \$mn50 aircraft pre delivery payment and two spare engines
- Approximately €mn20 for potential ramp handling capex (which will be financed by financial leases)

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