



## 2018 2Q RESULTS PRESENTATION August, 13<sup>th</sup> 2018

*our lowest fares are @*  
***flypgs.com*** | ***PEGASUS***












## MAJOR HIGHLIGHTS

- 1** Record 1H **Load Factors of 88.4% and 80.5%** for domestic and int'l routes
- 2** Record **ancillary per pax of €11**
- 3** Sound **EBITDAR margin of 14.5% in 1H**, up 2pp, despite surge in oil prices
- 4** **CASK non-fuel** dropped by **12%** to **€2.40** in 2018 1H.
- 5** **All 2018 A/C** (7 A320neo& 3 B737-800) deliveries have been completed as of August 1<sup>st</sup>



## SUMMARY 2018 1H OPERATIONAL & FINANCIAL HIGHLIGHTS

Improvement in all key operational and financial metric

<b>ASK (bn)</b>	<ul style="list-style-type: none"> <li>2018 1H: 16.4</li> <li>2017 1H: 15.0</li> </ul>	 9%	<b>Dom Yield TRY</b>	<ul style="list-style-type: none"> <li>2018 1H: TRY82.2</li> <li>2017 1H: TRY73.8</li> </ul>	 11%
<b>Seat (mn)</b>	<ul style="list-style-type: none"> <li>2018 1H: 16.9</li> <li>2017 1H: 15.3</li> </ul>	 10%	<b>Int'l Yield €</b>	<ul style="list-style-type: none"> <li>2018 1H: €49.3</li> <li>2017 1H: €46.7</li> </ul>	 5%
<b>Pax (mn)</b>	<ul style="list-style-type: none"> <li>2018 1H: 14.4</li> <li>2017 1H: 12.6</li> </ul>	 14%	<b>Ancillary Per Pax, €</b>	<ul style="list-style-type: none"> <li>2018 1H: €11</li> <li>2017 1H: €10</li> </ul>	 9%
<b>Load Factor</b>	<ul style="list-style-type: none"> <li>2018 1H: 85.4%</li> <li>2017 1H: 82.5%</li> </ul>	 3pp	<b>CASK, €</b>	<ul style="list-style-type: none"> <li>2018 1H: €3.66</li> <li>2017 1H: €3.88</li> </ul>	 -6%
<b>Utilization hrs</b>	<ul style="list-style-type: none"> <li>2018 1H: 12.4</li> <li>2017 1H: 11.5</li> </ul>	 8%	<b>CASK; non-fuel, €</b>	<ul style="list-style-type: none"> <li>2018 1H: €2.74</li> <li>2017 1H: €2.40</li> </ul>	 -12%
<b>Avg # A/C</b>	<ul style="list-style-type: none"> <li>2018 1H: 76</li> <li>2017 1H: 81</li> </ul>		<b>EBITDAR Margin</b>	<ul style="list-style-type: none"> <li>2018 1H: 14.5%</li> <li>2017 1H: 12.6%</li> </ul>	 2pp



PEGASUS

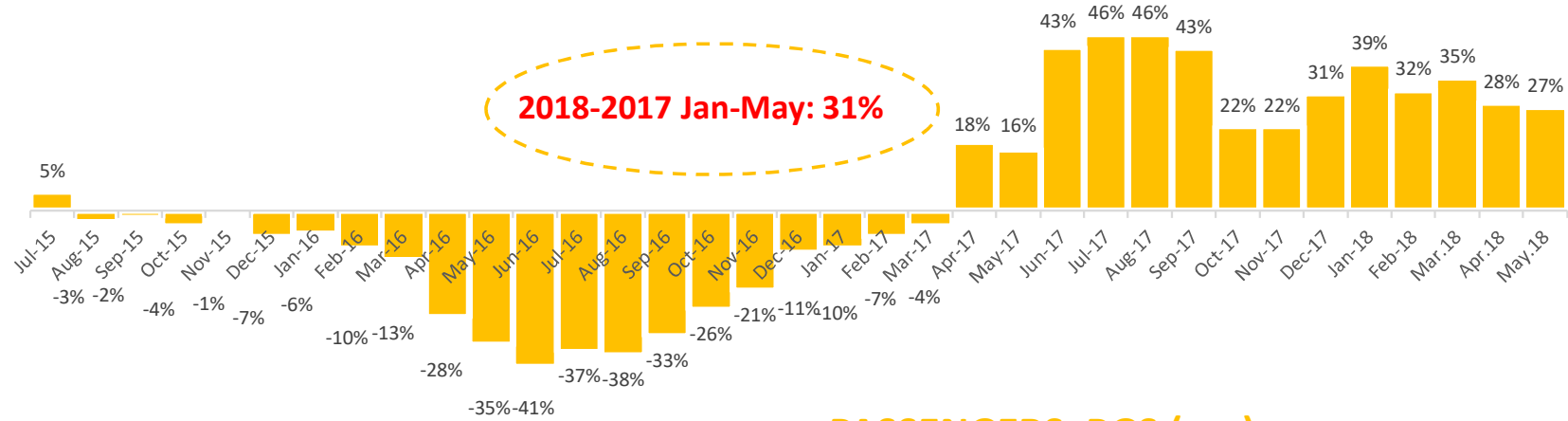
Genel (Public)

flypgs.com

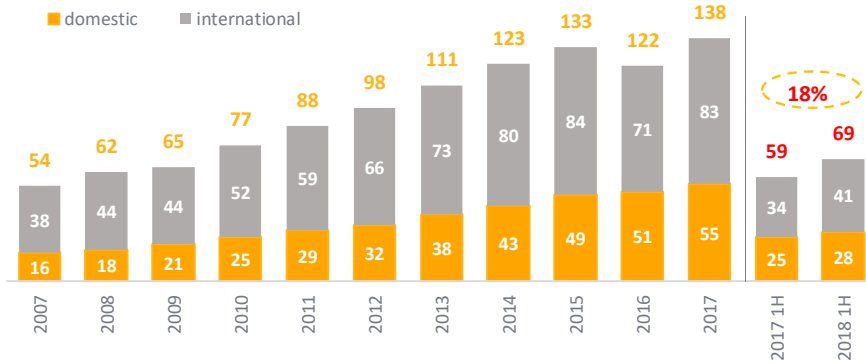
# OPERATING ENVIRONMENT

Market growth continued during January-May 2018

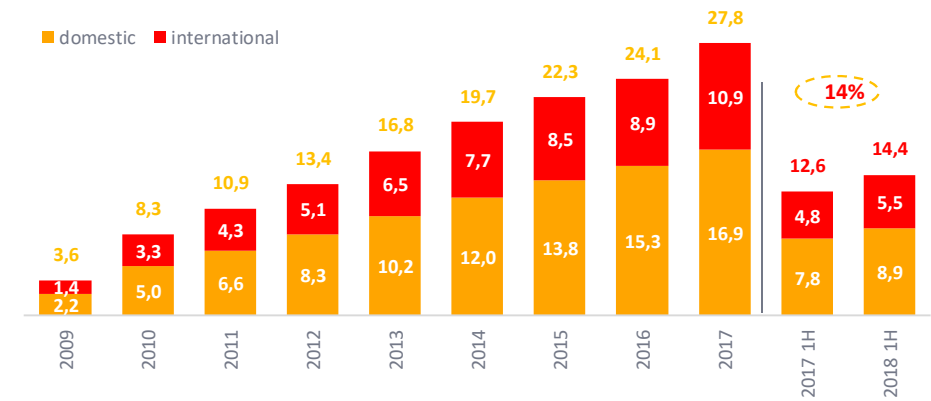
## FOREIGN VISITORS



## PASSENGERS, TR (mn)



## PASSENGERS, PGS (mn)



Source : General Directorate of State Airports Authority, Ministry of Tourism and Culture

Genel (Public)



flypgs.com



# ROUTE NETWORK



flypgs.com

## FLEET DEVELOPMENT

10 new aircraft joined our fleet in 2018; 18 to come in 2019

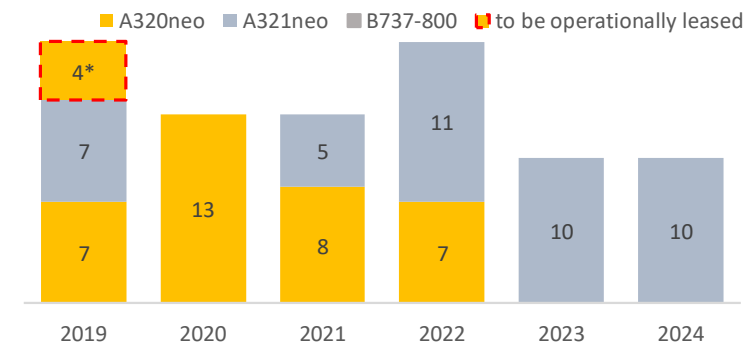
### FLEET (as of August 13, 2018)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	16	29	<b>48</b>
Boeing 737-400	1	-	-	<b>1</b>
Airbus A320ceo	-	-	12	<b>12</b>
Airbus A320neo	-	22	-	<b>22</b>
Airbus A321neo	-	-	-	-
<b>Total</b>	<b>4</b>	<b>38</b>	<b>41</b>	<b>83</b>

### FLEET INFORMATION (as of August 13, 2018)

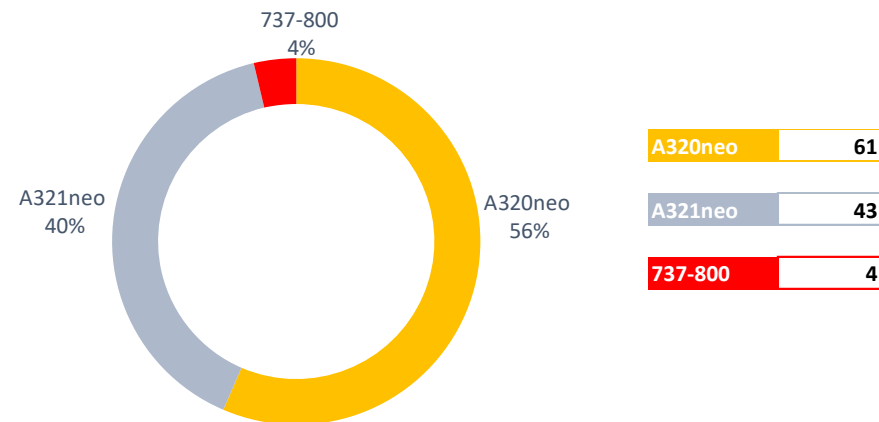
- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.6 years**.
- ✈ Fleet to reach **81 aircraft** by 2018YE. **7 A320neo** and **3 737-800s** have been delivered as of August 1<sup>st</sup>; **2 737-800** will phase out in 2018 4Q.
- ✈ **18 new A/C** will be added to fleet in 2019; **4** of which will be operationally leased.

### ORDER BOOK (as of August 13, 2018)



\* 4 A320neo will be operationally leased

### FLEET (as of 2024YE)



flypgs.com

## SUMMARY 2018 2Q & 1H FINANCIAL HIGHLIGHTS

Strong top-line and EBITDAR growth; net income would be higher excluding one-offs

(TRYmn)	2018 2Q	2017 2Q	YoY	2018 1H	2017 1H	YoY
<b>REVENUES</b>	<b>1.698</b>	<b>1.223</b>	<b>39%</b>	<b>2.892</b>	<b>2.109</b>	<b>37%</b>
<b>EBITDAR</b>	<b>330</b>	<b>260</b>	<b>27%</b>	<b>420</b>	<b>266</b>	<b>58%</b>
<i>EBITDAR Margin</i>	19,4%	21,2%	1.8pp	14,5%	12,6%	1.9pp
<b>NET INCOME</b>	<b>15</b>	<b>160</b>	<b>-91%</b>	<b>-100</b>	<b>-46</b>	<b>-116%</b>
<i>Net Income Margin</i>	0,9%	13,1%	-12.2pp	n.m.	n.m.	-

Net Income Adjusted w/ One Offs, TRYmn	2018 2Q	2017 2Q	YoY	2018 1H	2017 1H	YoY
<b>Net Income</b>	<b>15</b>	<b>160</b>	<b>-91%</b>	<b>-100</b>	<b>-46</b>	<b>-116%</b>
Income from A/C sale (-)	0	122		22	122	
Income from subsidiary stake sale (-)	0	20		0	20	
Tax Amnesty Expense (+)	20	0		20	0	
<b>Net Income w/o one-offs</b>	<b>35</b>	<b>18</b>	<b>92%</b>	<b>-103</b>	<b>-188</b>	<b>46%</b>

**RASK, €**

2018 1H: 3.56  
2017 1H: 3.58

2018 2Q: 3.76  
2017 2Q: 3.88

**CASK, €**

2018 1H: 3.66  
2017 1H: 3.88

2018 2Q: 3.61  
2017 2Q: 3.74

**CASK non-fuel, €**

2018 1H: 2.40  
2017 1H: 2.74

2018 2Q: 2.30  
2017 2Q: 2.64



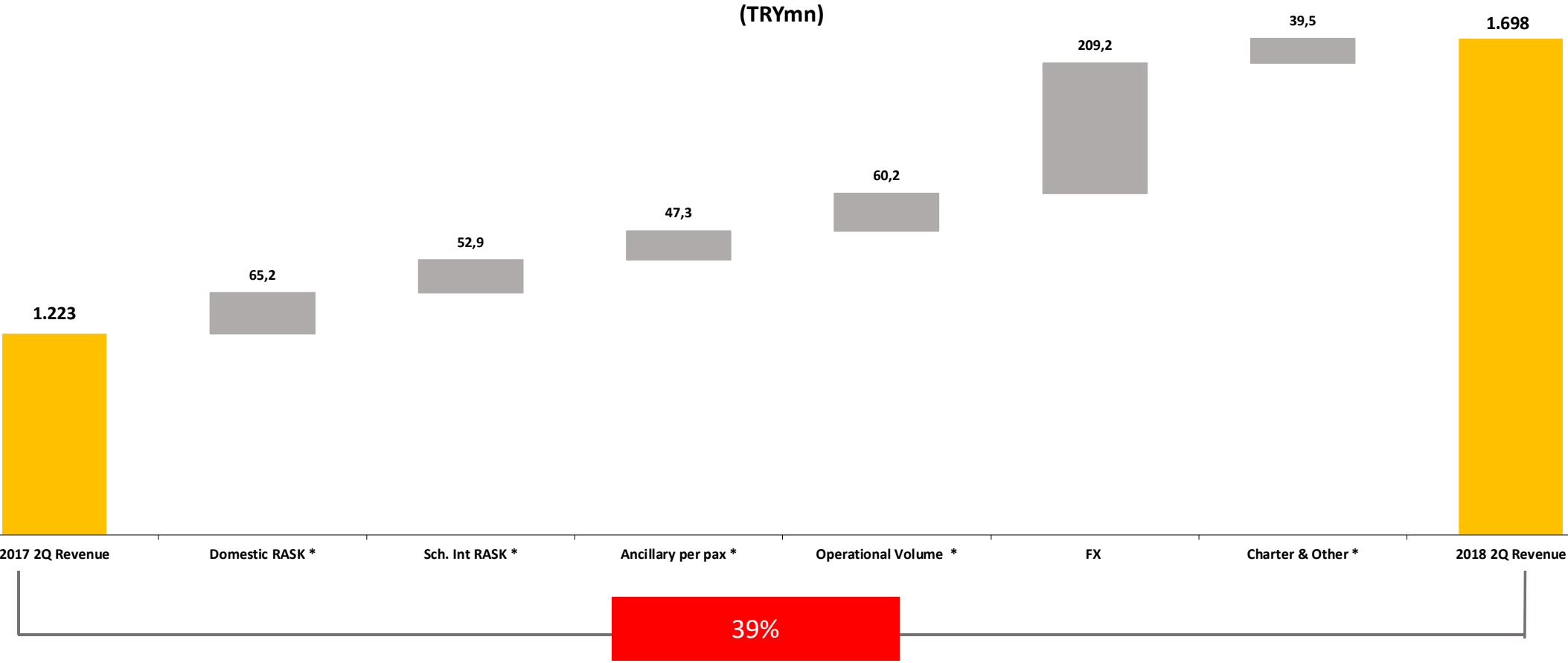
**PEGASUS**

Genel (Public)

**flypgs.com**

# REVENUE DEVELOPMENT 2018 2Q

Revenues boosted by higher RASK, ancillary and FX



\* FX impact excluded

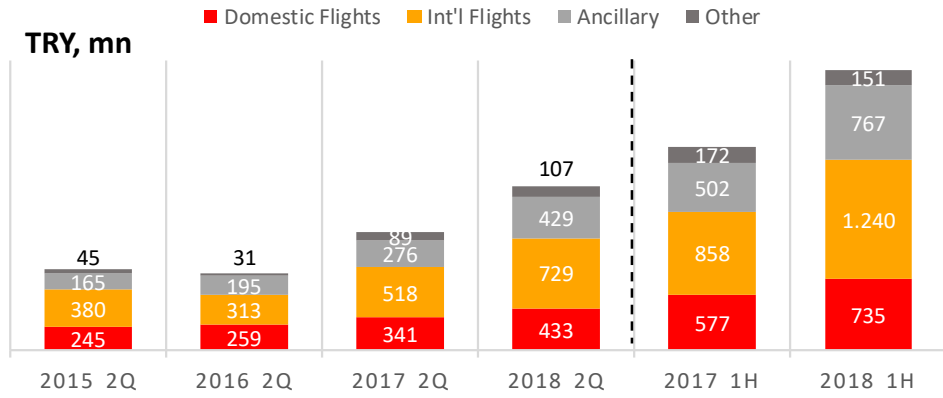
flypgs.com



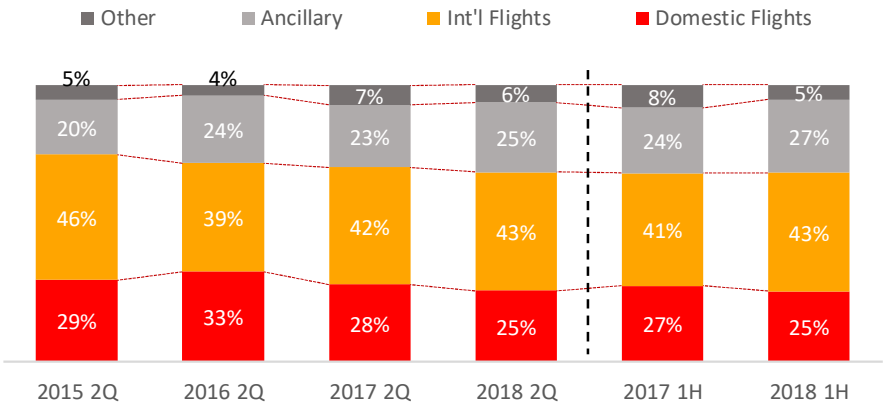
# REVENUE BREAKDOWN

Ancillary revenue exceeded domestic flight revenue share in total in 1H

## SEGMENT BREAKDOWN



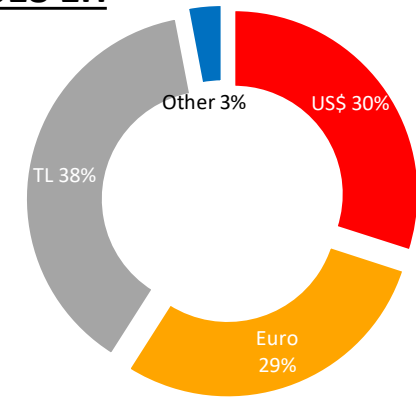
53%  
44%  
27%



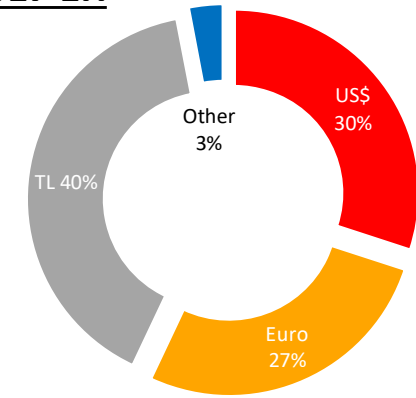
3pp  
2pp  
-2pp

## CURRENCY BREAKDOWN

### 2018 1H



### 2017 1H

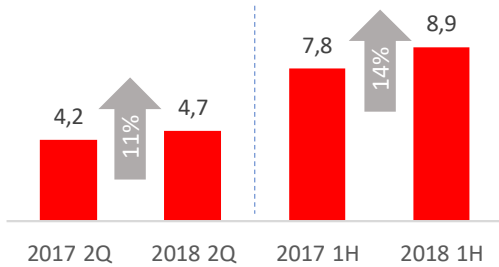


# SCHEDULED FLIGHT REVENUES

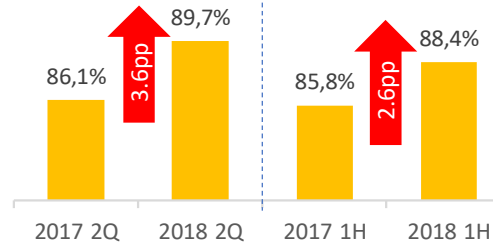
LF reached record high levels both for domestic and international routes

## DOMESTIC FLIGHTS

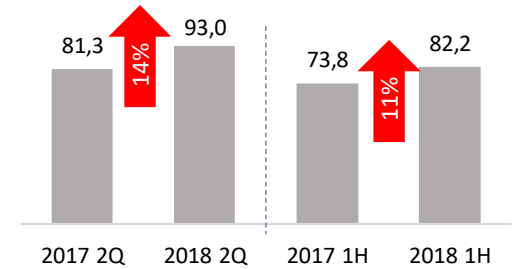
### Passengers, mn



### Load Factor

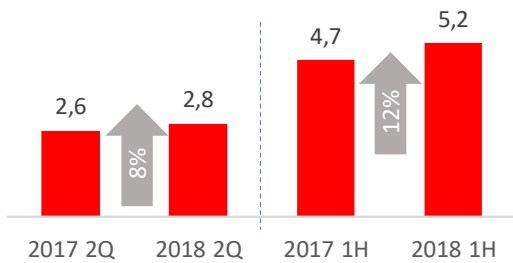


### Yield, TRY

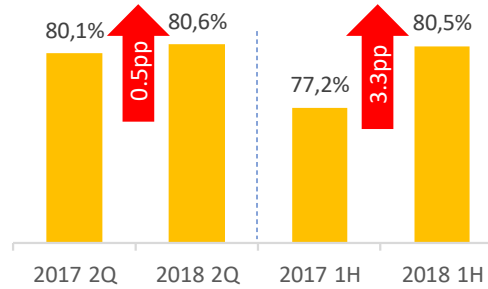


## INT'L FLIGHTS

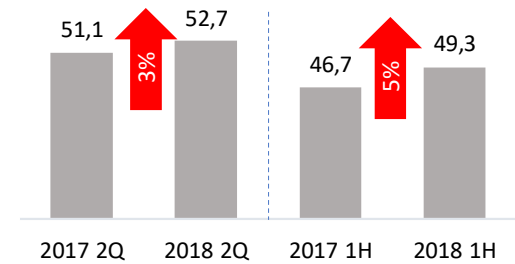
### Passengers, mn\*



### Load Factor



### Yield, €



\* excludes charter traffic

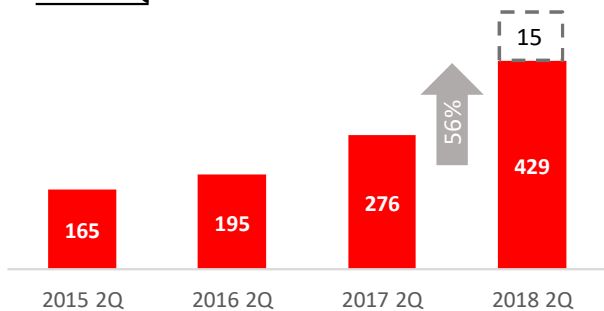


# ANCILLARY REVENUE

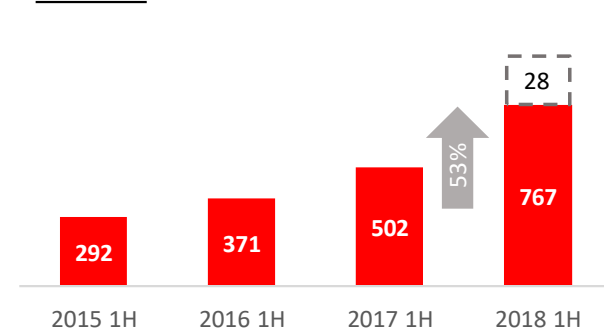
Highest ancillary per pax to date was achieved in 2018 2Q; would have been even higher without IFRS impact

## Ancillary Revenues, TRY

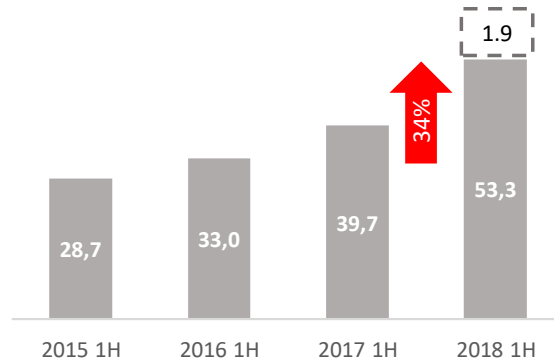
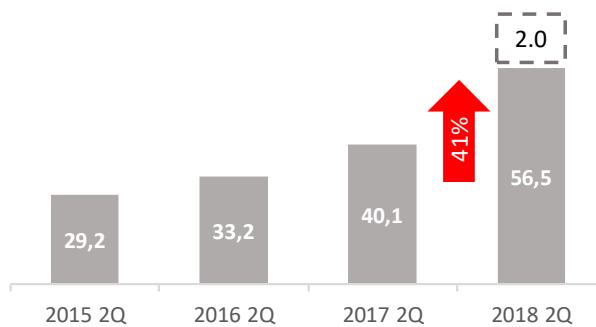
### 2018 2Q



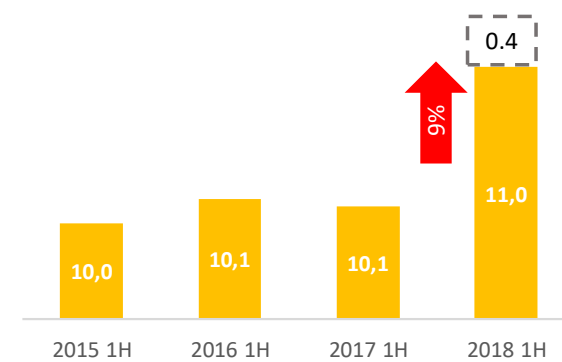
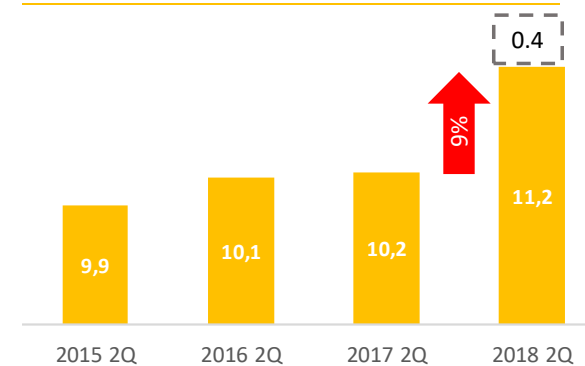
### 2018 1H



## Per Pax, TRY



## Per Pax, €



Deferred revenues' that will be recognized in 2018, based on new IFRS-15 adaption



## COST BREAKDOWN

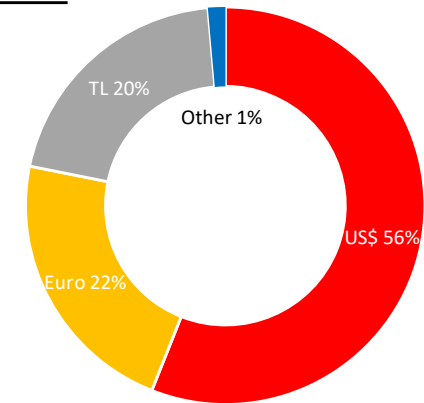
CASK non-fuel was down 13% YoY in 2Q; and 12% YoY in 1H

### SEGMENT BREAKDOWN

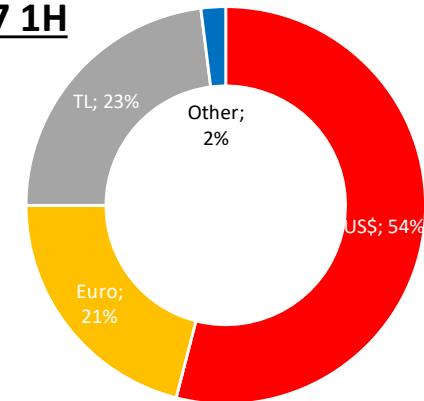
Cost Items	CASK-€c		CASK Change	CASK-€c		CASK Change
	2018 2Q	2017 2Q	2018 - 2017 2Q	2018 1H	2017 1H	2018 - 2017 1H
Jet fuel expenses	1,31	1,11	18%	1,27	1,14	11%
Personnel expenses	0,42	0,54	-22%	0,45	0,54	-17%
Rental expenses	0,34	0,44	-23%	0,37	0,48	-24%
Maintenance expenses	0,31	0,34	-9%	0,32	0,37	-13%
Depreciation and amortization expenses	0,25	0,25	-1%	0,26	0,28	-7%
Handling fees	0,28	0,29	-6%	0,27	0,29	-6%
Navigation expenses	0,24	0,24	-2%	0,24	0,24	-3%
Landing expenses	0,12	0,12	-2%	0,12	0,12	-4%
Commision expenses	0,08	0,09	-13%	0,07	0,08	-5%
Passenger service and catering expenses	0,04	0,04	-11%	0,04	0,04	-5%
Advertising expenses	0,04	0,04	9%	0,03	0,03	6%
Other	0,20	0,24	-17%	0,23	0,26	-10%
<b>CASK-€c</b>	<b>3,61</b>	<b>3,74</b>	<b>-4%</b>	<b>3,66</b>	<b>3,88</b>	<b>-6%</b>
<b>Non-Fuel CASK-€c</b>	<b>2,30</b>	<b>2,64</b>	<b>-13%</b>	<b>2,40</b>	<b>2,74</b>	<b>-12%</b>

### CURRENCY BREAKDOWN

#### 2018 1H



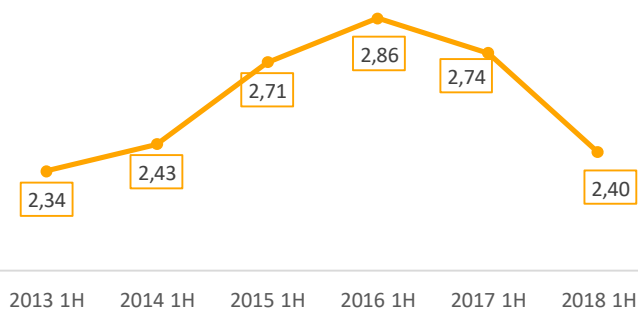
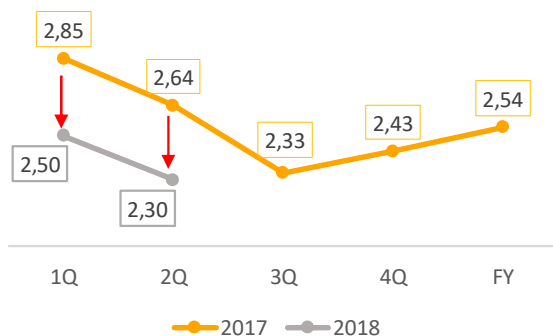
#### 2017 1H



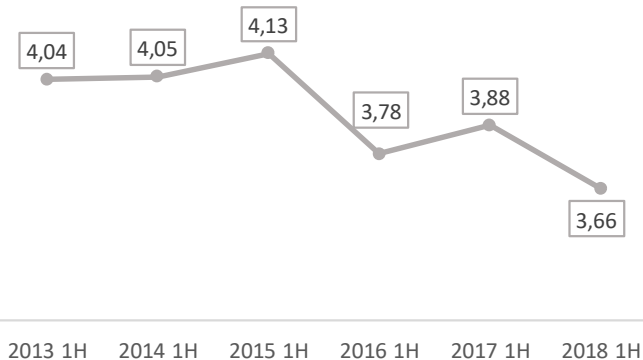
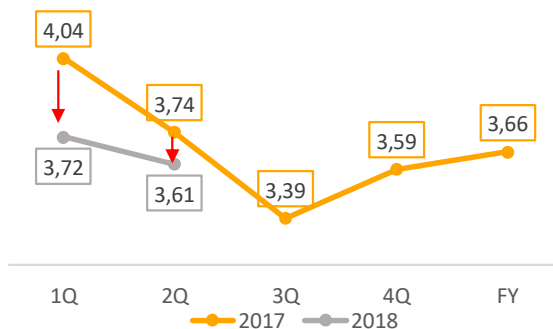
# CASK

## Continuous improvement in CASK, non-fuel YoY

### CASK, Non-fuel, €c



### CASK, €c



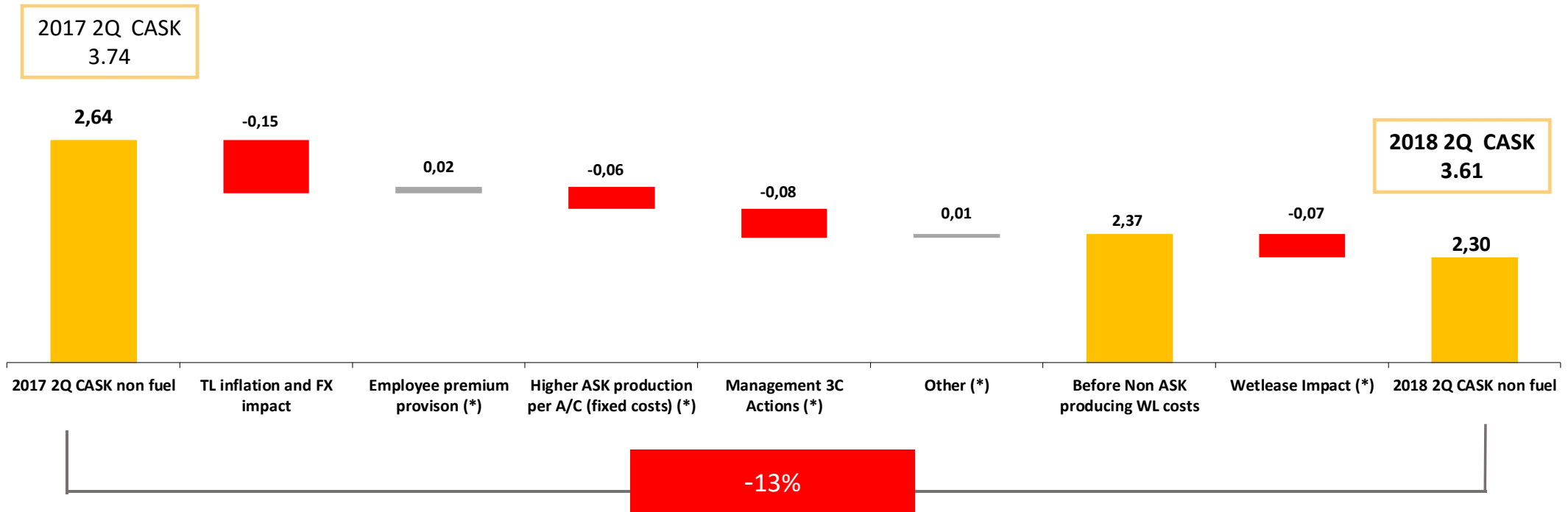
- ✈ Increase in average daily A/C utilization to 12.5 hours in 2018 2Q from 12 hours in 2017 2Q.
- ✈ Optimizing the fleet through the sale of B737-800 and rising the share of A320 NEOs which;
  - provide fuel efficiency
  - accelerate transition process
- ✈ TL denominated costs
- ✈ Management 3C Actions



# CASK non-fuel - 2018 2Q

CASK, non-fuel reduction continued in 2018 2Q

(€c)



\* FX impact excluded



flypgs.com



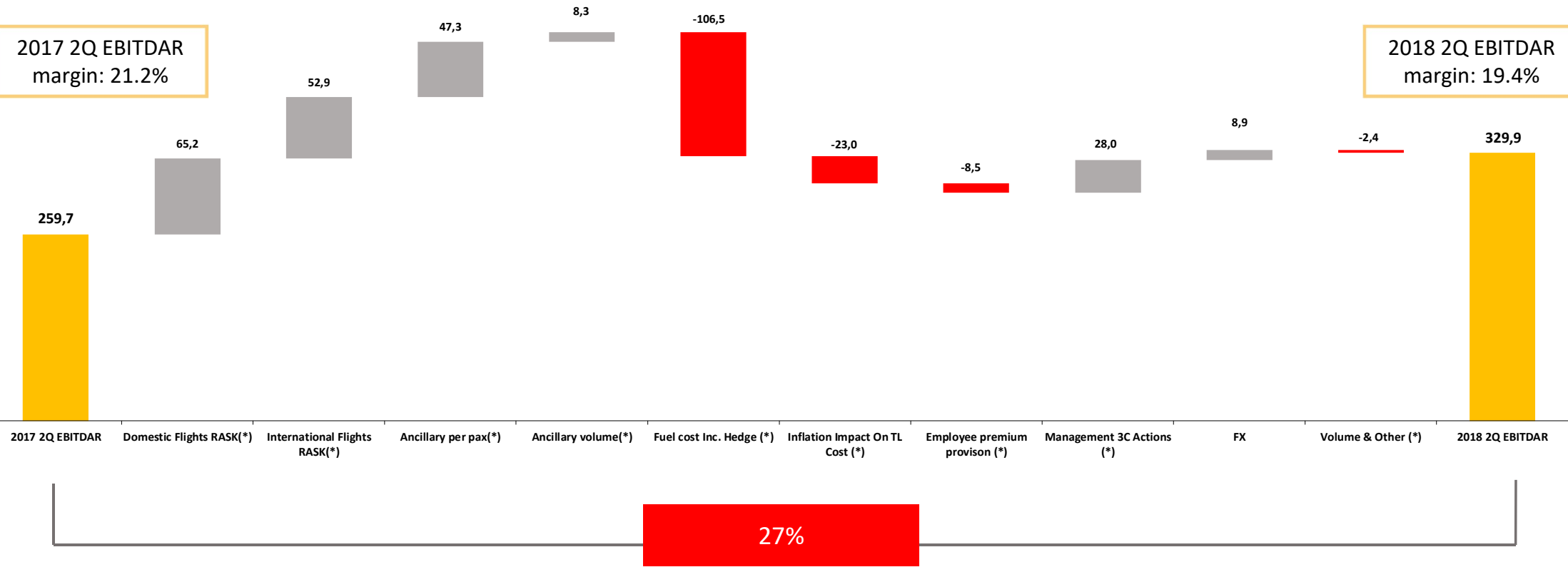
# EBITDAR- 2018 2Q

Solid EBITDAR performance despite surge in oil prices, thanks mainly to pricing, ancillary revenue and cost efficiencies

(TRYmn)

2017 2Q EBITDAR  
margin: 21.2%

2018 2Q EBITDAR  
margin: 19.4%



27%

(\*) FX impact excluded



flypgs.com

Genel (Public)

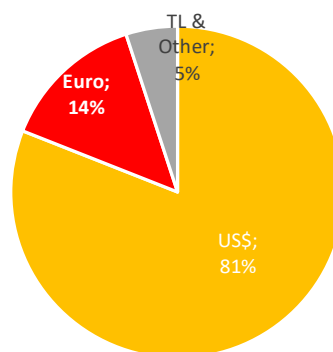
# LIQUIDITY

Healthy balance sheet with cash per A/C of TRY26.3mn

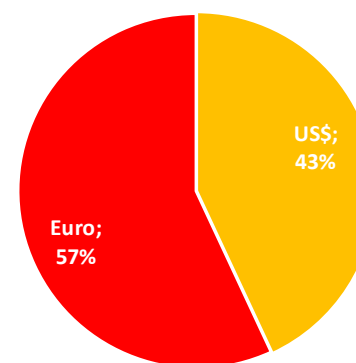
TRY, mn	June 30, 2018	Dec 31, 2017
CASH	2,081	1,988
OTHER ASSETS	1,510	713
PRE DELIVERY PAYMENT	693	594
FIXED ASSETS	6,703	4,793
<b>TOTAL ASSETS</b>	<b>10,987</b>	<b>8,088</b>
<b>LIABILITIES</b>	<b>3,193</b>	<b>1,995</b>
FINANCIAL DEBT	5,088	3,608
SHAREHOLDERS' EQUITY	2,706	2,485
<b>TOTAL LIA. &amp; SH. EQUITY</b>	<b>10,987</b>	<b>8,088</b>
<b>CASH PER A/C</b>	<b>26.3</b>	<b>26.2</b>

- Cash from Operations : TRY309mn
- Cash used for Investments : -TRY165mn
- Cash used for Financing : -TRY392mn

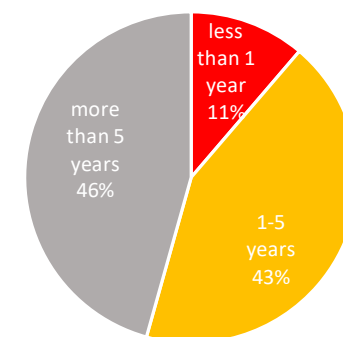
## CASH CURRENCY



## FIN DEBT CURRENCY



## FIN. LEASE MATURITY



# HEDGING, RISK MANAGEMENT & SENSITIVITY

## Active hedging policy for fuel and FX

### HEDGE VOLUME AND PRICE

	2018 FY	2019 FY
Fuel Required (*), metric tonnes	793K	838K
Fuel Hedged, metric tonnes	321K	99K
Hedge Ratio	40.5%	11.9%
Hedged Price Range, \$/mt	524 - 621	625 - 718

\* Based on company projections

\*\* Price ranges are calculated by using market data of 31 July 2018

### RISK MANAGEMENT POLICY

- ✈ Currency Risk Hedge Program to weather exchange rate fluctuations.
- ✈ International ticket revenues collected in TRY are converted to US\$ daily in spot market.
- ✈ Up to 25% of domestic ticket revenues are also converted to US\$ depending on currency position.

### HEDGE STRATEGY

- ✈ Non-discretionary portion is limited with 40% at any annual budgeting period, which is executed regardless of the price levels utilizing layered hedging strategy.
- ✈ Discretionary portion is up to 20% of any annual budgeting period pursuant to the approval of Hedge Committee.
- ✈ Instruments used: Vanilla Call Options, Zero Cost Collars and Swaps

### SENSITIVITY ANALYSIS

2018 1H P&L	+TRY0.01 >	+TRY0.01 >	+\$10 >
TRYmn	EUR/TRY	USD/TRY	Jet Fuel
Revenue	1.7	2.1	-
OPEX	1.3	4.1	14.5
EBIT	0.4	-2.0	-14.5
EBITDAR	0.8	-1.3	-14.5



PEGASUS

Genel (Public)

flypgs.com

## 2018 GUIDANCE

	2017 Management Guidance	2017 Realization	2018 Management Guidance
Pax Growth	12-14%	15%	11-13%
Capacity Increase (ASK)	8-10%	7%	11-13%
Utilization (Block Hour)	12.1	12.1	12.1-12.4
Domestic Load Factor	87-88%	87.2%	Flat YoY
International Load Factor	79-80%	80.5%	1-2 pp YoY improvement
Domestic Yield (TRY)	TRY81-82	TRY83.0	TRY5-6 improvement
International Yield (€)	€55	€57,0	€1-2 YoY decrease
Ancillary Revenue per Pax (€)	€10-11	€10.05	€11-12
Total CASK (€c.)	3.65-3.70	3.66	3.65-3.70
Non-Fuel CASK (€c.)	2.55-2.60	2.54	2.40-2.45
EBITDAR Margin	23-24%	24.4%	22.5-23.5%



# APPENDIX



## APPENDIX- SUMMARY P&L

(TRY mn)	2018 2Q	2017 2Q	2018 1H	2017 1H
Net sales	1,698	1,223	2,893	2,109
Cost of sales (-)	1,514	1,091	2,751	2,121
<b>Gross profit</b>	<b>184</b>	<b>133</b>	<b>142</b>	<b>-12</b>
General administrative expenses (-)	52	42	110	84
Marketing expenses (-)	64	49	111	85
<b>EBIT</b>	<b>68</b>	<b>41</b>	<b>-79</b>	<b>-181</b>
Depreciation and amortization (+)	113	80	208	163
Operating lease expenses (+)	149	138	291	284
<b>EBITDAR</b>	<b>330</b>	<b>260</b>	<b>420</b>	<b>266</b>





## APPENDIX- OPERATIONAL & FINANCIAL HIGHLIGHTS

	2018 2Q	2017 2Q	YoY	2018 1H	2017 1H	YoY
TOTAL REVENUE (TRYmn)	1.698	1.223	39%	2.892	2.109	37%
ANCILLARY REVENUE (TRYmn)	429	276	56%	767	502	53%
EBITDAR (TRYmn)	330	260	27%	420	266	58%
EBITDAR Margin	19,4%	21,2%	-1,8pp	14,5%	12,6%	1,9pp
PAX (mn)	7,6	6,9	11%	14,4	12,6	14%
LOAD FACTOR	86,1%	83,8%	2,3pp	85,4%	82,5%	2,9pp
SEATS (mn)	8,8	8,2	8%	16,9	15,3	10%
AVERAGE STAGE LENGTH	985	979	1%	971	981	-1%
RASK, (€)	3,76	3,88	-3%	3,56	3,58	-1%
CASK, (€)	3,61	3,74	-4%	3,66	3,88	-6%
Non-fuel CASK, (€)	2,30	2,64	-13%	2,40	2,74	-12%
ANCILLARY PER PAX (€)	11,2	10,2	9%	11,0	10,1	9%
AVERAGE FLEET	76	80	-5%	76	81	-6%



## APPENDIX- FLEET DEVELOPMENT PLAN

			2017	2018	2019	2020	2021	2022
Boeing	B737-800	Financial Lease	14	16	16	16	16	15
		Operational Lease	31	27	19	13	9	6
		Owned	3	3	3	3	3	3
	B737-400	Financial Lease	0	0	0	0	0	0
		Operational Lease	0	0	0	0	0	0
		Owned	1	1	1	1	1	1

			2017	2018	2019	2020	2021	2022
Airbus	A320-200 CEO	Financial Lease	0	0	0	0	0	0
		Operational Lease	12	12	12	12	8	6
		Owned	0	0	0	0	0	0
	A320-200 NEO	Financial Lease	15	22	22	25	25	25
		Operational Lease	0	0	11	21	29	36
		Owned	0	0	0	0	0	0
	A321-200 NEO	Financial Lease	0	0	7	7	12	18
		Operational Lease	0	0	0	0	0	5
		Owned	0	0	0	0	0	0

	2017	2018	2019	2020	2021	2022
Owned	4	4	4	4	4	4
Financial Lease	29	38	45	48	53	58
Operational Lease	43	39	42	46	46	53
<b>Total</b>	<b>76</b>	<b>81</b>	<b>91</b>	<b>98</b>	<b>103</b>	<b>115</b>

\*The fleet development plan reflects the company's fleet development plan as of the date of this presentations submission. Number of aircraft and financing type of aircraft in each year are subject to change.



PEGASUS

Genel (Public)

flypgs.com

# Disclaimer

This document is prepared by Pegasus Hava Tařımacıđı Anonim Őirketi ("Pegasus") in accordance with the [Pegasus Information Policy](#). The information covered in this document may be based on Pegasus corporate records, its own internal research and estimates based on the knowledge and experience of the markets in which it operates or industry, market and similar data procured from third parties as indicated in the document. While Pegasus believes that third party data has been obtained from reputable sources it does not independently verify such data or commit to any undertakings regarding the completeness or accurateness of such data or such data not being misleading.

The data contained in this document aims to inform investors of the operational results, targets and expectations of Pegasus in a correct and transparent manner and on equal terms and does not intend any investment advice or any offer or solicitation in connection with securities issued by Pegasus. Investors must make their investment decisions based on all other information, events and circumstances available through different channels and that may affect their investment decisions.

Investor communication prepared by Pegasus may contain forward-looking statements, including targets or expectations. These forward-looking statements may be disclosed as targets or expectations or through expressions such as "*anticipate*", "*believe*", "*estimate*" or "*expect*" or using the future tense. Forward-looking statements may relate to the operational and financial performance of Pegasus, its growth and strategies or future plans and targets of Pegasus Management. Forward-looking statements relate to matters that have not yet realized. While forward-looking statements are based on reasonable assumptions and estimates, such statements are prone to uncertainty and risks and such statements reflect the targets and expectations valid as of the date of announcement. Many factors could cause the actual results to be materially different from targets and expectations expressed by such forward-looking statements.

In the absence of any legal obligations arising from the applicable capital markets law, Pegasus does not undertake to update, keep up-to-date or to periodically review the information contained herein, including any forward-looking statements. By using this document for any purpose you are deemed to have read, understood and accepted the warnings stated in this disclaimer.



We didn't start aviation in Turkey but  
we transformed it!



*Thank you*