



2017 Q3 RESULTS PRESENTATION

November 10th, 2017

TABLE OF CONTENTS

1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	Growth & Market Dynamics
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR Development
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance

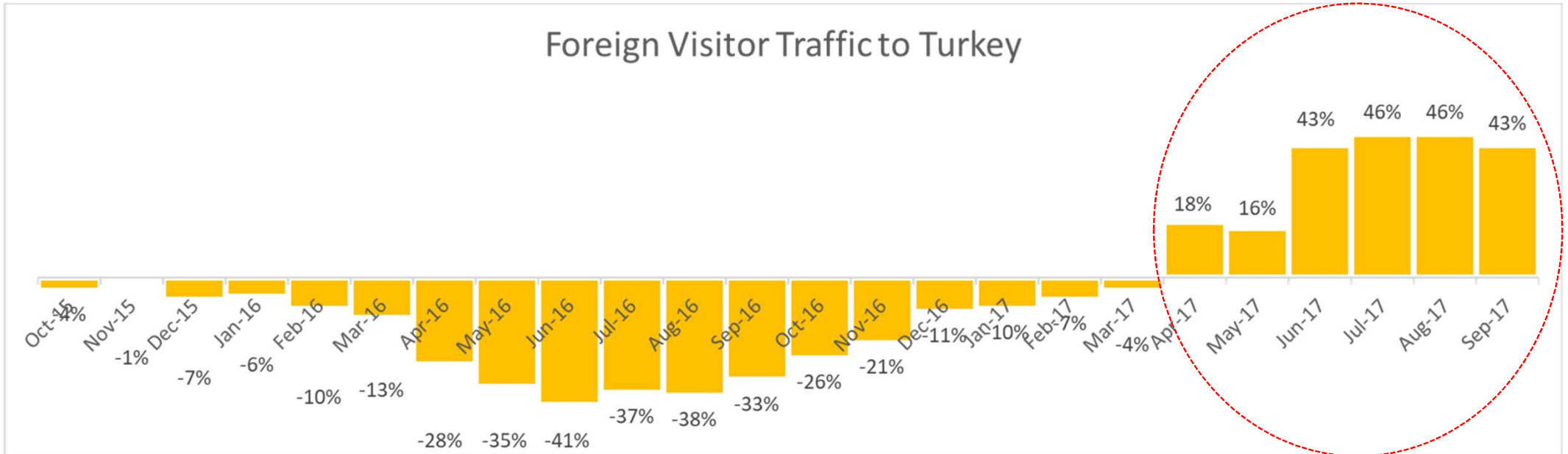
Summary P&L

<i>(TRYmn)</i>	2017 Q3	2016 Q3	YoY Δ	2017 9M	2016 9M	YoY Δ
TOTAL REVENUE	2,052.9	1,371.2	50%	4,162.1	2,860.0	46%
EBITDAR	906.0	512.4	77%	1,171.9	540.4	117%
<i>EBITDAR Margin</i>	<i>44.1%</i>	<i>37.4%</i>	<i>6.8 pp</i>	<i>28.2%</i>	<i>18.9%</i>	<i>9.3 pp</i>
NET INCOME	538.5	246.2	119%	492.2	43.3	1,037%
<i>Net Income Margin</i>	<i>26.2%</i>	<i>18.0%</i>	<i>8.3 pp</i>	<i>11.8%</i>	<i>1.5%</i>	<i>10.3 pp</i>



1	Summary P&L
2	2017 Q3 OPERATING ENVIRONMENT
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	Growth & Market Dynamics
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR Development
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance

Demand recovery sped up QoQ



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

- ✈ Passenger traffic at Turkish airports grew by 19% YoY to 62.7mn passengers in 2017 Q3.
- ✈ The number of foreigners visiting Turkey surged 45% YoY in 2017 Q3 following the recovery which started in Q2.

1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 PEGASUS OPERATIONAL PERFORMANCE
4	Revenue Development
5	Growth & Market Dynamics
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR Development
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance



We increased both the capacity and the load factor

2016 Q3	2017 Q3	YoY Δ		2016 9M	2017 9M	YoY Δ
1,371	2,053	49.7%	TOTAL REVENUE (TRYmn)	2,860	4,162	45.5%
240	344	43.2%	ANCILLARY REVENUE (TRYmn)	611	845	38.4%
512	906	76.8%	EBITDAR (TRYmn)	540	1,172	116.8%
37.4%	44.14%	6.8 pp	EBITDAR Margin	18.9%	28.2%	9.3 pp
6.8	8.1	18.9%	GUESTS CARRIED (MN)	18.1	20.8	14.9%
81.3%	87.3%	6.0 pp	LOAD FACTOR	78.3%	84.3%	6.0 pp
8.4	9.3	10.7%	SEATS (MN)	23.1	24.7	6.8%
1,020	1,047	2.6%	AVERAGE STAGE LENGTH	997	1,006	0.9%
163	207	27.3%	UNIT REVENUE ¹ (TRY)	122	157	28.3%
10.6	10.2	-3.6%	ANCILLARY PER PAX (€)	10.3	10.1	-1.7%
77	77	0.0%	FLEET PERIOD END	77	77	0.0%

- All-time high load factor together with double-digit capacity growth
- All-time high EBITDAR margins both quarterly and year-to-date

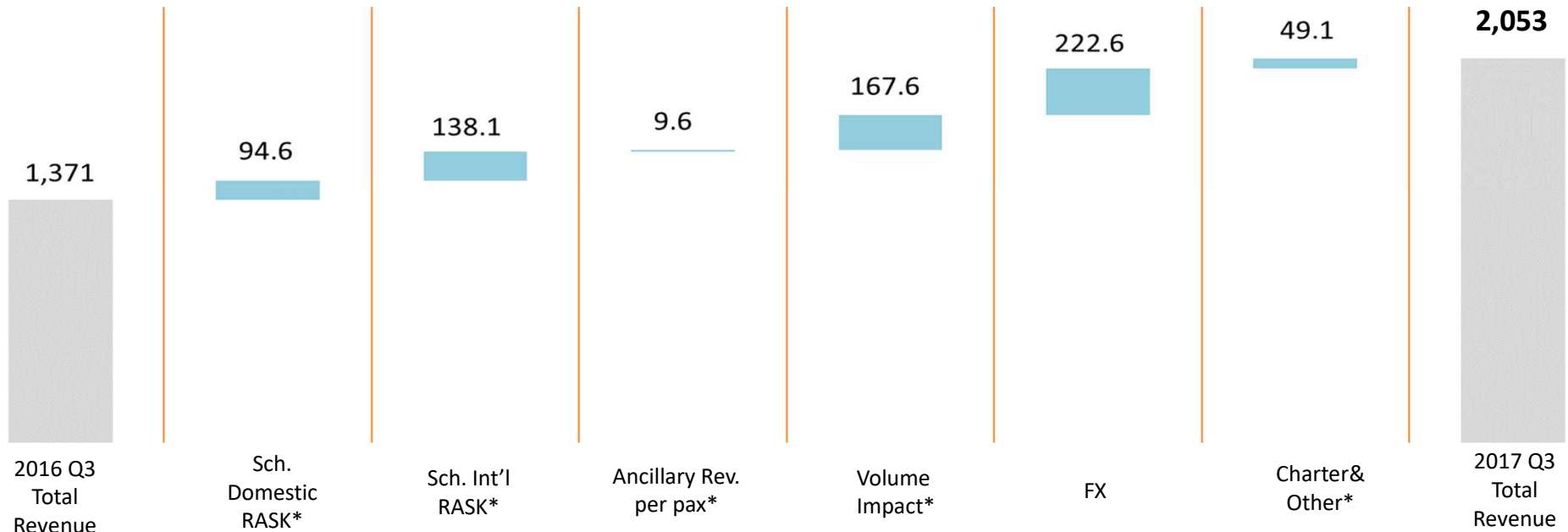
1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	REVENUE DEVELOPMENT
5	Growth & Market Dynamics
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR Development
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance



PEGASUS
AIRLINES

Total revenue increased by 50% YoY in 2017 Q3

(TRYmn)



RASK: Total scheduled passenger and cargo revenue / ASK

* FX impact excluded

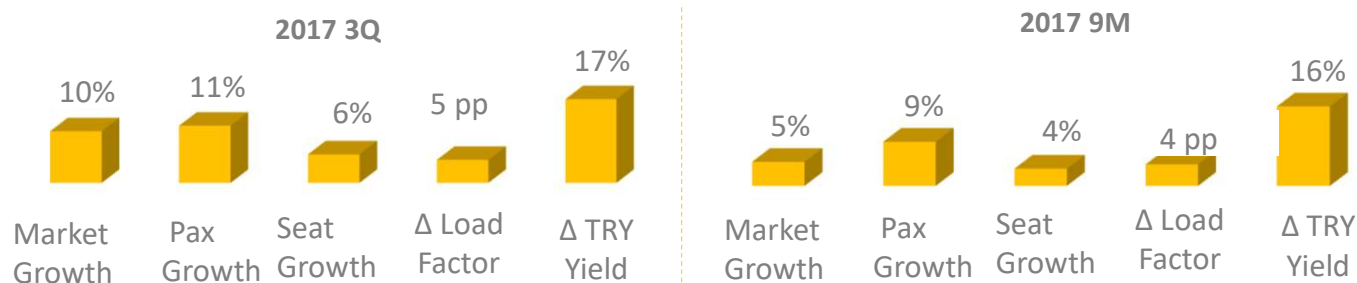
- Total revenue increased by 50% in the third quarter of 2017 compared to the same period last year.
- All of scheduled RASK, FX, operational volume impact, charter & other revenue and ancillary revenue per pax made positive contributions.

1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	GROWTH & MARKET DYNAMICS
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR Development
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance

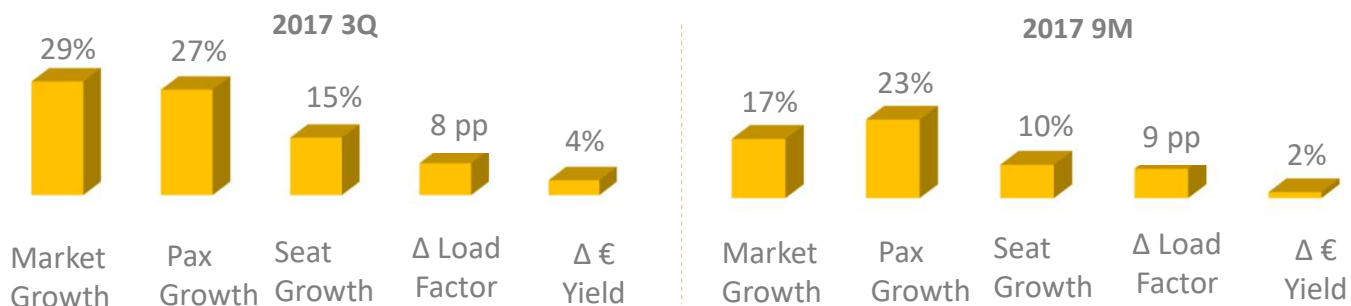


Strong YoY operational growth continued

DOMESTIC



SCH. INTERNATIONAL⁽¹⁾



- Our pax growth matched or exceeded already strong market growth
- We raised domestic yield by TRY17% and international yield by €4% in 2017 Q3

DOMESTIC YIELD (TRY)

2017 Q3	114.31
2016 Q3	97.88

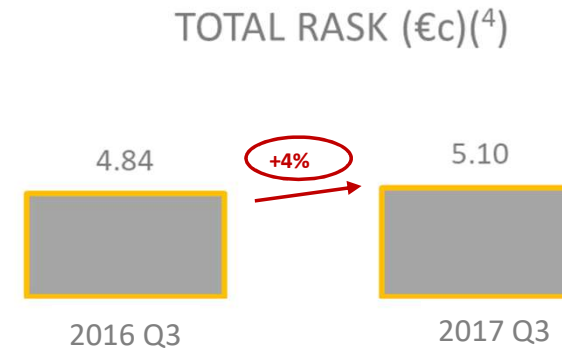
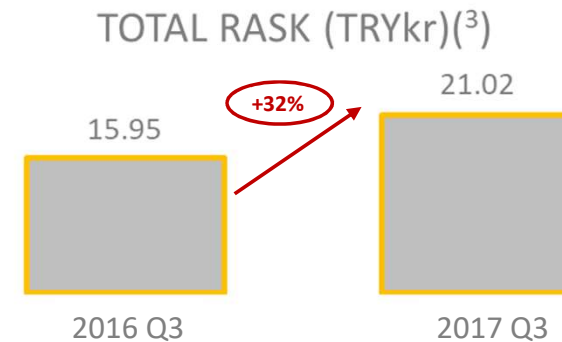
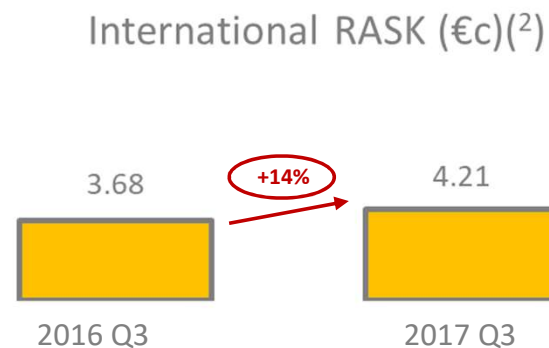
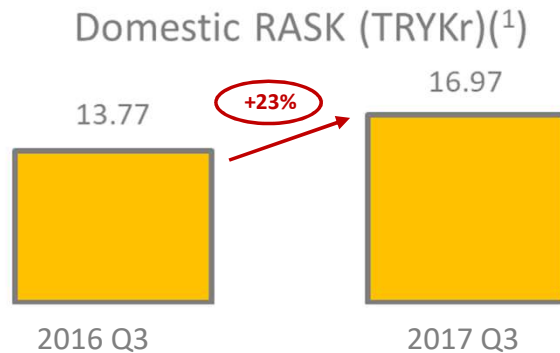
SCH. INTERNATIONAL YIELD (€)

2017 Q3	80.06
2016 Q3	77.12

TOTAL YIELD (€)

2017 Q3	49.60
2016 Q3	47.54

YoY improvements in both domestic and international RASKs



→ **Triple target achieved:** yield improvement combined with a load factor increase on a growing ASK

→ As a result, on a YoY basis in 3Q 2017, we increased int'l RASK by €14% and domestic RASK by TRY23%.

1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	Growth & Market Dynamics
6	FLEET DEVELOPMENT
7	Network & Frequency Development
8	EBITDAR Development
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance



Fleet Development

FLEET EXPANSION* (as of year end)

Year End	2016	2017	2018	2019	2020
Owned	4	4	4	4	4
Financial Lease	33	28	38	45	48
Operational Lease	45	42	40	39	42
Total	82	74	82	88	94

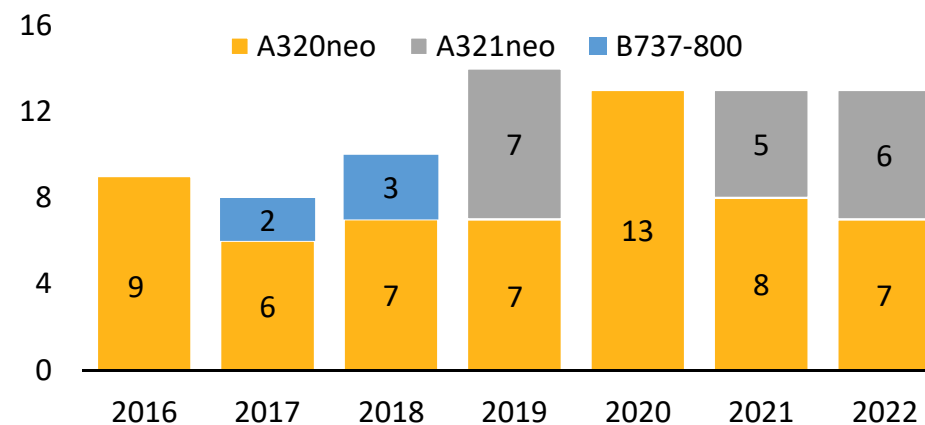
FLEET INFORMATION

- **The youngest fleet in Turkey:** 77 aircraft fleet with an average age of 5.90 as of September 2017.
- Three of the six A320neo aircraft have been delivered to date (1 in 2Q, 1 in 3Q, 1 in 4Q) in 2017. Agreement documentations are underway with mandated financiers for the remaining three aircraft to be delivered this year.
- Fleet Development: 77 (as of Sept 2017 end) - 5 sales - 2 redeliveries + 4 deliveries= 74 (as of 2017 year-end)

FLEET AS OF SEPTEMBER 2017

September 17	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	18	32	53
Boeing 737-400	1	0	0	1
Airbus A320ceo	0	0	12	12
Airbus A320neo	0	11	0	11
Total	4	29	44	77

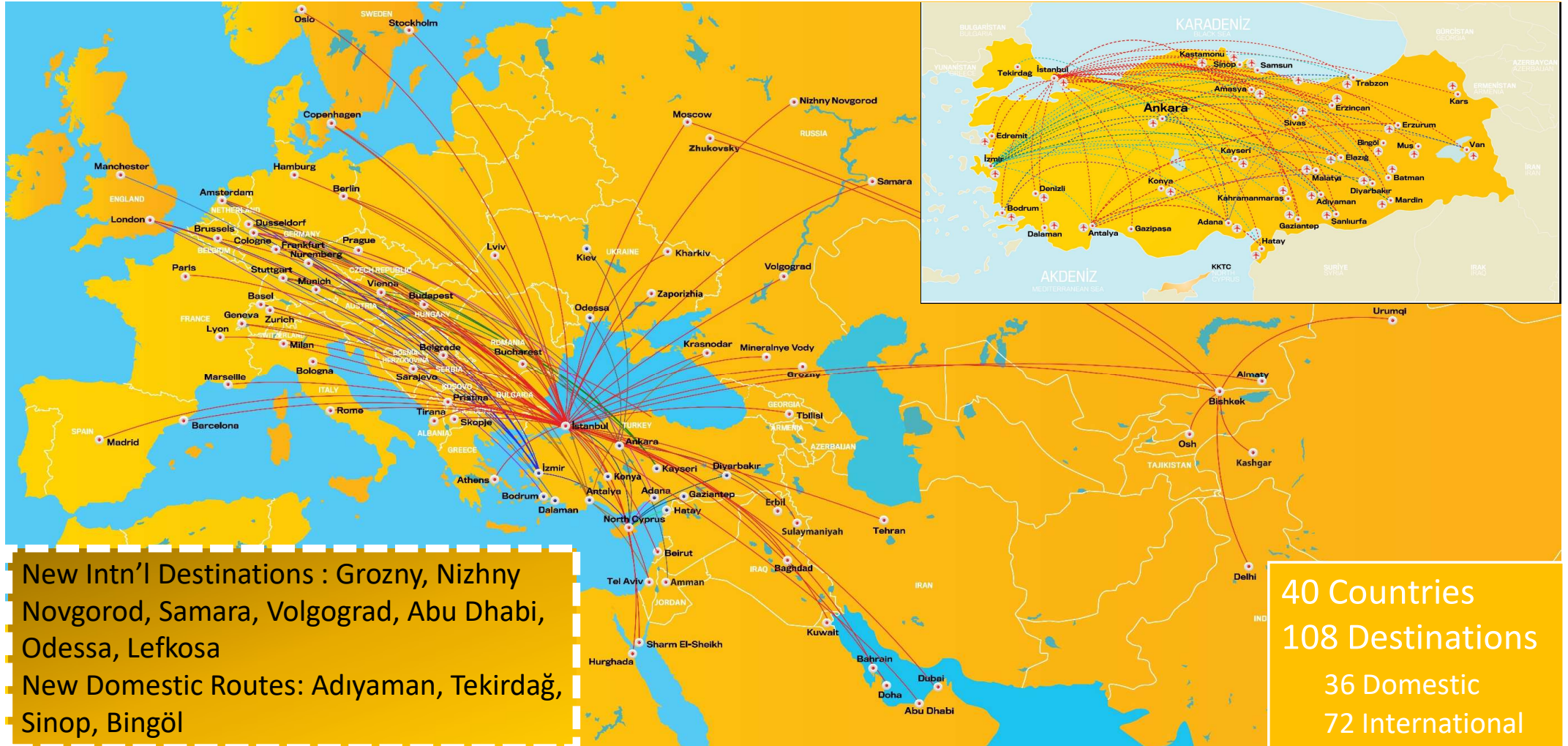
ORDER BOOK AS OF SEPTEMBER 2017



1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	Growth & Market Dynamics
6	Fleet Development
7	NETWORK & FREQUENCY DEVELOPMENT
8	EBITDAR Development
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance



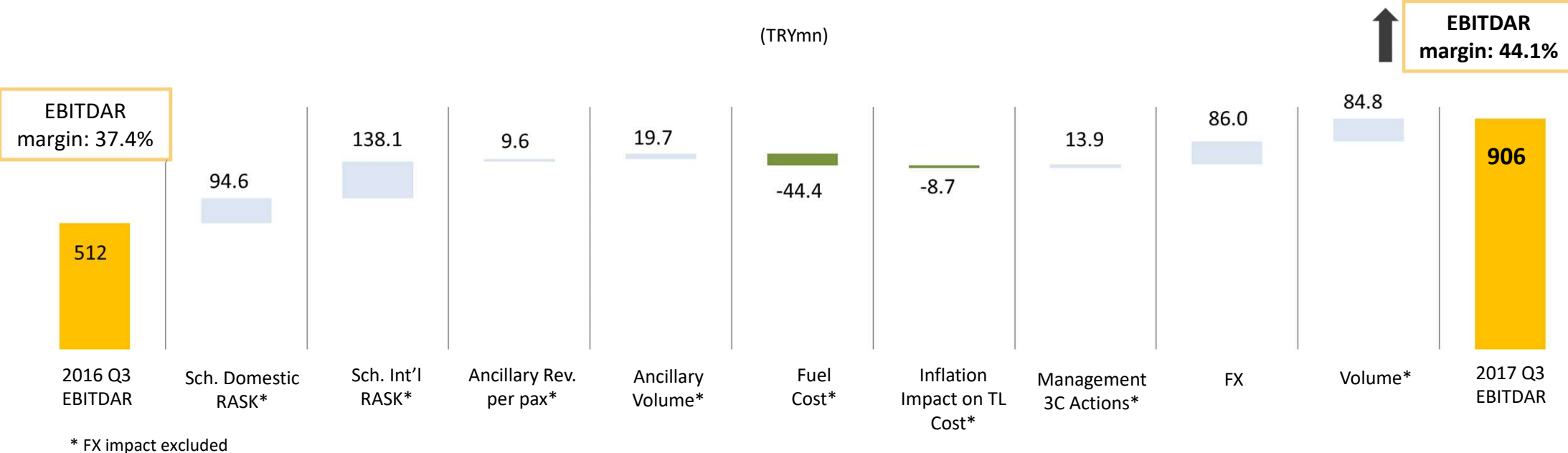
We continue to grow through new route additions





1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	Growth & Market Dynamics
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR DEVELOPMENT
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance

Strong EBITDAR performance supported by sales increase & 3C actions

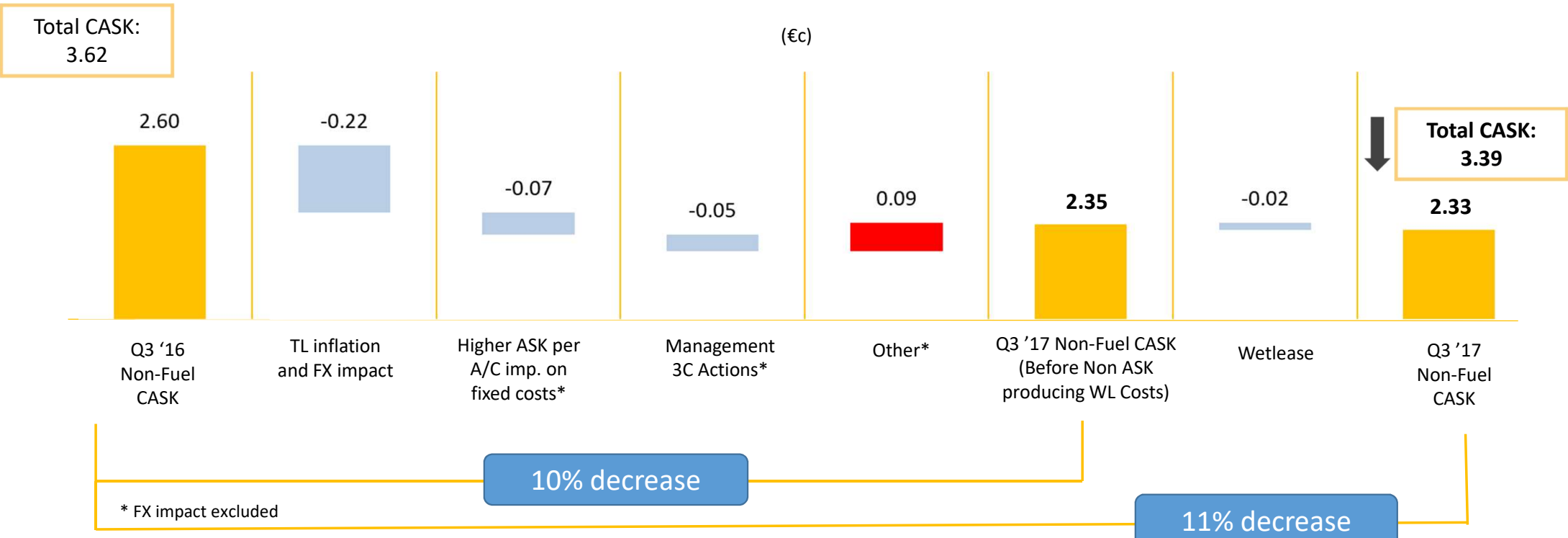


- ➔ Despite the negative impact of the increases in fuel price, currency and inflation, we managed to achieve a better EBITDAR performance YoY. EBITDAR increased 77% YoY in 2017 3Q with a 6.8 pp EBITDAR margin improvement.
- ➔ The breakdown of the management 3C action plan is as follows;
 - TRY1.8mn Lower Marketing Expense
 - TRY12.1mn Man-power Optimization



1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	Growth & Market Dynamics
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR Development
9	NON-FUEL CASK (COST PER AVAILABLE SEAT KM) DEVELOPMENT
10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance

We managed to decrease non-fuel CASK by 11% YoY



- ➔ Non-Fuel CASK decreased by 11 % YoY in Q3 2017.
- ➔ The breakdown of the management 3C action plan; 0.03€c Man-Power Optimisation and 0.02€c Fleet Structure
- ➔ Total CASK also decreased despite higher fuel prices.



1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	Growth & Market Dynamics
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR Development
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	BALANCE SHEET
11	Hedging, Risk Management & Sensitivity
12	2017 Management Guidance

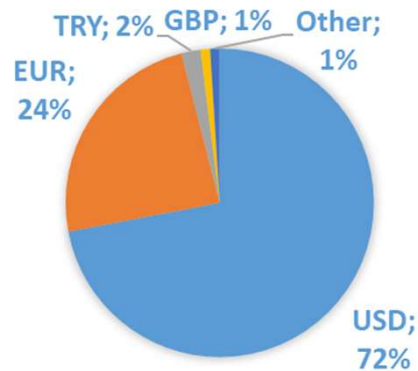
Balance Sheet

TRYmn	Sep 30, 2017	Dec 31, 2016
CASH	1,823	692
OTHER ASSETS	729	587
PRE DELIVERY PAYMENT	623	405
FIXED ASSETS	4,106	3,934
TOTAL	7,281	5,618
LIABILITIES	1,956	1,372
FINANCIAL DEBTS	3,026	2,677
SHAREHOLDERS EQUITY	2,299	1,569
TOTAL	7,281	5,618
CASH PER A/C	23.7	8.4

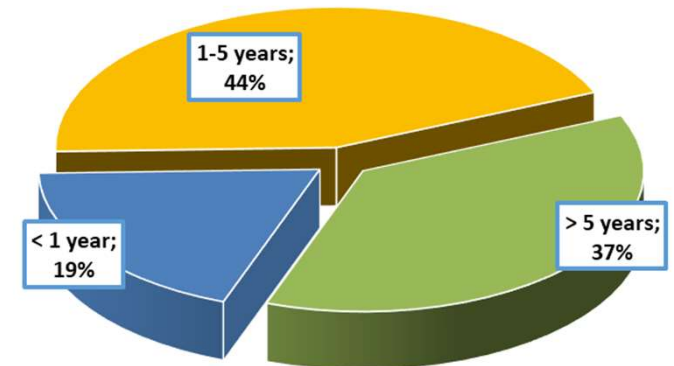
→ The rise in cash was mainly driven by cash generation from operations

- Cash from Operations : TRY1,051mn
- Cash from Investments : TRY294mn
- Cash from Financing : -TRY66mn
- Currency Translation : -TRY149mn

CASH CURRENCY BREAKDOWN
Sep 30, 2017



FINANCIAL LEASE MATURITY BREAKDOWN
Sep 30, 2017

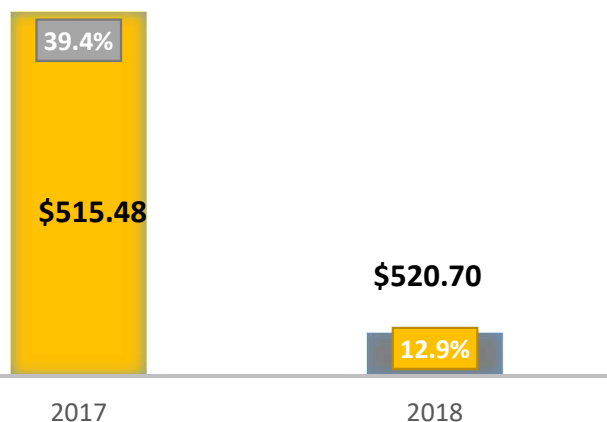


1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	Growth & Market Dynamics
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR Development
9	Non-Fuel CASK (Cost Per Available Seat Km) Development
10	Balance Sheet
11	HEDGING, RISK MANAGEMENT & SENSITIVITY
12	2017 Management Guidance



Hedging, Risk Management & Sensitivity

HEDGE VOLUME & PER TON COST



2017	Volume	Strike Level
OPTION	35%	\$529,08
ZCC	35%	\$439.85 - \$565.92
SWAP	30%	\$505,44
2018	Volume	Strike Level
OPTION	50%	\$520.81
ZCC	50%	\$440.47 - \$564.02
SWAP	0%	

HEDGE STRATEGY

Non-discretionary portion, limited to 30% of annual rolling consumption, is executed every month regardless of price levels utilizing layered hedging method (monthly hedging amounts accumulate to 30% of budgeted consumption).

Additionally, discretionary volumes of up to 30% annual rolling fuel consumption may be considered by the Hedge Committee.

Speculation is not permitted and complexity is avoided; i.e. hedge amount and levels are certain at execution.

Instruments used: Vanilla Call Options, Zero Cost Collar and Swap (Discretionary)

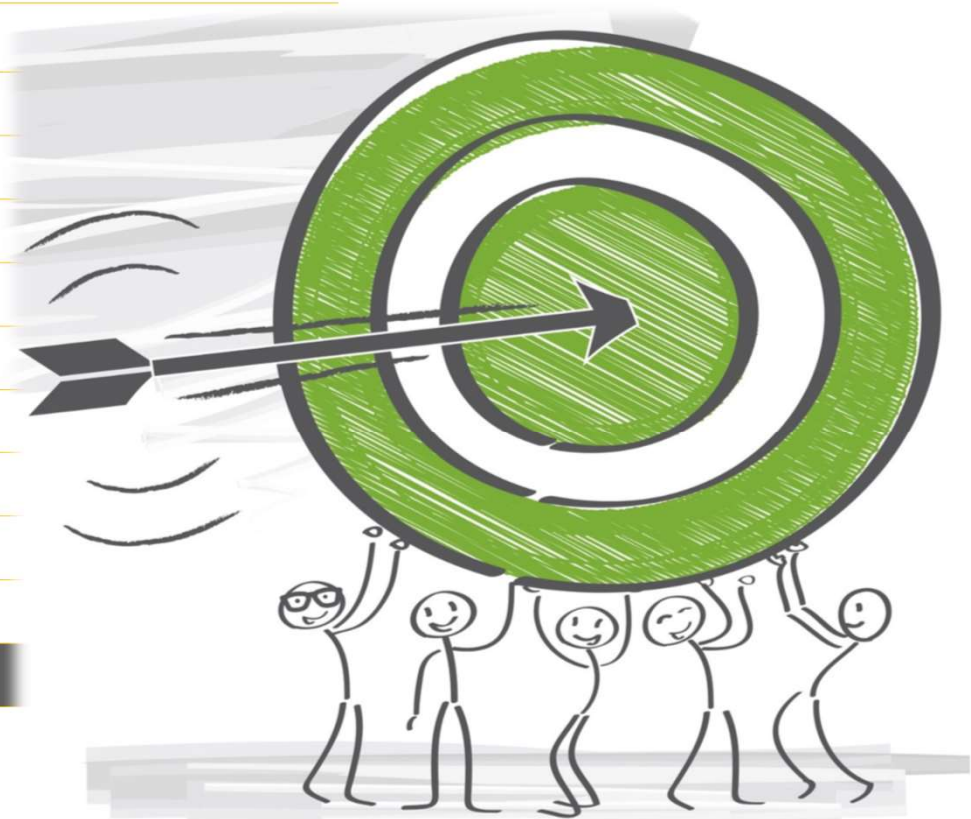
RISK MANAGEMENT

We actively manage the uncertainty arising from exchange rate fluctuations through our 'Currency Risk Hedge Program', approved by the Hedge Committee. Accordingly, we convert all of our international ticket revenue collected in TRY to USD in the daily spot market. Additionally, we convert up to 25% of our domestic ticket revenue collected in TRY to USD, depending on our currency position.

SENSITIVITY ANALYSIS

2017 Q3 I&S DATA	+TRY0.01 >	+TRY0.01 >	+\$10 >
TRYmn	EUR/TRY	USD/TRY	Jet Fuel
Revenue	1.4	2.1	-
OPEX	0.7	2.1	7.5
EBIT	0.6	0.0	-7.5
EBITDAR	0.8	0.4	-7.5

1	Summary P&L
2	2017 Q3 Operating Environment
3	2017 Q3 Pegasus Operational Performance
4	Revenue Development
5	Growth & Market Dynamics
6	Fleet Development
7	Network & Frequency Development
8	EBITDAR Development
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10	Balance Sheet
11	Hedging, Risk Management & Sensitivity
12	2017 MANAGEMENT GUIDANCE



2017 MANAGEMENT GUIDANCE

	2016 Realization	2017 Management Guidance	
		Old	New
Guest Growth	8.08%	11% - 13%	12% - 14%
Capacity Increase (ASK)	9.09%	8% - 10%	8% - 10%
Utilization (Block Hour)	12	12.1	12.1
Domestic Load Factor	83%	3-4 pp YoY improvement	4-5 pp YoY improvement
International Load Factor	72%	5-6 pp YoY improvement	7-8 pp YoY improvement
Domestic Yield (TRY)	71.80	TRY6-TRY7 YoY improvement	TRY9-TRY10 YoY improvement
International Yield (€)	56.33	€1 reduction compared to 2016 levels	€1 reduction compared to 2016 levels
Ancillary rev. per guest (€)	10.13	10 - 11	10 - 11
Total CASK (€c.)	3.78	3.65 - 3.70	3.65 - 3.70
Non-Fuel CASK (€c.)	2.81	2.55 - 2.60	2.55 - 2.60
EBITDAR margin	15%	21% - 22%	23% - 24%

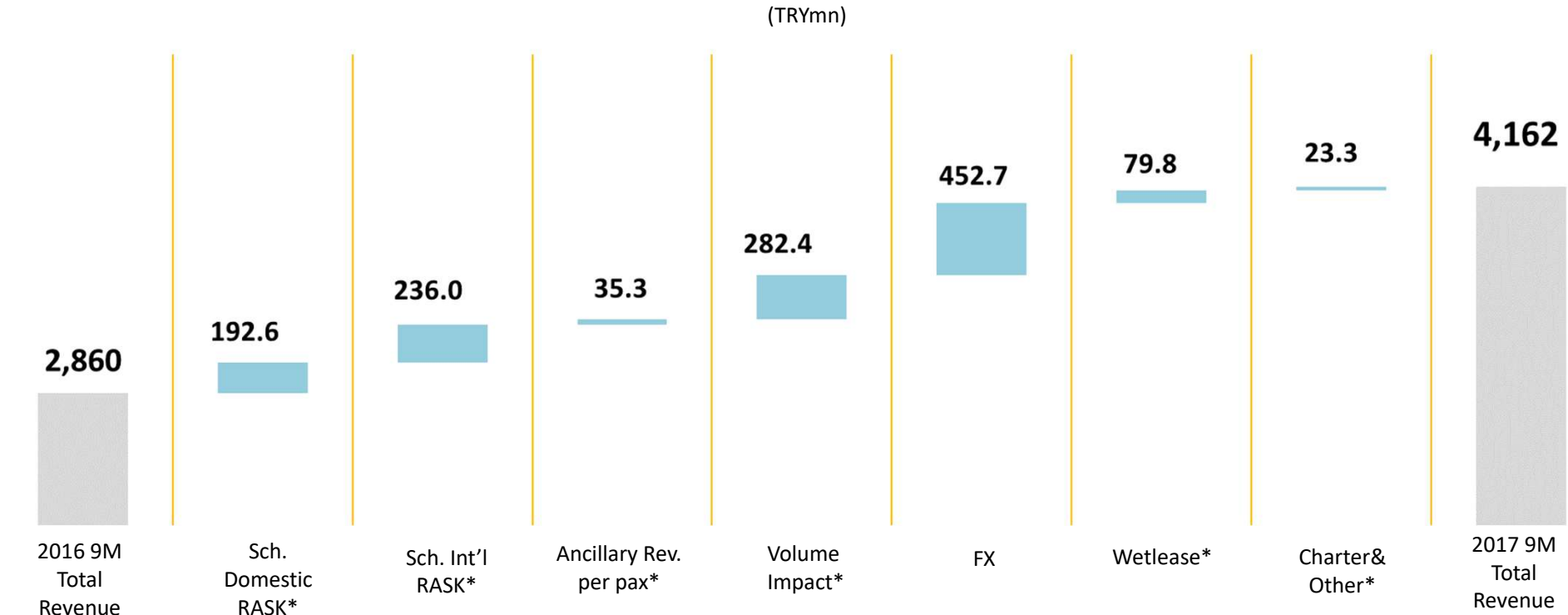
Appendix 1

EBITDAR Calculation

(TRYmn)	Note	2017 Q3	2016 Q3	2017 9M	2016 9M
Net sales	15	2,052.9	1,371.2	4,162.1	2,860.0
Cost of sales (-)	15	(1,277.8)	(948.7)	(3,398.9)	(2,553.5)
Gross profit		775.1	422.6	763.2	306.5
General administrative expenses (-)	16	(44.6)	(37.9)	(128.3)	(110.8)
Marketing expenses (-)	16	(48.2)	(42.9)	(133.1)	(133.5)
Other operating income/expenses (net) (+)		-	(0.6)	-	(0.5)
Operating profit		682.3	341.1	501.7	61.7
Depreciation and amortization (+)	13	85.4	57.3	248.2	157.7
Operating lease expenses (+)	13	138.3	113.9	422.0	321.0
EBITDAR		906.0	512.4	1,171.9	540.4

Appendix 2

2017 9M Revenue Bridge



RASK: Total scheduled passenger and cargo revenue / ASK

* FX impact excluded

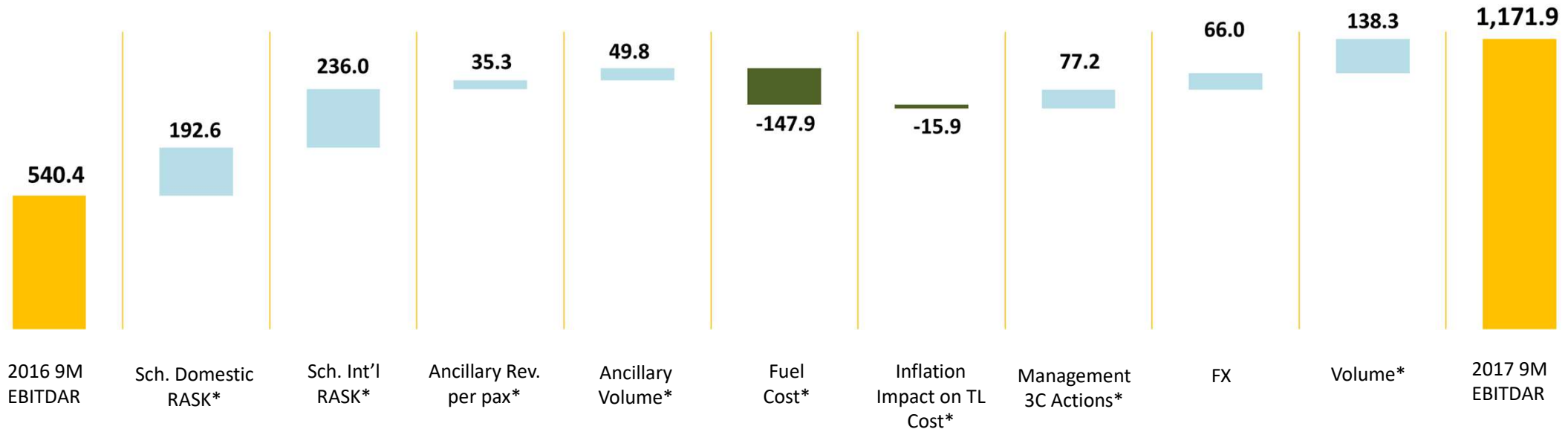
Appendix 3

2017 9M EBITDAR Bridge

(TRYmn)

↑ EBITDAR margin: 28.2%

EBITDAR margin: 18.9%



* FX impact excluded

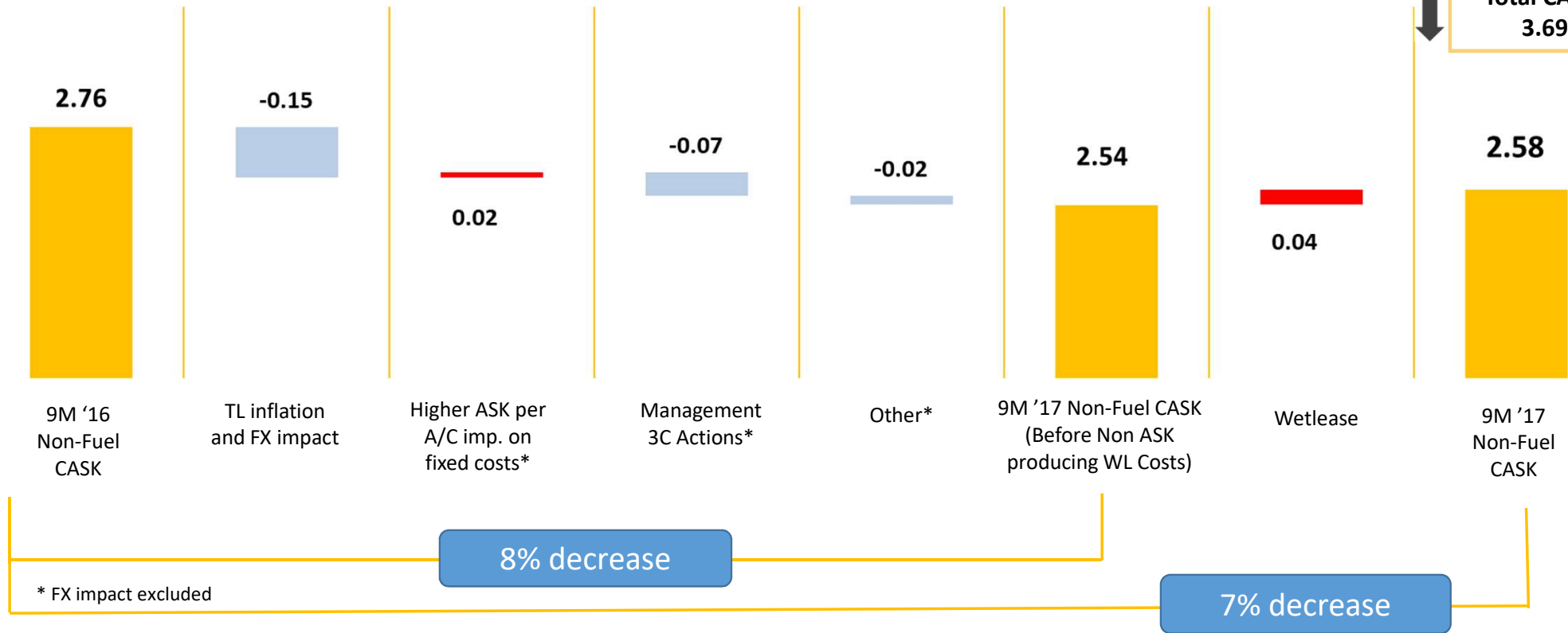
Appendix 4

2017 9M CASK Bridge

Total CASK:
3.72

(€c)

Total CASK:
3.69



Appendix 5

Unit Cost (CASK) Breakdown

Change	CASK-€c		Cost Items	EURmn		Change
	2017 Q3/2016 Q3	2017 Q3		2016 Q3	2017 Q3	
5%	1.06	1.01	Jet fuel expenses	103.7	87.2	19%
-17%	0.52	0.62	Personnel expenses	50.8	53.7	-5%
-14%	0.35	0.40	Rental Expenses	33.9	34.6	-2%
-11%	0.25	0.29	Maintenance expenses	24.9	24.7	1%
5%	0.21	0.20	Depreciation and amortisation expenses	20.7	17.4	19%
2%	0.29	0.29	Handling fees	28.7	24.8	16%
-3%	0.25	0.26	Navigation expenses	24.2	21.9	10%
-1%	0.13	0.13	Landing expenses	12.2	10.9	12%
-13%	0.07	0.08	Commision expenses	6.5	6.6	-1%
-14%	0.04	0.05	Passenger service and catering expenses	4.2	4.3	-2%
-23%	0.03	0.04	Advertising expenses	2.9	3.3	-12%
-23%	0.19	0.25	Other	18.7	21.4	-13%
-6%	3.39	3.62	CASK-€c	331.4	310.8	7%
-10%	2.33	2.60	Non-Fuel CASK-€c	227.7	223.6	2%

Appendix 6

Fleet Development Plan

	A/C Type	Financing Type	2016YE	2017YE	2018YE	2019YE	2020YE
BOEING	737-800	Financial Lease	24	13	16	16	16
		Owned	3	3	3	3	3
		Operational Lease	33	30	28	20	13
	737-400	Owned	1	1	1	1	1
		Operational Lease	0	0	0	0	0
AIRBUS	A320 CEO	Financial Lease	0	0	0	0	0
		Operational Lease	12	12	12	12	12
	A320 NEO	Financial Lease	9	15	22	25	28
		Operational Lease	0	0	0	4	14
	A321 NEO	Financial Lease	0	0	0	4	4
		Operational Lease	0	0	0	3	3
TOTAL	Financing Type		2016YE	2017YE	2018YE	2019YE	2020YE
	Owned		4	4	4	4	4
	Financial Lease		33	28	38	45	48
	Operational Lease		45	42	40	39	42
	TOTAL		82	74	82	88	94

PEGASUS AIRLINES INVESTOR RELATIONS

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