



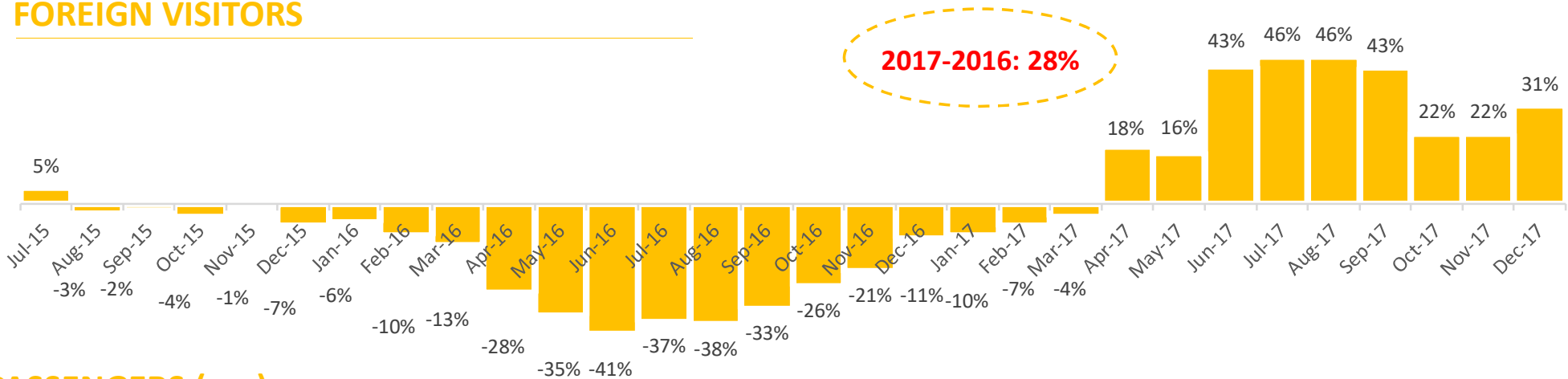
**2017 4Q RESULTS PRESENTATION**  
**March, 5<sup>th</sup> 2018**

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

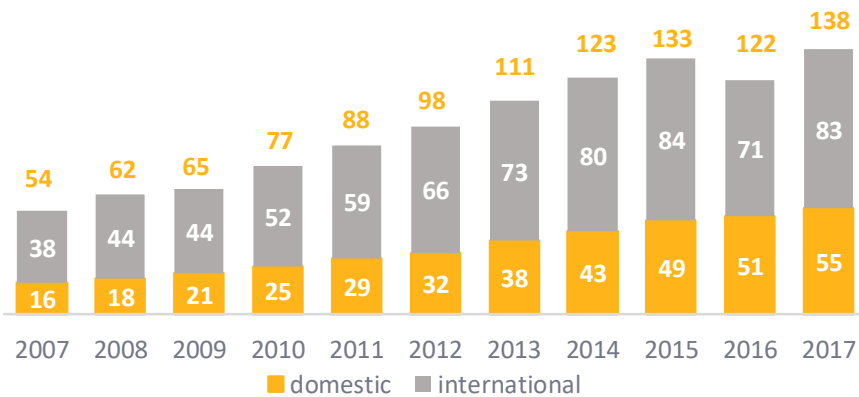
# OPERATING ENVIRONMENT

Sound recovery in tourist and passenger figures starting from April 2017

## FOREIGN VISITORS



## PASSENGERS (mn)




	TR	PGS
Domestic Pax 2017 vs 2016	8%	11%
Int'l Pax 2017 vs 2016	17%	22%



# SUMMARY HIGHLIGHTS- 2017FY

Improvement in all operational and financial parameters in 2017FY

# of destinations		12	Load Factor		6.1ppt
# of passengers		15%	Revenues		44%
Domestic Market Share		1pp	Ancillary Revenues		41%
International Market Share		0.6pp	CASK, €cent		-3%



# ROUTE NETWORK

## 12 new destinations added to the network in 2017



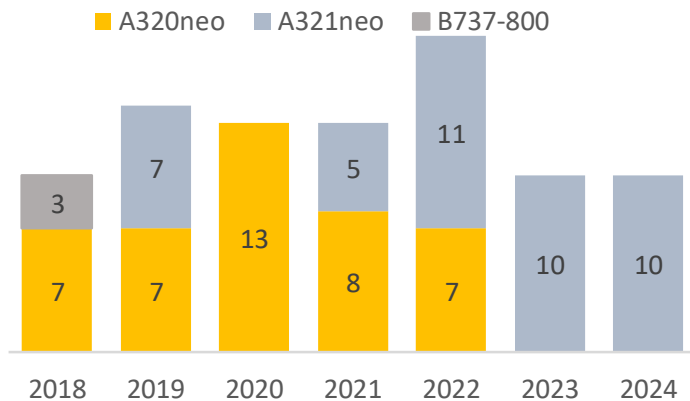
## FLEET DEVELOPMENT

10 new aircraft will join the fleet in 2018

### FLEET EXPANSION (as of 2017)

	2016	2017	2018	2019	2020
Owned	4	4	4	4	4
Financial Lease	33	29	38	45	48
Operational Lease	45	43	39	38	42
<b>Total</b>	<b>82</b>	<b>76</b>	<b>81</b>	<b>87</b>	<b>94</b>

### ORDER BOOK (as of 2017)



### FLEET (as of 2017)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	14	31	<b>48</b>
Boeing 737-400	1	0	0	<b>1</b>
Airbus A320ceo	0	0	12	<b>12</b>
Airbus A320neo	0	15	0	<b>15</b>
Airbus A321neo	0	0	0	<b>0</b>
<b>Total</b>	<b>4</b>	<b>29</b>	<b>43</b>	<b>76</b>









### FLEET INFORMATION

- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.7 years.**
- ✈ 6 new A320 joined the fleet, 12 737-800 were sold and delivered in 2017.
- ✈ Fleet to reach **81 aircraft** in 2018 with 10 new A/Cs



## SUMMARY 2017 4Q FINANCIALS









All time high 4Q revenue with seasonally strong EBITDAR margin

		(TRYmn)	2017 4Q	2016 4Q	YoY
Seat	 8%	<b>REVENUES</b>	<b>1.186,5</b>	<b>847,4</b>	<b>40%</b>
Load Factor	 6.3pp	<b>EBITDAR</b>	<b>135,8</b>	<b>15,9</b>	<b>754%</b>
ASK	 6%	<i>EBITDAR Margin</i>	<b>11,4%</b>	<b>1,9%</b>	<b>9,6pp</b>
PAX	 16%	<b>NET INCOME</b>	<b>8,9</b>	<b>(179,5)</b>	<b>n.m.</b>
BH	 3%	<i>Net Income Margin</i>	<b>0,8%</b>	<b>n.m.</b>	
		<b>RASK</b>	<b>2017 4Q: € 3.33</b>	<b>2016 4Q: € 3.22</b>	 3%
		<b>CASK</b>	<b>2017 4Q: € 3.59</b>	<b>2016 4Q: € 3.96</b>	 -10%
		<b>Non-Fuel CASK</b>	<b>2017 4Q: € 2.43</b>	<b>2016 4Q: € 2.96</b>	 -18%



## SUMMARY 2017 FY FINANCIALS

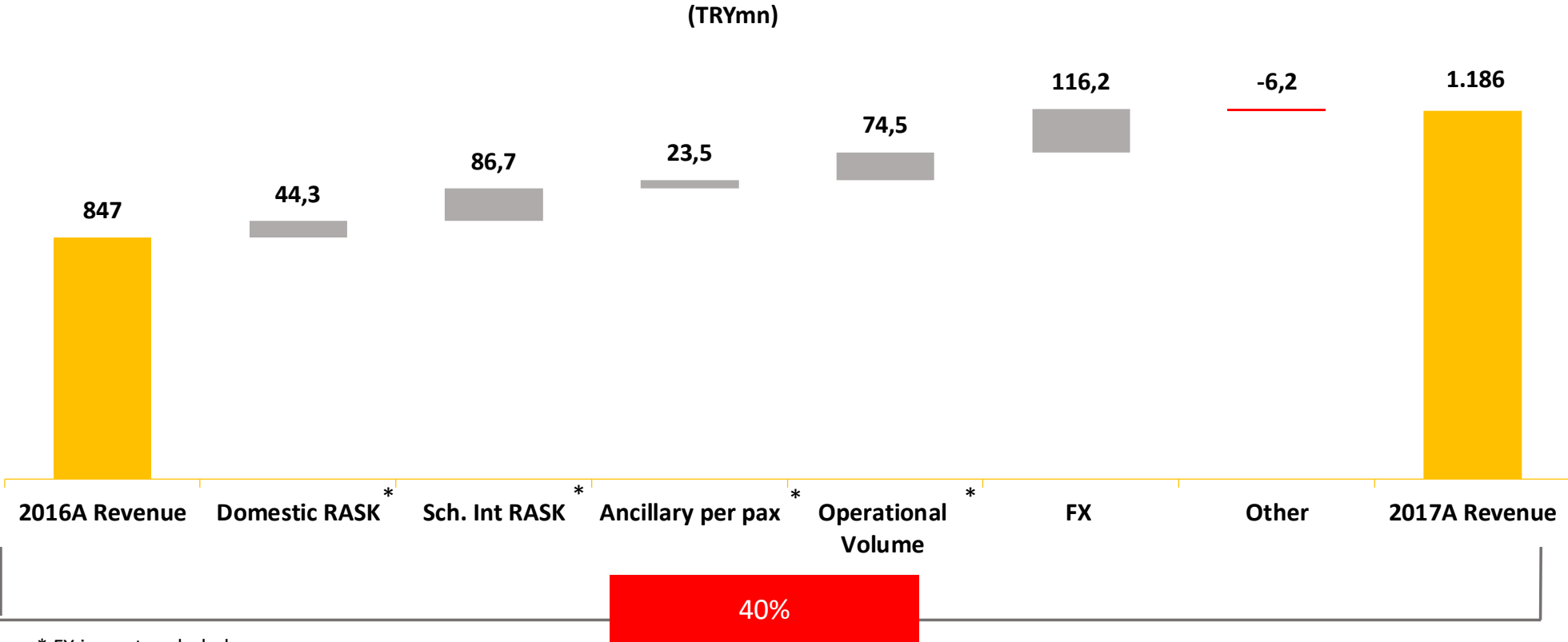
All time high yearly revenue and EBITDAR

		(TRYmn)	2017 FY	2016 FY	YoY
Seat	 7%				
Load Factor	 6.1pp	<b>REVENUES</b>	<b>5.348,6</b>	<b>3.707,5</b>	<b>44%</b>
ASK	 7%	<b>EBITDAR</b>	<b>1.307,7</b>	<b>556,4</b>	<b>135%</b>
PAX	 15%	<i>EBITDAR Margin</i>	24,4%	15,0%	9.4pp
BH	 6%	<b>NET INCOME</b>	<b>501,1</b>	<b>(136,2)</b>	<b>n.m.</b>
		<i>Net Income Margin</i>	9,4%	n.m.	
		<b>RASK</b>			
		2017FY: €3.97	 9%		
		2016FY: € 3.65			
		<b>CASK</b>			
		2017FY: € 3.66	 -3%		
		2016FY: € 3.78			
		<b>Non-Fuel CASK</b>			
		2017FY: € 2.54	 -10%		
		2016FY: € 2.81			



# REVENUE DEVELOPMENT 2017 4Q

Every single operation contributed to top-line growth positively



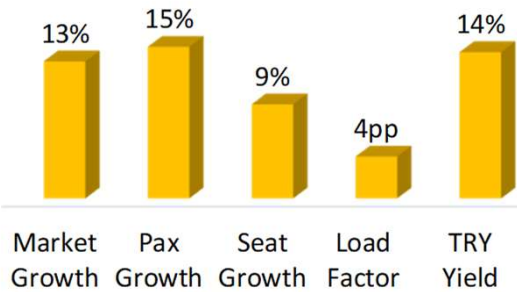


# REVENUE DRIVERS

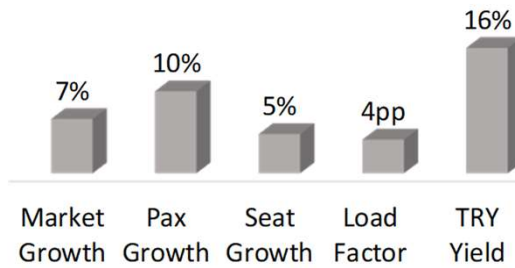
Market share gain in both domestic and international routes

## DOMESTIC

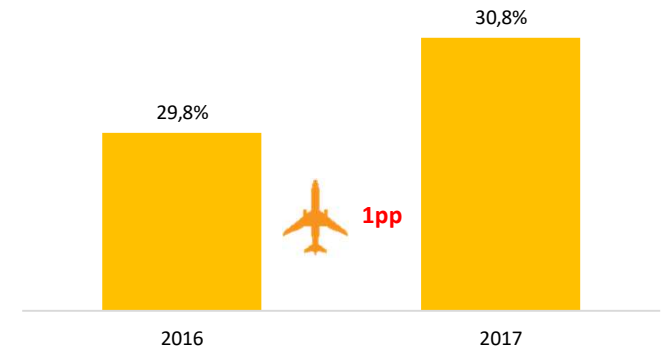
2017 4Q vs 2016 4Q



2017 FY vs 2016 FY

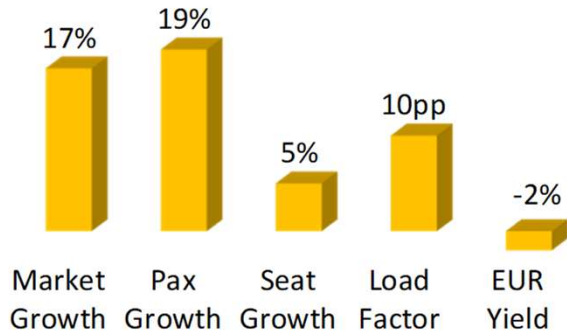


## MARKET SHARE

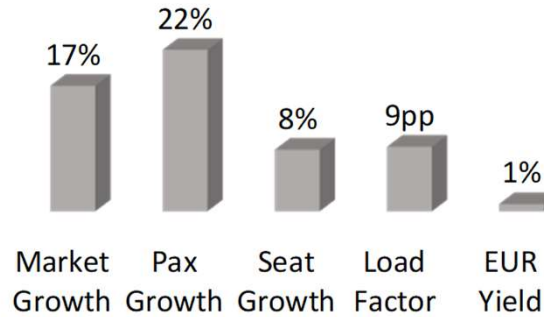


## SCH INTERNATIONAL

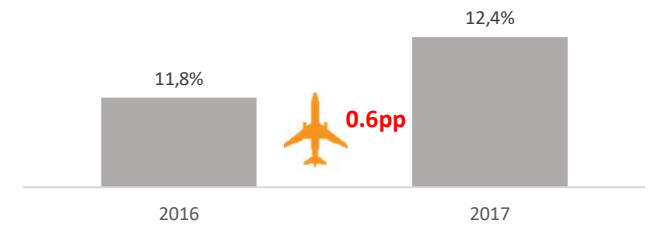
2017 4Q vs 2016 4Q



2017 FY vs 2016 FY



## MARKET SHARE



Source: DHMI

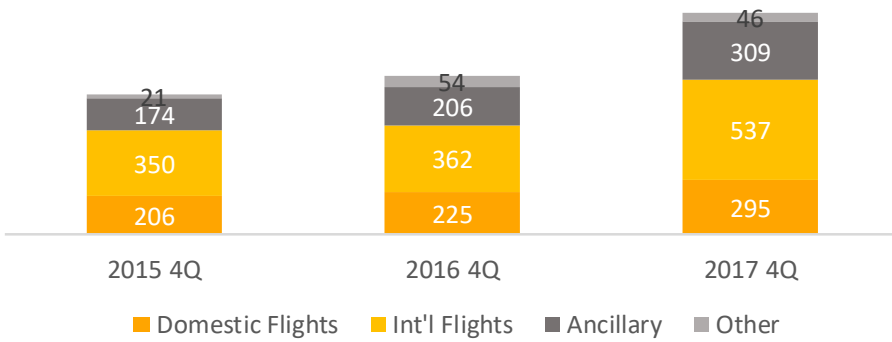
(1) market data includes charter traffic



# REVENUE BREAKDOWN

Strong rebound in international operations

TRY, mn



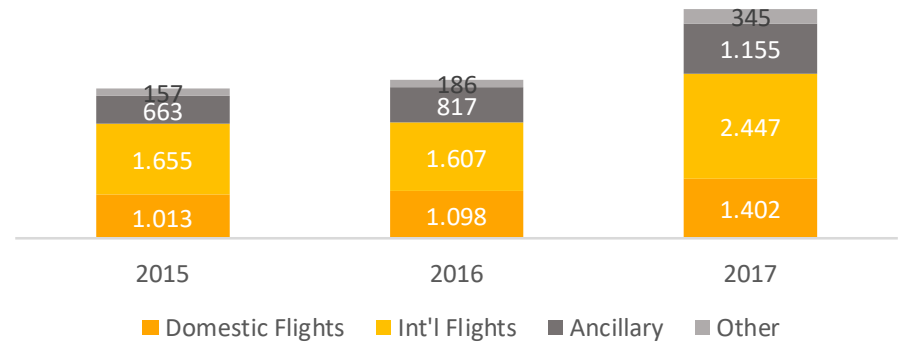
YoY

50%

48%

31%

TRY, mn

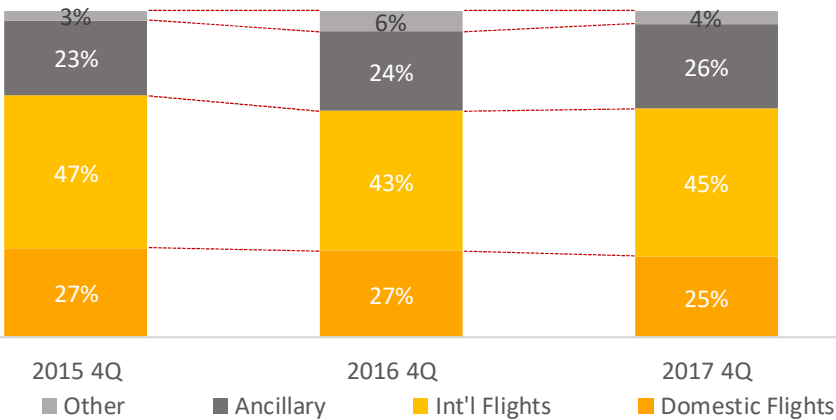


YoY

41%

52%

28%

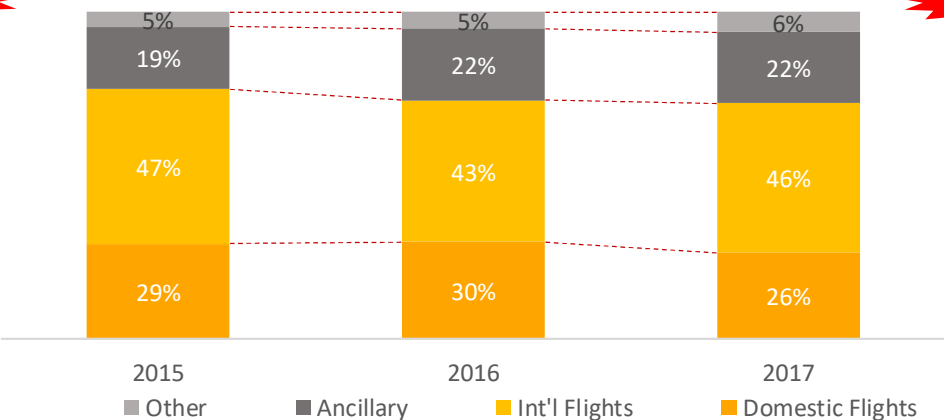


Δ

2pp

2pp

-2pp



Δ

-

3pp

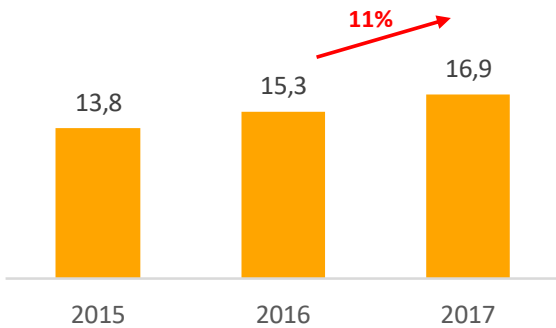
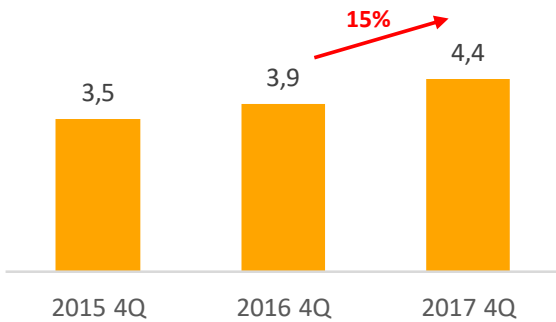
-4pp



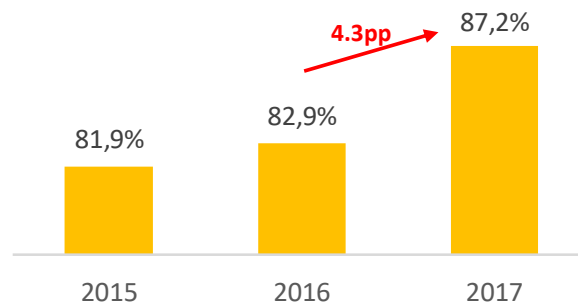
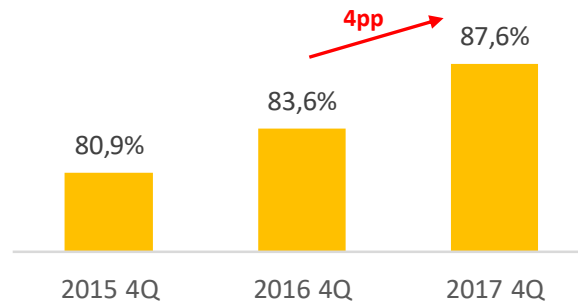
# DOMESTIC FLIGHTS

LF reached record high levels, domestic yield surged by 16% in 2017FY

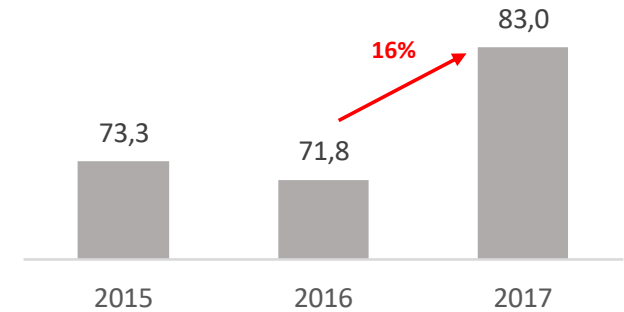
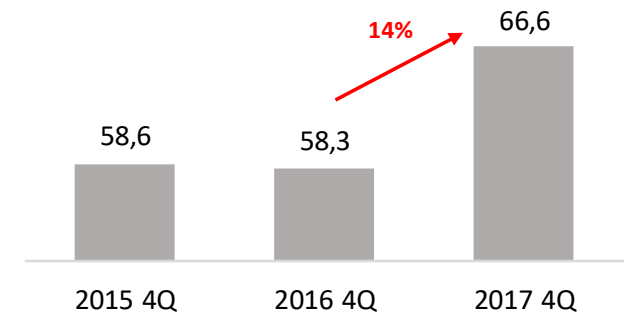
### Passengers, mn



### Load Factor



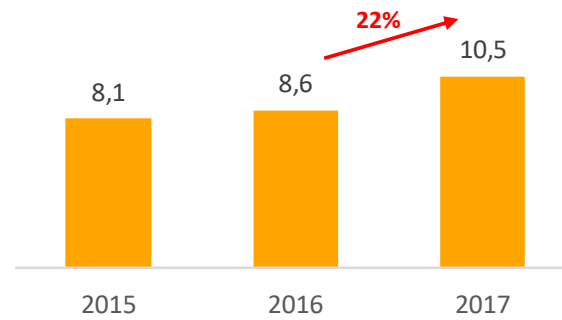
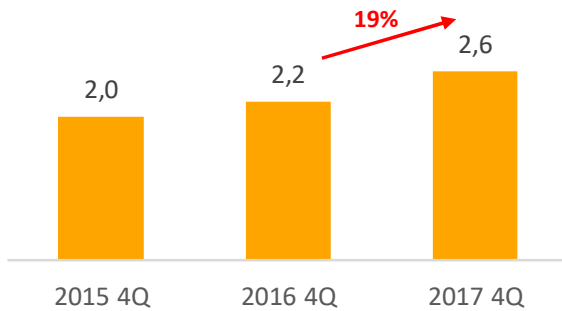
### Yield, TRY



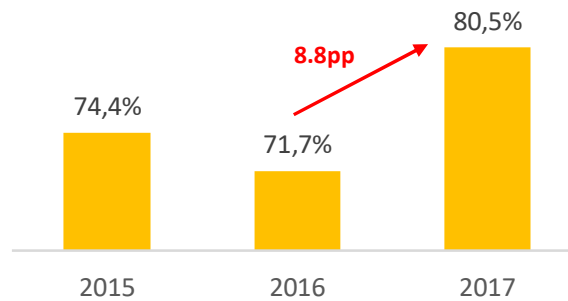
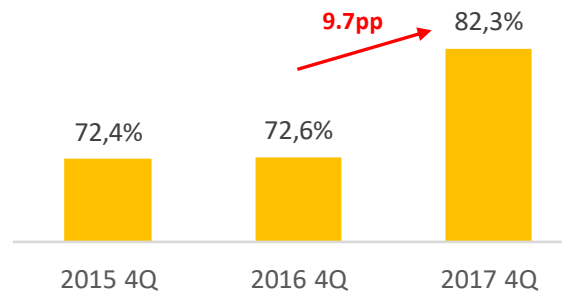
# INTERNATIONAL SCHEDULED FLIGHTS

Significant jump in international pax and LF

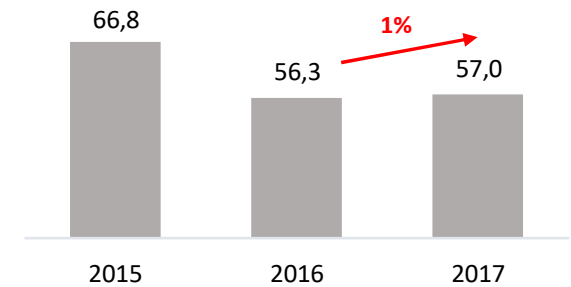
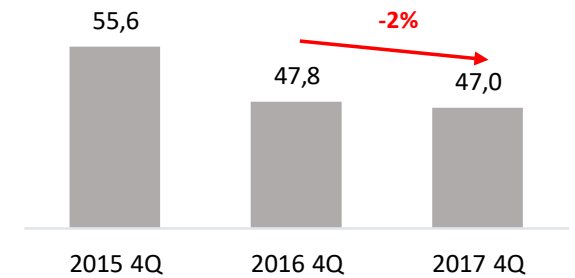
### Passengers, mn



### Load Factor



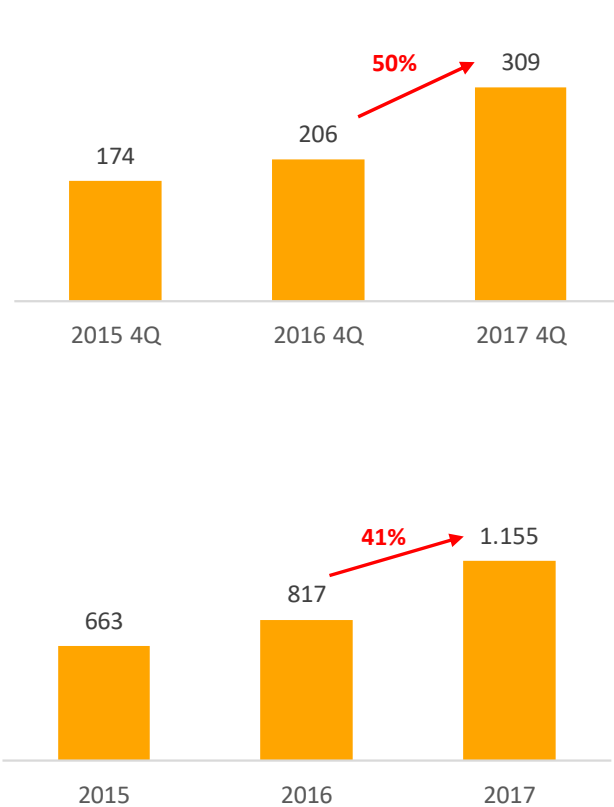
### Yield, €



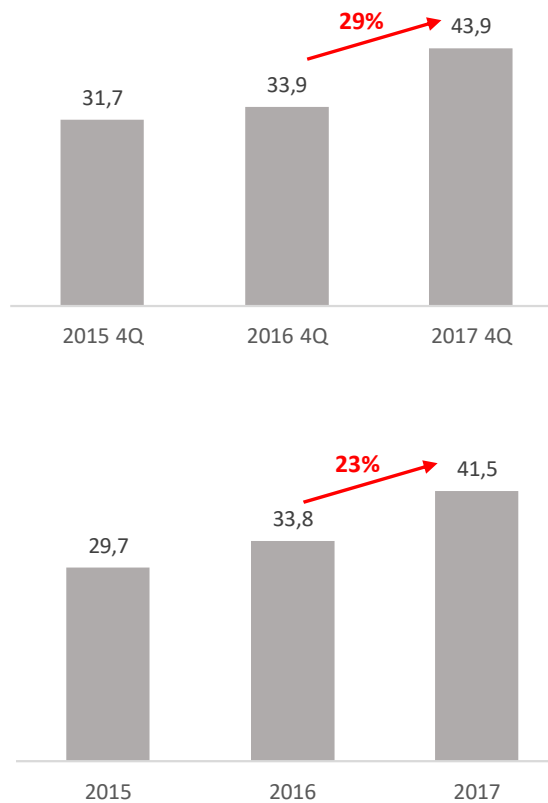
# ANCILLARY REVENUE

Ancillary revenue development in on track with further room for improvement

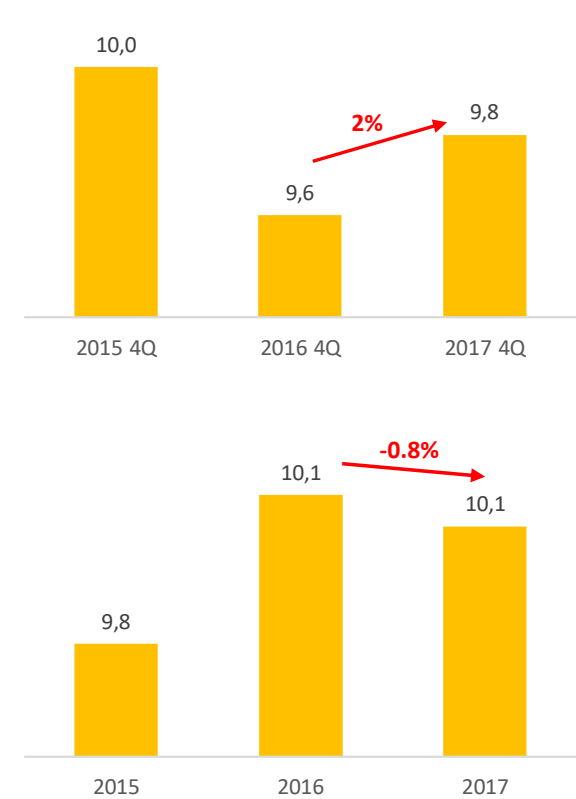
### Revenues, TRYmn



### Per Pax, TRY



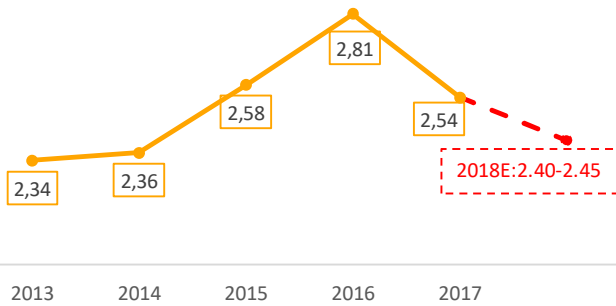
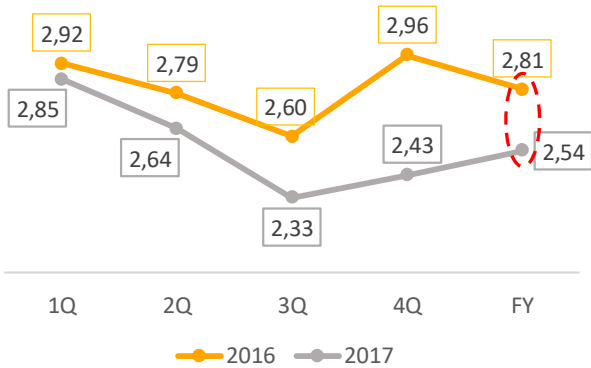
### Per Pax, €



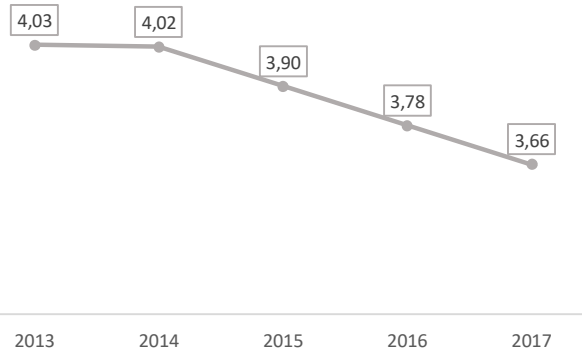
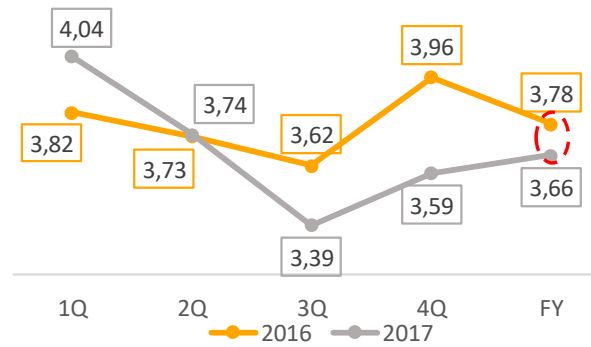
# CASK

## Continuous improvement in non-fuel CASK through «3C Initiatives»

### Non-Fuel CASK, €c



### CASK, €c



✈ Increase in average daily A/C utilization from 10.9 hours in 2016 4Q to 12.2 hours in 2017 4Q.

✈ Optimizing the fleet through the sale of B737-800 and rising the share of A320 NEOs which;

- provide fuel efficiency
- accelerate transition process

✈ Optimization of marketing activities and headcount

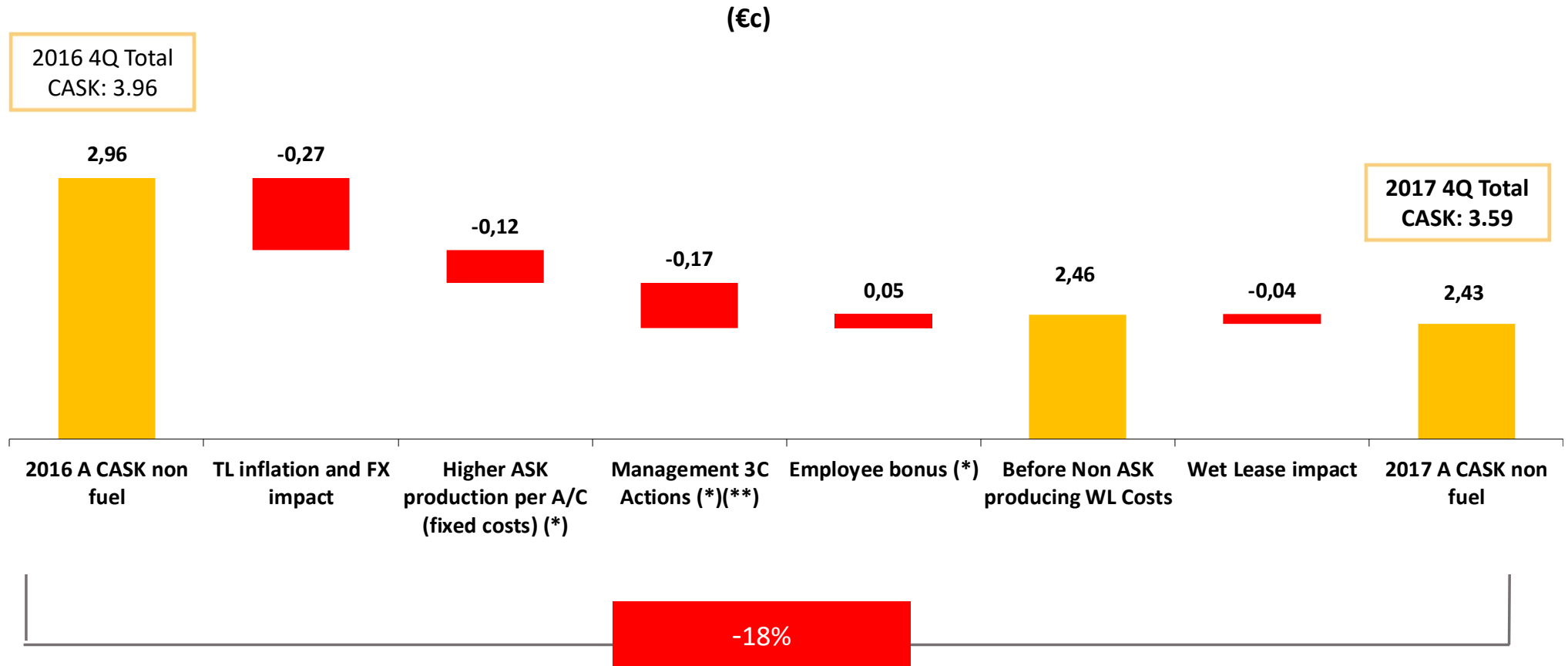
✈ Lean process management

✈ Favorable EUR against US\$ and TL; despite rise in oil prices

✈ Review of the procurement agreements

# CASK- 2017 4Q

Non-fuel CASK came down by 18% in 2017 4Q



(\*) FX impact and saving and structural changes excluded

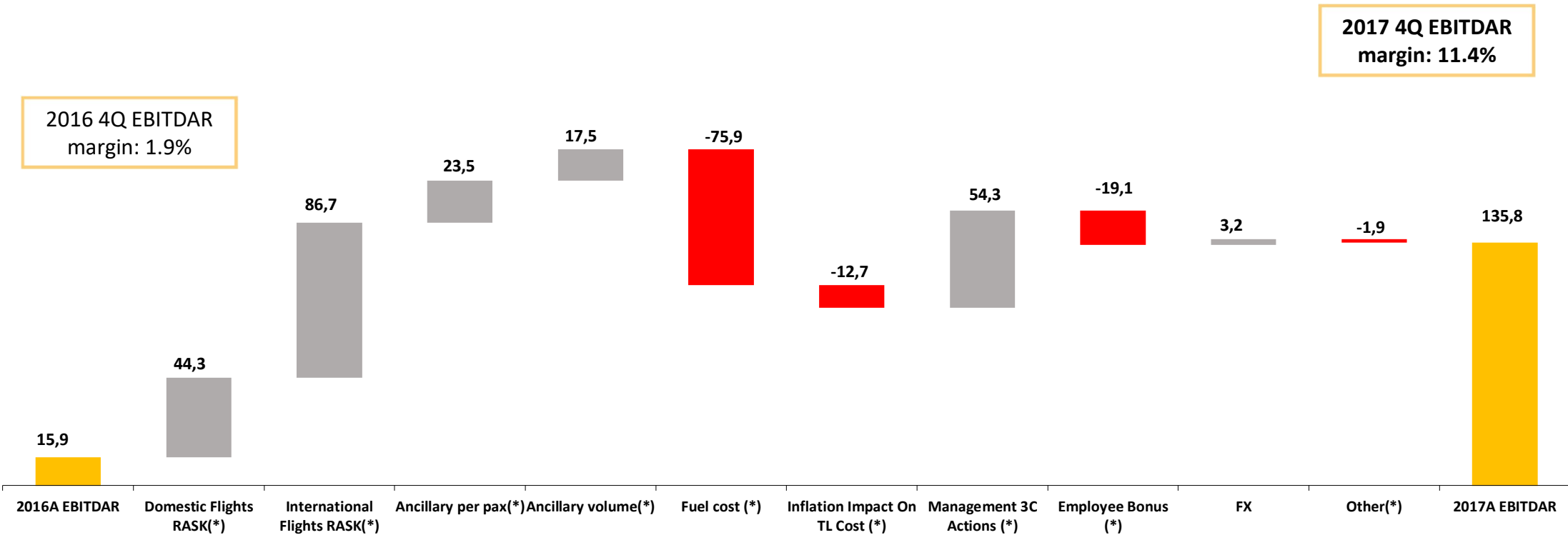
(\*\*) Management actions include; fleet structure, marketing expense and employee optimizations



## EBITDAR- 2017 4Q

Increase in unit and ancillary revenue together with the implementation of the «3C Initiatives» resulted in strong EBITDAR performance

(TRYmn)



2016 4Q EBITDAR margin: 1.9%

2017 4Q EBITDAR margin: 11.4%

\* FX impact excluded



## LIQUIDITY

Healthy balance sheet with strong cash generation from operations and A/C sales

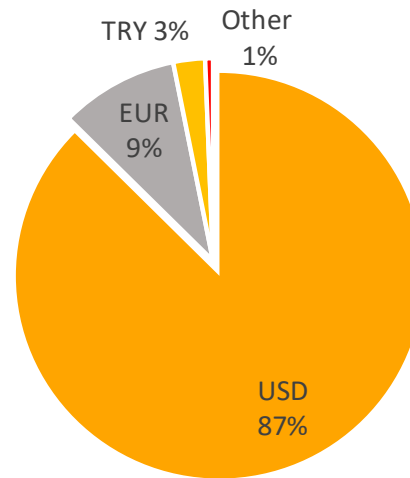
TRYmn	Dec 31, 2017	Dec 31, 2016
CASH	1,988	692
OTHER ASSETS	819	652
PRE DELIVERY PAYMENT	594	405
FIXED ASSETS	4,687	3,869
<b>TOTAL ASSETS</b>	<b>8,088</b>	<b>5,618</b>
<b>LIABILITIES</b>	<b>1,995</b>	<b>1,372</b>
FINANCIAL DEBT	3,608	2,677
SHAREHOLDERS' EQUITY	2,485	1,569
<b>TOTAL LIA. &amp; SH. EQUITY</b>	<b>8,088</b>	<b>5,618</b>
<b>CASH PER A/C</b>	<b>26.2</b>	<b>8.4</b>



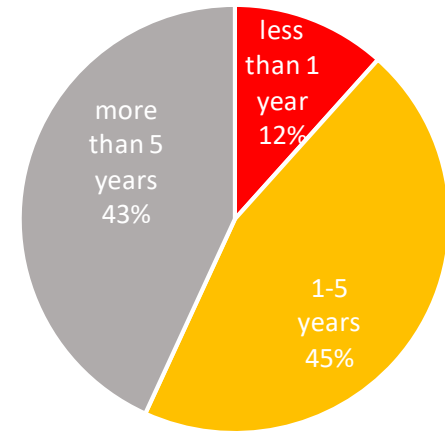
The rise in cash was mainly driven by cash generation from operations

- Cash from Operations : TRY1,089mn
- Cash from Investments : TR617mn
- Cash used for Financing : -TRY277mn

### CASH CURRENCY



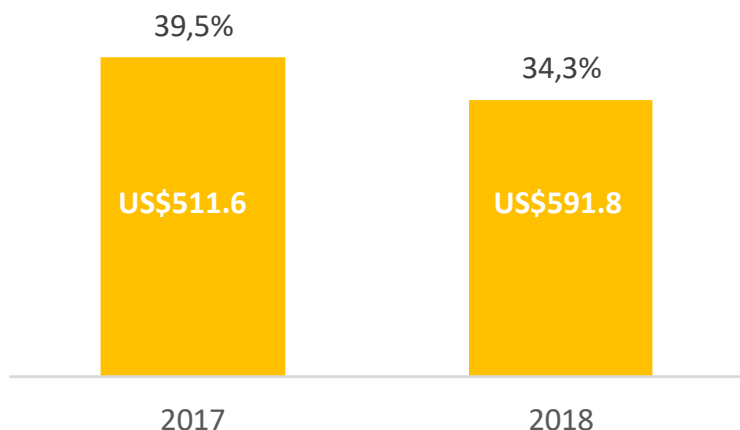
### FINANCIAL LEASE MATURITY






## HEDGING, RISK MANAGEMENT & SENSITIVITY

Closely monitored hedge and risk management policies

### HEDGE VOLUME AND PER TON COST






### 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.



PEGASUS

### HEDGE STRATEGY

-  Non-discretionary portion is limited with 30% at any annual budgeting period, which is executed regardless of the price levels utilizing layered hedging method.
-  Discretionary portion is up to 30% of any annual budgeting period subject to Hedge Committee approval.
-  Instruments used: Vanilla Call Options, Zero Cost Collar and Swap (Discretionary)

### SENSITIVITY ANALYSIS

2017 4Q P&L	+TRY0.01 >	+TRY0.01 >	+\$10 >
TRYmn	EUR/TRY	USD/TRY	Jet Fuel
Revenue	0.8	0.9	-
OPEX	0.5	1.9	6.5
EBIT	0.2	-1.0	-6.5
EBITDAR	0.4	-0.6	-6.5

flypgs.com

## 2018 GUIDANCE

### Double-digit growth with continued profitability

	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%

(\*) Average jet fuel price per ton is expected to be US\$632/ton in 2018.



---

# APPENDIX



## APPENDIX- SUMMARY P&L

(TRYmn)	Note	2017 4Q	2016 4Q	2017 FY	2016 FY
Net sales	21	1,186	847	5,349	3,707
Cost of sales (-)	21	1,175	958	4,574	3,511
<b>Gross profit</b>		<b>12</b>	<b>-110</b>	<b>775</b>	<b>196</b>
General administrative expenses (-)	22	54	40	183	151
Marketing expenses (-)	22	54	49	187	183
Other operating income/expenses (net) (+)	23	-	1	-	-
<b>Operating profit</b>		<b>-97</b>	<b>-199</b>	<b>405</b>	<b>-137</b>
Depreciation and amortization (+)	10-11	82	69	330	227
Operating lease expenses (+)	21	150	146	572	467
<b>EBITDAR</b>		<b>136</b>	<b>16</b>	<b>1,308</b>	<b>556</b>

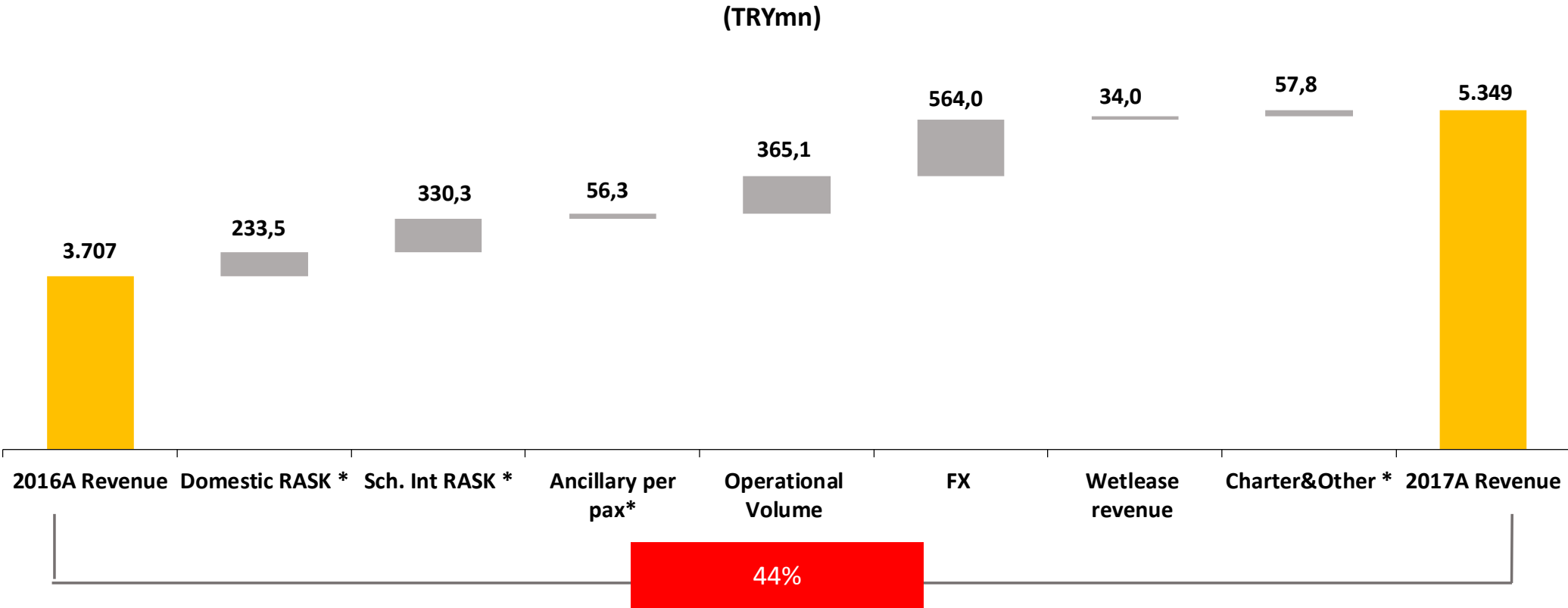


## APPENDIX- OPERATIONAL & FINANCIAL HIGHLIGHTS

	2017 4Q	2016 4Q	YoY Δ	2017 FY	2016 FY	YoY Δ
TOTAL REVENUE (TRYmn)	1.186	847	40%	5.349	3.707	44%
ANCILLARY REVENUE (TRYmn)	309	206	50%	1.155	817	41%
EBITDAR (TRYmn)	136	16	754%	1.308	556	135%
EBITDAR Margin	11,4%	1,9%	9,6pp	24,4%	15,0%	9,4pp
PAX (mn)	7,0	6,1	16%	27,8	24,1	15%
LOAD FACTOR	85,6%	79,3%	6,3pp	84,6%	78,6%	6,1pp
SEATS (mn)	8,2	7,6	8%	32,9	30,7	7%
AVERAGE STAGE LENGTH	964	981	-2%	995	993	0%
RASK, (€)	3,33	3,22	3%	3,97	3,65	9%
CASK, (€)	3,59	3,96	-10%	3,66	3,78	-3%
Non-fuel CASK, (€)	2,43	2,96	-18%	2,54	2,81	-10%
ANCILLARY PER PAX (€)	9,80	9,58	2%	10,05	10,13	-1%
AVERAGE FLEET	77	78	-1%	79	73	9%



# APPENDIX- REVENUE 2017FY



\* FX impact excluded

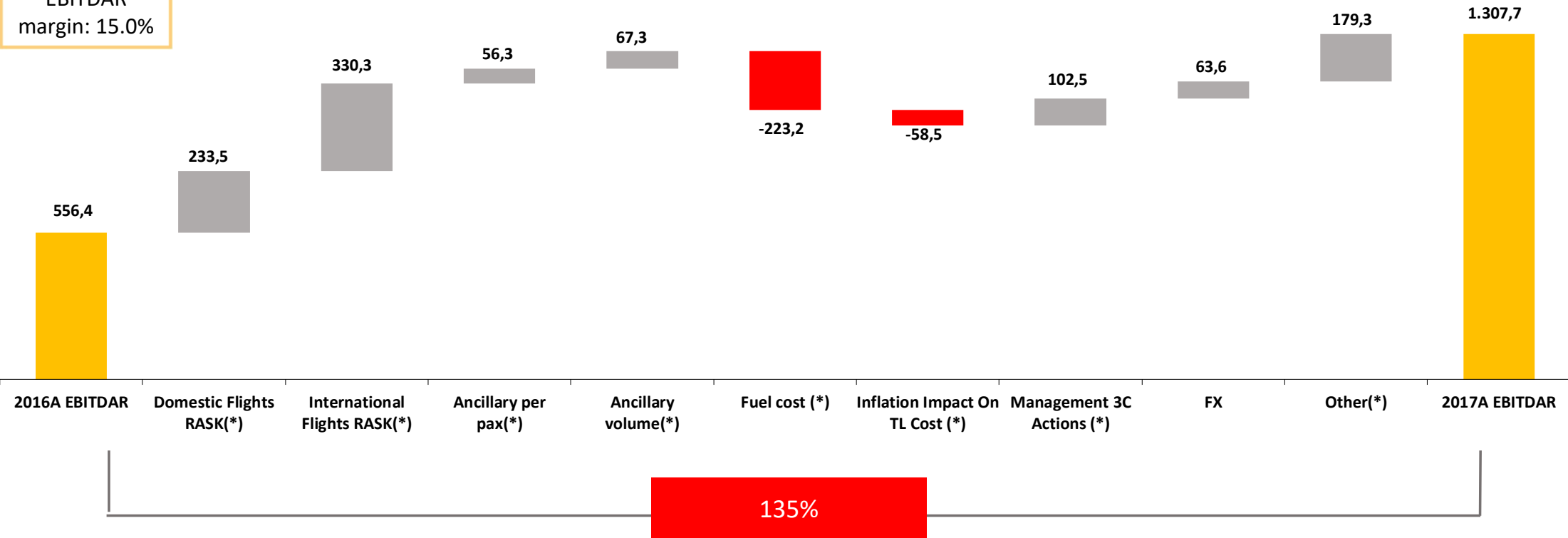


# APPENDIX- EBITDAR 2017FY

(TRYmn)

EBITDAR margin: 24.4%

EBITDAR margin: 15.0%

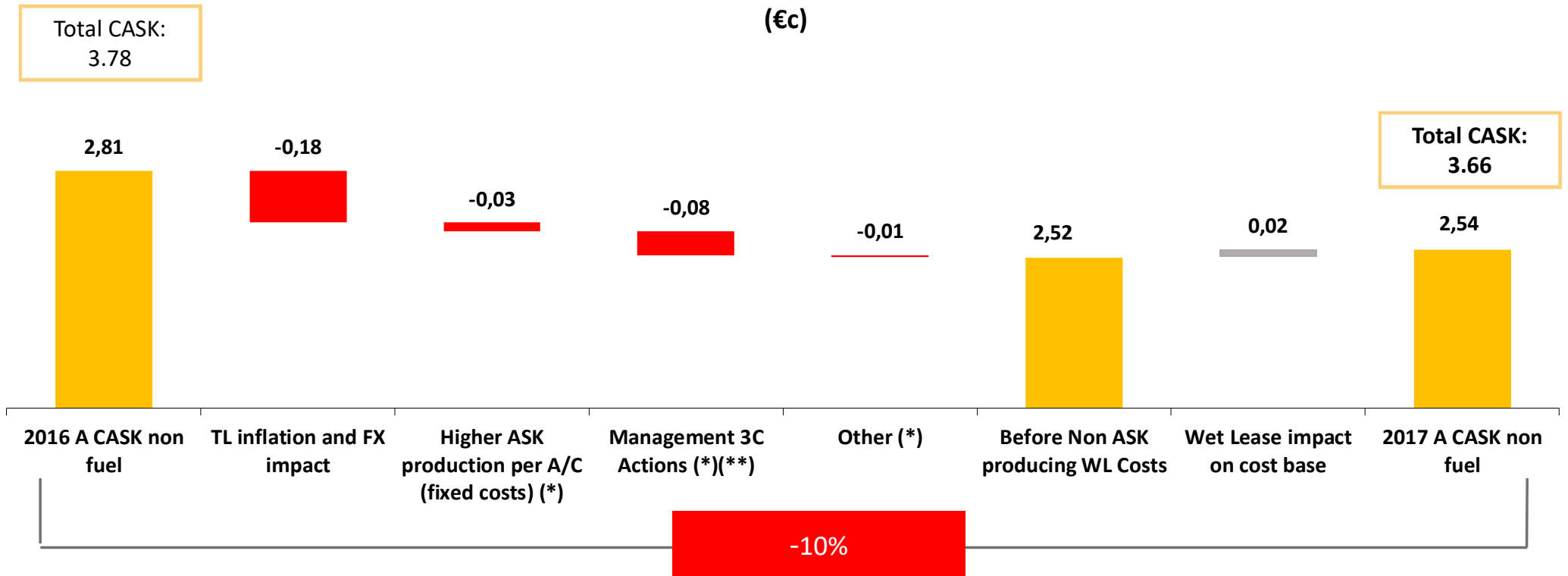


\* FX impact excluded





# APPENDIX- CASK 2017FY



(\*) FX impact and saving and structural changes excluded

(\*\*) Management action include, fleet structure (€c0.02), lower marketing expense (€c0.03), self handling (€c0.01) and employee optimization (€c0.02)



## APPENDIX- CASK BREAKDOWN

Cost Items	CASK-€c		€mn		Change
	2017 4Q	2016 4Q	2017 4Q	2016 4Q	2016 - 2017 4Q
Jet fuel expenses	1,16	1,00	92,14	75,22	22%
Personnel expenses	0,50	0,56	39,96	42,21	-5%
Rental xpenses	0,43	0,56	33,83	42,22	-20%
Maintenance expenses	0,26	0,41	20,56	30,76	-33%
Depreciation and amortization expenses	0,23	0,26	18,05	19,65	-8%
Handling fees	0,27	0,30	21,18	22,39	-5%
Navigation expenses	0,23	0,25	18,09	18,50	-2%
Landing expenses	0,11	0,12	8,85	9,24	-4%
Commision expenses	0,07	0,05	5,93	4,03	47%
Passenger service and catering expenses	0,04	0,04	2,98	3,35	-11%
Advertising expenses	0,04	0,07	3,35	5,31	-37%
Other	0,25	0,34	19,49	24,19	-19%
<b>CASK-€c</b>	<b>3,59</b>	<b>3,96</b>	<b>284,40</b>	<b>297,07</b>	<b>-4%</b>
<b>Non-Fuel CASK-€c</b>	<b>2,43</b>	<b>2,96</b>	<b>192,26</b>	<b>221,85</b>	<b>-13%</b>



## APPENDIX- FLEET DEVELOPMENT PLAN

			2016	2017	2018	2019	2020	2021	2022
Boeing	B737-800	Financial Lease	24	14	16	16	16	16	15
		Operational lease	33	31	27	19	13	9	6
		Owned	3	3	3	3	3	3	2
	B737-400	Financial Lease	0	0	0	0	0	0	0
		Operational lease	0	0	0	0	0	0	0
		Owned	1	1	1	1	1	1	1

			2016	2017	2018	2019	2020	2021	2022
Airbus	A320-200 CEO	Financial Lease	0	0	0	0	0	0	0
		Operational lease	12	12	12	12	12	8	6
		Owned	0	0	0	0	0	0	0
	A320-200 NEO	Financial Lease	9	15	22	23	26	26	26
		Operational lease	0	0	0	6	16	24	31
		Owned	0	0	0	0	0	0	0
	A321-200 NEO	Financial Lease	0	0	0	6	6	11	17
		Operational lease	0	0	0	1	1	1	6
		Owned	0	0	0	0	0	0	0

	2016	2017	2018	2019	2020	2021	2022
Owned	4	4	4	4	4	4	3
Financial lease	33	29	38	45	48	53	58
Operational Lease	45	43	39	38	42	42	49
<b>TOTAL</b>	<b>82</b>	<b>76</b>	<b>81</b>	<b>87</b>	<b>94</b>	<b>99</b>	<b>110</b>



# Disclaimer

This document is prepared by Pegasus Hava Tařımacılıđı 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*