



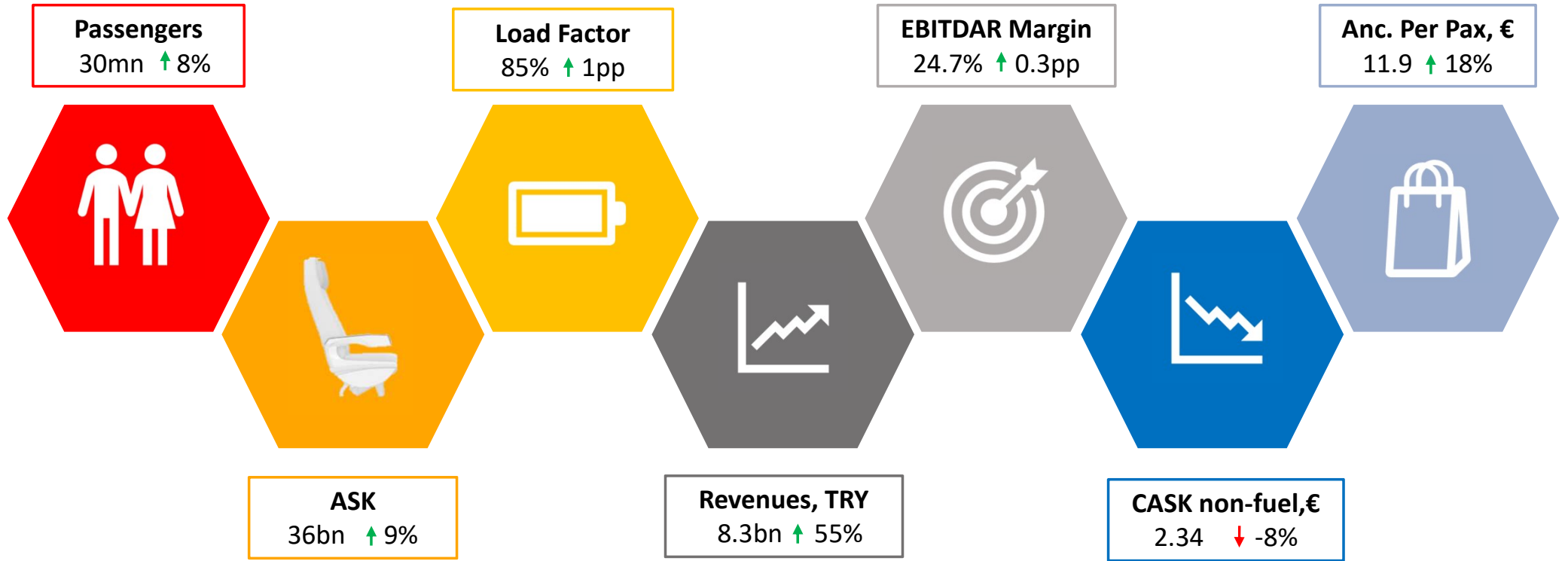
## 2018 Q4 RESULTS PRESENTATION

March, 4<sup>th</sup> 2019

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

# KEY HIGHLIGHTS- 2018 FY

Another record year with improvement at every key metric



## GUIDANCE-REALIZATION COMPARISON

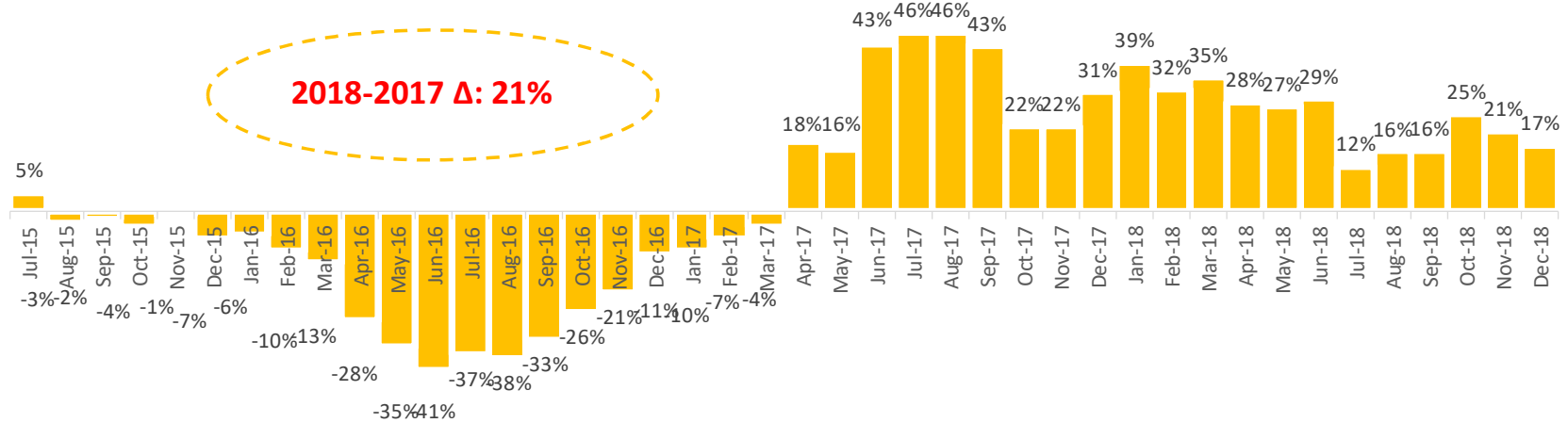
	2018 Management Guidance	2018 Realization		
Pax Growth	11-13%	7.7%	×	<i>International switch led to lower # of cycles</i>
Capacity Increase (ASK)	11-13%	8.6%	×	<i>International switch led to lower # of cycles</i>
Utilization (Block Hour)	12.1-12.4	12.6	✓	
Domestic Load Factor	~87%	88.4%	✓	
International Load Factor	81.5-82.5%	81.3%	×	<i>Higher capacity allocation led to lower LF</i>
Domestic Yield (TRY)	TRY88-89	TRY101	✓	
International Yield (€)	€57	€61	✓	
Ancillary Revenue per Pax (€)	€11-12	€11.9	✓	
Total CASK (€c.)	3.65-3.70	3.66	✓	
Non-Fuel CASK (€c.)	2.40-2.45	2.34	✓	
EBITDAR Margin	22.5-23.5%	24.7%	✓	



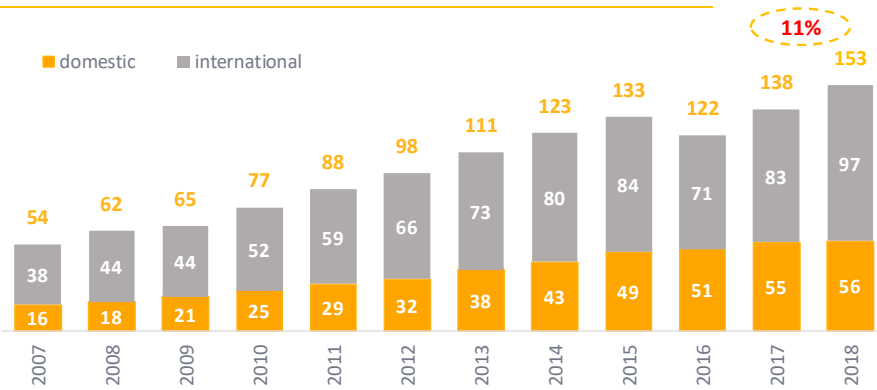
# OPERATING ENVIRONMENT

Tourist arrivals jumped 21% YoY in 2018

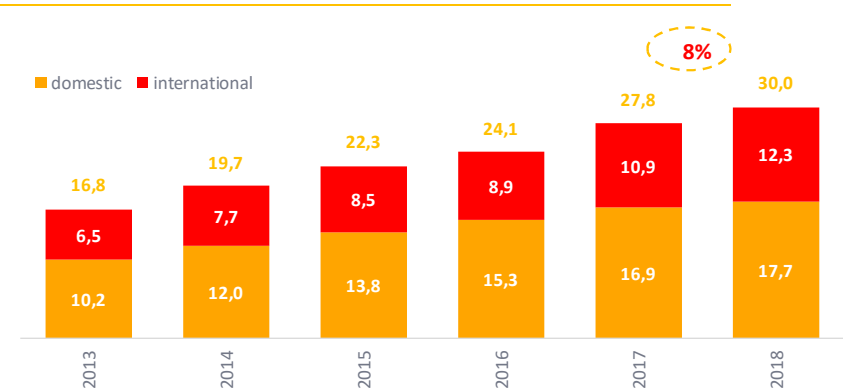
## FOREIGN VISITORS



## PASSENGERS, Turkey (mn)



## PASSENGERS, PGS (mn)



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



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# ROUTE NETWORK

## New Routes: Venice, Basra



## FLEET DEVELOPMENT

**11 NEOs will be added to the fleet in 2019**

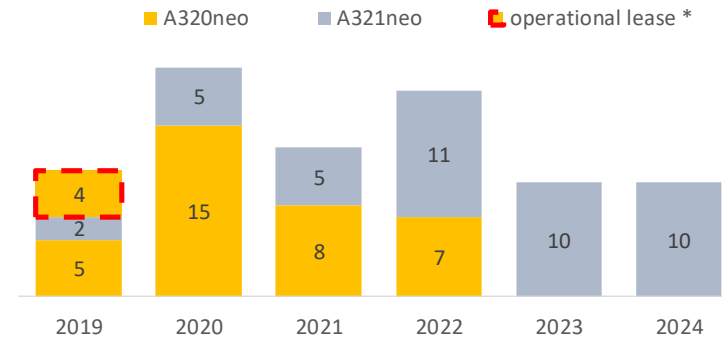
### FLEET (as of February 28, 2019)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	16	27	<b>46</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>39</b>	<b>81</b>

### FLEET INFORMATION (as of February 28, 2019)

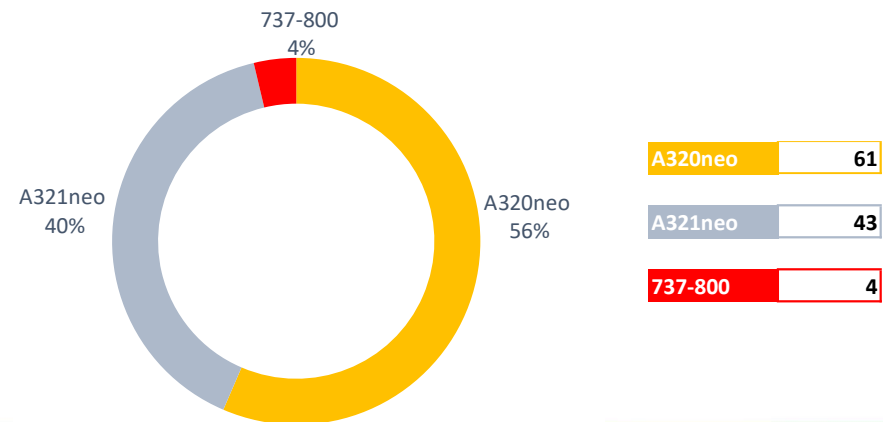
- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.7 years**.
- ✈ Fleet reached **82 aircraft** by 2018YE. **7 A320neo** and **3 737-800s** have been delivered in 2018, while 4 737-800s were phased out in 2018 and 1 737-800 in January 2019.
- ✈ Fleet to reach **84 aircraft** by 2019YE. **9 A320neos** and **2 A321neos** will be delivered in 2019 while **8 737-800** will phase out.

### ORDER BOOK (as of February 28, 2019)



\* 4 A320neo will be operationally leased

### FLEET (as of 2024YE)

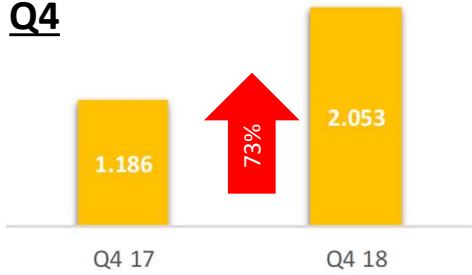


# SUMMARY 2018 Q4 & FY FINANCIAL HIGHLIGHTS

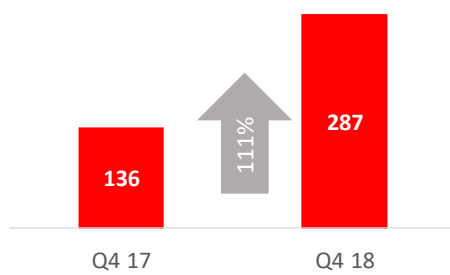
Net Income would have increased 103% YoY in 2018FY adjusted with one-offs

## REVENUES, TRYmn

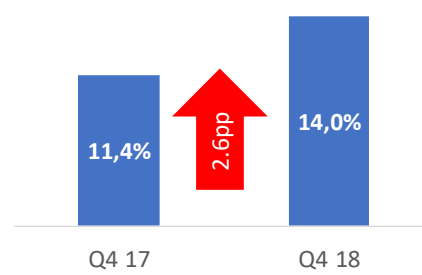
**Q4**



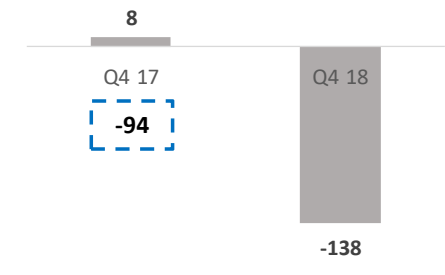
## EBITDAR, TRYmn



## EBITDAR Margin

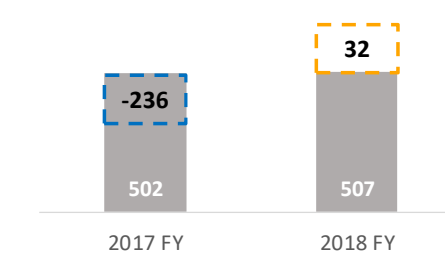
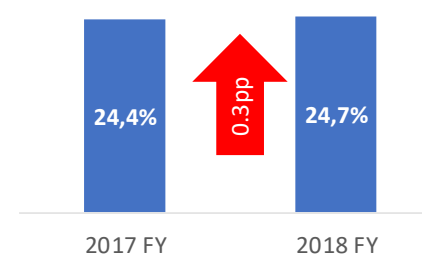
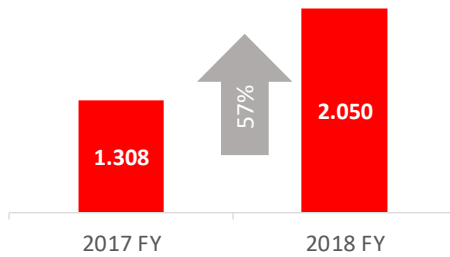
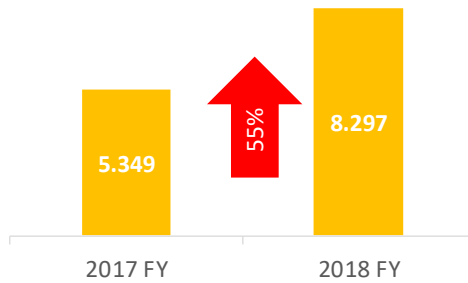


## NET INCOME, TRYmn



TRY94mn one-off income related to A/C sale

**FY**



TRY32mn **net** one-off expense related to tax amnesty and A/C sale

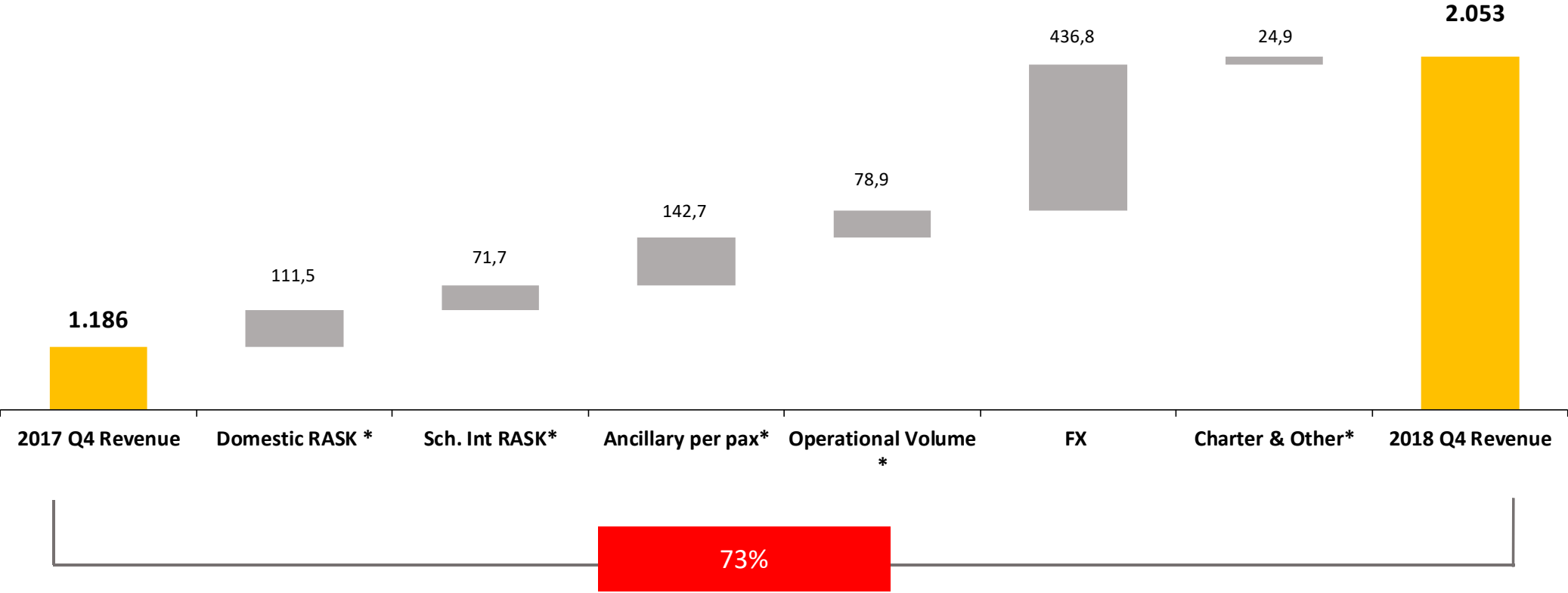
TRY236mn one-off income related to A/C and asset sale



# REVENUE DEVELOPMENT 2018 Q4

Ancillary revenues together with FX were the main contributors of top-line growth

(TRYmn)



\* FX impact excluded

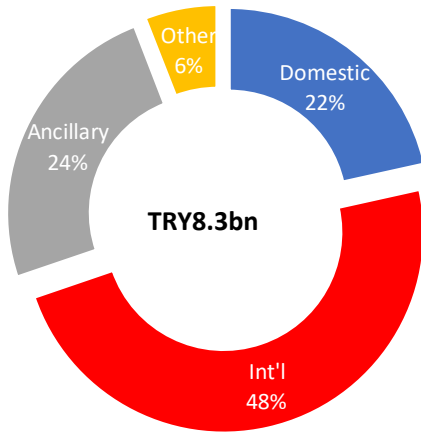


# REVENUE BREAKDOWN

Ancillary and international revenues' share increased in expense of domestic flight revenues

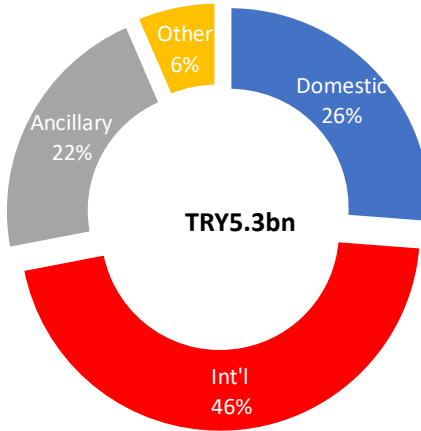
## SEGMENT BREAKDOWN

**2018**

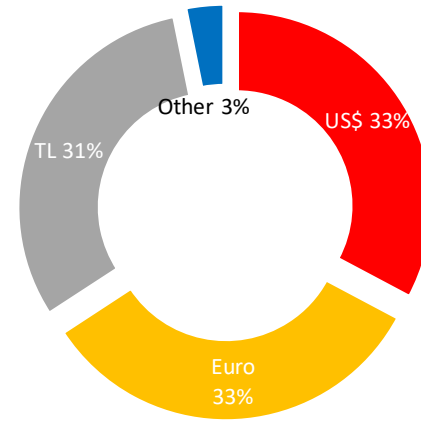


Ancillary 2ppt  
 International 2ppt  
 Domestic -4ppt

**2017**

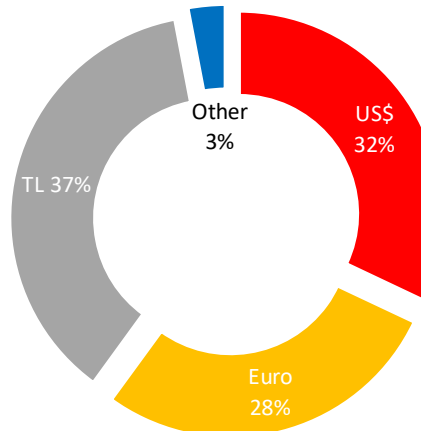


**2018**



€ 5ppt  
 \$ 1ppt  
 TRY -6ppt

**2017**

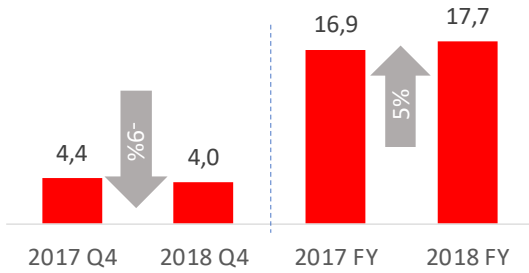


# SCHEDULED FLIGHT REVENUES

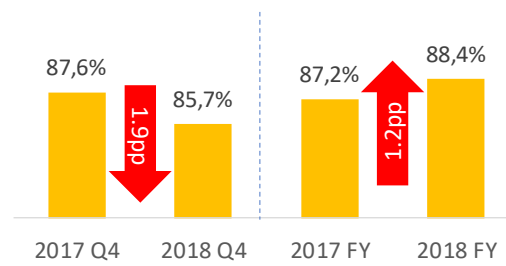
Passenger yields improved YoY both at domestic and international lines

## DOMESTIC FLIGHTS

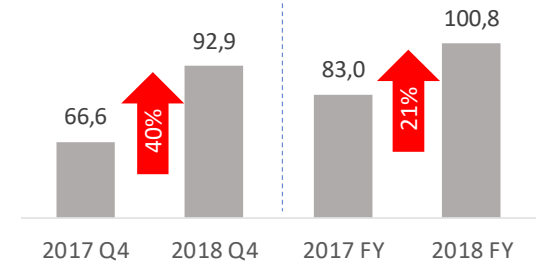
### Passengers, mn



### Load Factor

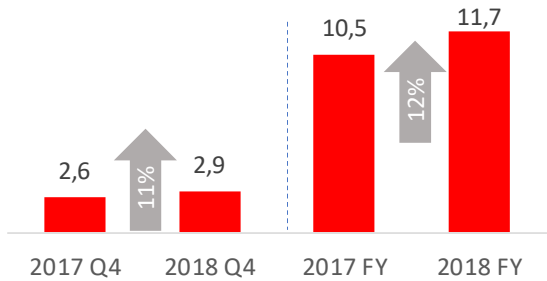


### Yield, TRY

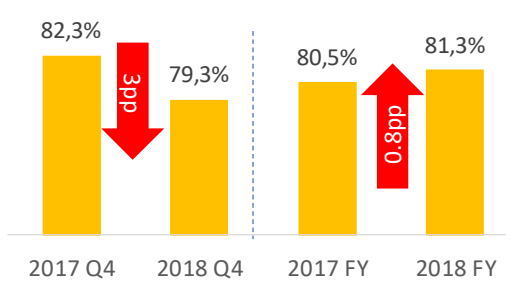


## INT'L FLIGHTS\*

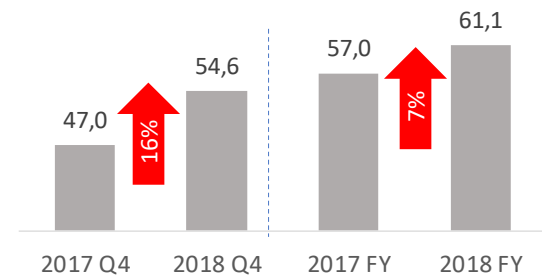
### Passengers, mn



### Load Factor



### Yield, €



\* excludes charter traffic

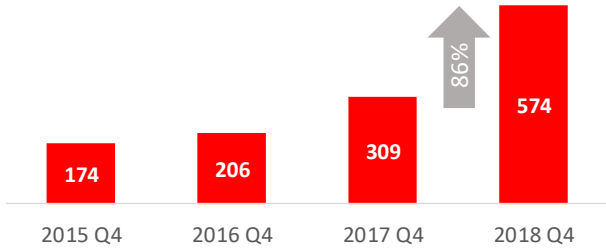


# ANCILLARY REVENUE

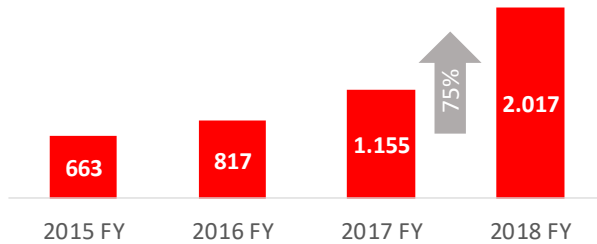
Historic record annual ancillary per pax was achieved in 2018 FY

## Ancillary Revenues, TRY

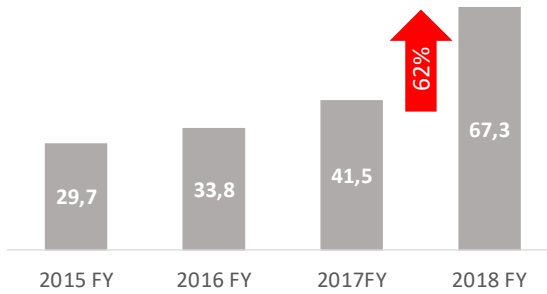
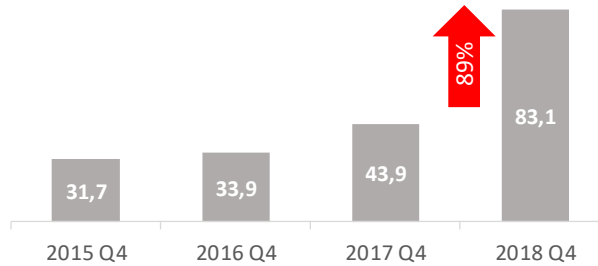
Q4



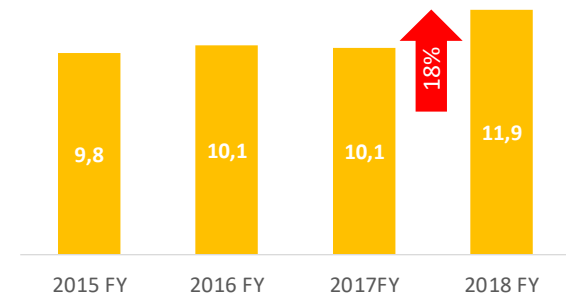
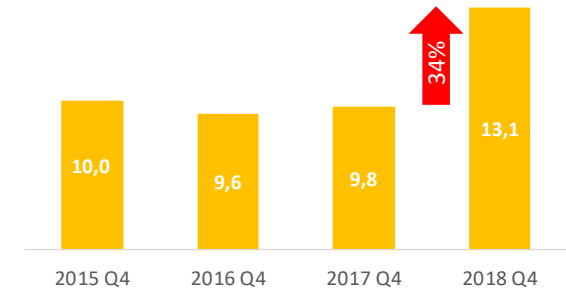
FY



## Per Pax, TRY



## Per Pax, €



## COST BREAKDOWN

Flat CASK in 2018 FY despite oil and FX headwinds

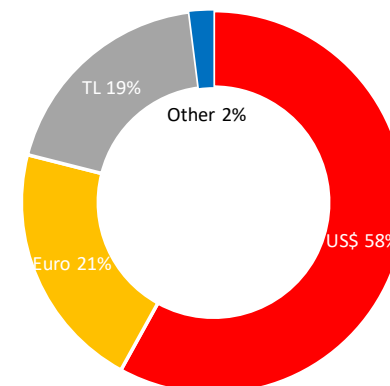
### SEGMENT BREAKDOWN

Cost Items	CASK-€c		Change	CASK-€c		Change
	2018 Q4	2017 Q4	2018 - 2017 Q4	2018 FY	2017 FY	2018 - 2017 FY
Jet fuel expenses	1,38	1,16	19%	1,32	1,12	18%
Personnel expenses	0,45	0,50	-10%	0,43	0,53	-18%
Operating lease expenses	0,37	0,43	-12%	0,35	0,43	-19%
Maintenance expenses	0,53	0,26	103%	0,34	0,31	10%
Depreciation and amortization expenses	0,31	0,23	37%	0,27	0,25	9%
Handling fees	0,26	0,27	-3%	0,27	0,29	-5%
Navigation expenses	0,21	0,23	-9%	0,23	0,24	-5%
Landing expenses	0,12	0,11	6%	0,12	0,12	0%
Commision expenses	0,04	0,07	-44%	0,06	0,07	-16%
Passenger service and catering expenses	0,04	0,04	3%	0,04	0,04	-6%
Advertising expenses	0,01	0,04	-69%	0,02	0,03	-29%
Other	0,23	0,25	-8%	0,21	0,24	-13%
<b>CASK-€c</b>	<b>3,96</b>	<b>3,59</b>	<b>10%</b>	<b>3,66</b>	<b>3,66</b>	<b>0%</b>
<b>Non-Fuel CASK-€c</b>	<b>2,57</b>	<b>2,43</b>	<b>6%</b>	<b>2,34</b>	<b>2,54</b>	<b>-8%</b>

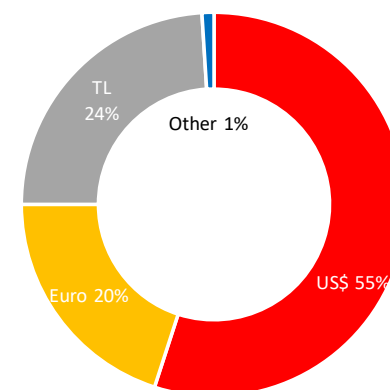
✈️ CASK non-fuel rose in 2018 Q4 compared 2017 Q4 due to higher maintenance expenses booked as a result of higher redelivery provisions. This also affected the US\$-based costs share on the upside, together with higher oil prices.

### CURRENCY BREAKDOWN

2018



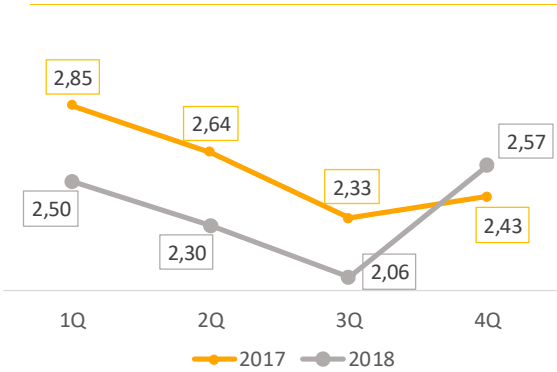
2017



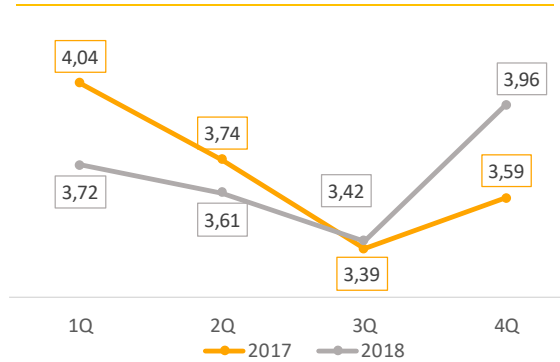
# CASK

## CASK non-fuel was realized below guidance

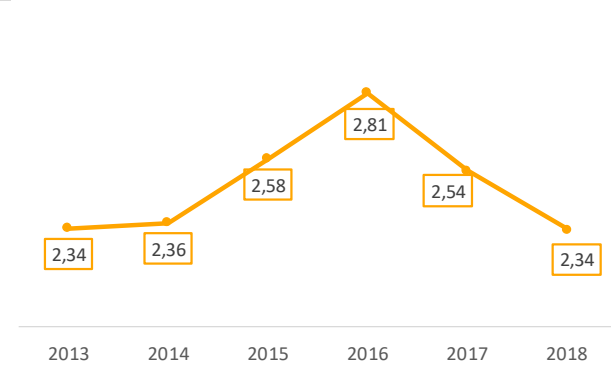
CASK, Non-fuel, €c



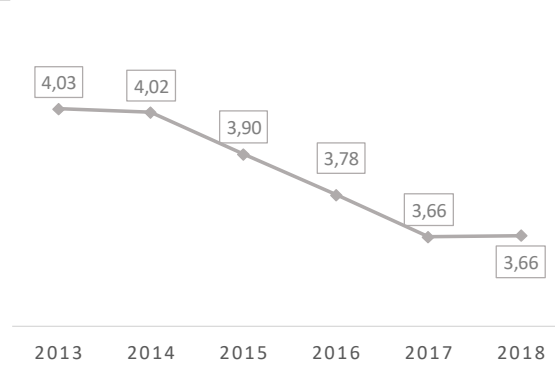
CASK, €c



## FY



## FY

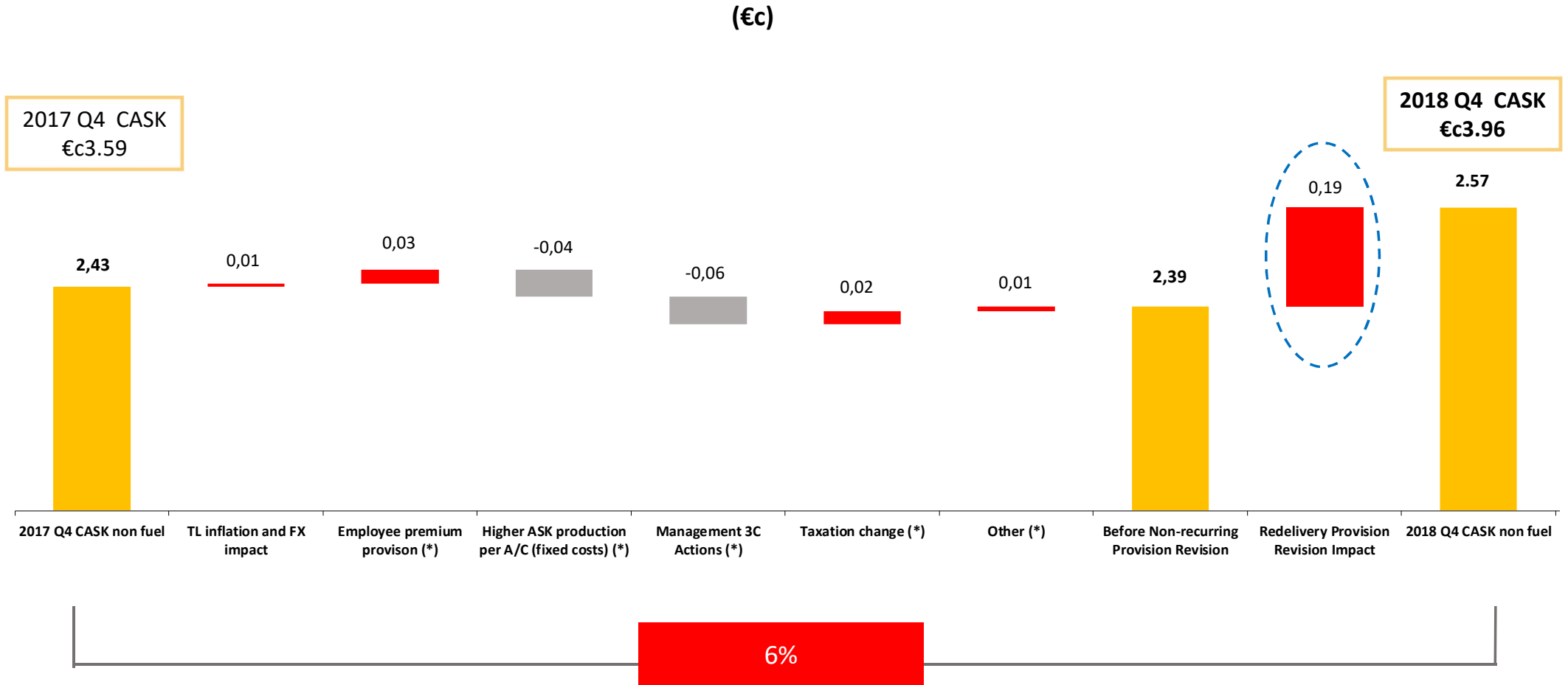


- ✈ Increase in average daily A/C utilization to 12.6 hours in 2018 FY from 12.1 hours in 2017 FY.
- ✈ Optimizing the fleet through the sale of B737-800 and rising the share of A320 NEOs which;
  - provide fuel efficiency
  - accelerate transition process
- ✈ TL denominated costs
- ✈ Management 3C Actions
- ✈ TRY193mn YoY higher maintenance expenses together with TRY85mn YoY higher depreciation expenses led to higher CASK non-fuel in Q418 compared to Q417.



# CASK non-fuel - 2018 Q4

Maintenance provisions increased CASK non-fuel



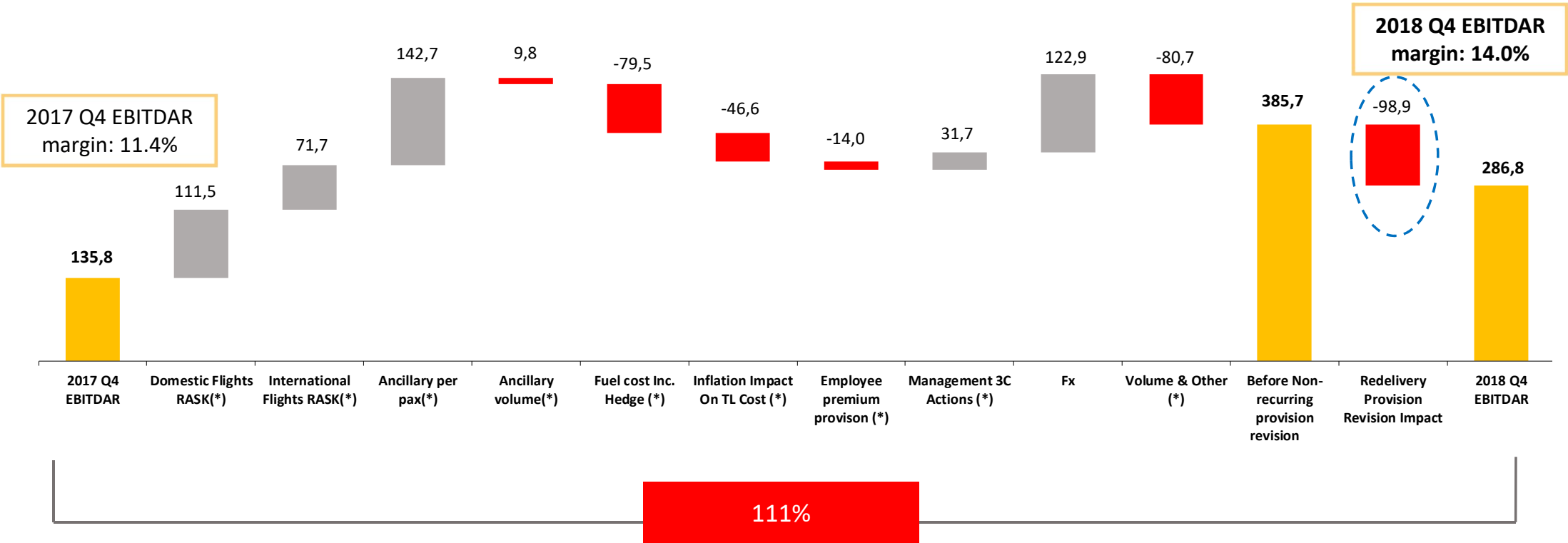
\* FX impact excluded



# EBITDAR- 2018 Q4

Historic high Q4 margin

(TRYmn)



(\*) FX impact excluded

# LIQUIDITY

## Strong cash generation from operations

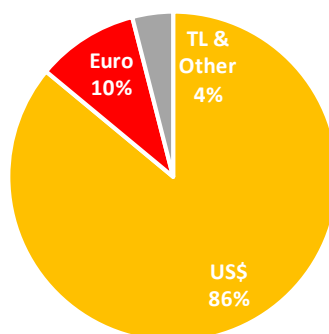
TRY, mn	Dec 31, 2018	Dec 31, 2017
CASH	2,741	1,988
OTHER ASSETS	1,267	701
PRE DELIVERY PAYMENT	1,068	594
FIXED ASSETS	8,589	4,793
<b>TOTAL ASSETS</b>	<b>13,665</b>	<b>8,076</b>

LIABILITIES	3,427	1,983
FINANCIAL DEBT	6,522	3,608
SHAREHOLDERS' EQUITY	3,715	2,485
<b>TOTAL LIA. &amp; SH. EQUITY</b>	<b>13,665</b>	<b>8,076</b>

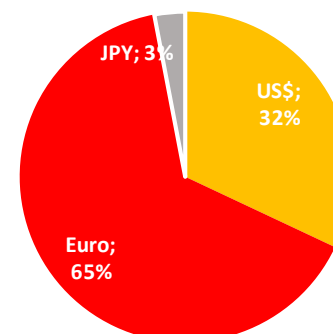
Adj Net Debt*/EBITDAR	3.9	4.1
CASH PER A/C, TRYmn	33.4	26.2
CASH PER A/C, €mn **	5.54	5.79

- Cash from Operations : TRY1,048mn
- Cash used for Investments : -TRY558mn
- Cash used for Financing : -TRY536mn

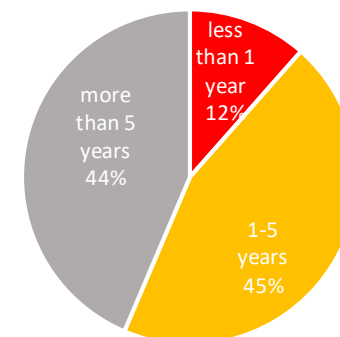
### CASH CURRENCY



### FIN LEASE CURRENCY



### FIN. LEASE MATURITY



\* Cash + PDP/2 - Financial Debt - Operational Lease Expenses \*7

\*\* Dec 31, 2018 €/TRY: 6.0280  
Dec 31, 2017 €/TRY: 4.5155





# HEDGING, RISK MANAGEMENT & SENSITIVITY

2019 consumption is hedged by 60%

## HEDGE VOLUME AND PRICE

	2019FY	2020FY	2021FY
Hedge Ratio	59,8%	36,1%	0,9%
Hedged Price Range, \$/mt*	611-698	604-693	536-648
Brent Equivalent **	64-73	64-73	56-68

\* Price ranges are calculated by using market data of February, 27 2019

\*\* Jet Fuel Price/9.5

## 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 50% 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.
- ✈ Hedging tenor for non-discretionary portion is 24 months.
- ✈ **Instruments:** Vanilla Call Options, Zero Cost Collars and Swaps

## SENSITIVITY ANALYSIS

2018 FY P&L	+TRY0.1 > *	+TRY0.1 >*	+\$10 >
TRYmn	EUR/TRY	USD/TRY	Jet Fuel
Revenue	48.3	56.4	-
OPEX	27.5	90.6	36.6
EBIT	20.8	-34.2	-36.6
EBITDAR	30.3	-19.8	-36.6

\* eg: If EUR/TL increases to 6.5 from 6.4 or vice versa



## 2019 GUIDANCE

	2018 Realization	2019 Management Guidance
Capacity Increase (ASK)	8.6%	6-8%
Utilization (Block Hour)	12.6	12.1-12.4
Domestic Load Factor	88.4%	Flat YoY
International Load Factor	81.3%	Flat YoY
Domestic Yield (TRY)	TRY101	TRY15-20 increase
International Yield (€)	€61	Flat YoY
Ancillary Revenue per Pax (€)	€11.9	€12-12.5
Total CASK (€c.)	3.66	3.68-3.73
CASK Non-fuel (€c.)	2.34	2.33-2.38
EBITDAR Margin*	24.7%	22.5-23.5%

\* With the implementation of IFRS16 EBITDAR will not be used starting from 2019 fiscal year. Hence comparable figure of EBITDA margin guidance in 2019 is EBITDAR margin in 2018. Average jet fuel price per ton is assumed to be US\$709/ton (or average brent equivalent of US\$74.7/bbl) in 2019 .



# APPENDIX



## APPENDIX- SUMMARY P&L

(TRY mn)	2018 Q4	2017 Q4	2018 FY	2017 FY
Net sales	2,053	1,186	8,297	5,349
Cost of sales (-)	2,063	1,175	7,033	4,574
<b>Gross profit</b>	<b>-10</b>	<b>12</b>	<b>1,263</b>	<b>775</b>
General administrative expenses (-)	38	54	220	183
Marketing expenses (-)	42	54	226	187
<b>EBIT</b>	<b>-90</b>	<b>-97</b>	<b>817</b>	<b>405</b>
Depreciation and amortization (+)	167	82	538	330
Operating lease expenses (+)	210	150	694	572
<b>EBITDAR</b>	<b>287</b>	<b>136</b>	<b>2,050</b>	<b>1,308</b>
<b>EBITDAR Margin</b>	<b>14.0%</b>	<b>11.4%</b>	<b>24.7%</b>	<b>24.4%</b>
<b>EBITDA</b>	<b>77</b>	<b>-15</b>	<b>1,355</b>	<b>735</b>
<b>EBITDA Margin</b>	<b>3.7%</b>	<b>n.m.</b>	<b>16.3%</b>	<b>13.7%</b>



## APPENDIX- OPERATIONAL & FINANCIAL HIGHLIGHTS

	2018 Q4	2017 Q4	YoY	2018 FY	2017 FY	YoY
TOTAL REVENUE (TRYmn)	2.053	1.186	73%	8.297	5.349	55%
ANCILLARY REVENUE (TRYmn)	574	309	86%	2.017	1.155	75%
EBITDAR (TRYmn)	287	136	111%	2.050	1.308	57%
EBITDAR Margin	14,0%	11,4%	2.6pp	24,7%	24,4%	0.3pp
EBITDA (TRYmn)	77	-15	n.m.	1.356	735	84%
EBITDA Margin	3,7%	-1,2%	4.9pp	16,3%	13,7%	2.6pp
PAX (mn)	6,9	7,0	-2%	30,0	27,8	8%
LOAD FACTOR	82,9%	85,6%	-2.7pp	85,5%	84,6%	0.9pp
ASK (bn)	8,6	7,9	9%	35,5	32,7	9%
AVERAGE STAGE LENGTH	1.034	964	7%	1.014	995	2%
RASK, (€)	3,69	3,33	11%	4,15	3,97	4%
CASK, (€)	3,96	3,59	10%	3,66	3,66	0%
Non-fuel CASK, (€)	2,57	2,43	6%	2,34	2,54	-8%
ANCILLARY PER PAX (€)	13,1	9,8	34%	11,9	10,1	18%
AVERAGE FLEET	83	77	8%	79	79	0%



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



*Thank you*