



Q3 2014 ANALYST & INVESTOR PRESENTATION

Key messages for Q3/ 9M

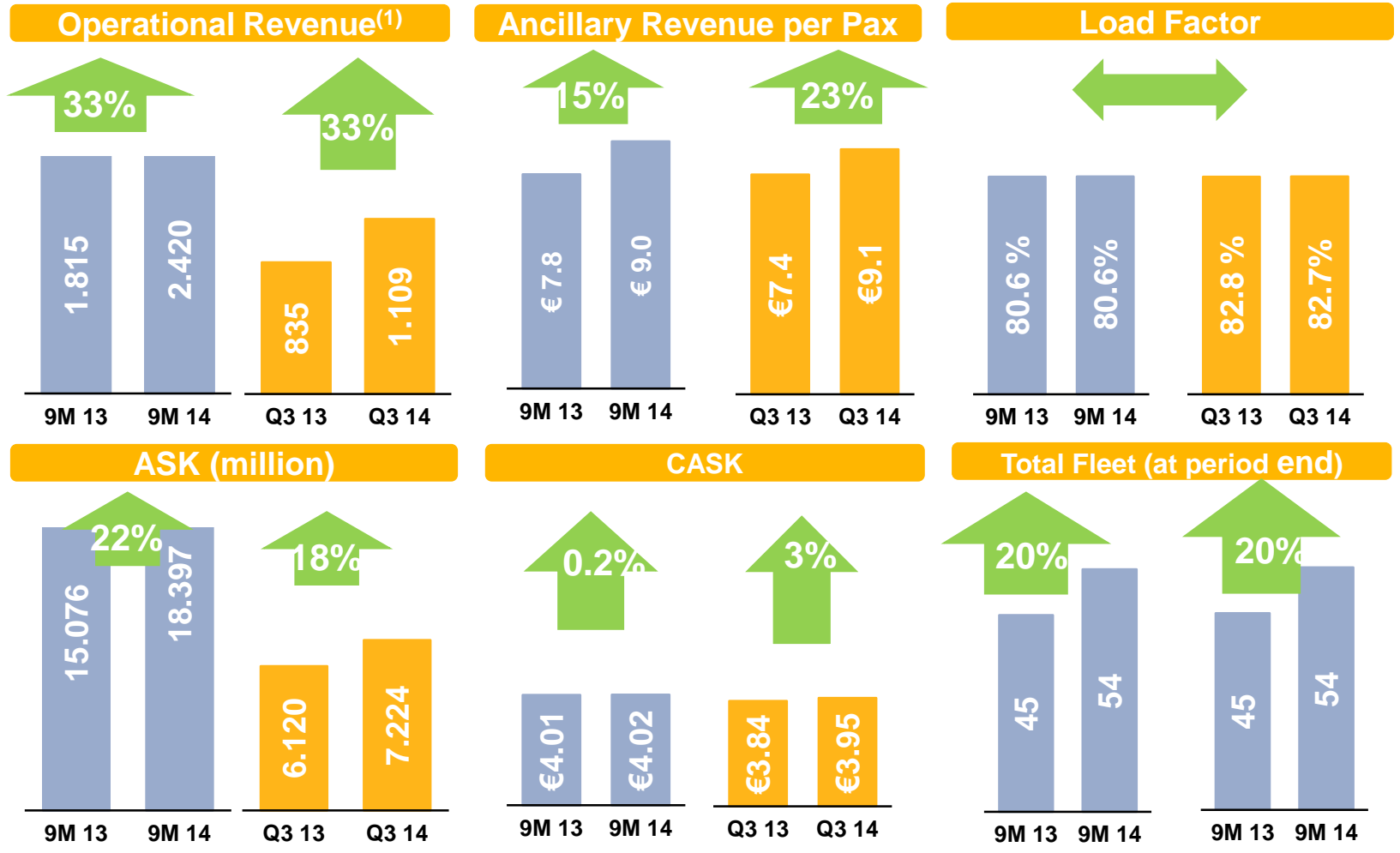


- Passenger numbers in January-September period increased by 19%.
- Load Factor remained stable in 9 months period and resulted by 80.6 %
- 33 % increase in revenues⁽¹⁾ mainly driven by international sales and ancillary revenue
- Ancillary revenue per PAX (€) increased by 15% due to increased penetration in existing products
- CASK excluding fuel (€) has increased from 2.15 in Q3 2013 to 2.25 in Q3 2014
- Posted a net profit of TRYmn 234.1 in 9 months period

1. Revenue excluding revenue derived from the AirBerlin Turkey Project



Financial and Operational Highlights



1. Revenue excluding revenue derived from the AirBerlin Turkey Project

Operational Performance



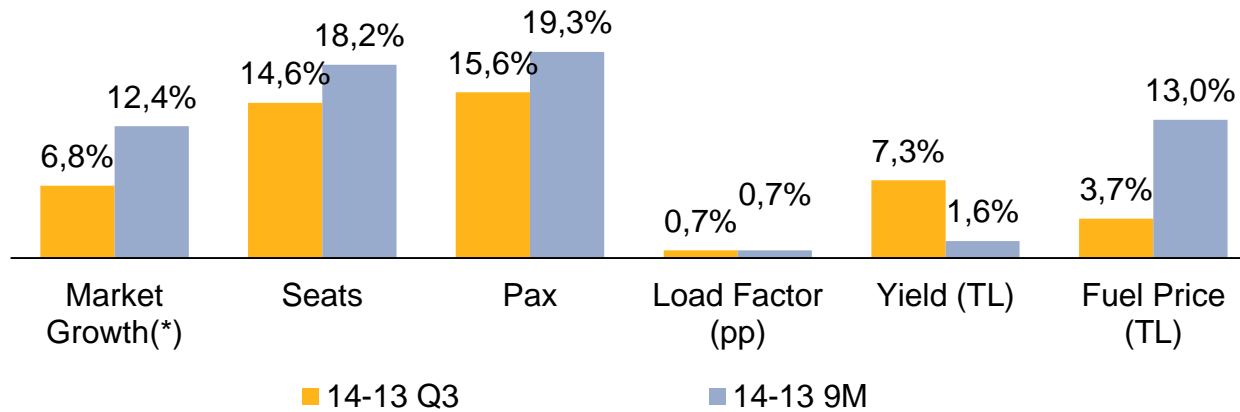
DOMESTIC	<u>9M 2014</u>	<u>9M 2013</u>	<u>Change %</u>		<u>Q3 2014</u>	<u>Q3 2013</u>	<u>YoY Change %</u>
Pax (mio)	9,06	7,60	19,3%		3,32	2,88	15,6%
Seat (mio)	10,96	9,27	18,2%		3,96	3,45	14,6%
Load factor (%)	82,7%	82,0%	0,7%	<i>pp</i>	84,0%	83,3%	0,7%
Cycle	58.492	49.344	18,5%		21.114	18.406	14,7%
Pax per cycle	155	154	0,6%		157	156	0,8%
ASK (mio)	6.362	5.271	20,7%		2.277	1.945	17,1%
INTERNATIONAL(1)	<u>9M 2014</u>	<u>2013</u>	<u>Change %</u>		<u>Q3 2014</u>	<u>Q3 2013</u>	<u>Change %</u>
Pax (mio)	5,96	4,98	19,5%		2,45	2,16	13,8%
Seat (mio)	7,67	6,33	21,2%		3,02	2,62	15,3%
Load factor (%)	77,7%	78,7%	-1,0%	<i>pp</i>	81,1%	82,2%	-1,1%
Cycle	42.026	34.587	21,5%		16.628	14.311	16,2%
Pax per cycle	142	144	-1,6%		147	151	-2,1%
ASK (mio)	12.035	9.805	22,7%		4.947	4.174	18,5%
TOTAL	<u>9M 2014</u>	<u>2013</u>	<u>Change %</u>		<u>Q3 2014</u>	<u>Q3 2013</u>	<u>Change %</u>
Pax (mio)	15,02	12,58	19,4%		5,78	5,03	14,8%
Seat (mio)	18,63	15,60	19,4%		6,98	6,08	14,9%
Load factor (%)	80,6%	80,6%	0,0%	<i>pp</i>	82,7%	82,8%	-0,1%
cycle	100.518	83.931	19,8%		37.742	32.717	15,4%
Pax per Cycle	149	150	-0,3%		153	154	-0,5%
ASK (mio)	18.397	15.076	22,0%		7.224	6.120	18,1%
Block Hour	178.010	143.692	23,9%		69.032	57.543	20,0%
Utilization	12,8	12,8	-0,1%		13,9	14,0	-0,7%

(1) Charter operations are included



Growth Drivers and Yield Update

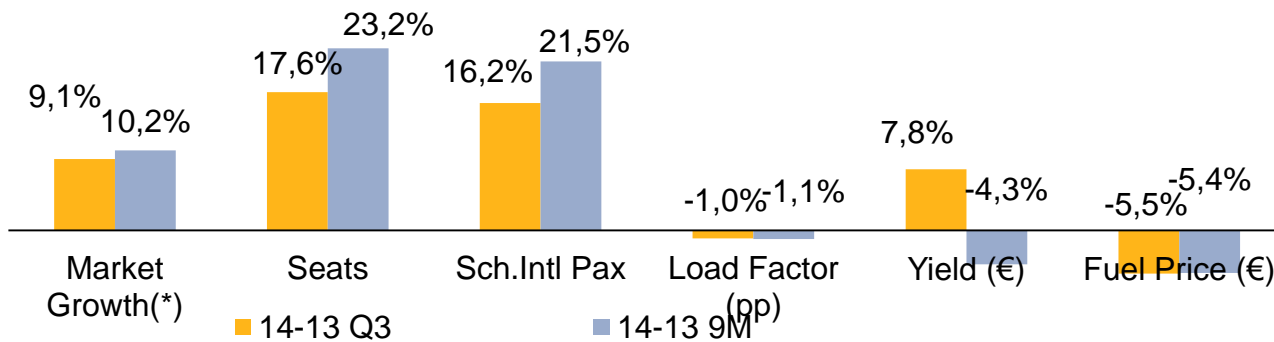
Domestic



Domestic Yield (TL)

2013 Q3	86.3
2014 Q3	92.6
2013 9M	79.0
2014 9M	80.3

International



International Yield (€)

2013 Q3	82.8
2014 Q3	89.2
2013 9M	73.5
2014 9M	70.3



Route and Frequency Update

New destinations

- Nice
- Oslo
- Lyon
- London-Gatwick
- Milan-Malpensa
- Türkmenbaşy
- Tunisia
- Dammam
- Sharm el-Sheikh, Hurghada as of October 2014

Frequency changes

- Basel weekly 10 (additional 3 frequency)
- Stuttgart weekly 10 (additional 1 frequency)
- Arlanda weekly 10 (additional 2 frequency)
- Vienna weekly 12 (additional 1 frequency)
- Orly Daily 2
- Amsterdam Daily 2
- Dusseldorf Daily 2 (additional 4 frequency)
- Kuwait Daily 2 (additional 7 frequency)
- Tel Aviv Daily 4 / (additional 7 frequency)

Pegasus Today

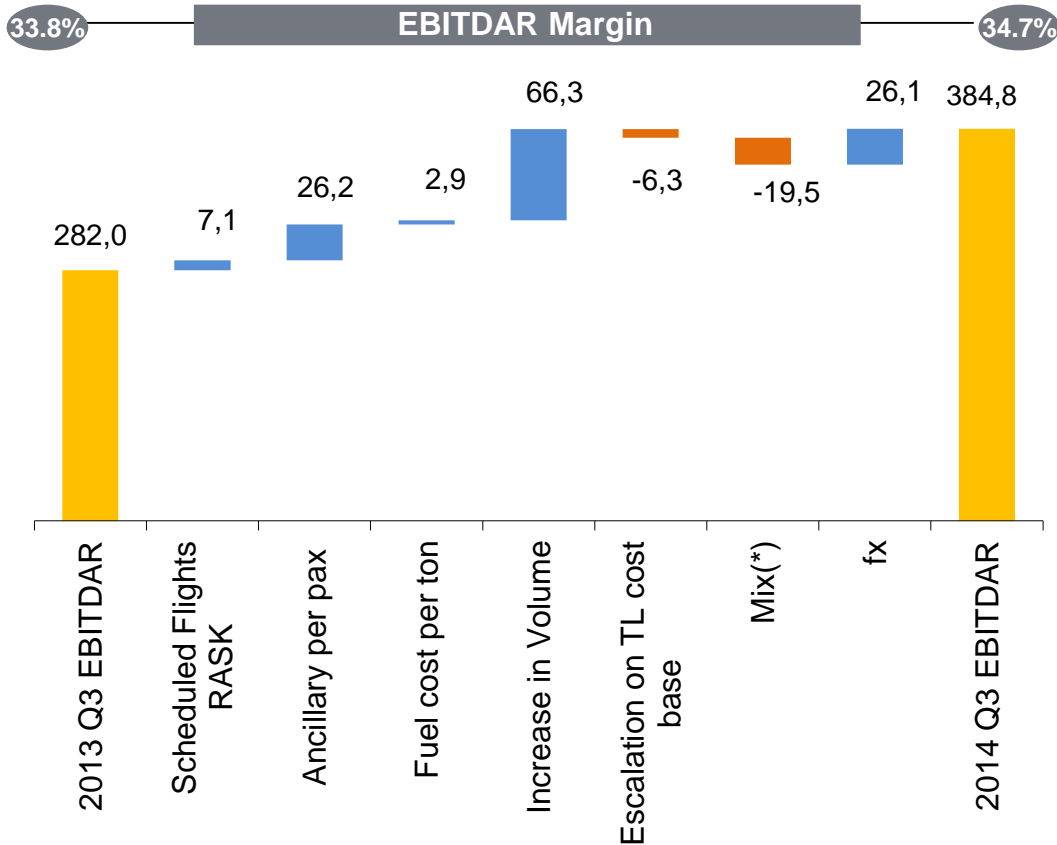
- Fleet of 54 aircraft with average age of 4.68 years as of September 2014
- Leading presence in domestic market with market share of 28%
- Operates 86 routes to 36 countries

EBITDAR Analysis – Q3 2014



2013-2014 EBITDAR Bridge

Comments



- TL 384.8m EBITDAR recorded in the Q3 period
- Nominally up by 36% vs. same quarter previous year
- Key drivers of change;
 - Increase in volume
 - Ancillary per pax
 - Escalation on TL cost base
 - Scheduled Flights RASK

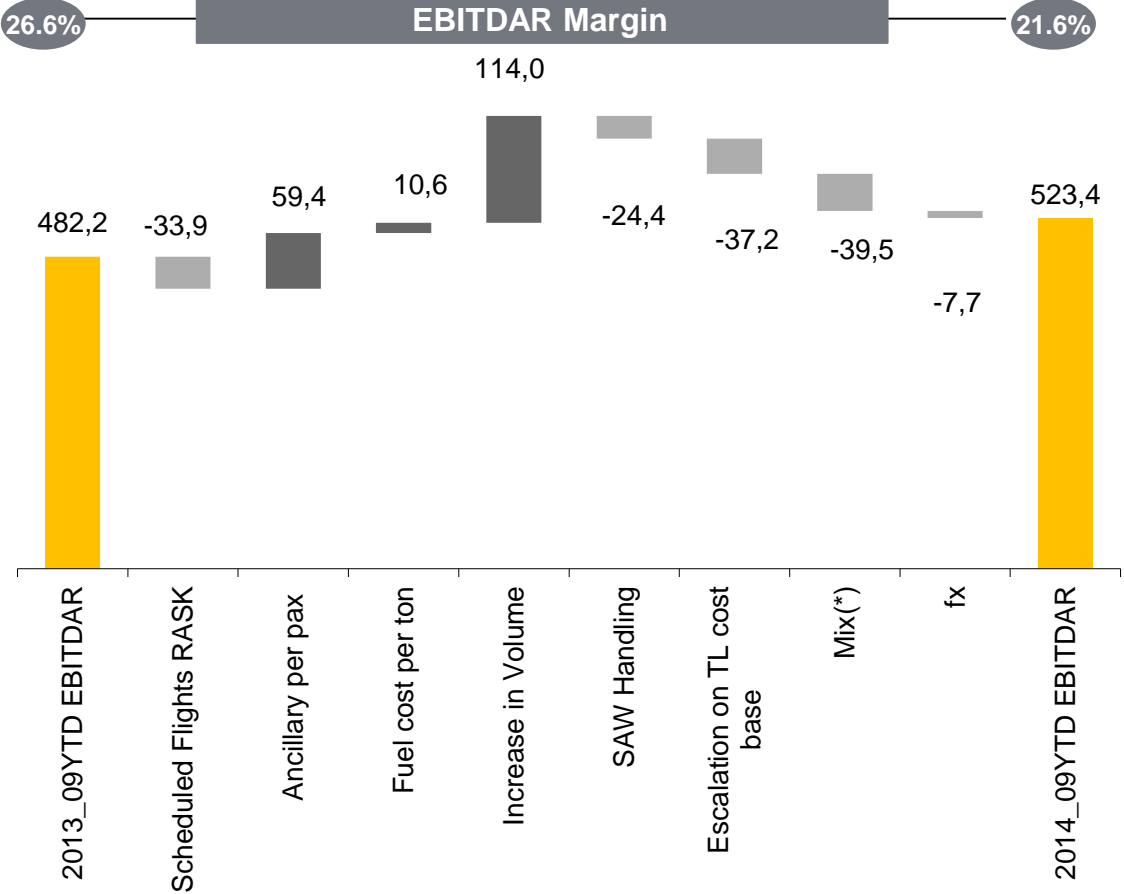
(*) Mix includes the change in engine overhaul provision, fleet ownership structure, delayed flight costs and payroll structural costs.

✓ EBITDAR recorded TRY 384.8 million, an increase of TRY 102.8 million.

EBITDAR Analysis – 2014 9M



2013-2014 EBITDAR Bridge



Comments

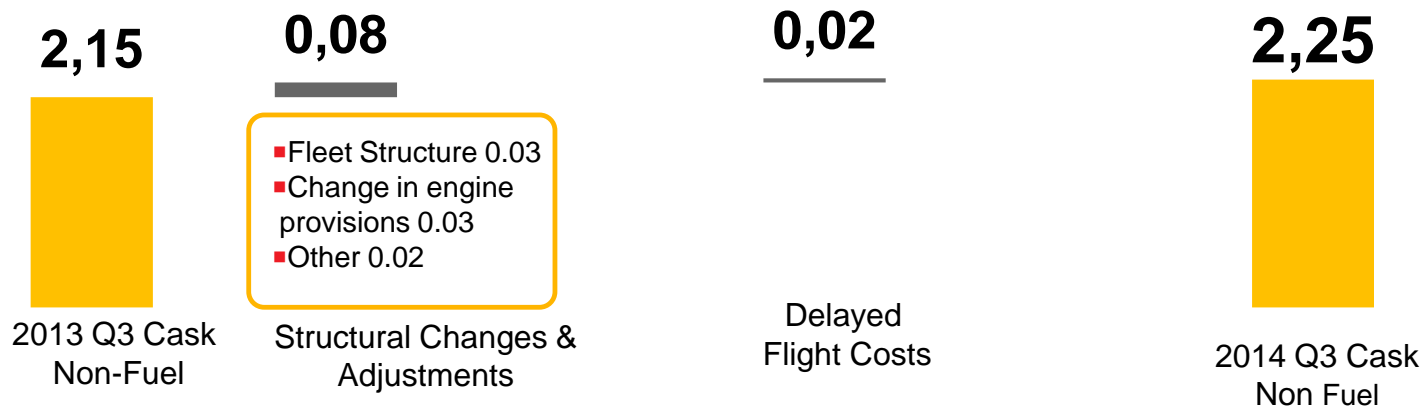
- TL 523.4m EBITDAR in period
- Up 9% vs. previous year nominally
- 2011-2013 CAGR of 64.0%
- Key drivers of change;
 - Increase in volume
 - Ancillary per pax
 - FX

(*) Mix includes the impacts of Izair&Air Manas fixed costs, change in engine overhaul provision, fleet ownership structure, delayed flight costs and payroll structural costs.

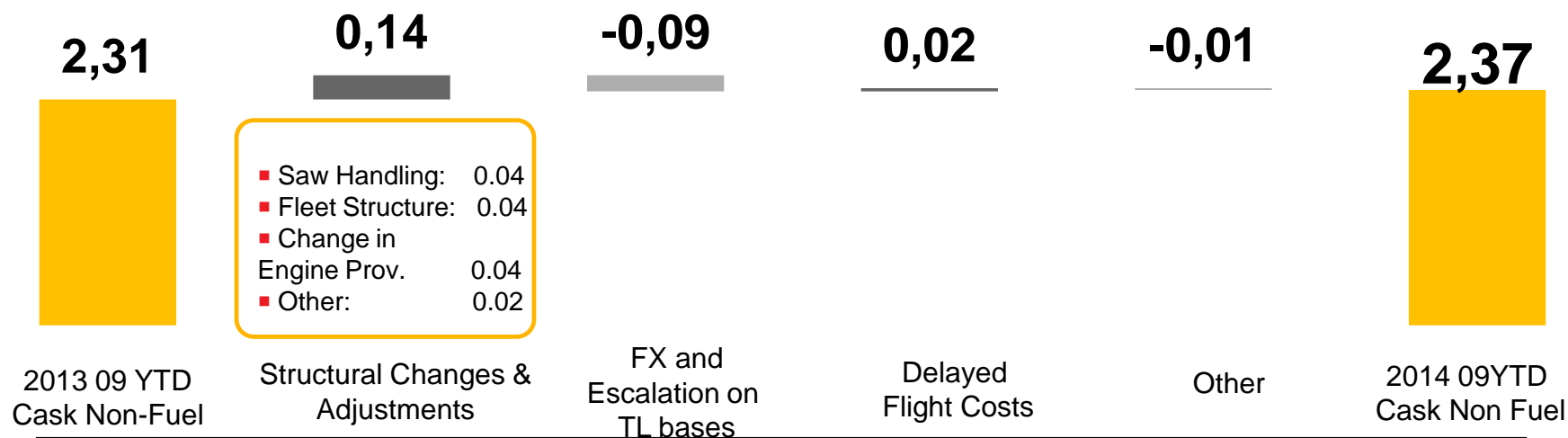
CASK Analysis



CASK € (exc. fuel) Bridge – Q3 2014



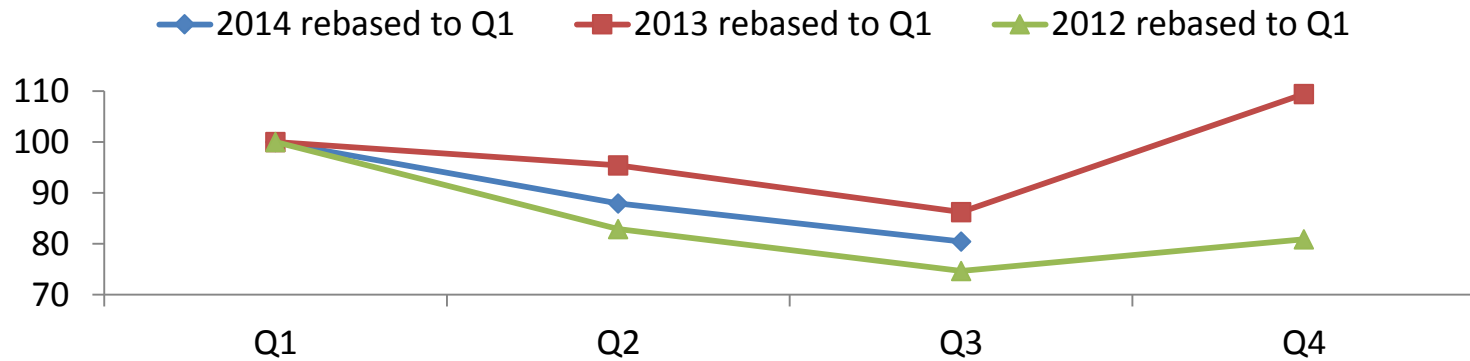
CASK € (exc. fuel) Bridge – 9M 2014



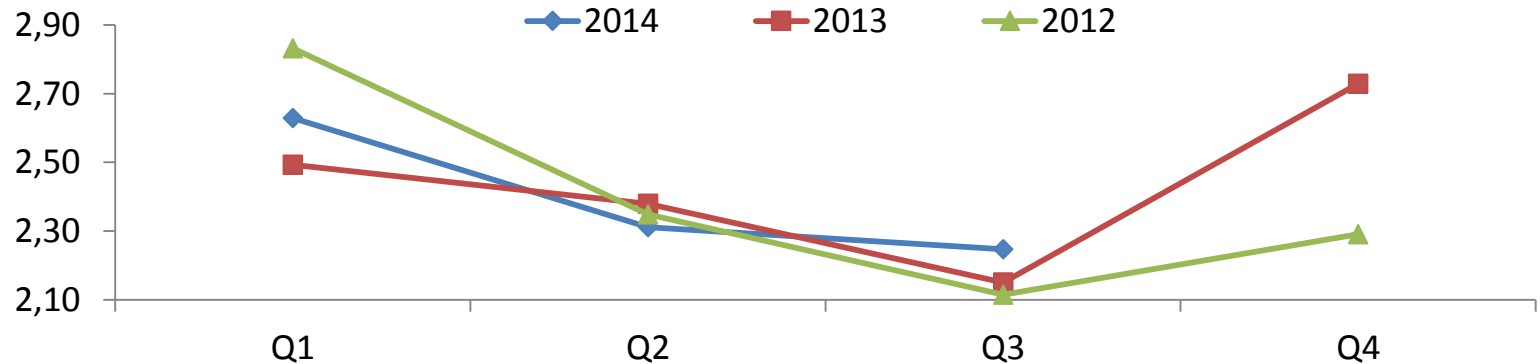
CASK Seasonality Analysis



CASK non-fuel Seasonality Relationship



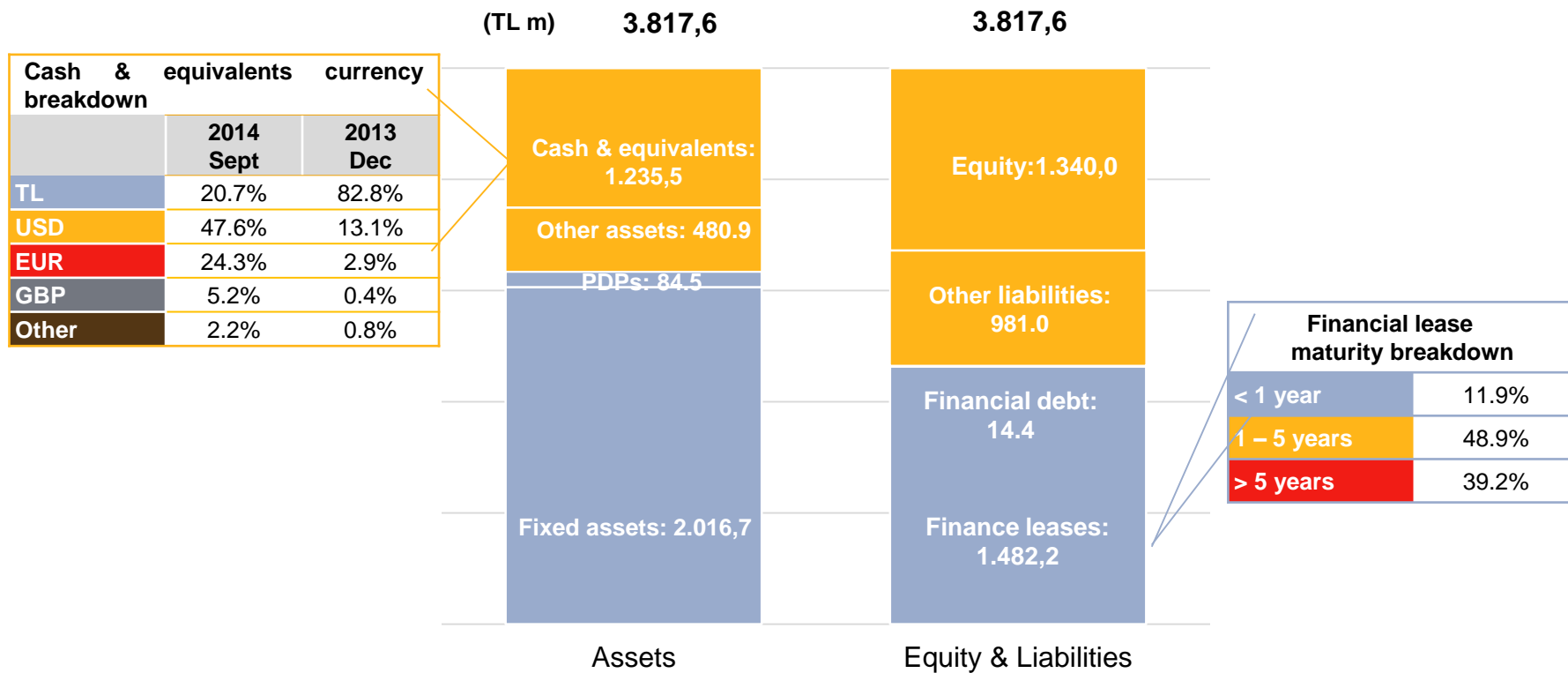
Nominal CASK non-fuel values



Balance Sheet Update



Balance Sheet Structure (30 September 2014)

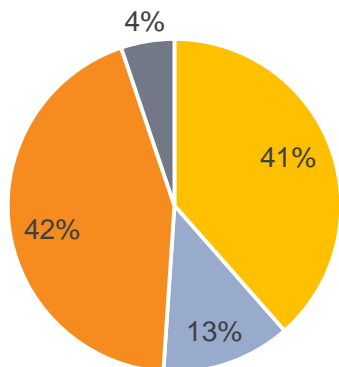


Currency exposure

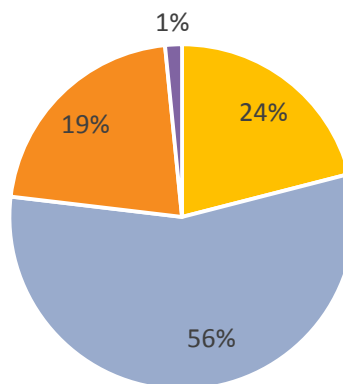


Fig. 1: Foreign Currency Profile of Income Statement (%)

Revenue Currency Breakdown



Expense Currency Breakdown



■ Euro
 ■ USD
 ■ TL
 ■ Other

Fig. 2: Sensitivity Table (TLm)

2014 9M	EUR/TL	USD/TL	Fuel
Δ	+0.01	+0.01	+\$10
	EUR/TL	USD/TL	Fuel
Revenues	3.4	1.5	-
Opex	1.8	5.5	8.7
EBIT	1.6	-4.0	-8.7
EBITDAR	2.0	-3.4	-8.7

Pegasus manages its FX exposure by Hedging

- Pegasus hedges its Euro denominated surplus and Turkish Lira denominated surplus totalling up to 100% USD needs
- Hedging volumes:
 - Fuel – 2014: 59%; 2015: 66%
 - Dollar – 2014: 78%; 2015: 11%

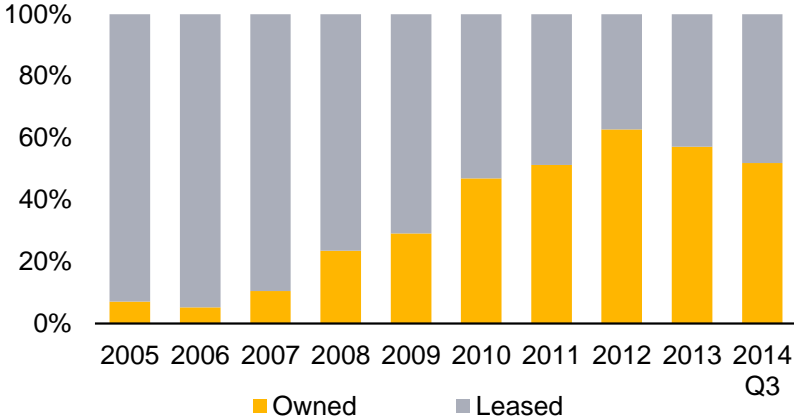
Pegasus Fleet Update



Fleet Overview

Fleet at 30 Sep 14	Owned	Leased	Total
Boeing 737-800	27	22	49
Boeing 737-400	1	0	1
Airbus A320 CEO	0	4	4
Total Fleet	28	26	54

Ownership Profile



Fleet Expansion (Under Contract)

Fleet	Q4 2014 ⁽¹⁾	FY 2014	FY 2015 ⁽²⁾	FY2016
Owned	1	1	1	1
Financial Lease	27	27	27	34
Operational Lease	26	26	29	29
Total	54	54	57	64

Comments

- Airbus Fleet Financing Plan
- We envisage to finance the first half of Airbus Neo's by using ECA backed financing, EETC and JOLCO structures and keep them on our balance sheet

Source: Pegasus information.

(1) It is planned to be 56 in 2014 Q4.
 (2) Lease Agreement has been signed with respect to dry lease of one Boeing 737-800, to be delivered in March 2015.



Traffic – Market Growth

- We expect continuation of PAX growth in international and domestic aviation market
 - We target a total PAX growth of c.18% in 2014
- DHMI forecasts passenger growth of 10% CAGR in Turkey between 2013 and 2015

Capacity Increase

- In total, we expect to add c.18% of additional ASKs annually to our network over the next three years
- In terms of utilization, we expect a similar performance to 2013 in the short run

Load Factors and Yields

- Domestic : slightly higher yield expectation with stable Load Factor.
- International : stable yields and pressure on Load Factor will continue in FY14

Ancillary Revenues Per Pax

- Over €9 per pax revenue expectation for the FY14 ■ €10-12 per PAX range within the next three years

Operating Costs (CASK)

- Expected to remain stable for the near term

2014 EBITDAR margin

- Between 17-19%

Capex and Cash Flow

- We expect marginal non-aircraft capex

1. These trends and targets involve a number of risks and uncertainties and actual results may differ materially. See disclaimer at the end of the presentation.