



# Q3 2014 ANALYST & INVESTOR PRESENTATION

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# Key messages for Q3/ 9M



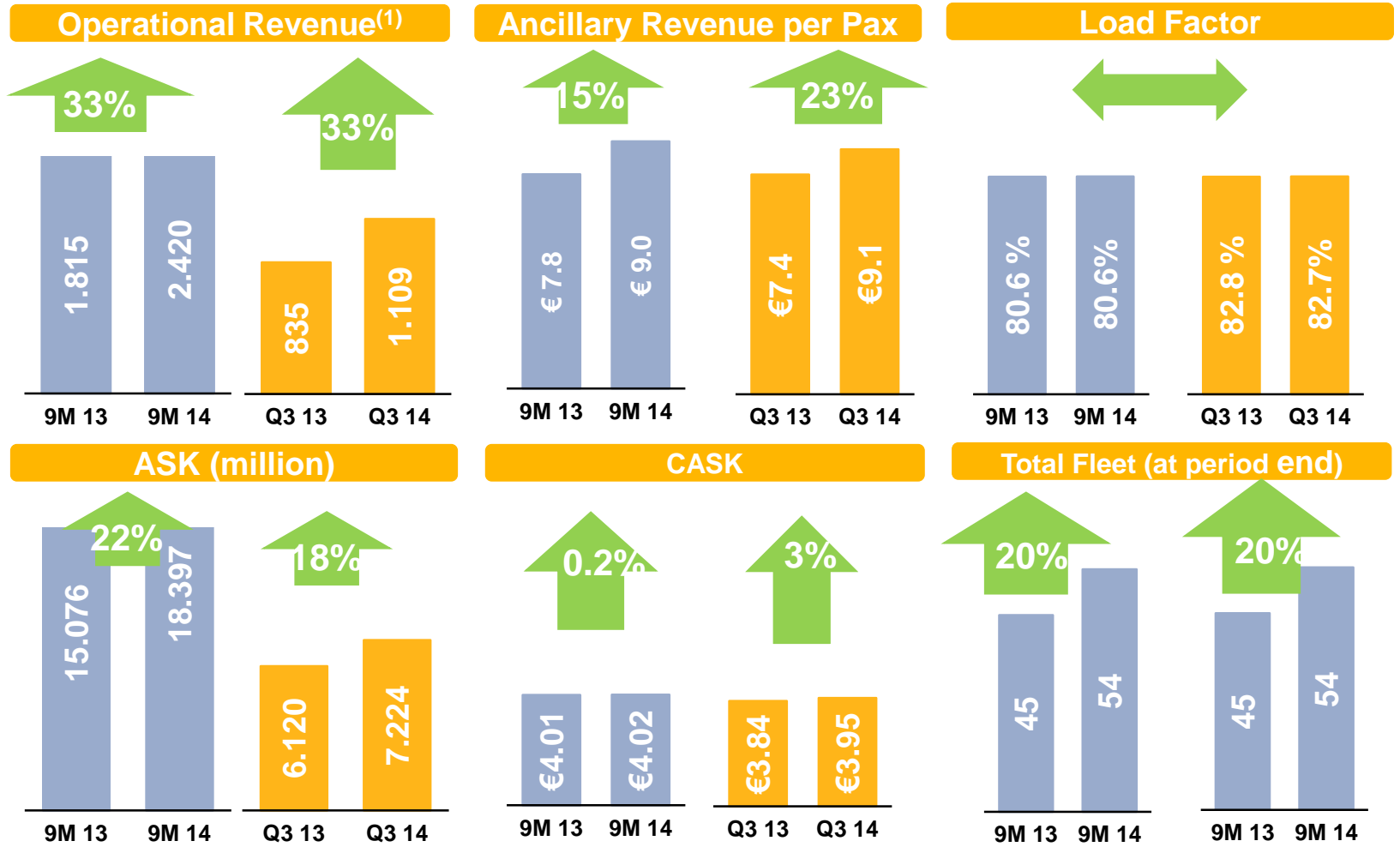
- Passenger numbers in January-September period increased by 19%.
- Load Factor remained stable in 9 months period and resulted by 80.6 %
- 33 % increase in revenues<sup>(1)</sup> mainly driven by international sales and ancillary revenue
- Ancillary revenue per PAX (€) increased by 15% due to increased 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

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# Financial and Operational Highlights



1. Revenue excluding revenue derived from the AirBerlin Turkey Project

# Operational Performance



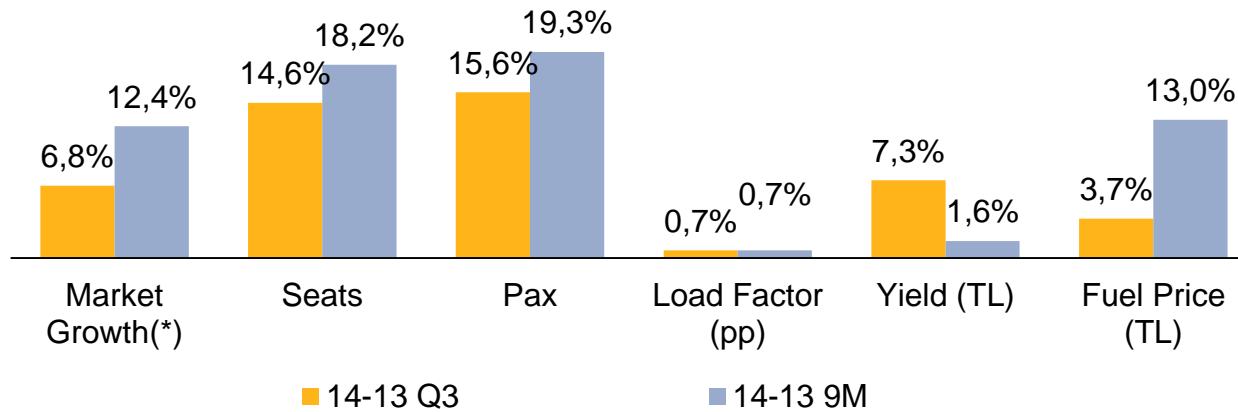
| <b>DOMESTIC</b>         | <b><u>9M 2014</u></b> | <b><u>9M 2013</u></b> | <b><u>Change %</u></b> |           | <b><u>Q3 2014</u></b> | <b><u>Q3 2013</u></b> | <b><u>YoY Change %</u></b> |
|-------------------------|-----------------------|-----------------------|------------------------|-----------|-----------------------|-----------------------|----------------------------|
| 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%                      |
| <b>INTERNATIONAL(1)</b> | <b><u>9M 2014</u></b> | <b><u>2013</u></b>    | <b><u>Change %</u></b> |           | <b><u>Q3 2014</u></b> | <b><u>Q3 2013</u></b> | <b><u>Change %</u></b>     |
| 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%                      |
| <b>TOTAL</b>            | <b><u>9M 2014</u></b> | <b><u>2013</u></b>    | <b><u>Change %</u></b> |           | <b><u>Q3 2014</u></b> | <b><u>Q3 2013</u></b> | <b><u>Change %</u></b>     |
| 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

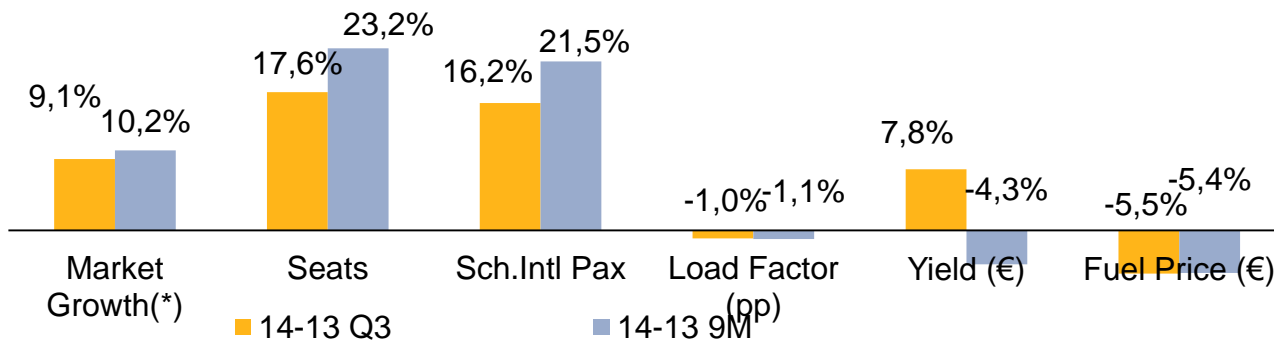
## Domestic



### 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

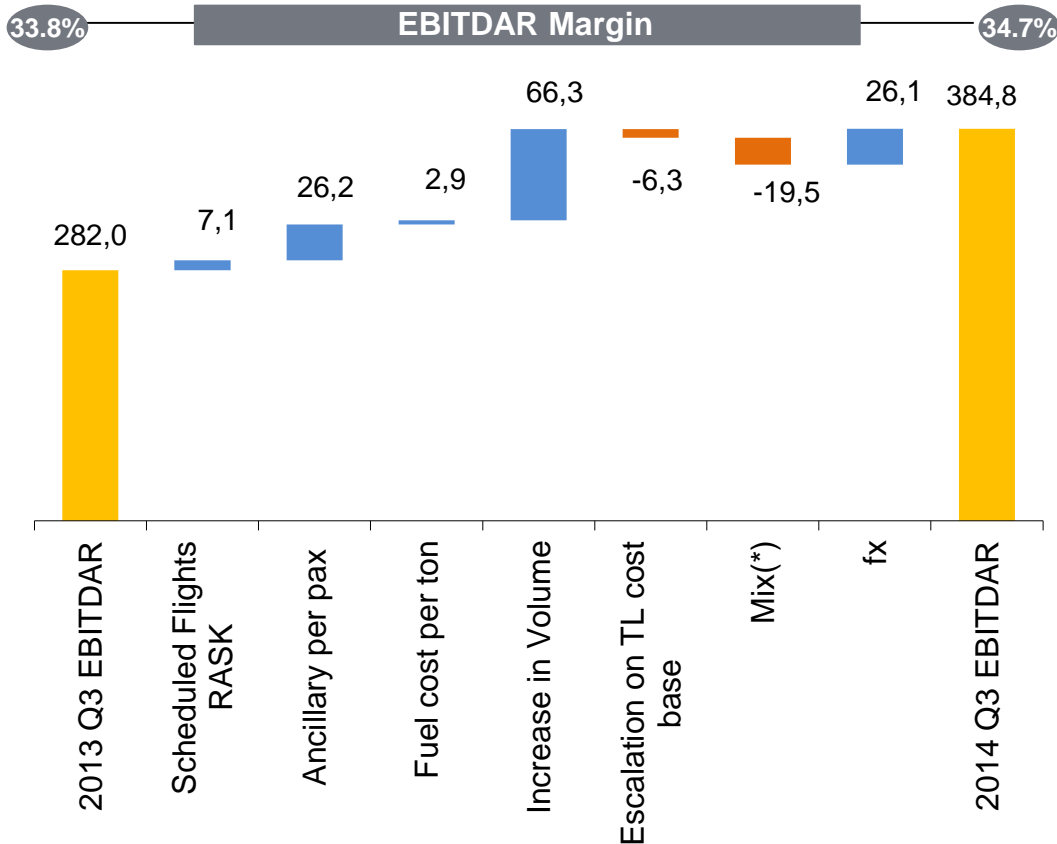
- Fleet of 54 aircraft with average age of 4.68 years as of September 2014
- Leading presence in domestic market with market share of 28%
- Operates 86 routes to 36 countries

# 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

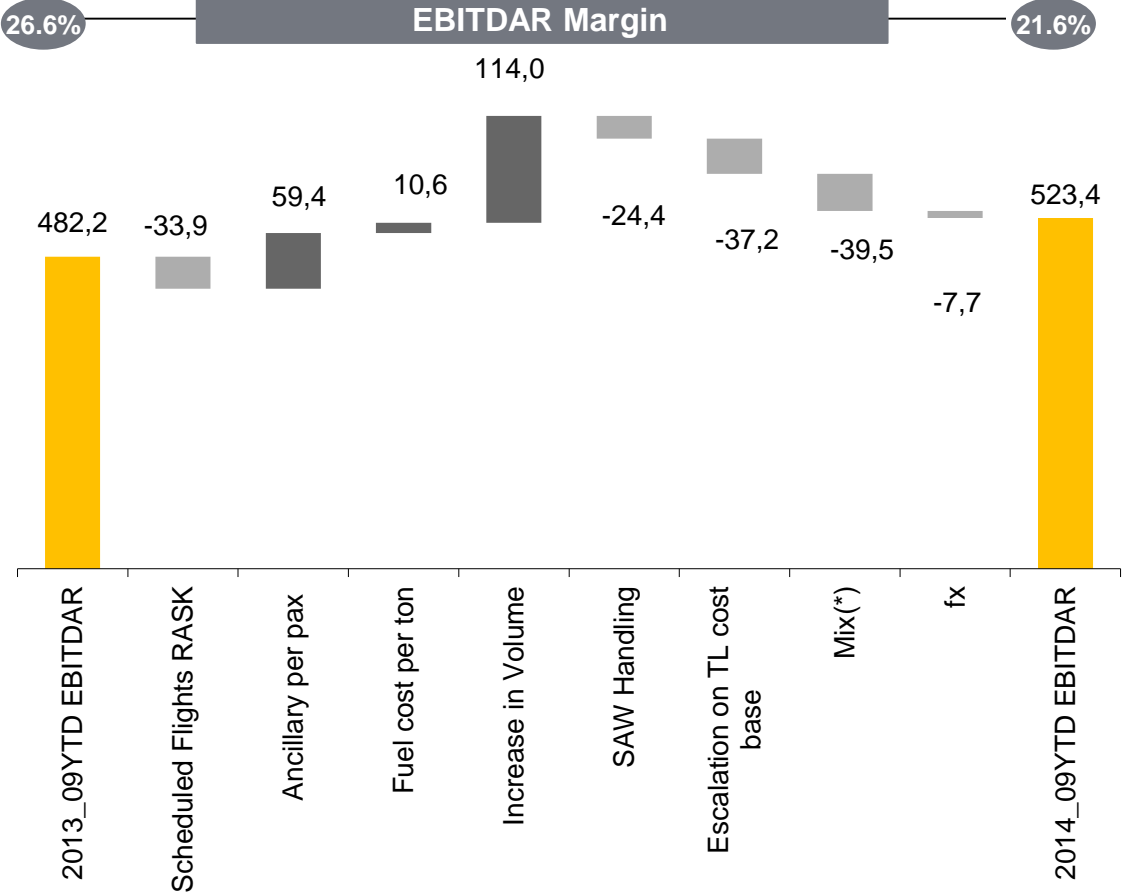
(\*) Mix includes the change in engine overhaul provision, fleet ownership structure, delayed flight costs and payroll structural costs.

✓ 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

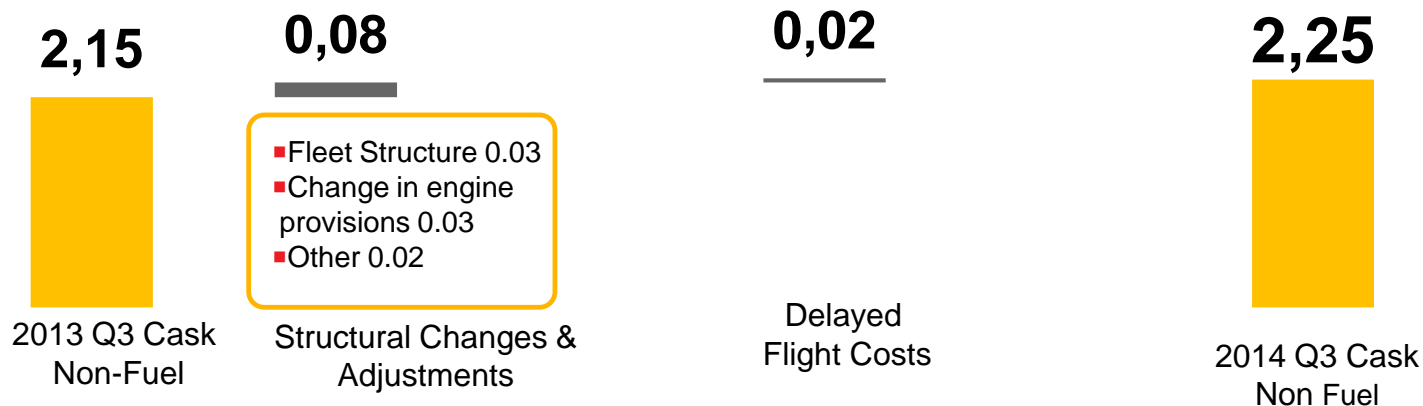
(\*) Mix includes the impacts of Izair&Air Manas fixed costs, change in engine overhaul provision, fleet ownership structure, delayed flight costs and payroll structural costs.



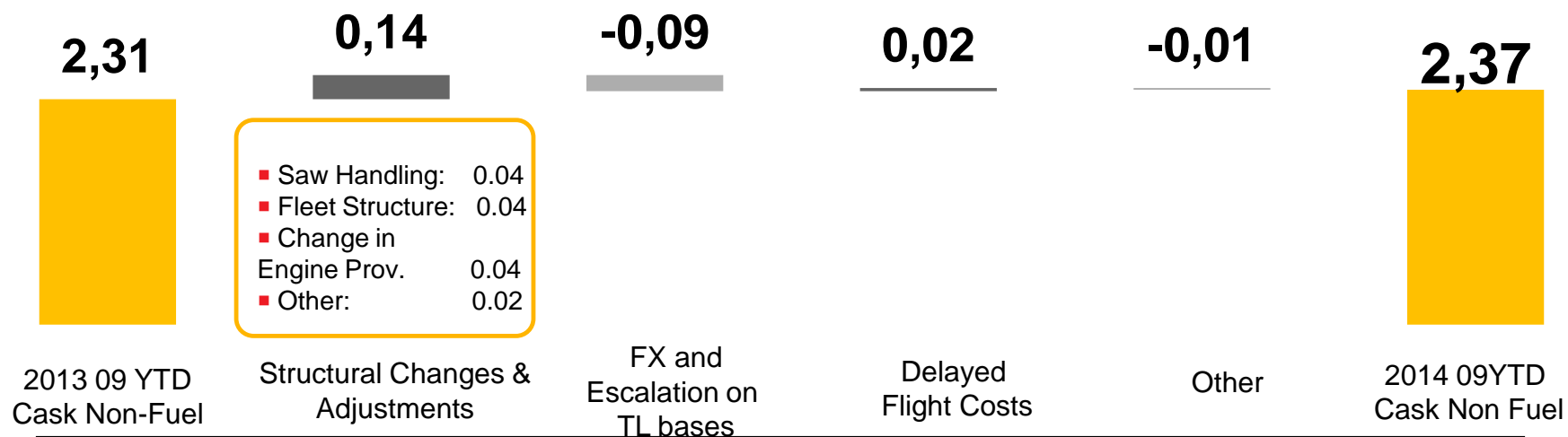
# CASK Analysis



## CASK € (exc. fuel) Bridge – Q3 2014



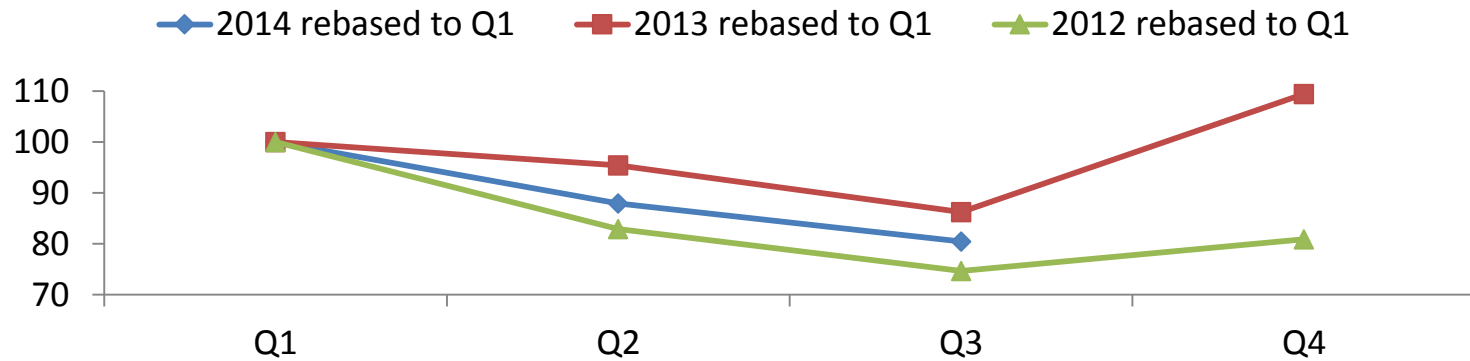
## CASK € (exc. fuel) Bridge – 9M 2014



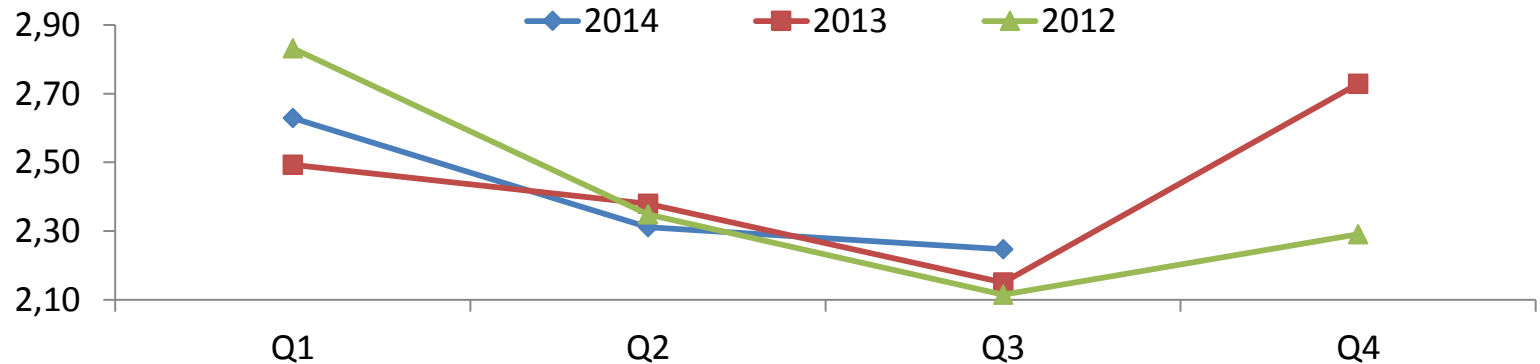
# CASK Seasonality Analysis



## CASK non-fuel Seasonality Relationship



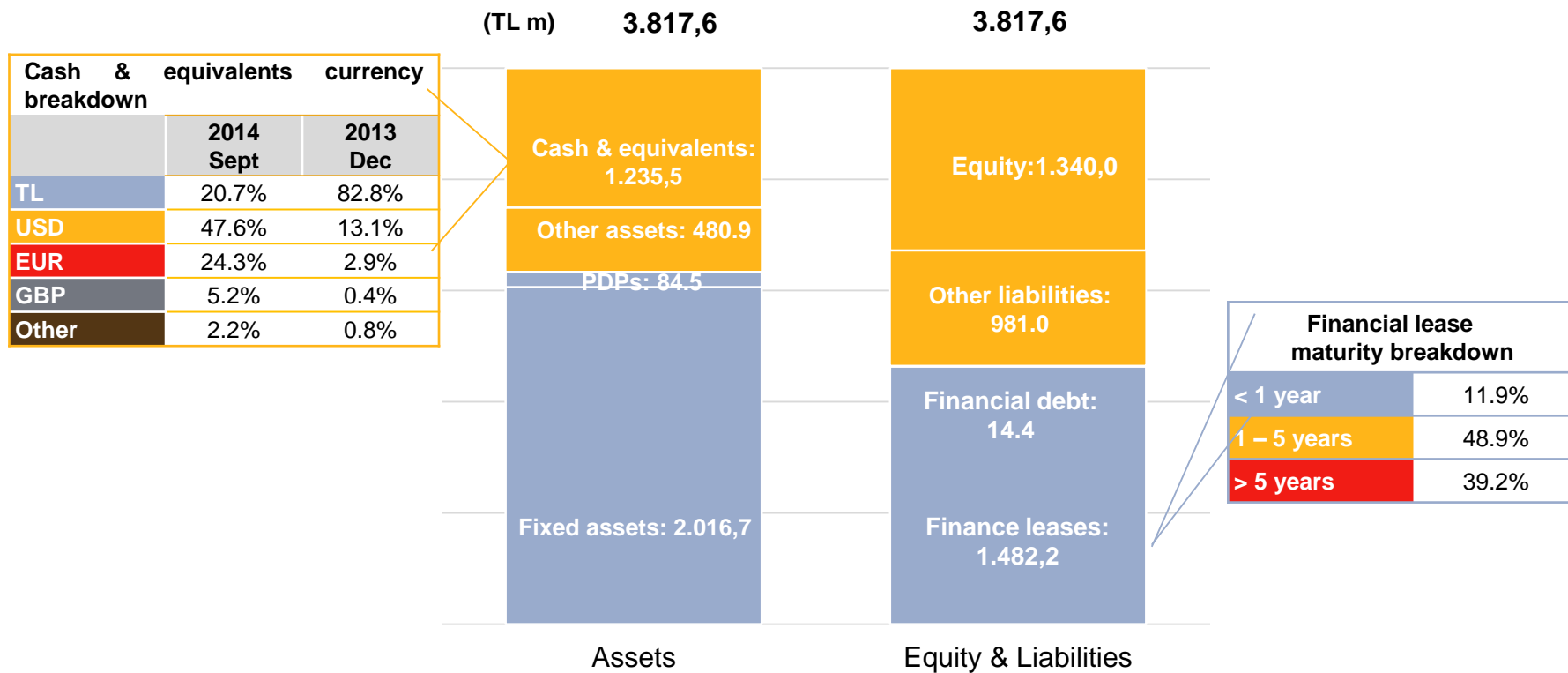
## Nominal CASK non-fuel values



# Balance Sheet Update



## Balance Sheet Structure (30 September 2014)

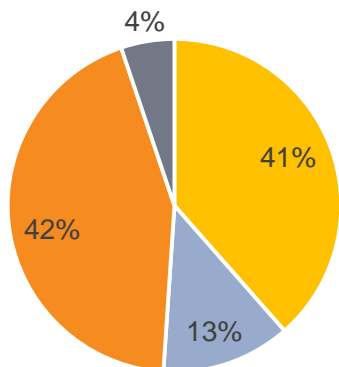


# Currency exposure

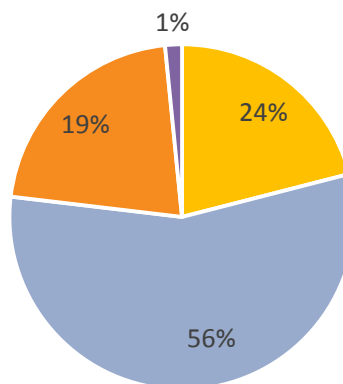


**Fig. 1: Foreign Currency Profile of Income Statement (%)**

**Revenue Currency Breakdown**



**Expense Currency Breakdown**



■ Euro   
 ■ USD   
 ■ TL   
 ■ Other

**Fig. 2: Sensitivity Table (TLm)**

| 2014 9M         | EUR/TL | USD/TL | Fuel  |
|-----------------|--------|--------|-------|
| $\Delta$        | +0.01  | +0.01  | +\$10 |
|                 | EUR/TL | USD/TL | Fuel  |
| <b>Revenues</b> | 3.4    | 1.5    | -     |
| <b>Opex</b>     | 1.8    | 5.5    | 8.7   |
| <b>EBIT</b>     | 1.6    | -4.0   | -8.7  |
| <b>EBITDAR</b>  | 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%

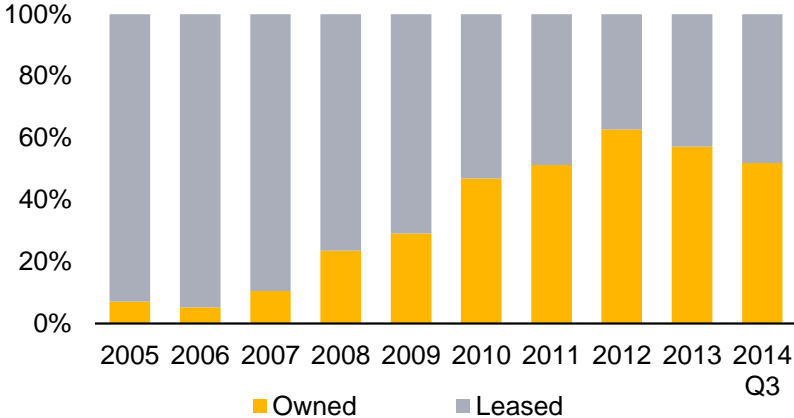
# Pegasus Fleet Update



## 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         |
| <b>Total Fleet</b> | <b>28</b> | <b>26</b> | <b>54</b> |

## Ownership Profile



## Fleet Expansion (Under Contract)

| Fleet             | Q4 2014 <sup>(1)</sup> | FY 2014   | FY 2015 <sup>(2)</sup> | FY2016    |
|-------------------|------------------------|-----------|------------------------|-----------|
| Owned             | 1                      | 1         | 1                      | 1         |
| Financial Lease   | 27                     | 27        | 27                     | 34        |
| Operational Lease | 26                     | 26        | 29                     | 29        |
| <b>Total</b>      | <b>54</b>              | <b>54</b> | <b>57</b>              | <b>64</b> |

## 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.