

Pegasus Airlines

Lower-than-expected net loss in line with successful operational results in 1Q25...

A. Can TUĞLU
Equity Research Analyst
atuglu@sekeryatirim.com

Pegasus outperformed market expectations, reporting a net loss of €62mn in 1Q25, better than the consensus estimate of -€72mn, and slightly up our estimate of -€57mn (1Q24: -€103mn). The YoY improvement in bottom-line performance was primarily driven by strong top-line growth, interest income from time deposits including FX-protected instruments, and deferred tax gains. On the downside, higher personnel expenses contributed to increased operating costs, while a significant rise in FX losses—booked under other operating expenses—acted as a drag on profitability. In 1Q25, Pegasus achieved a 9% YoY increase in int'l scheduled passenger revenue, a 25% YoY expansion in domestic scheduled revenue, and an impressive 33% YoY surge in ancillary revenue (1Q24: €198mn, 1Q25: €262mn). Consequently, Total revenue advanced by 20% YoY in EUR terms to €622mn, surpassing both the market consensus estimate of €607mn, and our estimate of €582mn. EBITDA stood at €42mn, exceeding the consensus estimate of €32mn (Seker: €43mn), with an EBITDA margin of 6.8%.

KPIs continue to improve well thanks to the solid traffic performance - The total number of PAX rose by 12% YoY to 9mn, driven by sustained demand growth despite the timing of Ramadan and Easter this year. Pegasus' revenue increased by 20% YoY to €622mn (1Q24: €519mn). Additionally, domestic PAX yields surged by 36.6% YoY to TRY 975, while international yields decreased by 7.8% YoY to €47. The LF declined by 1.1 pp compared to 1Q24, reaching 86.1%. Total ASK grew by 14% YoY in 1Q25, with international ASK increasing by 16%. Ancillary revenues/PAX reached €29.1, up 18% YoY, while RASK rose by 5% YoY to €43.86. Total CASK increased by 6% YoY to €4.20, impacted by higher personnel unit costs (ex-fuel CASK: 1Q25: €2.98, 1Q24: €2.56, +16% YoY). Consequently, Pegasus achieved EBITDA of €42mn in 1Q25 (market consensus: €32mn, our estimate: €43mn).

As of 1Q25, the company's net debt was flat, stood at €2,75bn, compared to the end of 2024. Pegasus also hedged 52% of its projected jet fuel consumption for 2025 and 32% for 2026. The company's net cash position reached €683mn at the end of 1Q25 (end-2024: €827mn).

OUTPERFORM

TP: TRY 365.60

Previous TP: TRY 365.60

Upside potential: 58%

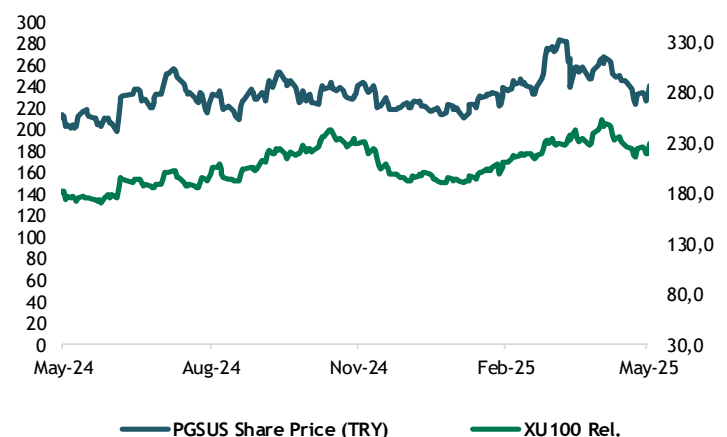
	TRY	US\$
Close	231,50	6,00
BIST 100	9.279	241
US\$/TRY (CB Bid Rate):	39	
52 Week High:	287,25	7,9
52 Week Low:	198,4	5,8
Bloomberg/Reuters Ticker:	PGSUS.TI / PGSUS.IS	

Number of Shares (Mn):	500,0	
	(TRY m)	(US\$ m)
Current Mcap :	115.750	3.123
Free Float Mcap :	49.773	1.291

	1 M	YoY	YtD
TRY Return (%):	-9,61	18,93	13,10
US\$ Return (%):	-11,07	-0,64	3,33
BIST 100 Relative (%):	-9,60	31,68	19,88
Avg. Daily Vol. (TRY m):	1979		
Avg. Daily Vol. (US\$ m):	57,0		

Beta	0,93
Volatility (Stock)	0,37
Volatility (BIST 100)	0,25

Shareholder Structure	%
Esas Holding	52,81
Sabancı Family Members	1,82
Free Float	45,37
Total	100



We maintain our TP, & “Outperform” rating - Pegasus has outlined a growth trajectory for 2025, targeting a 12-14% increase in ASK. The company maintains a balanced demand-supply outlook, forecasting a mid-single-digit increase in total RAS. This projection is anchored on expectations of flat to slightly higher LF, and high single-digit growth in ancillary revenue per passenger. On the cost side, Pegasus anticipates non-fuel CASK to rise by a high single-digit YoY in 2025, driven by a gradual easing of inflationary pressures relative to 2024. Meanwhile, assuming a benign fuel price environment, the airline projects a mid-single-digit increase in total CASK. Notably, the EBITDA margin is expected to remain stable or exhibit a slight improvement compared to 2024, reflecting disciplined cost management and revenue optimization initiatives. In terms of fleet expansion, Pegasus is set to receive nine A321NEO aircraft in 2025, bringing its total fleet size to 127 aircraft by year-end. Furthermore, Pegasus projects a progressive increase in average seat capacity from 191 in 2021 to 228 by 2029. Given Pegasus’ robust operational performance and 2025 guidance, we expect the 1Q25 results to have a favorable short-term impact on stock performance. Refining our estimates and valuation, we maintain our 12M TP of TRY 365.60/sh for the carrier’s shares and our “Outperform” recommendation.

Risks - The downside risk to our TP and rating for the Company and the aviation sector in general would be another major pandemic, leading to a slower than expected recovery of air travel demand. Other main downside risks to demand would be geopolitical tension and natural disasters that are hazardous to air travel. Meanwhile, increasing competition may lead to lower yields, and higher than expected jet fuel prices and an unfavorable course of the €/US\$ may dent profitability.

Table 1: Summary P&L

€ mn	2023/12K	2024/12K	YoY	1Q24	1Q25	YoY	4Q24	QoQ
Revenues	2.670	3.071	15,0%	519	622	19,8%	753	-17,4%
Scheduled Flights	2.625	3.071	17,0%	512	615	20,0%	741	-17,0%
International	1.507	1.606	6,5%	247	268	8,6%	365	-26,7%
Domestic	307	405	32,0%	68	85	25,4%	95	-10,1%
Service Revenue	810	1.060	30,8%	198	262	32,5%	281	-6,8%
Charter & Wetlease	36	42	16,3%	4	3	-16,2%	6	-39,6%
Other	10	13	39,2%	2	3	38,5%	6	-43,2%
Gross Profit	643	716	11,3%	-13	-14	5,6%	132	N.M.
Gross Profit Margin	24,1%	23,3%	-0.8 p.p.	-2,6%	-2,3%	0.3 p.p.	17,5%	
Operating Profit	489	578	18,2%	-37	-94	155,9%	136	N.M.
EBIT Margin	18,3%	18,8%	0.5 p.p.	-7,1%	-15,2%	-8.1 p.p.	18,1%	
EBITDA	838	888	6,0%	39	42	10%	176	-75,9%
EBITDA Margin	31,4%	28,9%	-2.5 p.p.	7,4%	6,8%	-0.6 p.p.	23,4%	
Net Profit/Loss	790	361	-54,3%	-103	-62	-40%	51	N.M.
Net Profit Margin	29,6%	11,8%	-17.8 p.p.	-19,9%	-10,0%	9.9 p.p.	6,8%	

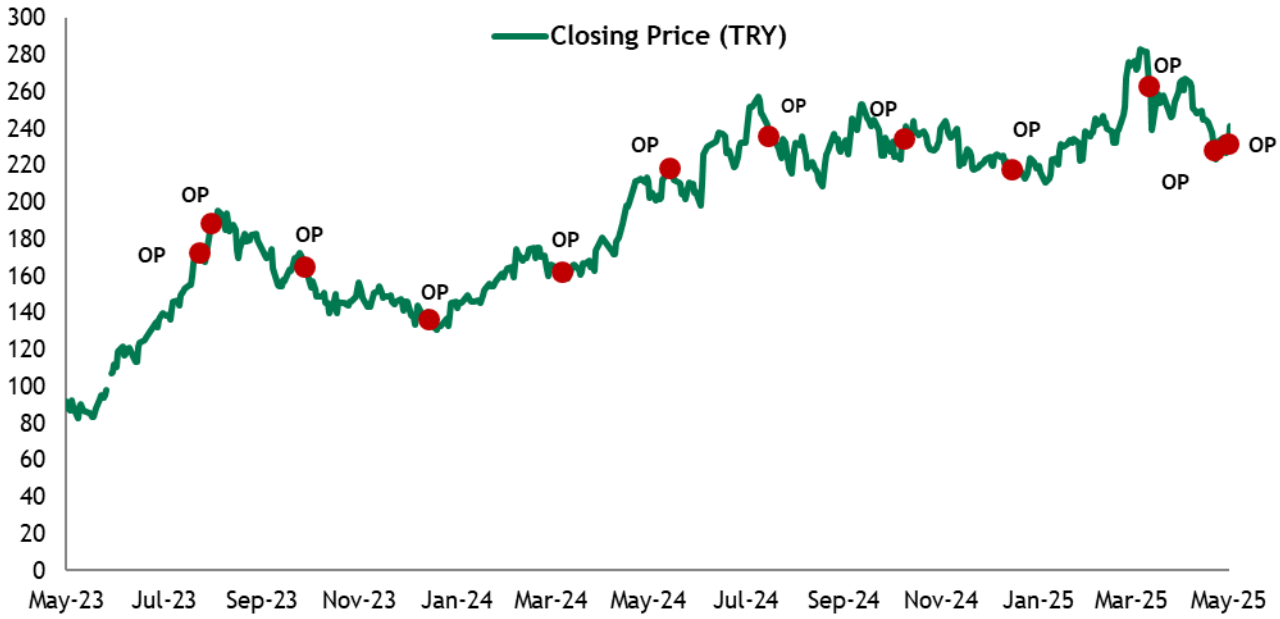
Source: Pegasus, Finnet, Şeker Invest Research

Table 2: Summary Financial Statements

BALANCE SHEET (€ mn)	12M24	3M25	% Chg
Cash and cash equivalents	1.259	768	-39,0%
Financial assets	302	480	58,9%
Trade receivables	73	71	-2,7%
Other receivables	3	9	200,0%
Derivative financial instruments	4	0	N.M.
Inventories	42	42	0,0%
Prepaid expenses	202	265	31,2%
Current assets	1.892	1.640	-13,3%
Financial assets	126	187	48,4%
Other receivables	85	83	-2,4%
Derivative financial instruments	0	0	N.M.
Investments accounted by using the equity method	21	21	0,0%
Property and equipment	471	502	6,6%
Intangible assets	24	29	20,8%
Right of use assets	4.172	4.131	-1,0%
Prepaid expenses	493	570	15,6%
Deferred tax assets	427	450	5,4%
Non-Current assets	5.819	5.973	2,6%
Short term borrowings	796	700	-12,1%
Trade payables	216	247	14,4%
Passenger flight liabilities	334	436	30,5%
Short term provisions	64	68	6,3%
Current liabilities	1.482	1.541	4,0%
Long term borrowings	3.730	3.633	-2,6%
Deferred income	203	218	7,4%
Long term provisions	256	245	-4,3%
Non-Current liabilities	4.190	4.097	-2,2%
Paid-in share capital	230	230	0,0%
Share premiums on capital stock	25	25	0,0%
Retained earnings	1.417	1.778	25,5%
Net loss for the period	361	-62	N.M.
SHAREHOLDERS' EQUITY	2.039	1.976	-3,1%

Source: Pegasus, Seker Invest Research

Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
1.08.2023	Outperform (OP)	216,14
15.08.2023	Outperform (OP)	261,89
9.11.2023	Outperform (OP)	261,89
16.01.2024	Outperform (OP)	253,70
5.03.2024	Outperform (OP)	259,84
9.05.2024	Outperform (OP)	259,84
13.08.2024	Outperform (OP)	302,00
12.11.2024	Outperform (OP)	328,00
7.01.2025	Outperform (OP)	361,20
5.03.2025	Outperform (OP)	372,00
2.05.2025	Outperform (OP)	365,60
9.05.2025	Outperform (OP)	365,60

Basis for 12m equity ratings

Outperform:	The total return is expected to exceed the return of the BIST 100 by more than 10%.
Underperform:	The total return is expected to fall below the return of the BIST 100 by more than 10%.
Market Perform:	The total return is expected to be in line with the return of the BIST 100.

ŞEKER INVEST RESEARCH

Şeker Yatırım Menkul Değerler A.Ş.
 Büyükdere Cad. No: 171 Metrocity
 A Blok Kat 4-5 34330 SİSLİ /İST
 TURKEY

TEL: +90 (212) 334 33 33
 Fax: +90 (212) 334 33 34
 E-mail: research@sekeryatirim.com
 Web: <http://www.sekeryatirim.com/english/index.aspx>

For additional information, please contact:

Research

Kadir Tezeller	Head	+90 (212) 334 33 81	ktezeller@sekeryatirim.com
Burak Demirbilek	Utilities	+90 (212) 334 33 33-128	bdemirbilek@sekeryatirim.com
Engin Degirmenci	Cement	+90 (212) 334 33 33-201	edegirmenci@sekeryatirim.com
Atasav Can Tuglu	Food & Beverages, Automotive, Retail, Aviation	+90 (212) 334 33 33-334	atuglu@sekeryatirim.com.tr
Esra Uzun Ozbaskin	Telcos, Iron & Steel, Cons. Dur., Oil & Deriv.	+90 (212) 334 33 33-245	euzun@sekeryatirim.com
Basak Kamber	Glass, Pharmaceutical, Defense	+90 (212) 334 33 33-245	bkamber@sekeryatirim.com

Economy & Politics

Abdulkadir Dogan	Chief Economist	+90 (212) 334 91 04	adogan@sekeryatirim.com
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Institutional Sales

Batuhan Alpman	Head	+90 (212) 334 33 70	balpman@sekeryatirim.com
Deniz Keskin	Trader	+90 (212) 334 33 36	dkeskin@sekeryatirim.com
M. Kerim Culum	Trader	+90 (212) 334 33 33-316	kculum@sekeryatirim.com

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