Earnings Update
Aviation Sector

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Pegasus Airlines

Operational results in 3Q25 were in line, while net profit beats expectations...

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Pegasus outperformed market expectations, reporting a YoY increase of 24.7% net profit of €226.7mn in 3Q25, better than the consensus estimate of €190mn, up 19.3%, and our estimate of €191mn (3Q24: €301.2mn). In 3Q25, Pegasus recorded lower profitability compared to last year due to flat revenue growth, rising cost pressures, and a decrease in FX gains, which led to higher net financial expenses. The deviation from our net profit estimate mainly stemmed from the decline in deferred tax expenses. Despite a 14% YoY increase in ancillary revenues (€318mn in 3Q24, €363mn in 3Q25), domestic scheduled revenues rose only 5% YoY (in € terms), while int'l scheduled passenger revenues declined 6% YoY in € terms due to price pressure arising from actions taken to stimulate passenger demand. Consequently, total revenue increased only 1% YoY to €1,103mn, coming in slightly below both the market consensus (€1,116mn) and our forecast (€1,130mn). Pegasus reported an EBITDA of €395mn in 3Q25, 4% above the market consensus of €381mn (Seker: €385mn), corresponding to an EBITDA margin of 35.9%.

KPIs continue to improve well despite challenging market conditions - The total number of PAX rose by 16% YoY to 12,2mn, driven by a rise in travel volumes of Turkish citizens both domestically and abroad. Total revenue rose 1% YoY to €1,103mn (3Q24: €1,091mn). Additionally, domestic PAX yields surged by 17.6% YoY to TRY 1,664, while international yields decreased by 21.4% YoY to €72. The LF rose by 0.2 pp compared to 3Q24, reaching 89.2%. Total ASK grew by 17% YoY in 3Q25, with international ASK increasing by 16%. Ancillary revenues/PAX reached €29.7, down 1% YoY, while RASK declined by 14% YoY to €¢4.97. Total CASK declined by 4% YoY, stood at €¢3.72, supported by lower fuel and personnel costs (ex-fuel CASK: 3Q25 €¢2.58 vs. 3Q24 €¢2.59). As a result, Pegasus generated €395mn EBITDA in 3Q25.

Pegasus's net debt stood at €2.86bn at end-3Q25, up 4% YoY compared to end-2024. The Company hedged 63% of its expected 2025 jet fuel consumption and 57% for 2026. Pegasus maintained a net cash position of €759mn at end-3Q25 (end-2024: €827mn; 2Q25: €693mn).

OUTPERFORM
TP: TRY 365.60
Previous TP: TRY 365.60
Upside potential: 73%

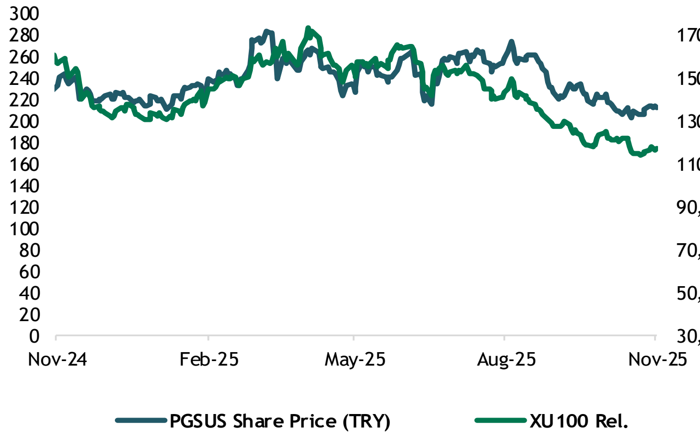
	TRY	US$
Close	211,50	5,03
BIST 100	10.925	260
US$/TRY (CB Bid Rate):	42	
52 Week High:	287,25	7,9
52 Week Low:	203,2	4,8
Bloomberg/Reuters Ticker:	PGSUS.TI / PGSUS.IS	
Number of Shares (Mn):	500,0	

	(TRY m)	(US$ m)
Current Mcap :	105.750	2.515
Free Float Mcap :	45.473	1.081

	1 M	YoY	YtD
TRY Return (%):	-5,62	-9,07	-0,70
US$ Return (%):	-6,57	-26,07	-16,81
BIST 100 Relative (%):	-6,58	-25,54	-10,65
Avg. Daily Vol. (TRY m):	2874		
Avg. Daily Vol. (US$ m):	74,0		

Beta	0,93
Volatility (Stock)	0,36
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 revised its outlook for 2025. The Company targets a 14-16% increase in ASK, more than double the anticipated market growth rate. The company forecasts a 6%-8% decline (Previous: "mid-single-digit decline") for total CASK. Pegasus expects "low-single-digit growth in ancillary revenue/PAX" in 2025. Pegasus forecasts a 1%-3% decline for total CASK (Previous: low-single-digit decline) and 3%-5% increase for non-fuel CASK (Previous: low-single-digit increase). The company forecasts EBITDA margin of ~26% in 2025 (Previous: 26%-27%). In terms of fleet expansion, Pegasus is set to bring 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 3Q25 results to have a slightly positive short-term impact on stock performance due to better than expected net profit figure. 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	2024/09K	2025/09K	YoY	3Q24	3Q25	YoY	2Q25	QoQ
Revenues	**2.373**	**2.601**	**9,6%**	**1.091**	**1.103**	**1,1%**	**876**	**25,9%**
Scheduled Flights	**2.329**	**2.563**	**10,0%**	**1.070**	**1.086**	**1,5%**	**862**	**26,0%**
International	**1.240**	**1.268**	**2,2%**	607	570	-6,0%	430	32,7%
Domestic	**310**	**352**	**13,3%**	145	152	5,0%	115	32,9%
Service Revenue	**778**	**943**	**21,2%**	318	363	14,2%	317	14,4%
Charter & Wetlease	**36**	**31**	**-14,4%**	19	16	-14,7%	12	36,3%
Other	**8**	**7**	**-10,5%**	3	1	-59,9%	3	-56,7%
Gross Profit	**567**	**504**	**-11,0%**	**399**	**327**	**-18,1%**	**195**	**68,0%**
Gross Profit Margin	*23,9%*	*19,4%*	*-4.5 p.p.*	*36,5%*	*29,6%*	*-6.9 p.p.*	*22,2%*	
Operating Profit	**443**	**233**	**N.M.**	**331**	**264**	**-20,3%**	**64**	**314,3%**
EBIT Margin	*18,6%*	*9,0%*	*-9.7 p.p.*	*30,3%*	*23,9%*	*-6.4 p.p.*	*7,3%*	
EBITDA	**711**	**692**	**-2,7%**	**443**	**395**	**-11%**	**254**	**55,5%**
EBITDA Margin	*30,0%*	*26,6%*	*-3.3 p.p.*	*40,6%*	*35,8%*	*-4.8 p.p.*	*29,0%*	
Net Profit/Loss	**310**	**286**	**-7,7%**	**301**	**227**	**-25%**	**122**	**86,3%**
Net Profit Margin	*13,1%*	*11,0%*	*-2.1 p.p.*	*27,6%*	*20,6%*	*-7.0 p.p.*	*13,9%*	

Source: Pegasus, Finnet, Seker Invest Research

Table 2: Operational Highligths

	9M23	9M24	9M25	% 9M25/9M24	3Q23	3Q24	3Q25	% 3Q25/3Q24
TOTAL								
PAX (mn)	23,8	28,0	31,9	14,2%	9,7	10,5	12,2	15,9%
Seat (mn)	28,1	31,8	36,6	15,0%	11,0	11,8	13,7	15,7%
Load Factor	84,6%	88,0%	87,4%	-0.6 pp	87,7%	89,1%	89,2%	0.2 pp
Cycle	140.204	153.693	173.561	12,9%	54.605	56.839	65.008	14,4%
PAX per Cycle	170	182	184	1,1%	177	186	188	1,4%
ASK (mn)	43.610	50.042	58.145	16,2%	17.453	18.954	22.170	17,0%
Domestic								
Scheduled PAX (mn)	8,8	10,5	11,5	9,5%	3,5	3,8	4,3	15,4%
Scheduled Seats (mn)	10,0	11,4	12,5	9,7%	3,7	4,0	4,6	15,0%
Load Factor	88,0%	91,9%	91,8%	-0.1 pp	93,4%	94,0%	94,3%	0.3 pp
Cycle	50.521	55.247	58.339	5,6%	18.343	19.041	21.330	12,0%
PAX per Cycle	174	189	196	3,7%	188	198	204	3,0%
Scheduled ASK (mn)	7.316	8.461	9.486	12,1%	2.667	2.929	3.525	20,4%
Yield (TRY)	653	1.050	1.351	28,6%	884	1.414	1.664	17,6%
International								
Scheduled PAX (mn)	15,0	17,5	20,5	17,0%	6,2	6,8	7,9	16,3%
Scheduled Seats (mn)	18,1	20,4	24,1	17,9%	7,3	7,8	9,1	16,1%
Load Factor	82,8%	85,8%	85,1%	-0.7 pp	84,7%	86,6%	86,7%	0.1 pp
Cycle	89.683	98.446	115.222	17,0%	36.262	37.798	43.678	15,6%
PAX per Cycle	167	178	178	0,0%	171	179	181	0,6%
Scheduled ASK (mn)	36.294	41.581	48.659	17,0%	14.786	16.025	18.645	16,3%
Yield (€)	79	71	62	-12,6%	98,0	92,0	72,3	-21,4%
Ancillary Revenues per PAX (€)	25,7	27,8	29,5	6,1%	25,9	30,2	29,7	-1,5%
RASK (€¢)	4,73	4,74	4,47	-5,7%	5,51	5,76	4,97	-13,8%
CASK (€¢)	3,64	3,82	3,83	0,2%	3,60	3,87	3,72	-4,0%
Non-fuel CASK (€¢)	2,25	2,48	2,69	8,4%	2,13	2,59	2,58	-0,2%

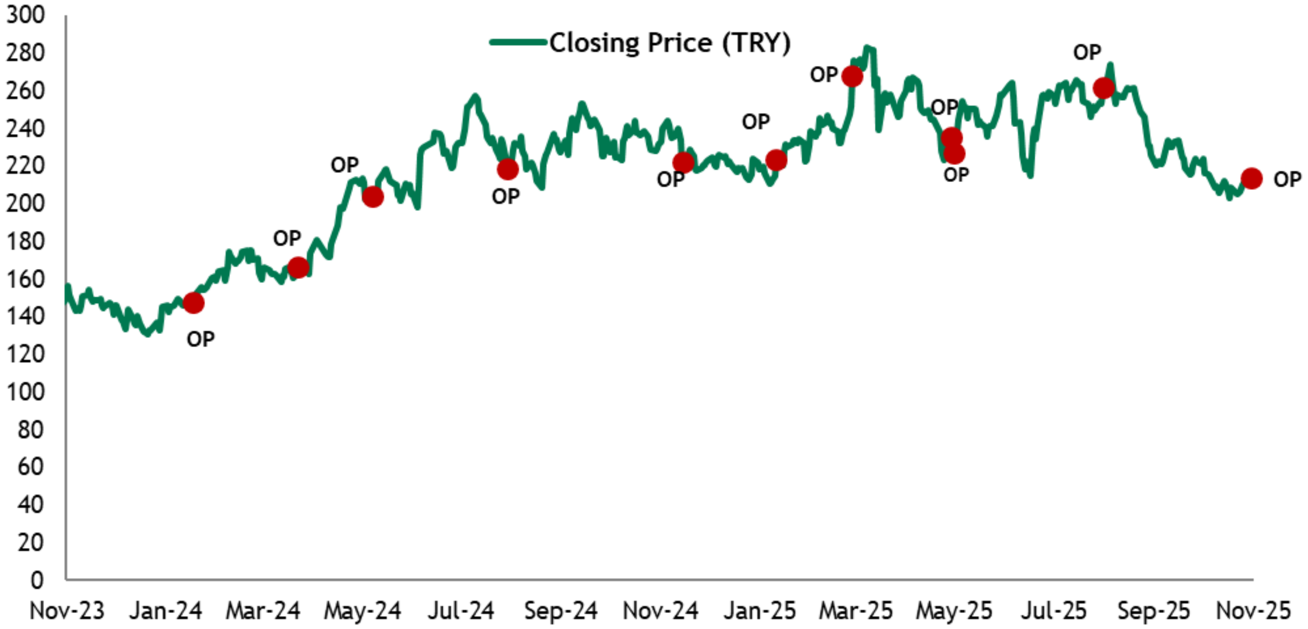
Source: Pegasus, Seker Invest Research

Table 3: Summary Financial Statements

BALANCE SHEET (€ mn)	12M24	9M25	% Chg
Cash and cash equivalents	1.259	1.037	-17,6%
Financial assets	302	371	22,8%
Trade receivables	73	92	26,0%
Other receivables	3	15	400,0%
Derivative financial instruments	4	0	N.M.
Inventories	42	44	4,8%
Prepaid expenses	202	169	-16,3%
Current assets	**1.892**	**1.734**	**-8,4%**
Financial assets	126	141	11,9%
Other receivables	85	79	-7,1%
Derivative financial instruments	0	0	N.M.
Investments accounted by using the equity method	21	21	0,0%
Property and equipment	471	522	10,8%
Intangible assets	24	32	33,3%
Right of use assets	4.172	4.383	5,1%
Prepaid expenses	493	697	41,4%
Deferred tax assets	427	371	-13,1%
Non-Current assets	**5.819**	**6.247**	**7,4%**
Short term borrowings	796	734	-7,8%
Trade payables	216	301	39,4%
Passenger flight liabilities	334	311	-6,9%
Short term provisions	64	51	-20,3%
Current liabilities	**1.482**	**1.538**	**3,8%**
Long term borrowings	3.730	3.774	1,2%
Deferred income	203	201	-1,0%
Long term provisions	256	151	-41,0%
Non-Current liabilities	**4.190**	**4.127**	**-1,5%**
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	286	-20,8%
SHAREHOLDERS' EQUITY	**2.039**	**2.316**	**13,6%**

Source: *Pegasus, Seker Invest Research*

Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
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
13.08.2025	Outperform (OP)	365,60
10.11.2025	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.

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