

# Pegasus Airlines

## Financial results weakened by geopolitical risks in 1Q26...

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Pegasus reported a net loss of €152mn in 1Q26, 9% below the market average net loss expectation of €168mn and in line with our estimate of €152mn (1Q25: €62mn net loss). In 1Q26, the Company posted a net loss of €152mn, mainly due to the decline in operating profitability driven predominantly by increasing cost pressures, weaker income from investing activities, and the sharp increase in net financial expenses. Despite a 10% YoY increase in ancillary revenues (1Q25: €262mn, 1Q26: €287mn), total revenues increased by 3% YoY in € terms to €642mn, broadly in line with the market average expectation of €632mn and our estimate of €639mn, as challenging market conditions continued to weigh on ticket prices, with international scheduled passenger revenues declining by 4% YoY in € terms, while domestic scheduled revenues increased by 10% YoY in € terms. Pegasus' EBITDA reached €3mn in 1Q26 (1Q25: €42mn), coming in above the market average expectation of €-15mn and our estimate of €-9mn. EBITDA margin stood at 0.5% in 1Q26.

**KPIs showed signs of weakness in 1Q26 amid geopolitical risks** - Pegasus' domestic passenger traffic rose by 15% YoY, while int'l traffic growth remained limited at 5% YoY due to rising geopolitical risks. As a result, Pegasus' total passenger traffic increased by 9% YoY to 9.8mn in 1Q26. The Company's revenues rose by 3% YoY to €642mn in 1Q26 (1Q25: €622mn). Domestic PAX yields surged by 28.2% YoY to TRY 1,250 in 1Q26, while international yields declined by 9% YoY to €43. The Company's PLF increased by 0.2 pp YoY to 86.3% during the period. Pegasus' total ASK rose by 9% YoY in 1Q26. Ancillary revenues/PAX stood at €29.2 in 1Q26 (1Q25: €29.1), while RASK declined by 5% YoY to €3.66 (1Q25: €3.86). Total CASK rose by 2% YoY to €4.28 (1Q25: €4.20), mainly due to elevated personnel unit costs and higher maintenance unit costs stemming from differences in the timing of maintenance activities (ex-fuel CASK: 1Q26: €3.08, 1Q25: €2.98). Although rising geopolitical tensions led to higher fuel prices during the quarter, the delayed reflection of spot prices resulted in fuel CASK remaining broadly stable at €1.20 in 1Q26 (1Q25: €1.21).

The Company's net debt reached €3.04bn at the end of 1Q26, representing a 3.3% YoY increase compared to year-end 2025. Pegasus has also hedged 62.5% of its projected jet fuel consumption for 2026. Meanwhile, the Company's net cash position stood at €632mn at the end of 1Q26 (year-end 2025: €632mn, end-2025: €680mn).

**OUTPERFORM**  
TP: TRY 271.90  
Previous TP: TRY 345.30  
Upside potential: 47%

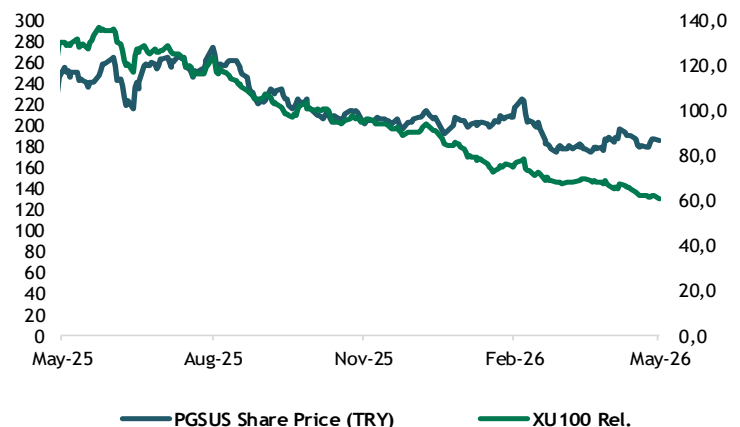
	TRY	US\$
Close	185,00	4,08
BIST 100	15.134	334
US\$/TRY (CB Bid Rate):	45	
52 Week High:	274,5	6,8
52 Week Low:	173,6	3,8
Bloomberg/Reuters Ticker:	PGSUS.TI / PGSUS.IS	

Number of Shares (Mn):	500,0	
	(TRY m)	(US\$ m)
Current Mcap :	92.500	2.042
Free Float Mcap :	39.775	878

	1 M	YoY	YtD
TRY Return (%):	-1,80	-24,46	-3,50
US\$ Return (%):	-3,28	-35,55	-8,47
BIST 100 Relative (%):	-8,68	-53,13	-28,19
Avg. Daily Vol. (TRY m):	3802		
Avg. Daily Vol. (US\$ m):	90,2		

Beta	0,99
Volatility (Stock)	0,32
Volatility (BIST 100)	0,22

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



**We revise our TP from TRY 345.30 to TRY 271.90 & maintain “Outperform” rating** - We think the announced 1Q26 results may have a negative impact on the short-term performance of the shares. We revise our target price downward due to the impact of geopolitical risks on operational performance and the related revisions to our Brent oil and macro assumptions. On the other hand, competitive pricing pressures and the continuation of geopolitical uncertainties stand out as the key factors that may create volatility in share performance. Accordingly, we expect short-term share pricing to remain sensitive to the outlook for passenger demand, the trajectory of jet fuel prices, and developments in global risk appetite.

**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	2025	YoY	1Q25	1Q26	YoY	4Q25	QoQ
Revenues	3.126	3.414	9,2%	622	642	3,3%	814	-21,1%
Scheduled Flights	3.071	3.366	9,6%	615	637	3,5%	803	-20,7%
International	1.606	1.646	2,5%	268	256	-4,3%	378	-32,3%
Domestic	405	445	9,9%	85	93	9,7%	93	0,0%
Service Revenue	1.060	1.275	20,3%	262	287	9,5%	332	-13,4%
Charter & Wetlease	42	37	-12,0%	3	0	-87,2%	6	-92,5%
Other	13	12	-13,9%	3	5	43,7%	5	0,4%
<b>Gross Profit</b>	<b>694</b>	<b>581</b>	<b>-16,2%</b>	<b>-14</b>	<b>-62</b>	<b>N.M.</b>	<b>77</b>	<b>N.M.</b>
<i>Gross Profit Margin</i>	22,2%	17,0%	-5.2 p.p.	-2,3%	-9,6%	-7.4 p.p.	9,5%	
<b>Operating Profit</b>	<b>578</b>	<b>258</b>	<b>-55,3%</b>	<b>-94</b>	<b>-93</b>	<b>N.M.</b>	<b>25</b>	<b>N.M.</b>
<i>EBIT Margin</i>	18,5%	7,6%	-10.9 p.p.	-15,2%	-14,5%	0.7 p.p.	3,1%	
<b>EBITDA</b>	<b>888</b>	<b>840</b>	<b>-5,4%</b>	<b>42</b>	<b>3</b>	<b>-93%</b>	<b>148</b>	<b>-98,0%</b>
<i>EBITDA Margin</i>	28,4%	24,6%	-3.8 p.p.	6,8%	0,5%	-6.3 p.p.	18,1%	
<b>Net Profit/Loss</b>	<b>361</b>	<b>301</b>	<b>-16,6%</b>	<b>-62</b>	<b>-153</b>	<b>N.M.</b>	<b>15</b>	<b>N.M.</b>
<i>Net Profit Margin</i>	11,5%	8,8%	-2.7 p.p.	-10,0%	-23,9%	-13.9 p.p.	1,8%	

Source: Pegasus, Finnet, Seker Invest Research

Table 2: Operational Highlights

	% 2023 2024 2025 2025/2024				% 1Q24 1Q25 1Q26 1Q26/1Q25			
	2023	2024	2025	2025/2024	1Q24	1Q25	1Q26	1Q26/1Q25
<b>TOTAL</b>								
PAX (mn)	31,9	37,5	43,3	15,4%	8,1	9,0	9,8	8,9%
Seat (mn)	37,7	42,8	49,3	15,4%	9,2	10,5	11,4	8,8%
Load Factor	84,8%	87,7%	87,7%	0.0 pp	87,1%	86,1%	86,3%	0.2 pp
Cycle	187.071	206.048	234.270	13,7%	45.061	49.856	54.240	8,8%
PAX per Cycle	171	182	185	1,5%	179	181	181	0,1%
ASK (mn)	58.217	66.808	78.337	17,3%	14.177	16.117	17.545	8,9%
<b>Domestic</b>								
Scheduled PAX (mn)	12,0	14,1	15,6	10,6%	3,2	3,3	3,8	15,4%
Scheduled Seats (mn)	13,7	15,4	16,9	10,0%	3,5	3,7	4,2	14,5%
Load Factor	87,7%	91,4%	91,9%	0.6 pp	90,2%	89,6%	90,3%	0.7 pp
Cycle	68.748	74.275	79.128	6,5%	17.574	17.644	20.053	13,7%
PAX per Cycle	174	189	197	3,9%	181	187	190	1,5%
Scheduled ASK (mn)	10.052	11.400	12.920	13,3%	2.676	2.794	3.279	17,4%
Yield (TRY)	677	1.031	1.289	25,0%	714	975	1.250	28,2%
<b>International</b>								
Scheduled PAX (mn)	19,9	23,4	27,6	18,0%	4,9	5,7	6,0	5,2%
Scheduled Seats (mn)	24,0	27,4	32,4	18,3%	5,7	6,8	7,2	5,6%
Load Factor	83,1%	85,6%	85,4%	-0.2 pp	85,3%	84,2%	84,0%	-0.2 pp
Cycle	118.323	131.773	155.142	17,7%	27.487	32.212	34.187	6,1%
PAX per Cycle	169	178	178	0,3%	178	178	176	-0,9%
Scheduled ASK (mn)	48.165	55.409	65.295	17,8%	11.501	13.324	14.266	7,1%
Yield (€)	77	70	60	-14,3%	51,0	47,0	43,0	-9%
Ancillary Revenues per PAX (€)	25,4	28,3	29,5	4,2%	24,5	29,1	29,2	0,3%
RASK (€¢)	4,59	4,68	4,36	-6,8%	3,66	3,86	3,66	-5,2%
CASK (€¢)	3,69	3,86	3,85	-0,3%	3,97	4,20	4,28	1,9%
Non-fuel CASK (€¢)	2,26	2,55	2,69	5%	2,56	2,98	3,08	3,4%

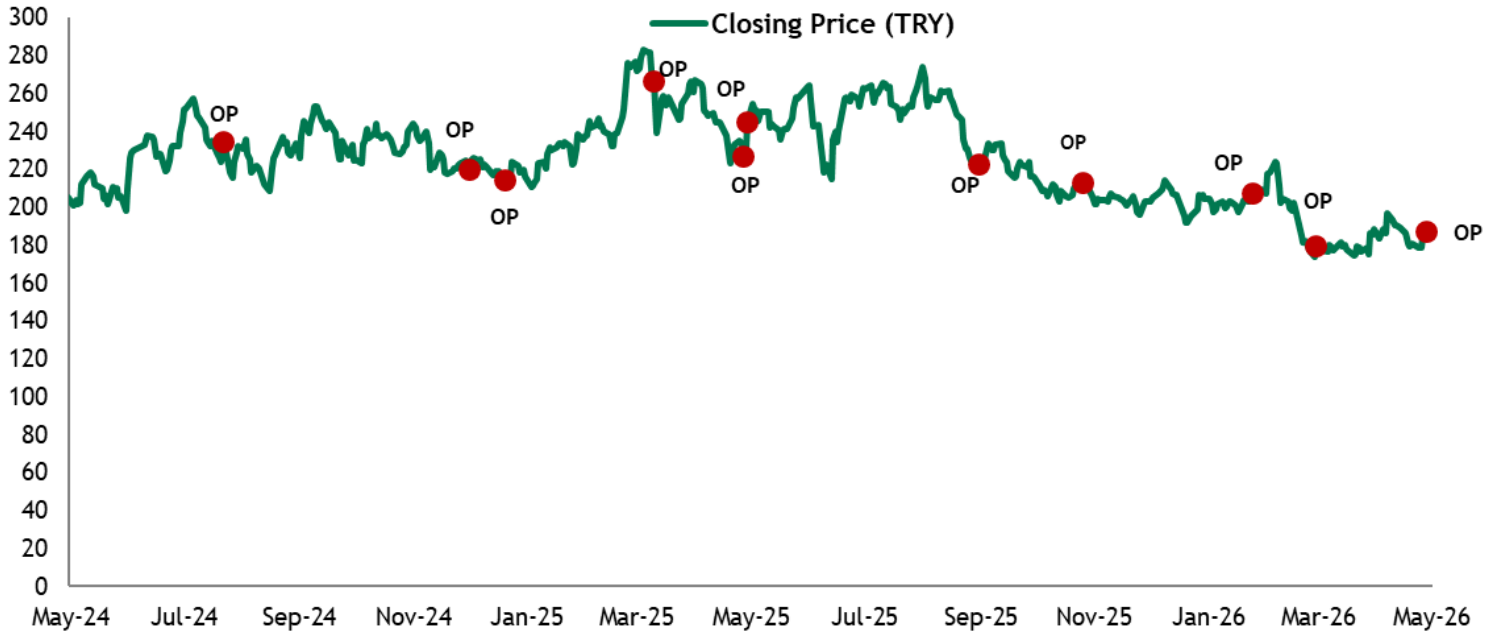
Source: Pegasus, Seker Invest Research

**Table 3: Summary Financial Statements**

<b>BALANCE SHEET (€ mn)</b>	<b>2025</b>	<b>3M26</b>	<b>% Chg</b>
Cash and cash equivalents	1.087	1.109	2,0%
Financial assets	337	249	-26,1%
Trade receivables	73	81	11,0%
Other receivables	28	6	-78,6%
Derivative financial instruments	0	86	N.M.
Inventories	46	48	4,3%
Prepaid expenses	206	224	8,7%
<b>Current assets</b>	<b>1.788</b>	<b>1.816</b>	<b>1,6%</b>
Financial assets	138	178	29,0%
Other receivables	155	159	2,6%
Derivative financial instruments	0	21	N.M.
Investments accounted by using the equity method	21	22	4,8%
Property and equipment	513	530	3,3%
Intangible assets	40	40	0,0%
Right of use assets	4.377	4.393	0,4%
Prepaid expenses	687	707	2,9%
Deferred tax assets	410	388	-5,4%
<b>Non-Current assets</b>	<b>6.341</b>	<b>6.437</b>	<b>1,5%</b>
Short term borrowings	930	953	2,5%
Trade payables	288	280	-2,8%
Passenger flight liabilities	334	342	2,4%
Short term provisions	84	79	-6,0%
<b>Current liabilities</b>	<b>1.745</b>	<b>1.875</b>	<b>7,4%</b>
Long term borrowings	3.692	3.728	1,0%
Deferred income	201	201	0,0%
Long term provisions	171	180	5,3%
<b>Non-Current liabilities</b>	<b>4.069</b>	<b>4.110</b>	<b>1,0%</b>
Paid-in share capital	230	230	0,0%
Share premiums on capital stock	25	25	0,0%
Retained earnings	1.778	2.079	16,9%
Net loss for the period	301	-153	N.M.
<b>SHAREHOLDERS' EQUITY</b>	<b>2.316</b>	<b>2.269</b>	<b>-2,0%</b>

Source: Pegasus, Seker Invest Research

## Historical Recommendations and target prices



Date	Recommendation	Target Price (TRY)
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
9.01.2026	Outperform (OP)	345,30
5.03.2026	Outperform (OP)	345,30
11.05.2026	Outperform (OP)	271,90

## Basis for 12m equity ratings

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

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