

## Pegasus Airlines

We evaluate Pegasus Airlines's 1Q26 financial results as neutral overall, with significant weakness on the operational side but no meaningful deviation from our expectations. The company reported a net loss of TL 7.8bn in 1Q26, compared to our estimate of TL 8.3bn net loss, while the weaker performance versus the TL 2.6bn net loss recorded in the same period last year was mainly driven by contraction in operational margins and higher financial expenses. Revenues increased by 39% YoY to TL 32.8bn, yet despite 9% growth in both passenger traffic and ASK, geopolitical tensions pressured booking behavior and pricing power, weakening the unit revenue outlook. Accordingly, RASK declined by 5% YoY, while EBITDA dropped by 87% YoY to TL 176mn and the EBITDA margin narrowed to 0.5%. Considering the recent weak share price performance, rising geopolitical risks, upward pressure on energy costs, and the current uncertainty environment, we revise our 12-month target price to TL 252 from TL 300 while maintaining our Buy recommendation.

**Operationally, geopolitical developments particularly related to the Middle East continue to pressure demand dynamics.** Pegasus Airlines' international passenger growth remained limited at 5% in 1Q26, while domestic passenger growth was stronger at 15%. Total passenger numbers increased by 9% YoY to 9.8 million, with the overall load factor reaching 86.3%. However, continued pressure on international unit revenues and shorter booking windows remained key factors weighing on operational profitability. The company also released April traffic data, indicating a weaker start to the second quarter, with total passenger numbers declining by 5% YoY to 3.45 million and the load factor falling by 6.7pp to 80.1%. **In particular, temporary flight suspensions on Middle East routes and weakening international demand point to a more cautious outlook for the second quarter.**

**On the other hand, Pegasus Airlines' young fleet structure, strong ancillary revenue generation capability, and operational diversification continue to support its long-term outlook.** The company's ancillary revenues increased by 10% YoY to EUR 287mn in 1Q26, while ancillary revenue per guest reached EUR 29.2.

**Under the current environment, we believe geopolitical risks, energy costs, and uncertainties regarding the demand outlook may continue to pressure share performance in the short term; however, we also believe that the operational outlook retains recovery potential should regional tensions ease and booking dynamics normalize.**

### PGSUS

### BUY

Target Price TL 252  
Return potential 40%

#### Share Data

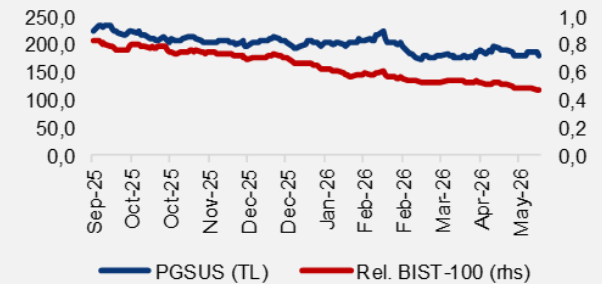
Ticker:	PGSUS TI		
Share price (as of 12.05.2026)	179,90		
Share price (52 week range)	174 / 274		
Market cap. (TL mn - USD mn)	89.950 - 1.985		
# of shares (mn) & free float	500 - 43%		
Foreign Ownership Rate	10.75%		
Market	Star		
Industry	Aviation		

Avg. trading volume	1M	3M	12M
USD mn	62,2	85,6	95,6

Price performance	1M	3M	Y-t-D
TL	-5%	-17%	-6%
USD	-6%	-20%	-11%
Rel. to BIST-100	-9%	-21%	-28%

Forecasts (TL mn)	2024	2025	2026E
Revenues	111.823	154.128	197.157
EBITDA	31.765	37.096	35.029
Net Earnings	13.285	13.750	-1.506

Valuation	2024	2025	2026E
P/E	6,8x	6,5x	n.m.
P/BV	1,2x	0,8x	0,7x
EV/EBITDA	7,8x	6,7x	7,0x



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## Financial Statements

<b>Balance Sheet</b>	<b>2024</b>	<b>2025</b>	<b>2026E</b>	<b>Income statement</b>	<b>2024</b>	<b>2025</b>	<b>2026E</b>
Cash	46.259	54.846	65.556	<b>Revenues</b>	<b>111.823</b>	<b>154.128</b>	<b>197.157</b>
Accounts receivables	2.699	3.677	8.138	Gross profit	24.935	26.196	26.129
Inventory	1.526	2.314	4.575	Operating expenses	-5.192	-8.115	-11.961
Financial investments	11.098	16.981	16.936	Operating profit	19.743	18.080	14.168
Fixed assets	18.188	27.891	35.638	<b>EBITDA</b>	<b>31.765</b>	<b>37.096</b>	<b>35.029</b>
Other non-current assets	203.808	304.459	358.992	Other income, net	1.064	-6.373	-2.197
<b>Total assets</b>	<b>283.578</b>	<b>410.168</b>	<b>489.835</b>	Financial income, net	-10.707	140	-11.030
Short-term financial loans	29.251	46.922	62.652	Earnings before taxes	11.922	14.836	2.905
Accounts payables	7.943	14.554	15.492	Tax expense	1.363	-1.086	-4.411
Long-term financial loans	137.057	186.262	220.201	<b>Net earnings</b>	<b>13.285</b>	<b>13.750</b>	<b>-1.506</b>
Other long-term payables	34.408	45.576	69.491	<b>Cashflow statement</b>			
<b>Non-current liabilities</b>	<b>208.659</b>	<b>293.314</b>	<b>367.835</b>	EBITDA	<b>31.765</b>	<b>37.096</b>	<b>35.029</b>
<b>Shareholders' equity</b>	<b>74.919</b>	<b>116.854</b>	<b>122.000</b>	Taxes on EBIT	1.363	-1.086	-4.411
Paid in Capital	500	500	500	Capital expenditures	2.568	-2.299	-4.554
Other Equity	74.419	116.354	121.500	Chg. in NWC	64	-4.845	2.231
<b>Total liabilities &amp; equity</b>	<b>283.578</b>	<b>410.168</b>	<b>489.835</b>	<b>Free cashflows to firm</b>	<b>35.632</b>	<b>38.556</b>	<b>23.833</b>
Net debt	120.049	178.339	217.297	<b>Growth &amp; margins</b>			
Net working capital	-3.718	-8.563	-2.778	Revenues	59%	38%	28%
				EBITDA	47%	17%	-6%
				Net earnings	-36%	3%	-111%
				Gross margin	22,3%	17,0%	13,3%
				Operating margin	17,7%	11,7%	7,2%
				EBITDA margin	28,4%	24,1%	17,8%
				Net margin	11,9%	8,9%	-0,8%
				Free cashflow margin	31,9%	25,0%	12,1%
				<b>Valuation</b>			
				P/E	6,8x	6,5x	n.m.
				P/BV	1,2x	0,8x	0,7x
				EV/EBITDA	7,8x	6,7x	7,0x

Source: Company Data, Tacirler Investment

\*All figures are stated in millions of TL unless otherwise stated.

## Important Disclosures

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