TACİRLER YATIRIM

Pegasus Airlines

We assess Pegasus' 4Q25 results as negative, as both operational performance and net profitability came in below our expectations. The company reported TL424mn in net profit in the final quarter, significantly below our estimate of around TL1.7bn and also below the market consensus of TL466mn. The deviation in net profit was mainly driven by weaker-than-expected operational performance and differences in one-off items. We also observe that rising geopolitical risks stemming from the Middle East have recently created short-term pressure on the stock performance. Accordingly, we revise our target price to TL300 per share from TL314 while maintaining our BUY recommendation. Despite potential near term volatility, we believe the company's increasing capacity, expanding flight network, and ongoing fleet modernization continue to support its long term growth outlook.

Operationally, traffic growth remains intact. In 2025, total passenger numbers increased by 15% YoY to 43.3 million, while ASK capacity expanded by 17%. Growth in international operations was a key driver of traffic with international passenger numbers rising 18% YoY allowing the company to outperform market growth in international routes. The load factor remained broadly stable at 87.7%, while operations at Istanbul Sabiha Gokcen Airport and the company's extensive network reaching 158 destinations continued to support traffic expansion. Supported by the increase in passenger traffic, revenues rose 9% YoY to EUR3.4bn in 2025, with ancillary revenues accounting for 37% of total revenues. However, pressure on unit revenues became more visible as RASK declined by 7% YoY mainly due to pricing strategies implemented to support demand and normalization in ticket prices, particularly in the second half of the year.

Cost pressures remain in place. In 2025, total expenses increased by 17% YoY while ex-fuel CASK rose to 2.69 EUR cents. The increasing share of next-generation A320neo and A321neo aircraft in the fleet continues to support fuel efficiency. However, rising geopolitical risks and the recent increase in Brent oil prices pose a risk to profitability through higher fuel costs. Pegasus' fuel hedging strategy stands out as a mitigating factor against such volatility, with the company hedging around 61% of its expected jet fuel consumption for 2026. Meanwhile, net debt increased to EUR2.94bn, mainly driven by new aircraft investments while fleet modernization and expanding operational capacity continue to support the company's long-term growth outlook.

PGSUS	BUY
Target Price	**TL 300**
Return potential	**66%**

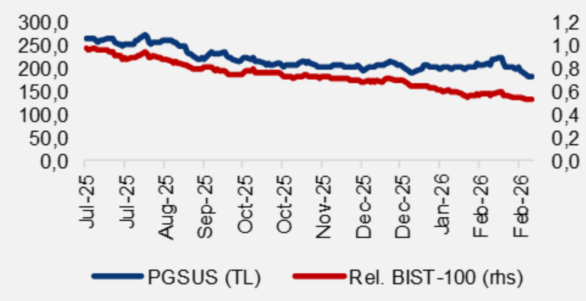
Share Data	
Ticker:	**PGSUS TI**
Share price (as of 05.03.2026)	180,70
Share price (52 week range)	181 / 283
Market cap. (TL mn - USD mn)	90.350 - 2.057
# of shares (mn) & free float	500 - 43%
Foreign Ownership Rate	12.08%
Market	Star
Industry	Aviation

Avg. trading volume	1M	3M	12M
USD mn	156,8	118,2	106,1

Price performance	1M	3M	Y-t-D
TL	-12%	-8%	-6%
USD	-13%	-11%	-8%
Rel. to BIST-100	-9%	-22%	-19%

Forecasts (TL mn)	2024	2025	2026E
Revenues	111.823	154.128	200.585
EBITDA	31.765	37.096	48.740
Net Earnings	13.285	13.750	16.249

Valuation	2024	2025	2026E
P/E	6,8x	6,6x	5,6x
P/BV	1,2x	0,8x	0,7x
EV/EBITDA	7,4x	6,3x	4,8x



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Financial Statements

Balance Sheet	2024	2025	2026E
Cash	46.259	54.846	81.676
Accounts receivables	2.699	3.677	5.954
Inventory	1.526	2.314	4.321
Financial investments	11.098	16.981	22.828
Fixed assets	18.188	27.891	36.560
Other non-current assets	203.808	304.459	352.717
Total assets	**283.578**	**410.168**	**504.056**
Short-term financial loans	29.251	46.922	63.539
Accounts payables	7.943	14.554	16.439
Long-term financial loans	137.057	186.262	224.247
Other long-term payables	34.408	45.576	66.727
Non-current liabilities	**208.659**	**293.314**	**370.953**
Shareholders' equity	**74.919**	**116.854**	**133.103**
Paid in Capital	500	500	500
Other Equity	74.419	116.354	132.603
Total liabilities & equity	**283.578**	**410.168**	**504.056**
Net debt	120.049	178.339	206.109
Net working capital	-3.718	-8.563	-6.164

Per share (TL)			
EPS	26,57	27,50	32,50
BVPS	149,84	233,71	266,21
DPS	0,00	0,00	0,00

Ratios			
Profitability			
ROE	20,5%	14,3%	13,0%
Net margin	11,9%	8,9%	8,1%
Asset turnover	0,5x	0,4x	0,4x
Leverage	3,7x	3,6x	3,7x
ROA	5,5%	4,0%	3,6%
Leverage			
Financial debt/Total assets	59%	57%	57%
Net debt/Equity	1,60	1,53	1,55
Net debt/EBITDA	3,78	4,81	4,23

Income statement	2024	2025	2026E
Revenues	**111.823**	**154.128**	**200.585**
Gross profit	24.935	26.196	35.773
Operating expenses	-5.192	-8.115	-10.958
Operating profit	19.743	18.080	24.815
EBITDA	**31.765**	**37.096**	**48.740**
Other income, net	1.064	-6.373	-4.053
Financial income, net	-10.707	140	-6.750
Earnings before taxes	11.922	14.836	17.594
Tax expense	1.363	-1.086	-1.345
Net earnings	**13.285**	**13.750**	**16.249**

Cashflow statement			
EBITDA	31.765	37.096	48.740
Taxes on EBIT	1.363	-1.086	-1.345
Capital expenditures	2.568	-2.299	-5.169
Chg. in NWC	64	-4.845	2.562
Free cashflows to firm	**35.632**	**38.556**	**39.664**

Growth & margins			
Revenues	59%	38%	30%
EBITDA	47%	17%	31%
Net earnings	-36%	3%	18%
Gross margin	22,3%	17,0%	17,8%
Operating margin	17,7%	11,7%	12,4%
EBITDA margin	28,4%	24,1%	24,3%
Net margin	11,9%	8,9%	8,1%
Free cashflow margin	31,9%	25,0%	19,8%

Valuation			
P/E	6,8x	6,6x	5,6x
P/BV	1,2x	0,8x	0,7x
EV/EBITDA	7,4x	6,3x	4,8x

Source: Company Data, Tacirler Investment

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

Important Disclosures

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