

# Pegasus Airlines

**HOLD**

## Review of 4Q25 Financials

**Upside Potential 65%**

### Actual vs Estimates

**4Q25 net income above estimates.** Beating estimates (Is Invest: €33mn net loss; Consensus: €4mn net income), Pegasus Airlines posted €15mn net earnings in 4Q25, down by 71% YoY, carrying 2025 net earnings to €301mn, down by 17% YoY. The weaker 4Q25 bottom-line was mainly attributable to poor operating performance. Recorded tax income in contrast to expected tax expense was the reason for the deviation in our net loss estimate. Meeting estimates (Is Invest: €783mn; Consensus: €799mn), Pegasus Airlines reported €814mn revenues in 4Q25, up by 8% YoY, bringing 2025 full year top-line figure to €3.41bn, up by 9% YoY. In-line with estimates (Is Invest: €149mn; Consensus: €144mn), the Airline posted €148mn EBITDA in 4Q25, down by 16% YoY, registering a margin of 18.2% in 4Q25, down by 5.2ppt YoY. EBITDA reached €840mn 2025, down by 5% YoY, with a margin of 24.6%, down by 3.8ppt YoY.

### Highlights of the Quarter

**Limited turnover growth on lower yields.** Despite robust ASK (+20%) and passenger traffic (+19%) growth in 4Q25, scheduled flight revenues grew only 3% on lower passenger yields, especially in Europe. Rising competition on the back of softness in passenger demand along with capacity increases resulted in lower yield environment in Europe. Respective 50% and 28% of Pegasus Airlines revenues were € and US\$ denominated, while remaining 20% was TL denominated in 2025. Domestic RASK increased by 12% to TL133.1 in 4Q25, whereas international RASK fell by 15% to €2.27 in 4Q25, down by 15% YoY. Holding 37% share in total, Ancillary Revenues, on the other hand, surged by 18% in 4Q25, thanks to robust passenger traffic growth. Ancillary revenue/pax slightly declined to €29.3 in 4Q25, down by a mere 1% YoY. Total RASK was down by 7% in 4Q25 and 10% in 2025.

**RASK-CASK spread below its historic average.** Ex-fuel CASK declined by 3% to €c2.69 in 4Q25, driven by lower personnel and maintenance expenses per ASK. Fuel CASK rose merely 1% to €c1.21 in 4Q25. Consequently, total CASK increased by 2% to €3.90 in 4Q25. For 2025, ex-fuel CASK was up by 5%, while total CASK remained flat. Pegasus Airlines hedged 61% of its expected fuel consumption for 2026 at Brent price of US\$65-\$71. RASK – CASK spread stood at €c0.51 in 2025 below €c0.53 its average of 2014- 2025 (excluding 2020-2021).

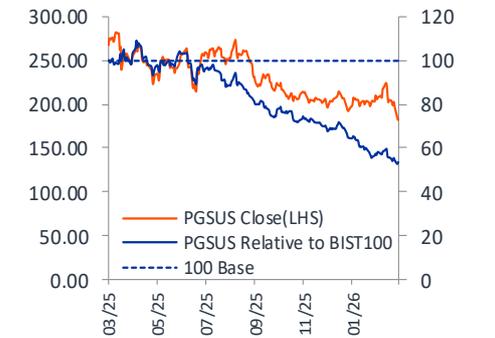
**Slight increase in net debt position.** Net Debt position rose to €2.94bn as of 2025-end from €2.75bn as of 2024-end, while Net Debt/EBITDA slightly came down to 3.0x in 2025 from 3.0x in 2024.

Stock Data	TL
Price	181.80
Target Price*	300.00
Prev.TP	300.00
Mcap (mn)	90,900
Float Mcap (mn)	42,078
Avg.Daily Volume (3M, mn)	3749.1
No. of Shares Outstanding (mn)	500
Free Float (%)	46
Foreign Share (%)	13

Price Perf. (%)	1 Mn	Ytd	12 Mn
TL	-10.7	-5.2	-27.8
US\$	-11.8	-7.4	-40.1
Rel.to BIST-100	-4.5	-17.5	-44.8

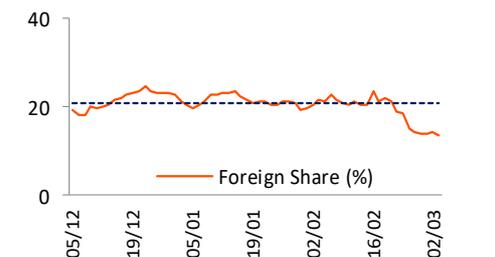
Multiples	2025	2026	2027
P/E	6.6	6.5	5.3
P/BV	0.8	0.6	0.5
EV/EBITDA	6.8	4.9	3.8

### Price / Relative Price



3M Range (Close TL)	181.40	224.00
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Foreign Share (%)	Cur.(%) :	13.41
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## Pegasus Airlines

Company Description	Shareholder Structure (%)	
Pegasus is the fifth airline which offers scheduled flights and it could be defined as the only low cost carrier in Turkey. The company has 43 planes in its fleet as of June 2013 and flies to 71 destinations, 29 of which are on domestic routes and the remaining 42 are international. After the IPO, Esas Holding and Sabanci Family own 65.5% stake at the company while the remaining 34.5% is free-float.	Esas Holding A.Ş.	52.81
	Diğer	47.19

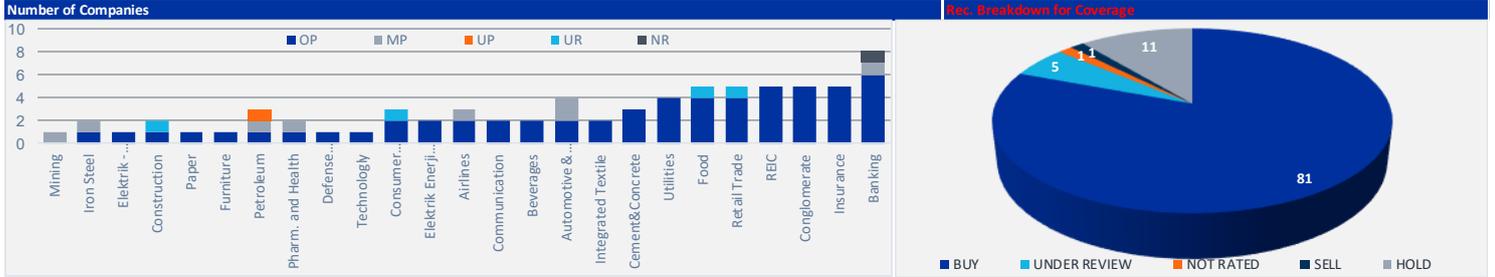
**A prolonged conflict in Middle East is the major risk.** The closure of airspace and the suspension of flights to many Middle East countries due to escalating geopolitical risks might lead to decline in Pegasus Airlines' revenues, whereas profit margins might be under pressure on rising oil prices (fuel costs). We assume that Middle East roughly holds 15% share of Pegasus Airline's total turnover. Capacity re-allocation from Middle East to Europe of European Airlines might lead to further increase in the competition, resulting in further pressure in yields in European region. On the other hand, Pegasus Airlines is relatively well-protected to rising oil prices thanks to its high fuel hedge ratio of 61% for 2026.

**Comment:** Although we expect some positive initial market reaction to Pegasus Airlines' better-than-expected 4Q25 net profit, geopolitical developments throughout the day will affect the share performance. Pegasus Airline will hold a webcast to review its 4Q25 financials at 16:00 IST.

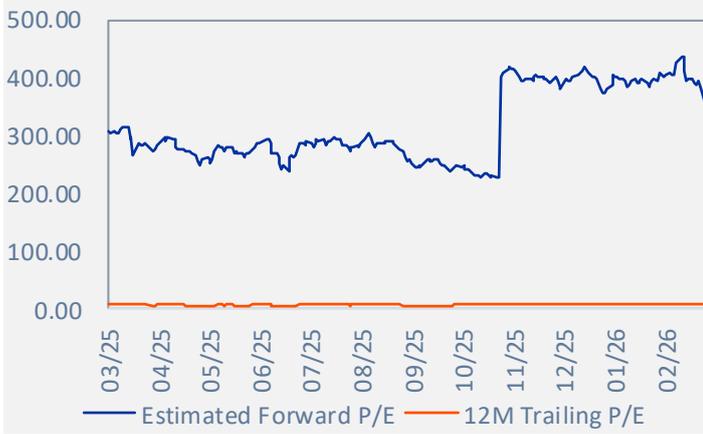
### Financial Highlights

€ million	4Q25	4Q24	Change	Is Invest	Consensus	2025	2024	Change
<b>Total Pax Traffic (mn)</b>	11.3	9.5	19%			43.3	37.5	15%
<b>Total ASK (bn)</b>	20.2	16.8	20%			78.3	66.8	17%
<b>PLF</b>	88.5%	86.7%	1.8ppt			87.7%	87.7%	0.0ppt
<b>Revenues</b>	814	753	8%	783	799	3,414	3,126	9%
<b>Operating Expenses</b>	788	666	18%			3,014	2,578	17%
<b>EBIT</b>	26	87	-70%			400	548	-27%
<b>EBITDA</b>	148	176	-16%	149	144	840	888	-5%
<b>EBITDA Margin</b>	18.2%	23.4%	-5.2ppt			24.6%	28.4%	-3.8ppt
<b>PBT</b>	-19	1	n.m.			325	323	1%
<b>Tax</b>	34	51	-33%			-24	38	-163%
<b>Net Income</b>	15	51	-71%	-33	4	301	361	-17%
<b>RASK (€)</b>	4.03	4.49	-10%			4.36	4.68	-7%
<b>CASK (€)</b>	3.90	3.97	-2%			3.85	3.86	0%
<b>Ex-fuel CASK (€)</b>	2.69	2.77	-3%			2.69	2.55	5%
<b>Ancillary Revenue Per Pax (€)</b>	29.30	29.60	-1%			29.50	28.30	4%

Pegasus Airlines



Estimated Forward P/E & 12M Trailing P/E



Estimated Forward EV/EBITDA & 12M Trailing EV/EBITDA



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