

Corporate Credit Rating

New Update

Sector: Airline Passenger Transportation

Publishing Date: 14/12/2023

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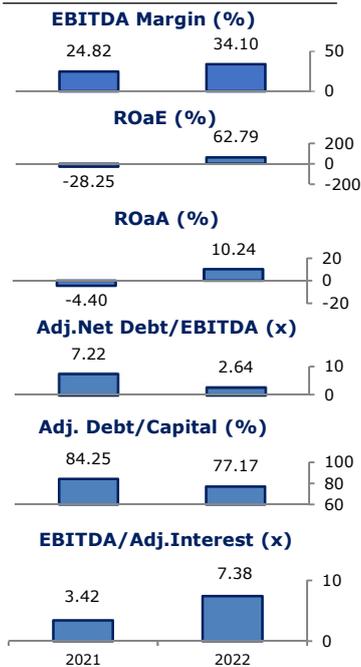
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA+ (tr)	J1+ (tr)
	National ICR Outlooks	Positive	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Negative	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB Negative	-
	Local Currency	BB Negative	-

* Assigned by JCR on Aug 18, 2022



PEGASUS HAVA TAŞIMACILIĞI ANONİM ŞİRKETİ

JCR Eurasia Rating has evaluated "Pegasus Hava Taşımacılığı Anonim Şirketi" in the very high investment-level category and affirmed the Long-Term National Issuer Credit Rating at 'AA+ (tr)' whereas revised the Long-Term National Issuer Credit Rating outlook from 'Stable' to 'Positive'. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were affirmed at 'BB/Negative' in parallel to international ratings and outlooks of Republic of Türkiye.

Pegasus Hava Taşımacılığı Anonim Şirketi (hereinafter "Pegasus" or "the Company" or "the Group") was established as a joint venture company by Aer Lingus Group, Silkar Yatırım A.Ş. and Net Holding A.Ş. and has been operating in the aviation industry with charter flights since 1990. Following its acquisition by Esas Holding in 2005, Pegasus undertook a strategic shift, pioneering the low-cost network carrier model within the Turkish aviation landscape. As of September 30, 2023, the shareholder structure of Pegasus is as follows: 41.53 % of shares are floating in Borsa İstanbul and 56.66% belongs to Esas Holding A.S, whereas the rest is owned by Şevket Sabancı family members.

Pegasus' core activities encompass the spectrum of domestic and international air travel for both passengers and cargo. Through sustained growth in its domestic and international operations, the airline now boasts a fleet of 105 aircraft and a 7,430 workforce as of September 30, 2023. This network extends across 49 countries, offering flights to 129 destinations encompassing Türkiye, Europe, Northern Cyprus, the Independent States Community, the Middle East, and Africa.

Key rating drivers, as strengths and constraints, are provided below.

Strengths

- Exceeding pre-pandemic solid levels in key operational indicators, based on the traffic data,
- Satisfactory cash buffer against financial debt and improved net debt to EBITDA multiplier in 2022,
- Satisfactory load factor level supporting profitability,
- Hard currency cash flow stream supported by increasing international scheduled flights and expanding flight network,
- Pegasus, one of the pioneering brand names in Türkiye and the leading low-cost airline carrier in the sector,
- Advantage of Türkiye being one of the favourite tourism centres in the World,
- Diversified activities and proven track record of the main shareholder,
- As a publicly traded Company, high level of compliance with Corporate Governance Practices.

Constraints

- Volatile oil prices continue to treat profits, though the hedged portion provides resilience,
- Leading economic indicators signal global economic slowdown as quantitative tightening actions aim to restrict consumption growth and achieve a soft-landing in the domestic side.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed at 'AA+ (tr)'. Pegasus's long business track record with sturdy brand recognition, solid cash position, high recovery after pandemic and 9M-2023 financial results have been evaluated as important indicators and the Long-Term National Issuer Credit Rating outlook has been revised to "Positive". The Company's capital adequacy, financial structure, sales performance, asset quality, growth performance, profitability ratios and the trends of the existing risks in the markets and the business environment will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.