

## Corporate Credit Rating

New  Update

**Sector:** Airline Passenger  
Transportation

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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	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB Stable	-
	Local Currency	BB Stable	-

\* Assigned by JCR on May 10, 2024

## 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 as 'AA+ (tr)' and the Long-Term National Issuer Credit Rating outlook as 'Positive'. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned at 'BB/Stable' 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, 2024, the shareholder structure of Pegasus is as follows: 41.53 % of shares are floating in Borsa Istanbul 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 112 aircraft and an 8,553 workforce as of September 30, 2024. This network extends across 53 countries, offering flights to 144 destinations encompassing Türkiye, Europe, Northern Cyprus, Commonwealth of Independent States, the Middle East, and Africa.

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

### Strengths

- Continuous growth in revenue bolstered by improved key operational results in the examined periods,
- High load factor continues to lead strong profit margins despite slight decline in FY2023 and 9M-2024 due to cost pressure,
- Maintaining reasonable level of net debt to EBITDA multiplier while continuing fleet investments,
- Increased cash assets driven by solid cash generation capacity, supporting the liquidity position in FY2023 and 9M-2024,
- Hard currency cash flow stream supported by international scheduled flights and expanding flight network,
- Pegasus, one of the pioneering brand name in Türkiye and leading low-cost airline carrier in the sector with growing fleet size,
- Positive impact of Türkiye's favorable position among World's tourism centers on aviation sector,
- Diversified activities and proven track record of the main shareholder,
- High compliance with Corporate Governance Practices as a publicly traded company.

### Constraints

- Potential fluctuations in oil prices could pose challenges for cost management in the sector, although the Company's hedging instruments offer partial resilience,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's Long-Term National Issuer Credit Rating has been affirmed as 'AA+ (tr)'. Pegasus' continuous growth in traffic results and revenues, maintaining solid profitability and increased liquid assets according to 9M-2024 financial results have been evaluated as important indicators and the Long-Term National Issuer Credit Rating outlook has been affirmed as "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.

