

## Corporate Credit Rating

☐ New ☒ Update

**Sector:** Airline

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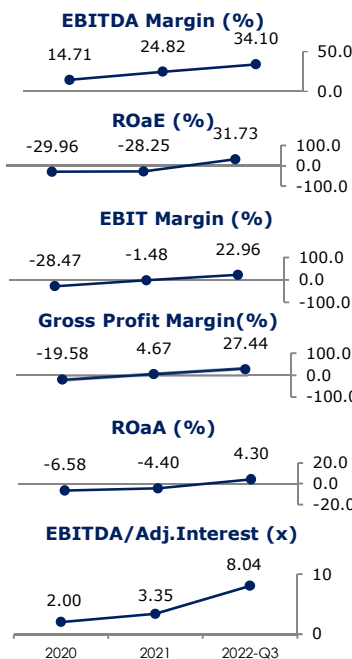
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| RATINGS                              |                               | Long Term   | Short Term |
|--------------------------------------|-------------------------------|-------------|------------|
| ICRs (Issuer Credit Rating Profile)  | National 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) | International LC ICR Outlooks | Negative    | -          |
|                                      | National ISR                  | -           | -          |
|                                      | International FC ISR          | -           | -          |
| Sovereign*                           | International LC ISR          | -           | -          |
|                                      | Foreign Currency              | BB Negative | -          |
| Sovereign*                           | Local 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 high investment-level category and affirmed the Long-Term National Issuer Credit Rating at 'AA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)', whereas the Long-Term National Issuer Credit Rating outlook revised from 'Stable' to 'Positive' and affirmed the Short-Term National Issuer Credit Rating outlook at 'Stable'. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as '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. After the acquisition by Esas Holding in 2005, Pegasus changed its business model and focused on implementing the low-cost network carrier business model for the first time. As of 30.11.2022, 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's main fields of activity are all types of domestic and international passenger and cargo air transportation. Pegasus has grown its domestic and international operations over the years and has been continuing its activities with a fleet of 95 aircraft and 6,499 personnel as of September 30, 2022. Pegasus flies to 125 destinations in 47 countries including Türkiye, Europe, Northern Cyprus, Independent States Community, Middle East and Africa.

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

### Strengths

- Converging pre-pandemic levels in passenger traffic in 9M-FY2022 with remarkable revenue growth,
- Significant increase in core profitability indicators,
- Solid cash position buffer against financial debts,
- Pegasus, one of the pioneering brand names in Türkiye and the leading low-cost airline carrier in the sector,
- Geographical advantages of Türkiye in terms of tourism supporting the growth,
- High level of compliance regarding corporate governance implementations,
- Diversified activities and proven track record of shareholders.

### Constraints

- The adverse impact of the Covid-19 pandemic, which led to bottom-line losses, eroded the equity level,
- Global recession and geopolitical risks stemming from the Russia-Ukraine tension increasing uncertainty and monetary tightening across the globe deteriorating growth projections,
- Pressure from rising oil prices on profit margins.

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, being one of the pioneer players in the sector and capability to access funding resources, high recovery after pandemic have been evaluated as important indicators and Long-Term National Issuer Credit Ratings is revised as 'Positive' and Short-Term National Issuer Credit Ratings affirmed as 'Stable'. The Company's sales and profitability performance, developments in indebtedness structure 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.