

# 2022 First Quarter Results Investor Presentation





**TURKISH AIRLINES**

A STAR ALLIANCE MEMBER 

**KEY  
TAKEWAYS**

**1.**

**SUMMARY  
OF 1Q'22**

**2.**

**1Q'22  
OPERATIONAL  
HIGHLIGHTS**

**3.**

**1Q'22  
FINANCIAL  
HIGHLIGHTS**

**4.**

**STRATEGY  
AND  
TARGETS**





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## Total Revenue

10% higher revenue achieved in 1Q'22, compared to 1Q'19.

mn USD



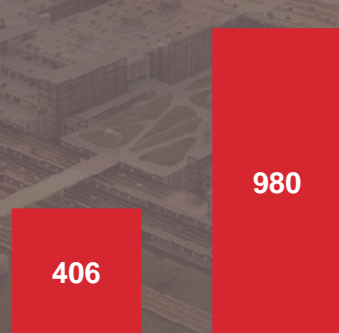
1Q'19

1Q'22

## Cargo Revenue

Cargo revenue more than doubled in 1Q'22 compared to 1Q'19.

mn USD



1Q'19

1Q'22

## Cash & Liquidity

Liquidity remains strong with ~3,1 bn USD Cash & Eq. and over 3 bn USD available credit lines.

mn USD

31 Mar. 2022

3.121

31 Dec. 2021

2.682

## Passenger Capacity

91% of 2019 capacity level reached in the first quarter of 2022.

91%

## Carried Cargo

Carried cargo tons exceeded 2019 level by almost 7%.

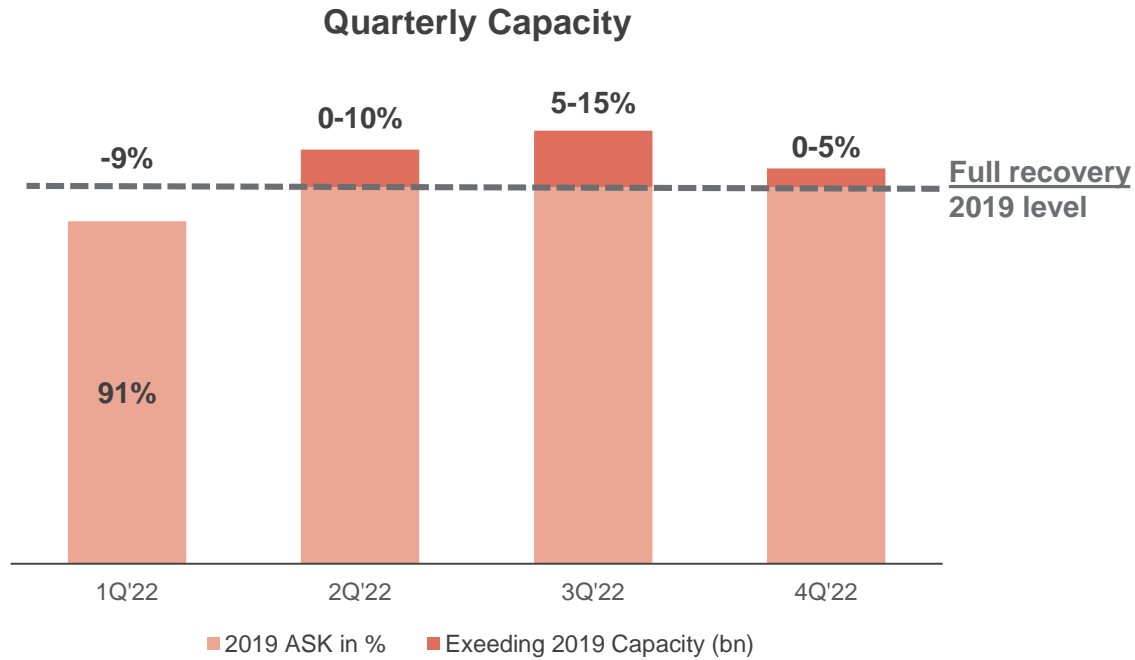
'000 Ton



1Q'19

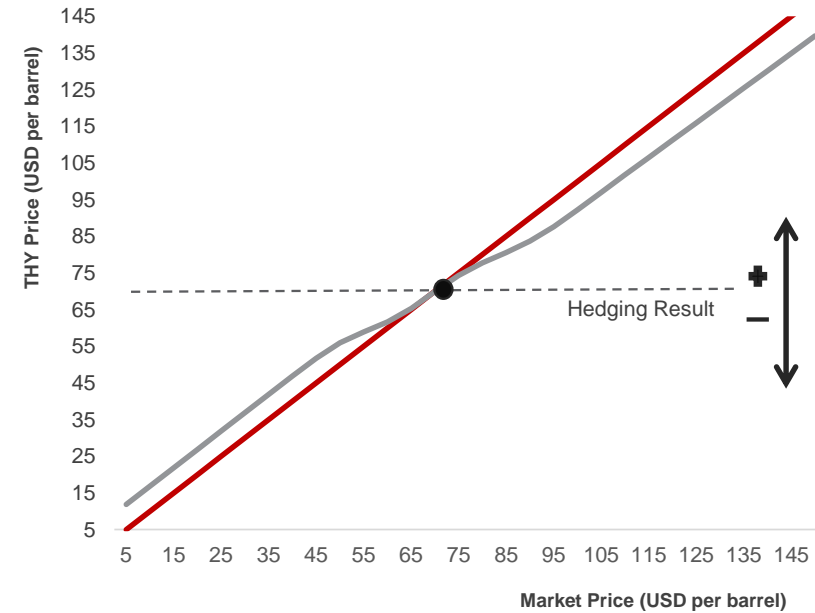
1Q'22

# Operational ramp up continues while carefully managing fuel expenses



Capacity in the following quarters is expected to exceed 2019 levels.

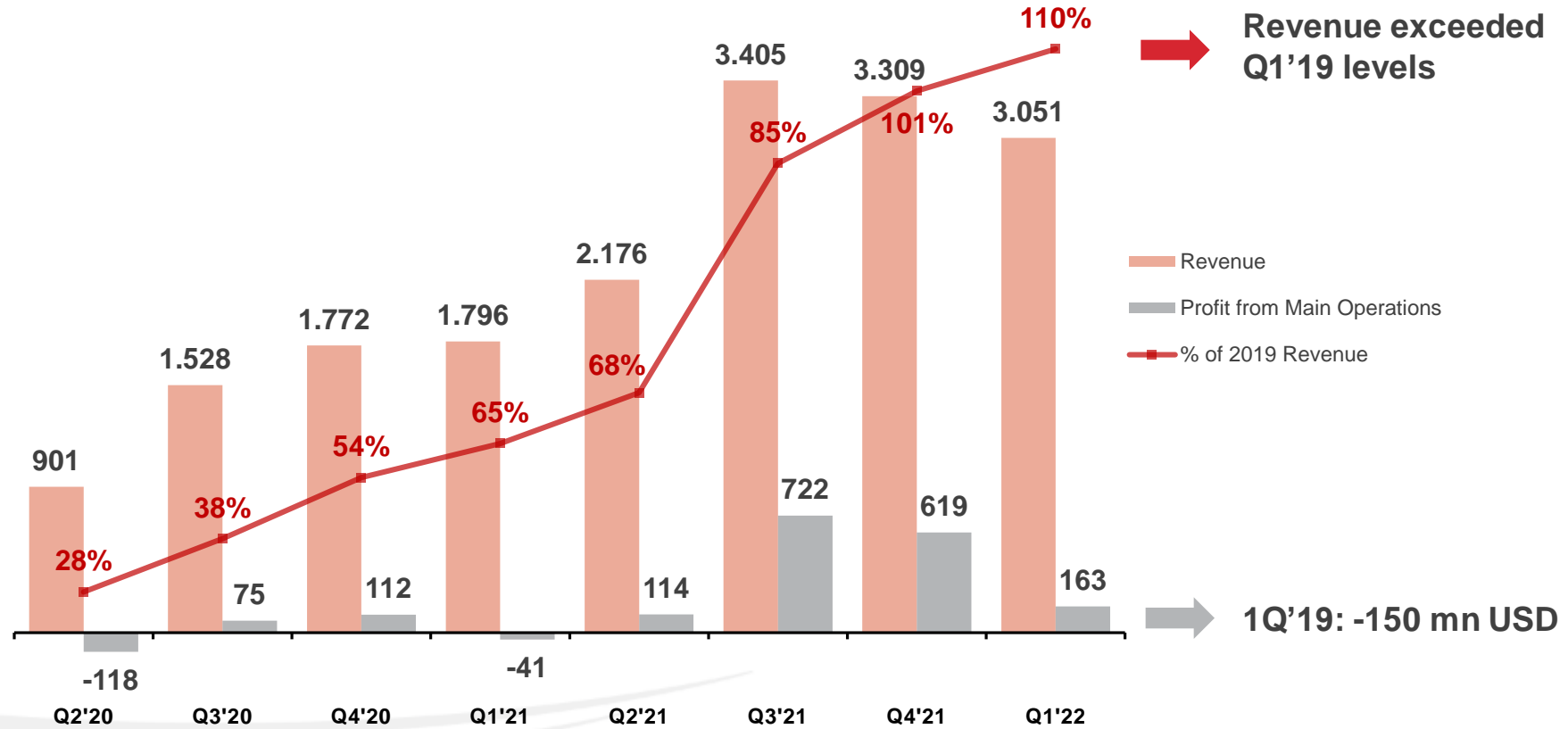
### Effect of Hedging on the Fuel Price



Fuel hedge positions alleviate negative impact of rising oil prices.

# Turkish Airlines experienced a robust first quarter in 2022

## Recovery through COVID-19 (mn USD)





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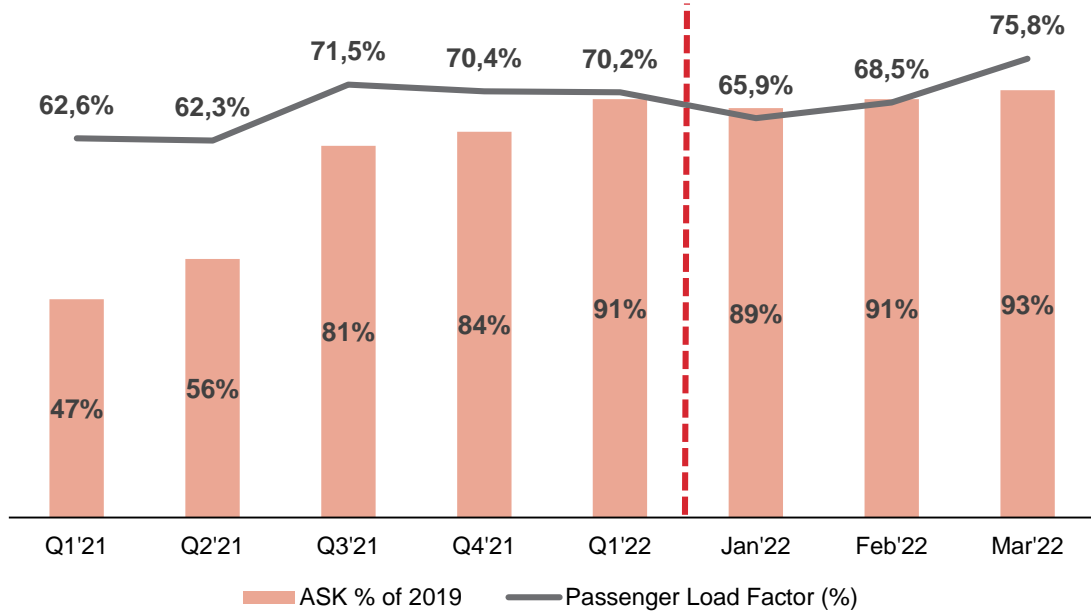
**1Q'22  
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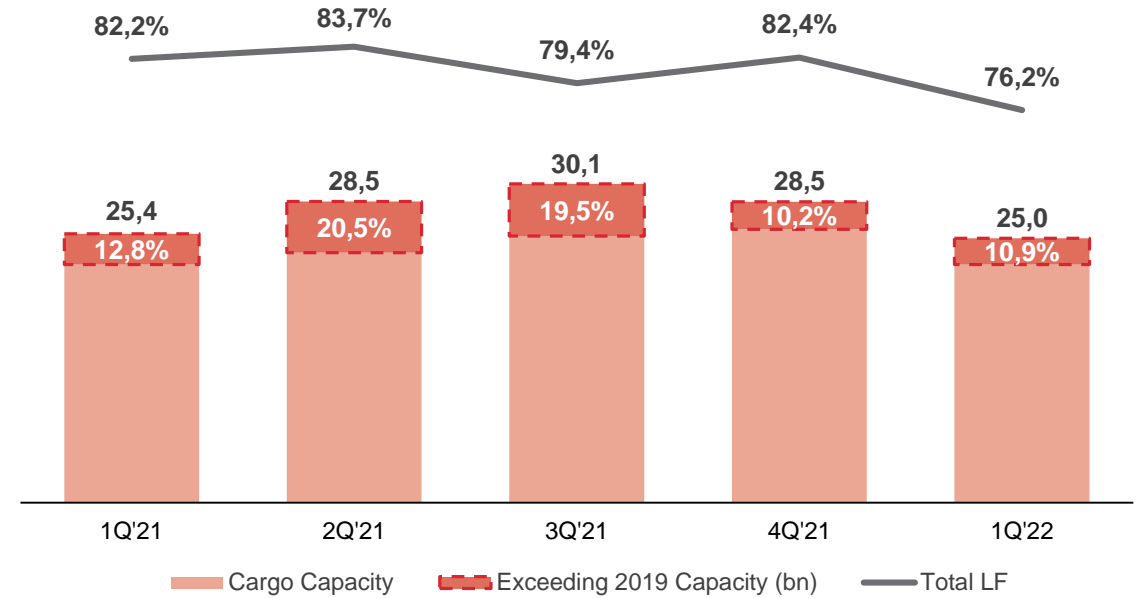
**STRATEGY  
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# Capacity Management

In March 2022, we reached **93%** of 2019 ASK levels.

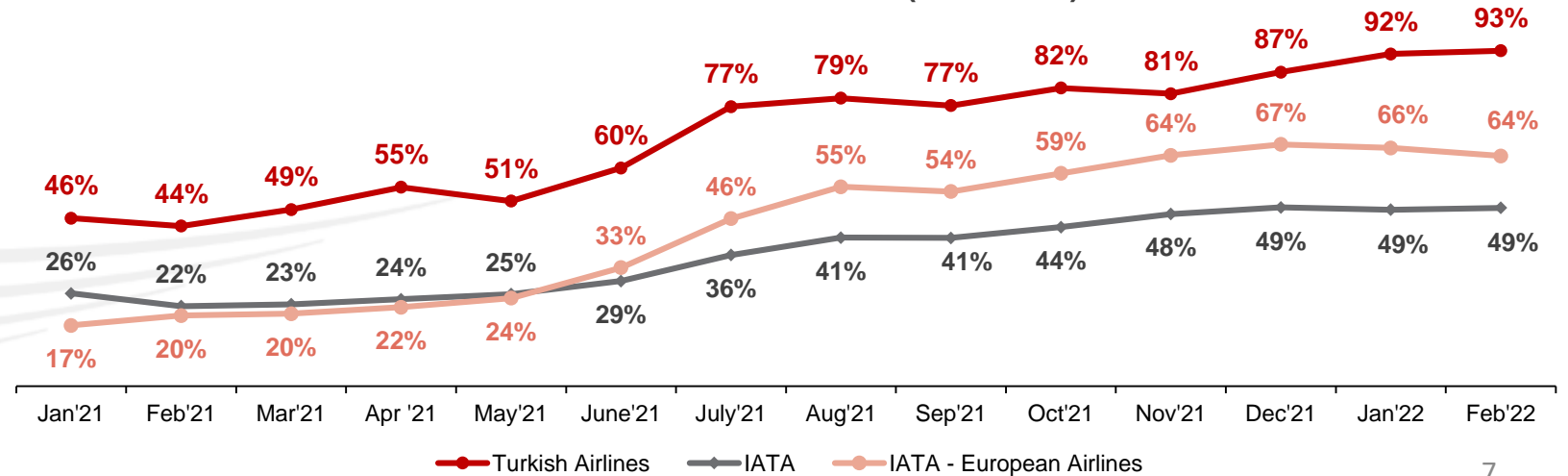


Cargo capacity increased by **11%** in 1Q'22 compared to 1Q'19.

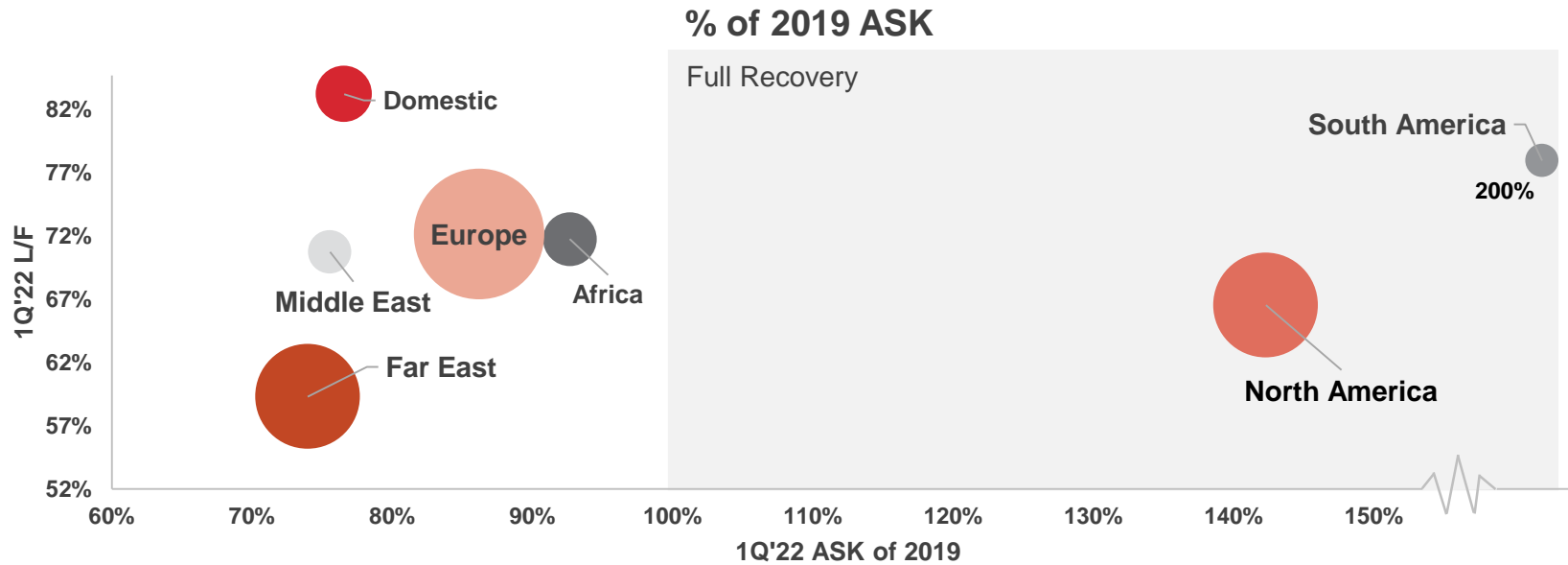


Higher international passenger capacity compared to European Airlines.

## International ASK (% of 2019)

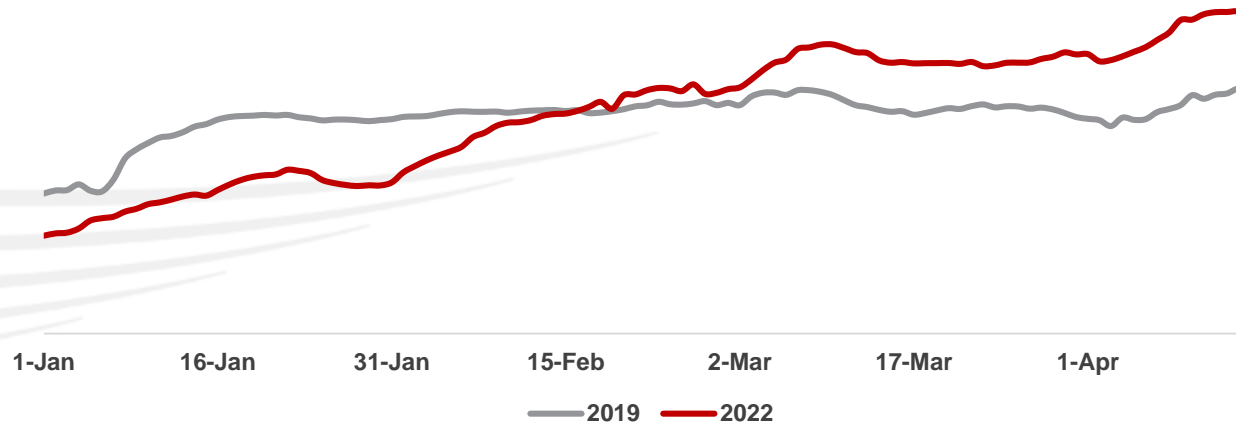


# Passenger Traffic Regional Recovery (1Q'22 / 1Q'19)



Note: The scale of the bubble represents the portion of the regions' ASK contribution in 1Q'22.

## Passenger Sales (7 day moving average)

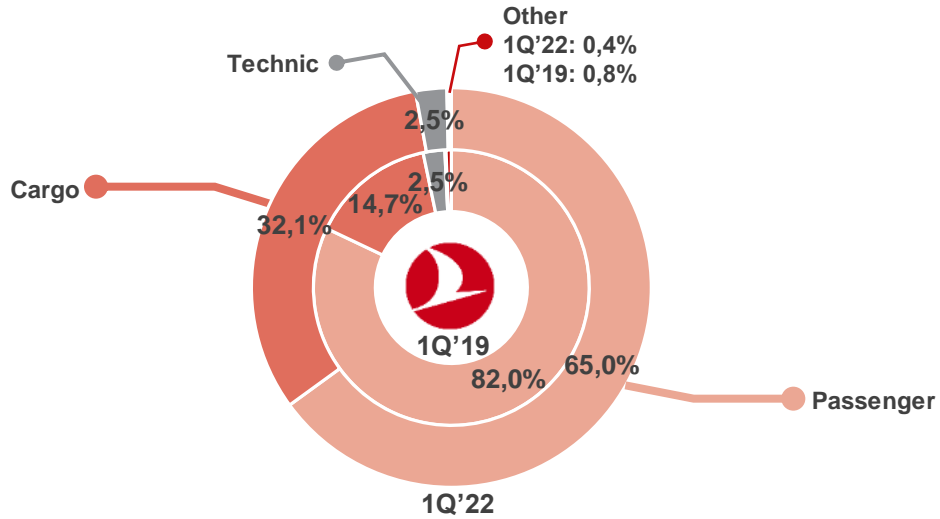


Passenger sales exceeded 2019 levels and sustaining a positive trend

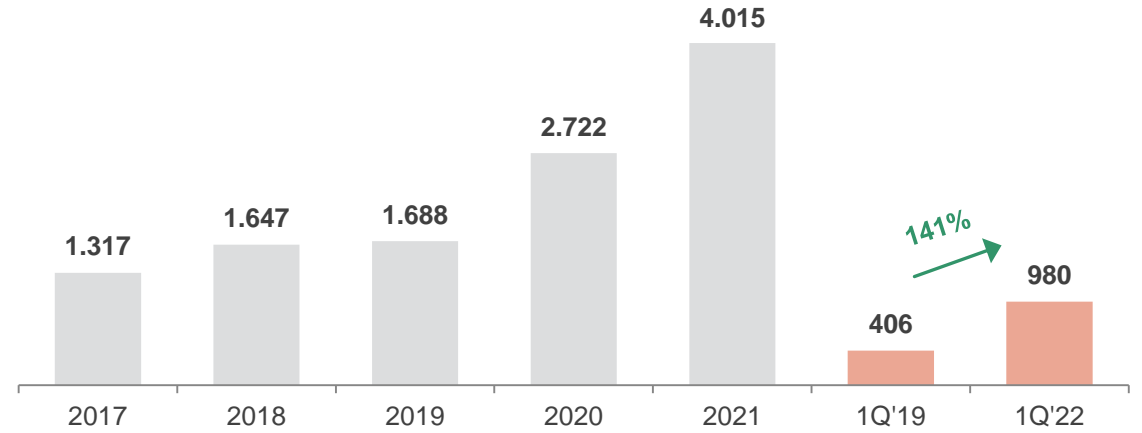


# Cargo Operations

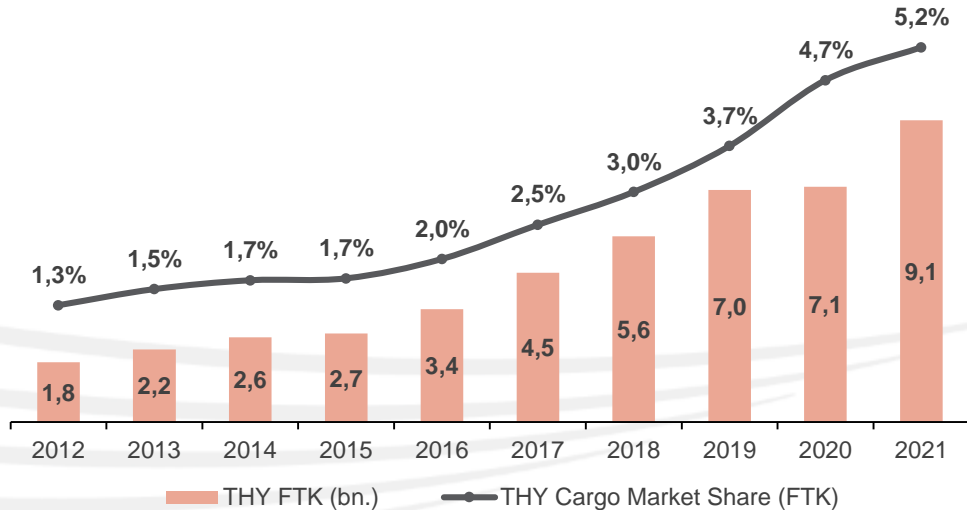
## Revenue by Business Type (1Q'22 / 1Q'19)



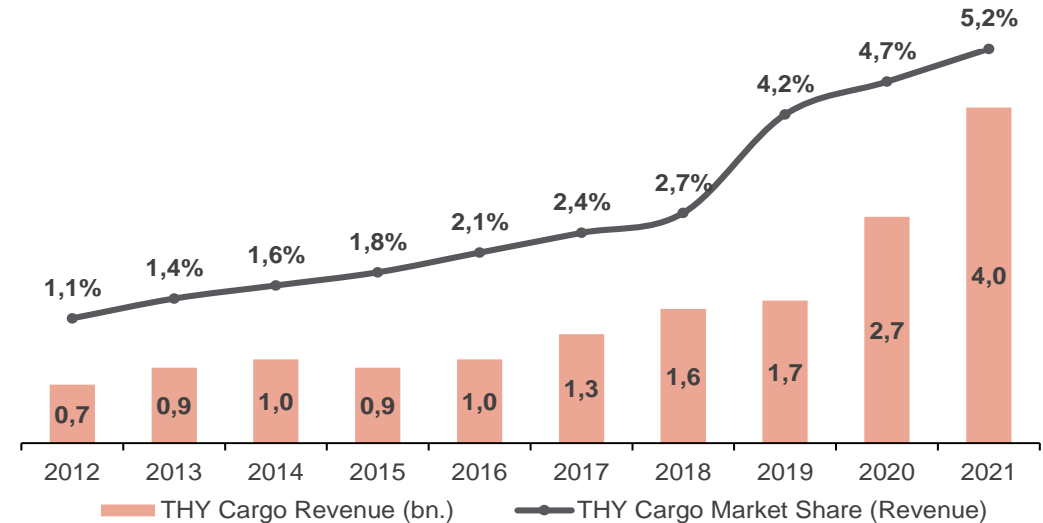
## Cargo Revenue Evolution (mn USD)



## THY Cargo Market Share - FTK



## THY Cargo Market Share - Revenue





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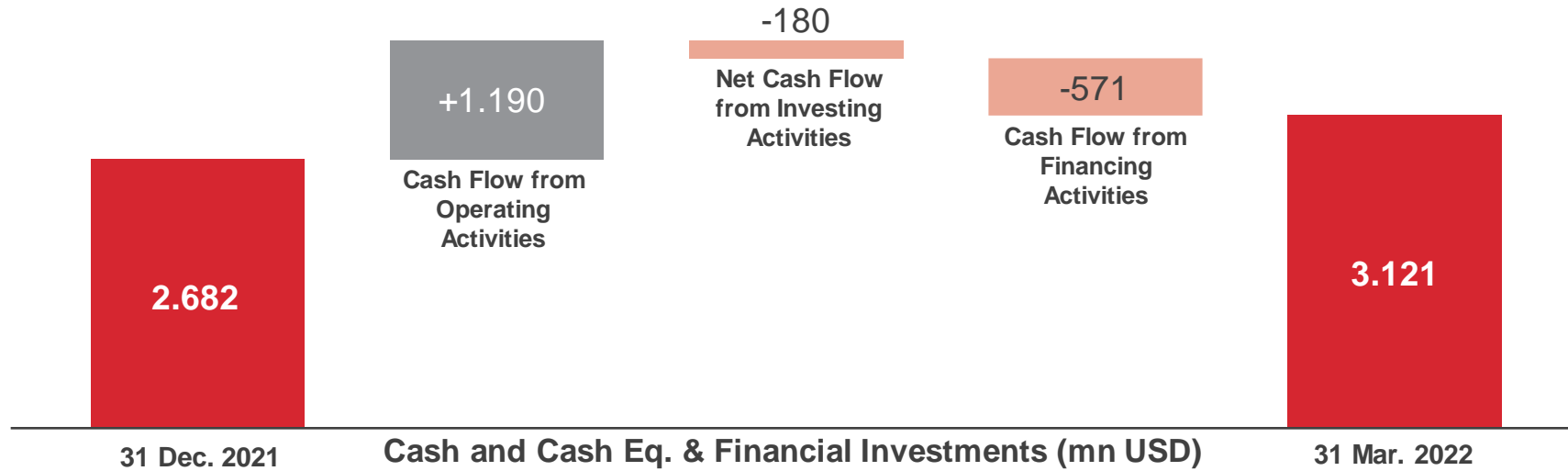
**1Q'21  
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# Liquidity Management & Leverage

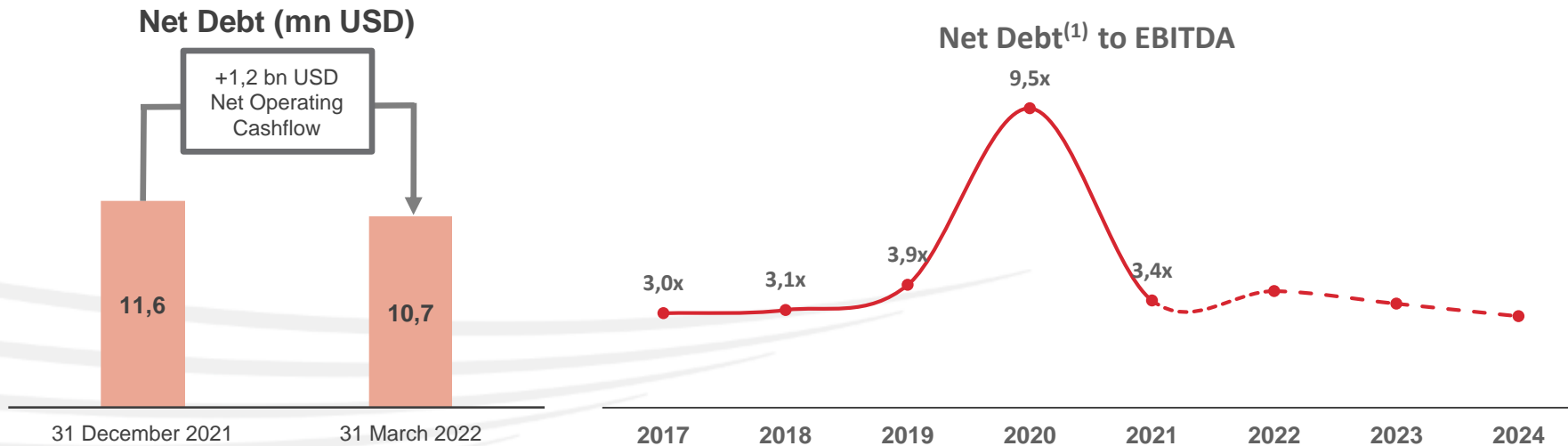
We have over **6 bn USD** liquidity with **3.1 bn USD** Cash&Eq. and around **3 bn USD** available credit lines.



Operational cash generation ability drove accelerated deleveraging.

Deferred investments and cost saving measures limited cash outflow.

Net Debt to EBITDA is expected to converge long-term target of **3x** by 2024.



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<sup>(1)</sup> Net Debt = Total Debt – (Cash & Cash eq. + Short-term Financial Investments + Short-term PDP Receivables + Restricted Cash)

# Financial and Operational Data

2019	2021	Change	(USD mn)	1Q'19	1Q'22	Change
13.229	10.686	-19,2%	<b>Revenue</b>	2.768	3.051	10,2%
11.167	6.390	-42,8%	Passenger Revenue	2.275	1.990	-12,5%
1.688	4.015	137,9%	Cargo Revenue	406	980	141,4%
305	253	-17,1%	Technic Revenue	70	77	10,0%
585	1.275	117,9%	<b>Net Operating Profit / Loss</b>	-203	144	-
876	1.414	61,4%	<b>Profit From Main Operations</b>	-150	163	-
788	959	21,7%	<b>Net Income</b>	-229	161	-
6,0%	9,0%	3,0 pt	Net Income Margin	-8,3%	5,3%	13,6 pt
3.107	3.744	20,5%	<b>EBITDAR</b>	358	710	98,2%
23,5%	35,0%	11,5 pt	EBITDAR Margin	12,9%	23,3%	10,3 pt
187.717	127.769	-31,9%	<b>ASK (Billion)</b>	42.655	38.836	-9,0%
6,06	6,32	4,2%	<b>RASK (Usc)</b>	5,55	6,57	18,3%
7,29	7,37	1,1%	<b>Revenue Yield (R/Y) (Usc)</b>	6,66	7,30	9,5%
74.282	44.788	-39,7%	<b>Passengers Carried ('000)</b>	16.738	12.663	-24,3%
81,6%	67,9%	-13,8 pt	<b>L/F (%)</b>	80,1%	70,2%	-9,8 pt

**Total revenues** exceeded 2019 levels in the first quarter of 2022 by 10%.

**Cargo revenue** more than doubled in the first quarter of 2022.

**Profit from main operations** turned positive in the first quarter of 2022 and reached **163 million USD**.

**EBITDAR Margin** reached **23%**, marking a strong first quarter in 2022.



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RASK: Total Passenger and Cargo Revenue / ASK\*

\*ASK value is adjusted for cargo operations adding Cargo Available Ton Km.

# Expenses and Cost-Cutting Activities

2019	2021	Change	(USc)	1Q'19	1Q'22	Change
2,06	2,16	4,5%	Fuel	2,00	2,46	22,9%
1,10	1,02	-7,7%	Personnel	1,21	1,14	-5,9%
0,98	1,52	55,3%	Aircraft Ownership <sup>1</sup>	1,02	1,23	20,7%
0,63	0,75	20,3%	Airports & Air Navigation	0,57	0,67	16,6%
0,59	0,47	-19,8%	Sales & Marketing	0,73	0,58	-19,6%
0,42	0,45	6,4%	Maintenance	0,45	0,44	-1,6%
0,63	0,79	25,8%	Other	0,65	0,71	8,6%
<b>6,74</b>	<b>7,37</b>	<b>9,4%</b>	<b>TOTAL</b>	<b>6,97</b>	<b>7,49</b>	<b>7,5%</b>

<sup>1</sup>includes Depreciation and Aircraft Rent expenses.

CASK (incl. ATK)<sup>2</sup>: **-4,2%**

CASK (incl. ATK)<sup>2</sup>: **4,4%**

Ex-Fuel CASK: **11,5%**

Ex-Fuel CASK: **1,2%**

Ex-Fuel CASK (incl. ATK)<sup>2</sup>: **-2,3%**

Ex-Fuel CASK (incl. ATK)<sup>2</sup>: **-1,6%**

<sup>2</sup>ASK value is adjusted to indicate effect of Cargo as cargo expenses have reasonable share in our total expenses.

## Further transformational projects are in the pipeline such as:

Enhancing capabilities of digital sales channels to save on distribution costs.

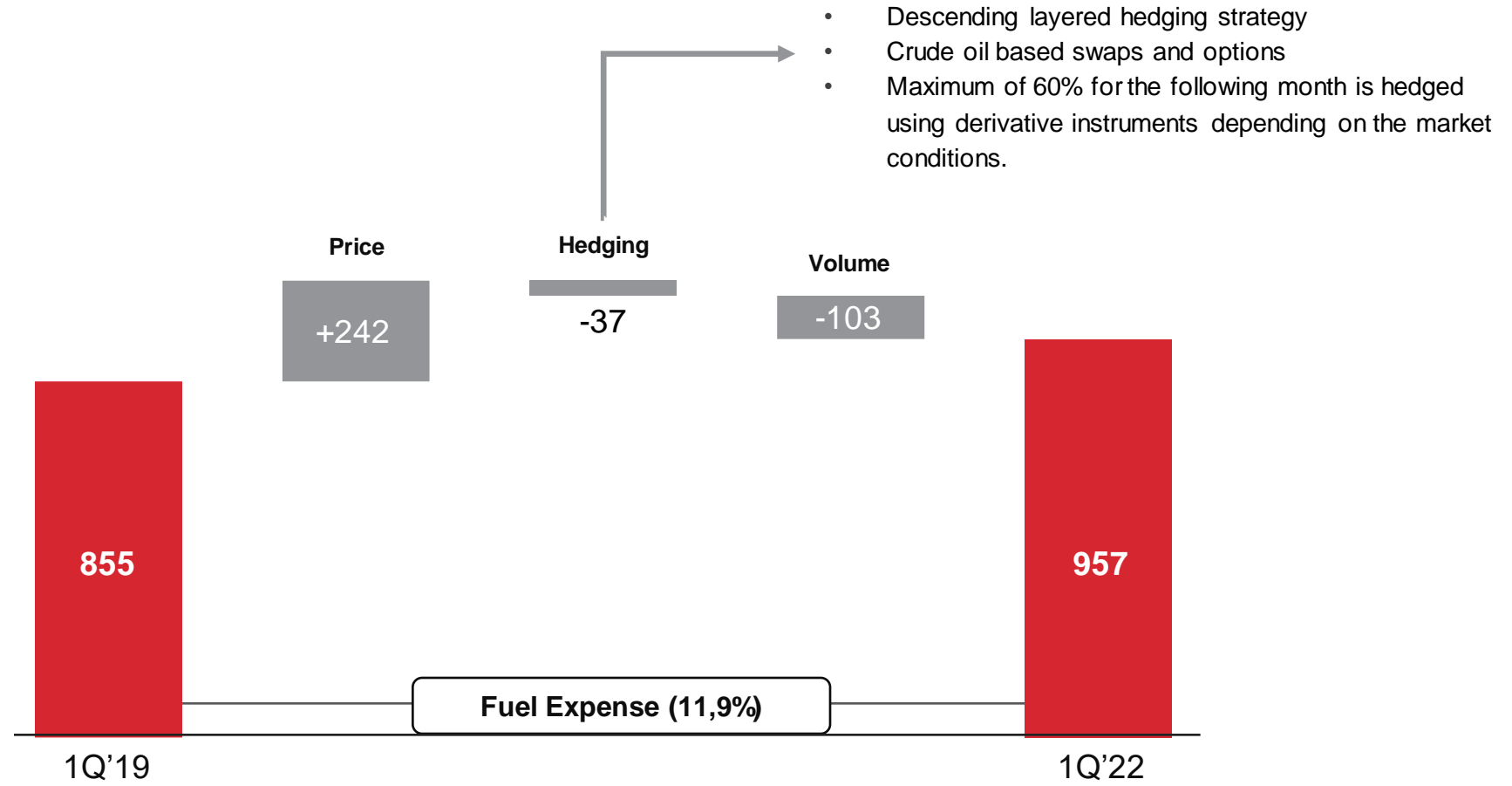
Flight route optimization to reduce fuel burn and air navigation fees.

Organizational simplification and downsizing managerial positions.

Reducing marketing spending via focusing on tactical campaigns.



# Fuel Expense Breakdown and Hedging





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	2019	2021	1Q'21	1Q'22
Number of aircraft	57	64	41	52
Number of Routes	129	168	89	130
Capacity split Int. - Dom.	13% - 87%	52% - 48%	36% - 64%	58% - 42%
Int. Market Share in SAW*	18%	25%	21%	28%
Number of PAX (mn)	14.5	13.3	1.9	3.3
ASK (000)	11.2	16.8	2.4	4.3
Load Factor	87,2%	74,0%	67,9%	76,6%
Ex-Fuel CASK (Usc)	2.1	2.3	2.6	2.6

## ANADOLUJET

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- Upgauging and driving down unit costs further with 18 new generation aircraft additions in 2022.
- Increasing penetration to high growth leisure markets through direct international flights.
- Capturing underserved ethnic travel segment from Europe to Turkey.
- Targeting price sensitive costumers.
- Extracting ancillary revenue potential by merchandising and bundling.
- High utilization through increased P2P exposure.
- In 2022, AnadoluJet is expected to operate with 66 aircraft in 182 routes (32 new).



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\*In terms of number of landings.

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## 2022 Expectations and Mid-Term Priorities

### Capacity:

2022 **higher** than 2019 levels



### Costs:

2022 ex-fuel CASK is **lower** than 2019



### CapEx:

Around **4-4.5 bn USD** in 2022 including aircraft, engine, heavy maintenance and other investments



## Priorities

Sustaining our low unit costs

Accelerating deleveraging and strengthening our liquidity level

Targeting new growth opportunities through AnadoluJet and Cargo

Build up on connectivity and fasten the passenger operation recovery

Extract ancillary revenue potentials to enhance top line growth

## Most Material Issues

Bio-fuel Related Research and Development Investments	Fleet Modernization: New-Generation Aircraft Consuming Less Fuel
Emissions and Fuel Efficiency	Advancing Gender Balance by 2025
Flight Safety and Flight Security	Compliance
Financial Performance	Customer Satisfaction
Risk Management	Corporate Governance
Employee Health & Safety and Wellbeing	Business Ethics and Ethical Behaviour
Waste Management	Human Rights
Sustainability Aviation Fuel Usage	Carbon Offset Project



Participating in the performance evaluations of international sustainability indices:



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You can find our Sustainability Reports in the Investor Relations [homepage](#).

## Q1 2022 Developments

In the first quarter of 2022:

**Fuel Saving:**  
4,738 tons of fuel saved



**CO<sub>2</sub> Avoided:**  
14,925 tons of CO<sub>2</sub> avoided



**Fleet Age:**  
8.6 Average Fleet Age







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**INVESTOR RELATIONS**

**THANK YOU...**

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