

# 2021 Second Quarter Results Investor Presentation





**TURKISH AIRLINES**

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**1.**

**SUMMARY**

**2.**

**2Q'21  
OPERATIONAL  
OVERVIEW**

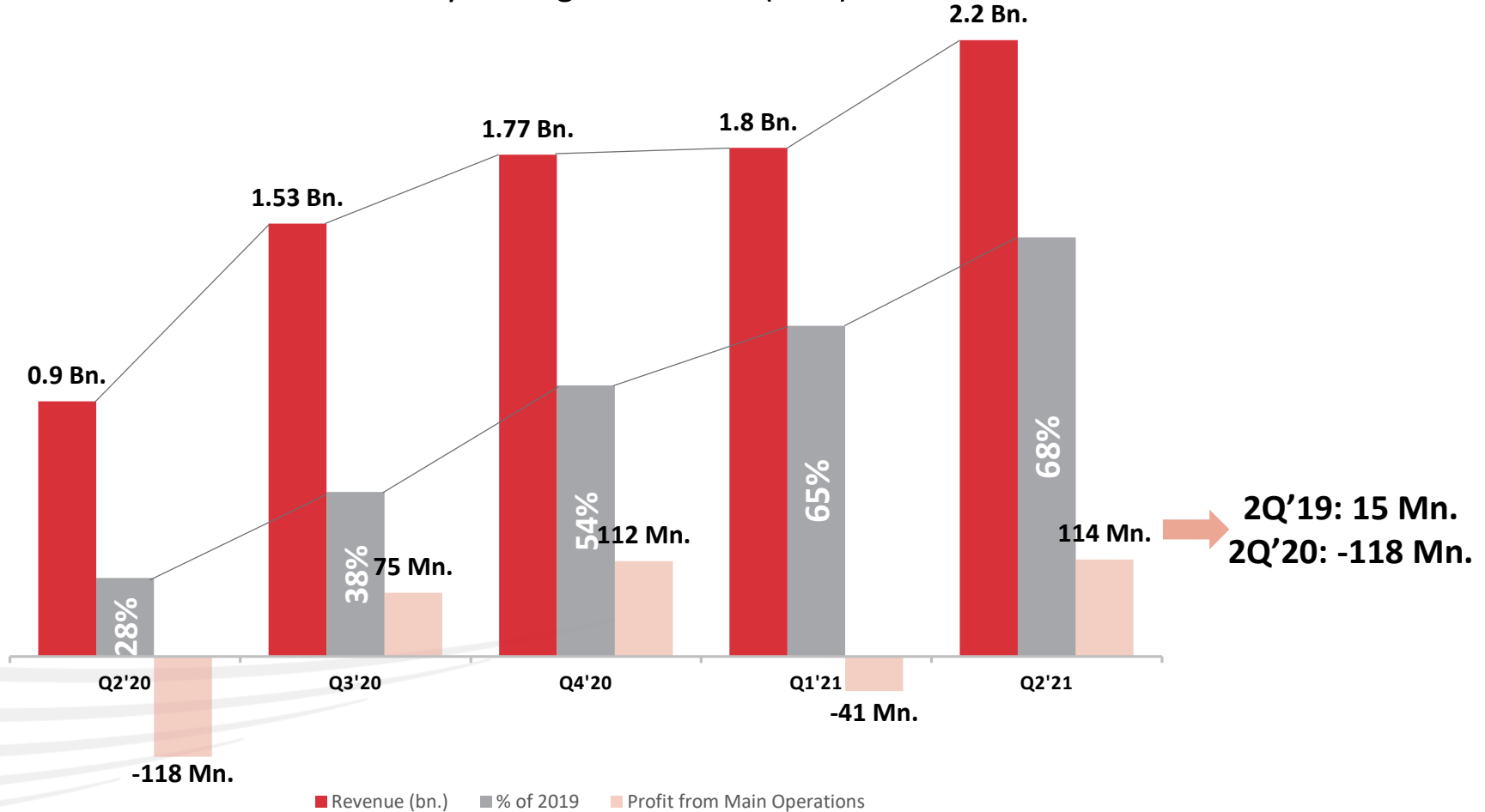
**3.**

**2Q'21  
FINANCIAL  
OVERVIEW**

# Turkish Airlines showed reasonable progress through the pandemic

2Q Overview	Cargo Performance
Cash and Liquidity	Fleet Development

Recovery through COVID-19 (USD)



## Financial and Operational Summary of Turkish Airlines

2Q'19	2Q'21	19/21	(USD mn)	1H'19	1H'21	19/21
3.181	2.176	-31,6%	<b>Revenue</b>	5.949	3.972	-33,2%
393	941	139,4%	<b>Cargo Revenue</b>	799	1.765	120,9%
3.171	2.080	-34,4%	<b>Operating Expense (mn USD)</b>	6.142	3.948	-35,7%
15	114	660,0%	<b>Profit From Main Operations (mn USD)</b>	-135	73	-
0,8%	-2,8%	-3,7 pt	<b>Net Income Margin</b>	-3,4%	0,0%	3,4 pt
46.110	25.939	-43,7%	<b>ASK (Billion)</b>	88.768	46.203	-47,9%
7,29	7,18	-1,5%	<b>Revenue Yield (R/Y) (Usc)</b>	6,99	7,15	2,3%
18.375	8.167	-55,6%	<b>Passengers Carried ('000)</b>	35.113	14.613	-58,4%
80,2%	62,3%	-18,0 pt	<b>L/F (%)</b>	80,1%	62,4%	-17,7 pt

Total Revenue: **around 70% of 2019** second quarter levels.

Cargo: Our highest monthly ranking with **3<sup>rd</sup> place** in FTK Volumes in June.

Revenue Yields: Higher than 2019 first half yields



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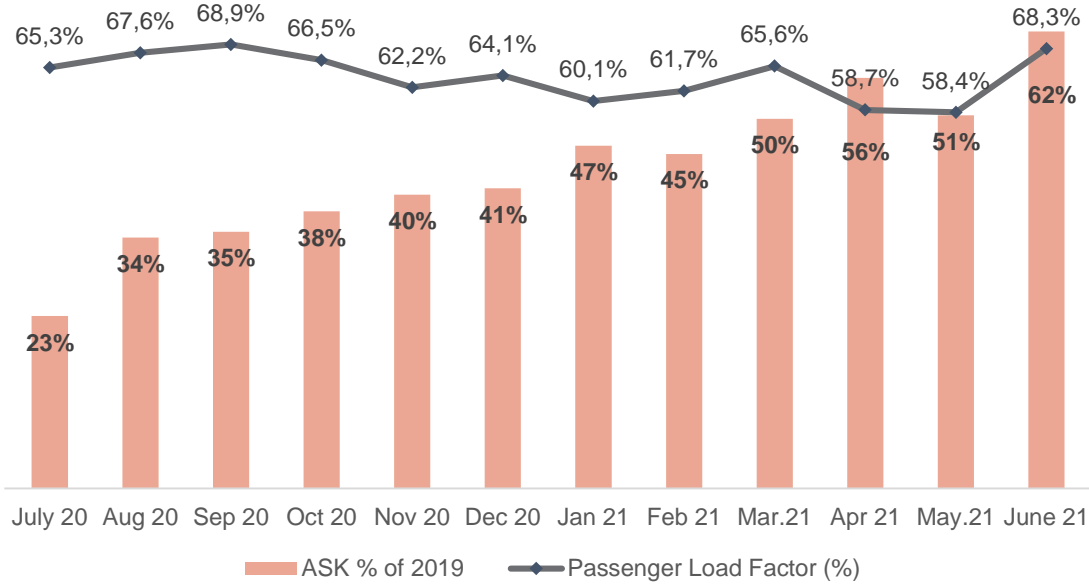
2Q'21  
OPERATIONAL  
OVERVIEW

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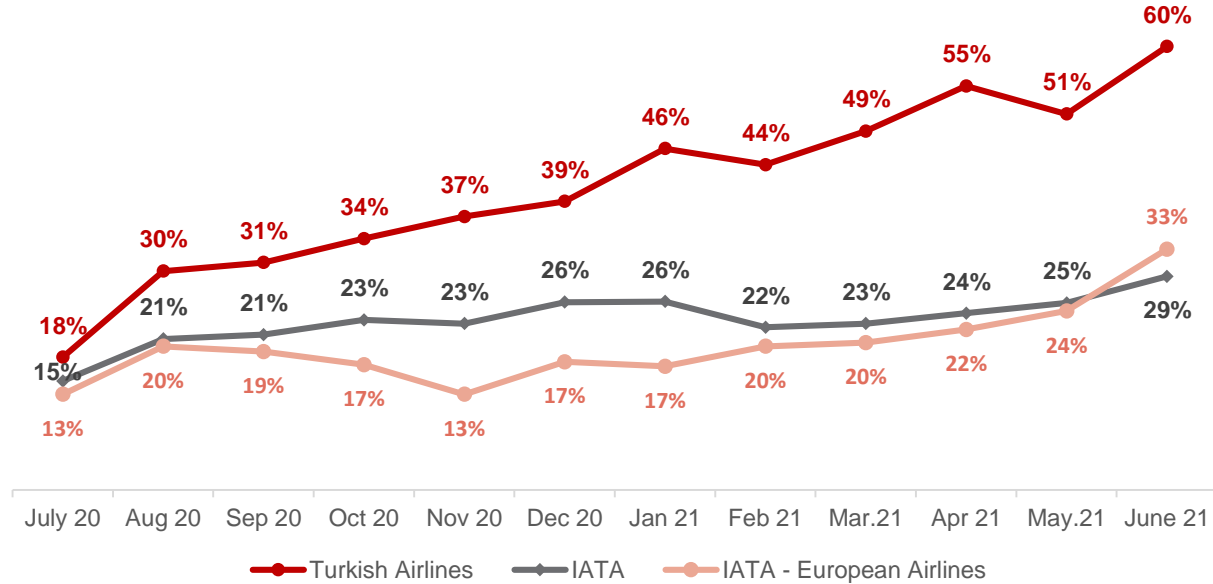
2Q'21  
FINANCIAL  
OVERVIEW

# Capacity Management

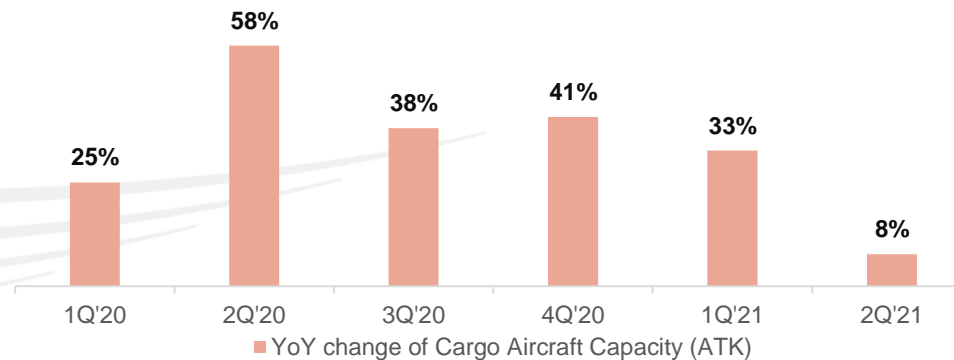
Total ASK in 2020 was around **40%** of 2019 levels.  
In June 2021 we reached **62%** of 2019 levels.



Higher international capacity (% of 2019) compared to Global average and European Airlines



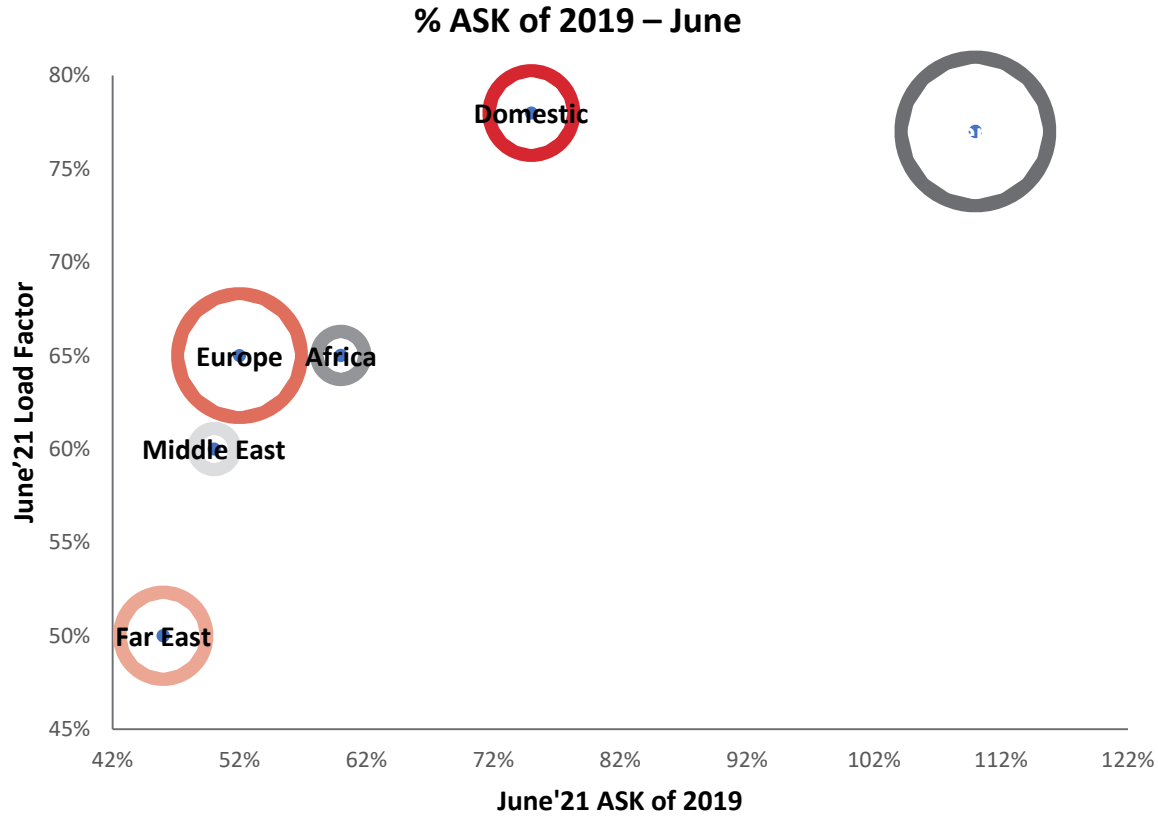
Focus on Cargo operations : Cargo Aircraft capacity increased by **8%** in Q2'21, compared to Q2'20.\*



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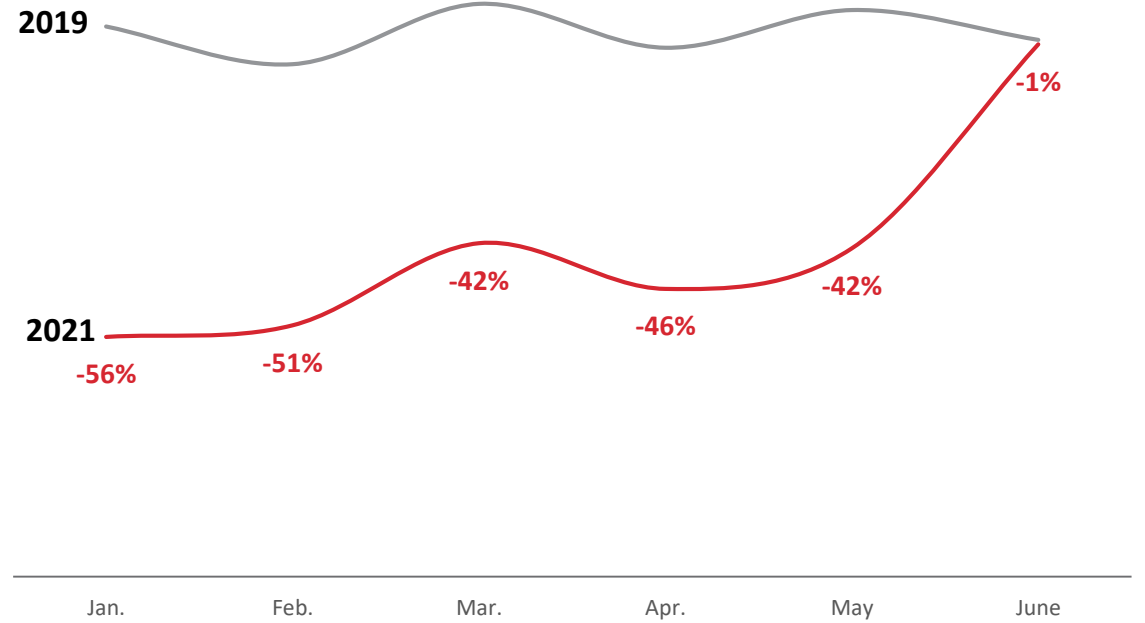
\*71% increase compared to Q2'19.

# Regional Traffic Recovery after Domestic Lockdowns - June



Note: The scale of the bubble represents the portion of the regions' ASK contribution in June 2021.

## Monthly Ticket Sales\*



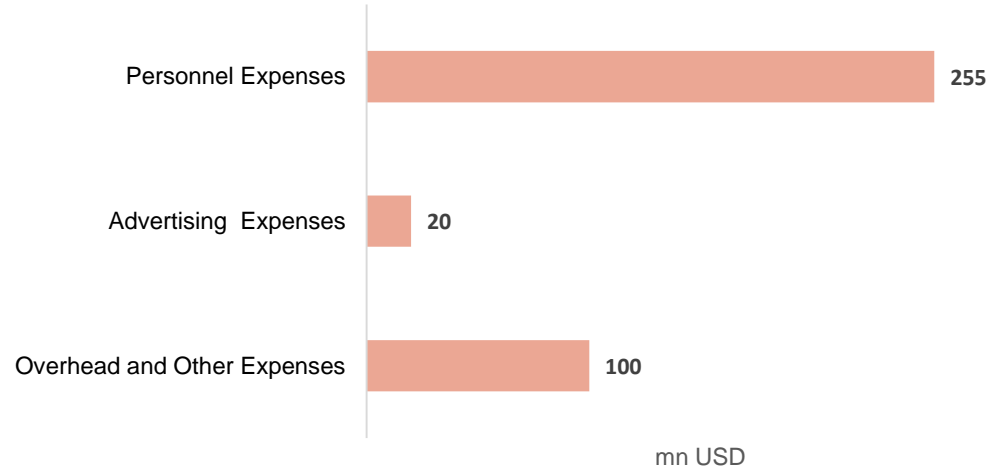
\*Number of tickets sold.



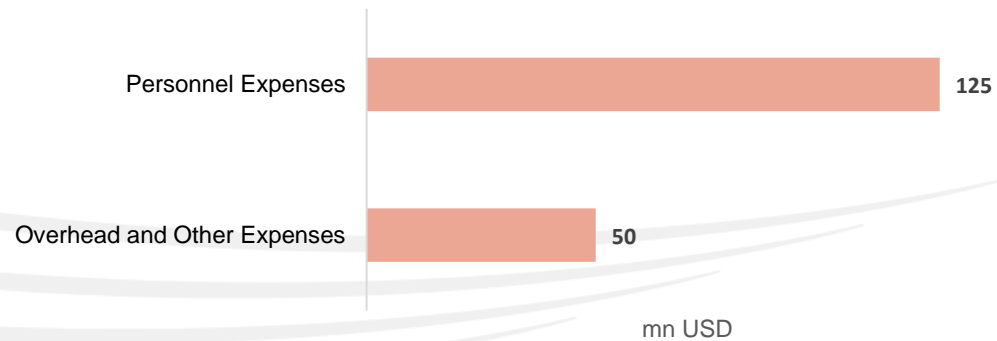
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## Cost - Cutting Activities

**Achieved 375 million USD saving in the first half of 2021.**



**And 175 million USD saving in the second quarter of 2021.**



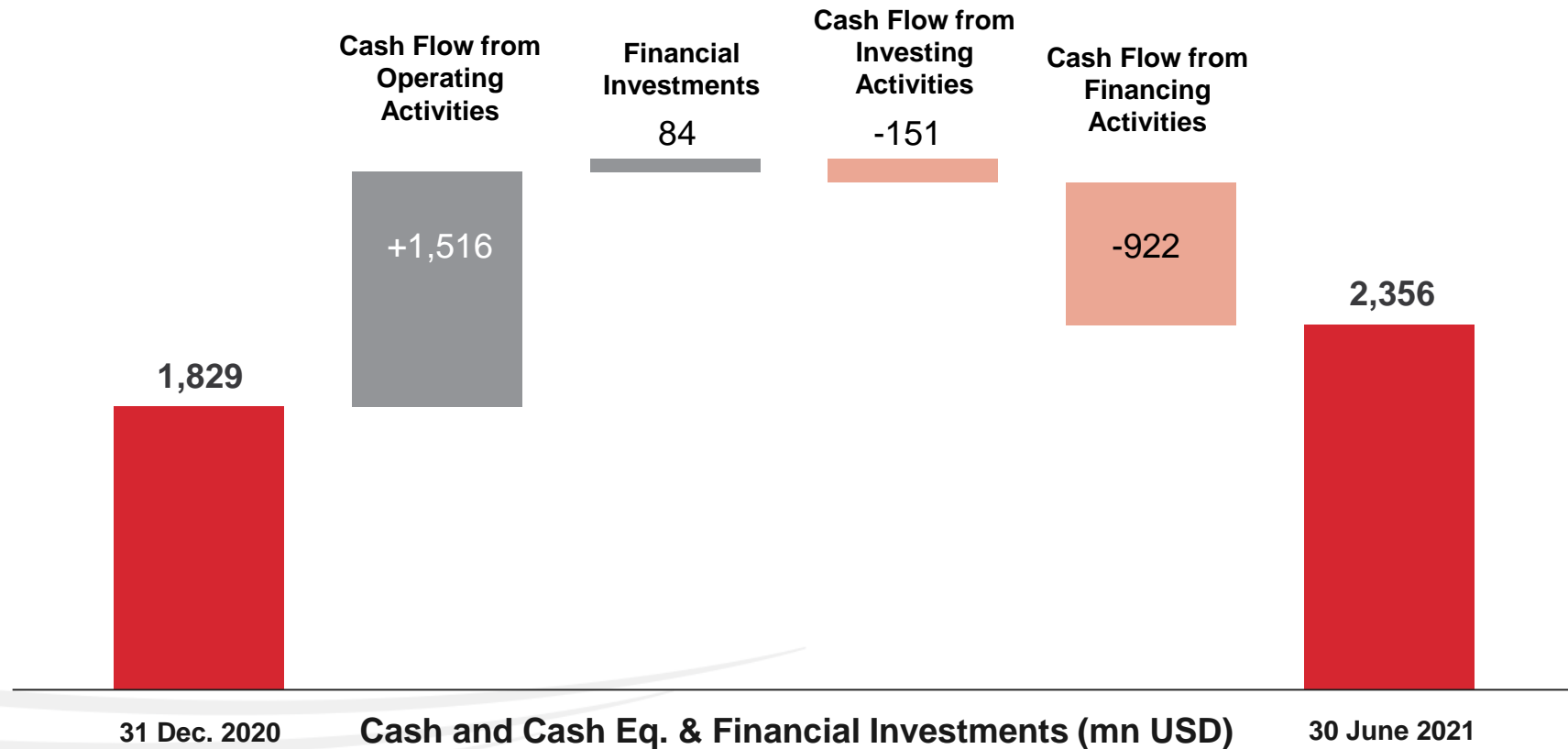
### Key drivers:

- Personnel salary reduction.
- Freezing recruitment.
- Canceling and postponing aircraft orders.
- Reducing marketing expenses.
- Changing in-flight menu concept.
- Supplier negotiations.
- Airport fee discounts and payment deferrals.

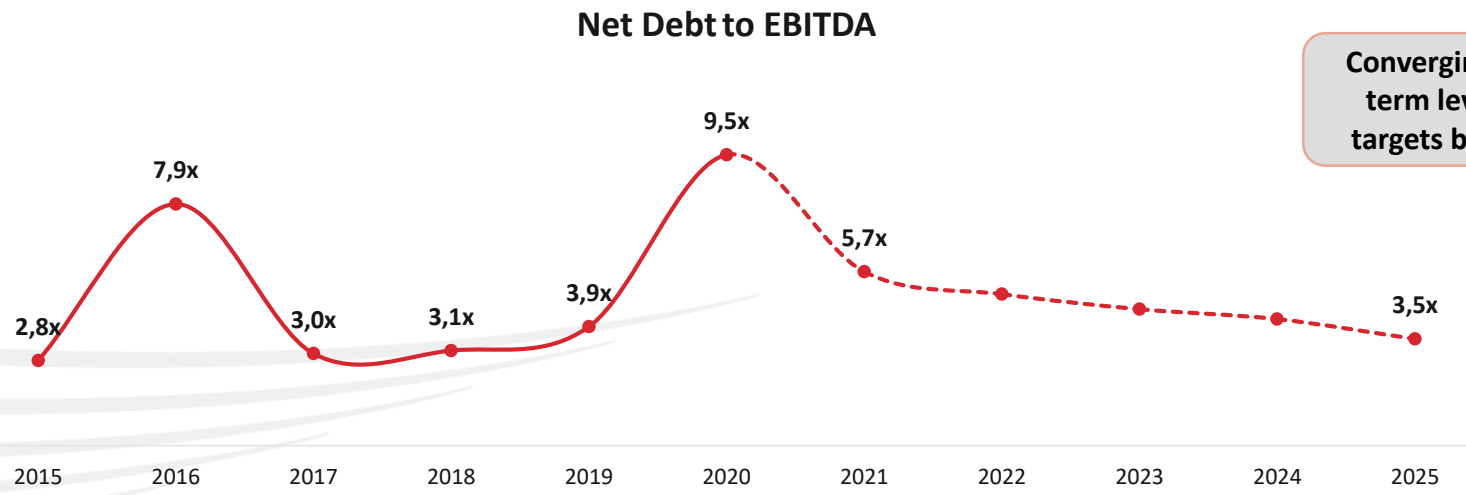
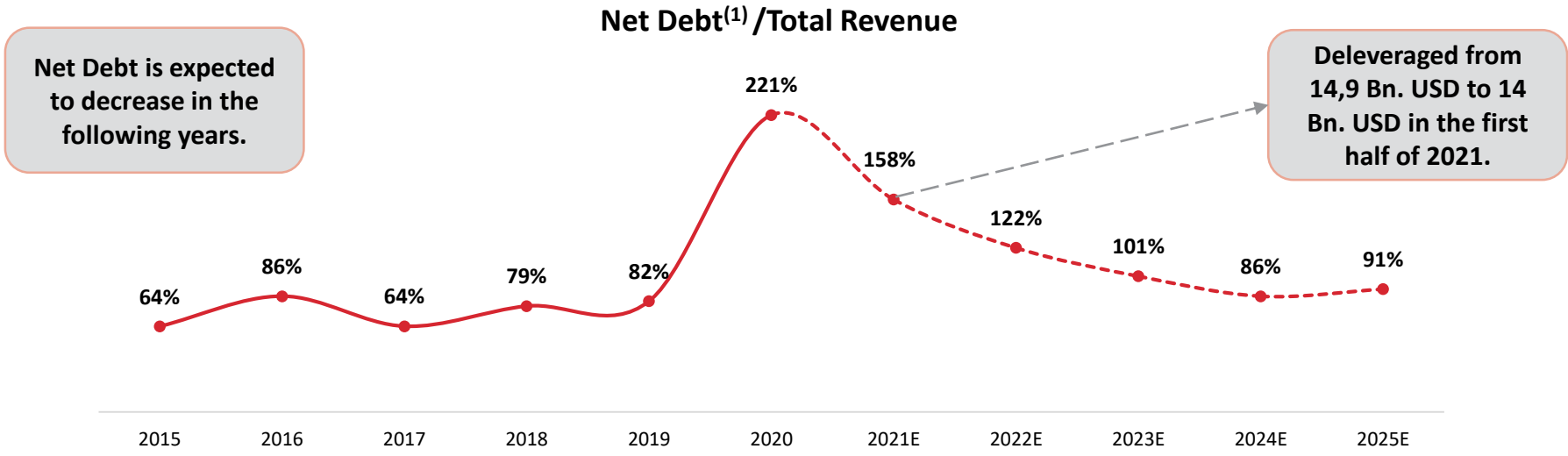


## Cash & Liquidity Management

We have over 2 billion USD available credit line, total liquidity is around **4.4 billion USD**.



# Leverage

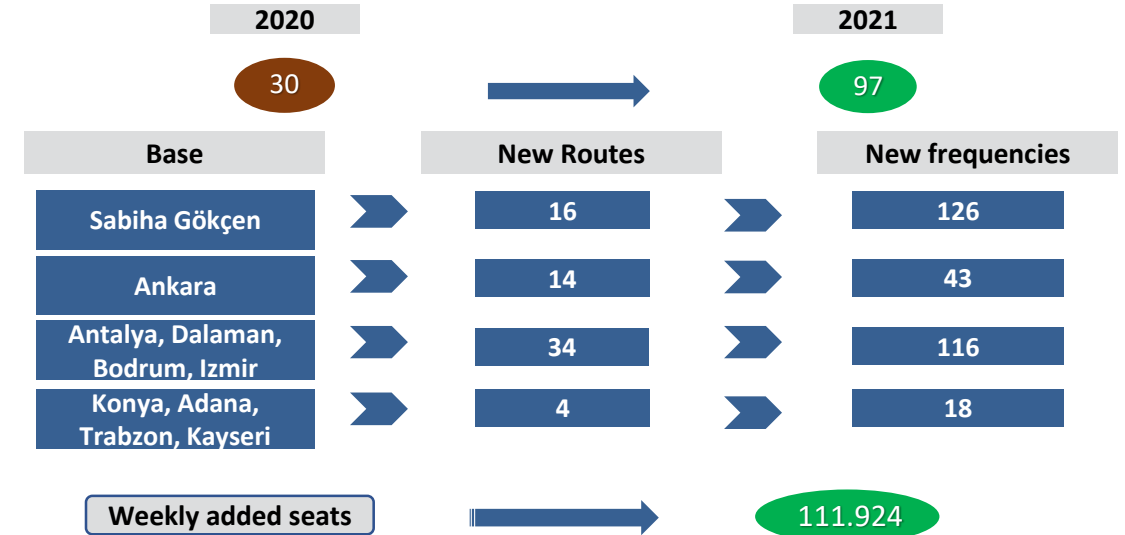


## Low Cost Brand: AnadoluJet



- Operating in **27** Countries
- International flights from **SAW, ESB, Antalya, Dalaman, Bodrum, Izmir, Konya, Adana, Trabzon, Kayseri** in Summer'21.
- Higher ASK per landing with **189 seaters**
- Lower per-seat costs with restructuring
- New destinations in 2021: Amman, Baghdad, Baku, Beirut, Bremen, Dubai, Erbil, Kiev, Lyon, Milan, Moscow, Pristina, Sarajevo, Skopje, Sofia, Tabriz, Tbilisi, Tehran, Urumiyeh, Zurich.

### INTERNATIONAL ROUTES

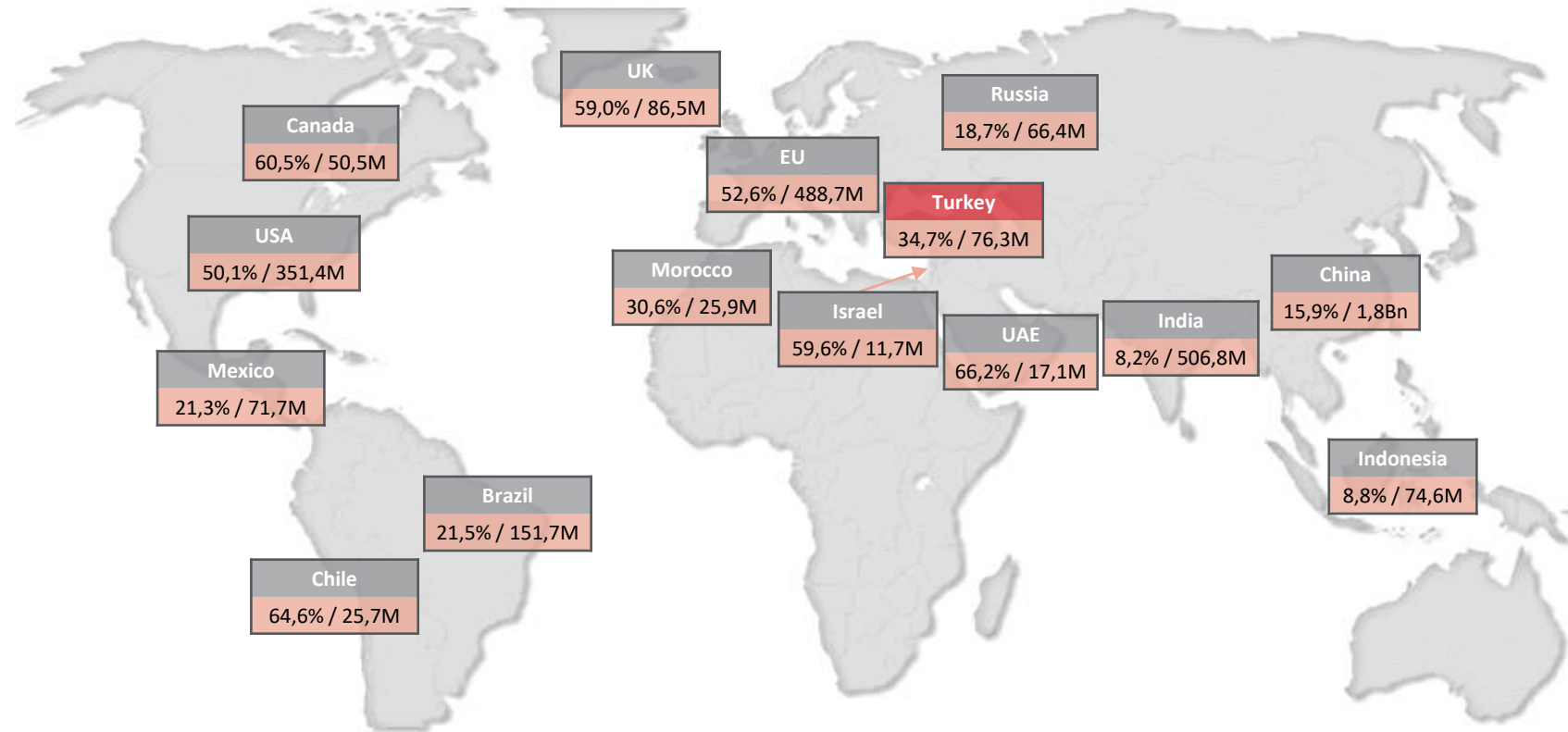


HUB Comparison			
	SAW*	ESB*	Other
# of A/C	39	13	12
Route	30	24	43**
1H'21/1H'20 ASK	203%	39%	
1H'21/1H'20 PAX	112%	-1%	

\*SAW: Sabiha Gökçen Airport, ESB: Ankara Esenboğa Airport.

\*\* 20 from Antalya and 23 point to point destinations.

## Global Vaccination (09.08.2021)



- **Globally**, the vaccination rate is around **42,5 million** doses per day, on average.
- In Turkey **%46** of the population with an **age of over 18** got vaccinated.
- With a total of **76,3 million** doses, Turkey ranks at **9th place**.

## Traffic Data – Road to Recovery

TOTAL MoM Evolution							
	Jan. 2021	Feb. 2021	Mar. 2021	Apr. 2021	May 2021	June 2021	July 2021
ASK	7,6%	-11,3%	23,8%	8,3%	-1,6%	25,4%	39,5%
L/F (%)	-3,8 pt	1,4 pt	3,9 pt	-6,9 pt	-0,3 pt	9,9 pt	3,9 pt
PAX	4,2%	-2,2%	32,0%	-5,4%	-11,4%	70,1%	51,6%
Cargo (Tons)	-6,4%	-3,2%	18,6%	-2,9%	3,6%	1,8%	0,0%

DOMESTIC MoM Evolution							
	Jan. 2021	Feb. 2021	Mar. 2021	Apr. 2021	May 2021	June 2021	July 2021
ASK	2,0%	1,3%	24,4%	-2,7%	-19,5%	78,0%	34,9%
L/F (%)	3,7 pt	1,6 pt	0,4 pt	-5,9 pt	1,6 pt	8,0 pt	4,6 pt
PAX	9,2%	4,3%	27,1%	-10,0%	-18,0%	106,1%	44,8%
Cargo (Tons)	-8,5%	-11,1%	16,1%	0,0%	7,5%	20,2%	-54,3%

INTERNATIONAL MoM Evolution							
	Jan. 2021	Feb. 2021	Mar. 2021	Apr. 2021	May 2021	June 2021	July 2021
ASK	8,5%	-13,3%	23,8%	10,3%	1,2%	18,8%	40,3%
L/F (%)	-4,9 pt	1,0 pt	4,5 pt	-6,8 pt	-0,2 pt	9,4 pt	2,7 pt
PAX	0,2%	-7,7%	36,7%	-1,3%	-6,0%	44,4%	58,5%
Cargo (Tons)	-6,3%	-2,7%	18,7%	-3,0%	3,4%	0,8%	3,7%

ASK increased by almost **40%** and Load Factors increased by **3.9 points** in July (MoM).

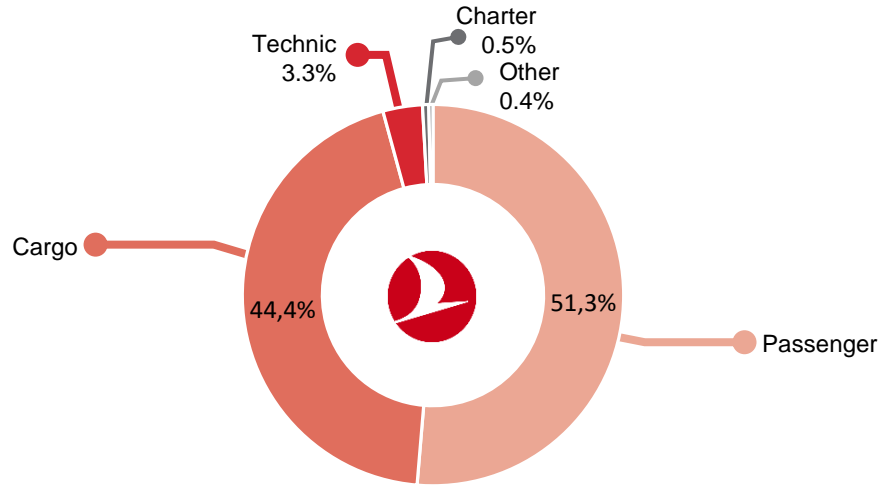
ASK reached **%80 of 2019** level in July.

Number of direct international passengers increased by **82%** in July (MoM), while transit passenger numbers increased by **36%**.

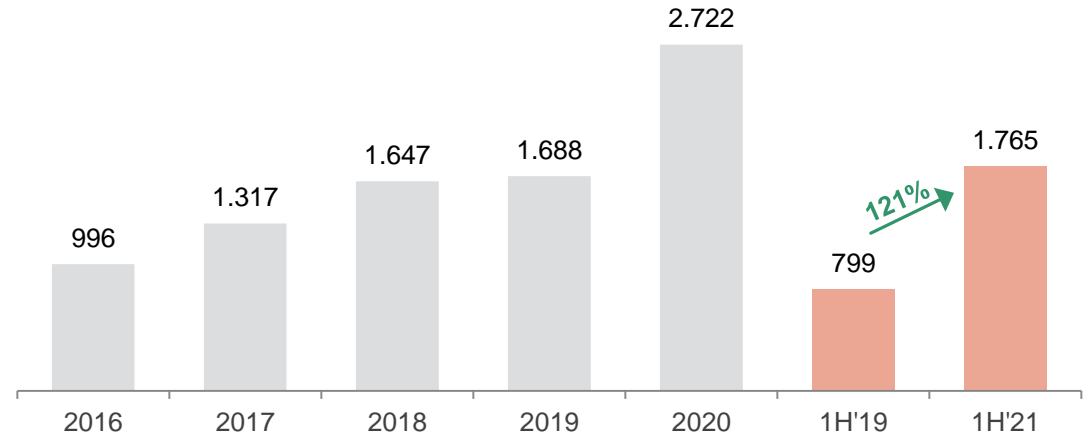
Carried Cargo Tons continued to increase at a moderate level until June and stayed flat in July, due to the already high base since the early stages of the pandemic.

# Cargo Operations

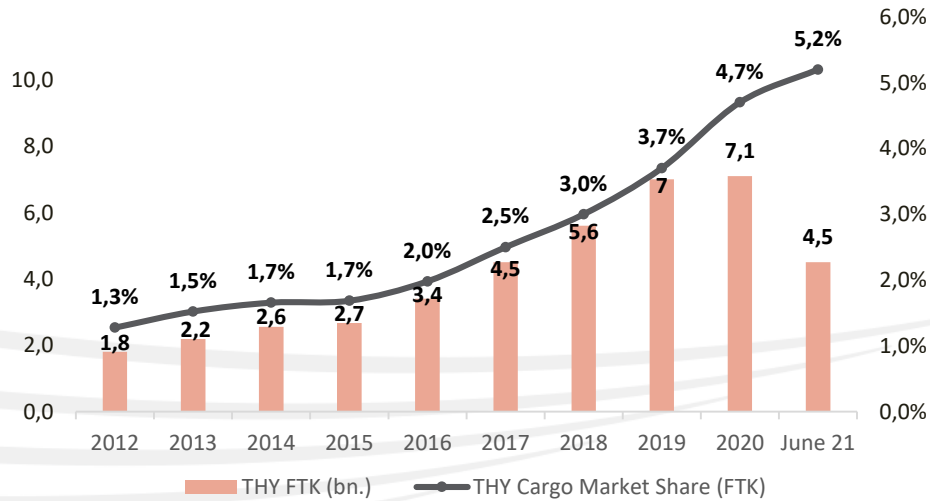
## Revenue by Business Type (2Q'21)



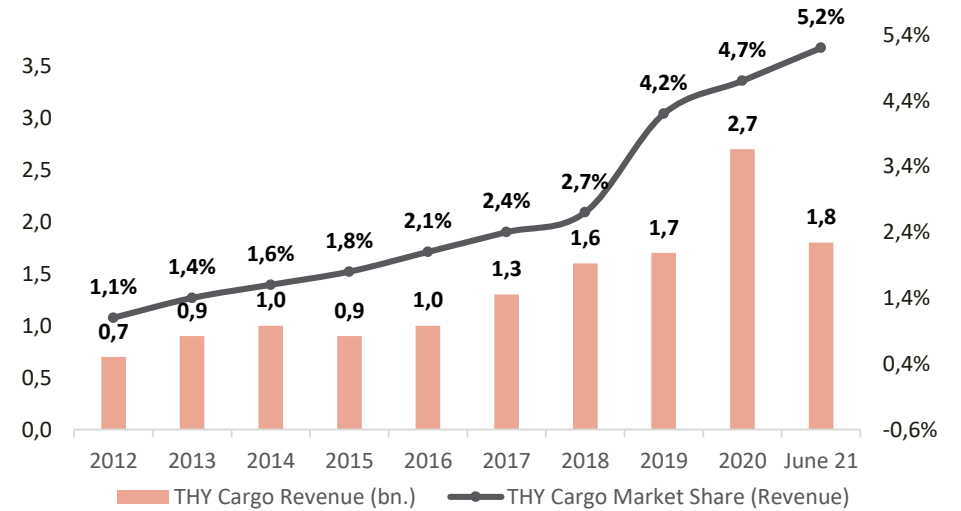
## Cargo Revenue Evolution (mn USD)



## THY Cargo Market Share - FTK



## THY Cargo Market Share - Revenue



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Source: IATA Economic Performance of the Airline Industry Reports



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## Key Financial Data

2Q'19	2Q'21	19/21	(USD mn)	1H'19	1H'21	19/21
3.181	2.176	-31,6%	<b>Revenue</b>	5.949	3.972	-33,2%
2.696	1.159	-57,0%	Passenger Revenue	4.971	2.060	-58,6%
393	941	139,4%	Cargo Revenue	799	1.765	120,9%
10	96	860,0%	<b>Net Operating Profit / Loss</b>	-193	24	-
15	114	660,0%	<b>Profit From Main Operations</b>	-135	73	-
26	-62	-	<b>Net Income</b>	-203	-1	-
0,8%	-2,8%	-3,7 pt	Net Income Margin	-3,4%	0,0%	3,4 pt
561	637	13,5%	<b>EBITDAR</b>	919	1.115	21,3%
17,6%	29,3%	11,6 pt	EBITDAR Margin	15,5%	28,1%	12,6 pt

Total revenues reached **4 Bn USD** level in first half which is around **67% of 2019**.

**Cargo Revenue is more than doubled** in first half compared to 2019 level.

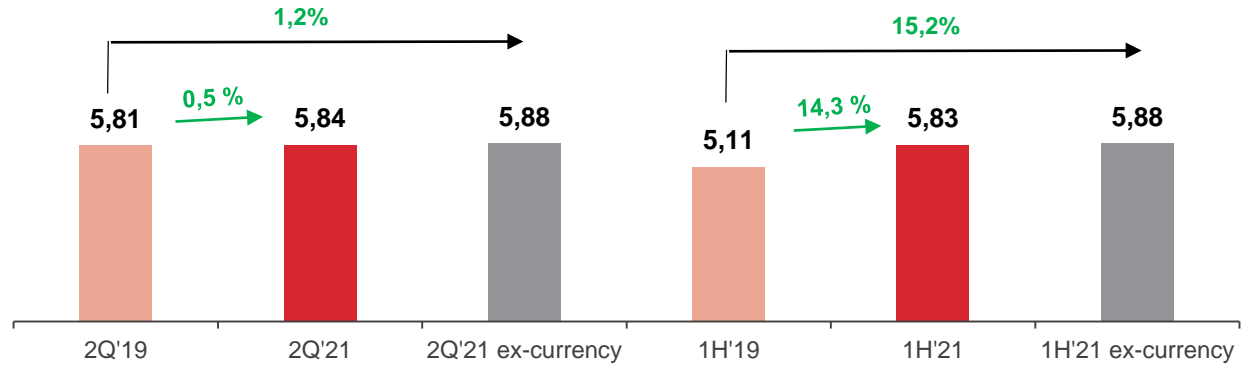
Profit from main operations in the second quarter of 2021 reached **114 million USD**, higher than in 2019.

Both for 2Q'21 and 1H'21, **EBITDAR is higher than 2019 levels**.

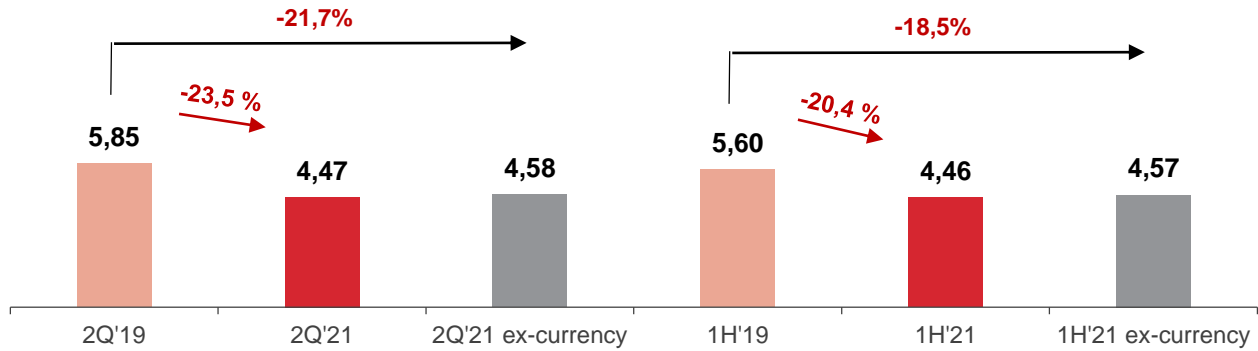


# Unit Revenue Development

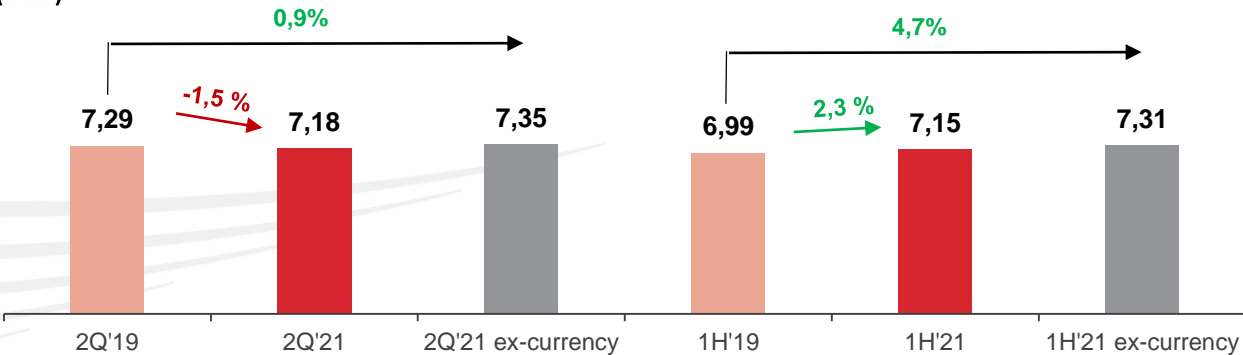
RASK (USc)



Passenger RASK (USc)



Revenue Yield (R/Y) (USc)



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Revenue Yield (R/Y) Total Passenger Revenue / RPK

Passenger RASK: Total Passenger Revenue / ASK

RASK: Total Passenger and Cargo Revenue / ASK\* \*ASK value is adjusted for cargo operations adding Cargo Available Ton Km.

## Regional Yield Development in USD (2021 / 2019)

AMERICAS		
	1H	2Q
ASK	-15,6%	-7,7%
RASK	14,6%	1,9%
Passenger RASK	-27,6%	-27,6%
R/Y	-6,2%	-8,0%
R/Y ex-currency	-6,8%	-8,5%

EUROPE		
	1H	2Q
ASK	-56,1%	-53,6%
RASK	11,6%	-0,8%
Passenger RASK	-9,7%	-16,4%
R/Y	10,3%	5,5%
R/Y ex-currency	6,7%	1,6%

FAR EAST		
	1H	2Q
ASK	-57,4%	-55,1%
RASK	35,8%	9,6%
Passenger RASK	-33,0%	-38,0%
R/Y	16,9%	12,8%
R/Y ex-currency	15,3%	11,0%

AFRICA		
	1H	2Q
ASK	-44,9%	-38,0%
RASK	24,4%	7,4%
Passenger RASK	-7,5%	-11,9%
R/Y	11,5%	7,9%
R/Y ex-currency	9,5%	5,6%

MIDDLE EAST		
	1H	2Q
ASK	-64,0%	-59,1%
RASK	10,0%	4,7%
Passenger RASK	-7,9%	-12,1%
R/Y	3,9%	-4,2%
R/Y ex-currency	2,7%	-5,5%

DOMESTIC		
	1H	2Q
ASK	-41,6%	-37,8%
RASK	-16,9%	-18,1%
Passenger RASK	-19,1%	-20,1%
R/Y	-6,0%	-6,8%
R/Y ex-currency	23,4%	23,6%



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Revenue Yield (R/Y) Total Passenger Revenue / RPK

Passenger RASK: Total Passenger Revenue / ASK

RASK: Total Passenger and Cargo Revenue / ASK\*

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

## Expense Breakdown

2Q'19	2Q'21	19/21	(mn USD)	1H'19	1H'21	19/21
981	563	-42,6%	Fuel	1.836	981	-46,6%
524	294	-43,9%	Personnel	1.041	598	-42,6%
461	474	2,8%	Aircraft Ownership	895	944	5,5%
303	214	-29,4%	Airports & Air Navigation	548	384	-29,9%
265	135	-49,1%	Sales & Marketing	575	258	-55,1%
202	148	-26,7%	Ground Handling	391	284	-27,4%
157	54	-65,6%	Passenger Services & Catering	298	97	-67,4%
192	114	-40,6%	Maintenance	384	238	-38,0%
86	84	-2,3%	Other <sup>1</sup>	174	164	-5,7%
<b>3.171</b>	<b>2.080</b>	<b>-34,4%</b>	<b>TOTAL</b>	<b>6.142</b>	<b>3.948</b>	<b>-35,7%</b>

CASK (incl. ATK)\*: **-3,0%**

CASK (incl. ATK)\*: **10,8%**

Ex-Fuel CASK: **23,1%**

Ex-Fuel CASK: **32,4%**

Ex-Fuel CASK (incl. ATK)\*: **2,4%**

Ex-Fuel CASK (incl. ATK)\*: **18,8%**

Personnel expenses decreased by 3,3% in the second quarter of 2021, compared to the first quarter due to the depreciation of TRY against other hard currencies.

The decrease in Airport and Air Navigation expenses was not only because of the low level of operations, but also due to the 50% discount we get in airports ran by the State Airport Authority and Sabiha Gökçen Airport.

By changing the in-flight menu concept, we achieved significant savings in Passenger Services and Catering.



**TURKISH AIRLINES**

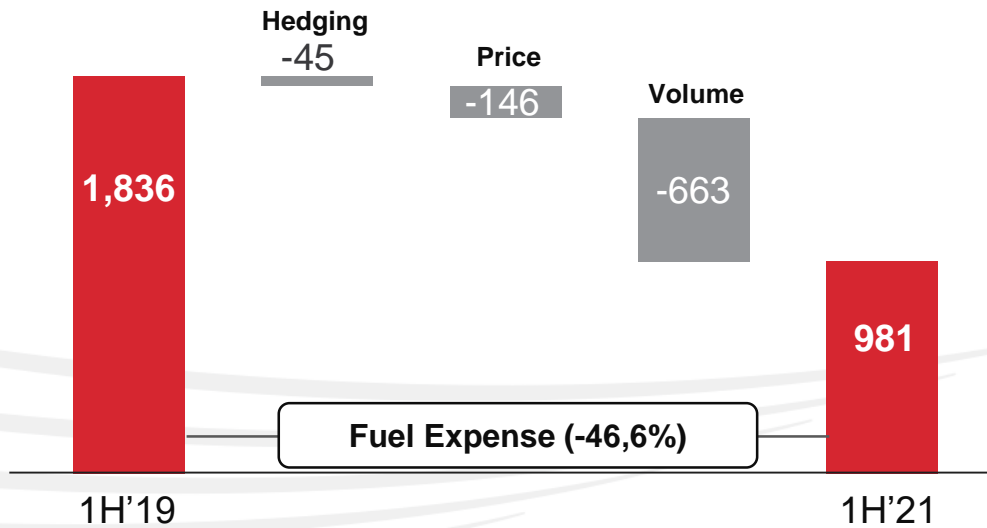
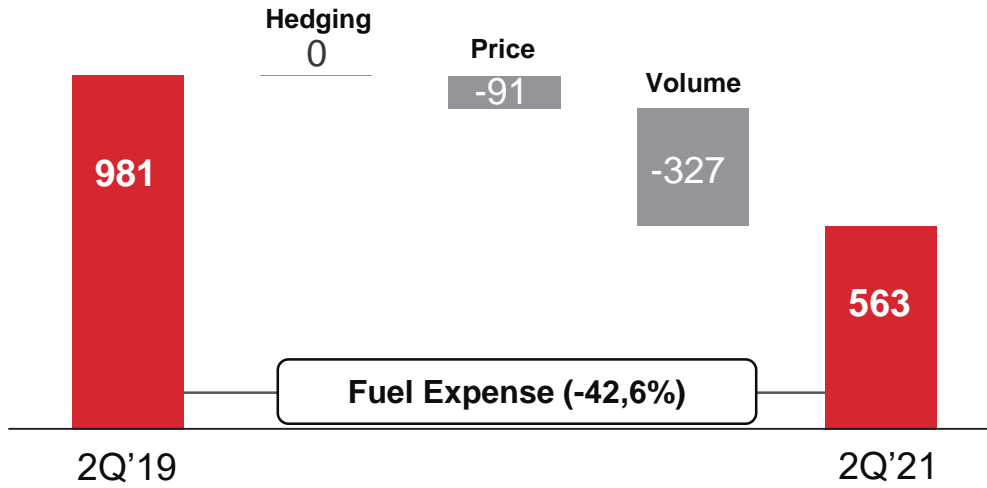
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\*ASK value is adjusted to indicate effect of cargo because cargo expenses has reasonable share in our total expenses.

<sup>1</sup>Includes General Administration and Other Cost of Sales.

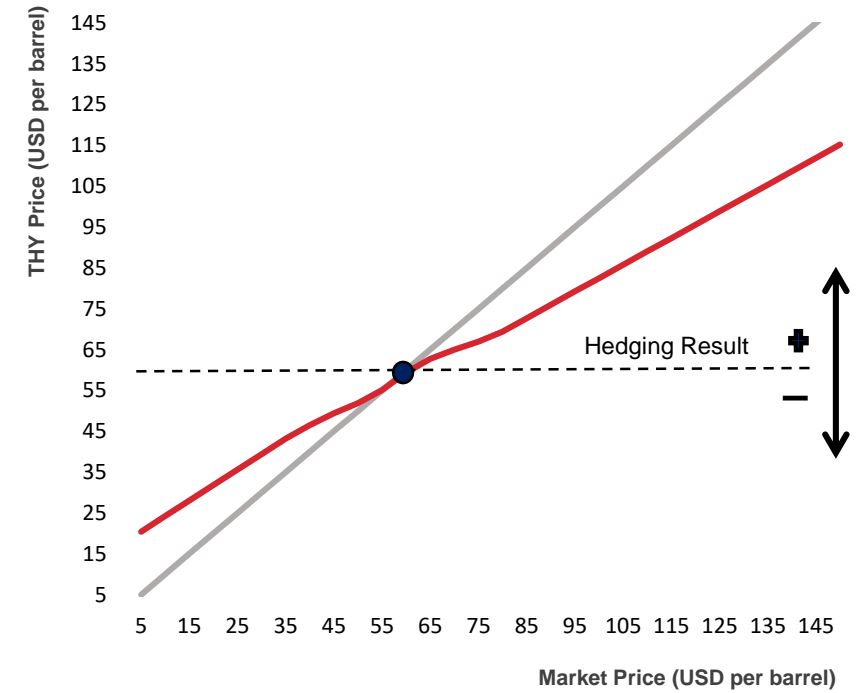
# Fuel Expense Breakdown and Hedging Fuel Price Risk

## Fuel Expense Breakdown



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## Effect of Hedging on the Fuel Price



- Current fuel hedging levels:  
FY21: 41%  
FY22: 14%
- Descending layered hedging strategy
- Crude oil based swaps and options
- Maximum of 60% for the following month is hedged using derivative instruments.

2020-2021 Most Material Issues
Flight Safety and Flight Security
Compliance
Financial Performance
Customer Satisfaction
Risk Management
Climate Change , GHG Emissions and Fuel Efficiency
Corporate Governance
Fleet Modernization
Employee Health & Safety and Wellbeing
Business Ethics and Ethical Behaviour
Waste Management
Human Rights

In the second quarter of 2021 **8.142 tons** of fuel saved.

**8,5 Average Fleet Age** at the end of the second quarter

In the second quarter **25.646 tons** of CO2 avoided

**Bio-fuel** Related Research and Development Investments



Voluntary participation in the performance evaluations of international indices and sustainability rating agencies:





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**INVESTOR RELATIONS**

**THANK YOU..**

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