

2Q'23 Results Investor Presentation





TURKISH AIRLINES

A STAR ALLIANCE MEMBER 

**KEY
TAKEAWAYS**

1.

**SUMMARY
OF 2Q'23**

2.

**2Q'23
OPERATIONAL
HIGHLIGHTS**

3.

**2Q'23
FINANCIAL
HIGHLIGHTS**

4.

**STRATEGY
AND
TARGETS**

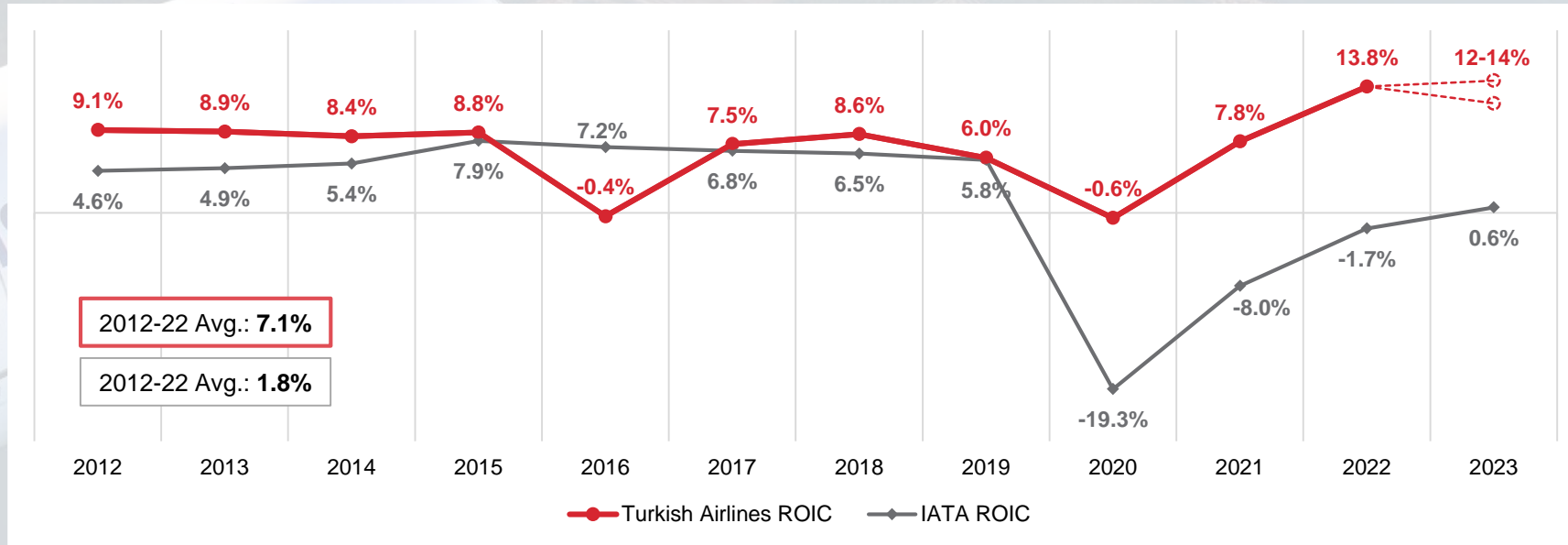


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Return on Invested Capital (ROIC)

Turkish Airlines vs. Airline Industry



ROIC: $(EBIT + Op. Lease Interest + Interest Income - Current Tax Expense) / (Total Debt + Equity + Adj. for Op. Leases)$.
Source: Turkish Airlines, IATA for the airline industry.



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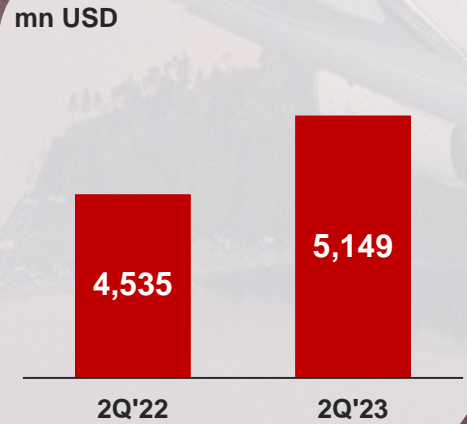
Number of Passengers

Increased by **19%** in 2Q'23 compared to the same period last year.



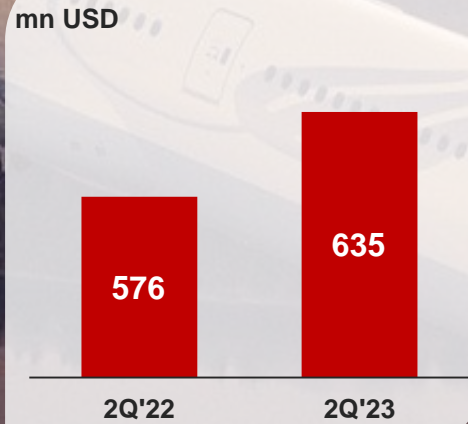
Revenue

Total Revenues rose by **14%** year-over-year despite high base.



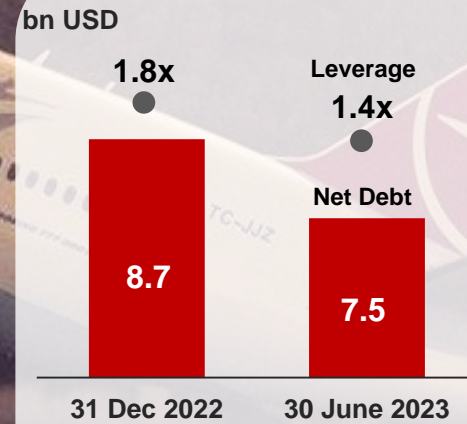
Net Profit

Second quarter **Net Profit** increased by **10%** year-over-year.



Net Debt & Leverage

Net Debt continued to improve materially. **Leverage** decreased to **all time low** of **1.4x**.

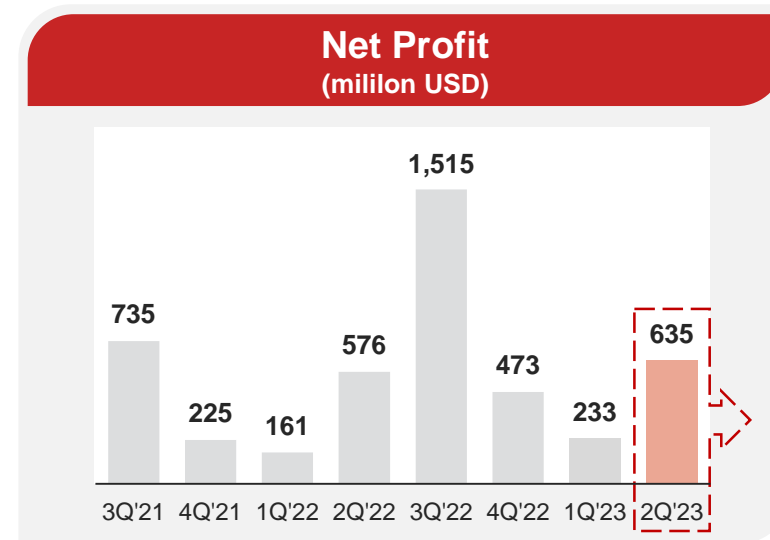
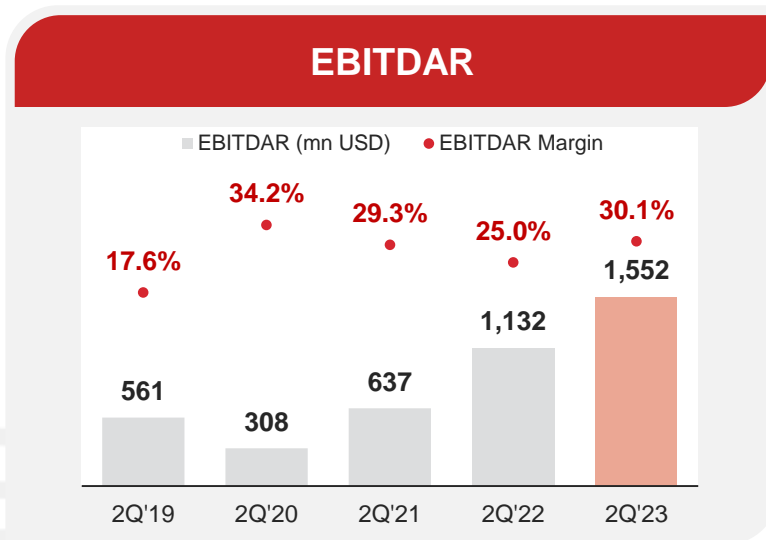
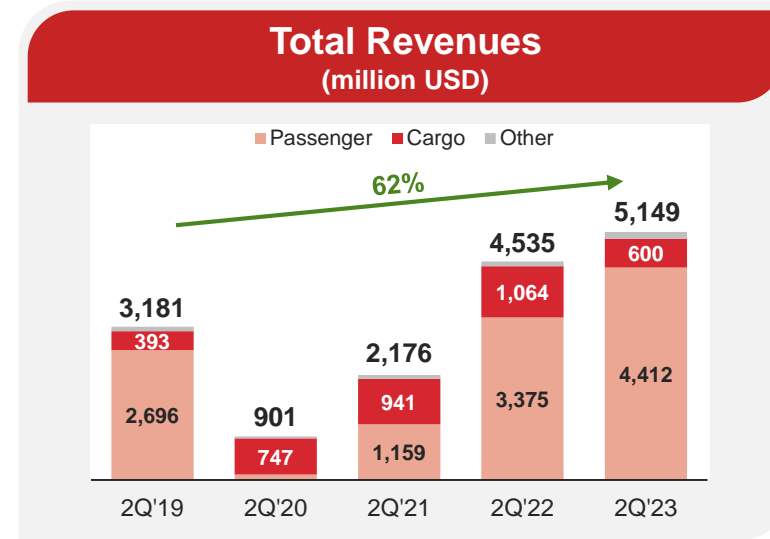
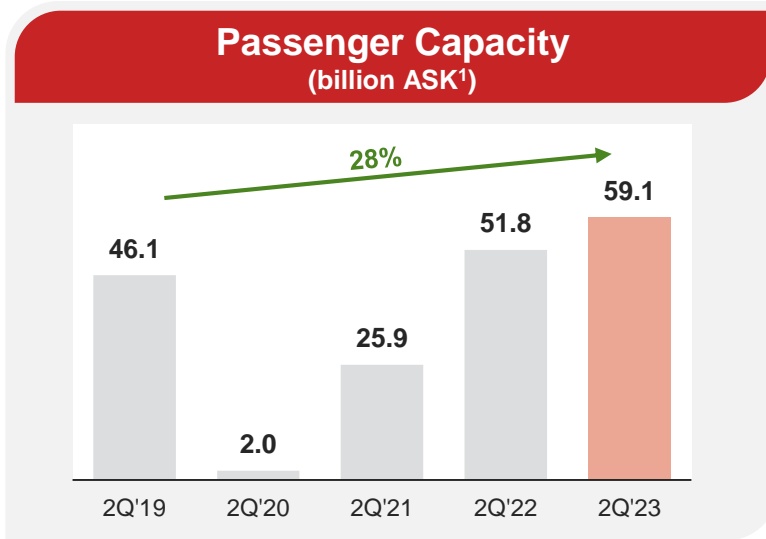


Earthquake Aid

200 million USD support for the earthquakes in the first half of 2023.

-  **92 mn USD** operational expenses (Evacuation flights, relief material transportation etc.)
-  **108 mn USD** donations
-  Reserved funding for construction of **1,000** apartments.

We successfully capitalized on the post-pandemic demand environment



Turkish Airlines and Istanbul Airport stand atop in Europe

Top 10 Network Carriers in Europe

	Total Number of Flights (thousand - 1H'23)	vs. 2019
Turkish Airlines	254.0	8.4%
Lufthansa	194.3	-27.8%
Air France	175.3	-19.1%
British	139.6	-15.4%
KLM	135.4	-10.4%
SAS	109.0	-24.4%
Swiss	69.2	-14.8%
Iberia	67.4	3.9%
ITA	58.7	-
TAP	57.5	-11.1%

Source: Eurocontrol.

Airport Direct Connectivity Ranking in Europe

Rankings				Direct Connectivity Score	vs. 2019
2019	2022	2023			
5	2	1	Istanbul (IST)	4,866	9%
2	1	2	Amsterdam (AMS)	4,497	-8%
4	3	3	London (LHR)	4,441	-5%
1	4	4	Frankfurt (FRA)	4,279	-16%
3	5	5	Paris (CDG)	4,259	-11%
7	6	6	Madrid (MAD)	3,502	-12%
8	8	7	Barcelona (BCN)	3,064	-11%
6	7	8	Munich (MUC)	2,909	-28%
9	11	9	Rome (FCO)	2,742	-17%
10	9	10	London (LGW)	2,715	-28%

Source: Airport Industry Connectivity Report 2023, ACI Europe.



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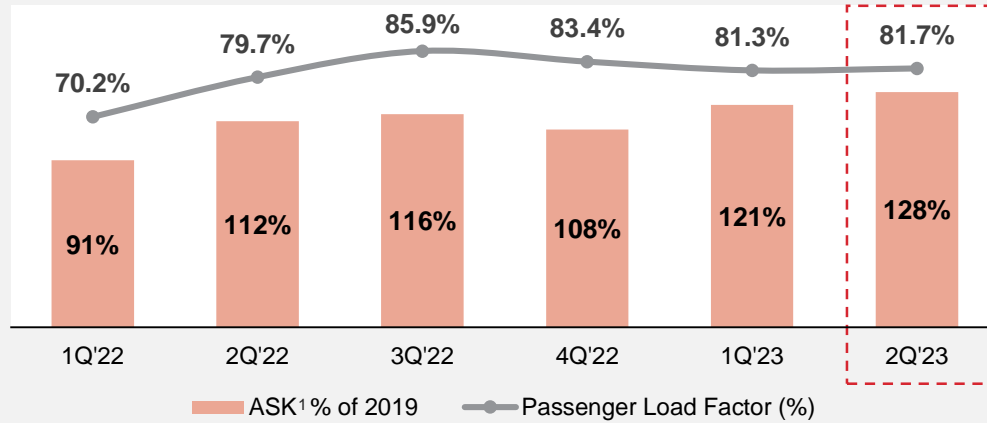
**2Q'23
FINANCIAL
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**STRATEGY
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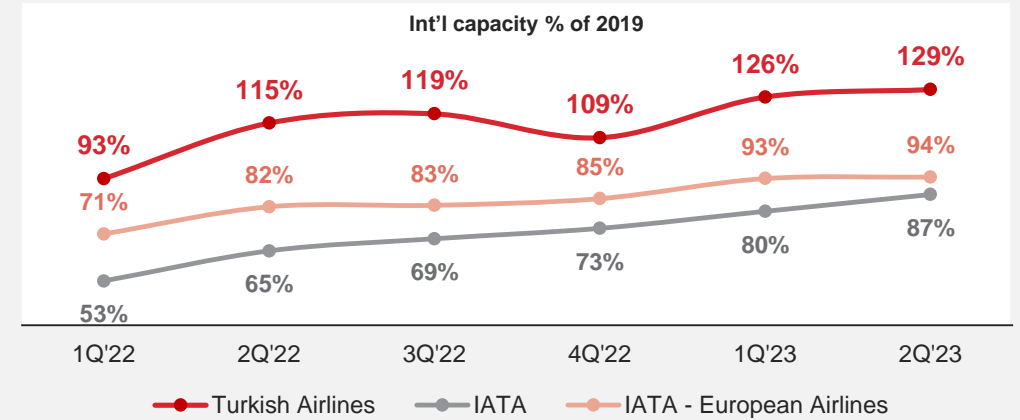
Capacity Management

In the second quarter, we surpassed 2Q'19 ASK by **28%** and LF by **1.5 pp.**



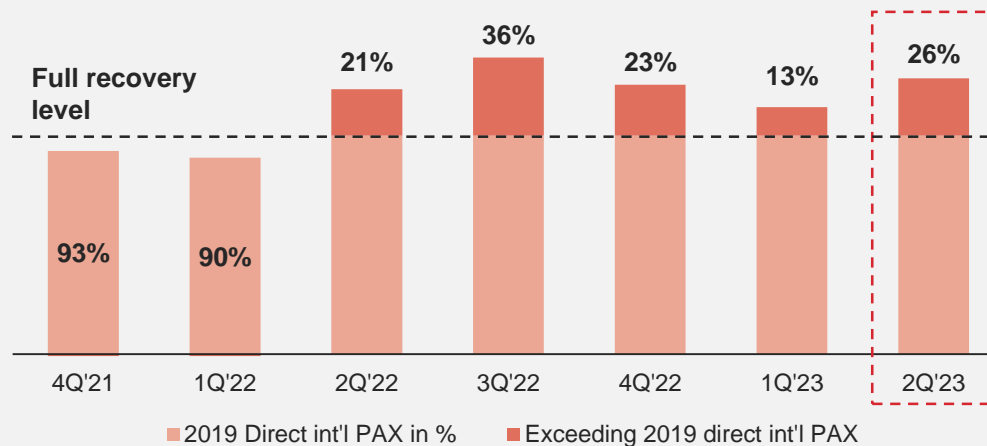
¹ASK: Available Seat Kilometers

As a proportion of the pre-pandemic level, our int'l passenger capacity remains substantially **above European and Global averages.**



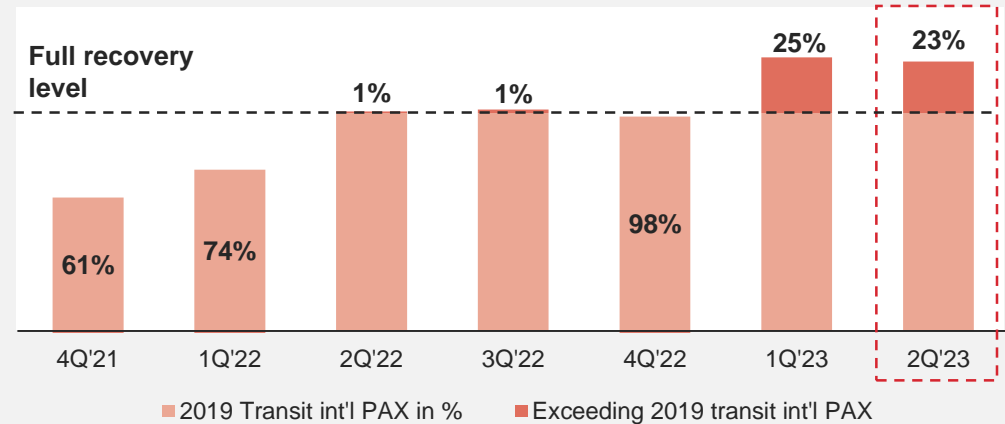
Source: IATA

Number of direct international passengers recorded materially above pre-pandemic levels **in the last five quarters.**



Direct int'l PAX: Number of international passengers travelling to Türkiye.

Performance of our international transit segment **continues to be robust.**



Transit int'l PAX: Number of international passengers excluding direct.

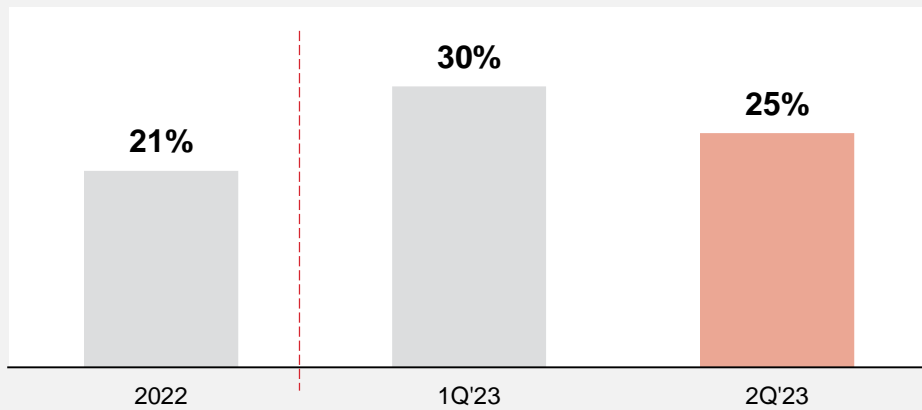
Passenger Traffic

2Q'23 Regional Capacity and Load Factor¹



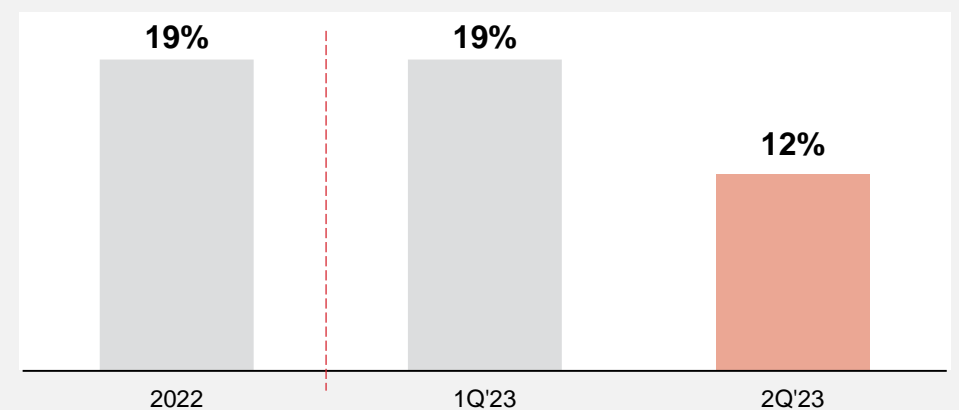
R/Y² Change vs 2019

Higher R/Y level compared to pre-pandemic level



R/Y Change (Year-over-Year)

As normalization continues strong base effect will push the yields lower

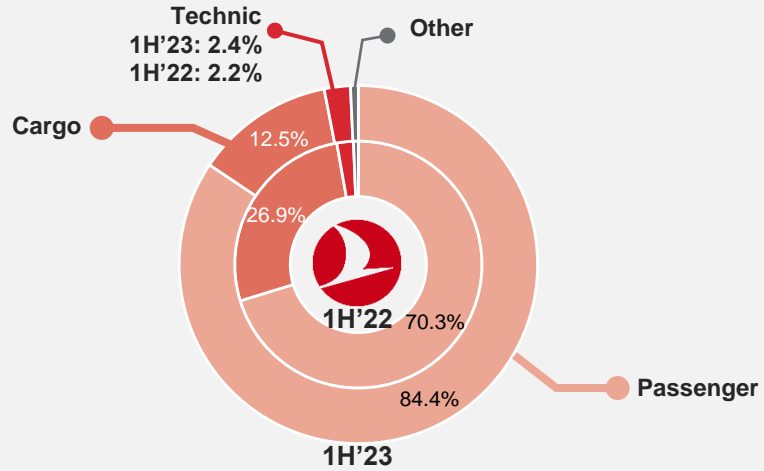


¹ The scale of the bubble represents the portion of the regions' ASK contribution. Regional data contains only scheduled flights.

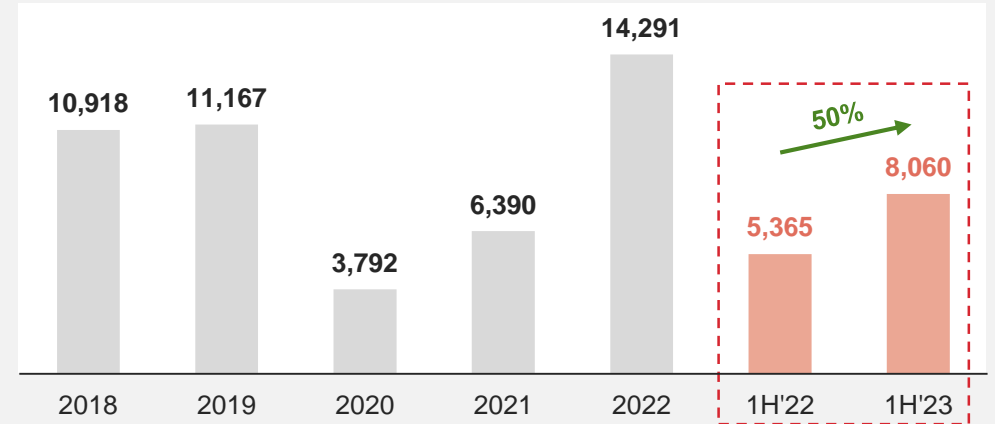
² Revenue Yield (R/Y): Total Passenger Revenue / Revenue Passenger Kilometers

Segment Performance

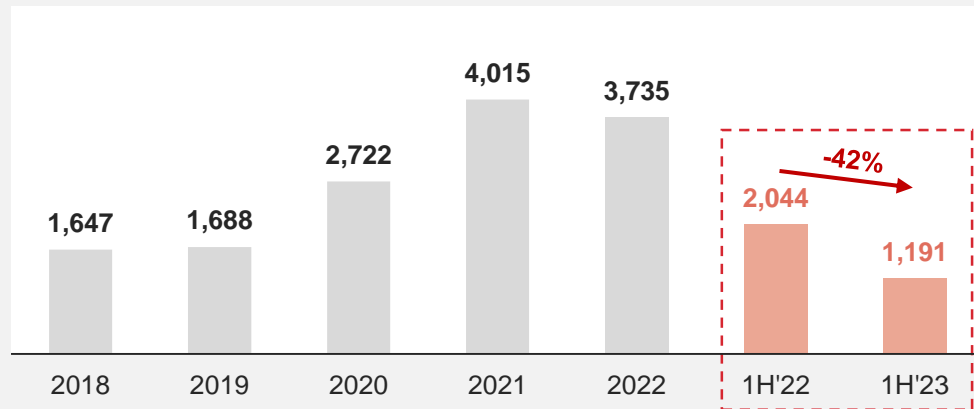
Revenue by Business Type (1H'23 / 1H'22)



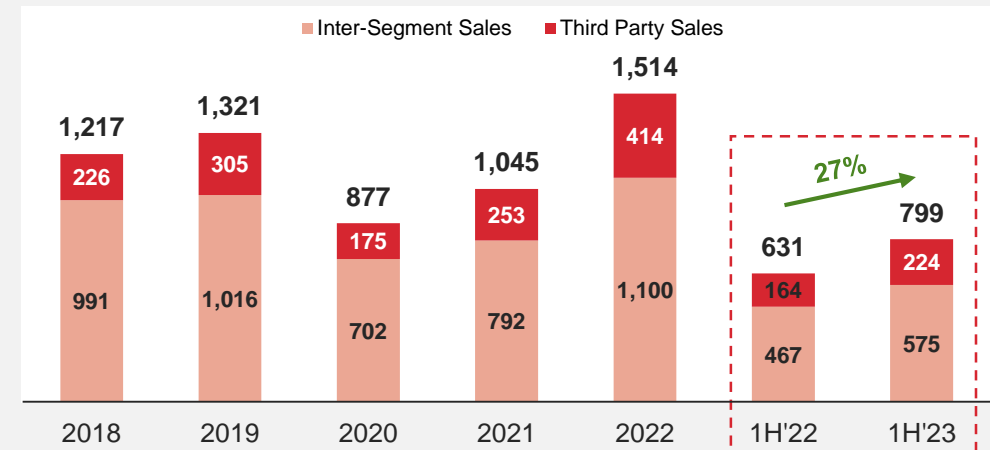
Passenger Revenue Evolution (mn USD)



Cargo Revenue Evolution (mn USD)



Technical Revenue Evolution (mn USD)





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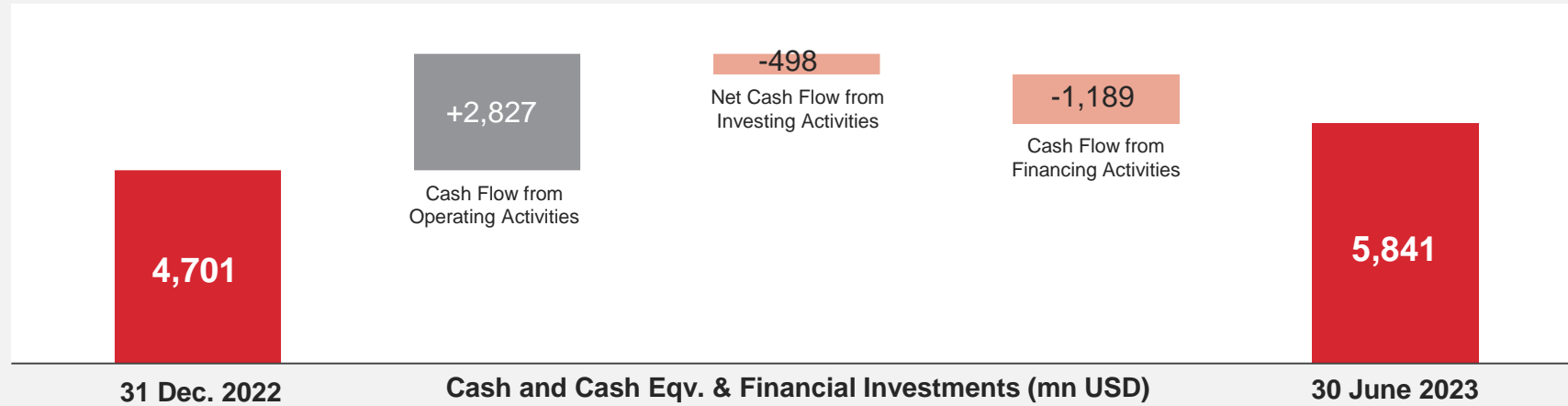
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Liquidity and Leverage

Liquidity Development



Sound Liquidity and Comfortable Leverage

We have **~5.8 bn USD** liquidity as of June 30.

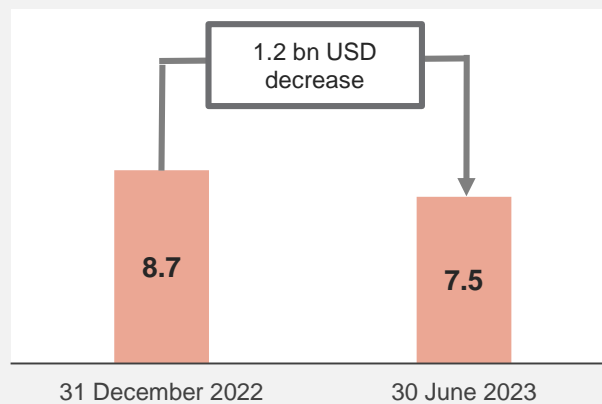
LTM Net Debt to EBITDA **decreased to 1.4x** to its lowest level.

Net debt decreased by **6.6 billion USD** from its peak at the end of 2020.

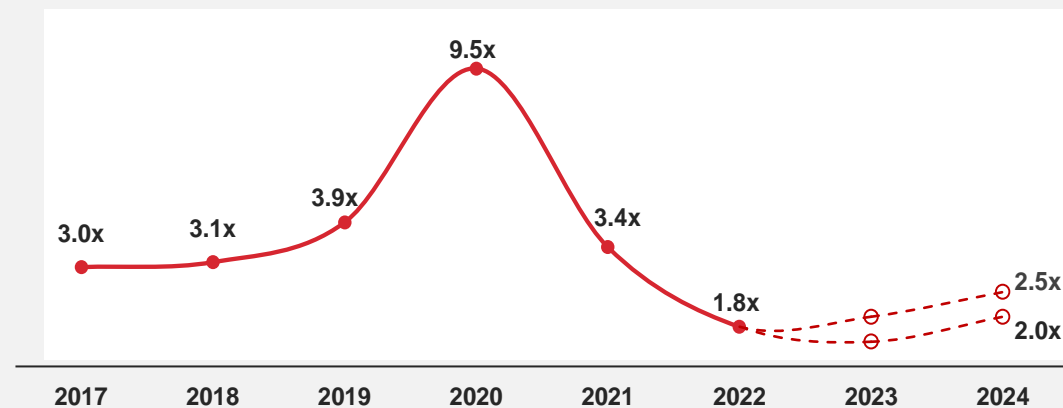
Deleveraging driven by operational cash generation.

Net Debt & Leverage

Net Debt¹ (bn USD)



Net Debt to EBITDA



Financial and Operational Data

2Q'22	2Q'23	Change	(USD mn)	1H'22	1H'23	Change
4,535	5,149	13.5%	Total Revenues	7,586	9,502	25.3%
3,375	4,412	30.7%	Passenger Revenue	5,365	8,060	50.2%
1,064	600	-43.6%	Cargo Revenue	2,044	1,191	-41.7%
87	117	34.5%	Technic Revenue	164	224	36.6%
530	794	49.8%	Profit From Main Operations	693	908	31.0%
576	635	10.2%	Net Income	737	868	17.8%
12.7%	12.3%	-0.4 pt	Net Income Margin	9.7%	9.1%	-0.6 pt
1,132	1,552	37.1%	EBITDAR	1,842	2,321	26.0%
25.0%	30.1%	5.2 pt	EBITDAR Margin	24.3%	24.4%	0.1 pt
51,791	59,118	14.1%	ASK (Million)	90,629	110,879	22.3%
7.59	7.63	0.6%	RASK2 (incl. ACTK)¹	7.14	7.52	5.3%
8.18	9.13	11.6%	Revenue Yield (R/Y) (Usc)²	7.83	8.92	13.9%
18,234	21,648	18.7%	Passengers Carried ('000)	30,899	38,703	25.3%
79.7%	81.7%	2.1 pt	L/F (%)	75.6%	81.5%	5.9 pt

¹RASK2: Total Passenger and Cargo Revenue / ASK (Adjusted ASK by available cargo ton kilometer)

²Revenue Yield (R/Y) Total Passenger Revenue / RPK

Total Revenues exceeded 2022 level by **25%** in the first half.

Passenger Revenues increased by **50%** year-over-year.

Excluding one-off impacts **profitability** would be **370 mn USD** higher in 1H'23.

1H'23 **EBITDAR Margin** excluding the one-offs is **28.3%**.

Unit Expenses

2Q'22	2Q'23	Change	(USc)	1H'22	1H'23	Change
3.52	2.33	-33.9%	Fuel	3.07	2.57	-16.1%
0.88	1.42	61.2%	Personnel	0.99	1.41	42.3%
0.96	0.94	-1.8%	Aircraft Ownership ¹	1.07	0.98	-8.6%
0.61	0.70	14.3%	Airports & Air Navigation	0.63	0.70	9.9%
0.53	0.57	7.9%	Sales & Marketing	0.55	0.59	6.5%
0.42	0.58	38.5%	Ground Handling	0.44	0.55	23.9%
0.29	0.39	35.2%	Passenger Services & Catering	0.27	0.38	38.2%
0.38	0.40	5.6%	Maintenance	0.40	0.43	6.0%
0.18	0.20	10.7%	Other	0.21	0.21	4.0%
7.75	7.51	-3.1%	CASK	7.64	7.81	2.3%
4.23	5.19	22.5%	Ex-Fuel CASK	4.57	5.24	14.6%
6.86	6.76	-1.5%	CASK2 (incl. ACTK) ²	6.67	7.04	5.5%
3.75	4.67	24.5%	Ex-Fuel CASK2 (incl. ACTK) ²	3.99	4.72	18.2%

¹includes Depreciation and Aircraft Rent expenses.

CASK: Total Expenses / ASK

Ex-Fuel CASK: (Total Expenses – Fuel Expenses) / ASK (Available Seat Kilometers)

²CASK2: Total Expenses / ASK (Adjusted ASK by available cargo ton kilometer)

Ex-Fuel CASK2: (Total Expenses – Fuel Expenses) / ASK (Adjusted ASK by available cargo ton kilometer)



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AnadoluJet's international capacity share increased by 51 p.p. in 2022 compared to 2019

	2019	2022	1H'22	1H'23
Number of Aircraft	31	64	58	81
Number of Routes	129	180	170	164
International Capacity Share (%)	13.3%	64.5%	62.8%	57.9%
Int'l Market Share in Hub (Ist. SAW Airport)	18%	24%	27%	25%
Number of Passenger (mn)	14.6	16.1	7.2	9.4
Capacity (ASK)	11.2	21.7	9.9	12.2
Load Factor	87.5%	82.9%	77.5%	80.5%



Incorporation process launched in July 2023 under "Ajet" brand.

Its fleet will reach to 88 aircraft by the year-end.

AJet is targeting to:

Drive down unit costs further with 13 new generation aircraft additions in 2023.

Increase penetration to high growth leisure markets through direct international flights.

Capture ethnic travel segment from Europe, Middle East and Central Asia to Türkiye.

Reach price sensitive customers.

Extract ancillary revenue potential by merchandising and bundling.

Passenger Capacity:

15-20% higher than 2022



Costs:

High-single digit pp. increase in Ex-fuel CASK compared to 2022 (Total CASK to decline)



CapEx:

Around 5-5.5 bn USD Gross CapEx in 2023 including aircraft, engines and other investments



Fleet:

425 as of August 4

Year-end fleet expectation 435



New Int'l Routes in 2023*:

Started:

Lusaka
Krakow
Palermo

Planned:

Detroit
Osaka

Network:

344 destinations in 129 countries



Strategic Priorities

Leveraging our strengths and extracting value embedded in our business model

Targeting organic growth opportunities

Investing in efficiency and business excellence

Sustaining our competitive cost base

Continued focus on balance sheet strength



Sustainability

The Most Material Issues

Flight Safety and Security

Climate Change

Employee Health and Safety

Changes in Customer Expectations and Behaviour

Fleet Modernization and Development

Digitalization

Business Continuity

Talent Management

Waste Management

Highly Material Issues

Support for the Social Development

Fair Competition

Water Management

Single Use Plastic

Sustainable Catering

Noise Management

Responsible Supply Chain Management

Innovation

In the second quarter of 2023:

Fuel Saving:
19,425 tons



CO₂ Avoided:
61,187 tons



Fleet Age:
9.1 Average



Q2 2023 Developments



Indexes and sustainability rating agencies that voluntarily participate in performance evaluations:





TURKISH AIRLINES

INVESTOR RELATIONS

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