



TURKISH AIRLINES

A STAR ALLIANCE MEMBER 



2Q'24 RESULTS



August 2024

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2024 EXPECTATIONS

2Q'24 at a Glance

Travel Experience

- **Best Airline in Europe** for the Ninth Time
- **Best Airline in Southern Europe**
- **World's Best Business Class Catering**



Sustainability

- Named **Most Sustainable Flag Carrier** by World Finance
- Gathered sustainability initiatives under **Tomorrow On-Board** platform



Unmatched Network

- **Denver** expanded our US network to 14
- Launched in June 11
- 296th international destination





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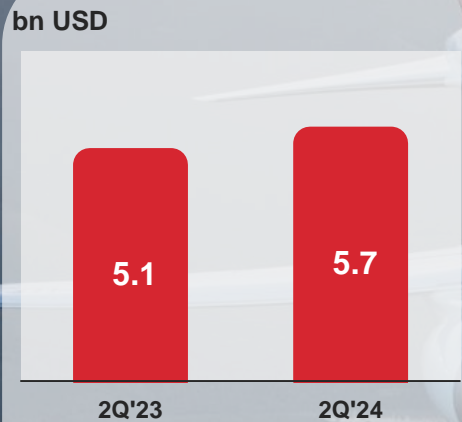
Passenger Capacity

c.8% higher annually.
Exceeded 2019 level by **38%**.



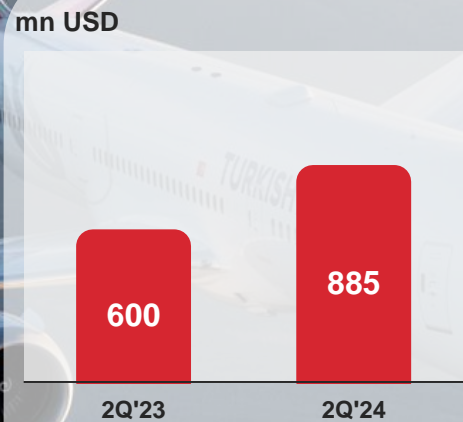
Total Revenues

Grew by **10%** on the back of substantially higher cargo and technic revenue.



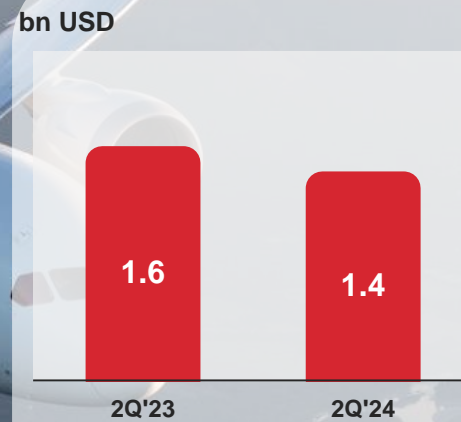
Cargo Revenues

Surged by **48%** as Turkish Cargo capitalized on robust e-commerce demand.



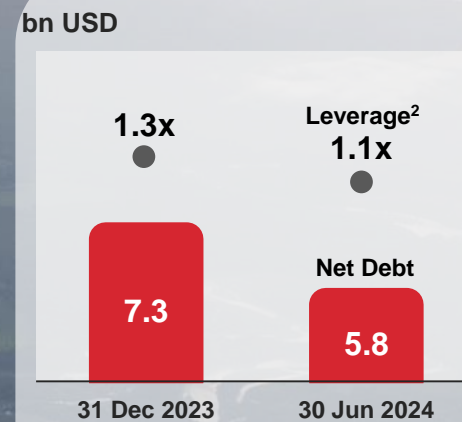
EBITDAR

Down by **12%** due to cost pressures from personnel expenses and GTF groundings.



Net Debt & Leverage²

Net Debt improved by **1.5 bn USD**.
Leverage decreased to **1.1x**.



¹ASK: Available Seat Kilometers
²Leverage: Net Debt / LTM2Q'24 EBITDAR

We are targeting sustainable productivity gains with our 2033 Strategy

Hard Product
(Aircraft)



Operational Efficiency



Customer Engagement



Sustainable
Productivity Gains

Digitalization



Levers will help us manage our cost base effectively...

Hard Product (Aircraft)

New Generation Aircraft

- 10-15% more fuel efficient
- Better seat configuration and density

Cabin Renewal (Retrofitting)



- Weight reduction → Less fuel consumption and emissions
- Better seat configuration and density

Ajet Fleet



- Fleet renewal
- Simple and high density cabin design

Customer Engagement

New Distribution Capability



- Increased ability to manage indirect distribution expenses
- Reduces customer acquisition costs and sales friction through personalization (Higher value for money for sales & marketing activities)
- Will be supported by:



IATA One Order

- Reducing costs by simplifying order structure, standardized retailing, payments and other ad-hoc functions (ticketing, accounting etc.)

Digitalization

AI / Machine Learning



- Enhanced passenger self service capabilities
- Automated customer support
- Decreased reliance to manual processes
- Back-office automation
- Fraud prevention

Other Initiatives

- Centralized accounting, treasury and procurement functions
- End-to-end cargo process digitalization
- Establishing virtual POS and PSP infrastructure

Operational Efficiency

Productivity Increase

- Implementation of AI in flight, schedule and crew planning
- Automated irregular operations management
Internal: Late departures, cancellations, type changes and reseating
External: Weather and ATC related

Optimization

- Fuel and catering uplift
- Aircraft weight & balance
- Predictive maintenance & inventory management
- Paperless cockpit and cabin

Subsidiaries

- Closer coordination and performance tracking to extract intra-group synergies
- Decreasing cost allocation to the Group due to increasing 3rd party sales

...and are embedded in our Strategy.

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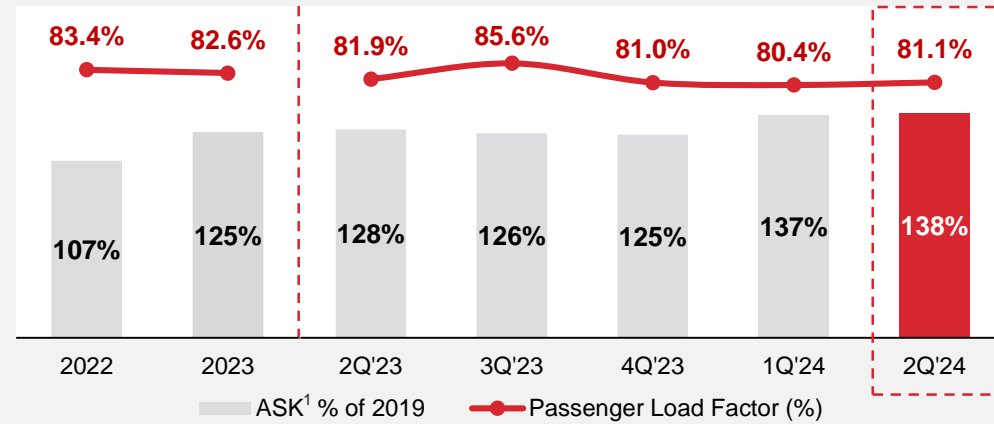
FINANCIAL HIGHLIGHTS

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2024 EXPECTATIONS

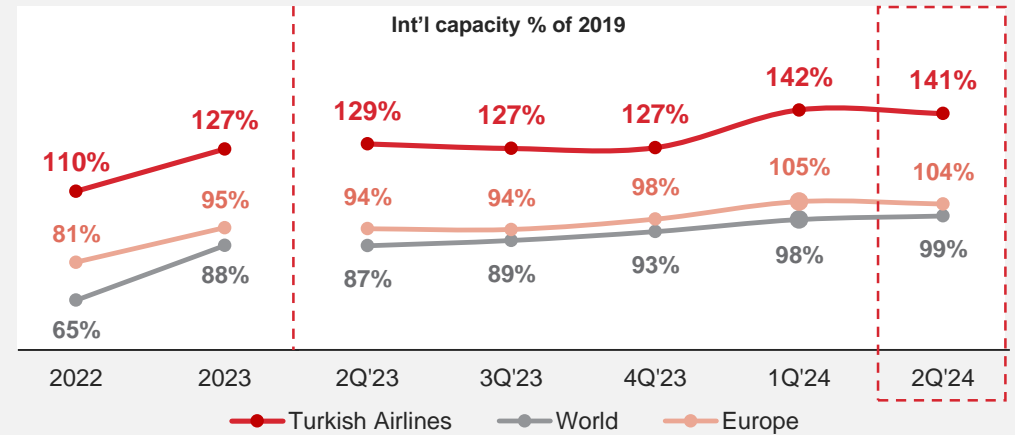
Capacity and Demand Development

In 2Q'24, we surpassed 2Q'19 ASK by **38%** and LF by **0.9 pp.**



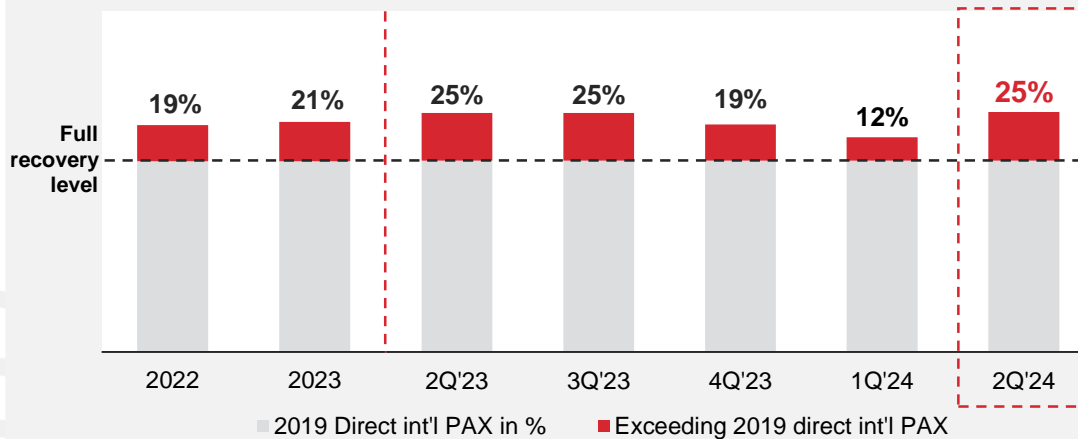
¹ASK: Available Seat Kilometers

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



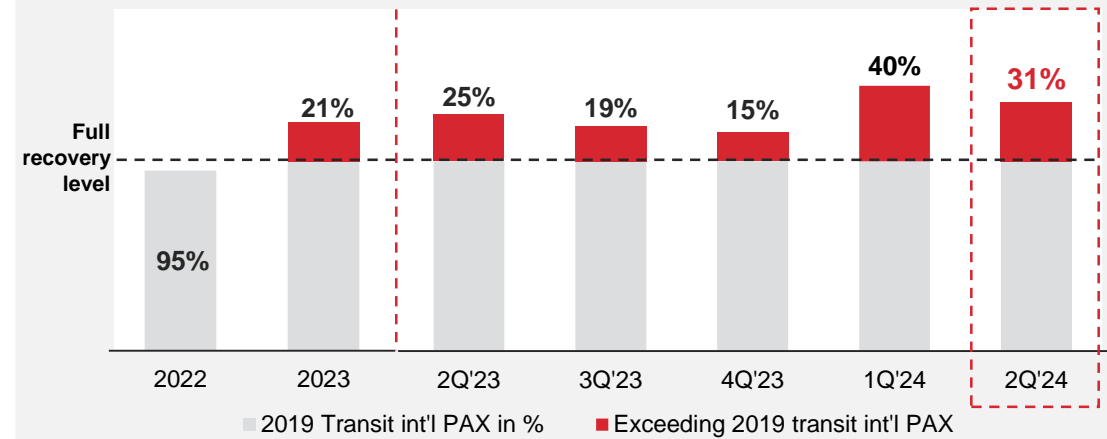
Source: IATA

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



Direct Int'l PAX: Int'l passengers travelling to/from Türkiye carried by Turkish Airlines.

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

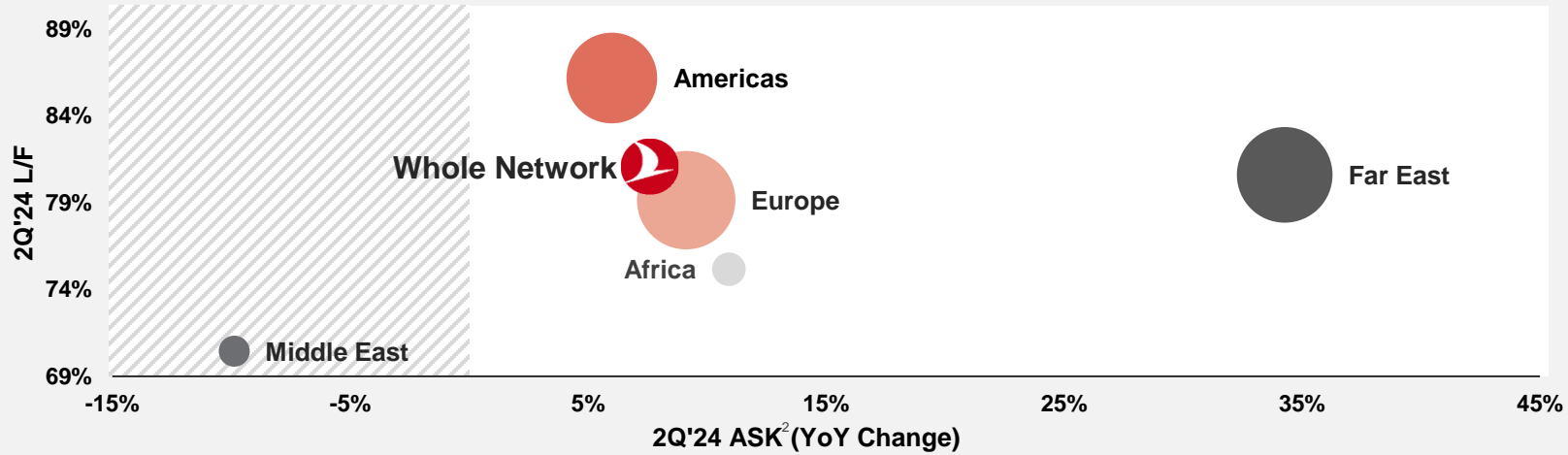


Transit int'l PAX: Int'l passengers excluding direct.



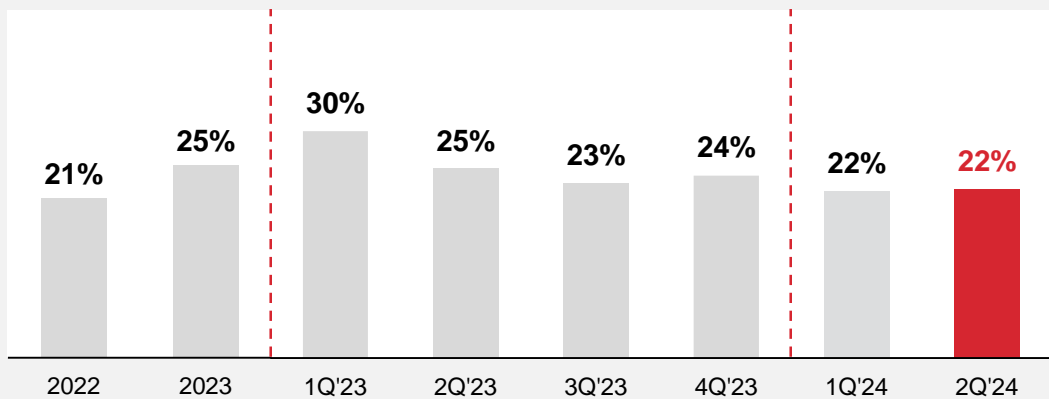
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2Q'24 Regional Capacity and Load Factor¹



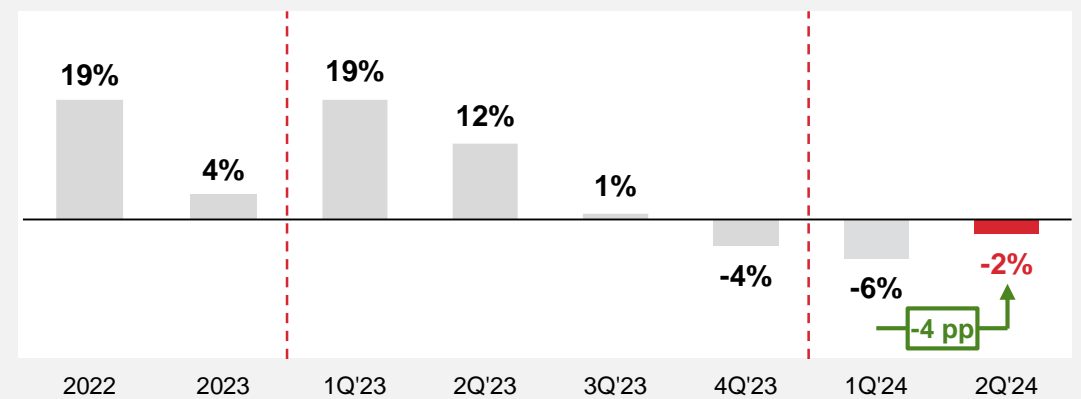
R/Y³ Change (vs 2019)

Higher R/Y level compared to pre-pandemic level



R/Y Change (Year-over-Year)

R/Y started to normalize as base effect fades.



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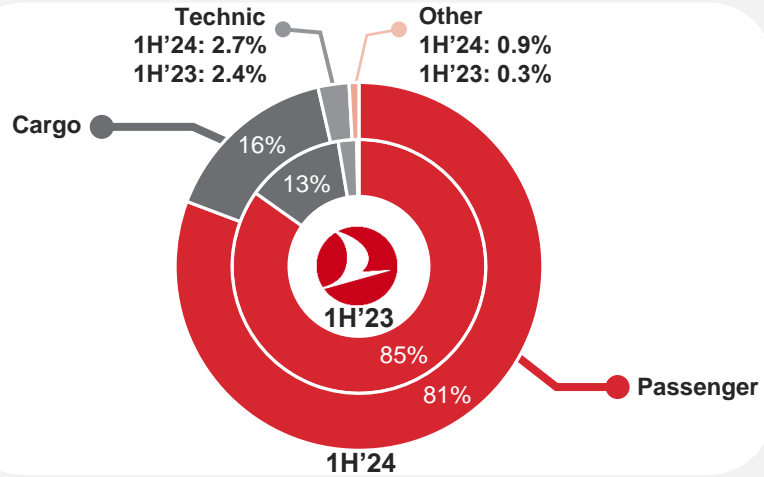
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¹ The scale of the bubbles represent regional ASK contribution. Data contains only scheduled flights.

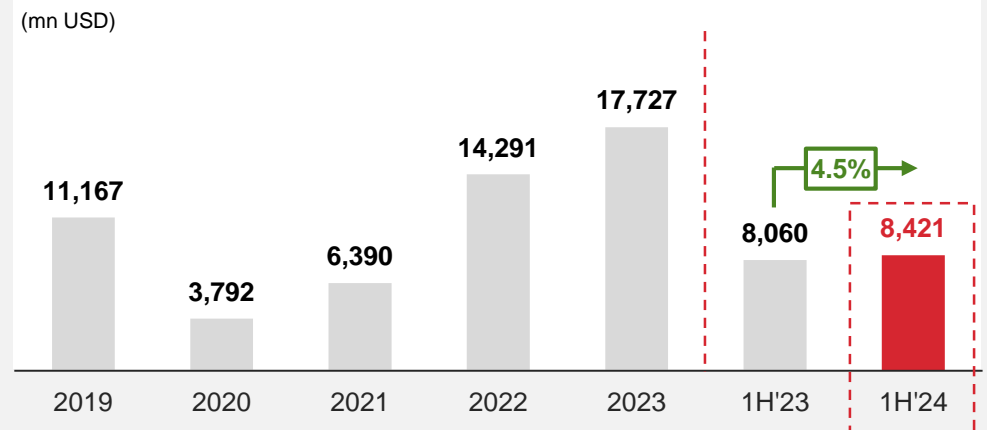
² ASK: Available Seat Kilometers

³ Revenue Yield (R/Y): Total Passenger Revenue / Revenue Passenger Kilometers

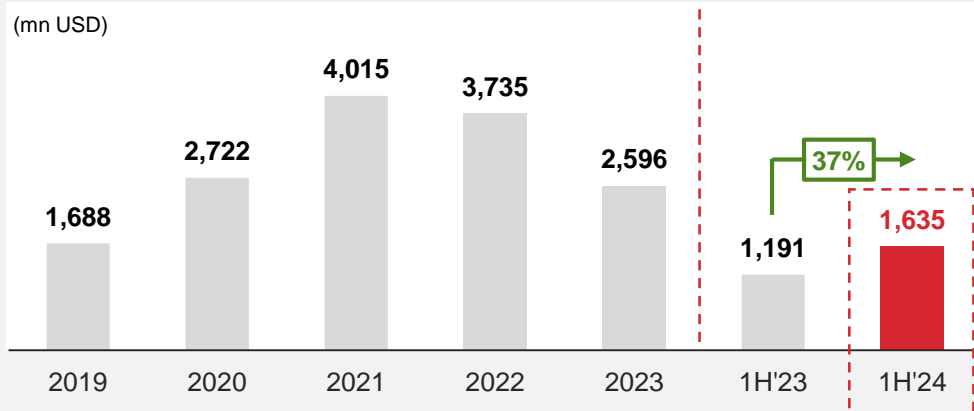
Revenue by Business Type



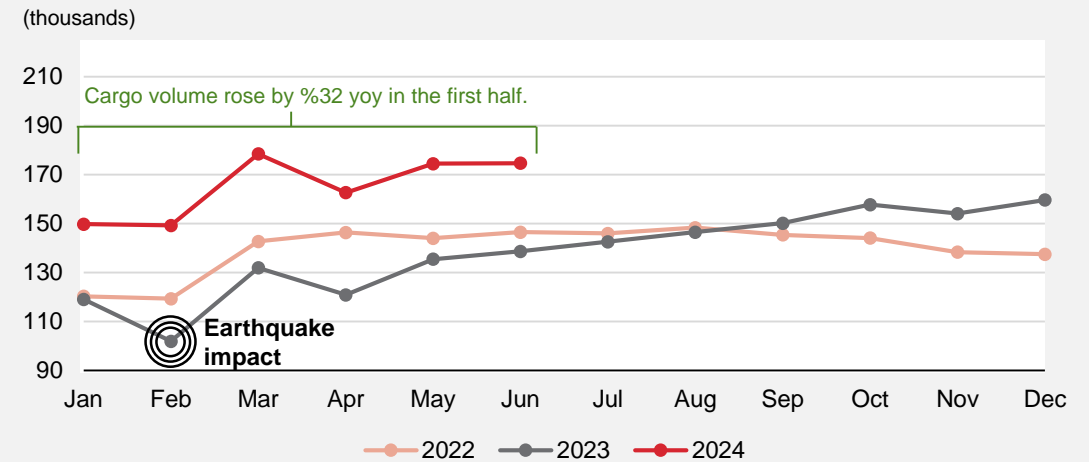
Passenger Revenue Evolution



Cargo Revenue Evolution

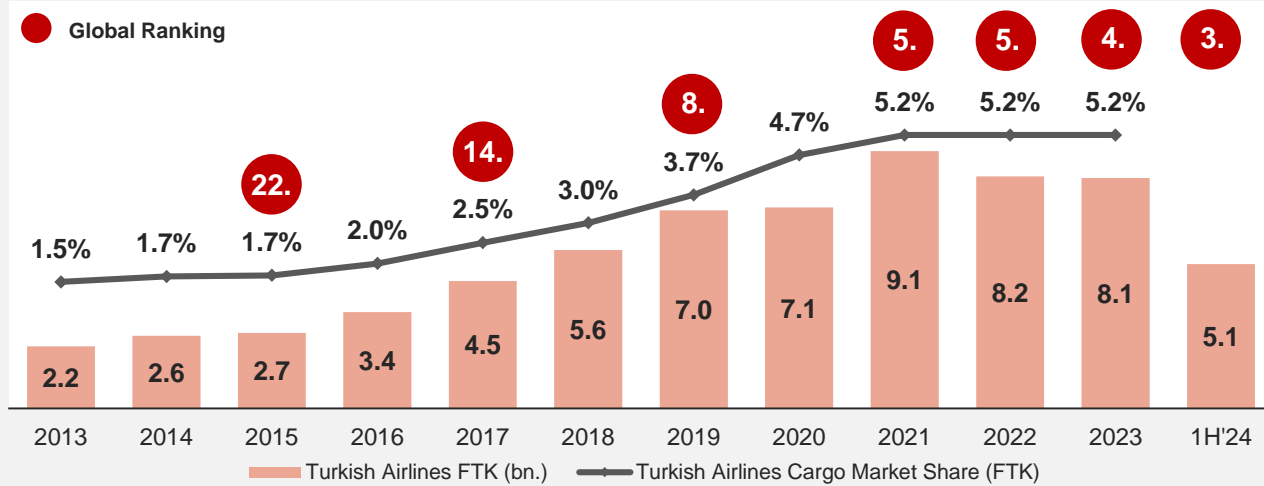


Monthly Cargo Volume

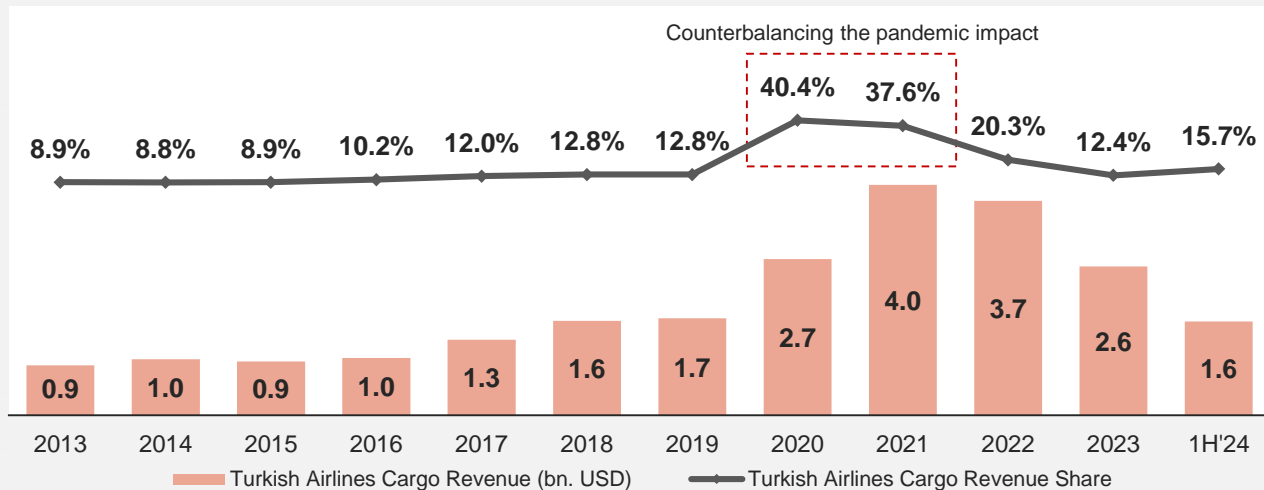


Robust growth of Turkish Cargo continues

Market Share Development (FTK)¹



Turkish Cargo Revenue Development



Overview

Flies to **133** countries / **366** destinations with **21** freighters and **437** passenger aircraft as of July 2024.

Ranks **3rd** globally in terms of FTK¹ in 1H'24.

Operates in **SmartIST**, one of the largest air cargo terminals in the world.



Opportunities

- Türkiye's ideal location as a global hub and increasing trade volume
- Penetration into the fast growing express cargo segment (e-commerce)
- Growth opportunities in Asia through JVs and commercial partnerships
- Integrated solutions for intermodal transportation

Incorporation

- Incorporated in 2023 as a spinoff of AnadoluJet brand
- Independently operational as of April 2024

Fleet Renewal

- Decreasing unit costs with more efficient and high density new generation aircraft entries

Expanding Network

- Increasing depth and breadth of the network with an international focus
- Penetration to high growth leisure and ethnic travel market

Digital Transformation

- Generating ancillary revenue by merchandising and unbundling
- Higher proportion of online ticket sales



Increased Focus on International Operations

| | 2019 | 2023 | 1H'23 | 1H'24 |
|--|-------|-------|-------|-------|
| Number of Aircraft | 31 | 91 | 81 | 95 |
| Number of Routes | 129 | 177 | 178 | 162 |
| International Share of its Capacity ¹ (%) | 13.3% | 61.3% | 57.7% | 57.6% |
| Int'l Market Share ² in Istanbul Sabiha Airport | 18% | 25% | 25% | 23% |
| Number of Passenger (mn) | 146 | 20.9 | 9.3 | 10.2 |
| Capacity ¹ (bn ASK) | 11.2 | 27.4 | 12.2 | 13.0 |
| Load Factor | 87.5% | 82.3% | 80.4% | 79.6% |

¹ In terms of Available Seat Kilometers (ASK). ² In terms of Number of Landings.

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2024 EXPECTATIONS

| 2Q'23 | 2Q'24 | Change | (USD mn) | 1H'23 | 1H'24 | Change |
|-------|-------|---------|--|-------|--------|---------|
| 5,149 | 5,661 | 9.9% | Total Revenues | 9,502 | 10,430 | 9.8% |
| 4,412 | 4,597 | 4.2% | Passenger Revenue | 8,060 | 8,421 | 4.5% |
| 600 | 885 | 47.5% | Cargo Revenue | 1,191 | 1,635 | 37.3% |
| 117 | 140 | 19.7% | Technic Revenue | 224 | 284 | 26.8% |
| 794 | 591 | -25.6% | Profit From Main Operations | 908 | 633 | -30.3% |
| 635 | 943 | 48.5% | Net Income | 868 | 1,169 | 34.7% |
| 12.3% | 16.7% | 4.3 pt | Net Income Margin | 9.1% | 11.2% | 2.1 pt |
| 1,552 | 1,371 | -11.6% | EBITDAR | 2,321 | 2,150 | -7.3% |
| 30.1% | 24.2% | -5.9 pt | EBITDAR Margin | 24.4% | 20.6% | -3.8 pt |
| 59.1 | 63.6 | 7.7% | ASK (Billion) | 110.8 | 122.1 | 10.2% |
| 7.63 | 7.73 | 1.3% | RASK2 (incl. ACTK)¹ | 7.52 | 7.35 | -2.3% |
| 9.12 | 8.91 | -2.3% | Revenue Yield (R/Y)² (Usc) | 8.91 | 8.54 | -4.2% |
| 21.7 | 22.1 | 2.0% | Passengers Carried (Million) | 38.7 | 40.6 | 4.8% |
| 81.9% | 81.1% | -0.8 pt | L/F (%) | 81.6% | 80.8% | -0.8 pt |
| 395 | 512 | 29.6% | Carried Cargo Tons ('000) | 748 | 989 | 32.3% |

Financial Highlights (Quarterly)

Total Revenues exceeded 2Q'23 level by **10%**.

Cargo Revenues surged by **48%** due to strong e-commerce activity.

EBITDAR Margin declined as a result of cost pressures.

A sizable contribution from our investment portfolio materially improved **Net Income**.

Unit Expenses

| 2Q'23 | 2Q'24 | Change | (USc) | 1H'23 | 1H'24 | Change |
|-------------|-------------|-------------|---|-------------|-------------|-------------|
| 2.33 | 2.49 | 7.1% | Fuel | 2.57 | 2.56 | -0.6% |
| 1.42 | 1.71 | 21.1% | Personnel | 1.41 | 1.73 | 23.0% |
| 0.91 | 1.01 | 11.6% | Aircraft Ownership ¹ | 0.95 | 1.03 | 8.3% |
| 0.70 | 0.67 | -3.7% | Airports & Air Navigation | 0.70 | 0.68 | -2.5% |
| 0.57 | 0.56 | -1.3% | Sales & Marketing | 0.59 | 0.56 | -4.9% |
| 0.58 | 0.65 | 11.8% | Ground Handling | 0.55 | 0.59 | 7.6% |
| 0.39 | 0.39 | -0.3% | Passenger Services & Catering | 0.38 | 0.38 | 0.2% |
| 0.40 | 0.41 | 3.1% | Maintenance | 0.43 | 0.42 | -1.4% |
| 0.24 | 0.20 | -15.1% | Other | 0.25 | 0.21 | -17.1% |
| 7.52 | 8.10 | 7.7% | CASK | 7.81 | 8.15 | 4.3% |
| 5.19 | 5.60 | 8.0% | Ex-Fuel CASK | 5.24 | 5.59 | 6.7% |
| 6.76 | 7.27 | 7.4% | CASK2 (incl. ACTK)² | 7.04 | 7.27 | 3.3% |
| 4.67 | 5.03 | 7.7% | Ex-Fuel CASK2 (incl. ACTK)² | 4.72 | 4.99 | 5.6% |

Highlights (Quarterly)

Fuel-CASK rose by **7%** due to higher fuel prices and growing cargo operations.

Increase in **Ex-fuel CASK** driven by personnel expenses and GTF groundings.

Impact of personnel bonus payment, subsidiary salary adjustments and GTF was around **6 pp.**

Ground Handling unit cost rose as a result of subsidiary salary adjustment.

¹includes Depreciation and Aircraft Rent expenses.

CASK: Total Expenses / ASK (Available Seat Kilometers)

Ex-Fuel CASK: (Total Expenses - Fuel Expenses) / ASK

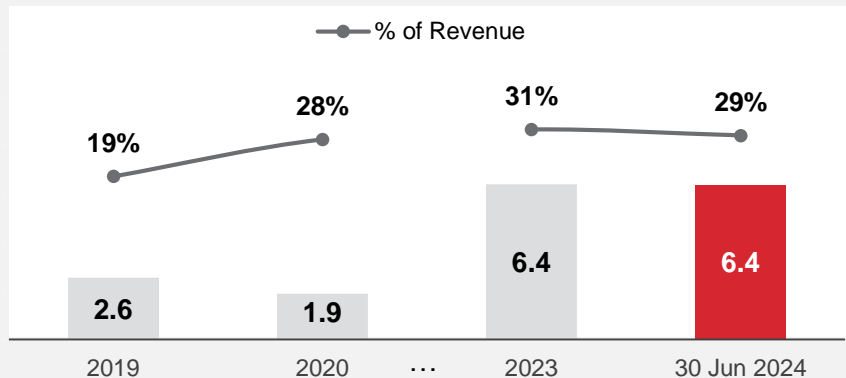
²CASK2: Total Expenses / ASK (Adjusted ASK by available cargo ton kilometer)

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

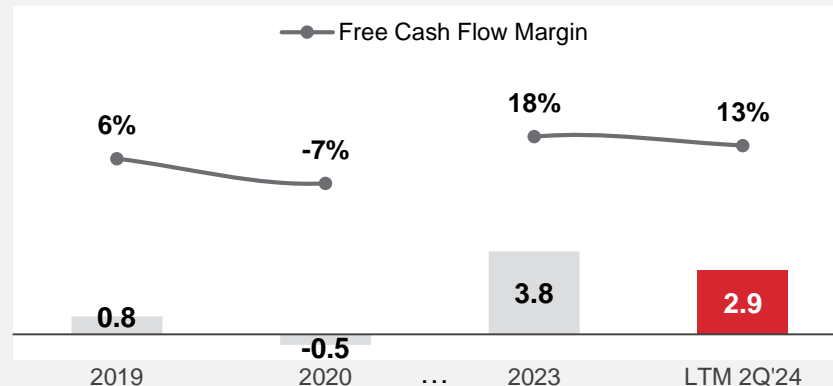
We have sound liquidity and comfortable leverage levels

Liquidity and Free Cash Flow

Liquidity¹ (bn USD)



Free Cash Flow² (bn USD)



Highlights

We have **~6.4 bn USD** liquidity as of June 30.

13 billion USD cumulative **Free Cash Flow** generation since 2021.

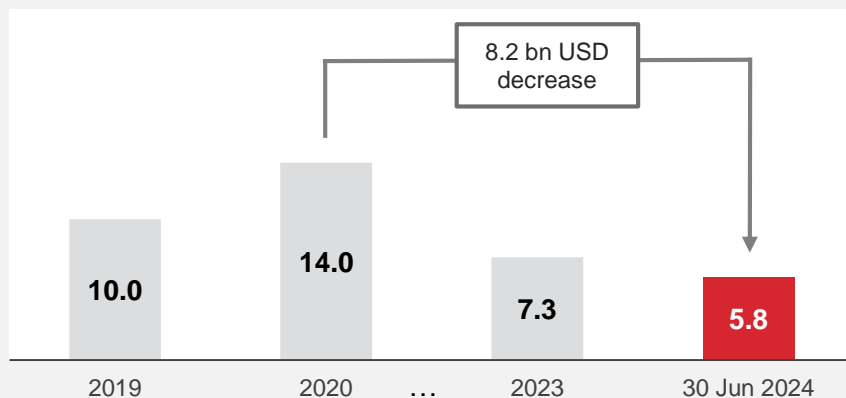
5.8 bn USD Net Debt as of June 30.

Net debt decreased by **8.2 billion USD** from its peak at the end of 2020.

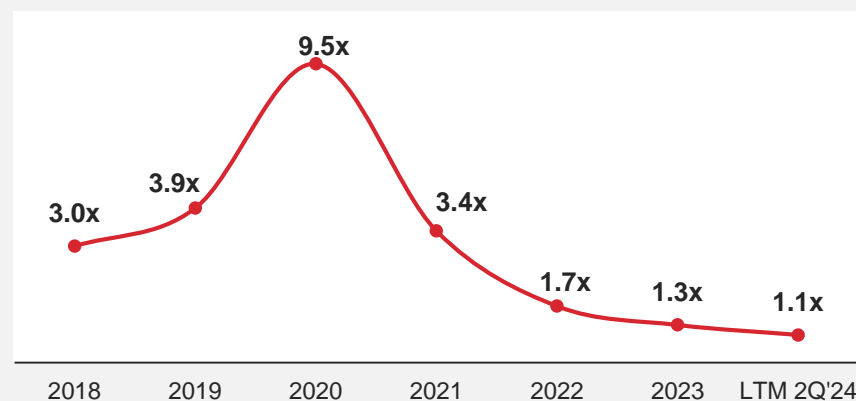
LTM Net Debt to EBITDA decreased to **1.1x** in 2Q'24.

Net Debt and Leverage

Net Debt³ (bn USD)



Net Debt to EBITDA



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¹ Liquidity: Cash & Cash eq.+ Financial Investments

² Free Cash Flow: Cash Flow from Operations - Net CAPEX

³ Net Debt: Total Debt - (Cash & Cash eq.+ Financial Investments + Short-term PDP Receivables + Restricted Cash)

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Passenger Capacity:

c.10% increase compared to 2023



Costs:

Mid-single digit pp. increase in Ex-fuel CASK compared to 2023



CAPEX:

Around 4.3 – 4.7 bn USD Gross CAPEX in 2024 including aircraft, engines and other investments



Fleet:

458 as of August 6
Year-end fleet expectation 483



New Int'l Routes in 2024:

Started:

Melbourne
Denver
Tripoli

Planned:

Sydney

Network:

349*
destinations
in 130 countries



* As of 02.08.2024

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

Preserving balance sheet strength and focus on shareholder returns



Sustainability Efforts in 1H'24

Fuel Saving:
32,222 tons of fuel saved



CO₂ Avoided:
101,498 tons of CO₂ avoided



Fleet Age:
9.8 Average Fleet Age



The Most Material Issues

Combating Climate Change

Employee Health & Safety

Fleet Modernization & Development

Being a Preferred Employer

Digitalization

Operational Excellence & Sustainable Service Quality

Talent Management

Proactive Risk & Crisis Management

Brand Management & Reputation

Highly Material Issues

Changes in Customer Expectations & Behaviour

Energy & Fuel Efficiency

Sustainable Catering

Waste Management

Corporate Citizenship

Innovation

Responsible Supply Chain Management

Inclusion & Equal Opportunity

Human Rights

Our Unchangeable Principles

Flight Safety and Security

Customer Satisfaction & Experience

Financial Sustainability & Resilience

Business Ethics, Legal Compliance and Fair Competition

Tomorrow On-Board

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MOST SUSTAINABLE FLAG CARRIER AIRLINE
2024
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CDP
Leadership Category



Participated indexes and sustainability ratings



REFINITIV
An LSEG Business



S&P Global Sustainable 1



MSCI

SUSTAINALYTICS



Please visit our [Sustainability website](#) for further details.

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