

2022 Third Quarter Results Investor Presentation





TURKISH AIRLINES

A STAR ALLIANCE MEMBER 

**KEY
TAKEWAYS**

1.

**SUMMARY
OF 3Q'22**

2.

**3Q'22
OPERATIONAL
HIGHLIGHTS**

3.

**3Q'22
FINANCIAL
HIGHLIGHTS**

4.

**STRATEGY
AND
TARGETS**



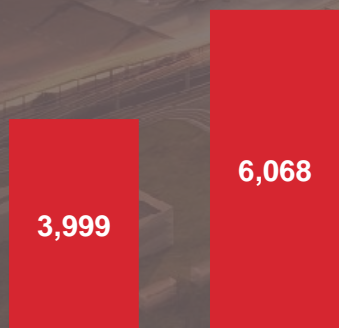
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Total Revenues

52% higher revenue achieved in 3Q'22 compared to 3Q'19.

mn USD



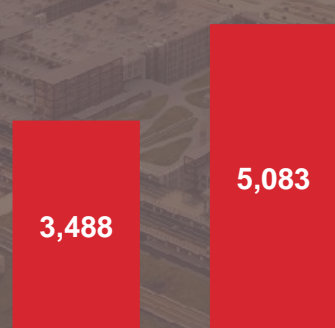
3Q'19

3Q'22

Passenger Revenue

Passenger revenue surpassed 3Q'19 levels by 46% as demand gained momentum.

mn USD



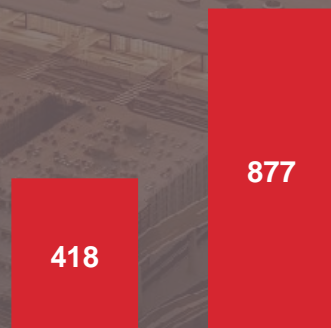
3Q'19

3Q'22

Cargo Revenue

Cargo revenue more than doubled in 3Q'22 compared to 3Q'19.

mn USD



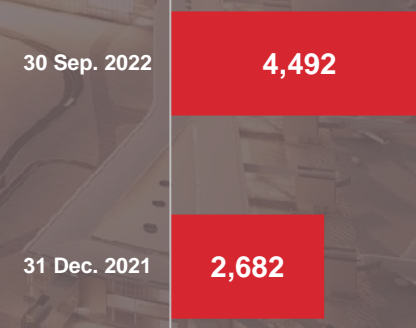
3Q'19

3Q'22

Cash & Liquidity

Liquidity remains strong with ~4.5 bn USD Cash & Eqv.

mn USD



31 Dec. 2021

2,682

Ex-Fuel CASK

Ex-Fuel unit cost decreased by 5% in 3Q'22 compared to 3Q'19.

USc

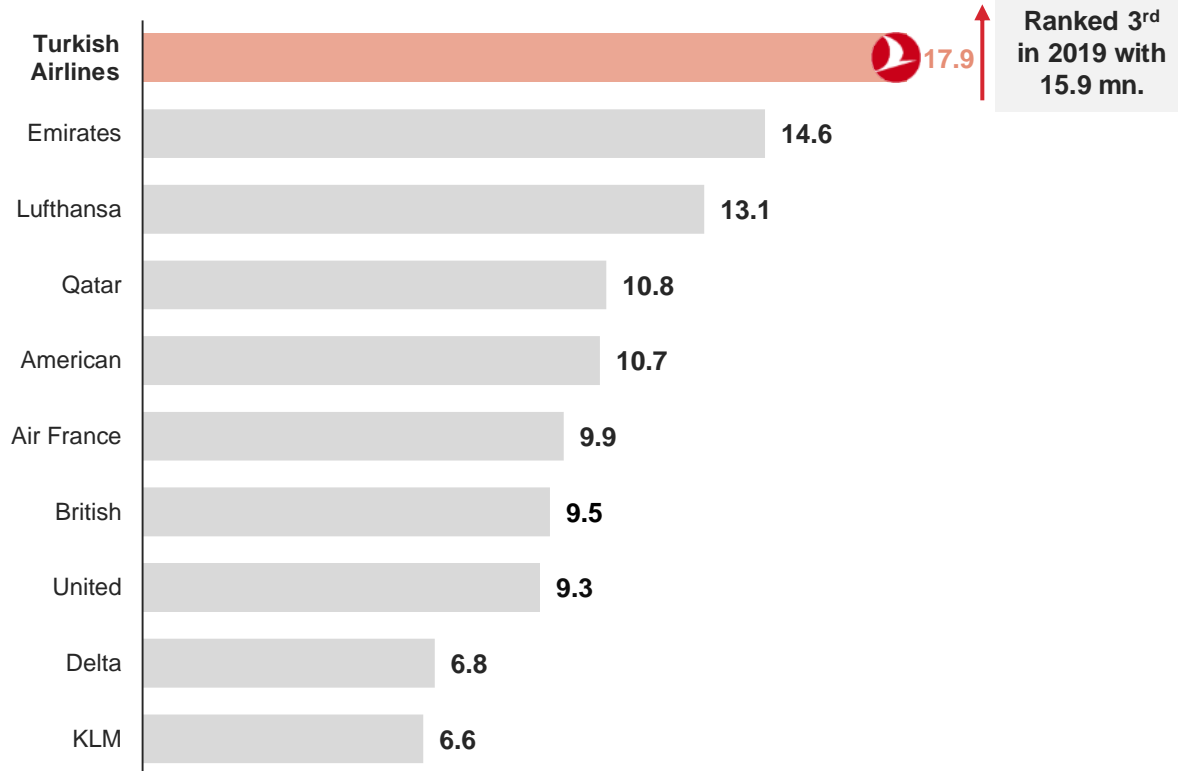


3Q'19

3Q'22

Turkish Airlines offered the highest seat capacity in the world among the network carriers

International Seat Capacity Ranking (mn)¹ (3Q'22)

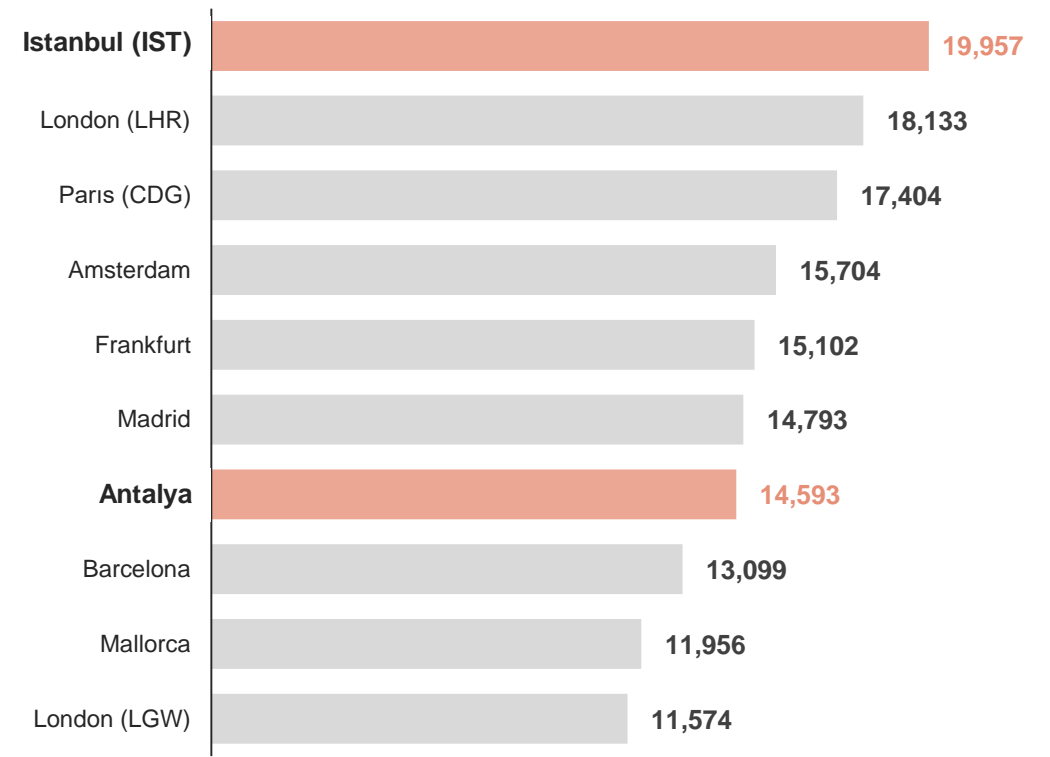


Ranked 3rd in 2019 with 15.9 mn.

¹Network Carriers. Source: OAG.

Turkish Airlines climbed to 1st place in 3Q'22 from 3rd place in 2019 among the global network carriers.

Top 10 Airports in Europe² (3Q'22)

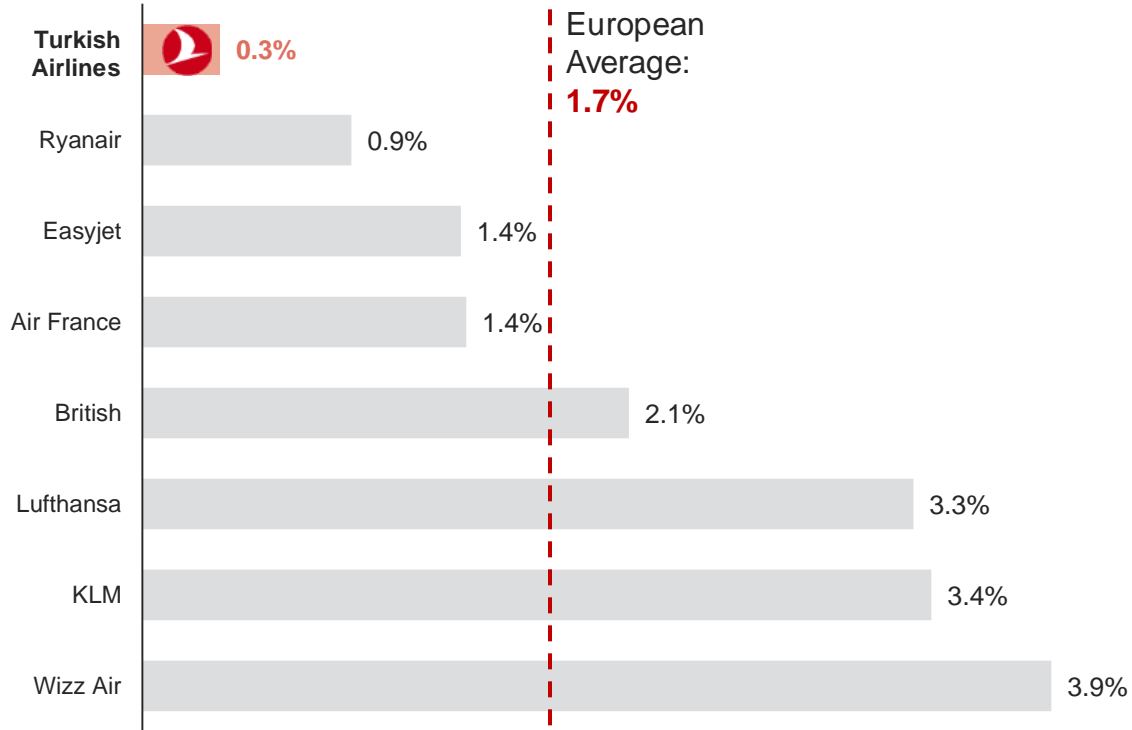


²In terms of Passenger Volume (thousand). Source: Airports Council International Europe.

Turkish Airlines' main hub, Istanbul Airport was Europe's busiest airport in the third quarter of 2022.

Highest operational reliability among the European carriers

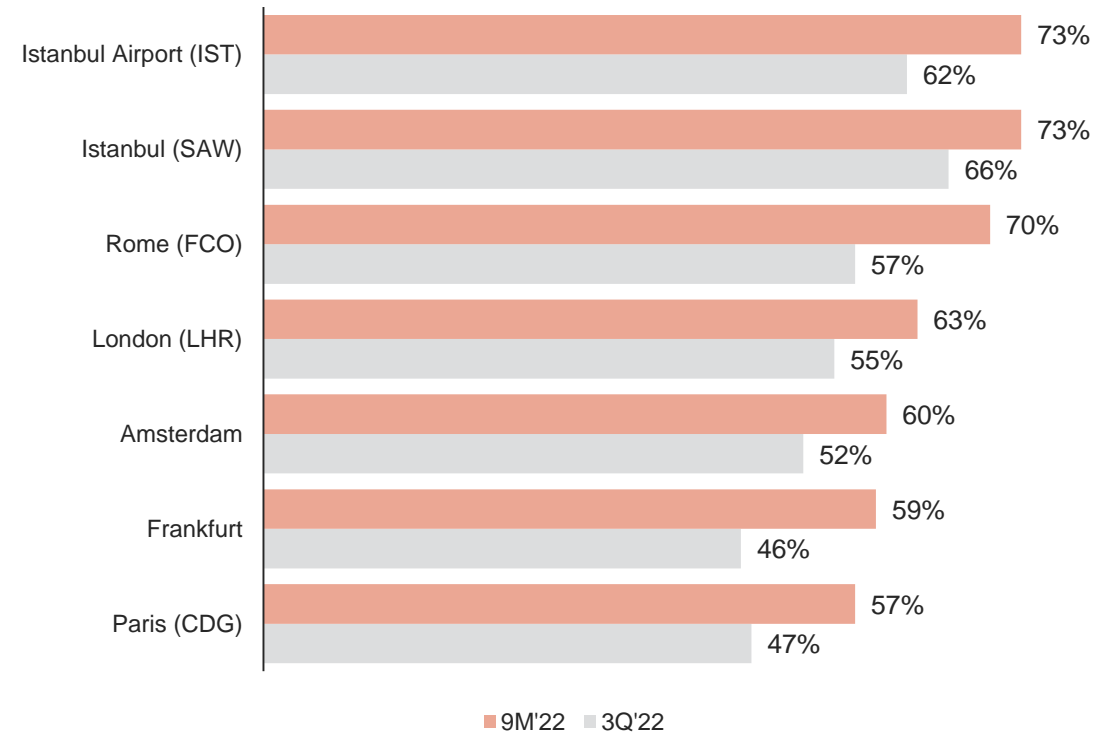
European Flight Cancellation Rates¹ (3Q'22)



¹ Proportion of cancelled flights within 48 hours before departure. Source: OAG.

Our flight cancellation rates were considerably lower than those of our European peers in 3Q'22.

On Time Performance of European Airports²

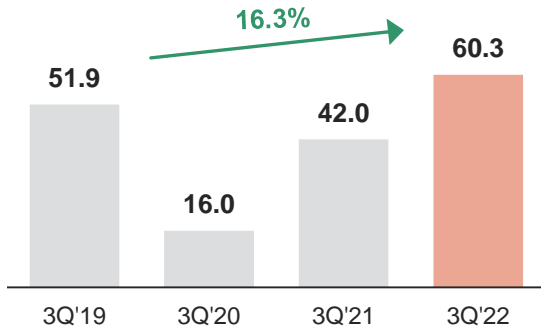


² On-time performance within 15 minutes after the scheduled departure time. Source: Eurocontrol.

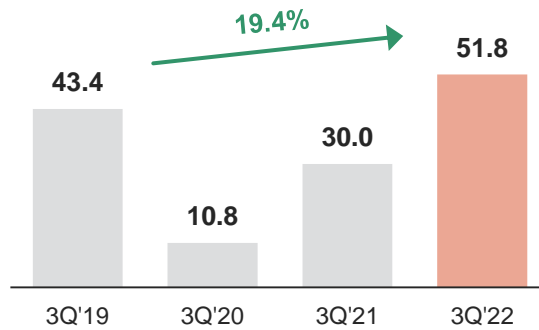
On time performance of the two airports in Istanbul outperformed major European peers.

Outperformance of pre-pandemic levels is clearly visible across the board

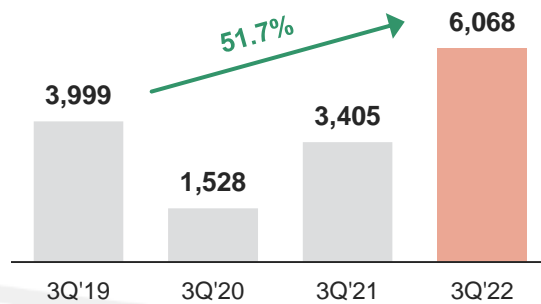
Passenger Capacity (ASK bn)



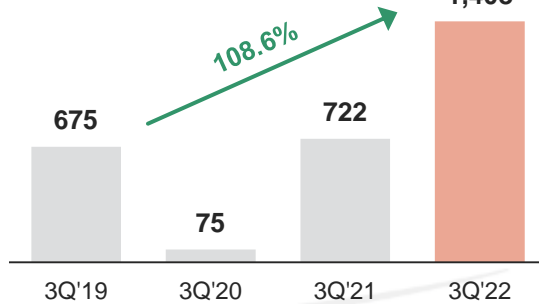
Passenger Demand (RPK bn)



Total Revenue (mn USD)



Profit from Main Operations (mn USD)



As passenger demand exceeded capacity, **L/F** increased by **2.3 points**.

Total Revenue surpassed 3Q'19 by **52%** owing to robust passenger demand and resilient cargo operations.

Profitability in the third quarter recorded well above pre-pandemic levels.



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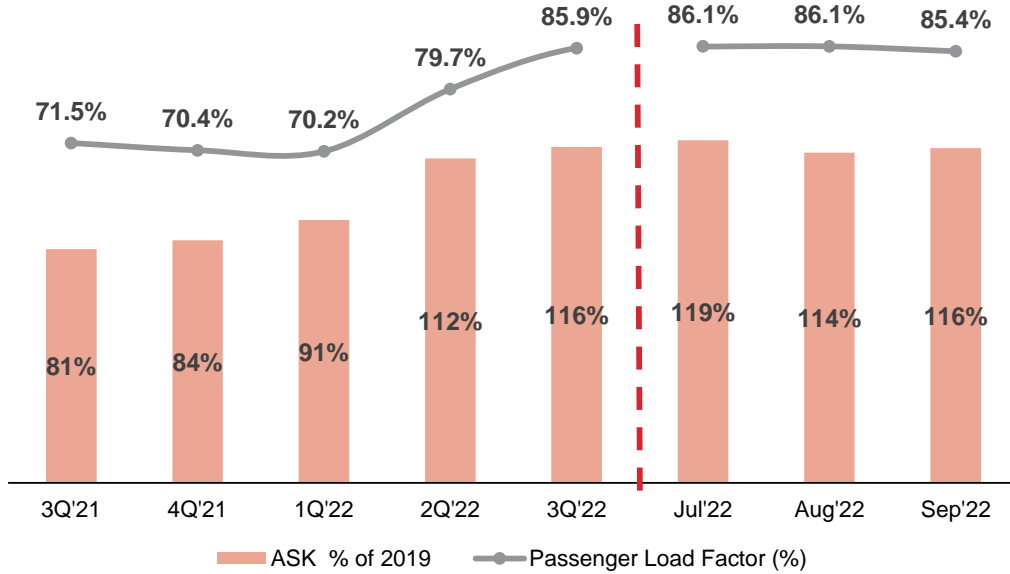
**3Q'22
FINANCIAL
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**STRATEGY
AND
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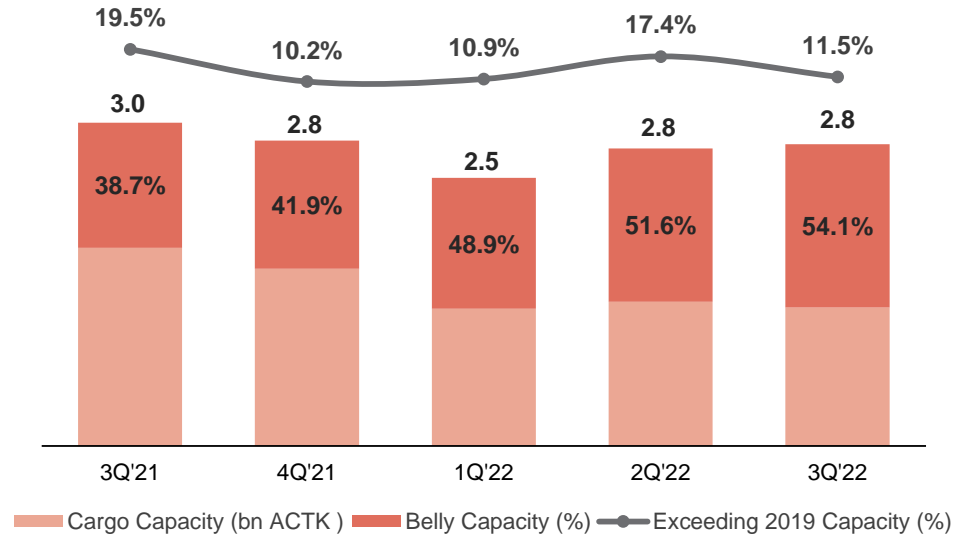
Capacity Management

In 3Q'22, we surpassed 2019 ASK by 16% and LF by 2.3 pp.



¹ASK: Available Seat Kilometers

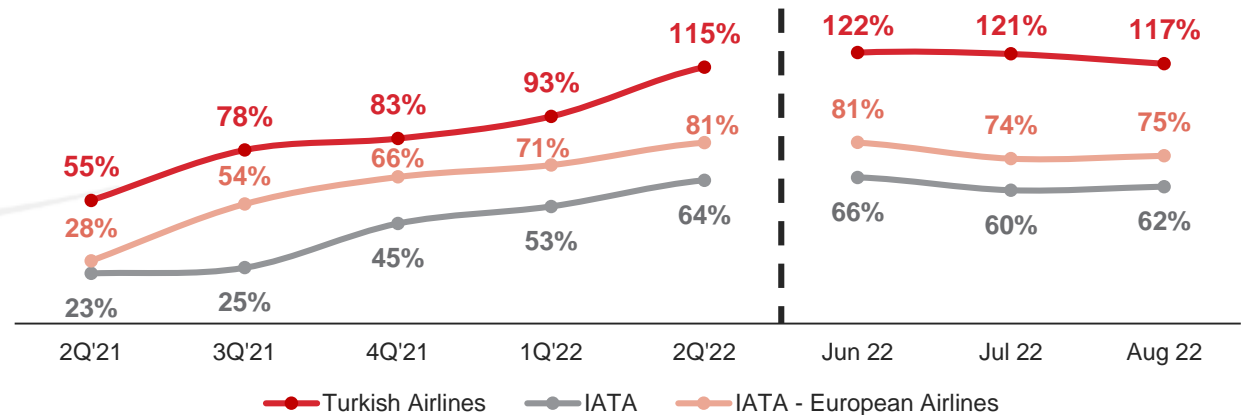
Belly cargo contribution normalized as capacity remains above 2019.



²ACTK: Available Cargo Tonne Kilometers

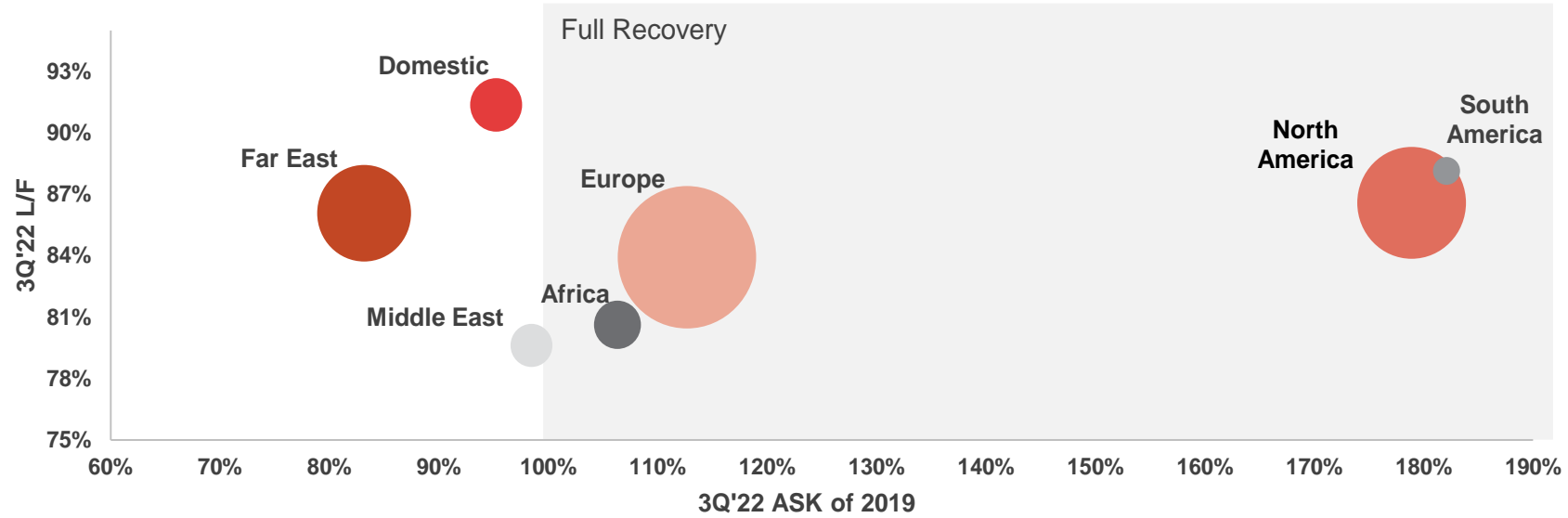
Pace of our international capacity ramp up was considerably higher than the European and Global averages.

International ASK (% of 2019)



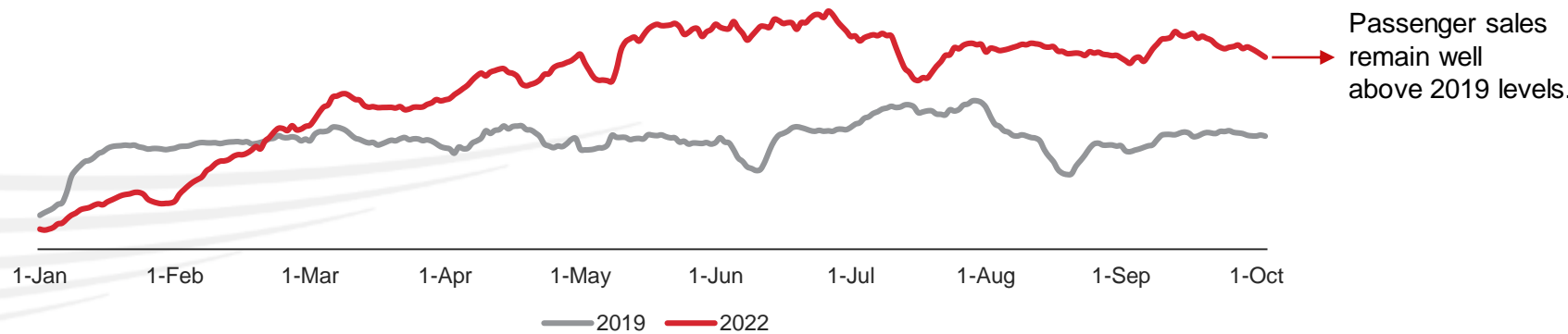
Source: IATA

Passenger Traffic Recovery (3Q'22 / 3Q'19)



Note: The scale of the bubble represents the portion of the regions' ASK contribution in 3Q'22.

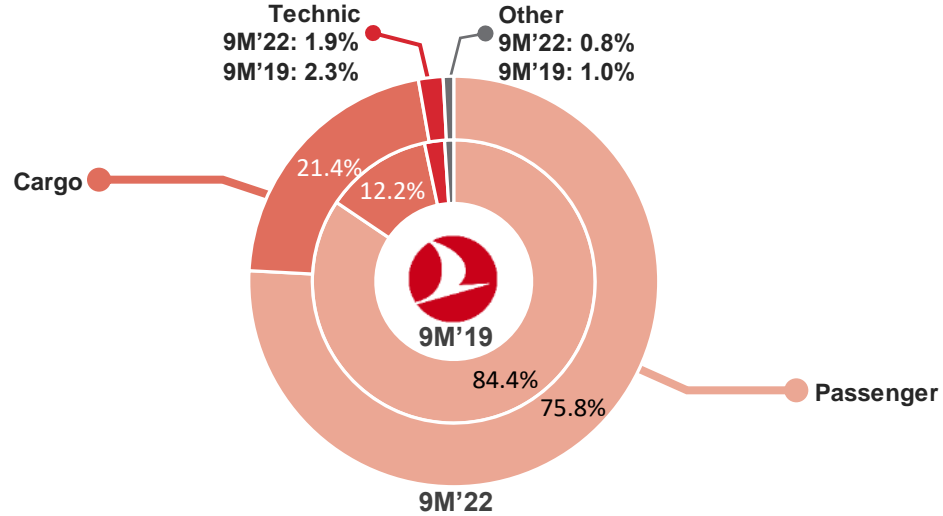
Passenger Sales (7 day moving average in USD)



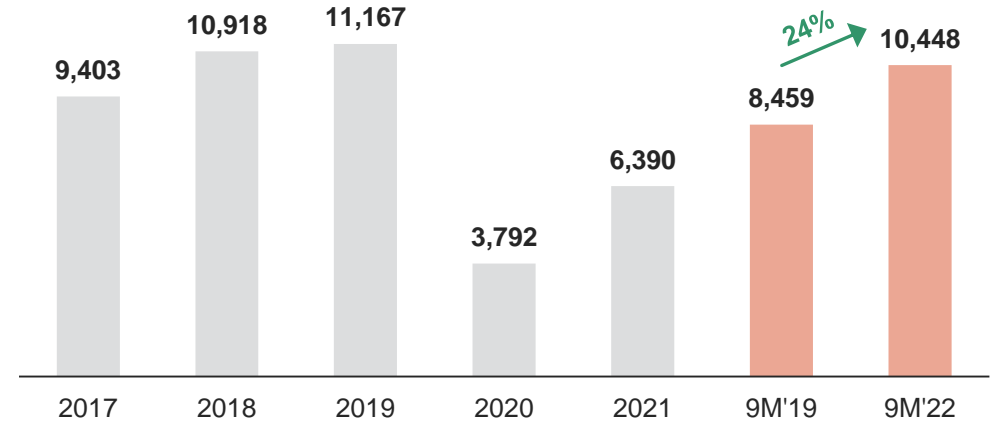
Passenger sales remain well above 2019 levels.

Segment Performance

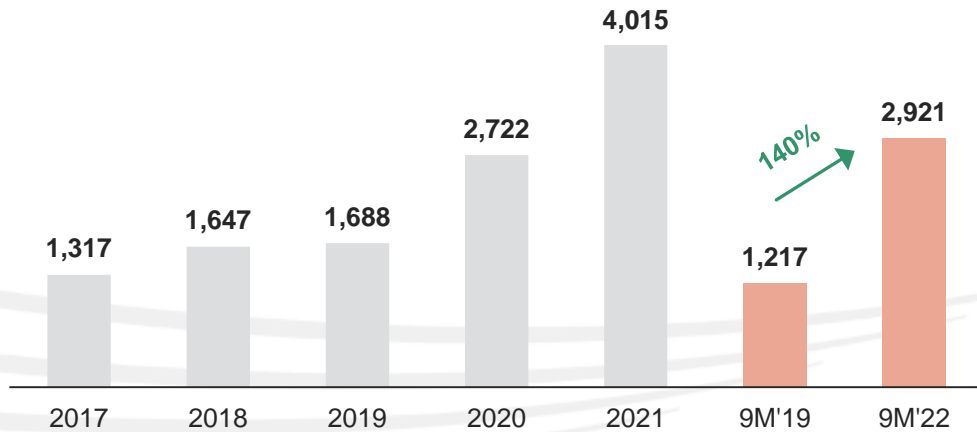
Revenue by Business Type (9M'22 / 9M'19)



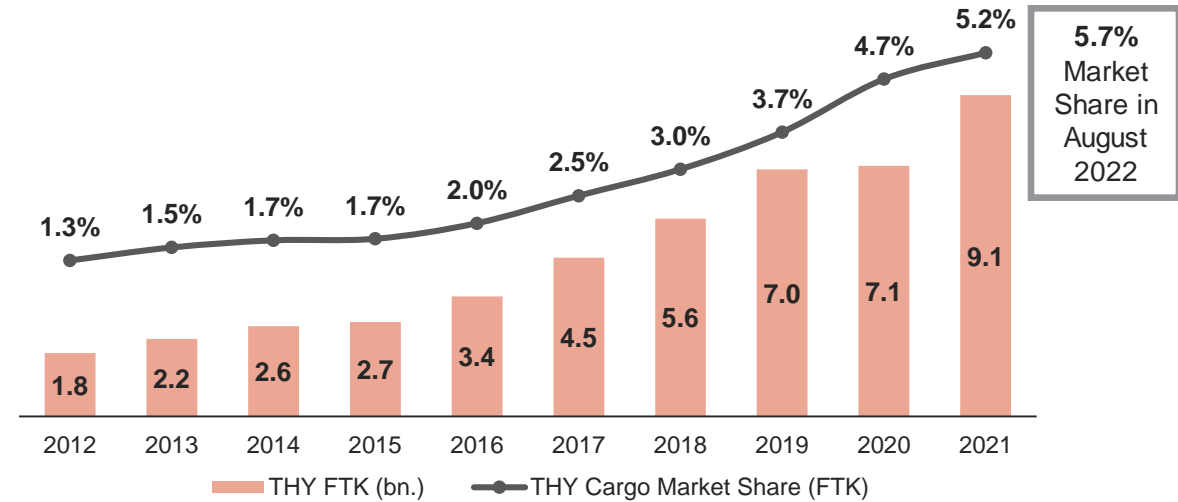
Passenger Revenue Evolution (mn USD)



Cargo Revenue Evolution (mn USD)



THY Cargo Market Share (FTK)





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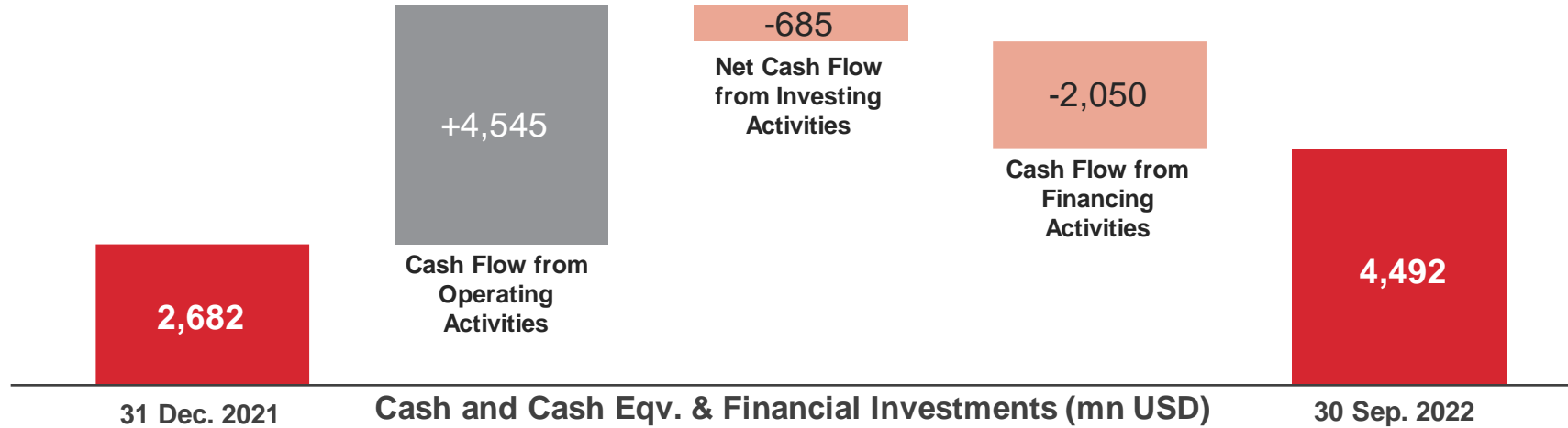
**3Q'22
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Liquidity Management & Leverage

We have **4.5 bn USD** liquidity as of the end of September 2022.

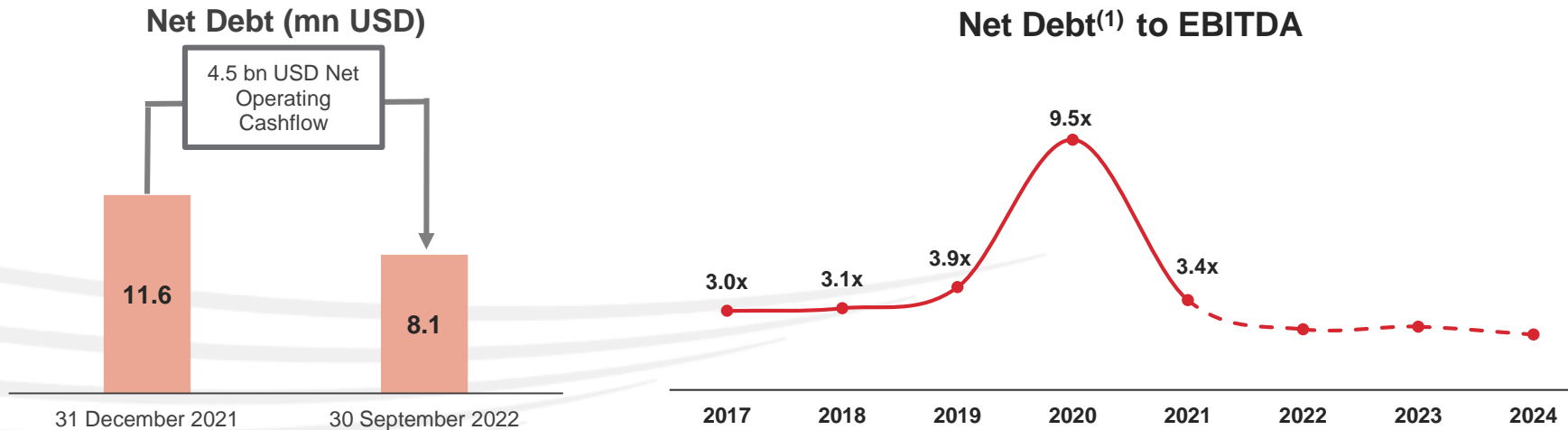


Operational cash generation ability accelerated deleveraging.

Net debt decreased by **6 billion USD** from its peak at the end of 2020.

LTM Net Debt to EBITDA is lower than pre-pandemic levels and stands at **1.7x**.

Year end Net Debt to EBITDA is expected to be **~2x-2.5x**.



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

Financial and Operational Data

3Q'19	3Q'22	Change	(USD mn)	9M'19	9M'22	Change
3,999	6,068	51.7%	Total Revenues	9,948	13,654	37.3%
3,488	5,083	45.7%	Passenger Revenue	8,459	10,448	23.5%
418	877	109.8%	Cargo Revenue	1,217	2,921	140.0%
78	101	29.5%	Technic Revenue	228	265	16.2%
641	1,437	124.2%	Net Operating Profit / Loss	448	2,101	369.0%
675	1,408	108.6%	Profit From Main Operations	540	2,101	289.1%
655	1,515	131.3%	Net Income	452	2,252	398.2%
16.4%	25.0%	8.6 pt	Net Income Margin	4.5%	16.5%	11.9 pt
1,295	2,139	65.2%	EBITDAR	2,214	3,982	79.8%
32.4%	35.3%	2.9 pt	EBITDAR Margin	22.3%	29.2%	6.9 pt
51,858	60,295	16.3%	ASK (Million)	140,625	150,925	7.3%
6.73	8.93	32.7%	RASK2 (incl. ACTK)*	6.11	7.84	28.3%
8.04	9.82	22.1%	Revenue Yield (R/Y) (Usc)	7.39	8.68	17.5%
21,304	22,991	7.9%	Passengers Carried ('000)	56,416	53,898	-4.5%
83.6%	85.9%	2.3 pt	L/F (%)	81.4%	79.7%	-1.7 pt

RASK2: Total Passenger and Cargo Revenue / ASK¹

¹ASK value is adjusted by ACTK in order to include cargo operations as it has a reasonable share in our total cost base.

Total revenues exceeded 2019 levels in the third quarter by 52%.

Cargo revenues in 3Q'22 **doubled** compared to the same period in 2019.

Profit From Main Operations reached to **1.4 billion USD** in 3Q'22.

EBITDAR Margin in 3Q'22 recorded above 2019 with **35%**.

Unit Expenses

3Q'19	3Q'22	Change	(USc)	9M'19	9M'22	Change
2.05	3.49	70.5%	Fuel	2.06	3.24	57.0%
1.07	0.96	-10.1%	Personnel	1.13	0.98	-13.7%
0.92	0.86	-6.8%	Aircraft Ownership¹	0.98	0.99	1.1%
0.62	0.59	-5.2%	Airports & Air Navigation	0.62	0.62	-0.4%
0.55	0.44	-20.1%	Sales & Marketing	0.61	0.50	-17.3%
0.42	0.50	17.4%	Ground Handling	0.43	0.46	6.6%
0.34	0.31	-7.6%	Passenger Services & Catering	0.34	0.29	-14.5%
0.34	0.37	7.9%	Maintenance	0.40	0.39	-2.2%
0.17	0.17	-1.1%	Other	0.19	0.19	2.5%
6.48	7.68	18.6%	CASK	6.76	7.65	13.3%
4.43	4.19	-5.4%	Ex-Fuel CASK	4.69	4.42	-5.9%
5.79	6.94	19.9%	CASK2 (incl. ACTK)²	6.00	6.78	12.9%
3.95	3.78	-4.4%	Ex-Fuel CASK2 (incl. ACTK)²	4.17	3.91	-6.2%

¹includes Depreciation and Aircraft Rent expenses.

²ASK value is adjusted by ACTK in order to include cargo operations as it has a reasonable share in our total cost base.

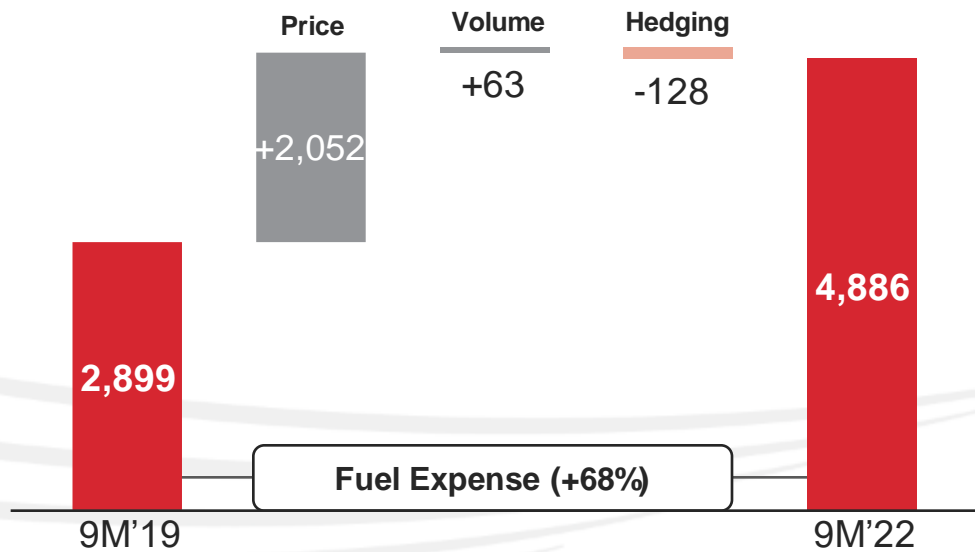
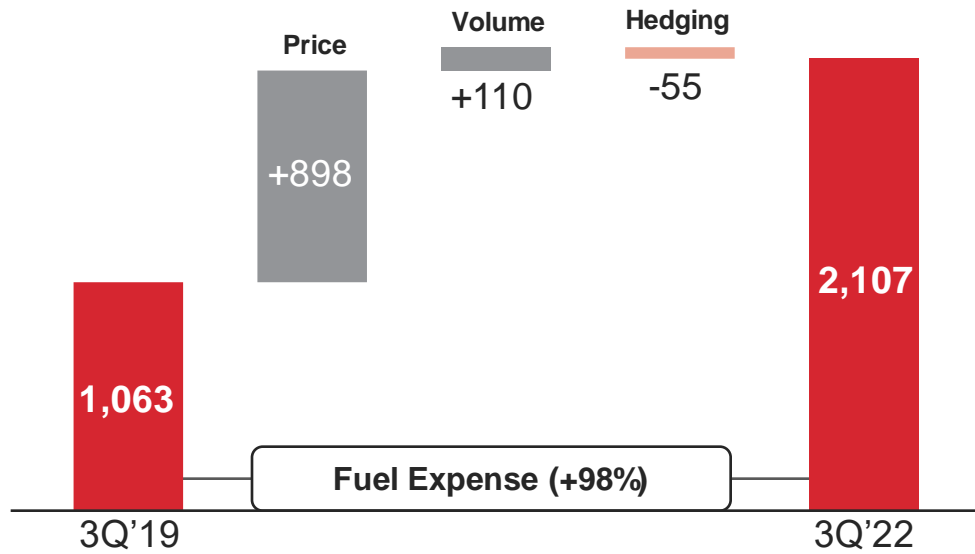
Continuing focus on transformation in order to reinforce strict cost discipline.

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

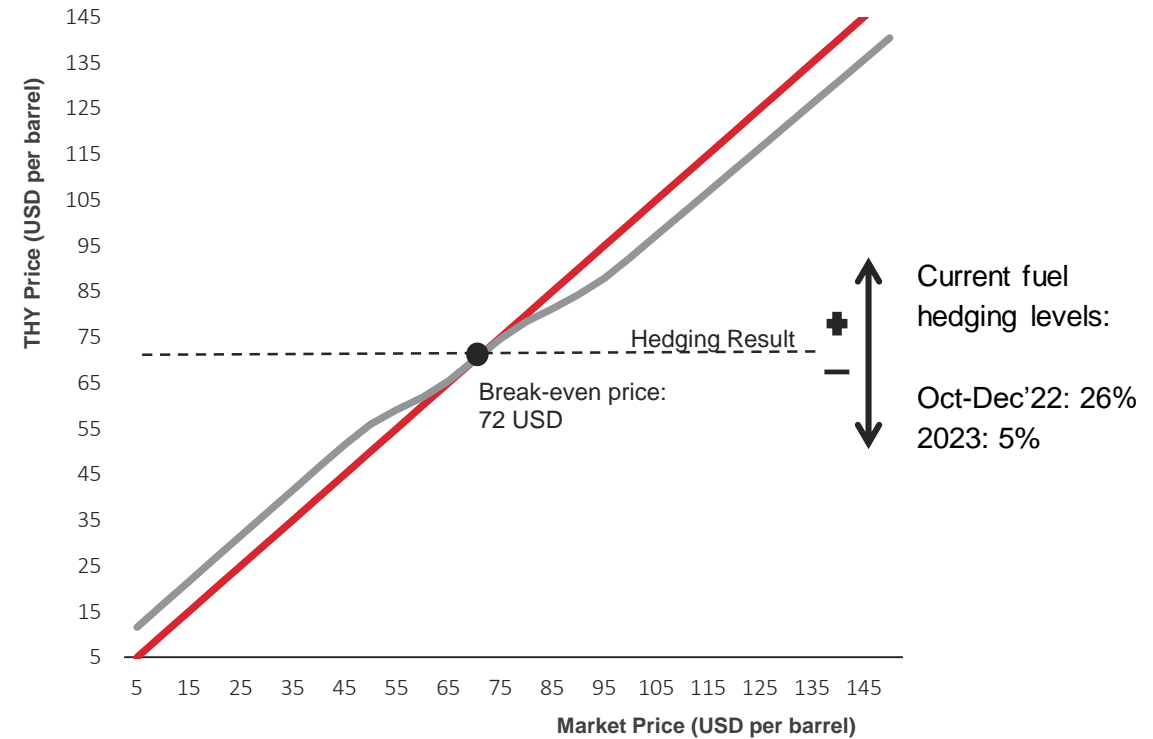
Organizational simplification and downsizing managerial positions.

Reducing marketing spending via focusing on tactical campaigns.

Fuel Expense Breakdown and Hedging



Effect of Hedging on the Fuel Price



- Descending layered hedging strategy
- Crude oil based swaps and options
- Maximum of 60% for the following month is hedged using derivative instruments depending on the market conditions.



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AnadoluJet grew its international operations by 57 pp since 2019

	2019	3Q'21	3Q'22
Number of Aircraft	57	64	63
Number of Routes	129	158	166
International Capacity Share ¹ (%)	13.5%	56.8%	70.9%
Int'l Market Share in Hub (Ist. SAW Airport)	18%	24%	21%
Number of Passenger (mn)	14.5	5.2	5.2
Capacity ¹	11.2	6.2	6.8
Load Factor	87.2%	79.2%	89.0%
Ex-Fuel CASK ² (USc)	2.11	2.17	2.21



In 2022, AnadoluJet is expected to operate with 63 aircraft in 177 routes.

70% of AnadoluJet's international destinations is in Europe and 30% in the Middle East.

AnadoluJet is targeting to:

Drive down unit costs further with 17 new generation aircraft additions in 2022.

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

Capture ethnic travel segment from Europe, Middle East and Turkic Republics to Türkiye.

Reach price sensitive customers.

Extract ancillary revenue potential by merchandising and bundling.

Increase utilization through more point-to-point exposure.

¹In terms of billion Available Seat Kilometers (ASK).

²CASK: Cost per Available Seat Kilometers (only variable expenses are included)

Capacity:

2022 **higher** than 2019 levels by **6-9%**



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



Fleet:

Currently stands at **390**¹

Total of **33** new additions expected in FY2022



New routes opened in 2022:

Cebu	Bergamo
Seattle	Juba
Bukhara	Tivat
Rize-Artvin	Kirkuk

Network:

341 destinations in **129** countries



Priorities

Sustaining our low unit costs

Continued focus on deleveraging and liquidity levels

Targeting new organic growth opportunities

Investing in increased connectivity

Extract ancillary revenue potentials to enhance top line growth



Most Material Issues

Flight Safety and Flight Security	Fleet Modernization: New-Generation Aircraft Consuming Less Fuel
Climate Change	Sustainable Catering
Employee Health & Safety and Wellbeing	Contribution to Social Development
Changing Customer Behaviors & Expectations	Responsible Supply Chain Management
Digitalization & Innovation	Single Use Plastics
Fair Competition	Waste Management
Business Continuity	Noise Management
Skill Management	Water Management



Participating in the performance evaluations of international sustainability indices:



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

3Q'22 Developments

In the third quarter of 2022:

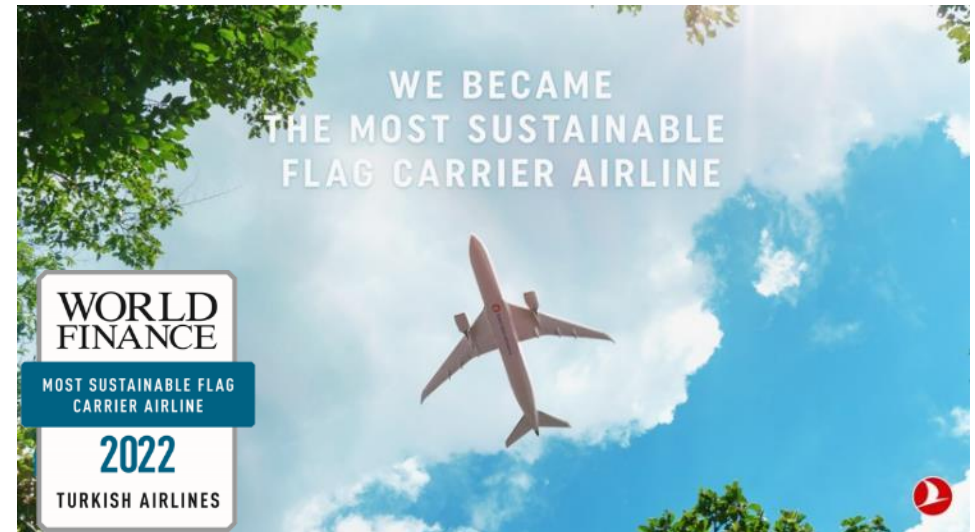
Fuel Saving:
19.204 tons of fuel



CO₂ Avoided:
60.491 tons of CO₂



Fleet Age:
8.7 Average Fleet Age



Our 2021 Sustainability Report is Online



TURKISH AIRLINES
INVESTOR RELATIONS

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