

Turkish Airlines Earnings Presentation

3Q'23 Results





TURKISH AIRLINES

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**KEY
TAKEAWAYS**

1.

**SUMMARY
OF 3Q'23**

2.

**3Q'23
OPERATIONAL
HIGHLIGHTS**

3.

**3Q'23
FINANCIAL
HIGHLIGHTS**

4.

**STRATEGY
AND
TARGETS**



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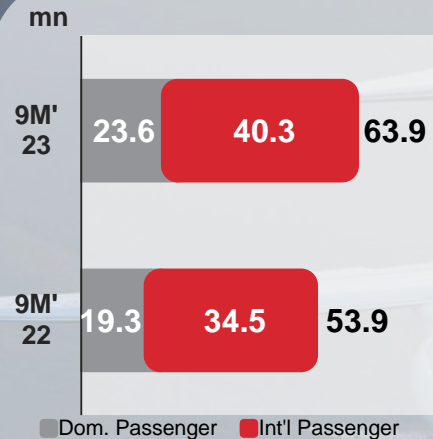
Passenger Capacity

17% higher annually.
Exceeded 2019 level by **25%.**



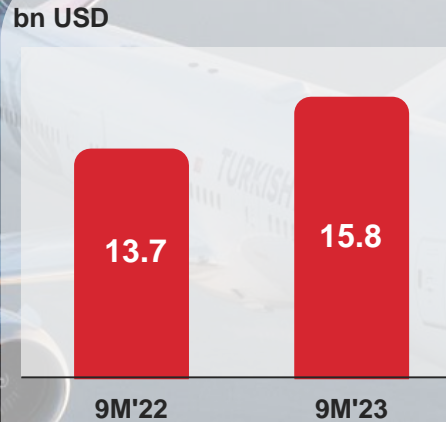
Number of Passengers

Increased by **19%** in the first nine months versus last year.



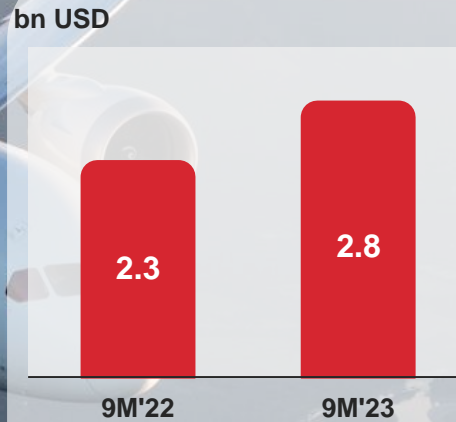
Total Revenues

Rose by **16%** year-over-year despite high base.



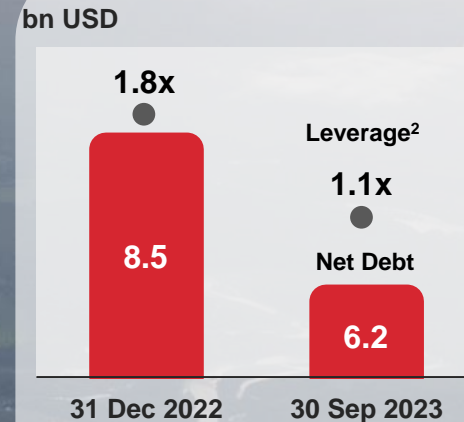
Net Profit

Net Profit increased by **24%** year-over-year.



Net Debt & Leverage

Net Debt continued to improve. **Leverage** decreased to **all time low of 1.1x.**



¹ASK: Available Seat Kilometers

²Leverage: Net Debt/EBITDA

Top 10 European Network Carriers

Rankings				Average Daily flights (9M'23)	vs. 2019
9M'19	9M'23				
1	1	TK	1,456	6.8%	
2	2	Lufthansa	847	-23.9%	
3	3	British	675	-17.6%	
5	4	Air France	620	-11.8%	
6	5	SAS	393	-33.0%	
9	6	Austrian	317	-18.3%	
7	7	ITA	315	-25.2%	
8	8	KLM	313	-22.1%	
13	9	Iberia	268	-5.5%	
11	10	LOT	267	-14.9%	

Source: OAG.

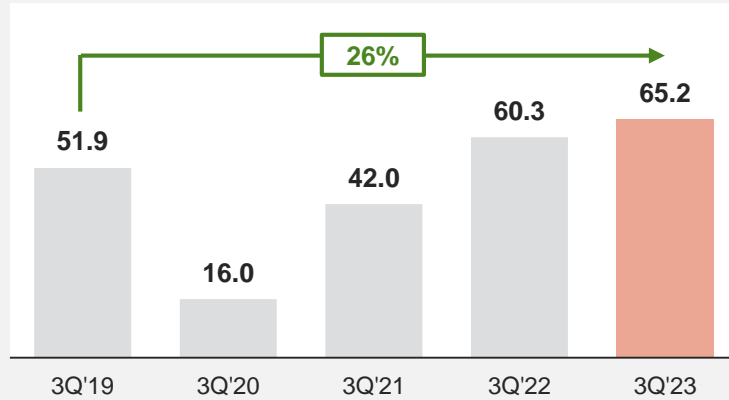
Top 10 European Airports

Rankings				Average Daily flights (9M'23)	vs. 2019
9M'19	9M'23				
5	1	Istanbul (IST)	647	10.3%	
3	2	London (LHR)	631	-4.7%	
1	3	Amsterdam (AMS)	586	-57.0%	
4	4	Paris (CDG)	565	-13.1%	
2	5	Frankfurt (FRA)	551	-19.1%	
7	6	Madrid (MAD)	487	-11.6%	
8	7	Barcelona (BCN)	411	-10.9%	
6	8	Munich (MUC)	392	-29.2%	
10	9	London (LGW)	360	-9.6%	
9	10	Rome (FCO)	354	-18.5%	

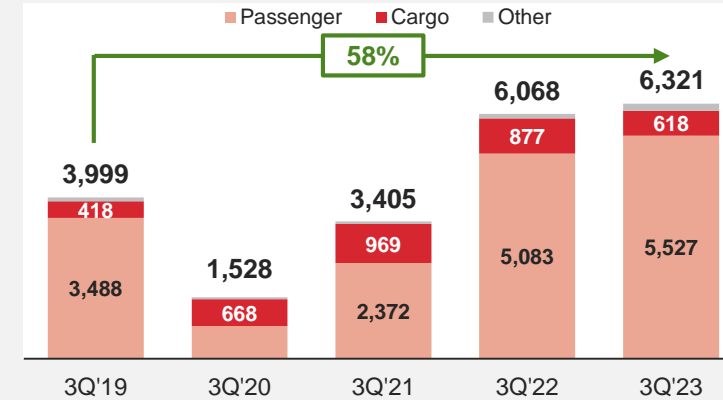
Source: OAG.

We successfully capitalized on the post-pandemic demand environment

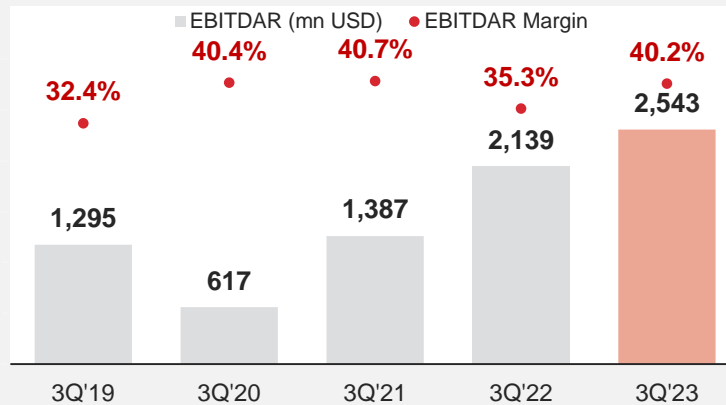
Passenger Capacity (billion ASK¹)



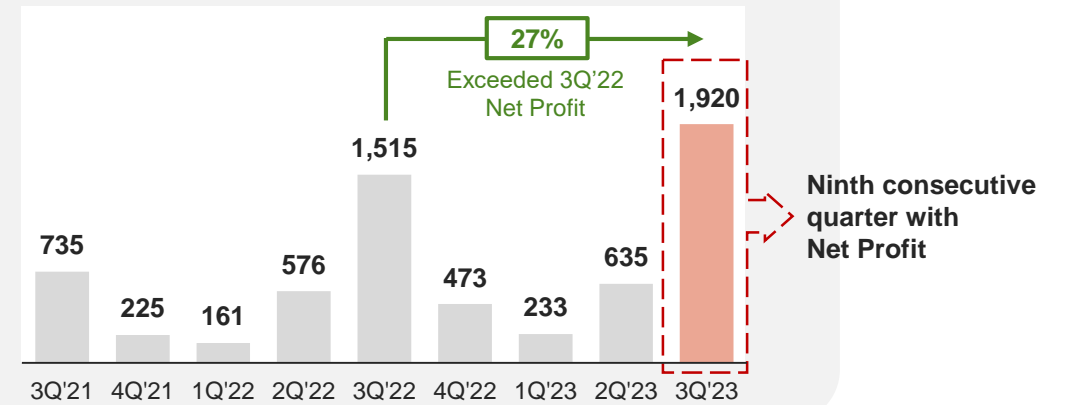
Total Revenues (million USD)



EBITDAR



Net Profit (million USD)

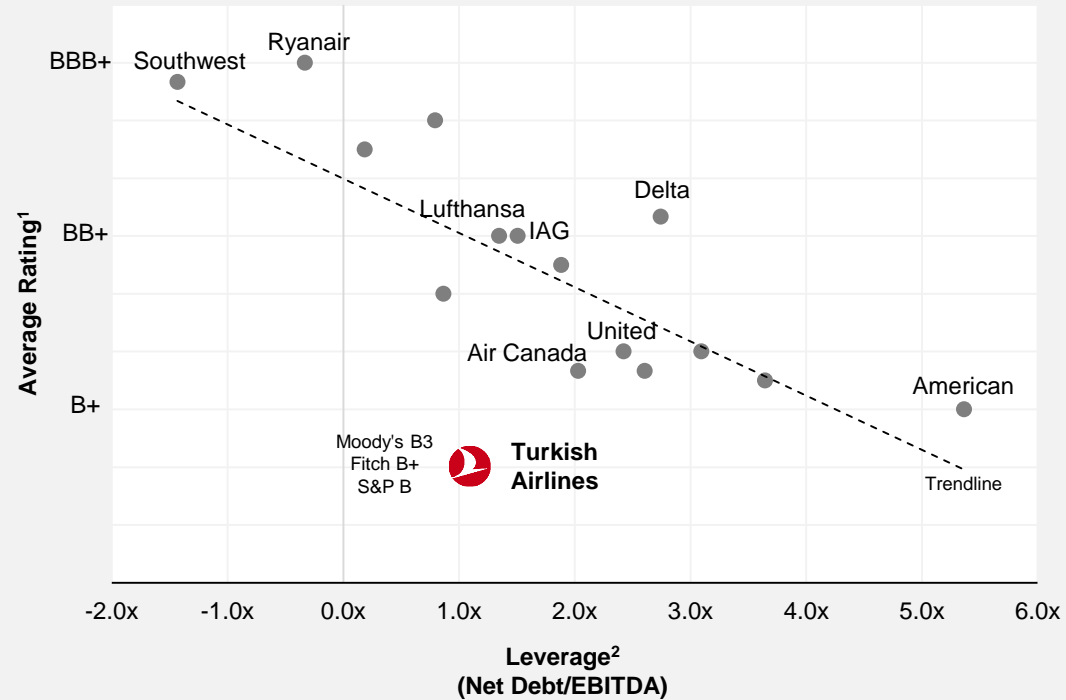


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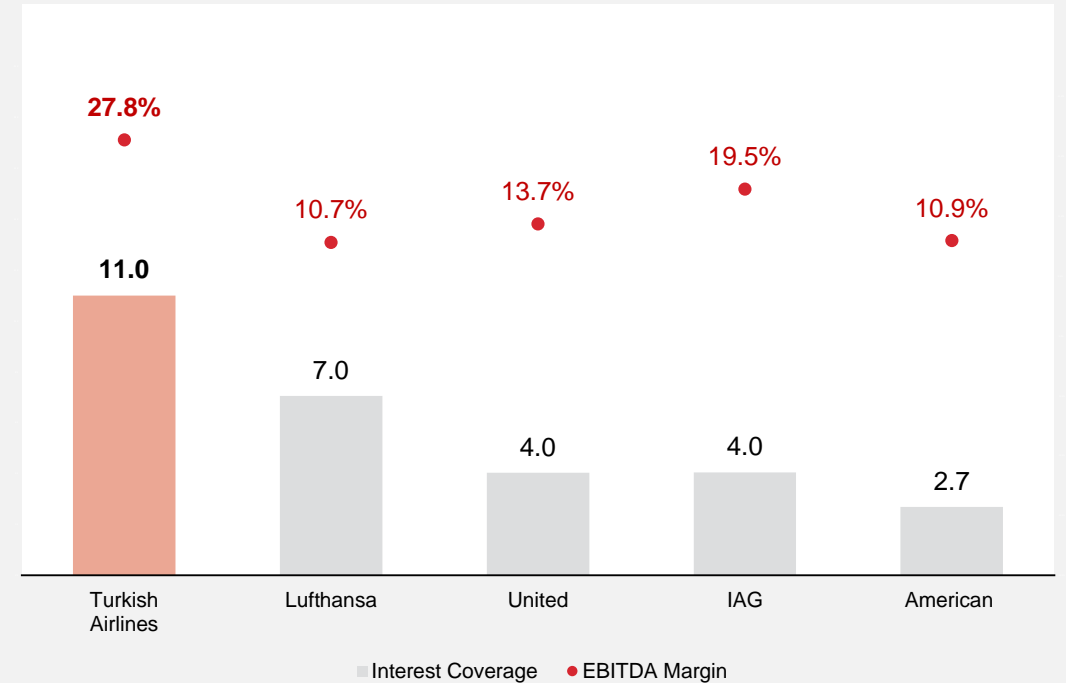
¹ASK: Available Seat Kilometers.

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Airline Ratings vs. Leverage



Airline Profitability and Interest Coverage³



¹ Average of ratings from S&P, Moody's and Fitch on S&P equivalent scale. Source: Bloomberg.

² Peers' leverage are for the latest available quarter on LTM basis. Minus leverage represents net cash position. Retrieved from Bloomberg on 27.10.2023.

³ Interest Coverage: EBITDA / Interest Expense (Both for the latest available quarter on LTM basis). Bloomberg, company reports and internal analysis.



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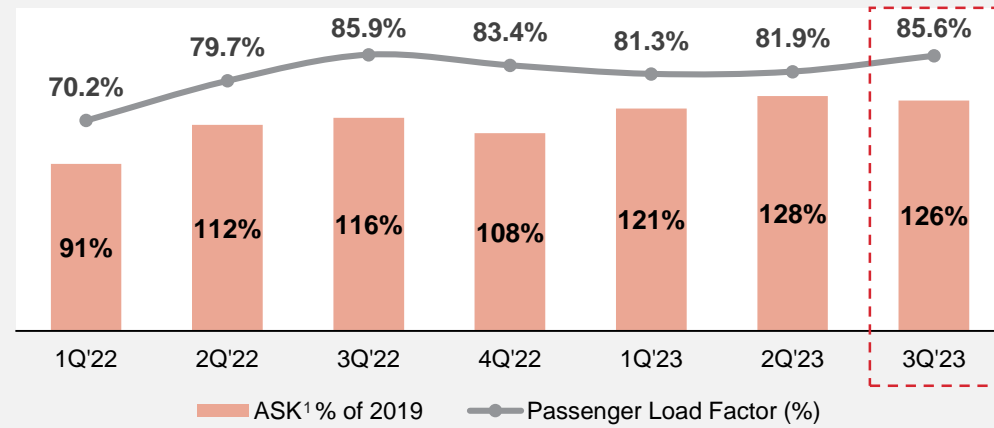
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STRATEGY
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TARGETS

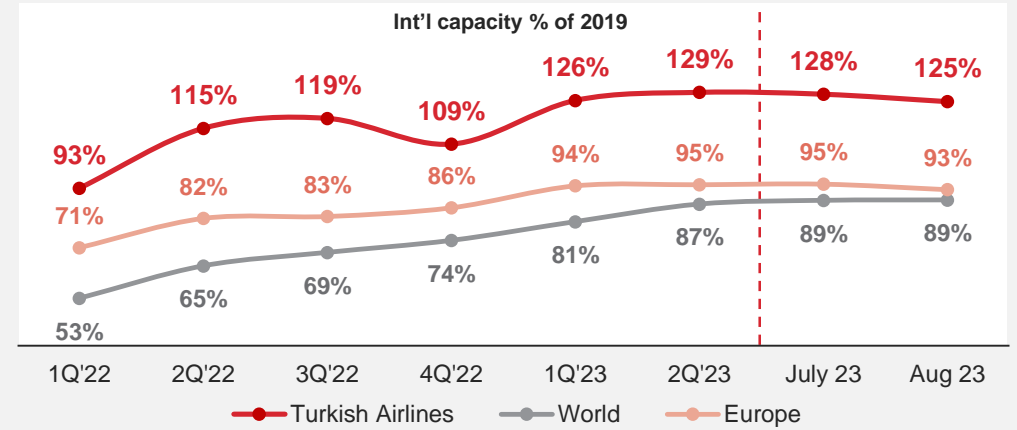
Capacity Management

In the third quarter, we surpassed 3Q'19 ASK by **26%** and LF by **2.0 pp**.



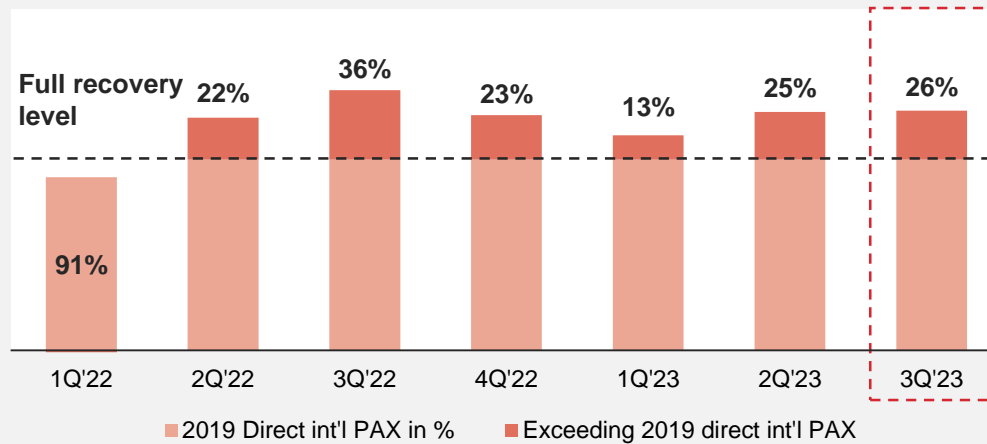
¹ASK: Available Seat Kilometers

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



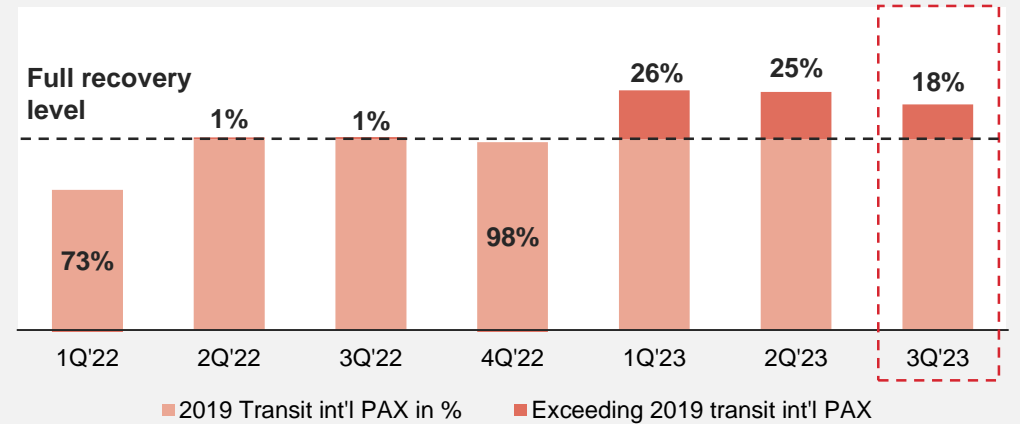
Source: IATA

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



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

Performance of our international transit segment continues to be robust.

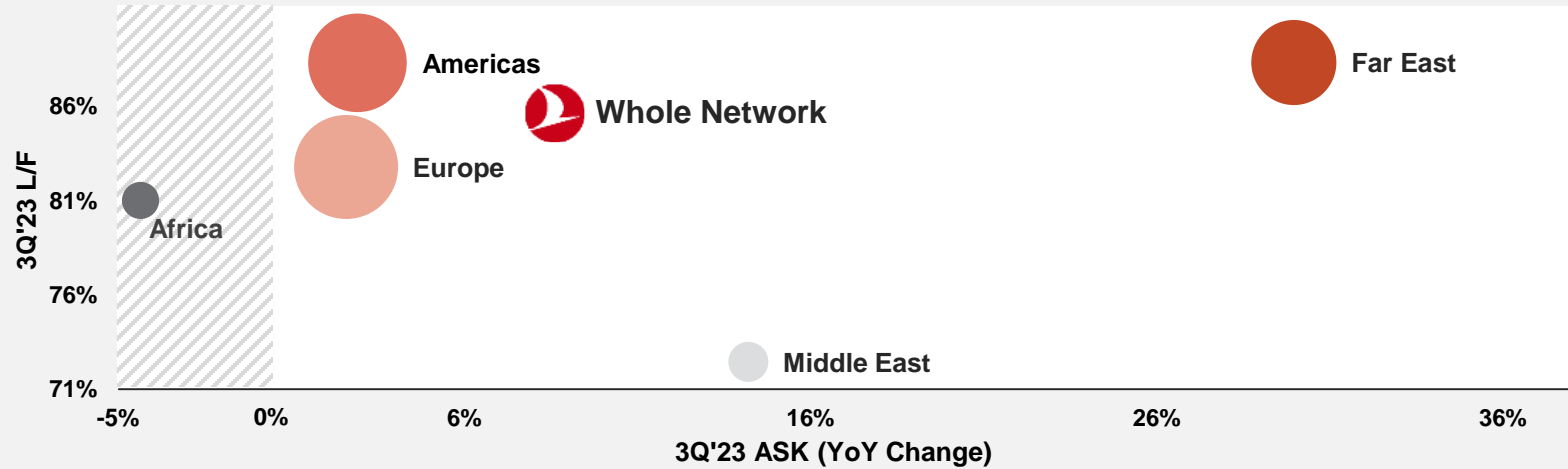


Transit int'l PAX: Int'l passengers excluding direct.



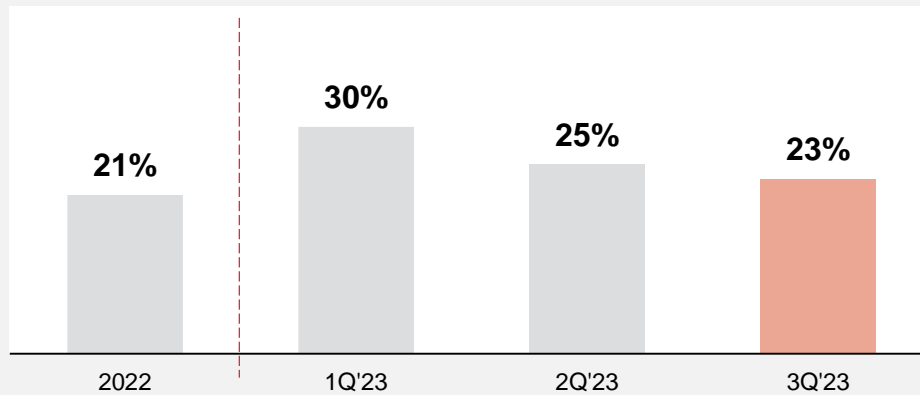
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3Q'23 Regional Capacity and Load Factor¹



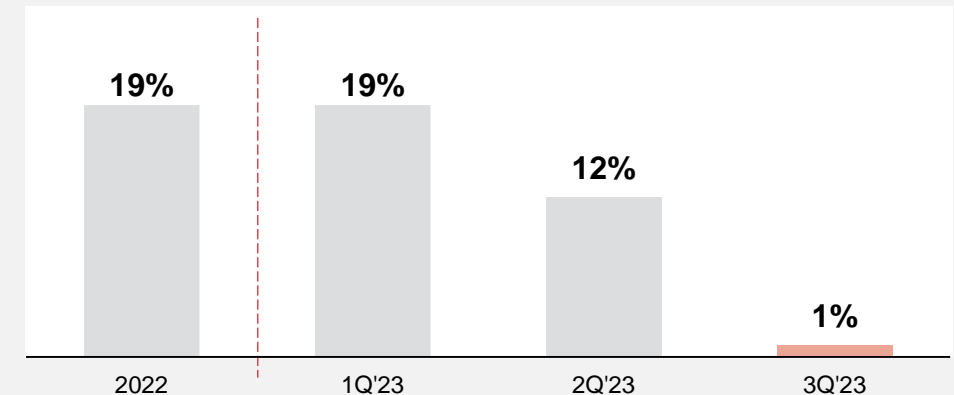
R/Y² Change vs 2019

Higher R/Y level compared to pre-pandemic level



R/Y Change (Year-over-Year)

Strong base effect pushes the yields lower on annual comparison

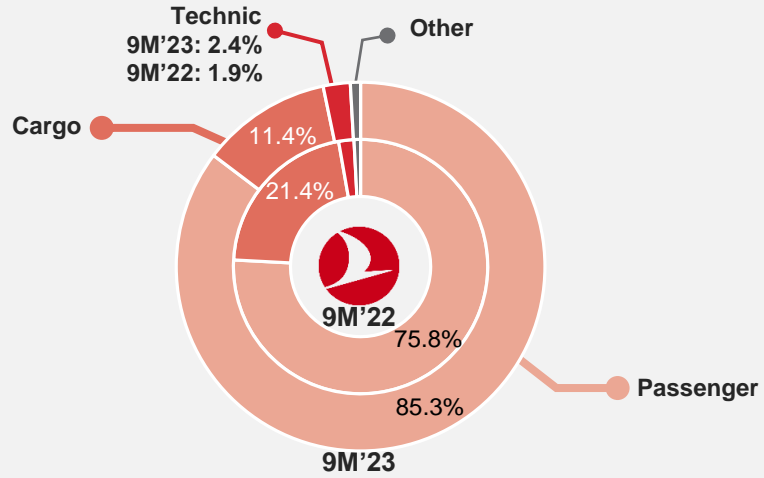


¹ The scale of the bubble represents the portion of the regions' ASK contribution. Regional data contains only scheduled flights.

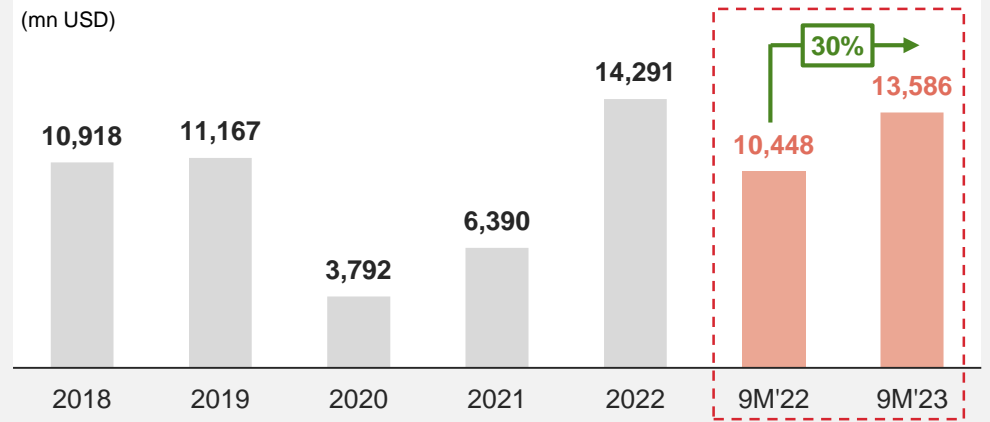
² Revenue Yield (R/Y): Total Passenger Revenue / Revenue Passenger Kilometers

Segment Performance

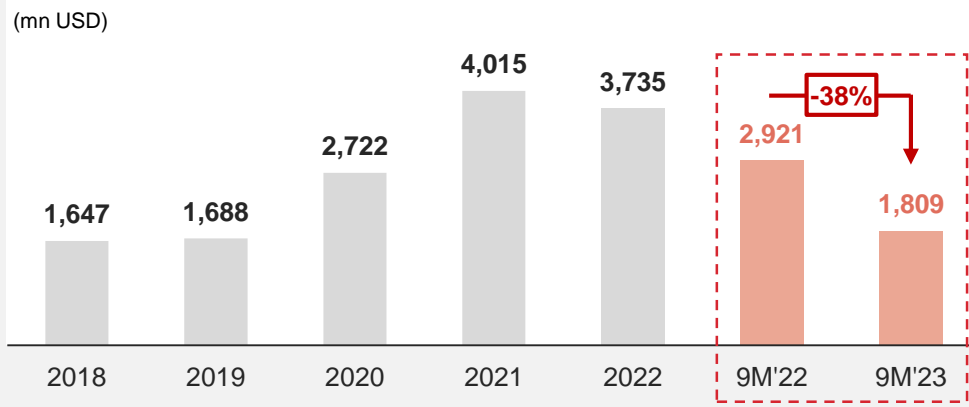
Revenue by Business Type (9M'23 / 9M'22)



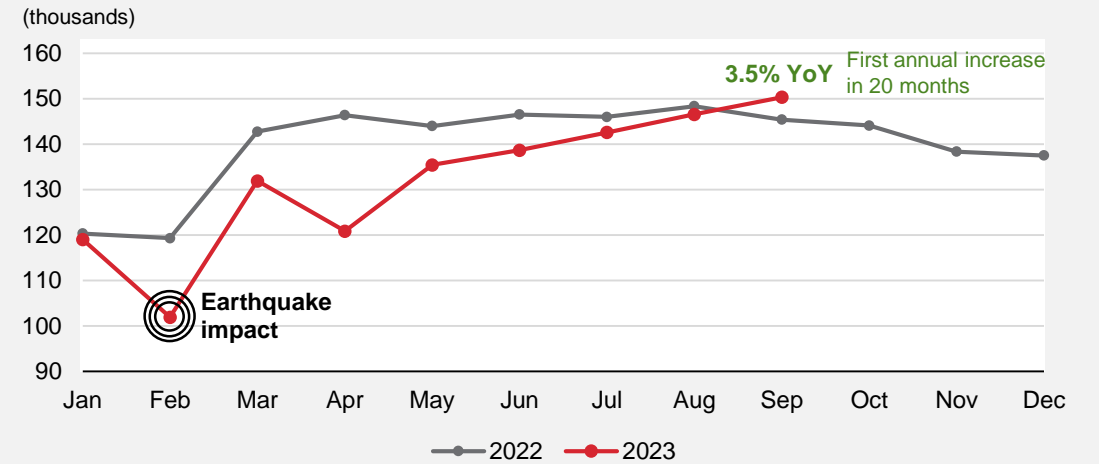
Passenger Revenue Evolution



Cargo Revenue Evolution



Monthly Cargo Volume





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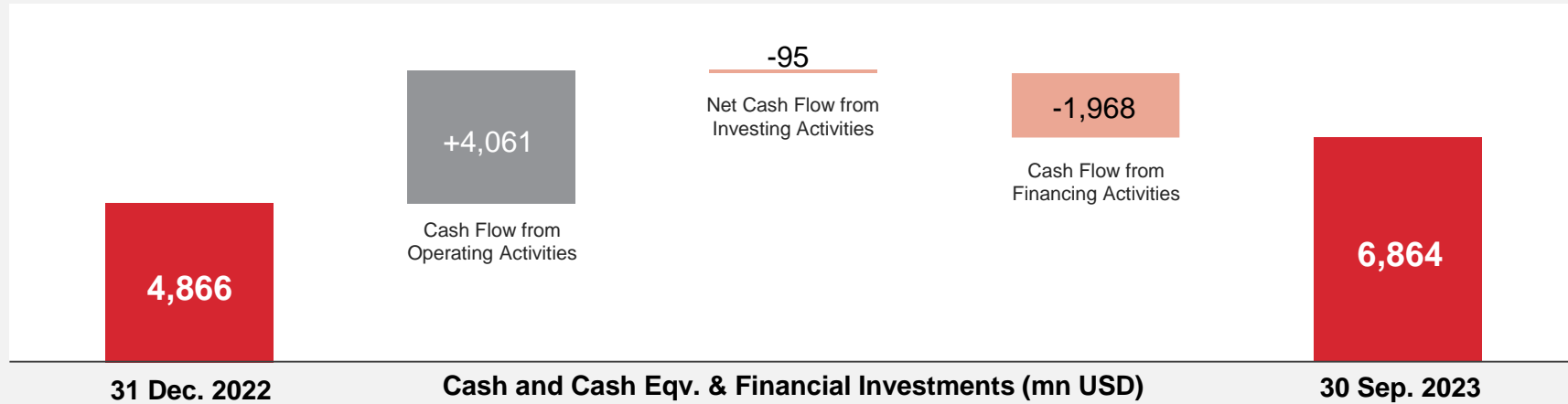
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Liquidity Development



Sound Liquidity and Comfortable Leverage

We have **~6.9 bn USD** liquidity as of September 30.

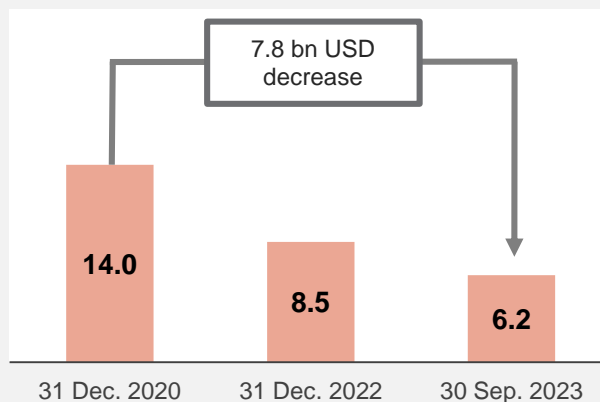
LTM Net Debt to EBITDA **decreased to 1.1x** to its lowest level.

Net debt decreased by **7.8 billion USD** from its peak at the end of 2020.

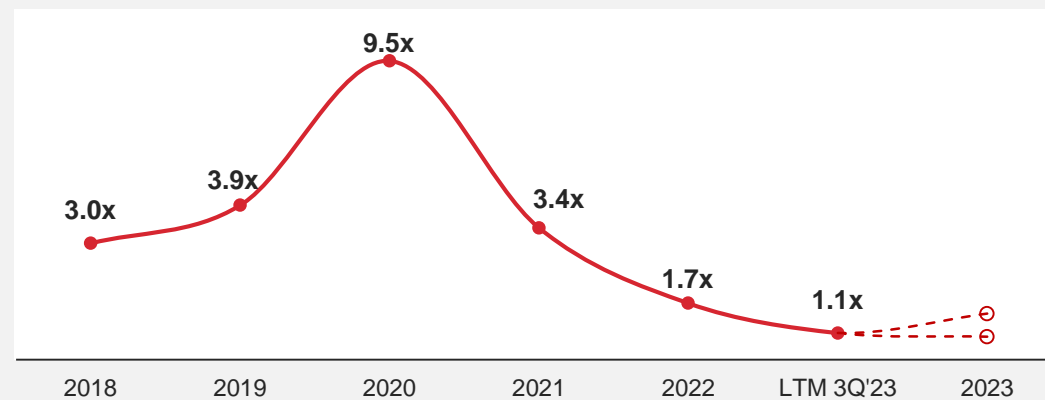
Deleveraging driven by operational cash generation.

Net Debt & Leverage

Net Debt¹ (bn USD)



Net Debt to EBITDA



3Q'22	3Q'23	Change	(USD mn)	9M'22	9M'23	Change
6,068	6,321	4.2%	Total Revenues	13,654	15,823	15.9%
5,083	5,527	8.7%	Passenger Revenue	10,448	13,586	30.0%
877	618	-29.5%	Cargo Revenue	2,921	1,809	-38.1%
101	151	49.5%	Technic Revenue	265	375	41.5%
1,408	1,736	23.3%	Profit From Main Operations	2,101	2,644	25.8%
1,515	1,920	26.7%	Net Income	2,252	2,788	23.8%
25.0%	30.4%	5.4 pt	Net Income Margin	16.5%	17.6%	1.1 pt
2,139	2,543	18.8%	EBITDAR	3,982	4,864	22.1%
35.3%	40.2%	5.0 pt	EBITDAR Margin	29.2%	30.7%	1.6 pt
60,295	65,191	8.1%	ASK (Million)	150,925	176,008	16.6%
8.93	8.53	-4.4%	RASK2¹ (incl. ACTK)	7.84	7.90	0.7%
9.82	9.90	0.9%	Revenue Yield² (R/Y) (Usc)	8.68	9.29	7.0%
22,991	25,203	9.6%	Passengers Carried ('000)	53,898	63,920	18.6%
85.9%	85.6%	-0.3 pt	L/F (%)	79.7%	83.1%	3.4 pt

Financial Highlights

Total Revenues exceeded 9M'22 level by **16%** in the first nine months.

In 9M'23 **Passenger Revenues** increased by **30%** year-over-year.

Excluding one-off impacts, **profitability** would be **~300 mn USD** higher.

9M'23 **EBITDAR Margin** excluding the one-offs is **32.6%**.

Unit Expenses

3Q'22	3Q'23	Change	(USc)	9M'22	9M'23	Change
3.49	2.60	-25.7%	Fuel	3.24	2.58	-20.2%
0.96	1.21	25.8%	Personnel	0.98	1.33	36.5%
0.86	0.83	-3.9%	Aircraft Ownership¹	0.99	0.92	-6.5%
0.59	0.69	16.4%	Airports & Air Navigation	0.62	0.69	12.5%
0.44	0.54	24.5%	Sales & Marketing	0.50	0.57	13.0%
0.50	0.49	-1.9%	Ground Handling	0.46	0.52	13.3%
0.31	0.33	6.3%	Passenger Services & Catering	0.29	0.36	25.0%
0.37	0.43	16.7%	Maintenance	0.39	0.43	10.1%
0.17	0.16	-2.0%	Other	0.19	0.20	2.8%
7.68	7.27	-5.4%	CASK	7.65	7.61	-0.6%
4.19	4.67	11.6%	Ex-Fuel CASK	4.42	5.03	13.9%
6.94	6.58	-5.2%	CASK2 (incl. ACTK)²	6.78	6.87	1.4%
3.78	4.23	11.8%	Ex-Fuel CASK2 (incl. ACTK)²	3.91	4.54	16.1%

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)



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STRATEGY
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Incorporation

- Incorporation completed as of August 2023
- New brand positioning to be announced
- Independently operational in 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
- Penetrating 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	2022	9M'22	9M'23
Number of Aircraft	31	64	63	87
Number of Routes	129	180	175	175
International Capacity Share (%)	13.2%	64.3%	65.8%	61.4%
Int'l Market Share in Hub (Ist. SAW Airport)	18%	24%	25%	25%
Number of Passenger (mn)	14.5	16.1	12.2	16
Capacity (bn ASK ¹)	11.2	21.8	16.7	20.9
Load Factor	87.2%	83.0%	82.2%	82.8%

Passenger Capacity:

17-19% 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:

435 as of November 1
Year-end fleet expectation 441



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





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INVESTOR RELATIONS

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