

2021 Fourth Quarter Results Investor Presentation





TURKISH AIRLINES

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**KEY
TAKEWAYS**

1.

**SUMMARY
OF ROBUST
RECOVERY**

2.

**4Q'21
OPERATIONAL
HIGHLIGHTS**

3.

**4Q'21
FINANCIAL
HIGHLIGHTS**

4.

**STRATEGY
AND
TARGETS**

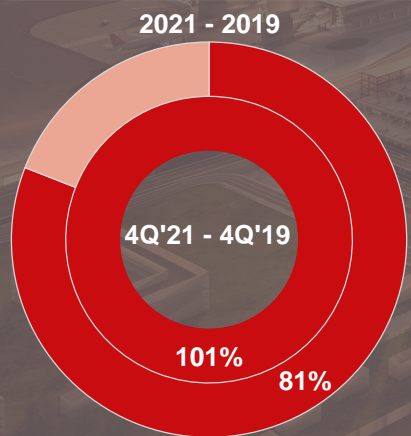


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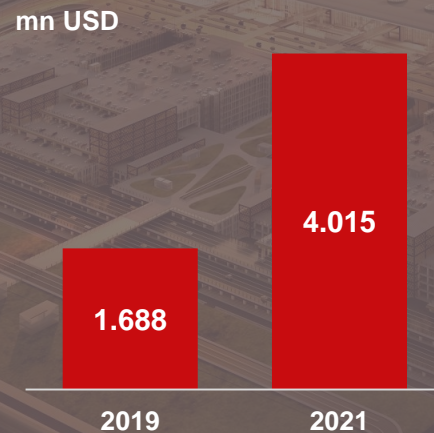
Total Revenue

Full recovery of 4Q'19 and 81% of 2019 revenue achieved in 2021.



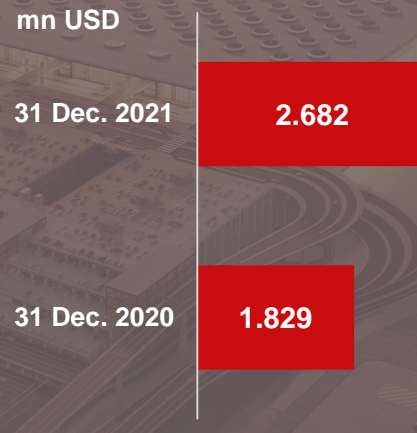
Cargo Revenue

Cargo Revenue surged by 138% in 2021 compared to 2019.



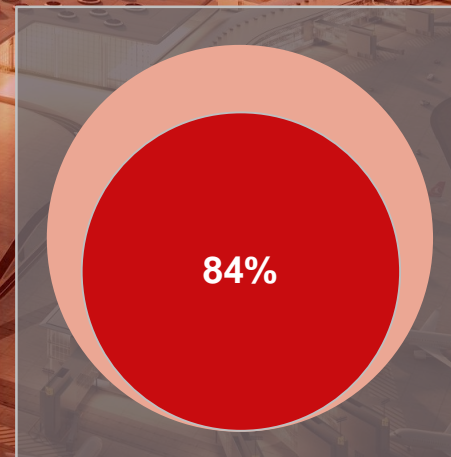
Cash & Liquidity

Cash & Liquidity remains strong with ~2,7 bn USD cash & eq. and over 3 bn USD available credit lines.



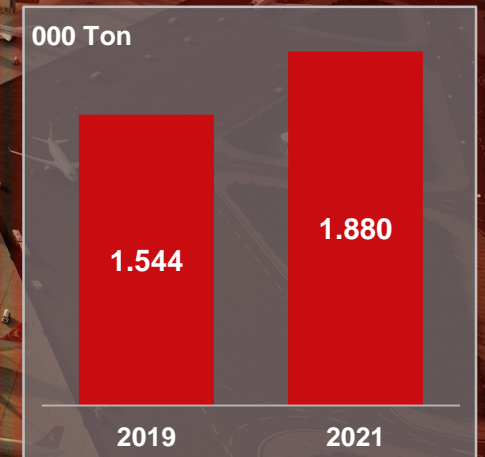
Passenger Capacity

84% of 2019 capacity level reached in the fourth quarter of 2021.



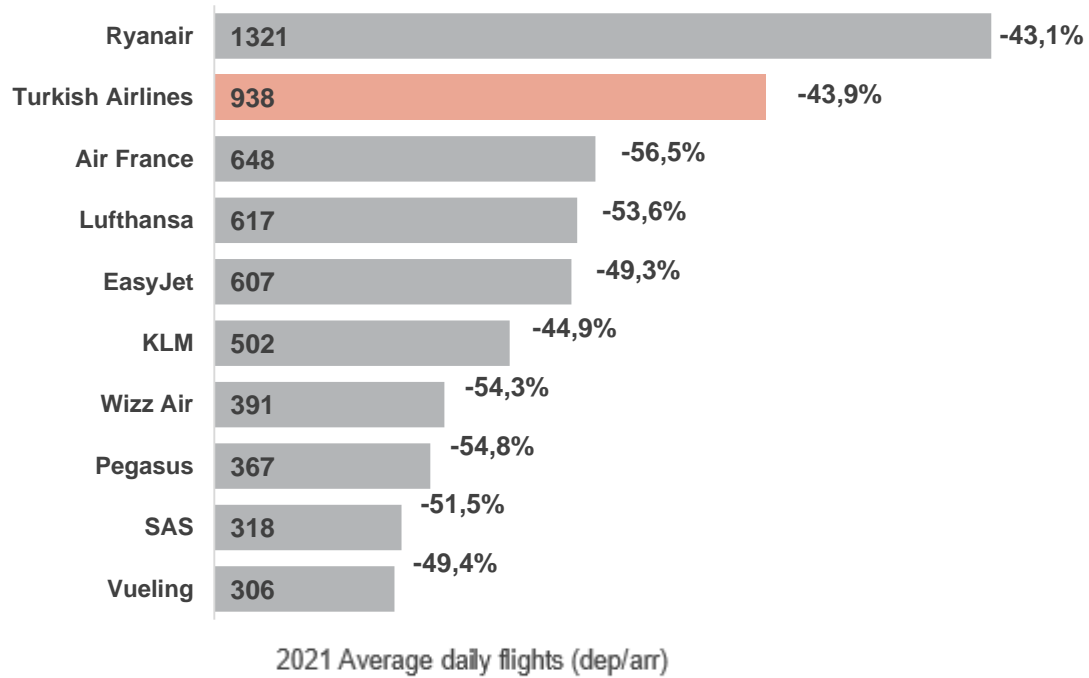
Cargo Capacity

Carried cargo tons exceeded 2019 level by 22%.



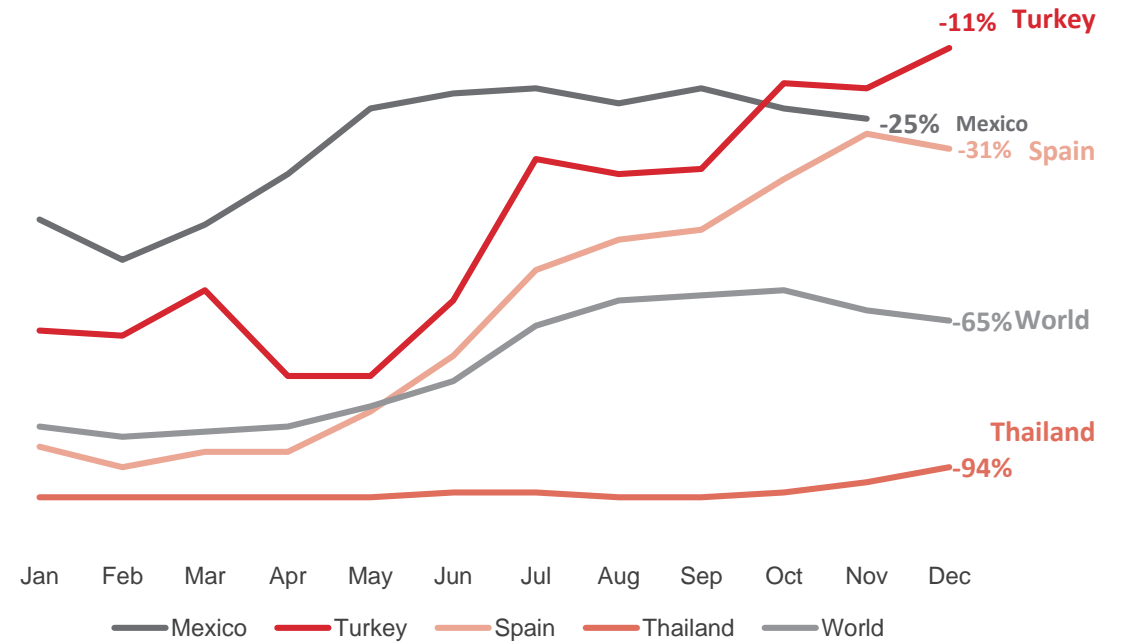
Strengthening our position on the back of Turkey's swift tourism recovery

Europe - Top 10 Airlines (2021 vs. 2019)¹



Turkish Airlines was the busiest network carrier in European airspace in 2021.

International Tourist Arrivals (21/19)²



Turkish tourism recovered swiftly to almost 2019 levels well ahead of its global peers.



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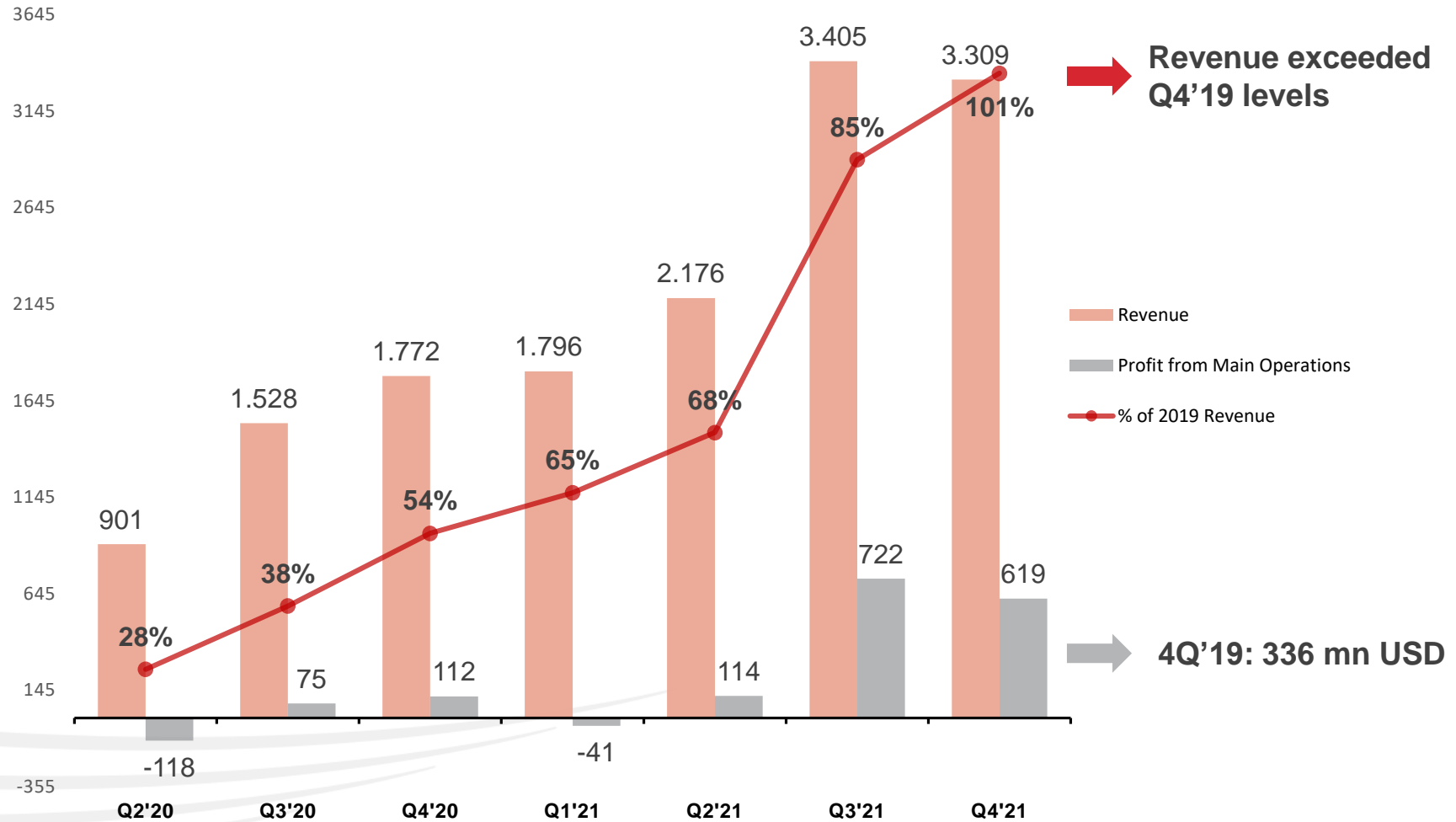
¹Source: Eurocontrol

²Source: UNWTO

Note: Mexico December data is not available.

Turkish Airlines experienced a robust recovery throughout 2021

Recovery through COVID-19 (mn. USD)





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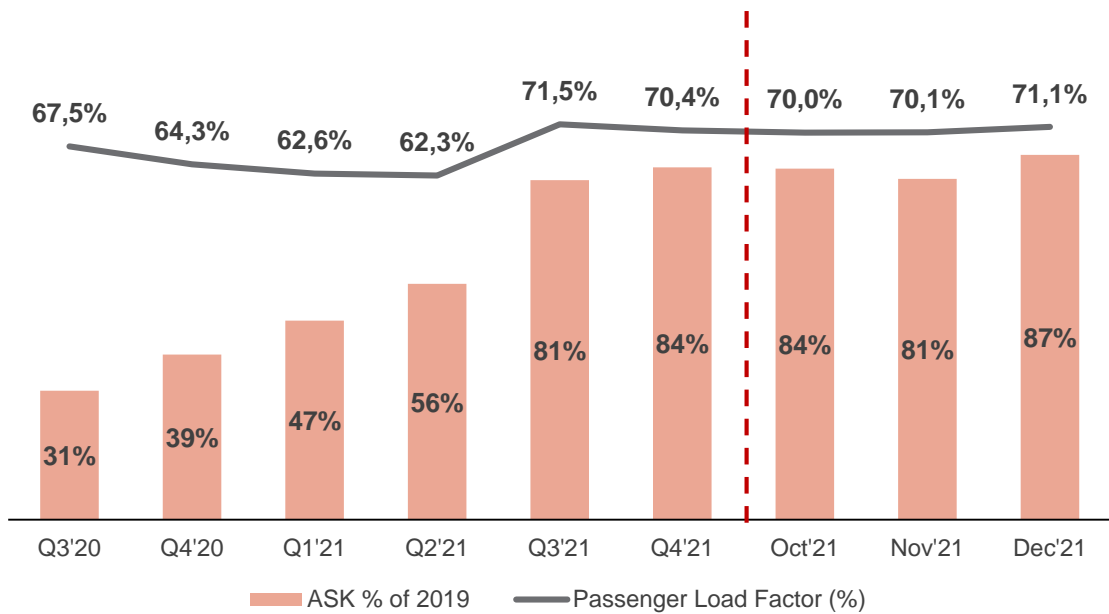
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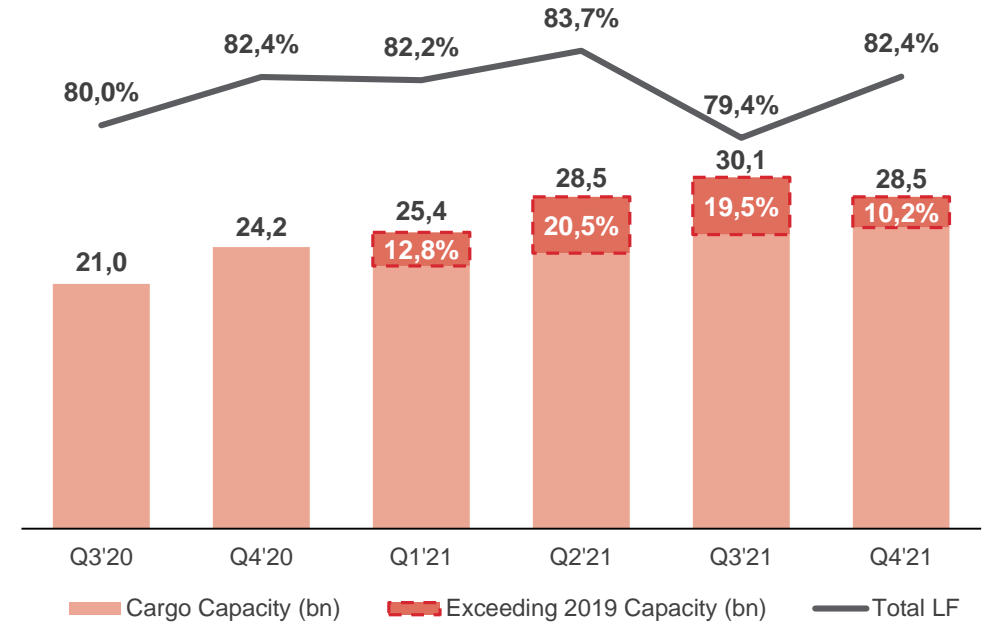
**STRATEGY
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Capacity Management

In December 2021, we reached almost **87%** of 2019 ASK levels.

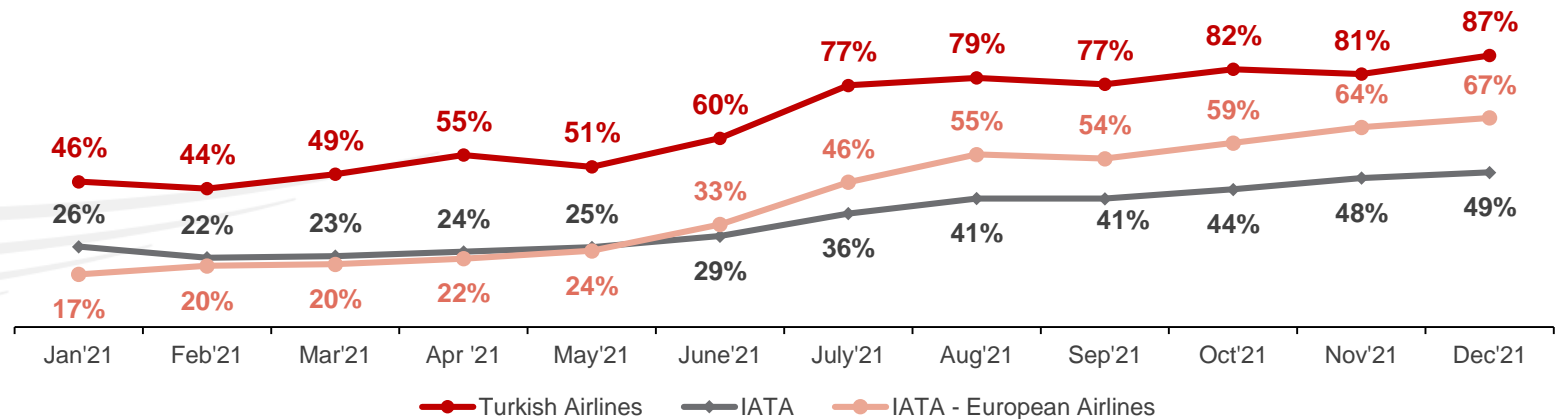


Cargo capacity increased by **10%** in Q4'21 despite **5%** less belly capacity.

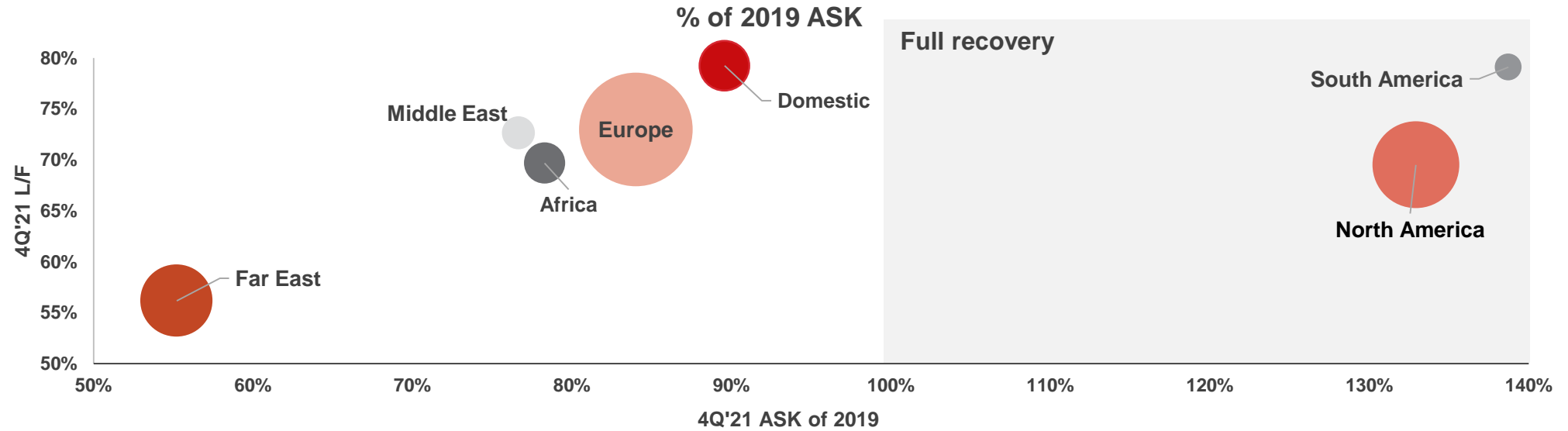


Higher international passenger capacity compared to European Airlines.

International ASK (% of 2019)

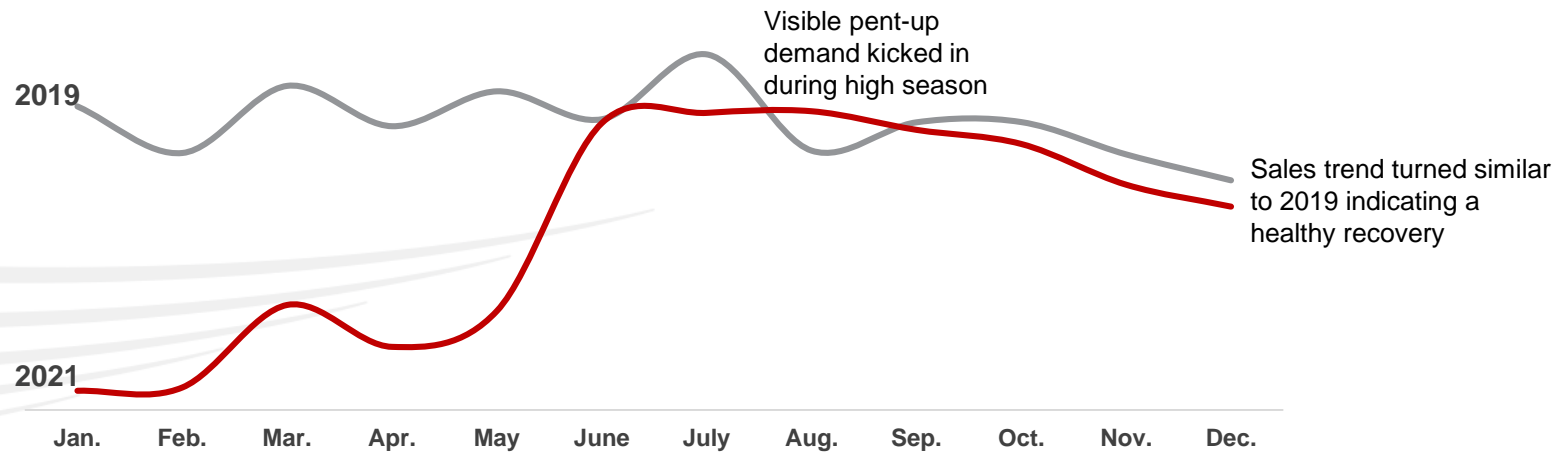


Passenger Traffic Regional Recovery (2021 / 2019)



Note: The scale of the bubble represents the portion of the regions' ASK contribution in 4Q'21.

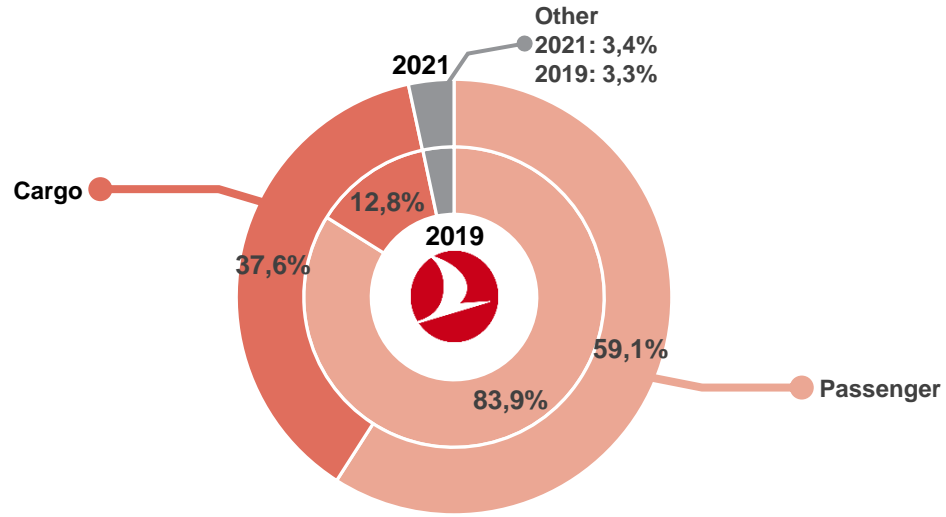
Monthly Tickets Sales*



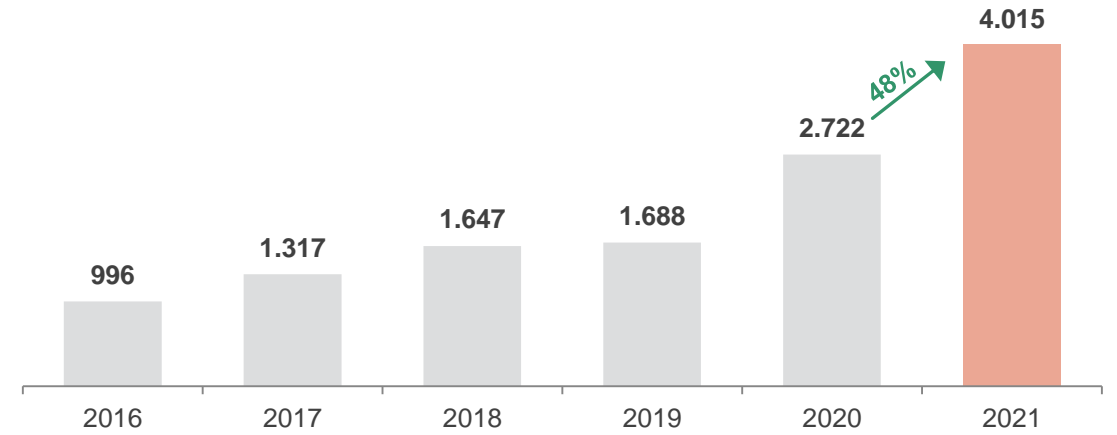
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Cargo Operations

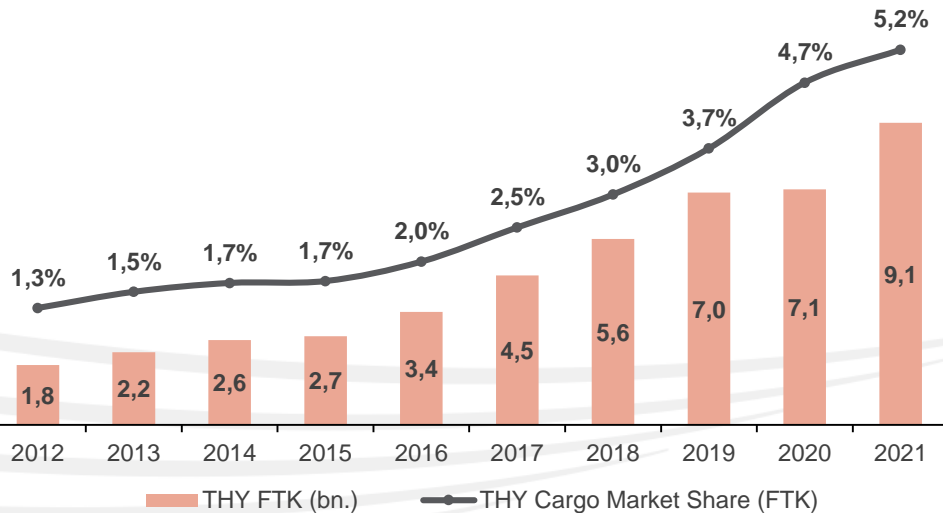
Revenue by Business Type (2021-2019)



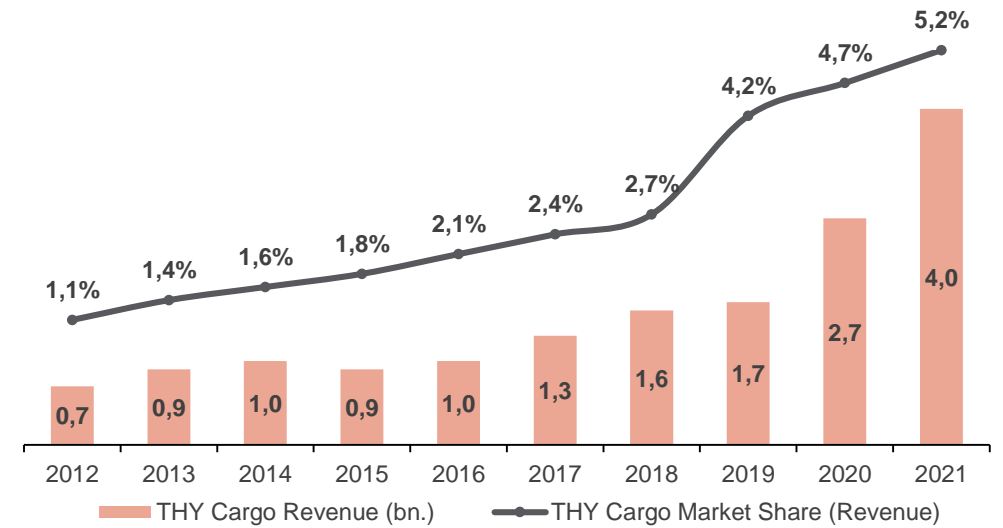
Cargo Revenue Evolution (mn USD)



THY Cargo Market Share - FTK



THY Cargo Market Share - Revenue



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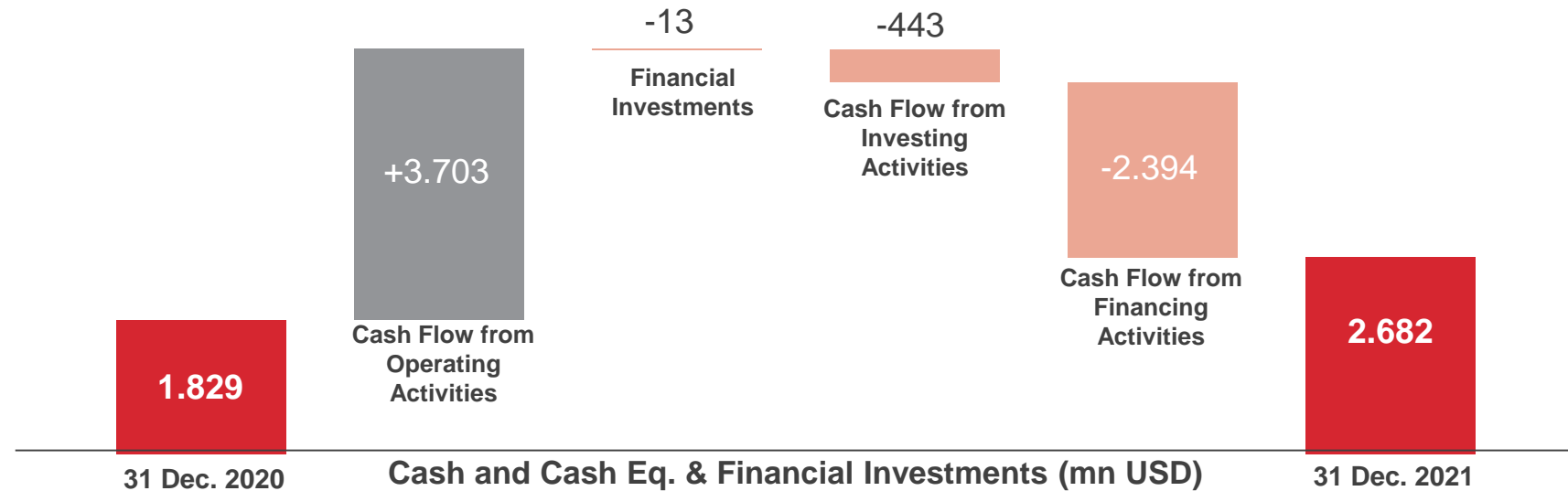
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Liquidity Management & Leverage

We have over **5,5 bn USD** liquidity with **2,7 bn USD** cash&eq. and around **3 bn USD** available credit lines.



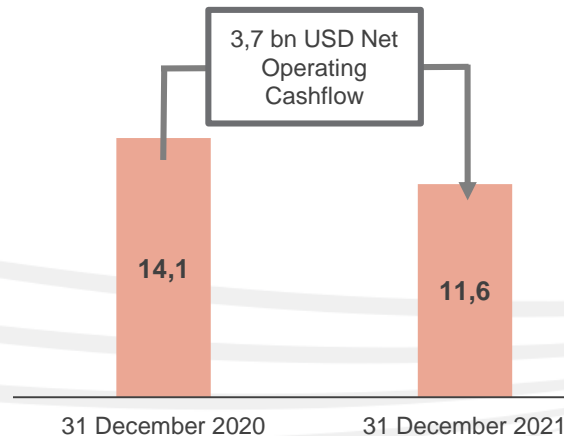
Operational cash generation drove accelerated deleveraging (+3,7 bn USD).

3,1 bn USD commercial loan repayment in 2021.

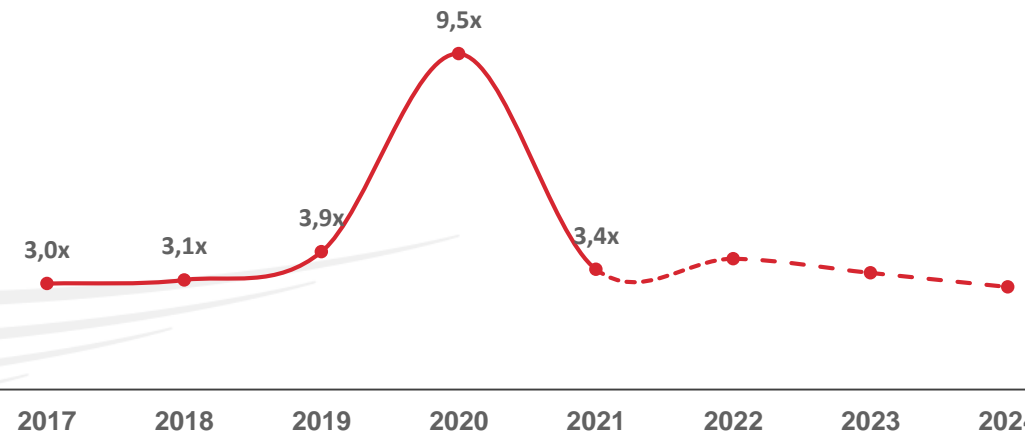
Deferred investments and cost saving measures limited cash outflow.

Net Debt to EBITDA is expected to converge long-term target of 3x by 2023.

Net Debt (bn USD)



Net Debt⁽¹⁾ to EBITDA



Financial and Operational Data

4Q'19	4Q'21	Change	(USD mn)	2019	2021	Change
3.281	3.309	0,9%	Revenue	13.229	10.686	-19,2%
2.708	1.958	-27,7%	Passenger Revenue	11.167	6.390	-42,8%
471	1.281	172,0%	Cargo Revenue	1.688	4.015	137,9%
137	554	304,4%	Net Operating Profit / Loss	585	1.275	117,9%
336	619	84,2%	Profit From Main Operations	876	1.414	61,4%
336	225	-33,0%	Net Income	788	959	21,7%
10,2%	6,8%	-3,4 pt	Net Income Margin	6,0%	9,0%	3,0 pt
892	1.242	39,2%	EBITDAR	3.107	3.744	20,5%
27,2%	37,5%	10,3 pt	EBITDAR Margin	23,5%	35,0%	11,5 pt
47.093	39.596	-15,9%	ASK (Billion)	187.717	127.769	-31,9%
5,92	6,77	14,3%	RASK (Usc)	6,06	6,32	4,2%
7,00	7,02	0,3%	Revenue Yield (R/Y) (Usc)	7,29	7,37	1,1%
17.866	13.713	-23,2%	Passengers Carried ('000)	74.282	44.788	-39,7%
82,2%	70,4%	-11,8 pt	L/F (%)	81,6%	67,9%	-13,8 pt

Total revenues exceeded 2019 levels in the fourth quarter of 2021 and reached 81% of 2019 levels in 2021.

Cargo revenue almost tripled in the fourth quarter of 2021 and **more than doubled** in 2021, compared to the same period of 2019.

Profit from main operations exceeded 2019 level in 2021 and reached **1.414 million USD**.

EBITDAR Margin reached **35%** in 2021.



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RASK: Total Passenger and Cargo Revenue / ASK*

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

Expenses and Cost-Cutting Activities

4Q'19	4Q'21	Change	(USc)	2019	2021	Change
2,07	2,28	10,3%	Fuel	2,06	2,16	4,5%
1,00	0,89	-11,5%	Personnel	1,10	1,02	-7,7%
0,97	1,27	30,9%	Aircraft Ownership¹	0,98	1,52	55,3%
0,65	0,68	4,9%	Airports & Air Navigation	0,63	0,75	20,3%
0,52	0,47	-9,5%	Sales & Marketing	0,59	0,47	-19,8%
0,49	0,47	-3,2%	Maintenance	0,42	0,45	6,4%
0,23	0,22	-1,3%	Other	0,20	0,26	32,9%
6,68	6,96	4,2%	TOTAL	6,74	7,37	9,4%

¹includes Depreciation and Aircraft Rent expenses.

CASK (incl. ATK)²: **-1,7%**

CASK (incl. ATK)²: **-4,2%**

Ex-Fuel CASK: **1,5%**

Ex-Fuel CASK: **11,5%**

Ex-Fuel CASK (incl. ATK)*: **-4,3%**

Ex-Fuel CASK (incl. ATK)*: **-2,3%**

²ASK value is adjusted to indicate effect of Cargo as cargo expenses have reasonable share in our total expenses.



700 million USD cost saving achieved throughout 2021.

Further transformational projects are in the pipeline such as:

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

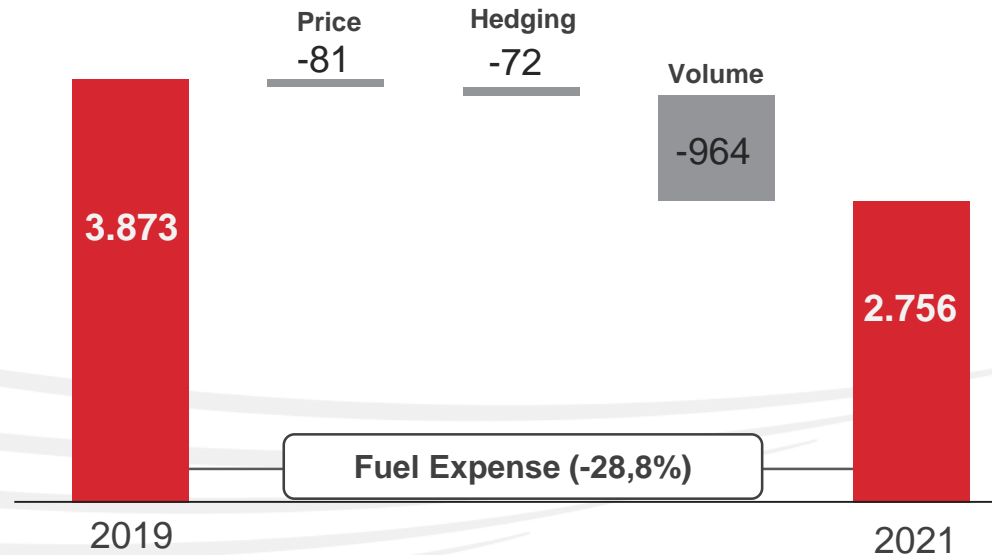
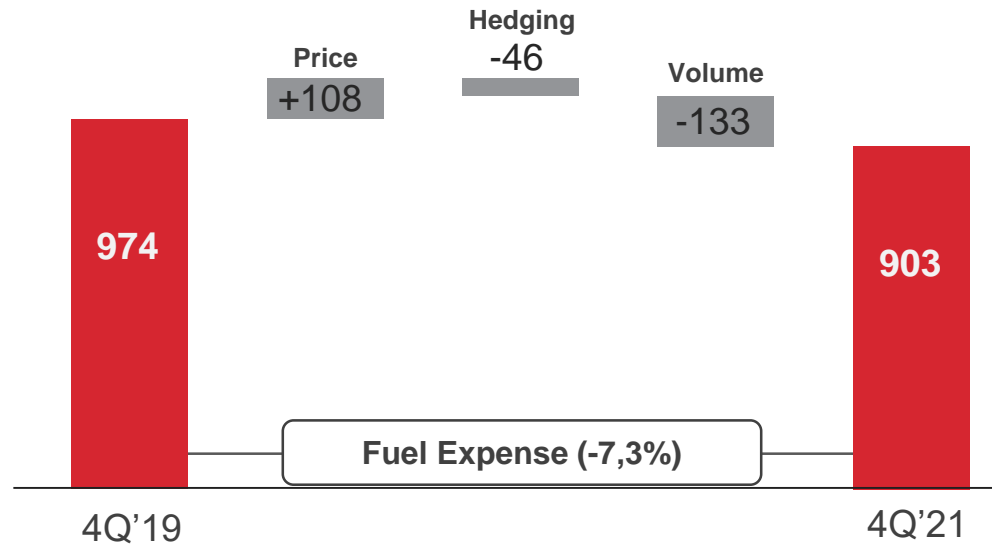
Flight route optimization to reduce fuel burn and air navigation fees.

Organizational simplification and downsizing managerial positions.

Reducing marketing spending via focusing on tactical campaigns.

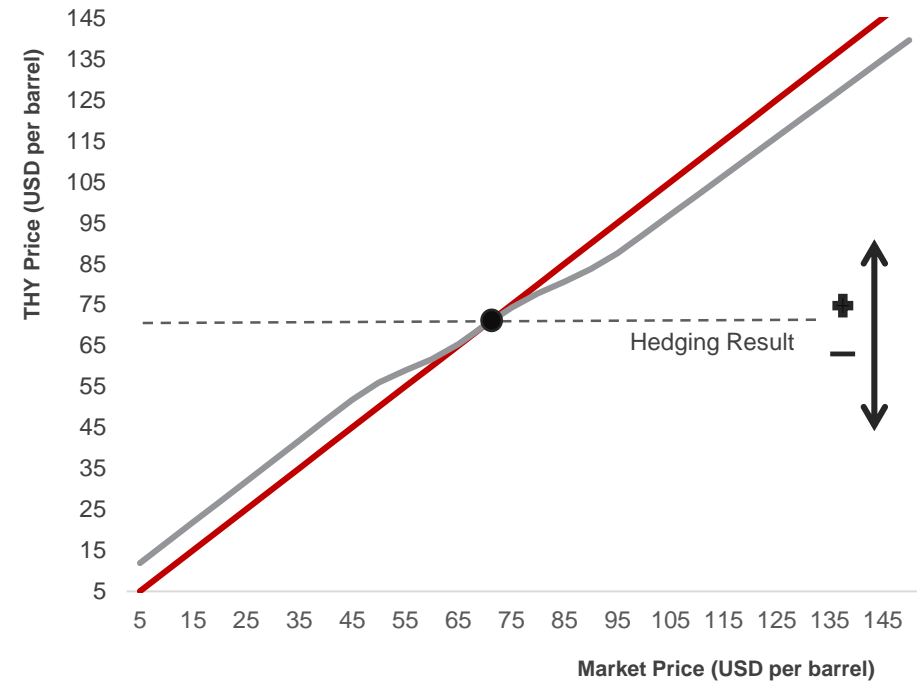
Fuel Expense Breakdown and Hedging Fuel Price Risk

Fuel Expense Breakdown



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Effect of Hedging on the Fuel Price



- Current fuel hedging levels:
FY22: 45%
FY23: 5%
- 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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	2019	2021
Number of Aircraft	57	64
Number of Routes	129	168
Capacity Split Int. - Dom.	13% - 87%	52% - 48%
Int. Market Share in SAW	18%	25%
Number of PAX (mn)	14,5	13,3
ASK (000)	11,2	16,8
Load Factor	87,2%	74,0%
Ex-Fuel CASK (Usc)	2,11	2,32
Contribution Margin***	18%	16%



- Upgauging and driving down unit costs further with the new fleet entries. (12% more efficient operation)
- Increasing penetration to high growth leisure markets through direct international flights to Antalya, Dalaman, Bodrum.
- Capturing underserved ethnic travel segment from Europe to Turkey.
- Targeting price sensitive costumers.
- Extracting ancillary revenue potential by merchandising and bundling.
- High utilization through increased P2P exposure.

Capacity:

2022 close to 2019 levels



Costs:

2022 ex-fuel CASK is **on par** with 2019



CapEx:

Around **3.5 bn USD** in 2022 including aircraft, engine, heavy maintenance and other investments



Priorities

Sustaining our low unit costs

Accelerating deleveraging and strengthening our liquidity level

Targeting new growth opportunities through AnadoluJet and Cargo

Build up on connectivity and fasten the passenger operation recovery

Extract ancillary revenue potentials to enhance top line growth

Most Material Issues

Bio-fuel Related Research and Development Investments	Fleet Modernization: New-Generation Aircraft Consuming 15% Less Fuel
Emissions and Fuel Efficiency; Reducing Carbon Emmissions by 50% by 2050	Advancing Gender Balance by 2025
Flight Safety and Flight Security	Compliance
Financial Performance	Customer Satisfaction
Risk Management	Corporate Governance
Employee Health & Safety and Wellbeing	Business Ethics and Ethical Behaviour
Waste Management	Human Rights
Sustainability Aviation Fuel Usage	Carbon Offset Project



Participating in the performance evaluations of international sustainability indices:



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

Q4 2021 Developments

Fuel Saving:
37.082 tons of fuel saved in 2021.



CO₂ Avoided:
116.809 tons of CO₂ avoided in 2021.



Fleet Age:
8,5 Average Fleet Age at the end of the year.





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INVESTOR RELATIONS

THANK YOU..

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