



Turkish Airlines Roadshow Presentation

September 2023

Prof. Dr. Ahmet Bolat – Chairman of the Board and the Executive Committee



- Prof. Dr. Ahmet Bolat serves as the Chairman of the Board and Executive Committee since the beginning of 2022.
- Before being appointed as the Chairman, Prof. Bolat worked as Senior Vice President of Investment Management at Turkish Airlines between 2005-2012 and served as Chief Investment and Technology Officer between 2012 and 2022.
- During his tenure, Prof. Bolat managed the strategic growth plan of Turkish Airlines and led the team which procured around 550 aircraft to Turkish Airlines fleet. Additionally, he was responsible for international relations & alliances managing bilateral relations along with partnership and network development.
- Prof. Ahmet Bolat was also assigned as the Member of IATA Board of Governors in June 2022 for a three-year term.
- Before joining Turkish Airlines, he held various academic roles at the University of Michigan and King Saud University for 17 years.
- He graduated from Istanbul Technical University as an Industrial Engineer in 1981, followed by a Master's Degree at Stanford University - Operations Research program in 1984, and obtained Ph.D. in Industrial and Operations Engineering from the University of Michigan in 1988.

Assoc. Prof. Murat Şeker – Chief Financial Officer & Member of the Board and the Executive Committee



- Assoc. Prof. Murat Şeker was appointed as the Chief Financial Officer of Turkish Airlines in July 2016.
- He also serves as a Member of the Board and Executive Committee of Turkish Airlines since March 2021.
- Mr. Şeker worked at Financial and Private Sector Development Senior Vice Presidency of World Bank between 2008 and 2013.
- At the World Bank, Dr. Şeker was responsible for operational project management; production of reports and research publications on innovation and entrepreneurship ecosystem, international trade and development of economic policies that contribute to the growth of developing countries.
- He worked at Ziraat Bank between 2013 and 2016 as SVP of Investor Relations and Financial Institutions Department.
- Between 2015 and 2018, Assoc. Prof. Şeker lectured as part-time professor at Boğaziçi University, Faculty of Economics and Administrative Sciences.
- He earned his undergraduate degree in Industrial Engineering from Marmara University in 2000, Master's Degree in Economics from Sabanci University in 2002 and followed by a Phd. in Economics from University of Minnesota, USA in 2008.



TURKISH AIRLINES

A STAR ALLIANCE MEMBER 

1.

OVERVIEW

1. Snapshot
2. Group Structure
3. Historical Growth
4. Market Share Development

2.

INVESTMENT HIGHLIGHTS

3.

2033 STRATEGY AND TARGETS

Turkish Airlines at a Glance

Countries We Fly To: 128

Global ranking: 1st

Int'l Destinations: 291

Global ranking: 1st

Cargo Destinations: 363

Global ranking: 1st



Number of Int'l Flights: 73,700

1st among network carriers in 1H'23

Fleet Size: 429 aircraft

Global ranking: 9th

Average Fleet Age: 9.2 Years

Global ranking: 4th



Workforce:

c. 80,000

Global ranking: 7th

Leadership

Avg. Experience:

29 years



National Flag Carrier
of **Türkiye**



Flies to **more countries** globally
than any other airline



**"Most Sustainable
Flag Carrier Airline
in 2023"**
World Finance



**Istanbul Airport is
the largest hub¹ in
Europe**



Surpassed 2019
capacity level by **24%**
in August'23

Open to Public: 50.88%

Türkiye Wealth Fund: 49.12%



**TURKISH
AIRLINES**

Cons. Revenue (LTM 1H'23): 20.3 bn \$

Total Number of Personnel: 80,153 

Air Transportation

widect
Wide-Direct-Connect

 **TURKISH
CARGO**

 **SunExpress**

we **WORLD
EXPRESS**

ANADOLUJET

 **AIR ALBANIA**

1,581 mn \$

3,820 

MRO & Cabin Interior

 **TURKISH
TECHNIC**

TEC
Turkish Engine Center

 **TCI** **AIRCRAFT
INTERIORS**

TURKISH NACELLE CENTER

645 mn \$

10,784 

Support Services

Fuel

 **TFS**
TURKISH FUEL SERVICES

 **TURKISH *dpet***
AVIATION FUELS

4,263 mn \$

624 

Ground Handling

TGS
TURKISH GROUND
SERVICES

501 mn \$

18,093 

Catering

**TURKISH
DO&CO**

412 mn \$

6,298 

Other

TURKISH AIRLINES
Flight Academy

 **TURKISH AIRLINES
TECHNOLOGY**

TSS
TURKISH SUPPORT SERVICES
THY DESTEK HİZMETLERİ A.Ş.

**THY Financial
Technologies Inc.**

Fully consolidated

9,240 

Vertical integration allows us to keep c. 40% of the cash outflow within our organization.



TURKISH AIRLINES

A STAR ALLIANCE MEMBER 

Note: For JVs LTM 1H'23 total revenues, not just the portion attributable to Turkish Airlines.
Number of personnel figures are as of 30.06.2023.

Well executed business strategy led to a clear growth trend

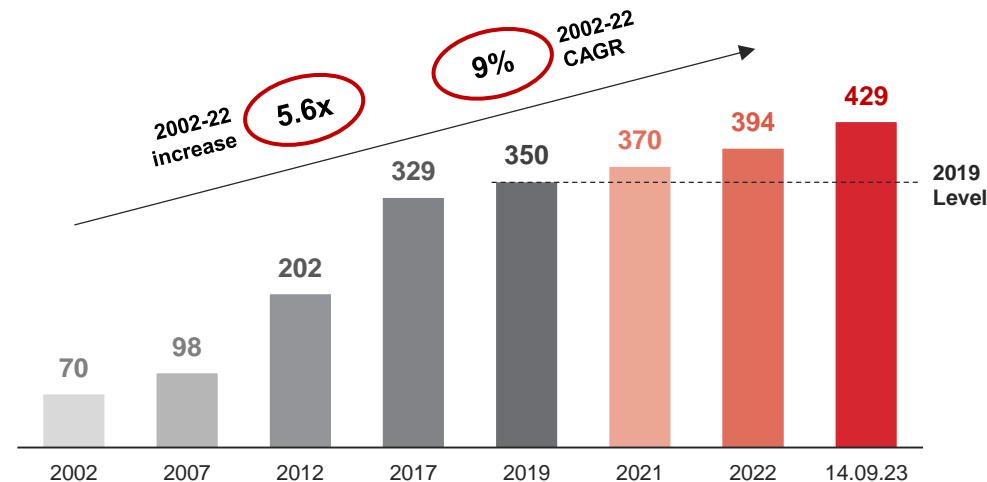
Utilizing structural advantages with well executed growth strategy led to Turkish Airlines' success story.

Since 2002, Turkish Airlines multiplied in size with increasing profitability.

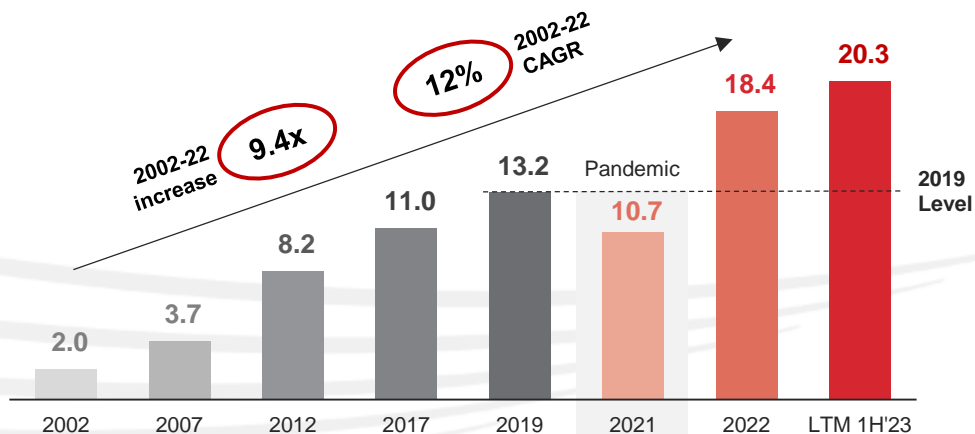
Our sound business strategy proved itself many times – even in the pandemic with almost 1 billion USD profit in 2021.

By 2023, Turkish Airlines substantially outperformed its pre-pandemic operational and financial performance.

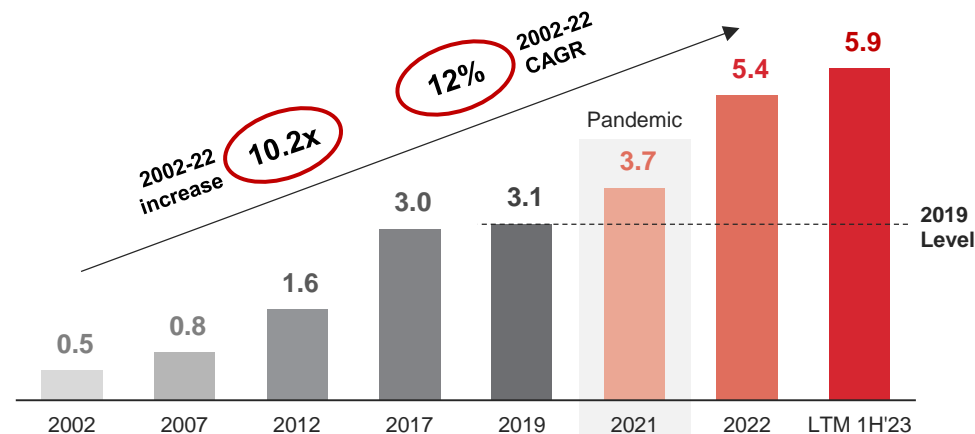
Fleet Development



Revenue Development (bn USD)

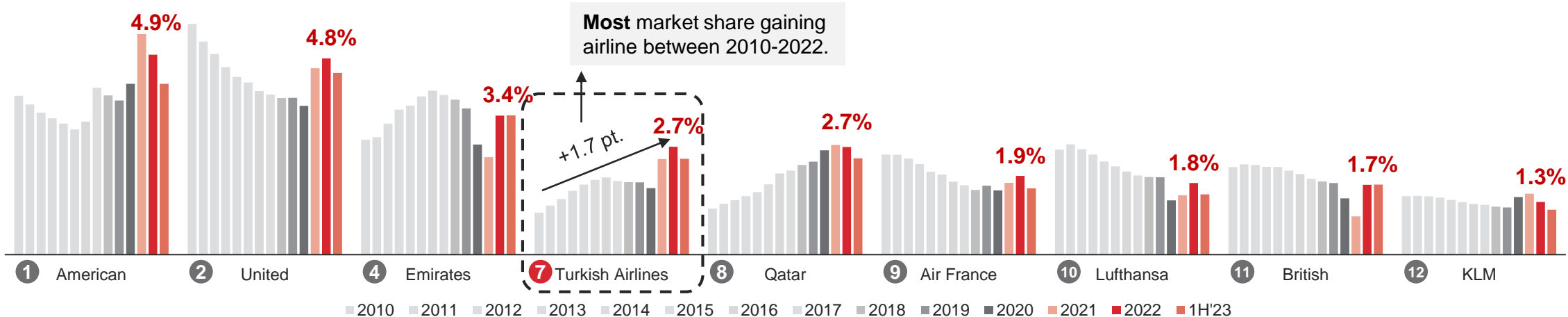


EBITDAR Development (bn USD)



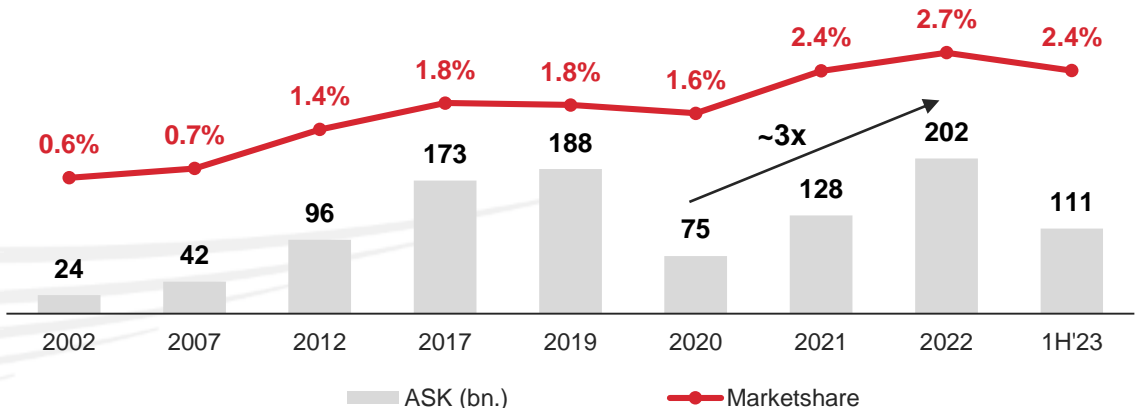
Turkish Airlines' market share quadrupled in the last two decades

Global Market Share Trends¹ (2010-22)



¹In terms of billion Available Seat Kilometers (ASK). Ranking and market shares in the graph are according to 2022 data.

Turkish Airlines Market Share Development²



² In terms of ASK (Available Seat Kilometers).

Turkish Airlines experienced a robust recovery after the initial shock of the pandemic and significantly increased its market share.



TURKISH AIRLINES

A STAR ALLIANCE MEMBER 

1.

OVERVIEW

2.

**INVESTMENT
HIGHLIGHTS**

1. Overview
2. Value Accretive Business Model
3. Flight Network and Connectivity
4. Geographical Advantage and Fleet
5. Diversified Revenue Base
6. Resilient Performance
7. Türkiye's Tourism Potential
8. Competitive Cost Base
9. Strong Balance Sheet
10. Current Results
11. 2023 Expectations

3.

**2033 STRATEGY
AND TARGETS**

Investment Highlights

1 Value Accretive Business Model



2 World Leading Network and Connectivity



3 Geographical Advantage Combined with a Modern Fleet



4 Diversified Revenue Base



5 Resilient Operating and Financial Performance



6 Türkiye's Tourism Potential



7 Competitive Cost Base

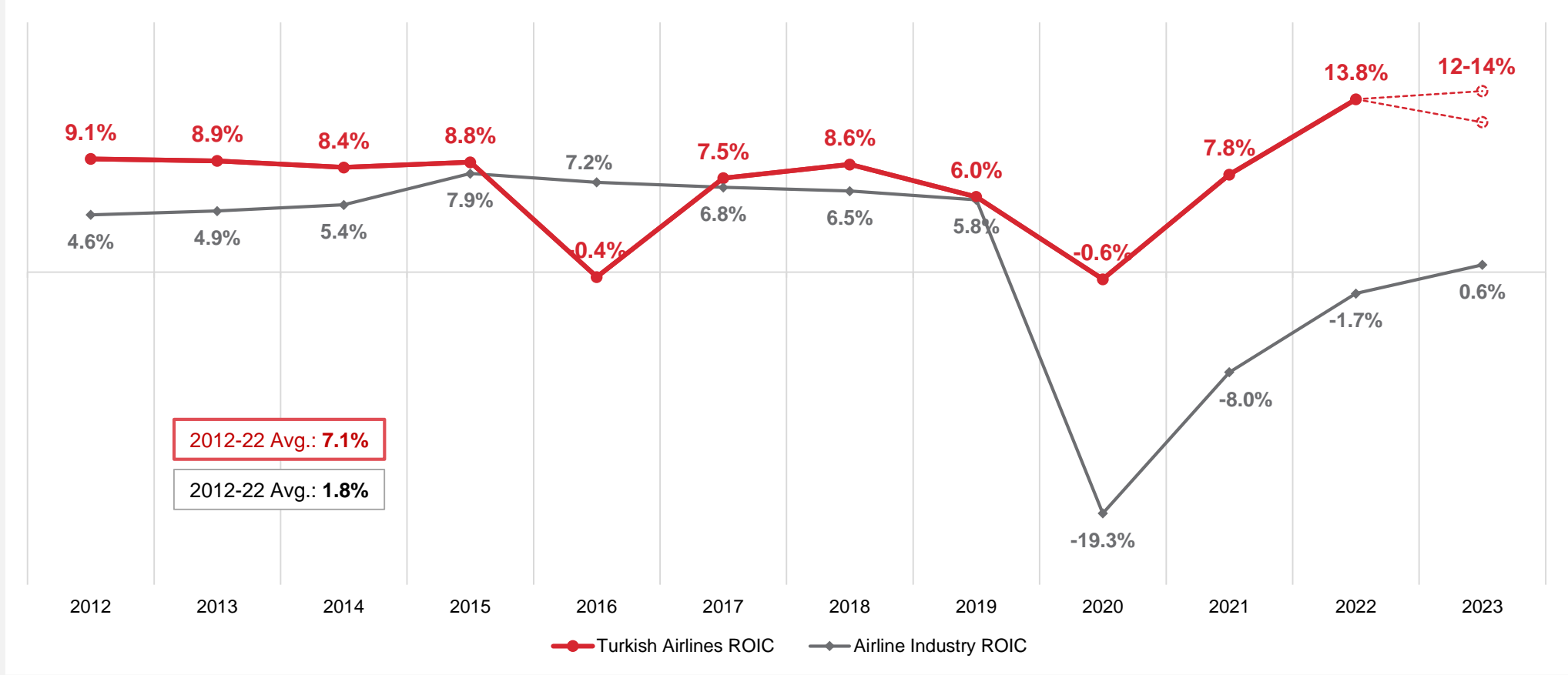


8 Strong Balance Sheet



Turkish Airlines' value creation is materially above the industry

Return on Invested Capital (ROIC)



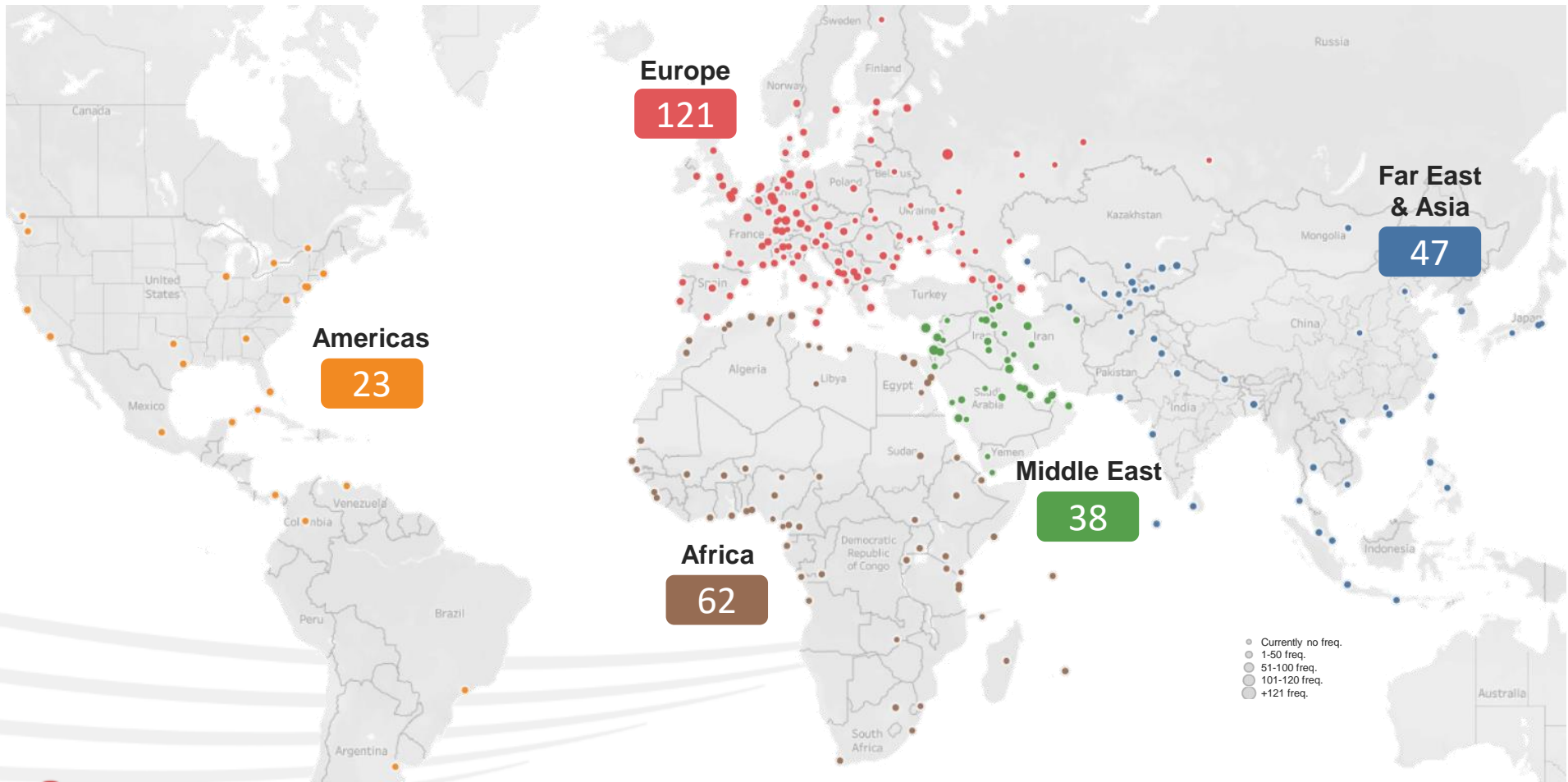
Turkish Airlines ranks #1 in the World by international destinations

Turkish Airlines flies to **291** international destinations in **128** countries¹

Provides **42.6 thousand** connection options²

516 international destinations (including offline³)

Our network reaches more than **90%** of the world's population, GDP and trade volume⁴



New Destinations in 21-23

Americas

Seattle, Newark, Dallas, Vancouver

Europe

Palermo, Bergamo, Krakow, Tivat, Rize-Artvin

Middle East

Kirkuk, Urmia

Africa

Juba, Luanda, Lusaka

Far East & Asia

Cebu, Bukhara, Turkistan, Fergana, Urgench, Aktau, Turkmenbashi

Future Routes

Americas

Detroit, Denver, Orlando, Lima, Santiago, Rio de Janeiro

Europe

Bergen, Glasgow, Iasi, Katowice, Nantes, Newcastle, Timisoara, Bayburt, Yozgat

Middle East

Abha, Salalah

Africa

Aswan, Brazzaville, Hargeisa, Lome, Monrovia, Port Sudan, Windhoek

Far East & Asia

Sydney, Melbourne, Phnom Penh, Atyrau, Osaka



¹As of 01.09.2023. ²Meaningful O&D's with detour factor <1.4. ³Including codeshare agreements. ⁴On a country basis. World Bank.
Circle sizes represent the number of weekly frequencies.
The boxes show the number of destinations in the corresponding region.

Leveraging Istanbul's Ideal Geographical Location with a Modern Fleet

Within Narrow Body Range

99 countries / % of the World
3.8 bilion people / ~50%
33 trillion USD GDP / 35%
47 tn USD trade volume / 50%

EUROPE

Population: 684 million
Exports: 9.7 trillion USD
GDP: 22.8 trillion USD

ASIA

Population: 4.7 billion
Exports: 8.9 trillion USD
GDP: 37.2 trillion USD

AFRICA

Population: 1.4 billion
Exports: 595 billion USD
GDP: 2.7 billion USD

Fleet

(14 September 2023)

Type	Total
B787-9	20
A350-9	14
A330-2/3	49
B777-300ER	33
Wide Body Total	116
B737 MAX 8/9	35
A321/320 NEO	58
B737-8/9	100
A321/320/319	96
Narrow Body Total	289
Cargo Total	24
Grand Total	429

Average
Fleet Age

9.2 years

Number of
New
Generation
Aircraft

127
(30% of total)



TURKISH AIRLINES

A STAR ALLIANCE MEMBER

Source: World Bank
Note: Population, GDP: 2021,
Trade volume, Exports: 2019

Balanced Exposure to Specific Business Segments and Regions

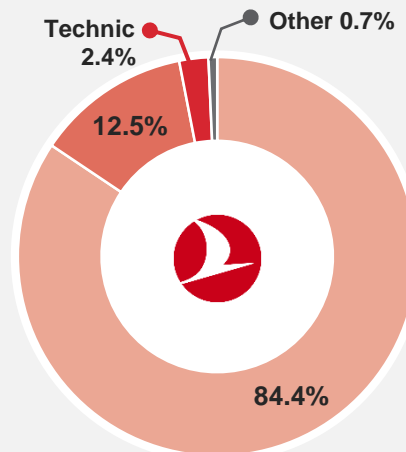
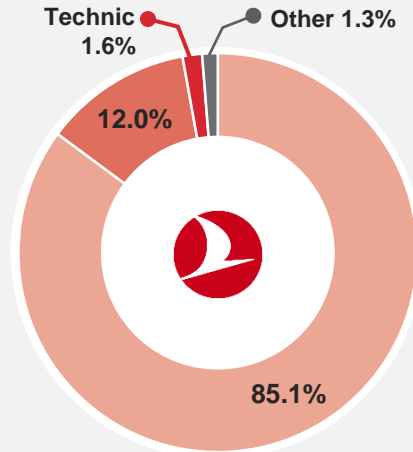
More than 90% of the revenues are generated outside of Türkiye

Segment

2017

1H'23

- Passenger
- Cargo
- Technic
- Other



Diversified revenue base increases our ability to adapt to different macro economic conditions.

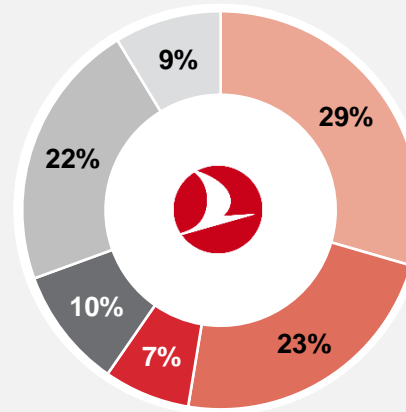
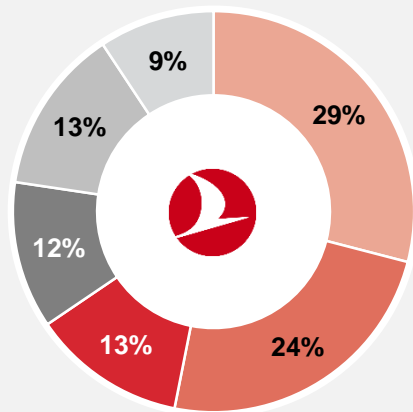
Regional revenue distribution provides a natural hedge against FX volatility as well as geopolitical risks.

Region

2017

1H'23

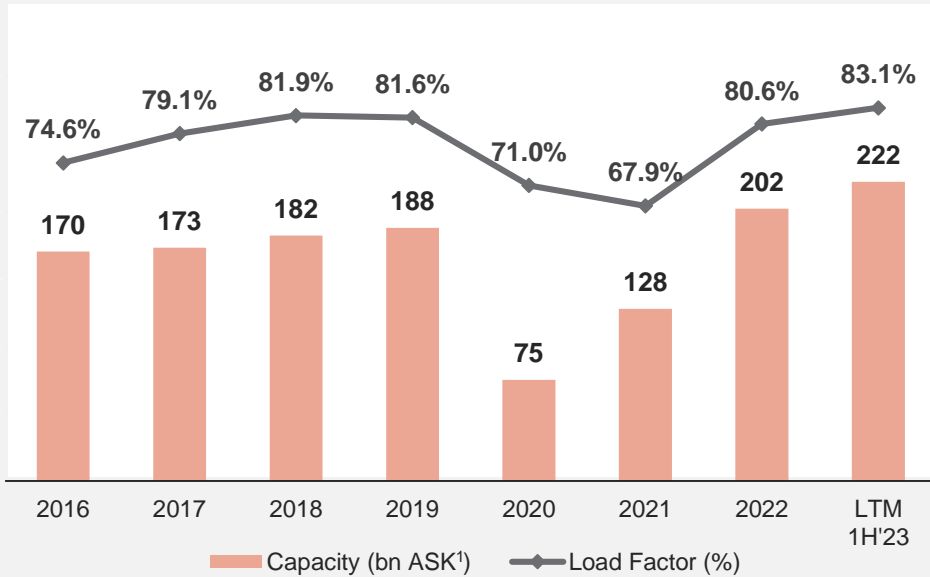
- Europe
- Far East
- Domestic
- Middle East
- Americas
- Africa



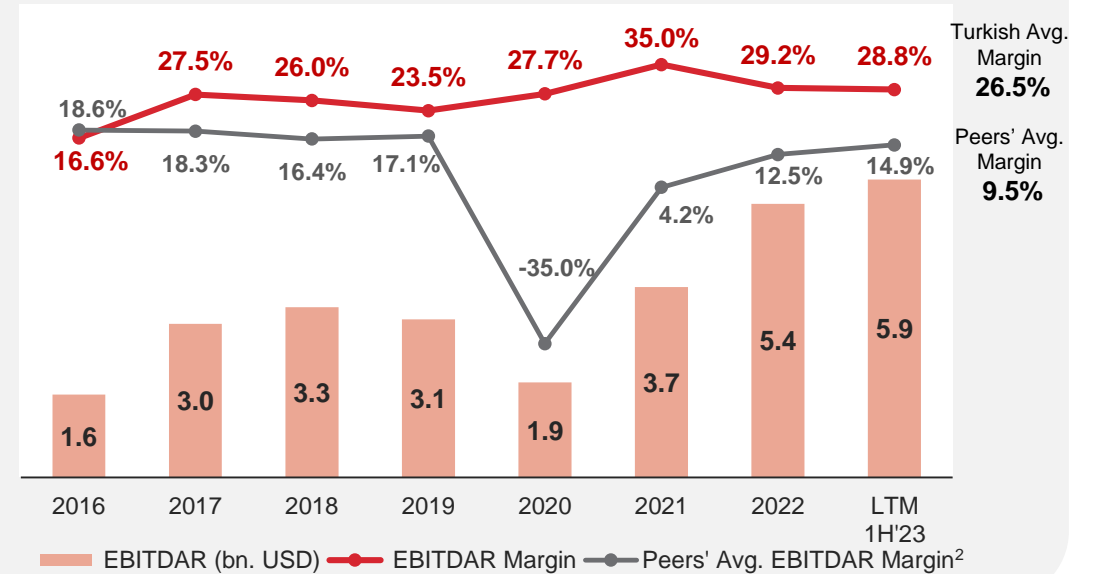
60% of our revenues are in hard currencies.¹

Resilient performance despite many economical turbulences

Traffic Performance (Passenger Capacity and Load Factor)



EBITDAR Development



Turkish Airlines's operating performance is tested many times against a number of exceptional events in recent years:

- Strict flight restrictions and drop in global demand due to the pandemic
- 2018 currency crisis and volatility of the Turkish Lira exchange rate
- Numerous terrorist attacks in late 2015 and 2016 across Europe



Resilience of our operating performance reflects the following factors:

- Well analyzed international network expansion plan
- Successful capacity management and efficient operations
- Strategic & efficient positioning of Istanbul as a regional hub
- Favorable cost base

Türkiye's Tourism Potential is an Important Growth Driver

As one of the most visited destinations in the World, Türkiye attracted more tourists after the pandemic

Top Tourism Destinations in the World by Country

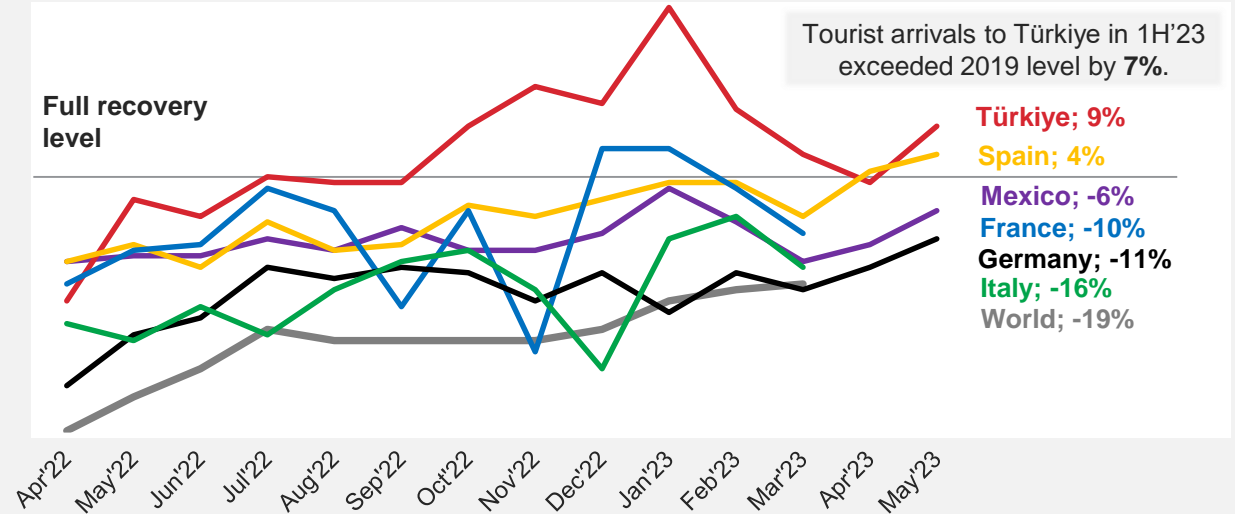
Country	2022 Visitors (million)	Change (vs.2019)
1 Spain	71.7	-14%
2 France	66.6	-27%
3 United States	50.9	-36%
4 Türkiye	50.5	-1%
5 Italy	49.8	-23%
6 Mexico	38.3	-15%
7 Germany	28.5	-28%
8 Greece	27.8	-11%
9 Austria	26.2	-18%
10 UAE	22.7	5%

+4
compared
to 2017

Türkiye 2028 Tourism Target:
90 million visitors and 100 billion USD revenue.

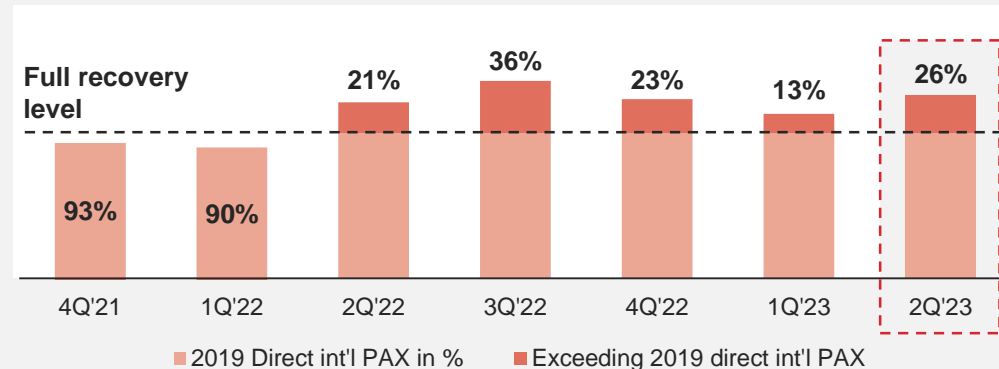
International Tourism Recovery by Country¹

(Change vs. 2019)

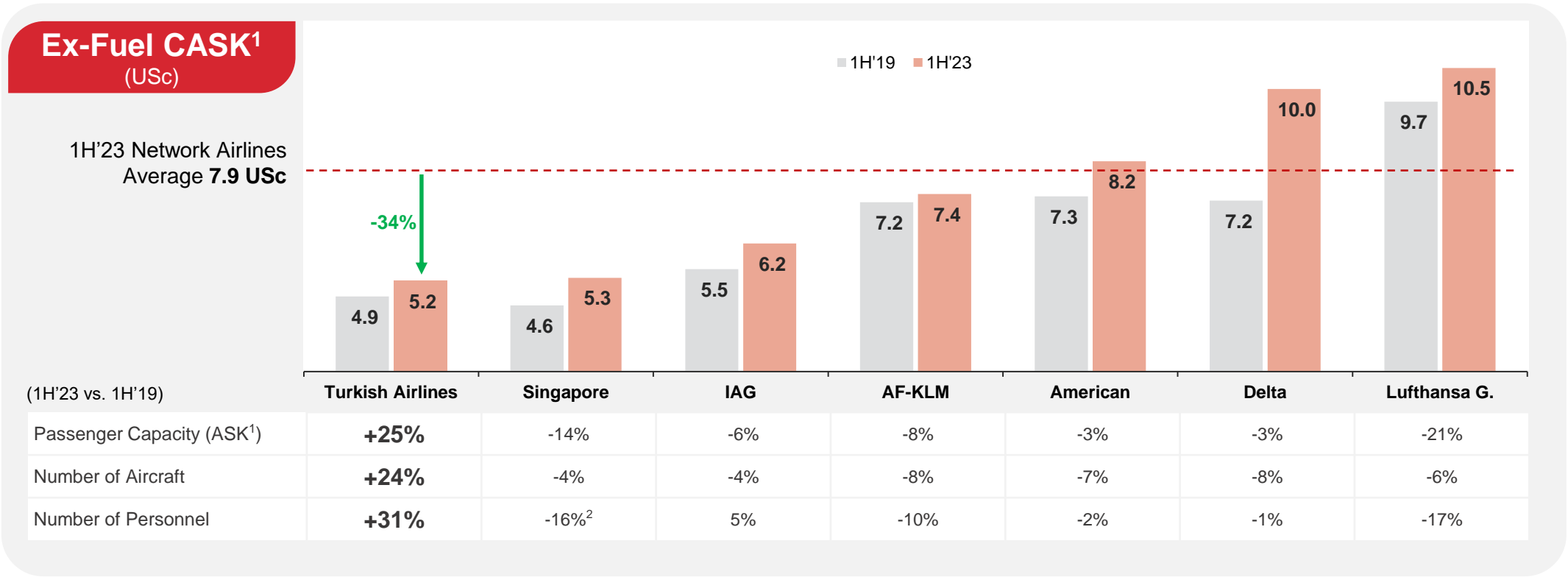


Direct International Passengers to Türkiye carried by Turkish Airlines

(Change vs. 2019)



We have one of the lowest ex-fuel unit costs among our peers



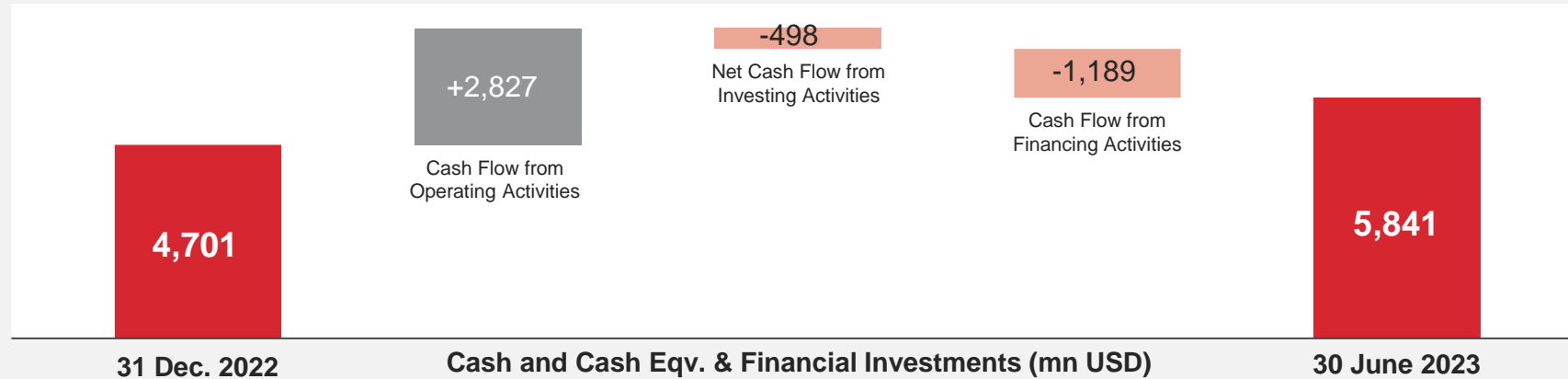
During the pandemic, we continued to invest in our fleet and workforce while preserving our unit cost advantage.



Doing so, allowed us to capitalize on surging passenger demand and capture significant market share profitably.

We have sound liquidity and comfortable leverage levels

Liquidity Development



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

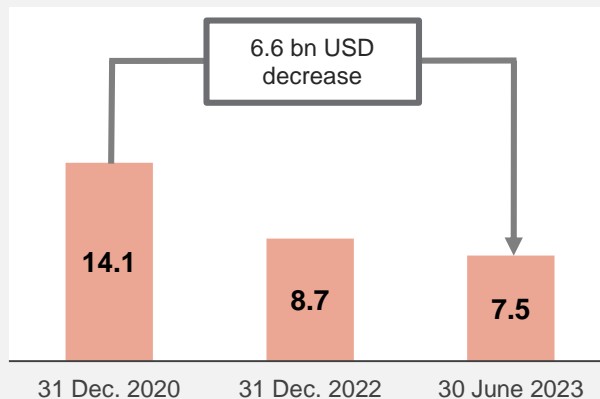
LTM Net Debt to EBITDA **decreased to 1.4x** to its lowest level.

Net Debt reduced by **6.6 billion USD** from its peak at the end of 2020.

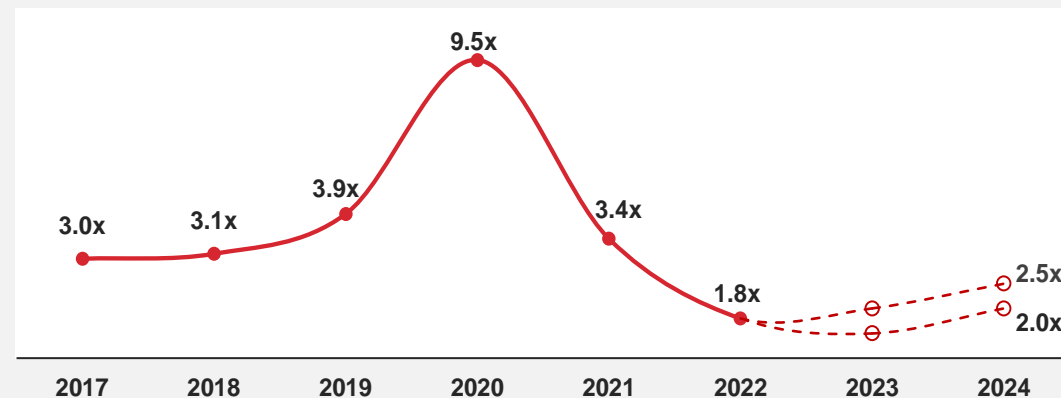
Deleveraging driven by operational cash generation.

Net Debt & Leverage

Net Debt¹ (bn USD)

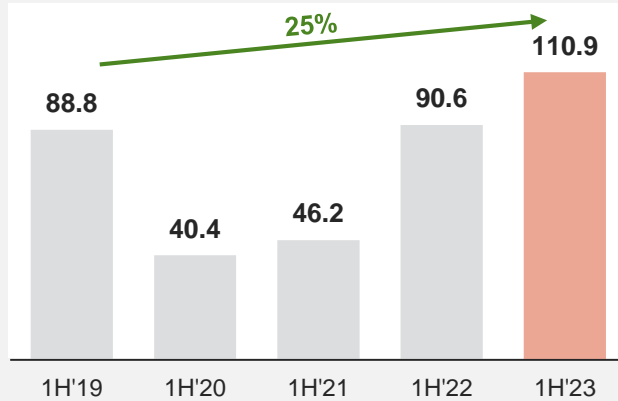


Net Debt to EBITDA

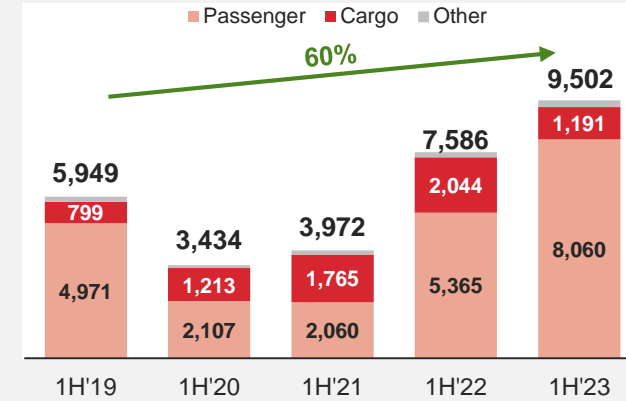


Substantial outperformance of the pre-pandemic levels

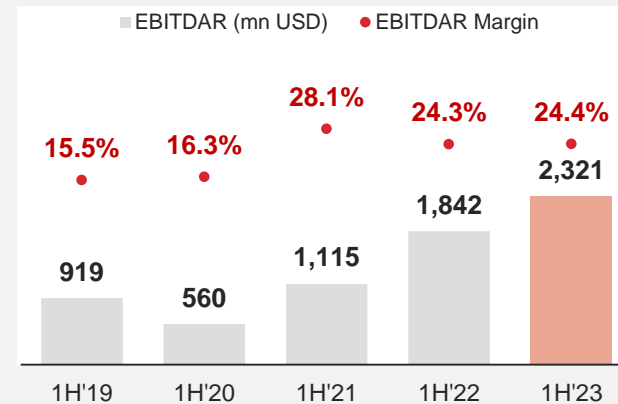
Passenger Capacity (billion ASK¹)



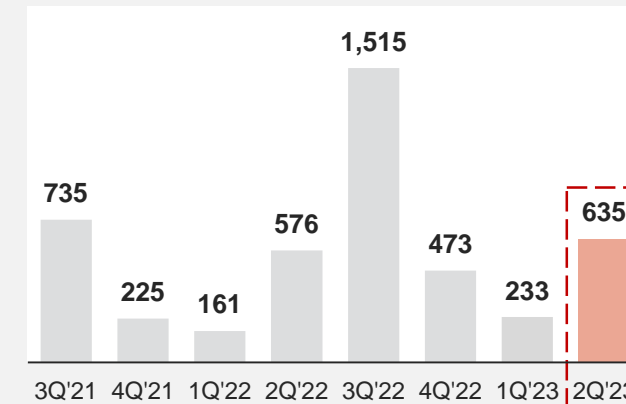
Total Revenues (million USD)



EBITDAR



Net Profit (million USD)



Eighth consecutive quarters with Net Profit

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:

429 as of September 14
Year-end fleet expectation 435



New Int'l Routes in 2023:

Started:

Lusaka
Krakow
Palermo

Planned:

Detroit
Osaka

Network:

344
destinations
in 129
countries





TURKISH AIRLINES

A STAR ALLIANCE MEMBER 

1.

OVERVIEW

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INVESTMENT
HIGHLIGHTS

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**2033 STRATEGY
AND TARGETS**

1. Industry Overview
2. Strategic Focus
3. Execution and Growth Levers



TURKISH AIRLINES

A STAR ALLIANCE MEMBER 

Number of Aircraft

12.5 x

2003	2023	2033
65	435	800+

Passenger Capacity (bn ASK)

20 x

2003	2023	2033
24	235+	480+

Passengers (mn)

16 x

2003	2023	2033
10.4	85+	170+

Cargo Carried (mn ton)

39 x

2003	2023	2033
0.1	1.6	3.9

Revenue (bn USD)

29 x

2003	2023	2033
1.8	20+	50+

EBITDAR Margin (%)

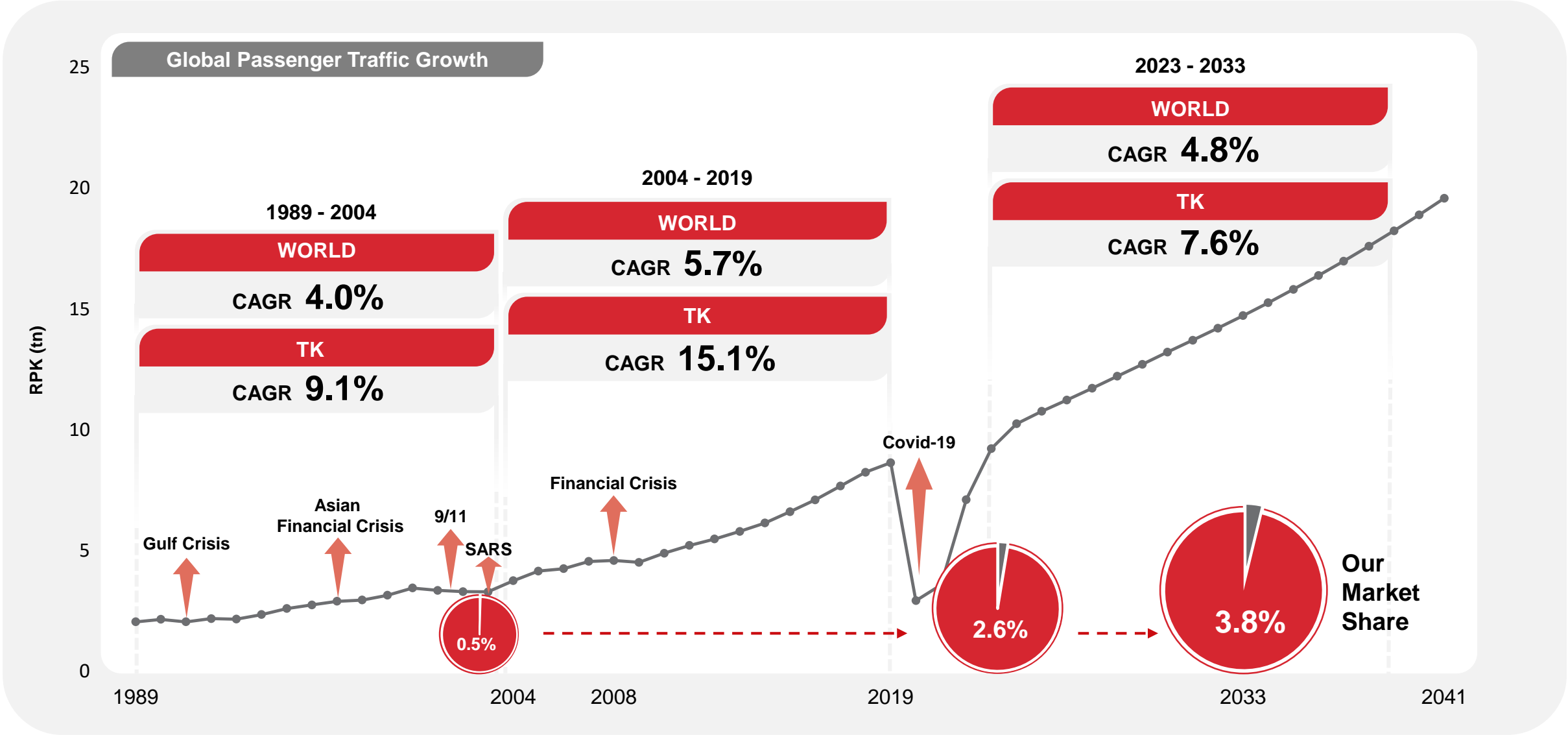
2003	2023	2033
28%	25-28%	20-25%

ROIC (Return on Invested Capital)

2013	2023	2033
8.9%	12-14%	8-10%

Leverage (Net Debt/EBITDA)

2013	2023	2033
3.0x	1.5-2x	2-2.5x



Paving the way for further value extraction embedded in our business model

Leveraging our Strengths

World Leading Flight Network



Geographical Advantage combined with a Modern Fleet



Well Positioned Main Brands and Supporting Subsidiaries



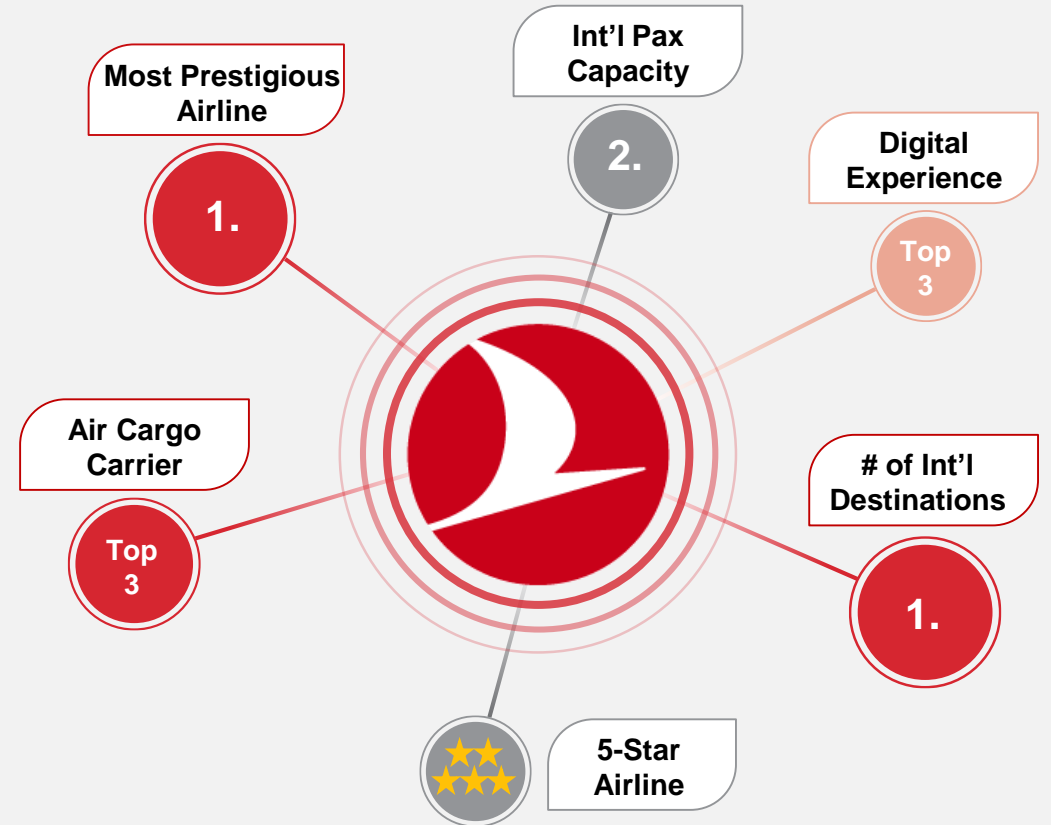
Competitive Cost Base and Lean Organizational Structure



Türkiye's Tourism Potential & Strong Aviation Infrastructure



Will lead us to the Top in World Rankings



Above Industry Value Creation is our #1 Goal

SUSTAINING OUR MARKET LEADERSHIP



1.
of Int'l
Destinations
2023

3.8%
Market
Share in
ASK
2033

PRESTIGIOUS BRAND



Top 3
Most
Recognized
Airlines
2023

75%
Global Brand
Awareness
2028

26
Lounges
2027

AWARDS



**Best
European
Airline**
Skytrax
2023

APEX+
OFFICIAL AIRLINE RATINGS
WORLD CLASS

2023

**Most
Sustainable
Flag Carrier
Airline**
2023

85%
Customer
Satisfaction
2028

BUILDING ON OUR ACHIEVEMENTS



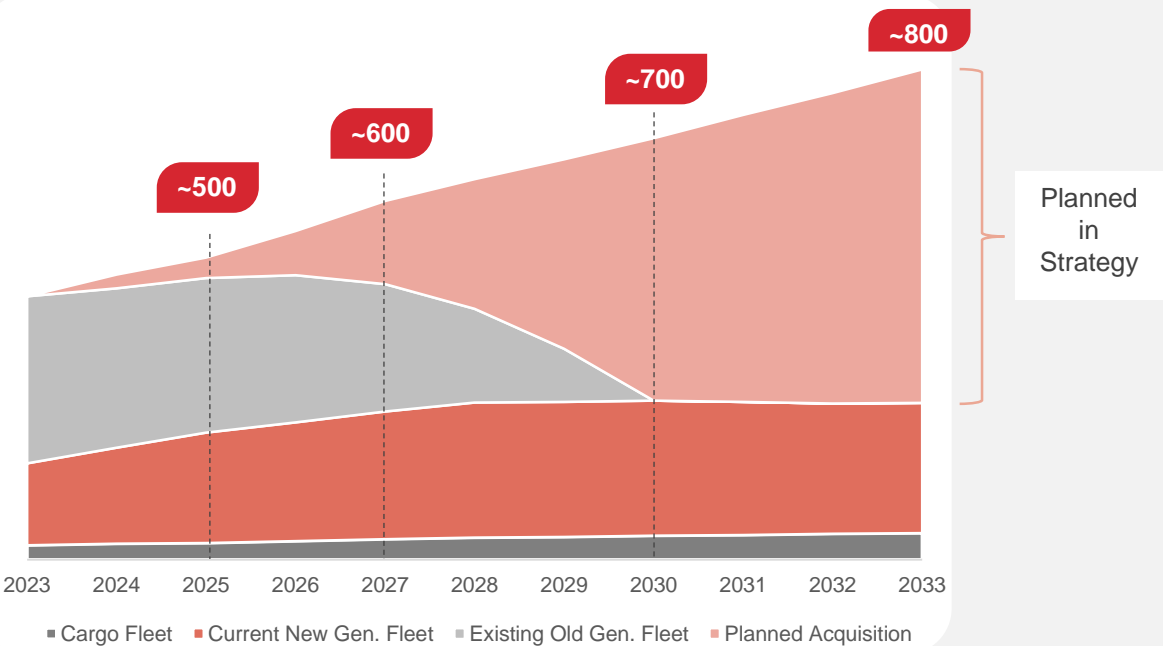
5 STAR AIRLINE
SKYTRAX
2028

**Best
Global
Airline**
Skytrax
2028

Top 3
in Digital
Experience
2026

Simple fleet structure with the most common aircraft types will provide an efficient growth platform

Fleet Growth by 2033



2033

Total Fleet

800+

New Gen. Aircraft Ratio

98%

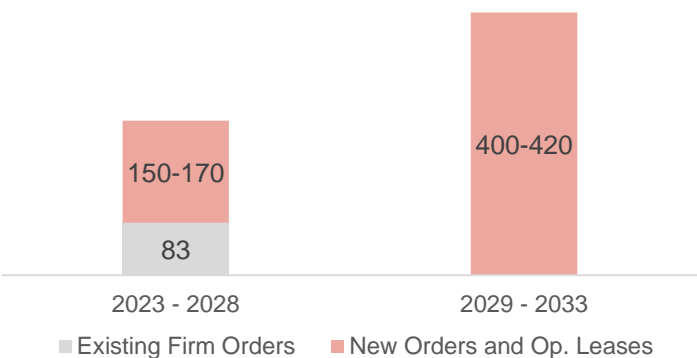
AJet Fleet

200

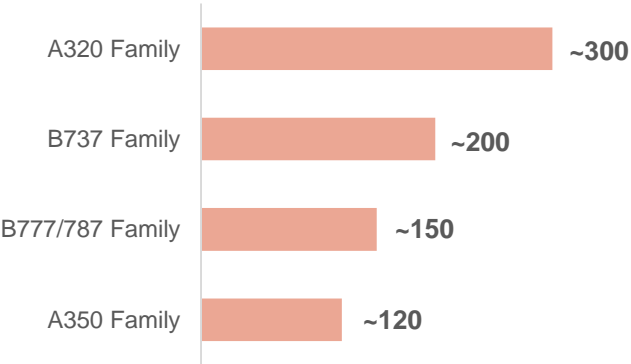
Upgauging
(seat per aircraft)

+7%

Current and New Orders

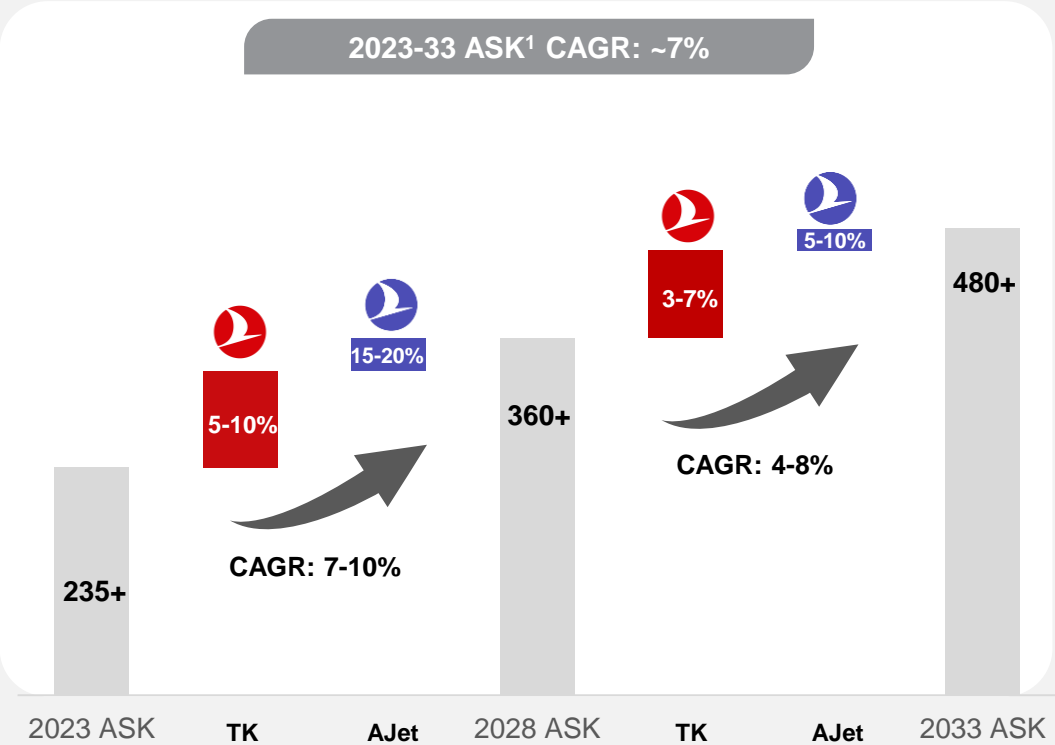


Major Aircraft Types in Fleet
(2033)





Growth will mainly come from frequency increases supported by addition of new destinations

Targeted Passenger Capacity Growth

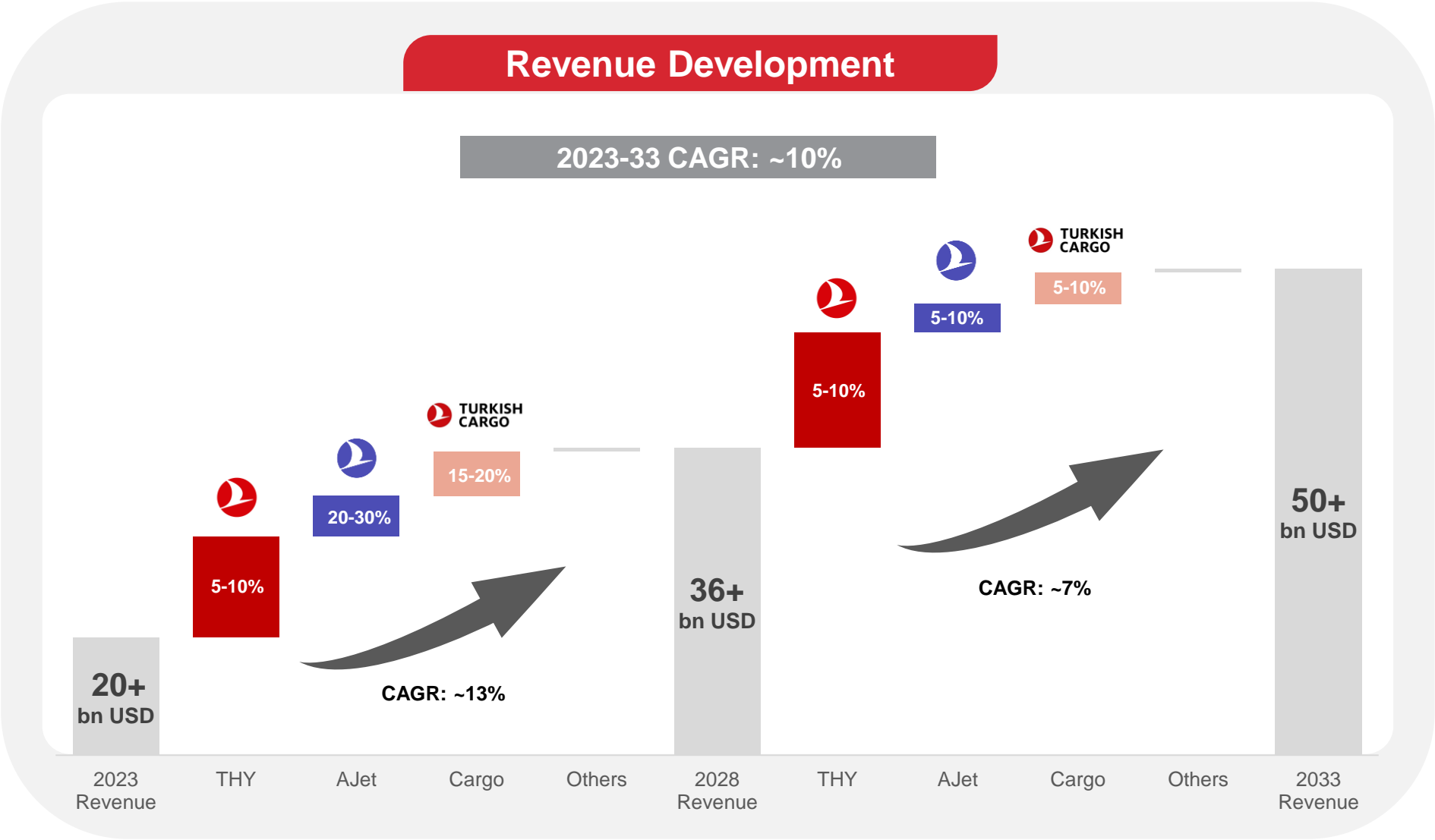


Growth Composition

	% of Total Capacity Growth	23-28	28-33
 Higher Frequency and Gauge		93%	90%
 New Routes		7%	10%

Future Route Additions

Americas	+9
Europe	+22
Middle East	+2
Africa	+8
Far East & Asia	+13





Incorporation

- Incorporation completed as of August 2023
- New brand positioning to be announced
- Independently operational in 2024

Fleet Transformation

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

Expanding Network

- Increasing depth and breath of the network
- Penetration to high growth leisure and ethnic travel market

PSS and Digital Transformation

- Higher proportion of online ticket sales
- Seamless customer experience on web and mobile

Ancillaries

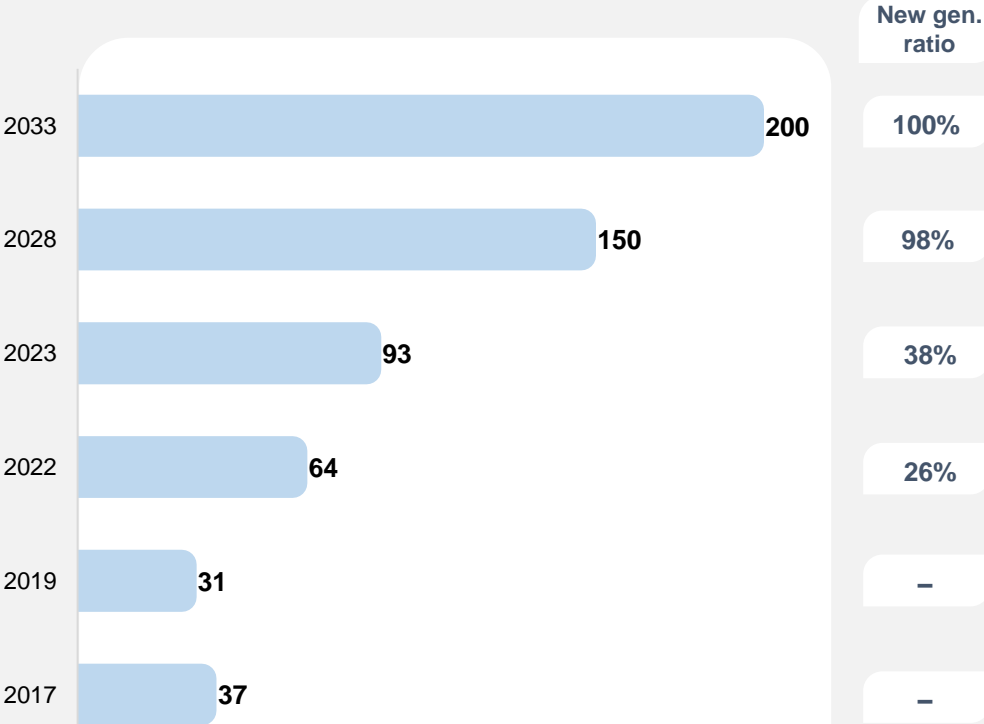
- Generating ancillary revenue by merchandising and unbundling
- Sale of onboard catering and WiFi.

Customer Oriented Service

- Focusing on loyalty and customized product offering

Fleet

- Fleet renewal to be completed by 2029.
- Number of aircraft will reach to 200 in 2033, up from 93 in 2023.



New generation and high density aircraft will allow AJet to reduce cost per seat and increase additional seat revenue.

New Generation Aircraft



10-15%
lower fuel burn

Young Fleet

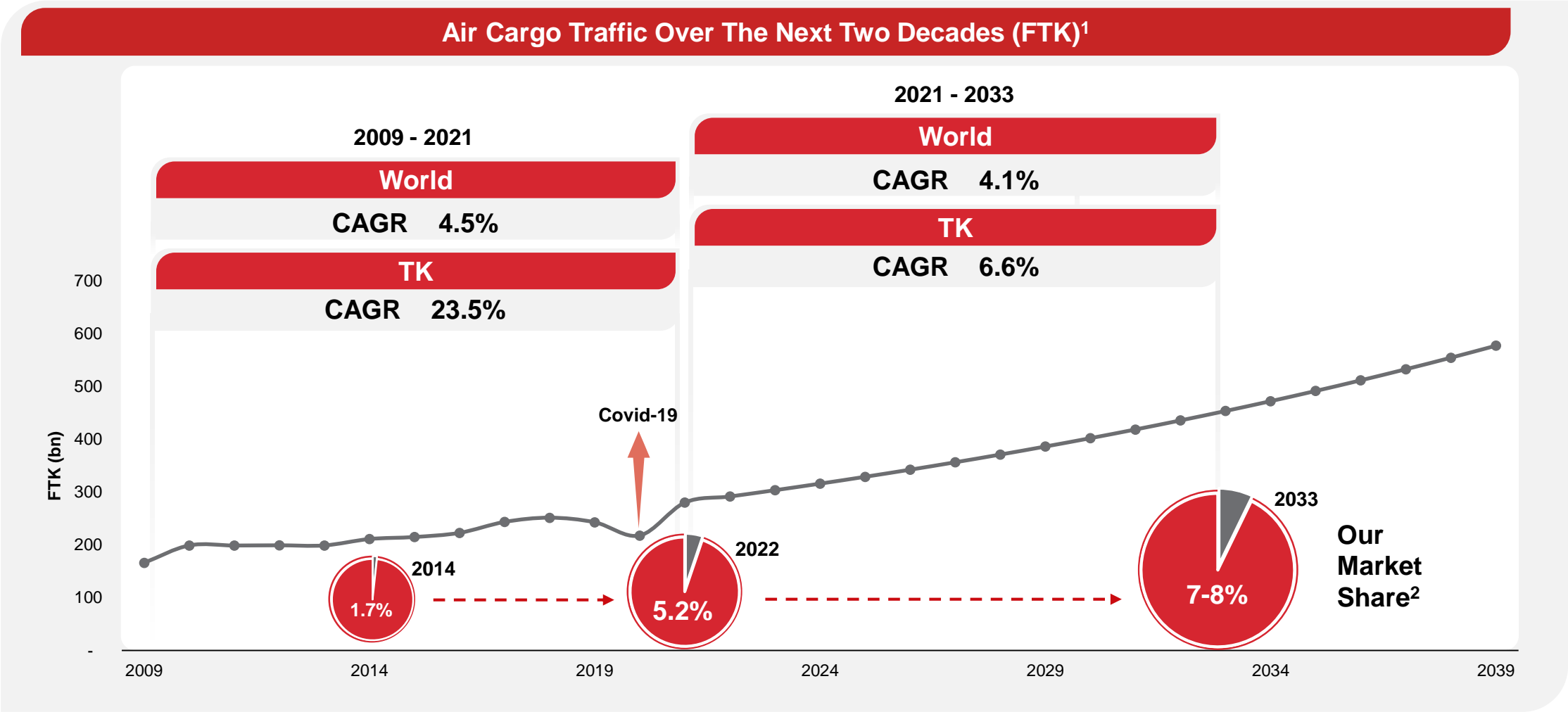


9-10%
CASK advantage

High Density Aircraft



5%
ex-fuel CASK saving
10-15%
extra ancillary revenue potential



In terms of value, air cargo accounts for **35%** of the global carried cargo, even though **less than 1%** of the total volume.

As share of e-commerce in global trade increases, the **express cargo** segment grows faster than the general cargo.

Express Cargo's share rose to **21%** in 2021 from **13%** in 2008. Its growth pace is expected to be **80%** higher than that of the general cargo.

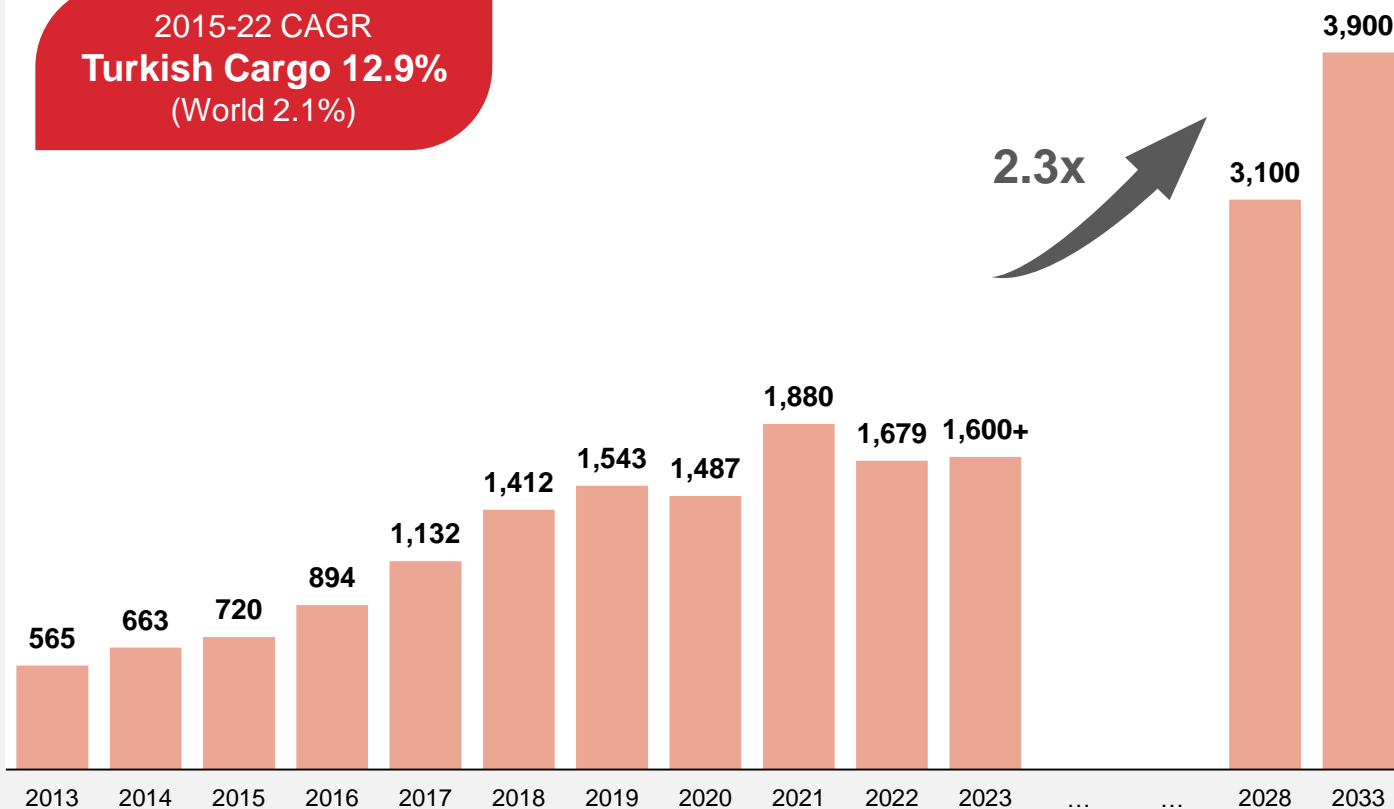
¹ FTK: Freight Ton Kilometer
² Historical market shares from IATA. 2033 internal analysis.
Source: Boeing World Air Cargo Forecast 2022. Airbus GMF 2023.

Cargo Carried (thousand tons)

9.6 bn USD Cargo Revenue in 2033

2015-22 CAGR
Turkish Cargo 12.9%
(World 2.1%)

2.3x



Increasing our reach from 104 freighter destinations to 150 by 2033.



Expanding our fleet with new generation aircraft entries and P2F¹ conversion.

¹ P2F: Passenger to Freight



Doubling SmartIST capacity to 4 million tons.

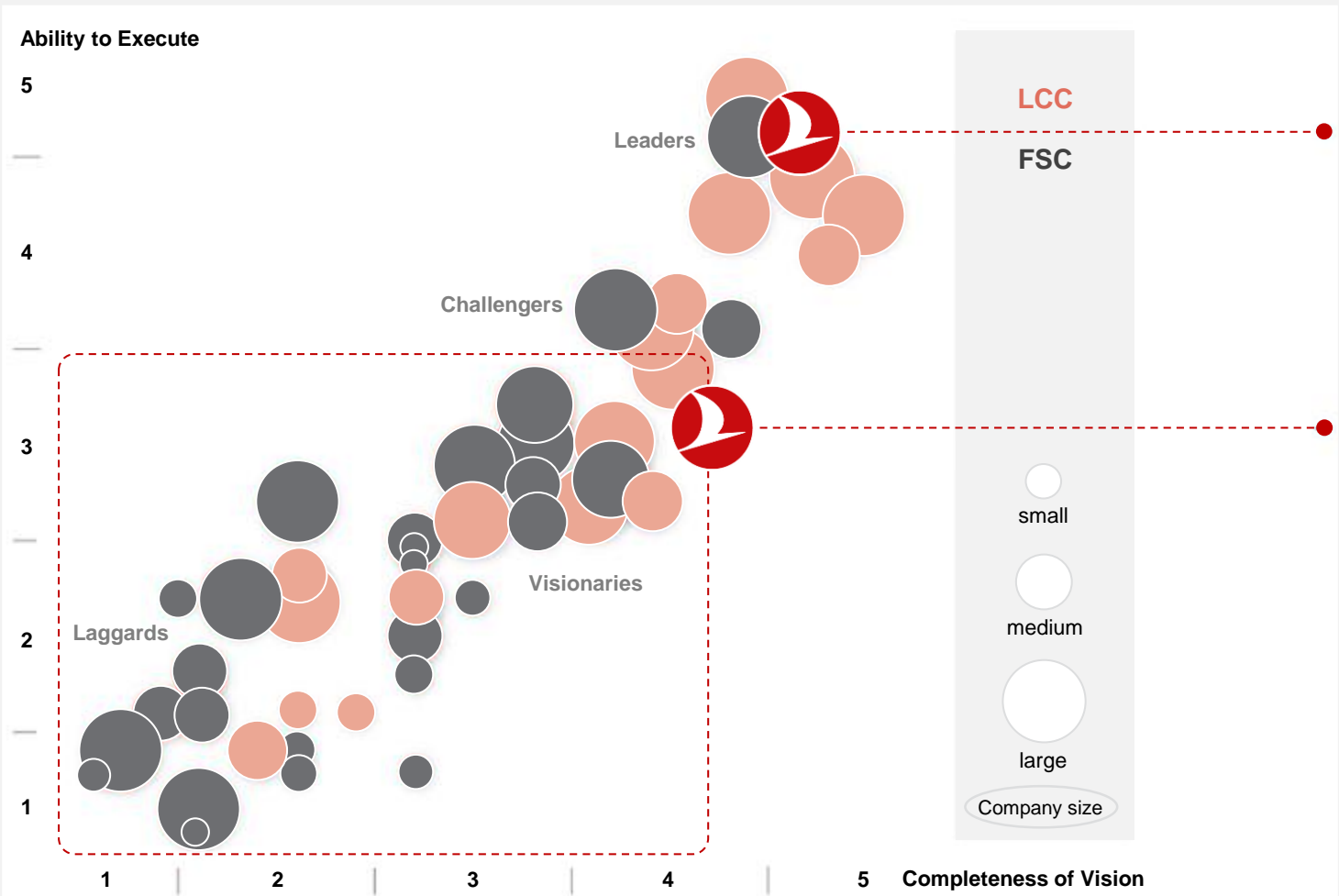


Introducing a logistics ecosystem through partnerships and investments in e-commerce and technology.



Growing the proportion of special cargo in our overall cargo revenue from 36% in 2022 to 55% by 2033.

Positioning of Turkish Technology



Source: Gartner, internal analysis.

Global
Ranking

2026

3.

2019

10.

Our goal is to be a
"Digital Leader" in our
industry **within 3 years**

2033

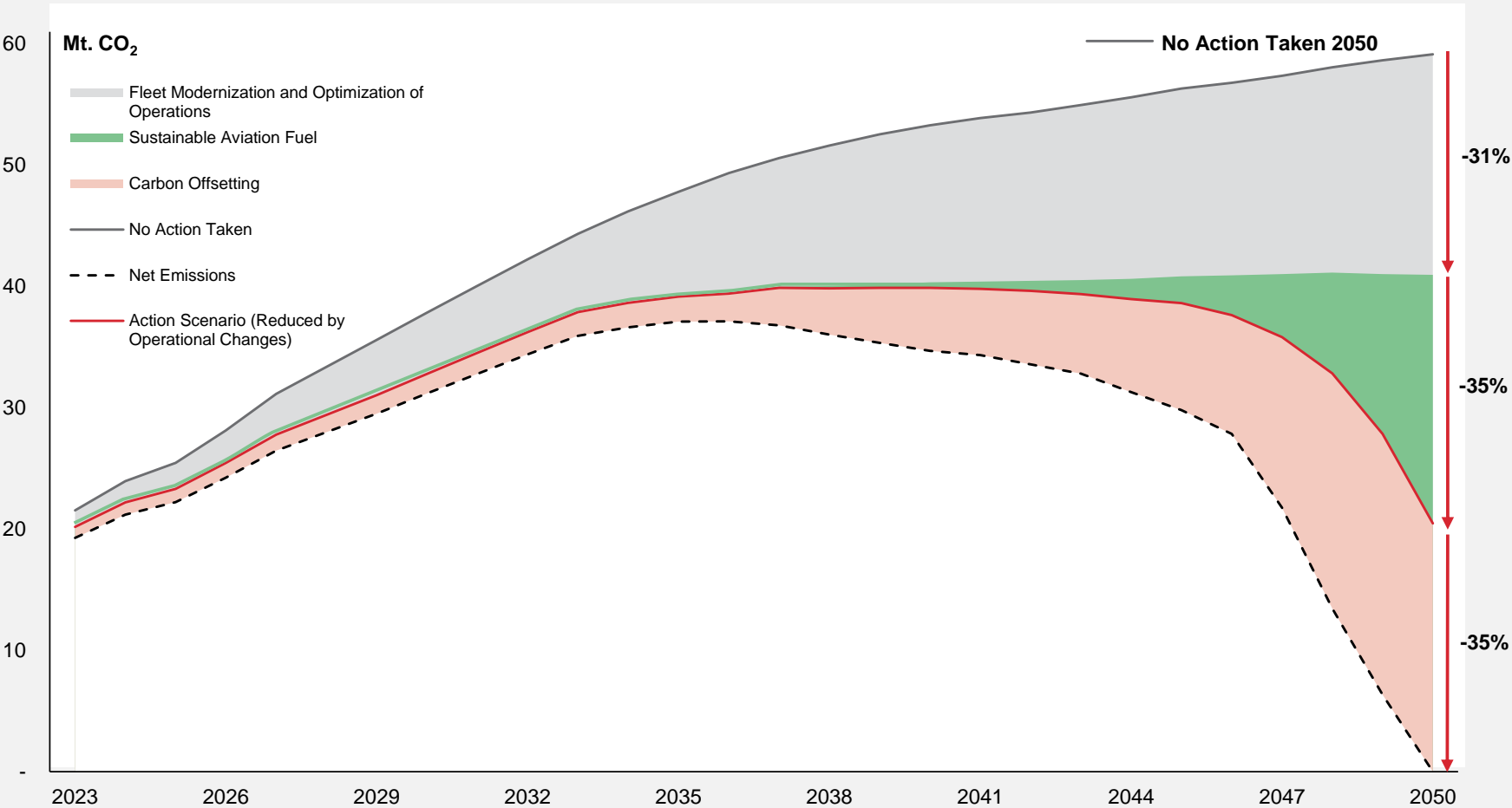
1%

share of R&D
investment in
revenue



TURKISH TECHNOLOGY

Strategy to Achieve Carbon-Neutrality by 2050



Fleet Modernization and Operational Optimization

- New generation aircraft consume an average of 10-20% less fuel than older ones per unit capacity.
- Our fleet will consist of at least 70% new generation aircraft by 2033.

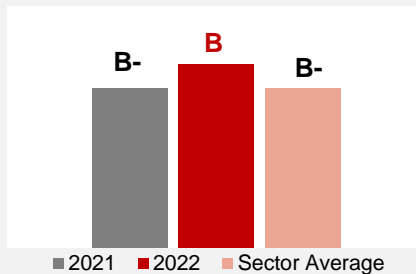
Sustainable Aviation Fuel

- Sustainable Aviation Fuel (SAF) plays a key role in reducing carbon emissions.
- We plan to expand our current SAF usage as the availability increases globally.

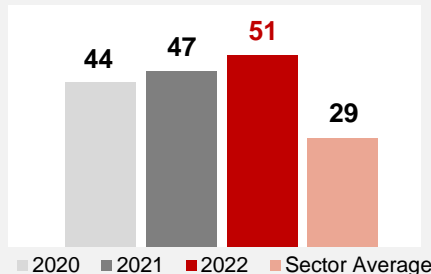
Carbon Offsetting

- Emissions that cannot be prevented will be offset voluntarily, in addition to the regulatory offsetting schemes (CORSIA, EU ETS, UK ETS).

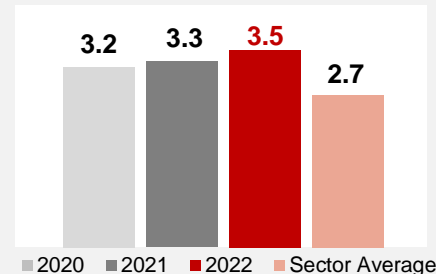
Our sustainability ratings indicate continuous improvement and above-industry performance



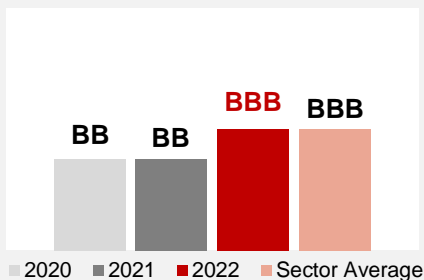
Rating scale: A to D- (from highest to lowest)



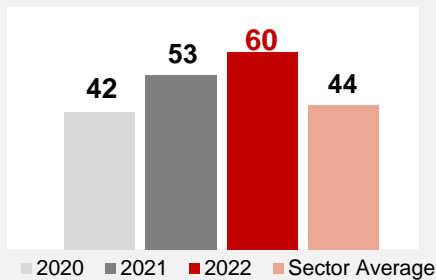
Rating scale: 100 to 0 (from highest to lowest)



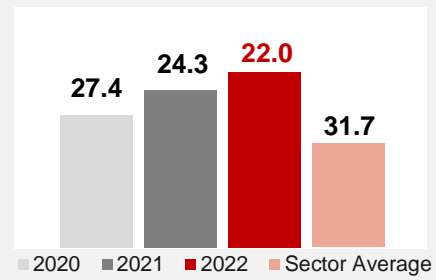
Rating scale: 5 to 0 (from highest to lowest)



Rating scale: AAA to CCC (from highest to lowest)



Rating scale: 100 to 0 (from highest to lowest)



Rating scale: 0 to 100 (from highest to lowest)



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e-mail: ir@thy.com

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