



# Turkish Airlines 2033 Strategy

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November 2023



**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: 1<sup>st</sup>*

**Int'l Destinations:** 291

*Global ranking: 1<sup>st</sup>*

**Cargo Destinations:** 363

*Global ranking: 1<sup>st</sup>*



**Number of Int'l Flights:** 237k

*1<sup>st</sup> among network carriers in 9M'23*

**Fleet Size:** 435 aircraft

*Global ranking: 9<sup>th</sup>*

**Average Fleet Age:** 9.2 Years

*Global ranking: 4<sup>th</sup>*



**Workforce:**

c. 83,000

*Global ranking: 7<sup>th</sup>*

**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 hub<sup>1</sup> in  
Europe



Surpassed 2019  
capacity level by **25%**  
in October'23

Open to Public: 50.88%

Türkiye Wealth Fund: 49.12%



Cons. Revenue (LTM 3Q'23): 20.6 bn \$

Total Number of Personnel: 82,917

### Air Transportation



1,722 mn \$

3,920

### MRO & Cabin Interior



TURKISH NACELLE CENTER

478 mn \$

11,256

### Support Services

#### Fuel



3,987 mn \$

638

#### Ground Handling



498 mn \$

17,725

#### Catering



425 mn \$

6,168

#### Other



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TECHNOLOGY



THY Financial Technologies Inc.

Fully consolidated

11,162

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



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Note: For JVs LTM 9M'23 total revenues, not just the portion attributable to Turkish Airlines. Number of personnel figures are as of 30.09.2023.



## Well executed business strategy led to a clear growth trend

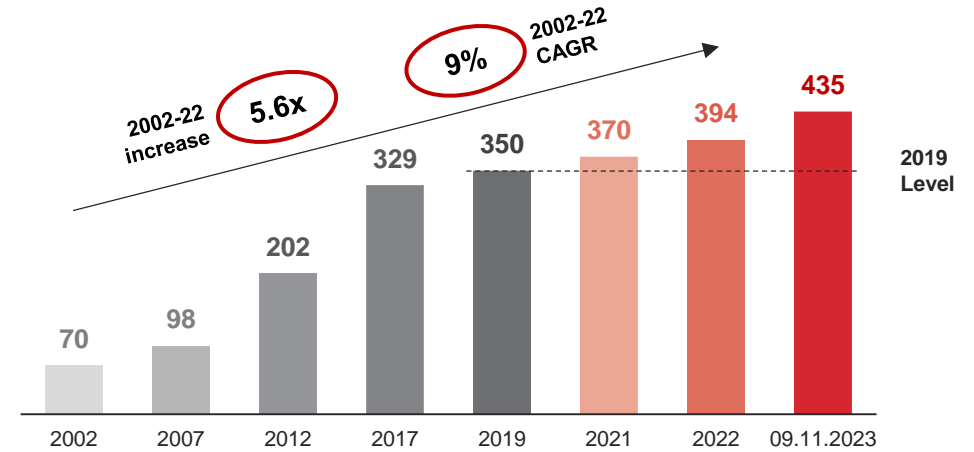
Utilizing structural advantages with well executed growth strategy led to Turkish Airlines' success story.

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

Our sound business strategy proved itself many times – even in the pandemic with 1.4 billion USD operational profit in 2021 followed by 2.7 billion USD in 2022.

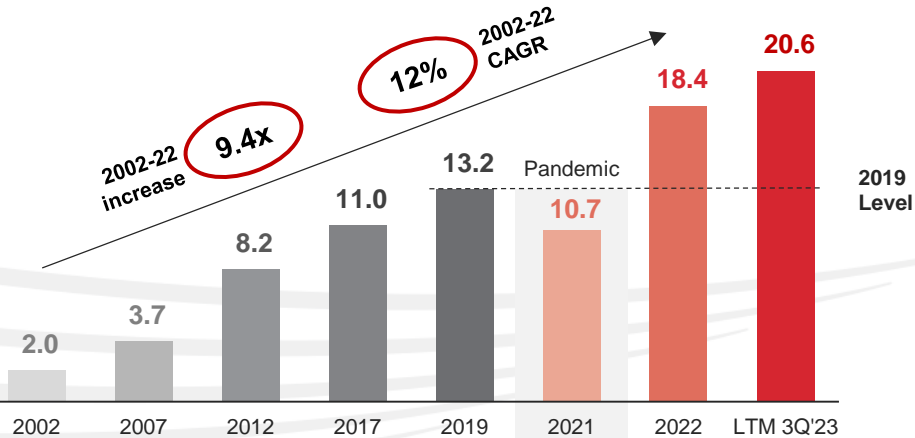
By 2023, Turkish Airlines substantially outperformed its pre-pandemic operational and financial performance.

### Fleet Development



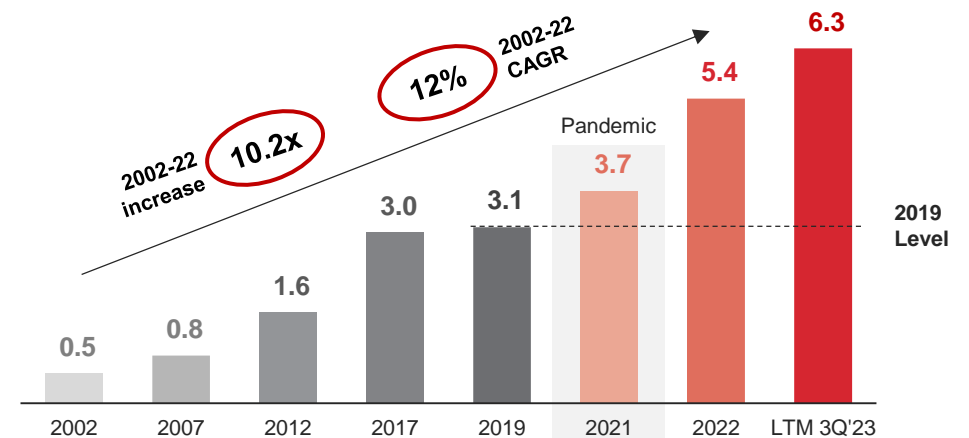
### Revenue Development

(bn USD)



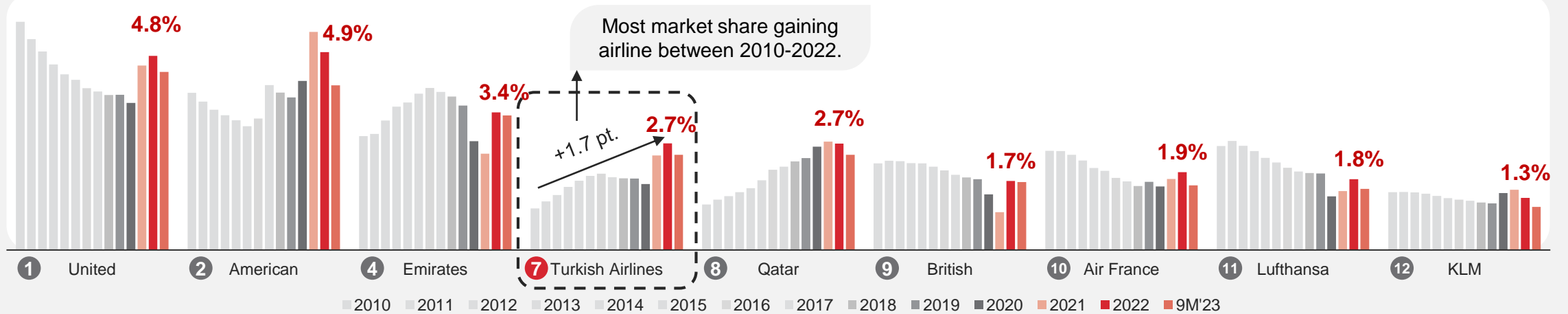
### EBITDAR Development

(bn USD)



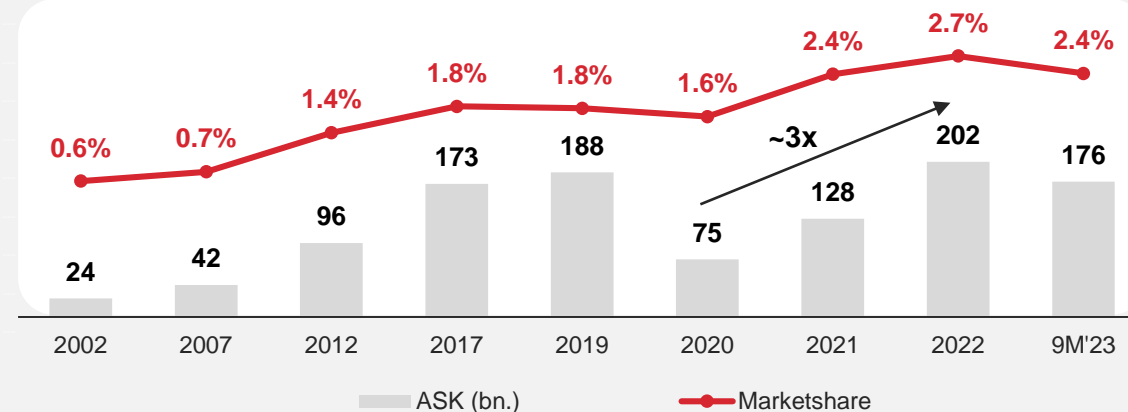
## Turkish Airlines' market share quadrupled in the last two decades

### Global Market Share Trends<sup>1</sup> (2010-9M'23)



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

### Turkish Airlines Market Share Development<sup>2</sup>



<sup>2</sup> 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.



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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

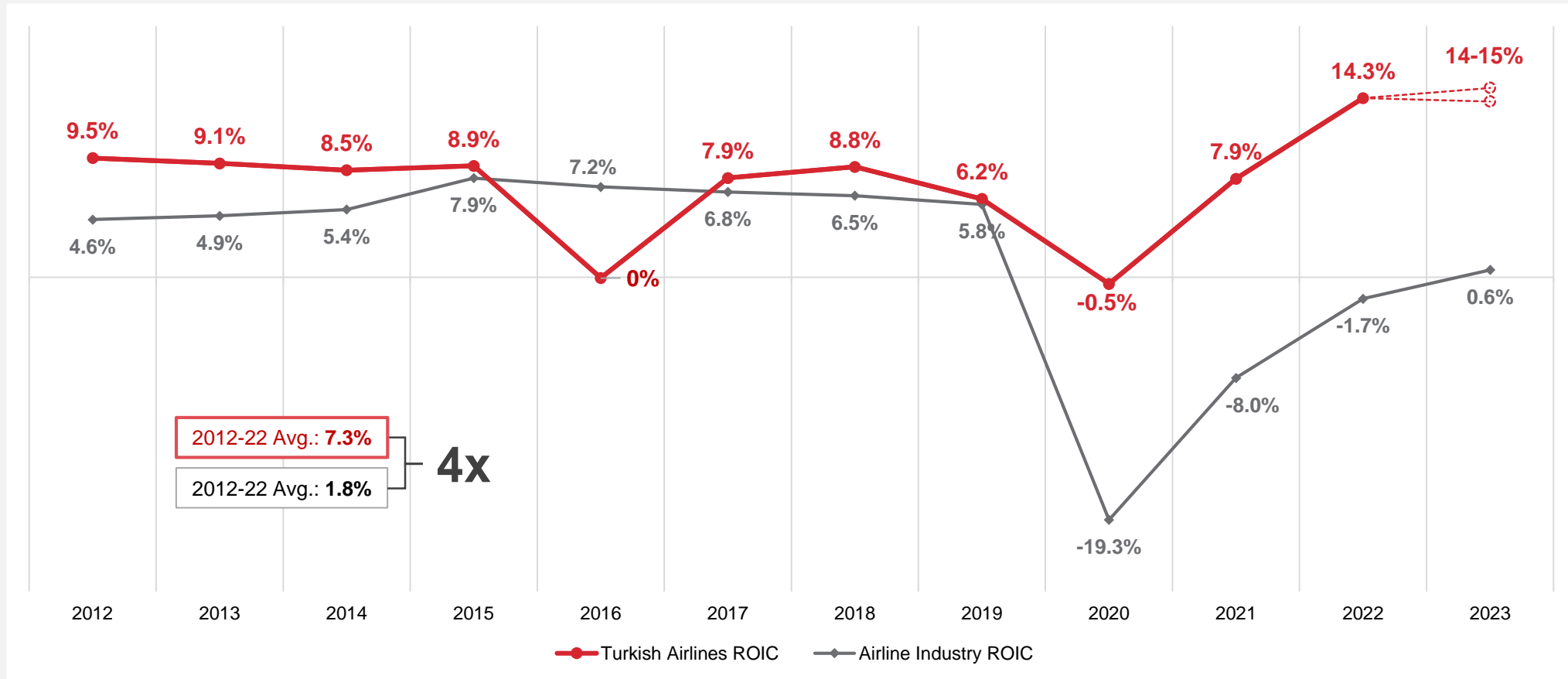
# Investment Highlights

- 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)



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ROIC:  $(\text{EBIT} + \text{Op. Lease Interest} + \text{Interest Income} + \text{Interest Income from Financial Investments} - \text{Current Tax Expense}) / (\text{Total Debt} + \text{Equity} + \text{Adj. for Op. Leases})$ .

Source: Turkish Airlines, IATA for the airline industry.

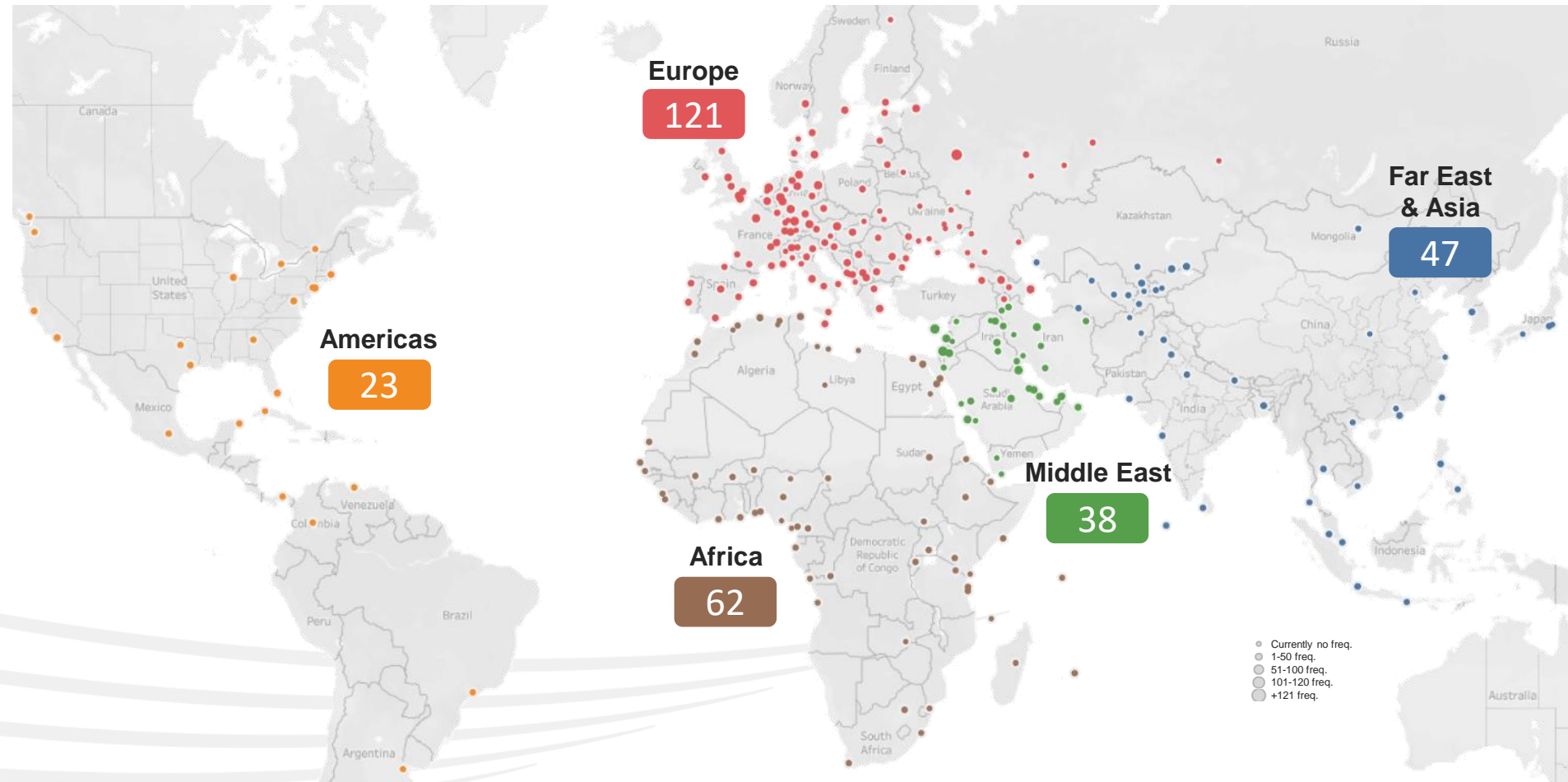
## Turkish Airlines ranks #1 in the World by international destinations

Turkish Airlines flies to **291** international destinations in **128** countries<sup>1</sup>

Provides **52.2 thousand** connection options<sup>2</sup>

**508** international destinations (including offline<sup>3</sup>)

Our network reaches more than **90%** of the world's population, GDP and trade volume<sup>4</sup>



### 21 New Routes in 2021-23

#### 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



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<sup>1</sup>As of 09.11.2023. <sup>2</sup>Meaningful O&D's with detour factor <1.4. <sup>3</sup>Including codeshare agreements. <sup>4</sup>On a country basis. World Bank.  
 Circle sizes represent the number of weekly frequencies.  
 The boxes show the number of destinations in the corresponding region.

## Turkish Airlines offers the most diverse set of flight itineraries with minimum detour<sup>1</sup>

### Top Airlines by Connectivity

#### Number of International City Pairs<sup>2</sup>

##### Europe to the World

1. Turkish Airlines	~17,800
2. Lufthansa	~7,200
3. Air France	~6,300

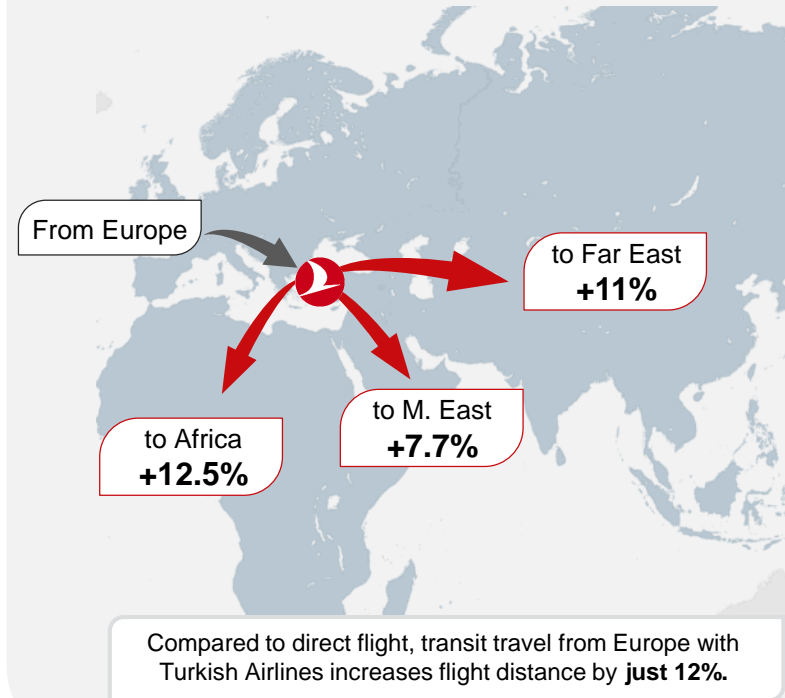
##### Middle East to the World

1. Turkish Airlines	~6,800
2. Qatar Airways	~3,500
3. Indigo	~1,600

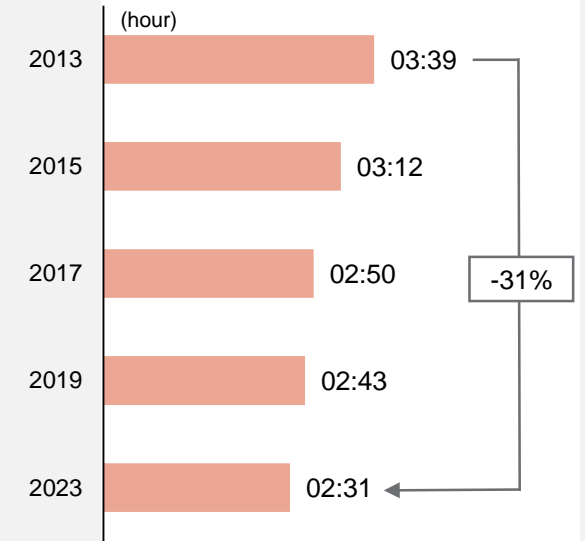
##### Africa to the World

1. Turkish Airlines	~4,000
2. Ethiopian	~3,000
3. Air France	~2,200

### Detour Advantage<sup>3</sup>



### Transit Connection Time



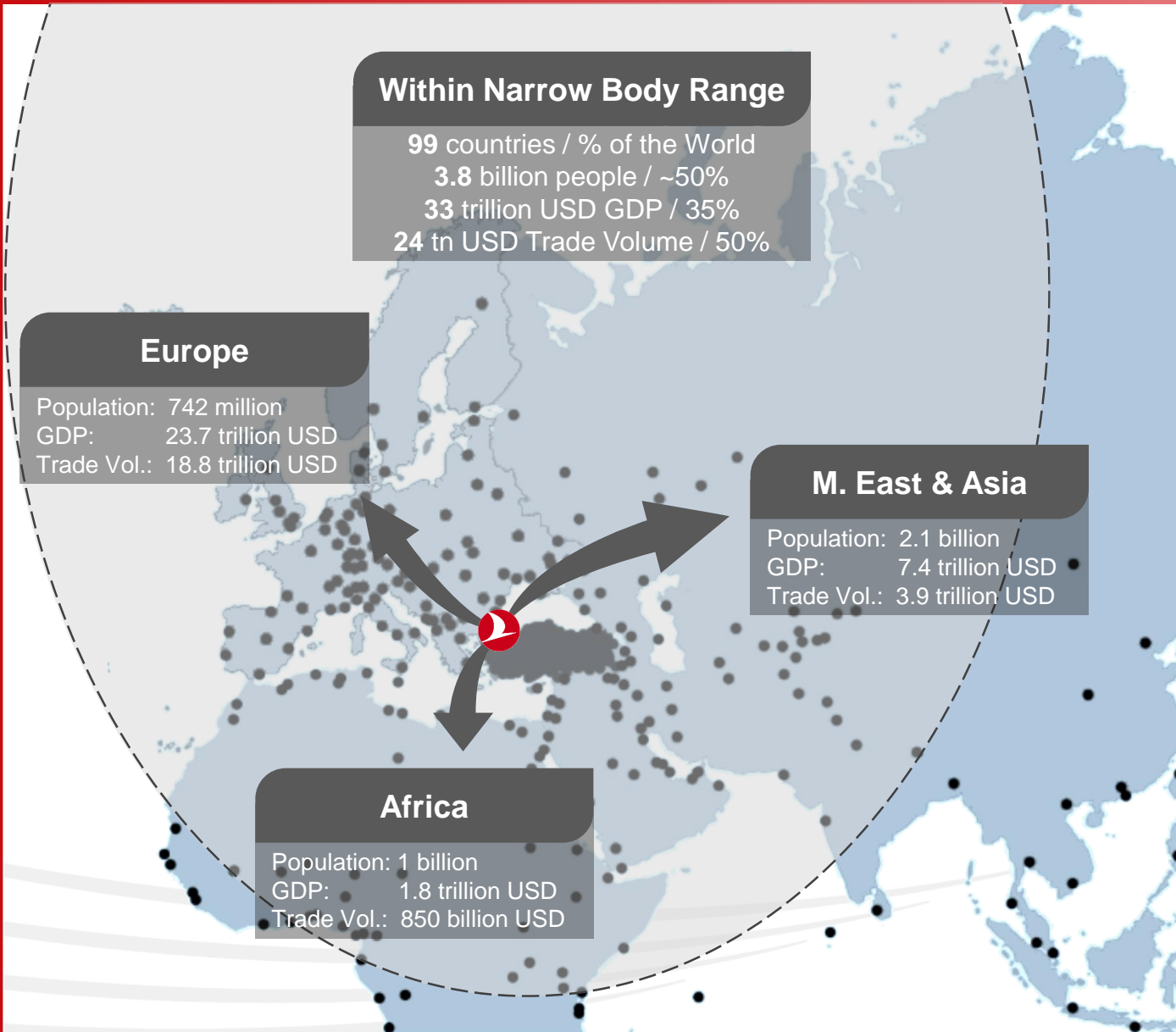
Average international transfer time **decreased by 30%** for optimum connectivity.

<sup>1</sup> Detour (Circuity): Increase in the flight distance compared to a non-stop flight. <sup>2</sup> Includes meaningful city pairs with maximum 40% detour (detour factor <1.4).

<sup>3</sup> Analysis is based on c.14,000 city pairs with detour factor <1.4.

Source: OAG. As of 13 August 2023.

# Leveraging Istanbul's Ideal Geographical Location with a Modern Fleet



## Fleet (9 November 2023)

Type	Total
B787-9	21
A350-9	14
A330-2/3	49
B777-300ER	33
<b>Wide Body Total</b>	<b>117</b>
B737 MAX 8/9	35
A321/320 NEO	63
B737-8/9	100
A321/320/319	96
<b>Narrow Body Total</b>	<b>294</b>
<b>Cargo Total</b>	<b>24</b>
<b>Grand Total</b>	<b>435</b>

**Average Fleet Age**

**9.2 years**

**# of New Generation Aircraft**

**133**  
(31% of total)

**Airbus Boeing Split**

**54% / 46%**

**Ownership**

Owned: 26%  
Fin. Lease: 49%  
Op. Lease: 20%

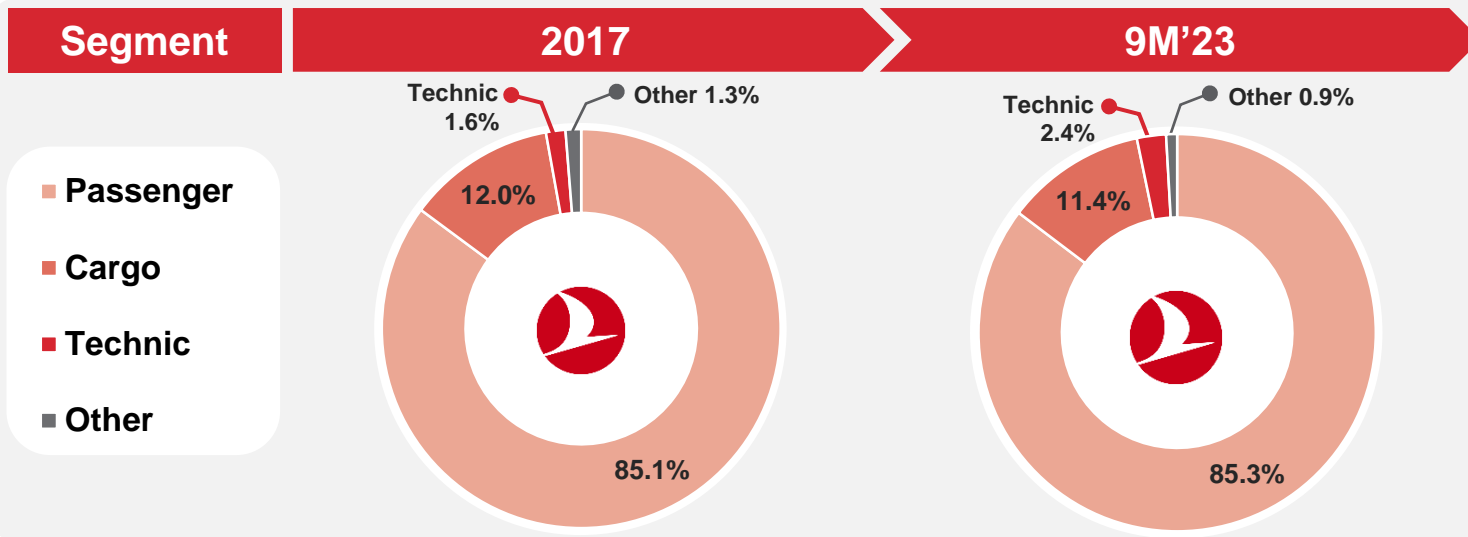


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Note: Narrow body aircraft range represents 5,000 km non-stop flight from Istanbul.  
Source: World Bank (Population, GDP: 2021; Trade volume: 2019)

# Balanced Exposure to Specific Business Segments and Regions

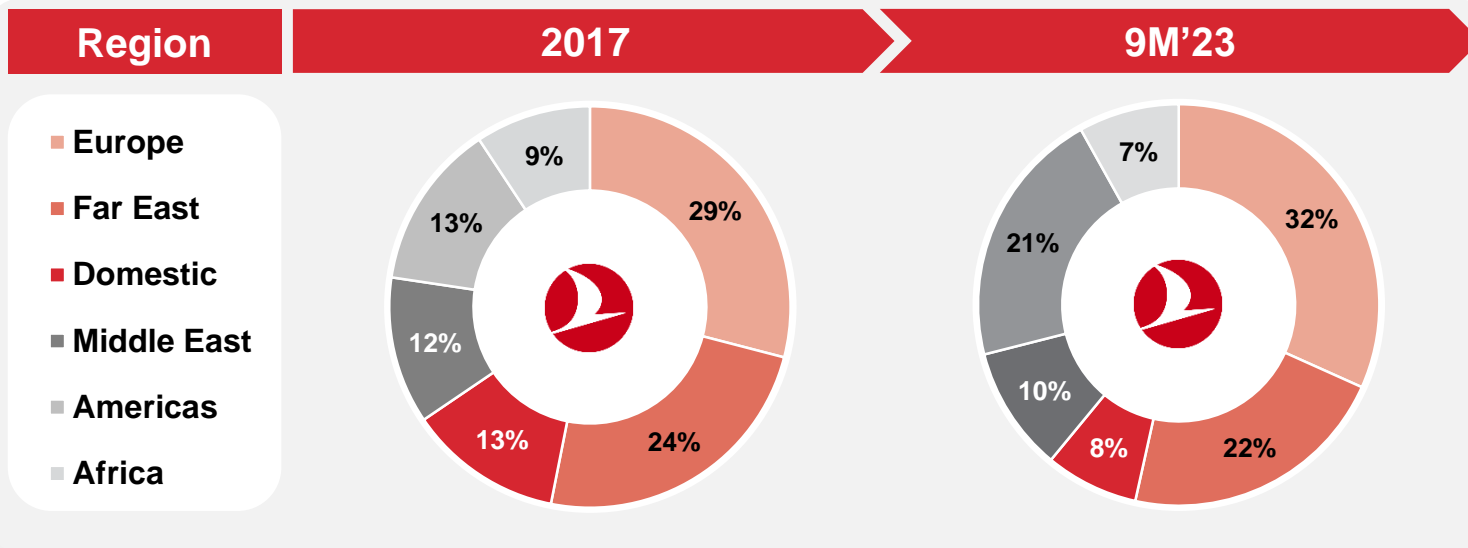
More than 90% of the revenues are generated outside of Türkiye



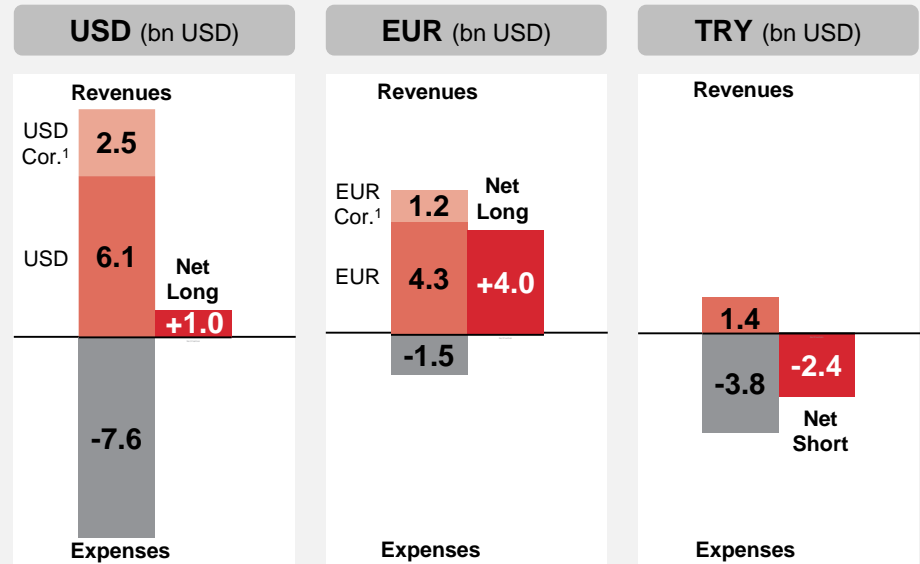
Diversified revenue base increases our ability to adapt to different macro economic conditions.

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

60% of our revenues are in hard currencies<sup>1</sup>.



## Currency Exposure<sup>2</sup> (9M'23)



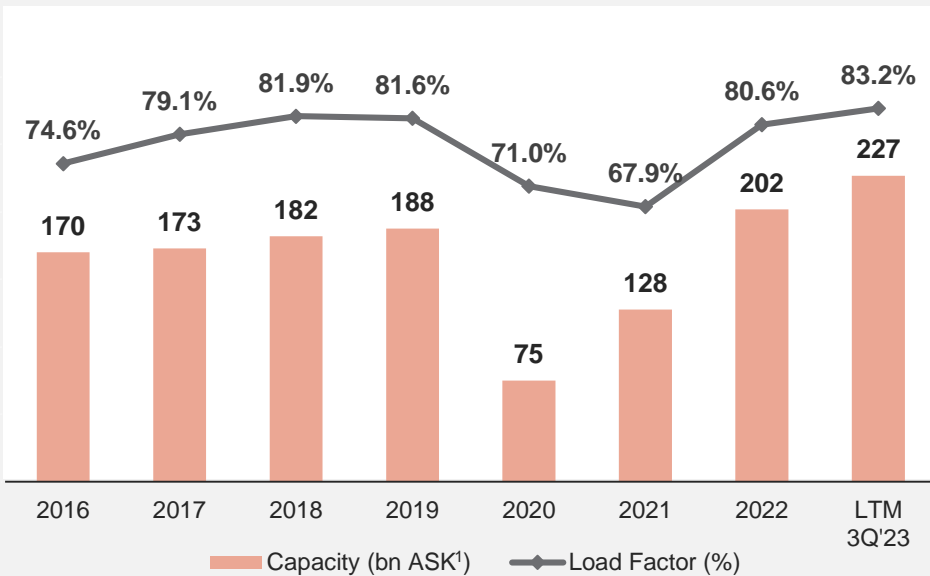
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<sup>1</sup> Currencies that are highly correlated (85%) with USD and EUR comprise 90% of our total revenues.

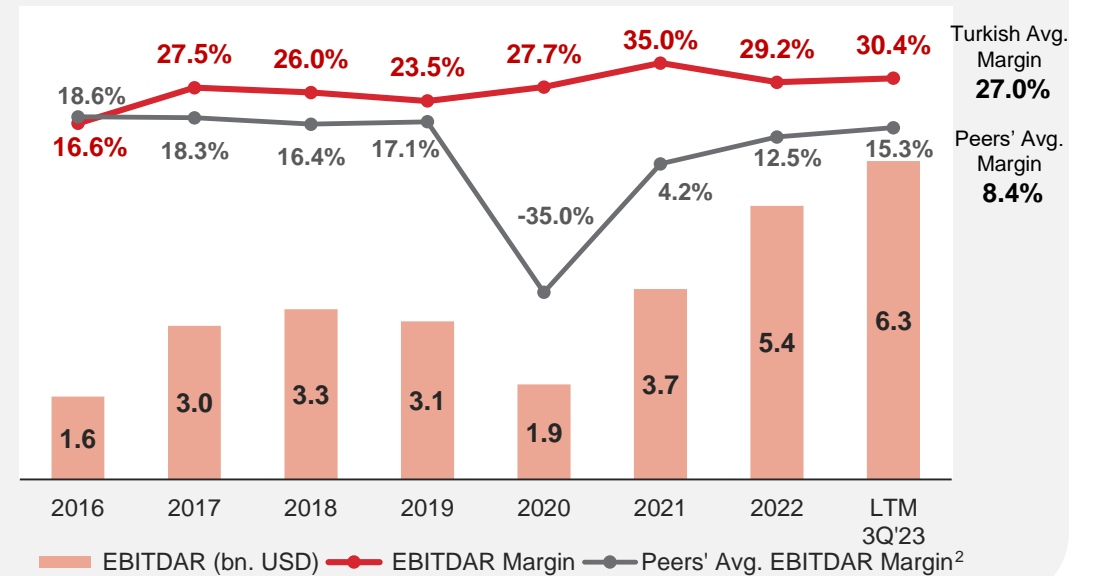
<sup>2</sup> 85% correlation with USD and EUR considered as USD and EUR correlated respectively.

## Resilient performance despite many turbulences

### Traffic Performance (Passenger Capacity and Load Factor)



### EBITDAR Development



Turkish Airlines' 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 lean operational structure
- 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<sup>1</sup>

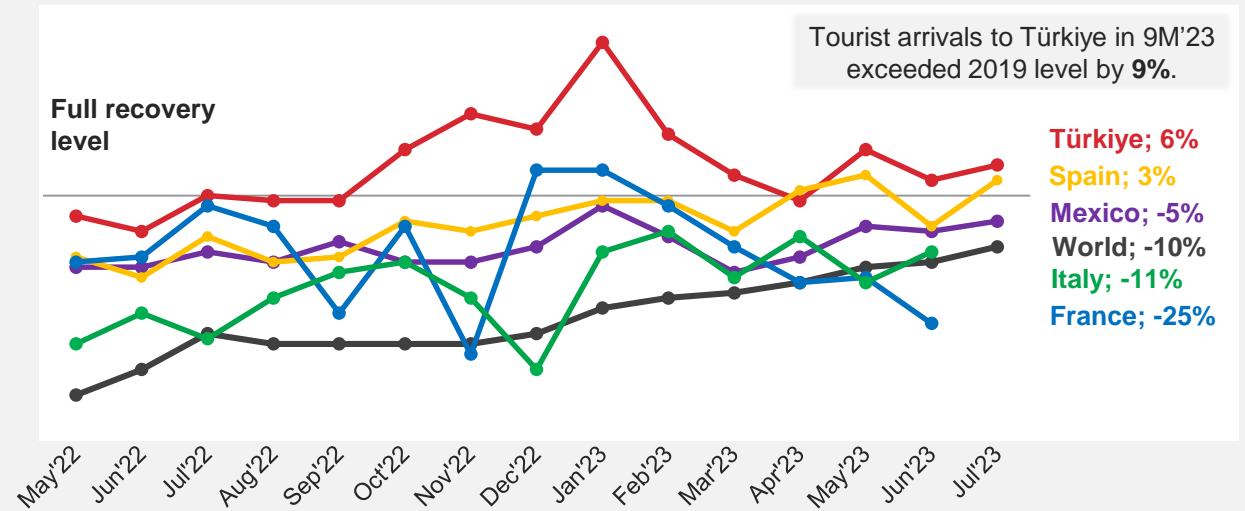
Country	2022 Visitors (million)	Change (vs.2019)
1 France	79.4	-13%
2 Spain	71.7	-14%
3 United States	50.9	-36%
<b>4 Turkey</b>	<b>50.5</b>	<b>-1%</b>
5 Italy	49.8	-23%
6 Mexico	38.3	-15%
7 United Kingdom	30.7	-22%
8 Germany	28.5	-28%
9 Greece	27.8	-11%
10 Austria	26.2	-18%

**+4**  
compared  
to 2017

**Türkiye 2028 Tourism Target:**  
82 million visitors and 100 billion USD revenue

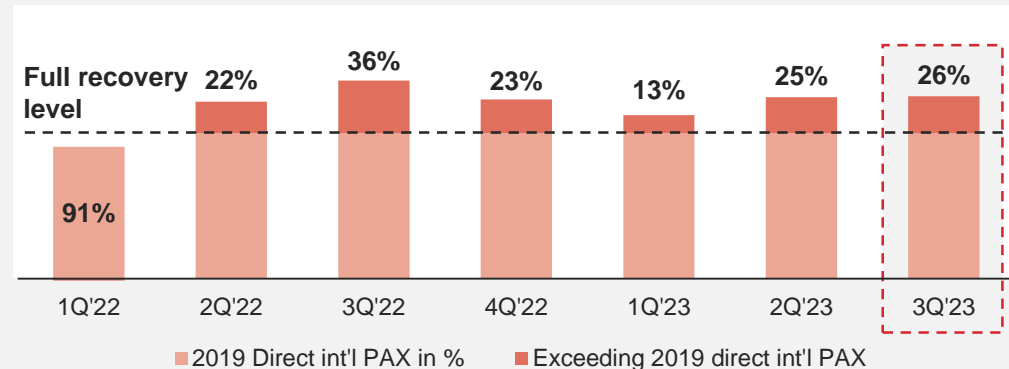
## International Tourism Recovery by Country<sup>1</sup>

(Change vs. 2019)

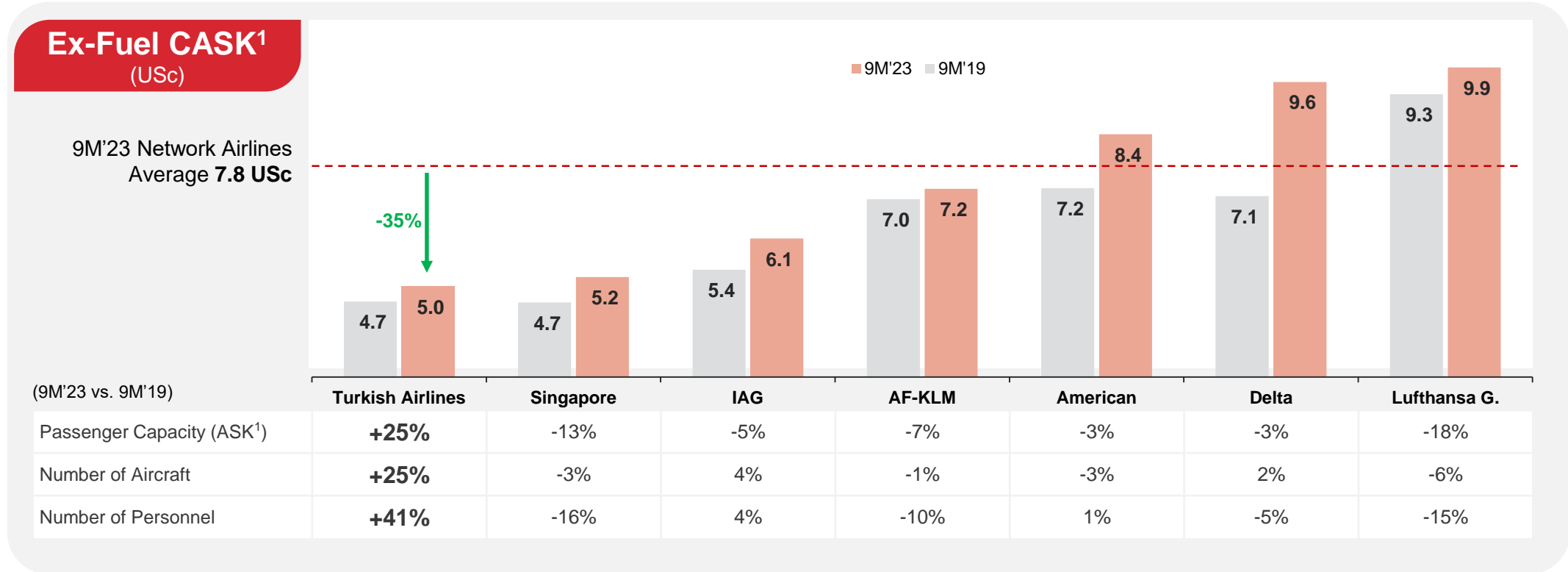


## Direct International Passengers to Türkiye carried by Turkish Airlines

(Change vs. 2019)



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



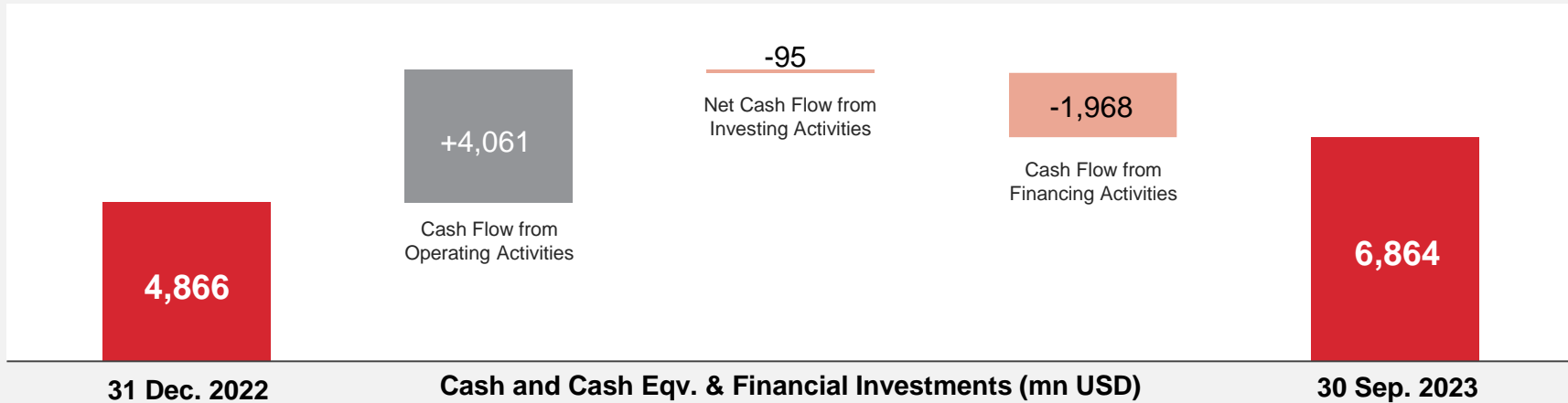
During the pandemic, we continued to invest in our fleet and workforce while preserving our unit cost advantage.



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



### Sound Liquidity and Comfortable Leverage

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

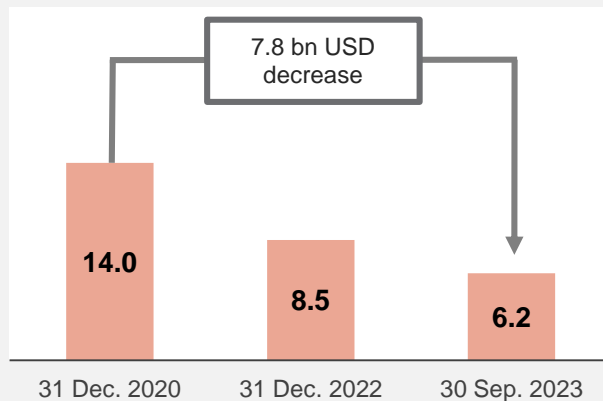
LTM Net Debt to EBITDA **decreased to 1.1x** to its lowest level.

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

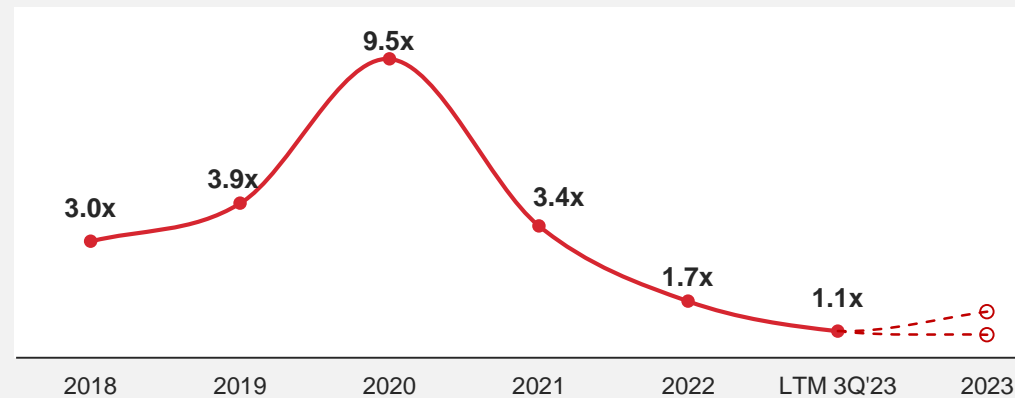
Deleveraging driven by operational cash generation.

### Net Debt & Leverage

#### Net Debt<sup>1</sup> (bn USD)

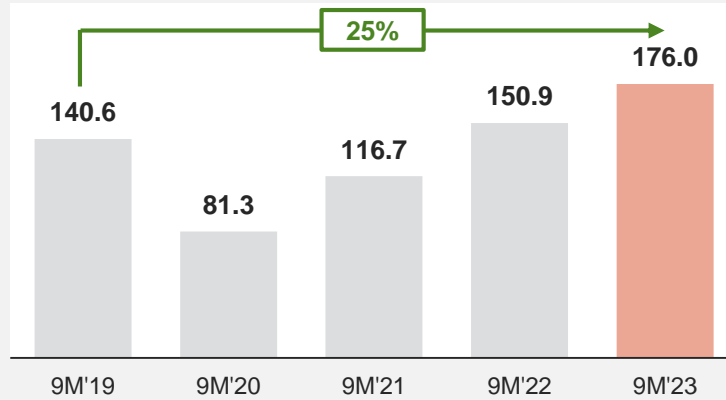


#### Net Debt to EBITDA

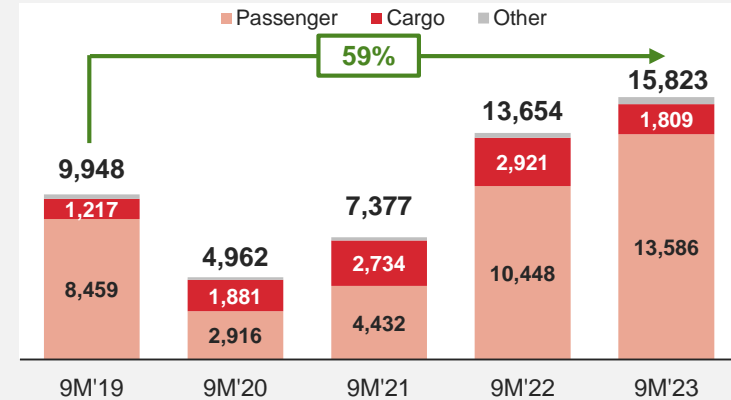


## Substantial outperformance of the pre-pandemic levels

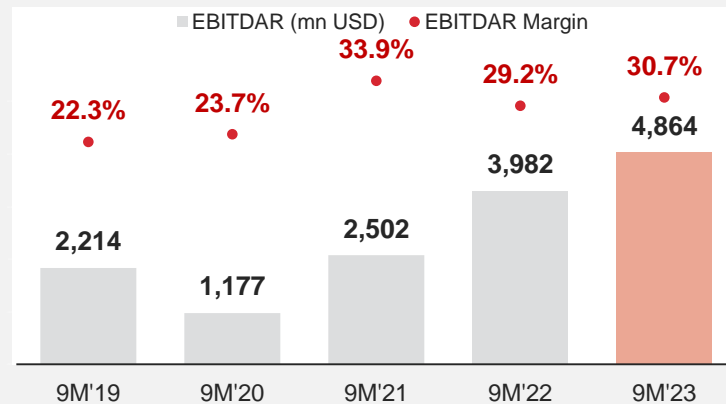
### Passenger Capacity (billion ASK<sup>1</sup>)



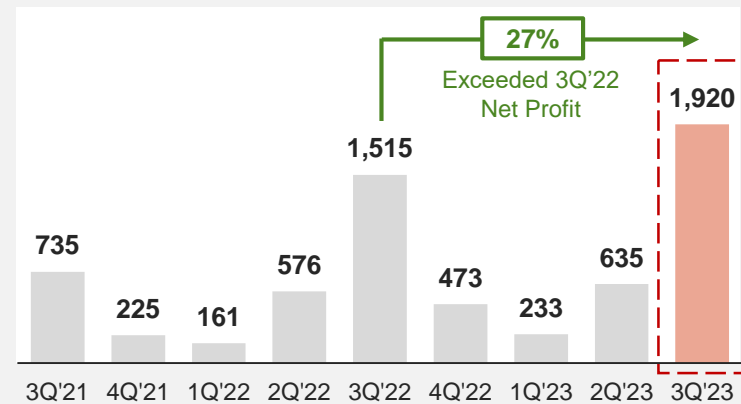
### Total Revenues (million USD)



### EBITDAR



### Net Profit (million USD)



Ninth consecutive quarter with Net Profit

## 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 9  
Year-end fleet expectation 441



## New Int'l Routes in 2023:

### Started:

Lusaka  
Krakow  
Palermo

### Planned:

Detroit  
Osaka

## Network:

344 destinations  
in 129 countries





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OVERVIEW

2.

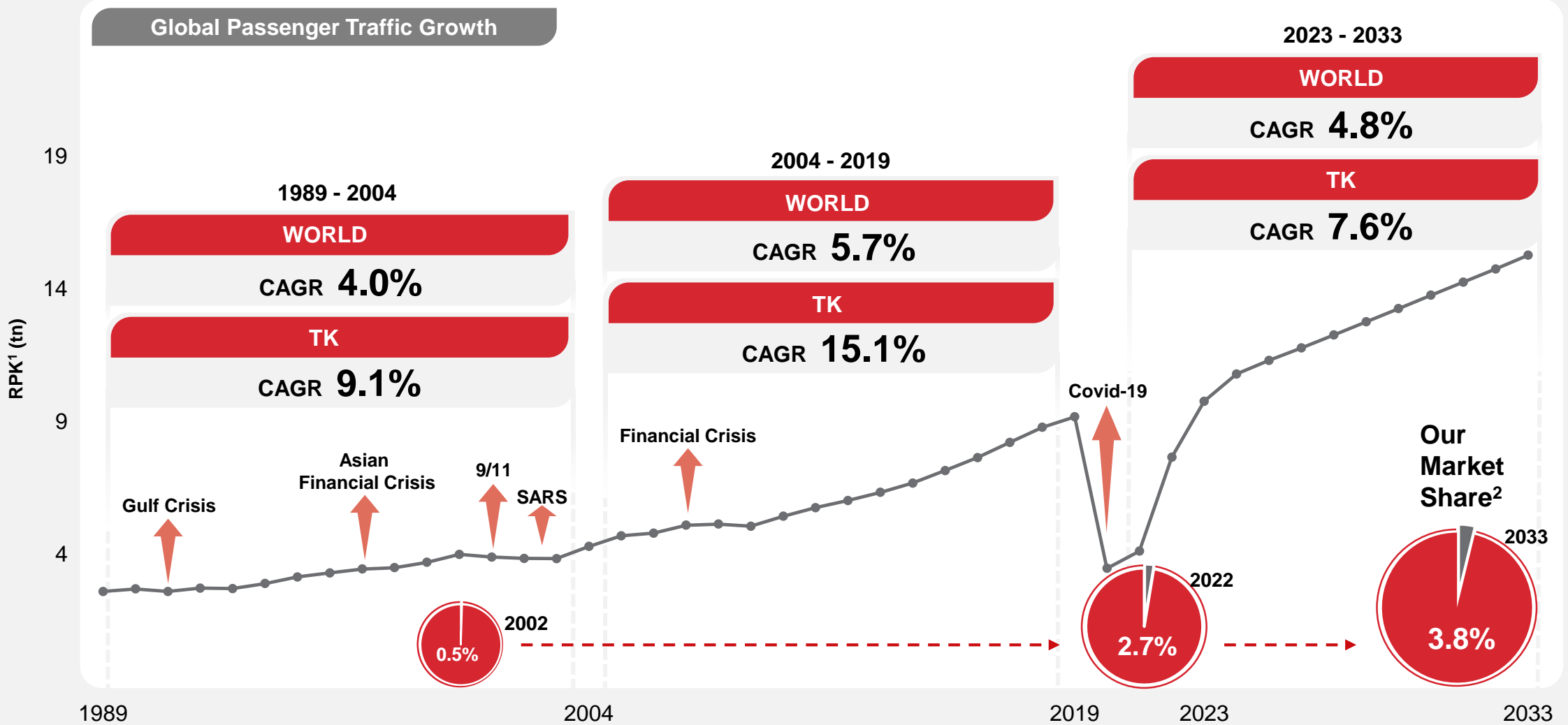
INVESTMENT  
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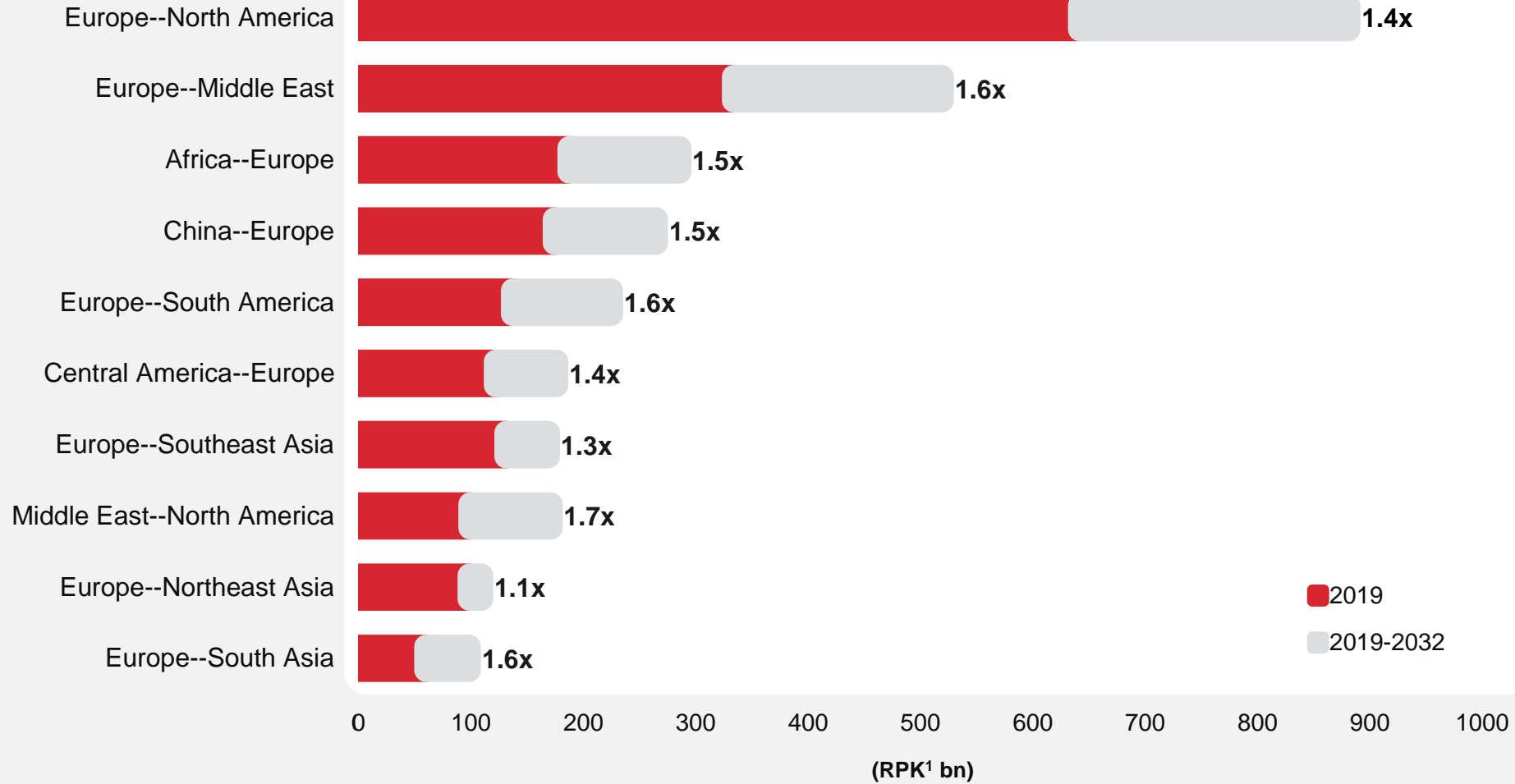
**2033 STRATEGY  
AND TARGETS**

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

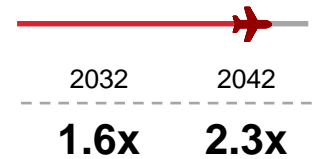




## Regional Passenger Flow Development



### Air Traffic over Türkiye (vs. 2019)



■ 2019  
■ 2019-2032

By 2033 more than 90% of the global mega cities will be in Turkish Airlines' network





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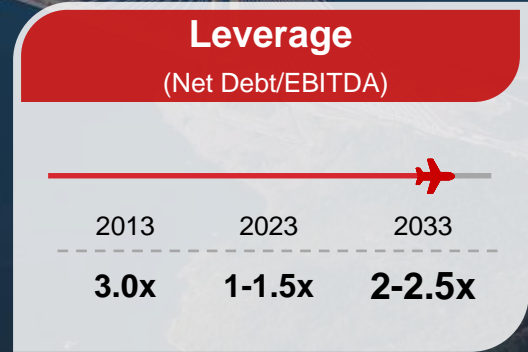
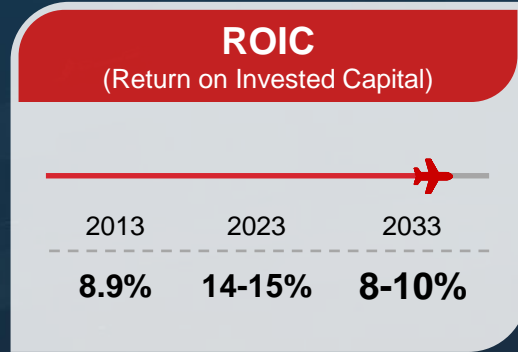
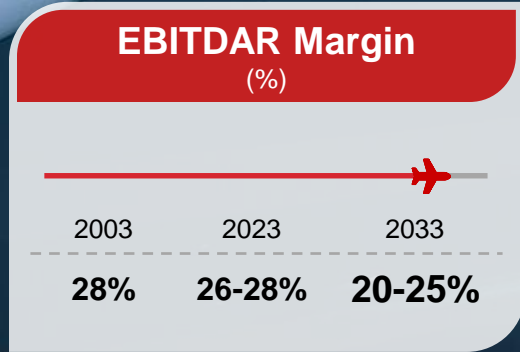
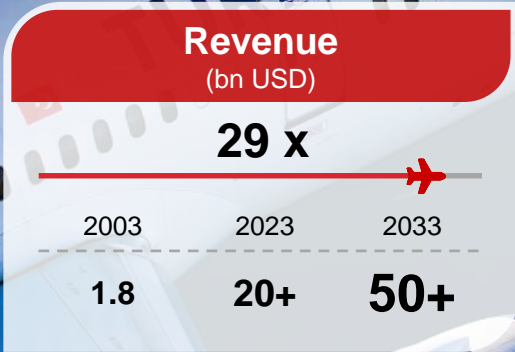
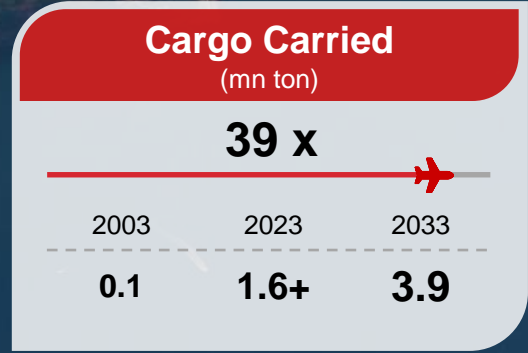
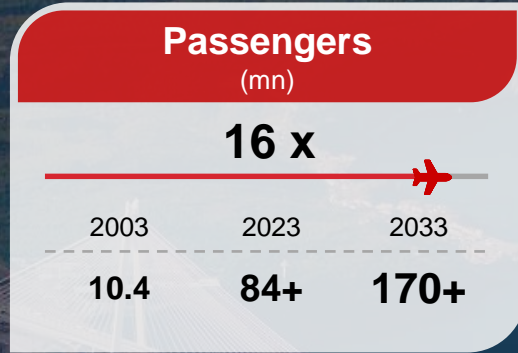
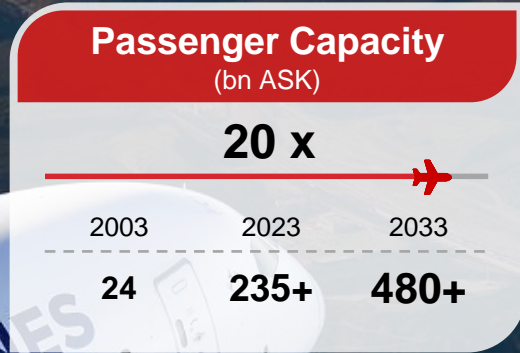
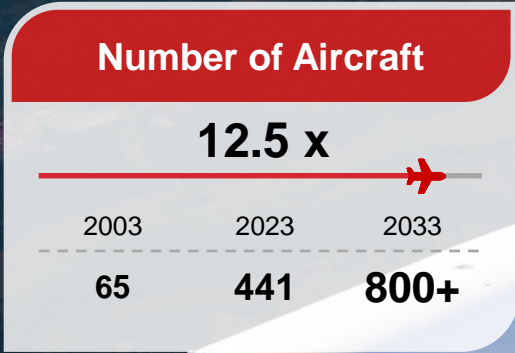
**2033 STRATEGY  
AND TARGETS**

1. Industry Overview
2. **Strategic Focus**
  - i. **Summary of 2033 Targets**
  - ii. **Building the Ecosystem**
  - iii. **Future of Our Investment Case**
  - iv. **Fleet Development**
  - v. **Capacity Growth**
  - vi. **Revenue Development**
3. Execution and Growth Levers



# TURKISH AIRLINES

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Building Value Accretive Ecosystem for Our Stakeholders

Pillars of our Strategy

-  **Sustainable Growth & Profitability**  
Continuous focus on value creation
-  **Efficiency & Business Excellence**  
Improving efficiency while elevating passenger experience
-  **Digitalization**  
Capitalizing on digital transformation
-  **Sustainability**  
Implementing into all layers of our business processes

Our Stakeholders





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



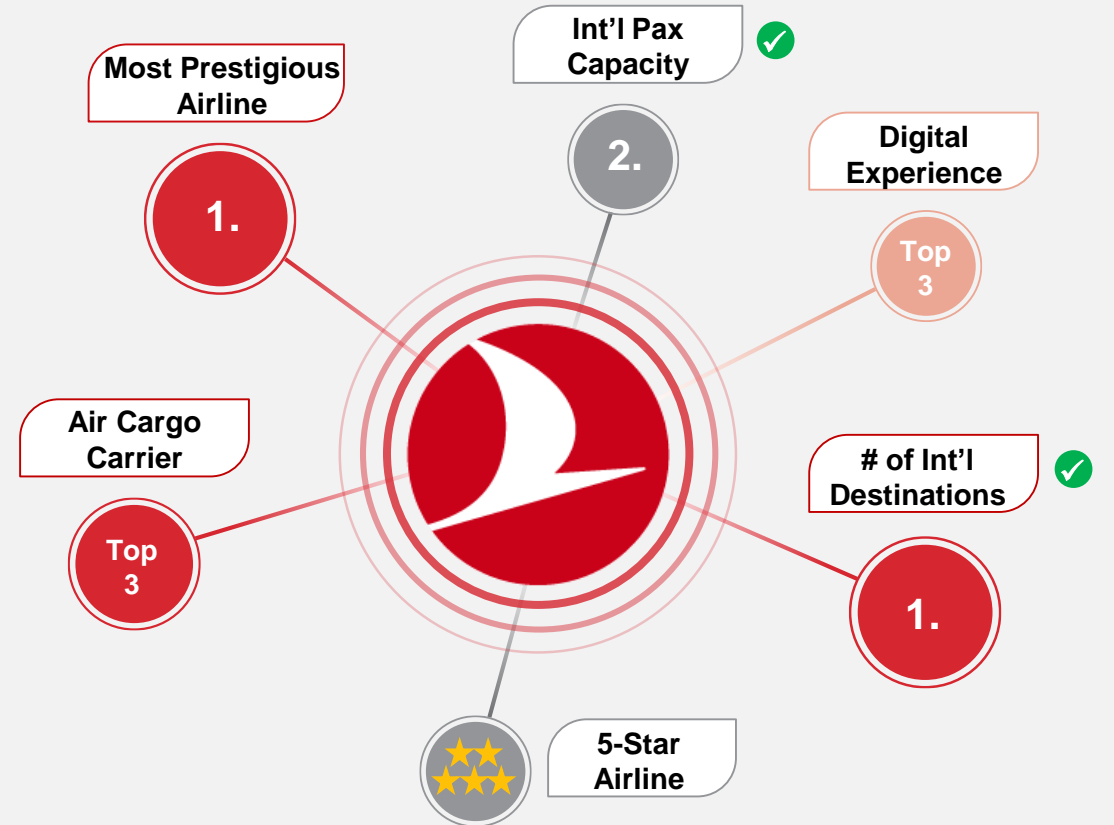
Competitive Cost Base and Lean Organizational Structure



Türkiye's Tourism Potential & Strong Aviation Infrastructure



## Will lead us to the Top in World Rankings



Above Industry Value Creation is our #1 Goal

## Holistic view on each of the growth and profitability drivers

### Fleet Growth

- Increased efficiency via higher proportion of new generation aircraft
- High density aircraft (Upgauging)
- Introducing Regional Jets
- Cabin transformation
- Passenger aircraft to Freighter conversion

### Enhancing Network Depth & Breadth

- Far East new flight bank
- Ultra Long Range flights
- New routes in Americas and Asia
- Transforming our route network in Africa from multi-leg to direct flights
- Expanding our reach with JVs and codeshare agreements

### Increased Penetration in Low Cost Market

- AJet incorporation
- Focus on high growth leisure market
- Decreasing units costs with new operating structure
- Higher ancillary revenue through merchandising and unbundling

### Digitalization

- PSS<sup>1</sup> Transformation
- Dynamic Pricing & Bundling
- Seamless omnichannel experience
- Investing in new financial technologies (e-wallet, PSP<sup>2</sup> infrastructure)
- Data driven process management

### Extracting Turkish Cargo Potential

- Network and fleet expansion
- Doubling SmartIST capacity
- Introducing Logistics Ecosystem
- Focus on Special Cargo segment
- Capitalizing on the express cargo growth via Door-to-Door delivery platform (WIDECT)

### Elevating Customer Experience

- Transforming passenger experience through standardizing cabin design, services and opening new lounges
- CDP<sup>3</sup> based segmentation and customized campaigns
- Customer centric signature experiences

2033



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<sup>1</sup> PSS: Passenger Service Systems

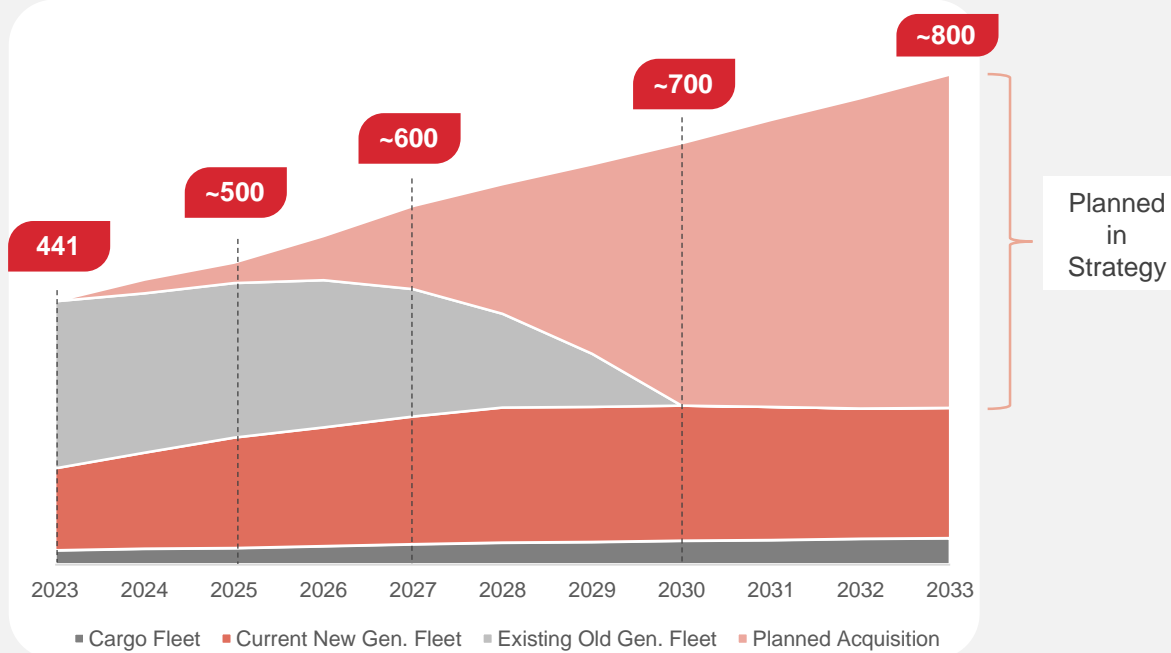
<sup>2</sup> PSP: Payment Service Provider

<sup>3</sup> CDP: Customer Data Platform

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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%

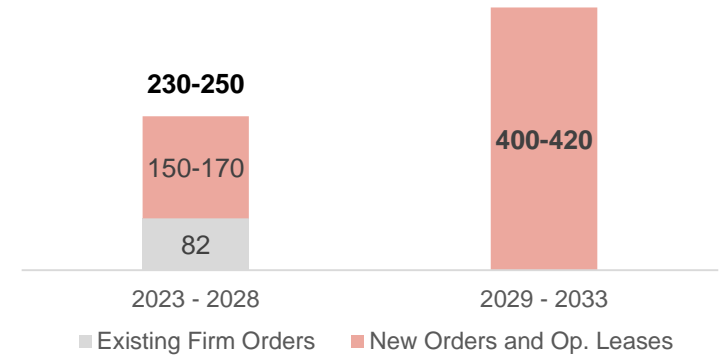
AJet Fleet

200

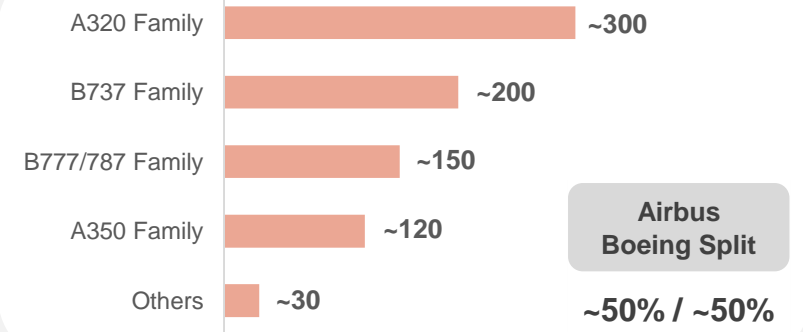
Upgauging  
(seat per aircraft)

+7%

Current and New Orders



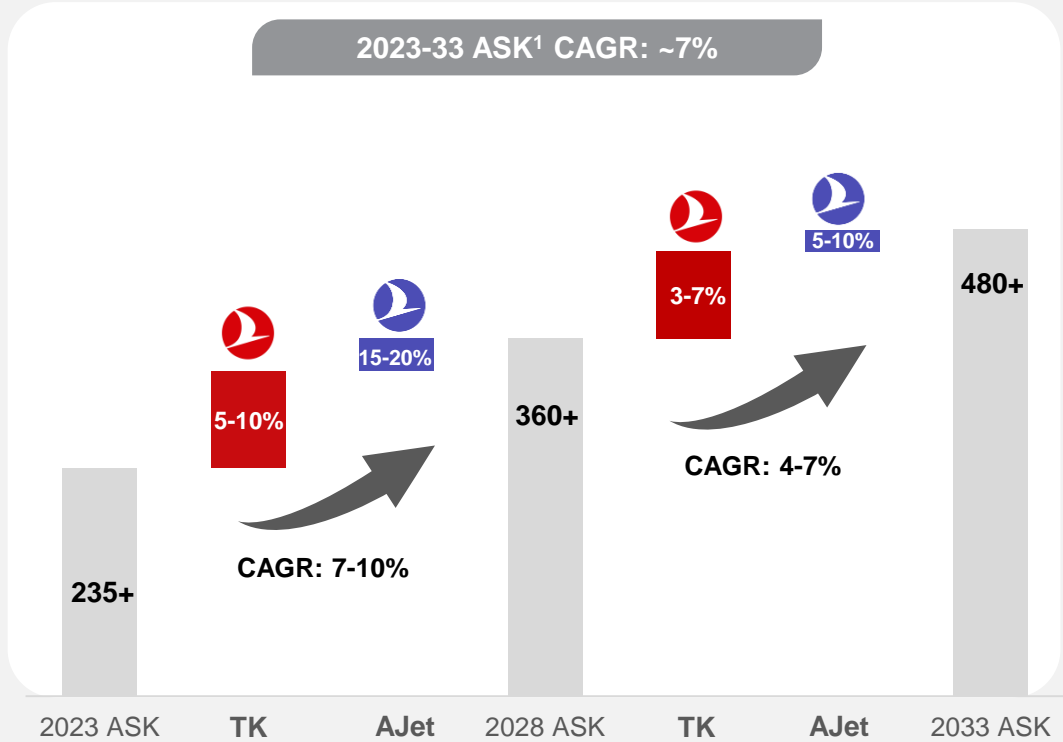
Major Aircraft Types in Fleet<sup>1</sup>  
(2033)



<sup>1</sup> Indicative representation. May change depending on the negotiations with OEMs.

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

### Targeted Passenger Capacity Growth

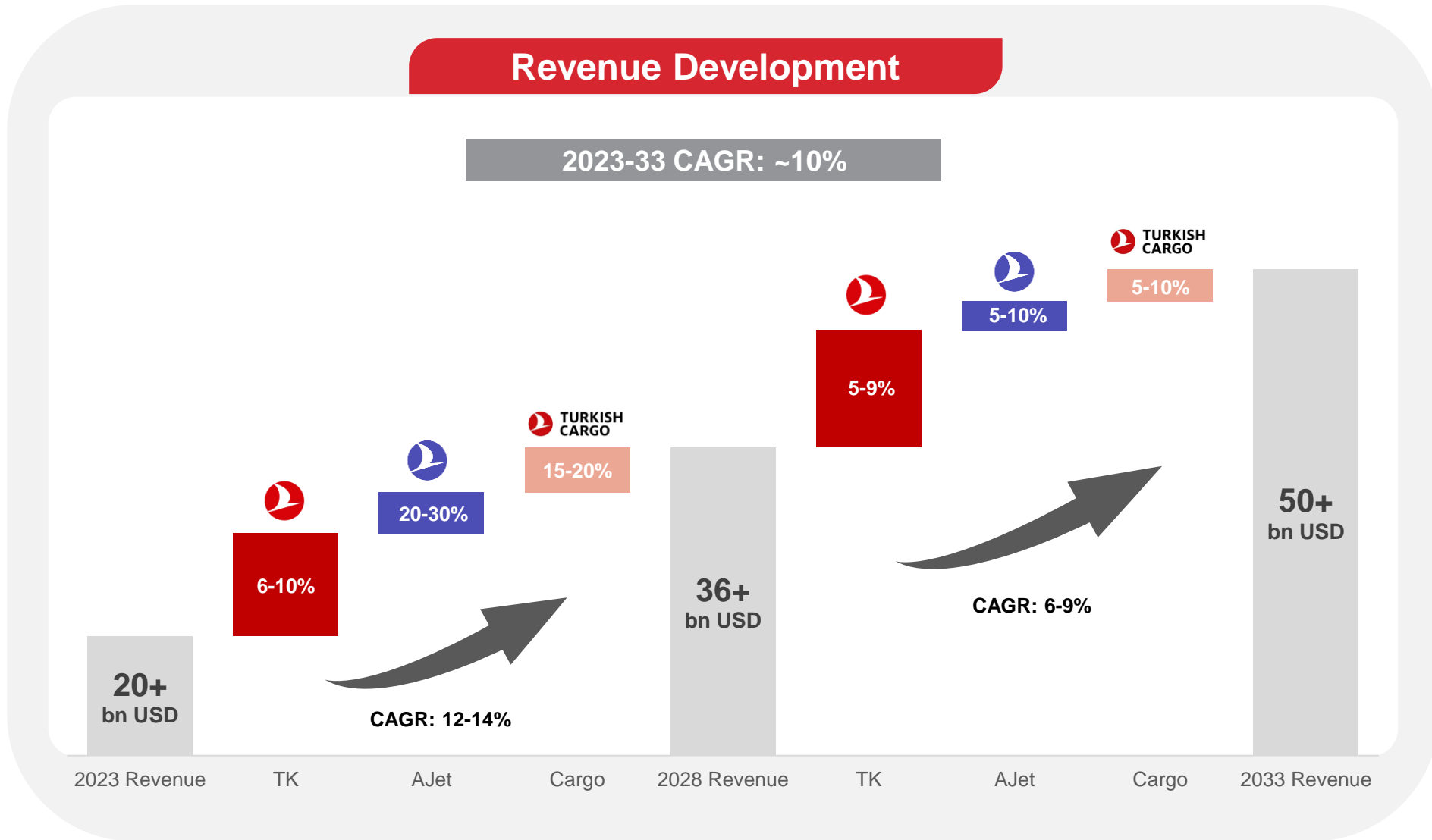


### Growth Composition

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

### Future Route Additions

Americas	+9	} +54
Europe	+22	
Middle East	+2	
Africa	+8	
Far East & Asia	+13	





**TURKISH AIRLINES**

A STAR ALLIANCE MEMBER 

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  - v. Digitalization
  - vi. Sustainability



**SUSTAINING OUR MARKET LEADERSHIP**



**1.** 2023  
# of Int'l Destinations

**3.8%** 2033  
Market Share in RPK

**PRESTIGIOUS BRAND**



**Top 3** 2023  
Most Recognized Airlines

**75%** 2028  
Global Brand Awareness

**26** 2027  
Lounges

**AWARDS**



**Best Airline in Europe** 2023  
Skytrax

**APEX+** 2023  
OFFICIAL AIRLINE RATING  
**WORLDCLASS**  
\*\*\*\*\*

**Most Sustainable Flag Carrier Airline** 2023

**83%** 2023  
Customer Satisfaction

**BUILDING ON OUR ACHIEVEMENTS**



**5 STAR AIRLINE** 2028  
SKYTRAX

**World's Best Airline** 2028  
Skytrax

**Top 3** 2026  
in Digital Experience

## WIDE BODY



### Far East 2. Bank

- Adding a mid-day flight bank in Far East destinations leads to higher utilization and enhanced connectivity



### Ultra Long Haul Routes

- Flights to Australia, Chile, Peru and Uruguay



### New Routes & Frequency Increases

- Minimum 2 daily flight availability on North American routes
- Adding 9 new destinations in Americas and 13 in Far East



### Africa

- Increasing allocation of wide-body aircraft
- Higher rate of direct flights as the network matures

## NARROW BODY



### High Density Configuration

- High-density aircraft conversions to increase efficiency



### Regional Jets

- Increasing frequency on routes in the short-haul range
- Improving feasibility in thin markets by lowering unit costs and break-even load factor
- Adding new secondary cities to our network



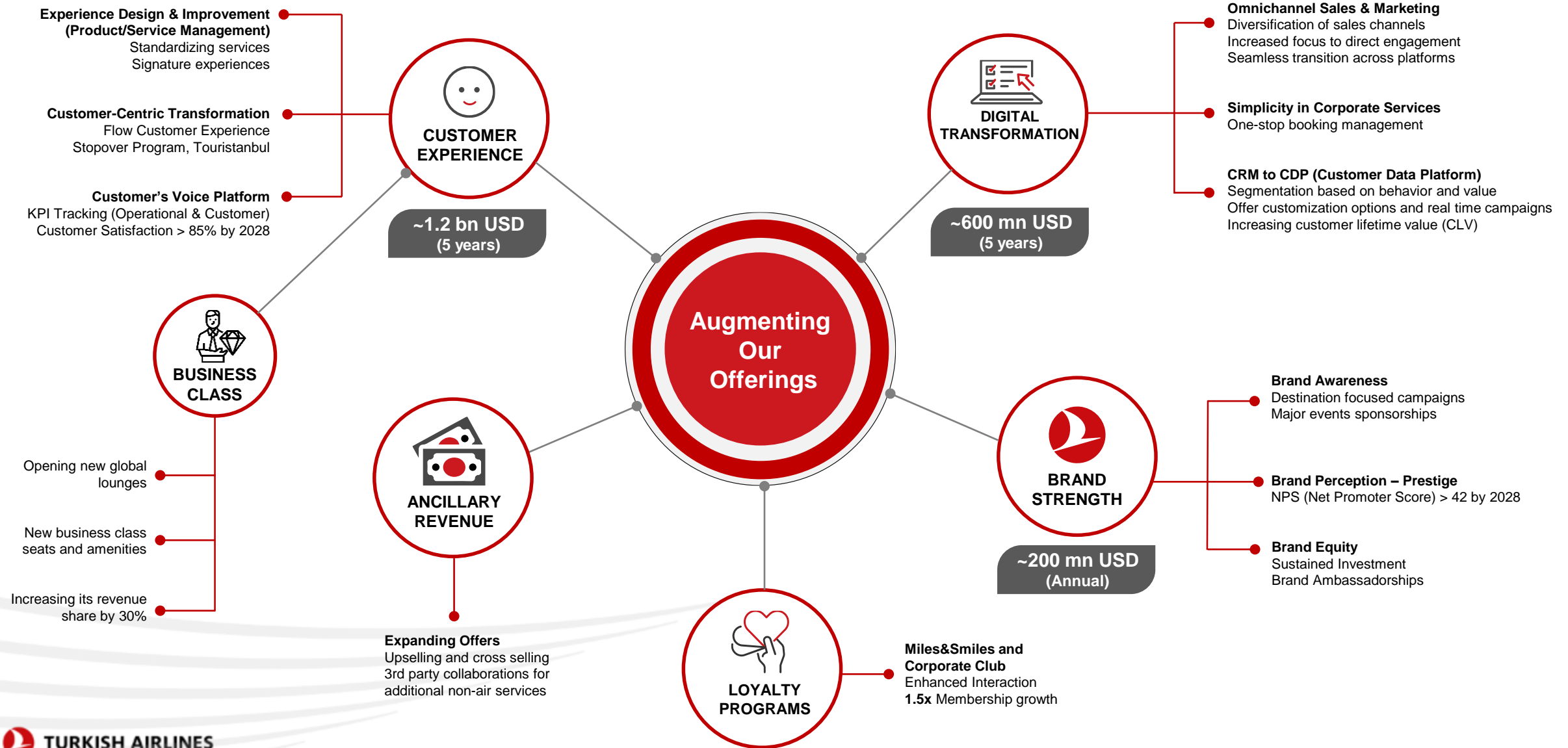
### Africa

- Conversion of multi-leg flights to direct



### Europe

- Minimum 2 daily flight availability on our routes to Europe



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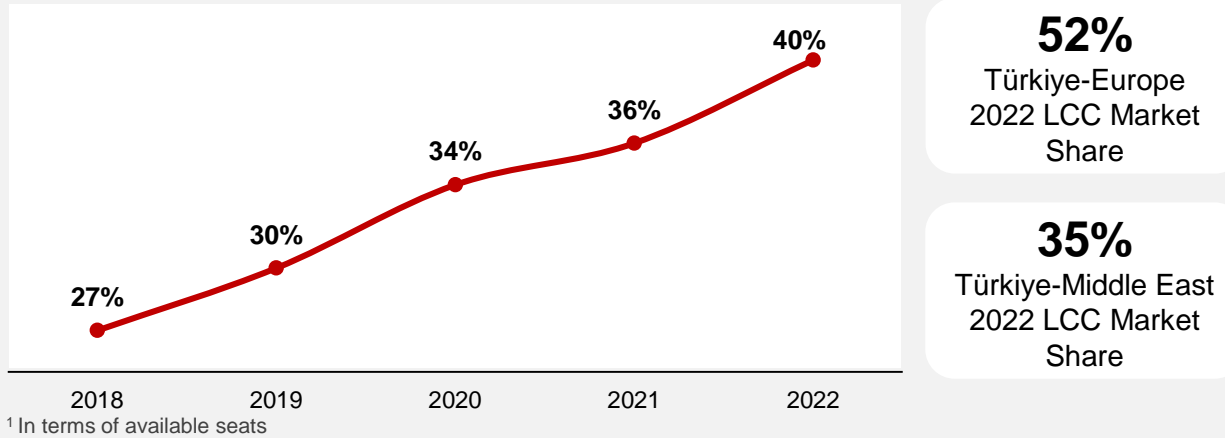
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**2033 STRATEGY  
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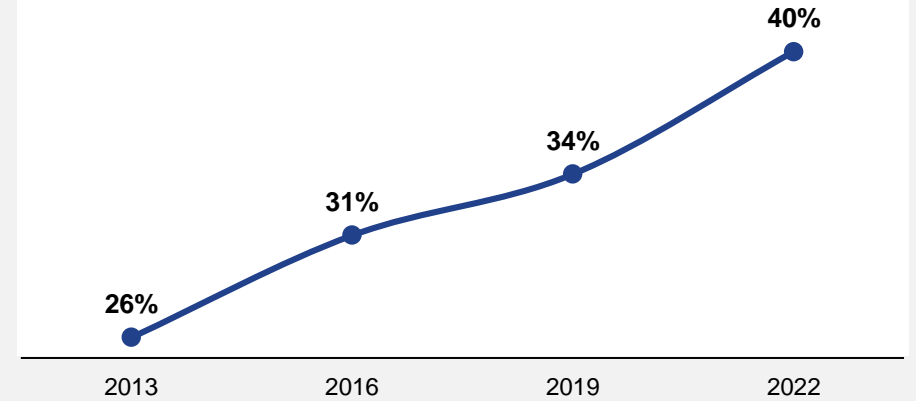
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  - vii. Sustainability

Low Cost Carriers (LCC) continue to gain market share both in Türkiye and Europe

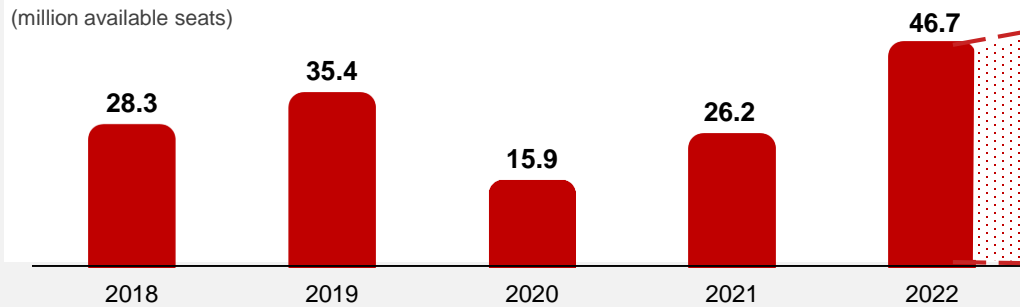
Türkiye LCC Market Share<sup>1</sup> (Int'l)



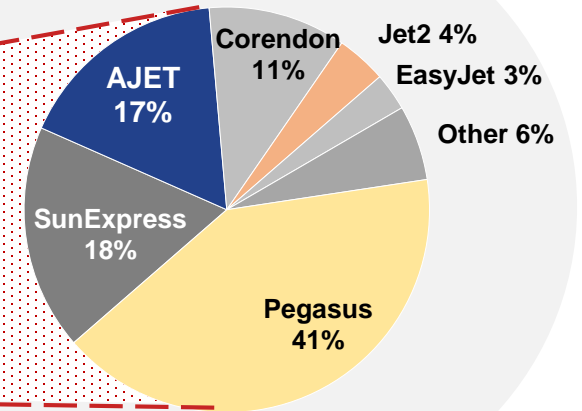
Europe LCC Market Share<sup>1</sup>



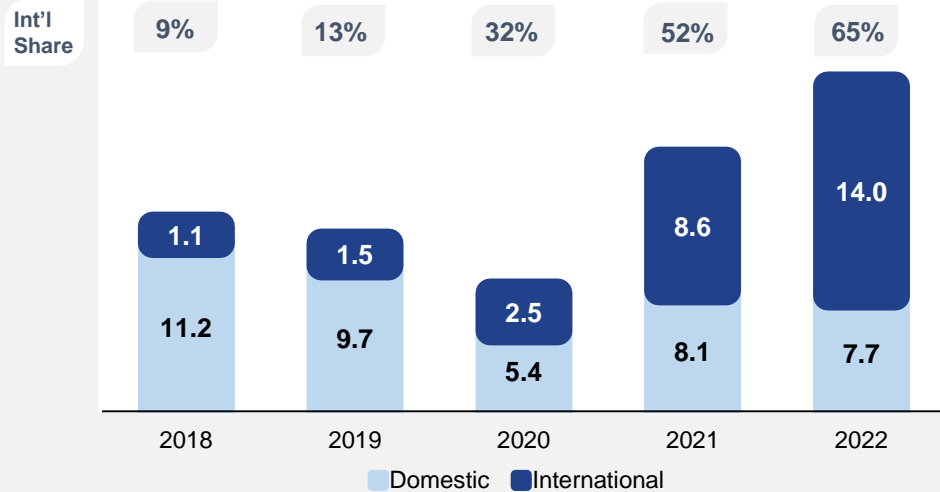
Türkiye Outbound LCC Capacity



Breakdown of 2022 Available Seat Capacity



## Capacity Growth (bn ASK<sup>1</sup>)



## Key Facts and Figures



**90** aircraft in fleet  
As of 10.11.2023



**101** int'l  
**78** domestic routes

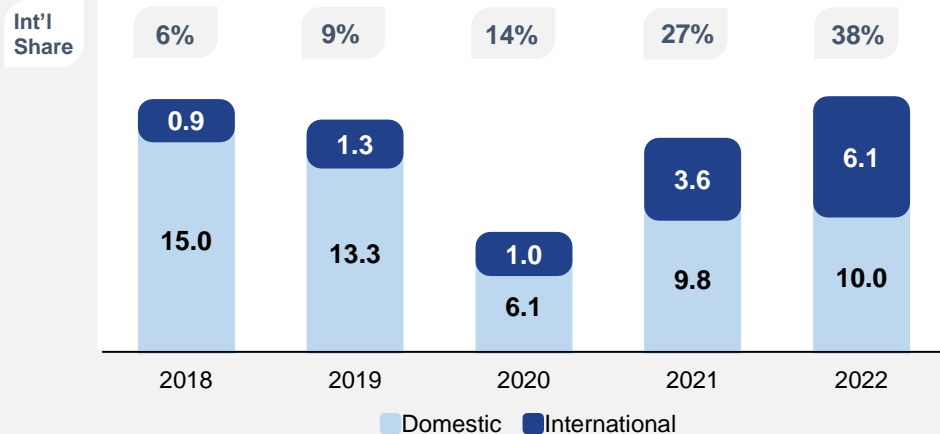


**16** mn passengers  
in 2022

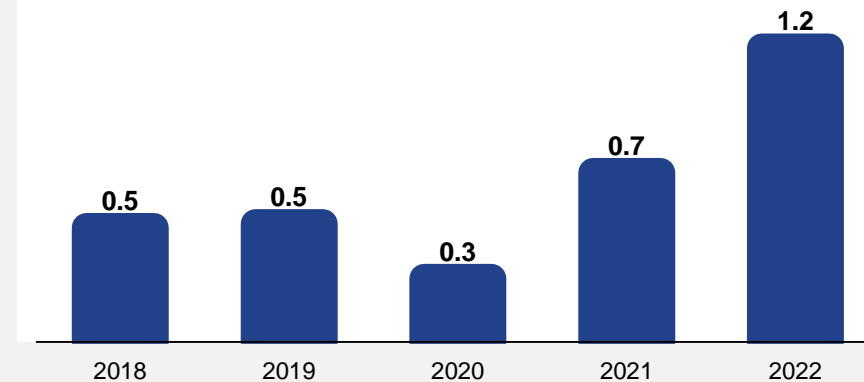


**25%** int'l market share  
**46%** dom. market share | in Sabiha Gökçen Airport

## Number of Passengers (mn)



## Revenue Growth (bn USD)



<sup>1</sup> ASK: Available Seat Kilometers



## 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 breadth 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

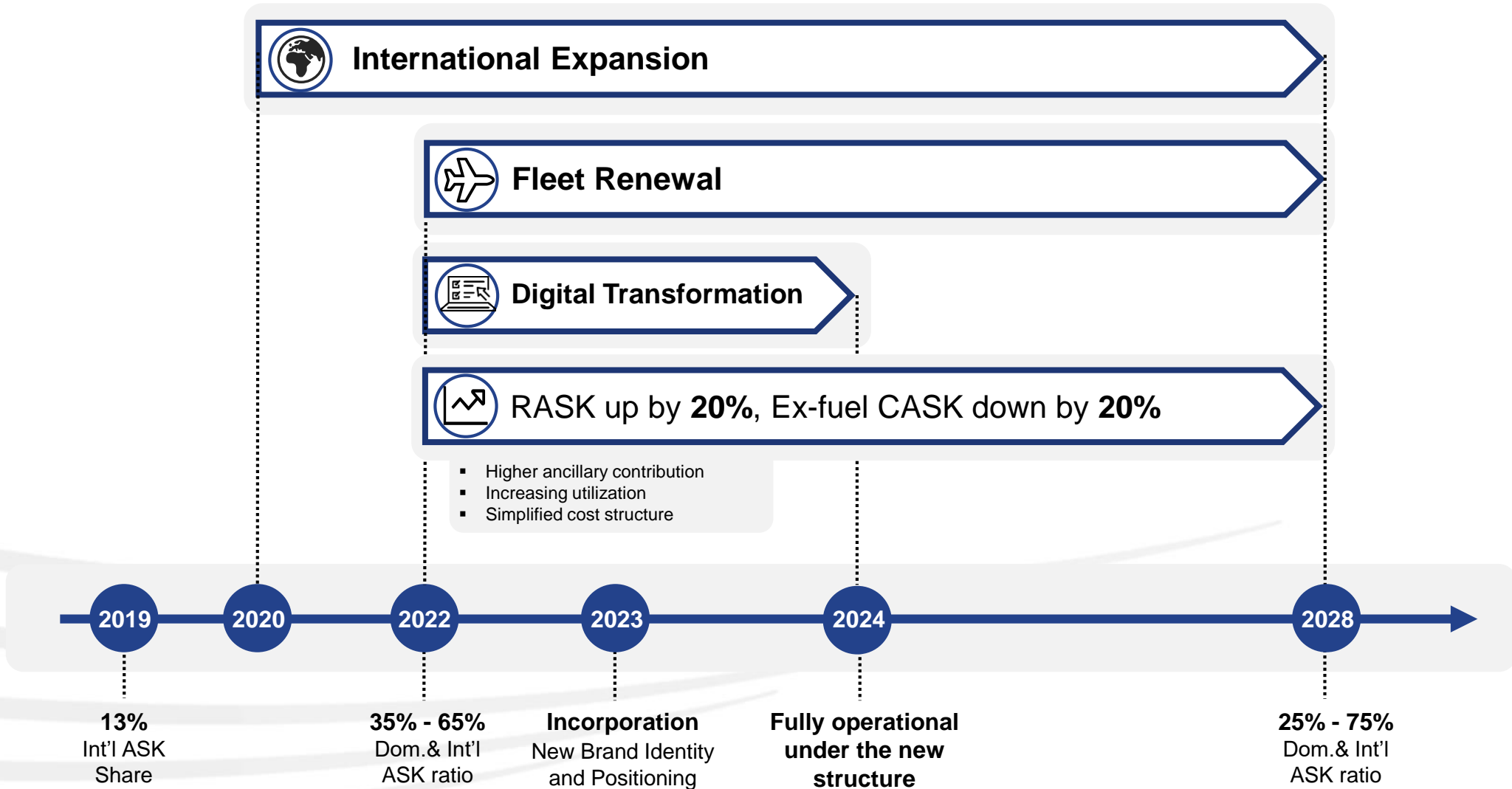
## Ancillaries

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

## Customer Oriented Service

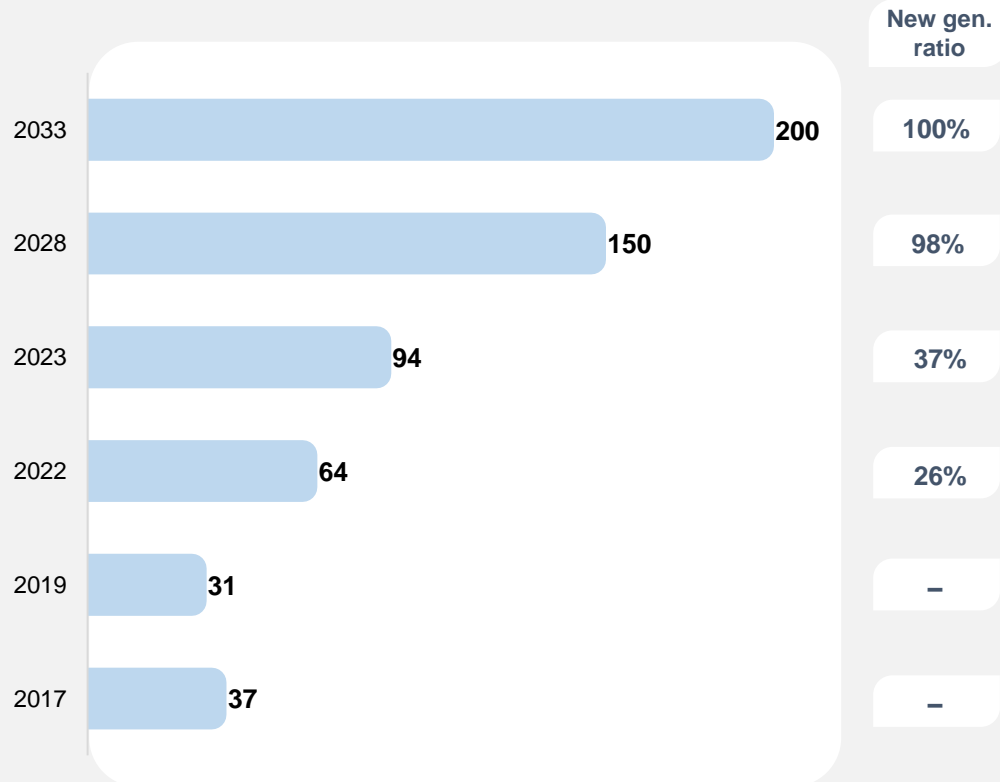
- Focusing on loyalty and customized product offering





## Fleet

- Fleet renewal to be completed by 2029.
- Number of aircraft will reach to 200 in 2033, up from 94 in 2023.



New generation high density aircraft will allow AJet to reduce its unit cost by c.20% and increase unit revenue by c.20%.

### New Generation Aircraft



**10-15%**  
lower fuel burn

### Young Fleet



**9-10%**  
CASK<sup>1</sup> advantage

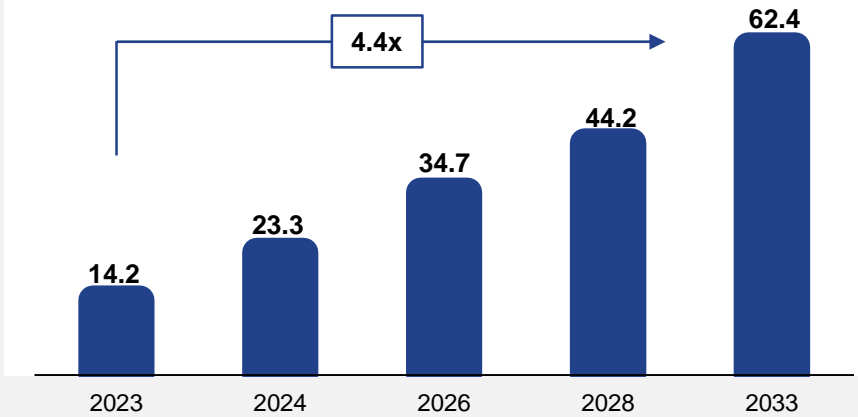
### High Density Aircraft



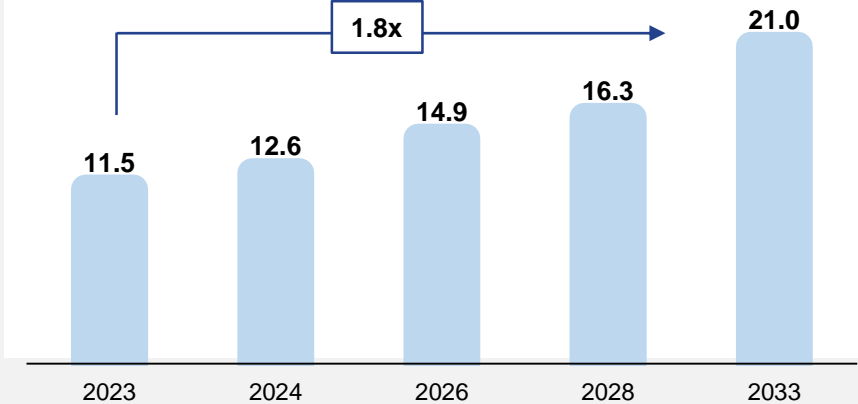
**5%**  
ex-fuel CASK saving  
**10-15%**  
extra ancillary revenue potential

## Capacity Growth (bn ASK<sup>1</sup>)

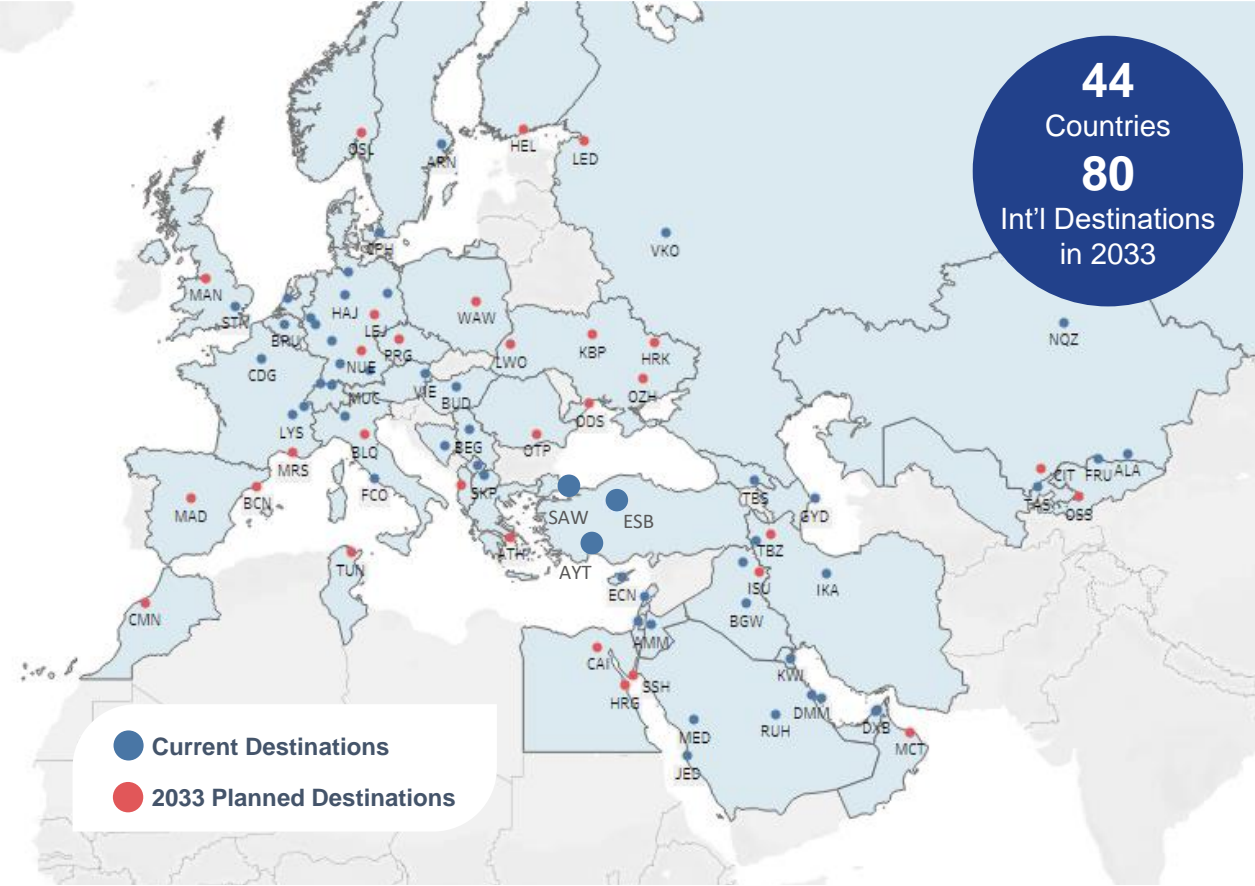
Int'l



Domestic



## Network Expansion



International and domestic production balance will provide an additional 7% advantage on ex-fuel CASK.

Targeting to enhance margins through increasing share of ancillary revenue and direct distribution

1

- New Passenger Service System (PSS)** will yield to
- Better inventory management,
  - Optimized fare class management based on city pairs.

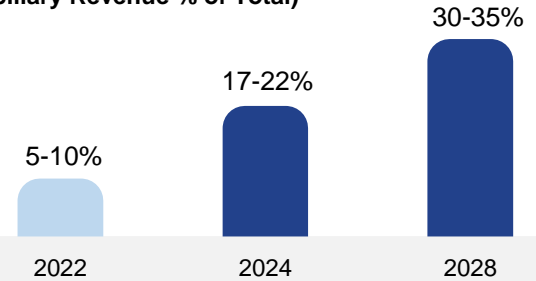


**1 – 2%**  
additional annual  
revenue

2

Share of Ancillary Revenue will be increased through merchandising and product unbundling.

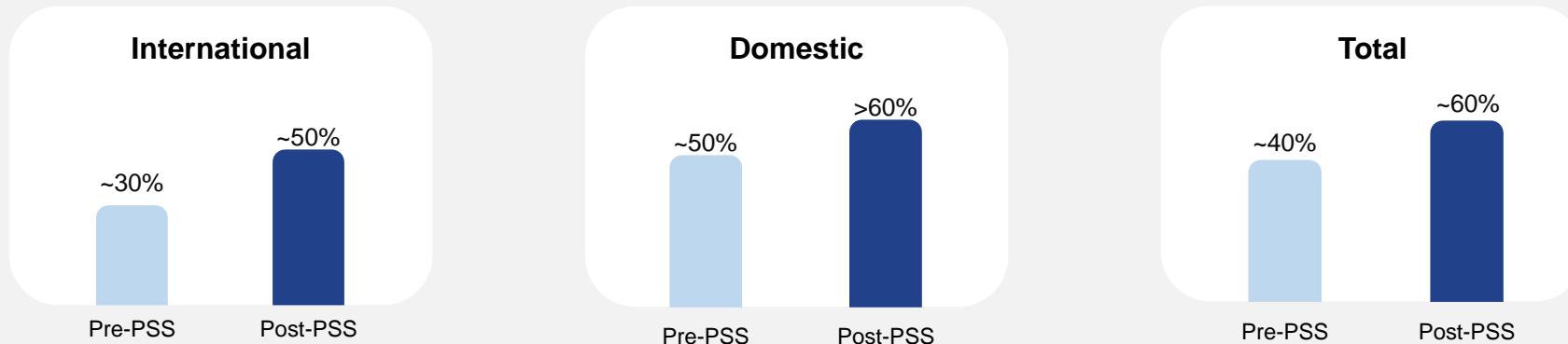
(Ancillary Revenue % of Total)



3

The adaption of NDC<sup>1</sup> compatible direct distribution channels will decrease GDS<sup>2</sup>, commission and incentive expenses.

The ratio of tickets sold through online channels



<sup>1</sup> NDC: IATA's New Distribution Capability. <sup>2</sup> GDS: Global Distribution Systems



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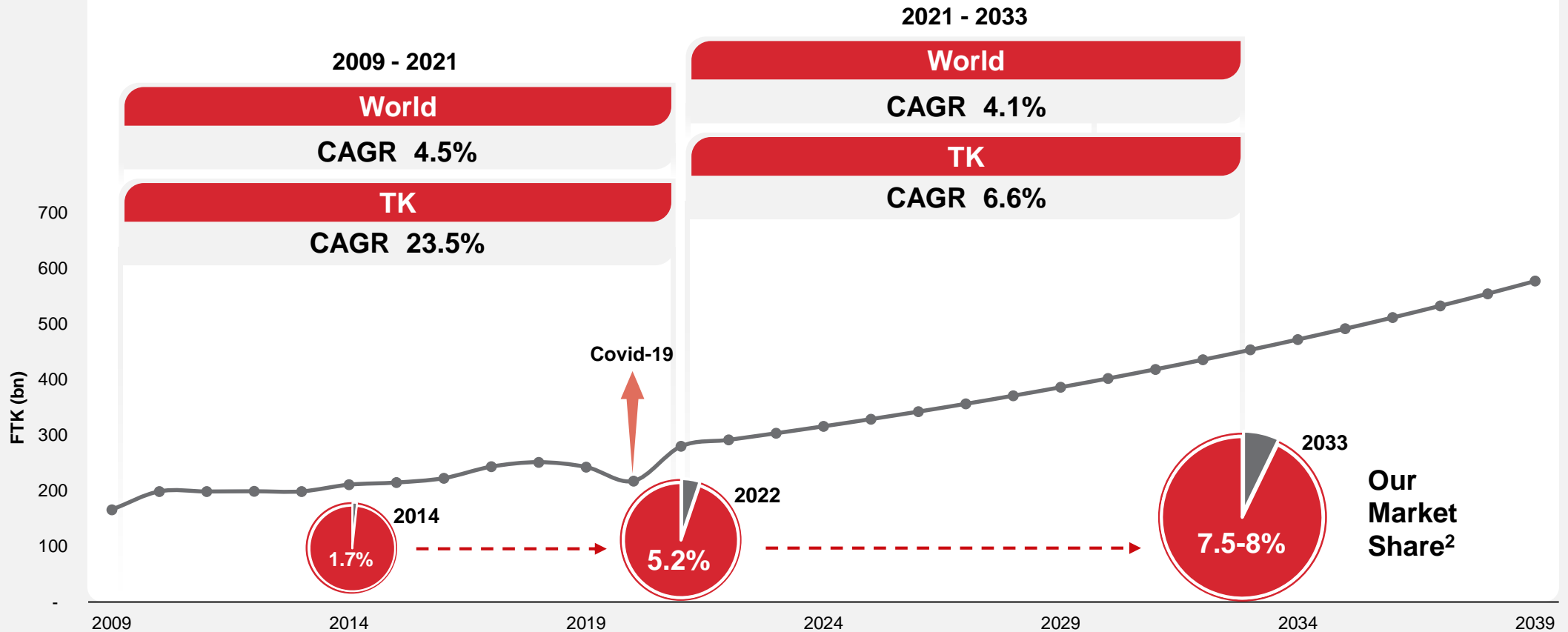
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### Air Cargo Traffic Over The Next Two Decades (FTK)<sup>1</sup>

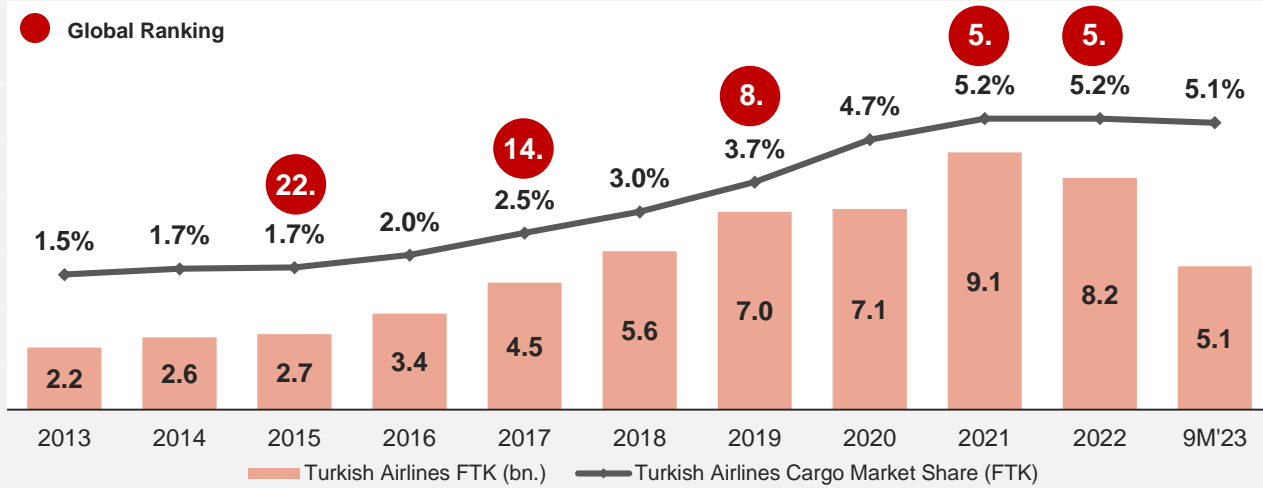


In terms of value, air cargo accounts for **35%** of the global carried cargo, even though **less than 1%** of the total volume.

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

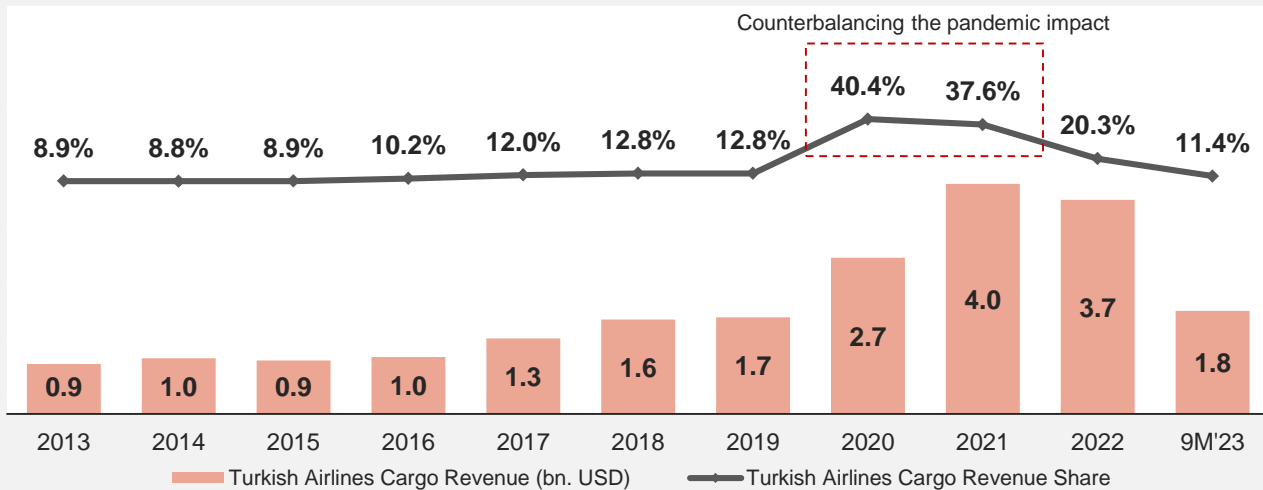
Express Cargo's traffic share rose to **21%** in 2021 from **13%** in 2008. Its growth pace is expected to be **80%** higher than that of the general cargo.

## Market Share Development (FTK)<sup>1</sup>



— Turkish Airlines FTK (bn.) — Turkish Airlines Cargo Market Share (FTK)

## Turkish Cargo Revenue Development



— Turkish Airlines Cargo Revenue (bn. USD) — Turkish Airlines Cargo Revenue Share

## Overview

Flies to **132** countries / **363** destinations with **24** freighters and **409** passenger aircraft.

Ranks **3<sup>rd</sup>** globally in terms of FTK<sup>1</sup> as of August 2023.

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 fast growing express cargo segment
- Growth opportunities in Asia through JVs and commercial partnerships
- Integrated solutions for intermodal transportation



**Vision**

To be one of the **Top 3** cargo airline by **2028**

**Strategic Leverage**

Leveraging our wide flight network and cost advantage with best-in-class customer satisfaction

**Strategic Pillars**



**Leadership in Flight Network and Connectivity**



**Leadership in Technology and Operational Excellence**



**Leadership in Special Cargo and Premium Products**

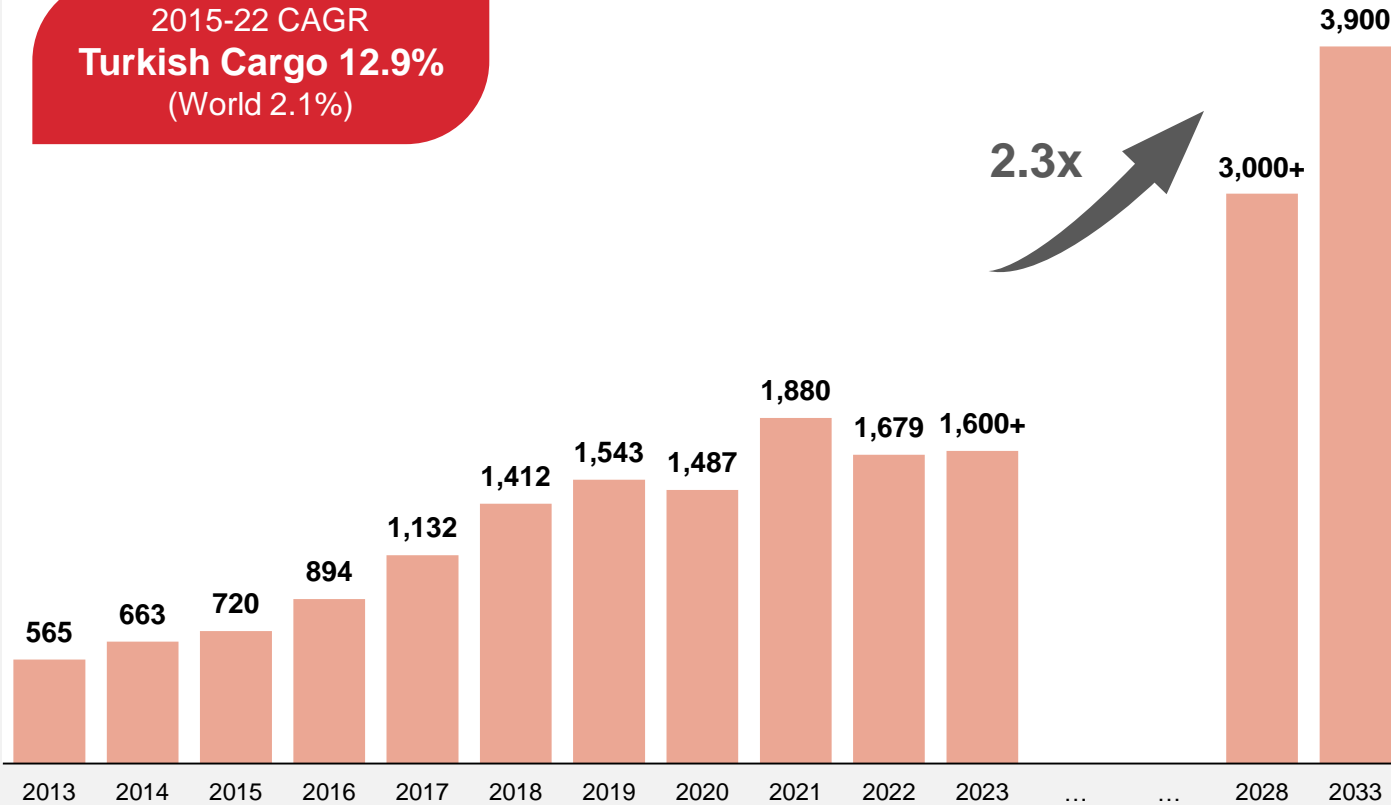


**Leadership in People and Culture**

## Cargo Carried (thousand tons)

9.5+ bn USD Cargo Revenue in 2033

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



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



Expanding our fleet with new generation aircraft entries and P2F<sup>1</sup> conversions.

<sup>1</sup> P2F: Passenger to Freighter



Doubling SmartIST capacity to 4 million tons.



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



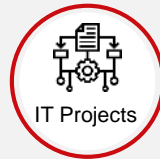
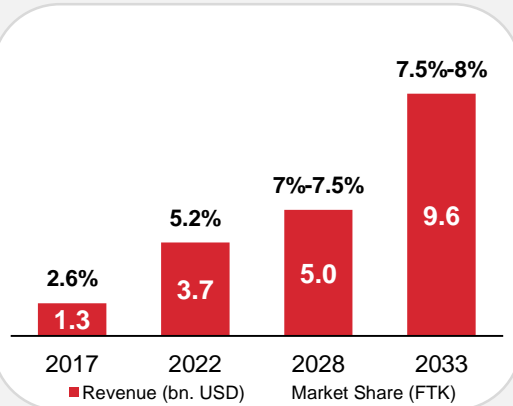
Growing the proportion of special cargo in our overall cargo revenue from 36% in 2022 to 55% by 2033.

Targets

Projects

1 Gaining Market Share

Targeting to sustain our above industry growth trend and profitably increase our market share

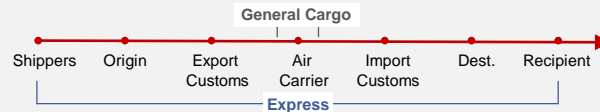


2 Logistics Ecosystem

Creating a **Logistics Ecosystem** by entering into new business models, cooperations and JVs on the back of SmartIST's infrastructure

**Door-to-Door (D2D) Market Entry:**

- Aiming to expand our operations into express cargo segment
- Increasing profit contribution by offering end-to-end e-commerce delivery service
- Initially targeting Turkish e-exports, then the transit market between Asia, Europe and US.



**New Hub and JVs in Asia:**

- By expanding our presence in Asia, we are targeting to gain additional market share in the fastest growing region

**Up to 3 bn USD annual revenue contribution by 2033**

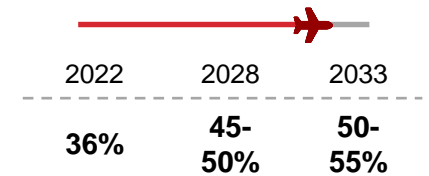
3 New Products and Operational Excellence

Developing new products to increase our penetration in the special cargo segment

**Focus in Special Cargo Segment**

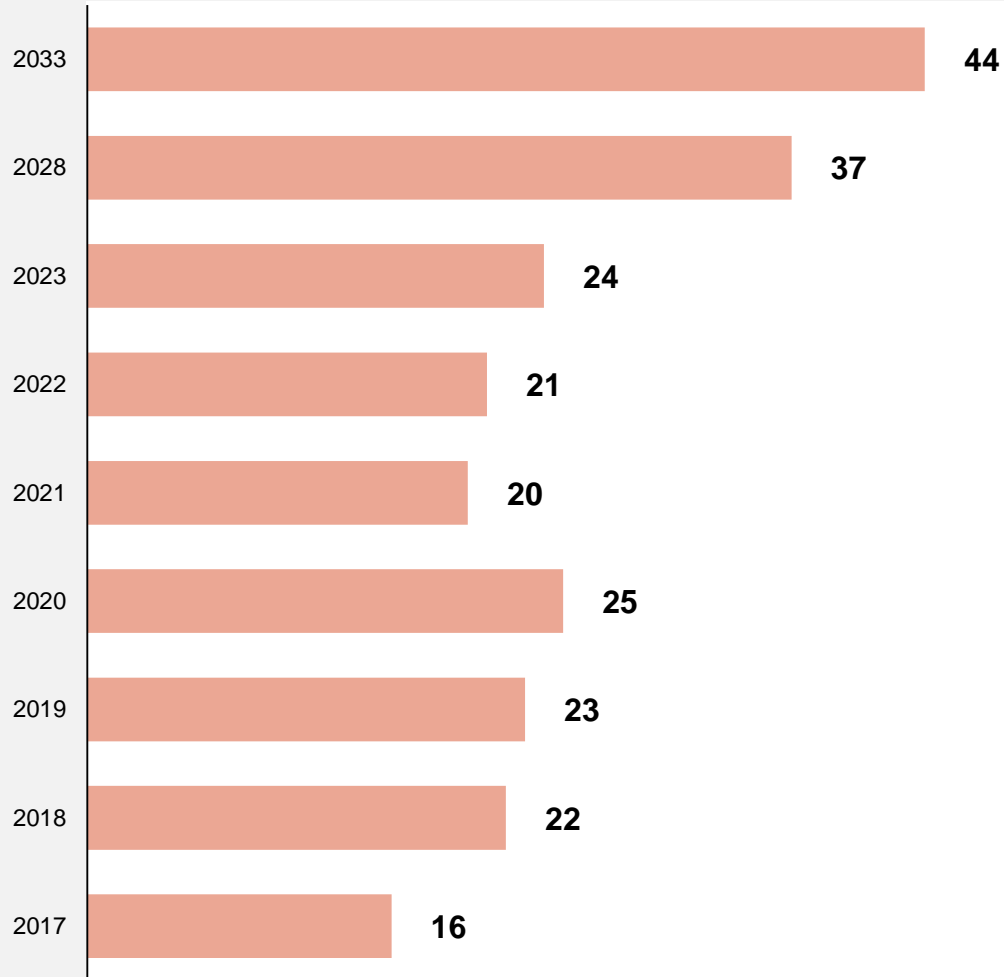
- Offering value-added services to enhance revenue mix
- Introducing additional products to complement existing services such as TK Smart, TK Premium and TK Urgent

**Revenue Share of Special Cargo Segment<sup>1</sup>**

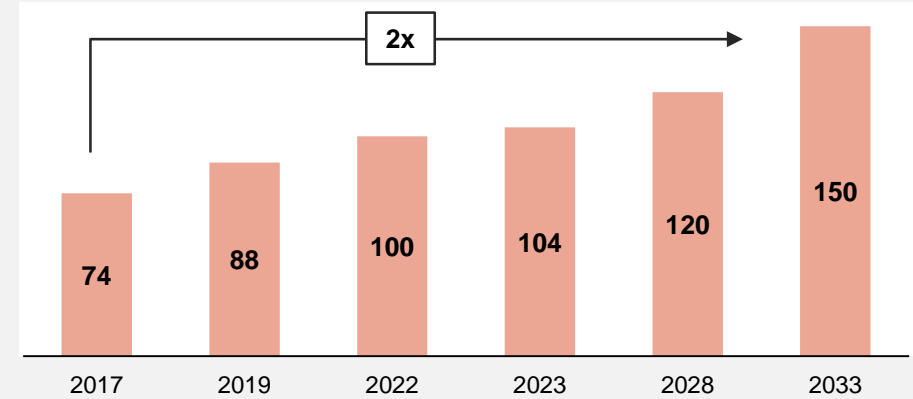


<sup>1</sup> % in total cargo revenues

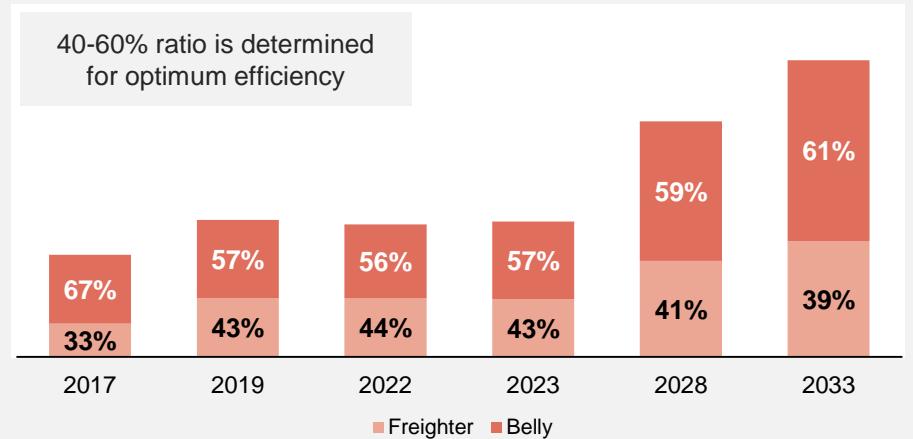
## Cargo Fleet Size Projection

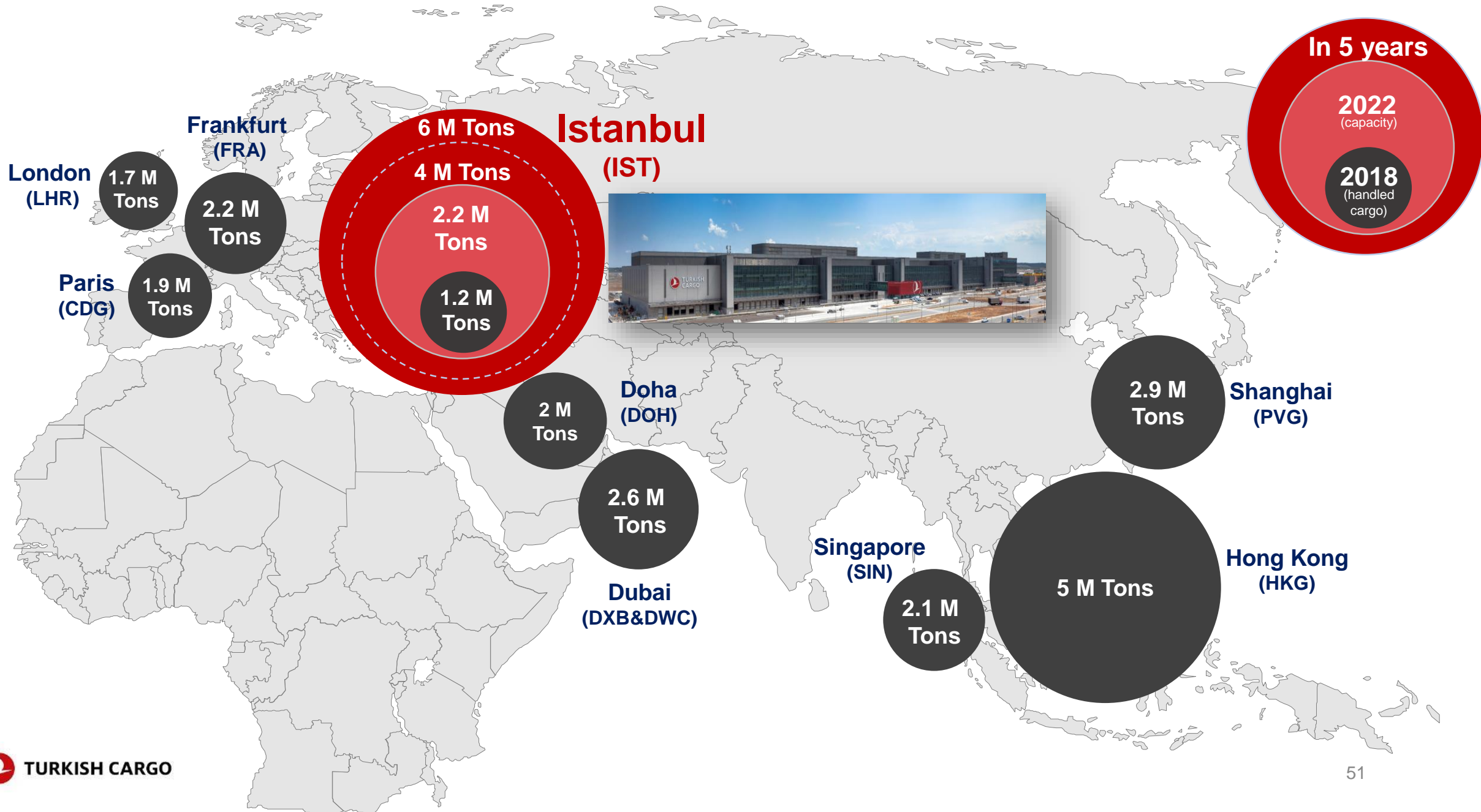


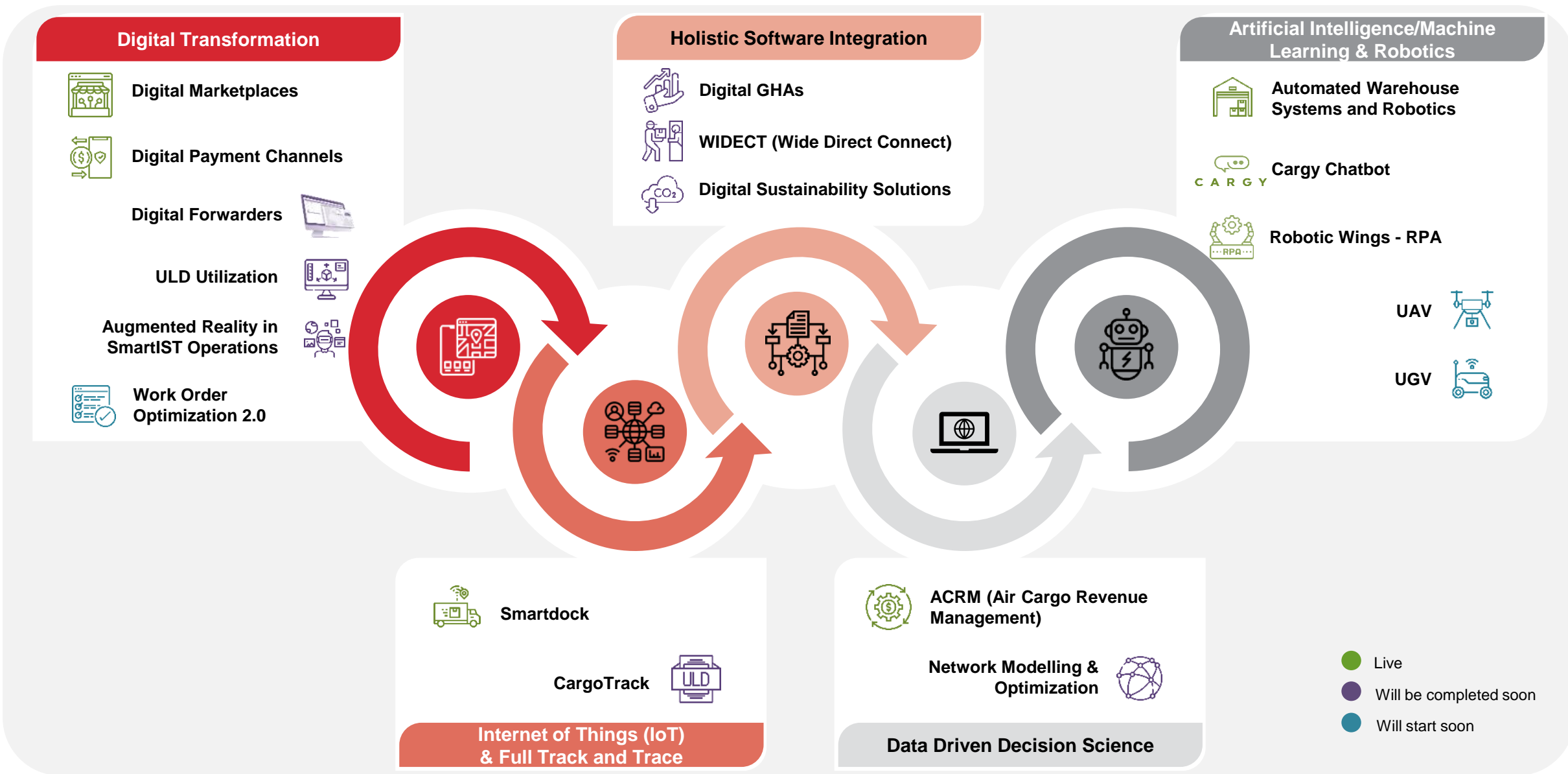
## Number of Destinations (Freighter Only)



## Cargo Capacity Allocation









# TURKISH TECHNIC



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Largest MRO service provider in the nearby region



Main facilities located in 4 airports in Türkiye

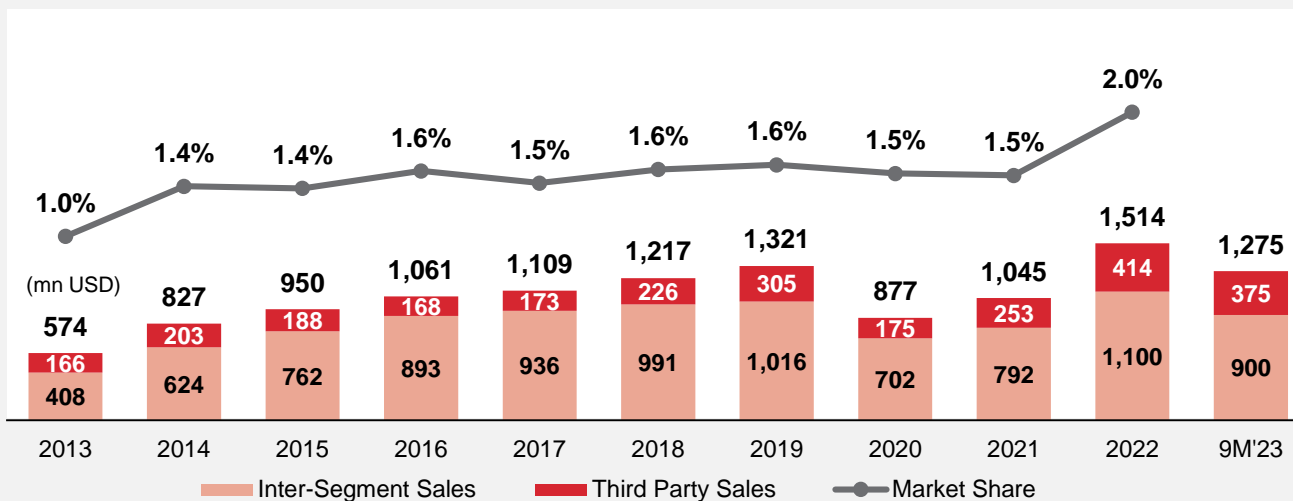


16 wide body and 40 narrow body MRO capacity in 11 hangars



10k highly qualified personnel

## Revenue and Market Share Development



## Services and Capabilities

Offers services to 364 airlines from 93 countries.

### 1. Aircraft Maintenance

- MRO support for narrow body and wide body aircraft along with business jets in 14 types

### 2. Line Maintenance

- Total of 60 stations around the globe (26 in Türkiye)

### 3. Component Services and Pool

- Repair capabilities for 16k+ types
- 31 workshops and 24/7 AOG support
- Offers pool subscriptions to 3rd parties
- 700 mn USD inventory
- 96% service level for A320, B737, A330 and B777
- 85%+ customer satisfaction

### 4. MRO for Engines (TEC) & APU

### 5. Cabin Conversion and IFE

### 6. R&D and Training Support



**TURKISH AIRLINES**

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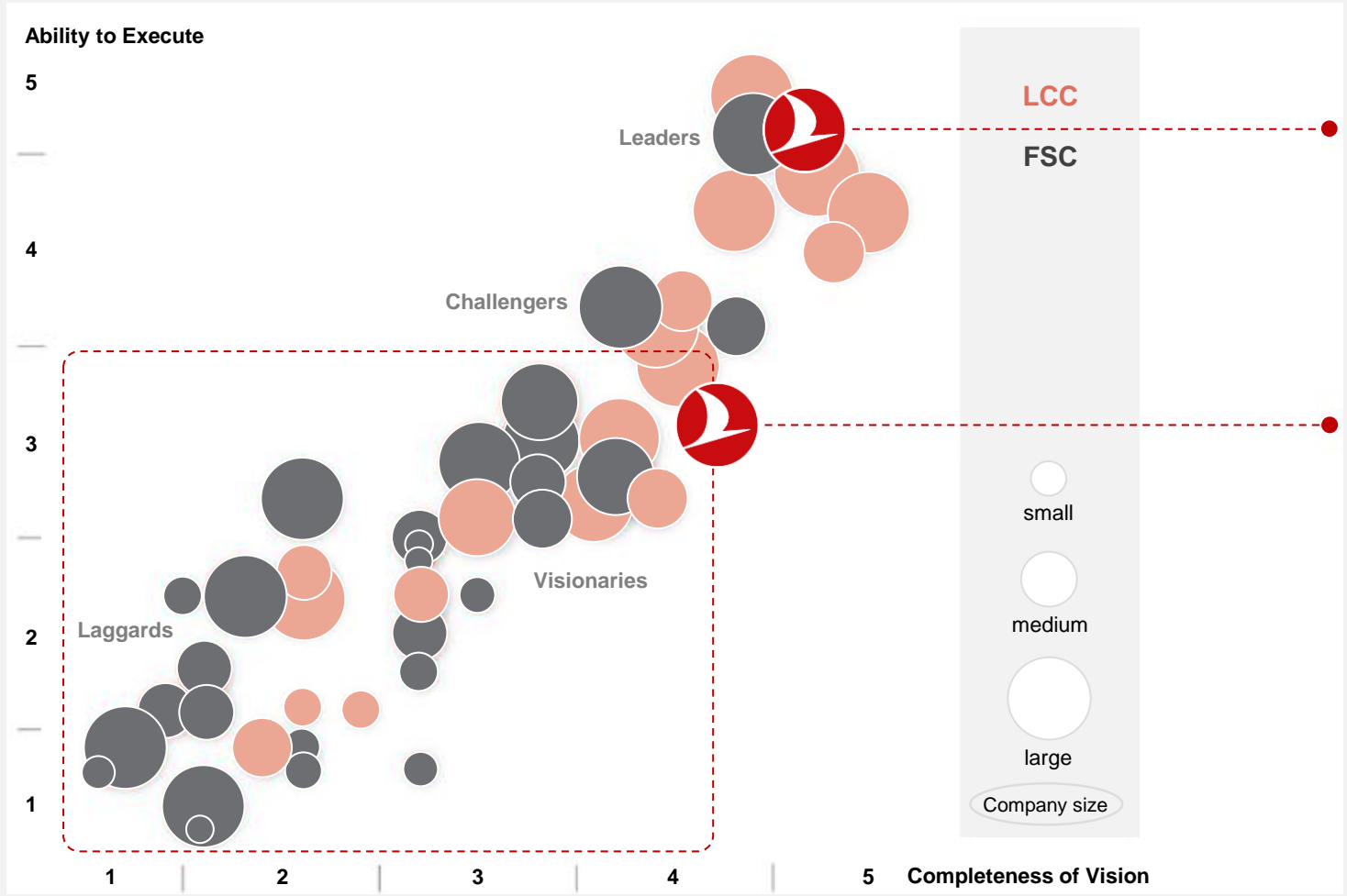
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## Positioning of Turkish Technology



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

## 1 Digital Transformation



Save on cost by **increasing the efficiency of our products and services** with digital transformation projects



Improve **passenger satisfaction** through easy-to-use applications and lean business processes



Strengthening the passenger **interaction with our brand** through new digital interfaces

## 2 Investing in New Technologies



Closely following **new trends** in the aviation industry and increase cooperation with the international organizations



Implementing new technologies that have the potential to generate income with a **"time-to-market"** sensitivity

## 3 Allocating necessary Infrastructure



Allocating the **necessary system infrastructure** to meet organizational growth needs



Providing **agility** to our Business Units

## 4 Growth as a Technology Company



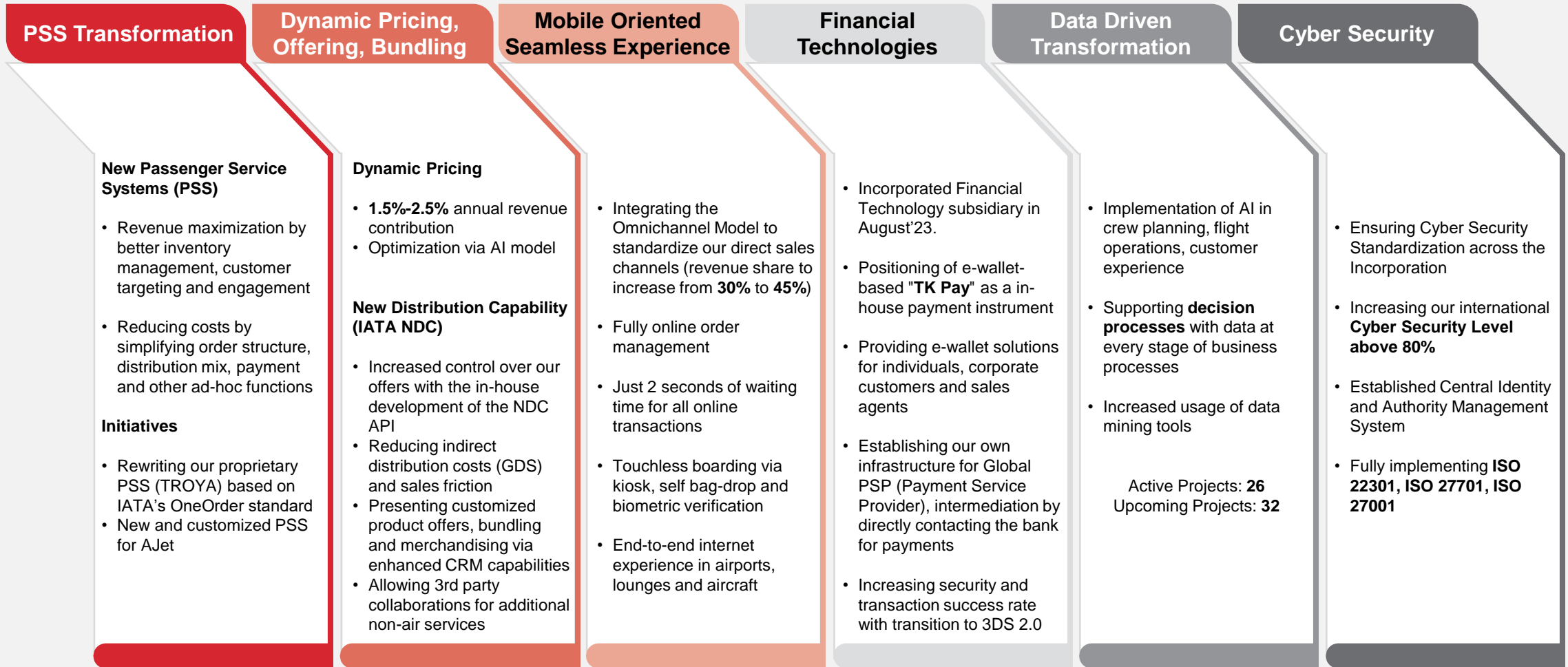
Generating **30%** of the **IT revenue** from third parties **within 5 years**



Reducing external dependency with internally developed applications



Designing policies to attract talents for a **sustainable growth**





**TURKISH AIRLINES**

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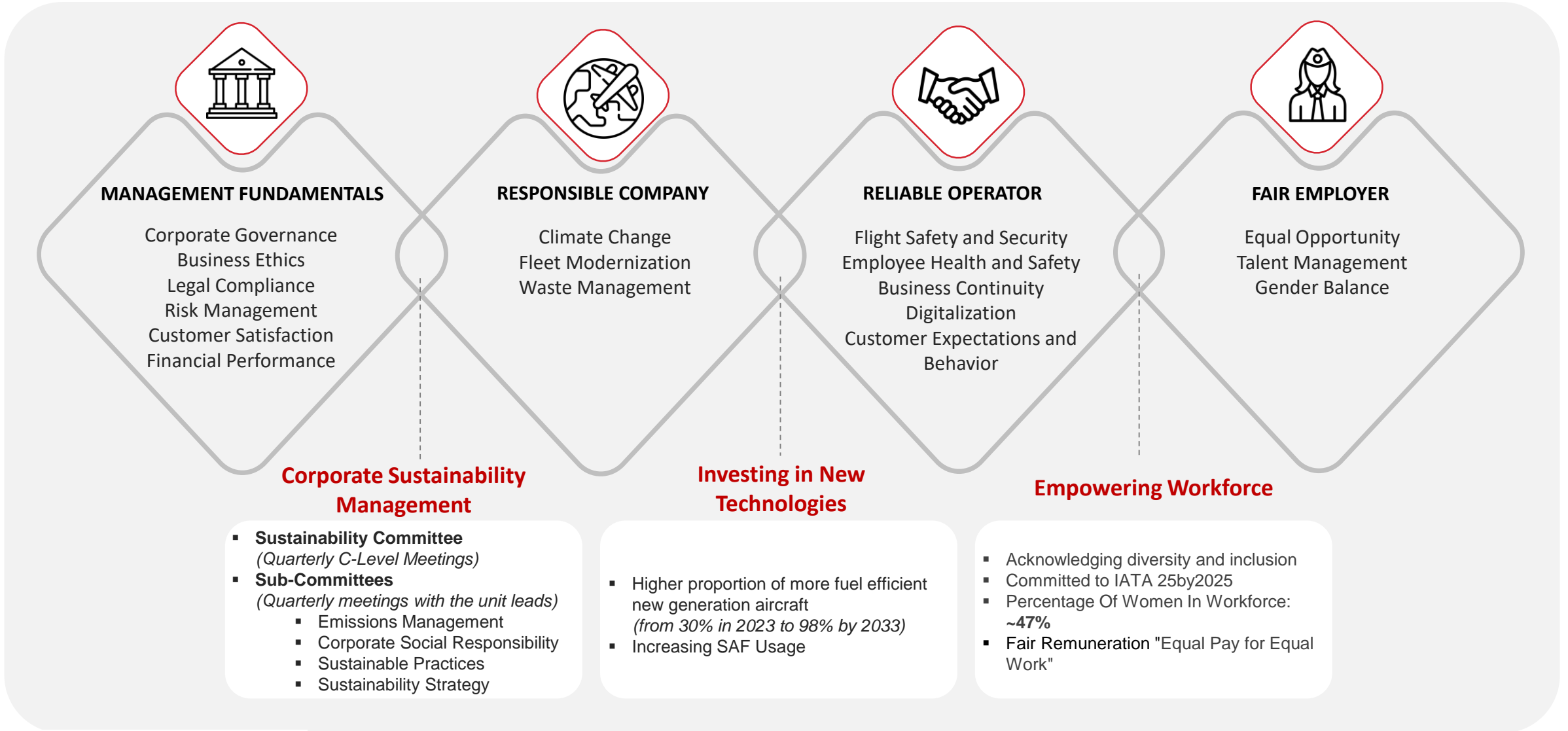
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We are incorporating sustainability practices into all layers of our business





We set our priorities in collaboration with our external stakeholders and by considering the international standards



## The Most Material Issues

- ✦ Flight Safety and Security
- ✦ Climate Change
- ✦ Employee Health and Safety
- ✦ Changes in Customer Expectations and Behavior
- ✦ Fleet Modernization and Development
- ✦ Digitalization
- ✦ Business Continuity
- ✦ Talent Management
- ✦ Waste Management

## Turkish Airlines Sustainability Priorities

## High Material Issues

- ✦ Support for the Social Development
- ✦ Fair Competition
- ✦ Water Management
- ✦ Single Use Plastic
- ✦ Sustainable Catering
- ✦ Noise Management
- ✦ Responsible Supply Chain Management
- ✦ Innovation

## Material Issues

- ✦ Human Related Environmental Disasters
- ✦ International Crises
- ✦ Global Economic Crises
- ✦ Animal Welfare
- ✦ Biodiversity Loss

## Turkish Airlines has wide array of sustainability initiatives



### Fleet Modernization

- One of the youngest fleets in Europe with an average fleet age of 9.2
- Investment in new generation aircraft
- Cabin densification



### CO<sub>2</sub> Offsetting

- 'CO2mission' voluntary carbon offsetting program for passengers
- Voluntarily offsetting employee's duty flights



### Sustainable Aviation Fuels

- Voluntary usage of sustainable aviation fuel (SAF)
- Investment on alternative fuel research projects (Micro-Jet Project)
- Signatory of Global SAF Declaration



### Waste Management

- In-cabin waste separation
- Zero Waste Certificate
- Transformation to the Future Project



### Environmental Management

- IATA Environmental Assessment "First airline to directly obtain the Stage 2 Certificate"
- ISO 14001 Environmental Management System
- 9 LEED certified buildings



### In-flight Practices

- Offering wooden toys made from FSC certified forest products
- Reduction of all plastic covers from travel sets



### Sustainability Initiatives & Programs

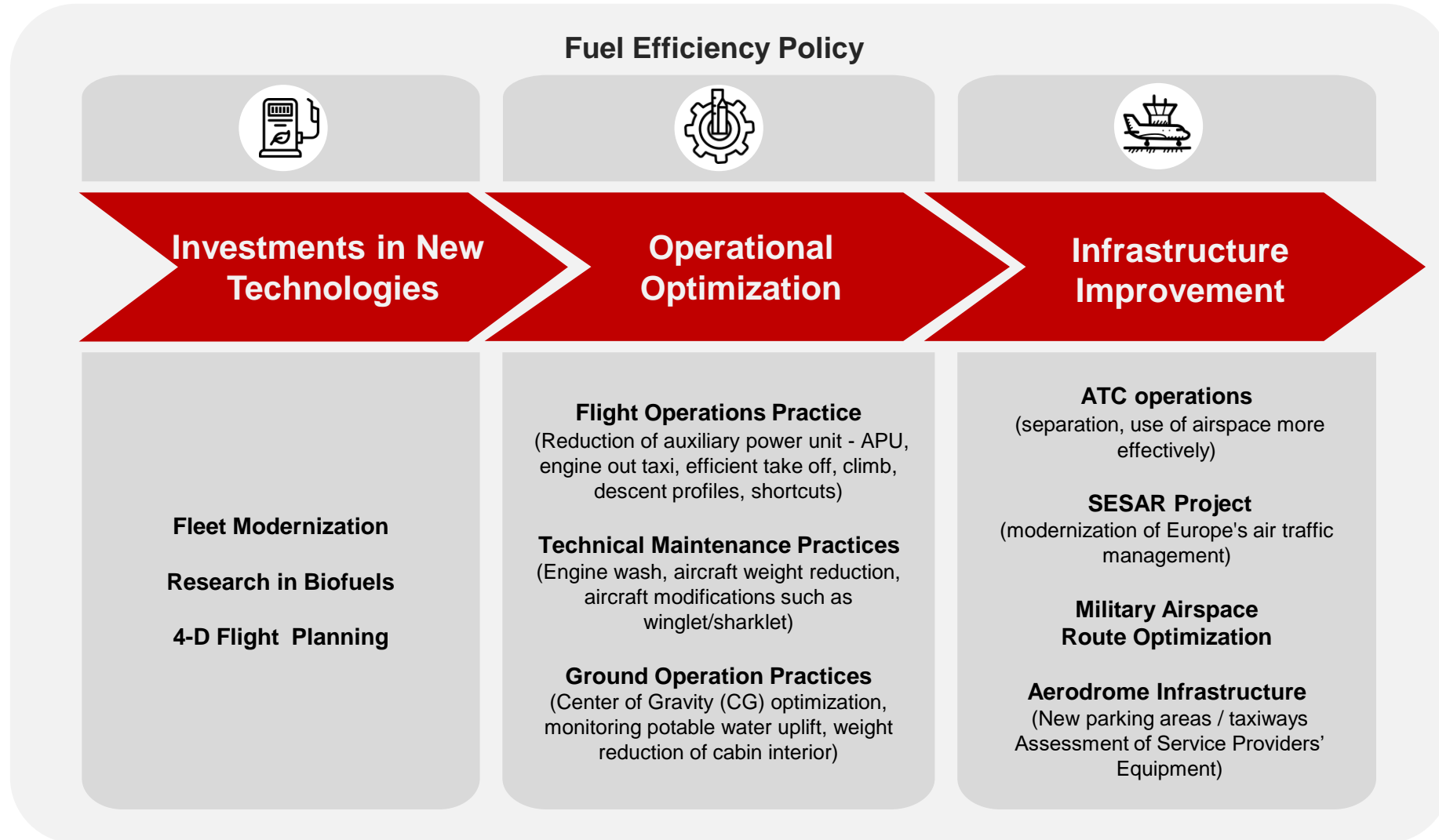
- UN Global Compact
- The Task Force on Climate Related Financial Disclosures (TCFD) Supporter
- Carbon Disclosure Project (CDP) Climate Change Program
- Türkiye Sustainable Aviation Alliance



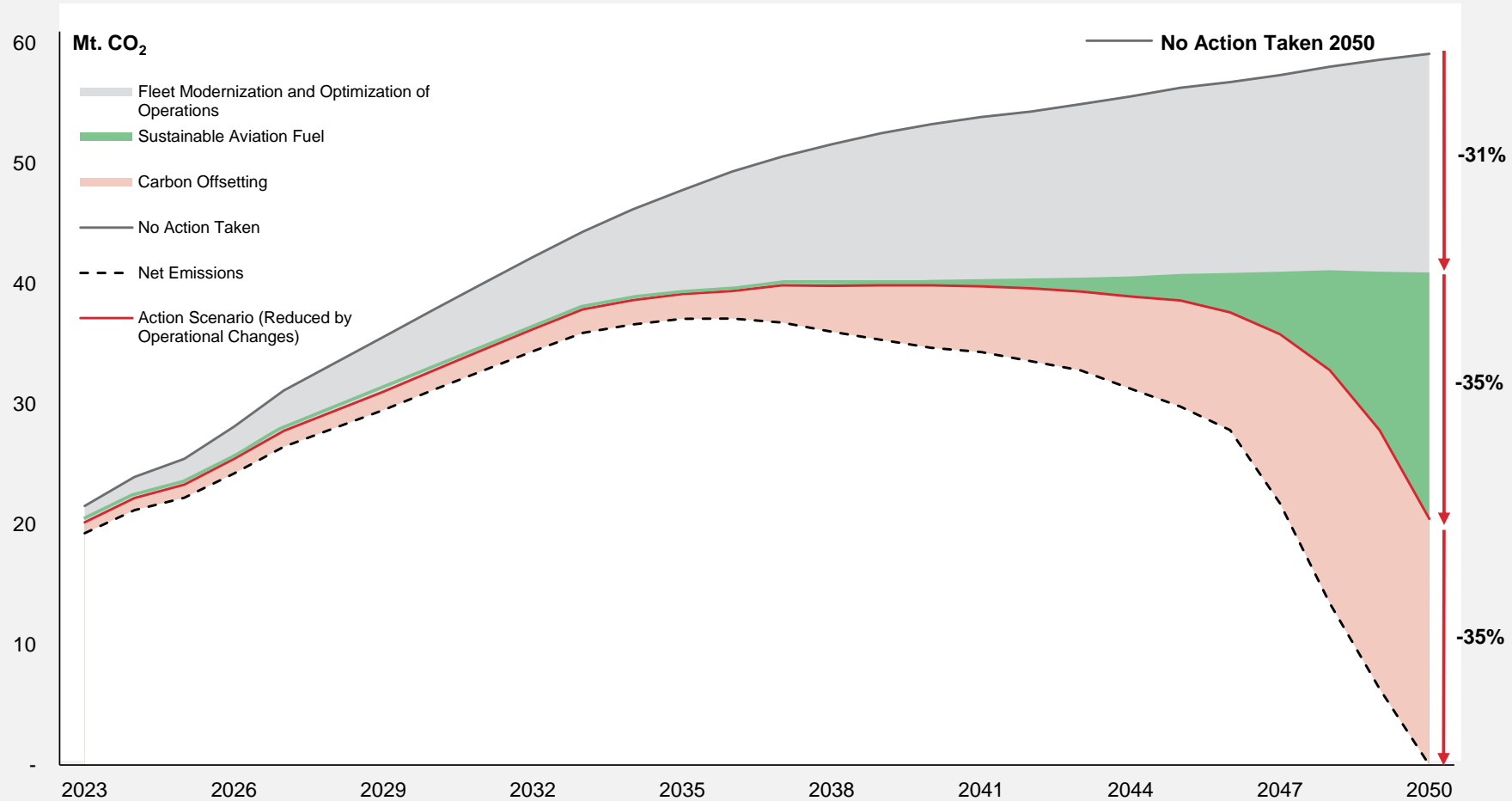
### Fair Employer

- Voluntarily supporting female employment by participating IATA's '25by2025' initiative
- Advancing Gender Balance

We are committed to optimize our fuel consumption



## Strategy to Achieve Carbon-Neutrality by 2050



### Fleet Modernization and Operational Optimization

- New generation aircraft consume 10-20% less fuel than older ones per unit capacity.
- By 2033, at least 95% of our fleet will be comprised of new generation aircraft.

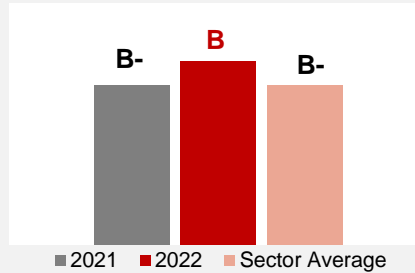
### Sustainable Aviation Fuel

- 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.

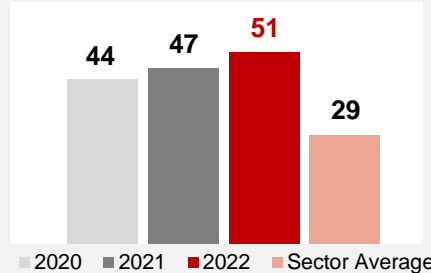
### Carbon Offsetting

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

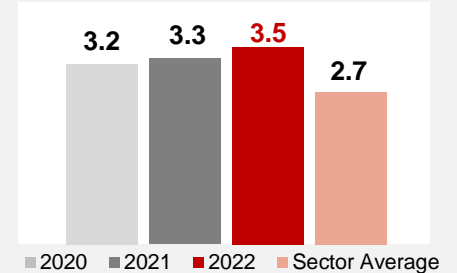
Our sustainability ratings indicate continuous improvement and above-industry performance



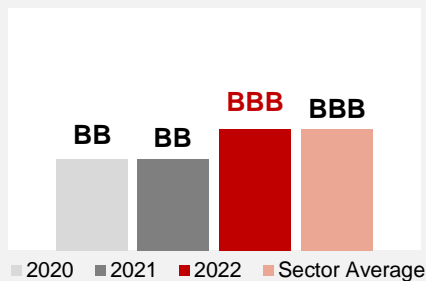
Rating scale: A to D- (from highest to lowest)



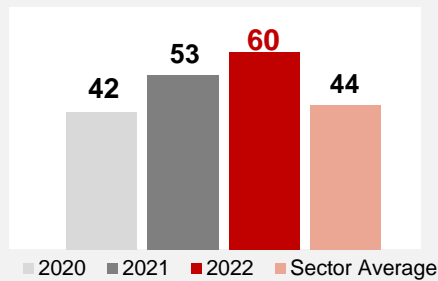
Rating scale: 100 to 0 (from highest to lowest)



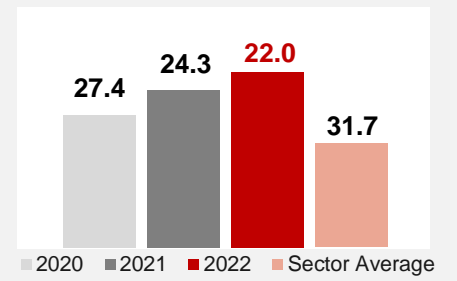
Rating scale: 5 to 0 (from highest to lowest)



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)



# **TURKISH AIRLINES**

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INVESTOR RELATIONS

e-mail: [ir@thy.com](mailto:ir@thy.com)

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