

TURKISH AIRLINES

2Q'15 Results Summary



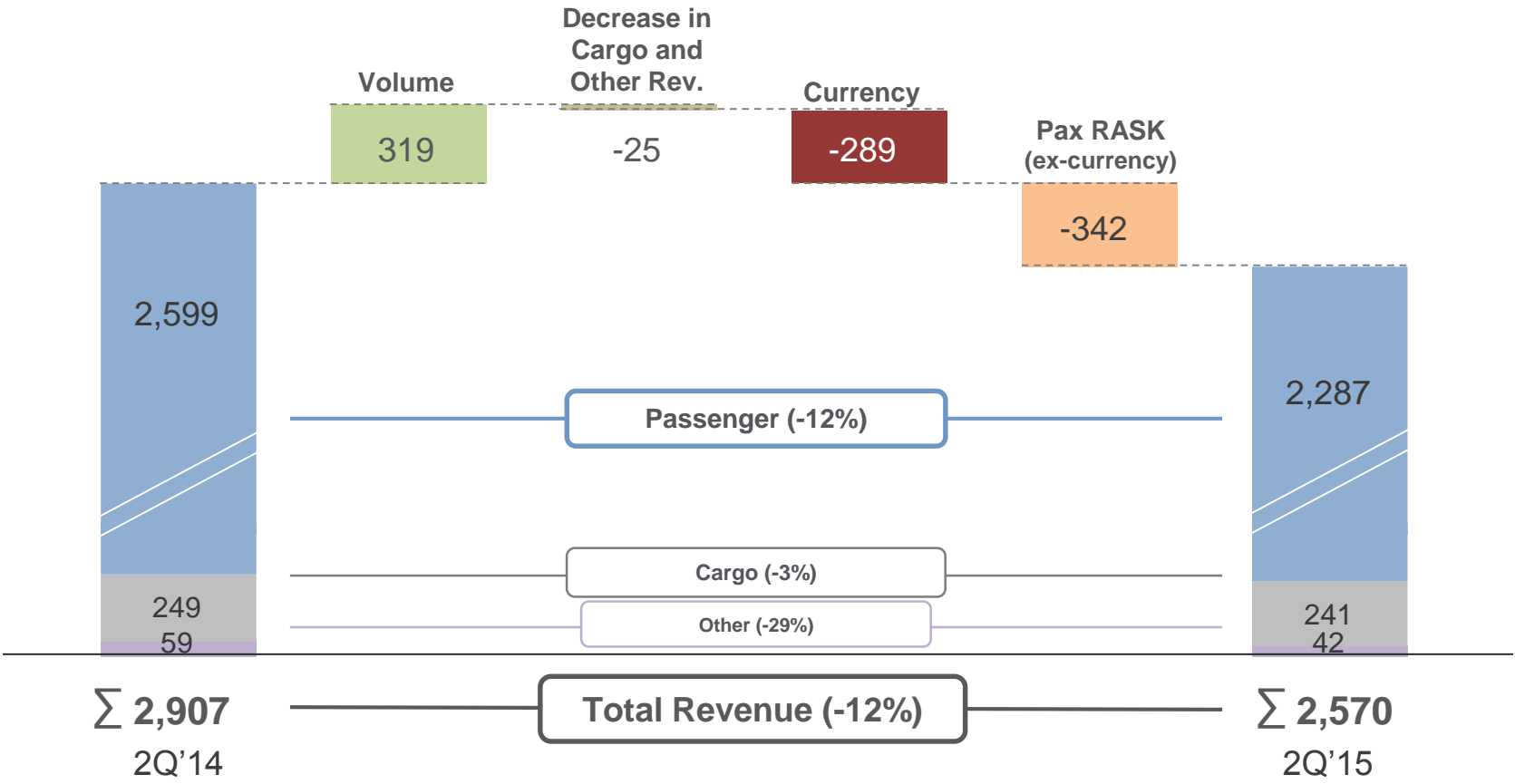
Key Financial Data

2Q'14	2Q'15	Change	(USD mn)	1H'14	1H'15	Change
2,907	2,570	-11.6%	Revenue	5,222	4,789	-8.3%
2,599	2,287	-12.0%	Passenger Revenue	4,619	4,228	-8.5%
208	120	-42.3%	Net Operating Profit	105	50	-52.4%
277	254	-8.3%	EBIT	198	234	18.2%
190	253	33.2%	Net Income	88	406	361.4%
6.5%	9.8%	3.3 pt	Net Income Margin	1.7%	8.5%	6.8 pt
591	600	1.4%	EBITDAR	814	923	13.5%
20.3%	23.3%	3.0 pt	EBITDAR Margin	15.6%	19.3%	3.7 pt

(USD mn)	2014	1H'15	Change
Net Debt	4,199	4,630	10.3%
Total Assets	13,746	15,709	14.3%

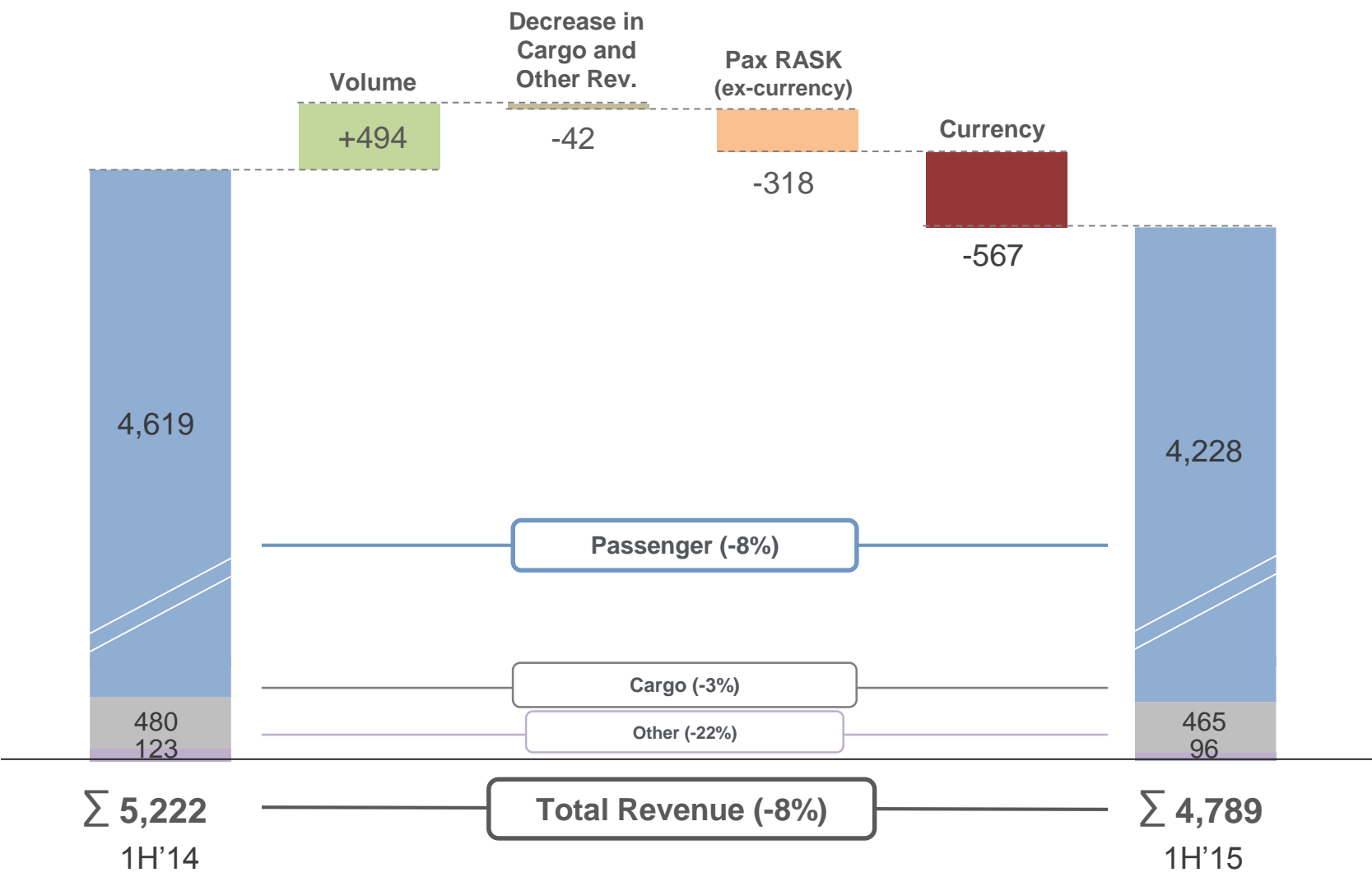
Revenue Development (2Q'14 vs 2Q'15)

(mn USD)

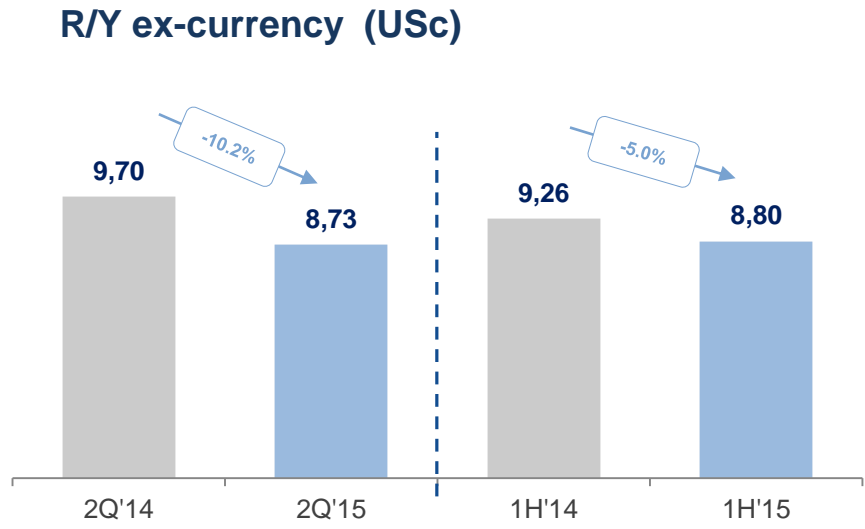
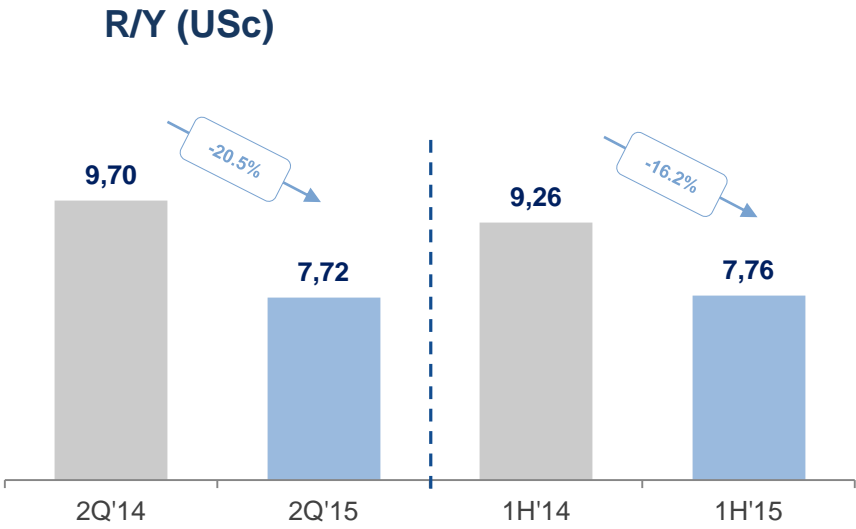
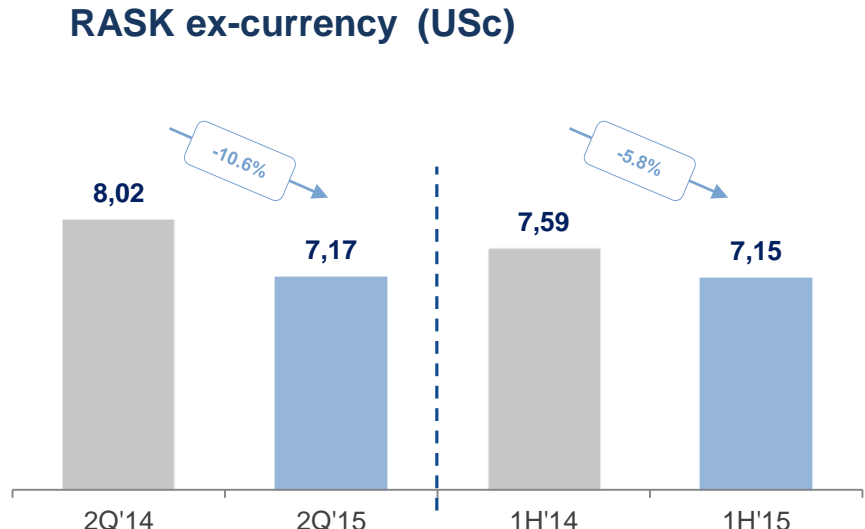
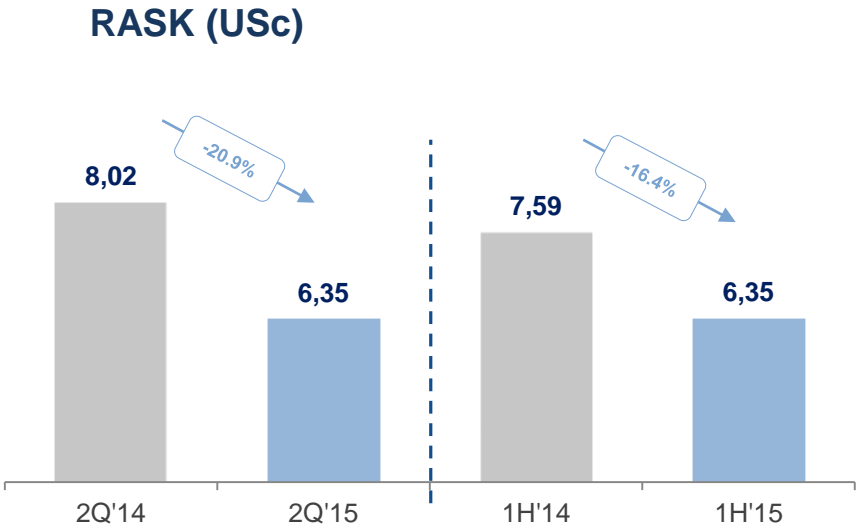


Revenue Development (1H'14 vs 1H'15)

(mn USD)



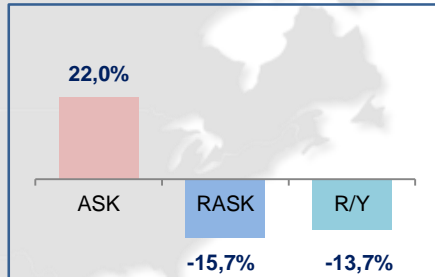
Scheduled Services Unit Revenue Development



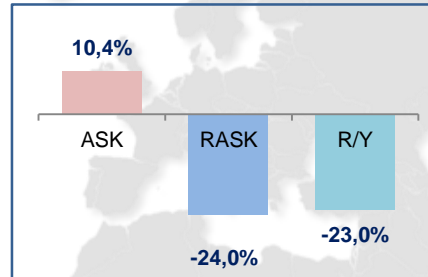
R/Y : Passenger Revenue / RPK (Scheduled)
RASK : Passenger and Cargo Revenue / ASK* (Scheduled)
* ASK value is adjusted for cargo operations.

Regional Yield Development in USD (2Q'14 vs 2Q'15)

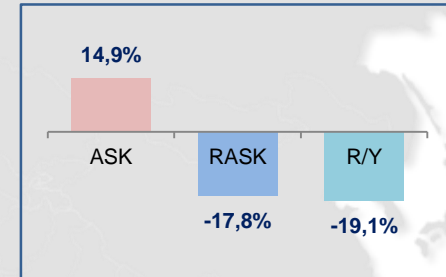
America



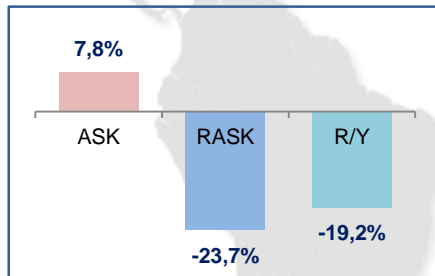
Europe & CIS



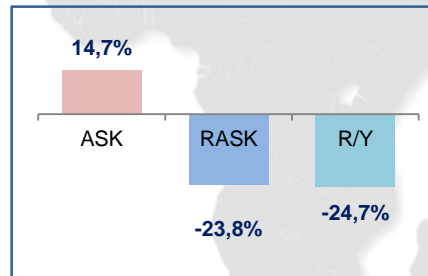
Asia / Far East



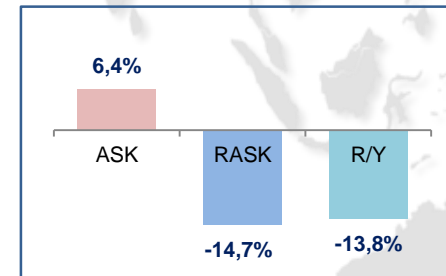
Africa



Domestic



Middle East



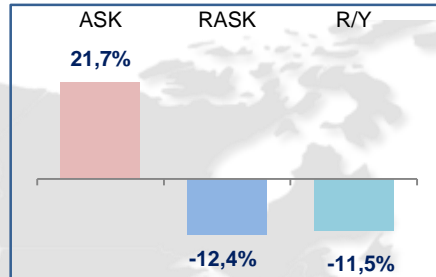
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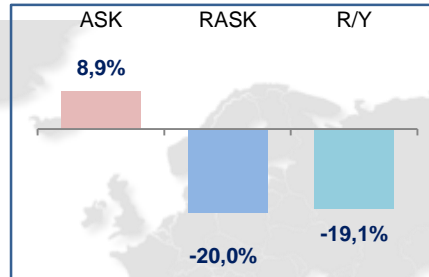
Regional Yield Development in USD (1H'14 vs 1H'15)

America



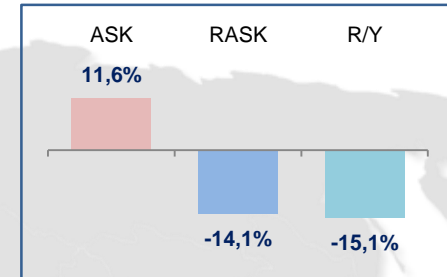
- Substantial capacity increase
- 2 New Routes (Boston, Montreal, San Francisco)
- Weaker beyond traffic to/from ME
- Increased market capacity

Europe & CIS



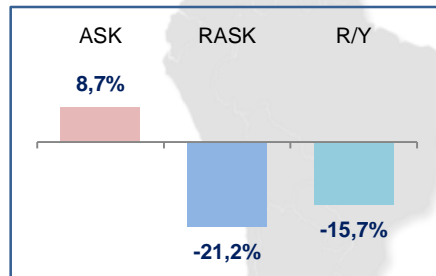
- Substantial capacity increase (esp. in Northern and Southern Europe)
- 10 new routes inc. SAW
- Local currency depreciations (Russia, Ukraine, Belarus, Azerbaijan)
- Weak beyond traffic to/from Africa, ME
- Weaker direct traffic due to Ramadan, elections and security concerns
- Donetsk, Simferopol suspended

Asia / Far East



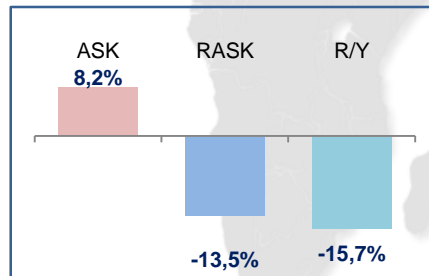
- 2 New Routes (Taipei and Manila)
- Nepal Earthquake in April
- MERS outbreak in South Korea
- Weak beyond and direct traffic trend from Japan continued
- Increased market capacity
- Depreciation of local currencies

Africa



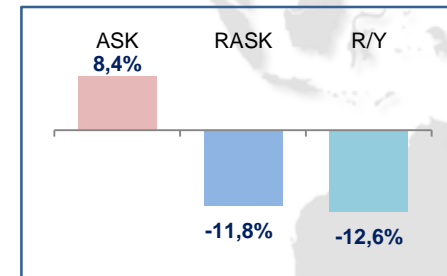
- 4 New Routes (Abuja-Nigeria and Bamako-Mali)
- Depreciation of local currencies
- Ebola and political instabilities
- Security issues in Tunisia, Nigeria, Kenya and Tanzania
- Tripoli, Misrata, Benghazi suspended

Domestic



- Substantial Capacity increase at SAW
- 6 new routes (Bursa,Kocaeli, Tokat, Ordu-Giresun, Uşak, Hakkari)
- Softer tourism demand from Russia, Ukraine, Japan implies less transfer, more local traffic
- Ramadan and elections in June
- Increased market capacity

Middle East



- 2 New Routes (Ahvaz-Iran)
- Weaker traffic to/from Israel, Iraq, Yemen, Jordan
- Musul, Sana'a, Aden suspended

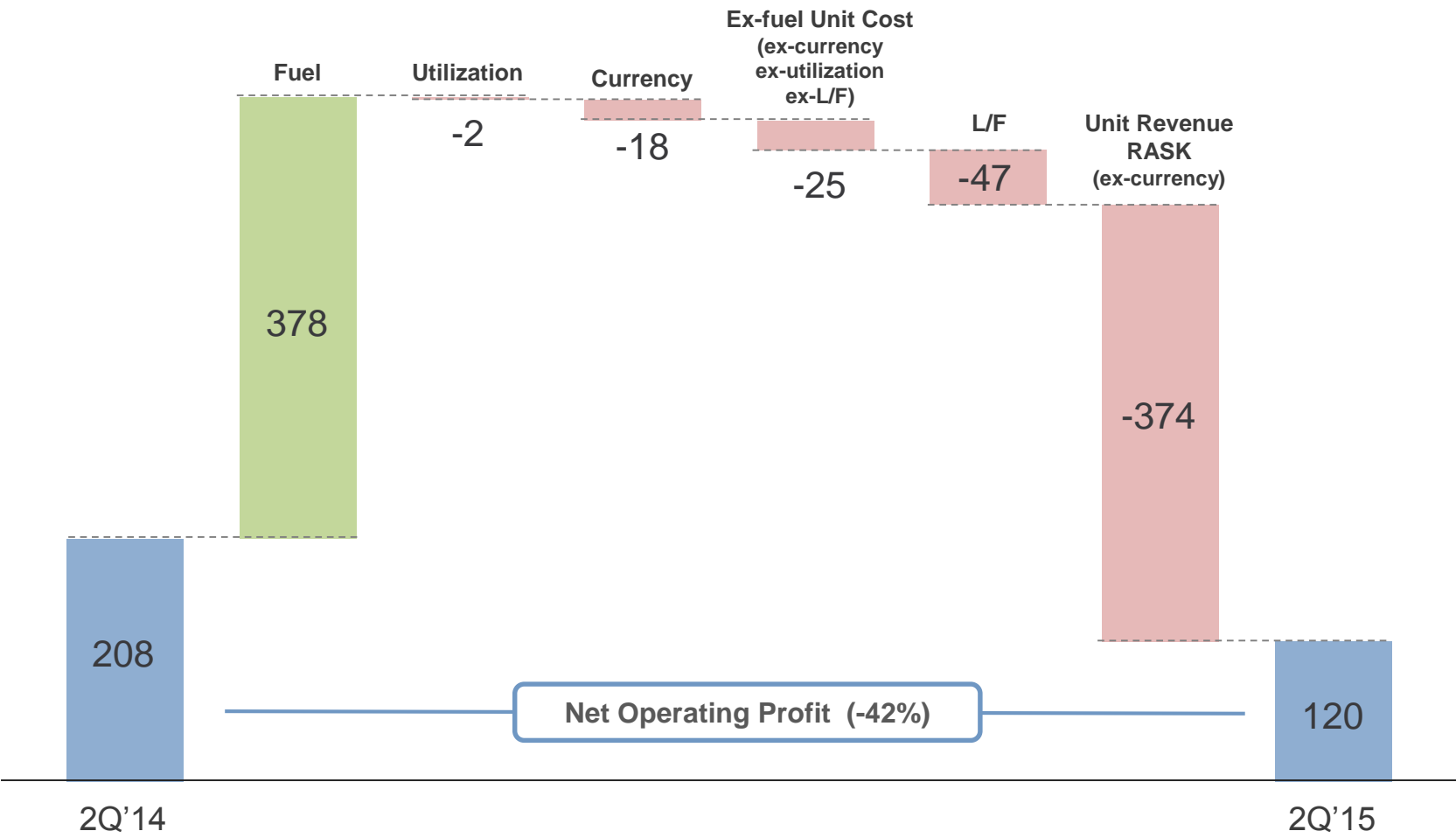
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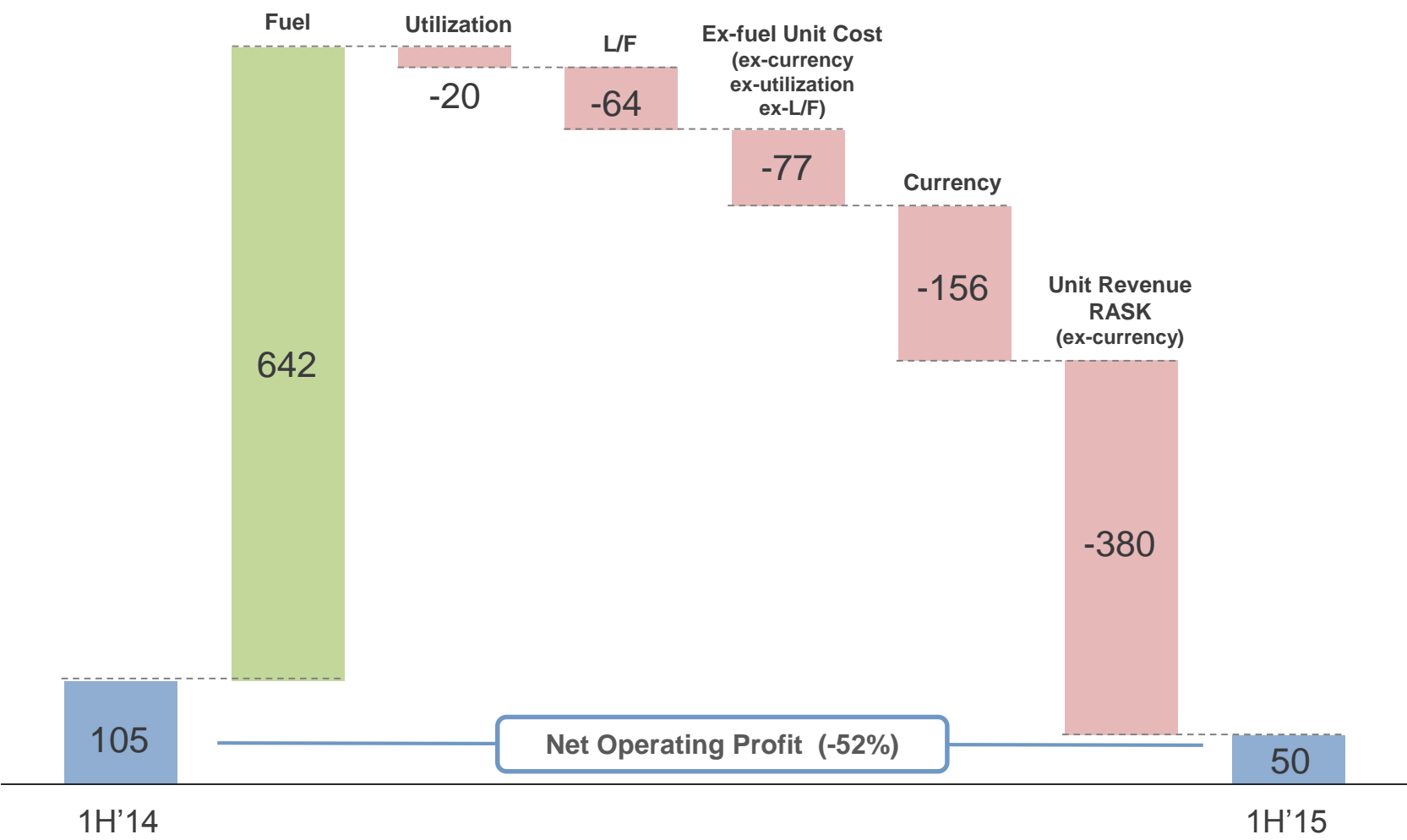
Net Operating Profit Bridge (2Q'14 vs 2Q'15)

(mn USD)



Net Operating Profit Bridge (1H'14 vs 1H'15)

(mn USD)



Operational Expense Breakdown

2Q'14	2Q'15	Change	(mn USD)	1H'14	1H'15	Change
998	755	-24.3%	Fuel	1,885	1,475	-21.8%
430	409	-4.9%	Personnel	831	820	-1.3%
326	344	5.5%	Aircraft Ownership	628	658	4.8%
246	230	-6.5%	Airports & Air Navigation	465	433	-6.9%
232	236	1.7%	Sales & Marketing	425	436	2.6%
158	157	-0.6%	Ground Handling	303	301	-0.7%
137	146	6.6%	Passenger Services & Catering	263	283	7.6%
108	112	3.7%	Maintenance	201	207	3.0%
27	20	-25.9%	General Administration	45	44	-2.2%
37	41	10.8%	Other Cost of Sales	71	82	15.5%
2,699	2,450	-9.2%	TOTAL	5,117	4,739	-7.4%

ASK Growth: %11.8

ASK Growth: %10.1

CASK Breakdown

2Q'14	2Q'15	Change	(USc)	1H'14	1H'15	Change
2.93	1.99	-32.3%	Fuel	2.93	2.09	-28.9%
1.26	1.08	-14.9%	Personnel	1.29	1.16	-10.3%
0.96	0.90	-5.6%	Aircraft Ownership	0.98	0.93	-4.8%
0.72	0.60	-16.3%	Airports & Air Navigation	0.72	0.61	-15.4%
0.68	0.62	-9.0%	Sales & Marketing	0.66	0.62	-6.8%
0.46	0.41	-11.1%	Ground Handling	0.47	0.43	-9.7%
0.40	0.38	-4.7%	Passenger Services & Catering	0.41	0.40	-2.2%
0.32	0.29	-7.2%	Maintenance	0.31	0.29	-6.4%
0.08	0.05	-33.7%	General Administration	0.07	0.06	-11.2%
0.11	0.11	-0.9%	Other Cost of Sales	0.11	0.12	4.9%
7.93	6.44	-18.8%	TOTAL	7.96	6.70	-15.9%

CASK ex-currency change: **-3,5%**

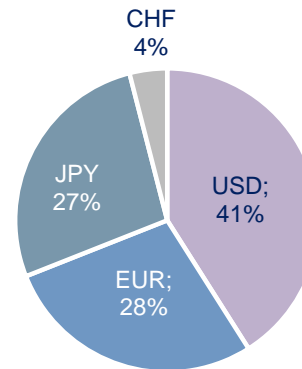
Selected KPI's

2Q'14	2Q'15	Change		1H'14	1H'15	Change
1,056	702	-33.5%	Fuel Price (Usd/ton)	1,060	738	-30.4%
3.47	3.54	1.8%	Fuel Consumption (lt) per 100 ASK	3.46	3.53	2.2%
1,104	1,059	-4.0%	Aircraft Ownership Cost per BH	1,120	1,085	-3.1%
366	345	-5.7%	Maintenance Cost per BH	358	341	-4.8%
1,429	1,313	-8.1%	Handling Cost per Landing	1,482	1,387	-6.4%
1,250	1,088	-12.9%	Airports & Air Navigation Cost per km Flown	1,230	1,073	-12.7%
9.68	9.33	-3.6%	Passenger Services & Catering Cost per Pax	10.02	9.94	-0.8%
8.9%	10.3%	1.4 pt	Sales & Marketing Cost / Passenger Revenue	9.2%	10.3%	1.1 pt

Risk Management Contribution to Net Profit

USD (in Million)	30.06.2015	
Net Operational Profit	50	
Other Operational Income/Expense		176
Share of Subsidiaries Profit/Loss		12
Operating Profit	238	
FX Gains from Financing Activities (1)		331
FX Gains on Currency Hedging (2)		92
Interest Income		8
Interest Expense		-80
Other Financial Income/Expense		-17
Profit Before Tax	572	
Tax		-166
Net Profit	406	

1) Balanced and Diversified Debt Structure



FX gains rise from depreciation of EUR and JPY against USD, hence lowering USD debt levels.

2) Currency Hedging to offset Fuel Hedging

- Hedging short position on USD and TRY for 24 Months
- Target hedge levels: 30% for TRY, 25-35% for USD
- **Current currency hedging levels:**
 - EURUSD: 2H'15: %23 of total USD short position
 - EURTRY: 2H'15: %27 of total TRY short position

Capacity growth:

- 21 net fleet additions completed in 1H'15, 18 more net additions in 2H'15
- Capacity growth in 2H'15 yoy will be 19% driven mostly by America, ME and Domestic
- 2015FY capacity growth guidance maintained : 15%

Forward booking trends indicate:

- Better demand outlook for 3Q'15 (peak season including both religious holidays, positive base effect)
- Yield pressures in constant currency to soften but continue in 2H'15
- Declining currency effect from September onwards

2015FY Updated Assumptions

	Previous	Update
Average USD/TRY	2,37	2,68
Average EUR/USD	1,18	1,10
Fuel Cost (USD/Ton)	804	706

2015FY Updated Guidance

- Total Revenue close to 11 Billion USD
- EBITDAR nominal figure and margin improvement

Long-term average
EBITDAR Margin target
maintained : **18%**

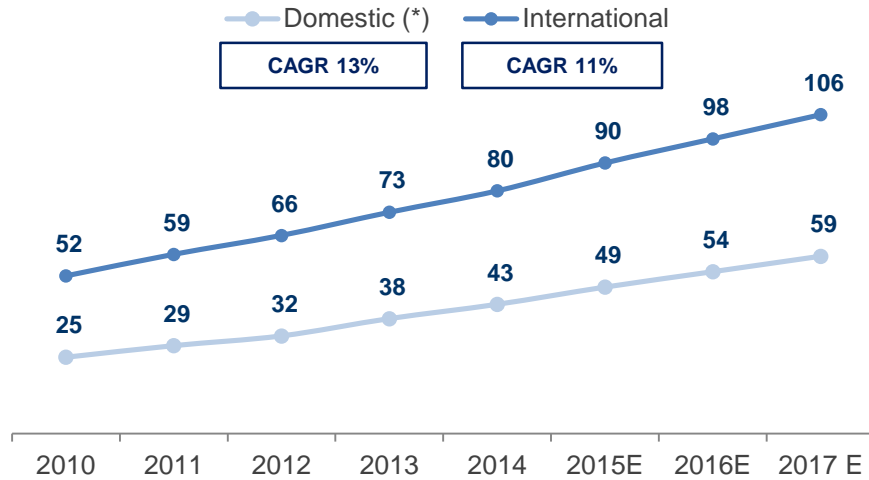
TURKISH AIRLINES

1H'15 Results



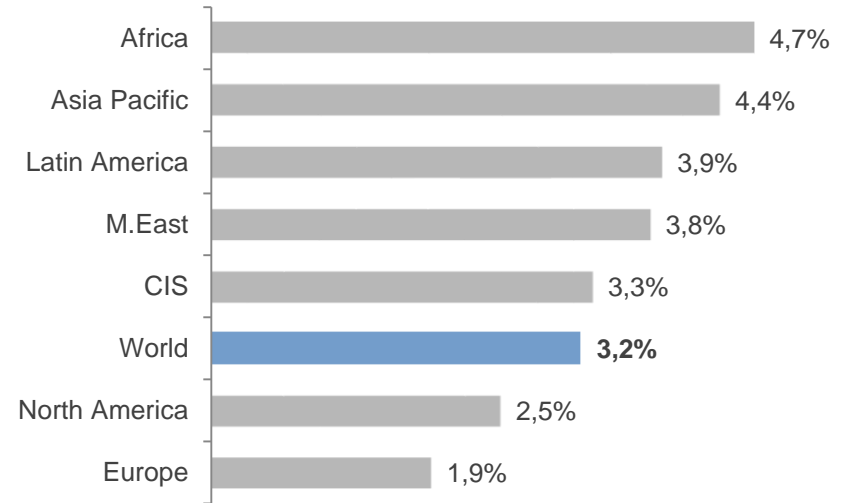
Aviation Market & Economy

Turkish Market Growth (mn pax)

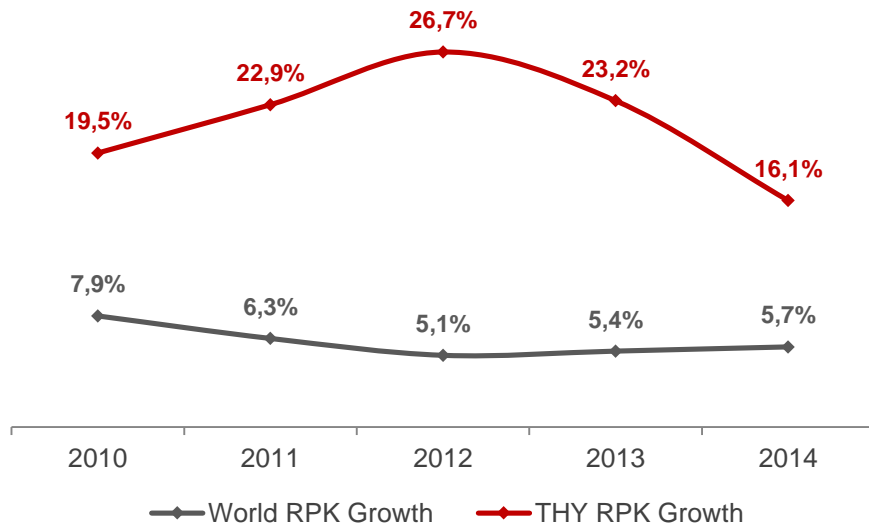


Source: General Directorate of State Airports Authority (DHMI)
 (*): Adjusted for double count on Domestic Pax

Annual GDP Growth Forecast (2013-2033)

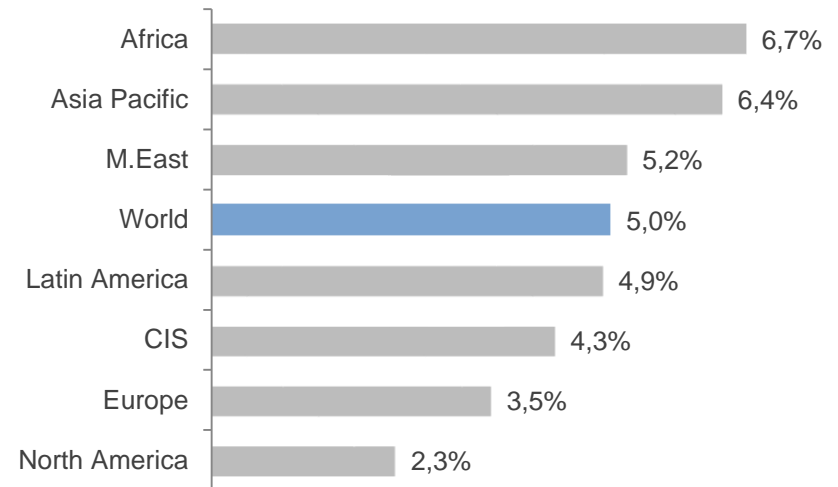


RPK Growth %



Source: IATA

Annual RPK Growth Forecast (2013-2033)

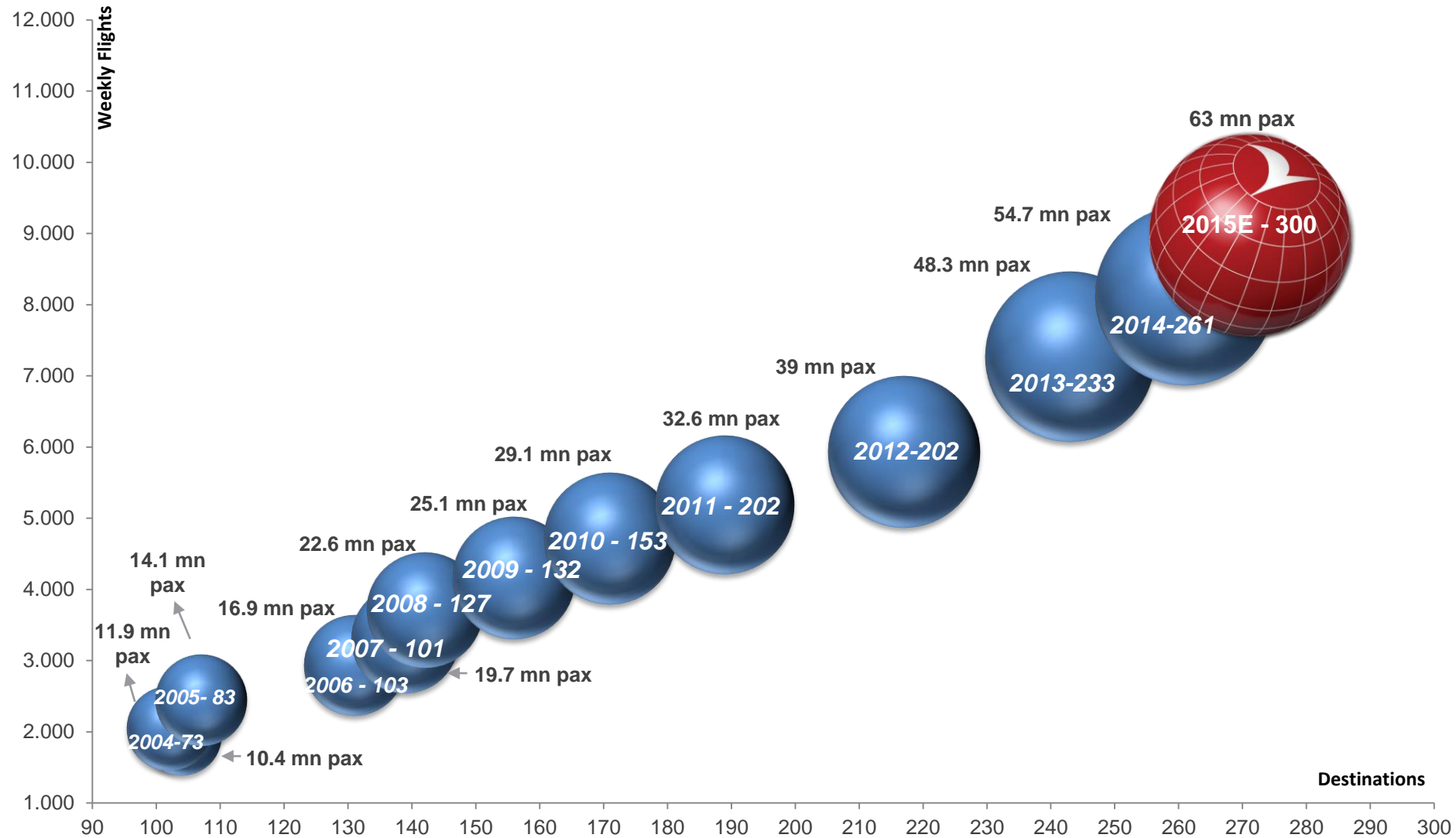


Source: Boeing Current Market Outlook

WIDEN YOUR WORLD



Turkish Airlines Diagonal Growth



Destinations: 228* International, 48 Domestic Lines in 110 Countries

EUROPE							
42 COUNTRIES, 106 CITIES							
Germany	368	Spain	76	Hungary	28	Moldova	7
Frankfurt	52	Barcelona	28	Budapest	28	Chisinau	7
Berlin	46	Madrid	21	Bulgaria	25	Poland	5
Munich	46	Malaga	10	Sofia	14	Warsaw	5
Stuttgart	45	Bilbao	7	Varna	11	Belarus	4
Düsseldorf	38	Valencia	7	Romania	25	Mnsk	4
Hamburg	35	Santiago de C.	3	Bucharest	21		
Cologne	28	Northern Cyprus	66	Constanta	4		
Hanover	24	Lefkosa	66	Czech Rep.	21		
Nuremberg	21	Switzerland	63	Prague	21		
Bremen	10	Zurich	28	Bosnia	18		
Friedrichshafen	7	Geneva	21	Sarajevo	18		
Leipzig	7	Basel	14	Finland	18		
Münster	5	Austria	54	Helsinki	18		
Baden-Baden	4	Vienna	40	Norway	18		
Italy	157	Salzburg	10	Oslo	18		
Milan	35	Graz	4	Albania	14		
Rome	35	Ukraine	46	Tirana	14		
Venice	25	Kiev	16	Croatia	14		
Bologna	17	Odessa	11	Zagreb	14		
Naples	14	Simferopol	7	Ireland	14		
Catania	9	Dnepropetrovsk	5	Dublin	14		
Turin	7	Kherson	4	Kosovo	14		
Genoa	5	Lviv	3	Pristina	14		
Pisa	5	Donetsk	0	Macedonia	14		
Bari	5	Azerbaijan	45	Skopje	14		
France	94	Baku	35	Serbia	14	Future Routes	
Paris	42	Ganja	7	Belgrade	14		
Lyon	14	Nakhichevan	3	Portugal	18	Azerbaijan	
Nice	14	Netherlands	45	Lisbon	14	Lankeran	
Marseille	10	Amsterdam	38	Porto	4	Poland	
Toulouse	7	Rotterdam	7	Malta	13	Krakow	
Bordeaux	7	Belgium	42	Malta	13	France	
United Kingdom	92	Brussels	42	Montenegro	10	Nantes	
London	59	Denmark	42	Podgorica	10	Germany	
Manchester	21	Copenhagen	28	Slovenia	10	Kassel	
Birmingham	12	Aalborg	7	Ljubljana	10	Ukraine	
Russia	90	Billund	7	Scotland	9	Kharkiv	
Moscow	42	Georgia	38	Edinburg	9	Zaporizhia	
Sochi	10	Tbilisi	28	Estonia	7	Spain	
Kazan	7	Batumi	10	Tallinn	7	La Coruna	
St. Petersburg	7	Greece	35	Latvia	7	Russia	
Ufa	6	Athens	21	Riga	7	Makhachkala	
Rostov	4	Thessaloniki	14	Lithuania	7		
Astrakhan	4	Sweden	35	Vilnius	7		
Ekaterinburg	4	Stockholm	21	Luxemburg	7		
Novosibirsk	3	Göteborg	14	Luxembourg	7		
Stravropol	3						

AFRICA			
28 COUNTRIES, 44 CITIES			
Egypt	42	Sudan	7
Cairo	21	Khartoum	7
Alexandria	7	Uganda	7
Hurghada	7	Entebbe	7
Sharmel-Sheikh	7	Burkina Faso	6
Algeria	35	Ougadougou	6
Algiers	21	Mauritania	6
Oran	7	Nouakchott	6
Constantine	3	Senegal	6
Tlemcen	2	Dakar	6
Batna	2	Congo	5
Nigeria	16	Kinshasa	5
Lagos	7	Gabon	5
Abuja	5	Libreville	5
Kano	4	Niger	5
Cameroon	14	Niamey	5
Douala	7	Cote D'Ivoire	4
Yaounde	7	Abidjan	4
Kenya	14	Chad	4
Mombasa	7	N'Djamena	4
Nairobi	7	Benin	4
South Africa	14	Cotonou	4
Cape Town	7	Eritrea	3
Johannesburg	7	Asmara	3
Tanzania	14	Mali	3
Dar Es Selaam	7	Bamako	3
Kilimenjaro	7		
Tunisia	14		
Tunis	14		
Djibouti	7	Future Routes	
Djibouti	7		
Ethiopia	7	Angola	
Addis Ababa	7	Luanda	
Ghana	7	Egypt	
Accra	7	Aswan	
Libya	7	Luxor	
Misurata	7	Guinea	
Benghazi	-	Conarky	
Sebha	-	Madagascar	
Tripoli	-	Antananarivo	
Morocco	7	Mauritius	
Casablanca	7	Port Louis	
Rwanda	7	Mozambique	
Kigali	7	Maputo	
Somalia	7	Rep. Of South Africa	
Mogadishu	7	Durban	
		South Sudan	
		Juba	

MIDDLE EAST			
13 COUNTRIES, 34 CITIES			
Saudi Arabia	97	Lebanon	2
Jeddah	28	Beirut	2
Madinah	21	UAE	1
Dammam	17	Dubai	1
Riyadh	14	Abu Dhabi	
Yanbu	10	Jordan	1
El Qassim	4	Amman	1
Taif	3	Akabe	
Iran	67	Qatar	1
Tehran	33	Doha	1
Mashad	7	Yemen	
Shiraz	7	Aden	
Tabriz	7	Sanaa	
Isfahan	5	Bahrain	1
Kermanshah	4	Bahrain	1
Ahvaz	4	Oman	
Israel	56	Muscat	
Tel Aviv	56	Syria	
Iraq	51	Aleppo	
Baghdad	14	Damascus	
Erbil	14		
Basra	10		
Sulaymaniyah	8		
Najaf	5	Future Routes	
Mosul	0		
Kuwait	42	Saudi Arabia	
Kuwait	42	Abha	

AMERICAS			
4 COUNTRIES, 11 CITIES			
USA	61	Brazil	
New York	21	Sao Paulo	
Boston	7		
Chicago	7		Future Routes
Houston	7		USA
Los Angeles	7		Atlanta
Washington	7		Miami
San Francisco	5		Colombia
Canada	9		Bogota
Toronto	6		Cuba
Montreal	3		Havana
Argentina	7		Mexico
Buenos Aires	7		Mexico City
			Venezuela
			Caracas

FAR EAST			
22 COUNTRIES, 33 CITIES			
China	34	Bangladesh	7
Beijing	7	Dhaka	7
Guangzhou	7	Indonesia	
Shanghai	7	Jakarta	7
Taipei	7	Maldives	7
Hong Kong	6	Male	7
Japan	21	Malaysia	7
Tokyo	14	Kuala Lumpur	7
Osaka	7	Nepal	7
Kyrgyzstan	19	Kathmandu	7
Bishkek	15	Singapore	7
Osh	4	Singapore	7
Kazakhstan	15	Sri Lanka	7
Almaty	10	Colombo	7
Astana	5	Uzbekistan	7
India	14	Tashkent	7
Mumbai	7	Vietnam	7
New Delhi	7	Ho Chi Minh	7
Pakistan	14	Philippines	3
Karachi	7	Manila	3
Islamabad	4	Mongolia	3
Lahore	3	Ulaanbaatar	3
Thailand	14	Tajikistan	3
Bangkok	14	Dushanbe	3
Turkmenistan	14		
Ashgabad	14		
South Korea	11		
Seoul	11		
Afghanistan	10		
Kabul	7		
Mazar-i Sharif	3		

DOMESTIC
48 CITIES

Routes Opened in 2015	
Ahvaz	Manila
Abuja	Taipei
San Francisco	Bari
Porto	Kocaeli
Bamako	Ordu - Giresun
Graz	Tokat
Baden-Baden	Usak

* As of 30.06.2015

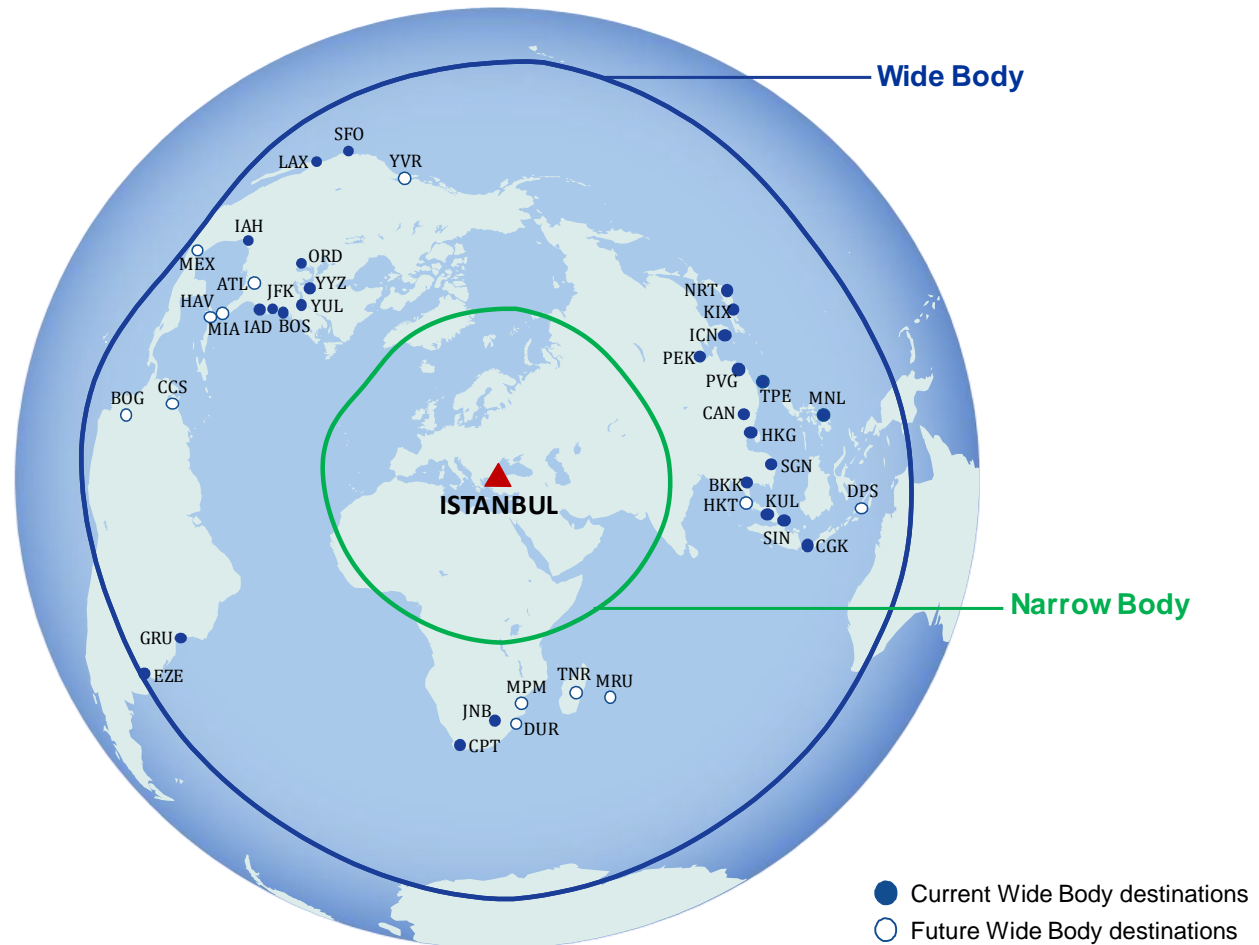
Turkish Airlines reaches 76% of all destinations at least daily

Geographical Advantage

Narrow Body Range capability to and from Istanbul

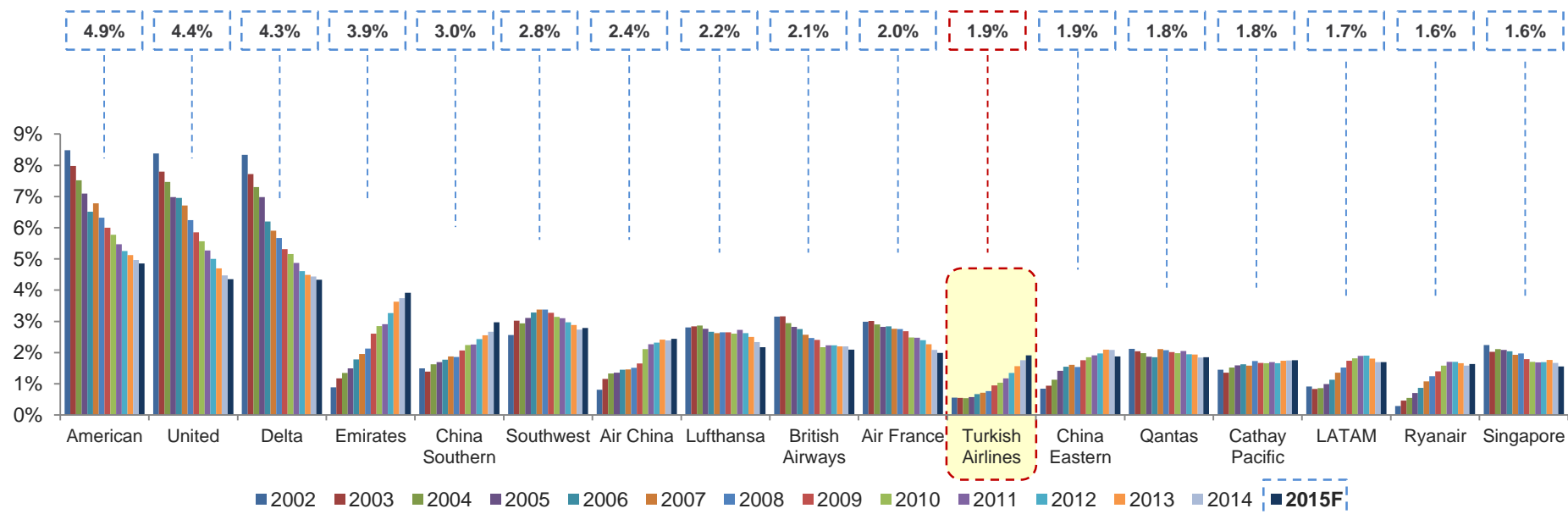
With full passenger payload

- ✓ 195 out of 228 international destinations
- ✓ More than 40% of world-wide international traffic
- ✓ Over 60 national capitals
- ✓ All of Europe, Middle East, Central Asia and North and East Africa

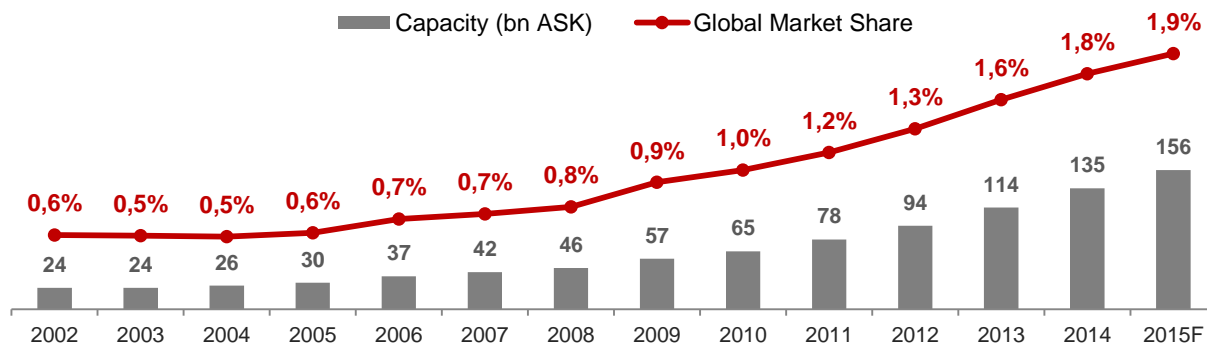


Global Market Share Gains

Global Market Share Trends (in ASK)



Turkish Airlines Market Share Development

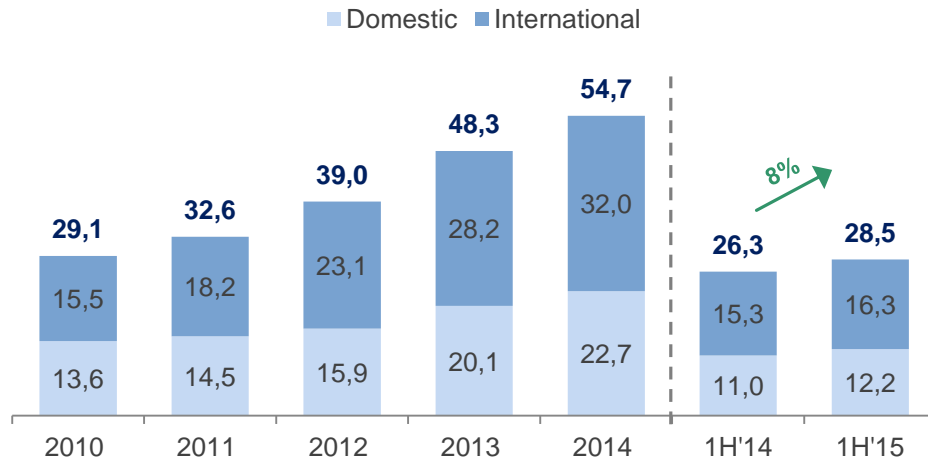


Notes: For US carriers regional flights are excluded. Wholly owned subsidiaries are included in the calculation. 2015 capacities are obtained from OAG on 5 August 2015.

Source: 2002 ICAO, 2003-2014 IATA, 2015F OAG, company reports, sorted by 2015F ASK values.

Passenger Traffic (1H'15)

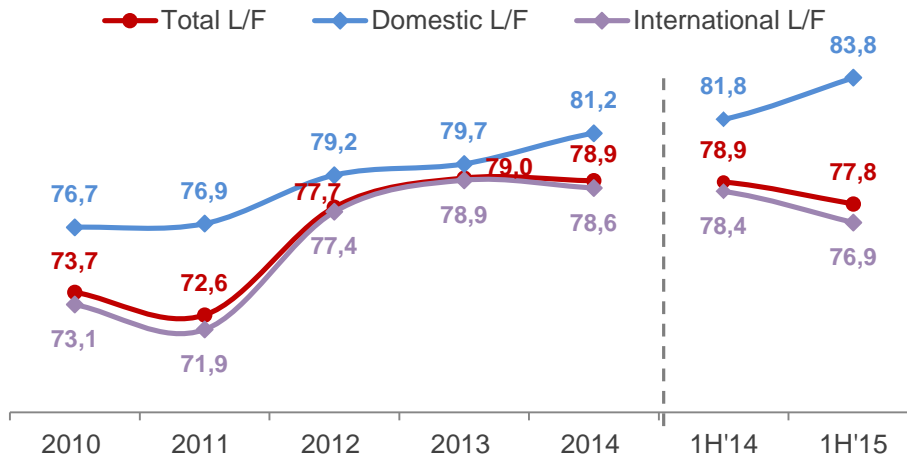
Total Passengers (mn)



THY Passenger Traffic

1H'15 vs 1H'14		
Landing	up by	6.2%
ASK	up by	10.1%
RPK	up by	8.6%
Passenger #	up by	8.5%
L/F	down by	-1.0 pt

Load Factor (L/F %)

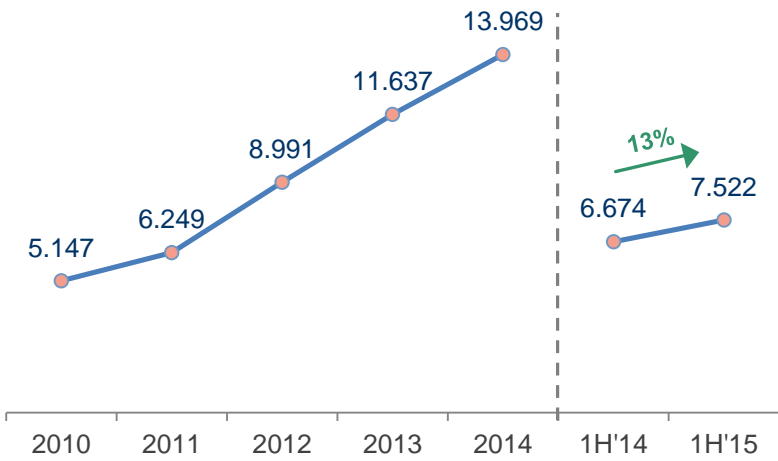


Annual Changes (%)

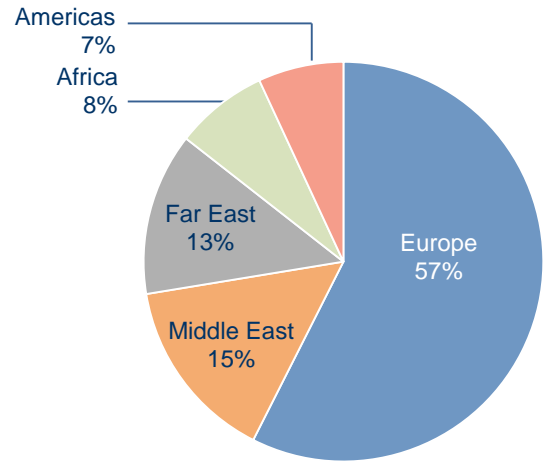
	2010	2011	2012	2013	2014
ASK	15%	25%	18%	21%	16%
RPK	19%	23%	27%	23%	16%
PAX	16%	12%	20%	24%	13%
L/F (Pt)	2.8	-1.1	5.1	1.4	-0.1

Passenger Breakdown (1H'15)

Int'l to Int'l Transfer Passengers ('000)

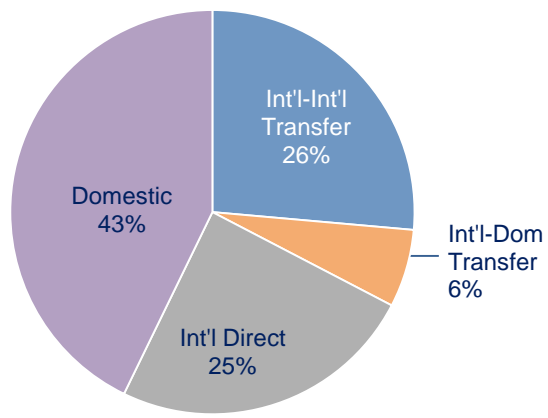


Int'l Passenger Breakdown by Geography



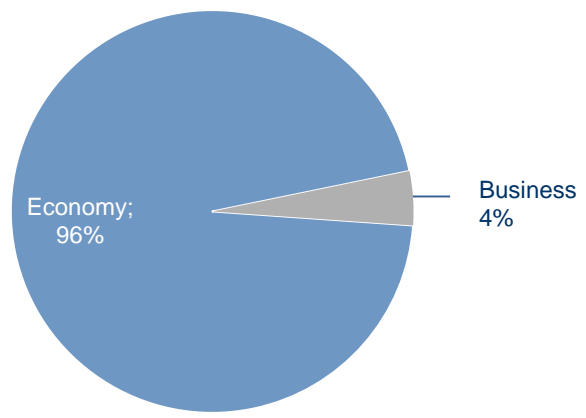
Note: Includes only scheduled passengers.

Passenger Breakdown by Transfer Type



Note: Int'l to int'l transfer passengers' share in total international passengers is 46%.

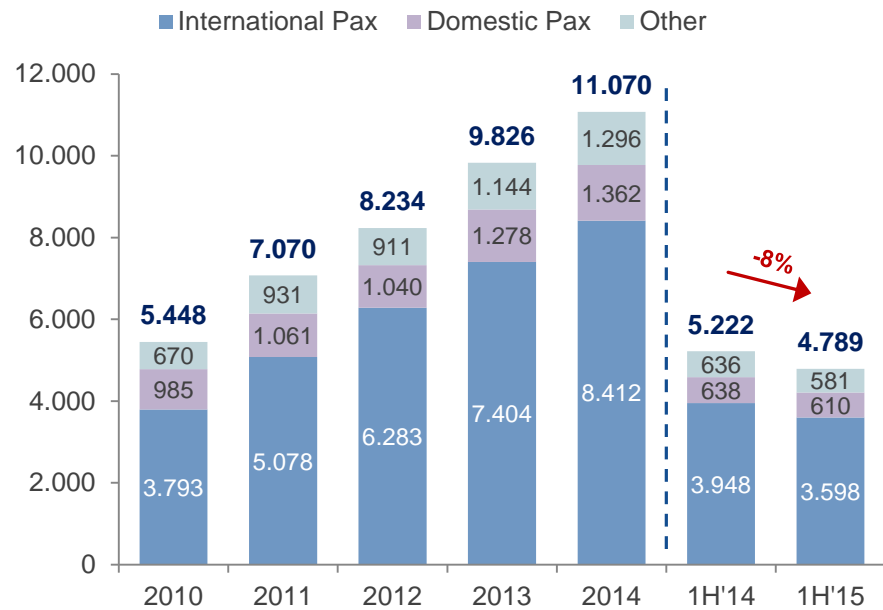
Passenger Breakdown by Cabin Class



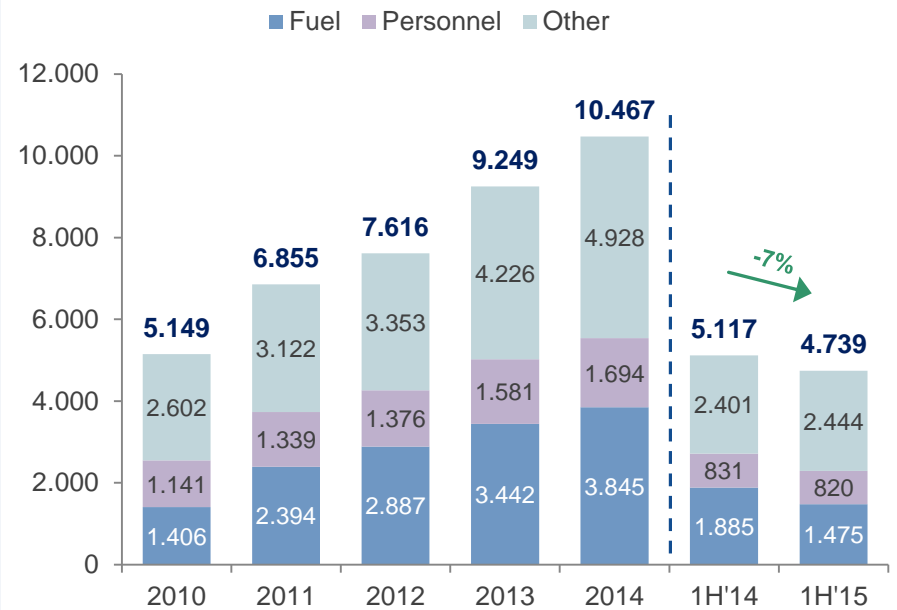
Note: Includes only scheduled passengers. Business class passengers include comfort class passengers. (0.4 % of total number of passengers)

Total Revenue and Expenses (1H'15)

Revenue (mn USD)



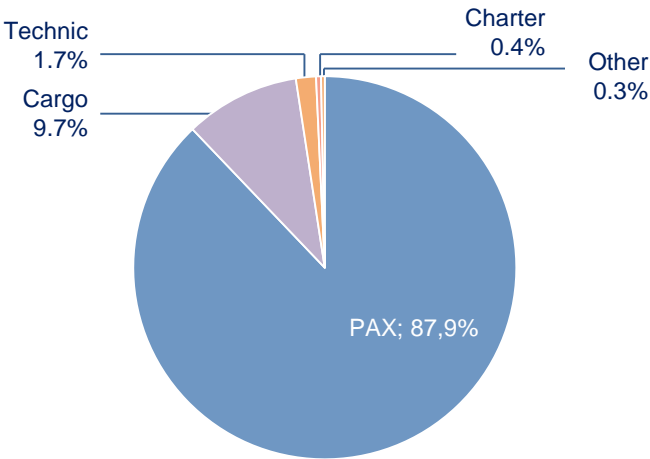
Expenses (mn USD)



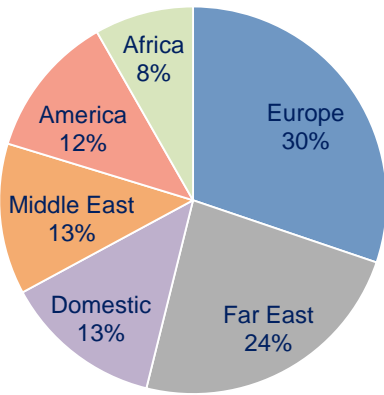
Note: Other revenue includes cargo, charter and other revenue

Revenue Breakdown (1H'15)

Revenue by Business Type

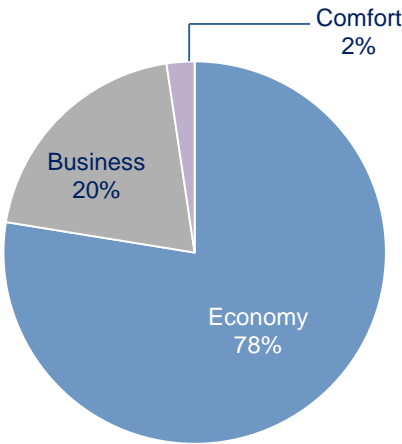


Revenue* by Geography

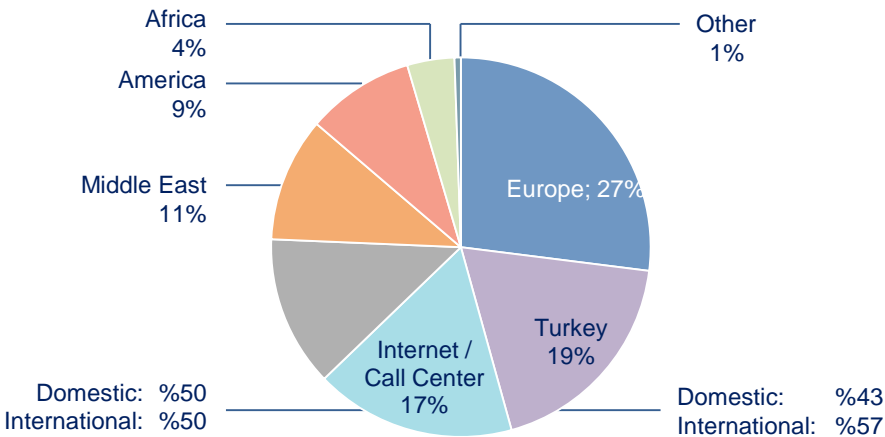


Note: Includes scheduled passenger and cargo revenue

Revenue by Passenger Class



Revenue by Point of Sale

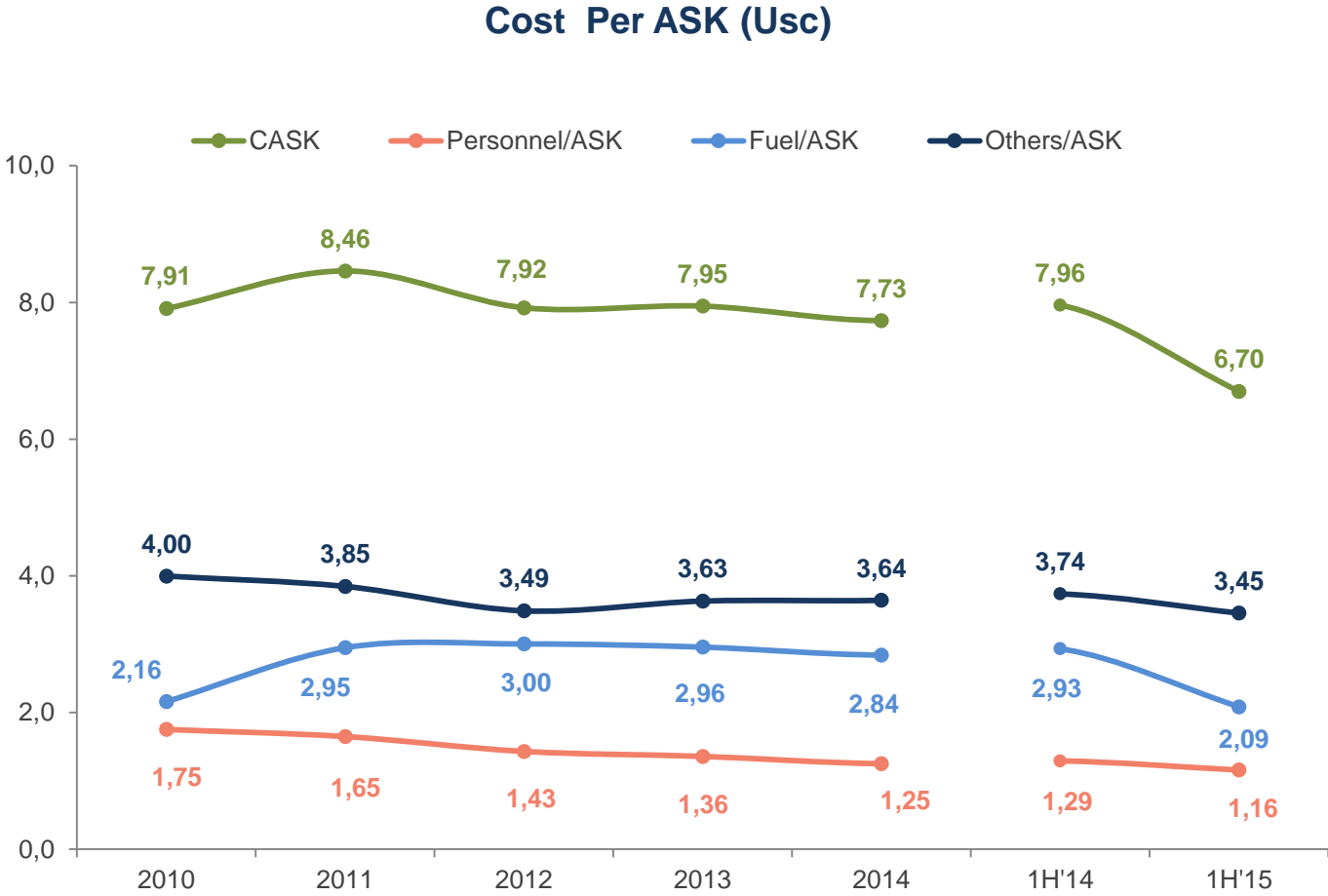


Note: Includes only scheduled passenger revenue

Operational Expense Breakdown

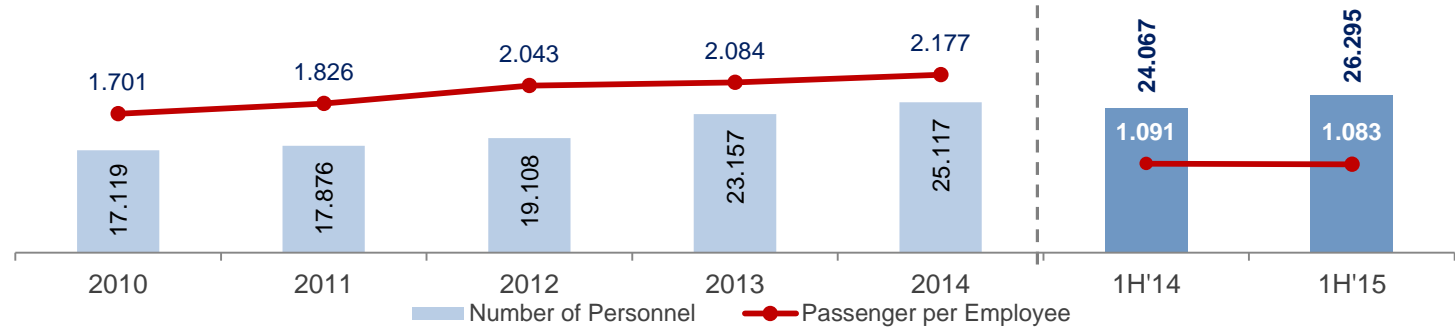
(mn USD)	1H'14	% in Total	1H'15	% in Total	YoY Change
Fuel	1,885	36.8%	1,475	31.1%	-21.8%
Personnel	831	16.2%	820	17.3%	-1.3%
Landing, Navigation & Air Traffic	465	9.1%	433	9.1%	-6.9%
Landing and navigation	203	4.0%	195	4.1%	-3.9%
Air Traffic Control	262	5.1%	238	5.0%	-9.2%
Sales & Marketing	425	8.3%	436	9.2%	2.6%
Commissions and Incentives	185	3.6%	175	3.7%	-5.4%
Reservation System	117	2.3%	119	2.5%	1.7%
Advertising	74	1.4%	86	1.8%	16.2%
Other	49	1.0%	56	1.2%	14.3%
Depreciation	359	7.0%	424	8.9%	18.1%
Ground Handling	303	5.9%	301	6.4%	-0.7%
Aircraft Rent	269	5.3%	234	4.9%	-13.0%
Operational Lease	77	1.5%	97	2.0%	26.0%
Wet Lease	192	3.8%	137	2.9%	-28.6%
Passenger Services & Catering	263	5.1%	283	6.0%	7.6%
Maintenance	201	3.9%	207	4.4%	3.0%
General Administration	45	0.9%	44	0.9%	-2.2%
Other	71	1.4%	82	1.7%	15.5%
TOTAL	5,117	100%	4,739	100%	-7.4%
Operating Cost per ASK (USc)	7.96	-	6.70	-	-15.9%
Ex-fuel Operating Cost per ASK (USc)	5.03	-	4.61	-	-8.2%
Fixed Costs	1,698	33.2%	1,746	36.8%	2.8%

Unit Operating Costs



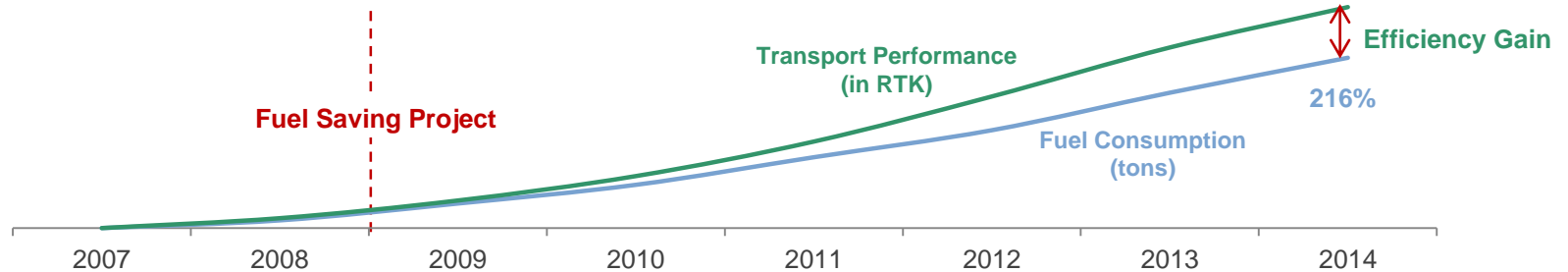
Operating Efficiency

Personnel Efficiency

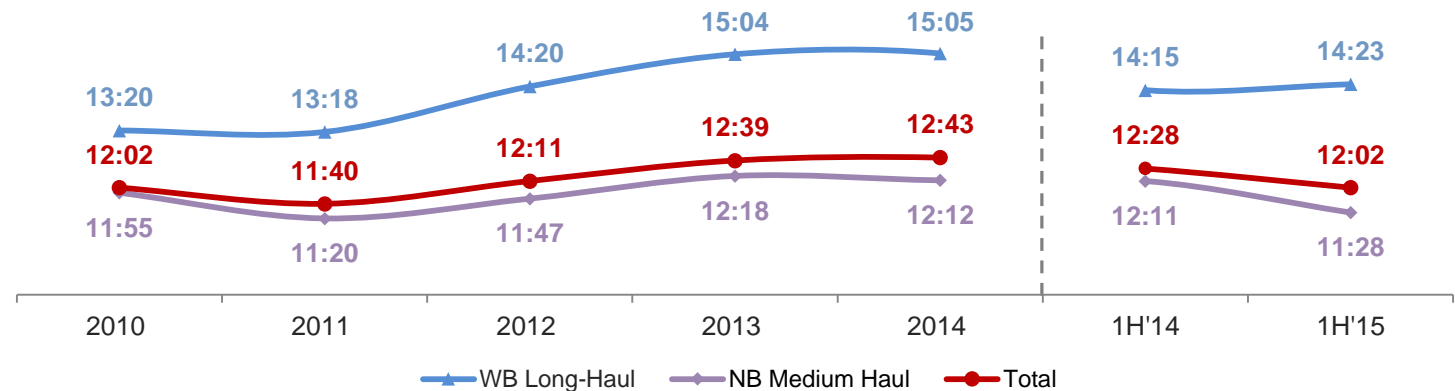


* THY Technic, THY Habom and THY Aydın Çıldır Personnel is included.

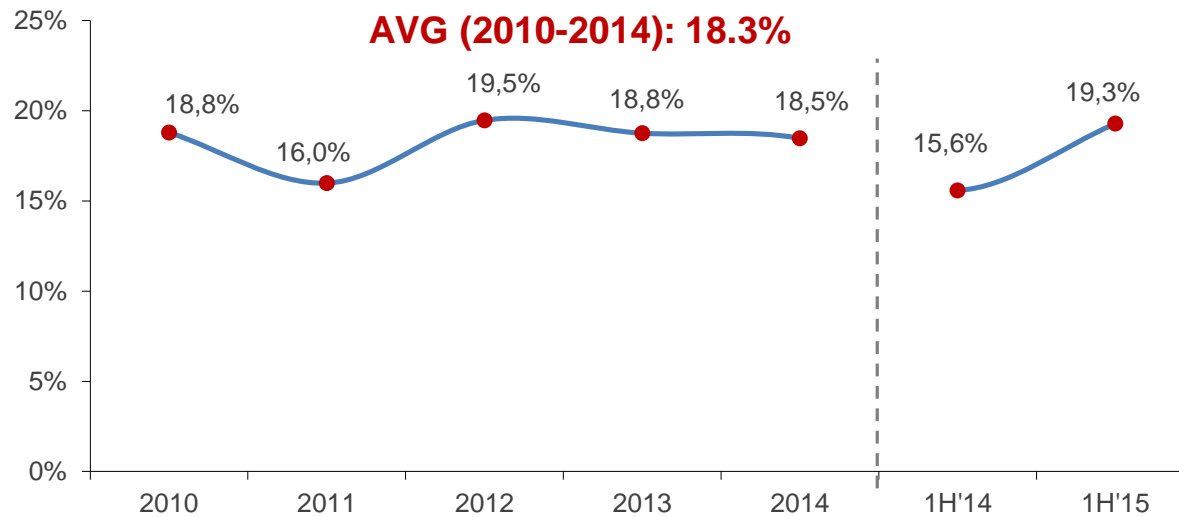
Fuel Efficiency



Average Daily Flight Utilization (hrs)



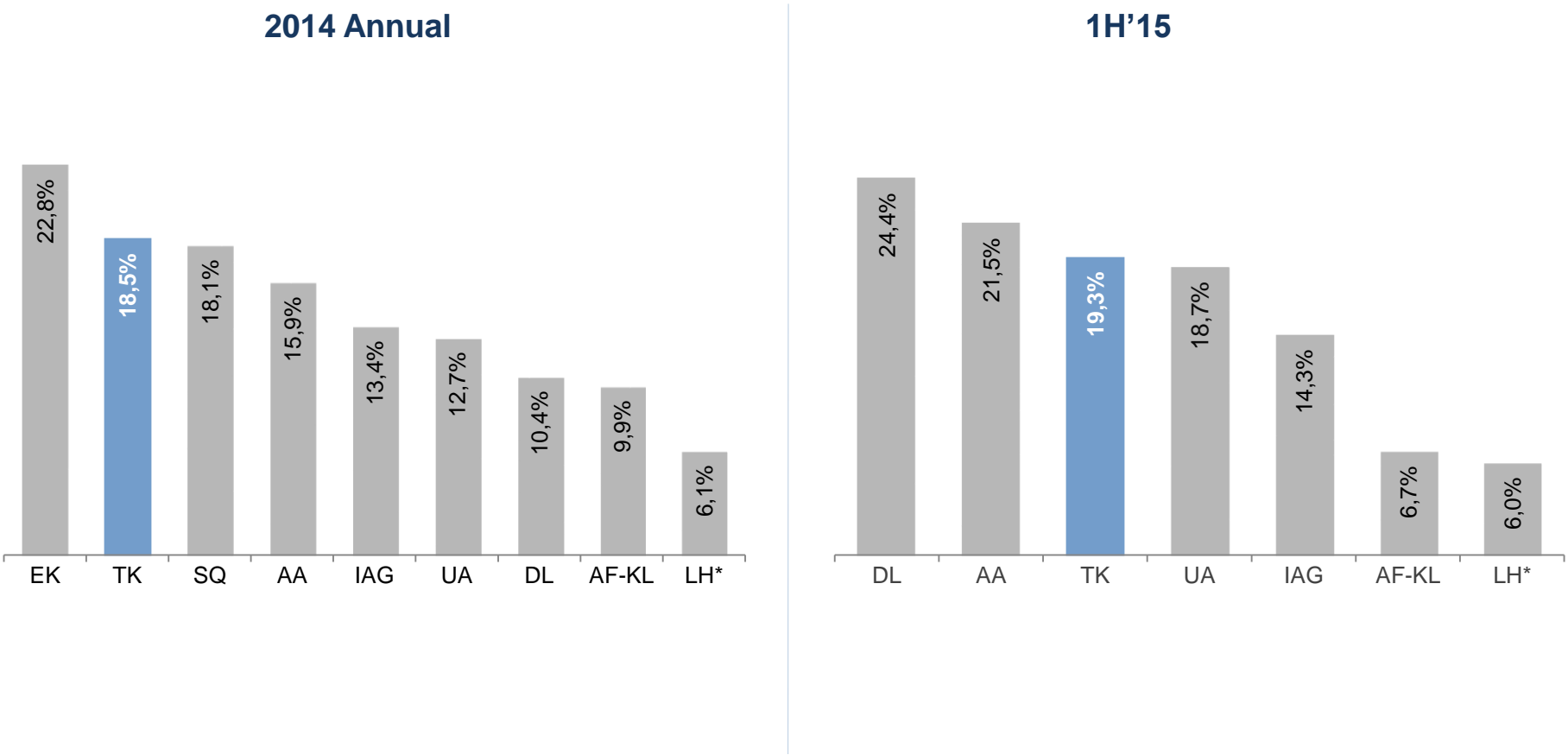
EBITDAR Margin



(mn USD)	2010	2011	2012	2013	2014	1H'14	1H'15	YoY Change
Revenue	5,448	7,070	8,234	9,826	11,070	5,222	4,789	-8.3%
Net Income	185	11	657	357	845	88	406	361.4%
Net Income Margin	3.4%	0.2%	8.0%	3.6%	7.6%	1.7%	8.5%	6.8 pt
EBIT	262	277	691	755	770	198	234	18.2%
EBIT Margin	4.8%	3.9%	8.4%	7.7%	7.0%	3.8%	4.9%	1.1 pt
EBITDAR	1,024	1,130	1,603	1,843	2,044	814	923	13.5%
EBITDAR Margin	18.8%	16.0%	19.5%	18.8%	18.5%	15.6%	19.3%	3.7 pt

Peer Group vs Turkish Airlines Profitability

EBITDAR Margin % Comparison

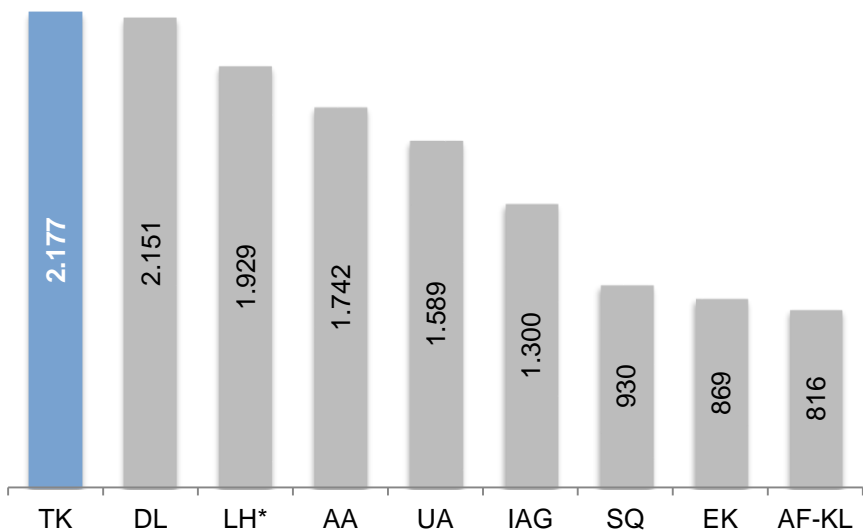


* Lufthansa Passenger Airlines

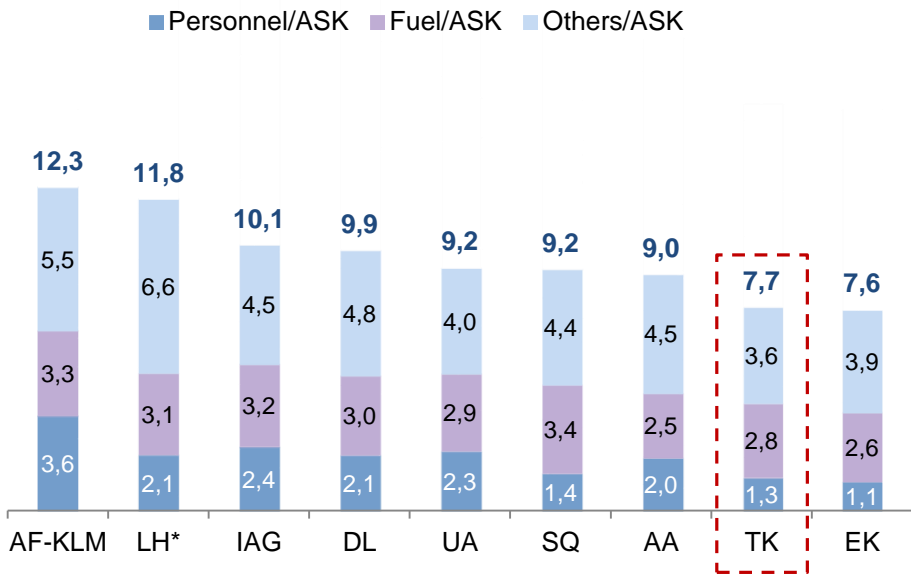
Source: Calculated based on public company reports.

Peer Group vs Turkish Airlines Efficiency

PAX Per Personnel (2014)



Cost Per ASK (Usc) 2014



* Lufthansa Passenger Airlines

Source: Calculated based on public company reports.

Current Fleet

30.06.2015	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity	Average Fleet Age	Year End Fleet*						
								2015	2016	2017	2018	2019	2020	2021
Wide Body	A330-200	17		5	12	4,033	8.1	20	20	18	18	16	13	13
	A330-300	24		23	1	6,938	2.2	27	32	32	32	32	32	32
	A340-300	4	4			1,080	17.2	4	4	4	4	4	4	4
	B777-3ER	20		20		6,836	2.8	23	29	32	32	32	32	32
	Total	65	4	48	13	18,887	4.9	74	85	86	86	84	81	81
Narrow Body	B737-900ER	14		14		2,186	2.2	15	15	15	15	15	15	15
	B737-9 MAX											5	10	10
	B737-800	68	25	33	10	10,940	9.3	68	88	87	78	78	78	78
	B737-700	3			3	372	9.5	3	1	1	1	1		
	B737-8 MAX										20	30	55	65
	A321 NEO									4	31	56	88	92
	A319-100	14		6	8	1,848	7.2	14	14	11	9	8	6	6
	A320-200	30		12	18	4,731	8.2	29	29	22	18	11	11	11
	A321-200	47		43	4	8,568	4.7	56	66	68	68	68	66	64
	B737-800 WL	24			24	4,536	8.9	24	22	22	20	20	10	7
	B737-700 WL	4			4	596	8.1	1						
	E190 WL/E195 WL	3			3	330	4.8	6	3					
	Total	207	25	108	74	34,107	7.3	216	238	230	260	292	339	348
Cargo	A310-300F	1	1			-	27							
	A330-200F	6		6		-	2.8	7	8	9	9	9	9	9
	Wet Lease	3			3	-	16.7	3	1					
	Total	10	1	6	3	-	9.4	10	9	9	9	9	9	9
GRAND TOTAL		282	30	162	90	52,994	6.8	300	332	325	355	385	429	438
*After exit-entry								Seat Capacity Change :						
								20%	12%	-1%	8%	7%	9%	2%

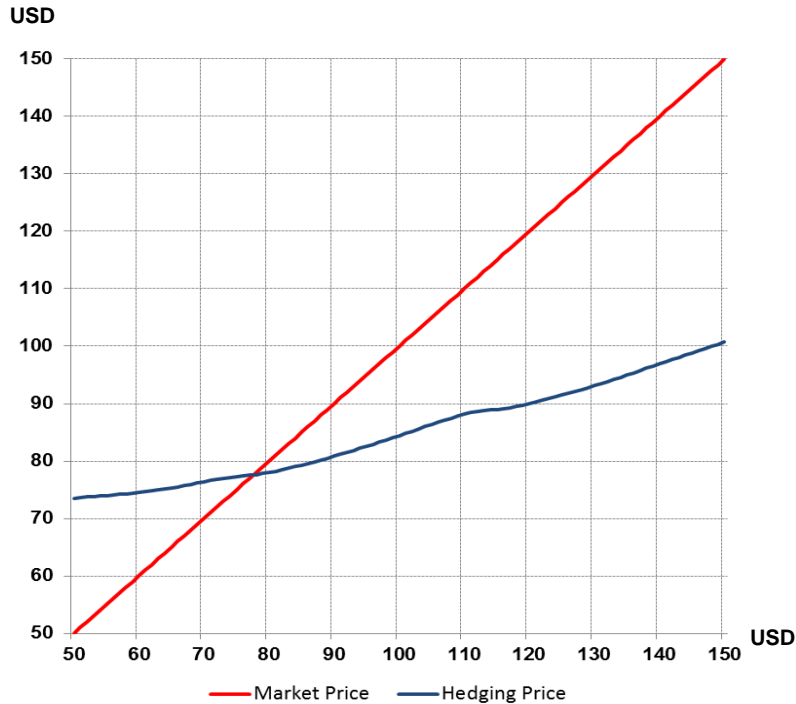
Fleet Development

		2011-2021 Aircraft Purchases													
30.06.2015		Delivered						To Be Delivered							
	Type	2011	2012	2013	2014	2015	TOTAL	2015	2016	2017	2018	2019	2020	2021	TOTAL
Wide Body	A330-300	3	3	2	6	5	19	2	5						7
	B777-3ER	7			4	4	15	3	6	3					12
	Total	10	3	2	10	9	34	5	11	3					19
Narrow Body	B737-900ER	2	7	1		4	14	1							1
	B737-9 MAX											5	5		10
	B737-800	2	2	6	10		20		20						20
	B737-8 MAX*										20	10	25	10	65
	A321	8	7	9		3	27	10	10	2					22
	A321 NEO**									4	27	25	32	4	92
	A319	6					6								
	Total	18	16	16	10	7	67	11	30	6	47	40	62	14	210
Cargo	A330-200F	1	1	2		1	5		2	1					3
	Total	1	1	2		1	5		2	1					3
GRAND TOTAL		29	20	20	20	17	106	16	43	10	47	40	62	14	232

* Including 10 optional aircraft in 2021

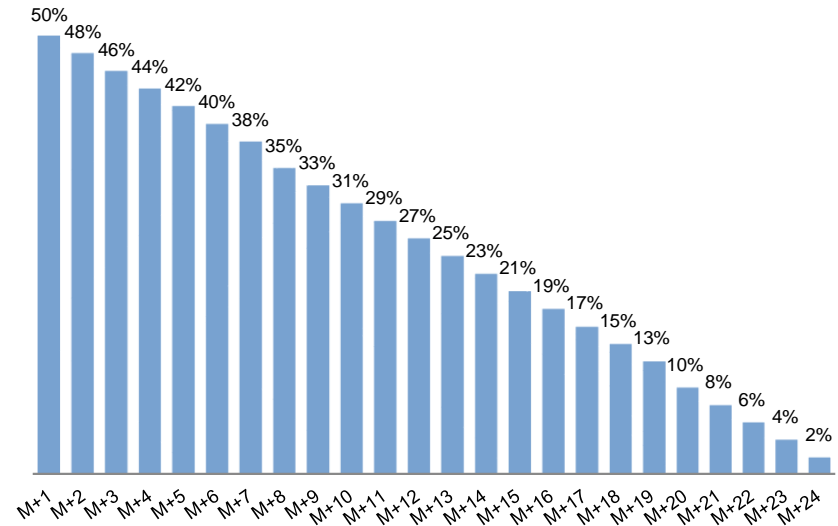
** Including 20 optional aircraft in 2020

Hedging Fuel Price Risk



- Around 22 million barrels of hedged position on ICE BRENT as of June 30, 2015
- **Current fuel hedging levels:**
 - June-December 2015: %46
 - FY16: %28

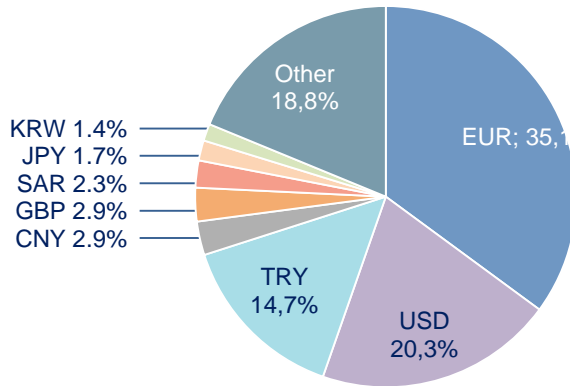
Turkish Airlines Fuel Hedging Rate



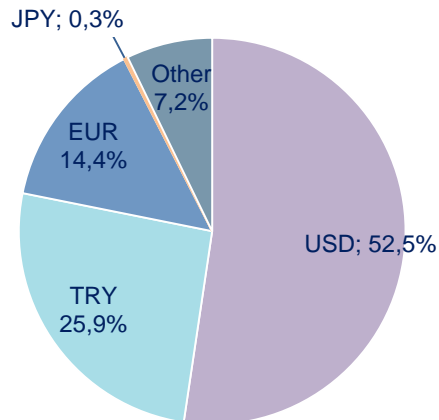
- **Active Surcharge Policy:** 50% of fuel cost is reflected to ticket prices
- Decreasing layered hedging strategy (24 months)
- Crude oil based swaps and options
- Aim to reach 50% of following months budgeted consumption

Hedging Currency Risk

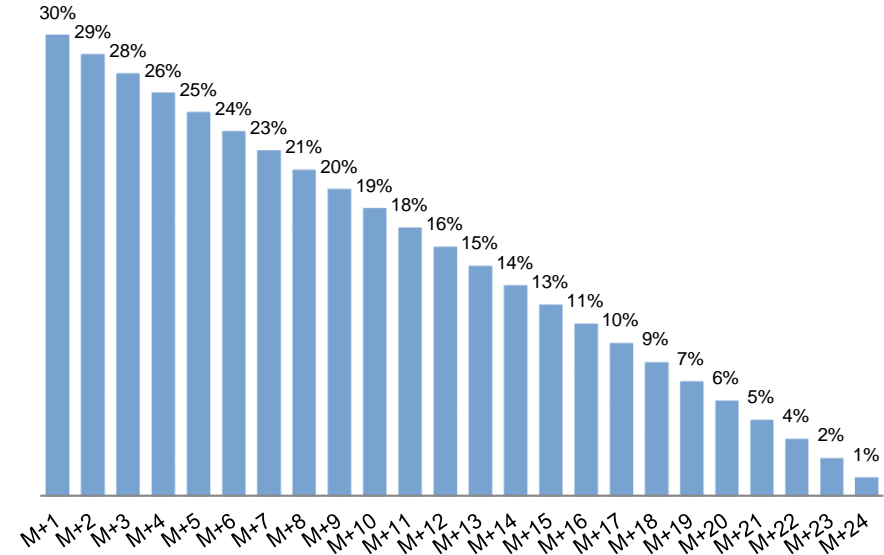
Revenue by Currency (1H'15)



Expenses by Currency (1H'15)



Hedging Policy – Currency Hedging Rate



- Monthly gradually decreasing layered hedging strategy
- Sell EUR, Buy USD and TRY via forward contracts
- Each contract for 24-month period
- Target hedge levels: 30% for TRY, 25-35% for USD
- Flexible hedge strategy with respect to conditions
- **Current currency hedging levels:**
 - EURUSD: June-December 2015: %23 of total USD short position
 - EURTRY: June-December 2015: %27 of total TRY short position

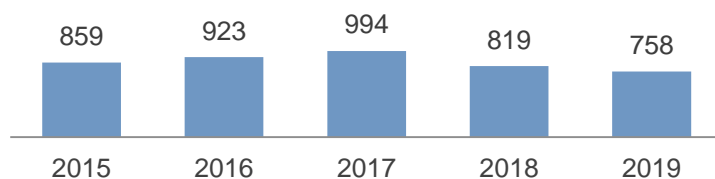
Debt Management and Aircraft Financing

As of 30.06.2015

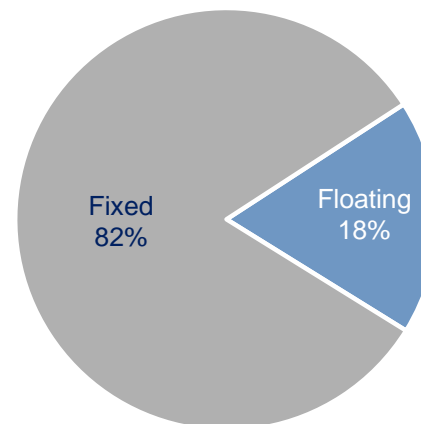
Total Debt : **7.66 bn USD**

Weighted Average Interest Rate: **3.1%**

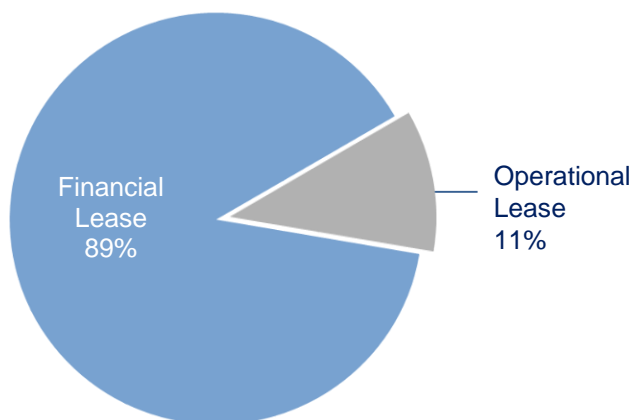
5 Year Maturity Profile (USD mn)



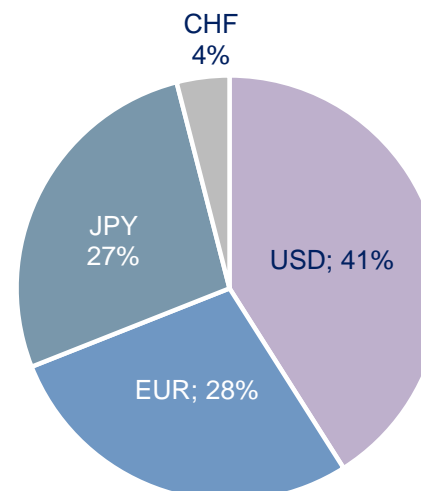
Interest Rate Type



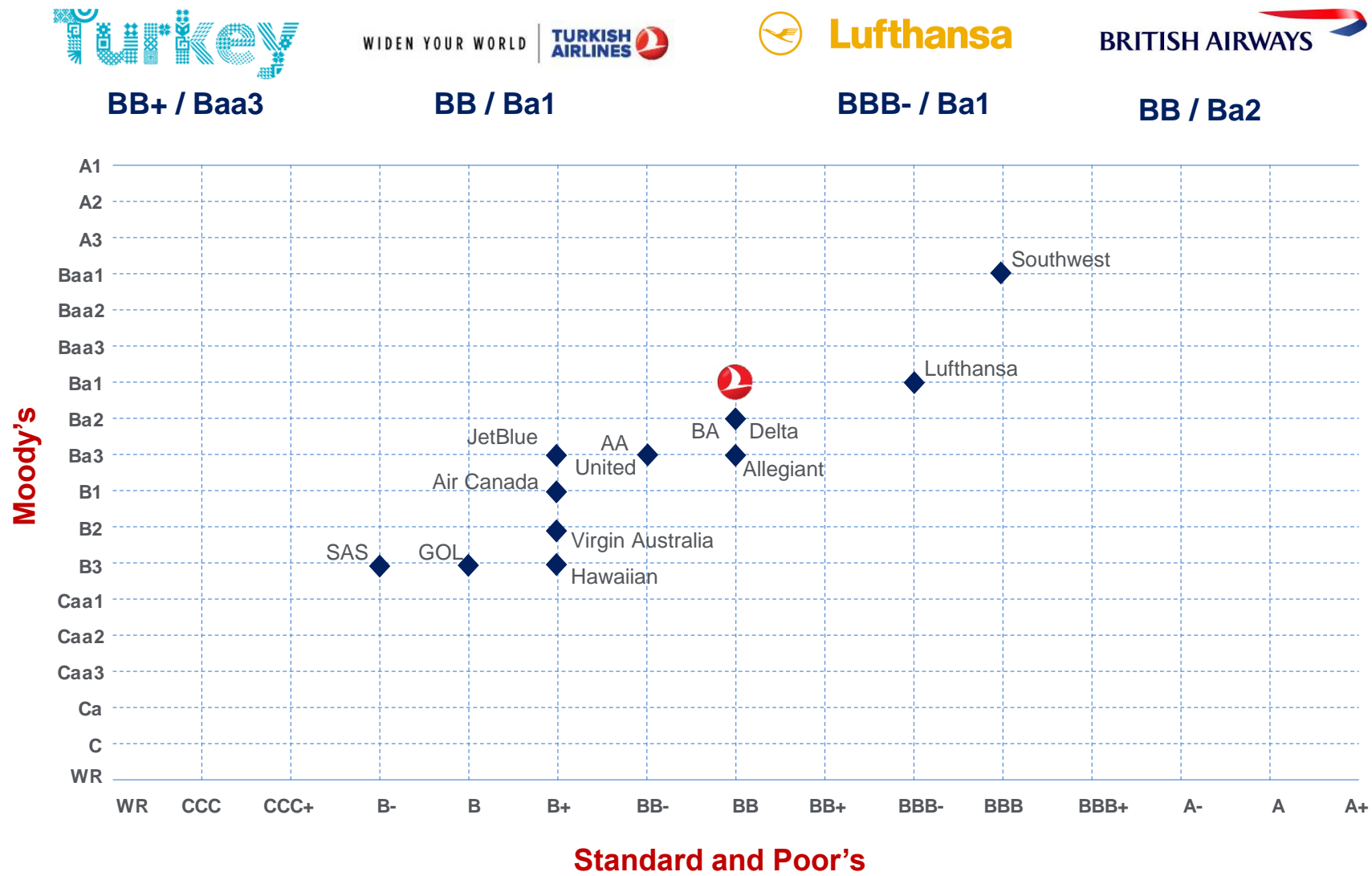
Lease Type



Currency Type



Credit Rating

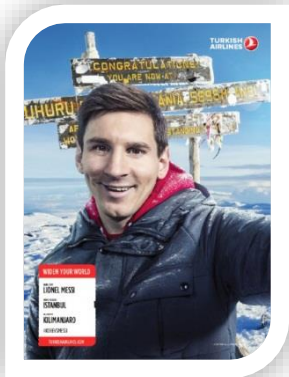


Note: Retrived from S&P and Moody's website on 22 July 2015.

The Best Airline in Europe in the last 5 years

Winner of 4 awards at the 2015 Skytrax World Airline Awards:

- › Best Airline in Europe
- › Best Airline in Southern Europe
- › World's Best Business Class Airline Lounge
- › World's Best Business Class Lounge Dining



Winner of
Best Corporate
Governance Award
in Europe in 2015



Best Investor Relations
in Turkey in 2015



Structured Finance Deal of the Year” by Bonds & Loans

Turkish Cargo wins “Overall Carrier Of The Year” and
“Combination Carrier of the Year” at Payload Asia Awards

TURKISH AIRLINES

INVESTOR RELATIONS



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WIDEN YOUR WORLD



Balance Sheet

Assets (mn USD)	2010	2011	2012	2013	2014	1H'15
Cash and Equivalents	581	934	1,028	647	722	1,218
Trade Receivables	374	405	434	538	456	555
Other Current Assets	1,304	802	704	940	1,653	1,787
Total Current Assets	2,259	2,140	2,166	2,125	2,831	3,560
Net Fixed Assets	4,168	5,873	7,121	8,043	9,201	10,624
of which Aircraft and Engines	3,822	5,319	6,392	7,030	8,167	9,566
Other Non-Current Assets	462	672	1,236	1,734	1,714	1,525
Total Non-Current Assets	4,629	6,545	8,357	9,777	10,915	12,149
Total Assets	6,888	8,685	10,523	11,902	13,746	15,709

Liabilities (mn USD)	2010	2011	2012	2013	2014	1H'15
Lease Obligations	2,703	4,189	4,862	5,413	5,931	6,882
Passenger Flight Liabilities	436	677	936	1,201	1,398	1,896
Accounts Payable	476	461	510	680	662	683
Other Liabilities	850	976	1,183	1,346	1,805	1,782
Total Liabilities	4,464	6,303	7,491	8,640	9,796	11,243
Total Shareholders Equity	2,424	2,382	3,032	3,262	3,950	4,466
of which Issued Capital	647	635	673	647	1,597	1,597
of which Retained Earnings	827	723	779	1,017	1,714	2,559
of which differences from current translation	2	423	320	777	-47	-73
of which restatement effect on shareholder's equity	727	595	630	527	0	0
Total Liabilities & Shareholders Equity	6,888	8,685	10,523	11,902	13,746	15,709

Income Statement

(mn USD)	2010	2011	2012	2013	2014	1H'14	1H'15	YoY Change
Operating Revenue	5,448	7,070	8,234	9,826	11,070	5,222	4,789	-8%
Operating Expenses (-)	5,149	6,855	7,616	9,249	10,467	5,117	4,739	-7%
of which Fuel	1,406	2,394	2,887	3,442	3,845	1,885	1,475	-22%
of which Personnel	1,141	1,339	1,376	1,581	1,694	831	820	-1%
of which Depreciation	297	486	574	650	744	359	424	18%
of which Rent	305	252	243	448	543	269	234	-13%
Net Operating Profit / Loss	299	215	618	577	603	105	50	-52%
Income From Other Operations	92	96	94	115	81	59	158	168%
Expense From Other Operations (-)	79	237	64	41	46	13	16	23%
Profit / (Loss) From Main Operations	312	73	648	651	638	151	192	27%
Income From Investment Activities (Net)	-	-	274	76	72	25	34	36%
Share of Investments' Profit / Loss	24	6	3	55	75	20	12	-40%
Financial Income	47	158	48	27	443	26	443	1,604%
Financial Expense (-)	99	150	189	307	182	142	109	-23%
Profit Before Tax	237	87	785	502	1,046	80	572	615%
Tax (-)	51	76	128	145	201	-8	166	-2,175%
Net Profit	185	11	657	357	845	88	406	361%

EBITDAR Calculation

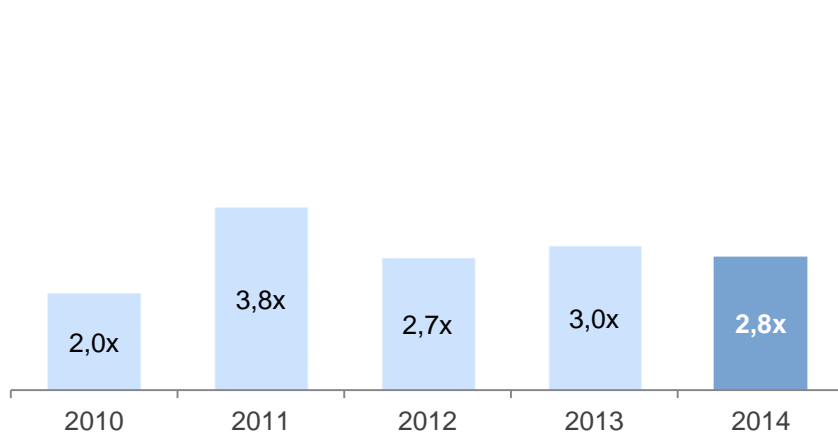
2Q'14	2Q'15	YoY Change	EBITDAR (mn USD)	1H'14	1H'15	YoY Change
2,907	2,570	-12%	Sales Revenue	5,222	4,789	-8%
2,324	2,086	10%	Cost of Sales (-)	4,411	4,035	-9%
583	484	-17%	GROSS PROFIT / (LOSS)	811	754	-7%
71	62	13%	General Administrative Expenses (-)	135	135	0%
304	302	1%	Marketing and Sales Expenses (-)	571	569	0%
208	120	42%	NET OPERATING PROFIT / (LOSS)	105	50	-52%
32	99	209%	Other Operating Income	59	158	168%
6	9	50%	Other Operating Expense (-)	13	16	23%
234	210	-10%	Profit / (Loss) from Main Operations	151	192	27%
43	44	2%	Adjustments	47	42	-11%
28	25	-11%	Share of Investments' Profit / Loss Accounted by Using The Equity Method	20	12	-40%
15	19	27%	Income From Government Incentives	27	30	11%
277	254	-8%	EBIT	198	234	18%
174	208	20%	Cost of Sales_Depreciation	338	394	17%
9	11	22%	General Administrative Expenses_Depreciation	18	27	50%
1	1	0%	Marketing and Sales Expenses_Depreciation	3	3	0%
461	474	3%	EBITDA	557	658	18%
75	84	12%	Adjusted Operating Lease Expenses*	151	190	26%
56	42	-25%	Adjusted Short term Lease Expenses (Wet-lease)**	106	75	-29%
591	600	1%	EBITDAR	814	923	13%
20.3%	23.3%	3.0 pt	EBITDAR MARGIN	15.6%	19.3%	3.7 pt

(*): Adjusted for A/C heavy maintenance

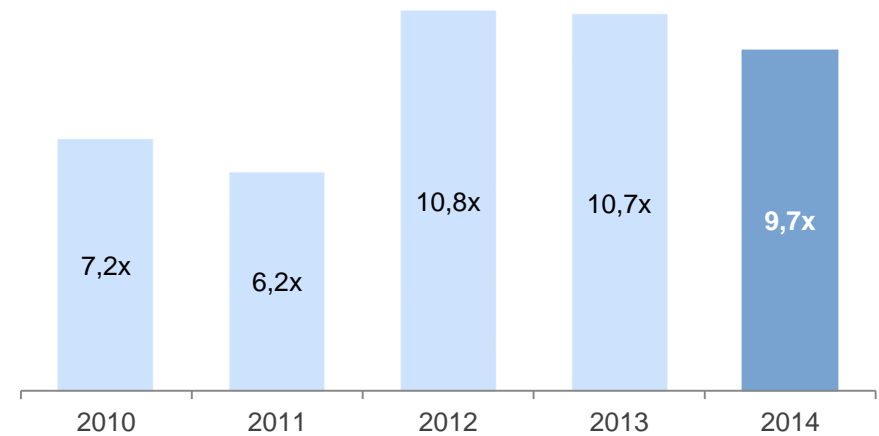
(**): Adjusted for A/C rent portion (Aprox. 55%)

Financial Ratios as of 31 December 2014

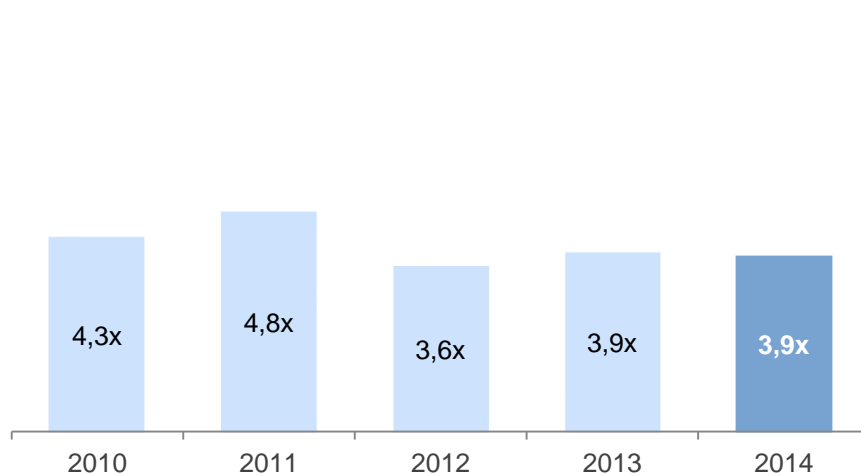
Net Debt / EBITDA



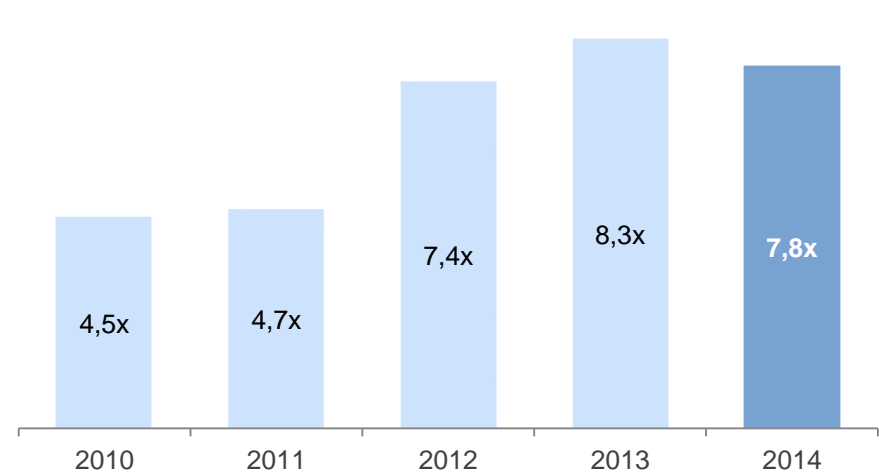
EBITDA / Net Interest Cost



Adjusted Net Debt⁽¹⁾ / EBITDAR



EBITDAR / Adjusted Net Interest Cost⁽²⁾

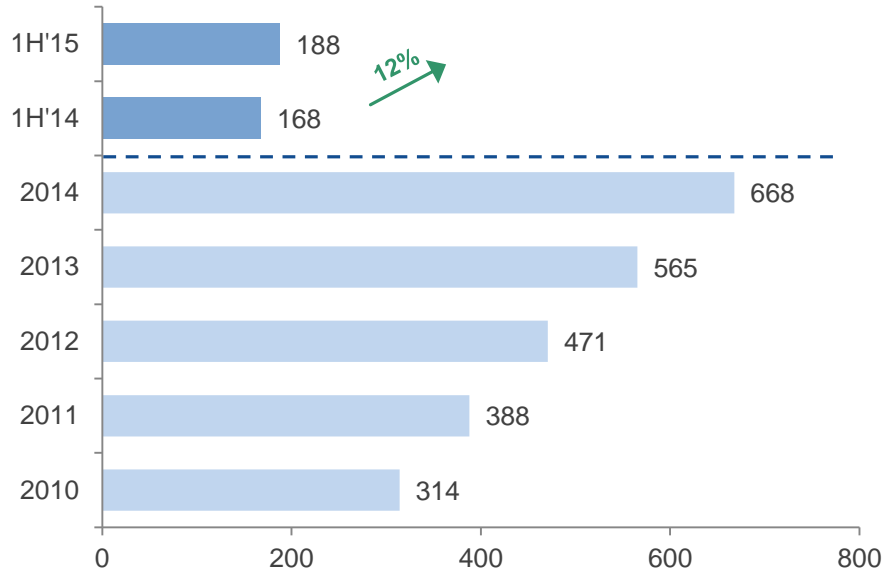


⁽¹⁾ Adjusted for the capitalization of operating leases including 55% of wet lease (7x)

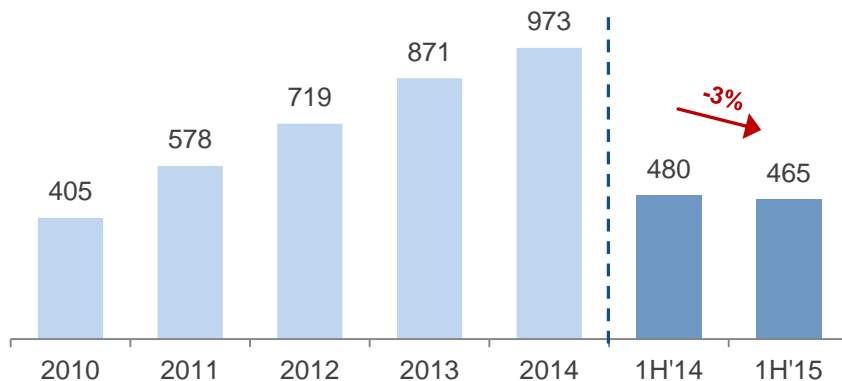
⁽²⁾ Adjusted by the portion of financial costs within operating leases (33%)

Cargo Transportation

Cargo Tonnage Carried ('000 Ton)



Cargo Revenue Evolution (mn USD)



- Turkish Cargo serves 51 destinations with 10 freighters besides 276 destinations with 282 passenger aircraft.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 1.6% in 2014.
- In 2014, while World FTK grew by 4.5%, Turkish Cargo FTK grew by 17.6% compared to previous year.
- New Cargo Terminal was opened at the end of 2014. The facility has 1.2 million tons of cargo capacity and 43,000 m² closed warehouse area.

Recent Awards

- Overall Carrier of the Year, Combination Carrier of the Year Winner - Payload Asia (2014)
- Best European Cargo Airline – Air Cargo News (2014)
- India Cargo Airline of the Year (2014)
- Best Asia Pacific Cargo Airline (2013)
- International Air Cargo Winner (2013)

Subsidiaries & Affiliates

Turkish Airlines Group 1H'15		Revenue (mn USD)	Net Profit (mn USD)	% of Sales to Turkish Airlines	Number of Personnel	Paid in Capital (mn USD)	Partnership Structure
1	THY (Consolidated)	4,789	406	-	21,083*	1,597	%49 ÖİB - %51 Open to Public
2	Turkish Opet Aviation Fuels	941	8	82%	422	19	%50 THY - %50 Opet
3	Sun Express (Turkey & Germany Consolidated)	487	-15	25%	3,334	39	%50 THY - %50 Lufthansa
4	THY Turkish Technic	432	7	80%	5,210	358	% 100 THY
5	THY Turkish Do&Co	186	18	89%	5,984	11	%50 THY - %50 Do&Co
6	Turkish Ground Services	120	9	88%	9,526	4	%50 THY - %50 Havaş
7	Pratt Whitney THY Turkish Engine Center (TEC)	111	6	66%	267	29	%51 PW - %49 THY
8	Goodrich Turkish Airlines Technical Service Center	4	0	50%	30	1	%60 TSA Rina - %40 THY Teknik
9	Aircraft Seat Manufacturing Industry & Trade, Inc.	3	-1	100%	41	0	%50 THY & THY Teknik - Assan Hanil %50
10	THY Aydın Çıldır Airport Management, Inc.	1	0	100%	2	19	%100 THY
11	Turkish Cabin Interior Systems Industries, Inc.	2	-2	100%	149	19	%50 THY & THY Teknik - %50 TAI
12	Turbine Technical Gas Turbines Maintenance & Repair, Inc.	1	0	0%	11	6	%50 THY Teknik - %50 Zorlu O&M
13	Tax Free Zone, Inc. (Tax Refund)	-	-	-	8	0.4	%30 THY - %45 Maslak Oto - %25 VK Holding

* THY A.O. Personnel

Subsidiaries & Affiliates

Turkish Technic

- › Owned 100% by THY.
- › Provides maintenance services to more than 100 customers, including international airlines such as Lufthansa, KLM, BA and Alitalia as well as domestic airlines.
- › Besides the facility at Ataturk Airport, a new world-class facility, HABOM, located at Sabiha Gökçen International Airport was launched by the end of June'14 with an investment of USD 550 million to increase technical maintenance and repair capacity and capability available to both Turkish Airlines and 3rd party customers.
- › HABOM's location makes it a convenient MRO option for 39% of the world's civilian aircraft and has 55 countries lying within a 3.5 hour flying radius. HABOM facilities, when fully operational, will have 7,000 personnel and is expected to produce annual revenue of USD 1.5 billion.
- › Turkish Airlines has a total MRO capacity to provide simultaneous maintenance, repair and overhaul services for 30 narrow body aircraft and 10 wide body aircraft in a closed area capacity of 576,000 m².
- › On January 2015, HABOM was awarded LEED (Leadership in Energy and Environmental Design) Gold Certificate by U.S. Green Building Council for its sustainable building design.



Subsidiaries & Affiliates

Turkish Seat Industries (TSI)

- › Formed in 2011, stakes of 50%, 45%, and 5% are respectively held by Assan Hanil Group, Turkish Airlines and Turkish Technic.
- › The company was set up to design and manufacture airline seats and to make, modify, market and sell spare parts to Turkish Airlines and other international airline companies. The seats are built using 100% Turkish products and Turkish production.
- › The first aircraft equipped with the new seats is a Turkish Airlines B737-800. The seats will initially be used on the B737-800s of Turkish Airlines fleet and then be installed on the Airbus single-aisle fleet of A319s, A320s and A321s.
- › The company, which commenced its operations in 2014, has an annual seat production capacity of 10 thousand. By 2024, it is planned to increase seat production capacity to 50 thousand.



Goodrich THY Technic Service Center

- › Provides repair, overhaul and modification services for Nacelle, Thrust Reverser and its components for Turkish Airlines and other customers from Turkish domestic and International markets.
- › The 4,000 m² (indoor) facility is located in Gebze Organized Industrial Zone

Turkish Engine Center

- › Provides engine maintenance, repair and overhaul (MRO) services to customers located in Turkey, surrounding regions and worldwide.
- › The environmentally efficient engine overhaul facility has total usage area of 100,000 m² located at the Sabiha Gokcen International Airport.

Subsidiaries & Affiliates



Turkish OPET

- › In terms of investment on jet fuel supply Turkish Airlines established a jet fuel supply company together with local oil retailer OPET on September 2009.
- › The business activity of the established company is to supply jet fuel to any type of aircraft.
- › Started supplying jet fuel to THY for all domestic airports as of July 1st 2011.



Turkish Do&Co

- › Since 2007, operating nine gourmet kitchens all over Turkey: Istanbul (Atatürk and Sabiha Gökçen), Ankara, Antalya, Izmir, Bodrum, Trabzon, Dalaman and Adana. Over 60 national and international airlines are catered from these locations.
- › Turkish Airlines won the “Best Business Class Catering” award at the 2013 Skytrax World Airline Awards and “World's Best Economy Class Onboard Catering” award at the 2010 Skytrax Awards with Turkish Do&Co.



TGS Ground Services

- › Owned 50% - 50% by THY and Havaş Havaalanları Yer Hizmetleri A.Ş.
- › Provides ground services to Turkish Airlines since the beginning of 2010, currently at eight major airports in Turkey: Istanbul (Ataturk and Sabiha Gokcen), Izmir, Ankara, Antalya, Adana, Bodrum, Dalaman.

Subsidiaries & Affiliates



Date of Establishment

SunExpress Turkey

1989

Business Model

Charter + Scheduled

Destinations

20 in Germany, 16 in Turkey, 47 other

Fleet

25 B737-800 +
28 operated for THY

Seat Capacity

9,857

of Passengers

2.9 million

Load Factor (1H'15)

83.8 %

Revenues (1H'15)

352 mn USD

Net Income (1H'15)

-2.1 mn USD

SunExpress Germany

2011

Charter + Scheduled

11 in Germany, 12 in Turkey, 4 in Egypt, 3 in Spain/Canary Islands and 10 other

15 B737-800

2,811

0.8 million

84.6 %

127 mn USD

-12.5 mn USD

SunExpress Consolidated

Charter + Scheduled

105

68

12,668

3.6 million

84.1 %

487 mn USD

-14.6 mn USD

50% - 50% subsidiary company of Lufthansa and Turkish Airlines.

Market leader in charter flights between Germany and Turkey.

Finalized an order for 50 Boeing next generation narrow body aircraft to be delivered between 2015 and 2021.

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