

WIDEN YOUR
WORLD



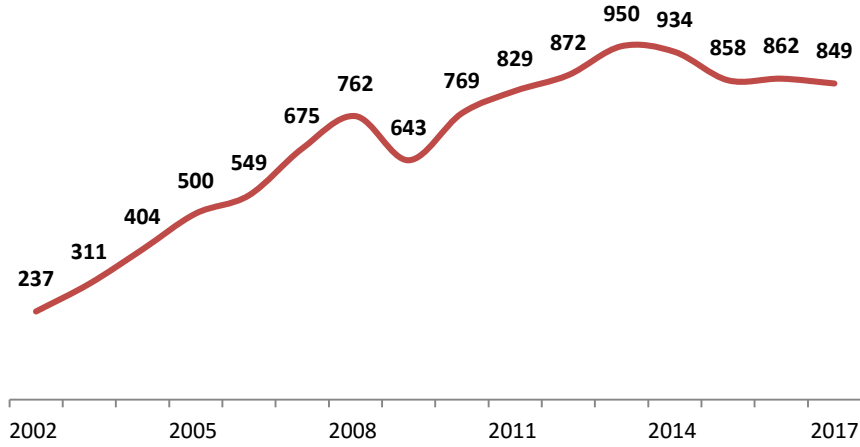
TURKEY: RECENT DEVELOPMENTS

January – March 2018

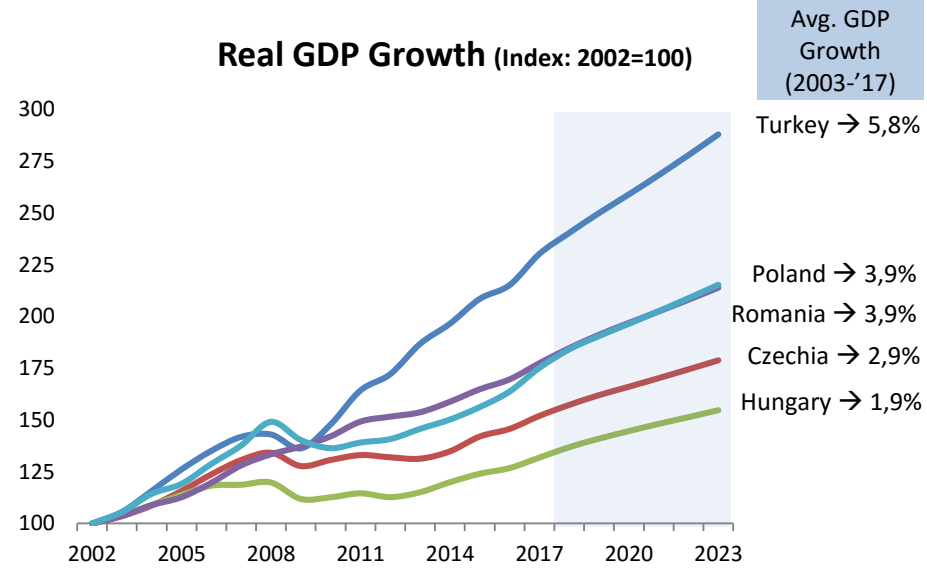


Per capita GDP tripled while nominal GDP quadrupled in last 15 years

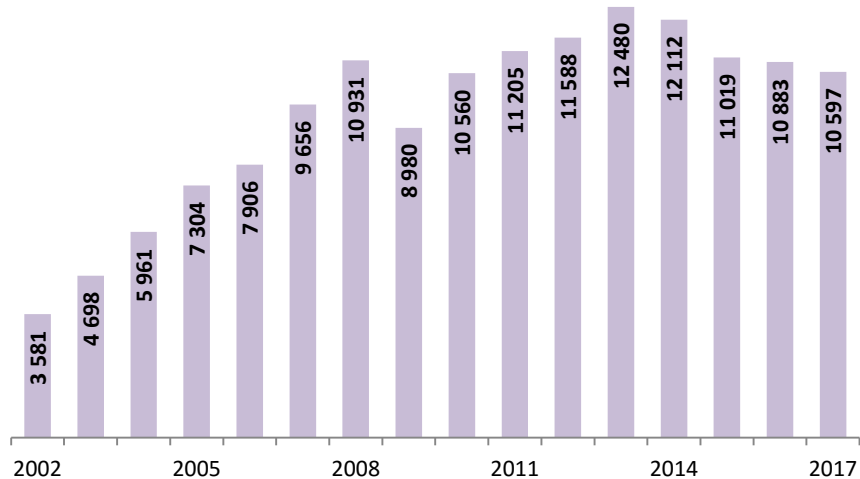
Nominal GDP (bn USD)



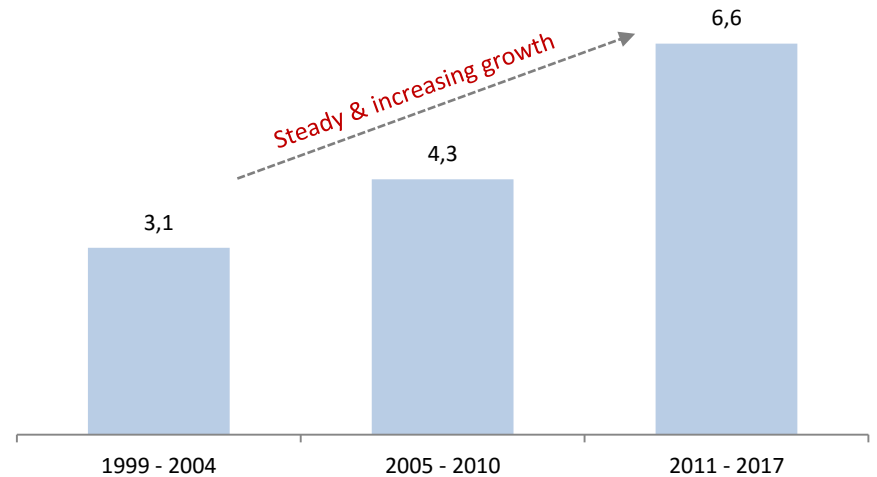
Real GDP Growth (Index: 2002=100)



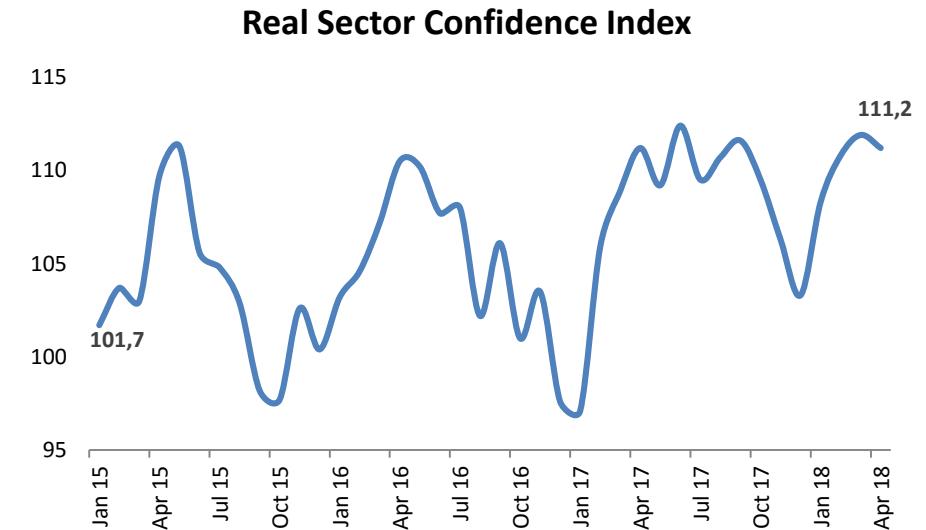
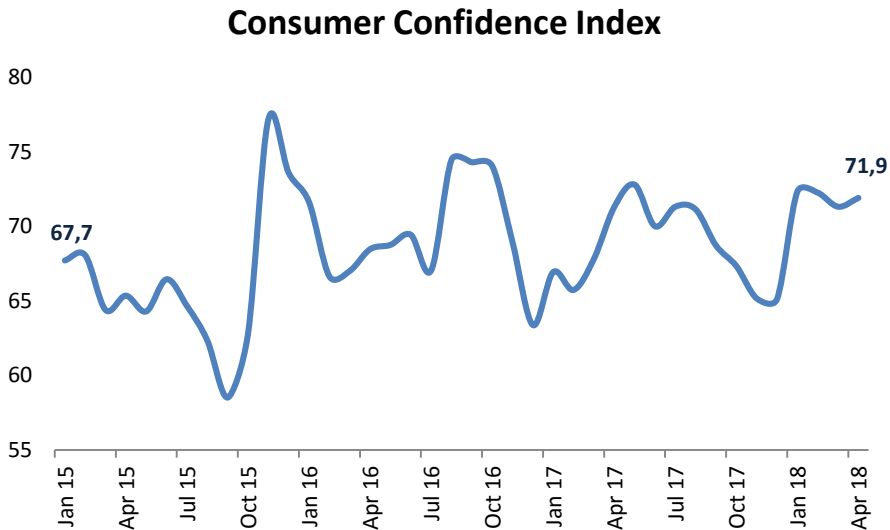
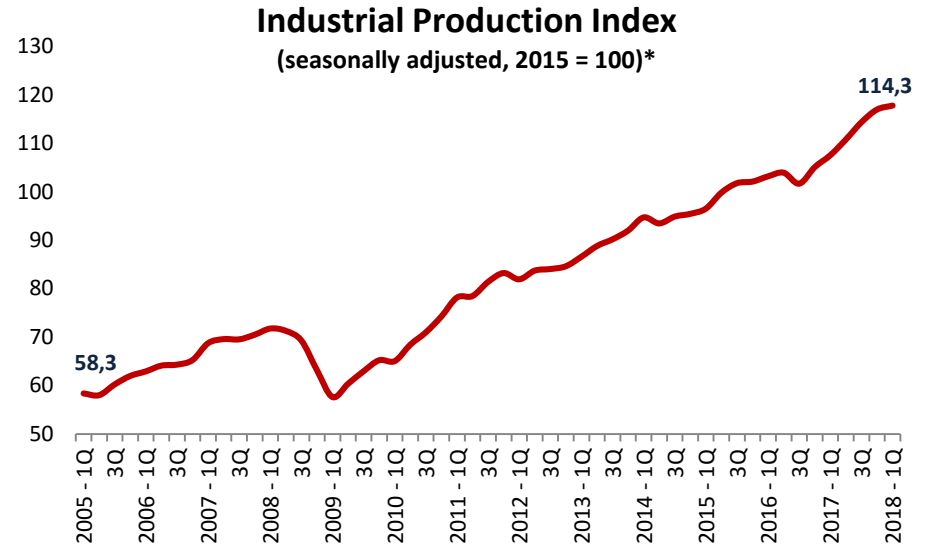
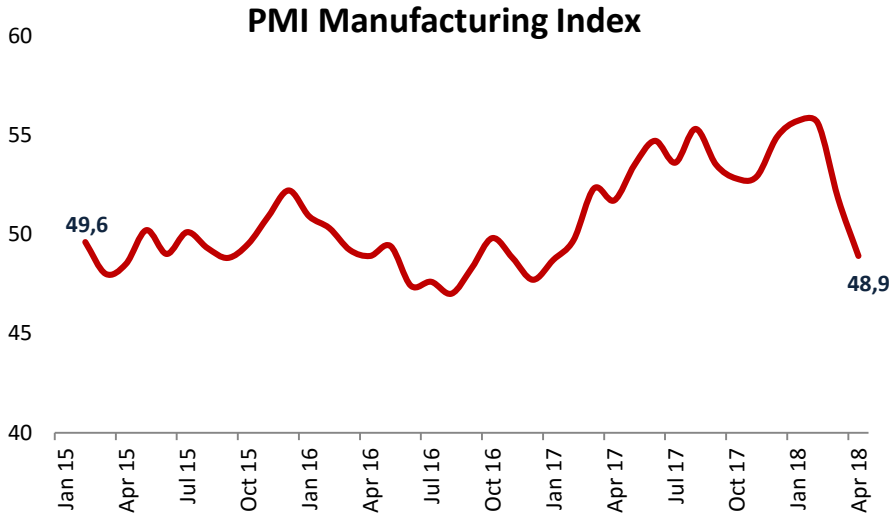
Per capita GDP (usd)



Avg. Real GDP Growth (%)



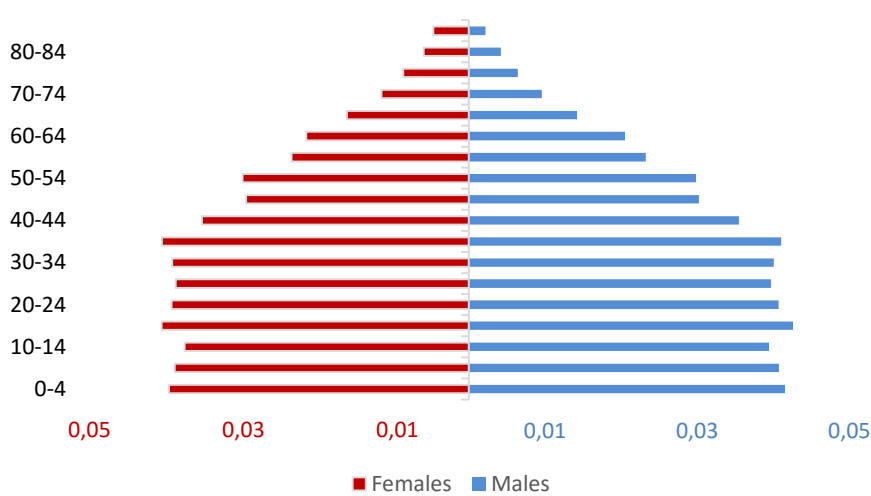
Turkish economy recovered rapidly by V-shape growth



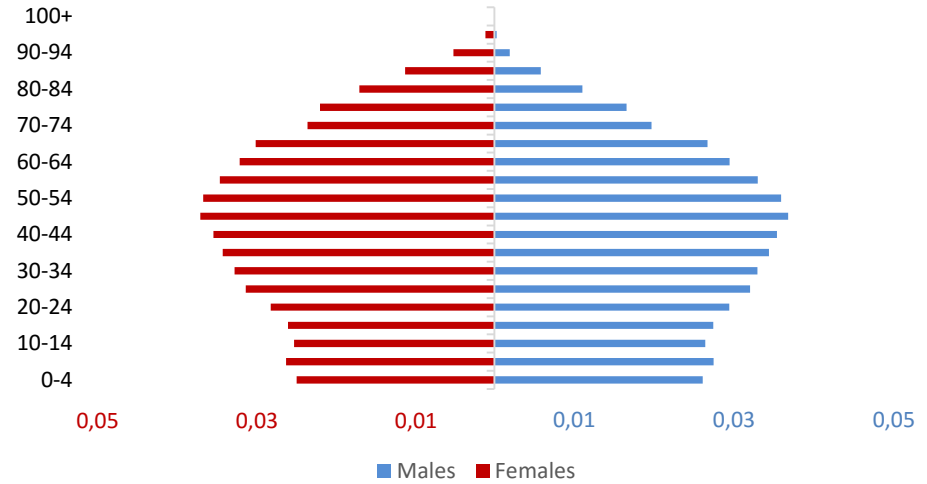
* Monthly data is averaged for each quarter. Latest figure: February 18

Favourable Demographics: Half of population under age 30

TURKEY

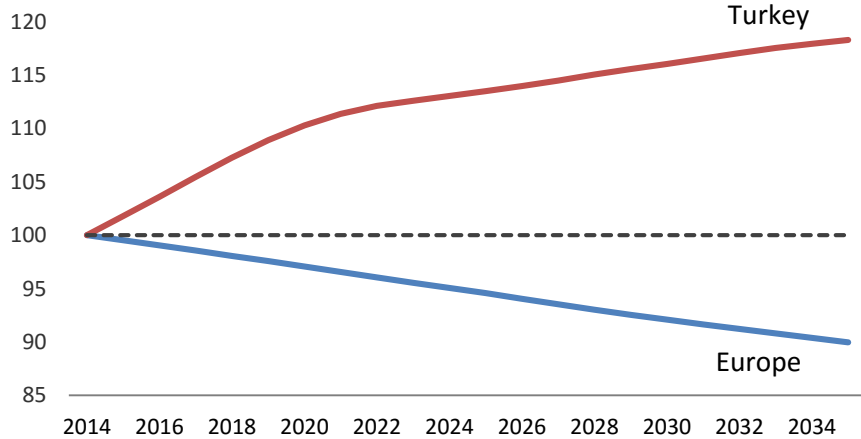


EUROPE



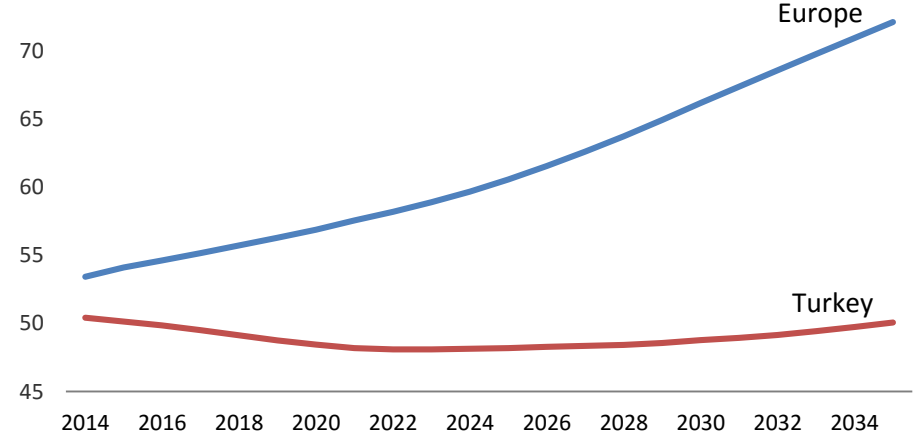
Working Age Population

(15-64) (Index: 2014=100)

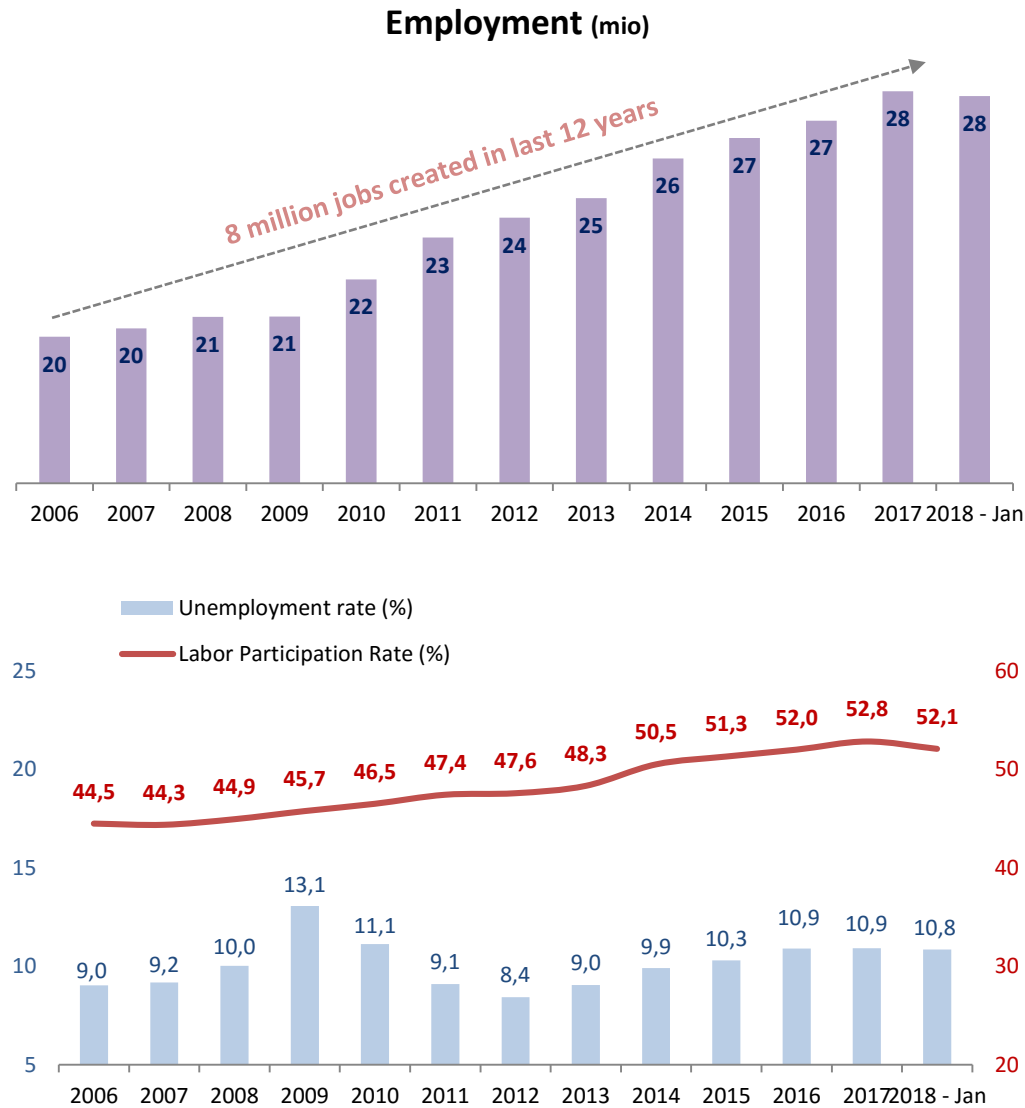


Total Dependency Ratio

(%, Age: 0-14 & >64 / Age: 15-64)



High potential with young population and improving workforce



2017
~1.000k

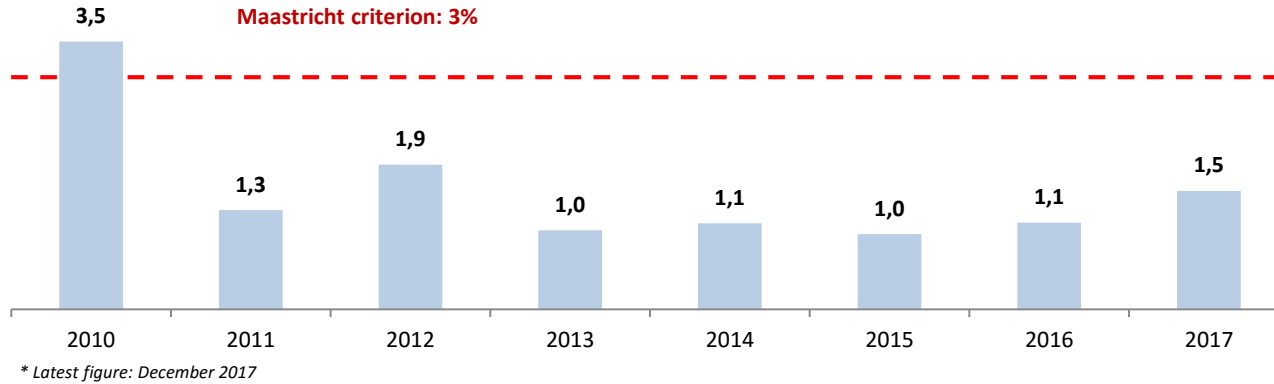


New job creation in 2017 is nearly 1,5x of previous 10 year average.

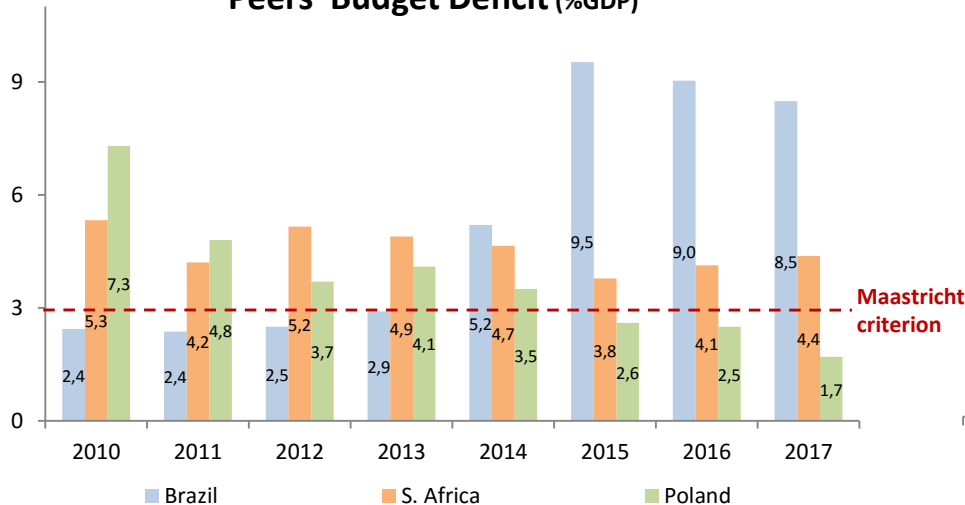
2006-16 avg.
688k

Strong fiscal discipline has been the main pillar of economic policy

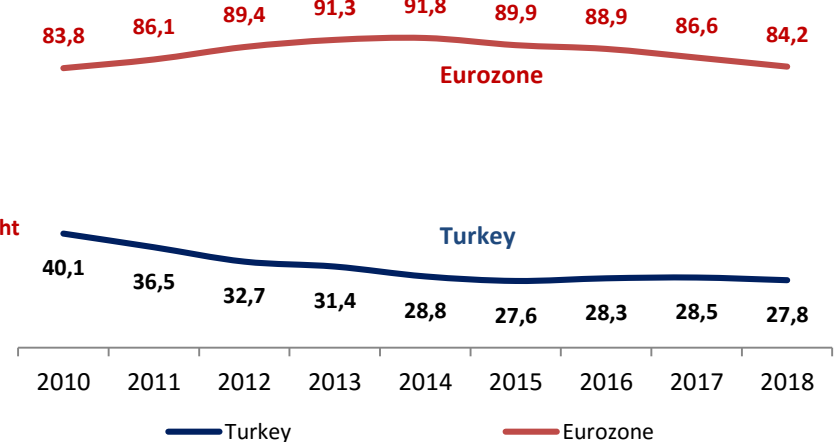
Budget Deficit (%GDP)



Peers' Budget Deficit (%GDP)

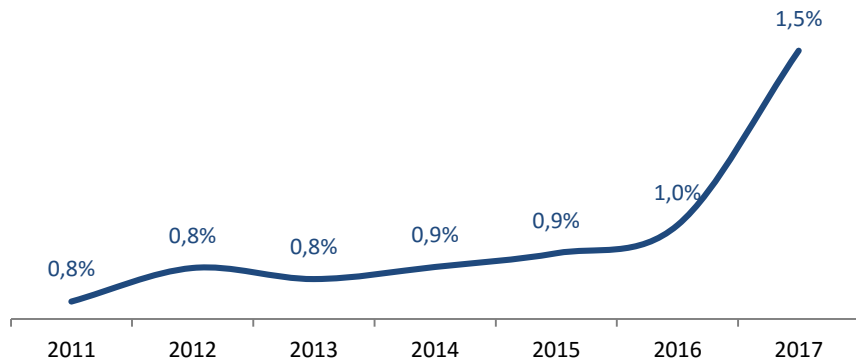


General Government Debt Stock (%GDP)

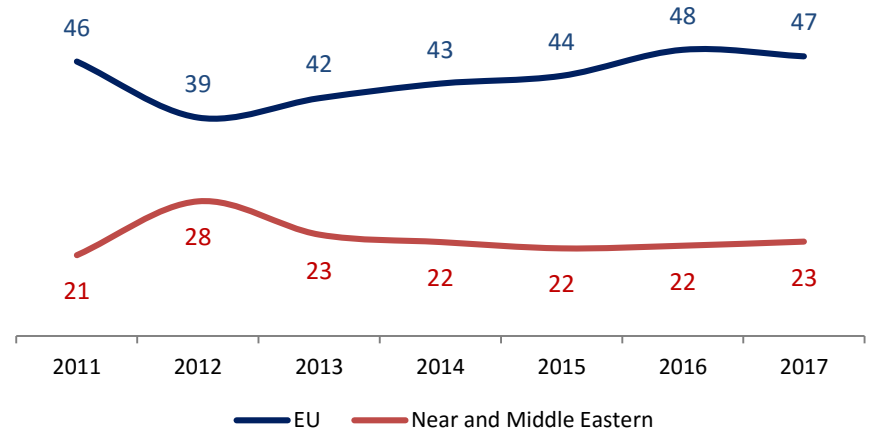


Decreasing trade gap with diversified export markets

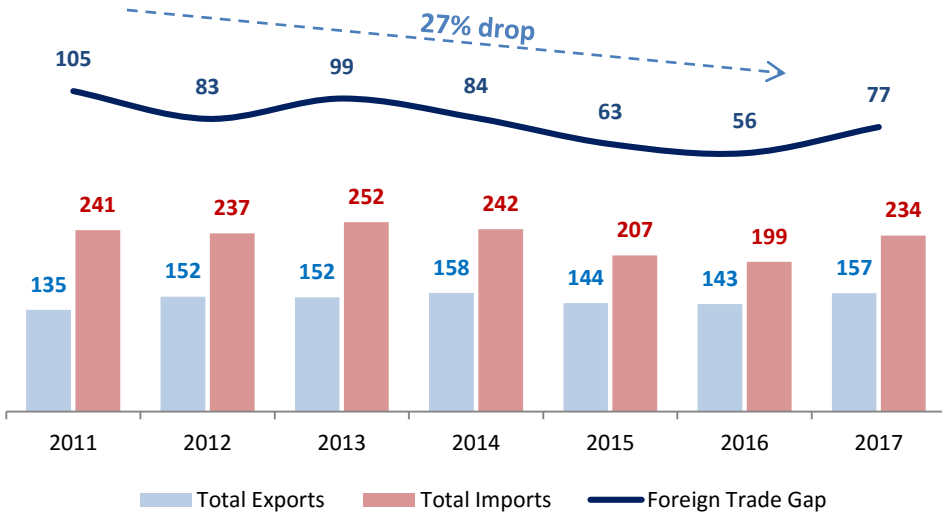
Turkey's Share in World Total Export



Exports (% of total)



Trade Balance (bn USD)



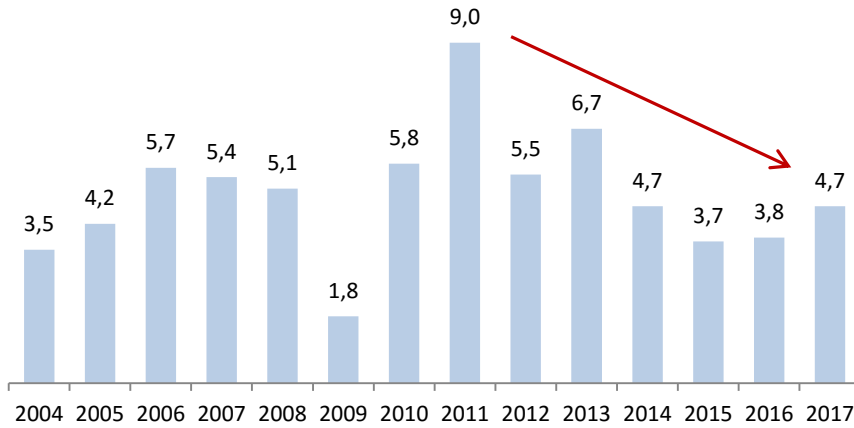
Composition of Imports (%)



* Latest figure: December 2017

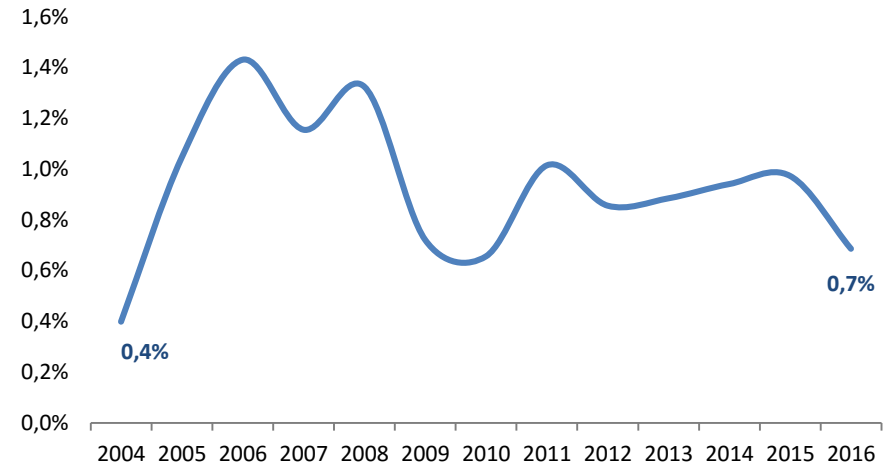
Current account deficit is steadily decreasing

Current Account Deficit (% GDP)

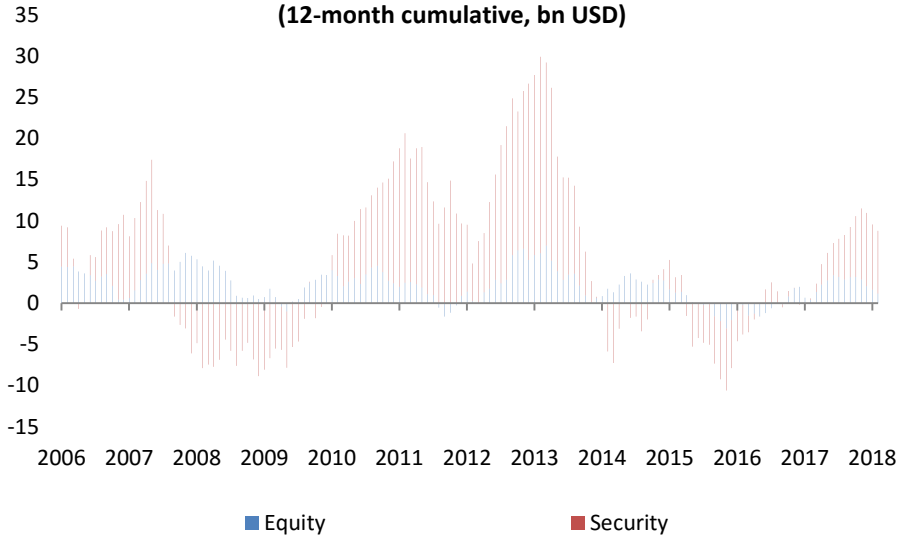


* Latest figure: Q3, 2017

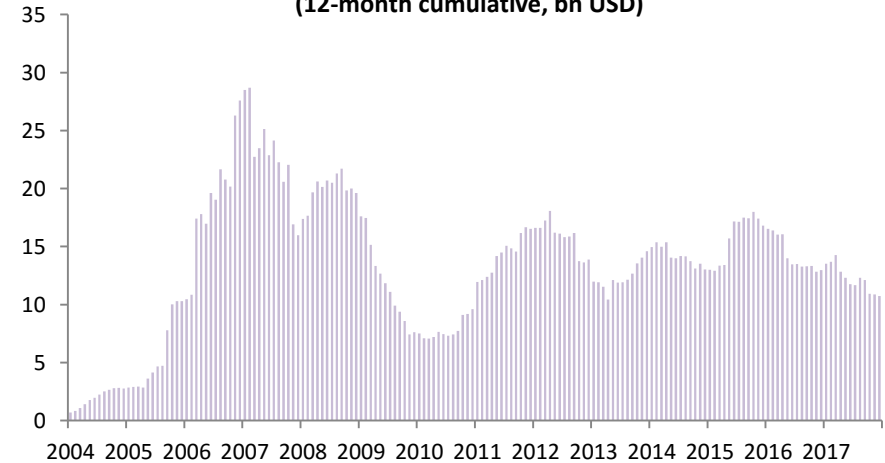
Turkey's Share in Global FDI Inflows



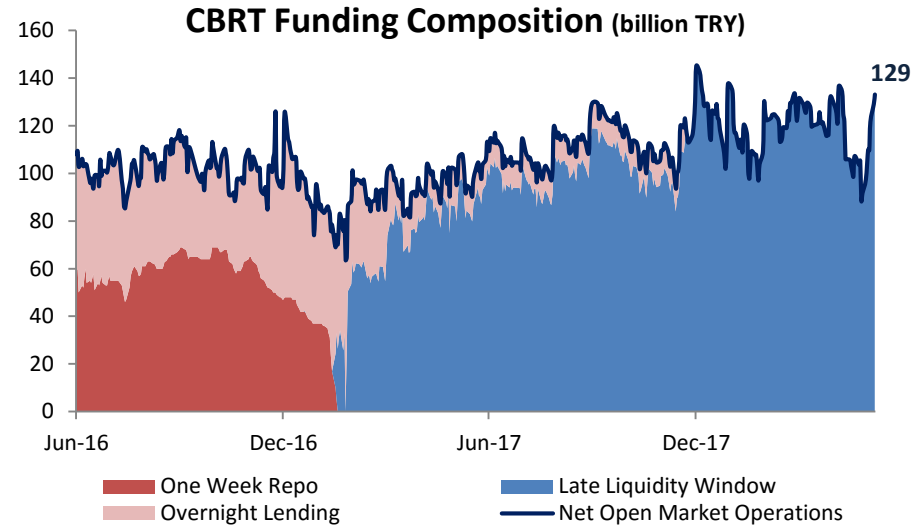
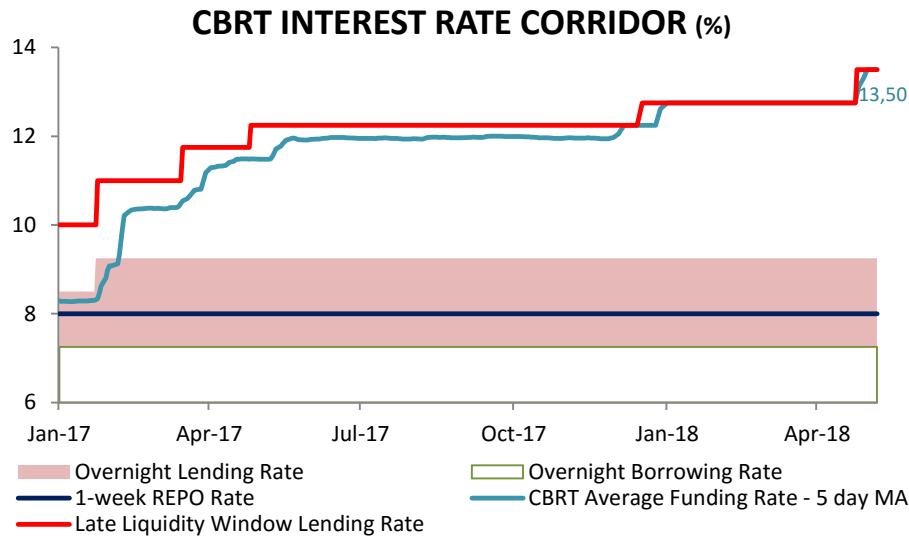
Portfolio Inflows (12-month cumulative, bn USD)



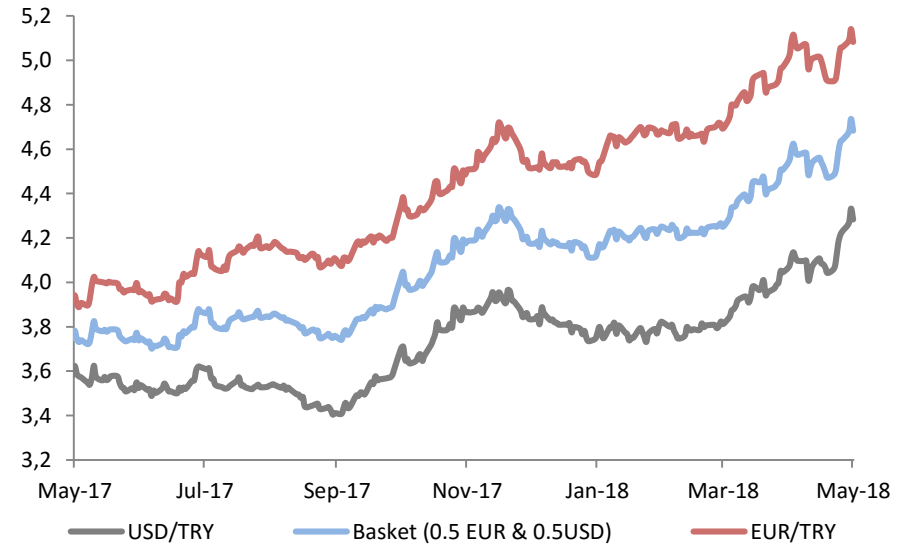
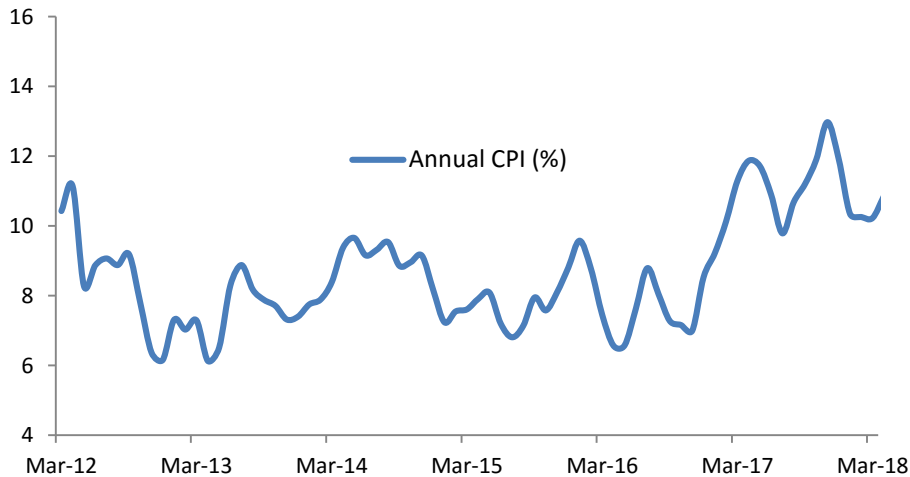
Foreign Direct Investment Inflows (12-month cumulative, bn USD)



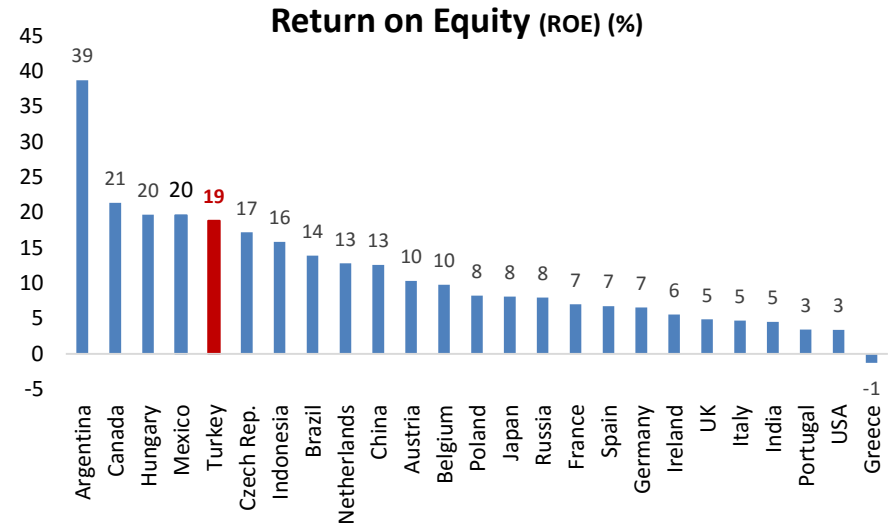
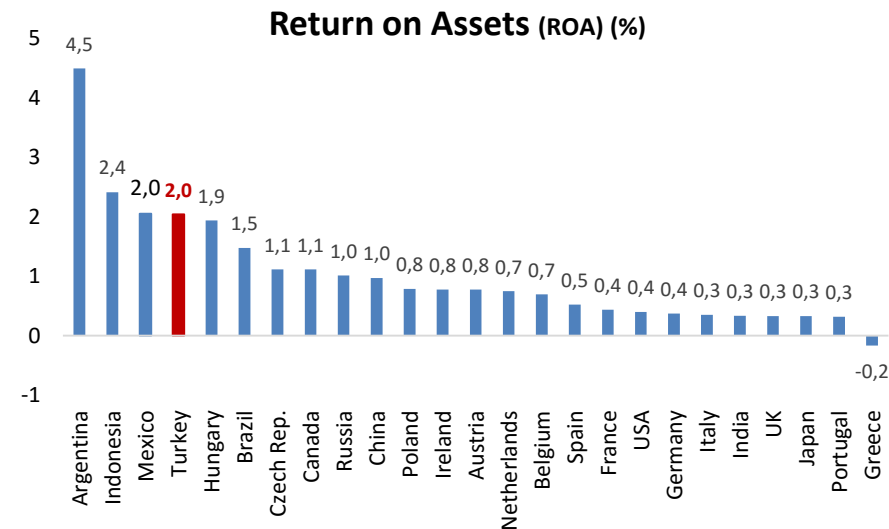
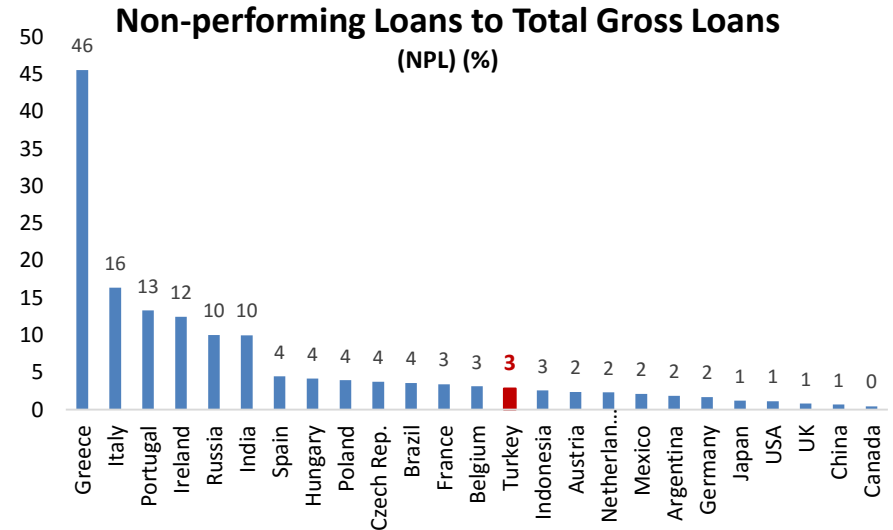
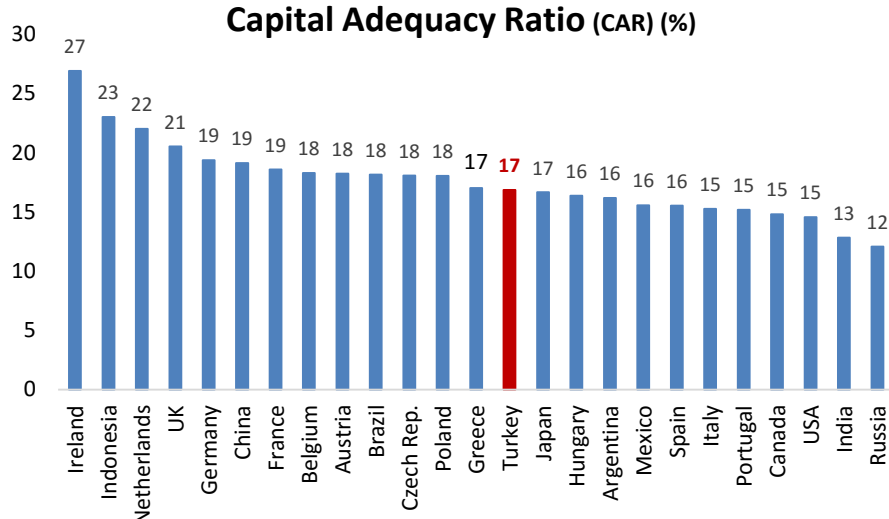
Central bank is implementing tight monetary policy



The rise in inflation is expected to be temporary

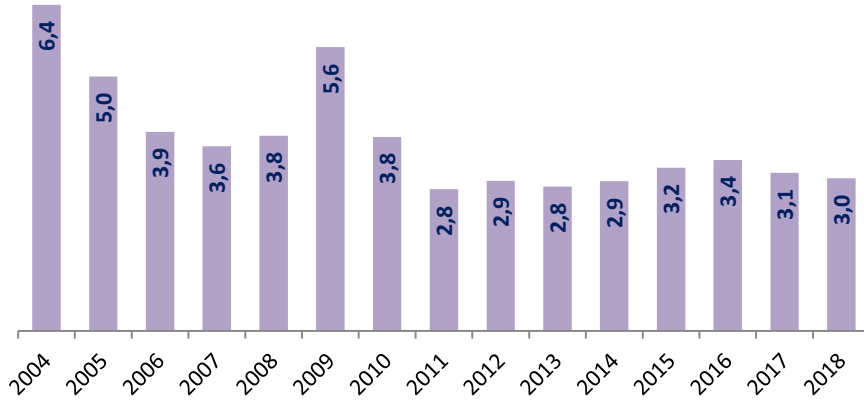


Well capitalized, strong banking sector attracts foreign interest



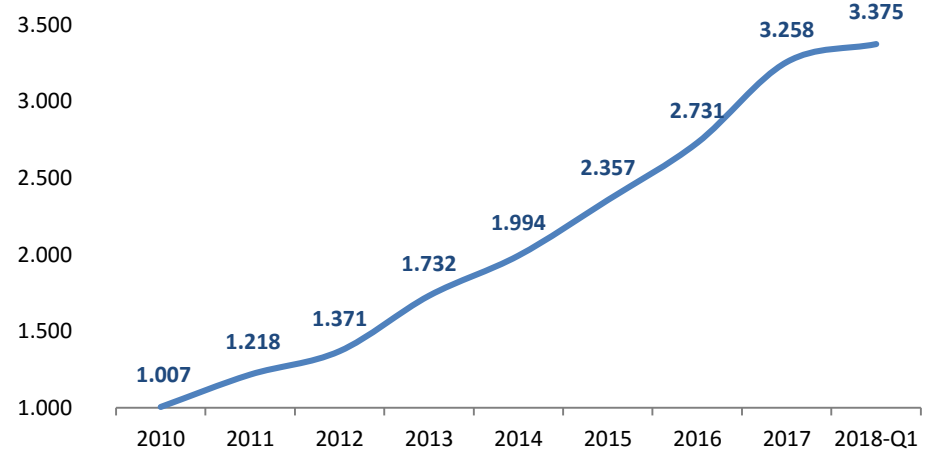
The banking sector grew as a result of its strong asset quality and was able to maintain high profits

Non-Performing Loan Ratio (%)

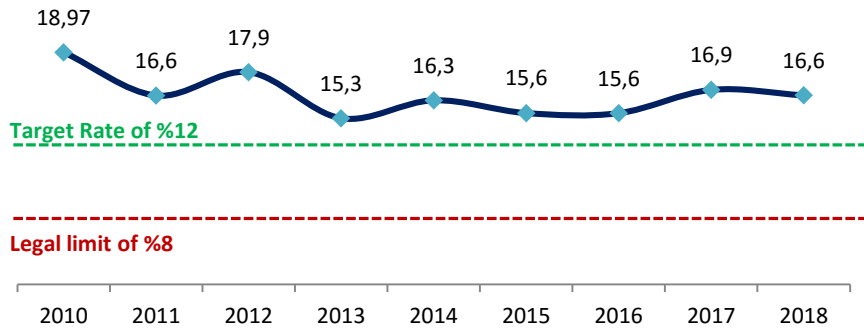


* Latest figure: March 2018

Banking Sector Total Asset (billion TL)

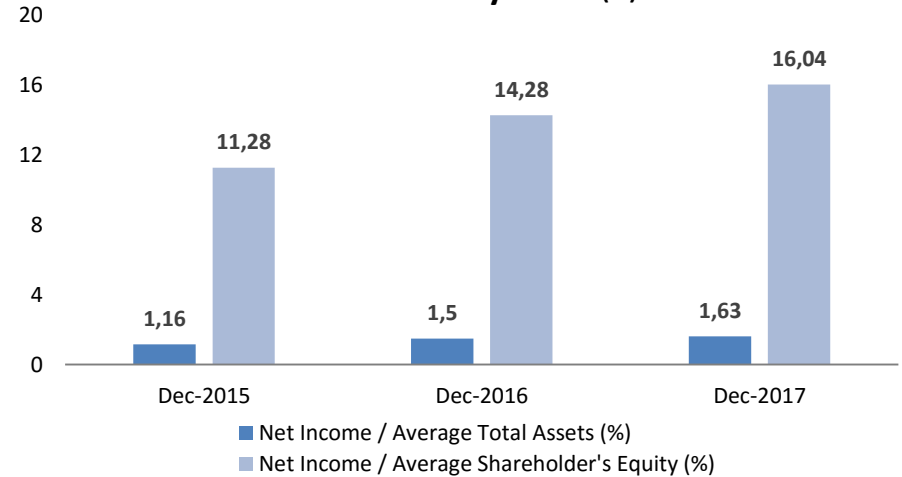


Capital Adequacy Ratio (%)



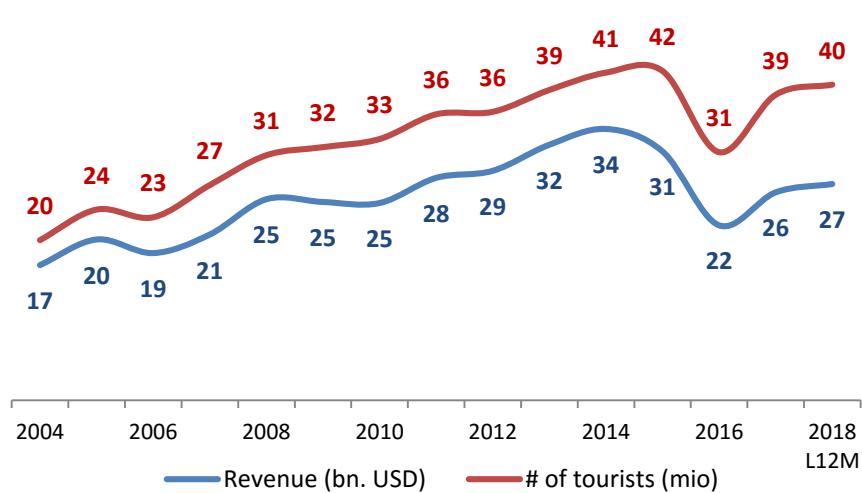
* Latest figure: March 2018

Profitability Ratio (%)

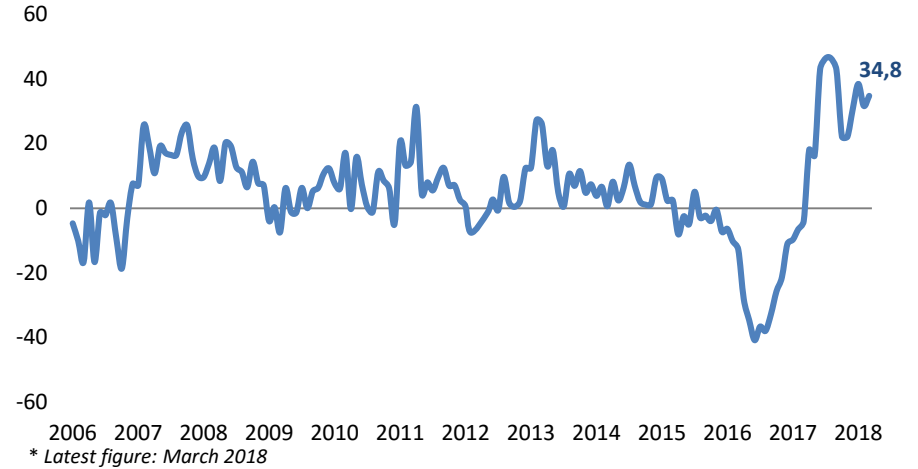


Tourism revenues and number of visitors doubled between 2004-2014. Strong recovery has been continuing in 2018!

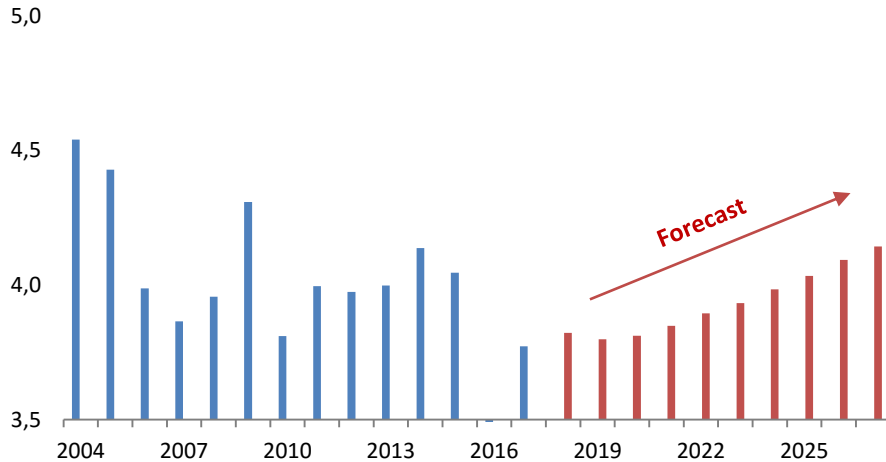
of Visitors vs. Revenues



Turkey Foreign Arriving Visitors Change (YoY,%)*

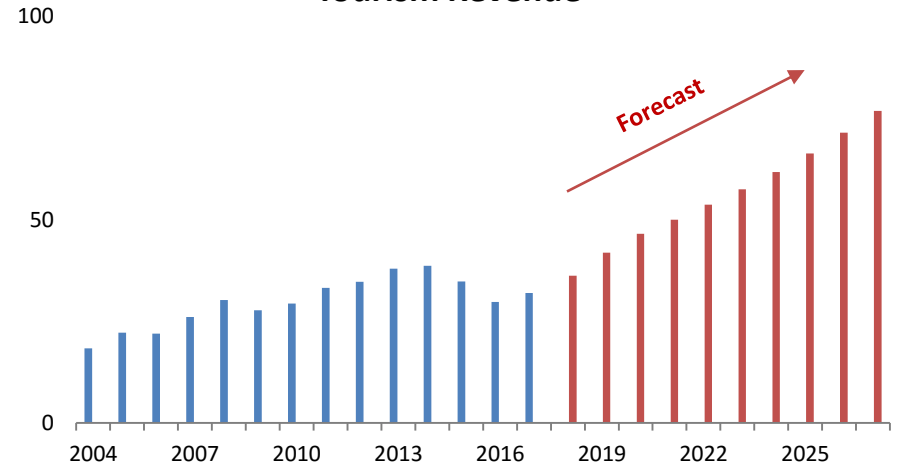


Direct Contribution to GDP* (%)



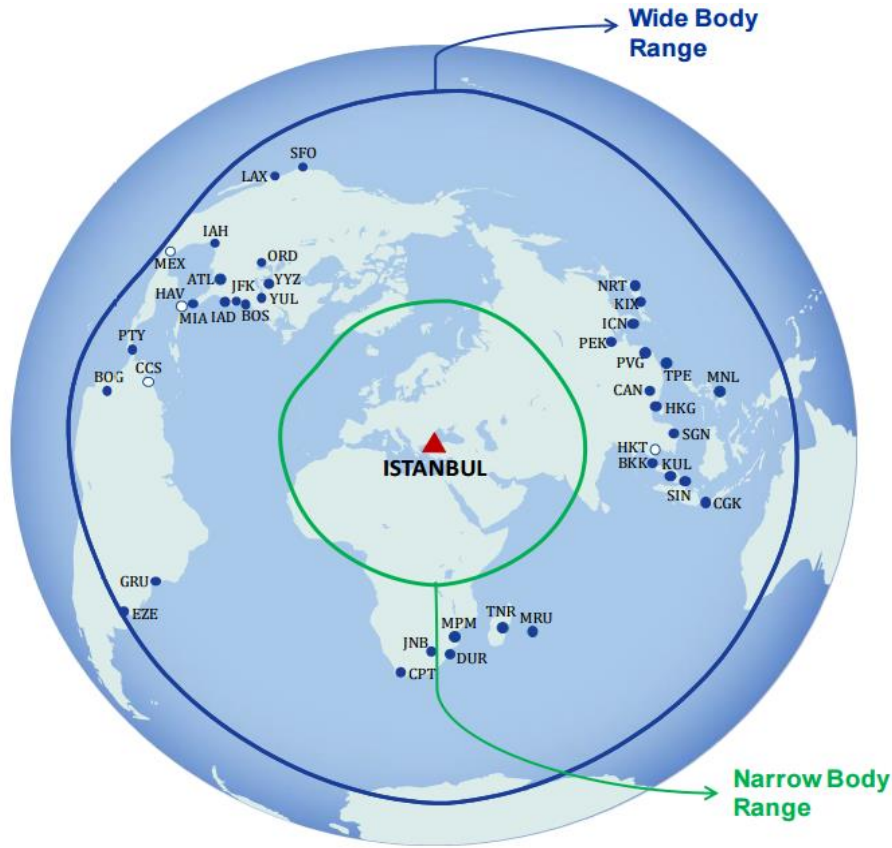
* Based on WTTC data

Tourism Revenue*

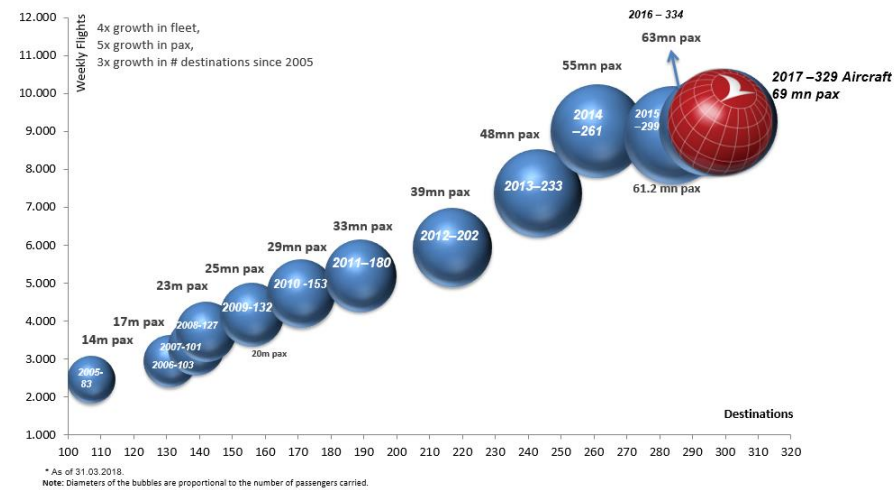


Air traffic more than tripled in last 10 years

1,5 billion people and \$24T GDP at 4 hour flight-distance



Turkish Airlines connects you to 303 destinations in 121 countries



DISCLAIMER

Türk Hava Yolları A.O. (the “Company” or “Turkish Airlines”) has prepared this presentation for the sole purpose of providing information about recent macroeconomic developments in Turkey and its business, operations, operational and financial results. The information in this presentation is subject to updating, revision and amendment. This presentation is not, and does not support to be comprehensive and to contain all information related to Turkish economy and Turkish Airlines.

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any Turkish securities including Turkish Airlines, its subsidiaries or their respective affiliates nor should it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto. This presentation is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would be contrary to law or regulation. The information contained in this presentation has not been subject to any independent audit or review and may contain forward-looking statements, estimates and projections. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements based on several resources. Although the estimates and projections reflected in the forward-looking statements are reasonable, it does not mean that they are facts. These estimates or projections may prove materially incorrect, and actual results may materially differ. As a result, you should not rely on these forward-looking statements. Turkish Airlines undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law. Any forward-looking statement in this presentation speaks only as of the date on which it is made, and Turkish Airlines undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except to the extent required by law.

Information about general economy, industry and market together with forecasts used in this presentation were obtained from several resources, including central banks, statistical institutes, respective banks’ reports, internal research, publicly available information, industry publications and other market commentaries. The information contained therein has been obtained from sources believed to be reliable at the relevant time, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal research, market research, industry publications and other publicly available information, while believed to be reliable, have not been independently verified, and Turkish Airlines does not make any representation as to the completeness or accuracy of such information.

No representation, warranty or undertaking, expressed or implied, is or will be made by Turkish Airlines or its shareholders, affiliates, advisors or representatives or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained in this presentation (or whether any information has been omitted from this presentation). Turkish Airlines, to the extent permitted by law, and each of its respective directors, officers, employees, affiliates, advisors or representatives disclaims all liability whatsoever (in negligence or otherwise) for any loss however arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection with this presentation.

This presentation should not be construed as financial, legal, tax, accounting, investment or other advice or a recommendation with respect to any investment. Under no circumstances is this information and material to be construed as a prospectus, supplement, offering memorandum or advertisement, and neither any part of this presentation nor any information or statement contained herein shall form the basis of or be relied upon in connection with any contract, commitment or investment decision.

By reading this presentation or attending or listening to any relevant meeting, conference call or webcast organized by the Company, you agree to be bound by the above provisions.

THANK YOU

WIDEN YOUR
W O R L D

TURKISH
AIRLINES

