

TURKISH AIRLINES

1Q'16 Results Summary



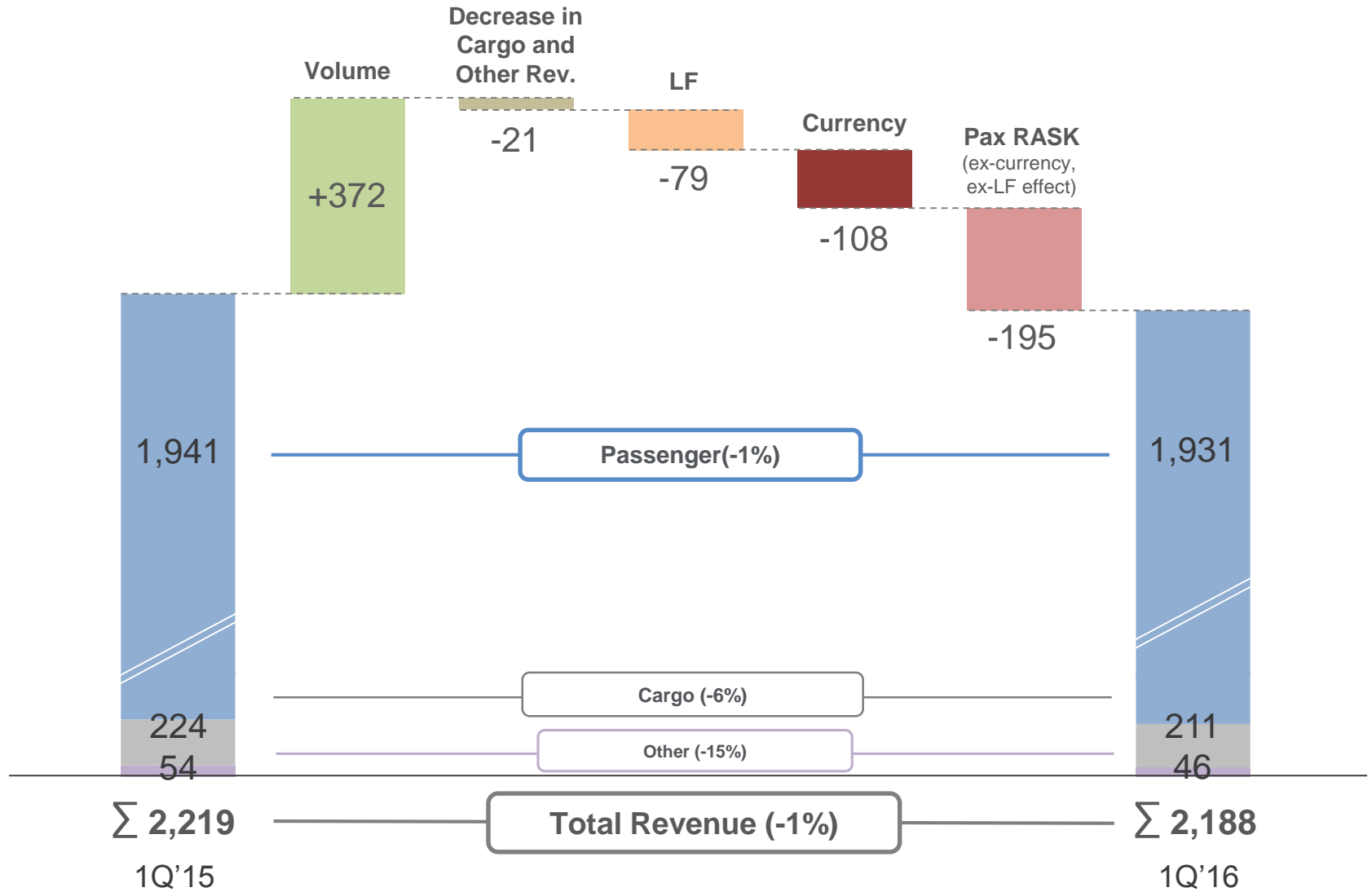
Key Financial Data

(USD mn)	1Q'15	1Q'16	Change
Revenue	2,219	2,188	-1.4%
Passenger Revenue	1,941	1,931	-0.5%
Net Operating Profit	-35	-280	-
Profit From Main Operations	17	-214	-
Net Income	153	-421	-
Net Income Margin	6.9%	-19.2%	-26.1 pt
EBITDAR	358	215	-39.9%
EBITDAR Margin	16.1%	9.8%	-6.3 pt

(USD mn)	2015	31.03.2016	Change
Net Debt	5,489	6,538	19.1%
Total Assets	16,383	17,062	4.1%

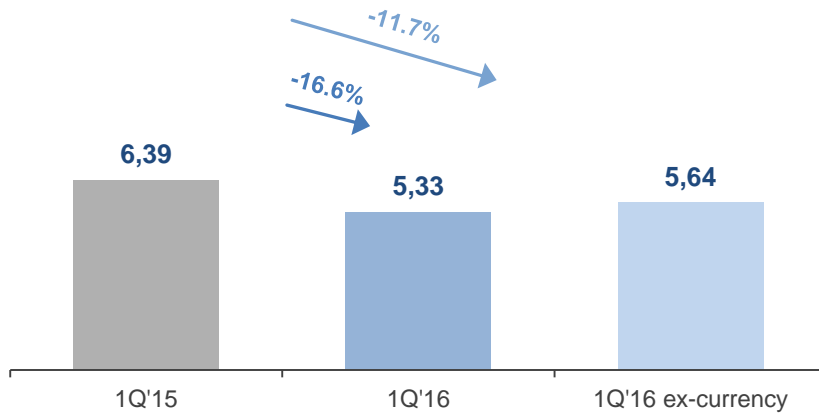
Revenue Development (1Q'15 vs 1Q'16)

(mn USD)

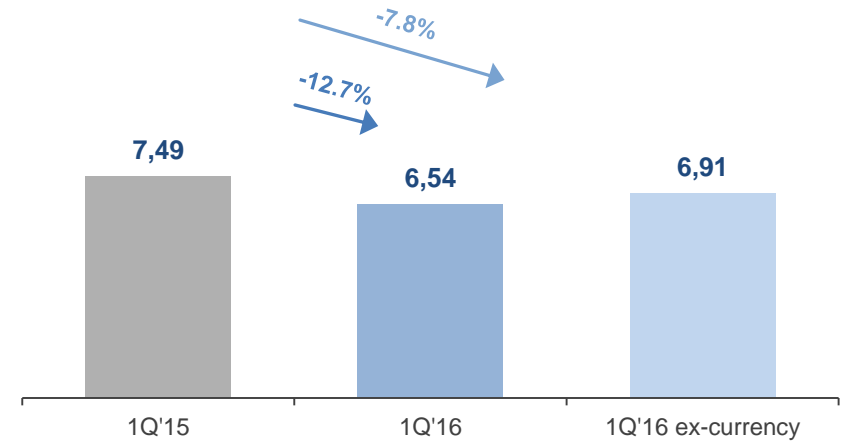


Unit Revenue Development

RASK (USc)



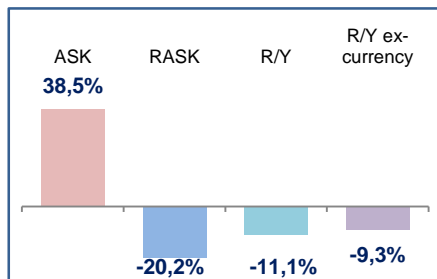
R/Y (USc)



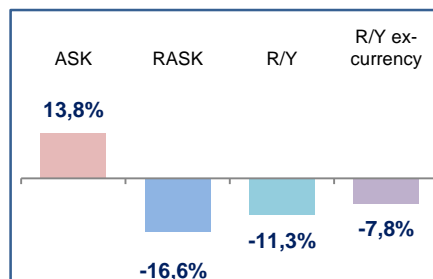
Yield (R/Y): Passenger Revenue / RPK (Scheduled)
RASK: Passenger and Cargo Revenue / ASK* (Scheduled-cargo adj.)

Regional Yield Development in USD (1Q'16 vs 1Q'15)

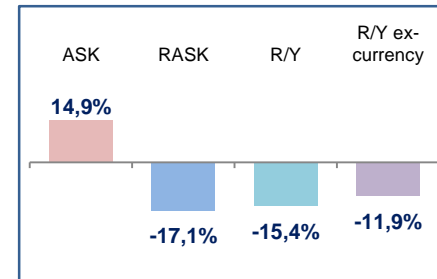
America



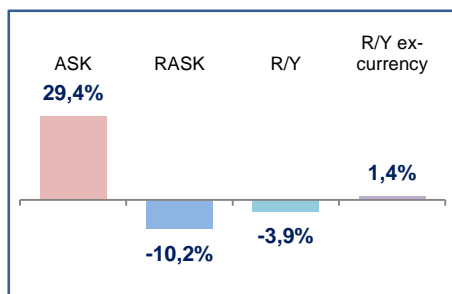
Europe & CIS



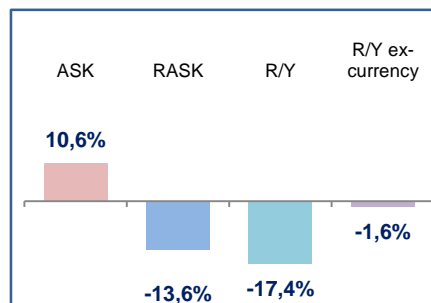
Asia / Far East



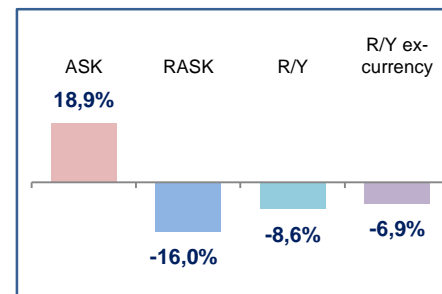
Africa



Domestic



Middle East



Trading Highlights for 1Q'16

- 19% systemwide capacity growth, highest in US and Africa
- Geopolitic risks and security concerns have pressured direct traffic into Turkey.
- Group cancellations to/from Europe due to security concerns from Far East (esp. Japan and China)
- Compensated by transfer traffic (22% pax growth)
- Weaker demand from Russia and Russia dependent economies and from oil producer countries
- Increased market capacity driven mostly by gulf, regional and local carriers

Trading Outlook for 2Q'16 and 2H'16

Capacity growth:

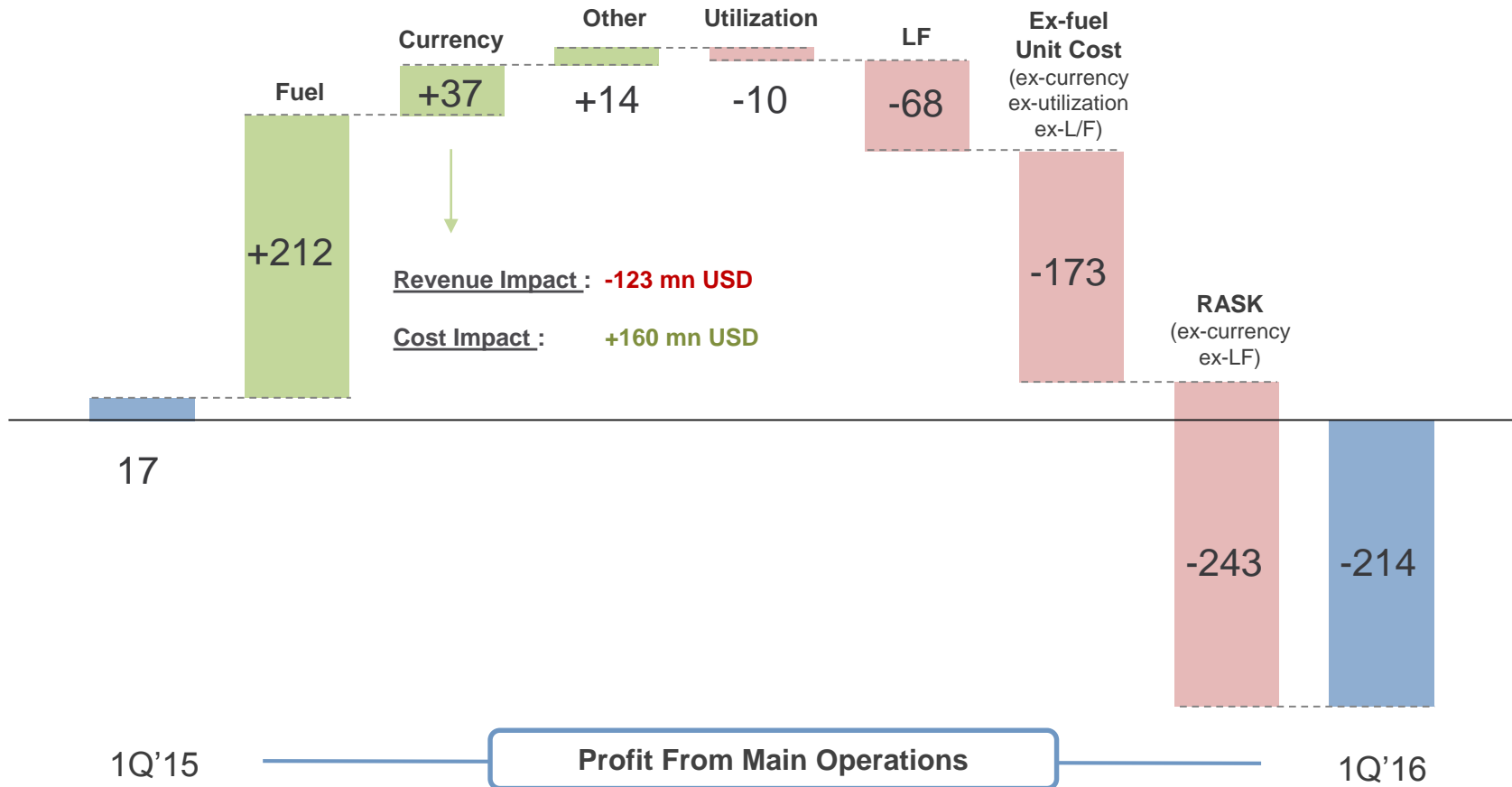
- Capacity growth plan of 16% in 2Q'16 and 20% in 2H'16

Forward booking trends indicate:

- Weak demand environment continued in 2Q'16. (especially Europe-Asia traffic)
- Africa, US and Eastern Europe relatively stronger
- Yield pressures in constant currency to reduce in 2H'16

Operational Profit Bridge (1Q'15 vs 1Q'16)

(mn USD)



Operational Expense Breakdown

(mn USD)	1Q'15	1Q'16	Change
Fuel	685	604	-11.8%
Personnel ⁽¹⁾	412	493	19.7%
Aircraft Ownership ⁽²⁾	313	394	25.9%
Airports & Air Navigation	203	224	10.3%
Sales & Marketing	200	241	20.5%
Ground Handling	144	154	6.9%
Passenger Services & Catering	137	142	3.6%
Maintenance ⁽³⁾	95	143	50.5%
General Administration	24	26	8.3%
Other Cost of Sales	41	47	14.6%
TOTAL	2,254	2,468	9.5%

ASK Growth: 19.1%

Notes:

- (1) Includes onetime net payment made to the unionized staff amounting 39 mn USD, also wage increases of 7% for the first half of 2016.
- (2) Increase in aircraft ownership is mainly related to growing fleet and increased WB aircraft in the fleet mix. Also, timing for heavy maintenance schedule and the effect of decreased depreciation life of some heavy maintenance from 6 years to 4 years.
- (3) Increase in maintenance includes unit cost increase and seasonalities, also 18 mn USD costs relating to previous terms (maintenance reserve being short).

CASK Breakdown

(USc)	1Q'15	1Q'16	Change
Fuel	2.08	1.54	-26.0%
Personnel	1.25	1.26	0.5%
Aircraft Ownership	0.95	1.00	5.7%
Airports & Air Navigation	0.62	0.57	-7.3%
Sales & Marketing	0.61	0.61	1.2%
Ground Handling	0.44	0.39	-10.2%
Passenger Services & Catering	0.42	0.36	-13.0%
Maintenance	0.29	0.36	26.4%
General Administration	0.07	0.07	-9.0%
Other Cost of Sales	0.12	0.12	-3.7%
TOTAL	6.84	6.29	-8.1%

CASK ex-currency change: **-2.1%**

Ex-fuel CASK ex-currency change: **+8.3%** (1)

(1) Increase in constant currency ex-fuel CASK results from 19% increase in personnel, 6% increase in sales&marketing (seasonal, should normalise for full year) and increase in maintenance CASK.

Selected KPI's

	1Q'15	1Q'16	Change
Fuel Price (Usd/ton)	742	549	-26.0%
Fuel Consumption (lt) per 100 ASK	3.50	3.50	0.0%
Aircraft Ownership Cost per BH	1,110	1,213	9.2%
Maintenance Cost per BH	337	440	30.6%
Handling Cost per Landing	1,473	1,427	-3.1%
Airports & Air Navigation Cost per km Flown	1,053	1,033	-1.9%
Passenger Services & Catering Cost per Pax	10.66	10.02	-6.0%
Sales & Marketing Cost / Passenger Revenue ⁽¹⁾	10.3%	12.5%	2.2 pt

(1) Growth in this ratio realized due to increase in one time marketing efforts in 1Q'16 and decrease in passenger revenue. We expect it to normalize throughout the year.

EBITDAR Calculation

EBITDAR (mn USD)	1Q'15	1Q'16	YoY Change
Sales Revenue	2,219	2,188	-1%
NET OPERATING PROFIT / (LOSS)	-35	-280	-
Other Operating Income	60	74	23%
Other Operating Expense (-)	8	8	0%
Profit / (Loss) From Main Operations	17	-214	-
Adjustments	-2	-6	-
Share of Investments' Profit/Loss Accounted by Using The Equity Method	-13	-24	-
Income From Government Incentives	11	18	64%
EBIT	15	-220	-
Depreciation	203	270	33%
EBITDA	218	50	-77%
Adjusted Operating Lease Expenses* ⁽²⁾	107	127	19%
Adjusted Short term Lease Expenses (Wet-lease)**	33	38	15%
EBITDAR	358	215	-40%
EBITDAR MARGIN	16.1%	9.8%	-6.3 pt

(*): Adjusted for A/C heavy maintenance

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

Notes:

- (1) For the 1Q'16 Turkish Technic's contribution to EBITDAR through consolidation is 62 mn USD, compared to 53 mn in 1Q'15.
- (2) For 1Q'16 adjustments for heavy maintenance of operational lease expenses were 72 mn USD compared to 57 mn USD in 1Q'15.

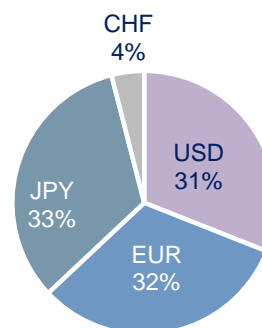
Currency Gains and Hedging Results on P&L

USD (in Million)	31.03.2016	
Net Operational Profit	-280	
Other Operational Income/Expense		66
of which FX Gains from operating items (1)		35
Income from Investment Activities (Net)		21
Share of Subsidiaries Profit/Loss		-24
Operating Profit	-217	
FX Loss from Financing Activities (2)		-306
FX Gain on Currency Hedging (3)		24
Interest Income		7
Interest Expense		-49
Other Financial Income/Expense		-5
of which fair value losses of derivative inst.(4)		-9
Profit Before Tax	-536	
Tax		+115
Net Profit	-421	

1) Fx Gains from Operational Activities

FX gains rise from operational balance sheet items such as trade receivables, payables or TRY liabilities to government most of which are realised cash gains.

2) Fx Loss from Financing Activities



FX losses rise from appreciation of EUR (4.8%) (\$116 mn), JPY (6.8%) (\$183 mn), CHF (4.3%) (\$6mn) against USD, hence increasing USD debt levels.

3) Currency Hedging Results

- Hedging short position on USD and TRY for 24 Months
- Target hedge levels: 30% for TRY, 25-35% for USD

4) Fair Value Losses on Hedging Contracts

Fair value gains/losses (MTM) of hedging contracts are reflected to the balance sheet. Only ineffective portion of hedges (determined each quarter through an effectiveness test) are reflected to P&L.

TURKISH AIRLINES

1Q'16 Results

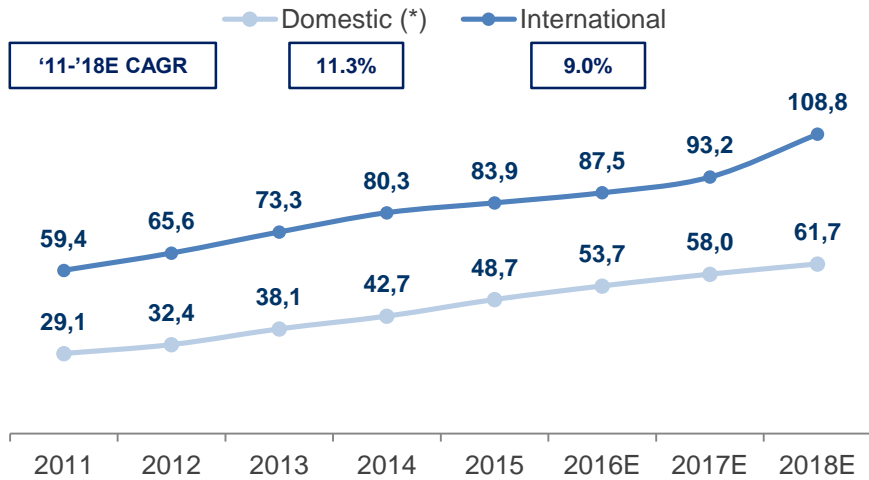


WIDEN YOUR WORLD



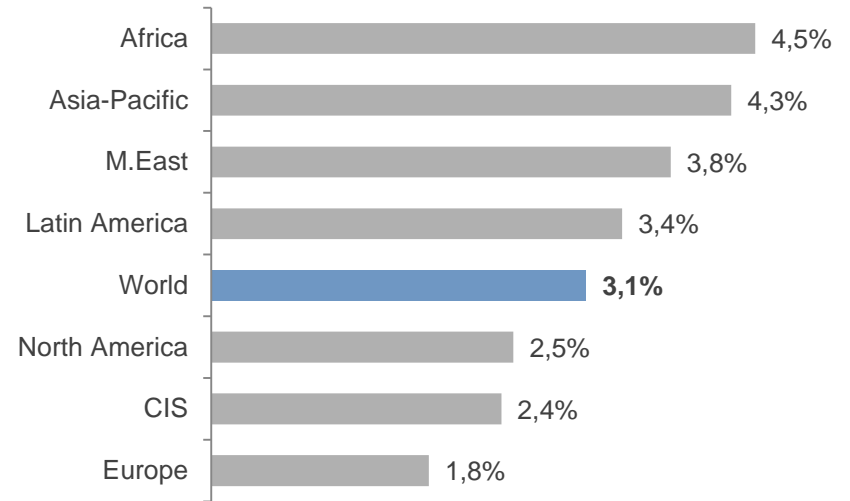
Aviation Market & Economy

Turkish Market Growth (mn pasengers)

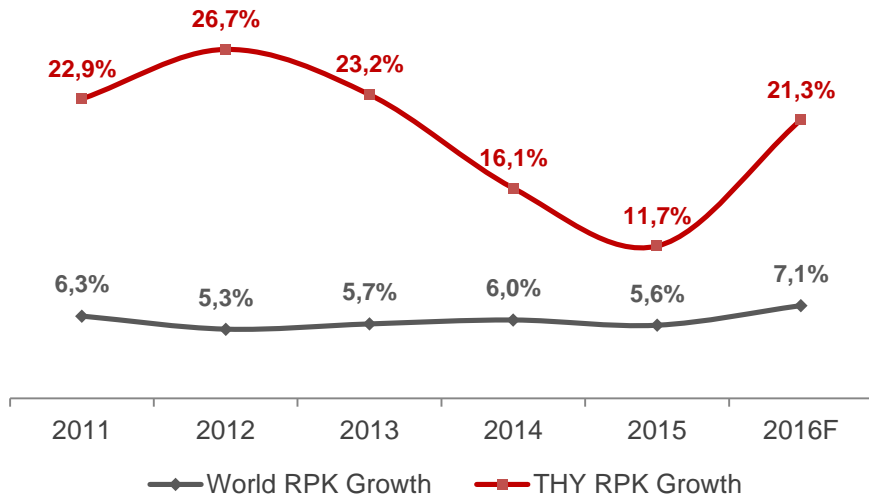


Source: General Directorate of State Airports Authority (DHMI)
 (*): Adjusted for double count on Domestic Pax

Annual GDP Growth Forecast (2015-2034)

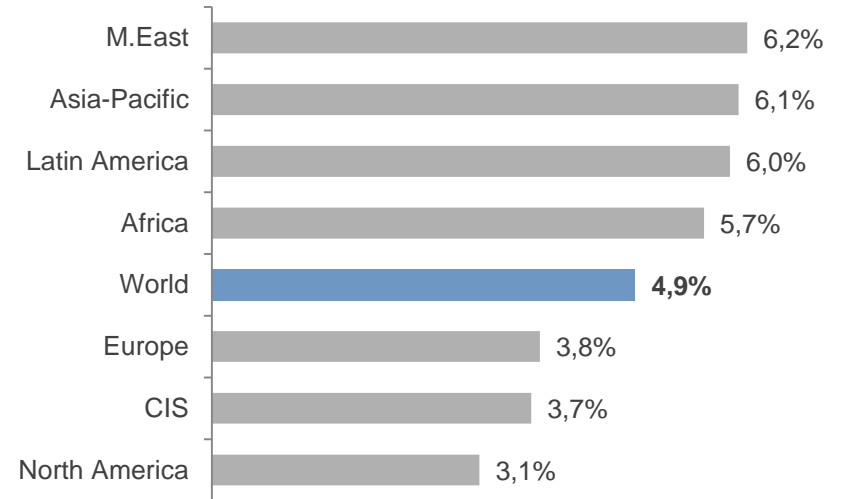


Annual RPK Growth (%)



Source: IATA

Annual RPK Growth Forecast (2015-2034)

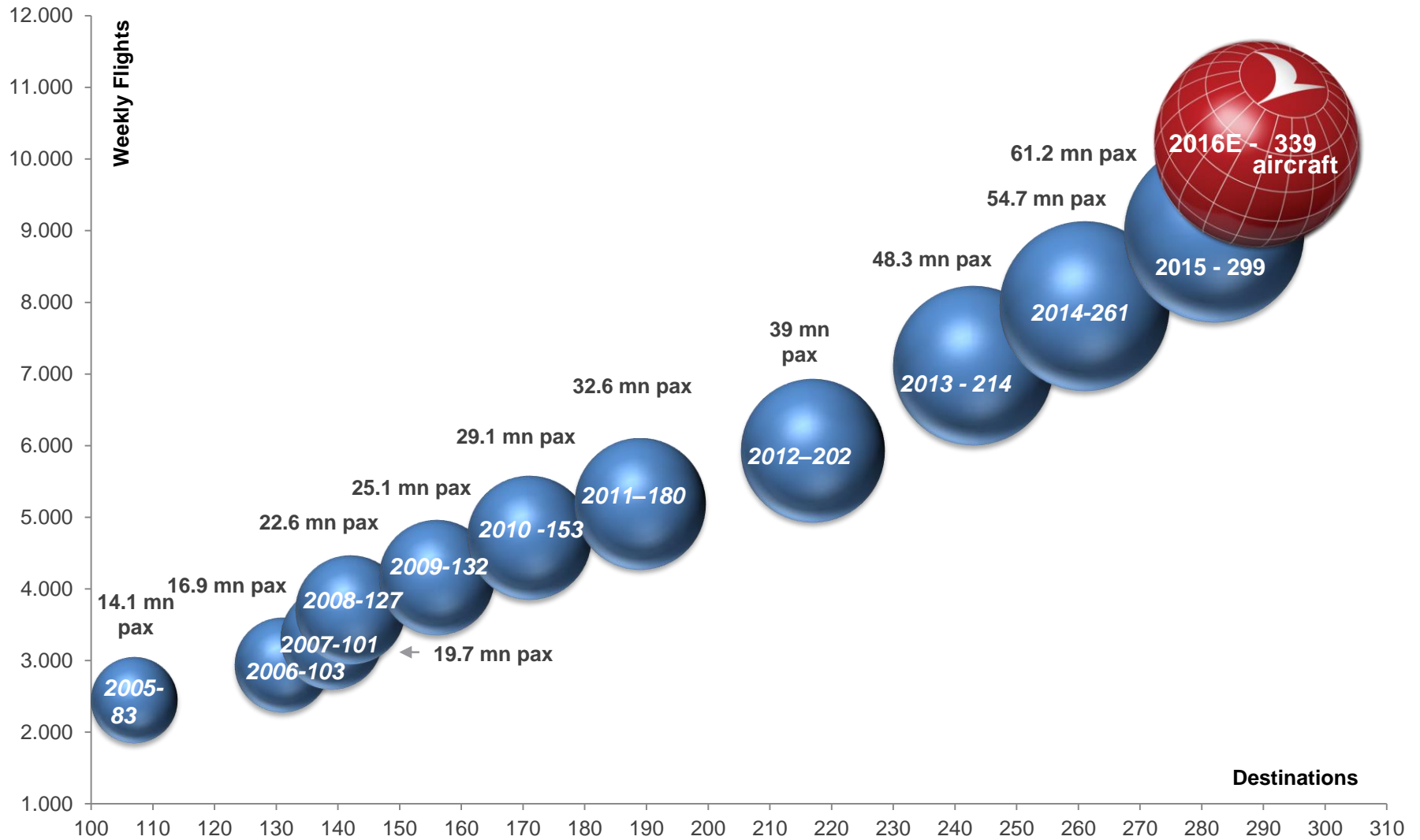


Source: Boeing Current Market Outlook

WIDEN YOUR WORLD



Turkish Airlines Diagonal Growth



* Diameters of the bubbles are proportional to the number of passengers carried.

Destinations: 236* International, 49 Domestic Lines in 113 Countries

EUROPE					
42 COUNTRIES, 108 CITIES					
Germany	368	Spain	76	Hungary	28
Frankfurt	52	Barcelona	28	Budapest	28
Berlin	46	Madrid	21	Bulgaria	25
Munich	46	Malaga	10	Sofia	14
Stuttgart	45	Bilbao	7	Varna	11
Düsseldorf	38	Valencia	7	Romania	25
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	57	Tirana	14
Venice	25	Kiev	16	Croatia	14
Bologna	17	Odessa	11	Zagreb	14
Naples	14	Simferopol	7	Ireland	14
Catania	9	Ivano-Frankivsk	7	Dublin	14
Turin	7	Dnepropetrovsk	5	Kosovo	14
Genoa	5	Kherson	4	Pristina	14
Pisa	5	Zaporizya	4	Macedonia	14
Bari	5	Lviv	3	Skopje	14
France	94	Donetsk	0	Serbia	14
Paris	42	Azerbaijan	45	Belgrade	14
Lyon	14	Baku	35	Portugal	18
Nice	14	Ganja	7	Lisbon	14
Marseille	10	Nakhichevan	3	Porto	4
Toulouse	7	Netherlands	45	Malta	13
Bordeaux	7	Amsterdam	38	Malta	13
UK	92	Rotterdam	7	Montenegro	10
London	59	Belgium	42	Podgorica	10
Manchester	21	Brussels	42	Slovenia	10
Birmingham	12	Denmark	42	Ljubljana	10
Russia	90	Copenhagen	28	Scotland	9
Moscow	42	Aalborg	7	Edinburg	9
Sochi	10	Billund	7	Estonia	7
Kazan	7	Georgia	38	Tallinn	7
St. Petersburg	7	Tbilisi	28	Latvia	7
Ufa	6	Batumi	10	Riga	7
Rostov	4	Greece	35	Lithuania	7
Astrakhan	4	Athens	21	Vilnius	7
Ekaterinburg	4	Thessaloniki	14	Luxemburg	7
Novosibirsk	3	Sweden	35	Luxemburg	7
Stravopol	3	Stockholm	21	Gothenburg	14

Future Routes

Azerbaijan
Lankeran
Poland
Krakov
France
Nantes
Germany
Kassel
Ukraine
Spain
La Coruna
Russia
Makhachkala
Croatia
Dubrovnik
Slovakia
Kosice

AFRICA			
31 COUNTRIES, 48 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
South Africa	18	Kinshasa	5
Cape Town	7	Gabon	5
Johannesburg	7	Libreville	5
Durban	4	Niger	5
Nigeria	16	Niamey	5
Lagos	7	Cote D'Ivoire	4
Abuja	5	Abidjan	4
Kano	4	Chad	4
Cameroon	14	N'Djamena	4
Douala	7	Benin	4
Yaounde	7	Cotonou	4
Kenya	14	Eritrea	3
Mombasa	7	Asmara	3
Nairobi	7	Madagascar	3
Tanzania	14	Antananarivo	3
Dar Es Selaam	7	Mali	3
Kilimenjaro	7	Bamako	3
Tunisia	14	Mauritius	3
Tunis	14	Port Louis	3
Djibouti	7	Mozambique	3
Djibouti	7	Maputo	3
Ethiopia	7		
Addis Ababa	7		
Ghana	7		
Accra	7		
Libya	7		
Misurata	7		
Benghazi	-		
Sebha	-		
Tripoli	-		
Morocco	7		
Casablanca	7		
Rwanda	7		
Kigali	7		
Somalia	7		
Mogadishu	7		

Future Routes

Angola
Luanda
Egypt
Aswan
Luxor
Guinea
Conakry
Seychelles
Seychelles
South Sudan
Juba

MIDDLE EAST			
13 COUNTRIES, 34 CITIES			
Saudi Arabia	97	Lebanon	21
Jeddah	28	Beirut	21
Madinah	21	UAE	18
Dammam	17	Dubai	14
Riyadh	14	Abu Dhabi	4
Yanbu	10	Jordan	17
El Qassim	4	Amman	14
Taif	3	Akabe	3
Iran	67	Qatar	14
Tehran	33	Doha	14
Mashad	7	Yemen	14
Shiraz	7	Aden	7
Tabriz	7	Sanaa	7
Isfahan	5	Bahrain	10
Kermanshah	4	Bahrain	10
Ahvaz	4	Oman	7
Israel	56	Muscat	7
Tel Aviv	56	Syria	-
Iraq	51	Aleppo	-
Baghdad	14	Damascus	-
Erbil	14		
Basra	10		
Sulaymaniyah	8		
Najaf	5		
Mosul	0		
Kuwait	42		
Kuwait	42		

Future Routes

Saudi Arabia
Abha

AMERICAS			
4 COUNTRIES, 12 CITIES			
USA	68	Brazil	7
New York	21	Sao Paulo	7
Boston	7		
Chicago	7		
Houston	7		
Los Angeles	7		
Miami	7		
Washington	7		
San Francisco	5		
Canada	9		
Toronto	6		
Montreal	3		
Argentina	7		
Buenos Aires	7		

Future Routes

USA
Atlanta
Colombia
Bogota
Cuba
Havana
Mexico
Mexico City
Venezuela
Caracas
Panama
Panama

FAR EAST			
22 COUNTRIES, 34 CITIES			
China	34	Bangladesh	7
Beijing	7	Dhaka	7
Guangzhou	7	Indonesia	7
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	Tajikistan	5
Karachi	7	Dushanbe	3
Islamabad	4	Khujand	2
Lahore	3	Philippines	3
Thailand	14	Manila	3
Bangkok	14	Mongolia	3
Turkmenistan	14	Ulaanbaatar	3
Ashgabad	14		
South Korea	11		
Seoul	11		
Afghanistan	10		
Kabul	7		
Mazar-i Sharif	3		

Future Routes

Vietnam
Hanoi
Indonesia
Denpasar

DOMESTIC

49 CITIES

Routes Opened in 2016

Ivano-Frankivsk

* As of 31.03.2016. Numbers shown on the second columns represent weekly flight frequencies.

Istanbul's Geographical Advantage - A Natural Hub

Narrow Body Range Capability to and from Istanbul

(with full passenger payload)

- ✓ 197 out of 236 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

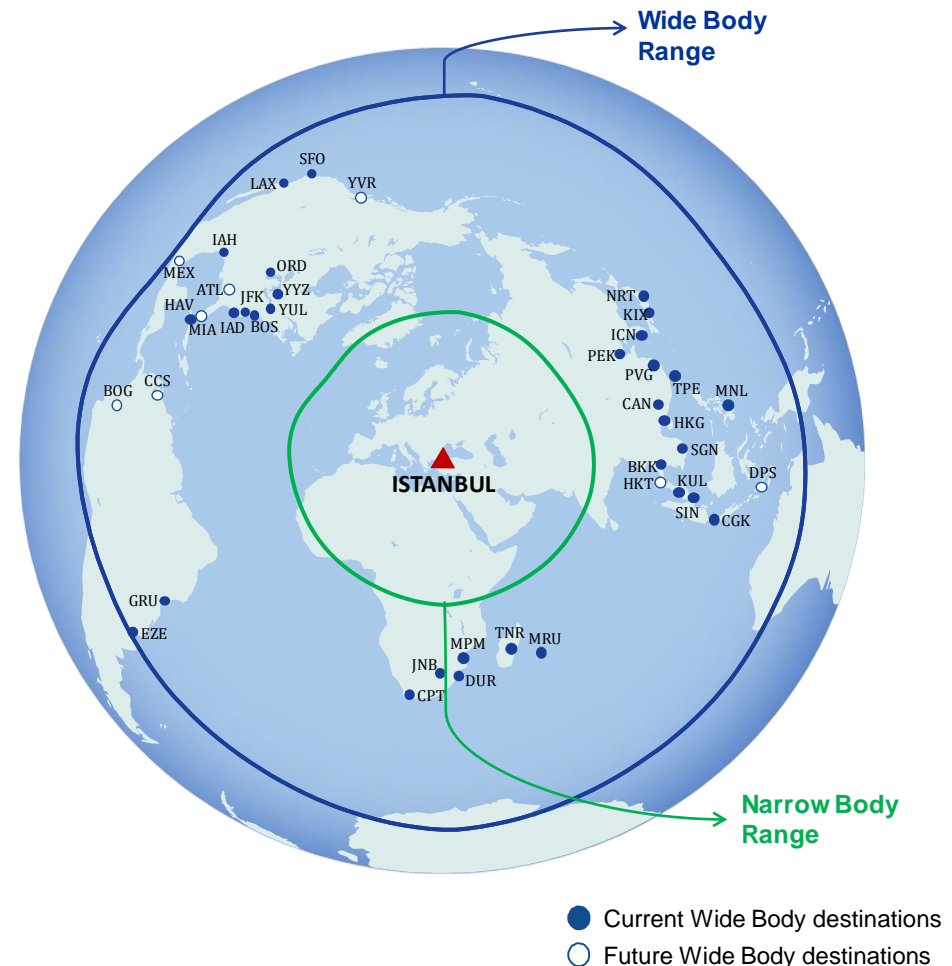
Highest Coverage of Non-Hub Cities

We fly to 42 of the Global Top 50 Hub Airports...

	Outside Top 50 Hubs	Among Top 50 Hubs	# of Total Int'l Airports	Int'l Pax Coverage (%)
THY	194	42	236	76.9%
British Airways	116	43	159	77.6%
Lufhansa	97	44	141	78.1%
Emirates	91	41	132	74.0%
Air France	84	39	123	67.1%

* Atlanta route to open in May 2016.

Source: Passenger data from IATA, route data from OAG. Retrieved on 2 November 2015.



Highest Connectivity for Europe, Africa and Middle East

Airlines Connectivity by Number of O&D Pairs (Top Three)

Europe to the World

Turkish Airlines	20,096
British Airways	10,710
Lufthansa	8,658

Middle East to the World

Turkish Airlines	8,534
Qatar Airways	3,132
British Airways	2,178

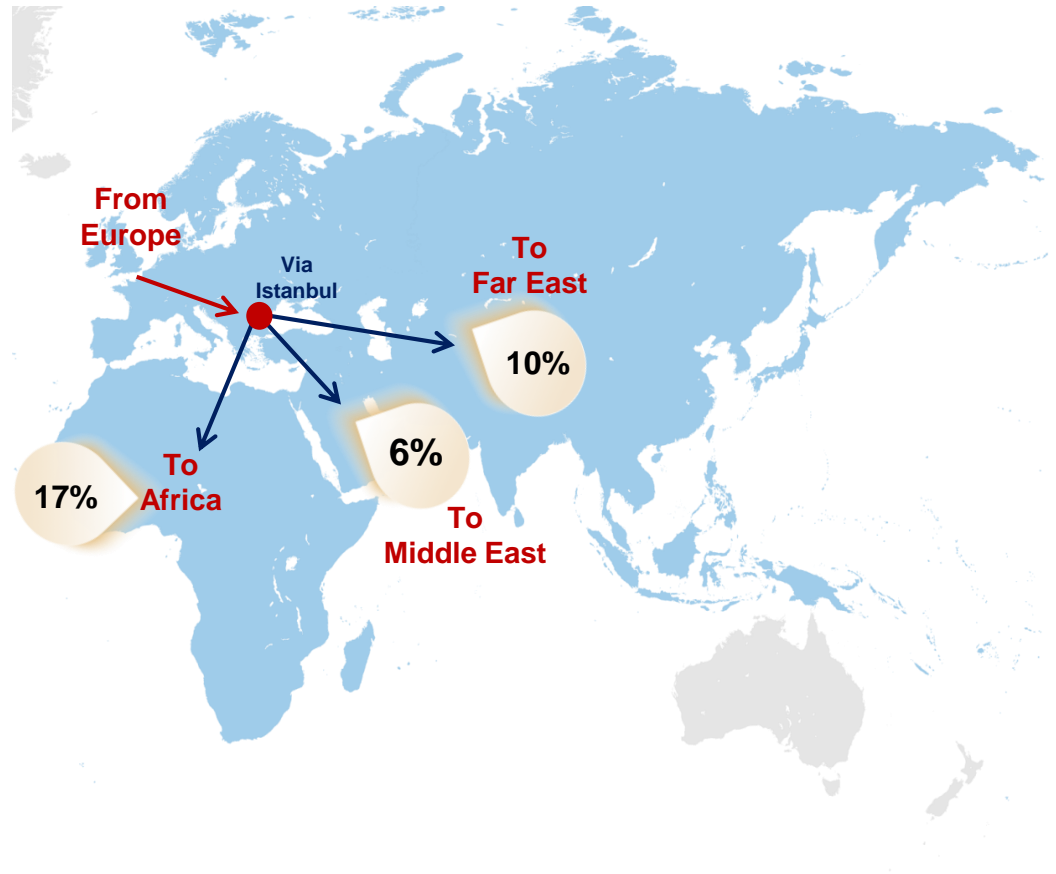
Africa to the World

Turkish Airlines	11,376
Air France	4,488
British Airways	3,264

Far East to the World

United Airlines	9,176
Turkish Airlines	8,534
Delta	5,236

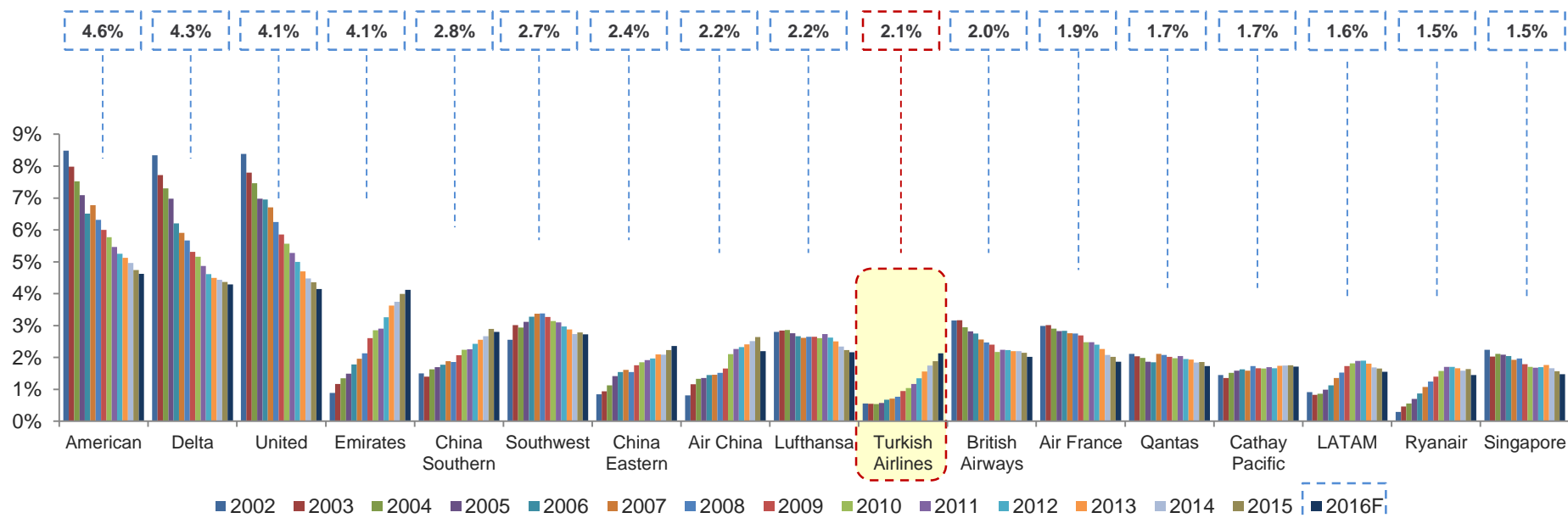
Detour* Advantage



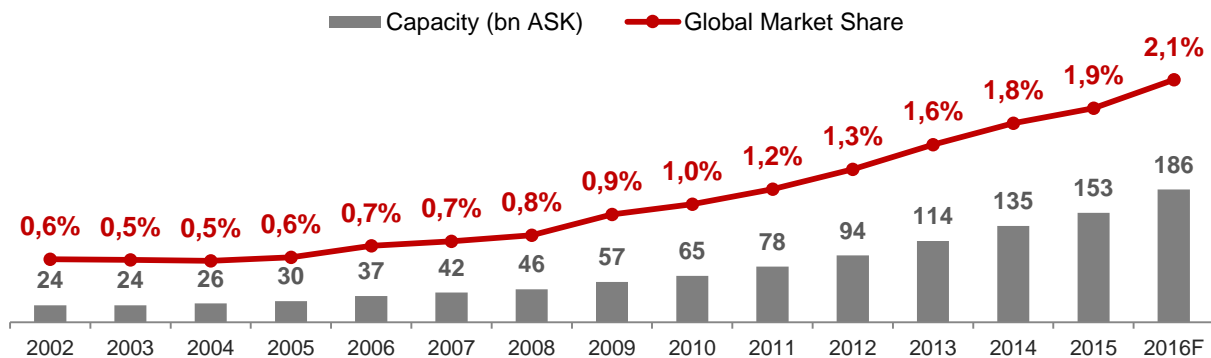
* Detour: Increase in the flight distance compared to a non-stop flight. Forecasted by using 6,000 arrival-departure cities
Source: Retrieved from OAG on 3 May 2016.

About to become the 10th Largest Airline in the World

Global Market Share Trends (in ASK)



Turkish Airlines Market Share Development

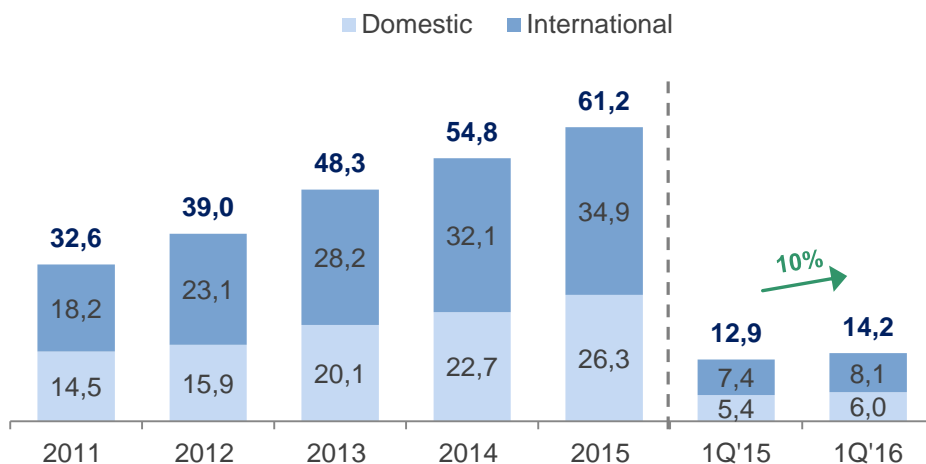


Notes: For US carriers regional flights are excluded. Wholly owned subsidiaries are included in the calculation. 2016 capacities are obtained from OAG on 12 February 2016. Lufthansa figures include Lufthansa Passenger Airline and germanwings.

Source: 2002 ICAO, 2003-2015 IATA, 2016F OAG, company reports, ATW, AEA, sorted by 2016F ASK values.

Passenger Traffic (1Q'16)

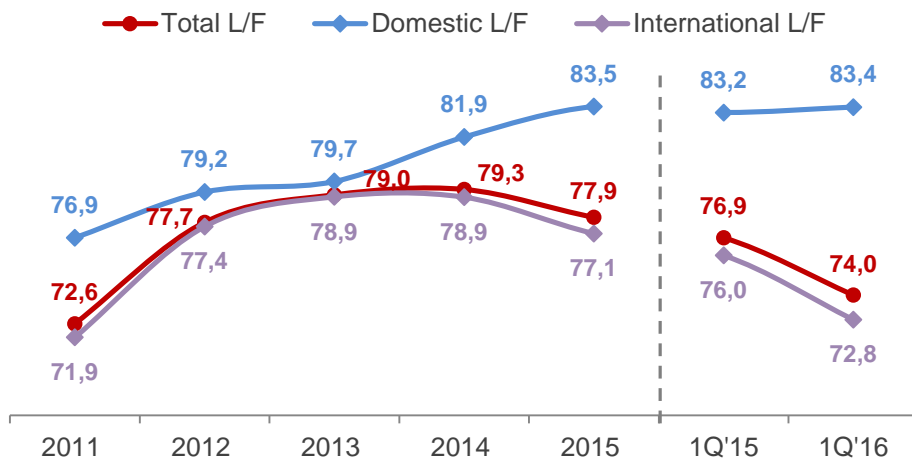
Total Passengers (mn)



THY Passenger Traffic

	1Q'15	vs	1Q'16
Landing		up by	10.3%
ASK		up by	19.1%
RPK		up by	14.6%
Passenger #		up by	10.3%
L/F		down by	-2.9 pt

Load Factor (L/F %)

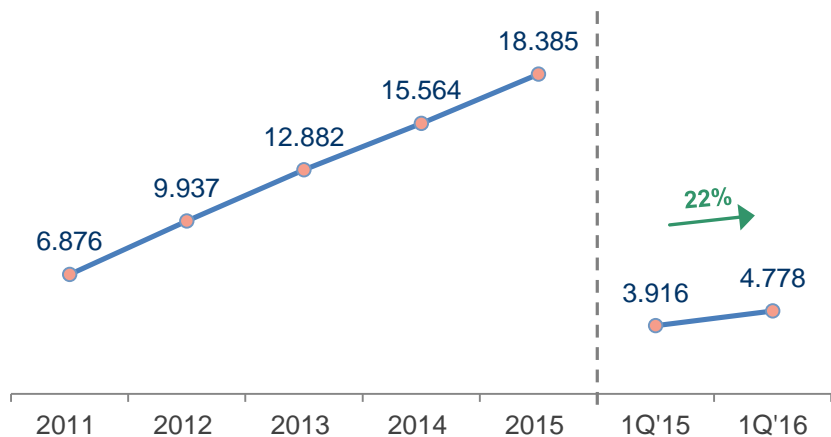


Annual Changes (%)

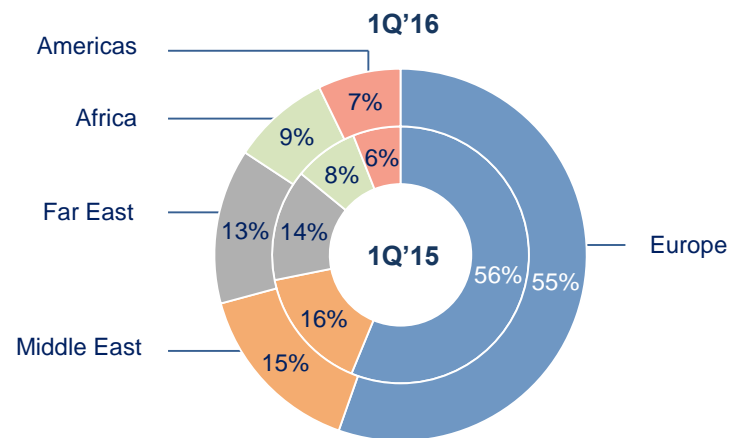
	2011	2012	2013	2014	2015
ASK	25%	18%	21%	16%	14%
RPK	23%	27%	23%	16%	12%
PAX	12%	20%	24%	14%	12%
L/F (pt)	-1.1	+5.1	+1.4	+0.3	-1.4

Passenger Breakdown (1Q'16)

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

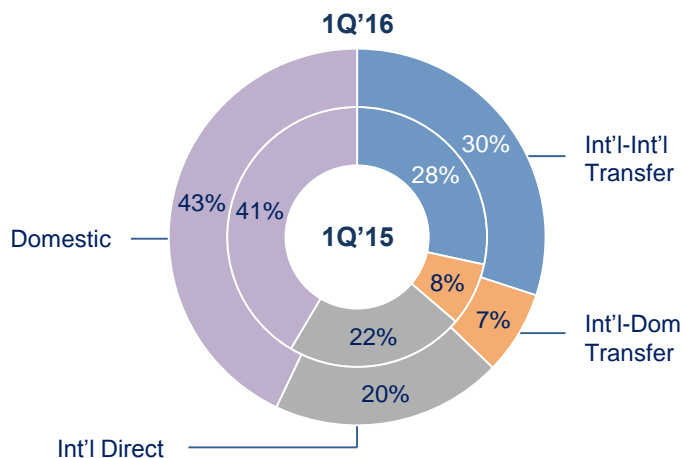


Int'l Passenger Breakdown by Geography



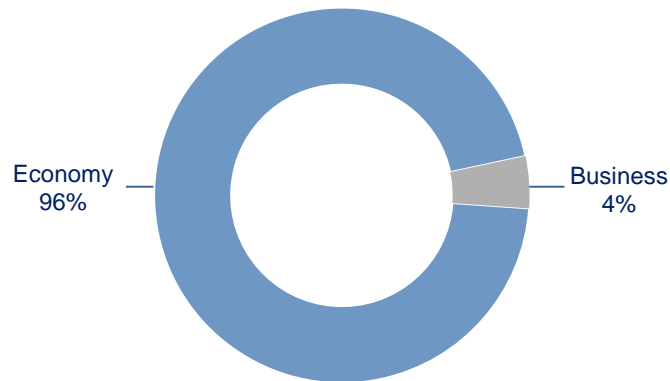
Note: Includes only scheduled passengers.

Passenger Breakdown by Transfer Type



Note: Int'l to int'l transfer passengers' share in total international passengers is 59%.

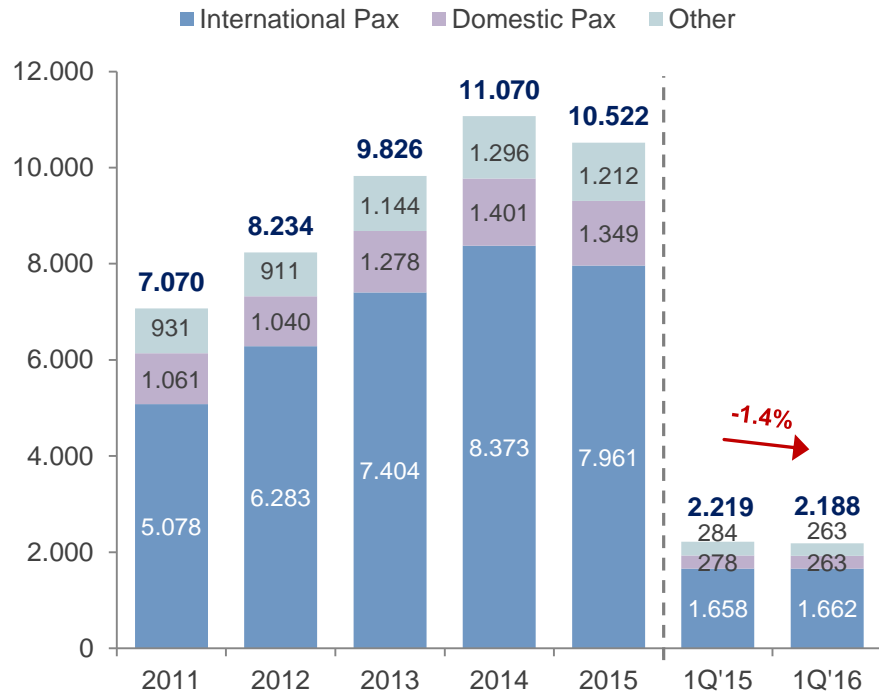
Passenger Breakdown by Cabin Class



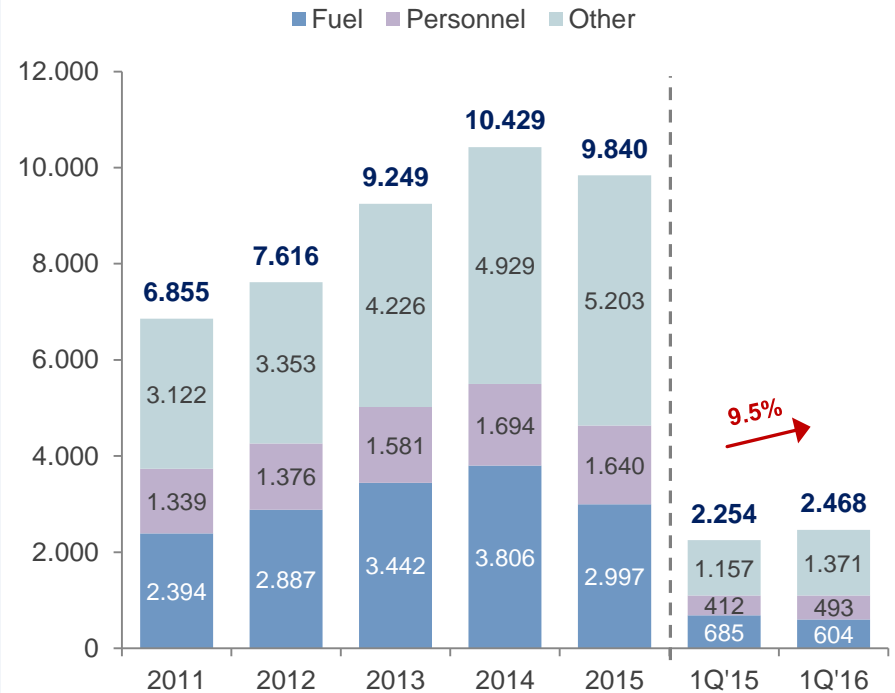
Note: Includes only scheduled passengers. Business class passengers include comfort class passengers. (0.2 %)

Total Revenue and Expenses

Revenues (mn USD)



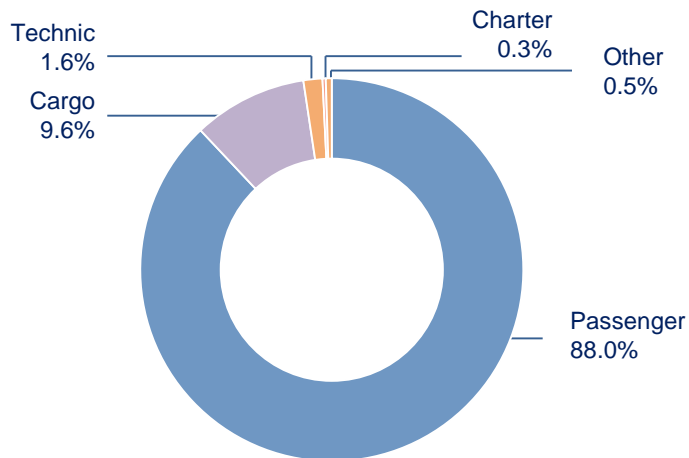
Expenses (mn USD)



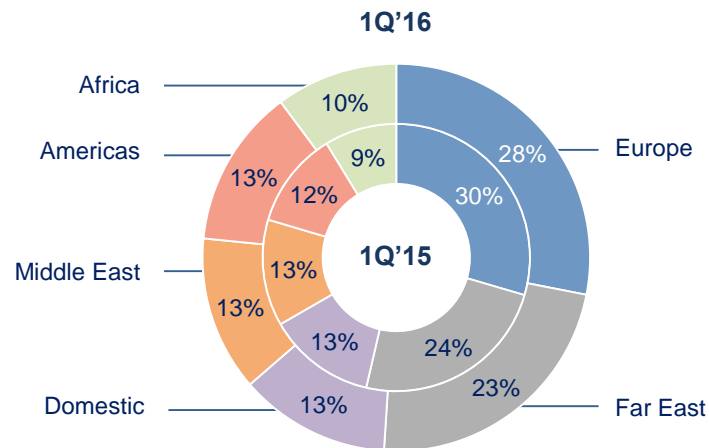
Note: Other revenue includes cargo, charter and other revenue

Revenue Breakdown (1Q'16)

Revenue by Business Type

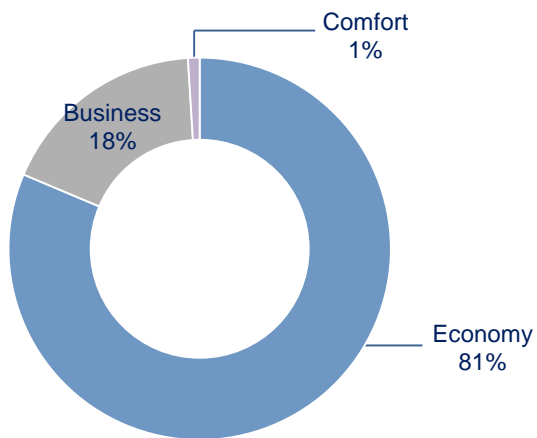


Revenue by Geography

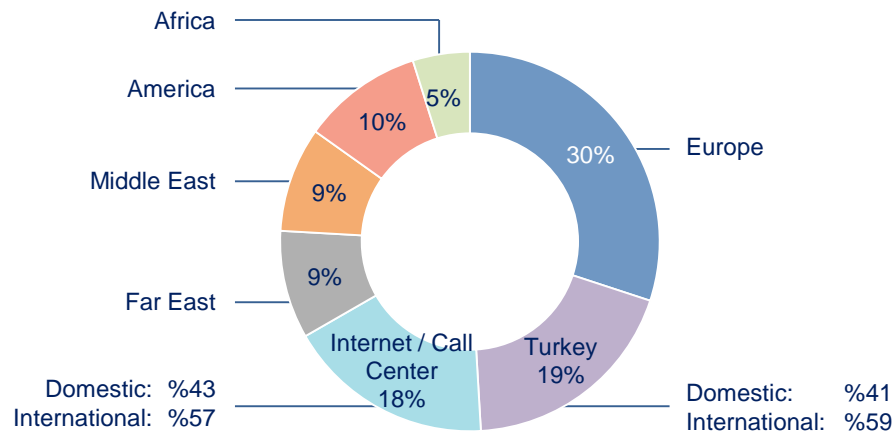


Note: Includes scheduled passenger and cargo revenue

Revenue by Passenger Class



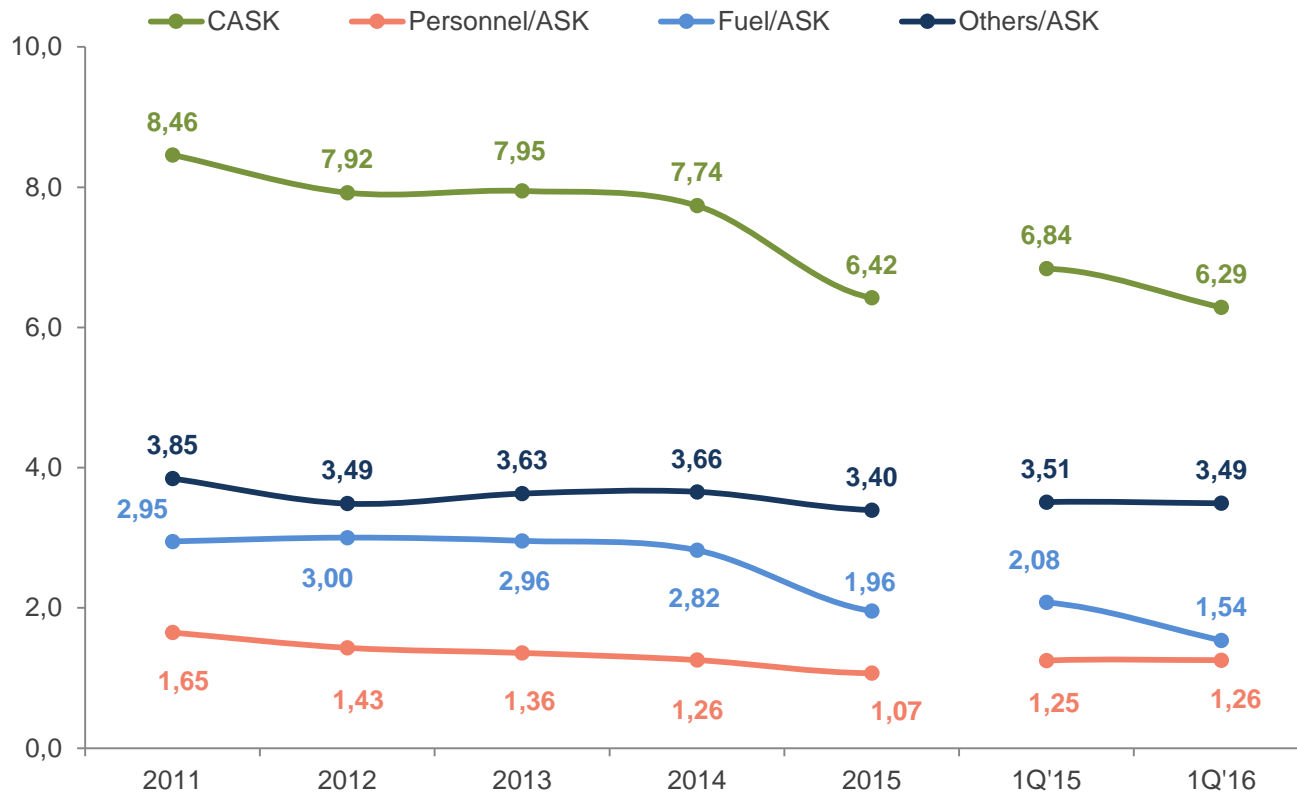
Revenue by Point of Sale



Note: Includes only scheduled passenger revenue

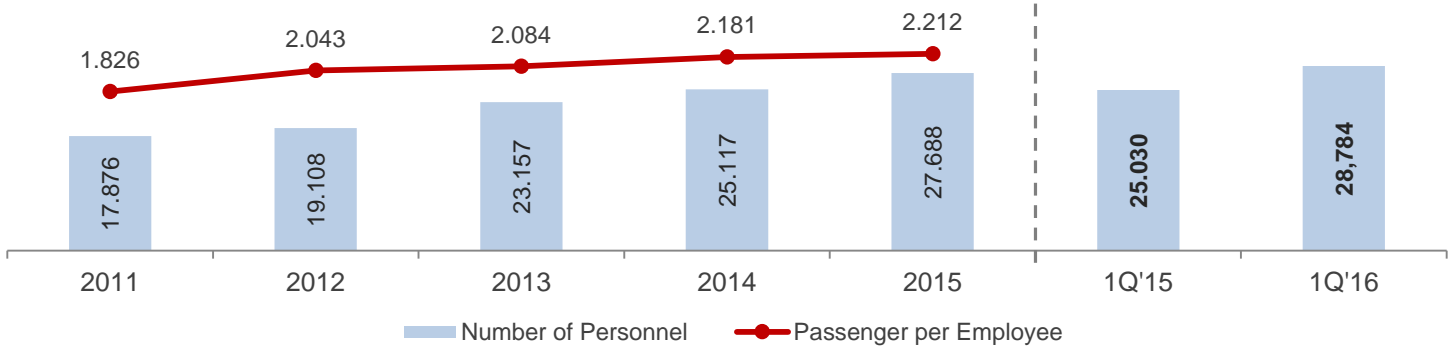
Unit Operating Costs

Cost Per ASK (Usc)



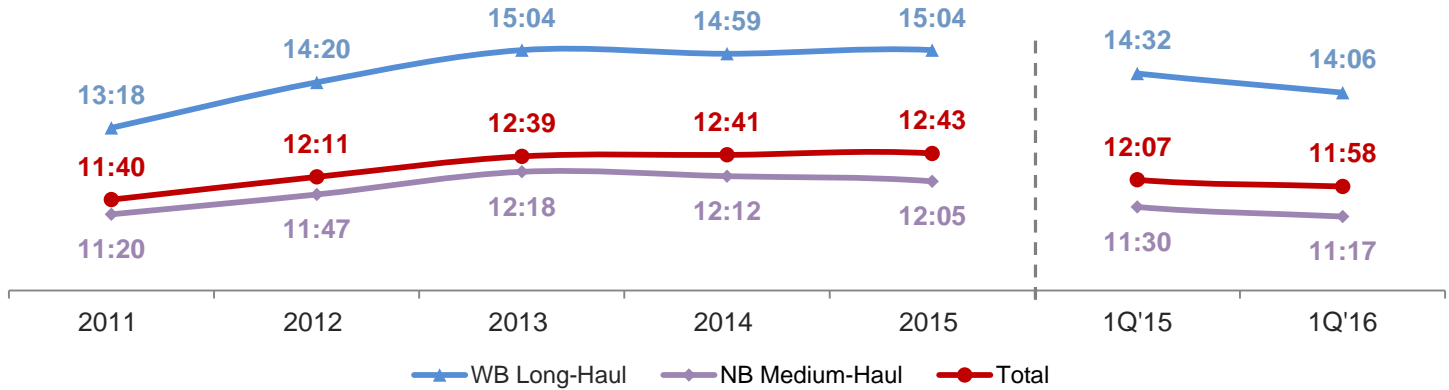
Operating Efficiency

Personnel Efficiency

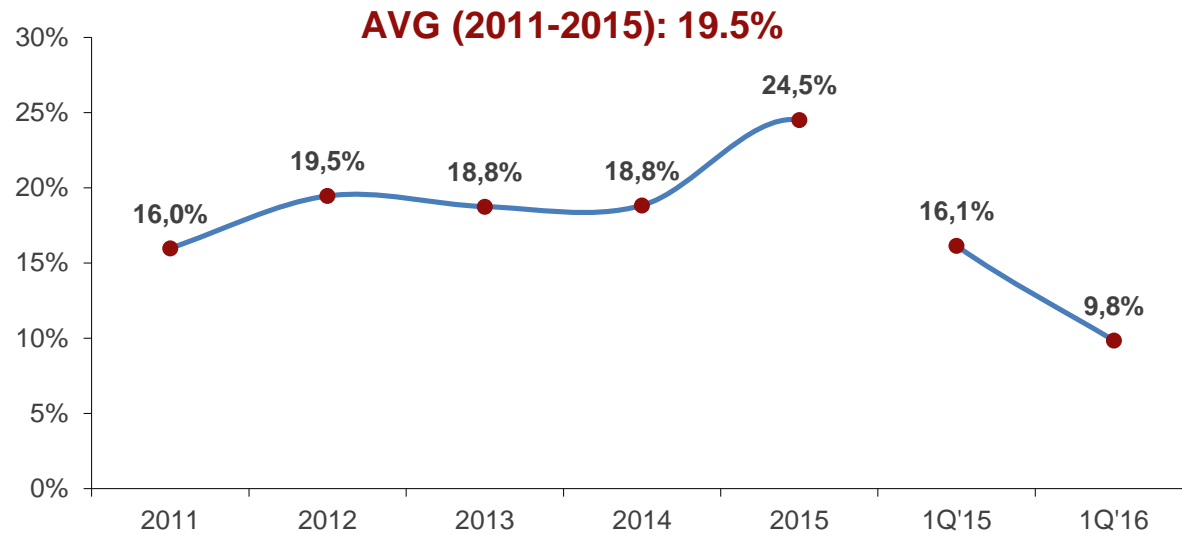


* THY Technic and THY Aydın Çıldır Personel is included.

Average Daily Flight Utilization (hrs)



EBITDAR Margin

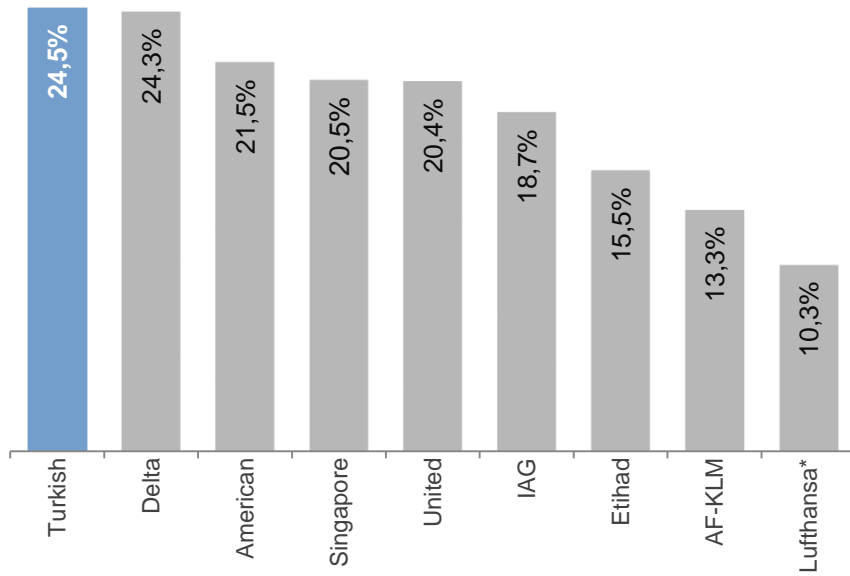


(mn USD)	2011	2012	2013	2014	2015	1Q'15	1Q'16	YoY Change
Revenue	7,070	8,234	9,826	11,070	10,522	2,219	2,188	-1.4%
Net Income	11	657	357	845	1,069	153	-421	-
Net Income Margin	0.2%	8.0%	3.6%	7.6%	10.2%	6.9%	-19.2%	-
EBIT	277	691	755	808	1,039	15	-220	-
EBIT Margin	3.9%	8.4%	7.7%	7.3%	9.9%	0.7%	-10.1%	-
EBITDAR	1,130	1,603	1,843	2,085	2,580	358	215	-39.9%
EBITDAR Margin	16.0%	19.5%	18.8%	18.8%	24.5%	16.1%	9.8%	-6.3 pt

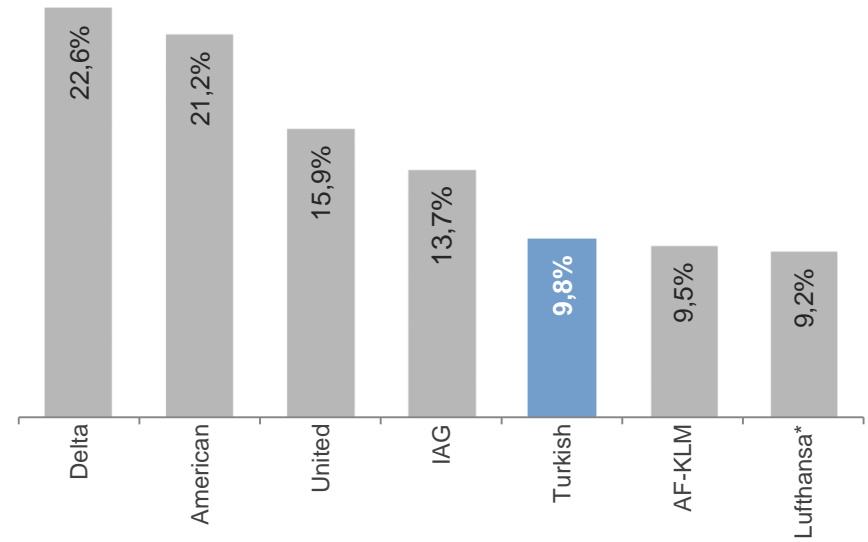
Peer Group vs Turkish Airlines Profitability

EBITDAR Margin % Comparison

2015 Annual



1Q'16

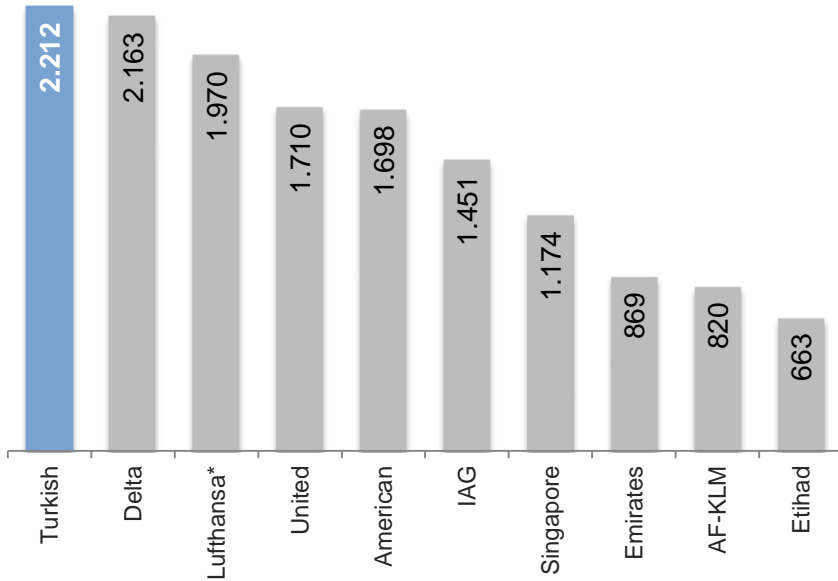


* Lufthansa Passenger Airlines.

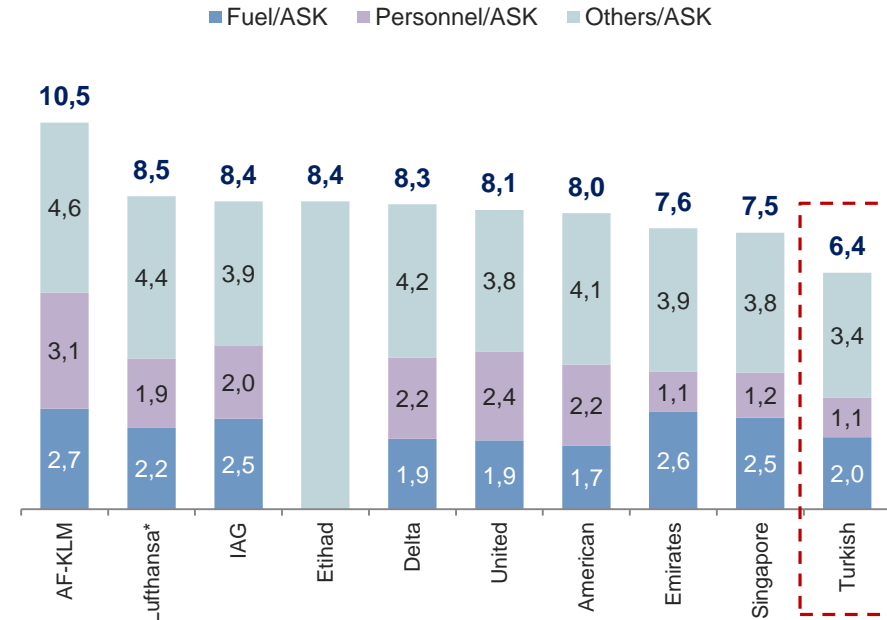
Source: Calculated based on public company reports.

Peer Group vs Turkish Airlines Efficiency

PAX Per Personnel (2015)



Cost Per ASK (Usc) 2015



* Lufthansa Passenger Airlines

Source: Calculated based on public company reports.

Current Fleet

31.03.2016	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity	Average Fleet Age	Year End Fleet*						
								2016	2017	2018	2019	2020	2021	2022
Wide Body	A330-200	20		5	15	4,702	8.3	20	18	18	16	13	13	8
	A330-300	28		27	1	8,094	2.5	30	37	37	37	37	37	37
	A340-300	4	4			1,080	17.6	4	4	4	4	4	4	4
	B777-3ER	24		24		8,232	3.0	32	35	35	34	32	32	32
	Total	76	4	56	16	22,108	5.1	86	94	94	91	86	86	81
Narrow Body	B737-900ER	15		15		2,355	2.5	15	15	15	15	15	15	15
	B737-9 MAX									5	10	10	10	
	B737-800	74	25	39	10	11,846	9.7	76	70	53	53	53	53	53
	B737-700	1			1	124	9.9	1	1	1	1			
	B737-8 MAX									20	30	55	65	65
	A321 NEO									14	39	61	86	92
	A319-100	14		6	8	1,848	7.7	14	11	9	8	6	6	6
	A320-200	29		12	17	4,572	8.6	29	22	19	12	12	12	12
	A321-200	59		55	4	10,704	4.3	66	68	68	68	66	64	64
	B737-800 WL	24			24	4,536	9.3	37	40	46	43	35	33	29
	B737-700 WL													
	E190 WL/E195 WL	4			4	460	6.9	3						
Total	220	25	127	68	36,445	7.4	241	227	245	274	313	344	346	
Cargo	A330-200F	6		6			3.2	8	9	9	9	9	9	9
	Wet Lease	4			4		19.0	4						
	Total	10		6	4		9.5	12	9	9	9	9	9	9
GRAND TOTAL	306	29	189	88	58,553	6.9	339	330	348	374	408	439	436	

*After exit-entry

Seat Capacity Change :

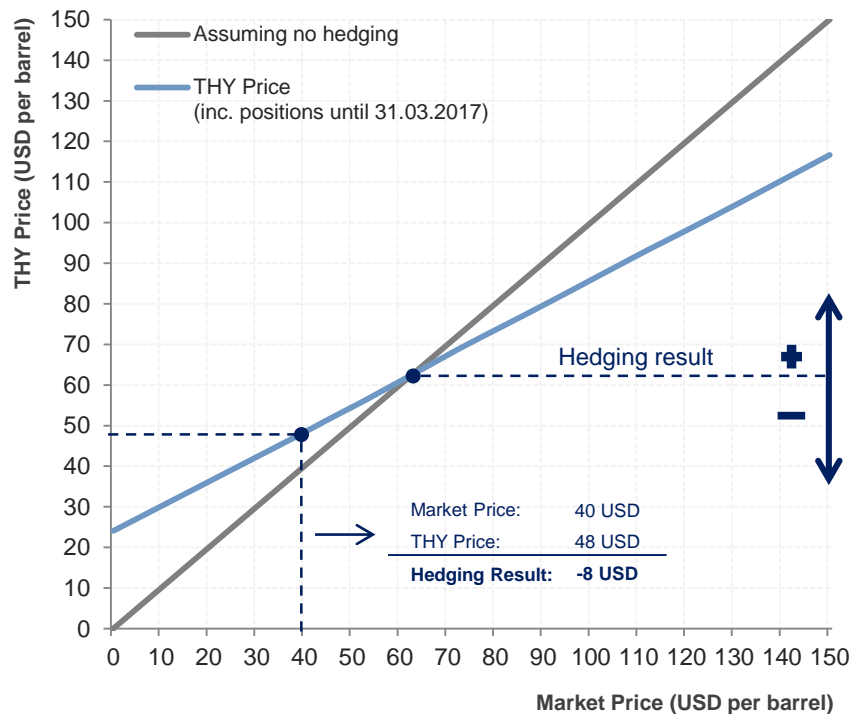
16% 1% 5% 6% 7% 7% -1%

Fleet Development

		2011-2022 Aircraft Purchases														
		Delivered							To Be Delivered							
31.03.2016	Type	2011	2012	2013	2014	2015	2016	TOTAL	2016	2017	2018	2019	2020	2021	2022	TOTAL
Wide Body	A330-300	3	3	2	6	7	3	24	2							2
	B777-3ER	7			4	7	1	19	5	3						8
	Total	10	3	2	10	14	4	43	7	3						10
Narrow Body	B737-900ER	2	7	1		5		15								
	B737-9 MAX											5	5			10
	B737-800	2	2	6	10		6	26	14							14
	B737-8 MAX										20	10	25	10		65
	A321	8	7	9		13	3	40	7	2						9
	A321 NEO										14	25	22	25	6	92
	A319	6						6								
Total	18	16	16	10	18	9	87	21	2	34	40	52	35	6	190	
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	33	13	135	30	6	34	40	52	35	6	203

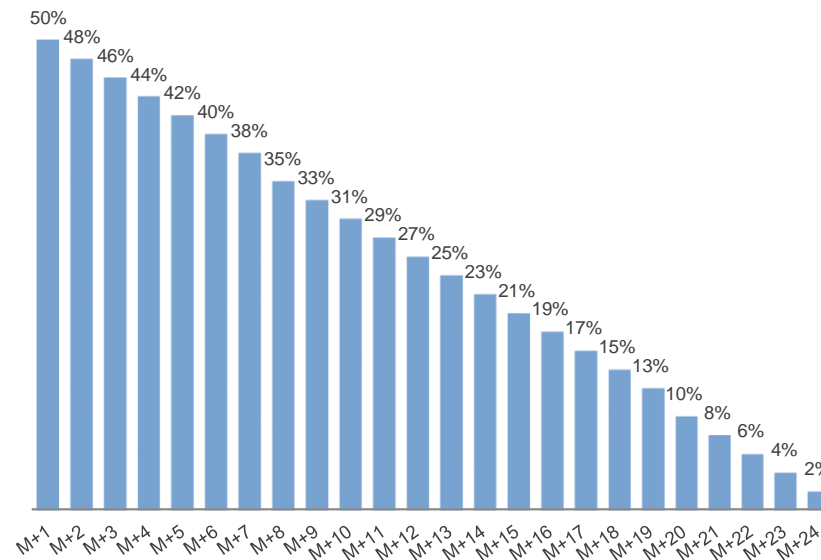
Hedging Fuel Price Risk

Effect of Hedging on the Fuel Price



- Around **25 mn barrels** of hedged position on ICE BRENT as of March 31, 2016.
- Current fuel hedging levels: **FY16: 43% (14 mn barrel)**
FY17: 21% (10 mn barrel)

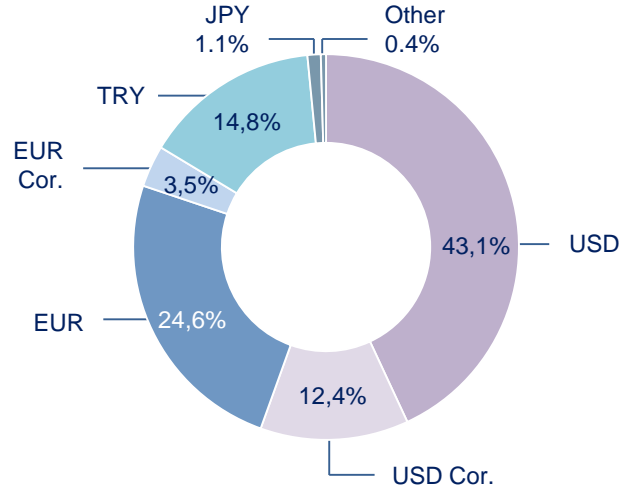
Fuel Hedging Policy



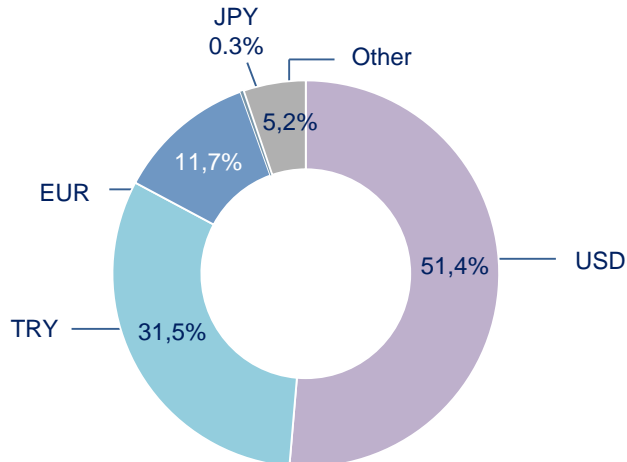
- **Active Surcharge Policy:** 50% of fuel cost is reflected to ticket prices
- Decreasing layered hedging strategy (24 months)
- Crude oil based swaps and options
- Aim to reach 50% of following months budgeted consumption

Hedging Currency Risk (1Q'16)

Revenue by Currency⁽¹⁾



Expenses by Currency



⁽¹⁾ Currencies that have 85% correlation with USD and EUR considered as USD and EUR correlated respectively.

Hedging Currency Risk

Hedging Policy

- 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 matrix:

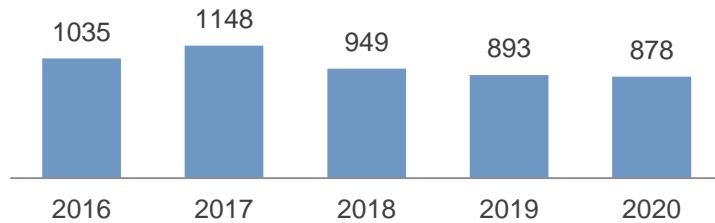
Apr.-Dec. 16	Hedging Levels*	Average Price
EUR/USD	22%	1.18
EUR/TRY	25%	3.39

* Percentage of respective short positions. As of 31 March 2016.

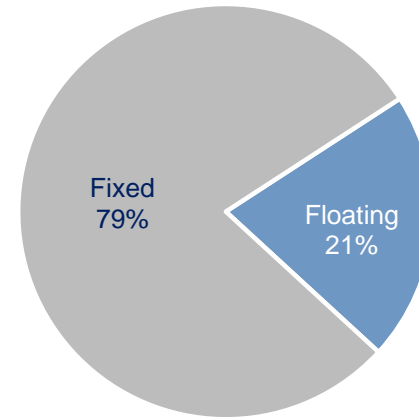
Debt Management and Aircraft Financing

As of 31.03.2016
Total Debt : **9.0 bn USD**
Weighted Average Interest Rate: **2.8%**

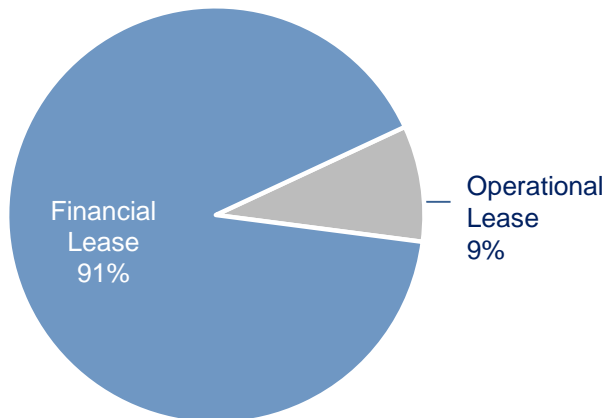
5 Year Maturity Profile (USD mn)



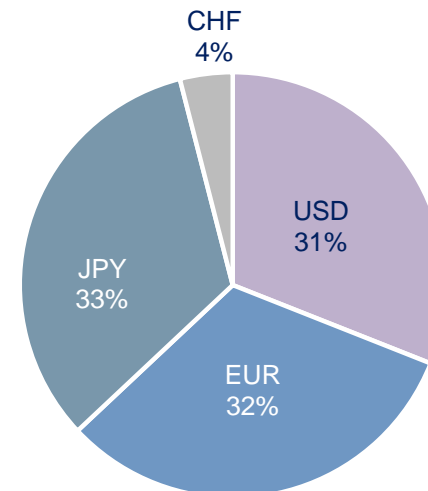
Interest Rate Type



Lease Type



Currency Type



Credit Rating



BB+ / Baa3

WIDEN YOUR WORLD



BB / Ba1



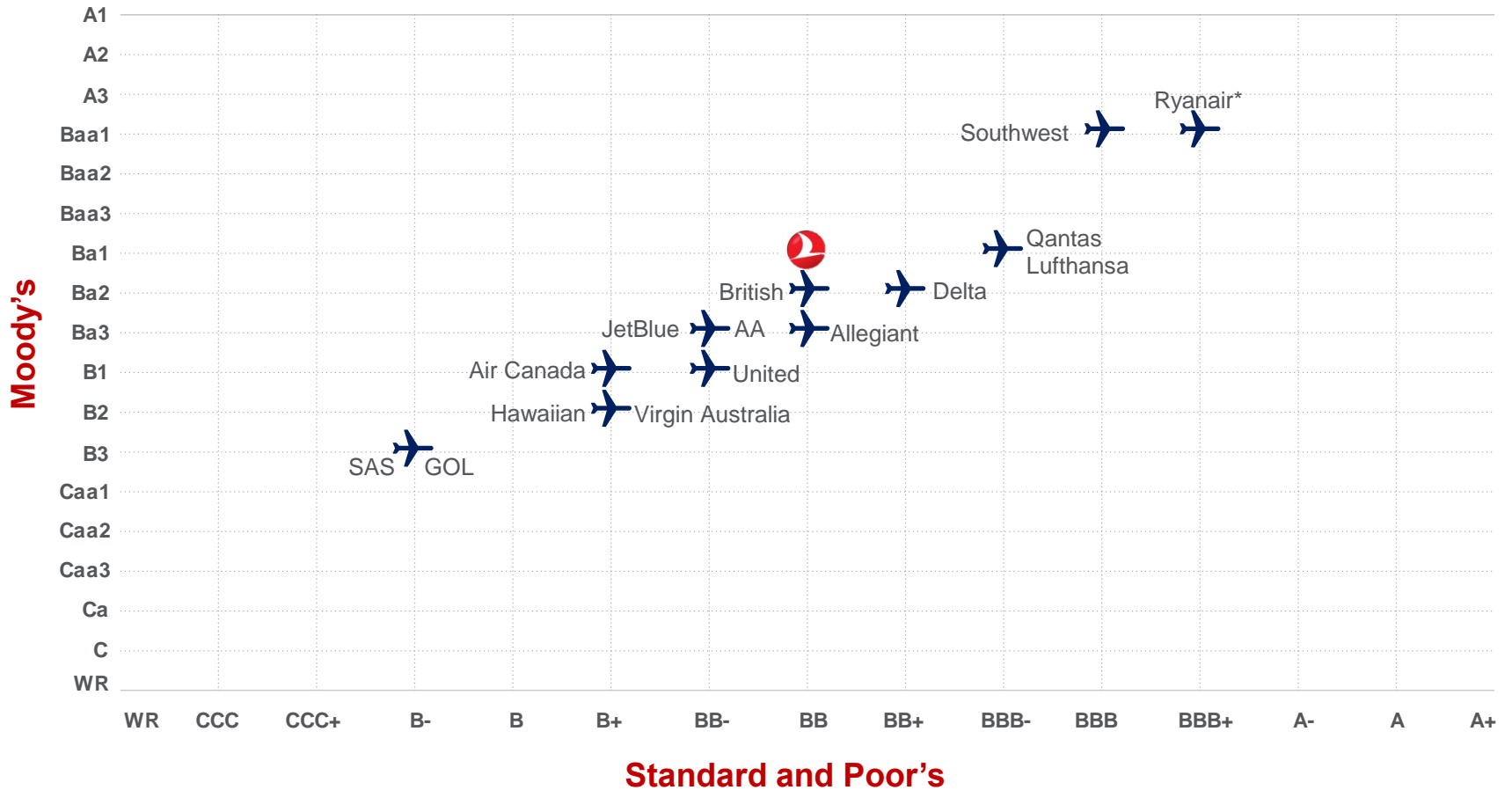
Lufthansa

BBB- / Ba1

BRITISH AIRWAYS



BB / Ba2



Note: Retrieved from S&P and Moody's website on 15 January 2016.
 *Ryanair does not have any ratings from Moody's. Instead, its Fitch ratings of BBB+ stated as Moody's equivalent of Baa1.



TURKISH AIRLINES
INVESTOR RELATIONS



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WIDEN YOUR WORLD



Balance Sheet

Assets (mn USD)	2011	2012	2013	2014	2015	31.03.2016
Cash and Equivalents	934	1,028	647	722	962	1,102
Trade Receivables	405	434	538	456	361	485
Pre-delivery Payment (PDP) Receivables	376	267	521	990	1,139	956
Other Current Assets	426	437	419	663	684	655
Total Current Assets	2,140	2,166	2,125	2,831	3,146	3,198
Net Fixed Assets	5,873	7,121	8,043	9,201	11,415	12,137
of which Aircraft and Engines	5,319	6,392	7,030	8,167	10,177	10,853
Pre-delivery Payment (PDP) Receivables	217	655	993	650	392	321
Other Non-Current Assets	455	581	741	1,064	1,430	1,406
Total Non-Current Assets	6,545	8,357	9,777	10,915	13,237	13,864
Total Assets	8,685	10,523	11,902	13,746	16,383	17,062

Liabilities (mn USD)	2011	2012	2013	2014	2015	31.03.2016
Lease Obligations	4,189	4,862	5,413	5,931	7,399	8,417
Passenger Flight Liabilities	677	936	1,201	1,398	1,091	1,253
Accounts Payable	461	510	680	662	671	647
Other Liabilities	976	1,183	1,346	1,805	2,380	2,265
Total Liabilities	6,303	7,491	8,640	9,796	11,541	12,582
Total Shareholders Equity	2,382	3,032	3,262	3,950	4,842	4,480
of which Issued Capital	1,498	1,498	1,597	1,597	1,597	1,597
of which Retained Earnings	889	903	1,350	1,714	2,559	3,628
of which Differences from Currency Translation	-18	-10	-26	-47	-84	-76
of which Net Profit for the Period	11	657	357	845	1,069	-421
Total Liabilities & Shareholders Equity	8,685	10,523	11,902	13,746	16,383	17,062

Income Statement

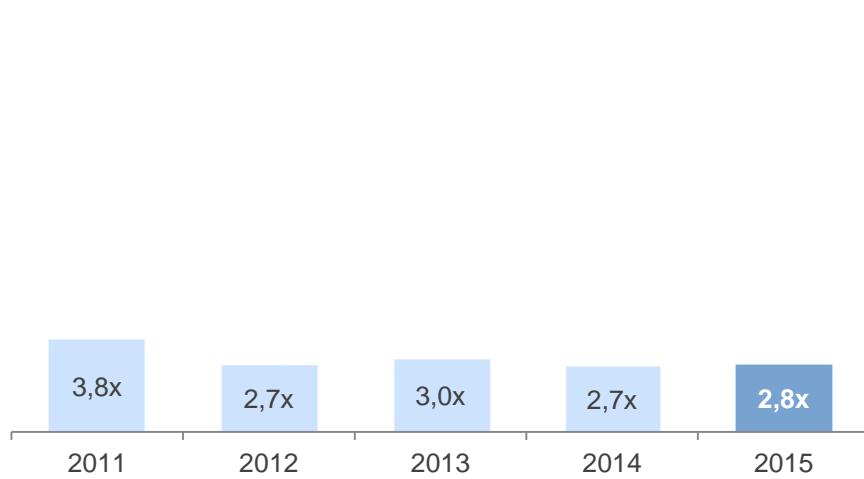
(mn USD)	2011	2012	2013	2014	2015	1Q'15	1Q'16	YoY Change
Operating Revenue	7,070	8,234	9,826	11,070	10,522	2,219	2,188	-1%
Operating Expenses (-)	6,855	7,616	9,249	10,429	9,840	2,254	2,468	9%
of which Fuel	2,394	2,887	3,442	3,806	2,997	685	604	-12%
of which Personnel	1,339	1,376	1,581	1,694	1,640	412	493	20%
of which Depreciation	486	574	650	743	924	203	270	33%
of which Rent	252	243	448	543	110	110	124	13%
Net Operating Profit / Loss	215	618	577	641	682	-35	-280	-
Income From Other Operations	96	95	115	80	244	60	74	23%
Expense From Other Operations (-)	237	61	41	45	31	8	8	-
Profit / (Loss) From Main Operations	73	652	651	676	895	17	-214	-
Income From Investment Activities (Net)	-	271	76	72	101	13	21	62%
Share of Investments' Profit / Loss	6	4	55	75	80	-13	-24	-
Financial Income	158	49	27	419	532	322	16	-95%
Financial Expense (-)	150	191	307	196	201	92	335	264%
Profit Before Tax	87	785	502	1,046	1,407	30	-193	-
Tax (-)	76	128	145	201	338	94	-115	-
Net Profit	11	657	357	845	1,069	153	-421	-

Operational Expense Breakdown

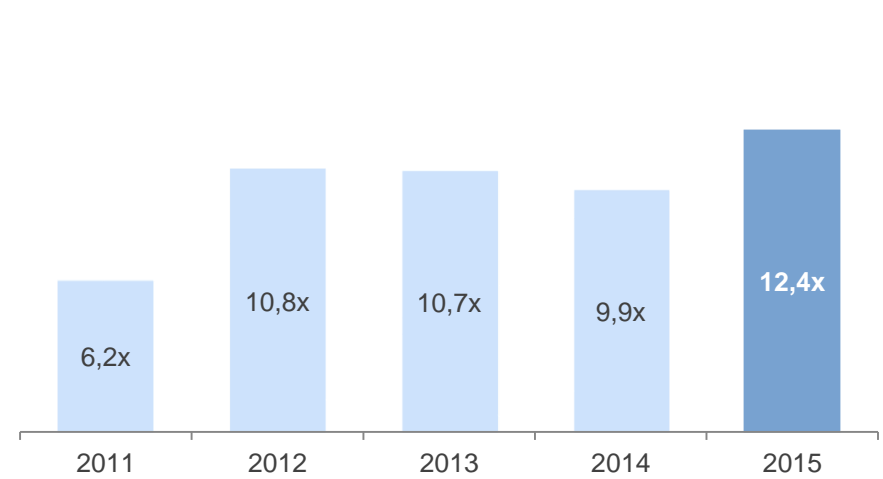
(mn USD)	1Q'15	% in Total	1Q'16	% in Total	YoY Change
Fuel	685	30.4%	604	24.5%	-11.8%
Personnel	412	18.3%	493	20.0%	19.7%
Landing, Navigation & Air Traffic	203	9.0%	224	9.1%	10.3%
Landing and navigation	91	4.0%	103	4.2%	13.2%
Air Traffic Control	112	5.0%	121	4.9%	8.0%
Sales & Marketing	200	8.9%	241	9.8%	20.5%
Commissions and Incentives	79	3.5%	85	3.4%	7.6%
Reservation System	59	2.6%	64	2.6%	8.5%
Advertising	37	1.6%	53	2.1%	43.2%
Other	25	1.1%	39	1.6%	56.0%
Depreciation	203	9.0%	270	10.9%	33.0%
Ground Handling	144	6.4%	154	6.2%	6.9%
Aircraft Rent	110	4.9%	124	5.0%	12.7%
Operational Lease	50	2.2%	55	2.2%	10.0%
Wet Lease	60	2.7%	69	2.8%	15.0%
Passenger Services & Catering	137	6.1%	142	5.8%	3.6%
Maintenance	95	4.2%	143	5.8%	50.5%
General Administration	24	1.1%	26	1.1%	8.3%
Other	41	1.8%	47	1.9%	14.6%
TOTAL	2,254	100%	2,468	100%	9.5%
Operating Cost per ASK (USc)	6.84	-	6.29	-	-8.1%
Ex-fuel Operating Cost per ASK (USc)	4.76	-	4.75	-	-0.2%
Fixed Costs	665	29.5%	819	33.2%	23.2%

Financial Ratios

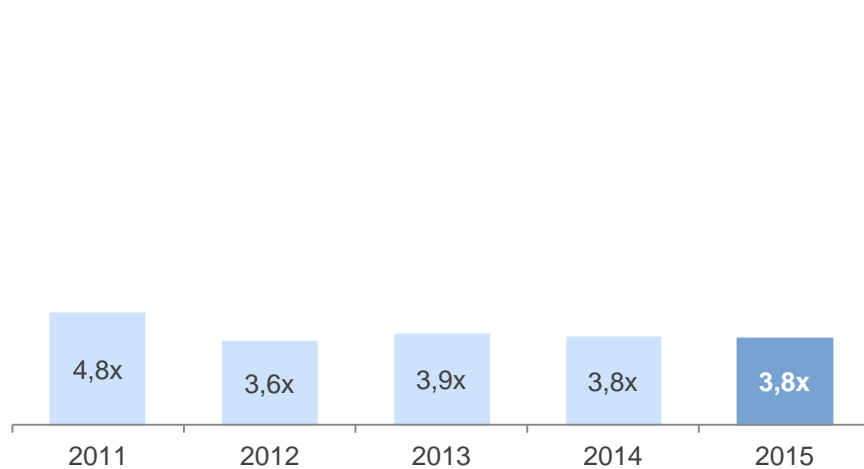
Net Debt / EBITDA



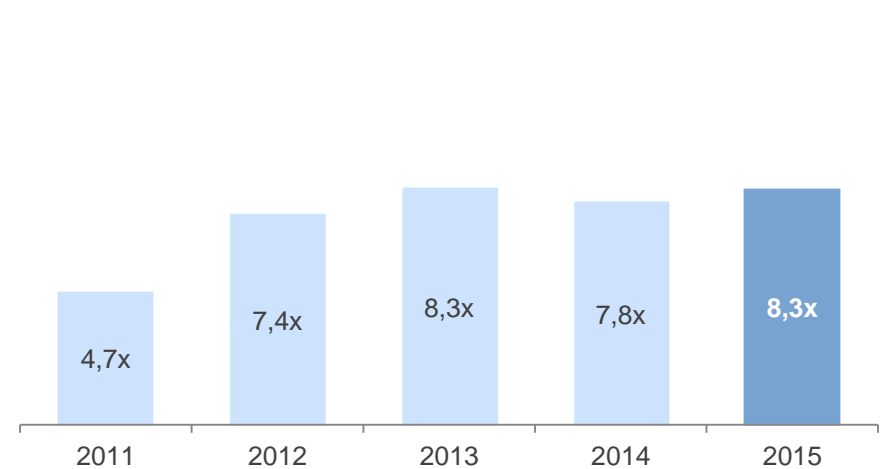
EBITDA / Net Interest Cost



Adjusted Net Debt⁽¹⁾ / EBITDAR



EBITDAR / Adjusted Net Interest Cost⁽²⁾

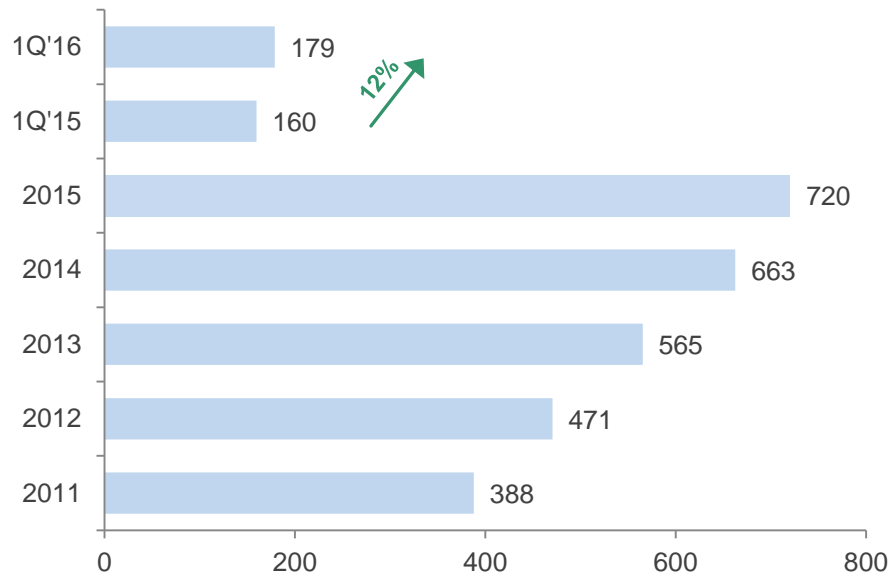


⁽¹⁾ Adjusted for the capitalization of operating leases including 55% of wet lease (7x)

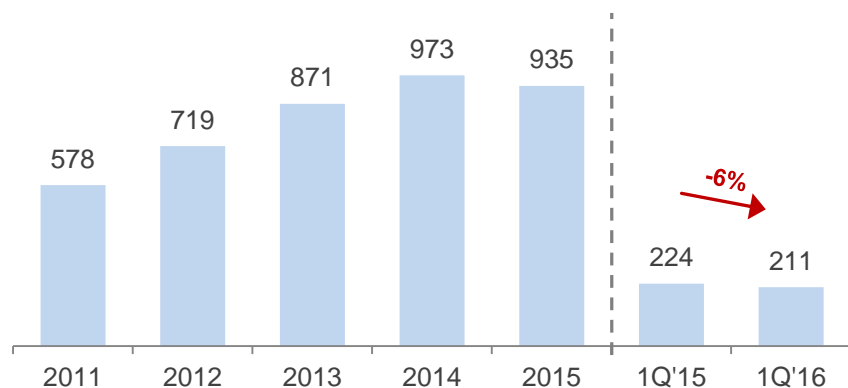
⁽²⁾ Adjusted by the portion of financial costs within operating leases (33%)

Cargo Transportation

Cargo Tonnage Carried ('000 Ton)



Cargo Revenue Evolution (mn USD)



- Turkish Cargo serves 55 destinations with 10 freighters besides 285 destinations with 296 passenger aircraft.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 1.8% in 2015.
- In 2015, while World FTK grew by 2.9%, Turkish Cargo FTK grew by 4.3% 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.
- COMIS Project was completed and sales, accounting and operations modules were upgraded with the new generation iCargo system in 3Q'15.

Recent Awards

- Cargo Airline of the Year Award – Air Transport News (2016)
- 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)
- International Air Cargo Winner (2013)

Subsidiaries & Affiliates

Turkish Airlines Group 1Q'16		Revenue (mn USD)	Net Profit (mn USD)	% of Sales to Turkish Airlines	Number of Personnel	Paid in Capital (mn USD)	Partnership Structure
1	Turkish Airlines	2,188	-421	-	22,804*	1,597	%49 ÖİB - %51 Open to Public
2	Turkish Opet Aviation Fuels	287	0	85%	433	17	%50 THY - %50 Opet
3	THY Turkish Technic	251	27	78%	5,965	569	% 100 THY
4	Sun Express (Turkey & Germany Consolidated)	166	-62	34%	3,724	36	%50 THY - %50 Lufthansa
5	THY Turkish Do&Co	87	8	93%	5,224	10	%50 THY - %50 Do&Co
6	Pratt Whitney THY Turkish Engine Center (TEC)	69	5	72%	299	27	%51 PW - %49 THY Teknik
7	Turkish Ground Services	62	5	97%	10,086	4	%50 THY - %50 Havaş
8	Turkish Cabin Interior Systems Industries, Inc.	3	-1	100%	149	19	%50 THY & THY Teknik - %50 TAI
9	Goodrich Turkish Airlines Technical Service Center	2	0	50%	32	1	%60 TSA Rina - %40 THY Teknik
10	Aircraft Seat Manufacturing Industry & Trade, Inc.	1	-2	100%	49	0	%50 THY & THY Teknik - %50 Assan Hanil
11	THY Aydın Çıldır Airport Management, Inc.	1	1	100%	12	17	%100 THY
12	Turkbine Technical Gas Turbines Maintenance & Repair, Inc.	0	0	0%	10	6	%50 THY Teknik - %50 Zorlu O&M
13	Tax Free Zone, Inc. (Tax Refund)	-	-	-	15	0.3	%30 THY - %45 Maslak Oto - %25 VK Holding

* THY A.O. Personnel

Subsidiaries & Affiliates

Turkish Technic

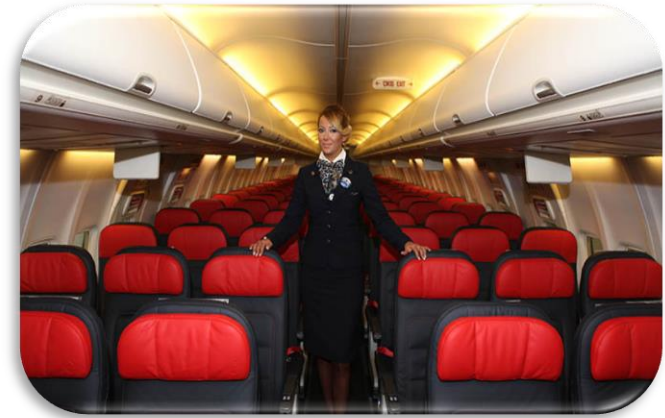
- › Owned 100% by THY.
- › Provides maintenance services to more than 100 customers, including international airlines such as Lufthansa, KLM, BA and Alitalia as well as domestic airlines.
- › Besides the facility at Ataturk Airport, a new world-class facility, HABOM, located at Sabiha Gökçen International 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 company is located in Turkish Technic's HABOM facility.

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

Business Model

Destinations

Fleet

Seat Capacity

of Passengers

Load Factor (1Q'16)

Revenues (1Q'16)

Net Income (1Q'16)

SunExpress Turkey

1989

Charter + Scheduled

16 in Germany, 14 in Turkey, 6 other

28 B737-800 + 24 operated for THY

6,668

1.1 million

79.1 %

121 mn USD

-

SunExpress Germany

2011

Charter + Scheduled

12 in Germany, 7 in Turkey, 3 in Egypt, 2 in Spain/Canary Islands and 8 other

11 B737-800 + 2 A330 (Eurowings)

2,699

0.3 million

84.1 %

49 mn USD

-

SunExpress Consolidated

Charter + Scheduled

47

65

12,367

1.4 million

80.9 %

166 mn USD

-62 mn USD

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

Market leader in charter flights between Germany and Turkey.

50 confirmed Boeing next generation narrow body aircraft order to be delivered between 2015 and 2021. Five of those aircraft were delivered in 2015.

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