



Europe's Best Airline

A STAR ALLIANCE MEMBER

TURKISH AIRLINES

2Q'17 Results Summary



WIDEN YOUR WORLD

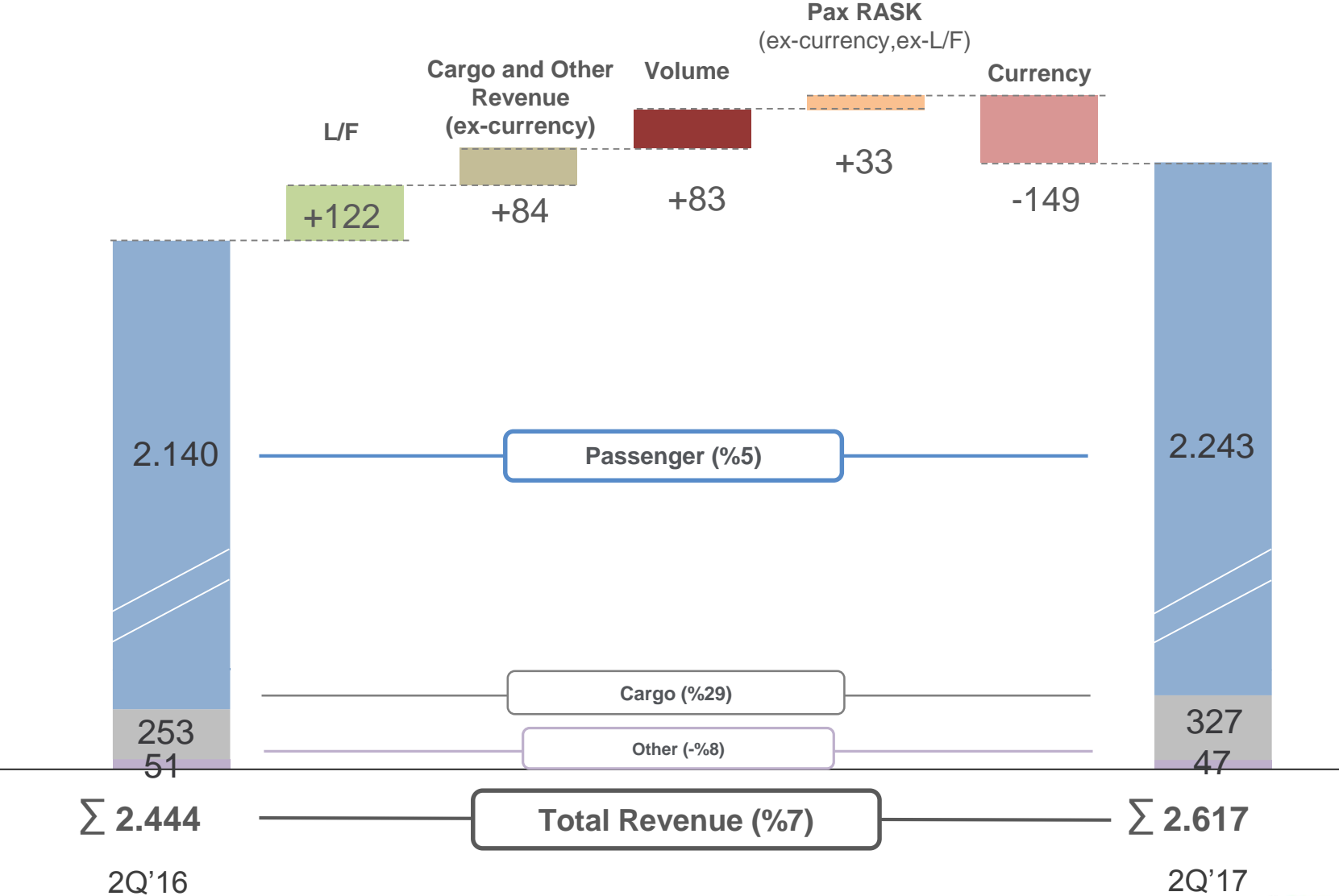


Key Financial Data

2Q'16	2Q'17	Change	(USD mn)	1H'16	1H'17	Change
2,444	2.617	7,1%	Revenue	4,632	4.597	-0,8%
2,140	2.243	4,8%	Passenger Revenue	4,071	3.918	-3,8%
253	327	29,2%	Cargo Revenue	464	580	25,0%
-206	140	-	Net Operating Profit / Loss	-486	-69	-
-197	189	-	Profit / Loss From Main Operations	-411	17	-
-226	-61	-	Net Income	-647	-434	-
-9.2%	-2,3%	6,9 pt	Net Income Margin	-14.0%	-9,4%	4,5 pt
316	661	109,4%	EBITDAR	531	925	74,0%
12.9%	25,3%	12,3 pt	EBITDAR Margin	11.5%	20,1%	8,6 pt

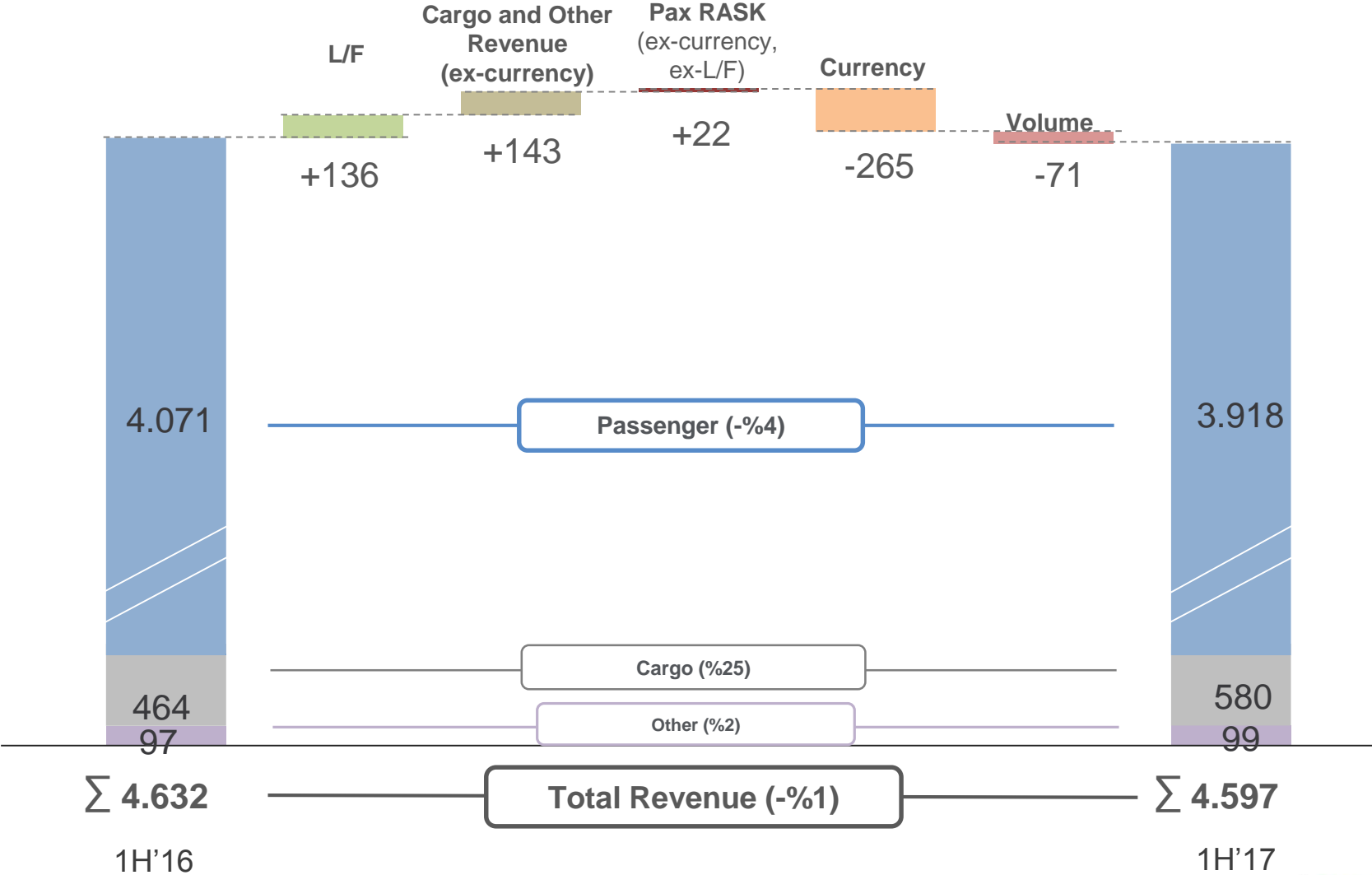
Revenue Development (2Q'16 vs 2Q'17)

(mn USD)



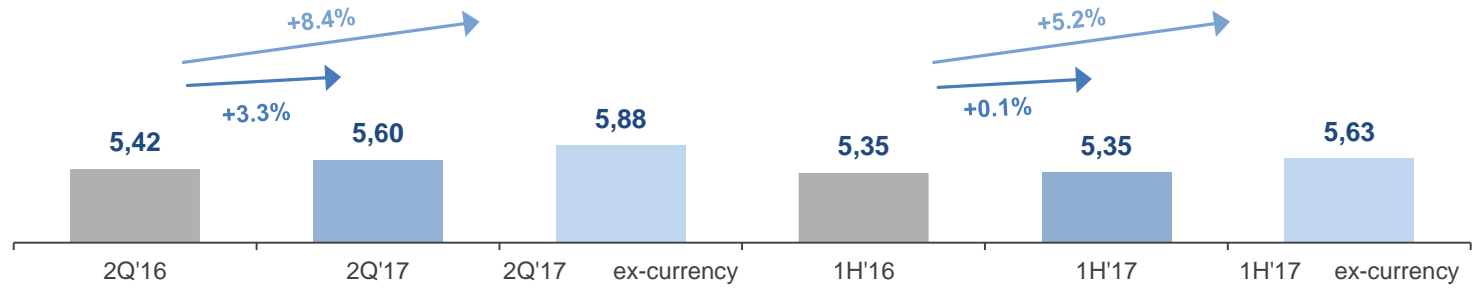
Revenue Development (1H'16 vs 1H'17)

(mn USD)

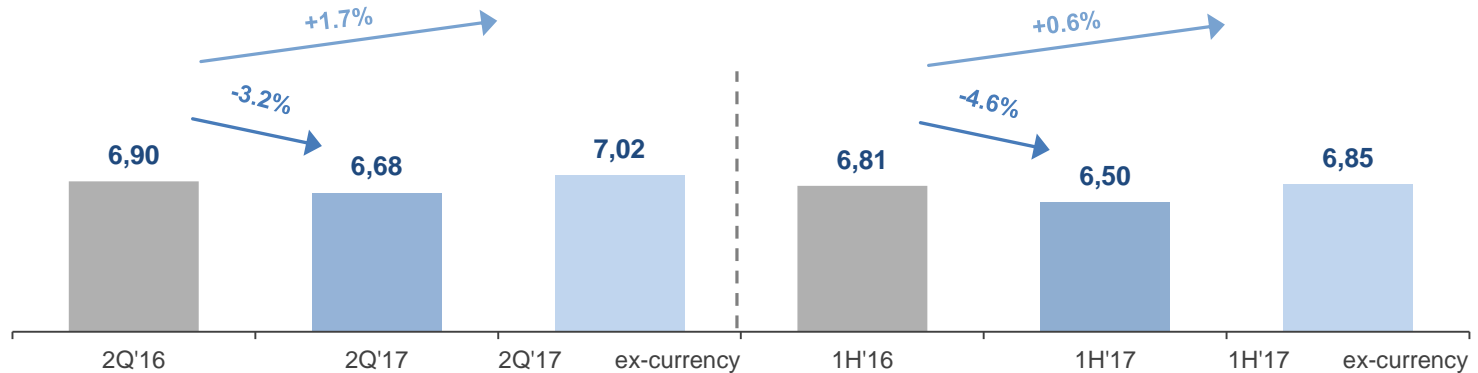


Unit Revenue Development

RASK (USc)

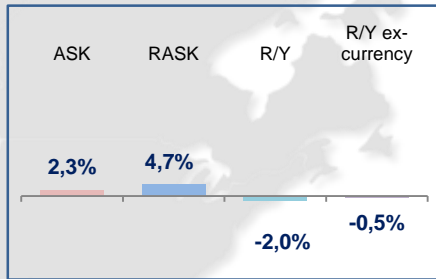


R/Y (Usc)

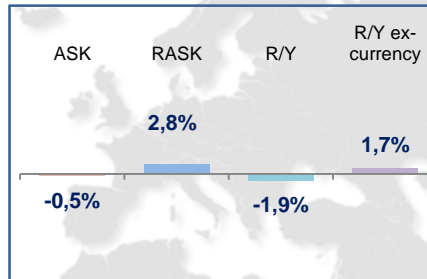


Regional Yield Development in USD (2Q'17 vs 2Q'16)

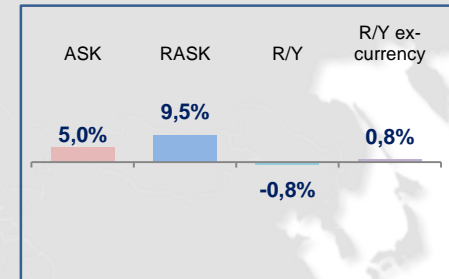
America



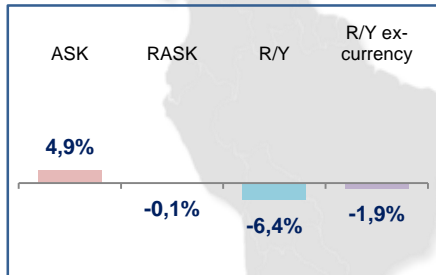
Europe



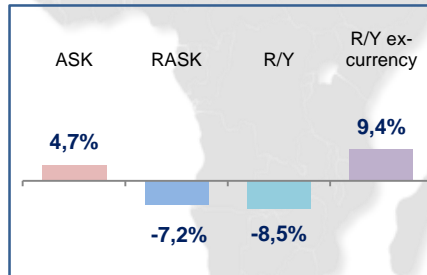
Asia / Far East



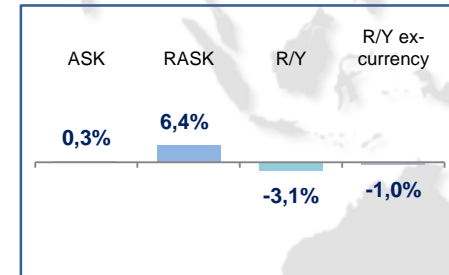
Africa



Domestic

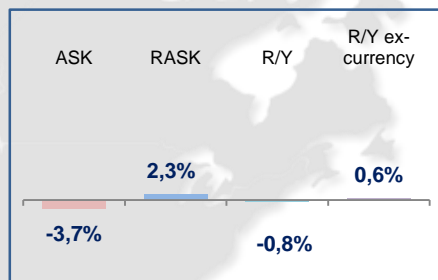


Middle East

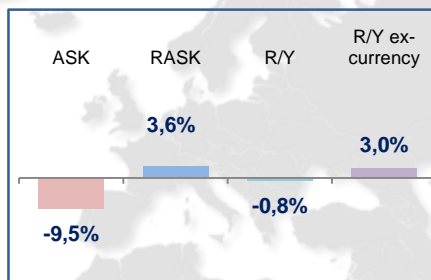


Regional Yield Development in USD (1H'16 vs 1H'17)

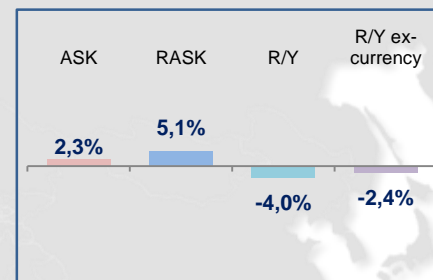
America



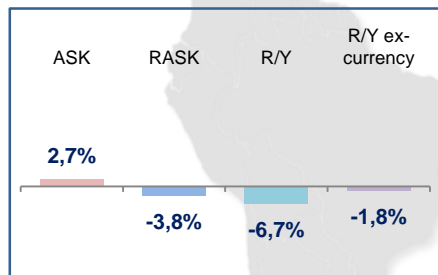
Europe



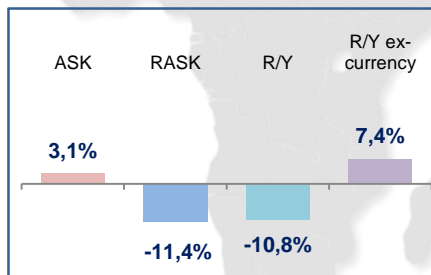
Asia / Far East



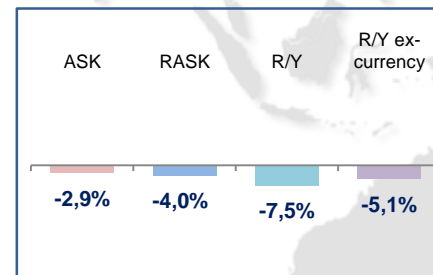
Africa



Domestic

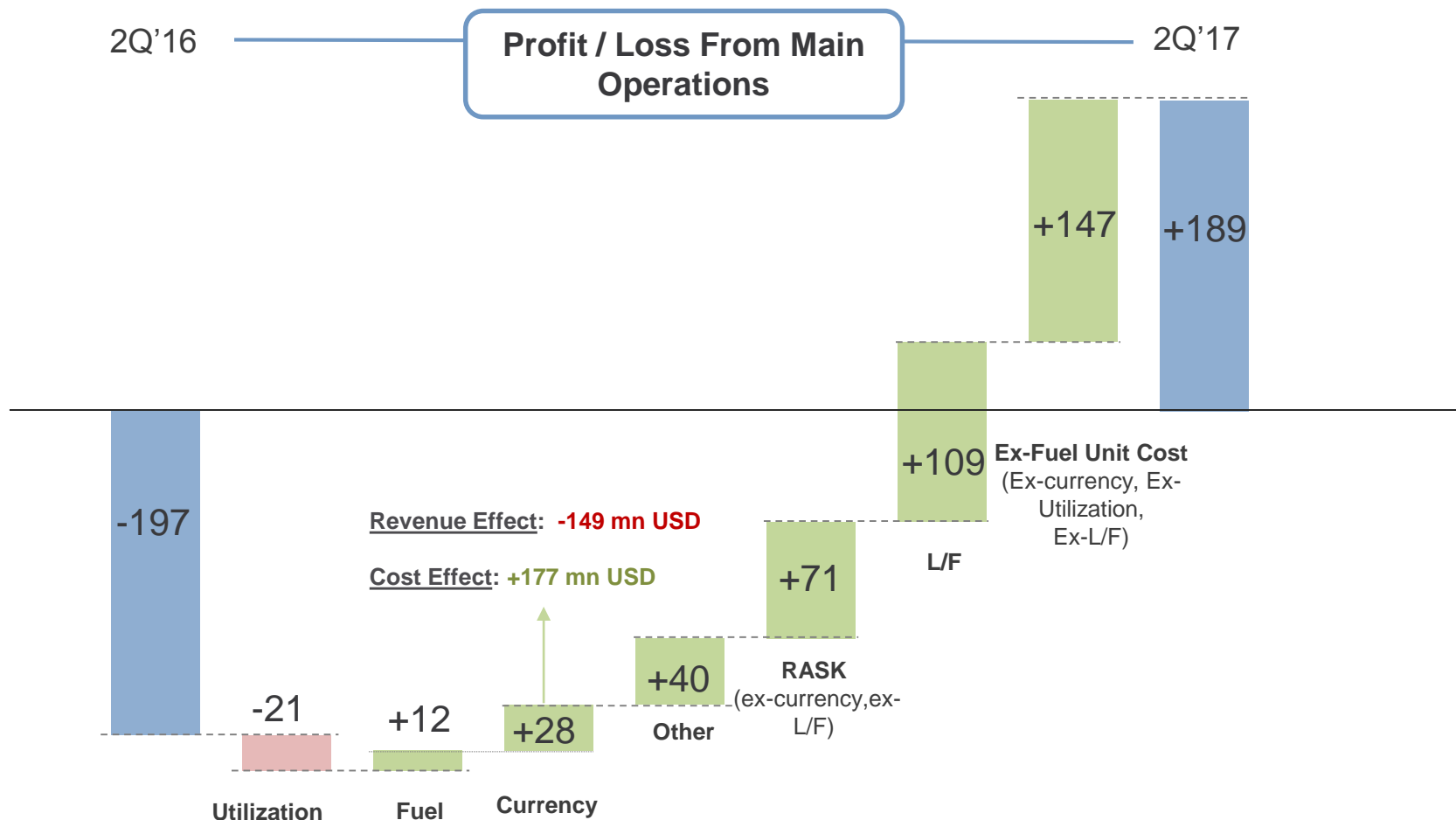


Middle East



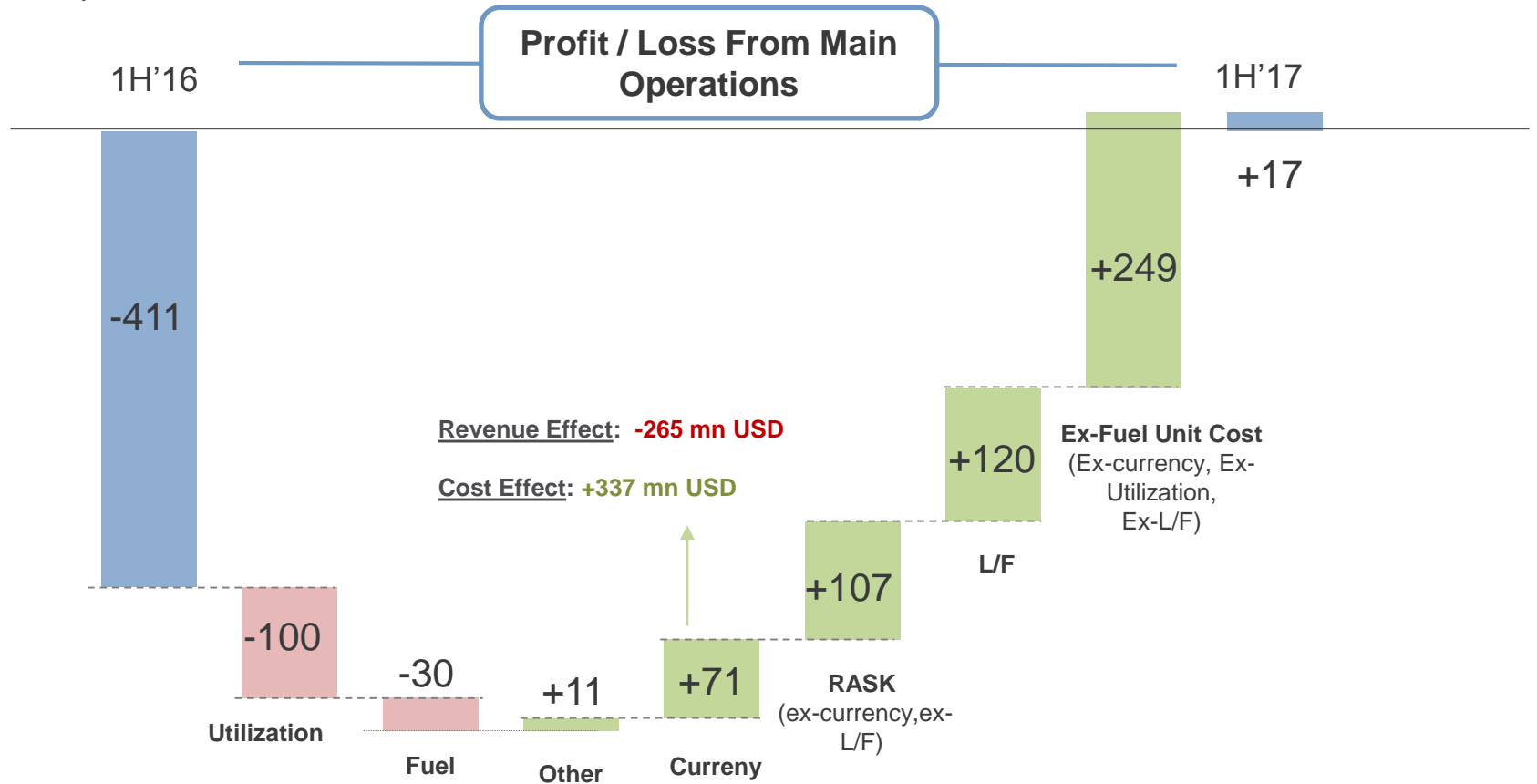
Profit From Main Operations Bridge (2Q'16 vs 2Q'17)

(mn USD)



Profit From Main Operations Bridge (1H'16 vs 1H'17)

(mn USD)



Operational Expense Breakdown

2Q'16	2Q'17	Change	(mn USD)	1H'16	1H'17	Change
672	693	3.1%	Fuel	1,276	1,284	0.6%
480	425	-11.5%	Personnel	973	812	-16.5%
420	380	-9.5%	Aircraft Ownership	814	748	-8.1%
244	246	0.8%	Airports & Air Navigation	468	441	-5.8%
272	229	-15.8%	Sales & Marketing	513	422	-17.7%
168	164	-2.4%	Ground Handling	322	299	-7.1%
150	124	-17.3%	Passenger Services & Catering	292	238	-18.5%
166	143	-13.9%	Maintenance	309	276	-10.7%
78	73	-6.4%	Other¹	151	146	-3.3%
2,650	2,477	-6.5%	TOTAL	5,118	4,666	-8.8%

ASK Growth: **4.2%**

ASK Growth: **-1.6 %**

Notes:

(1) Includes General Administration and Other Cost of Sales.

CASK Breakdown

2Q'16	2Q'17	Change	(USc)	1H'16	1H'17	Change
1.58	1.57	-1.0%	Fuel	1.56	1.59	2.3%
1.13	0.96	-15.0%	Personnel	1.19	1.01	-15.2%
0.99	0.86	-13.2%	Aircraft Ownership	0.99	0.93	-6.6%
0.57	0.56	-3.2%	Airports & Air Navigation	0.57	0.55	-4.2%
0.64	0.52	-19.2%	Sales & Marketing	0.63	0.52	-16.4%
0.40	0.37	-6.3%	Ground Handling	0.39	0.37	-5.6%
0.35	0.28	-20.6%	Passenger Services & Catering	0.36	0.30	-17.1%
0.39	0.32	-17.3%	Maintenance	0.38	0.34	-9.2%
0.18	0.17	-10.2%	Other ²	0.18	0.18	-1.7%
6.24	5.60	-10.3%	TOTAL	6.25	5.79	-7.3%

Selected KPI's

2Q'16	2Q'17	Change		1H'16	1H'17	Change
575	565	-1.7%	Fuel Price (Usd/ton)	563	576	2.4%
3.32	3.35	1.0%	Fuel Consumption (lt) per 100 ASK2	3.35	3.33	-0.8%
1,224	1,106	-9.6%	Aircraft Ownership Cost per BH	1,219	1,179	-3.3%
484	416	-14.0%	Maintenance Cost per BH	463	435	-6.0%
1,420	1,375	-3.2%	Handling Cost per Landing	1,424	1,379	-3.1%
1,061	1,051	-0.9%	Airports & Air Navigation Cost per km Flown	1,047	1,016	-3.0%
9.44	7.19	-23.8%	Passenger Services & Catering Cost per Pax	9.71	7.86	-19.1%
11.1%	8.8%	-2.4 pt	Sales & Marketing Cost / Total Revenue	11.1%	9.2%	-1.9 pt

EBITDAR Calculation

2Q'16	2Q'17	Change	EBITDAR (mn USD)	1H'16	1H'17	Change
2,444	2,617	7%	Sales Revenue	4,632	4,597	-1%
2,221	2,109	-5%	Cost of Sales (-)	4,290	3,972	-7%
223	508	128%	GROSS PROFIT / (LOSS)	342	625	83%
83	70	-16%	General Administrative Expenses (-)	165	139	-16%
346	298	-14%	Marketing and Sales Expenses (-)	663	555	-16%
-206	140	-	NET OPERATING PROFIT / (LOSS)	-486	-69	-
8	57	613%	Other Operating Income	81	104	28%
-1	8	-	Other Operating Expense (-)	6	18	200%
-197	189	-	Profit / (Loss) from Main Operations	-411	17	-
43	41	-5%	Adjustments	37	57	54%
22	24	9%	Share of Investments' Profit / Loss Accounted by Using The Equity Method	-2	22	-
21	17	-19%	Income From Government Incentives	39	35	-10%
-154	230	-	EBIT	-374	74	-
286	250	-13%	Depreciation	556	507	-9%
132	480	264%	EBITDA	182	581	219%
140	156	11%	Adjusted Operating Lease Expenses ¹	268	295	10%
43	26	-41%	Adjusted Short term Lease Expenses (Wet-lease) ²	81	48	-41%
316	661	109%	EBITDAR	531	925	74%
12.9%	25.3%	12.3 pt	EBITDAR MARGIN	11.5%	20.1%	8.6 pt

¹ Adjusted for A/C heavy maintenance

² Adjusted for A/C Rent and heavy maintenance portion (approx. 55%)

Notes:

- For 1H'17 Turkish Technic's contribution to EBITDAR through consolidation is 78 mn USD, compared to 77 mn in 1H'16.
- For 1H'17 adjustments for heavy maintenance of operational lease expenses were 142 mn USD compared to 158 mn USD in 1H'16.



Europe's Best Airline

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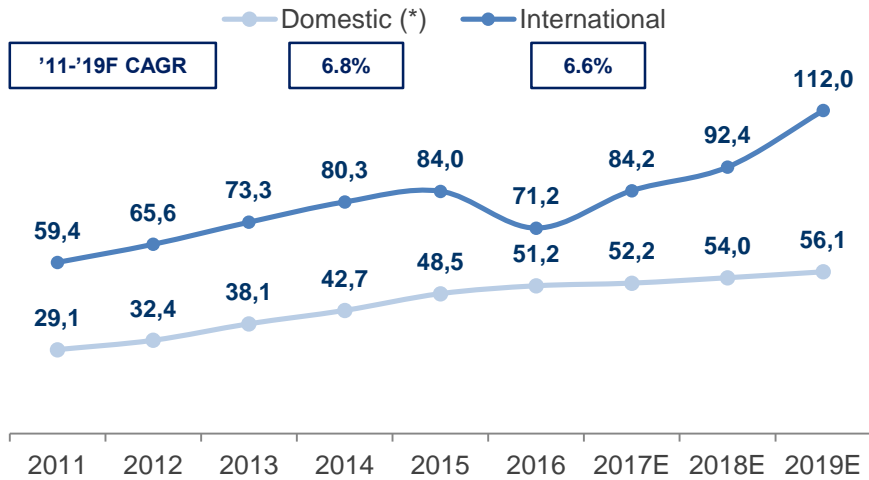
TURKISH AIRLINES

1H'17 Results



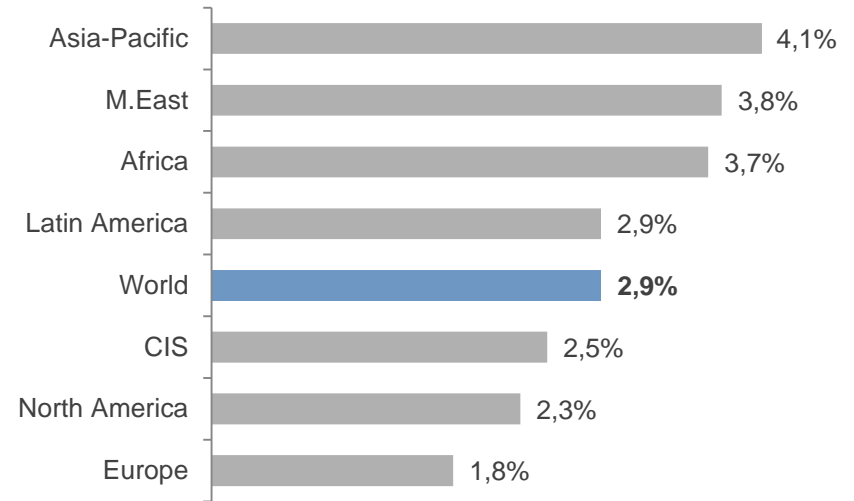
Aviation Market & Economy

Turkish Market Growth (mn passengers)

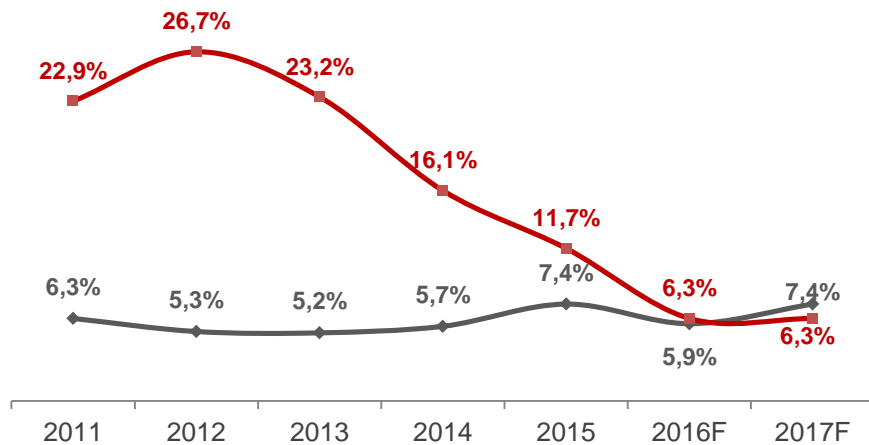


Source: General Directorate of State Airports Authority (DHMI)
 (*): Adjusted for double count on Domestic Pax

Annual GDP Growth Forecast (2016-2035)

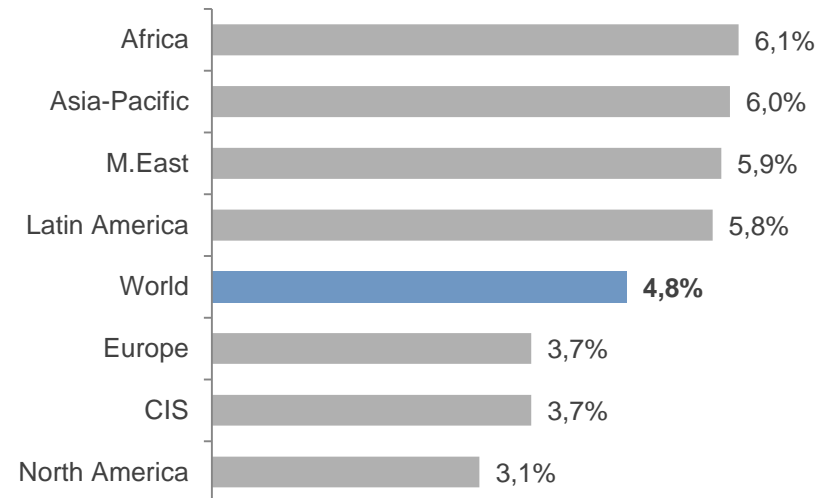


Annual RPK Growth (%)



Source: IATA

Annual RPK Growth Forecast (2016-2035)

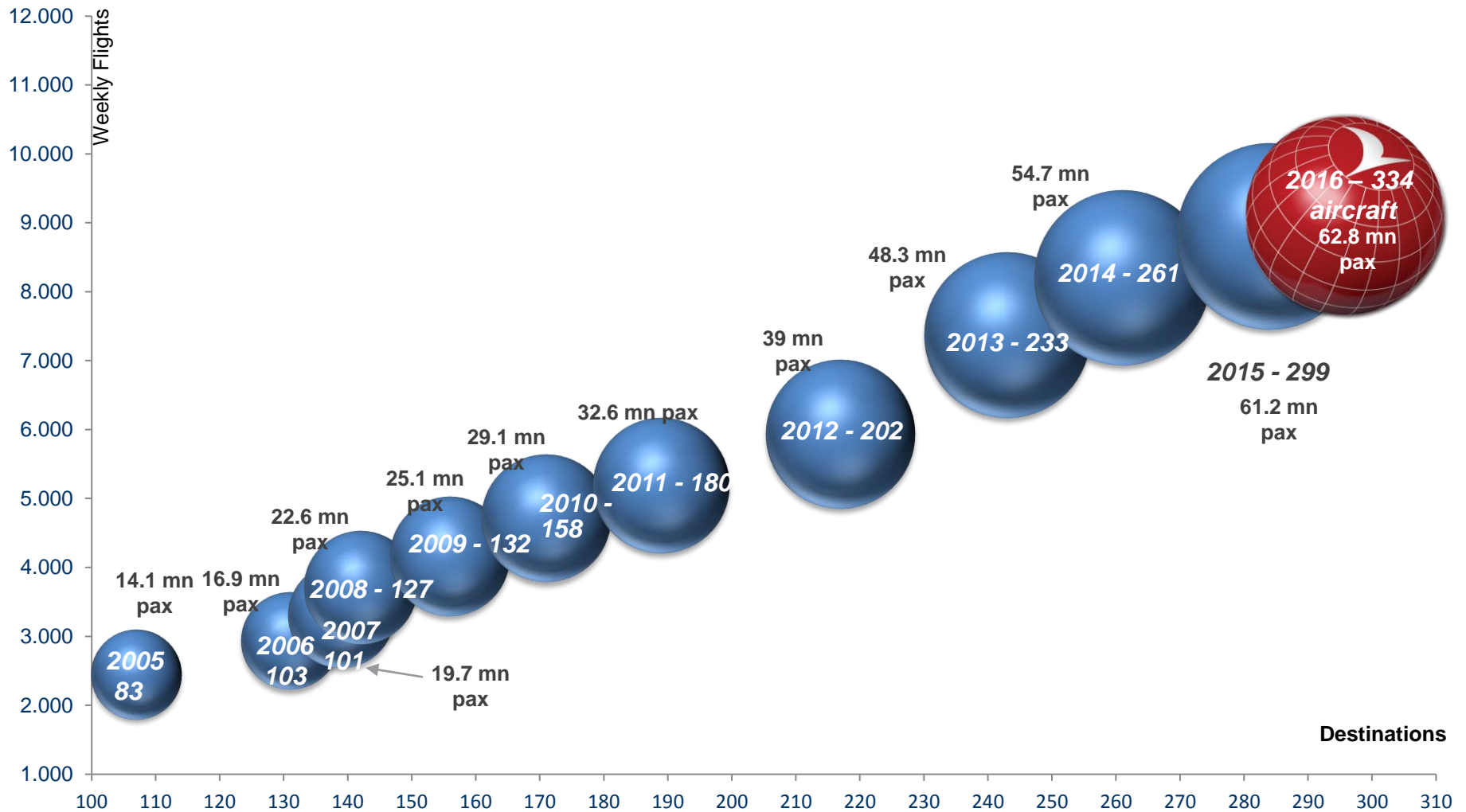


Source: Boeing Current Market Outlook

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Turkish Airlines Diagonal Growth



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

We Fly To 120 Countries

EUROPE			
43 COUNTRIES			
Germany	Russia	Belgium	Moldova
Munich	Moscow	Brussels	Chisinau
Frankfurt	Sochi	Bulgaria	Poland
Berlin	St. Petersburg	Sofia	Warsaw
Stuttgart	Kazan	Varna	Belarus
Düsseldorf	Rostov	Romania	Minsk
Cologne	Ekaterinburg	Bucharest	Slovakia
Hamburg	Ufa	Cluj	Kosice
Hanover	Astrakhan	Constanta	
Nuremberg	Novosibirsk	Hungary	
Bremen	Stravropol	Budapest	
Friedrichshafen	Voronezh	Czech Rep.	
Leipzig	Samara	Prague	Routes Opened
Münster	Switzerland	Croatia	Kharkiv
Baden-Baden	Zurich	Zagreb	Voronezh
Italy	Geneva	Dubrovnik	Samara
Milan	Basel	Portugal	
Rome	Ukraine	Lisbon	
Venice	Kiev	Porto	
Bologna	Odessa	Bosnia	
Naples	Ivano-Frankivsk	Sarajevo	
Catania	Dnepropetrovsk	Finland	
Turin	Kharkiv	Helsinki	
Pisa	Kherson	Norway	
Bari	Zaporijya	Oslo	Future Routes
Genoa	Lviv	Albania	
France	Simferopol	Tirana	Azerbaijan
Paris	Donetsk	Ireland	Lankeran
Lyon	Austria	Dublin	Poland
Nice	Vienna	Kosovo	Krakow
Marseille	Salzburg	Pristina	France
Toulouse	Graz	Macedonia	Nantes
Bordeaux	Northern Cyprus	Skopje	Spain
UK	Lefkosa	Serbia	La Coruna
London	Azerbaijan	Belgrade	Russia
Manchester	Baku	Malta	Makhachkala
Birmingham	Ganja	Malta	
Spain	Nakhichevan	Slovenia	
Barcelona	Netherlands	Ljubljana	
Madrid	Amsterdam	Montenegro	
Malaga	Rotterdam	Podgorica	
Valencia	Greece	Scotland	
Bilbao	Athens	Edinburgh	
	Thessaloniki	Estonia	
	Sweden	Tallinn	
	Stockholm	Latvia	
	Gothenburg	Riga	
	Denmark	Lithuania	
	Copenhagen	Vilnius	
	Aalborg	Luxemburg	
	Billund	Luxembourg	
	Georgia		
	Tbilisi		
	Batumi		

AFRICA	
33 COUNTRIES	
Egypt	Gabon
Cairo	Libreville
Alexandria	Mali
Hurghada	Bamako
Sharmel-Sheikh	Burkina Faso
Algeria	Ougadougou
Algiers	Cote D'Ivoire
Oran	Abidjan
Constantine	Chad
Tlemcen	N'Djamena
Batna	Benin
South Africa	Cotonou
Johannesburg	Guinea
Cape Town	Conakry
Durban	Mozambique
Nigeria	Maputo
Lagos	Niger
Abuja	Niamey
Kano	Eritrea
Cameroon	Asmara
Douala	Madagascar
Yaounde	Antananarivo
Kenya	Mauritius
Mombasa	Port Louis
Nairobi	Seychelles
Tanzania	Seychelles
Dar Es Salaam	Libya
Kilimenjaro	Misurata
Zanzibar	Benghazi
Tunisia	Sebha
Tunis	Tripoli
Djibouti	
Djibouti	Routes Opened
Ethiopia	
Addis Ababa	Conakry
Ghana	
Accra	
Morocco	Future Routes
Casablanca	Angola
Rwanda	Luanda
Kigali	Egypt
Somalia	Aswan
Mogadishu	Luxor
Sudan	South Sudan
Khartoum	Juba
Uganda	
Entebbe	
Denmark	
Mauritania	
Nouakchott	
Senegal	
Dakar	
Congo	
Kinshasa	

MIDDLE EAST	
13 COUNTRIES	
Saudi Arabia	UAE
Jeddah	Dubai
Madinah	Abu Dhabi
Riyadh	Lebanon
Dammam	Beirut
Yanbu	Jordan
El Qassim	Amman
Taif	Akabe
Iran	Qatar
Tehran	Doha
Mashad	Bahrain
Shiraz	Bahrain
Tabriz	Oman
Isfahan	Muscat
Kermanshah	Syria
Ahvaz	Aleppo
Israel	Damascus
Tel Aviv	Yemen
Iraq	Aden
Erbil	Sanaa
Baghdad	
Basra	
Sulaymaniyah	
Najaf	Future Routes
Mosul	
Kuwait	Saudi Arabia
Kuwait	Abha

AMERICAS	
8 COUNTRIES	
USA	Panama
New York	Panama
Los Angeles	Cuba
Washington	Havana
Boston	Venezuela
Chicago	Caracas
Houston	
Miami	
Atlanta	Routes Opened
San Francisco	
Canada	
Toronto	
Montreal	
Argentina	
Buenos Aires	Future Routes
Brazil	Mexico
Sao Paulo	Mexico City
Columbia	
Bogota	

FAR EAST	
22 COUNTRIES	
China	Bangladesh
Beijing	Dhaka
Guangzhou	Indonesia
Shanghai	Jakarta
Taipei	Maldives
Hong Kong	Male
Pakistan	Singapore
Karachi	Singapore
Islamabad	Sri Lanka
Lahore	Colombo
Kyrgyzstan	Uzbekistan
Bishkek	Tashkent
Osh	Philippines
Kazakhstan	Manila
Almaty	Tajikistan
Astana	Dushanbe
Japan	Khujand
Tokyo	Nepal
Osaka	Kathmandu
India	Mongolia
Mumbai	Ulaanbaatar
New Delhi	
Thailand	
Bangkok	
Turkmenistan	
Ashgabat	Routes Opened
Malaysia	
Kuala Lumpur	
South Korea	
Seoul	
Afghanistan	Future Routes
Kabul	Thailand
Mazar-i Sharif	Phuket
Vietnam	Indonesia
Ho Chi Minh	Denpasar
Hanoi	

DOMESTIC	
49 CITIES	

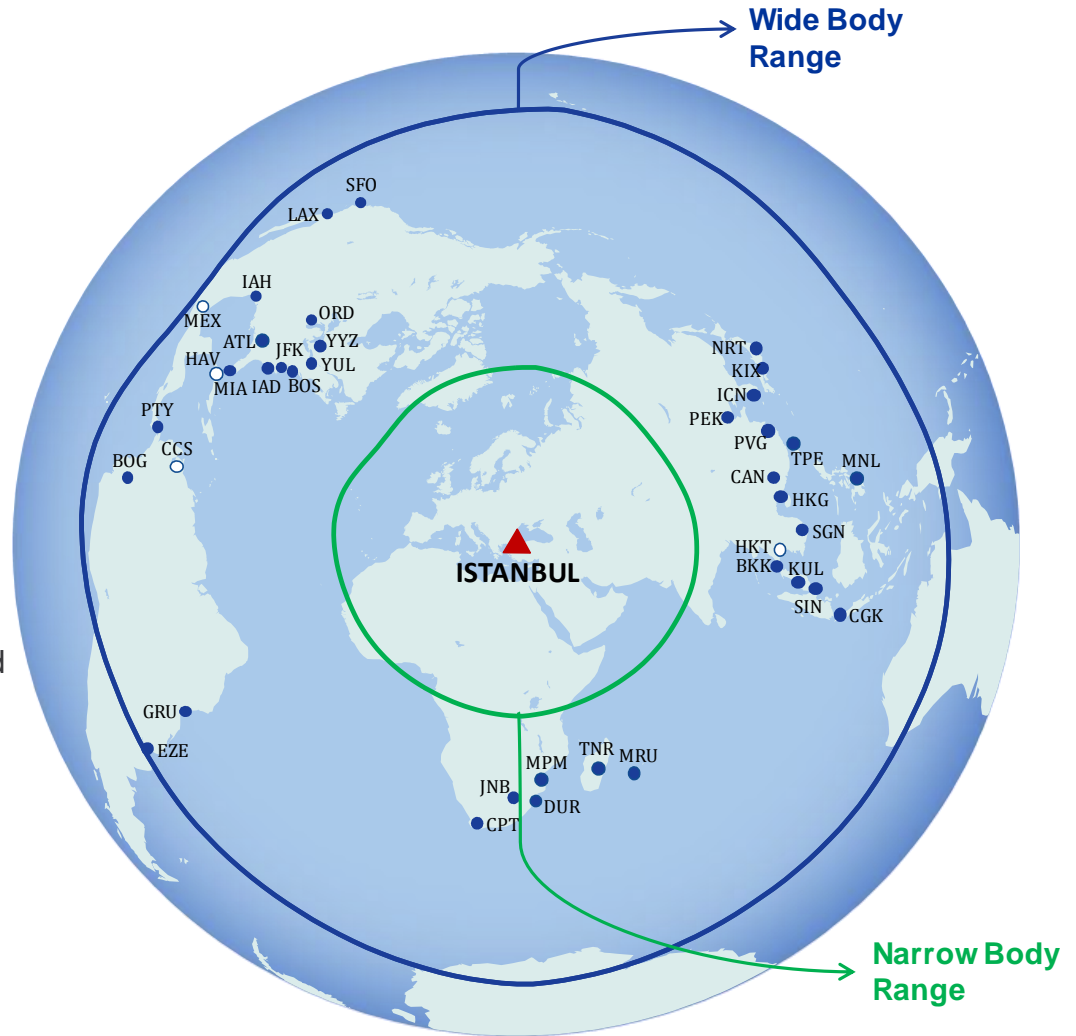
* As of 30.06.2017.

Istanbul's Geographical Advantage - A Natural Hub

Narrow Body Range Capability to and from Istanbul

(with full passenger payload)

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



- Current Wide Body destinations
- Future Wide Body destinations

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

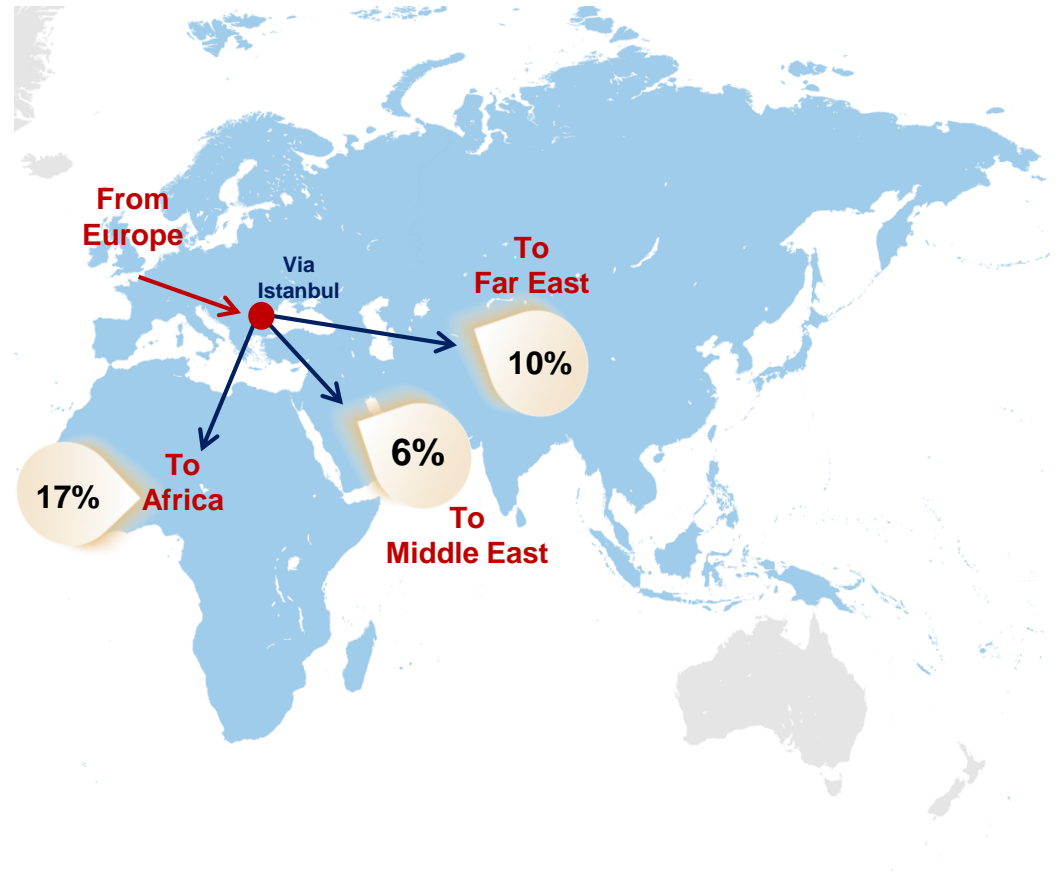
Africa to the World

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

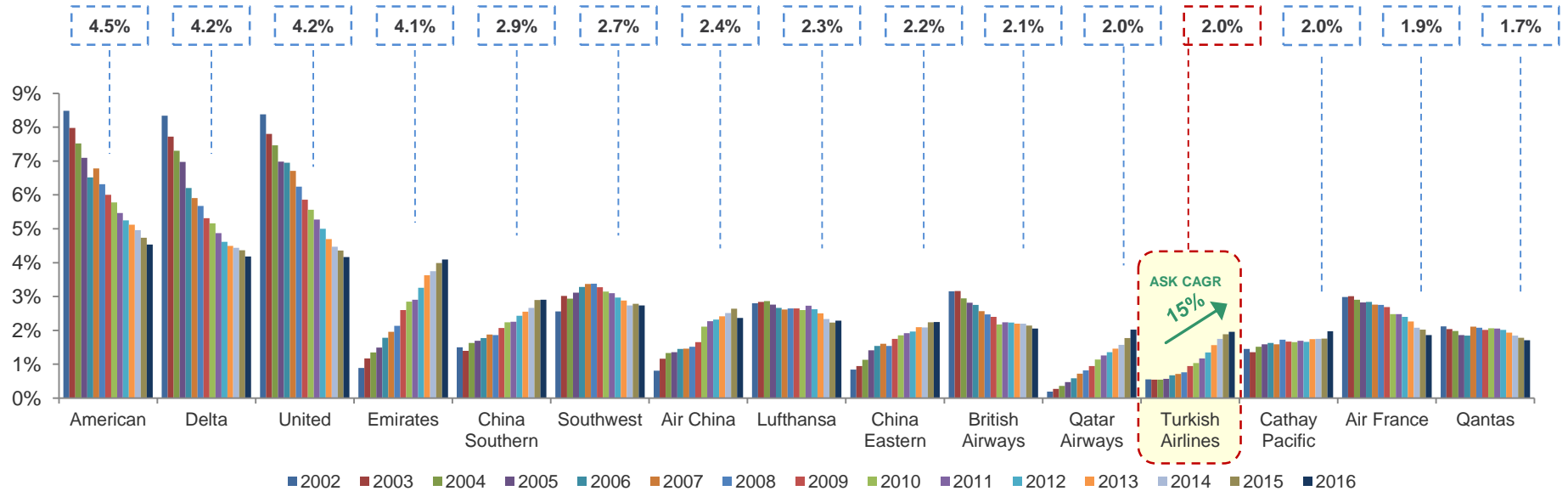


* Detour: Increase in the flight distance compared to a non-stop flight. Forecasted by using 6,000 arrival-departure cities

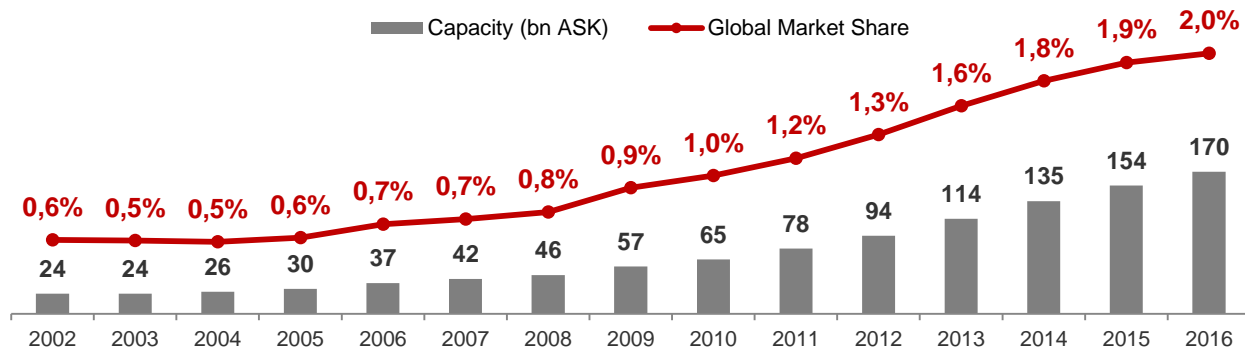
Source: Retrieved from OAG.

Global Market Share Development

Global Market Share Trends (in ASK)



Turkish Airlines Market Share Development

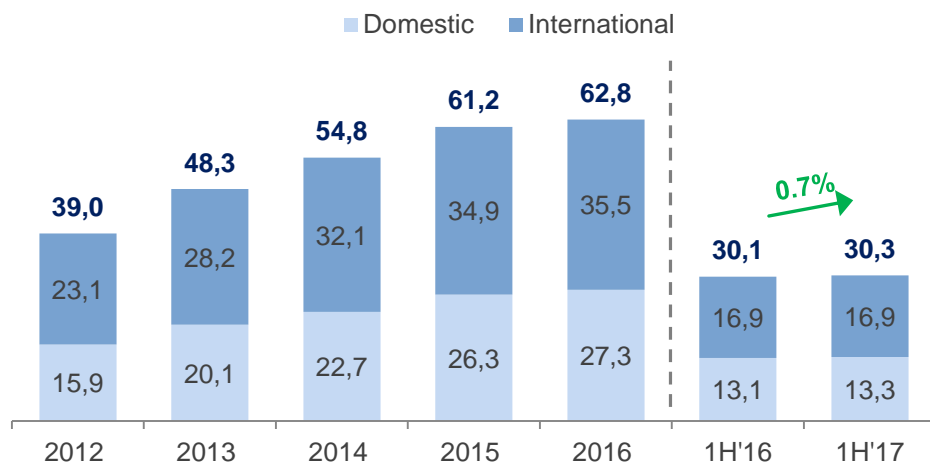


Notes: For US carriers regional flights are excluded. Wholly owned subsidiaries are included in the calculation same as IATA reports. 2016 capacities are obtained from OAG. Lufthansa figures include Lufthansa Passenger Airline and Eurowings. Turkish Airlines' capacity data is realized.

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

Passenger Traffic

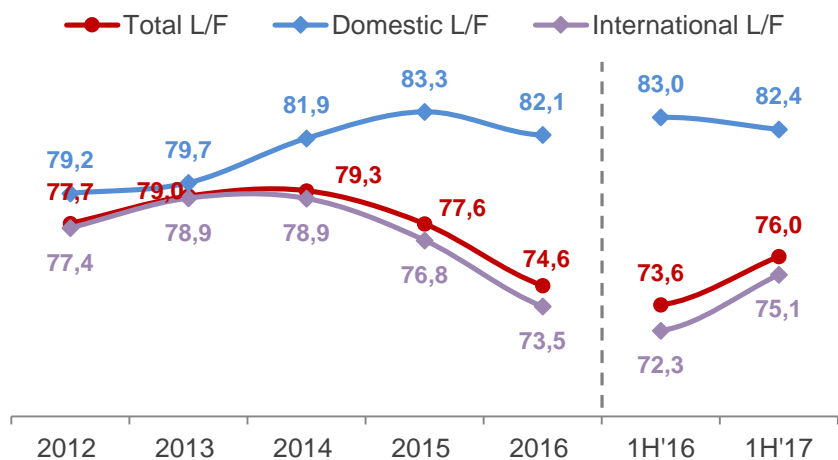
Total Passengers (mn)



Passenger Traffic

	1H'16	vs	1H'17
Landing		down by	-4.2%
ASK		down by	-1.6%
RPK		up by	+1.6%
Passenger #		up by	+0.7%
L/F		up by	+2.4 pt

Load Factor (L/F %)

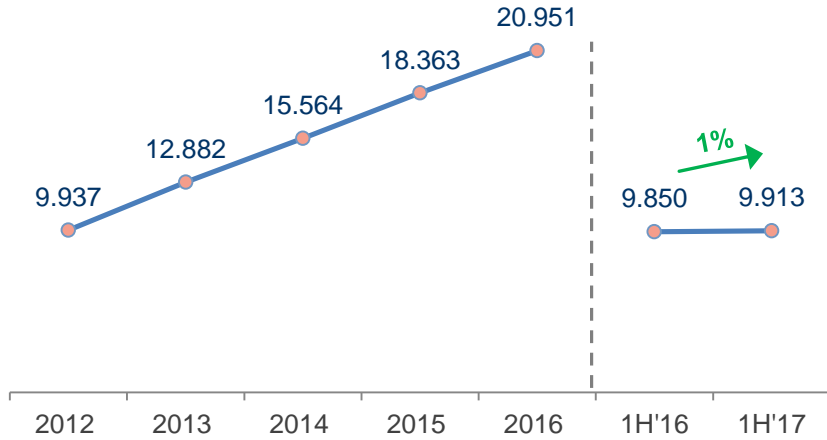


Annual Changes (%)

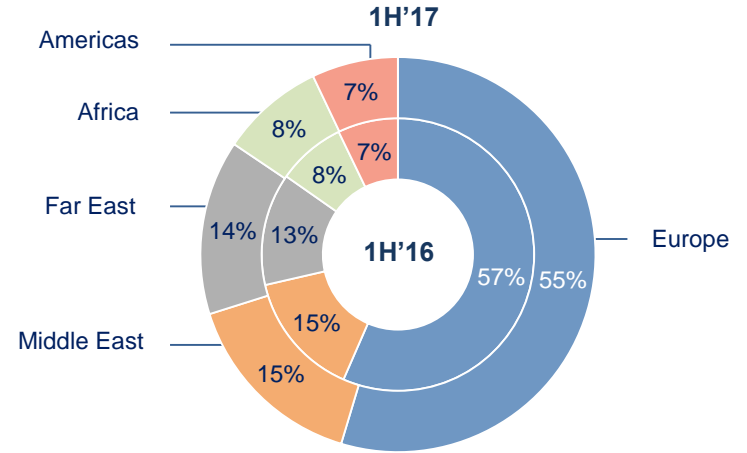
	2011	2012	2013	2014	2015	2016
ASK	25%	18%	21%	16%	14%	10.7%
RPK	22.9%	26.7%	23.2%	16.2%	11.6%	6.3%
PAX	12%	20%	24%	14%	12%	2.5%
L/F	-1.1	5.1	1.4	0.3	-1.7	-3.1

Passenger Breakdown

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

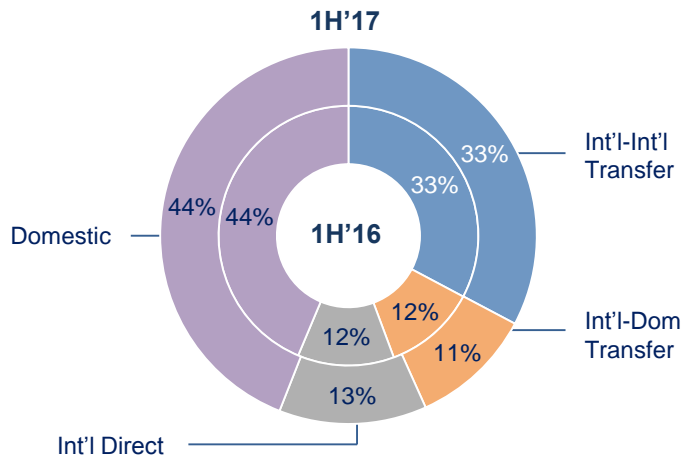


Int'l Passenger Breakdown by Geography



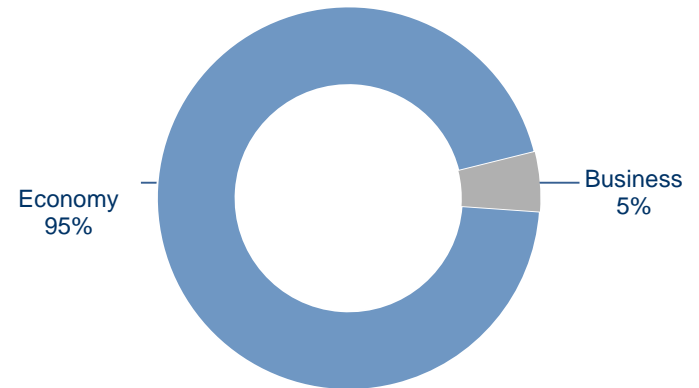
Note: Includes only scheduled passengers.

Passenger Breakdown by Transfer Type



Note: Int'l to int'l transfer passengers' share in total international passengers is 58%.

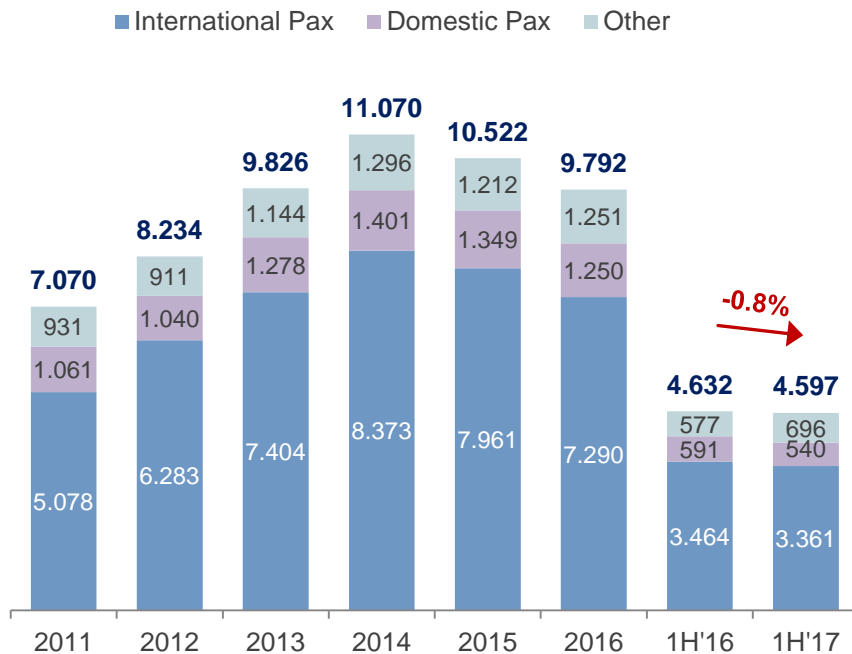
1H'17 Passenger Breakdown by Cabin Class



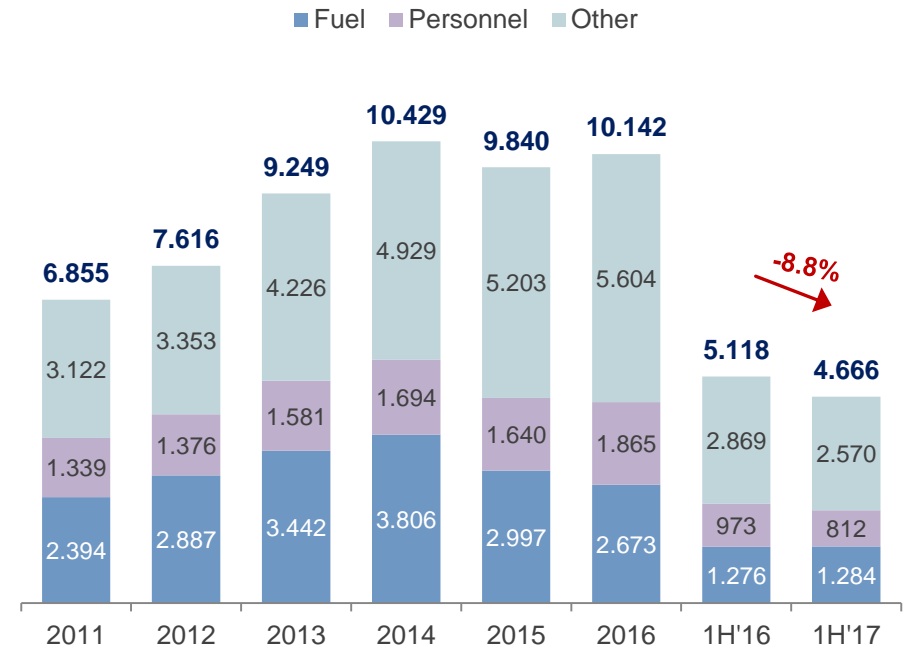
Note: Includes only scheduled passengers.

Total Revenue and Expenses

Revenues (mn USD)



Expenses (mn USD)

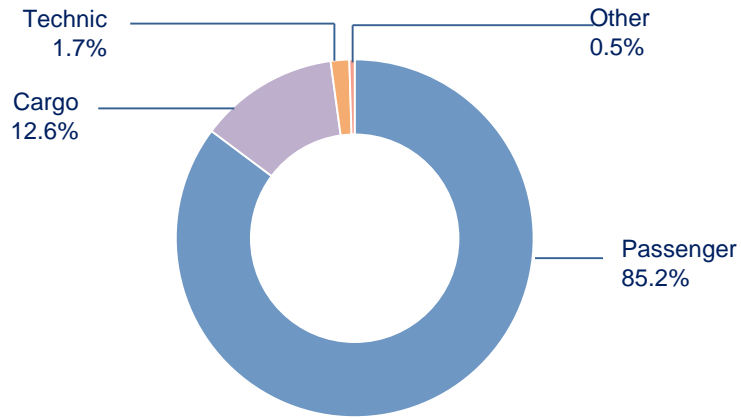


Note: Int and domestic pax revenue indicates scheduled pax revenue.

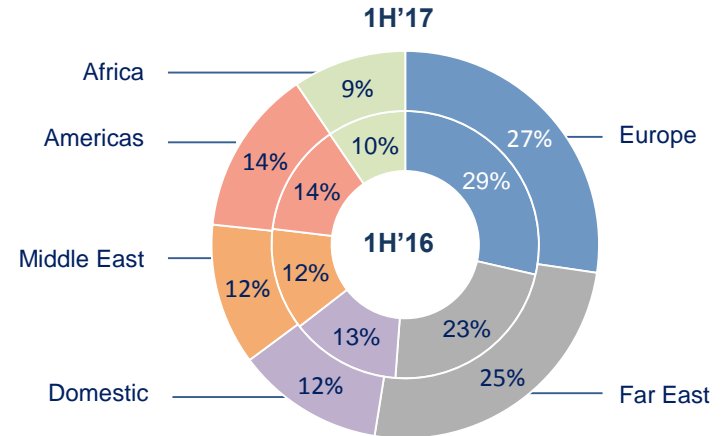
Other revenue includes cargo, charter and other revenue.

Revenue Breakdown (1H'17)

Revenue by Business Type

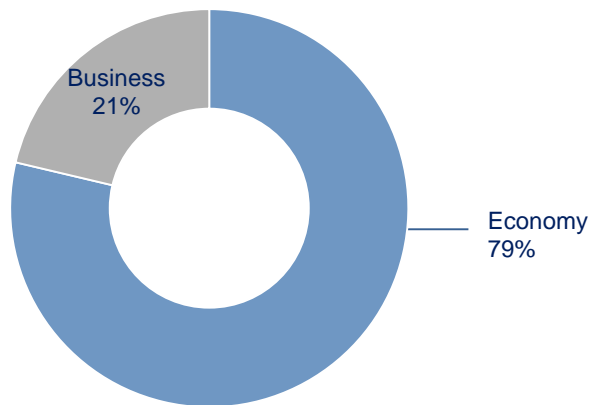


Revenue by Geography

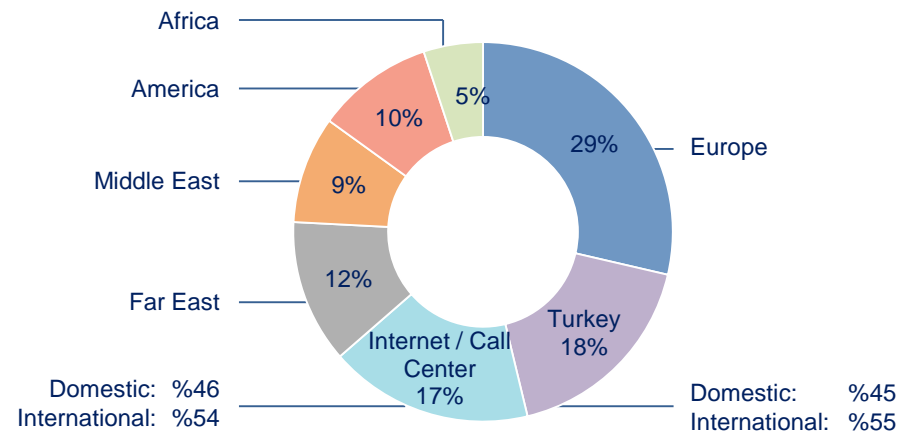


Note: Includes total passenger and cargo revenue

Revenue by Passenger Class



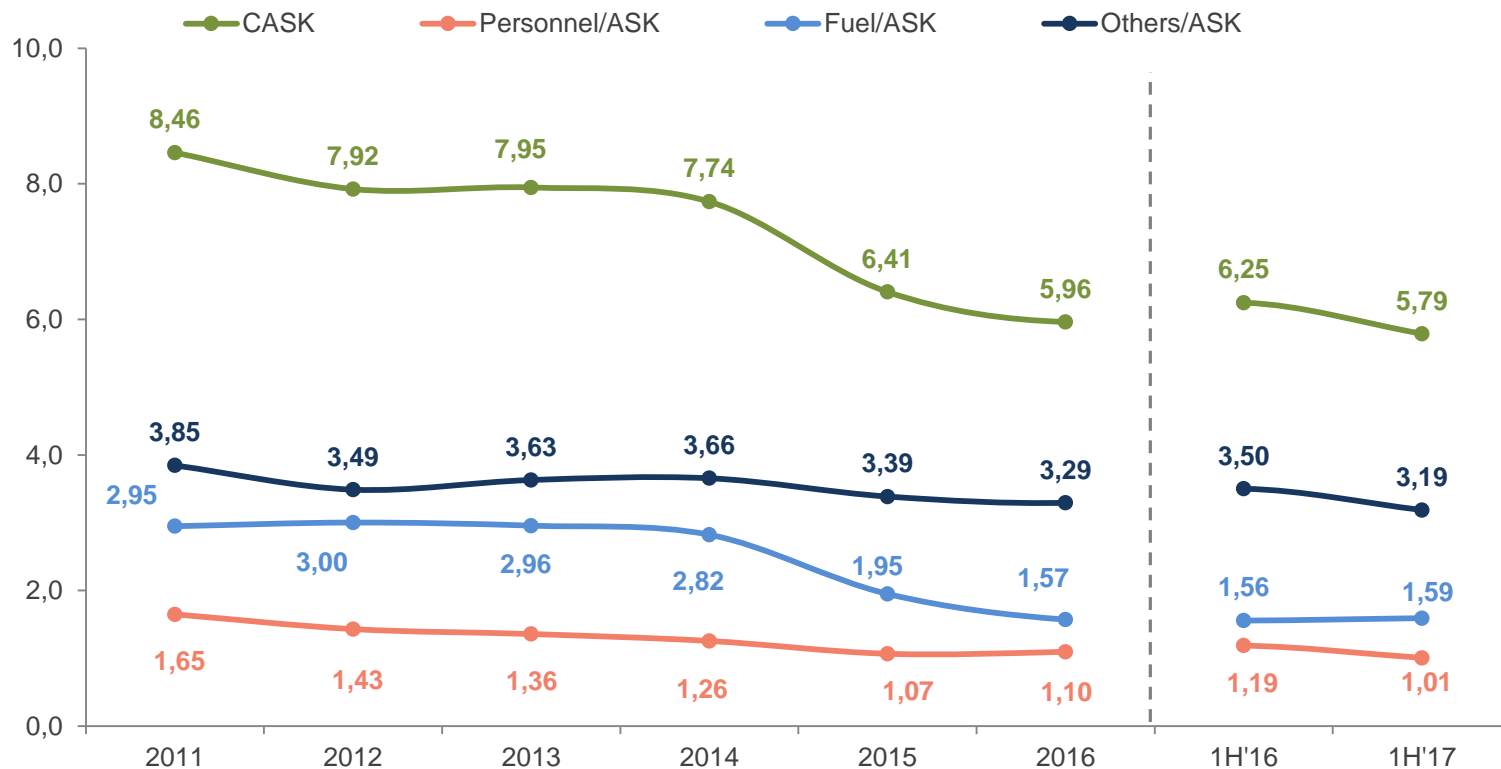
Revenue by Point of Sale



Note: Includes only scheduled passenger revenue

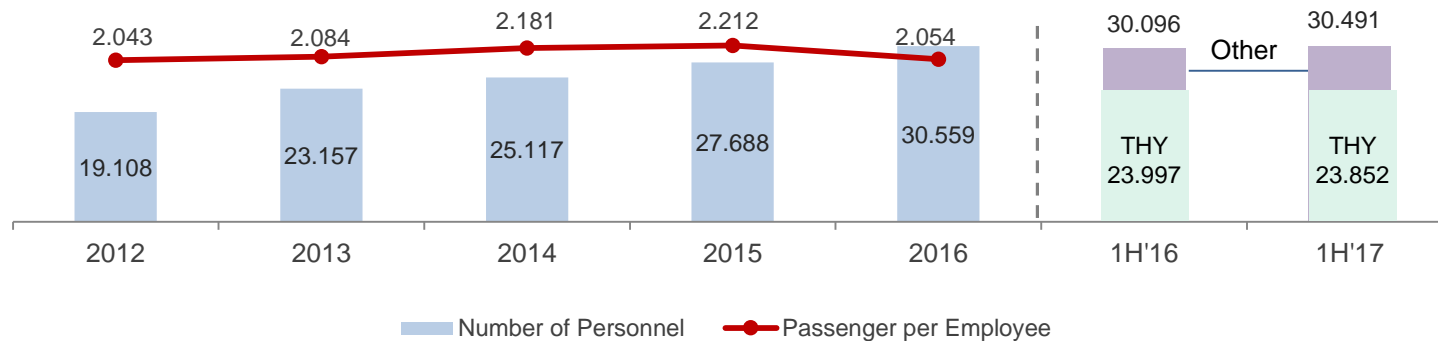
Unit Operating Costs

Cost Per ASK (Usc)



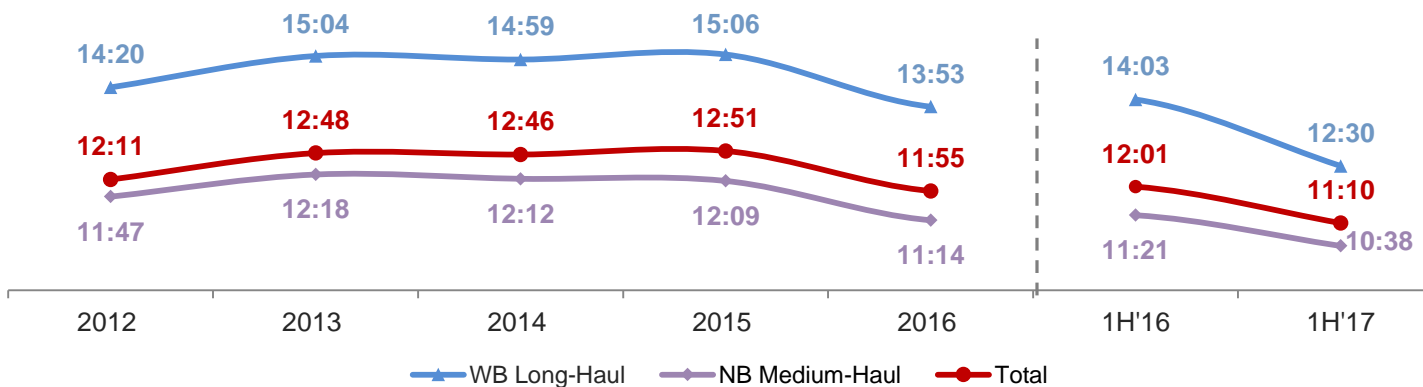
Operating Efficiency

Personnel Efficiency

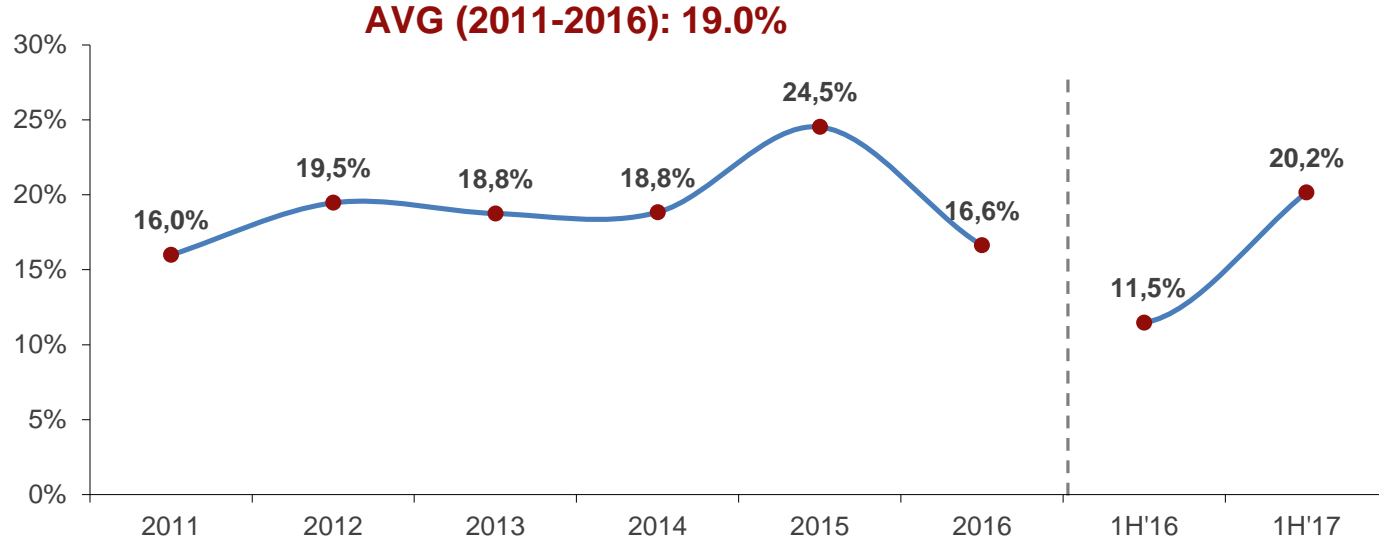


Note: Total includes Turkish Technic and THY Aydın Çıldır Personel

Average Daily Flight Utilization (hrs)



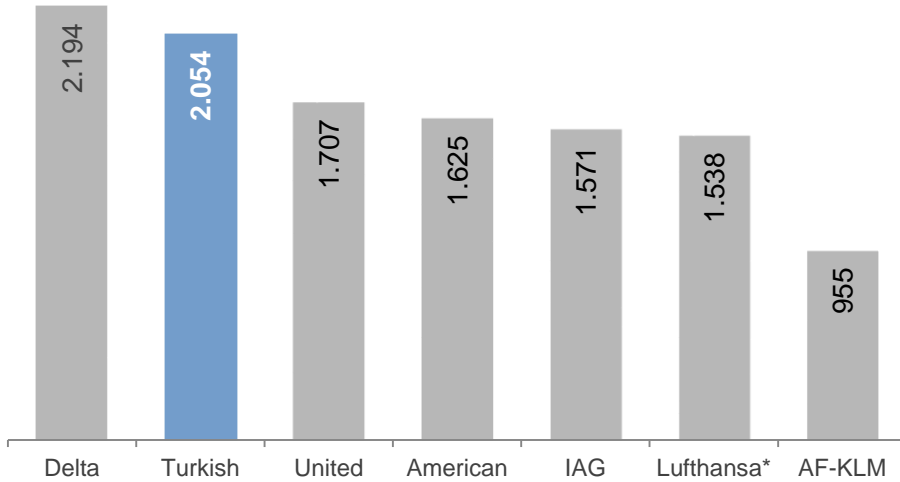
EBITDAR Margin



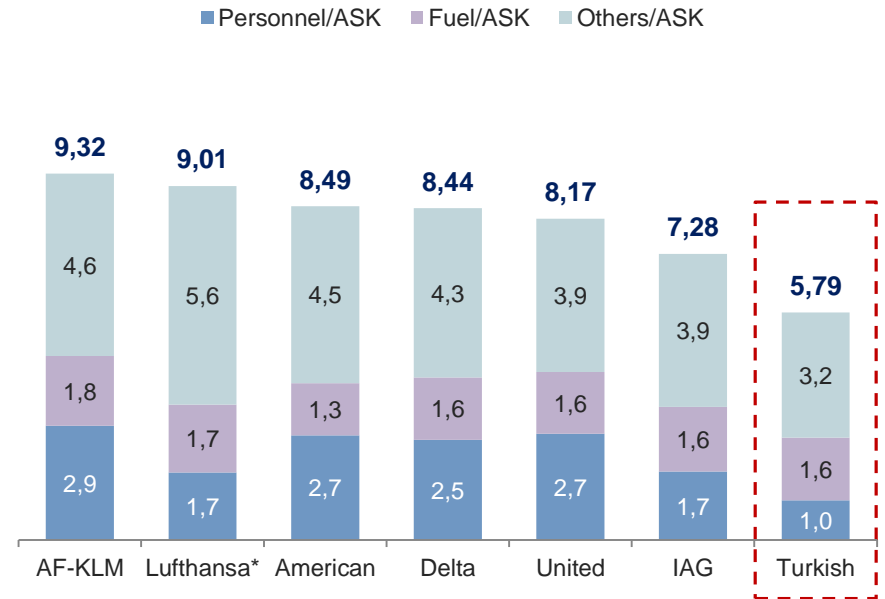
(mn USD)	2011	2012	2013	2014	2015	2016	1H'16	1H'17	YoY Change
Revenue	7,070	8,234	9,826	11,070	10,522	9,792	4,632	4,597	-0,8%
EBIT	277	691	755	808	1,039	-167	-374	74	-
EBIT Margin	3.9%	8.4%	7.7%	7.3%	9.9%	-1.7%	-8.1%	1,6%	9,7 pt
EBITDA	763	1,265	1,405	1,551	1,963	981	182	581	219,2%
EBITDA Margin	10.8%	15.4%	14.3%	14.0%	18.7%	10.0%	3.9%	12,64%	8,7 pt
EBITDAR	1,130	1,603	1,843	2,085	2,580	1,628	531	925	74,0%
EBITDAR Margin	16.0%	19.5%	18.8%	18.8%	24.5%	16.6%	11.5%	20,1%	8,6 pt
Net Income	11	657	357	845	1,069	-77	-647	-434	-
Net Income Margin	0.2%	8.0%	3.6%	7.6%	10.2%	-0.8%	-14.0%	-9,4%	4,5 pt

Peer Group vs Turkish Airlines Efficiency

PAX Per Personnel (2016)



Cost Per ASK (1H'17) - USc



* Lufthansa Network Airline.

Source: Calculated based on public company reports.

Fleet

	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity	Average Fleet Age	Year End Fleet*						
								2017	2018	2019	2020	2021	2022	2023
Wide Body	A330-200	17		5	12	5,074	9.5	16	18	16	13	13	8	5
	A330-300	37		29	8	10,502	3.1	37	37	37	37	37	36	29
	A340-300	4	4			1,161	18.7	4	4	4	4	4	4	4
	B777-3ER	33		27	6	11,646	3.3	33	33	32	30	30	30	30
	Total	91	4	61	26	28,383	5.1	90	92	89	84	84	78	68
Narrow Body	B737-900ER	15		15		2,355	3.6	15	15	15	15	15	15	15
	B737-9 MAX									5	10	10	10	10
	B737-800	88	25	42	21	14,224	8.5	88	82	82	80	80	80	78
	B737-700	1			1	124	10.9	1	1	1				
	B737-8 MAX								7	19	38	53	65	65
	A321 NEO								3	21	39	59	77	92
	A319-100	8		6	2	1,188	8.5	7	7	6	6	6	6	6
	A320-200	25		12	13	3,972	9.7	22	19	12	12	12	12	12
	A321-200	68		62	6	12,360	4.7	68	68	68	66	64	64	64
	A320-200 WL													
	B737-800 WL	20			20	3,780	10.6	19	17	14	8	6	2	
Total	225	25	137	63	38,003	7.4	220	219	243	274	305	331	342	
Cargo	A330-200F	9		9			3.5	9	9	9	9	9	9	9
	B777F							2	2	2	2	2	2	2
	Wet Lease	6			6		25.6	2						
	Total	15		9	6		12.3	13	11	11	11	11	11	11
GRAND TOTAL	331	29	207	95	66,386	6.9	323	322	343	369	400	420	421	
Seat Capacity Change :								-1%	0%	5%	6%	7%	4%	-1%

*After exit-entry. As of 11.08.2017.

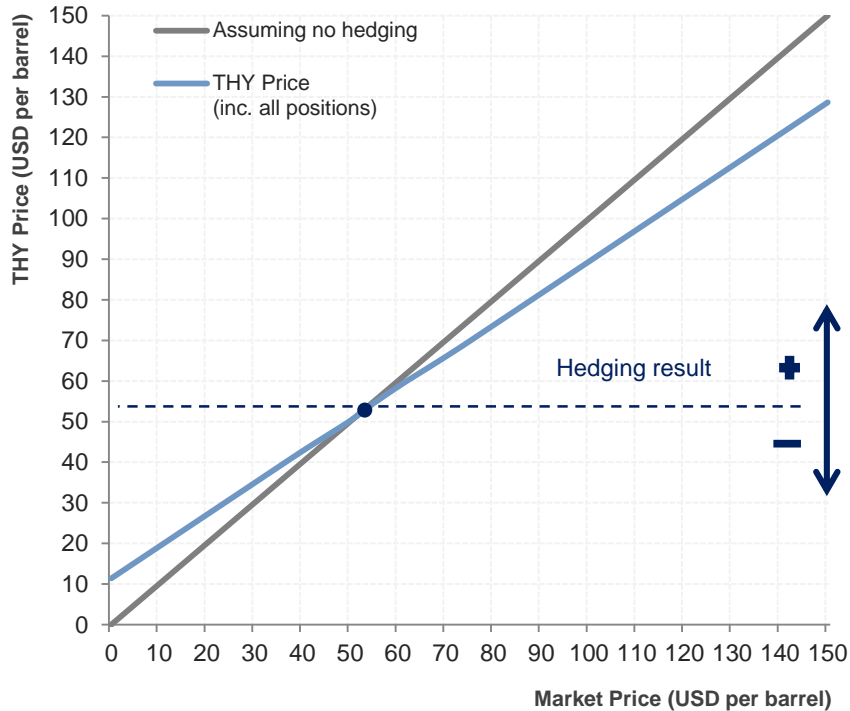
Fleet Development

		2011-2023 Aircraft Purchases															
		Delivered								To Be Delivered							
Type		2011	2012	2013	2014	2015	2016	2017	TOTAL	2017	2018	2019	2020	2021	2022	2023	TOTAL
Wide Body	A330-300	3	3	2	6	7	5		26								
	B777-3ER	7			4	7	6	1	25								
	Total	10	3	2	10	14	11	1	51								
Narrow Body	B737-900ER	2	7	1		5			15								
	B737-9 MAX										5	5					10
	B737-800	2	2	6	10		20		40								
	B737-8 MAX										7	12	19	15	12		65
	A321	8	7	9		13	10		47								
	A321 NEO										3	18	18	20	18	15	92
	A319	6							6								
	Total	18	16	16	10	18	30		108		10	35	42	35	30	15	167
Cargo	A330-200F	1	1	2		1	2	1	8								
	B777F									2							2
	Total	1	1	2		1	2	1	8	2							2
GRAND TOTAL		29	20	20	20	33	43	2	167	2	10	35	42	35	30	15	169

*As of 11.08.2017.

Hedging Fuel Price Risk

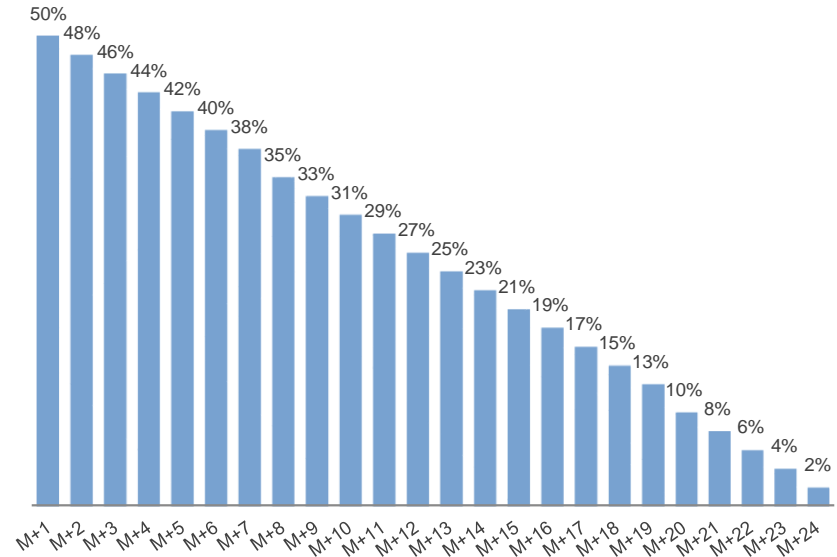
Effect of Hedging on the Fuel Price



Current fuel hedging levels:

FY17: **47% (19.3 mn barrel)**
 FY18: **29% (12.6 mn barrel)**

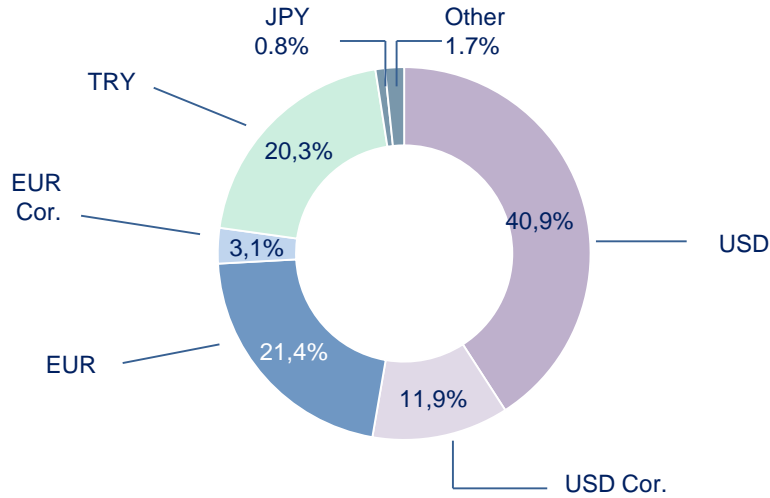
Fuel Hedging Policy



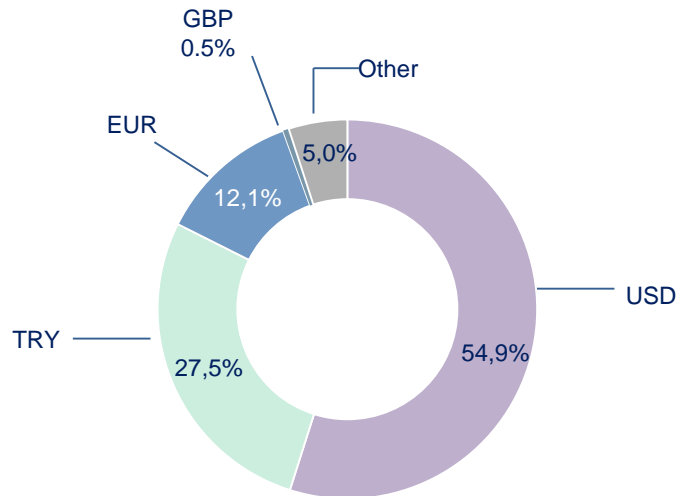
- **Active Surcharge Policy:** 50% of fuel cost is reflected to ticket prices
- Decreasing layered hedging strategy (24 months)
- Crude oil based swaps and options
- Aim to reach 50% of following months budgeted consumption

Hedging Currency Risk (1H'17)

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
- 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:

2017	Hedging Levels*	Average Price
EUR/USD	23%	1.09
EUR/TRY	27%	3.89

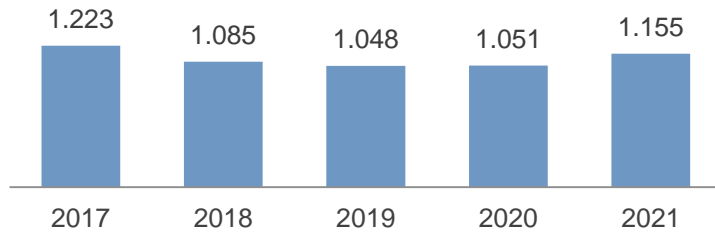
* Percentage of respective short positions. As of 30 June 2017.

Aircraft Financing and Debt Management

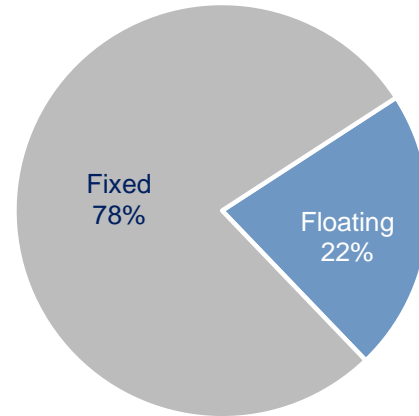
As of 30.06.2017

Total Financial Lease Liabilities: **8.4 bn USD**
Operational Leases: **2.1 bn USD**

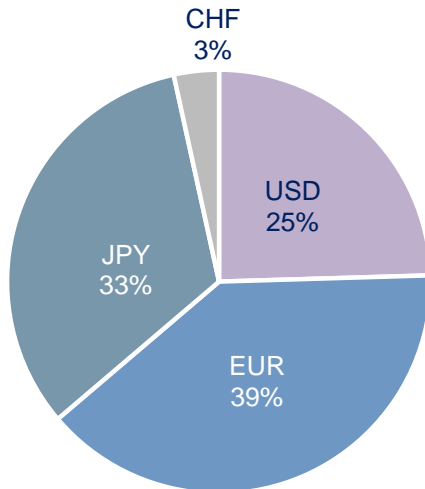
5 Year Maturity Profile (USD mn)



Weighted Average Interest Rate: **2.98%**



Currency Breakdown of Financial Lease Liabilities

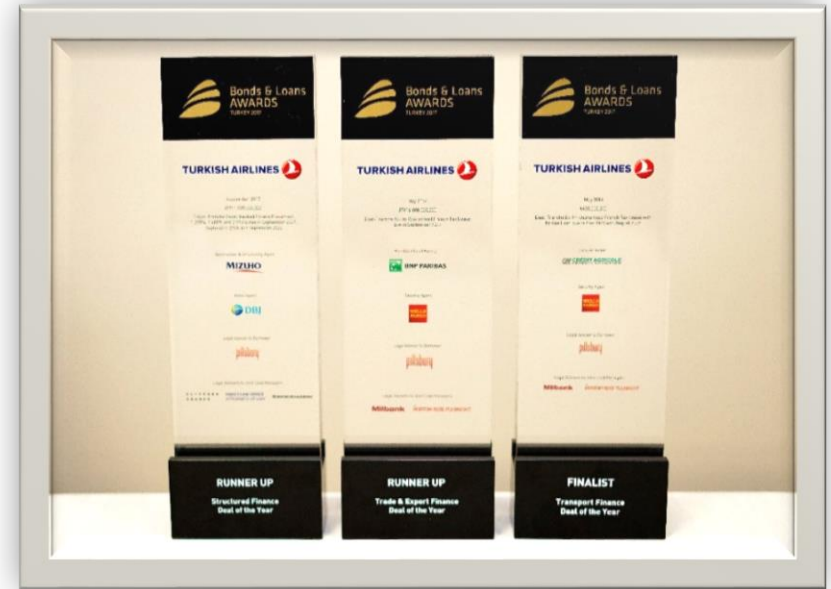


(mn USD)	30.06.2017 Total FL Debt	Maturity	Yearly Debt Service
USD	2,061	10-12 Years	324
EUR	3,297	10-12 Years	410
JPY	2,755	10-11 Years	237
CHF	289	12 Years	31
Total	8,402		1,002

Recent Awards

Winner of 3 awards at the Bonds&Loans Awards:

- › Transport Finance Deal of the Year
- › Trade and Export Finance Deal of the Year
- › Structured Finance Deal of the Year



2017 Skytrax Awards:

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



TURKISH AIRLINES
INVESTOR RELATIONS

THANK YOU..

Did you check out our IR application?*...

Tel: +90 (212) 463-6363 x-13630 e-mail: ir@thy.com

* The application is accessible via Apple Store and Google Play with the searching word "Turkish Airlines".

Balance Sheet

Assets (mn USD)	2011	2012	2013	2014	2015	2016	1H'17
Cash and Equivalents	934	1,028	647	722	962	1,815	2.607
Trade Receivables	405	434	538	456	361	379	582
Pre-delivery Payment (PDP) Receivables	376	267	521	990	1,139	596	150
Other Current Assets	426	437	419	663	684	811	714
Total Current Assets	2,140	2,166	2,125	2,831	3,146	3,601	4.053
Net Fixed Assets	5,873	7,121	8,043	9,201	11,415	13,476	12.877
of which Aircraft and Engines	5,319	6,392	7,030	8,167	10,177	12,134	11.531
Pre-delivery Payment (PDP) Receivables	217	655	993	650	392	207	234
Other Non-Current Assets	455	581	741	1,064	1,430	1,207	1.219
Total Non-Current Assets	6,545	8,357	9,777	10,915	13,237	14,890	14.330
Total Assets	8,685	10,523	11,902	13,746	16,383	18,491	18.383

Liabilities (mn USD)	2011	2012	2013	2014	2015	2016	1H'17
Lease Obligations	4,189	4,862	5,413	5,931	7,399	8,886	8.475
Passenger Flight Liabilities	677	936	1,201	1,398	1,091	785	1.514
Accounts Payable	461	510	680	662	671	616	713
Other Liabilities	976	1,183	1,346	1,805	2,380	3,117	3.081
Total Liabilities	6,303	7,491	8,640	9,796	11,541	13,404	13.783
Total Shareholders Equity	2,382	3,032	3,262	3,950	4,842	5,087	4.600
of which Issued Capital	1,498	1,498	1,597	1,597	1,597	1,597	1.597
of which Retained Earnings	889	903	1,350	1,714	2,559	3,628	3.551
of which Differences from Currency Translation	-18	-10	-26	-47	-84	-106	-105
of which Net Profit for the Period	11	657	357	845	1,069	-77	-434
Total Liabilities & Shareholders Equity	8,685	10,523	11,902	13,746	16,383	18,491	18.383

Income Statement

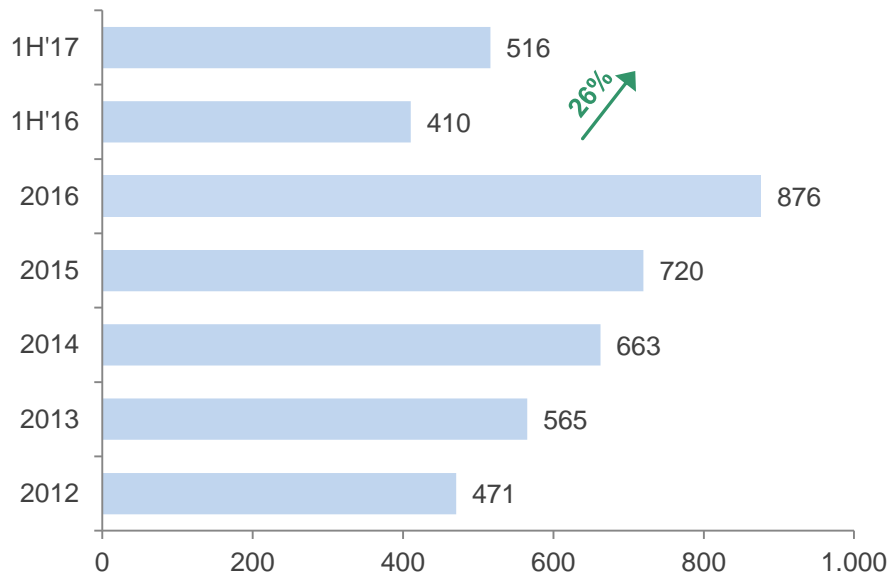
(mn USD)	2011	2012	2013	2014	2015	2016	1H'16	1H'17	YoY Change
Operating Revenue	7,070	8,234	9,826	11,070	10,522	9,792	4,632	4,597	-1%
Operating Expenses (-)	6,855	7,616	9,249	10,429	9,840	10,142	5,118	4,666	-9%
of which Fuel	2,394	2,887	3,442	3,806	2,997	2,673	1,276	1,284	1%
of which Personnel	1,339	1,376	1,581	1,694	1,640	1,865	973	812	-17%
of which Depreciation	486	574	650	743	924	1,148	556	507	-9%
of which Rent	252	243	448	543	496	496	258	241	-7%
Net Operating Profit / Loss	215	618	577	641	682	-350	-486	-69	-
Income From Other Operations	96	95	115	80	244	145	81	104	28%
Expense From Other Operations (-)	237	61	41	45	31	86	6	18	200%
Profit / Loss From Main Operations	73	652	651	676	895	-291	-411	17	-
Income From Investment Activities (Net)	-	271	76	72	101	117	36	108	200%
Share of Investments' Profit / Loss	6	4	55	75	80	44	-2	22	-
Financial Income	158	49	27	419	532	300	75	31	-59%
Financial Expense (-)	150	191	307	196	201	229	517	719	39%
Profit Before Tax	87	785	502	1,046	1,407	-59	-819	-541	-
Tax (-)	76	128	145	201	338	18	-172	-107	-
Net Profit	11	657	357	845	1,069	-77	-647	-434	-

Operational Expense Breakdown

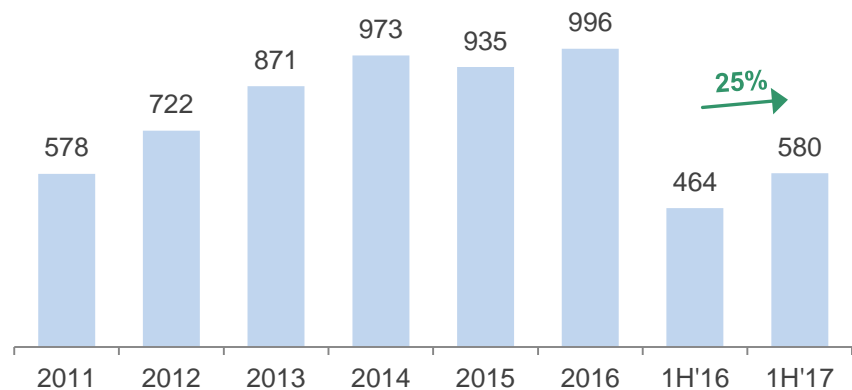
(mn USD)	1H'16	% in Total	1H'17	% in Total	YoY Change
Fuel	1,276	24.9%	1,284	27.5%	0.6%
Personnel	973	19.0%	812	17.4%	-16.5%
Landing, Navigation & Air Traffic	468	9.1%	441	9.5%	-5.8%
Landing and navigation	219	4.3%	212	4.5%	-3.2%
Air Traffic Control	249	4.9%	229	4.9%	-8.0%
Sales & Marketing	513	10.0%	422	9.0%	-17.7%
Commissions and Incentives	177	3.5%	171	3.7%	-3.4%
Reservation System	128	2.5%	122	2.6%	-4.7%
Advertising	138	2.7%	64	1.4%	-53.6%
Other	70	1.4%	65	1.4%	-7.1%
Depreciation	556	10.9%	507	10.9%	-8.8%
Ground Handling	322	6.3%	299	6.4%	-7.1%
Aircraft Rent	258	5.0%	241	5.2%	-6.6%
Operational Lease	110	2.1%	153	3.3%	39.1%
Wet Lease	148	2.9%	88	1.9%	-40.5%
Passenger Services & Catering	292	5.7%	238	5.1%	-18.5%
Maintenance	309	6.0%	276	5.9%	-10.7%
General Administration	56	1.1%	55	1.2%	-1.8%
Other	95	1.9%	91	2.0%	-4.2%
TOTAL	5,118	100%	4,666	100%	-8.8%
Operating Cost per ASK (USc)	6.25	-	5.79	-	-7.3%
Ex-fuel Operating Cost per ASK (Usc)	4.69	-	4.20	-	-10.5%
Fixed Costs	1,652	32.3%	1,383	29.6%	-16.3%

Cargo Operations

Cargo Tonnage Carried ('000 Ton)



Cargo Revenue Evolution (mn USD)



- Turkish Cargo serves with 15 freighters with 336 passenger aircraft.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 2.1% in 2016.
- In 2016, while World FTK grew by 3%, Turkish Cargo FTK grew by 4% compared to previous year.
- New Cargo Terminal, which was opened at the end of 2014, has 1.2 million tons of cargo capacity and 43,000 m² closed warehouse area.

Recent Awards

- Fastest Growing International Cargo Airline of the Year - Air Cargo Africa (2017)
- Logistics Project of the Year with our COMIS project – Annual Success in Logistics Awards (2016)
- Best International Air Cargo Company – Atlas Logistics Award (2016)
- Cargo Airline of the Year Award – ATN (2016)
- Overall Carrier of the Year, Combination Carrier of the Year Winner - Payload Asia (2014)
- Best European Cargo Airline – Air Cargo News (2014)
- International Air Cargo Winner (2013)

Subsidiaries & Affiliates

Turkish Airlines Group 1H'17		Revenue (mn USD)	Net Profit (mn USD)	Number of Personnel	Partnership Structure
1	Turkish Airlines (Consolidated)	4.597	-434	23.852*	%49 Turkey Wealth Fund - %51 Open to Public
2	Turkish Opet Aviation Fuels	701	33	442	%50 THY - %50 Opet
3	Sun Express (Turkey & Germany Consolidated)	461	-19	3.993	%50 THY - %50 Lufthansa
4	Turkish Technic	489	51	6.618	% 100 THY
5	Turkish Do&Co	126	11	3.895	%50 THY - %50 Do&Co
6	Turkish Engine Center (TEC)	229	13	329	%51 PW - %49 THY Teknik
7	Turkish Ground Services (TGS)	117	7	10.178	%50 THY - %50 Havaş
8	Turkish Cabin Interior Systems (TCI)	2	-1	140	%50 THY - %5 THY Teknik - %50 TAI
9	Goodrich Turkish Technic Service Center	8	1	37	%60 Goodrich - %40 THY Teknik
10	TSI Aviation Seats	6	-1	81	%50 THY - %5 THY Teknik - %50 Assan Hanil
11	Aydın Çıldır Airport Services	1,4	0,8	21	%100 THY
12	Tax Free Zone (Tax Refund)	-	-	21	%30 THY - %45 Maslak Oto - %25 VK Holding

* THY A.O. Personnel

Subsidiaries & Affiliates



Date of Establishment

Business Model

Destinations

Fleet

Seat Capacity

of Passengers

Load Factor (1H'17)

Revenues (1H'17)

Net Income (1H'17)

SunExpress Turkey
1989
Charter + Scheduled
20 in Germany, 24 in Turkey, 33 other
31 B737-800 + 20 operated for THY
9,639
3.0 million
78.3 %
315 mn USD
-6 mn USD

SunExpress Germany
2011
Charter + Scheduled
10 in Germany, 3 in Egypt, 5 in Spain/Canary Islands and 11 other
12 Narrow Body + 6 Wide Body
4,128
607 thousand
89.2 %
153 mn USD
-13 mn USD

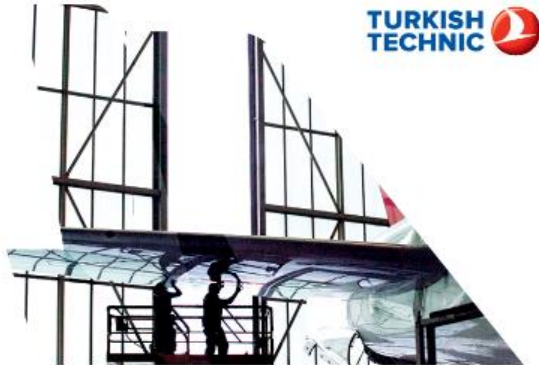
SunExpress Consolidated
Charter + Scheduled
21 in Germany, 24 in Turkey, 48 in other countries
69
13,767
3.6 million
80.9 %
461 mn USD*
-19 mn USD

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. 18 of those aircraft were delivered until now.

* SunExpress total revenue may differ than its subsidiaries' revenue sum due to consolidation.



Turkish Technic

- › Turkish Technic Inc. is fully owned by Turkish Airlines.
- › Provides maintenance, repair, overhaul (MRO) services and pooling, engineering and Part 21 services to customers worldwide, including all domestic airlines and international airlines such as Air Arabia, Citilink, SpiceJet, Ariana Afghan Airlines.
- › Facilities are located at Istanbul Ataturk International Airport (4 hangar), a new world-class facility at Istanbul Sabiha Gökçen International Airport (2 hangar), Ankara Esenboga Airport (1 hangar) and Aydın Çıldır Airport.
- › The official opening of the new world-class facility was on June 2014 with an investment of USD 550 million, doubling maintenance, repair and overhaul capacity. Turkish Technic's unique location makes it a convenient MRO provider for around 40% of the world's civilian aircraft within a 3.5 hour flying radius reach of 55 countries.
- › On January 2015, facility has been awarded LEED (Leadership in Energy and Environmental Design) Gold Certificate by U.S. Green Building Council for its sustainable building design.
- › Turkish Technic has a tremendous MRO capacity to provide maintenance, repair and overhaul services to 30 narrow body aircraft and 10 wide body aircraft with over 6,000 skilled personnel.



Turkish Cabin Interior Systems

- › TCI is a joint venture of Turkish Airlines and TAI (Turkish Aerospace Industries).
- › Located in Turkish Technic's Sabiha Gökçen Airport Facility and produces Aircraft Galleys.
- › The company is a certified supplier of Boeing and is in the Global Offerable List for B-737 Galleys.



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. Whole production takes place in Turkey and 2016 deliveries for third parties completed assuring superior customer satisfaction.
- › The first aircraft equipped with the new seats is a Turkish Airlines B737-800. The seats were initially used on the B737-800s of Turkish Airlines fleet and then were 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 TURKISH TECHNIC

Goodrich Turkish 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 (TEC)

- › 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.
- › Today, the Company has the largest integrated jet fuel facility in Turkey and has fuel servicing capability at all domestic airports across Turkey.
- › In 2016, the Company maintained its market leader position with jet fuel sales of over 3.7million cubic meters.



Turkish Do&Co

- › Established in 2007, Turkish Do&Co operates in 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 Do&Co has significantly improved the quality of catering service offered by Turkish Airlines on board, bringing many international awards to our Company.



Turkish Ground Services

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

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