

TURKISH AIRLINES

2Q'18 Results Summary

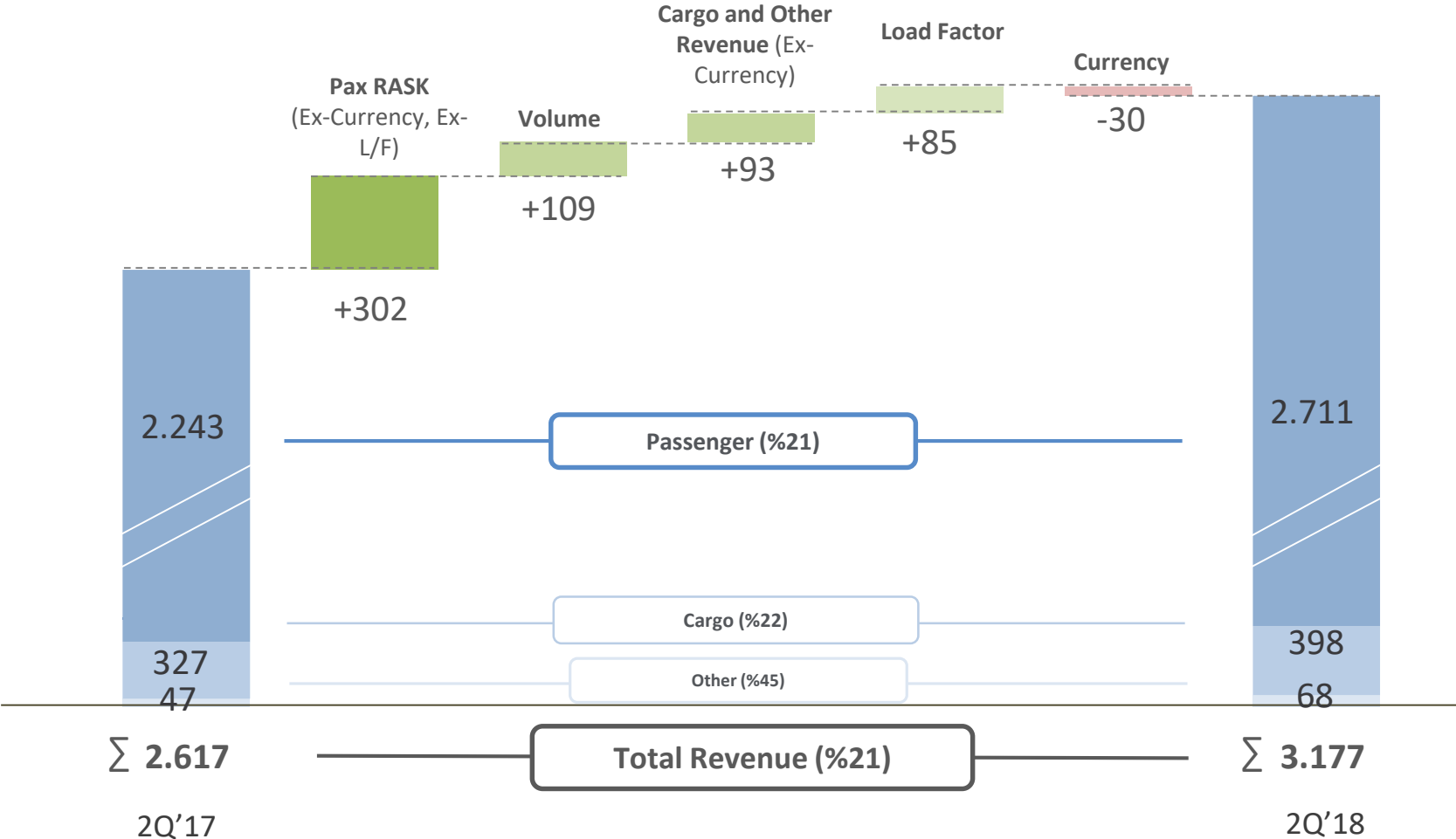


Key Financial Data

2Q'17	2Q'18	Change	(USD mn)	1H'17	1H'18	Change
2.617	3.177	21,4%	Revenue	4.597	5.940	29,2%
2.243	2.711	20,9%	Passenger Revenue	3.918	5.014	28,0%
327	398	21,7%	Cargo Revenue	580	784	35,2%
140	267	90,7%	Net Operating Profit / Loss	-69	270	-
189	217	14,8%	Profit From Main Operations	17	258	~14x
-61	127	-	Net Income	-434	41	-
-2,3%	4,0%	6,3 pt	Net Income Margin	-9,4%	0,7%	10,1 pt
661	750	13,4%	EBITDAR	925	1.278	38,2%
25,3%	23,6%	-1,7 pt	EBITDAR Margin	20,1%	21,5%	1,4 pt

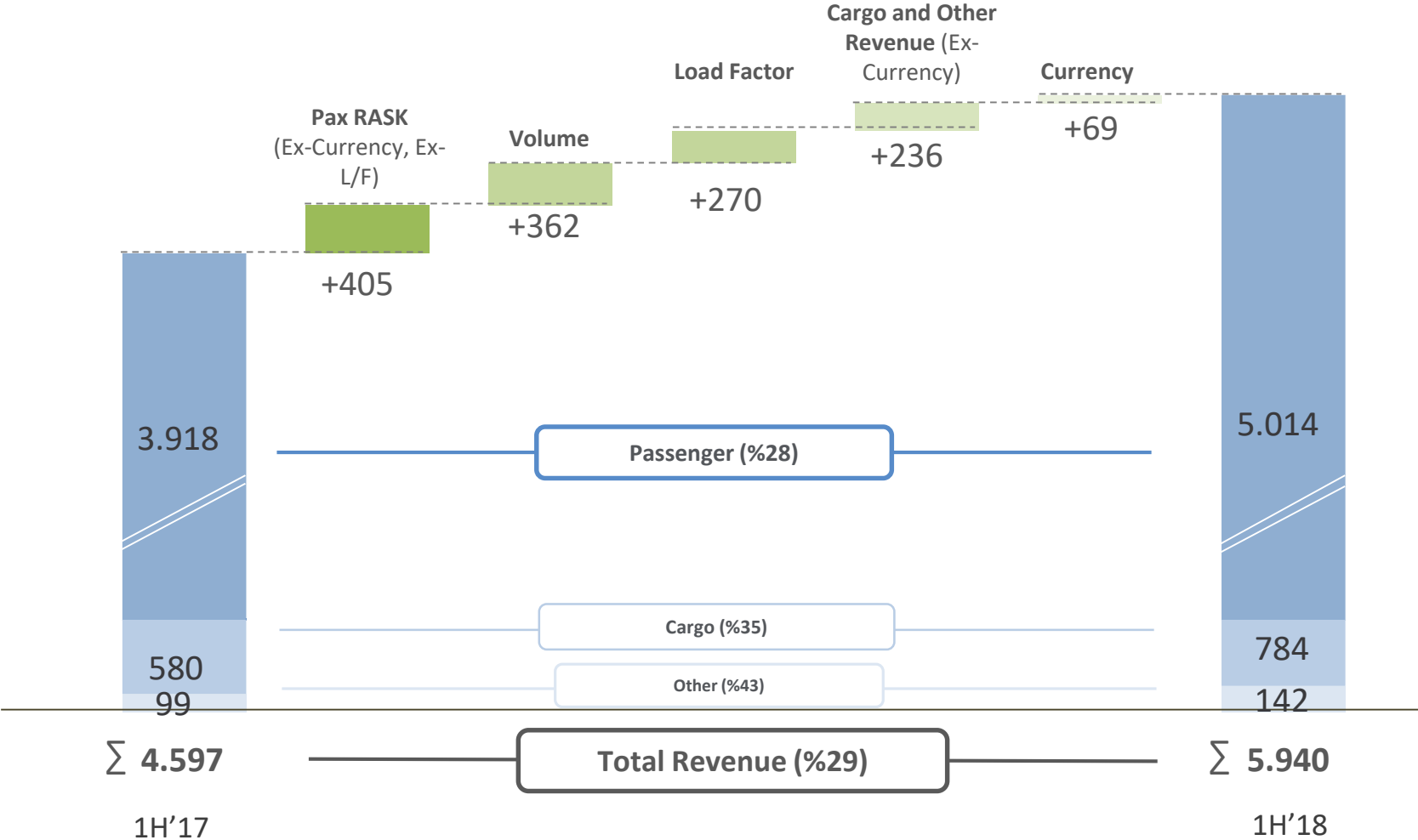
Revenue Development (2Q'17 vs 2Q'18)

(mn USD)



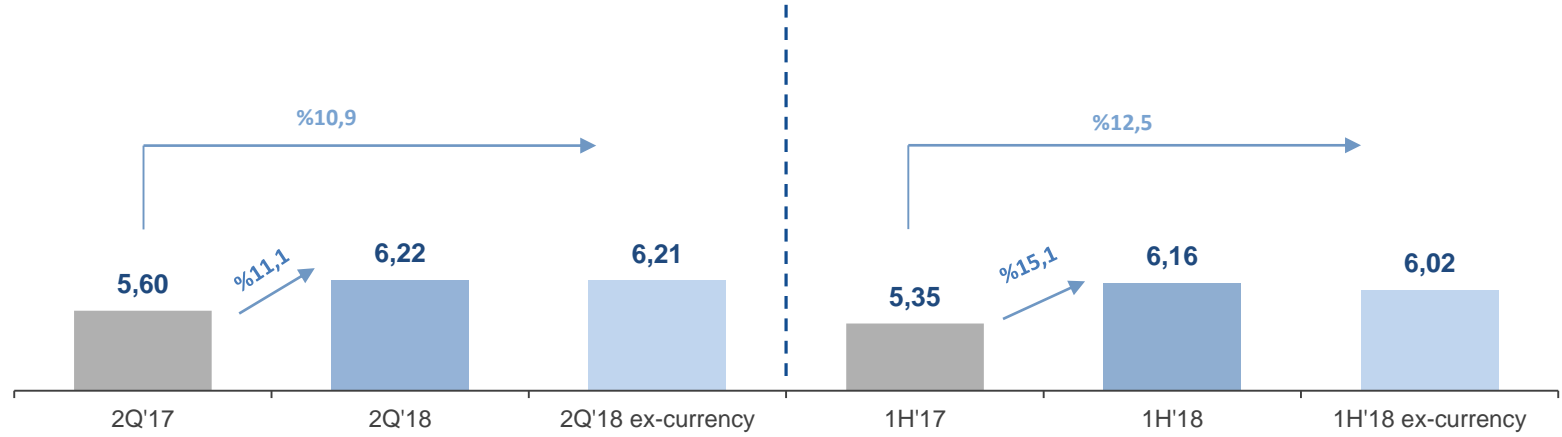
Revenue Development (1H'17 vs 1H'18)

(mn USD)

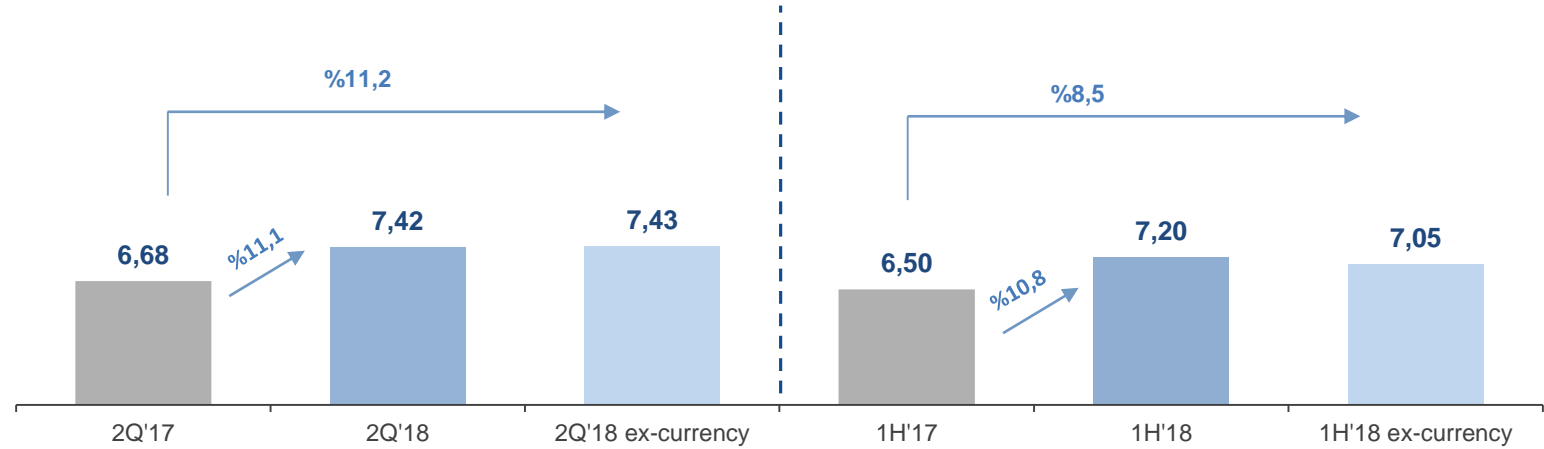


Unit Revenue Development

RASK (USc)

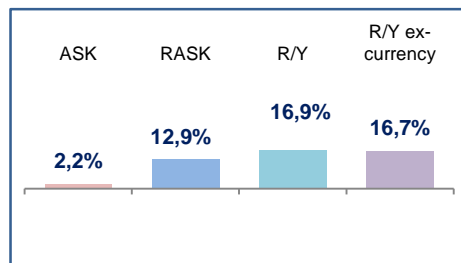


R/Y (USc)

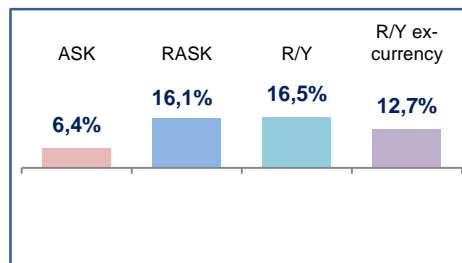


Regional Yield Development in USD (2Q'17 vs 2Q'18)

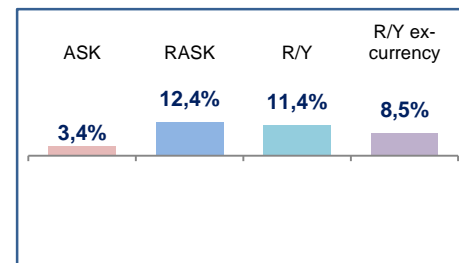
America



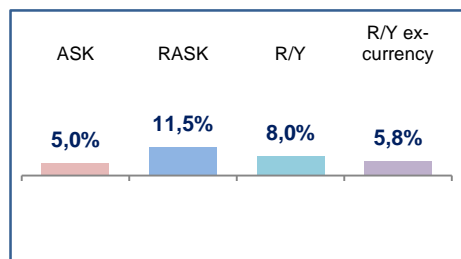
Europe



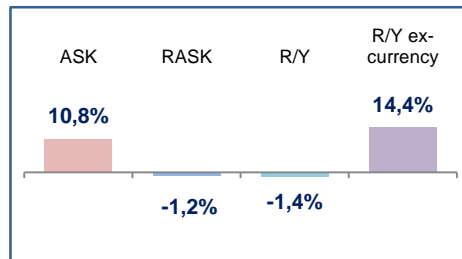
Asia / Far East



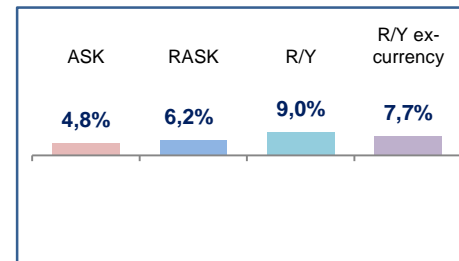
Africa



Domestic



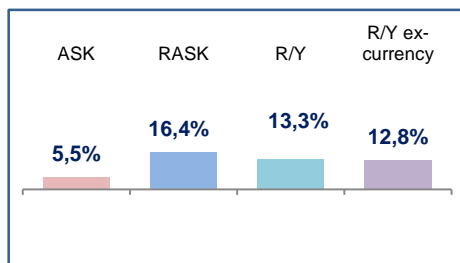
Middle East



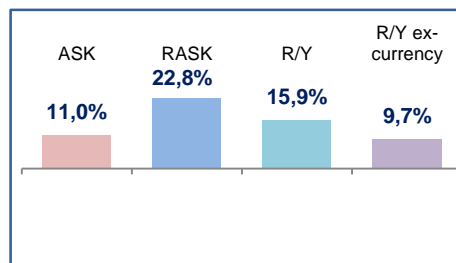
R/Y : Yield : Passenger Revenue / RPK (Scheduled)
 RASK : Passenger and Cargo Revenue / ASK* (Scheduled)
 * ASK value is adjusted for cargo operations.

Regional Yield Development in USD (1H'17 vs 1H'18)

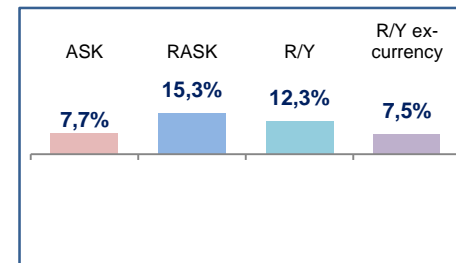
America



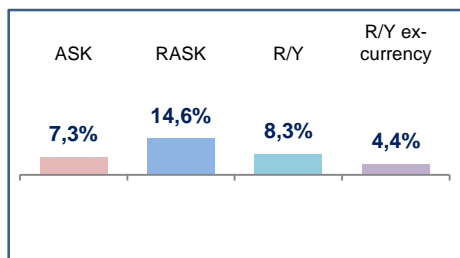
Europe



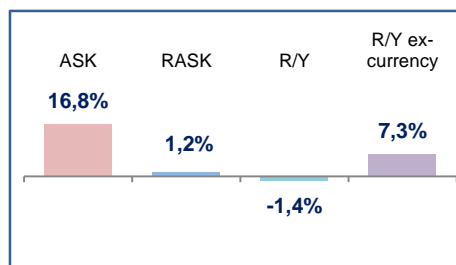
Asia / Far East



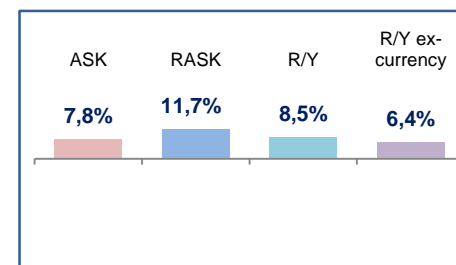
Africa



Domestic



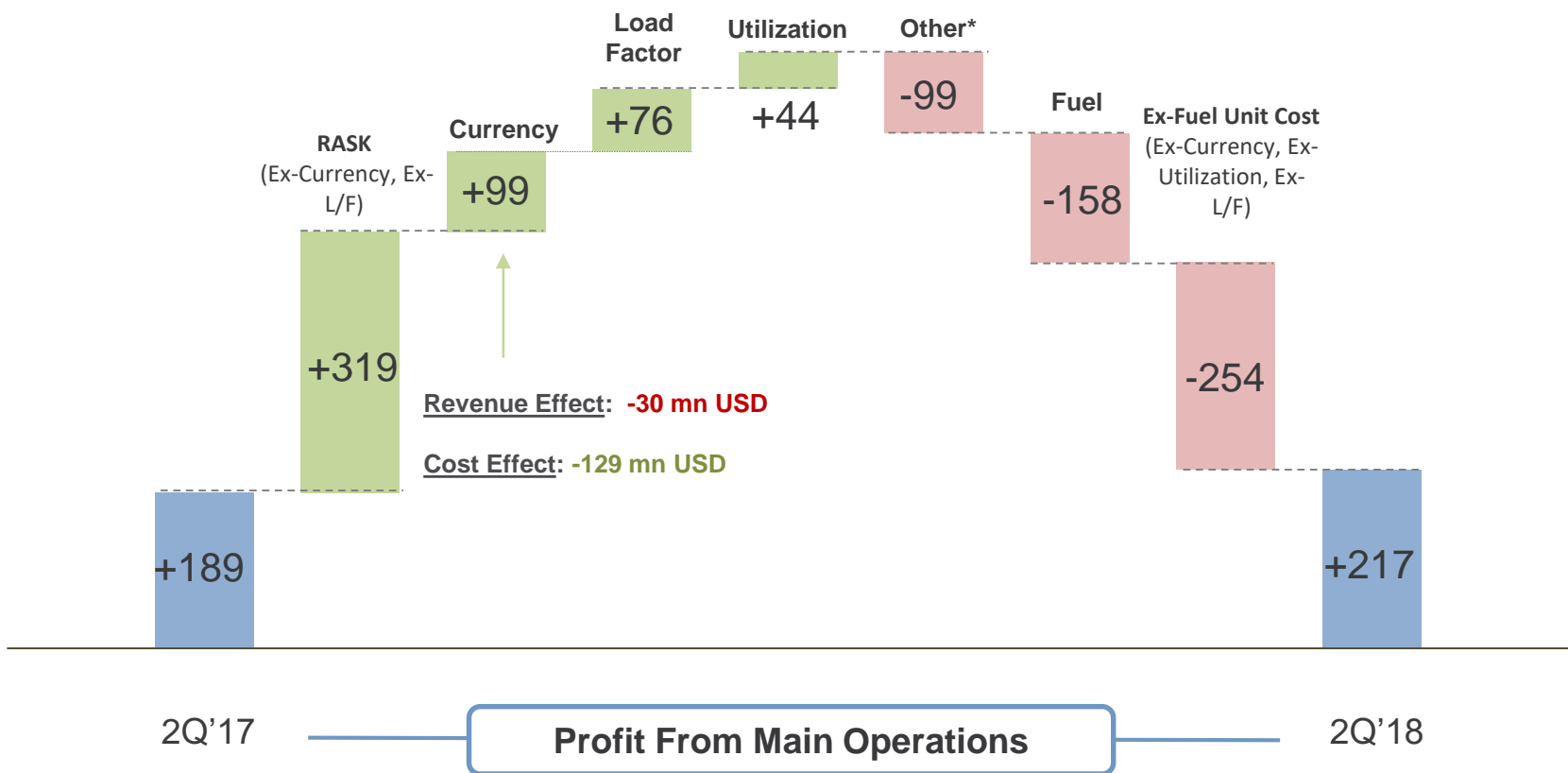
Middle East



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

Profit From Main Operations Bridge (2Q'17 vs 2Q'18)

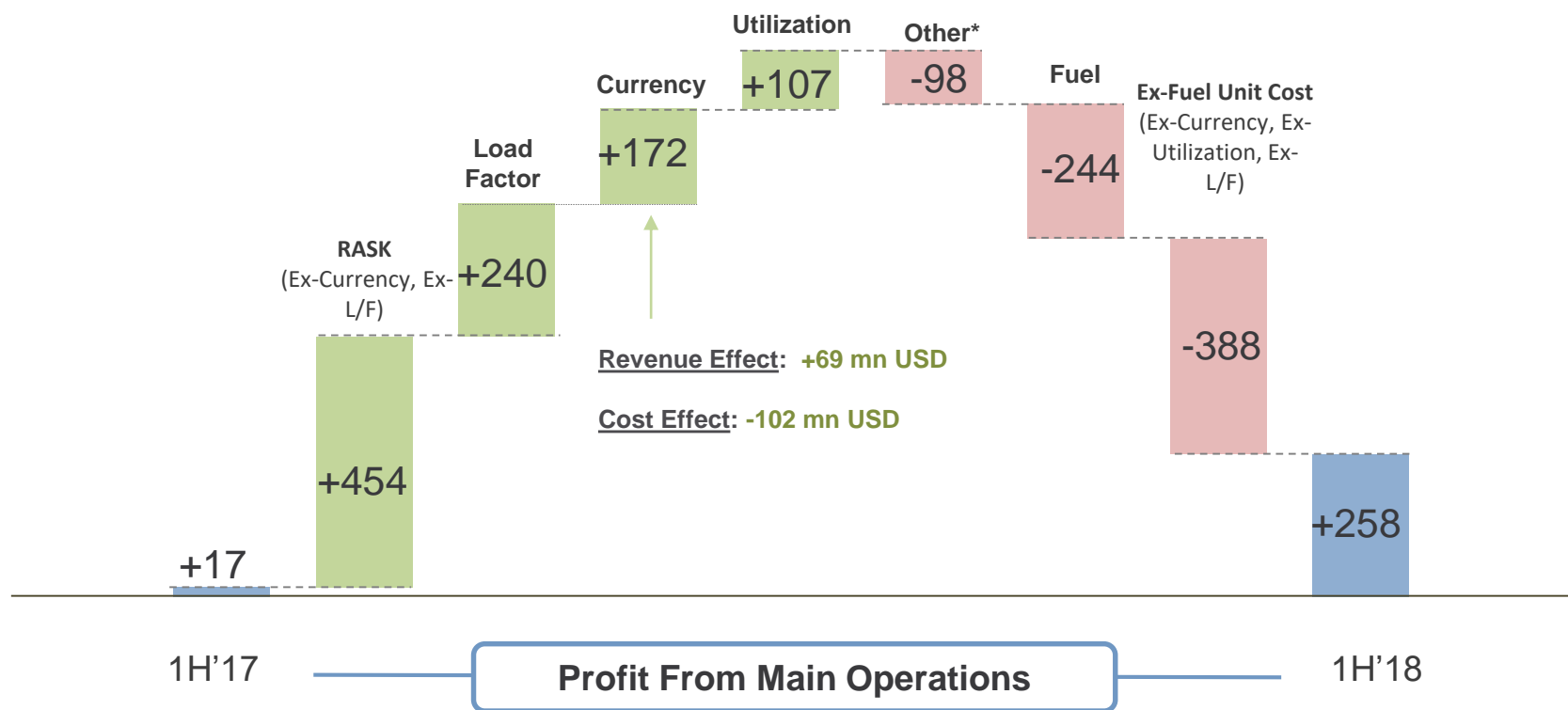
(mn USD)



*Includes other operating income, other operating expense and FX gains/losses from operational activities.

Profit From Main Operations Bridge (1H'17 vs 1H'18)

(mn USD)



*Includes other operating income, other operating expense and FX gains/losses from operational activities.

Operational Expense Breakdown

2Q'17	2Q'18	Change	(mn USD)	1H'17	1H'18	Change
693	920	32,8%	Fuel	1.284	1.724	34,3%
425	441	3,8%	Personnel	812	893	10,0%
380	406	6,8%	Aircraft Ownership	748	825	10,3%
246	274	11,4%	Airports & Air Navigation	441	522	18,4%
229	262	14,4%	Sales & Marketing	422	527	24,9%
164	191	16,5%	Ground Handling	299	366	22,4%
124	135	8,9%	Passenger Services & Catering	238	280	17,6%
143	197	37,8%	Maintenance	276	367	33,0%
73	84	15,1%	Other *	146	166	13,7%
2.477	2.910	17,5%	TOTAL	4.666	5.670	21,5%

ASK Growth: **4,9%**

ASK Growth: **9,2%**

Notes:

* Includes General Administration and Other Cost of Sales.

CASK Breakdown

2Q'17	2Q'18	Change	(USc)	1H'17	1H'18	Change
1,57	1,98	26,6%	Fuel	1,59	1,96	22,9%
0,96	0,95	-1,0%	Personnel	1,01	1,01	0,7%
0,86	0,88	1,9%	Aircraft Ownership	0,93	0,94	1,0%
0,56	0,59	6,2%	Airports & Air Navigation	0,55	0,59	8,4%
0,52	0,57	9,1%	Sales & Marketing	0,52	0,60	14,3%
0,37	0,41	11,1%	Ground Handling	0,37	0,42	12,1%
0,28	0,29	3,8%	Passenger Services & Catering	0,30	0,32	7,7%
0,32	0,43	31,4%	Maintenance	0,34	0,42	21,7%
0,17	0,18	9,7%	Other	0,18	0,19	4,1%
5,60	6,28	12,0%	TOTAL	5,79	6,44	11,2%

Ex-Fuel CASK : **6,4%**

Ex-Fuel CASK : **6,8%**

Selected KPI's

2Q'17	2Q'18	Change		1H'17	1H'18	Change
565	686	21,3%	Fuel Price (Usd/ton)	576	673	16,8%
3,27	3,34	2,1%	Fuel Consumption (lt) per 100 ASK2	3,26	3,34	2,7%
1.106	1.127	1,9%	Aircraft Ownership Cost per BH	1.179	1.190	0,9%
416	547	31,3%	Maintenance Cost per BH	435	529	21,7%
1.375	1.517	10,3%	Handling Cost per Landing	1.379	1.531	11,0%
1.175	1.255	6,8%	Airports & Air Navigation Cost per km Flown	1.142	1.248	9,4%
7,20	7,14	-0,7%	Passenger Services & Catering Cost per Pax	7,86	7,85	-0,1%
8,8%	8,2%	-0,5 pt	Sales & Marketing Cost / Total Revenue	9,2%	8,9%	-0,3 pt

EBITDAR Calculation

2Q'17	2Q'18	Change	EBITDAR (mn USD)	1H'17	1H'18	Change
2.617	3.177	21,4%	Sales Revenue	4.597	5.940	29,2%
2.109	2.506	18,8%	Cost of Sales (-)	3.972	4.853	22,2%
508	671	32,1%	GROSS PROFIT / (LOSS)	625	1.087	73,9%
70	69	-1,4%	General Administrative Expenses (-)	139	140	0,7%
298	335	12,4%	Marketing and Sales Expenses (-)	555	677	22,0%
140	267	90,7%	NET OPERATING PROFIT / (LOSS)	-69	270	-
57	39	-31,6%	Other Operating Income	104	65	-37,5%
8	89	1012,5%	Other Operating Expense (-)	18	77	327,8%
189	217	14,8%	Profit / (Loss) from Main Operations	17	258	1417,6%
41	43	4,9%	Adjustments	57	62	8,8%
24	29	20,8%	Share of Investments' Profit / Loss Accounted by Using The Equity Method	22	32	45,5%
17	14	-17,6%	Income From Government Incentives	35	30	-14,3%
230	260	13,0%	EBIT	74	320	332,4%
250	267	6,8%	Depreciation	507	536	5,7%
480	527	9,8%	EBITDA	581	856	47,3%
156	192	23,3%	Adjusted Operating Lease Expenses ¹	295	355	20,1%
26	31	21,3%	Adjusted Short term Lease Expenses (Wet-lease) ²	48	67	38,6%
661	750	13,4%	EBITDAR	925	1.278	38,2%
25,3%	23,6%	-1,66	EBITDAR MARGIN	20,1%	21,5%	1,40

Notes:

- For 1H'18 Turkish Technic's contribution to EBITDAR through consolidation is 112 mn USD, compared to 78 mn in 1H'17.
- For 1H'18 adjustments for heavy maintenance of operational lease expenses were 188 mn USD compared to 142 mn USD in 1H'17.

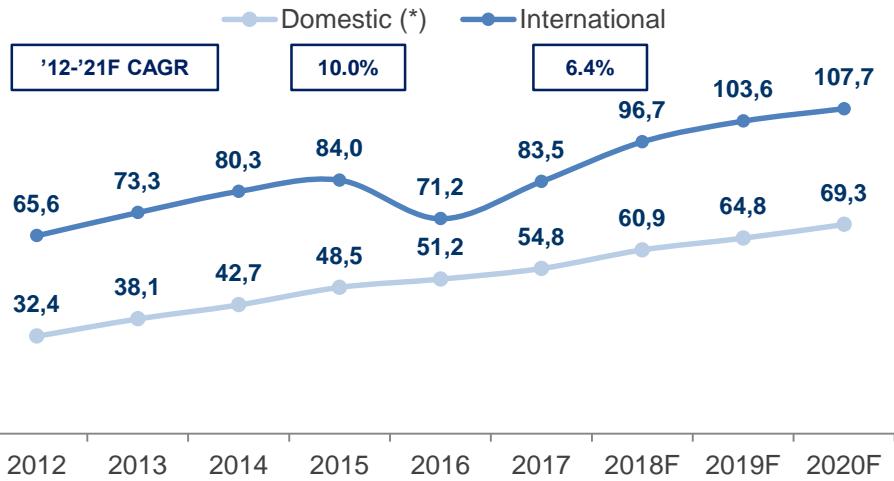
TURKISH AIRLINES

2Q'18 Results



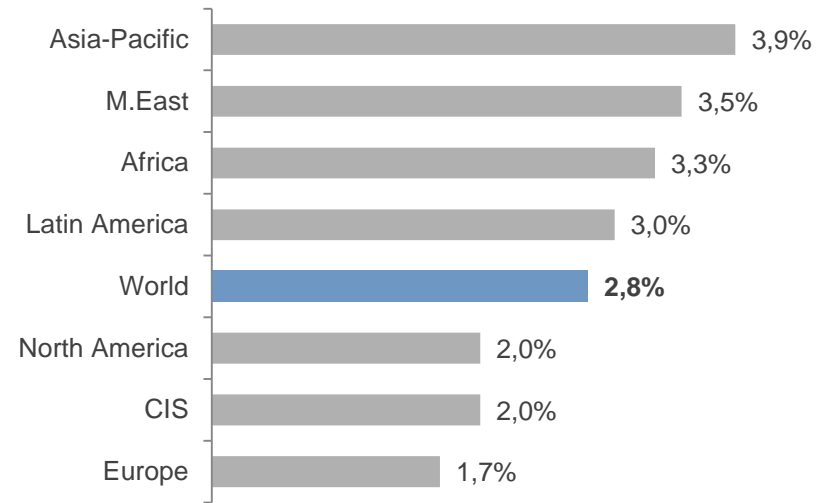
Aviation Sector & Economy

Turkish Market Growth (mn passengers)

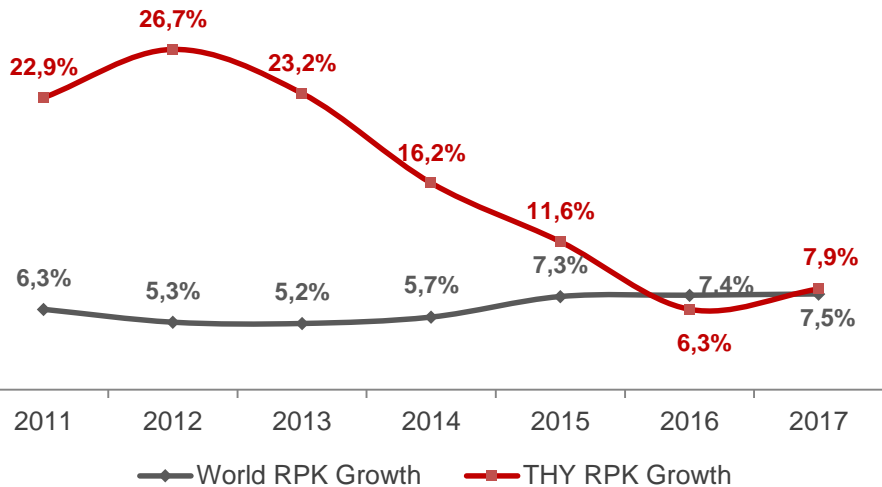


Source: General Directorate of State Airports Authority (DHMI)
 (*): Adjusted for double count on Domestic Pax

Annual GDP Growth Forecast (2017-2036)

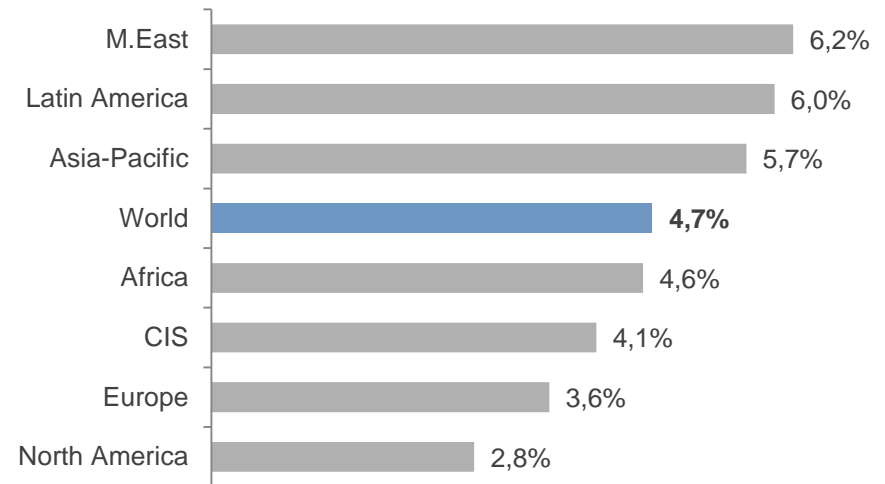


Annual RPK Growth (%)



Source: IATA

Annual RPK Growth Forecast (2017-2036)

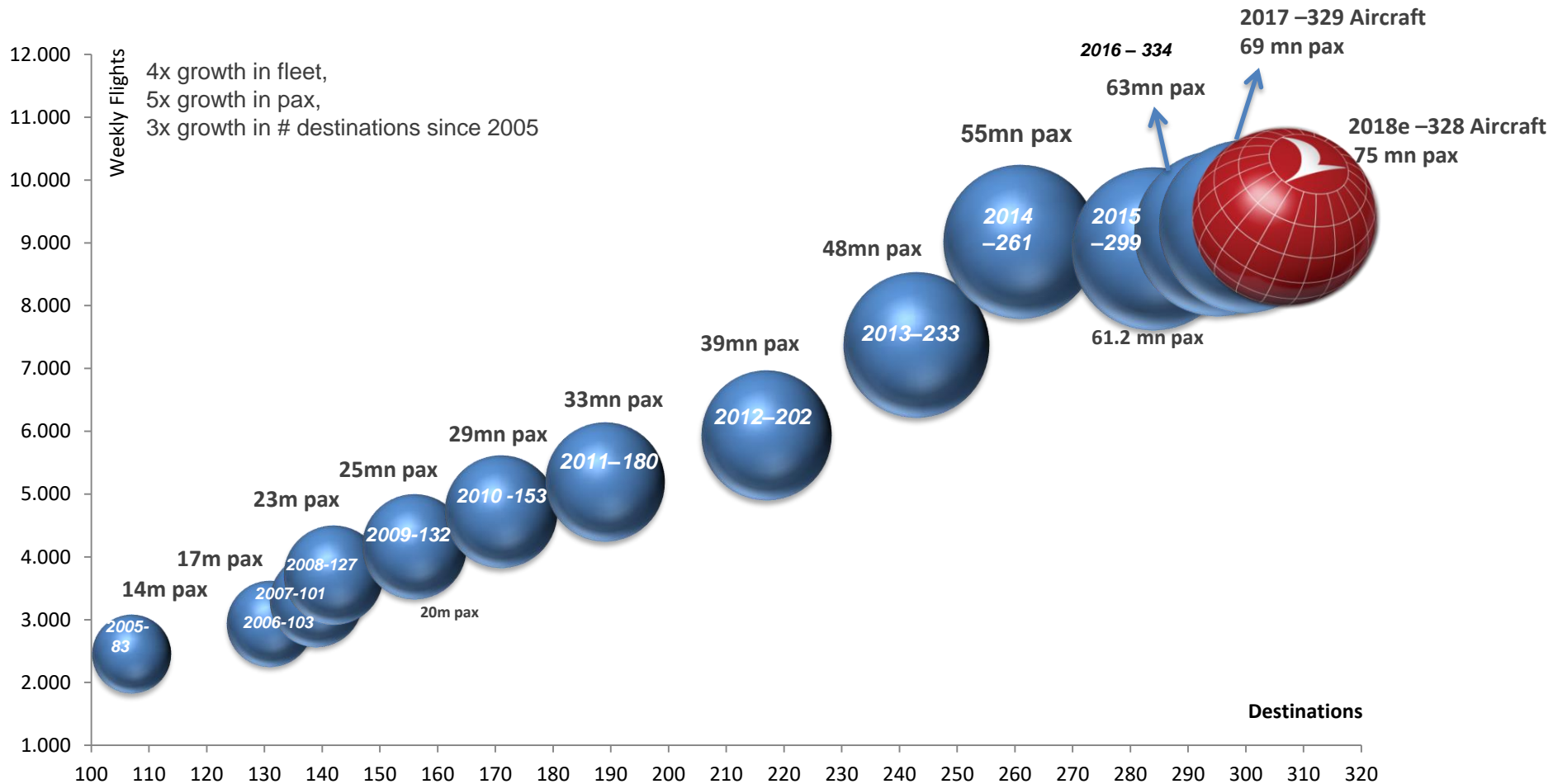


Source: Boeing Current Market Outlook

WIDEN YOUR WORLD



Turkish Airlines Historical Growth



* As of 30.06.2018.

Note: Diameters of the bubbles are proportional to the number of passengers carried.

We Fly To 122 Countries

EUROPE

43 COUNTRIES, 114 CITIES

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	
Münster	Krasnodor	Croatia	
Baden-Baden	Switzerland	Zagreb	
Italy	Zurich	Dubrovnik	
Milan	Geneva	Portugal	
Rome	Basel	Lisbon	
Venice	Ukraine	Porto	
Bologna	Kiev	Bosnia	
Naples	Odessa	Sarajevo	
Catania	Ivano-Frankivsk	Finland	
Turin	Dnepropetrovsk	Helsinki	
Pisa	Khariv	Norway	
Bari	Kherson	Oslo	
Genoa	Zaporijya	Albania	Future Routes
France	Lviv	Tirana	Azerbaijan
Paris	Simferopol	Ireland	Lankeran
Lyon	Donetsk	Dublin	Poland
Nice	Austria	Kosovo	Krakow
Marseille	Vienna	Pristina	France
Toulouse	Salzburg	Macedonia	Nantes
Bordeaux	Graz	Skopje	Spain
UK	Northern Cyprus	Serbia	La Coruna
London	Lefkosa	Belgrade	Russia
Manchester	Azerbaijan	Malta	Makhachkala
Birmingham	Baku	Malta	Italia
Spain	Ganja	Slovenia	Palermo
Barcelona	Nakhichevan	Ljubljana	Finland
Madrid	Netherlands	Montenegro	Rovaniemi
Malaga	Amsterdam	Podgorica	
Valencia	Rotterdam	Scotland	
Bilbao	Greece	Edinburgh	
	Athens	Estonia	
	Thessaloniki	Tallinn	
	Sweden	Latvia	
	Stockholm	Riga	
	Gothenburg	Lithuania	
	Denmark	Vilnius	
	Copenhagen	Luxemburg	
	Aalborg	Luxembourg	
	Billund		
	Georgia		
	Tbilisi		
	Batumi		

AFRICA

35 COUNTRIES, 53 CITIES

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 Selaam	Libya
Kilimenjaro	Misurata
Zanzibar	Benghazi
Tunisia	Sebha
Tunis	Tripoli
Djibouti	Sierra Leone
Djibouti	Freetown
Ethiopia	Comoros
Addis Ababa	Moroni
Ghana	
Accra	
Morocco	
Casablanca	
Rwanda	Future Routes
Kigali	Angola
Somalia	Luanda
Mogadishu	Egypt
Sudan	Aswan
Khartoum	Luxor
Uganda	South Sudan
Entebbe	Juba
Mauritania	Morocco
Nouakchott	Marrakech
Senegal	Sudan
Dakar	Port Sudan
Congo	Gambia
Kinshasa	Banjul

MIDDLE EAST

13 COUNTRIES, 34 CITIES

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	Future Routes
Sulaymaniyah	Saudi Arabia
Najaf	Abha
Mosul	UAE
Kuwait	Sharjah

AMERICAS

8 COUNTRIES, 17 CITIES

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

FAR EAST

22 COUNTRIES, 37 CITIES

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	Samarkand
Kazakhstan	Philippines
Almaty	Manila
Astana	Tajikistan
Japan	Dushanbe
Tokyo	Khujand
Osaka	Nepal
India	Kathmandu
Mumbai	Mongolia
New Delhi	Ulaanbaatar
Thailand	
Phuket	
Bangkok	
Turkmenistan	
Ashgabat	
Malaysia	
Kuala Lumpur	
South Korea	
Seoul	
Afghanistan	Future Routes
Kabul	Indonesia
Mazar-i Sharif	Denpasar
Vietnam	
Ho Chi Minh	
Hanoi	

DOMESTIC

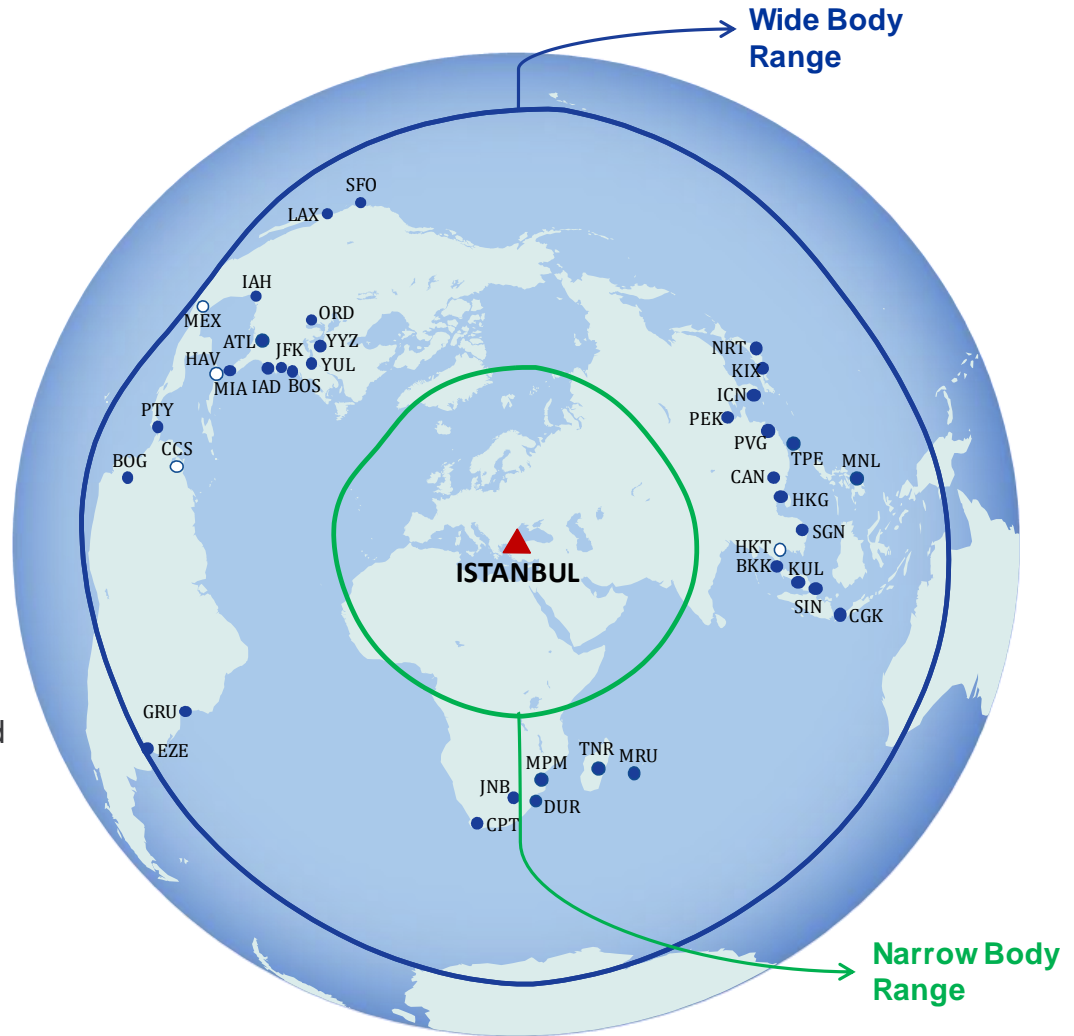
49 CITIES

Istanbul's Geographical Advantage - A Natural Hub

Narrow Body Range Capability to and from Istanbul

(with full passenger payload)

- ✓ 201 out of 255 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



- 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	22,356
British Airways	9,588
Lufthansa	8,004

Middle East to the World

Turkish Airlines	9,044
British Airways	2,208
Qatar Airways	1,980

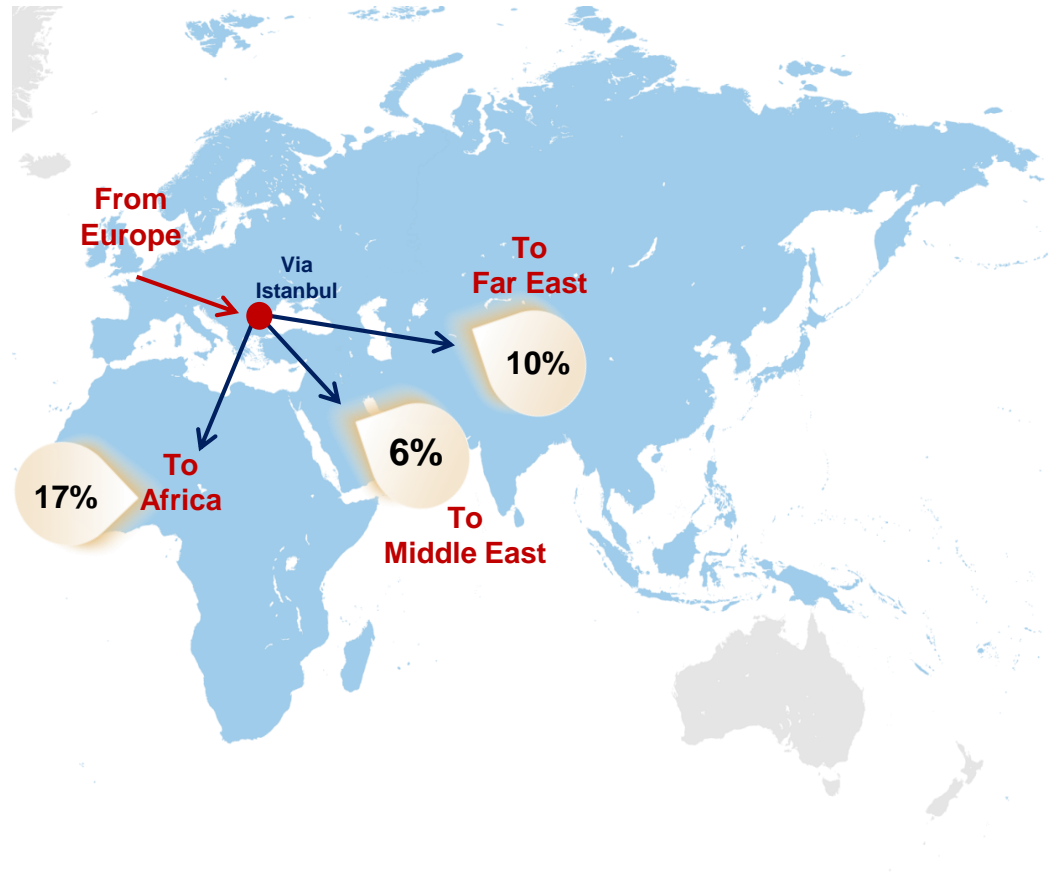
Africa to the World

Turkish Airlines	12,699
Air France	4,585
British Airways	3,043

Far East to the World

Turkish Airlines	9,504
United Airlines	8,700
Air China	5,115

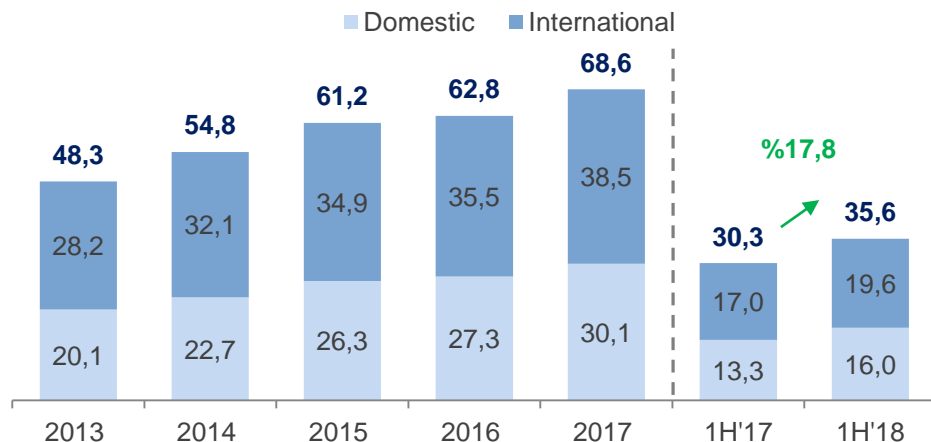
Detour* Advantage



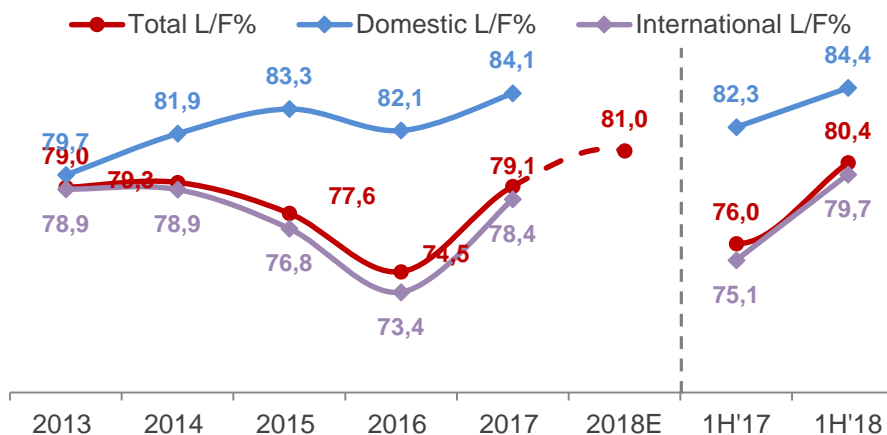
* Detour: Increase in the flight distance compared to a non-stop flight. Forecasted by using 6,000 arrival-departure cities
Source: Retrieved from OAG. As of 31.12.2017.

Passenger Traffic

Total Passengers (mn)



Load Factor (L/F %)



Passenger Traffic

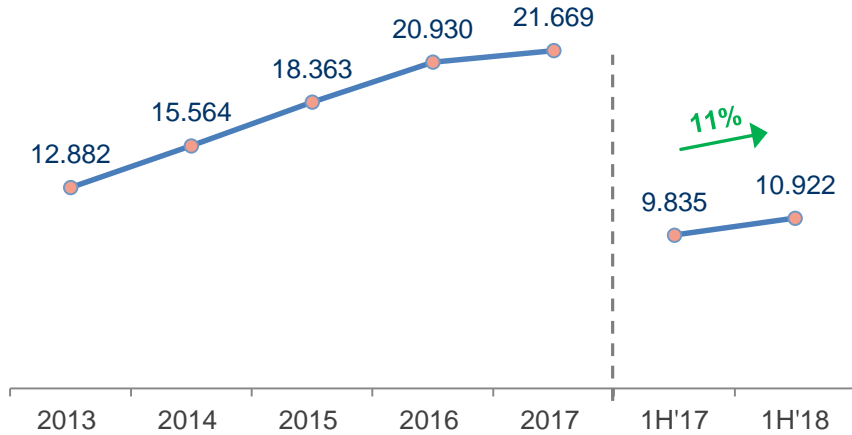
THY Passenger Traffic		
1H'17	vs	1H'18
Landing	up by	10,3%
ASK	up by	9,2%
RPK	up by	15,5%
Passenger #	up by	17,8%
L/F	up by	4,3 pt

Annual Changes (%)

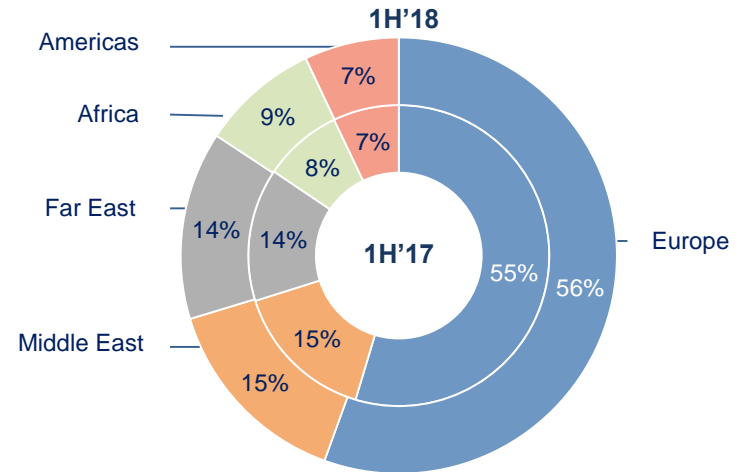
	ANNUAL CHANGES (%)				
	2013	2014	2015	2016	2017
ASK	21%	16%	14%	11%	2%
RPK	23,2%	16,2%	11,6%	6,4%	7,9%
PAX	24%	14%	12%	3%	9%
L/F (Point)	1,4	0,3	-1,7	-3,1	4,6

Passenger Breakdown

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

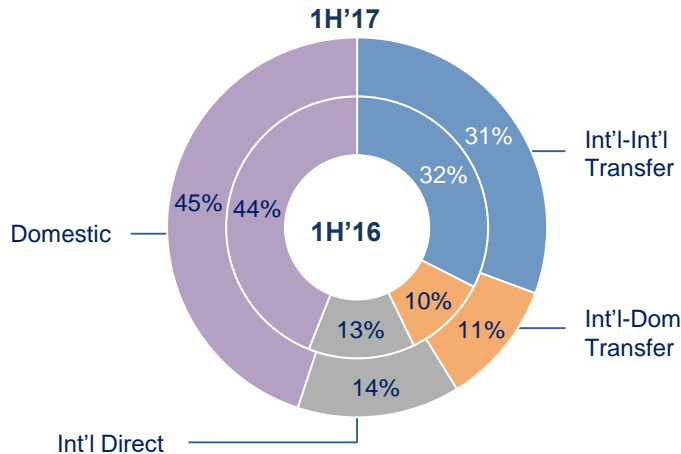


Int'l Passenger Breakdown by Geography



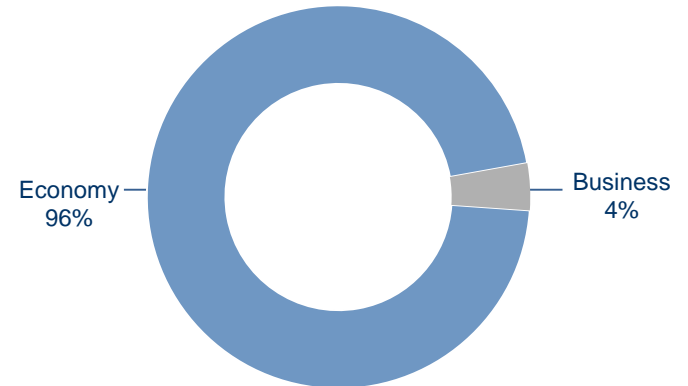
Note: Includes only scheduled passengers.

Passenger Breakdown by Transfer Type



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

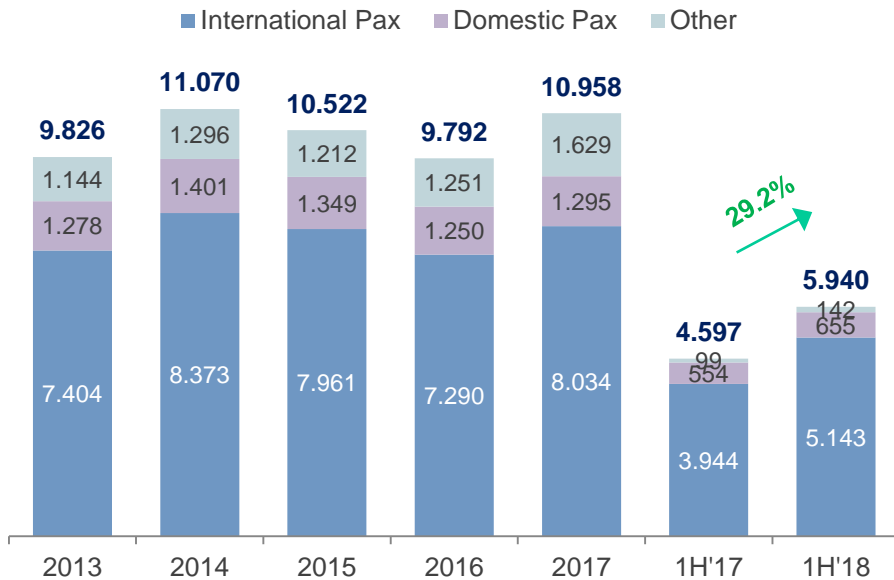
1H'18 Passenger Breakdown by Cabin Class



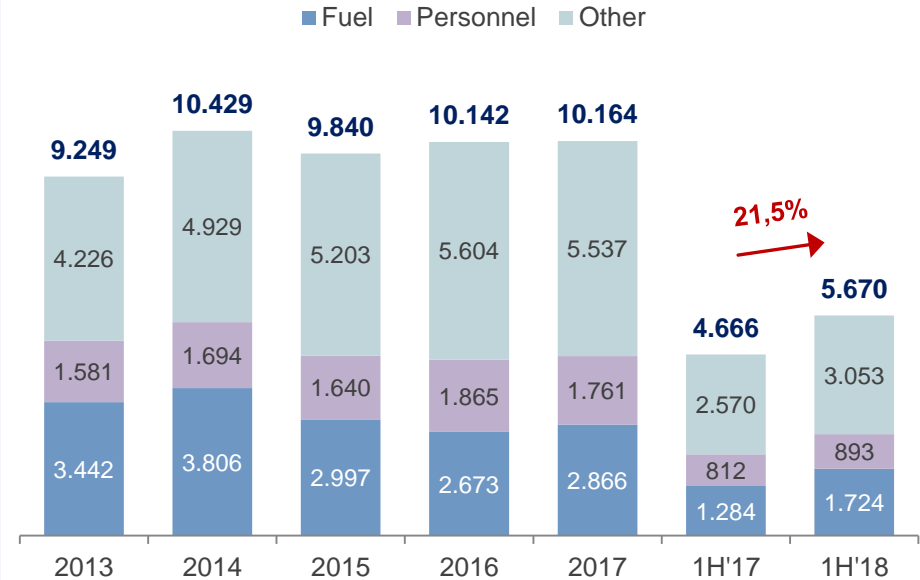
Note: Includes only scheduled passengers.

Total Revenue and Expenses

Revenues (mn USD)



Expenses (mn USD)

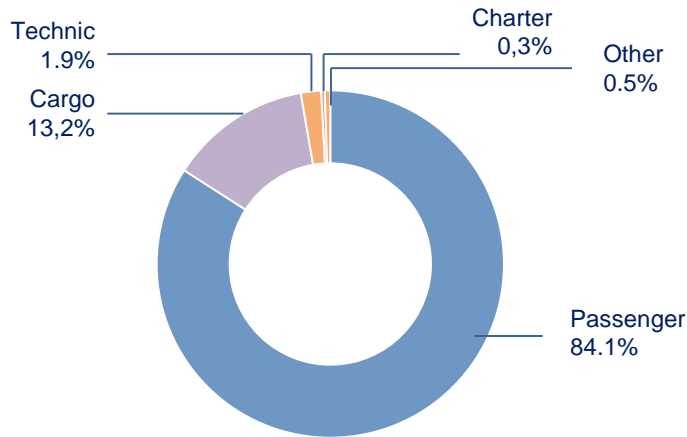


Note: Int and domestic pax revenue indicates scheduled pax revenue.

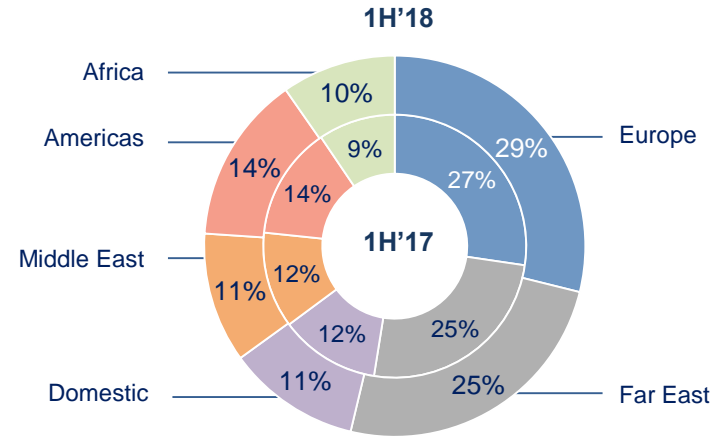
Other revenue includes cargo, charter and other revenue.

Revenue Breakdown (1H'18)

Revenue by Business Type

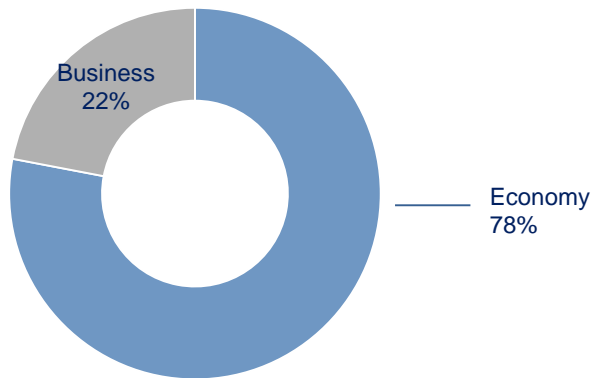


Revenue by Geography

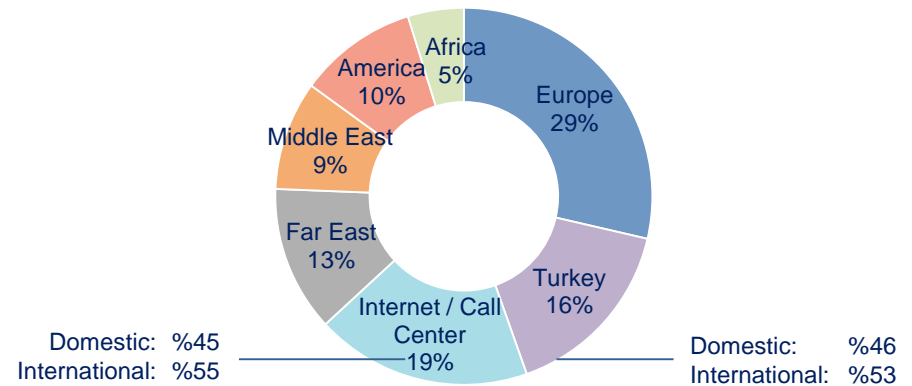


Note: Includes total passenger and cargo revenue

Revenue by Passenger Class



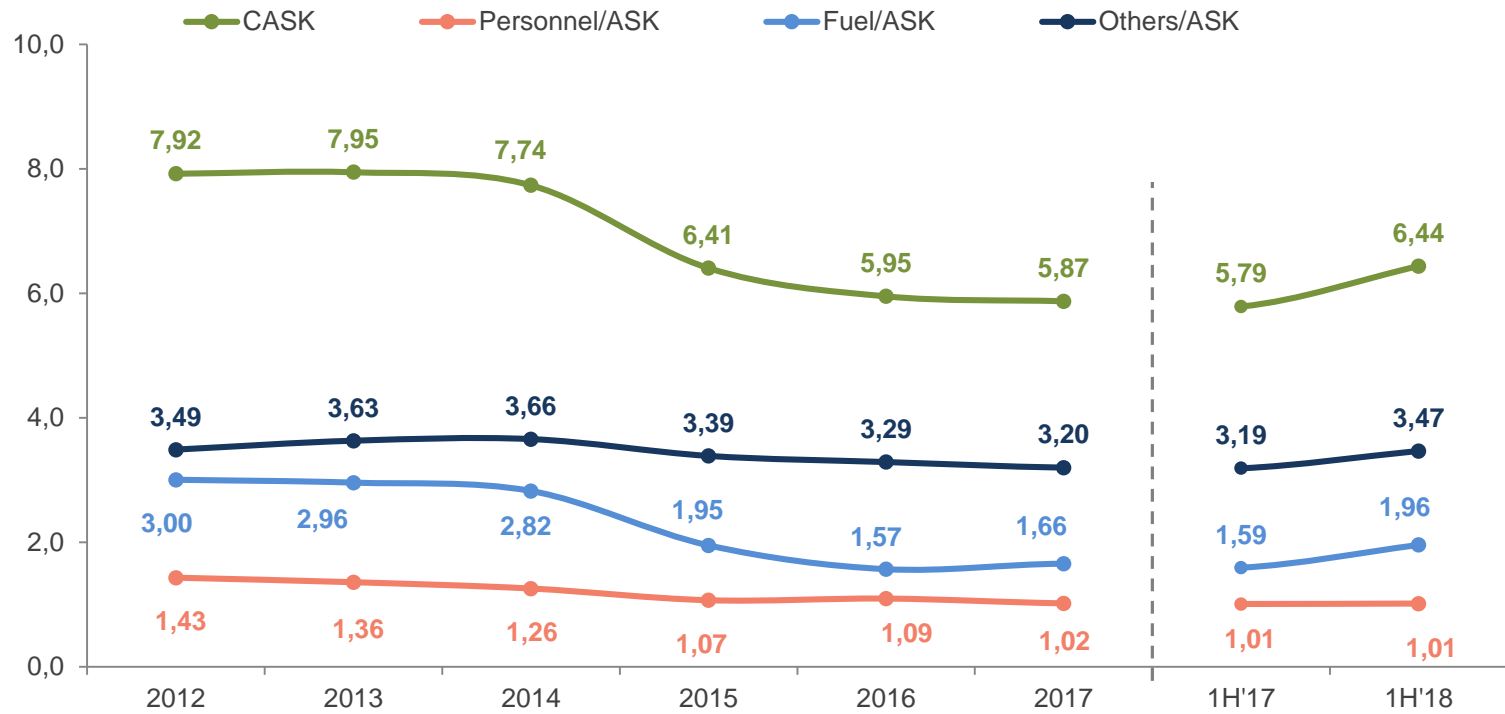
Revenue by Point of Sale



Note: Includes only scheduled passenger revenue

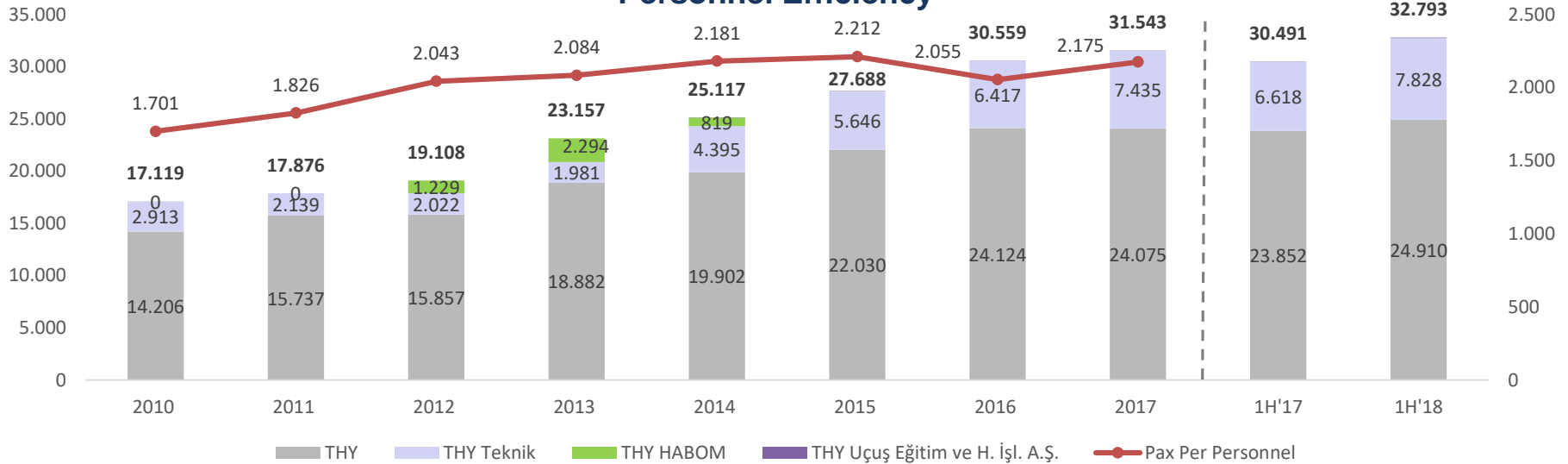
Unit Operating Costs

Cost Per ASK (Usc)

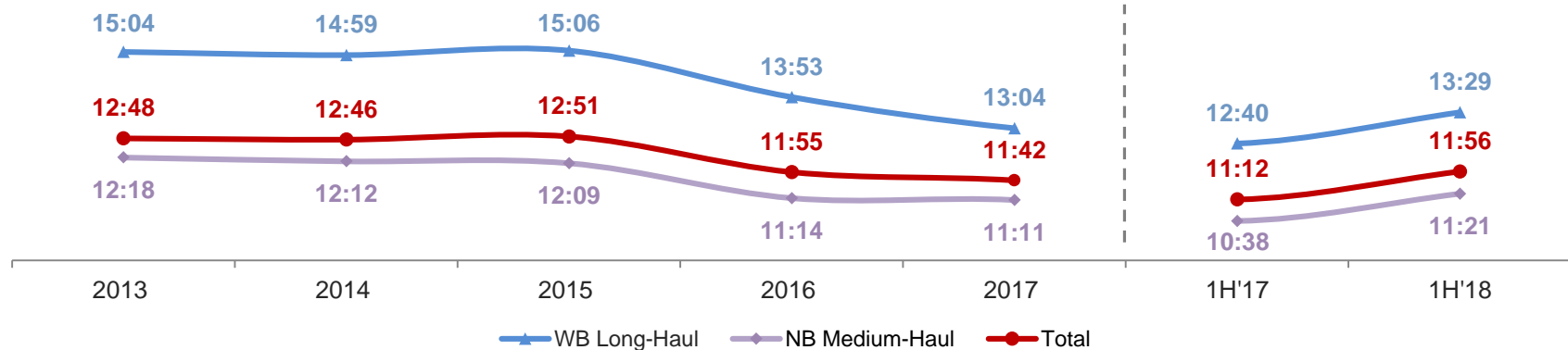


Operating Efficiency

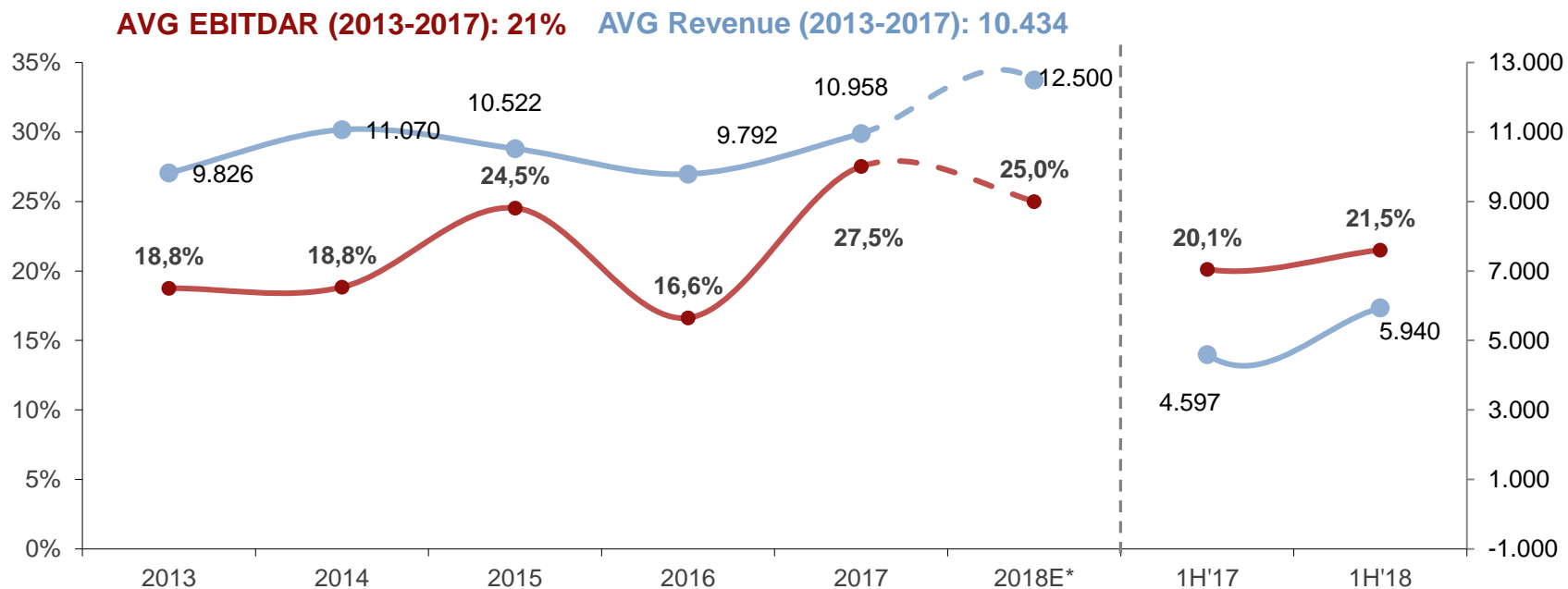
Personnel Efficiency



Average Daily Flight Utilization (hrs)



EBITDAR Margin

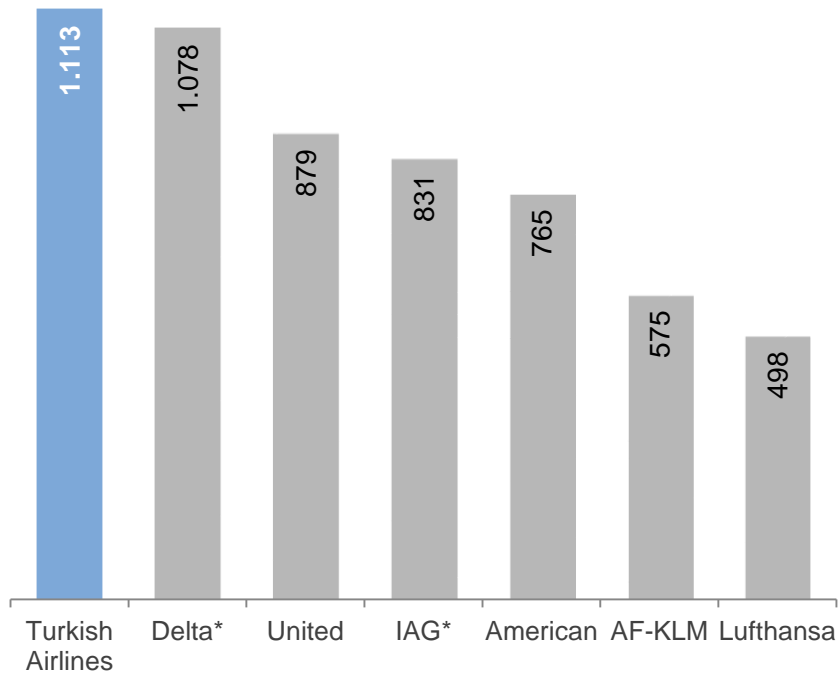


(mn USD)	2013	2014	2015	2016	2017	2018E*	1H'17	1H'18	Change
Revenue	9.826	11.070	10.522	9.792	10.958	12.500	4.597	5.940	29,2%
EBITDAR	1.843	2.085	2.580	1.628	3.016	-	925	1.278	38,2%
EBITDAR Margin	18,8%	18,8%	24,5%	16,6%	27,5%	~25%	20,1%	21,5%	1,4 pt

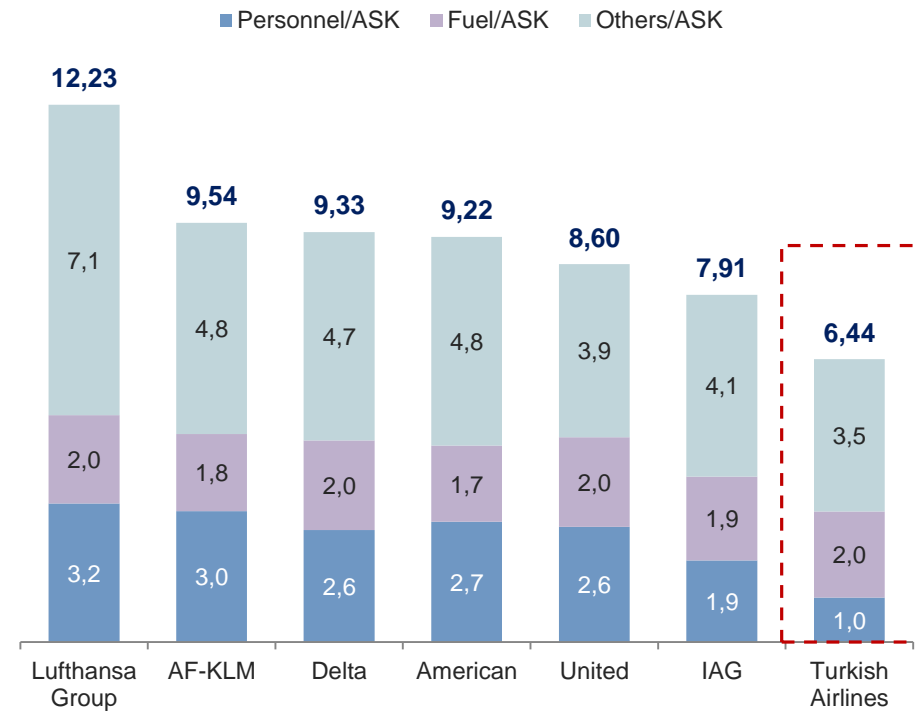
*Unconsolidated Revenue is disclosed for 2018 Guidance.

Peer Group vs Turkish Airlines Efficiency

PAX Per Personnel (1H'18)



Cost Per ASK (1H'18) - USc



Source: Calculated based on public company reports

* based of FY2017 personnel number.

Fleet

30.06.2018	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity	Average Fleet Age	Year End Fleet*					
								2018	2019	2020	2021	2022	2023
Wide Body	A330-200	18	4	1	13	4.680	10,4	18	16	13	13	8	5
	A330-300	37		29	8	10.807	4,4	37	37	37	37	36	29
	A340-300	4	4			1.332	20,2	4	4	4	4	4	4
	B777-3ER	33		27	6	11.670	4,6	33	32	30	30	30	30
	A350-900									5	9	17	25
	B787-9								6	15	21	25	25
	Total	92	8	57	27	28.489	6,3	92	95	104	114	120	118
Narrow Body	B737-900ER	15		15		2.355	5,1	15	15	15	15	15	15
	B737-9 MAX								5	10	10	10	10
	B737-800	83	25	42	16	13.780	9,6	82	82	80	80	80	78
	B737-700	1			1	124	12,4	1	1				
	B737-8 MAX							7	19	38	53	65	65
	A321 NEO							3	21	39	59	77	92
	A319-100	7		6	1	924	7,7	7	6	6	6	6	6
	A320-200	22	5	7	10	3.504	11,4	19	12	12	12	12	12
	A321-200	68		62	6	12.360	6,0	68	68	66	64	64	64
	A320-200 WL												
	B737-800 WL	19			19	3.591	12,6	17	14	8	6	2	
Total	215	30	132	53	36.638	8,6	219	243	274	305	331	342	
Cargo	A330-200F	9		9			4,5	10	10	10	10	10	10
	B777F	2		2			0,6	5	5	5	5	5	5
	Wet Lease	7			7		22,9	2					
	Total	18		11	7		11,2	17	15	15	15	15	15
GRAND TOTAL	325	38	200	87	65.127	8,1	328	353	393	434	466	475	

Year End Seat Capacity : 65.545 70.552 78.458 86.901 93.517 95.293
 Seat Capacity Change : 0% 8% 11% 11% 8% 2%

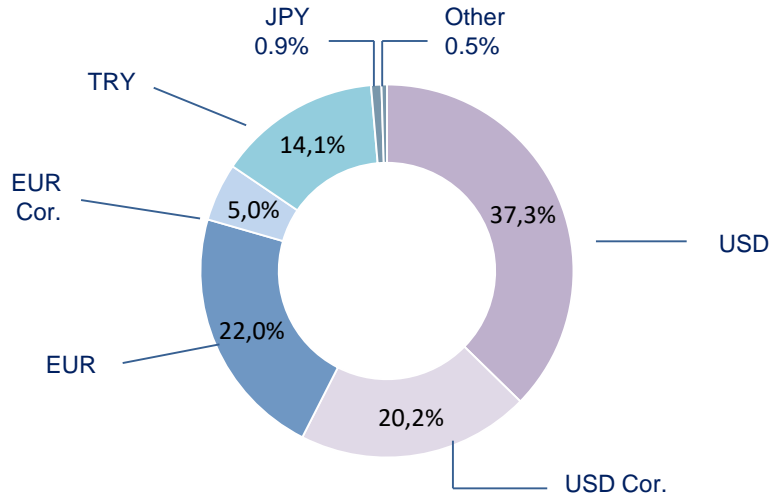
*After exit-entry

Fleet Development

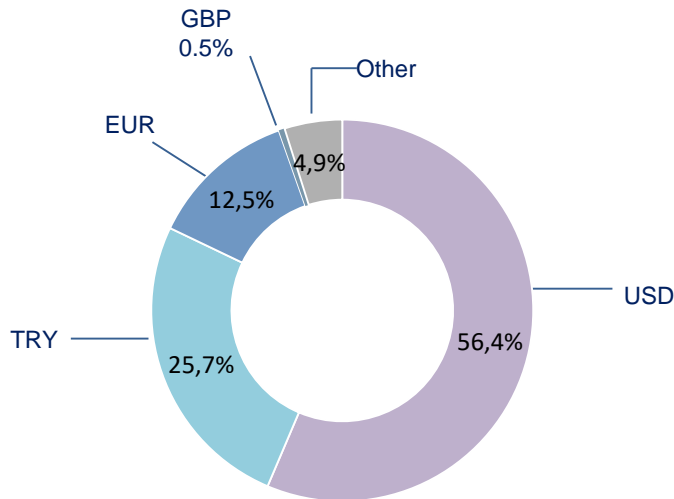
30.06.2018		2011-2023 Aircraft Purchases														
		Delivered								To Be Delivered						
		Type	2011	2012	2013	2014	2015	2016	2017	TOTAL	2018	2019	2020	2021	2022	2023
Wide Body	A350-900										5	4	8	8	25	
	B787-9									6	9	6	4		25	
	A330-300	3	3	2	6	7	5		26							
	B777-3ER	7			4	7	6	1	25							
	Total	10	3	2	10	14	11	1	51	6	14	10	12	8	50	
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	3					3	
	Total	1	1	2		1	2	3	10	3					3	
GRAND TOTAL		29	20	20	20	33	43	4	169	13	41	56	45	42	23	220
YEAR END FLEET		180	202	233	261	299	334	329		328	353	393	434	466	475	

Hedging Currency Risk

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:

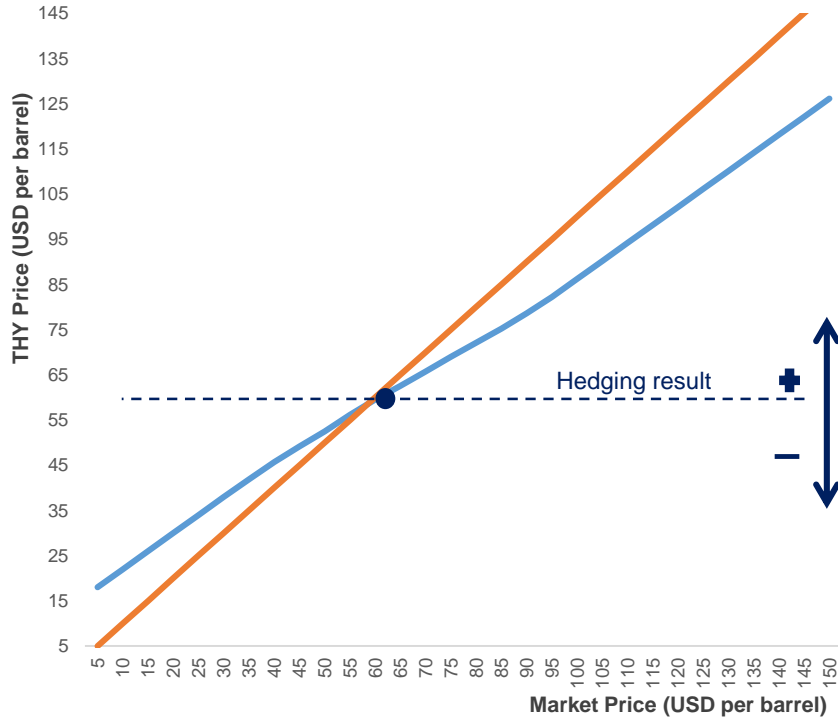
2018	Hedging Levels*	Average Price
EUR/USD	24%	1,1946
EUR/TRY	29%	4,8692

2019	Hedging Levels*	Average Price
EUR/USD	13%	1,2278
EUR/TRY	18%	5,3926

* Percentage of respective short positions. As of 30 July 2018.

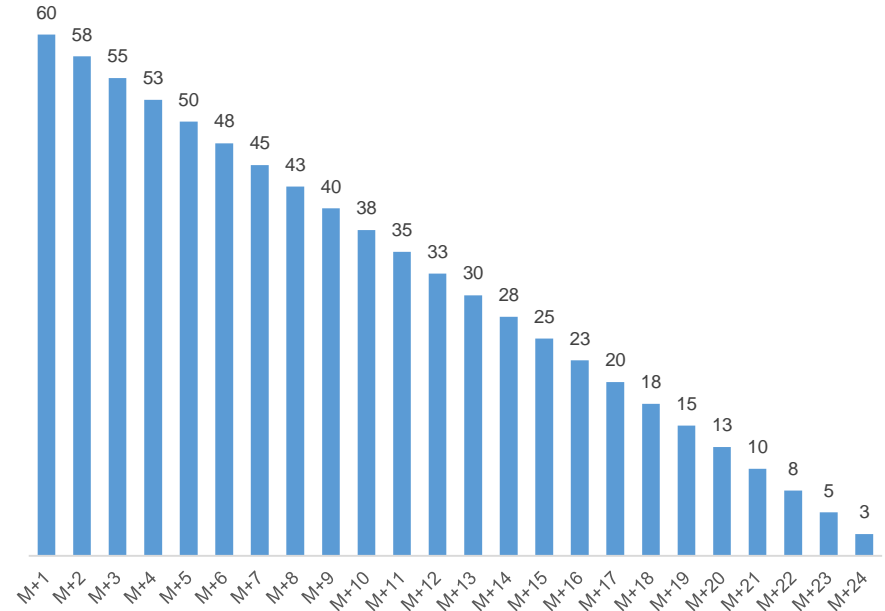
Hedging Fuel Price Risk

Effect of Hedging on the Fuel Price



- Around **21 mn barrels** of hedged position on ICE BRENT as of June 30, 2018.
- Current fuel hedging levels:
 - Jul'18-Dec'18: **50% (11 mn barrel)**
 - FY19: **22% (10 mn barrel)**

Fuel Hedging Policy (%)



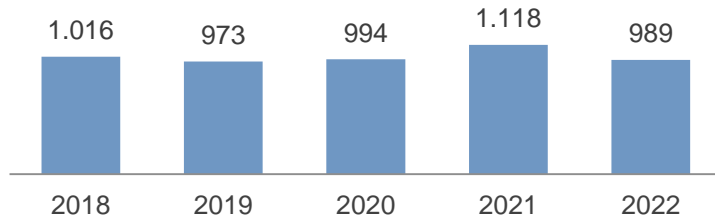
- Decreasing layered hedging strategy
- Crude oil based swaps and options
- Maximum hedge ratio and tenor 60% of following months, 24 months respectively

Aircraft Financing and Debt Management

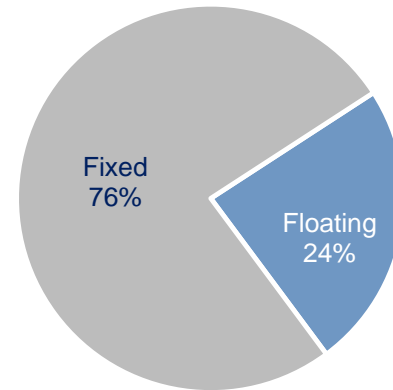
As of 30.06.2018

Total Financial Lease Liabilities: **7,7 bn USD**
Operational Leases: **1.8 bn USD**

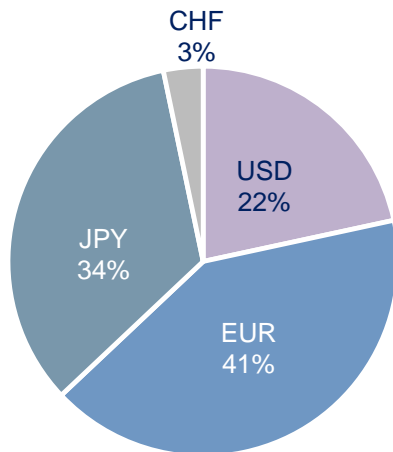
5 Year Maturity Profile (USD mn)



Weighted Average Interest Rate: **2.95%**



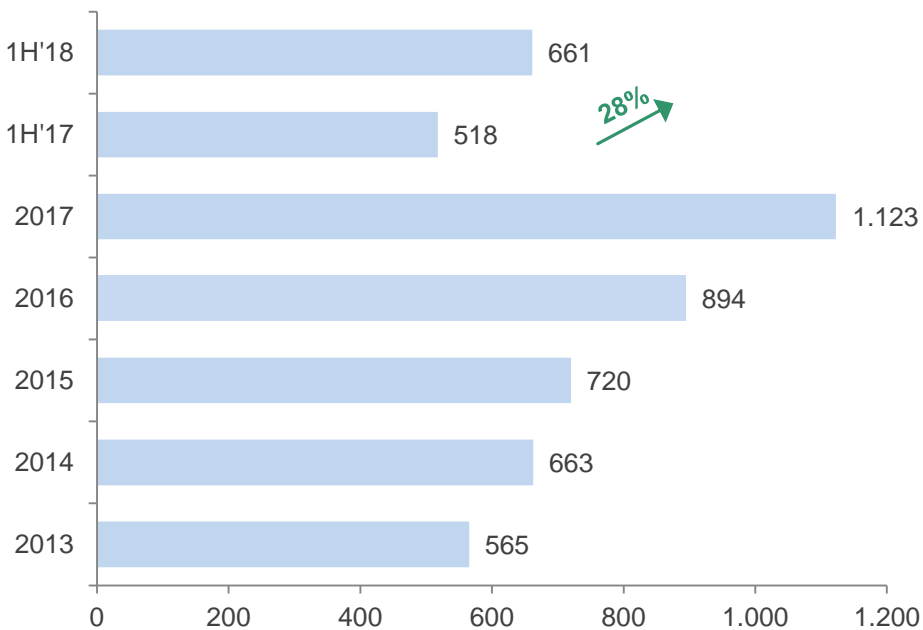
Currency Breakdown of Financial Lease Liabilities



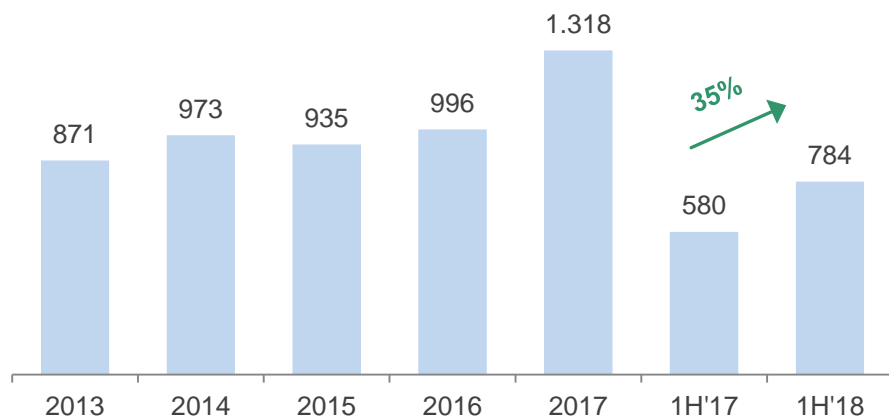
(mn USD)	31.06.2018 Total Debt	Maturity	Yearly Debt Service
USD	1.667	10-12 Years	294
EUR	3.189	10-12 Years	434
JPY	2.603	10-11 Years	260
CHF	253	12 Years	30
Total	7.713		1.018

Cargo Operations

Cargo Tonnage Carried ('000 Ton)

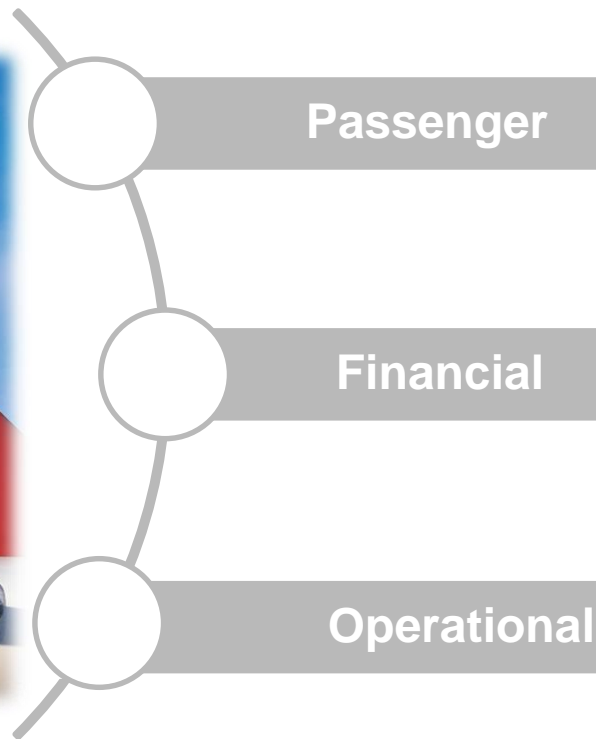


Cargo Revenue Evolution (mn USD)



- Turkish Cargo serves 82 destinations with 18 freighters besides 304 destinations with 307 passenger aircraft as of June,30 2018.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 2.4% in 2017.
- In 2017, while World FTK grew by 9%, Turkish Cargo FTK grew by 26% compared to previous year.

Source: IATA Economic Performance of the Airline Industry Reports



	Old	Revised
Domestic (mn.)	33	33
International (mn.)	41	42
Total (mn.)	74	75
Revenue* (USD bn.)	11,8	12,5
EBITDAR	%23 - %24	%25
L/F	%79 - %80	~%81
ASK increase	5% - %6	5% - %6
Cargo/Mail carried (mn./ton)	1.3	1.3
CASK (ex-fuel) increase	%3 - %5	%3 - %5
Aver. Fuel Cost (USD/ton)	633	~700

*Unconsolidated Revenue is disclosed for 2018 Guidance.

Recent Awards

2017 Turkish Cargo Awards:

- › Air Cargo Carrier of the Year (Gana Shippers Awards)
- › Air Cargo Company of the Year (Payload Asia)
- › Most Rapidly Growing Cargo Airline(2017 Stat Times International Award for Excellence in Air Cargo)



- › Five-Star Global Airline (APEX)
- › First Prize in Fuel Saving Project (Sustainable Business Awards)
- › First prize in Turkey in Turkey's Top 500 Service Exporters Awards (TIM-Turkish Exporters' Assembly)
- › Best Transportation and Maritime Affairs Finance (Bonds&Loans)
- › Aircraft Finance Unique Leasing Deal of the Year (Global Transport Finance)

Balance Sheet

Assets (mn USD)	2013	2014	2015	2016	2017	30.06.2018
Cash and Equivalents	647	722	962	1.815	2.086	2.637
Trade Receivables	538	456	361	379	592	656
Pre-delivery Payment (PDP) Receivables	521	990	1.139	596	117	646
Other Current Assets	419	663	684	811	836	1.040
Total Current Assets	2.125	2.831	3.146	3.601	3.631	4.979
Net Fixed Assets	8.043	9.201	11.415	13.476	13.002	12.919
of which Aircraft and Engines	7.030	8.167	10.177	12.134	11.683	11.447
Pre-delivery Payment (PDP) Receivables	993	650	392	207	247	353
Other Non-Current Assets	741	1.064	1.430	1.207	1.317	1.564
Total Non-Current Assets	9.777	10.915	13.237	14.890	14.566	14.836
Total Assets	11.902	13.746	16.383	18.491	18.197	19.815

Liabilities (mn USD)	2013	2014	2015	2016	2017	30.06.2018
Lease Obligations	5.413	5.931	7.399	8.886	8.322	8.932
Passenger Flight Liabilities	1.201	1.398	1.091	785	1.000	1.709
Accounts Payable	680	662	671	616	855	886
Other Liabilities	1.346	1.805	2.380	3.117	2.674	2.820
Total Liabilities	8.640	9.796	11.541	13.404	12.851	14.347
Total Shareholders Equity	3.262	3.950	4.842	5.087	5.346	5.468
of which Issued Capital	1.597	1.597	1.597	1.597	1.597	1.597
of which Retained Earnings	1.350	1.714	2.559	3.628	3.551	3.760
of which Differences from Currency Translation	-26	-47	-84	-106	-108	-144
of which Net Profit for the Period	357	845	1.069	-77	223	41
Total Liabilities & Shareholders Equity	11.902	13.746	16.383	18.491	18.197	19.815

Income Statement

(mn USD)	2013	2014	2015	2016	2017	1H'17	1H'18	YoY Change
Operating Revenue	9.826	11.070	10.522	9.792	10.958	4.597	5.940	29%
Operating Expenses (-)	9.249	10.429	9.840	10.142	10.164	4.666	5.670	21,5%
of which Fuel	3.442	3.806	2.997	2.673	2.866	1.284	1.724	34%
of which Personnel	1.581	1.694	1.640	1.865	1.761	812	893	10%
of which Depreciation	650	743	924	1.148	1.066	507	536	6%
of which Rent	448	543	241	496	527	241	289	20%
Net Operating Profit / Loss	577	641	682	-350	794	-69	270	-
Income From Other Operations	115	80	244	145	264	104	65	-38%
Expense From Other Operations (-)	41	45	31	86	36	18	77	328%
Profit / Loss From Main Operations	651	676	895	-291	1.022	17	258	1418%
Income From Investment Activities (Net)	76	72	101	117	177	108	40	-63%
Share of Investments' Profit / Loss	55	75	80	44	102	22	32	45%
Financial Income	27	419	532	300	56	31	45	45%
Financial Expense (-)	307	196	201	229	1.078	719	335	-53%
Profit Before Tax	502	1.046	1.407	-59	279	-541	40	-
Tax (-)	145	201	338	18	56	-107	-1	-
Net Profit	357	845	1.069	-77	223	-434	41	-

Operational Expense Breakdown

(mn USD)	1H'17	% in Total	1H'18	% in Total	Change 18/17
Fuel	1.284	27,5%	1.724	30,4%	34,3%
Personnel	812	17,4%	893	15,7%	10,0%
Landing, Navigation & Air Traffic	441	9,5%	522	9,2%	18,4%
Landing and navigation	212	4,5%	252	4,4%	18,9%
Air Traffic Control	229	4,9%	270	4,8%	17,9%
Sales & Marketing	422	9,0%	527	9,3%	24,9%
Commissions and Incentives	171	3,7%	221	3,9%	29,2%
Reservation System	122	2,6%	141	2,5%	15,6%
Advertising	64	1,4%	89	1,6%	39,1%
Other	65	1,4%	76	1,3%	16,9%
Depreciation	507	10,9%	536	9,5%	5,7%
Ground Handling	299	6,4%	366	6,5%	22,4%
Aircraft Rent	241	5,2%	289	5,1%	19,9%
Operational Lease	153	3,3%	167	2,9%	9,2%
Wet Lease	88	1,9%	122	2,2%	38,6%
Passenger Services & Catering	238	5,1%	280	4,9%	17,6%
Maintenance	276	5,9%	367	6,5%	33,0%
General Administration	55	1,2%	62	1,1%	12,7%
Other	91	2,0%	104	1,8%	14,3%
TOTAL	4.666	100%	5.670	100%	21,5%
Operating Cost per ASK (USc)	5,79	-	6,44	-	11,2%
Ex-fuel Operating Cost per ASK (USc)	4,20	-	4,48	-	6,8%
Fixed Costs	1.393	29,9%	1.585	28,0%	13,8%

Subsidiaries & Affiliates

Turkish Airlines Group 30.06.2018		Revenue (mn USD)	Net Profit (mn USD)	Number of Personnel	Partnership Structure
1	Turkish Airlines	5.940	41	24.910	%49 Turkey Wealth Fund - %51 Open to Public
2	Turkish Opet Aviation Fuels	1.058	50	453	%50 THY - %50 Opet
4	Sun Express (Turkey & Germany Consolidated)	589	-25	4.190	%50 THY - %50 Lufthansa
3	Turkish Technic	593	68	7.828	% 100 THY
5	Turkish Do&Co	148	12	5.084	%50 THY - %50 Do&Co
6	Pratt Whitney THY Turkish Engine Center (TEC)	275	14	388	%51 PW - %49 THY Teknik
7	Turkish Ground Services (TGS)	144	15	10.354	%50 THY - %50 Havaş
8	Turkish Cabin Interior Systems (TCI)	3	-1	177	%50 THY & THY Teknik - %50 TAI
9	Goodrich Turkish Technic Service Center	9	-	44	%60 TSA Rina - %40 THY Teknik
10	TSI Aviation Seats	4	-1	90	%50 THY & THY Teknik - %50 Assan Hanil
11	THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.	5	-1	55	%100 THY
12	Tax Free Zone (Tax Refund)	1	-	23	%30 THY - %45 Maslak Oto - %25 VK Holding
13	THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş.	-	-	-	% 100 THY

* THY A.O. Personnel

Subsidiaries & Affiliates



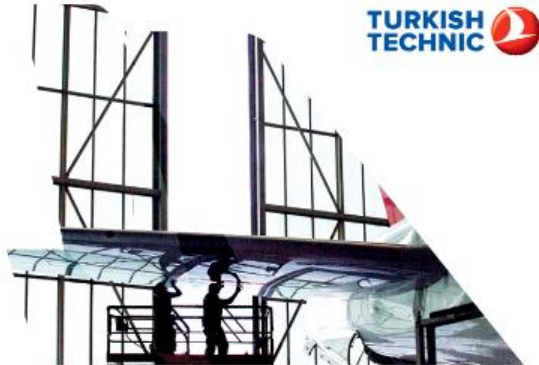
Business Model	Charter + Scheduled
Destinations	226
Fleet	73
Seat Capacity	14.599
# of Passengers	4.026.398
Load Factor (1H18)	81,6%
Revenues (1H18)	589 mn USD
Net Income (1H18)	-25 mn USD

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 2024.

* Based on consolidated amounts of SunExpress Turkey and Germany



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 7,000 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.



Pratt Whitney THY 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.



TURKISH AIRLINES
INVESTOR RELATIONS

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