

# TURKISH AIRLINES INC.

January – September

Financials

January- September

Operational



*Globally Yours*



# Speakers



## **Temel KOTİL, Ph.D. CEO, Turkish Airlines**

- › Started his Turkish Airlines career in March 2003 as Executive Vice President (Technical) and was appointed as CEO in April 2005
- › Ph.D. in Mechanical Engineering University of Michigan, USA
- › M.Sc. in Mechanical Engineering University of Michigan, USA
- › M.Sc. in Aerospace Engineering University of Michigan, USA
- › B.Sc. in Aerospace Engineering, Istanbul Technical University, Istanbul
- › Board Member of IATA, AEA (Association of European Airlines), Turkish Airlines Inc, Turkish Airlines Technical Inc.
- › Chairman of the Board of Sun Express Inc.

# Speakers

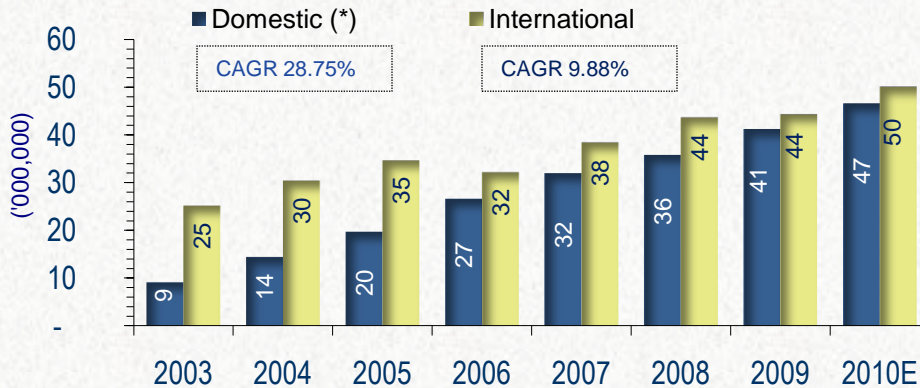


## **COŞKUN KILIÇ, CFO, Turkish Airlines**

- › CFO as of March 2006
- › M.Sc. in Finance, Urbana Champaign Illinois University, USA
- › M.A. Economics, Ankara University
- › Certified Public Accountant
- › Board Member of Sun Express
- › Board Member of THY Opet Havacılık Yakıtları A.S.
- › Auditor of THY Technic A.S.

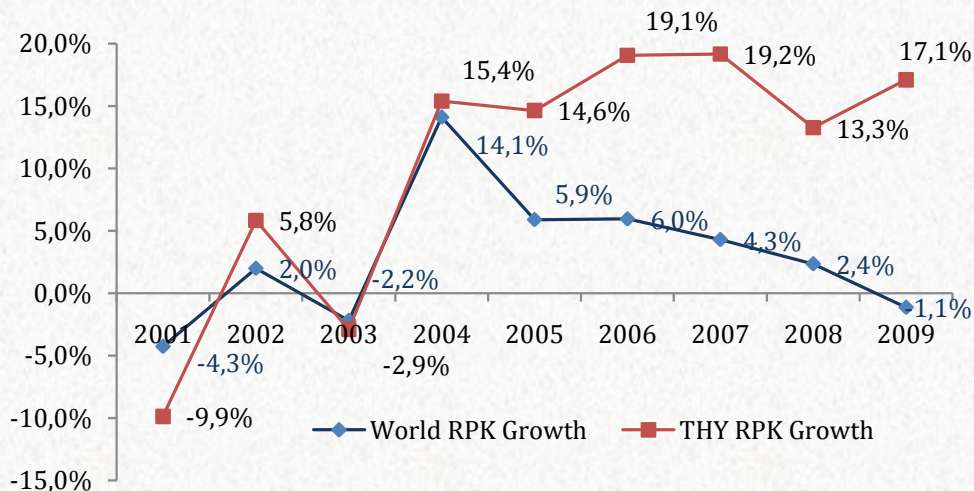
# Aviation Market & Economy

## Turkish Market Growth

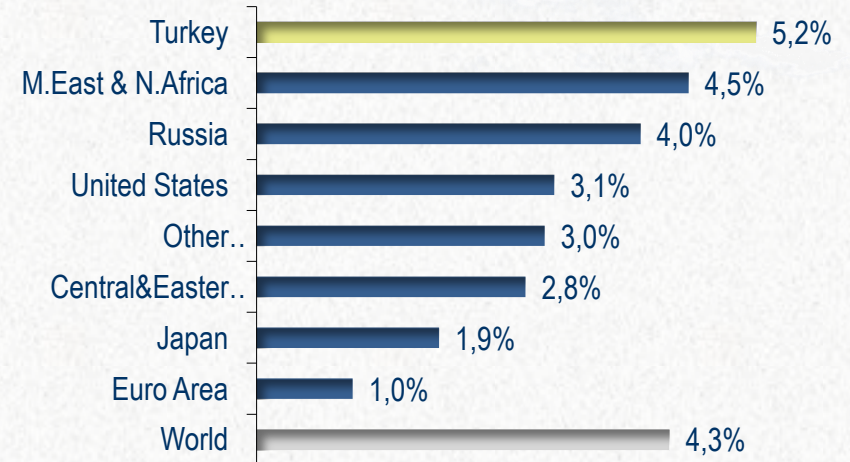


Source: General Directorate of State Airports Authority (DHMI). (\*)Some pax counted double by DHMI

## RPK Growth %



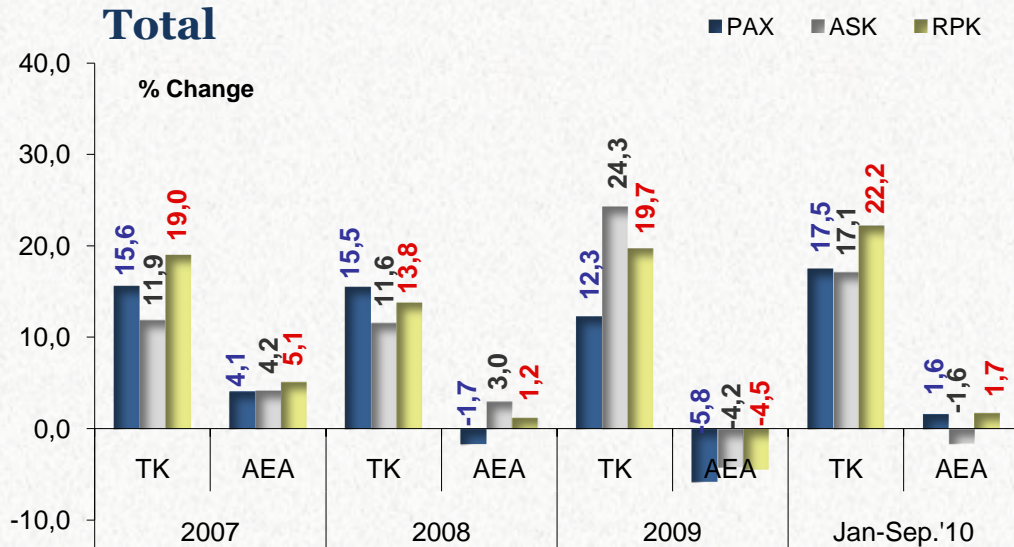
## GDP Growth Expectations -2010



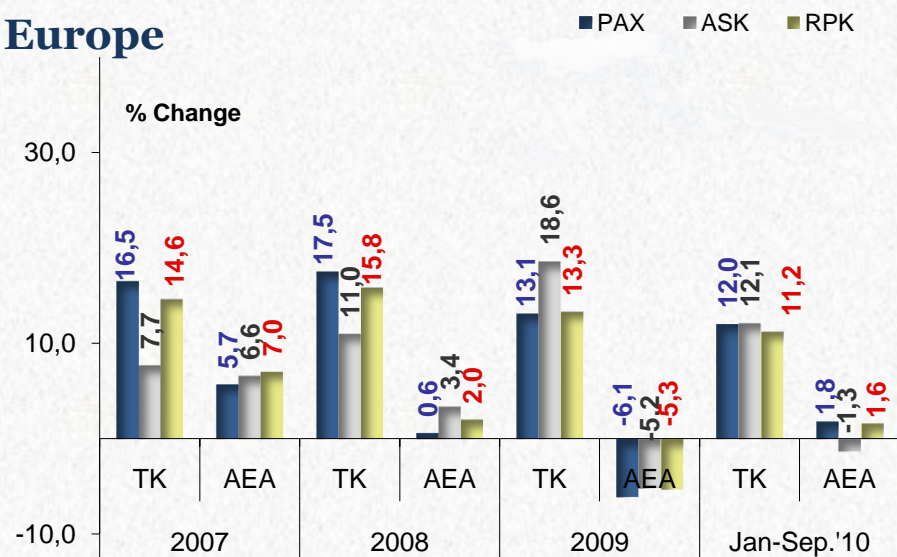
- The augmentation was much faster in Turkish Airline Market compared to the world during the last 5 years.
- Turkish Airlines' RPK CAGR 12.47% for the 8 years 2011-2009 is higher than World RPK CAGR which is 3.81%.
- IMF indicates that the global recovery has evolved better than expected especially in emerging and developing economies, to be more specific Asia is in the lead. In Africa recovery is expected to be stronger than following past global downturns, where Turkish Airlines has been groopenning many routes.

# THY vs AEA

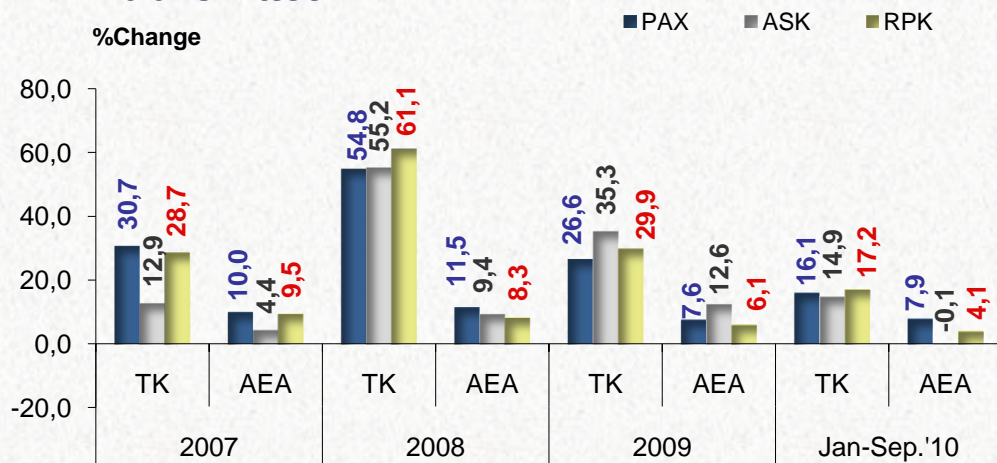
## Total



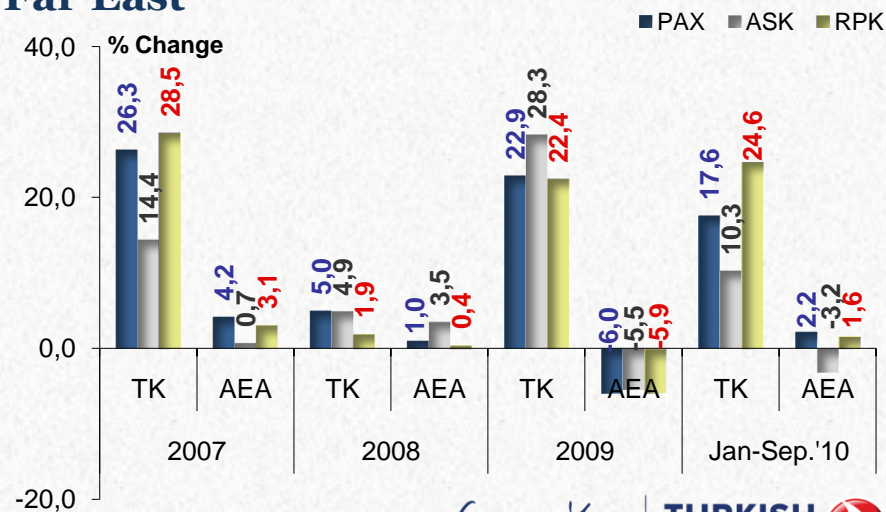
## Europe



## Middle East



## Far East



# Destinations: 128 International Lines



The map displays a network of flight routes across Europe, North Africa, and the Middle East. Red lines connect various cities, with a dense concentration of routes in Western Europe and the Mediterranean. A dashed blue circle highlights a region in the North Atlantic and Eastern Europe. The South Atlantic Ocean is labeled in the bottom left corner.

# Destinations: 128 International Lines

## AMERICAS (4)

CHICAGO (7)  
NEW YORK(7)  
SAO PAULO (4)  
WASHINGTON D.C. (4)  
ATLANTA (4)  
**LOS ANGELES**

## CANADA (1)

TORONTO(3)

## AFRICA (17)

ADISABABA (7)	LAGOS (4)
ALGIERS (7)	NAIROBI (7)
BENGHAZI (4)	TRIPOLI (13)
CAIRO (17)	TUNUS (7)
CAPETOWN (4)	ALEXANDRIA (4)
CASABLANCA (7)	DAR ES SALAAM(3)
DAKAR (3)	ENTEBBE(3)
KHARTOUM (7)	ACCRA (4)
JOHANNESBURG(4)	<b>ORAN</b>

Planning to open

## EUROPE (69)

### GERMANY (9)

BERLIN(20)  
STUTTGART(14)  
DUSSELDORF(28)  
FRANKFURT(29)  
HAMBURG (17)  
HANNOVER (17)  
COLOGNE(7)  
MUNICH (21)  
NUREMBERG (7)

### UKRAINE (6)

ODESSA (7)  
KIEV (9)  
SIMFEROPOL (7)  
DONETSK (2)  
DNEPROPETROVSK (3)  
LVOV(3)

### U.K. (3)

LONDON (30)  
MANCHESTER (7)  
BIRMINGHAM (5)

### FRANCE (3)

PARIS (28)  
NICE (7)  
LYON (10)  
**TOULOUSE**

### SWITZERLAND (3)

BASEL(7)  
ZURICH (14)  
GENEVA(14)

### ITALY (4)

MILAN (24)  
ROME (14)  
VENICE (7)  
BOLOGNA (7)

### SPAIN (2)

BARCELONA (14)  
MADRID (14)  
**MALAGA**  
**VALENCIA**

### RUSSIA (7)

MOSCOW (21)  
ROSTOV (3)  
KAZAN (2)  
ST.PETERSBURG (4)  
YEKATERINBURG (4)  
UFA (3)  
SOCHI (3)  
**NOVOSIBIRSK**

### OTHERS (32)

AMSTERDAM (21)	BUCHAREST (14)	HELSINKI(7)	PRAG(14)	STOCKHOLM (14)	NAXCIVAN (3)
ATHENS (21)	BUDAPEST (7)	LEFKOSE(19)	RIGA(4)	TBILISI (21)	PODGORICA(3)
BAKU(21)	CHISINAOU (7)	LISBON (4)	PRISTINA (9)	TIRANA (7)	
BATUM(7)	COPENHAGEN (14)	LJUBLIANA (4)	SARAJEVO (5)	VIENNA (18)	
BELGRAD(7)	DUBLIN (7)	MINSK(4)	SKOPJE (7)	ZAGREB(7)	
BRUSSELS (21)	GOTEBORG (5)	OSLO (7)	SOFIA(7)	WARSAW (4)	

## FAR EAST (18)

ALMATY (7)	KARACHI (4)
ASKGABAD(11)	MUMBAI (7)
ASTANA (2)	NEW DELHI (7)
BANGKOK (7)	SHANGHAI(5)
BEIJING (5)	SEOUL (6)
BISHKEK (7)	SINGAPORE (6)
DUSHANBE (2)	TASHKENT (5)
HONG KONG (4)	TOKYO (6)
JAKARTA (6)	OSAKA (4)
<b>GUANZOU</b>	<b>HO-CHI-MINH</b>
<b>MANILA</b>	<b>DHAKA</b>

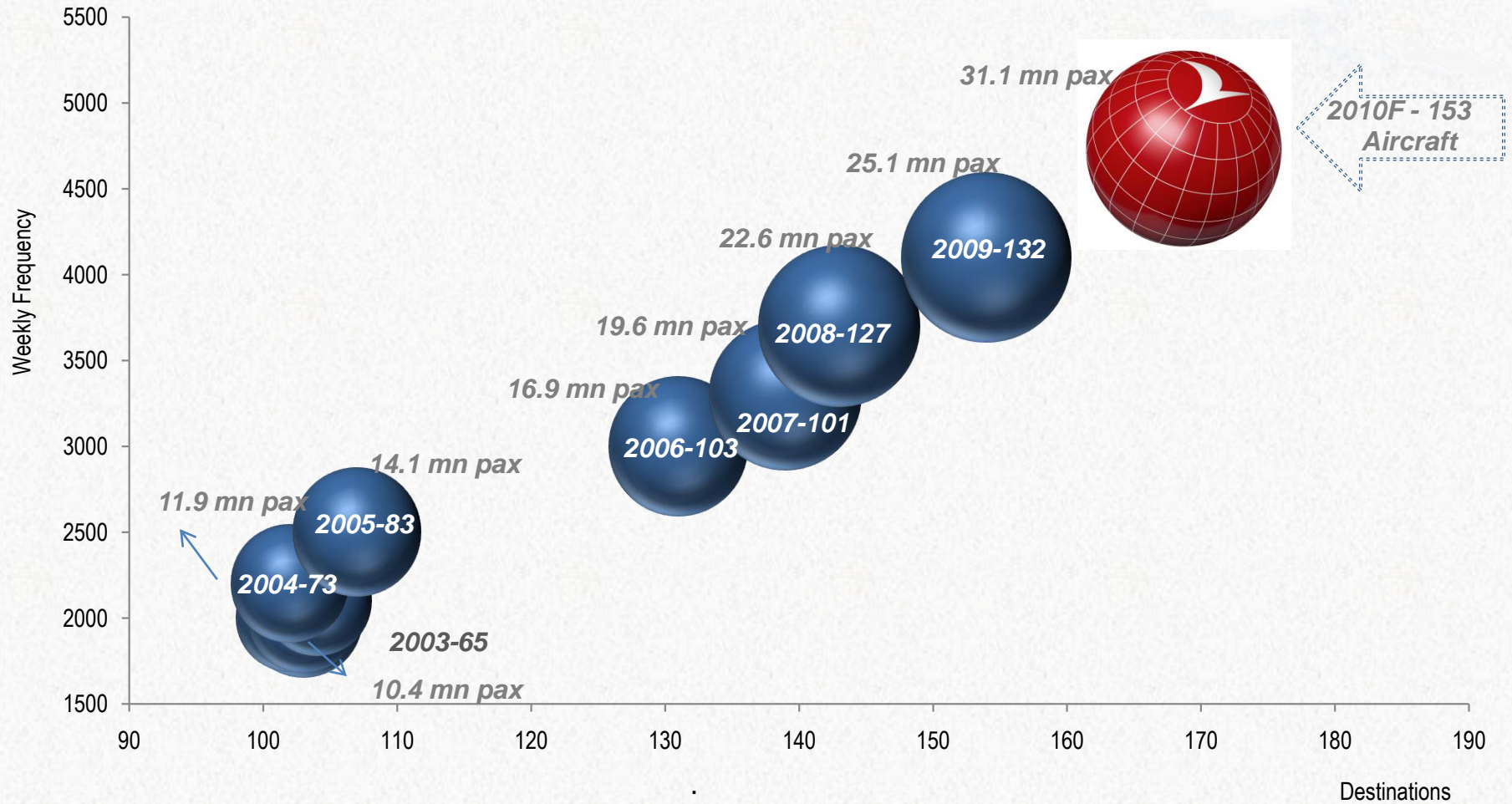
## MIDDLE EAST (19)

ABU DHABI (4)	MASHAD(5)
ALEPPO (7)	MADINAH (13)
AMMAN (14)	MUSCAT(5)
BAGHDAD (7)	RIYADH (7)
BAHRAIN (7)	SANAA (4)
BEIRUT (4)	TABRIZ (5)
DAMASCUS (18)	TEHRAN (14)
DOHA (7)	TEL AVIV (25)
DUBAI (14)	<b>BASRA</b>
JEDDAH (20)	<b>ERBIL</b>
KUWAIT (7)	<b>SHIRAZ</b>

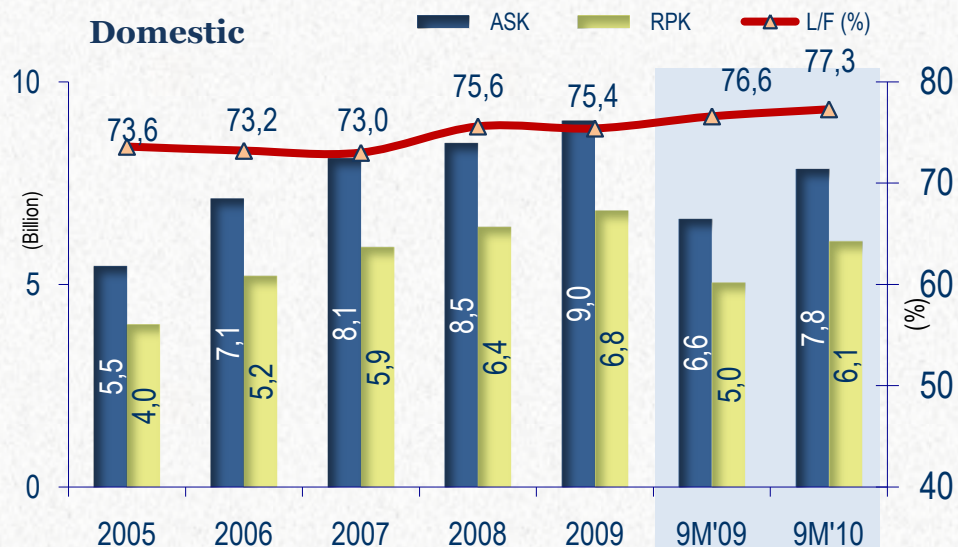
# Destinations: 39 Domestic Lines



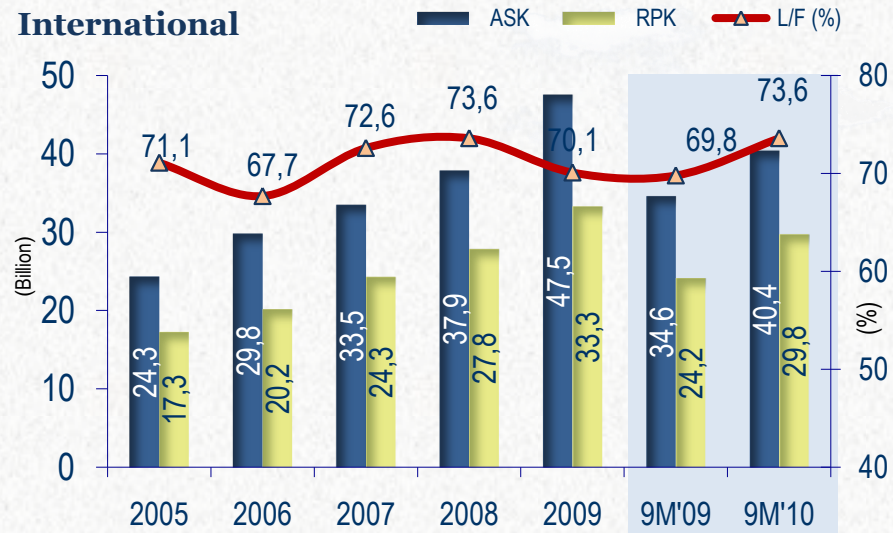
# Network Mapping



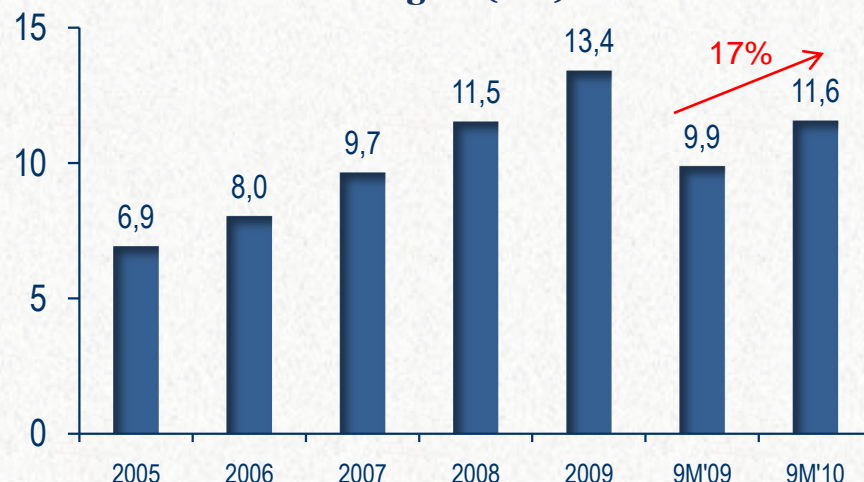
# Passenger Traffic



**Domestic Passengers (mn)**



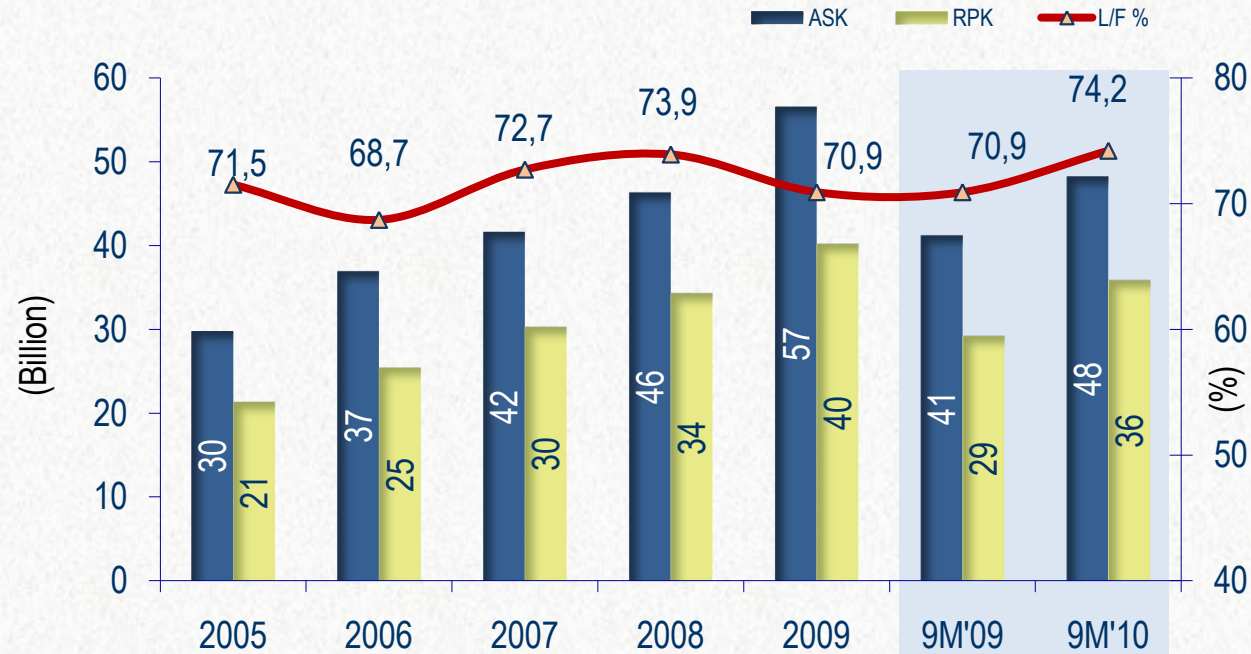
**International Passengers (mn)**



Globally Yours



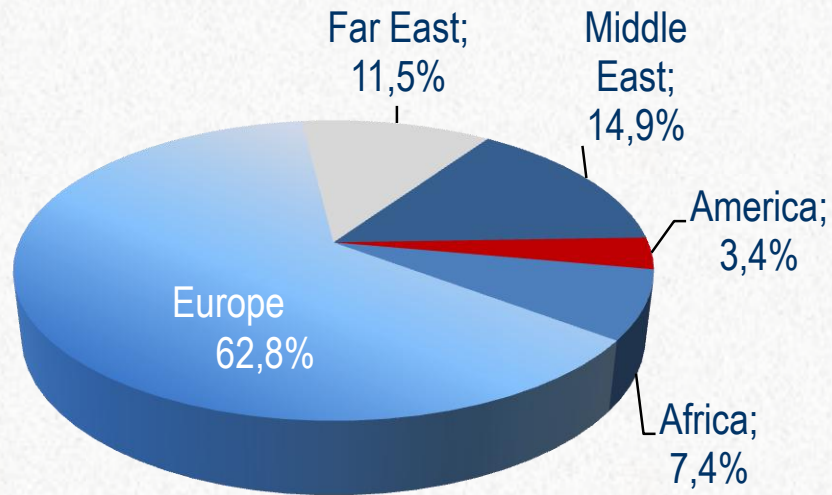
# Passenger Traffic - Total



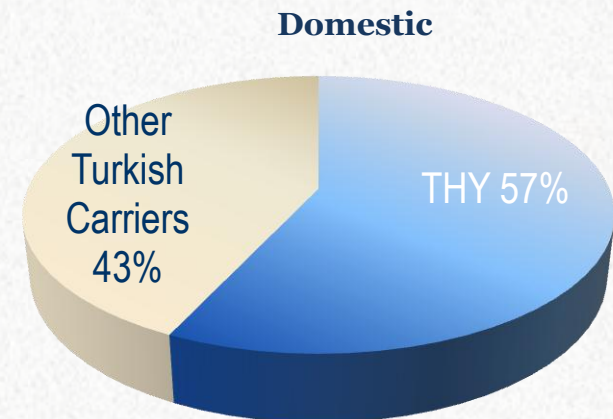
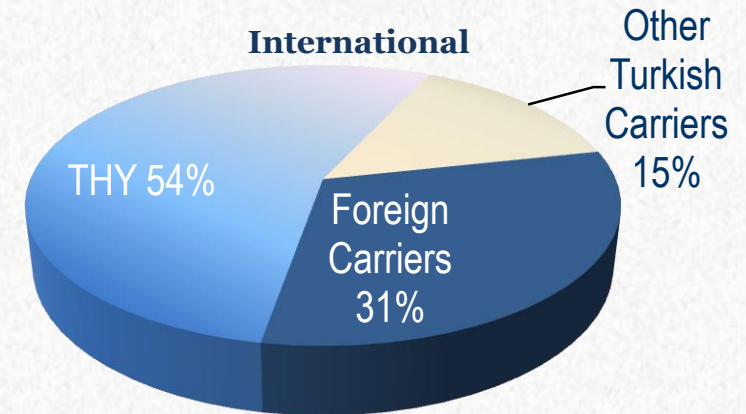
THY Passenger Traffic 9M'09 vs 9M'10	
Landing	up by 15.8%
ASK	up by 17.1%
RPK	up by 22.7%
Passenger # ('000)	up by 17.8%
L/F	up by 3.3 points

# Passenger Breakdown - 9M'10

## Int'l. Traffic Breakdown by Geography



## Market Shares



Sabiha Gökçen Airport data is not included into the September data yet.

Increasing Market Share in International Traffic

# Current Fleet

	Type	Total	Owned	Financial Lease	Operational Lease	Seat Capacity	Avg.Fleet Age
Wide Body 16%	A330-200	7		5	2	1.812	5,6
	A340	9	7		2	2.446	14,0
	B777-3ER	6		2	4	1.922	2,2
	A330-300	2		2		578	0,1
	Total	24	7	9	8	6.758	7,4
Narrow Body 80%	B737-800	52		38	14	8.596	7,2
	B737-700	14			14	1.986	4,7
	B737-400	3			3	450	18,7
	A320	25		12	13	3.962	3,5
	A321	21		15	6	4.022	4,5
	A319	4			4	528	4,7
	Total	119	0	65	54	19.544	5,9
Cargo	A310-300	4	3		1		22,4
TOTAL		148*	10	75	63	26.302	6,5
	%		7%	51%	43%	-	-

- › Total fleet reached to 148, with an average age of 6,5 years.
- › Seat capacity increased by 10,3% in the third quarter of 2010 compared to the same period of 2009.



\* 1 wet-lease aircraft is not included.

# Fleet Development

## Fleet Additions of 105 Aircraft

	Type	2010	2011	2012	2013	2014	2015	TOTAL
Wide Body	B777-3ER	3	7	-	-	-	-	10
	A330	2	4	3	-	-	-	9
	Total	5	11	3	0	0	0	19
Narrow Body	B737-900ER	-	2	4	2	2	-	10
	B737-800	-	2	5	2	1	-	10
	B737-700	-	-	-	-	-	-	0
	B737-400	-	-	-	-	-	-	0
	A321-200	-	8	6	-	-	-	14
	A319-100	-	6	-	-	-	-	6
	Total	0	18	15	4	3	0	40
<b>TOTAL</b>		<b>5</b>	<b>29</b>	<b>18</b>	<b>4</b>	<b>3</b>	<b>0</b>	<b>59</b>
Optional	A319/A321				10			10
	B737-800/900ER				3	7	5	15
	Total				13	7	5	25
Cargo	A330-200F		1					1
<b>TOTAL</b>		<b>5</b>	<b>30</b>	<b>18</b>	<b>17</b>	<b>10</b>	<b>5</b>	<b>85</b>
Wide Body %		19%	19%	19%	18%	18%	18%	
Narrow Body %		78%	77%	77%	79%	80%	79%	

- › Total PDP payment for firm orders will be approximately around 1.66 bn\$ for the firm orders. Including the options this amount will be 2.7 bn \$.



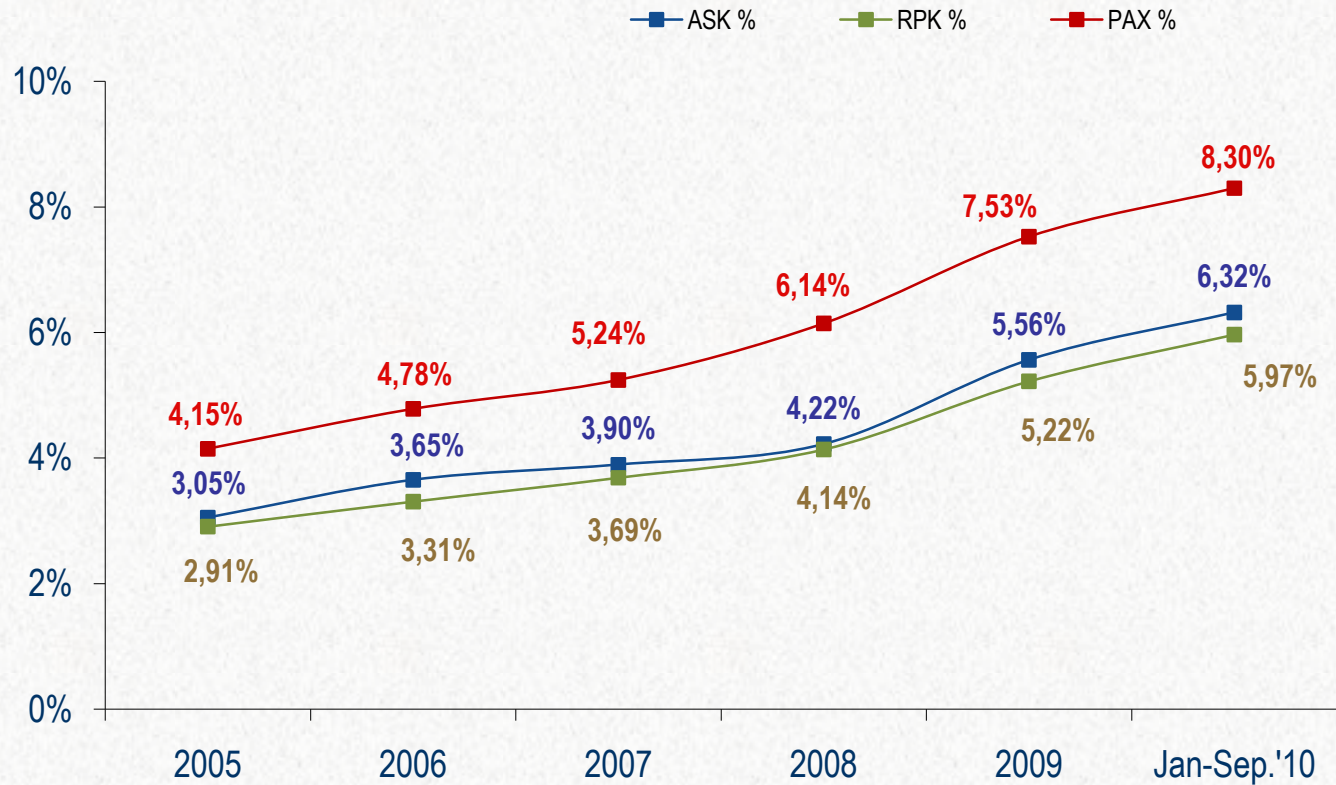
PDP=Pre Delivery Payment

## Year End\* Fleet & Seat Capacity After Additions & Exits

	2010	2011	2012	2013	2014	2015
Fleet*	153	175	186	197	201	196
Seat Capacity	27.891	31.991	34.127	36.042	36.790	36.100
Change %		14,7%	6,7%	5,6%	2,1%	-1,9%

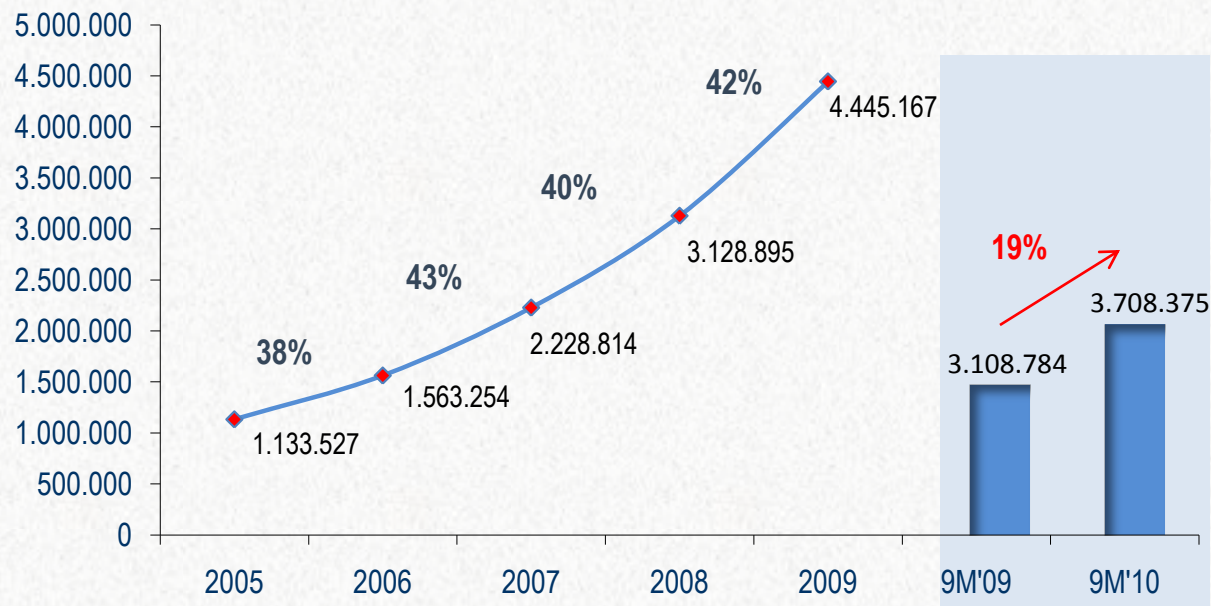
\* Includes optional aircraft and operational lease aircraft which are not included in the Fleet Plan of 105 aircraft.

# Market Share Among AEA Airlines



THY ranks fourth in passenger market share, fifth in ASK and sixth in RPK market share among AEA member airlines

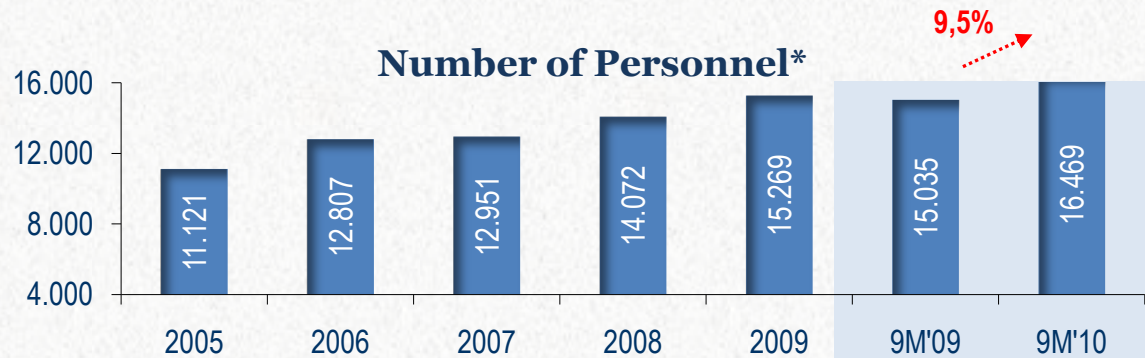
# Transfer Passengers Int'l-Int'l



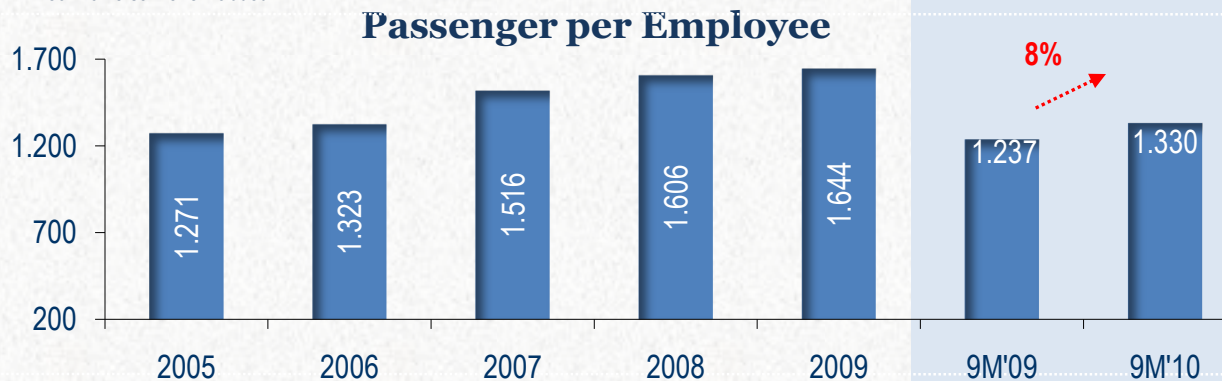
- › THY carried total of 8.073.745 transfer passengers during Jan-September 2010, with an increase of 13.4% compared to the same period of 2009.
- › Total transfer passengers accounted for 36.8% of the passenger traffic.
- › Int'l to int'l transfer passengers' share in total transfer passengers is 45.8%.
- › During Jan-September 2010, int'l to int'l passengers increased by 19.2% reaching to 3.708.375

Significant increase in Int'l to Int'l Transfer Passengers

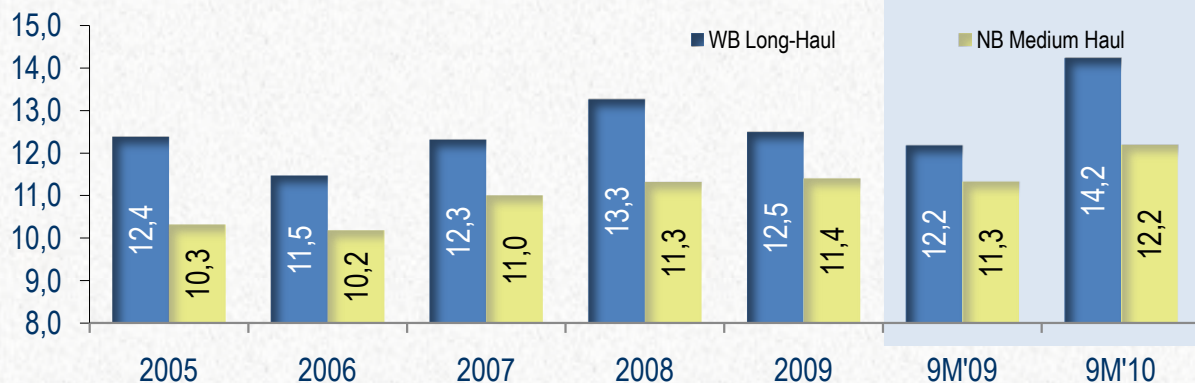
# Operating Efficiency



\* THY Technic Personnel is included.



## Average Daily Flight Utilization (hrs)



- › THY enjoys high personnel efficiency compared to its competitors.
- › Personnel cost of THY per ASK was only €1.33 cents for the first nine months of 2010.
- › Aircraft utilization has been rising in recent years due to better fleet composition and a more dynamic scheduling process.
- › As of 9M'10, the utilization increased in wide body and narrow body aircraft by 17% and 8%, respectively.

**Personnel efficiency is the key driven while increasing fleet size**

*Globally Yours*



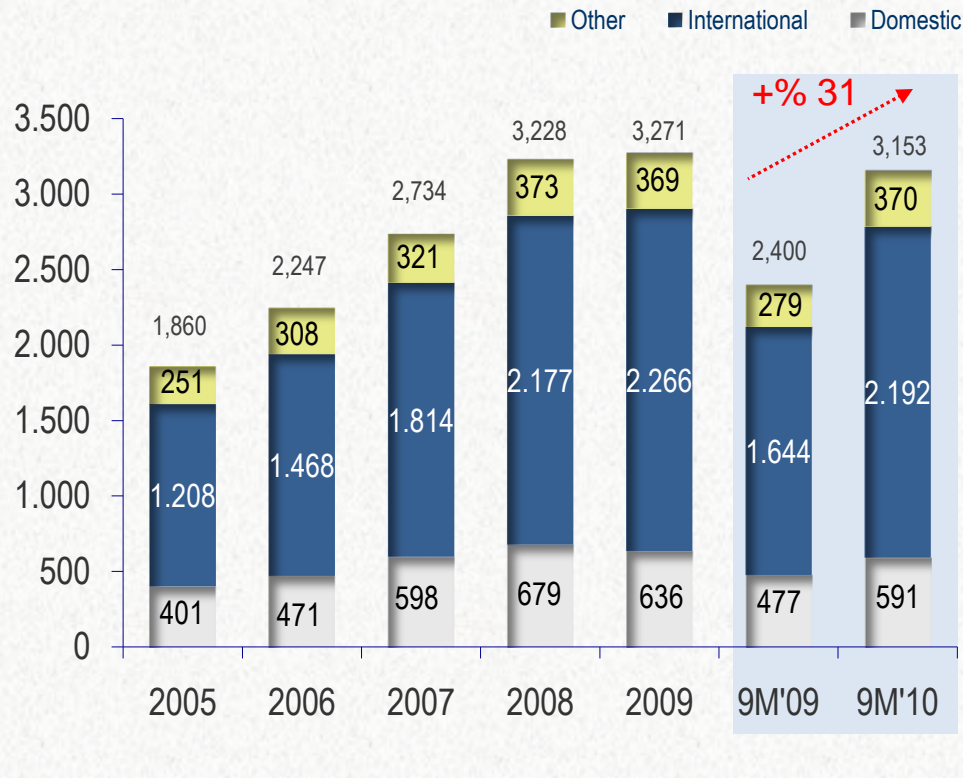
# Total Operating Expenses

(Mn€ )	9M'09	% in Total	9M'10	% in Total	10/'09 %
Fuel	499	24%	803	28%	61%
Personnel	487	23%	642	22%	32%
Sales and Marketing	182	9%	246	9%	35%
Rents	190	9%	226	8%	19%
Landing	192	9%	227	8%	18%
Ground handling	130	6%	180	6%	38%
Passenger Catering	119	6%	158	5%	33%
Depreciation	127	6%	137	5%	7%
Maintenance	119	6%	190	7%	60%
Others	21	1%	37	1%	74%
General Administration	17	1%	25	1%	51%
Insurance	17	1%	14	0%	-14%
<b>TOTAL</b>	<b>2.099</b>		<b>2.885</b>		<b>37%</b>
Op.Cost per ASK (€)	5,09		5,98		17%

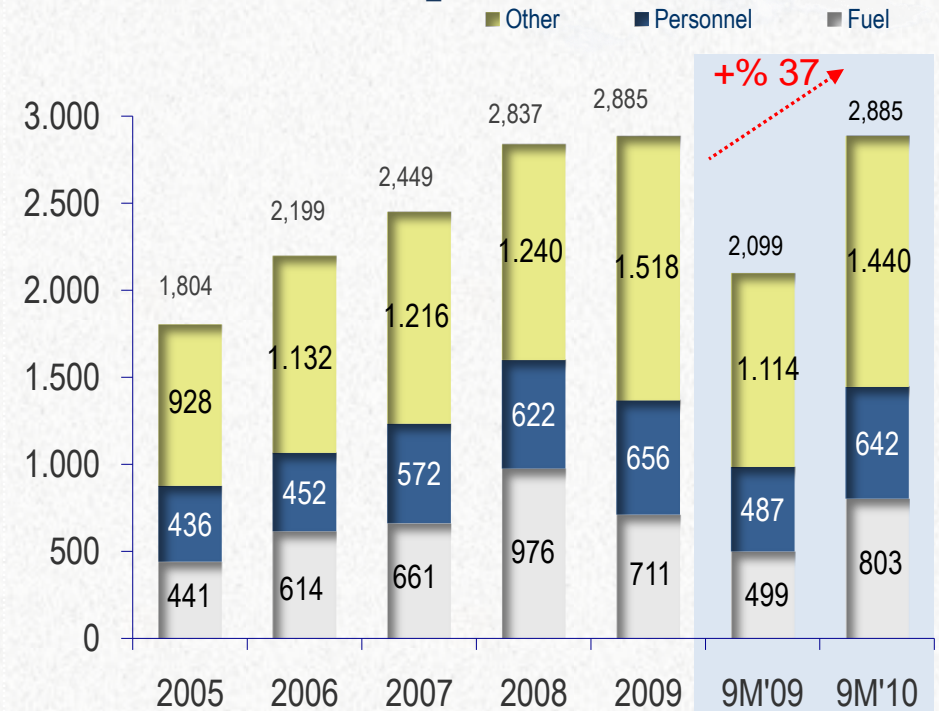
Total expenses increased by 37%, mainly due to increasing fuel costs.

# Total Revenues and Expenses

## Revenues (Mn€)



## Expenses (Mn€)

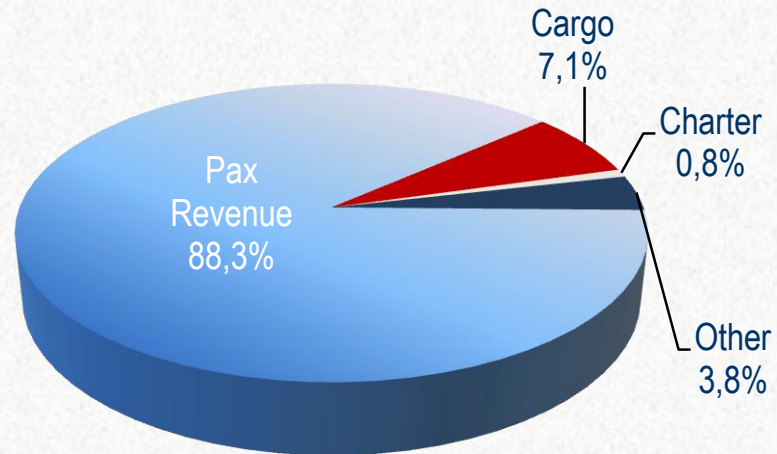


Source: Financial statements released under Turkish CMB standards, converted to € Euro using average exchange rates

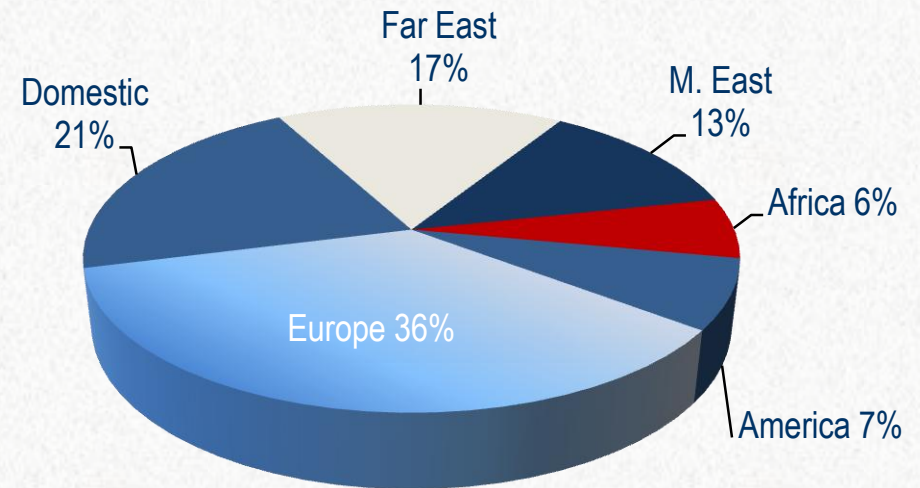
**Able to Sustain Revenue Growth While Increasing Capacity**

# Revenue Distribution- (9M'10)

## Split by Revenue



## Split by Geography

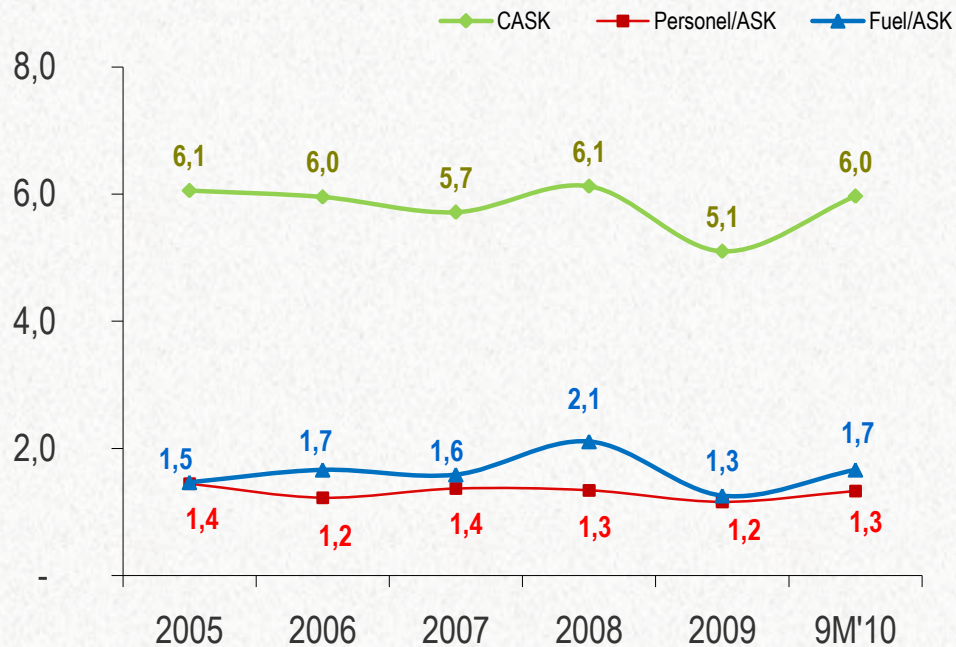


Source: Financial statements released under Turkish CMB standards, converted to € Euro using average exchange rates

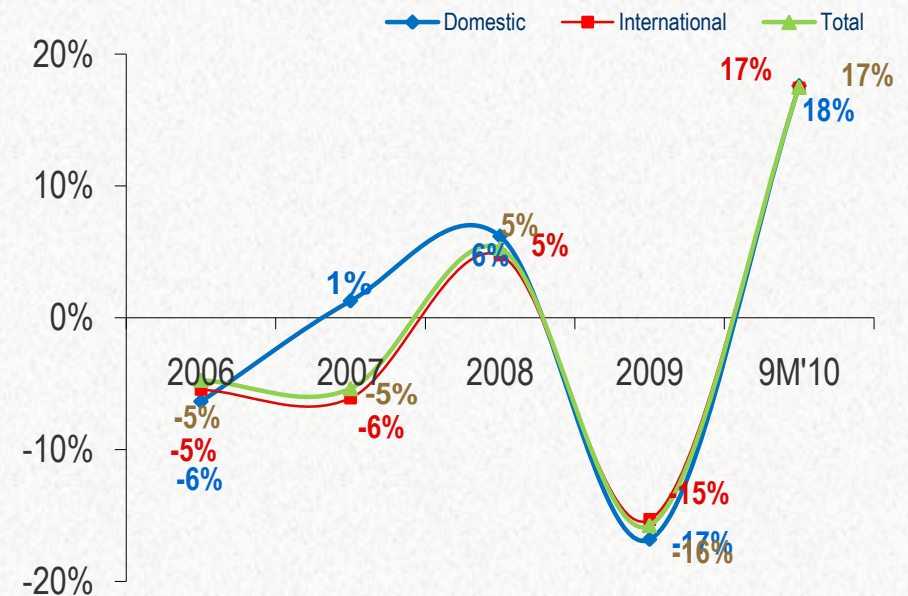
Passenger Revenue from Middle East and Africa regions are increasing

# Operating Expenses-Unit Cost

## Cost Per ASK (€ cent) 9M'10



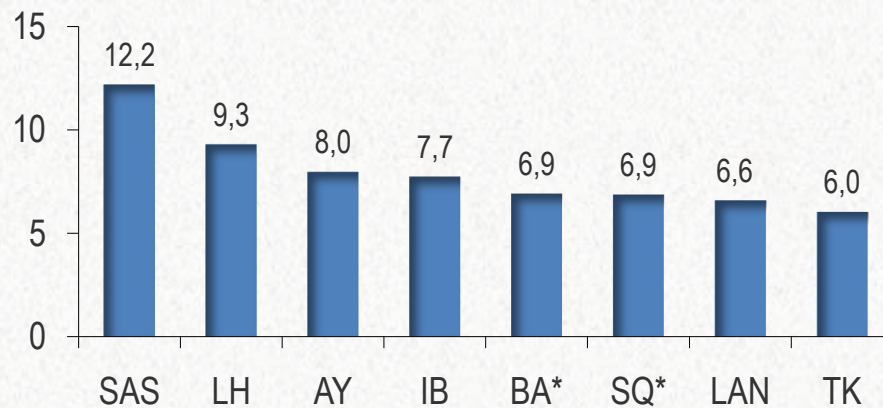
## Change in CASK(€ cent) 9M'10



Source: Financial statements released under Turkish CMB standards, converted to € Euro using average exchange rates

# Peer Group vs THY

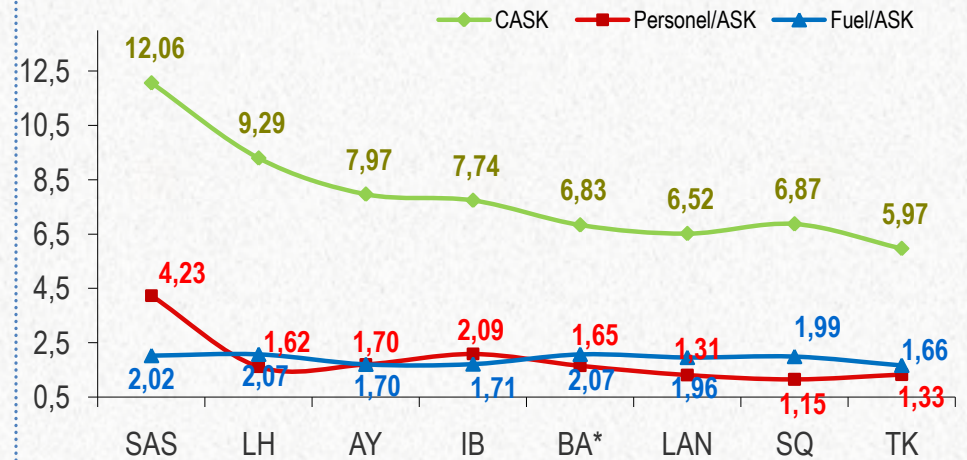
## Operating Costs per ASK (€ Cent)



\*April'10-September'10 (1H '10 Results)

P.S: LH ( Group 12.36 €cent) is based on airline business only. Others based on Group Financials.

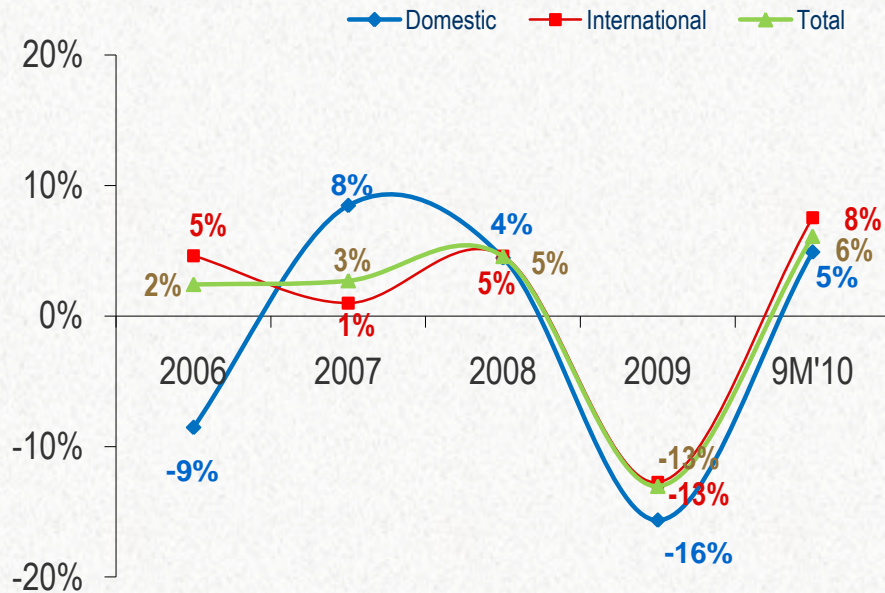
## Cost Per ASK (€ Cent)



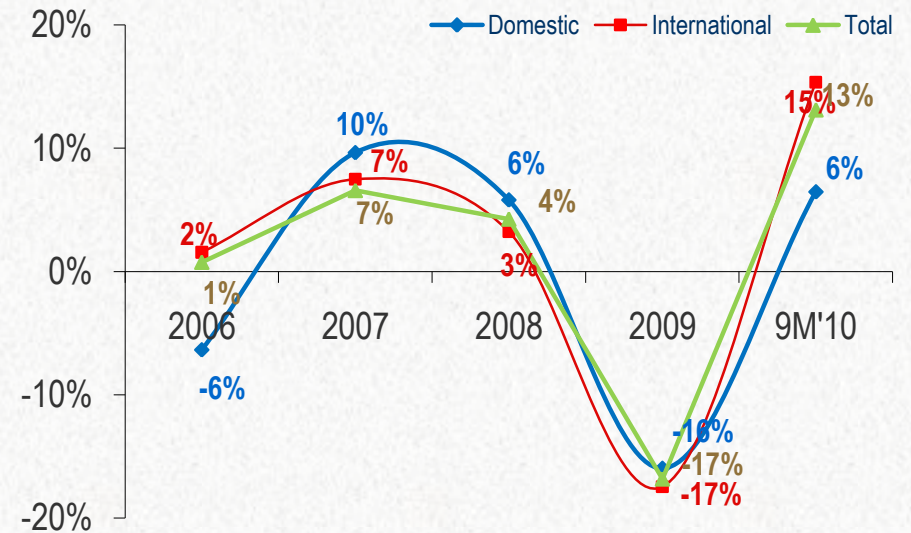
THY is the most cost efficient among its European Peers

# Financial Highlights

## Change in R/Y (€ cent)



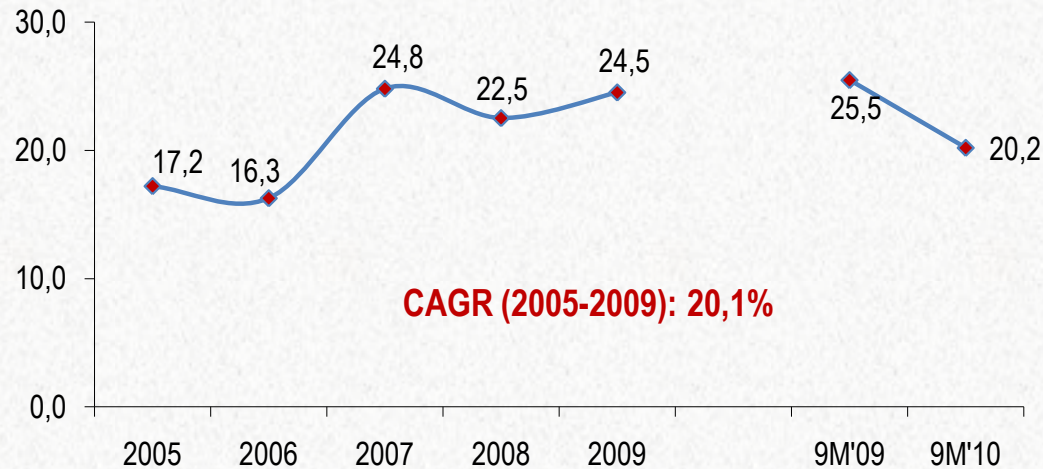
## Change in RASK (€ cent)



Source: Financial statements released under Turkish CMB standards, converted to € Euro using average exchange rates

# EBITDAR Margin

## EBITDAR Margin %



- › Increase in fuel costs had a negative impact on EBITDAR.

\* CAGR= Compound Annual Growth Rate

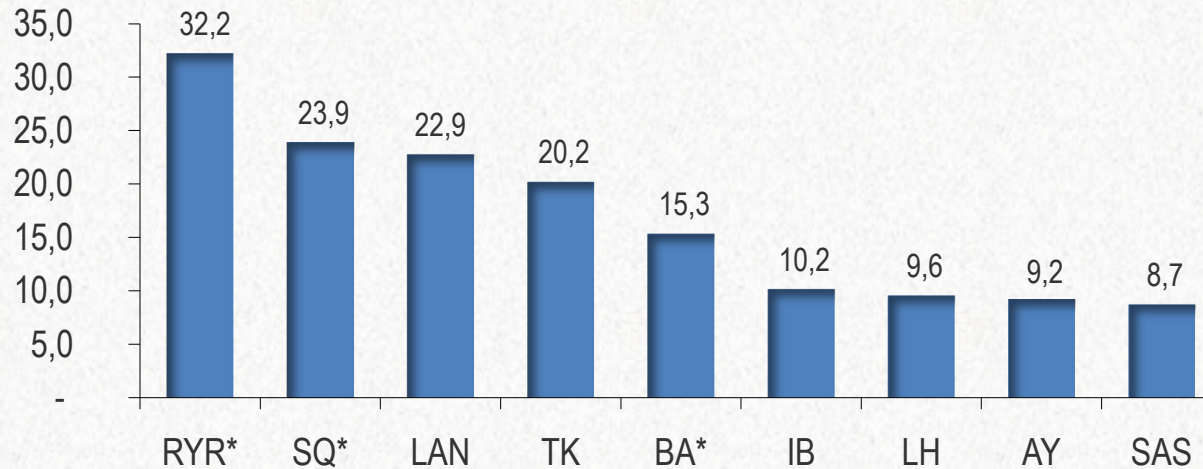
(Mn€)	2006	2007	2008	2009	9M'09	9M'10	10'09 %
Revenue	2.247	2.734	3.228	3.271	2.400	3.153	31%
Net Income	99	149	598	260	223	128	-42%
Net Income Margin (%)	4,4	5,5	18,5	7,9	9,3	4,1	-5.2 pt
EBIT	48	285	391	387	301	274	-9%
EBIT Margin (%)	2,1	10,4	12,1	11,8	12,5	8,7	-3.8 pt
EBITDA	235	490	541	548	428	411	-4%
EBITDA Margin (%)	10,5	17,9	16,8	16,8	17,8	13,0	-4.8pt
EBITDAR	366	678	727	802	618	637	3%
EBITDAR Margin (%)	16,3	24,8	22,5	24,5	25,8	20,2	-5.6 pt
EV/EBITDAR (x)	5,3	3,3	3,3	4,9	5,9	7,3	1.4 pt

*Globally Yours*



# Peer Group vs THY

## EBITDAR Margin % Comparison



- › THY recorded Net Profit of 128 mn. € in 9M'10.
- › Compared to its competitors, THY has a higher EBITDAR margin.

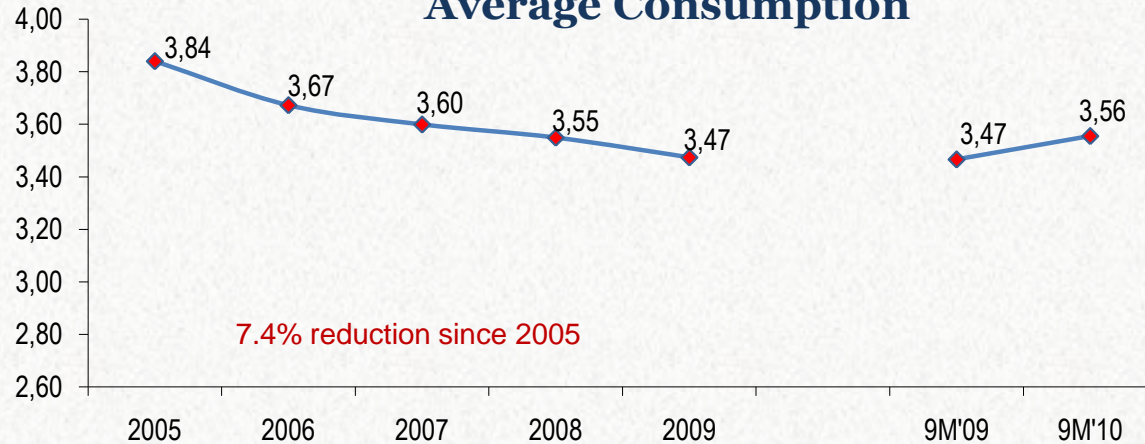
•April '10-September'10, 9M'10 Results

•P.S: LH (Group 11.9%) is based on airlines business only. Others based on Group Financials.

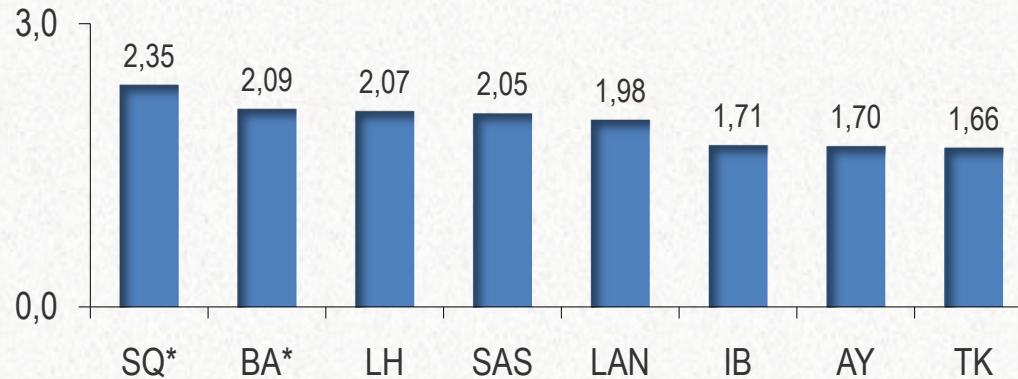
(Mn€ )	TK	LH	SAS	AY	LAN	IB	BA	RYR	SQ
Revenue	3.153	15.460	3.238	1.506	4.446	3.631	5.112	2.182	3.911
Expense	2.879	16.151	3.124	1.520	3.877	3.600	4.769	1.666	3.583
Net Income	128	305	-243	-17	352	74	133	424	365
EBIT	274	218	-279	2	569	77	343	515	328
EBIT Margin (%)	8,7%	1,4%	-8,6%	0,1%	12,8%	-3,2%	6,7%	23,6%	8,4%
EBITDA	411	1283	-144	90	913	207	745	651	778
EBITDA Margin (%)	13,0%	8,3%	-4,4%	6,0%	20,5%	5,7%	14,6%	29,9%	19,9%
EBITDAR	637	1477	282	139	1012	369	784	703	934
EBITDAR Margin (%)	20,2%	9,6%	8,7%	9,2%	22,8%	10,2%	15,3%	32,2%	23,9%

# Fuel

## Average Consumption



## Fuel Cost Per ASK (€ Cent)



- › THY's fuel expense per ASK is lower on the average compared to its peer group.
- › Due to fleet expansion, the fleet average age will be lower which in return will increase THY's fuel efficiency.
- › As of September 2010, with the help of its' young fleet and Fuel Saving Program which started in April 2008, THY saved 18.491 tons of fuel and reduced CO2 Emission by 52.248 tons.

**Fleet expansion will reduce fuel cost as well as fleet age**

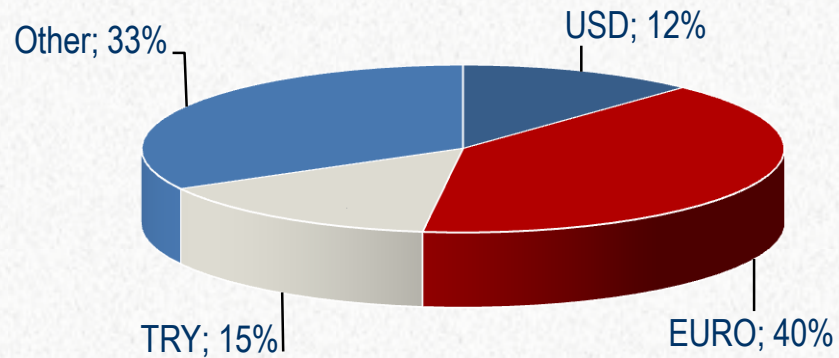
\*April'10 September'10, 1H'10 Results.

\*P.S: LH (Group 2.22) is based on airlines business only. Others based on Group Financials.

Source: Calculated based on web site & annual reports

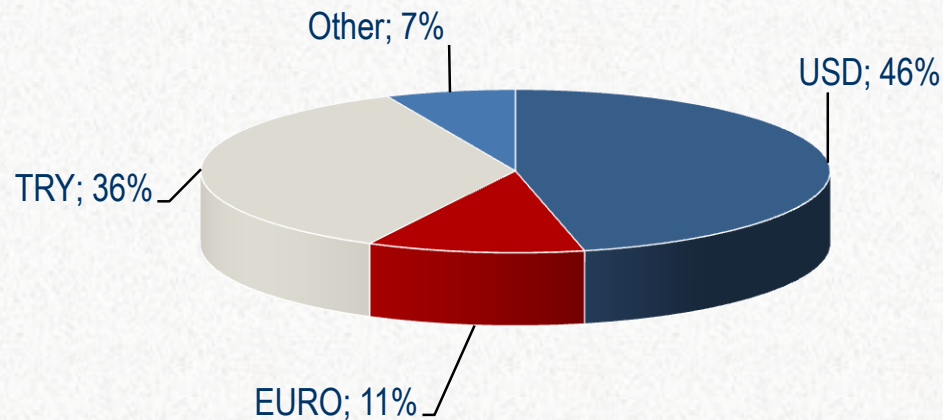
# Currency Breakdown (9M'10)

## Revenue by Currency



› THY's income is diversified among the major currencies.

## Expenses by Currency



Currency exposure risk is minimized due to efficient cash management

# Sector Comparison

RANK	COMPANY	SCORE DATE	FINANCIAL HEALTH	TOTAL SCORE (8)	LIQUIDITY (14)	EARNINGS PERF. (15)	FUEL MGT. (14)	ASSET MGT. (13)
1	Türk Hava Yolları A.O.	Dec 09	80	55	48	32	31	38
2	Singapore Airlines Ltd	Mar.10	69	73	83	28	48	33
3	Hawaiian Holdings Inc.	Dec 09	64	56	44	31	22	99
4	Alaska Air Group Inc	Dec 09	59	76	61	70	25	53
5	Copa	Dec 09	59	53	59	42	56	51
6	Lan Airlines SA	Dec 09	56	59	45	54	34	87
7	Cathay Pasific Airways Ltd	Dec 09	53	66	51	50	45	36
8	TAM SA	Dec 09	49	50	42	25	31	38
9	Aer Lingus Group PLC	Dec 09	46	47	67	1	10	14
10	Air New Zeland Ltd	Dec 09	40	53	66	18	15	33
11	Continental Airlines Inc	Dec 09	39	44	42	31	46	50
12	US Airways Group Inc.	Dec 09	39	37	20	35	40	61
13	Qantas Airways Ltd	Dec 09	38	58	78	21	35	28
14	Thai Airways International	Dec 09	38	42	28	37	27	34
15	Deutsche Lufthansa AG	Dec 09	36	56	84	1	38	19
16	Iberia Lineas Aereas De Espana SA	Dec 09	35	46	85	1	13	11
17	Gol Linhas Aereas Inteligentes SA	Dec 09	34	40	43	23	75	52
18	Sas Ab.Stockholm	Dec 09	32	55	47	46	21	30
19	Air Canada	Dec 09	32	31	37	1	22	49
20	Finnair OYJ	Dec 09	31	43	70	2	14	22
21	UAL Corp	Dec 09	30	42	30	39	55	55
22	EVA Airways Corp	Dec 09	30	31	12	57	1	40
23	Korean Air Lines Co.Ltd	Dec 09	29	41	25	48	27	27
24	All Nippon Airways Co Ltd Ana	Mar 10	27	44	57	26	17	13
25	Delta Air Lines	Dec 09	25	32	29	15	53	36
26	Malaysian Airlines System Berhad	Dec 09	24	49	59	21	13	39
27	British Airways PLC	Mar 10	24	39	60	1	26	19
28	China Airlines	Dec 09	23	43	28	75	26	34
29	Air China Ltd	Dec 09	23	38	16	54	34	1
30	AMR Corp.	Dec 09	22	32	46	8	28	25
31	Air France-KLM	Mar 10	21	26	48	1	38	22
32	Pakistan International Airlines	Dec 09	16	34	12	84	10	50
33	China Southern Airlines Co Ltd	Dec 09	13	21	22	7	23	29
34	Asiana Airline Inc.	Dec 09	13	12	15	1	8	22
35	China Eastern Airlines Corp. Ltd.	Dec 09	1	39	41	35	13	27

THY ranked No.1 in the financial health\* category

\* Representing a measure of an airline's overall financial strength based on assessments of solvency, current ratio, fixed-charge coverage, mix of debt and equity capital, operating income margin and debt service cover.

# Balance Sheet

Assets ( Mn€)	2005	2006	2007	2008	2009	9M'09	9M'10
Cash and Equivalents	304	197	281	236	507	476	179
Net Trade Receivables	121	135	144	163	206	221	225
Other Current Assets	95	241	445	825	582	461	1.360
<b>Total Current Assets</b>	<b>520</b>	<b>573</b>	<b>870</b>	<b>1.224</b>	<b>1.296</b>	<b>1.158</b>	<b>1.764</b>
Net Fixed Assets	1.657	1.667	1.891	2.362	2.227	2.271	2.394
Other Long Term Assets	224	155	117	110	445	551	388
<b>Total Long Term Assets</b>	<b>1.882</b>	<b>1.822</b>	<b>2.008</b>	<b>2.471</b>	<b>2.672</b>	<b>2.822</b>	<b>2.783</b>
<b>Total Assets</b>	<b>2.402</b>	<b>2.395</b>	<b>2.878</b>	<b>3.695</b>	<b>3.968</b>	<b>3.980</b>	<b>4.547</b>
Liabilities (Mn€)	2005	2006	2007	2008	2009	9M'09	9M'10
Short Term Lease Obligations	113	118	132	196	191	186	193
Accounts Payable	161	172	213	203	260	242	308
Passenger Flight Liabilities	149	174	222	228	272	284	362
Other Current Liabilities	332	113	127	146	180	235	310
<b>Total Current Liabilities</b>	<b>755</b>	<b>577</b>	<b>694</b>	<b>773</b>	<b>902</b>	<b>946</b>	<b>1.172</b>
Long Term Lease Obligations	540	780	918	1.307	1.192	1.228	1.213
Retirement Pay Provision	72	63	77	67	70	68	80
Other Long Term Liabilities	249	106	109	154	208	187	222
<b>Total Long Term Liabilities</b>	<b>861</b>	<b>949</b>	<b>1.104</b>	<b>1.528</b>	<b>1.471</b>	<b>1.483</b>	<b>1.514</b>
Share Capital*	110	95	103	82	405	405	506
Restatement Effect	1.180	1.010	1.017	781	520	520	569
Restricted Profit Reserves	5	4	36	0	11	11	20
Differences from Currency Translation	0	0	0	2	2	2	1
Cash Flow Hedge Fund	0	0	0	0	-1	-6	-12
Retained Earnings	-596	-336	-230	0	399	399	592
Net Profit For the Year	87	97	155	530	259	220	130
<b>Total Shareholders Equity</b>	<b>786</b>	<b>869</b>	<b>1.081</b>	<b>1.395</b>	<b>1.595</b>	<b>1.551</b>	<b>1.860</b>
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>2.402</b>	<b>2.395</b>	<b>2.878</b>	<b>3.695</b>	<b>3.968</b>	<b>3.980</b>	<b>4.547</b>

\*Includes Share Premium

# Income Statement

Income Statement (Mn€)	2005	2006	2007	2008	2009	9M'09	9M'10	10/09 %
Operating Revenues	1.860	2.247	2.734	3.228	3.271	2.400	3.153	31%
Operating Expenses	-1.804	-2.199	-2.449	-2.837	-2.885	-2.099	-2.879	37%
<b>Operating Profit</b>	<b>56</b>	<b>48</b>	<b>285</b>	<b>391</b>	<b>387</b>	<b>301</b>	<b>274</b>	<b>-9%</b>
Income From Other Operations	255	153	127	30	42	35	53	54%
Loss From Other Operations	-166	-34	-6	-111	-93	-35	-62	81%
<b>Income Before Financial Income/(Expense)</b>	<b>145</b>	<b>167</b>	<b>407</b>	<b>310</b>	<b>337</b>	<b>301</b>	<b>265</b>	<b>-12%</b>
Income/Loss due From Asset Valuation			<b>9</b>	<b>2</b>	<b>6</b>	<b>10</b>	<b>-16</b>	<b>-257%</b>
Financial Income			174	753	80	77	117	52%
Financial Expense	-36	-62	-380	-376	-80	-90	-199	120%
<b>Income Before Taxation</b>	<b>109</b>	<b>105</b>	<b>209</b>	<b>688</b>	<b>343</b>	<b>298</b>	<b>167</b>	<b>-44%</b>
Taxation	<b>-26</b>	<b>-6</b>	<b>-59</b>	<b>-90</b>	<b>-83</b>	<b>-75</b>	<b>-39</b>	<b>-48%</b>
<b>Net Income</b>	<b>83</b>	<b>99</b>	<b>149</b>	<b>598</b>	<b>260</b>	<b>223</b>	<b>128</b>	<b>-42%</b>

In converting the TRY reported results to EURO, the period average EURO exchange rates were used

# Company Overview

- › Blessed by its prime location,
  - › Turkey only 3hrs flight from 50 different countries
  - › Increased focus on transit flights since 2002
  - › Increased focus on Business Class passengers since 2006
- › Official sponsor of FC Barcelona, Manchester United Football Club & Maroussi Basketball Club,
- › Won award for the Best Airline in Southern Europe and World's Best Economy Class Onboard Catering at the 2010 World Airline Awards,
- › Member of Star Alliance,
- › Ranks # 4 among AEA members, by passengers carried,
- › Included in MSCI Indices as of November 2009,
- › Substantial cost advantage over competitors.



THANK YOU  
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*Globally Yours*



# Cargo Transportation

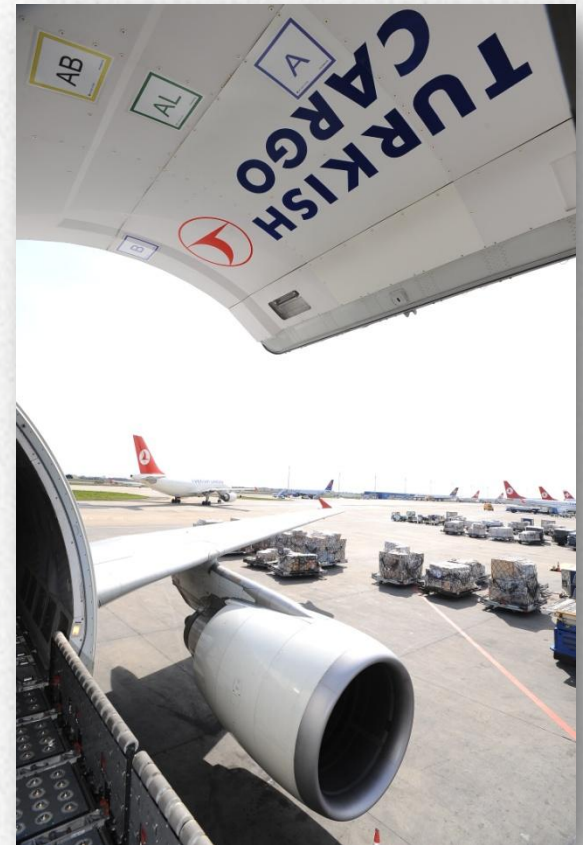
## TURKISH CARGO

### › Turkish Cargo

Leading cargo carrier in total export and import cargo in Turkey.

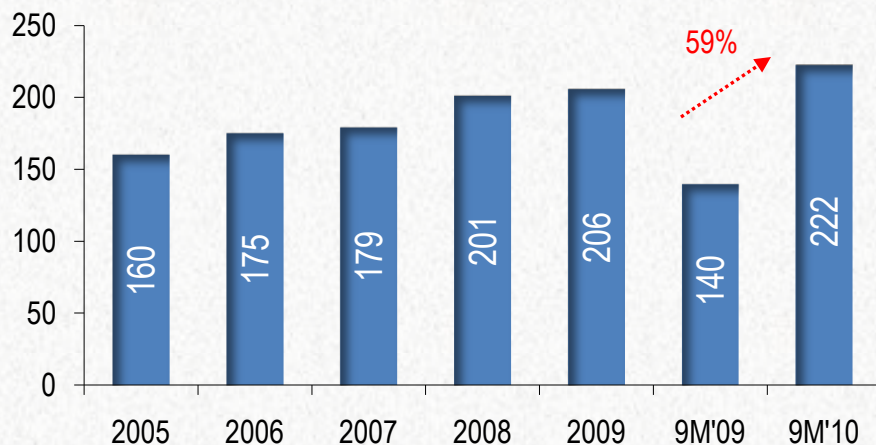
Operates 22 destinations with its 4 A310-300 and 1 A330-200F freighters besides 166 destinations with 148 passenger aircraft.

During 9M'10 posted revenue was 222 million Euro, carried cargo was 222,215 tons.

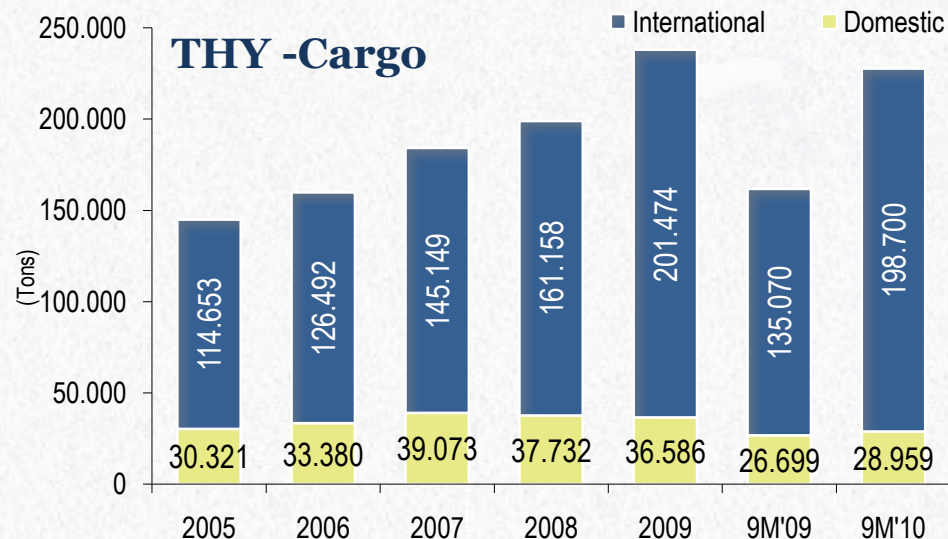


# Cargo

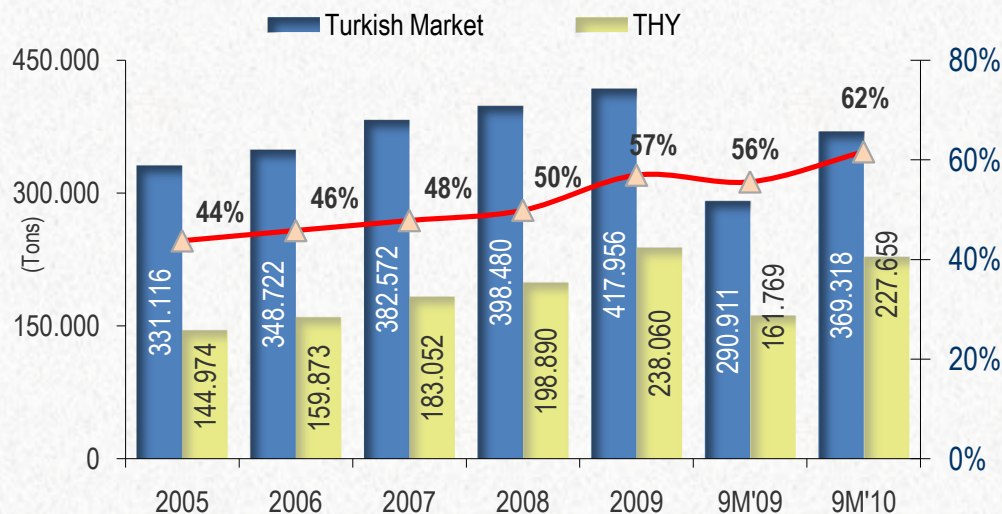
## Revenue (Mn€)



## THY -Cargo



## Market vs THY



- › Cargo carried in international lines is increasing over the last two years. As of 9M'10, 87% of carried cargo was from the international segment.
- › As of 9M'10, THY has carried total of 227.659 tons cargo, indicating 41% increase compared to the same period of 2009.
- › THY, having 57% market share in Turkish cargo market by the end of 2009, has increased its market share to 62% as of September 2010.
- › According to the Fleet Plan, decision made to purchase 1 Airbus cargo aircraft A330-200F, which will be received in the year 2011.

# THY Academy

## › THY ACADEMY( To be Established)

- › One of the most outstanding training centers in the aviation industry.
- › Has been applying ISO 9001 Quality Management System since 1998.
- › Gives training services about 10.000 people each year with its trainers, specialized in their areas.
- › Addresses the training needs of cargo and passenger agents, universities and other airlines besides Turkish Airlines.
- › Turkish Airlines Flight Training Center offers:
  - › **Cockpit Crew Training**
  - › **Cabin Crew Training**
  - › **Ground Training**
  - › **Simulators**

- › 6 full flight simulators for RJ-100, B737-400, B737-800, A320s and B777-300ER aircraft.
- › A340 "Business class", B737 "Economy Class" Cabin Service Trainer(CST)B737/A310/A340 Cabin Emergency Evacuation Trainer(CEET)



## Turkish Flight Academy

- › Founded on November 2004 as a result of a need for new flight personnel for THY.
- › Started training with 16 pilot candidates on May 2006. So far, 66 students have graduated from the Academy and started flying at Turkish Airlines.
- › Currently 70 pilot candidates are given training at the Academy.
- › Giving 210 hours flight training and 1200 hours ground training.



# Subsidiary & Affiliates

Subsidiaries (9M'10)	Owned	Date Established	Capital (Mn. €)	Revenue (Mn. €)	Net Income (Mn. €)	THY's Portion in Revenue
THY Technic	100%	2006	207	264	3	74,31%
THY Do&Co	50%	2007	15	133	11	84%
Sun Express	50%	Oct. 1989	21	373	-11	4,82%
Air Bosnia	49%	1994	10	13	-5	n/a
THY Opet	50%	Sep. 2009	15	103	-3	98%
TGS	50%	Aug. 2008	6	48	-9	100%
GoodrichTHY Technig Service Center	40%	Jul. 2010	5	n/a	n/a	n/a

# Subsidiaries & Affiliates

## TURKISH TECHNIC A.S.

### THY Technic A.S.(Consolidated)

- › Owned 100% by THY.
- › During the 9M'10, posted revenues and net income was 264 mn€ and 3 mn€ respectively.
- › Provides maintenance services to more than 100 customers, including international airlines such as Lufthansa, KLM,BA and Alitalia as well as domestic airlines.
- › Main goal is to become one of the biggest MRO Center in the region.

### HABOM (Maintenance Repair & Overhaul Center) Project

- › HABOM Project will be launched by THY Technic.
- › Under HABOM, the plan is to increase the airframe maintenance capacity to approximately 400 aircraft per annum.
- › Total investment for the project is around 400 mn\$
- › Expected to generate around 6.5 bn\$ revenue from 2012 to 2022.



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THY will be developing its technical service and maintenance business through the HABOM Project

# Subsidiaries & Affiliates

## TURKISH ENGINE CENTER

### › Turkish Engine Center

- › In 2008, THY Technic and Pratt & Whitney signed a joint venture to establish a new company, Turkish Engine Center.
- › Owned 51% - 49% by Pratt&Whitney and THY Technic, respectively.
- › Established to provide engine maintenance, repair and overhaul (MRO) services to customers located in Turkey, surrounding regions and worldwide.
- › The new environmentally efficient CFM56® and V2500 engine overhaul facility is planned to be comprised of approximately 25,000 sq. meters located at the Sabiha Gokcen International Airport.

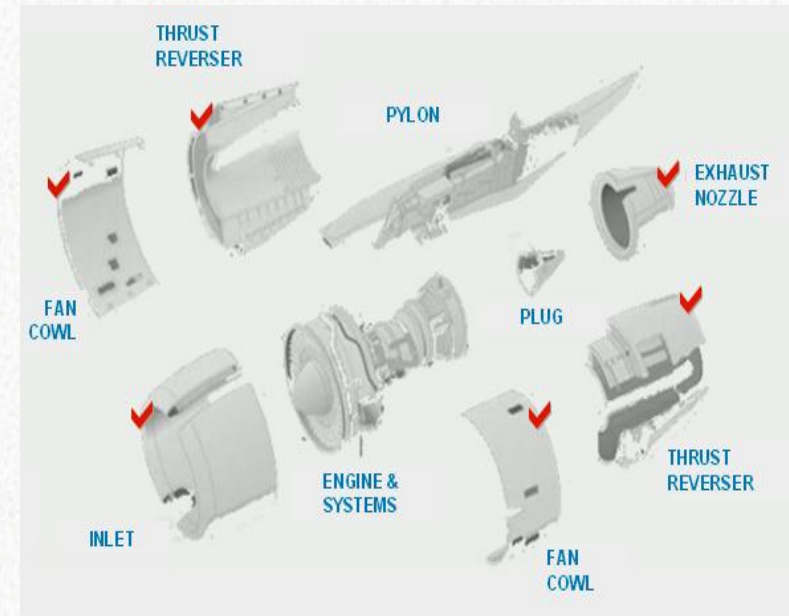



# Subsidiaries & Affiliates

## GOODRICH THY TECHNIC SERVICE CENTER

### Goodrich THY Technic Service Center Ltd.

- › Founded in July 2010, owned 40% - %60 by THY Technic and TSA-Rina Holdings B.V., subsidiary of Goodrich Corporation.
- › Established to provide the repair and overhaul for Turkish Airlines and other customers from Turkish domestic market and International Market of Nacelle, Thrust Reverser, and Airframe Components, Which is to establish an overhaul center of excellence and to offer Nacelle, Thrust Reverser and Airframe Component overhaul services of high quality and efficiency available in Istanbul.
- › Estimated time for start-up business : 1Q 2011



 Components will be repaired/serviced by the company

# Subsidiaries & Affiliates

## THY DO&CO CATERING A.S.

- › **THY Do & Co Catering A.S. (Equity Pick-up)**
  - › Owned 50% - %50 by THY and Do & Co Restaurants & Catering A.G. in 2007.
  - › 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.
  - › During the 9M'10, posted revenues and net income was 133 mn€ and 11 mn€ respectively.



# Subsidiaries & Affiliates

## › TGS Ground Handling Inc. (Equity Pick-up)

- › Registered on August 28th, 2008 to Commerce Registry.
- › During the 9M'10, posted revenues and net loss was 48 mn€ and 9 mn€, respectively.



## › JP`B&H Airlines`d.o.o.Sarajevo (Equity Pick-up)

- › Owned 49% by THY.
- › Founded in 1994 as Bosnia Herzegovina's national airline under the name B&H Airlines.
- › During the 9M'10, posted revenues and loss was 13 mn€ and 5 mn€, respectively.



# Subsidiaries & Affiliates

## SUN EXPRESS

### › Sun Express A.S. (Equity Pick-up)

- › Founded in October 1989 as a subsidiary company of Lufthansa and Turkish Airlines.
- › Owned 50% - 50% by THY and Lufthansa, respectively.
- › Market leader in charter flights between Germany and Turkey.
- › Flies to/from 22 airports in Germany, 20 in Turkey and 98 in other countries.
- › Fleet consisted of 27 aircraft; 24 B737& 3 B757 aircraft with total seat capacity of 5,178 as of September 2010.
- › 5 brand new Boeing 737/800s have been delivered, will add 1 brand new Boeing 737-800s to its fleet until the end of 2010. 3 B757 aircraft will be returned to the lessor until the end of 2010.
- › Carried 4,992,231 passengers in 2010, by achieving load factor of 77.64%.
- › As of September 2010, number of personnel:1,412
- › During the 9M'10, posted revenues and net loss was 372.8 mn€ and 11.4 mn€ respectively.



# Subsidiaries & Affiliates

## THY OPET HAVACILIK YAKITLARI A.S.

### › THY Opet Havacılık Yakıtları A.S

- › In terms of investment on jet fuel supply; Turkish Airlines established a jet fuel supply company together with local oil retailer OPET on the 18th of September 2009.
- › Owned 50% - %50 by THY and OPET.
- › The business activity of the established company is to supply jet fuel to any type of aircraft.
- › Start supplying jet fuel to THY for all Domestic Airports other than Sabiha Gokcen Airport as of July 1st 2010.
- › During the 9M'10, posted revenues and net loss was 103 mn€ and 3 mn€ respectively



# Safety & Quality

**In civil aviation, safety and quality supports each other and quality systems aim to maintain develop safety as a whole.**

Safety, as it would commonly be well appreciated and generally accepted, is the key concept to consider for operations. Thus, Turkish Airlines is determined to keep and develop highest safety standards. Accepting and implementing the standards dictated by the aviation authorities and manufacturers as the baseline, Turkish Airlines strives to attain safer operational conditions in respect to continuous development processes and appreciates this concept as a “must.”

## › **Flight Safety:**

The following have been implemented and monitored by utilizing the quality system of Turkish Airlines;

- Adoption of Safety Management System approach
- Implementation of Flight Data Monitoring (FDM) system
- Manage and assess the risk of flight operations
- Publications to flourish a widespread culture for operational safety

The Flight Safety Department that has direct access to the Accountable Manager is in charge of the management and oversight of the flight safety. It also implements the Flight Data Monitoring System, makes informal Line Observations and investigates the occurrences and reports (mandatory/voluntary) to promote flight safety.

## › **Quality System:**

In accordance with JAR OPS 1, starting with the date of 1999, the Quality Assurance and Flight Safety Department, has been inaugurated. Based on the requirement JAR OPS 1.035, Turkish Airlines established a quality system dedicated “to ensure safe operational practices and airworthy aeroplanes”. Our company is an IOSA operator since 2005. Nowadays, we are preparing ourselves to implement ICAO’s Safety Management System and Security Management System.

In addition to the aviation sector standards, Turkish Airlines adopted generic standards for quality, such as ISO 9001 Quality Management System, 14001 Environmental Management System, OHSAS 18001 Occupational Health and Safety Management System, ISO 27001 Data Security Management System and ISO 10002 Customer Satisfaction Management System. As a result, Turkish Airlines’ quality system is an integrated approach covering standards for aviation and generic systems.

Quality Assurance Directorate which is also reporting directly to Accountable Manager is in charge of the implementation and oversight of the quality system. The departments within this directorate are; Flight Operations, Ground Operations, Technic, Cabin, Flight Training, Quality Management and Improvement. Turkish Airlines has a quality assurance program which consists of all planned and unplanned audits that ensures all operational activities to be carried out according to all aviation requirements, standards and procedures. It has also a continuous process that brings forward solutions and suggestions on potential non-conformities in the context of preventive action.

Due to its vast operation network, Turkish Airlines is in close contact with numerous Civil Aviation Authorities and subject to their audits. These audits, as well as giving the opportunity to the auditors to evaluate the current situation, provide the necessary feedback for Turkish Airlines continuous safer operations.

In addition to above all, having all requirements fulfilled and systems in place with regards to Turkish Civil Aviation Law, Turkish Airlines has the AOC (Air Operator Certificate) approved by Turkish Civil Aviation Administration (CAA).

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