

TURKISH AIRLINES

A STAR ALLIANCE MEMBER 

2014 Q3 Results Summary



WIDEN YOUR WORLD



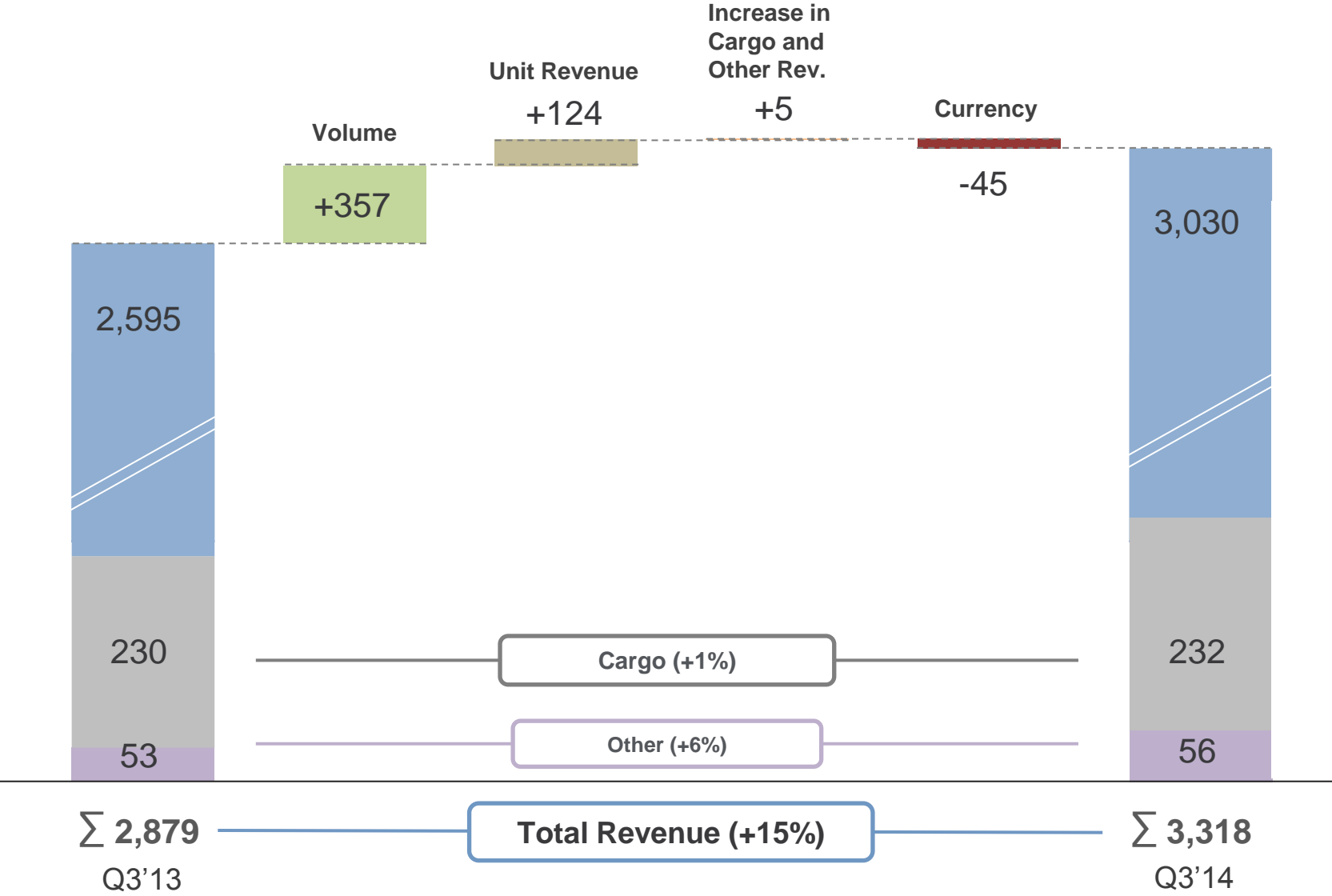
Key Financial Data

Q3'13	Q3'14	Change	(USD mn)	9M'13	9M'14	Change
2,879	3,318	15.3%	Revenue	7,410	8,540	15.3%
2,595	3,030	16.8%	Passenger Revenue	6,625	7,649	15.4%
439	536	22.1%	Operating Profit	645	641	-0.6%
487	597	22.7%	Adjusted EBIT	728	795	9.3%
352	635	80.4%	Net Income	420	723	71.9%
12.2%	19.1%	6.9 pt	Net Income Margin	5.7%	8.5%	2.8 pt
776	945	21.7%	EBITDAR	1,525	1,758	15.3%
27.0%	28.5%	1.5 pt	EBITDAR Margin	20.6%	20.6%	0.0 pt

(USD mn)	2013	9M'14	Change
Net Debt	4,204	4,145	-1.4%
Total Assets	11,902	13,826	16.2%

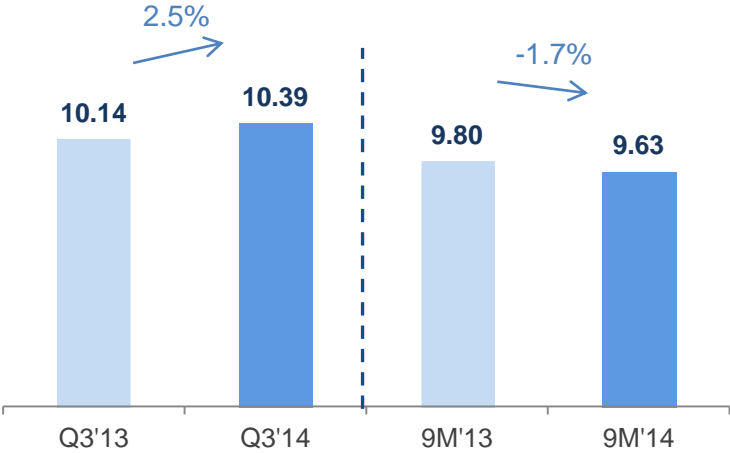
Revenue Development

(USD mn)

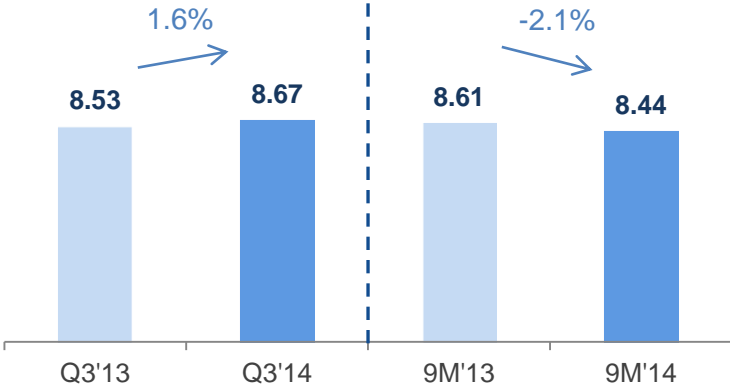


Scheduled Services Yield Development

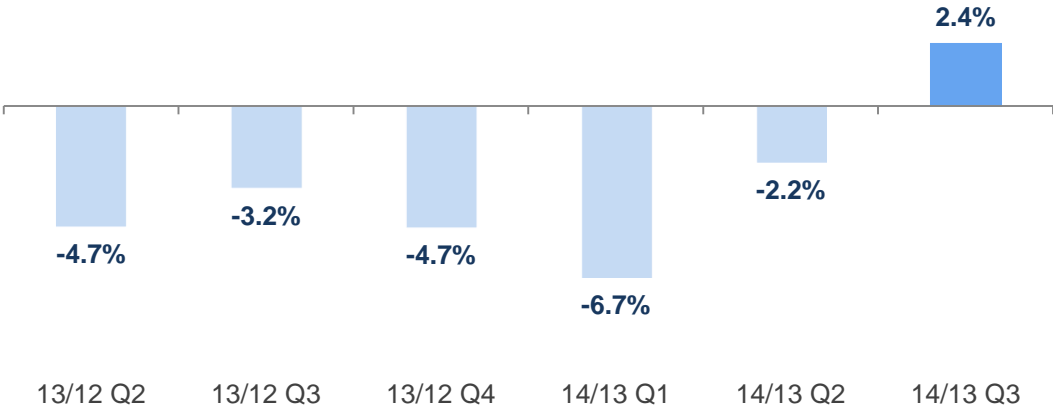
R/Y (USc)



RASK (USc)



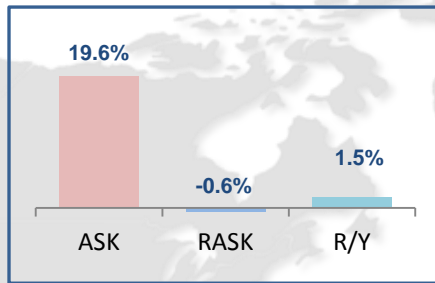
Quarterly Revenue Yield Change (in USc)



R/Y : Passenger Revenue/RPK
RASK : Total Revenue/ASK

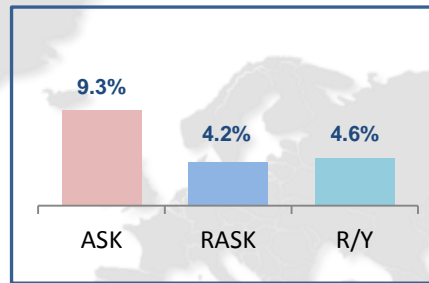
Regional Yield Development 3Q'14 vs 3Q'13

America



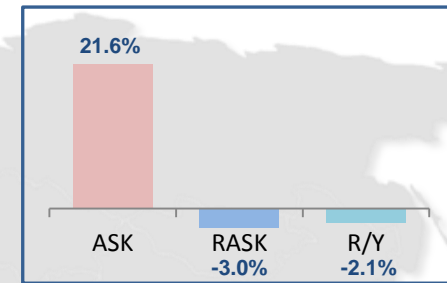
- 2 new routes (Boston & Montreal)
- Continued economical stress in Latin America
- 4Q yield expectation yoy : FLAT

Europe & CIS



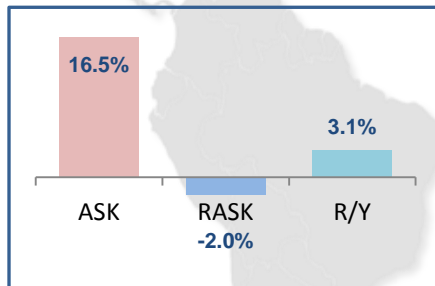
- Continued instability in Ukraine
- Simferopol and Donetsk suspended
- Increased capacity in Central Europe
- Lower transfer traffic to Iraq
- 4Q yield expectation yoy : FLAT

Far East



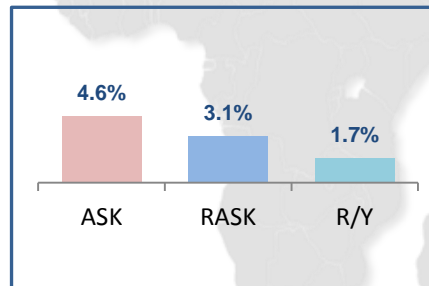
- Weak demand due to developments in Middle East, CIS and Africa
- High capacity increase
- 4Q yield expectation yoy : WEAK

Africa



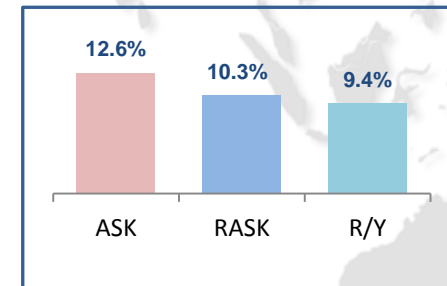
- 4 new routes + frequency increases
- Weak demand due to EBOLA : Lagos, Cotonou, Abidjan, Accra, Kinshasa
- Weak demand due to political instability Nairobi, Mombasa
- Tripoli, Benghazi, Misrata suspended
- 4Q yield expectation yoy : FLAT to Positive

Domestic



- Eastern Turkey traffic vulnerable to political instability of neighboring regions
- 4Q yield expectation yoy : Positive

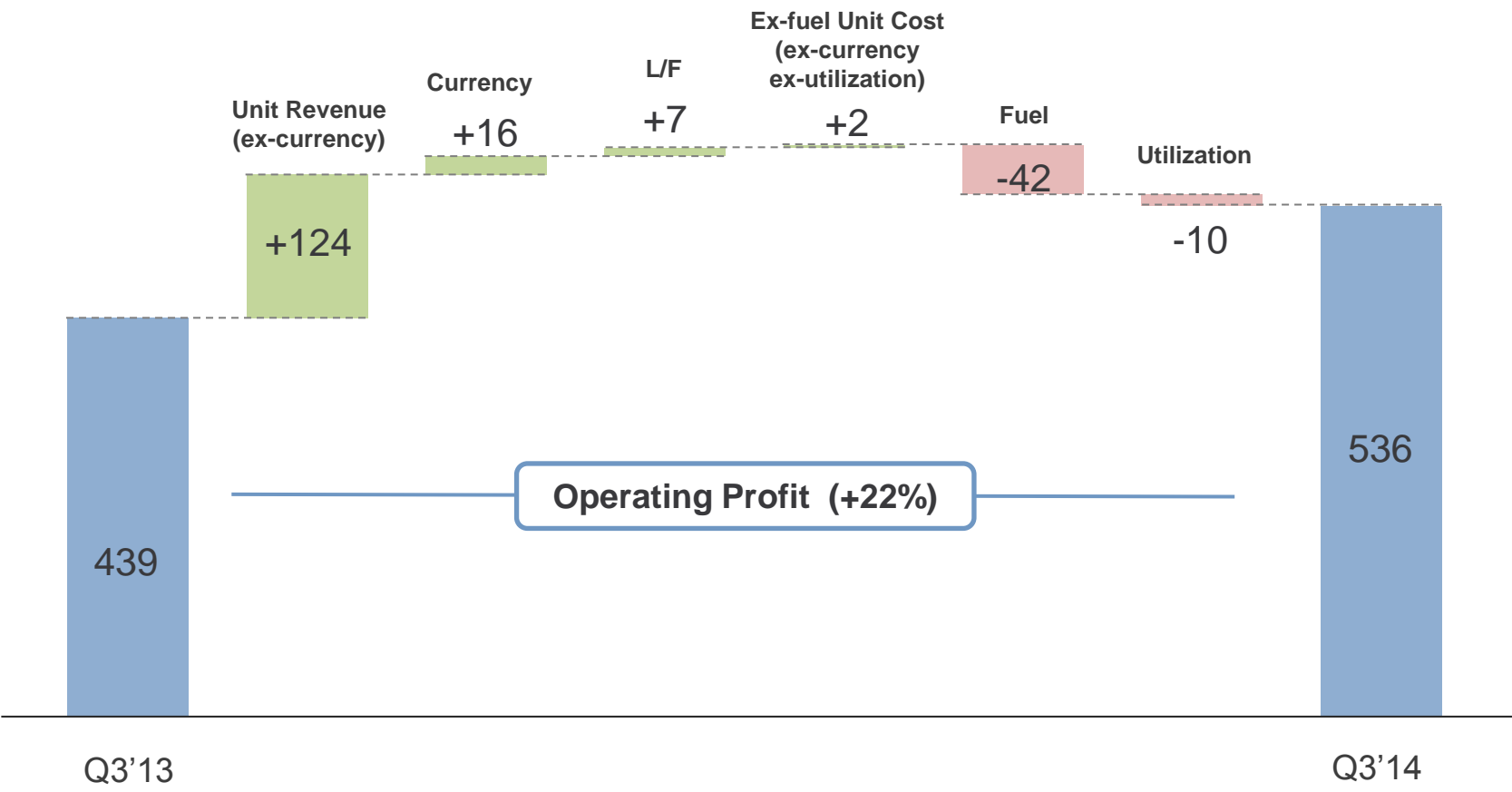
Middle East



- Increased political instability in Iraq
- Mosul suspended
- 4Q yield expectation yoy : FLAT

Operating Profit Bridge

(mn USD)



Operational Expense Breakdown

Q3'13	Q3'14	Change	(mn USD)	9M'13	9M'14	Change
925	1,063	14.9%	Fuel	2,527	2,948	16.7%
388	431	11.2%	Personnel	1,152	1,262	9.6%
305	352	15.7%	Aircraft Ownership	810	980	21.0%
220	252	14.6%	Airports & Air Navigation	589	716	21.5%
178	198	11.5%	Sales & Marketing	537	623	16.0%
148	165	11.0%	Ground Handling	410	468	14.2%
122	156	28.1%	Passenger Services & Catering	328	419	27.7%
87	89	3.2%	Maintenance	221	273	23.5%
18	20	8.1%	General Administration	60	65	8.5%
50	56	11.1%	Other Cost of Sales	132	146	11.0%
2,440	2,782	14.0%	TOTAL	6,764	7,899	16.8%

ASK Growth: %14.0

ASK Growth: %17.4

CASK Breakdown

Q3'13	Q3'14	Change	(USc)	9M'13	9M'14	Change
2.89	2.91	0.8%	Fuel	2.93	2.91	-0.6%
1.21	1.18	-2.5%	Personnel	1.34	1.25	-6.7%
0.95	0.96	1.4%	Aircraft Ownership	0.94	0.97	3.0%
0.68	0.69	0.5%	Airports & Air Navigation	0.68	0.71	3.5%
0.55	0.54	-2.2%	Sales & Marketing	0.62	0.62	-1.2%
0.46	0.45	-2.7%	Ground Handling	0.48	0.46	-2.7%
0.38	0.43	12.4%	Passenger Services & Catering	0.38	0.41	8.8%
0.27	0.24	-9.5%	Maintenance	0.26	0.27	5.2%
0.06	0.05	-5.2%	General Administration	0.07	0.06	-7.6%
0.16	0.15	-2.6%	Other Cost of Sales	0.15	0.14	-5.5%
7.61	7.61	0.0%	TOTAL	7.85	7.81	-0.5%

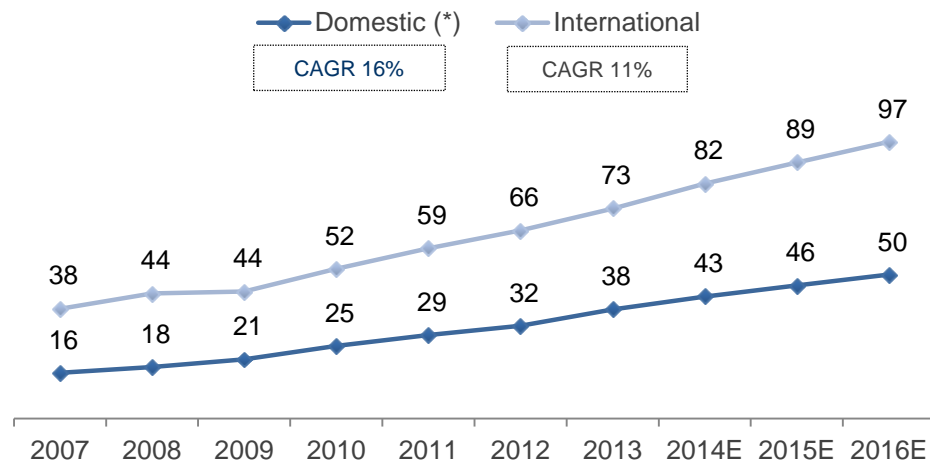
TURKISH AIRLINES

January-September 2014 Results



Aviation Market & Economy

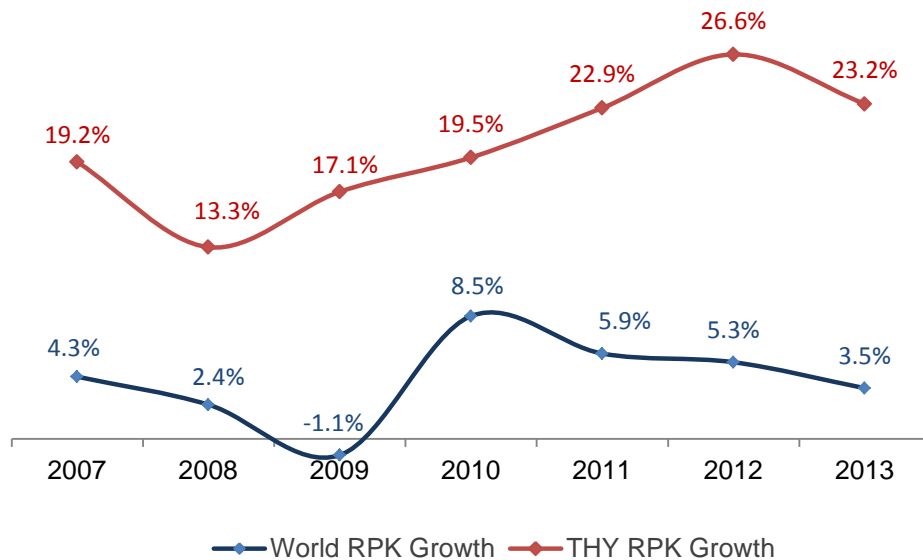
Turkish Market Growth (mn pax)



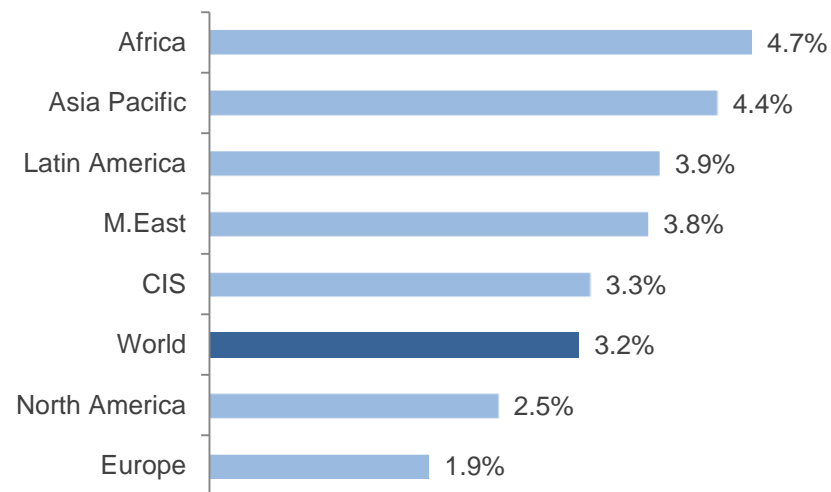
Source: General Directorate of State Airports Authority (DHMI)

(*): Adjusted for double count on Domestic Pax

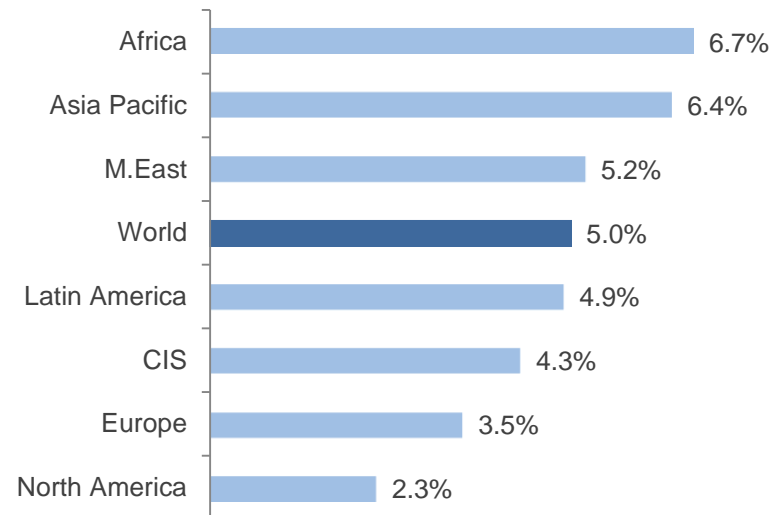
RPK Growth %



Annual GDP Growth Forecast (2013-2033)



Annual RPK Growth Forecast (2013-2033)

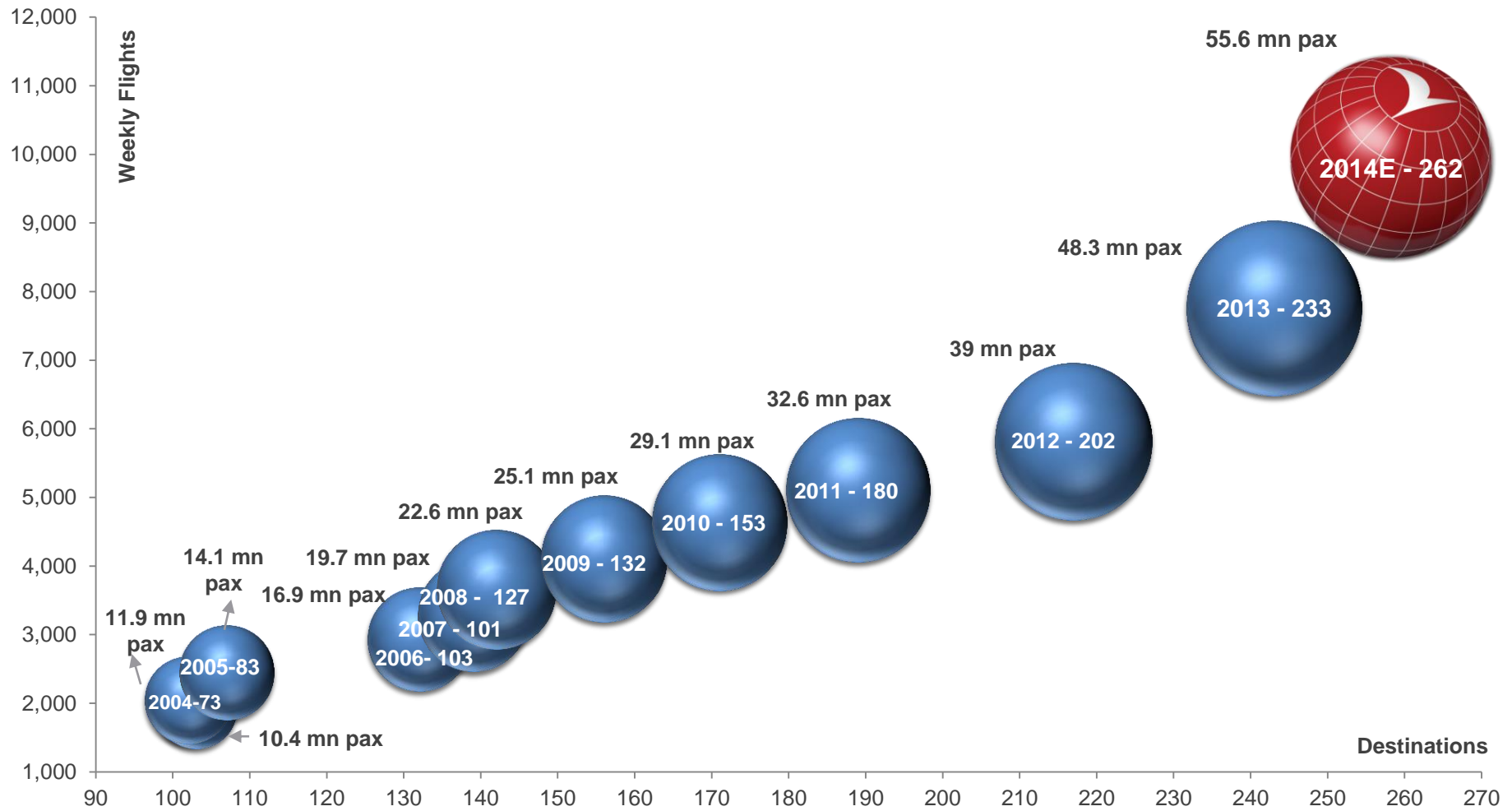


Source: Boeing Current Market Outlook

WIDEN YOUR WORLD



Turkish Airlines Diagonal Growth



Destinations: 217* International, 43 Domestic Lines in 108 Countries

AMERICAS (10)		EUROPE (101)				FAR EAST (31)		
BOSTON (7)	TORONTO (6)	AALBORG (3)	DUSSELDORF (35)	MILAN (35)	SOFIA (14)	ALMATY (10)	JAKARTA (7)	SEOUL (11)
BUENOS AIRES (7)	WASHINGTON D.C. (7)	AMSTERDAM (35)	EDINBURGH (9)	MINSK (4)	STAVROPOL (3)	ASHKHBAD (14)	KABUL (7)	SINGAPORE (7)
CHICAGO (7)	ATLANTA	ASTRAKHAN (4)	EKATERINBURG (4)	MOSCOW (42)	STOCKHOLM (21)	ASTANA (5)	KARACHI (7)	TASHKENT (7)
HOUSTON (7)	BOGOTA	ATHENS (21)	FRIEDRICHSHAFEN (5)	MUNICH (35)	ST.PETERSBURG (7)	BANGKOK (11)	KATHMANDU (7)	TOKYO (14)
LOS ANGELES (7)	CARACAS	BAKU (28)	FRANKFURT (38)	MUNSTER (4)	STUTTGART (26)	BEIJING (7)	KUALA LUMPUR (7)	ULANBATOR (3)
MONTREAL (3)	HAVANA	BARCELONA (21)	GANJA (6)	NAKHICHEVAN (3)	TALLINN (6)	BISHKEK (15)	MALE (5)	LENKERAN
NEW YORK (21)	MEXICO CITY	BASEL (11)	GENEVA (21)	NAPOLI (7)	TBILISI (28)	COLOMBO (5)	MEZAR-I SHERIF (3)	MANILA
SAO PAULO (7)	SAN FRANCISCO	BATUMI (10)	GENOA (7)	NICE (11)	THESALONIKI (14)	DHAKA (6)	MUMBAI (7)	
AFRICA (42)		BELGRADE (14)	GOTHENBURG (14)	NOVOSIBIRSK (3)	TIRANA (14)	DUSHANBE (2)	NEW DELHI (7)	
ABIDJAN (4)	LAGOS (7)	BERLIN (35)	HAMBURG (28)	NURNBERG (18)	TORINO (7)	GUANGZHOU (7)	LAHORE (3)	
ACCRA (7)	LIBREVILLE (3)	BILBAO (7)	HANNOVER (17)	ODESSA (11)	TOULOUSE (7)	HO-CHI-MINH (7)	OSAKA (7)	
ADDIS ABABA (7)	MISRATA (7)	BILLUND (5)	HELSINKI (14)	OSLO (14)	UFA (5)	HONG KONG (6)	OSH (4)	
ALEXANDRIA (7)	MOGADISHU (4)	BIRMINGHAM (10)	KAZAN (7)	PARIS (35)	WARSAW (5)	ISLAMABAD (4)	SHANGHAI (7)	
ALGIERS (18)	MOMBASA (7)	BOLOGNA (14)	KIEV (16)	PISA (4)	VALENCIA (7)	MIDDLE EAST (33)		
ASMARA (3)	NAIROBI (7)	BORDEAUX (4)	LEFKOSA (49)	PODGORICA (7)	VENICE (21)	ABU DHABI (6)	ERBIL(11)	TABRIZ (7)
BATNA (2)	NDJAMENA (4)	BREMEN (7)	LEIPZIG (7)	PRAG (14)	VIENNA (35)	ADEN (6)	ESFEHAN (4)	TAIF (3)
BENGHAZI (14)	NIAMEY (5)	BRUSSELS (37)	LISBON (10)	PRISTINA (14)	VILNIUS (6)	ALEPPO	JEDDAH (21)	TEHRAN (35)
CAIRO (21)	NOUAKCHOTT (6)	BUCHAREST (21)	LJUBLJANA (7)	RIGA (7)	ZAGREB (14)	AMMAN (14)	KERMANSHAH (4)	TEL AVIV (56)
CAPETOWN (7)	ORAN (4)	BUDAPEST (21)	LONDON (59)	ROME (25)	ZURICH (28)	AQABA (3)	KUWAIT (35)	YANBU (5)
CASABLANCA (7)	OUAGADOUGOU (5)	CATANIA (4)	LUXEMBOURG (7)	ROSTOV (4)	VARNA (7)	BAGHDAD (11)	MADINAH (14)	ABHA
CONSTANTINE (3)	SEBHA	CHISINAU (7)	LVIV (3)	ROTTERDAM (5)	BADEN-BADEN	BAHRAIN (7)	MASHAD (5)	AHVAZ
COTONOU (4)	SHARM EL SHEIHK (5)	COLOGNE (21)	LYON (14)	SANTIAGO DE COMPOSTELA(7)	BARI	BASRA (7)	MOSUL (4)	
DAKAR (6)	TLEMCEN (2)	CONSTANTA (3)	MADRID (21)	SALZBURG (7)	KASSEL	BEIRUT (21)	MUSCAT (7)	
DAR ES SALAAM (7)	TRIPOLI (21)	COPENHAGEN (21)	MALAGA (10)	SARAJEVO (21)	KHARKIV	DAMASCUS	NAJAF (5)	
DJIBOUTI (4)	TUNIS (14)	DONETSK (14)	MALTA (7)	SIMFEROPOL (14)	KHERSON	DAMMAM (7)	RIYADH (16)	
DOUALA (7)	YAOUNDE (4)	DNEPROPETROVSK (5)	MANCHESTER (14)	SKOPJE (14)	KRAKOV	DOHA (12)	SANAA (6)	
ENTEBBE(7)	ABUJA	DUBLIN (12)	MARSEILLE (7)	SOCHI (4)	LA CORUNA	DUBAI (14)	SHIRAZ (7)	
HURGADA (4)	ASWAN				NANTES	EL-KASIM (4)	SULAYMANIYAH (5)	
JOHANNESBURG(7)	BAMAKO							
KANO (4)	CONAKRY							
KIGALI (7)	JUBA							
KINSHASA (5)	LUXOR							
KHARTOUM (7)	LUANDA							
KILIMANJARO (7)								
		43 DOMESTIC LINES						

* As of 30.09.2014

Planned (Weekly Frequency from all airports)

Geographical Advantage

Narrow Body Range capability to and from Istanbul

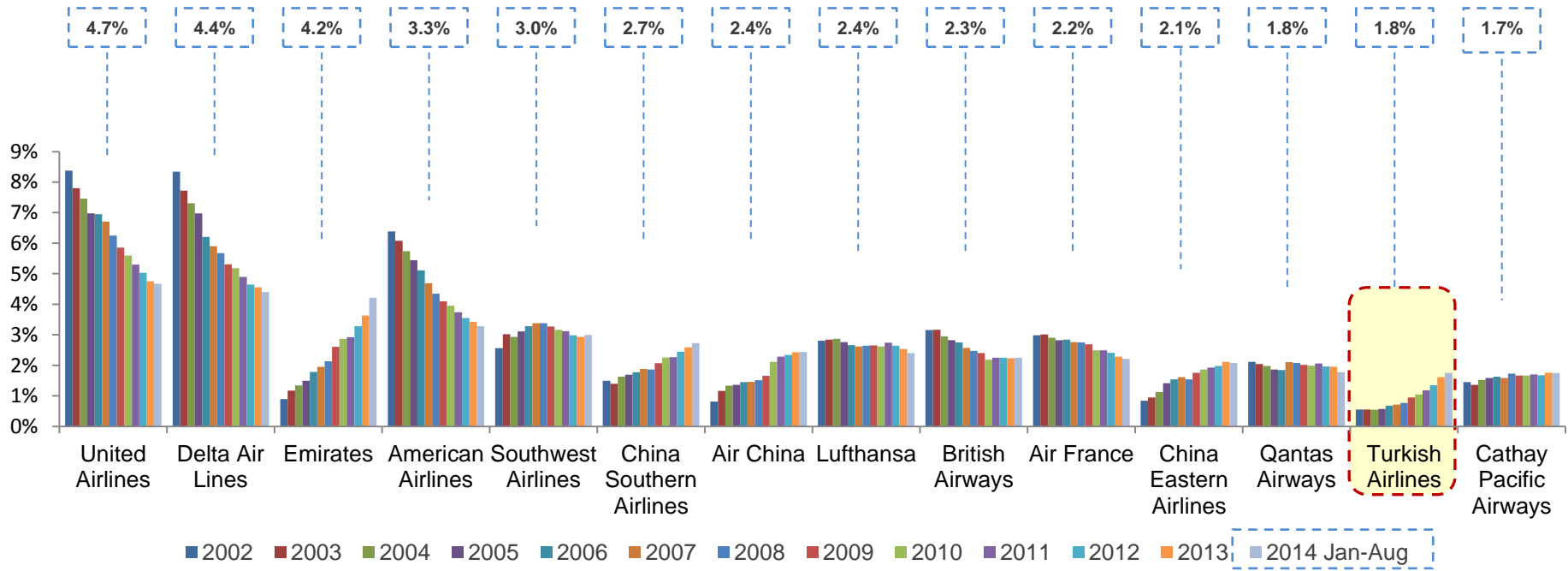
With full passenger payload

- ✓ 186 out of 217 international destinations
- ✓ More than 40% of world-wide international traffic
- ✓ Over 55 national capitals
- ✓ All of Europe, Middle East, Central Asia and North and East Africa

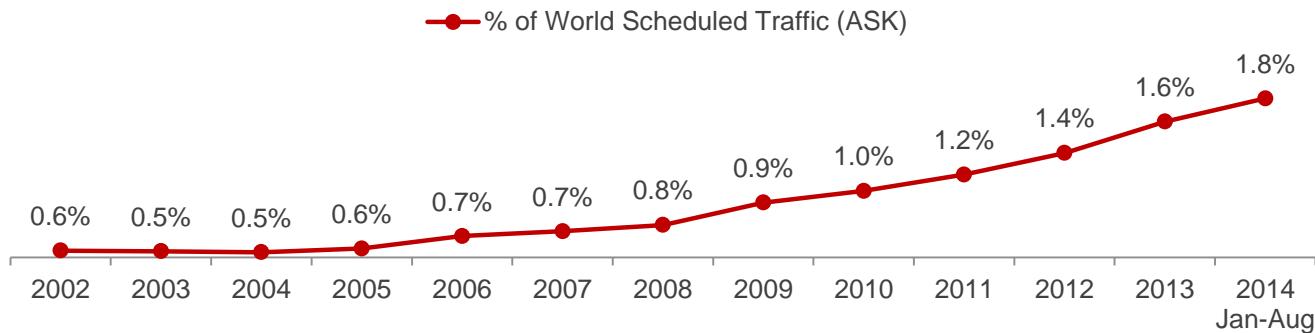


Global Market Share Gains

Global Market Share Trends (in ASK)



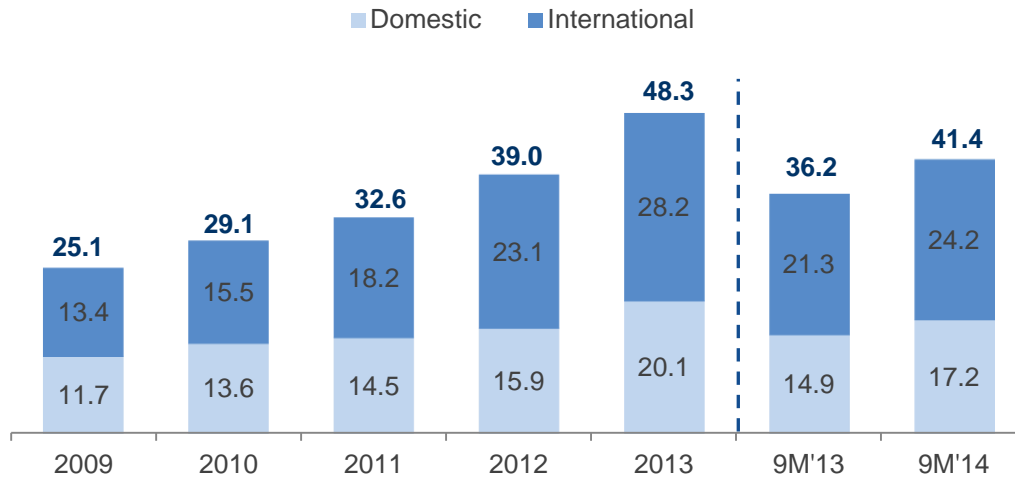
Turkish Airlines Market Share Development



Source: 2002 ICAO, 2003-2014 IATA, sorted by January-August ASK values

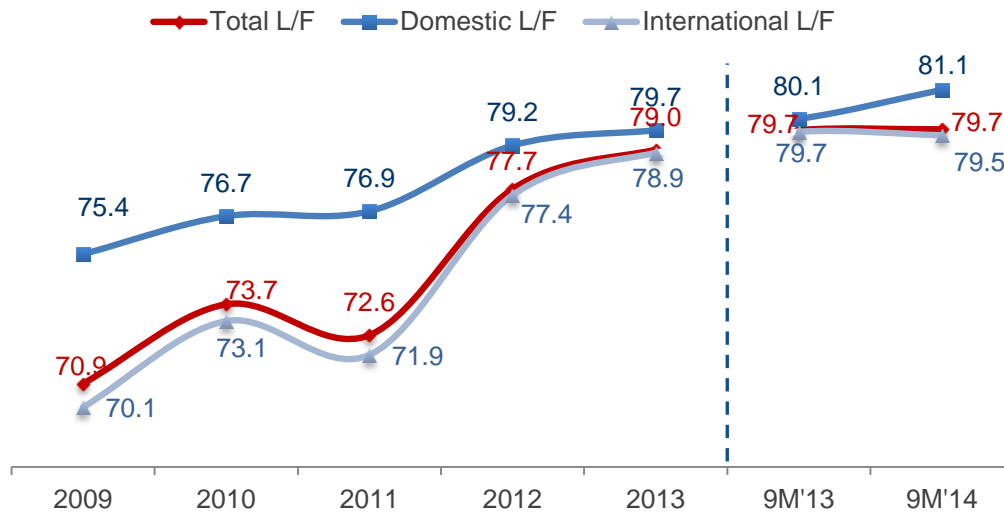
Passenger Traffic

Total Passengers (Mn)



THY Passenger Traffic 9M'13 vs 9M'14		
Landing	up by	13,5%
ASK	up by	17,4%
RPK	up by	17,4%
Passenger	up by	14,3%
L/F	unchanged	0.0 pt

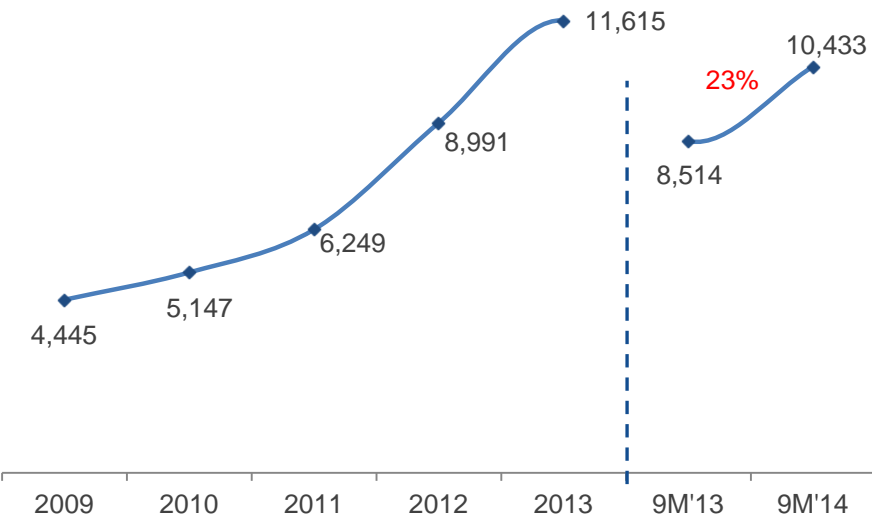
Load Factor (L/F %)



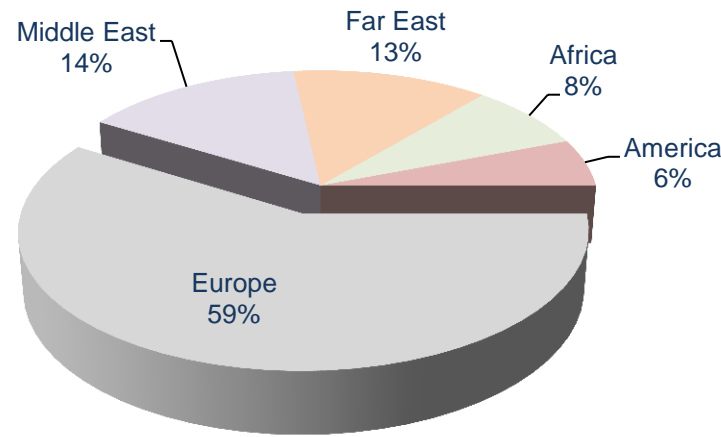
	ANNUAL CHANGE (%)				
	2009	2010	2011	2012	2013
ASK	22%	15%	25%	18%	21%
RPK	17%	19%	23%	27%	23%
PAX	11%	16%	12%	20%	24%
L/F (Pt)	-3.0	2.8	-1.1	5.1	1.4

Passenger Breakdown (9M'14)

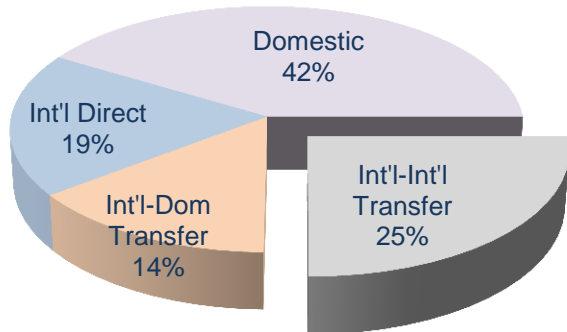
Int'l to Int'l Transfer Passengers ('000)



Int'l. Passenger Breakdown by Geography

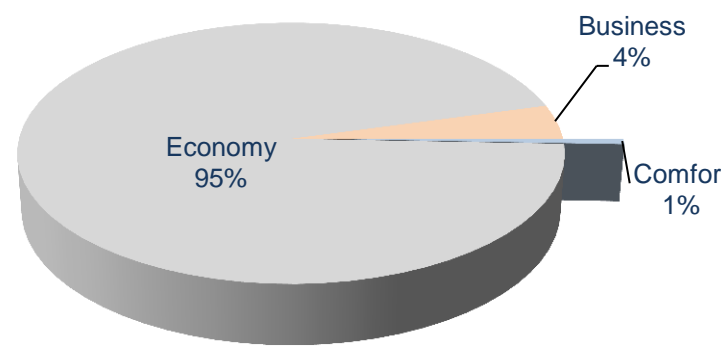


Passenger Breakdown by Transfer Type



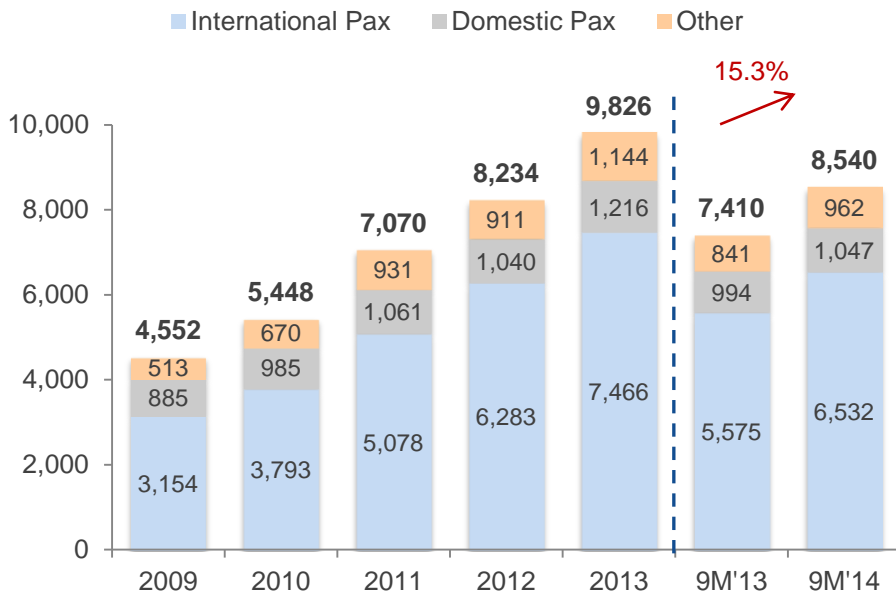
Int'l to int'l transfer passengers' share in total international passengers is 43%

Passenger Breakdown by Cabin Class



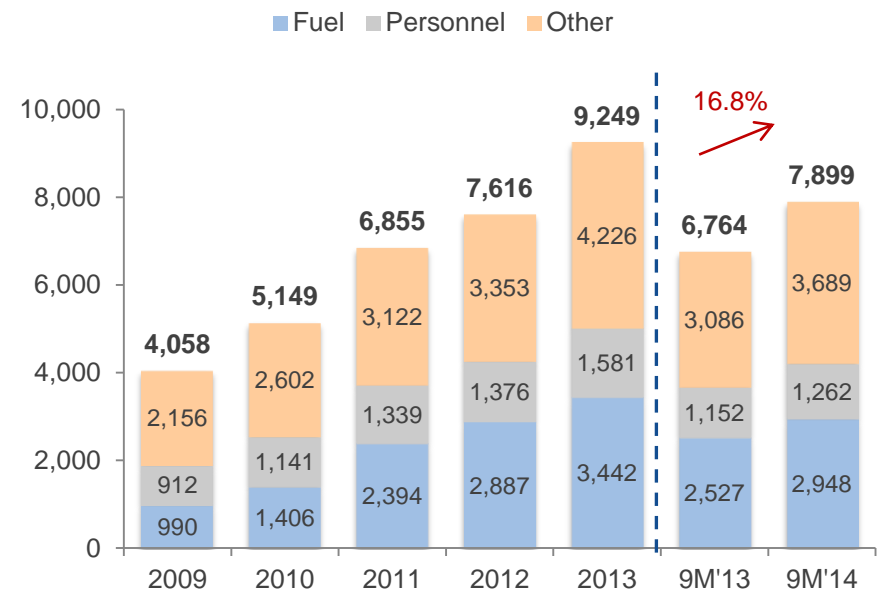
Total Revenue and Expenses

Revenue (Mn\$)



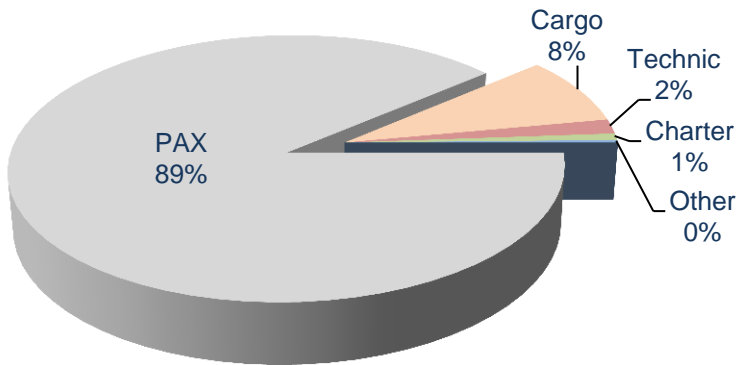
* Other revenue includes cargo, charter and other revenue

Expenses (Mn\$)

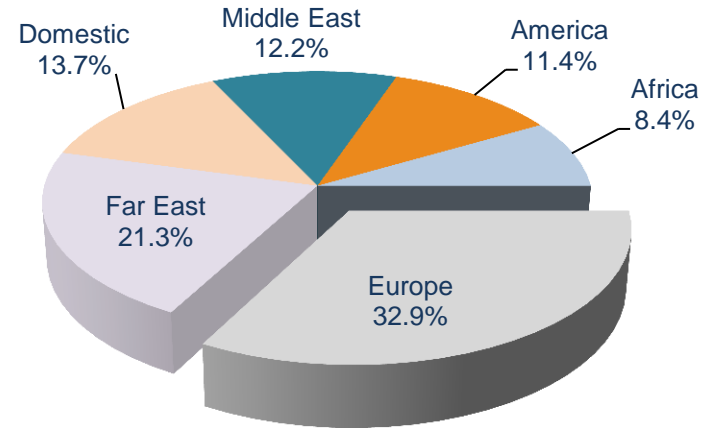


Revenue Breakdown (9M'14)

Revenue by Business Type

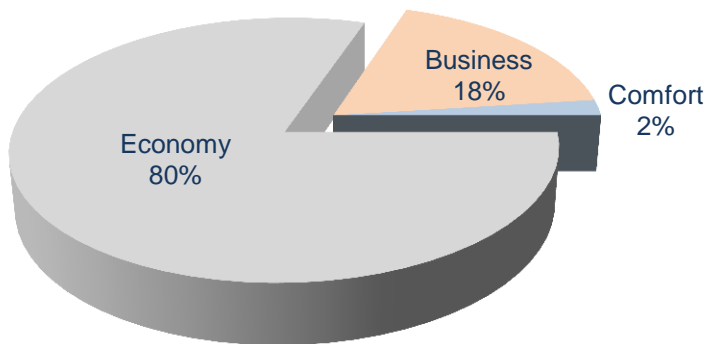


Revenue * by Geography

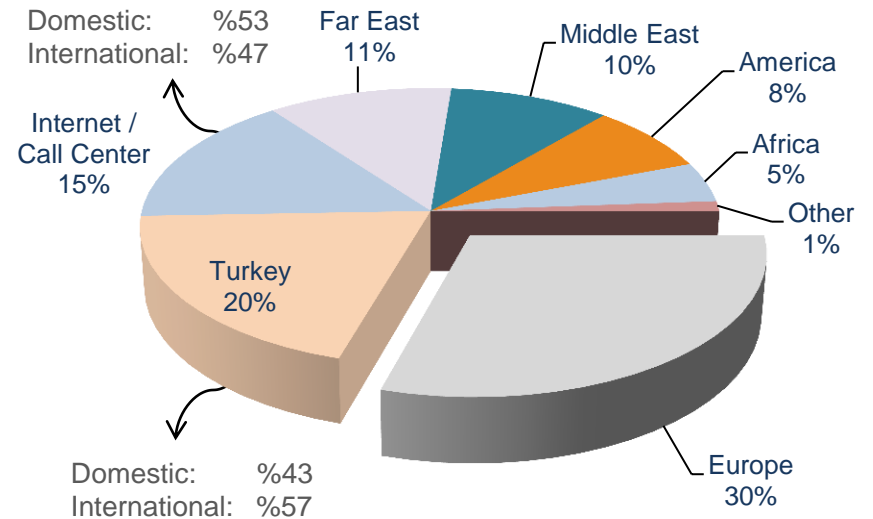


* Includes passenger and cargo revenue

Revenue by Passenger Class



Revenue by Point of Sale

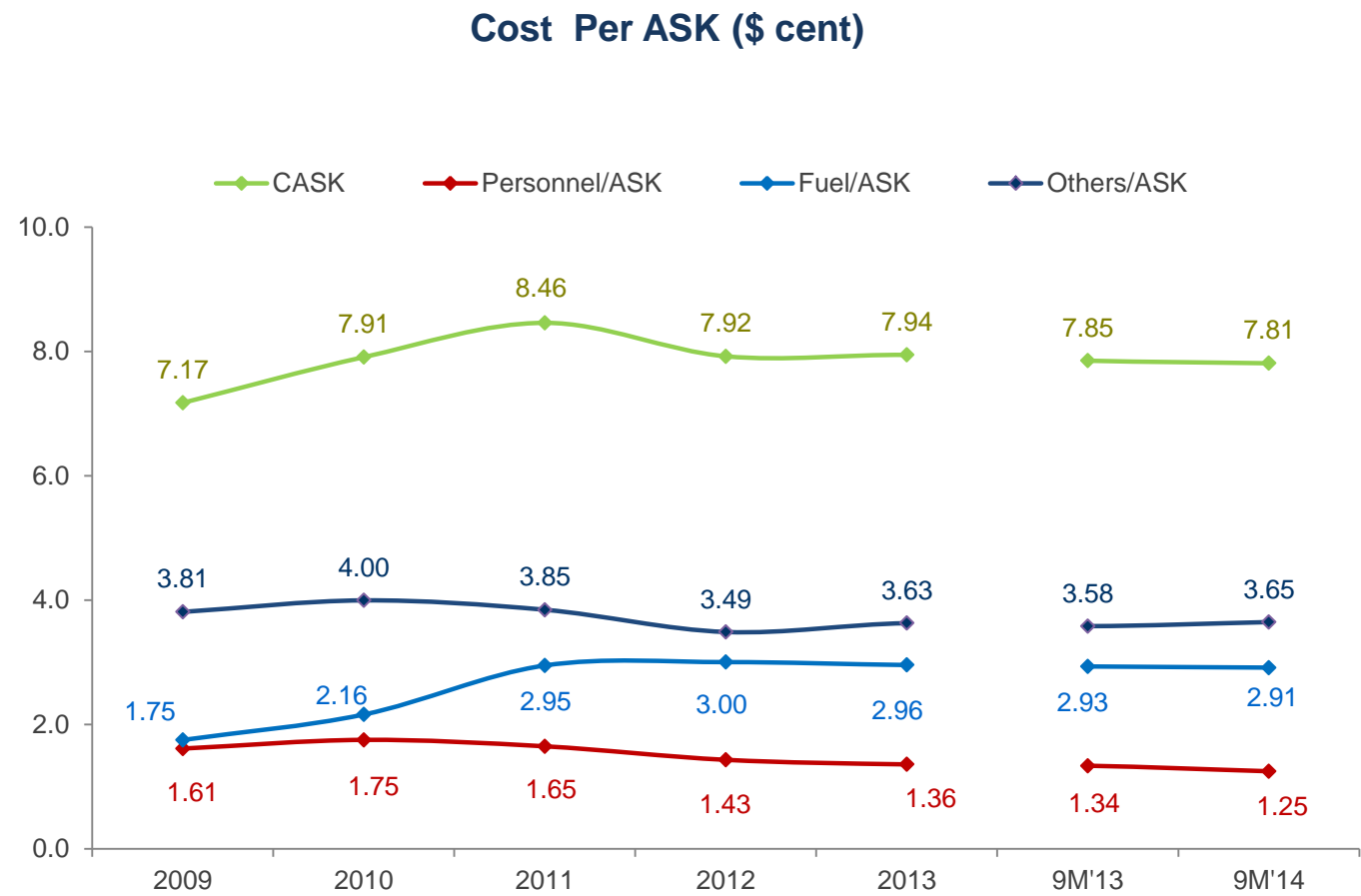


* Includes only scheduled passenger revenue

Operational Expense Breakdown

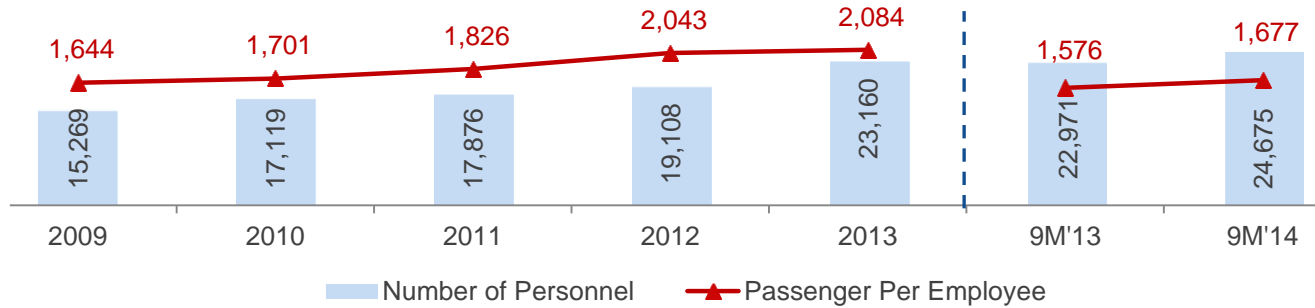
(mn USD)	9M'13	% in Total	9M'14	% in Total	YoY Change
Fuel	2,527	37.4%	2,948	37.3%	16.7%
Personnel	1,152	17.0%	1,262	16.0%	9.6%
Landing, Navigation & Air Traffic	589	8.7%	716	9.1%	21.5%
Landing and navigation	259	3.8%	311	3.9%	20.0%
Air Traffic Control	330	4.9%	405	5.1%	22.7%
Sales & Marketing	537	7.9%	623	7.9%	16.0%
Commissions and Incentives	251	3.7%	276	3.5%	10.2%
Reservation System	154	2.3%	169	2.1%	9.9%
Advertising	72	1.1%	103	1.3%	42.9%
Other	60	0.9%	74	0.9%	23.9%
Depreciation	483	7.1%	548	6.9%	13.5%
Ground Handling	410	6.1%	468	5.9%	14.2%
Aircraft Rent	327	4.8%	431	5.5%	32.1%
Operational Lease	113	1.7%	122	1.5%	8.0%
Wet Lease	214	3.2%	309	3.9%	44.8%
Passenger Services & Catering	328	4.8%	419	5.3%	27.7%
Maintenance	221	3.3%	273	3.5%	23.5%
General Administration	60	0.9%	65	0.8%	8.5%
Other	132	1.9%	146	1.9%	11.0%
TOTAL	6,764	100%	7,899	100%	16.8%
Operating Cost per ASK (USc)	7.85	-	7.81	-	-1%
Ex-fuel Operating Cost per ASK (USc)	4.92	-	4.90	-	0%

Unit Operating Costs



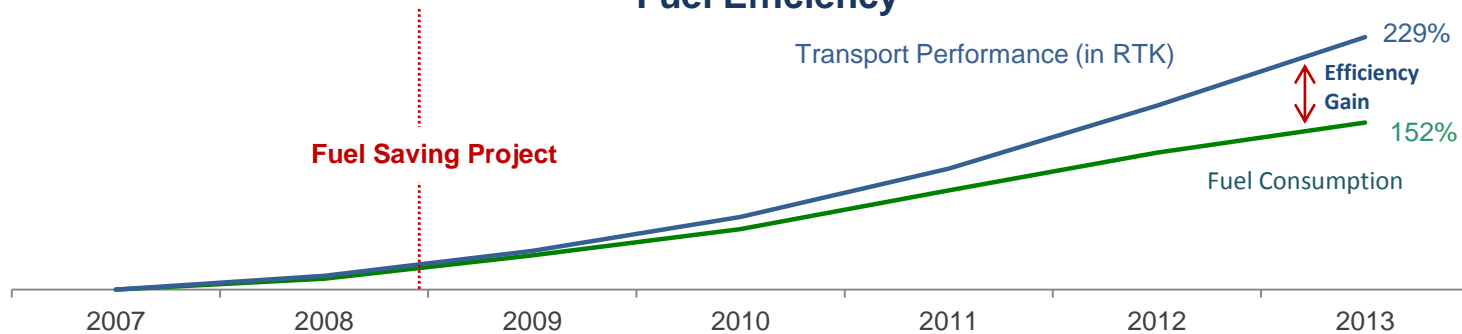
Operating Efficiency

Personnel Efficiency

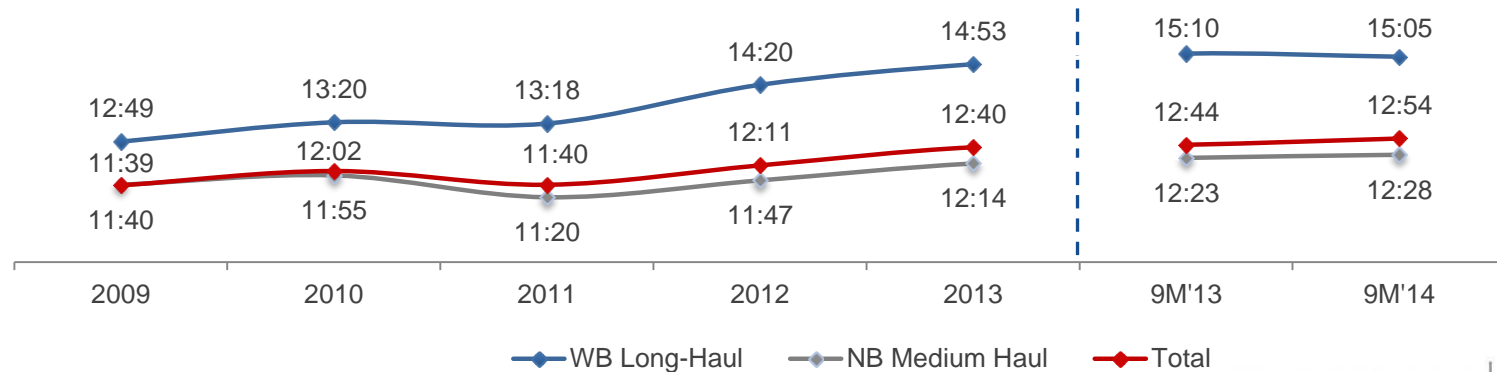


* THY Technic, THY Habom and THY Aydın Çıldır Personnel is included.

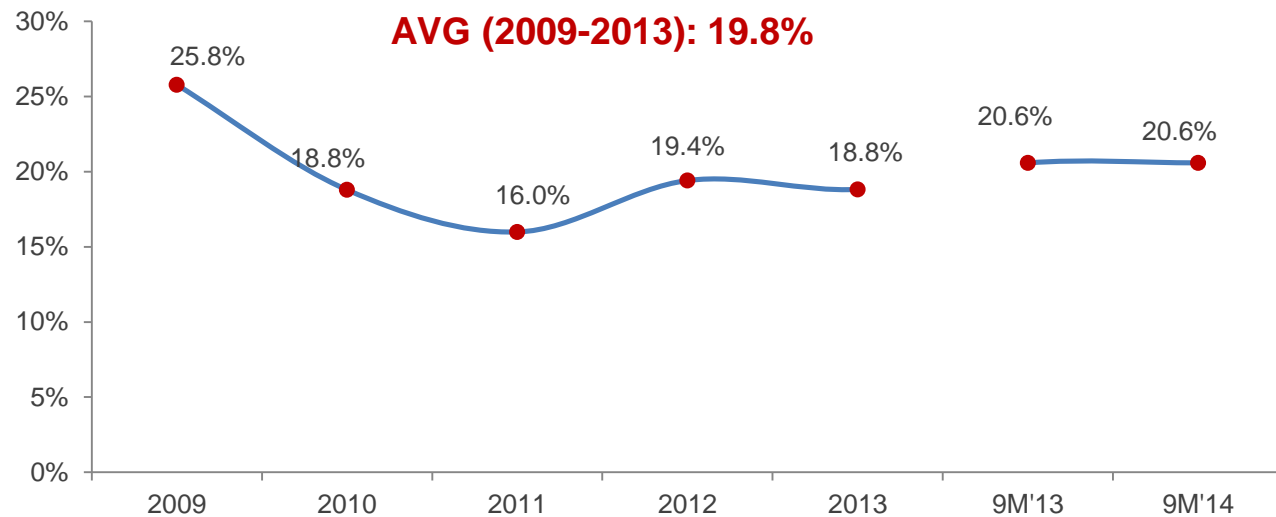
Fuel Efficiency



Average Daily Flight Utilization (hrs)



EBITDAR Margin

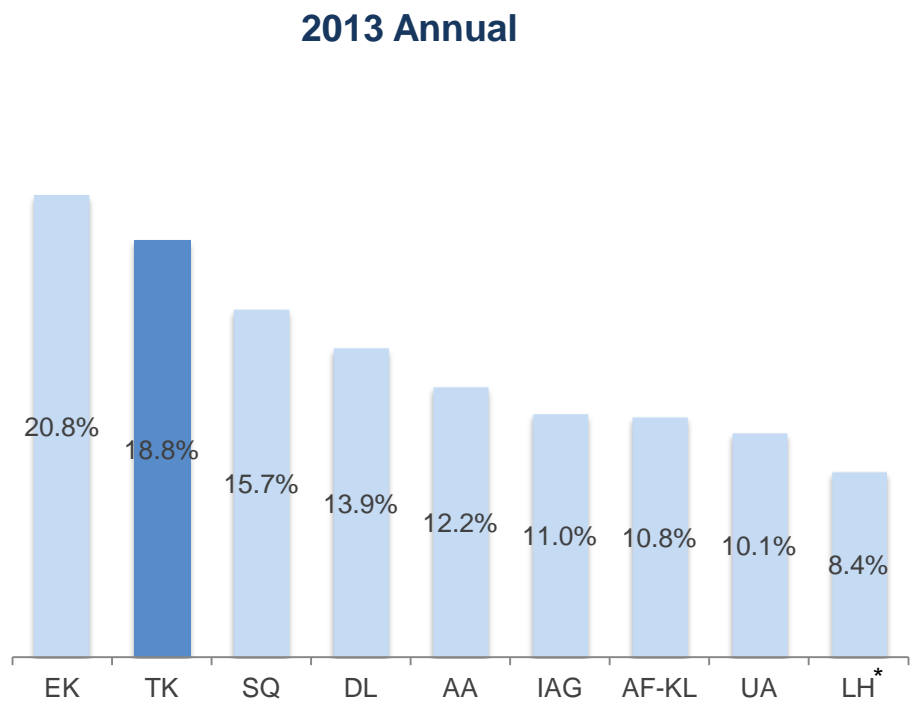


(mn USD)	2009	2010	2011	2012	2013	9M'13	9M'14	YoY Change
Revenue	4,552	5,448	7,070	8,234	9,826	7,410	8,540	15.3%
Net Income	362	185	11	657	357	420	723	71.9%
Net Income Margin	7.9%	3.4%	0.2%	8.0%	3.6%	5.7%	8.5%	2.8 pt
Adjusted EBIT	530	262	277	687	762	728	795	9.3%
Adjusted EBIT Margin	11.6%	4.8%	3.9%	8.3%	7.8%	9.8%	9.3%	-0.5 pt
EBITDAR	1,173	1,024	1,130	1,598	1,849	1,525	1,758	15.3%
EBITDAR Margin	25.8%	18.8%	16.0%	19.4%	18.8%	20.6%	20.6%	0.0 pt

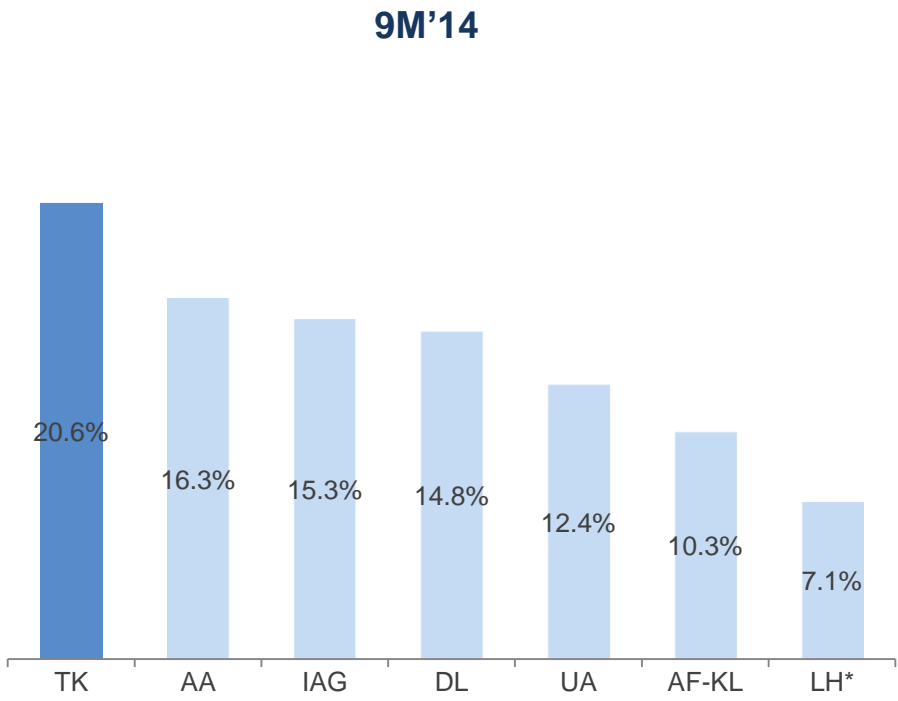
Peer Group vs Turkish Airlines Profitability

EBITDAR Margin % Comparison

2013 Annual



9M'14

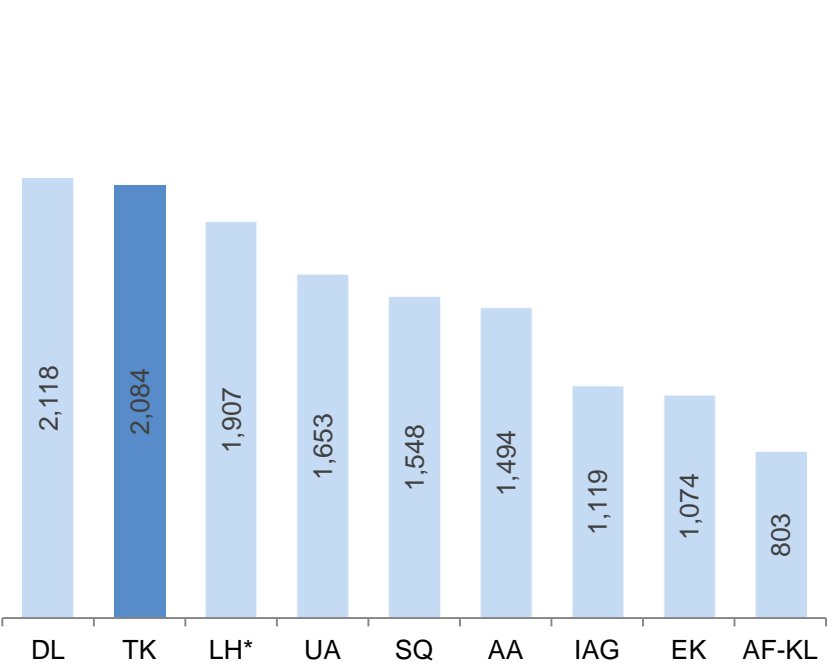


* Lufthansa Passenger Airlines. Others based on Group financials.

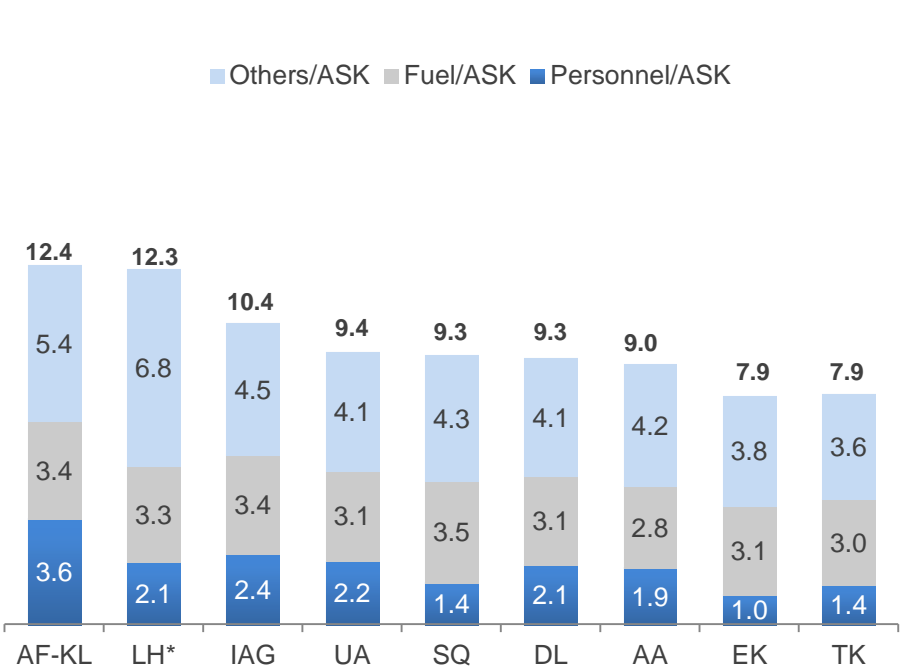
Source: Calculated based on public company reports.

Peer Group vs Turkish Airlines Efficiency

PAX Per Personnel (2013)



Cost Per ASK (\$ Cent) 2013



* Lufthansa Passenger Airlines. Others based on Group financials.

Source: Calculated based on public company reports.

Current Fleet

30.09.2014	Type	Total	Owned	Financial Lease	Opr./ Wet Lease	Seat Capacity	Average Fleet Age	Year End Fleet*							
								2014	2015	2016	2017	2018	2019	2020	2021
Wide Body	A330-200	16		5	11	3,859	8.1	16	16	16	14	14	13	10	10
	A330-300	17		17		4,913	2.3	18	25	30	30	30	30	30	30
	A340-300	5	5			1,533	17.3	5	4	4	4	4	4	4	4
	B777-3ER	15		15		5,091	2.9	16	23	29	32	32	32	32	32
	Wet Lease	3			3	936	7.3	0	0	0	0	0	0	0	0
	Total	56	5	37	14	16,332	5.7	55	68	79	80	80	79	76	76
Narrow Body	B737-900ER	10		10		1,510	2.3	10	15	15	15	15	15	15	15
	B737-9 MAX							0	0	0	0	0	5	10	10
	B737-800	60	17	33	10	9,520	7.5	68	68	88	87	78	78	78	78
	B737-800 WL	28	8		20	5,090	12.3	20	19	17	17	15	15	5	5
	B737-8 MAX							0	0	0	0	20	30	55	65
	B737-700	3			3	372	8.8	3	3	1	1	1	1	0	0
	B737-700 WL	9			9	1,341	8.3	8	0	0	0	0	0	0	0
	A320-200	33		12	21	5,222	7.8	33	30	30	23	19	12	12	12
	A321-200	43		39	4	7,872	4.3	43	56	66	68	68	68	66	64
	A320 NEO							0	0	4	4	4	4	4	4
	A321 NEO							0	0	0	4	31	56	88	88
	A319-100	14		6	8	1,848	6.5	14	14	14	11	9	8	6	6
	Total	200	25	100	75	32,775	7.3	199	205	235	230	260	292	339	347
Cargo	A310-300	2	2			-	26.3	2	2	2	2	2	2	2	2
	A330-200	5		5		-	2.6	5	5	5	5	5	5	5	5
	Wet Lease	2			2	-	12.6	1	0	0	0	0	0	0	0
	Total	9	2	5	2	-	10.1	8	7	7	7	7	7	7	7
GRAND TOTAL		265	32	142	91	49,107	7.0	262	280	321	317	347	378	422	430
Seat Capacity Change :								15%	11%	15%	0%	8%	8%	10%	1%

* After exit/delivery

Fleet Development

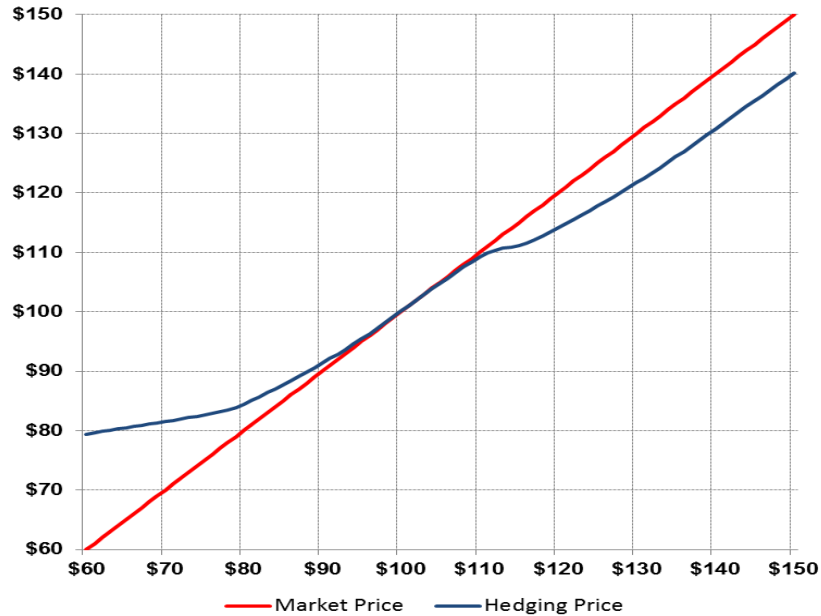
		2011-2021 Aircraft Purchases													
		Delivered*					To Be Delivered								
	Type	2011	2012	2013	2014	TOTAL	2014	2015	2016	2017	2018	2019	2020	2021	TOTAL
Wide Body	A330-300	3	3	2	5	13	1	7	5						13
	B777-3ER	7			3	10	1	7	6	3					17
	Total	10	3	2	8	23	2	14	11	3					30
Narrow Body	B737-900ER	2	7	1		10		5							5
	B737-9 MAX					0						5	5		10
	B737-800	2	2	6	10	20			20						20
	B737-8 MAX**					0					20	10	25	10	65
	A321	8	7	9		24		13	10	2					25
	A320 NEO					0			4						4
	A321 NEO***					0				4	27	25	32		88
	A319	6				6									0
	Total	18	16	16	10	60	0	18	34	6	47	40	62	10	217
Cargo	A330-200F	1	1	2		4									
	Total	1	1	2		4									
GRAND TOTAL		29	20	20	18	87	2	32	45	9	47	40	62	10	247

* As of 30.09.2014

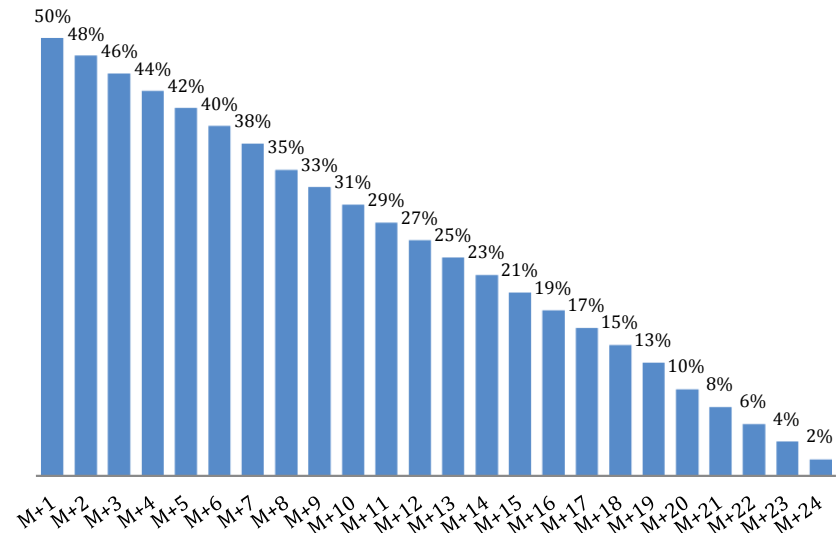
** Including 10 optional aircraft in 2021

*** Including 7 optional aircraft in 2018, 8 in 2019 and 20 in 2020

Hedging Fuel Price Risk



Turkish Airlines Fuel Hedging Rate

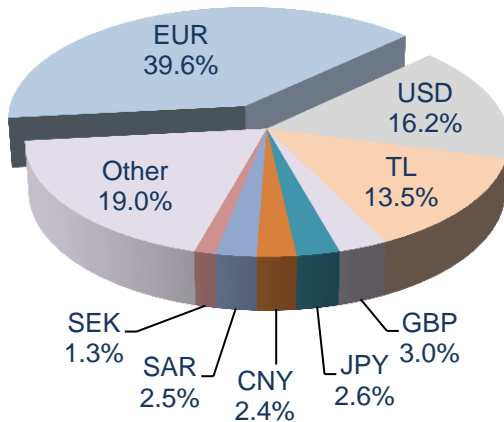


- Around 19 million barrels of hedged position on ICE BRENT as of September 30, 2014
- Current fuel hedging levels:
 - FY14: **43%**
 - FY15: **32%**

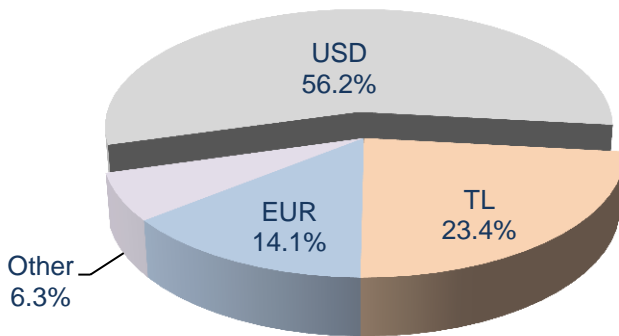
- Active Surcharge Policy : 50% of fuel cost is reflected to ticket prices
- Decreasing layered hedging strategy (24 months)
- Crude oil based swaps and options
- Aim to reach 50% of budgeted consumption

Hedging Currency Risk

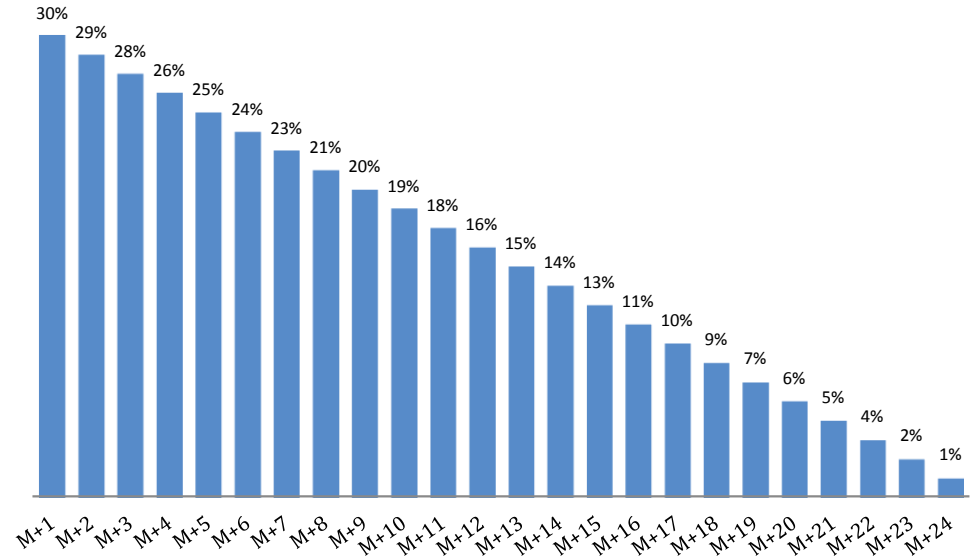
Revenue by Currency (9M'14)



Expenses by Currency (9M'14)



Hedging Policy – Currency Hedging Rate

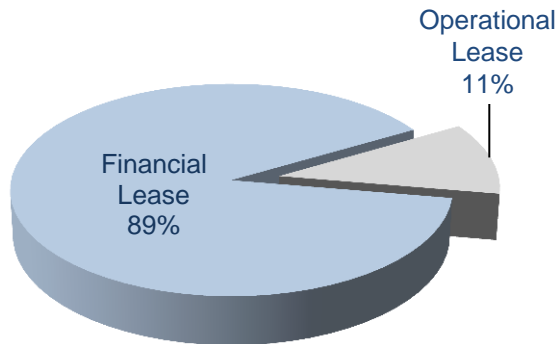


- Monthly gradually decreasing layered hedging strategy
- Sell EUR, Buy USD and TRY via forward contracts
- Each contract for 24-month period
- Target hedge levels: 30% for TRY, 25-35% for USD
- Flexible hedge strategy with respect to conditions

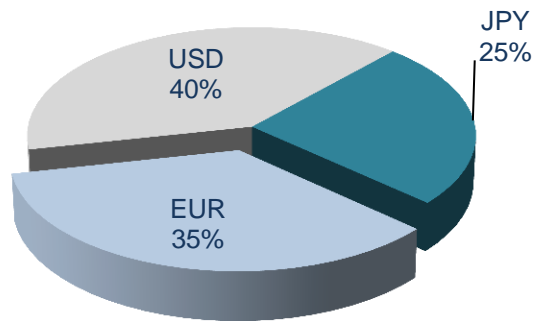
Debt Management and Aircraft Financing

As of 30.09.2014
Total Debt : 7.24 Bn USD
Weighted Average Interest Rate: 3.4%

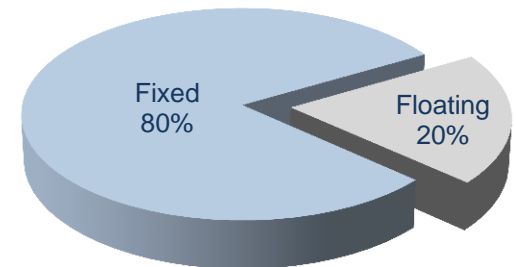
Lease Type



Currency Type



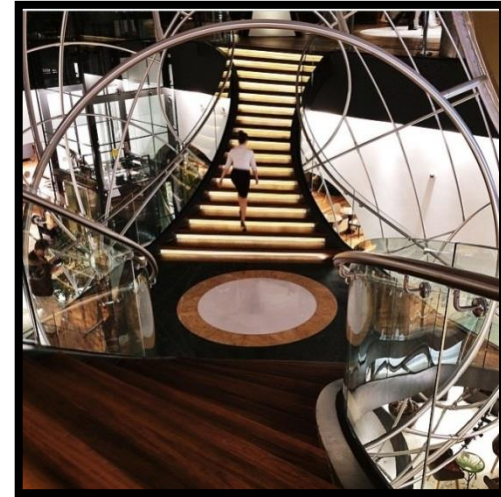
Interest Rate Type



The Best Airline in Europe in the last 4 years

Winner of 4 awards at the 2014 Skytrax World Airline Awards:

- › Best Airline Europe
- › Best Airline in Southern Europe
- › Best Business Class Lounge Dining
- › Best Business Class Onboard Catering





THANK YOU

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E-Mail: ir@thy.com

Balance Sheet

Assets (mn USD)	2009	2010	2011	2012	2013	9M'14
Cash and Equivalents	872	581	934	1,028	647	1,110
Trade Receivables	295	374	405	434	538	646
Other Current Assets	692	1,304	802	704	940	1,411
Total Current Assets	1,858	2,259	2,140	2,166	2,125	3,167
Net Fixed Assets	3,195	4,168	5,873	7,121	8,043	9,241
of which Aircraft and Engines	2,914	3,822	5,319	6,392	7,030	7,235
Other Non-Current Assets	638	462	672	1,236	1,734	1,418
Total Non-Current Assets	3,834	4,629	6,545	8,357	9,777	10,659
Total Assets	5,692	6,888	8,685	10,523	11,902	13,826

Liabilities (mn USD)	2009	2010	2011	2012	2013	9M'14
Lease Obligations	1,985	2,703	4,189	4,862	5,413	6,115
Passenger Flight Liabilities	390	436	677	936	1,201	1,424
Accounts Payable	371	476	461	510	680	752
Other Liabilities	659	850	976	1,183	1,346	1,489
Total Liabilities	3,404	4,464	6,303	7,491	8,640	9,780
Total Shareholders Equity	2,288	2,424	2,382	3,032	3,262	4,046
of which Issued Capital	581	647	635	673	647	606
of which Retained Earnings	572	827	723	779	1,017	1,252
of which differences from current translation	3	2	423	320	777	970
of which restatement effect on shareholder's equity	746	727	595	630	527	493
Total Liabilities & Shareholders Equity	5,692	6,888	8,685	10,523	11,902	13,826

Income Statement

mn USD	2009	2010	2011	2012	2013	9M'13	9M'14	YoY Change
Operating Revenue	4,552	5,448	7,070	8,234	9,826	7,410	8,540	15%
Operating Expenses (-)	4,058	5,149	6,855	7,616	9,249	6,764	7,899	17%
of which Fuel	990	1,406	2,394	2,887	3,442	2,527	2,948	17%
of which Personnel	912	1,141	1,339	1,376	1,581	1,152	1,262	10%
of which Depreciation	302	297	486	574	650	483	548	13%
of which Rent	249	305	252	243	448	327	431	32%
Operating Profit	494	299	215	618	577	645	641	-1%
Income From Other Operations	59	92	96	94	121	65	71	10%
Loss From Other Operations (-)	84	79	237	64	40	68	26	-62%
Profit from Operating Activities	468	312	73	648	657	642	687	7%
Income From Investment Activities (Net)	-	-	-	274	69	64	70	9%
Share of Investments' Profit (Loss)	8	24	6	3	55	50	67	34%
Financial Income	112	47	158	48	27	18	234	1231%
Financial Expense (-)	112	99	150	189	307	193	134	-31%
Profit Before Tax	477	237	87	785	502	578	892	54%
Tax (-)	115	51	76	128	145	158	169	7%
Net Profit	362	185	11	657	357	420	723	72%

EBITDAR Calculation

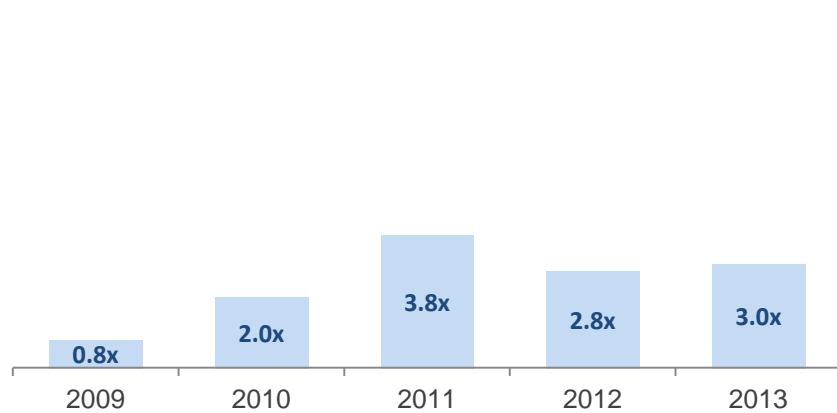
(mn USD)	9M'13	9M'14	YoY Change
Sales Revenue	7,410	8,540	15%
Cost of Sales (-)	5,856	6,859	17%
GROSS PROFIT/(LOSS)	1,554	1,681	8%
General Administrative Expenses (-)	176	201	15%
Marketing and Sales Expenses (-)	733	838	14%
Other Operating Income	65	71	10%
Other Operating Expense (-)	68	26	-62%
EBIT	642	687	7%
Adjustments	86	109	26%
Share of Investments' Loss Accounted by Using The Equity Method	50	67	34%
Income From Government Incentives	37	42	14%
Adjusted EBIT	728	795	9%
Cost of Sales_Depreciation	463	513	11%
General Administrative Expenses_Depreciation	16	31	95%
Marketing and Sales Expenses_Depreciation	5	5	8%
EBITDA	1,211	1,344	11%
Adjusted Operating Lease Expenses*	196	244	24%
Adjusted Short term Lease Expenses (Wet-lease)**	118	170	45%
EBITDAR	1,525	1,758	15%
EBITDAR MARGIN	20.6%	20.6%	0.0 pt

(*): Adjusted for A/C heavy maintenance

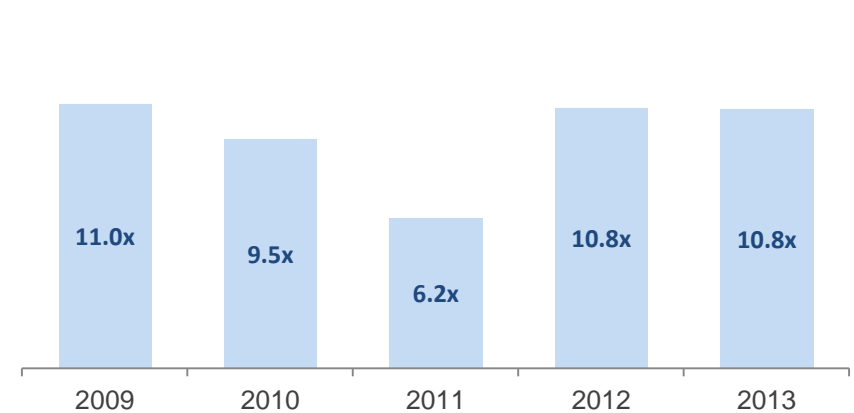
(**): Adjusted for A/C Rent and heavy maintenance portion (Aprox. 55%)

Financial Ratios as of 31 December 2013

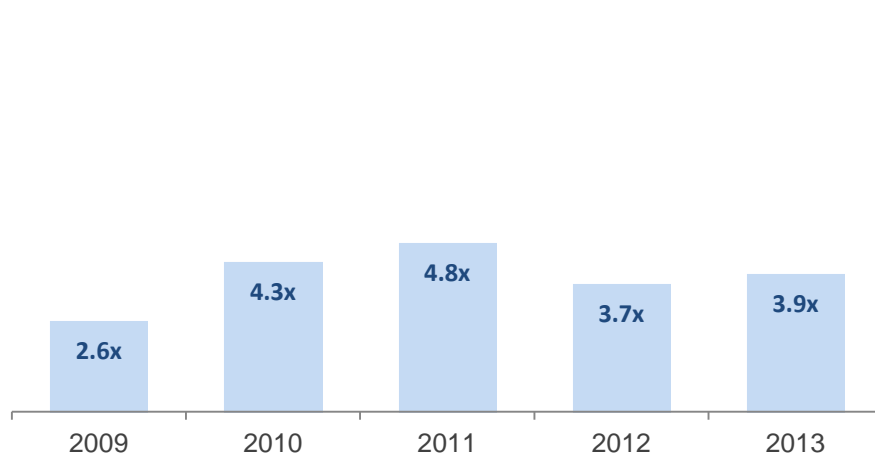
Net Debt / EBITDA



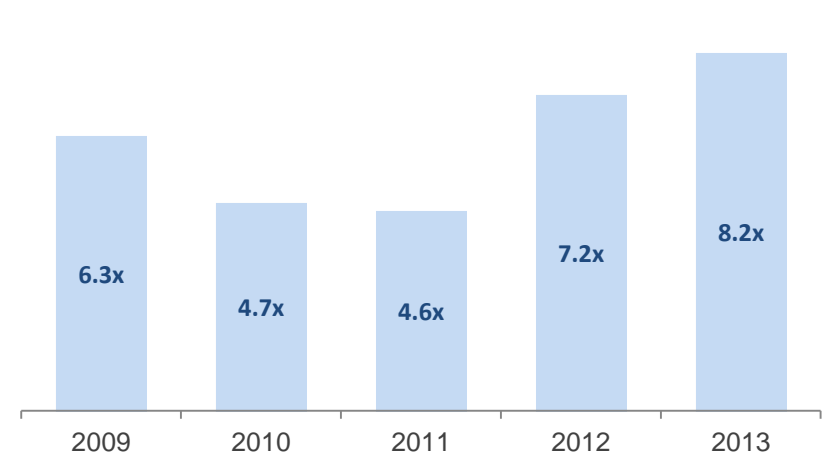
EBITDA / Net Interest Cost



Adjusted Net Debt⁽¹⁾ / EBITDAR



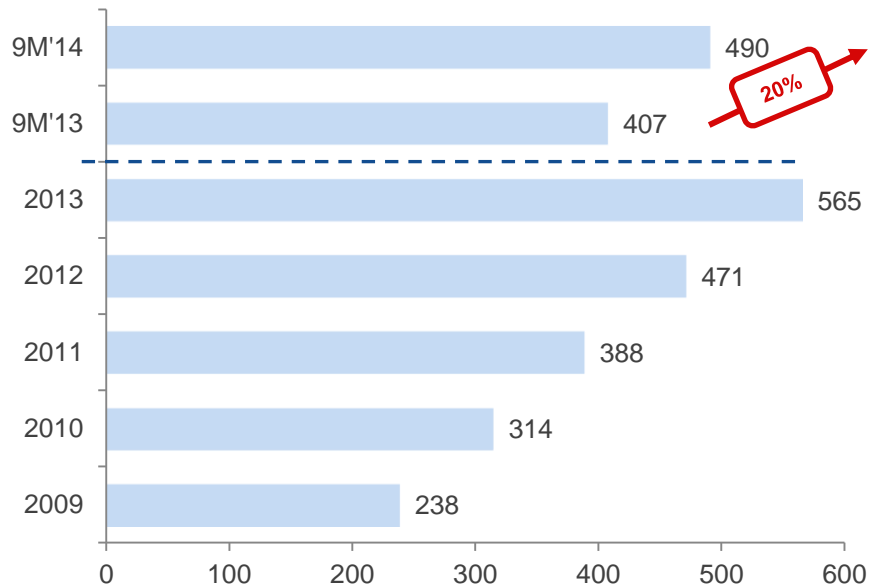
EBITDAR / Adjusted Net Interest Cost⁽²⁾



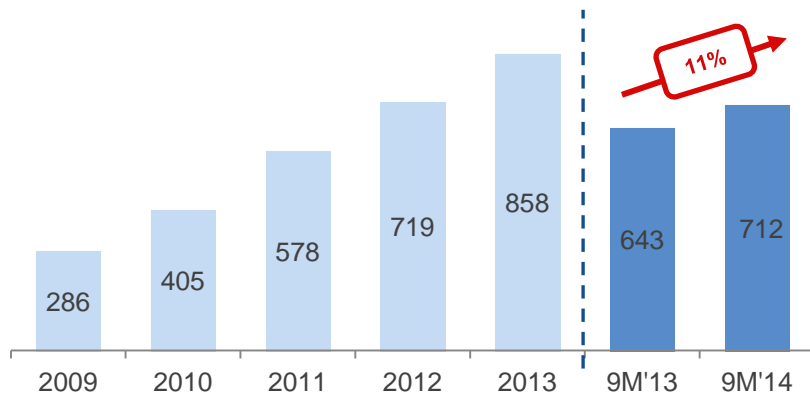
- (1) Adjusted for the capitalization of operating leases including 55% of wet lease (7x)
 (2) Adjusted by the portion of financial costs within operating leases (35%)

Cargo Transportation

Cargo Tonnage Carried ('000 Ton)



Cargo Revenue Evolution (USD mn)



- As of 9M'14, operates 47 destinations with 9 freighters besides 260 destinations with 265 passenger aircraft.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 1.41% in 2013.
- In 2013, while World FTK grew by 12%, Turkish Cargo grew by 21% compared to previous year.
- New Cargo Terminal will be opening in Q4'14
- Turkish Cargo 2018 Targets:
 - ✓ 1,2 million tones of annual capacity
 - ✓ 2 billion \$ cargo revenue
 - ✓ 3,4% global market share
 - ✓ 15% cargo revenue share in total revenue

Recent Awards

- Overall Carrier of the Year, Combination Carrier of the Year Winner - Payload Asia 2014
- Best Asia Pacific Cargo Airline 2013
- International Air Cargo Winner 2013
- India Cargo Airline of the Year 2014
- Best European Cargo Airline – Air Cargo News

Subsidiaries & Affiliates

Turkish Airlines Group 9M'14		Revenue (mn USD)	Net Profit (mn USD)	% of Sales to Turkish Airlines	Number of Personnel	Paid in Capital (mn USD)	Partnership Structure
1	THY (Consolidated)	8,540	723	-	19,513*	606	%49 ÖİB - %51 Open to Public
2	Turkish Opet Aviation Fuels	2,176	36	81%	297	22	%50 THY - %50 Opet
3	Sun Express (Turkey & Germany Consolidated)	1,072	52	21%	3,077	47	%50 THY - %50 Lufthansa
4	THY Turkish Technic	491	-4	74%	2,613	304	% 100 THY
5	THY Turkish Do&Co	278	24	88%	5,243	13	%50 THY - %50 Do&Co
6	Turkish Ground Services	200	25	70%	8,935	5	%50 THY - %50 Havaş
7	Pratt Whitney THY Turkish Engine Center (TEC)	162	-1	95%	223	34	%51 PW - %49 THY
8	Turkish HABOM	79	-11	55%	2,548	112	% 100 THY
9	Goodrich Turkish Airlines Technical Service Center	7	-0.3	41%	27	1	%60 Goodrich - %40 THY Teknik
10	Aircraft Seat Manufacturing Industry & Trade, Inc.	6	-1	100%	39	0.04	THY & THY Teknik %50-Assan Hanil %50
11	Turkish Cabin Interior Systems Industries, Inc.	3	-4	97%	102	14	%30 THY - %21 THY Teknik - %49 TAI
12	THY Aydın Çıldır Airport Management, Inc.	1.9	0.5	100%	1	22	%100 THY
13	Turbine Technical Gas Turbines Maintenance & Repair, Inc.	1	-0.1	0%	14	7	%50 THY Teknik - %50 Zorlu O&M
14	Vergi İade Aracılık, Inc. (Tax Refund)	-	-	-	-	0.1	%30 THY - %45 Maslak Oto - %25 VK Holding

* THY A.O. Personnel

Subsidiaries & Affiliates

Turkish Technic

- › Owned 100% by THY.
- › Provides maintenance services to more than 100 customers, including international airlines such as Lufthansa, KLM, BA and Alitalia as well as domestic airlines.



TURKISH HABOM (Maintenance Repair & Overhaul Center)

- › MNG Teknik A.Ş., (acquired by Turkish Airlines in May 2013) and HABOM A.Ş. (established on 21 June 2012 as a wholly-owned subsidiary of Turkish Airlines) merged under the name of THY HABOM A.Ş. in September 2013.
- › Besides the facility at Ataturk Airport, a new world-class facility located at Sabiha Gökçen International Airport was launched by the end of June'14 to increase the technical maintenance and repair capacity and capability available to both Turkish Airlines and 3rd party customers.
- › HABOM's location makes it a convenient MRO option for 39% of the world's civilian aircraft and has 55 countries lying within a 3,5 hour flying radius. HABOM facilities, when fully operational, will have 7.000 personnel and is expected to produce annual revenue of USD 1,5 billion.
- › Turkish Airlines has a total MRO capacity to provide simultaneous maintenance, repair and overhaul services for 30 narrow body aircraft and 10 wide body aircraft in a closed area capacity of 576,000 m2.



Subsidiaries & Affiliates

Turkish Seat Industries (TSI)

- › Formed in 2011, stakes of 50%, 45%, and 5% are respectively held by Assan Hanil Group, Turkish Airlines, and Turkish Technic.
- › The company was set up to design and manufacture airline seats, and to make, modify, market, and sell spare parts to Turkish Airlines and other international airline companies. The seats are built using 100% Turkish products and Turkish production.
- › The first aircraft equipped with the new seats is a Turkish Airlines B737-800. The seats will initially be used on the B737-800s of Turkish Airlines fleet and then be installed on the Airbus single-aisle fleet of A319s, A320s and A321s.
- › The production which started in 2014, has an annual seat capacity of 10 thousand. By 2024, it is planned to increase the seat capacity to 50 thousand.



Goodrich THY Technic Service Center

- › Provides repair, overhaul and modification services for Nacelle, Thrust Reverser, and its components; for Turkish Airlines and other customers from Turkish domestic and International markets.
- › The 4.000 sq meters (indoor) facility is located in Gebze Organized Industrial Zone

Turkish Engine Center

- › Provides engine maintenance, repair and overhaul (MRO) services to customers located in Turkey, surrounding regions and worldwide.
- › The environmentally efficient engine overhaul facility has total usage area of 100,000 sq. meters located at the Sabiha Gokcen International Airport.

Subsidiaries & Affiliates



Turkish OPET

- › In terms of investment on jet fuel supply; Turkish Airlines established a jet fuel supply company together with local oil retailer OPET on September 2009.
- › The business activity of the established company is to supply jet fuel to any type of aircraft.
- › Started supplying jet fuel to THY for all domestic airports as of July 1st 2011.



Turkish Do&Co

- › Since 2007, operating nine gourmet kitchens all over Turkey: Istanbul (Atatürk and Sabiha Gökçen), Ankara, Antalya, Izmir, Bodrum, Trabzon, Dalaman and Adana. Over 60 national and international airlines are catered from these locations.
- › Turkish Airlines won the “Best Business Class Catering” award at the 2013 Skytrax World Airline Awards and “World's Best Economy Class Onboard Catering” award at the 2010 Skytrax Awards with Turkish Do&Co.



TGS Ground Services

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

Subsidiaries & Affiliates



Date of Creation

**SunExpress
Turkey**

1989

Business Model

Charter + Scheduled

Destinations

22 in Germany, 20 in
Turkey, 43 other

Fleet

22 B737-800 +
37 operated for THY

Seat Capacity

10,599

of Passengers

4,364,116

Load Factor

85.9 %

Revenues – 9M'14

587 mn €

Net Income – 9M'14

32.3 mn €

**SunExpress
Germany**

2011

Charter + Scheduled

13 in Germany, 13 in
Turkey, 5 in Egypt, 8 in
Spain/Canary Islands
and 12 other

14 B737-800

2,628

1,269,794

85.1 %

212 mn €

6.2 mn €

**SunExpress
Consolidated**

Charter + Scheduled

106

73

13,227

5,633,910

85.6 %

791 mn €

38.5 mn €

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

Market leader in charter
flights between Germany
and Turkey.

Finalized an order for 50
Boeing next generation
narrow body aircraft to be
delivered between 2015 and
2021.

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