

# TURKISH AIRLINES

## 3Q'15 Results Summary



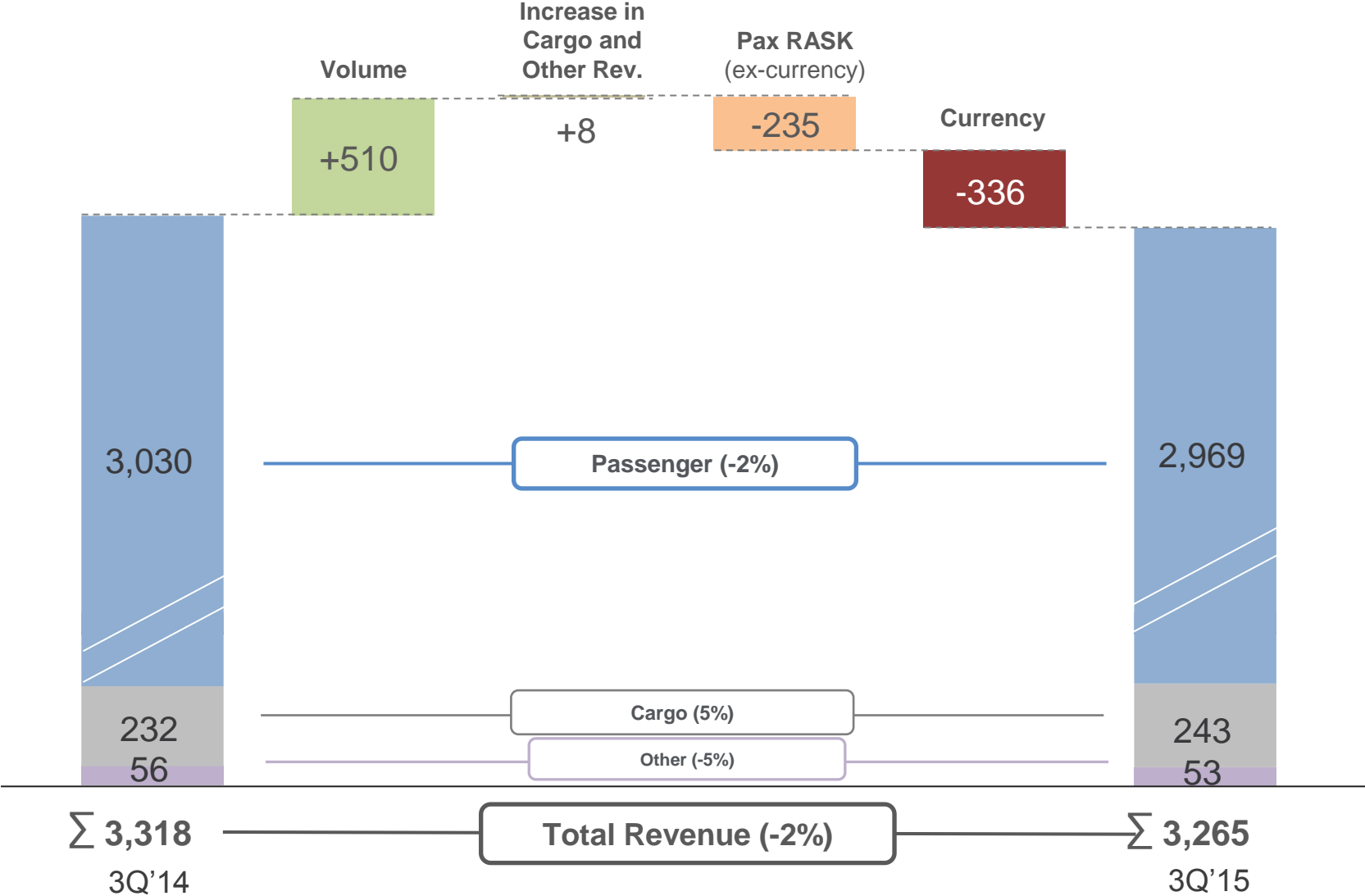
# Key Financial Data

3Q'14	3Q'15	Change	(USD mn)	9M'14	9M'15	Change
3,318	3,265	-1.6%	<b>Revenue</b>	8,540	8,054	-5.7%
3,030	2,969	-2.0%	Passenger Revenue	7,649	7,197	-5.9%
537	682	27.0%	<b>Net Operating Profit / (Loss)</b>	645	732	13.5%
600	785	30.8%	<b>EBIT</b>	803	1,019	26.9%
635	471	-25.8%	<b>Net Income</b>	723	877	21.3%
19.1%	14.4%	-4.7 pt	Net Income Margin	8.5%	10.9%	2.4 pt
948	1,184	24.9%	<b>EBITDAR</b>	1,766	2,108	19.4%
28.6%	36.3%	7.7 pt	EBITDAR Margin	20.7%	26.2%	5.5 pt

(USD mn)	2014	9M'15	Change
<b>Net Debt</b>	4,199	5,233	24.6%
<b>Total Assets</b>	13,746	16,399	19.3%

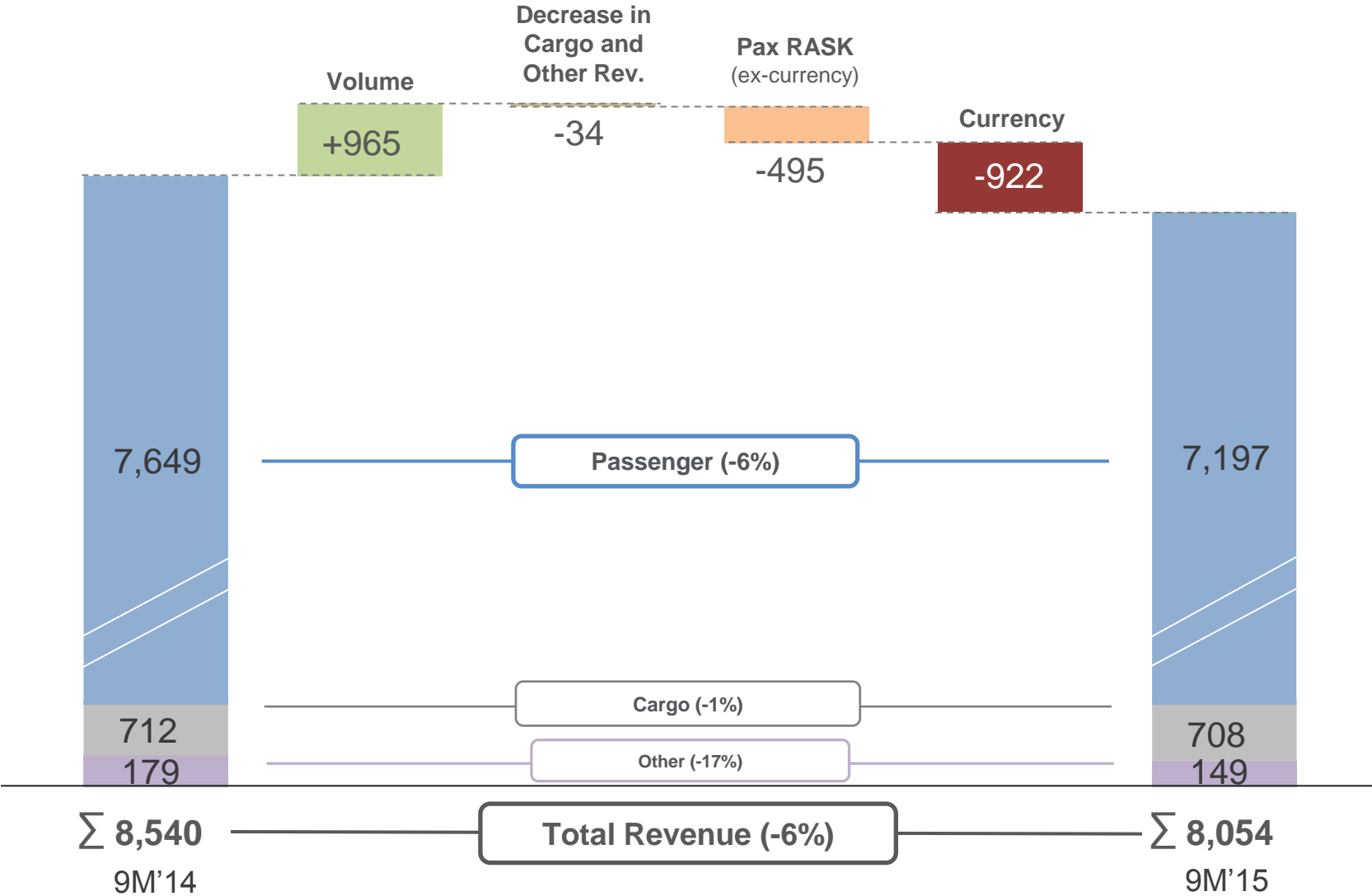
# Revenue Development (3Q'14 vs 3Q'15)

(mn USD)



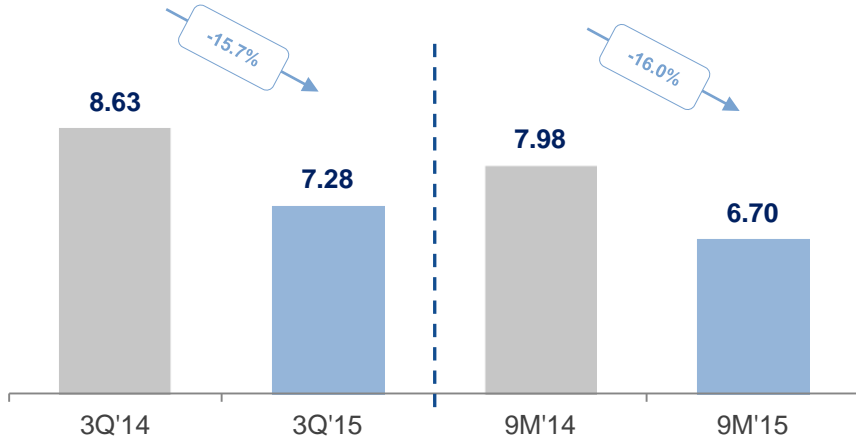
# Revenue Development (9M'14 vs 9M'15)

(mn USD)

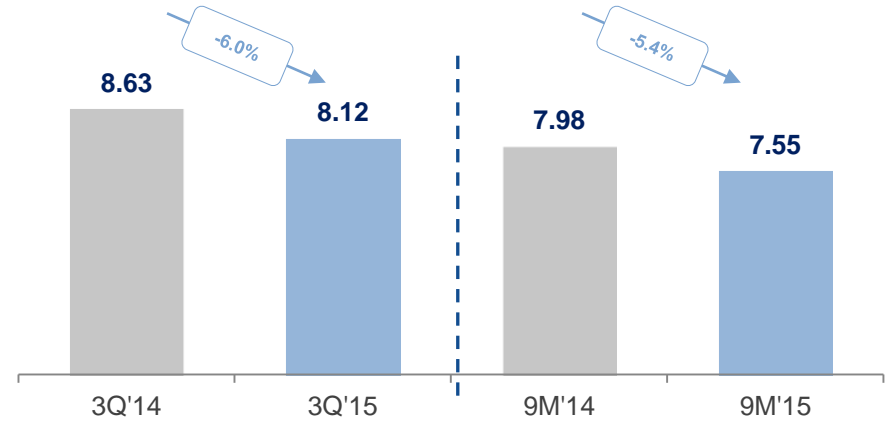


# Scheduled Services Unit Revenue Development

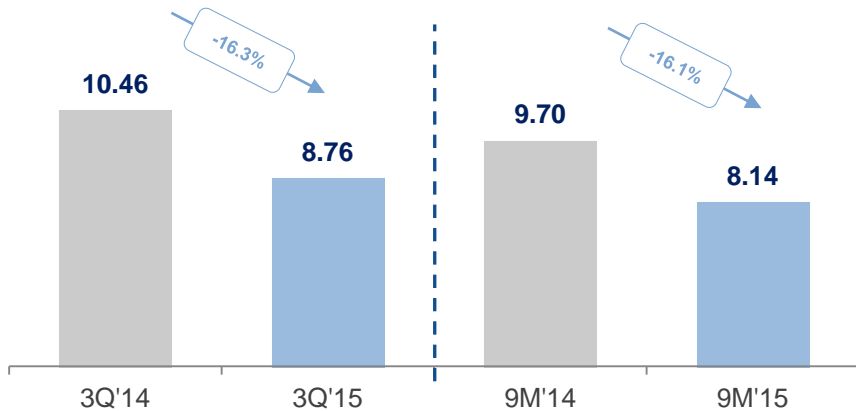
## RASK (USc)



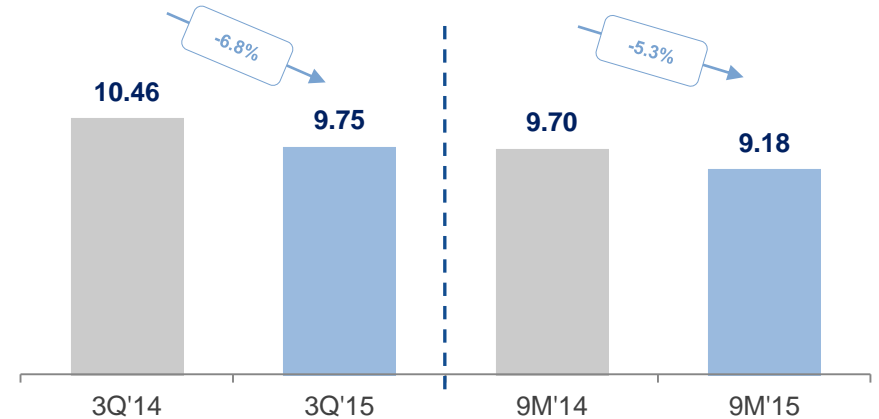
## RASK ex-currency (USc)



## Yield (USc)



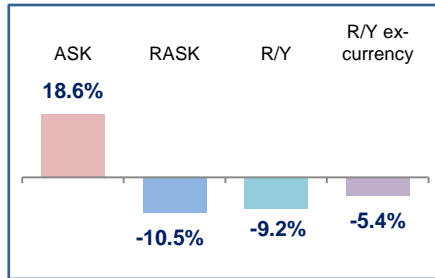
## Yield ex-currency (USc)



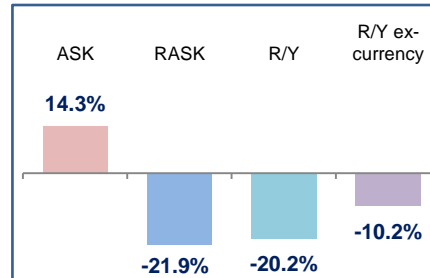
Yield (R/Y) : Passenger Revenue / RPK (Scheduled)  
 RASK : Passenger and Cargo Revenue / ASK\* (Scheduled)  
 \* ASK value is adjusted for cargo operations.

# Regional Yield Development in USD (3Q'14 vs 3Q'15)

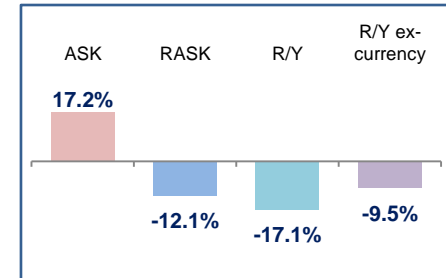
## America



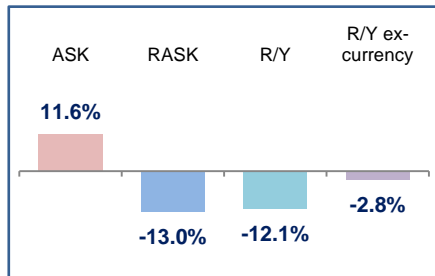
## Europe & CIS



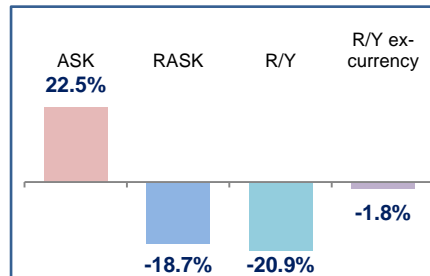
## Asia / Far East



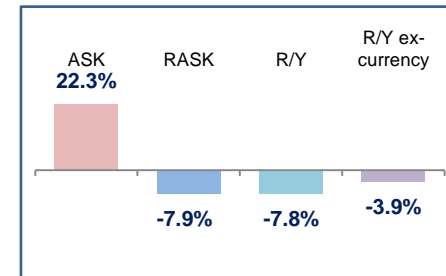
## Africa



## Domestic



## Middle East



## Trading Outlook for 4Q'15

### Capacity growth:

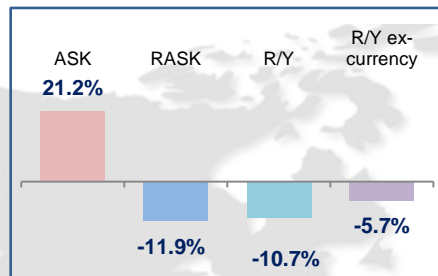
- Average number of aircraft up 14% yoy in 4Q'15
- Capacity growth in 4Q'15 yoy will be 19% driven mostly by long-haul

### Forward booking trends indicate:

- Slower demand environment
- Yield pressures in constant currency to continue
- Declining currency effect

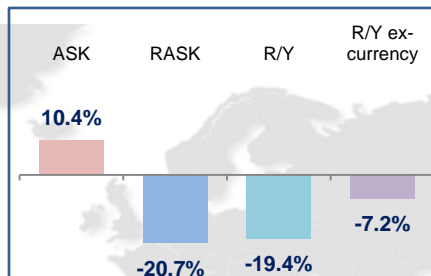
# Regional Yield Development in USD (9M'14 vs 9M'15)

## America



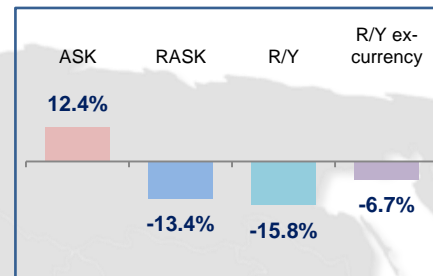
- Substantial capacity increase
- Weaker beyond traffic to/from ME
- Increased market capacity

## Europe & CIS



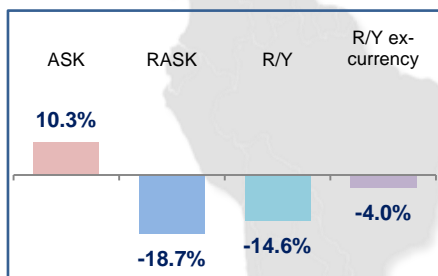
- 10 new routes inc. SAW
- Local currency depreciations (Russia, Ukraine, Belarus, Azerbaijan and weaker Eur)
- Weaker direct traffic due to currency depreciations and security concerns
- Donetsk, Simferopol suspended

## Asia / Far East



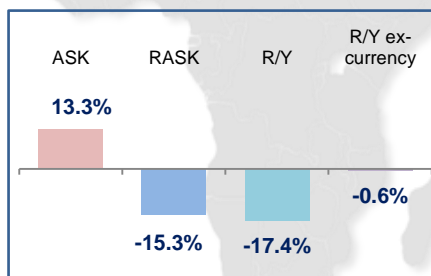
- 3 New Routes (Taipei, Manila, Hucend)
- Depreciation of local currencies
- Weaker demand from Japan, Korea, Nepal, weaker premium and corporate demand from China
- Increased market capacity

## Africa



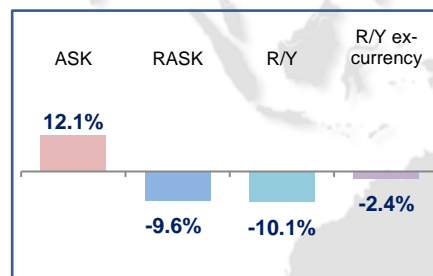
- 2 New Routes (Abuja, Mali)
- Depreciation of local currencies
- Security issues and political unrest in Nigeria, Camerun, Chad, Kenya, Tunisia, Burkina Faso
- Increased market capacity from Gulf
- Tripoli, Misrata, Benghazi suspended

## Domestic



- Substantial capacity increase at SAW
- 6 new routes (Bursa, Kocaeli, Tokat, Ordu-Giresun, Uşak, Hakkari)
- Weaker transfer traffic from international lines, more local traffic (higher yield)
- Increased market capacity

## Middle East



- Substantial capacity increase in 3Q
- Capacity increases at SAW
- Significant pick-up of Tel Aviv, Egypt, Iraq traffic in 3Q
- Increased market capacity
- Musul, Sana'a, Aden suspended

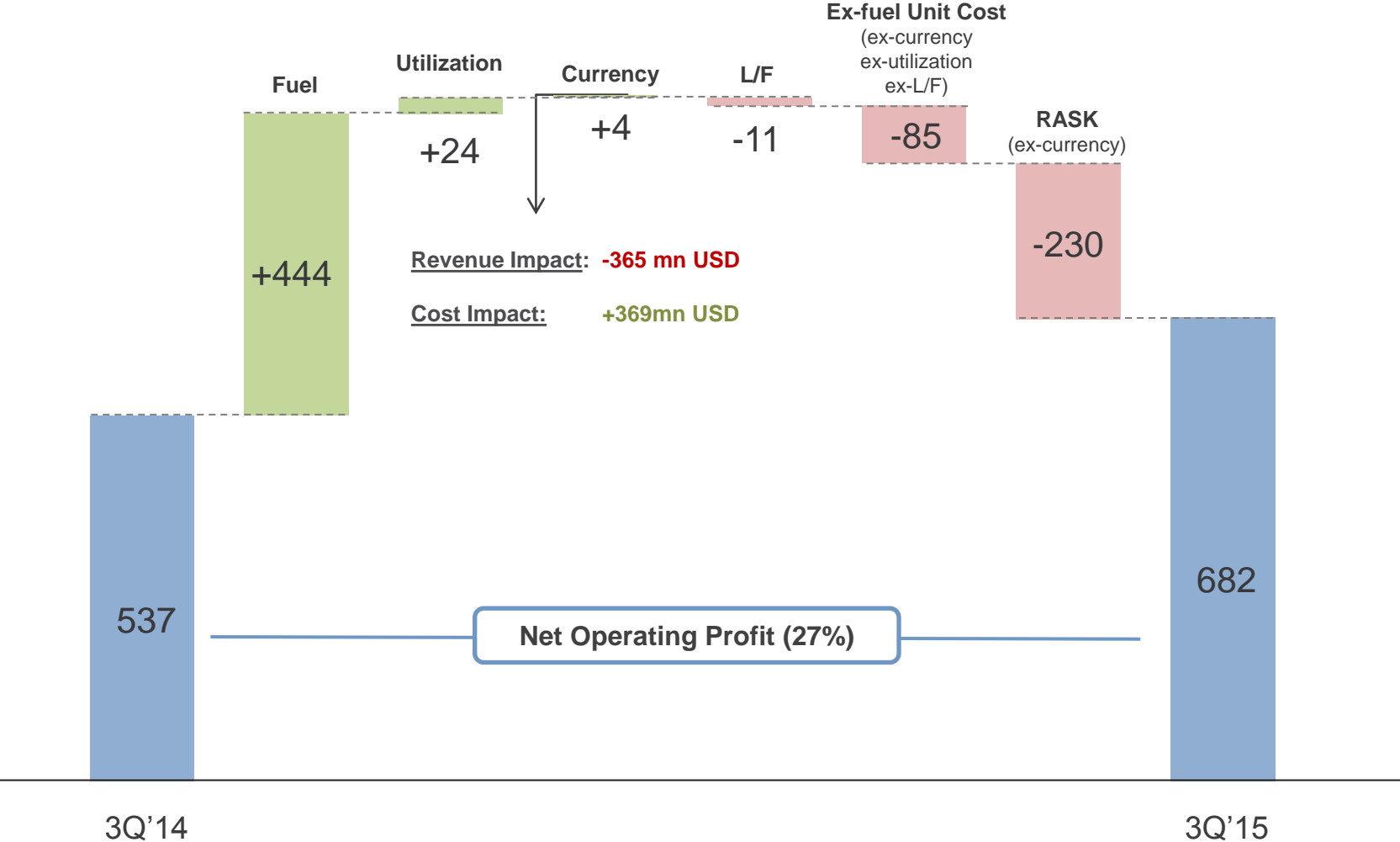
R/Y : Passenger Revenue / RPK (Scheduled)

RASK : Passenger and Cargo Revenue / ASK\* (Scheduled)

\* ASK value is adjusted for cargo operations.

# Net Operating Profit Bridge (3Q'14 vs 3Q'15)

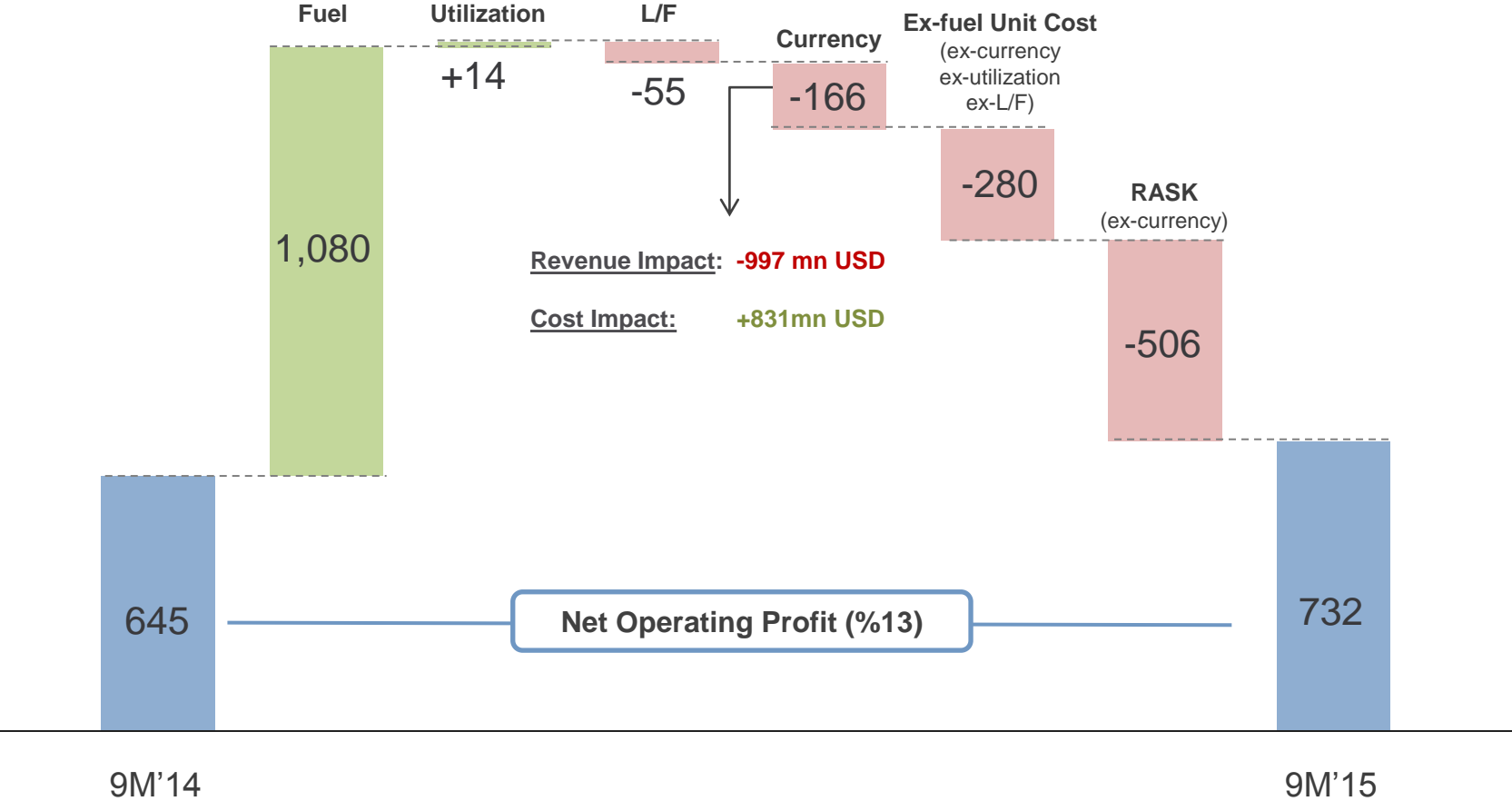
(mn USD)





# Net Operating Profit Bridge (9M'14 vs 9M'15)

(mn USD)



# Operational Expense Breakdown

3Q'14	3Q'15	Change	(mn USD)	9M'14	9M'15	Change
1,061	814	-23.3%	<b>Fuel</b>	2,941	2,290	-22.1%
431	405	-6.0%	<b>Personnel</b>	1,262	1,225	-2.9%
353	374	5.9%	<b>Aircraft Ownership</b>	980	1,033	5.4%
252	254	0.8%	<b>Airports &amp; Air Navigation</b>	716	687	-4.1%
198	212	7.1%	<b>Sales &amp; Marketing</b>	623	648	4.0%
165	164	-0.6%	<b>Ground Handling</b>	468	465	-0.6%
156	158	1.3%	<b>Passenger Services &amp; Catering</b>	419	441	5.3%
103	132	28.2%	<b>Maintenance</b>	305	339	11.1%
19	19	0.0%	<b>General Administration</b>	64	63	-1.6%
43	51	18.6%	<b>Other Cost of Sales</b>	117	131	12.0%
<b>2,781</b>	<b>2,583</b>	<b>-7.1%</b>	<b>TOTAL</b>	<b>7,895</b>	<b>7,322</b>	<b>-7.3%</b>

ASK Growth: %16.8

ASK Growth: %12.6

# CASK Breakdown

3Q'14	3Q'15	Change	(USc)	9M'14	9M'15	Change
2.93	1.92	-34.3%	<b>Fuel</b>	2.93	2.03	-30.9%
1.19	0.96	-19.6%	<b>Personnel</b>	1.26	1.08	-13.8%
0.98	0.88	-9.3%	<b>Aircraft Ownership</b>	0.98	0.91	-6.4%
0.70	0.60	-13.7%	<b>Airports &amp; Air Navigation</b>	0.71	0.61	-14.8%
0.55	0.50	-8.4%	<b>Sales &amp; Marketing</b>	0.62	0.57	-7.6%
0.46	0.39	-14.9%	<b>Ground Handling</b>	0.47	0.41	-11.8%
0.43	0.37	-13.3%	<b>Passenger Services &amp; Catering</b>	0.42	0.39	-6.5%
0.28	0.31	9.7%	<b>Maintenance</b>	0.30	0.30	-1.3%
0.05	0.04	-14.4%	<b>General Administration</b>	0.06	0.06	-12.6%
0.12	0.12	1.5%	<b>Other Cost of Sales</b>	0.12	0.12	-0.6%
<b>7.68</b>	<b>6.11</b>	<b>-20.5%</b>	<b>TOTAL</b>	<b>7.87</b>	<b>6.48</b>	<b>-17.6%</b>

CASK ex-currency change: **-9.2%**

CASK ex-currency change: **-8.3%**

## Selected KPI's

3Q'14	3Q'15	Change		9M'14	9M'15	Change
1,045	688	-34.2%	<b>Fuel Price (Usd/ton)</b>	1,053	720	-31.7%
3.51	3.50	-0.3%	<b>Fuel Consumption (lt) per 100 ASK</b>	3.48	3.52	1.2%
1,136	1,049	-7.6%	<b>Aircraft Ownership Cost per BH</b>	1,121	1,071	-4.5%
331	370	11.7%	<b>Maintenance Cost per BH</b>	349	351	0.7%
1,474	1,276	-13.5%	<b>Handling Cost per Landing</b>	1,501	1,364	-9.1%
1,209	1,078	-10.8%	<b>Airports &amp; Air Navigation Cost per km Flown</b>	1,221	1,074	-12.0%
10.28	8.79	-14.5%	<b>Passenger Services &amp; Catering Cost per Pax</b>	10.11	9.49	-6.2%
6.5%	7.1%	0.6 pt	<b>Sales &amp; Marketing Cost / Passenger Revenue</b>	8.1%	9.0%	0.9 pt

# TURKISH AIRLINES

## 9M'15 Results

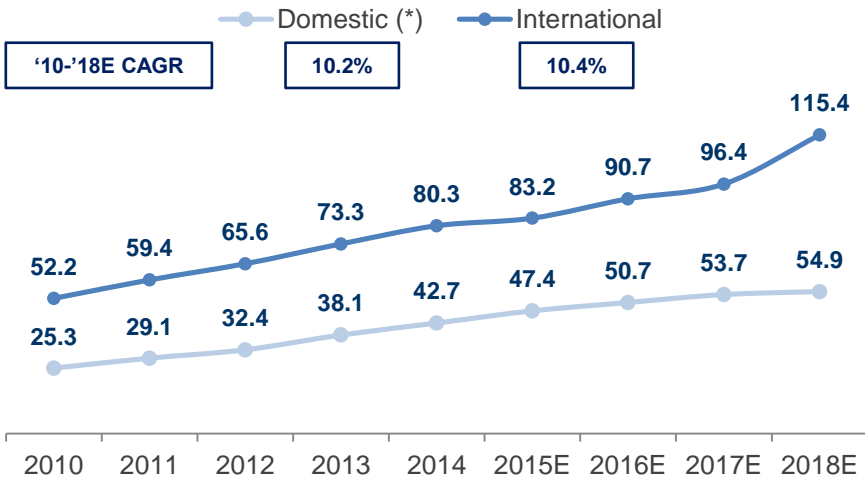


WIDEN YOUR WORLD



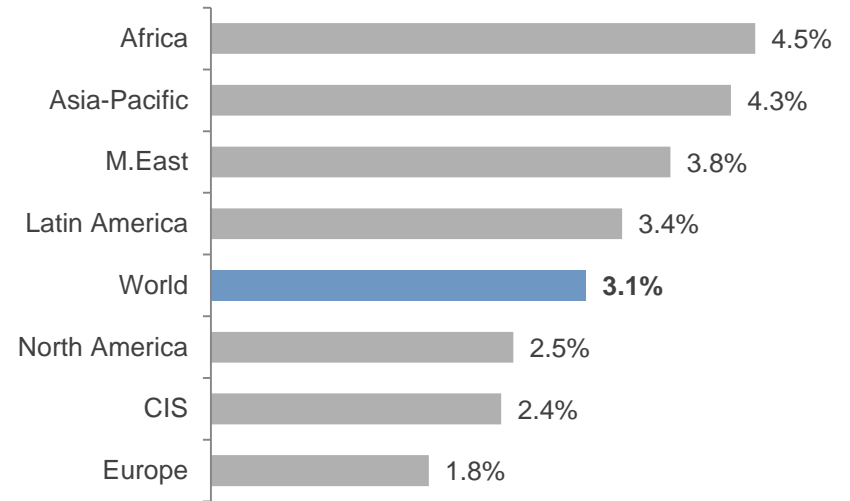
# Aviation Market & Economy

## Turkish Market Growth (mn pasengers)

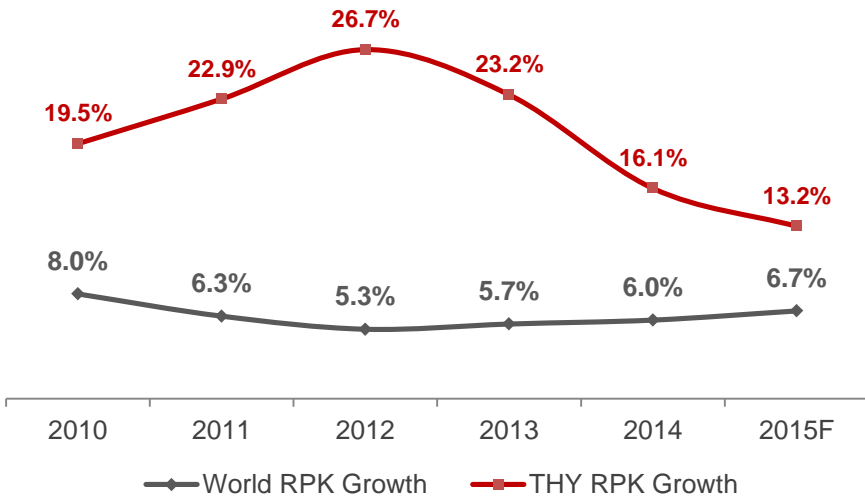


Source: General Directorate of State Airports Authority (DHMI)  
 (\*): Adjusted for double count on Domestic Pax

## Annual GDP Growth Forecast (2015-2034)

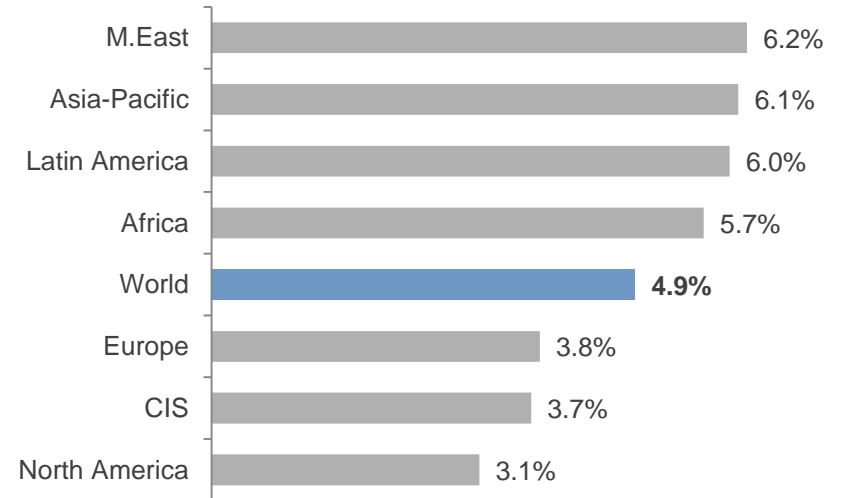


## Annual RPK Growth (%)



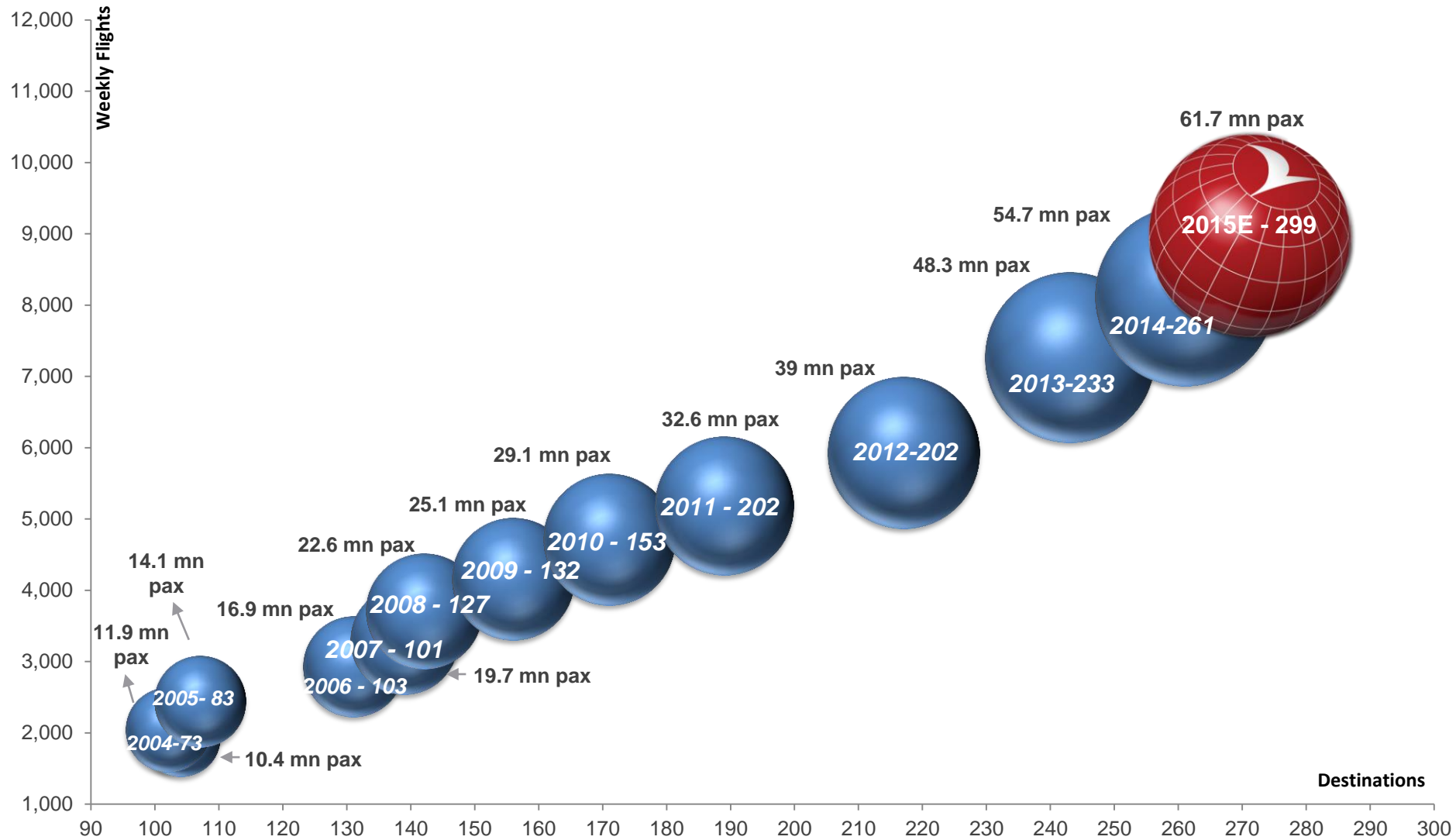
Source: IATA

## Annual RPK Growth Forecast (2015-2034)



Source: Boeing Current Market Outlook

# Turkish Airlines Diagonal Growth



# Destinations: 229\* International, 48 Domestic Lines in 110 Countries

EUROPE							
42 COUNTRIES, 106 CITIES							
Germany	368	Spain	76	Hungary	28	Moldova	7
Frankfurt	52	Barcelona	28	Budapest	28	Chisinau	7
Berlin	46	Madrid	21	Bulgaria	25	Poland	5
Munich	46	Malaga	10	Sofia	14	Warsaw	5
Stuttgart	45	Bilbao	7	Varna	11	Belarus	4
Düsseldorf	38	Valencia	7	Romania	25	Minsk	4
Hamburg	35	Santiago de C.	3	Bucharest	21		
Cologne	28	Northern Cyprus	66	Constanta	4		
Hanover	24	Lefkosa	66	Czech Rep.	21		
Nuremberg	21	Switzerland	63	Prague	21		
Bremen	10	Zurich	28	Bosnia	18		
Friedrichshafen	7	Geneva	21	Sarajevo	18		
Leipzig	7	Basel	14	Finland	18		
Münster	5	Austria	54	Helsinki	18		
Baden-Baden	4	Vienna	40	Norway	18		
Italy	157	Salzburg	10	Oslo	18		
Milan	35	Graz	4	Albania	14		
Rome	35	Ukraine	46	Tirana	14		
Venice	25	Kiev	16	Croatia	14		
Bologna	17	Odessa	11	Zagreb	14		
Naples	14	Simferopol	7	Ireland	14		
Catania	9	Dnepetrovsk	5	Dublin	14		
Turin	7	Kherson	4	Kosovo	14		
Genoa	5	Lviv	3	Pristina	14		
Pisa	5	Donetsk	0	Macedonia	14		
Bari	5	Azerbaijan	45	Skopje	14		
France	94	Baku	35	Serbia	14	Future Routes	
Paris	42	Ganja	7	Belgrade	14		
Lyon	14	Nakhichevan	3	Portugal	18	Azerbaijan	
Nice	14	Netherlands	45	Lisbon	14	Lankeran	
Marseille	10	Amsterdam	38	Porto	4	Poland	
Toulouse	7	Rotterdam	7	Malta	13	Krakow	
Bordeaux	7	Belgium	42	Malta	13	France	
United Kingdom	92	Brussels	42	Montenegro	10	Nantes	
London	59	Denmark	42	Podgorica	10	Germany	
Manchester	21	Copenhagen	28	Slovenia	10	Kassel	
Birmingham	12	Aalborg	7	Ljubljana	10	Ukraine	
Russia	90	Billund	7	Scotland	9	Kharkiv	
Moscow	42	Georgia	38	Edinburg	9	Zaporizhia	
Sochi	10	Tbilisi	28	Estonia	7	Spain	
Kazan	7	Batumi	10	Tallinn	7	La Coruna	
St. Petersburg	7	Greece	35	Latvia	7	Russia	
Ufa	6	Athens	21	Riga	7	Makhachkala	
Rostov	4	Thessaloniki	14	Lithuania	7		
Astrakhan	4	Sweden	35	Vilnius	7		
Ekaterinburg	4	Stockholm	21	Luxemburg	7		
Novosibirsk	3	Gothenburg	14	Luxembourg	7		
Stravropol	3						

AFRICA			
28 COUNTRIES, 44 CITIES			
Egypt	42	Sudan	7
Cairo	21	Khartoum	7
Alexandria	7	Uganda	7
Hurghada	7	Entebbe	7
Sharm-el-Sheikh	7	Burkina Faso	6
Algeria	35	Ougadougou	6
Algiers	21	Mauritania	6
Oran	7	Nouakchott	6
Constantine	3	Senegal	6
Tlemcen	2	Dakar	6
Batna	2	Congo	5
Nigeria	16	Kinshasa	5
Lagos	7	Gabon	5
Abuja	5	Libreville	5
Kano	4	Niger	5
Cameroon	14	Niamey	5
Douala	7	Cote D'Ivoire	4
Yaounde	7	Abidjan	4
Kenya	14	Chad	4
Mombasa	7	N'Djamena	4
Nairobi	7	Benin	4
South Africa	14	Cotonou	4
Cape Town	7	Eritrea	3
Johannesburg	7	Asmara	3
Tanzania	14	Mali	3
Dar Es Salaam	7	Bamako	3
Kilimnjarjo	7		
Tunisia	14		
Tunis	14		
Djibouti	7	Future Routes	
Djibouti	7		
Ethiopia	7	Angola	
Addis Ababa	7	Luanda	
Ghana	7	Egypt	
Accra	7	Aswan	
Libya	7	Luxor	
Misurata	7	Guinea	
Benghazi	-	Conarky	
Sebha	-	Madagascar	
Tripoli	-	Antananarivo	
Morocco	7	Mauritius	
Casablanca	7	Port Louis	
Rwanda	7	Mozambique	
Kigali	7	Maputo	
Somalia	7	Rep. Of South Africa	
Mogadishu	7		
		South Sudan	
		Juba	

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

AMERICAS			
4 COUNTRIES, 11 CITIES			
USA	61	Brazil	7
New York	21	Sao Paulo	7
Boston	7		
Chicago	7	Future Routes	
Houston	7	USA	
Los Angeles	7	Atlanta	
Washington	7	Miami	
San Francisco	5	Colombia	
Canada	9	Bogota	
Toronto	6	Cuba	
Montreal	3	Havana	
Argentina	7	Mexico	
Buenos Aires	7	Mexico City	
		Venezuela	
		Caracas	

FAR EAST			
22 COUNTRIES, 34 CITIES			
China	34	Bangladesh	7
Beijing	7	Dhaka	7
Guangzhou	7	Indonesia	7
Shanghai	7	Jakarta	7
Taipei	7	Maldives	7
Hong Kong	6	Male	7
Japan	21	Malaysia	7
Tokyo	14	Kuala Lumpur	7
Osaka	7	Nepal	7
Kyrgyzstan	19	Kathmandu	7
Bishkek	15	Singapore	7
Osh	4	Singapore	7
Kazakhstan	15	Sri Lanka	7
Almaty	10	Colombo	7
Astana	5	Uzbekistan	7
India	14	Tashkent	7
Mumbai	7	Vietnam	7
New Delhi	7	Ho Chi Minh	7
Pakistan	14	Tajikistan	5
Karachi	7	Dushanbe	3
Islamabad	4	Khujand	2
Lahore	3	Philippines	3
Thailand	14	Manila	3
Bangkok	14	Mongolia	3
Turkmenistan	14	Ulaanbaatar	3
Ashgabad	14		
South Korea	11		
Seoul	11	Future Routes	
Afghanistan	10		
Kabul	7	Vietnam	
Mazar-i Sharif	3	Hanoi	

DOMESTIC	
48 CITIES	
Routes Opened in 2015	
Ahvaz	Manila
Abuja	Taipei
San Francisco	Bari
Porto	Kocaeli
Bamako	Ordu - Giresun
Graz	Tokat
Baden-Baden	Uşak
Khujand	

\* As of 30.09.2015

Turkish Airlines reaches **76%** of all destinations at least daily



# Istanbul's Geographical Advantage - A Natural Hub

## Narrow Body Range Capability to and from Istanbul

(with full passenger payload)

- ✓ 195 out of 231 international destinations
- ✓ More than 40% of world-wide international traffic
- ✓ Over 60 national capitals
- ✓ All of Europe, Middle East, Central Asia and North and East Africa

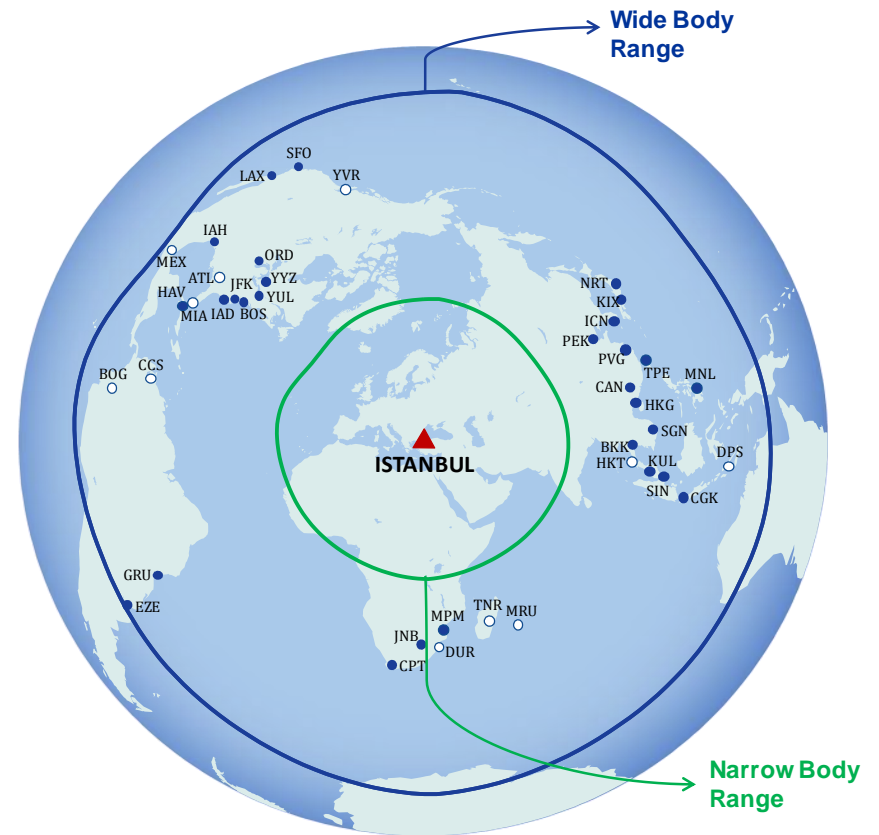
## Highest Coverage of Secondary Cities

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

	# of Secondary Airports	Among Top 50 Hubs	# of Total Int'l Airports	Int'l Pax Coverage (%)
<b>THY</b>	<b>189</b>	<b>42</b>	<b>231</b>	<b>76.8%</b>
British	116	43	159	77.6%
Lufhansa	97	44	141	78.1%
Emirates	91	41	132	74.0%
Air France	84	39	123	67.1%

\* Atlanta route to open in May 2016.

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



- 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	19,250
Lufthansa	8,550
British Airways	8,544

### Middle East to the World

Turkish Airlines	8,330
Qatar Airways	2,912
Lufthansa	2,124

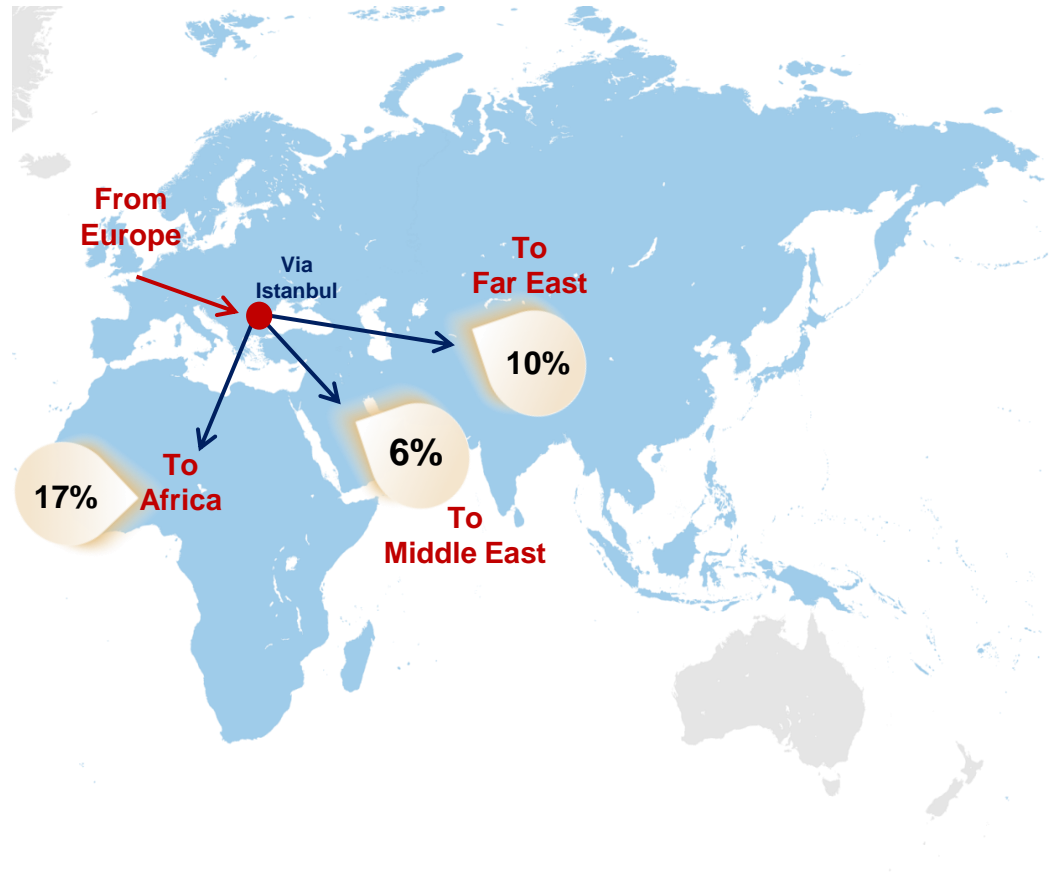
### Africa to the World

Turkish Airlines	10,530
Air France	4,386
British Airways	3,006

### Far East to the World

United Airlines	9,030
Turkish Airlines	8,330
Delta	5,100

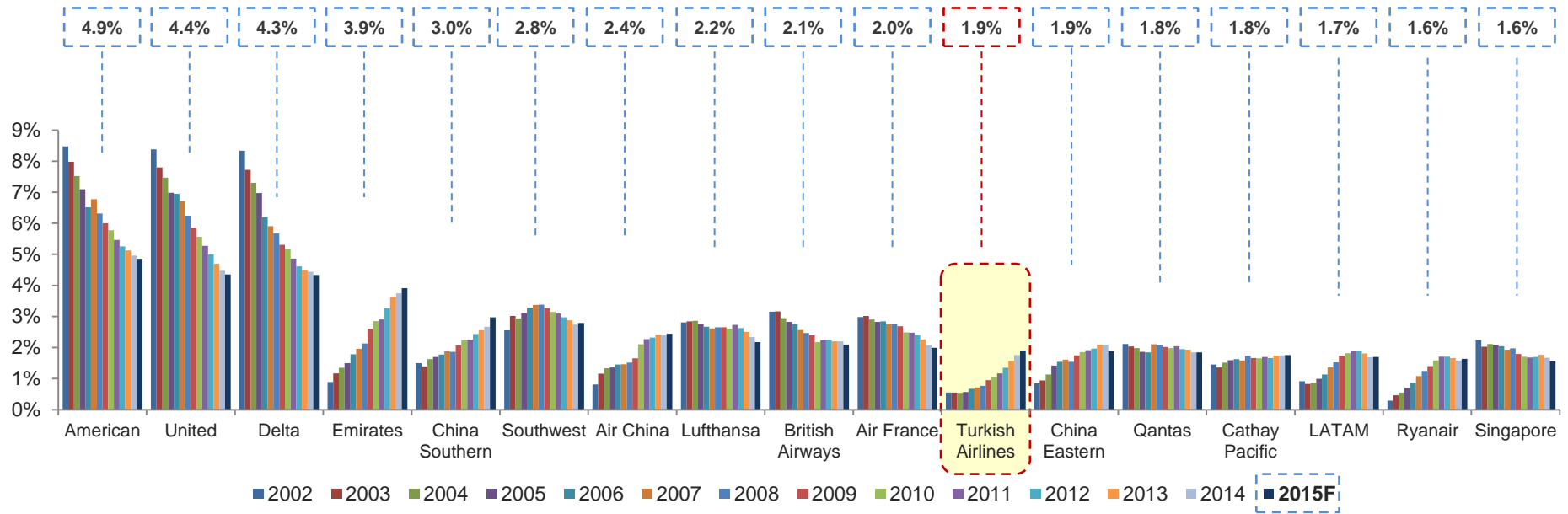
## Detour\* Advantage



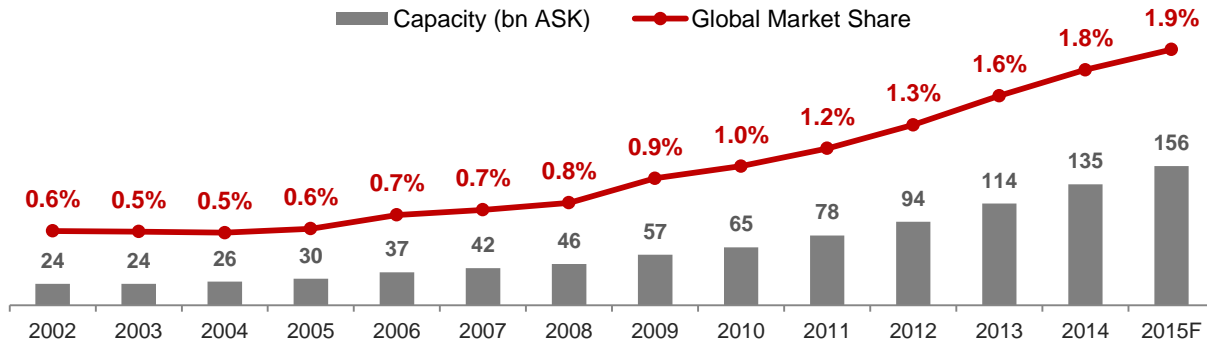
\* Detour: Increase in the flight distance compared to a non-stop flight. Forecasted by using 6,000 arrival-departure cities  
Source: Retrieved from OAG on 2 November 2015.

# Global Market Share Gains

## Global Market Share Trends (in ASK)



## Turkish Airlines Market Share Development

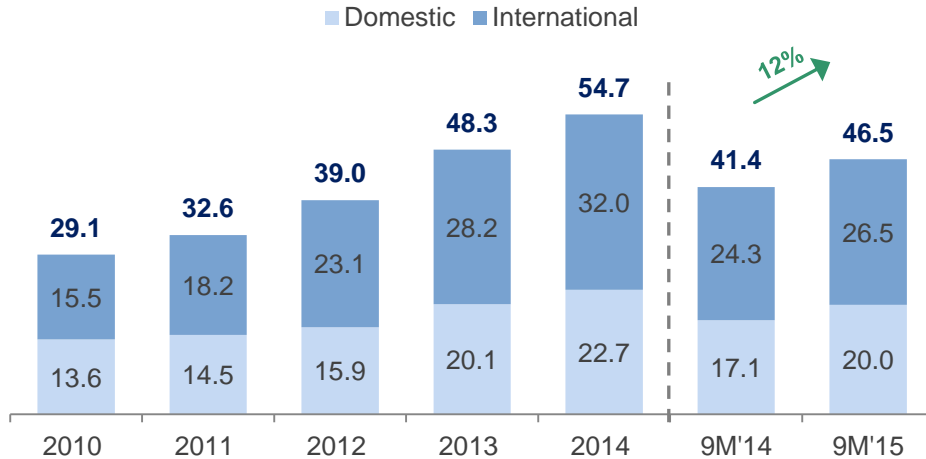


Notes: For US carriers regional flights are excluded. Wholly owned subsidiaries are included in the calculation. 2015 capacities are obtained from OAG on 5 August 2015.

Source: 2002 ICAO, 2003-2014 IATA, 2015F OAG, company reports, sorted by 2015F ASK values.

# Passenger Traffic (9M'15)

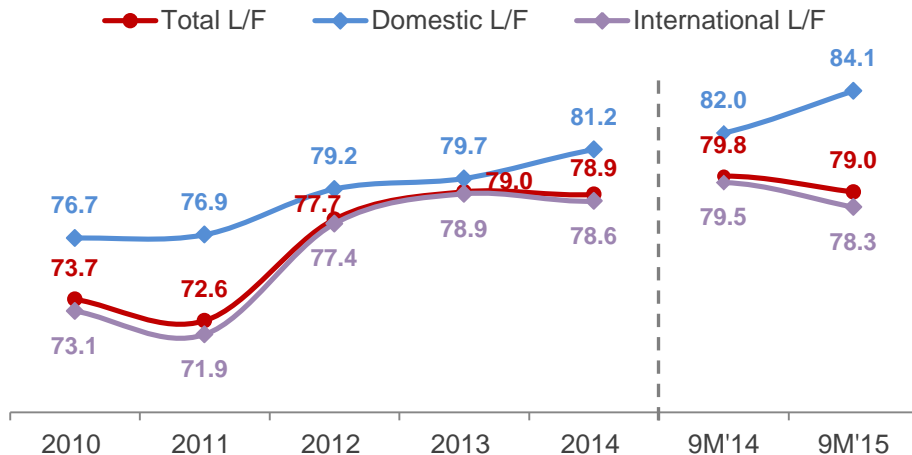
## Total Passengers (mn)



## THY Passenger Traffic

	9M'14	vs	9M'15
Landing		up by	9.3%
ASK		up by	12.6%
RPK		up by	11.5%
Passenger #		up by	12.2%
L/F		down by	-0.8 pt

## Load Factor (L/F %)

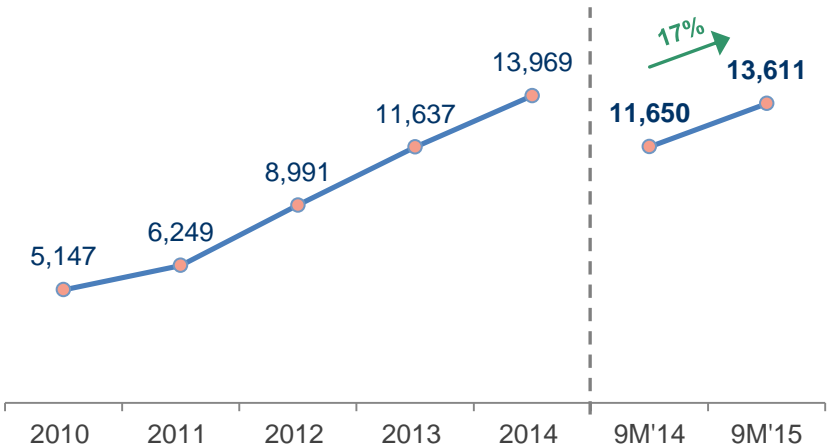


## Annual Changes (%)

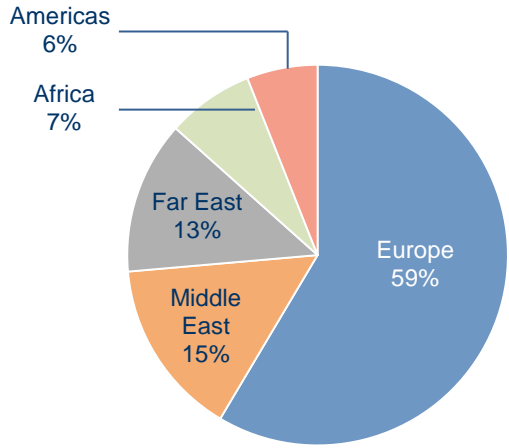
	2010	2011	2012	2013	2014
ASK	15%	25%	18%	21%	16%
RPK	19%	23%	27%	23%	16%
PAX	16%	12%	20%	24%	13%
L/F (pt)	2.8	-1.1	5.1	1.4	-0.1

# Passenger Breakdown (9M'15)

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

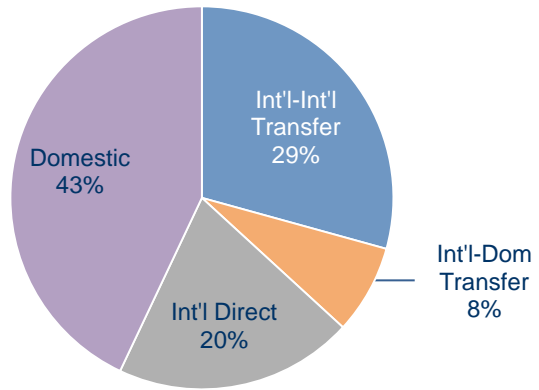


## Int'l Passenger Breakdown by Geography



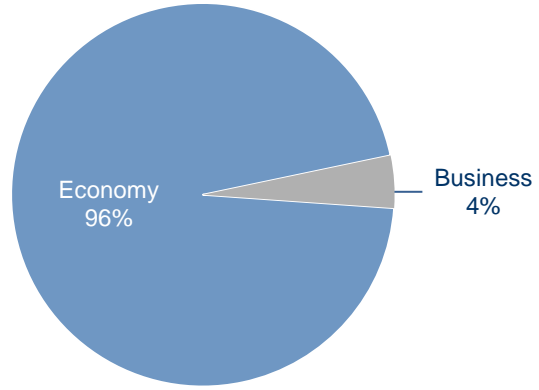
Note: Includes only scheduled passengers.

## Passenger Breakdown by Transfer Type



Note: Int'l to int'l transfer passengers' share in total international passengers is 51%.

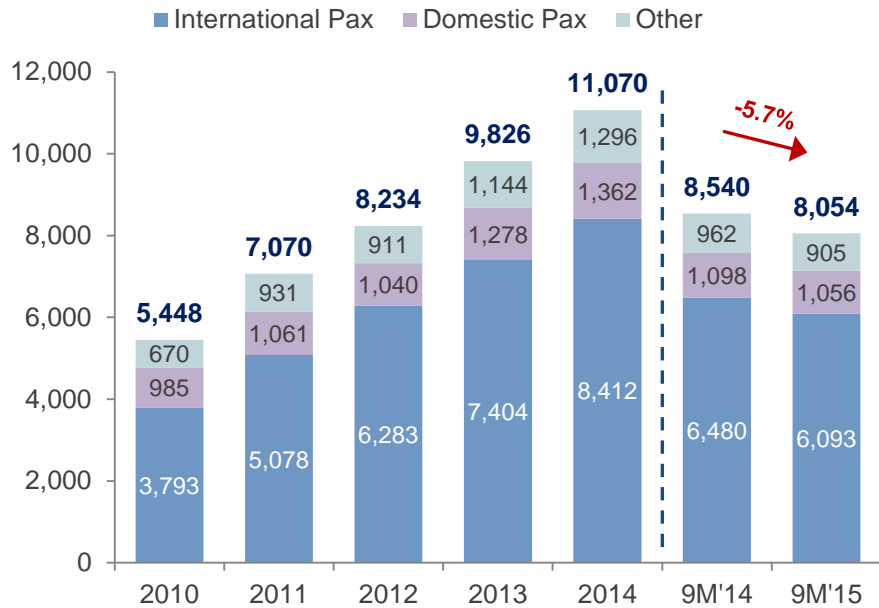
## Passenger Breakdown by Cabin Class



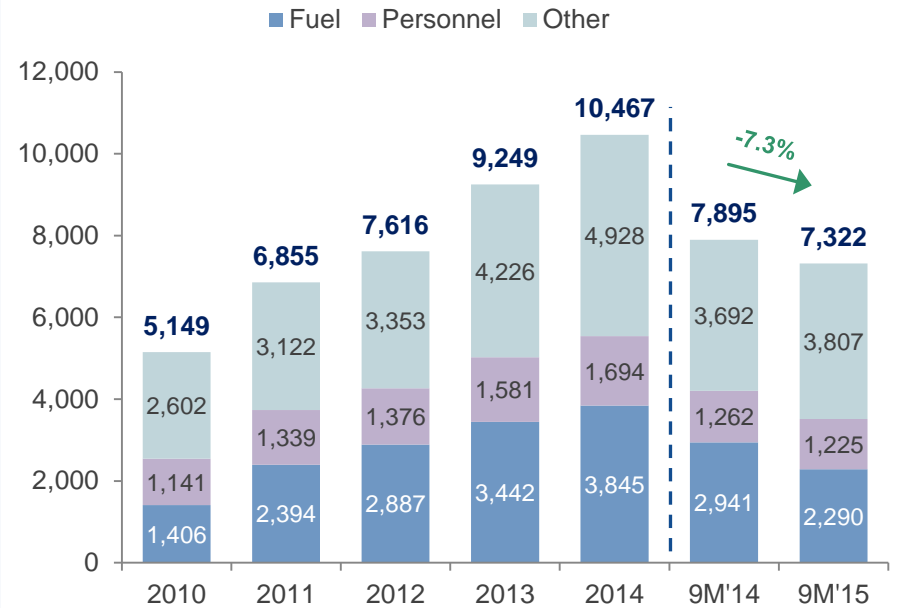
Note: Includes only scheduled passengers. Business class passengers include comfort class passengers. (0.4 %)

# Total Revenue and Expenses (9M'15)

## Revenue (mn USD)



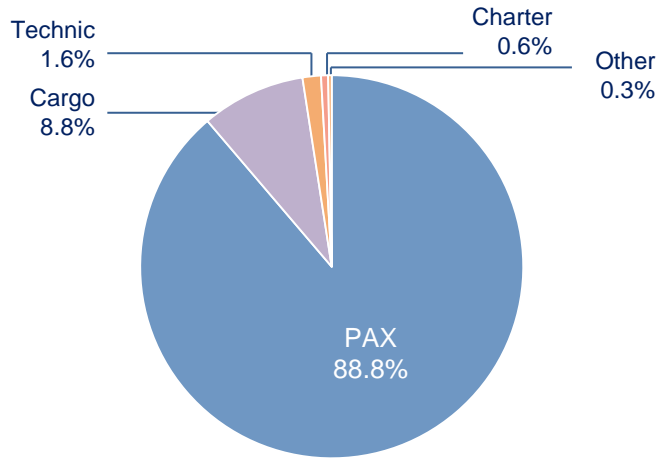
## Expenses (mn USD)



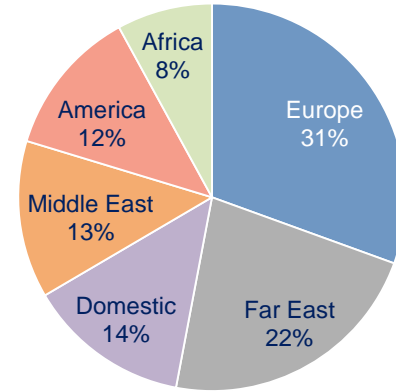
Note: Other revenue includes cargo, charter and other revenue

# Revenue Breakdown (9M'15)

## Revenue by Business Type

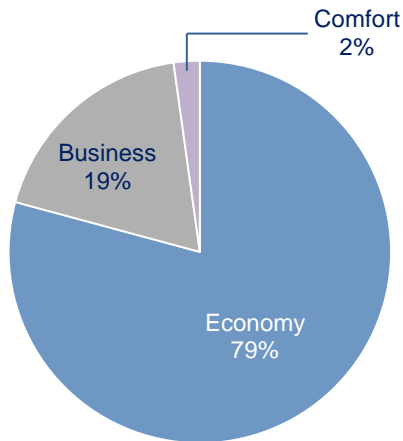


## Revenue by Geography

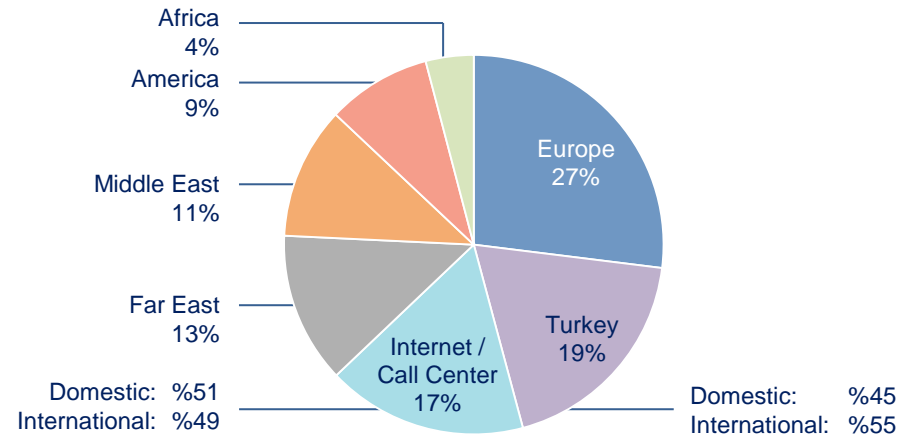


Note: Includes scheduled passenger and cargo revenue

## Revenue by Passenger Class



## Revenue by Point of Sale



Note: Includes only scheduled passenger revenue

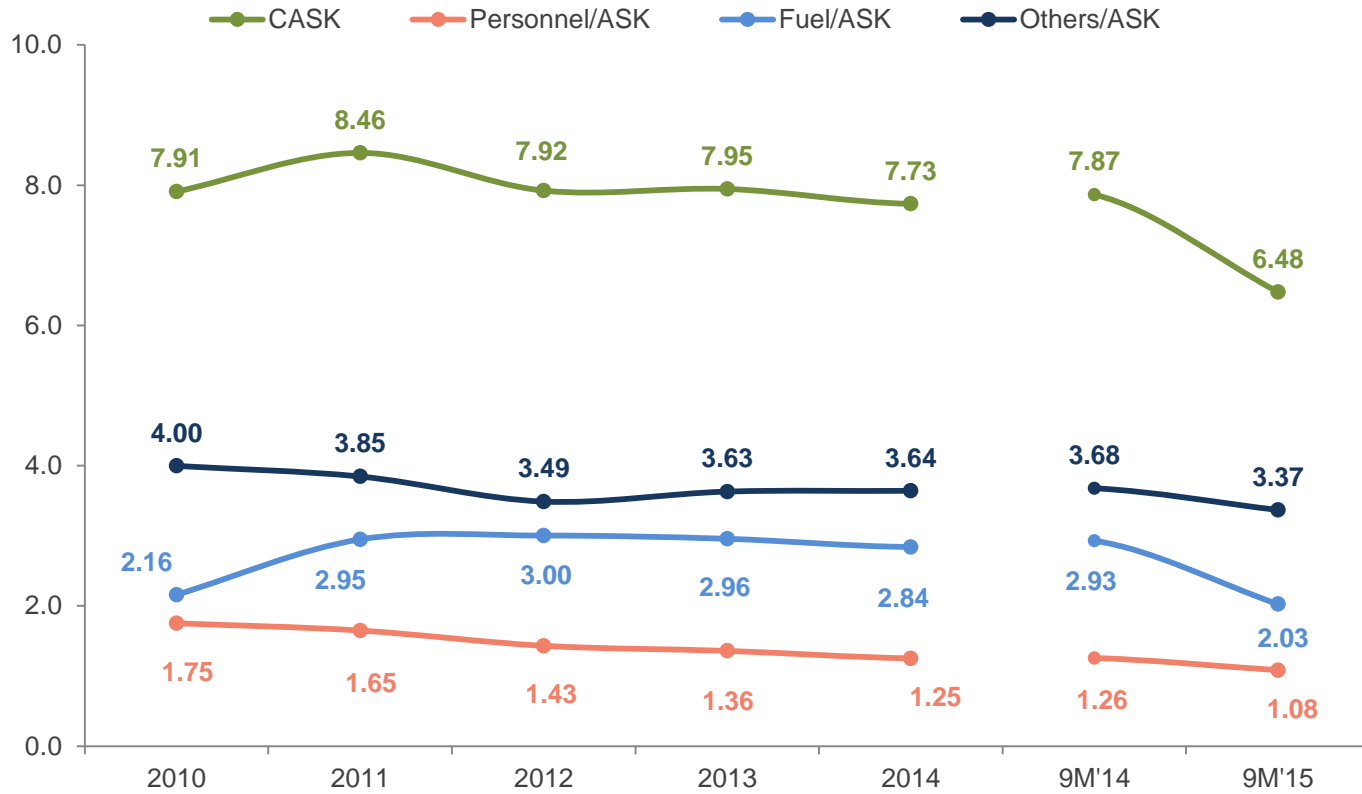
# Operational Expense Breakdown

(mn USD)	9M'14	% in Total	9M'15	% in Total	YoY Change
<b>Fuel</b>	<b>2,941</b>	<b>37.3%</b>	<b>2,290</b>	<b>31.3%</b>	<b>-22.1%</b>
<b>Personnel</b>	<b>1,262</b>	<b>16.0%</b>	<b>1,225</b>	<b>16.7%</b>	<b>-2.9%</b>
<b>Landing, Navigation &amp; Air Traffic</b>	<b>716</b>	<b>9.1%</b>	<b>687</b>	<b>9.4%</b>	<b>-4.1%</b>
Landing and navigation	311	3.9%	308	4.2%	-1.0%
Air Traffic Control	405	5.1%	379	5.2%	-6.4%
<b>Sales &amp; Marketing</b>	<b>623</b>	<b>7.9%</b>	<b>648</b>	<b>8.9%</b>	<b>4.0%</b>
Commissions and Incentives	276	3.5%	267	3.6%	-3.3%
Reservation System	169	2.1%	171	2.3%	1.2%
Advertising	103	1.3%	124	1.7%	20.4%
Other	75	0.9%	86	1.2%	14.7%
<b>Depreciation</b>	<b>549</b>	<b>7.0%</b>	<b>658</b>	<b>9.0%</b>	<b>19.9%</b>
<b>Ground Handling</b>	<b>468</b>	<b>5.9%</b>	<b>465</b>	<b>6.4%</b>	<b>-0.6%</b>
<b>Aircraft Rent</b>	<b>431</b>	<b>5.5%</b>	<b>375</b>	<b>5.1%</b>	<b>-13.0%</b>
Operational Lease	122	1.5%	151	2.1%	23.8%
Wet Lease	309	3.9%	224	3.1%	-27.5%
<b>Passenger Services &amp; Catering</b>	<b>419</b>	<b>5.3%</b>	<b>441</b>	<b>6.0%</b>	<b>5.3%</b>
<b>Maintenance</b>	<b>305</b>	<b>3.9%</b>	<b>339</b>	<b>4.6%</b>	<b>11.1%</b>
<b>General Administration</b>	<b>64</b>	<b>0.8%</b>	<b>63</b>	<b>0.9%</b>	<b>-1.6%</b>
<b>Other</b>	<b>117</b>	<b>1.5%</b>	<b>131</b>	<b>1.8%</b>	<b>12.0%</b>
<b>TOTAL</b>	<b>7,895</b>	<b>100%</b>	<b>7,322</b>	<b>100%</b>	<b>-7.3%</b>
Operating Cost per ASK (USc)	7.87	-	6.48	-	-17.6%
Ex-fuel Operating Cost per ASK (Usc)	4.94	-	4.45	-	-9.8%
<b>Fixed Costs</b>	<b>2,092</b>	<b>26.5%</b>	<b>2,094</b>	<b>28.6%</b>	<b>0.1%</b>



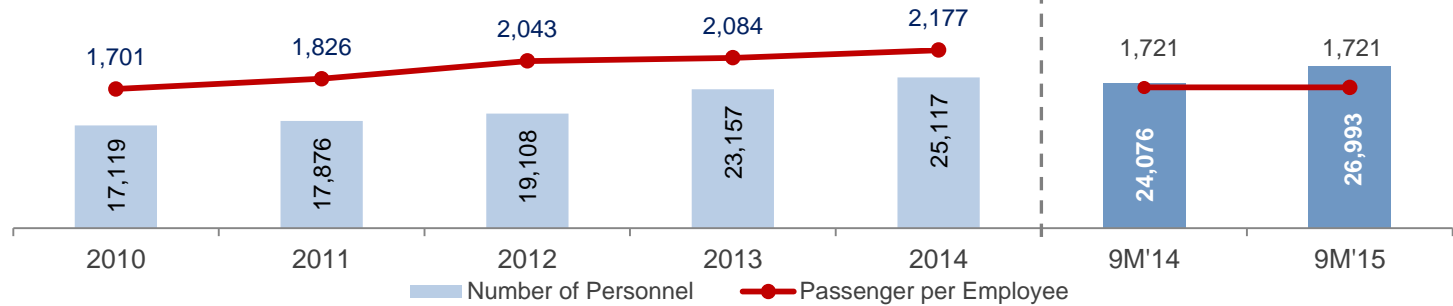
# Unit Operating Costs

## Cost Per ASK (Usc)



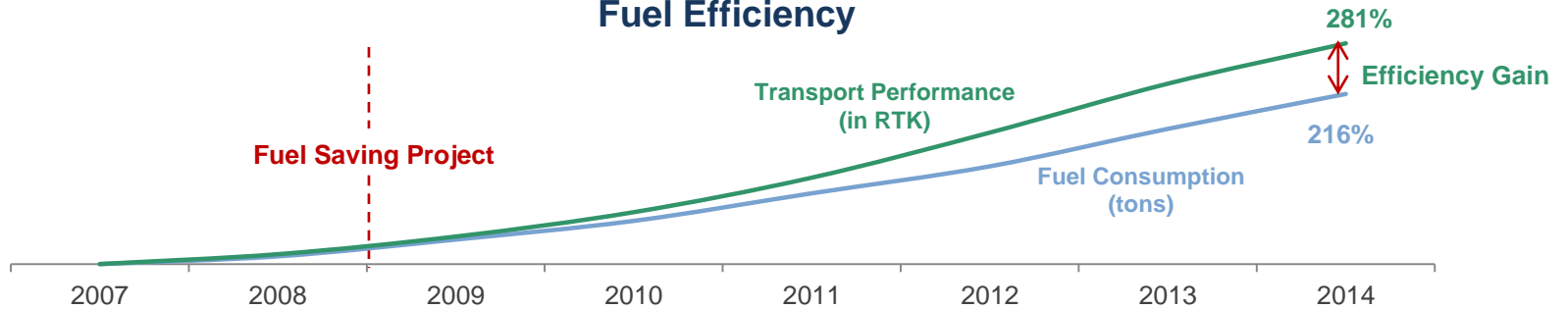
# Operating Efficiency

## Personnel Efficiency

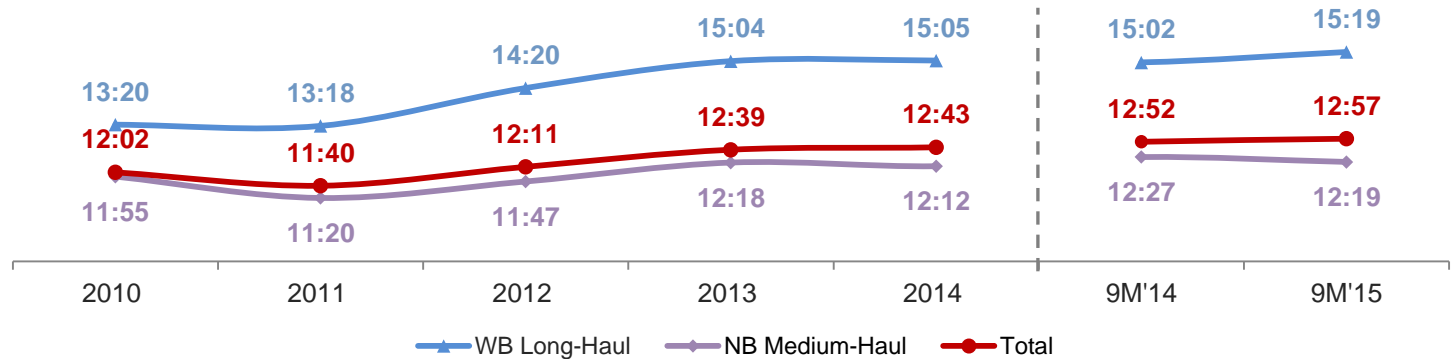


\* THY Technic, THY Habom and THY Aydın Çıldır Personnel is included.

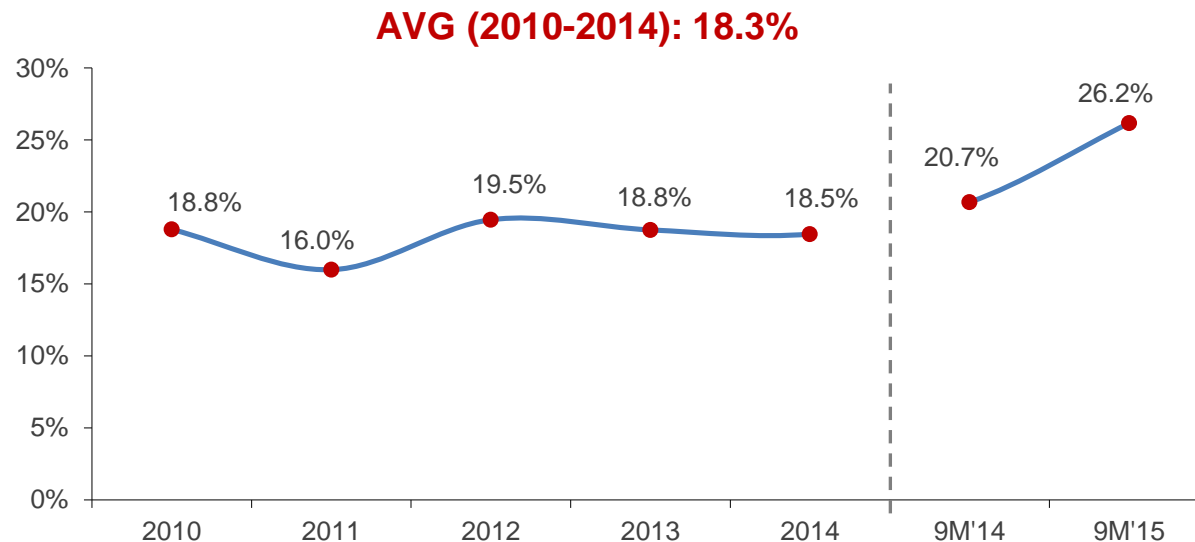
## Fuel Efficiency



## Average Daily Flight Utilization (hrs)



# EBITDAR Margin

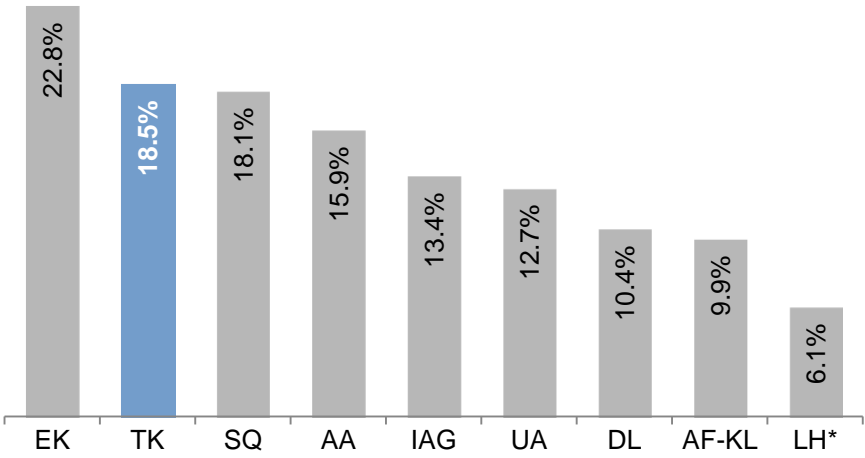


(mn USD)	2010	2011	2012	2013	2014	9M'14	9M'15	YoY Change
<b>Revenue</b>	<b>5,448</b>	<b>7,070</b>	<b>8,234</b>	<b>9,826</b>	<b>11,070</b>	<b>8,540</b>	<b>8,054</b>	<b>-5.7%</b>
<b>Net Income</b>	<b>185</b>	<b>11</b>	<b>657</b>	<b>357</b>	<b>845</b>	<b>723</b>	<b>877</b>	<b>21.3%</b>
Net Income Margin	3.4%	0.2%	8.0%	3.6%	7.6%	8.5%	10.9%	2.4 pt
<b>EBIT</b>	<b>262</b>	<b>277</b>	<b>691</b>	<b>755</b>	<b>770</b>	<b>803</b>	<b>1,019</b>	<b>26.9%</b>
EBIT Margin	4.8%	3.9%	8.4%	7.7%	7.0%	9.4%	12.7%	3.2 pt
<b>EBITDAR</b>	<b>1,024</b>	<b>1,130</b>	<b>1,603</b>	<b>1,843</b>	<b>2,044</b>	<b>1,766</b>	<b>2,108</b>	<b>19.4%</b>
EBITDAR Margin	18.8%	16.0%	19.5%	18.8%	18.5%	20.7%	26.2%	5.5 pt

# Peer Group vs Turkish Airlines Profitability

## EBITDAR Margin % Comparison

2014 Annual



9M'15

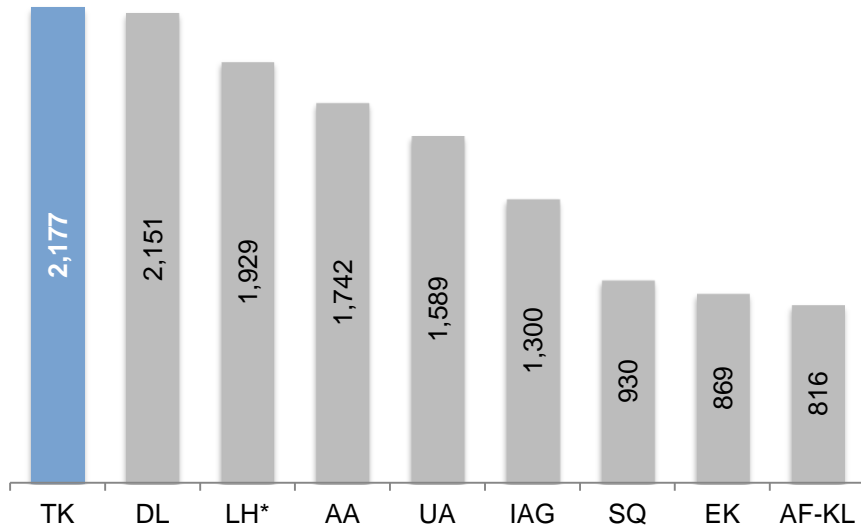


\* Lufthansa Passenger Airlines

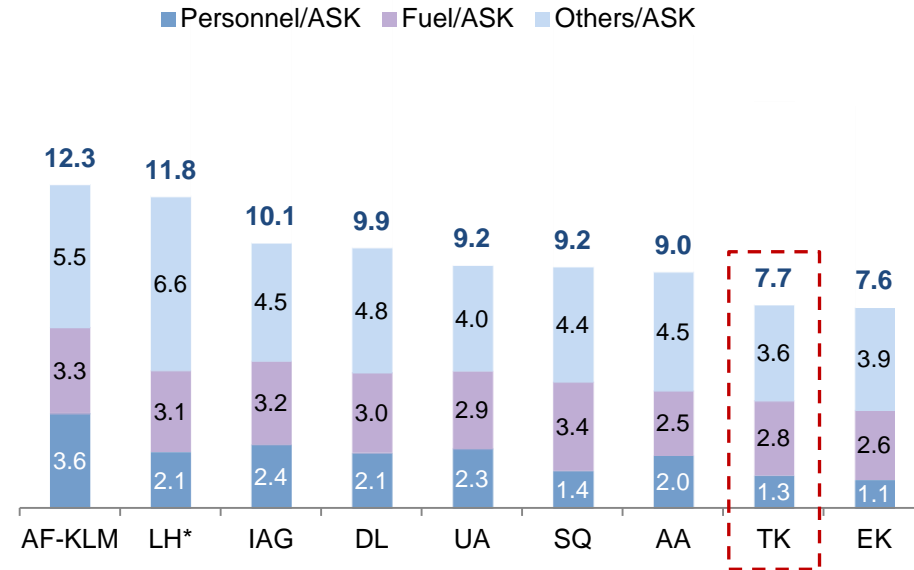
Source: Calculated based on public company reports.

# Peer Group vs Turkish Airlines Efficiency

## PAX Per Personnel (2014)



## Cost Per ASK (Usc) 2014



\* Lufthansa Passenger Airlines

Source: Calculated based on public company reports.

# Current Fleet

30.09.2015	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity	Average Fleet Age	Year End Fleet*						
								2015	2016	2017	2018	2019	2020	2021
Wide Body	A330-200	19		5	14	4,525	8.1	19	19	17	17	15	12	12
	A330-300	26		25	1	7,516	2.2	27	32	32	32	32	32	32
	A340-300	4	4			1,080	17.2	4	4	4	4	4	4	4
	B777-3ER	22		22		7,534	2.8	23	29	32	32	32	32	32
	<b>Total</b>	<b>71</b>	<b>4</b>	<b>52</b>	<b>15</b>	<b>20,655</b>	<b>4.9</b>	<b>73</b>	<b>84</b>	<b>85</b>	<b>85</b>	<b>83</b>	<b>80</b>	<b>80</b>
Narrow Body	B737-900ER	15		15		2,355	2.2	15	15	15	15	15	15	15
	B737-9 MAX										5	10	10	
	B737-800	68	25	33	10	10,940	9.3	68	88	87	78	78	78	78
	B737-700	3			3	372	9.5	3	1	1	1	1		
	B737-8 MAX										20	30	55	65
	A321 NEO									4	31	56	88	92
	A319-100	14		6	8	1,848	7.2	14	14	11	9	8	6	6
	A320-200	29		12	17	4,572	8.2	29	29	22	19	12	12	12
	A321-200	54		50	4	9,814	4.7	56	66	68	68	68	66	64
	B737-800 WL	24			24	4,536	8.9	24	22	22	20	19	9	7
	B737-700 WL	4			4	596	8.1	1						
	E190 WL/E195 WL	6			6	684	4.2	6	3					
<b>Total</b>	<b>217</b>	<b>25</b>	<b>116</b>	<b>76</b>	<b>35,717</b>	<b>7.3</b>	<b>216</b>	<b>238</b>	<b>230</b>	<b>261</b>	<b>292</b>	<b>339</b>	<b>349</b>	
Cargo	A330-200F	6		6		-	2.8	6	8	9	9	9	9	9
	Wet Lease	4			4	-	16.7	4	1					
	<b>Total</b>	<b>10</b>		<b>6</b>	<b>4</b>	<b>-</b>	<b>9.4</b>	<b>10</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>GRAND TOTAL</b>	<b>298</b>	<b>29</b>	<b>174</b>	<b>95</b>	<b>56,372</b>	<b>6.8</b>	<b>299</b>	<b>331</b>	<b>324</b>	<b>355</b>	<b>384</b>	<b>428</b>	<b>438</b>	

Seat Capacity Change :

18% 13% -1% 8% 7% 11% 2%

\*After exit-entry

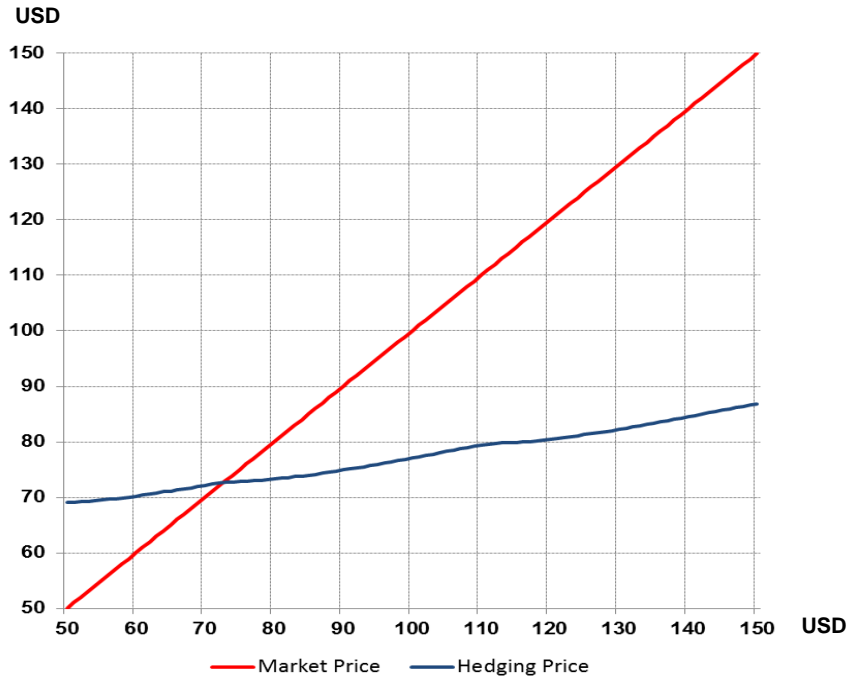
# Fleet Development

		2011-2021 Aircraft Purchases													
		Delivered						To Be Delivered							
30.09.2015	Type	2011	2012	2013	2014	2015	TOTAL	2015	2016	2017	2018	2019	2020	2021	TOTAL
Wide Body	A330-300	3	3	2	6	7	21		5						5
	B777-3ER	7			4	6	17	1	6	3					10
	<b>Total</b>	<b>10</b>	<b>3</b>	<b>2</b>	<b>10</b>	<b>13</b>	<b>38</b>	<b>1</b>	<b>11</b>	<b>3</b>					<b>15</b>
Narrow Body	B737-900ER	2	7	1		5	15								
	B737-9 MAX											5	5		10
	B737-800	2	2	6	10		20		20						20
	B737-8 MAX*										20	10	25	10	65
	A321	8	7	9		11	34	2	10	2					15
	A321 NEO**									4	27	25	32	4	92
	A319	6					6								
<b>Total</b>	<b>18</b>	<b>16</b>	<b>16</b>	<b>10</b>	<b>16</b>	<b>75</b>	<b>2</b>	<b>30</b>	<b>6</b>	<b>47</b>	<b>40</b>	<b>62</b>	<b>14</b>	<b>202</b>	
Cargo	A330-200F	1	1	2		1	5		2	1					3
	<b>Total</b>	<b>1</b>	<b>1</b>	<b>2</b>		<b>1</b>	<b>5</b>		<b>2</b>	<b>1</b>				<b>3</b>	
<b>GRAND TOTAL</b>		<b>29</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>30</b>	<b>118</b>	<b>3</b>	<b>43</b>	<b>10</b>	<b>47</b>	<b>40</b>	<b>62</b>	<b>14</b>	<b>220</b>

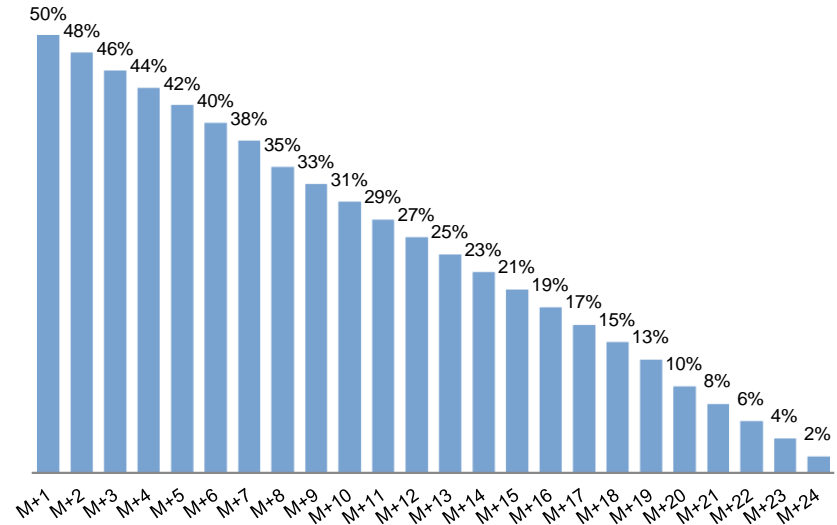
\* Including 10 optional aircraft in 2021

\*\* Including 20 optional aircraft in 2020

# Hedging Fuel Price Risk



## Turkish Airlines Fuel Hedging Rate



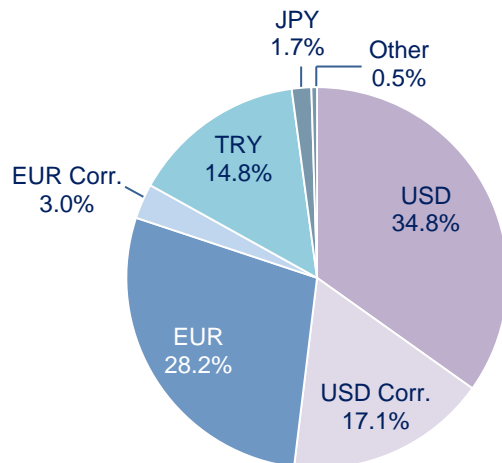
- Around 22 million barrels of hedged position on ICE BRENT as of September 30, 2015
- **Current fuel hedging levels:**
  - 4Q'15: %49
  - FY16: %34

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

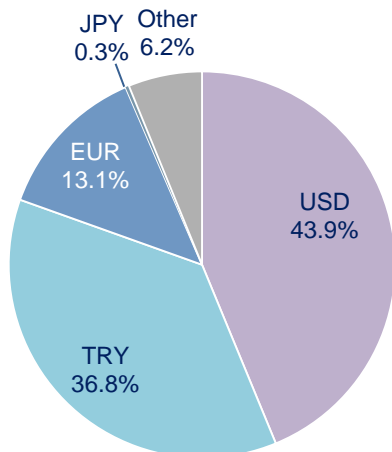


# Hedging Currency Risk

## Revenue by Currency<sup>(1)</sup> (3Q'15)

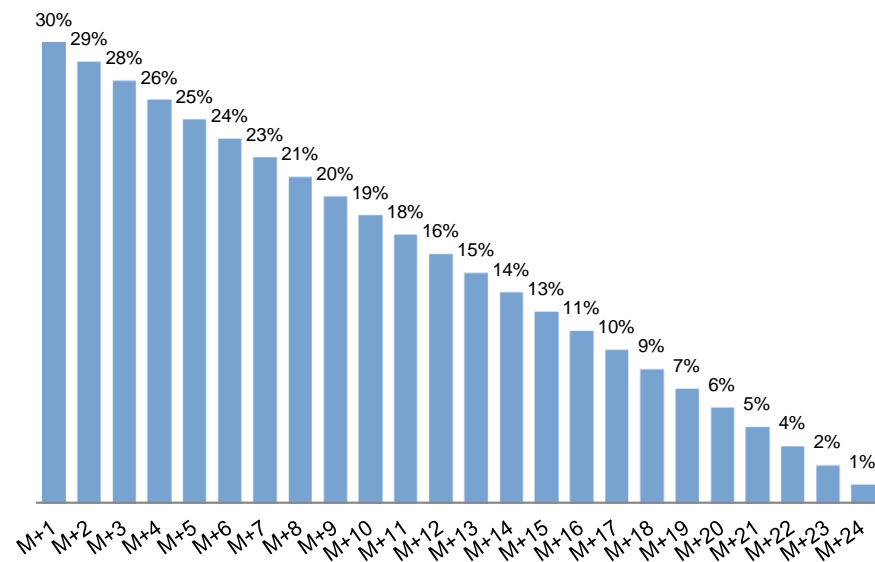


## Expenses by Currency (3Q'15)



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

## 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

### Current currency hedging matrix:

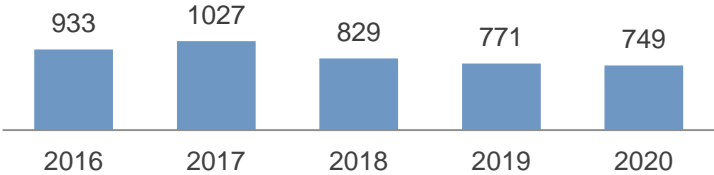
4Q'15	Hedging Levels*	Average Price
EUR/USD	25%	1.27
EUR/TRY	29%	3.19

\* Percentage of respective short positions.

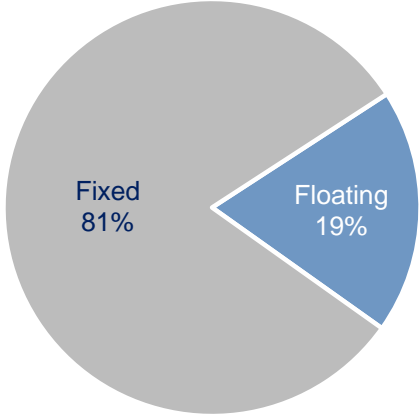
# Debt Management and Aircraft Financing

As of 30.09.2015  
Total Debt : **8.4 bn USD**  
Weighted Average Interest Rate: **3.0%**

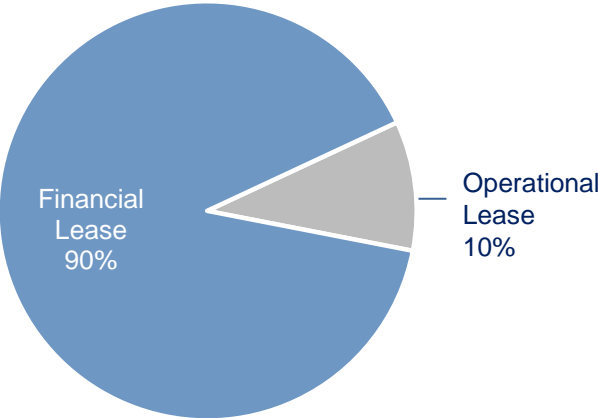
## 5 Year Maturity Profile (USD mn)



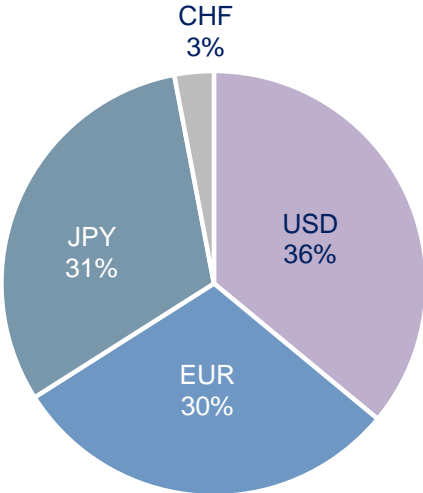
## Interest Rate Type



## Lease Type



## Currency Type



# Credit Rating



**BB+ / Baa3**



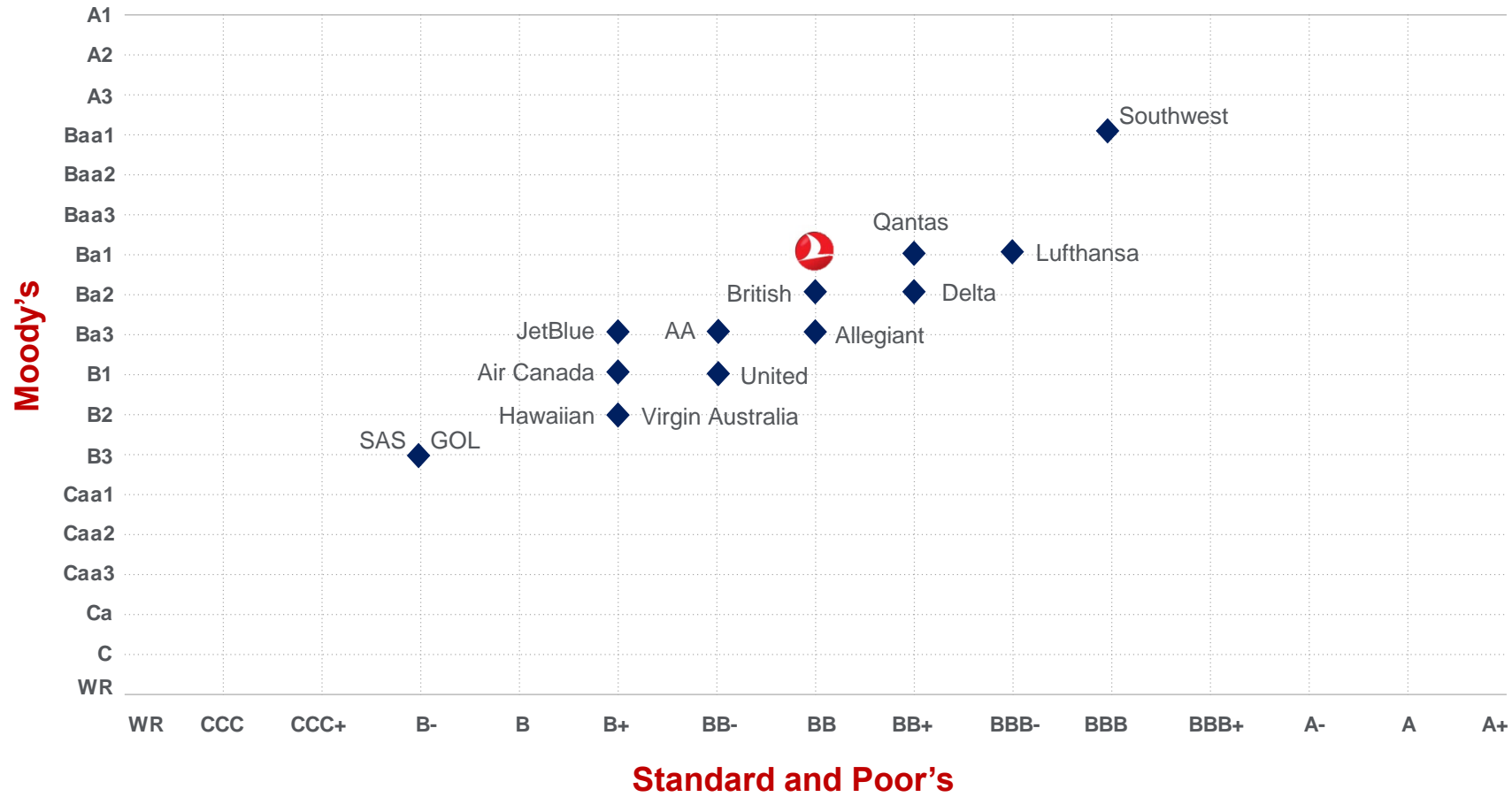
**BB / Ba1**



**BBB- / Ba1**



**BB / Ba2**

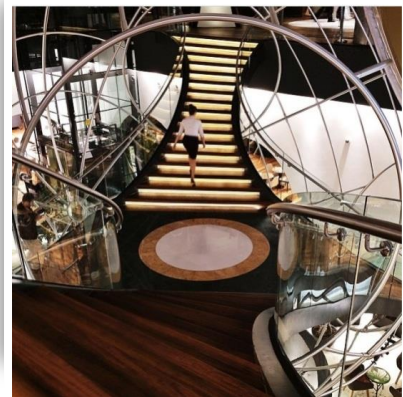


Note: Retrieved from S&P and Moody's website on 31 October 2015.

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Turkish Cargo wins “Overall Carrier Of The Year” and “Combination Carrier of the Year” at Payload Asia Awards

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# Balance Sheet

Assets (mn USD)	2010	2011	2012	2013	2014	9M'15
Cash and Equivalents	581	934	1,028	647	722	1,156
Trade Receivables	374	405	434	538	456	485
Pre-delivery Payment (PDP) Receivables	1,042	376	267	521	990	1,058
Other Current Assets	263	426	437	419	663	728
<b>Total Current Assets</b>	<b>2,259</b>	<b>2,140</b>	<b>2,166</b>	<b>2,125</b>	<b>2,831</b>	<b>3,427</b>
Net Fixed Assets	4,168	5,873	7,121	8,043	9,201	11,252
of which Aircraft and Engines	3,822	5,319	6,392	7,030	8,167	9,566
Pre-delivery Payment (PDP) Receivables	108	217	655	993	650	406
Other Non-Current Assets	354	455	581	741	1,064	1,314
<b>Total Non-Current Assets</b>	<b>4,629</b>	<b>6,545</b>	<b>8,357</b>	<b>9,777</b>	<b>10,915</b>	<b>12,972</b>
<b>Total Assets</b>	<b>6,888</b>	<b>8,685</b>	<b>10,523</b>	<b>11,902</b>	<b>13,746</b>	<b>16,399</b>

Liabilities (mn USD)	2010	2011	2012	2013	2014	9M'15
Lease Obligations	2,703	4,189	4,862	5,413	5,931	7,508
Passenger Flight Liabilities	436	677	936	1,201	1,398	1,325
Accounts Payable	476	461	510	680	662	713
Other Liabilities	850	976	1,183	1,346	1,805	2,042
<b>Total Liabilities</b>	<b>4,464</b>	<b>6,303</b>	<b>7,491</b>	<b>8,640</b>	<b>9,796</b>	<b>11,588</b>
<b>Total Shareholders Equity</b>	<b>2,424</b>	<b>2,382</b>	<b>3,032</b>	<b>3,262</b>	<b>3,950</b>	<b>4,811</b>
of which Issued Capital	1,374	1,498	1,498	1,597	1,597	1,597
of which Retained Earnings	827	889	903	1,350	1,714	2,559
of which Differences from Currency Translation	2	-18	-10	-26	-47	-84
of which Net Profit for the Period	185	11	657	357	845	877
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>6,888</b>	<b>8,685</b>	<b>10,523</b>	<b>11,902</b>	<b>13,746</b>	<b>16,399</b>



# Income Statement

(mn USD)	2010	2011	2012	2013	2014	9M'14	9M'15	YoY Change
Operating Revenue	5,448	7,070	8,234	9,826	11,070	8,540	8,054	-6%
Operating Expenses (-)	5,149	6,855	7,616	9,249	10,467	7,895	7,322	-7%
of which Fuel	1,406	2,394	2,887	3,442	3,845	2,941	2,290	-22%
of which Personnel	1,141	1,339	1,376	1,581	1,694	1,262	1,225	-3%
of which Depreciation	297	486	574	650	744	549	658	20%
of which Rent	305	252	243	448	543	431	375	-13%
<b>Net Operating Profit / Loss</b>	<b>299</b>	<b>215</b>	<b>618</b>	<b>577</b>	<b>603</b>	<b>645</b>	<b>732</b>	<b>13%</b>
Income From Other Operations	92	96	95	115	81	71	191	169%
Expense From Other Operations (-)	79	237	61	41	46	22	29	32%
<b>Profit / (Loss) From Main Operations</b>	<b>312</b>	<b>73</b>	<b>652</b>	<b>651</b>	<b>638</b>	<b>694</b>	<b>894</b>	<b>29%</b>
Income From Investment Activities (Net)	-	-	271	76	72	38	54	42%
Share of Investments' Profit / Loss	24	6	4	55	75	67	79	18%
Financial Income	47	158	49	27	443	233	427	83%
Financial Expense (-)	99	150	191	307	182	140	265	89%
<b>Profit Before Tax</b>	<b>237</b>	<b>87</b>	<b>785</b>	<b>502</b>	<b>1,046</b>	<b>892</b>	<b>1,189</b>	<b>33%</b>
Tax (-)	51	76	128	145	201	169	312	85%
<b>Net Profit</b>	<b>185</b>	<b>11</b>	<b>657</b>	<b>357</b>	<b>845</b>	<b>723</b>	<b>877</b>	<b>21%</b>

# EBITDAR Calculation

3Q'14	3Q'15	YoY Change	EBITDAR (mn USD)	9M'14	9M'15	YoY Change
3,318	3,265	-2%	Sales Revenue	8,540	8,054	-6%
2,448	2,241	-8%	Cost of Sales (-)	6,856	6,276	-8%
<b>870</b>	<b>1,024</b>	<b>18%</b>	<b>GROSS PROFIT / (LOSS)</b>	<b>1,684</b>	<b>1,778</b>	<b>6%</b>
66	64	-3%	General Administrative Expenses (-)	201	199	-1%
267	278	4%	Marketing and Sales Expenses (-)	838	847	1%
<b>537</b>	<b>682</b>	<b>27%</b>	<b>NET OPERATING PROFIT / (LOSS)</b>	<b>645</b>	<b>732</b>	<b>13%</b>
18	33	83%	Other Operating Income	71	191	169%
17	13	-24%	Other Operating Expense (-)	22	29	32%
<b>538</b>	<b>702</b>	<b>30%</b>	<b>Profit / (Loss) from Main Operations</b>	<b>694</b>	<b>894</b>	<b>29%</b>
<b>62</b>	<b>83</b>	<b>34%</b>	<b>Adjustments</b>	<b>109</b>	<b>125</b>	<b>15%</b>
47	67	43%	Share of Investments' Profit / Loss Accounted by Using The Equity Method	67	79	18%
15	16	7%	Income From Government Incentives	42	46	10%
<b>600</b>	<b>785</b>	<b>31%</b>	<b>EBIT</b>	<b>803</b>	<b>1,019</b>	<b>27%</b>
176	215	22%	Cost of Sales_Depreciation	513	610	19%
13	16	23%	General Administrative Expenses_Depreciation	31	43	39%
2	2	0%	Marketing and Sales Expenses_Depreciation	5	5	0%
<b>791</b>	<b>1,018</b>	<b>29%</b>	<b>EBITDA</b>	<b>1,352</b>	<b>1,677</b>	<b>24%</b>
93	118	27%	Adjusted Operating Lease Expenses <sup>1</sup>	244	308	26%
64	48	-26%	Adjusted Short term Lease Expenses (Wet-lease) <sup>2</sup>	170	123	-28%
<b>948</b>	<b>1,184</b>	<b>25%</b>	<b>EBITDAR</b>	<b>1,766</b>	<b>2,108</b>	<b>19%</b>
<b>28.6%</b>	<b>36.3%</b>	<b>7.7 pt</b>	<b>EBITDAR MARGIN</b>	<b>20.7%</b>	<b>26.2%</b>	<b>5.5 pt</b>

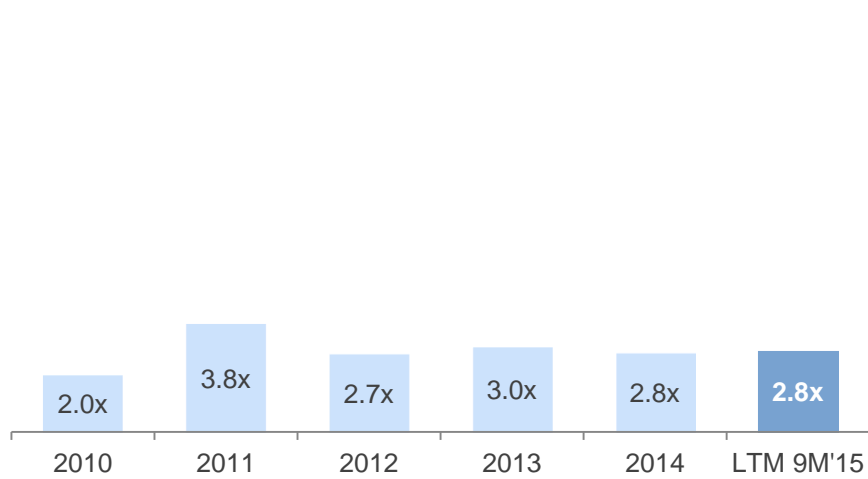
(\*): Adjusted for A/C heavy maintenance

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

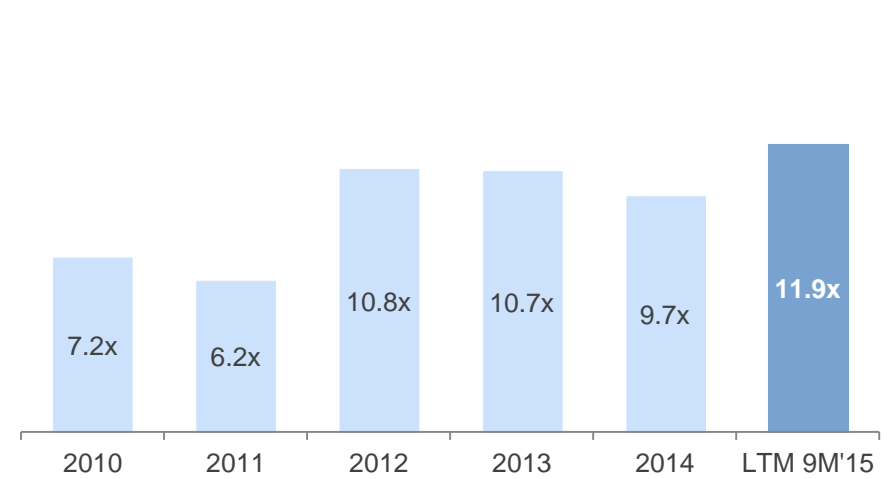


# Financial Ratios

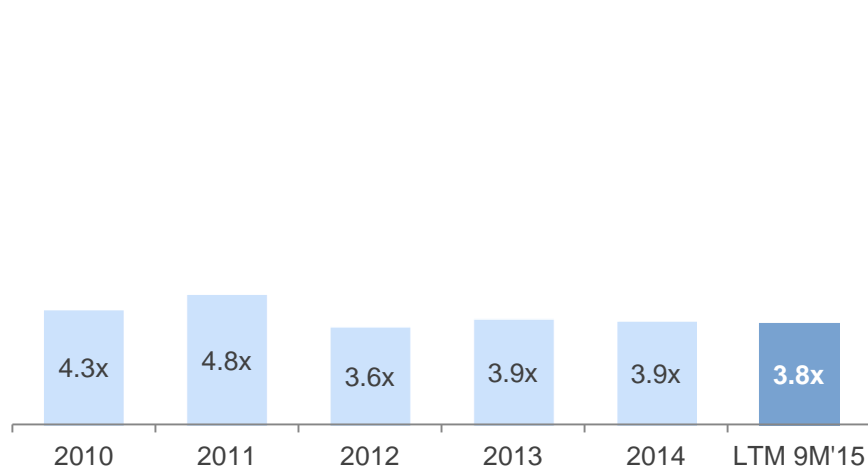
## Net Debt / EBITDA



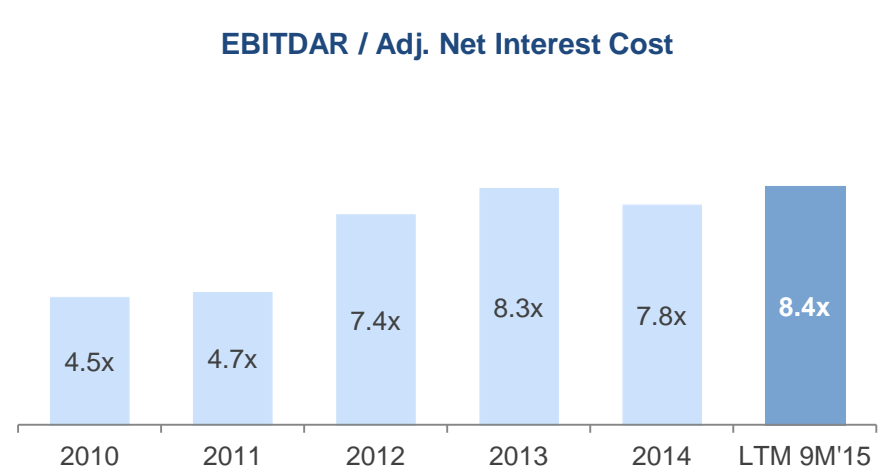
## EBITDA / Net Interest Cost



## Adjusted Net Debt<sup>(1)</sup> / EBITDAR



## EBITDAR / Adjusted Net Interest Cost<sup>(2)</sup>

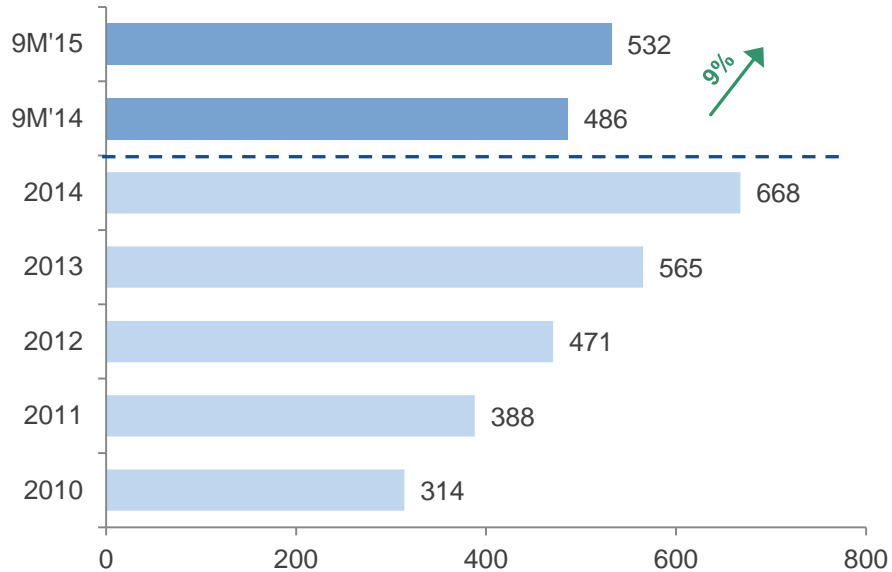


<sup>(1)</sup> Adjusted for the capitalization of operating leases including 55% of wet lease (7x)

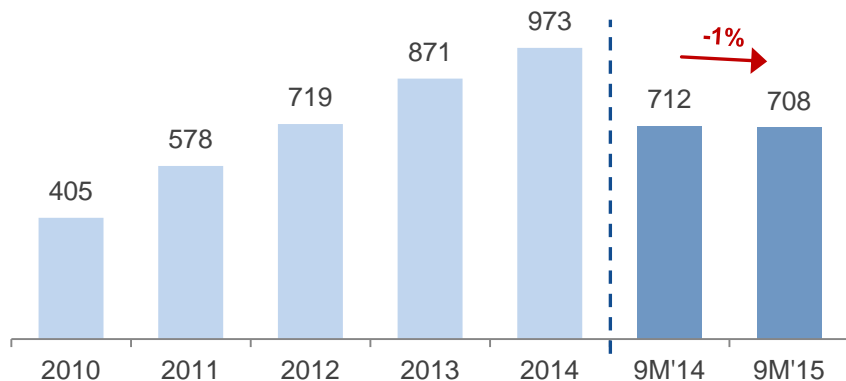
<sup>(2)</sup> Adjusted by the portion of financial costs within operating leases (33%)

# Cargo Transportation

## Cargo Tonnage Carried ('000 Ton)



## Cargo Revenue Evolution (mn USD)



- Turkish Cargo serves 55 destinations with 10 freighters besides 277 destinations with 288 passenger aircraft.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 1.6% in 2014.
- In 2014, while World FTK grew by 4.5%, Turkish Cargo FTK grew by 17.6% compared to previous year.
- New Cargo Terminal was opened at the end of 2014. The facility has 1.2 million tons of cargo capacity and 43,000 m<sup>2</sup> closed warehouse area.
- COMIS Project was completed and sales, accounting and operations modules were upgraded with the new generation iCargo system in 3Q'15.

## Recent Awards

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

# Subsidiaries & Affiliates

Turkish Airlines Group 9M'15		Revenue (mn USD)	Net Profit (mn USD)	% of Sales to Turkish Airlines	Number of Personnel	Paid in Capital (mn USD)	Partnership Structure
1	Turkish Airlines*	8,054	877	-	21,605	1,597	%49 ÖİB - %51 Public
2	Turkish Opet Aviation Fuels	1,394	20	96%	426	16	%50 THY - %50 Opet
3	Sun Express (Turkey & Germany Consolidated)	954	90	20%	3,420	35	%50 THY - %50 Lufthansa
4	THY Turkish Technic	668	27	81%	5,383	316	% 100 THY
5	THY Turkish Do&Co	287	27	89%	5,539	10	%50 THY - %50 Do&Co
6	Turkish Ground Services	192	20	82%	9,953	4	%50 THY - %50 Havaş
7	Pratt Whitney THY Turkish Engine Center (TEC)	163	8	72%	269	26	%51 PW - %49 THY
8	Goodrich Turkish Airlines Technical Service Center	7	-	71%	31	1	%60 TSA Rina - %40 THY Teknik
9	Turkish Cabin Interior Systems Industries, Inc.	5	-6	100%	154	17	%50 THY & THY Teknik - %50 TAI
10	Aircraft Seat Manufacturing Industry & Trade, Inc.	4	-	100%	40	0	%50 THY & THY Teknik - Assan Hanil %50
11	THY Aydın Çıldır Airport Management, Inc.	1	-	100%	5	16	%100 THY
12	Turbine Technical Gas Turbines Maintenance & Repair, Inc.	1	-	0%	10	5	%50 THY Teknik - %50 Zorlu O&M
13	Tax Free Zone, Inc. (Tax Refund)	-	-	-	10	0.3	%30 THY - %45 Maslak Oto - %25 VK Holding

\* THY A.O. Personnel

# Subsidiaries & Affiliates

## Turkish Technic

- › Owned 100% by THY.
- › Provides maintenance services to more than 100 customers, including international airlines such as Lufthansa, KLM, BA and Alitalia as well as domestic airlines.
- › Besides the facility at Ataturk Airport, a new world-class facility, HABOM, located at Sabiha Gökçen International Airport was launched by the end of June'14 with an investment of USD 550 million to increase technical maintenance and repair capacity and capability available to both Turkish Airlines and 3rd party customers.
- › HABOM's location makes it a convenient MRO option for 39% of the world's civilian aircraft and has 55 countries lying within a 3.5 hour flying radius. HABOM facilities, when fully operational, will have 7,000 personnel and is expected to produce annual revenue of USD 1.5 billion.
- › Turkish Airlines has a total MRO capacity to provide simultaneous maintenance, repair and overhaul services for 30 narrow body aircraft and 10 wide body aircraft in a closed area capacity of 576,000 m<sup>2</sup>.
- › On January 2015, HABOM was awarded LEED (Leadership in Energy and Environmental Design) Gold Certificate by U.S. Green Building Council for its sustainable building design.



# Subsidiaries & Affiliates

## Turkish Seat Industries (TSI)

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



## Goodrich THY Technic Service Center

- › Provides repair, overhaul and modification services for Nacelle, Thrust Reverser and its components for Turkish Airlines and other customers from Turkish domestic and International markets.
- › The company is located in Turkish Technic's HABOM facility.

## Turkish Engine Center

- › Provides engine maintenance, repair and overhaul (MRO) services to customers located in Turkey, surrounding regions and worldwide.
- › The environmentally efficient engine overhaul facility has total usage area of 100,000 m<sup>2</sup> 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 1<sup>st</sup> 2011.



## Turkish Do&Co

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



## TGS Ground Services

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

# Subsidiaries & Affiliates



**Date of Establishment**

1989

**Business Model**

Charter + Scheduled

**Destinations**

22 in Germany, 14 in Turkey, 44 other

**Fleet**

28 B737-800 +  
28 operated for THY

**Seat Capacity**

10,424

**# of Passengers**

5.3 million

**Load Factor (9M'15)**

86.4 %

**Revenues (9M'15)**

707 mn USD

**Net Income (9M'15)**

82 mn USD

**SunExpress Germany**

2011

Charter + Scheduled

11 in Germany, 14 in Turkey, 4 in Egypt, 3 in Spain/Canary Islands and 10 other

15 B737-800

2,811

1.5 million

86.9 %

247 mn USD

8 mn USD

**SunExpress Consolidated**

Charter + Scheduled

106

71

13,235

6.8 million

86.6 %

954 mn USD

90 mn USD

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. Four of those aircraft were delivered as of 3Q'15.



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