



TURKISH AIRLINES

3Q'17 Results Summary

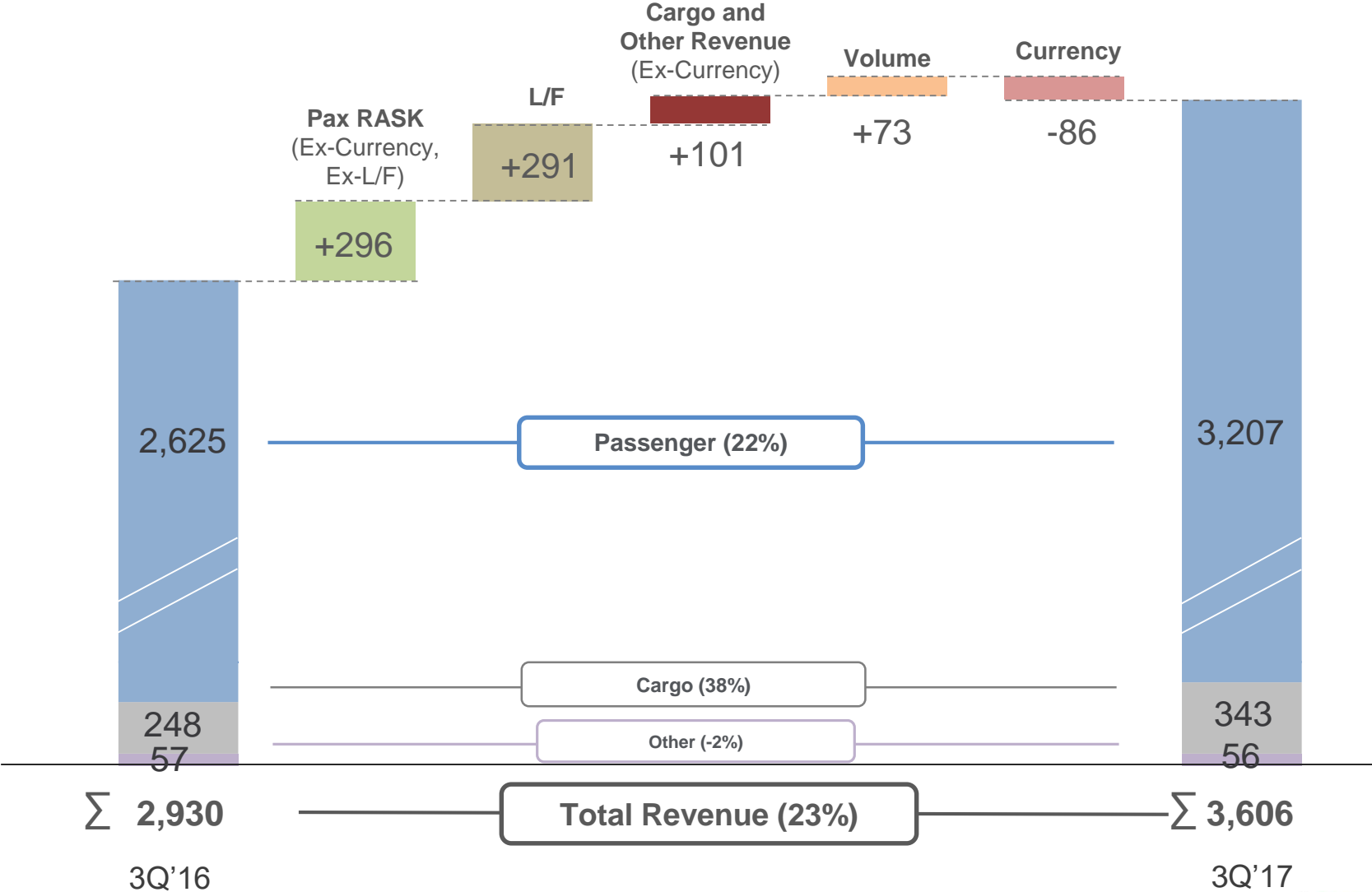


Key Financial Data

3Q'16	3Q'17	Change	(USD mn)	9M'16	9M'17	Change
2.930	3.606	23,1%	Revenue	7.562	8.203	8,5%
2.625	3.207	22,2%	Passenger Revenue	6.696	7.125	6,4%
248	343	38,3%	Cargo Revenue	712	923	29,6%
226	888	292,9%	Net Operating Profit / Loss	-260	819	-
257	939	265,4%	Profit From Main Operations	-154	956	-
184	697	278,8%	Net Income	-463	263	-
6,3%	19,3%	13,0 pt	Net Income Margin	-6,1%	3,2%	9,3 pt
781	1.467	87,9%	EBITDAR	1.312	2.391	82,3%
26,6%	40,7%	14,0 pt	EBITDAR Margin	17,3%	29,2%	11,8 pt

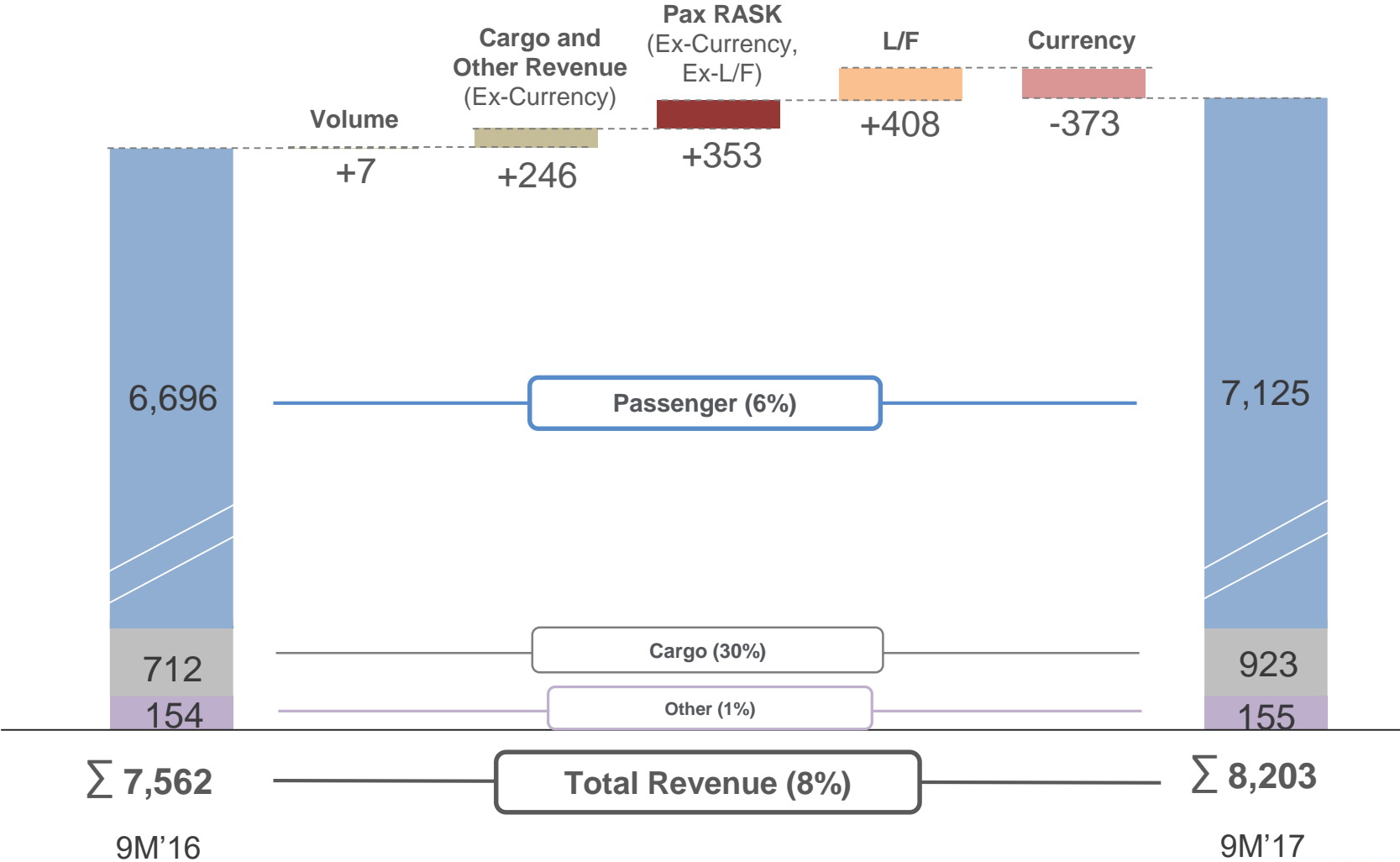
Revenue Development (3Q'16 vs 3Q'17)

(mn USD)



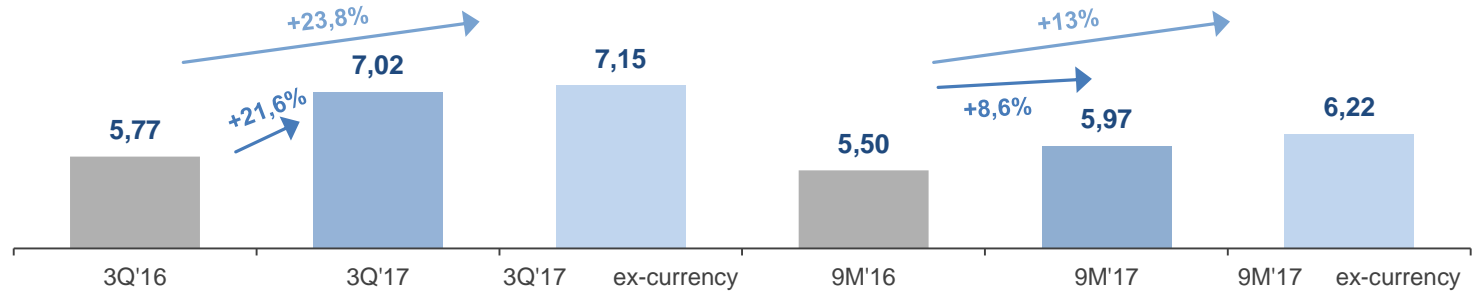
Revenue Development (9M'16 vs 9M'17)

(mn USD)

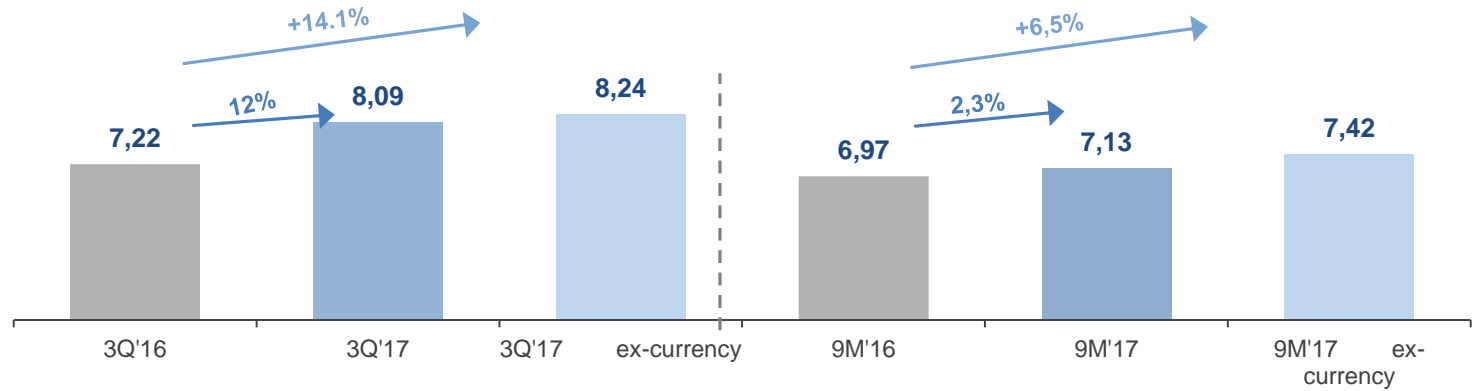


Unit Revenue Development

RASK (USc)

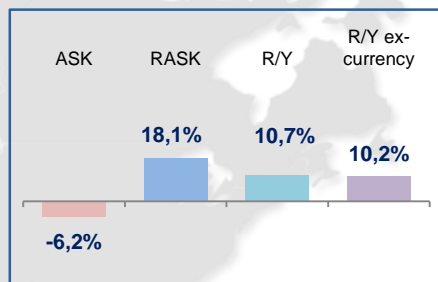


R/Y (Usc)

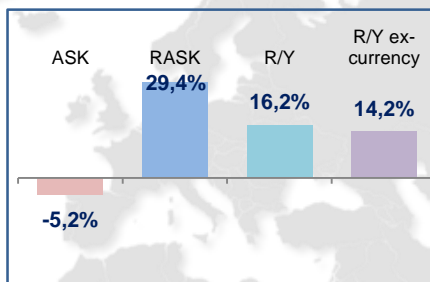


Regional Yield Development in USD (3Q'17 vs 3Q'16)

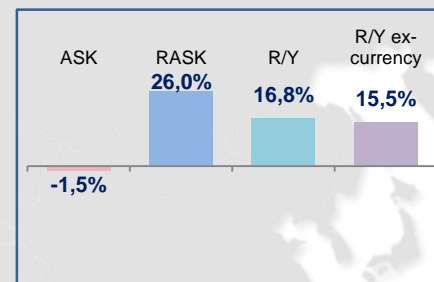
America



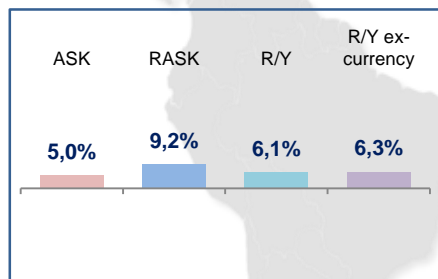
Europe



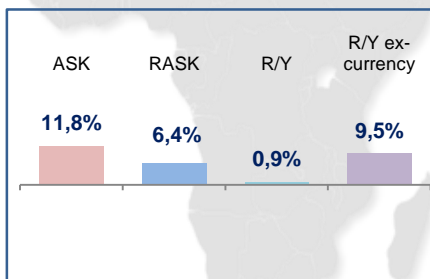
Asia / Far East



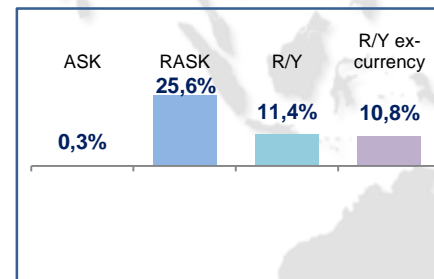
Africa



Domestic



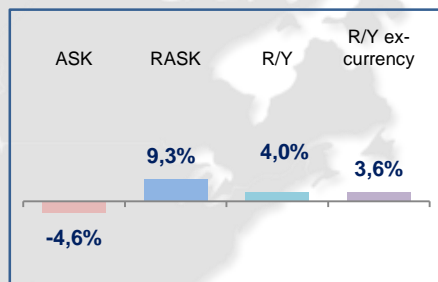
Middle East



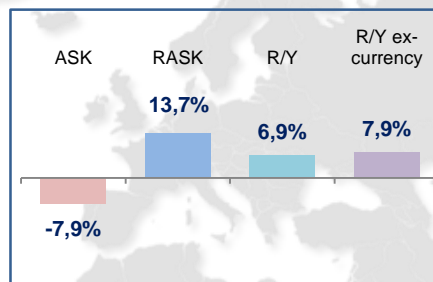
R/Y : Yield : Passenger Revenue / RPK (Scheduled)
 RASK : Passenger and Cargo Revenue / ASK* (Scheduled)
 * ASK value is adjusted for cargo operations.

Regional Yield Development in USD (9M'16 vs 9M'17)

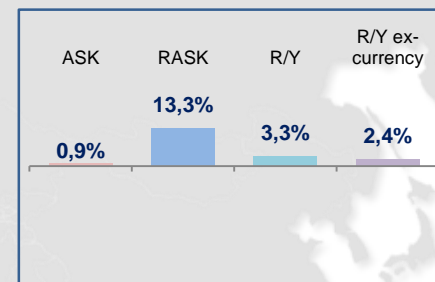
America



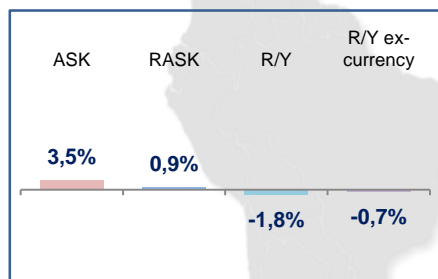
Europe



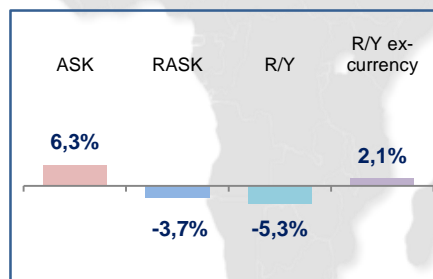
Asia / Far East



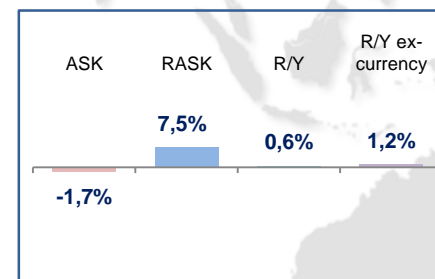
Africa



Domestic

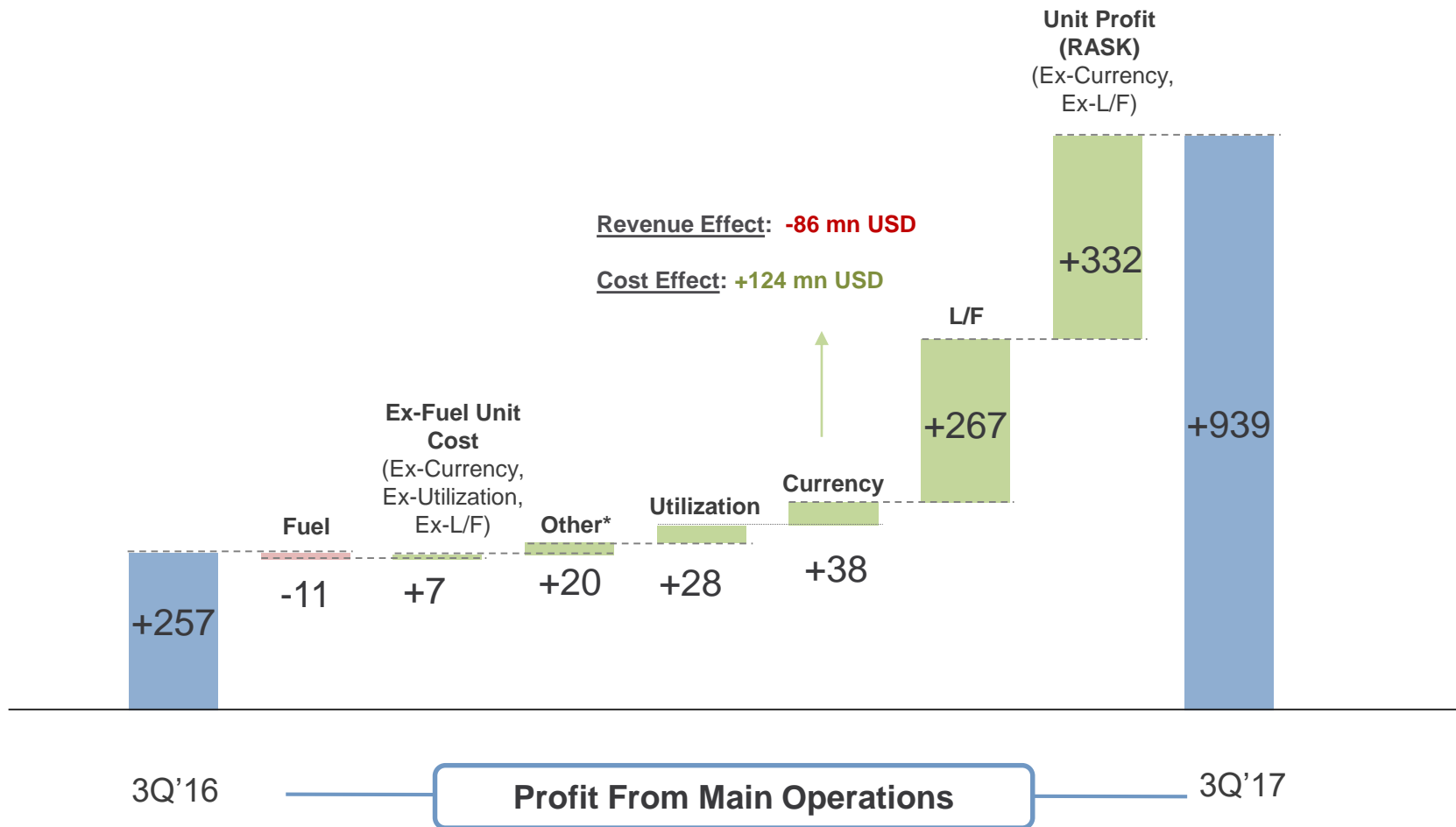


Middle East



Profit From Main Operations Development (3Q'16 vs 3Q'17)

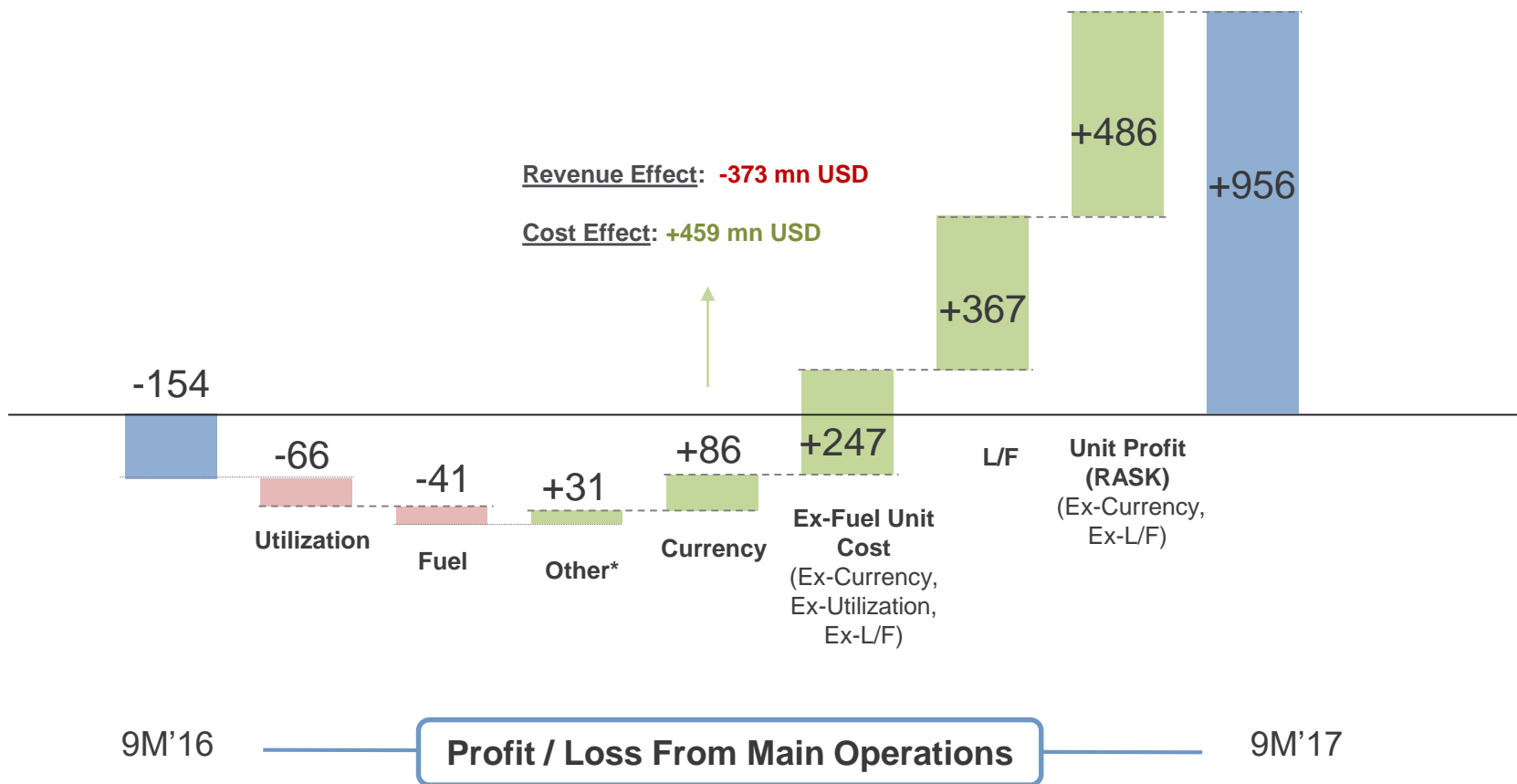
(mn USD)



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

Profit From Main Operations Development (9M'16 vs 9M'17)

(mn USD)



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

Operational Expense Breakdown

3Q'16	3Q'17	Change	(mn USD)	9M'16	9M'17	Change
760	815	7,2%	Fuel	2.036	2.099	3,1%
478	431	-9,8%	Personnel	1.451	1.243	-14,3%
419	394	-6,0%	Aircraft Ownership	1.233	1.142	-7,4%
272	289	6,3%	Airports & Air Navigation	740	730	-1,4%
222	228	2,7%	Sales & Marketing	735	650	-11,6%
181	184	1,7%	Ground Handling	503	483	-4,0%
160	150	-6,3%	Passenger Services & Catering	452	388	-14,2%
141	154	9,2%	Maintenance	450	430	-4,4%
71	73	2,8%	Other	222	219	-1,4%
2.704	2.718	0,5%	TOTAL	7.822	7.384	-5,6%

ASK Growth: **+3.0%**

ASK Growth: **+0.1 %**

Notes:

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

CASK Breakdown

3Q'16	3Q'17	Change	(USc)	9M'16	9M'17	Change
1,57	1,63	4,1%	Fuel	1,56	1,61	3,0%
0,99	0,86	-12,5%	Personnel	1,11	0,95	-14,4%
0,87	0,79	-8,7%	Aircraft Ownership	0,95	0,88	-7,5%
0,56	0,58	3,2%	Airports & Air Navigation	0,57	0,56	-1,5%
0,46	0,46	-0,3%	Sales & Marketing	0,56	0,50	-11,7%
0,37	0,37	-1,3%	Ground Handling	0,39	0,37	-4,1%
0,33	0,30	-9,0%	Passenger Services & Catering	0,35	0,30	-14,2%
0,29	0,31	6,0%	Maintenance	0,35	0,33	-4,5%
0,15	0,15	-0,2%	Other	0,17	0,17	-1,5%
5,58	5,45	-2,4%	TOTAL	6,00	5,66	-5,7%

Selected KPI's

3Q'16	3Q'17	Change		9M'16	9M'17	Change
575	583	1,3%	Fuel Price (Usd/ton)	567	578	2,0%
3,28	3,31	1,0%	Fuel Consumption (lt) per 100 ASK2	3,31	3,28	-0,9%
1.114	1.011	-9,3%	Aircraft Ownership Cost per BH	1.181	1.115	-5,6%
375	395	5,4%	Maintenance Cost per BH	431	420	-2,6%
1.381	1.333	-3,4%	Handling Cost per Landing	1.408	1.361	-3,3%
1.069	1.091	2,1%	Airports & Air Navigation Cost per km Flown	1.055	1.044	-1,0%
8,78	7,03	-19,9%	Passenger Services & Catering Cost per Pax	9,36	7,52	-19,7%
7,6%	6,3%	-1,3 pt	Sales & Marketing Cost / Total Revenue	9,7%	7,9%	-1,8 pt

EBITDAR Calculation

3Q'16	3Q'17	Change	EBITDAR (mn USD)	9M'16	9M'17	Change
2.930	3.606	23%	Sales Revenue	7.562	8.203	8%
2.335	2.362	1%	Cost of Sales (-)	6.625	6.328	-4%
595	1.244	109%	GROSS PROFIT / (LOSS)	937	1.875	100%
77	59	-23%	General Administrative Expenses (-)	242	204	-16%
292	297	2%	Marketing and Sales Expenses (-)	955	852	-11%
226	888	293%	NET OPERATING PROFIT / (LOSS)	-260	819	-
55	63	15%	Other Operating Income	136	167	23%
24	12	-50%	Other Operating Expense (-)	30	30	0%
257	939	265%	Profit / (Loss) from Main Operations	-154	956	-
70	95	36%	Adjustments	107	152	42%
49	84	71%	Share of Investments' Profit / Loss Accounted by Using The Equity Method	47	106	126%
21	11	-48%	Income From Government Incentives	60	46	-23%
327	1.034	216%	EBIT	-47	1.108	-
292	251	-14%	Depreciation	848	758	-11%
619	1.285	108%	EBITDA	801	1.866	133%
127	150	18%	Adjusted Operating Lease Expenses ¹	394	445	13%
35	32	-8%	Adjusted Short term Lease Expenses (Wet-lease) ²	116	80	-31%
781	1.467	88%	EBITDAR	1.312	2.391	82%
26,6%	40,7%	14,0 pt	EBITDAR MARGIN	17,3%	29,2%	11,8 pt

¹ Adjusted for A/C heavy maintenance

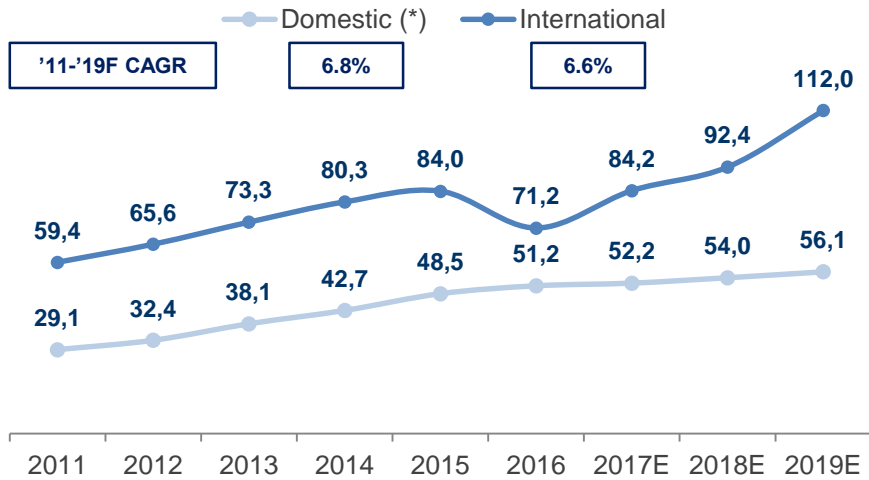
² Adjusted for A/C Rent and heavy maintenance portion (Approx. 55%)

Notes:

- For 9M'17, Turkish Technic's contribution to EBITDAR through consolidation is 125 mn USD, compared to 125 mn in 9M'16.
- For 9M'17 adjustments for heavy maintenance of operational lease expenses is 207 mn USD compared to 220 mn USD in 9M'16.

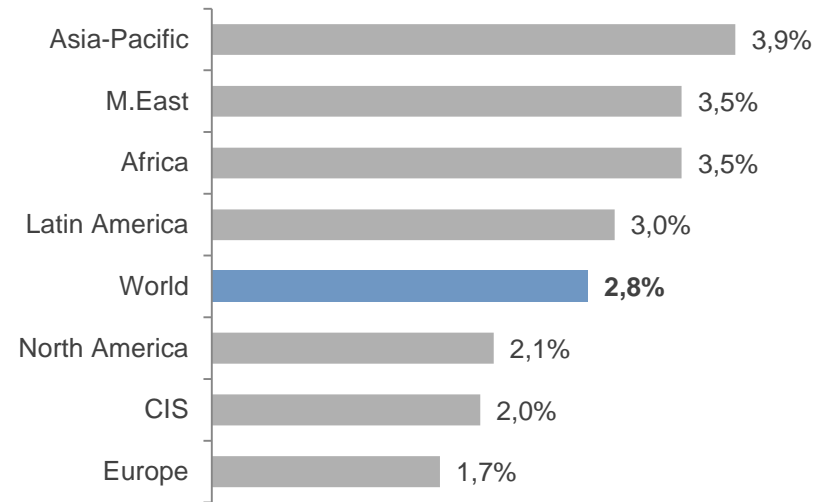
Aviation Sector & Economy

Turkish Market Growth (mn passengers)

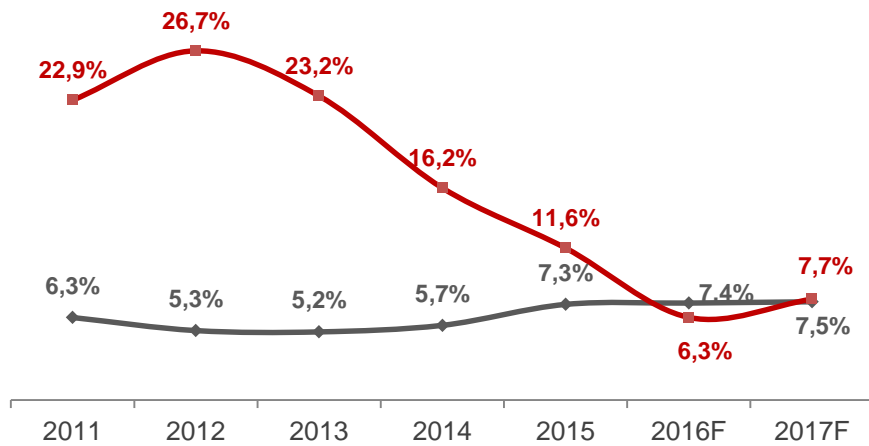


Source: General Directorate of State Airports Authority (DHMI)
 (*): Adjusted for double count on Domestic Pax

Annual GDP Growth Forecast (2017-2036)

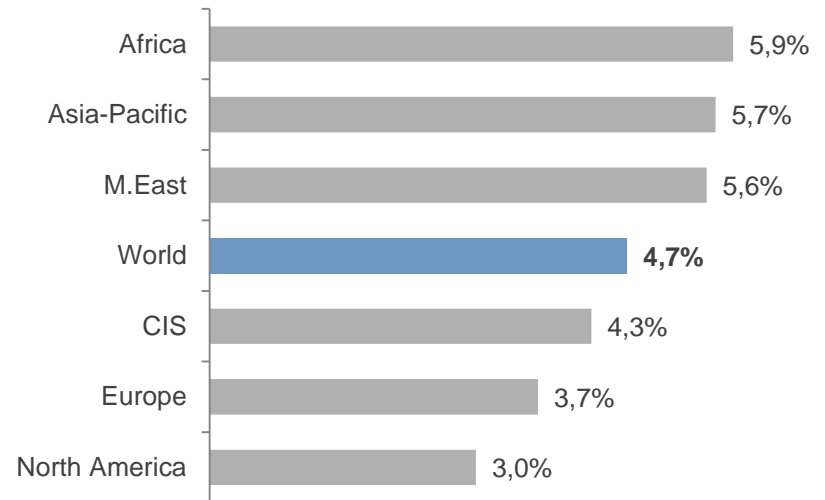


Annual RPK Growth (%)



Source: IATA

Annual RPK Growth Forecast (2017-2036)

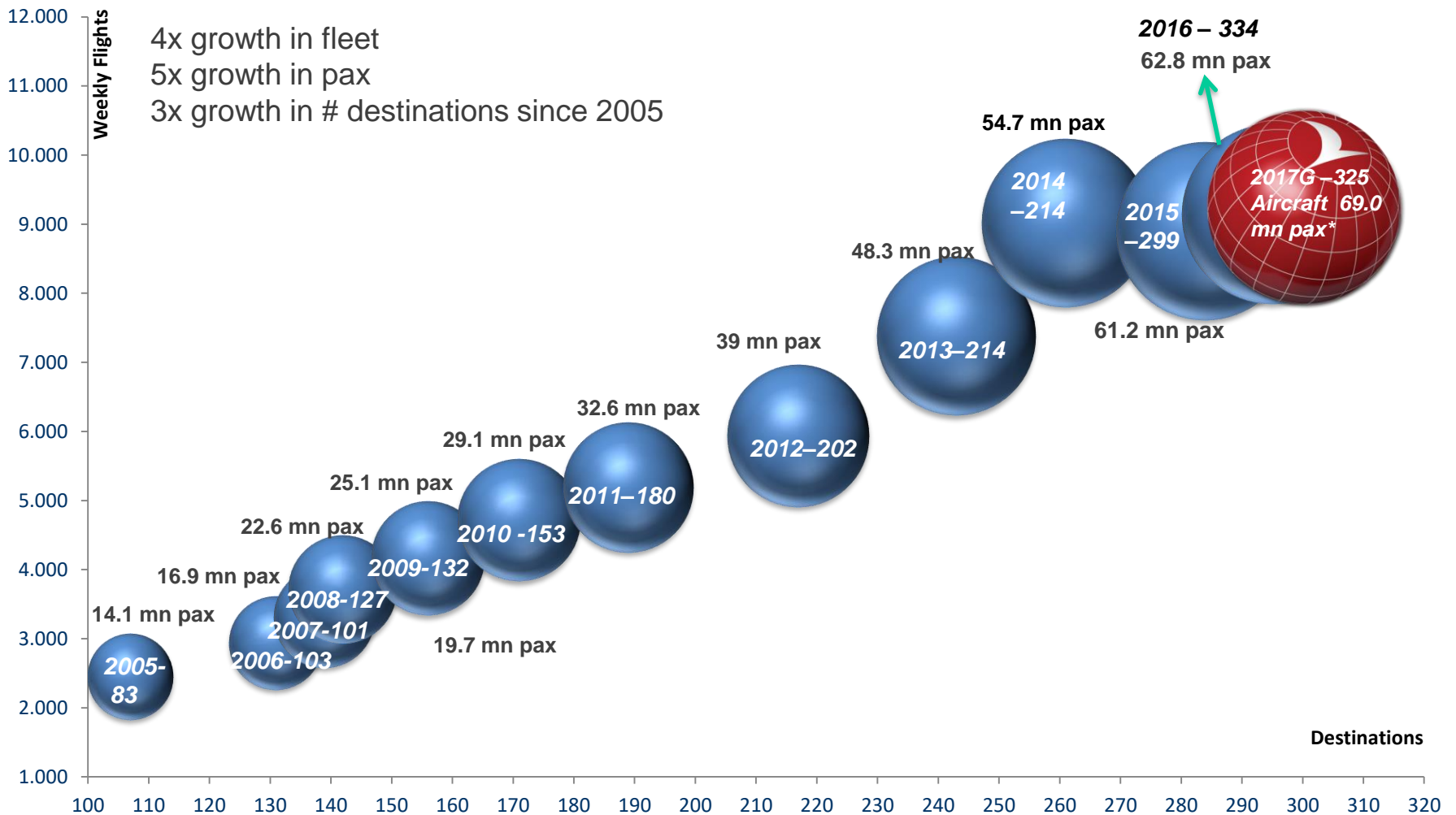


Source: Boeing Current Market Outlook

WIDEN YOUR WORLD



Turkish Airlines Historical Growth



*As of 30.09.2017

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

We Fly To 120 Countries

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

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

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

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

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

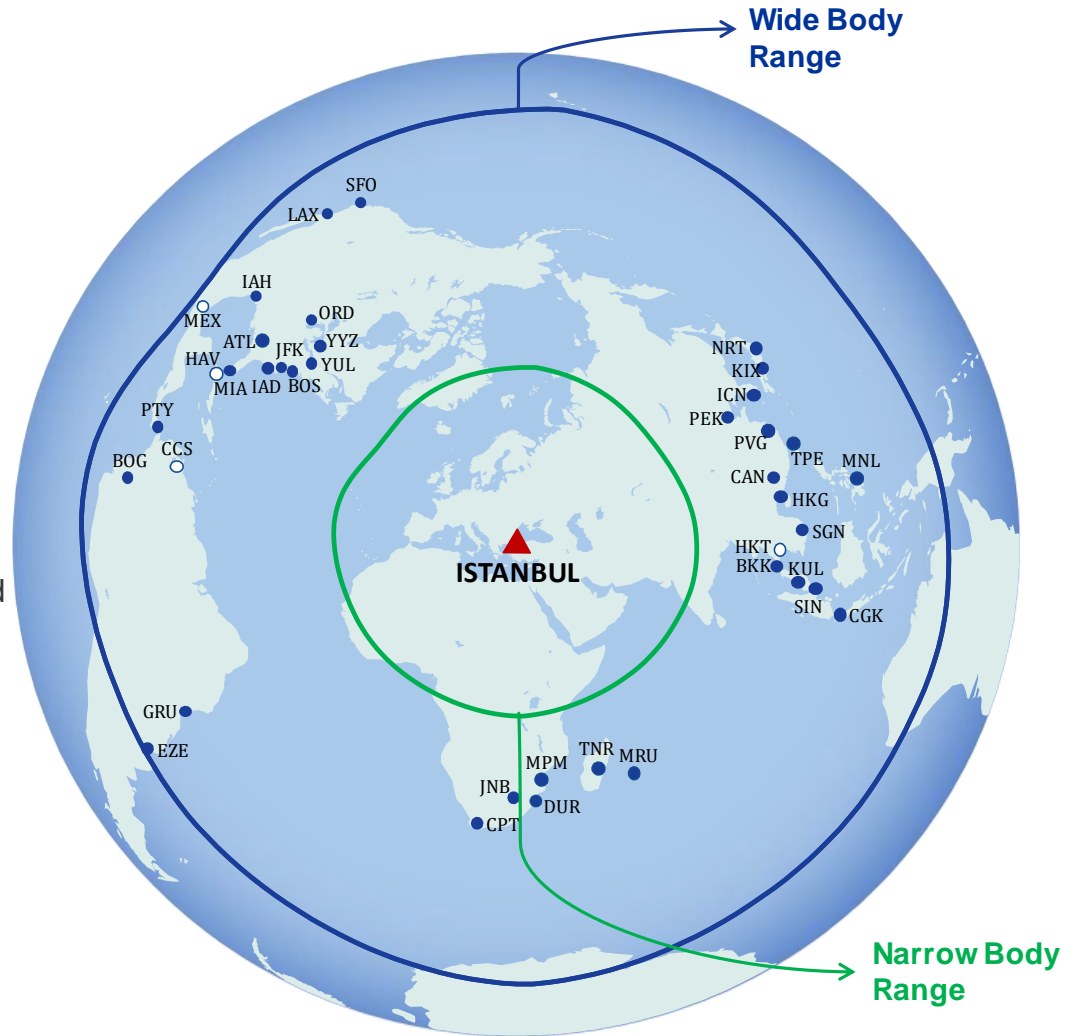
DOMESTIC	
49 CITIES	

Istanbul's Geographical Advantage - A Natural Hub

Narrow Body Range Capability to and from Istanbul

(with full passenger payload)

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



- Current Wide Body destinations
- Future Wide Body destinations

Highest Connectivity for Europe, Africa and Middle East

Airlines Connectivity by Number of O&D Pairs (Top Three)

Europe to the World

Turkish Airlines	20,096
British Airways	10,710
Lufthansa	8,658

Middle East to the World

Turkish Airlines	8,534
Qatar Airways	3,132
British Airways	2,178

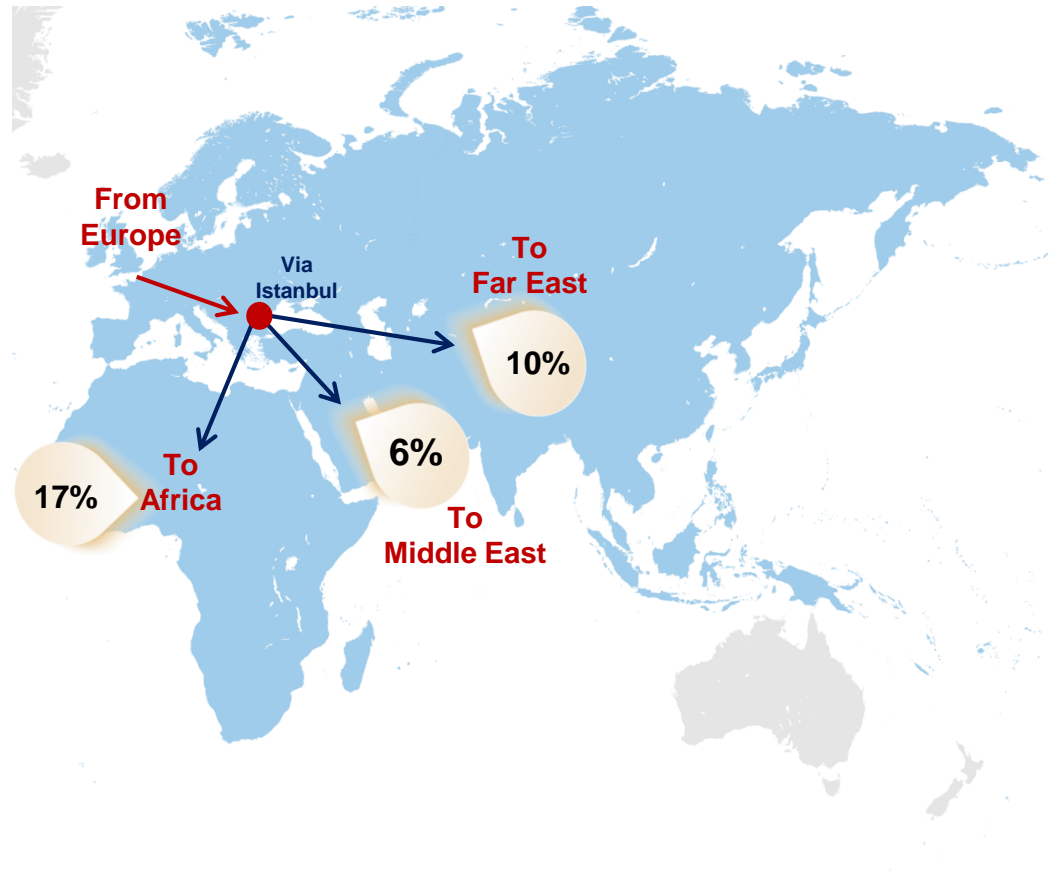
Africa to the World

Turkish Airlines	11,376
Air France	4,488
British Airways	3,264

Far East to the World

United Airlines	9,176
Turkish Airlines	8,534
Delta	5,236

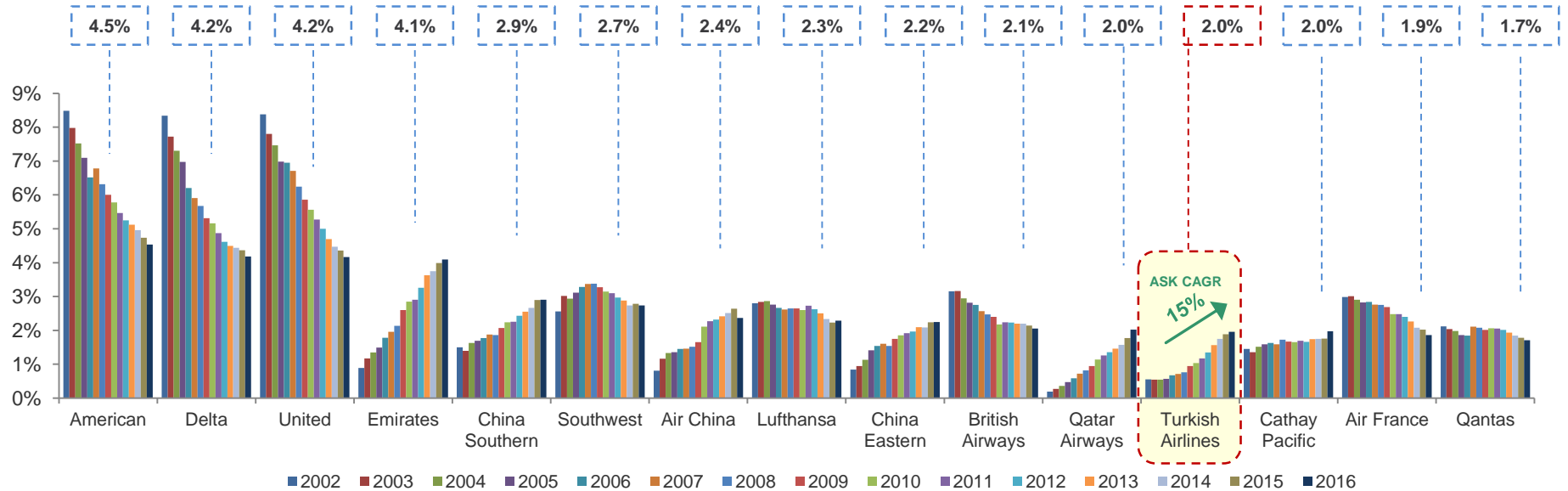
Detour* Advantage



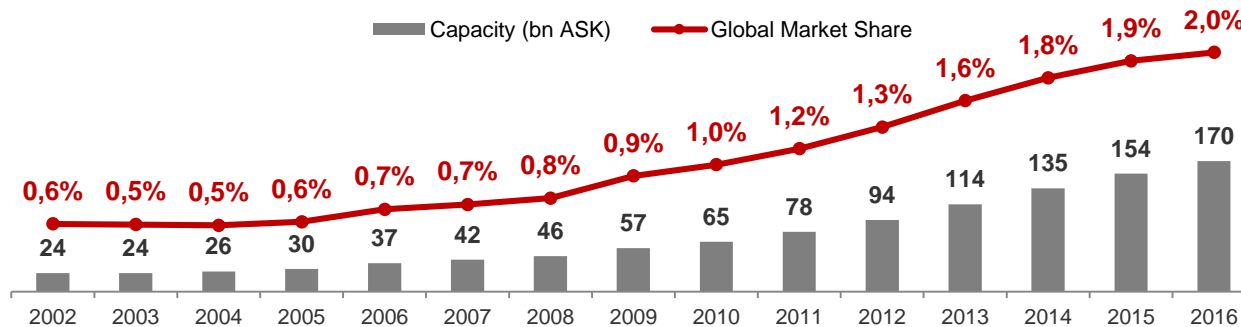
* Detour: Increase in the flight distance compared to a non-stop flight. Forecasted by using 6,000 arrival-departure cities
Source: Retrieved from OAG.

Global Market Share Development

Global Market Share Trends (in ASK)



Turkish Airlines Market Share Development

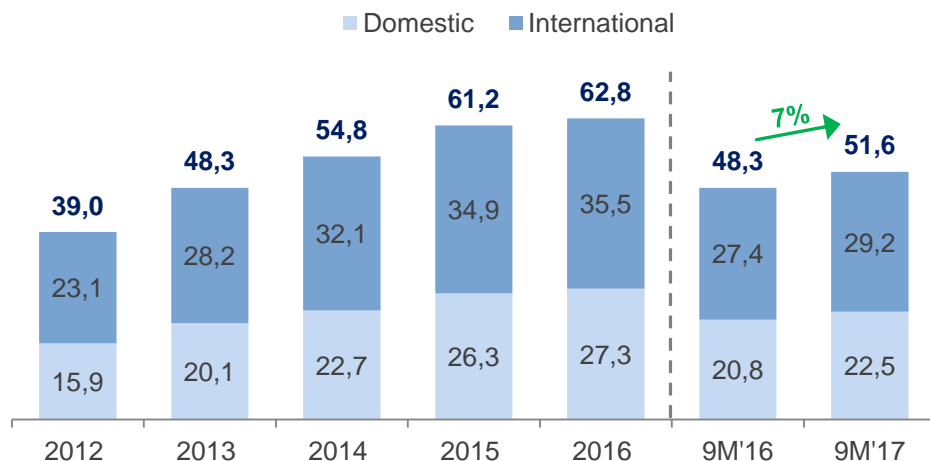


Notes: For US carriers regional flights are excluded. Wholly owned subsidiaries are included in the calculation same as IATA reports. 2016 capacities are obtained from OAG. Lufthansa figures include Lufthansa Passenger Airline and Eurowings. Turkish Airlines' capacity data is realized.

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

Passenger Traffic

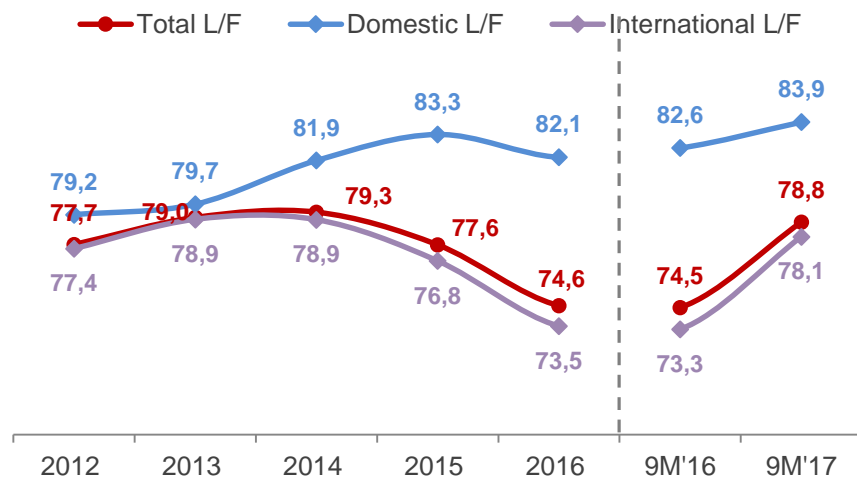
Total Passengers (mn)



Passenger Traffic

	9M'16	vs	9M'17
Landing		down by	-0,7%
ASK		up by	0,1%
RPK		up by	5,9%
Passenger #		up by	6,9%
L/F		up by	4,3 pt

Load Factor (L/F %)

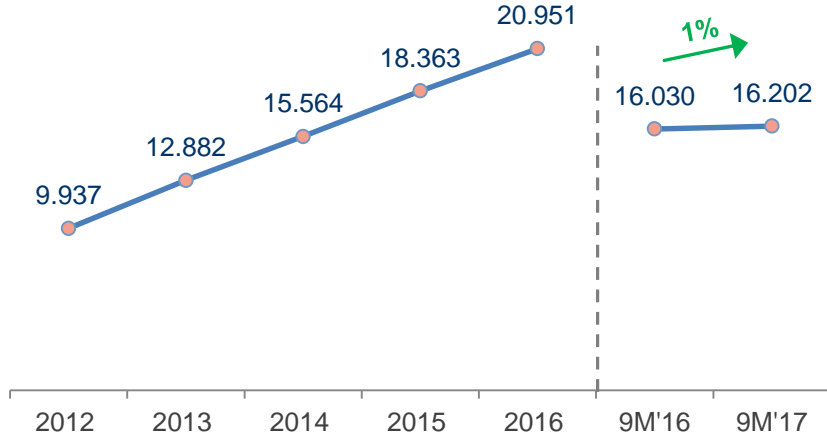


Annual Changes (%)

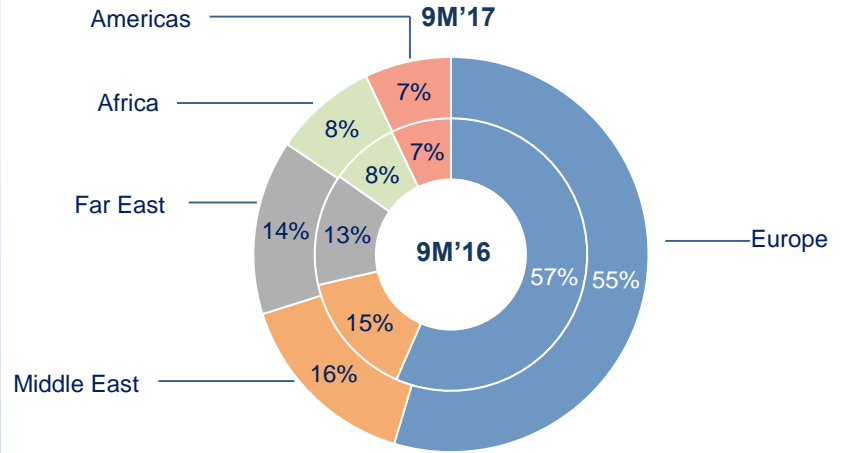
	2011	2012	2013	2014	2015	2016
ASK	25%	18%	21%	16%	14%	10.7%
RPK	22.9%	26.7%	23.2%	16.2%	11.6%	6.3%
PAX	12%	20%	24%	14%	12%	2.5%
L/F	-1.1	5.1	1.4	0.3	-1.7	-3.1

Passenger Breakdown

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

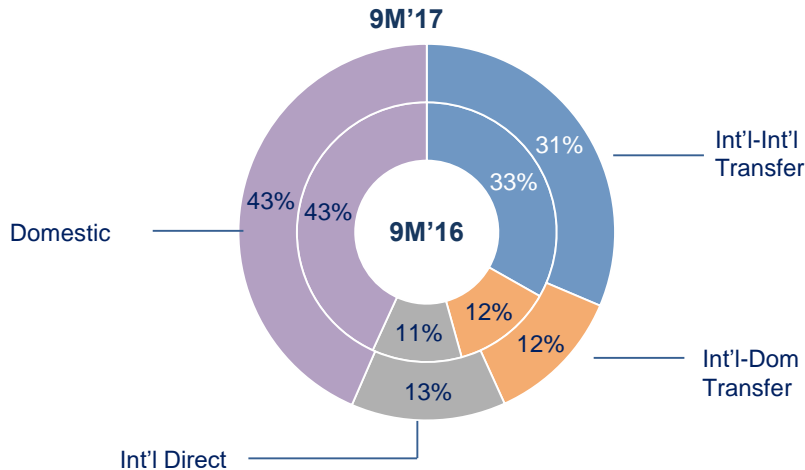


Int'l Passenger Breakdown by Geography



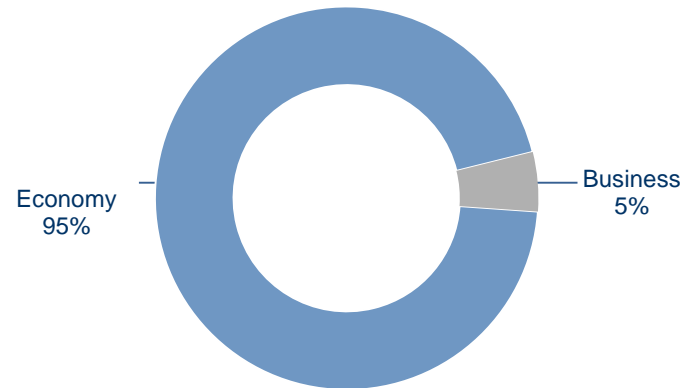
Note: Includes only scheduled passengers.

Passenger Breakdown by Transfer Type



Note: Int'l to int'l transfer passengers' share in total international passengers is 56%.

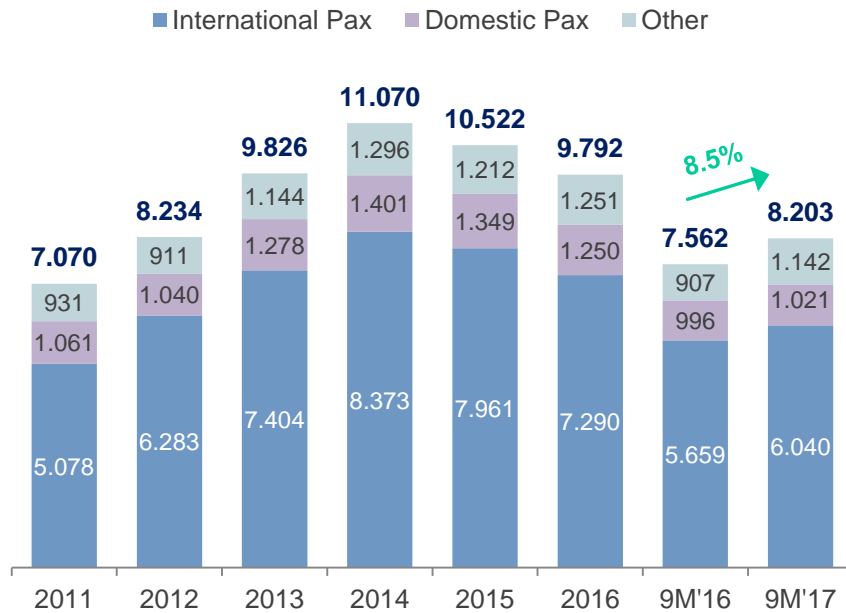
9M'17 Passenger Breakdown by Cabin Class



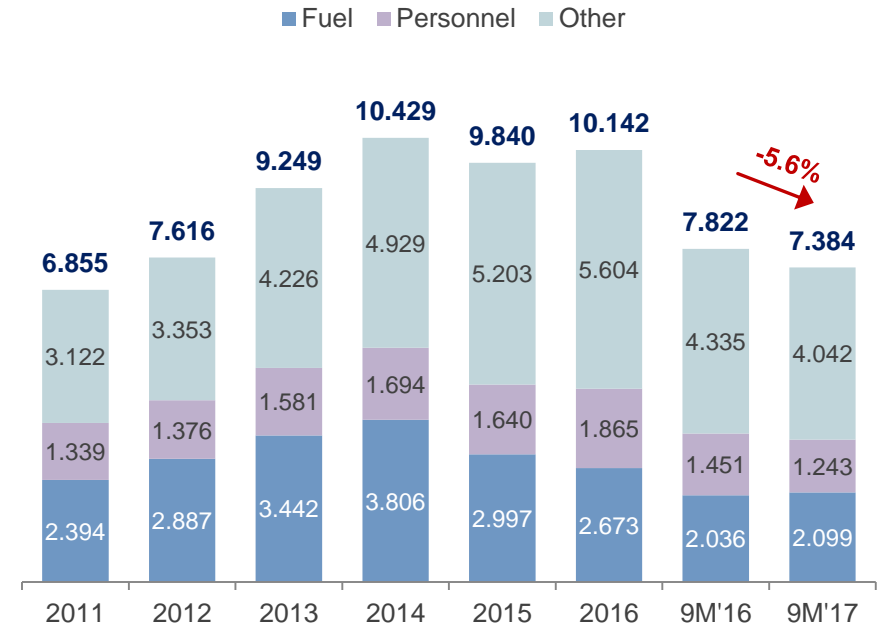
Note: Includes only scheduled passengers.

Total Revenue and Expenses

Revenues (mn USD)



Expenses (mn USD)

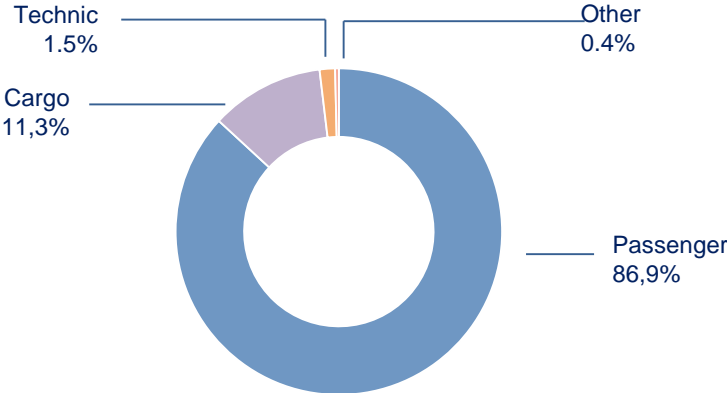


Note: Int and domestic pax revenue indicates scheduled pax revenue.

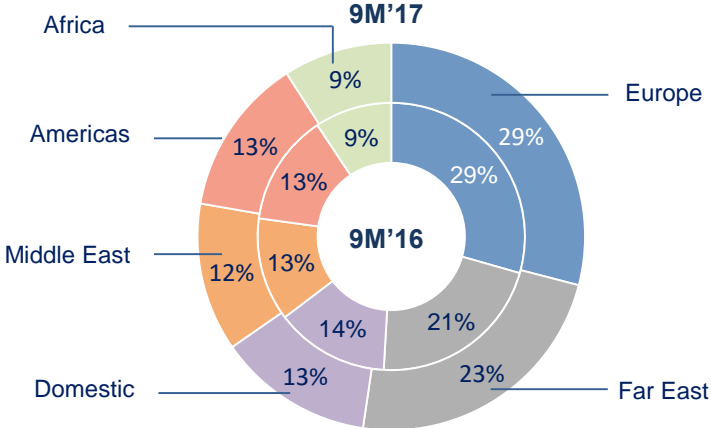
Other revenue includes cargo, charter and other revenue.

Revenue Breakdown (9M'17)

Revenue by Business Type

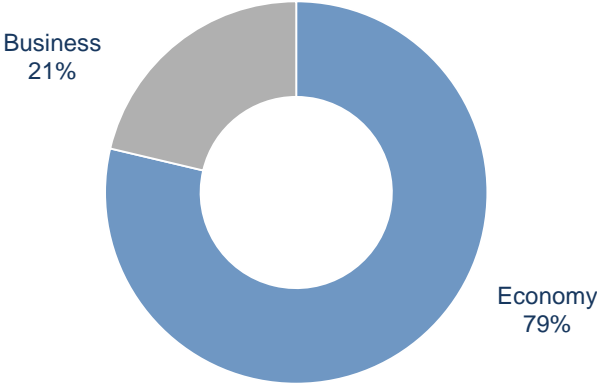


Revenue by Geography

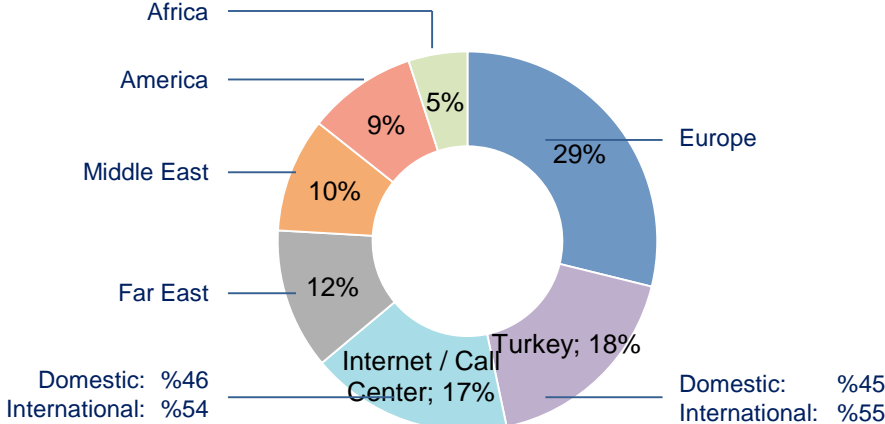


Note: Includes total passenger and cargo revenue

Revenue by Passenger Class



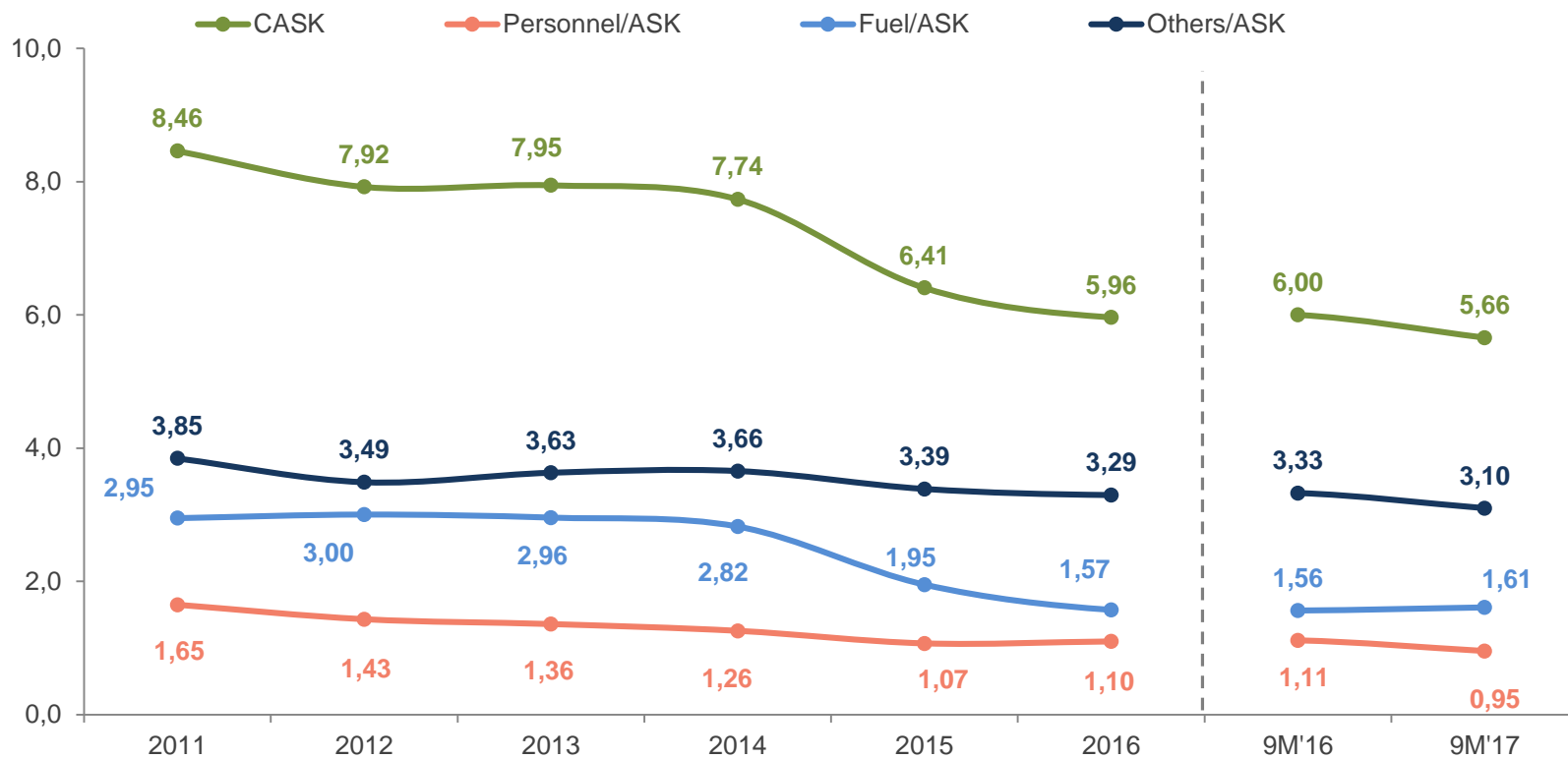
Revenue by Point of Sale



Note: Includes only scheduled passenger revenue

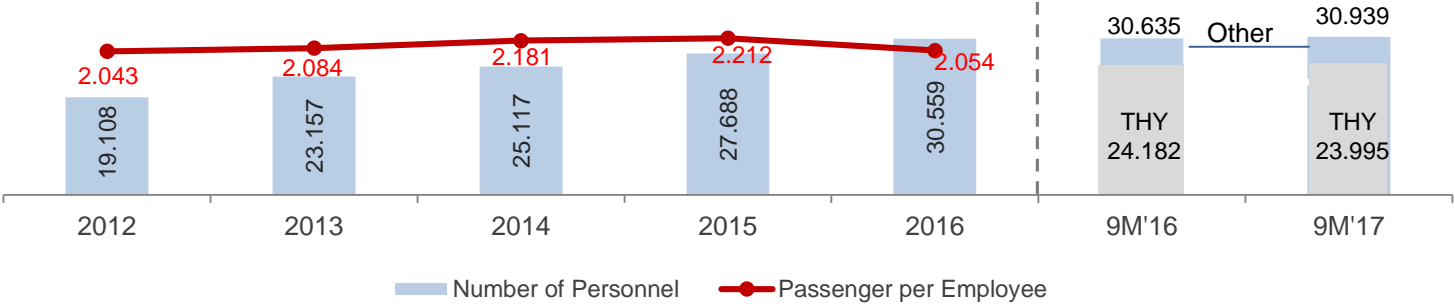
Unit Operating Costs

Cost Per ASK (Usc)



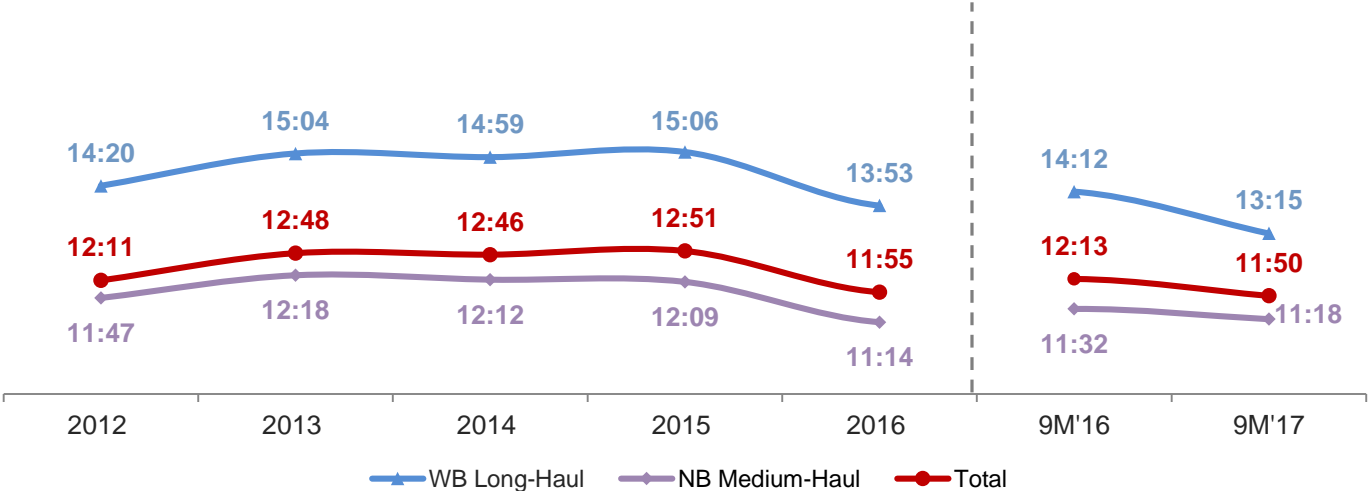
Operating Efficiency

Personnel Efficiency

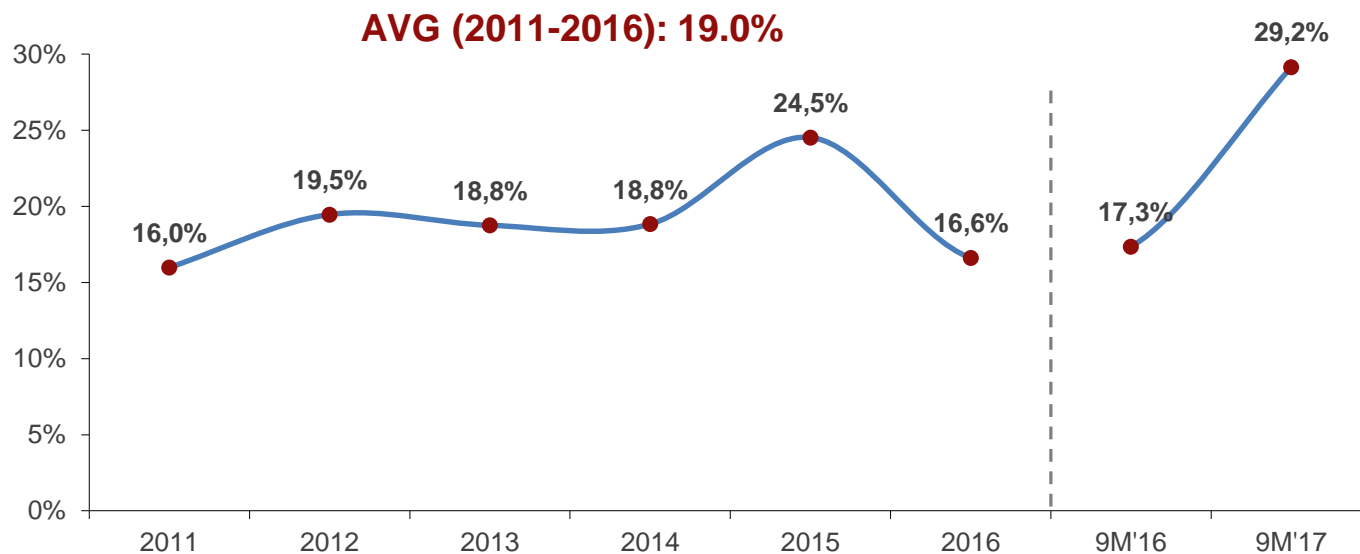


Note: Total includes Turkish Technic and THY Uçuş Eğitim Personnel

Average Daily Flight Utilization (hrs)



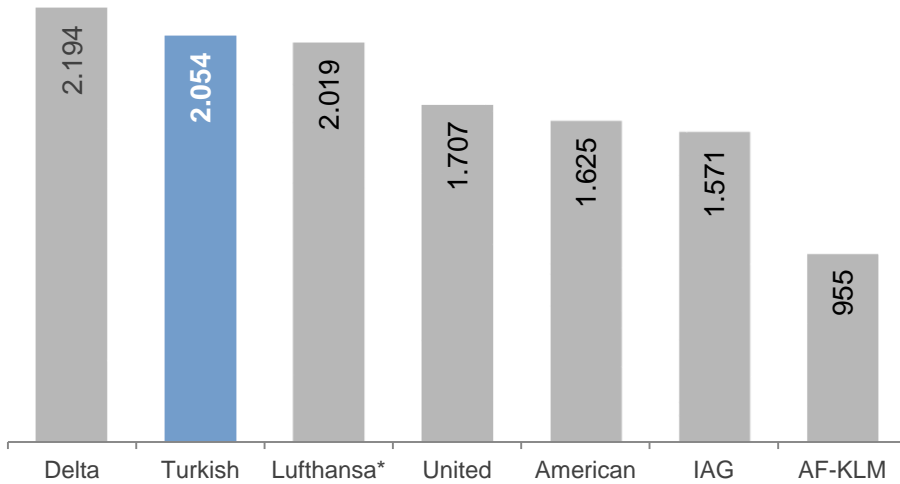
EBITDAR Margin



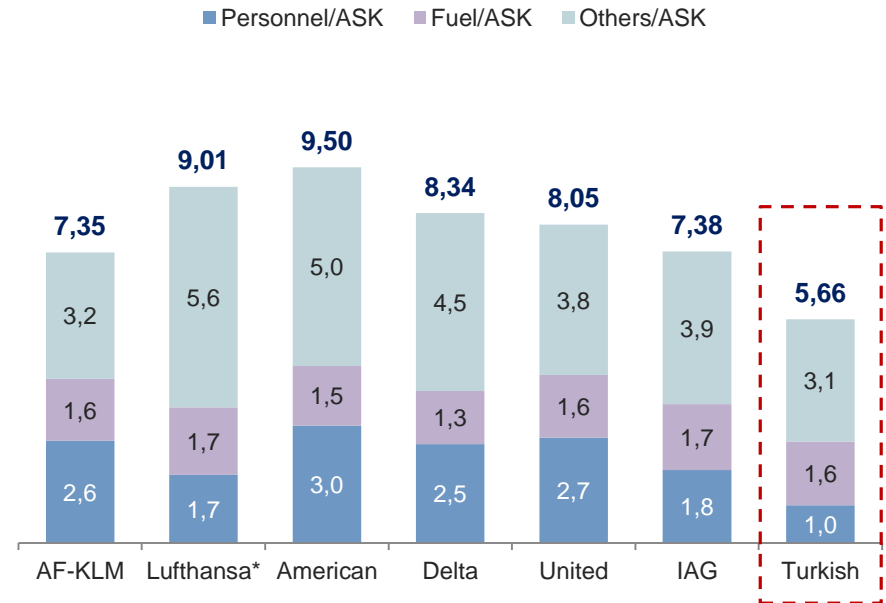
(mn USD)	2011	2012	2013	2014	2015	2016	9M'16	9M'17	YoY Change
Revenue	7.070	8.234	9.826	11.070	10.522	9.792	7.562	8.203	8,5%
EBIT	277	691	755	808	1.039	-167	-47	1.108	-
EBIT Margin	3,9%	8,4%	7,7%	7,3%	9,9%	-1,7%	-0,6%	13,5%	14,1 pt
EBITDA	763	1.265	1.405	1.551	1.963	981	801	1.866	133,0%
EBITDA Margin	10,8%	15,4%	14,3%	14,0%	18,66%	10,02%	10,59%	22,75%	12,2 pt
EBITDAR	1.130	1.603	1.843	2.085	2.580	1.628	1.312	2.391	82,3%
EBITDAR Margin	16,0%	19,5%	18,8%	18,8%	24,5%	16,6%	17,3%	29,2%	11,8 pt
Net Income	11	657	357	845	1.069	-77	-463	263	-
Net Income Margin	0,2%	8,0%	3,6%	7,6%	10,2%	-0,8%	-6,1%	3,2%	9,3 pt

Peer Group vs Turkish Airlines Efficiency Comparison

PAX Per Personnel (2016)



Cost Per ASK (9M'17) - USc



* Lufthansa Network Airline.

Source: Calculated based on public company reports.

Fleet

	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity	Average Fleet Age	Year End Fleet*						
								2017	2018	2019	2020	2021	2022	2023
Wide Body	A330-200	16		5	11	4.122	10,0	16	18	16	13	13	8	5
	A330-300	37		29	8	10.807	3,7	37	37	37	37	37	36	29
	A340-300	4	4			1.332	19,4	4	4	4	4	4	4	4
	B777-3ER	33		27	6	11.670	3,9	33	33	32	30	30	30	30
	Total	90	4	61	25	27.931	5,6	90	92	89	84	84	78	68
Narrow Body	B737-900ER	15		15		2.355	4,3	15	15	15	15	15	15	15
	B737-9 MAX									5	10	10	10	10
	B737-800	88	25	42	21	14.392	9,2	88	83	83	80	80	80	78
	B737-700	1			1	124	11,6	1	1	1				
	B737-8 MAX								7	19	38	53	65	65
	A321 NEO								3	21	39	59	77	92
	A319-100	7		6	1	924	6,9	7	7	6	6	6	6	6
	A320-200	24	2	10	12	3.822	10,7	22	19	12	12	12	12	12
	A321-200	68		62	6	12.360	5,3	68	68	68	66	64	64	64
	B737-800 WL	20			20	3.780	12,2	19	17	14	8	6	2	
Total	223	27	135	61	37.757	8,1	220	220	244	274	305	331	342	
Cargo	A330-200F	9		9			3,7	9	9	9	9	9	9	9
	B777F							2	2	2	2	2	2	2
	Wet Lease	6			6		22,3	4						
	Total	15		9	6		11,1	15	11	11	11	11	11	11
GRAND TOTAL	328	31	205	92	65.688	7,5	325	323	344	369	400	420	421	

Seat Capacity Change : -1% 1% 5% 5% 7% 4% -1%

*After exit-entry

As of 30.09.2017

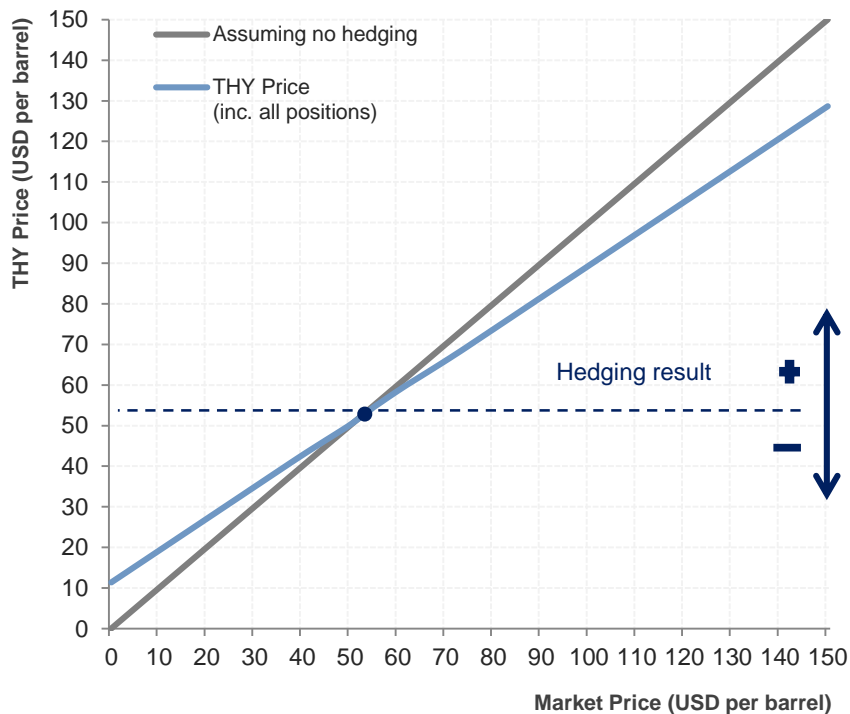
Fleet Development

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

*As of 30.09.2017

Hedging Fuel Price Risk

Effect of Hedging on the Fuel Price

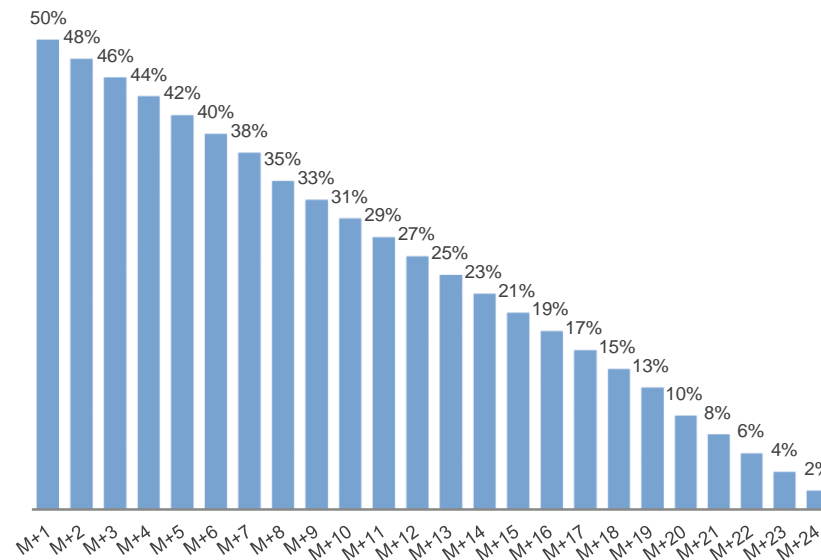


Current fuel hedging levels:

FY17: **50%** (4.7 mn barrel)
 FY18: **36%** (15.7 mn barrel)
 FY19: **12%** (3.5 mn barrel)

T

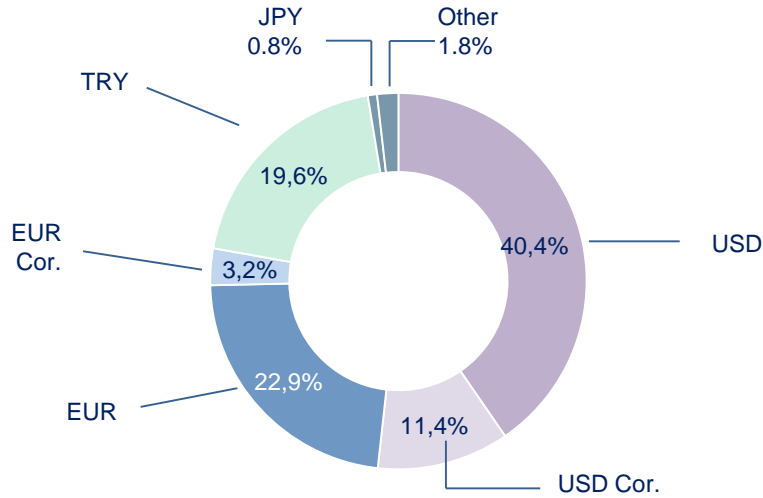
Fuel Hedging Policy



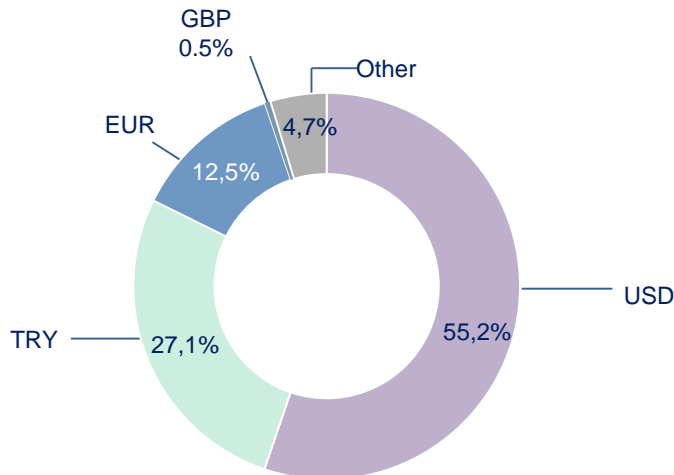
- **Active Surcharge Policy:** 50% of fuel cost is reflected to ticket prices
- Gradually decreasing layered hedging strategy (24 months)
- Crude oil based options and swaps
- Aim to hedge 50% of following months budgeted consumption

Hedging Currency Risk (9M'17)

Revenue by Currency⁽¹⁾



Expenses by Currency



⁽¹⁾ Currencies that have 85% correlation with USD and EUR are shown as USD Cor. and EUR Cor. respectively.

Hedging Currency Risk

Hedging Policy

- Monthly gradually decreasing layered hedging strategy
- Each contract for 24-month period
- Target hedge levels: 30% for TRY, 25-35% for USD
- Flexible hedge strategy with respect to short positions

Current Currency Hedging Matrix:

2017	Hedging Levels*	Average Price
EUR/USD	25%	1.19
EUR/TRY	29%	3.99

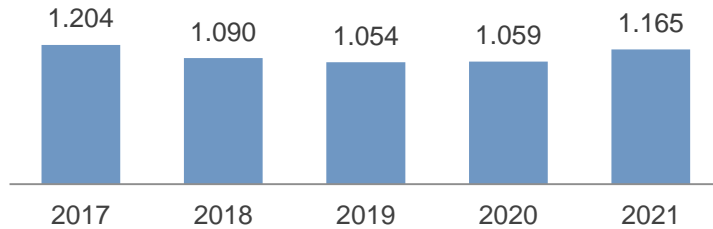
* Percentage of short positions as of 30 September 2017

Aircraft Financing and Debt Management

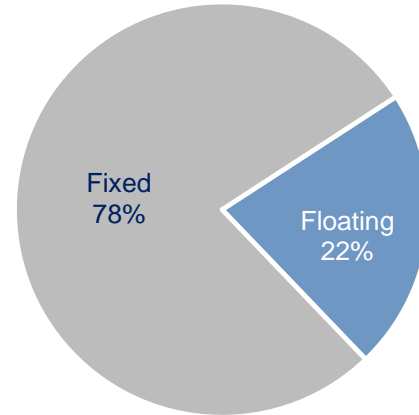
As of 30.09.2017

Total Financial Lease Liabilities: **8.3 bn USD**
 Total Operational Lease Liabilities: **2.0 bn USD**

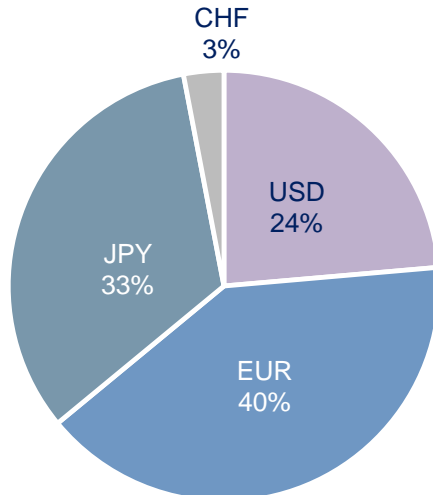
5 Year Maturity Profile (USD mn)



Weighted Average Interest Rate: **2.96%**



Currency Breakdown of Financial Lease Liabilities

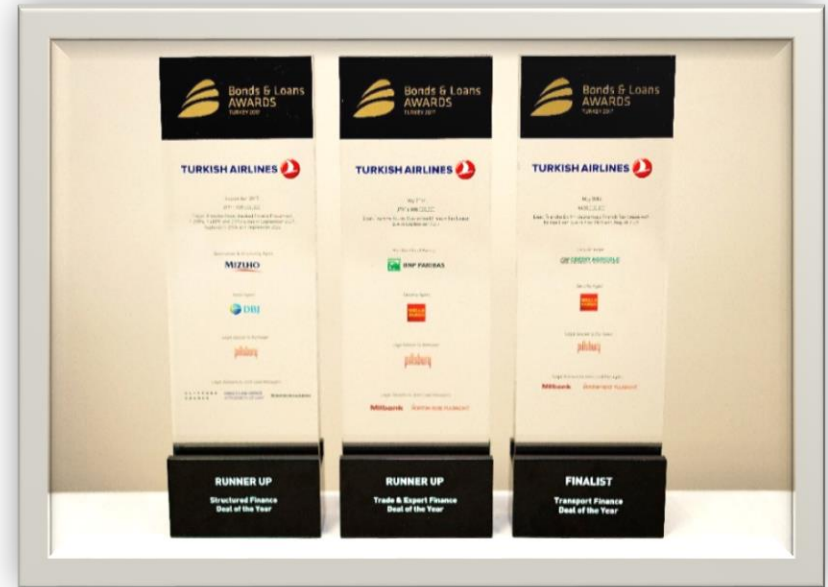


(mn USD)	30.09.2017 Total FL Debt	Maturity	Yearly Debt Service
USD	1,951	10-12 Years	311
EUR	3,336	10-12 Years	426
JPY	2,729	10-11 Years	237
CHF	280	12 Years	31
Total	8,296		1005

Recent Awards

2016 Bonds&Loans Awards:

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



2017 Skytrax Awards:

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



TURKISH AIRLINES
INVESTOR RELATIONS

THANK YOU

Did you check out our IR application?*

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

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

Balance Sheet

Assets (mn USD)	2011	2012	2013	2014	2015	2016	9M'17
Cash and Equivalents	934	1.028	647	722	962	1.815	2.806
Trade Receivables	405	434	538	456	361	379	572
Pre-delivery Payment (PDP) Receivables	376	267	521	990	1.139	596	214
Other Current Assets	426	437	419	663	684	811	761
Total Current Assets	2.140	2.166	2.125	2.831	3.146	3.601	4.353
Net Fixed Assets	5.873	7.121	8.043	9.201	11.415	13.476	12.753
of which Aircraft and Engines	5.319	6.392	7.030	8.167	10.177	12.134	11.410
Pre-delivery Payment (PDP) Receivables	217	655	993	650	392	207	219
Other Non-Current Assets	455	581	741	1.064	1.430	1.207	1.322
Total Non-Current Assets	6.545	8.357	9.777	10.915	13.237	14.890	14.294
Total Assets	8.685	10.523	11.902	13.746	16.383	18.491	18.647
Liabilities (mn USD)	2011	2012	2013	2014	2015	2016	9M'17
Lease Obligations	4.189	4.862	5.413	5.931	7.399	8.886	8.283
Passenger Flight Liabilities	677	936	1.201	1.398	1.091	785	1.057
Accounts Payable	461	510	680	662	671	616	835
Other Liabilities	976	1.183	1.346	1.805	2.380	3.117	3.162
Total Liabilities	6.303	7.491	8.640	9.796	11.541	13.404	13.336
Total Shareholders Equity	2.382	3.032	3.262	3.950	4.842	5.087	5.311
of which Issued Capital	1.498	1.498	1.597	1.597	1.597	1.597	1.597
of which Retained Earnings	889	903	1.350	1.714	2.559	3.628	3.551
of which Differences from Currency Translation	-18	-10	-26	-47	-84	-106	-101
of which Net Profit for the Period	11	657	357	845	1.069	-77	263
Total Liabilities & Shareholders Equity	8.685	10.523	11.902	13.746	16.383	18.491	18.647

Income Statement

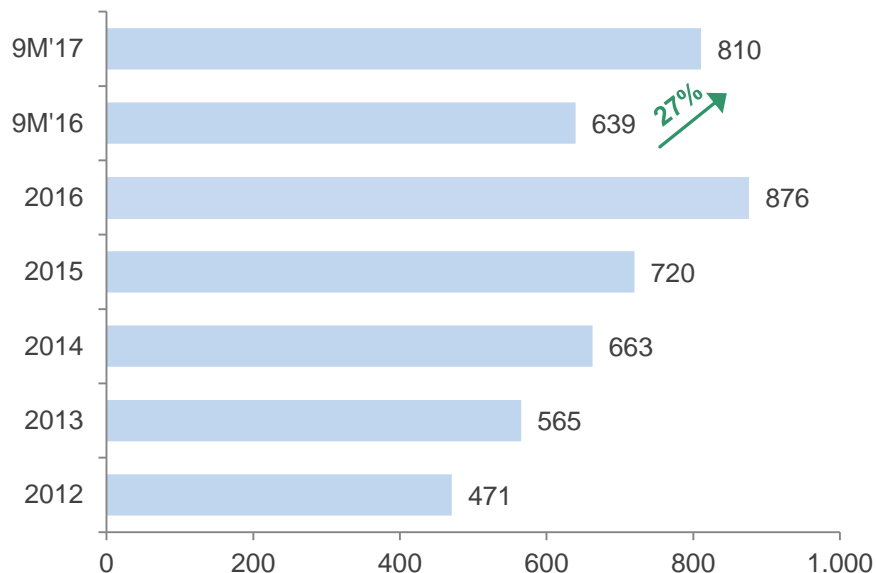
(mn USD)	2011	2012	2013	2014	2015	2016	9M'16	9M'17	YoY Change
Operating Revenue	7.070	8.234	9.826	11.070	10.522	9.792	7.562	8.203	8%
Operating Expenses (-)	6.855	7.616	9.249	10.429	9.840	10.142	7.822	7.384	-6%
of which Fuel	2.394	2.887	3.442	3.806	2.997	2.673	2.036	2.099	3%
of which Personnel	1.339	1.376	1.581	1.694	1.640	1.865	1.451	1.243	-14%
of which Depreciation	486	574	650	743	924	1.148	848	758	-11%
of which Rent	252	243	448	543	496	496	385	384	0%
Net Operating Profit / Loss	215	618	577	641	682	-350	-260	819	-
Income From Other Operations	96	95	115	80	244	145	136	167	23%
Expense From Other Operations (-)	237	61	41	45	31	86	30	30	0%
Profit / Loss From Main Operations	73	652	651	676	895	-291	-154	956	-
Income From Investment Activities (Net)	-	271	76	72	101	117	68	155	128%
Share of Investments' Profit / Loss	6	4	55	75	80	44	47	106	126%
Financial Income	158	49	27	419	532	300	106	41	-61%
Financial Expense (-)	150	191	307	196	201	229	660	948	44%
Profit Before Tax	87	785	502	1.046	1.407	-59	-593	310	-
Tax (-)	76	128	145	201	338	18	-130	47	-
Net Profit	11	657	357	845	1.069	-77	-463	263	-

Operational Expense Breakdown

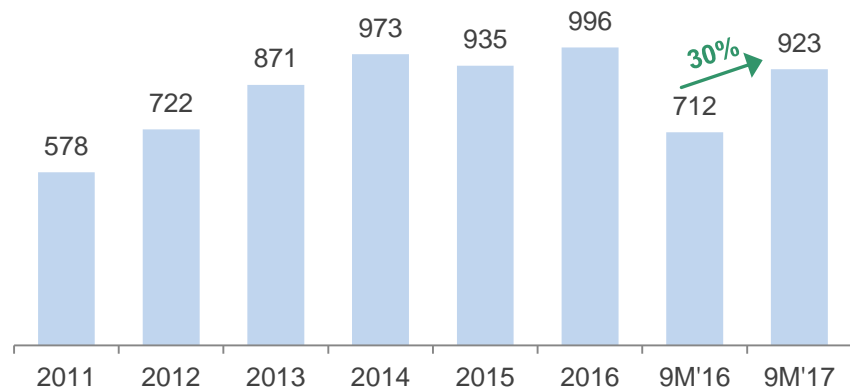
(mn USD)	9M'16	% in Total	9M'17	% in Total	YoY Change
Fuel	2.036	26,0%	2.099	28,4%	3,1%
Personnel	1.451	18,6%	1.243	16,8%	-14,3%
Landing, Navigation & Air Traffic	740	9,5%	730	9,9%	-1,4%
Landing and navigation	347	4,4%	352	4,8%	1,4%
Air Traffic Control	393	5,0%	378	5,1%	-3,8%
Sales & Marketing	735	9,4%	650	8,8%	-11,6%
Commissions and Incentives	268	3,4%	275	3,7%	2,6%
Reservation System	184	2,4%	186	2,5%	1,1%
Advertising	182	2,3%	93	1,3%	-48,9%
Other	101	1,3%	96	1,3%	-5,0%
Depreciation	848	10,8%	758	10,3%	-10,6%
Ground Handling	503	6,4%	483	6,5%	-4,0%
Aircraft Rent	385	4,9%	384	5,2%	-0,3%
Operational Lease	174	2,2%	238	3,2%	36,8%
Wet Lease	211	2,7%	146	2,0%	-30,8%
Passenger Services & Catering	452	5,8%	388	5,3%	-14,2%
Maintenance	450	5,8%	430	5,8%	-4,4%
General Administration	83	1,1%	81	1,1%	-2,4%
Other	139	1,8%	138	1,9%	-0,7%
TOTAL	7.822	100%	7.384	100%	-5,6%
Operating Cost per ASK (USc)	6,00	-	5,66	-	-5,7%
Ex-fuel Operating Cost per ASK (USc)	4,44	-	4,05	-	-8,8%
Fixed Costs	2.475	31,6%	2.096	28,4%	-15,3%

Cargo Operations

Cargo Tonnage Carried ('000 Tonnes)



Cargo Revenue Evolution (mn USD)



- Turkish Cargo serves with 15 freighters and 313 passenger aircrafts.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 2.2% in 2016.
- In 2016, while World FTK* grew by 3%, Turkish Cargo FTK grew by 4% compared to previous year.
- New Cargo Terminal, which was opened at the end of 2014, has 1.2 million tonnes of cargo capacity and 43,000 m² closed warehouse area.

*Freight/Cargo Tonne Kilometers

Recent Awards

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

Subsidiaries & Affiliates

Turkish Airlines Group 9M'17		Revenue (mn USD)	Net Profit (mn USD)	Number of Personnel	Partnership Structure
1	Turkish Airlines (Consolidated)	8.203	263	23.995*	49% Turkey Wealth Fund – 51% Open to Public
2	Turkish Opet Aviation Fuels	1.222	55	447	50% THY – 50% Opet
3	Sun Express (Turkey & Germany)	994	99	3.941	50% THY – 50% Lufthansa
4	Turkish Technic	766	88	6.916	100% THY
5	Turkish Do&Co	211	20	4.278	50% THY - 50% Do&Co
6	Turkish Engine Center (TEC)	373	20	333	51% PW - 49% THY Teknik
7	Turkish Ground Services (TGS)	195	19	10.622	50% THY - 50% Havaş
8	Turkish Cabin Interior Systems (TCI)	3	-1	164	30% THY - 20% THY Teknik - 50% TAI
9	Goodrich Turkish Technic Service Center	11	1	40	60% Goodrich - 40% THY Teknik
10	TSI Aviation Seats	8	-1	80	% 45% THY - 5% THY Teknik - 50% Assan Hanil
11	THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.	2.3	0,5	27	100% THY
12	Tax Free Zone (Tax Refund)	1	-	20	30% THY - 45% Maslak Oto - 25% VK Holding

* THY A.O. Personnel

Subsidiaries & Affiliates



Date of Establishment

Business Model

Destinations

Fleet

Seat Capacity

of Passengers

Load Factor (9M'17)

Revenues (9M'17)

Net Income (9M'17)

SunExpress Turkey
1989
Charter + Scheduled
Germany, 26 in Turkey, 34 other
31 B737-800 + 20 operated for THY
9,828
5.7 million
82.5 %
650 mn USD
87 mn USD

SunExpress Germany
2011
Charter + Scheduled
11 in Germany, 3 in Egypt, 5 in Spain/Canary Islands and 14 other
12 Narrow Body + 6 Wide Body
4,128
1.1 million
90.7 %
259 mn USD
1.7 mn USD

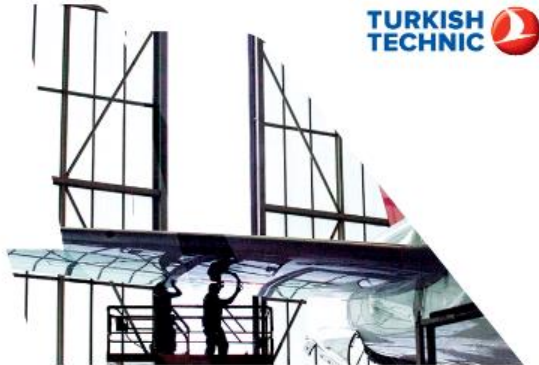
SunExpress Consolidated
Charter + Scheduled
22 in Germany, 26 in Turkey, 49 in other countries
70
13,956
6.9 million
84.3 %
894 mn USD*
88 mn USD

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

Market leader in charter flights between Germany and Turkey.

50 confirmed Boeing next generation narrow body aircraft order to be delivered between 2015 and 2024. 18 of those aircraft were delivered until now.

* SunExpress consolidated revenue may differ than its subsidiaries' revenue sum due to elimination.



Turkish Technic

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



Turkish Cabin Interior Systems

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



Turkish Seat Industries (TSI)

- › Established in 2011, stakes of 5%, 45%, and 50% are respectively held by Turkish Airlines, Turkish Technic and Assan Hanil Group. The company was set up to design and manufacture airline seats and to make, modify, market and sell spare parts to Turkish Airlines and other international airline companies. Whole production takes place in Turkey and 2016 deliveries for third parties completed assuring superior customer satisfaction.
- › The first aircraft equipped with the new seats is a Turkish Airlines B737-800. The seats were initially used on the B737-800s of Turkish Airlines fleet and then were installed on the Airbus single-aisle fleet of A319s, A320s and A321s.
- › The company, which commenced its operations in 2014, has an annual seat production capacity of 10 thousand. By 2024, it is planned to increase seat production capacity to 50 thousand.



GOODRICH TURKISH TECHNIC

Goodrich Turkish Technic Service Center

- › Provides repair, overhaul and modification services for Nacelle&Thrust Reverser and its components to Turkish Airlines and other domestic and international airline companies.
- › The company is located in Gebze Industrial Zone and with an area of approximately 4,000 m².



Turkish Engine Center (TEC)

- › Provides engine maintenance, repair and overhaul (MRO) services to customers located in mainly Turkey, surrounding regions and worldwide.
- › The environmentally friendly engine overhaul facility has total usage area of 100,000 m² located at the Sabiha Gokçen 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 purpose of the established company is to provide jet fuel service.
- › Today, the Company has the largest integrated jet fuel facility in Turkey and has fuel servicing capability at all domestic airports across Turkey.
- › In 2016, the Company maintained its market leader position with jet fuel sales of over 3.7 million cubic meters.



Turkish Do&Co

- › Established in 2007, Turkish Do&Co operates in nine gourmet kitchens all over Turkey: Istanbul (Atatürk and Sabiha Gökçen), Ankara, Antalya, Izmir, Bodrum, Trabzon, Dalaman and Adana. Over 60 national and international airlines are catered from these locations.
- › Turkish Do&Co has significantly improved the quality of catering service offered by Turkish Airlines on board, bringing many international awards to our Company.



Turkish Ground Services

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

Disclaimer

Türk Hava Yolları A.O. (the “Incorporation” or “Turkish Airlines”) has prepared this presentation for the sole purpose of providing information about its business, operations, operational and financial results. The information in this presentation is subject to updating, revision and amendment. This presentation is not, and does not support to be comprehensive and to contain all information related to Turkish Airlines.

This presentation does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities of Turkish Airlines nor any of its subsidiaries or their respective affiliates nor should it or any part of it or the fact of its distribution form the basis of, or be relied on in connection with, any contract or investment decision in relation thereto. This presentation is not intended for distribution to, or use by, any person or entity in any jurisdiction or country where such distribution would be contrary to law or regulation. The information contained in this presentation has not been subject to any independent audit or review and may contain forward-looking statements, estimates and projections. Statements herein, other than statements of historical fact, regarding future events or prospects, are forward-looking statements. Although Turkish Airlines believes that the estimates and projections reflected in the forward-looking statements are reasonable, they may prove materially incorrect, and actual results may materially differ. As a result, you should not rely on these forward-looking statements. Turkish Airlines undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except to the extent required by law. Any forward-looking statement in this presentation speaks only as of the date on which it is made, and Turkish Airlines undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events, except to the extent required by law.

Industry, market and competitive data and certain industry forecasts used in this presentation were obtained from internal research, market research, publicly available information and industry publications and other market commentaries. Industry publications generally state that the information contained therein has been obtained from sources believed to be reliable at the relevant time, but that the accuracy and completeness of such information is not guaranteed. Similarly, internal research, market research, industry publications and other publicly available information, while believed to be reliable, have not been independently verified, and Turkish Airlines does not make any representation as to the completeness or accuracy of such information.

No representation, warranty or undertaking, expressed or implied, is or will be made by Turkish Airlines or its shareholders, affiliates, advisors or representatives or any other person as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of the information or the opinions contained in this presentation (or whether any information has been omitted from this presentation). Turkish Airlines, to the extent permitted by law, and each of its respective directors, officers, employees, affiliates, advisors or representatives disclaims all liability whatsoever (in negligence or otherwise) for any loss however arising, directly or indirectly, from any use of this presentation or its contents or otherwise arising in connection with this presentation.

This presentation should not be construed as financial, legal, tax, accounting, investment or other advice or a recommendation with respect to any investment. Under no circumstances is this information and material to be construed as a prospectus, supplement, offering memorandum or advertisement, and neither any part of this presentation nor any information or statement contained herein shall form the basis of or be relied upon in connection with any contract, commitment or investment decision.

By reading this presentation or attending or listening to any relevant meeting, conference call or webcast organized by the Company, you agree to be bound by the above provisions.