

# TURKISH AIRLINES

## 4Q'14 & FY2014 Results Summary



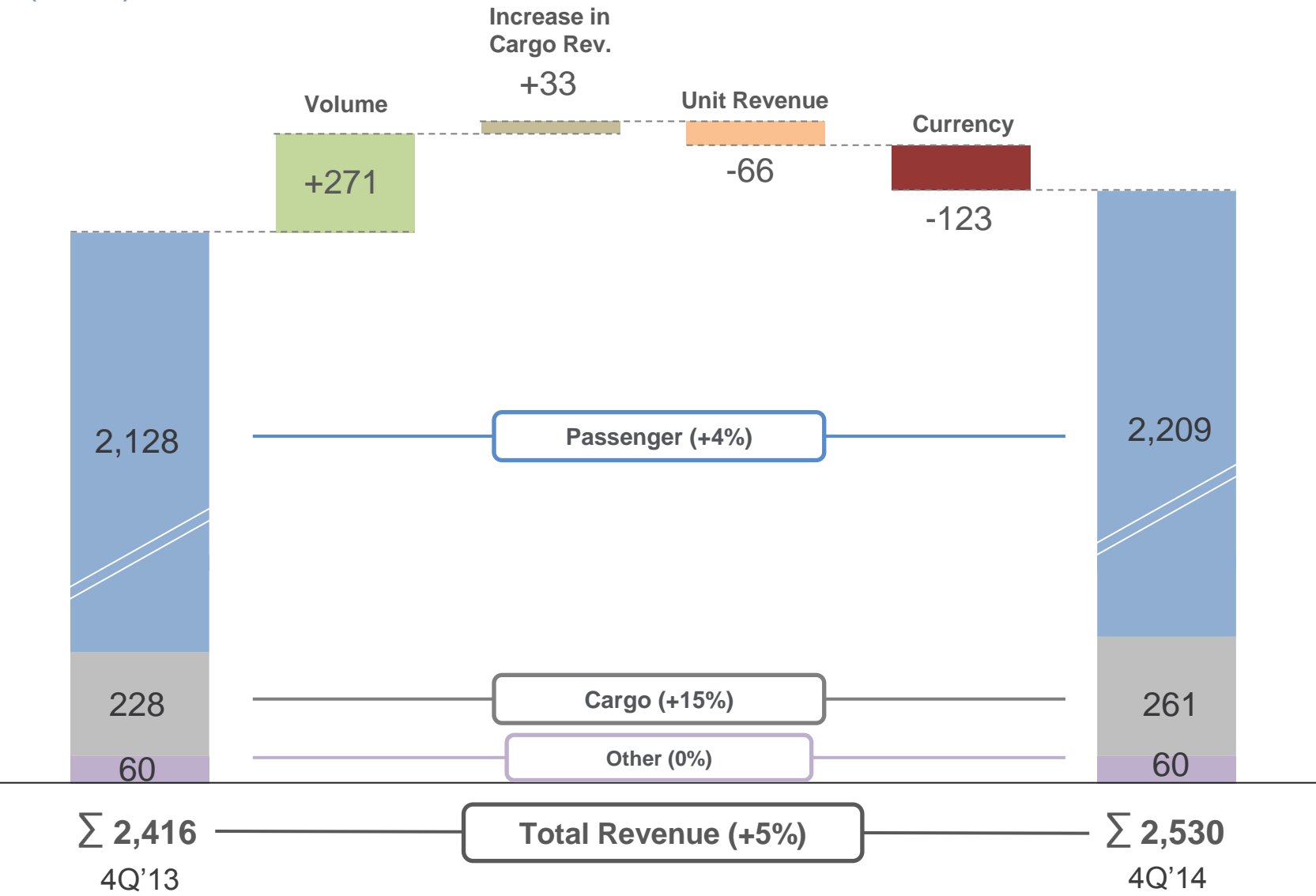
# Key Financial Data

Q4'13	Q4'14	Change	(USD mn)	2013	2014	Change
2,416	2,530	4.7%	<b>Revenue</b>	9,826	11,070	12.7%
2,128	2,209	3.8%	Passenger Revenue	8,753	9,858	12.6%
-68	-39	43.3%	<b>Operating Profit</b>	577	603	4.4%
27	-26	-193.3%	<b>Adjusted EBIT</b>	755	770	1.9%
-63	121	291.0%	<b>Net Income</b>	357	845	136.9%
-2.6%	4.8%	7.4 pt	Net Income Margin	3.6%	7.6%	4.0 pt
318	286	-9.9%	<b>EBITDAR</b>	1,843	2,044	10.9%
13.2%	11.3%	-1.8 pt	EBITDAR Margin	18.8%	18.5%	-0.3 pt

(USD mn)	2013	2014	Change
<b>Net Debt</b>	4,204	4,199	-0.1%
<b>Total Assets</b>	11,902	13,746	15.5%

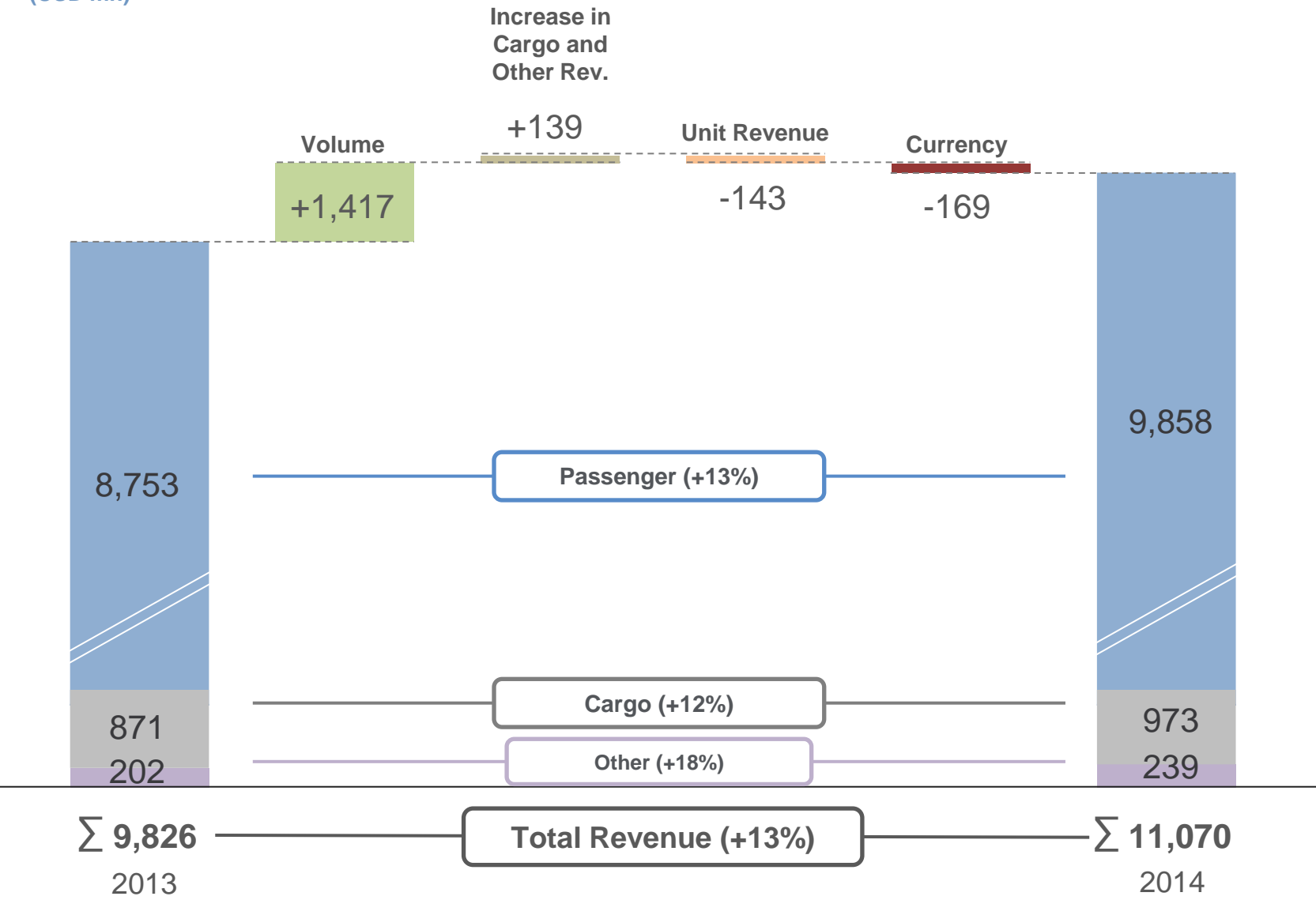
# Revenue Development (4Q'13 vs 4Q'14)

(USD mn)



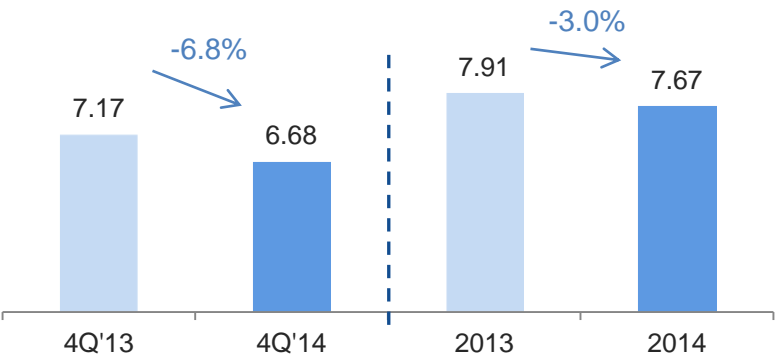
# Revenue Development (2013 vs 2014)

(USD mn)

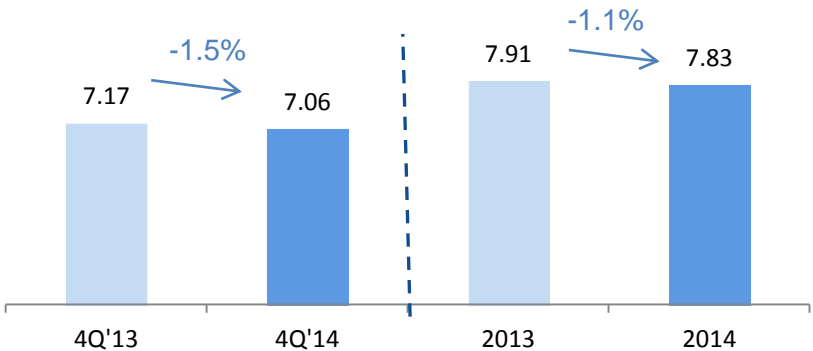


# Scheduled Services Unit Revenue Development

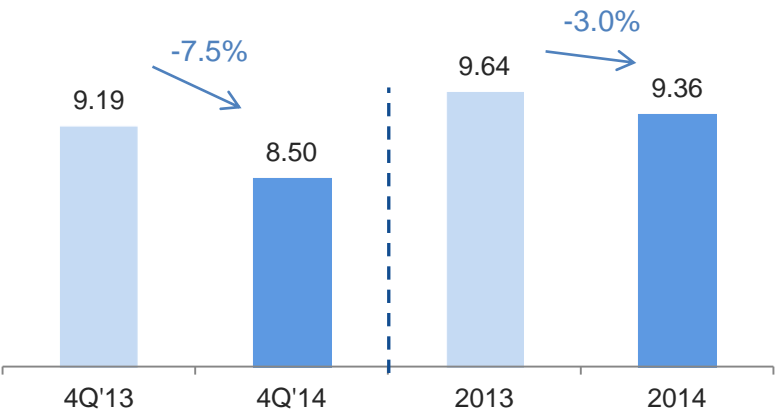
RASK (USc)



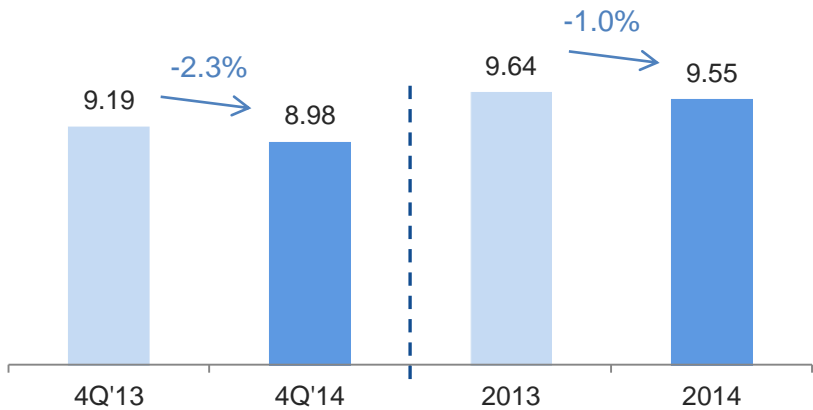
RASK ex-currency (USc)



R/Y (USc)



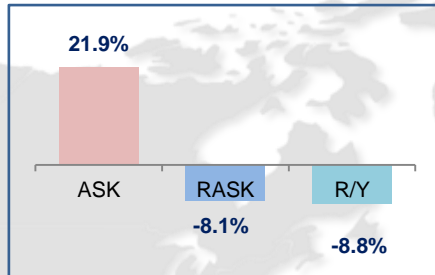
R/Y ex-currency (USc)



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

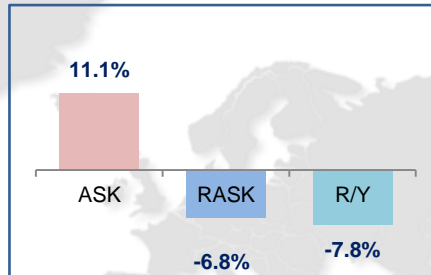
# Regional Yield Development in USD (4Q'13 vs 4Q'14)

## America



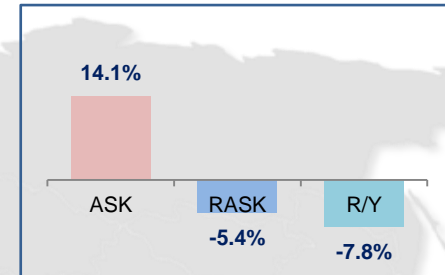
- New Routes (Boston & Montreal)
- Substantial capacity increase
- San Francisco to open in 2015

## Europe & CIS



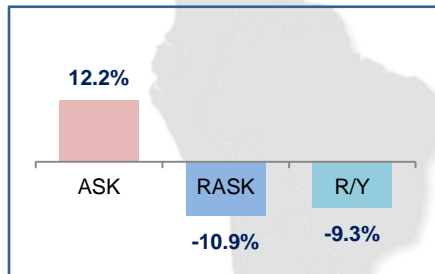
- New routes and increased capacity (including SAW)
- Continued instability in Ukraine
- Economic instability in Russia
- Currency effects
- Simferopol and Donetsk suspended

## Asia / Far East



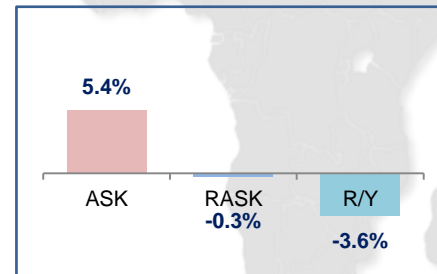
- Developments in Middle East and Africa effects transfer demand
- Central Asia routes effected from economic instability in Russia
- Depreciation of JPY
- Taipei and Manila to open in 2015

## Africa



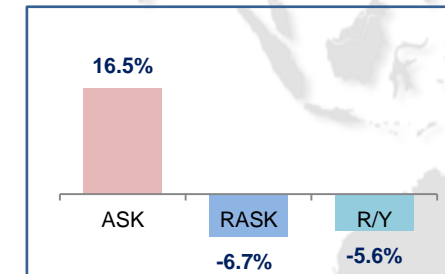
- Political instability in Nigeria , Kenya, Libya continues
- Ebola threats
- Tripoli, Benghazi, Misrata suspended
- Depreciation of local currencies (Naira)

## Domestic



- Traffic vulnerable to political / economical instability of neighbouring regions
- 1Q'15 traffic affected by weather conditions

## Middle East



- ISIS related security issues undermines demand
- Mosul suspended

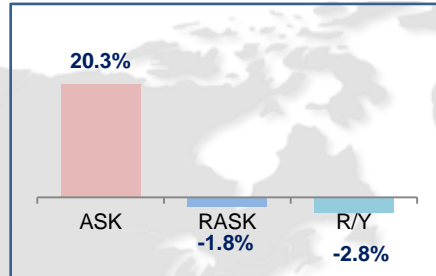
R/Y : Passenger Revenue/RPK

RASK : Total Revenue/ASK

\* Restated as of 27.02.2014

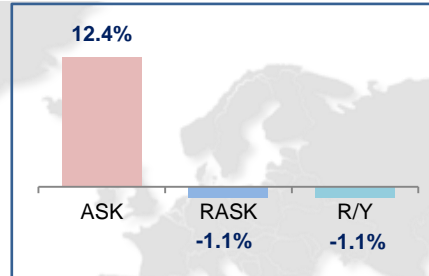
# Regional Yield Development in USD (2013 vs 2014)

## America



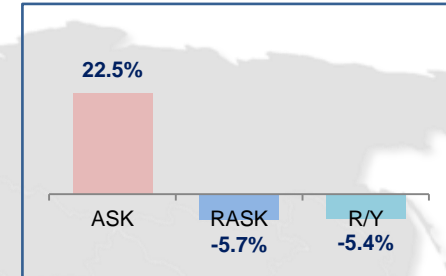
- 2 new routes (Boston & Montreal)
- Economical stress in Latin America effected demand

## Europe & CIS



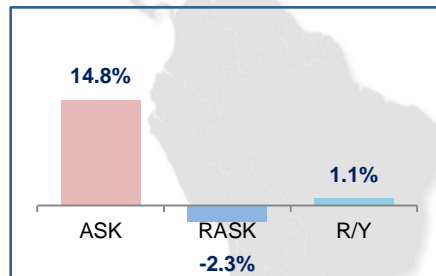
- Tension in East Europe
- Slump in Russian Ruble
- 9 new routes from IST
- 3 new routes from SAW

## Asia / Far East



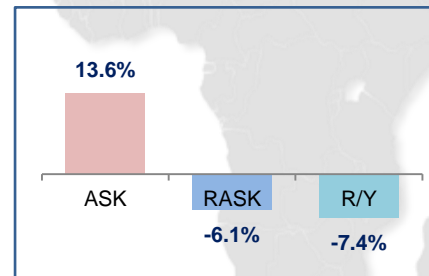
- Substantial capacity increase
- Depreciation of local FX rates (Kazakhstan, Mongolia, India, Japan)
- Political tension in Thailand

## Africa



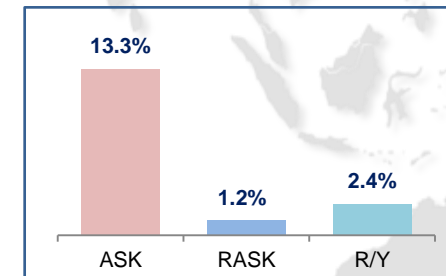
- 5 new routes
- Political instability in the region
- Security issues in Libya

## Domestic



- Depreciation of TRY against USD
- Capacity increase in SAW
- Increased competition
- Political instabilities of neighbouring regions

## Middle East



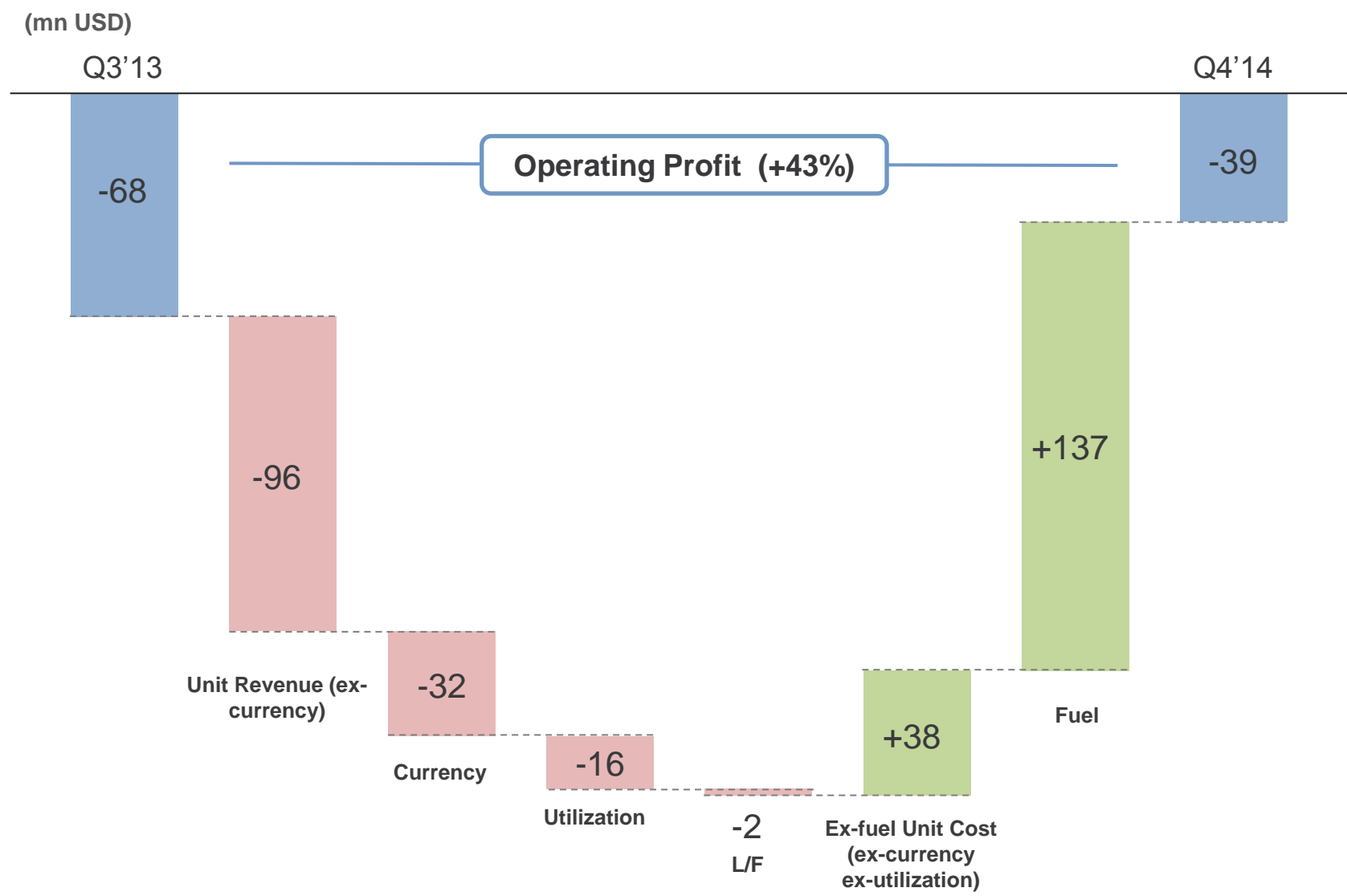
- ISIS related security issues
- Tensions in Israel

R/Y : Passenger Revenue/RPK

RASK : Total Revenue/ASK

\* Restated as of 27.02.2014

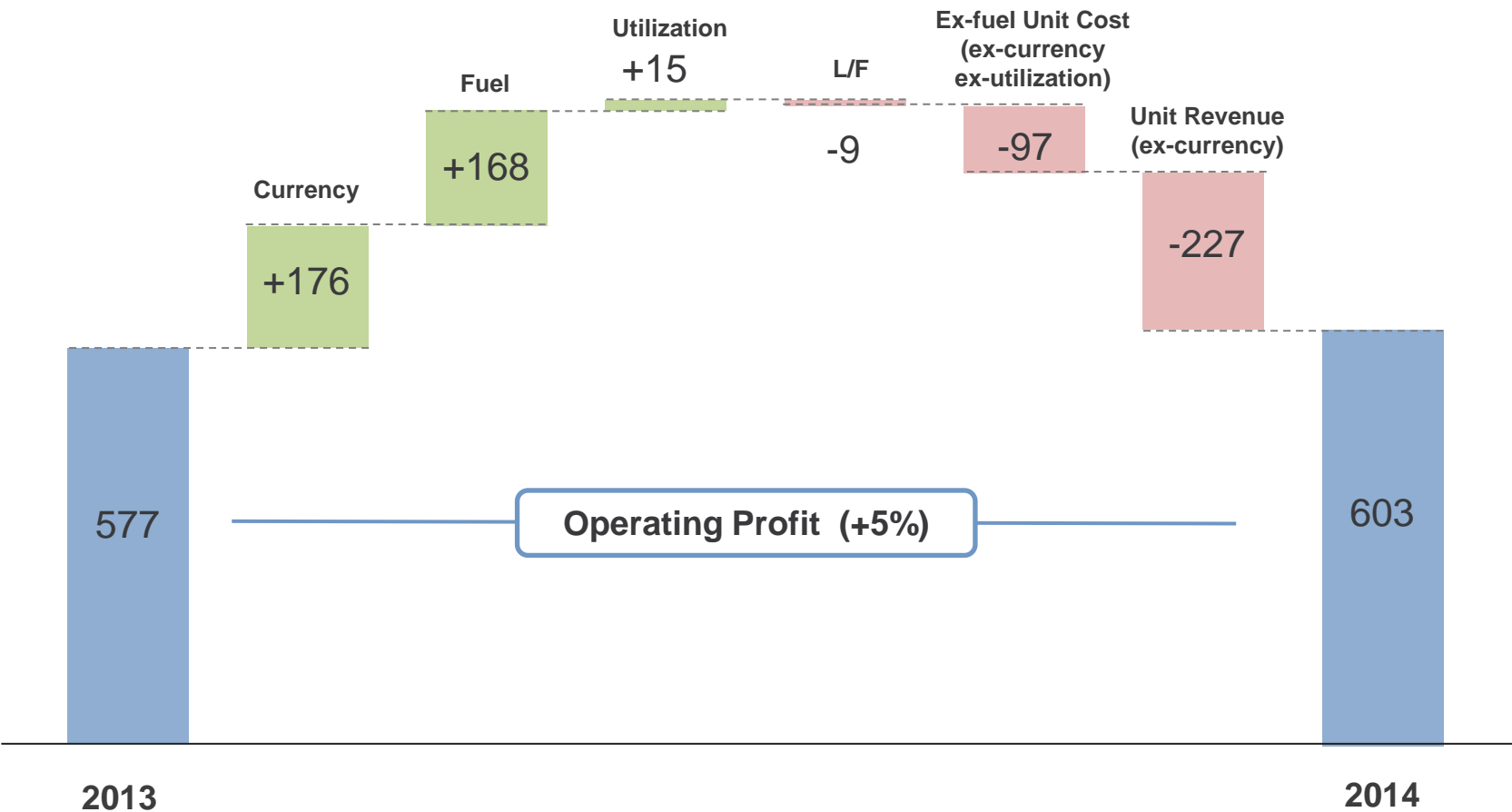
# Operating Profit Bridge (4Q'13 vs 4Q'14)





# Operating Profit Bridge (2013 vs 2014)

(mn USD)



# Operational Expense Breakdown

4Q'13	4Q'14	Change	(mn USD)	2013	2014	Change
915	897	-2.0%	Fuel	3,442	3,845	11.7%
430	432	0.6%	Personnel	1,581	1,694	7.1%
288	307	6.6%	Aircraft Ownership	1,098	1,287	17.2%
210	226	7.4%	Airports & Air Navigation	799	942	17.8%
214	215	0.6%	Sales & Marketing	751	838	11.6%
146	159	9.4%	Ground Handling	555	627	13.0%
137	139	1.6%	Passenger Services & Catering	465	558	20.0%
91	92	1.7%	Maintenance	312	365	17.2%
6	24	310.6%	General Administration	66	89	35.4%
48	76	56.4%	Other Cost of Sales	180	222	23.2%
2,485	2,568	3.4%	TOTAL	9,249	10,467	13.2%

ASK Growth: %13.0

ASK Growth: %16.3

# CASK Breakdown

4Q'13	4Q'14	Change	(USc)	2013	2014	Change
3.02	2.62	-13.3%	Fuel	2.96	2.84	-3.9%
1.42	1.26	-11.0%	Personnel	1.36	1.25	-7.9%
0.95	0.90	-5.7%	Aircraft Ownership	0.94	0.95	0.8%
0.69	0.66	-5.0%	Airports & Air Navigation	0.69	0.70	1.3%
0.71	0.63	-11.0%	Sales & Marketing	0.64	0.62	-4.0%
0.48	0.47	-3.2%	Ground Handling	0.48	0.46	-2.8%
0.45	0.41	-10.1%	Passenger Services & Catering	0.40	0.41	3.2%
0.30	0.27	-10.0%	Maintenance	0.27	0.27	0.8%
0.02	0.07	263.2%	General Administration	0.06	0.07	16.4%
0.16	0.22	38.3%	Other Cost of Sales	0.15	0.16	6.0%
8.21	7.51	-8.6%	TOTAL	7.95	7.73	-2.7%

## Selected KPI's

Q4'13	Q4'14	Change	(USD)	2013	2014	Change
1,076	933	-13.3%	Fuel Price (Usd/ton)	1,060	1,012	-4.6%
3.51	3.51	0.0%	Fuel Consumption (lt) per 100 ASK	3.49	3.51	0.7%
1,086	1,054	-2.9%	Aircraft Ownership Cost per BH	1,080	1,104	2.2%
342	317	-7.4%	Maintenance Cost per BH	307	313	2.2%
1,528	1,571	2.8%	Handling Cost per Landing	1,500	1,517	1.1%
1,153	1,137	-1.4%	Airports & Air Navigation Cost per km Flown	1,158	1,189	2.7%
11.36	10.48	-7.7%	Passenger Services & Catering Cost per Pax	9.63	10.21	5.9%
10.1%	9.8%	-0.3 pt	Sales & Marketing Cost / Passenger Revenue	8.6%	8.5%	-0.1 pt

# TURKISH AIRLINES

## FY 2014

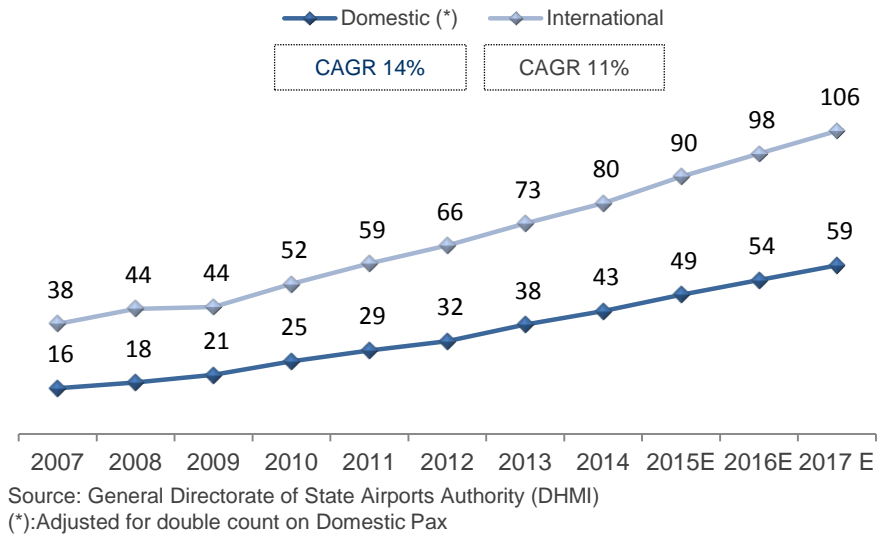


WIDEN YOUR WORLD

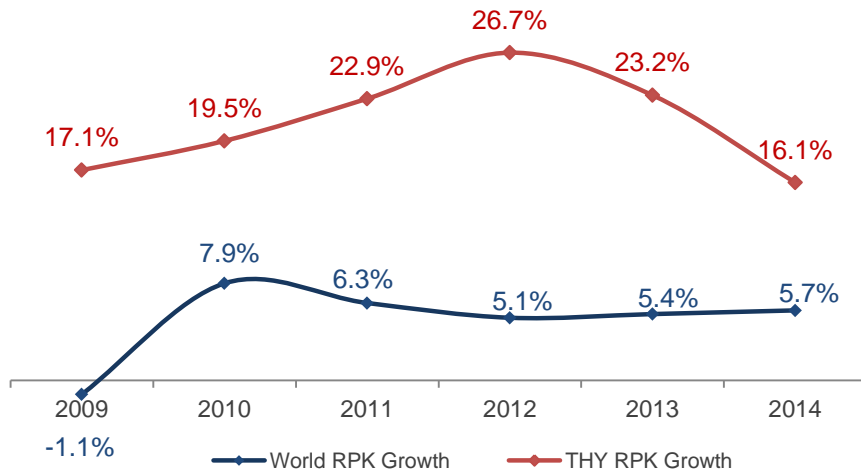


# Aviation Market & Economy

## Turkish Market Growth (mn pax)

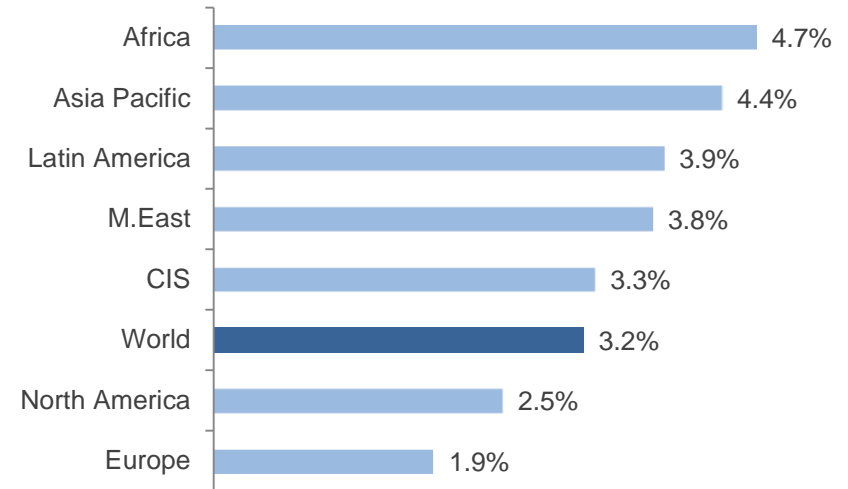


## RPK Growth %

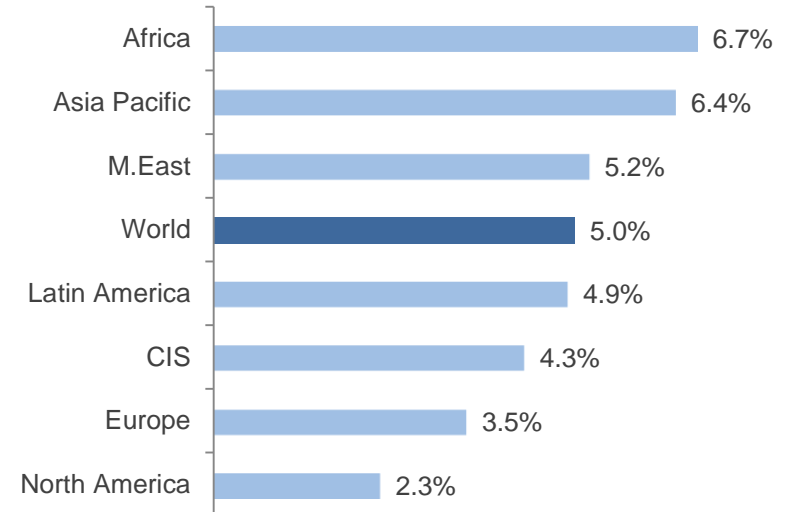


Source: IATA

## Annual GDP Growth Forecast (2013-2033)



## Annual RPK Growth Forecast (2013-2033)

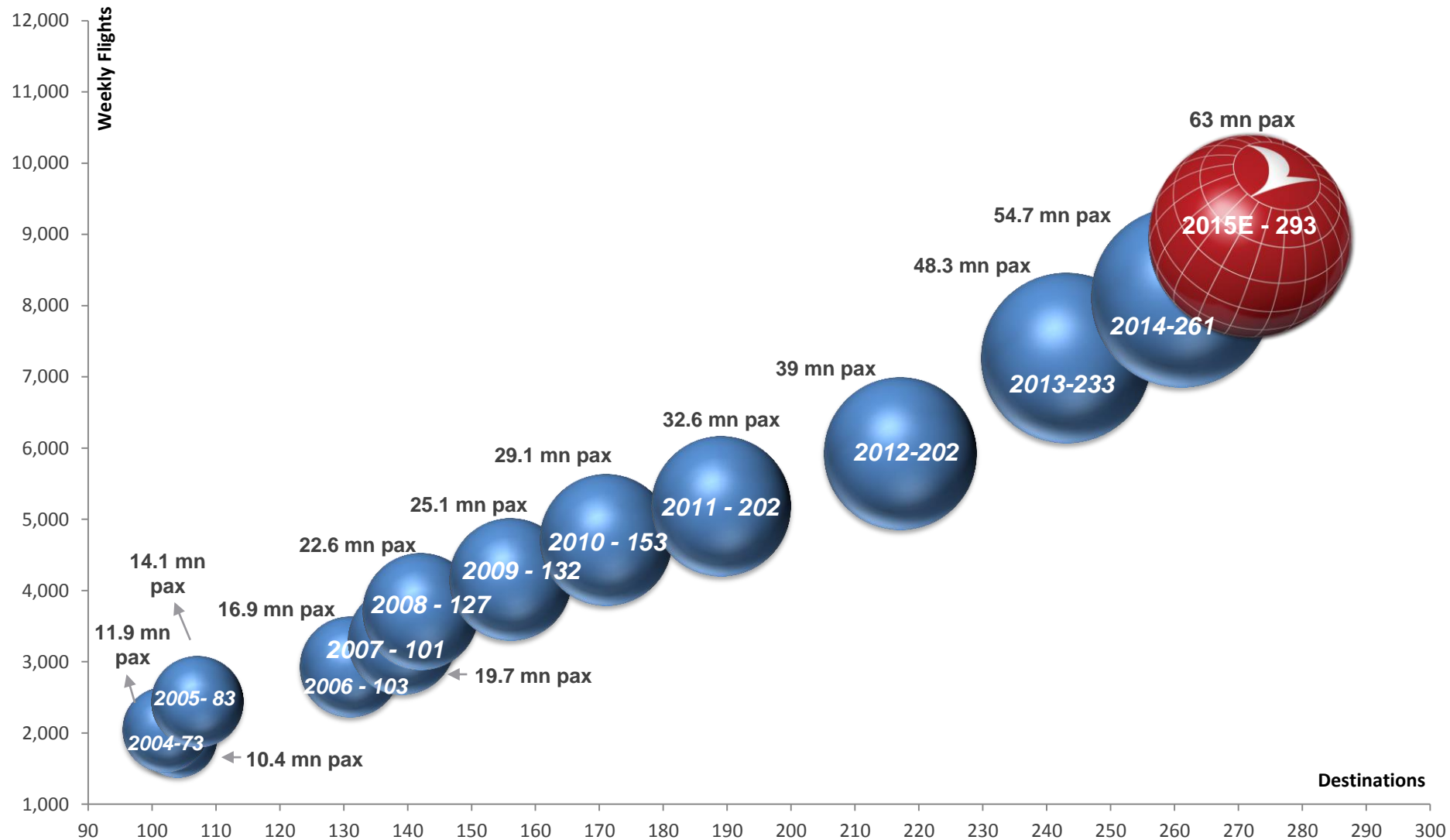


Source: Boeing Current Market Outlook

WIDEN YOUR WORLD



# Turkish Airlines Diagonal Growth



# Destinations: 219\* International, 43 Domestic Lines in 108 Countries

AMERICAS (10)		EUROPE (102)				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)	ASHKHABAD (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)	TAIPEI
AFRICA (43)		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)	
ABUJA (5)	LIBREVILLE (3)	BILBAO (7)	HANNOVER (17)	ODESSA (11)	TOULOUSE (7)	HO-CHI-MINH (7)	OSAKA (7)	
ACCRA (7)	MISRATA (7)	BILLUND (5)	HELSINKI (14)	OSLO (14)	UFA (5)	HONG KONG (6)	OSH (4)	
ADDIS ABABA (7)	MOGADISHU (4)	BIRMINGHAM (10)	KAZAN (7)	PARIS (35)	WARSAW (5)	ISLAMABAD (4)	SHANGHAI (7)	
ALEXANDRIA (7)	MOMBASA (7)	BOLOGNA (14)	KHERSON (4)	PISA (4)	VALENCIA (7)	MIDDLE EAST (33)		
ALGIERS (18)	NAIROBI (7)	BORDEAUX (4)	KIEV (16)	PODGORICA (7)	VENICE (21)	ABU DHABI (6)	ERBIL(11)	TABRIZ (7)
ASMARA (3)	NDJAMENA (4)	BREMEN (7)	LEFKOSA (49)	PRAG (14)	VIENNA (35)	ADEN (6)	ESFEHAN (4)	TAIF (3)
BATNA (2)	NIAMEY (5)	BRUSSELS (37)	LEIPZIG (7)	PRISTINA (14)	VILNIUS (6)	ALEPPO	JEDDAH (21)	TEHRAN (35)
BENGHAZI	NOUAKCHOTT (6)	BUCHAREST (21)	LISBON (10)	RIGA (7)	ZAGREB (14)	AMMAN (14)	KERMANSHAH (4)	TEL AVIV (56)
CAIRO (21)	ORAN (4)	BUDAPEST (21)	LJUBLJANA (7)	ROME (25)	ZURICH (28)	AQABA (3)	KUWAIT (35)	YANBU (5)
CAPETOWN (7)	OUAGADOUGOU (5)	CATANIA (4)	LONDON (59)	ROSTOV (4)	VARNA (7)	BAGHDAD (11)	MADINAH (14)	ABHA
CASABLANCA (7)	SEBHA	CHISINAU (7)	LUXEMBOURG (7)	ROTTERDAM (5)	BADEN-BADEN	BAHRAIN (7)	MASHAD (5)	AHVAZ
CONSTANTINE (3)	SHARM EL SHEIHK (5)	COLOGNE (21)	LVIV (3)	SANTIAGO DE COMPOSTELA(7)	BARI	BASRA (7)	MOSUL (4)	
COTONOU (4)	TLEMCEN (2)	CONSTANTA (3)	LYON (14)	SALZBURG (7)	GRAZ	BEIRUT (21)	MUSCAT (7)	
DAKAR (6)	TRIPOLI	COPENHAGEN (21)	MADRID (21)	SARAJEVO (21)	KASSEL	DAMASCUS	NAJAF (5)	
DAR ES SALAAM (7)	TUNIS (14)	DONETSK (14)	MALAGA (10)	SIMFEROPOL (14)	KHARKIV	DAMMAM (7)	RIYADH (16)	
DJIBOUTI (4)	YAOUNDE (4)	DNEPROPETROVSK (5)	MALTA (7)	SKOPJE (14)	KRAKOV	DOHA (12)	SANAA (6)	
DOUALA (7)	ASWAN	DUBLIN (12)	MANCHESTER (14)	SOCHI (4)	LA CORUNA	DUBAI (14)	SHIRAZ (7)	
ENTEBBE(7)	BAMAKO		MARSEILLE (7)		NANTES	EL-KASIM (4)	SULAYMANIYAH (5)	
HURGADA (7)	CONAKRY				PORTO			
JOHANNESBURG(7)	JUBA				ZAPORIZHIA			
KANO (4)	LUXOR							
KIGALI (7)	LUANDA							
KINSHASA (5)								
KHARTOUM (7)								
KILIMANJARO (7)								
		43 DOMESTIC LINES						

\* As of 05.03.2015

Planned (Weekly Frequency from all airports)



# Geographical Advantage

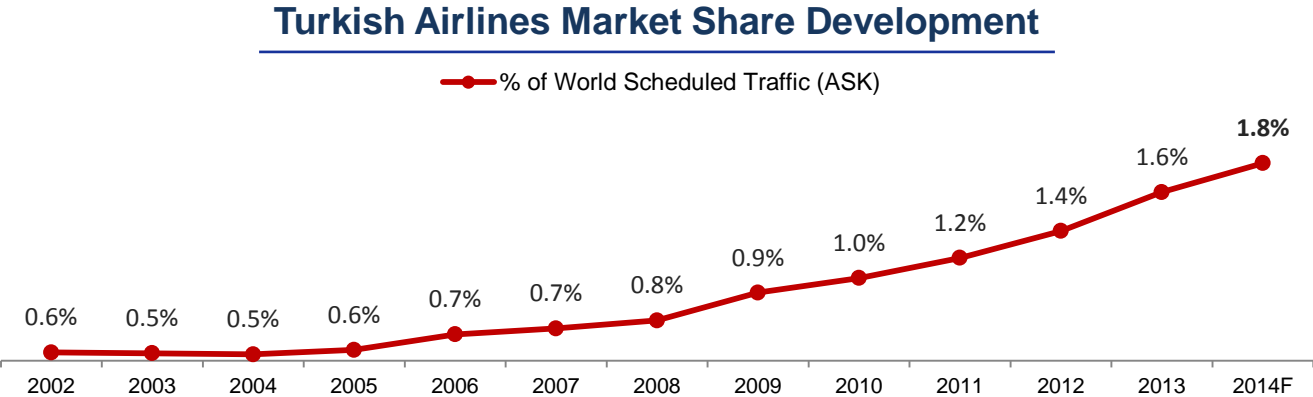
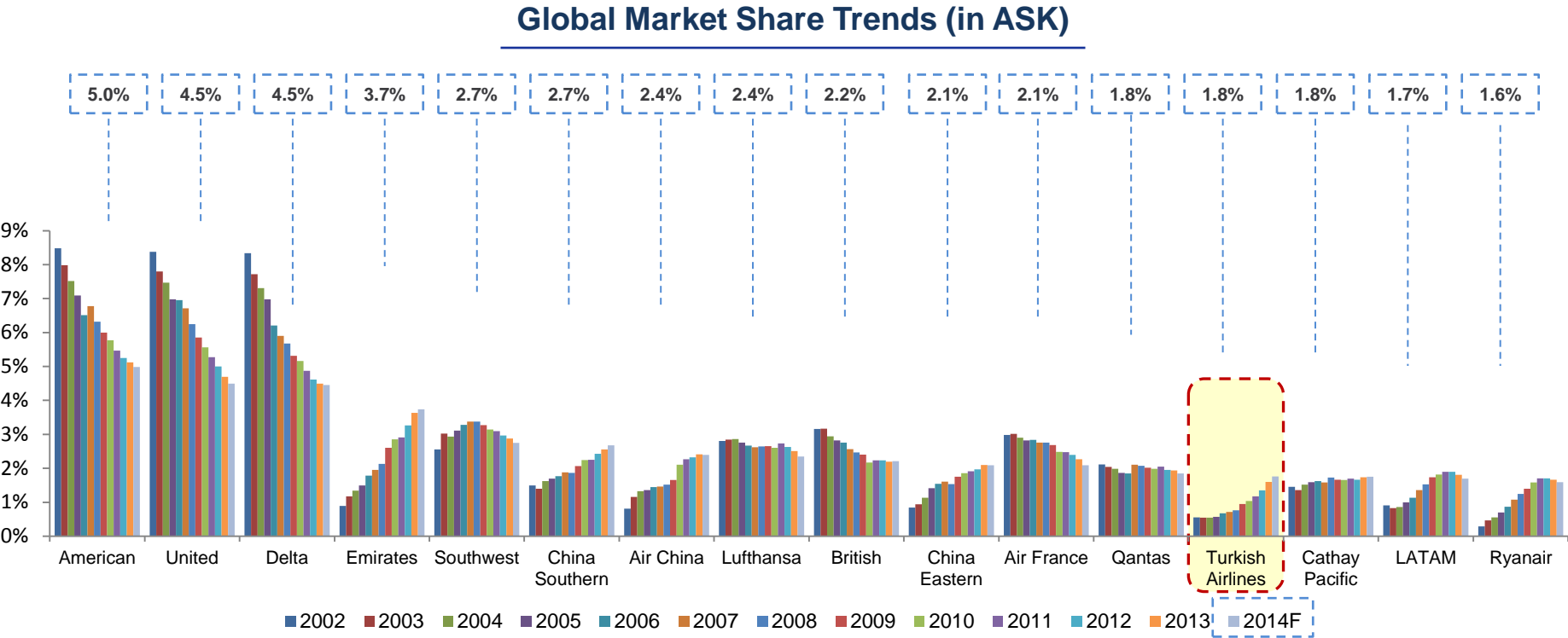
## Narrow Body Range capability to and from Istanbul

With full passenger payload

- ✓ 188 out of 219 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



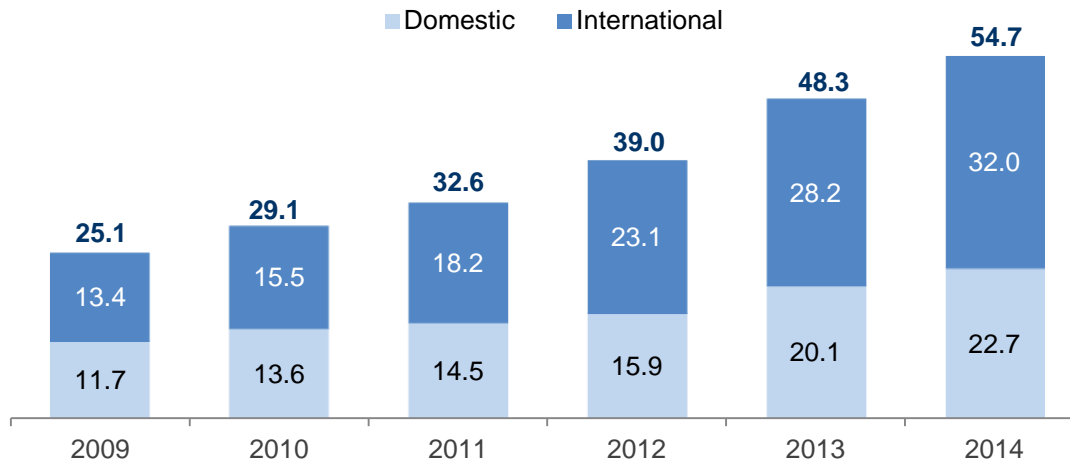
# Global Market Share Gains



**Notes:** For US carriers regional flights are excluded. American Airlines includes US Airways, Southwest includes AirTran, China Eastern includes Shanghai Airlines and Cathay Pacific includes Dragonair.  
**Source:** 2002 ICAO, 2003-2014 IATA, company reports, sorted by 2014 ASK values

# Passenger Traffic

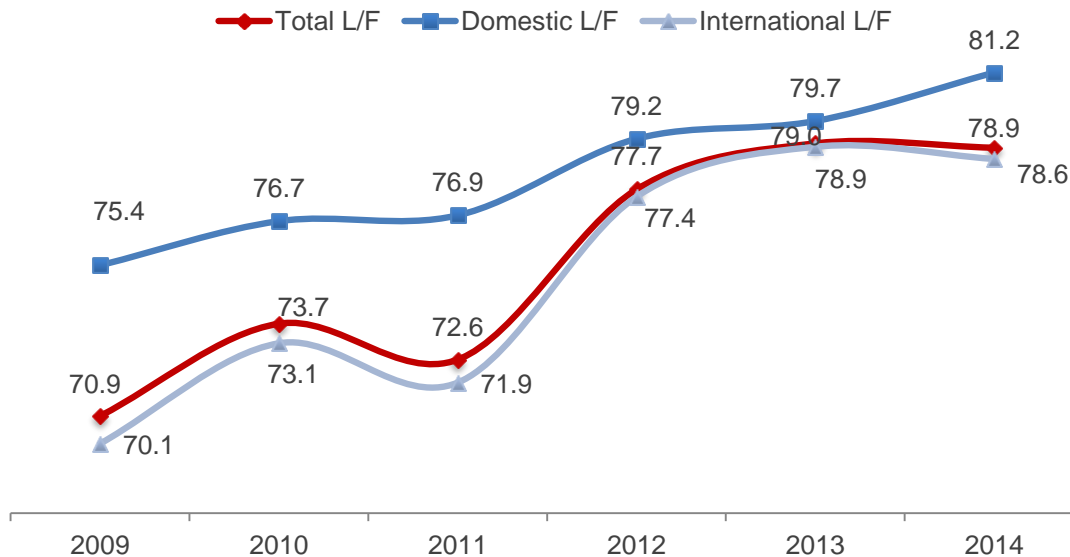
## Total Passengers (mn)



## THY Passenger Traffic 2013 vs 2014

Landing	up by	11.7%
ASK	up by	16.3%
RPK	up by	16.1%
Passenger #	up by	13.3%
L/F	down by	-0.1 pt

## Load Factor (L/F %)

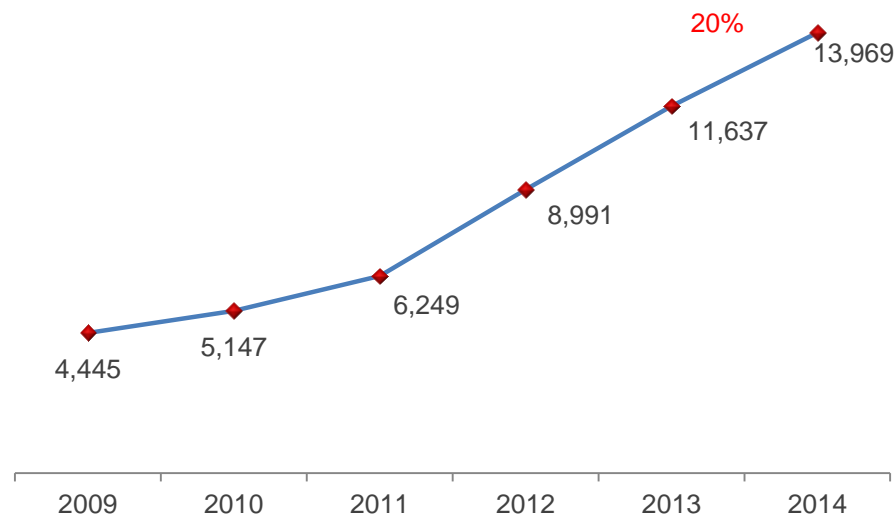


## ANNUAL CHANGES (%)

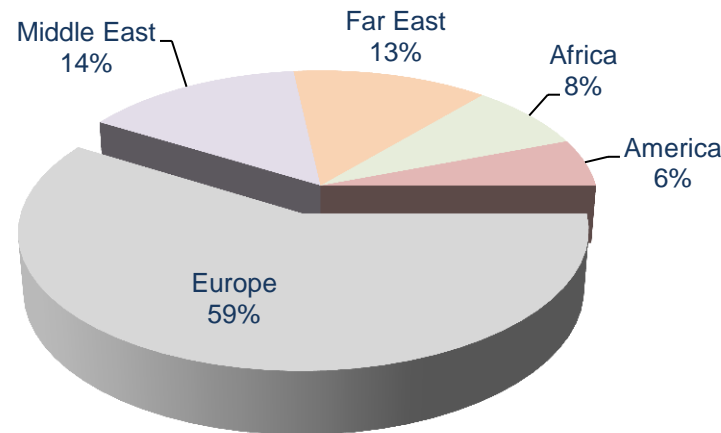
	2009	2010	2011	2012	2013	2014
ASK	22%	15%	25%	18%	21%	16%
RPK	17%	19%	23%	27%	23%	16%
PAX	11%	16%	12%	20%	24%	13%
L/F (Pt)	-3.0	2.8	-1.1	5.1	1.4	-0.1

# Passenger Breakdown (2014)

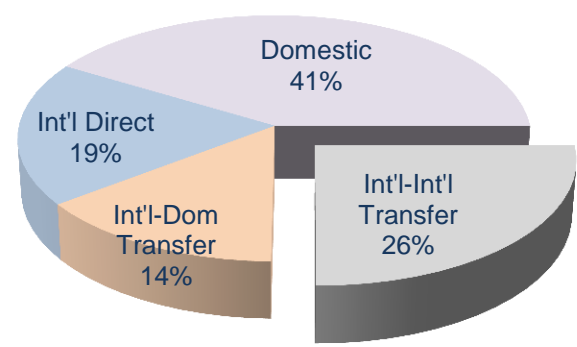
### Int'l to Int'l Transfer Passengers ('000)



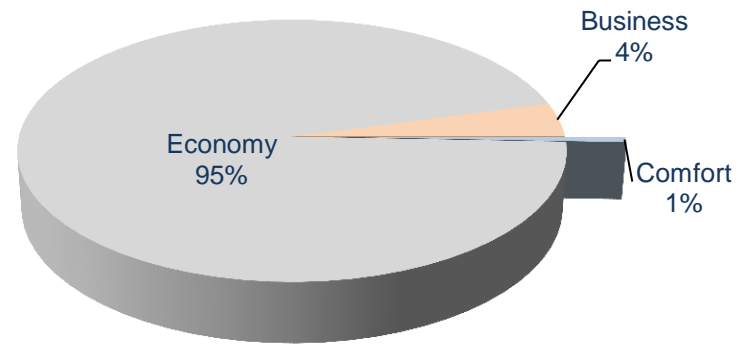
### Int'l Passenger Breakdown by Geography



### Passenger Breakdown by Transfer Type



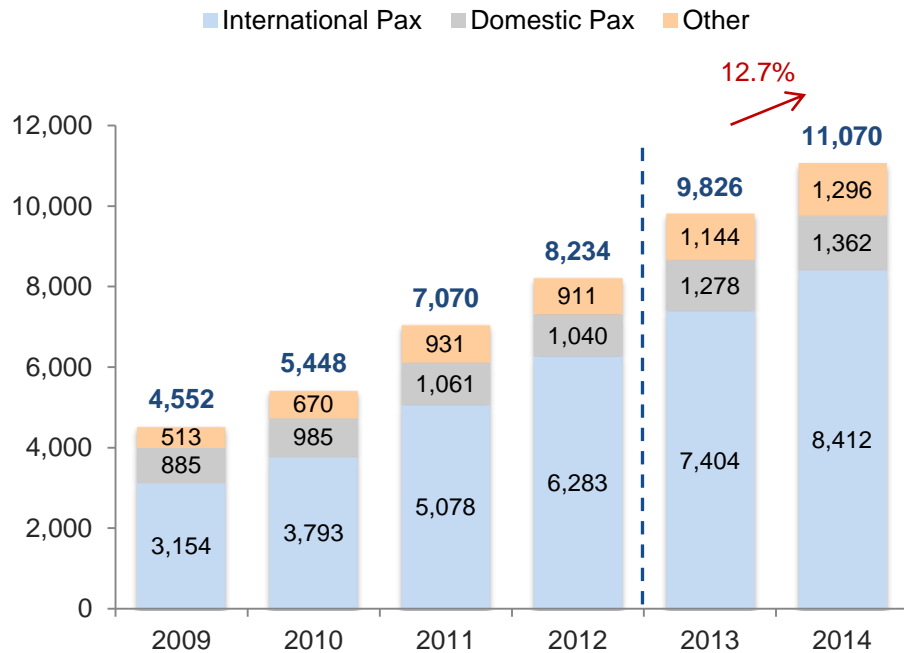
### Passenger Breakdown by Cabin Class



**Note:** Int'l to int'l transfer passengers' share in total international passengers is 44%

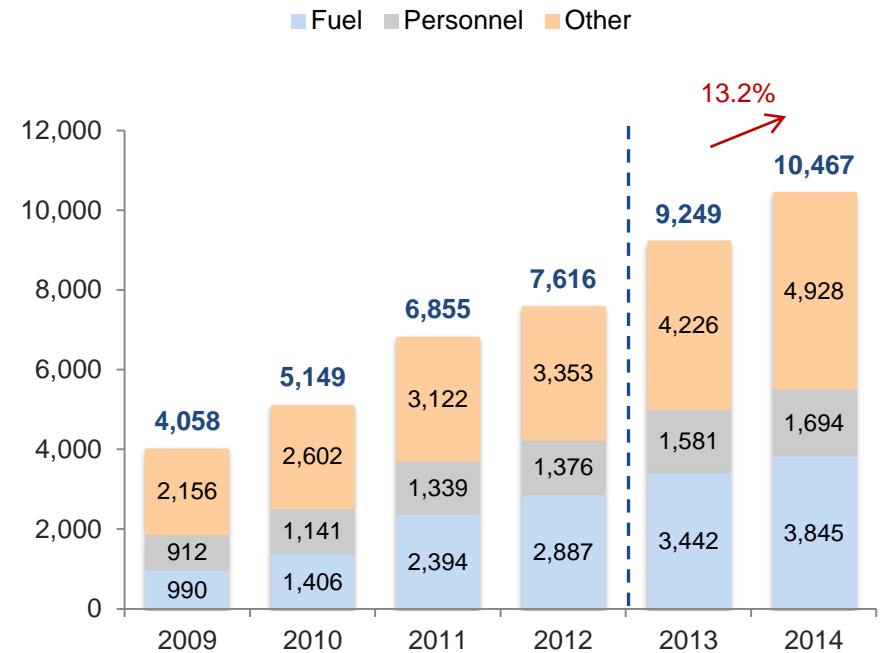
# Total Revenue and Expenses

## Revenue (mn USD)



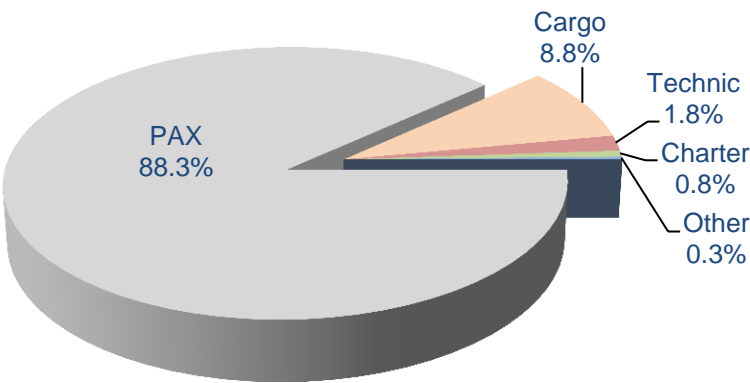
\* Other revenue includes cargo, charter and other revenue

## Expenses (mn USD)

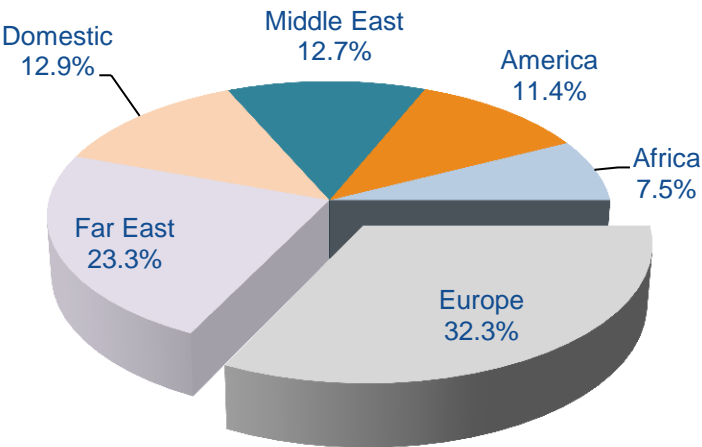


# Revenue Breakdown (2014)

## Revenue by Business Type

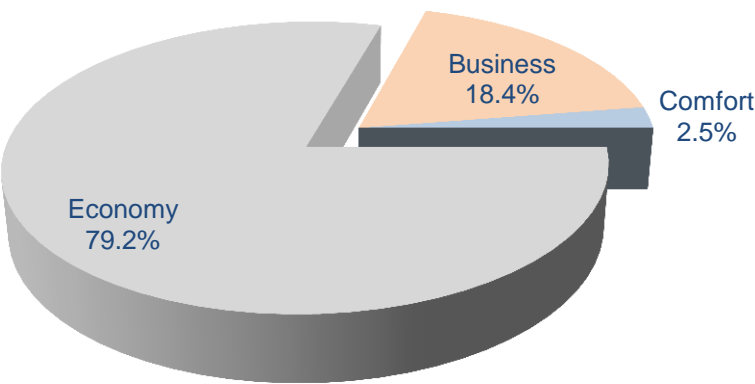


## Revenue\* by Geography

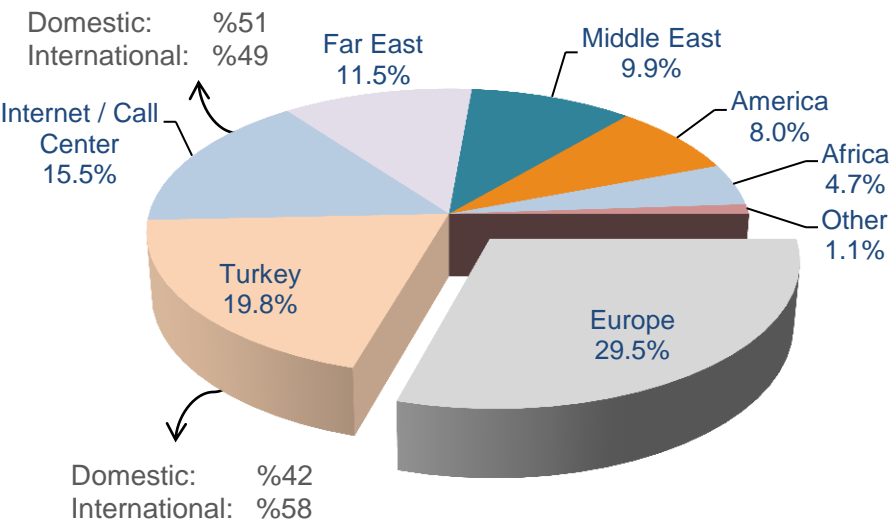


\* Includes passenger and cargo revenue

## Revenue by Passenger Class



## Revenue by Point of Sale\*

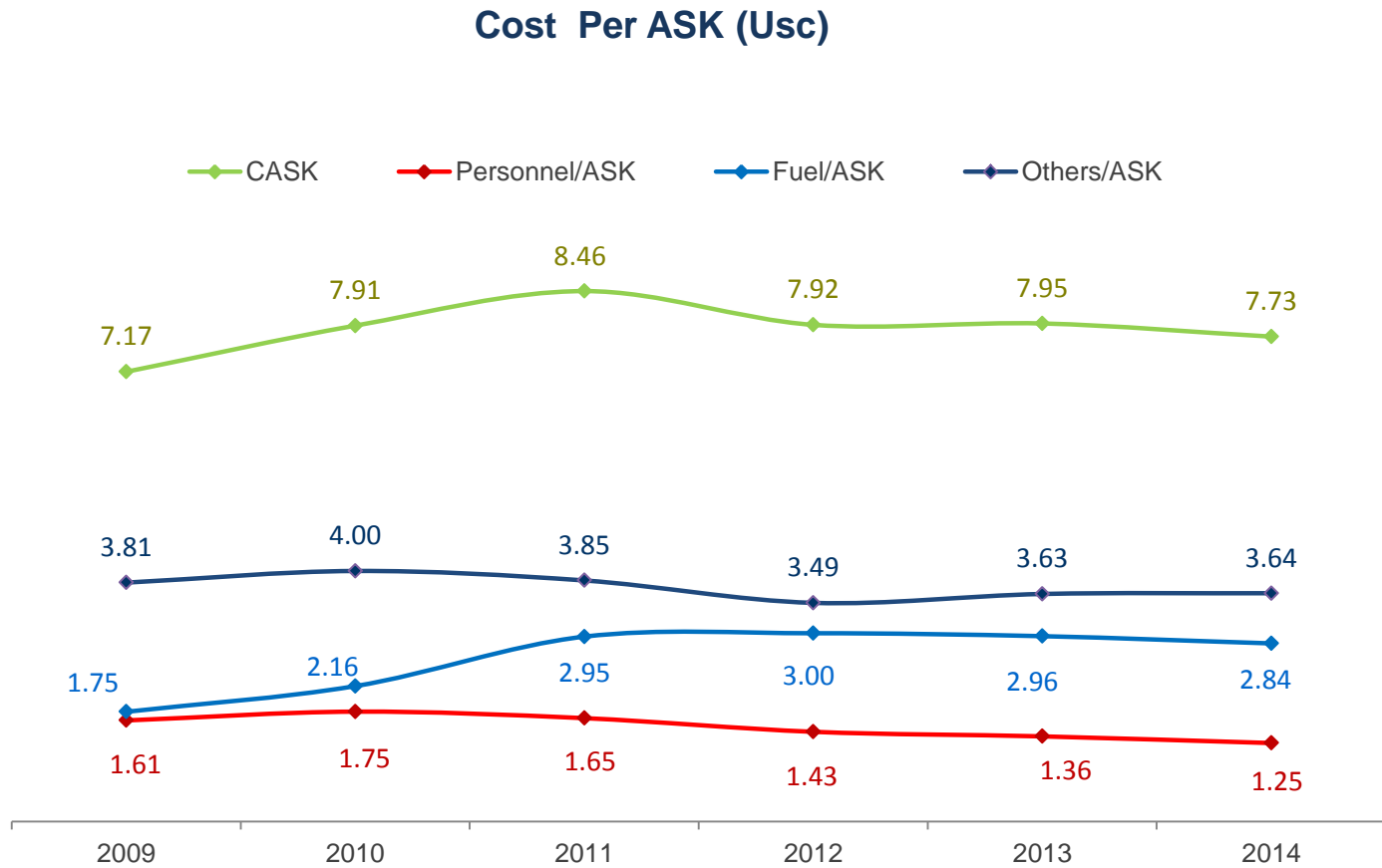


\* Includes only scheduled passenger revenue

# Operational Expense Breakdown

(mn USD)	2013	% in Total	2014	% in Total	YoY Change
<b>Fuel</b>	<b>3,442</b>	<b>37.2%</b>	<b>3,845</b>	<b>36.7%</b>	<b>11.7%</b>
<b>Personnel</b>	<b>1,581</b>	<b>17.1%</b>	<b>1,694</b>	<b>16.2%</b>	<b>7.1%</b>
<b>Landing, Navigation &amp; Air Traffic</b>	<b>799</b>	<b>8.6%</b>	<b>942</b>	<b>9.0%</b>	<b>17.8%</b>
Landing and navigation	347	3.8%	408	3.9%	17.4%
Air Traffic Control	452	4.9%	534	5.1%	18.1%
<b>Sales &amp; Marketing</b>	<b>751</b>	<b>8.1%</b>	<b>838</b>	<b>8.0%</b>	<b>11.6%</b>
Commissions and Incentives	331	3.6%	356	3.4%	7.5%
Reservation System	205	2.2%	214	2.0%	4.3%
Advertising	130	1.4%	168	1.6%	29.1%
Other	84	0.9%	100	1.0%	18.7%
<b>Depreciation</b>	<b>650</b>	<b>7.0%</b>	<b>744</b>	<b>7.1%</b>	<b>14.5%</b>
<b>Ground Handling</b>	<b>555</b>	<b>6.0%</b>	<b>627</b>	<b>6.0%</b>	<b>13.0%</b>
<b>Aircraft Rent</b>	<b>448</b>	<b>4.8%</b>	<b>543</b>	<b>5.2%</b>	<b>21.1%</b>
Operational Lease	149	1.6%	171	1.6%	14.6%
Wet Lease	299	3.2%	372	3.6%	24.3%
<b>Passenger Services &amp; Catering</b>	<b>465</b>	<b>5.0%</b>	<b>558</b>	<b>5.3%</b>	<b>20.0%</b>
<b>Maintenance</b>	<b>312</b>	<b>3.4%</b>	<b>365</b>	<b>3.5%</b>	<b>17.2%</b>
<b>General Administration</b>	<b>66</b>	<b>0.7%</b>	<b>89</b>	<b>0.9%</b>	<b>35.4%</b>
<b>Other</b>	<b>180</b>	<b>1.9%</b>	<b>222</b>	<b>2.1%</b>	<b>23.2%</b>
<b>TOTAL</b>	<b>9,249</b>	<b>100%</b>	<b>10,467</b>	<b>100%</b>	<b>13.2%</b>
Operating Cost per ASK (USc)	7.95	-	7.73	-	-2.7%
Ex-fuel Operating Cost per ASK (USc)	4.99	-	4.89	-	-1.9%

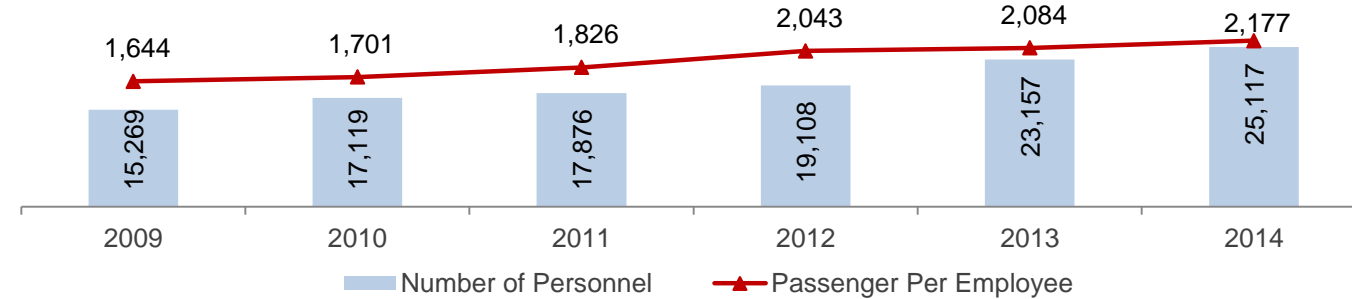
# Unit Operating Costs



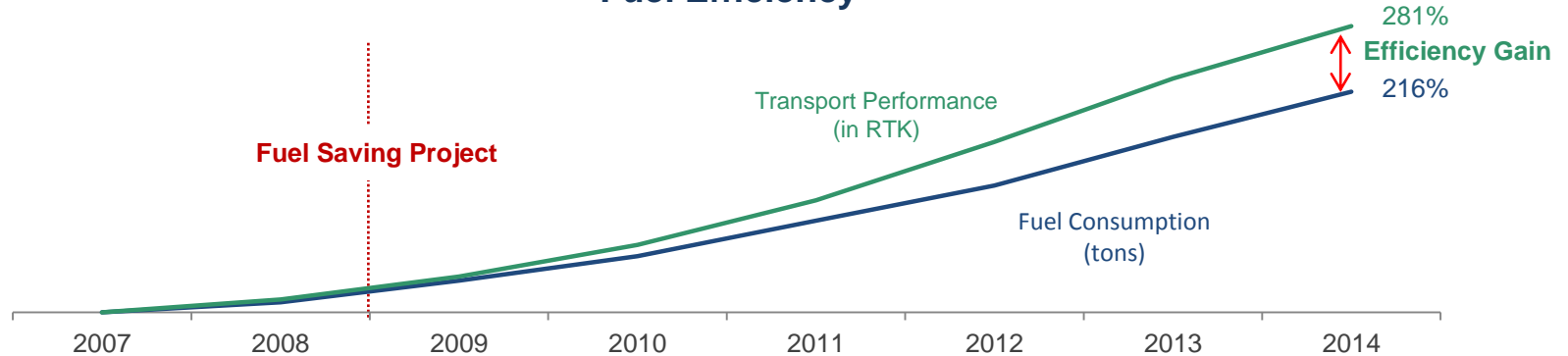


# Operating Efficiency

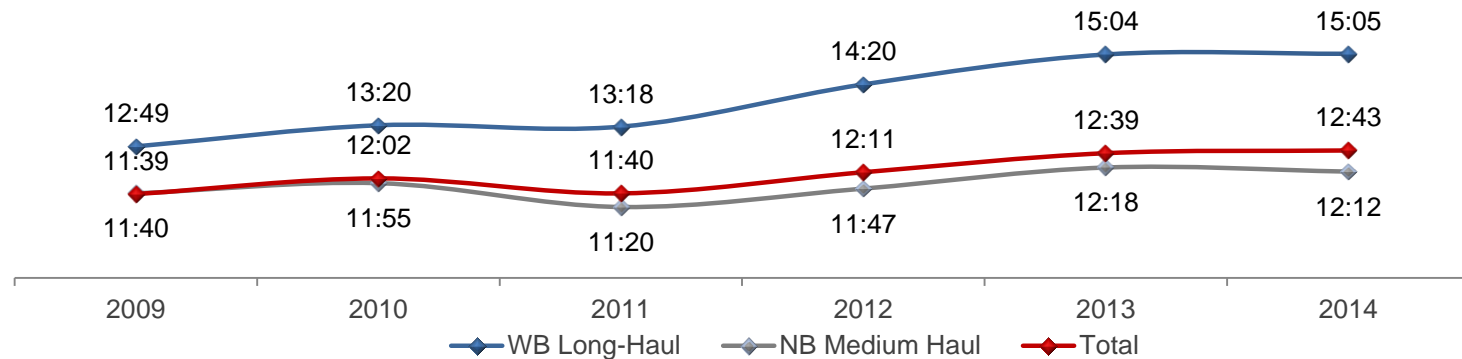
## Personnel Efficiency



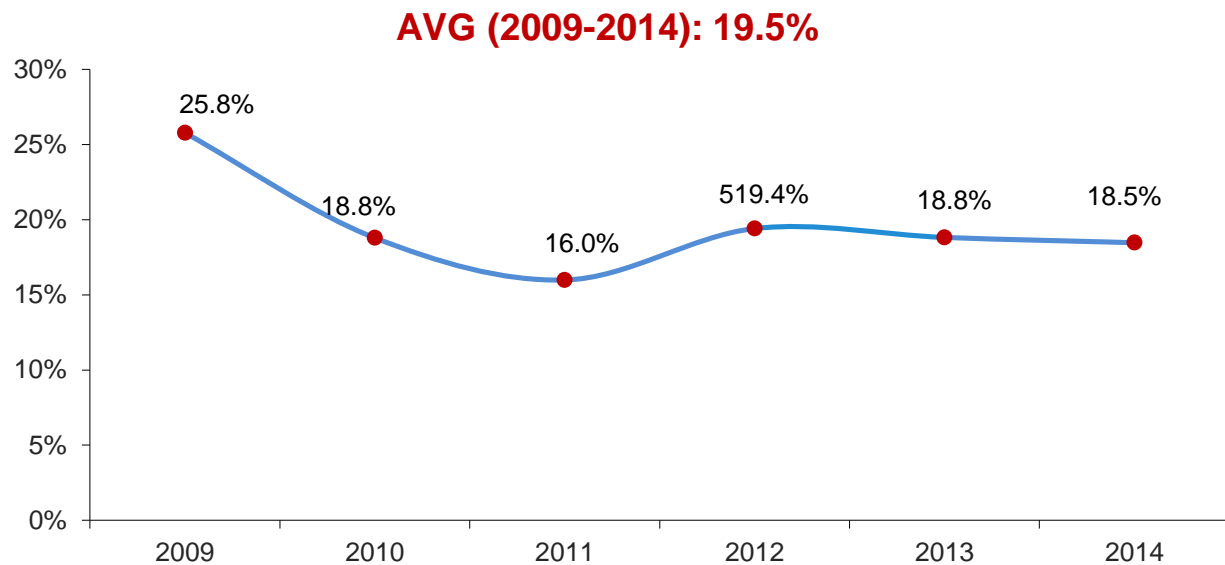
## Fuel Efficiency



## Average Daily Flight Utilization (hrs)



# EBITDAR Margin

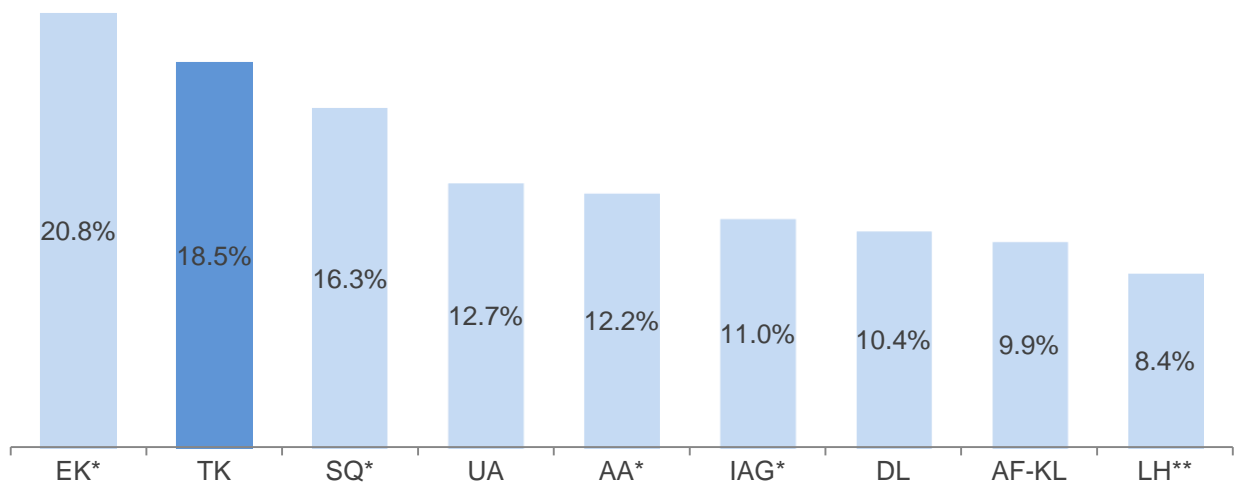


(mn USD)	2009	2010	2011	2012	2013	2014	YoY Change
<b>Revenue</b>	<b>4,552</b>	<b>5,448</b>	<b>7,070</b>	<b>8,234</b>	<b>9,826</b>	<b>11,070</b>	<b>12.7%</b>
<b>Net Income</b>	<b>362</b>	<b>185</b>	<b>11</b>	<b>657</b>	<b>357</b>	<b>845</b>	<b>136.9%</b>
Net Income Margin	7.9%	3.4%	0.2%	8.0%	3.6%	7.6%	4.0 pt
<b>Adjusted EBIT</b>	<b>530</b>	<b>262</b>	<b>277</b>	<b>691</b>	<b>755</b>	<b>770</b>	<b>1.9%</b>
Adjusted EBIT Margin	11.6%	4.8%	3.9%	8.4%	7.7%	7.0%	-0.7 pt
<b>EBITDAR</b>	<b>1,173</b>	<b>1,024</b>	<b>1,130</b>	<b>1,603</b>	<b>1,843</b>	<b>2,044</b>	<b>10.9%</b>
EBITDAR Margin	25.8%	18.8%	16.0%	19.5%	18.8%	18.5%	-0.3 pt

# Peer Group vs Turkish Airlines Profitability

## EBITDAR Margin % Comparison

2014 Annual



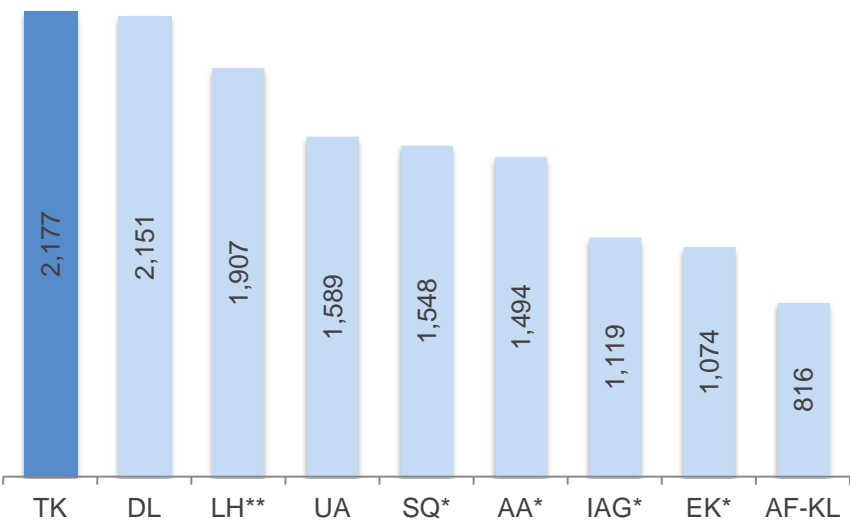
\* 2013 results

\*\* Lufthansa Passenger Airlines 2013 results.

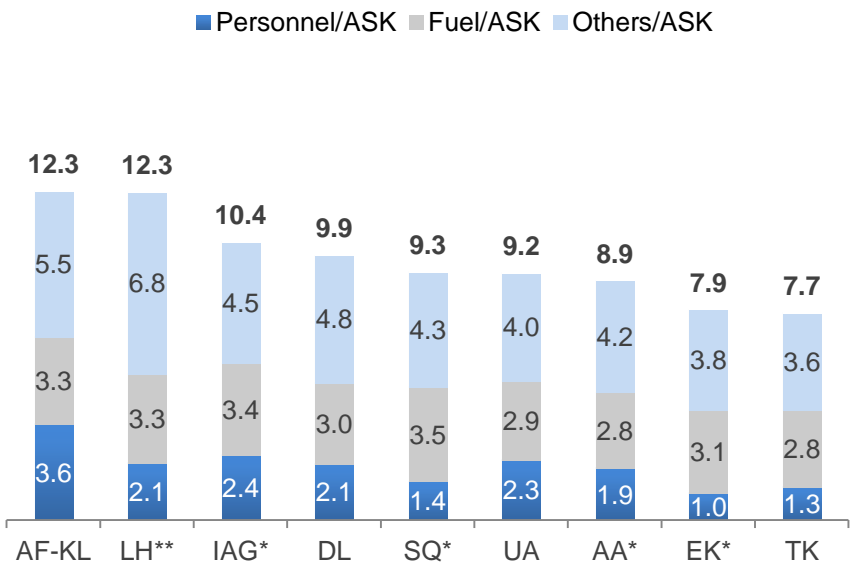
Source: Calculated based on public company reports.

# Peer Group vs Turkish Airlines Efficiency

### PAX Per Personnel (2014)



### Cost Per ASK (Usc) 2014



\* 2013 results

\*\* Lufthansa Passenger Airlines 2013 results.

Source: Calculated based on public company reports.

# Current Fleet

As of 05.03.2015	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	16		5	11	3,859	8.6	18	18	16	16	16	13	13
	A330-300	18		18		5,202	2.6	25	30	30	30	30	30	30
	A340-300	5	5			1,350	17.7	4	4	4	4	4	4	4
	B777-3ER	16		16		5,440	3.2	23	29	32	32	32	32	32
	<b>Total</b>	<b>55</b>	<b>5</b>	<b>39</b>	<b>11</b>	<b>15,851</b>	<b>5.9</b>	<b>70</b>	<b>81</b>	<b>82</b>	<b>82</b>	<b>82</b>	<b>79</b>	<b>79</b>
Narrow Body	B737-900ER	11		11		1,679	2.5	15	15	15	15	15	15	15
	B737-9 MAX							0	0	0	0	5	10	10
	B737-800	68	25	33	10	10,940	8.9	68	88	87	78	78	78	78
	B737-700	3			3	372	9.2	3	1	1	1	1	0	0
	B737-8 MAX							0	0	0	20	30	55	65
	A321 NEO							0	0	4	31	56	88	92
	A319-100	14		6	8	1,848	6.9	14	14	11	9	8	6	6
	A320-200	33		12	21	5,222	8.2	30	30	23	19	12	12	12
	A321-200	43		39	4	7,856	4.8	56	66	68	68	68	66	64
	B737-800 WL	20			20	3,780	11.3	25	23	23	21	21	11	10
	B737-700 WL	6			6	894	7.9	1	0	0	0	0	0	0
	B737-900 ER WL							3	3	3	3	3	3	3
	E190 WL	1			1	110	6.5	3	0	0	0	0	0	0
	<b>Total</b>	<b>199</b>	<b>25</b>	<b>101</b>	<b>73</b>	<b>32,701</b>	<b>7.6</b>	<b>218</b>	<b>240</b>	<b>235</b>	<b>265</b>	<b>297</b>	<b>344</b>	<b>355</b>
Cargo	A310-300F	2	2			-	26.7	0	0	0	0	0	0	0
	A330-200F	5		5		-	3	5	5	5	5	5	5	5
	Wet Lease	2			2	-	13	0	0	0	0	0	0	0
	<b>Total</b>	<b>9</b>	<b>2</b>	<b>5</b>	<b>2</b>	<b>-</b>	<b>10.5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>	<b>5</b>
<b>GRAND TOTAL</b>		<b>263</b>	<b>32</b>	<b>145</b>	<b>86</b>	<b>48,552</b>	<b>7.3</b>	<b>293</b>	<b>326</b>	<b>322</b>	<b>352</b>	<b>384</b>	<b>428</b>	<b>439</b>
Seat Capacity Change :								18%	13%	0%	8%	8%	9%	2%

\* After entry/exit

# Fleet Development

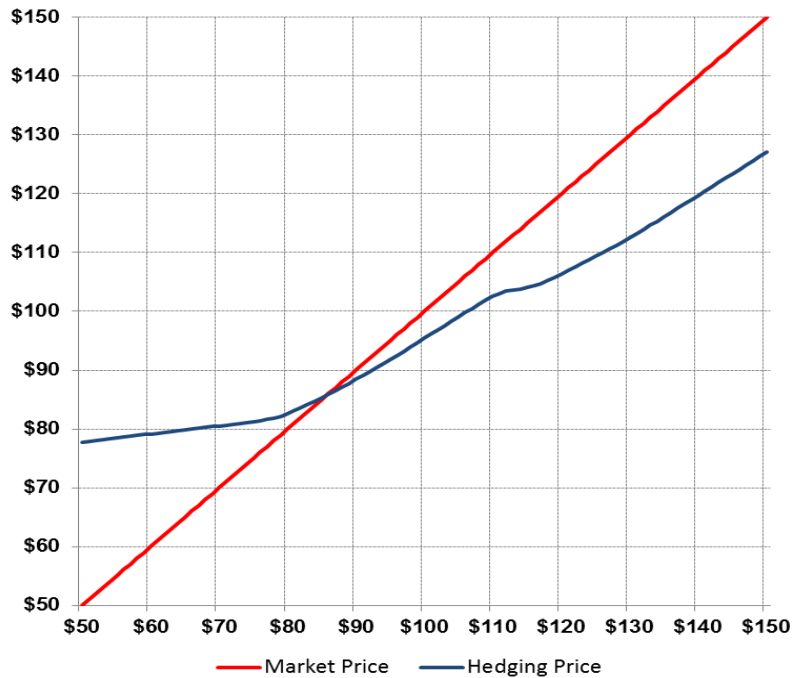
		2011-2021 Aircraft Purchases													
		Delivered						To Be Delivered							
	Type	2011	2012	2013	2014	2015	TOTAL	2015	2016	2017	2018	2019	2020	2021	TOTAL
Wide Body	A330-300	3	3	2	6		14	7	5						12
	B777-3ER	7			4		11	7	6	3					16
	<b>Total</b>	<b>10</b>	<b>3</b>	<b>2</b>	<b>10</b>		<b>25</b>	<b>14</b>	<b>11</b>	<b>3</b>					<b>28</b>
Narrow Body	B737-900ER	2	7	1		1	11	4							4
	B737-9 MAX						0	0				5	5		10
	B737-800	2	2	6	10		20	0	20						20
	B737-8 MAX*						0	0			20	10	25	10	65
	A321	8	7	9			24	13	10	2					25
	A321 NEO**						0	0		4	27	25	32	4	92
	A319	6					6	0							0
	<b>Total</b>	<b>18</b>	<b>16</b>	<b>16</b>	<b>10</b>	<b>1</b>	<b>61</b>	<b>17</b>	<b>30</b>	<b>6</b>	<b>47</b>	<b>40</b>	<b>62</b>	<b>14</b>	<b>216</b>
Cargo	A330-200F	1	1	2			4								
	<b>Total</b>	<b>1</b>	<b>1</b>	<b>2</b>			<b>4</b>								
<b>GRAND TOTAL</b>		<b>29</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>1</b>	<b>90</b>	<b>31</b>	<b>41</b>	<b>9</b>	<b>47</b>	<b>40</b>	<b>62</b>	<b>14</b>	<b>244</b>

\* After exit/delivery

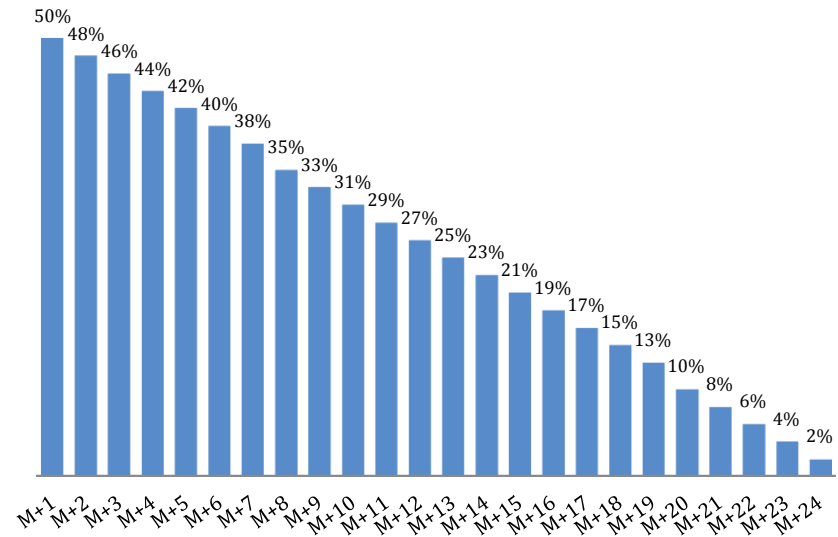
\*\* Including 10 optional aircraft in 2021

\*\*\*Including 20 optional aircraft in 2020

# Hedging Fuel Price Risk



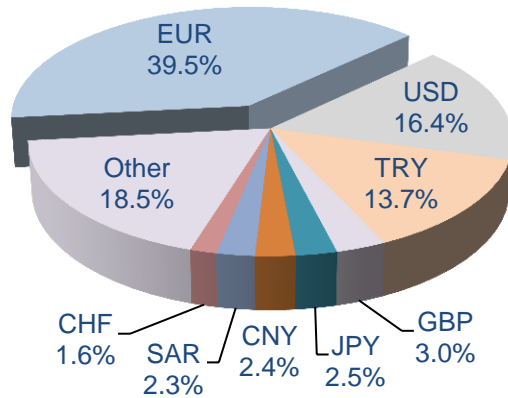
## Turkish Airlines Fuel Hedging Rate



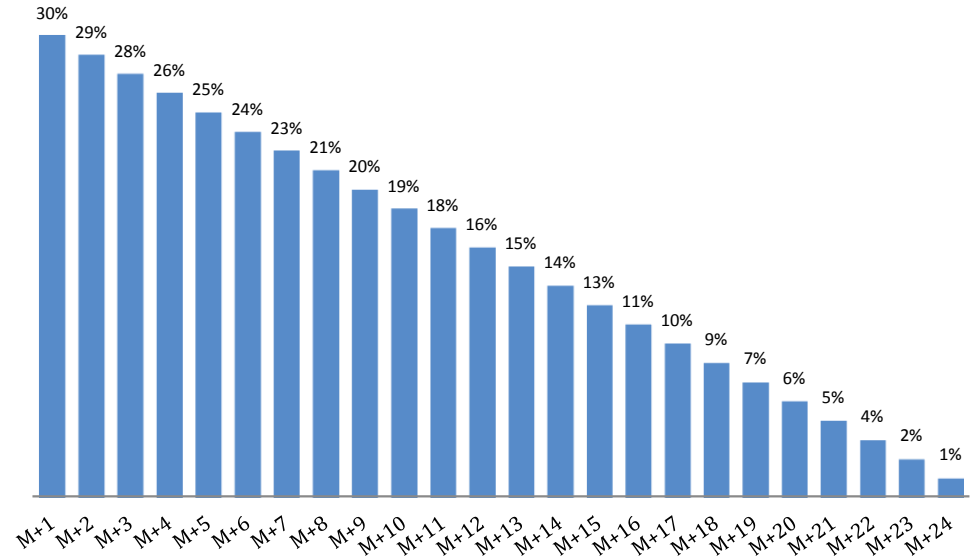
- Around 21 million barrels of hedged position on ICE BRENT as of February 24, 2015
- Current fuel hedging levels: FY15: %43  
FY16: %19
- Active Surcharge Policy: 50% of fuel cost is reflected to ticket prices
- Decreasing layered hedging strategy (24 months)
- Crude oil based swaps and options
- Aim to reach 50% of budgeted consumption

# Hedging Currency Risk

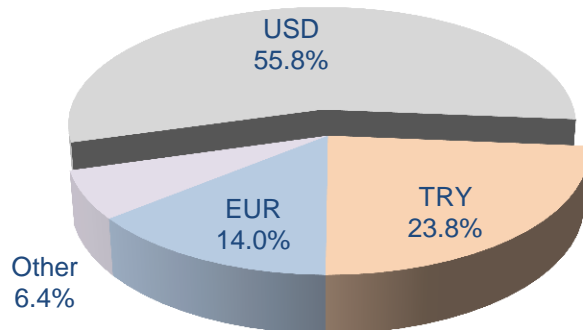
## Revenue by Currency (2014)



## Hedging Policy – Currency Hedging Rate



## Expenses by Currency (2014)



- 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



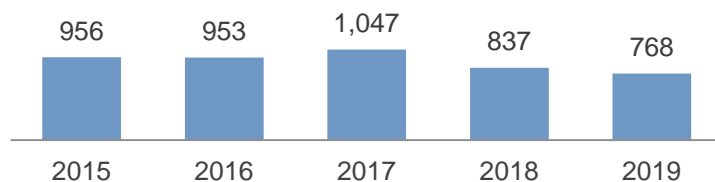
# Debt Management and Aircraft Financing

As of 31.12.2014

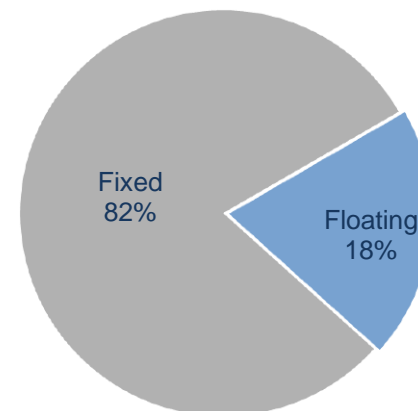
Total Debt : **6.92 Bn USD**

Weighted Average Interest Rate: **3.3%**

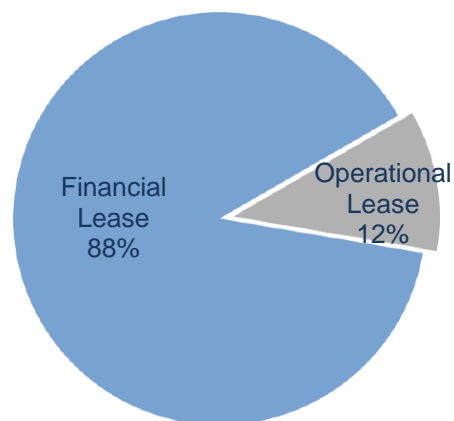
## 5 Year Maturity Profile (USD mn)



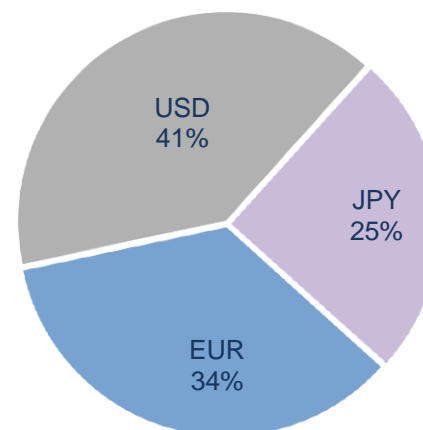
## Interest Rate Type



## Lease Type



## Currency Type



# 2015 Guidance

2015 Guidance	2014	2015	Change
Total Passengers Carried	54.7	63.2	16%
<i>Domestic Scheduled</i>	22.4	26.1	17%
<i>International Scheduled</i>	30.9	36.0	16%
ASK (bn)	135.3	156.1	15%
Load Factor (%)	78.9%	80.3%	1.4 pt
Fleet Size	261	293	12%
<i>Narrow Body</i>	197	214	9%
<i>Wide Body</i>	55	68	24%
<i>Cargo</i>	9	11	22%

2015 revenue: Close to 12 bn \$

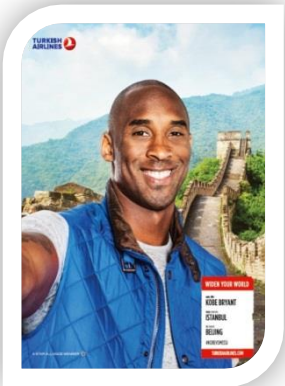
# The Best Airline in Europe in the last 4 years

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



Winner of  
Best Corporate Governance Award  
in Europe in 2015





# THANK YOU

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# Balance Sheet

Assets (mn USD)	2009	2010	2011	2012	2013	2014
Cash and Equivalents	872	581	934	1,028	647	722
Trade Receivables	295	374	405	434	538	456
Other Current Assets	692	1,304	802	704	940	1,653
<b>Total Current Assets</b>	<b>1,858</b>	<b>2,259</b>	<b>2,140</b>	<b>2,166</b>	<b>2,125</b>	<b>2,831</b>
Net Fixed Assets	3,195	4,168	5,873	7,121	8,043	9,201
of which Aircraft and Engines	2,914	3,822	5,319	6,392	7,030	7,871
Other Non-Current Assets	638	462	672	1,236	1,734	1,714
<b>Total Non-Current Assets</b>	<b>3,834</b>	<b>4,629</b>	<b>6,545</b>	<b>8,357</b>	<b>9,777</b>	<b>10,915</b>
<b>Total Assets</b>	<b>5,692</b>	<b>6,888</b>	<b>8,685</b>	<b>10,523</b>	<b>11,902</b>	<b>13,746</b>

Liabilities (mn USD)	2009	2010	2011	2012	2013	2014
Lease Obligations	1,985	2,703	4,189	4,862	5,413	5,931
Passenger Flight Liabilities	390	436	677	936	1,201	1,398
Accounts Payable	371	476	461	510	680	662
Other Liabilities	659	850	976	1,183	1,346	1,805
<b>Total Liabilities</b>	<b>3,404</b>	<b>4,464</b>	<b>6,303</b>	<b>7,491</b>	<b>8,640</b>	<b>9,795</b>
<b>Total Shareholders Equity</b>	<b>2,288</b>	<b>2,424</b>	<b>2,382</b>	<b>3,032</b>	<b>3,262</b>	<b>3,951</b>
of which Issued Capital	581	647	635	673	647	870
of which Retained Earnings	572	827	723	779	1,017	845
of which differences from current translation	3	2	423	320	777	-48
of which restatement effect on shareholder's equity	746	727	595	630	527	727
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>5,692</b>	<b>6,888</b>	<b>8,685</b>	<b>10,523</b>	<b>11,902</b>	<b>13,746</b>

# Income Statement

(mn USD)	2009	2010	2011	2012	2013	2014	YoY Change
Operating Revenue	4,552	5,448	7,070	8,234	9,826	11,070	13%
Operating Expenses (-)	4,058	5,149	6,855	7,616	9,249	10,467	13%
of which Fuel	990	1,406	2,394	2,887	3,442	3,845	12%
of which Personnel	912	1,141	1,339	1,376	1,581	1,694	7%
of which Depreciation	302	297	486	574	650	744	15%
of which Rent	249	305	252	243	448	543	21%
<b>Operating Profit</b>	<b>494</b>	<b>299</b>	<b>215</b>	<b>618</b>	<b>577</b>	<b>603</b>	<b>4%</b>
Income From Other Operations	59	92	96	94	115	81	-29%
Expense From Other Operations (-)	84	79	237	64	41	46	13%
<b>Profit from Operating Activities</b>	<b>468</b>	<b>312</b>	<b>73</b>	<b>648</b>	<b>651</b>	<b>638</b>	<b>-2%</b>
Income From Investment Activities (Net)	-	-	-	274	76	72	57%
Share of Investments' Profit (Loss)	8	24	6	3	55	75	36%
Financial Income	112	47	158	48	27	443	1516%
Financial Expense (-)	112	99	150	189	307	182	-41%
<b>Profit Before Tax</b>	<b>477</b>	<b>237</b>	<b>87</b>	<b>785</b>	<b>502</b>	<b>1,046</b>	<b>109%</b>
Tax (-)	115	51	76	128	145	201	39%
<b>Net Profit</b>	<b>362</b>	<b>185</b>	<b>11</b>	<b>657</b>	<b>357</b>	<b>845</b>	<b>137%</b>

# EBITDAR Calculation

4Q'13	4Q'14	EBITDAR (mn USD)	2013	2014
2,416	2,530	Sales Revenue	9,826	11,070
2,147	2,208	Cost of Sales (-)	8,003	9,068
<b>269</b>	<b>321</b>	<b>GROSS PROFIT/(LOSS)</b>	<b>1,823</b>	<b>2,002</b>
52	72	General Administrative Expenses (-)	228	273
285	288	Marketing and Sales Expenses (-)	1,018	1,126
50	10	Other Operating Income	115	81
27	20	Other Operating Expense (-)	41	46
<b>9</b>	<b>-49</b>	<b>EBIT</b>	<b>651</b>	<b>638</b>
<b>18</b>	<b>23</b>	<b>Adjustments</b>	<b>104</b>	<b>132</b>
5	8	Share of Investments' Profit/Loss Accounted by Using The Equity Method	55	75
12	15	Income From Government Incentives	49	57
<b>27</b>	<b>-26</b>	<b>Adjusted EBIT</b>	<b>755</b>	<b>770</b>
157	180	Cost of Sales_Depreciation	620	693
8	13	General Administrative Expenses_Depreciation	23	44
2	2	Marketing and Sales Expenses_Depreciation	6	7
<b>194</b>	<b>170</b>	<b>EBITDA</b>	<b>1,405</b>	<b>1,514</b>
77	82	Adjusted Operating Lease Expenses*	274	326
47	34	Adjusted Short term Lease Expenses (Wet-lease)**	165	205
<b>318</b>	<b>286</b>	<b>EBITDAR</b>	<b>1,843</b>	<b>2,044</b>
<b>13.2%</b>	<b>11.3%</b>	<b>EBITDAR MARGIN</b>	<b>18.8%</b>	<b>18.5%</b>

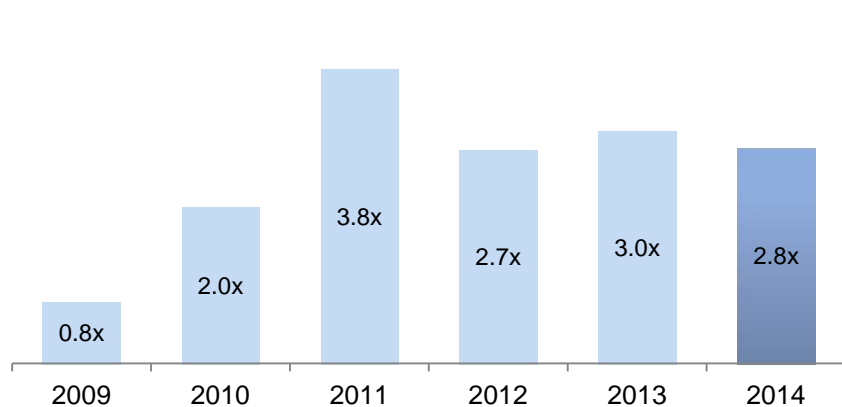
(\*): Adjusted for A/C heavy maintenance

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

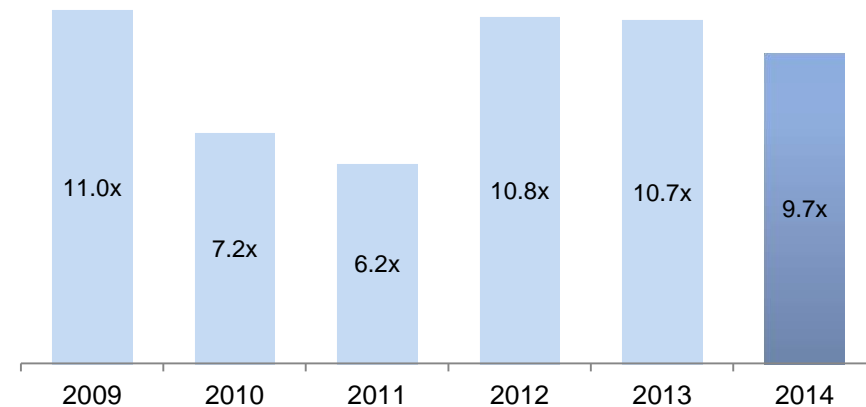


# Financial Ratios as of 31 December 2014

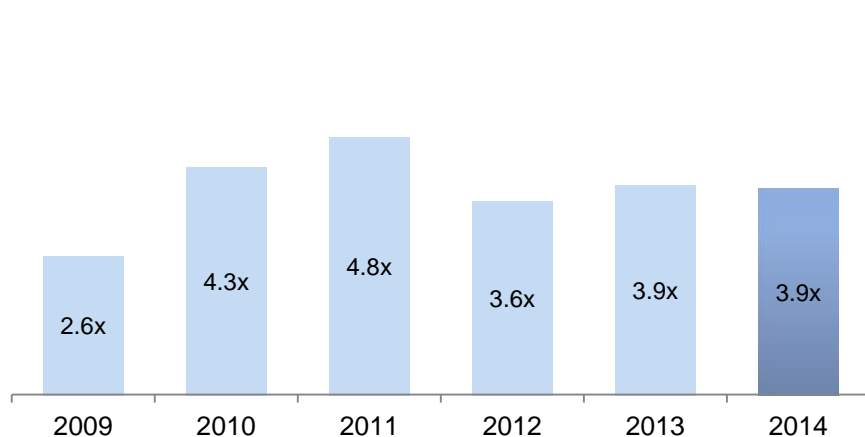
## Net Debt / EBITDA



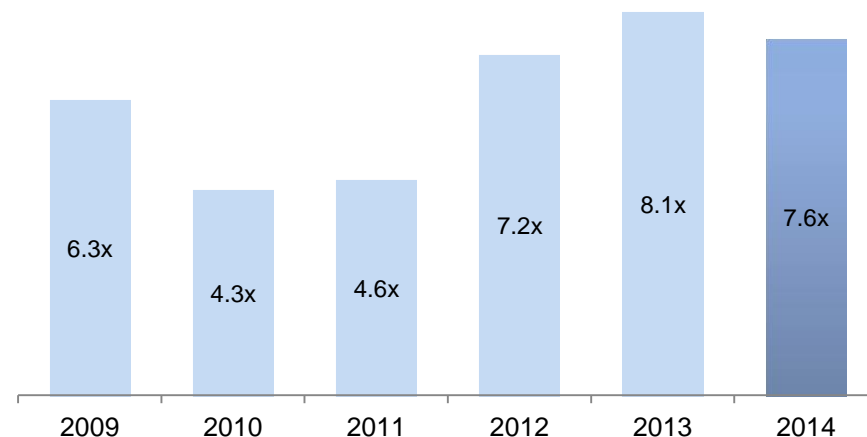
## EBITDA / Net Interest Cost<sup>(3)</sup>



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



## EBITDAR / Adjusted Net Interest Cost<sup>(2)(3)</sup>



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

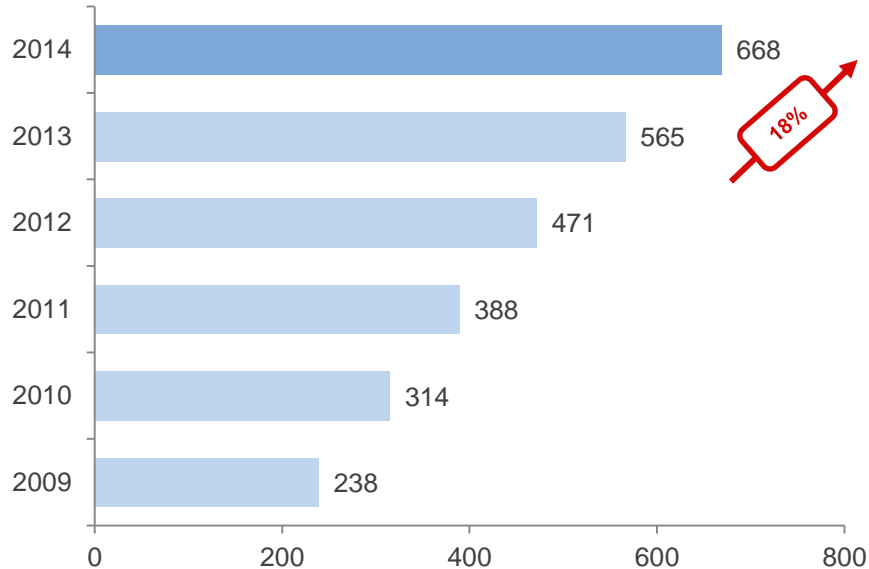
(2) Adjusted by the portion of financial costs within operating leases (35%)

(3) Revised due to a miscalculation. In the previous version the final restatement was ignored.

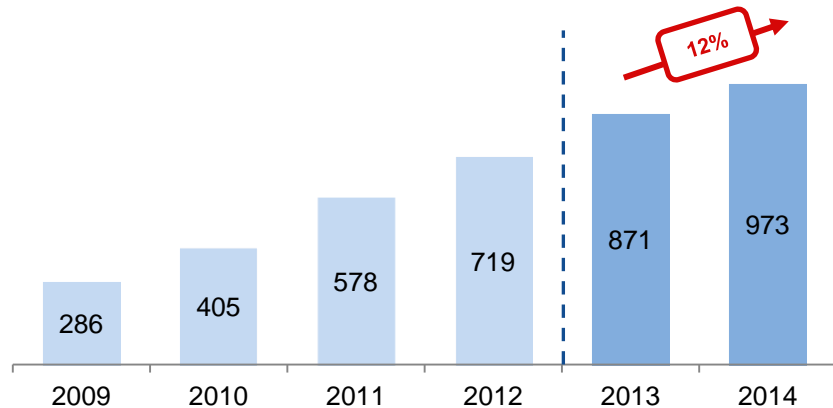


# Cargo Transportation

## Cargo Tonnage Carried ('000 Ton)



## Cargo Revenue Evolution (mn USD)



- By the end of 2014, operates 47 destinations with 9 freighters besides 261 destinations with 252 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.
- 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 2014		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)	11,070	845	-	19,902*	606	%49 ÖİB - %51 Open to Public
2	Turkish Opet Aviation Fuels	2,743	36	83%	295	22	%50 THY - %50 Opet
3	Sun Express (Turkey & Germany Consolidated)	1,330	57	24%	2,978	46	%50 THY - %50 Lufthansa
4	THY Turkish Technic	701	-5	76%	4,395	299	% 100 THY
5	THY Turkish Do&Co	371	33	89%	5,527	13	%50 THY - %50 Do&Co
6	Turkish Ground Services	270	25	80%	8,541	5	%50 THY - %50 Havaş
7	Pratt Whitney THY Turkish Engine Center (TEC)	195	1	92%	257	34	%51 PW - %49 THY
8	Turkish HABOM	105	-14	58%	819	116	% 100 THY
9	Goodrich Turkish Airlines Technical Service Center	8	0	37%	31	1	%60 TSA Rina - %40 THY Teknik
11	Aircraft Seat Manufacturing Industry & Trade, Inc.	5	-1	100%	39	0	THY & THY Teknik %50-Assan Hanil %50
10	THY Aydın Çıldır Airport Management, Inc.	4	1	100%	1	22	%100 THY
12	Turkish Cabin Interior Systems Industries, Inc.	3	-3	97%	130	16	%30 THY - %20 THY Teknik - %50 TAI
13	Turbine Technical Gas Turbines Maintenance & Repair, Inc.	1	-1	0%	14	7	%50 THY Teknik - %50 Zorlu O&M
14	Vergi İade Aracılık, Inc. (Tax Refund)	-	-	-	5	0.4	%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 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 4,000 m<sup>2</sup> (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 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, 20 in Turkey, 43 other

**Fleet**

23 B737-800 +  
29 operated for THY

**Seat Capacity**

9,516

**# of Passengers**

5.7 million

**Load Factor (2014)**

85.1 %

**Revenues (2014)**

750 mn €

**Net Income (2014)**

37.0 mn €

**SunExpress  
Germany**

2011

Charter + Scheduled

13 in Germany, 13 in Turkey, 5 in Egypt, 7 in Spain/Canary Islands and 12 other

11 B737-800

2,079

1,7 million

84.8 %

279 mn €

1.4 mn €

**SunExpress  
Consolidated**

Charter + Scheduled

107

63

11,595

7.3 million

85.0 %

1,001 mn €

42.9 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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