



Europe's Best Airline

A STAR ALLIANCE MEMBER

TURKISH AIRLINES

FY2017 Results Summary



WIDEN YOUR WORLD

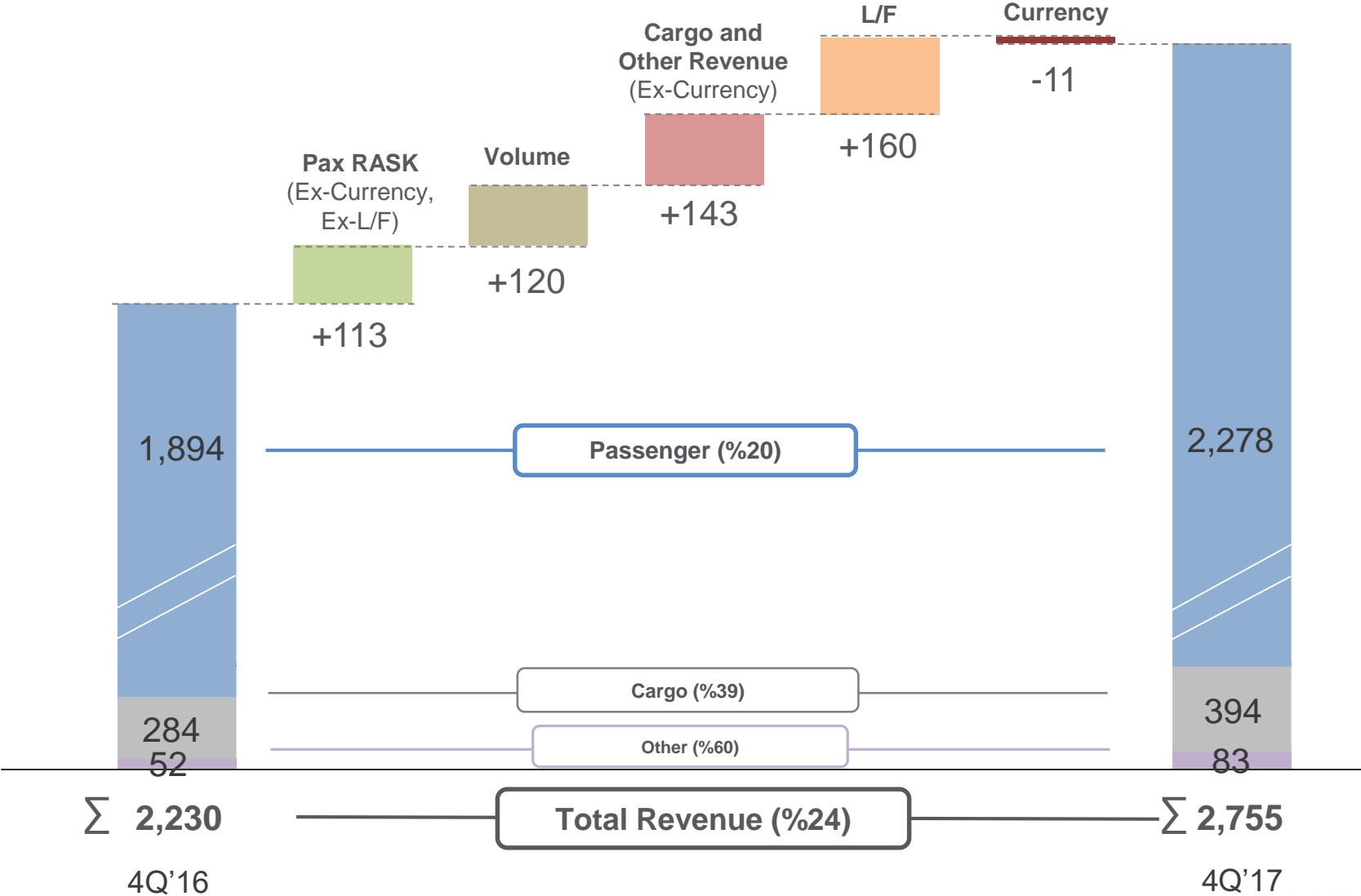


Key Financial Data

4Q'16	4Q'17	Change	(USD mn)	2016	2017	Change
2.230	2.755	23,5%	Revenue	9.792	10.958	11,9%
1.894	2.278	20,3%	Passenger Revenue	8.590	9.403	9,5%
284	395	39,0%	Cargo Revenue	996	1.317	32,2%
-90	-25	-	Net Operating Profit / Loss	-350	794	-
-137	66	-	Profit From Main Operations	-291	1.022	-
386	-40	-	Net Income	-77	223	-
17,3%	-1,5%	-18,8 pt	Net Income Margin	-0,8%	2,0%	2,8 pt
365	547	49,9%	EBITDAR	1.628	3.016	85,3%
16,4%	19,9%	3,5 pt	EBITDAR Margin	16,6%	27,5%	10,9 pt

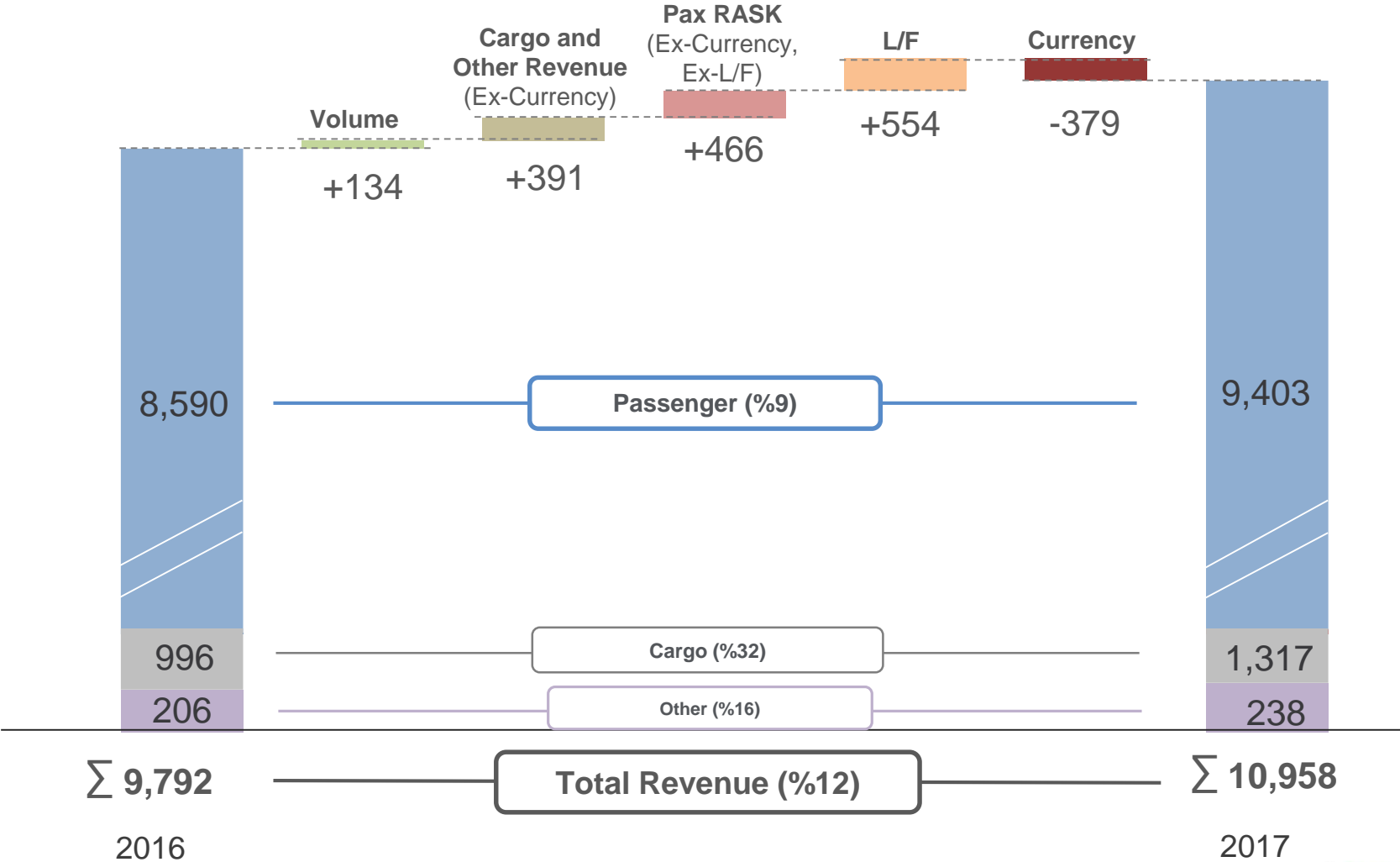
Revenue Development (4Q'16 vs 4Q'17)

(mn USD)



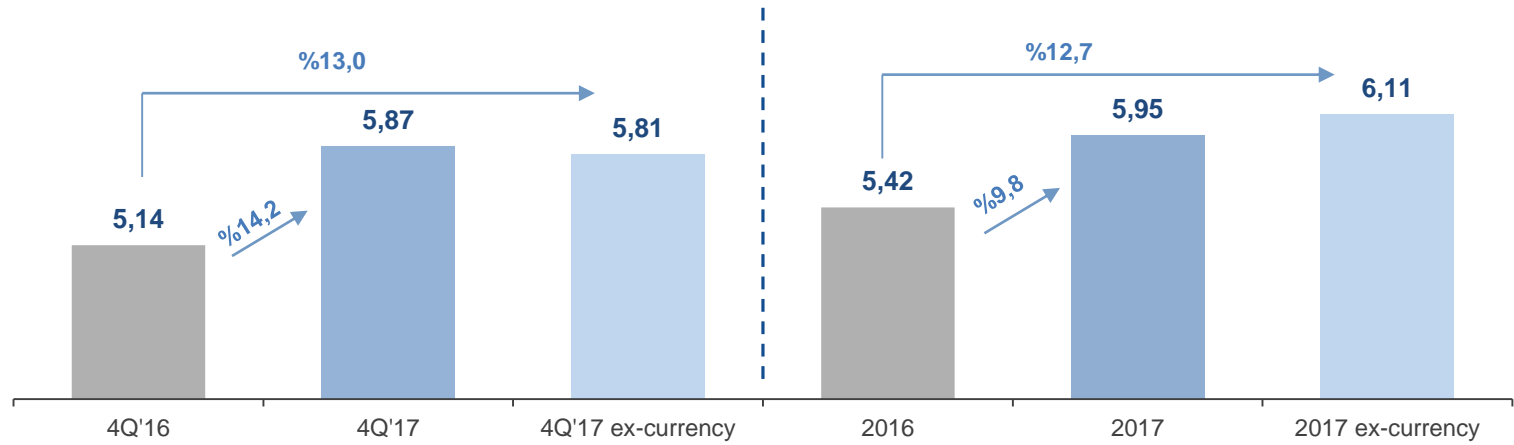
Revenue Development (2016 vs 2017)

(mn USD)

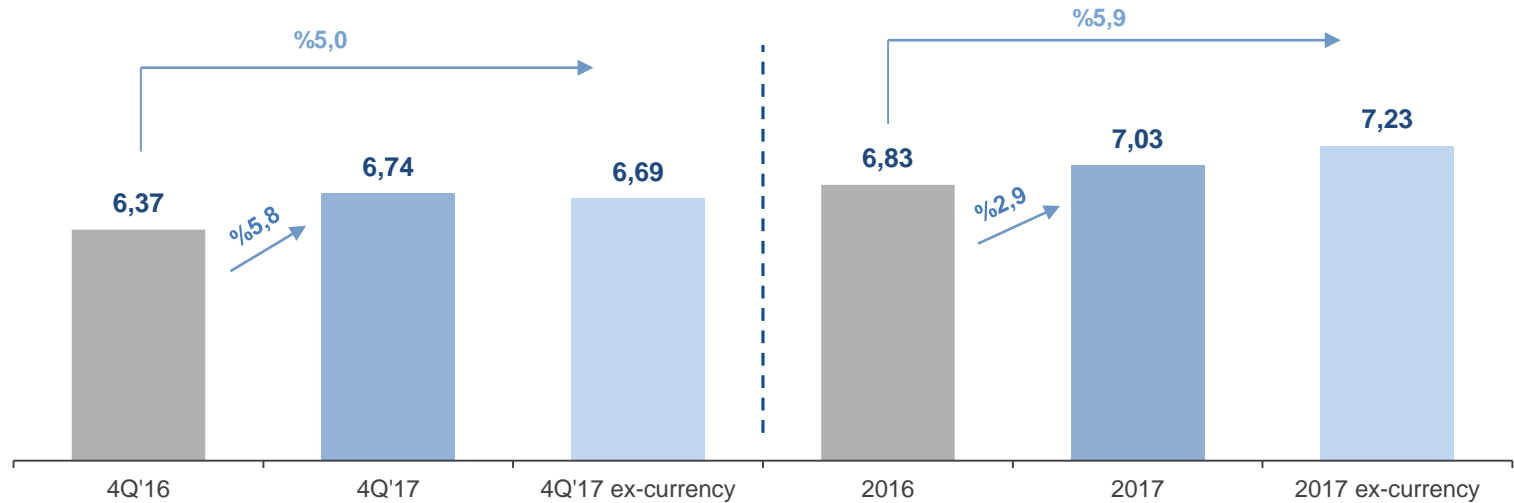


Unit Revenue Development

RASK (USc)

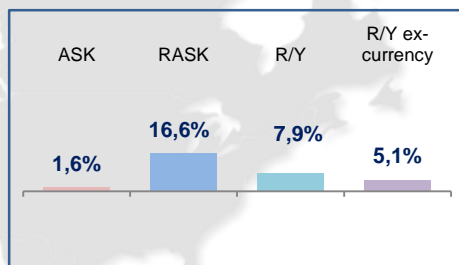


R/Y (Usc)

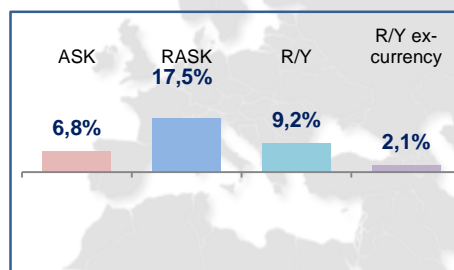


Regional Yield Development in USD (4Q'16 vs 4Q'17)

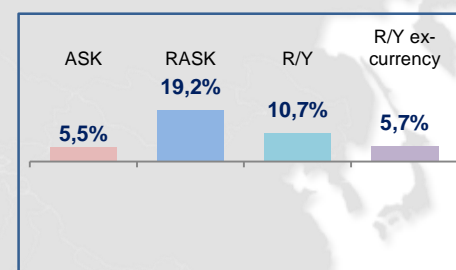
America



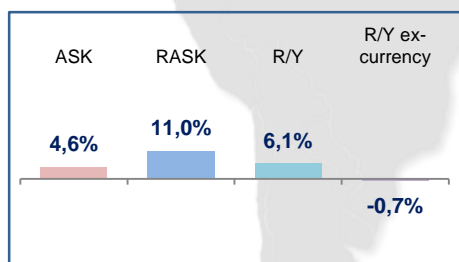
Europe



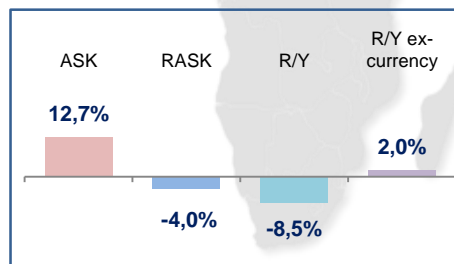
Asia / Far East



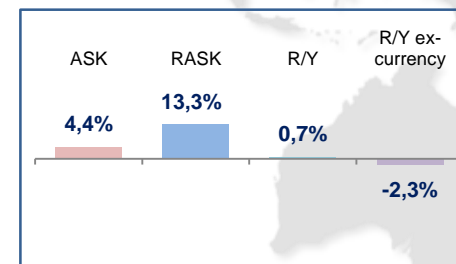
Africa



Domestic



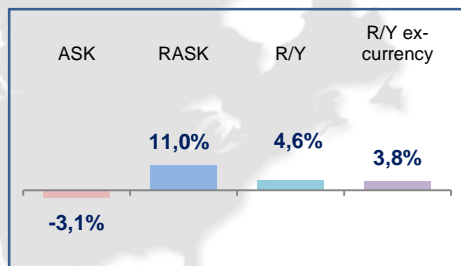
Middle East



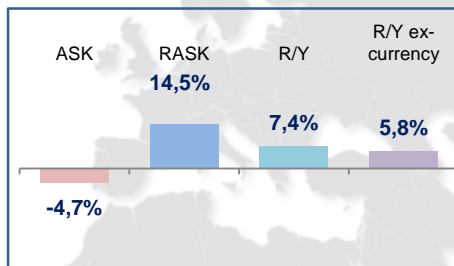
R/Y (Yield) : Passenger Revenue / RPK (Scheduled)
 RASK : Passenger and Cargo Revenue / ASK* (Scheduled)
 * ASK value is adjusted for cargo operations.

Regional Yield Development in USD (2016 vs 2017)

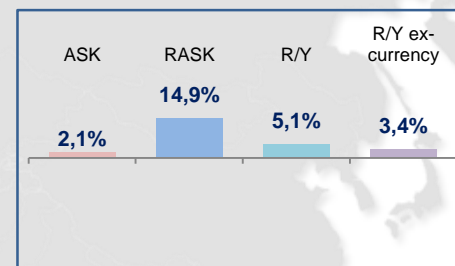
America



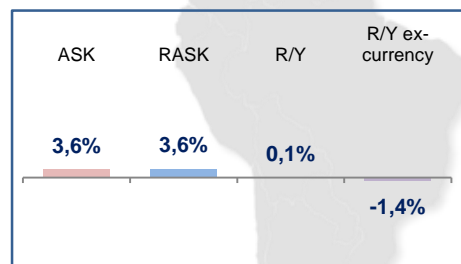
Europe



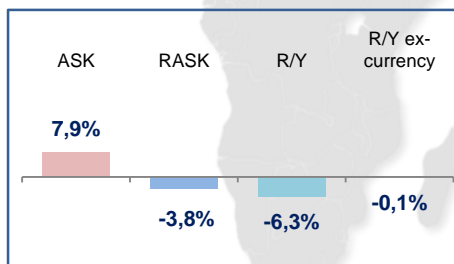
Asia / Far East



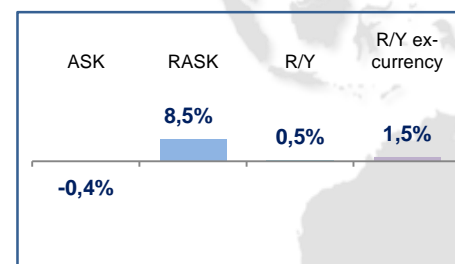
Africa



Domestic

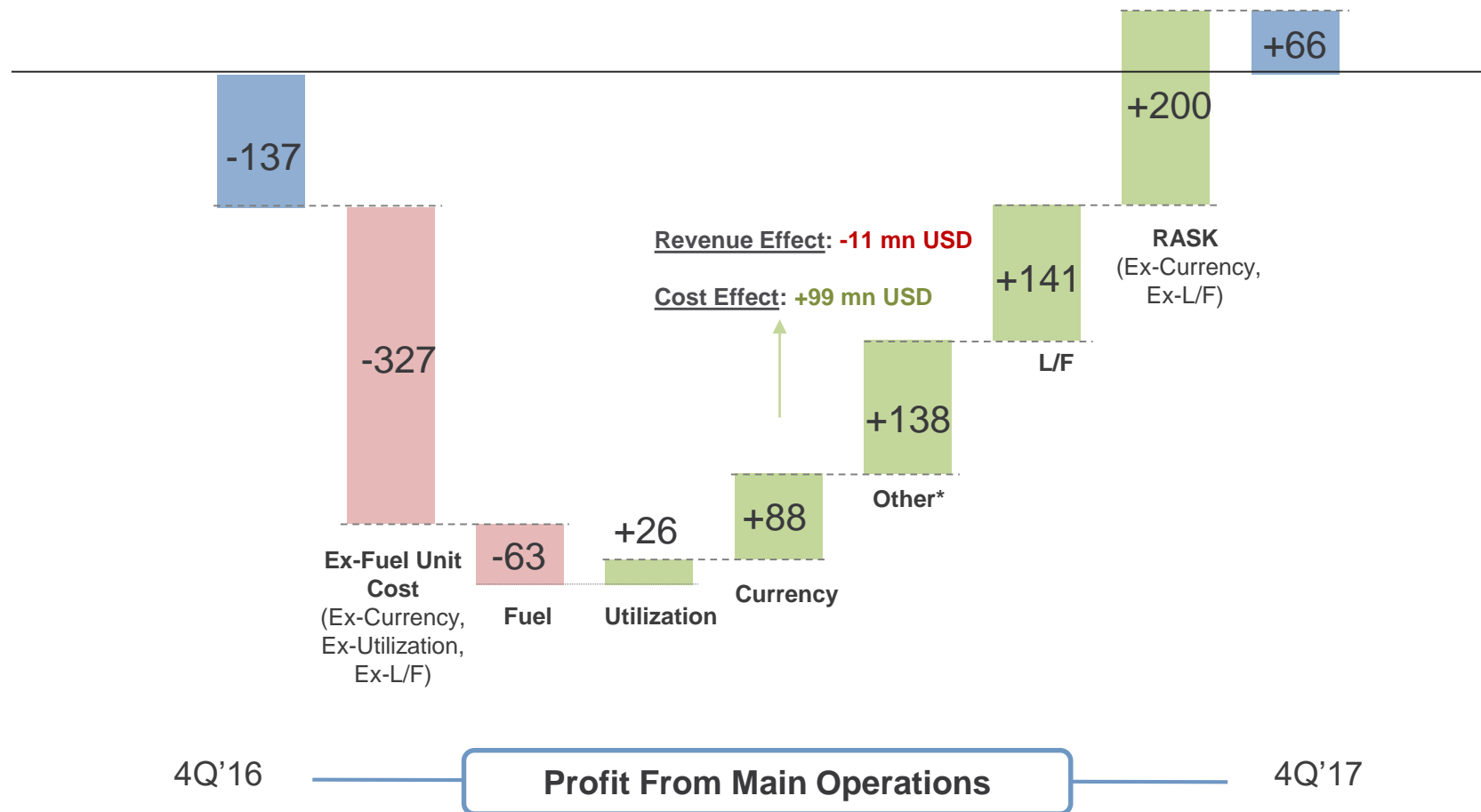


Middle East



Profit From Main Operations Bridge (4Q'16 vs 4Q'17)

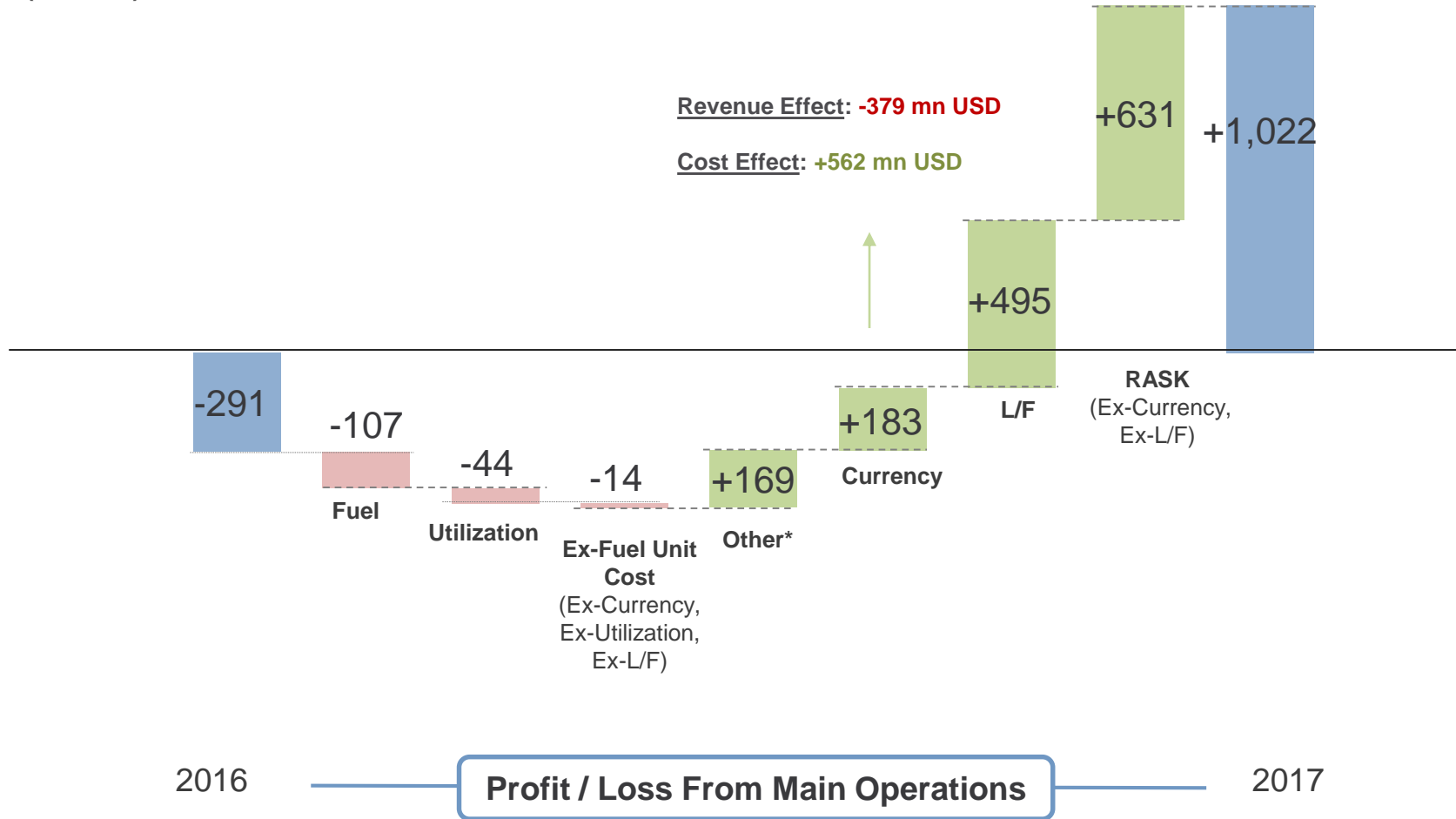
(mn USD)



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

Profit From Main Operations Bridge (2016 vs 2017)

(mn USD)



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

Operational Expense Breakdown

4Q'16	4Q'17	Change	(mn USD)	2016	2017	Change
637	767	20,4%	Fuel	2.673	2.866	7,2%
414	518	25,1%	Personnel	1.865	1.761	-5,6%
411	451	9,7%	Aircraft Ownership	1.644	1.593	-3,1%
212	248	17,0%	Airports & Air Navigation	952	978	2,7%
149	191	28,2%	Sales & Marketing	884	841	-4,9%
142	173	21,8%	Ground Handling	645	656	1,7%
130	122	-6,2%	Passenger Services & Catering	582	510	-12,4%
140	215	53,6%	Maintenance	590	645	9,3%
85	95	11,8%	Other	307	314	2,3%
2.320	2.780	19,8%	TOTAL	10.142	10.164	0,2%

ASK Growth: **6.4%**

ASK Growth: **1.6%**

Notes:

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

CASK Breakdown

4Q'16	4Q'17	Change	(USc)	2016	2017	Change
1,59	1,80	13,2%	Fuel	1,57	1,66	5,6%
1,03	1,22	17,6%	Personnel	1,09	1,02	-7,0%
1,03	1,06	3,2%	Aircraft Ownership	0,96	0,92	-4,6%
0,53	0,58	10,0%	Airports & Air Navigation	0,56	0,57	1,2%
0,37	0,45	20,5%	Sales & Marketing	0,52	0,49	-6,3%
0,35	0,41	14,5%	Ground Handling	0,38	0,38	0,1%
0,32	0,29	-11,8%	Passenger Services & Catering	0,34	0,29	-13,7%
0,35	0,50	44,4%	Maintenance	0,35	0,37	7,6%
0,21	0,22	5,1%	Other	0,18	0,18	0,7%
5,79	6,52	12,7%	TOTAL	5,95	5,87	-1,3%

Selected KPI's

4Q'16	4Q'17	Change		2016	2017	Change
577	629	9,0%	Fuel Price (Usd/ton)	570	591	3,8%
3,24	3,32	2,3%	Fuel Consumption (lt) per 100 ASK2	3,29	3,28	-0,4%
1.303	1.340	2,8%	Aircraft Ownership Cost per BH	1.209	1.171	-3,2%
444	639	43,9%	Maintenance Cost per BH	434	474	9,2%
1.327	1.507	13,6%	Handling Cost per Landing	1.389	1.397	0,6%
975	1.074	10,2%	Airports & Air Navigation Cost per km Flown	1.036	1.052	1,5%
8,96	7,18	-19,9%	Passenger Services & Catering Cost per Pax	9,27	7,43	-19,8%
6,7%	6,9%	0,3 pt	Sales & Marketing Cost / Total Revenue	9,0%	7,7%	-1,4 pt

EBITDAR Calculation

4Q'16	4Q'17	Change	EBITDAR (mn USD)	2016	2017	Change
2.230	2.755	24%	Sales Revenue	9.792	10.958	12%
2.031	2.428	20%	Cost of Sales (-)	8.656	8.762	1%
199	327	64%	GROSS PROFIT / (LOSS)	1.136	2.196	93%
73	77	5%	General Administrative Expenses (-)	315	275	-13%
216	275	27%	Marketing and Sales Expenses (-)	1.171	1.127	-4%
-90	-25	-	NET OPERATING PROFIT / (LOSS)	-350	794	-
9	97	978%	Other Operating Income	145	264	82%
56	6	-89%	Other Operating Expense (-)	86	36	-58%
-137	66	-	Profit / (Loss) from Main Operations	-291	1.022	-
17	12	-29%	Adjustments	124	164	32%
-3	-4	-	Share of Investments' Profit / Loss Accounted by Using The Equity Method	44	102	132%
20	16	-20%	Income From Government Incentives	80	62	-23%
-120	78	-	EBIT	-167	1.186	-
300	308	3%	Depreciation	1.148	1.066	-7%
180	386	114%	EBITDA	981	2.252	130%
114	207	-20%	Adjusted Operating Lease Expenses ¹	508	652	28%
23	31	39%	Adjusted Short term Lease Expenses (Wet-lease) ²	139	112	-19%
316	625	50%	EBITDAR	1.628	3.016	85%
14,1%	22,7%	8,6 pt	EBITDAR MARGIN	16,6%	27,5%	10,9 pt

¹ Adjusted for A/C heavy maintenance

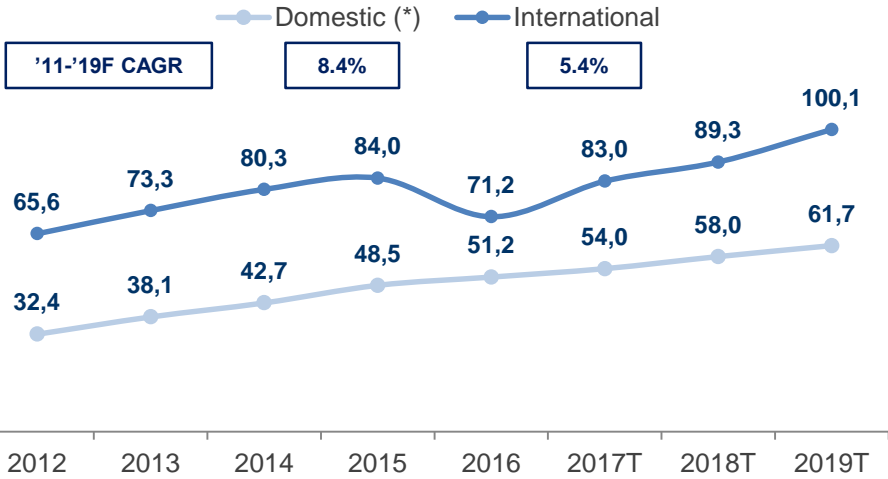
² Adjusted for A/C Rent and heavy maintenance portion (Aprox. 55%)

Notes:

- For 2017 Turkish Technic's contribution to EBITDAR through consolidation is 175 mn USD, compared to 186 mn in 2016.
- For 2017 adjustments for heavy maintenance of operational lease expenses were 328 mn USD compared to 264 mn USD in 2016.

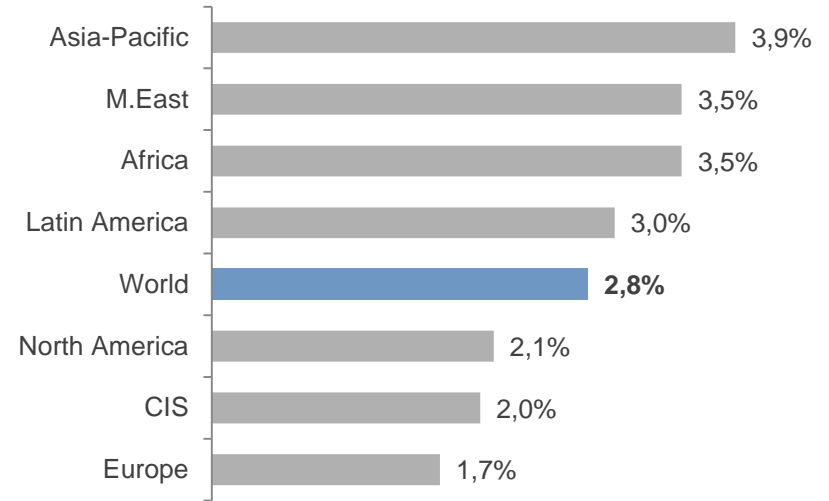
Aviation Sector & Economy

Turkish Market Growth (mn passengers)

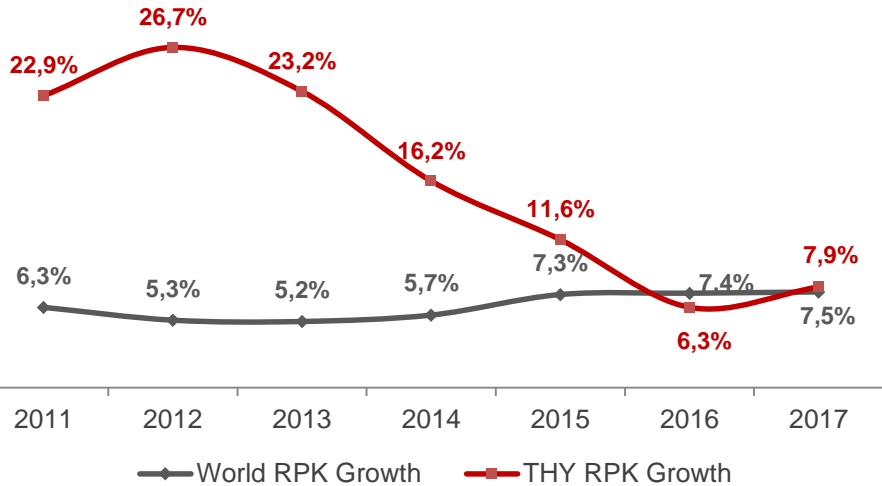


Source: General Directorate of State Airports Authority (DHMI)
 (*): Adjusted for double count on Domestic Pax

Annual GDP Growth Forecast (2017-2036)

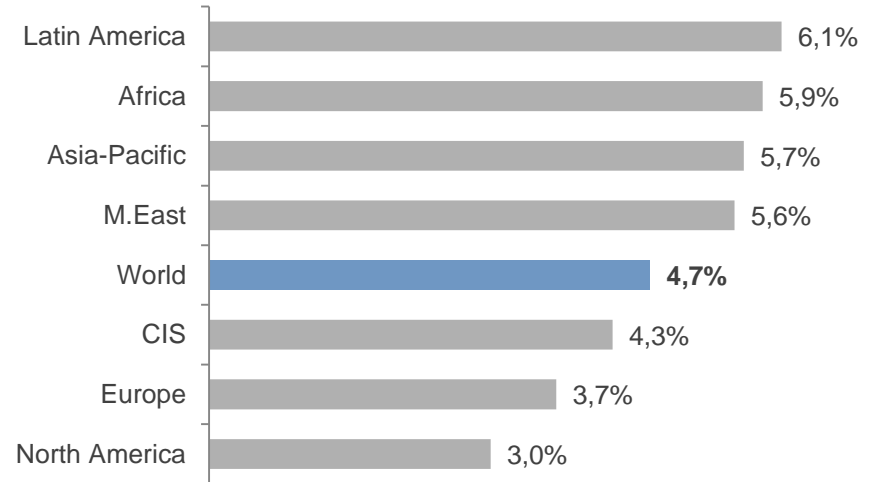


Annual RPK Growth (%)



Source: IATA

Annual RPK Growth Forecast (2017-2036)

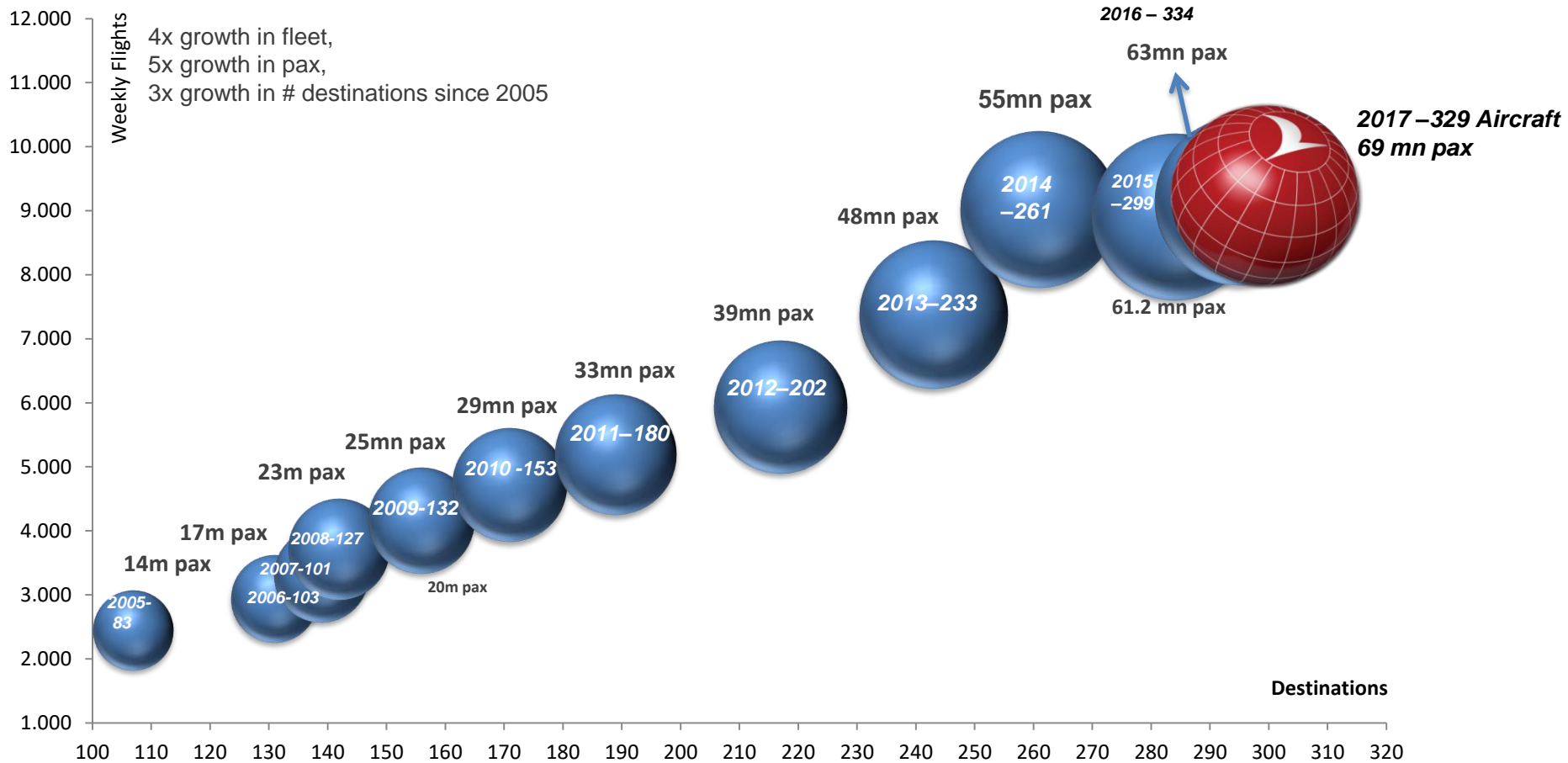


Source: Boeing Current Market Outlook

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Turkish Airlines Historical Growth



* As of 31.12.2017.

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

We Fly To 120 Countries

EUROPE			
43 COUNTRIES, 113 CITIES			
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	
Münster	Switzerland	Croatia	
Baden-Baden	Zurich	Zagreb	
Italy	Geneva	Dubrovnik	
Milan	Basel	Portugal	
Rome	Ukraine		
Venice	Kiev	Porto	
Bologna	Odessa	Bosnia	
Naples	Ivano-Frankivsk	Sarajevo	
Catania	Dnepropetrovsk	Finland	
Turin	Kharkiv	Helsinki	
Pisa	Kherson	Norway	
Bari	Zaporijya	Oslo	
Genoa	Lviv	Albania	Future Routes
France	Simferopol	Tirana	Azerbaijan
Paris	Donetsk	Ireland	Lankaran
Lyon	Austria	Dublin	Poland
Nice	Vienna	Kosovo	Krakow
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	Luxembourg	
	Billund	Luxembourg	
	Georgia		
	Tbilisi		
	Batumi		

AFRICA	
33 COUNTRIES, 51 CITIES	
Egypt	Gabon
Cairo	Libreville
Alexandria	Mali
Hurghada	Bamako
Sharmel-Sheikh	Burkina Faso
Algeria	Ougadougou
Algiers	Cote D'Ivoire
Oran	Abidjan
Constantine	Chad
Tlemcen	NDjamena
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 Selaam	Libya
Kilimenjaro	Misurata
Zanzibar	Benghazi
Tunisia	Sebha
Tunis	Tripoli
Djibouti	
Djibouti	
Ethiopia	
Addis Ababa	
Ghana	
Accra	
Morocco	
Casablanca	
Rwanda	Future Routes
Kigali	Angola
Somalia	Luanda
Mogadishu	Egypt
Sudan	Aswan
Khartoum	Luxor
Uganda	South Sudan
Entebbe	Juba
Mauritania	Sierra Leone
Nouakchott	Freetown
Senegal	
Dakar	
Congo	
Kinshasa	

MIDDLE EAST	
13 COUNTRIES, 34 CITIES	
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, 17 CITIES	
USA	Panama
New York	Panama
Los Angeles	Cuba
Washington	Havana
Boston	Venezuela
Chicago	Caracas
Houston	
Miami	
Atlanta	
San Francisco	
Canada	
Toronto	Future Routes
Montreal	Mexico
Argentina	Mexico City
Buenos Aires	
Brazil	
Sao Paulo	
Columbia	
Bogota	

FAR EAST	
22 COUNTRIES, 36 CITIES	
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	
Phuket	
Bangkok	
Turkmenistan	
Ashgabat	
Malaysia	
Kuala Lumpur	
South Korea	
Seoul	
Afghanistan	Future Routes
Kabul	
Mazar-i Sharif	Indonesia
Vietnam	Denpasar
Ho Chi Minh	Uzbekistan
Hanoi	Semerland

DOMESTIC	
49 CITIES	

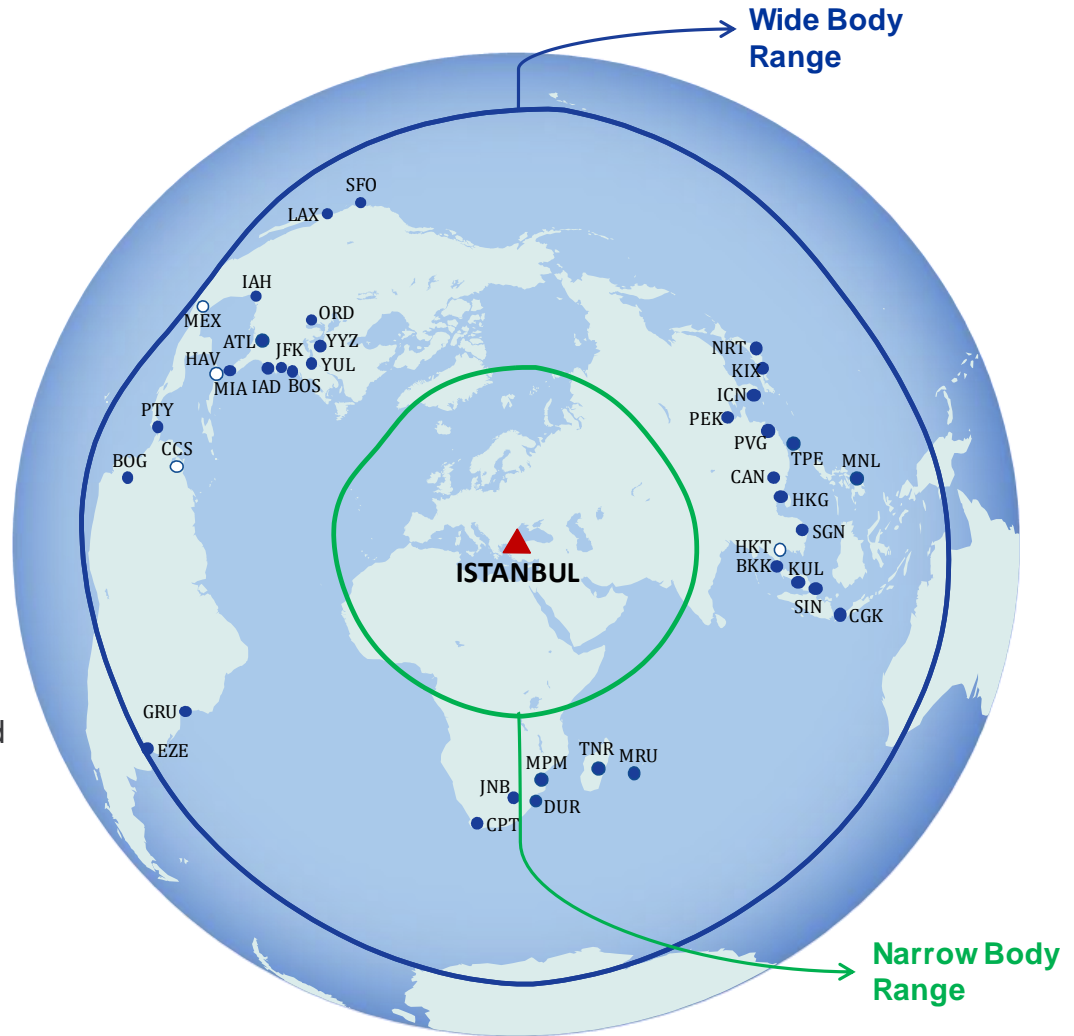
* As of 31.12.2017.

Istanbul's Geographical Advantage - A Natural Hub

Narrow Body Range Capability to and from Istanbul

(with full passenger payload)

- ✓ 201 out of 251 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



● 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	22,356
British Airways	9,588
Lufthansa	8,004

Middle East to the World

Turkish Airlines	9,044
British Airways	2,208
Qatar Airways	1,980

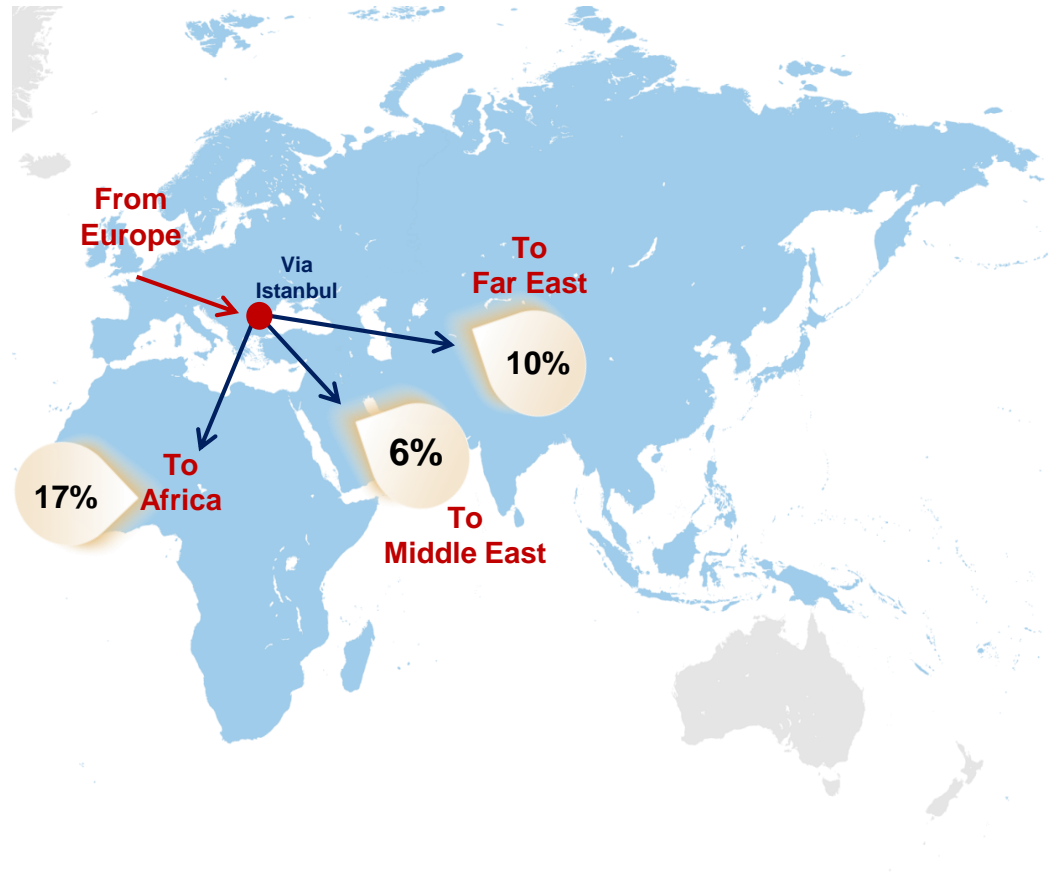
Africa to the World

Turkish Airlines	12,699
Air France	4,585
British Airways	3,043

Far East to the World

Turkish Airlines	9,504
United Airlines	8,700
Air China	5,115

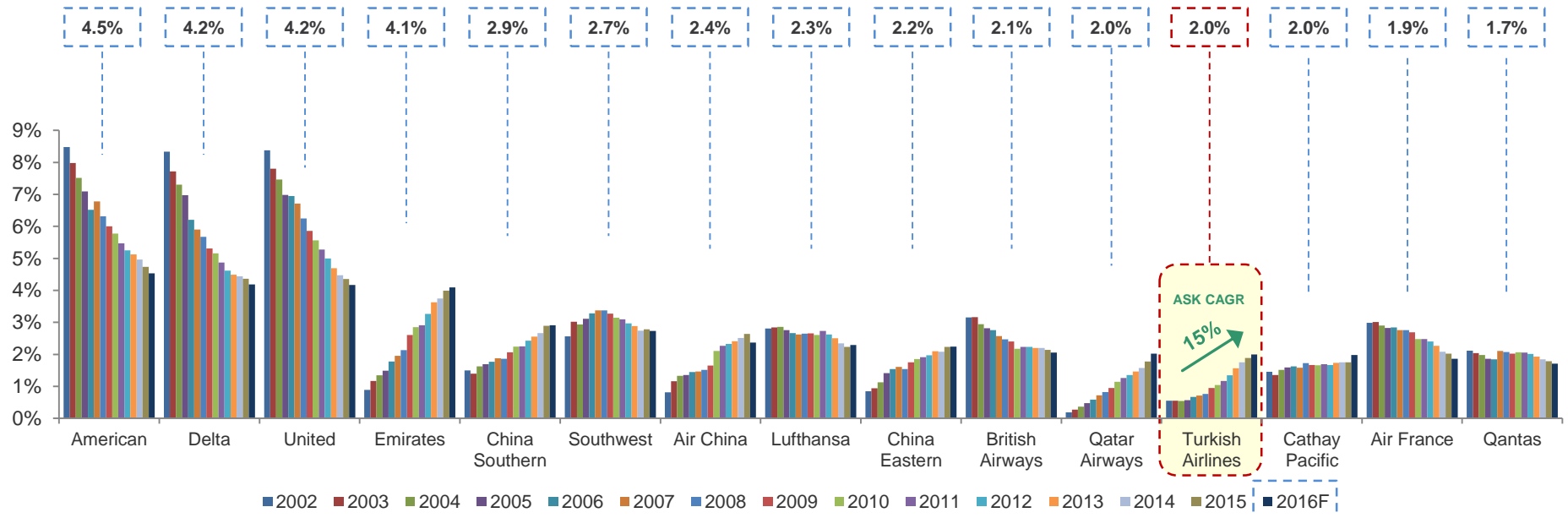
Detour* Advantage



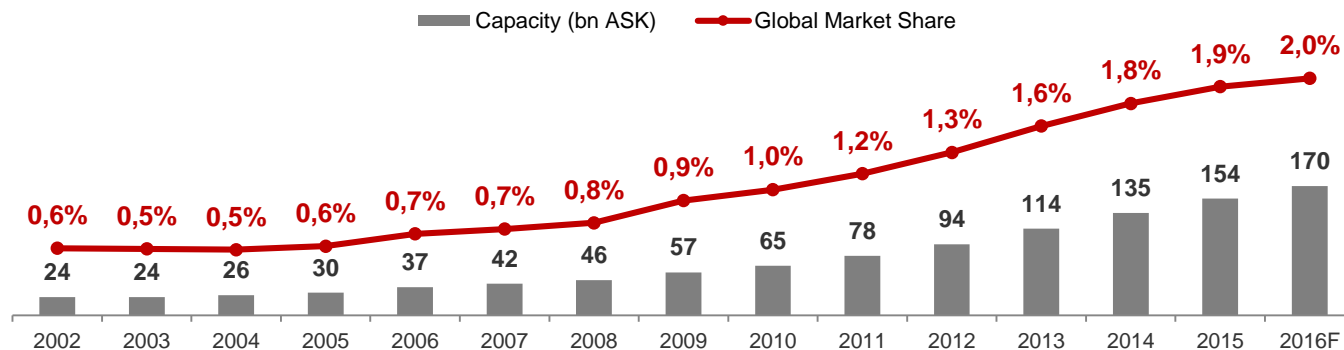
* Detour: Increase in the flight distance compared to a non-stop flight. Forecasted by using 6,000 arrival-departure cities
Source: Retrieved from OAG. As of 31.12.2017.

Global Market Share Development

Global Market Share Trends (in ASK)



Turkish Airlines Market Share Development

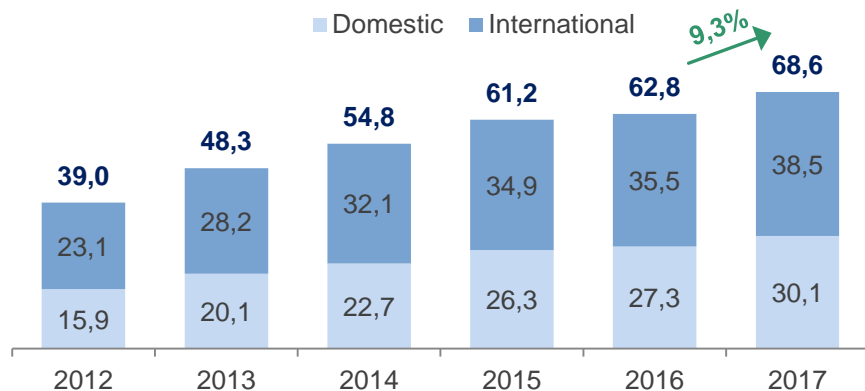


Notes: For US carriers regional flights are excluded. Wholly owned subsidiaries are included in the calculation same as IATA reports. 2016 capacities are obtained from OAG on 11 October 2016. Lufthansa figures include Lufthansa Passenger Airline and Eurowings. Turkish Airlines' capacity data is realized.

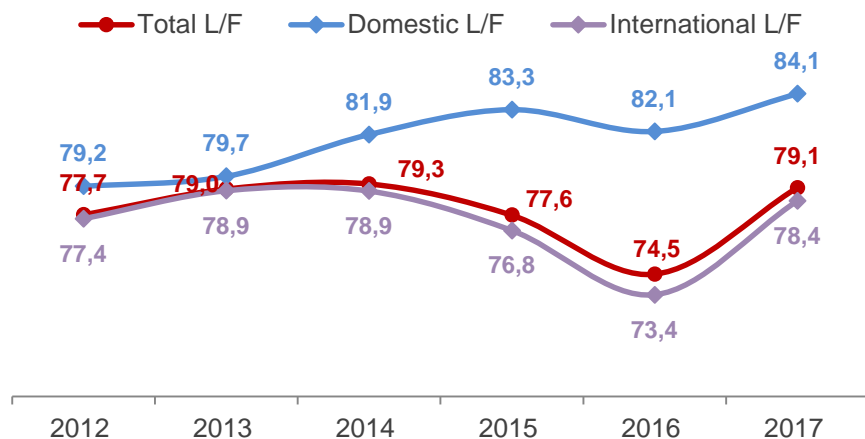
Source: 2002 ICAO, 2003-2015 IATA, 2016F OAG, company reports, ATW, AEA, sorted by 2016F ASK values.

Passenger Traffic (2017)

Total Passengers (mn)



Load Factor (L/F %)



Passenger Traffic

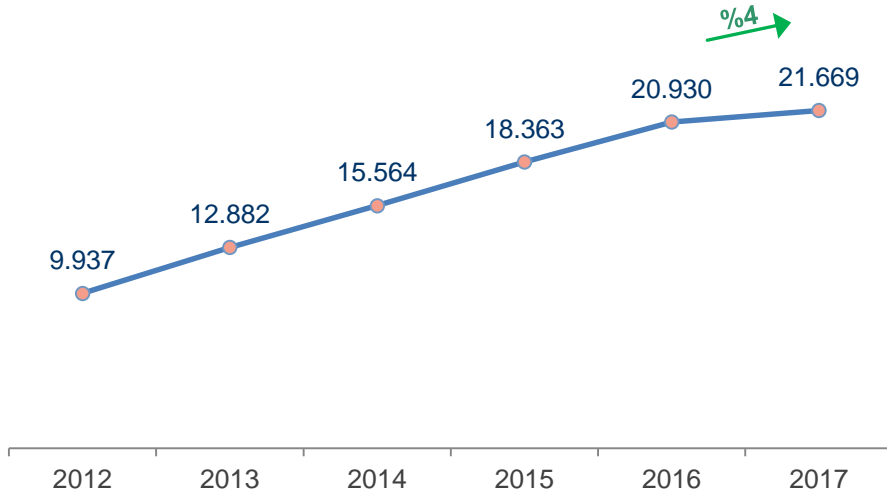
THY Passenger Traffic		
2016	vs	2017
Landing	up by	1,1%
ASK	up by	1,6%
RPK	up by	7,9%
Passenger #	up by	9,3%
L/F	up by	4,7 pt

Annual Changes (%)

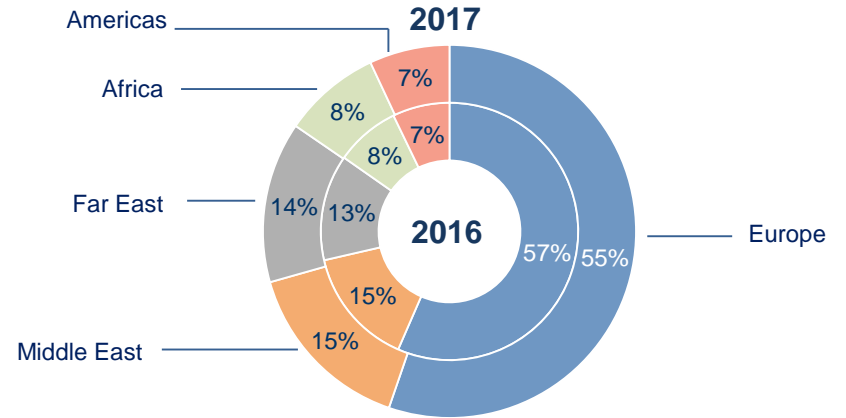
	2012	2013	2014	2015	2016	2017
ASK	18%	21%	16%	14%	11%	2%
RPK	26,7%	23,2%	16,2%	11,6%	6,4%	7,9%
PAX	20%	24%	14%	12%	3%	9%
L/F (Point)	5,1	1,4	0,3	-1,7	-3,1	4,7

Passenger Breakdown (2017)

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

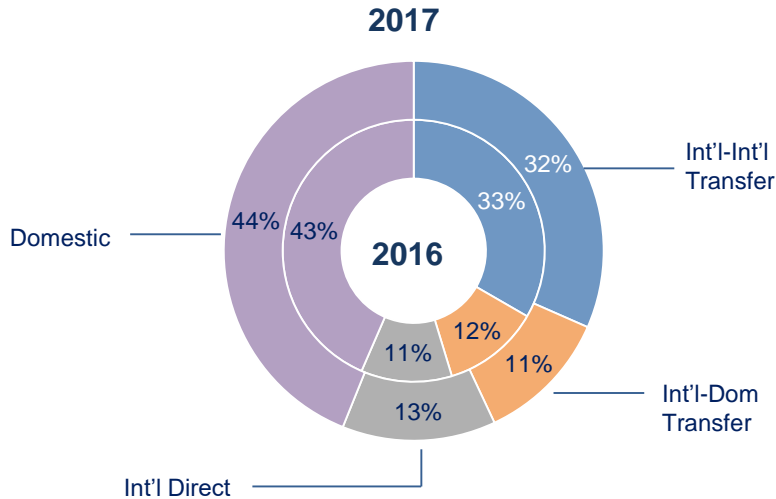


Int'l Passenger Breakdown by Geography



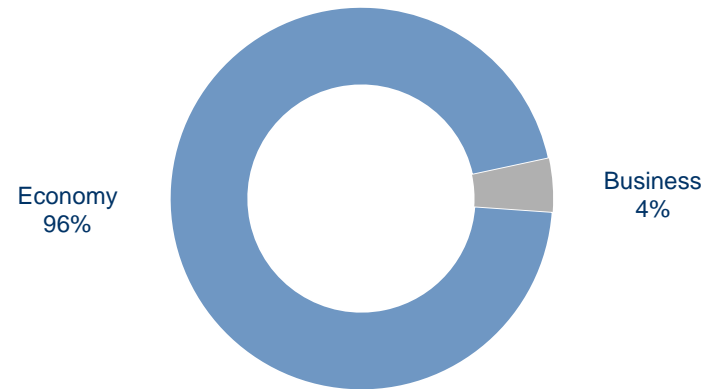
Note: Includes only scheduled passengers.

Passenger Breakdown by Transfer Type



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

Passenger Breakdown by Cabin Class

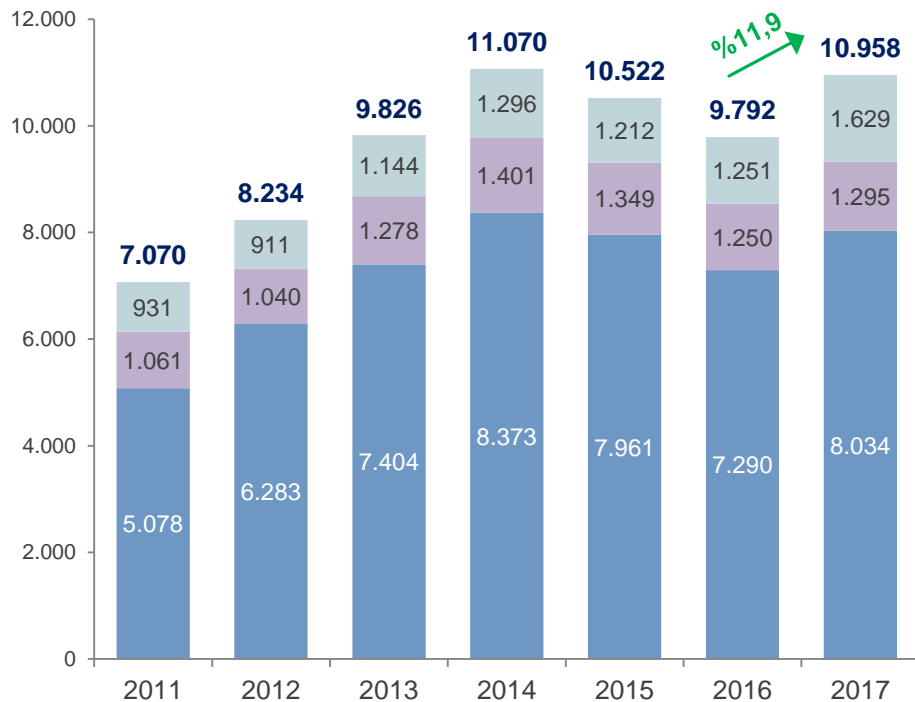


Note: Includes only scheduled passengers.

Total Revenue and Expenses

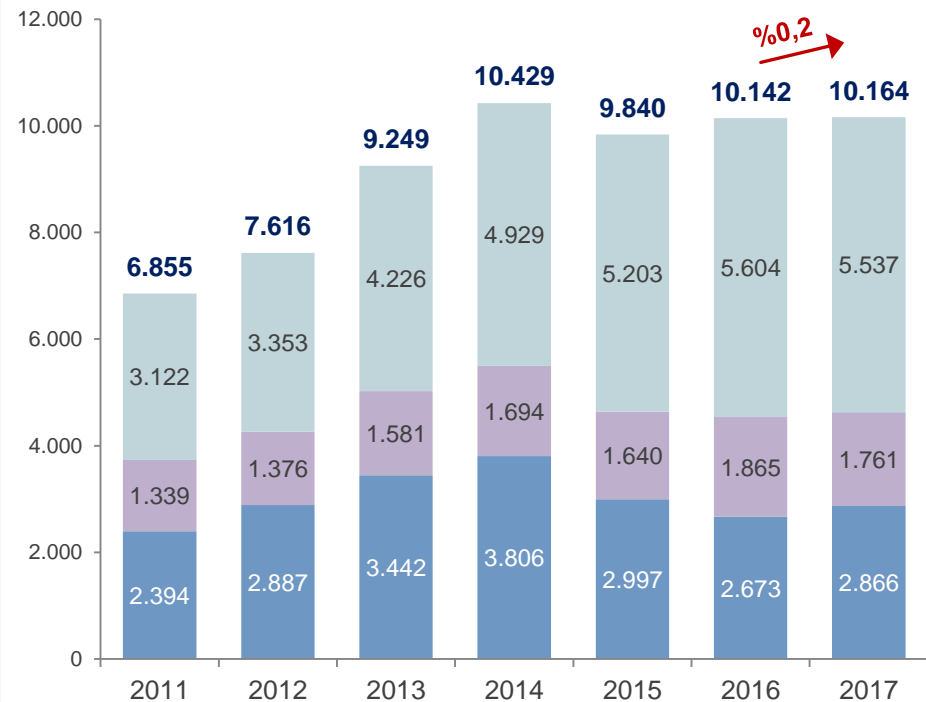
Revenues (mn USD)

International Pax Domestic Pax Other



Expenses (mn USD)

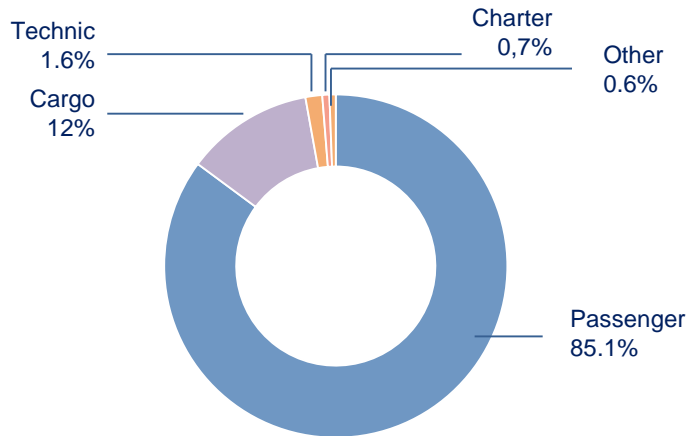
Fuel Personnel Other



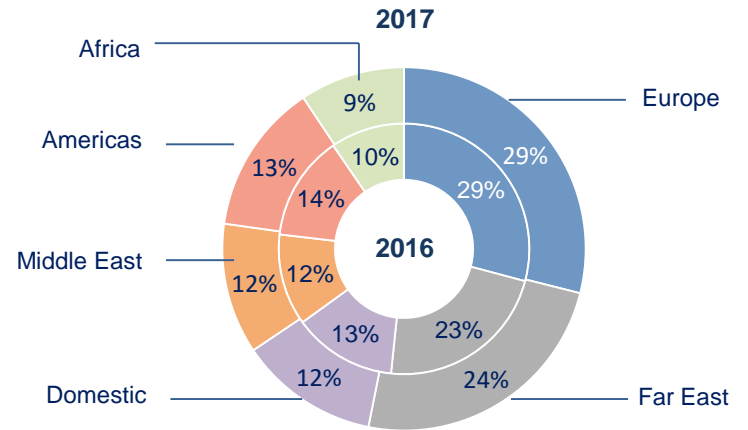
Note: Other revenue includes cargo, charter and other revenue

Revenue Breakdown (2017)

Revenue by Business Type

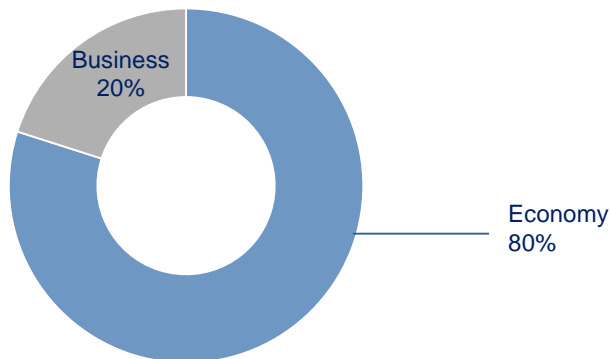


Revenue by Geography

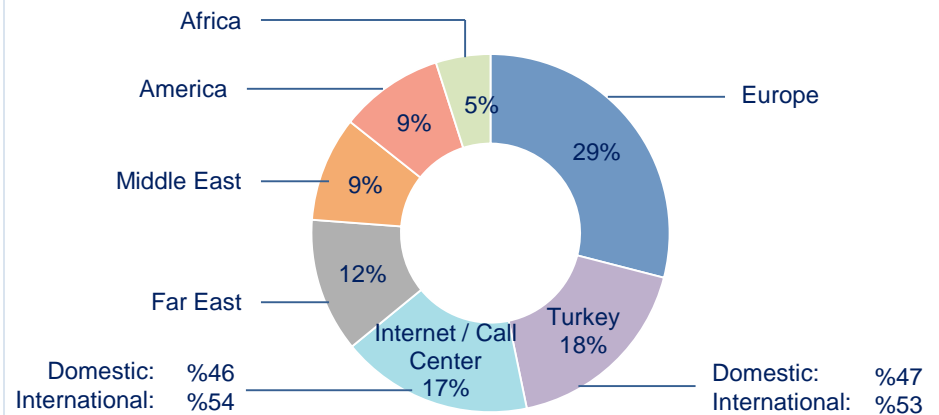


Note: Includes scheduled passenger and cargo revenue

Revenue by Passenger Class



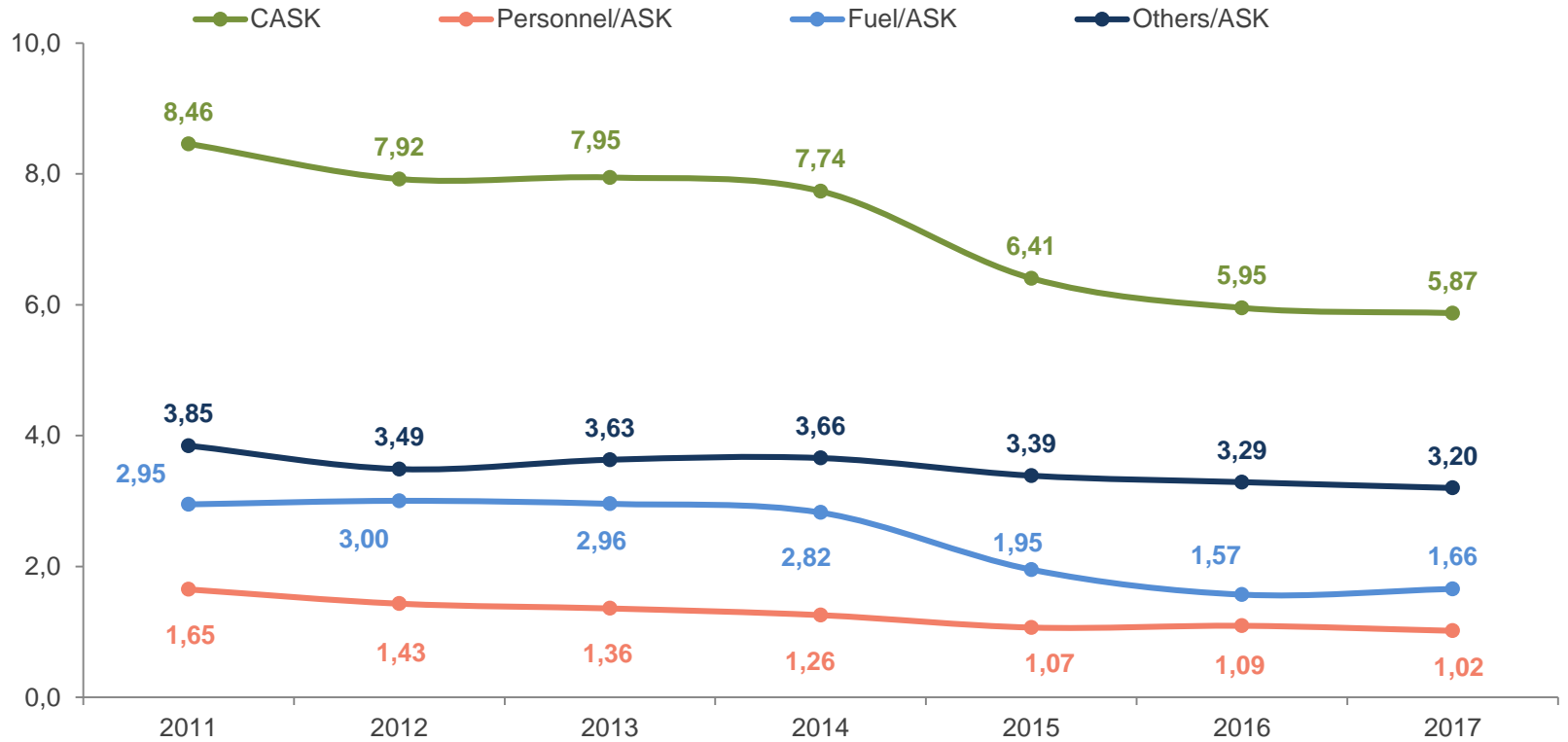
Revenue by Point of Sale



Note: Includes only scheduled passenger revenue

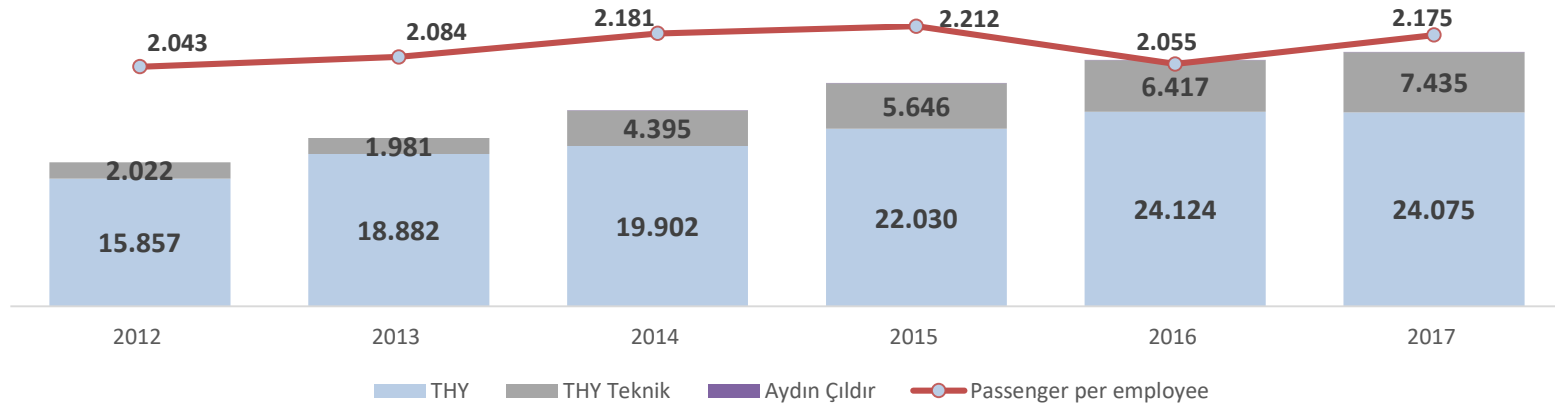
Unit Operating Costs

Cost Per ASK (Usc)



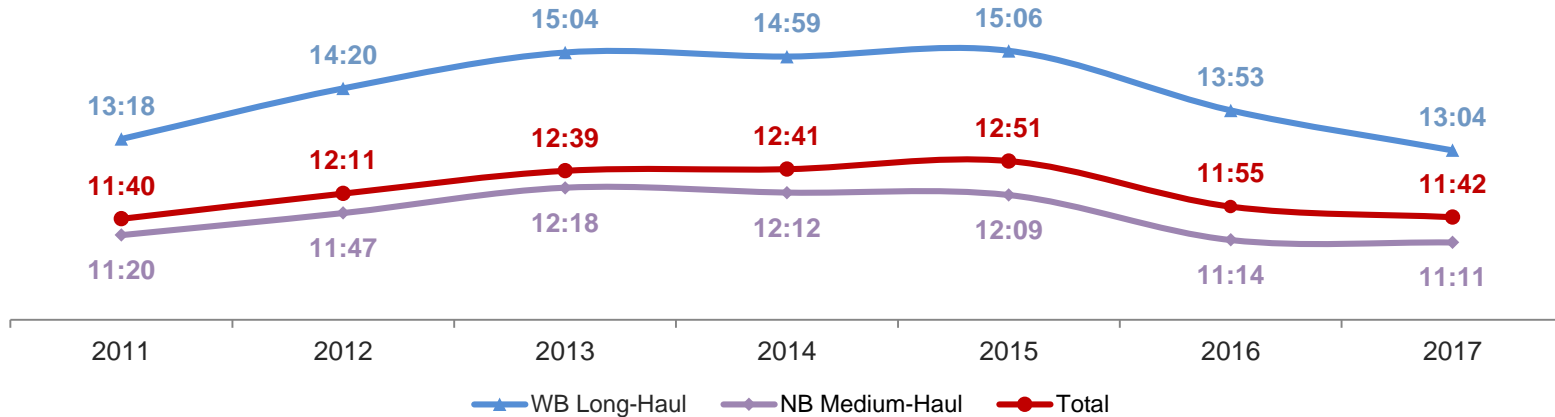
Operating Efficiency

Personnel Efficiency

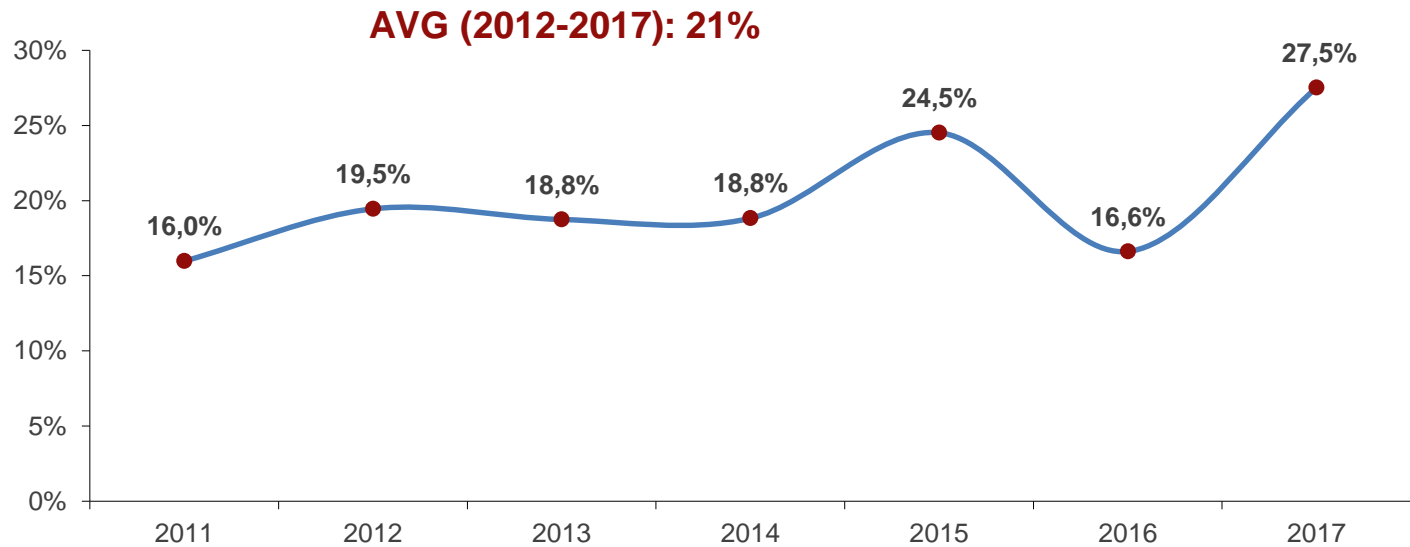


Note: Turkish Technic and THY Aydın Çıldır Personnel is included.

Average Daily Flight Utilization (hrs)



EBITDAR Margin

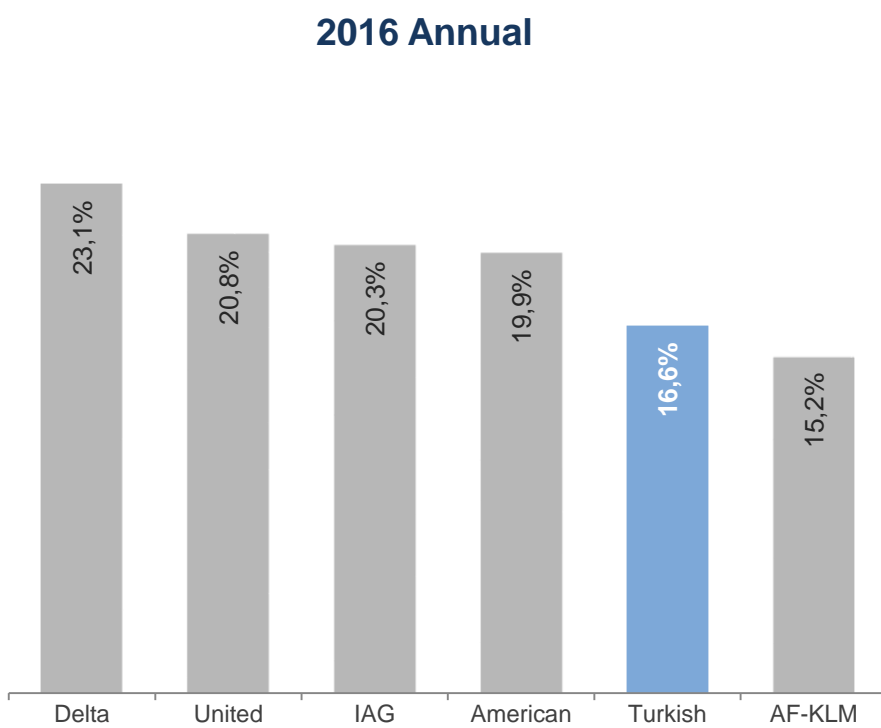


(mn USD)	2011	2012	2013	2014	2015	2016	2017	YoY Change
Revenue	7.070	8.234	9.826	11.070	10.522	9.792	10.958	11,9%
EBIT	277	691	755	808	1.039	-167	1.186	-
EBIT Margin	3,9%	8,4%	7,7%	7,3%	9,9%	-1,7%	10,8%	12,5 pt
EBITDA	763	1.265	1.405	1.551	1.963	981	2.252	129,6%
EBITDA Margin	10,8%	15,4%	14,3%	14,0%	18,66%	10,0%	20,5%	10,5 pt
EBITDAR	1.130	1.603	1.843	2.085	2.580	1.628	3.016	85,3%
EBITDAR Margin	16,0%	19,5%	18,8%	18,8%	24,5%	16,6%	27,5%	10,9 pt
Net Income	11	657	357	845	1.069	-77	223	-
Net Income Margin	0,2%	8,0%	3,6%	7,6%	10,2%	-0,8%	2,0%	2,8 pt

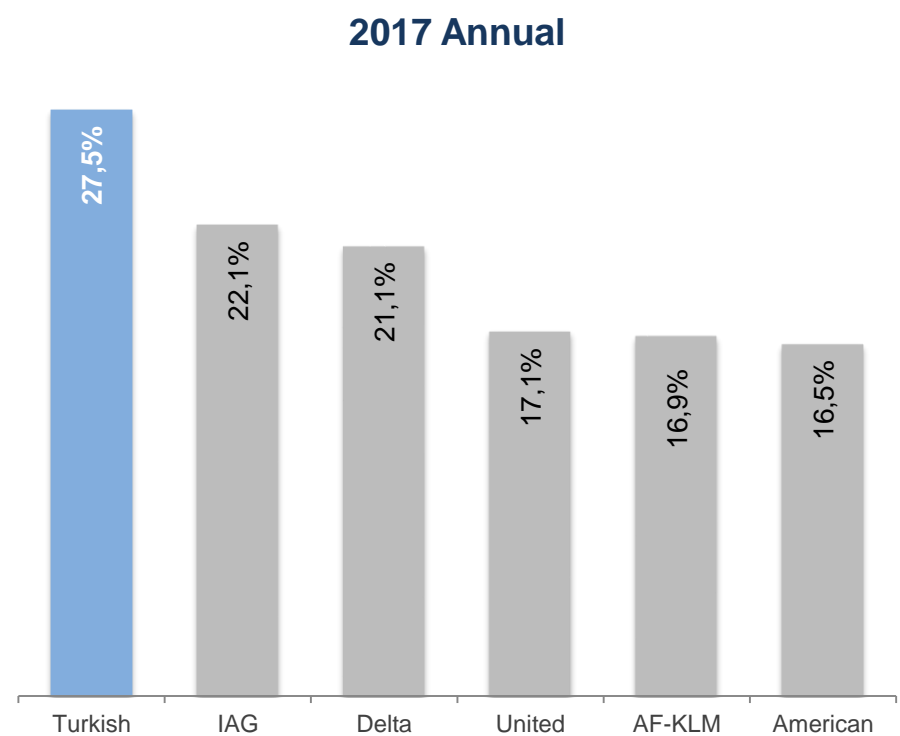
Peer Group vs Turkish Airlines Profitability

EBITDAR Margin Comparison

2016 Annual



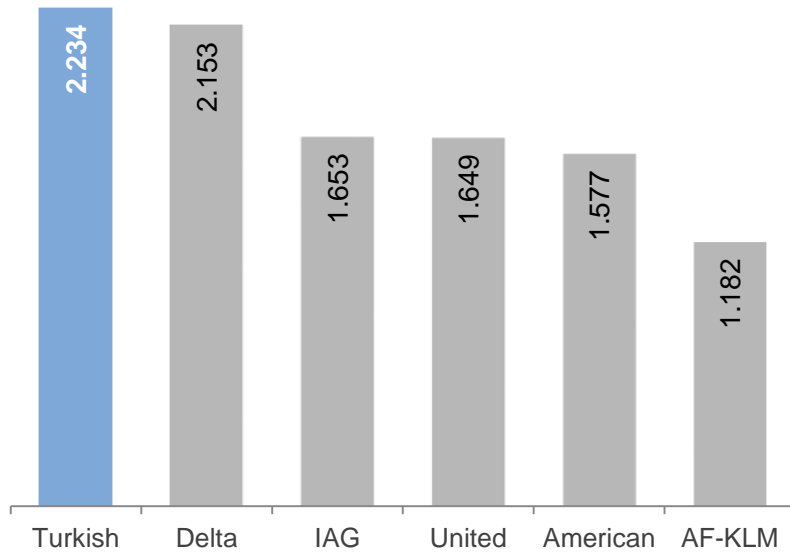
2017 Annual



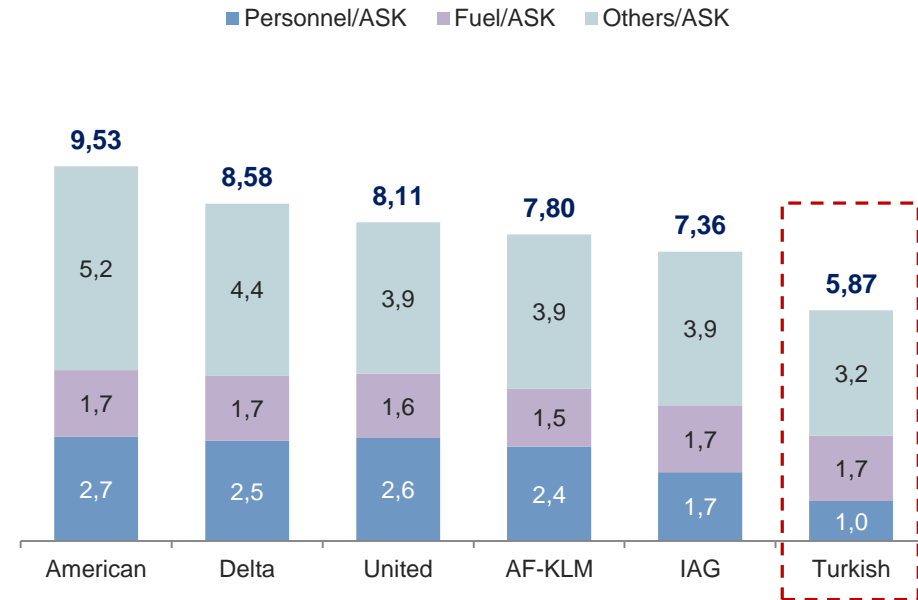
Source: Calculated based on public company reports.

Peer Group vs Turkish Airlines Efficiency

PAX Per Personnel (2017)



Cost Per ASK (2017) - USc



Source: Calculated based on public company reports.

Fleet

31.12.2017	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity	Average Fleet Age	Year End Fleet*					
								2018	2019	2020	2021	2022	2023
Wide Body	A330-200	16	2	3	11	4.122	10,3	18	16	13	13	8	5
	A330-300	37		29	8	10.807	3,9	37	37	37	37	36	29
	A340-300	4	4			1.332	19,7	4	4	4	4	4	4
	B777-3ER	33		27	6	11.670	4,1	33	32	30	30	30	30
	Total	90	6	59	25	27.931	5,8	92	89	84	84	78	68
Narrow Body	B737-900ER	15		15		2.355	4,6	15	15	15	15	15	15
	B737-9 MAX							5	10	10	10	10	10
	B737-800	88	25	42	21	14.392	9,5	82	82	80	80	80	78
	B737-700	1			1	124	11,9	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	7,2	7	6	6	6	6	6
	A320-200	24	5	7	12	3.822	11,0	19	12	12	12	12	12
	A321-200	68		62	6	12.360	5,5	68	68	66	64	64	64
	A320-200 WL												
	B737-800 WL	20			20	3.780	12,4	17	14	8	6	2	
Total	223	30	132	61	37.757	8,3	219	243	274	305	331	342	
Cargo	A330-200F	9		9			4,0	9	9	9	9	9	9
	B777F	2		2			0,1	5	5	5	5	5	5
	Wet Lease	5			5		24,0						
	Total	16		11	5		9,8	14	14	14	14	14	14
GRAND TOTAL	329	36	202	91	65.688	7,7	325	346	372	403	423	424	
Year End Seat Capacity :								65.545	68.722	72.308	77.631	80.407	79.543

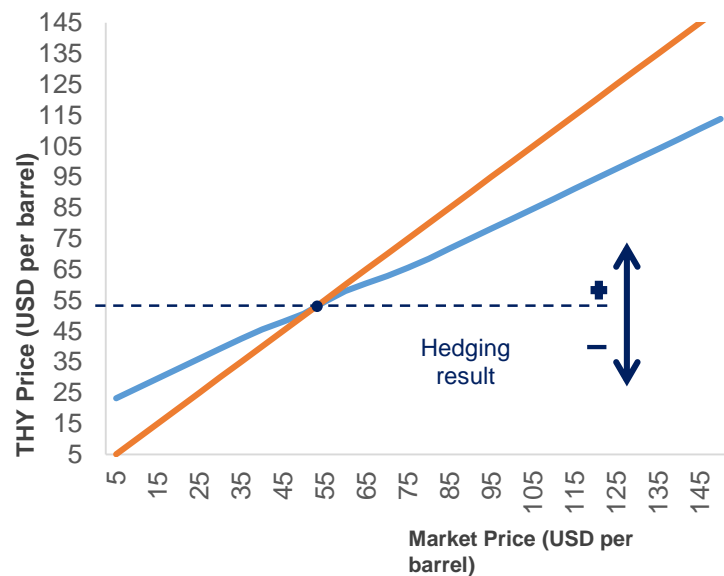
*After exit-entry

Fleet Development

31.12.2017		2011-2023 Aircraft Purchases														
		Delivered							To Be Delivered							
		Type	2011	2012	2013	2014	2015	2016	2017	TOTAL	2018	2019	2020	2021	2022	2023
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	3						3
	Total	1	1	2		1	2	3	10	3						3
GRAND TOTAL		29	20	20	20	33	43	4	169	13	35	42	35	30	15	170

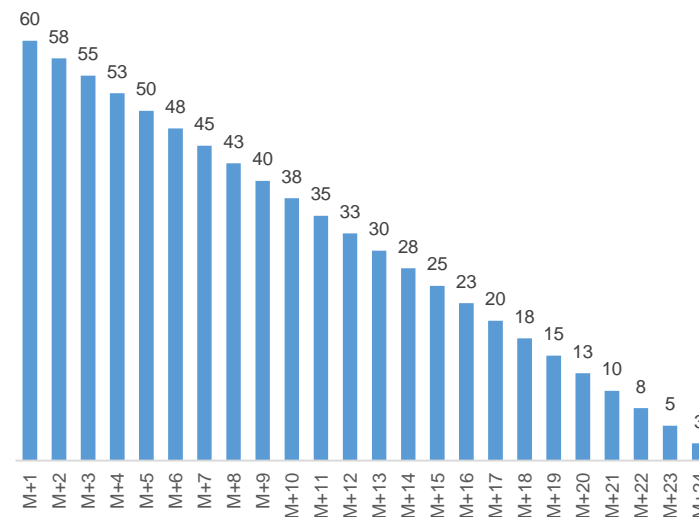
Hedging Fuel Price Risk

Effect of Hedging on the Fuel Price



- Around **24 mn barrels** of hedged position on ICE BRENT as of December 31, 2017.
- Current fuel hedging levels: FY18: **45% (19 mn barrel)**
FY19: **17% (5 mn barrel)**

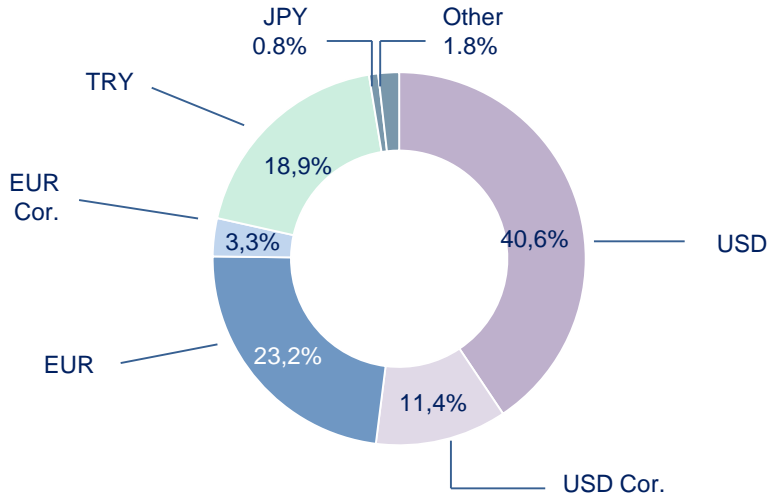
Fuel Hedging Policy (%)



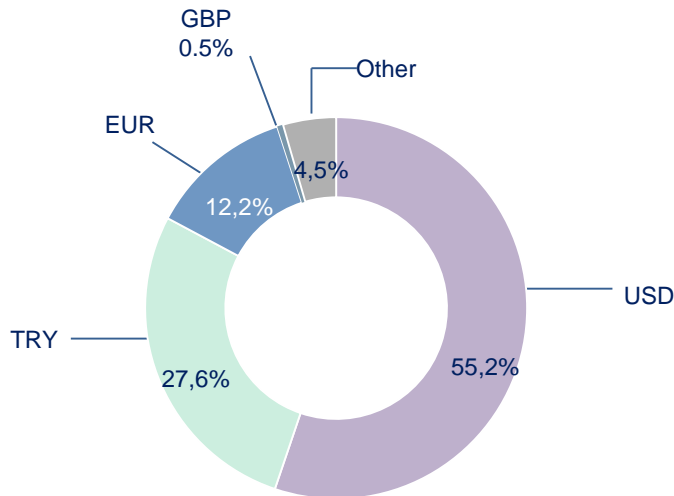
- Decreasing layered hedging strategy
- Crude oil based swaps and options
- Maximum hedge ratio and tenor 60% of following months, 24 months respectively

Hedging Currency Risk (2017)

Revenue by Currency⁽¹⁾



Expenses by Currency



⁽¹⁾ Currencies that have 85% correlation with USD and EUR considered as USD and EUR correlated 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 conditions

Current currency hedging matrix:

2018	Hedging Levels*	Average Price
EUR/USD	18%	1,1984
EUR/TRY	23%	4,3215

2019	Hedging Levels*	Average Price
EUR/USD	%5	1,2213
EUR/TRY	%8	4,8342

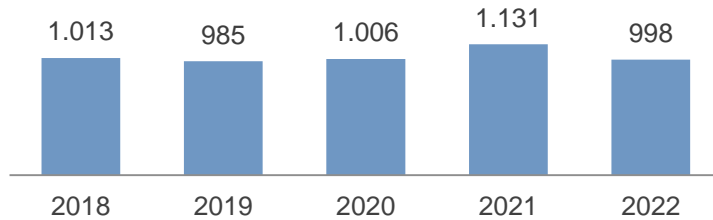
* Percentage of respective short positions. As of 31 December 2017.

Aircraft Financing and Debt Management

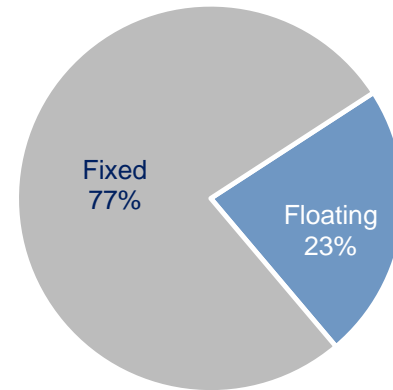
As of 31.12.2017

Total Financial Lease Liabilities: **8,1 bn USD**
Operational Leases: **1.9 bn USD**

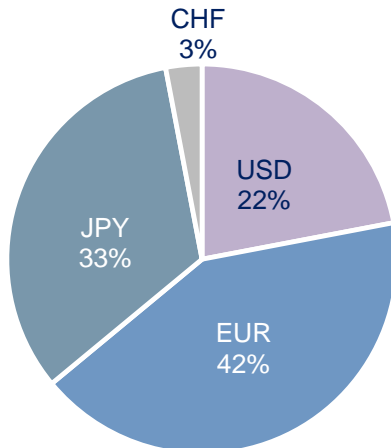
5 Year Maturity Profile (USD mn)



Weighted Average Interest Rate: **2.94%**



Currency Breakdown of Financial Lease Liabilities

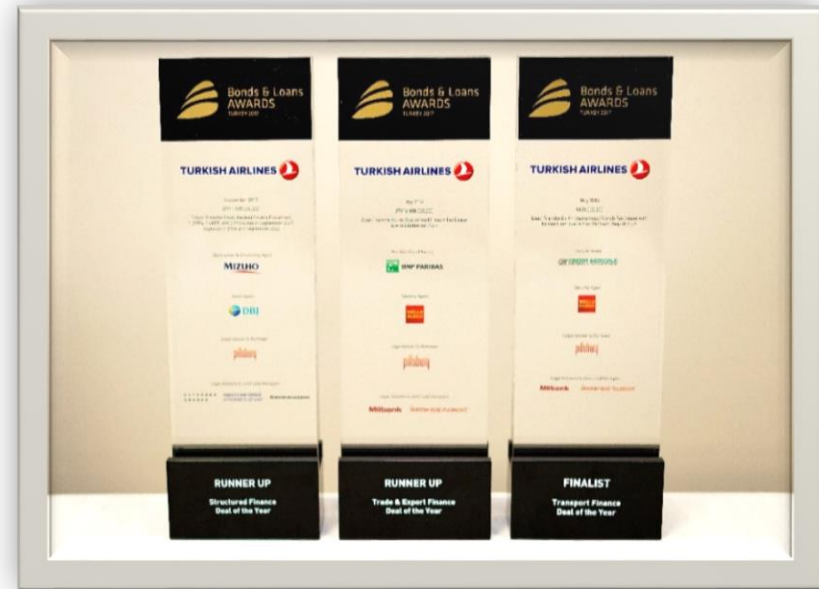


(mn USD)	31.12.2017 Total FL Debt	Maturity	Yearly Debt Service
USD	1,821	10-12 Years	313
EUR	3,378	10-12 Years	457
JPY	2,658	10-11 Years	236
CHF	273	12 Years	30
Total	8,129		1,072

Recent Awards

2017 Turkish Cargo Awards:

- › Air Cargo Carrier of the Year (Gana Shippers Awards)
- › Fastest Growing Cargo Carrier Awards (South Korea)



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

2017 Global Transport Finance Awards:

- › Unique deal of the year

Balance Sheet

Assets (mn USD)	2012	2013	2014	2015	2016	2017
Cash and Equivalents	1.028	647	722	962	1.815	2.086
Trade Receivables	434	538	456	361	379	592
Pre-delivery Payment (PDP) Receivables	267	521	990	1.139	596	117
Other Current Assets	437	419	663	684	811	836
Total Current Assets	2.166	2.125	2.831	3.146	3.601	3.631
Net Fixed Assets	7.121	8.043	9.201	11.415	13.476	13.002
of which Aircraft and Engines	6.392	7.030	8.167	10.177	12.134	11.683
Pre-delivery Payment (PDP) Receivables	655	993	650	392	207	247
Other Non-Current Assets	581	741	1.064	1.430	1.207	1.317
Total Non-Current Assets	8.357	9.777	10.915	13.237	14.890	14.566
Total Assets	10.523	11.902	13.746	16.383	18.491	18.197
Liabilities (mn USD)	2012	2013	2014	2015	2016	2017
Lease Obligations	4.862	5.413	5.931	7.399	8.886	8.322
Passenger Flight Liabilities	936	1.201	1.398	1.091	785	1.000
Accounts Payable	510	680	662	671	616	855
Other Liabilities	1.183	1.346	1.805	2.380	3.117	2.674
Total Liabilities	7.491	8.640	9.796	11.541	13.404	12.851
Total Shareholders Equity	3.032	3.262	3.950	4.842	5.087	5.346
of which Issued Capital	1.498	1.597	1.597	1.597	1.597	1.597
of which Retained Earnings	903	1.350	1.714	2.559	3.628	3.551
of which Differences from Currency Translation	-10	-26	-47	-84	-106	-106
of which Net Profit for the Period	657	357	845	1.069	-77	223
Total Liabilities & Shareholders Equity	10.523	11.902	13.746	16.383	18.491	18.197

Income Statement

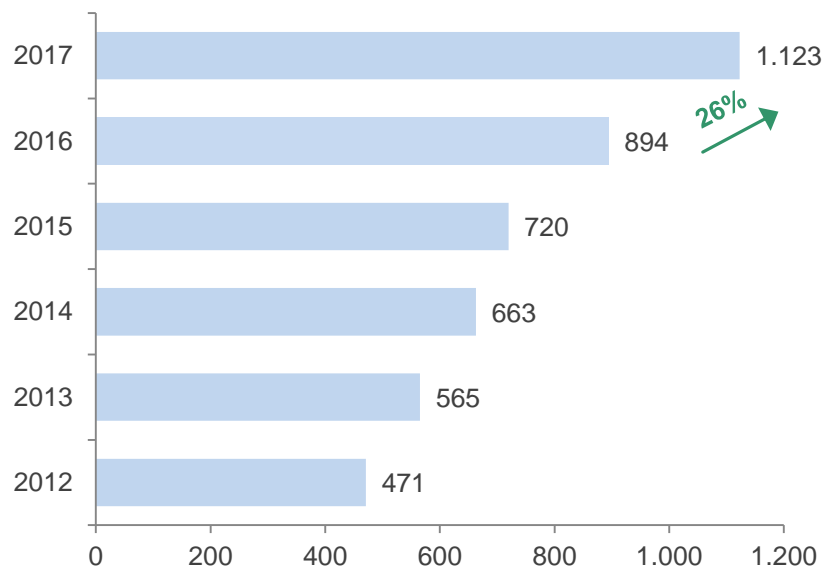
(mn USD)	2012	2013	2014	2015	2016	2017	YoY Change
Operating Revenue	8.234	9.826	11.070	10.522	9.792	10.958	12%
Operating Expenses (-)	7.616	9.249	10.429	9.840	10.142	10.164	0,2%
of which Fuel	2.887	3.442	3.806	2.997	2.673	2.866	7%
of which Personnel	1.376	1.581	1.694	1.640	1.865	1.761	-6%
of which Depreciation	574	650	743	924	1.148	1.066	-7%
of which Rent	243	448	543	496	496	527	6%
Net Operating Profit / Loss	618	577	641	682	-350	794	-
Income From Other Operations	95	115	80	244	145	264	82%
Expense From Other Operations (-)	61	41	45	31	86	36	-58%
Profit / Loss From Main Operations	652	651	676	895	-291	1.022	-
Income From Investment Activities (Net)	271	76	72	101	117	177	51%
Share of Investments' Profit / Loss	4	55	75	80	44	102	132%
Financial Income	49	27	419	532	300	56	-81%
Financial Expense (-)	191	307	196	201	229	1.078	371%
Profit Before Tax	785	502	1.046	1.407	-59	279	-
Tax (-)	128	145	201	338	18	56	211%
Net Profit	657	357	845	1.069	-77	223	-

Operational Expense Breakdown

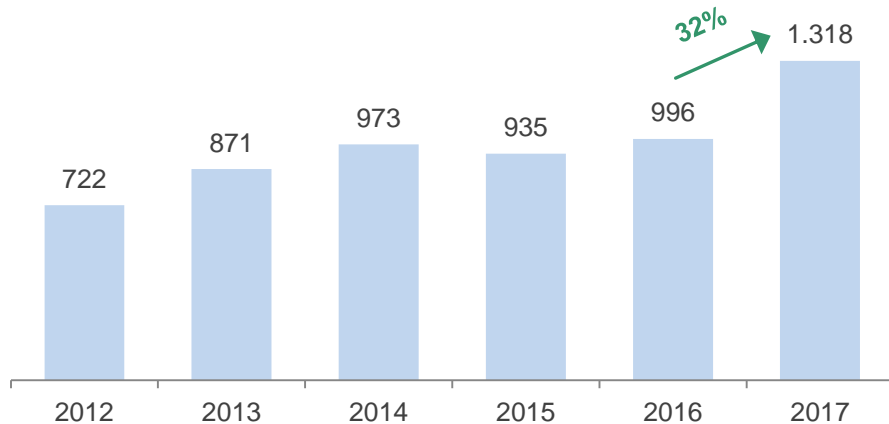
(mn USD)	2016	% in Total	2017	% in Total	Change 17/16
Fuel	2.673	26,4%	2.866	28,2%	7,2%
Personnel	1.865	18,4%	1.761	17,3%	-5,6%
Landing, Navigation & Air Traffic	952	9,4%	978	9,6%	2,7%
Landing and navigation	448	4,4%	469	4,6%	4,7%
Air Traffic Control	504	5,0%	509	5,0%	1,0%
Sales & Marketing	884	8,7%	841	8,3%	-4,9%
Commissions and Incentives	321	3,2%	318	3,1%	-0,9%
Reservation System	219	2,2%	232	2,3%	5,9%
Advertising	214	2,1%	165	1,6%	-22,9%
Other	130	1,3%	126	1,2%	-3,1%
Depreciation	1.148	11,3%	1.066	10,5%	-7,1%
Ground Handling	645	6,4%	656	6,5%	1,7%
Aircraft Rent	496	4,9%	527	5,2%	6,3%
Operational Lease	244	2,4%	324	3,2%	32,8%
Wet Lease	252	2,5%	203	2,0%	-19,4%
Passenger Services & Catering	582	5,7%	510	5,0%	-12,4%
Maintenance	590	5,8%	645	6,3%	9,3%
General Administration	112	1,1%	112	1,1%	0,0%
Other	195	1,9%	202	2,0%	3,6%
TOTAL	10.142	100%	10.164	100%	0,2%
Operating Cost per ASK (USc)	5,95	-	5,87	-	-1,3%
Ex-fuel Operating Cost per ASK (USc)	4,38	-	4,22	-	-3,8%
Fixed Costs	3.238	31,9%	2.967	29,2%	-8,4%

Cargo Operations

Cargo Tonnage Carried ('000 Ton)



Cargo Revenue Evolution (mn USD)

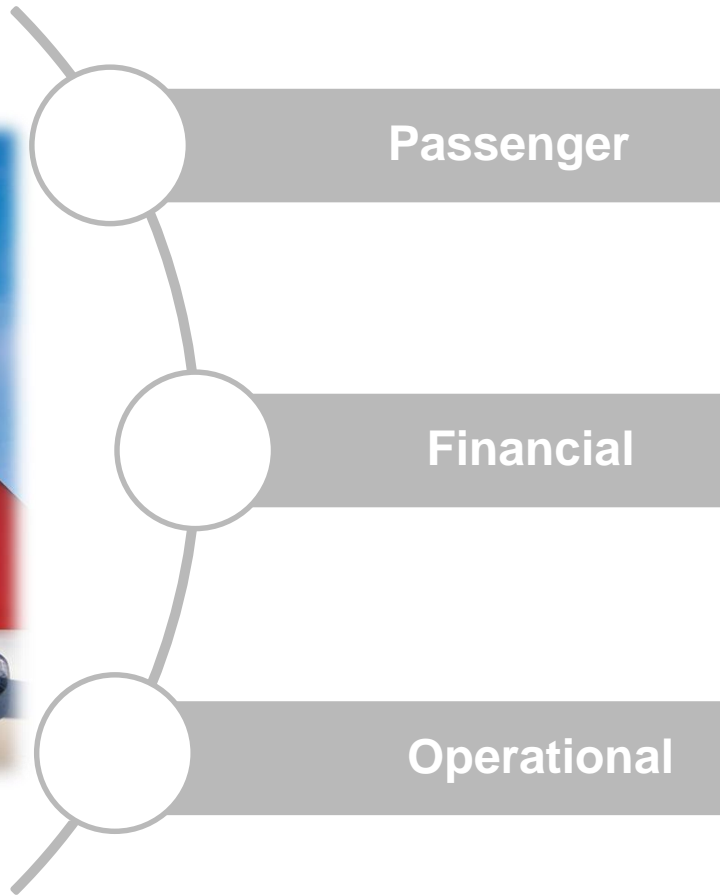


- Turkish Cargo serves 73 destinations with 16 freighters besides 300 destinations with 313 passenger aircraft.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 2.4% in 2016.
- In 2016, while World FTK grew by 9%, Turkish Cargo FTK grew by 26% compared to previous year.
- New Cargo Terminal, which was opened at the end of 2014, has 1.2 million tons of cargo capacity and 43,000 m² closed warehouse area.

Source: IATA Economic Performance of the Airline Industry Reports

Recent Awards

- Air Cargo Carrier of the Year (Gana Shippers Awards)
- Fastest Growing Cargo Carrier Awards (South Korea)
- Fastest Growing International Cargo Airline of the Year - Air Cargo Africa (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)



Domestic (mn.)	33
International (mn.)	41
Total (mn.)	74

Revenue* (USD bn.)	11,8
EBITDAR	%23 - %24

L/F	%79 - %80
ASK increase	5% - %6
Cargo/Mail carried (mn./ton)	1.3
CASK (ex-fuel) increase	%3 - %5
Aver. Fuel Cost (USD/ton)	633

*Unconsolidated Revenue is disclosed for 2018 Guidance.

Subsidiaries & Affiliates

Turkish Airlines Group 31.12.2017		Revenue (mn USD)	Net Profit (mn USD)	Number of Personnel	Partnership Structure
1	Turkish Airlines	10.958	223	24.075	%49 Turkey Wealth Fund - %51 Open to Public
2	Turkish Opet Aviation Fuels	1.619	78	462	%50 THY - %50 Opet
4	Sun Express (Turkey & Germany Consolidated)	1.288	55	3.965	%50 THY - %50 Lufthansa
3	Turkish Technic	1.109	85	7.435	% 100 THY
5	Turkish Do&Co	279	24	4.530	%50 THY - %50 Do&Co
6	Turkish Engine Center (TEC)	526	25	335	%51 PW - %49 THY Teknik
7	Turkish Ground Services (TGS)	258	23	10.049	%50 THY - %50 Havaş
8	Turkish Cabin Interior Systems (TCI)	7	1	163	%50 THY & THY Teknik - %50 TAI
9	Goodrich Turkish Technic Service Center	15	1	39	%60 TSA Rina - %40 THY Teknik
10	TSI Aviation Seats	11	-2	81	%50 THY & THY Teknik - %50 Assan Hanil
11	THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.	3	0	33	%100 THY
12	Tax Free Zone (Tax Refund)	3	0	19	%30 THY - %45 Maslak Oto - %25 VK Holding
13	THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş.	-	-	0	% 100 THY

* THY A.O. Personnel

Subsidiaries & Affiliates



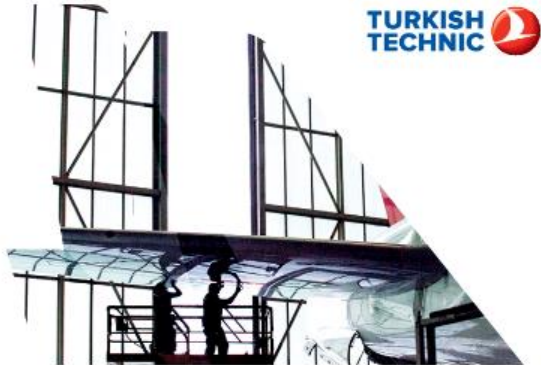
Business Model	Charter + Scheduled
Destinations	102
Fleet	69
Seat Capacity	13,714
# of Passengers	8.8 million
Load Factor (2017)	83.5 %
Revenues (2017)	1,288 mn USD**
Net Income (2017)	55 mn USD

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.

* Based on consolidated amounts of SunExpress Turkey and Germany



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)

- › 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. 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.



GOODRICH TURKISH TECHNIC

- › 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 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 (TEC)

- › 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 m² 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.
- › 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 3.7million 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.



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