

# TURKISH AIRLINES

## 4Q'18 Results Summary

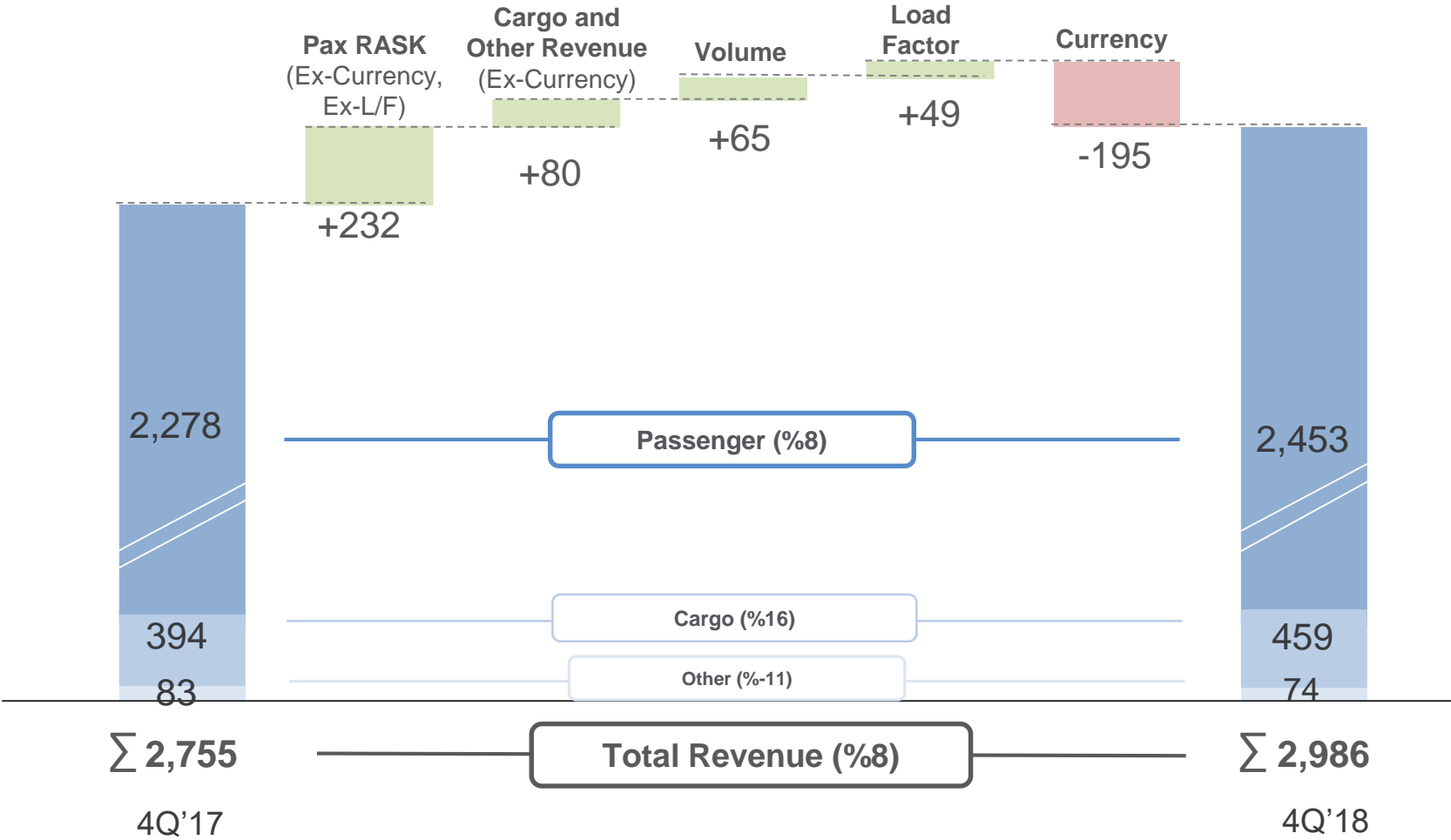


# Key Financial Data

4Q'17	4Q'18	Change	(USD mn)	2017	2018	Change
2.755	2.986	8,4%	<b>Revenue</b>	10.958	12.855	17,3%
2.278	2.453	7,7%	Passenger Revenue	9.403	10.918	16,1%
394	459	16,5%	Cargo Revenue	1.317	1.647	25,1%
-25	3	-	<b>Net Operating Profit / Loss</b>	794	1.169	47,2%
66	42	-36,4%	<b>Profit From Main Operations</b>	1.022	1.191	16,5%
-40	-2	-	<b>Net Income</b>	223	753	237,7%
-1,5%	-0,1%	1,4 pt	Net Income Margin	2,0%	5,9%	3,8 pt
626	576	-8,0%	<b>EBITDAR</b>	3.017	3.349	11,0%
22,7%	19,3%	-3,4 pt	EBITDAR Margin	27,5%	26,0%	-1,5 pt

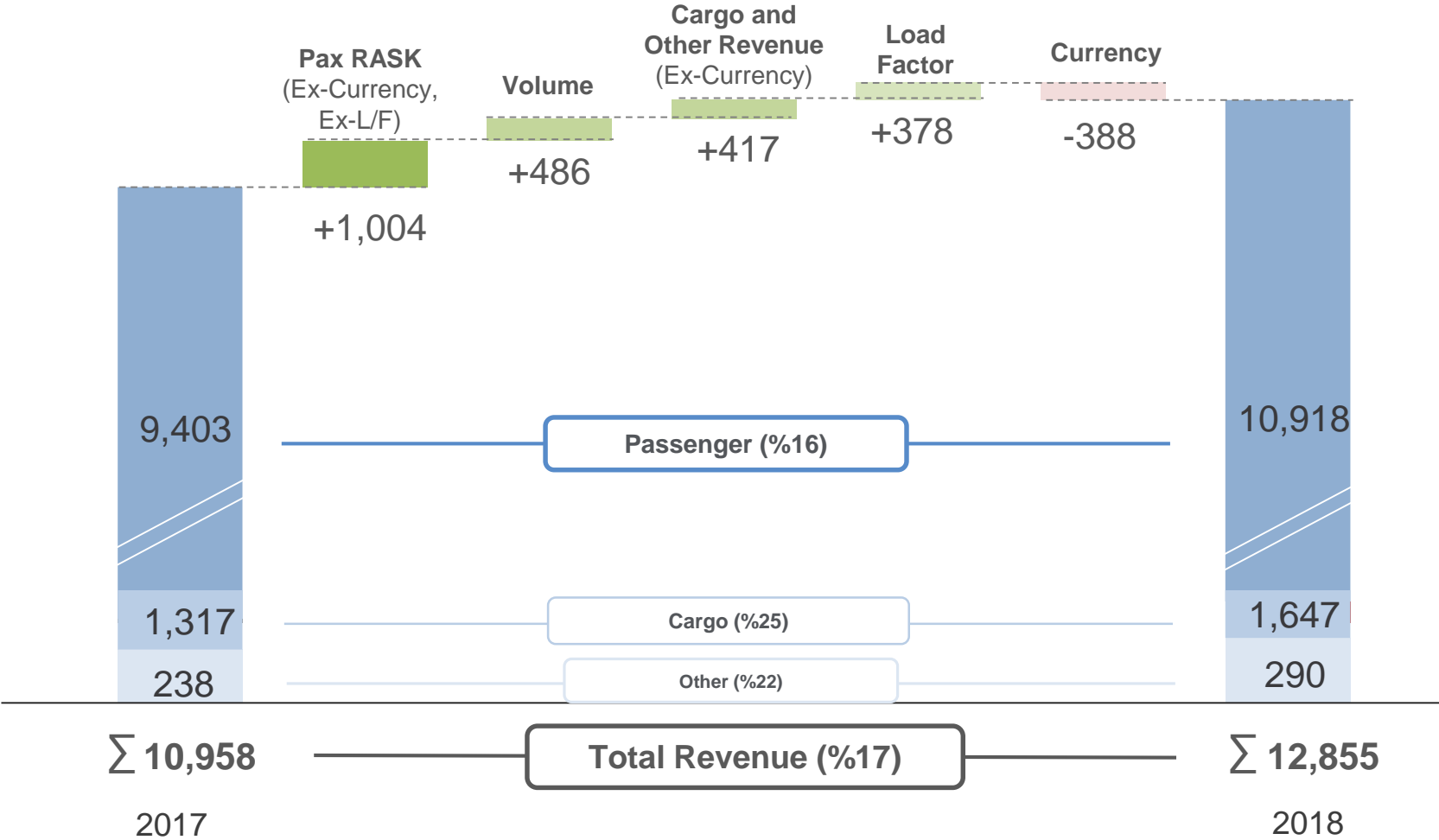
# Revenue Development (4Q'17 vs 4Q'18)

(mn USD)



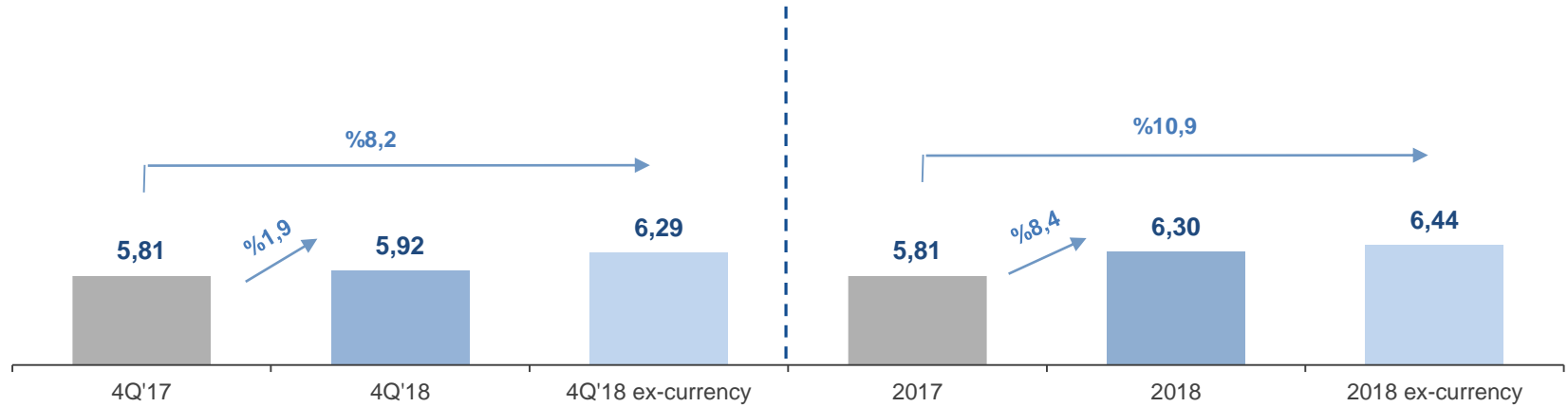
# Revenue Development (2017 vs 2018)

(mn USD)

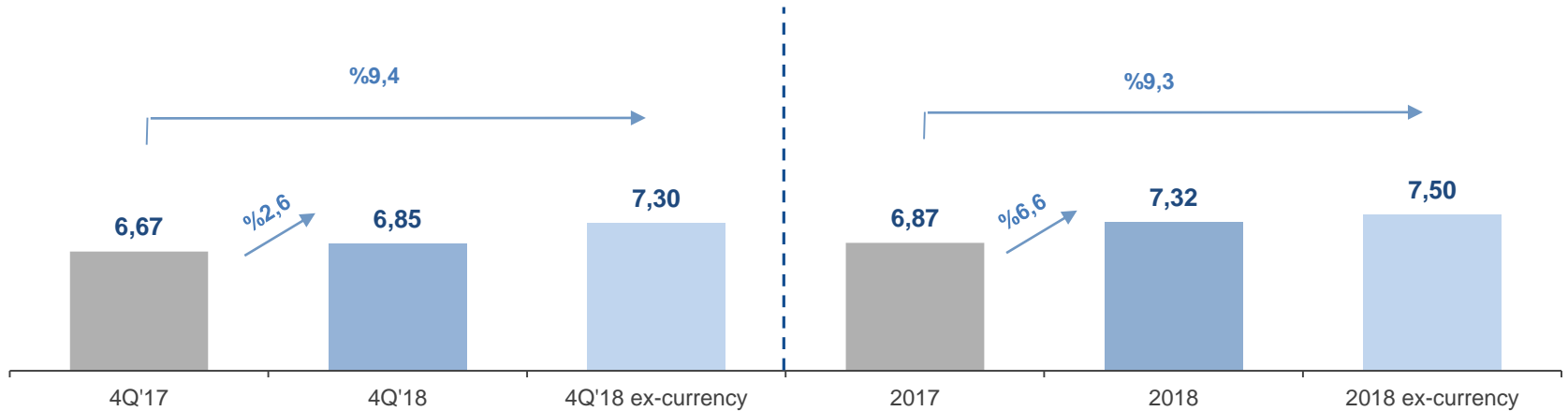


# Unit Revenue Development

## RASK (USc)



## R/Y (USc)



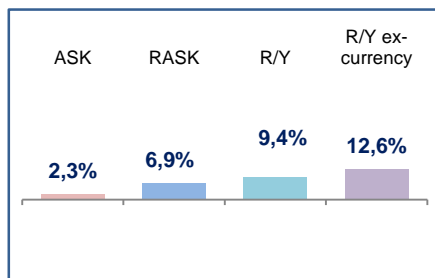
R/Y : Yield : Passenger Revenue / RPK (Scheduled and Unscheduled)

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

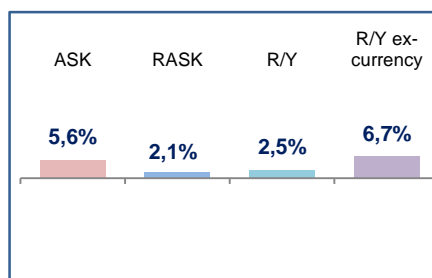
\* ASK value is adjusted for cargo operations.

# Regional Yield Development in USD (4Q'17 vs 4Q'18)

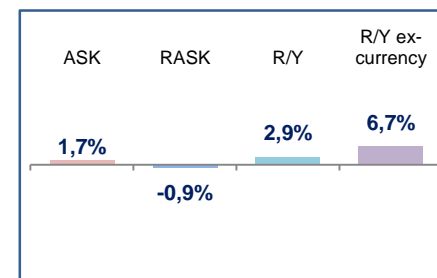
## America



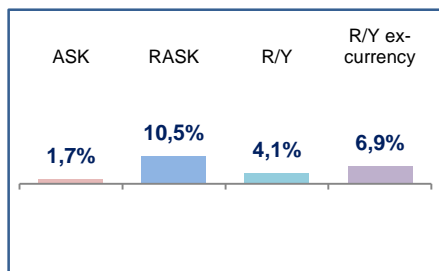
## Europe



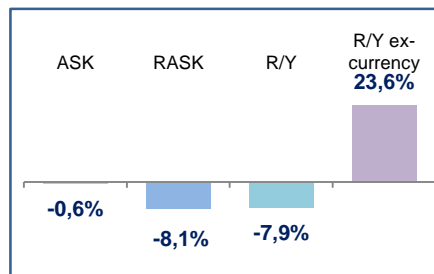
## Asia / Far East



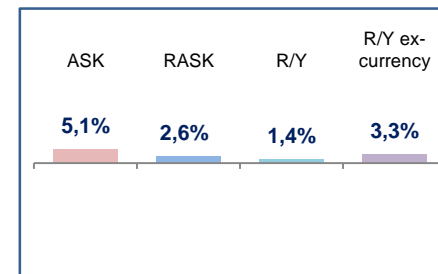
## Africa



## Domestic



## Middle East



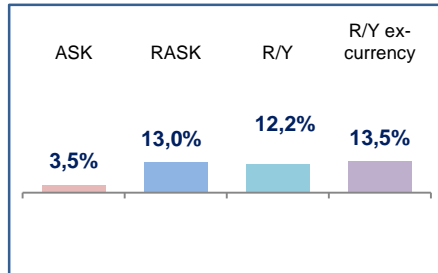
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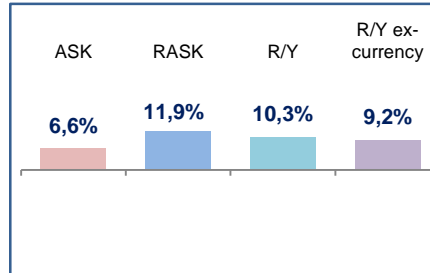
\* ASK value is adjusted for cargo operations.

# Regional Yield Development in USD (2017 vs 2018)

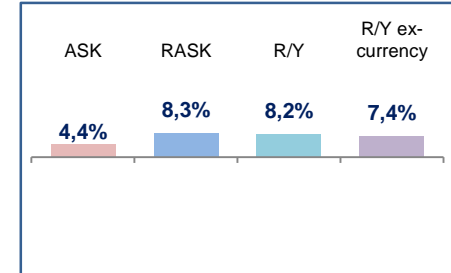
## America



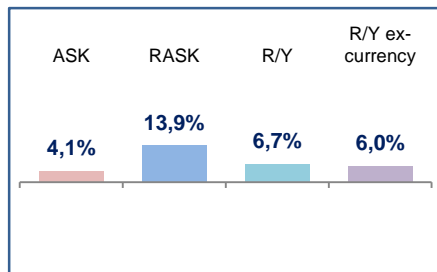
## Europe



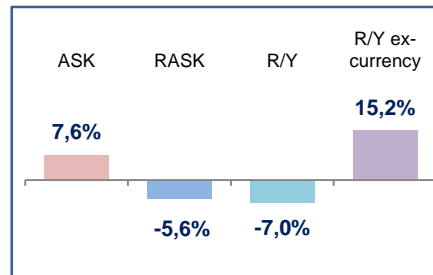
## Asia / Far East



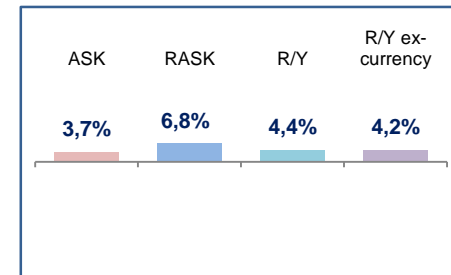
## Africa



## Domestic



## Middle East



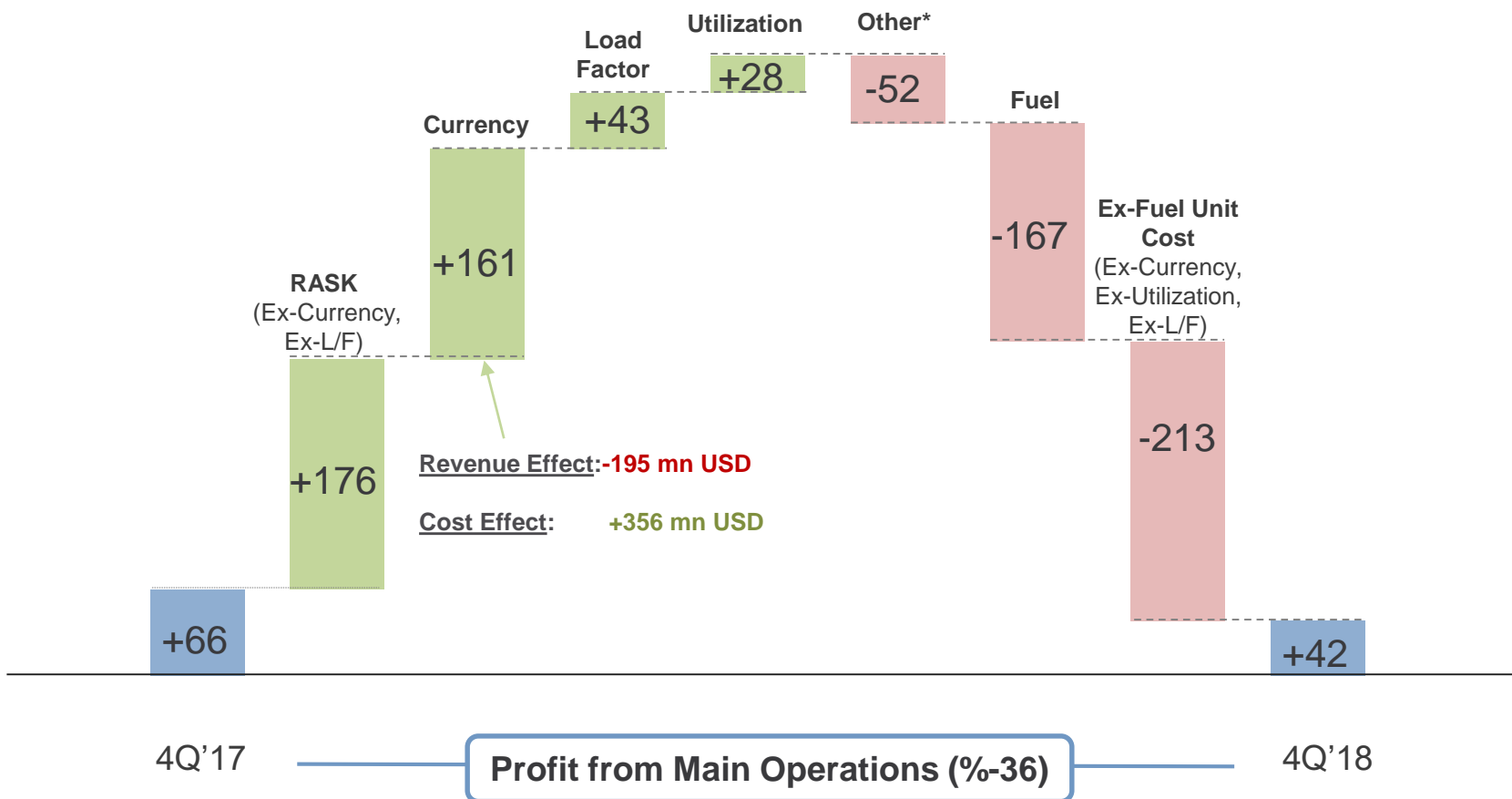
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\* ASK value is adjusted for cargo operations.

# Profit From Main Operations Bridge (4Q'17 vs 4Q'18)

(mn USD)

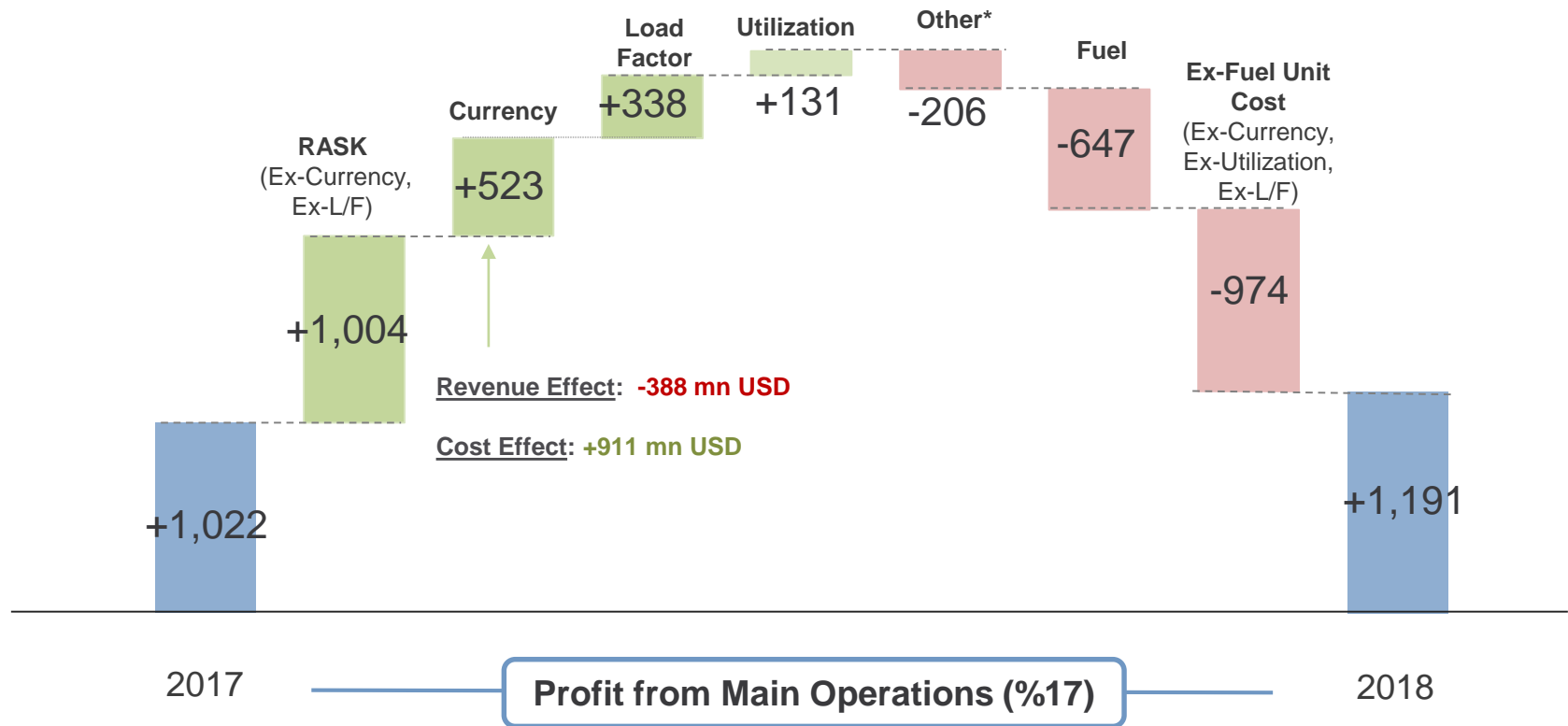


\*Includes other operating income, other operating expense and FX gains/losses from operational activities.



# Profit From Main Operations Bridge (2017 vs 2018)

(mn USD)



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

# Operational Expense Breakdown

4Q'17	4Q'18	Change	(mn USD)	2017	2018	Change
767	983	28,2%	<b>Fuel</b>	2.866	3.768	31,5%
518	472	-8,9%	<b>Personnel</b>	1.761	1.772	0,6%
451	424	-6,0%	<b>Aircraft Ownership</b>	1.593	1.682	5,6%
248	246	-0,8%	<b>Airports &amp; Air Navigation</b>	978	1.056	8,0%
191	214	12,0%	<b>Sales &amp; Marketing</b>	841	986	17,2%
173	187	8,1%	<b>Ground Handling</b>	656	733	11,7%
122	137	12,3%	<b>Passenger Services &amp; Catering</b>	510	560	9,8%
215	235	9,3%	<b>Maintenance</b>	645	804	24,7%
95	85	-10,5%	<b>Other*</b>	314	325	3,5%
<b>2.780</b>	<b>2.983</b>	<b>7,3%</b>	<b>TOTAL</b>	<b>10.164</b>	<b>11.686</b>	<b>15,0%</b>

ASK Growth: **2,8%**

ASK Growth: **5,2%**

## Notes:

\*Includes General Administration and Other Cost of Sales.

# CASK Breakdown

4Q'17	4Q'18	Change	(USc)	2017	2018	Change
1,80	2,24	24,6%	<b>Fuel</b>	1,66	2,07	25,0%
1,22	1,08	-11,4%	<b>Personnel</b>	1,02	0,97	-4,3%
1,06	0,97	-8,6%	<b>Aircraft Ownership</b>	0,92	0,92	0,4%
0,58	0,56	-3,5%	<b>Airports &amp; Air Navigation</b>	0,57	0,58	2,7%
0,45	0,49	8,9%	<b>Sales &amp; Marketing</b>	0,49	0,54	11,5%
0,41	0,43	5,1%	<b>Ground Handling</b>	0,38	0,40	6,2%
0,29	0,31	9,2%	<b>Passenger Services &amp; Catering</b>	0,29	0,31	4,4%
0,50	0,54	6,3%	<b>Maintenance</b>	0,37	0,44	18,5%
0,22	0,19	-13,0%	<b>Other</b>	0,18	0,18	-1,6%
<b>6,52</b>	<b>6,81</b>	<b>4,3%</b>	<b>TOTAL</b>	<b>5,87</b>	<b>6,42</b>	<b>9,3%</b>

Ex-Fuel CASK : **-3,4%**

Ex-Fuel CASK : **3,2%**

## Selected KPI's

4Q'17	4Q'18	Change		2017	2018	Change
629	758	20,4%	<b>Fuel Price (Usd/ton)</b>	591	714	20,7%
3,32	3,29	-0,8%	<b>Fuel Consumption (lt) per 100 ASK2</b>	3,29	3,31	0,6%
1.340	1.220	-9,0%	<b>Aircraft Ownership Cost per BH</b>	1.171	1.174	0,3%
639	676	5,9%	<b>Maintenance Cost per BH</b>	474	561	18,4%
1.507	1.604	6,4%	<b>Handling Cost per Landing</b>	1.397	1.484	6,2%
1.218	1.166	-4,3%	<b>Airports &amp; Air Navigation Cost per km Flown</b>	1.184	1.219	2,9%
7,18	7,80	8,7%	<b>Passenger Services &amp; Catering Cost per Pax</b>	7,43	7,45	0,3%
6,9%	7,2%	0,2 pt	<b>Sales &amp; Marketing Cost / Total Revenue</b>	7,7%	7,7%	-0,0 pt

# EBITDAR Calculation

4Q'17	4Q'18	Change	EBITDAR (mn USD)	2017	2018	Change
2.755	2.986	8,4%	Sales Revenue	10.958	12.855	17,3%
2.434	2.635	8,3%	Cost of Sales (-)	8.762	10.136	15,7%
<b>321</b>	<b>351</b>	<b>9,3%</b>	<b>GROSS PROFIT / (LOSS)</b>	<b>2.196</b>	<b>2.719</b>	<b>23,8%</b>
71	56	-21,1%	General Administrative Expenses (-)	275	260	-5,5%
275	292	6,2%	Marketing and Sales Expenses (-)	1.127	1.290	14,5%
<b>-25</b>	<b>3</b>	<b>-</b>	<b>NET OPERATING PROFIT / (LOSS)</b>	<b>794</b>	<b>1.169</b>	<b>47,2%</b>
97	51	-47,4%	Other Operating Income	264	165	-37,5%
6	12	100,0%	Other Operating Expense (-)	36	143	297,2%
<b>66</b>	<b>42</b>	<b>-36,4%</b>	<b>Profit / (Loss) from Main Operations</b>	<b>1.022</b>	<b>1.191</b>	<b>16,5%</b>
<b>12</b>	<b>14</b>	<b>16,7%</b>	<b>Adjustments</b>	<b>164</b>	<b>185</b>	<b>12,8%</b>
-4	-5	-	Share of Investments' Profit / Loss Accounted by Using The Equity Method	102	123	20,6%
16	19	18,8%	Income From Government Incentives	62	62	0,0%
<b>78</b>	<b>56</b>	<b>-28,2%</b>	<b>EBIT</b>	<b>1.186</b>	<b>1.376</b>	<b>16,0%</b>
308	280	-9,1%	Depreciation	1.066	1.087	2,0%
<b>386</b>	<b>336</b>	<b>-13,0%</b>	<b>EBITDA</b>	<b>2.252</b>	<b>2.463</b>	<b>9,4%</b>
209	208	-0,5%	Adjusted Operating Lease Expenses <sup>1</sup>	654	743	13,7%
31	32	3,5%	Adjusted Short term Lease Expenses (Wet-lease) <sup>2</sup>	112	142	27,6%
<b>626</b>	<b>576</b>	<b>-8,0%</b>	<b>EBITDAR</b>	<b>3.017</b>	<b>3.349</b>	<b>11,0%</b>
<b>22,7%</b>	<b>19,3%</b>	<b>-3,43</b>	<b>EBITDAR MARGIN</b>	<b>27,5%</b>	<b>26,0%</b>	<b>-1,49</b>

## Notes:

- For 2018 Turkish Technic's contribution to EBITDAR through consolidation is 226 mn USD, compared to 173 mn in 2017.
- For 2018 adjustments for heavy maintenance of operational lease expenses were 743 mn USD compared to 654 mn USD in 2017.

<sup>1</sup> Adjusted for A/C heavy maintenance

<sup>2</sup> Adjusted for A/C rent and heavy maintenance portion (Aprox. 55%)

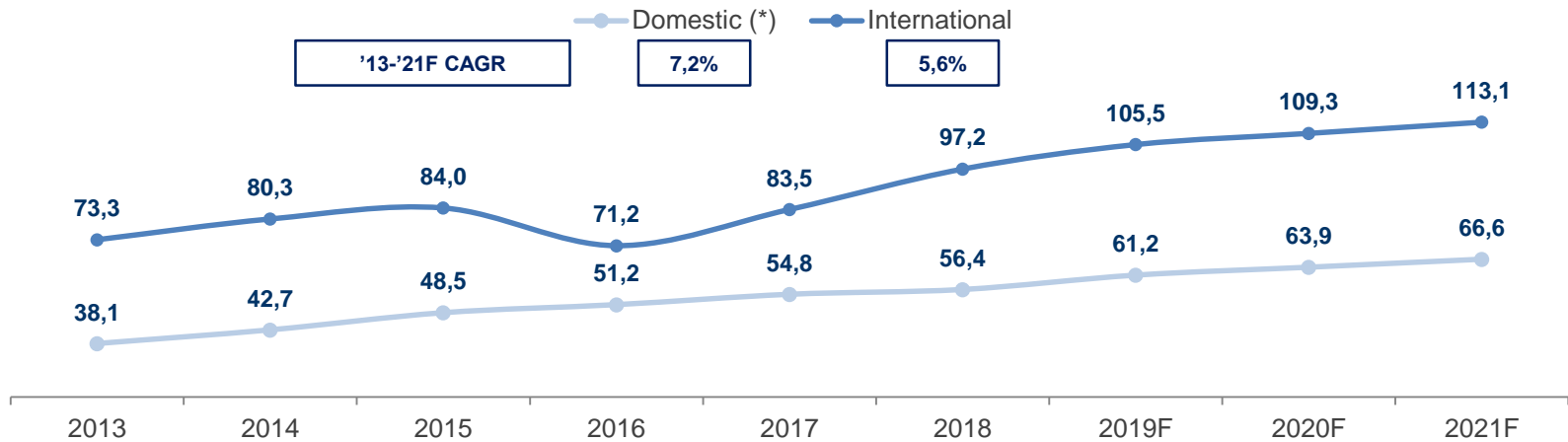
# TURKISH AIRLINES

## 4Q'18 Results



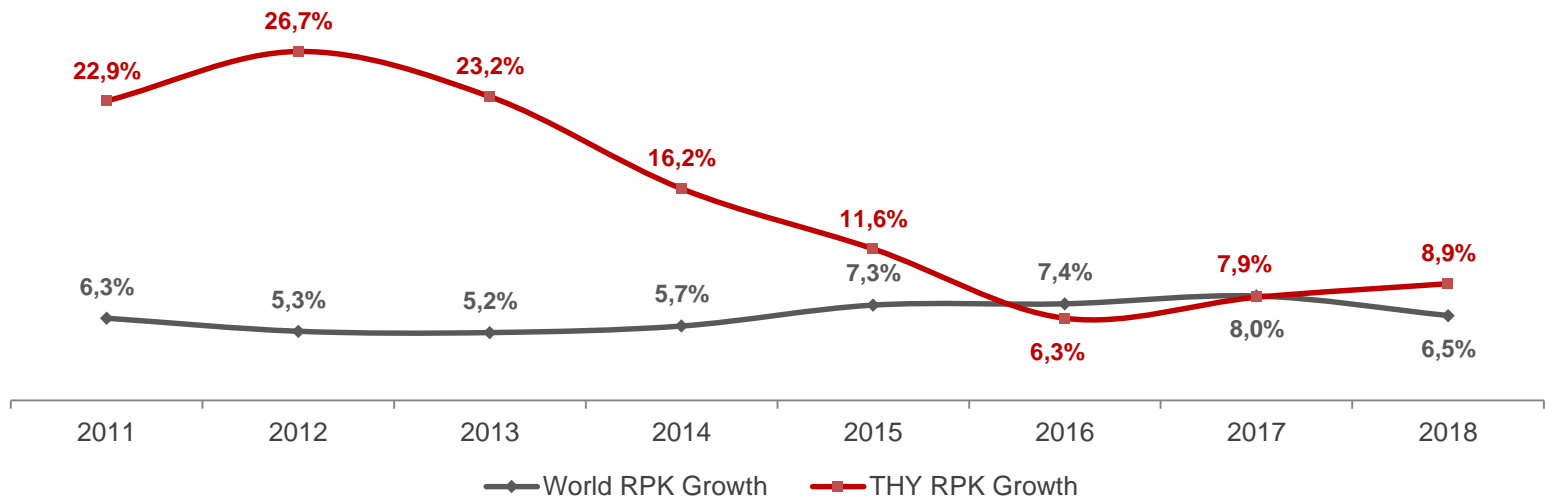
# Aviation Sector & Economy

## Turkish Market Growth (mn passengers)



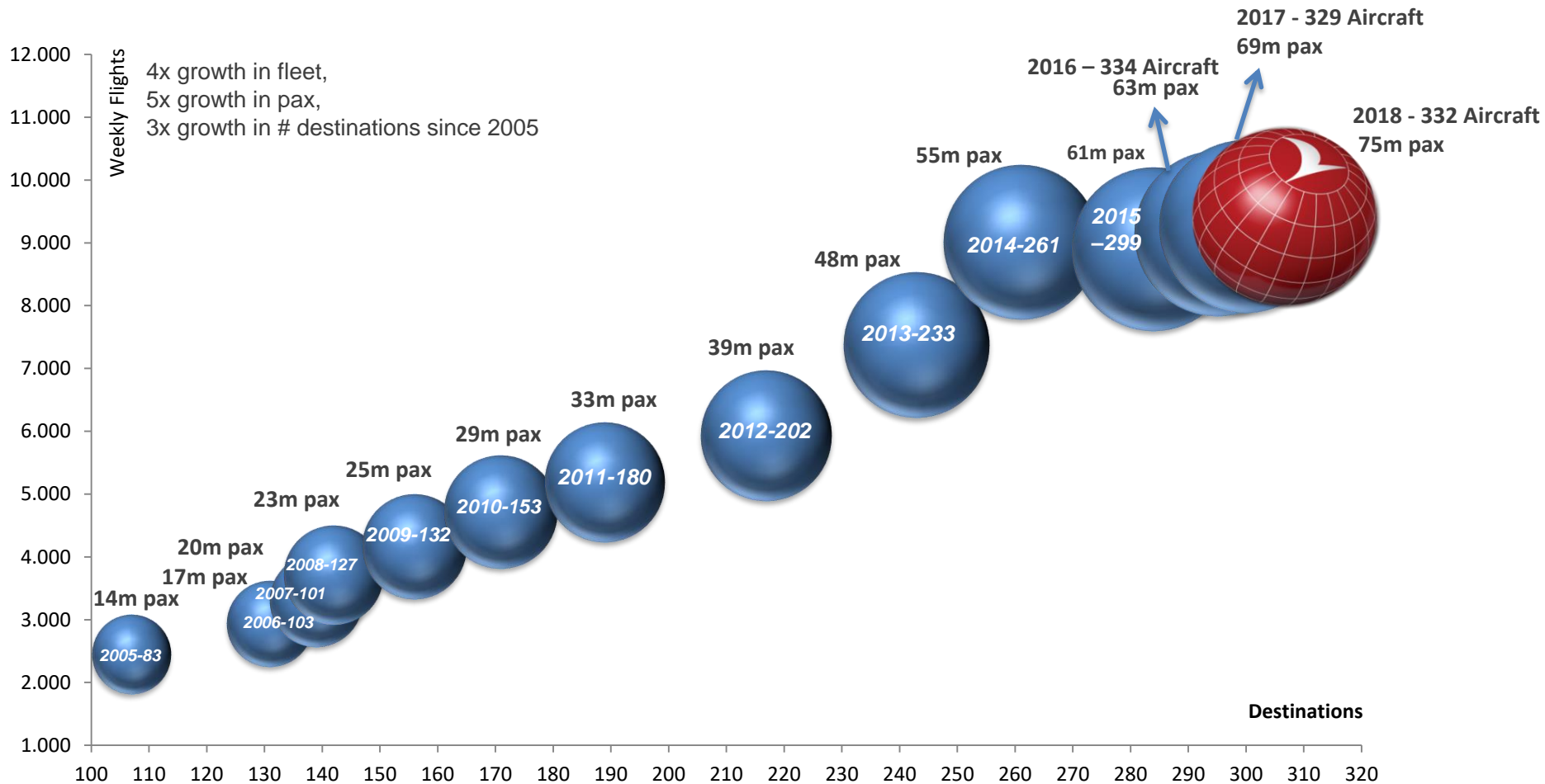
Source: General Directorate of State Airports Authority (DHMI) – January 2019  
 (\*): Adjusted for double count on Domestic Pax

## Annual RPK Growth (%)



Source: IATA

# Turkish Airlines Historical Growth



\* As of 31.12.2018

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



# We Fly to 124 Countries

EUROPE			
43 COUNTRIES, 114 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	Krasnodor	Croatia	
Baden-Baden	Switzerland	Zagreb	
Italy	Zurich	Dubrovnik	
Milan	Geneva	Portugal	
Rome	Basel	Lisbon	
Venice	Ukraine	Porto	
Bologna	Kiev	Bosnia	
Naples	Odessa	Sarajevo	
Catania	Ivano-Frankivsk	Finland	
Turin	Dnepropetrovsk	Helsinki	
Pisa	Kharkiv	Norway	
Bari	Kherson	Oslo	<b>Future Routes</b>
Genoa	Zaporija	Albania	Azerbaijan
France	Lviv	Tirana	Lankeran
Paris	Simferopol	Ireland	Poland
Lyon	Donetsk	Dublin	Krakow
Nice	Austria	Kosovo	France
Marseille	Vienna	Pristina	Nantes
Toulouse	Salzburg	Macedonia	Spain
Bordeaux	Graz	Skopje	La Coruna
UK	Northern Cyprus	Serbia	Russia
London	Lefkosa	Belgrade	Makhachkala
Manchester	Azerbaijan	Malta	Italia
Birmingham	Baku	Malta	Palermo
Spain	Ganja	Slovenia	Finland
Barcelona	Nakhichevan	Ljubljana	Rovaniemi
Madrid	Netherlands	Montenegro	
Malaga	Amsterdam	Podgorica	
Valencia	Rotterdam	Scotland	
Bilbao	Greece	Edinburgh	
	Athens	Estonia	
	Thessaloniki	Tallinn	
	Sweden	Latvia	
	Stockholm	Riga	
	Gothenburg	Lithuania	
	Denmark	Vilnius	
	Copenhagen	Luxemburg	
	Aalborg	Luxembourg	
	Billund		
	Georgia		
	Tbilisi		
	Batumi		

AFRICA	
37 COUNTRIES, 55 CITIES	
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 Selaam	Libya
Kilimenjaro	Misurata
Zanzibar	Benghazi
Tunisia	Sebha
Tunis	Tripoli
Djibouti	Sierra Leone
Djibouti	Freetown
Ethiopia	Comoros
Addis Ababa	Moroni
Ghana	Gambia
Accra	Banjul
Morocco	Zambia
Casablanca	Lusaka
Rwanda	
Kigali	
Somalia	<b>Future Routes</b>
Mogadishu	Angola
Sudan	Luanda
Khartoum	Egypt
Uganda	Aswan
Entebbe	Luxor
Mauritania	South Sudan
Nouakchott	Juba
Senegal	Morocco
Dakar	Marrakech
Congo	Sudan
Kinshasa	Port Sudan
	Republic of the Congo
	Pointe-Noire
	Nigeria
	Port Harcourt

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	<b>Future Routes</b>
Sulaymaniyah	Saudi Arabia
Najaf	Abha
Mosul	UAE
Kuwait	Sharjah
Kuwait	

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	<b>Future Routes</b>
Montreal	Mexico
Argentina	Mexico City
Buenos Aires	Cancun
Brazil	USA
Sao Paulo	Newark
Columbia	
Bogota	

FAR EAST	
22 COUNTRIES, 37 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	Samarkand
Kazakhstan	Philippines
Almaty	Manila
Astana	Tajikistan
Japan	Dushanbe
Tokyo	Khujand
Osaka	Nepal
India	Kathmandu
Mumbai	Mongolia
New Delhi	Ulaanbaatar
Thailand	
Phuket	
Bangkok	
Turkmenistan	
Ashgabat	
Malaysia	
Kuala Lumpur	
South Korea	
Seoul	
Afghanistan	<b>Future Routes</b>
Kabul	Indonesia
Mazar-i Sharif	Denpasar
Vietnam	
Ho Chi Minh	
Hanoi	

DOMESTIC	
49 CITIES	

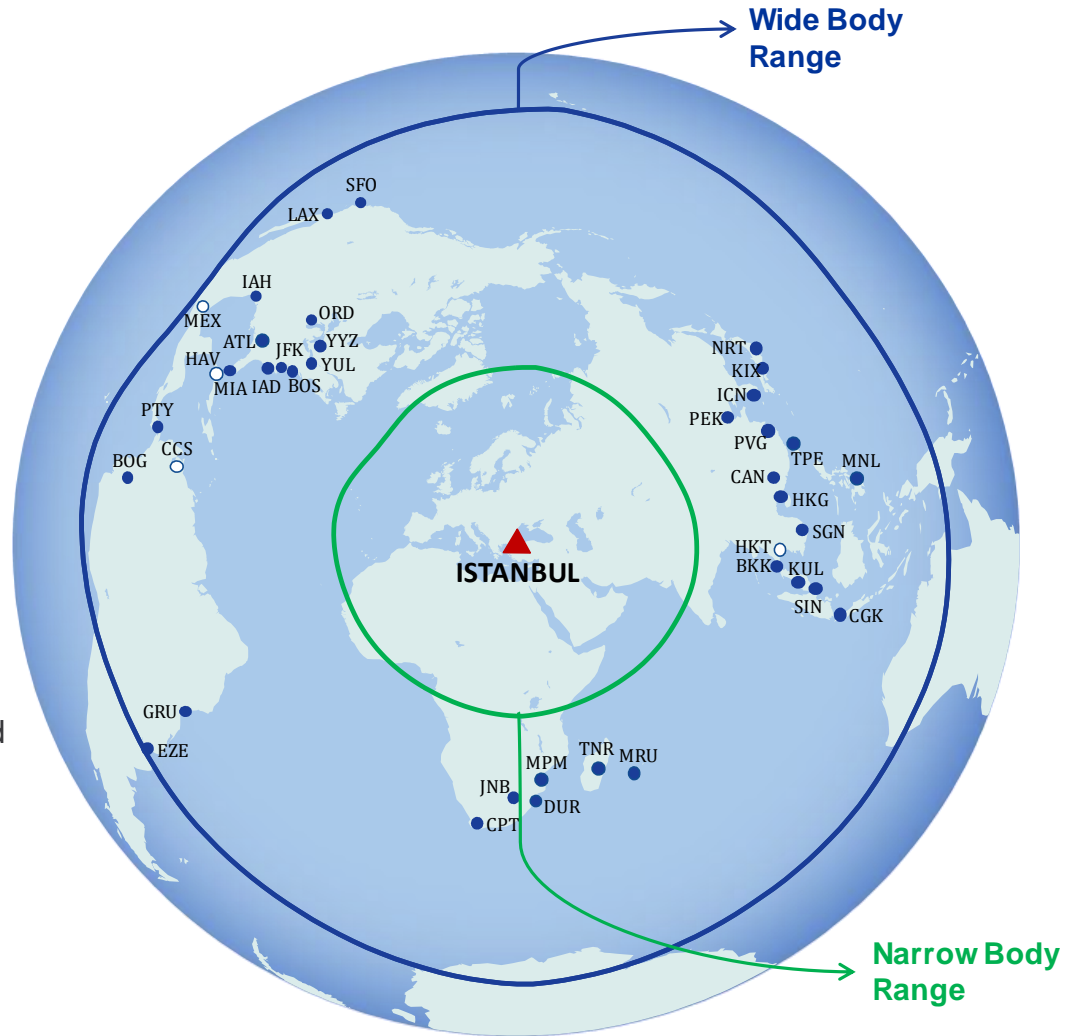
\* As of 31.12.2018

# Istanbul's Geographical Advantage - A Natural Hub

## Narrow Body Range Capability to and from Istanbul

(with full passenger payload)

- ✓ 201 out of 257 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

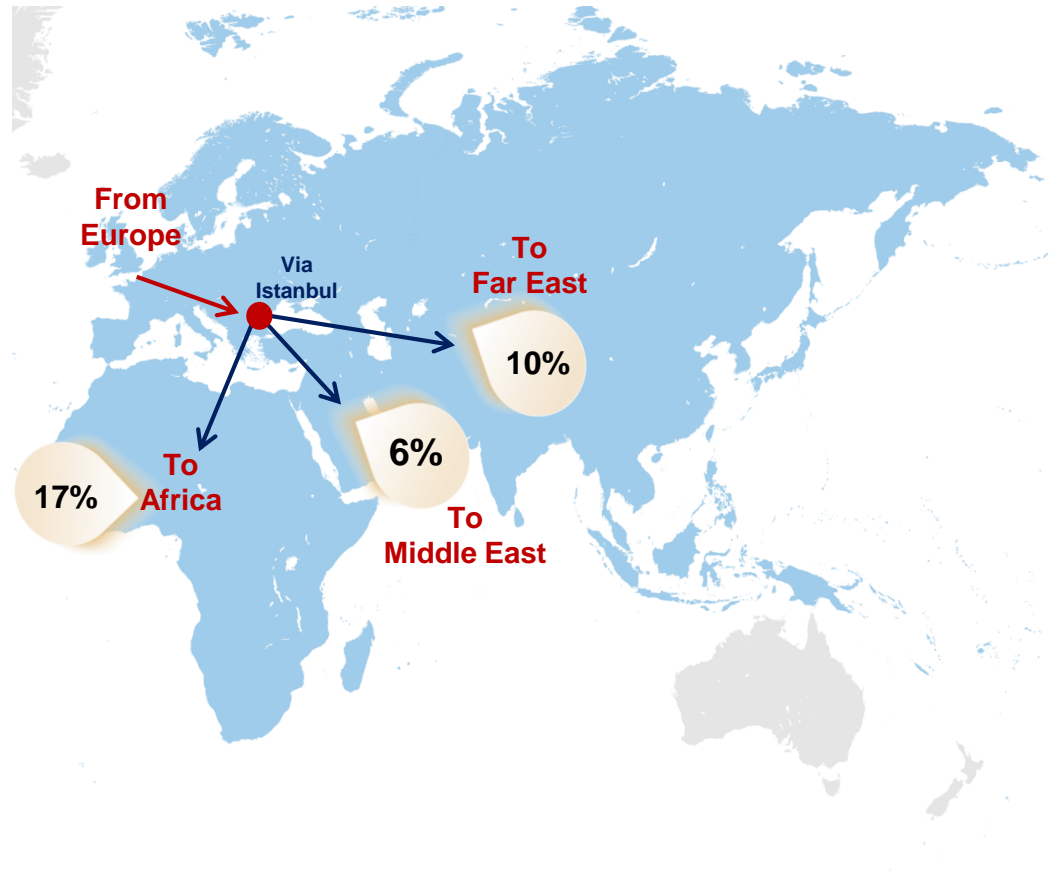
### Africa to the World

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

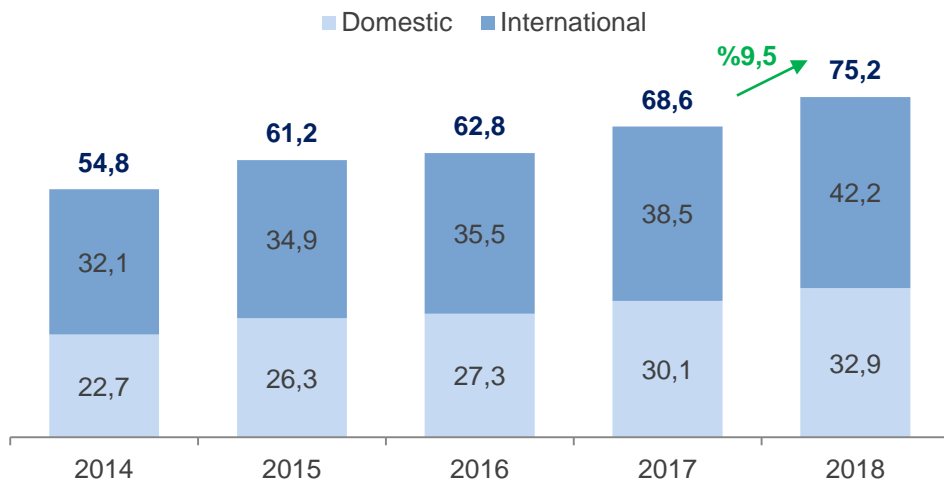
## Detour\* Advantage



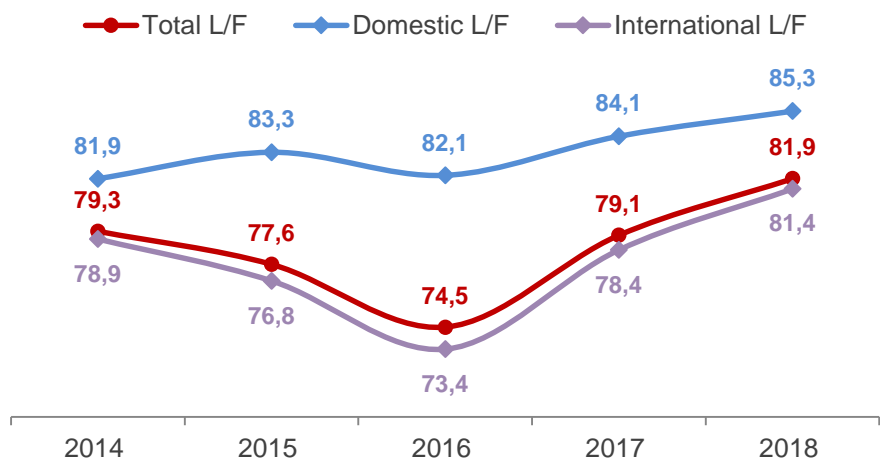
\* Detour: Increase in the flight distance compared to a non-stop flight. Forecasted by using 6,000 arrival-departure cities  
Source: Retrieved from OAG. As of 31.12.2017.

# Passenger Traffic

## Total Passengers (mn)



## Load Factor (L/F %)



## Passenger Traffic

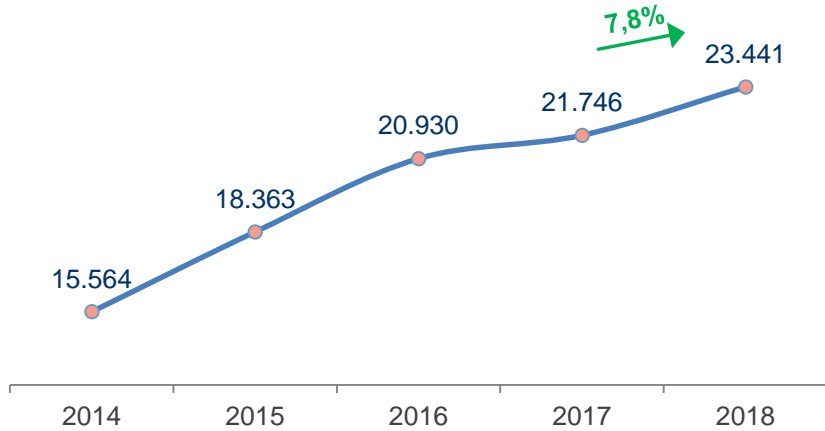
THY Passenger Traffic		
2017	vs	2018
Landing	up by	5,2%
ASK	up by	5,2%
RPK	up by	8,9%
Passenger #	up by	9,5%
L/F	up by	2,8 pt

## Annual Changes (%)

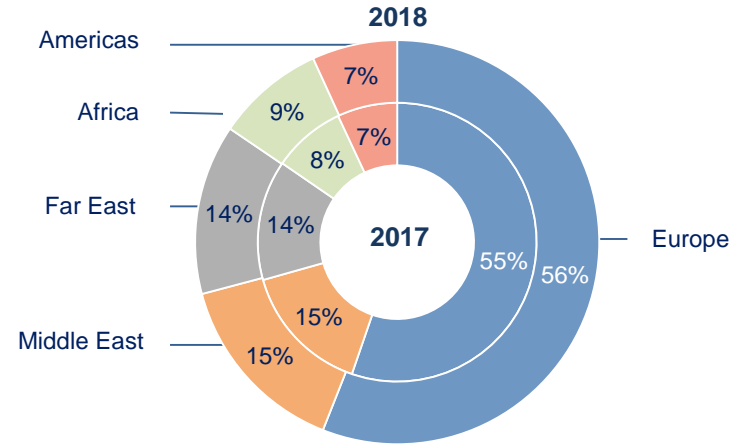
	ANNUAL CHANGES (%)				
	2014	2015	2016	2017	2018
ASK	16%	14%	11%	2%	5%
RPK	16,2%	11,6%	6,4%	7,9%	8,9%
PAX	14%	12%	3%	9%	10%
L/F (Point)	0,3	-1,7	-3,1	4,6	2,8

# Passenger Breakdown

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

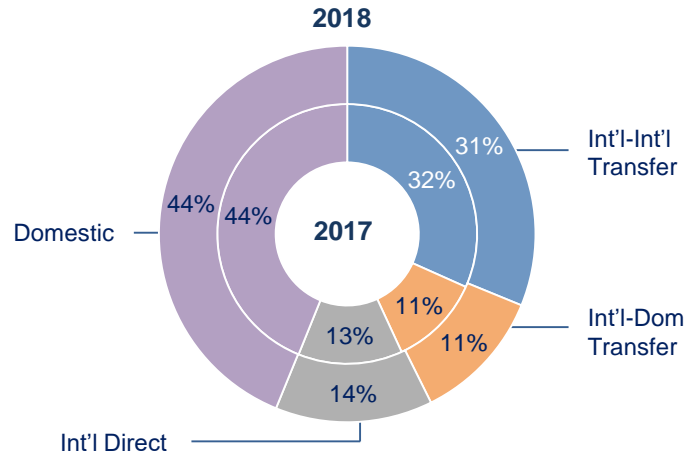


## Int'l Passenger Breakdown by Geography



Note: Includes only scheduled passengers.

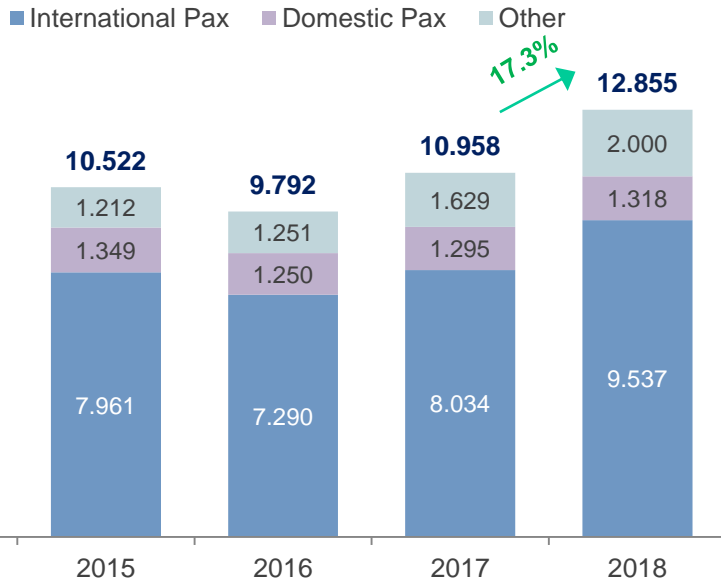
## Passenger Breakdown by Transfer Type



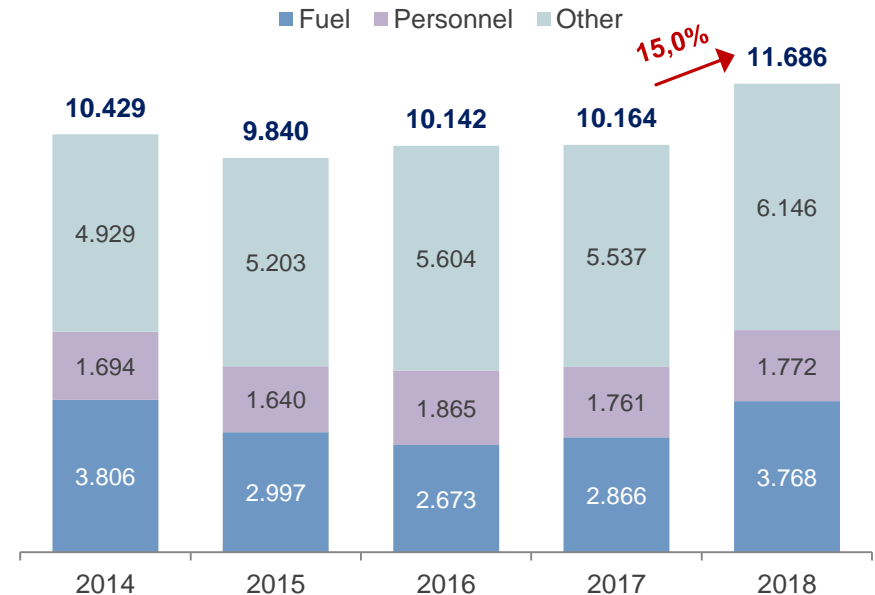
Note: Int'l to int'l transfer passengers' share in total international passengers is 56%.

# Total Revenue and Expenses

## Revenues (mn USD)



## Expenses (mn USD)

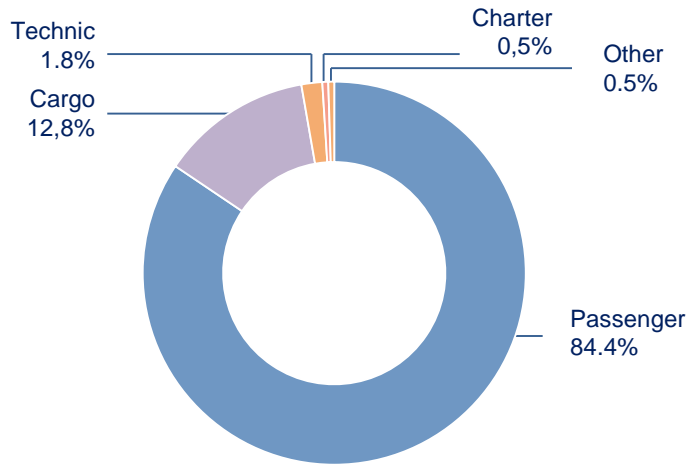


**Note:** International and domestic pax revenue indicates scheduled pax revenue.

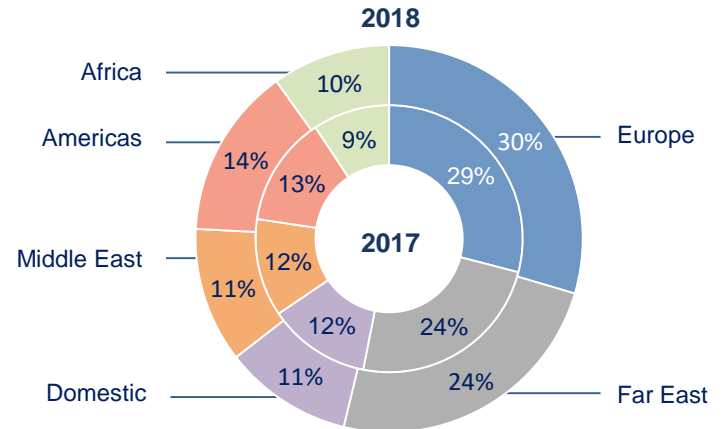
Other revenue includes cargo, charter and other revenue.

# Revenue Breakdown (2018)

## Revenue by Business Type

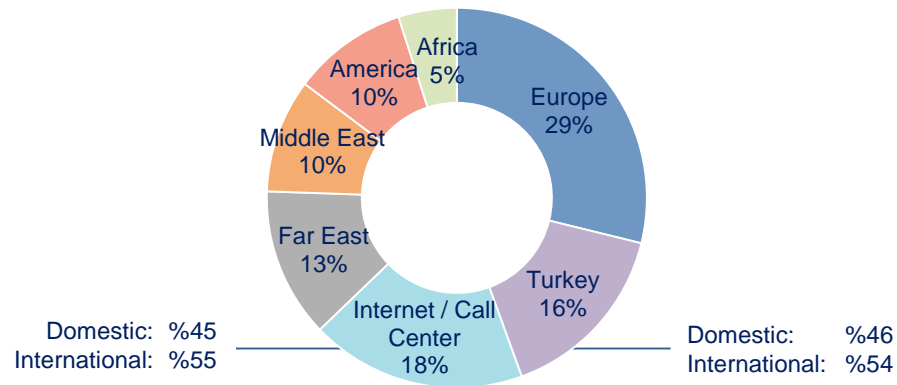


## Revenue by Geography



**Note:** Includes total passenger and cargo revenue

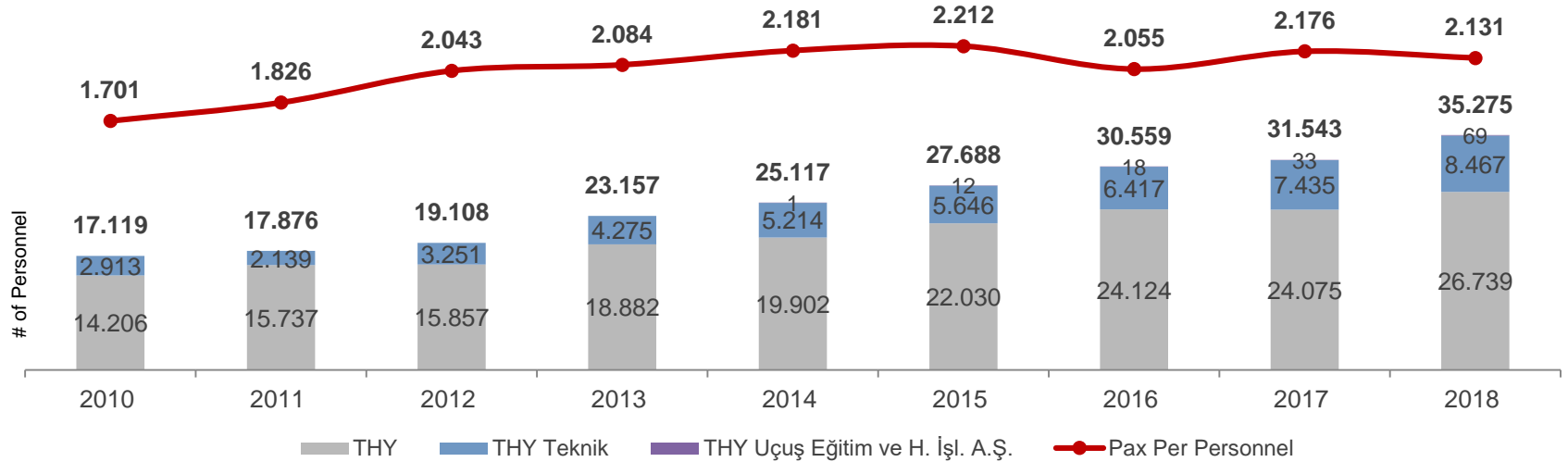
## Revenue by Point of Sale



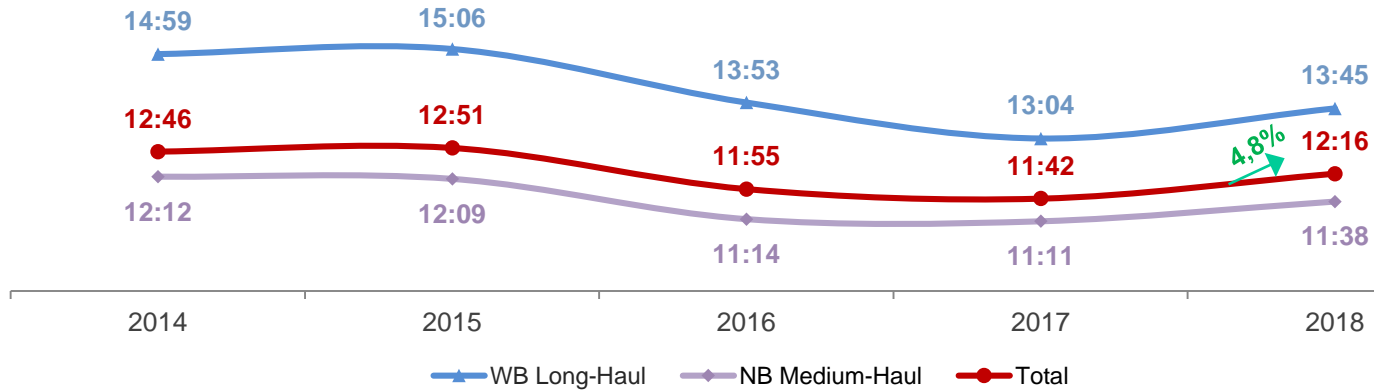
**Note:** Includes only scheduled passenger revenue

# Operating Efficiency

## Personnel Efficiency



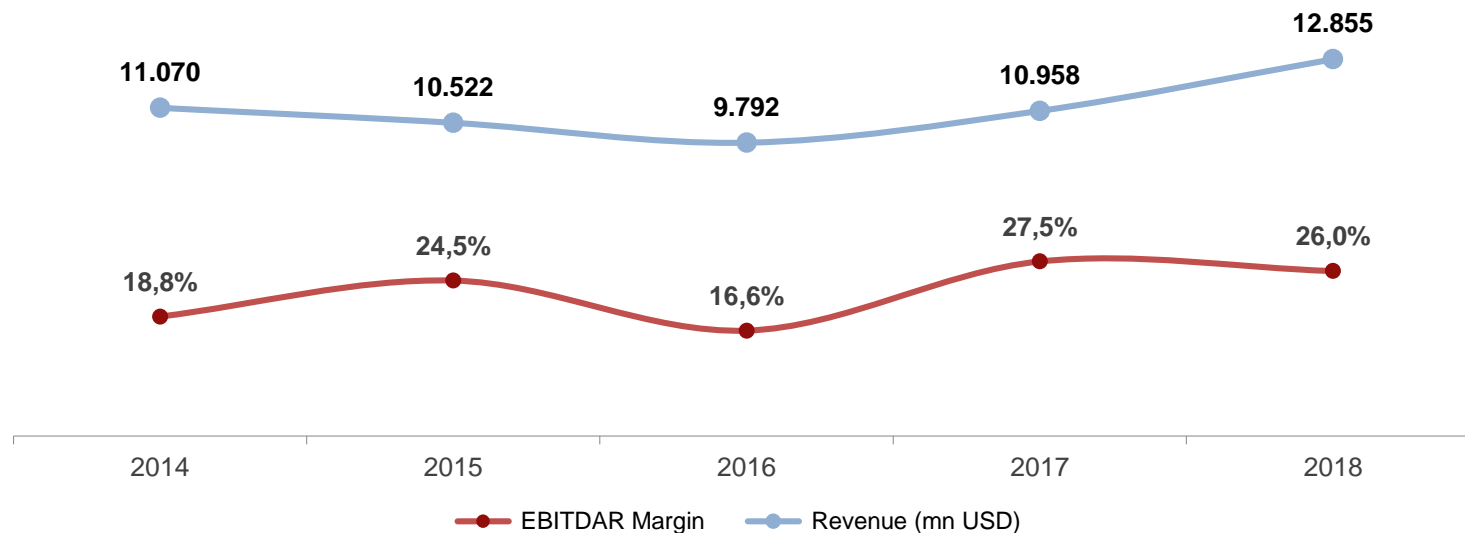
## Average Daily Flight Utilization (hrs)





# EBITDAR Margin

**Avg. EBITDAR Margin (2014-2018): 23%**



(mn USD)	2014	2015	2016	2017	2018	YoY Change
Revenue (mn USD)	11.070	10.522	9.792	10.958	12.855	17,3%
EBITDAR	2.085	2.580	1.628	3.017	3.349	11,0%
EBITDAR Margin	18,8%	24,5%	16,6%	27,5%	26,0%	-1,5 pt

31.12.2018	Type	Total	Owned	Financial Lease	Opr./Wet Lease	Seat Capacity	Average Fleet Age	Year End Fleet*				
								2019	2020	2021	2022	2023
Wide Body	A330-200	18	5		13	4.680	10,9	18	13	13	8	5
	A330-300	37		29	8	10.807	4,9	39	39	39	38	31
	A340-300	4	4			1.332	20,7					
	B777-3ER	33		27	6	11.670	5,1	33	30	30	30	30
	A350-900								5	9	17	25
	B787-9							6	15	21	25	25
	<b>Total</b>	<b>92</b>	<b>9</b>	<b>56</b>	<b>27</b>	<b>28.489</b>	<b>6,8</b>	<b>96</b>	<b>102</b>	<b>112</b>	<b>118</b>	<b>116</b>
Narrow Body	B737-900ER	15		15		2.355	5,6	15	15	15	15	15
	B737-9 MAX							5	10	10	10	10
	B737-800	82	30	37	15	13.450	10,1	77	75	75	75	73
	B737-700	1			1	124	12,9	1				
	B737-8 MAX	7		7		1.057	0,2	19	38	53	65	65
	A321 NEO	2		2		364	0,2	21	39	59	77	92
	A319-100	7		6	1	924	8,2	6	6	6	6	6
	A320-200	19	5	7	7	3.027	11,8	14	12	12	12	12
	A321-200	68	2	60	6	12.360	6,5	68	66	64	64	64
	A320-200 WL											
	B737-800 WL	17			17	3.213	13,1	19	13	11	7	5
<b>Total</b>	<b>218</b>	<b>37</b>	<b>134</b>	<b>47</b>	<b>36.874</b>	<b>8,6</b>	<b>245</b>	<b>274</b>	<b>305</b>	<b>331</b>	<b>342</b>	
Cargo	A330-200F	10	1	9			5,2	10	10	10	10	10
	B777F	5		5			0,5	6	8	8	8	8
	Wet Lease	7			7		23,3	4				
	<b>Total</b>	<b>22</b>	<b>1</b>	<b>14</b>	<b>7</b>		<b>9,9</b>	<b>20</b>	<b>18</b>	<b>18</b>	<b>18</b>	<b>18</b>
<b>GRAND TOTAL</b>	<b>332</b>	<b>47</b>	<b>204</b>	<b>81</b>	<b>65.363</b>	<b>8,2</b>	<b>361</b>	<b>394</b>	<b>435</b>	<b>467</b>	<b>476</b>	

Year End Seat Capacity : 71.374    78.458    86.901    93.517    95.293  
 Seat Capacity Change : 10%    10%    11%    8%    2%

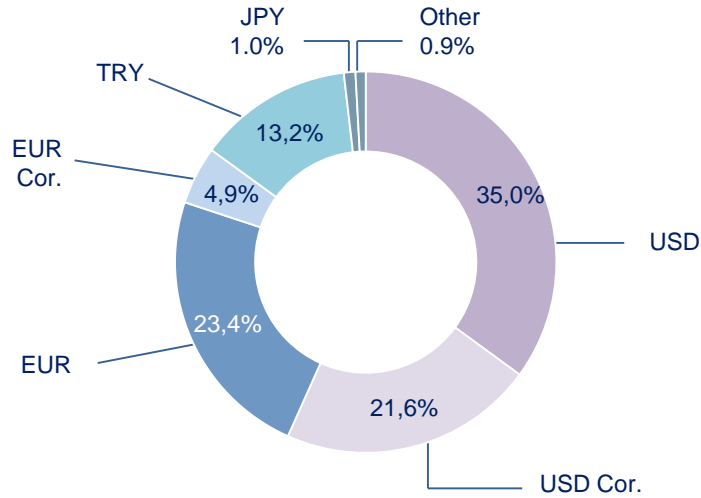
\*After exit-entry

# Fleet Development

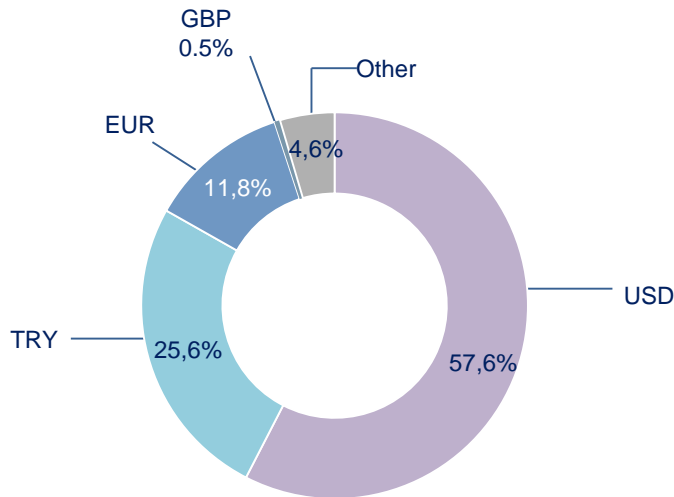
31.12.2018	Type	TOTAL DELIVERIES					
		2019	2020	2021	2022	2023	TOTAL
Wide Body	A350-900		5	4	8	8	25
	B787-9	6	9	6	4		25
	A330-300						
	B777-3ER						
	<b>Total</b>	<b>6</b>	<b>14</b>	<b>10</b>	<b>12</b>	<b>8</b>	<b>50</b>
Narrow Body	B737-900ER						
	B737-9 MAX	5	5				10
	B737-800						
	B737-8 MAX	12	19	15	12		58
	A321						
	A321 NEO	19	18	20	18	15	90
	A319						
	<b>Total</b>	<b>36</b>	<b>42</b>	<b>35</b>	<b>30</b>	<b>15</b>	<b>158</b>
Cargo	A330-200F						
	B777F	1	2				3
	<b>Total</b>	<b>1</b>	<b>2</b>				<b>3</b>
<b>GRAND TOTAL</b>		<b>43</b>	<b>58</b>	<b>45</b>	<b>42</b>	<b>23</b>	<b>211</b>

# Hedging Currency Risk

## Revenue by Currency<sup>(1)</sup>



## Expenses by Currency



## Hedging Currency Risk

### Hedging Policy

#### EUR/TRY

- Maximum Tenor: 18 months
- Maximum Hedge Ratio: %50
- Instrument: Forward

#### EUR/USD

- Maximum Tenor: 24 months
- Maximum Hedge Ratio: %60
- Instrument: Forward, 2-way Collar, 3-way Collar or 4-way Collar

### Current currency hedging matrix:

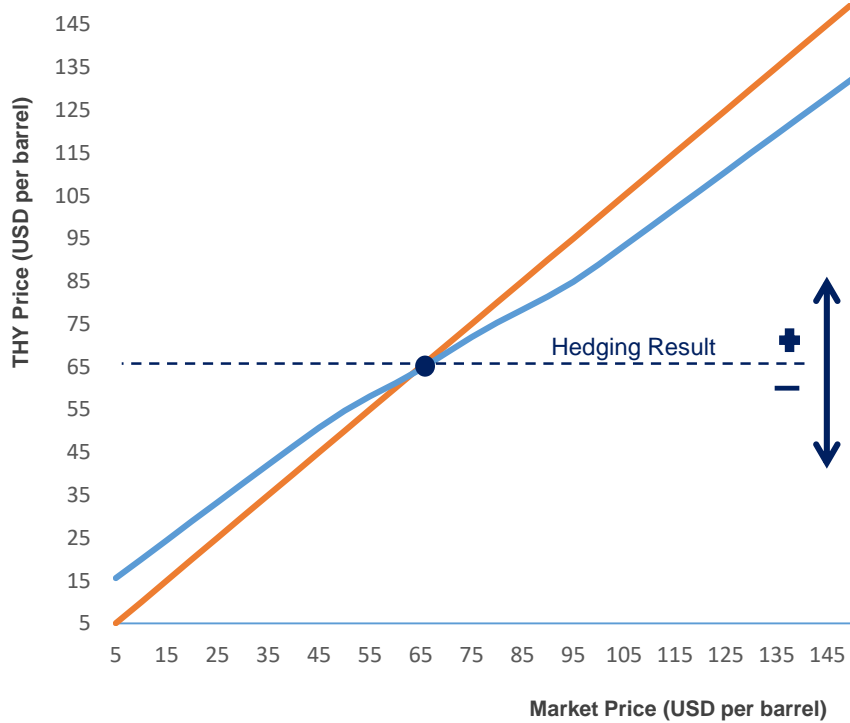
2018	Hedging Levels
EUR/USD	25%
EUR/TRY	31%

2019	Hedging Levels
EUR/USD	13%
EUR/TRY	20%

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

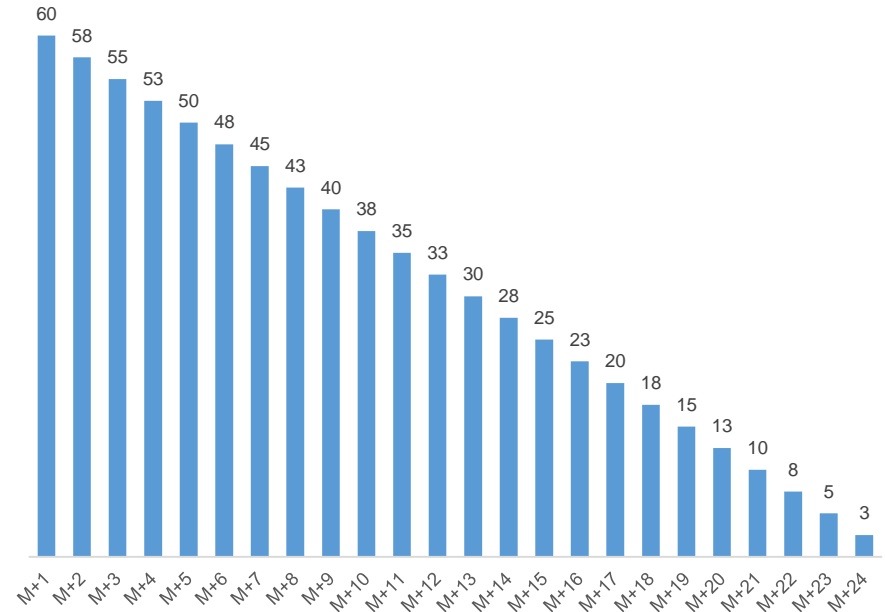
# Hedging Fuel Price Risk

## Effect of Hedging on the Fuel Price



- Around **21 mn barrels** of hedged position on ICE BRENT as of Dec 31, 2018
- Current fuel hedging levels:  
 FY19: **44% (18 mn barrel)**  
 FY20: **6% (3 mn barrel)**

## Fuel Hedging Policy (%)



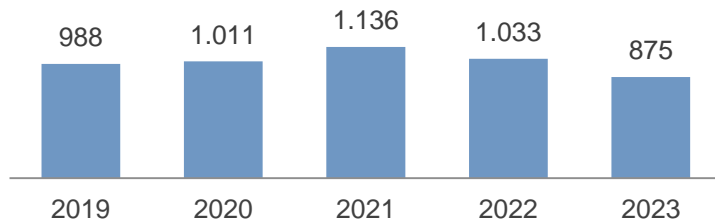
- Decreasing layered hedging strategy
- Crude oil based swaps and options
- Maximum hedge ratio 60% of following months.

# Aircraft Financing and Debt Management

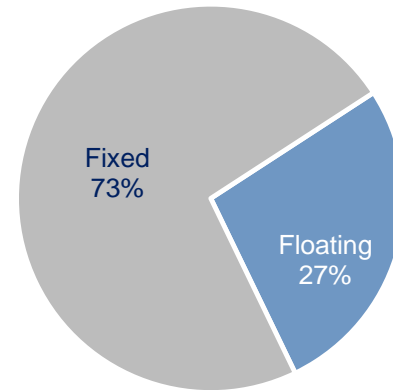
As of 31.12.2018

Total Financial Lease Liabilities: **7,4 bn USD**  
Operational Leases: **1.6 bn USD**

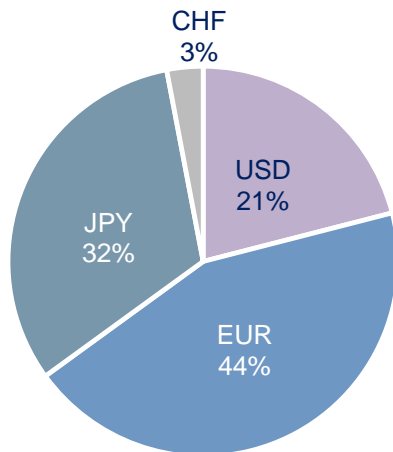
5 Year Maturity Profile (USD mn)



Weighted Average Interest Rate: **2.85%**



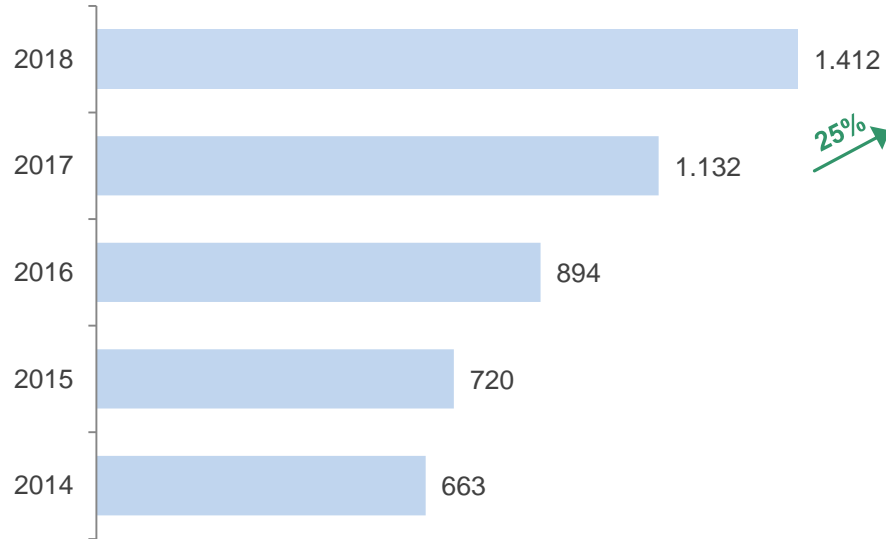
## Currency Breakdown of Financial Lease Liabilities



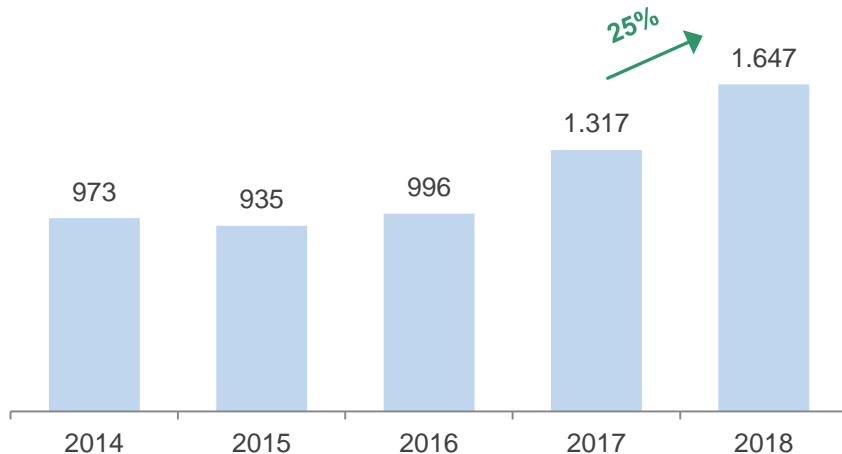
(mn USD)	31.12.2018 Total Debt	Maturity	Yearly Debt Service
USD	1.533	10-12 Years	262
EUR	3.309	10-12 Years	431
JPY	2.416	10-11 Years	285
CHF	185	12 Years	31
<b>Total</b>	<b>7.444</b>		<b>1.009</b>

# Cargo Operations

## Cargo Tonnage Carried ('000 Ton)

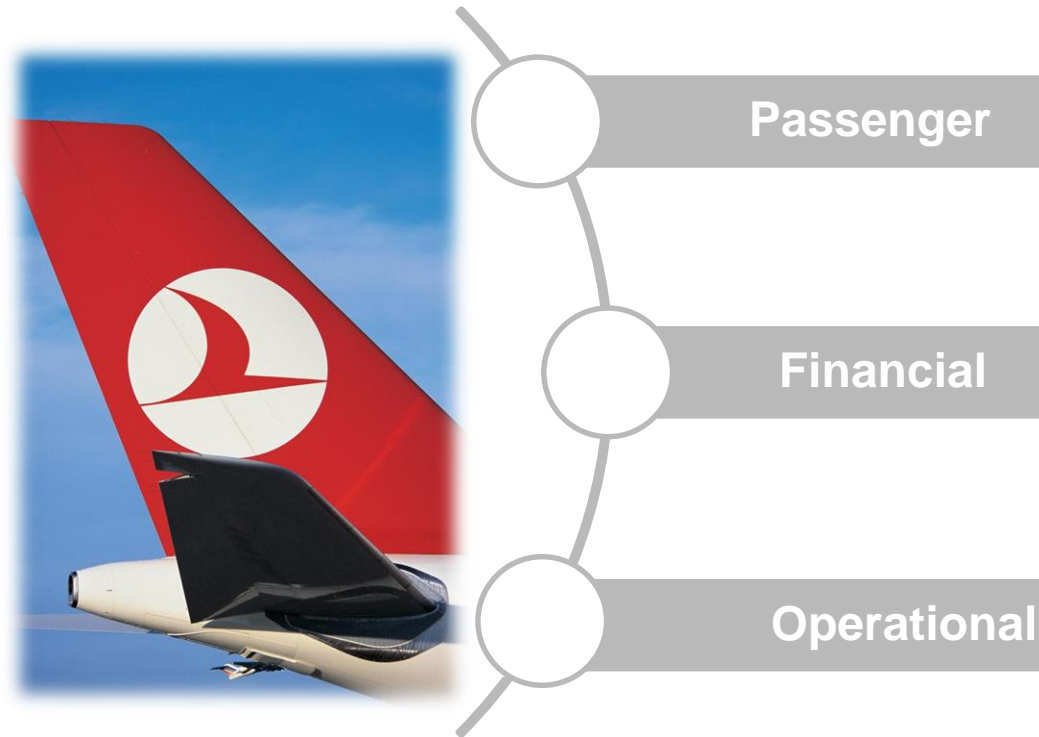


## Cargo Revenue Evolution (mn USD)



- Turkish Cargo serves 85 destinations with 22 freighters besides 306 destinations with 310 passenger aircraft as of December, 31 2018.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 2.4% in 2017.
- In 2018, while World FTK grew by 3,5%, Turkish Cargo FTK grew by 25% compared to previous year.

Source: IATA Economic Performance of the Airline Industry Reports



	<b>2019E</b>
<b>Domestic</b> (mn.)	33
<b>International</b> (mn.)	47
<b>Total</b> (mn.)	80
<b>Revenue</b> (USD bn.)	14,1
<b>EBITDAR</b>	%22-%24
<b>L/F</b>	%81-%82
<b>ASK increase</b>	7% - %8
<b>Cargo/Mail carried</b> (mn./ton)	1.45
<b>CASK (ex-fuel) increase</b>	%3 - %5
<b>Avg. Fuel Cost</b> (USD/ton)	715



# Balance Sheet

Assets (mn USD)	2014	2015	2016	2017	2018
Cash and Equivalents	722	962	1.815	2.086	2.155
Trade Receivables	456	361	379	592	570
Pre-delivery Payment (PDP) Receivables	990	1.139	596	117	809
Other Current Assets	663	684	811	836	971
<b>Total Current Assets</b>	<b>2.831</b>	<b>3.146</b>	<b>3.601</b>	<b>3.631</b>	<b>4.505</b>
Net Fixed Assets	9.201	11.415	13.476	13.002	13.918
of which Aircraft and Engines	8.167	10.177	12.134	11.683	12.127
Pre-delivery Payment (PDP) Receivables	650	392	207	247	505
Other Non-Current Assets	1.064	1.430	1.207	1.317	1.804
<b>Total Non-Current Assets</b>	<b>10.915</b>	<b>13.237</b>	<b>14.890</b>	<b>14.566</b>	<b>16.227</b>
<b>Total Assets</b>	<b>13.746</b>	<b>16.383</b>	<b>18.491</b>	<b>18.197</b>	<b>20.732</b>

Liabilities (mn USD)	2014	2015	2016	2017	2018
Lease Obligations	5.931	7.399	8.886	8.322	9.509
Passenger Flight Liabilities	1.398	1.091	785	1.000	1.002
Accounts Payable	662	671	616	855	1.022
Other Liabilities	1.805	2.380	3.117	2.674	3.254
<b>Total Liabilities</b>	<b>9.796</b>	<b>11.541</b>	<b>13.404</b>	<b>12.851</b>	<b>14.787</b>
<b>Total Shareholders Equity</b>	<b>3.950</b>	<b>4.842</b>	<b>5.087</b>	<b>5.346</b>	<b>5.945</b>
of which Issued Capital	1.597	1.597	1.597	1.597	1.597
of which Retained Earnings	1.714	2.559	3.628	3.551	3.760
of which Differences from Currency Translation	-47	-84	-106	-108	-160
of which Net Profit for the Period	845	1.069	-77	223	753
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>13.746</b>	<b>16.383</b>	<b>18.491</b>	<b>18.197</b>	<b>20.732</b>

# Income Statement

(mn USD)	2014	2015	2016	2017	2018	YoY Change
Operating Revenue	11.070	10.522	9.792	10.958	12.855	17%
Operating Expenses (-)	10.429	9.840	10.142	10.164	11.686	15,0%
of which Fuel	3.806	2.997	2.673	2.866	3.768	31%
of which Personnel	1.694	1.640	1.865	1.761	1.772	1%
of which Depreciation	743	924	1.148	1.066	1.087	2%
of which Rent	543	527	496	527	595	13%
<b>Net Operating Profit / Loss</b>	<b>641</b>	<b>682</b>	<b>-350</b>	<b>794</b>	<b>1.169</b>	<b>47%</b>
Income From Other Operations	80	244	145	264	167	-37%
Expense From Other Operations (-)	45	31	86	36	145	303%
<b>Profit / Loss From Main Operations</b>	<b>676</b>	<b>895</b>	<b>-291</b>	<b>1.022</b>	<b>1.191</b>	<b>17%</b>
Income From Investment Activities (Net)	72	101	117	177	99	-44%
Share of Investments' Profit / Loss	75	80	44	102	123	21%
Financial Income	419	532	300	56	129	130%
Financial Expense (-)	196	201	229	1.078	588	-45%
<b>Profit Before Tax</b>	<b>1.046</b>	<b>1.407</b>	<b>-59</b>	<b>279</b>	<b>954</b>	<b>242%</b>
Tax (-)	201	338	18	56	201	259%
<b>Net Profit</b>	<b>845</b>	<b>1.069</b>	<b>-77</b>	<b>223</b>	<b>753</b>	<b>238%</b>

# Operational Expense Breakdown

(mn USD)	2017	% in Total	2018	% in Total	Change 18/17
<b>Fuel</b>	<b>2.866</b>	<b>28,2%</b>	<b>3.768</b>	<b>32,2%</b>	<b>31,5%</b>
<b>Personnel</b>	<b>1.761</b>	<b>17,3%</b>	<b>1.772</b>	<b>15,2%</b>	<b>0,6%</b>
<b>Landing, Navigation &amp; Air Traffic</b>	<b>978</b>	<b>9,6%</b>	<b>1.056</b>	<b>9,0%</b>	<b>8,0%</b>
Landing and navigation	469	4,6%	514	4,4%	9,6%
Air Traffic Control	509	5,0%	542	4,6%	6,5%
<b>Sales &amp; Marketing</b>	<b>841</b>	<b>8,3%</b>	<b>986</b>	<b>8,4%</b>	<b>17,2%</b>
Commissions and Incentives	318	3,1%	401	3,4%	26,1%
Reservation System	232	2,3%	255	2,2%	9,9%
Advertising	165	1,6%	189	1,6%	14,5%
Other	126	1,2%	141	1,2%	11,9%
<b>Depreciation</b>	<b>1.066</b>	<b>10,5%</b>	<b>1.087</b>	<b>9,3%</b>	<b>2,0%</b>
<b>Ground Handling</b>	<b>656</b>	<b>6,5%</b>	<b>733</b>	<b>6,3%</b>	<b>11,7%</b>
<b>Aircraft Rent</b>	<b>527</b>	<b>5,2%</b>	<b>595</b>	<b>5,1%</b>	<b>12,9%</b>
Operational Lease	324	3,2%	336	2,9%	3,7%
Wet Lease	203	2,0%	259	2,2%	27,6%
<b>Passenger Services &amp; Catering</b>	<b>510</b>	<b>5,0%</b>	<b>560</b>	<b>4,8%</b>	<b>9,8%</b>
<b>Maintenance</b>	<b>645</b>	<b>6,3%</b>	<b>804</b>	<b>6,9%</b>	<b>24,7%</b>
<b>General Administration</b>	<b>112</b>	<b>1,1%</b>	<b>122</b>	<b>1,0%</b>	<b>8,9%</b>
<b>Other</b>	<b>202</b>	<b>2,0%</b>	<b>203</b>	<b>1,7%</b>	<b>0,5%</b>
<b>TOTAL</b>	<b>10.164</b>	<b>100%</b>	<b>11.686</b>	<b>100%</b>	<b>15,0%</b>
Operating Cost per ASK (USc)	5,87	-	6,42	-	9,3%
Ex-fuel Operating Cost per ASK (USc)	4,22	-	4,35	-	3,2%
<b>Fixed Costs</b>	<b>2.963</b>	<b>29,2%</b>	<b>3.163</b>	<b>27,1%</b>	<b>6,8%</b>

# Subsidiaries & Affiliates

Turkish Airlines Group 31.12.2018		Revenue (mn USD)	Net Profit (mn USD)	Number of Personnel	Partnership Structure
1	Turkish Airlines	12.855	753	26.739*	%49 Turkey Wealth Fund - %51 Open to Public
2	Turkish Opet Aviation Fuels	2.291	90	452	%50 THY - %50 Opet
4	Sun Express (Turkey & Germany Consolidated)	1.479	67	4.164	%50 THY - %50 Lufthansa
3	Turkish Technic	1.225	139	8.467	% 100 THY
5	Turkish Do&Co	285	24	5.592	%50 THY - %50 Do&Co
6	Pratt Whitney THY Turkish Engine Center (TEC)	542	22	387	%51 PW - %49 THY Teknik
7	Turkish Ground Services (TGS)	286	42	14.079	%50 THY - %50 Havaş
8	Turkish Cabin Interior Systems (TCI)	9	-	195	%50 THY & THY Teknik - %50 TAI
9	Goodrich Turkish Technic Service Center	18	1	47	%60 TSA Rina - %40 THY Teknik
10	TSI Aviation Seats	14	-	108	%50 THY & THY Teknik - %50 Assan Hanil
11	THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.	11	-2	69	%100 THY
12	Tax Free Zone (Tax Refund)	1	1	22	%30 THY - %45 Maslak Oto - %25 VK Holding
13	THY Havaalanı Gayrimenkul Yatırım ve İşletme A.Ş.	-	-	-	% 100 THY
14	THY Uluslararası Yatırım ve Taşımacılık A.Ş.	-	-	-	%100 THY
15	Cornea Havacılık Sistemleri San. Ve Tic. A.Ş.	-	-	-	%80 THY Teknik %20 Havelsan
16	Air Albania	-	-	38	%49 THY - %41 MDN Investment - %10 Albcontrol

\* THY A.O. Personnel



<b>Business Model</b>	Charter + Scheduled
<b>Destinations</b>	131
<b>Fleet</b>	65
<b>Seat Capacity</b>	13.132
<b># of Passengers</b>	9.665.473
<b>Load Factor (2018)</b>	83,9%
<b>Revenues* (2018) mn. USD</b>	1.479
<b>Net Income* (2018) mn. USD</b>	67

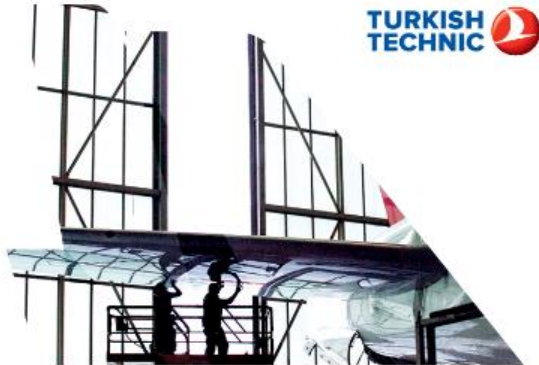
50% - 50% subsidiary company of Lufthansa and Turkish Airlines.

Market leader in charter flights between Germany and Turkey.

32 confirmed Boeing next generation narrow body aircraft order to be delivered between 2019 and 2024, 5 of which will be delivered in 2019.

\*Only SunExpress Turkey results.

Other traffic data 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 8,000 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.
- › 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 for Turkish Airlines and other customers from Turkish domestic and International markets.
- › The company is located in Turkish Technic's HABOM facility.



## Pratt Whitney THY 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 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.
- › 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.





**TURKISH AIRLINES**  
**INVESTOR RELATIONS**

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