

# TURKISH AIRLINES

June 2015



WIDEN YOUR WORLD

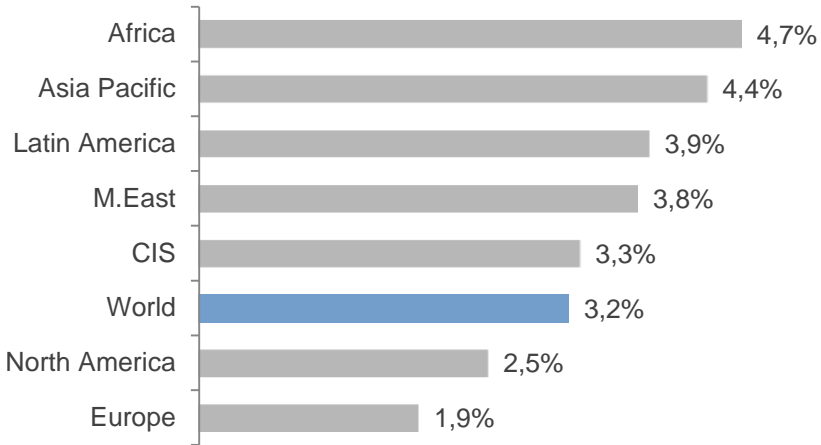
**TURKISH  
AIRLINES**



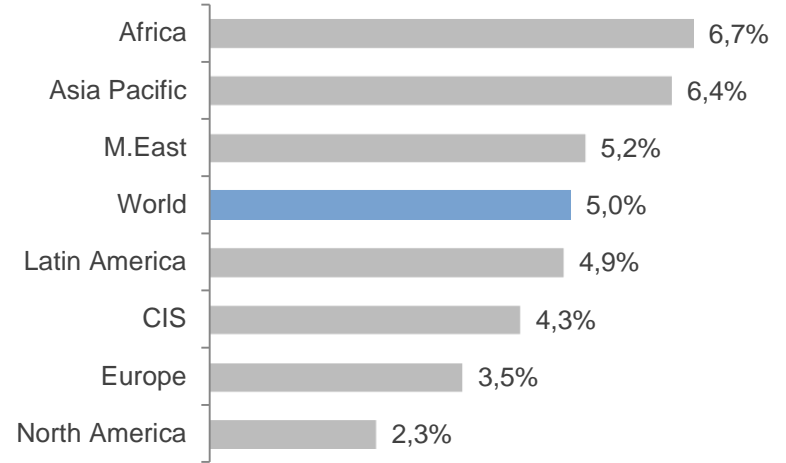


# Aviation Market & Economy

## Annual GDP Growth Forecast (2013-2033)



## Annual RPK Growth Forecast (2013-2033)

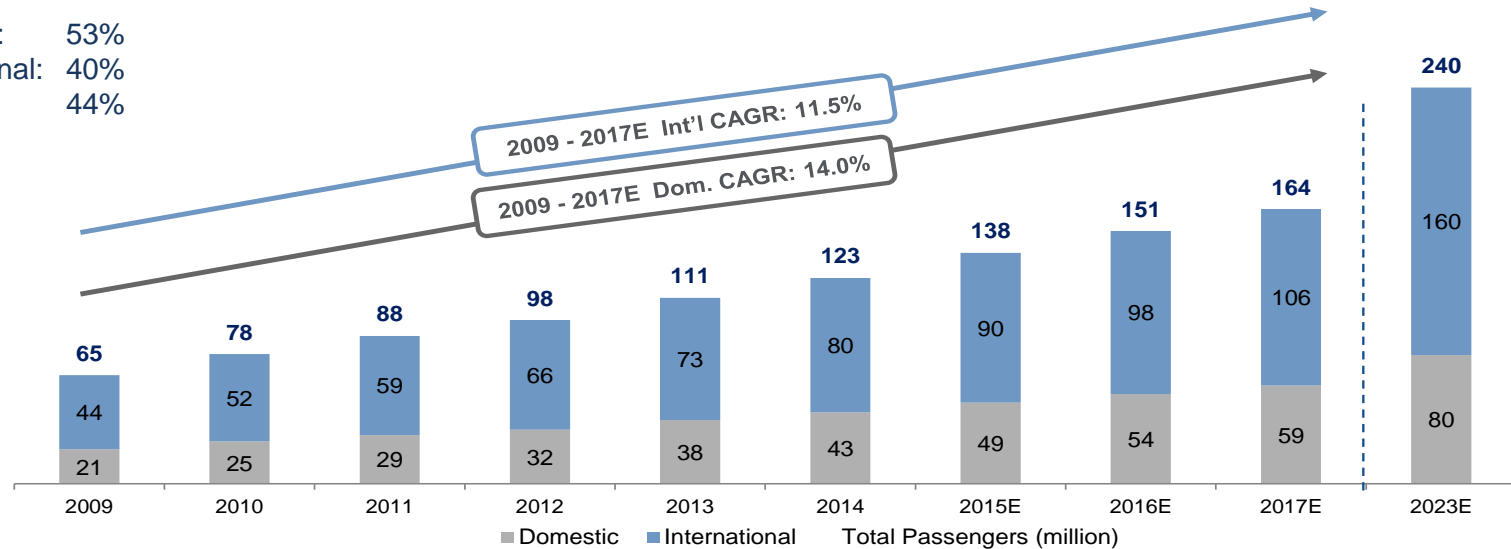


Source: Boeing Current Market Outlook

## Turkish Airlines Market Share in 2014

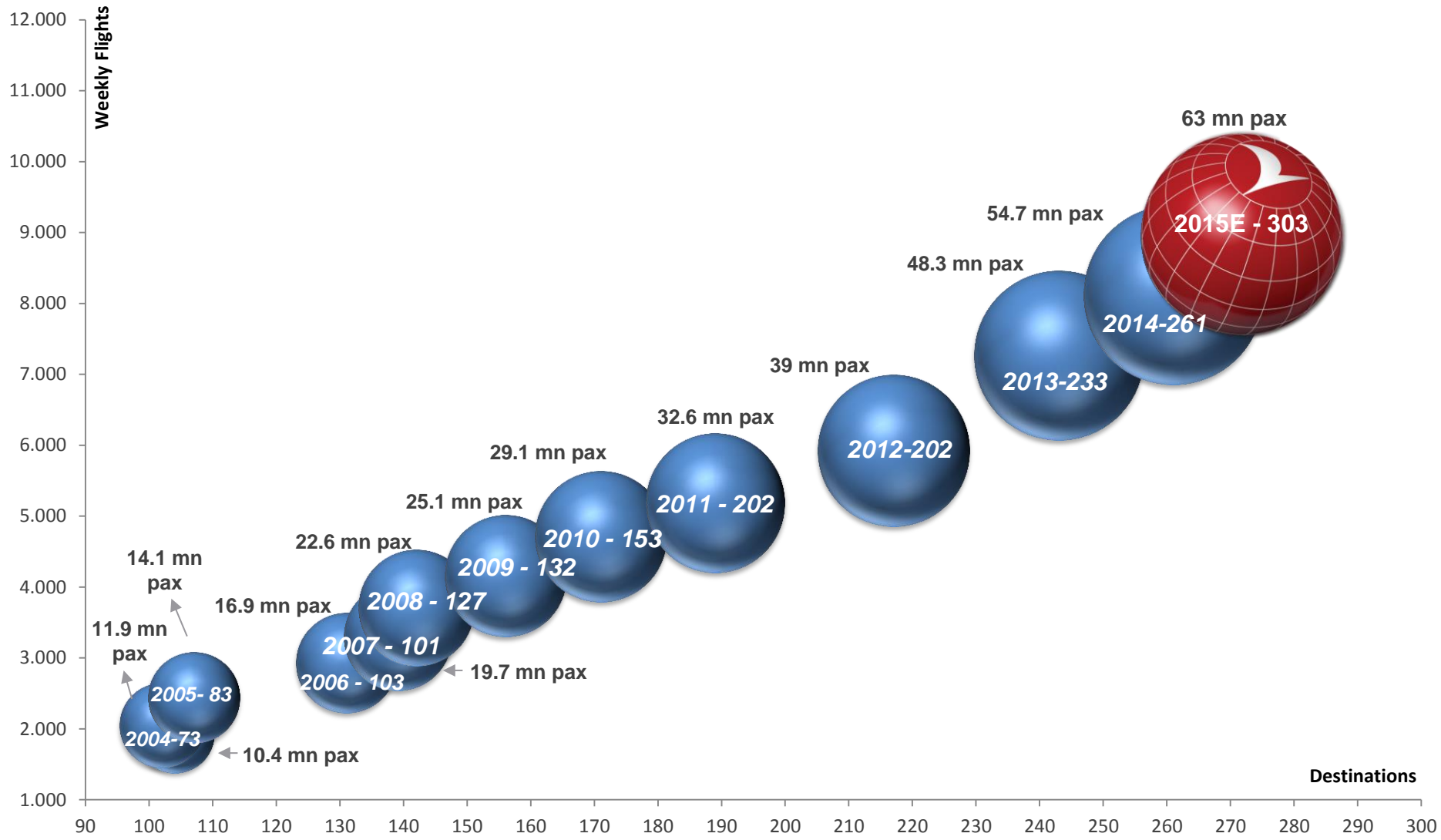
Domestic: 53%  
International: 40%  
Total : 44%

## Turkey Aviation Market



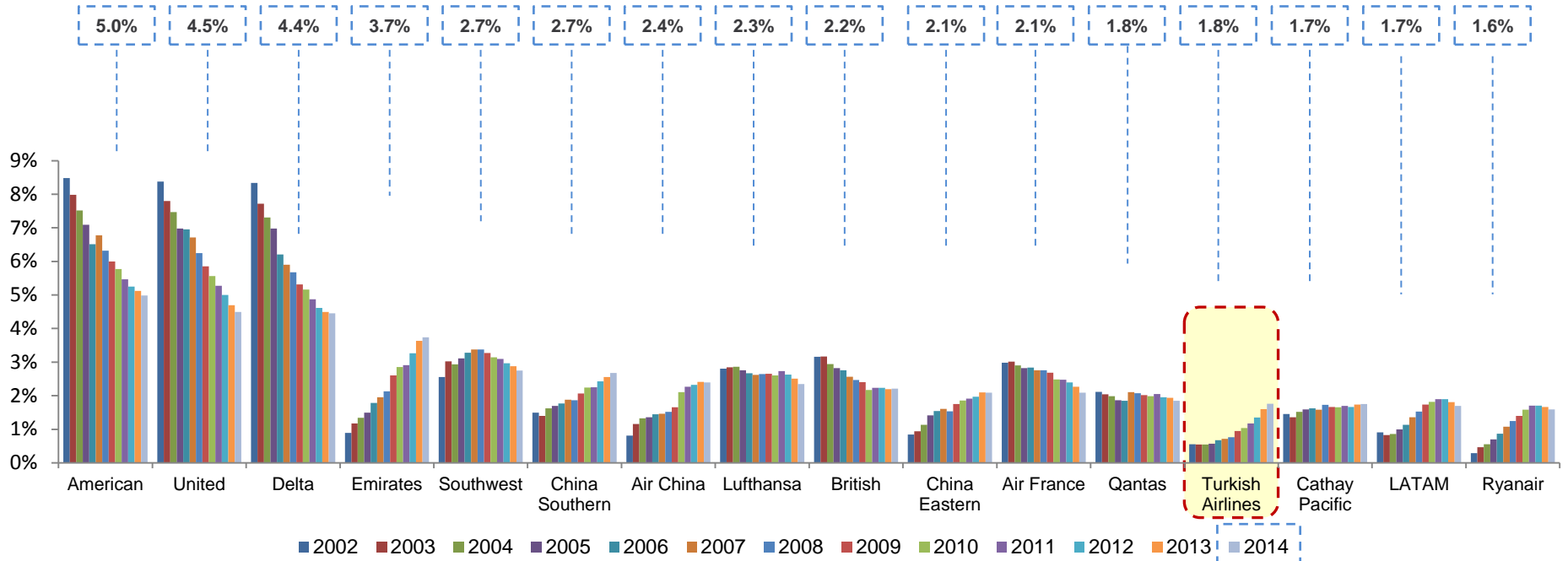
Note: Adjusted for double counts on domestic passenger  
Source: General Directorate of State Airports Authority (DHMI)

# Turkish Airlines Growth Story

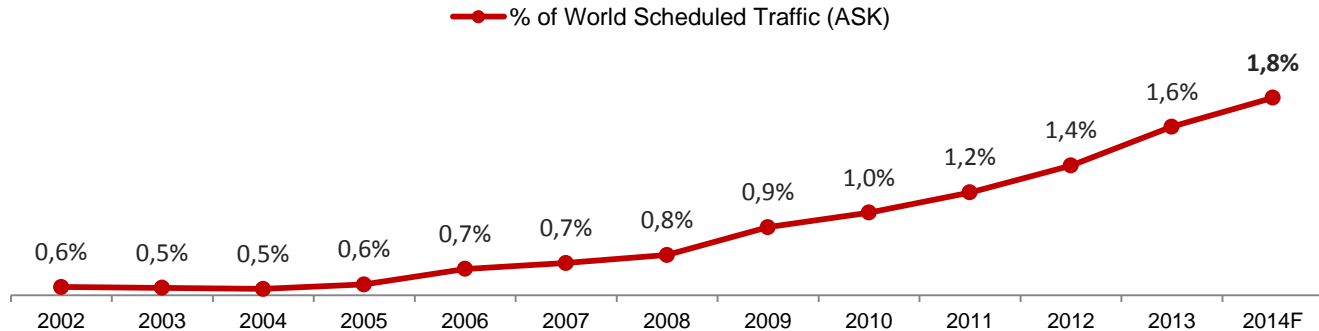


# Global Market Share Gains

## Global Market Share Trends (in ASK)



## Turkish Airlines Market Share Development



**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.

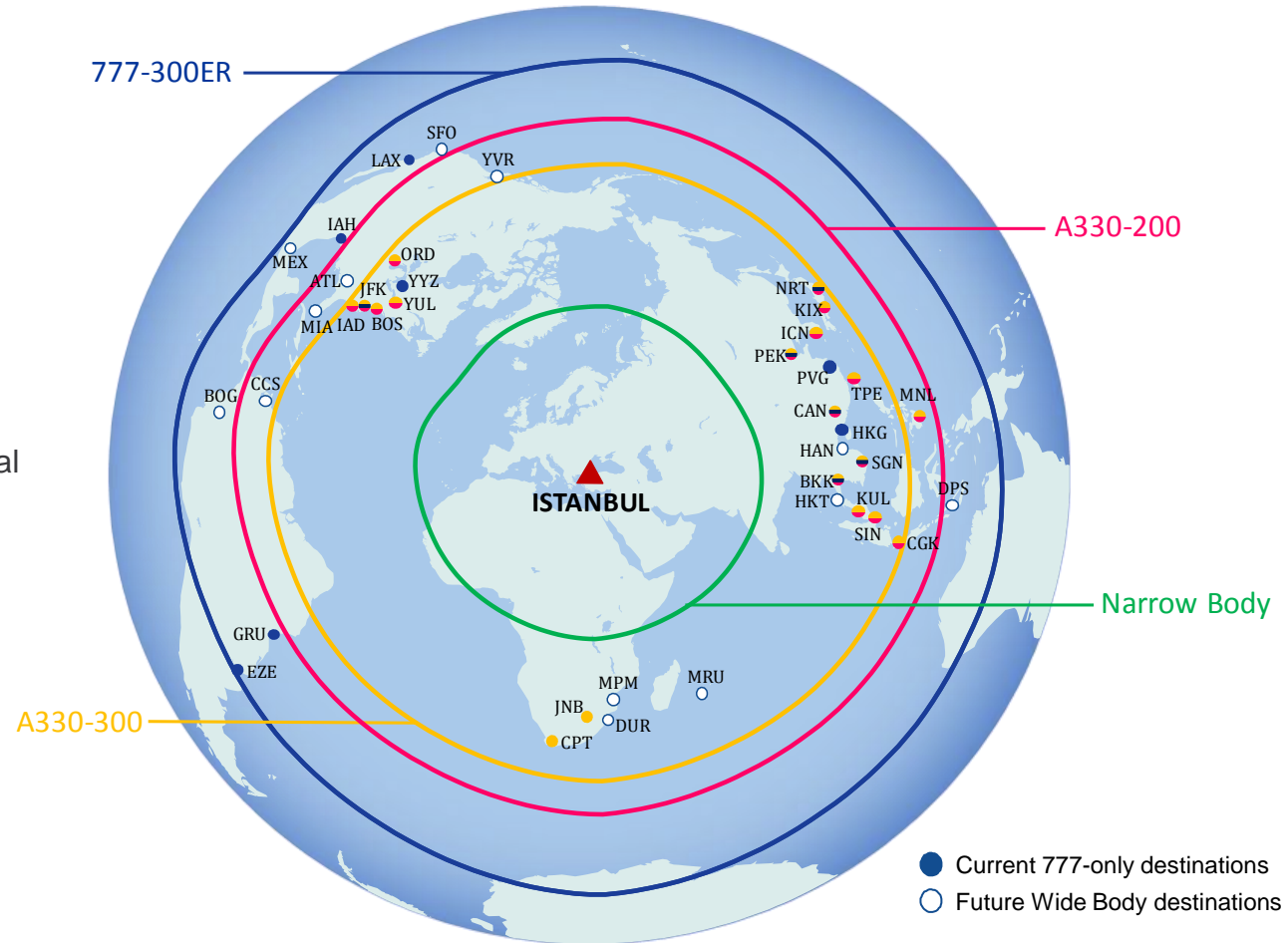
**Source:** 2002 ICAO, 2003-2014 IATA, company reports, sorted by 2014 ASK values

# Istanbul's Geographical Advantage - A Natural Hub

## Narrow Body Range capability to and from Istanbul

With full passenger payload

- ✓ 190 out of 225 international destinations
- ✓ More than 40% of world-wide international traffic
- ✓ Over 60 national capitals
- ✓ All of Europe, Middle East, Central Asia and North and East Africa



# Highest Connectivity for Europe, Africa and Middle East

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

### Europe to the World

Turkish Airlines	16,936
British Airways	8,370
Lufthansa	8,208

### Middle East to the World

Turkish Airlines	7,557
Qatar Airways	2,889
Lufthansa	2,380

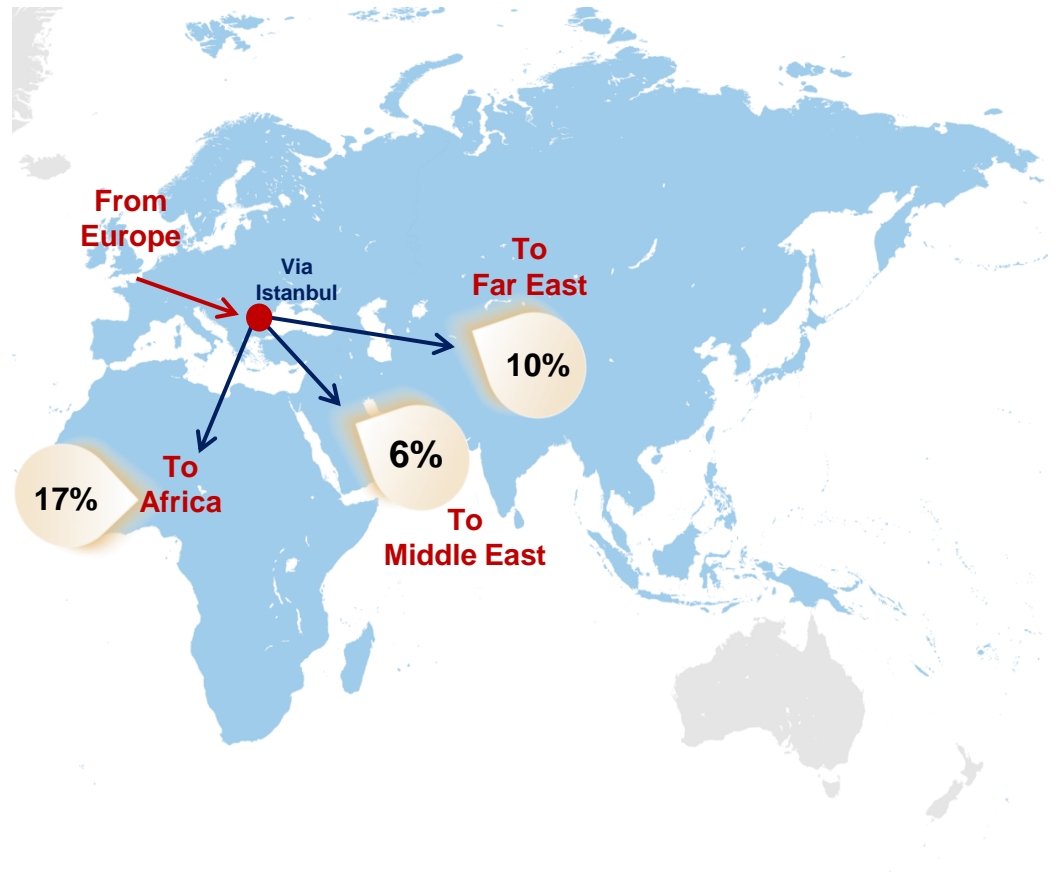
### Africa to the World

Turkish Airlines	9,240
Air France	4,386
British Airways	2,970

### Far East to the World

United Airlines	10,990
Turkish Airlines	7,161
Delta	5,418

## Detour\* Advantage



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

# 226\* International, 48 Domestic Destinations in 110 Countries

EUROPE							
42 COUNTRIES, 104 CITIES							
Germany	364	Spain	76	Hungary	28	Moldova	7
Frankfurt	52	Barcelona	28	Budapest	28	Chisinau	7
Berlin	46	Madrid	21	Bulgaria	25	Poland	5
Munich	46	Malaga	10	Sofia	14	Warsaw	5
Stuttgart	45	Bilbao	7	Varna	11	Belarus	4
Düsseldorf	38	Valencia	7	Romania	25	Mnsk	4
Hamburg	35	Santiago de C.	3	Bucharest	21		
Cologne	28	Northern Cyprus	66	Constanta	4		
Hanover	24	Lefkosa	66	Czech Rep.	21		
Nuremberg	21	Switzerland	63	Prague	21		
Bremen	10	Zurich	28	Bosnia	18		
Friedrichshafen	7	Geneva	21	Sarajevo	18		
Leipzig	7	Basel	14	Finland	18		
Münster	5	Austria	50	Helsinki	18		
Italy	157	Vienna	40	Norway	18		
Milan	35	Salzburg	10	Oslo	18		
Rome	35	Ukraine	46	Albania	14		
Venice	25	Kiev	16	Tirana	14		
Bologna	17	Odessa	11	Croatia	14		
Naples	14	Simferopol	7	Zagreb	14		
Catania	9	Dnepropetrovsk	5	Ireland	14		
Turin	7	Kherson	4	Dublin	14		
Genoa	5	Lviv	3	Kosovo	14		
Pisa	5	Donetsk	0	Pristina	14		
Bari	5	Azerbaijan	45	Macedonia	14		
France	94	Baku	35	Skopje	14		
Paris	42	Ganja	7	Serbia	14		Future Routes
Lyon	14	Nakhichevan	3	Belgrade	14		Austria
Nice	14	Netherlands	45	Portugal	18		Graz
Marseille	10	Amsterdam	38	Lisbon	14		Azerbaijan
Toulouse	7	Rotterdam	7	Porto	4		Lankaran
Bordeaux	7	Belgium	42	Malta	13		Poland
United Kingdom	92	Brussels	42	Malta	13		Krakow
London	59	Denmark	42	Montenegro	10		France
Manchester	21	Copenhagen	28	Podgorica	10		Nantes
Birmingham	12	Aalborg	7	Slovenia	10		Germany
Russia	90	Billund	7	Ljubljana	10		Baden-Baden
Moscow	42	Georgia	38	Scotland	9		Kassel
Sochi	10	Tbilisi	28	Edinburg	9		Ukraine
Kazan	7	Batumi	10	Estonia	7		Kharkiv
St. Petersburg	7	Greece	35	Tallinn	7		Zaporizhia
Ufa	6	Athens	21	Latvia	7		Spain
Rostov	4	Thessaloniki	14	Riga	7		La Coruna
Astrakhan	4	Sweden	35	Lithuania	7		Russia
Ekaterinburg	4	Stockholm	21	Vilnius	7		Luxemburg
Novosibirsk	3	Gothenburg	14	Luxemburg	7		Makhachkala
Stravropol	3			Luxembourg	7		

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

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

FAR EAST			
22 COUNTRIES, 33 CITIES			
China	27	Afghanistan	10
Beijing	7	Kabul	7
Guangzhou	7	Mazar-i-Sharif	3
Shanghai	7	Bangladesh	7
Hong Kong	6	Dhaka	7
Japan	21	Indonesia	7
Tokyo	14	Jakarta	7
Osaka	7	Maldives	7
Kyrgyzstan	19	Male	7
Bishkek	15	Malaysia	7
Osh	4	Kuala Lumpur	7
Kazakhstan	15	Nepal	7
Almaty	10	Kathmandu	7
Astana	5	Singapore	7
India	14	Singapore	7
Mumbai	7	Sri Lanka	7
New Delhi	7	Colombo	7
Pakistan	14	Uzbekistan	7
Karachi	7	Tashkent	7
Islamabad	4	Vietnam	7
Lahore	3	Ho Chi Minh	7
Thailand	14	Taiwan	7
Bangkok	14	Taipei	7
Turkmenistan	14	Philippines	3
Ashgabad	14	Manila	3
South Korea	11	Mongolia	3
Seoul	11	Ulaanbaatar	3
		Tajikistan	3
		Dushanbe	3

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

DOMESTIC	
48 CITIES	
Routes Opened in 2015	
Iran	Philippines
Ahvaz	Manila
Nigeria	Taiwan
Abuja	Taipei
USA	Italy
San Francisco	Bari
Portugal	Turkey
Porto	Kocaeli
	Ordu - Giresun
	Tokat
	Uşak

\* As of 26.05.2015

Turkish Airlines reaches **75%** of all destinations at least daily



# Ataturk Airport Capacity Expansion and Third Airport in Istanbul



- **Collaborative Decision Making Project of THY-DHMI-TAV:**
  - New International Terminal construction to end Q1'16
  - 27.000 sqm wide with 8 additional pax bridges and 32 additional check-in islands
  - 17.000 sqm of additional car park space
- **Addition of the Military Area:**
  - 26 new park positions and new taxi ways have been added
  - 17 more park positions will bring up the total capacity to 145 by mid 2015
- **Baggage handling system capacity increase** (TAV investment)
- **Managerial Measures:** Easy-pass implementation, elimination of security control at terminal entrance, increased x-ray and passport control points
- **Air Traffic Movements:** With certain tower management measures 80 ATMs is achievable. (+20%)

## The Third Airport

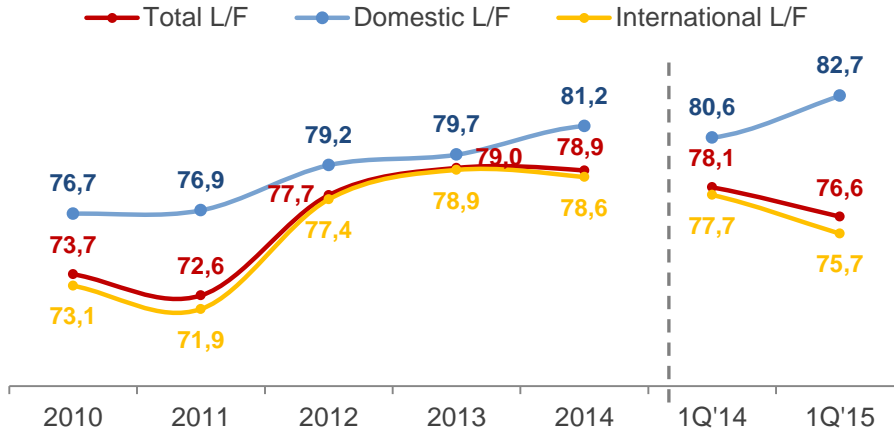
- 150 million passenger capacity
- 4 Terminals
- 6 Runways
- 500 park positions
- 76,5 km<sup>2</sup> area

### Some Stats for Phase 1

	Ataturk Airport	Third Airport
ATMs	65	90
# of Gates	63	165
Aircraft per Gate (THY)	5,7	3,3
Pax per square meter	162	80

# 1Q'15 Traffic Results

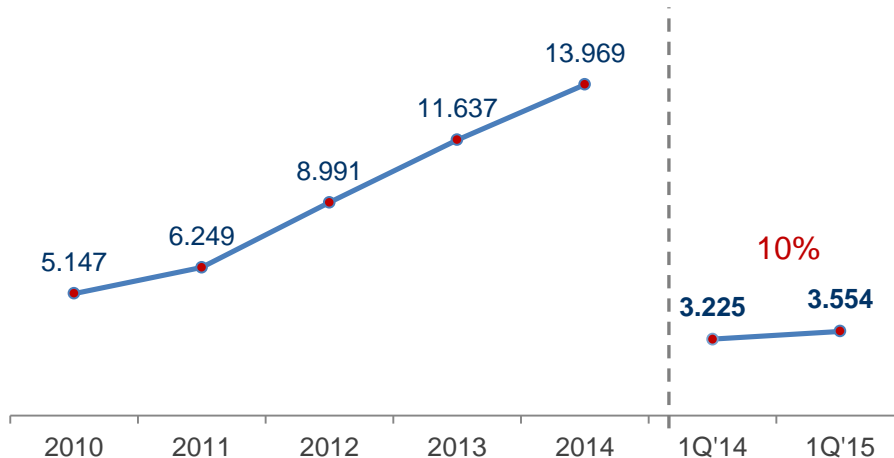
## Load Factor (L/F %)



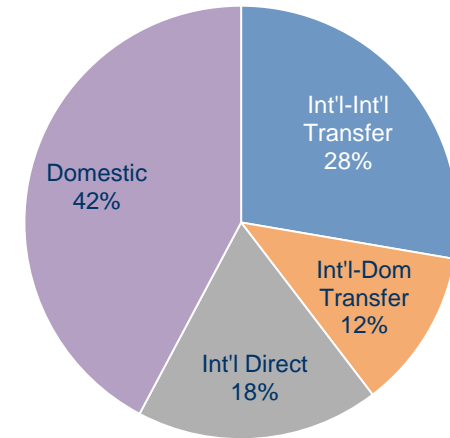
## Passenger Traffic

1Q'15 vs 1Q'14		
Landing	up by	3.9%
ASK	up by	9.4%
RPK	up by	7.3%
Passenger #	up by	6.5%
L/F	down by	-1.5 pt

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



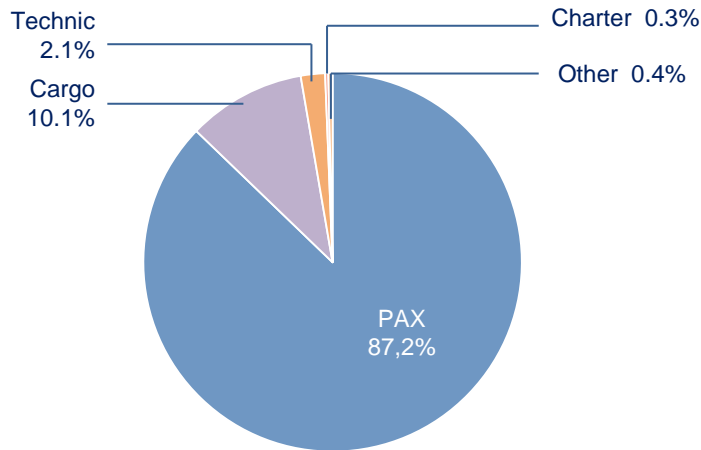
## Passenger Breakdown by Transfer Type



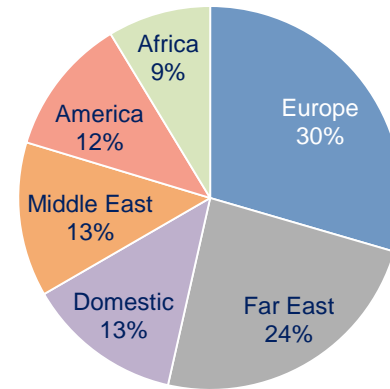
Note: Int'l to int'l transfer passengers' share in total international passengers is 48%

# Revenue Breakdown (1Q'15)

## Revenue by Business Type

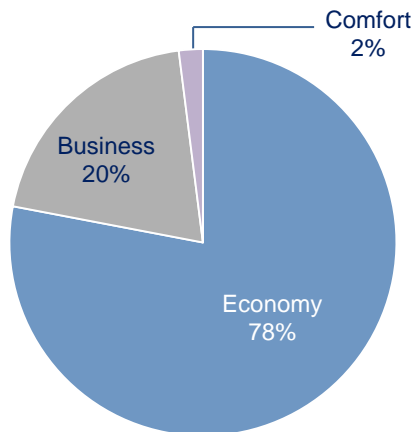


## Revenue\* by Geography

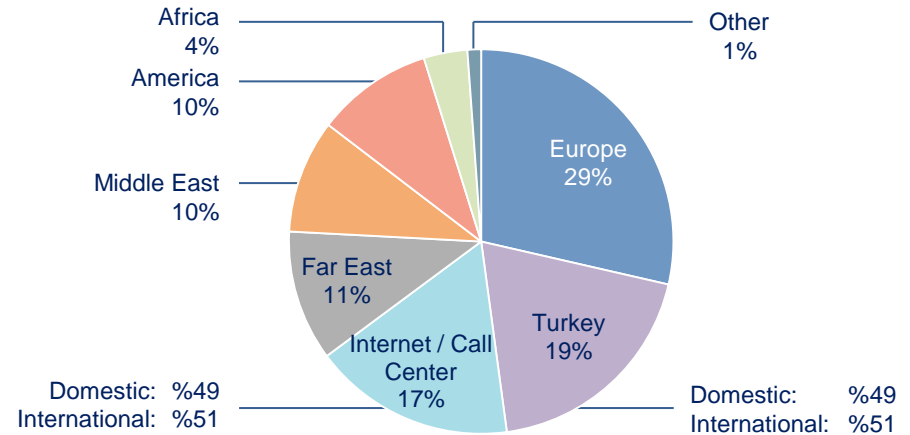


\* Includes scheduled passenger and cargo revenue

## Revenue by Passenger Class

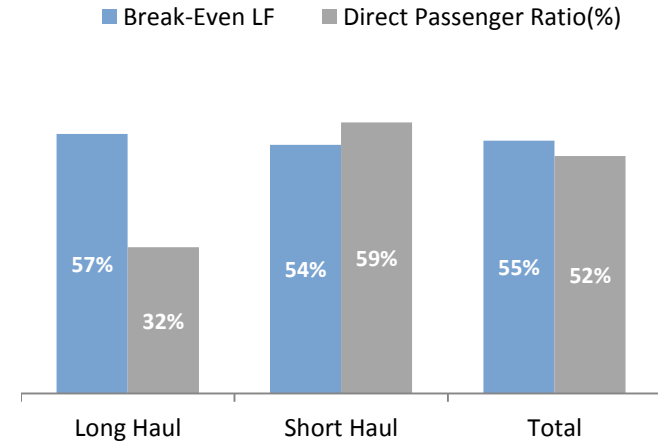
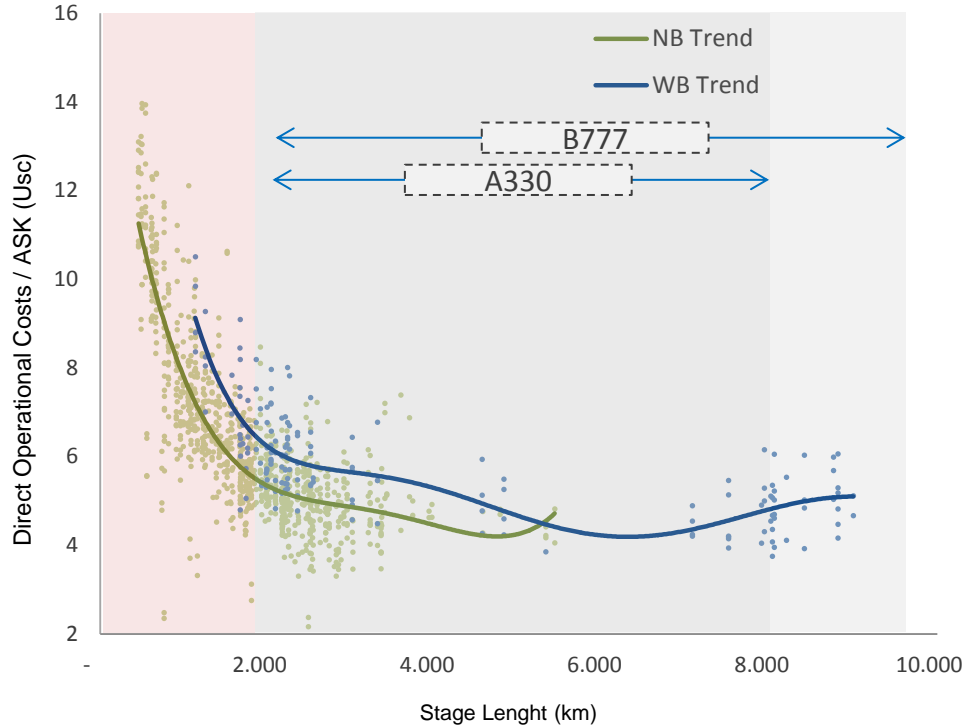


## Revenue by Point of Sale\*



\* Includes only scheduled passenger revenue

# Operational Cost Efficiency and Direct Traffic Advantage



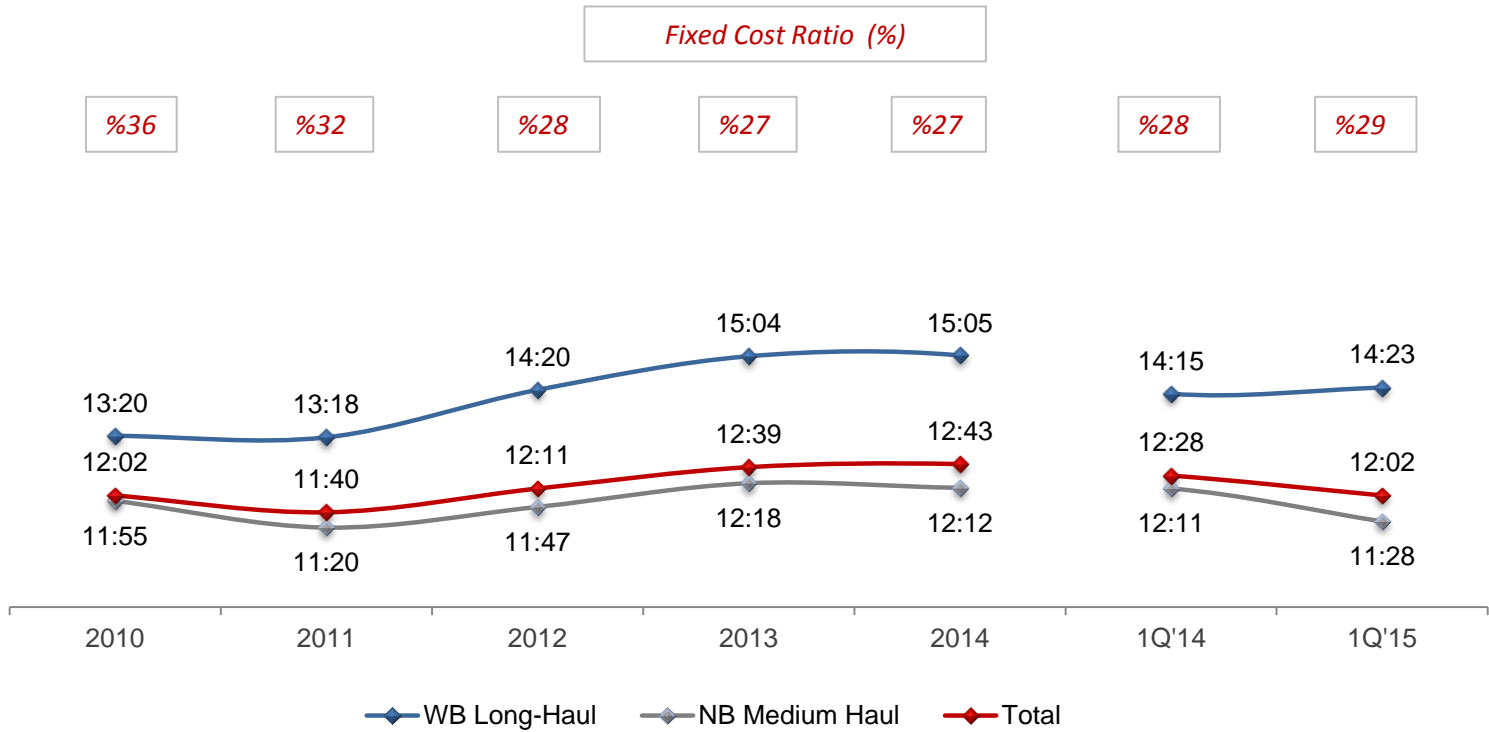
**75% of all Turkish Airlines production takes place in an optimum stage length**

Note: Break-even LF is calculated as the load factor enough to cover all direct operational expenses.

# Average Daily Flight Utilization (hrs)

10% increase in Utilization should decrease total CASK by **3%**

2009 - 2014 Utilization Increase : %9

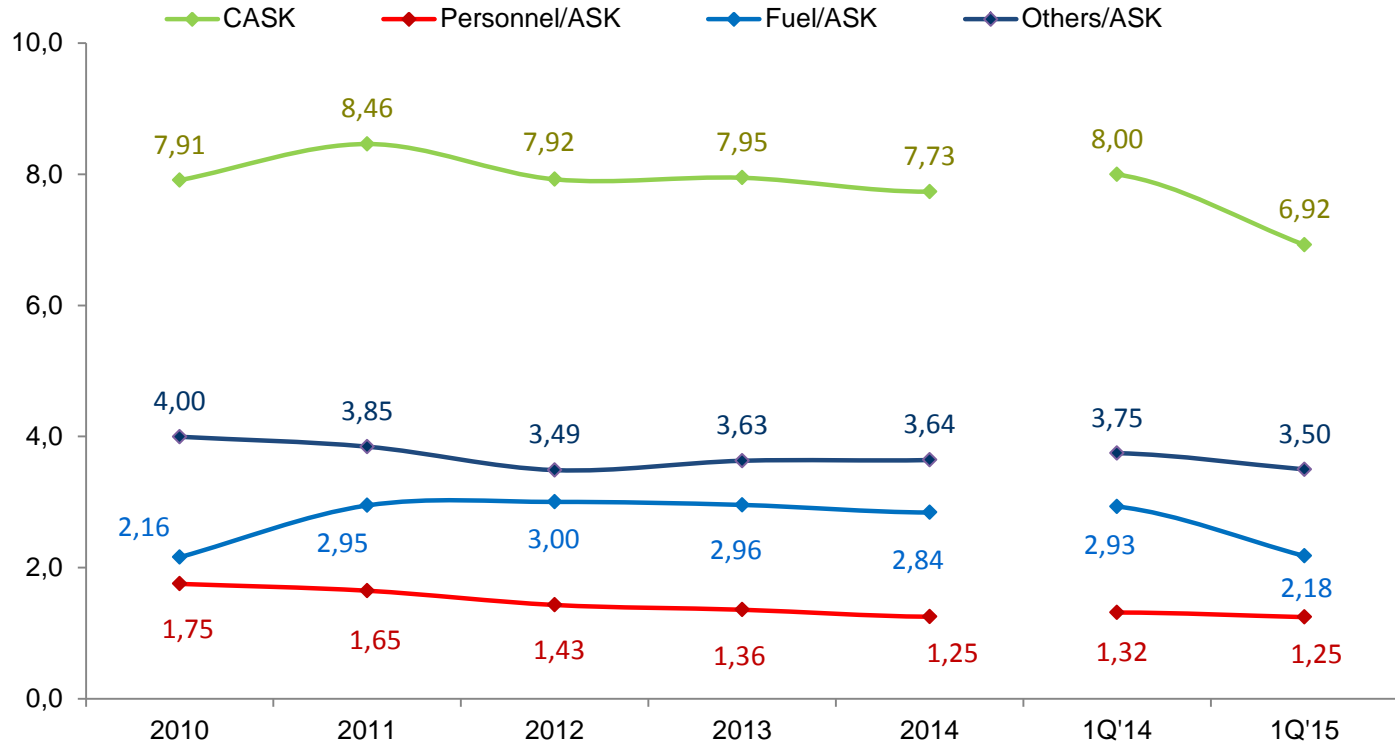


# Operational Expense Breakdown

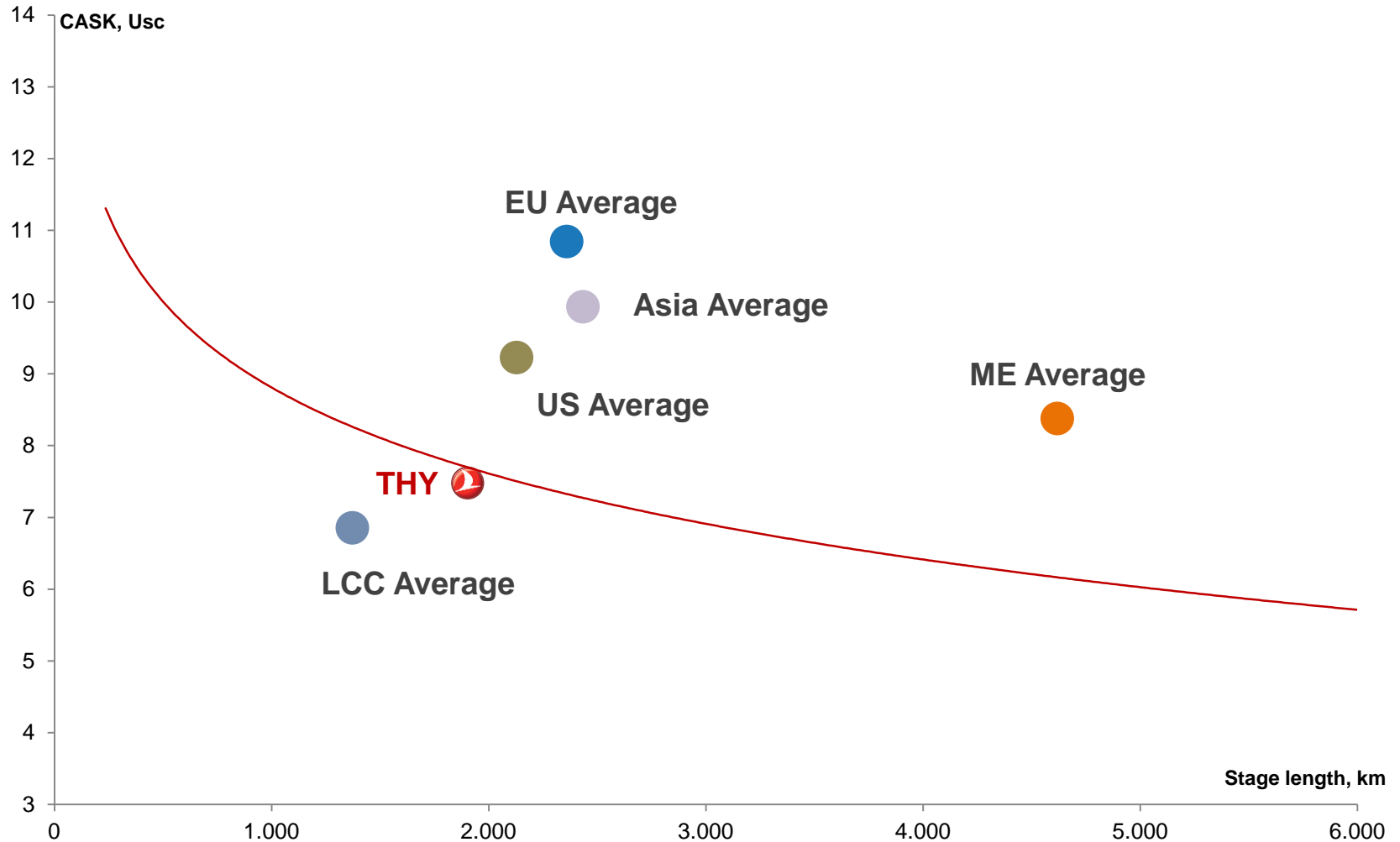
(mn USD)	1Q'14	% in Total	1Q'15	% in Total	YoY Change
<b>Fuel</b>	<b>887</b>	<b>36.7%</b>	<b>720</b>	<b>31.5%</b>	<b>-18.8%</b>
<b>Personnel</b>	<b>398</b>	<b>16.5%</b>	<b>412</b>	<b>18.0%</b>	<b>3.5%</b>
<b>Landing, Navigation &amp; Air Traffic</b>	<b>219</b>	<b>9.1%</b>	<b>203</b>	<b>8.9%</b>	<b>-7.3%</b>
<b>Sales &amp; Marketing</b>	<b>193</b>	<b>8.0%</b>	<b>200</b>	<b>8.7%</b>	<b>3.6%</b>
<b>Depreciation</b>	<b>174</b>	<b>7.2%</b>	<b>203</b>	<b>8.9%</b>	<b>16.7%</b>
<b>Ground Handling</b>	<b>145</b>	<b>6.0%</b>	<b>144</b>	<b>6.3%</b>	<b>-0.7%</b>
<b>Aircraft Rent</b>	<b>127</b>	<b>5.3%</b>	<b>110</b>	<b>4.8%</b>	<b>-13.4%</b>
<b>Passenger Services &amp; Catering</b>	<b>126</b>	<b>5.2%</b>	<b>137</b>	<b>6.0%</b>	<b>8.7%</b>
<b>Maintenance</b>	<b>93</b>	<b>3.8%</b>	<b>95</b>	<b>4.2%</b>	<b>2.2%</b>
<b>General Administration</b>	<b>18</b>	<b>0.7%</b>	<b>24</b>	<b>1.0%</b>	<b>33.3%</b>
<b>Other</b>	<b>38</b>	<b>1.6%</b>	<b>41</b>	<b>1.8%</b>	<b>7.9%</b>
<b>TOTAL</b>	<b>2,418</b>	<b>100%</b>	<b>2,289</b>	<b>100%</b>	<b>-5.3%</b>
Operating Cost per ASK (USc)	8.00	-	6.92	-	-13.4%
Ex-fuel Operating Cost per ASK (USc)	5.06	-	4.74	-	-6.3%
<b>Fixed Costs</b>	<b>814</b>	<b>28%</b>	<b>852</b>	<b>29%</b>	<b>4.7%</b>

# Unit Operating Costs

## Cost Per ASK (Usc)



# Lower Cost Base Compared to Peers



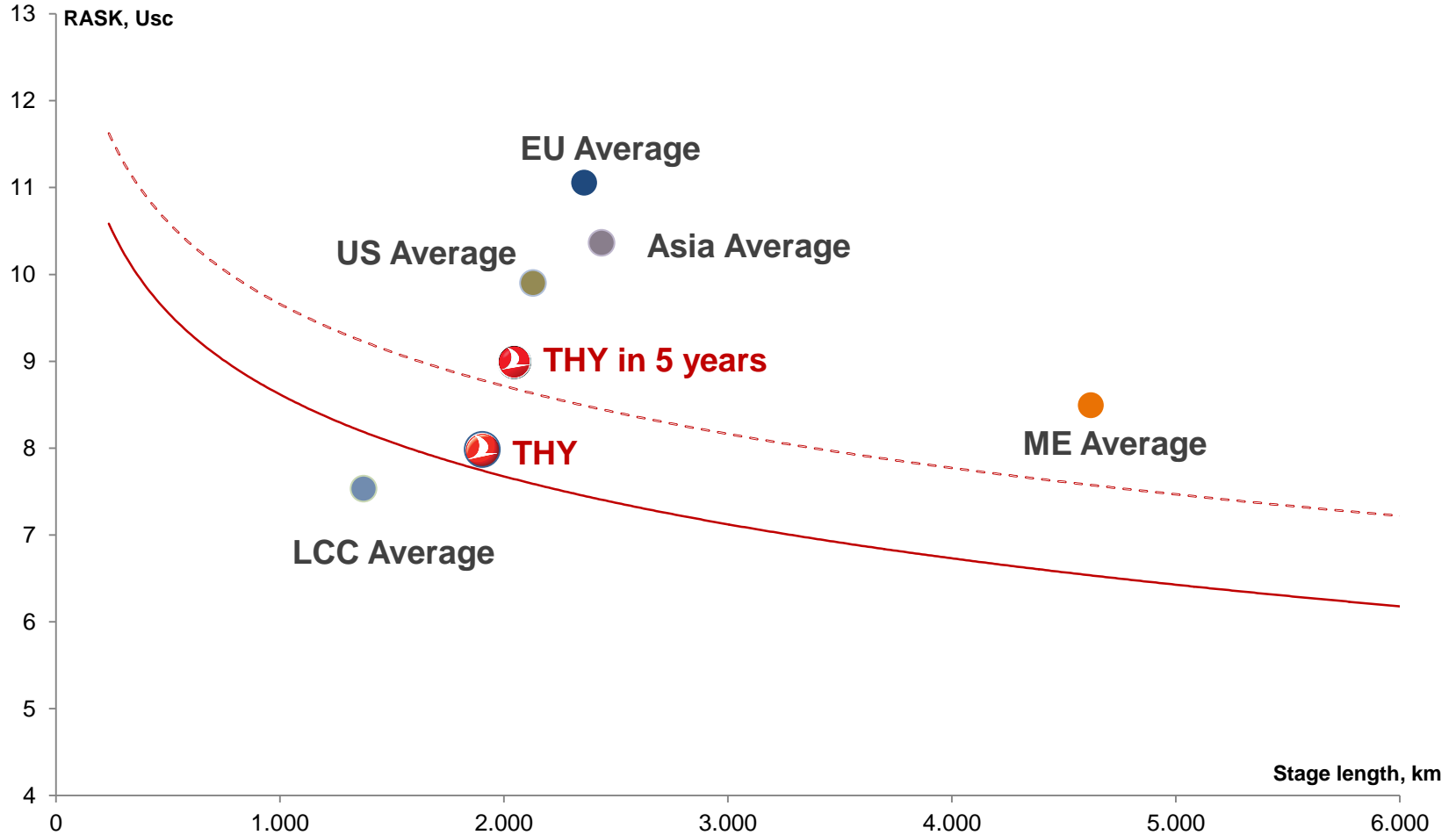
**Notes:** European carriers include Lufthansa, IAG, AF-KLM, SAS, Aeroflot, Alitalia. Middle Eastern carriers include Emirates and Qatar. Asian carriers include Singapore, Cathay, Japan, Air China, Thai, Qantas. US carriers include Delta, United, American, Air Canada. LCC carriers include Ryanair, easyJet, SunExpress, Pegasus, Norwegian, Southwest, Air Asia, Jet Blue.

**Source:** Airline Annual Reports



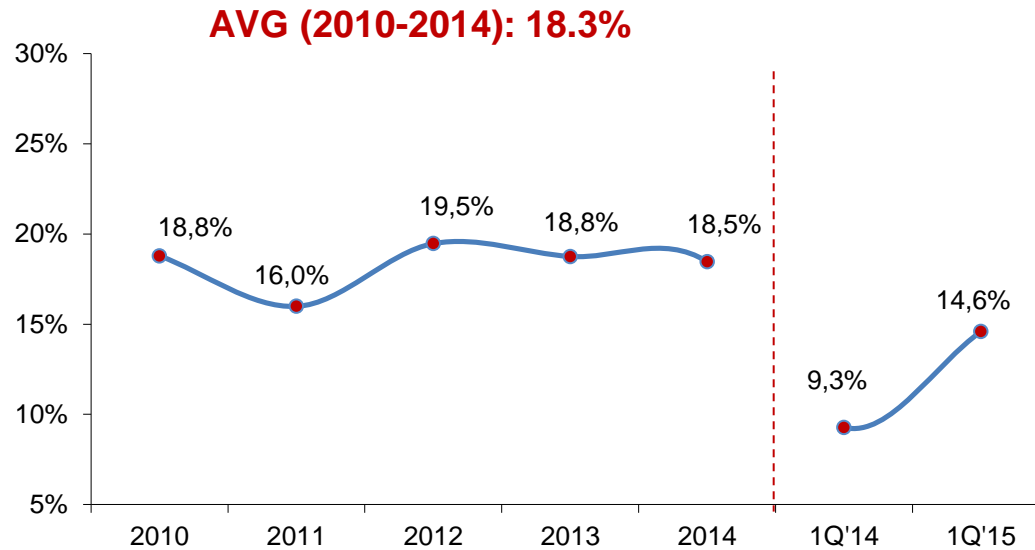
# Unit Revenue Upside Potential

With new wide-body aircraft deliveries, business class and cargo revenue share will increase.



**Notes:** European carriers include Lufthansa, IAG, AF-KLM, SAS, Aeroflot, Alitalia. Middle Eastern carriers include Emirates and Qatar. Asian carriers include Singapore, Cathay, Japan, Air China, Thai, Qantas. US carriers include Delta, United, American, Air Canada. LCC carriers include Ryanair, easyJet, SunExpress, Pegasus, Norwegian, Southwest, Air Asia, Jet Blue.  
**Source:** Airline Annual Reports

# EBITDAR Margin

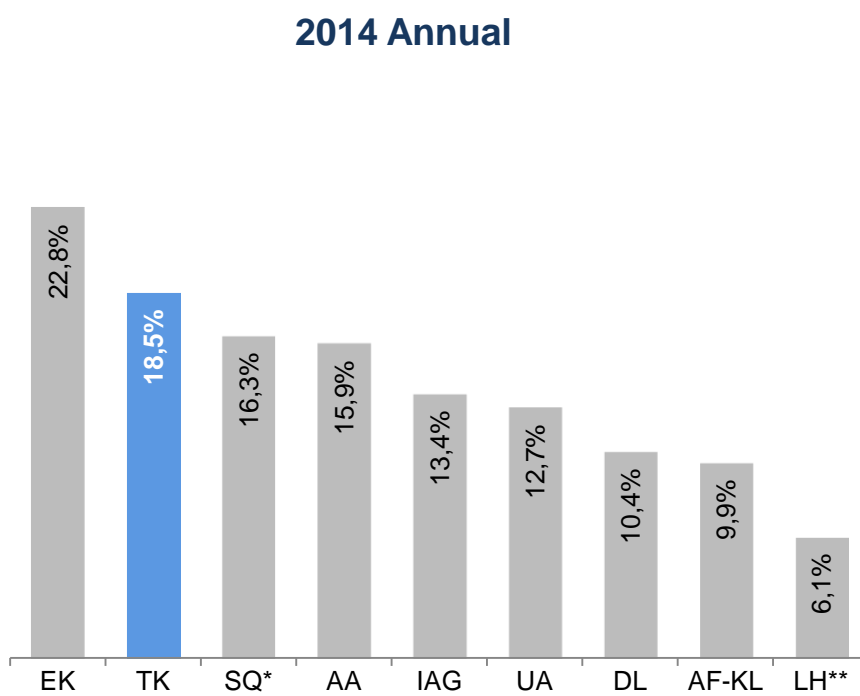


(mn USD)	2010	2011	2012	2013	2014	1Q'14	1Q'15	YoY Change
<b>Revenue</b>	<b>5,448</b>	<b>7,070</b>	<b>8,234</b>	<b>9,826</b>	<b>11,070</b>	<b>2,315</b>	<b>2,219</b>	<b>-4.1%</b>
<b>Net Income</b>	<b>185</b>	<b>11</b>	<b>657</b>	<b>357</b>	<b>845</b>	<b>-102</b>	<b>153</b>	<b>250.0%</b>
Net Income Margin	3.4%	0.2%	8.0%	3.6%	7.6%	-4.4%	6.9%	11.3 pt
<b>EBIT</b>	<b>262</b>	<b>277</b>	<b>691</b>	<b>755</b>	<b>770</b>	<b>-79</b>	<b>-20</b>	<b>74.7%</b>
EBIT Margin	4.8%	3.9%	8.4%	7.7%	7.0%	-3.4%	-0.9%	2.5 pt
<b>EBITDAR</b>	<b>1,024</b>	<b>1,130</b>	<b>1,603</b>	<b>1,843</b>	<b>2,044</b>	<b>215</b>	<b>324</b>	<b>50.7%</b>
EBITDAR Margin	18.8%	16.0%	19.5%	18.8%	18.5%	9.3%	14.6%	5.3 pt

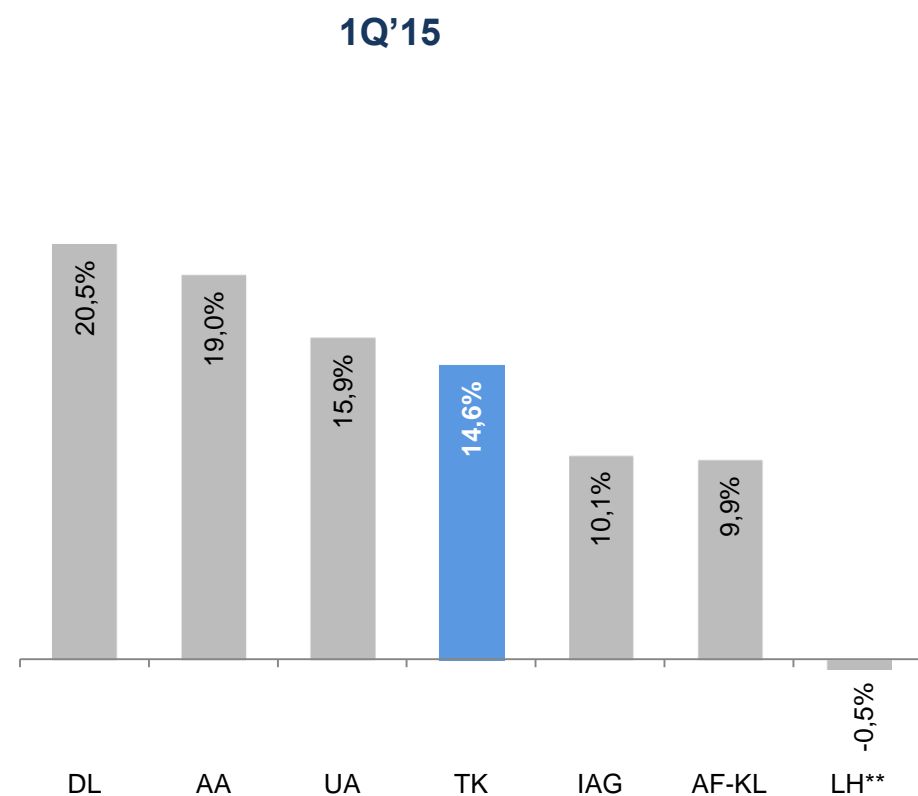
# Peer Group vs Turkish Airlines Profitability

## EBITDAR Margin % Comparison

2014 Annual



1Q'15



\* 2013 results

\*\* Lufthansa Passenger Airlines.

Source: Calculated based on public company reports.

# Current Fleet

25.05.2015	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	3.810	8,7	20	20	18	18	16	13	13
	A330-300	23		22	1	6.649	2,5	27	32	32	32	32	32	32
	A340-300	4	4			1.080	17	4	4	4	4	4	4	4
	B777-3ER	20		20		6.836	2,9	23	29	32	32	32	32	32
	<b>Total</b>	<b>63</b>	<b>4</b>	<b>47</b>	<b>12</b>	<b>18.375</b>	<b>5,4</b>	<b>74</b>	<b>85</b>	<b>86</b>	<b>86</b>	<b>84</b>	<b>81</b>	<b>81</b>
Narrow Body	B737-900ER	14		14		2.186	2,4	15	15	15	15	15	15	15
	B737-9 MAX										5	10	10	
	B737-800	68	25	33	10	10.940	9	68	88	87	78	78	78	78
	B737-700	3			3	372	9,3	3	1	1	1	1		
	B737-8 MAX										20	30	55	65
	A321 NEO									4	31	56	88	92
	A319-100	14		6	8	1.848	7	14	14	11	9	8	6	6
	A320-200	31		12	19	4.893	8,3	30	30	23	19	12	12	12
	A321-200	46		42	4	8.390	4,8	56	66	68	68	68	66	64
	B737-800 WL	20			20	3.780	10,9	24	22	22	20	20	10	7
	B737-700 WL	4			4	596	7,9	1						
	B737-900 ER WL							3	3	3	3	3	3	3
	E190 WL/E195 WL	3			3	330	4,6	6	3					
<b>Total</b>	<b>203</b>	<b>25</b>	<b>107</b>	<b>71</b>	<b>33.335</b>	<b>7,6</b>	<b>220</b>	<b>242</b>	<b>234</b>	<b>264</b>	<b>296</b>	<b>343</b>	<b>352</b>	
Cargo	A310-300F	1	1				26,8							
	A330-200F	6		6			3,1	6	8	9	9	9	9	9
	Wet Lease	3			3		16,5	3						
	<b>Total</b>	<b>10</b>	<b>1</b>	<b>6</b>	<b>3</b>		<b>10,2</b>	<b>9</b>	<b>8</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>	<b>9</b>
<b>GRAND TOTAL</b>	<b>276</b>	<b>30</b>	<b>160</b>	<b>86</b>	<b>51.710</b>	<b>7,2</b>	<b>303</b>	<b>335</b>	<b>329</b>	<b>359</b>	<b>389</b>	<b>433</b>	<b>442</b>	

\*After exit-entry

Seat Capacity Change : 21% 12% -1% 8% 7% 9% 2%

# Fleet Development

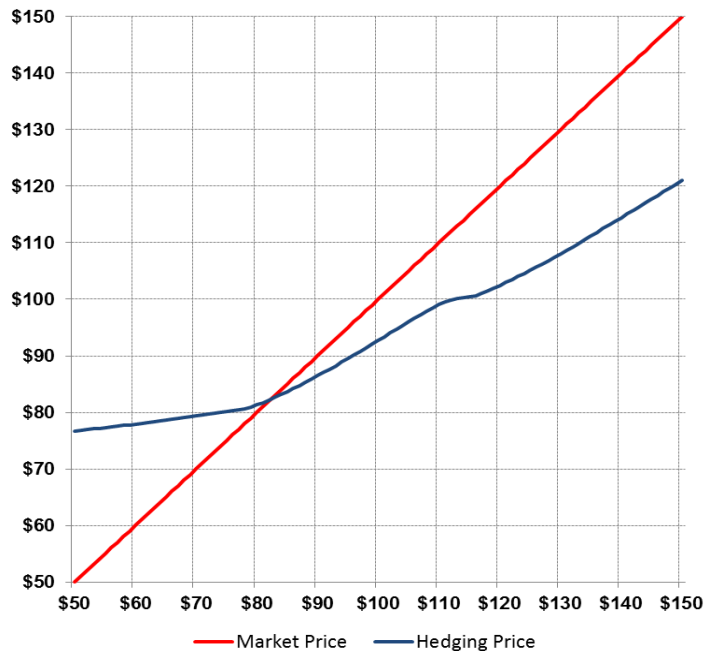
		2011-2021 Aircraft Purchases													
		Delivered						To Be Delivered							
25.05.2015	Type	2011	2012	2013	2014	2015	TOTAL	2015	2016	2017	2018	2019	2020	2021	TOTAL
Wide Body	A330-300	3	3	2	6	4	18	3	5						8
	B777-3ER	7			4	4	15	3	6	3					12
	<b>Total</b>	<b>10</b>	<b>3</b>	<b>2</b>	<b>10</b>	<b>8</b>	<b>33</b>	<b>6</b>	<b>11</b>	<b>3</b>					<b>20</b>
Narrow Body	B737-900ER	2	7	1		4	14	1							1
	B737-9 MAX											5	5		10
	B737-800	2	2	6	10		20		20						20
	B737-8 MAX*										20	10	25	10	65
	A321	8	7	9		2	26	11	10	2					23
	A321 NEO**									4	27	25	32	4	92
	A319	6					6								
<b>Total</b>	<b>18</b>	<b>16</b>	<b>16</b>	<b>10</b>	<b>6</b>	<b>66</b>	<b>12</b>	<b>30</b>	<b>6</b>	<b>47</b>	<b>40</b>	<b>62</b>	<b>14</b>	<b>211</b>	
Cargo	A330-200F	1	1	2		1	5		2	1					3
	<b>Total</b>	<b>1</b>	<b>1</b>	<b>2</b>		<b>1</b>	<b>5</b>		<b>2</b>	<b>1</b>				<b>3</b>	
<b>GRAND TOTAL</b>		<b>29</b>	<b>20</b>	<b>20</b>	<b>20</b>	<b>15</b>	<b>104</b>	<b>18</b>	<b>43</b>	<b>10</b>	<b>47</b>	<b>40</b>	<b>62</b>	<b>14</b>	<b>234</b>

\* After exit/delivery

\*\* Including 10 optional aircraft in 2021

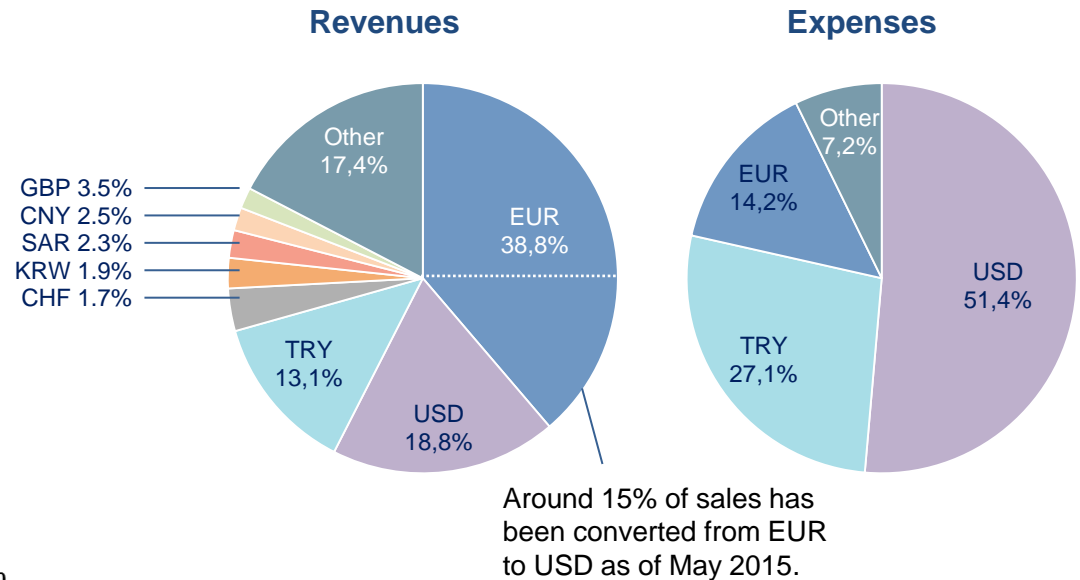
\*\*\*Including 20 optional aircraft in 2020

## Fuel Hedging



- Around **21 mn barrels** of hedged position on ICE BRENT as of March 31, 2014
- Current fuel hedging levels: **FY15: %45; FY16: %22**
- Decreasing layered hedging strategy (24 months)
- Crude oil based swaps and options
- Aim to reach 50% of budgeted consumption

## Currency Breakdown



## Currency Hedging

- 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

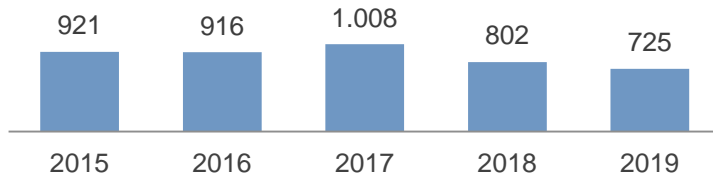
As of 31.03.2015

Total Debt : **6.59 bn USD**

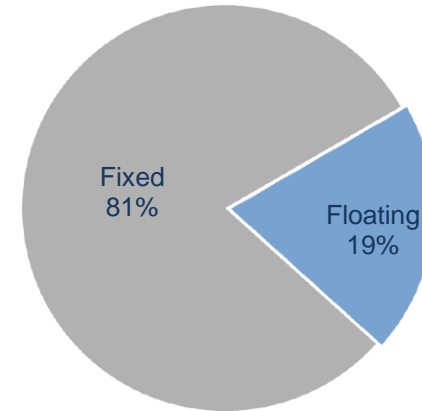
Weighted Average Interest Rate: **3.2%**

Weighted Average Life: **5 years**

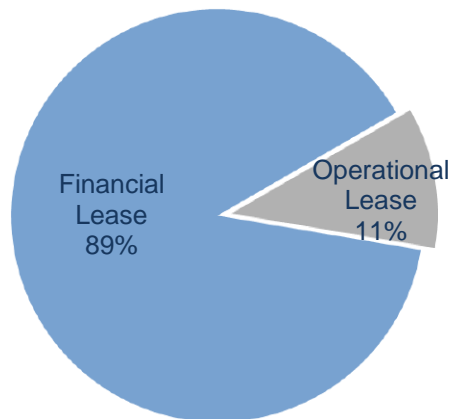
## 5 Year Maturity Profile (USD mn)



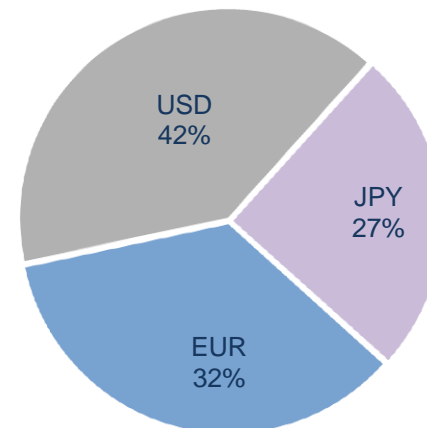
## Interest Rate Type



## Lease Type



## Currency Type



# Branding and Customer Satisfaction

## The Best Airline in Europe for the last 4 years

2014 Skytrax World Airline Awards:

- ✓ Best Airline Europe
- ✓ Best Airline in Southern Europe
- ✓ Best Business Class Lounge Dining
- ✓ Best Business Class Onboard Catering



## Ongoing Projects

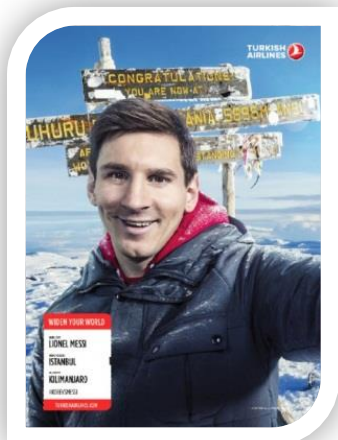
### The Airline That Speaks the Worlds Language

- ✓ WEB 3.0 Project
- ✓ 11+ Languages
- ✓ Fast and Reliable Web Service
- ✓ Personalized Customer Experience
- ✓ Live in August 2015

## New CRM Project

## New Sales System Project

## Marketing 2.0 Project







**THANK YOU**

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**E-Mail: [ir@thy.com](mailto:ir@thy.com)**

# Balance Sheet

Assets (mn USD)	2010	2011	2012	2013	2014	1Q'15
Cash and Equivalents	581	934	1,028	647	722	552
Trade Receivables	374	405	434	538	456	590
Other Current Assets	1,304	802	704	940	1,653	2,019
<b>Total Current Assets</b>	<b>2,259</b>	<b>2,140</b>	<b>2,166</b>	<b>2,125</b>	<b>2,831</b>	<b>3,161</b>
Net Fixed Assets	4,168	5,873	7,121	8,043	9,201	9,528
of which Aircraft and Engines	3,822	5,319	6,392	7,030	8,167	8,474
Other Non-Current Assets	462	672	1,236	1,734	1,714	1,642
<b>Total Non-Current Assets</b>	<b>4,629</b>	<b>6,545</b>	<b>8,357</b>	<b>9,777</b>	<b>10,915</b>	<b>11,170</b>
<b>Total Assets</b>	<b>6,888</b>	<b>8,685</b>	<b>10,523</b>	<b>11,902</b>	<b>13,746</b>	<b>14,331</b>

Liabilities (mn USD)	2010	2011	2012	2013	2014	1Q'15
Lease Obligations	2,703	4,189	4,862	5,413	5,931	5,890
Passenger Flight Liabilities	436	677	936	1,201	1,398	1,753
Accounts Payable	476	461	510	680	662	597
Other Liabilities	850	976	1,183	1,346	1,805	1,902
<b>Total Liabilities</b>	<b>4,464</b>	<b>6,303</b>	<b>7,491</b>	<b>8,640</b>	<b>9,796</b>	<b>10,142</b>
<b>Total Shareholders Equity</b>	<b>2,424</b>	<b>2,382</b>	<b>3,032</b>	<b>3,262</b>	<b>3,950</b>	<b>4,189</b>
of which Issued Capital	647	635	673	647	1,597	1,597
of which Retained Earnings	827	723	779	1,017	845	153
of which differences from current translation	2	423	320	777	-47	-68
of which restatement effect on shareholder's equity	727	595	630	527	-	-
<b>Total Liabilities &amp; Shareholders Equity</b>	<b>6,888</b>	<b>8,685</b>	<b>10,523</b>	<b>11,902</b>	<b>13,746</b>	<b>14,331</b>

# Income Statement

(mn USD)	2010	2011	2012	2013	2014	1Q'14	1Q'15	YoY Change
Operating Revenue	5,448	7,070	8,234	9,826	11,070	2,315	2,219	-4%
Operating Expenses (-)	5,149	6,855	7,616	9,249	10,467	2,418	2,289	-5%
of which Fuel	1,406	2,394	2,887	3,442	3,845	887	720	-19%
of which Personnel	1,141	1,339	1,376	1,581	1,694	398	412	4%
of which Depreciation	297	486	574	650	744	174	204	17%
of which Rent	305	252	243	448	543	127	110	-13%
<b>Net Operating Profit</b>	<b>299</b>	<b>215</b>	<b>618</b>	<b>577</b>	<b>603</b>	<b>-103</b>	<b>-70</b>	<b>32%</b>
Income From Other Operations	92	96	94	115	81	27	60	122%
Expense From Other Operations (-)	79	237	64	41	46	7	8	14%
<b>Adjusted Operating Profit / Loss</b>	<b>312</b>	<b>73</b>	<b>648</b>	<b>651</b>	<b>638</b>	<b>-83</b>	<b>-18</b>	<b>78%</b>
Income From Investment Activities (Net)	-	-	274	76	72	13	13	0%
Share of Investments' Profit / Loss	24	6	3	55	75	-8	-13	-63%
Financial Income	47	158	48	27	443	24	322	1,242%
Financial Expense (-)	99	150	189	307	182	83	57	-31%
<b>Profit Before Tax</b>	<b>237</b>	<b>87</b>	<b>785</b>	<b>502</b>	<b>1,046</b>	<b>-137</b>	<b>247</b>	<b>280%</b>
Tax (-)	51	76	128	145	201	-35	94	369%
<b>Net Profit</b>	<b>185</b>	<b>11</b>	<b>657</b>	<b>357</b>	<b>845</b>	<b>-102</b>	<b>153</b>	<b>250%</b>

# EBITDAR Calculation

EBITDAR (mn USD)	2010	2011	2012	2013	2014	1Q'14	1Q'15	YoY Change
Sales Revenue	5,448	7,070	8,234	9,826	11,070	2,315	2,219	-4%
Cost of Sales (-)	4,303	5,868	6,554	8,003	9,068	2,087	1,949	-7%
<b>GROSS PROFIT / LOSS</b>	<b>1,145</b>	<b>1,203</b>	<b>1,681</b>	<b>1,823</b>	<b>2,002</b>	<b>228</b>	<b>270</b>	<b>18%</b>
General Administrative Expenses (-)	212	219	187	228	273	64	73	14%
Marketing and Sales Expenses (-)	634	769	875	1,018	1,126	267	267	0%
Other Operating Income	92	96	95	115	81	27	60	122%
Other Operating Expense (-)	79	237	61	41	46	7	8	14%
<b>Adjusted Operating Profit / Loss</b>	<b>312</b>	<b>73</b>	<b>652</b>	<b>651</b>	<b>638</b>	<b>-83</b>	<b>-18</b>	<b>78%</b>
<b>Adjustments</b>	<b>-50</b>	<b>203</b>	<b>39</b>	<b>104</b>	<b>132</b>	<b>4</b>	<b>-2</b>	<b>-150%</b>
Share of Investments' Profit/Loss Accounted by Using the Equity Method	-24	6	4	55	75	-8	-13	-63%
Income From Government Incentives	-	-	35	49	57	12	11	-8%
<b>EBIT</b>	<b>262</b>	<b>277</b>	<b>691</b>	<b>755</b>	<b>770</b>	<b>-79</b>	<b>-20</b>	<b>75%</b>
Cost of Sales_Depreciation	276	458	549	620	693	163	186	14%
General Administrative Expenses_Depreciation	20	27	18	23	44	9	16	78%
Marketing and Sales Expenses_Depreciation	1	1	6	6	7	2	2	0%
<b>EBITDA</b>	<b>558</b>	<b>763</b>	<b>1,265</b>	<b>1,405</b>	<b>1,514</b>	<b>95</b>	<b>184</b>	<b>94%</b>
Adjusted Operating Lease Expenses*	238	237	175	274	326	70	106	52%
Adjusted Short term Lease Expenses (Wet-lease)**	15	8	37	165	205	50	34	-33%
<b>EBITDAR</b>	<b>1,024</b>	<b>1,130</b>	<b>1,603</b>	<b>1,843</b>	<b>2,044</b>	<b>215</b>	<b>324</b>	<b>51%</b>
<b>EBITDAR MARGIN</b>	<b>18.8%</b>	<b>16.0%</b>	<b>19.5%</b>	<b>18.8%</b>	<b>18.5%</b>	<b>9.3%</b>	<b>14.6%</b>	<b>5.3 pt</b>

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

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

# Strong Balance Sheet – Credit Ratings



**Baa3 / BB+**

WIDEN YOUR WORLD



**BB / Ba1**



**Lufthansa**

**BBB- / Ba1**

BRITISH AIRWAYS



**BB / Ba3**



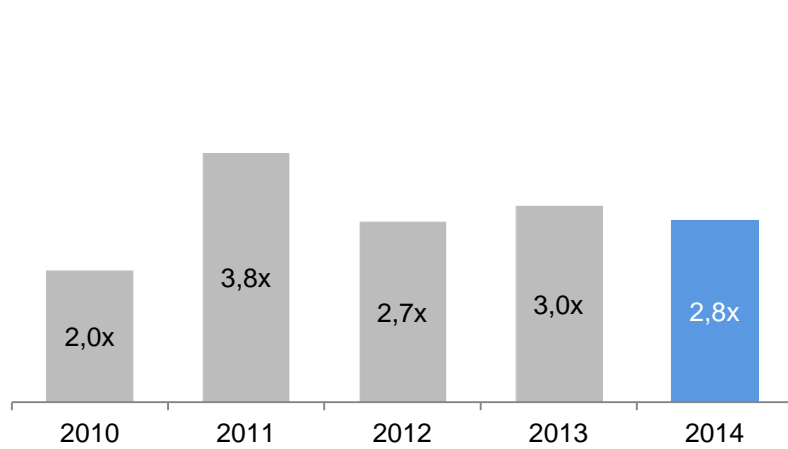
**Standard and Poor's**

WIDEN YOUR WORLD

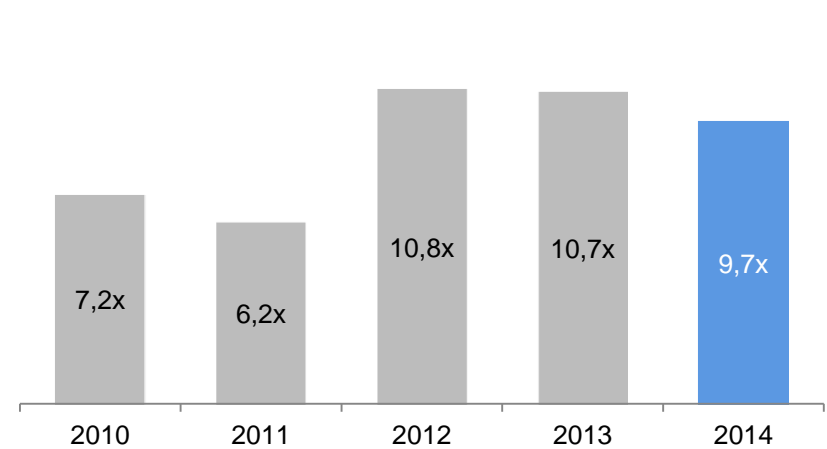


# Financial Ratios as of 31 December 2014

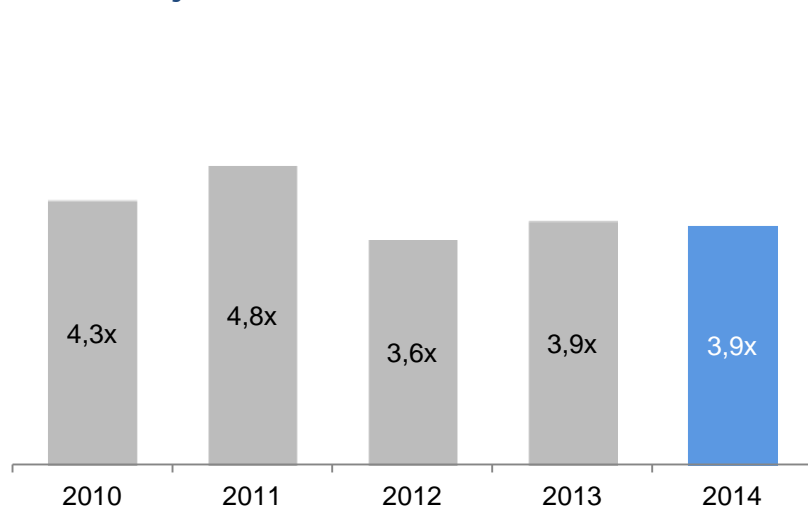
## Net Debt / EBITDA



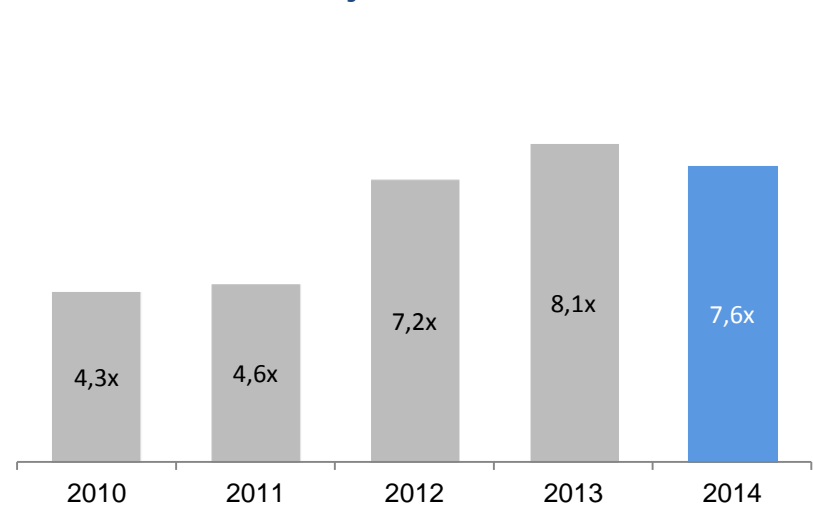
## EBITDA / Net Interest Cost



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



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

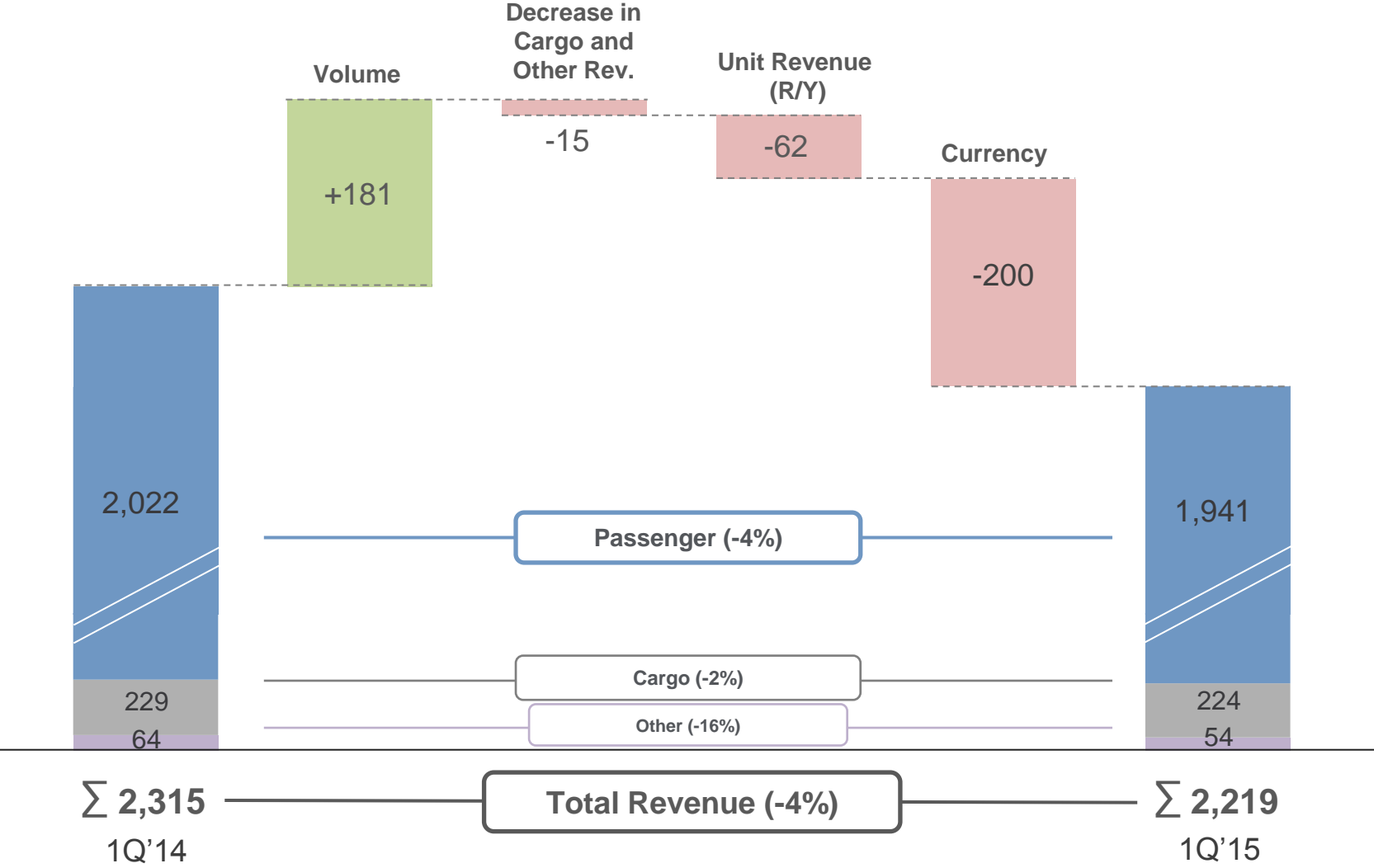


(1) Adjusted for the capitalization of operating leases including 55% of wet lease (7x)

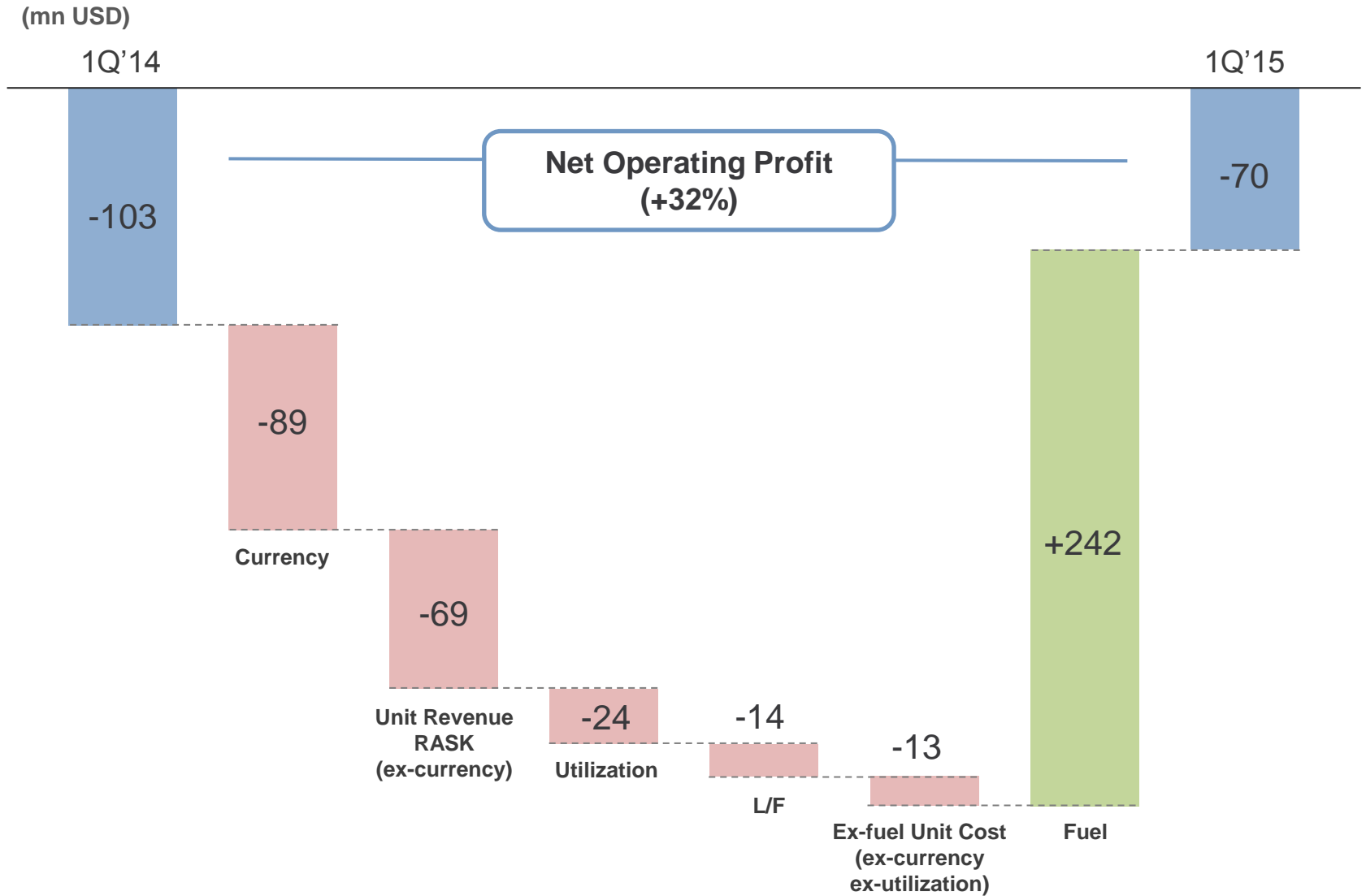
(2) Adjusted by the portion of financial costs within operating leases (35%)

# Revenue Development (1Q'14 vs 1Q'15)

(mn USD)



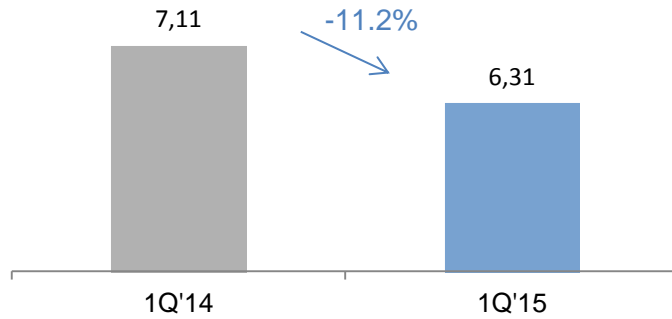
# Net Operating Profit Bridge (1Q'14 vs 1Q'15)



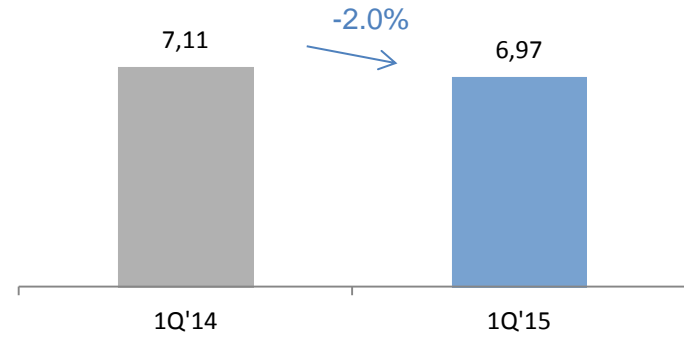


# Scheduled Services Unit Revenue Development 1Q'15

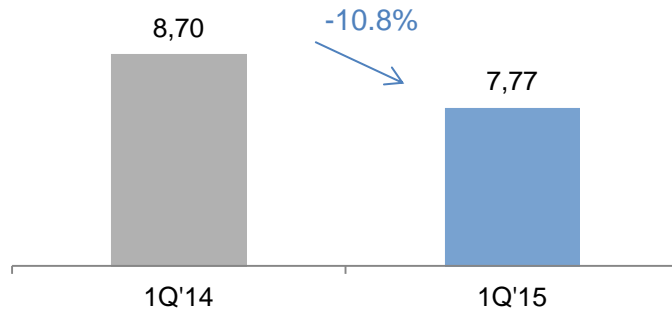
## RASK (USc)



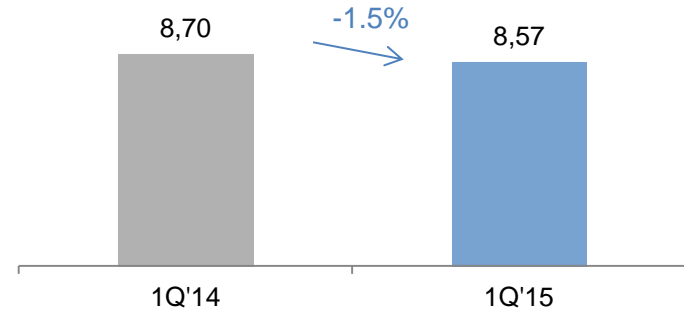
## RASK ex-currency (USc)



## R/Y (USc)



## R/Y ex-currency (USc)



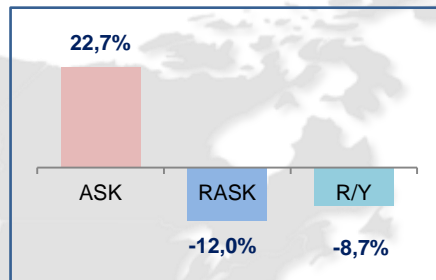
R/Y : Passenger Revenue / RPK (Scheduled)

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

\* ASK value is adjusted for cargo operations.

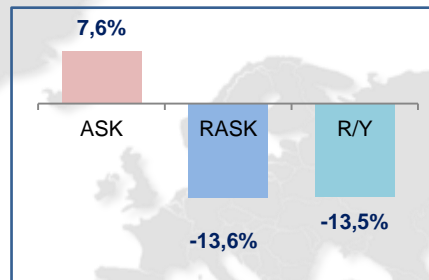
# Regional Yield Development 1Q'15 (in USc)

## America



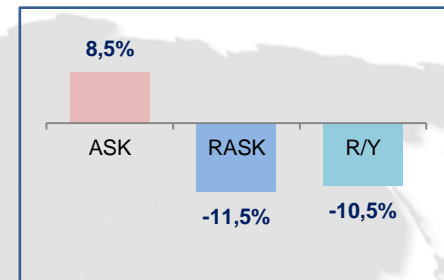
- Substantial capacity increase
- New Routes (Boston, Montreal)
- Increased market capacity

## Europe & CIS



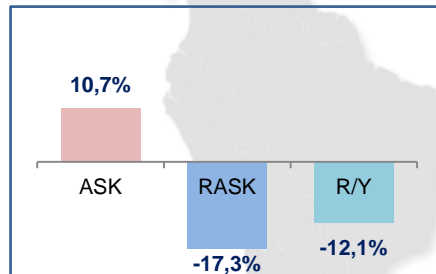
- Direct currency effect (EUR/USD)
- Substantial capacity increase (esp. in Northern Europe)
- Local currency depreciations (Russia, Ukraine, Belarus)
- Lower beyond traffic into Africa and ME due to political instabilities

## Asia / Far East



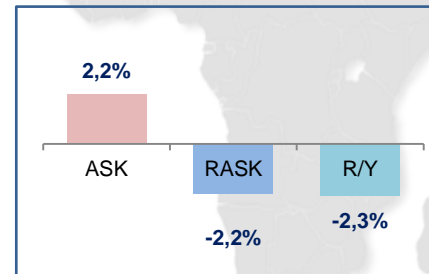
- New Routes (Taipei and Manila)
- Lower beyond traffic into and out of Russia, Africa and ME due to political/economical instabilities
- Increased market capacity
- Depreciation of local currencies

## Africa



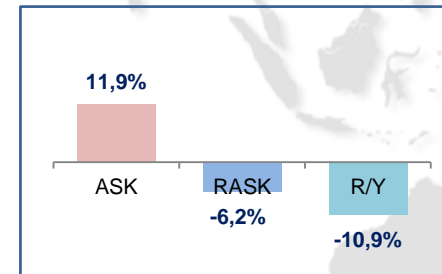
- New Routes and capacity increases (Oran, Constantine, Batna, Tlemcen, Cotonou, Asmara, Abuja)
- Depreciation of local currencies
- Ebola and political instabilities
- Increased market capacity

## Domestic



- Severe weather conditions in February
- Softer tourism demand from Russia, Ukraine, Japan implies less transfer, more local traffic
- Increased market capacity

## Middle East



- New Route (Ahvaz-Iran)
- Political instabilities (Israel, Iraq, Yemen)
- Musul, Sana'a, Aden suspended

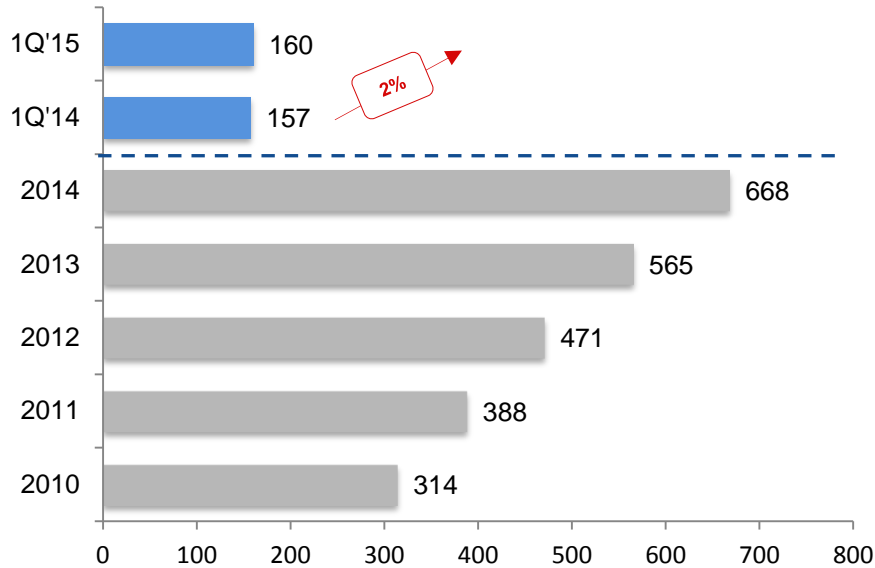
R/Y : Passenger Revenue / RPK (Scheduled)

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

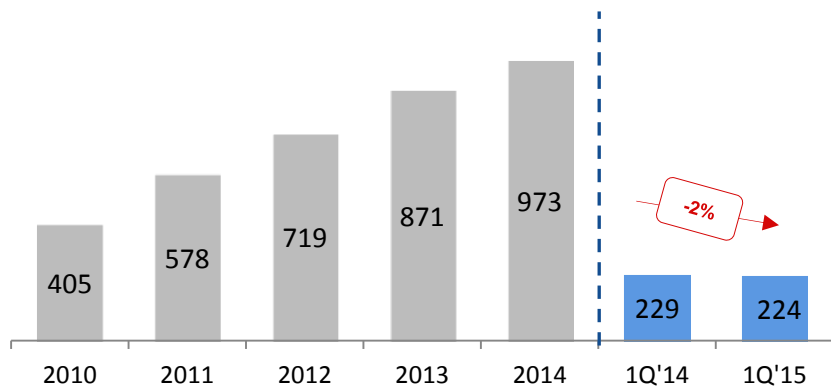
\* ASK value is adjusted for cargo operations.

# Cargo Transportation

## Cargo Tonnage Carried ('000 Ton)



## Cargo Revenue Evolution (mn USD)















- Turkish Cargo serves 50 destinations with 9 freighters besides 268 destinations with 265 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 is operational since YE2014. The facility has 1.2 million tons of cargo capacity and 43,000 m<sup>2</sup> closed warehouse area.

## 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, Joint Ventures and Affiliates <sup>1</sup>

## Total Net Profit Contribution 2014: USD 75 mn

						
<b>Date of Creation</b>	2009	1989	2006 / 2011	2007	2008	2008
<b>Ownership (as of 2014)</b>						
<b>Business Description</b>	Aviation Fuel	Passenger Airline	Maintenance Services	Airline Catering	Ground Services	Maintenance Services
<b>Number of Personnel</b>	295	2,978	5,214	5,527	8,541	257
<b>FY 2014 Revenues <sup>(2)</sup></b>	USD 2,743 mn	USD 1,330 mn	USD 806 mn	USD 371 mn	USD 270 mn	USD 195 mn
<b>FY 2014 Net Profit</b>	USD 36 mn	USD 57 mn	USD -19 mn	USD 33 mn	USD 25 mn	USD 1 mn
<b>Paid in Capital</b>	USD 22 mn	USD 46 mn	USD 415 mn	USD 13 mn	USD 5 mn	USD 34 mn

(1) Material entities with more than \$10 mn revenues in FY 2014

(2) Full company revenues, not just the portion attributable to THY

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