WIDEN YOUR WORLD | TURKISH AIRLINES

A STAR ALLIANCE MEMBER

TURKISH AIRLINES

3Q’18 Results Summary

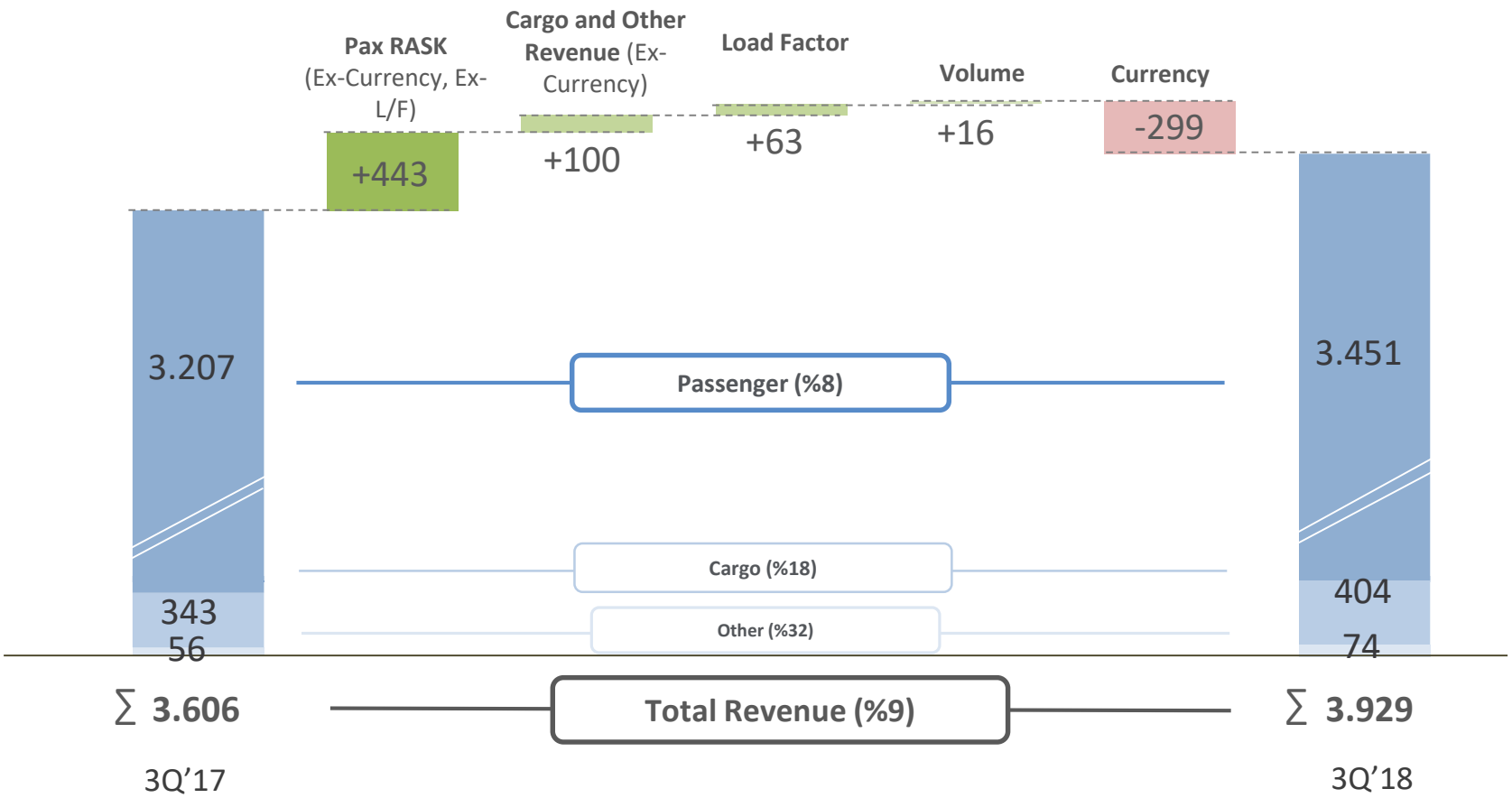
Key Financial Data

3Q'17	3Q'18	Change	(USD mn)	9M'17	9M'18	Change
3.606	3.929	9,0%	**Revenue**	8.203	9.869	20,3%
3.207	3.451	7,6%	Passenger Revenue	7.125	8.465	18,8%
343	404	17,8%	Cargo Revenue	923	1.188	28,7%
888	896	0,9%	**Net Operating Profit / Loss**	819	1.166	42,4%
939	891	-5,1%	**Profit From Main Operations**	956	1.149	20,2%
697	714	2,4%	**Net Income**	263	755	187,1%
19,3%	18,2%	-1,2 pt	Net Income Margin	3,2%	7,7%	4,4 pt
1.467	1.495	1,9%	**EBITDAR**	2.391	2.773	16,0%
40,7%	38,0%	-2,6 pt	EBITDAR Margin	29,2%	28,1%	-1,1 pt

WIDEN YOUR WORLD | TURKISH AIRLINES

Revenue Development (3Q'17 vs 3Q'18)

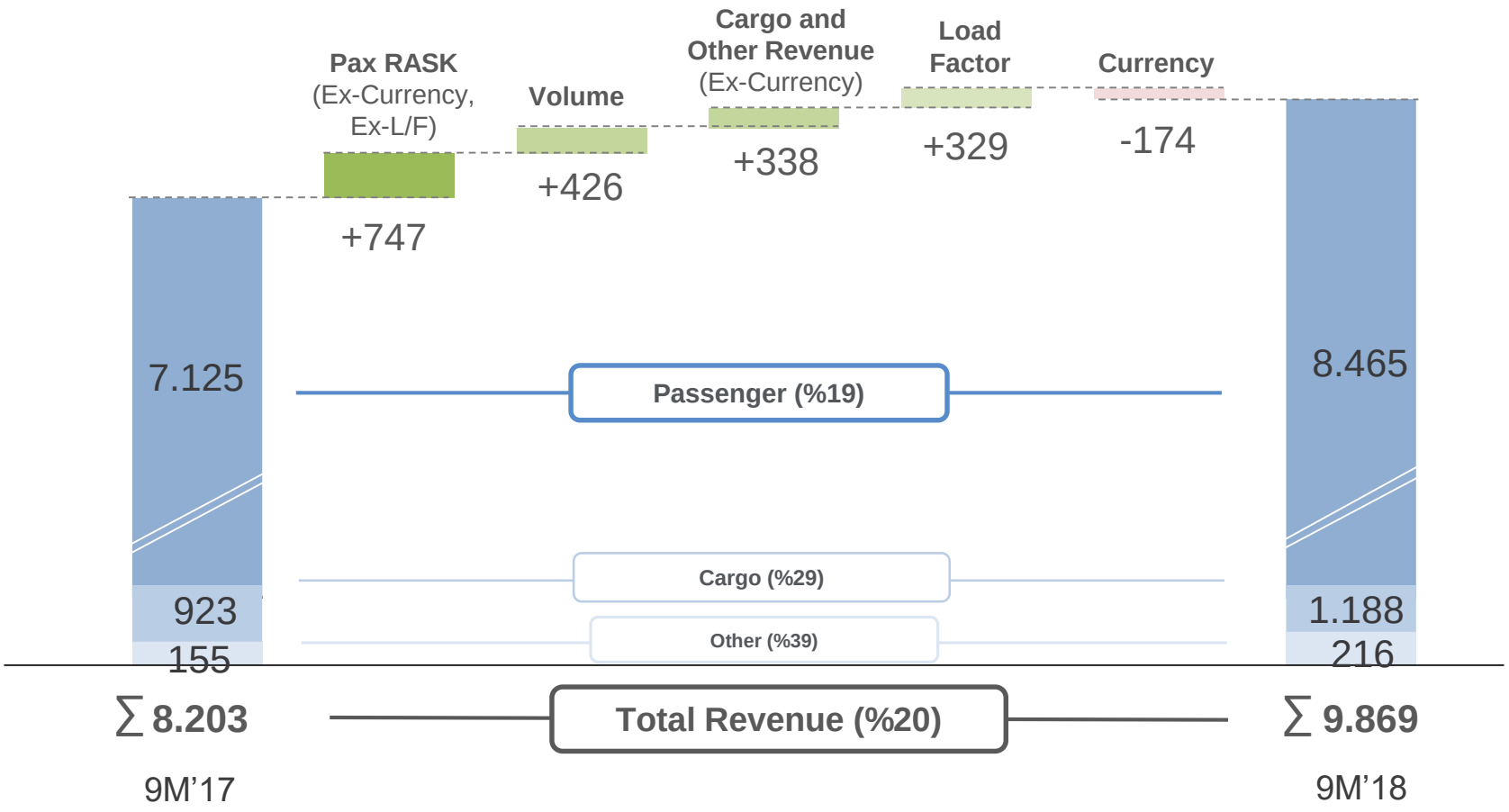
(mn USD)



WIDEN YOUR WORLD | TURKISH AIRLINES

Revenue Development (9M'17 vs 9M'18)

(mn USD)



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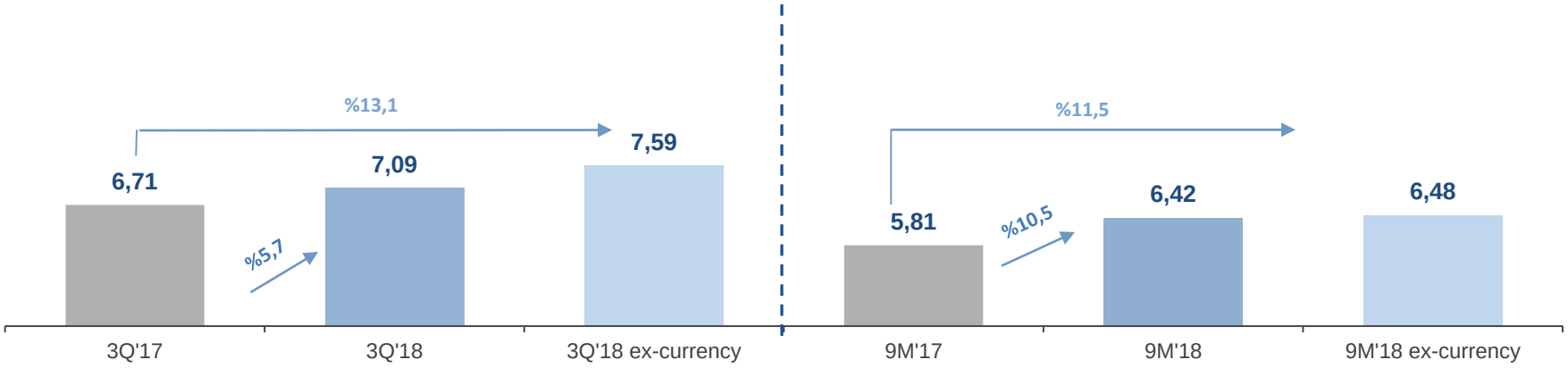
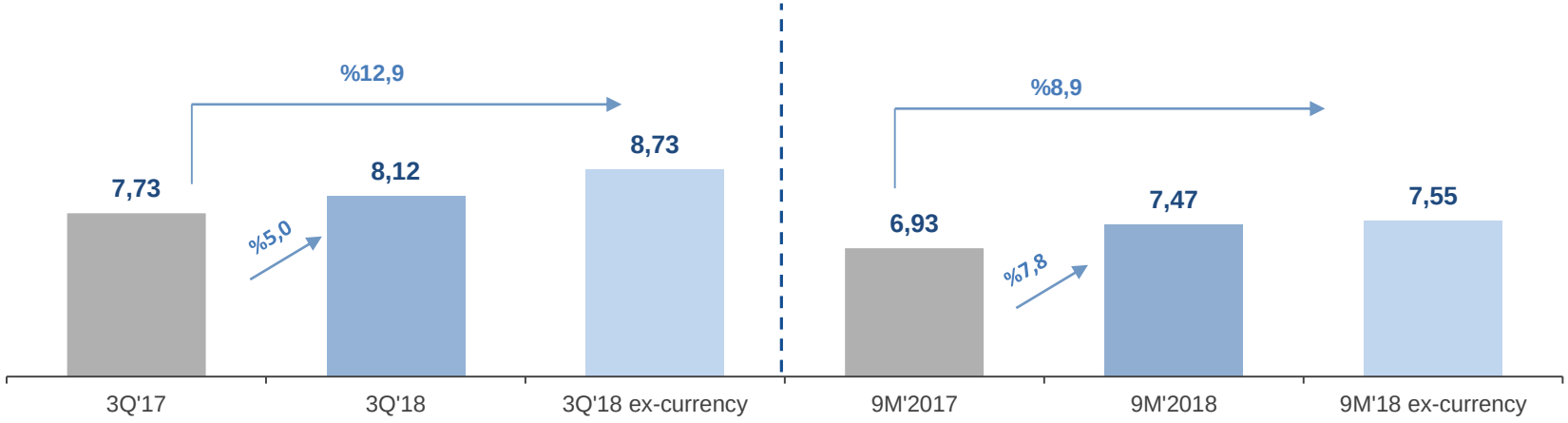
Unit Revenue Development

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.

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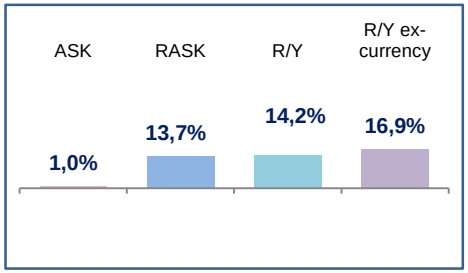
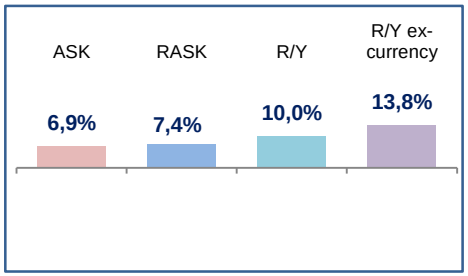
Regional Yield Development in USD (3Q'17 vs 3Q'18)

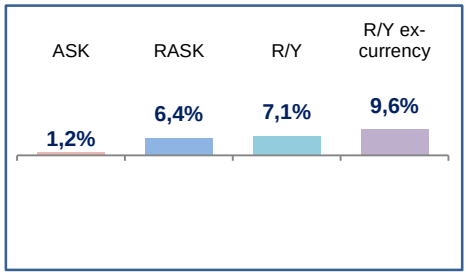
America



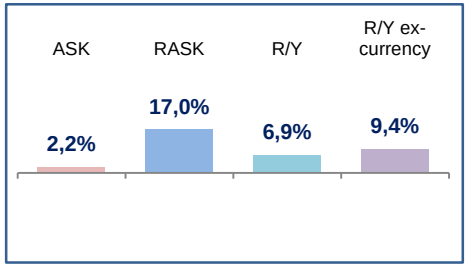
Europe



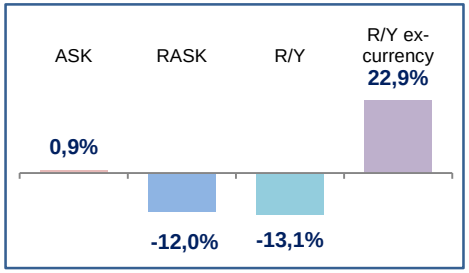
Asia / Far East



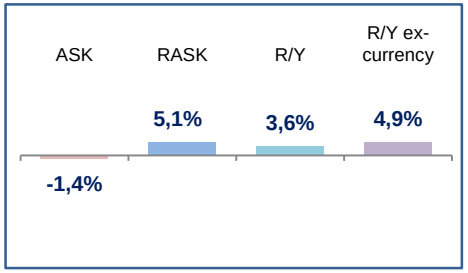
Africa



Domestic



Middle East



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RASK : Passenger and Cargo Revenue / ASK* (Scheduled and Unscheduled)
* ASK value is adjusted for cargo operations.

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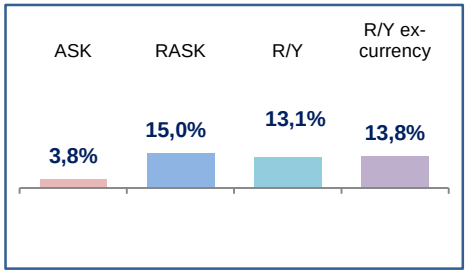
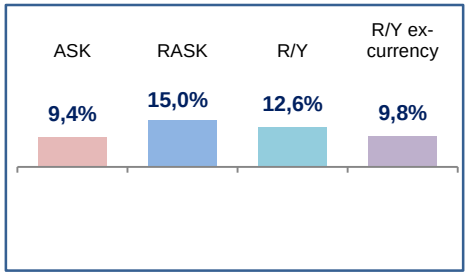
Regional Yield Development in USD (9M'17 vs 9M'18)

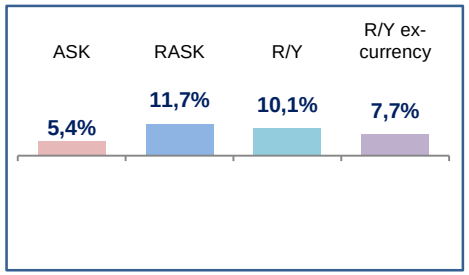
America



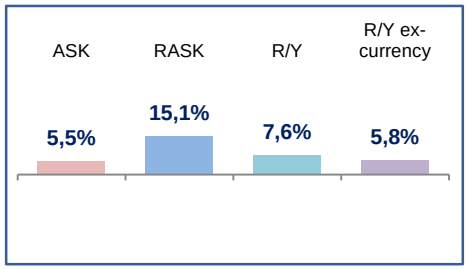
Europe



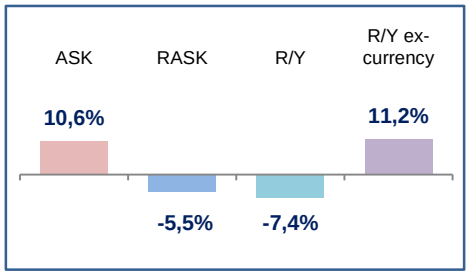
Asia / Far East



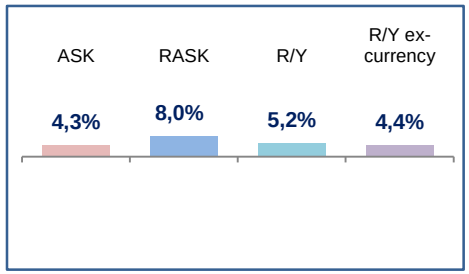
Africa



Domestic



Middle East



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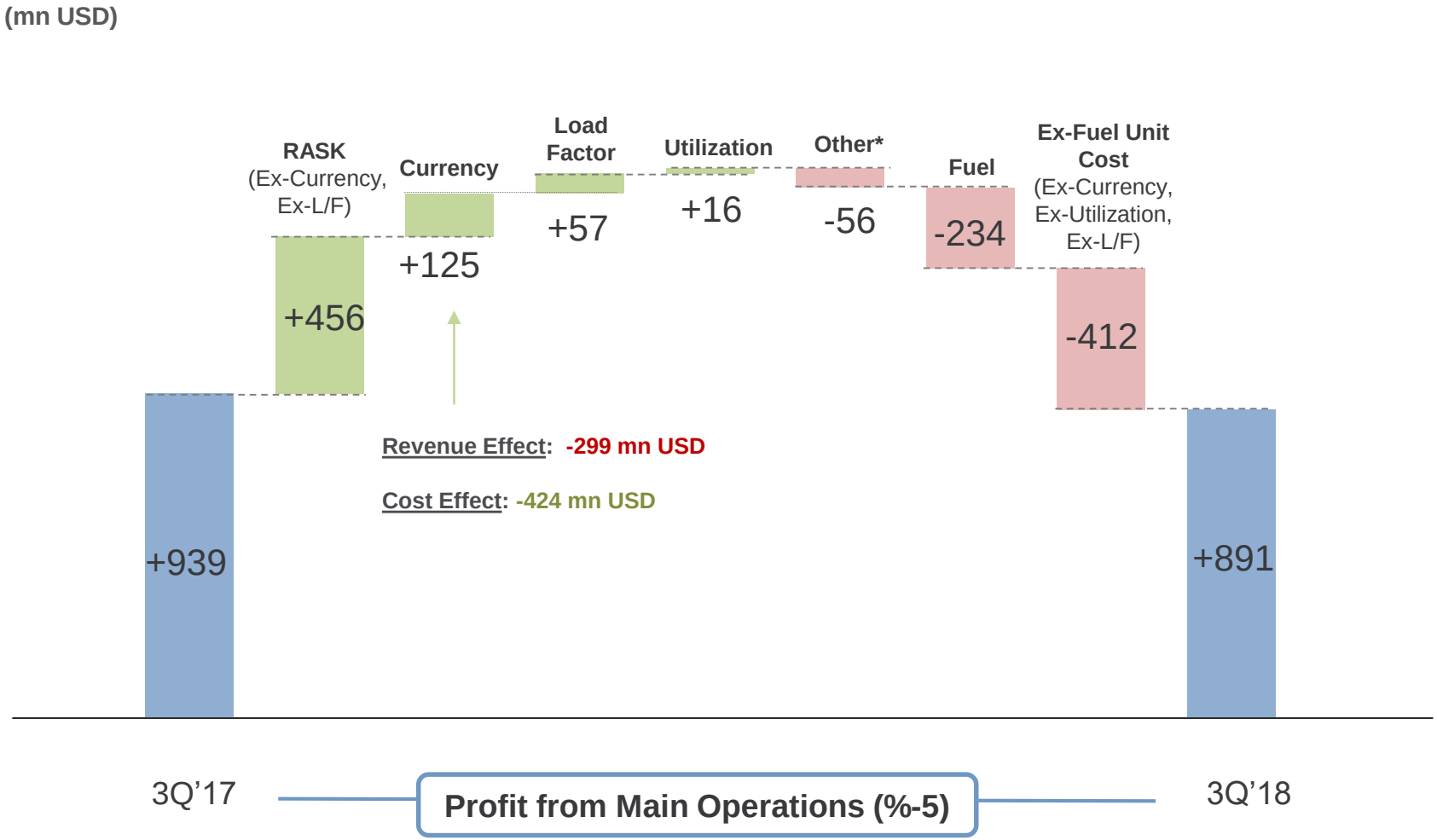
WIDEN YOUR WORLD | TURKISH AIRLINES

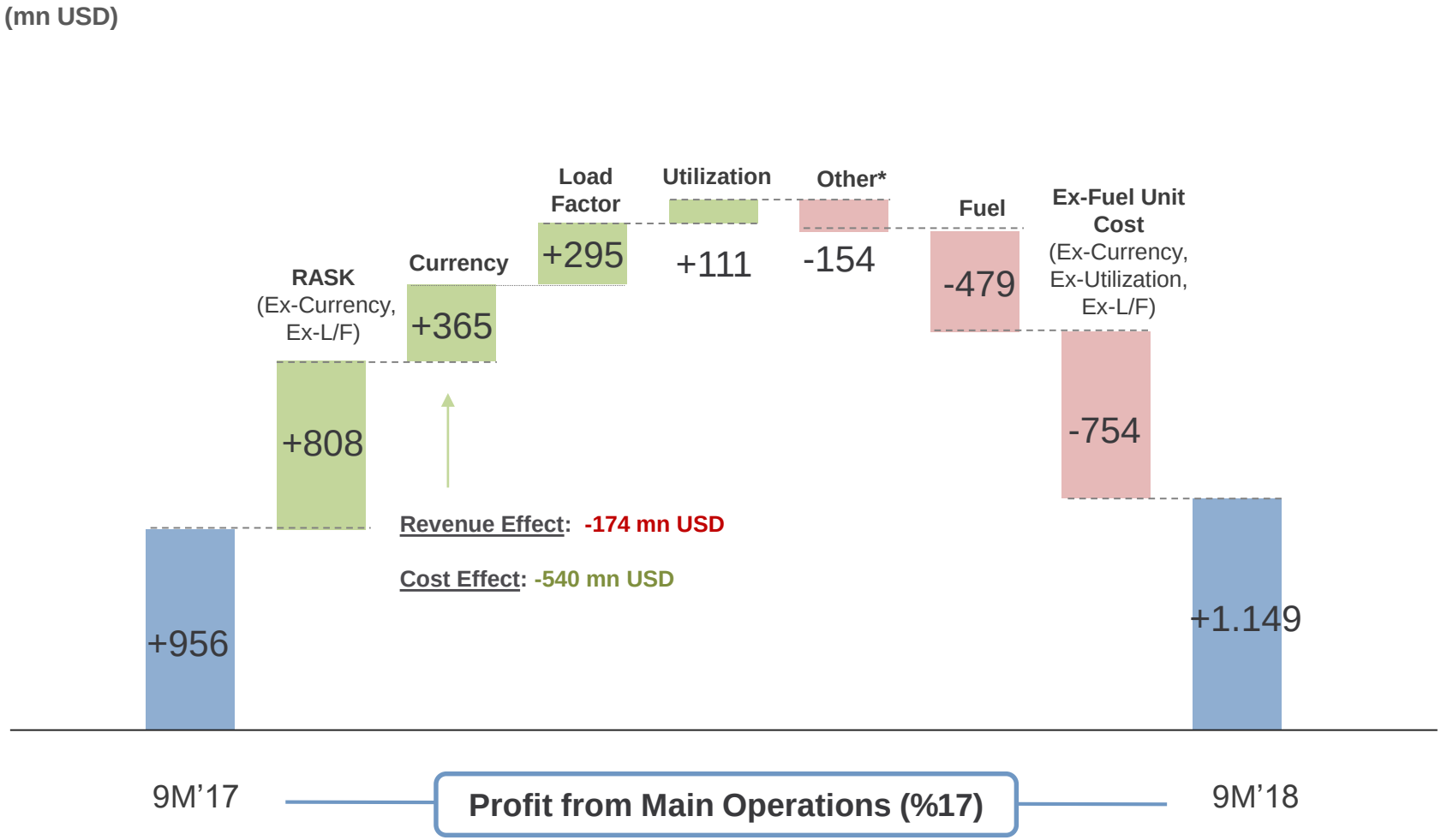
Profit From Main Operations Bridge (3Q'17 vs 3Q'18)



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

WIDEN YOUR WORLD | TURKISH AIRLINES

Profit From Main Operations Bridge (9M'17 vs 9M'18)



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

WIDEN YOUR WORLD | TURKISH AIRLINES

Operational Expense Breakdown

3Q'17	3Q'18	Change	(mn USD)	9M'17	9M'18	Change
815	1.061	30,2%	**Fuel**	2.099	2.785	32,7%
431	407	-5,6%	**Personnel**	1.243	1.300	4,6%
394	433	9,9%	**Aircraft Ownership**	1.142	1.258	10,2%
289	288	-0,3%	**Airports & Air Navigation**	730	810	11,0%
228	245	7,5%	**Sales & Marketing**	650	772	18,8%
184	180	-2,2%	**Ground Handling**	483	546	13,0%
150	143	-4,7%	**Passenger Services & Catering**	388	423	9,0%
154	202	31,2%	**Maintenance**	430	569	32,3%
73	74	1,4%	**Other**	219	240	9,6%
2.718	**3.033**	**11,6%**	**TOTAL**	**7.384**	**8.703**	**17,9%**

ASK Growth: **0,5%**

ASK Growth: **6,0%**

Notes:

* Includes General Administration and Other Cost of Sales.

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CASK Breakdown

3Q'17	3Q'18	Change	(USc)	9M'17	9M'18	Change
1,63	2,12	29,5%	**Fuel**	1,61	2,01	25,2%
0,86	0,81	-6,0%	**Personnel**	0,95	0,94	-1,3%
0,79	0,86	9,4%	**Aircraft Ownership**	0,88	0,91	3,9%
0,58	0,57	-0,8%	**Airports & Air Navigation**	0,56	0,59	4,7%
0,46	0,49	6,9%	**Sales & Marketing**	0,50	0,56	12,1%
0,37	0,36	-2,7%	**Ground Handling**	0,37	0,39	6,7%
0,30	0,29	-5,1%	**Passenger Services & Catering**	0,30	0,31	2,9%
0,31	0,40	30,5%	**Maintenance**	0,33	0,41	24,9%
0,15	0,15	0,9%	**Other**	0,17	0,17	3,4%
5,45	**6,05**	**11,0%**	**TOTAL**	**5,66**	**6,29**	**11,2%**

Ex-Fuel CASK : **3,1%**

Ex-Fuel CASK : **5,7%**

WIDEN YOUR WORLD | TURKISH AIRLINES

Selected KPI's

3Q'17	3Q'18	Change		9M'17	9M'18	Change
583	728	24,9%	**Fuel Price (Usd/ton)**	579	693	19,7%
3,31	3,35	1,3%	**Fuel Consumption (lt) per 100 ASK2**	3,28	3,34	2,1%
1.011	1.105	9,3%	**Aircraft Ownership Cost per BH**	1.115	1.159	4,0%
395	515	30,4%	**Maintenance Cost per BH**	420	524	24,9%
1.333	1.305	-2,1%	**Handling Cost per Landing**	1.361	1.447	6,3%
1.223	1.214	-0,7%	**Airports & Air Navigation Cost per km Flown**	1.173	1.235	5,3%
7,04	6,54	-7,1%	**Passenger Services & Catering Cost per Pax**	7,52	7,35	-2,3%
6,3%	6,2%	-0,1 pt	**Sales & Marketing Cost / Total Revenue**	7,9%	7,8%	-0,1 pt

WIDEN YOUR WORLD | TURKISH AIRLINES

EBITDAR Calculation

3Q'17	3Q'18	Change	EBITDAR (mn USD)	9M'17	9M'18	Change
3.606	3.929	9,0%	Sales Revenue	8.203	9.869	20,3%
2.356	2.648	12,4%	Cost of Sales (-)	6.328	7.501	18,5%
1.250	**1.281**	**2,5%**	**GROSS PROFIT / (LOSS)**	**1.875**	**2.368**	**26,3%**
65	64	-1,5%	General Administrative Expenses (-)	204	204	0,0%
297	321	8,1%	Marketing and Sales Expenses (-)	852	998	17,1%
888	**896**	**0,9%**	**NET OPERATING PROFIT / (LOSS)**	**819**	**1.166**	**42,4%**
64	49	-23,4%	Other Operating Income	167	114	-31,7%
13	54	315,4%	Other Operating Expense (-)	30	131	336,7%
939	**891**	**-5,1%**	**Profit / (Loss) from Main Operations**	**956**	**1.149**	**20,2%**
95	**109**	**14,7%**	**Adjustments**	**152**	**171**	**12,5%**
84	96	14,3%	Share of Investments' Profit / Loss Accounted by Using The Equity Method	106	128	20,8%
11	13	18,2%	Income From Government Incentives	46	43	-6,5%
1.034	**1.000**	**-3,3%**	**EBIT**	**1.108**	**1.320**	**19,1%**
251	271	8,0%	Depreciation	758	807	6,5%
1.285	**1.271**	**-1,1%**	**EBITDA**	**1.866**	**2.127**	**14,0%**
150	181	20,7%	Adjusted Operating Lease Expenses[1]	445	536	20,5%
32	43	34,5%	Adjusted Short term Lease Expenses (Wet-lease)[2]	80	110	37,0%
1.467	**1.495**	**1,9%**	**EBITDAR**	**2.391**	**2.773**	**16,0%**
40,7%	**38,0%**	**-2,63**	**EBITDAR MARGIN**	**29,2%**	**28,1%**	**-1,05**

Notes:

- For 9M'18 Turkish Technic's contribution to EBITDAR through consolidation is 166 mn USD, compared to 125 mn in 9M'17.
- For 9M'18 adjustments for heavy maintenance of operational lease expenses were 285 mn USD compared to 207 mn USD in 9M'17.

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WIDEN YOUR WORLD | TURKISH AIRLINES

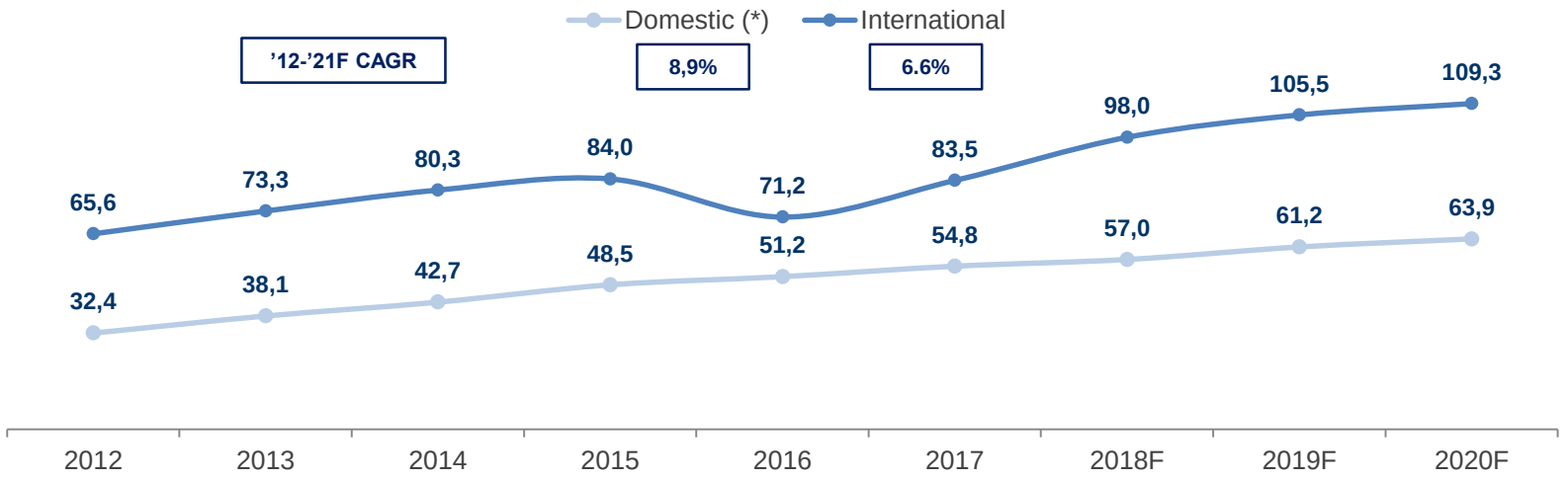
A STAR ALLIANCE MEMBER

TURKISH AIRLINES

3Q’18 Results

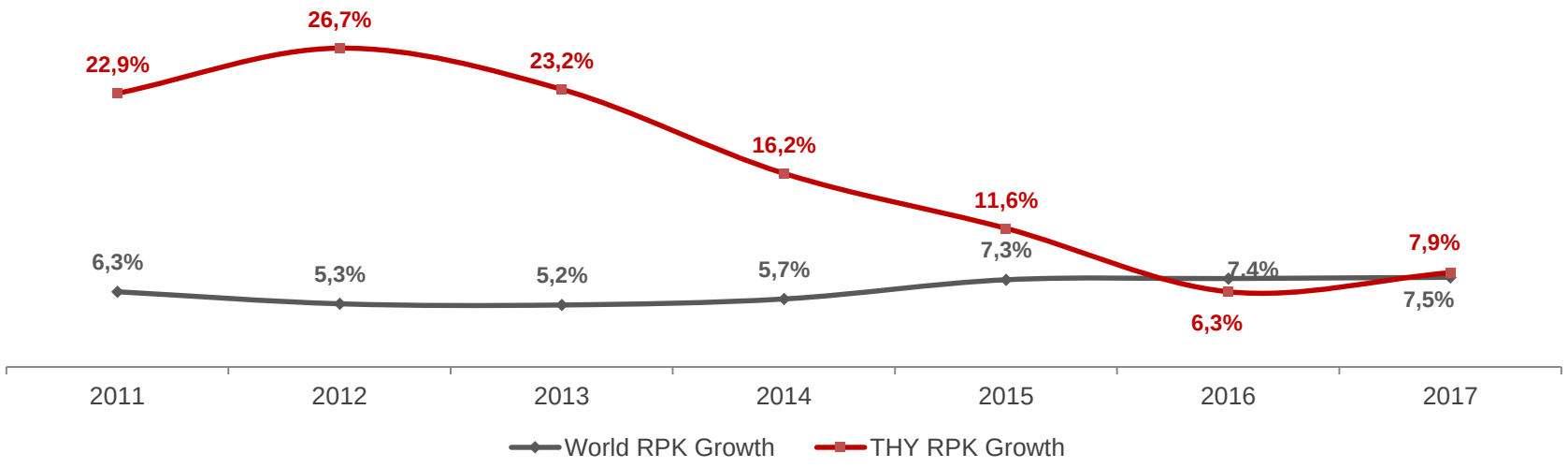
Aviation Sector & Economy

Turkish Market Growth (mn passengers)



Source: General Directorate of State Airports Authority (DHMI) – October 2018
(*): Adjusted for double count on Domestic Pax

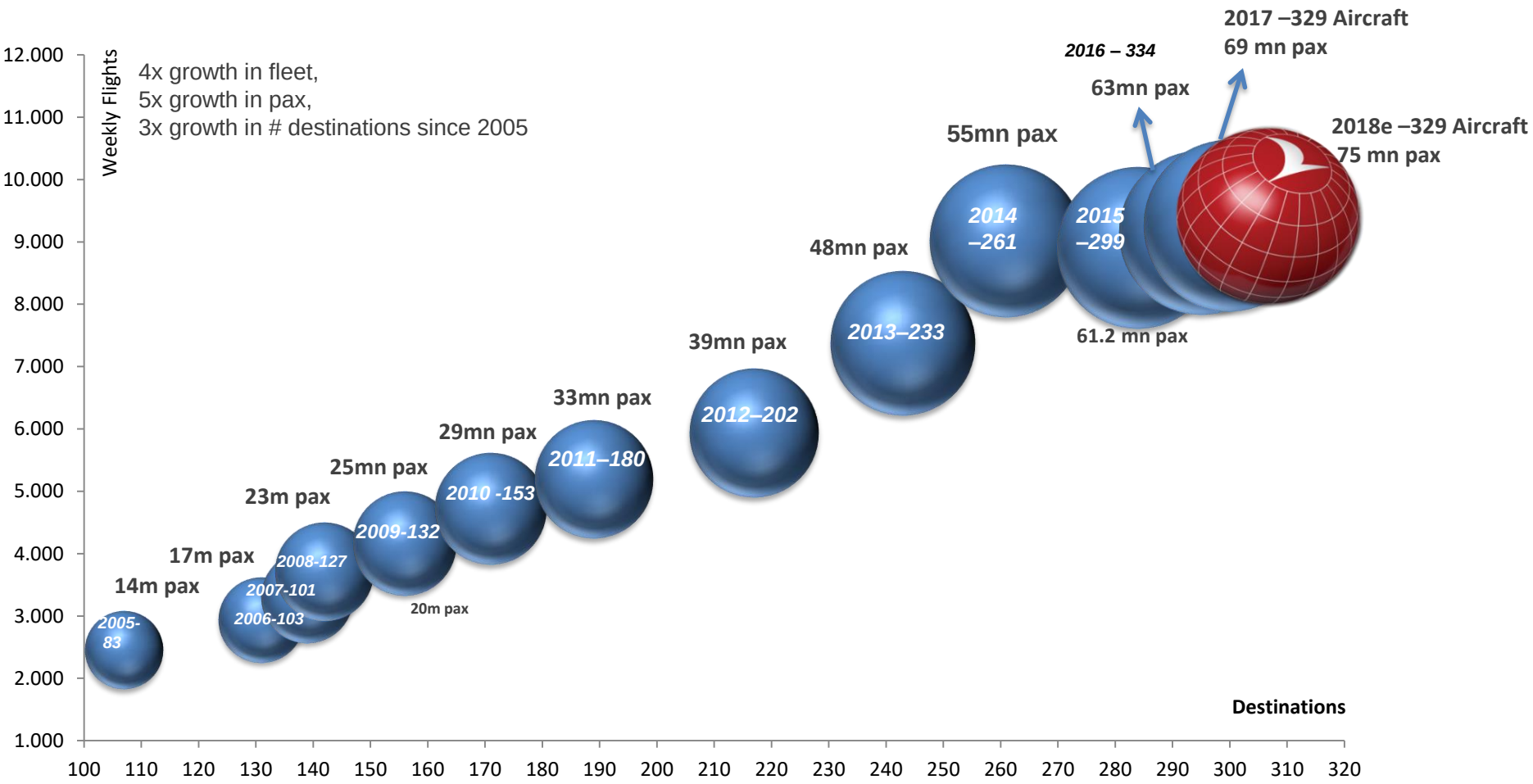
Annual RPK Growth (%)



Source: IATA

WIDEN YOUR WORLD TURKISH AIRLINES

Turkish Airlines Historical Growth



* As of 30.09.2018.

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

WIDEN YOUR WORLD | TURKISH AIRLINES

We Fly To 122 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	Krasnador	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	
Genoa	Zaporijya	Albania	
France	Lviv	Tirana	
Paris	Simferopol	Ireland	
Lyon	Donetsk	Dublin	
Nice	Austria	Kosovo	
Marseille	Vienna	Pristina	
Toulouse	Salzburg	Macedonia	
Bordeaux	Graz	Skopje	
UK	Northern Cyprus	Serbia	
London	Lefkosa	Belgrade	
Manchester	Azerbaijan	Malta	
Birmingham	Baku	Malta	
Spain	Ganja	Slovenia	
Barcelona	Nakhichevan	Ljubljana	
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		

Future Routes

Azerbaijan
Lankeran
Poland
Krakow
France
Nantes
Spain
La Coruna
Russia
Makhachkala
Italia
Palermo
Finland
Rovaniemi

AFRICA

35 COUNTRIES, 53 CITIES

Egypt	Gabon
Cairo	Libreville
Alexandria	Mali
Hurghada	Bamako
Sharmel-Sheikh	Burkina Faso
Algeria	Ougadougou
Algiers	Cote D'Ivore
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	
Accra	
Morocco	
Casablanca	
Rwanda	
Kigali	
Somalia	
Mogadishu	
Sudan	
Khartoum	
Uganda	
Entebbe	
Mauritania	
Nouakchott	
Senegal	
Dakar	
Congo	
Kinshasa	

Future Routes

Angola
Luanda
Egypt
Aswan
Luxor
South Sudan
Juba
Morocco
Marrakech
Sudan
Port Sudan
Gambia
Banjul
Zambia
Lusaka

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	
Mosul	
Kuwait	
Kuwait	

Future Routes

Saudi Arabia
Abha
UAE
Sharjah

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	
Montreal	
Argentina	
Buenos Aires	
Brazil	
Sao Paulo	
Columbia	
Bogota	

Future Routes

Mexico
Mexico City
Cancun
USA
Newark

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	
Kabul	
Mazar-ı Sharif	
Vietnam	
Ho Chi Minh	
Hanoi	

Future Routes

Indonesia
Denpasar

DOMESTIC

49 CITIES

* As of 30.09.2018

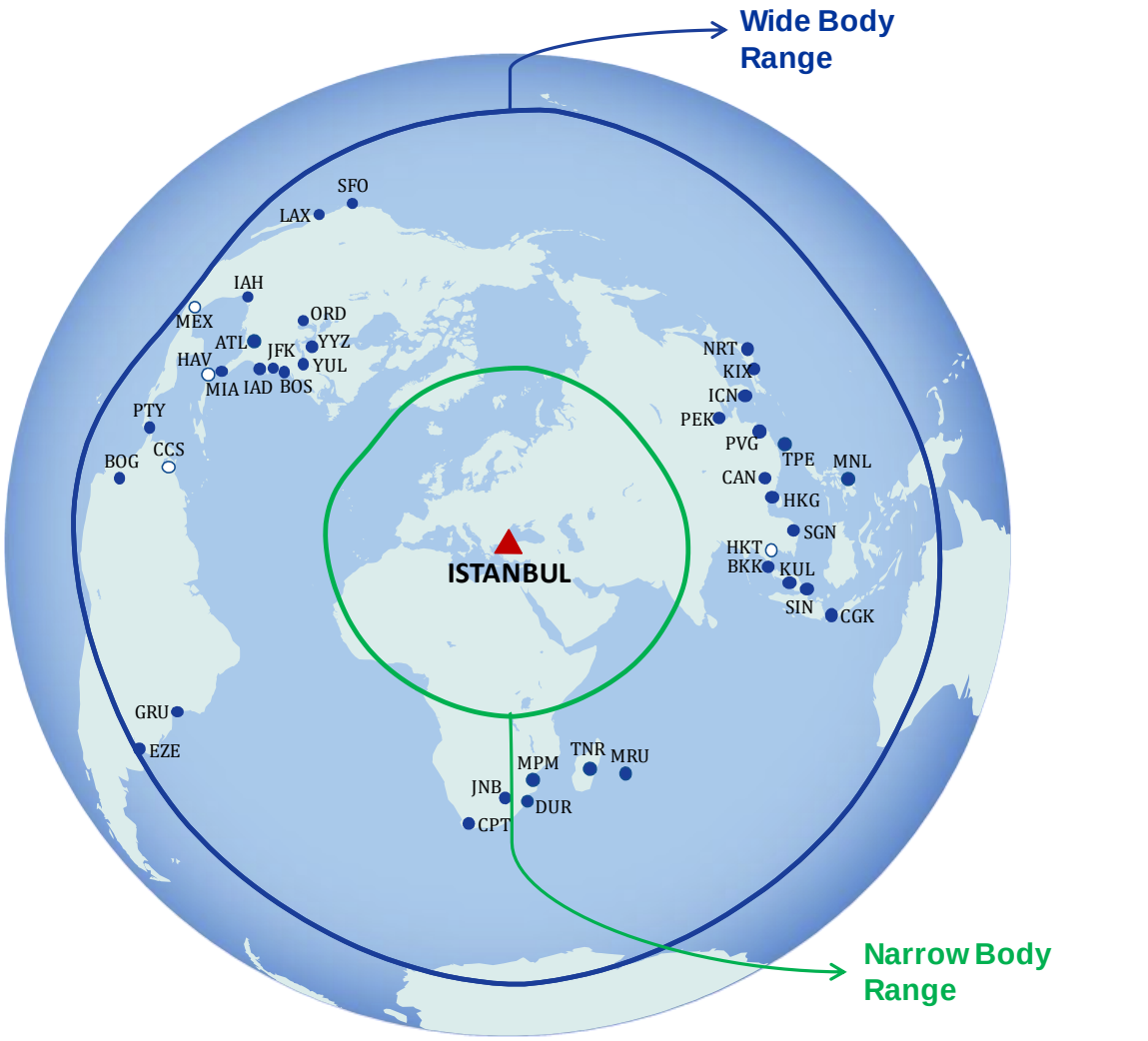
WIDEN YOUR WORLD | TURKISH AIRLINES

Istanbul's Geographical Advantage - A Natural Hub

Narrow Body Range Capability to and from Istanbul

(with full passenger payload)

- ✓ 201 out of 255 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

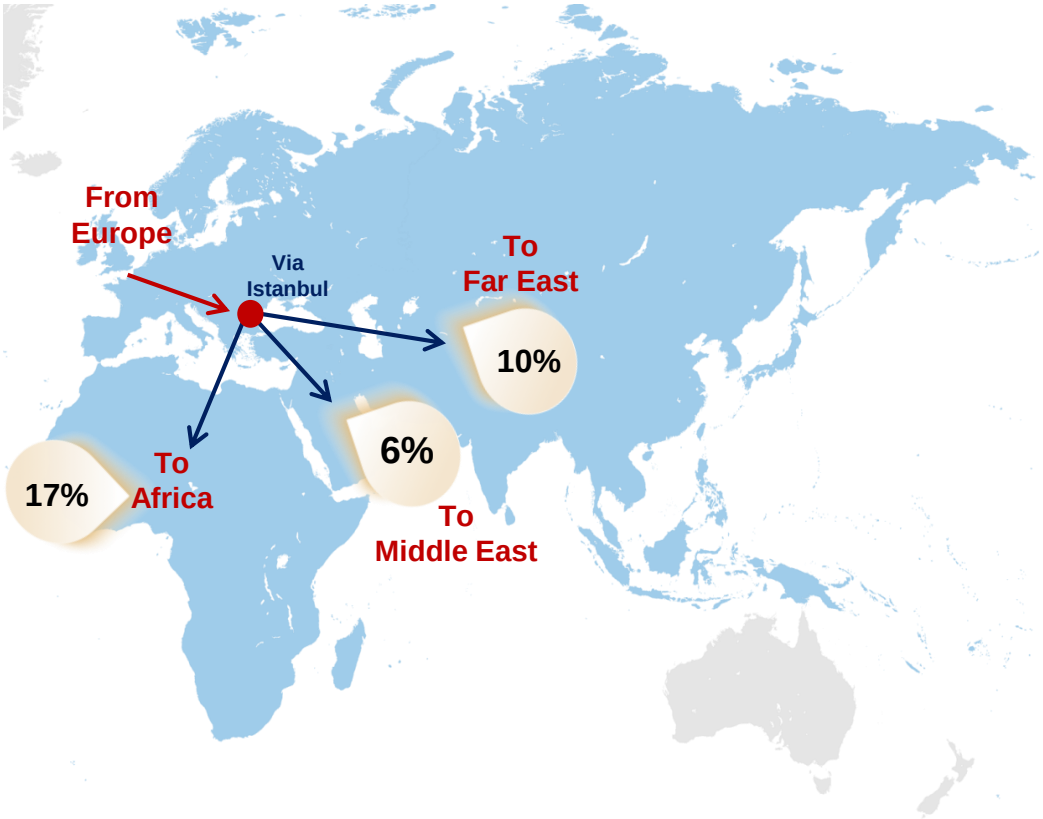
WIDEN YOUR WORLD | TURKISH AIRLINES

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.

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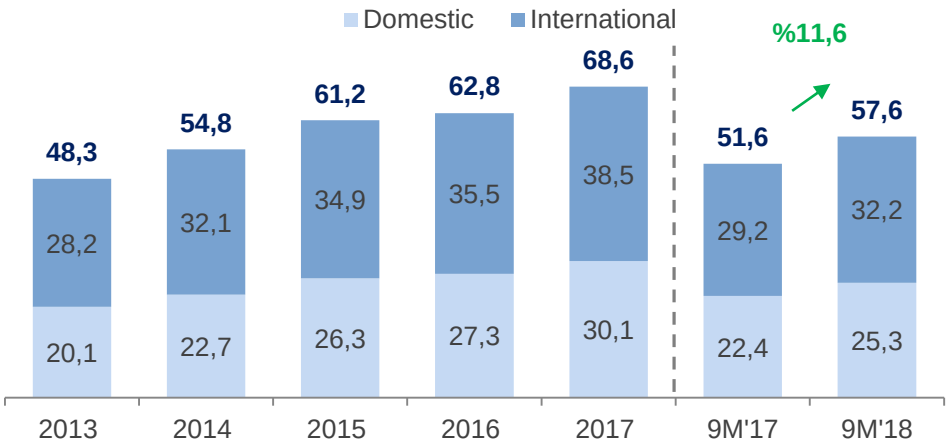
Passenger Traffic

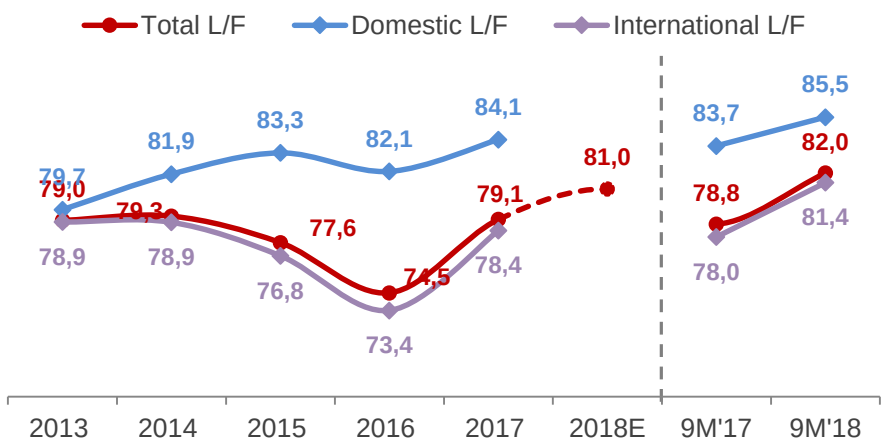
Total Passengers (mn)



Passenger Traffic

THY Passenger Traffic		
9M'17	vs	9M'18
Landing	up by	6,3%
ASK	up by	6,0%
RPK	up by	10,3%
Passenger #	up by	11,6%
L/F	up by	3,2 pt

Load Factor (L/F %)



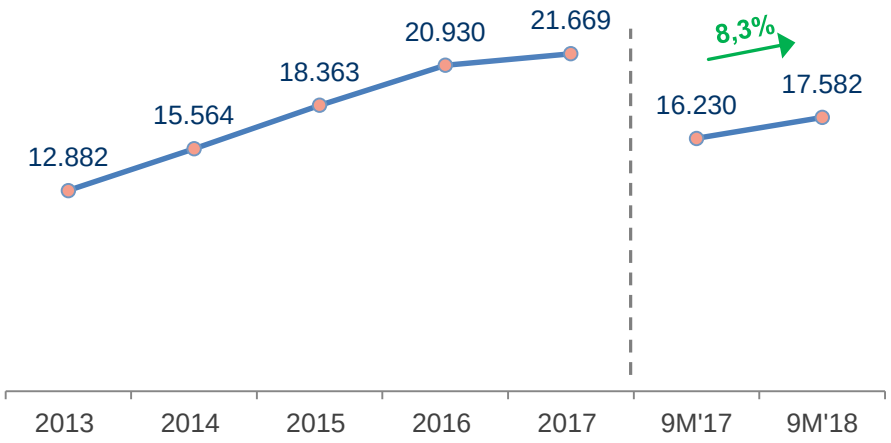
Annual Changes (%)

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

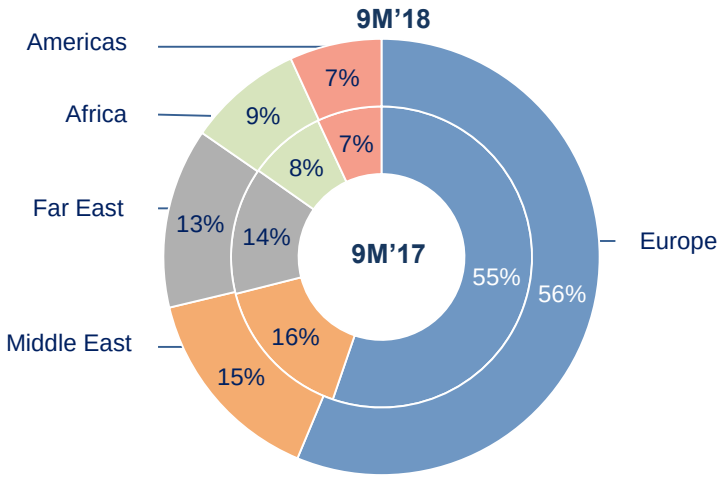
WIDEN YOUR WORLD TURKISH AIRLINES

Passenger Breakdown

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

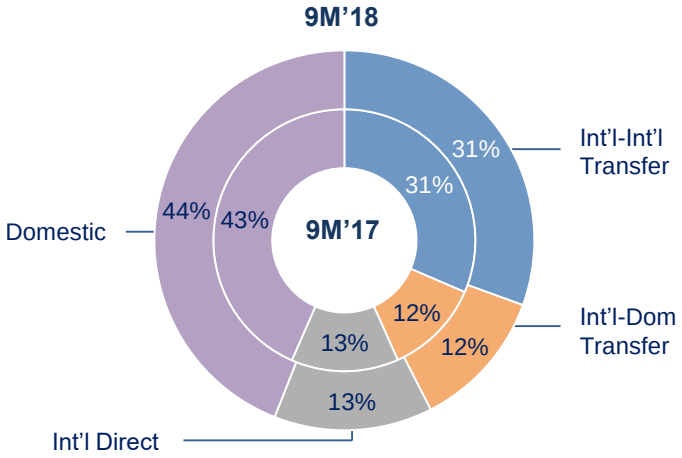


Int'l Passenger Breakdown by Geography



Note: Includes only scheduled passengers.

Passenger Breakdown by Transfer Type

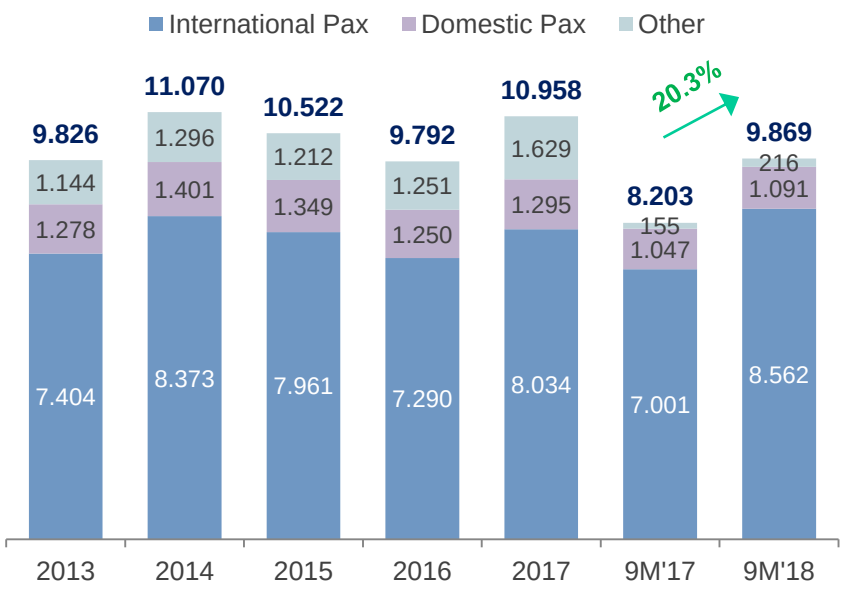


Note: Int'l to int'l transfer passengers' share in total international passengers is 55%.

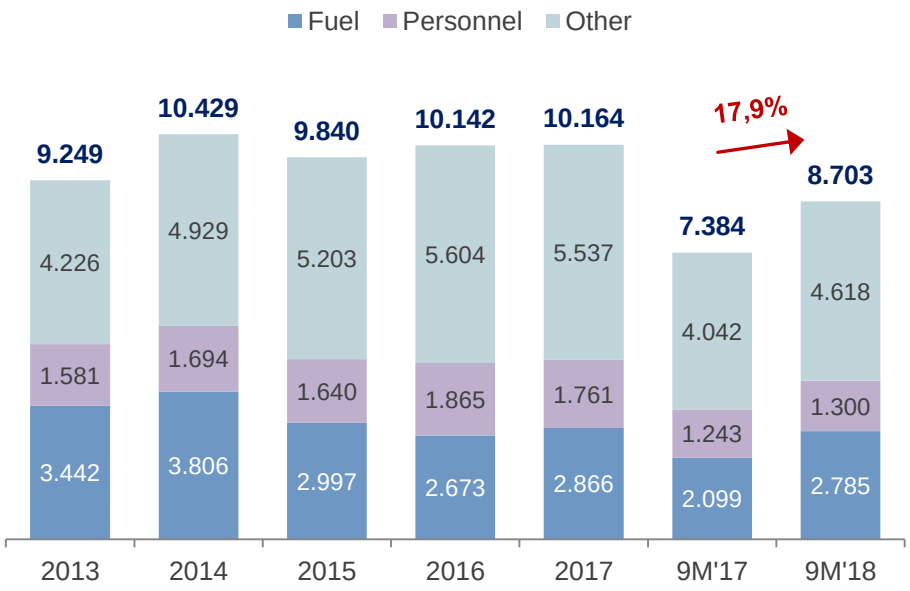
WIDEN YOUR WORLD TURKISH AIRLINES

Total Revenue and Expenses

Revenues (mn USD)



Expenses (mn USD)



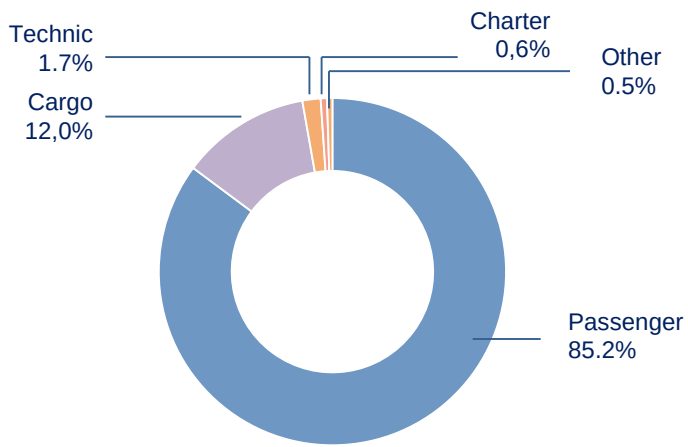
Note: Int and domestic pax revenue indicates scheduled pax revenue.

Other revenue includes cargo, charter and other revenue.

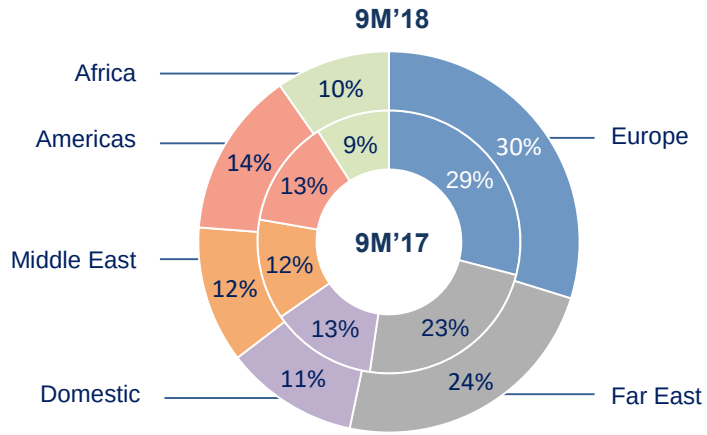
WIDEN YOUR WORLD TURKISH AIRLINES

Revenue Breakdown (9M'18)

Revenue by Business Type

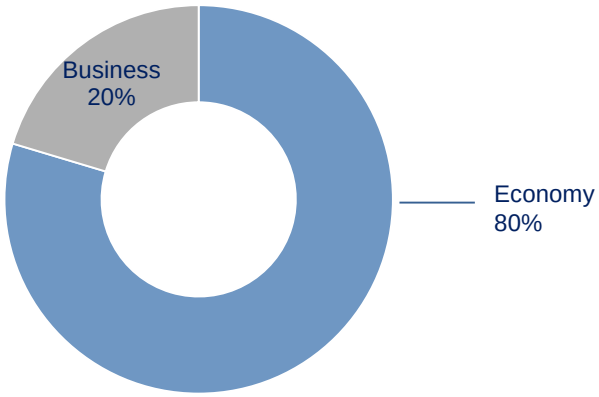


Revenue by Geography

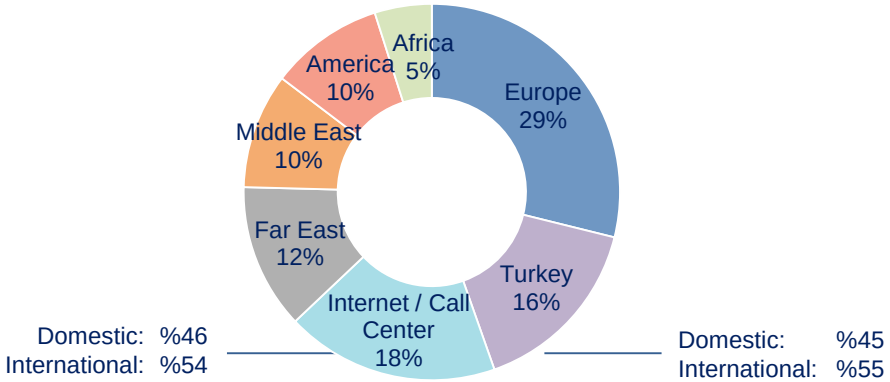


Note: Includes total passenger and cargo revenue

Revenue by Passenger Class



Revenue by Point of Sale

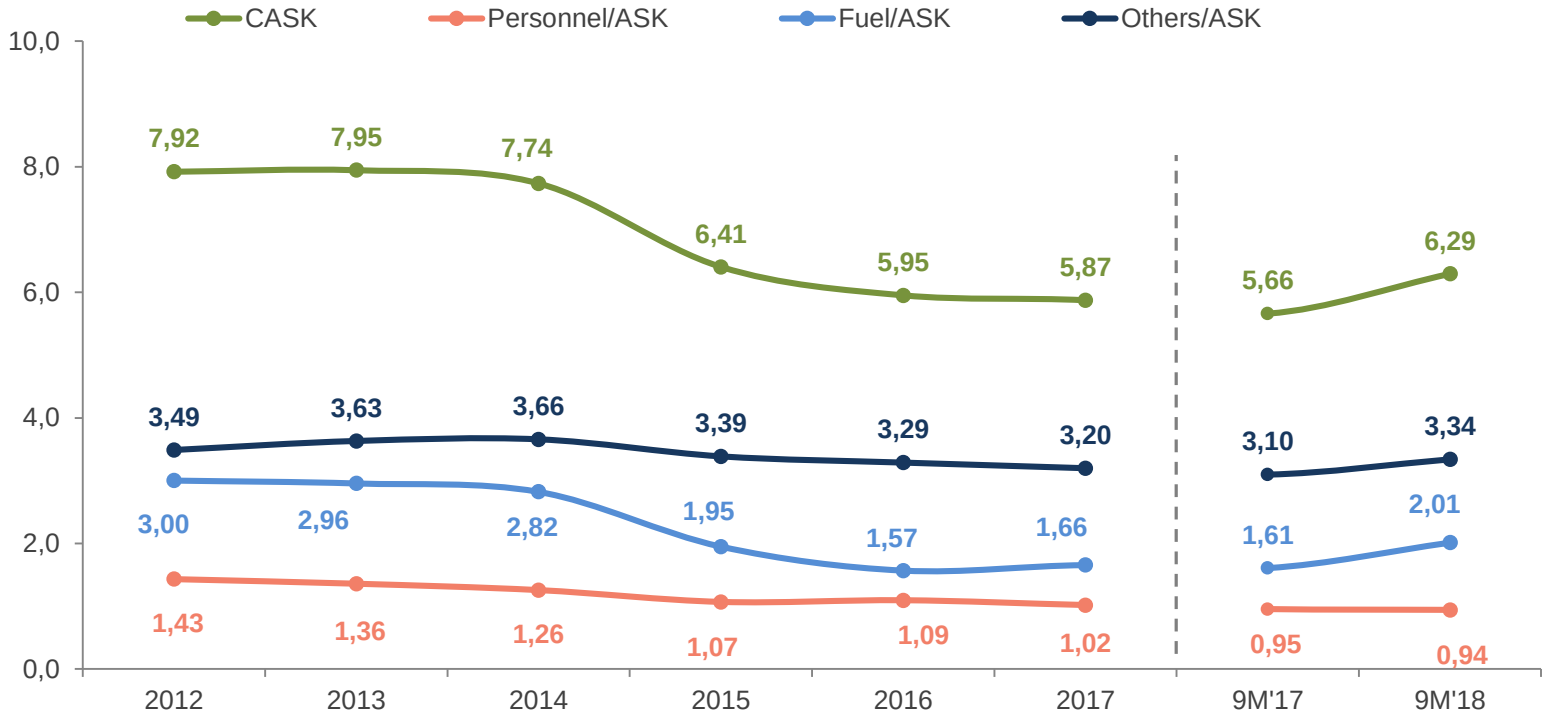


Note: Includes only scheduled passenger revenue

WIDEN YOUR WORLD | TURKISH AIRLINES

Unit Operating Costs

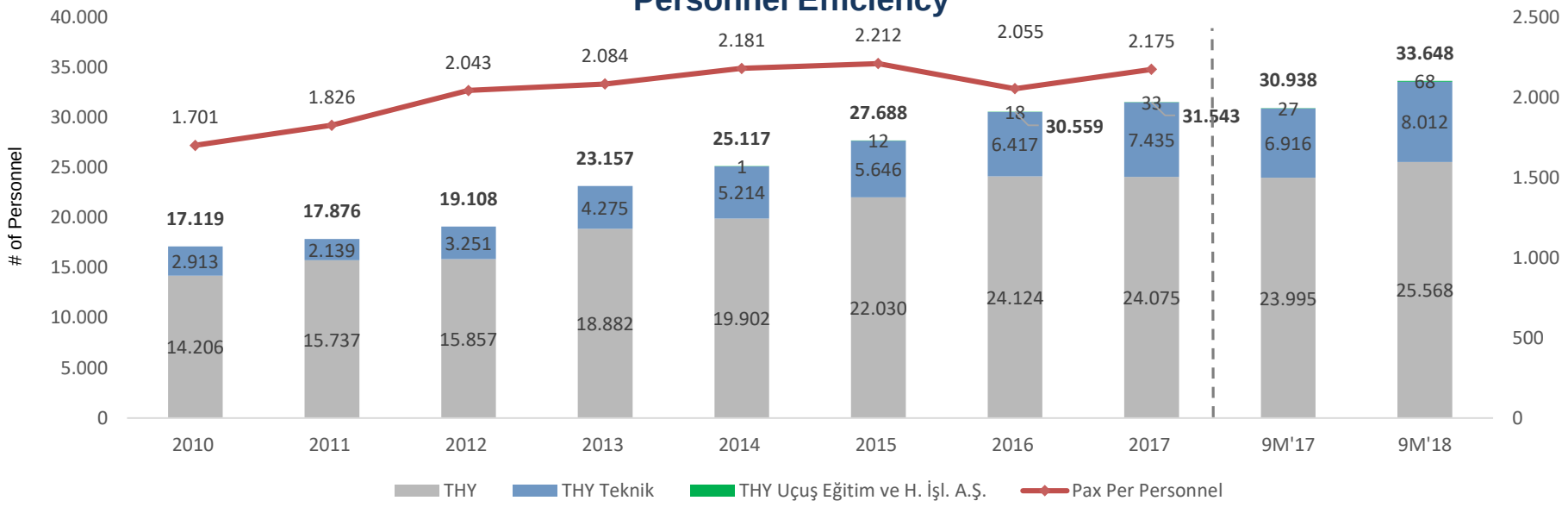
Cost Per ASK (Usc)



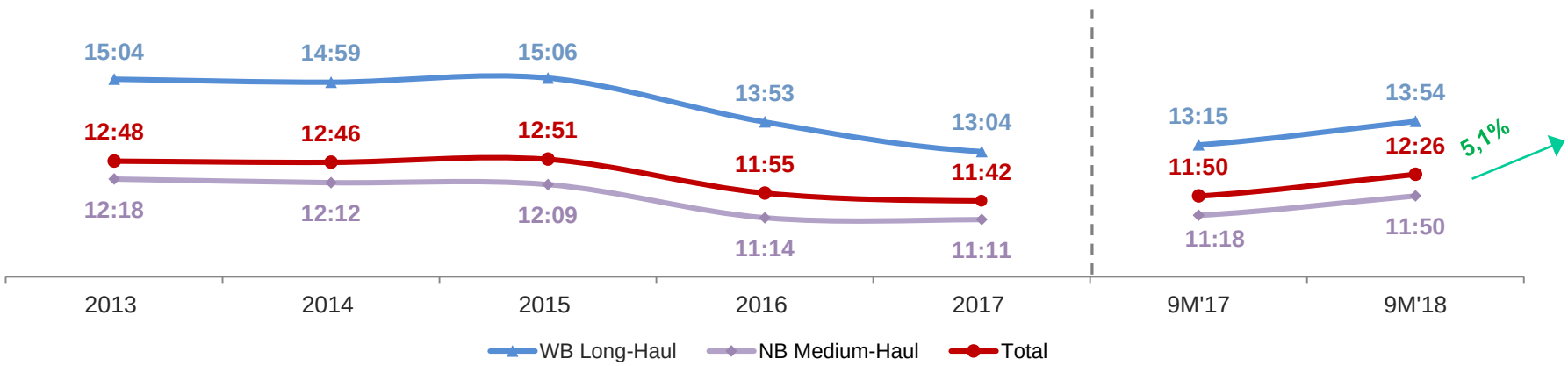
WIDEN YOUR WORLD | TURKISH AIRLINES

Operating Efficiency

Personnel Efficiency

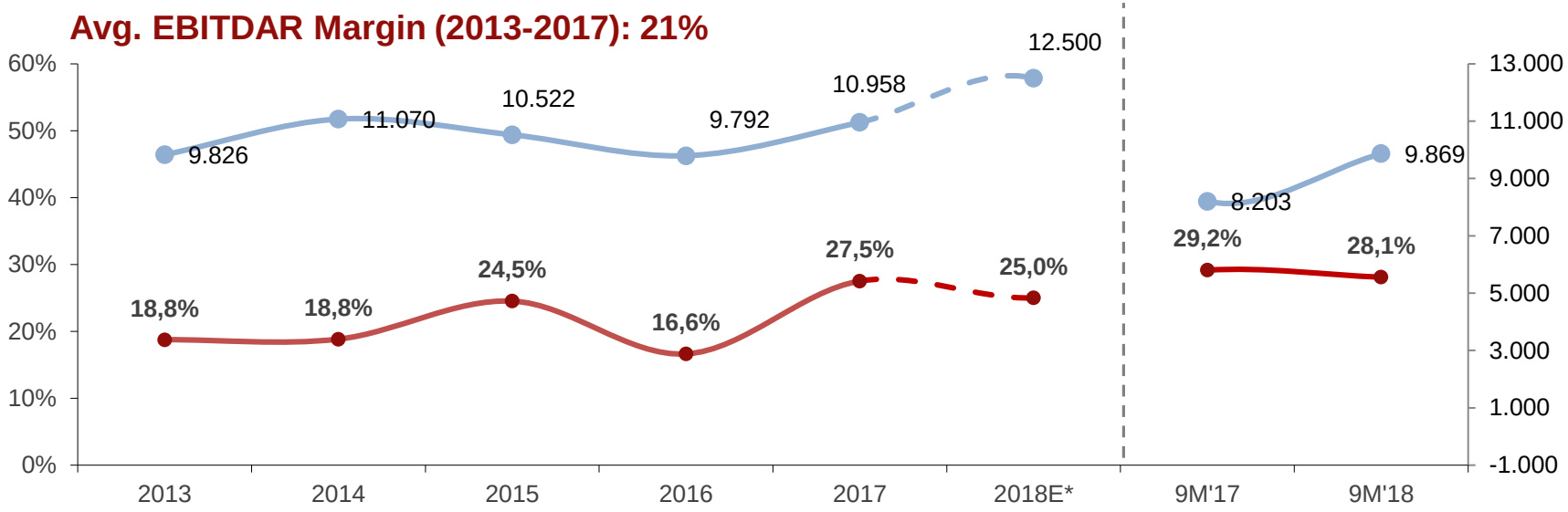


Average Daily Flight Utilization (hrs)



WIDEN YOUR WORLD | TURKISH AIRLINES

EBITDAR Margin



(mn USD)	2013	2014	2015	2016	2017	2018E*	9M'17	9M'18	YoY Change
Revenue	**9.826**	**11.070**	**10.522**	**9.792**	**10.958**	**12.500**	**8.203**	**9.869**	**20,3%**
EBITDAR	**1.843**	**2.085**	**2.580**	**1.628**	**3.016**		**2.391**	**2.773**	**16,0%**
EBITDAR Margin	18,8%	18,8%	24,5%	16,6%	27,5%	25,0%	29,2%	28,1%	-1,1 pt

*Unconsolidated Revenue is disclosed for 2018 Guidance.

WIDEN YOUR WORLD TURKISH AIRLINES

Fleet

30.09.2018	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	18	2	3	13	4.680	10,7	18	17	13	13	8	5
	A330-300	37		29	8	10.807	4,7	37	37	37	37	36	29
	A340-300	4	4			1.332	20,5	4	4	4	4	4	4
	B777-3ER	33		27	6	11.670	4,9	33	33	30	30	30	30
	A350-900									5	9	17	25
	B787-9								6	15	21	25	25
	Total	**92**	**6**	**59**	**27**	**28.489**	**6,6**	**92**	**97**	**104**	**114**	**120**	**118**
Narrow Body	B737-900ER	15		15		2.355	5,3	15	15	15	15	15	15
	B737-9 MAX								5	10	10	10	10
	B737-800	82	25	42	15	13.450	9,8	82	82	80	80	80	78
	B737-700	1			1	124	12,6	1	1				
	B737-8 MAX	3		3		453		7	19	38	53	65	65
	A321 NEO	1		1		182		2	21	39	59	77	92
	A319-100	7		6	1	924	7,9	6	6	6	6	6	6
	A320-200	22	5	7	10	3.504	11,6	19	12	12	12	12	12
	A321-200	68		62	6	12.360	6,3	68	68	66	64	64	64
	A320-200 WL												
	B737-800 WL	19			19	3.591	12,8	17	14	8	6	2	
	Total	**218**	**30**	**136**	**52**	**36.943**	**8,6**	**217**	**243**	**274**	**305**	**331**	**342**
Cargo	A330-200F	10	1	9			5,0	10	10	10	10	10	10
	B777F	3		3			0,5	5	5	5	5	5	5
	Wet Lease	7			7		23,2	5	3				
	Total	**20**	**1**	**12**	**7**		**10,7**	**20**	**18**	**15**	**15**	**15**	**15**
	GRAND TOTAL	**330**	**37**	**207**	**86**	**65.432**	**8,2**	**329**	**358**	**393**	**434**	**466**	**475**
							Year End Seat Capacity :	**65.049**	**71.374**	**78.458**	**86.901**	**93.517**	**95.293**
							Seat Capacity Change :	**-1%**	**10%**	**10%**	**11%**	**8%**	**2%**

*After exit-entry

WIDEN YOUR WORLD TURKISH AIRLINES

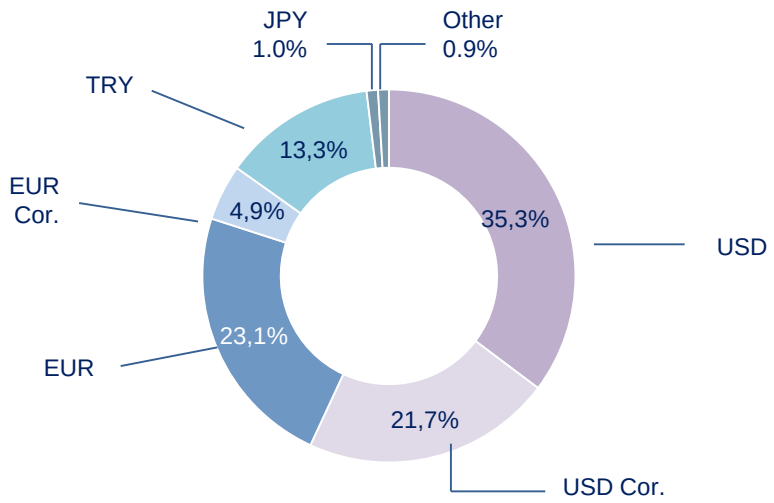
Fleet Development

30.09.2018	Type	TOTAL DELIVERIES					
		2018	2019	2020	2021	2022	2023
Wide Body	A350-900			5	4	8	8
	B787-9		6	9	6	4	
	A330-300						
	B777-3ER						
	Total		**6**	**14**	**10**	**12**	**8**
Narrow Body	B737-900ER						
	B737-9 MAX		5	5			
	B737-800						
	B737-8 MAX	7	12	19	15	12	
	A321						
	A321 NEO	2	19	18	20	18	15
	A319						
	Total	**9**	**36**	**42**	**35**	**30**	**15**
Cargo	A330-200F						
	B777F	3					
	Total	**3**					
	GRAND TOTAL	**12**	**42**	**56**	**45**	**42**	**23**

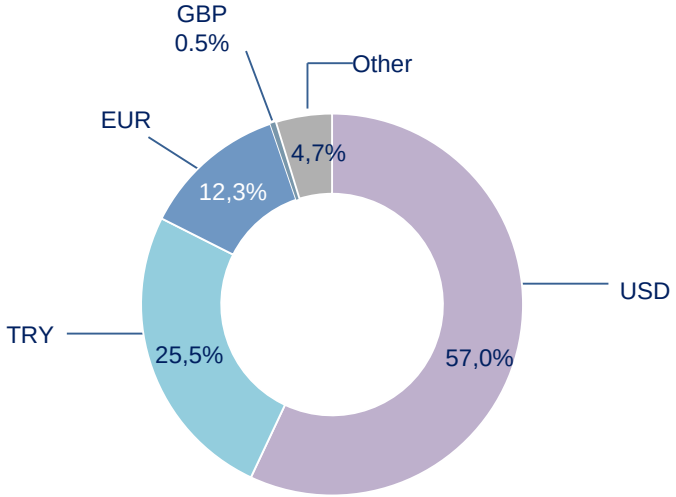
WIDEN YOUR WORLD TURKISH AIRLINES

Hedging Currency Risk

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

EUR/TRY

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

EUR/USD

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

Current currency hedging matrix:

2018	Hedging Levels*	Average Price
EUR/USD	25%	1,1847
EUR/TRY	31%	5,1448

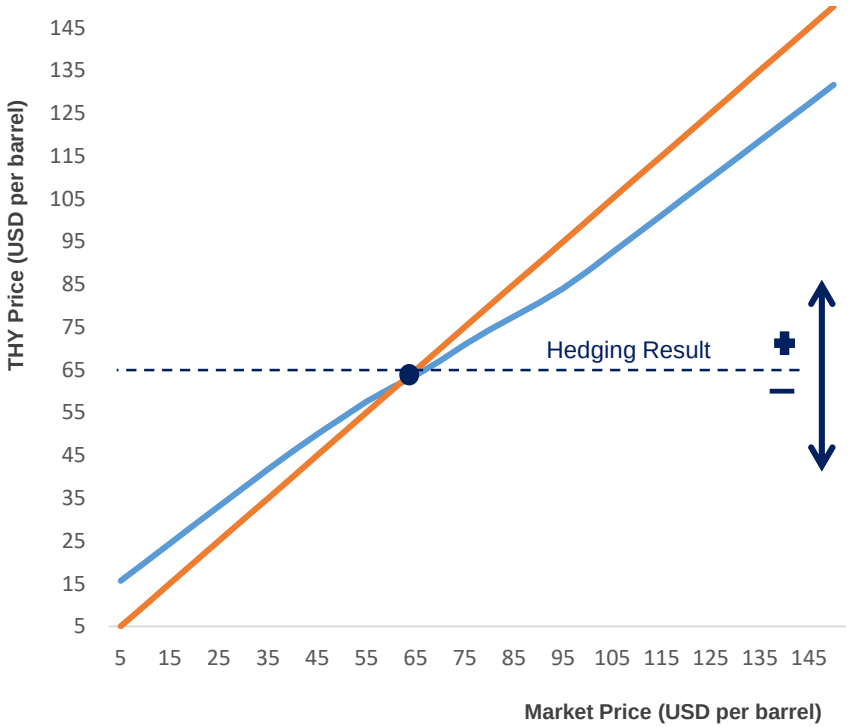
2019	Hedging Levels*	Average Price
EUR/USD	15%	1,2116
EUR/TRY	21%	5,6402

* Percentage of respective short positions. As of 30 September 2018.

WIDEN YOUR WORLD TURKISH AIRLINES

Hedging Fuel Price Risk

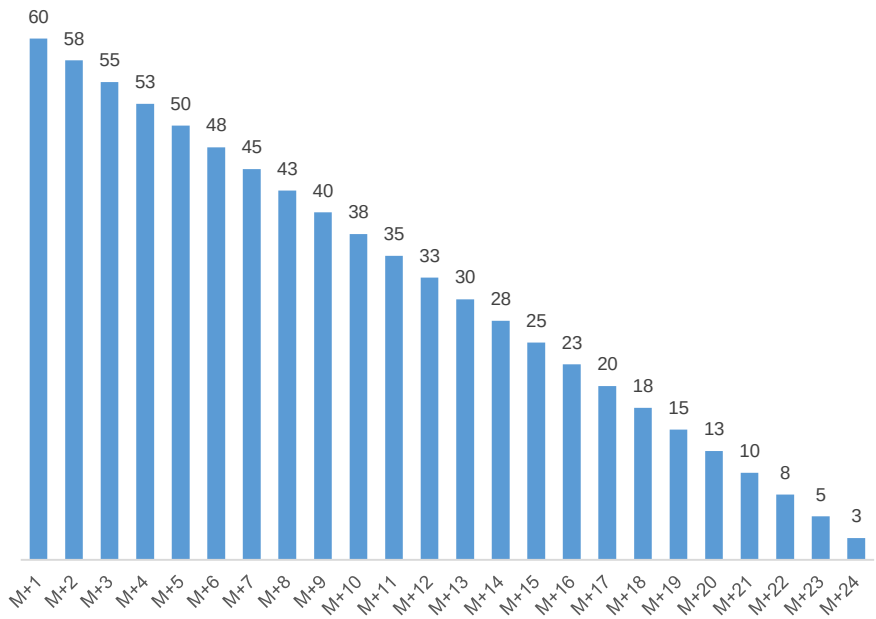
Effect of Hedging on the Fuel Price



- Around **19 mn barrels** of hedged position on ICE BRENT as of Sep 30, 2018
- Current fuel hedging levels:

Oct'18-Dec'18: **53% (5 mn barrel)**
FY19: **29% (13 mn barrel)**
FY20: **2% (1 mn barrel)**

Fuel Hedging Policy (%)



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

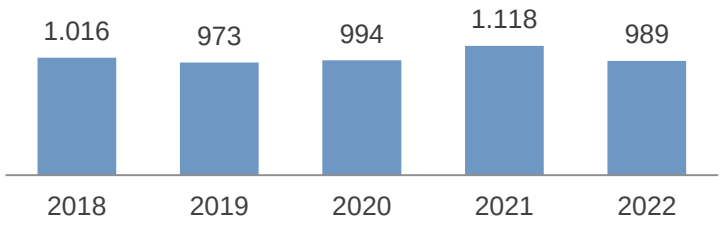
WIDEN YOUR WORLD TURKISH AIRLINES

Aircraft Financing and Debt Management

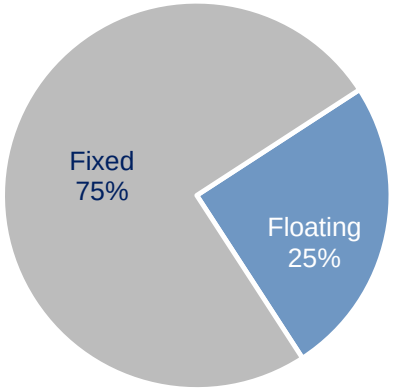
As of 30.09.2018

Total Financial Lease Liabilities: 7,4 bn USD
Operational Leases: 1.7 bn USD

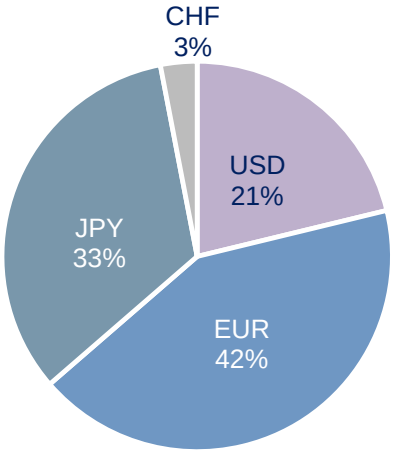
5 Year Maturity Profile (USD mn)



Weighted Average Interest Rate: 2.94%



Currency Breakdown of Financial Lease Liabilities

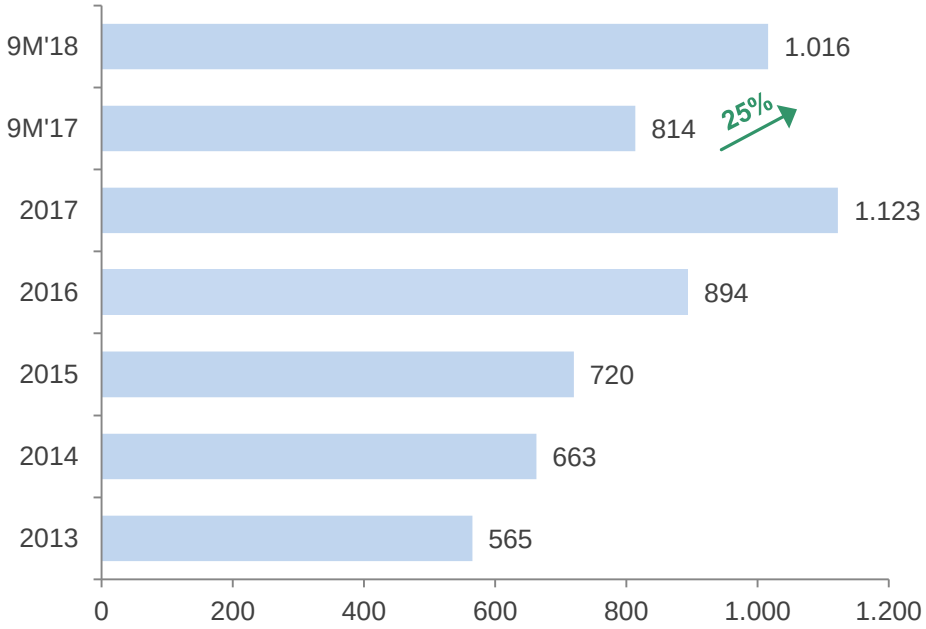


(mn USD)	30.09.2018 Total Debt	Maturity	Yearly Debt Service
USD	1.594	10-12 Years	294
EUR	3.111	10-12 Years	432
JPY	2.482	10-11 Years	254
CHF	256	12 Years	30
Total	**7.443**		**1.010**

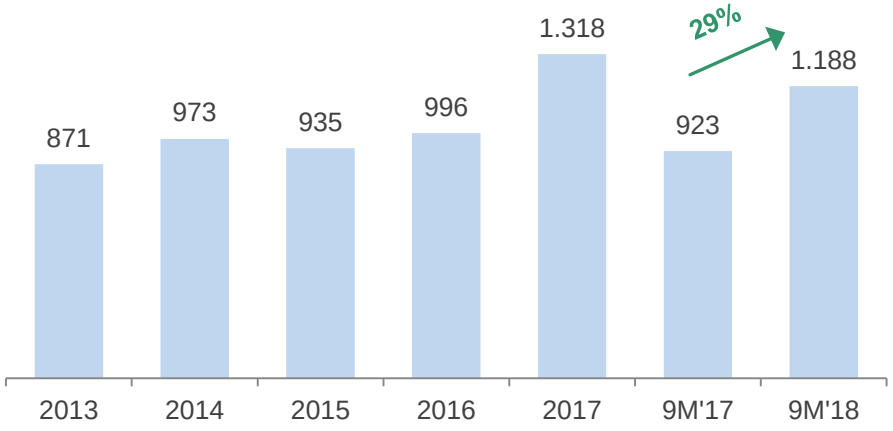
WIDEN YOUR WORLD TURKISH AIRLINES

Cargo Operations

Cargo Tonnage Carried ('000 Ton)



Cargo Revenue Evolution (mn USD)



- Turkish Cargo serves 85 destinations with 20 freighters besides 304 destinations with 310 passenger aircraft as of September,30 2018.
- Turkish Cargo global market share in revenue has increased from 0.6% in 2009 to 2.4% in 2017.
- In 2017, while World FTK grew by 9%, Turkish Cargo FTK grew by 26% compared to previous year.

Source: IATA Economic Performance of the Airline Industry Reports

WIDEN YOUR WORLD | TURKISH AIRLINES

THY 2018 Guidance

Passenger

Financial

Operational

	2018E
Domestic (mn.)	33
International (mn.)	42
Total (mn.)	75
Revenue* (USD bn.)	12,5
EBITDAR	%25
L/F	~%81
ASK increase	5% - %6
Cargo/Mail carried (mn./ton)	1.3
CASK (ex-fuel) increase	%3 - %5
Aver. Fuel Cost (USD/ton)	~700

*Unconsolidated Revenue is disclosed for 2018 Guidance.

WIDEN YOUR WORLD | TURKISH AIRLINES

Balance Sheet

Assets (mn USD)	2013	2014	2015	2016	2017	30.09.2018
Cash and Equivalents	647	722	962	1.815	2.086	2.728
Trade Receivables	538	456	361	379	592	655
Pre-delivery Payment (PDP) Receivables	521	990	1.139	596	117	782
Other Current Assets	419	663	684	811	836	1.125
Total Current Assets	**2.125**	**2.831**	**3.146**	**3.601**	**3.631**	**5.290**
Net Fixed Assets	8.043	9.201	11.415	13.476	13.002	13.221
of which Aircraft and Engines	7.030	8.167	10.177	12.134	11.683	11.664
Pre-delivery Payment (PDP) Receivables	993	650	392	207	247	377
Other Non-Current Assets	741	1.064	1.430	1.207	1.317	1.641
Total Non-Current Assets	**9.777**	**10.915**	**13.237**	**14.890**	**14.566**	**15.239**
Total Assets	**11.902**	**13.746**	**16.383**	**18.491**	**18.197**	**20.529**

Liabilities (mn USD)	2013	2014	2015	2016	2017	30.09.2018
Lease Obligations	5.413	5.931	7.399	8.886	8.322	9.112
Passenger Flight Liabilities	1.201	1.398	1.091	785	1.000	1.141
Accounts Payable	680	662	671	616	855	987
Other Liabilities	1.346	1.805	2.380	3.117	2.674	3.175
Total Liabilities	**8.640**	**9.796**	**11.541**	**13.404**	**12.851**	**14.415**
Total Shareholders Equity	**3.262**	**3.950**	**4.842**	**5.087**	**5.346**	**6.114**
of which Issued Capital	1.597	1.597	1.597	1.597	1.597	1.597
of which Retained Earnings	1.350	1.714	2.559	3.628	3.551	3.760
of which Differences from Currency Translation	-26	-47	-84	-106	-108	-175
of which Net Profit for the Period	357	845	1.069	-77	223	755
Total Liabilities & Shareholders Equity	**11.902**	**13.746**	**16.383**	**18.491**	**18.197**	**20.529**

WIDEN YOUR WORLD TURKISH AIRLINES

Income Statement

(mn USD)	2013	2014	2015	2016	2017	9M'17	9M'18	YoY Change
Operating Revenue	9.826	11.070	10.522	9.792	10.958	8.203	9.869	20%
Operating Expenses (-)	9.249	10.429	9.840	10.142	10.164	7.384	8.703	17,9%
of which Fuel	3.442	3.806	2.997	2.673	2.866	2.099	2.785	33%
of which Personnel	1.581	1.694	1.640	1.865	1.761	1.243	1.300	5%
of which Depreciation	650	743	924	1.148	1.066	758	807	6%
of which Rent	448	543	384	496	527	384	451	17%
Net Operating Profit / Loss	**577**	**641**	**682**	**-350**	**794**	**819**	**1.166**	**42%**
Income From Other Operations	115	80	244	145	264	167	114	-32%
Expense From Other Operations (-)	41	45	31	86	36	30	131	337%
Profit / Loss From Main Operations	**651**	**676**	**895**	**-291**	**1.022**	**956**	**1.149**	**20%**
Income From Investment Activities (Net)	76	72	101	117	177	155	154	-1%
Share of Investments' Profit / Loss	55	75	80	44	102	106	128	21%
Financial Income	27	419	532	300	56	41	55	34%
Financial Expense (-)	307	196	201	229	1.078	948	583	-39%
Profit Before Tax	**502**	**1.046**	**1.407**	**-59**	**279**	**310**	**903**	**191%**
Tax (-)	145	201	338	18	56	47	148	215%
Net Profit	**357**	**845**	**1.069**	**-77**	**223**	**263**	**755**	**187%**

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Operational Expense Breakdown

(mn USD)	9M'17	% in Total	9M'18	% in Total	Change 18/17
Fuel	**2.099**	**28,4%**	**2.785**	**32,0%**	**32,7%**
Personnel	**1.243**	**16,8%**	**1.300**	**14,9%**	**4,6%**
Landing, Navigation & Air Traffic	**730**	**9,9%**	**810**	**9,3%**	**11,0%**
Landing and navigation	352	4,8%	391	4,5%	11,1%
Air Traffic Control	378	5,1%	419	4,8%	10,8%
Sales & Marketing	**650**	**8,8%**	**772**	**8,9%**	**18,8%**
Commissions and Incentives	275	3,7%	335	3,8%	21,8%
Reservation System	186	2,5%	205	2,4%	10,2%
Advertising	93	1,3%	126	1,4%	35,5%
Other	96	1,3%	106	1,2%	10,4%
Depreciation	**758**	**10,3%**	**807**	**9,3%**	**6,5%**
Ground Handling	**483**	**6,5%**	**546**	**6,3%**	**13,0%**
Aircraft Rent	**384**	**5,2%**	**451**	**5,2%**	**17,4%**
Operational Lease	238	3,2%	251	2,9%	5,5%
Wet Lease	146	2,0%	200	2,3%	37,0%
Passenger Services & Catering	**388**	**5,3%**	**423**	**4,9%**	**9,0%**
Maintenance	**430**	**5,8%**	**569**	**6,5%**	**32,3%**
General Administration	**81**	**1,1%**	**91**	**1,0%**	**12,3%**
Other	**138**	**1,9%**	**149**	**1,7%**	**8,0%**
TOTAL	**7.384**	**100%**	**8.703**	**100%**	**17,9%**
Operating Cost per ASK (USc)	5,66	-	6,29	-	11,2%
Ex-fuel Operating Cost per ASK (Usc)	4,05	-	4,28	-	5,7%
Fixed Costs	**2.126**	**28,8%**	**2.330**	**26,8%**	**9,6%**

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Subsidiaries & Affiliates

	Turkish Airlines Group 30.09.2018	Revenue (mn USD)	Net Profit (mn USD)	Number of Personnel	Partnership Structure
1	Turkish Airlines	9.869	755	25.568*	%49 Turkey Wealth Fund - %51 Open to Public
2	Turkish Opet Aviation Fuels	1.779	81	464	%50 THY - %50 Opet
4	Sun Express (Turkey & Germany Consolidated)	1.190	100	4.119	%50 THY - %50 Lufthansa
3	Turkish Technic	899	90	8.012	% 100 THY
5	Turkish Do&Co	219	19	4.997	%50 THY - %50 Do&Co
6	Pratt Whitney THY Turkish Engine Center (TEC)	403	20	394	%51 PW - %49 THY Teknik
7	Turkish Ground Services (TGS)	220	36	12.612	%50 THY - %50 Havaş
8	Turkish Cabin Interior Systems (TCI)	8	-1	177	%50 THY & THY Teknik - %50 TAI
9	Goodrich Turkish Technic Service Center	12	1	45	%60 TSA Rina - %40 THY Teknik
10	TSI Aviation Seats	8	-	92	%50 THY & THY Teknik - %50 Assan Hanil
11	THY Uçuş Eğitim ve Havalimanı İşletme A.Ş.	8	-2	68	%100 THY
12	Tax Free Zone (Tax Refund)	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

* THY A.O. Personnel

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Subsidiaries & Affiliates

SunExpress *

Business Model	Charter + Scheduled
Destinations	240
Fleet	73
Seat Capacity	14.599
# of Passengers	7.669.491
Load Factor (9M'18)	84,6%
Revenues (9M'18)mn. USD	1.190
Net Income (9M'18) mn. USD	100

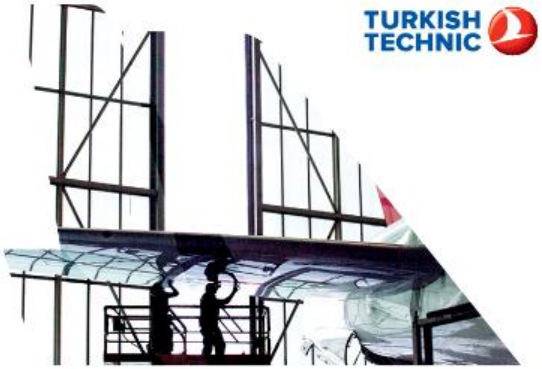
50% - 50% subsidiary company of Lufthansa and Turkish Airlines.

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.

* Based on consolidated amounts of SunExpress Turkey and Germany

Subsidiaries & Affiliates



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 7,000 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.

Subsidiaries & Affiliates

Turkish Seat Industries (TSI)

- Formed in 2011, stakes of 50%, 45%, and 5% are respectively held by Assan Hanil Group, Turkish Airlines and Turkish Technic.
- The company was set up to design and manufacture airline seats and to make, modify, market and sell spare parts to Turkish Airlines and other international airline companies. 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 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^2 located at the Sabiha Gokcen International Airport.

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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 Gökcen), 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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