

**TÜRK HAVA YOLLARI ANONİM
ORTAKLIĞI AND ITS SUBSIDIARIES**

Condensed Consolidated Interim
Financial Statements As at and For
The Nine-Month Period
Ended 30 September 2019

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 30 September 2019
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

ASSETS	Notes	Not Reviewed	Audited
		30 September 2019	31 December 2018
Non-Current Assets			
Financial Investments	6	500	454
Other Receivables			
-Third Parties	10	6.800	5.280
Investments Accounted by Using Equity Method	3	2.087	1.884
Investment Property		-	2
Property and Equipment	12	87.436	73.219
Right of Use Assets	12	8.190	-
Intangible Assets			
- Other Intangible Assets	13	452	429
- Goodwill		70	65
Prepaid Expenses		5.050	4.037
TOTAL NON-CURRENT ASSETS		110.585	85.370
Current Assets			
Cash and Cash Equivalents	5	10.123	8.606
Financial Investments	6	626	2.733
Trade Receivables			
-Related Parties	9	23	10
-Third Parties		3.649	2.992
Other Receivables			
-Related Parties	9	255	18
-Third Parties	10	6.330	6.199
Derivative Financial Instruments	28	492	299
Inventories		1.589	1.000
Prepaid Expenses		935	1.011
Current Income Tax Assets	26	213	318
Other Current Assets		683	520
TOTAL CURRENT ASSETS		24.918	23.706
TOTAL ASSETS		135.503	109.076

The accompanying notes are an integral part of these consolidated financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Balance Sheet as at 30 September 2019
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

LIABILITIES	Notes	Reviewed	Audited
		30 June 2019	31 December 2018
Equity			
Share Capital	19	1.380	1.380
Inflation Adjustment on Share Capital	19	1.124	1.124
Items That Will Not Be Reclassified to Profit or Loss			
-Actuarial (Losses) on Retirement Pay Obligation	19	(220)	(184)
Items That Are or May Be Reclassified to Profit or Loss			
-Foreign Currency Translation Differences	19	18.959	16.687
-Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges	19	1.480	1
-Gains on Remeasuring FVOCI	19	7	(37)
Restricted Profit Reserves	19	59	59
Previous Years Profit	19	12.149	8.206
Net Profit for the Period		2.587	4.045
Equity of the Parent		37.525	31.281
Non-Controlling Interests (*)		3	3
TOTAL EQUITY		37.528	31.284
Non- Current Liabilities			
Long-Term Borrowings	7 and 14	48.830	43.342
Long Term Lease Liabilities	7 and 14	6.637	-
Other Payables			
-Third Parties		177	188
Deferred Income	11	698	342
Long-Term Provisions			
-Provisions for Employee Benefits	17	785	685
-Other Provisions		229	-
Deferred Tax Liability	26	7.042	5.989
TOTAL NON-CURRENT LIABILITIES		64.398	50.546
Current Liabilities			
Short Term Borrowings	7	6.547	5.780
Short-Term Portion of Long-Term Borrowings	7 and 14	8.304	6.680
Short Term Portion of Lease Liabilities	7 and 14	1.407	-
Other Financial Liabilities	8	141	32
Trade Payables			
-Related Parties	9	545	1.213
-Third Parties		5.324	4.162
Payables Related to Employee Benefits		1.205	1.053
Other Payables			
-Third Parties		416	412
Derivative Financial Instruments	28	759	1.033
Deferred Income	11	7.002	5.507
Short-Term Provisions			
-Provisions for Employee Benefits	15	262	200
-Other Provisions	15	77	87
Other Current Liabilities		1.588	1.087
TOTAL CURRENT LIABILITIES		33.577	27.246
TOTAL LIABILITIES AND EQUITY		135.503	109.076

(*)The non-controlling share in the assets and results of subsidiaries for the year are separately classified as “non-controlling interest” in the consolidated statements of financial position and consolidated statements of profit or loss.
The accompanying notes are an integral part of these consolidated financial statements.

TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Profit or Loss
For the Nine-Month Period Ended 30 September 2019
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

		Not Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
		1 January -	1 July -	1 January -	1 July -
	Notes	30 September 2019	30 September 2019	30 September 2018	30 September 2018
<u>PROFIT OR LOSS</u>					
Revenue	20	56.151	22.635	46.367	21.992
Cost of Sales (-)	21	(46.118)	(16.515)	(34.764)	(14.877)
GROSS PROFIT		10.033	6.120	11.603	7.115
General Administrative Expenses (-)	22	(1.252)	(437)	(927)	(358)
Marketing and Sales Expenses (-)	22	(6.210)	(2.061)	(4.560)	(1.799)
Other Operating Income	23	802	259	528	259
Other Operating Expenses (-)	23	(294)	(67)	(695)	(349)
OPERATING (LOSS) / PROFIT BEFORE INVESTMENT ACTIVITIES		3.079	3.814	5.949	4.868
Income from Investment Activities	24	660	164	884	724
Expenses from Investment Activities	24	(447)	-	(4)	(4)
Share of Investments' Profit Accounted by Using The Equity Method	3	461	405	686	542
OPERATING (LOSS) / PROFIT		3.753	4.383	7.515	6.130
Financial Income	25	316	570	317	205
Financial Expenses (-)	25	(1.301)	(434)	(2.871)	(1.501)
(LOSS) / PROFIT BEFORE TAX		2.768	4.519	4.961	4.834
Tax Income / (Expense)		(181)	(812)	(878)	(878)
Current Tax Income / (Expense)	26	-	19	(254)	(119)
Deferred Tax Expense	26	(181)	(831)	(624)	(759)
NET (LOSS) / PROFIT FOR THE PERIOD		2.587	3.707	4.083	3.956

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TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 2019
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

		Not Reviewed	Not Reviewed	Not Reviewed	Not Reviewed
		1 January -	1 July -	1 January -	1 July -
	Notes	30 September 2019	30 September 2019	30 September 2018	30 September 2018
<u>OTHER COMPREHENSIVE INCOME</u>					
Items That May Be Reclassified Subsequently To Profit or Loss		3.795	541	12.474	7.762
Currency Translation Adjustment		2.272	(559)	11.777	7.710
Gains / (Losses) on Remeasuring FVOCI		56	38	(125)	(81)
Related Tax of Remeasuring FVOCI		(12)	(8)	25	16
Fair Value Gains on Hedging Instruments Entered into for Cash Flow Hedges		1.829	1.309	939	132
Fair Value Gains Hedging Instruments of Investment Accounted by Using the Equity Method Entered into for Cash Flow Hedges		32	27	58	5
Related Tax of Other Comprehensive Expense		(382)	(266)	(200)	(20)
Items That Will Not Be Reclassified Subsequently To Profit or Loss		(36)	5	(37)	(22)
Actuarial (Losses) / Gains on Retirement Pay Obligation		(45)	6	(46)	(27)
Related Tax of Other Comprehensive Income / (Expense)		9	(1)	9	5
OTHER COMPREHENSIVE INCOME FOR THE PERIOD		3.759	546	12.437	7.740
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		6.346	4.253	16.520	11.696
Basic Gain Per Share (Full US Cents)	27	1,87	2,69	2,96	2,87
Diluted Gain Per Share (Full US Cents)	27	1,87	2,69	2,96	2,87

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TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 2019
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

			Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss			Retained Earnings						
Share Capital	Inflation Adjustment on Share Capital	Actuarial (Losses) Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains on Hedging Instruments Entered Into For Cash Flow Hedges	Gains / (Losses) on Remeasuring FVOCI	Restricted Profit Reserves	Previous Years Profit	Net Profit for The Period	Equity Holders of the Parent	Non- controlling Interests	Total Equity		
As of 1 January 2019	1.380	1.124	(184)	16.687	1	(37)	59	8.206	4.045	31.281	3	31.284	
Adjustment on initial application of IFRS 16		-	-	-	-	-	-	(102)	-	(102)	-	(102)	
As of 1 January 2019	1.380	1.124	(184)	16.687	1	(37)	59	8.104	4.045	31.179	3	31.182	
Transfers		-	-	-	-	-	-	4.045	(4.045)	-	-	-	
Total comprehensive income		-	-	(36)	2.272	1.479	44	-	-	2.587	6.346	-	6.346
As of 30 September 2019	1.380	1.124	(220)	18.959	1.480	7	59	12.149	2.587	37.525	3	37.528	

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TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES
Condensed Consolidated Interim Statement of Changes in Equity
For the Nine-Month Period Ended 30 September 2019
(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

	Share Capital	Inflation Adjustment on Share Capital	Items That Will Not Be Reclassified Subsequently To Profit or Loss	Items That May Be Reclassified Subsequently To Profit or Loss			Restricted Profit Reserves	Retained Earnings		Equity Holders of the Parent	Non-controlling Interests	Total Equity
			Actuarial (Losses) Retirement Pay Obligation	Foreign Currency Translation Differences	Fair Value Gains on Hedging Instruments Entered Into For Cash Flow Hedges	Gains / (Losses) on Remeasuring FVOCI		Previous Years Profit	Net Profit for The Period			
As of 1 January 2018	1.380	1.124	(55)	9.171	231	3	59	7.619	639	20.171	-	20.171
Adjustment on initial application of IFRS 15	-	-	-	-	-	-	-	(23)	-	(23)	-	(23)
Adjustment on initial application of IFRS 9	-	-	-	-	-	-	-	(29)	-	(29)	-	(29)
Restated As of 1 January 2018	1.380	1.124	(55)	9.171	231	3	59	7.567	639	20.119	-	20.119
Transfers	-	-	-	-	-	-	-	639	(639)	-	-	-
Total comprehensive income	-	-	(37)	11.777	797	(100)	-	-	4.083	16.520	-	16.520
As of 30 September 2018	1.380	1.124	(92)	20.948	1.028	(97)	59	8.206	4.083	36.639	-	36.639

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TÜRK HAVA YOLLARI ANONİM ORTAKLIĞI AND ITS SUBSIDIARIES

Condensed Consolidated Interim Statement of Cash Flows

For the Nine-Month Period Ended 30 September 2019

(All amounts are expressed in Million Turkish Lira (TRY) unless otherwise stated.)

		Not Reviewed	Not Reviewed
	Notes	30 September 2019	30 September 2018
Net Profit for the period		2.587	4.083
Adjustments to Reconcile Profit / (Loss)			
Adjustments for Depreciation and Amortisation Expense	12 and 13	6.330	3.713
Adjustment for Fair Value of Investment Property		2	-
Adjustments for Provisions Related with Employee Benefits	15 and 17	157	120
Adjustments for Provisions for Payables	15	(10)	(1)
Adjustments for Reversal of Probable Risks		44	(14)
Adjustments for Interest Income	24 and 25	(424)	(309)
Adjustments for Interest Expense	17 and 25	1.135	949
Adjustments For Unrealised Foreign Exchange Gains		(316)	4.606
Adjustments for Manufacturers' Credits	14	1	3
Adjustments for Fair Value Losses / (Gains) on Derivative Financial Instruments	25	(72)	(38)
Adjustments for Undistributed Profits of Associates	3	(461)	(686)
Adjustments for Tax Expense	26	181	878
Adjustments for Losses / (Gains) Arised From Sale of Tangible Assets	24	422	(17)
Adjustments for Losses Arised from Sale of Other Non-Current Assets	12	163	107
Operating Profit Before Changes in Working Capital		9.739	13.394
Decrease in Trade Receivables from Related Parties		(12)	-
Increase in Trade Receivables from Non Related Parties		(429)	(294)
Decrease / (Increase) in Other Non-Related Party Receivables Related with Operations	10	452	(1.006)
Adjustments for (Increase)/ Decrease in Inventories		(511)	122
Adjustments for Increase in Prepaid Expenses		(639)	(1.223)
(Decrease) / Increase in Trade Payables to Related Parties	9	(756)	140
Increase in Trade Payables to Non-Related Parties		843	460
Adjustments for Decrease in Payables Due to Employee Benefits		72	(378)
Increase in Other Operating Payables to Non-Related Parties		807	(124)
Increase in Deferred Income	11	1.871	684
(Increase) / Decrease in Other Assets Related with Operations		(100)	164
Cash Flows From Operations		11.337	11.939
Payments for Provisions Related with Employee Benefits	17	(43)	(41)
Income taxes (paid) / refund	26	(105)	(180)
Net Cash From Operating Activities		11.189	11.718
CASH FLOWS FROM / (USED IN) INVESTING ACTIVITIES			
Cash Receipts Proceed From Sales of Property, Plant and Equipment		115	65
Cash Payments From Purchasing of Property, Plant and Equipment (*)	12 and 13	(6.790)	(3.094)
Cash Receipts / (Payments) From Purchasing of Other Long-term Assets	6	2.258	(16)
Other Cash Advances and Loans		(1.365)	(3.761)
Dividends Received		240	(150)
Interest Received	24 and 25	374	309
Net Cash Flows Used In Investing Activities		(5.168)	(6.647)
CASH FLOWS FROM / (USED IN) FINANCING ACTIVITIES			
Proceeds From Loans	7	8.355	7.756
Payments of Loans		(6.584)	-
Payments of Finance Lease Liabilities	7	(4.016)	(3.018)
Payments of Lease Liabilities		(1.436)	-
Interest Paid		(929)	(587)
Other Outflows of Cash	8	106	(11)
Net Cash Used in Financing Activities		(4.504)	4.140
Net Change in Cash and Cash Equivalents		1.517	9.211
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		8.606	7.132
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	5	10.123	16.343

(*) 7.545 TRY portion of property and equipment and intangible assets purchases in total of 14.335 TRY for the year ended 30 September 2019 was financed through finance leases. (30 September 2018: 1.781 TRY portion of property and equipment and intangible assets purchases in total of 4.875 TRY was financed through finance leases.)

The accompanying notes are an integral part of these consolidated financial statements