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Turkish Airlines recorded 22.7 billion TRY of total revenue in the first nine month of 2016

According to the consolidated financial statements reported to Borsa Istanbul, Turkish Airlines recorded 22.7 billion TRY of total revenue in the first nine months of 2016, up 3 percent compared to previous year. During the period of July-September, 8.7 billion TRY sales revenue has been achieved.

762 million TRY of profit achieved from main operations was above the revised budget.

The political and economic instability over the operating environment (especially in Europe and Middle East) and the increased perception of global and regional risks had negative impacts on aviation demand and placed pressure on yields. Moreover, increased capacity led by low fuel prices and increased competition also affected ticket prices and total revenue. As a result, Turkish Airlines recorded 444 million TRY loss from its main operations in the first nine months of 2016 (2,523 million TRY profit in 9M'2015).

In the first nine months of 2016, Turkish Airlines realized a capacity growth of 14 percent (available seat km) despite the competitive environment and the geopolitical instability affecting direct traffic into Turkey and Europe. Thanks to having one of the largest networks in the world and the ability to reach secondary cities, Turkish Airlines could achieve active demand management.

During the period of January-September, international passenger revenue achieved exceeded the budgeted revenue. Despite the decrease in the number of point-to-point passenger, %18 increase in the number of transit passengers contributed to this result. Furthermore, with the increased service quality, Turkish Airlines scored 2.9 billion TRY cargo revenues with an increase of %11 year on year.

Total number of passengers reached to 48,3 million with a %4 increase as of September 2016.

Turkish Airlines operated 357 thousand flights in the first nine months of 2016. In line with its long-term growth strategy, Turkish Airlines reached an asset size of 55.7 billion TRY with an increase of %17.

In the first nine months of 2016, decreasing its unit cost by %7, Turkish Airlines maintained its lower cost structure compared to its peers. The cost-cutting initiatives had a significant contribution to this success.

Achieving lower costs (compared to the budget) for operational expenses and for part of constant and indirect expenses while providing the same quality in services indicates that cost cutting initiatives have been implemented smoothly.

Together with the new routes such as Atlanta, Panama, Bogotá and Seychelles, Turkish Airlines flies to 49 domestic and 243 international, **a total of 292 destinations** in 117 countries. Owing one of the youngest airline fleets in the world, Turkish Airlines operates 336 aircrafts (43 of which delivered in 2016); comprising 86 wide body, 237 narrow body and 13 cargo aircraft.

As a part of its long term growth strategy Turkish Airlines aims to benefit from Istanbul's geographical advantage as a natural aviation hub and reach a fleet size of 500 aircrafts and over 3 percent global market share. In this context, Turkish Airlines is planning to reach a market share of %2 by the end of the year. Turkish

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Airlines, as the biggest exporter in Turkey, will continue to maintain its cash generating ability and manage its healthy growth.

Kind Regards,