



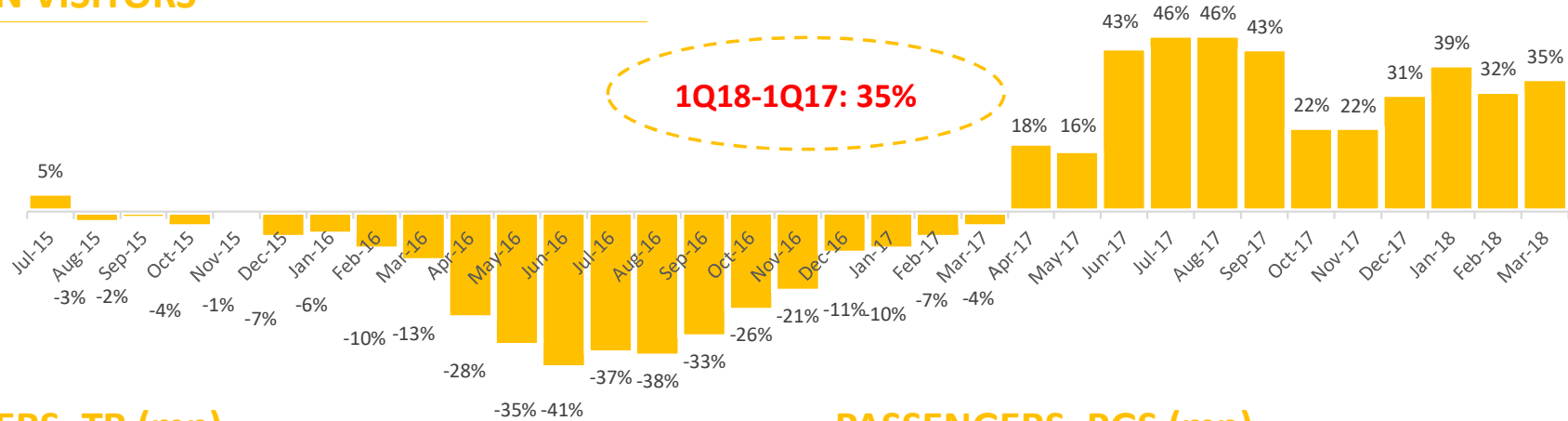
2018 1Q RESULTS PRESENTATION
May, 11th 2018

our lowest fares are @
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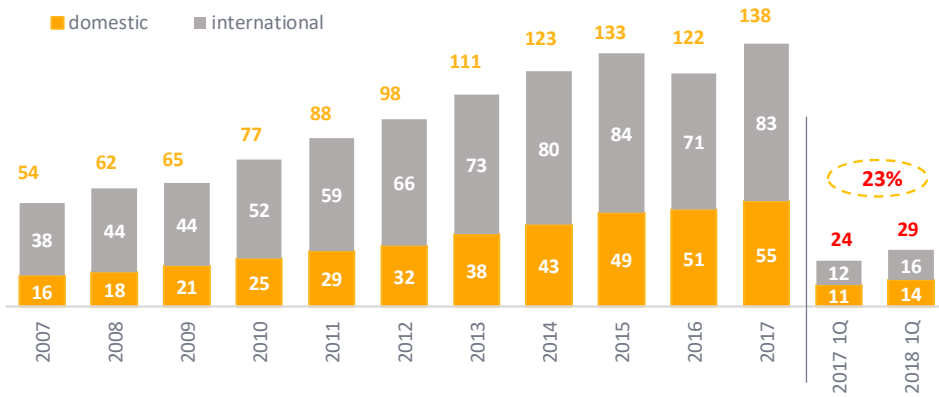
OPERATING ENVIRONMENT

Market growth continued in 1Q18

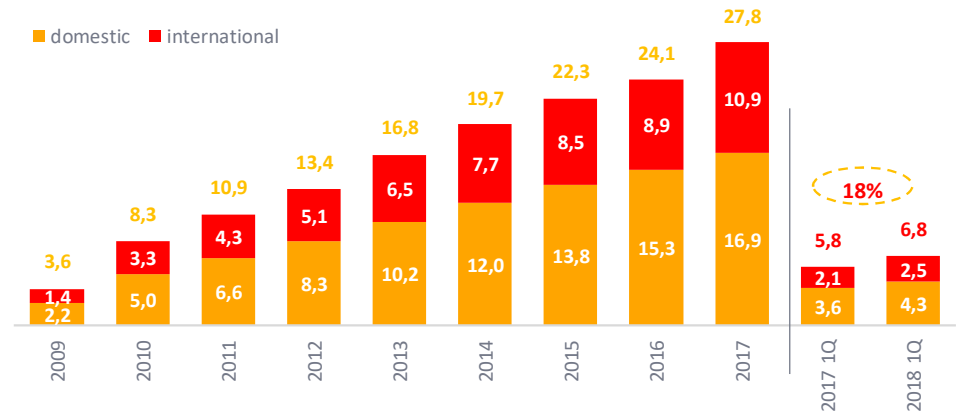
FOREIGN VISITORS



PASSENGERS, TR (mn)











PASSENGERS, PGS (mn)



SUMMARY HIGHLIGHTS- 2018 1Q

Despite surge in oil prices CASK dropped by 8% YoY

International Passengers *		18%	Revenues		35%
Domestic Passengers		18%	Ancillary Revenues		50%
International Load Factor		6.4pp	CASK, €cent		-8%
Domestic Load Factor		1.5pp	Non-fuel CASK, €cent		-12%



ROUTE NETWORK

6 new routes added to the network compared to 2017 1Q



2012YE
27 Countries
60 Destinations
 23 Domestic
 37 International

CURRENT
42 Countries
109 Destinations
 38 Domestic
 71 International



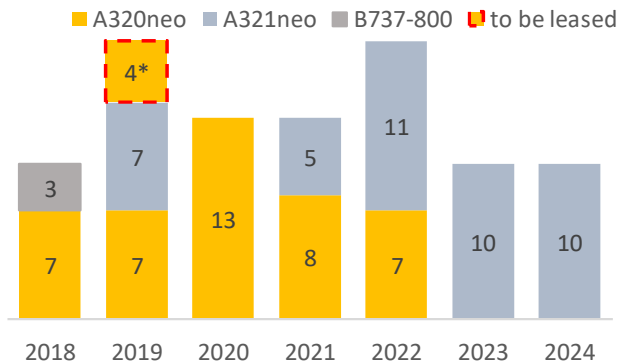
FLEET DEVELOPMENT

10 new aircraft will be joining the fleet in 2018; 18 in 2019

FLEET EXPANSION (Year-end)

	2016	2017	2018	2019*	2020
Owned	4	4	4	4	4
Financial Lease	33	29	38	45	48
Operational Lease	45	43	39	42	46
Total	82	76	81	91	98

ORDER BOOK (as of March 2018)



FLEET (as of March 2018)

	Owned	Financial Lease	Operational Lease	Total
Boeing 737-800	3	13	30	46
Boeing 737-400	1	0	0	1
Airbus A320ceo	0	0	12	12
Airbus A320neo	0	17	0	17
Airbus A321neo	0	0	0	0
Total	4	30	42	76

FLEET INFORMATION

- ✈ The youngest fleet in Turkey and one of the youngest among LCCs: **5.7 years**.
- ✈ Fleet to reach **81 aircraft** in 2018 with 10 new A/Cs. **2** A320neo has already joined in 1Q18.
- ✈ **4 new A/C** planned to be leased in 2019 on top of **14** orders from Airbus

* 4 Airbus A320 neo A/C planned to be leased in 2019









Genel (Public)



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SUMMARY 2018 1Q FINANCIALS

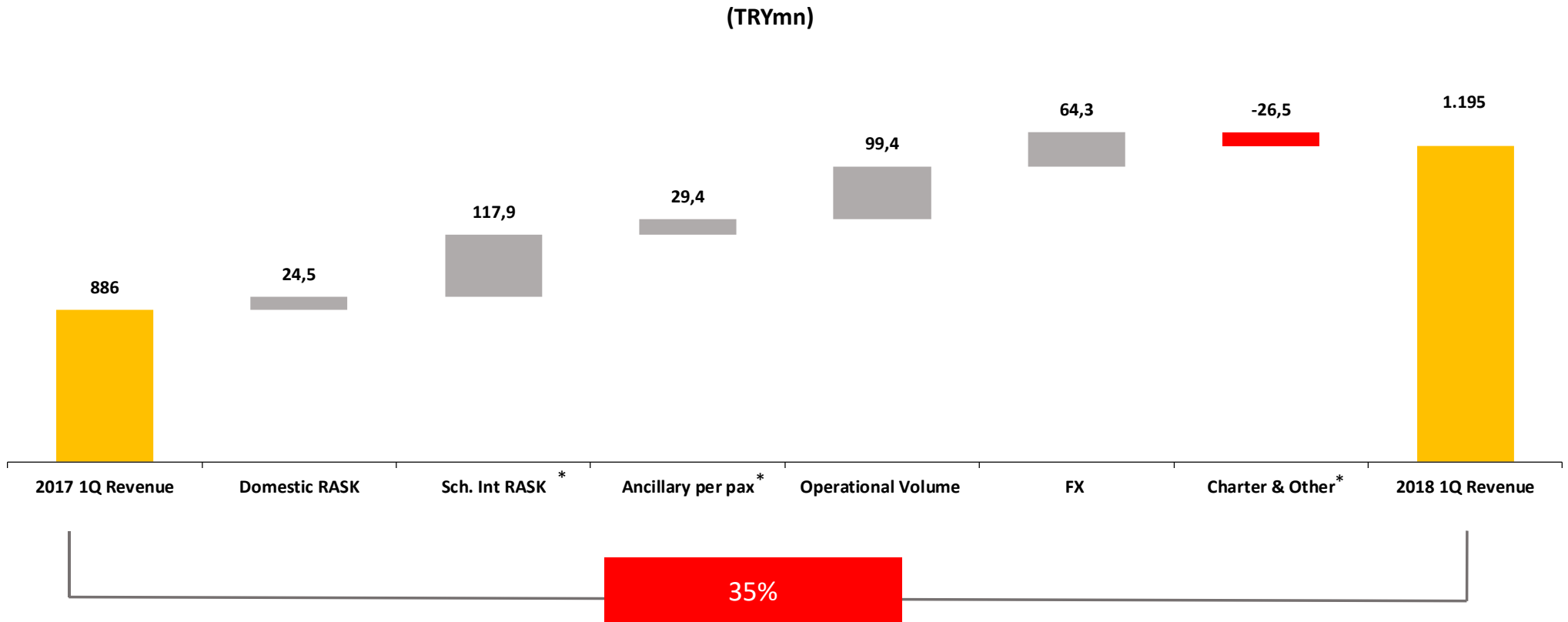
All time high 1Q revenue with seasonally sound EBITDAR margin on the back of operational efficiencies

		(TRYmn)	2018 1Q	2017 1Q	YoY
Seat	 13%	REVENUES	1.194,8	885,8	35%
Load Factor	 3.6pp	EBITDAR	90,1	6,1	1375%
ASK	 10%	<i>EBITDAR Margin</i>	7,5%	0,7%	6.9pp
PAX	 18%	NET INCOME	(114,7)	(206,4)	44%
Utilization	 12%	<i>Net Income Margin</i>	n.m.	n.m.	
		RASK	2018 1Q: € 3.33	2017 1Q: € 3.23	 3%
		CASK	2018 1Q: € 3.72	2017 1Q: € 4.04	 -8%
		Non-Fuel CASK	2018 1Q: € 2.50	2017 1Q: € 2.85	 -12%



REVENUE DEVELOPMENT 2018 1Q

International flights set the highest growth



* FX impact excluded



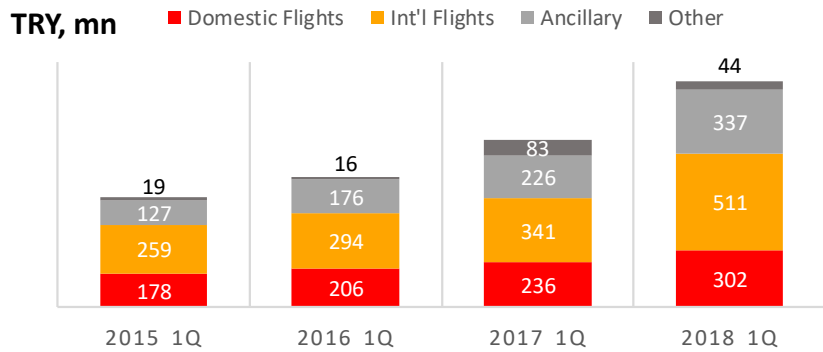
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REVENUE BREAKDOWN

Relentless focus on ancillary revenues

SEGMENT BREAKDOWN



50%

50%

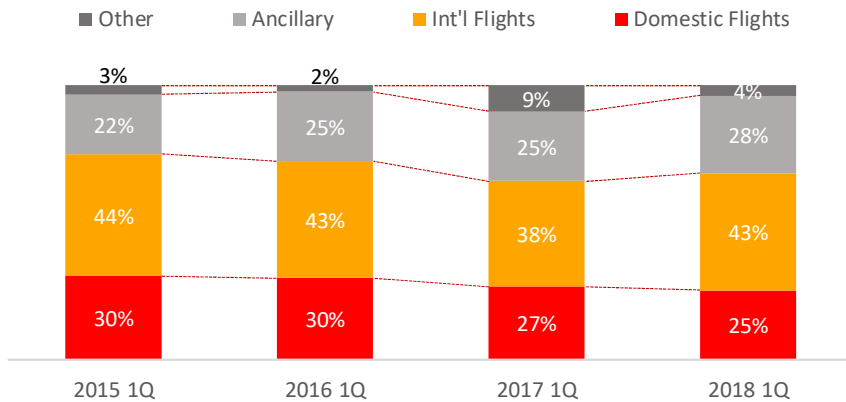
28%



3pp

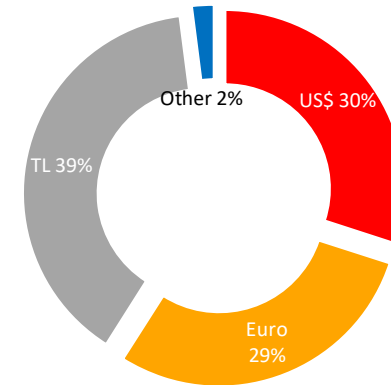
5pp

-2pp

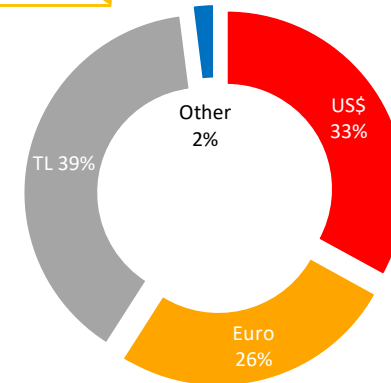


CURRENCY BREAKDOWN

2018 1Q



2017 1Q

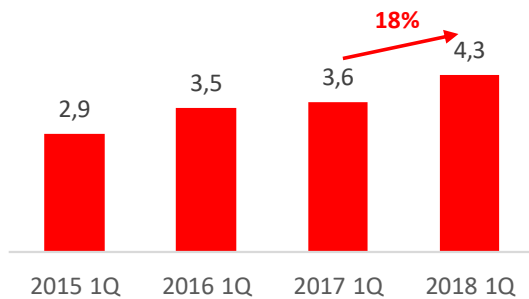


SCHEDULED FLIGHT REVENUES

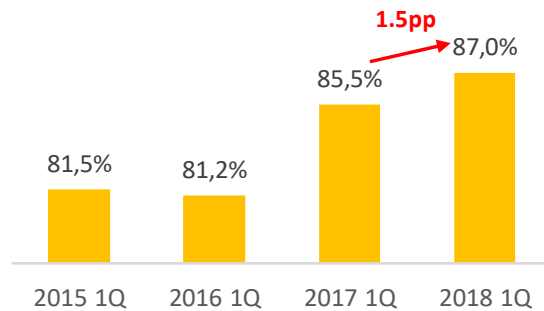
LF reached record high levels both in domestic and international routes

DOMESTIC FLIGHTS

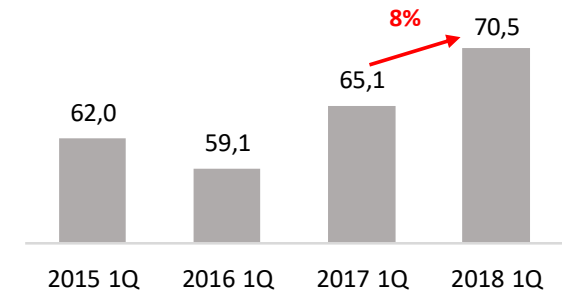
Passengers, mn



Load Factor

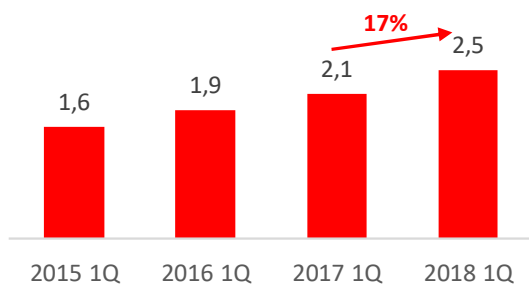


Yield, TRY

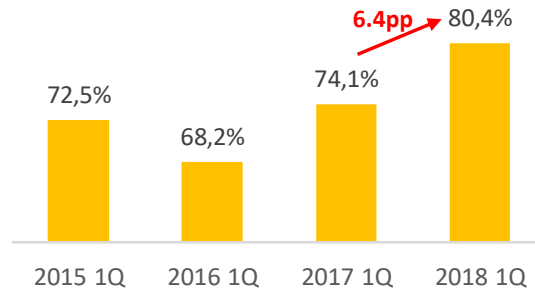


INT'L FLIGHTS

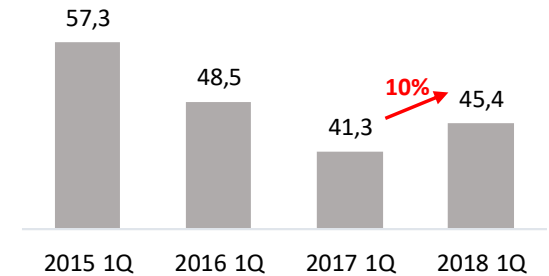
Passengers, mn*



Load Factor



Yield, €



* excludes charter traffic

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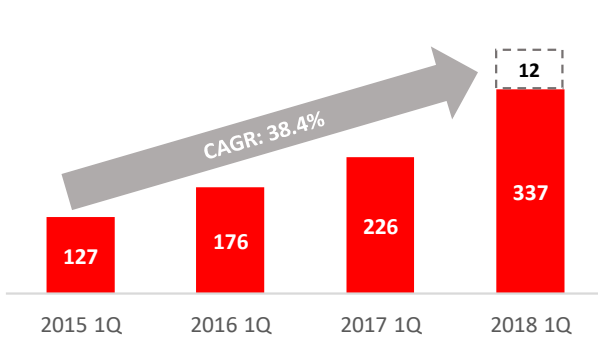


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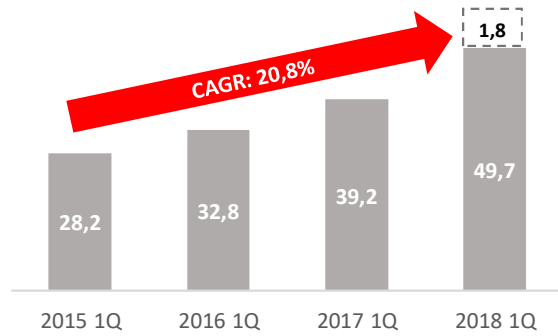
ANCILLARY REVENUE

Highest ancillary revenue and ancillary per pax ever

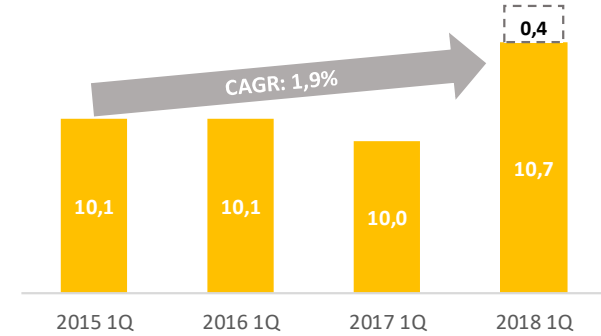
Ancillary Revenues, TRY



Per Pax, TRY



Per Pax, €



Deferred revenues that will be recognized in 2018, based on new IFRS-15 adaption

NEW PRODUCTS (to be launched within 2018)

+

 Renewed Loyalty Card

2018 2Q

+

 In-flight Entertainment

2018 3Q

+

 Discount Club

2018 4Q

+

 Hotel + Flight

2018 4Q



COST BREAKDOWN

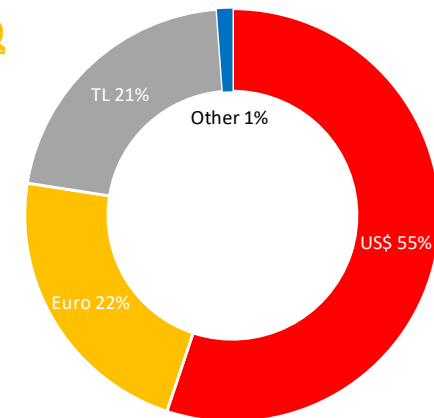
Non-fuel CASK descent continued in 2018 1Q

SEGMENT BREAKDOWN

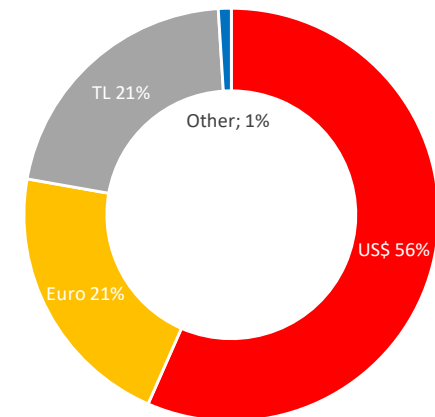
Cost Items	CASK-€c		CASK Change	€mn	
	2018 1Q	2017 1Q	2018 - 2017 1Q	2018 1Q	2017 1Q
Jet fuel expenses	1,22	1,18	3%	93,64	82,74
Personnel expenses	0,48	0,55	-13%	36,58	38,19
Rental expenses	0,40	0,53	-25%	30,60	37,26
Maintenance expenses	0,33	0,40	-17%	25,49	28,08
Depreciation and amortization expenses	0,27	0,30	-12%	20,36	21,06
Handling fees	0,27	0,29	-7%	20,68	20,21
Navigation expenses	0,23	0,25	-5%	18,03	17,23
Landing expenses	0,12	0,12	-6%	8,89	8,60
Commision expenses	0,07	0,07	6%	5,39	4,64
Passenger service and catering expenses	0,04	0,04	3%	3,09	2,74
Advertising expenses	0,03	0,03	3%	2,09	1,85
Other	0,26	0,28	-4%	20,66	19,67
CASK-€c	3,72	4,04	-8%	285,50	282,27
Non-Fuel CASK-€c	2,50	2,85	-12%	191,86	199,53

CURRENCY BREAKDOWN

2018 1Q



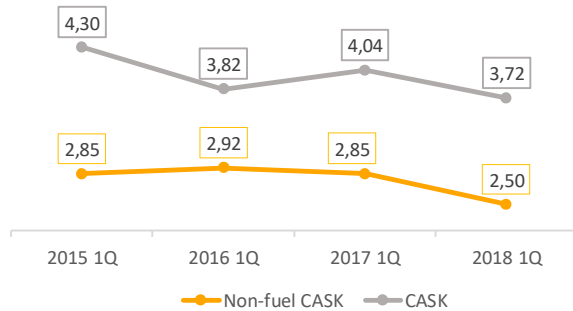
2017 1Q



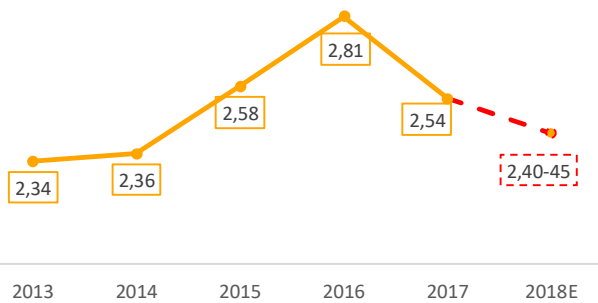
CASK

Continuous improvement in non-fuel CASK through «3C Initiatives»

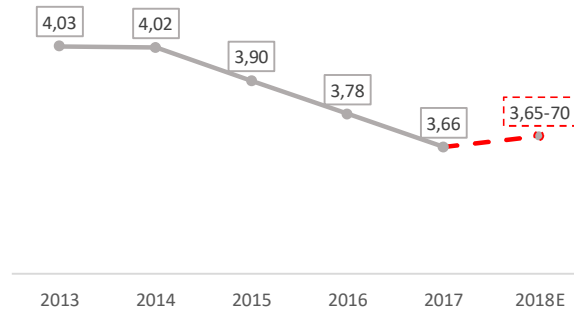
Non-Fuel CASK vs CASK, €c



Non-Fuel CASK, €c



CASK, €c



✈ Increase in average daily A/C utilization to 12.2 hours in 2018 1Q from 10.9 hours in 2017 1Q.

✈ Optimizing the fleet through the sale of B737-800 and rising the share of A320 NEOs which;

- provide fuel efficiency
- accelerate transition process

✈ Optimization of marketing activities and headcount

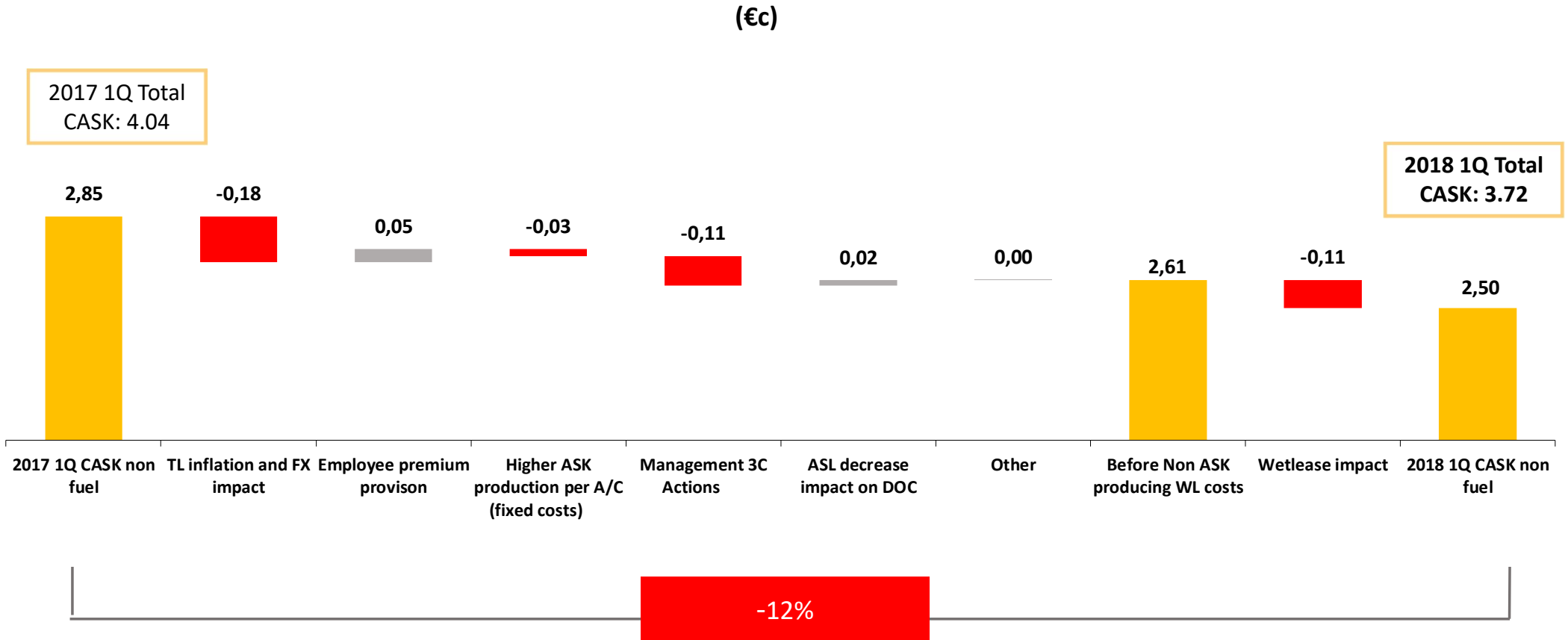
✈ Lean process management

✈ Review of the procurement agreements



CASK- 2018 1Q

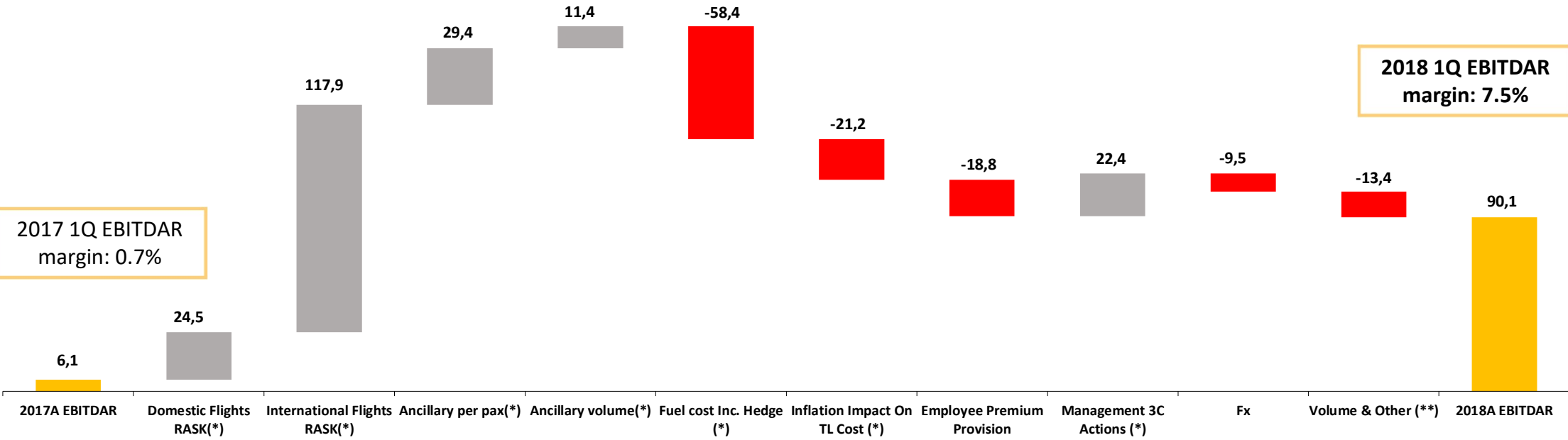
Non-fuel CASK came down by 12% in 2018 1Q



EBITDAR- 2018 1Q

Increase in unit and ancillary revenues together with stringent cost control resulted in strong EBITDAR performance

(TRYmn)



(*) FX impact excluded



LIQUIDITY

Cash per A/C continued to improve in low season

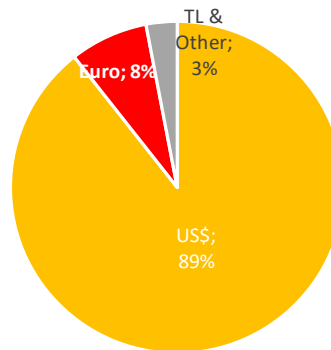
TRY, mn	March 31, 2018	Dec 31, 2017
CASH	2,054	1,988
OTHER ASSETS	957	713
PRE DELIVERY PAYMENT	601	594
FIXED ASSETS	5,490	4,793
TOTAL ASSETS	9,103	8,088
LIABILITIES	2,374	1,995
FINANCIAL DEBT	4,210	3,608
SHAREHOLDERS' EQUITY	2,519	2,485
TOTAL LIA. & SH. EQUITY	9,103	8,088
CASH PER A/C	27.0	26.2



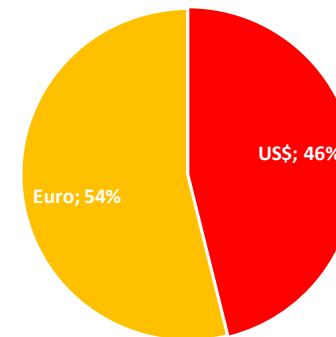
The rise in cash was mainly driven by financing activities

- Cash used for Operations : TRY24mn
- Cash from Investments : TRY20mn
- Cash from Financing * : TRY98mn

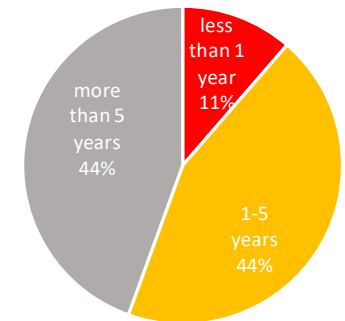
CASH CURRENCY



FIN DEBT CURRENCY



FIN. LEASE MATURITY



* Exim loan facility

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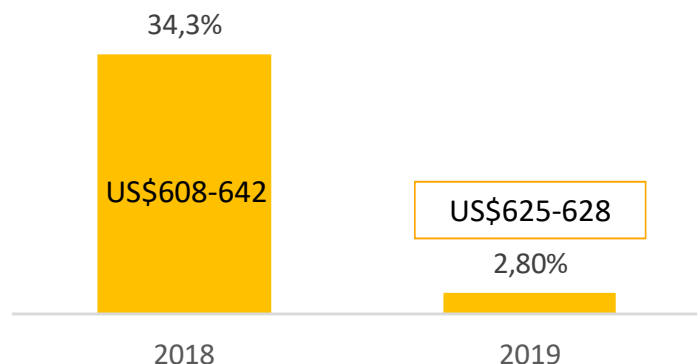


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HEDGING, RISK MANAGEMENT & SENSITIVITY

Closely monitored hedging and risk management policies

HEDGE VOLUME AND PER TON COST



RISK MANAGEMENT POLICY

- ✈ Currency Risk Hedge Program to weather exchange rate fluctuations.
- ✈ International ticket revenues collected in TRY are converted to US\$ Daily in spot market.
- ✈ Up to 25% of domestic ticket revenues are also converted to US\$ depending on currency position.

HEDGE STRATEGY

- ✈ Non-discretionary portion is limited with 40% at any annual budgeting period, which is executed regardless of the price levels utilizing layered hedging method.
- ✈ Discretionary portion is up to 20% of any annual budgeting period pursuant to the approval of hedge Committee.
- ✈ Instruments used: Vanilla Call Options, Zero Cost Collar and Swap

SENSITIVITY ANALYSIS

2018 4Q P&L	+TRY0.01 >	+TRY0.01 >	+\$10 >
TRYmn	EUR/TRY	USD/TRY	Jet Fuel
Revenue	0.8	0.9	-
OPEX	0.6	1.9	6.4
EBIT	0.1	-1.0	-6.4
EBITDAR	0.3	-0.6	-6.4

APPENDIX



APPENDIX- SUMMARY P&L

(TRYmn)	2018 1Q	2017 1Q
Net sales	1,195	886
Cost of sales (-)	1,237	1,030
Gross profit	-42	-145
General administrative expenses (-)	58	41
Marketing expenses (-)	47	36
Other operating income/expenses (net) (+)	34	20
Operating profit	-113	-202
Depreciation and amortization (+)	95	83
Operating lease expenses (+)	142	145
EBITDAR	90	6



APPENDIX- OPERATIONAL & FINANCIAL HIGHLIGHTS

	2018 1Q	2017 1Q	YoY
TOTAL REVENUE (TRYmn)	1.195	886	35%
ANCILLARY REVENUE (TRYmn)	337	226	50%
EBITDAR (TRYmn)	90	6	1375%
EBITDAR Margin	7,5%	0,7%	6,9pp
PAX (mn)	6,8	5,8	18%
LOAD FACTOR	84,5%	80,9%	3,6pp
SEATS (mn)	8,0	7,1	13%
AVERAGE STAGE LENGTH	955	983	-3%
RASK, (€)	3,33	3,23	3%
CASK, (€)	3,72	4,04	-8%
Non-fuel CASK, (€)	2,50	2,85	-12%
ANCILLARY PER PAX (€)	10,7	10,0	8%
AVERAGE FLEET	75	82	-9%



APPENDIX- FLEET DEVELOPMENT PLAN

		2016	2017	2018	2019	2020	2021	2022	
Boeing	B737-800	Financial Lease	24	14	16	16	16	16	15
		Operational Lease	33	31	27	19	13	9	6
		Owned	3	3	3	3	3	3	2
	B737-400	Financial Lease	0	0	0	0	0	0	0
		Operational Lease	0	0	0	0	0	0	0
		Owned	1	1	1	1	1	1	1

		2016	2017	2018	2019	2020	2021	2022	
Airbus	A320-200 CEO	Financial Lease	0	0	0	0	0	0	0
		Operational Lease	12	12	12	12	12	8	6
		Owned	0	0	0	0	0	0	0
	A320-200 NEO	Financial Lease	9	15	22	23	26	26	26
		Operational Lease	0	0	0	10	20	28	35
		Owned	0	0	0	0	0	0	0
	A321-200 NEO	Financial Lease	0	0	0	6	6	11	17
		Operational Lease	0	0	0	1	1	1	6
		Owned	0	0	0	0	0	0	0

	2016	2017	2018	2019	2020	2021	2022
Owned	4	4	4	4	4	4	3
Financial Lease	33	29	38	45	48	53	58
Operational Lease	45	43	39	42	46	46	53
TOTAL	82	76	81	91	98	103	114



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We didn't start aviation in Turkey but
we transformed it!



Thank you