

Overview Presentation

Development of Aviation Industry and Turkish Aviation Market

Turkish Airlines



Passenger Development

Network Development

Fleet Development

Cargo Development

Financial Development

Rewards

Turkish Airlines' Brand

Advantages

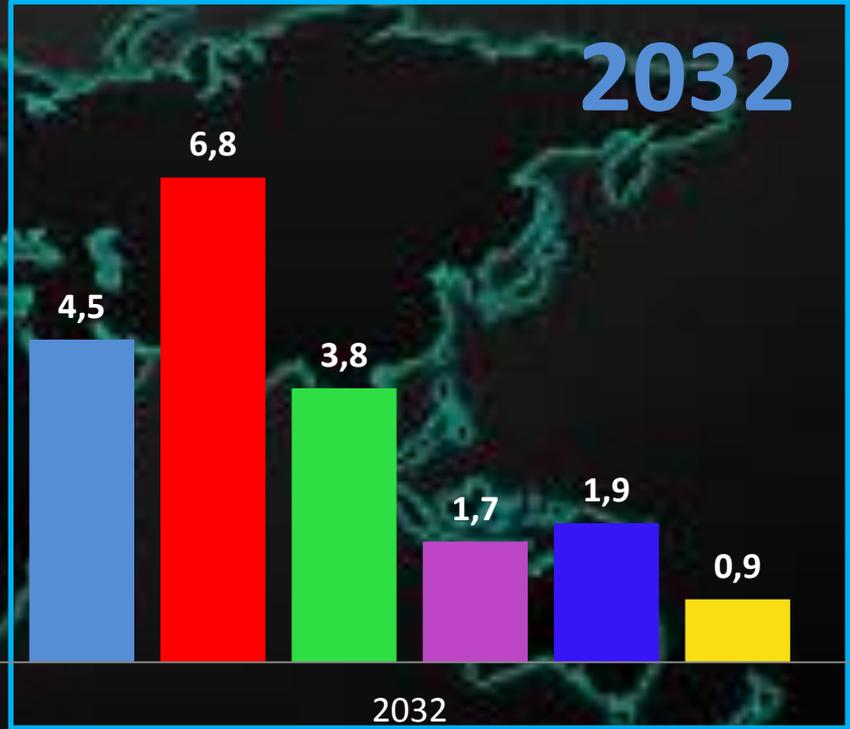
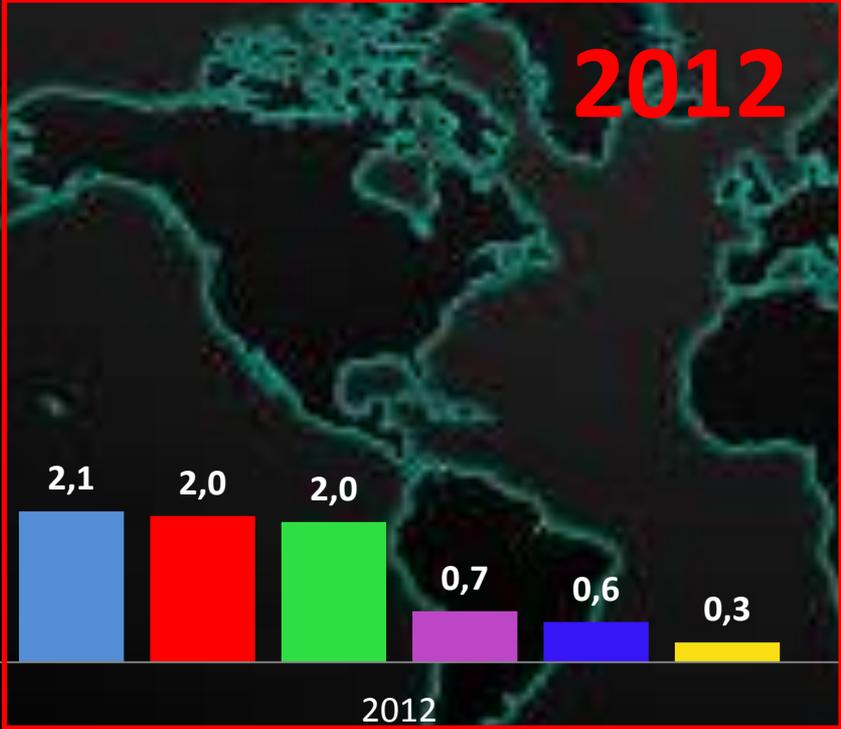
Turkish Airlines Today & Tomorrow

Subsidiaries

Passenger Traffic Flow Development

Total Scheduled Revenue Passenger-Kilometers To/From and Intra Regions (trillions)

RPK (2014F)	Schd. Passenger (2014F)	Total Revenue (2014F)
6.1 Trillion (2013 -2014 5.8% growth)	3.3 Billion (2013 -2014 5.6% growth)	745 Billion USD (2013 -2014 5.3% growth)



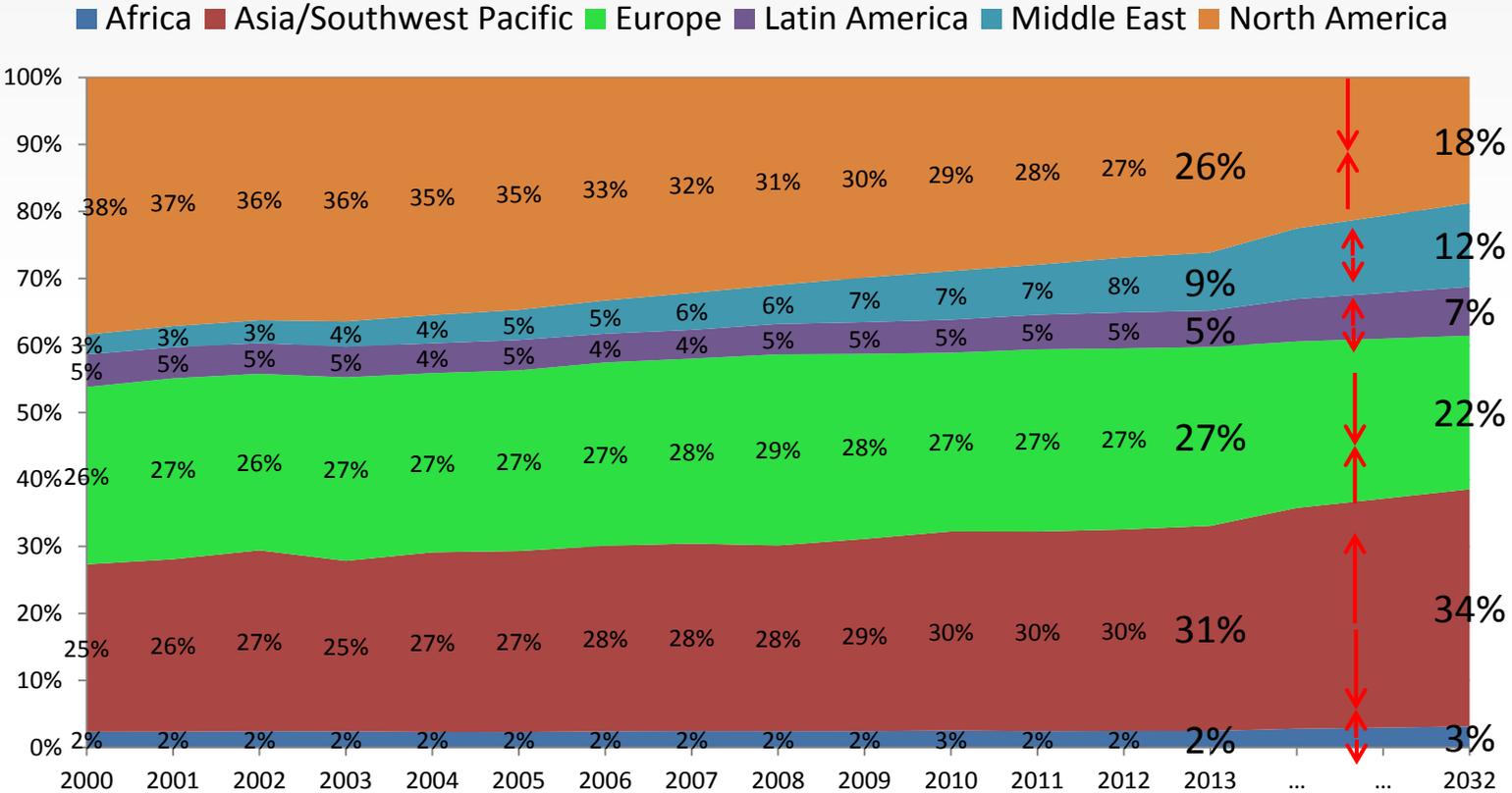
■ Europe ■ Asia Pacific ■ North America ■ Latin America ■ Middle East ■ Africa

Source: Boeing Current Market Outlook 2013-2032, IATA Industry Financial Forecast March 2014



Development of RPK Market Share by Airline Domicile

- Market share of European carriers has been going steady.
- But the picture may change in the future: market share can be lost to Asian and Middle Eastern carriers.

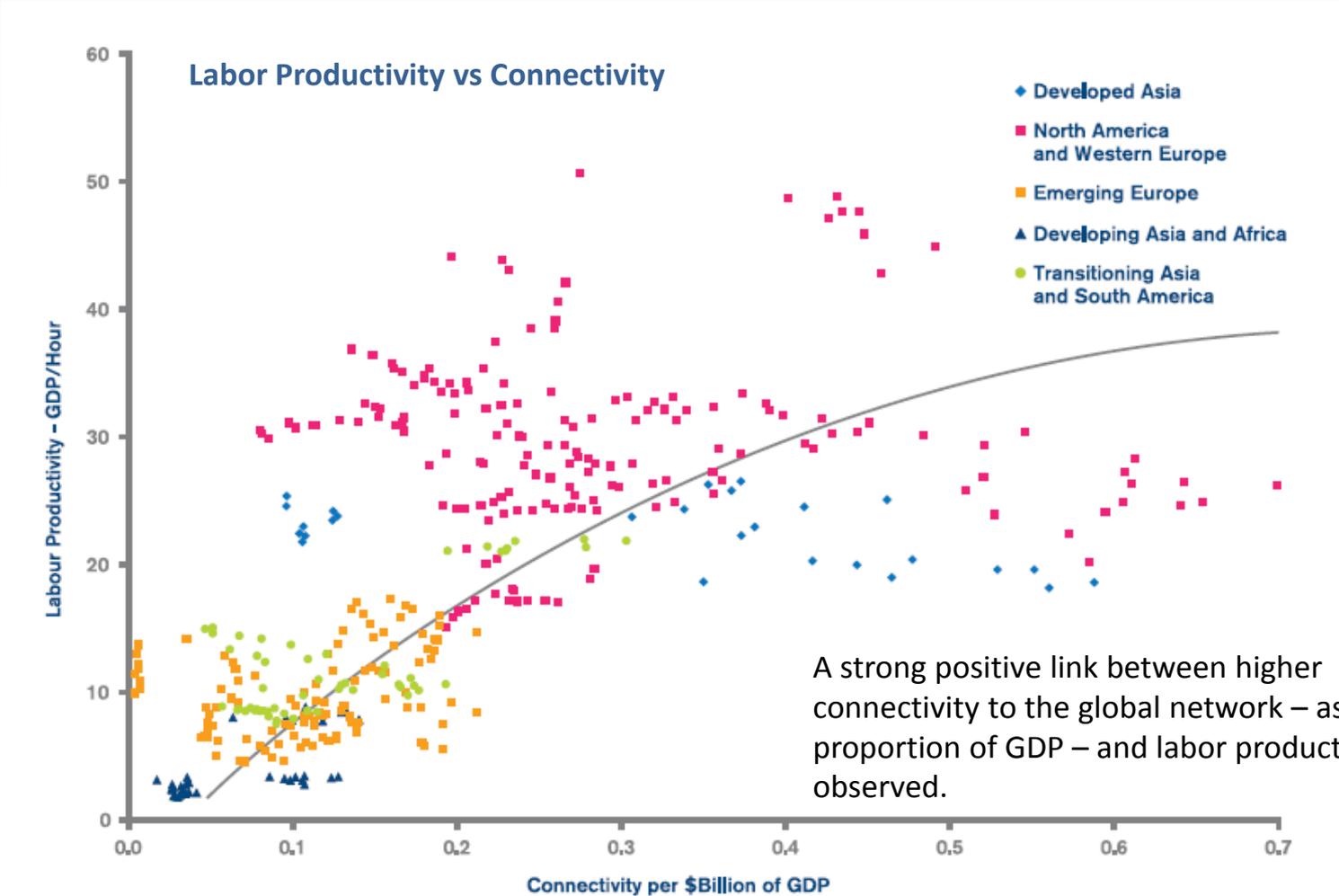


Source: 2000-2013 data is derived from IATA Carrier Tracker Report, 2032 values are from Airbus 2013 GMF.



Impact Of Connectivity to Economies

Connectivity in air transport network can boost the productivity and growth of economies.

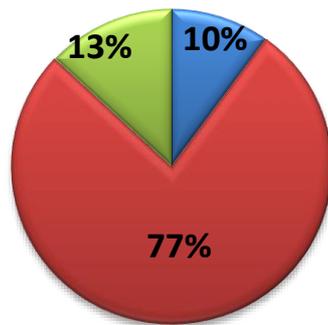


Economic Benefits of Aviation

Europe an Union	Direct	Indirect, Induced, Catalytic	Total	
GDP, € Billion	133	433	566	
Employment, Million	1.9	6.8	8.7	
Turkey	Direct	Indirect, Induced, Catalytic	Total	% of whole Economy
GDP, TL million	4,943	37,047	41,950	4.4 %
Employment (000s)	83	687	770	3.6 %

90% of economical value is from network carriers and cargo airlines

% Contribution to Economy



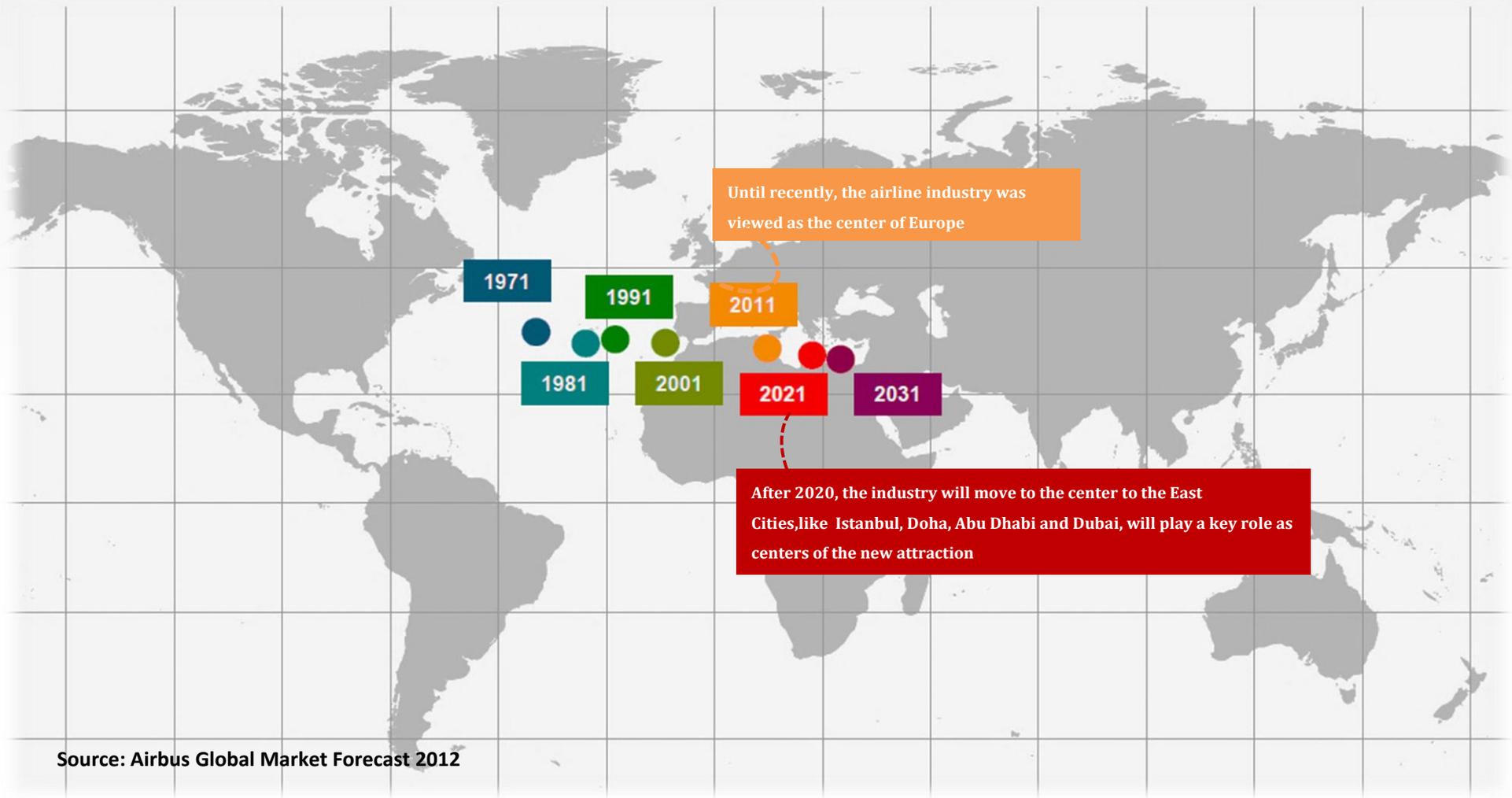
- LCC
- Network Carriers
- All-Cargo Operators

- The network carriers contribute € 430 billion to the European economy and provide 6.8 million jobs in total.

Source: Seabury Sustainable European Aviation 2012,
Oxford Economics Turkey Report



Driving The Center Of Gravity Of Traffic To The South And East



Source: Airbus Global Market Forecast 2012

Geographic centre of gravity of departing/arriving/connecting passengers per city

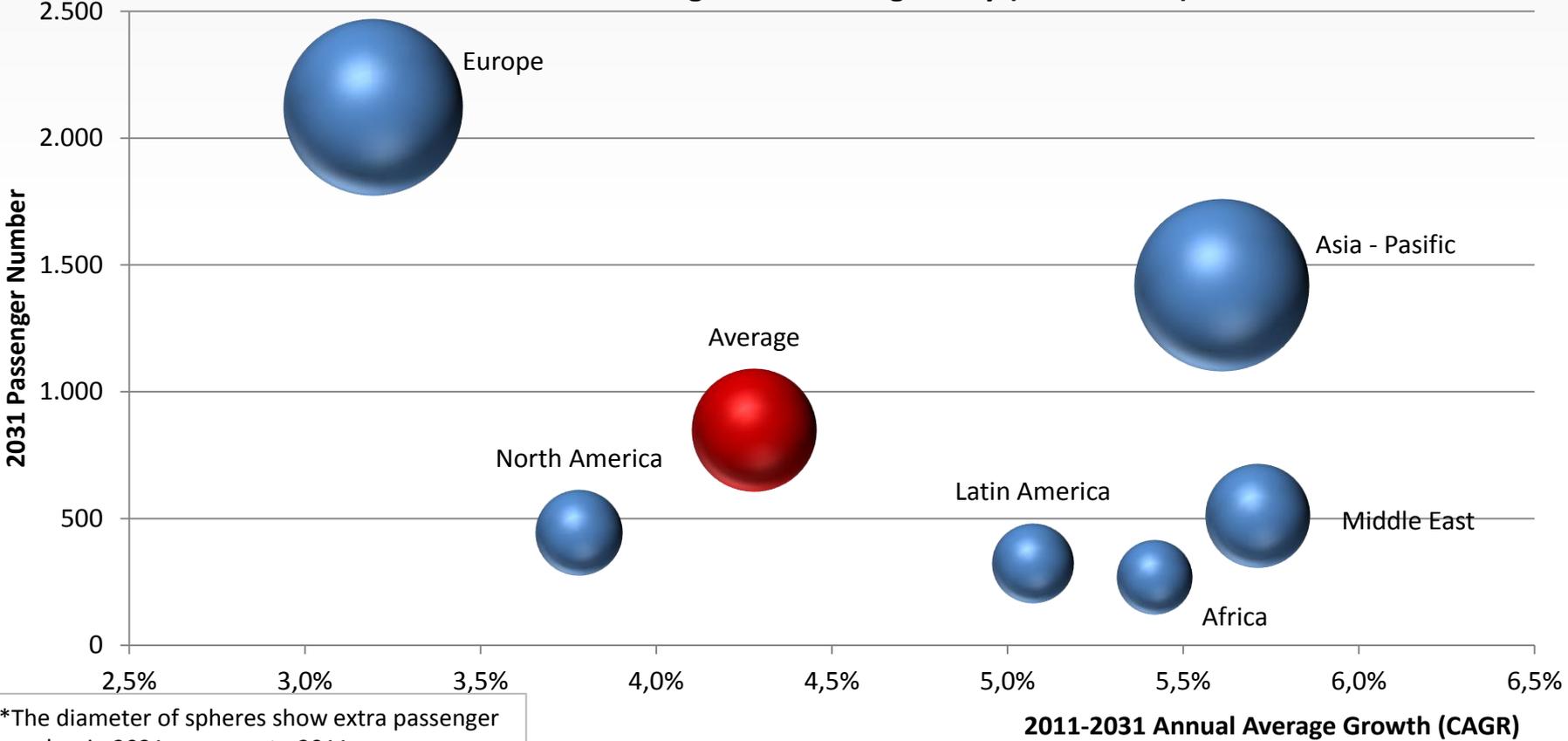
Traffic as month of September; estimates for historic passenger derived from offered seats; respective centres of gravity as median of city coordinates weighted by passenger traffic



International Passenger Growth

- **Europe will still be the driver of international traffic.**
- Although growth rate of international passengers at European airports will be lower than the rest of the world, Europe will still have the biggest international passenger share.

International Passenger Growth Regionally (2011 - 2031)



*The diameter of spheres show extra passenger number in 2031 compare to 2011

Key Numbers For Turkey

827 billion USD GDP
%11 GDP growth in 10 years

GDP per capita 10,815.46 USD

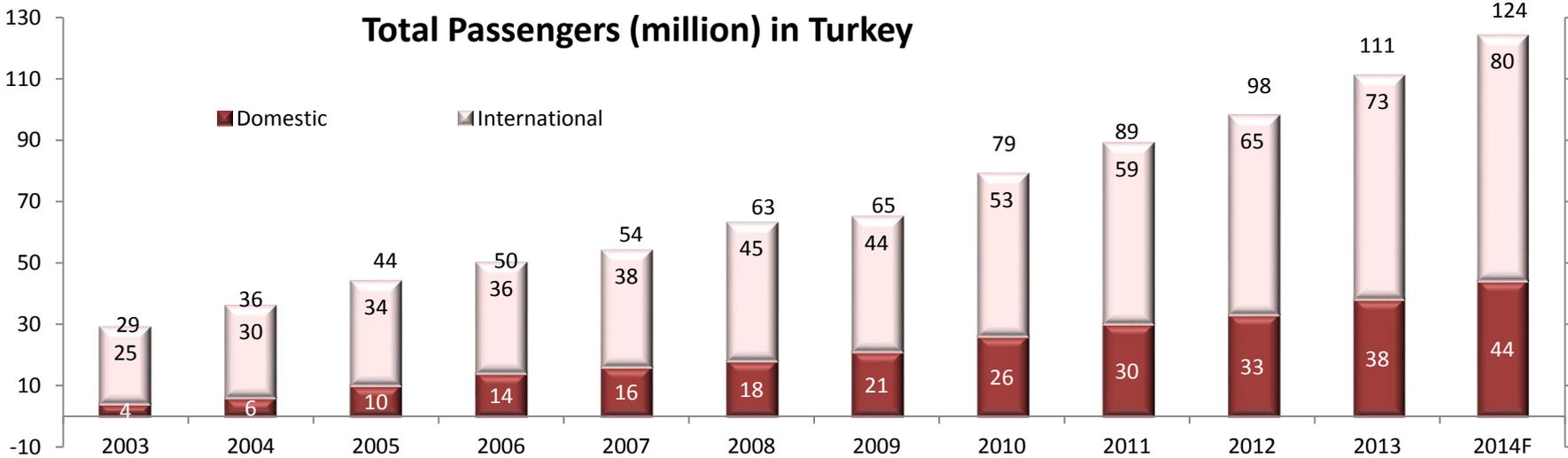
Population: 76.7 million

GDP (billion USD)



%14 passenger growth in 10 years

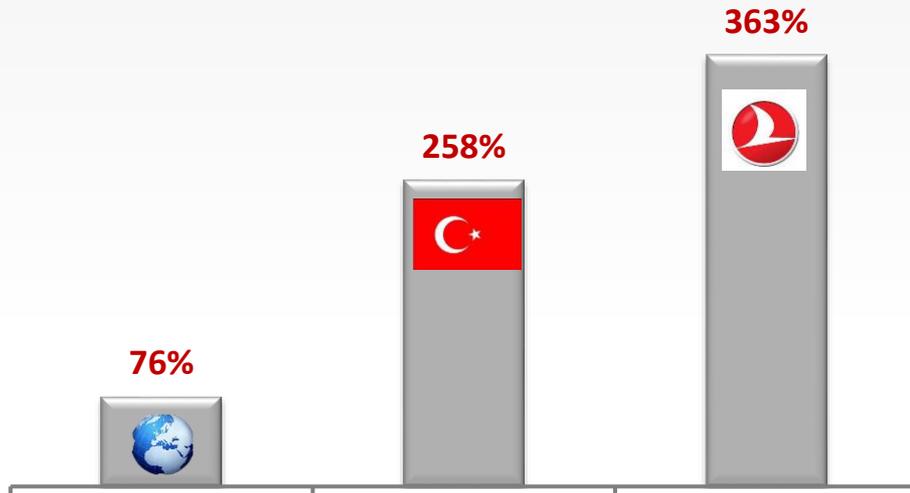
Total Passengers (million) in Turkey



Source: TUIK, IMF, DHMI



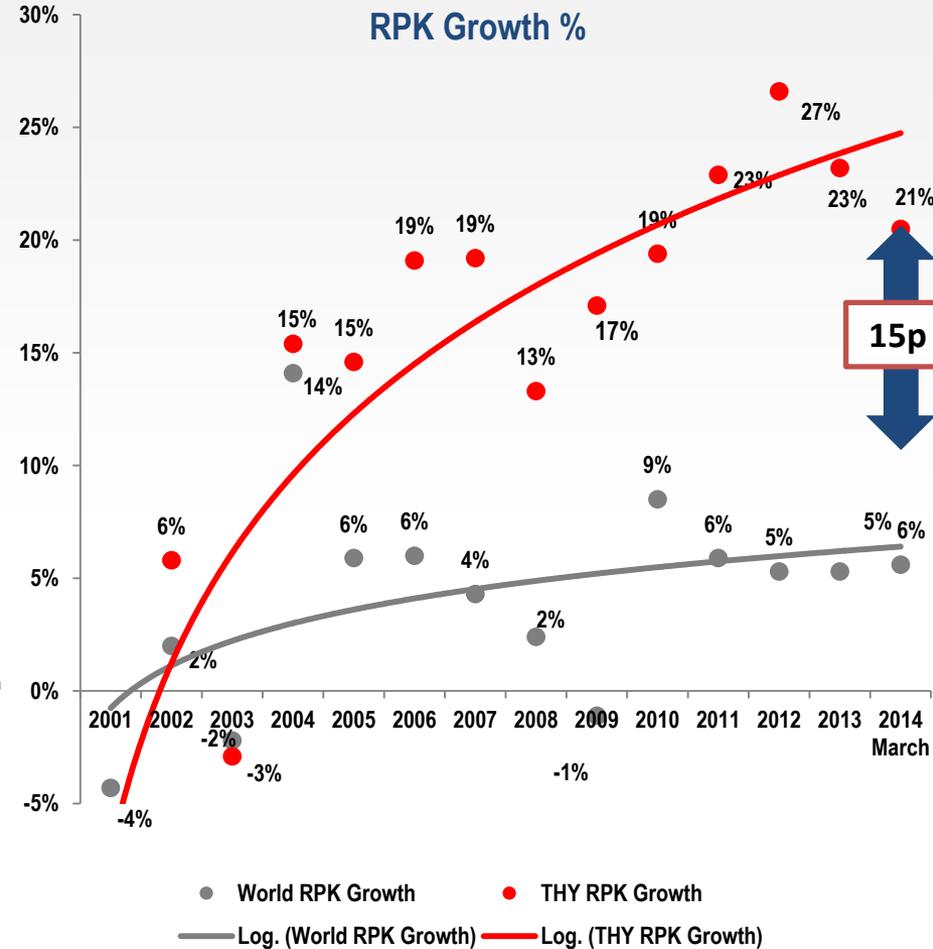
2003 – 2013 Passenger Growth Rates



Next 20 years,

- World passenger traffic (RPK) growth rate **%4.7**
- Population growth rate **%0.9**

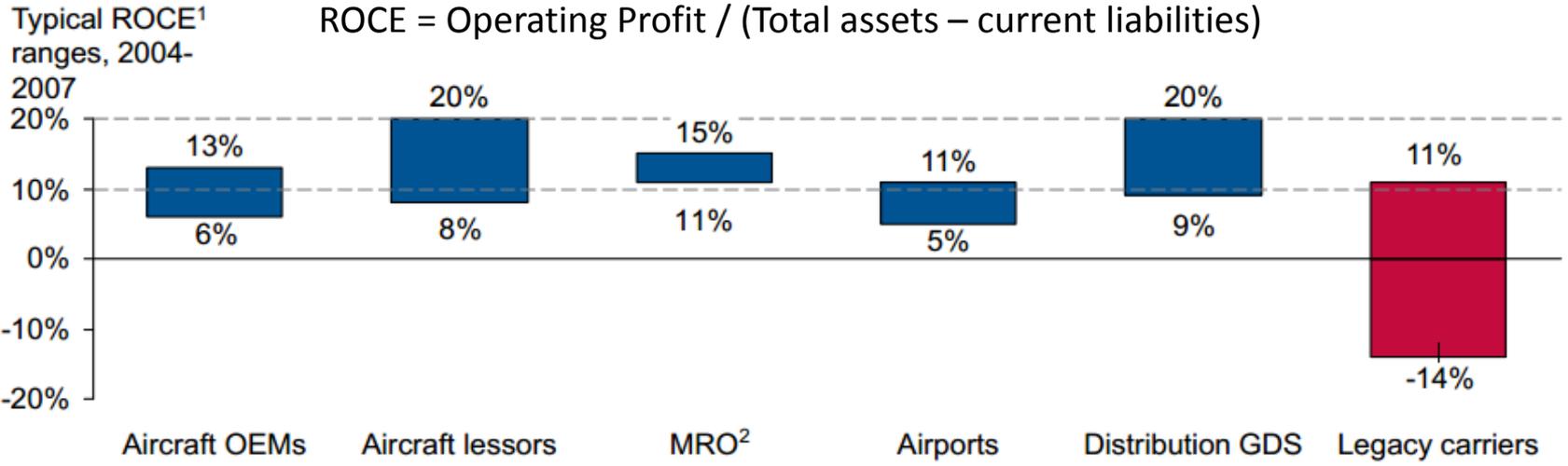
Source: IATA, Airbus GMF 2013



Sustainability of Aviation in Europe

- The EU has liberalized market access and pricing but most other links in the supply chain such as airports, ground handling, global distribution systems, air navigation service providers still benefit from monopolistic and oligopolistic markets.
- Therefore, most of the added value goes to other actors in the value chain of aviation.

Typical averages ROCE¹ for air transport sector %



Note: 1 Return on capital employed
2 Manintenance, Repair, Overhaul

Source: AEA, IATA WATS, Aerostategy; Reuters, Airline Business, Thomspn Financials, Company Annual Reports

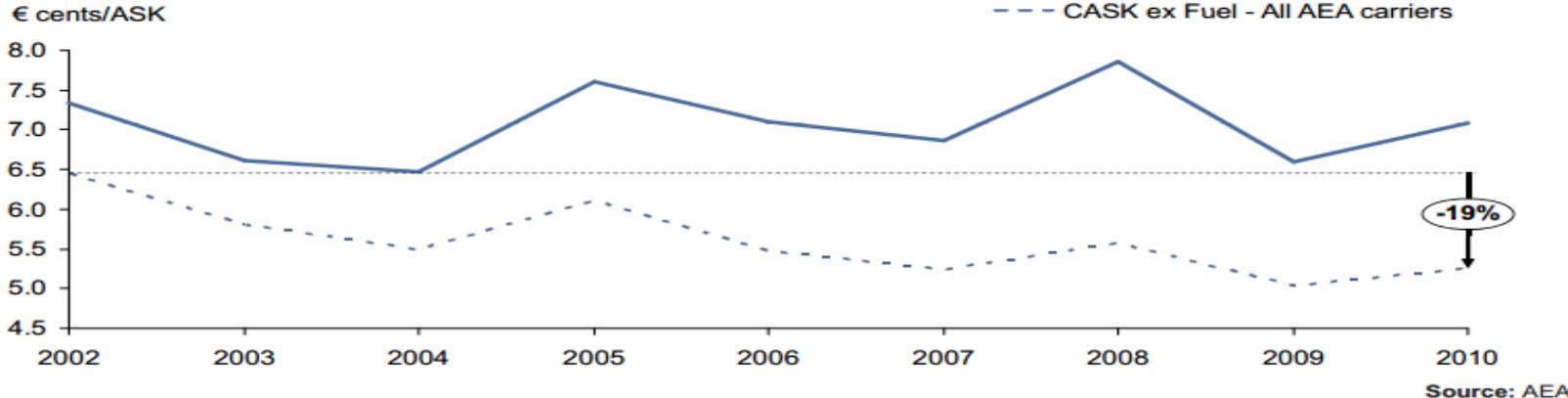
Source: Seabury Sustainable European Aviation 2012



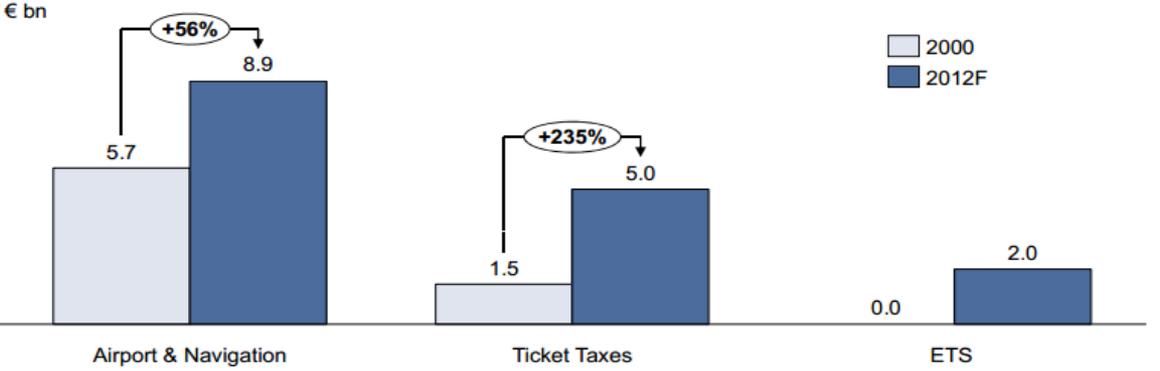
Focusing on Costs

- European network carriers has been focusing on cost reduction projects in order to stay sustainable.
- Carriers have drastically reduced their internal costs through aircraft utilization, staff productivity, optimization of processes, reduced commissions to travel agents, etc.
- Load factors improved by 5 points over the last 10 years.

CASK Development



European airlines selected annual external costs



However they have no control over the costs, which are steadily increasing.

Note: Airport and navigation costs are for AEA airlines
Source: AEA research

THY vs World % Growth

Total

2014 - March	RPK	ASK
Turkish Airlines	21.0 %	21.5 %
World (scheduled)	5.6 %	5.8 %

Europe

RPK: Revenue Passenger Km
ASK: Available Seat Km

2014 - March	RPK	ASK
Turkish Airlines	14.3 %	18.4 %
World (scheduled)	5.2 %	5.9 %

Middle East

2014 - March	RPK	ASK
Turkish Airlines	11.6 %	10.7 %
World (scheduled)	13.3 %	12.2 %

Far East

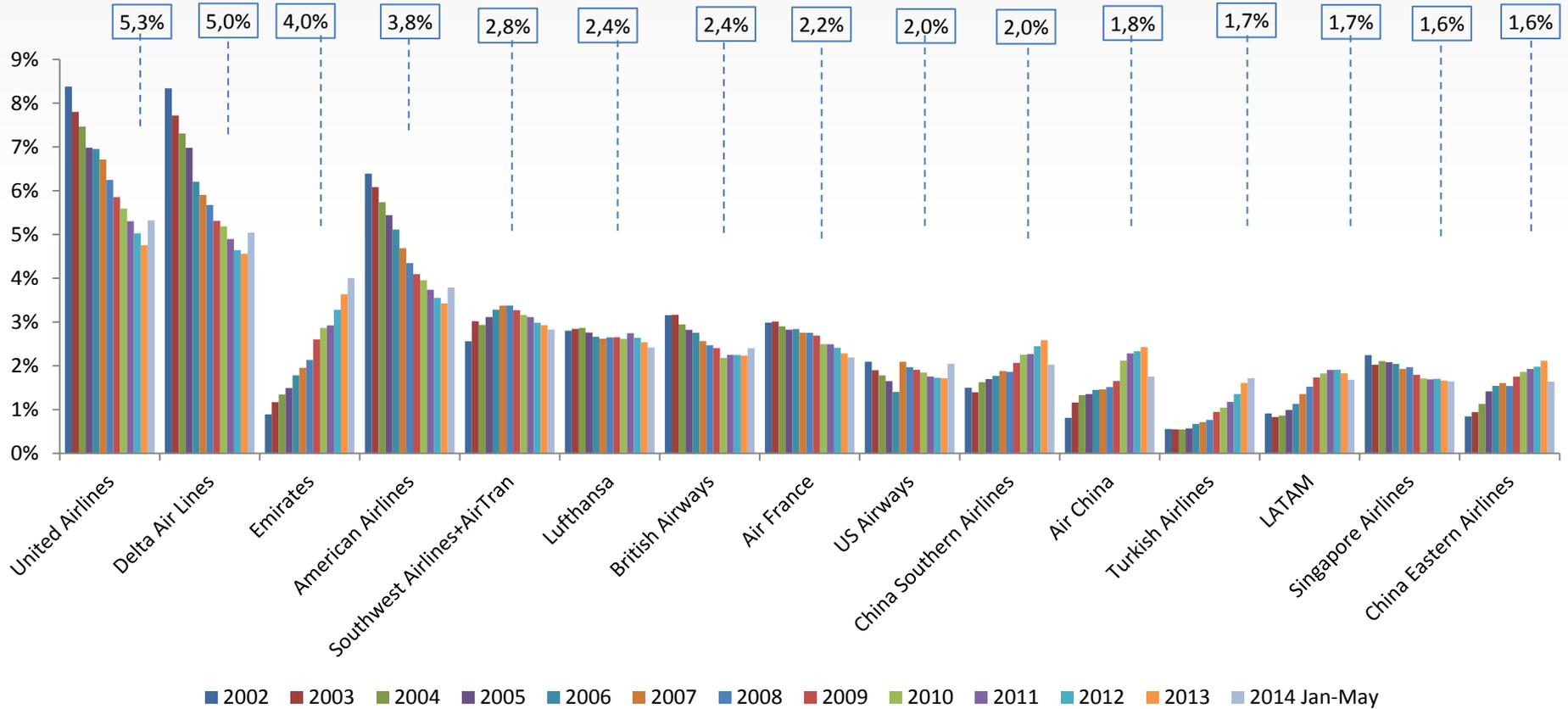
2014 - March	RPK	ASK
Turkish Airlines	27.2 %	28.5 %
World (scheduled)	7.0 %	8.0 %

Source: IATA Air Passenger Market Analysis March'14 (Scheduled Traffic)

World Passenger Market Share Development – ASK

World Largest Airlines' Market Share in terms of ASK

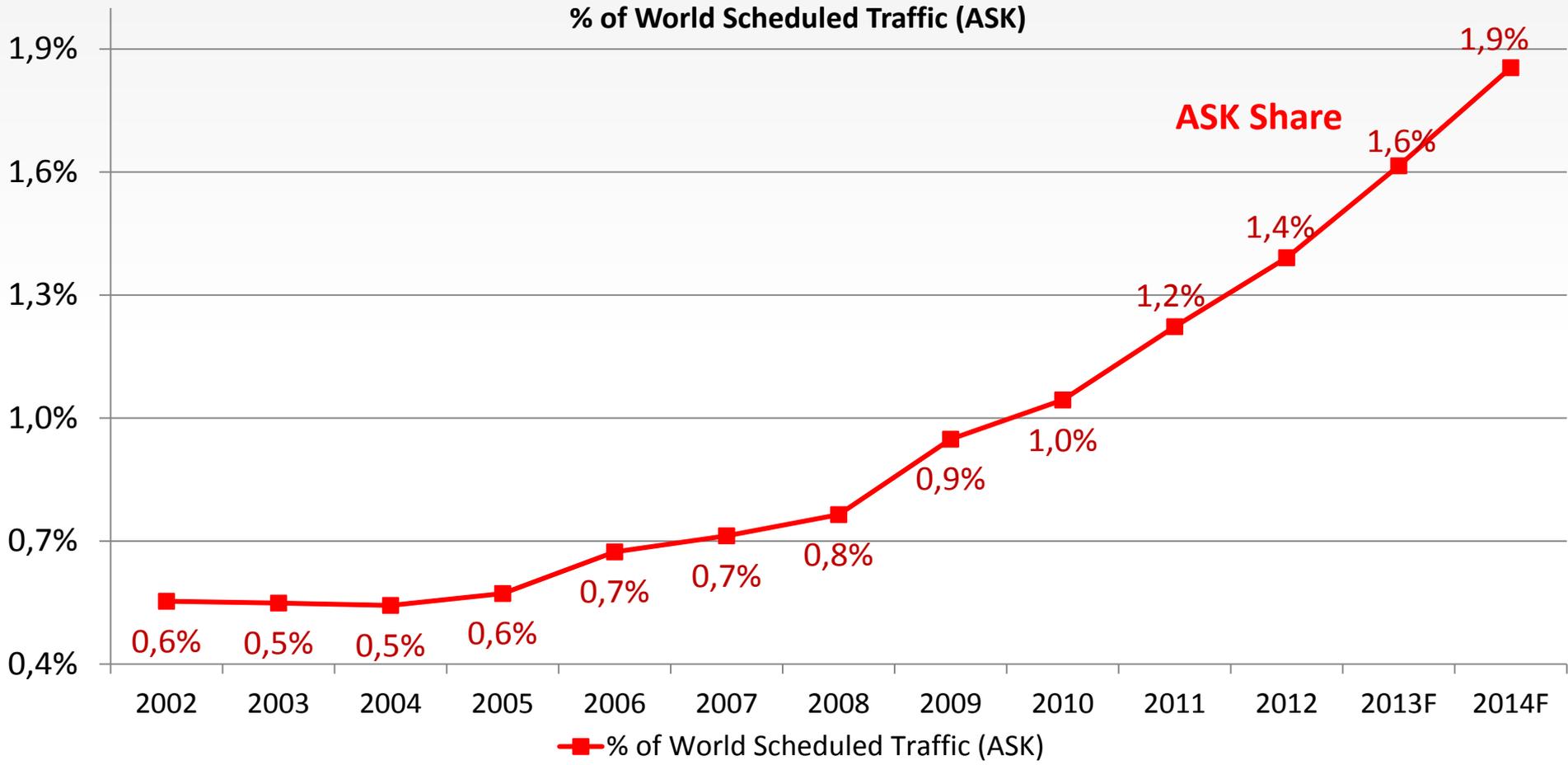
2014 Jan-May Market Share



Source: World AKK from 2002-2013 is from IATA data. Airline AKK values from 2002-2012 are from IATA Wats reports. Airline AKK for 2013 are from official websites of airlines and 2014 data are forecasted based on innovata data for May 2014 given in Air Transport News.



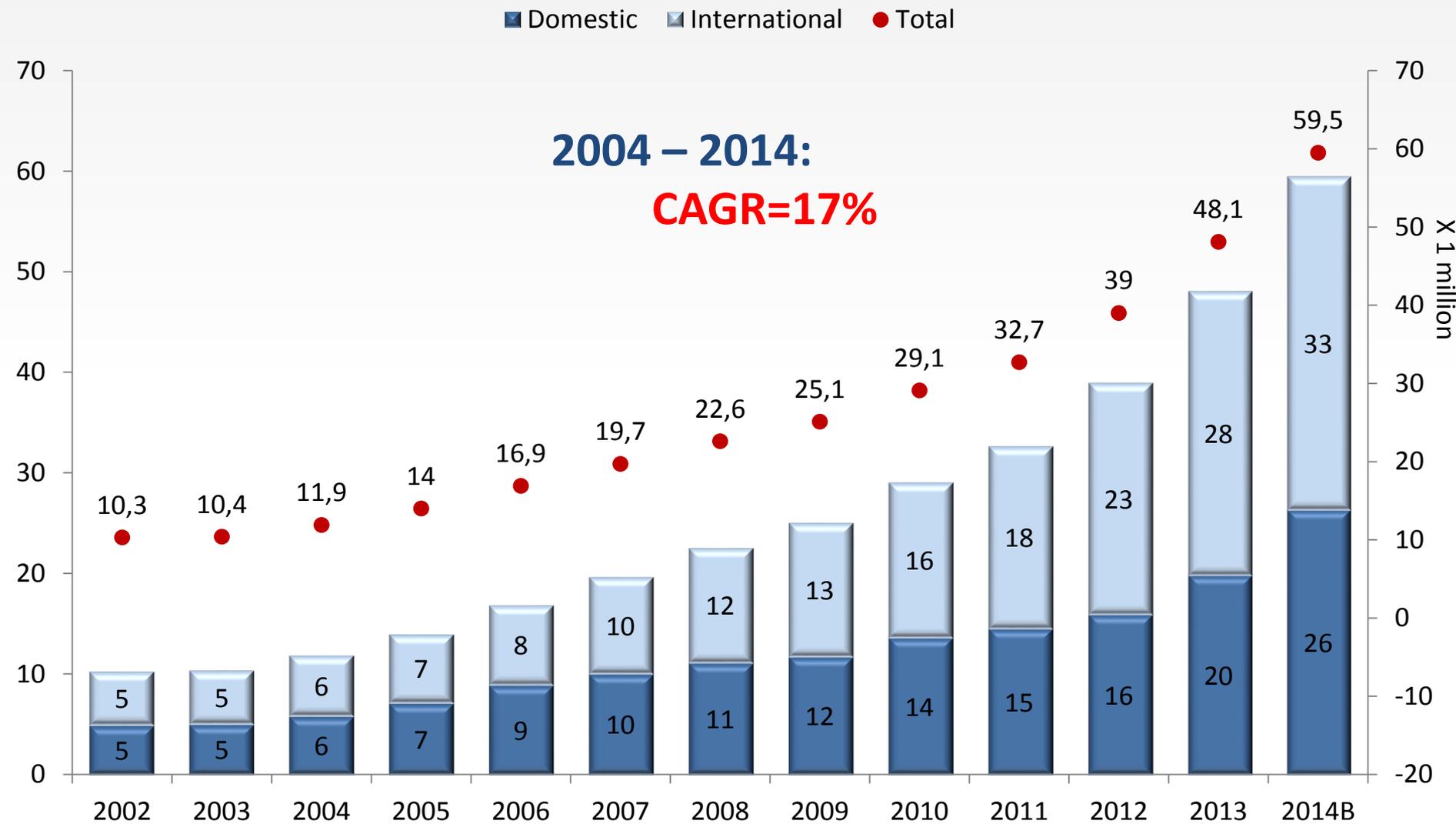
Turkish Airlines Global Passenger Market Share Development



Source: World traffic values are from IATA reports.



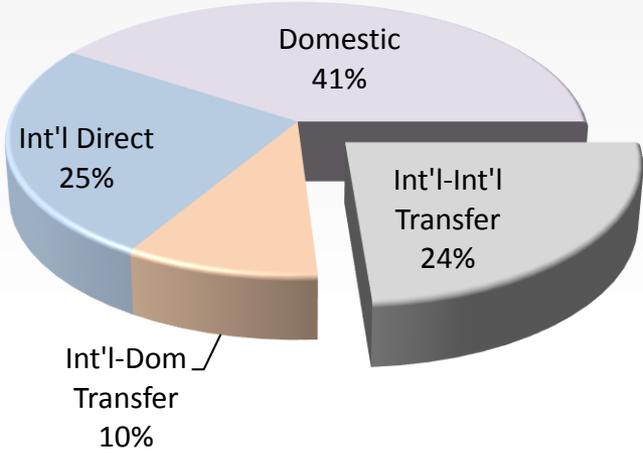
Turkish Airlines Passenger Numbers



Transfer Passengers

International to international transfer passengers accounted for 41% of international passengers (2013).

Split of Total Passenger

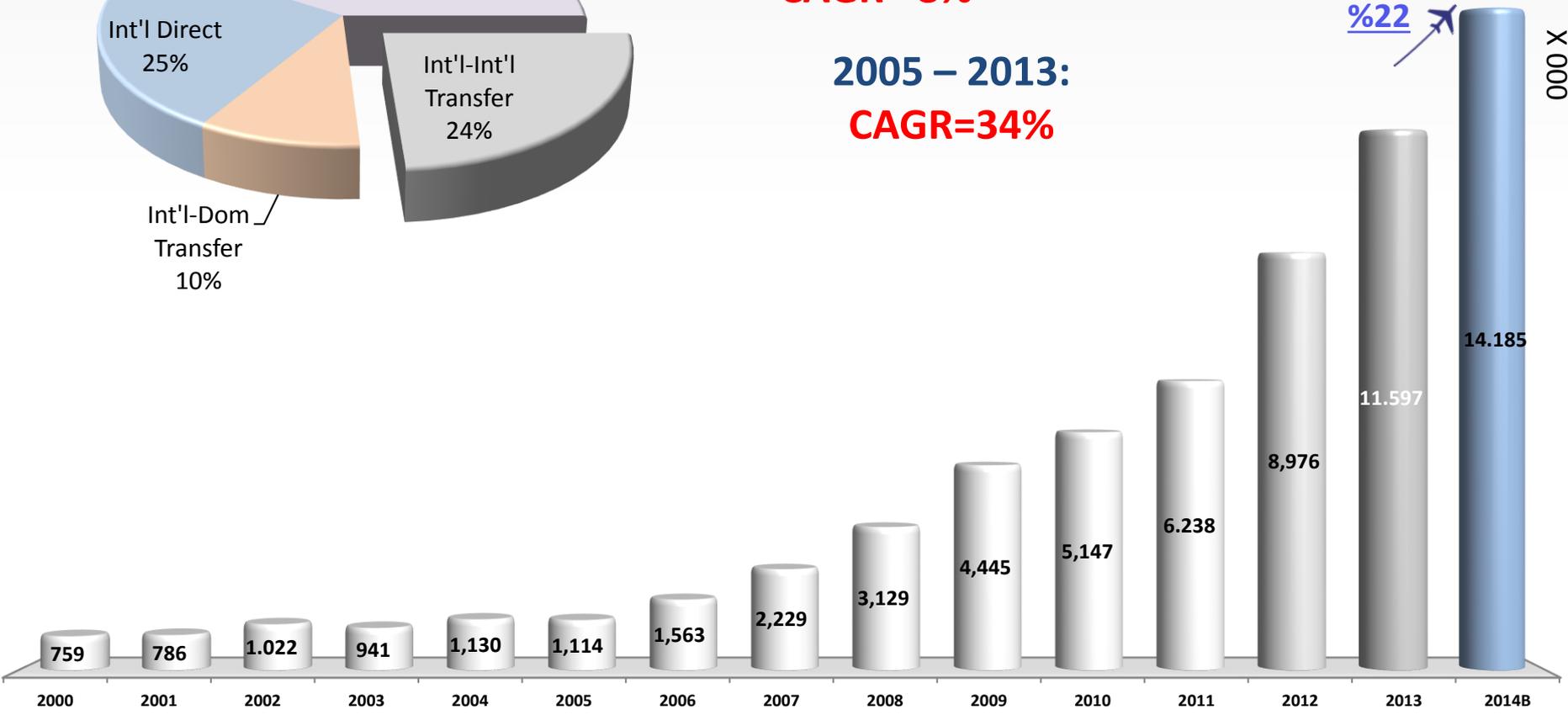


2000 – 2005:

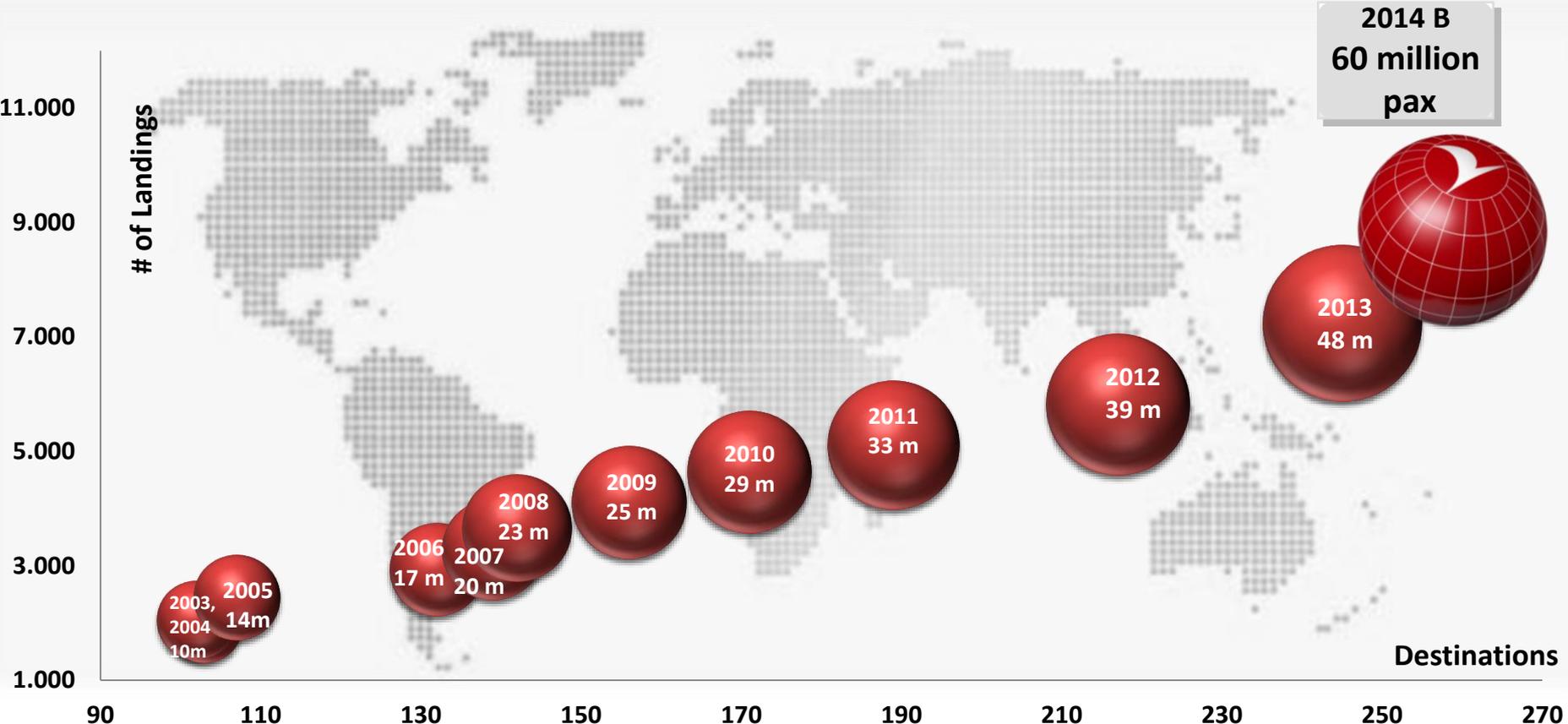
CAGR= 8%

2005 – 2013:

CAGR=34%



Network Development



* The diameter of the sphere illustrates total annual passenger number



Global Rankings (Network Size)



TK is flying to more countries than any other airline in the world

105
Country



TK is flying to more international destination than any other airline in the world

210
International Destinations



TK is the 4th largest airline in terms of network size

255
Destinations in the World



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**KOBE & MESSI
FLY WITH
EUROPE'S
BEST AIRLINE**

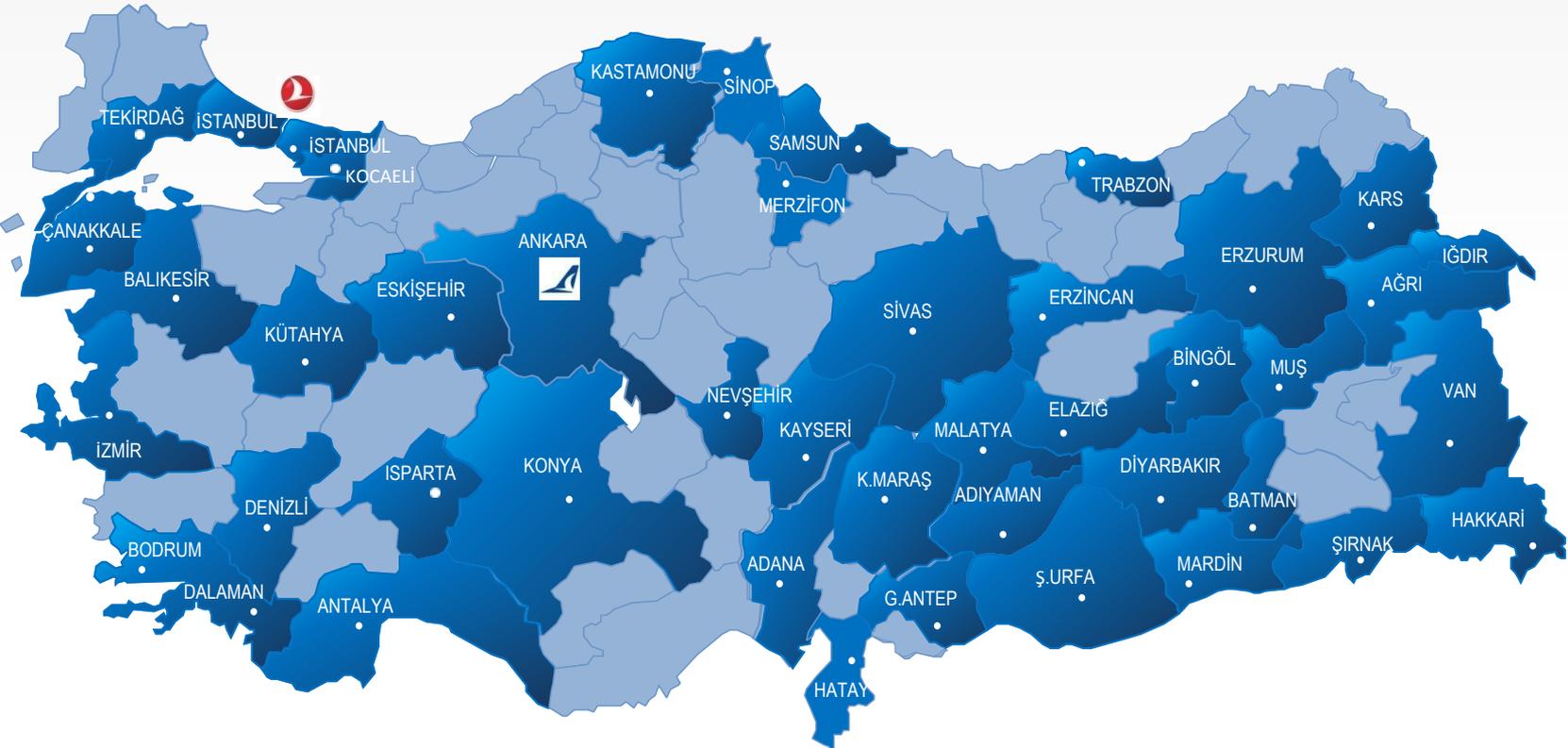
Globally Yours **TURKISH AIRLINES**

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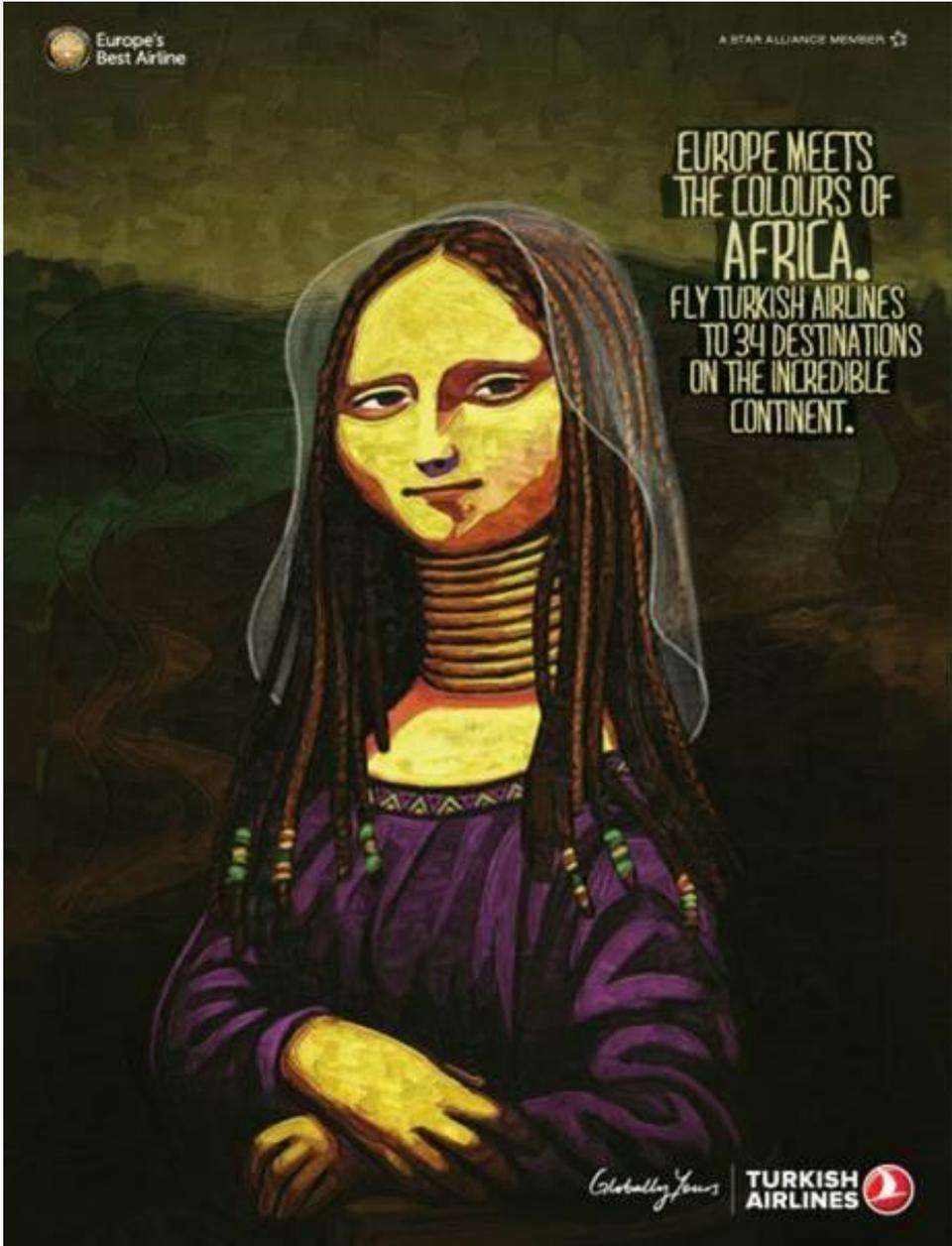


* Rankings are based on OAG data from April 2014

Destinations in Turkey



Africa



Europe's Best Airline

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EUROPE MEETS
THE COLOURS OF
AFRICA.
FLY TURKISH AIRLINES
TO 34 DESTINATIONS
ON THE INCREDIBLE
CONTINENT.

GlobalFlyer

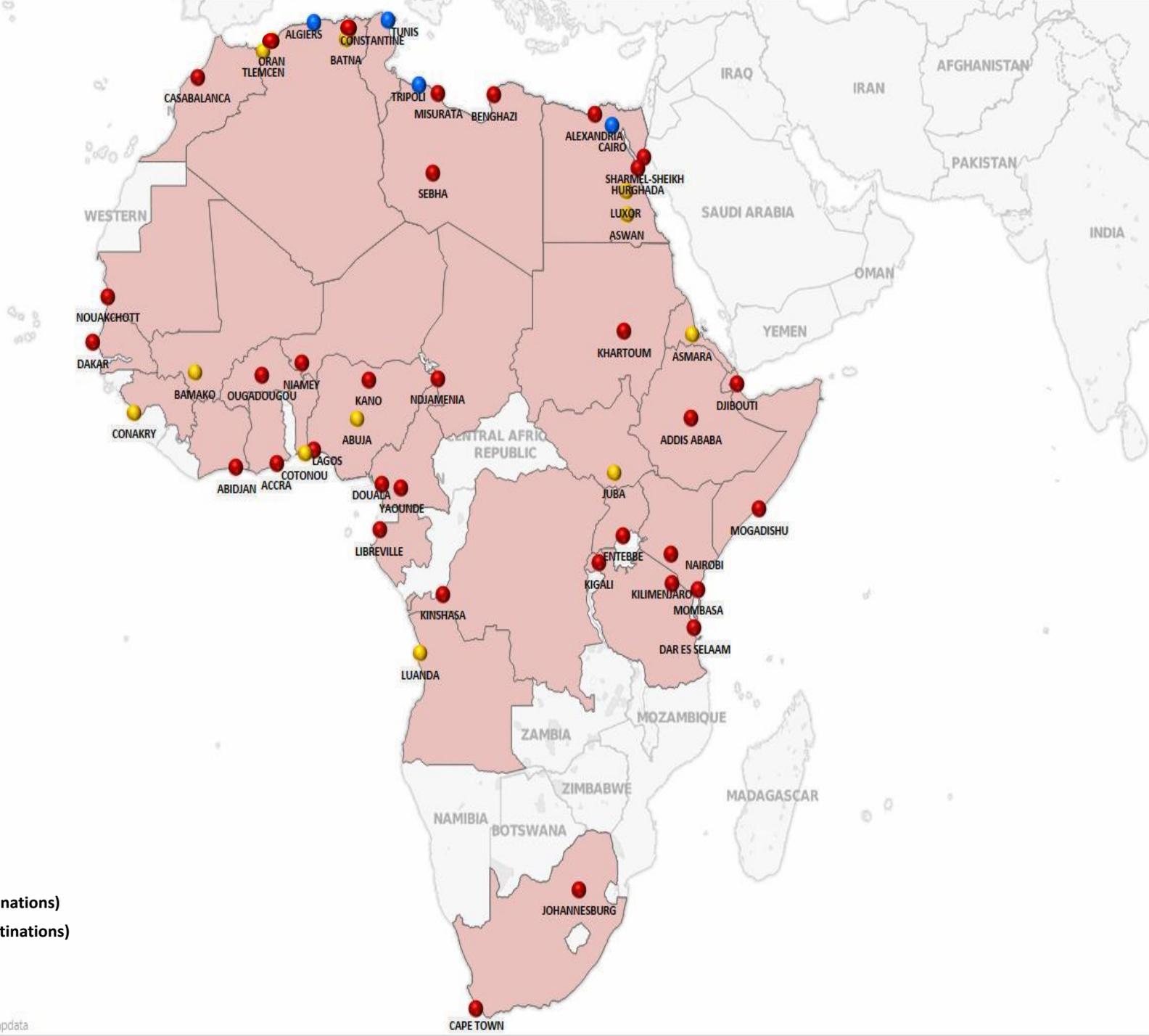
TURKISH AIRLINES



WIDEN YOUR WORLD

2013/14

AFRICA



- 2002 THY Network (4 Destinations)
- 2003 - 2014 (34 New Destinations)
- Planned (11 Destinations)

Europe

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2022 Skytrax World Airline Awards

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EUROPE'S BEST AIRLINE | **TURKISH AIRLINES**

2012 Skytrax World Airline Awards

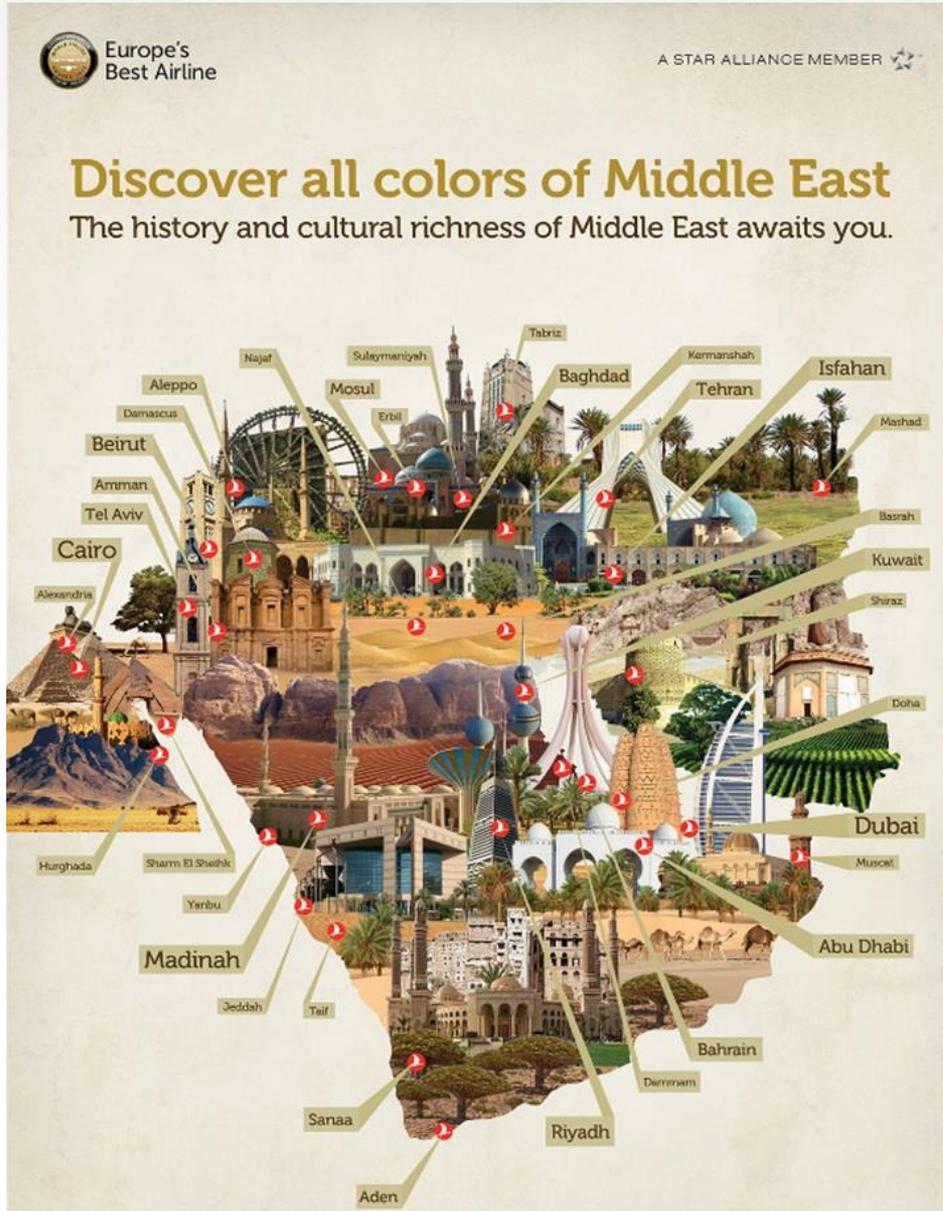
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2013/14

AMERICA



- 2002 THY Network (2 Destinations)
- 2003 - 2014 (7 New Destinations)
- Planned (7 Destinations)



Europe's
Best Airline

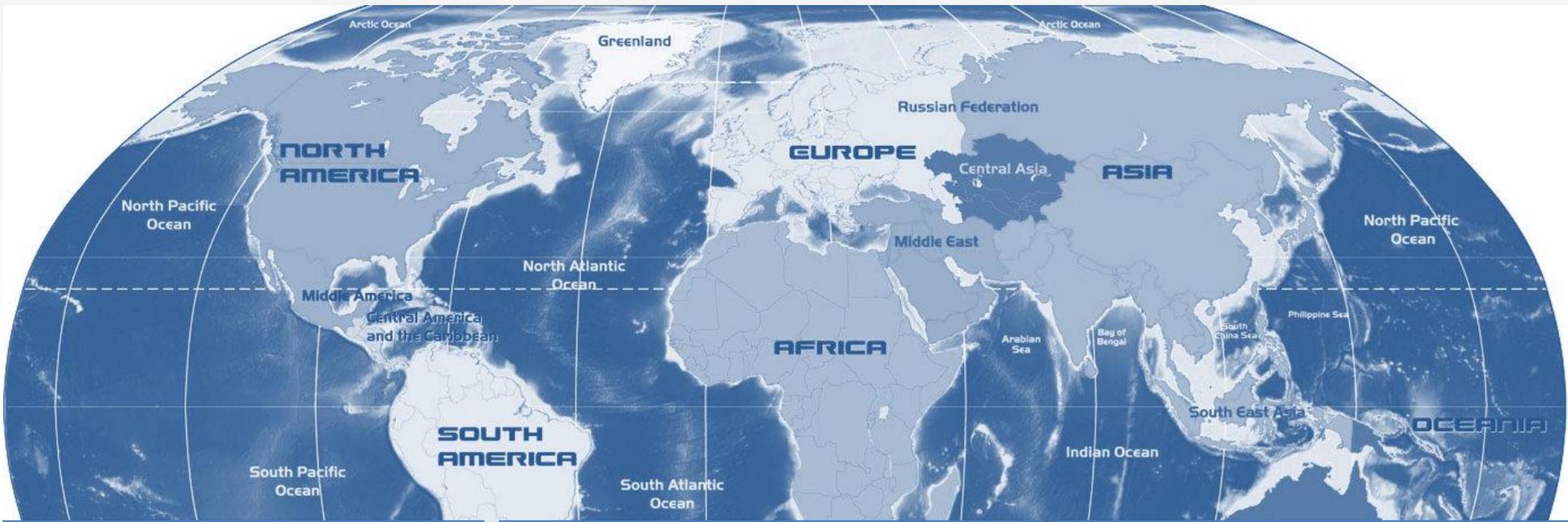
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Discover all colors of Middle East

The history and cultural richness of Middle East awaits you.



O&D Opportunities



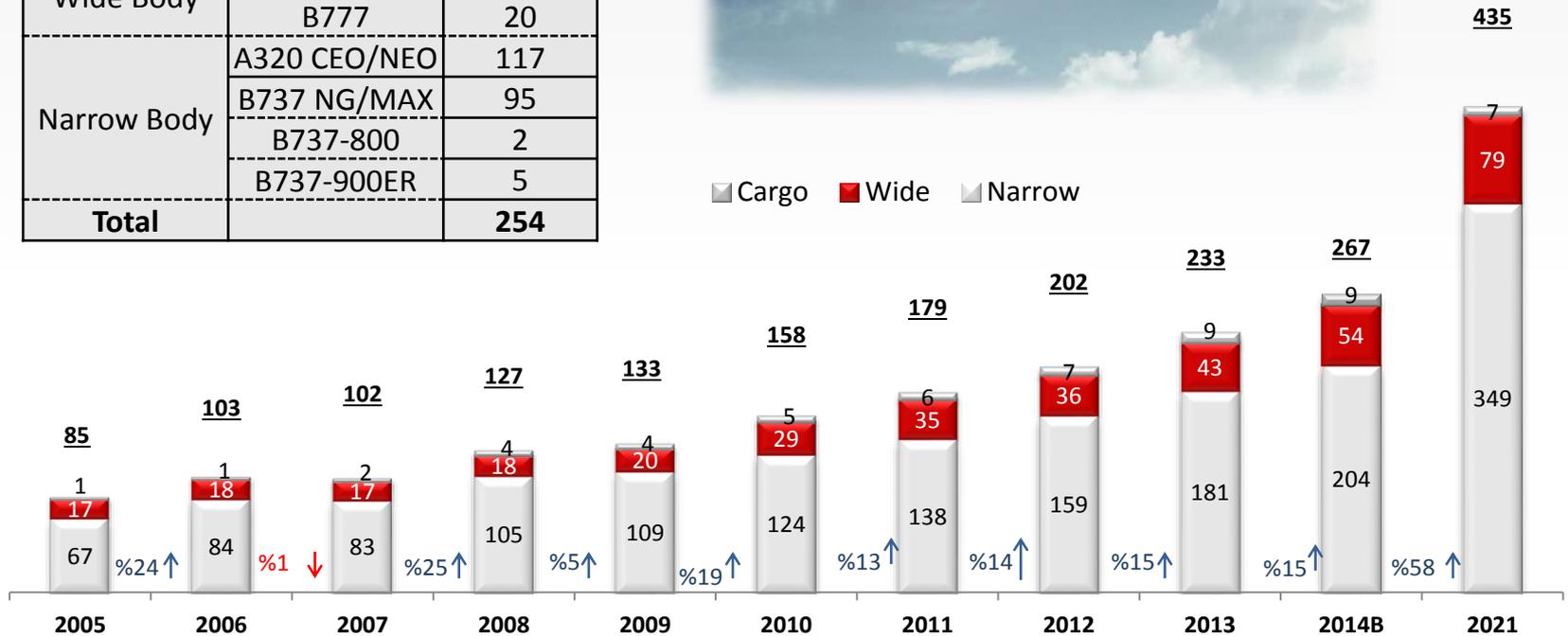
Africa	O&D Pair	Middle East	O&D Pair	Far East	O&D Pair
Africa – Europe	3724	Middle East – Europe	3332	Far East – Europe	3038
Africa – Domestic	1710	Middle East – Domestic	1530	Far East – Domestic	1395
Africa – Middle East	1292	Middle East – Africa	1292	Far East – Africa	1178
Africa – Far East	1178	Middle East – Far East	1054	Far East – Middle East	1054
Africa – America	342	Middle East- America	306	Far East – America	279
Africa – Total	8246	Middle East – Total	7514	Far East - Total	6944



Fleet Development

254 A/C Orders

Fleet Group	A/C	Orders
Wide Body	A330	15
	B777	20
Narrow Body	A320 CEO/NEO	117
	B737 NG/MAX	95
	B737-800	2
	B737-900ER	5
Total		254



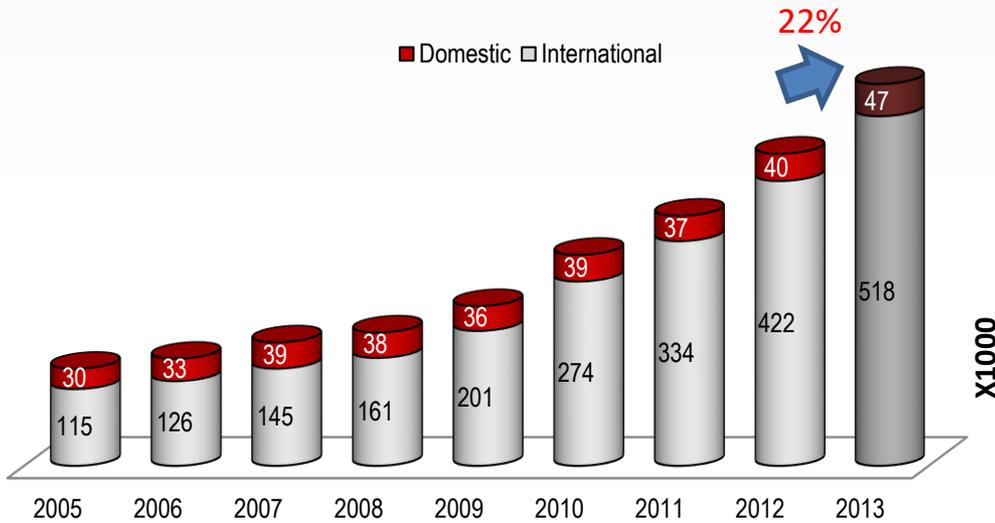
Seat Capacity

2000	2005	2010	2015	2020	CAGR
12k	15k	28k	51k	79k	14 %

Cargo Development

Cargo (ton)

■ Domestic □ International



6

6th largest cargo carrier of Europe in total carried cargo ton km



- ✓ Leading cargo carrier in total export and import cargo in Turkey.
- ✓ As from March 2014, operates 49 destinations with its 3 A310-300 and 6 A330-200F freighters.
- ✓ In 2013, 565,000 ton cargo were carried.

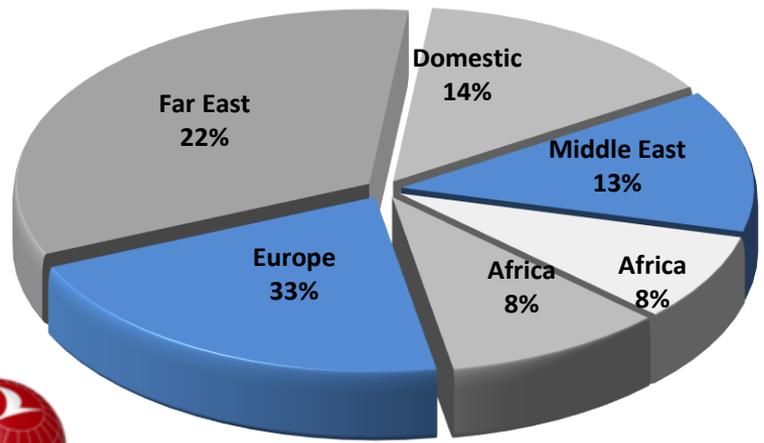
Cargo(ton)	2013 April	2014 April
Domestic	14,863	16,470 ➔ 11%
International	154,718	196,658 ➔ 27%



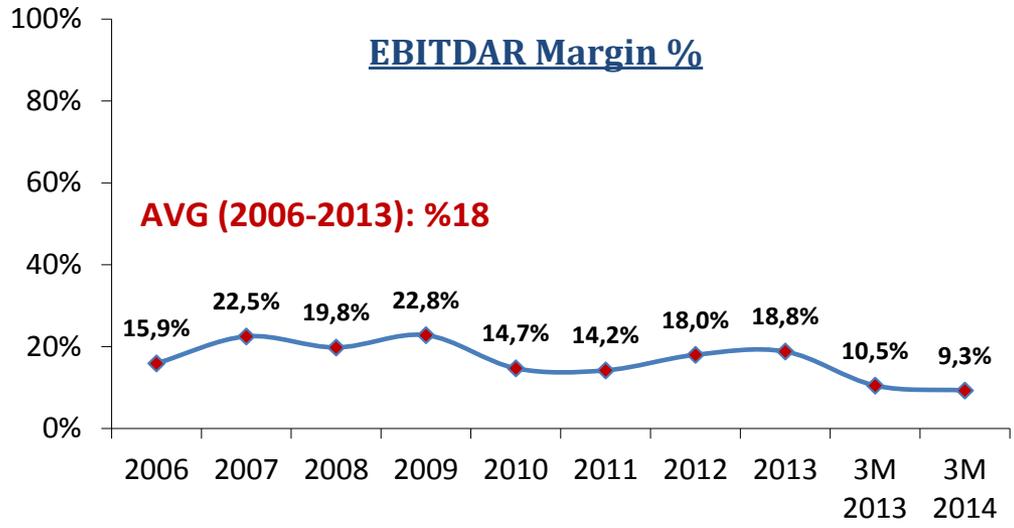
Financial Development / Revenue & Operating Profit



Pax Revenue Split by Geography(3M 2014)

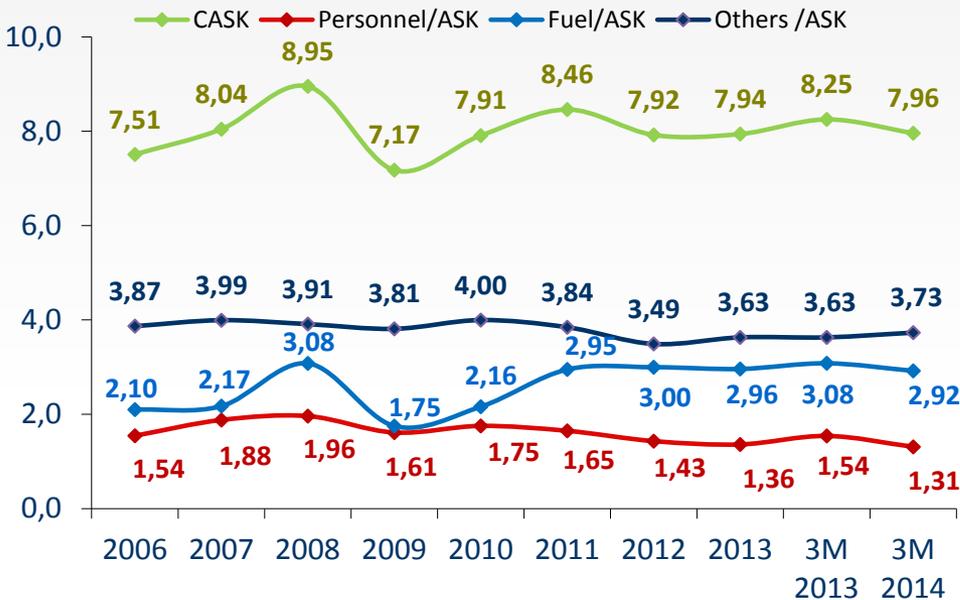


EBITDAR Margin %

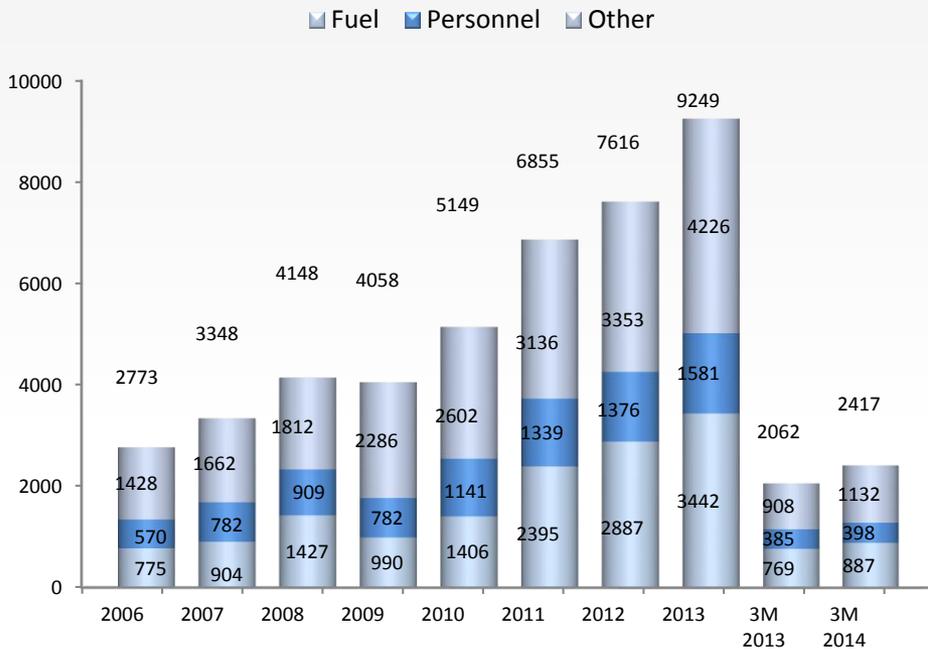


Financial Development / Expenses

TK - Cost Per ASK (\$ cent)



Expenses (million USD)



TURKISH AIRLINES WIDEN YOUR WORLD

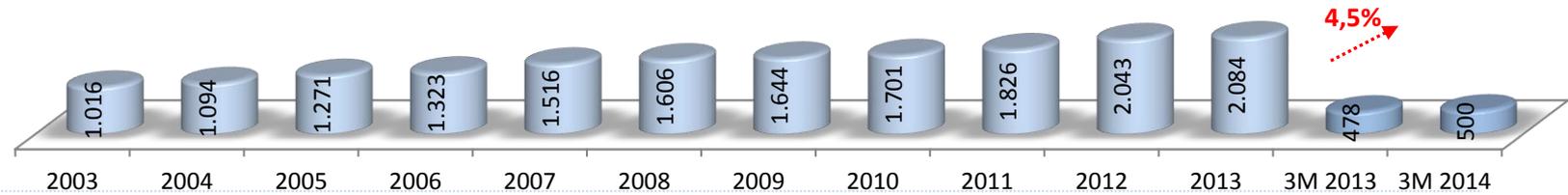
Operating Efficiency

Number of Personnel*

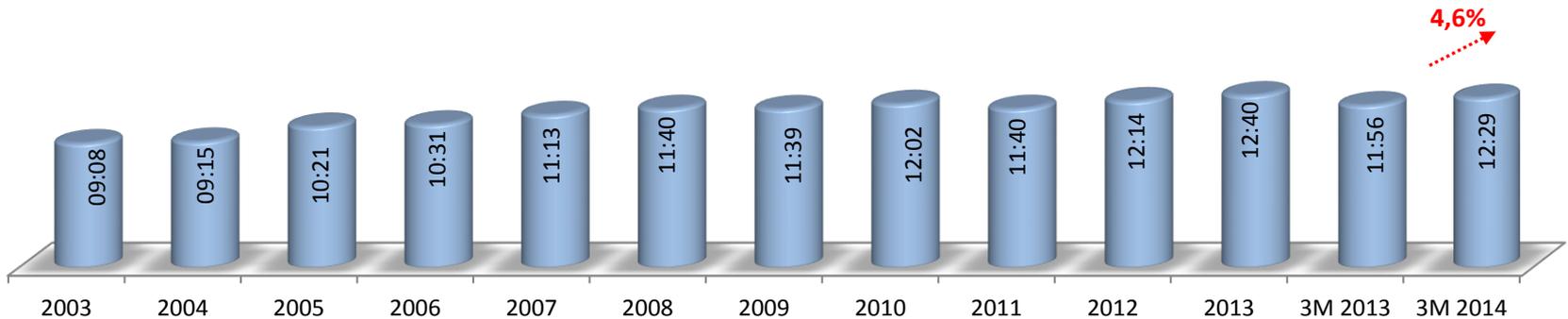


* Technic A.S., HABOM ve MNG Technic are included.

Passenger per Employee



Average Daily Flight Utilization (hrs)



Global Rankings (Quality)



TURKISH AIRLINES 

EUROPE'S BEST AIRLINE
WORLD AIRLINE
WINNER
SKYTRAX
AWARDS 2013
TURKISH AIRLINES

EUROPE'S BEST AIRLINE
WORLD AIRLINE
WINNER
SKYTRAX
AWARDS 2012
TURKISH AIRLINES

EUROPE'S BEST AIRLINE
WORLD AIRLINE
WINNER
SKYTRAX
AWARDS 2011
TURKISH AIRLINES

**FOR THE 3rd YEAR
IN A ROW
THE BEST AIRLINE
IN EUROPE**

Voted Europe's Best Airline at the 2013 Skytrax Passengers' Choice Awards
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Global Rankings (Quality)

Catering

The best airline for in-flight food
(according to Skyscanner)

Airline of the Year Award
(CAPA, 2013)

Market Leader

Winner of Air Transport
World-Market
Leadership Award'11

3 year in a row BEST AIRLINE
IN EUROPE



1

Best Airline in Europe

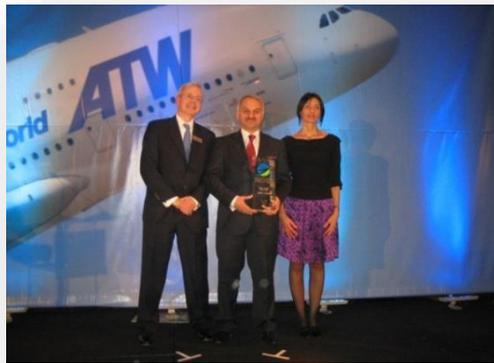
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in the World



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Are you flying, or sitting down to dinner at a luxury restaurant - or both? Enjoy a broad selection of unique flavours from Turkish and international cuisines, prepared with cooperative style by your master chef.

4 star airline in all services



WIDEN YOUR WORLD

Country Rankings in Global Market

9th

Total Passenger Ranking in the World (Countries)

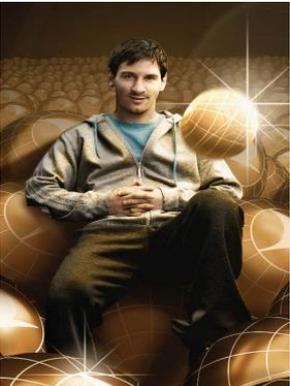
Total Passenger Rankings		
Ranking	Countries	Total Pax
1	USA	709.908.390
2	China	214.477.064
3	England	202.182.871
4	Germany	175.725.840
5	Spain	159.869.597
6	Japan	117.264.215
7	France	117.022.790
8	Italy	110.323.171
9	Turkey	88.222.709
10	UAE	79.744.285
11	India	79.352.497
12	Brazil	78.560.182
13	Canada	76.881.333
14	Australia	66.589.563
15	Republic of Korea	63.981.329
16	Tailand	61.228.348
17	Russia	56.818.838
18	Mexico	56.093.084
19	Hong Kong	55.860.728
20	Holland	53.983.395
21	Singapore	50.545.702
22	Malesia	48.371.602
23	Indonesia	44.844.711
24	Switzerland	43.304.662
25	Taiwan	30.727.294

8th

International Passenger Ranking in the World (Countries)

International Passenger Rankings		
Ranking	Countries	International Pax
1	England	182.029.735
2	USA	164.493.762
3	Germany	149.790.425
4	Spain	126.408.631
5	France	96.017.058
6	Italy	83.420.162
7	UAE	79.088.844
8	Turkey	62.411.935
9	Japan	57.971.882
10	Hong Kong	55.657.208
11	Holland	53.953.396
12	Singapore	49.909.599
13	China	49.484.742
14	Republic of Korea	47.935.451
15	Canada	47.863.415
16	Tailand	46.324.429
17	Sweden	42.707.939
18	Russia	40.951.480
19	India	37.880.580
20	Malesia	32.302.530
21	Mexico	29.421.533
22	Taiwan	29.153.094
23	Egypt	27.494.628
24	Australia	25.883.187
25	Belgium	25.830.365

Sponsorships and Commercials



CIP Lounge







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CORPORATE
CLUB**

Where business meets benefits

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Geographical Advantage



Within narrow body range;
70% of international destinations,
More than 55 countries

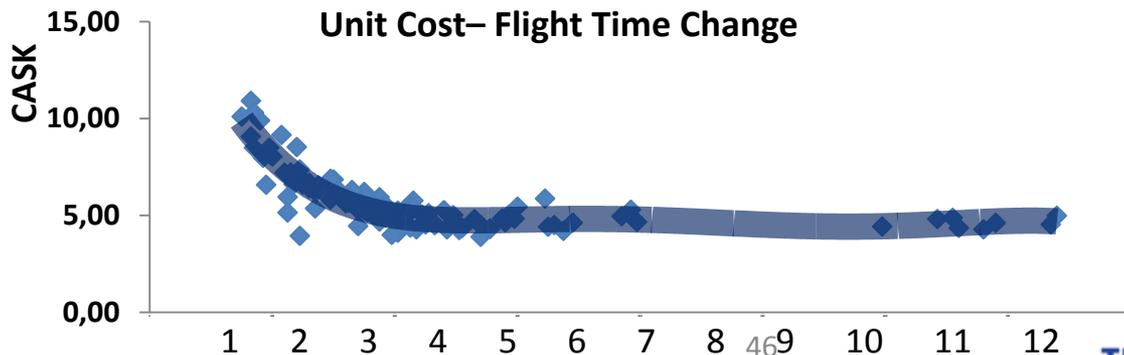


Advantages / Geographical Location



The advantage is to become a global hub of Istanbul

Istanbul is in the middle of Europe, Middle East and Asia regions with high volume of traffic and growth rate.



* Size of bubbles shows the traffic volume



Istanbul

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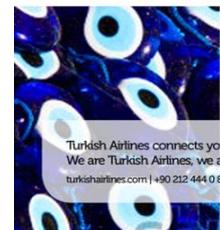
The delights of Istanbul

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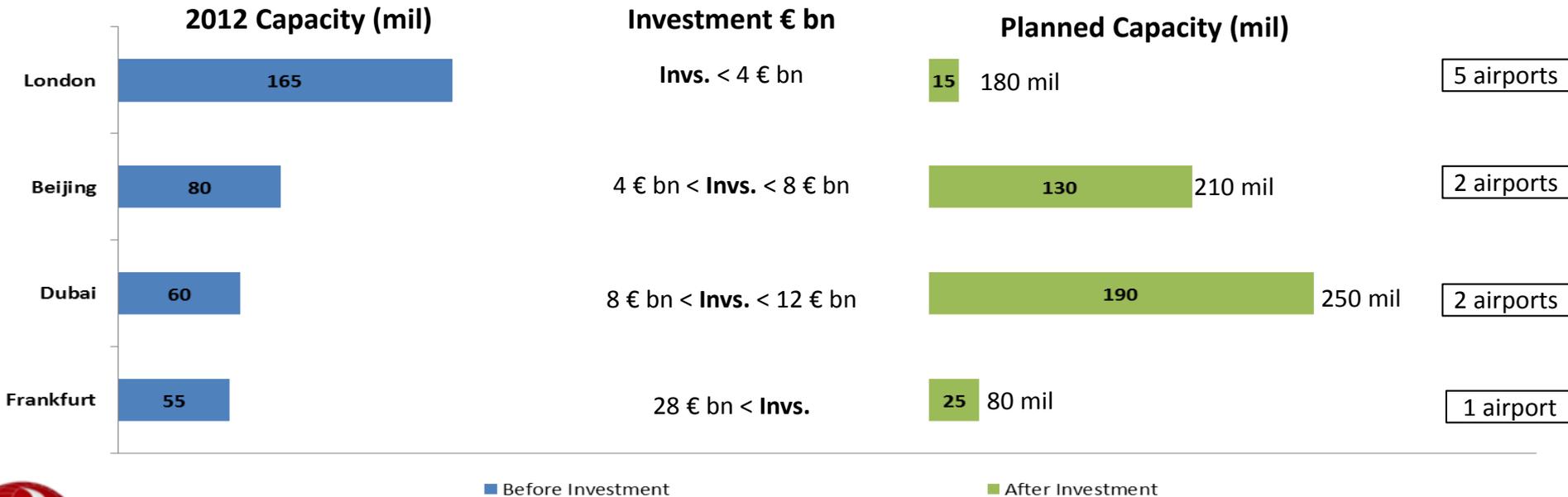


Istanbul:
Delightfully
Turkish,
delightfully
yours.



Infrastructure Investments

- **Infrastructure investments has critical importance for growth**
- **Investments for European airports are very limited compared to Middle Eastern and Asia Pasific airports.**



Source: Seabury Sustainable European Aviation 2012 48

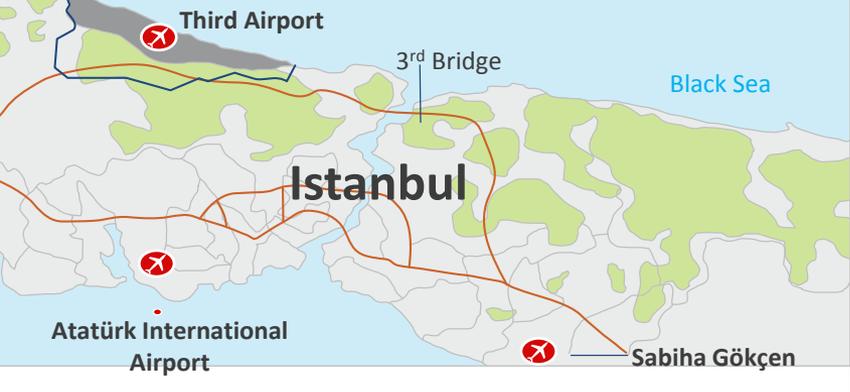
Infrastructure Investments in Turkey

Airport Development in Turkey



- In 10 years, 16 airports were made to be active and 17 new airports were built.
- 3 new domestic airports (Hakkari, Çukurova, Ordu) is on the way to open.
- A new runway (3500m) for Istanbul Sabiha Gökçen is planned. Capacity will reach to 70 million passenger by 2015.
- Atatürk Airport landing capacity reached to 58 arrivals and departures from 41. It is planned to be extended further.
- New parking positions, gates for Atatürk are coming.

A new airport with 150 million passenger capacity is planned



76.5 km² Area
 500 Aircraft Park Positions
 6 Runways
 4 Terminals
150 million
 PASSENGERS CAPACITY (Phase4)



Mega-cities in 2031

92 aviation Mega-cities in 2031

2031 cities with more than 10,000 daily round trip long-haul passengers



> 95%
of long-haul traffic on routes to/from/via 92 cities

92
Aviation
Mega-cities (2031)

Long-haul traffic is concentrated on a few main aviation centres

Source: Airbus Global Market Forecast 2012



11.4 billion \$ Operating Revenue

17% growth

60 million passenger

(25% growth)

141 billion ASK

(21% growth)

267 Aircraft

Best Airline in Europe

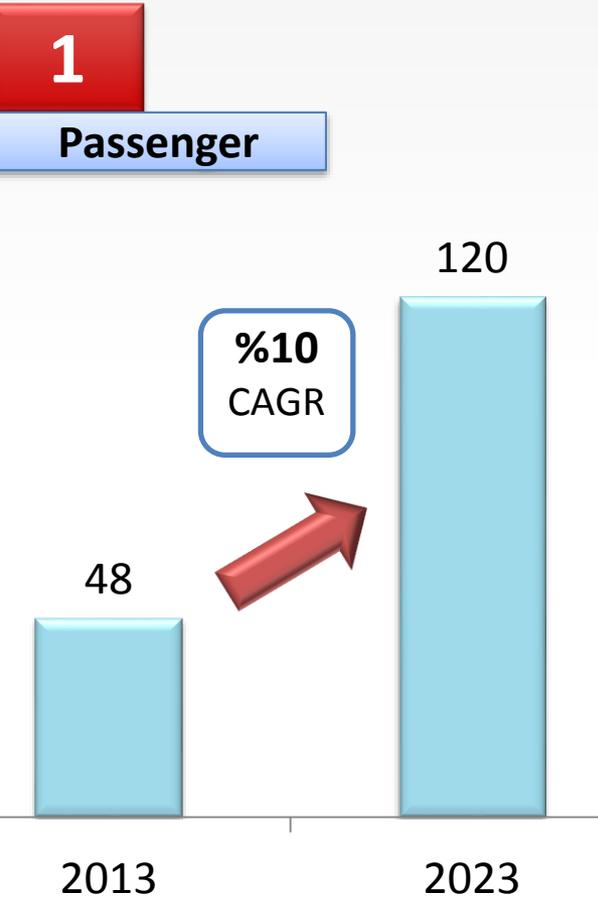
Carried 1.8% of World's Scheduled Passengers (+0.3 p)

**+16 new destinations
259 destinations**

**Fly more countries than any other
airline**



Turkish Airlines in 2023



24 B.

2
Revenue

3
Fleet



More than
450
aircraft



WIDEN YOUR WORLD

Subsidiaries

Turkish Airlines Group 2013		Number of Personnel	Revenue (mn USD)	% of Sales to Turkish Airlines	Partnership Structure
1	THY (Consolidated)	18,882*	9,826	-	%49 ÖİB - %51 Open to Public
2	Turkish Ground Services	7,834	240	77%	%50 THY - %50 Havaş
3	THY Turkish Do&Co	3,431	328	85%	%50 THY - %50 Do&Co
4	Sun Express (Turkey & Germany Consolidated)	2,773	1,183	17%	%50 THY - %50 Lufthansa
5	Turkish HABOM	2,297	53	20%	% 100 THY
6	THY Turkish Technic	1,981	514	71%	% 100 THY
7	Turkish Opet Aviation Fuels	230	2,459	80%	%50 THY - %50 Opet
8	Pratt Whitney THY Turkish Engine Center (TEC)	204	130	77%	%51 PW - %49 THY
9	Aircraft Seat Manufacturing Industry & Trade, Inc.	25	0	0%	THY & THY Teknik %50-Assan Hanil %50
10	Goodrich Turkish Airlines Technical Service Center	22	8	40%	%60 Goodrich - %40 THY Teknik
11	Turbine Technical Gas Turbines Maintenance & Repair, Inc.	16	1	-	%50 THY Teknik - %50 Zorlu O&M
12	Turkish Cabin Interior Systems Industries, Inc.	72	1	85%	%30 THY - %21 THY Teknik - %49 TAI
13	THY Aydın Çıldır Airport Management, Inc.	-	1	0%	%100 THY

* THY A.O. Personnel



THANKS...

