

34th Annual **NEW YORK Airfinance Conference**

Coskun KILIC, Chief Financial Officer, Turkish Airlines

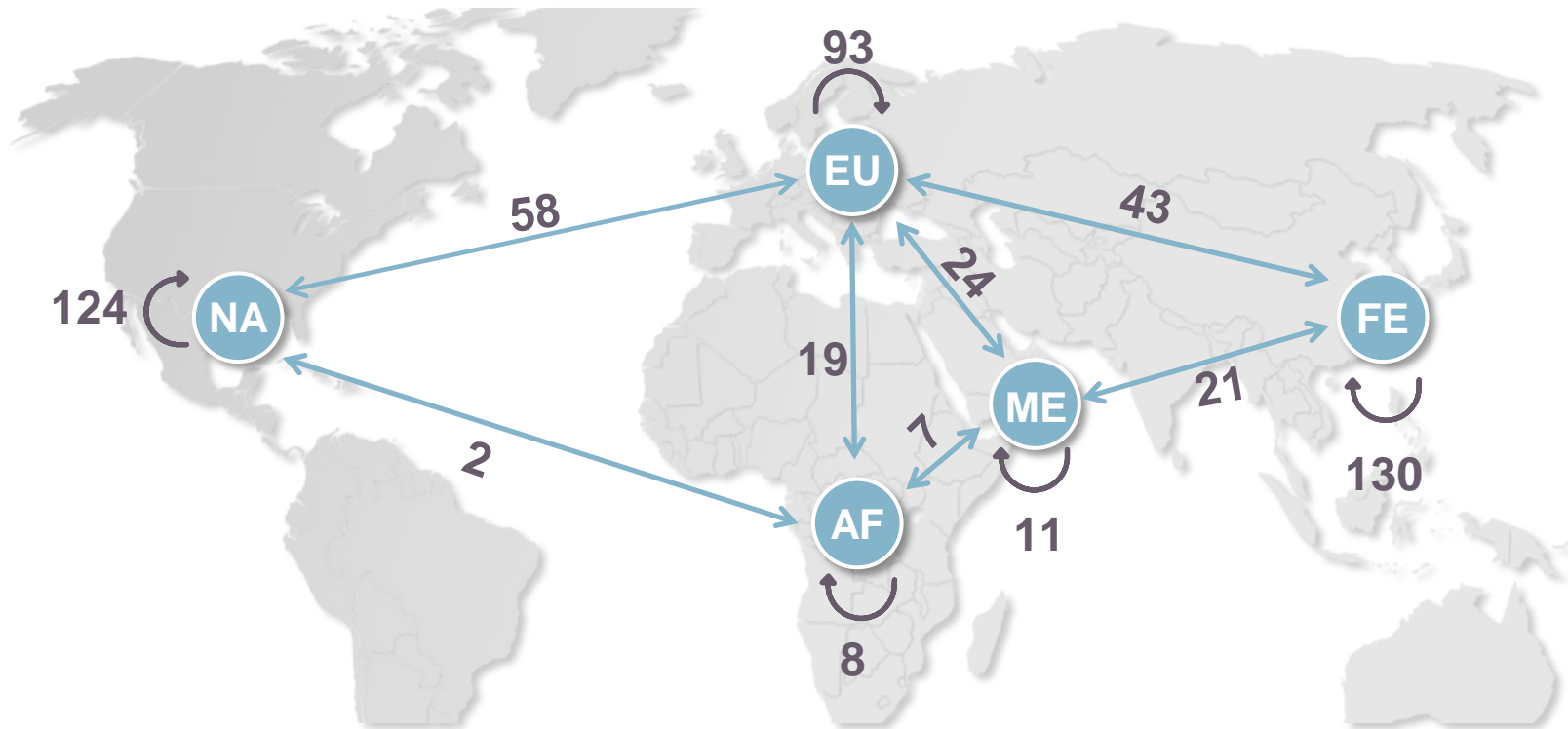
Paving the Way for Future Growth in Global Air Travel



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2014 World Aviation Market Size: **745 Billion \$**



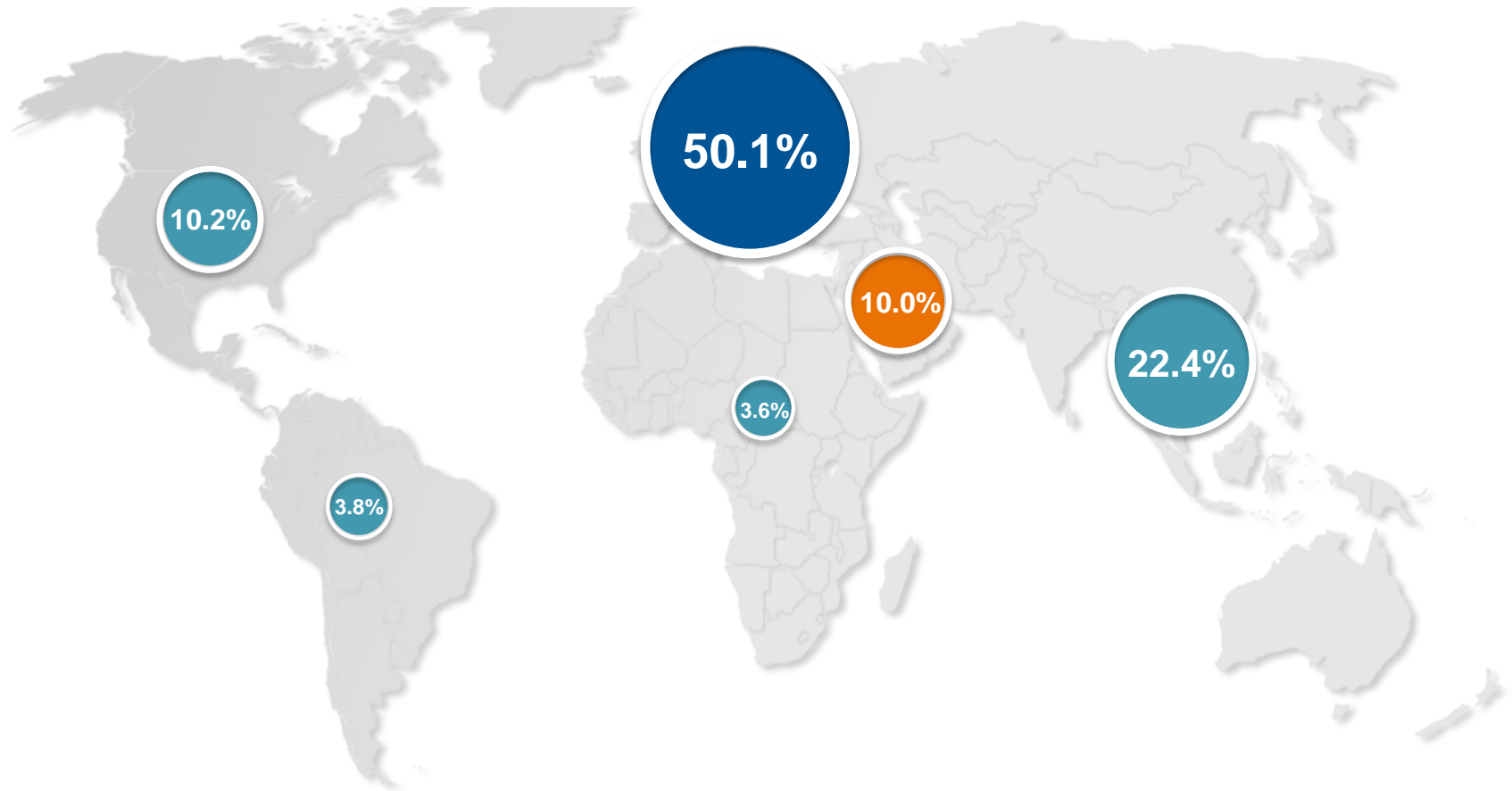
Global Transfer Market
 265 Bn \$ (2014)
 340 Bn \$ (2019)

THY Potential Transfer Market
 117 Bn \$ (2014)
 150 Bn \$ (2019)

Source: IATA (2013), Boeing CMO (2013)

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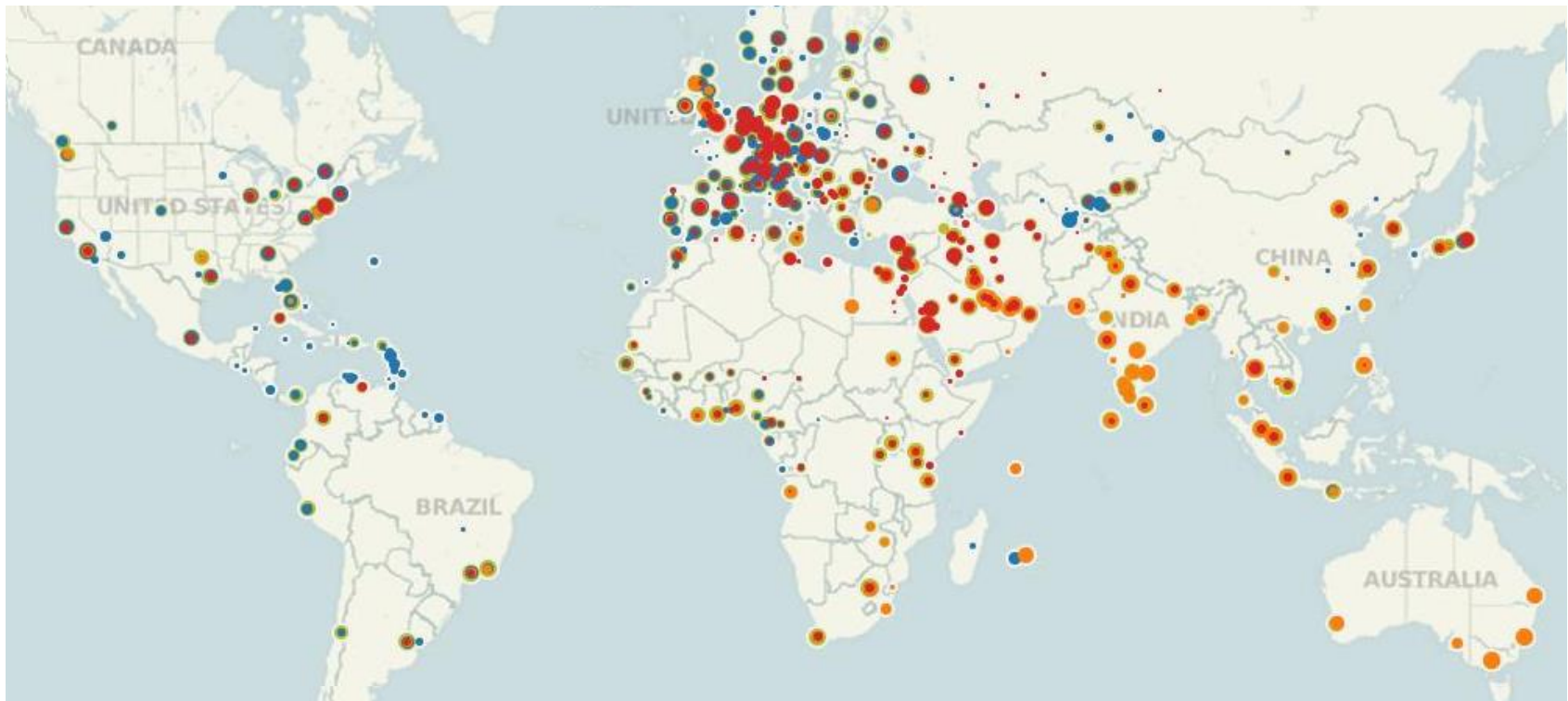
60% of Global International Pax is Carried by European and Middle Eastern Airlines



Source: IATA (2013), ICAO Annual 2012

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Airline Networks Aiming the Same Transfer Market



Turkish Airlines

Gulf Carriers

European Carriers

ALL - 2019

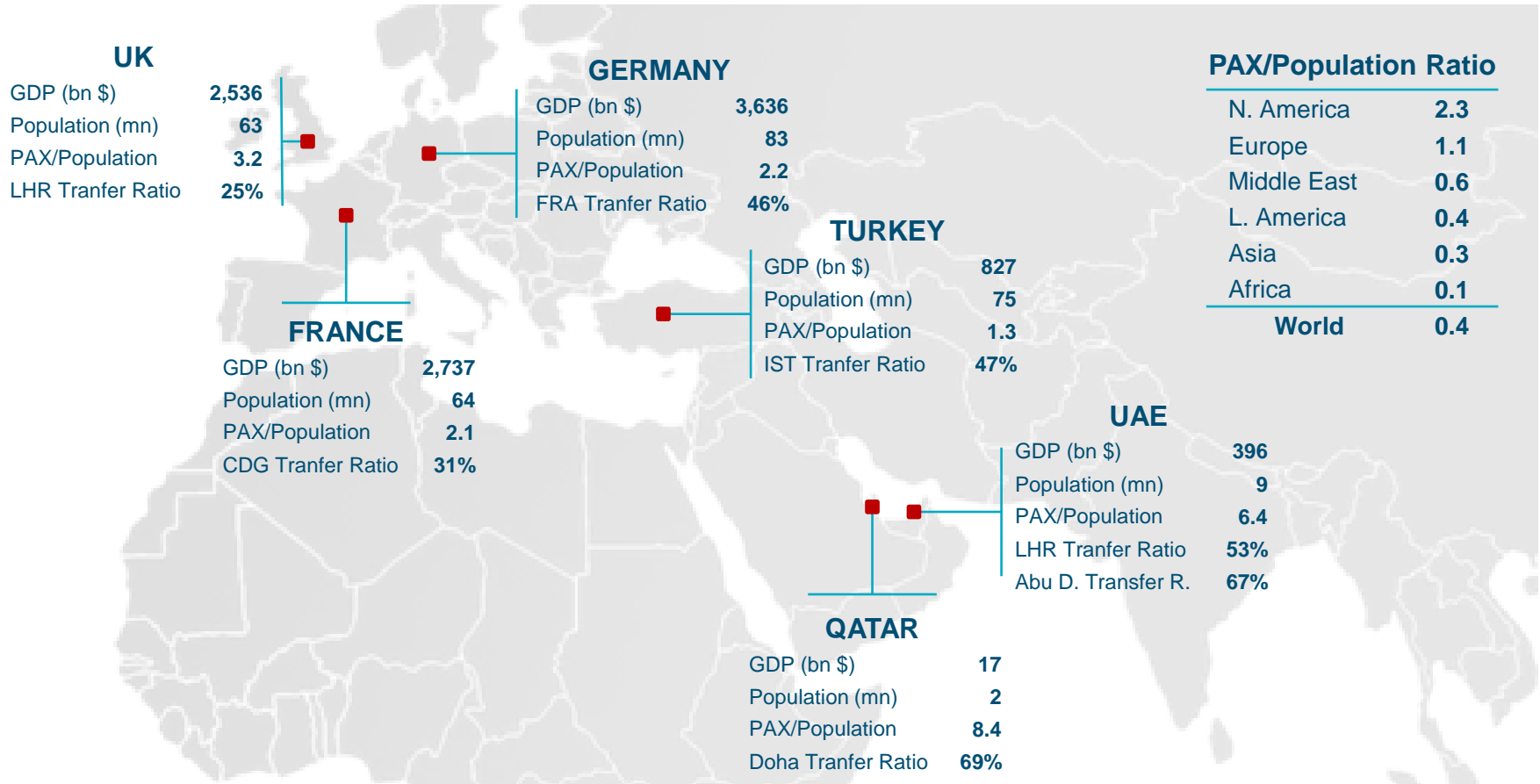
Source: OAG



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What Differentiates is «Who has a real base?» (p2p traffic)



Source: DHMI, MIDT, UN Population Division

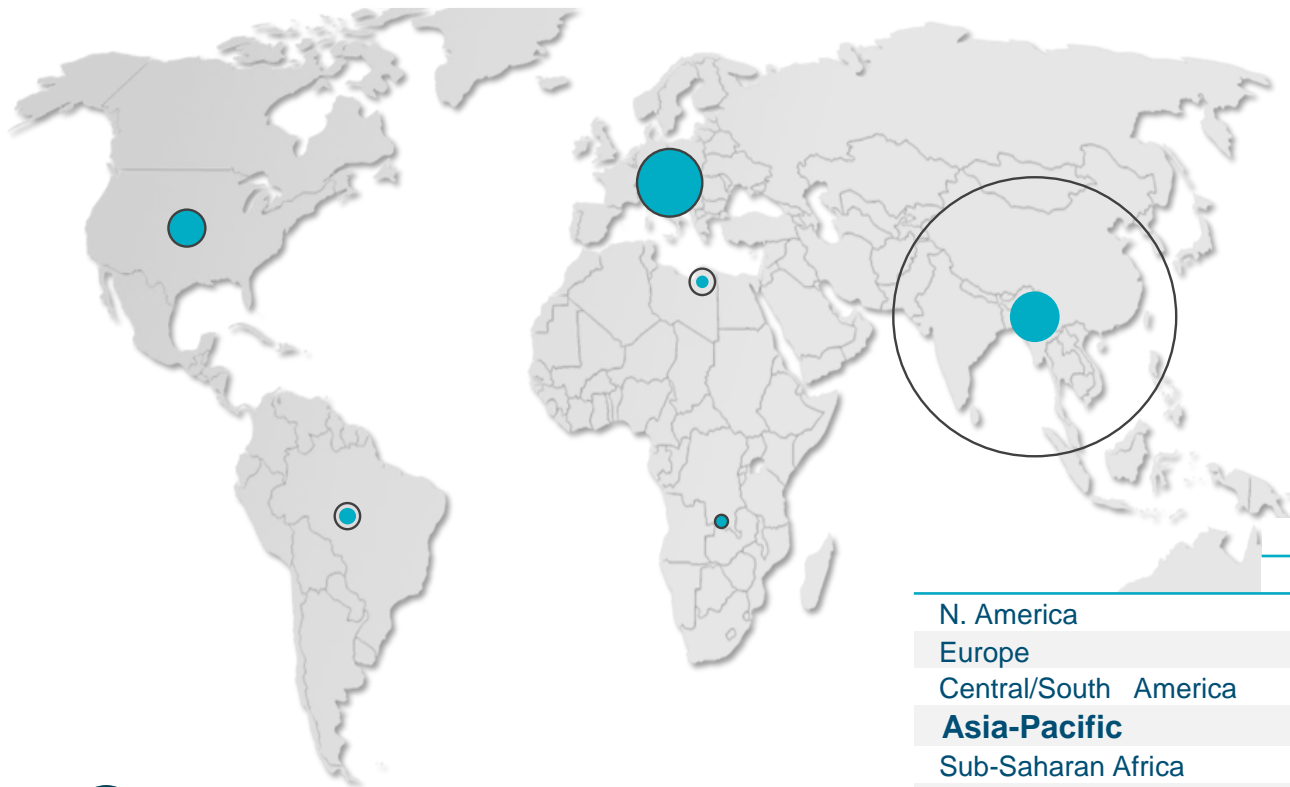


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New Hubs Carriers Will Emerge in Asia and Carry 34% of all World Traffic.

Increase in Middle Income Class



Emerging Hubs

CHINA

GDP (bn \$)	9.181
Population (mn)	1.386
PAX/Population	0.2

INDIA

GDP (bn \$)	1.893
Population (mn)	1.252
PAX/Population	0.1

	2009		2030	
	(mn)	%	(mn)	%
N. America	338	18%	322	7%
Europe	664	36%	680	14%
Central/South America	181	10%	313	6%
Asia-Pacific	525	28%	3,228	66%
Sub-Saharan Africa	32	2%	107	2%
MENA	105	6%	234	5%
World	1,845	100%	4,884	100%

Source : OECD



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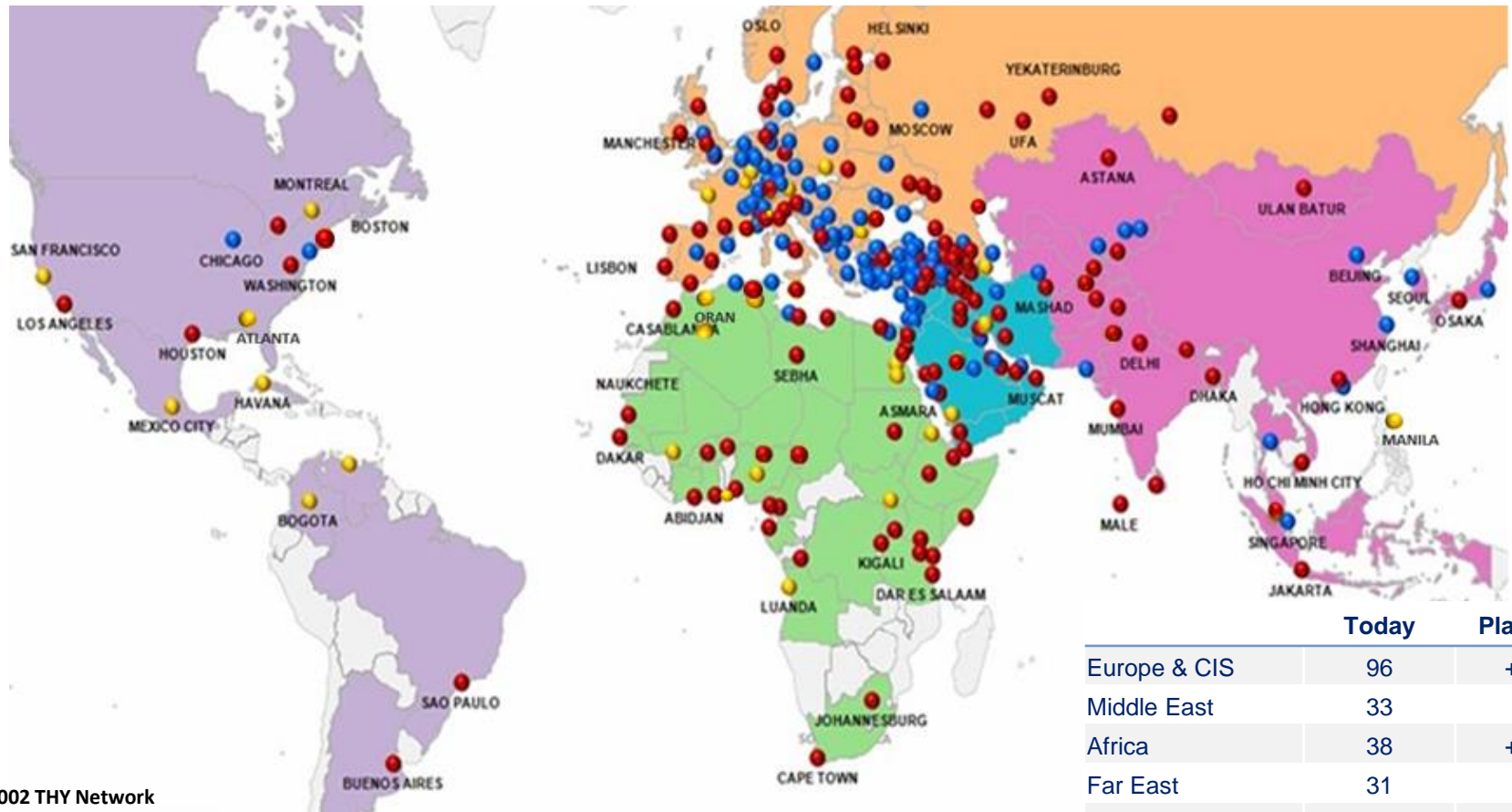
The Number of Main Aviation Centers for Long-haul Traffic will More Than Double



(*): Cities with more than 10,000 daily round trip long-haul passengers

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Turkish Airlines Flies to 207 International Destinations in 105 Countries: #1 in the World



- 2002 THY Network
- 2003 - 2014 Destinations
- Planned Destinations (5 years)

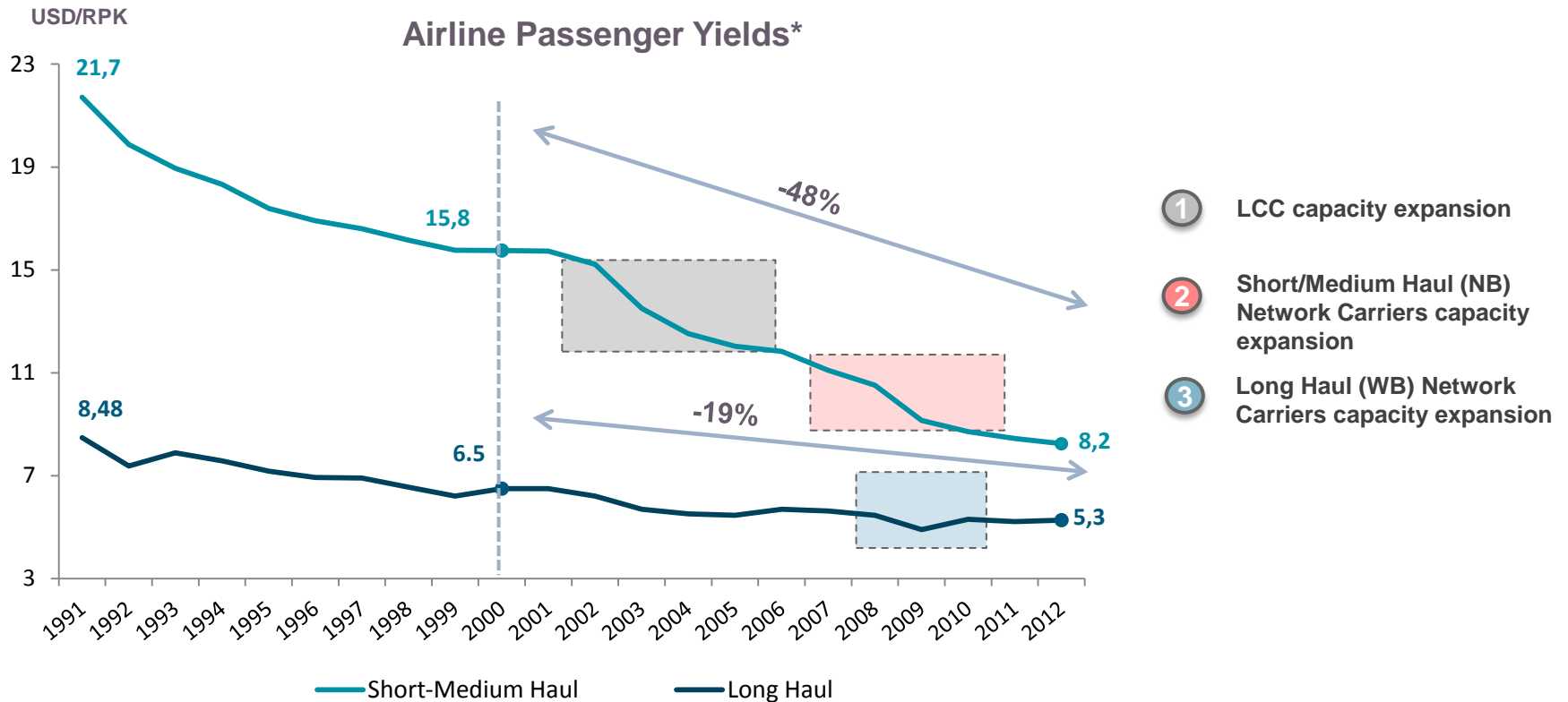
	Today	Planned
Europe & CIS	96	+11
Middle East	33	+2
Africa	38	+12
Far East	31	+2
America	9	+7
TOTAL	207	+34



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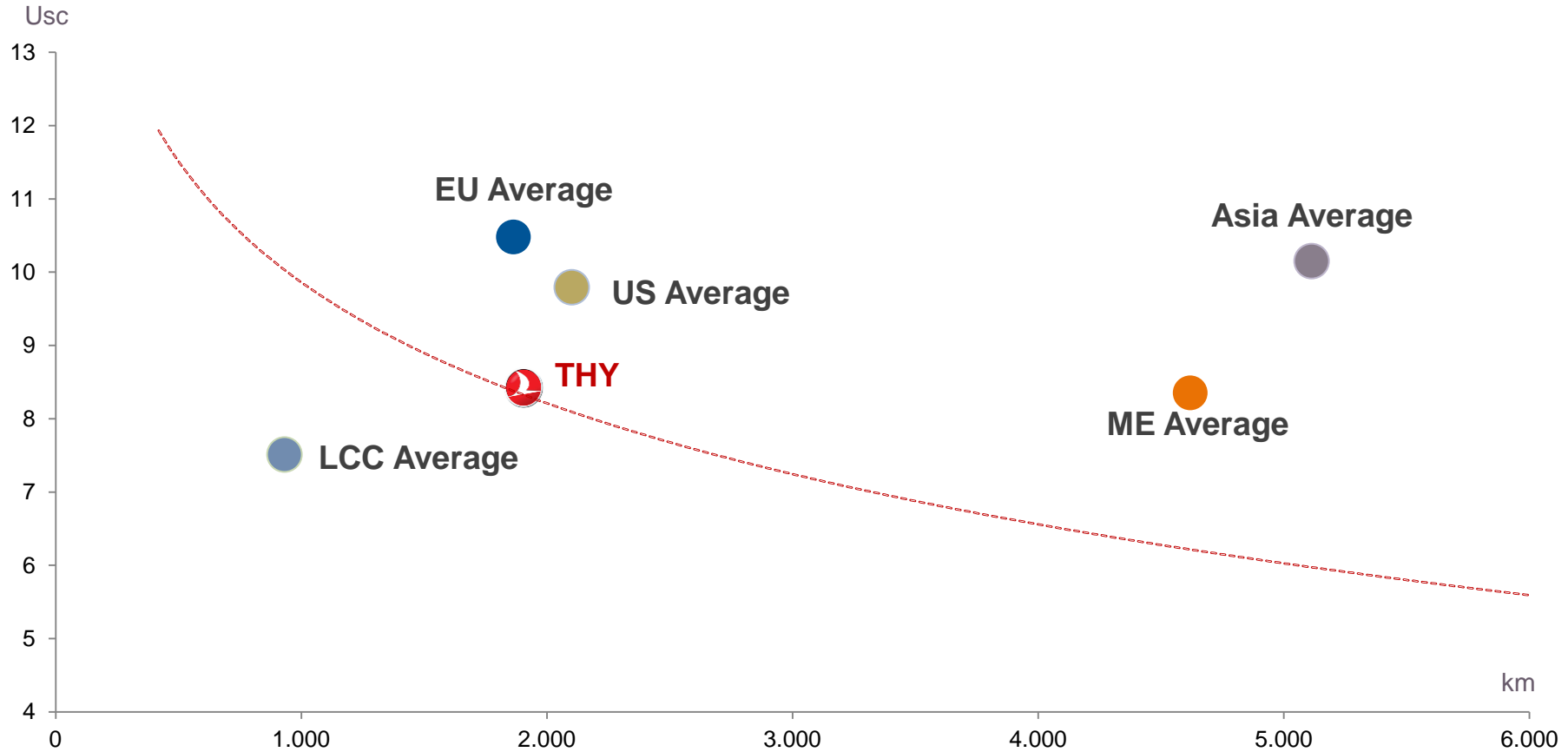
Passenger Yields are Falling as the Industry is Reshaping



(*): Base Year for Exchange Rate: 2012
 Base Year for C.P.I.: 1991
 Average Stage Length: Short-Medium Haul: 1100 km, Long Haul: 6500 km

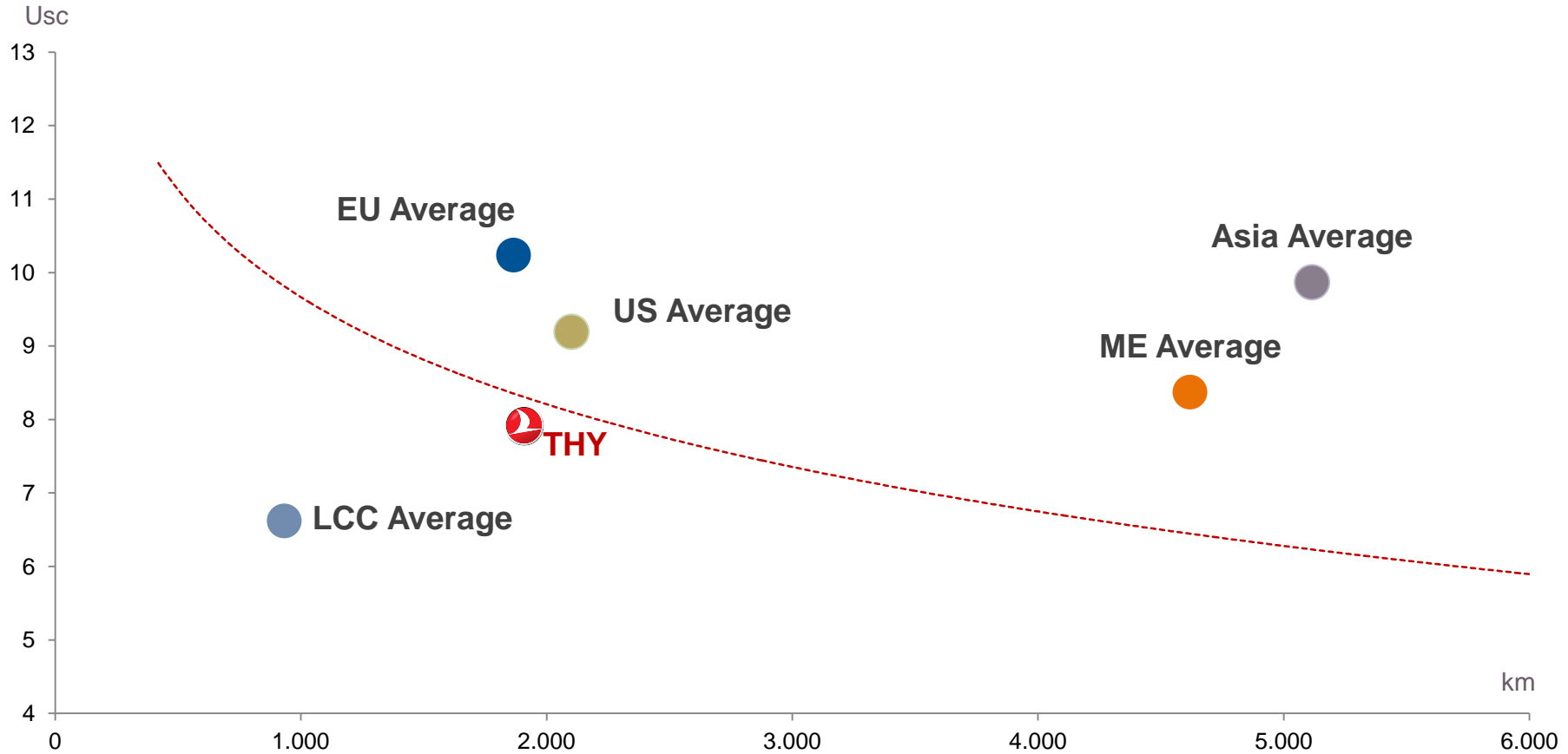
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RASK vs Stage Length (2013)



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CASK vs Stage Length (2013)

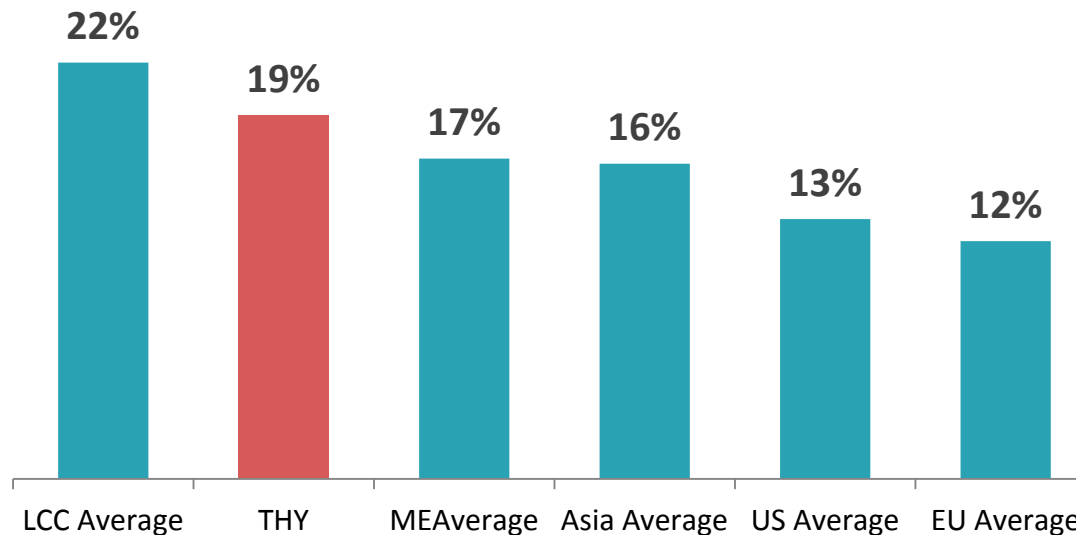


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2013 EBITDAR Margin Comparison

Turkish Airlines Targets for the Next 5 Years

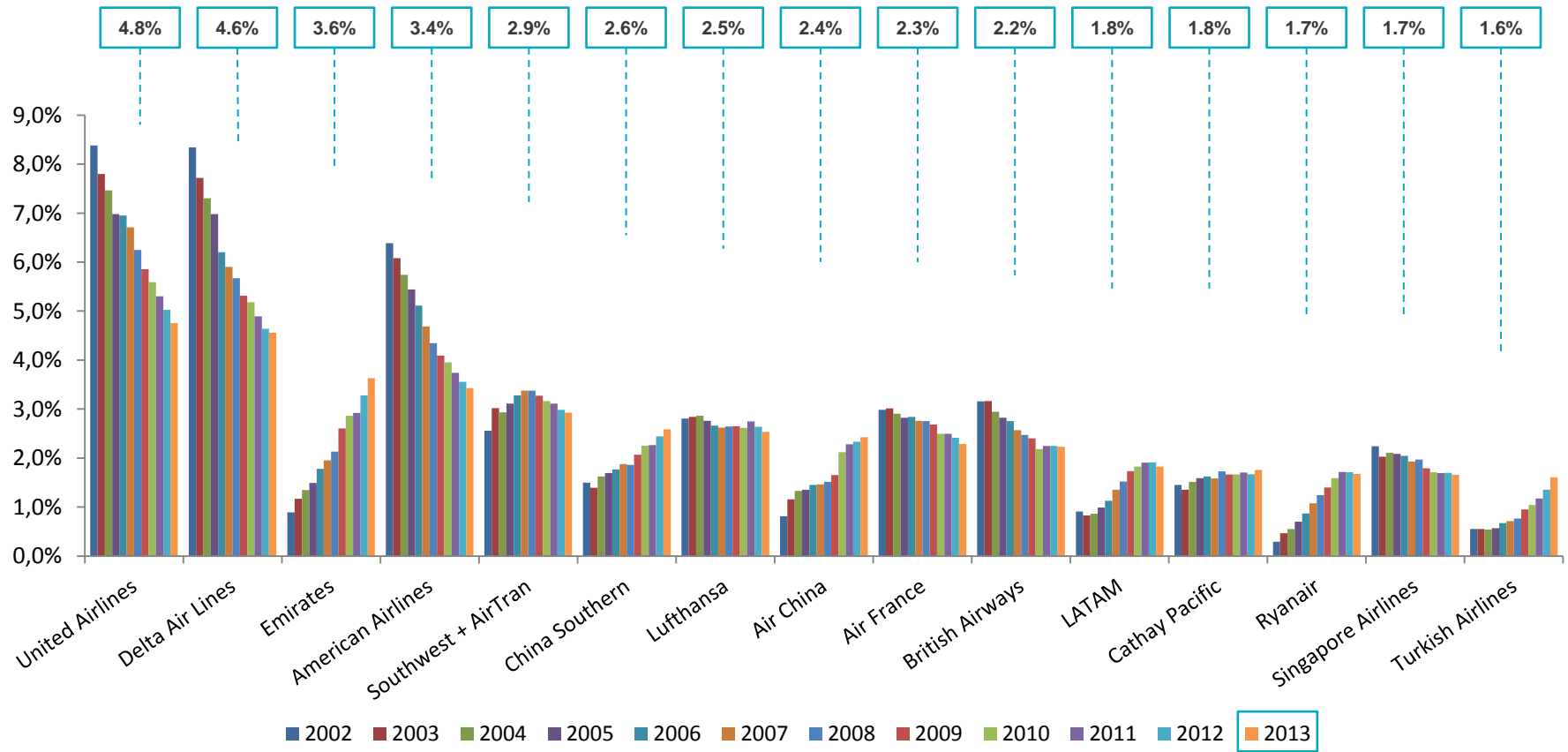
18% Average EBITDAR Margin with 10% Average Annual Revenue Growth



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Center of Aviation is Shifting East and Changing Balances

Global Market Share Trends (in ASK)



Source: 2002 ICAO, 2003- 2013 IATA, sorted by the highest 12M ASK values

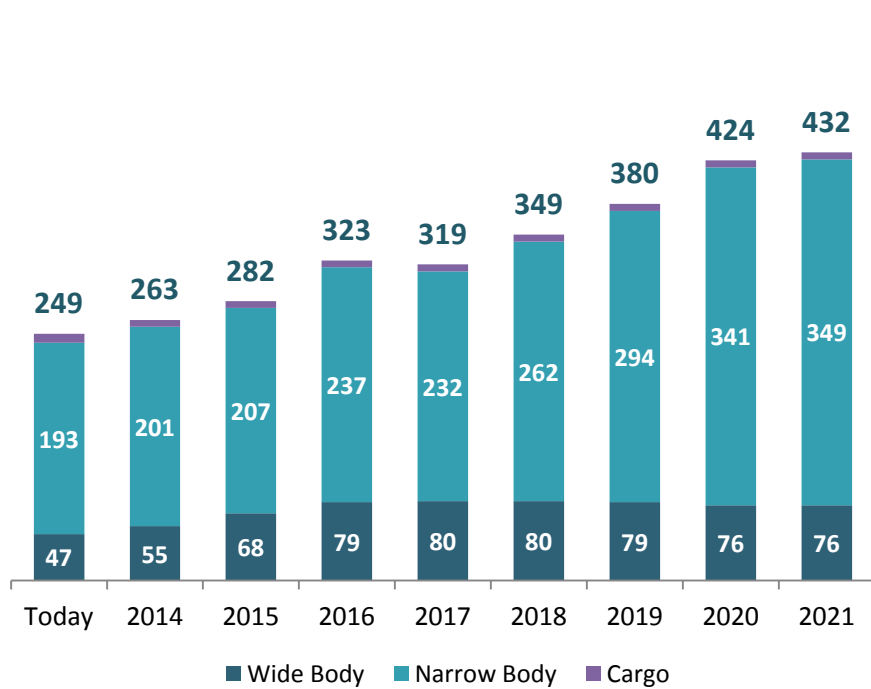


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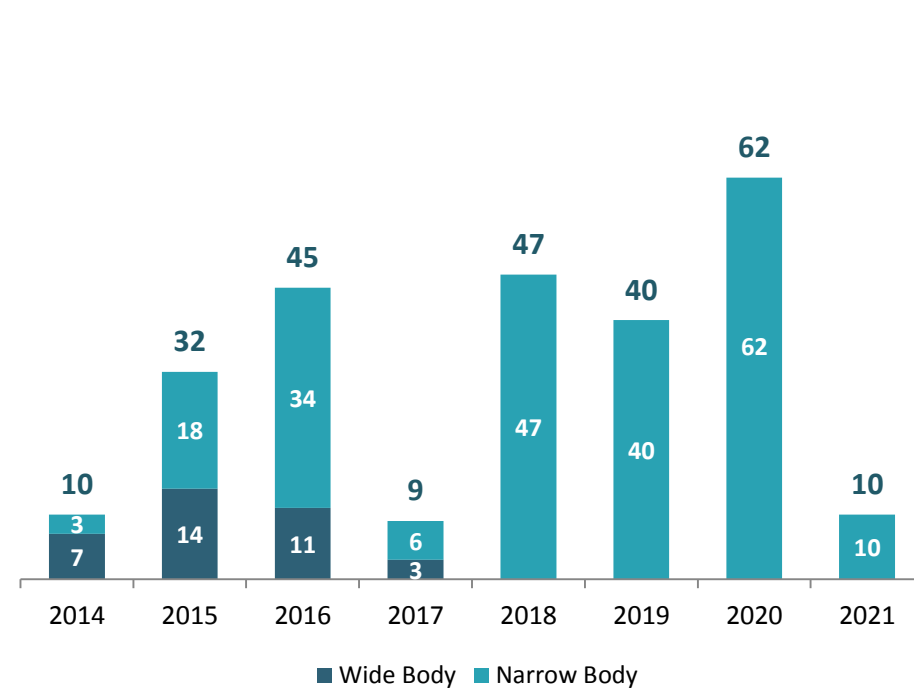
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Turkish Airlines Will Be Financing 255 Aircraft in the Next 8 Years

Year End Fleet



Aircraft Orders



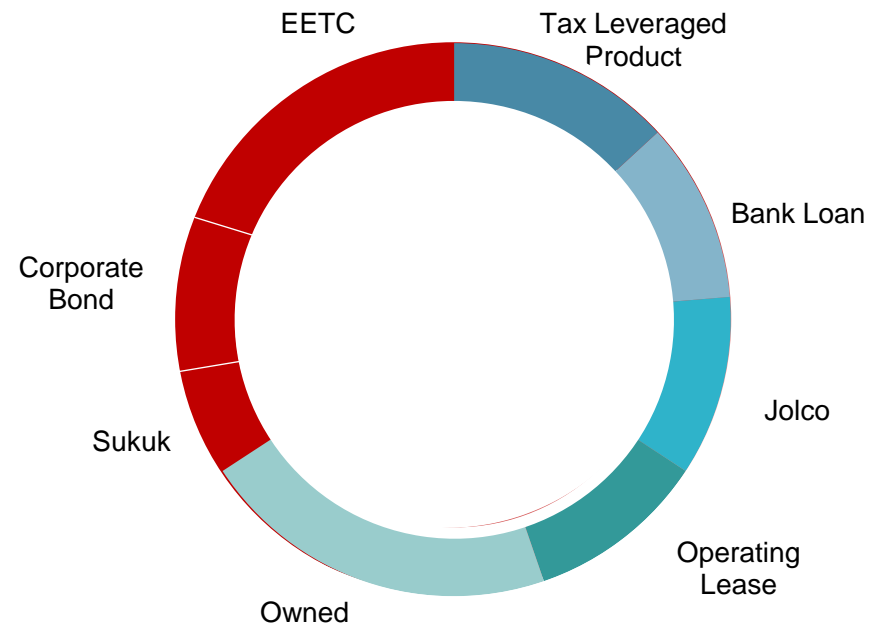
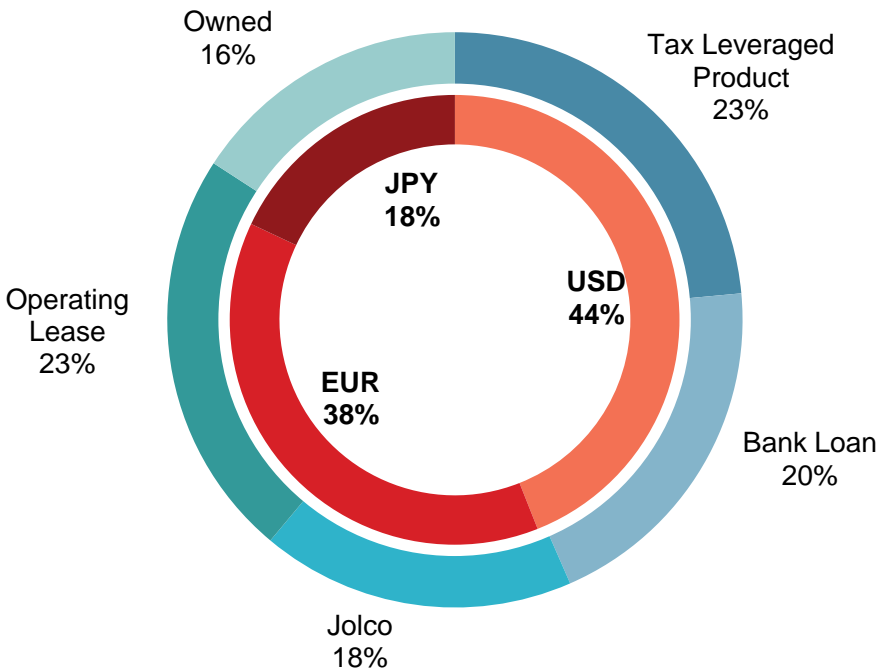
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Further Diversification is Key to Future Aircraft Financing

TODAY

FUTURE



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Thank You

COSKUN KILIC , CFO

TURKISH AIRLINES

Tel: +90 (212) 463-6363 x-13630

E-Mail: ir@thy.com

