

Aviation Industry, Turkish Airlines and Future of Istanbul Airport

Temel KOTIL - CEO Turkish Airlines - 2nd Istanbul Hub Seminar presentation summary

Dr. Kotil introduced aviation as one of the best businesses in the world, that will double the number of passengers in 20 years and triple in Turkey. Among the different regions of the world Africa and Asia were highlighted as the main growing regions. Turkey is a very strategic location as the world air traffic centre of gravity moves towards the east.

In this new environment, passengers using Istanbul hub benefit from shorter flying times, airlines save fuel which contributes to airlines operating from Istanbul (e.g. THY) to achieve good economic results. Regional and countries economies will also benefit from aviation as this is expected that in 20 years 4.1% of World GDP (i.e. 6 trillion USD) will be generated by aviation. That figure will be even more relevant for Turkey with 7% of Turkish GDP.

One world trend is the increase in the number of megacities around the world, which hold a large number of long haul flights. Istanbul is one of them and will become the third largest city in number of passengers by 2025 (120 million). The forecast by 2034 gives Istanbul a total number of 260 million and the main competition will be not between airlines, but between airports.

One important ingredient for Dr. Kotil is love. He argued that anything that is loved grows. This can be applied to the love university students receive, as well as airlines passengers. THY loves its passengers and this is why the airline keeps growing very fast and has been awarded as the best European airline for few years, while achieving positive economic results. .

The Turkish air market passed from 30 million passengers in 2003 to 141 millions in 2016. During the same time Germany passed from 180 to 200 million passengers. Dr. Kotil mentioned that the number of passengers is an indication of future strength of the economy and he expects that in 10 years time, Turkey will catch Germany. In terms of air seat capacity one of the main world players for the future will be Emirates, Chinese and Turkish carriers. In the case of THY the main growth will come from transfer passengers which was already 53% during 2015.

THY can be compared among different world carriers and appears the 10th largest carrier in different world rankings. However it comes the first when comparing the number of countries served (113) or the number of international destinations (237). When looking at the connectivity of Turkey with different world regions THY is the strongest airline serving Africa and the Middle East and the second in Asia. These good results, that include a high profitability (20% of EBITDA in 2015) are achieved with a tight cost control and the 13th largest fleet in the world composed of 207 aircraft.

The strategy for THY in the years to come is growth, growth and growth. For year 2023 it aims to transport 120 million passengers, generate 30 billion USD (12 billion in 2016) with a fleet of 500 aircraft. A very important contribution will be the location of Istanbul Hub that allows to connect more than 70% of destinations with narrow body aircraft that allow high frequencies and where the new Istanbul airport plays a very important role.