

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position As at 31 March 2018

Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish

(Amounts expressed in thousands of TRL unless otherwise stated. Currencies other than TRL also expressed in thousands unless otherwise stated.)

	Reviewed	
	31 March 2018	31 December 2017
<u>ASSETS</u>		
Current Assets	3,606,381	3,733,491
Cash and Cash Equivalents	1,000,963	1,554,308
Financial Investments		
- Restricted Bank Balances	779,897	850,469
Trade Receivables		
- Trade Receivables from Related Parties	55,357	73,635
- Trade Receivables from Non-Related Parties	628,013	585,035
Other Receivables		
- Other Receivables from Related Parties	108,461	27,234
- Other Receivables from Non-Related Parties	17,935	39,774
Inventories	44,145	44,653
Prepaid Expenses	749,223	352,165
Other Current Assets	222,387	206,218
Non-Current Assets	10,594,724	9,823,248
Trade Receivables		
- Trade Receivables from Non-Related Parties	375,171	356,559
Other Receivables		
- Other Receivables from Related Parties	8,389	8,033
Derivative Financial Instruments	457	119
Equity-Accounted Investees	341,773	398,414
Property and Equipment	972,288	868,621
Intangible Assets		
- Goodwill	672,065	614,336
- Rights Regarding Concession Arrangements	7,932,671	7,304,426
- Other Intangible Assets	58,421	53,297
Prepaid Expenses	71,007	61,112
Deferred Tax Assets	160,025	156,060
Other Non-Current Assets	2,457	2,271
TOTAL ASSETS	14,201,105	13,556,739

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	Reviewed	
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LIABILITIES		
Current Liabilities	4,515,604	4,120,045
Short Term Borrowings	1,838,151	1,623,549
Current Portion of Long Term Borrowings	1,033,851	939,671
Trade Payables		
- Trade Payables to Related Parties	1,296	1,236
- Trade Payables to Non-Related Parties	191,055	198,457
Payables Related to Employee Benefits	45,425	45,309
Other Payables		
- Other Payables to Related Parties	1,990	1,884
- Other Payables to Non-Related Parties	1,146,526	1,026,198
Derivative Financial Instruments	-	10,397
Deferred Income	72,607	80,084
Current Tax Liabilities	91,488	89,258
Short Term Provisions		
- Short Term Provisions Related to Employee Benefits	31,904	27,555
Other Short Term Liabilities	61,311	76,447
Non-Current Liabilities	5,700,164	5,421,134
Long Term Borrowings	2,594,542	2,488,349
Other Payables		
- Other Payables to Non-Related Parties	2,636,963	2,499,788
Derivative Financial Instruments	173,696	163,426
Deferred Income	99,778	94,680
Long Term Provisions		
- Long Term Provisions Related to Employee Benefits	115,020	104,941
Deferred Tax Liabilities	80,165	69,950
EQUITY	3,985,337	4,015,560
Total equity attributable to equity holders of the Company	4,012,309	4,034,498
Share Capital	363,281	363,281
Purchase of Shares of Entities Under Common Control	76,811	76,811
Share Premium	63,088	90,466
Items that will not be Reclassified to Profit or Loss		
- Defined Benefit Obligation Actuarial Differences	(67,540)	(62,604)
- Translation Reserves	2,175,840	1,779,418
Items that are or may be Reclassified Subsequently to Profit or Loss		
- Translation Reserves	(177,515)	(170,657)
- Cash Flow Hedge Reserve	(64,648)	(71,337)
- Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	(1,585)	(164)
Legal Reserves	349,435	338,220
Retained Earnings	1,261,533	972,830
Profit for the Year	33,609	718,234
Non-Controlling Interests	(26,972)	(18,938)
TOTAL LIABILITIES	14,201,105	13,556,739

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	Reviewed	
	2018	2017
PROFIT AND LOSSES		
Revenue	1,139,502	899,940
Cost of Sales (-)	(660,323)	(567,967)
GROSS PROFIT	479,179	331,973
General Administrative Expenses (-)	(196,576)	(148,619)
Marketing Expenses (-)	(2,602)	(2,369)
Other Income From Operating Activities	61,987	89,689
Other Expenses From Operating Activities (-)	(16,065)	(39,940)
OPERATING PROFIT	325,923	230,734
Income From Investing Activities	15,850	8,315
Share of Profit from Investments Accounted for Using Equity Method	11,639	(6,552)
OPERATING PROFIT BEFORE FINANCE INCOME	353,412	232,497
Finance Costs (-)	(236,144)	(140,021)
PROFIT BEFORE TAX	117,268	92,476
Tax Expense	(90,801)	(53,811)
Current Year Tax Expense	(77,114)	(42,822)
Deferred Tax Expense	(13,687)	(10,989)
PROFIT FOR THE YEAR	26,467	38,665
Profit Attributable to:		
Non-Controlling Interest	(7,142)	(7,346)
Owners of the Company	33,609	46,011
Profit for the Year	26,467	38,665
Basic and diluted earnings per share (full TRL)	0.09	0.13

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income For the Three-Month Period 31 March 2018 (continued)

Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish

(Amounts expressed in thousands of TRL unless otherwise stated. Currencies other than TRL also expressed in thousands unless otherwise stated.)

	Reviewed	
	2018	2017
OTHER COMPREHENSIVE INCOME :		
Items that will not be reclassified to profit or loss:		
Losses on remeasurements of defined benefit plans	(6,893)	4,447
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss		
- Gains / (losses) on remeasurements of defined benefit plans of associates and joint ventures accounted for using equity method	722	(4,169)
- Share of other comprehensive income of other associates and joint ventures accounted by equity method that will not be reclassified to profit or loss	15,068	17,736
Exchange differences on translation	360,871	141,469
Taxes relating to components of other comprehensive income that will not be reclassified to profit or loss		
- Losses on remeasurements of defined benefit plans, tax effect	1,379	(889)
- Share of other comprehensive income of associates and joint ventures accounted for using equity method that will not be reclassified to profit or loss, tax effect	(144)	834
	371,003	159,428
Items that will be reclassified subsequently to profit or loss:		
Exchange differences on translation	(531)	40,446
Other comprehensive income / (loss) related with cash flow hedges		
- Gains / (losses) on cash flow hedges	9,657	17,917
Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss		
- Gains / (losses) on cash flow hedges of associates and joint ventures accounted for using equity method	(1,523)	(1,993)
- Exchange differences on translation of associates and joint ventures accounted for using equity method	(8,237)	(25,644)
Taxes relating to components of other comprehensive income that will be reclassified to profit or loss		
- Other comprehensive income / (loss) related with cash flow hedges, tax effect	(1,064)	(2,281)
- Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss, tax effect	104	130
	(1,594)	28,575
OTHER COMPREHENSIVE INCOME	369,409	188,003
TOTAL COMPREHENSIVE INCOME	395,876	226,668
Total Comprehensive Income Attributable to:		
Non-controlling interest	(7,146)	(884)
Owners of the company	403,022	227,552
Total Comprehensive Income	395,876	226,668

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity For the Three-Month Period 31 March 2018

Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish

(Amounts expressed in thousands of TRL unless otherwise stated. Currencies other than TRL also expressed in thousands unless otherwise stated.)

	Items that will not be Reclassified to Profit or Loss				Items that are or may be Reclassified subsequently to Profit or Loss									
									Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss					
					Revaluation Surplus	Translation Reserves	Translation Reserves	Gains / (Losses) on Hedge	Retained Earnings					
	Share Capital	Share Premium	Purchase of Shares of Entities Under Common Control	Losses on Defined Benefit Obligation Actuarial differences			Cash Flow Hedge Reserve		Legal Reserves	Retained Earnings	Profit for the Year	Total Equity Ettributable to Equity Holders of the Company	Non- Controlling Interests	Equity
Balance at 1 January 2017	363,281	176,965	76,811	(45,558)	1,066,518	(102,158)	(102,504)	4,458	335,279	800,545	424,341	2,997,978	(3,754)	2,994,224
Transfers	-	-	-	-	14	-	-	-	8,243	416,084	(424,341)	-	-	-
Comprehensive income	-	(9,304)	-	64	168,509	10,652	9,920	1,700	-	-	46,011	227,552	(884)	226,668
Profit / (loss)	-	-	-	-	-	-	-	-	-	-	46,011	46,011	(7,346)	38,665
Other comprehensive income	-	(9,304)	-	64	168,509	10,652	9,920	1,700	-	-	-	181,541	6,462	188,003
Dividends	-	-	-	-	-	-	-	-	-	(247,952)	-	(247,952)	(6,197)	(254,149)
Increase / (decrease) through other changes	-	(6,139)	-	-	-	-	-	-	-	-	-	(6,139)	5,902	(237)
Balance at 31 March 2017	363,281	161,522	76,811	(45,494)	1,235,041	(91,506)	(92,584)	6,158	343,522	968,677	46,011	2,971,439	(4,933)	2,966,506
Balance at 1 January 2018	363,281	90,466	76,811	(62,604)	1,779,418	(170,657)	(71,337)	(164)	338,220	972,830	718,234	4,034,498	(18,938)	4,003,616
Effect of change in accounting policy	-	-	-	-	-	-	-	-	-	(11,944)	-	(11,944)	-	(11,944)
Balance at 1 January 2018, restated	363,281	90,466	76,811	(62,604)	1,779,418	(170,657)	(71,337)	(164)	338,220	960,886	718,234	4,022,554	(18,938)	4,003,616
Transfers	-	-	-	-	-	-	-	-	11,215	707,019	(718,234)	-	-	-
Comprehensive income	-	(20,483)	-	(4,936)	396,422	(6,858)	6,689	(1,421)	-	-	33,609	403,022	(7,146)	395,876
Profit / (loss)	-	-	-	-	-	-	-	-	-	-	33,609	33,609	(7,142)	26,467
Other comprehensive income	-	(20,483)	-	(4,936)	396,422	(6,858)	6,689	(1,421)	-	-	-	369,413	(4)	369,409
Dividends	-	-	-	-	-	-	-	-	-	(406,372)	-	(406,372)	(7,927)	(414,299)
Increase / (decrease) through other changes	-	(6,895)	-	-	-	-	-	-	-	-	-	(6,895)	7,039	144
Balance at 31 March 2018	363,281	63,088	76,811	(67,540)	2,175,840	(177,515)	(64,648)	(1,585)	349,435	1,261,533	33,609	4,012,309	(26,972)	3,985,337

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Cash Flows For the Three-Month Period 31 March 2018

Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish

(Amounts expressed in thousands of TRL unless otherwise stated. Currencies other than TRL also expressed in thousands unless otherwise stated.)

	Reviewed	
	1 January – 31 March 2018	1 January – 31 March 2017
CASH FLOWS FROM OPERATING ACTIVITIES	(98,436)	(77,542)
Profit for the year	26,467	38,665
Adjustments for profit for the year	457,366	523,216
- Adjustments for depreciation, amortisation and impairment expense	137,073	116,530
- Adjustments for impairment loss	74	(7)
- Adjustments for provisions		
Adjustments for provision for defined benefit obligation	8,293	4,751
Adjustments for other provisions	190,029	155,221
- Adjustments for interest		
Adjustments for interest income	(22,221)	(20,418)
Adjustments for interest expenses	91,983	83,511
- Adjustments for unrealised foreign exchange differences	(27,027)	123,265
- Adjustments for share of profit of equity-accounted investees	(11,639)	6,552
- Adjustments for tax expense	90,801	53,811
Increase in working capital	(19,598)	(83,563)
- Adjustments for increase in trade receivables		
Decrease in trade receivables from related parties	(50,256)	(45,358)
(Increase) / decrease in trade receivables from third parties	34,351	(8,831)
- Adjustments for decrease in other receivables	173,774	122,926
- Adjustments for increase / (decrease) in inventories	4,496	(159)
- Adjustments regarding decrease in trade payables		
Decrease in trade payables to related parties	(123)	(933)
Decrease in trade payables to third parties	(24,654)	(49,140)
- Adjustments for other increase in working capital	(157,186)	(102,068)
Cash provided from operations	464,235	478,318
Dividends received	76,793	55,753
Interest paid	(5,315)	(9,127)
Additions to prepaid concession and rent expenses	(543,727)	(527,577)
Defined benefits paid	(4,794)	(3,671)
Income taxes paid	(83,001)	(71,327)
Adjustments for unrealised foreign exchange differences	(2,627)	89

TAV Havalimanları Holding A.Ş. and its Subsidiaries**Interim Condensed Consolidated Statement of Cash Flows
For the Three-Month Period 31 March 2018 (continued)****Convenience Translation of Consolidated Financial Statements
Originally Issued in Turkish**

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	Reviewed	
	1 January – 31 March 2018	1 January – 31 March 2017
CASH FLOWS FROM INVESTING ACTIVITIES	(70,967)	(30,089)
- Proceeds from sale of property, equipment and intangible assets	2,801	2,284
- Acquisition of property, plant and equipment and intangible assets		
Acquisition of property, plant and equipment	(91,844)	(13,907)
Acquisition of intangible assets	(4,117)	(26,211)
- Interest received	22,184	7,745
- Adjustments for unrealised foreign exchange differences	9	-
CASH FLOWS FROM FINANCING ACTIVITIES	(494,502)	(374,160)
- Financial provision for employee benefit obligation	3,010	2,357
- Cash inflows regarding borrowings	24,565	43,657
- Cash outflows regarding repayment of borrowings	(118,291)	(161,246)
- Cash outflows related with repayments of finance lease liabilities	(2,866)	(2,664)
- Cash outflows from derivative financial instruments	(903)	-
- Dividends paid	(414,299)	(254,149)
- Adjustments for unrealised foreign exchange differences	14,282	(2,115)
NET INCREASE IN CASH AND CASH EQUIVALENTS PRIOR TO FOREIGN CURRENCY TRANSLATION DIFFERENCES	(663,905)	(481,791)
Foreign currency translation difference on cash and cash equivalents	110,560	(62,565)
NET INCREASE IN CASH AND CASH EQUIVALENTS	(553,345)	(544,356)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	1,554,308	1,169,935
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	1,000,963	625,579