

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position

As at 30 June 2019

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	Audited
	30 June	31 December
	2019	2018
ASSETS		
Current Assets	5,579,776	5,462,462
Cash and Cash Equivalents	3,051,154	3,330,686
Financial Investments		
- Restricted Bank Balances	328,452	425,119
Trade Receivables		
- Trade Receivables from Related Parties	106,986	131,849
- Trade Receivables from Non-Related Parties	987,440	905,796
Other Receivables		
- Other Receivables from Related Parties	110,209	47,247
- Other Receivables from Non-Related Parties	81,118	33,778
Inventories	58,215	55,081
Prepaid Concession and Rent Expenses	158,035	332,221
Prepaid Taxes and Funds	141,764	33,461
Other Current Assets	556,403	167,224
Non-Current Assets	16,563,684	15,341,819
Trade Receivables		
- Trade Receivables from Non-Related Parties	380,524	395,156
Other Receivables		
- Other Receivables from Related Parties	12,224	11,148
- Other Receivables from Non-Related Parties	472,292	-
Derivative Financial Instruments	210	194
Equity-Accounted Investees	2,808,966	2,969,591
Property and Equipment	1,253,509	1,394,493
Right of Use Assets	350,045	-
Intangible Assets		
- Goodwill	907,331	819,687
- Rights From Concession Arrangements	10,060,185	9,443,167
- Other Intangible Assets	67,853	66,240
Prepaid Concession and Rent Expenses	60,430	36,560
Deferred Tax Assets	186,007	175,820
Other Non-Current Assets	4,108	29,763
TOTAL ASSETS	22,143,460	20,804,281

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position As at 30 June 2019 (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	Audited
	30 June	31 December
	2019	2018
LIABILITIES		
Current Liabilities	5,387,484	5,005,601
Short Term Borrowings	2,625,599	2,288,080
Current Portion of Long Term Borrowings	718,009	625,881
Trade Payables		
- Trade Payables to Related Parties	4,003	1,593
- Trade Payables to Non-Related Parties	390,134	369,094
Employee Benefits Payables	65,068	173,823
Other Payables		
- Other Payables to Related Parties	23,207	151,505
- Other Payables to Non-Related Parties	1,391,912	1,228,973
Deferred Income	48,757	50,490
Current Tax Liabilities	70,512	68,747
Short Term Provisions		
- Short Term Provisions Related to Employee Benefits	37,182	35,359
Other Short Term Liabilities	13,101	12,056
Non-Current Liabilities	10,609,642	9,579,130
Long Term Borrowings	4,286,096	3,873,627
Other Payables		
- Other Payables to Related Parties	1,974,093	1,843,924
- Other Payables to Non-Related Parties	3,734,146	3,369,527
Derivative Financial Instruments	269,869	177,168
Deferred Income	117,670	107,483
Long Term Provisions		
- Long Term Provisions Related to Employee Benefits	87,688	131,784
Deferred Tax Liabilities	140,080	75,617
EQUITY	6,146,334	6,219,550
Total equity attributable to equity holders of the Company	6,209,583	6,256,416
Share Capital	363,281	363,281
Purchase of Shares of Entities Under Common Control	76,811	76,811
Share Premium	(54,570)	(12,624)
Items That Will Not Be Reclassified to Profit or Loss		
- Defined Benefit Obligation Actuarial Differences	(140,825)	(102,155)
- Translation Reserves	3,729,585	3,188,642
Items That Are or May Be Reclassified Subsequently to Profit or Loss		
- Translation Reserves	(293,763)	(254,492)
- Cash Flow Hedge Reserve	(99,380)	(51,747)
- Share of Other Comprehensive Income of Associates and Joint Ventures Accounted for Using Equity Method That Will Be Reclassified to Profit or Loss	(68,462)	(17,015)
Legal Reserves	408,390	393,307
Retained Earnings	1,899,738	1,217,661
Profit for the Year	388,778	1,454,747
Non-Controlling Interests	(63,249)	(36,866)
TOTAL LIABILITIES	22,143,460	20,804,281

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income For the Six-Month Period 30 June 2019

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 – 30 June 2019	1 April – 30 June 2019	Reviewed 1 January – 30 June 2018	1 April – 30 June 2018
PROFIT AND LOSSES				
Revenue	2,154,343	1,234,760	1,545,233	926,046
Cost of Sales (-)	(1,176,701)	(648,705)	(837,524)	(444,427)
GROSS PROFIT	977,642	586,055	707,709	481,619
General Administrative Expenses (-)	(514,416)	(243,788)	(377,674)	(221,819)
Marketing Expenses (-)	(7,596)	(4,522)	(6,039)	(3,526)
Other Income From Operating Activities	168,992	89,179	131,083	81,385
Other Expenses From Operating Activities (-)	(60,293)	48,403	(98,225)	(85,623)
OPERATING PROFIT	564,329	475,327	356,854	252,036
Income From Investing Activities	44,908	26,398	21,118	11,365
Share of Profit (loss) from Investments Accounted for Using Equity Method	29,939	94,683	106,602	94,963
OPERATING PROFIT BEFORE FINANCE INCOME / (COSTS)	639,176	596,408	484,574	358,364
Finance Income	17,825	17,825	-	-
Finance Costs (-)	(463,070)	(342,579)	(367,146)	(171,330)
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS	193,931	271,654	117,428	187,034
Tax Expense	(90,933)	(37,642)	(64,608)	(34,452)
Current Year Tax Expense	(59,097)	(31,193)	(44,618)	(25,254)
Deferred Tax Expense	(31,836)	(6,449)	(19,990)	(9,198)
PROFIT FROM CONTINUING OPERATIONS	102,998	234,012	52,820	152,582
Profit from Discontinued Operations	295,159	24,901	418,577	292,348
PROFIT FOR THE PERIOD AFTER DISCONTINUED OPERATIONS	398,157	258,913	471,397	444,930
Profit Attributable to:				
Non-Controlling Interest	9,379	15,779	11,416	18,558
Owners of the Company	388,778	243,134	459,981	426,372
Profit for the Year	398,157	258,913	471,397	444,930
Basic and diluted earnings per share for continued operations (full TRL)	0.26	0.60	0.11	0.37
Basic and diluted earnings per share for discontinued operations (full TRL)	0.81	0.07	1.15	0.80

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income For the Three-Month Period 30 June 2019 (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 1 January – 30 June 2019	1 April – 30 June 2019	Reviewed 1 January – 30 June 2018	1 April – 30 June 2018
OTHER COMPREHENSIVE INCOME :				
Items that will not be reclassified to profit or loss:				
Gains / (losses) on remeasurements of defined benefit plans	(45,055)	(44,470)	(160)	3,673
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	(3,282)	2,385	(1,373)	(2,095)
- Share of other comprehensive income of other associates and joint ventures accounted by equity method that will not be reclassified to profit or loss	40,362	18,990	26,693	11,625
Exchange Differences on Translation	471,923	197,910	709,919	349,048
Taxes Relating To Components Of Other Comprehensive Income That Will Not Be Reclassified To Profit Or Loss				
- Gains / (losses) on remeasurements of defined benefit plans, Tax Effect	9,011	8,894	237	(467)
- 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	656	(477)	275	419
	473,615	183,232	735,591	362,203
Items that will be reclassified subsequently to profit or loss:				
Exchange Differences on Translation	(37,372)	(64,250)	31,326	31,857
Other Comprehensive Income / (Loss) Related with Cash Flow Hedges				
- Gains / (losses) on cash flow hedges	(59,497)	(27,778)	37,656	26,661
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	(51,596)	(32,264)	4,237	5,760
- Exchange differences on translation of associates and joint ventures accounted for using equity method	(20,655)	(15,403)	(16,440)	(8,203)
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	14,101	6,869	(7,561)	(6,497)
- 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	1,345	84	(216)	(320)
	(153,674)	(132,742)	49,002	49,258
OTHER COMPREHENSIVE INCOME	319,941	50,490	784,593	411,461
TOTAL COMPREHENSIVE INCOME	718,098	309,403	1,255,990	856,391
Total Comprehensive Income Attributable to:				
Non-Controlling Interest	(5,944)	27,438	12,769	16,192
Owners of the Company	724,042	281,965	1,243,221	840,199
Total Comprehensive Income	718,098	309,403	1,255,990	856,391

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Changes in Equity For the Six-Month Period 30 June 2019

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									
					Revaluation Surplus	Translation Reserves	Translation Reserves	Gains / (Losses) on Hedge	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	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 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)	4,015,560
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	-	-	-	-	-	-	-	-	44,043	674,191	(718,234)	-	-	-
Comprehensive income	-	(41,250)	-	(1,021)	777,862	17,554	26,880	3,215	-	-	459,981	1,243,221	12,769	1,255,990
Profit / (loss)	-	-	-	-	-	-	-	-	-	-	459,981	459,981	11,416	471,397
Other comprehensive income	-	(41,250)	-	(1,021)	777,862	17,554	26,880	3,215	-	-	-	783,240	1,353	784,593
Dividends	-	-	-	-	-	-	-	-	-	(406,372)	-	(406,372)	(17,556)	(423,928)
Increase / (decrease) through other changes	-	(9,861)	-	-	-	-	-	-	-	-	-	(9,861)	7,992	(1,869)
Balance at 30 June 2018	363,281	39,355	76,811	(63,625)	2,557,280	(153,103)	(44,457)	3,051	382,263	1,228,705	459,981	4,849,542	(15,733)	4,833,809
Balance at 1 January 2019	363,281	(12,624)	76,811	(102,155)	3,188,642	(254,492)	(51,747)	(17,015)	393,307	1,217,661	1,454,747	6,256,416	(36,866)	6,219,550
Transfers	-	-	-	-	-	-	-	-	15,083	1,439,664	(1,454,747)	-	-	-
Comprehensive income	-	(28,658)	-	(38,670)	540,943	(39,271)	(47,633)	(51,447)	-	-	388,778	724,042	(5,944)	718,098
Profit / (loss)	-	-	-	-	-	-	-	-	-	-	388,778	388,778	9,379	398,157
Other comprehensive income	-	(28,658)	-	(38,670)	540,943	(39,271)	(47,633)	(51,447)	-	-	-	335,264	(15,323)	319,941
Dividends	-	-	-	-	-	-	-	-	-	(757,587)	-	(757,587)	(31,106)	(788,693)
Increase / (decrease) through other changes	-	(13,288)	-	-	-	-	-	-	-	-	-	(13,288)	10,667	(2,621)
Balance at 30 June 2019	363,281	(54,570)	76,811	(140,825)	3,729,585	(293,763)	(99,380)	(68,462)	408,390	1,899,738	388,778	6,209,583	(63,249)	6,146,334

(*) Impact of retrospective application of IFRS 15. It is related to investment recognized in equity accounted investees. This application change affects equity accounted investees and retained earnings.

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Cash Flows For the Three-Month Period 30 June 2019

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 – 30 June 2019	1 January – 30 June 2018
CASH FLOWS FROM OPERATING ACTIVITIES	291,039	342,028
Profit from continuing operations	102,998	52,820
Profit from discontinued operations	295,159	418,577
Adjustments for profit for the year	730,363	937,673
- Adjustments for depreciation, amortisation and impairment expense	644,275	269,055
- Adjustments for provisions		
Adjustments for provision for defined benefit obligation	13,179	17,972
Adjustments for other provisions	307,534	401,145
- Adjustments for interest		
Adjustments for interest income	(74,751)	(60,978)
Adjustments for interest expenses	323,486	251,309
- Adjustments for unrealised foreign exchange differences	(195,276)	(48,323)
- Adjustments for share of profit of equity-accounted investees	(29,939)	(106,602)
- Adjustments for tax expense	90,933	214,095
- Other income accruals	(349,078)	-
Increase in working capital	(670,344)	(304,791)
- Adjustments for decrease in trade receivables		
Decrease / (increase) in trade receivables from related parties	35,047	(16,480)
Decrease / (increase) in trade receivables from third parties	77,958	(8,263)
- Adjustments for (increase) / decrease in other receivables	(655,516)	68,267
- Adjustments for decrease in inventories	1,598	435
- Adjustments regarding increase in trade payables		
Increase in trade payables to related parties	2,202	1,625
Increase in trade payables to third parties	29,496	1,929
- Adjustments for other increase in working capital	(161,129)	(352,304)
Cash provided from operations	458,176	1,104,279
Additions to prepaid concession and rent expenses	-	(573,051)
Retirement benefits paid	(103,973)	(10,577)
Income taxes paid	(63,164)	(178,623)

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Interim Condensed Consolidated Statement of Cash Flows For the Three-Month Period 30 June 2019 (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	
	1 January – 30 June 2019	1 January – 30 June 2018
CASH FLOWS FROM INVESTING ACTIVITIES	151,768	(1,941,314)
- Acquisition of subsidiary, net-off cash acquired	(13,072)	-
- Proceeds from sale of property, equipment and intangible assets	16,822	3,956
- Acquisition of property, plant and equipment and intangible assets		
Acquisition of property, plant and equipment	(201,999)	(258,357)
Acquisition of intangible assets	(5,654)	(5,296)
- Acquisition of joint venture net of cash acquired	-	(1,832,796)
- Increase in due from related parties	(57,022)	(16,323)
- Decrease in due to related parties	(137,008)	(142)
- Dividends from equity-accounted investees	434,715	104,057
- Adjustments for unrealised foreign exchange differences	114,986	63,587
CASH FLOWS FROM FINANCING ACTIVITIES	(1,013,262)	1,124,745
- Cash inflows regarding borrowings	52,478	840,225
- Cash outflows regarding repayment of borrowings	(200,187)	(572,014)
- Cash outflows related with repayments of finance lease liabilities	(13,116)	(2,312)
- Interest received	34,038	46,192
- Interest paid	(122,457)	(111,752)
- Increase in restricted bank balances	95,311	(126,939)
- Decrease in due to related parties	(57,429)	1,488,187
- Dividends paid	(788,693)	(423,928)
- Adjustments for unrealised foreign exchange differences	(13,207)	(12,914)
NET DECREASE IN CASH AND CASH EQUIVALENTS PRIOR TO FOREIGN CURRENCY TRANSLATION DIFFERENCES	(570,455)	(474,541)
Foreign currency translation difference on cash and cash equivalents	281,821	245,676
NET DECREASE IN CASH AND CASH EQUIVALENTS	(288,634)	(228,865)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	3,328,403	1,554,308
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	3,039,769	1,325,443