

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position As at 30 September 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	Audited
	30 September	31 December
ASSETS	2018	2017
Current Assets	5,609,253	3,733,491
Cash and Cash Equivalents	2,535,156	1,554,308
Financial Investments		
- Restricted Bank Balances	706,484	850,469
Trade Receivables		
- Trade Receivables from Related Parties	200,212	73,635
- Trade Receivables from Non-Related Parties	1,229,138	585,035
Other Receivables		
- Other Receivables from Related Parties	51,409	27,234
- Other Receivables from Non-Related Parties	14,432	39,774
Inventories	59,084	44,653
Prepaid Expenses	568,457	352,165
Other Current Assets	244,881	206,218
Non-Current Assets	17,971,970	9,823,248
Trade Receivables		
- Trade Receivables from Non-Related Parties	493,099	356,559
Other Receivables		
- Other Receivables from Non-Related Parties	12,726	8,033
Derivative Financial Instruments	945	119
Equity-Accounted Investees	3,828,738	398,414
Property and Equipment	1,461,033	868,621
Intangible Assets		
- Goodwill	945,129	614,336
- Rights Regarding Concession Arrangements	10,933,648	7,304,426
- Other Intangible Assets	72,625	53,297
Prepaid Expenses	55,095	61,112
Deferred Tax Assets	165,500	156,060
Other Non-Current Assets	3,432	2,271
TOTAL ASSETS	23,581,223	13,556,739

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Financial Position As at 30 September 2018 (continued)

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

	<u>Reviewed</u>	<u>Audited</u>
	<u>30 September</u>	<u>31 December</u>
	<u>2018</u>	<u>2017</u>
LIABILITIES		
Current Liabilities	5,946,379	4,120,045
Short Term Borrowings	2,619,764	1,623,549
Current Portion of Long Term Borrowings	719,364	939,671
Trade Payables		
- Trade Payables to Related Parties	2,186	1,236
- Trade Payables to Non-Related Parties	286,784	198,457
Payables Related to Employee Benefits	54,660	45,309
Other Payables		
- Other Payables to Related Parties	2,356	1,884
- Other Payables to Non-Related Parties	1,838,444	1,026,198
Derivative Financial Instruments	-	10,397
Deferred Income	64,202	80,084
Current Tax Liabilities	202,631	89,258
Short Term Provisions		
- Short Term Provisions Related to Employee Benefits	34,062	27,555
Other Short Term Liabilities	121,926	76,447
Non-Current Liabilities	10,671,599	5,421,134
Long Term Borrowings	4,210,100	2,488,349
Other Payables		
- Other Payables to Related Parties	2,110,343	-
- Other Payables to Non-Related Parties	3,814,644	2,499,788
Derivative Financial Instruments	183,805	163,426
Deferred Income	100,012	94,680
Long Term Provisions		
- Long Term Provisions Related to Employee Benefits	128,924	104,941
Deferred Tax Liabilities	123,771	69,950
EQUITY	6,963,245	4,015,560
Total equity attributable to equity holders of the Company	7,004,175	4,034,498
Share Capital	363,281	363,281
Purchase of Shares of Entities under Common Control	76,811	76,811
Share Premium	(44,261)	90,466
Items that will not be Reclassified to Profit or Loss		
- Defined Benefit Obligation Actuarial Differences	(56,589)	(62,604)
- Translation Reserves	4,208,720	1,779,418
Items that are or may be Reclassified Subsequently to Profit or Loss		
- Translation Reserves	(259,367)	(170,657)
- Cash Flow Hedge Reserve	(31,643)	(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	4,921	(164)
Legal Reserves	388,529	338,220
Retained Earnings	1,222,439	972,830
Profit for the Year	1,131,334	718,234
Non-Controlling Interests	(40,930)	(18,938)
TOTAL LIABILITIES	23,581,223	13,556,739

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income For the Nine-Month Period Ended 30 September 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 – 30 September 2018	1 July– 30 September 2018	Reviewed 1 January – 30 September 2017	1 July – 30 September 2017
PROFIT AND LOSSES				
Revenue	4,924,552	2,231,906	3,459,141	1,409,922
Cost of Sales (-)	(2,338,860)	(946,997)	(1,849,035)	(649,616)
GROSS PROFIT	2,585,692	1,284,909	1,610,106	760,306
General Administrative Expenses (-)	(720,871)	(280,545)	(454,986)	(161,911)
Marketing Expenses (-)	(9,492)	(3,228)	(7,576)	(2,790)
Other Income From Operating Activities	609,943	433,732	217,823	65,279
Other Expenses From Operating Activities (-)	(794,408)	(682,690)	(89,924)	(29,047)
OPERATING PROFIT	1,670,864	752,178	1,275,443	631,837
Income From Investing Activities	65,672	30,849	32,855	14,724
Share of Profit (loss) from Investments Accounted for Using Equity Method	290,177	183,575	51,189	48,677
OPERATING PROFIT BEFORE FINANCE INCOME / (COSTS)	2,026,713	966,602	1,359,487	695,238
Finance Costs (-)	(423,860)	(49,241)	(465,224)	(161,513)
PROFIT BEFORE TAX	1,602,853	917,361	894,263	533,725
Tax Expense	(415,065)	(200,970)	(192,457)	(73,843)
Current Year Tax Expense	(358,290)	(157,287)	(175,695)	(77,894)
Deferred Tax Expense	(56,775)	(43,683)	(16,762)	4,051
PROFIT FOR THE YEAR	1,187,788	716,391	701,806	459,882
Profit Attributable to:				
Non-Controlling Interest	56,454	45,038	42,884	36,828
Owners of the Company	1,131,334	671,353	658,922	423,054
Profit for the Year	1,187,788	716,391	701,806	459,882
Basic and diluted earnings per share (full TRL)	3.11	1.85	1.81	1.16

TAV Havalimanları Holding A.Ş. and its Subsidiaries

Interim Condensed Consolidated Statement of Comprehensive Income For the Nine-Month Period Ended 30 September 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 1 January – 30 September 2018	1 July – 30 September 2018	Reviewed 1 January – 30 September 2017	1 July – 30 September 2017
OTHER COMPREHENSIVE INCOME :				
Items that will not be reclassified to profit or loss:				
Gains / (losses) on remeasurements of defined benefit plans	11,366	1,240	(16,050)	(6,342)
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	(3,847)	(2,474)	(2,787)	(1,757)
- Share of other comprehensive income of other associates and joint ventures accounted by equity method that will not be reclassified to profit or loss	78,863	52,170	28,948	5,580
Exchange Differences on Translation	2,225,390	1,515,471	367,667	162,729
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	(2,273)	(248)	3,210	1,268
- 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	769	494	557	351
	2,310,268	1,566,653	381,545	161,829
Items that will be reclassified subsequently to profit or loss:				
Exchange Differences on Translation	(41,721)	(73,046)	(13,038)	(49,849)
Other Comprehensive Income / (Loss) Related with Cash Flow Hedges				
- Gains / (losses) on cash flow hedges	55,712	20,892	40,586	7,570
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	7,060	2,823	(5,156)	(430)
- Exchange differences on translation of associates and joint ventures accounted for using equity method	(58,612)	(42,173)	(24,323)	1,357
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	(10,923)	(3,362)	(7,474)	(3,476)
- 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	(351)	(135)	340	29
	(48,835)	(95,001)	(9,065)	(44,799)
OTHER COMPREHENSIVE INCOME	2,261,433	1,471,652	372,480	117,030
TOTAL COMPREHENSIVE INCOME	3,449,221	2,188,043	1,074,286	576,912
Total Comprehensive Income Attributable to:				
Non-Controlling Interest	51,550	38,781	43,804	31,492
Owners of the Company	3,397,671	2,149,262	1,030,482	545,420
Total Comprehensive Income	3,449,221	2,188,043	1,074,286	576,912

TAV Havalimanları Holding A.Ş. and its Subsidiaries
Interim Condensed Consolidated Statement of Changes in Equity For the Nine-Month Period Ended 30 September 2018
Convenience Translation of Consolidated Financial Statements Originally Issued in Turkish

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

	Items that will not be		Items that are or may be Reclassified		Share of other	Legal	Retained	Profit for	Total Equity								
	Reclassified to Profit or Loss	Profit or Loss	subsequently to Profit or Loss	subsequently to Profit or Loss						Reserves	Earnings	the Year	the Controlling	Equity			
	Share Capital	Share Premium	Purchase of Shares of Entities Under Common Control	Losses on Defined Benefit Obligation Actuarial differences	Revaluation Surplus	Translation Reserves	Translation Reserves	Gains / (Losses) on Hedge	Cash Flow Hedge Reserve	Share of other comprehensive income of associates and joint ventures accounted for using equity method that will be reclassified to profit or loss	Legal Reserves	Retained Earnings	Profit for the Year	Total Equity	Attributable 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	-	-	-	-	428	-	-	-	3,549	420,364	(424,341)	-	-	-	-	-	-
Comprehensive income	-	(22,065)	-	(14,278)	418,680	(32,526)	26,563	(4,814)	-	-	658,922	1,030,482	43,804	1,074,286			
Profit / (loss)	-	-	-	-	-	-	-	-	-	-	658,922	658,922	42,884	701,806			
Other comprehensive income	-	(22,065)	-	(14,278)	418,680	(32,526)	26,563	(4,814)	-	-	-	371,560	920	372,480			
Dividends	-	-	-	-	-	-	-	-	-	(247,952)	-	(247,952)	(29,255)	(277,207)			
Increase / (decrease) through other changes	-	(7,664)	-	-	-	-	-	-	-	-	-	(7,664)	6,203	(1,461)			
Balance at 30 September 2017	363,281	147,236	76,811	(59,836)	1,485,626	(134,684)	(75,941)	(356)	338,828	972,957	658,922	3,772,844	16,998	3,789,842			
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	-	-	-	-	-	-	-	-	50,309	667,925	(718,234)	-	-	-	-	-	-
Comprehensive income	-	(125,049)	-	6,015	2,429,302	(88,710)	39,694	5,085	-	-	1,131,334	3,397,671	51,550	3,449,221			
Profit / (loss)	-	-	-	-	-	-	-	-	-	-	1,131,334	1,131,334	56,454	1,187,788			
Other comprehensive income	-	(125,049)	-	6,015	2,429,302	(88,710)	39,694	5,085	-	-	-	2,266,337	(4,904)	2,261,433			
Dividends	-	-	-	-	-	-	-	-	-	(406,372)	-	(406,372)	(81,189)	(487,561)			
Increase / (decrease) through other changes	-	(9,678)	-	-	-	-	-	-	-	-	-	(9,678)	7,647	(2,031)			
Balance at 30 September 2018	363,281	(44,261)	76,811	(56,589)	4,208,720	(259,367)	(31,643)	4,921	388,529	1,222,439	1,131,334	7,004,175	(40,930)	6,963,245			

(*) 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 Nine-Month Period Ended 30 September 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 – 30 September 2018	1 January – 30 September 2017
CASH FLOWS FROM OPERATING ACTIVITIES	1,253,255	910,304
Profit for the year	1,187,788	701,806
Adjustments for Profit for the year	1,534,920	1,186,191
- Adjustments for depreciation and amortisation expense	484,157	356,323
- Adjustments for impairment loss	(212)	(321)
- Adjustments for provisions		
Adjustments for provision for defined benefit obligation	24,163	18,137
Adjustments for other provisions	655,860	493,005
- Adjustments for interest		
Adjustments for interest income	(108,065)	(66,556)
Adjustments for interest expenses	423,441	272,787
- Adjustments for unrealised foreign exchange differences	(69,312)	(28,452)
- Adjustments for share of profit of equity-accounted investees	(290,177)	(51,189)
- Adjustments for tax expense	415,065	192,457
Increase in working capital	(497,899)	(248,806)
- Adjustments for increase in trade receivables		
Increase in trade receivables from related parties	(69,064)	12,526
Increase in trade receivables from third parties	(168,358)	(54,382)
- Adjustments for decrease / (increase) in other receivables	184,625	29,331
- Adjustments for decrease / (increase) in inventories	7,636	(6,455)
- Adjustments regarding decrease in trade payables		
Increase in trade payables to related parties	(638)	(8,579)
Increase / (decrease) in trade payables to third parties	(13,216)	(55,834)
- Adjustments for other increase in working capital	(438,884)	(165,413)
Cash provided from operations	2,224,809	1,639,191
Additions to prepaid concession and rent expenses	(638,577)	(536,095)
Defined benefits paid	(26,344)	(13,017)
Income taxes paid	(306,633)	(179,775)

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Interim Condensed Consolidated Statement of Cash Flows
For the Nine-Month Period Ended 30 September 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	
	1 January – 30 September 2018	1 January – 30 September 2017
CASH FLOWS FROM INVESTING ACTIVITIES	(2,326,167)	(57,527)
- Proceeds from sale of property, equipment and intangible assets	7,371	9,196
- Acquisition of property, plant and equipment and intangible assets		
Acquisition of property, plant and equipment	(350,581)	(70,845)
Acquisition of intangible assets	(6,210)	(69,430)
- Acquisition of joint venture net of cash acquired	(1,989,474)	-
- Dividends from equity-accounted investees	104,057	71,381
- Change in due from related parties	(7,513)	(2,067)
- Change in due to related parties	431	973
- Adjustments for unrealised foreign exchange differences	(84,248)	3,265
	1,184,352	(866,068)
CASH FLOWS FROM FINANCING ACTIVITIES		
- Cash inflows regarding borrowings	976,335	132,832
- Cash outflows regarding repayment of borrowings	(1,219,204)	(499,817)
- Cash outflows related with repayments of finance lease liabilities	(6,483)	(12,104)
- Dividends paid	(487,561)	(277,207)
- Interest paid	(171,420)	(100,203)
- Adjustments for (decrease) / increase in other receivables	391,152	(138,993)
- Interest received	85,954	35,649
- Increase in other payables to related parties	1,670,846	-
- Adjustments for unrealised foreign exchange differences	(55,267)	(6,225)
NET INCREASE IN CASH AND CASH EQUIVALENTS PRIOR TO FOREIGN CURRENCY TRANSLATION DIFFERENCES	111,440	(13,291)
Foreign currency translation difference on cash and cash equivalents	867,475	151,509
NET INCREASE IN CASH AND CASH EQUIVALENTS	978,915	138,218
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	2,533,223	1,308,153