

## Strategy

TAV has evolved in less than a decade into one of the world's leading airport developers and operators. It operates ten international airports and terminals in four countries, handling more than 42 million passengers and 375 thousand aircraft movements per year. Having effectively outgrown the Turkish market in recent years, TAV began reaching into new markets; inaugurating airport operations in Europe, the Caucasus and North Africa in addition to its Turkish operations.

TAV continues to pursue an aggressive growth strategy of attracting more traffic to its existing airports as well as seeking opportunities to develop and manage new airports in Turkey and abroad. By leveraging its large network of airports and its broad scope of airport-related activities, TAV will continue to realize the benefits of both economies of scale and scope throughout its airport network. TAV will also continue to seek long term, strategic partnerships with leading local and regional partners who can in turn enhance its growth strategy.

TAV adopts a unique business model whereby its subsidiaries offer a full range of integrated ancillary aviation and commercial services at its airports; including ground handling, duty free, food and beverage, aviation security, etc. TAV recently intensified its focus on further integrating existing businesses as well as extracting additional value by further streamlining and rationalizing interactions among its subsidiaries. To realize the full benefits of this integrated model, TAV will continue to align its businesses and will seek to realize additional synergies from its complementary activities. TAV will also continue to improve its internal business and operational processes, with the objective of increasing overall efficiency and productivity as well as to improve overall passenger service levels and commercial yields.

During its ten years of operation, TAV has established itself at the forefront of the industry largely due to the uniqueness of its business structure, offering solutions and services at all phases of airport operations and in every service area. This is the primary reason for our impressive success, the "one-stop shop" solutions we offer; from design, financing and construction to project management, operation and management of airports, terminals, airside and landside facilities, F&B, advertisement etc. As a service provider proficient in all areas of airport operations, TAV has gained a tremendous amount of skill, experience and expertise in a relatively short period of time. The number of international awards we have received is a testament to level of expertise that our young company has achieved.

Partly in response to the global economic downturn, TAV has also begun emphasizing a strategy of employing diversified business models such as minority stake acquisition, management contracts and improving process awareness and compliance both within and between entities under its management. Additionally, TAV has strengthened its emphasis on entering into strategic partnerships with financial institutions, funds and investors, as well as airlines, governments and other airport operators in securing operations contracts. Additionally, TAV has strengthened its financial position through such measures as deleveraging, renegotiating existing commitments, delaying other projects and refinancing its existing debt. These measures have resulted in a greatly improved financial position for the company going forward.

This approach has been particularly beneficial during the recent global economic environment and has yielded impressive results. During a period in which the global aviation industry has seen a marked contraction, TAV has shown impressive growth. As the global aviation market has evolved, TAV's strategy within this market has also evolved. Having recognized the economic situation, we have focused strategies on improved integration of corporate activities and disciplined cost control. We have continued to gain better control over our costs, managing expenses in a manner that doesn't affect our ability to grow nor the quality and range of services that we offer.

Also, until recently, the company has acted alone in all its investments. However, reflecting on the fact that our competitors within the industry do not limit themselves to merely one or two business models, but employ a wide range of models in order to diversify risk and increase profitability, we have adapted our acquisition strategy to include less capital-intensive joint ventures in order to maximize resource availability and optimize resource allocation. We have been diversifying our development strategy, focusing on joint ventures that require relatively lower amounts of human resources, debt and equity. Our goal is therefore to significantly improve our profit margins, primarily through a more careful synchronization between our business units, and to increase the level of financial participation from the markets where we operate.

TAV continues to explore other markets in which it can contribute its expertise. Currently with a strong presence in Europe, the Caucasus, Africa and the Middle East, we are continuing to make inroads into these markets in building and operating airports, establishing partnerships and making investments. While some opportunities within Turkey still remain—and TAV will continue striving to develop those opportunities—TAV's dominance within the Turkish market has long since proven its readiness and ability to establish a stronger presence in those external markets in which it has already begun operations. Looking forward, TAV plans to expand its presence in Europe, the CIS (including Russia), the Middle East, Africa and India, with an emphasis on obtaining management contracts and/or operations in the Middle East and strengthening its presence in Europe.

At the same time, operating in many different market and regulatory regimes outside Turkey enables us to improve our skills and expertise as an airport operator. Utilizing alternative business models, TAV has begun working to identify niche markets abroad in which to continue its growth and increase market penetration. We are also working to identify specific areas of focus within airport operations, areas such as concessions, airport cities, LCC terminals and cargo, in which we can gain and increase our competitive advantage. In evaluating potential investments, we are continuing to define concrete investment criteria in order to judge whether or not they fit within our investment and development strategies.

Among the criteria TAV is using to evaluate these investments are: capital investment, partnership, location, market conjuncture, scope and type of the project(s), resource availability and the amount of value that it adds to TAV. What makes TAV most attractive for prospective partners is our cost competitiveness and experience. For TAV, selecting airports with growth potential is a primary consideration, preferring construction projects with different PPP schemes such as BOTs, BTOs, leases or concession agreements to trade sales. Also, as part of our continued development and expansion strategy, we are working to enable our subsidiary companies, such as Havas, ATU, BTA and TAV IT, to expand in order to provide services at non-TAV airports.

Looking ahead, TAV will continue to employ effective strategies for developing new enterprises and rationalize existing ones, making them more efficient and profitable. By strengthening existing airport operations, controlling costs and capturing synergies among different departments and business units, TAV will emerge in the future as a stronger, more successful airport operator and will continue to pursue its goal of becoming the largest and best airport operator in the region. TAV has already shown significant growth in a global economic environment that has seen significant losses for most within the aviation sector. This stands as a prime testament to the effectiveness of our strategies and an excellent sign that we are moving in the right direction.