

**TAV Havalimanları Holding A.Ş.  
and its Subsidiaries**

**Interim Condensed Consolidated Financial Statements  
As at and for the Nine-Month Period Ended 30 September 2018**

**26 October 2018**

This report contains the “Interim Condensed Consolidated Financial Statements and their explanatory notes” comprising 48 pages.

**TAV Havalimanları Holding A.Ş.  
and its Subsidiaries**

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# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Interim Condensed Consolidated Statement of Financial Position

As at 30 September 2018

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

	Notes	(Unaudited) 30 September 2018	31 December 2017
<b>ASSETS</b>			
Property and equipment		210,205	192,364
Intangible assets		10,449	11,803
Airport operation right	8	1,573,074	1,617,634
Equity-accounted investees	22	550,858	88,232
Goodwill		135,980	136,050
Prepaid concession and rent expenses	9	3,888	6,191
Derivative financial instruments	18	136	26
Trade receivables	11	70,944	78,963
Non-current due from related parties	21	1,831	1,779
Other non-current assets		4,532	7,846
Deferred tax assets		23,811	34,561
<b>Total non-current assets</b>		<b>2,585,708</b>	<b>2,175,449</b>
Inventories		8,512	9,895
Prepaid concession and rent expenses	9	76,581	71,654
Trade receivables	11	176,842	129,562
Due from related parties	21	36,202	22,338
Other receivables and current assets	10	42,511	60,813
Cash and cash equivalents	12	364,744	344,214
Restricted bank balances	13	101,645	188,344
<b>Total current assets</b>		<b>807,037</b>	<b>826,820</b>
<b>TOTAL ASSETS</b>		<b>3,392,745</b>	<b>3,002,269</b>

The accompanying notes form an integral part of these consolidated financial statements.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Interim Condensed Consolidated Statement of Financial Position (continued)

As at 30 September 2018

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

	Notes	(Unaudited) 30 September 2018	31 December 2017
<b>EQUITY</b>			
Share capital	14	162,384	162,384
Share premium		220,286	220,286
Legal reserves		119,077	109,935
Other reserves		(81,057)	(79,298)
Purchase of shares of entities under common control		40,064	40,064
Cash flow hedge reserve		(44,498)	(52,637)
Translation reserves		(61,251)	(48,488)
Retained earnings		652,720	541,233
<b>Total equity attributable to equity holders of the Company</b>		<b>1,007,725</b>	<b>893,479</b>
<b>Non-controlling interests</b>	22	(5,885)	(4,193)
<b>Total Equity</b>		<b>1,001,840</b>	<b>889,286</b>
<b>LIABILITIES</b>			
Loans and borrowings	16	605,726	551,068
Reserve for employee severance indemnity		18,549	23,240
Due to related parties	21	303,625	-
Derivative financial instruments	18	26,445	36,192
Deferred income		14,389	20,968
Other payables	17	548,830	553,602
Deferred tax liabilities		17,807	15,491
<b>Total non-current liabilities</b>		<b>1,535,371</b>	<b>1,200,561</b>
Bank overdraft		278	-
Loans and borrowings	16	480,137	567,649
Trade payables		43,931	46,332
Due to related parties	21	654	691
Derivative financial instruments	18	-	2,303
Current tax liabilities	7	29,154	19,767
Other payables	17	287,242	251,843
Provisions		4,901	6,102
Deferred income		9,237	17,735
<b>Total current liabilities</b>		<b>855,534</b>	<b>912,422</b>
<b>Total Liabilities</b>		<b>2,390,905</b>	<b>2,112,983</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3,392,745</b>	<b>3,002,269</b>

The accompanying notes form an integral part of these consolidated financial statements.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Interim Condensed Consolidated Statement of Profit or Loss and Comprehensive Income For the Nine-Month Period Ended 30 September 2018

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

	Notes	(Unaudited) 1 January- 30 September 2018	(Unaudited) 1 July- 30 September 2018	(Unaudited) 1 January- 30 September 2017	(Unaudited) 1 July- 30 September 2017
Construction revenue		-	-	16,923	3,459
Operating revenue	6	894,885	349,627	848,939	341,023
Other operating income		257	6	439	-
Construction expenditure		-	-	(16,923)	(3,459)
Cost of catering inventory sold		(28,680)	(9,639)	(31,299)	(11,612)
Cost of services rendered		(49,066)	(19,401)	(51,931)	(18,631)
Personnel expenses		(168,249)	(50,057)	(179,100)	(59,968)
Concession and rent expenses		(118,873)	(37,992)	(122,746)	(42,829)
Depreciation and amortisation expenses		(87,980)	(33,497)	(89,155)	(30,313)
Other operating expenses		(104,889)	(34,865)	(87,576)	(30,925)
Share of profit of equity-accounted investees, net of tax	22	52,731	31,146	12,805	12,168
<b>Operating profit</b>		<b>390,136</b>	<b>195,328</b>	<b>300,376</b>	<b>158,913</b>
Finance income		11,934	4,882	8,221	3,606
Finance costs		(110,798)	(47,749)	(84,845)	(30,464)
<b>Net finance costs</b>		<b>(98,864)</b>	<b>(42,867)</b>	<b>(76,624)</b>	<b>(26,858)</b>
<b>Profit before tax</b>		<b>291,272</b>	<b>152,461</b>	<b>223,752</b>	<b>132,055</b>
Tax expense	7	(75,426)	(32,072)	(48,151)	(17,984)
<b>Profit for the period</b>		<b>215,846</b>	<b>120,389</b>	<b>175,601</b>	<b>114,071</b>
<b>Other comprehensive income</b>					
<b>Items that will not be reclassified to profit or loss:</b>					
Defined benefit obligation actuarial differences		2,109	15	(4,017)	(1,549)
Defined benefit obligation actuarial differences from equity accounted investees		(699)	(421)	(697)	(435)
Tax on defined benefit obligation actuarial differences		(422)	(3)	803	309
Tax on defined benefit obligation actuarial differences from equity accounted investees		105	84	139	88
<b>Total items that will not be reclassified to profit or loss</b>		<b>1,093</b>	<b>(325)</b>	<b>(3,772)</b>	<b>(1,587)</b>
<b>Items that are or may be reclassified subsequently to profit or loss:</b>					
Effective portion of changes in fair value of cash flow hedges		14,454	11,555	16,201	1,757
Effective portion of changes in fair value of cash flow hedges from equity accounted investees		1,283	425	(1,290)	(88)
Portion of cash flow hedges charged to profit or loss		(4,330)	(8,482)	(6,046)	-
Foreign currency translation differences for foreign operations		(863)	(9,614)	(4,825)	(12,369)
Foreign currency translation differences for foreign operations from equity accounted investees		(10,651)	(7,322)	(6,086)	446
Tax on cash flow hedge reserves		(1,985)	(454)	(1,870)	(853)
Tax on cash flow hedge reserves from equity accounted investees		(62)	(19)	85	6
<b>Total items that are or may be reclassified subsequently to profit or loss</b>		<b>(2,154)</b>	<b>(13,911)</b>	<b>(3,831)</b>	<b>(11,101)</b>
<b>Other comprehensive income for the period, net of tax</b>		<b>(1,061)</b>	<b>(14,236)</b>	<b>(7,603)</b>	<b>(12,688)</b>
<b>Total comprehensive income for the period</b>		<b>214,785</b>	<b>106,153</b>	<b>167,998</b>	<b>101,383</b>

The accompanying notes form an integral part of these consolidated financial statements.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Interim Condensed Consolidated Statement of Profit or Loss and Comprehensive Income For the Nine-Month Period Ended 30 September 2018 (continued)

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

		(Unaudited) 1 January- 30 September 2018	(Unaudited) 1 July- 30 September 2018	(Unaudited) 1 January- 30 September 2017	(Unaudited) 1 July- 30 September 2017
	<b>Notes</b>				
<b>Profit attributable to:</b>					
Owners of the Company		205,585	112,439	164,871	104,875
Non-controlling interest	22	10,261	7,950	10,730	9,196
<b>Profit for the period</b>		<b>215,846</b>	<b>120,389</b>	<b>175,601</b>	<b>114,071</b>
<b>Total comprehensive income attributable to:</b>					
Owners of the Company		202,054	98,684	157,196	93,713
Non-controlling interest		12,731	7,469	10,802	7,670
<b>Total comprehensive income for the period</b>		<b>214,785</b>	<b>106,153</b>	<b>167,998</b>	<b>101,383</b>
<b>Weighted average number of shares outstanding</b>		<b>363,281,250</b>	<b>363,281,250</b>	<b>363,281,250</b>	<b>363,281,250</b>
<b>Basic and diluted earnings per share</b>	15	<b>0.57</b>	<b>0.31</b>	<b>0.45</b>	<b>0.29</b>

The accompanying notes form an integral part of these consolidated financial statements.

# 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

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

	Attributable to owners of the Company										
	Share Capital	Share Premium	Legal Reserves	Other Reserves	Purchase of Shares of Entities Under Common Control	Cash Flow Hedge Reserve	Translation Reserves	Retained Earnings	Total	Non-Controlling Interests	Total Equity
<b>Balance at 1 January 2017</b>	<b>162,384</b>	<b>220,286</b>	<b>110,724</b>	<b>(68,449)</b>	<b>40,064</b>	<b>(59,087)</b>	<b>(33,318)</b>	<b>435,499</b>	<b>808,103</b>	<b>(1,011)</b>	<b>807,092</b>
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	164,871	164,871	10,730	175,601
Other comprehensive income											
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	5,442	-	-	5,442	1,638	7,080
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	(3,573)	(3,573)	(199)	(3,772)
Foreign currency translation differences for foreign operations	-	-	(1,786)	-	-	-	(7,758)	-	(9,544)	(1,367)	(10,911)
Total other comprehensive income	-	-	(1,786)	-	-	5,442	(7,758)	(3,573)	(7,675)	72	(7,603)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>(1,786)</b>	<b>-</b>	<b>-</b>	<b>5,442</b>	<b>(7,758)</b>	<b>161,298</b>	<b>157,196</b>	<b>10,802</b>	<b>167,998</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>											
<i>Contributions by and distributions to owners of the Company</i>											
Dividend distributions (Note 21)	-	-	-	-	-	-	-	(63,629)	(63,629)	(7,290)	(70,919)
Change in non-controlling interest (Note 16)	-	-	-	(1,674)	-	-	-	-	(1,674)	1,553	(121)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,674)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(63,629)</b>	<b>(65,303)</b>	<b>(5,737)</b>	<b>(71,040)</b>
Transfers	-	-	995	-	-	-	-	(995)	-	-	-
<b>Balance at 30 September 2017</b>	<b>162,384</b>	<b>220,286</b>	<b>109,933</b>	<b>(70,123)</b>	<b>40,064</b>	<b>(53,645)</b>	<b>(41,076)</b>	<b>532,173</b>	<b>899,996</b>	<b>4,054</b>	<b>904,050</b>
<b>Balance at 1 January 2018</b>	<b>162,384</b>	<b>220,286</b>	<b>109,935</b>	<b>(79,298)</b>	<b>40,064</b>	<b>(52,637)</b>	<b>(48,488)</b>	<b>541,233</b>	<b>893,479</b>	<b>(4,193)</b>	<b>889,286</b>
Effect of change in accounting policy (*)	-	-	-	-	-	-	-	(3,220)	(3,220)	-	(3,220)
<b>Balance at 1 January 2018, restated</b>	<b>162,384</b>	<b>220,286</b>	<b>109,935</b>	<b>(79,298)</b>	<b>40,064</b>	<b>(52,637)</b>	<b>(48,488)</b>	<b>538,013</b>	<b>890,259</b>	<b>(4,193)</b>	<b>886,066</b>
<b>Total comprehensive income for the period</b>											
Profit for the period	-	-	-	-	-	-	-	205,585	205,585	10,261	215,846
Other comprehensive income											
Effective portion of changes in fair value of cash flow hedges, net of tax	-	-	-	-	-	8,139	-	-	8,139	1,221	9,360
Defined benefit obligation actuarial differences, net of tax	-	-	-	-	-	-	-	1,093	1,093	-	1,093
Foreign currency translation differences for foreign operations	-	-	-	-	-	-	(12,763)	-	(12,763)	1,249	(11,514)
Total other comprehensive income	-	-	-	-	-	8,139	(12,763)	1,093	(3,531)	2,470	(1,061)
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8,139</b>	<b>(12,763)</b>	<b>206,678</b>	<b>202,054</b>	<b>12,731</b>	<b>214,785</b>
<b>Transactions with owners of the Company, recognised directly in equity</b>											
<i>Contributions by and distributions to owners of the Company</i>											
Dividend distributions (Note 21)	-	-	-	-	-	-	-	(82,829)	(82,829)	(15,813)	(98,642)
Change in non-controlling interest (Note 16)	-	-	-	(1,759)	-	-	-	-	(1,759)	1,390	(369)
<b>Total transactions with owners of the Company</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,759)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(82,829)</b>	<b>(84,588)</b>	<b>(14,423)</b>	<b>(99,011)</b>
Transfers	-	-	9,142	-	-	-	-	(9,142)	-	-	-
<b>Balance at 30 September 2018</b>	<b>162,384</b>	<b>220,286</b>	<b>119,077</b>	<b>(81,057)</b>	<b>40,064</b>	<b>(44,498)</b>	<b>(61,251)</b>	<b>652,720</b>	<b>1,007,725</b>	<b>(5,885)</b>	<b>1,001,840</b>

(\*) 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.

The accompanying notes form an integral part of these consolidated financial statements.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Interim Condensed Consolidated Statement of Cash Flows For the Nine-Month Period Ended 30 September 2018

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

	Notes	(Unaudited) 1 January- 30 September 2018	(Unaudited) 1 January- 30 September 2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit for the period		<b>215,846</b>	<b>175,601</b>
Adjustments for:			
Amortisation of airport operation right	8	46,412	47,404
Depreciation of property and equipment		39,623	38,435
Amortisation of intangible assets		1,945	3,317
Concession and rent expenses		118,873	122,746
Provision for employee severance indemnity		3,909	4,385
Provision for doubtful receivables		309	610
Discount on receivables and payables, net		(38)	(80)
Provision set for unused vacation		481	153
Interest income		(11,934)	(8,221)
Interest expense on financial liabilities		51,990	42,267
Tax expense	7	75,426	48,151
Unwinding of discount on concession receivable and payable		17,292	17,555
Share of profit of equity-accounted investees, net of tax	22	(52,731)	(12,805)
Unrealised foreign exchange differences on statement of financial position items		(12,649)	(6,772)
<b>Cash flows from operating activities</b>		<b>494,754</b>	<b>472,746</b>
Change in current trade receivables		(46,316)	(30,213)
Change in non-current trade receivables		15,723	16,606
Change in inventories		1,388	(1,615)
Change in due from related parties		(12,550)	3,134
Change in other receivables and assets		33,550	7,339
Change in trade payables		(2,402)	(13,970)
Change in due to related parties		(116)	(2,146)
Change in other payables and provisions		(79,754)	(41,388)
<b>Cash provided from operations</b>		<b>404,277</b>	<b>410,493</b>
Income taxes paid	7	(55,721)	(44,982)
Retirement benefits paid		(4,787)	(3,257)
Additions to prepaid concession and rent expenses	9	(116,042)	(134,138)
<b>Net cash provided from operating activities</b>		<b>227,727</b>	<b>228,116</b>

The accompanying notes form an integral part of these consolidated financial statements.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Interim Condensed Consolidated Statement of Cash Flows For the Nine-Month Period Ended 30 September 2018

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

	Notes	(Unaudited) 1 January- 30 September 2018	(Unaudited) 1 January- 30 September 2017
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Proceeds from sale of property, equipment and intangible assets		1,340	1,962
Acquisition of property and equipment		(63,706)	(17,725)
Additions to airport operation right	8	-	(16,542)
Acquisition of joint venture net of cash acquired		(381,232)	-
Acquisition of intangible assets		(1,125)	(832)
Change in due from related parties		(1,361)	(517)
Change in due to related parties		82	243
Dividends from equity-accounted investees		23,306	18,677
<b>Net cash used in investing activities</b>		<b>(422,696)</b>	<b>(14,734)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		177,419	33,236
Repayment of borrowings		(221,553)	(125,060)
Dividends paid		(98,642)	(70,919)
Interest received		15,619	8,920
Interest paid		(31,150)	(25,072)
Change in due to related parties		303,625	-
Change in restricted bank balances		71,080	(34,778)
Change in finance lease liabilities		(1,177)	(3,029)
<b>Net cash provided from / (used in) financing activities</b>		<b>215,221</b>	<b>(216,702)</b>
<b>NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS</b>			
		<b>20,252</b>	<b>(3,320)</b>
<b>CASH AND CASH EQUIVALENTS AT 1 JANUARY</b>	12	<b>344,214</b>	<b>315,349</b>
<b>CASH AND CASH EQUIVALENTS AT 30 SEPTEMBER</b>	12	<b>364,466</b>	<b>312,029</b>

The accompanying notes form an integral part of these consolidated financial statements.

## Notes to the interim condensed consolidated financial statements

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# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

### 1. REPORTING ENTITY

TAV Havalimanları Holding A.Ş. (“TAV”, “TAV Holding” or “the Company”) was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Turkey for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. On 7 August 2006, the Company’s name has been changed to TAV Havalimanları Holding A.Ş.. The address of the Company’s registered office is İstanbul Atatürk Havalimanı Dış Hatlar Terminali 34149 Yeşilköy, İstanbul, Turkey.

The Company is listed in Borsa İstanbul since 23 February 2007 and the Company’s shares are traded as “TAVHL”.

The interim condensed consolidated financial statements of the Company as at and for the nine-month period ended 30 September 2018 comprise the Company and its subsidiaries (together referred to as the “Group” and individually as “Group entities”) and the Group’s interests in joint ventures.

Changes in ownership interest percentages of the Company’s joint venture since 31 December 2017 are as follows:

Name of Subsidiary	Principal Activity	Place of operation	30 September 2018		31 December 2017	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
BTA France SAS (“BTA France”)	Food and Beverage Services	France	100.00	100.00	-	-

  

Name of Joint Venture	Principal Activity	Place of operation	30 September 2018		31 December 2017	
			Ownership interest %	Voting power held %	Ownership interest %	Voting power held %
Fraport TAV Antalya Terminal İşletmeciliği A.Ş. (“TAV Antalya”)	Antalya Airport Terminal Services	Turkey	49.00	50.00	-	-
Fraport TAV Antalya Havalimanı İşletme A.Ş. (“TAV Antalya Invest”)	Holding	Turkey	48.99	50.00	-	-

In February 27, 2018 the Group had signed a share purchase agreement amounting to EUR 360,000 to acquire 49.00% of Fraport IC İçtaş Havalimanı İşletme A.Ş. and 48.99% of Fraport IC İçtaş Antalya Havalimanı Terminal Yatırım ve İşletmeciliği A.Ş. shares. The share transfer was completed at the beginning of May 2018. TAV Antalya and TAV Antalya Invest are consolidated using the equity method. Since the Group has the right to receive 50.00% of the dividends according to the share purchase agreement equity pick up rate was determined as 50.00%.

### Description of Operations

The Group and its joint ventures’ core businesses are related to the construction of terminal buildings, management and operation of terminals or airports. TAV Esenboğa entered into Build-Operate-Transfer (“BOT”) agreements with Devlet Hava Meydanları İşletmesi Genel Müdürlüğü (General Directorate of State Airports Authority) (“DHMI”), TAV Tbilisi with JSC Tbilisi International Airport (“JSC”), TAV Batumi with Georgian Ministry of Economic Development (“GMED”), TAV Tunisia with Tunisian Airport Authority (Office De L’Aviation Civil Et Des Aeroports) (“OACA”), Ministry of Transportation (“MOT”), TAV Macedonia with Macedonian Ministry of Transportation and Communication (“MOTC”). Tibah Development entered into Build-Transfer-Operate (“BTO”) agreement with General Authority of Civil Aviation (“GACA”). TAV Ege, TAV Milas Bodrum, TAV Gazipaşa and TAV Antalya entered into concession agreement with DHMI and Medunarodna Zracna Luka Zagreb D.D. (“MZLZ”) with Ministry of Maritime Affairs, Transport and Infrastructure of The Republic of Croatia (“MMTI”). Under these agreements, the Group agrees to build or renovate or manage an airport or terminal within a specified period of time and in exchange receives the right to operate the airport and terminal for a pre-established period of time. At the end of the contracts, the Group will transfer the ownership of the terminal buildings or airports back to the related public authority, DHMI, JSC, GMED, OACA, MOT, MOTC, GACA and MMTI accordingly. Group also signs separate contracts related with the airport operations. On 3 June 2005, TAV İstanbul signed a rent agreement to operate Atatürk International Airport Terminal (“AIAT”) and Atatürk Domestic Airport Terminal (“ADAT”) for 15.5 years until year 2021. According to the concession agreement dated 16 December 2011, TAV Ege started renting and operating the international terminal of İzmir Adnan Menderes Airport at 10 January 2015.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

### 1. REPORTING ENTITY (continued)

#### Description of Operations (continued)

A tender was held on 3 May 2013 for construction of a new airport in İstanbul. It has been announced that the winning bid for the tender as per the tender specifications of İstanbul's New Airport Project to be undertaken by BOT model within the framework of the procedures and principles defined by DHMİ as per the law no. 3996 and cabinet decree no. 2011/1807 was offered by a venture other than the Company. The opening of 3rd airport may lead to closure of Atatürk Airport at a date earlier than the concession contract end date, which may in turn lead to change in expected amortization period of prepaid rent and leasehold assets. However, TAV Holding and TAV İstanbul received a formal letter issued by DHMİ dated 22 January 2013, stating that DHMİ will fully reimburse the Company for all loss of profit over the remaining period of its existing rent period that may be incurred in case that another airport is opened for operation in İstanbul before the end of the rent period of TAV İstanbul. In addition, it is stated that independent expert companies will be consulted for the computation of the total reimbursement amount. Accordingly the management continues to use the concession contract period end date of 2021 as the amortization date of prepaid rent and leasehold improvements, considering the uncertainty with respect to exact closure date of Atatürk Airport and that the carrying values of assets as of closure date, in case earlier than the end of concession period, are recoverable.

#### Seasonality of Operations

Due to seasonal nature of operations, higher revenues and operating profits are usually expected in the second half of the year rather than in the first six months. Higher sales during the period June to August are mainly attributed to the increased number of passengers during the peak season.

The Group employs 18,941 (average: 18,228) people as at 30 September 2018 (31 December 2017: 16,836 (average: 16,796) people).

### 2. BASIS OF PREPARATION

#### a) Statement of compliance

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group's annual financial statements as at 31 December 2017.

The interim condensed consolidated financial statements were authorized for issue by the Board of Directors on 26 October 2018. The power to change the interim condensed consolidated financial statements after the issuing of the interim condensed consolidated financial statements is held by the General Assembly.

#### b) Basis of measurement

The interim condensed consolidated financial statements have been prepared on the historical cost basis except for derivative financial instruments which are measured at fair value.

The methods used to measure fair values are discussed further in Note 4.

#### c) Functional and presentation currency

TAV Holding and its subsidiaries operating in Turkey maintain their books of account and prepare their statutory financial statements in Turkish Lira ("TRL") in accordance with the accounting principles as promulgated by the Turkish Commercial Code and tax legislation.

Functional currency of most of the Group companies operating in Turkey and other countries are determined to be Euro, different from their country's currency according to IAS 21. Accordingly functional currency of TAV Holding as a parent company has been determined as Euro. The accompanying consolidated financial statements are presented in EUR, which is the functional currency of TAV Group.

All financial information presented in EUR has been rounded to the nearest thousands, except when otherwise indicated.

The functional currencies of the Group entities and joint ventures are consistent with the Group's interim consolidated financial statements for the period ended 30 September 2018.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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

### 2. BASIS OF PREPARATION (continued)

#### **d) The reclassification to prior year financial statements**

The Group has reassessed the presentation of revenue. Accordingly other operating income amounting to EUR 50,879 is presented as operating revenue in consolidated statement of comprehensive income for the period ended 30 September 2017.

The Group has reassessed the presentation of employee benefit obligation financial expense. Accordingly financial expense for employee benefit obligation amounting to EUR 1,829 is presented in finance cost in consolidated statement of comprehensive income for the period ended 30 September 2017.

The Group has reassessed the presentation of unwinding of discount on guaranteed passenger fee receivable from DHMİ. Accordingly discount income amounting to EUR 8,433 is presented in operating revenue in consolidated statement of comprehensive income for the period ended 30 September 2017.

Amortisation of airport operation right is calculated on a straight-line basis over their estimated useful lives for Alanya-Gazipaşa Airport, Macedonia Skopje and Ohrid Airports, Tbilisi International Airport and Medinah International Airport until 30 June 2017. The straight-line basis method changed to units of production method over estimated passenger figures prospectively as at 1 July 2017. In the consolidated statement of comprehensive income for the period ended 30 September 2017, depreciation expenses presented in the cost of services rendered have been decreased by EUR 42, and share of profit of equity-accounted investees, net of tax is increased by EUR 1,450.

### 3. CHANGES IN ACCOUNTING POLICIES

#### **The new standards, amendments and interpretations**

The accounting policies adopted in preparation of the interim condensed consolidated financial statements as at 30 September 2018 are consistent with those of the previous financial year, except for the adoption of new and amended IFRS and IFRIC interpretations effective as of 1 January 2018. The effects of these standards and interpretations on the Group's financial position and performance have been disclosed in the related paragraphs.

#### ***i) The new standards, amendments and interpretations which are effective as at 1 January 2018 are as follows: IFRS 15 Revenue from Contracts with Customers***

The IASB issued IFRS 15 Revenue from Contracts with Customers. The new five-step model in the standard provides the recognition and measurement requirements of revenue. The standard applies to revenue from contracts with customers and provides a model for the sale of some non-financial assets that are not an output of the entity's ordinary activities (e.g., the sale of property, plant and equipment or intangibles). IFRS 15 effective date is 1 January 2018. The Group adopted IFRS 15 using modified retrospective approach.

#### ***IFRS 9 Financial Instruments***

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments. The final version of IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is built on a logical, single classification and measurement approach for financial assets that reflects the business model in which they are managed and their cash flow characteristics. Built upon this is a forward-looking expected credit loss model that will result in more timely recognition of loan losses and is a single model that is applicable to all financial instruments subject to impairment accounting. In addition, IFRS 9 addresses the so-called 'own credit' issue, whereby banks and others book gains through profit or loss as a result of the value of their own debt falling due to a decrease in credit worthiness when they have elected to measure that debt at fair value. The Standard also includes an improved hedge accounting model to better link the economics of risk management with its accounting treatment. IFRS 9 is effective for annual periods beginning on or after 1 January 2018. The standard did not have a significant impact on the financial position or performance of the Group.

#### ***IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments)***

The IASB issued amendments to IFRS 2 Share-based Payment, clarifying how to account for certain types of share-based payment transactions. The amendments, provide requirements on the accounting for:

- the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments;
- share-based payment transactions with a net settlement feature for withholding tax obligations; and
- a modification to the terms and conditions of a share-based payment that changes the classification of the transaction from cash-settled to equity-settled.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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

### 3. CHANGES IN ACCOUNTING POLICIES (continued)

#### **The new standards, amendments and interpretations (continued)**

*i) The new standards, amendments and interpretations which are effective as at 1 January 2018 are as follows (continued):*

#### ***IFRS 2 Classification and Measurement of Share-based Payment Transactions (Amendments) (continued)***

These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

#### ***IFRS 4 Insurance Contracts (Amendments)***

In September 2016, the IASB issued amendments to IFRS 4 Insurance Contracts. The amendments introduce two approaches: an overlay approach and a deferral approach. The amended Standard will:

- give all companies that issue insurance contracts the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 Financial Instruments is applied before the new insurance contracts Standard is issued; and
- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 Financial Instruments until 2021. The entities that defer the application of IFRS 9 Financial Instruments will continue to apply the existing financial instruments Standard—IAS 39.

These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments did not have a significant impact on the financial position or performance of the Group.

#### ***IAS 40 Investment Property: Transfers of Investment Property (Amendments)***

The IASB issued amendments to IAS 40 'Investment Property'. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. These amendments are applied for annual periods beginning on or after 1 January 2018. The amendments are not applicable for the Group and did not have an impact on the financial position or performance of the Group.

#### ***IFRIC 22 Foreign Currency Transactions and Advance Consideration***

The interpretation clarifies the accounting for transactions that include the receipt or payment of advance consideration in a foreign currency.

The Interpretation states that the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. An entity is not required to apply this Interpretation to income taxes; or insurance contracts (including reinsurance contracts) it issues or reinsurance contracts that it holds.

The interpretation is effective for annual reporting periods beginning on or after 1 January 2018. The interpretation did not have a significant impact on the financial position or performance of the Group.

#### ***Annual Improvements to IFRSs - 2014-2016 Cycle***

The IASB issued Annual Improvements to IFRS Standards 2014–2016 Cycle, amending the following standards:

- IFRS 1 First-time Adoption of International Financial Reporting Standards: This amendment deletes the short-term exemptions about some IFRS 7 disclosures, IAS 19 transition provisions and IFRS 10 Investment Entities. These amendments are applied for annual periods beginning on or after 1 January 2018.
- IAS 28 Investments in Associates and Joint Ventures: This amendment clarifies that the election to measure an investment in an associate or a joint venture held by, or indirectly through, a venture capital organisation or other qualifying entity at fair value through profit or loss applying IFRS 9 Financial Instruments is available for each associate or joint venture, at the initial recognition of the associate or joint venture. These amendments are applied for annual periods beginning on or after 1 January 2018.

The amendments did not have a significant impact on the financial position or performance of the Group.

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

### 3. CHANGES IN ACCOUNTING POLICIES (continued)

#### The new standards, amendments and interpretations (continued)

##### *ii) Standards issued but not yet effective and not early adopted*

Standards, interpretations and amendments to existing standards that are issued but not yet effective up to the date of issuance of the interim condensed consolidated financial statements are as follows. The Group will make the necessary changes if not indicated otherwise, which will be affecting the consolidated financial statements and disclosures, when the new standards and interpretations become effective.

##### ***IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments)***

In December 2015, the IASB postponed the effective date of this amendment indefinitely pending the outcome of its research project on the equity method of accounting. Early application of the amendments is still permitted. An entity shall apply those amendments prospectively. The Group will wait until the final amendment to assess the impacts of the changes.

##### ***IFRS 16 Leases***

The IASB has published a new standard, IFRS 16 'Leases'. The new standard brings most leases on-balance sheet for lessees under a single model, eliminating the distinction between operating and finance leases. Lessor accounting however remains largely unchanged and the distinction between operating and finance leases is retained. IFRS 16 supersedes IAS 17 'Leases' and related interpretations and is effective for periods beginning on or after January 1, 2019, with earlier adoption permitted. The Group is in the process of assessing the impact of the standard on financial position or performance of the Group.

##### ***IFRIC 23 Uncertainty over Income Tax Treatments***

The interpretation clarifies how to apply the recognition and measurement requirements in "IAS 12 Income Taxes" when there is uncertainty over income tax treatments.

When there is uncertainty over income tax treatments, the interpretation addresses; whether an entity considers uncertain tax treatments separately, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances.

An entity shall apply this Interpretation for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies this Interpretation for an earlier period, it shall disclose that fact. On initial application, an entity shall apply the interpretation either retrospectively applying IAS 8, or retrospectively with the cumulative effect of initially applying the Interpretation recognised at the date of initial application.

The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

##### ***IFRS 17 - The new Standard for insurance contracts***

The IASB issued IFRS 17, a comprehensive new accounting standard for insurance contracts covering recognition and measurement, presentation and disclosure. IFRS 17 model combines a current balance sheet measurement of insurance contract liabilities with the recognition of profit over the period that services are provided. Certain changes in the estimates of future cash flows and the risk adjustment are also recognised over the period that services are provided. Entities will have an option to present the effect of changes in discount rates either in profit and loss or in OCI. The standard includes specific guidance on measurement and presentation for insurance contracts with participation features. IFRS 17 will become effective for annual reporting periods beginning on or after 1 January 2021; early application is permitted. The standard is not applicable for the Group and will not have an impact on the financial position or performance of the Group.

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### 3. CHANGES IN ACCOUNTING POLICIES (continued)

#### The new standards, amendments and interpretations (continued)

##### *ii) Standards issued but not yet effective and not early adopted (continued):*

##### *Prepayment Features with Negative Compensation (Amendments to IFRS 9)*

In October 2017, the IASB issued minor amendments to IFRS 9 Financial Instruments to enable companies to measure some prepayable financial assets at amortised cost.

Applying IFRS 9, a company would measure a financial asset with so-called negative compensation at fair value through profit or loss. Applying the amendments, if a specific condition is met, entities will be able to measure at amortised cost some prepayable financial assets with so-called negative compensation.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### *Amendments to IAS 28 Investments in Associates and Joint Ventures (Amendments)*

In October 2017, the IASB issued amendments to IAS 28 Investments in Associates and Joint Ventures. In this amendment the IASB clarified that the exclusion in IFRS 9 applies only to interests a company accounts for using the equity method. A company applies IFRS 9 to other interests in associates and joint ventures, including long-term interests to which the equity method is not applied and that, in substance, form part of the net investment in those associates and joint ventures.

The amendments are effective for annual periods beginning on or after 1 January 2019, with early application permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### *Annual Improvements – 2015–2017 Cycle*

In December 2017, the IASB announced Annual Improvements to IFRS Standards 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 Business Combinations and IFRS 11 Joint Arrangements — The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, it remeasures previously held interests in that business. The amendments to IFRS 11 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 Income Taxes — The amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) should be recognised in profit or loss, regardless of how the tax arises.
- IAS 23 Borrowing Costs — The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The amendments are effective from annual periods beginning on or after 1 January 2019, with early application permitted.

The Group is in the process of assessing the impact of the amendments on financial position or performance of the Group.

##### *Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)*

On 7 February 2018, the IASB published Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement” to harmonise accounting practices and to provide more relevant information for decision-making. The amendments require entities to use updated actuarial assumptions to determine current service cost and net interest for the remainder of the annual reporting period after a plan amendment, curtailment or settlement occurs. An entity shall apply these amendments for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. If an entity applies these amendments for an earlier period, it shall disclose that fact. The Group is in the process of assessing the impact of the interpretation on financial position or performance of the Group.

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### 4. DETERMINATION OF FAIR VALUES

Fair value determined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

#### ***i) Property and equipment:***

The fair value of property and equipment recognised as a result of a business combination is the estimated amount for which a property could be exchanged on the date of acquisition between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably and willingly. The fair value of items of equipment, fixtures and fittings is based on the market approach and cost approaches using quoted market prices for similar items when available and depreciated replacement cost when appropriate. Depreciated replacement cost reflects adjustments for physical deterioration as well as functional and economic obsolescence.

#### ***ii) Intangible assets:***

The fair value of intangible assets is based on the discounted cash flows expected to be derived from the use and eventual sale of the assets.

The fair values of customer relationship and DHMİ licence acquired in a business combination are determined according to the excess earnings method and depreciated replacement cost approach, respectively.

The airport operation right as an intangible asset is initially recognised at cost, being the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered less any financial asset recognised. The fair value of the consideration received or receivable for the construction services delivered includes a mark-up on the actual costs incurred to reflect a margin consistent with other similar construction work. Mark-up rates for TAV Esenboğa, TAV Gazipaşa, TAV Macedonia and TAV Ege are 0%, TAV Tbilisi and TAV Tunisia are 15% and %5 respectively.

#### ***iii) Trade and other receivables:***

The fair value of trade and other receivables is estimated as the present value of future cash flows discounted at the market rate of interest at the reporting date. Short-term receivables with no stated interest rate are measured at the original invoice amount if the effect of discounting is immaterial. This fair value is determined for disclosure purposes or when acquired in a business combination.

#### ***iv) Derivatives:***

The fair value is estimated by discounting the difference between the contractual forward price and the current forward price for the residual maturity of the contract using a risk-free interest rate (based on government bonds) or option pricing models.

The fair value of interest rate swaps is based on broker quotes. Those quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for a similar instrument at the measurement date.

Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

#### ***v) Other non-derivative financial liabilities:***

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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### As at and for the Nine-Month Period Ended 30 September 2018

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#### 4. DETERMINATION OF FAIR VALUES (continued)

##### Fair value hierarchy:

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: unobservable inputs for the asset or liability.

<b>30 September 2018</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Trade receivables	-	247,786	-
Loans and borrowings	-	(1,085,863)	-
Other payables (*)	-	(830,626)	-
Interest rate swap	-	(26,309)	-
<b>31 December 2017</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Trade receivables	-	208,525	-
Loans and borrowings	-	(1,118,717)	-
Other payables (*)	-	(799,047)	-
Interest rate swap	-	(36,166)	-
Forward	-	(2,303)	-

(\*) Other payables do not include advances received.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

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#### 5. OPERATING SEGMENTS

##### Operating Segments:

For management purposes, the Group and its joint ventures are currently organised into four reportable segments regarding to their activities; such as Terminal Operations, Catering Operations, Duty Free Operations, Ground Handling and Bus Operations. These reportable segments are the basis on which the Group reports its primary segment information, the principal activities of each are as follows:

- **Terminal operations:** Operating terminal buildings, the car park and the general aviation terminal, the Group companies included in this segment are TAV İstanbul, TAV Esenboğa, TAV Ege, TAV Milas Bodrum, TAV Tunisia, TAV Tbilisi, TAV Batumi, Batumi Airport LLC, TAV Macedonia, TAV Gazipaşa, TAV Uluslararası Yatırım, Tibah Development, Tibah Operation, MZLZ, MZLZ Operation and AMS. TAV Tbilisi, TAV Batumi, TAV Tunisia, TAV Macedonia, TAV Gazipaşa,, MZLZ and TAV Antalya also include the ground handling operations, and parking-apron-taxi ways as they are not outsourced and are run by the airport.
- **Catering operations:** Managing all food and beverage operations of the terminal, both for the passengers and the terminal personnel, which is run by BTA, BTA Georgia, BTA Tunisia, BTA Macedonia, Cakes & Bakes, BTA Tedarik, BTA Danışmanlık, BTA Latvia, BTA Denizyolları, BTU Lokum, BTU Gıda, BTA Medinah, BS Kahve, BTA Uluslararası Yiyecek, BTA Erus, BTA MZLZ and BTA France.
- **Duty free operations:** Sales of duty free goods for the international arriving and departing passengers. The Group operates its duty free services through ATU, ATU Georgia, ATU Tunisia, ATU Macedonia, ATU Latvia, ATU Tunisia Duty Free, ATU Medinah, ATU Mağazacılık, ATU Uluslararası Mağazacılık and ATU Americas.
- **Ground handling and bus operations:** Providing traffic, ramp, flight operation, cargo and all other ground handling services for domestic and international flights under the Civil Aviation Legislation License. The Group operates the ground handling services through HAVAŞ, HAVAŞ Europe, HAVAŞ Europe Helsinki, HAVAŞ Germany, TAV Gözen, TGS and Saudi HAVAŞ. HAVAŞ, HYT İzmir, HYT Muğla and HYT Samsun provides bus operations.
- **Other:** Providing lounge services, IT, security and education services, airline taxi services, the Group companies included in this segment are TAV Holding, TAV Latvia, TAV İşletme, TAV İşletme Georgia, TAV İşletme Tunisia, TAV İşletme Tunisia Plus, TAV İşletme Macedonia, TAV İşletme Germany, TAV İşletme Latvia, TAV İşletme Kenya, TAV İşletme America, TAV İşletme Washington, TAV İşletme Saudi, TAV İşletme Chile, TAV Havacılık, TAV Bilişim, TAV IT Saudi, TAV Güvenlik, TAV Akademi, TAV Aviation Minds, Aviator Netherlands, ZAIC-A, ATU Holdings, Medinah Hotel and TAV Antalya Invest.

Information regarding the results of each reportable segment is included below. Performance is measured based on segment operating profit, as included in the internal management reports that are reviewed by the Group's Management. Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on arm's length basis.

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Interim Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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### 5. SEGMENT REPORTING (continued)

#### Operating Segments (continued)

	Nine-month period ended 30 September											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total external revenues	683,281	538,098	114,010	109,729	262,762	252,500	214,306	204,521	75,702	70,876	1,350,061	1,175,724
Inter-segment revenue	136,119	129,291	15,687	17,135	45	-	-	-	35,411	24,112	187,262	170,538
Construction revenue	-	16,923	-	-	-	-	-	-	-	-	-	16,923
Construction expenditure	-	(16,923)	-	-	-	-	-	-	-	-	-	(16,923)
Interest income	8,338	5,716	416	154	397	856	1,115	408	9,239	8,047	19,505	15,181
Interest expense	(61,961)	(54,045)	(1,064)	(993)	(55)	(5)	(1,015)	(882)	(6,103)	(1,937)	(70,198)	(57,862)
Depreciation and amortisation	(102,144)	(87,826)	(4,288)	(4,346)	(3,601)	(3,425)	(8,916)	(9,971)	(4,573)	(3,846)	(123,522)	(109,414)
Reportable segment operating profit	379,680	240,410	10,241	8,594	25,119	21,979	24,707	35,633	(35,167)	12,913	404,580	319,529
Capital expenditure	7,348	19,599	9,588	5,584	319	2,481	13,482	7,411	35,565	2,828	66,302	37,903
	As at 30 September 2018 and 31 December 2017											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017	30 September 2018	31 December 2017
Reportable segment assets	3,181,160	2,716,949	64,027	52,677	72,940	75,067	278,600	176,232	545,626	368,358	4,142,353	3,389,283
Reportable segment liabilities	2,515,988	2,257,683	46,431	39,942	57,784	61,763	155,122	81,583	385,605	77,372	3,160,930	2,518,343

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Consolidated Interim Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

### 5. SEGMENT REPORTING (continued)

#### Operating Segments (continued)

	Three-month period ended 30 September											
	Terminal Operations		Catering Operations		Duty Free Operations		Ground Handling and Bus Operations		Other Operations		Total	
	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017	2018	2017
Total external revenues	304,253	217,061	42,460	44,200	97,747	100,573	82,379	84,650	25,796	23,159	552,635	469,643
Inter-segment revenue	49,953	51,098	4,858	6,196	8	-	-	-	11,393	8,863	66,212	66,157
Construction revenue	-	3,459	-	-	-	-	-	-	-	-	-	3,459
Construction expenditure	-	(3,459)	-	-	-	-	-	-	-	-	-	(3,459)
Interest income	3,565	2,425	181	79	-	276	638	169	3,944	2,642	8,328	5,591
Interest expense	(20,899)	(15,229)	(305)	(255)	189	-	(506)	(246)	(3,613)	(487)	(25,134)	(16,217)
Depreciation and amortisation	(43,963)	(29,676)	(1,257)	(1,466)	(1,181)	(1,170)	(3,646)	(3,317)	(1,578)	(1,240)	(51,625)	(36,869)
Reportable segment operating profit / (loss)	197,738	121,402	8,381	5,967	10,519	11,646	8,784	22,642	(37,630)	4,514	187,792	166,171
Capital expenditure	3,430	4,296	3,241	736	-	398	6,319	5,528	-	999	12,990	11,957

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Interim Condensed Consolidated Financial Statements

### As at and for the Nine-Month Period Ended 30 September 2018

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

#### 5. OPERATING SEGMENTS (continued)

##### Reconciliations of reportable segment revenues, profit before tax, assets and liabilities and other material items

	<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
<b>Revenues</b>				
Total revenue for reportable segments	1,426,210	581,658	1,268,197	507,237
Other revenue	111,113	37,189	94,988	32,022
Elimination of inter-segment revenue	(187,262)	(66,212)	(170,538)	(66,157)
	<b>1,350,061</b>	<b>552,635</b>	<b>1,192,647</b>	<b>473,102</b>
Effect of using the equity method for joint ventures	(455,176)	(203,008)	(326,785)	(128,620)
<b>Consolidated revenue</b>	<b>894,885</b>	<b>349,627</b>	<b>865,862</b>	<b>344,482</b>
	<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
<b>Operating profit</b>				
Segment operating profit	439,747	225,422	306,616	161,657
Other operating (loss) / profit	(35,167)	(37,630)	12,913	4,514
Elimination of inter-segment operating loss	(2,631)	(407)	(576)	1,234
	<b>401,949</b>	<b>187,385</b>	<b>318,953</b>	<b>167,405</b>
Effect of using the equity method for joint ventures	(11,813)	7,943	(18,577)	(8,492)
<b>Consolidated operating profit</b>	<b>390,136</b>	<b>195,328</b>	<b>300,376</b>	<b>158,913</b>
Finance income	11,934	4,882	8,221	3,606
Finance expense	(110,798)	(47,749)	(84,845)	(30,464)
<b>Consolidated profit before tax</b>	<b>291,272</b>	<b>152,461</b>	<b>223,752</b>	<b>132,055</b>
			<b>30 September 2018</b>	<b>31 December 2017</b>
<b>Assets</b>				
Total assets for reportable segments			3,596,727	3,020,925
Other assets			545,626	368,358
			<b>4,142,353</b>	<b>3,389,283</b>
Effect of using the equity method for joint ventures			(749,608)	(387,014)
<b>Consolidated total assets</b>			<b>3,392,745</b>	<b>3,002,269</b>
			<b>30 September 2018</b>	<b>31 December 2017</b>
<b>Liabilities</b>				
Total liabilities for reportable segments			2,775,325	2,440,971
Other liabilities			385,605	77,372
			<b>3,160,930</b>	<b>2,518,343</b>
Effect of using the equity method for joint ventures			(770,025)	(405,360)
<b>Consolidated total liabilities</b>			<b>2,390,905</b>	<b>2,112,983</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

### 5. OPERATING SEGMENTS (continued)

	<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
<b>Interest income</b>				
Total interest income for reportable segments	10,266	4,521	7,134	2,954
Other interest income	9,239	3,944	8,047	2,642
Elimination of inter-segment interest income	(6,449)	(2,877)	(6,146)	(1,727)
	<b>13,056</b>	<b>5,588</b>	<b>9,035</b>	<b>3,869</b>
Effect of using the equity method for joint ventures	(1,122)	(706)	(814)	(263)
<b>Consolidated interest income</b>	<b>11,934</b>	<b>4,882</b>	<b>8,221</b>	<b>3,606</b>
	<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
<b>Interest expense</b>				
Total interest expense for reportable segments	(64,095)	(21,658)	(55,925)	(15,735)
Other interest expense	(6,103)	(3,613)	(1,937)	(487)
Elimination of inter-segment interest expense	6,001	2,717	6,000	1,677
	<b>(64,197)</b>	<b>(22,554)</b>	<b>(51,862)</b>	<b>(14,545)</b>
Effect of using the equity method for joint ventures	12,207	5,059	9,595	3,197
<b>Consolidated interest expense</b>	<b>(51,990)</b>	<b>(17,495)</b>	<b>(42,267)</b>	<b>(11,348)</b>

### Geographical information

The main geographical segments of the Group and its joint ventures are comprised of Turkey, Tunisia, Georgia, and Macedonia.

In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of revenue. Segment assets are based on the geographical location of the assets.

	<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
<b>Revenue</b>				
Turkey	774,205	294,888	744,813	292,317
Georgia	66,927	29,264	78,412	31,229
Tunisia	24,340	14,496	17,723	10,392
Macedonia	22,724	9,546	19,844	8,536
Other	6,689	1,433	5,070	2,008
<b>Consolidated revenue</b>	<b>894,885</b>	<b>349,627</b>	<b>865,862</b>	<b>344,482</b>
		<b>30 September 2018</b>	<b>31 December 2017</b>	
<b>Non-current assets</b>				
Turkey		2,055,035	1,630,133	
Tunisia		402,574	413,394	
Georgia		70,803	72,206	
Macedonia		56,667	59,080	
Other		629	636	
<b>Consolidated non-current assets</b>		<b>2,585,708</b>	<b>2,175,449</b>	

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

### 6. OPERATING REVENUE

An analysis of the Group's operating revenue for the period ended 30 September are as follows:

	<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
Aviation income	317,176	135,489	282,270	120,767
Commission from sales of duty free goods	183,327	67,341	180,448	70,953
Ground handling income	123,367	52,948	117,980	52,241
Catering services income	81,954	30,980	74,567	30,812
Area allocation income	33,856	11,311	35,467	10,448
Income from car parking operations and valet service income	23,082	7,571	22,397	8,190
Software sales income	18,571	5,361	25,522	7,714
Income from lounge services	17,670	6,076	15,625	5,923
Rent income from sublease	14,557	5,305	14,513	5,987
Prime class income	13,162	5,368	5,686	2,484
Bus services income	10,879	3,498	10,310	4,432
Advertising income	8,654	2,515	10,793	3,709
Operating financial revenue	7,704	2,408	8,433	2,691
Loyalty card income	6,599	1,830	6,468	2,373
Security services income	6,105	2,054	4,921	1,678
Hotel and reservation income	5,636	1,913	4,908	1,784
Utility and general participation income	3,926	1,275	4,357	1,375
Retail income	2,228	566	6,104	1,598
Other operating revenue	16,432	5,818	18,170	5,864
<b>Total operating revenue</b>	<b>894,885</b>	<b>349,627</b>	<b>848,939</b>	<b>341,023</b>

### 7. TAX EXPENSE

An analysis of the Group's tax expense for the periods ended 30 September 2018 and 2017 are as follows:

#### Tax recognised in profit or loss

	<b>2018</b>	<b>2017</b>
<b><u>Current tax expense</u></b>		
Current year tax expense	65,108	44,300
	<u>65,108</u>	<u>44,300</u>
<b><u>Deferred tax benefit</u></b>		
Origination and reversal of temporary differences	7,248	2,791
Change in previously recognised investment incentives	2,900	898
Change in previously recognised tax losses	170	162
	<u>10,318</u>	<u>3,851</u>
<b>Total tax expense</b>	<b>75,426</b>	<b>48,151</b>

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

### 7. TAX EXPENSE (continued)

The reported tax expenses for the periods ended 30 September 2018 and 2017 are different than the amounts computed by applying the statutory tax rate to profit before tax of the Group, as shown in the following reconciliation:

	%	2018	%	2017
Profit for the year		215,846		175,601
Total tax expense		75,426		48,151
<b>Profit before tax</b>		<b>291,272</b>		<b>223,752</b>
Tax using the Company's domestic tax rate	22	64,080	20	44,742
Tax effects of:				
- nondeductible expenses	-	994	-	348
- translation of non-monetary items according to IAS 21	5	14,050	4	8,669
- change in previously recognised investment incentives	1	2,900	-	898
- tax exempt income	(1)	(1,654)	-	(6,473)
- used tax loss carry forwards which no deferred tax asset is recognised	3	9,933	-	-
- current year losses for which no deferred tax asset is recognised	-	1,042	3	5,748
- effect of different tax rates for foreign jurisdictions	(2)	(4,404)	(1)	(2,694)
- change in unrecognized temporary differences	-	(484)	-	(863)
- adjustment for equity accounted investees	(4)	(11,601)	-	(119)
- other consolidation adjustments	-	570	(1)	(2,105)
<b>Tax expense</b>	<b>24</b>	<b>75,426</b>	<b>25</b>	<b>48,151</b>

#### Corporate tax:

	30 September 2018	31 December 2017
Corporate tax provision	65,108	58,617
Adjustments for prior years	-	68
Add: taxes payable from previous year	19,767	23,146
Less: corporation taxes paid during the year	(55,721)	(62,064)
<b>Current tax liabilities</b>	<b>29,154</b>	<b>19,767</b>

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 8. AIRPORT OPERATION RIGHT

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas-Bodrum Airport	Total
<b>Cost</b>							
<b>Balance at 1 January 2017</b>	<b>773,654</b>	<b>102,253</b>	<b>519,192</b>	<b>45,700</b>	<b>86,736</b>	<b>490,463</b>	<b>2,017,998</b>
Effect of movements in exchange rates	-	(4,587)	-	-	-	-	(4,587)
Additions (*)	-	16,542	-	-	-	-	16,542
<b>Balance at 30 September 2017</b>	<b>773,654</b>	<b>114,208</b>	<b>519,192</b>	<b>45,700</b>	<b>86,736</b>	<b>490,463</b>	<b>2,029,953</b>
<b>Balance at 1 January 2018</b>	<b>773,654</b>	<b>107,611</b>	<b>519,192</b>	<b>45,700</b>	<b>86,736</b>	<b>490,463</b>	<b>2,023,356</b>
Effect of movements in exchange rates	-	2,620	-	-	-	-	2,620
<b>Balance at 30 September 2018</b>	<b>773,654</b>	<b>110,231</b>	<b>519,192</b>	<b>45,700</b>	<b>86,736</b>	<b>490,463</b>	<b>2,025,976</b>

(\*) As at 30 September 2017 additions to airport operation right is related with the construction works at runway and terminal of Tbilisi International Airport.

There is no capitalised borrowing cost on airport operation right during 2018 (30 September 2017: None).

# TAV Havalimanları Holding A.Ş. and its Subsidiaries

## Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

### 8. AIRPORT OPERATION RIGHT (continued)

	İzmir Adnan Menderes International Airport	Tbilisi International Airport	Enfidha International Airport	Alanya Gazipaşa Airport	Skopje International Airport	Milas-Bodrum Airport	Total
<b><u>Accumulated amortisation</u></b>							
<b>Balance at 1 January 2017</b>	<b>142,466</b>	<b>37,967</b>	<b>94,729</b>	<b>7,701</b>	<b>25,055</b>	<b>16,150</b>	<b>324,068</b>
Effect of movements in exchange rates	-	(1,957)	-	-	-	-	(1,957)
Amortisation for the period	18,917	4,992	10,401	1,480	3,456	8,158	47,404
<b>Balance at 30 September 2017</b>	<b>161,383</b>	<b>41,002</b>	<b>105,130</b>	<b>9,181</b>	<b>28,511</b>	<b>24,308</b>	<b>369,515</b>
<b>Balance at 1 January 2018</b>	<b>166,266</b>	<b>39,919</b>	<b>108,597</b>	<b>9,351</b>	<b>29,301</b>	<b>52,288</b>	<b>405,722</b>
Effect of movements in exchange rates	-	768	-	-	-	-	768
Amortisation for the period	20,704	4,439	10,401	764	2,598	7,506	46,412
<b>Balance at 30 September 2018</b>	<b>186,970</b>	<b>45,126</b>	<b>118,998</b>	<b>10,115</b>	<b>31,899</b>	<b>59,794</b>	<b>452,902</b>
<b><u>Carrying amounts</u></b>							
<b>At 30 September 2017</b>	<b>612,271</b>	<b>73,206</b>	<b>414,062</b>	<b>36,519</b>	<b>58,225</b>	<b>466,155</b>	<b>1,660,438</b>
<b>At 31 December 2017</b>	<b>607,388</b>	<b>67,692</b>	<b>410,595</b>	<b>36,349</b>	<b>57,435</b>	<b>438,175</b>	<b>1,617,634</b>
<b>At 30 September 2018</b>	<b>586,684</b>	<b>65,105</b>	<b>400,194</b>	<b>35,585</b>	<b>54,837</b>	<b>430,669</b>	<b>1,573,074</b>

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 9. PREPAID CONCESSION AND RENT EXPENSES

An analysis of the Group's prepaid rent expenses as at 30 September 2018, 31 December 2017 and 30 September 2017 are as follows:

<u>30 September 2018</u>	<u>Concession and rent</u>	<u>Prepaid development expenditures</u>	<u>Total</u>
<b>Balance at 31 December 2017</b>	<b>68,576</b>	<b>9,269</b>	<b>77,845</b>
Concession and rent payments	116,042	-	116,042
Current period rent expense – TAV İstanbul	(111,115)	(2,303)	(113,418)
<b>Balance at 30 September 2018</b>	<b>73,503</b>	<b>6,966</b>	<b>80,469</b>
<b>Represented as current prepaid concession and rent expense</b>	<b>73,503</b>	<b>3,078</b>	<b>76,581</b>
<b>Represented as non-current prepaid concession and rent expense</b>	<b>-</b>	<b>3,888</b>	<b>3,888</b>
		<b>Prepaid development expenditures</b>	
<u>31 December 2017</u>	<u>Concession and rent</u>	<u>Prepaid development expenditures</u>	<u>Total</u>
<b>Balance at 31 December 2016</b>	<b>89,211</b>	<b>12,347</b>	<b>101,558</b>
Concession and rent payments	134,138	-	134,138
Current year rent expense – TAV İstanbul	(154,773)	(3,078)	(157,851)
<b>Balance at 31 December 2017</b>	<b>68,576</b>	<b>9,269</b>	<b>77,845</b>
<b>Represented as current prepaid concession and rent expense</b>	<b>68,576</b>	<b>3,078</b>	<b>71,654</b>
<b>Represented as non-current prepaid concession and rent expense</b>	<b>-</b>	<b>6,191</b>	<b>6,191</b>
		<b>Prepaid development expenditures</b>	
<u>30 September 2017</u>	<u>Concession and rent</u>	<u>Prepaid development expenditures</u>	<u>Total</u>
<b>Balance at 31 December 2016</b>	<b>89,211</b>	<b>12,347</b>	<b>101,558</b>
Concession and rent payments	134,138	-	134,138
Current period rent expense – TAV İstanbul	(115,092)	(2,303)	(117,395)
<b>Balance at 30 September 2017</b>	<b>108,257</b>	<b>10,044</b>	<b>118,301</b>
<b>Represented as current prepaid concession and rent expense</b>	<b>108,257</b>	<b>3,077</b>	<b>111,334</b>
<b>Represented as non-current prepaid concession and rent expense</b>	<b>-</b>	<b>6,967</b>	<b>6,967</b>

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 10. OTHER RECEIVABLES, CURRENT AND NON-CURRENT ASSETS

At 30 September 2018 and 31 December 2017, other receivables and current assets comprised the following:

<u>Other receivables and current assets</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
VAT deductible	17,165	18,191
Advances to suppliers	6,741	12,613
Prepaid taxes and funds	4,958	3,301
Other prepaid expense	3,303	3,519
Income accruals	3,299	10,573
Prepaid insurance	1,899	2,814
Advances given to personnel	605	594
Other receivables	4,541	9,208
	<u><b>42,511</b></u>	<u><b>60,813</b></u>

#### 11. TRADE RECEIVABLES

At 30 September 2018 and 31 December 2017, trade receivables comprised the following:

<u>Trade receivables:</u>	<u>30 September 2018</u>	<u>31 December 2017</u>
Trade receivables	153,059	104,006
Guaranteed passenger fee receivable from DHMİ (*)	21,197	20,291
Doubtful receivables	12,134	13,316
Allowance for doubtful receivables (-)	(12,134)	(13,316)
Notes receivable	2,586	5,182
Other	-	83
	<u><b>176,842</b></u>	<u><b>129,562</b></u>
 <u>Non-current trade receivables:</u>		
Guaranteed passenger fee receivable from DHMİ (*)	70,944	78,963
	<u><b>70,944</b></u>	<u><b>78,963</b></u>

(\*) Guaranteed passenger fee receivable represents the remaining discounted guaranteed passenger fee to be received from DHMİ according to the agreement made for the operations of Ankara Esenboğa Airport as a result of IFRIC 12 application.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 12. CASH AND CASH EQUIVALENTS

At 30 September 2018 and 31 December 2017, cash and cash equivalents comprised the following:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Cash on hand	1,148	961
Cash at banks		
- Demand deposits	69,249	62,890
- Time deposits	293,176	278,565
Other liquid assets	1,171	1,798
Cash and cash equivalents	<b>364,744</b>	<b>344,214</b>
Bank overdraft	(278)	-
Cash and cash equivalents in the statement of cash flows	<b>364,466</b>	<b>344,214</b>

The details of the Group's time deposits, maturities and interest rates as at 30 September 2018 and 31 December 2017 are as follows:

<b>30 September 2018</b>			
<u>Original Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	October 2018	0.01 - 4.40	235,629
USD	October 2018	0.60 - 6.80	51,682
TRL	October 2018	12.75 - 26.00	4,809
Other			1,056
			<b>293,176</b>
<b>31 December 2017</b>			
<u>Original Currency</u>	<u>Maturity</u>	<u>Interest rate %</u>	<u>Balance</u>
USD	January 2018	0.60 - 4.40	208,492
EUR	January 2018	0.01 - 2.20	56,381
TRL	January 2018	3.50 - 15.35	13,692
			<b>278,565</b>

The Group's exposure to interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in Note 19. There is no blockage or restriction on the use of cash and cash equivalents as at 30 September 2018 and 31 December 2017.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 13. RESTRICTED BANK BALANCES

At 30 September 2018 and 31 December 2017, restricted bank balances comprised the following:

	<u>30 September 2018</u>	<u>31 December 2017</u>
Project reserve and funding accounts (*)	101,645	188,344
	<u><b>101,645</b></u>	<u><b>188,344</b></u>

(\*) Certain subsidiaries, namely TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum, TAV Ege and TAV Holding (“the Borrowers”) opened Project Accounts designated mainly in order to reserve required amount of debt services, lease payment to DHMİ and other state authorities based on agreements with their lenders (31 December 2017: TAV İstanbul, TAV Esenboğa, TAV Tunisia, TAV Macedonia, TAV Milas Bodrum, TAV Ege and TAV Holding). As a result of pledges regarding the project bank loans as explained in Note 16, all cash except for cash on hand are classified in these accounts for TAV Esenboğa, TAV Tunisia, TAV Ege, TAV Macedonia and TAV Milas Bodrum. Based on these agreements, the Group can access and use such restricted cash as per the conditions and cascade defined in respective loan agreements. The project accounts should be used for predetermined purposes, such as, operational expenses, loan repayments or rent payments to airport administrations, tax payments, debt service, etc.

#### 30 September 2018

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	0.50 - 3.30	94,619
TRL	21.50 - 25.00	3,465
USD	2.11 - 6.80	2,990
Other		571
		<u><b>101,645</b></u>

#### 31 December 2017

<u>Original Currency</u>	<u>Interest rate %</u>	<u>Balance</u>
EUR	0.25 - 2.00	180,345
TRL	13.75 - 14.20	5,577
USD	0.25 - 4.00	2,124
Other		298
		<u><b>188,344</b></u>

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 14. CAPITAL AND RESERVES

At 30 September 2018 and 31 December 2017, the shareholding structure of the Company was as follows:

<u>Shareholders</u>	<u>(%)</u>	<u>30 September 2018</u>
Tank ÖWA Alpha GmbH	46.12	167,542
Tepe İnşaat Sanayi A.Ş. (“Tepe İnşaat”)	5.06	18,375
Sera Yapı Endüstrisi ve Ticaret A.Ş. (“Sera Yapı”)	1.29	4,682
Other non-floated	3.20	11,625
Other free float	44.33	161,057
<b>Paid in capital in TRL (nominal)</b>	<b>100.00</b>	<b>363,281</b>
Paid in capital in EUR (nominal) as at 30 September 2018		52,267
Effect of non-cash increases and exchange rates		110,117
<b>Paid in capital EUR</b>		<b>162,384</b>

<u>Shareholders</u>	<u>(%)</u>	<u>31 December 2017</u>
Tank ÖWA Alpha GmbH	46.12	167,542
Tepe İnşaat	5.06	18,375
Sera Yapı	1.29	4,682
Other non-floated	3.20	11,625
Other free float	44.33	161,057
<b>Paid in capital in TRL (nominal)</b>	<b>100.00</b>	<b>363,281</b>
Paid in capital in EUR (nominal) as at 31 December 2017		80,452
Effect of non-cash increases and exchange rates		81,932
<b>Paid in capital EUR</b>		<b>162,384</b>

According to the announcement dated 7 July 2017, the share transfer of Akfen Holding’s 8.119% stake in TAV Airports to Tank ÖWA Alpha GmbH, which is wholly owned by Groupe ADP, has been completed.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 15. EARNINGS PER SHARE

The calculation of basic and diluted EPS at 30 September 2018 was based on the profit attributable to ordinary shareholders of EUR 205,585 (30 September 2017: EUR 163,379) and a weighted average number of ordinary shares outstanding of 363,281,250 (30 September 2017: 363,281,250), as follows:

	<u>1 January - 30 September 2018</u>	<u>1 July - 30 September 2018</u>	<u>1 January - 30 September 2017</u>	<u>1 July - 30 September 2017</u>
Numerator:				
Profit for the period attributable to owners of the Company	205,585	112,439	164,871	104,875
Denominator:				
Weighted average number of shares	363,281,250	363,281,250	363,281,250	363,281,250
<b>Basic and diluted profit per share (full EUR)</b>	<b>0.57</b>	<b>0.31</b>	<b>0.45</b>	<b>0.29</b>
	<u>1 January - 30 September 2018</u>	<u>1 July - 30 September 2018</u>	<u>1 January - 30 September 2017</u>	<u>1 July - 30 September 2017</u>
Issued ordinary shares at 1 January	363,281,250	363,281,250	363,281,250	363,281,250
Effect of shares issued during the year	-	-	-	-
<b>Weighted average number of ordinary shares</b>	<b>363,281,250</b>	<b>363,281,250</b>	<b>363,281,250</b>	<b>363,281,250</b>

#### 16. LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's interest-bearing loans and borrowings, which are measured at amortised cost. For more information about the Group's exposure to foreign currency risk arising from these loans and borrowings, see Note 19.

	<u>30 September 2018</u>	<u>31 December 2017</u>
<b>Non-current liabilities</b>		
Secured bank loans (*)	560,196	514,398
Unsecured bank loans	35,758	26,069
Finance lease liabilities	9,772	10,601
	<b>605,726</b>	<b>551,068</b>
<b>Current liabilities</b>		
Short term secured bank loans	366,473	359,550
Current portion of long term secured bank loans (*)	92,427	195,278
Short term unsecured bank loans	10,166	-
Current portion of long term unsecured bank loans	9,601	11,003
Current portion of finance lease liabilities	1,470	1,818
	<b>480,137</b>	<b>567,649</b>

(\*) Secured bank loans mainly consist of project finance loans that have been secured by pledges.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 16. LOANS AND BORROWINGS (continued)

The Group's total bank loans and finance lease liabilities as at 30 September 2018 and 31 December 2017 are as follows:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Bank loans	1,074,621	1,106,298
Finance lease liabilities	11,242	12,419
	<b><u>1,085,863</u></b>	<b><u>1,118,717</u></b>

The Group's bank loans as at 30 September 2018 are as follows:

	<b>Presented as</b>		
	<b><u>Current liabilities</u></b>	<b><u>Non-current liabilities</u></b>	<b><u>Total</u></b>
TAV Tunisia (*)	366,013	-	366,013
TAV Ege	14,043	219,673	233,716
TAV Milas Bodrum	11,448	135,273	146,721
TAV Esenboğa	16,173	93,079	109,252
HAVAŞ	15,650	44,609	60,259
TAV Macedonia	8,197	44,585	52,782
TAV Gazipaşa	27,375	22,977	50,352
Other	19,768	35,758	55,526
	<b><u>478,667</u></b>	<b><u>595,954</u></b>	<b><u>1,074,621</u></b>

(\*) TAV Tunisia had started negotiations with the Tunisian Authorities and the Lenders regarding a potential restructuring to restore the economic balance of the concession in line with the Concession Agreement terms. In the meantime, Tunisia has suffered from major terrorist attacks on 18 March 2015 and 26 June 2015, which had a substantial negative impact on tourism and passenger traffic, which in turn negatively affected the revenues of TAV Tunisia. Passenger traffic has dropped by 58% from 3.3 million in 2014 to 1.4 million in 2015 and increased to 1.7 million in 2017. Under these new adverse circumstances, TAV Tunisia continued to be engaged in negotiations with the Tunisian Authorities and its Lenders for the restructuring of its concession and financing arrangements, with the aim to reach an agreement. The negotiations are in an advanced stage.

In the meantime, since TAV Tunisia has been in breach of its financing agreements due to its current difficulties, non-current loan liabilities of TAV Tunisia were reclassified to current loan liabilities on 30 June 2015 and the amount outstanding as of 30 September 2018 is EUR 366,013. Consequently minority deficit amounting to EUR 20,993 (31 December 2017: EUR 19,604) has been classified to other accruals and liabilities which is presented at a fair value of EUR 31,907 (31 December 2017: EUR 31,538). TAV Tunisia received an Acceleration Notice from the Lenders accompanied by a Letter of Intent stating that the Lenders' current intention is to protect their security rights while continuing the three-party negotiations towards a restructuring and they do not intend to make the loans due and payable. Tunisian Authorities also granted an extension of their standstill period until 30 November 2018, to be further extended in line with the calendar for the signing of a restructuring agreement. Furthermore, TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 64,265 becoming due and payable (31 December 2017: EUR 63,785).

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 16. LOANS AND BORROWINGS (continued)

The Company has been advised by its legal counsels that under the Finance Documents the Hedging Banks cannot act alone in demanding these payments and hence a coordinated solution among all Lenders in line with the Standstill Agreement is currently being negotiated.

While the management believes that the signing of the restructuring agreement in the near future is very likely, in the event that it is not signed and a joint solution cannot be reached in due course, TAV Tunisia is exposed to the material legal and financial consequences including but not limited to using its legal rights including filing for arbitration for the rebalancing of the Concession Agreement and, in failure to be able to do so, the termination of the Concession Agreement.

The Group's bank loans as at 31 December 2017 are as follows:

	Presented as		
	<u>Current liabilities</u>	<u>Non-current liabilities</u>	<u>Total</u>
TAV Tunisia	359,104	-	359,104
TAV Ege	13,734	217,164	230,898
TAV Milas Bodrum	10,905	135,431	146,336
TAV İstanbul	137,574	-	137,574
TAV Esenboğa	15,856	42,843	58,699
TAV Macedonia	7,612	46,221	53,833
TAV Gazipaşa	1,469	48,005	49,474
HAVAŞ	8,573	24,734	33,307
Other	11,004	26,069	37,073
	<u>565,831</u>	<u>540,467</u>	<u>1,106,298</u>

Redemption schedules of the Group's bank loans according to original maturities as at 30 September 2018 and 31 December 2017 are as follows:

	<u>30 September 2018</u>	<u>31 December 2017</u>
On demand or within one year	478,667	565,831
In the second year	94,579	94,284
In the third year	123,905	93,819
In the fourth year	73,577	55,632
In the fifth year	66,314	42,025
After five years	237,579	254,707
	<u>1,074,621</u>	<u>1,106,298</u>

The majority of the borrowings are arranged at floating rates, thus exposing the Group to cash flow interest rate risk. Spreads for EUR denominated loans as at 30 September 2018 are between 1.54% - 5.50%, USD denominated loan as at 30 September 2018 is 3.00% (31 December 2017: Spreads for EUR denominated loans as at 31 December 2017 are between 1.54% - 5.50%, USD denominated loan as at 31 December 2017 is 2.90%).

Interest payments of 100%, 100%, 100% and 90% of floating bank loans for TAV Ege, TAV Macedonia, TAV İşletme and TAV Milas Bodrum respectively are fixed with interest rate swaps.

The Group has obtained project financing loans to finance construction of its BOT and BTO concession projects, namely TAV Esenboğa, TAV Macedonia, TAV Tunisia and TAV Ege; and to be able to finance advance payments to DHMİ related to rent agreement of TAV Milas Bodrum.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 17. OTHER PAYABLES

At 30 September 2018 and 31 December 2017, other payables comprised the following:

	<b>30 September 2018</b>	<b>31 December 2017</b>
<b>Other short term payables</b>		
Concession payable (*)	90,416	116,766
Expense accruals	17,542	16,930
Advances received	5,446	6,398
Social security premiums payable	4,375	7,244
Taxes and duties payable	4,175	5,418
Due to personnel	3,334	2,658
Other accruals and liabilities (**)	161,954	96,429
	<b>287,242</b>	<b>251,843</b>
<b>Other long term payables</b>		
Concession payable (*)	548,117	552,866
Other accruals and liabilities	713	736
	<b>548,830</b>	<b>553,602</b>

The Group's exposure to currency and liquidity risk is related to other payables is disclosed in Note 19.

(\*) TAV Tunisia has a concession period of 40 years and annual concession fee is paid based on the annual revenue of Monastir and Enfidha Airports. The concession fee is computed at an increasing rate between 11% and 26% of the annual revenues.

The concession fee of TAV Macedonia is 15% of the gross annual turnover until the number of passengers using the two airports reaches to 1 million, and when the number of passengers exceeds 1 million, this percentage shall change between 4% and 2% depending on the number of passengers.

A concession agreement was executed between TAV Milas Bodrum and DHMİ on 11 July 2015 for the leasing of the operating rights of the Milas Bodrum Airport's existing international terminal, CIP, general aviation terminal, domestic terminal and its auxiliaries. The agreement covers the operation right of the international terminal starting from 22 October 2015 to 31 December 2035 (approximately 20 years and 2 months) and operation right of the domestic terminal starting from July 2014 to December 2035. The concession payable of TAV Milas Bodrum domestic terminal is presented in financials EUR 320,913 as of 30 September 2018 (31 December 2017: EUR 336,342).

The concession payable of the international and domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 284,308 as of 30 September 2018 (The concession payable of the domestic terminal of İzmir Adnan Menderes Airport is presented in financials EUR 301,539 as of 31 December 2017).

(\*\*) See Note 16.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 18. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 September 2018 and 31 December 2017, derivative financial instruments comprised the following:

	30 September 2018		
	Assets	Liabilities	Net Amount
Interest rate swap (*)	136	(26,445)	(26,309)
	<b>136</b>	<b>(26,445)</b>	<b>(26,309)</b>
	31 December 2017		
	Assets	Liabilities	Net Amount
Interest rate swap (*)	26	(36,192)	(36,166)
Forward	-	(2,303)	(2,303)
	<b>26</b>	<b>(38,495)</b>	<b>(38,469)</b>

(\*) The Group applied hedge accounting for interest rate swaps and cross currency swaps.

#### **Interest rate swap:**

TAV Ege uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2018, 100% of project finance loan is hedged through IRS contract during the life of the loan with an amortising schedule depending on repayment of the loan (31 December 2017: 100%).

TAV Milas Bodrum uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2018, 90% of total loan is hedged through IRS contract (31 December 2017: 90%).

TAV Tunisia received Early Termination Letters from the Hedging Banks, which resulted in termination amounts of EUR 64,265 becoming due and payable.

TAV Macedonia uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2018, 100% of total loan is hedged through IRS contract (31 December 2017: 100%).

TAV İşletme uses interest rate swap to manage its exposure to interest rate fluctuations on its bank borrowings. As at 30 September 2018, 100% of total loan is hedged through IRS contract (31 December 2017: 100%).

The fair value of derivatives at 30 September 2018 is estimated at loss of EUR 26,309. This amount is based on market values of equivalent instruments at the reporting date. Since the Group applied hedge accounting as at 30 September 2018, changes in the fair value of these interest rate swaps and cross currency swaps are reflected to other comprehensive income resulting to an income of EUR 8,139 net of tax.

TAV Esenboğa terminated the hedge relationship in year 2018 due to refinancing (31 December 2017: 100%).

#### **Fair value disclosures:**

The Group has determined the estimated fair values of the financial instruments by using current market information and appropriate valuation methods.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 19. FINANCIAL INSTRUMENTS

##### Currency risk

##### *Exposure to currency risk:*

The Group's exposure to foreign currency risk in Euro equivalent of their original currencies are as follows:

##### **30 September 2018**

<b>Foreign currency denominated financial assets</b>	<b>USD</b>	<b>EUR (*)</b>	<b>TRL</b>	<b>Other</b>	<b>Total</b>
Other non-current assets	-	87	9	455	551
Trade receivables	42,281	6,469	15,466	20,430	84,646
Due from related parties	9,902	796	10,282	2,508	23,488
Other receivables and current assets	725	1,492	17,870	2,473	22,560
Restricted bank balances	2,984	-	3,443	577	7,004
Cash and cash equivalents	58,269	11,172	5,922	11,838	87,201
	<b>114,161</b>	<b>20,016</b>	<b>52,992</b>	<b>38,281</b>	<b>225,450</b>
<b>Foreign currency denominated financial liabilities</b>					
Loans and borrowings	(31,478)	(18,057)	-	(3)	(49,538)
Bank overdraft	(88)	-	(190)	-	(278)
Trade payables	(3,530)	(212)	(4,953)	(14,455)	(23,150)
Due to related parties	(146)	(444)	(50)	(1)	(641)
Other payables	(73,092)	(622)	(5,661)	(6,252)	(85,627)
	<b>(108,334)</b>	<b>(19,335)</b>	<b>(10,854)</b>	<b>(20,711)</b>	<b>(159,234)</b>
<b>Net exposure</b>	<b>5,827</b>	<b>681</b>	<b>42,138</b>	<b>17,570</b>	<b>66,216</b>

(\*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 19. FINANCIAL INSTRUMENTS (continued)

##### Currency risk (continued)

##### Exposure to currency risk (continued):

##### 31 December 2017

<b>Foreign currency denominated financial assets</b>	<b>USD</b>	<b>EUR (*)</b>	<b>TRL</b>	<b>Other</b>	<b>Total</b>
Other non-current assets	-	5,399	11	10	5,420
Trade receivables	28,633	1,760	25,018	13,377	68,788
Due from related parties	8,583	8,846	3,676	3,013	24,118
Other receivables and current assets	5,315	636	18,083	504	24,538
Restricted bank balances	2,105	-	5,542	298	7,945
Cash and cash equivalents	218,641	3,454	15,018	13,450	250,563
	<b>263,277</b>	<b>20,095</b>	<b>67,348</b>	<b>30,652</b>	<b>381,372</b>
<b>Foreign currency denominated financial liabilities</b>					
Loans and borrowings	(22,290)	(12,837)	-	(12)	(35,139)
Trade payables	(4,261)	(385)	(9,063)	(13,577)	(27,286)
Due to related parties	(118)	(531)	(25)	(18)	(692)
Other payables	(3,302)	(600)	(30,272)	(708)	(34,882)
	<b>(29,971)</b>	<b>(14,353)</b>	<b>(39,360)</b>	<b>(14,315)</b>	<b>(97,999)</b>
<b>Net exposure</b>	<b>233,306</b>	<b>5,742</b>	<b>27,988</b>	<b>16,337</b>	<b>283,373</b>

(\*) The figures in this column reflect the EUR position of subsidiaries that have functional currencies other than EUR.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 19. FINANCIAL INSTRUMENTS (continued)

##### *Sensitivity analysis:*

The Group's principal currency risk relates to changes in the value of the Euro relative to TRY and USD. The Group manages its exposure to foreign currency risk by entering into derivative contracts and, where possible, seeks to incur expenses with respect to each contract in the currency in which the contract is denominated and attempt to maintain its cash and cash equivalents in currencies consistent with its obligations.

The basis for the sensitivity analysis to measure foreign exchange risk is an aggregate corporate-level currency exposure. The aggregate foreign exchange exposure is composed of all assets and liabilities denominated in foreign currencies, both short-term and long-term purchase contracts.

A 10 percent strengthening / (weakening) of EUR against the following currencies at 30 September 2018 and 31 December 2017 would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant.

	Equity		Profit or loss	
	Strengthening of EUR	Weakening of EUR	Strengthening of EUR	Weakening of EUR
<b>30 September 2018</b>				
USD	-	-	(582)	582
TRY	-	-	(4,214)	4,214
Other	-	-	(1,757)	1,757
<b>Total</b>	-	-	<b>(6,553)</b>	<b>6,553</b>
<b>31 December 2017</b>				
USD	-	-	(23,331)	23,331
TRY	-	-	(2,799)	2,799
Other	-	-	(1,634)	1,634
<b>Total</b>	-	-	<b>(27,764)</b>	<b>27,764</b>

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 19. FINANCIAL INSTRUMENTS (continued)

##### Fair values

##### *Fair values versus carrying amounts:*

The fair values of financial assets and liabilities, together with the carrying amounts shown in the consolidated statement of financial position, are as follows:

	Note	30 September 2018		31 December 2017	
		Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>Financial assets</b>					
Trade receivables - non current	10	70,944	83,043	78,963	94,470
Trade receivables - current	10	176,842	177,813	129,562	130,585
Due from related parties	20	38,033	38,033	24,117	24,117
Other receivables and current assets (*)		42	42	14	14
Restricted bank balances	12	101,645	101,645	188,344	188,344
Cash and cash equivalents	11	364,744	364,744	344,214	344,214
Derivative financial instruments	17	136	136	26	26
<b>Financial liabilities</b>					
Bank overdraft		(278)	(278)	-	-
Loans and borrowings	15	(1,085,863)	(1,085,916)	(1,118,717)	(1,118,770)
Trade payables (**)		(41,261)	(41,261)	(43,950)	(43,950)
Due to related parties	20	(304,279)	(304,279)	(691)	(691)
Derivative financial instruments	17	(26,445)	(26,445)	(38,495)	(38,495)
Other payables (**)		(830,626)	(872,048)	(799,047)	(829,968)
		<b>(1,536,366)</b>	<b>(1,564,771)</b>	<b>(1,235,660)</b>	<b>(1,250,104)</b>

(\*) Non-financial instruments such as prepaid expenses, prepaid taxes and dues and advances given are excluded from other non-current assets and other receivables and current assets.

(\*\*) Non-financial instruments such as advances received are excluded from trade payables and other payables.

The methods used in determining the fair values of financial instruments are discussed in Note 4.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 20. COMMITMENTS, CONTINGENCIES AND CONTRACTUAL OBLIGATIONS

##### Commitments and contingencies

	<b>30 September 2018</b>	<b>31 December 2017</b>
Letters of guarantee given to third parties	241,398	234,416
Letters of guarantee given to DHMİ	218,076	213,393
Letters of guarantee given to Tunisian Government	19,409	20,104
Letters of guarantee given to GACA	11,108	14,185
Letters of guarantee given to Macedonian Government	250	250
	<b>490,241</b>	<b>482,348</b>

The Group is obliged to give 6% of the total rent amount of USD 152,580 of TAV İstanbul as a letter of guarantee according to the rent agreement made with DHMİ. The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of USD 12,835 (EUR 11,108) (31 December 2017: USD 16,983 (EUR 14,185)) to GACA according to the BTO agreement signed with GACA in Saudi Arabia. Furthermore, the Group is obliged to provide a letter of guarantee at an amount equivalent of USD 158,041 (EUR 136,778) (31 December 2017: USD 162,756 (EUR 135,953)) to National Commercial Bank which is included in letters of guarantee given to third parties. The total obligation has been provided by the Group.

The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 13,446 (31 December 2017: EUR 12,596) to the Ministry of State Property and Land Affairs and EUR 7,752 (31 December 2017: 7,508) to OACA according to the BOT agreements and its amendments signed with OACA in Tunisia. The total obligation has been provided by the Group.

TAV Ege is obliged to pay an aggregate amount of EUR 610,000 plus VAT during the rent period according to the concession agreement. 5% of this amount is already paid in two installments. The remaining amount will be paid in equal installments at the first business days of each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 36,600 to DHMİ. The total obligation has been provided by the Group.

TAV Milas Bodrum is obliged to pay an aggregate amount of EUR 717,000 plus VAT during the rent period according to the concession agreement. 20% of this amount is already paid. The remaining amount will be paid in equal installments at the last day of October for each year. Furthermore, The Group is obliged to give a letter of guarantee at an amount equivalent of EUR 43,020 to DHMİ. The total obligation has been provided by the Group.

Majority of letters of guarantee given to third parties includes the guarantees given to customs, lenders and some customers.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 21. RELATED PARTIES

The major immediate parents and ultimate controlling party of the Group is Group Aéroport de Paris.

##### Key management personnel compensation:

The remuneration of directors and other members of key management during the year comprised the following:

	<b>1 January - 30 September 2018</b>	<b>1 July - 30 September 2018</b>	<b>1 January - 30 September 2017</b>	<b>1 July - 30 September 2017</b>
Short-term benefits (salaries, bonuses etc.)	13,108	1,983	14,387	2,579
	<b>13,108</b>	<b>1,983</b>	<b>14,387</b>	<b>2,579</b>

As at 30 September 2018 and 31 December 2017, none of the Group's directors and executive officers has outstanding personnel loans from the Group.

The details of the transactions between the Group and any other related parties are disclosed below:

##### Other related party transactions:

	<b>30 September 2018</b>	<b>31 December 2017</b>
Due from related parties	28,805	16,307
Current loan to related parties	7,397	6,031
	<b>36,202</b>	<b>22,338</b>
	<b>30 September 2018</b>	<b>31 December 2017</b>
Non-current loan to related parties	1,831	1,779
	<b>1,831</b>	<b>1,779</b>
	<b>30 September 2018</b>	<b>31 December 2017</b>
<b>Due from related parties</b>		
TAV Tepe Akfen Yat. İnş ve İşl. A.Ş. ("TAV İnşaat") (1)	18,352	2,288
ATU Turizm İşletmeciliği A.Ş. ("ATU") (2) (*)	5,715	7,380
Saudi BTA Airports Food And Beverages Serv.Ltd. ("BTA Medinah") (2)	1,878	1,866
Tibah Airports Operation Limited ("Tibah Operation") (2)	1,204	1,307
BTA Denizyolları ve Limanları Yiyecek ve İçecek Hizmetleri Tic. A.Ş. ("BTA Denizyolları") (2)	511	699
TGS Yer Hizmetleri A.Ş. ("TGS") (2)	132	130
Other related parties	1,013	2,637
	<b>28,805</b>	<b>16,307</b>

(1) Subsidiary of shareholders

(2) Joint Venture

(\*) Receivables from ATU comprise of concession fee duty-free receivables.

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 21. RELATED PARTIES (continued)

	<b>30 September 2018</b>	<b>31 December 2017</b>
<b>Current loan to related parties</b>		
Tibah Airports Development Company CJSC (“Tibah Development”) (1)	3,321	2,397
TAV İnşaat (2)	1,672	1,772
TAV İşletme Medinah (1)	1,204	-
Other related parties	1,200	1,862
	<b>7,397</b>	<b>6,031</b>
<b>Non-current loan to related parties</b>		
Saudi HAVAŞ Ground Handling Services Limited (“Saudi HAVAŞ”) (1)	1,831	1,779
	<b>1,831</b>	<b>1,779</b>
<b>Due to related parties</b>		
Due to related parties	314	273
Current loan from related parties	340	418
	<b>654</b>	<b>691</b>
<b>Due to related parties</b>		
ATU (1)	230	248
Other related parties	84	25
	<b>314</b>	<b>273</b>
<b>Current loan from related parties</b>		
Tepe İnşaat (2)	340	414
Other related parties	-	4
	<b>340</b>	<b>418</b>
<b>Non-current loan from related parties</b>		
Tank ÖWA Alpha GmbH (3) (*)	303,625	-
	<b>303,625</b>	<b>-</b>

(\*) The Group has loan in the amount of EUR 303,625 from Tank ÖWA alpha GmbH with the maturity May 2021. The interest rate for this loan is 3% and there is no principal payment until May 2021.

- (1) Joint venture  
(2) Subsidiary of shareholders  
(3) Shareholder

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 21. RELATED PARTIES (continued)

	<u>30 September 2018</u>	<u>31 December 2017</u>
<b>Short term deferred income from related parties</b>		
ATU (1) (*)	4,426	4,697
	<u><b>4,426</b></u>	<u><b>4,697</b></u>
	<u>30 September 2018</u>	<u>31 December 2017</u>
<b>Long term deferred income from related parties</b>		
ATU (1) (*)	21,369	25,223
	<u><b>21,369</b></u>	<u><b>25,223</b></u>

(\*) Deferred income from related parties is related with the unearned portion of concession rent income from ATU.

	<u>1 January- 30 September 2018</u>	<u>1 July- 30 September 2018</u>	<u>1 January- 30 September 2017</u>	<u>1 July- 30 September 2017</u>
<b>Services rendered to related parties</b>				
ATU (1) (*)	193,476	70,938	191,228	74,859
TGS (1)	2,809	909	2,952	1,077
BTA Denizyolları (1)	1,111	379	1,559	671
Other related parties	7,012	2,324	5,417	722
	<u><b>204,408</b></u>	<u><b>74,550</b></u>	<u><b>201,156</b></u>	<u><b>77,329</b></u>

(\*) Services rendered to ATU comprise of concession fee for duty-free operations.

	<u>1 January- 30 September 2018</u>	<u>1 July- 30 September 2018</u>	<u>1 January- 30 September 2017</u>	<u>1 July- 30 September 2017</u>
<b>Services rendered by related parties</b>				
ATÜ (1)	377	145	452	210
Tepe Servis (2)	338	106	335	103
TGS (1)	119	47	172	39
TAV Gözen (1)	55	19	-	-
Tibah Development (1)	23	-	-	-
IBS Sigorta (*)	-	-	3,220	-
Akfen Elektrik Enerjisi Toptan Satış A.Ş. (*)	-	-	3,218	-
TAV İnşaat (2)	-	-	3,794	865
Other related parties	64	10	1,243	11
	<u><b>976</b></u>	<u><b>327</b></u>	<u><b>12,434</b></u>	<u><b>1,228</b></u>

(\*) IBS Sigorta provides insurance brokerage services to the Group. Akfen Elektrik Enerjisi Toptan Satış A.Ş. provides electric services to the group. Due to the share transfer of Akfen Holding's 8.119% stake in TAV Airports to Tank ÖWA Alpha GmbH, which is wholly owned by Groupe ADP, IBS Sigorta and Akfen Elektrik are no longer related party of the Group.

- (1) Joint venture  
(2) Subsidiary of shareholders

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 21. RELATED PARTIES (continued)

Interest (expense) / income from related parties (net)	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Tank ÖWA alpha GmbH (1)	(3,625)	(2,269)	-	-
Saudi HAVAŞ (2)	151	55	126	59
Saudi BTA (2)	68	27	44	26
ATU (2)	32	14	-	-
Other related parties	26	26	5	-
	<b>(3,348)</b>	<b>(2,147)</b>	<b>175</b>	<b>85</b>

The average interest rate used within the Group is 3.82% per annum (31 December 2017: 3.73%). The Group converts related party TRL loan receivable and payable balances to USD at month end using the Central Bank's announced exchange rates and then charges interest on the USD balances.

Construction work rendered by related parties	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
TAV İnşaat (*) (3)	5,807	2,002	16,923	3,459
	<b>5,807</b>	<b>2,002</b>	<b>16,923</b>	<b>3,459</b>

(\*) Construction revenue and expenditure for the period ended 30 September 2017 is related to the construction of runway and terminal of Tbilisi International Airport.

#### Dividend distribution

In 2018 the Company distributed dividends to the shareholders amounting to EUR 82,829 (TRL 406,372) from the Company's distributable profits computed for 2017 (2017: EUR 63,629 (TRL 247,951)). Dividend per share is full EUR 0.23 (full TRL 1.12) (2017: EUR 0.17 (full TRL 0.68)).

- (1) Shareholder
- (2) Joint venture
- (3) Subsidiary of shareholders

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 22. INTERESTS IN OTHER ENTITIES

##### Non-controlling interests in subsidiaries

The following table summarizes the information relating to each of the Group's subsidiaries that has material non-controlling interests ("NCI") before any intra-group eliminations.

	<b>30 September 2018</b>			
	<b>TAV Tunisia</b>	<b>TAV Tbilisi</b>	<b>Other immaterial subsidiaries</b>	<b>Total</b>
<b>NCI Percentage</b>	<b>33,00%</b>	<b>20,00%</b>		
Non-current assets	402,574	69,195		
Current assets	34,977	15,784		
Non-current liabilities	5,054	-		
Current liabilities	572,453	5,667		
<b>Net assets</b>	<b>(139,956)</b>	<b>79,312</b>		
Carrying amount of NCI	(46,185)	15,862	3,444	(26,879)
Change in non-controlling interest	20,994	-	-	20,994
	<b>(25,191)</b>	<b>15,862</b>	<b>3,444</b>	<b>(5,885)</b>
	<b>1 January – 30 September 2018</b>			
	<b>TAV Tunisia</b>	<b>TAV Tbilisi</b>	<b>Other immaterial subsidiaries</b>	<b>Total</b>
Revenue	26,909	63,794		
(Loss) / profit	(12,962)	41,894		
<b>Total comprehensive income</b>	<b>(9,264)</b>	<b>43,441</b>		
(Loss) / profit allocated to NCI	(4,277)	8,379	6,159	10,261
	<b>1 July – 30 September 2018</b>			
	<b>TAV Tunisia</b>	<b>TAV Tbilisi</b>	<b>Other immaterial subsidiaries</b>	<b>Total</b>
Revenue	15,984	26,425		
Profit	293	18,162		
<b>Total comprehensive income</b>	<b>1,519</b>	<b>11,780</b>		
Profit allocated to NCI	97	3,633	4,220	7,950

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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#### 22. INTERESTS IN OTHER ENTITIES (continued)

##### Non-controlling interests in subsidiaries (continued)

	31 December 2017			
	TAV Tunisia	TAV Tbilisi	Other immaterial subsidiaries	Total
<b>NCI Percentage</b>	<b>33.00%</b>	<b>20.00%</b>		
Non-current assets	413,394	71,194		
Current assets	21,994	16,313		
Non-current liabilities	5,198	-		
Current liabilities	560,885	3,920		
<b>Net assets</b>	<b>(130,695)</b>	<b>83,587</b>		
Carrying amount of NCI	(43,129)	16,717	2,615	(23,797)
Change in non-controlling interest	19,604	-	-	19,604
	<b>(23,525)</b>	<b>16,717</b>	<b>2,615</b>	<b>(4,193)</b>

	1 January – 30 September 2017				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
Revenue	19,136	74,823	102,236		
(Loss) / profit	(15,328)	42,573	5,910		
<b>Total comprehensive income</b>	<b>(10,356)</b>	<b>37,003</b>	<b>4,550</b>		
(Loss) / profit allocated to NCI	(5,058)	8,515	1,970	5,303	10,730

	1 July – 30 September 2017				
	TAV Tunisia	TAV Tbilisi	BTA	Other immaterial subsidiaries	Total
Revenue	11,404	28,303	40,228		
(Loss) / profit	(1,062)	20,223	4,748		
<b>Total comprehensive income</b>	<b>600</b>	<b>13,639</b>	<b>4,275</b>		
(Loss) / profit allocated to NCI	(350)	4,045	1,583	3,918	9,196

	30 September 2018	31 December 2017
Joint ventures	541,962	75,172
Associates	8,896	13,060
	<b>550,858</b>	<b>88,232</b>

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 22. INTERESTS IN OTHER ENTITIES (continued)

	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
Joint ventures	53,680	31,488	14,153	12,879
Associates	(949)	(342)	(1,348)	(711)
	<b>52,731</b>	<b>31,146</b>	<b>12,805</b>	<b>12,168</b>

#### Joint Ventures

Carrying amounts of the Group's joint ventures in the statement of financial position as at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
TAV Antalya Invest	356,348	-
TGS	131,742	50,371
ATU	43,571	40,326
TAV Antalya	26,930	-
Tibah Operation	2,306	1,642
BTA Denizyolları	22	82
Tibah Development	(14,523)	(13,959)
Other	(4,434)	(3,290)
	<b>541,962</b>	<b>75,172</b>

Group's share of profit / (loss) of the Group's joint ventures in the statement of comprehensive income for the period ended 30 September are as follows:

	1 January- 30 September 2018	1 July- 30 September 2018	1 January- 30 September 2017	1 July- 30 September 2017
TAV Antalya	23,330	14,789	-	-
ATU	20,067	7,504	16,211	8,404
TGS	15,412	9,855	7,603	5,046
Tibah Operation	622	213	639	212
TAV Antalya Invest	(52)	(41)	-	-
BTA Denizyolları	(10)	236	(312)	224
Tibah Development	(4,680)	(857)	(9,535)	(915)
Other	(1,009)	(211)	(453)	(92)
	<b>53,680</b>	<b>31,488</b>	<b>14,153</b>	<b>12,879</b>

#### Associates

Carrying amount of the Group's associate in the statement of financial position as at 30 September 2018 and 31 December 2017 are as follows:

	30 September 2018	31 December 2017
ZAIC-A	8,700	9,797
Other	196	3,263
	<b>8,896</b>	<b>13,060</b>

## TAV Havalimanları Holding A.Ş. and its Subsidiaries

### Notes to the Interim Condensed Consolidated Financial Statements As at and for the Nine-Month Period Ended 30 September 2018

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

#### 22. INTERESTS IN OTHER ENTITIES (continued)

##### Associates (continued)

Group's share of profit of the Group's associate in the statement of comprehensive income for the period ended 30 September is as follows:

	<b>1 January- 30 September 2018</b>	<b>1 July- 30 September 2018</b>	<b>1 January- 30 September 2017</b>	<b>1 July- 30 September 2017</b>
ZAIC-A	(1,101)	(400)	(1,267)	(826)
Other	152	58	(81)	115
	<b>(949)</b>	<b>(342)</b>	<b>(1,348)</b>	<b>(711)</b>

#### 23. SUBSEQUENT EVENTS

None.