

TAV AIRPORTS HOLDING

Full Year 2008 Results

Positive Free Cash Flow & Bottom Line in a Period of High Capex

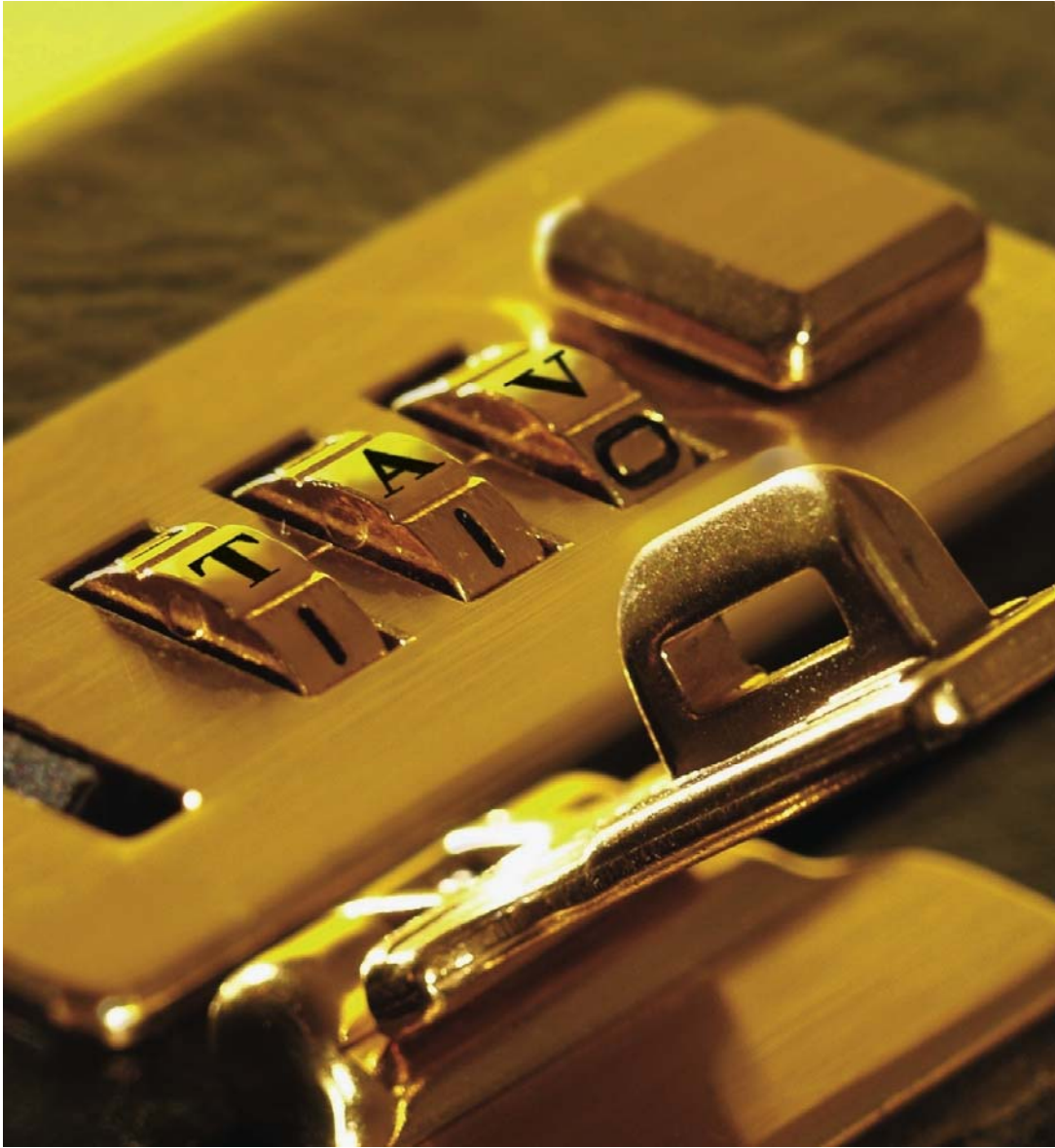


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Announcement of results for the year ended as of 31 December 2008

Positive Free Cash Flow & Bottom Line in a Period of High Capex

TAV Airports Holding Inc. (ISE: TAVHL, "TAV") announced €4.7 million net profit ¹ for the fiscal year ended December 31, 2008. Similarly, cash flow from operating activities reached €226.3 million during the year, the highest level in the company's history.

(in million €, unless stated otherwise)*	2008	2007	Δ y-o-y	2008** (Adjusted)	2007** (Adjusted)	Δ y-o-y
Revenues	597.7	479.0	25%	627.3	507.5	24%
EBITDA	111.2	48.5	129%	140.8	77.0	83%
EBITDA margin	18.6%	10.1%	-	22.4%	15.2%	-
EBITDAR	267.2	189.3	41%	296.8	217.8	36%
EBITDAR margin	44.7%	39.5%	-	47.3%	42.9%	-
Net Income (Loss)	4.7	(43.8)	n.m.	-	-	-
Cash flow from operations	226.3	13.4	n.m.	-	-	-
Capex	214.6	120.3	78%	-	-	-
Free Cash Flow	11.7	(106.9)	n.m.	-	-	-
Shareholders' Equity	294.0	322.5	(9%)	-	-	-
Net Debt	785.0	678.4	16%	-	-	-
Average number of employees	11,289	9,473	19%	-	-	-
Number of passengers (million)	35.9	34.6	4%	-	-	-
- International	22.2	21.4	4%	-	-	-
- Domestic	13.7	13.2	4%	-	-	-
Duty free spend per pax (€)	15.4	14.8	4%	-	-	-

* Construction revenue and construction expenditure are excluded while computing the operational performance in the table.

** Figures are adjusted by including guaranteed passenger fee revenues from airports in Ankara and Izmir

Source: TAV Airports Holding, DHMI, TAV Tunisie, Georgian Authority

TAV Airports Holding Inc. CEO M. Sani Şener commented as; "TAV Airports Holding has gone ahead with its organic and inorganic growth and reached outstanding growth numbers operationally and financially in 2008. We increased our **consolidated revenue by 25%** to €598 million (€627 million by including guaranteed passenger fee revenues from airports in Ankara and Izmir) compared to a year ago, recorded **€267 million EBITDAR** (€297 million adjusted EBITDAR) and increased our **EBITDA by 129%** to €111 million (€141 million adjusted EBITDA). Thanks to operational leverage, we managed to improve our EBITDA margin by 8.5pp and EBITDAR margin by 5.2pp compared to a year ago. Similarly, **cash flow from operating activities reached the record level of €226 million** and we managed to announce **positive free cash flow of €11.7 million in 2008**.

As we all know, TAV Airports is a success story about infrastructure industry. It is hard to announce profit for the companies having growth strategy in the first years of establishment. Considering our benefit to the economy, both our profit announcement and **increasing our employee number by 19%** together with our continuing investments, it is obvious that we have set the best examples for making rapid decisions in crisis atmosphere, effective communication between employees, and analytic management that is the only method for leading such a voluminous business. In these turbulent times, our company achieved **€4.7 million consolidated net profit** in 2008 without disrupting the passenger comfort and financial discipline, thanks to the high cash generation capacity of our existing businesses and operational leverage. This figure indicates the resilience of our businesses to external shocks.

¹ The financial results in this announcement are audited, prepared in accordance with International Financial Reporting Standards ("IFRS") and expressed in Euro.

In 2008, our domestic and international operations maintained profitable growth. Last year the number of passengers using the airports operated by TAV increased by **4% and reached 36 million**, while our flagship Istanbul Ataturk International Airport international terminal realized **8% growth**. Similarly, average **duty free spending per passenger** improved to €15.4 from €14.8 a year ago.

By achieving financing of seven major international projects successfully, having a **total sum of 1.8 billion Euros**, in the last five years, TAV Airports Holding has gained a high level of recognition in the industry and international markets, thus we actualize better financing structures and conditions by raising the bar in each our project. With its innovative business model predicated on the vertical and horizontal integration of airport infrastructure and services and business diversity, TAV Airports Holding shall maintain its growth and profitability.”

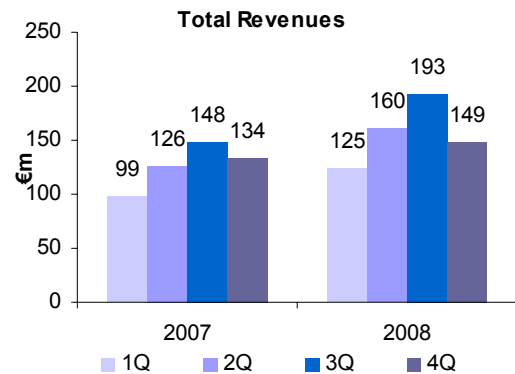
Highlights of the year 2008

Operational performance

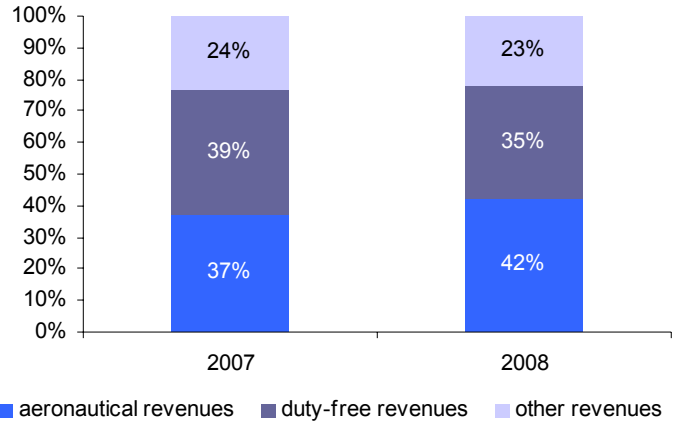
Construction revenue and construction expenditure are excluded and guaranteed passenger fee revenues from airports in Ankara and Izmir are included while computing the operational performance in the explanations below. Figures in parentheses refer to the reported figures in IFRS report.

2008 results are not directly comparable with the previous year as a result of full consolidation of Havaş in 2008 and commencement of operations in Monastir Airport, Tunisia.

- The number of passengers using airports operated by TAV increased by 4% to 35.9 million in the year 2008. ATM grew by 4% to 369k during the same period. **The number of passengers in international terminal of Istanbul Ataturk Airport increased by 5% to 14.3 million in the year 2008.** Including transit passengers, the number of international passengers in Istanbul grew by 8% to 15.9 million in 2008.
- **Adjusted revenues increased by 24%** to €627.3 million in 2008 (reported €597.7 million) from €507.5 million in 2007 (reported €479.0 million). This increase primarily reflected increases in ground handling income and aviation income. The growth mainly stemmed from organic growth (with organic revenue growth of 4%); i.e. higher passenger numbers at existing airports in Turkey and inorganic growth; i.e. income from Monastir Airport in Tunisia and full consolidation of Havaş in 2008. Havaş is fully consolidated starting from 4Q07 since the acquisition of remaining 40% of Havaş shares, whereas it was proportionally consolidated by 60% till 30 September 2007.

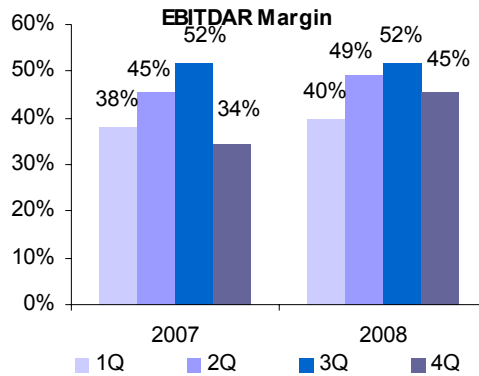
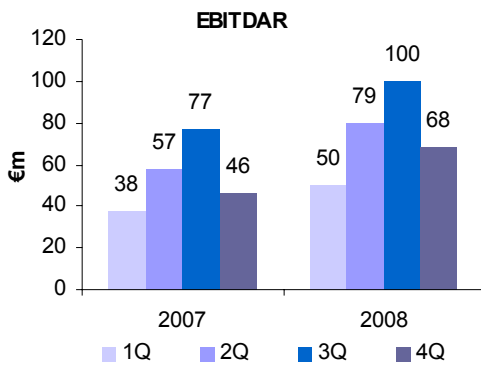


➤ Aeronautical revenues increased in 2008 due to the full consolidation of Havaş, therefore, the weight of aeronautical revenues (including guaranteed passenger fee revenues from airports in Ankara and Izmir) in total operating income has increased to 42% in 2008 from 37% in 2007. Second revenue contribution comes from duty-free services with 35%, followed by other revenues 23%.



➤ **Adjusted EBITDA** grew by 83% to €140.8 million in 2008, which was €77.0 million in 2007, and implying 22.4% EBITDA margin (2007: 15.2%).

➤ **Adjusted EBITDAR increased by 36%** from €217.8 million in 2007 to €296.8 million in 2008. **EBITDAR margin increased by 4.4% pp to 47.3% in 2008** from 42.9% in 2007, mainly because of kick-in operational leverage despite the increase in personnel expenses as the result of commencing of operations in Monastir Airport and the effect of full consolidation of Havaş.

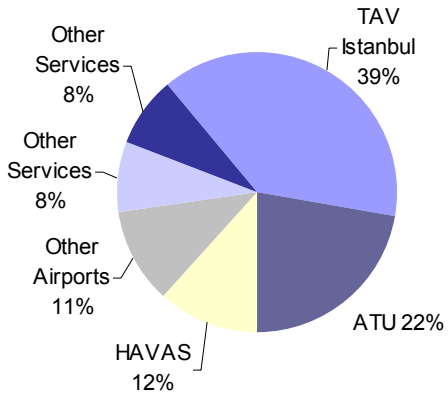


➤ **Net profit for 2008 was €4.7 million** compared to a net loss of €43.8 million in 2008 according to IFRS financial statements. The net profit figure attributable to the equity holders of TAV Airports was €4.1 million in 2008, mainly thanks to operational leverage, compared to €43.7 million net loss attributable to the equity holders in 2007.

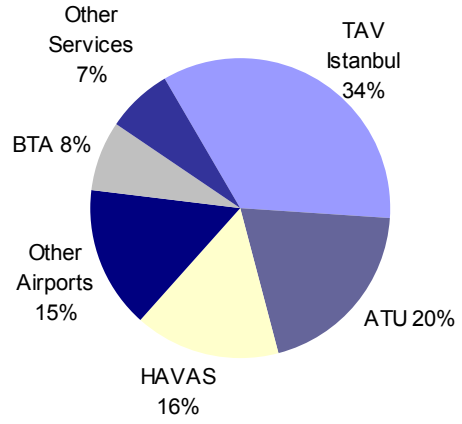
➤ Net debt increased to €785 million at the end of 2008 from €678.4 million at the end of 2007.

➤ For the year ended December 31, 2008 free cash flow (net cash provided from operating activities – capex) amounted to €11.7 million which was minus €106.9 million during the year ended December 31, 2007.

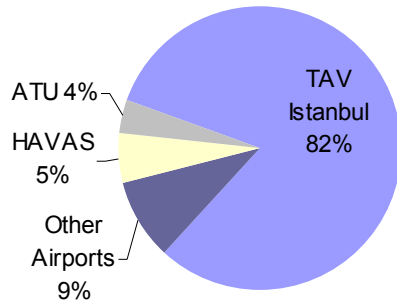
Share of Revenues (2007) *



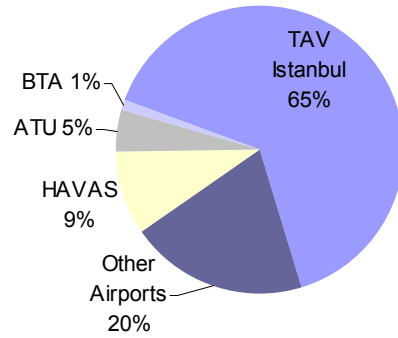
Share of Revenues (2008) *



Share of EBITDAR (2007) *



Share of EBITDAR (2008) *



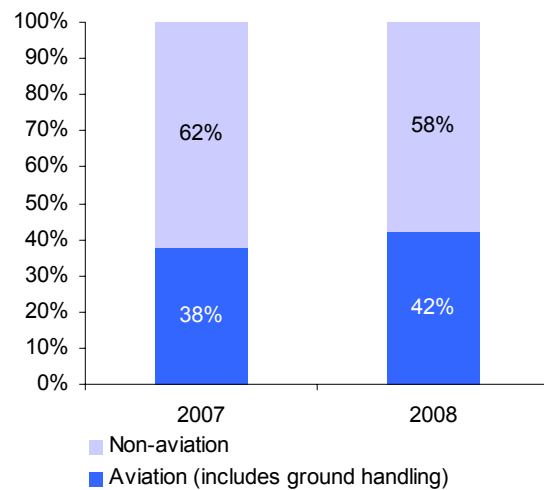
(*) Share of Revenues and EBITDAR represent the shares before eliminations.

Overview of the year

(€ million)	2008	2007	Change	2008* (Adj)	2007* (Adj)	Change
Total revenues	597.7	479.0	25%	627.3	507.5	24%
Sales of duty free goods	148.7	135.5	10%	148.7	135.5	10%
Aviation income	129.1	98.9	31%	158.7	127.4	25%
Ground handling income	106.4	63.5	67%	106.4	63.5	67%
Commission from sales of duty free goods	72.7	60.8	19%	72.7	60.8	19%
Catering service income	36.4	31.7	15%	36.4	31.7	15%
Other operating income	104.4	88.6	18%	104.4	88.6	18%

* Adjusted figures include guaranteed passenger fee revenues from airports in Ankara and Izmir

- **Adjusted revenues** increased by 24% from €507.5 million (reported €479.0 million) in 2007 to €627.3 million in 2008 (reported €597.7 million). This increase primarily reflected increases in ground handling income and aviation income.
- Our income stream is hard currency, based primarily in Euro and U.S. dollars, with aviation operations (which includes ground handling), accounting for 42% of total operating income and non-aviation operations accounting for 58% of total operating income in year 2008. Aviation income constituted 38% of total revenues in year 2007. Ground handling income increased in year 2008 due to the full consolidation of Havaş.



- **Adjusted aviation income (excluding ground handling income)** increased by 25% from €127.4 million in 2007 (reported €98.9 million) to €158.7 million in 2008 (reported €129.1 million). This increase primarily reflects the inclusion of aviation income related to the Monastir Airport in Tunisia. In IFRIC 12 application, total guaranteed passenger fee revenues from Ankara Esenboğa Airport (€13.7 million) and Izmir Adnan Menderes Airport (€15.9 million) in 2008 are excluded from the P&L. However we included these revenues in aviation revenues when calculating adjusted figures.
- **Sales of duty free goods** increased by 10% from €135.5 million in 2007 to €148.7 million in 2008. Average per passenger spending increased from €14.8 in 2007 to €15.4 in 2008. Per passenger spend averaged €11.6 at Izmir Adnan Menderes (2007: €11.6) and €13.4 at Ankara Esenboğa Airports (2007: €11.6). Despite the dilutive impact of 41% increase in the number of transit passengers, average per passenger spending improved to €16.5 in 2008 from €16.0 in 2007 at Istanbul Ataturk Airport (duty free revenues divided by the sum of international and transit passengers), mainly because of new layout of duty free area at Istanbul Ataturk Airport in the last quarter of 2007.

Average duty-free spending per pax (€)	2008	2007	Change
TAV Airports	15.4	14.8	4%
Istanbul Atatürk Airport	16.5	16.0	3%
Ankara Esenboğa Airport	13.4	11.6	16%
Izmir Adnan Menderes Airport	11.6	11.6	-

- **Ground handling income** increased by 67% from €63.5 million in 2007 to €106.4 million in 2008 as the result of increase in ATMs and the effect of full consolidation of Havaş starting from the last quarter of 2007. Note that Havaş was proportionally consolidated till 30 September 2007.
- **Commission from sales of duty free goods** increased by 19% from €60.8 million in 2007 to €72.7 million in 2008. The commission paid by ATU to TAV Istanbul is approximately 43% of the sales of duty free goods in Istanbul Ataturk Airport. The commission paid by ATU to TAV Esenboğa and TAV Izmir is approximately 40% of sales of duty free goods in such airports.
- **Catering service income** increased by 15% from €31.7 million in 2007 to €36.4 million in 2008. The increase mainly reflects increase in per pax spend and improvement in Cakes&Bakes operations.
- **Other operating income** increased by 18% from €88.5 million in 2007 to €104.4 million in 2008. The increase principally reflects an increase in income from CIP lounge services (mainly due to the increase in passenger numbers using lounges and operations in newly opened lounges), income from car parking operations and bus services income (because of full consolidation of Havaş).

(€ million)	2008	2007	Change
Total operating expenses	521.4	460.6	13%
Concession rent expenses	156.0	140.8	11%
Personnel expense	145.9	113.3	29%
Cost of duty free inventory sold	58.8	56.0	5%
Cost of services rendered	36.9	22.6	63%
Depreciation and amortisation expense	34.9	30.1	16%
Cost of catering inventory sold	13.2	10.9	21%
Other operating expenses	75.8	86.9	(13%)

- **Operating expenses** increased by 13% from €460.6 million in 2007 to €521.4 million in 2008. This was primarily the result of increases in personnel expenses and cost of service rendered as a result of especially full consolidation of Havaş in 2008. Still, excluding the concession rent and depreciation & amortisation expense, other expenses increased by 14% compared to a year ago.
- **Concession rent expenses** increased by 11% to €156 million in 2008, because of the concession expense for Monastir Airport for the first time in 2008, representing 25% of total operating income, compared to 28% in 2007, reflecting operational leverage. Concession rent expenses principally consists of payments to DHMI under the terms of the Istanbul Ataturk Airport lease agreement and renovation of the domestic terminal (€141.2 million) and payments to Tunisian Airports and Civil Aviation Authority (OACA) based on the percentage of revenues derived from Monastir Airport which is operational since January 1, 2008 (€14.8 million).
- **Cost of duty free inventory sold** was €56.0 million in 2007, representing 40% of sales of duty free goods, and increased by 5% to €58.8 million in 2008 (lower than the increase in duty free sales) representing 41% of sales of duty free goods in 2007.
- **Cost of catering inventory sold** was €10.9 million in 2007 and increased by 21% to €13.2 million in 2008.
- **Personnel expense** increased by 29% from €113.3 million in 2007 to €145.9 million in 2008. This increase is the result of commencing of operations in Monastir Airport, new hires in the other existing companies and effect of full consolidation of Havaş. Average number of employees increased by 19% in 2008 compared to 2007.

Airports

- **Cost of services rendered** increased from €22.6 million in 2007 to €36.9 million in 2008, mainly because of full consolidation of Havaş in 2008. Cost of services rendered principally consists of the consolidated portion of ATU, BTA, TAV O&M and Havaş' operating expenses.
- **Depreciation and amortisation expense** increased by 16% from €30.1 million in 2007 to €34.9 million in 2008.
- **Other operating expenses** decreased by 13% from €86.9 million in 2007 to €75.8 million in 2008, thanks to the decrease in consultancy expenses despite the provision for tax penalty in 1Q08. The decrease was principally driven by decline in one-off expenses incurred during the period. In 1H07, the main one-off expense was IPO expenses accrued in 1Q07.

(€ million)	2008	2007	Change	2008 (Adj)	2007 (Adj)	Change
Operating profit *	76.3	18.3	317%	105.9	46.9	126%
EBITDA**	111.2	48.5	129%	140.8	77.0	83%
EBITDA margin	18.6%	10.1%	-	22.4%	15.2%	-
EBITDAR***	267.2	189.3	41%	296.8	217.8	36%
EBITDAR margin	44.7%	39.5%	-	47.3%	42.9%	-

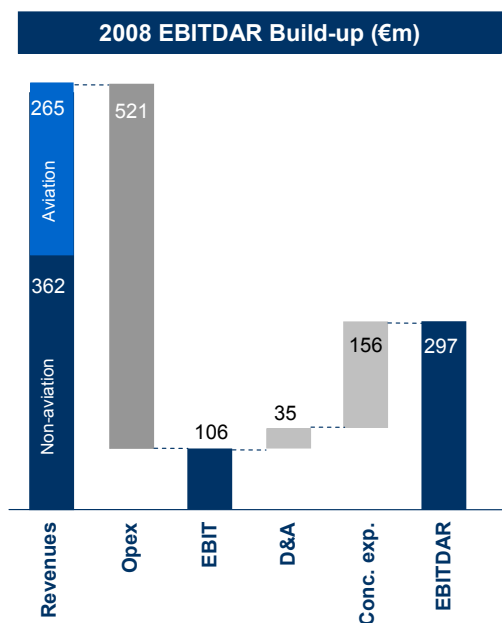
* ignoring net effect of construction revenue and construction expenditure

** profit (loss) adjusted for income taxes, finance income and expenses and depreciation & amortization expense

*** EBITDA before concession rent payment

Note: Adjusted figures include guaranteed passenger fee revenues from airports in Ankara and Izmir

- **Adjusted operating profit** (ignoring net effect of construction revenue and construction expenditure) increased from €46.9 million in 2007 to €105.9 million in 2008.
- **Adjusted EBITDA**, which we define as profit (loss) adjusted for income taxes, finance income and expenses and depreciation & amortisation expense, reached €140.8 million in 2008, which was €77.0 million in 2007.
- **Adjusted EBITDAR**, which we define as EBITDA before concession rent payment, increased by 36% from €217.8 million in 2007 to €296.8 million in 2008. EBITDAR margin increased from 42.9% in 2007 to 47.3% in 2008, mainly because of kick-in operational leverage despite the increase in personnel expenses. TAV Istanbul contributed to 65% of total EBITDAR and the EBITDAR margin of TAV Istanbul stayed at 73% in 2008.



(€ million)	2008	2007	Change
Finance income	18.4	16.9	9%
Finance expenses	(103.0)	(84.9)	21%
<i>Translation gain / (loss)</i>	<i>(23.8)</i>	<i>(10.6)</i>	<i>124%</i>
Net finance expense	(84.6)	(68.0)	24%
Profit / (loss) before income tax	1.2	(48.6)	n.m.
Income tax (expense) / benefit	3.4	4.7	(28%)
Net Profit / (loss)	4.7	(43.8)	n.m.
Attributable to:			
<i>Equity holders</i>	<i>4.1</i>	<i>(43.7)</i>	<i>n.m.</i>
<i>Minority interest</i>	<i>0.6</i>	<i>(0.1)</i>	<i>n.m.</i>

- **Net finance expenses** increased from €68 million in 2007 to €84.6 million in 2008. Similarly, finance expense increased from €84.9 million in 2007 to €103.0 million in 2008 mainly because of the €6.7 million one-off break-up cost of derivatives (of which €11.8 million stems from TAV Istanbul's cross currency and interest rate swap) and the translation loss of €19 million in 4Q08. Translation loss stemmed from appreciation of US\$ against Euro.

Period-end	2006	2007	2008	2008-2007 Δ	1Q08	1H08	9M08
US\$ / TRY	1.4056	1.1647	1.5124	29.9%	1.2765	1.2237	1.2316
€ / TRY	1.8515	1.7102	2.1408	25.2%	2.0156	1.9271	1.7978
€ / US\$	1.3172	1.4684	1.4155	-3.6%	1.5790	1.5748	1.4597

- **Income tax benefit (expense)** consists of deferred tax and corporate taxes. Total income tax benefit declined to €3.4 million in 2008 from €4.7 million in 2007. Deferred tax benefit increased to €11.7 million in 2008 from €9.1 million in 2007.

Income tax expense (€ million)	2008	2007	Change
Current tax expense	(8.3)	(4.4)	(89%)
Deferred tax benefit	11.7	9.1	29%
Total income tax (expense) / benefit	3.4	4.7	28%

- **Minority interest** reflects the allocation of profit/losses held by the minority interest. Minority interest mainly consists of 33.33% of BTA and TAV Security and amounted to €0.6 million in 2008.
- **Net profit** for 2008 was €4.7 million as compared to a net loss of €43.8 million in 2007. The net profit figure attributable to the equity holders of TAV Airports was €4.1 million in 2008, compared to €43.7 million net loss attributable to the equity holders in 2007, as the result of higher operational profit.

Summary Cash Flow Statement

Net Cash provided from operating activities

During the year ended December 31, 2008, we generated €226.3 million cash from operations compared to €13.4 million cash generated in operating activities for the year ended December 31, 2007. Cash generated from operations before changes in working capital items was €276.9 million for the year ended December 31, 2008 compared to €187.0 million for the year ended December 31, 2007. We generated cash of €29.8 million from working capital during the year ended December 31, 2008 compared to €120.2 million cash used to fund working capital during the year ended December 31, 2007.

(€)	2008	2007
Net Profit / (loss)		
Profit / (loss) for the year	4,667,741	(43,836,419)
Amortisation and Depreciation	190,842,222	170,892,204
Provisions	(1,576,140)	9,342,701
impairment losses	318,277	-
Non-recoverable VAT related to concession payments	-	10,135,128
Discount on receivables and payables	41,733	112,806
Gain on sale of property and equipment	(448,847)	-
Unused vacation accrual	713,239	1,256,739
Reversal of provision for slow moving inventory	135,864	(97,767)
Unrealized foreign exchange differences on balance sheet items	16,828,426	(18,480,348)
Accrued interest income	(289,393)	-
Interest expense on financial liabilities	69,068,363	55,257,881
Income tax benefit	(3,434,844)	(4,745,445)
Marked to market valuation of derivative instruments	-	7,203,279
Cash flows from operating activities	276,866,641	187,040,756
Change in Working Capital	29,849,127	(120,235,434)
Cash generated from operations	306,715,768	88,805,325
Income taxes paid	(7,605,088)	(2,371,559)
Interest paid	(71,603,765)	(50,058,532)
Retirement benefits paid	(1,187,169)	(990,213)
Net cash provided from operating activities	226,319,746	13,385,021

Net Cash flow used in investing activities

For the year ended December 31, 2008 we used €213.2 million in investing activities, which principally includes €178.0 million of capex for Tunisia Enfidha Airport. During the year ended December 31, 2007 we used €196.2 million in investing activities, which principally included €78.5 million investment for Enfidha Airport and €11.1 million investment for Tbilisi & Batumi Airport and renovation of the domestic terminal at Izmir Airport.

(€)	2008	2007
CASH FLOWS FROM INVESTING ACTIVITIES		
Capex for property and equipment	(30,832,563)	(17,444,906)
Capex for investment in airport operation right	(177,959,052)	(101,552,254)
Capex for intangible assets	(5,821,624)	(1,267,225)
Proceeds from sale of PPE & net change in investments	1,379,208	480,786
Acquisition of subsidiary	-	(76,446,285)
Net cash used in investing activities	(213,234,031)	(196,229,884)

Net Cash flow provided from financing activities

Our cash flow from financing activities is mainly related to bank loans and project finance loans and the associated repayments. In the first quarter of 2008, TAV Istanbul signed a €440 million loan agreement and refinanced the existing loan. For the year ended December 31, 2007 we generated €239.3 million of cash from financing activities, which principally included €53.7 million of share premium and capital, stemming from the IPO of TAV Airports Holding.

(€)	2008	2007
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings raised	766,724,816	233,157,597
Repayment of borrowings	(674,482,682)	(92,224,347)
Change in restricted bank balances	(110,098,414)	60,947,322
Effect of group structure change	-	(34,601,256)
Dividend paid	-	(369,959)
Minority change	30,515	13,522,500
Purchase of shares under common control	-	4,474,119
Addition in finance lease liabilities	(213,318)	699,089
Increase in share premium	-	48,300,648
Increase of share capital	-	5,366,739
Net cash provided from financing activities	(18,039,083)	239,272,452
NET (DECREASE) / INCREASE FROM CASH AND CASH EQUIVALENTS		
	(4,953,368)	56,427,589
CASH AND CASH EQUIVALENTS AT 1 JANUARY	62,681,735	6,254,146
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	57,728,367	62,681,735

Free Cash Flow

For the year ended December 31, 2008 free cash flow (net cash provided from operating activities – capex) amounted to €11.7 million which was minus €106.9 million during year 2007. Against higher net cash provided from operating activities, capex for Enfidha Airport in Tunisia, where construction started on July 24, 2007, resulted in negative free cash flow in year 2007.

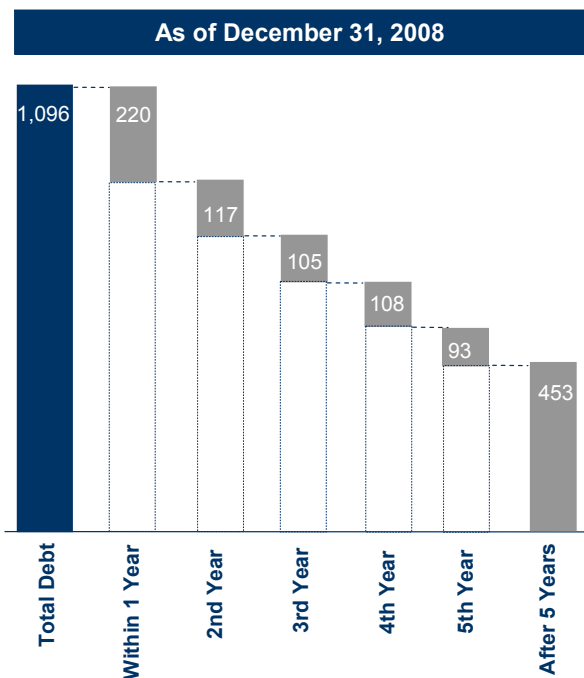
(€ million)	2008	2007
Cash flow from Operating Activities	226.3	13.4
- Capex for property and equipment	(30.8)	(17.4)
- Capex for investment in airport operation right	(178.0)	(101.6)
- Capex for intangible assets	(5.8)	(1.3)
= Free Cash Flow (FCF)	11.7	(106.9)

Net Debt

As a result of the abovementioned reasons, **net debt** increased slightly to €785 million as of December 31, 2008, from €758 million as of September 30, 2008.

Maturity Profile of Financial Debt

(€ million)	2008	2007
On demand or within one year	220	235
In the second year	117	136
In the third year	105	110
In the fourth year	108	101
In the fifth year	93	98
After five years	453	319
TOTAL	1,096	998



Number of Employees

The total number of employees of TAV Airports Holding grew by 443 to 11,235 employees at the end of December 2008 compared to the 2007. The workforce in TAV Tunisie increased from 43 to 506 due to the start of operations at Monastir Airport.

Number of Employees	2008	2007	Change
HAVAŞ	3,979	4,007	-28
TAV Istanbul	2,074	1,747	327
BTA	1,131	1,102	29
ATU	1,018	1,045	-27
TAV Esenboga	832	822	10
TAV Georgia	655	841	-186
TAV Tunisie	506	43	463
TAV Izmir	469	484	-15
TAV O&M	209	333	-124
Holding	131	139	-8
TAV Security	117	107	10
TAV IT	114	122	-8
TOTAL	11,235	10,792	443



Airports

TAV AIRPORTS HOLDING and SUBSIDIARIES – 2008 FINANCIAL SUMMARY

(€ million)	Revenues	EBITDA (*)	EBITDA (*) Margin	Net Debt
Airports	376.9	251.7	67%	571
Istanbul	261.7	192.0	73%	229
Ankara	34.2	11.9	35%	119
Izmir	29.6	16.0	54%	65
Tbilisi (60%)	9.7	3.1	32%	21
Batumi	0.2	0.0	-	0
Tunisia	41.5	28.7	69%	134
Gazipasa	-	-	-	3
Services	384.5	43.7	11%	214
ATU (50%)	151.3	13.8	9%	20
BTA	58.1	3.5	6%	1
HAVAŞ	120.6	28.1	23%	(4)
Others	54.5	(1.7)	-	197
Total	761.3	295.3	39%	785
Eliminations	(134.0)	1.5		
Consolidated	627.3	296.8	47%	785

* EBITDAR for TAV Istanbul and TAV Tunisie

Note: Figures are adjusted by including guaranteed passenger fee revenues from airports in Ankara and Izmir

TAV Airports Revenues						
(€ million)	2008	2007	Change	2008 (Adj)	2007 (Adj)	Change
Airports	347	285	22%	377	314	20%
Istanbul	262	244	7%	262	244	7%
Others	86	41	108%	115	70	66%
Services	384	313	23%	384	313	23%
ATU (50%)	151	138	9%	151	138	9%
BTA	58	50	15%	58	50	15%
HAVAŞ (*)	121	74	63%	121	74	63%
Others	54	50	8%	54	50	8%
Total	732	598	22%	761	627	21%
Eliminations	(134)	(119)		(134)	(119)	
Consolidated	598	479	25%	627	508	24%

TAV Airports EBITDAR						
(€ million)	2008	2007	Change	2008 (Adj)	2007 (Adj)	Change
Airports	222	171	30%	252	200	26%
Istanbul	192	180	7%	192	180	7%
Others	30	-8	n.m.	60	20	n.m.
Services	44	14	n.m.	44	14	n.m.
ATU (50%)	14	9	57%	14	9	57%
BTA	3	0	n.m.	3	0	n.m.
HAVAŞ (*)	28	12	137%	28	12	137%
Others	(2)	(7)	n.m.	(2)	(7)	n.m.
Total	266	185	43%	295	214	38%
Eliminations	1	4		1	4	
Consolidated	267	189	41%	297	218	36%

* Fully consolidated starting from 4Q07, while 60% proportionally consolidated for previous periods

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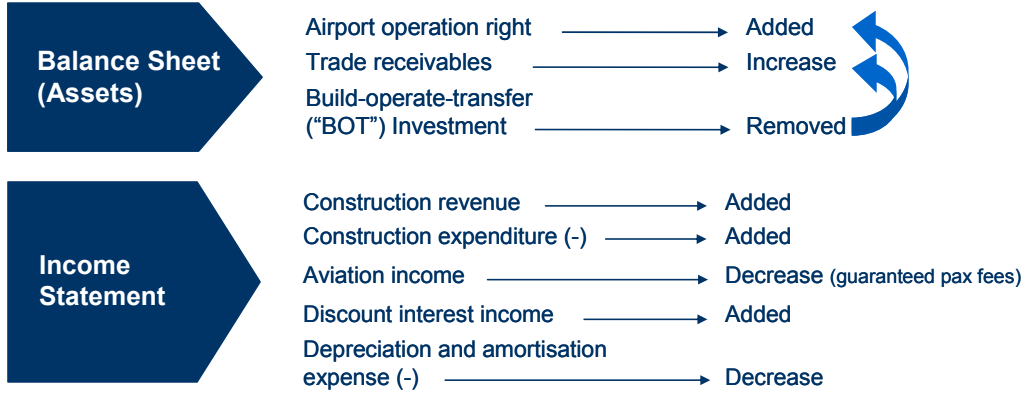
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NOTES

1 – IFRIC 12 & Hedge Accounting

- IFRIC 12 is a new application regarding to interpretation of most of existing standards in the IFRS for example, IAS 11-Construction Contracts, IAS 16-Property Plant and equipment, IAS 17-Leases, IAS 36-Impairment of Assets and IAS 38-Intangible Assets.
- IFRIC 12 Service Concession Arrangements was developed by the International Financial Reporting Interpretations Committee. Effective date of the application is 1 January 2008.
- TAV Airports adopted IFRIC 12 in the consolidated financial statements for the first time as of 31 March 2008 retrospectively.
- IFRIC 12 affects P&L in terms of the decrease in aviation income (for the guaranteed passenger fees) and depreciation expenses while the increase in financial income in accordance with such interpretation. "BOT assets" are classified as "airport operation right" and "trade receivable" in the consolidated financial statements.
- It means the operator (TAV Airports) should account these investments as cost and book construction revenue (if a mark-up on costs) on its financials instead of investments according to the completion of infrastructure throughout the construction periods. Mark-up rates for TAV İzmir, TAV Esenboğa, TAV Tbilisi and TAV Tunisia, which are in the application of IFRIC 12 are assessed by the management as 0%, 0%, 15% and 5% during the application periods, respectively.
- The remaining discounted guaranteed passenger fee to be received from DHMI according to the agreements made for the operations of Ankara Esenboğa Airport and İzmir Adnan Menderes Airport is represented as guaranteed passenger fee receivable in the balance sheet as a result of IFRIC 12 application.



- Subsidiaries, TAV İstanbul, TAV Esenboğa and TAV İzmir enter into swap transactions in order to diminish exposure to foreign currency mismatch relating to DHMI instalments and interest rate risk to manage exposure to the floating interest rates relating to loans used.
- 100%, 100%, 80% and 100% of floating bank loans for TAV İstanbul, TAV Tunisia, TAV İzmir and TAV Esenboğa, respectively are fixed with financial derivatives.
- Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognized directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognized in profit or loss.

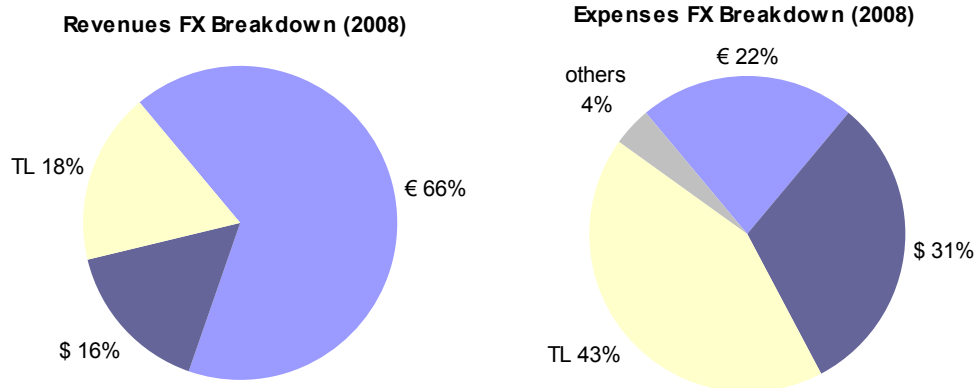
2 – Sensitivity Analysis

- A 10 percent strengthening of the EUR against the following currencies at 31 December 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. The analysis is performed on the same basis for 2007.

	Equity	Profit or loss
31 December 2008		
USD	33,310,535	(5,152,864)
TRY	-	4,212,636
Other	-	2,531,786
Total	33,310,535	1,591,558
31 December 2007		
USD	-	(4,085,749)
TRY	-	3,434,629
Other	-	831,833
Total	-	180,713

- Based on the Group's current borrowing profile, a 50 basis points increase in Euribor or Libor would have resulted in additional annual interest expense of approximately EUR 1 million on the Group's variable rate debt when ignoring effect of derivative financial instruments. EUR 0.6 million of the exposure is hedged through IRS contracts. Therefore, the net exposure on income statement would be EUR 0.4 million. A 50 basis points increase in Euribor or Libor would have resulted a decrease in hedging reserve in equity approximately by EUR 21 million.

3 – FX Exposure



4 – Basis of Consolidation

- The attached consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”).
- Although the currency of the country in which the Group is domiciled is TRY, most of the Group entities’ functional currency and reporting currency is EUR.
- Each entity is consolidated based on the following methods:
 - TAV İstanbul, TAV İzmir, TAV Esenboğa, HAVAŞ, TAV İşletme, TAV Gazipaşa, TAV Batumi, TAV Tunisie and TAV Macedonia are fully consolidated without minority’s ownership. After acquisition of the remaining 40% shares of HAVAŞ in November 2007 from independent third party, HAVAŞ is fully consolidated as at 31 December 2007 from the effective date of acquisition whereas it was consolidated proportionally until 30 September 2007.
 - BTA, BTA Georgia, BTA Tunisie, Cakes & Bakes, TAV İşletme Georgia, TAV Bilişim, Batumi Airport LLC and TAV Güvenlik are fully consolidated with the minority’s ownership reflected as a minority interest. The share capital of Batumi Airport LLC is fully allocated as minority interest due to the transfer of right on shares to JSC at the end of share management agreement period.
 - ATÜ, ATÜ Georgia, TAV Tbilisi, TAV Gözen and CAS are proportionately consolidated.



Airports

TAV Airports Holding Selected Financials

(Amounts expressed in mio Euro)

	2008	2007
Construction revenue	199.2	53.9
Total operating income	597.7	479.0
Sales of duty free goods	148.7	135.5
Aviation income	129.1	98.9
Ground handling income	106.4	63.5
Commission from sales of duty free goods	72.7	60.8
Catering services income	36.4	31.7
Other operating income	104.4	88.6
Construction expenditure	(189.7)	(52.9)
Operating expenses	(521.4)	(460.6)
Cost of catering inventory sold	(13.2)	(10.9)
Cost of duty free inventory sold	(58.8)	(56.0)
Cost of services rendered	(36.9)	(22.6)
Personnel expenses	(145.9)	(113.3)
Concession rent expenses	(156.0)	(140.8)
Depreciation and amortization expense	(34.9)	(30.1)
Other operating expenses	(75.8)	(86.9)
Operating profit	85.8	19.4
Finance income	18.4	16.9
Finance expenses	(103.0)	(84.9)
Profit/(loss) before income tax	1.2	(48.6)
Income tax benefit /(expense)	3.4	4.7
Profit/(loss) for the period from continuing operations	4.7	(43.8)
Attributable to:		
Equity holders of the parent	4.1	(43.7)
Minority interest	0.6	(0.1)
	4.7	(43.8)
Other Financial Data:		
Adjusted EBITDA *	140.8	77.0
Adjusted EBITDAR *	296.8	217.8
Summary Cash Flow Data:		
Net cash provided by (used in):		
Operating activities	226.3	13.4
Investing activities	(213.2)	(196.2)
Financing activities	(18.0)	239.3
Summary Balance Sheet Data:	2008	2007
Cash and cash equivalents	59.6	64.7
Restricted bank balances	254.1	257.5
Total assets	1,630.9	1,475.4
Bank loans	1,098.6	1,000.6
Total liabilities	1,321.9	1,137.9
Total equity	309.0	337.5
Net debt	785.0	678.4

* Ignoring net effect of construction revenue and construction expenditure and including guaranteed passenger revenues from airports in Ankara and Izmir

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Airports

BALANCE SHEET

ASSETS	31 December 2008	Restated (*) 31 December 2007
Property and equipment	81,216,173	66,145,594
Intangible assets	32,679,835	30,395,636
Airport operation right	454,306,163	295,835,595
Other investments	24,238	1,235,348
Goodwill	131,564,539	131,564,539
Prepaid concession expenses, non-current portion	120,285,515	154,155,439
Non-current trade receivables	156,306,856	179,431,221
Non-current due from related parties	8,140,329	-
Other non-current assets	14,891,066	24,788,454
Deferred tax assets	37,366,642	21,157,808
Total non-current assets	<u>1,036,781,356</u>	<u>904,709,634</u>
Inventories	9,770,719	9,309,476
Prepaid concession expenses, current portion	128,688,749	140,797,438
Trade receivables	55,968,143	49,883,346
Due from related parties	7,019,918	4,702,897
Derivative financial instruments	32,257,634	-
Other receivables and current assets	46,732,857	43,579,331
Cash and cash equivalents	59,572,792	64,652,433
Restricted bank balances	254,097,284	257,520,816
Investments held for trading	-	248,683
Total current assets	<u>594,108,096</u>	<u>570,694,420</u>
TOTAL ASSETS	<u><u>1,630,889,452</u></u>	<u><u>1,475,404,054</u></u>



Airports

EQUITY	31 December 2008	Restated (*) 31 December 2007
Share capital	104,910,267	104,910,267
Share premium	220,182,481	220,182,481
Legal reserves	15,062,069	10,559,039
Revaluation surplus	2,665,932	3,007,539
Purchase of shares of entities under common control	40,063,860	40,063,860
Cash flow hedge reserve	(31,301,803)	-
Translation reserves	(872,551)	343,039
Accumulated losses	(56,688,149)	(56,584,597)
Total equity attributable to equity holders of the Company	294,022,106	322,481,628
Minority interest	15,017,194	14,986,680
Total Equity	309,039,300	337,468,308
LIABILITIES		
Loans and borrowings	876,556,773	763,812,573
Reserve for employee severance indemnity	3,247,519	4,884,107
Due to related parties	9,591,944	-
Deferred income	16,659,877	19,068,150
Long term trade payables	75,022	-
Deferred tax liabilities	5,752,448	4,581,203
Total non-current liabilities	911,883,583	792,346,033
Bank overdraft	1,844,425	1,970,698
Loans and borrowings	220,234,320	234,768,093
Trade payables	27,543,307	22,007,749
Due to related parties	52,428,667	29,298,699
Derivative financial instruments	69,699,812	17,144,780
Current tax liabilities	2,488,341	1,487,698
Other payables	25,299,953	18,014,081
Provisions	3,762,121	11,533,560
Deferred income	6,665,623	9,364,355
Total current liabilities	409,966,569	345,589,713
Total Liabilities	1,321,850,152	1,137,935,746
TOTAL EQUITY AND LIABILITIES	1,630,889,452	1,475,404,054

INCOME STATEMENT

	2008	Restated (*) 2007
Construction revenue	199,235,250	53,914,284
Operating revenue	573,779,658	458,723,597
Other operating income	23,953,081	20,305,196
Construction expenditure	(189,747,858)	(52,941,288)
Cost of catering inventory sold	(13,220,873)	(10,890,429)
Cost of duty free inventory sold	(58,811,314)	(56,040,406)
Cost of services rendered	(36,874,795)	(22,578,695)
Personnel expenses	(145,902,809)	(113,294,400)
Concession rent expenses	(155,950,811)	(140,789,005)
Depreciation and amortisation expenses	(34,891,411)	(30,103,199)
Other operating expenses	(75,755,017)	(86,914,049)
Operating profit	85,813,101	19,391,606
Finance income	18,429,841	16,877,867
Finance expenses	(103,010,045)	(84,851,337)
Net finance expense	(84,580,204)	(67,973,470)
Profit / (loss) before income tax	1,232,897	(48,581,864)
Income tax benefit	3,434,844	4,745,445
Profit / (loss) for the period	4,667,741	(43,836,419)
Attributable to:		
Equity holders of the Company	4,058,822	(43,714,479)
Minority interest	608,919	(121,940)
Profit / (loss) for the period	4,667,741	(43,836,419)
Weighted average number of shares outstanding	242,187,500	240,717,076
Income / (loss) per share – basic	0.0193	(0.1821)

CASH FLOW STATEMENT

	2008	Restated (*) 2007
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (loss) for the period	4,667,741	(43,836,419)
Adjustments for:		
Amortisation of airport operation right	19,098,532	18,931,596
Depreciation of property and equipment	11,673,655	8,588,490
Amortisation of intangible assets	4,119,224	2,583,113
Amortisation of concession asset	155,950,811	140,789,005
Non-recoverable VAT related to concession payments	-	10,135,128
Provision for employment termination benefits	532,968	723,817
Provisions set for doubtful receivables	736,615	46,458
Reversal of provision for doubtful receivables	-	(676,397)
(Reversal of) / provision for tax penalties	(2,900,918)	9,248,823
Other provisions set	55,195	-
Discount on receivables and payables, net	41,733	112,806
Gain on sale of property and equipment	(448,847)	-
Impairment of property and equipment	318,277	-
Accrual for unused vacation	713,239	1,256,739
Addition / (Reversal) of provision for slow moving inventory	135,864	(97,767)
Unrealised foreign exchange differences on balance sheet items	16,828,426	(18,480,348)
Accrued interest expense	(289,393)	-
Accrued interest expense on financial liabilities	69,068,363	55,257,881
Income tax benefit	(3,434,844)	(4,745,445)
Marked to market valuation of derivative instruments	-	7,203,279
Cash flows from operating activities	276,866,641	187,040,759
Change in derivative instruments	(14,250,258)	-
Change in trade receivables	(6,756,180)	13,835,281
Change in non-current trade receivables	23,124,365	24,476,033
Change in inventories	(597,107)	2,190,048
Change in due from related parties	(10,457,349)	(108,694)
Change in restricted bank balances	104,994,275	5,056,392
Change in other receivables and current assets	18,453,605	(7,852,633)
Change in trade payables	(9,347,488)	(25,977,895)
Change in due to related parties	32,721,912	(16,023,619)
Change in other payables and provisions	(2,631,291)	1,420,715
Change in other long term assets	28,396,308	(2,093,673)
Additions to prepaid concession expenses	(95,196,116)	(107,355,756)
Change in VAT portion of prepaid rent	(38,605,549)	(7,801,633)
Cash generated from operations	306,715,768	66,805,325
Income taxes paid	(7,605,088)	(2,371,559)
Interest paid	(71,603,765)	(50,058,532)
Retirement benefits paid	(1,187,169)	(990,213)
Net cash provided from operating activities	226,319,746	13,385,021



Airports

	2008	Restated (*) 2007
CASH FLOWS FROM INVESTING ACTIVITIES		
Net change in investments held for trading	248,683	(90,954)
Acquisition of subsidiary net of cash acquired	-	(76,446,285)
Proceeds from sale of property and equipment and intangible assets and correction of airport operation right	1,130,525	571,740
Acquisition of property and equipment	(30,832,563)	(17,444,906)
Additions to airport operation right	(177,959,052)	(101,552,254)
Acquisition of intangible assets	(5,821,624)	(1,267,225)
Net cash used in investing activities	(213,234,031)	(196,229,884)
CASH FLOWS FROM FINANCING ACTIVITIES		
New borrowings raised	766,724,816	233,157,597
Repayment of borrowings	(674,482,682)	(92,224,347)
Change in restricted bank balances	(110,098,414)	60,947,322
Effect of group structure change	-	(34,601,256)
Minority change	30,515	13,522,500
Purchase of shares under common control	-	4,474,119
Dividends paid	-	(369,959)
(Repayment of) / addition to finance lease liabilities	(213,318)	699,089
Increase in share premium	-	48,300,648
Increase in share capital	-	5,366,739
New borrowings raised	766,724,816	233,157,597
Net cash (used in) / provided from financing activities	(18,039,083)	239,272,452
NET (DECREASE) / INCREASE FROM CASH AND CASH EQUIVALENTS	(4,953,368)	56,427,589
CASH AND CASH EQUIVALENTS AT 1 JANUARY	62,681,735	6,254,146
CASH AND CASH EQUIVALENTS AT 31 DECEMBER	57,728,367	62,681,735

TRAFFIC FIGURES

Passengers ⁽¹⁾	Jan-Dec				
	2006	2007	Change %	2008	Change %
Ataturk Airport	21.265.974	23.196.229	9%	23.529.060	1%
International	12.174.281	13.600.306	12%	14.315.598	5%
Domestic	9.091.693	9.595.923	6%	9.213.462	-4%
Esenboga Airport ⁽²⁾	4.547.578	4.958.128	9%	5.692.133	15%
International	1.259.993	1.349.006	7%	1.247.822	-8%
Domestic	3.287.585	3.609.122	10%	4.444.311	23%
Izmir Airport ⁽³⁾	1.451.061	1.600.890	10%	1.698.344	6%
TURKEY TOTAL	58.778.131	66.463.286	13%	69.937.185	5%
International	32.133.681	37.152.953	16%	39.331.313	6%
Domestic	26.644.450	29.310.333	10%	30.605.872	4%
Monastir Airport ⁽⁴⁾	4.200.287	4.235.334	1%	4.210.271	-1%
Tbilisi Airport ⁽⁵⁾	567.402	615.873	9%	714.976	16%
International	563.034	610.650	8%	710.166	16%
Domestic	4.368	5.223	20%	4.810	-8%
Batumi Airport ⁽⁶⁾	-	39.637	nm	69.354	75%
International	-	38.613	nm	64.656	67%
Domestic	-	1.024	nm	4.698	359%
Hopa Terminal⁽⁷⁾	-	125	nm	11.714	9271%
TAV TOTAL	32.032.302	34.646.216	8%	35.925.852	4%
International	19.648.656	21.434.799	9%	22.246.857	4%
Domestic	12.383.646	13.211.417	7%	13.678.995	4%

Air Traffic Movements ⁽⁸⁾	Jan-Dec				
	2006	2007	Change %	2008	Change %
Ataturk Airport	225.549	243.363	8%	254.499	5%
International	130.539	142.488	9%	155.358	9%
Domestic	95.010	100.875	6%	99.141	-2%
Esenboga Airport ⁽²⁾	47.434	50.104	6%	51.079	2%
International	12.502	13.677	9%	12.198	-11%
Domestic	34.932	36.427	4%	38.881	7%
Izmir Airport ⁽³⁾	11.475	13.060	14%	13.192	1%
TURKEY TOTAL	522.785	573.835	10%	606.256	6%
International	262.228	292.362	11%	318.264	9%
Domestic	260.557	281.473	8%	287.992	2%
Monastir Airport ⁽⁴⁾	35.154	34.578	-2%	33.579	-3%
Tbilisi Airport ⁽⁵⁾	10.834	12.858	19%	14.494	13%
International	9.692	11.358	17%	13.444	18%
Domestic	1.142	1.500	31%	1.050	-30%
Batumi Airport ⁽⁶⁾	-	1.044	nm	1.936	85%
International	-	836	nm	1.358	62%
Domestic	-	208	nm	578	178%
TAV TOTAL	330.446	355.007	7%	368.779	4%
International	199.362	215.997	8%	229.129	6%
Domestic	131.084	139.010	6%	139.650	0%

Source: Turkish State Airports Authority (DHMI) and Georgian Authority for Tbilisi Airport and Batumi Airport, TAV Tunisie for Monastir Airport

Note: DHMI figures for October-December 2008 are tentative.

⁽¹⁾ Both departing and arriving passengers, excluding transit

⁽²⁾ Operation commencement date: October 16, 2006

⁽³⁾ International Terminal only and operation commencement date: September 13, 2006

⁽⁴⁾ Operation commencement date: January 1, 2008. Transit passengers are not included in pax numbers.

⁽⁵⁾ Operation commencement date for new terminal: February 7, 2007

⁽⁶⁾ Operation commencement date: May 26, 2007 (2007 figures reflect 26th May-Dec periods)

⁽⁷⁾ Operation commencement date: December 18, 2007 (2007 figures reflect the period after 18th Dec)

⁽⁸⁾ Commercial flights only

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ABOUT TAV AIRPORTS HOLDING INC.

TAV Airports Holding is the leader airport operator in Turkey with a market share of 44% as per the DHMI 2008 passenger statistics. TAV Airports Holding operates Istanbul Atatürk Airport (one of the busiest in Europe), Ankara Esenboğa Domestic and International Terminals and Izmir Adnan Menderes Airport International Terminal in Turkey, and the Tbilisi and Batumi Airports in Georgia as well as the Monastir Habib Bourguiba International Airport in Tunisia. Furthermore, the Holding has been awarded the rights to operate the Gazipasa Airport in Antalya, the Enfidha Zine Abidine Ben Ali Airport in Tunisia, the Alexander the Great Airport in capital Skopje and the St Paul the Apostle International Airport in Ohrid, in Macedonia. TAV Airports is also entitled optionally to operate the new cargo airport in Shtip, Macedonia, the construction of which it has undertaken. As of 3 March 2009, joint venture of TAV Holding and Skonto Buve LTD, a construction company headquartered in Latvia, with a shareholding structure of 50% - 50% has been selected to operate SJSC Riga International Airport (for the infrastructure development and the operation of the airport).

TAV Airports operates in other branches of airport operations as well, such as duty free sales, food and beverage services, ground handling services, information technologies, security and operation services. TAV Airports serve 370,000 flights for approximately 300 airline companies and 36 million passengers on average per year.

As per 2008 figures, 61% of TAV Airport's consolidated revenues consisted of non-aviational revenues. Biggest contribution in revenues is from ATU which has a 50% partnership in TAV Airports and which operates duty free stores. TAV Airports Holding generated 598 million Euro consolidated revenues (turnover) according to 2008 financial tables prepared in compliance with the IFRS. The company shares are listed in the Istanbul Stock Exchange since February 23, 2007, under the name of "TAVHL".

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