TAV Airports to have co-control in Antalya International Airport

Extending footprint to fully benefit from Turkey’s tourism potential
Contents

1. Transaction Highlights

2. Introduction to Antalya Airport

3. Transaction Rationale

4. Structure, Financing & Envisaged Timeline

Annex
### Transaction Highlights

**TAV Airports to acquire 49% of Antalya Airport, with co-control and equal dividend rights**

<table>
<thead>
<tr>
<th>Transaction Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Transaction</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Date of signing</strong></td>
</tr>
<tr>
<td><strong>Expected completion</strong></td>
</tr>
<tr>
<td><strong>Price consideration</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td><strong>Impact on TAV</strong></td>
</tr>
<tr>
<td><strong>Proposed source of funding</strong></td>
</tr>
<tr>
<td><strong>Consolidation</strong></td>
</tr>
</tbody>
</table>

* LTM: Last Twelve Months

**After transaction**

TAV to acquire 49% of Antalya Airport, with co-control; i.e. 50% **dividend** rights and 50% **of voting** rights
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3. Transaction Rationale

4. Structure, Financing & Envisaged Timeline

Annex
Antalya Airport Overview (1/2)

Key Info
- Antalya is Turkey’s most popular holiday destination. It has 500 km of coastal line that includes several beaches.
- Its winter population is 2 mn people which doubles during the summers.
- Antalya hotels have more than 600k bed capacity

Asset Description
- Antalya Airport has two independent parallel runways providing sufficient airside capacity
- ICF operates the two international terminals and the domestic terminal. International Terminals 1 and 2 have 24 passenger boarding bridges in total (12 each) and domestic terminal has 4 passenger boarding bridges.

Traffic data stats
- Antalya Airport handled about 26 mn pax in 2017, about 18.5 mn of which is international.
- Highest recorded traffic was 28.3 mn pax in 2014, 22.1 mn of which was international.
- In 2015 and 2016 traffic suffered from crisis between Turkey and Russia as well as terrorist attacks in Turkey, bottoming in 2016 with 18.8 mn pax. In 2017, traffic reached to 26 mn pax, recovering majority of the losses.
### Antalya Airport Overview (2/2)

| Main airlines | • Traffic is favorably distributed across airlines as there is no major airline for international traffic. International traffic is mostly handled by charter flights. Largest carrier for international pax is Sun Express with 13% share and second is Turkish Airlines with 8%. |
| Concession fee | • Concession fee of €2,010 mn + VAT, with 25% upfront payment  
• €100.5 mn equal cash payment per annum between 2010 and 2024 |
| Passenger Fees | • Passenger fee is 15 EUR per departing international pax and 3 EUR per departing domestic pax  
• Almost all traffic is direct (O&D), no major transfer passengers |
Destination Overview

- Antalya is among the most visited destinations in the world.

- Antalya attracts and hosts:
  - ~30% of foreign visitors in Turkey
  - 55% of hotel beds in Turkey
  - 63% of hotel night stays in Turkey
  - 600K hotel beds in 2017

- Antalya is a fast growing vibrant city which enhances its potential to become an outgoing source market itself.

  - Population grew ~3.0% in Antalya each (normal) year in the past decade, vs the annual Turkish population growth of 1.3%.
  - Antalya is the fastest growing major city in Turkey which is expected to reach 3 million residents in 2024.

Antalya is a top destination in the world

<table>
<thead>
<tr>
<th>Rank</th>
<th>City</th>
<th>Country</th>
<th>City1 2013</th>
<th>Country1 2013</th>
<th>2014</th>
<th>% Increase 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Hong Kong</td>
<td>China</td>
<td>29,986.8</td>
<td>27,790.0</td>
<td>3,196.8</td>
<td>11.4</td>
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<td>2</td>
<td>London</td>
<td>United Kingdom</td>
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<td>17,488.2</td>
<td>1,724.2</td>
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<td>3</td>
<td>Singapore</td>
<td>Singapore</td>
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<td>17,778.2</td>
<td>2,890.0</td>
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<td>4</td>
<td>Bangkok</td>
<td>Thailand</td>
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<td>11,418.5</td>
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<td>Rome</td>
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<td>USA</td>
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<tr>
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<td>China</td>
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<td>6,598.8</td>
<td>1,881.2</td>
<td>29.4</td>
</tr>
</tbody>
</table>

Foreign Visitors by Turkish Region (2014)

- Istanbul: 31%
- Antalya: 29%
- Mugla: 8%
- Izmir: 29%
- Other: 3%

Source: OAG Schedule Data
Destination Overview

- Antalya is a major resort destination, established along the 640km long sea shore, with numerous long and sandy beaches, some of which are world famous. It hosts most number of «blue-flagged beaches» in the world.
  - Antalya region hosts the most number of hotel bed-places in the Mediterranean region. The region alone has more beds than the whole country of Egypt or Portugal.
- The warm climate of the region makes it vacation-worthy for 8+ months of the year.
- Long beaches, good climate and the availability of land plots for hotel development accompanied with the incentives of the Turkish government, attracted many hotel investments in the region. The investments triggered a ‘mass tourism’ effect where tour operators from Europe and CIS brought millions of vacationers with fewer complexities.
- Antalya is now one of the most important destinations the tour operators offer in their portfolios. Some major tour operators even own resorts in the region, investing in the total chain of the holiday market.
  - E.g. TUI brings about 1.5 million vacationers in Antalya by their own aircraft, owns 17 resorts in the region with more than 20,000 beds.
- Following Istanbul, Antalya has the second most number of foreign direct investments (FDI) in Turkey. There are 3200 FDI companies in Antalya, most of which are in tourism related businesses.
- The second most important industry in the town is agriculture. The region has vast agriculture lands and a vibrant food industry. This also helps hotels find fresh and affordable food.
Most severe international traffic decrease occurred in 2016 as a combination of Russian ban to charter operations (started late 2015) and security issues in Turkey due to several terror attacks. Yet, majority of Russian traffic recovered in 2017 with the lift of travel ban.

Domestic traffic increased non-stop during last 10 years.
# Antalya financials (IFRS, 100%)

## Summary Income Statement

<table>
<thead>
<tr>
<th>EUR million</th>
<th>LTM*</th>
<th>9M17</th>
<th>9M16</th>
<th>Chg</th>
<th>2016</th>
<th>2015</th>
<th>Chg</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>254,7</td>
<td>215,7</td>
<td>141,9</td>
<td>52%</td>
<td>180,9</td>
<td>301</td>
<td>-40%</td>
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<tr>
<td>EBITDA</td>
<td>216,5</td>
<td>187,8</td>
<td>112,4</td>
<td>67%</td>
<td>141,1</td>
<td>258,3</td>
<td>-45%</td>
</tr>
<tr>
<td>EBITDA Margin (%)</td>
<td>85.0%</td>
<td>87.1%</td>
<td>79.2%</td>
<td></td>
<td>78.0%</td>
<td>85.8%</td>
<td></td>
</tr>
<tr>
<td>Profit / (Loss) for the year</td>
<td>27,8</td>
<td>42,4</td>
<td>-17,6</td>
<td>n.m.</td>
<td>-32,2</td>
<td>59,2</td>
<td>n.m.</td>
</tr>
</tbody>
</table>

LTM: Last Twelve Months  
Source: Fraport web site
Contents

1. Transaction Highlights

2. Introduction to Antalya Airport

3. Transaction Rationale

4. Structure, Financing & Envisaged Timeline

Annex
Antalya International Airport is an attractive asset that has significant cash flow potential and is #2 in Turkey in terms of the number of international passengers (more than 18.5 mn international pax in 2017).

Antalya is the most popular tourist destination of Turkey with more than 600K bed capacity in hotels that continues to increase due to the investment pipeline.

ICF is the operator of passenger terminals and car parks in Antalya International Airport until the end of 2024. ICF is 49% owned by IC Ictas and 51% by Fraport, with 50-50% dividend rights and co-control.

IC Ictas is selling its entire stake of 49% at the Operating Company and 50% at the JV Company (who has 0.01% shares and 99% dividend rights of the Operating Company).

Co-control stake in ICF will enable TAV to continue its strong presence in Turkey.

Opportunity to have bigger marketing power as TAV will be operating 4 of the 5 airports in Turkish riviera.

Expected to receive dividends from Antalya starting in 2018.
Equal governance rights

- Co-control is available with a reliable and professional partner (Fraport)

Attractive valuation

- Transaction valuation multiple of 6.2x EV/ LTM EBITDA is lower than airport M&A transactions and trading company multiples
- Transaction will be easily funded by additional indebtedness at holding level
- TAV expects the transaction to be accretive in 2018.
Contents

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3. Transaction Rationale

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Annex
**Transaction Structure**

**Governance structure:**

- 6 members in BoD. TAV to appoint 3 members and Fraport 3 members.
- Veto rights granted to TAV.
- Preemption rights granted to TAV in case of any share disposal.
- 50-50% dividend rights.
Financial impacts, Financing and Calendar

• Financial impacts
  – Consolidated with Equity pick-up method
  – Expected to receive dividends from Antalya starting in 2018.

• TAV Airports Holding will finance the transaction through debt

• Calendar
  – SPA signed on 27 February 2018
  – The transaction is subject to certain regulatory approvals and third party consents.
Transaction multiple is lower than airport transaction precedents

Airports transaction
EV/EBITDA multiples

Source: Mergermarket
## Trading Valuation multiples comparison

<table>
<thead>
<tr>
<th>Country</th>
<th>EV/EBITDA (2017E)</th>
<th>EV/EBITDA (2018E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>TAV</td>
<td>4,4</td>
<td>4,2</td>
</tr>
<tr>
<td>ZURICH</td>
<td>12,6</td>
<td>12,1</td>
</tr>
<tr>
<td>WIEN</td>
<td>9,8</td>
<td>9,3</td>
</tr>
<tr>
<td>ADP</td>
<td>13,3</td>
<td>11,8</td>
</tr>
<tr>
<td>AUCKLAND</td>
<td>20,8</td>
<td>19,4</td>
</tr>
<tr>
<td>FRAPORT</td>
<td>11,3</td>
<td>10,3</td>
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<td>SHANGHAI</td>
<td>18,4</td>
<td>16,1</td>
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<td>BEIJING</td>
<td>9,5</td>
<td>7,8</td>
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<tr>
<td>MALAYSIA</td>
<td>9,5</td>
<td>9,1</td>
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<tr>
<td>AVERAGE</td>
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<td>11,1</td>
</tr>
<tr>
<td>MEDIAN</td>
<td>11,3</td>
<td>10,3</td>
</tr>
</tbody>
</table>

Source: Bloomberg
**TAV Corporate and Shareholder Structure**

### TAV Airports Holding Co.

#### Airport Companies
- Atatürk (100%)
- Esenboga (100%)
- Adnan Menderes (100%)
- Gazipaşa Alanya (100%)
- Milas Bodrum (100%)
- Medinah (33%)
- Yanbu, Hail & Qassim (50%)
- Tbilisi (80%) & Batumi (76%)
- Monastir & Enfidha (67%)
- Skopje & Ohrid (100%)
- Latvia (100%)
- Zagreb (15%)

#### Service Companies
- ATU (50%)
- BTA (100%)
- OS (100%)
- TAV Technologies (100%)
- Security (100%)
- Academy (100%)
- TGS (50%)
- Havas Latvia (100%)
- Havas Saudi (67%)

### Shareholder Structure (as of February 2017)

1. **Groupe ADP***
   Internationally acclaimed airport operating company with global operations
2. **Tepe Insaat Sanayi A.S.**
   Turkish integrated conglomerate focused on infrastructure and construction
3. **Sera Yapı Endüstrisi A.S.**
   Focused on construction in Turkey & MENA region
4. **Other Non-floating**
5. **Other Free Float**

*Through Tank oWA Alpha GMBH*

Note: Groupe ADP bought Akfen Holding’s 8.12% stake in TAV Airports as of July 7, 2017
TAV Airports through its affiliates and subsidiaries, in auxiliary airport services including duty free, food and beverage, ground handling services, IT, security and operation services. As part of these diversified services TAV Airports also operates the duty-free, food and beverage and other commercial areas at Riga Airport in Latvia. In 2017, the company provided services for around 836K flights and 115 million passengers. The Company's shares are listed in Borsa Istanbul since February 23, 2007, under the ticker code “TAVHL”

* The airports are planned to be taken over in 2018
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- The transactions contemplated by this document are subject to the parties obtaining the relevant opinions, approvals and authorizations.

- This document contains forward-looking statements based on management’s current expectations, beliefs and estimates. These expectations, beliefs and estimates may change due to some uncertainty relating to, in particular, the economic, financial and regulatory conditions. The forward-looking statements are also subject to a number of factors that could cause actual results to differ materially from those described in the forward-looking statements. TAV Havalimanlari Holding A.S. (TAV Airports) do not undertake to provide updates or to revise any forward-looking statements.

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