

**Subject:** Announcement of results for the first half of 2007

TAV Airports Holding Inc. (ISE: TAVHL, "TAV") announced results for the first half ended June 30, 2007. The financial results in this announcement are audited, prepared in accordance with International Financial Reporting Standards ("IFRS") and expressed in Euro.

**Highlights of the first half**

- The number of passengers using airports operated by TAV increased by 13% to 14.1 million in the first half of 2007. Similarly, air traffic movements (ATM) grew by 11% to 148,481 during the same period, indicating a higher load factor.
- **1H07 results are not directly comparable with the previous year.** Our results of operations for 1H06 consist almost entirely of income and expenses generated from the operation of Istanbul Ataturk Airport, under the Lease Agreement. TAV Izmir began operations on September 13, 2006 and TAV Esenboğa on October 16, 2006. TAV Georgia has started to provide mainly passenger, ramp, check-in counter services and parking-apron-taxi services in New Tbilisi International Airport since 8 February 2007. Furthermore, TAV Security became a separate entity within TAV Airports Holding on March 2006 and started to be included in consolidation from the second quarter of 2006.
- Total operating income increased by 26% from €179.1 million in 1H06 to €225.0 million in 1H07. This increase primarily reflected increases in aviation income, catering services income and other operating income. The growth mainly stemmed from organic growth; i.e. higher passenger numbers at Istanbul Ataturk Airport, and inorganic growth; i.e. income from new terminals.
- EBITDAR (EBITDA before concession rent) increased by 25% from €75.7 million in 1H06 to €95.0 million in 1H07. EBITDAR margin remained almost flat at 42.2% in 1H07.
- EBITDA (profit (loss) adjusted for income taxes, investment income, other gains and losses, finance costs, transaction gains and losses and depreciation & amortisation) amounted to €25.2 million in 1H07, which was €5.4 million in 1H06. EBITDA margin improved from 3% in 1H06 to 11.2% in 1H07, mainly because of fixed concession fee payment and kick-in operational leverage.
- Net loss for 1H07 was €17.5 million compared to €50.1 million in 1H06. The net loss figure attributable to the equity holders of TAV Airports was €17.3 million in 1H07, compared to €48.0 million in 1H06; mainly because of the transaction gain (stable exchange rates in 1H07), income tax benefit (deferred taxes), lower finance expenses; despite higher employee benefit expense and depreciation & amortization expense of new airports. With the start of operations at the new airports, the BOT assets are straight line depreciated based on their useful lives during the term of the BOT agreement. However, the costs associated with the construction and financing of these airports were capitalised through their respective phases of construction.
- Net debt remained almost the same at €655 million at the end of June 2007 compared to end of March.
- Average duty-free revenue per passenger decreased from €17.9 in 1H06 to €16.6 in 1H07, at Istanbul Atatürk Airport (duty free revenues divided by the sum of international and transit passengers), mainly due to the 36% surge in transit passengers. In the first half of this year, average duty-free revenue per passenger amounted €11.7 at Izmir Adnan Menderes Airport and €11.8 at Ankara Esenboğa Airport.

**TAV Havalimanları Holding A.Ş. / TAV Airports Holding Co.**

## Overview of 1H07 Financials

- **Total operating income** increased by 26% from €179.1 million in 1H06 to €225.0 million in 1H07. This increase primarily reflected increases in aviation income, sales of duty free goods and catering services income.  
Our income stream is hard currency, based primarily in Euro and U.S. dollars, with aviation operations (which includes ground handling), accounting for 35% of total operating income and non-aviation operations accounting for 65% of total operating income in 1H07.
  - **Aviation income** increased by 33% from €42.2 million in 1H06 to €56.3 million in 1H07. This increase primarily reflects the higher passenger number at Istanbul Ataturk Airport, the inclusion of aviation income related to the domestic and international terminals at Esenboğa Airport (contributing €6.9 million) and the international terminal at Izmir Adnan Menderes Airport (contributing €4.8 million) for 1H07. TAV Georgia contributed €2.0 million to our aviation income.
  - **Sales of duty free goods** increased by 22% to €62.9 million in 1H07. This increase principally reflected an increase in international and transit passengers at Istanbul Ataturk Airport by 17% during the two periods. Average per passenger spend decreased from €17.9 in 1H06 to €15.6 in 1H07, on average, reflecting lower per passenger spend at Izmir Adnan Menderes and Ankara Esenboğa Airports, compared to the Istanbul Ataturk Airport.
  - **Ground handling income** increased by 10% from €20.7 million in 1H06 to €22.8 million in 1H07.
  - **Concession fee-duty free** increased by 18% from €24.1 million in 1H06 to €28.4 million in 1H07. The concession fee payable by ATU to TAV Istanbul is approximately 43% of total operating income generated by ATU in Istanbul Ataturk Airport. The concession fee payable by ATU to TAV Esenboğa and TAV Izmir is approximately 40% of total operating income generated by ATU.
  - **Catering service income** increased by 44% from €9.9 million in 1H06 to €14.2 million in 1H07. The increase mainly reflects the inclusion of catering service income related to the new airports; i.e. increase in the total area allocated for catering services.
  - **Other operating income** increased by 31% from €30.9 million in 1H06 to €40.4 million in 1H07. The steep increase principally reflects an increase in income from area allocation, income from car park operations and income from CIP lounge services. Though the bus services income indicates a 4% drop during the two periods, the drop stemmed from the change in the recognition of bus services income. In 2006, TAV İşletme, wholly owned by TAV Airports, recognised bus service income by invoicing to Havaş. Starting from 2007, bus services income is recorded under Havaş, which is proportionally consolidated. If such operations had been recognised like in 2006, bus services income actually would grow by 60% in 2007.
- **Operating expenses** increased by 26% from €177.3 million in 1H06 to €223.7 million in 1H07. This was primarily the result of increases in employee benefit expense and depreciation & amortization expense of new airports, against the removal of one-off consultancy expenses. With the start of operations at the new airports, the BOT assets are straight line depreciated based on their useful lives during the term of the BOT agreement. However, the costs associated with the construction and financing of these airports were capitalised through their respective phases of construction.
  - **Concession rent expenses** decreased by 1% from €70.3 million to €69.8 million in 1H07. 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. The amount reflects the amortization of the pre-paid concession expense and renovation investment.



## Airports

- **Cost of duty free inventory sold** was €22.0 million in 1H06, representing 43% of sales of duty free goods, and increased by 20% to €26.5 million in 1H07, representing 42.2% of sales of duty free goods.
- **Cost of catering inventory sold** was €3.2 million in 1H06 and increased by 55% to €4.9 million in 1H07. This increase primarily reflects the costs associated with the increase in total area allocated to catering services in new airports and costs of Cakes&Bakes operations.
- **Employee benefit expense** increased by 63% from €29.9 million in 1H06 to €48.7 million in 1H07. This increase principally reflected the increased number of employees (38% YoY) associated with new terminals and service companies.
- **Cost of services rendered** decreased by 35% from €11.1 million in 1H06 to €7.2 million in 1H07. 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 from €3.5 million in 1H06 to €23.9 million in 1H07. Depreciation and amortisation expense in 1H06 mainly related to Istanbul Ataturk Airport and Havaş. Depreciation and amortization of the Izmir Airport BOT investment began upon the opening of the international terminal on September 13, 2006 and amounted €9.96 million in 1H07. Similarly, Ankara Esenboğa Airport BOT investment began on October 16, 2006 and the amount of depreciation and amortization expense was €7.6 million.
- **Other operating expenses** increased by 15% from €37.1 million in 1H06 to €42.7 million in 1H07. The increase was principally driven by an increase in consultancy expenses, insurance expense, advertisement and marketing expenses. An additional consultancy expense for Tunisia operations is around €4 million. Furthermore, with the start of operations at Izmir and Esenboğa terminals, other operating expenses increased by around €11 million in 1H07. Operating expenses also include IPO expenses amounting approximately €3.4 million which is one-off expenses relating to the first quarter. On the other hand, management consultancy expenses removed in 1H07 (one-off expenses amounted €7.4 million in 1H06) and maintenance expenditures declined, with the finalisation of the refurbishment works at Ataturk Airport's domestic terminal.
- **Operating profit** amounted €1.3 million in 1H07, which was €1.9 million in 1H06, mainly for the reasons described above.
- **EBITDA**, which we define as profit (loss) adjusted for income taxes, investment income, other gains and losses, finance costs, transaction gains and losses and depreciation & amortisation, amounted to €25.2 million in 1H07, which was €5.4 million in 1H06, because of the reasons highlighted above.
- **EBITDAR**, which we define as EBITDA before concession rent, increased by 25% from €75.7 million in 1H06 to €95.0 million in 1H07.
- **Finance costs** decreased by 14% from €31.6 million in 1H06 to €27.3 million in 1H07, which was principally driven by the decline in interest charged on bank loans.
- **Transaction gain (loss)** reflects the impact of exchange gains and losses on our US\$ denominated and New Turkish Lira denominated monetary assets and liabilities. The change from a transaction loss of €16 million in 1H06 to a transaction gain of €0.9 million in 1H07, was due to more stable exchange rates in the first half of 2007.
- **Income tax benefit (expense)** consists of deferred tax and corporate taxes. In 1H06, income tax expense was €13.4 million as compared to €2.7 million income tax benefit in 1H07. In 2006, we wrote off deferred tax assets related to unutilised investment incentives due to a change in tax regulations, which resulted in our not being able to use such tax incentives. We have deferred tax assets, primarily tax carry-forward losses, which may be used in the future.
- **Minority interest** reflects the allocation of profit /losses held by the minority interest. Minority interest consists of the 25% of TAV Esenboğa and 33.33% of BTA. However, starting from 3Q07, minority interest will not include any portion of TAV Esenboğa since our company acquired remaining 25% shares of TAV Esenboğa in July.

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## Airports

- **Net loss** for 1H07 was €17.5 million as compared to €50.1 million in 1H06. The net loss figure attributable to the equity holders of TAV Airports was €17.3 million in 1H07, compared to €48.0 million in 1H06.

### TAV AIRPORTS HOLDING – 1H07 FINANCIAL SUMMARY

(€million)	Revenues	EBITDA (*)	EBITDA(*) Margin	Net Debt
Airports	142.3	87.1	61%	632
Istanbul	115.4	84.7	73%	404
Ankara	14.4	3.7	26%	120
Izmir	9.2	2.2	24%	94
Georgia (60%)	3.3	0.9	26%	28
Tunisia	-	-4.4	-	-14
Services	137.1	7.1	5%	23
ATU (50%)	64.3	3.6	6%	13
BTA	22.7	1.5	7%	-1
Havas (60%)	27.3	4.7	17%	-2
Others	22.8	-2.8	-12%	12
Total	279.4	94.2	34%	655
Eliminations	-54.4	0.7		
<b>Consolidated</b>	<b>225.0</b>	<b>94.8</b>	<b>42%</b>	<b>655</b>

\* EBITDAR for TAV Istanbul

(€million)	TAV Airports Revenues				
	2005	2006	1H06	1H07	Change
Airports	202	250	110,4	142,3	29%
Istanbul	202	230	107,6	115,4	7%
Others	-	20	2,8	26,9	875%
Services	183	241	106,1	137,1	29%
ATU (50%)	94	109	52,1	64,3	23%
BTA	29	35	15,0	22,7	52%
Havas (60%)	48	62	25,6	27,3	6%
Others	11	35	13,3	22,8	72%
Total	385	491	216,4	279,4	29%
Eliminations	-80	-91	-37,3	-54,4	
<b>Consolidated</b>	<b>305</b>	<b>400</b>	<b>179,1</b>	<b>225,0</b>	<b>26%</b>

(€million)	TAV Airports EBITDAR				
	2005	2006	1H06	1H07	Change
Airports	139	147	67,7	87,1	29%
Istanbul	139	146	67,4	84,7	26%
Others	-	1	0,3	2,4	675%
Services	7	21	8,9	7,1	-20%
ATU (50%)	6	4	2,6	3,6	40%
BTA	-1	3	1,5	1,5	3%
Havas (60%)	0	5	6,3	4,7	-25%
Others	2	9	-1,5	-2,8	-
Total	146	168	76,5	94,2	23%
Eliminations	4	0	-0,8	0,7	
<b>Consolidated</b>	<b>149</b>	<b>168</b>	<b>75,7</b>	<b>94,8</b>	<b>25%</b>

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<b>TAV Airports Holding Selected Financials</b>	(Audited)	(Audited)
	6 months period ended	6 months period ended
(Amounts expressed in Euro)	30 June 2007	30 June 2006
<b>Total operating income</b>	<b>225,035,519</b>	<b>179,137,556</b>
Sales of duty free goods	62,913,697	51,379,113
Aviation income	56,305,279	42,183,317
Concession fee-duty free	28,446,902	24,062,995
Ground handling income	22,775,896	20,724,853
Catering services income	14,231,889	9,909,768
Other operating income	40,361,856	30,877,510
<b>Operating expenses</b>	<b>-223,701,073</b>	<b>-177,281,285</b>
Cost of catering inventory sold	-4,875,636	-3,150,483
Cost of duty free inventory sold	-26,524,820	-22,054,959
Cost of services rendered	-7,174,193	-11,106,998
Employee benefit expense	-48,676,425	-29,945,425
Concession rent expenses	-69,815,918	-70,334,327
Depreciation and amortization expense	-23,889,060	-3,541,195
Other operating expenses	-42,745,021	-37,147,898
Operating profit	1,334,446	1,856,271
Investment income	4,958,973	8,232,312
Other gains and losses	-15,828	1,049,560
Finance costs (net)	-27,318,777	-31,585,307
Transaction gain/(loss) (net)	857,285	-16,223,180
<b>Profit/(loss) before tax</b>	<b>-20,183,901</b>	<b>-36,670,344</b>
Income tax benefit /(expense)	2,716,441	-13,459,531
<b>Profit/(loss) for the period from continuing operations</b>	<b>-17,467,460</b>	<b>-50,129,875</b>
<b>Attributable to:</b>		
Equity holders of the parent	-17,262,213	-48,021,459
Minority interest	-205,247	-2,108,416
	<b>-17,467,460</b>	<b>-50,129,875</b>
<b>Other Financial Data:</b>		
EBITDA	25,223,506	5,397,466
EBITDAR	95,039,424	75,731,793
<b>Summary Cash Flow Data:</b>		
Net cash provided by (used in):		
Operating activities	62,200,866	45,796,981
Investing activities	-34,030,318	-159,246,852
Financing activities	125,055,805	107,221,963
<b>Summary Balance Sheet Data:</b>	<b>30 June 2007</b>	<b>31 December 2006</b>
Cash and cash equivalents	35,078,767	6,254,146
Restricted bank balances	159,162,571	323,524,530
Total assets	1,309,289,351	1,349,978,310
Bank loans	848,843,685	870,427,273
Total liabilities	945,337,834	1,022,572,475
Total equity	363,951,517	327,405,835
Net debt	654,602,347	540,648,597

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## TRAFFIC FIGURES

Passengers <sup>(1)</sup>	1st Half Year (Jan-June)					Jan-Dec		
	1H05	1H06	Change %	1H07	Change %	2005	2006	Change %
<b>Ataturk Airport</b>	<b>8.741.213</b>	<b>9.651.306</b>	<b>10%</b>	<b>10.855.953</b>	<b>12%</b>	<b>19.293.769</b>	<b>21.265.974</b>	<b>10%</b>
International	5.411.736	5.374.586	-1%	6.244.503	16%	11.781.487	12.174.281	3%
Domestic	3.329.477	4.276.720	28%	4.611.450	8%	7.512.282	9.091.693	21%
<b>Esenboga Airport <sup>(2)</sup></b>	<b>1.719.851</b>	<b>2.021.427</b>	<b>18%</b>	<b>2.404.182</b>	<b>19%</b>	<b>3.829.854</b>	<b>4.547.578</b>	<b>19%</b>
International	457.152	490.649	7%	575.810	17%	1.189.250	1.259.993	6%
Domestic	1.262.699	1.530.778	21%	1.828.372	19%	2.640.604	3.287.585	25%
<b>Izmir Airport <sup>(3)</sup></b>	<b>607.453</b>	<b>527.523</b>	<b>-13%</b>	<b>600.654</b>	<b>14%</b>	<b>1.676.755</b>	<b>1.451.061</b>	<b>-13%</b>
<b>TURKEY TOTAL</b>	<b>22.409.112</b>	<b>24.612.821</b>	<b>10%</b>	<b>28.450.905</b>	<b>16%</b>	<b>54.525.727</b>	<b>58.778.131</b>	<b>8%</b>
International	13.588.133	12.455.731	-8%	14.368.166	15%	34.583.035	32.133.681	-7%
Domestic	8.820.979	12.157.090	38%	14.082.739	16%	19.942.692	26.644.450	34%
<b>Tbilisi Airport <sup>(4)</sup></b>	<b>225.898</b>	<b>250.951</b>	<b>11%</b>	<b>252.634</b>	<b>1%</b>	<b>547.150</b>	<b>567.402</b>	<b>4%</b>
International	221.106	248.661	12%	250.400	1%	536.405	563.034	5%
Domestic	4.792	2.290	-52%	2.234	-2%	10.745	4.368	-59%
<b>TAV TOTAL</b>	<b>11.294.415</b>	<b>12.451.207</b>	<b>10%</b>	<b>14.113.423</b>	<b>13%</b>	<b>25.347.528</b>	<b>27.832.015</b>	<b>10%</b>
International	6.697.447	6.641.419	-1%	7.671.367	16%	15.183.897	15.448.369	2%
Domestic	4.596.968	5.809.788	26%	6.442.056	11%	10.163.631	12.383.646	22%

Air Traffic Movements <sup>(5)</sup>	1st Half Year (Jan-June)					Jan-Dec		
	1H05	1H06	Change %	1H07	Change %	2005	2006	Change %
<b>Ataturk Airport</b>	<b>95.165</b>	<b>105.923</b>	<b>11%</b>	<b>116.081</b>	<b>10%</b>	<b>204.214</b>	<b>225.549</b>	<b>10%</b>
International	58.473	61.607	5%	67.447	9%	123.408	130.539	6%
Domestic	36.692	44.316	21%	48.634	10%	80.806	95.010	18%
<b>Esenboga Airport <sup>(2)</sup></b>	<b>18.551</b>	<b>21.566</b>	<b>16%</b>	<b>24.504</b>	<b>14%</b>	<b>39.833</b>	<b>47.434</b>	<b>19%</b>
International	4.472	5.017	12%	6.237	24%	10.700	12.502	17%
Domestic	14.079	16.549	18%	18.267	10%	29.133	34.932	20%
<b>Izmir Airport <sup>(3)</sup></b>	<b>4.569</b>	<b>4.345</b>	<b>-5%</b>	<b>5.243</b>	<b>21%</b>	<b>12.351</b>	<b>11.475</b>	<b>-7%</b>
<b>TURKEY TOTAL</b>	<b>203.584</b>	<b>228.665</b>	<b>12%</b>	<b>260.010</b>	<b>14%</b>	<b>471.637</b>	<b>522.785</b>	<b>11%</b>
International	111.427	109.992	-1%	123.425	12%	266.321	262.228	-2%
Domestic	92.157	118.673	29%	136.585	15%	205.316	260.557	27%
<b>Tbilisi Airport <sup>(4)</sup></b>	<b>2.527</b>	<b>2.536</b>	<b>0%</b>	<b>2.653</b>	<b>5%</b>	<b>5.631</b>	<b>5.417</b>	<b>-4%</b>
International	2.229	2.308	4%	2.348	2%	4.825	4.846	0%
Domestic	298	228	-23%	305	34%	804	571	-29%
<b>TAV TOTAL</b>	<b>120.812</b>	<b>134.370</b>	<b>11%</b>	<b>148.481</b>	<b>11%</b>	<b>262.029</b>	<b>289.875</b>	<b>11%</b>
International	69.743	73.277	5%	81.275	11%	151.284	159.362	5%
Domestic	51.069	61.093	20%	67.206	10%	110.743	130.513	18%

Source: Turkish State Airports Authority (DHMI) and Georgian Authority for Tbilisi Airport

<sup>(1)</sup> Both departing and arriving passengers, excluding transit

<sup>(2)</sup> Operation commencement date: October 16, 2006

<sup>(3)</sup> International Terminal only and operation commencement date: September 13, 2006

<sup>(4)</sup> Operation commencement date for new terminal: February 7, 2007

<sup>(5)</sup> Commercial flights only

TAV Airports Holding Inc.

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