Corporate Credit Rating

☐New ☒Update

Sector: Aviation
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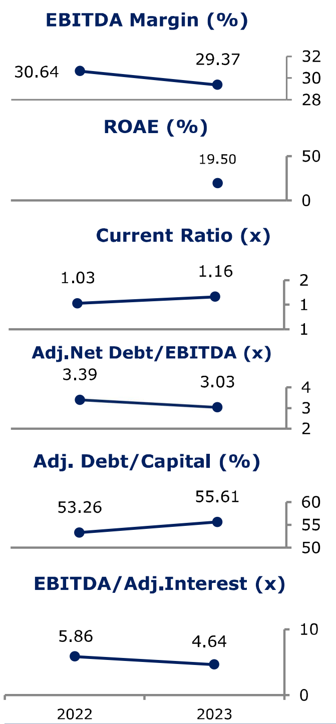
RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA- (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BBB+	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BBB+	-
	International LC ICR Outlooks	Stable	-
ISRs (Issue Specific Rating Profile)	National ISR	-	-
	International FC ISR	-	-
	International LC ISR	-	-
Sovereign*	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

** Assigned by JCR on May 10, 2024*



TAV Havalimanları Holding A.Ş

JCR Eurasia Rating, has evaluated the consolidated structure of **TAV Havalimanları Holding A.Ş.** in the investment-level category with very high credit quality on the national scales and affirmed the Long-Term National Issuer Credit Rating at **'AA- (tr)'** and the Short-Term National Issuer Credit Rating at **'J1+ (tr)'** with **'Stable'** outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as **'BBB+/Stable'**.

TAV Havalimanları Holding A.Ş. (referred to as 'the Company' or 'TAV Airports') was established in 1997 under the name of Tepe Akfen Vie Yatırım Yapım ve İşletme A.Ş. in Türkiye for the purpose of reconstructing the İstanbul Atatürk Airport (International Lines Building) and operating it for a limited period of 66 months. The Company's name was changed to TAV Havalimanları Holding A.Ş. in 2006. Core business of the Company is related to the construction of terminal buildings, management and operation of terminals or airports through agreements on a BOT basis or royalty basis in a competitive bidding process. According to these agreements the Company agrees to build or renovate or manage an airport or terminal within a specified period of time. As the concessions has finite terms, the Company transfers the ownership of the terminal buildings or airports back to the related public authority at the end of the contracts. In addition, the Company purchased the indirect shares of Almaty Airports in late April, 2021 and became 85% of shareholder in airport whose facilities owned by the Company unlike other airports in portfolio. Additionally, the new international terminal investment was completed at Almaty Airport and was opened in June 2024. In 2022, the TAV Havalimanları Holding has established a new consortium with Fraport and the concession awards the right to operate Antalya Airport from January 2027 to December 2051.The concession was awarded to the subject SPV of which TAV Airports is 51% shareholder and Fraport is 49% shareholder. EUR 375Mn of equity was placed in the New Antalya SPV where EUR 300Mn of shareholder loan was obtained from Groupe ADP. In December 2022, TAV Airports was also awarded the right to operate Ankara Esenboga Airport from May 2025 to May 2050.

Currently, the Company operates 15 airports in eight countries including Turkey, Macedonia, Georgia, Kazakhstan, Tunisia, Latvia, Saudi Arabia and Croatia. Moreover, TAV Airports provides services in all areas of airport operations such as duty-free, food and beverage, ground handling, IT, security and operations through its subsidiaries and affiliates at 110 airports in 33 countries by the end of June 2024.

The Company provided services for 95.5 million passengers in 2023 and 83.1 million passengers during January-September 2024 period. The Company's shares are listed in Borsa Istanbul since February 23, 2007, under the ticker code "TAVHL".

Key rating drivers, as strengths and constraints, are provided below.

Strengths	Constraints
• Revenue growth driven by improvement in air-passenger figures and price increases which is expected to continue according to the 1H2024 financials • Sustained adequate EBITDA and operating profitability margins • Additional revenue expectations after completing terminal expansion investments in Almaty, Antalya and Ankara airports as well as higher passenger and service fees • Continuing improvement in financial leverage indicators according to FY2023 and 1H2024 financials • Hard currency cash flow stream providing resilience besides utilization of derivative instruments and IRS transactions of long-term loans • Ability to reach alternative financial sources and completion of bond issuance in December, 2023 • Backed by Groupe ADP, one of the most experienced brands in the industry • Strong market position in the Turkish aviation sector, supported by its established reputation and extensive network • Competitive advantage of Turkish tourism industry supports aviation sector • Geographically diversified portfolio and vertically integrated business model mitigates the concentration risk	• Having credit risk exposure due to unsecured receivables with limited effect due to size of trade receivables and high-quality customer base • Despite the recorded gradual improvement over years, ongoing high operating ratio • Operating in a highly sensitive industry vulnerable to geopolitical, environmental and other challenges • In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront

Considering the aforementioned points, the Company's the Long-Term National Issuer Credit Rating has been affirmed at **'AA- (tr)'**. The Company's steady revenue growth, profitability and leverage indicators, experienced risk management practices, strong positions in all service segments, recovery in the sector along with ongoing uncertainties arisen from geopolitical tensions as well as global tight financial conditions have been evaluated as important indicators for the stability of the ratings and the outlooks for Long and Short-Term National Issuer Credit Ratings are determined as **'Stable'**. The Company's revenue and profitability performance, cash generation capacity, debt structure and asset quality will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.