

Investor Call

Q1 2016



Türk Telekom





► Notice

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The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. the mobile services – are provided by Avea İletişim Hizmetleri A.Ş.

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There may be differences between the data provided in this presentation and ICTA's market reports. These discrepancies are due differences in basis of financial reporting (standalone vs. consolidated) and differences in ARPU calculation methodologies.

Note: EBITDA is a non-GAAP financial measure. In this presentation, EBITDA represents revenue less cost of sales and other operating expenses plus other operating income/(expense) plus income/(expense) from investing activities but excluding financial income/(expense) presented in other operating income/(expense) (i.e., foreign exchange gain/(loss), interest income/(expense) and discount income/(expense) on receivables and payables excluding financial borrowings), depreciation, amortization and impairment, income on unconsolidated subsidiaries and minority interest.

Turkey's Pioneer Convergence Player



* Based on the consent of the customers

LTE Launch Highlights

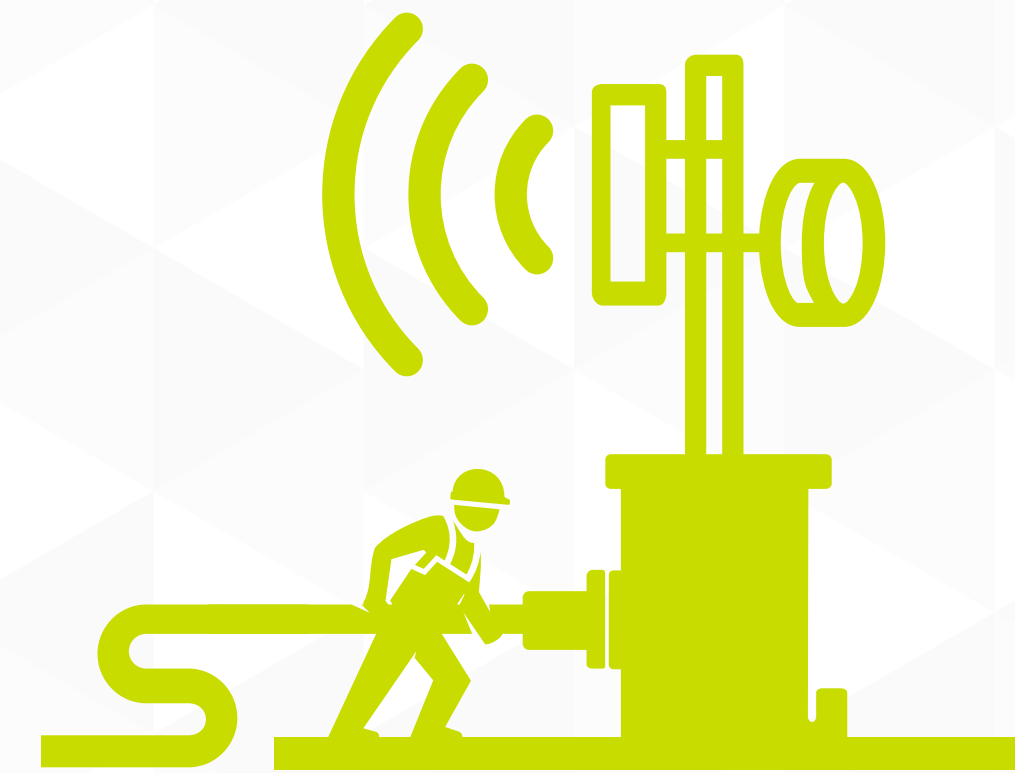


▶ **40%**
of our smartphone users
on LTE devices

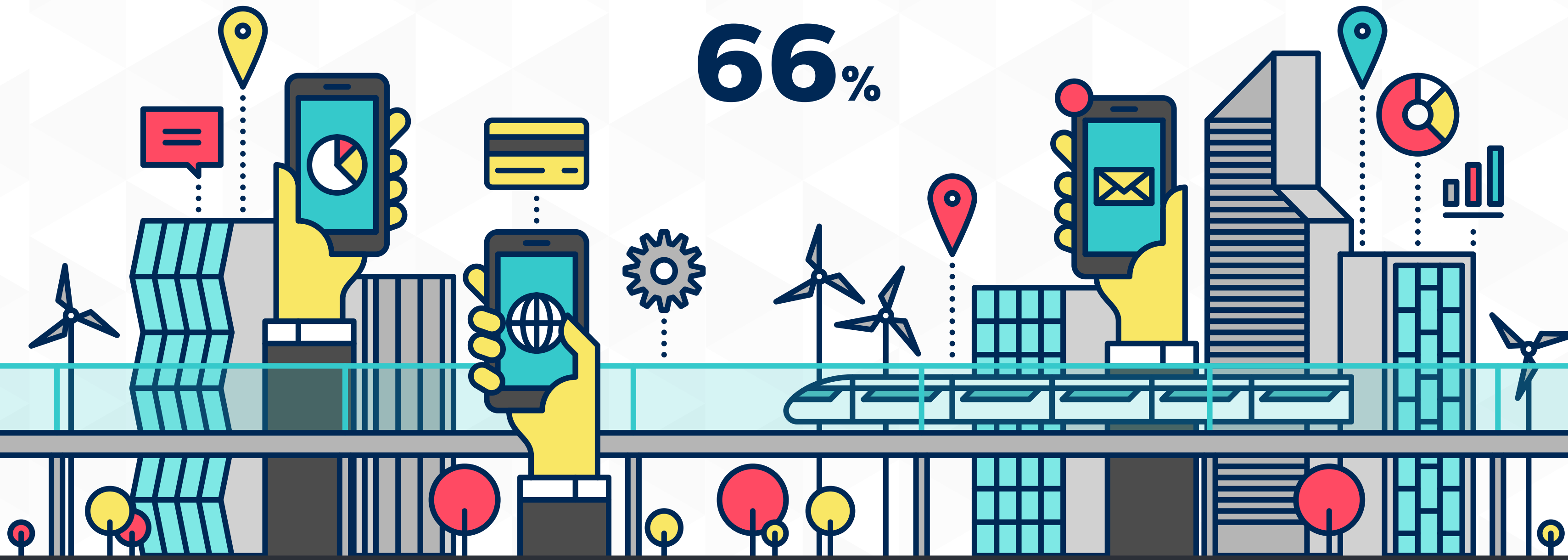


▶ April 1st LTE population
coverage is

66%



▶ **70%**
of LTE base stations are
fiber-connected.



Strong Start to the Year

Robust net add performance in all segments, record quarterly net adds in Home TV



Broadband

197K

in Q1 '16

587K

in the last 12M



Mobile

461K

in Q1 '16

1.1mn

in the last 12M



Home TV

83K

in Q1 '16

186K

in the last 12M



Financial Performance

TL mn	2015 Q1	2015 Q4	2016 Q1	Growth (QoQ)	Growth (YoY)
Revenue	3,434	3,867	3,801	-2%	11%
Revenue (exc.construction adjustment) ¹	3,395	3,706	3,761	2%	11%
EBITDA²	1,329	1,416	1,262	-11%	-5%
EBITDA Margin	38.7%	36.6%	33.2%		
Net Income²	27	1,039	408	-61%	1,430%
CAPEX³	313	1,156	708	-39%	126%

(1) Construction accounting adjustment is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fiber based network.

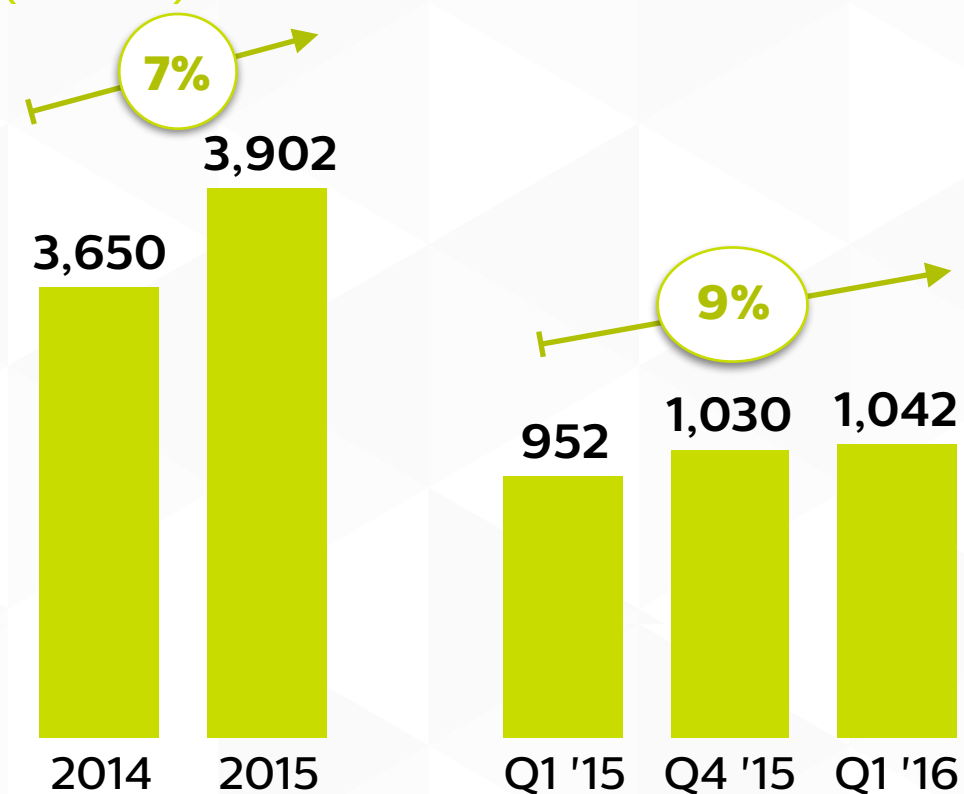
(2) Türk Telekom Group Companies reached an agreement with Turkcell Group Companies to resolve court cases, executive proceedings and disputes with a Settlement Protocol. Turkcell agreed to pay TL 225mn (excl. VAT, and SCT and inc. interest, and all dues associated with the protocol). Turkcell settlement had a positive impact of TL 267mn on 2015 Q4 net income and TL 146mn on 2015 Q4 EBITDA.

(3) Excluding license fees for 2015 Q4

Focused on High Growth Areas

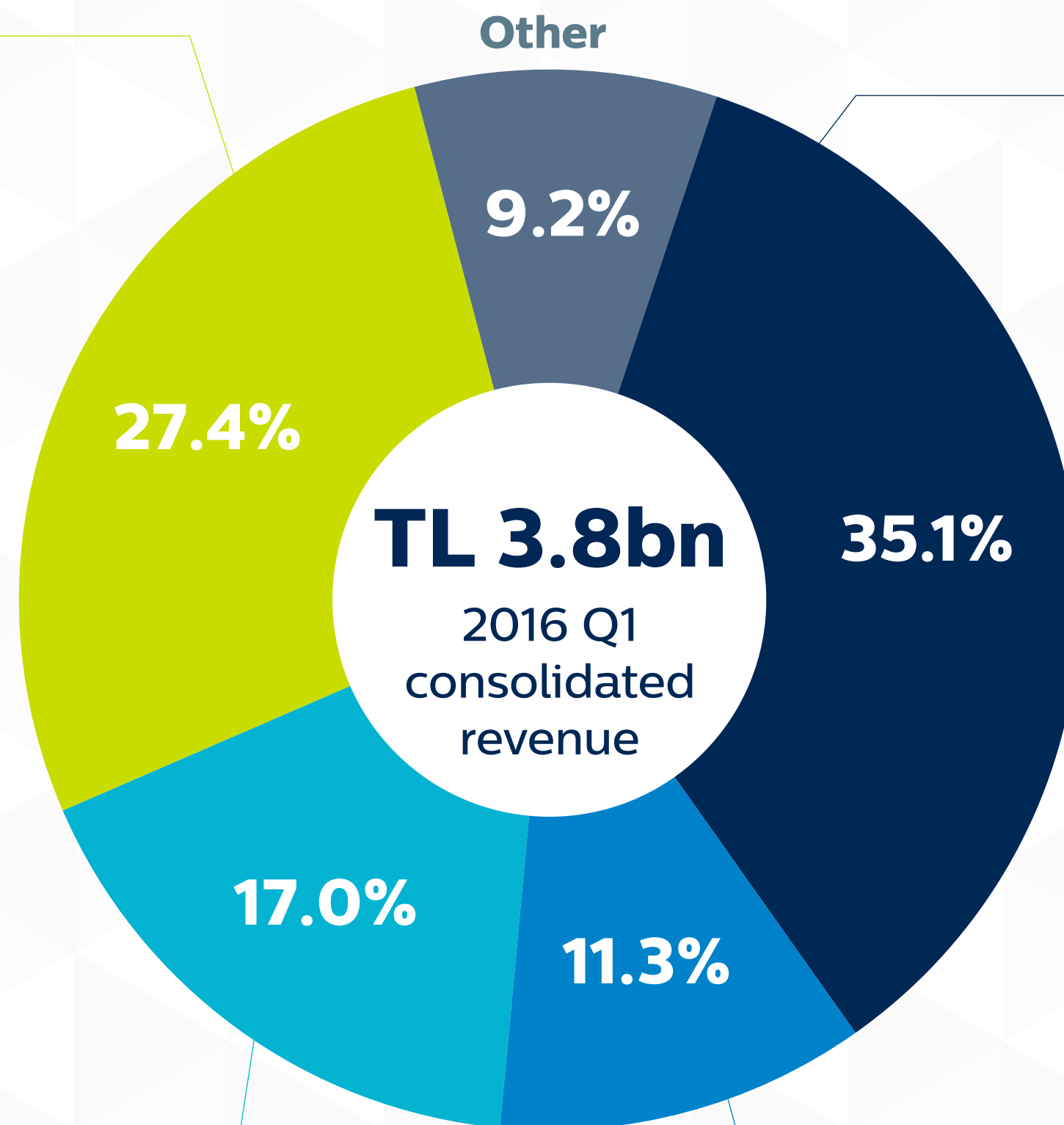
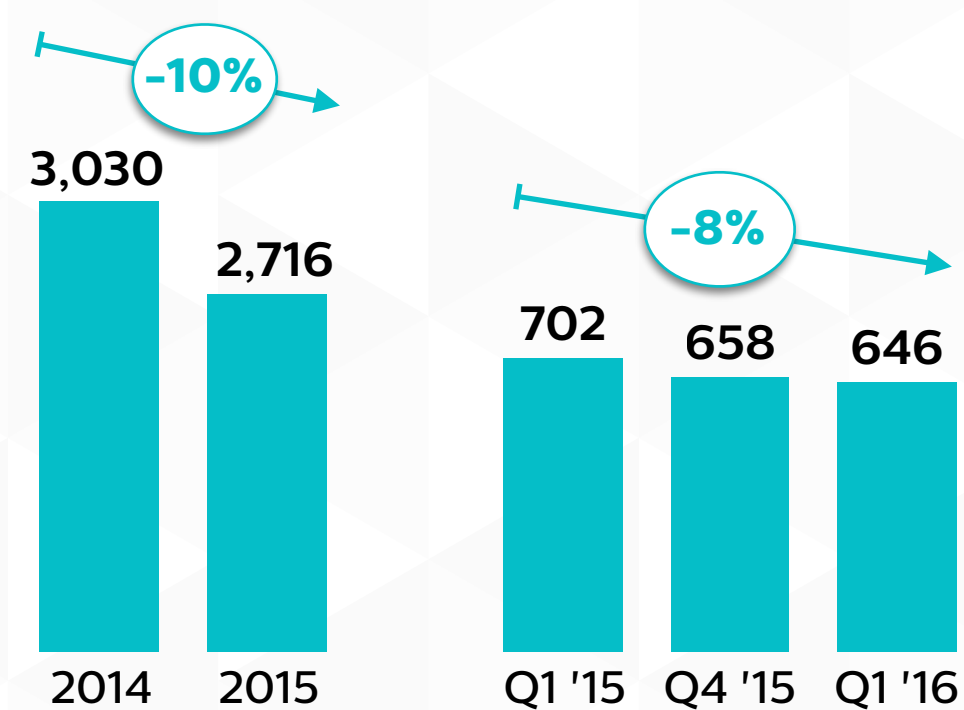
Fixed Broadband

(TL mn)



Fixed Voice

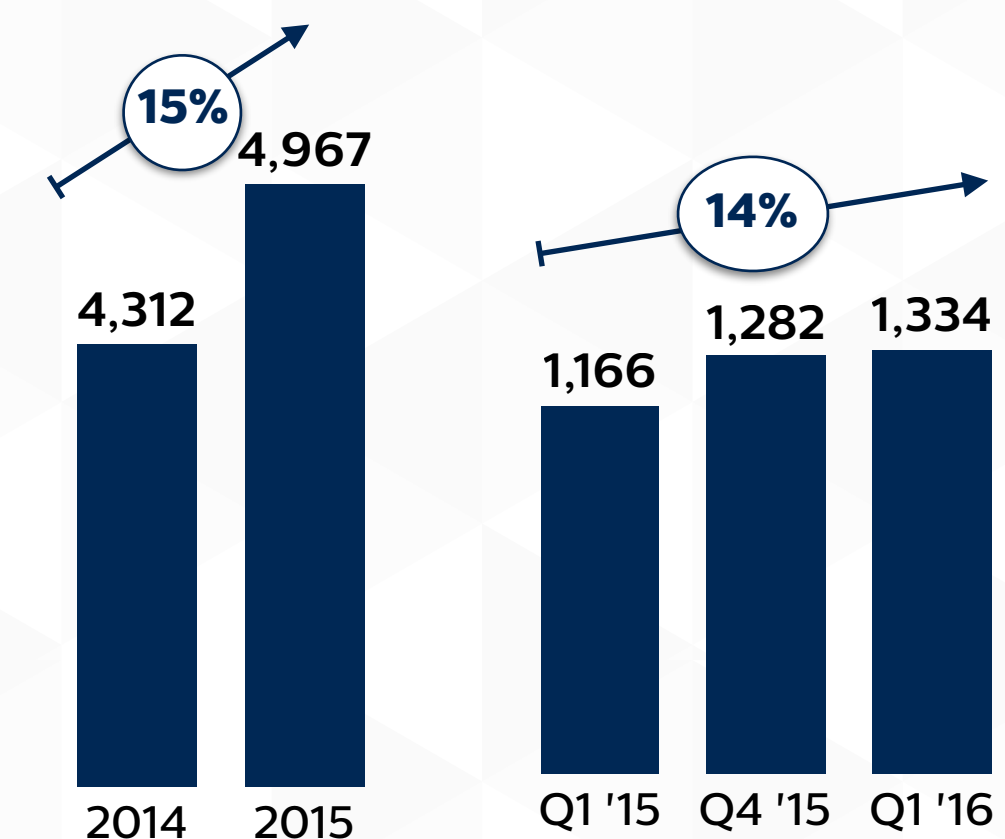
(TL mn)



Revenue breakdown

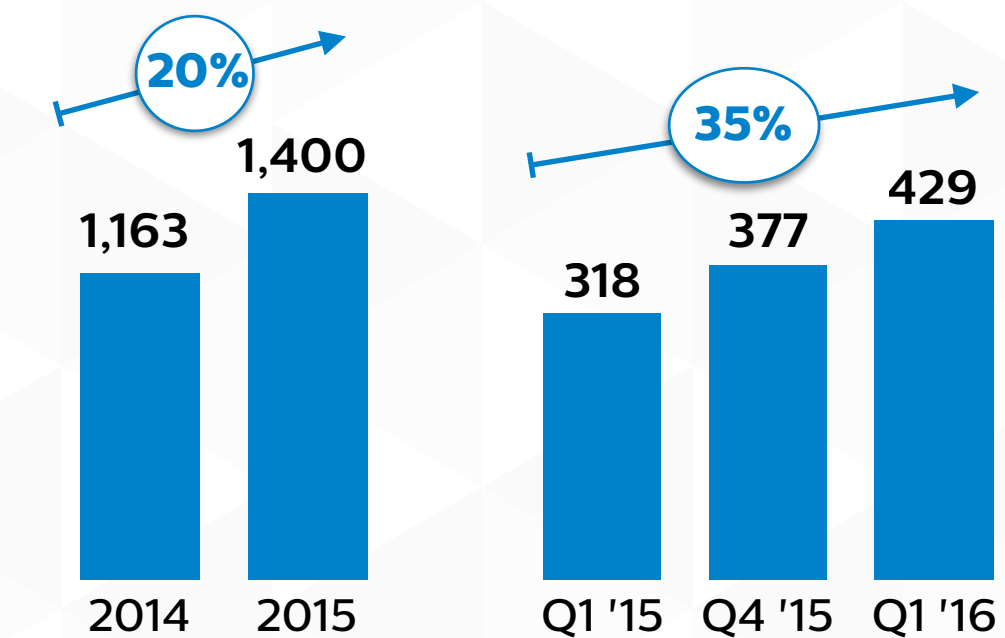
Mobile

(TL mn)



Corporate Data

(TL mn)



Strongest Position in Multiplay Offers

Key building blocks of customer proposition

Türk Telekom

Turkcell

Vodafone

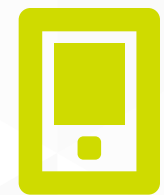


Broadband

- ▶ 98% fixed broadband coverage
- ▶ Nationwide fiber availability
- ▶ Best in class customer service
- ▶ Widest variety of value added services

- ▶ Fiber infrastructure in 15 out of 81 cities
- ▶ Wholesale customer of Türk Telekom

- ▶ Wholesale customer of Türk Telekom



Mobile

- ▶ 900MHz disadvantage eliminated after spectrum auction
- ▶ Only operator with spectrum market share higher than subscriber market share
- ▶ Nationwide fiber network and optimum spectrum to enable best LTE experience

- ▶ Incumbent mobile operator

- ▶ Number two mobile operator



Pay TV

- ▶ Exclusive premium sports content
- ▶ Nationwide coverage through IPTV and satellite
- ▶ Rich content library

- ▶ No satellite platform
- ▶ No exclusive premium content
- ▶ Limited access

- ▶ No Home TV



Fixed Voice

- ▶ Nationwide fixed voice services
- ▶ Additional benefits (data packages, home insurance and other 3rd party benefits)
- ▶ VOIP available

- ▶ Wholesale customer of Türk Telekom
- ▶ VOIP available

- ▶ Wholesale customer of Türk Telekom
- ▶ VOIP available

Other operators' data are from their own publications and ICTA report

The Most Diversified Product Portfolio

Unique
position in
convergence

Robust ARPU Generation

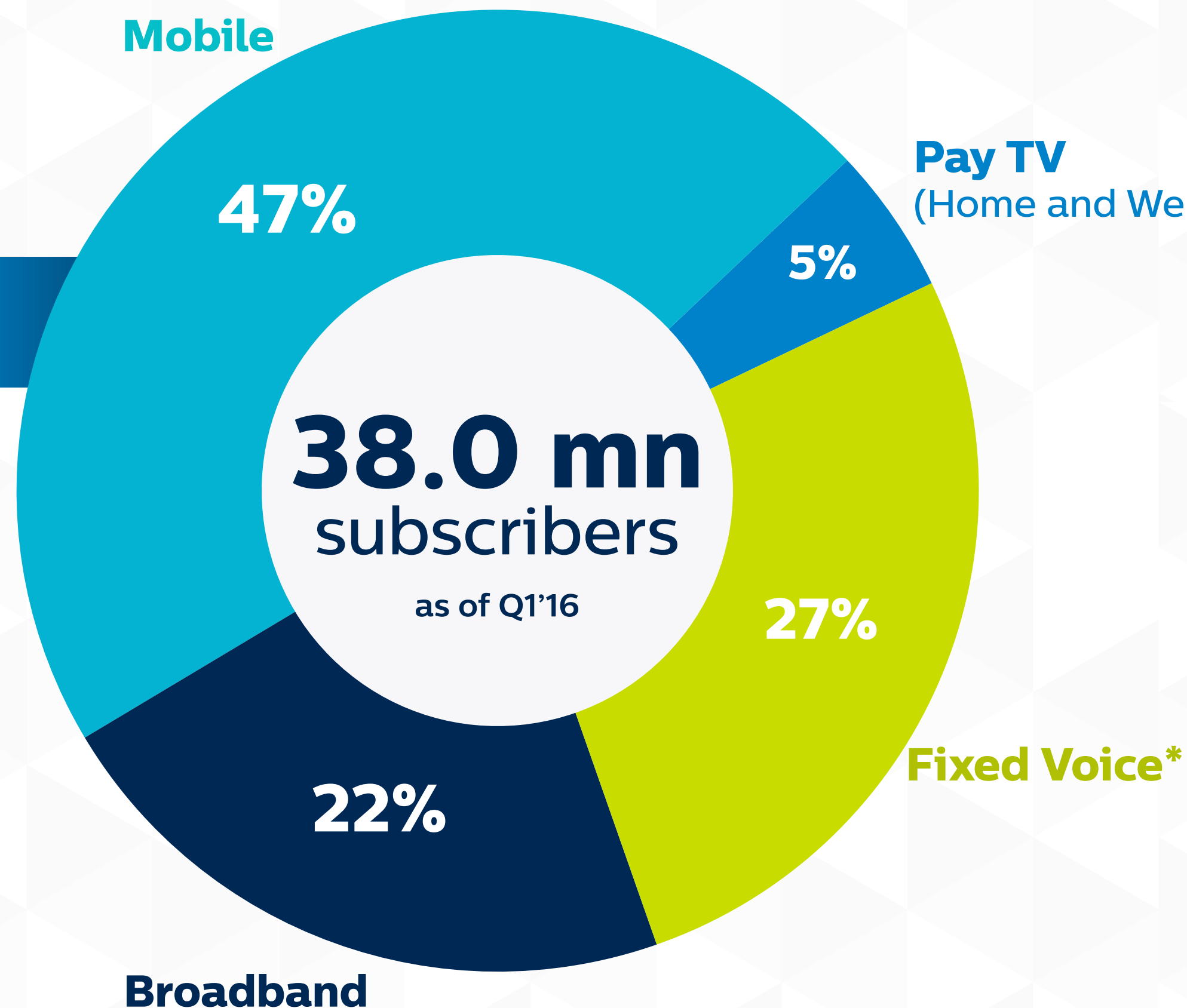
Q1 '16 ARPU

Mobile
Broadband
Pay TV Home
Fixed Voice

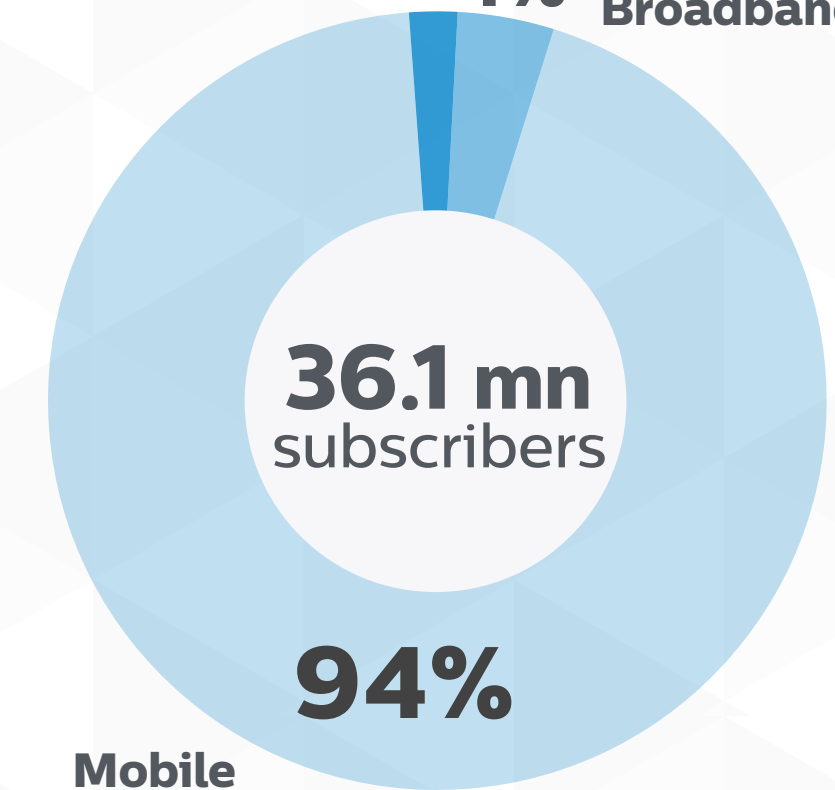
Türk Telekom

TL 24.0
TL 42.5
TL 20.4
TL 21.1

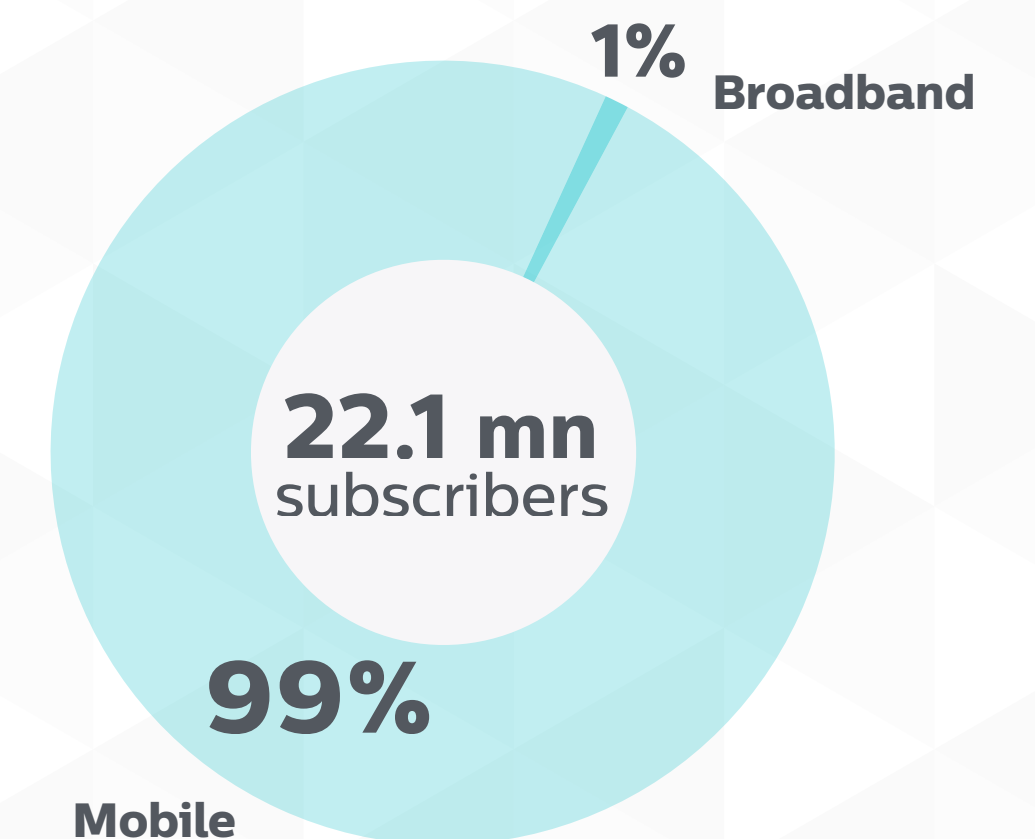
Türk Telekom



Turkcell 2% Pay TV (Home and Web) 4% Broadband



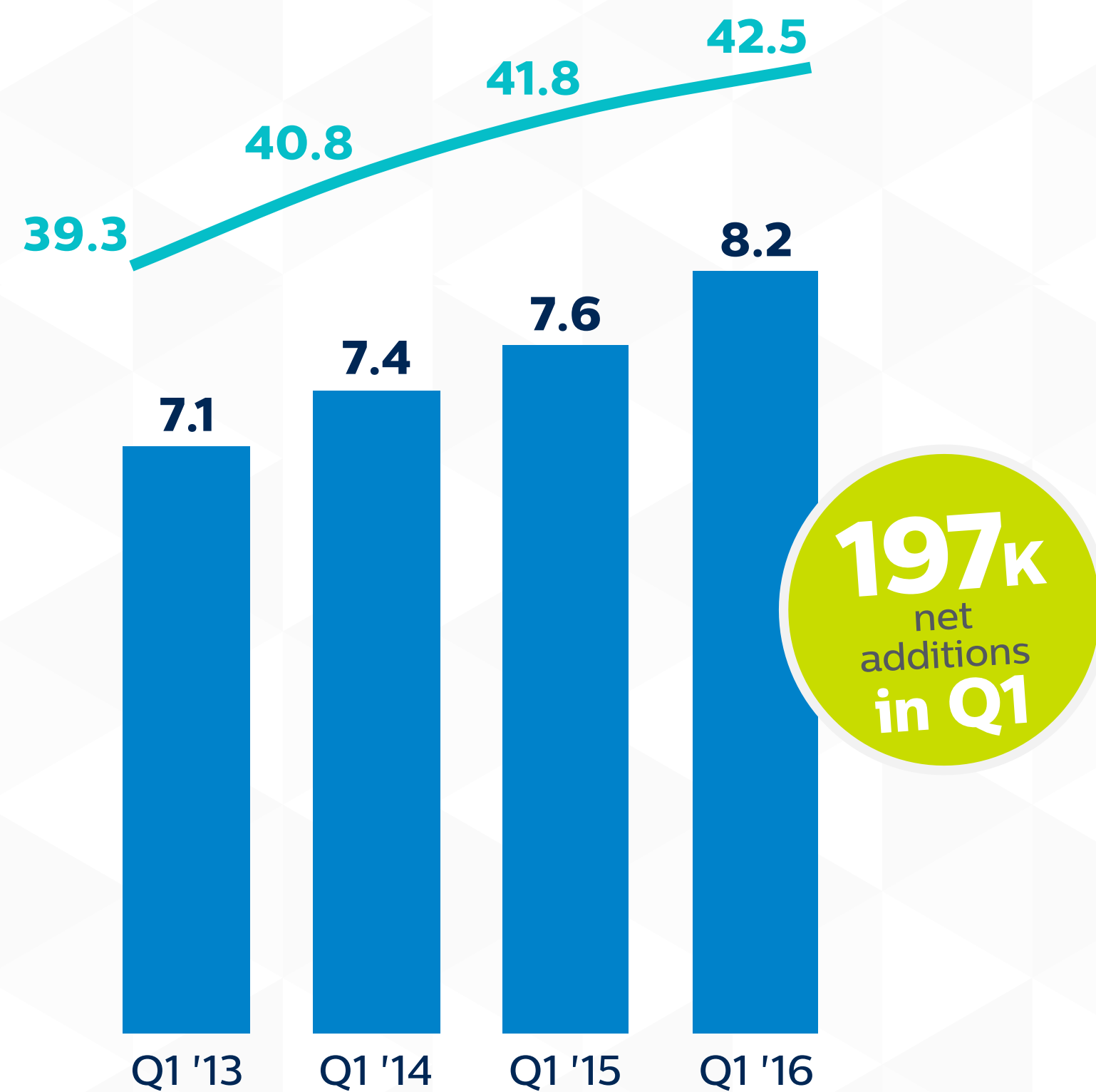
Vodafone



Fixed Broadband Performance

ARPU & Subscribers

— ARPU (TL) ■ Subscribers (mn)



Fiber Subscribers

(thousand)



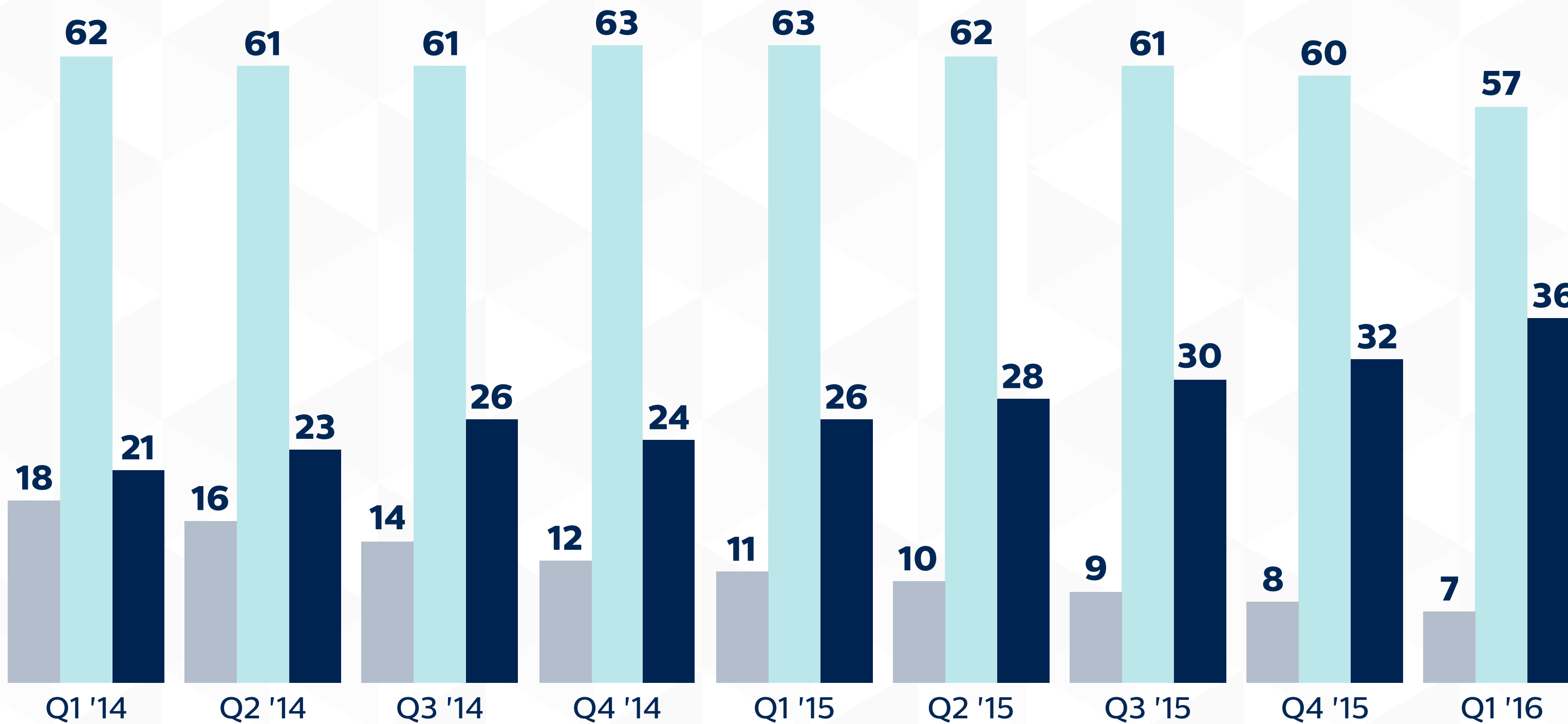
FTTH/B & FTTC tariffs have same prices for a given speed/quota

Upselling Dynamics in Fixed Broadband

Fair Usage

(% of Subscribers)

■ 25GB & Below ■ 25 to 50 GB ■ Above 50 GB

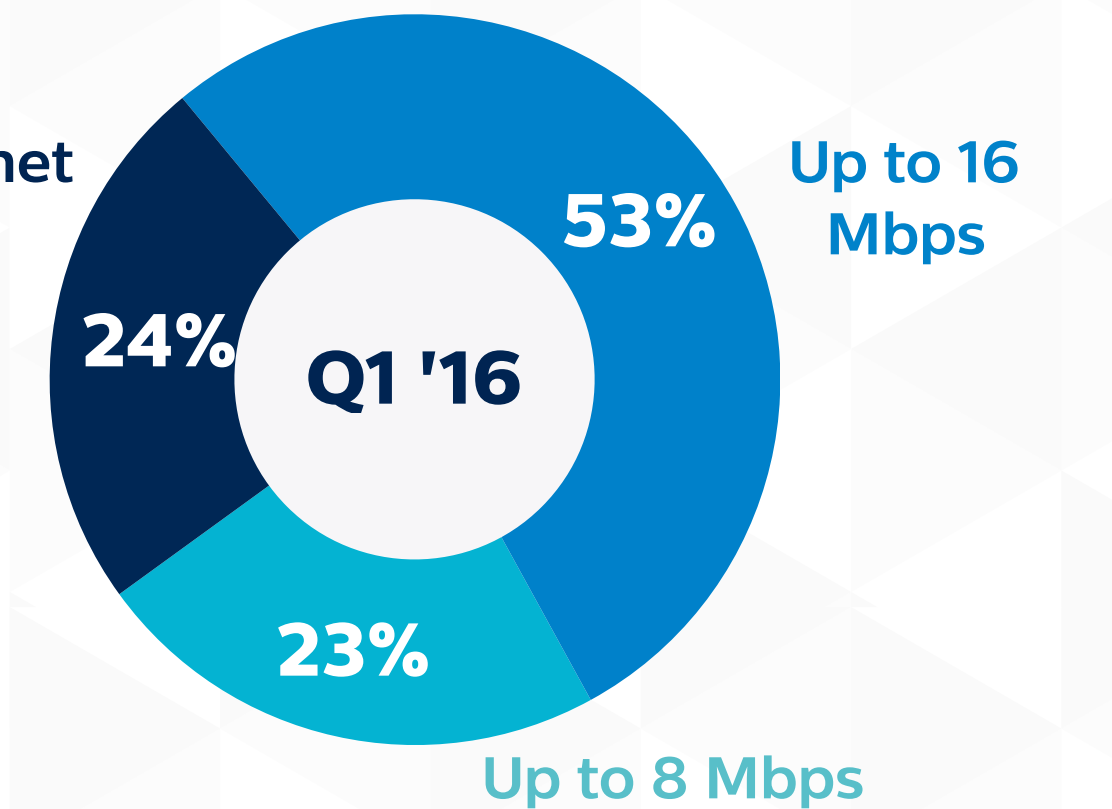


All figures are Türk Telekom's ISP figures

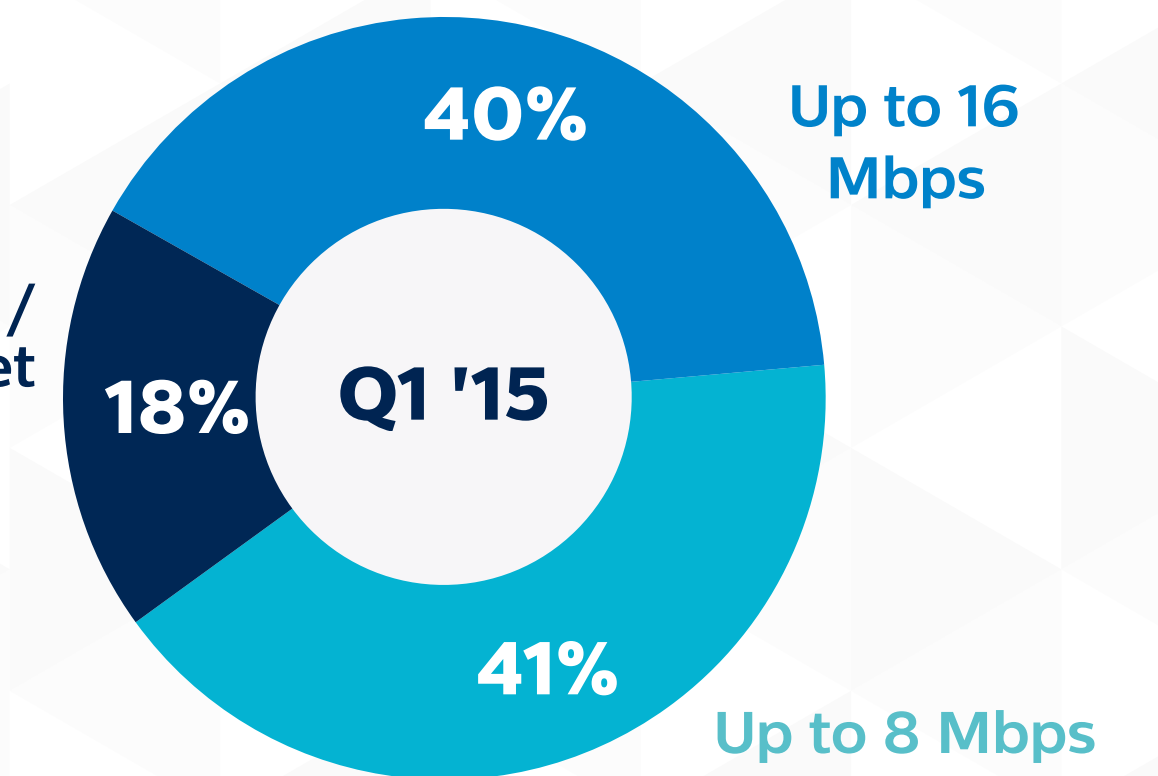
Speed Breakdown

(% of Subscribers)

Fibernet / Hipernet

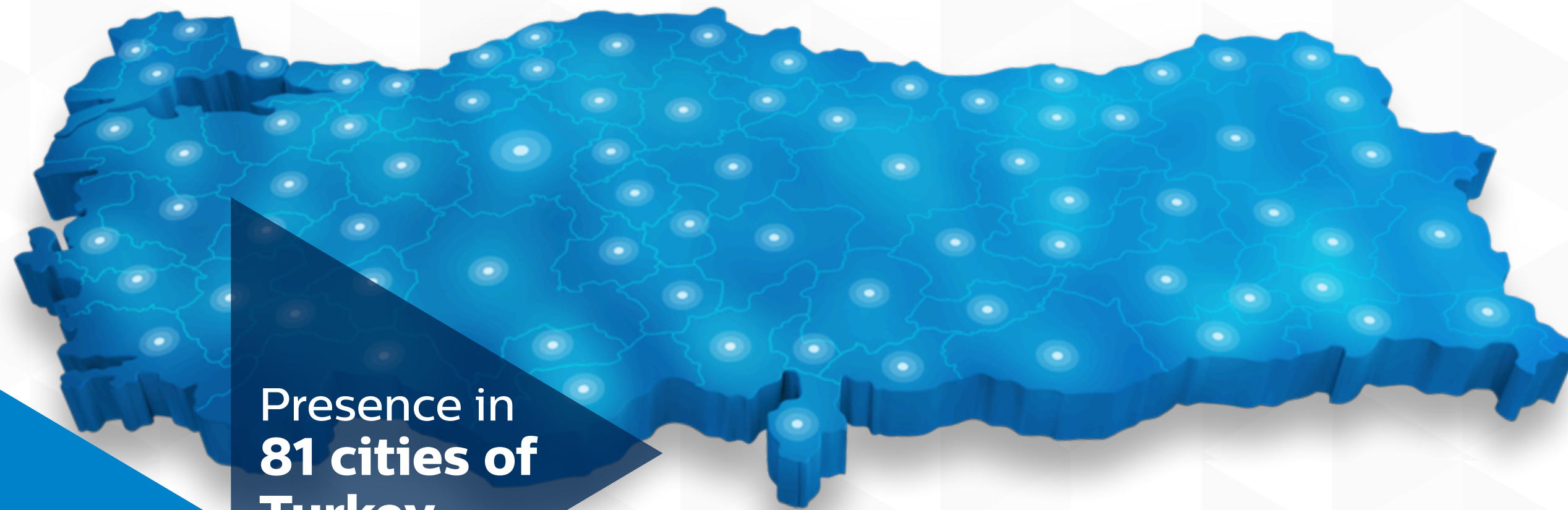


Fibernet / Hipernet



Nationwide Fiber

Türk Telekom Fiber Network

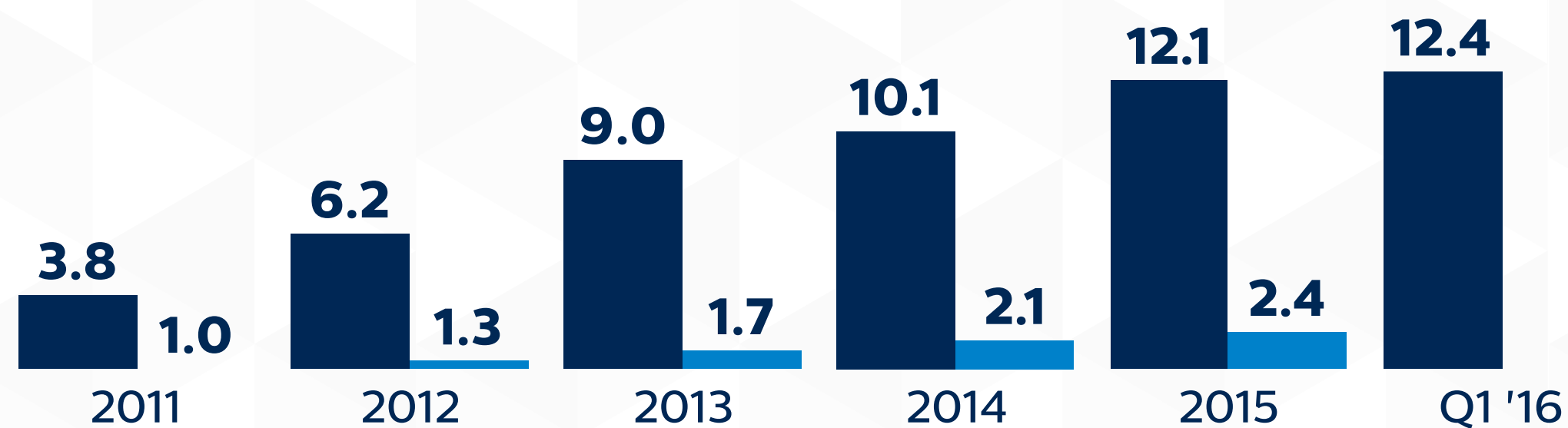


214K km
fiber length

Fiber Homepass

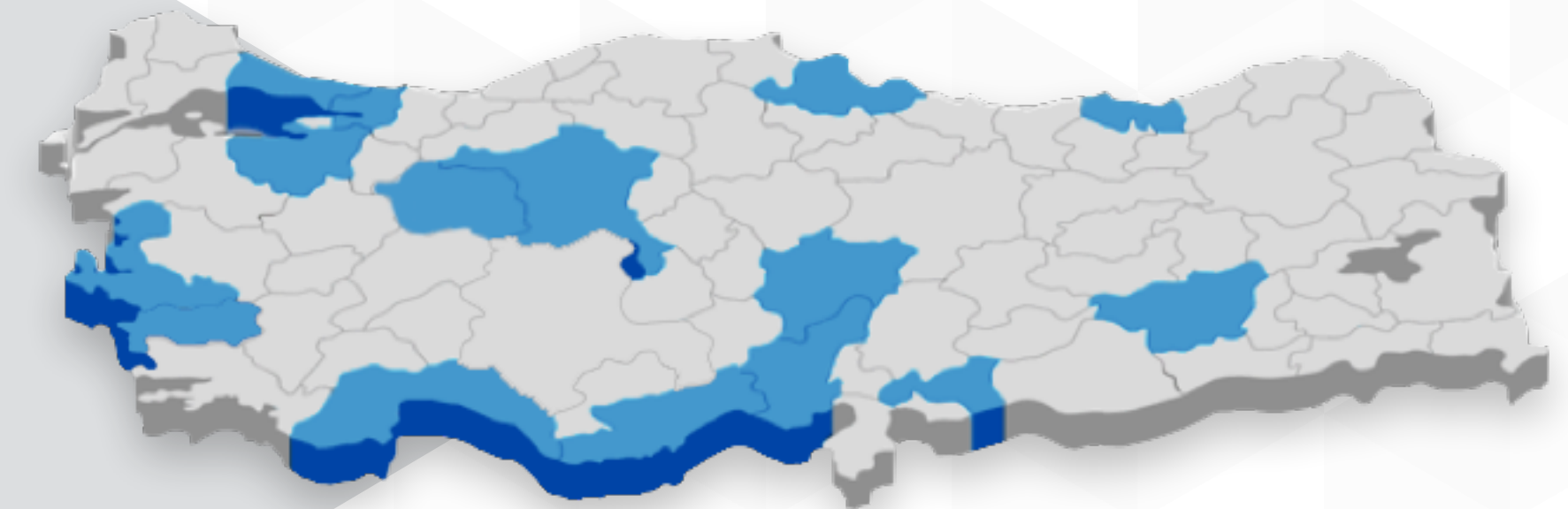
(mn)

■ Türk Telekom ■ Superonline



Fiber homepass includes FTTH/B & FTTC

Superonline Fiber Network



Presence in **15 cities of Turkey**

35K km
fiber length

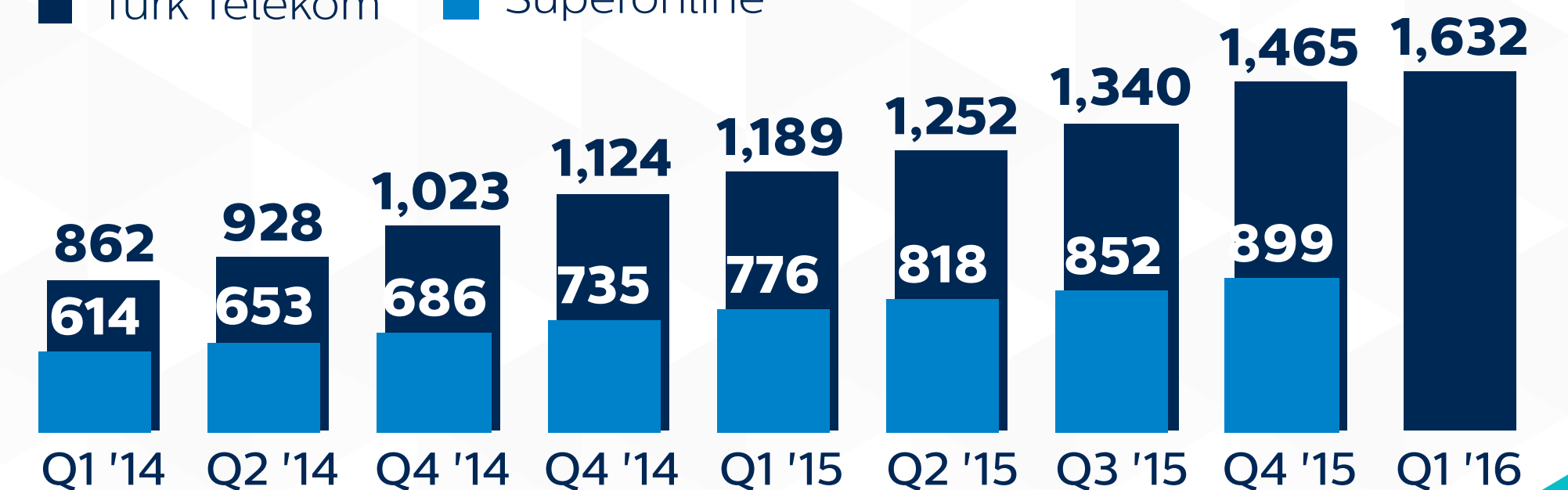
Wholesale customer of Türk Telekom

Based on Turkcell's own publications as of Q4 '15

Fiber Subscribers

(thousand)

■ Türk Telekom ■ Superonline

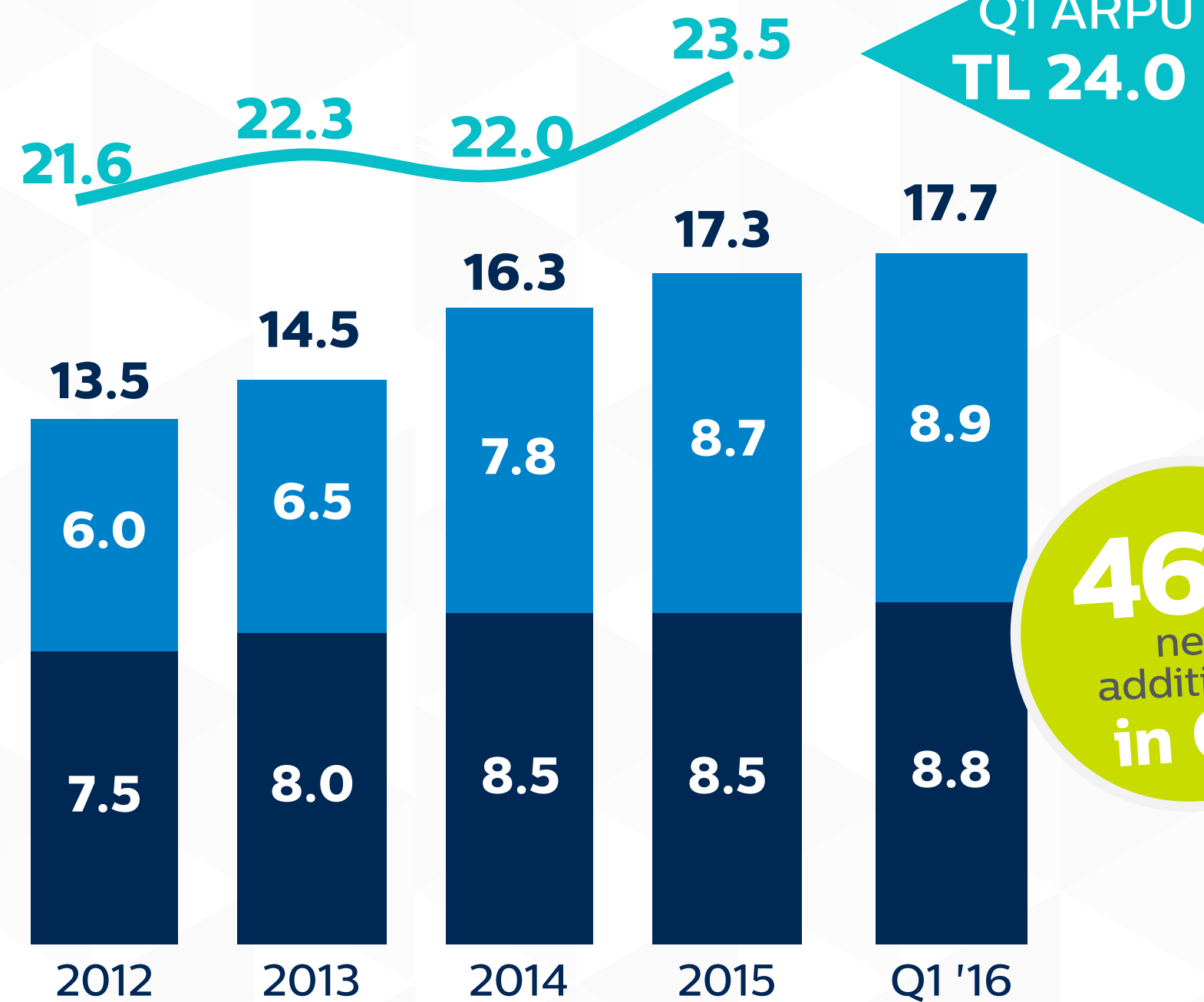


Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Performance

Growing ARPU & Subscribers

— Blended ARPU (TL)
 ■ Postpaid (mn)
 ■ Prepaid (mn)

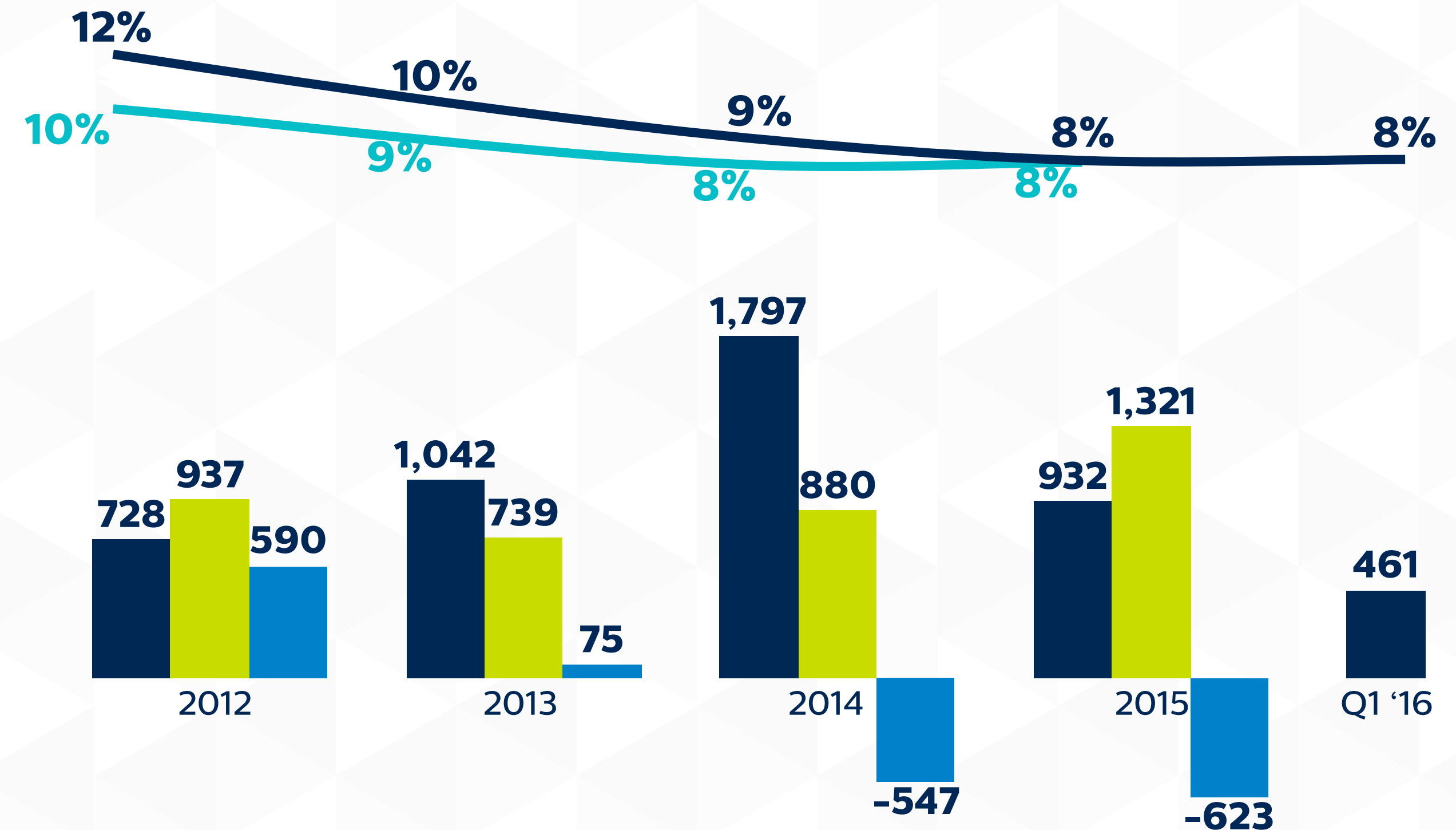


461k
net
additions
in Q1

Lower Churn Rate & Strong Subscriber Net Addition

(thousand)

■ Türk Telekom ■ Vodafone ■ Turkcell
 — Türk Telekom Quarterly Avg. Churn Rate
 — Market Quarterly Avg. Churn Rate



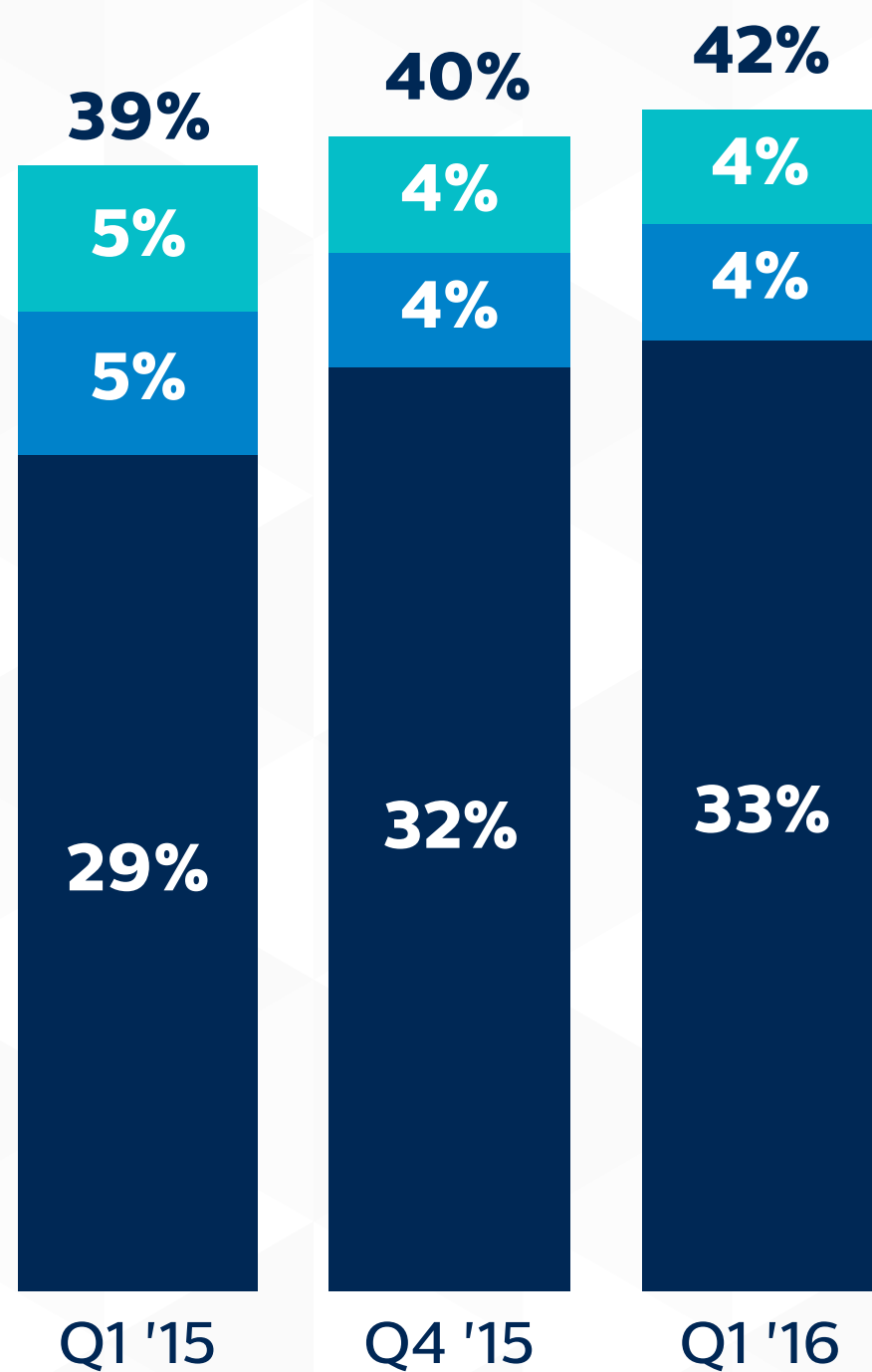
Other operators data are from their own publications

Monetizing Data

Data Revenue

(Service revenue shares)

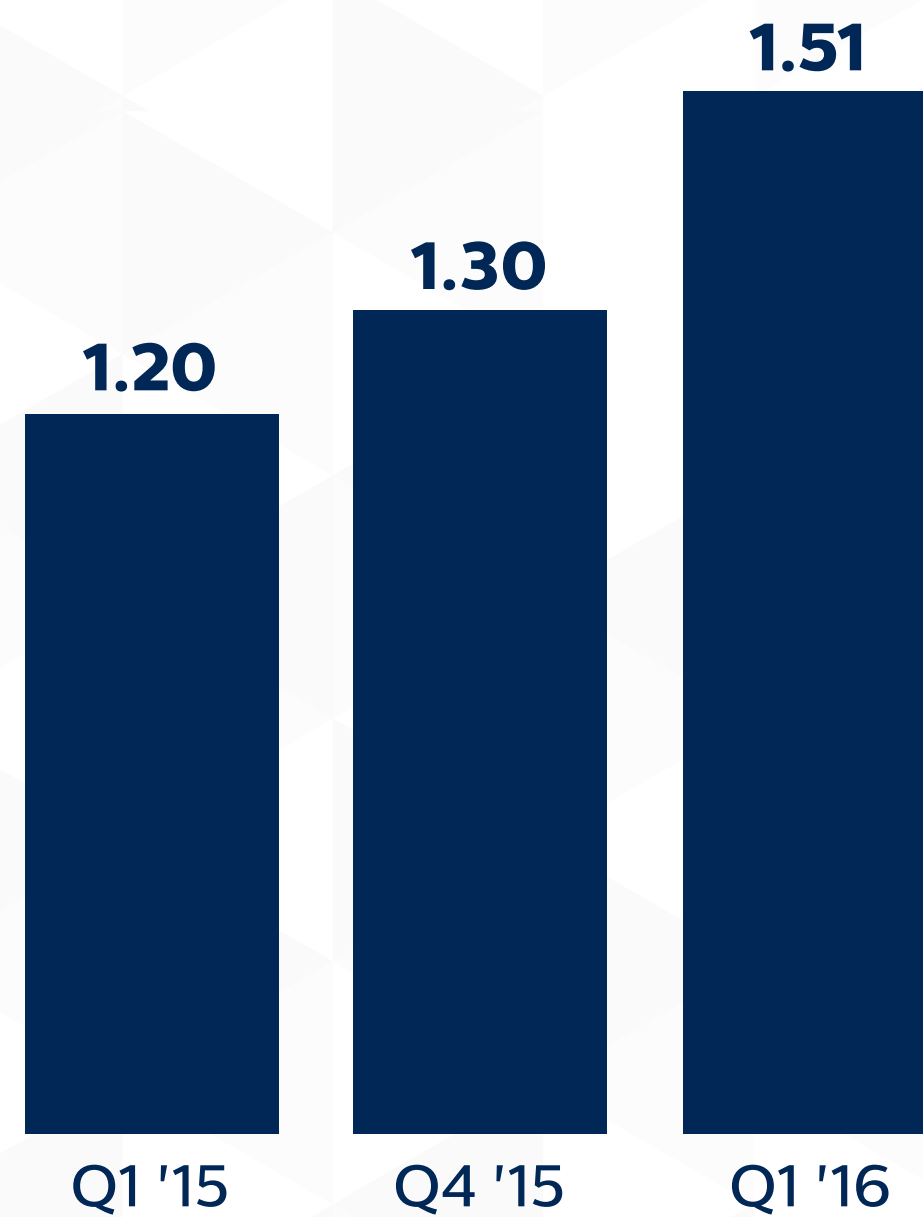
■ Mobile Data ■ VAS¹ ■ SMS



(1) VAS, Value Added Services

Avg. Monthly Mobile Data Usage

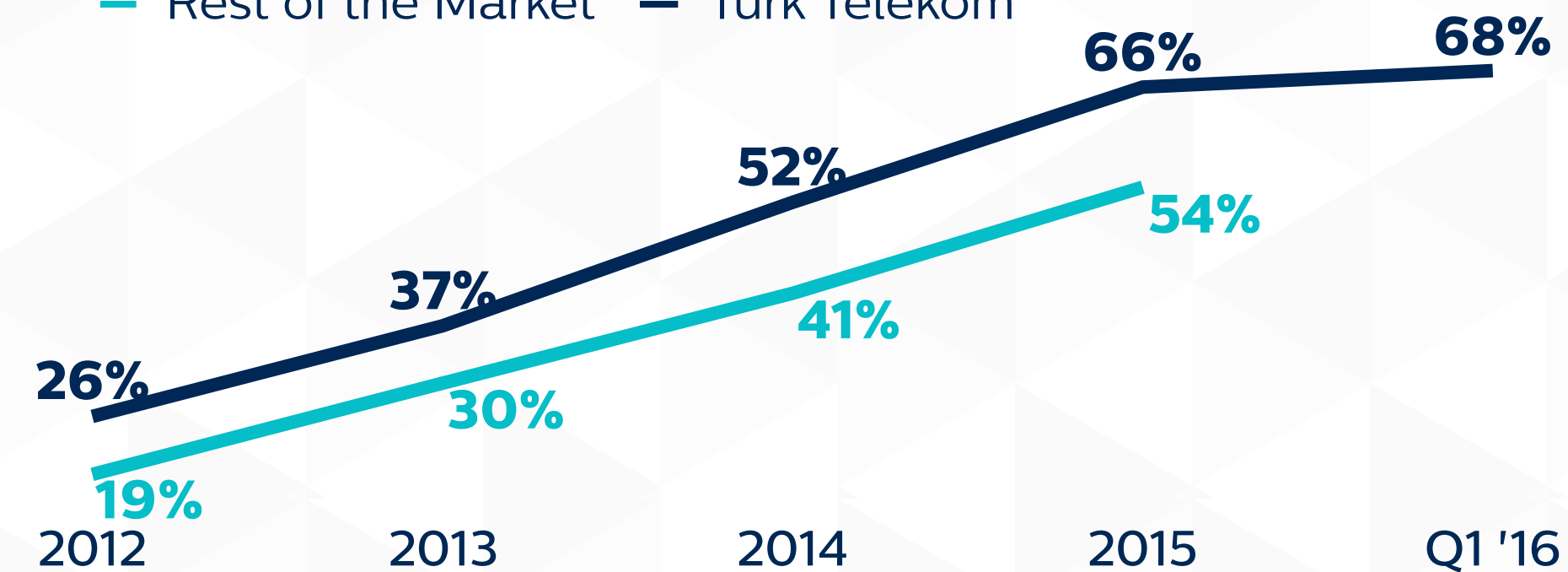
(GB per subscribers¹)



(1) Türk Telekom smartphone subscribers

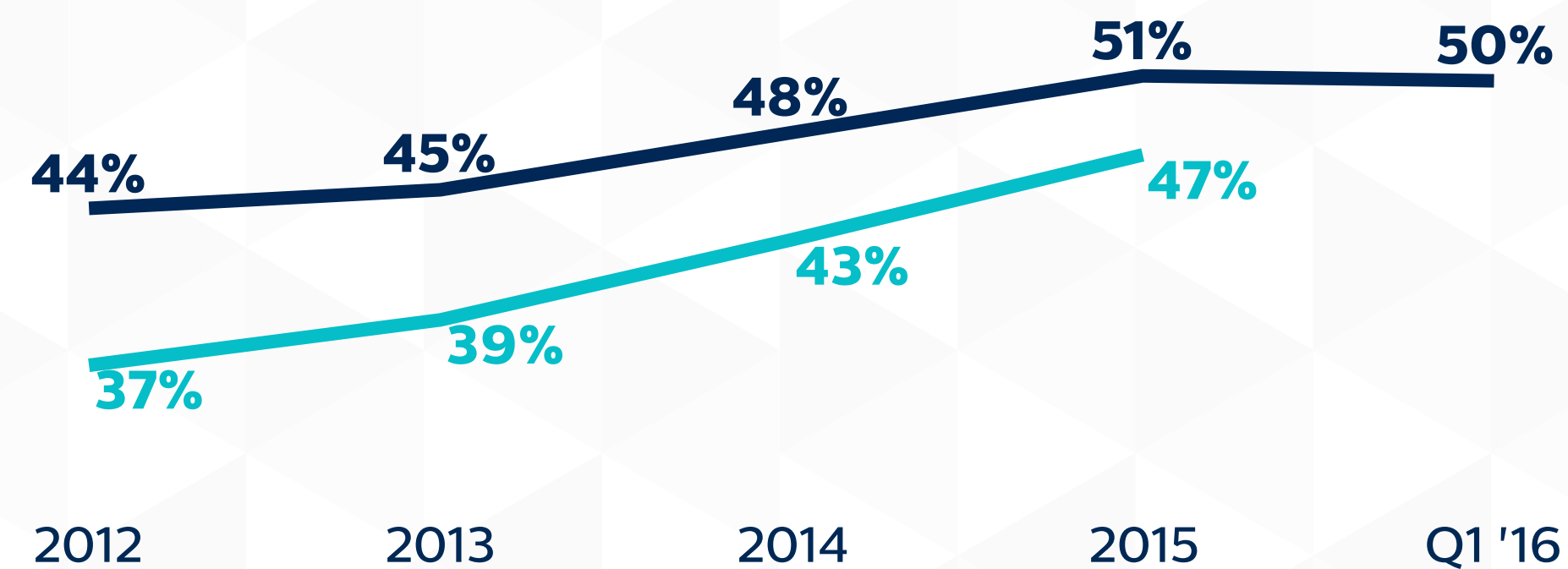
Smartphone Penetration

— Rest of the Market — Türk Telekom



Postpaid Ratio

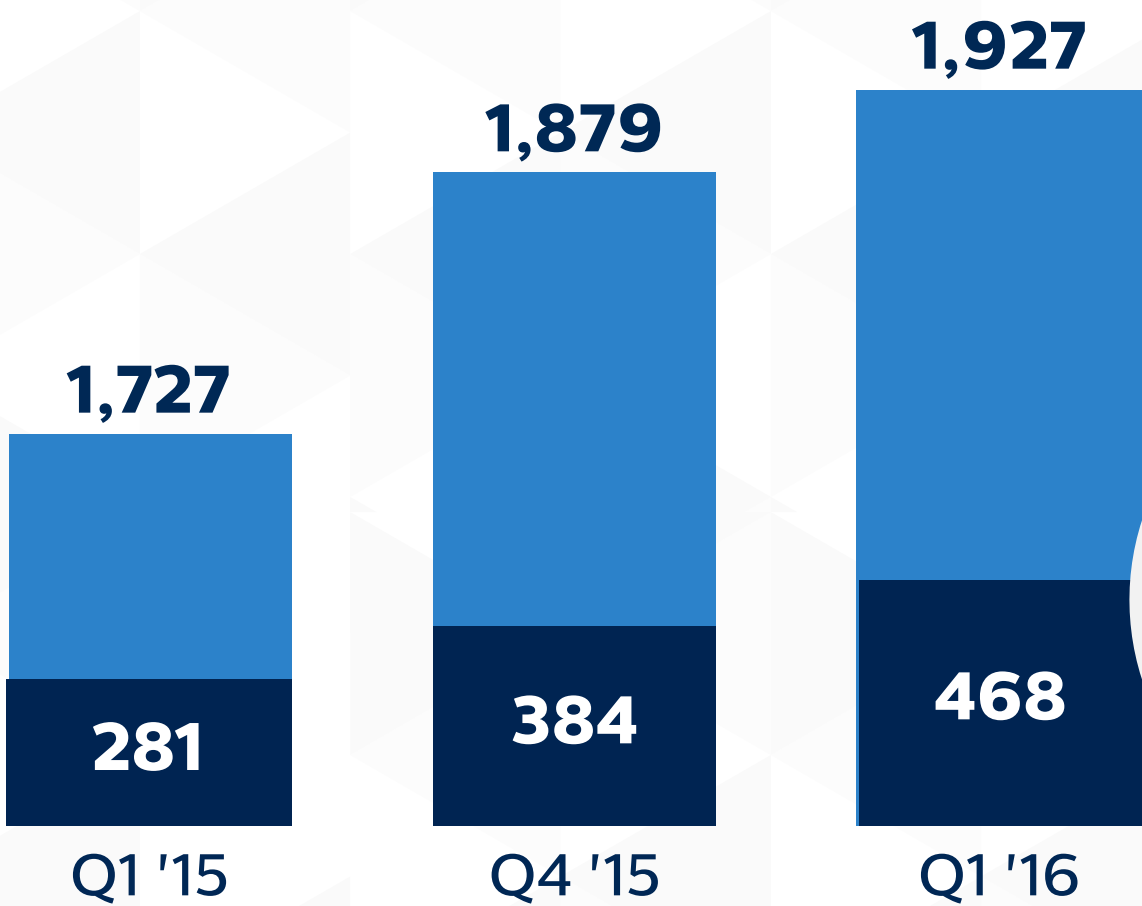
— Rest of the Market — Türk Telekom



TV Performance

Subscribers (thousand)

Tivibu Go Subscribers Home TV



Q1 Home TV
ARPU
TL 20.4

83K
net additions
in Q1
in Home TV

	Number of Channels	Number of Archives	Price* (TL)	Price** (TL)
Cinema Package	194	5000+	19	29
Super Package	216	5250+	39	49

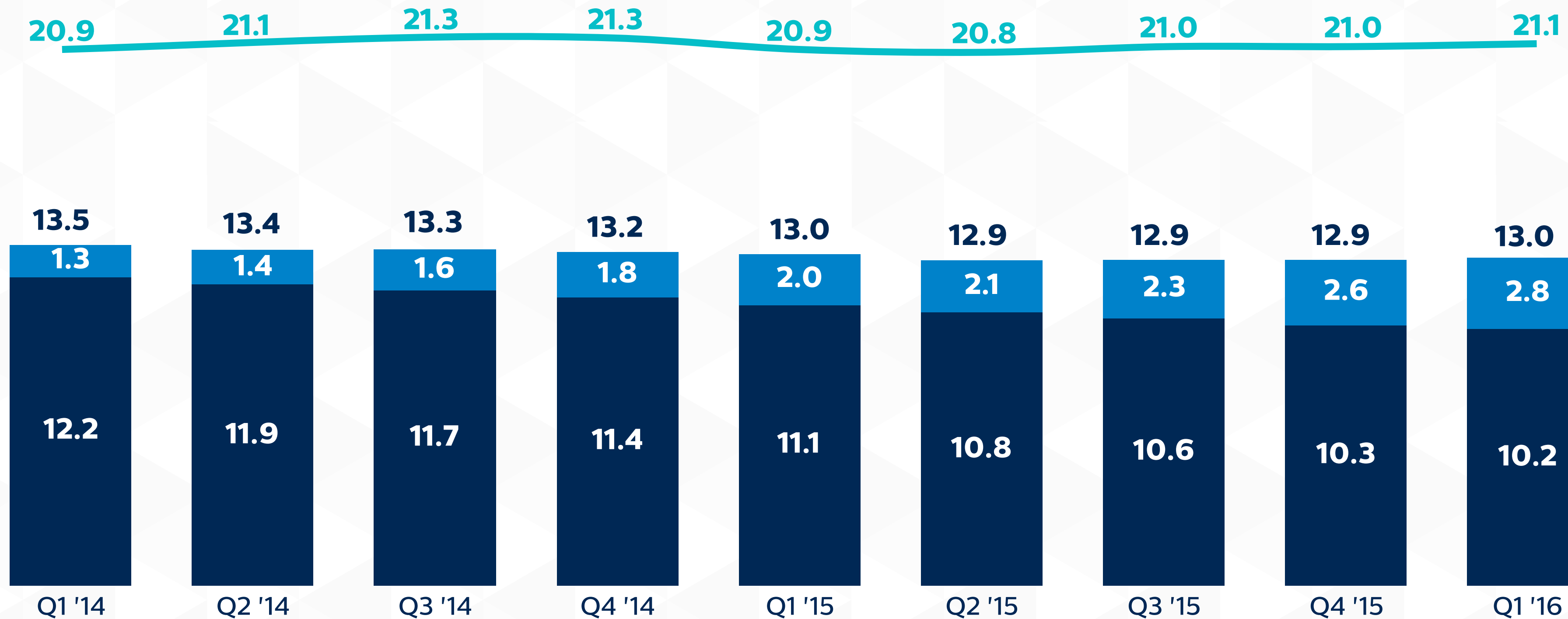
* 24 months contracted prices | ** 12 months contracted prices



Fixed Voice

Access Lines and ARPU

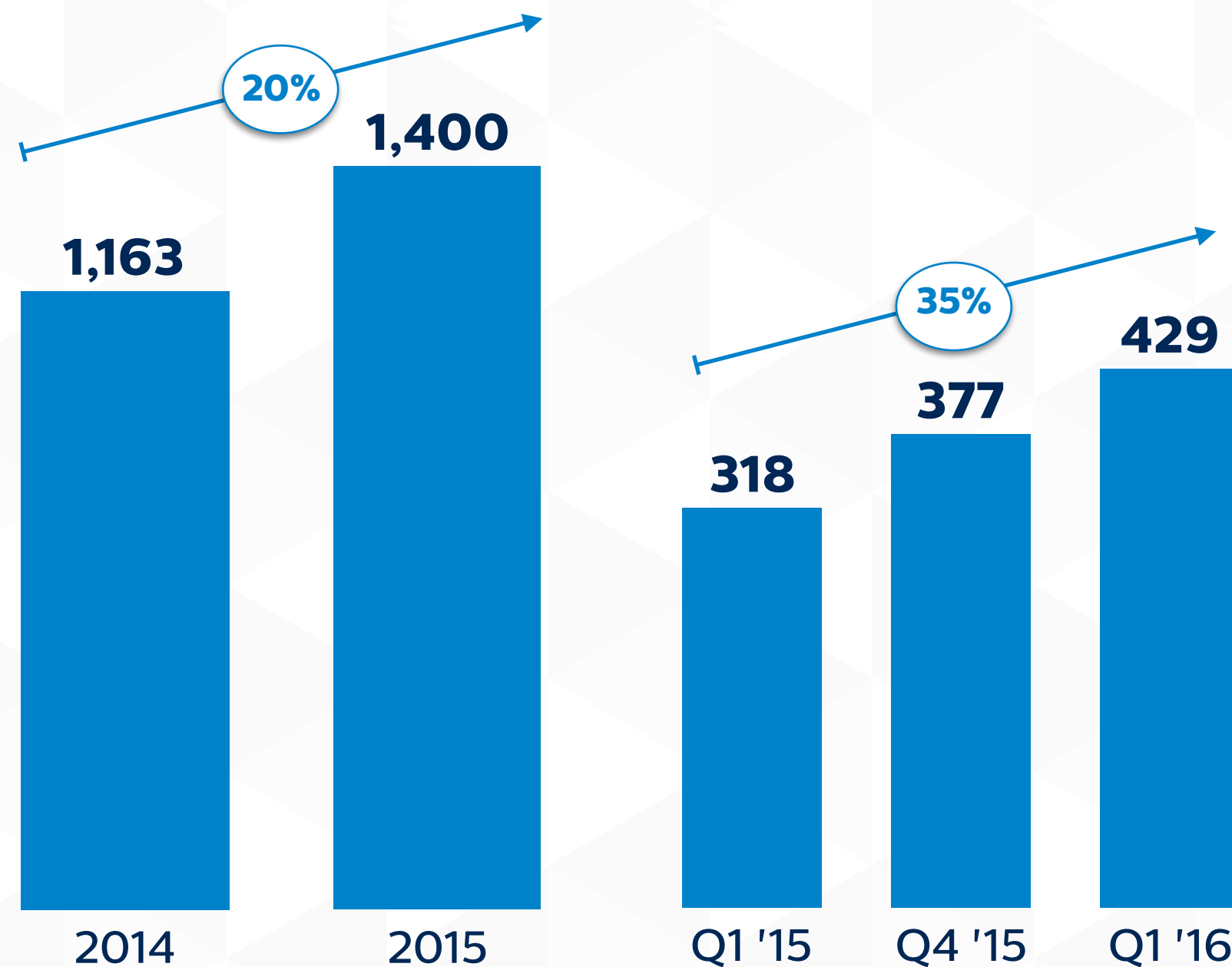
■ Fixed Voice (mn) ■ Naked Broadband (mn) — Fixed Voice ARPU (TL)



Corporate Data

- ▶ 11% of our total revenues are generated by corporate data business in Q1 '16
- ▶ Corporate data revenues is mainly driven by metro-ethernet revenues

Revenues (TL mn)



Cloud Services

Türk Telekom, a member of Cloud Security Alliance, offers various options under Cloud Services such as BuluTT Göz, BuluTT Konferans, BuluTT Ölçüm, BuluTT Akademi, BuluTT Radyoloji, BuluTT e-posta



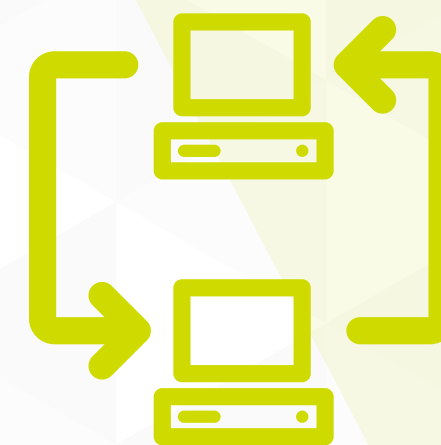
Metroethernet

It is a flexible, cost-efficient technology scalable between 5Mbps and 1Gbps, which allows all kinds of data flow



TT VPN

TT VPN provides fast and safe connection end to end, from multiple points to multiple points. With TT VPN, customer's offices all around Turkey can be united while fast and safe data transfer via virtual network is enabled



Leased Line

It is a data line uniquely reserved for customer's usage, which performs the constant and continuous data transfer on the physical layer from point to point between two ends



Financials

Financial Performance

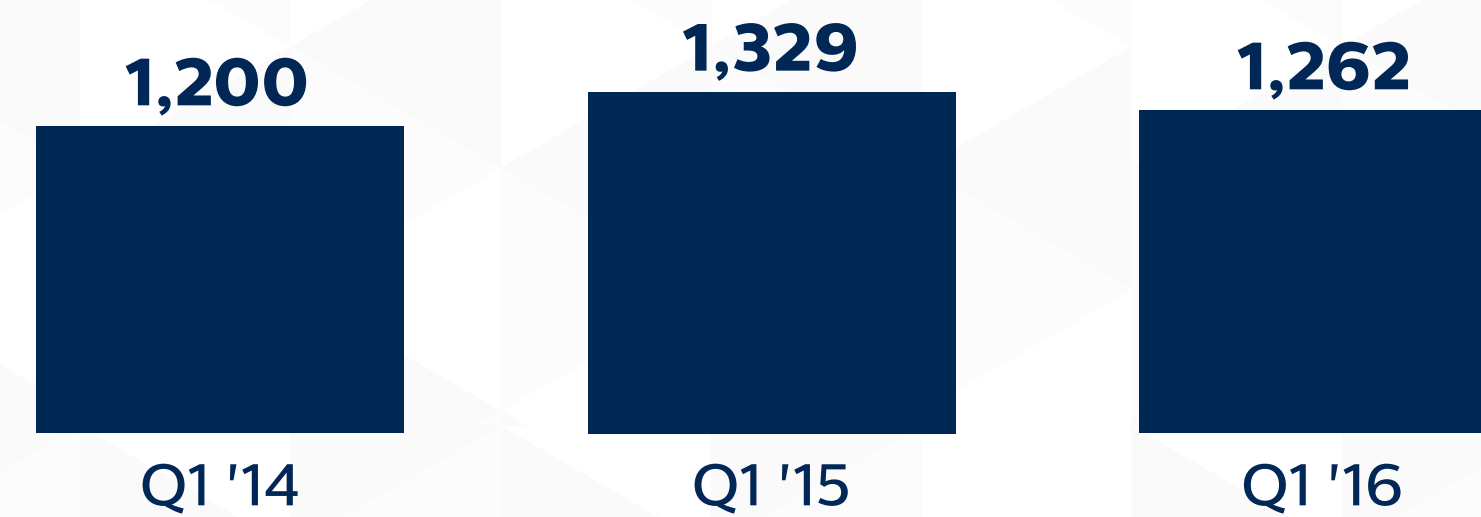
Revenue (TL mn)



Net Income (TL mn)



EBITDA (TL mn)



FCF (TL mn)



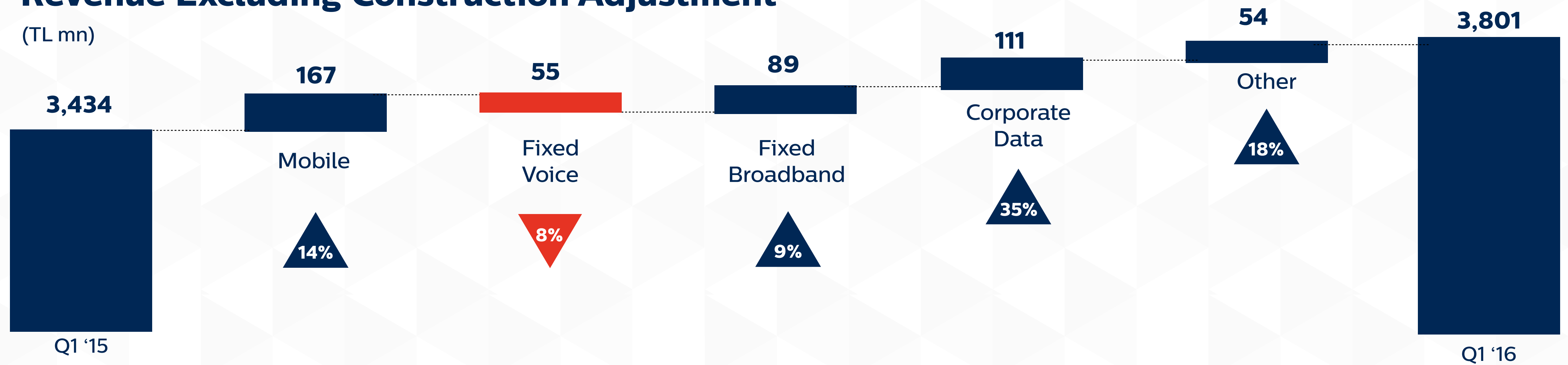
*Licence fee payment: Includes 1st installment & VAT Payment

The reclassification is applied retrospectively from Q1'14 and accordingly, reflects to Q1 '15 LTM and Q1'16 LTM figures above.

Financial Performance

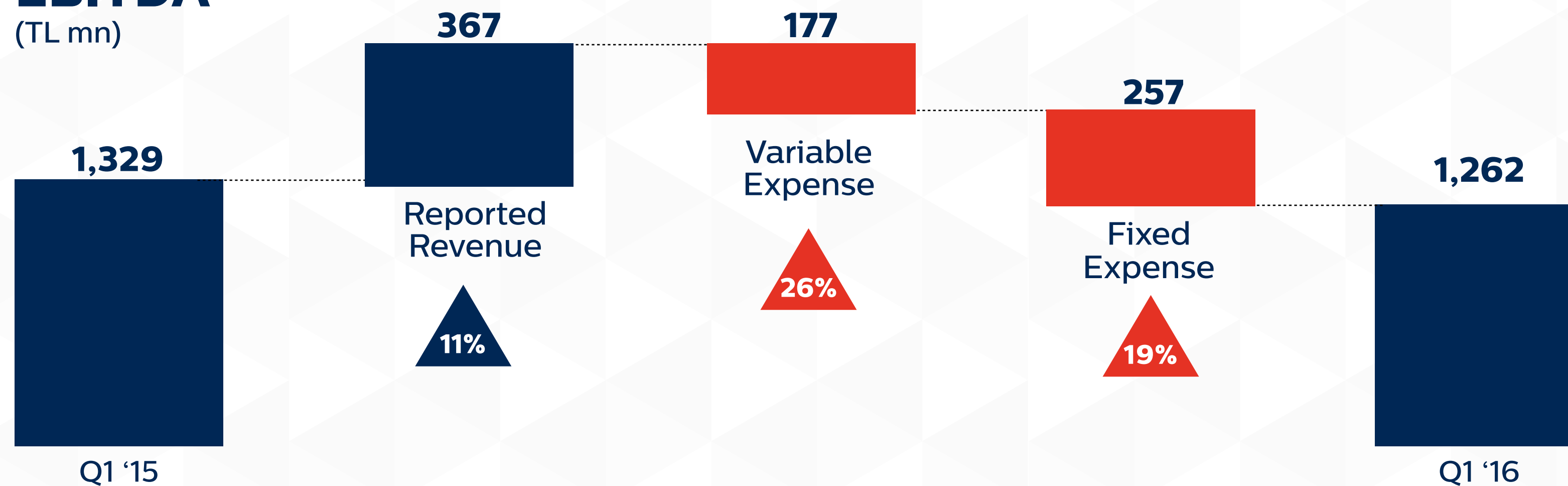
Revenue Excluding Construction Adjustment

(TL mn)



EBITDA

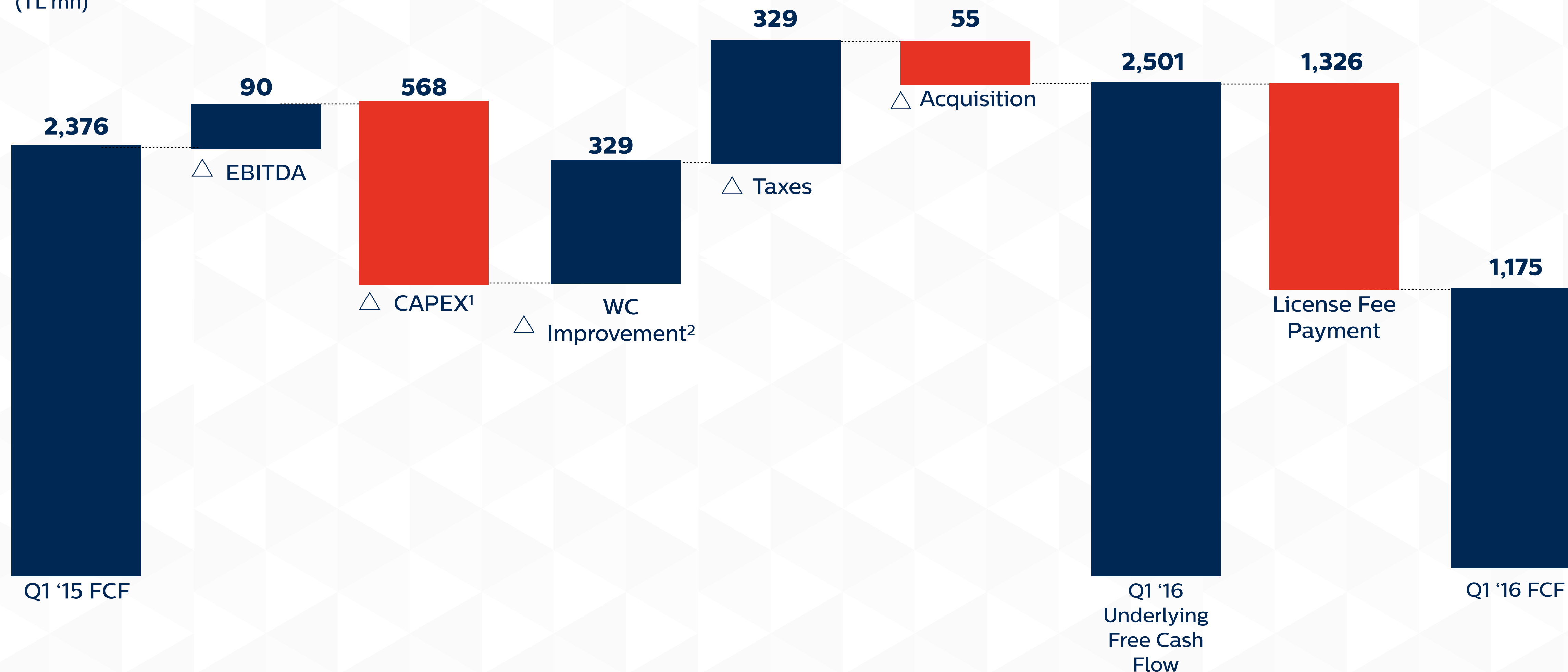
(TL mn)



Strong Free Cash Flow Generation

LTM FCF Development

(TL mn)



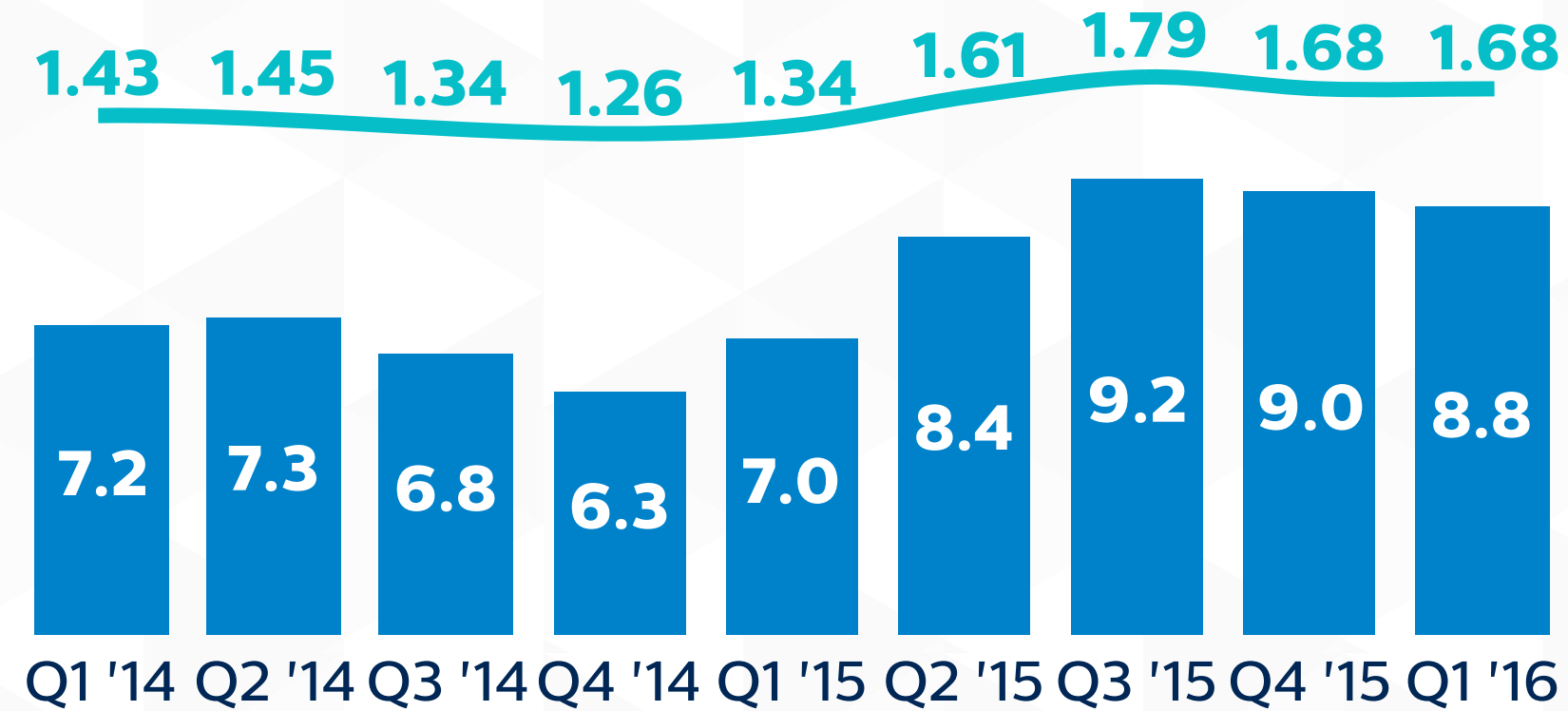
(1) Excludes license fee

(2) Excludes restricted cash change & license fee related VAT payment

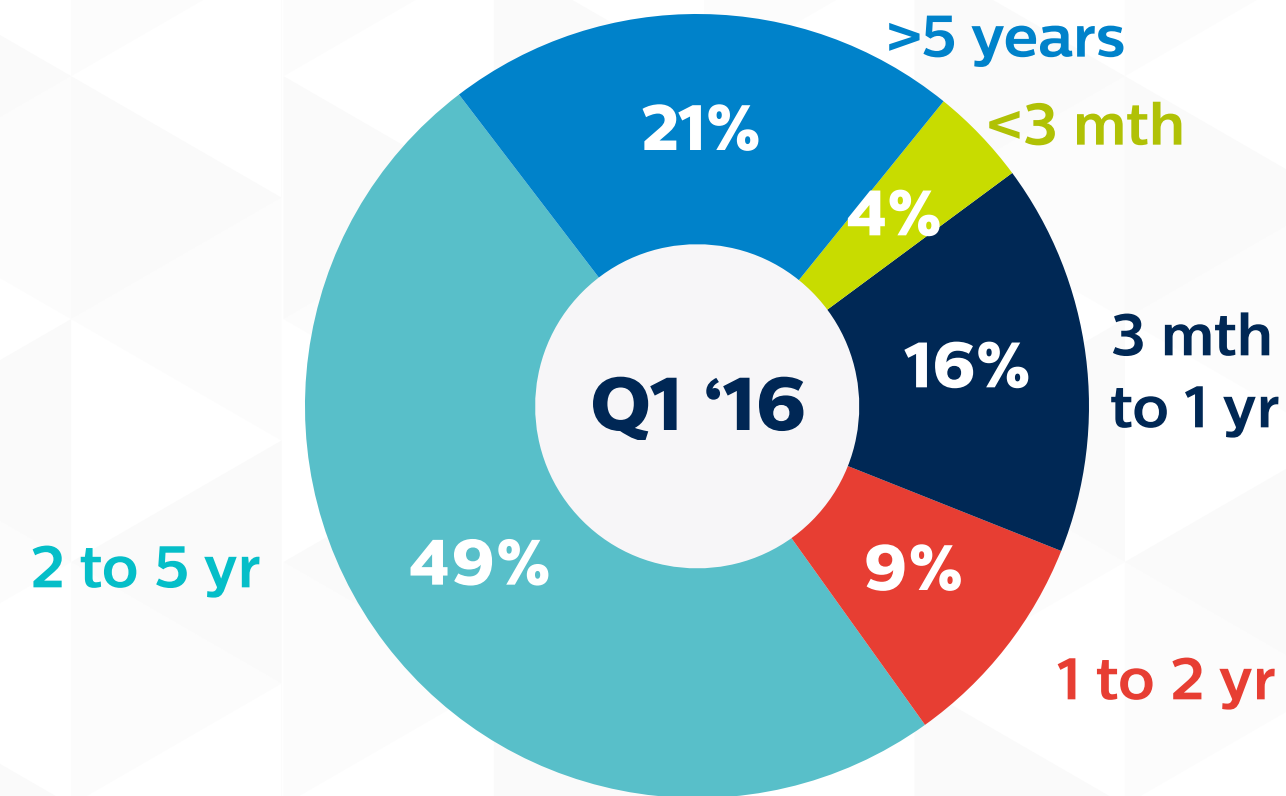
Debt Profile

Net Debt

■ Net Debt (TL bn) — Net Debt/EBITDA

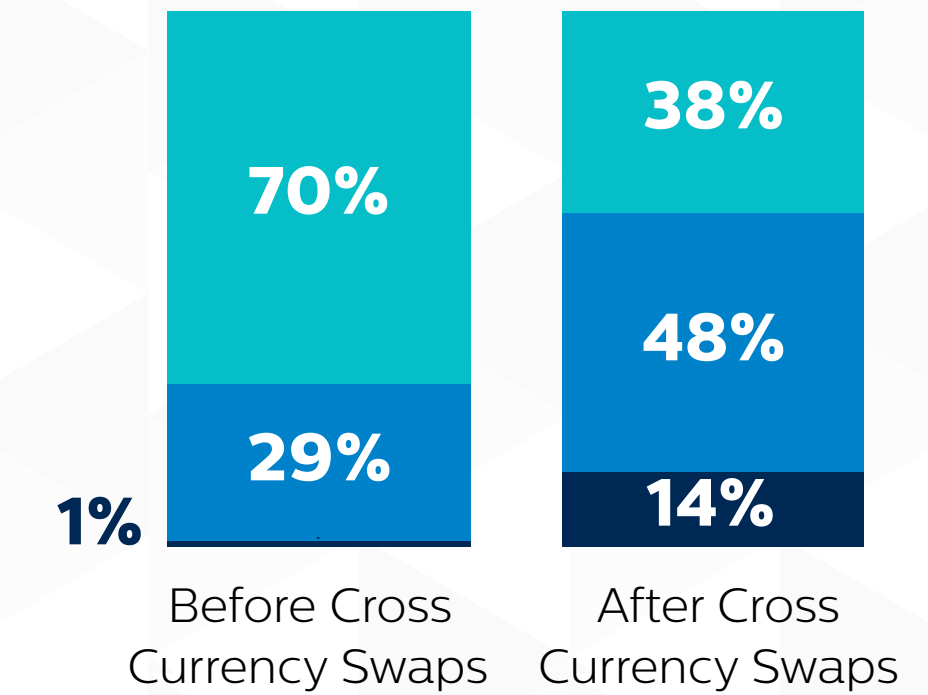


Maturity Profile



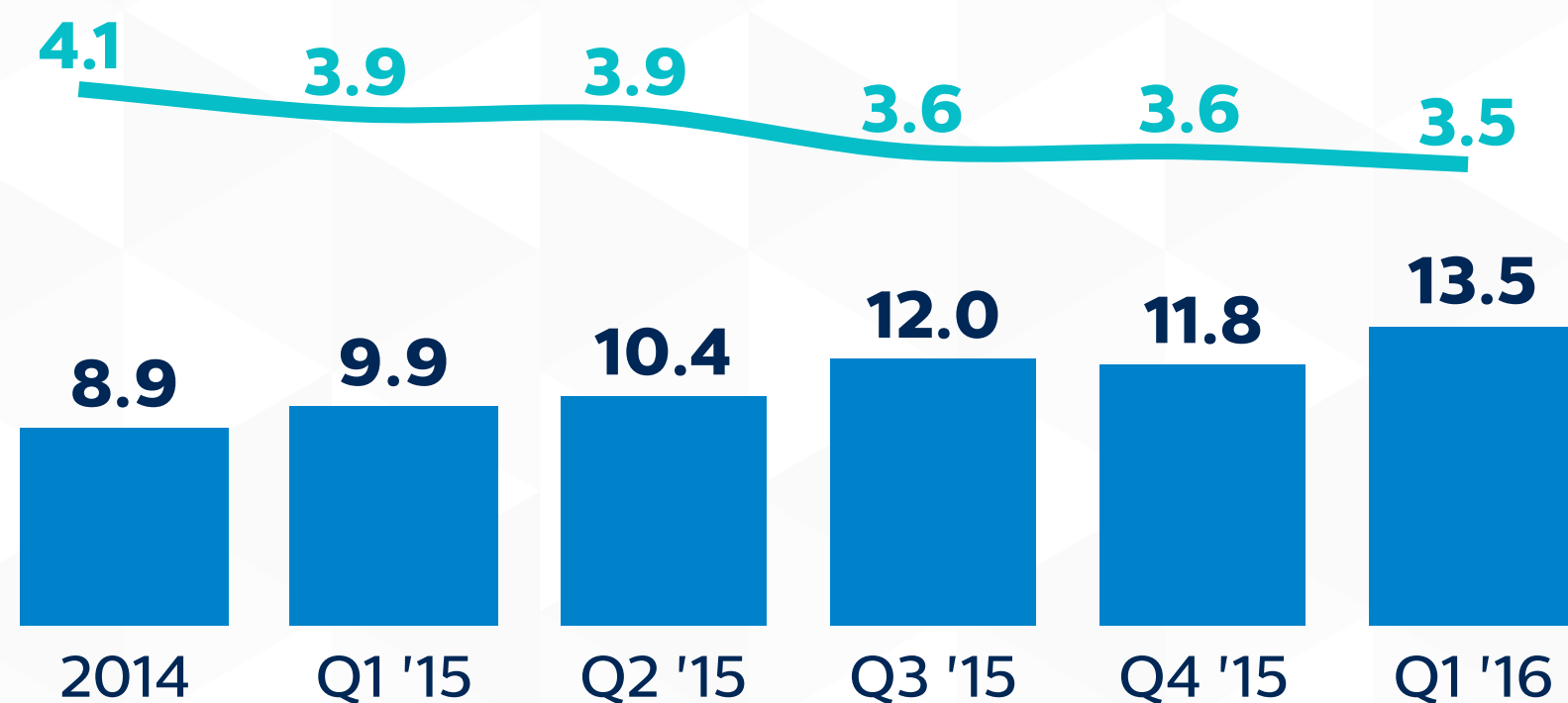
Currency Breakdown

■ TL ■ EUR ■ USD



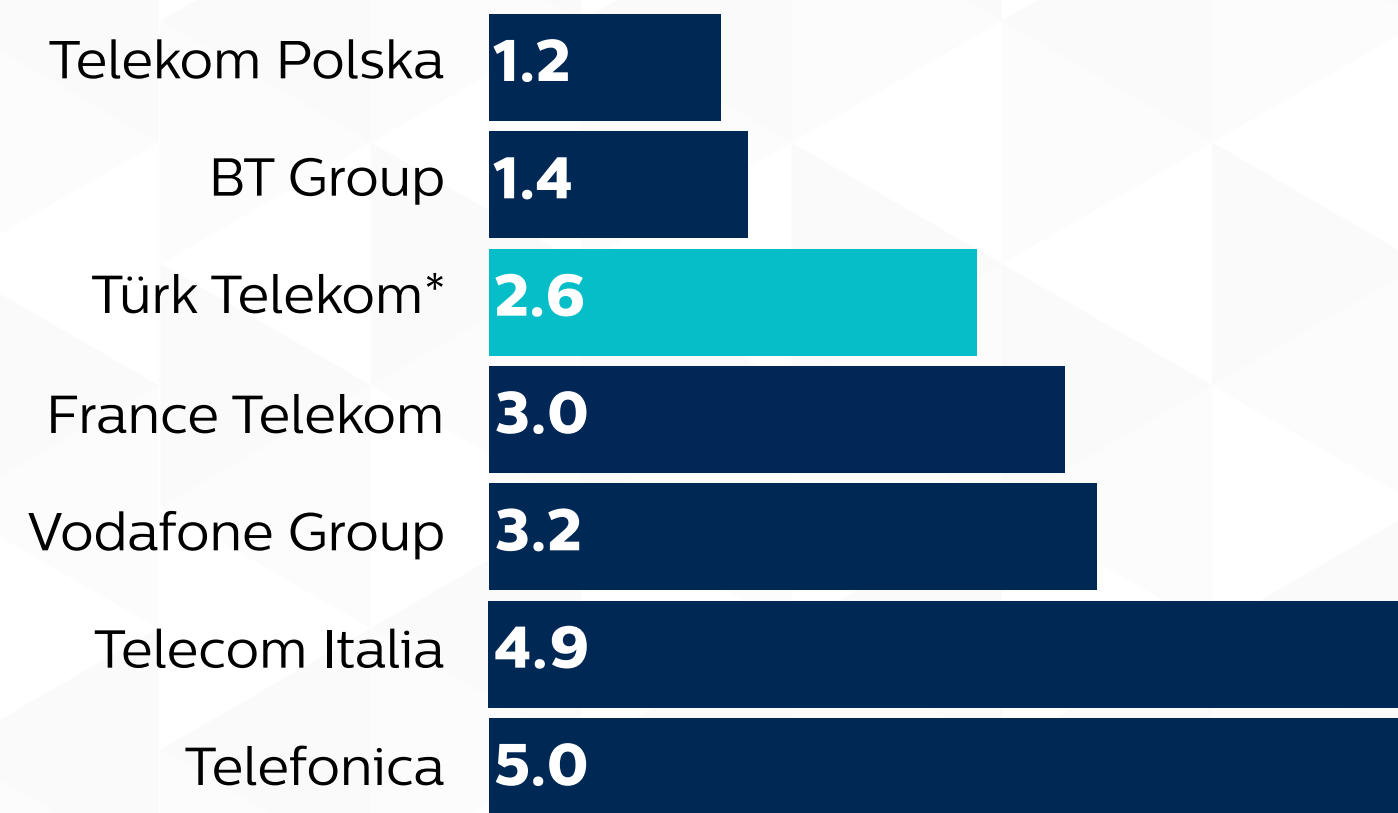
Average Maturity of Debt

■ Total Debt (TL bn) — Average Maturity of Debt (years)



Low debt burden within the median of peers

Total Debt / EBITDA (Q4 '15)



Net Debt / EBITDA (Q4 '15)



* Türk Telekom's ratios calculated from Q1'16 numbers

Guidance

2014 YE

2015 YE

TL mn

Revenue
(exc.construction
adjustment)¹

13,243

14,190

EBITDA

5,047

5,334

CAPEX²

2,146

2,930

2016 Guidance

7% to 9% growth

TL 5.5 to 5.7bn

~TL 3.2bn

(1) Construction accounting adjustment is a non-operational revenue line booked in conjunction with upgrades to our fixed line infrastructure, such as the upgrade from copper to fiber based network.

(2) Excluding license fees



Appendix

Summary Income Statement

(TL mn)	Q1 '15	Q4 '15	Q1 '16	YoY Change	QoQ Change
Revenues	3,434	3,867	3,801	10.7%	-1.7%
EBITDA	1,329	1,416	1,262	-5.1%	-10.9%
<i>Margin</i>	38.7%	36.6%	33.2%		
Operating Profit	805	801	604	-25.0%	-24.6%
<i>Margin</i>	23.4%	20.7%	15.9%		
Financial Income/(Expense)	(737)	470	(30)	-95.9%	n.m.
FX & Hedging Gain/(Loss)	(714)	469	76	n.m.	-83.7%
Interest Income/(Expense)	7	72	(75)	n.m.	n.m.
Other Financial Income/(Expense)	(31)	(71)	(31)	2.4%	-55.8%
Tax Expense	(63)	(232)	(166)	163.0%	-28.6%
Net Income	27	1,039	408	1,429.9%	-60.8%
<i>Margin</i>	0.8%	26.9%	10.7%		

Note: FX Rates used in financial income/expense calculation are as follows: **March-16:** USD/TRY:2.8334;EUR/TRY:3.2081;**December-15:** USD/TRY:2.9076;EUR/TRY:3.1776



Summary Balance Sheet

(TL mn)	31.03.2015	31.12.2015	31.03.2016
Total Assets	20,673	25,774	27,840
Intangible Assets ¹	4,720	8,262	8,064
Tangible Assets ²	8,058	8,565	8,752
Other Assets ³	4,888	6,109	6,383
Cash and Equivalents	3,008	2,838	4,640
Total Equities and Liabilities	20,673	25,774	27,840
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	1,136	1,733	2,041
Interest Bearing Liabilities ⁴	9,967	11,803	13,484
Provisions for Employee Termination Benefits	572	635	579
Other Liabilities ^{5 6}	5,737	8,342	8,476

(1) Intangible assets excluding goodwill

(2) Tangible assets include property, plant and equipment and investment property

(3) Major items within other assets are trade receivables, prepaid expenses, other current assets and deferred tax asset

(4) Includes short-term and long-term borrowing and short-term and long-term obligations under finance leases

(5) Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, employee benefit obligations, deferred revenue, other current liabilities, and minority put option liability

(6) As of Q3 '15 minority put option liability was terminated due to acquisition of minority shares of Avea

Thank you.



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