

Investor Presentation

2018 Q2



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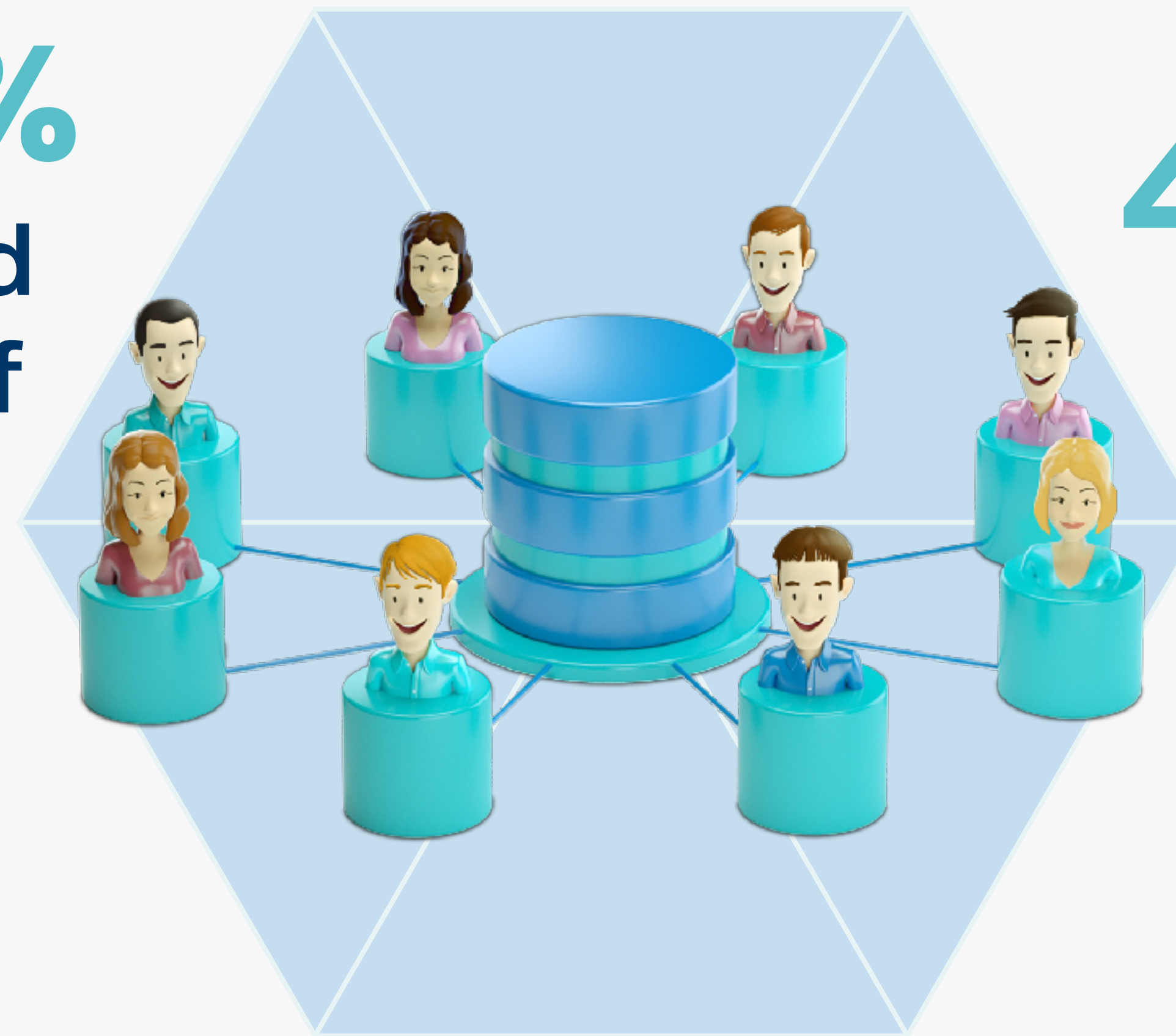
Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses and other operating income/(expense), and income/(expense) from investing activities, but excludes depreciation, amortization and impairment expenses, financial income/(expenses) presented in other operating income/(expenses) (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).

Strategic Highlights

Customer Database

~70%

of customers provided consent for sharing of their information among our group companies



4 ppt

YoY increase in multi product ownership to 63%*

*Among constant customer universe that provided consent last year

Active Sharing

x3 LTE Indoor Coverage

x2 LTE Outdoor Coverage

Higher customer satisfaction
Better connectivity



6.6 mn
download

tamolu
..... SEN DE YAPIŞTIR CEVABI

Infrastructure Rental



Cooperation protocol for leasing Fixed Electronic Communication Infrastructure between TT and other operators

Fixed Broadband Penetration Increase

~50%

of Q2 '18 FBB net adds came via

Internet Bizden Campaign



~20%

monthly active user

Net Subscriber Additions

3.9mn
net additions*
in LTM

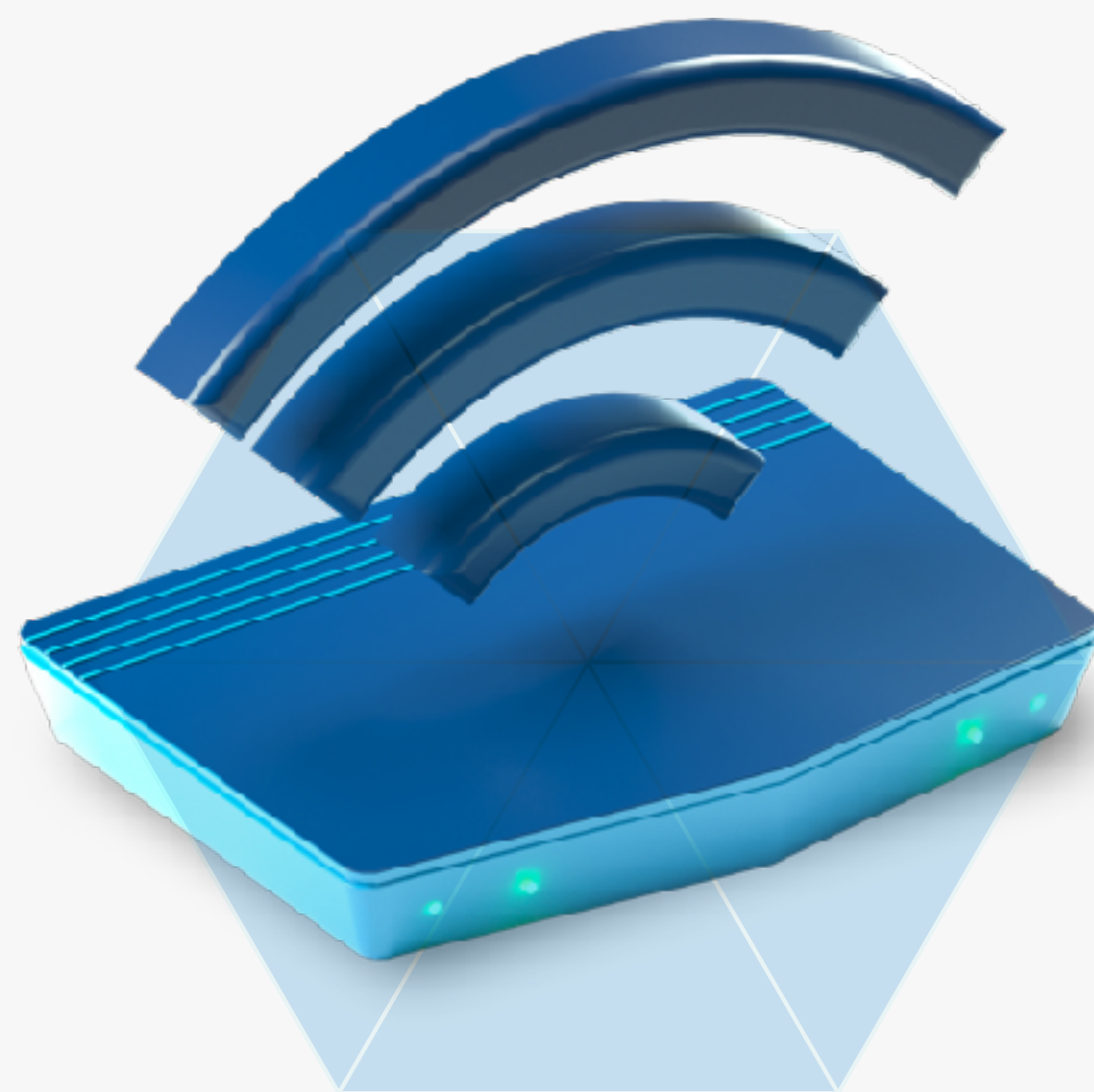
937k
net additions*
in Q2

*Includes Tivibu Go

Broadband

248k
Q2 '18

1.2mn
LTM



43.5mn
total
subscribers

Mobile

293k
Q2 '18

1.5mn
LTM



Home TV

175k
Q2 '18

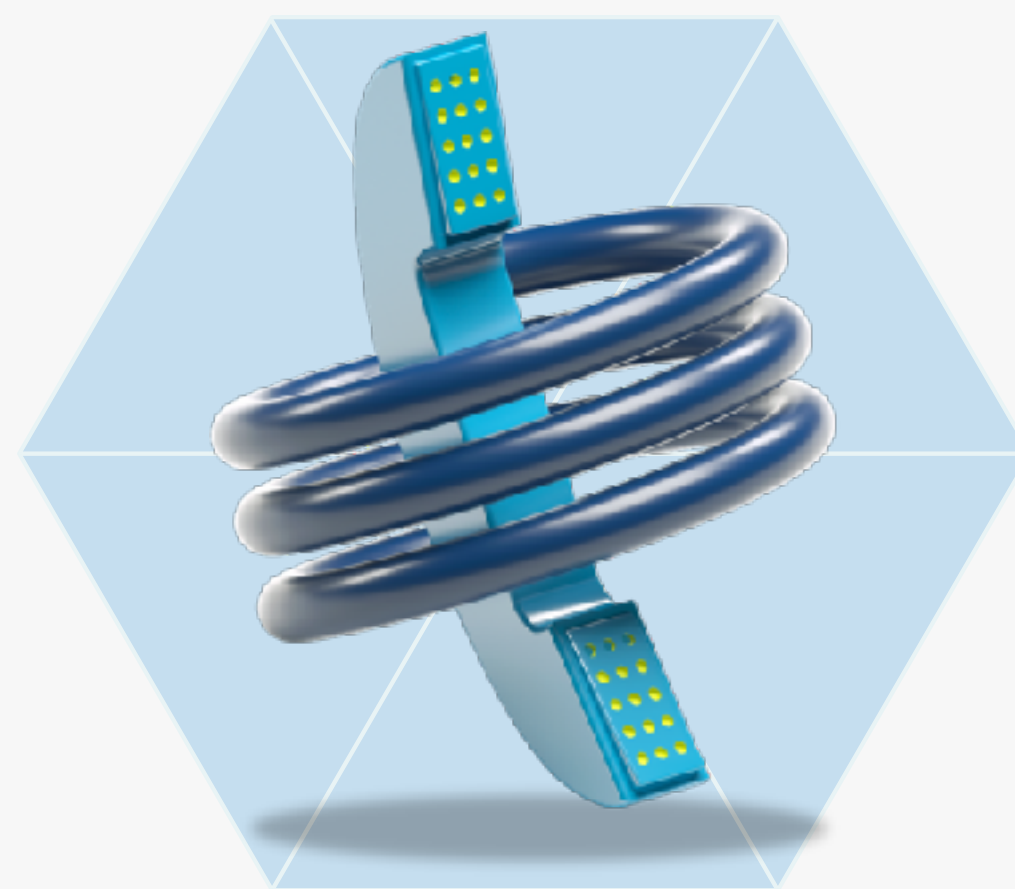
557k
LTM



Fixed Voice

60k
Q2 '18

282k
LTM



Financial Performance

(TL mn)	2017 Q2	2018 Q1	2018 Q2	Growth (YoY)	Growth (QoQ)
Revenue	4,501	4,686	4,951	10.0%	5.6%
Revenue (exc. IFRIC12) ¹	4,292	4,545	4,740	10.5%	4.3%
EBITDA	1,712	1,972	1,968	15.0%	(0.2%)
EBITDA Margin	38.0%	42.1%	39.8%		
Operating Profit	939	1,094	1,058	12.6%	(3.2%)
Net Income	890	56	(889)	n.m.	n.m.
Adjusted Net Income ²	631	748	676	7.1%	(9.6%)
CAPEX	544	581	836	53.6%	44.0%

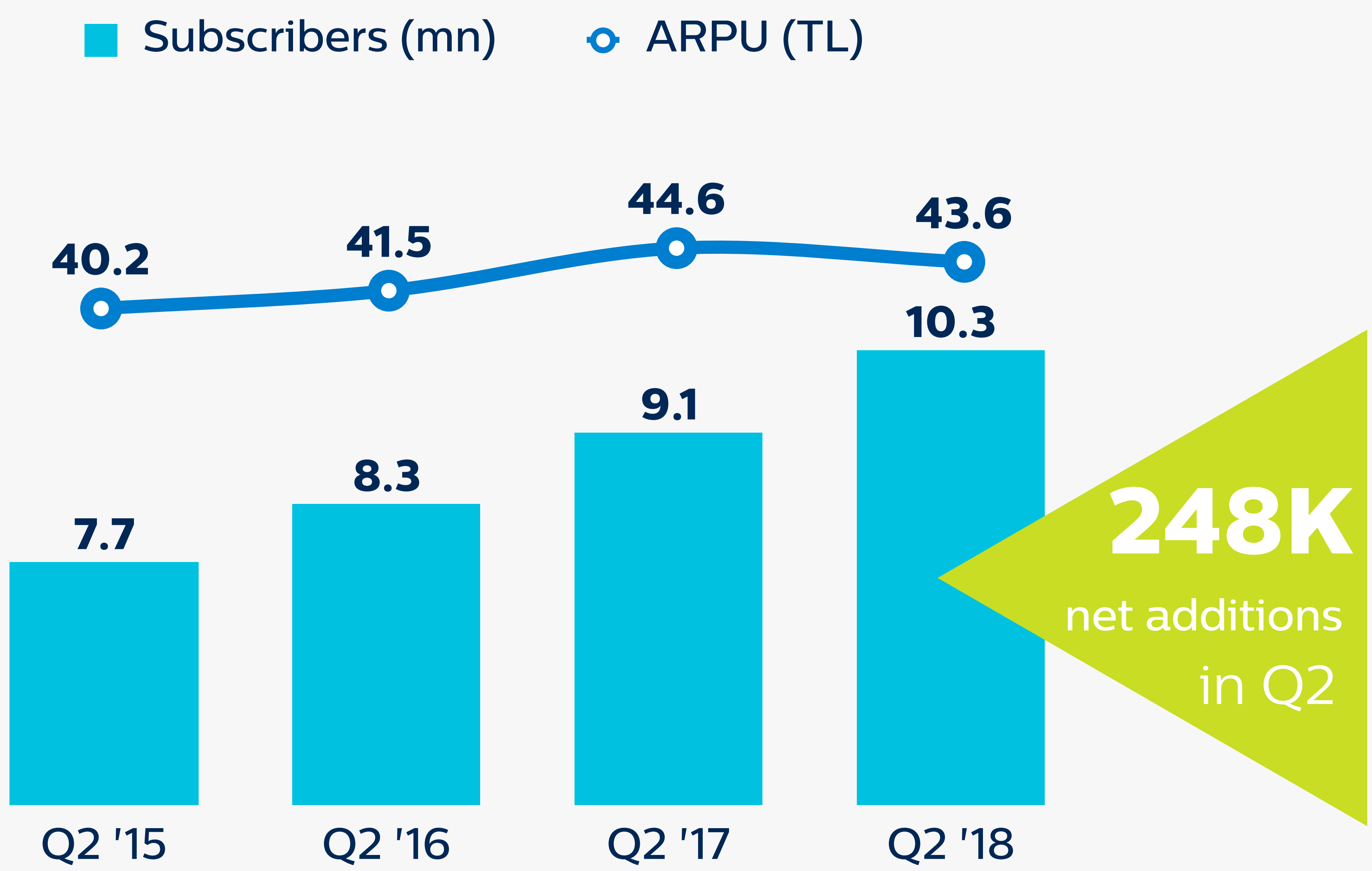
(1) IFRIC 12 is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fiber based network

(2) Adjusted net income excludes the after tax impact of FX & FX hedging gain/loss during respective period.

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

Fixed Broadband Performance

ARPU & Subscribers

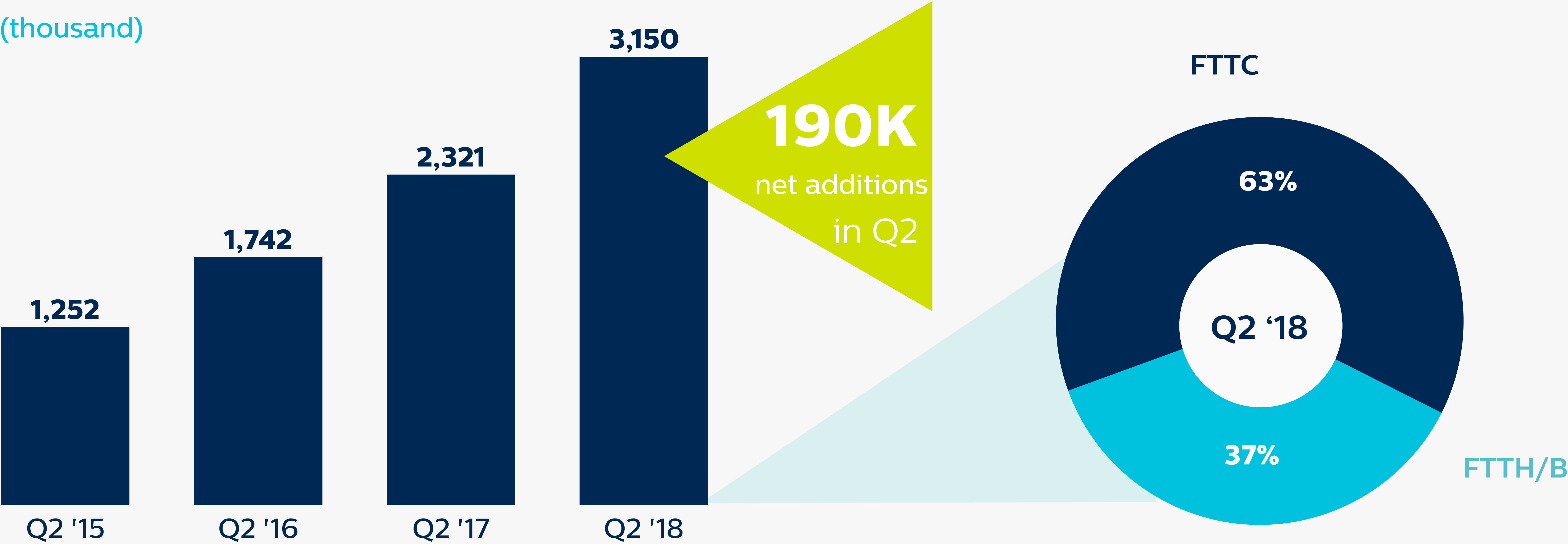


~50%

of Q2 '18 FBB net adds came via Internet Bizden campaign

Fiber Subscribers

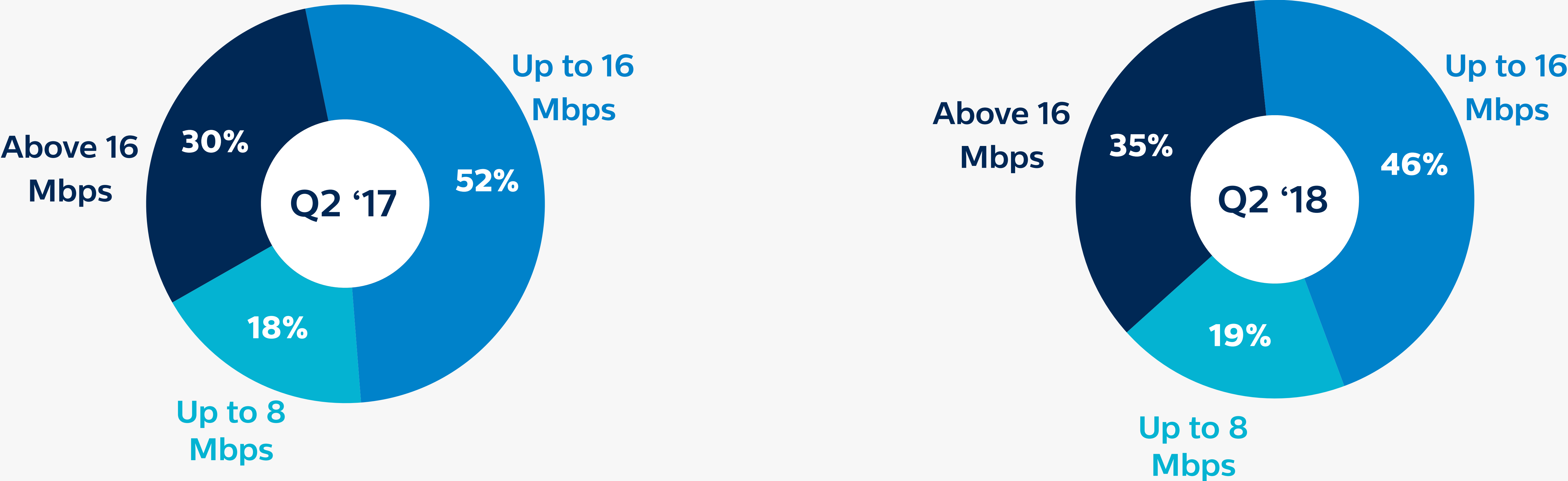
(thousand)



Upsell Dynamics in Fixed Broadband

Speed Breakdown

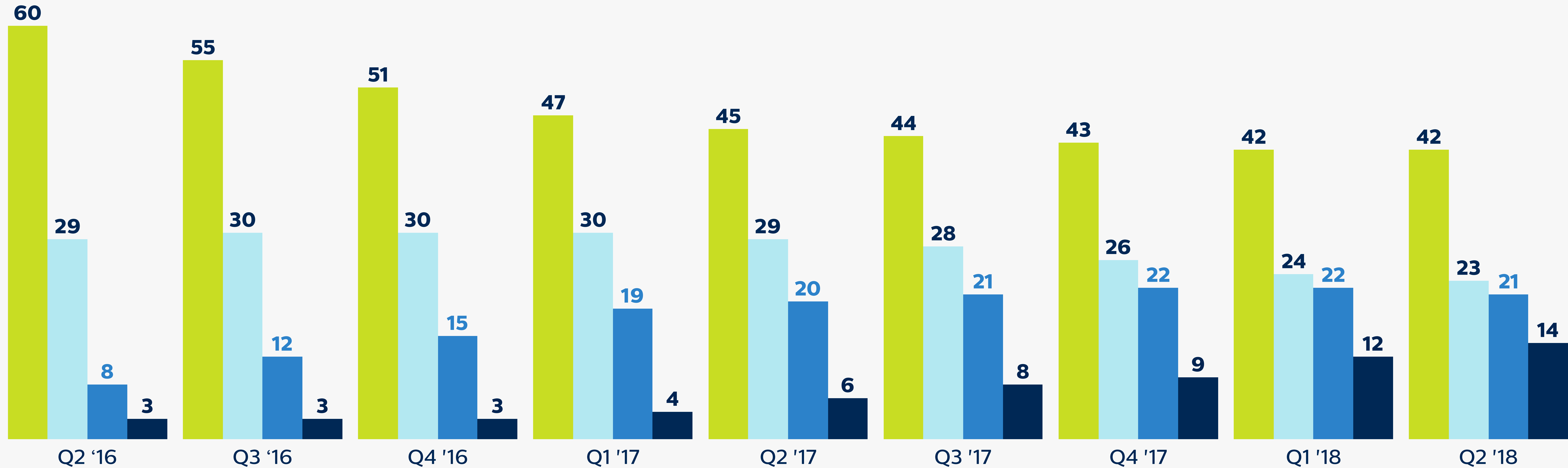
(% of Subscribers)



Capacity Breakdown

(% of Subscribers)

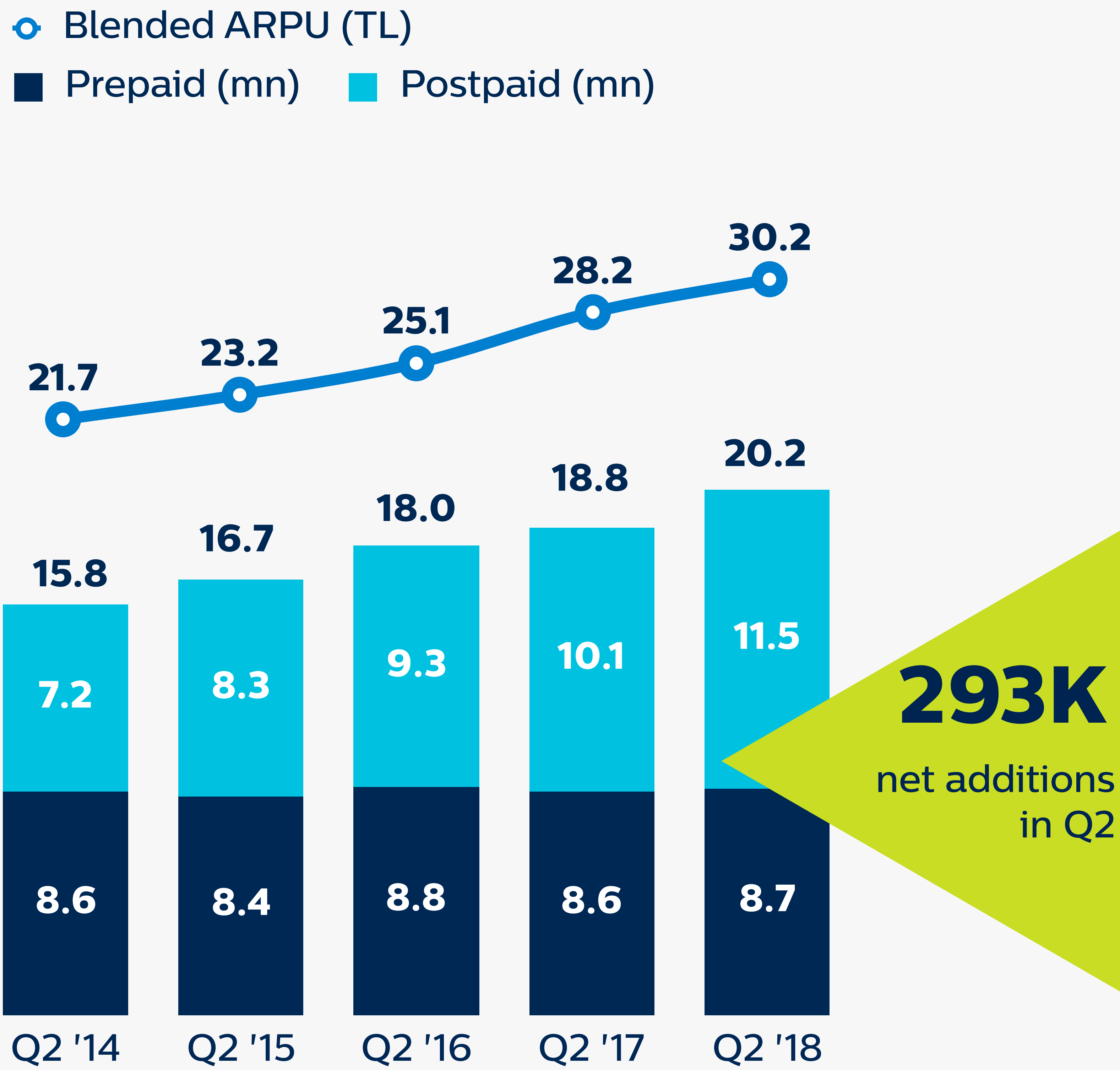
50 GB & Below 50 to 75GB 75 GB to 100 GB Above 100 GB



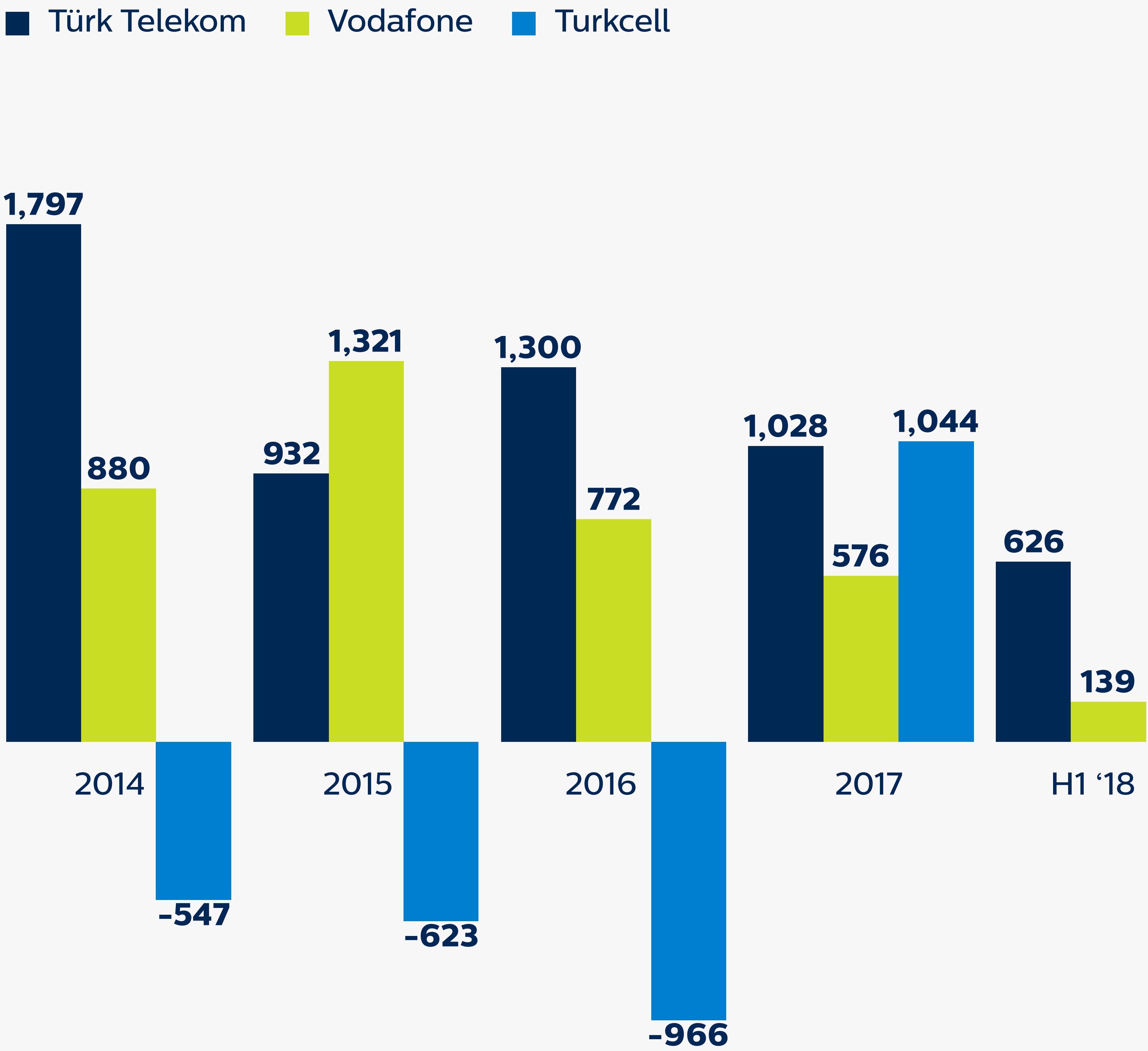
All figures are based on Turk Telekom's retail subscribers

Mobile Performance

Growing ARPU & Subscribers



Net Subscriber Additions

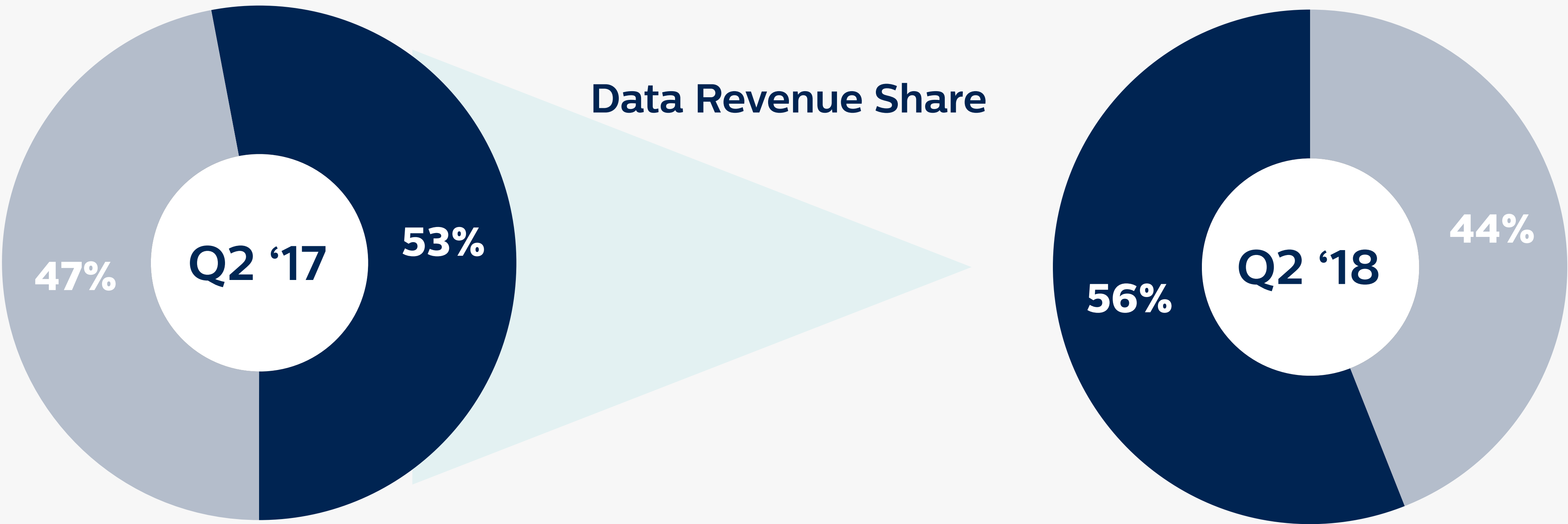


Other operators' data are from their own publications.

Mobile Data

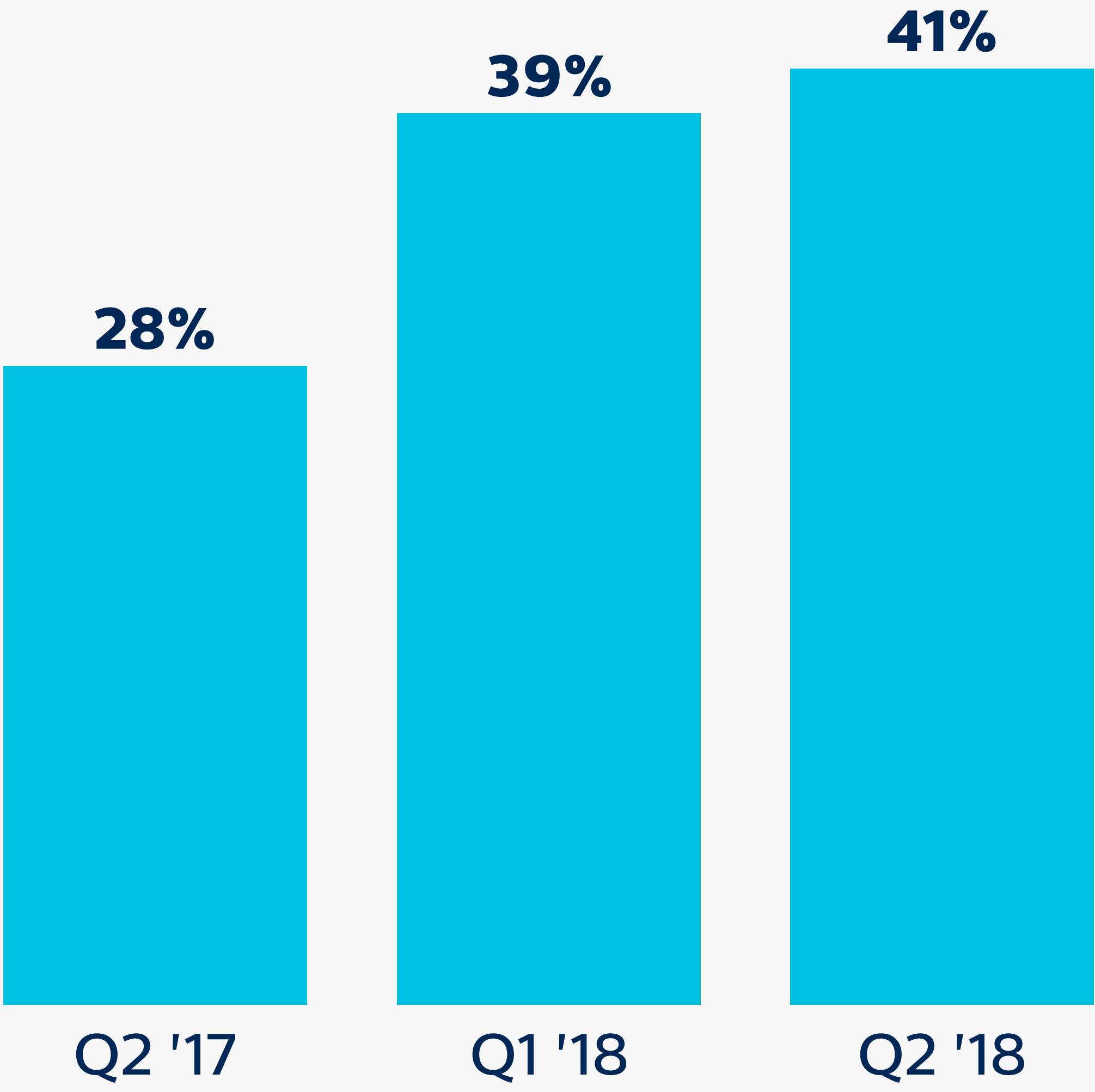
Data Revenue

(Mobile service revenue share)

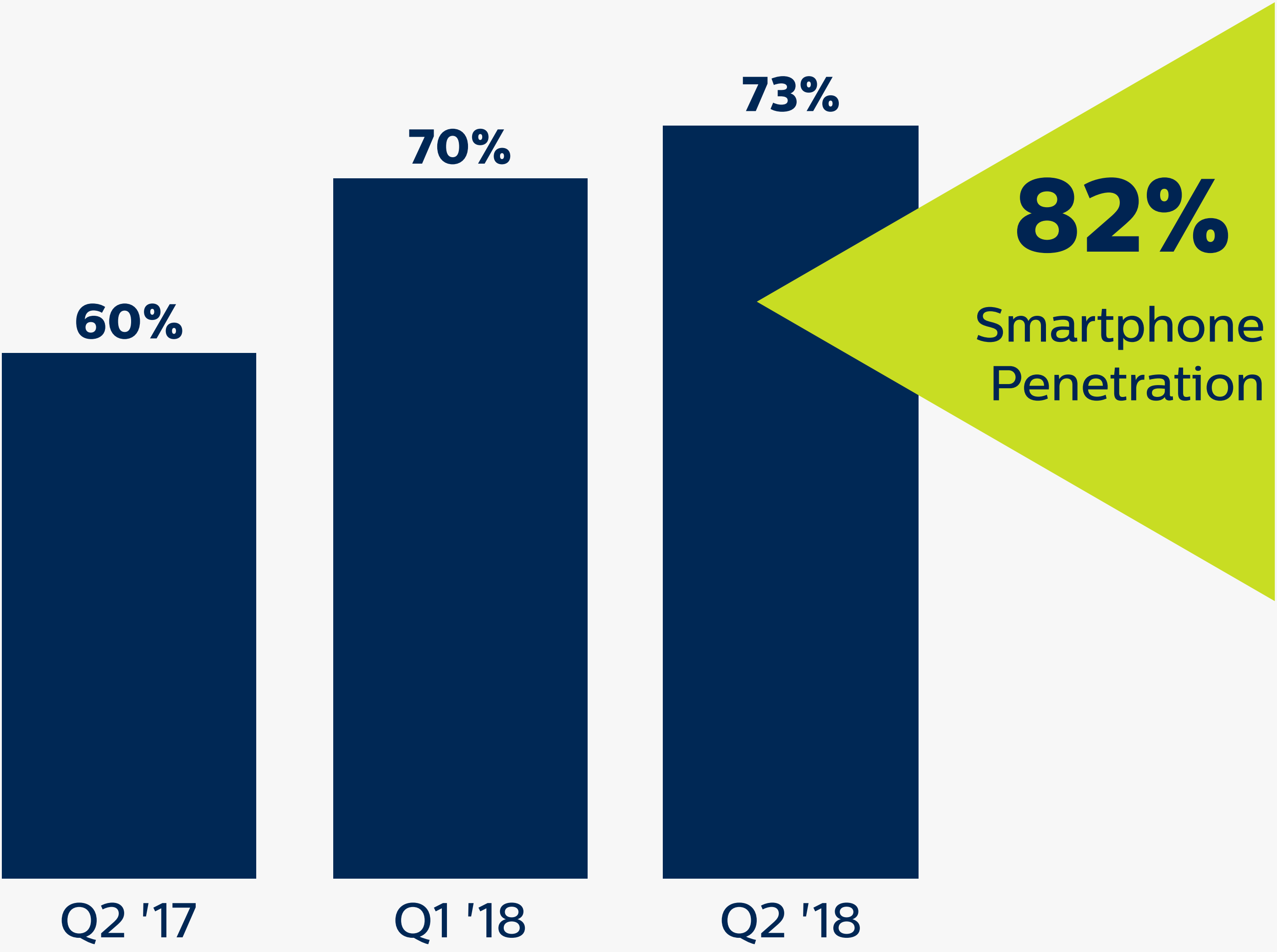


LTE Users*

(Total subscriber share)

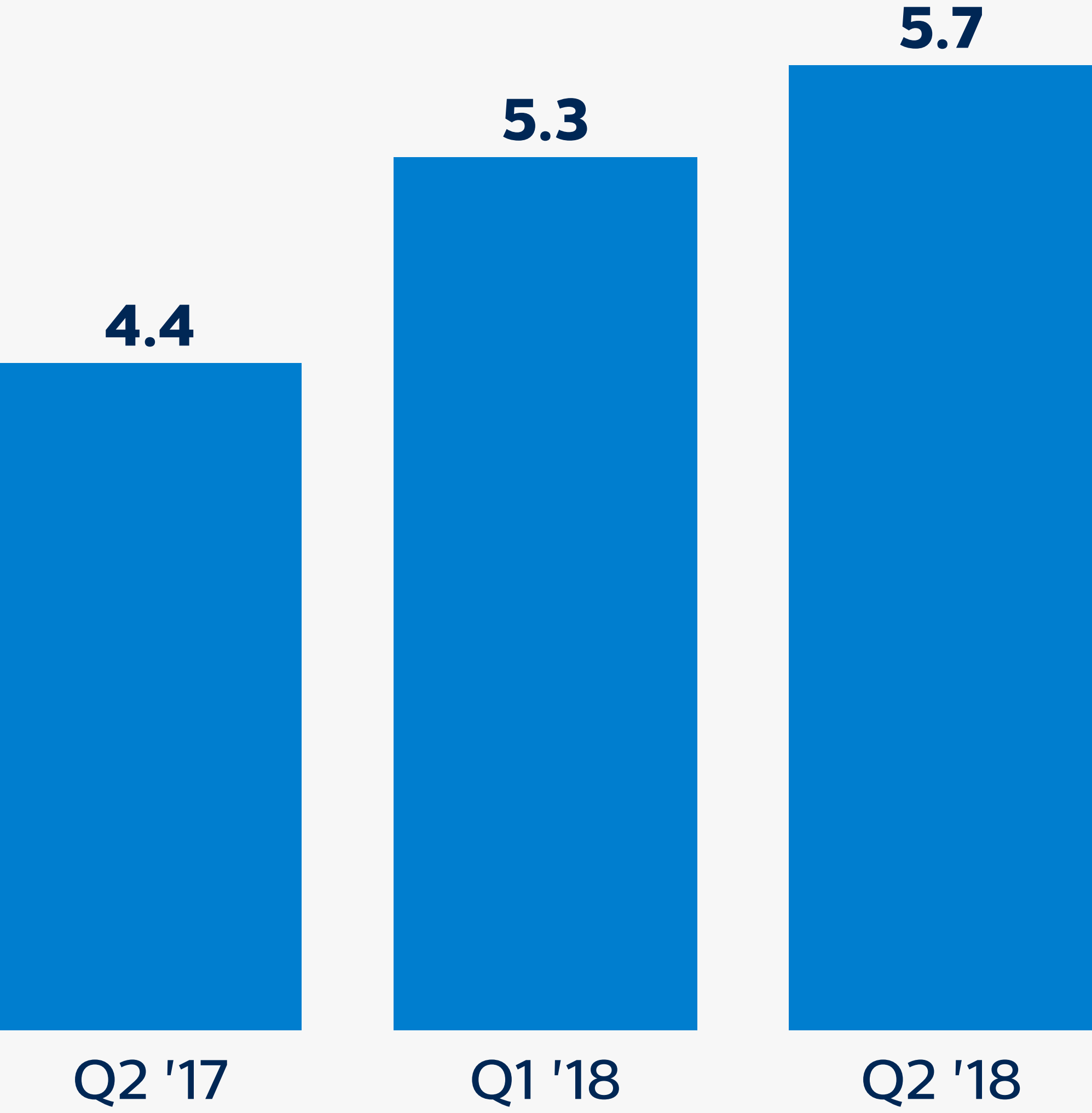


LTE Compatible Smartphone



Avg. Monthly Mobile Data Usage

(GB per LTE user)

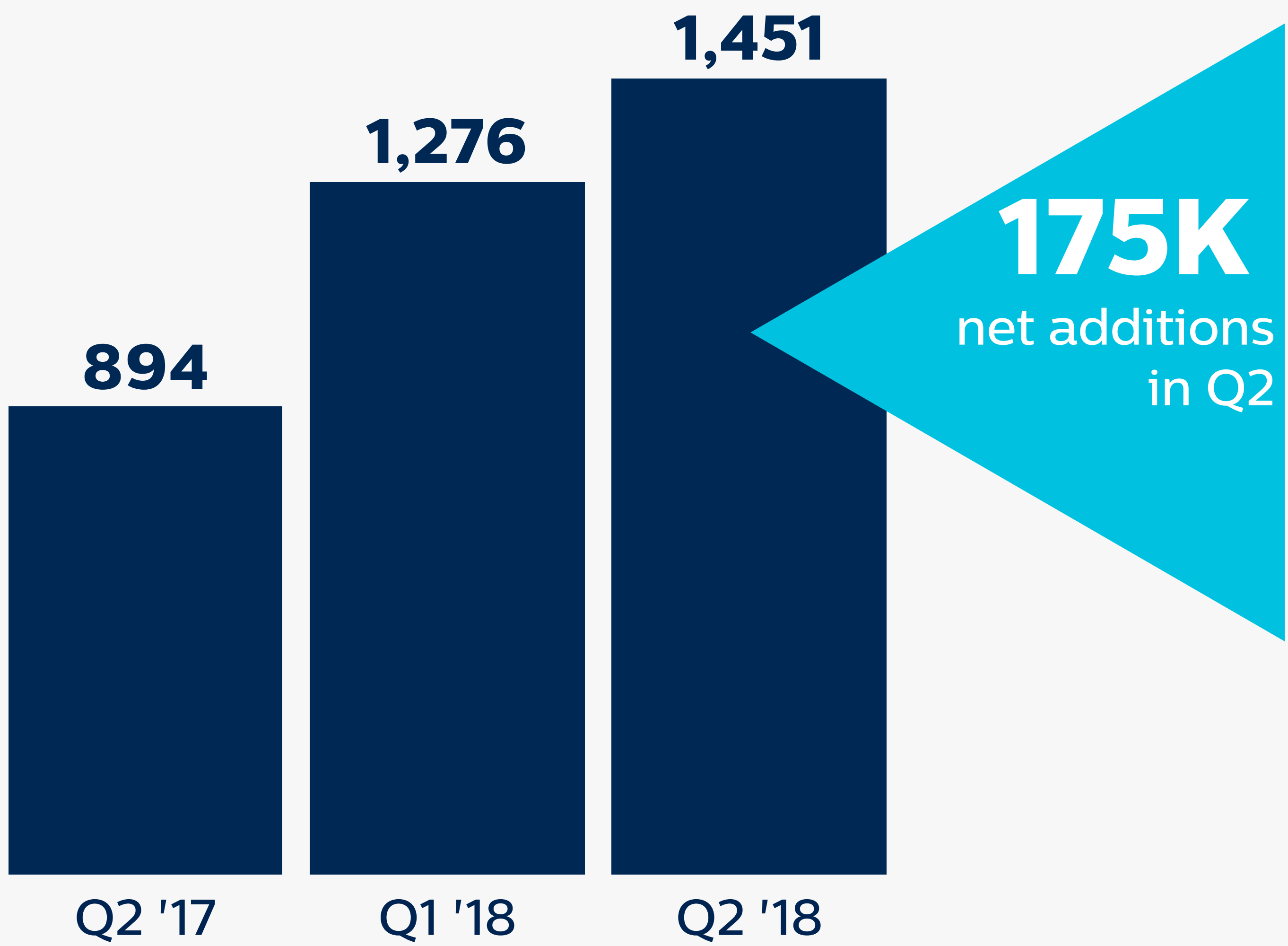


*Subscribers who
1) registered for LTE
2) have LTE compatible device and simcard

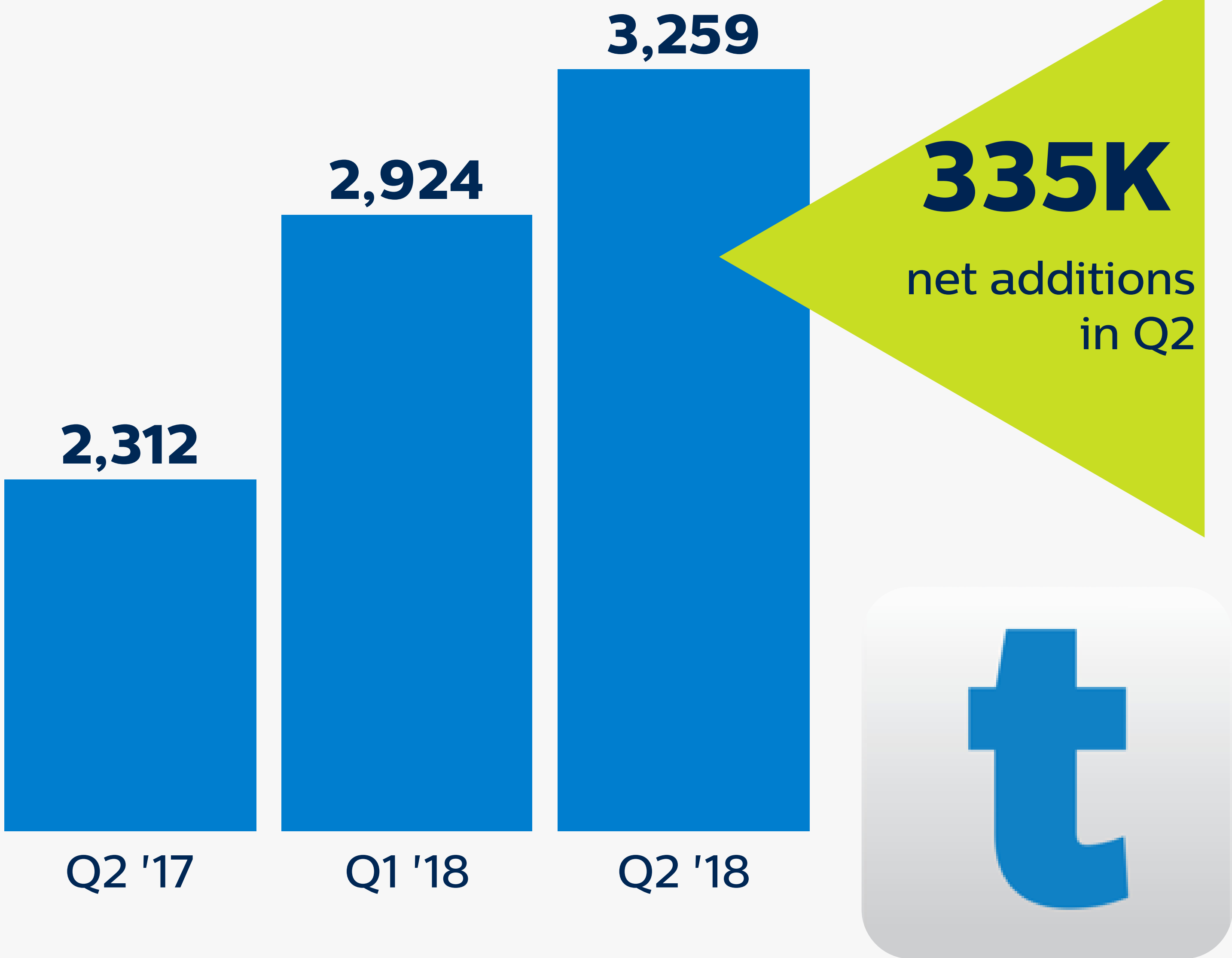
TV Performance

Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu Go)



Wireless Homes

97% of Q2 '18 DTH gross adds came via mobile synergy offers



Platform

IPTV + DTH + Web TV + Smart TV

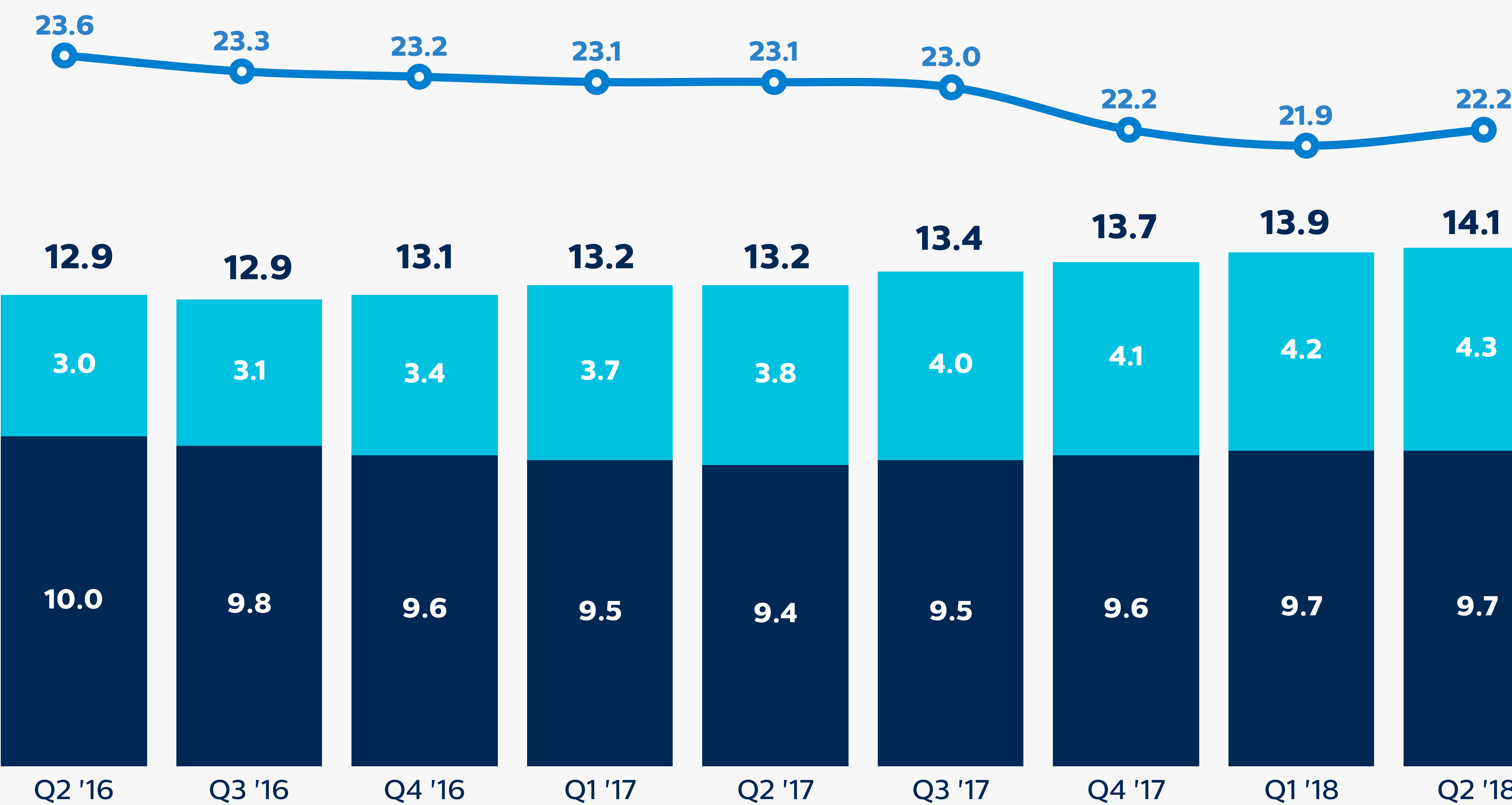
Content

- ▶ Turkish Basketball Super League
- ▶ NBA
- ▶ English Premier League
- ▶ 3 Cinema & 4 Sports Inhouse Channels
- ▶ Kids & Documentary Channels
- ▶ 7500+ on demand assets

Fixed Voice Performance

Access Lines and ARPU

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



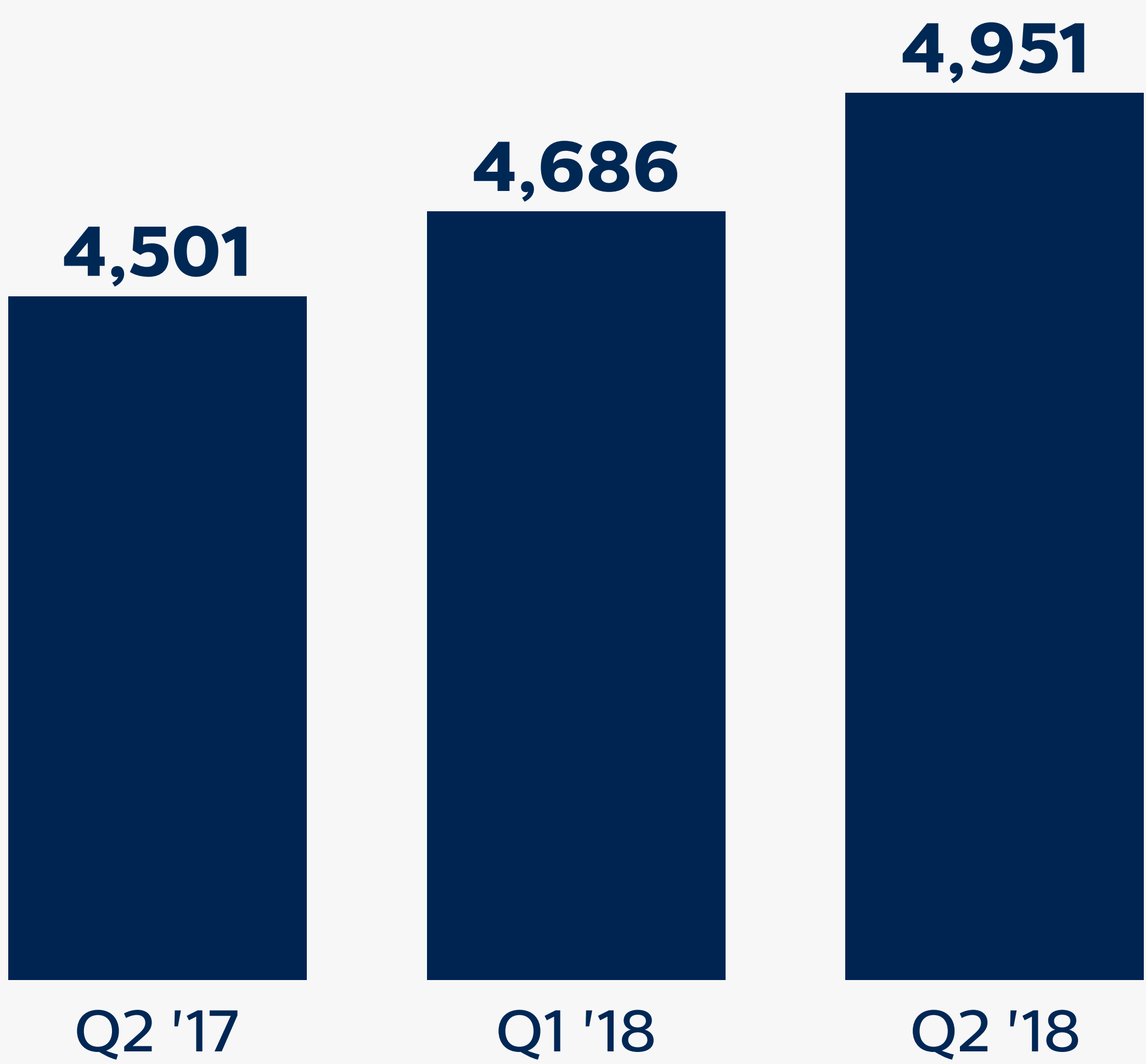
60K
net additions
in Fixed
Voice in Q2

Financials

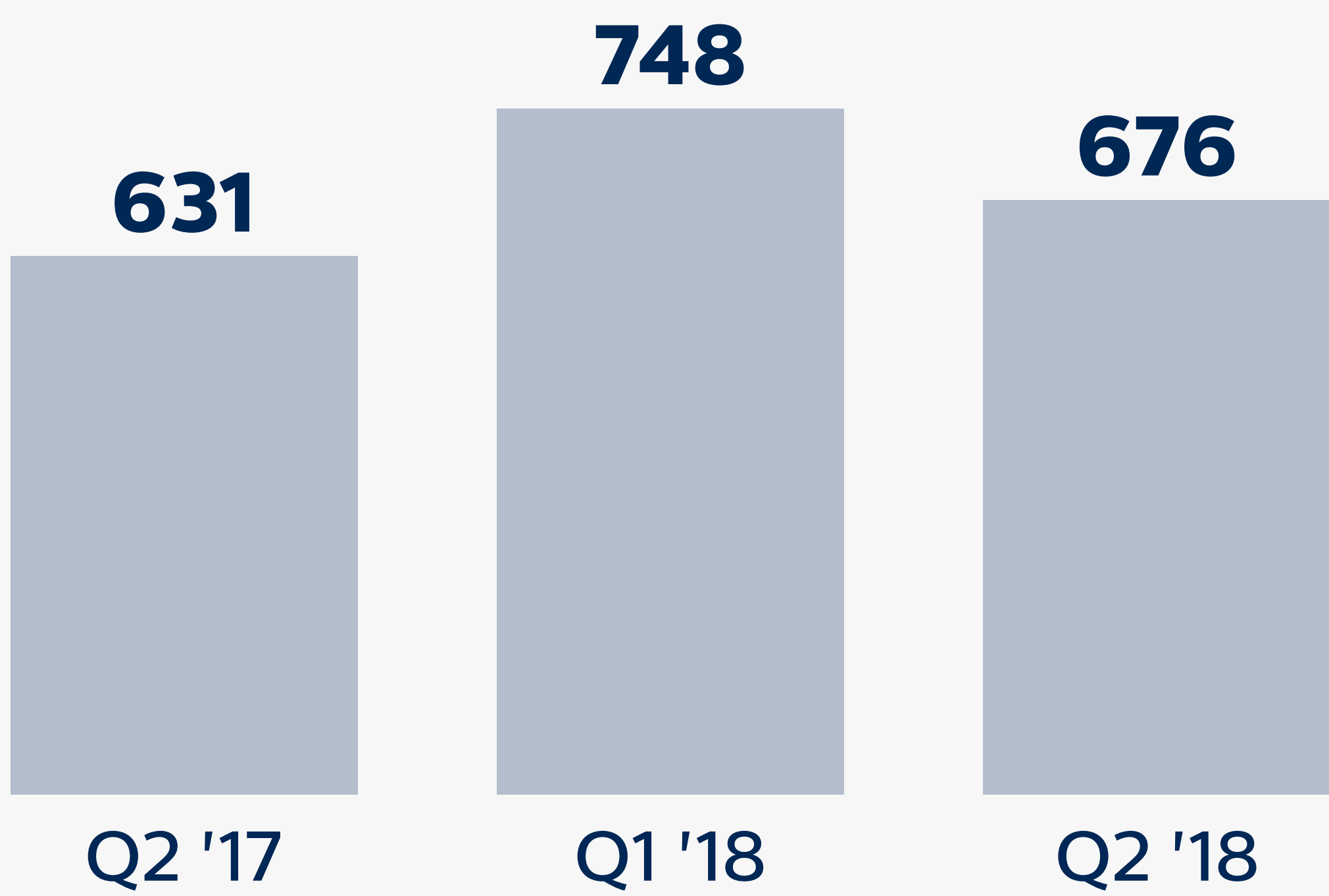


Financial Performance

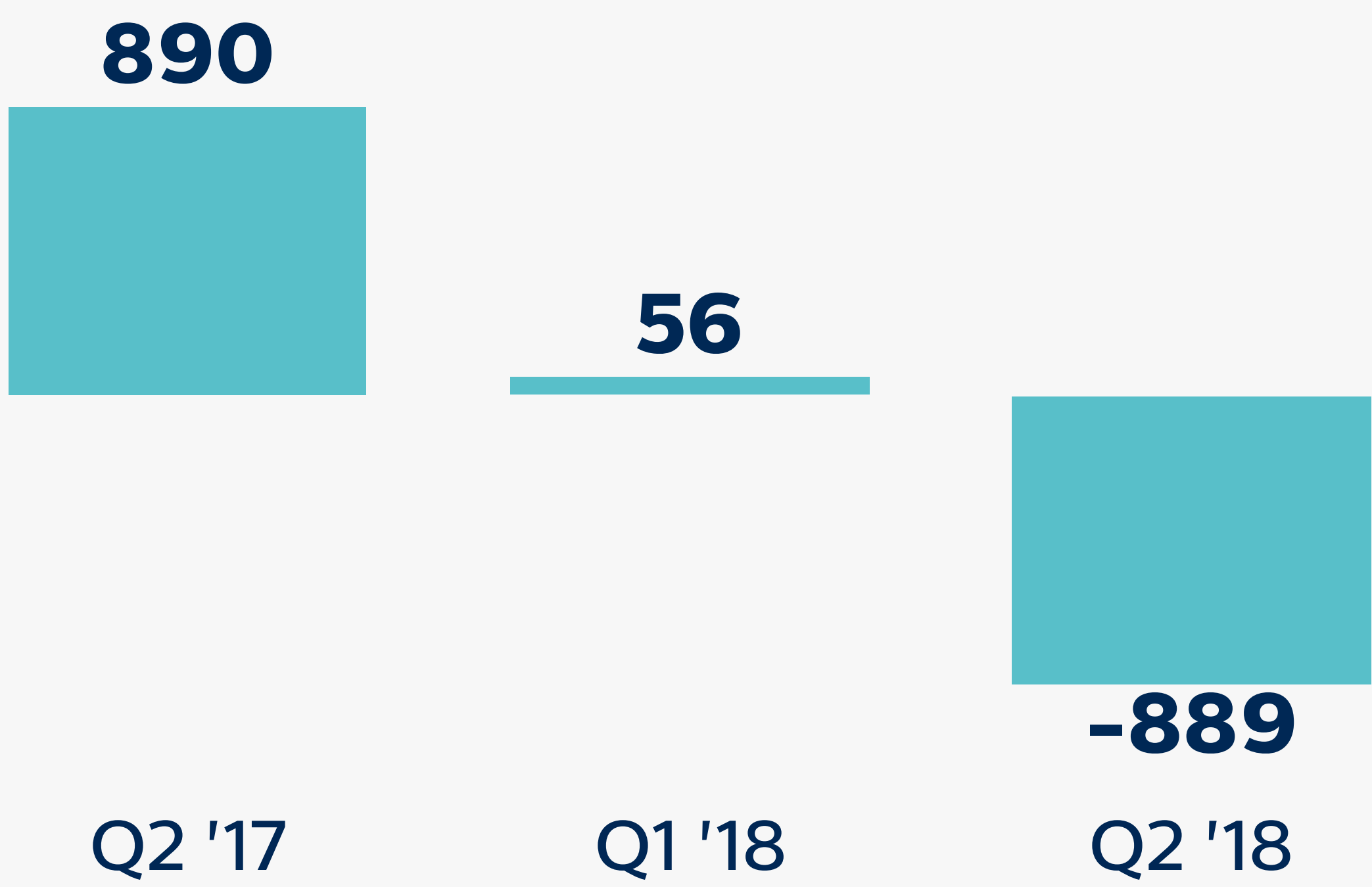
Revenue
(TL mn)



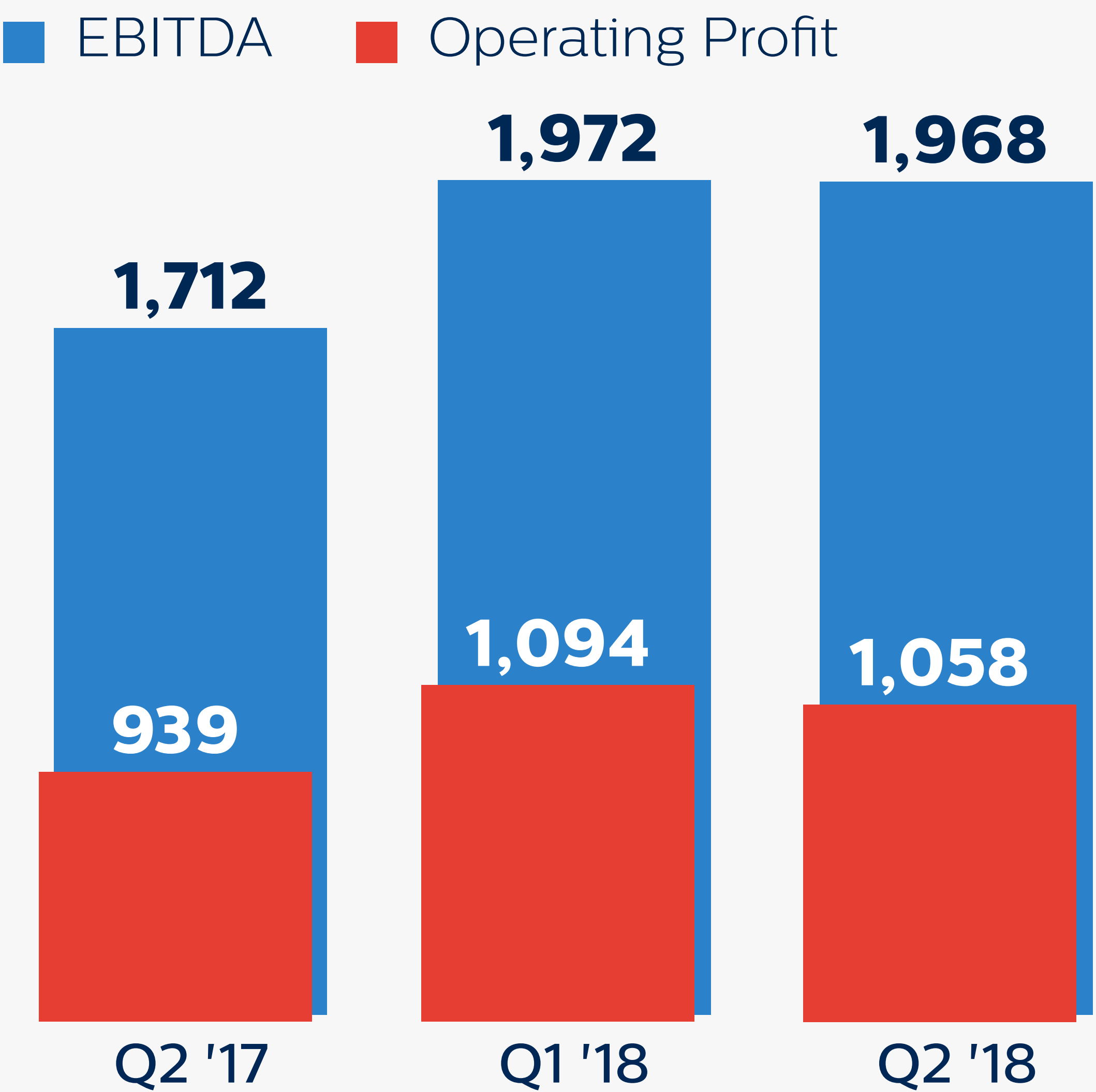
Adjusted Net Income*
(TL mn)



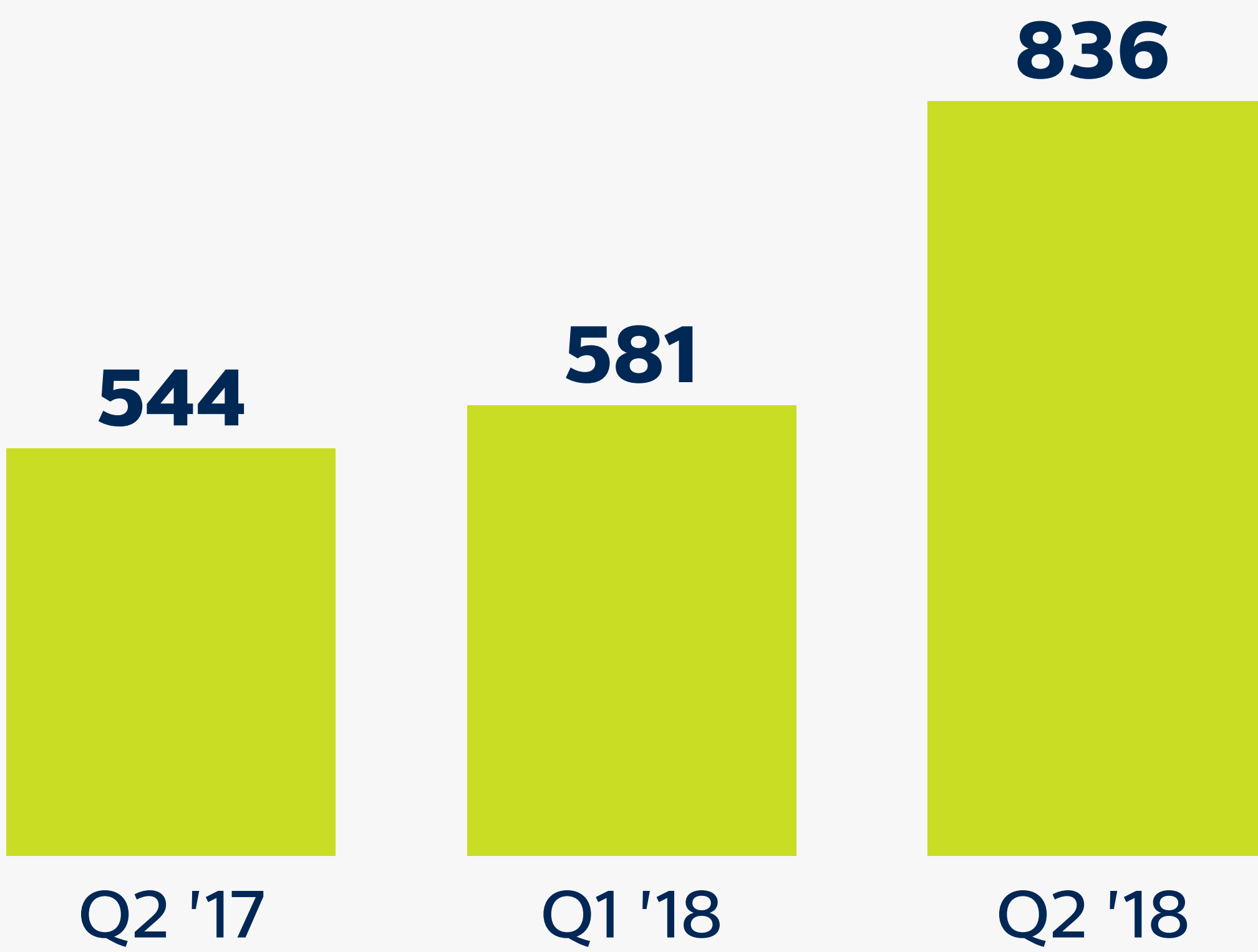
Net Income
(TL mn)



EBITDA & Operating Profit
(TL mn)



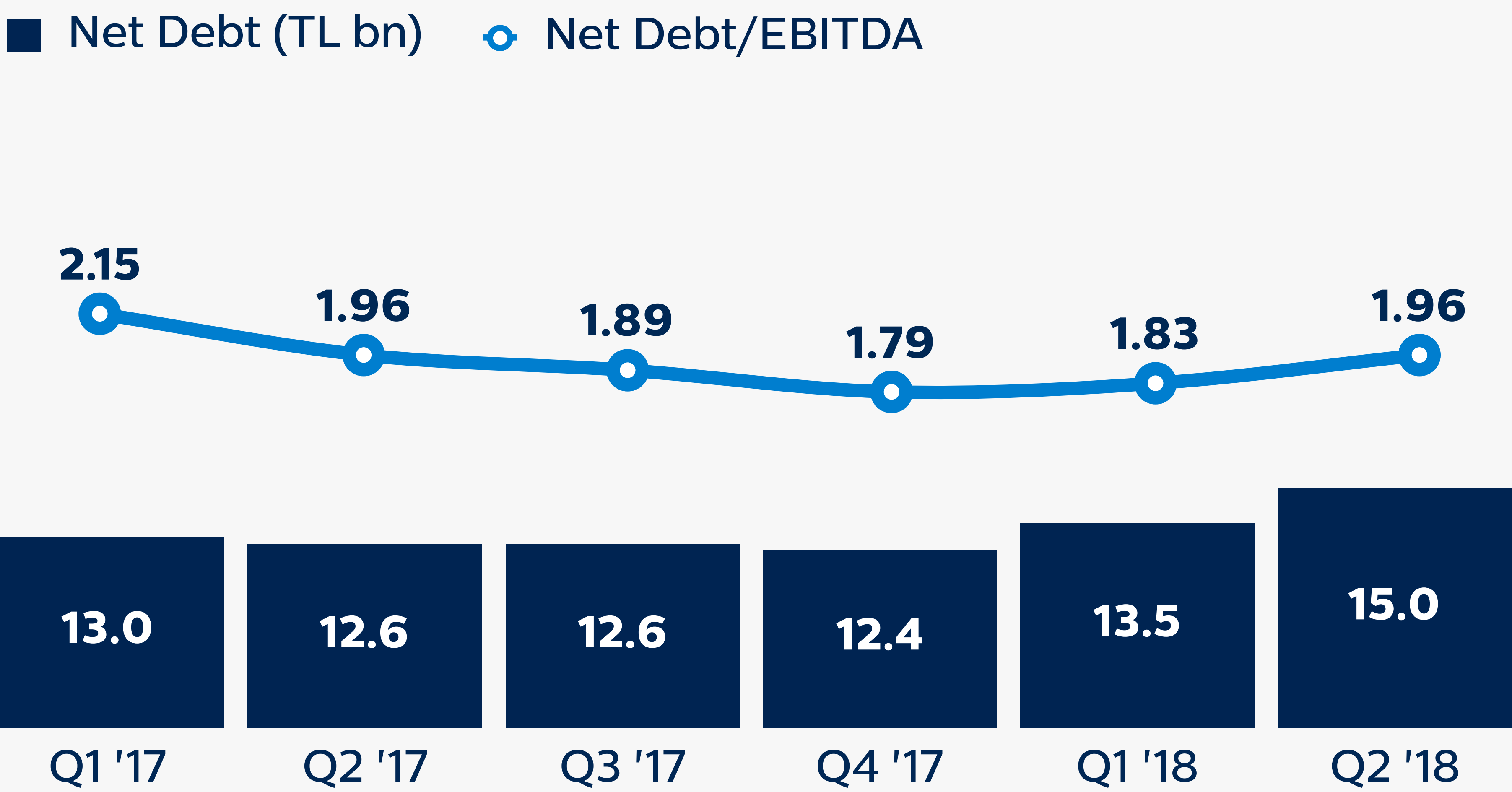
Capex
(TL mn)



*Adjusted net income excludes the after tax impact of FX & FX hedging gain/loss during respective period.
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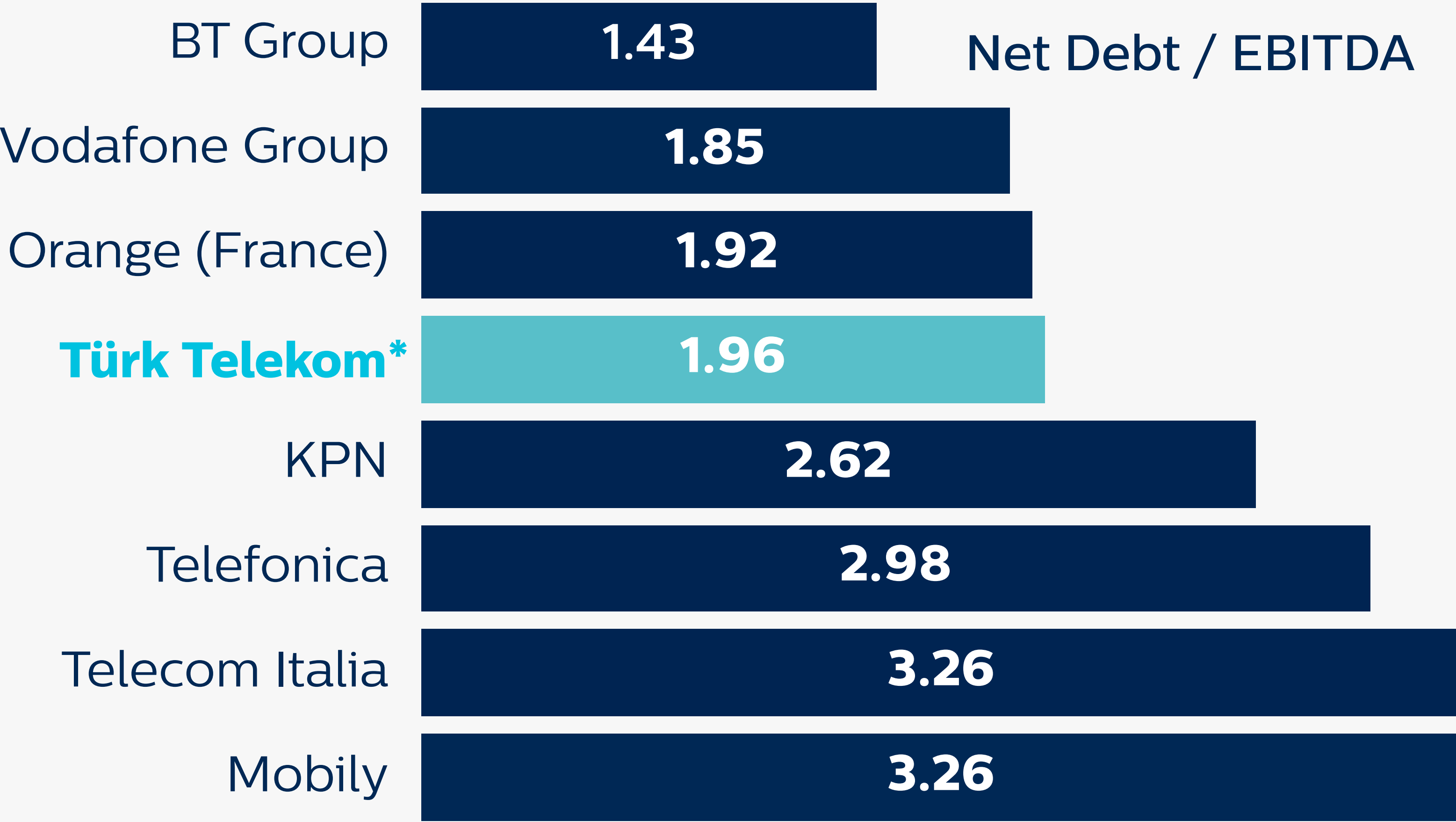
Debt Profile

Net Debt



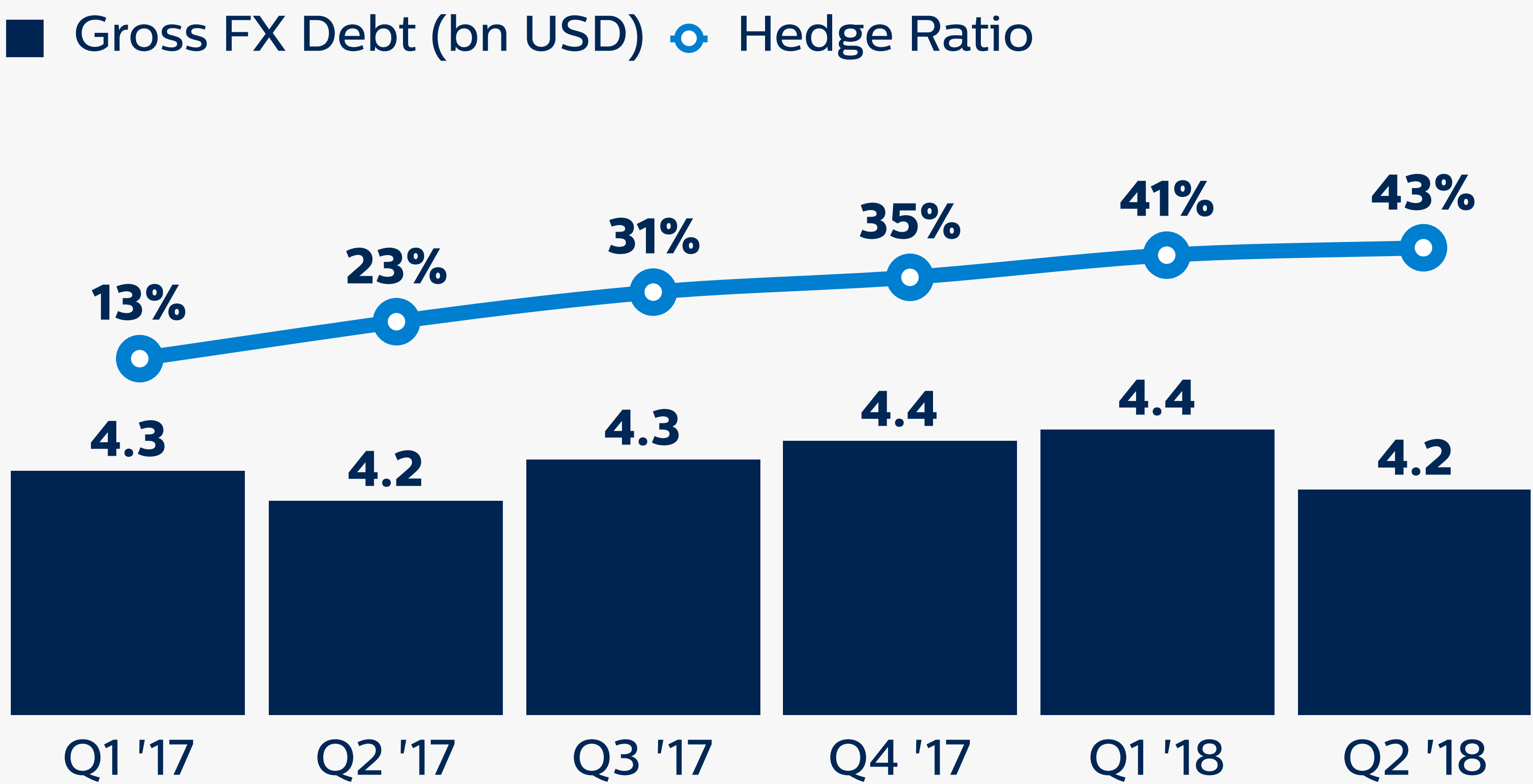
Note: Net Debt/EBITDA calculation excludes extraordinary claims on EBITDA calculation, and includes MTM from FX to TRY Currency Swaps on Net Debt Calculation.

Low debt burden compared to peers



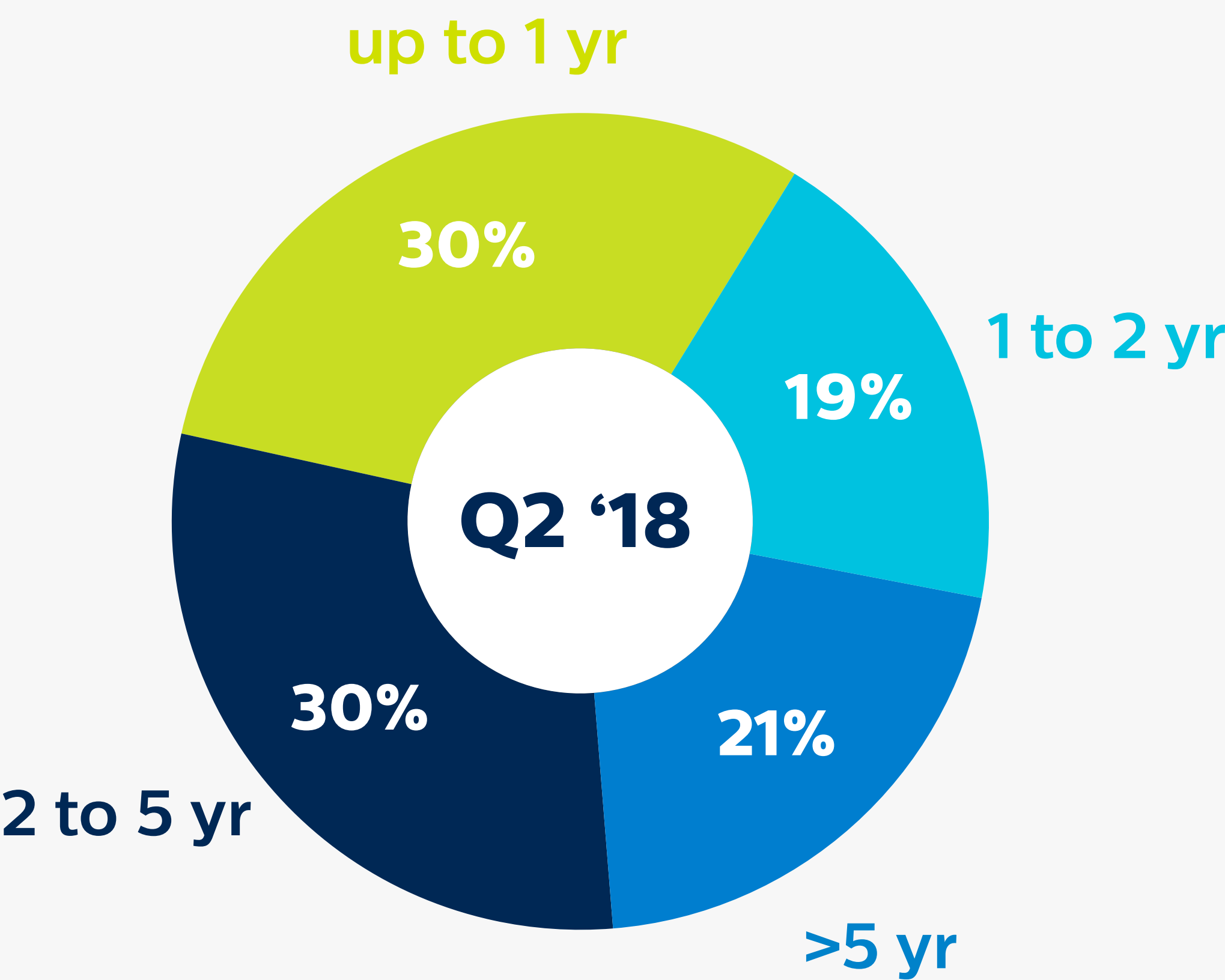
Source: Bloomberg
Türk Telekom's ratio is based on Q2'18 financials; other's based on their latest data

Hedge Ratio



Hedge Ratio includes participating CCS & FX swaps & FX based cash

Maturity Profile



Appendix



Income Statement

(TL mn)	6M '17	6M '18	YoY Change	Q2 '17	Q2 '18	YoY Change
Revenues	8,808	9,637	9.4%	4,501	4,951	10.0%
EBITDA	3,240	3,940	21.6%	1,712	1,968	15.0%
Margin	36.8%	40.9%		38.0%	39.8%	
Operating Profit	1,747	2,152	23.2%	939	1,058	12.6%
Margin	19.8%	22.3%		20.9%	21.4%	
Financial Inc. / (Exp.)	(374)	(3,149)	742.3%	249	(2,163)	n.m.
FX & Hedging Gain / (Loss) ¹	(170)	(2,810)	1,551.2%	339	(1,932)	n.m.
Interest Inc./ (Exp.) ¹	(161)	(258)	60.9%	(85)	(172)	103.4%
Other Financial IInc./ (Exp.)	(43)	(80)	86.1%	(6)	(59)	967.0%
Tax Expense	(417)	165	n.m.	(298)	216	n.m.
Net Income	955	(832)	n.m.	890	(889)	n.m.
Margin	10.8%	n.m.		19.8%	n.m.	

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(1) As of Q2'18, income/expense from derivative interest payments, which were previously presented under FX & hedging gain/loss, started to be presented under interest income/expense item. As a result of this reclassification, TL 18 mn expense from derivative interest payments in Q1'18 presented under interest income/expense item in Q2'18.

Balance Sheet

(TL mn)	30.06.2017	31.03.2018	30.06.2018
Total Assets	25,733	29,936	30,501
Intangible Assets	8,297	9,308	9,332
Tangible Assets ¹	8,358	8,964	9,004
Other Assets ²	6,955	7,685	7,861
Cash and Equivalents	2,123	3,979	4,304
Total Equities and Liabilities	25,733	29,936	30,501
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	1,084	1,707	815
Interest Bearing Liabilities ³	14,754	17,496	19,258
Other Liabilities ⁴	6,634	7,473	7,168

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

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

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

(4) Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, employee benefit obligations, deferred revenue, other current liabilities

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

IFRS 15 Adoption Reconciliation

(TL mn)	Q2 '18	IFRS 15 Impact	Q2 '18 w/o adoption of IFRS 15
Revenues	4,951	1	4,949
EBITDA	1,968	149	1,819
Margin	39.8%		36.8%
Operating Profit	1,058	30	1,028
Margin	21.4%		20.8%
Financial Inc. / (Exp.)	(2,163)	(4)	(2,159)
FX & Hedging Gain / (Loss)	(1,932)		(1,932)
Interest Inc./ (Exp.)	(172)		(172)
Other Financial Inc./ (Exp.)	(59)	(4)	(56)
Tax Expense	216	(2)	218
Net Income	(889)	25	(913)
Margin	n.m.		n.m.

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IFRS 15 Adoption Reconciliation

(TL mn)	30.06.2018	IFRS 15 Impact	30.06.2018 w/o adoption of IFRS 15
Total Assets	30,501	901	29,600
Intangible Assets	9,332	907	8,425
Tangible Assets	9,004		9,004
Other Assets	7,861	(6)	7,867
Cash and Equivalents	4,304		4,304
Total Equities and Liabilities	30,501	901	29,600
Share Capital	3,260		3,260
Reserves, Retained Earnings and Other Equity Items	815	590	225
Interest Bearing Liabilities	19,258		19,258
Other Liabilities	7,168	311	6,856

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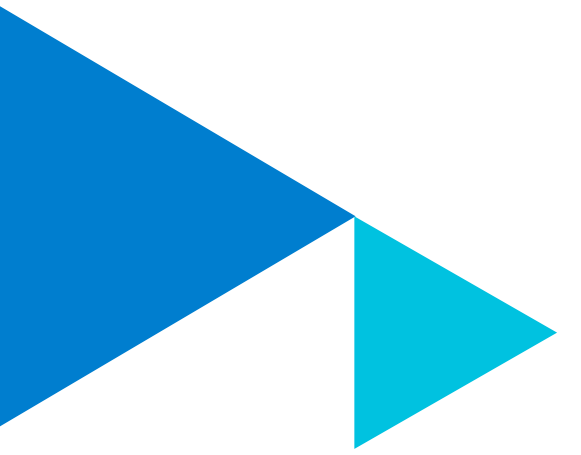
Q&A

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Thank You



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