

2013 Q1 Results

Türk Telekom Group



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Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this presentation includes Revenues, Direct Cost of Revenues excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses, and other operating income/(expense), but excludes translation gain/(loss), financial income, income on unconsolidated subsidiaries, gain on sale of investments, and minority interest.

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Consolidated Performance

2013 Q1 Results
Türk Telekom Group

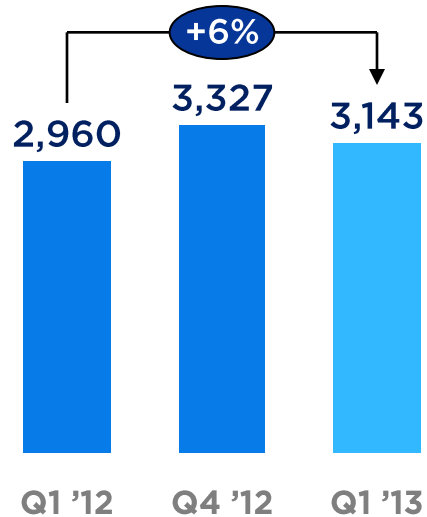
2013 First Quarter Highlights

- ✦ Strong start to the year with 6.2% YoY top-line growth
- ✦ EBITDA decline due to a one off negative effect of voluntary retirement incentive payment
- ✦ Net income decline driven by flat FX gains compared to last year's extraordinary gains
- ✦ 12% revenue growth YoY in broadband - reaccelerated broadband subscriber growth with 66K net additions in the quarter
- ✦ Solid revenue and subscriber growth in mobile business – revenues increased 17% YoY, with 240K net subscriber additions in the quarter

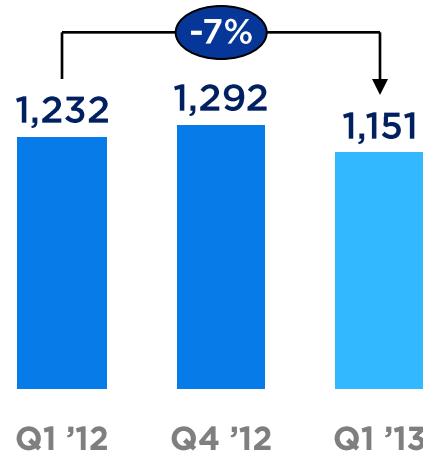
Consolidated Financials

(TLmn)

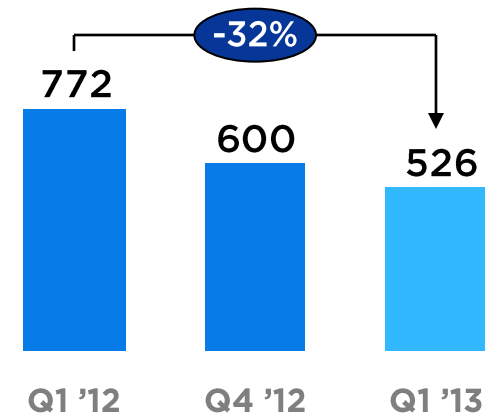
Revenue



EBITDA



Net Income

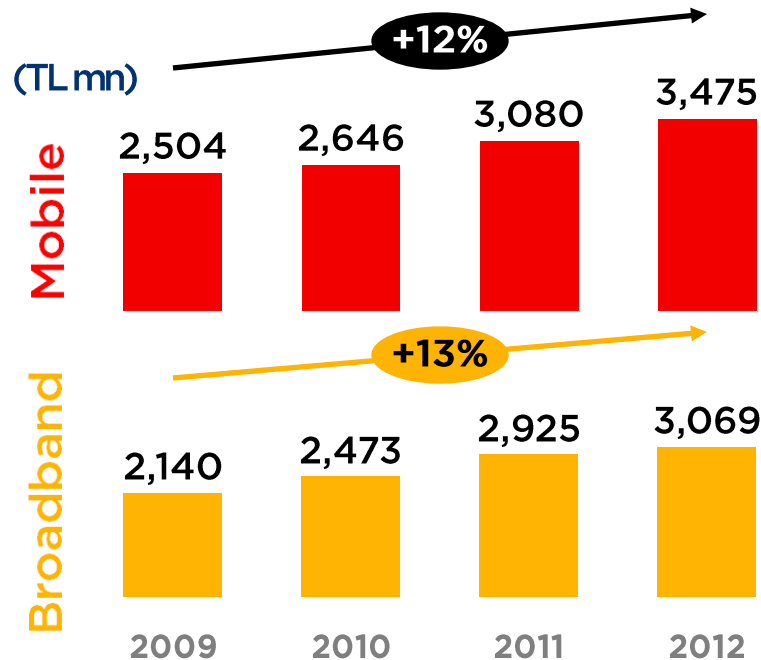


Revenue Growth Continued

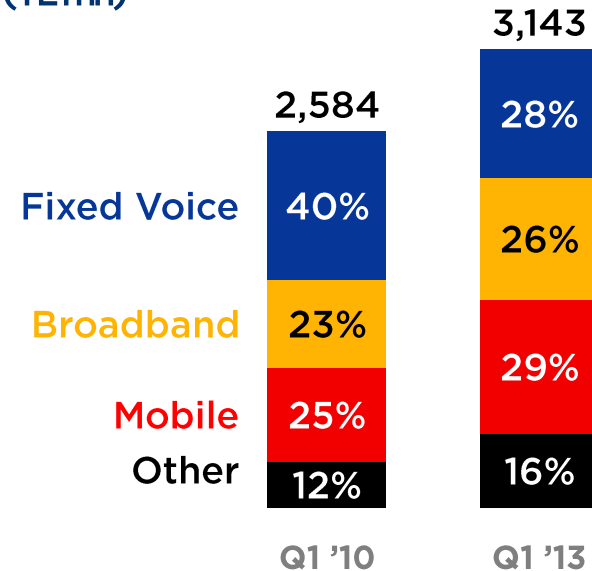
- ✚ Quarterly YoY revenue growth in line with year end guidance
- ✚ Decline in EBITDA and margin due to an exceptional personnel voluntary retirement incentive (excluding one-off impact EBITDA flat YoY)
- ✚ Net income decrease due to lack of favorable FX conditions compared to last year

Revenue Mix

Transformation Continues



Consolidated Revenues (TLmn)



Focusing on high growth businesses...

- ✦ Combined growth of 14% YoY in Mobile and Broadband businesses in Q1 2013
- ✦ Fixed voice now constitutes less than 30% of total revenues
- ✦ Mobile and Broadband make up 55% of total revenues

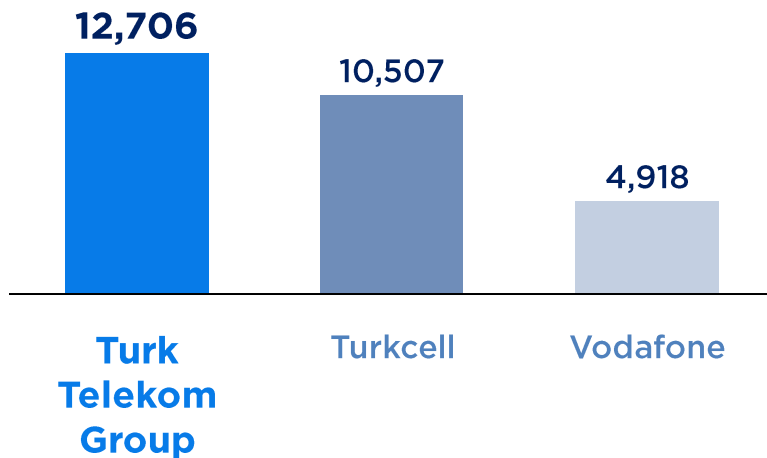
Note: Other Revenues include Pantel acquisition effect, which was completed in Q4 2010

TT: Strong Leader of the Market

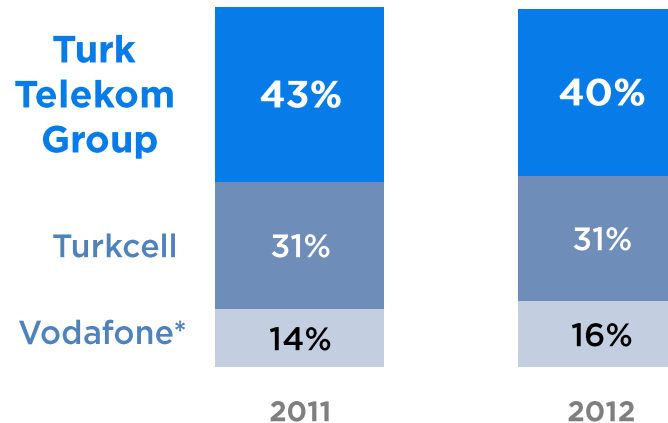
Largest and Most Profitable Operator in Turkey

Telecom Operators by Revenue

(2012, TLmn)



Telecom Operators' EBITDA Margins



- 45% of the total revenues in Turkish telecom market is generated by Turk Telekom Group
- Clear leader in profitability
- Strongest position to provide end to end wireless and wireline telecom services to both consumers and corporates

Note: Other operators' figures are from their published financials. Vodafone's EBITDA Margin figure is from their 9M 2012 financials

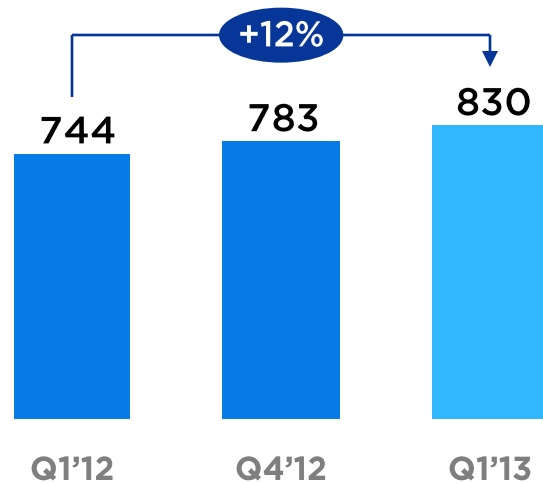
Fixed Line

2013 Q1 Results
Türk Telekom Group

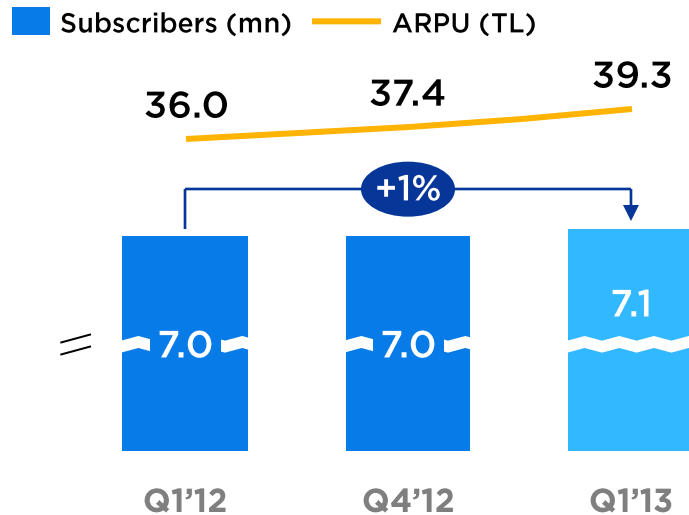
High Speed Broadband

Reaccelerating revenue and subscriber growth

Revenue (TLmn)



ARPU and Subscribers



- ❖ 12% revenue growth backed by both subscriber and ARPU increases
- ❖ Accelerated subscriber growth with 66K net additions in Q1 2013
- ❖ Excluding “phasing out” Lokum subscribers, net additions are 90K in Q1 2013
- ❖ 9% YoY ARPU increase in Q1 2013

Fiber means Turk Telekom

Availability of Fiber

Turk Telekom Fiber Network



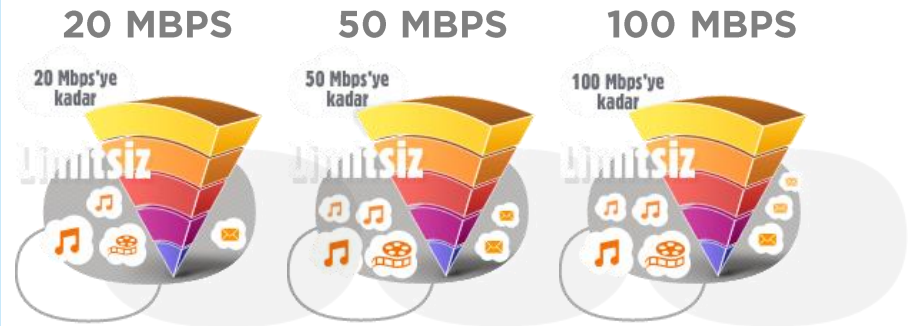
Alternative Operator



Fiber operations growing fast...

- ✦ Coverage of all 81 cities as opposed to competition's limited reach
- ✦ 169 thousand km fiber network
- ✦ 2.1 million Fiber to the Home/Building, 4.7 million Fiber to the Curb homepass
- ✦ 270 thousand subscribers

Speeds offered :



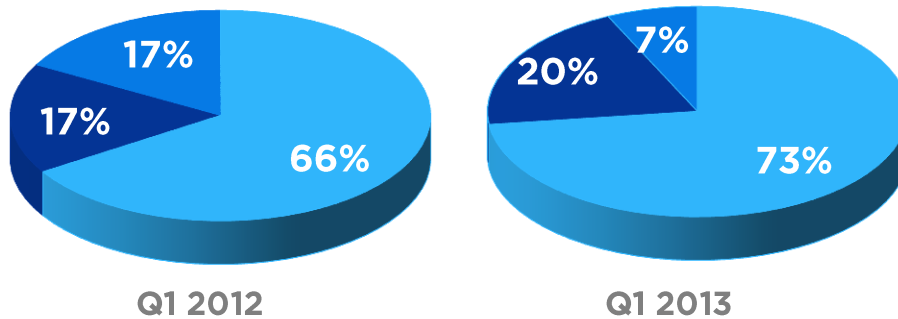
Note: Other operators' data are from their own publications

Broadband Speed and Capacity

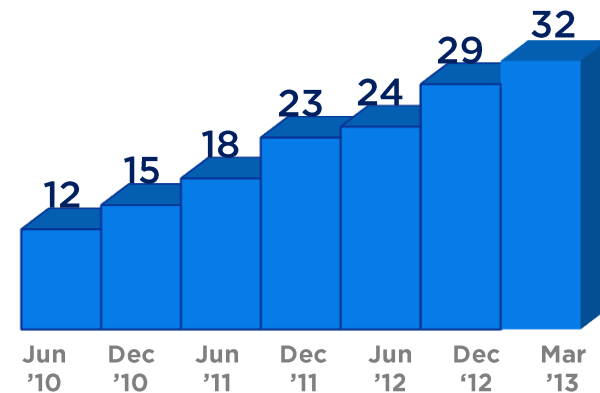
Key to upsell customers

Capacity

- Unlimited
- Limited (Over 4 GB)
- Limited (4 GB and below)



Monthly Data Usage (GB)



Customers want speed and capacity

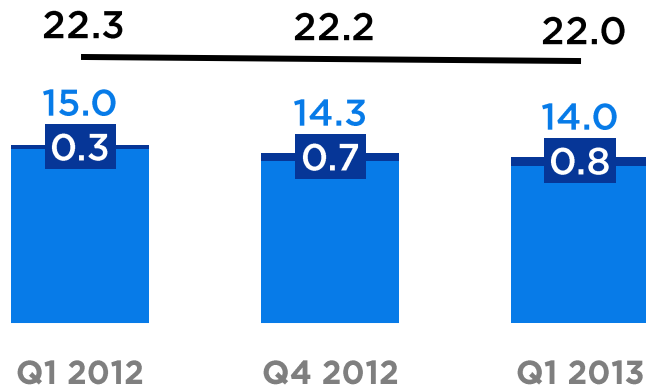
- ✦ 92% of our customers are now in “up to 8 MBPS” or higher speed packages
- ✦ Unlimited quota subscribers are 73% of our total base (up from 66%)
- ✦ As speed increases, average monthly data usage of customers grows – now at 32GB

Fixed Voice

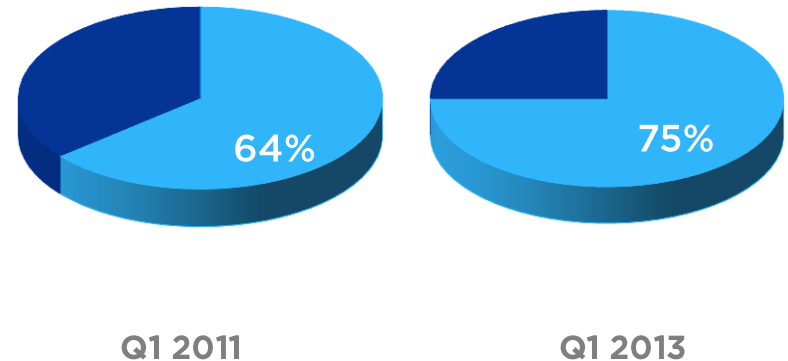
Harvesting revenues with value enhancements

Access Lines & ARPU¹

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



Recurring Revenue Share within Fixed Voice Revenues



Despite strong mobile voice competition, home phone still relevant in households

- ✦ 7pm - 7am free on-net calls
- ✦ Discount benefits from leading retailers, free home insurance program
- ✦ Joint offers with group companies
- ✦ Fixed voice decline partially offset by naked broadband additions
- ✦ ARPU slightly decreased YoY mainly due to Wholesale Line Rental

(1) Revenue divided by average number of connections

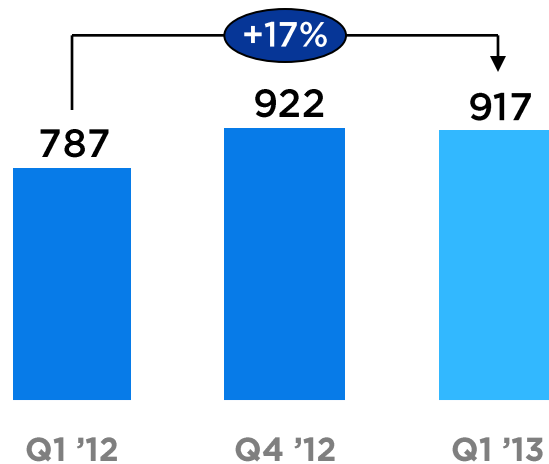
Mobile

2013 Q1 Results
Türk Telekom Group

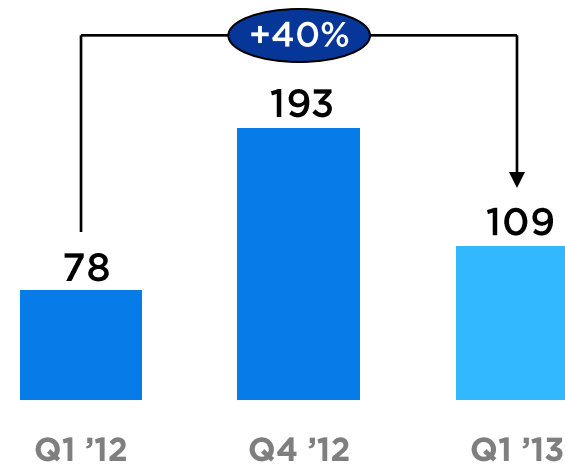
Mobile

Sustained high growth amid intensified competition

(TLmn)
Revenue



EBITDA



Strong revenue and EBITDA growth

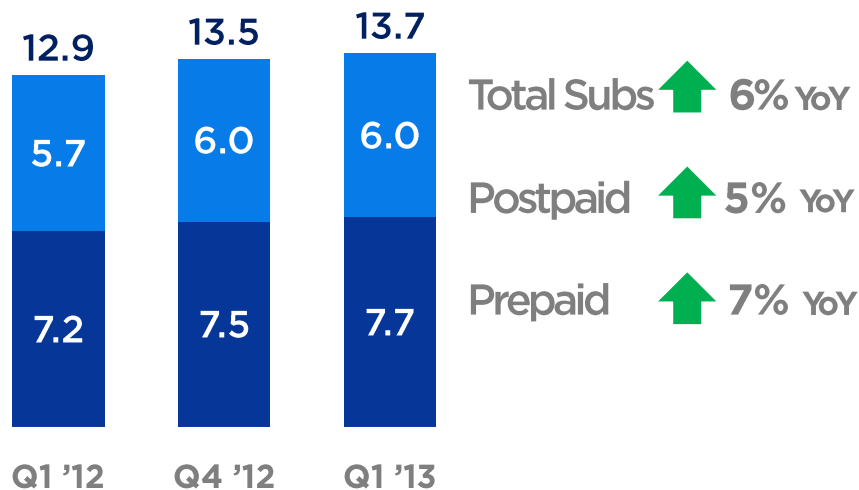
- ✚ 12% EBITDA margin
- ✚ Double digit revenue growth maintained despite stiffened competitive environment

Mobile Operational KPIs

Growing subscriber base with solid ARPU and MoU

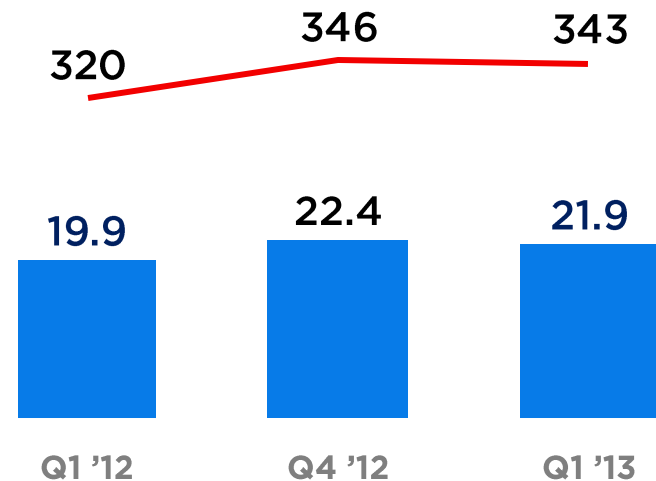
Subscribers (mn)

Postpaid Prepaid



MoU and ARPU

MoU Blended ARPU (TL)

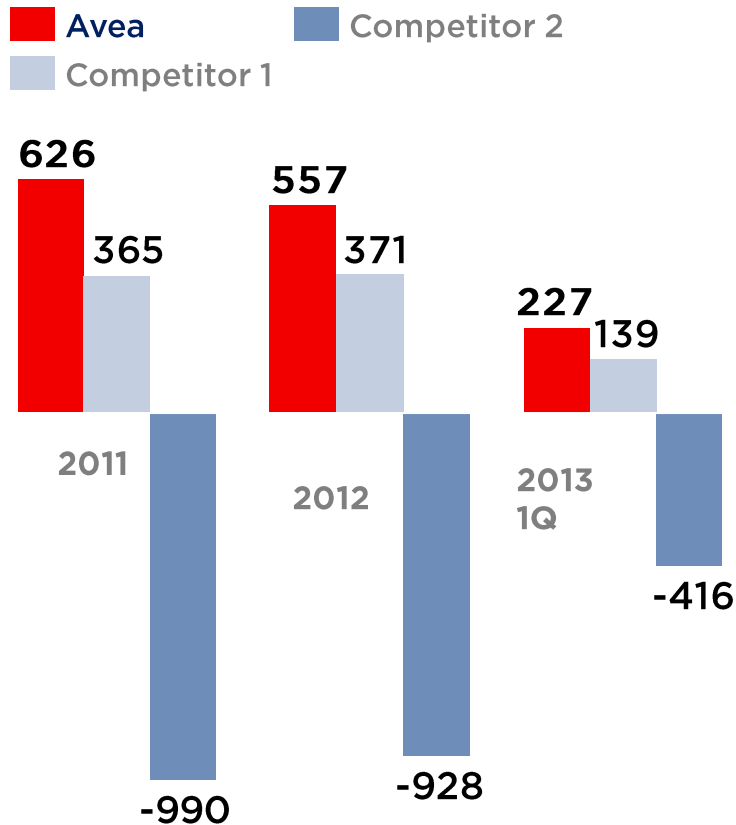


- ✦ Increased number of subscribers both in postpaid and prepaid; 240K net additions in the quarter
- ✦ Highest postpaid to total subscribers ratio in the market
- ✦ 10% YoY growth in ARPU – Highest ARPU in the market as of Q4 2012
- ✦ 7% YoY growth in MoU – Consistently the highest MoU in the market for the past 5 years

Mobile Number Portability

Avea - Preferred operator among MNP customers

MNP Subscriber Additions (thousand)



Note: Avea and Other operators' figures are from Q4 2012 ICTA report

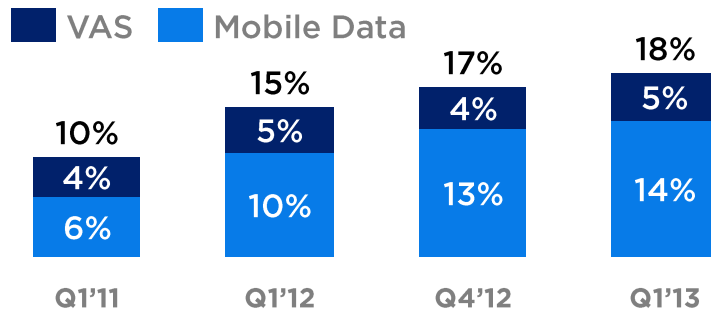
❖ Avea outperformed competitors on Mobile Number Portability



Mobile Data

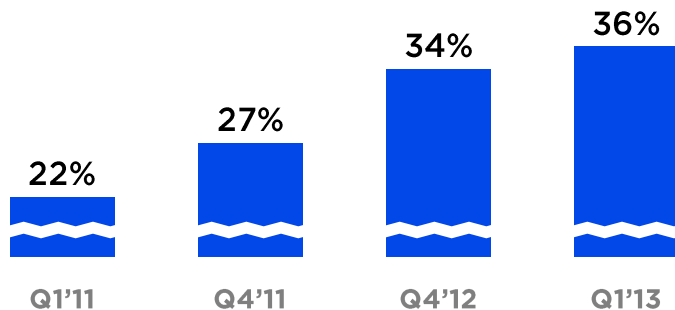
High growth maintained ...

Mobile Data¹ and VAS² shares in Revenues



SMS not included in mobile data

Avea Share of Small Screen Data Users³



(1) Mobile data revenues consist of small & large screen and M2M revenues

(2) VAS: Value Added Services

(3) Small Screen defined as all handheld devices that access internet via mobile broadband except dongles that are used for PC's. Small screen % = Small screen users/Total Avea base excluding large screen users.

Set to further boost data revenues ...

- ✚ 55% YoY increase in mobile data
- ✚ Highest YoY growth rate as of YE 2012 in the market with 79%
- ✚ Affordable smartphones offered to further grow data subscribers

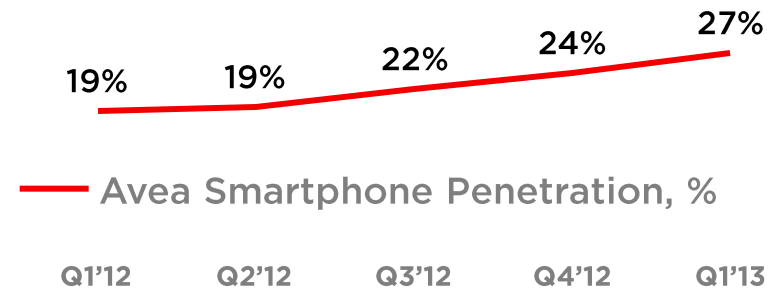
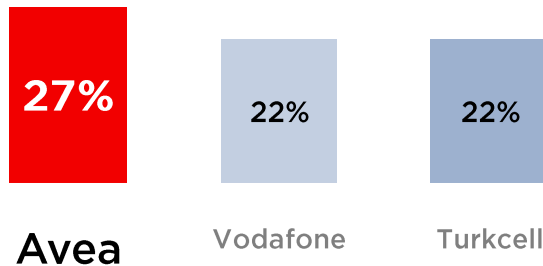
Continued growth in small screen data users and USB stick modem

- ✚ Smartphone and tablet users increased 28% YoY
- ✚ Jet Modem (USB stick) subscribers are up 20% YoY

Smartphones

Leader in penetration ...

Smartphone Penetration (1Q 2013)



Situated best to further lift smartphone penetration

- ✦ Avea inTouch – a fully functional and affordable smartphone that runs on Android
- ✦ Highest share of postpaid customers and young segment
- ✦ Innovative data & voice tariffs enabling customers to mix and match

Note: Other operators' figures are from their own publications

Financials

2013 Q1 Results
Türk Telekom Group

Consolidated

Summary Income Statement

TL Millions	2012 Q1	2012 Q4	2013 Q1	QoQ % Change	YoY % Change
Revenues	2,960	3,327	3,143	-6%	6%
EBITDA	1,232	1,292	1,151	-11%	-7%
Margin	42%	39%	37%		
Operating Profit	817	851	712	-16%	-13%
Margin	28%	26%	23%		
Financial Income/Expense	160	(87)	(34)	61%	NM
FX & Hedging Gain/Loss	197	(24)	(3)	89%	NM
Interest Income/Expense	(15)	(28)	(8)	71%	46%
Other Financial Income/Expense	(22)	(36)	(24)	34%	-9%
Tax Expense	(233)	(165)	(161)	3%	31%
Net Income	772	600	526	-12%	-32%
Margin	26%	18%	17%		

Consolidated

Summary Balance Sheet

TL Millions	31.03.2012	31.12.2012	31.03.2013
Intangible Assets ¹	3,474	4,050	4,013
Tangible Assets ²	8,197	8,347	8,179
Other Assets ³	3,637	3,850	4,135
Cash and Equivalents	1,063	961	1,429
Total Assets	16,371	17,208	17,756
Share capital	3,260	3,260	3,260
Reserves and Retained Earnings	3,167	3,195	3,691
Interest Bearing Liabilities ⁴	5,312	6,038	6,548
Provisions for Long-term Employee Benefits	583	749	620
Other Liabilities ⁵	4,049	3,966	3,637
Total Equity and Liabilities	16,371	17,208	17,756

(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, Due from Related Parties, 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, Due to Related Parties, Other Current Liabilities, Provisions for Employee Termination Benefits and Minority Put Option Liability

Consolidated

Summary Cash Flow Statement

TL Millions	2012 Q1	2012 Q4	2013 Q1	QoQ % Change	YoY % Change
Cash Flow from Operating Activities	331	1,212	211	-83%	-36%
Cash Flow from Investing Activities	(299)	(661)	(220)	67%	27%
CAPEX	(375)	(750)	(293)	61%	22%
Other Investing Activities	76	89	73	-18%	-4%
Cash Flow from Financing Activities	86	(556)	435	NM	406%
Net Change in Cash Position ¹	118	(5)	426	NM	261%

(1) Blocked deposits are included in operating activities rather than net cash position.

Consolidated

Summary Revenue Breakdown

TL Millions	2012 Q1	2012 Q4	2013 Q1	QoQ % Change	YoY % Change
Fixed Line	2,255	2,495	2,319	-7%	3%
Domestic PSTN	990	916	883	-4%	-11%
ADSL	744	783	830	6%	12%
Data Services	133	154	165	7%	24%
International Settlements	104	132	125	-6%	20%
Domestic interconnection	77	79	78	-2%	1%
Leased lines	99	67	80	19%	-19%
Rental income from GSM operators	24	17	20	21%	-15%
Other	51	131	99	-24%	94%
Construction Revenue (IFRIC 12) ¹	33	217	40	-82%	22%
Mobile	787	922	917	-1%	17%
Elimination	(82)	(90)	(93)	-4%	-14%
Total Revenue	2,960	3,327	3,143	-6%	6%

(1) According to IFRIC (International Financial Reporting Interpretations Committee) Interpretation 12. Large increase in construction revenue is due to higher amount of eligible CAPEX recorded in the period

Consolidated

Summary OPEX Breakdown

TL Millions	2012 Q1	2012 Q4	2013 Q1	QoQ % Change	YoY % Change
Personnel ¹	534	552	609	10%	14%
Domestic interconnection	175	236	235	-1%	34%
International interconnection	66	103	77	-25%	17%
Commercial ²	261	287	240	-16%	-8%
Maintenance and Operations	88	124	105	-15%	18%
Taxes & Government Fees	197	218	232	6%	18%
Doubtful Receivables	27	(63)	41	NM	49%
Cost of Equipment and Technology Sales	21	48	50	3%	136%
Others	329	338	367	9%	12%
Sub-Total	1,699	1,843	1,956	6%	15%
Construction Cost (IFRIC 12) ³	29	192	35	-82%	22%
Total OPEX	1,728	2,035	1,992	-2%	15%

(1) Q1 2013 personnel expense included TL 78 mn one-off expense related to personnel incentive program initiated in the quarter.

(2) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion

(3) According to IFRIC (International Financial Reporting Interpretations Committee) Interpretation 12. Large increase in construction cost is due to higher amount of eligible CAPEX recorded in the period

Fixed Line

Summary Income Statement

TL Millions	2012 Q1	2012 Q4	2013 Q1	QoQ % Change	YoY % Change
Revenues	2,255	2,495	2,319	-7%	3%
EBITDA Margin	1,152 51%	1,101 44%	1,041 45%	-5%	-10%
Operating Profit Margin	893 40%	825 33%	775 33%	-6%	-13%
CAPEX CAPEX as % of Revenue	266 12%	474 19%	191 8%	-60%	-28%

Fixed Line

Summary OPEX Breakdown

TL Millions	2012 Q1	2012 Q4	2013 Q1	QoQ % Change	YoY % Change
Personnel ¹	484	500	554	11%	14%
Domestic interconnection	25	55	53	-5%	112%
International interconnection	63	98	71	-28%	14%
Commercial ²	142	168	125	-25%	-12%
Maintenance and Operations	60	94	75	-21%	24%
Taxes & Government Fees	56	59	53	-11%	-5%
Doubtful Receivables	17	(40)	20	NM	18%
Cost of Equipment and Technology Sales	22	57	51	-12%	133%
Others	205	210	242	15%	18%
Sub-Total	1,073	1,202	1,243	3%	16%
Construction Cost (IFRIC 12) ³	29	192	35	-82%	22%
Total OPEX	1,102	1,394	1,278	-8%	16%

(1) Q1 2013 personnel expense included TL 78 mn one-off expense related to personnel incentive program initiated in the quarter.

(2) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion

(3) According to IFRIC (International Financial Reporting Interpretations Committee) Interpretation 12. Large increase in construction costs is due to higher amount of eligible CAPEX recorded in the period

Mobile

Summary Income Statement

TL Millions	2012 Q1	2012 Q4	2013 Q1	QoQ % Change	YoY % Change
Revenues	787	922	917	-1%	17%
EBITDA ¹ Margin	78 10%	193 21%	109 12%	-44%	40%
Operating Profit Margin	(79) -10%	26 3%	(65) -7%	NM	18%
CAPEX CAPEX as % of Revenue	136 17%	340 37%	61 7%	-82%	-55%

(1) EBITDA margin on the mobile business was positively affected by an estimation update on doubtful receivables in Q4 2012. Excluding related one-off, EBITDA margin on mobile business is 17% in Q4 2012

Mobile

Summary OPEX Breakdown

TL Millions	2012 Q1	2012 Q4	2013 Q1	QoQ % Change	YoY % Change
Personnel	53	57	58	3%	9%
Domestic interconnection	172	212	213	0%	23%
International interconnection	3	4	6	32%	71%
Commercial ¹	119	119	115	-3%	-3%
Maintenance and Operations	29	30	34	11%	17%
Taxes & Government Fees	141	159	179	12%	27%
Doubtful Receivables	11	(23)	21	NM	98%
Others ²	180	170	183	7%	1%
Total	709	728	808	11%	14%

(1) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion

(2) Includes Rent Expense, Utilities, Leased Line Expense and other expenses

Debt Profile

Debt (Millions) In Currency		TL Equivalent	<3 Month	3 Months to 1 Year	1 to 5 Years	>5 Years
TL	1,006	1,006	992	15	0	0
USD	1,546	2,797	73	651	1,556	517
EUR	1,132	2,624	112	463	1,823	226
JPY	4,955	95	0	0	95	0
TOTAL		6,522	1,177	1,129	3,473	744

Ratios	2012 Q1	2013 Q1
Net Debt / EBITDA	0.84	1.02
Net Debt / Assets	0.26	0.29
Debt (Total Liabilities) / Equity	1.55	1.55
Debt (Financial) / Equity	0.83	0.94
Current Ratio	0.98	1.07

✦ Average maturity of FX denominated debt is 2.3 years

✦ Comfortable Net Debt / EBITDA ratio at 1.02

Appendix

2013 Q1 Results
Türk Telekom Group

2013 Guidance

Revenue
Growth of
5% - 7%

TL bn

12.7



13.6

13.3



Revenue Growth Enablers

- ✚ Mobile growth
- ✚ Broadband growth
- ✚ Combined offers

EBITDA
between
TL 5.1bn &
TL 5.3bn

5.10



5.30

5.10

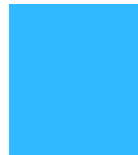


EBITDA Growth

- ✚ Focusing on absolute EBITDA
- ✚ OPEX saving initiatives

CAPEX
~ TL 2.2bn

2.4



~2.2



2012

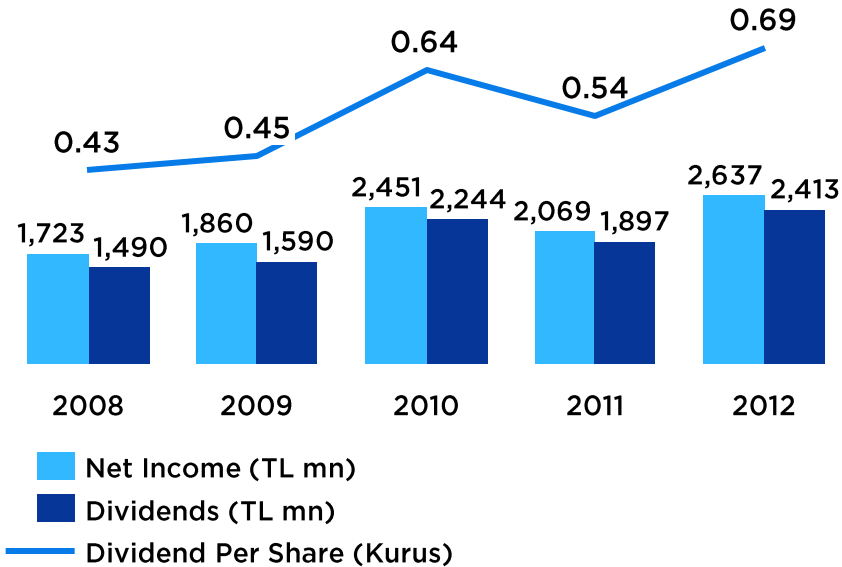
2013

CAPEX

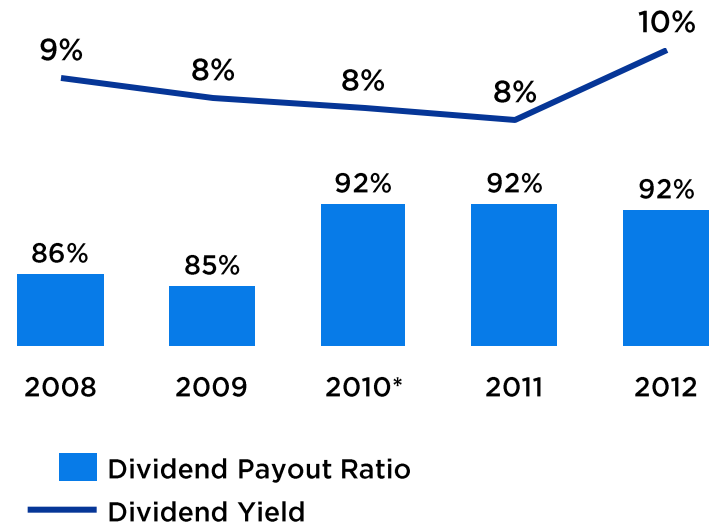
- ✚ Reducing CAPEX since major CAPEX programs' peak investment levels passed

Shareholder Remuneration

Dividend Distribution



Dividend Yield & Payout Ratio



- ✦ Consistently the highest dividends in ISE since IPO, with top ranking payout ratio
- ✦ Solid dividend policy of maximum payout as defined in the Articles of Association

(*) Note: We reached the cap in the first legal reserve in 2010



THANK YOU

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