Investor Presentation

2018 Q3

Türk Telekom

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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

Fixed Broadband Penetration Increase

~50%

of Q3 ’18 FBB net adds came via

Internet Bizden Campaign

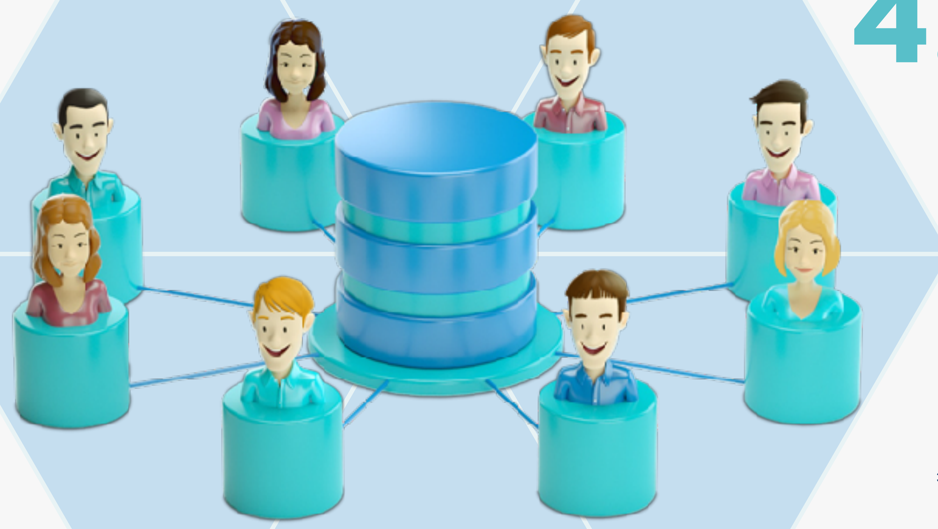
Infrastructure Rental

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

Customer Database

72%

of customers consented for sharing of their info among our group companies

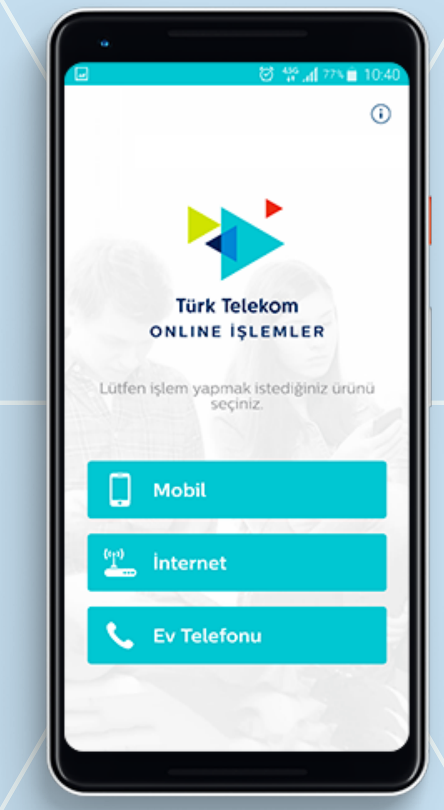


4.7 ppt

YoY increase in multi product ownership to **63%***

*Among constant customer sub_universe that provided consent last year

Online İşlemler



54%

penetration among our smartphone users

21 mn downloads as of Q3’18

Consumer Finance

hemenal

Türk Telekom

ING BANK

Cooperation with Hemenal and ING Bank for alternative device financing

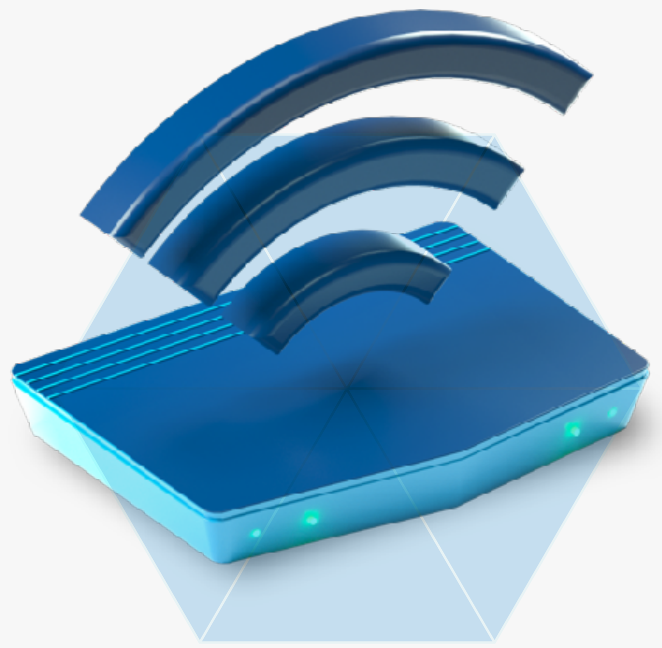
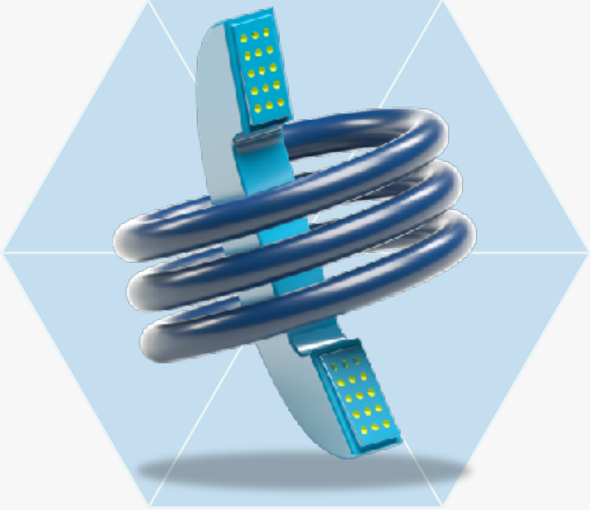
7.2 mn

downloads as of October

tambu

SEN DE YAPIŞTIR CEVABI

Net Subscriber Additions

	Q3 ‘18	LTM	
Broadband	288K	1.2mn	
Mobile	586K	1.6mn	
Home TV	149K	571K	
Fixed Voice	90K	348K	

44.7mn total subscribers

4.2mn net additions* in LTM

1.2mn net additions* in Q3

*Includes Tivibu Go

Financial Performance

(TL mn)	2017 Q3	2018 Q2	2018 Q3	Growth (YoY)	Growth (QoQ)
Revenue	**4,532**	**4,951**	**5,396**	**19.1%**	**9.0%**
Revenue (exc. IFRIC12)[1]	4,420	4,740	5,154	16.6%	8.7%
EBITDA	**1,687**	**1,968**	**2,267**	**34.3%**	**15.2%**
EBITDA Margin	37.2%	39.8%	42.0%		
Operating Profit	**973**	**1,058**	**1,305**	**34.1%**	**23.4%**
Net Income[2]	**293**	**(870)**	**(2,846)**	**n.m.**	**n.m.**
Adjusted Net Income[2&3]	**638**	**696**	**1,000**	**56.8%**	**43.6%**
CAPEX	**554**	**836**	**1,219**	**120.1%**	**45.8%**

(1) IFRIC 12 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) Bills, bonds and notes issued that were measured amortized cost at Q1 and Q2 2018 are measured at fair value as of Q3 '18. Consequently, the changes were reflected to 2018 Q1 and 2018 Q2 financial statements. For further details please see 2018 Q3 financial statements and footnotes.

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

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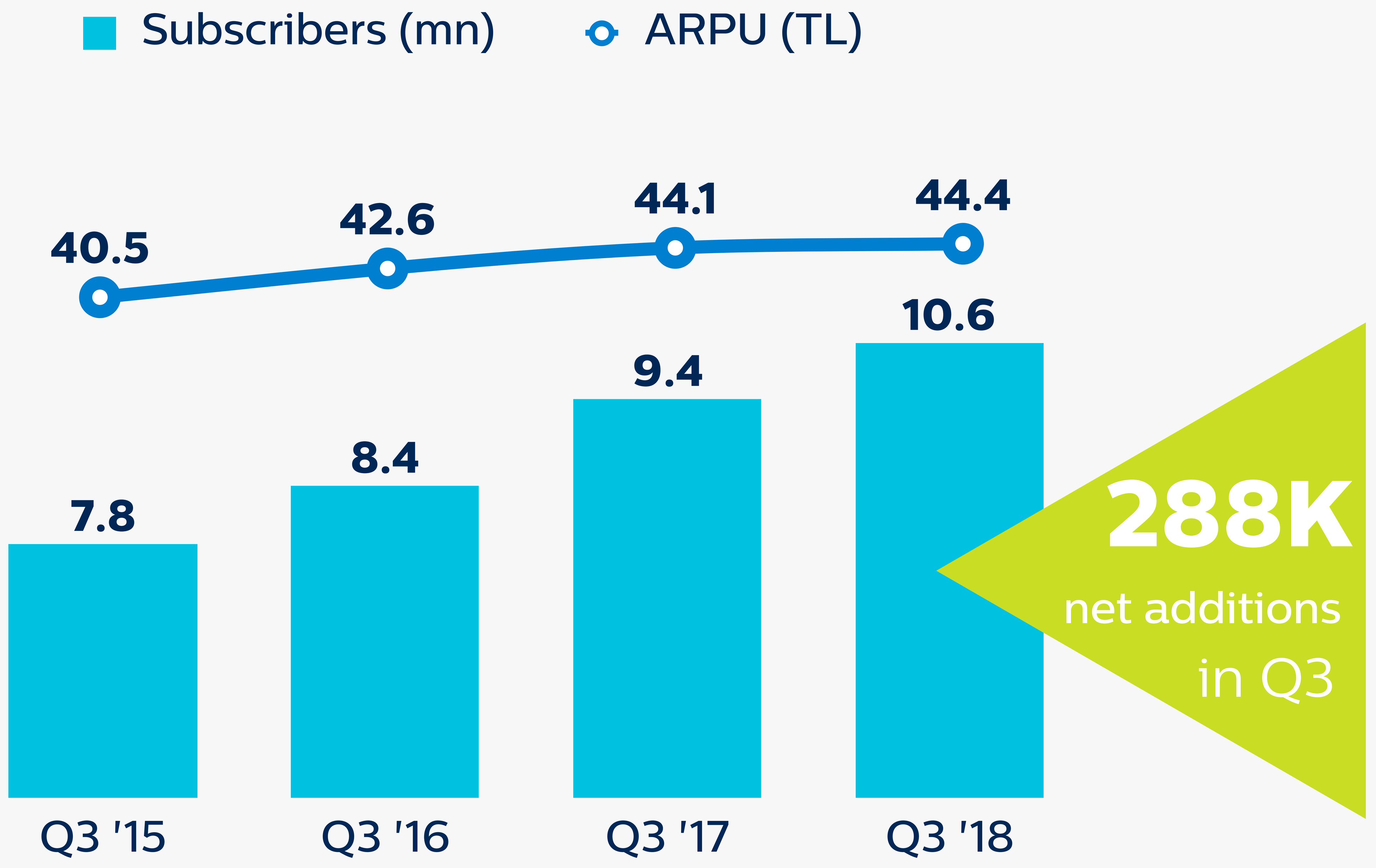
Fixed Broadband Performance

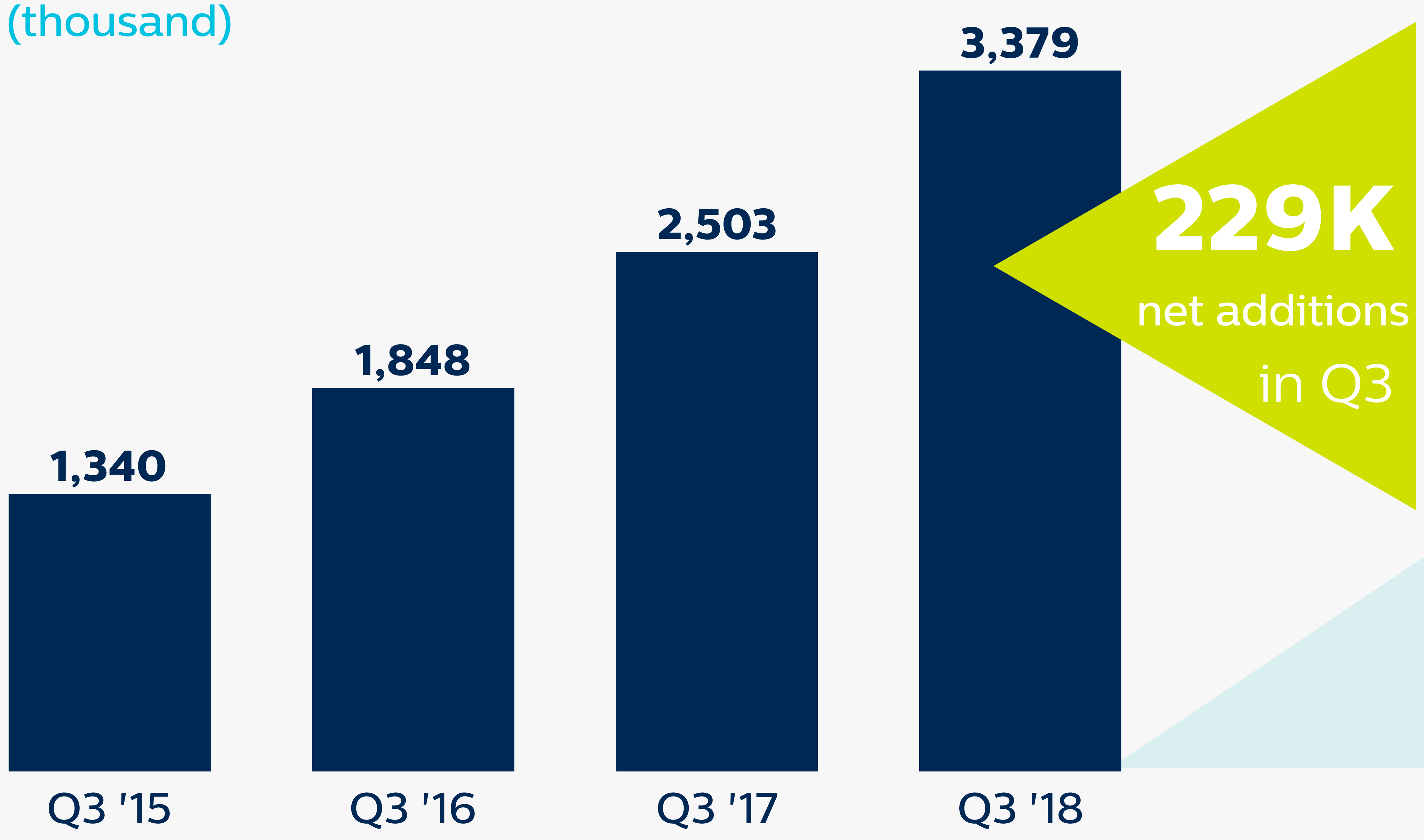
ARPU & Subscribers

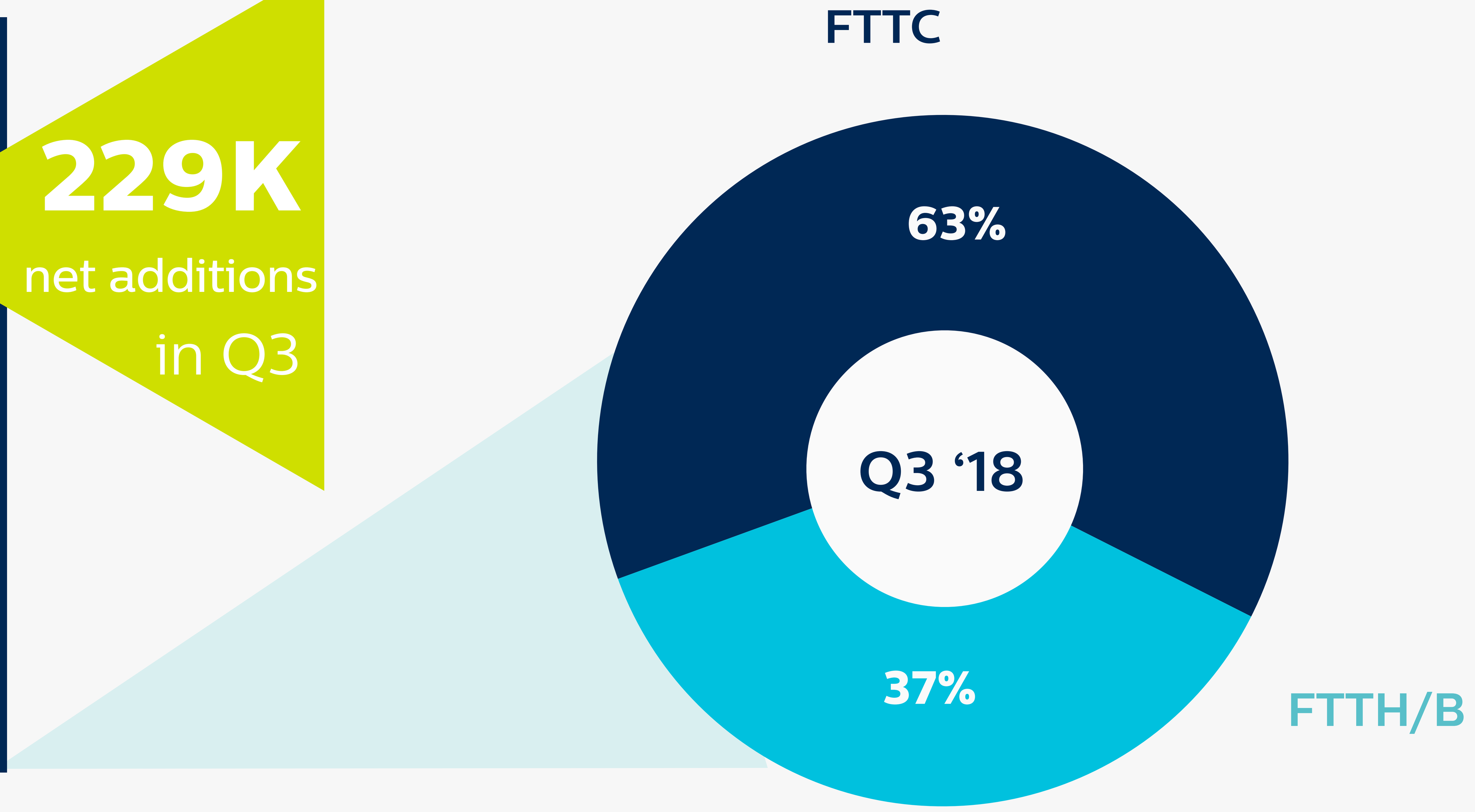


~50%
of Q3 '18 FBB net adds came via Internet Bizden campaign

Fiber Subscribers

(thousand)

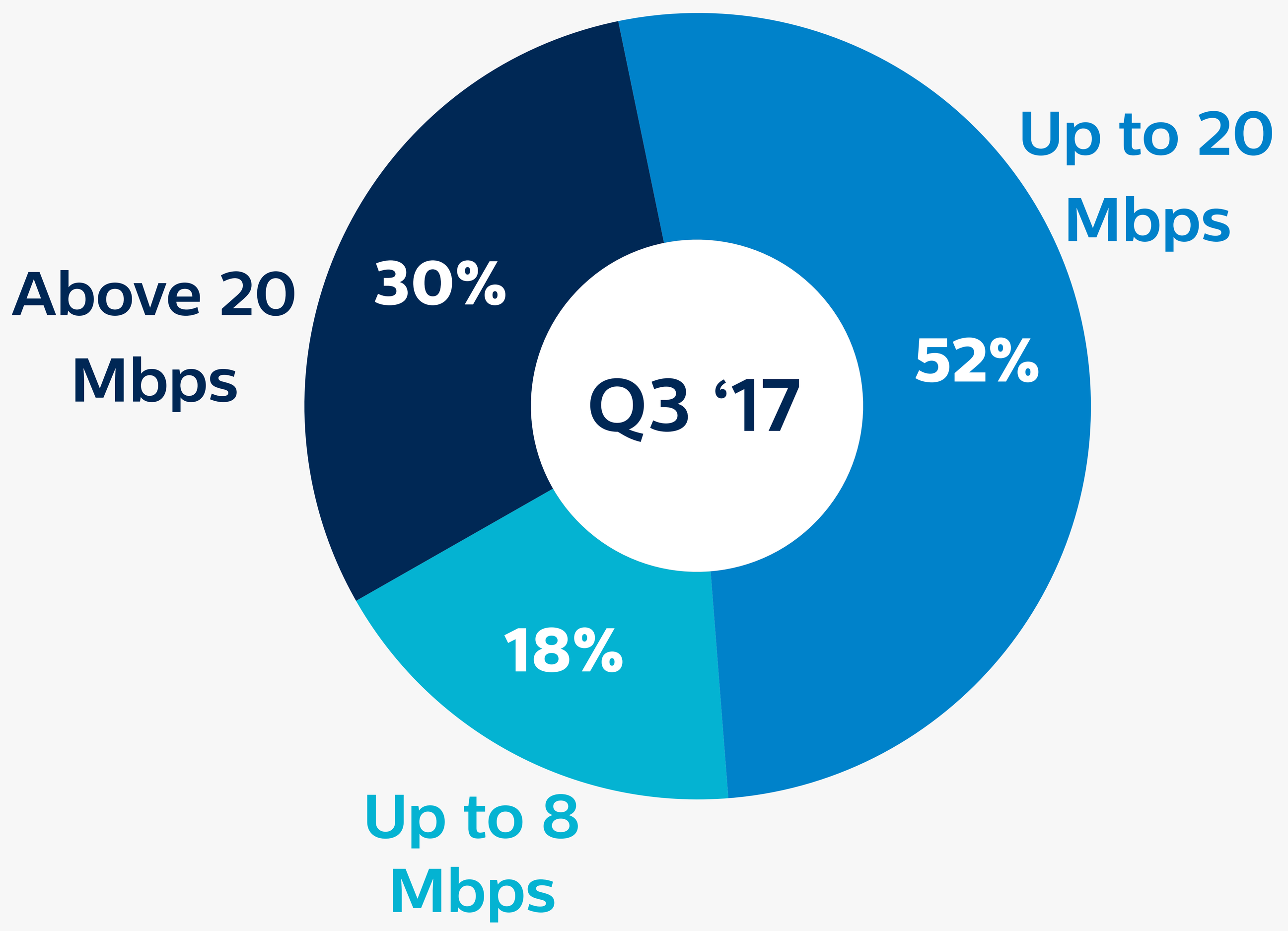


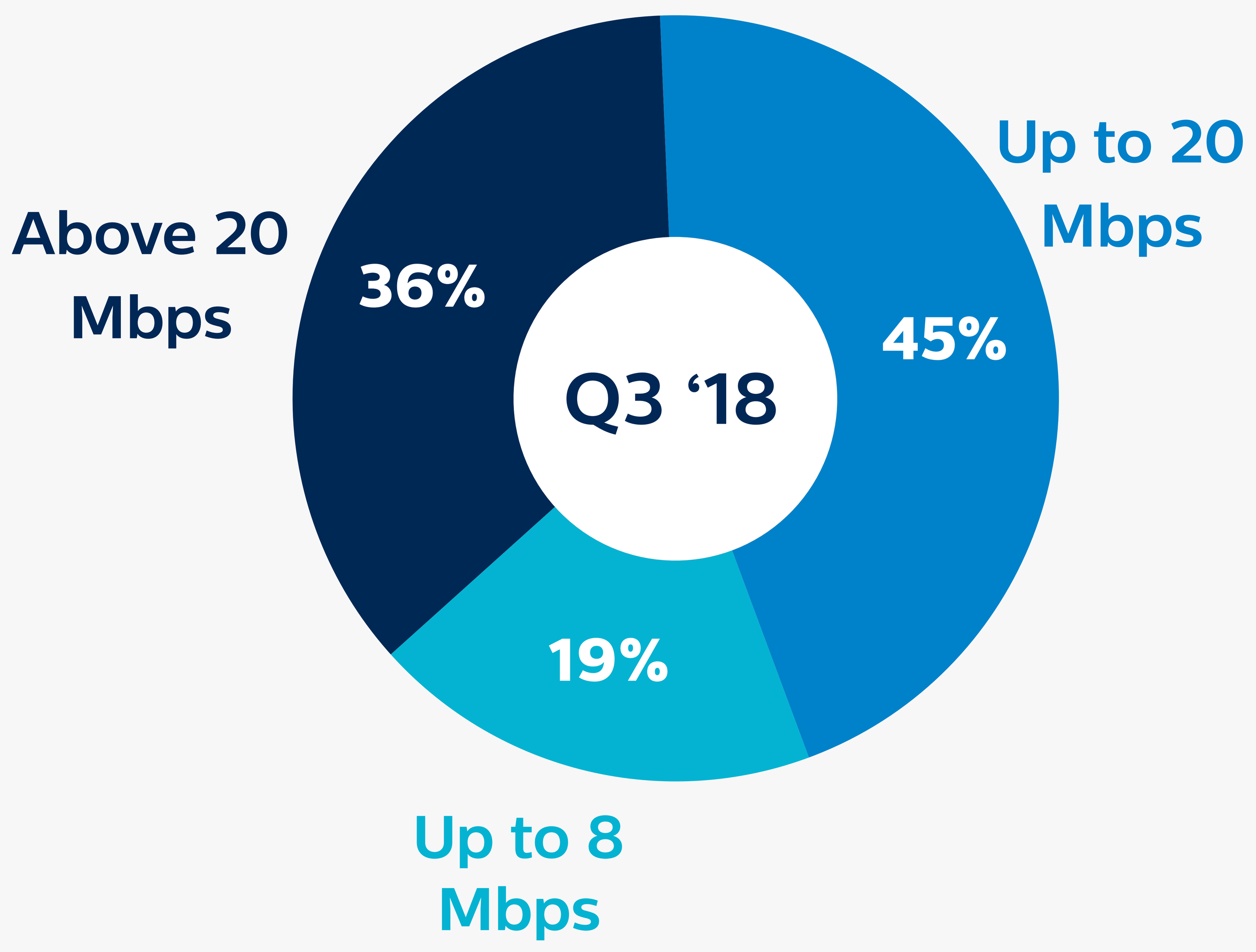


Upsell Dynamics in Fixed Broadband

Speed Breakdown

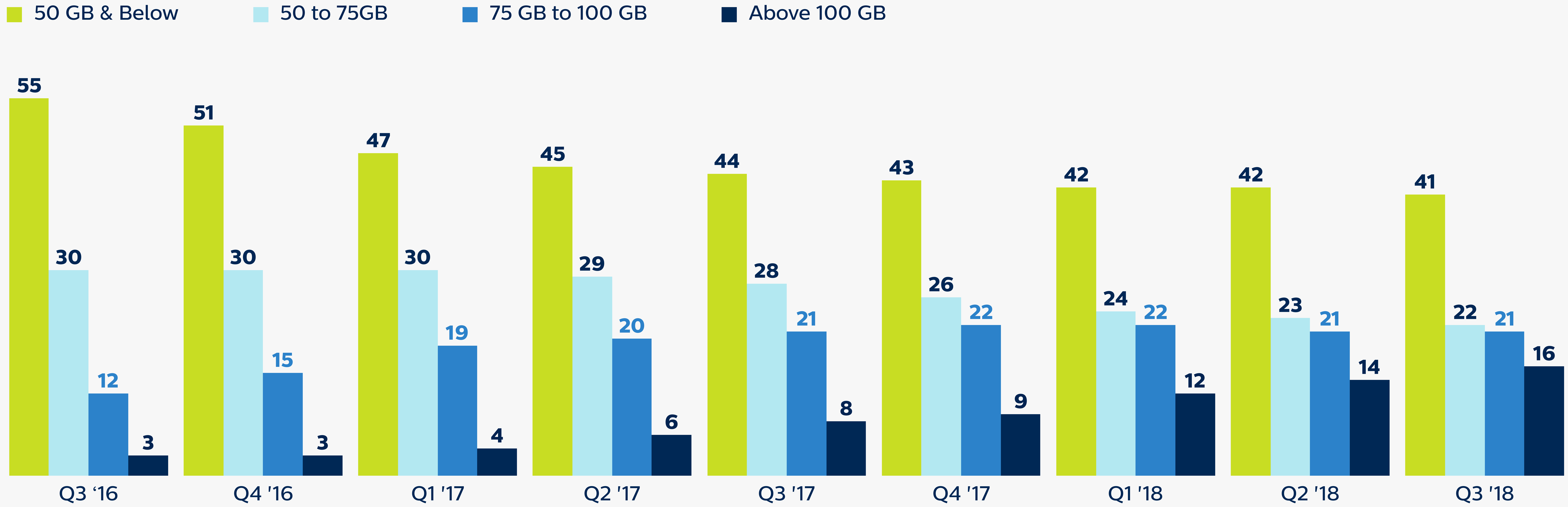
(% of Subscribers)





Capacity Breakdown

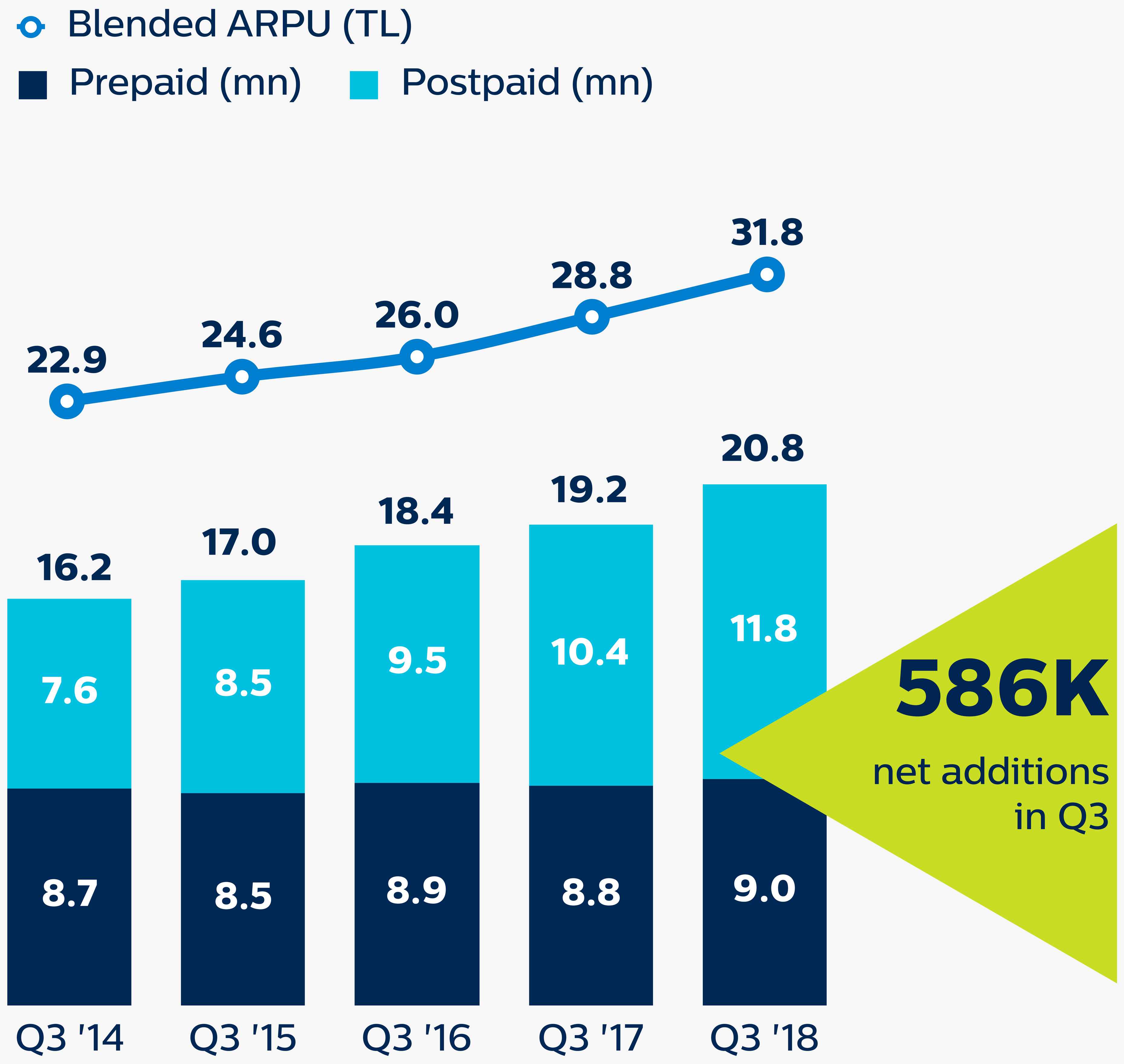
(% of Subscribers)



All figures are based on Turk Telekom’s retail subscribers

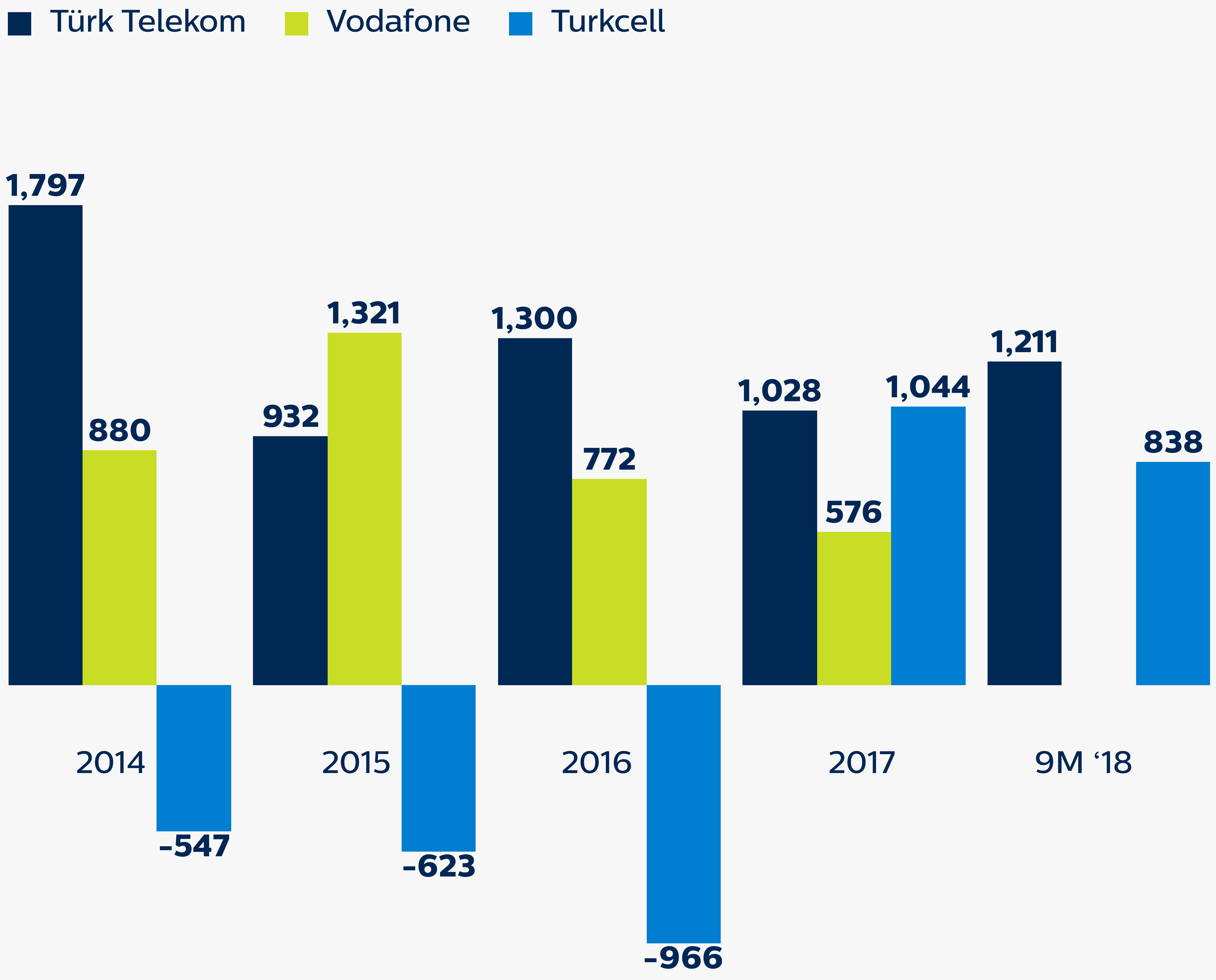
Mobile Performance

Growing ARPU & Subscribers



Net Subscriber Additions

(thousand)

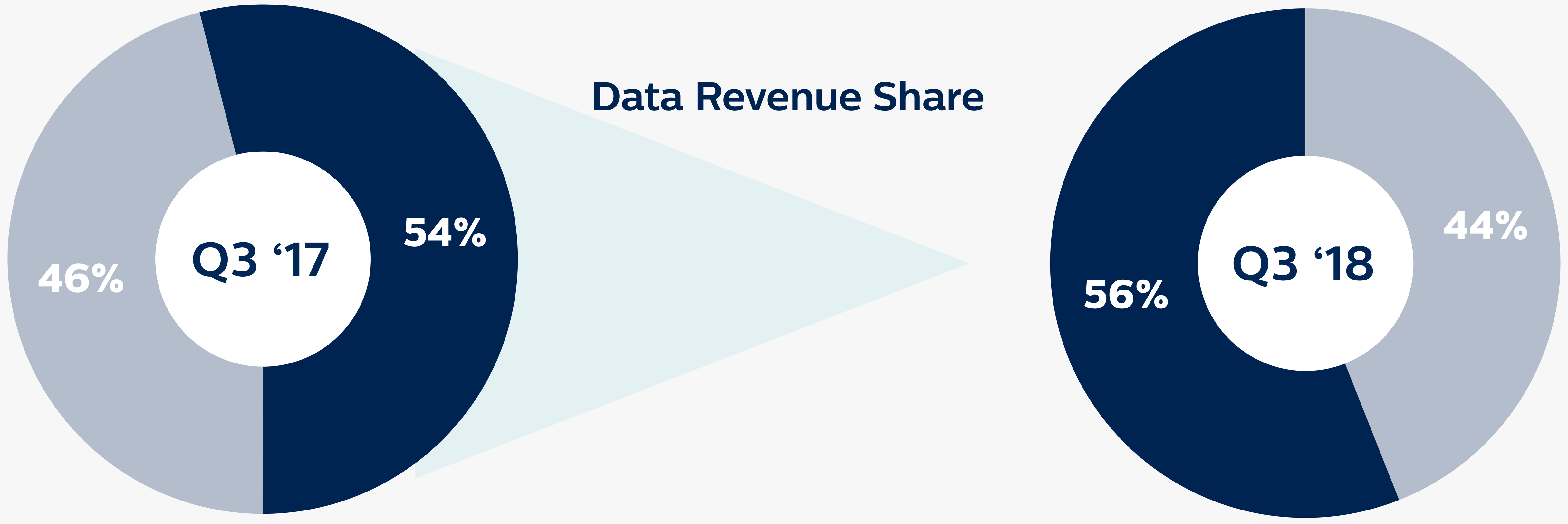


Other operators' data are from their own publications.

Mobile Data

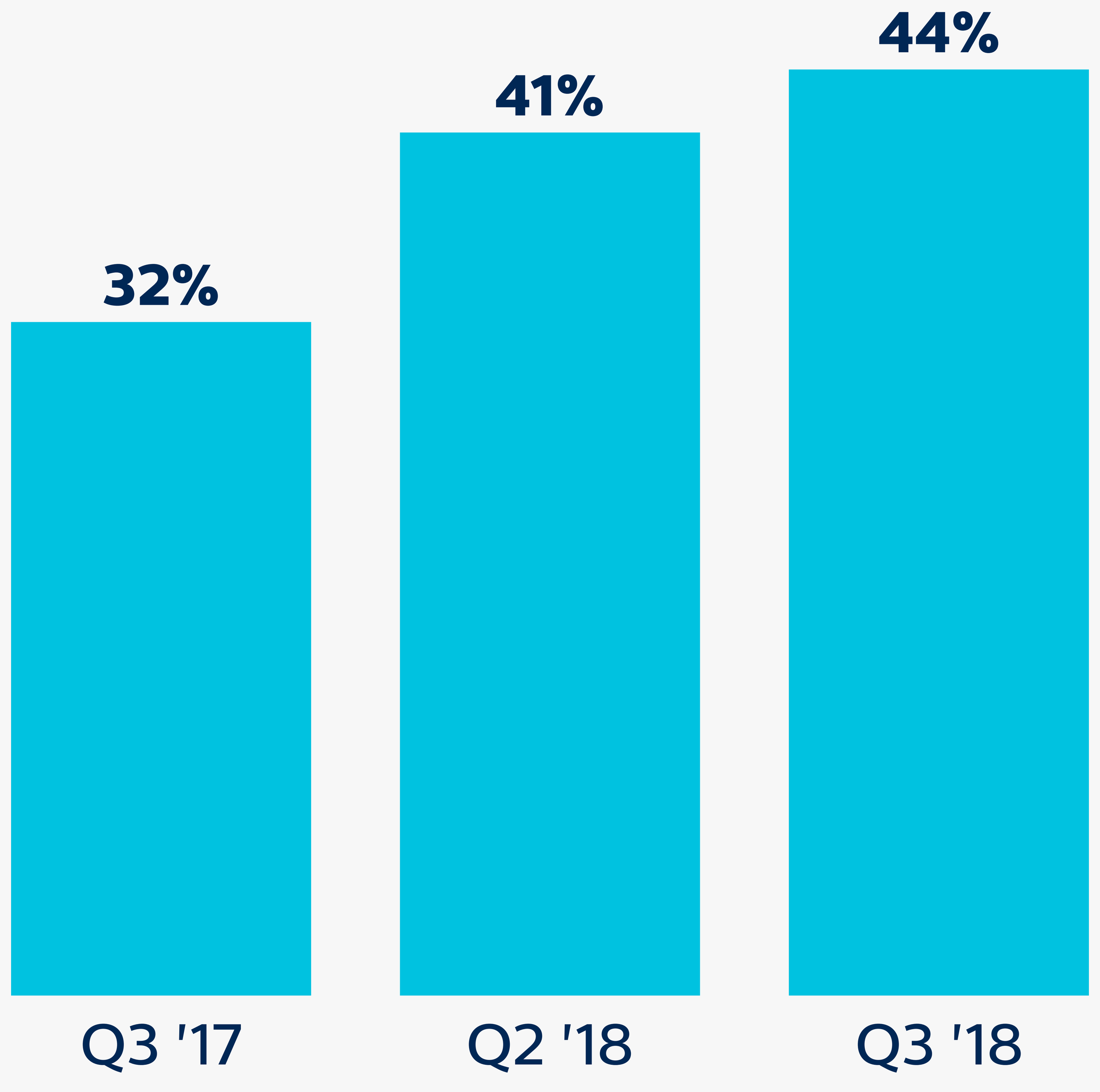
Data Revenue

(Mobile service revenue share)



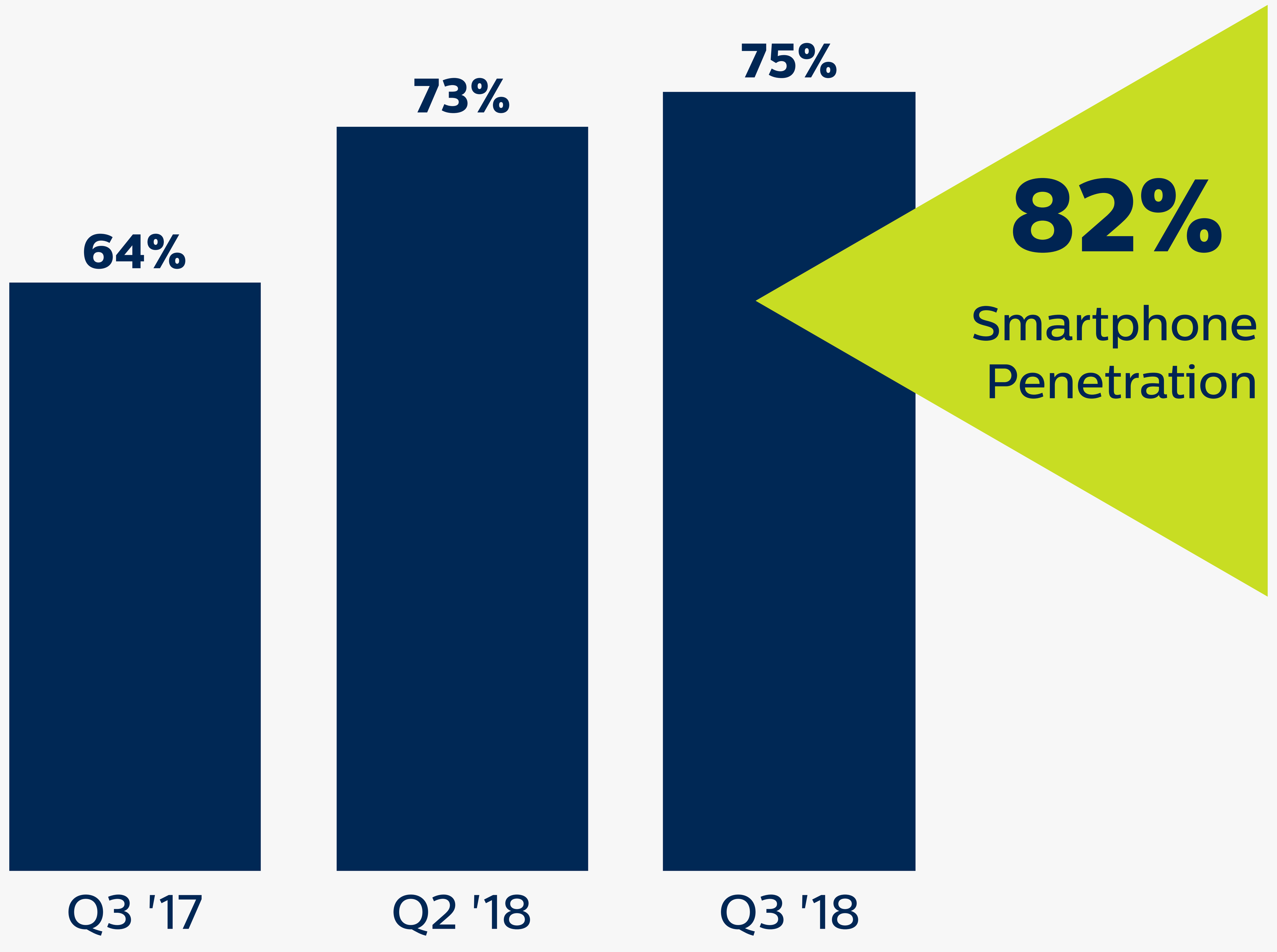
LTE Users*

(Total subscriber share)



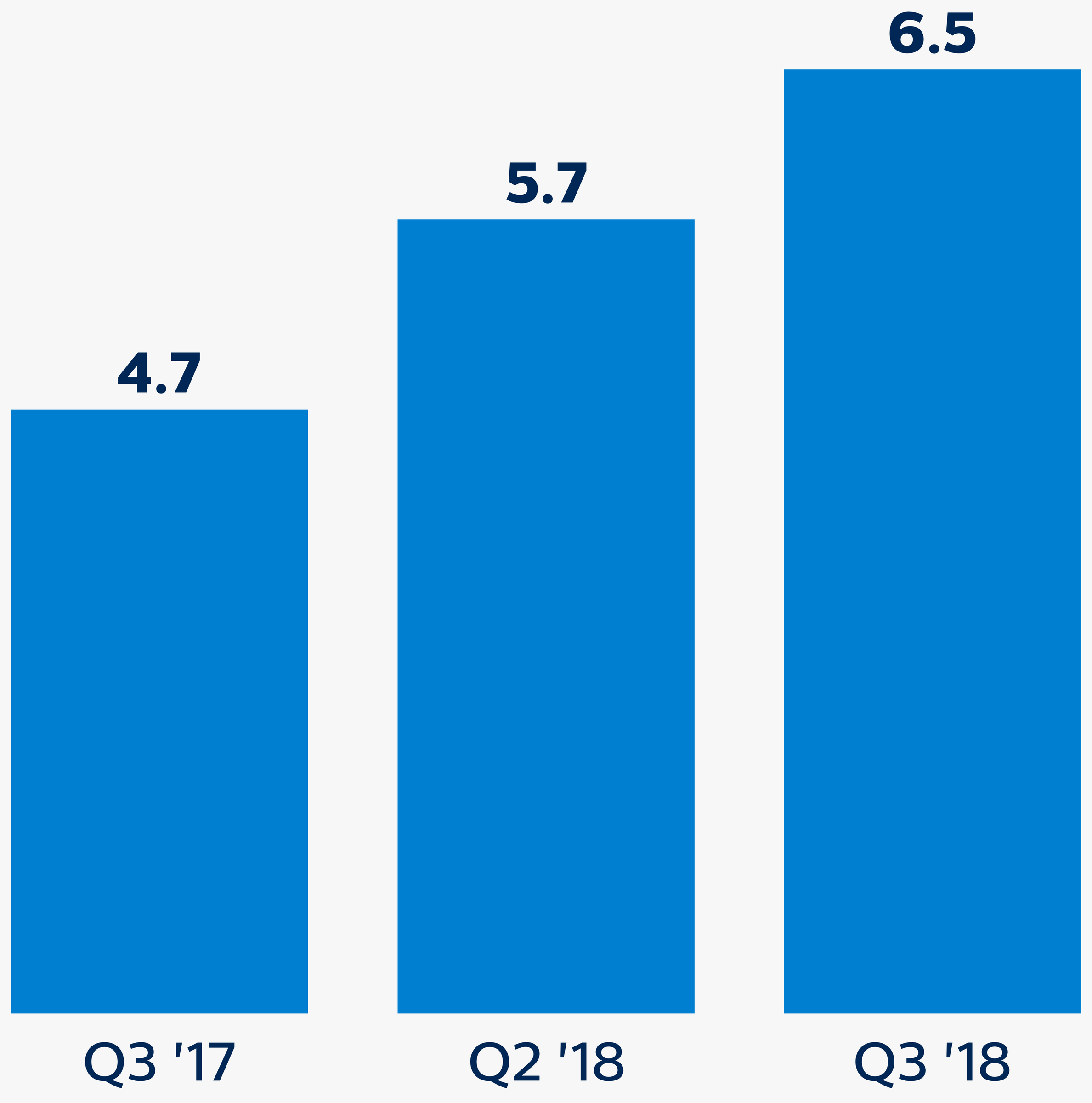
*Subscribers who
1) registered for LTE
2) have LTE compatible device and simcard

LTE Compatible Smartphone



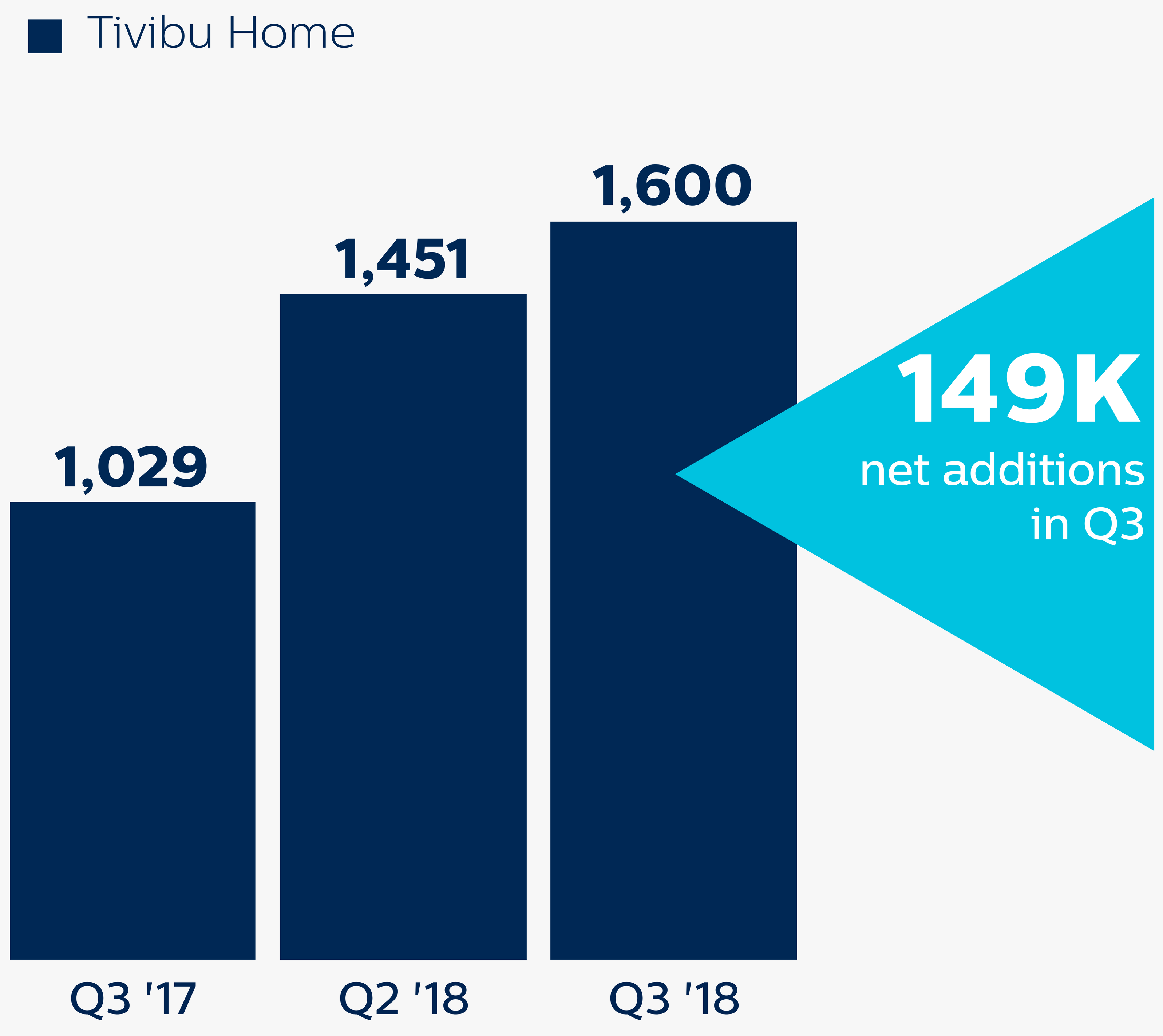
Avg. Monthly Mobile Data Usage

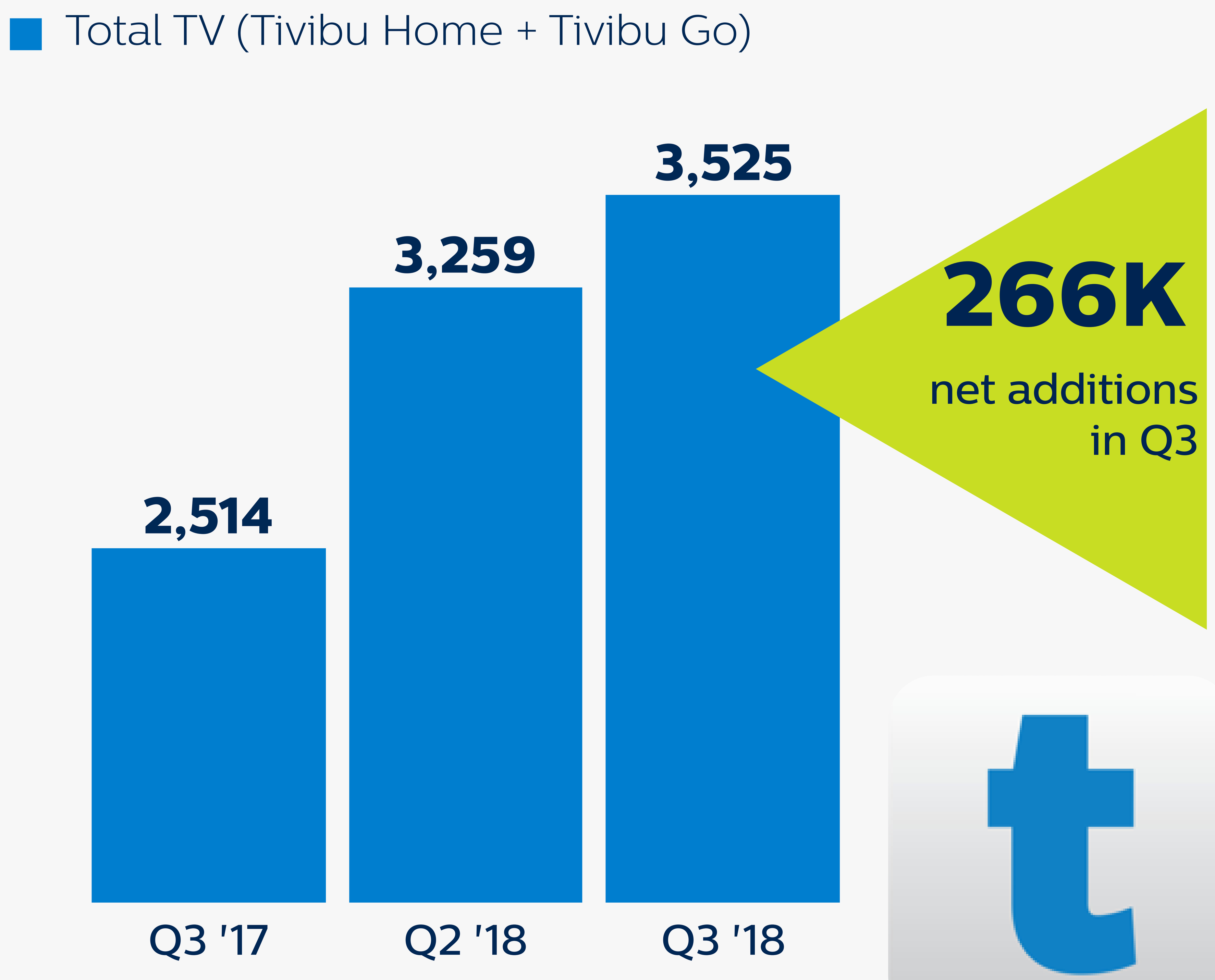
(GB per LTE user)



TV Performance

Subscribers
(thousand)





Wireless Homes

96% of Q3 '18 DTH gross adds came via mobile synergy offers

Platform

IPTV + DTH + Web TV + Smart TV

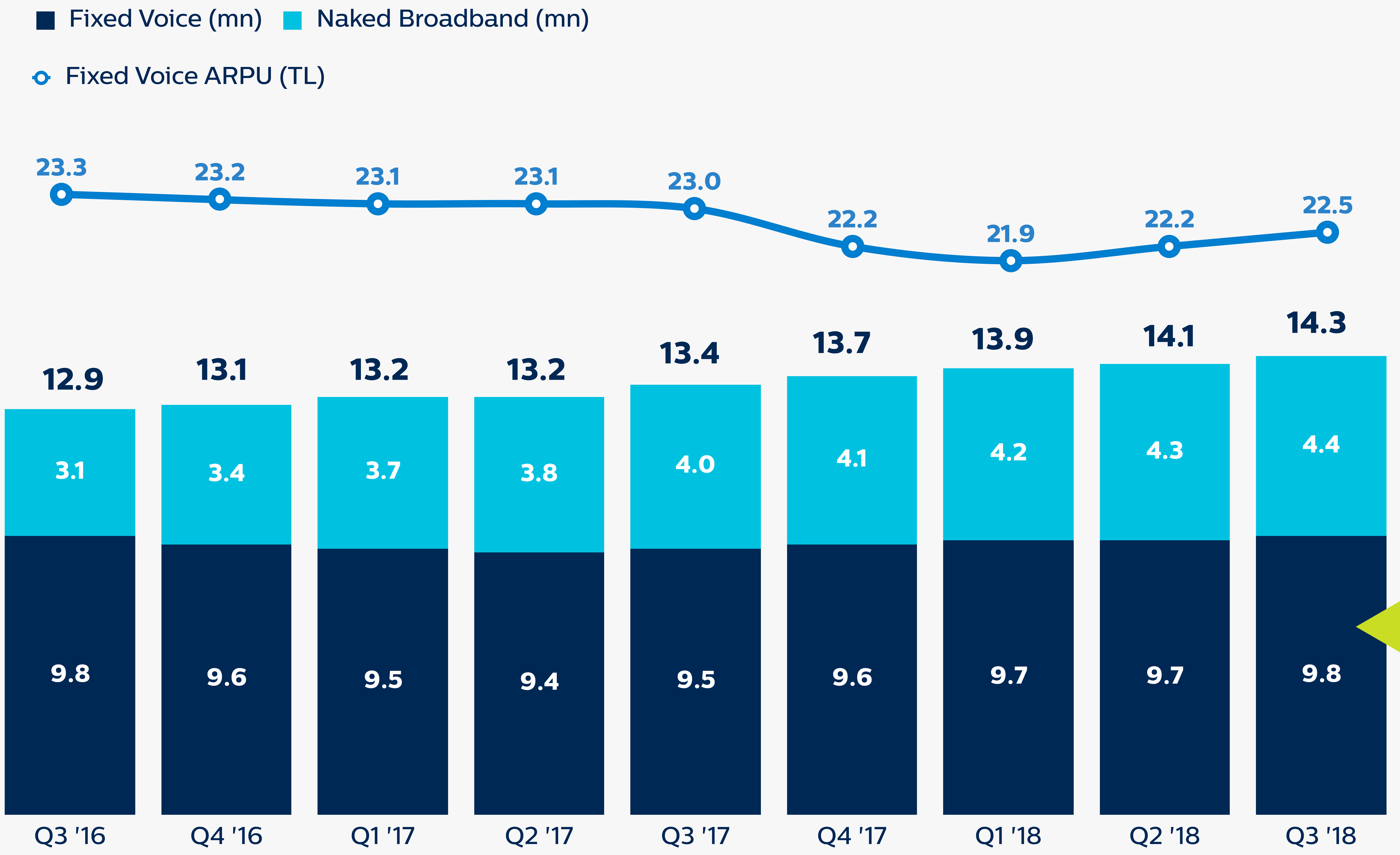
Content

- Turkish Basketball Super League
- NBA
- English Premier League

- 3 Cinema & 4 Sports Inhouse Channels
- Kids & Documentary Channels
- 6000+ on demand assets

Fixed Voice Performance

Access Lines and ARPU

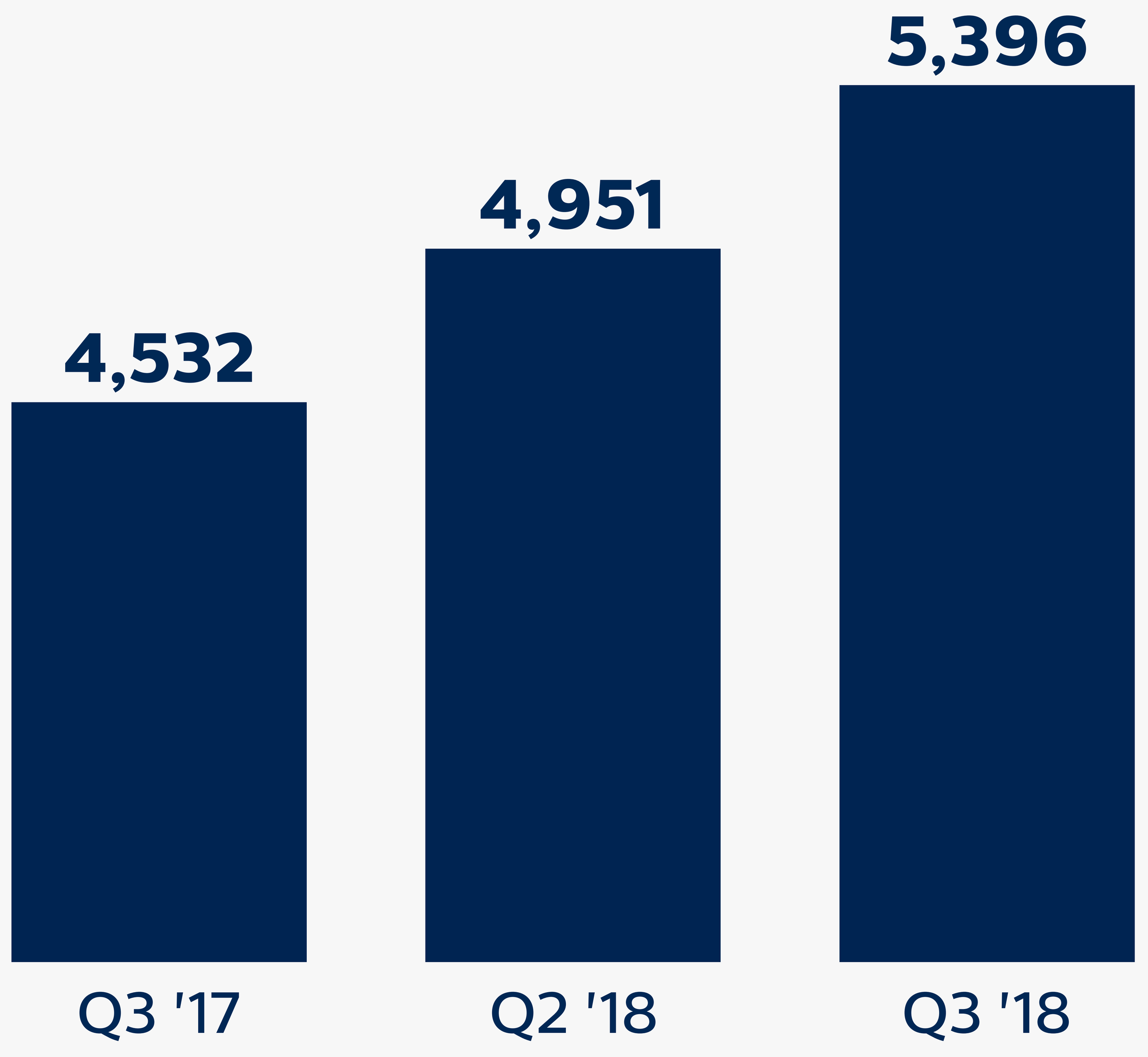


90K
net additions in Fixed Voice in Q3

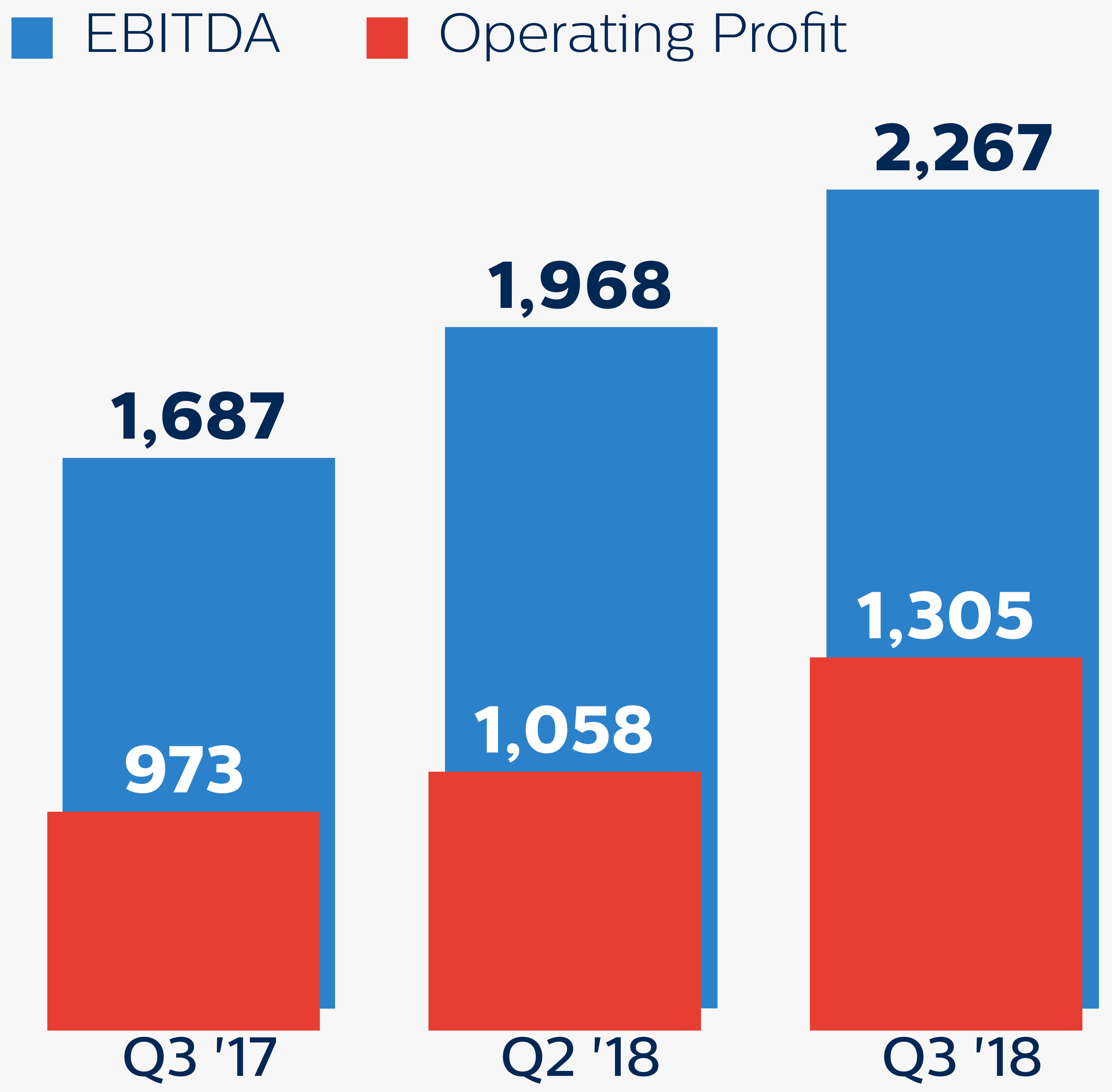
Financials

Financial Performance

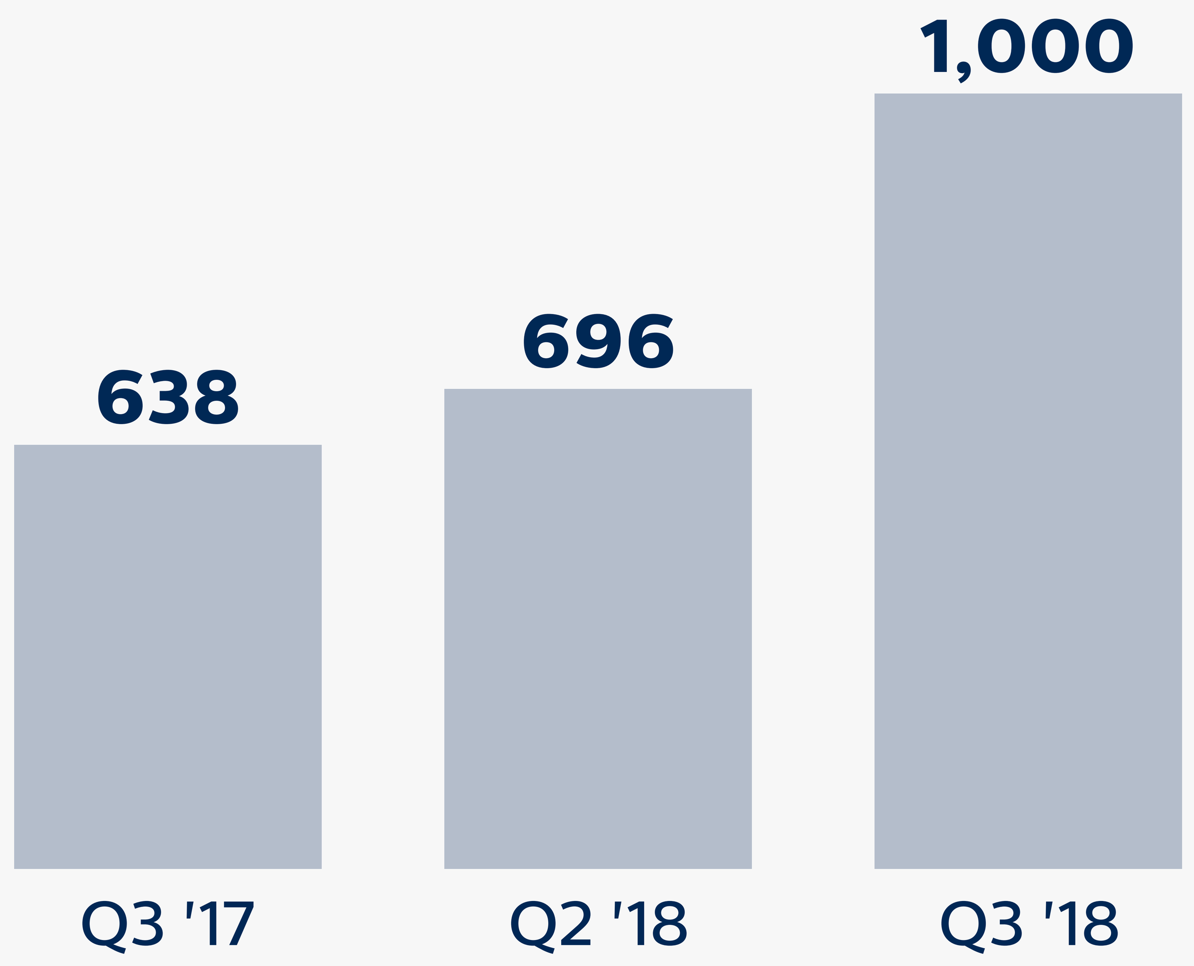
Revenue
(TL mn)



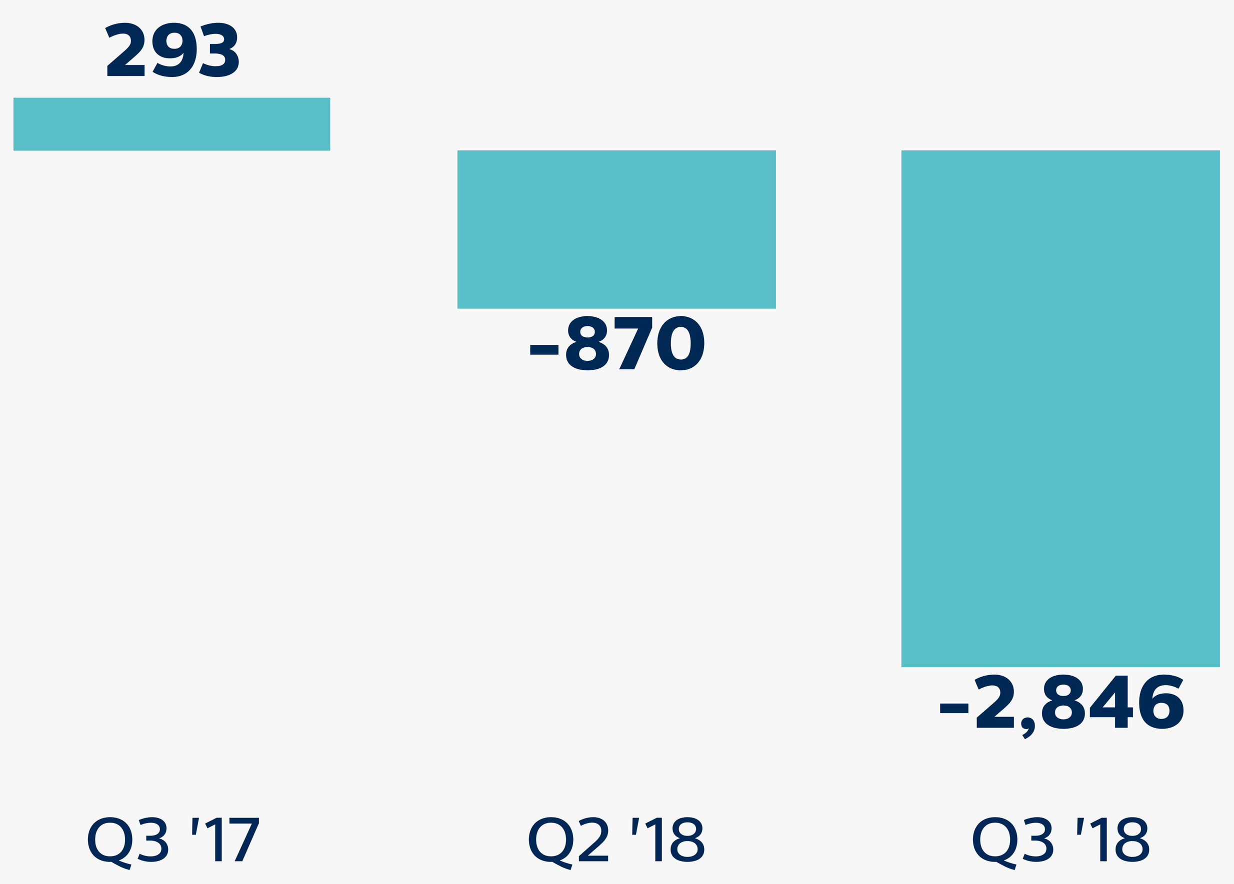
EBITDA & Operating Profit
(TL mn)



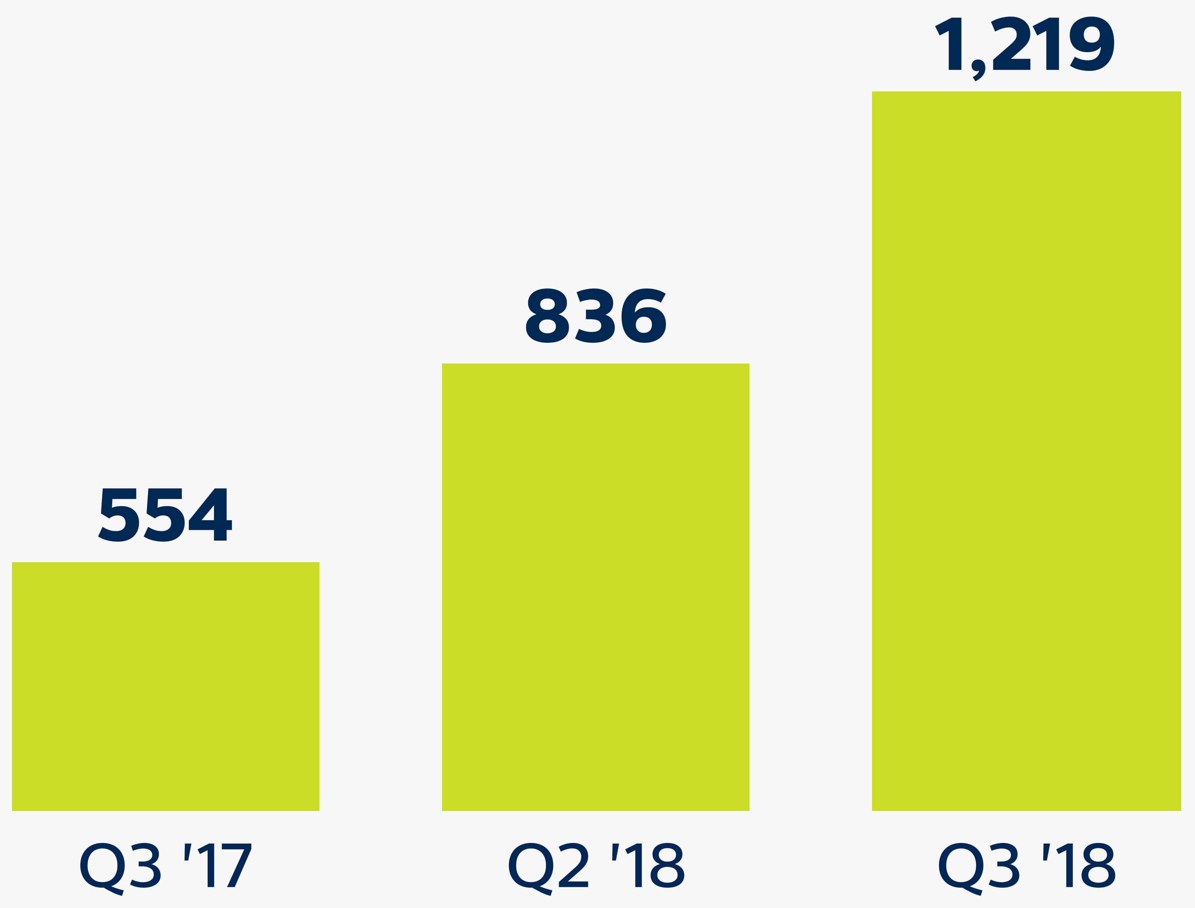
Adjusted Net Income*
(TL mn)



Net Income
(TL mn)



Capex
(TL mn)



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

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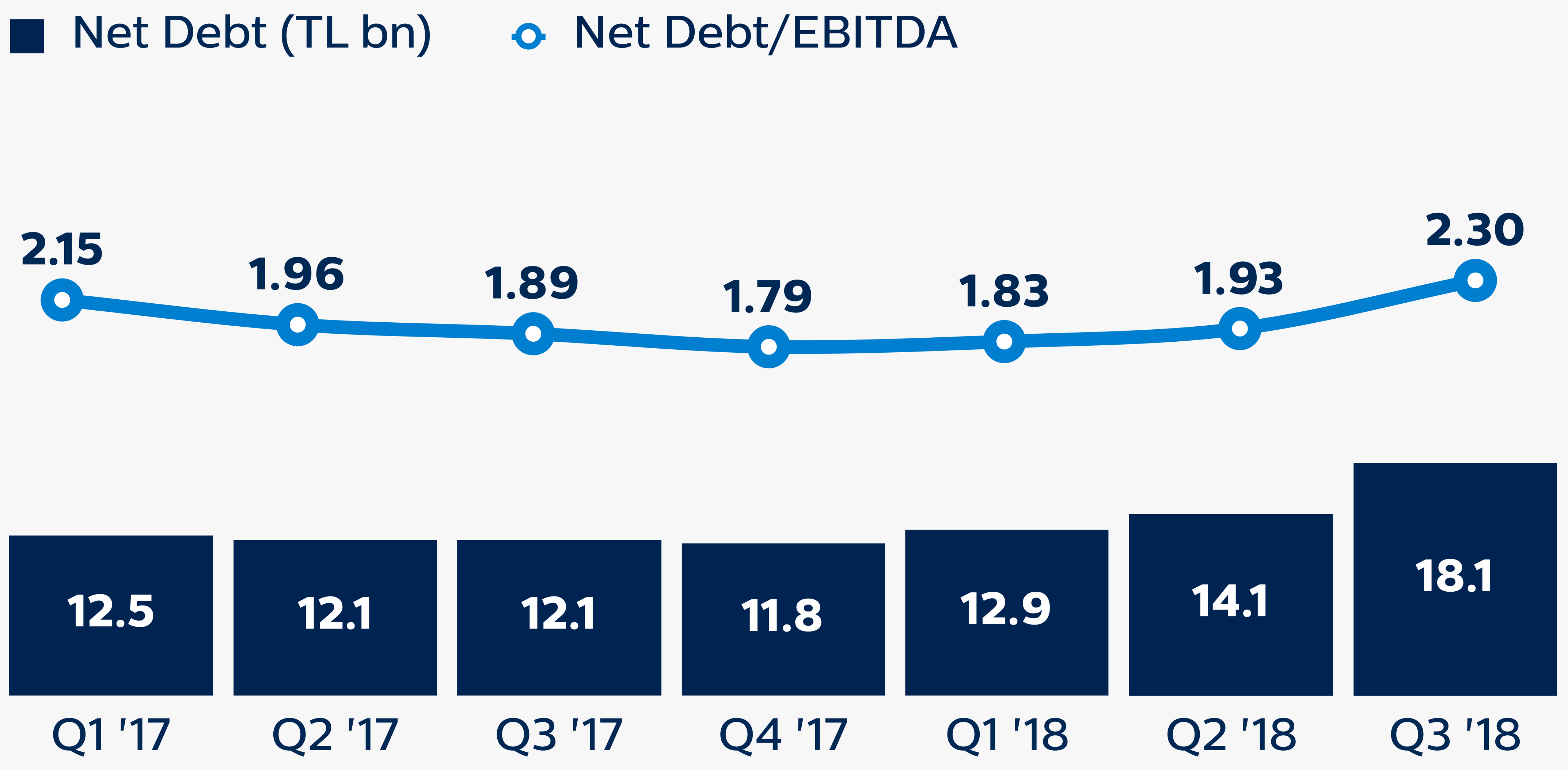
Debt Profile

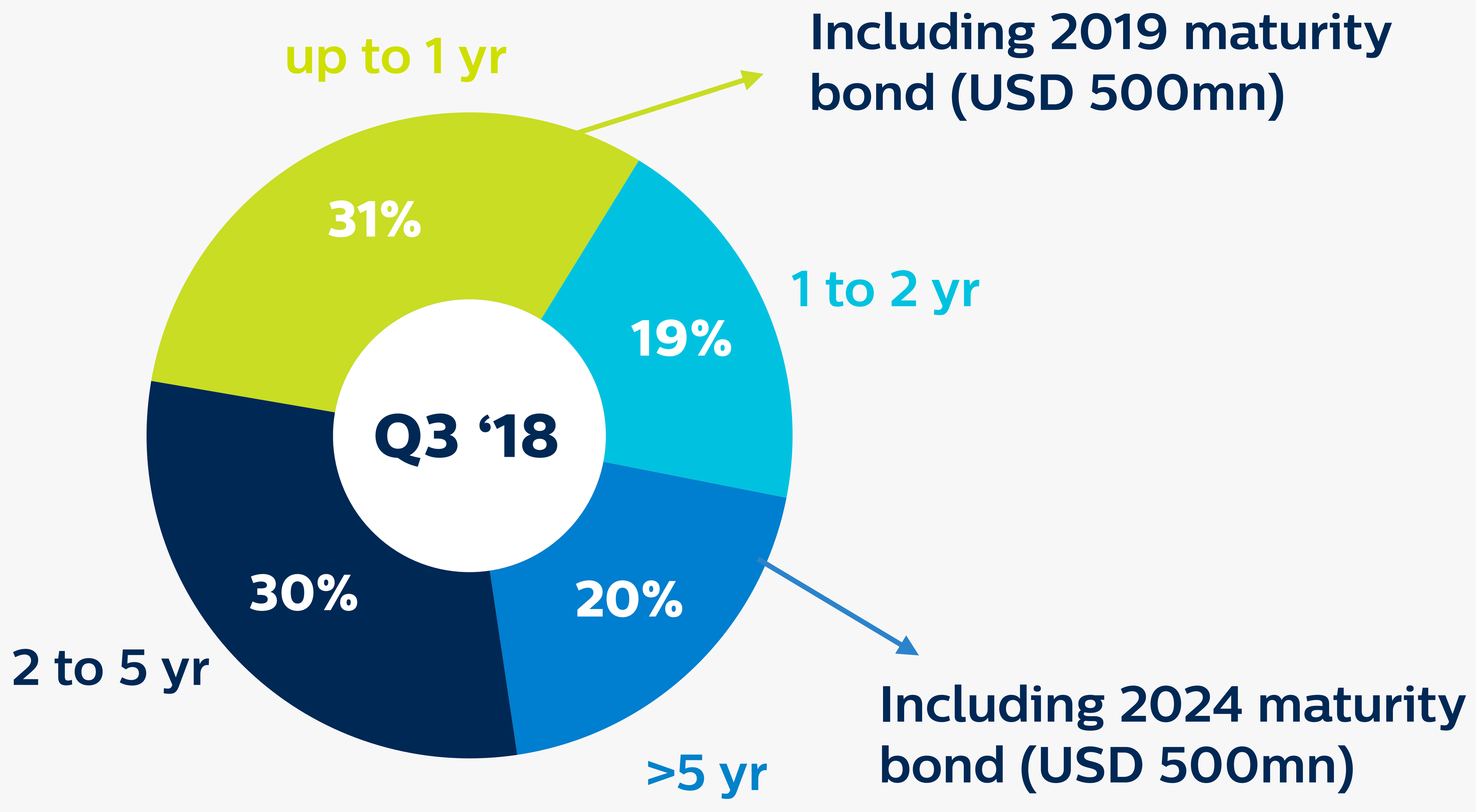
Net Debt



Note: Net Debt calculation includes MTM from FX to TRY Currency Swaps

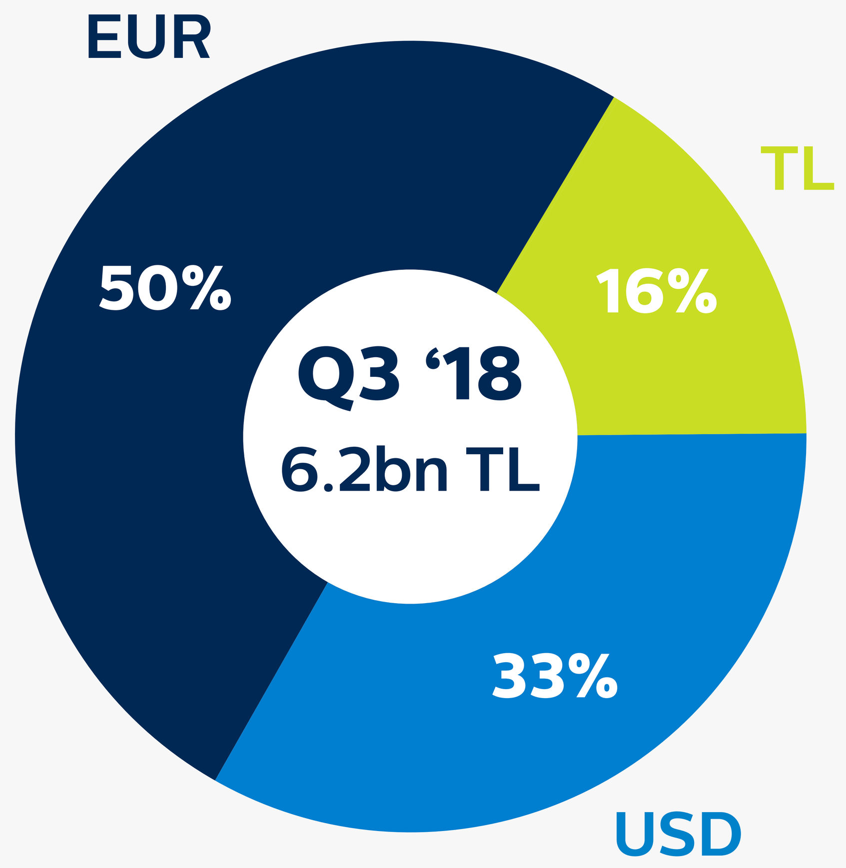
Net Debt/EBITDA calculation excludes extraordinary claims EBITDA calculation

Maturity Profile

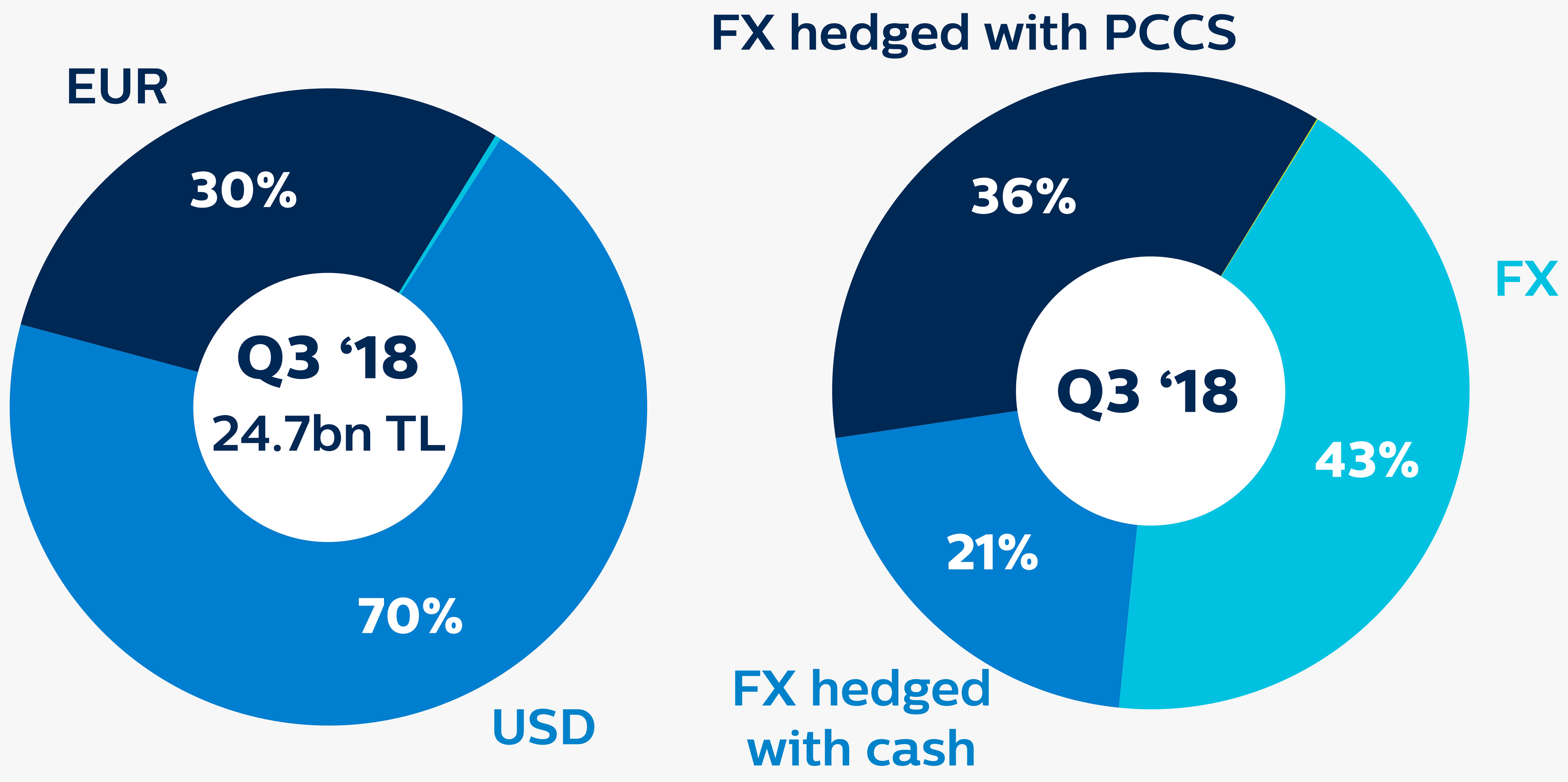


All loans are senior unsecured

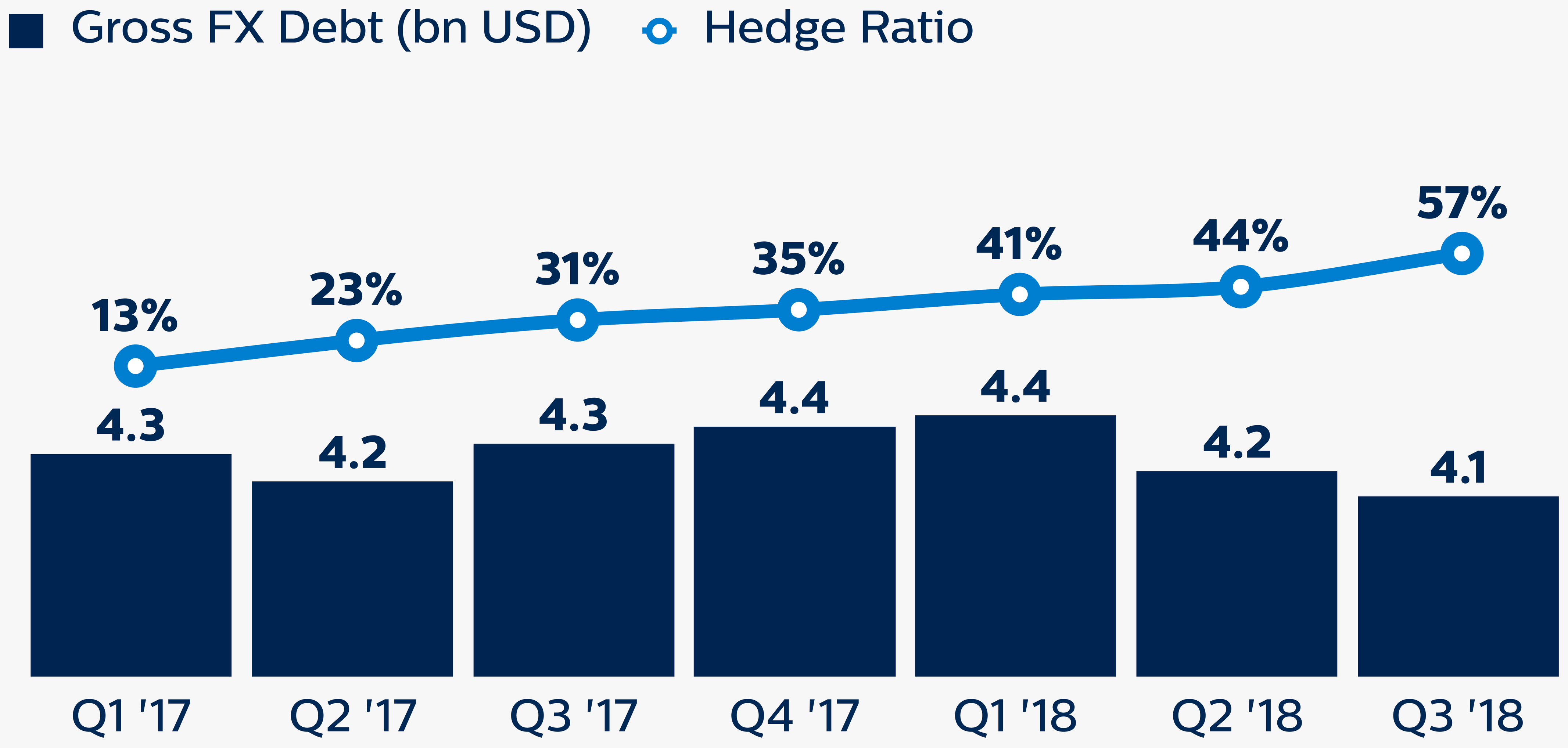
Cash FX Breakdown



Gross Debt FX Breakdown



Hedge Ratio



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

Debt Profile

Prudent Balance Sheet Management

- FX Risks managed via Participating Cross Currency Swaps (PCCS), and FX based cash
- Hedge in both principal and coupons of designated debt instruments
- Hedge ratio increased to 57% in Q3
- Protection level of existing hedges strengthened during the quarter
- Diversified funding terms of instruments (bonds, ECAs, commercial loans, and IFIs) and geography
- Significant improvement in cash flow generation with normalized Capex cycle and increasing EBITDA

Corporate Credit Ratings

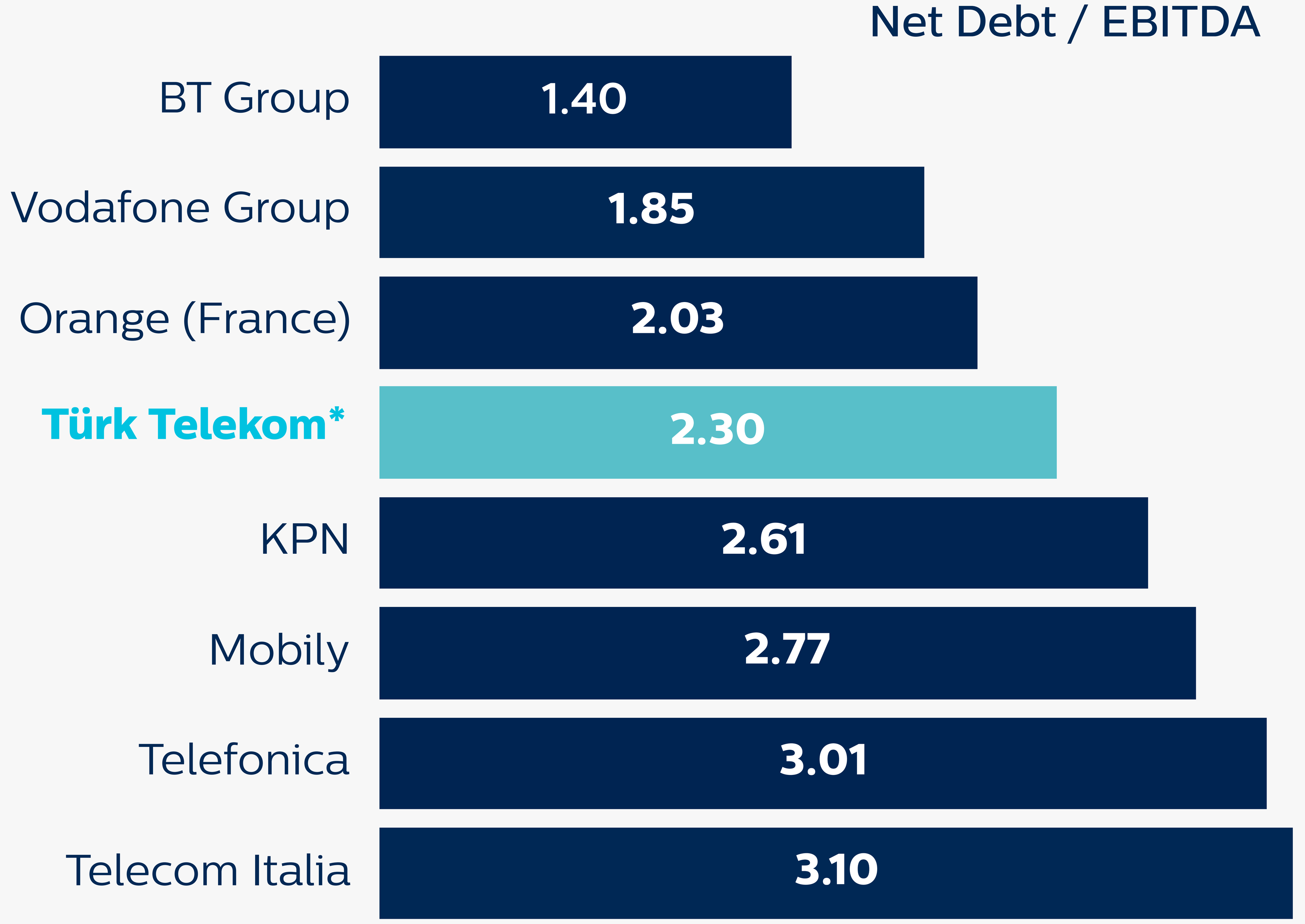
Fitch Ratings

BB+ Negative Outlook

S&P Global Ratings

BB- Stable Outlook

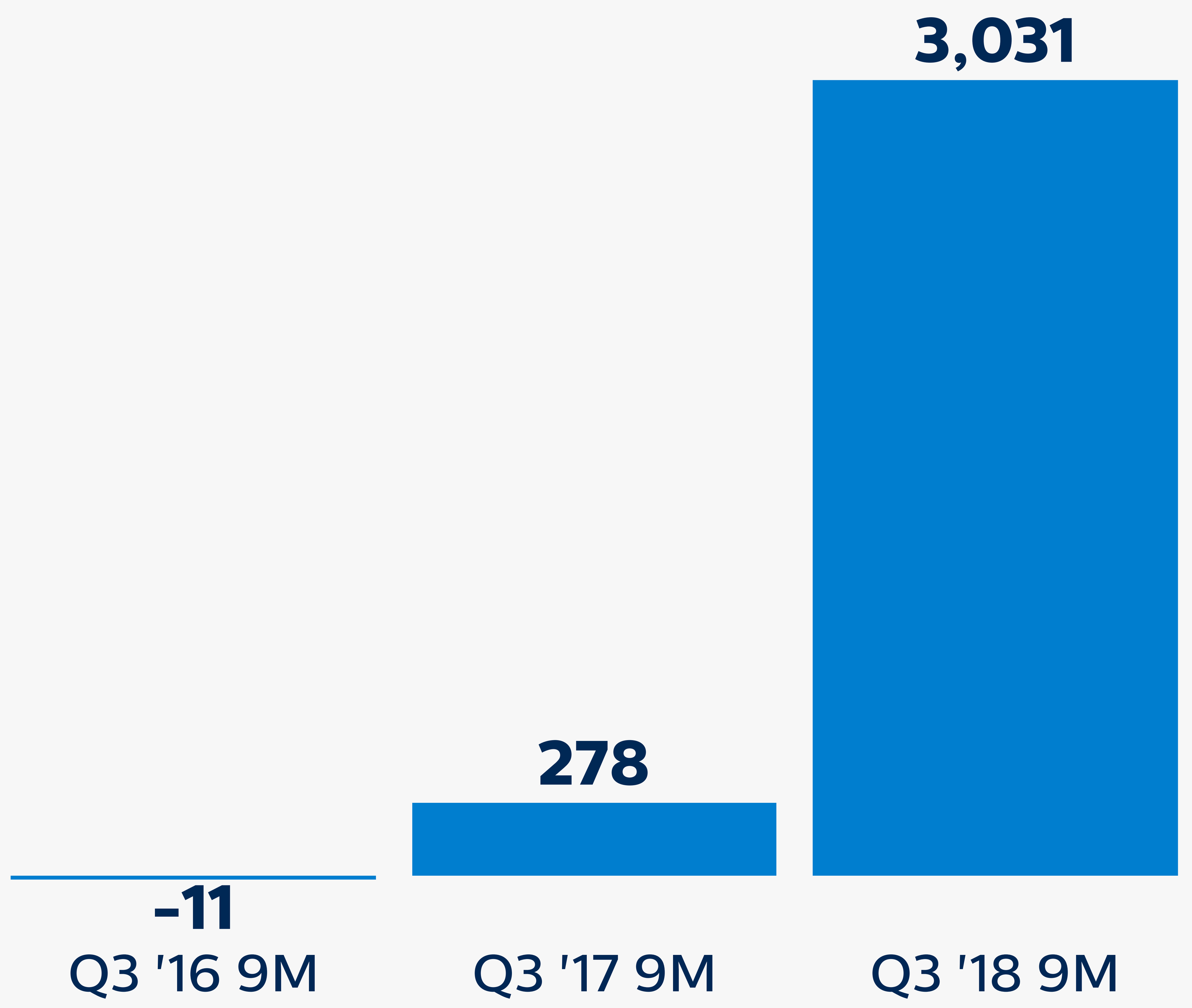
Low debt ratio among peers



Source: Bloomberg
Türk Telekom's ratio is based on Q3'18 financials; other's based on their latest data

Increasing Cash Flow*

(TL mn)



*Unlevered cash flow is defined as net cash provided by operating and investing activities from operations.

Guidance

TL mn	2017 YE	2018 Previous Guidance	2018 Revised Guidance
Revenue (exc. IFRIC 12)[1]	17,435	~11% growth	~13% growth
EBITDA	6,452	TL 7.6 to 7.8 bn	TL 8.0 to 8.2 bn
CAPEX	3,221	~TL 4.1 bn	~TL 4.2 bn

(1) IFRIC 12 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

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Appendix

Income Statement

(TL mn)	9M '17	9M '18	YoY Change	Q3 '17	Q3 '18	YoY Change
Revenues	**13,340**	**15,033**	**12.7%**	**4,532**	**5,396**	**19.1%**
EBITDA	**4,927**	**6,206**	**26.0%**	**1,687**	**2,267**	**34.3%**
Margin	*36.9%*	*41.3%*		*37.2%*	***42.0%***	
Operating Profit	**2,720**	**3,457**	**27.1%**	**973**	**1,305**	**34.1%**
Margin	*20.4%*	*23.0%*		*21.5%*	***24.2%***	
Financial Inc. / (Exp.)[1]	**(893)**	**(8,136)**	**811.0%**	**(519)**	**(5,077)**	**877.9%**
FX & Hedging Gain / (Loss)	(568)	(7,718)	1,258.6%	(398)	**(4,906)**	1,133.0%
Interest Inc./(Exp.)	(249)	(443)	78.1%	(88)	**(186)**	111.0%
Other Financial IInc./(Exp.)	(76)	25	n.m.	(33)	**14**	n.m.
Tax Expense[1]	**(578)**	**1,073**	**n.m.**	**(161)**	**926**	**n.m.**
Net Income[1]	**1,249**	**(3,606)**	**n.m.**	**293**	**(2,846)**	**n.m.**
Margin	*9.4%*	*n.m.*		*6.5%*	***n.m.***	

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Balance Sheet

(TL mn)	30.09.2017	30.06.2018	30.09.2018
Total Assets	**26,519**	**30,461**	**38,945**
Cash and Equivalents	2,761	4,304	**6,187**
Intangible Assets	8,193	9,332	**9,679**
Tangible Assets[1]	8,362	9,004	**14,147**
Other Assets[2&5]	7,202	7,821	**8,931**
Total Equities and Liabilities	**26,519**	**30,461**	**38,945**
Share Capital	3,260	3,260	**3,260**
Reserves, Retained Earnings and Other Equity Items[5]	1,389	973	**2,262**
Interest Bearing Liabilities[3&5]	15,398	19,060	**24,713**
Other Liabilities[4]	6,471	7,168	**8,709**

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

(2) Major items within other assets are trade receivables, due from related parties,inventories, deferred tax asset and other current assets.

(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, due related parties, other current liabilities, provisions for employee termination benefits

(5) Bills, bonds and notes issued that were measured amortized cost at Q1 and Q2 2018 are measured at fair value as of Q3 '18. Consequently, the changes were reflected to 2018 Q1 and 2018 Q2 financial statements. For further details please see 2018 Q3 financial statements and footnotes.

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IFRS 15 Adoption Reconciliation

(TL mn)	Q3 '18	IFRS 15 Impact	Q3 '18 w/o adoption of IFRS 15
Revenues	5,396	(4)	5,399
EBITDA	2,267	159	2,108
Margin	*42.0%*		39.0%
Operating Profit	1,305	38	1,267
Margin	*24.2%*		23.5%
Financial Inc. / (Exp.)	(5,077)	(6)	(5,072)
FX & Hedging Gain / (Loss)	(4,906)		(4,906)
Interest Inc./(Exp.)	(186)		(186)
Other Financial IInc./(Exp.)	14	(6)	20
Tax Expense	926	(2)	928
Net Income	(2,846)	31	(2,877)
Margin	n.m.		n.m.

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IFRS 15 Adoption Reconciliation

(TL mn)	30.09.2018	IFRS 15 Impact	30.09.2018 w/o adoption of IFRS 15
Total Assets	38,945	947	37,998
Cash and Equivalents	6,187		6,187
Intangible Assets	9,679	949	8,730
Tangible Assets	14,147		14,147
Other Assets	8,931	(2)	8,933
Total Equities and Liabilities	38,945	947	37,998
Share Capital	3,260		3,260
Reserves, Retained Earnings and Other Equity Items	2,262	609	1,653
Interest Bearing Liabilities	24,713		24,713
Other Liabilities	8,709	338	8,371

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Q&A

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Thank You

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