

Investor Call

2017 Q4



February 2018

Türk Telekom

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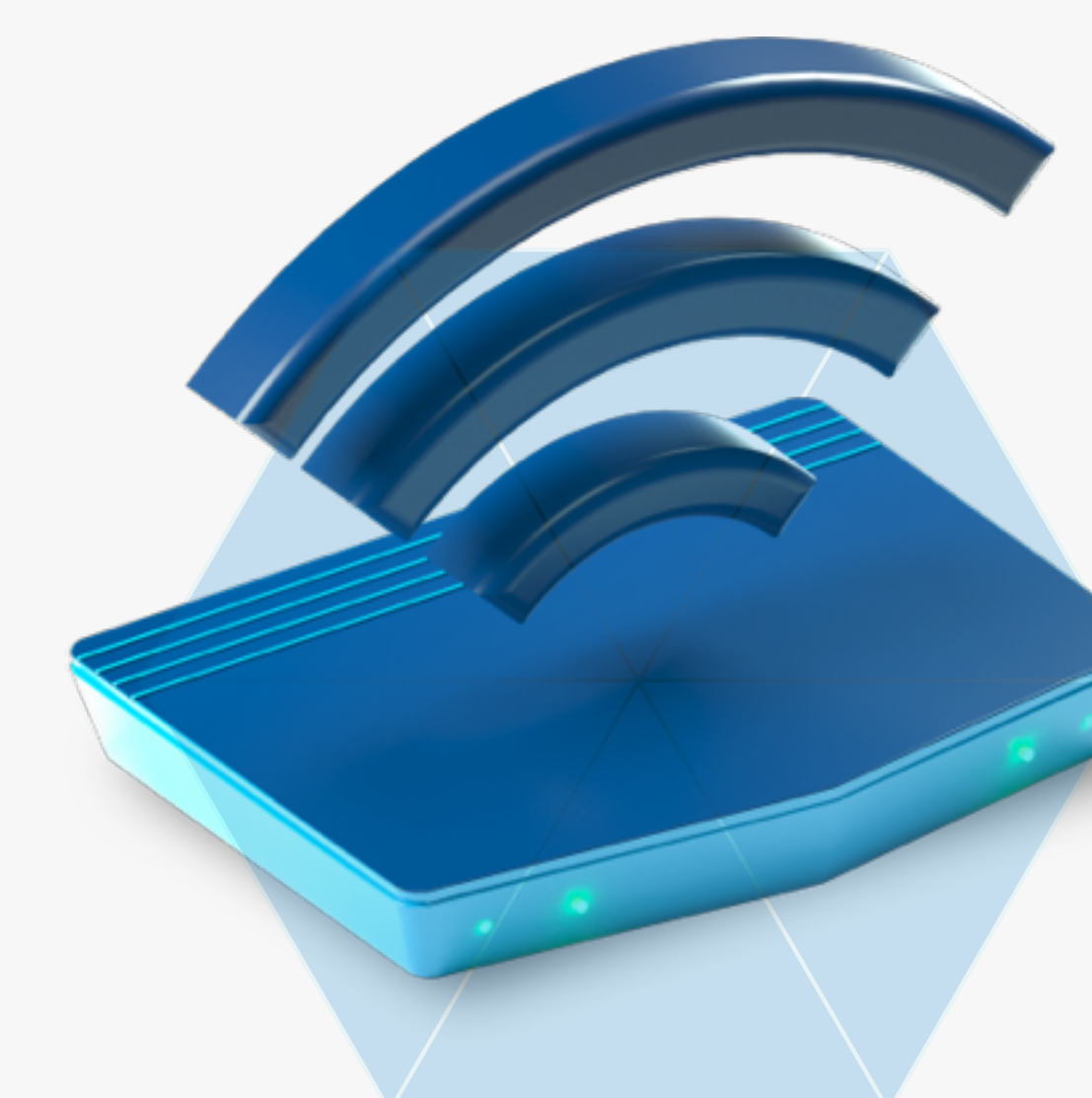
Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this press release includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses and other operating income/(expense), and income/(expense) from 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).

Operational Highlights

Broadband

368k
Q4 '17

1.1mn
2017



Mobile

423k
Q4 '17

1.0mn
2017



Home TV

139k
Q4 '17

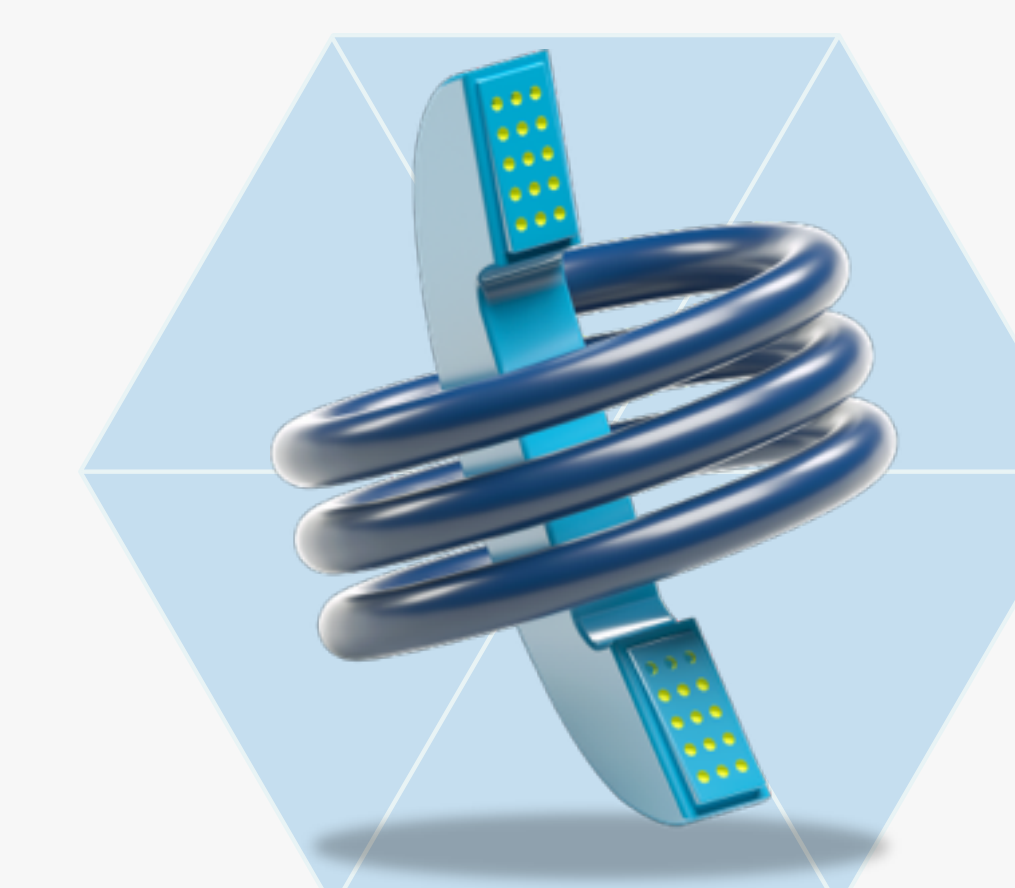
490k
2017



Fixed Voice

118k
Q4 '17

-65k
2017



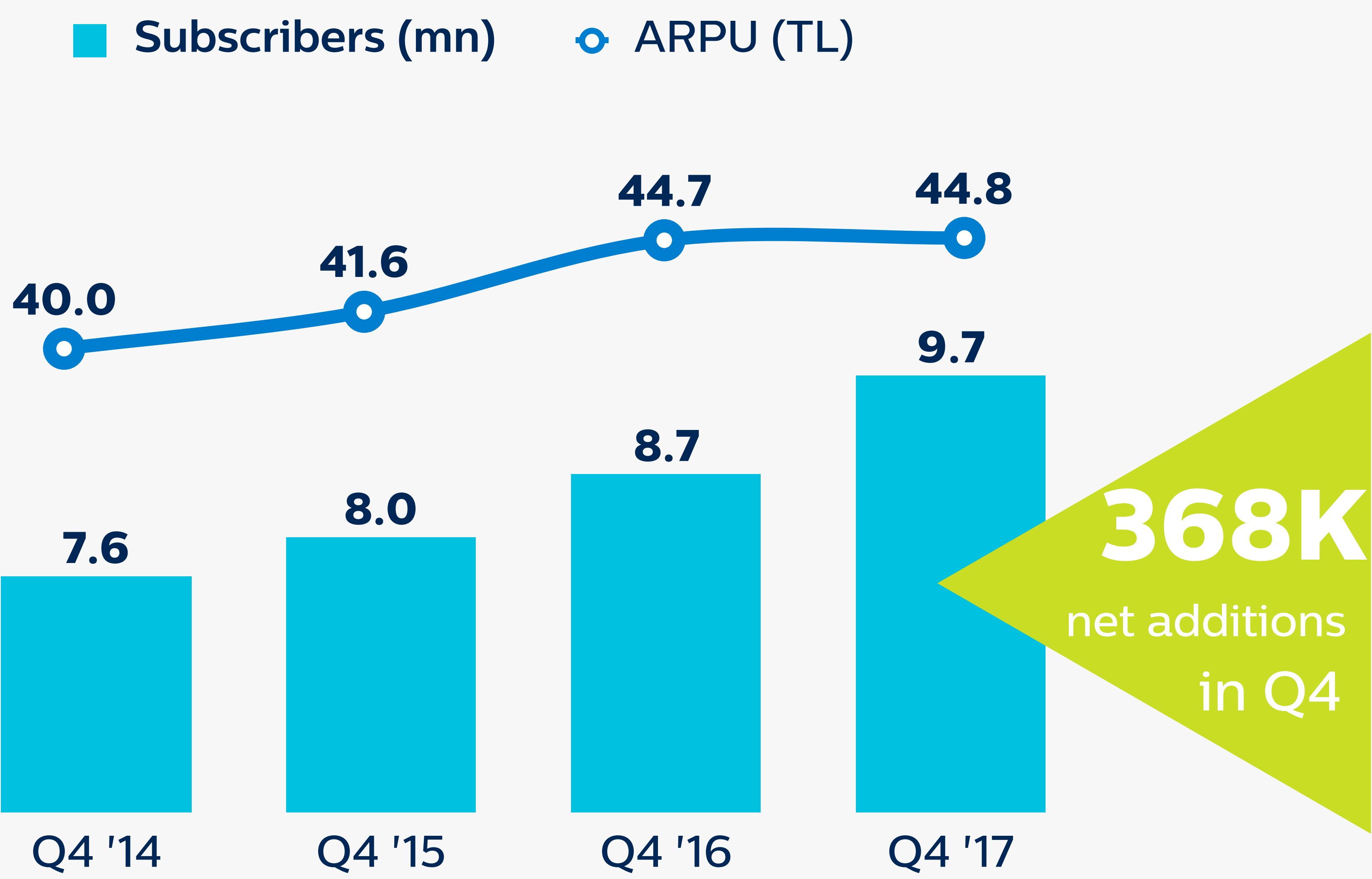
Financial Performance

(TL mn)	2016	2017	Growth (YoY)	2016 Q4	2017 Q4	Growth (YoY)
Revenue	16,109	18,140	12.6%	4,250	4,800	12.9%
Revenue (exc. IFRIC12) ¹	15,696	17,435	11.1%	4,172	4,586	9.9%
EBITDA	5,470	6,452	18.0%	1,434	1,525	6.3%
EBITDA Margin	34.0%	35.6%		33.7%	31.8%	
Net Income	(724)	1,136	n.m.	(1,388)	(113)	n.m.
CAPEX	3,027	3,221	6.4%	963	1,722	78.8%

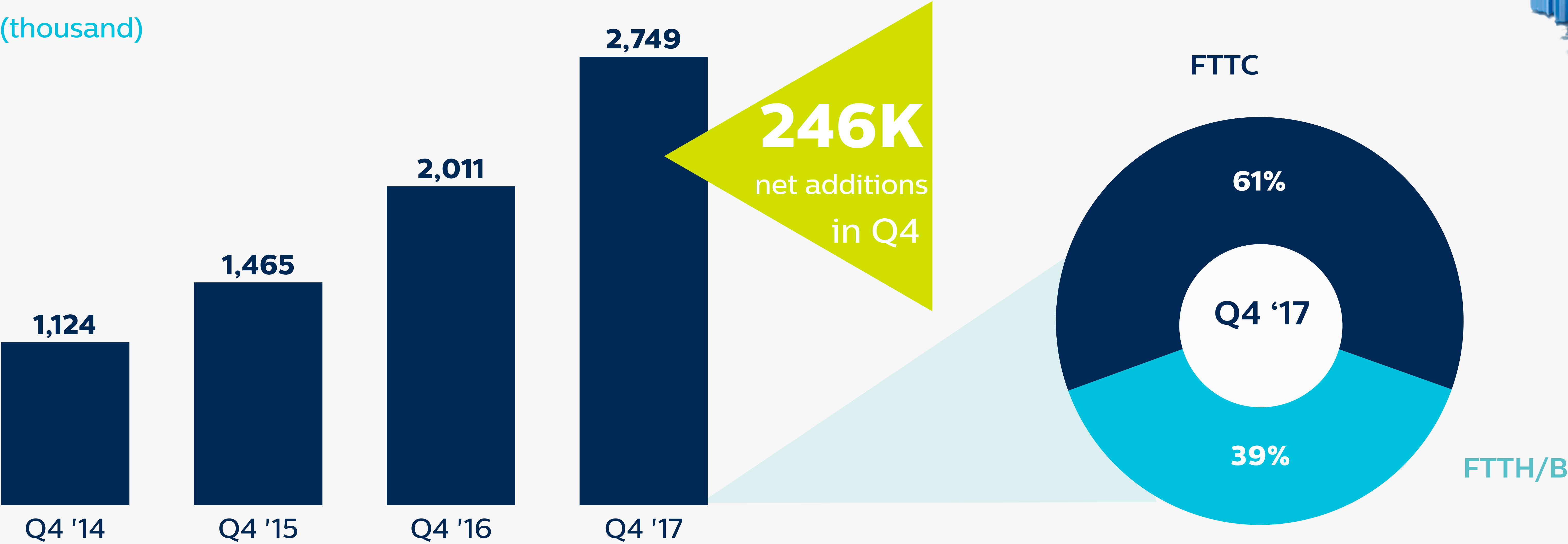
(1) IFRIC 12 is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade

Fixed Broadband Performance

ARPU & Subscribers



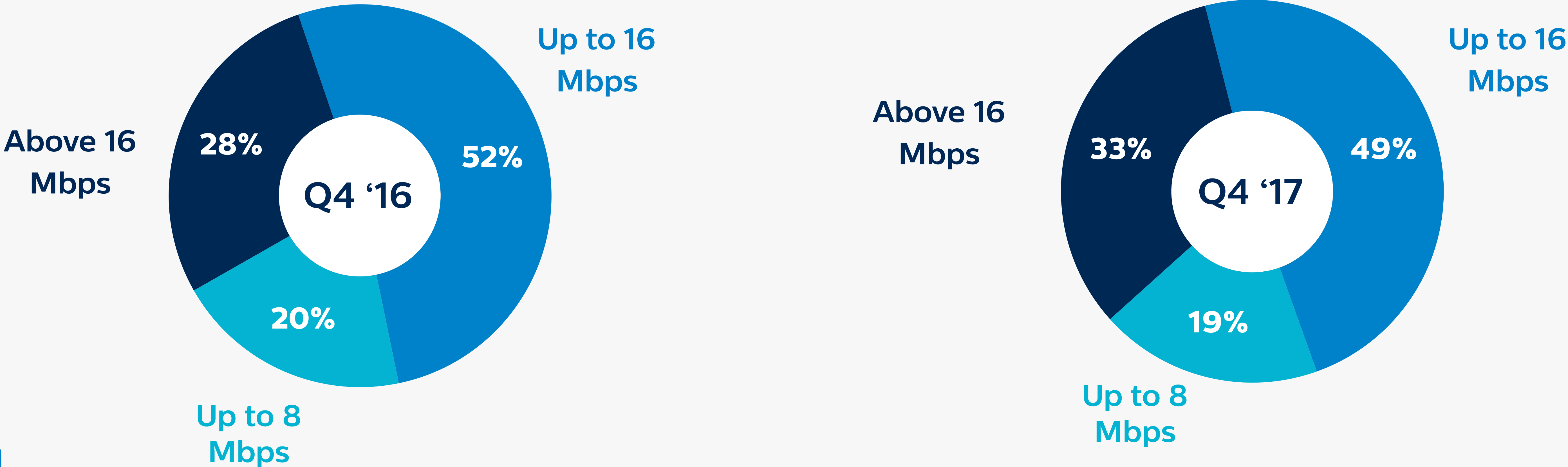
Fiber Subscribers (thousand)



Upsell Dynamics in Fixed Broadband

Speed Breakdown

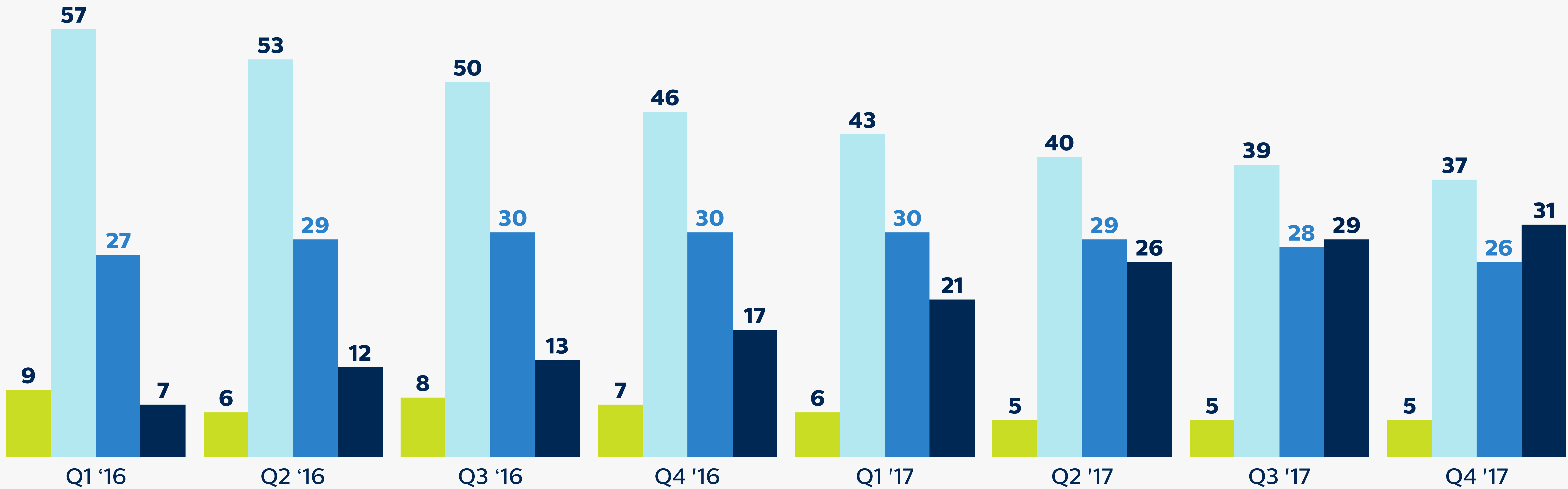
(% of Subscribers)



Capacity Breakdown

(% of Subscribers)

■ 25 GB & Below ■ 25 to 50 GB ■ 50 to 75GB ■ Above 75 GB

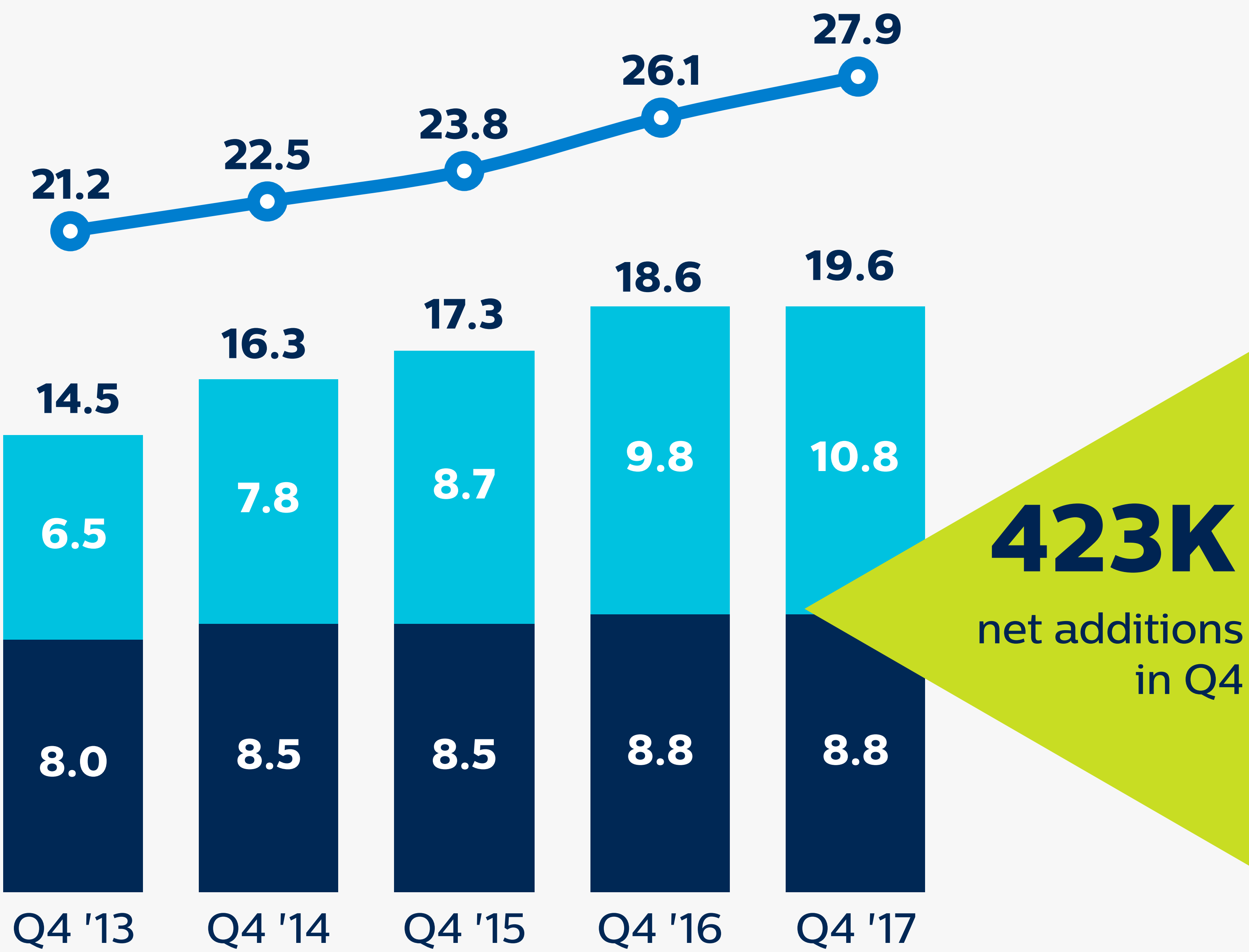


All figures are based on Turk Telekom's retail subscribers

Mobile Performance

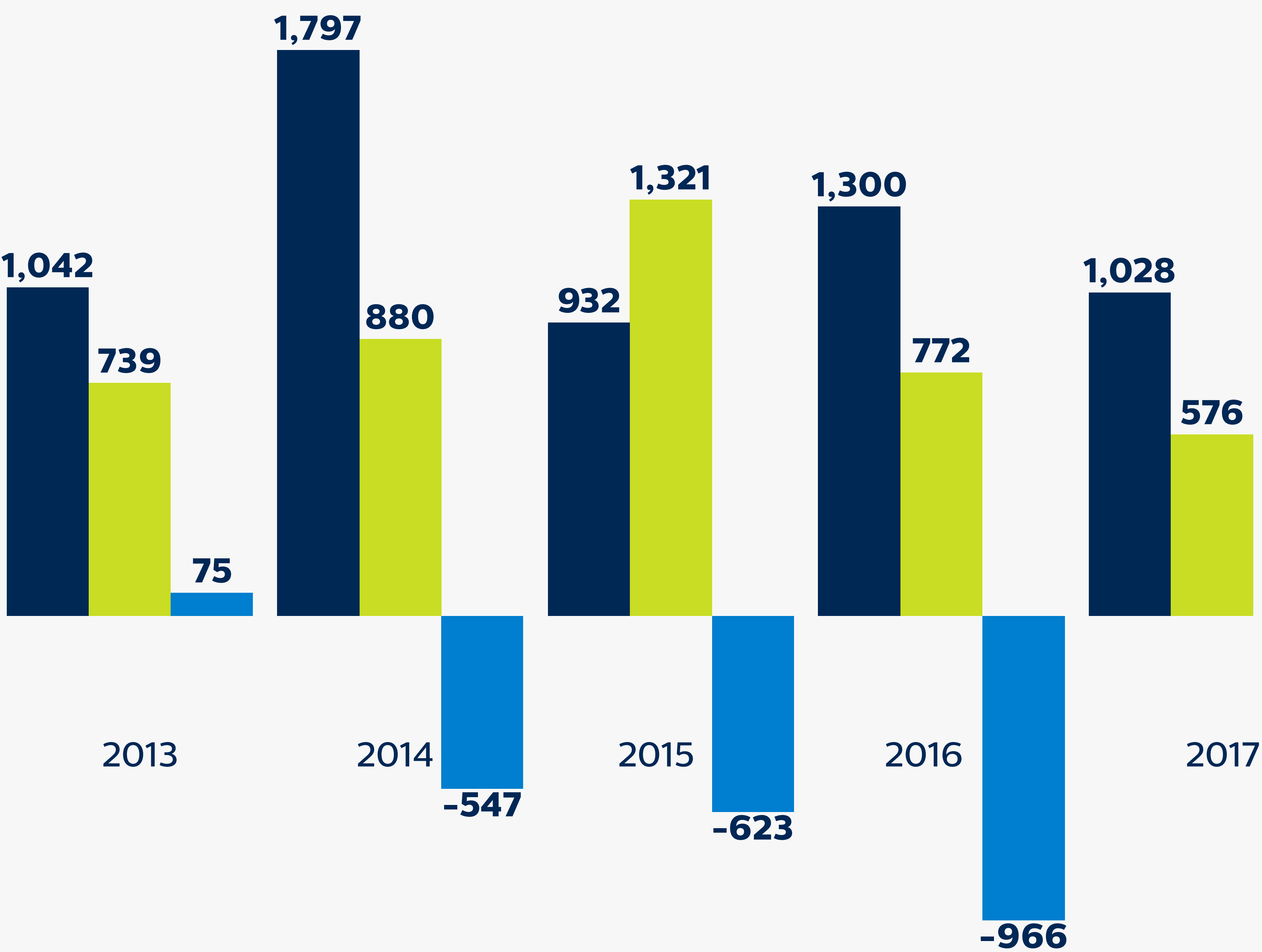
Growing ARPU & Subscribers

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



Net Subscriber Addition

■ Türk Telekom ■ Vodafone ■ Turkcell

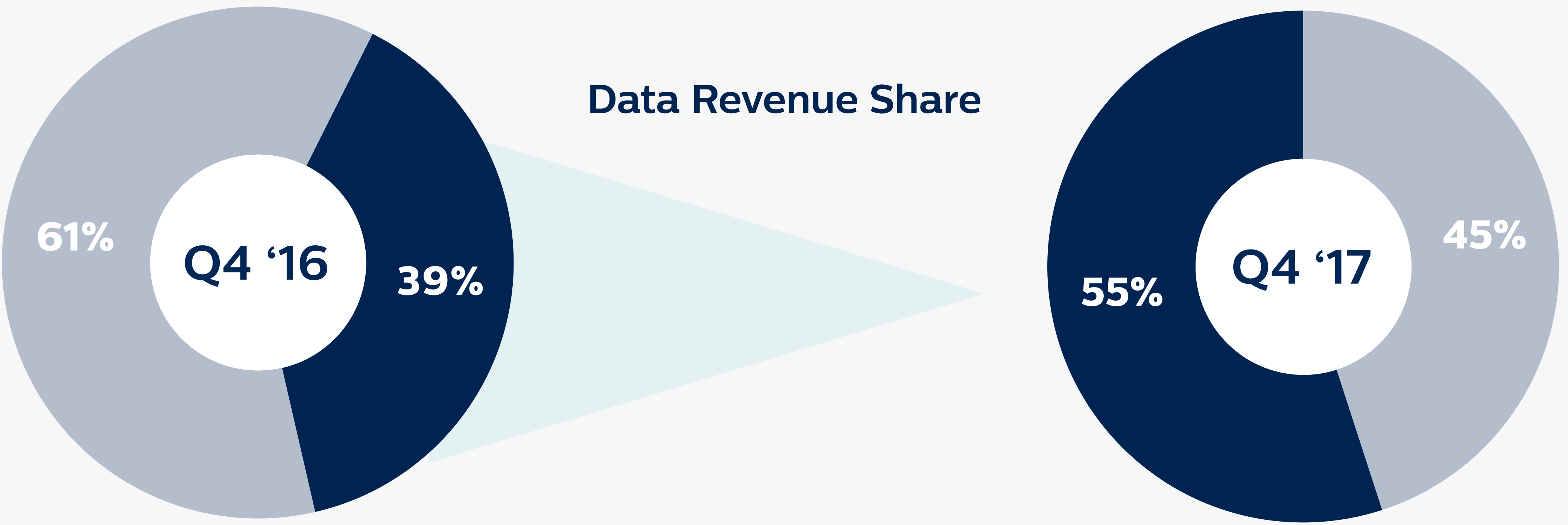


Other operators' data are from their own publications.

Mobile Data

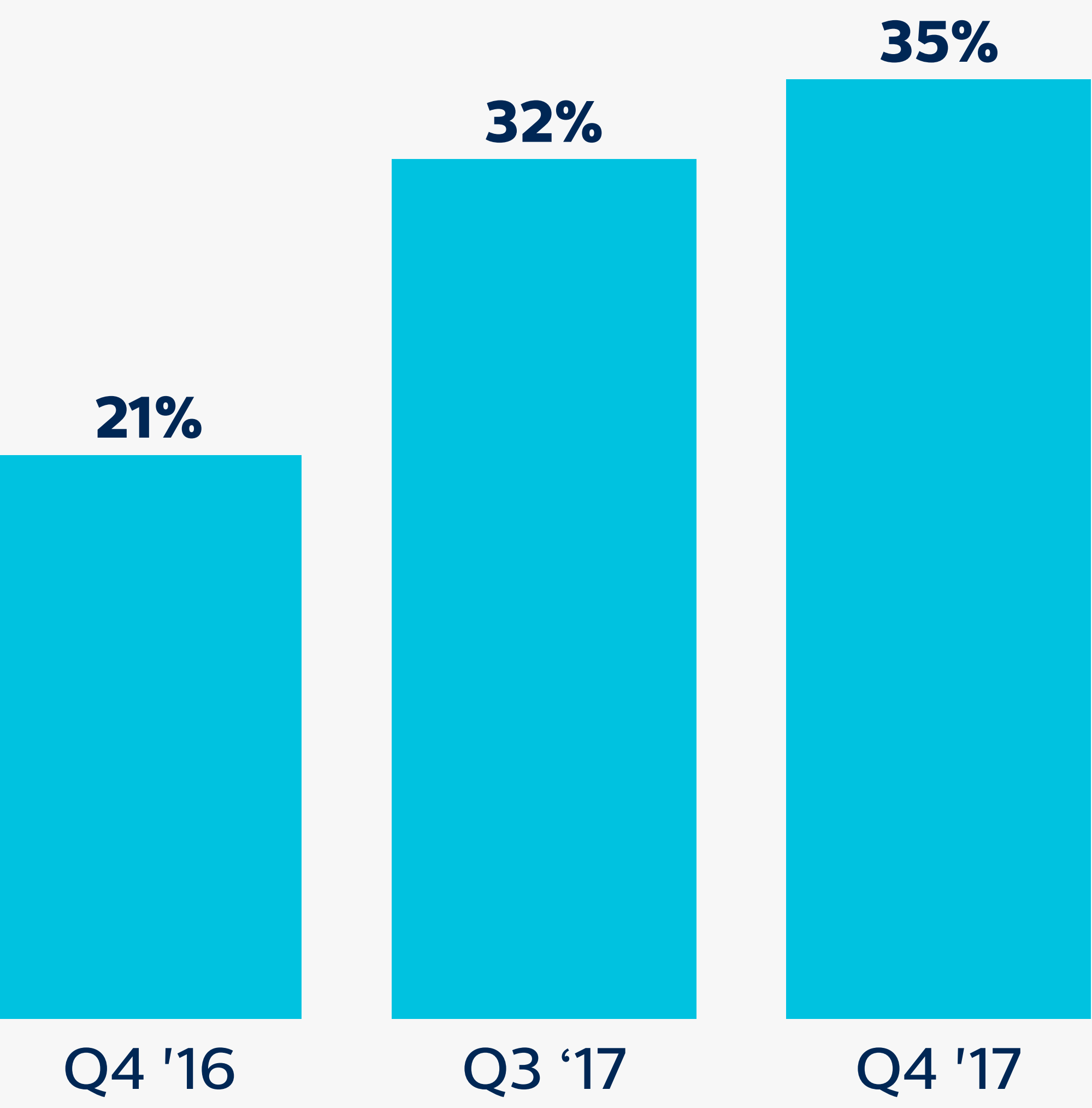
Data Revenue

(Mobile service revenue share)

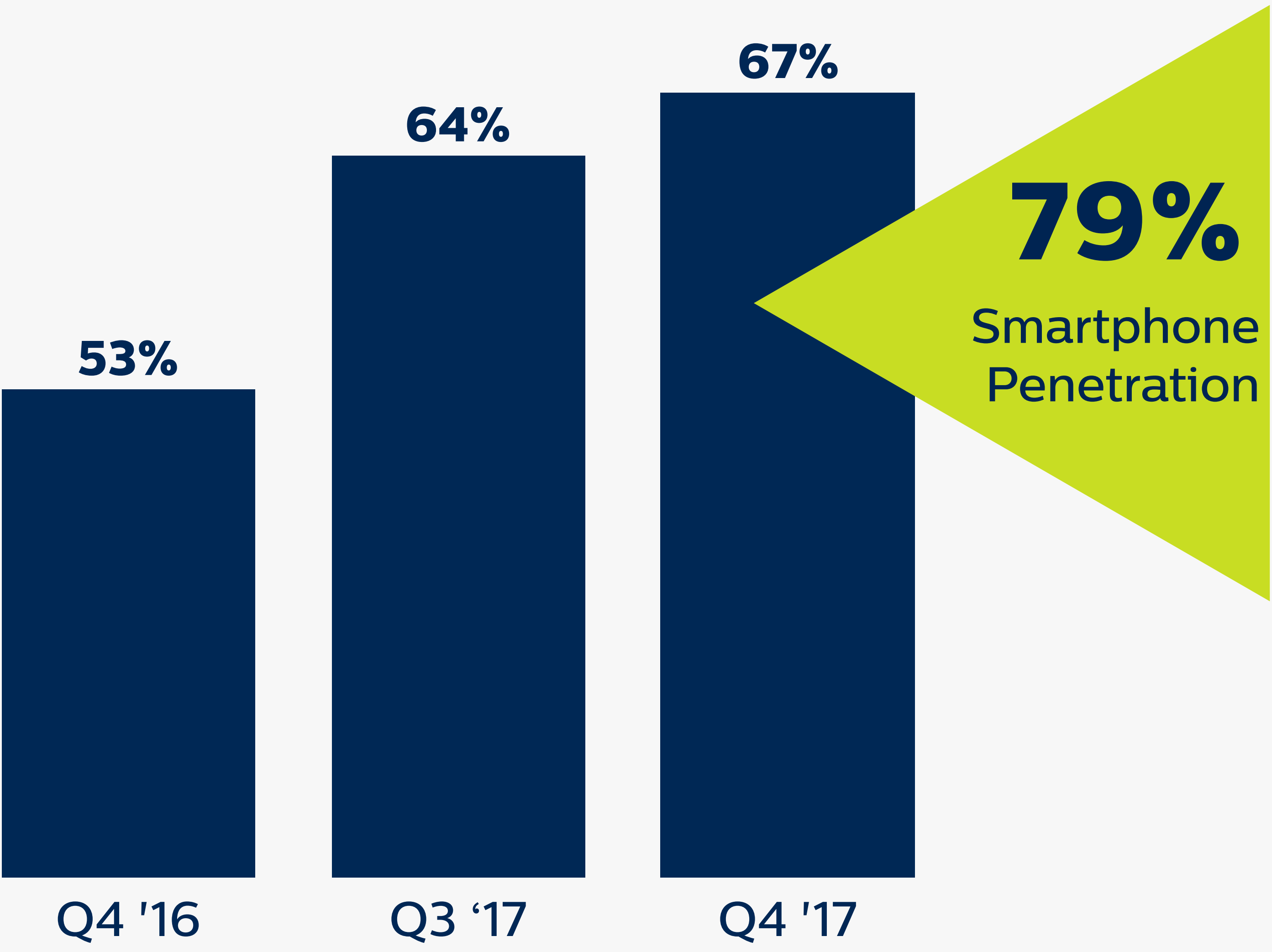


LTE Users*

(Total subscriber share)

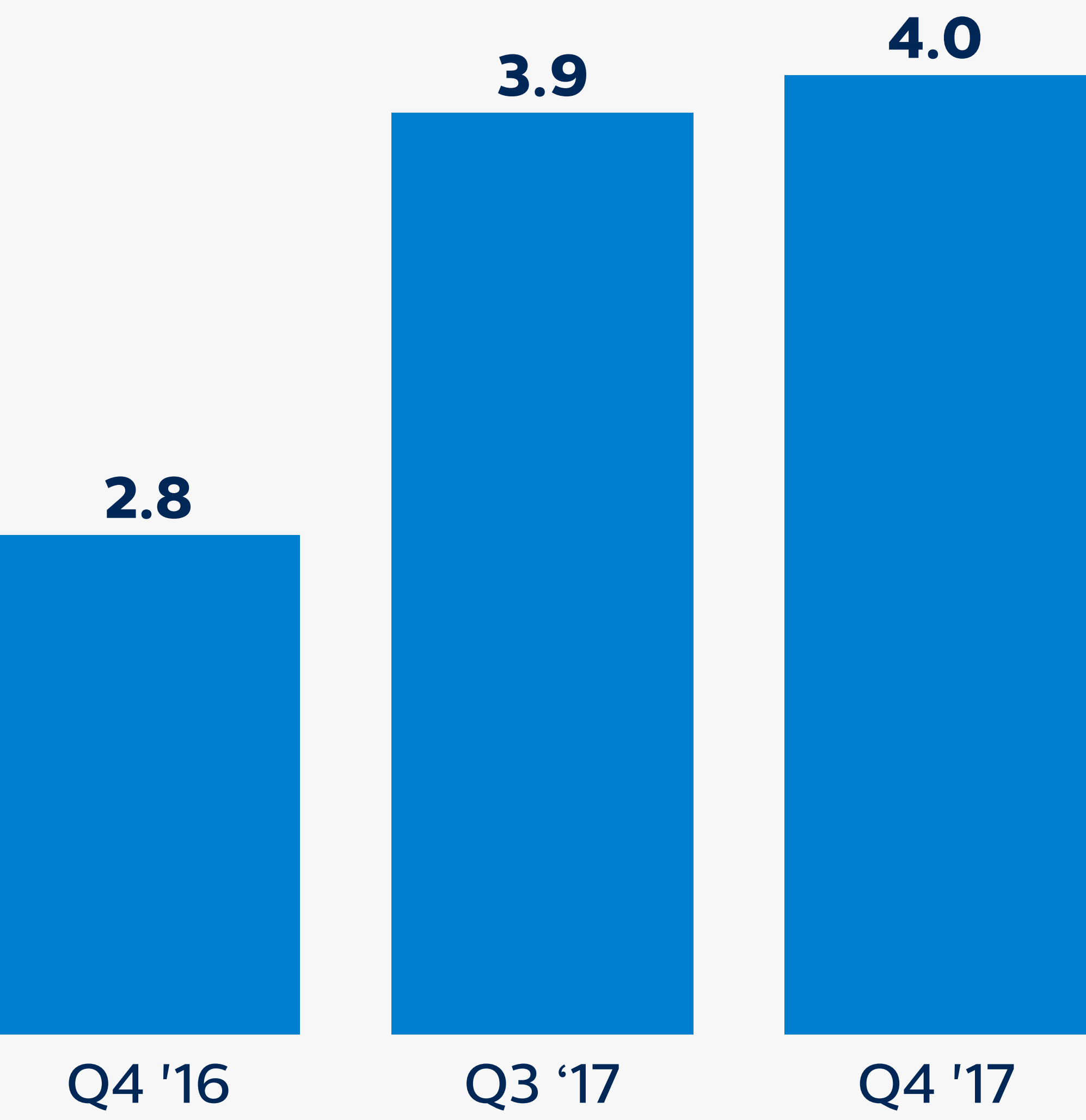


LTE Compatible Smartphone



Avg. Monthly Mobile Data Usage

(GB per user¹)



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

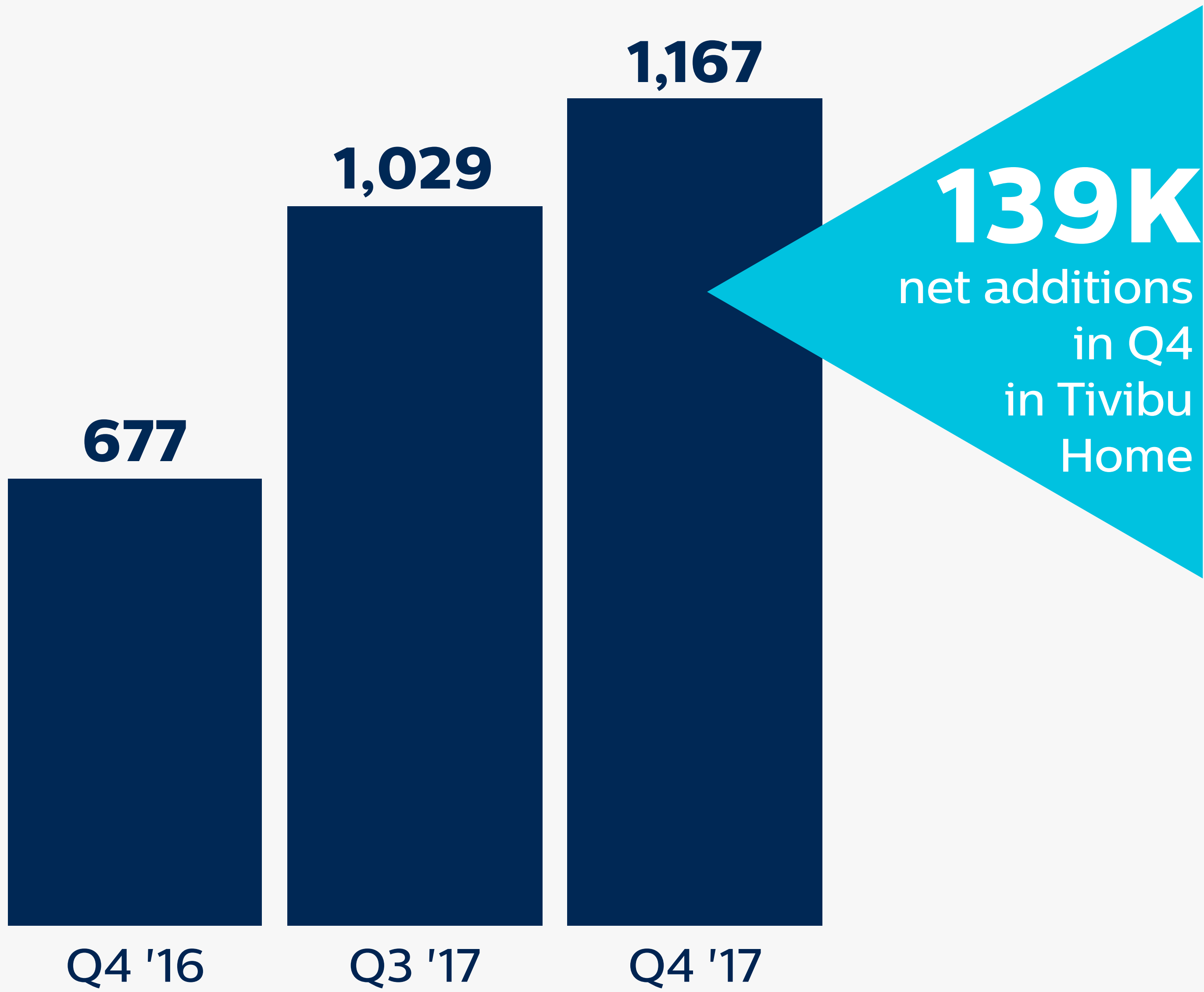
(1) Türk Telekom smartphone users

TV Performance

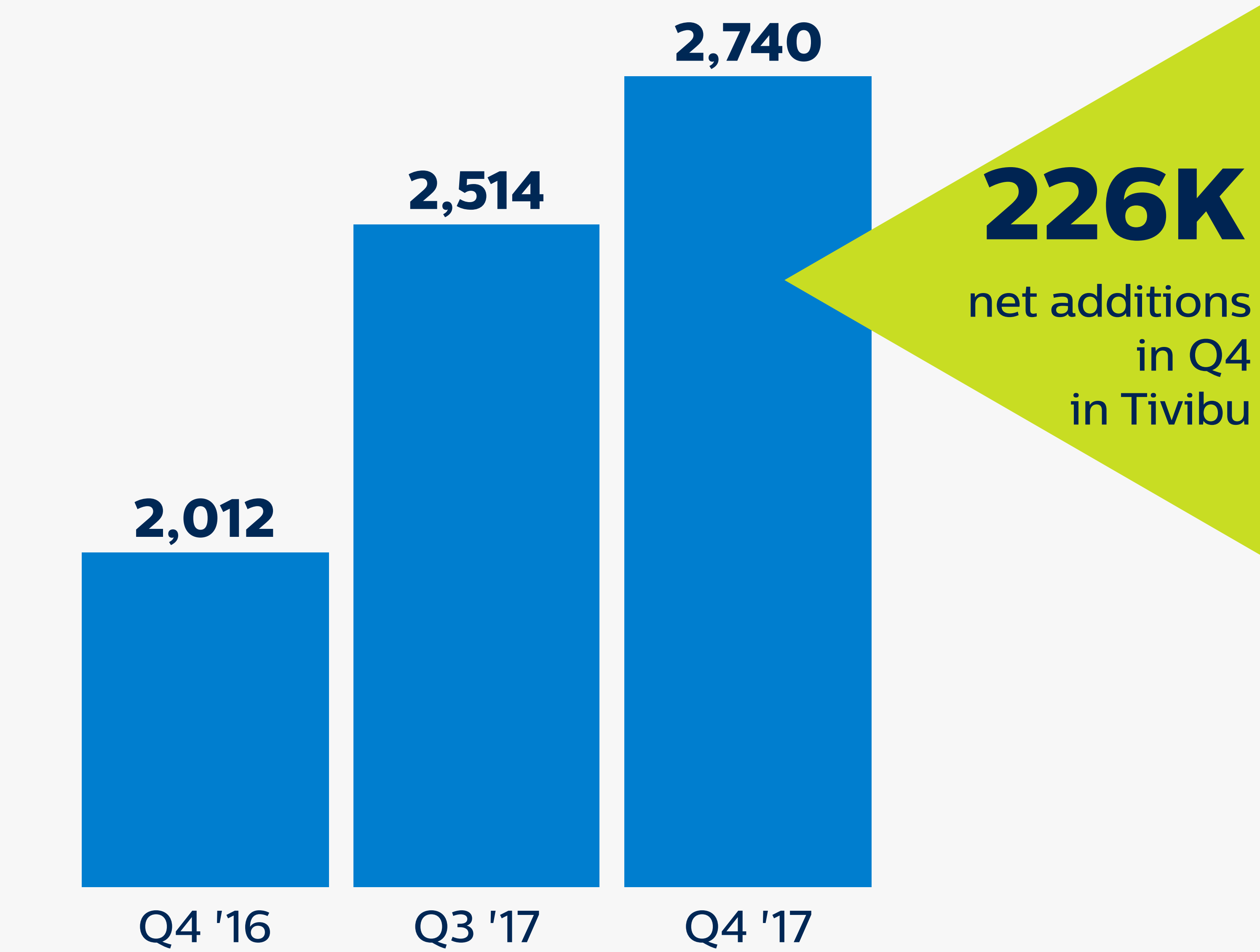
Türk Telekom
Tivibu

Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu Go)



Platform

IPTV + DTH + Web TV + Smart TV

Content

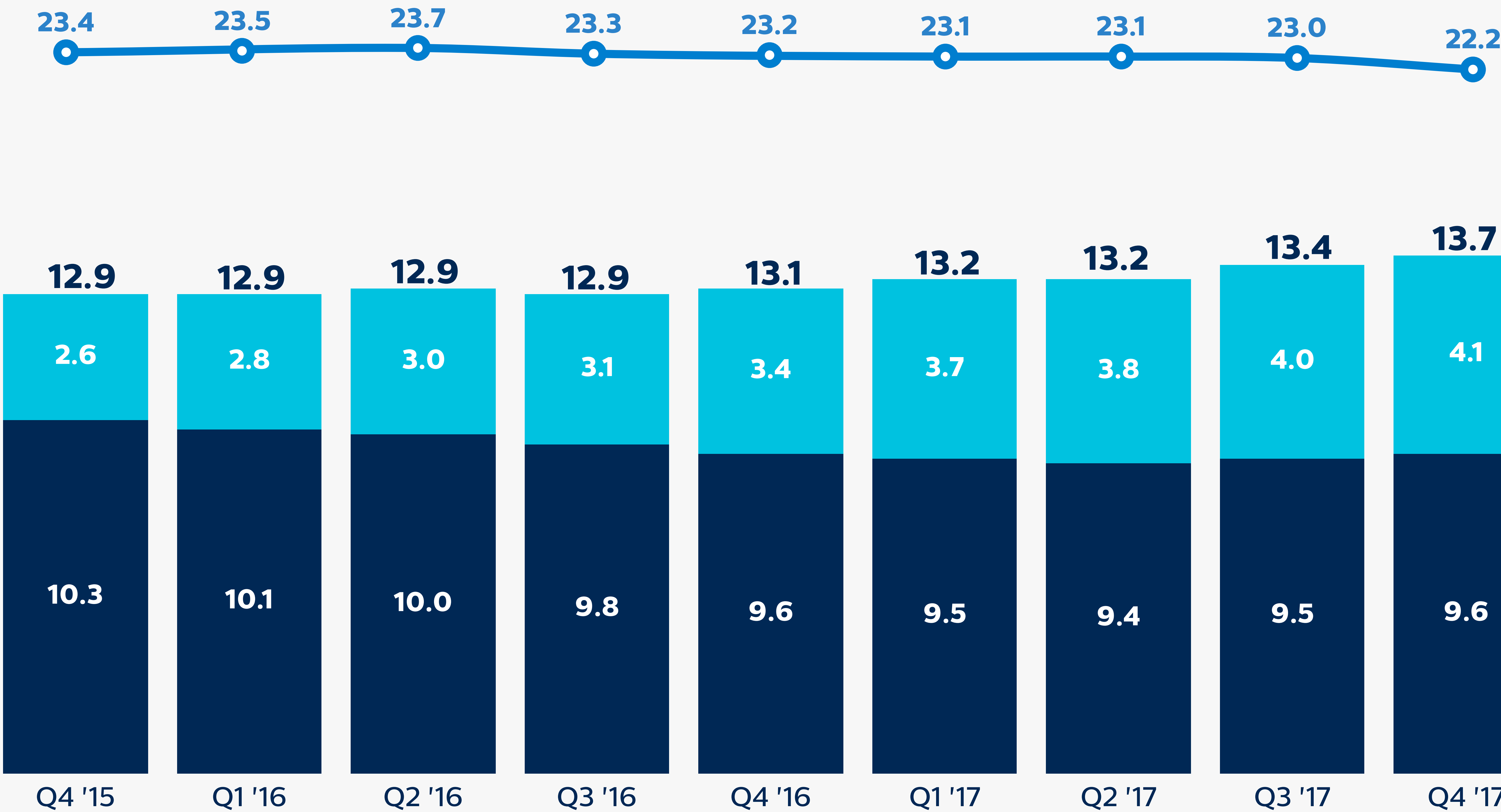
- ▶ Champions League
- ▶ UEFA Europe League
- ▶ Italia Serie A
- ▶ NBA
- ▶ English Premier League
- ▶ 3 Cinema & 5 Sports Inhouse Channels
- ▶ Kids & Documentary Channels
- ▶ 8500+ on demand assets

Fixed Voice

Access Lines and ARPU

■ Fixed Voice (mn) ■ Naked Broadband (mn)

○ Fixed Voice ARPU (TL)



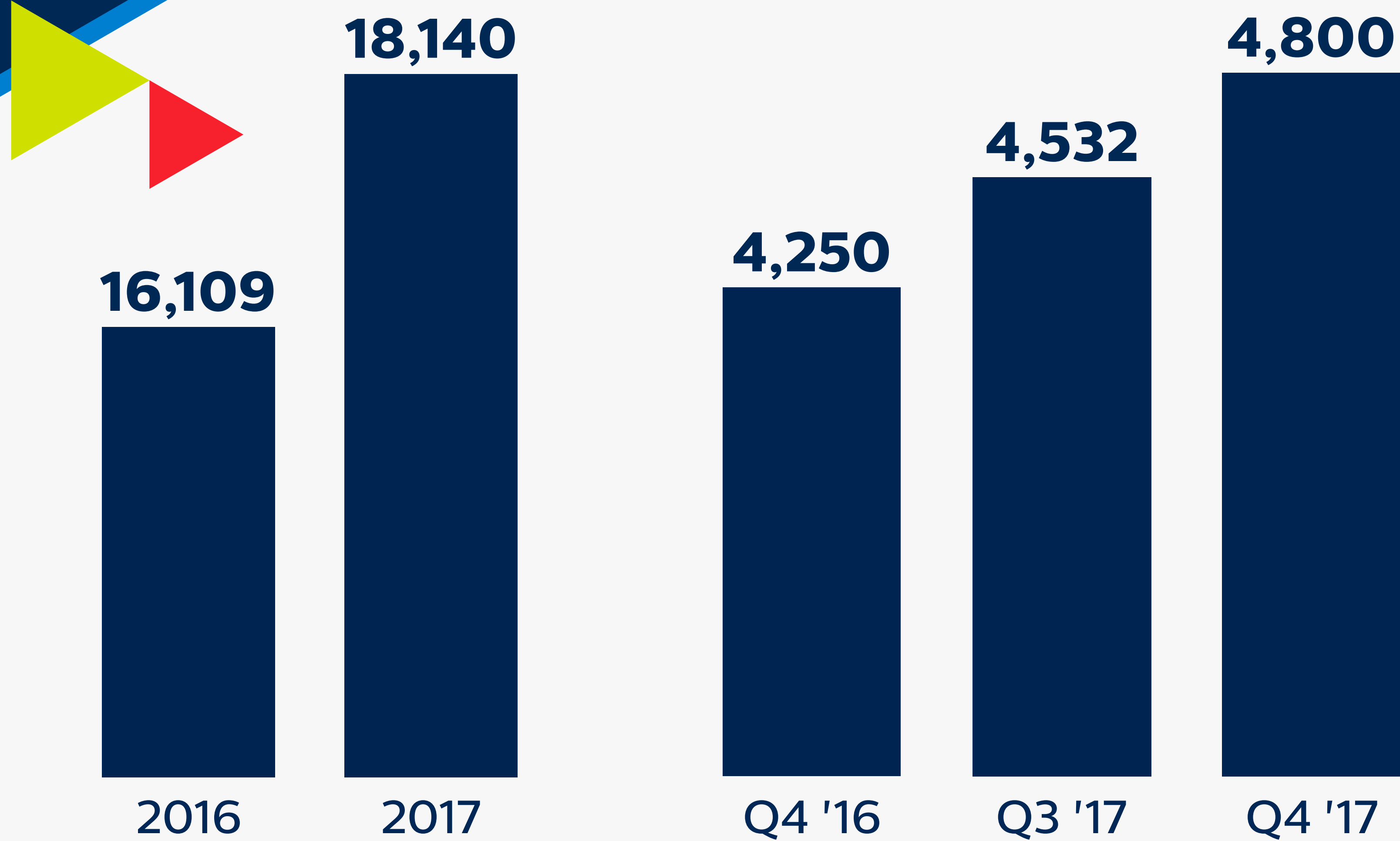
118K
net additions
in Q4
in fixed voice

Financials

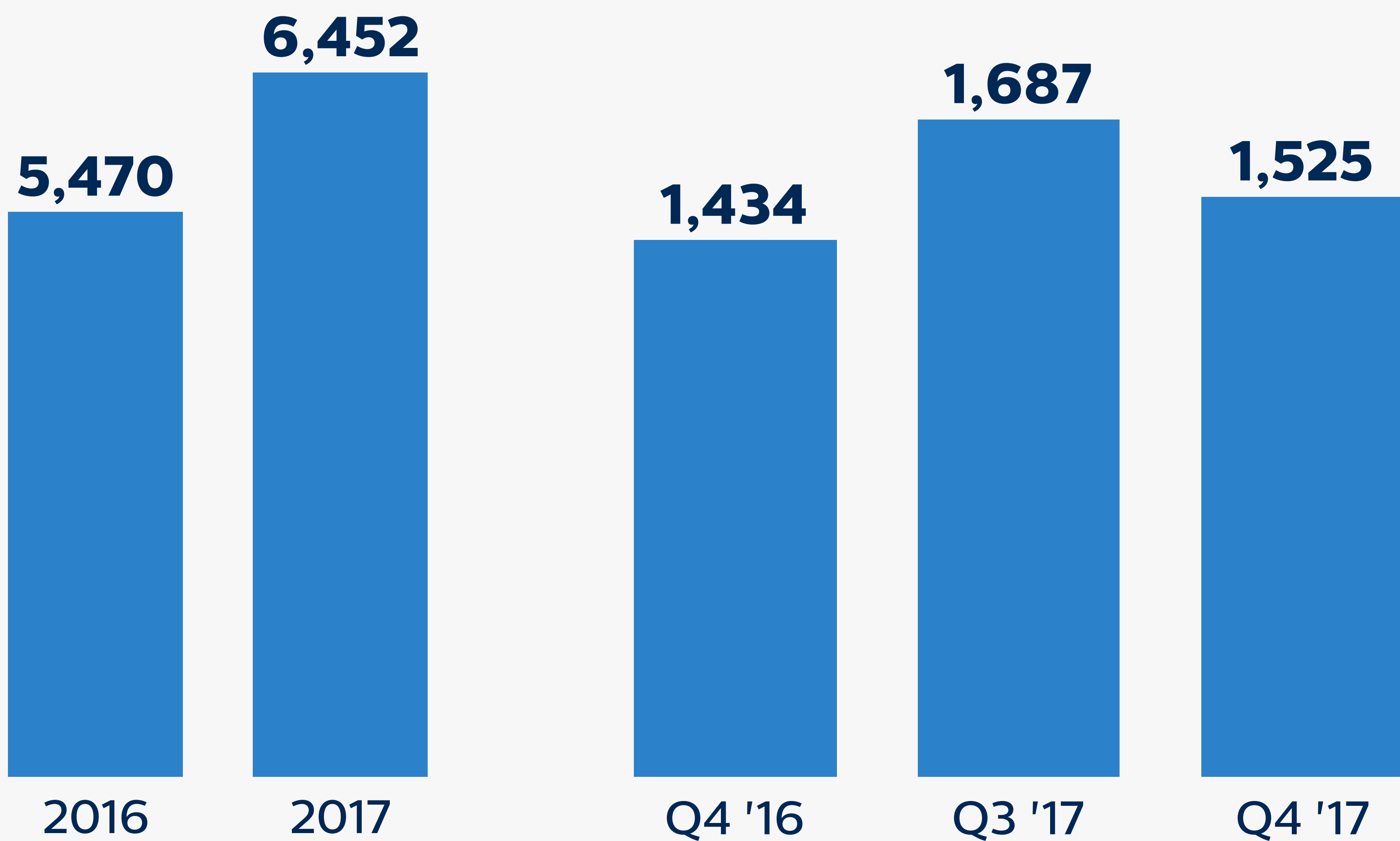


Financial Performance

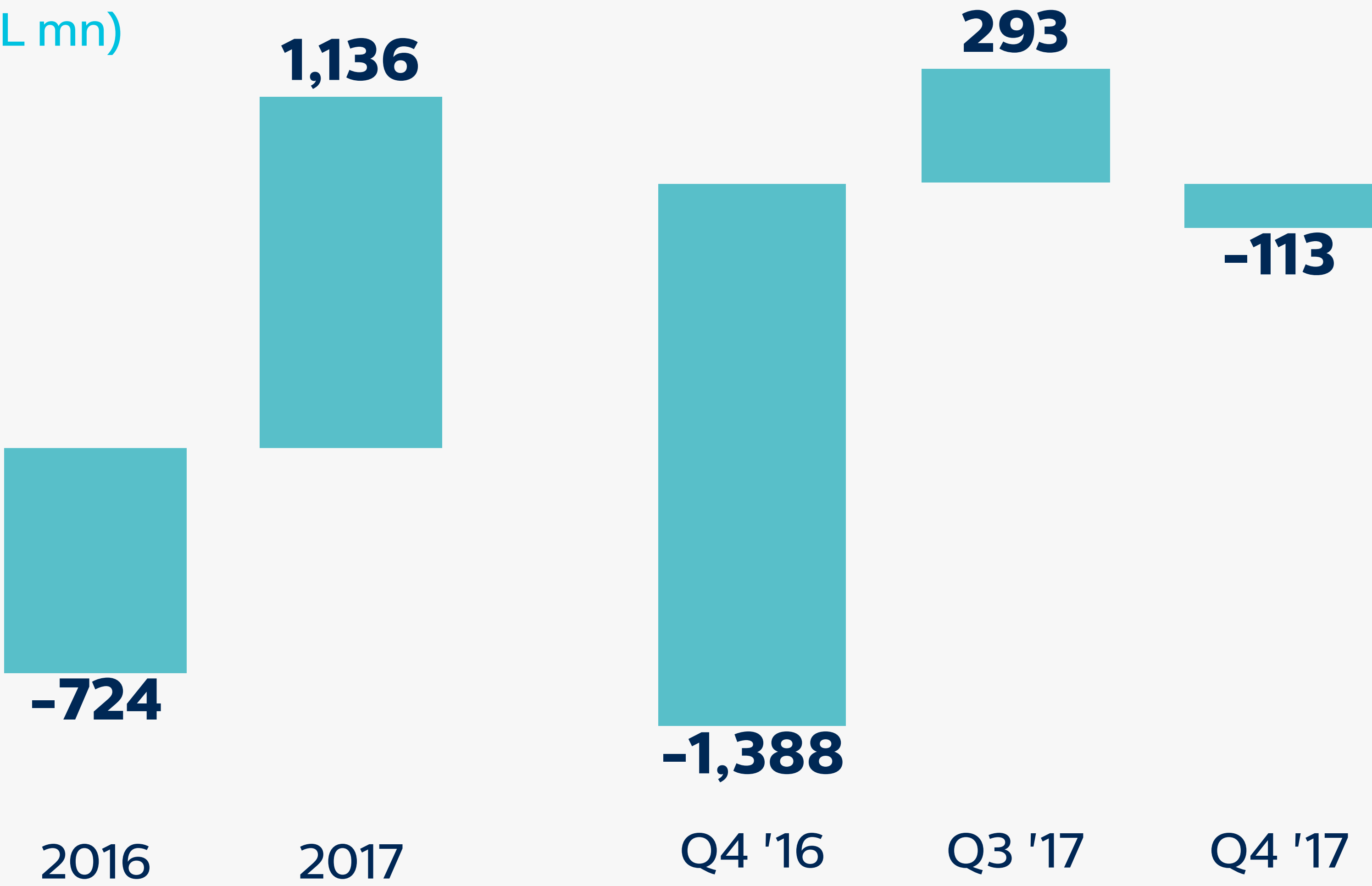
Revenue
(TL mn)



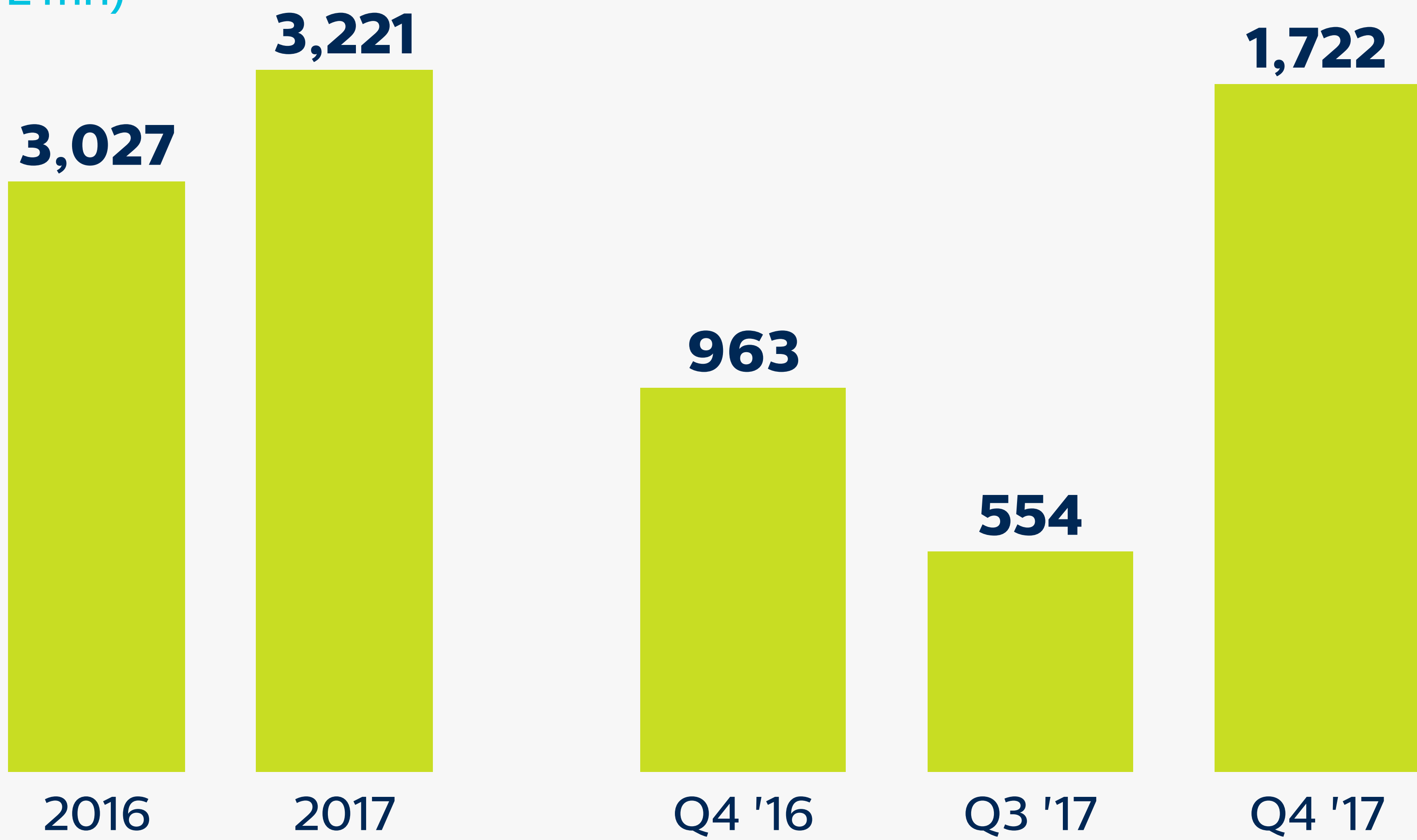
EBITDA
(TL mn)



Net Income
(TL mn)

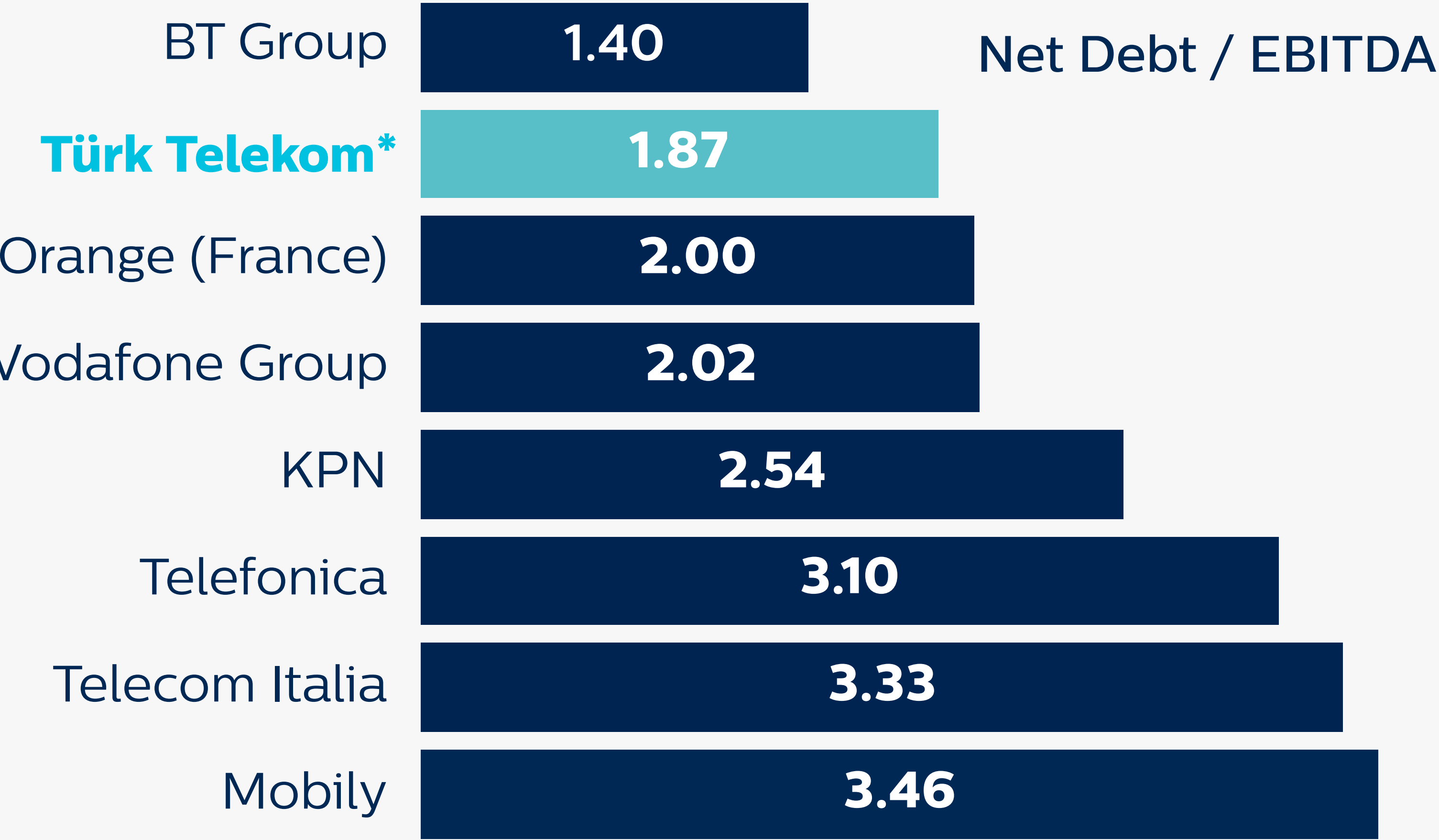


Capex
(TL mn)



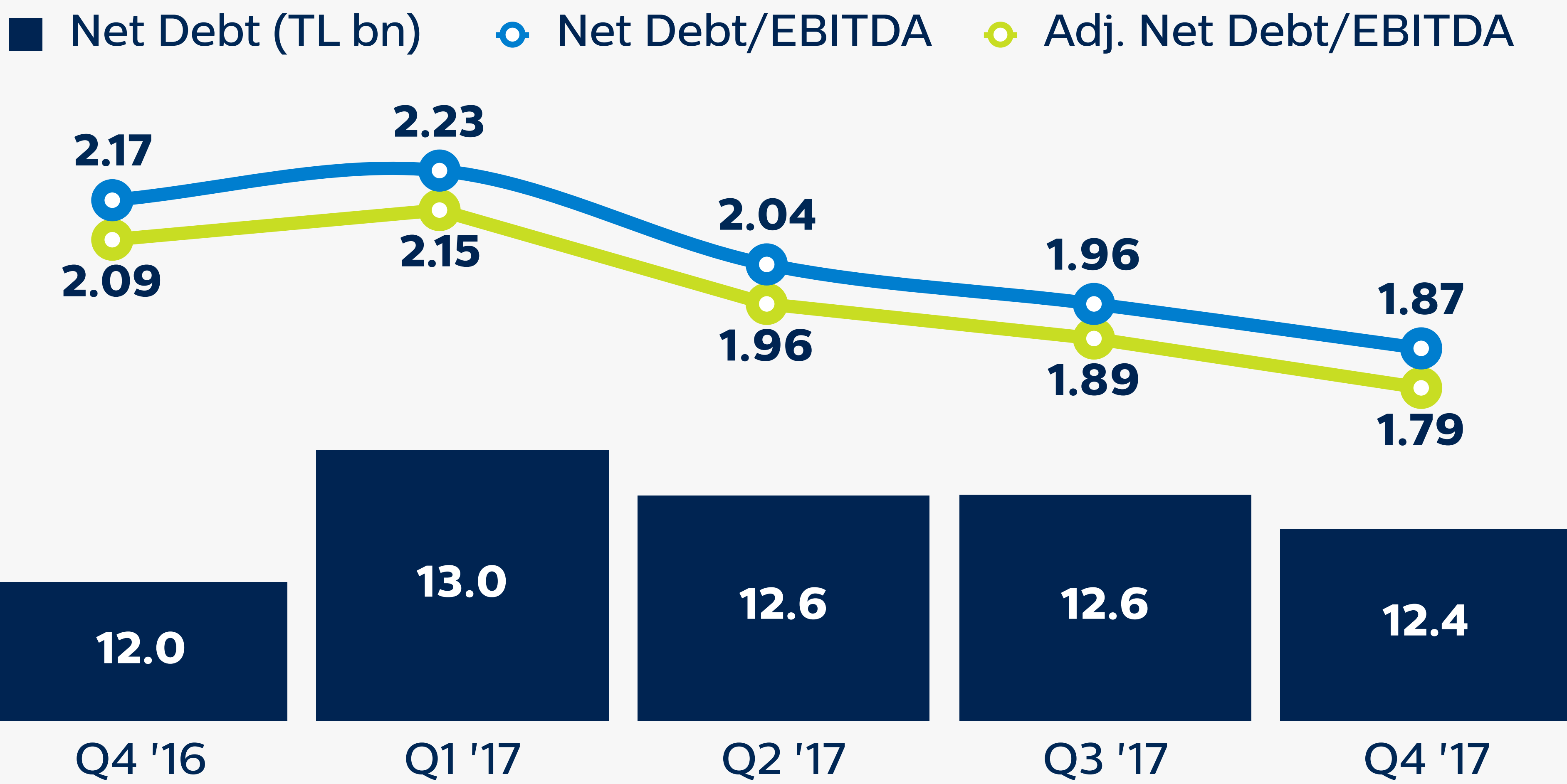
Debt Profile

Low debt burden compared to peers



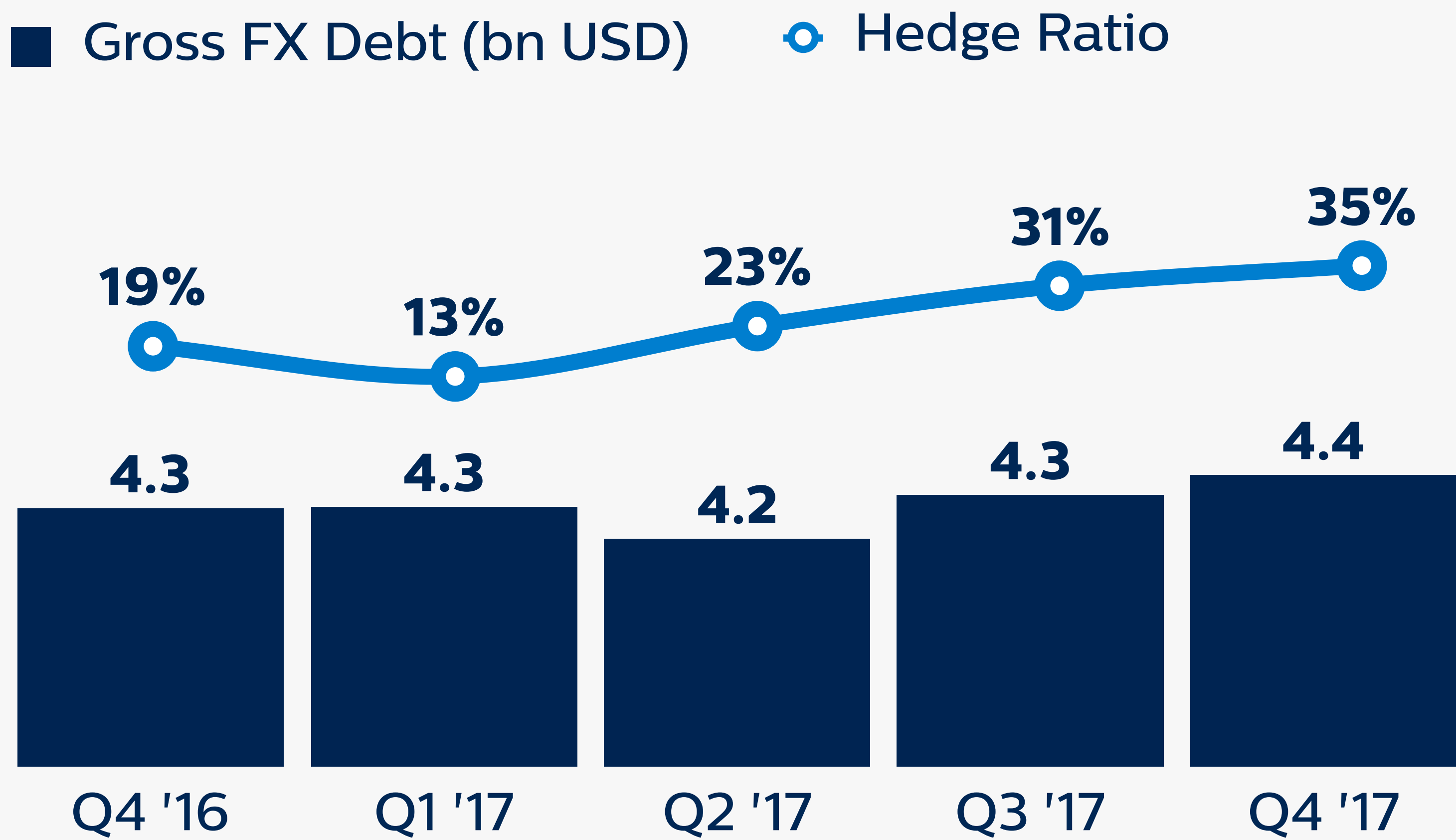
Source: Bloomberg
Türk Telekom's ratio is based on Q4'17 financials; other's based on their latest data

Net Debt



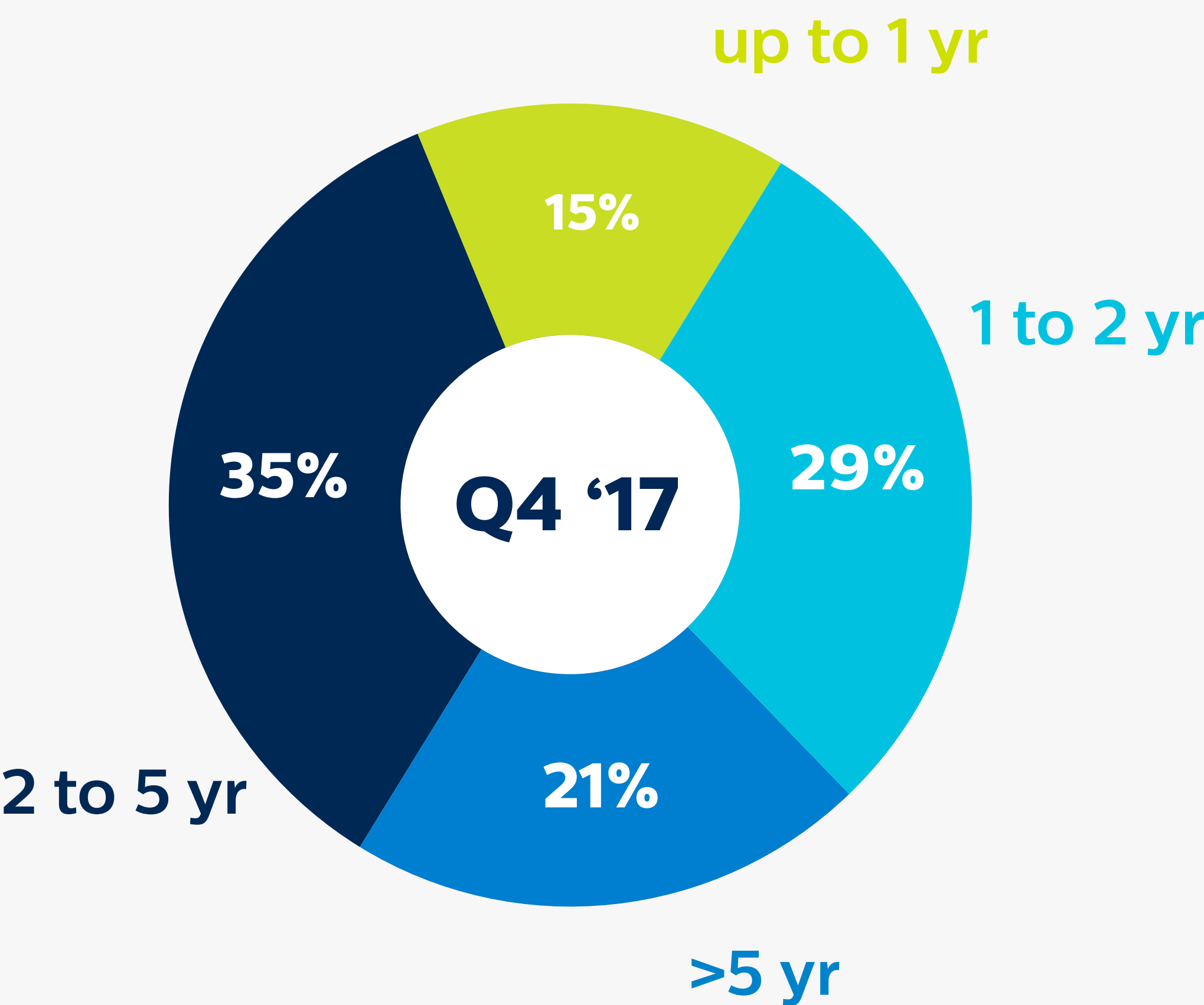
Note: Net Debt/EBITDA calculation excludes extraordinary claims.
Adjusted Net Debt/EBITDA includes MTM from USD TRY CCS

Hedge Ratio



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

Maturity Profile



Guidance

TL mn	2017 YE	2018 Guidance
Revenue (exc. IFRIC 12) ¹	17,435	~11% growth
EBITDA	6,452	TL 7.0 to 7.2 bn
CAPEX	3,221	~TL 3.5 bn

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

Strategy

► GROWTH

- FBB penetration drive & upsell focus, partnerships with electricity companies
- Mobile market share growth
- TV reach increase, Wireless Homes
- Synergy offers & crossells
- New revenue streams: Smart Cities, Health Campuses

► EFFICIENCY

- Go-to-market & customer care effectiveness
- Strict cost control
- Streamlined organization
- Simple and effective portfolio
- Rigorous CAPEX management & asset efficiency initiatives

► STRATEGIC INITIATIVES

- Customer Experience Program (EMPATHY)
- Enhanced value creation for subsidiaries, Argela (R&D and innovation centre), Innova (Large scale ICT projects), Sebit (edtech) and others
- Focus on verticals: Energy, Healthcare & Education
- Network and IT transformation: Commercialization of SDN & NFV
- Digitalization for consumers (Muud, e-dergi, Tambu, Tivibu Go) and enterprise digital transformation
- CVC initiative: Türk Telekom Ventures

FBB Penetration Drive

Internet Bizden &
Regional Campaigns

c.30%

of Q4 '17 FBB net adds via
Internet Bizden campaign



Wireless Homes

c.80%

of Q4 '17 of gross DTH
subs adds via mobile
synergy offers



Partnerships with Electricity Companies



TÜRK TELEKOM VENTURES

tamhou

Turkey's Digital Keyboard

4.5 mn

downloads

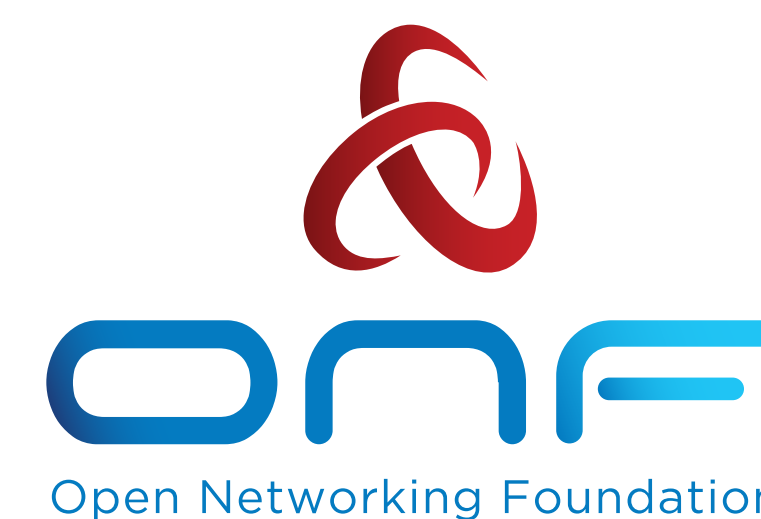
1.6 mn

monthly active users

Network Transformation

SDN & NFV solutions for NextGen
Technologies

ARGELA



Enterprise Digital Transformation



Differentiated Verticals



Appendix



Income Statement

(TL mn)	2016	2017	YoY Change	Q4 '16	Q4 '17	YoY Change
Revenues	16,109	18,140	12.6%	4,250	4,800	12.9%
EBITDA	5,470	6,452	18.0%	1,434	1,525	6.3%
Margin	34.0%	35.6%		33.7%	31.8%	
Operating Profit	2,621	3,433	31.0%	658	713	8.4%
Margin	16.3%	18.9%		15.5%	14.8%	
Financial Income / (Expense)	(3,018)	(1,954)	(35.2%)	(2,180)	(1,061)	(51.3%)
FX & Hedging Gain / (Loss)	(2,517)	(1,454)	(42.2%)	(2,007)	(886)	(55.8%)
Interest Income/(Expense)	(360)	(340)	(5.6%)	(90)	(91)	1.7%
Other Financial Income/ (Expense)	(141)	(160)	13.5%	(84)	(84)	(0.0%)
Tax Expense	(328)	(343)	4.6%	134	235	74.9%
Net Income	(724)	1,136	n.m.	(1,388)	(113)	(91.8%)
Margin	n.m.	6.3%		n.m.	n.m.	

Note: FX Rates used in financial income/expense calculation are as follows:

Balance Sheet

(TL mn)	31.12.2016	30.09.2017	31.12.2017
Total Assets	26,874	26,519	29,149
Intangible Assets ¹	8,341	8,148	8,438
Tangible Assets ²	8,760*	8,362	9,138
Other Assets ³	6,757*	7,247	7,473
Cash and Equivalents	3,016	2,761	4,100
Total Equities and Liabilities	26,874	26,519	29,149
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	126	1,389	1,295
Interest Bearing Liabilities ⁴	15,041	15,398	16,492
Provisions for Employee Termination Benefits	696	673	711
Other Liabilities ⁵	7,751	5,798	7,391

(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

(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

*As of 2017 YE, set-top boxes and satellite receivers amounting to TL 49 mn for the year ended 31 December 2016 which were previously presented in inventory in consolidated financial statements, are classified in property, plant and equipment

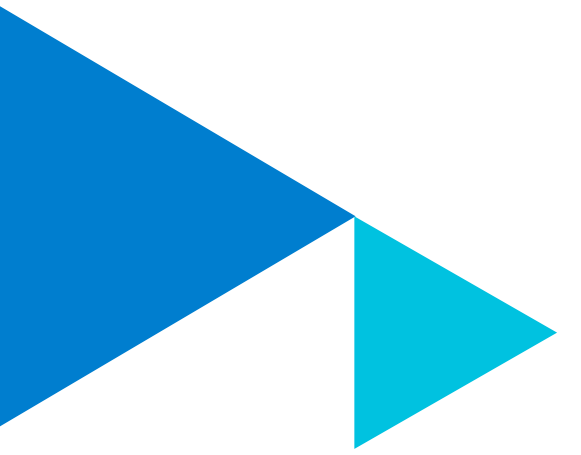
Q&A

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Thank You



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