

TÜRK TELEKOM GROUP
2012 Q3 Results

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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



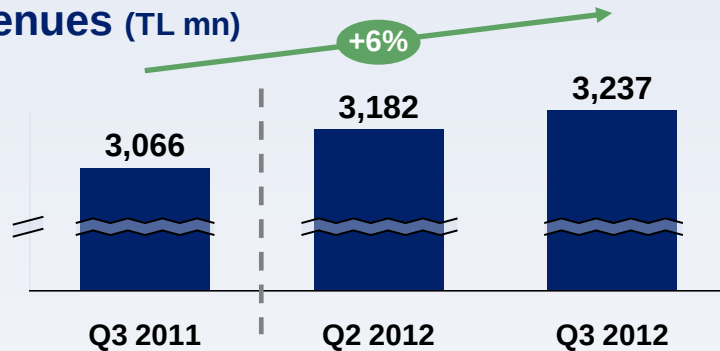
2012 Third Quarter Highlights

- Revenues grew 6% year on year
- Consolidated EBITDA margin at 40%
- Net income increased 77% year on year
- Sustained revenue growth in mobile business with 11%, and improved profitability with 12% increase in EBITDA
- Continued growth in fixed broadband with 6% year on year revenue increase



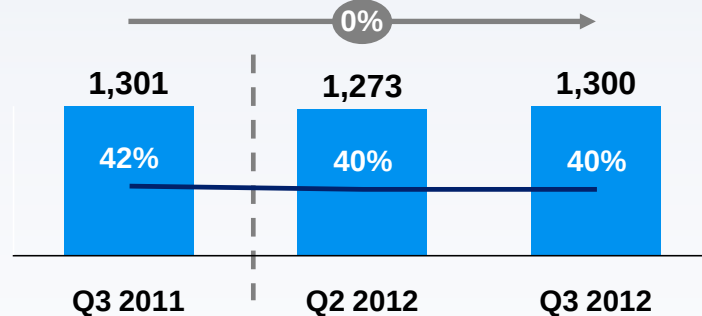
Consolidated Financial Summary

Revenues (TL mn)



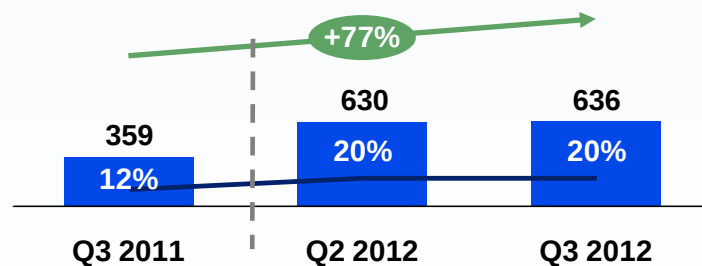
- **6% revenue increase YoY** driven by mobile and fixed broadband revenue growth together with growth in construction revenue¹ due to increased level of eligible CAPEX

EBITDA (TL mn) & Margin



- **EBITDA margin was kept at 40%**

Net Income (TL mn) & Margin



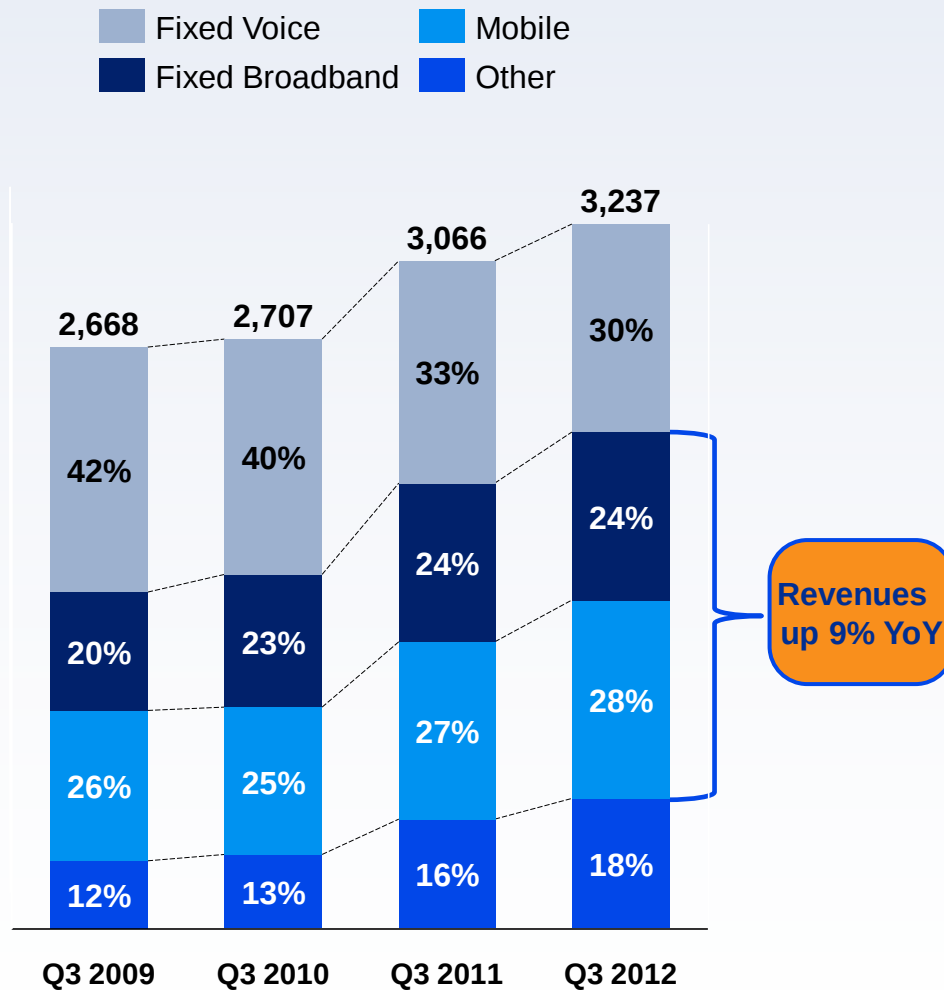
- **77% increase in net income**, supported by favorable exchange rates

(1) According to IFRIC (International Financial Reporting Interpretations Committee) Interpretation 12



Increased Revenue Share from High Growth Areas

Consolidated Revenue Mix (TL mn)



- While consolidated revenue grows, **fixed voice holds less share** in the revenue mix.
- As of quarter three, **30% of total revenues come from fixed voice** compared to 42% in Q3 2009
- Fixed broadband and mobile revenues produce **more than half of total revenues** and they jointly record a **9% growth**

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

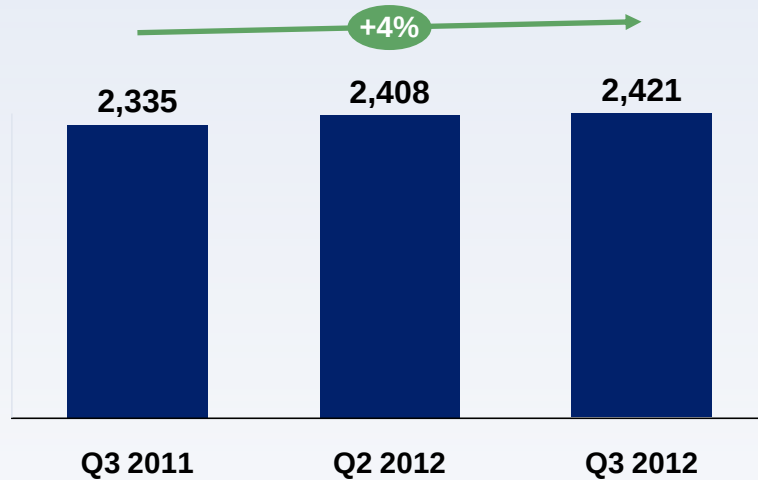


FIXED LINE



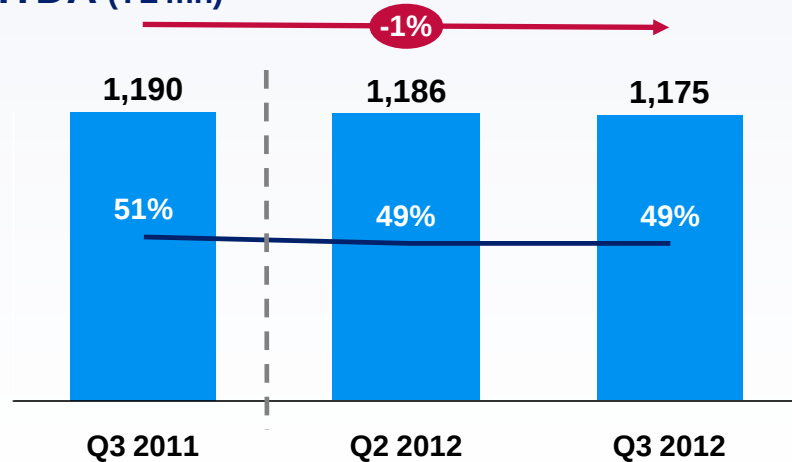
Fixed Line

Revenues (TL mn)



- **4% increase in fixed line revenues** driven primarily by upsells, price increases and construction revenues¹

EBITDA (TL mn)



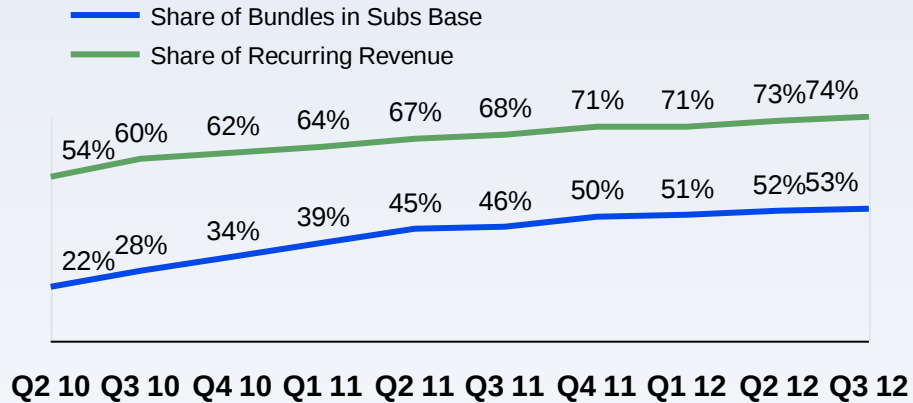
- **Robust EBITDA margin with 49%**
 - Personnel cost reduced to **18%** of revenues from **19%** in Q2 2012
 - Access lines per employee at 600

(1) According to IFRIC (International Financial Reporting Interpretations Committee) Interpretation 12



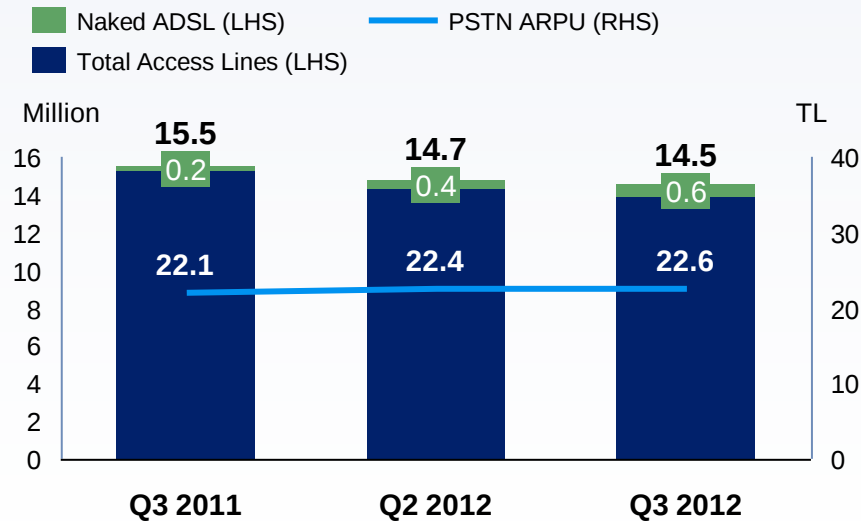
Revenue Stabilization Efforts in Fixed Voice

Bundle Packages and Recurring Revenue



- **Recurring revenues are now 74% of total fixed voice revenues** driven by minute bundle packages
- **Extended partnerships with leading brands** continue to offer additional value to PSTN line holders and help reduce churn
- **Naked ADSL subscribers grew 37% QoQ** and mitigated the decrease in PSTN lines
- **3% YoY increase in ARPU** driven by June 2012 price increase.

Total Access Lines and ARPU¹

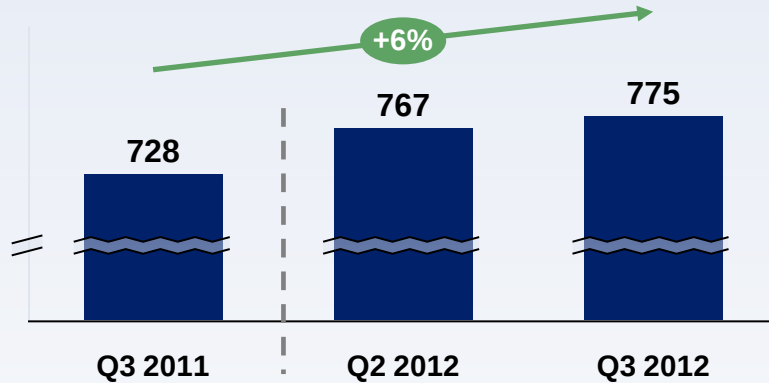


(1) Revenue divided by average number of connections

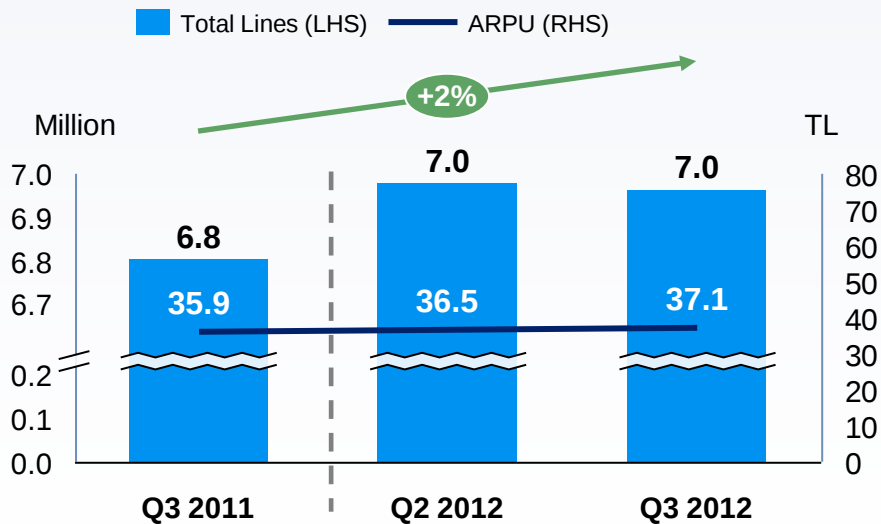


Fixed Broadband revenue growth sustained

Fixed Broadband Revenues (TL mn)



Fixed Broadband Lines & ARPU



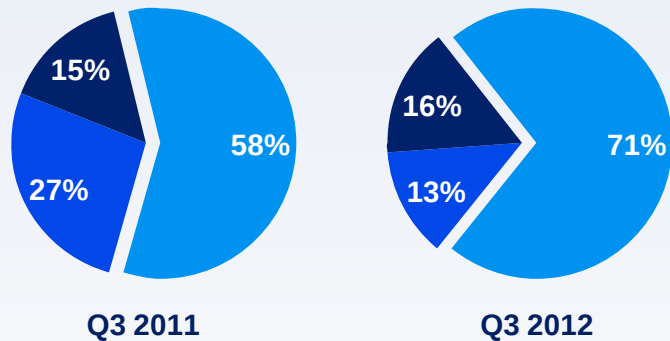
- **6% YoY revenue growth in fixed broadband** driven mainly by upsells and price increase
- **161K YoY net adds** in fixed broadband subscribers
- FTTB/H roll out continues with **home pass** reaching over **1.5 mn**
- **Increased focus on multi-play packages** including fixed voice, fixed broadband and TV
- **Fixed broadband household penetration at 41%**, indicating significant potential



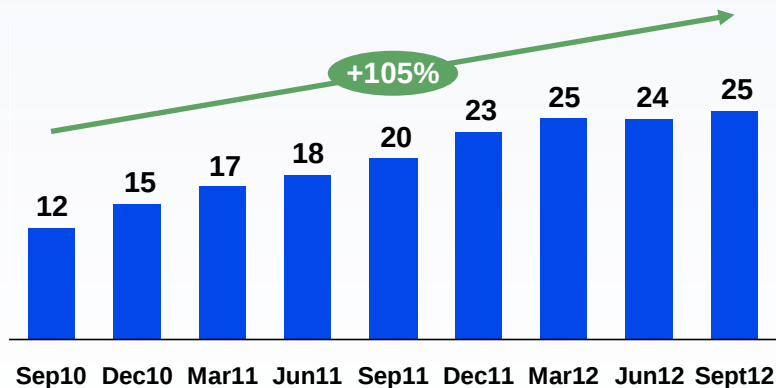
Fixed Broadband – Upselling to higher speed and capacity

Capacity Breakdown

■ Limited (4GB and below) ■ Unlimited
■ Limited (over 4GB)



Monthly Data Usage (GB)



- Solid demand for higher speed and capacity
- 92% of total customers are now in “up to 8 mbps” and higher speed packages
- Unlimited capacity subscribers reached 71% of total, a growth of 22% YoY
- Average monthly data usage reached 25 GB per month, an increase of 105% in the past 2 years

Note: Capacity, speed and data usage are TTNET figures

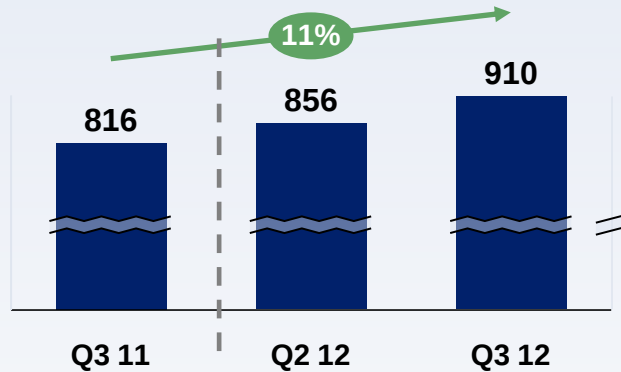


MOBILE



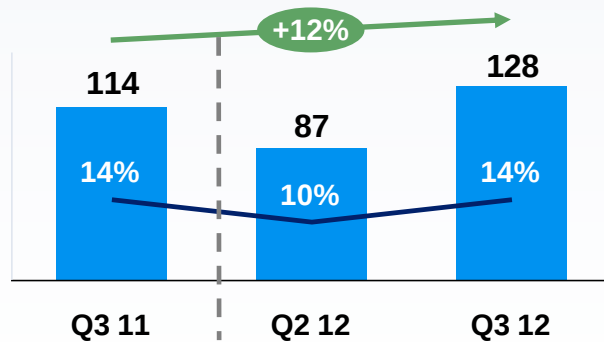
Mobile – Growth Continues with Improved Profitability

Mobile Revenues (TL mn)



- **Record quarterly revenues**, reaching TL 910mn (up 11%), driven by increased interconnect and data revenues

Mobile EBITDA (TL mn)

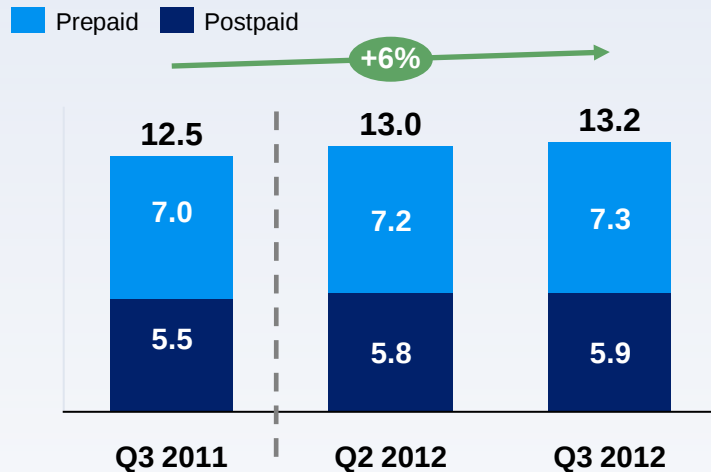


- **Improved profitability** with EBITDA growing 12% YoY while **EBITDA margin increased to 14%**



Mobile – Subscriber Composition

Subscriber Composition

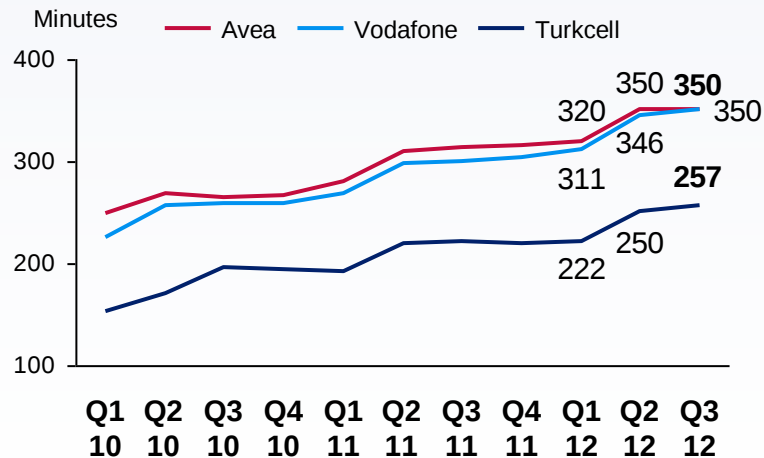


- **Number of subscribers increased 6% YoY** with 680K net add in the past year and 206K net add in Q3 2012

- Post-paid subscribers grew **6.2% YoY** while pre-paid subscribers increased **4.8% YoY**

- **Highest post-paid to total subscribers ratio in the market with 44%**

Market MoU



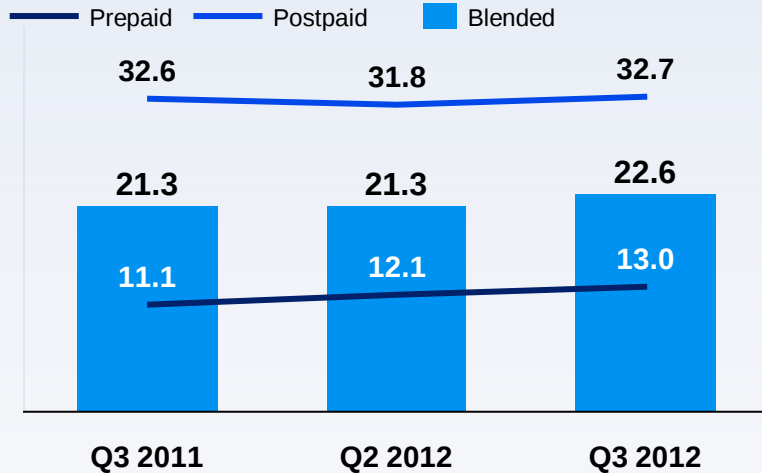
- **MoU increased %12 YoY** with continued upward trend in postpaid subscriber ratio

- **Sustained MoU**, consistently highest in the past 5 years



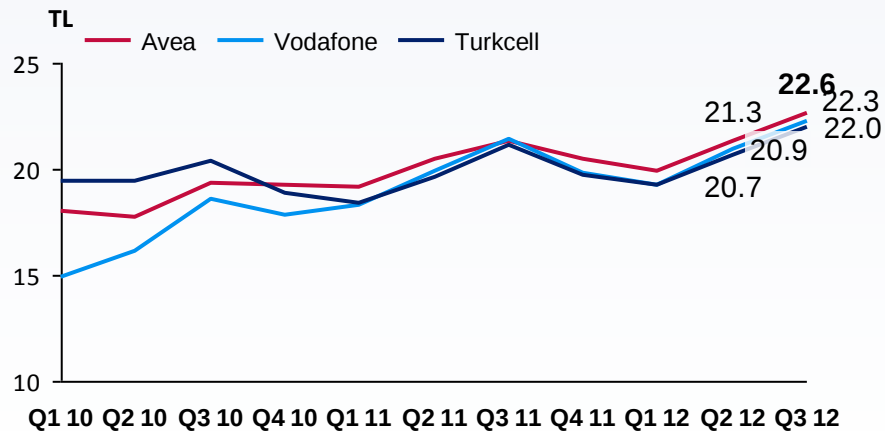
Mobile – Average Revenue Per User

Avea ARPU (TL)



- **Blended ARPU increased by 6% YoY** driven by increased data usage and incoming traffic

Market Blended ARPU (TL)

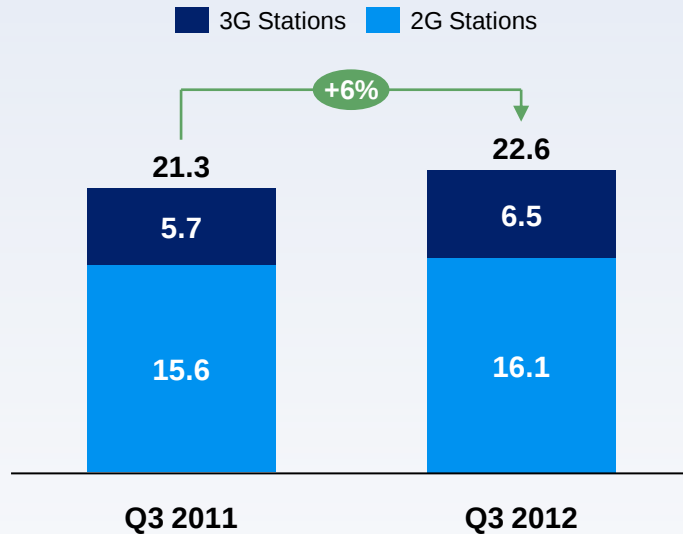


- **Highest blended ARPU in the market as of Q2 2012**



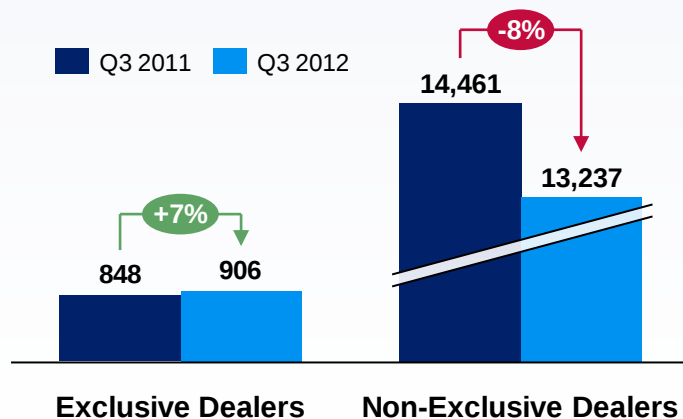
Mobile – Investments in Network and Channel

Base Stations



- **15% increase in 3G base stations**, reaching a population coverage of over **77%**
- **3% increase in 2G base stations**, reaching a population coverage of **98%**
- **7% increase in exclusive dealers**
- **8% decrease in non-exclusive dealers as part of optimization**

Distribution Channel

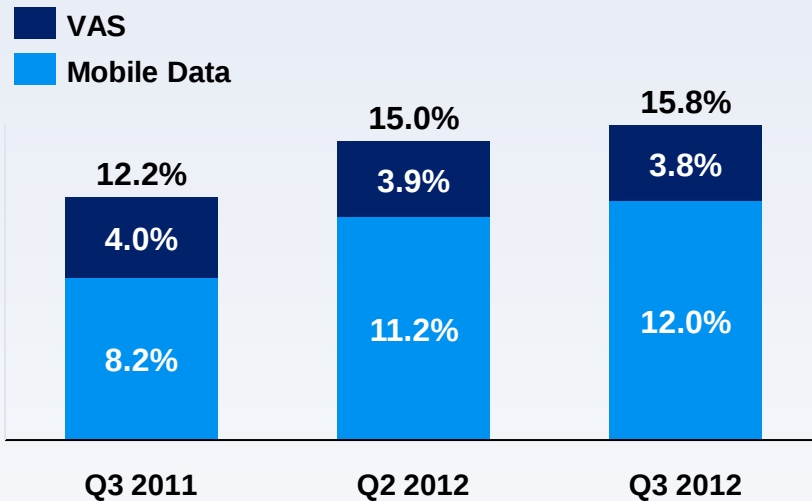


- 1,300 TT & TTNET cross sale points also sell Avea products
- **Bundled offerings** of fixed and mobile products in cooperation with TTNET
- **Alternative channels** through partnerships with leading retailers such as BIM

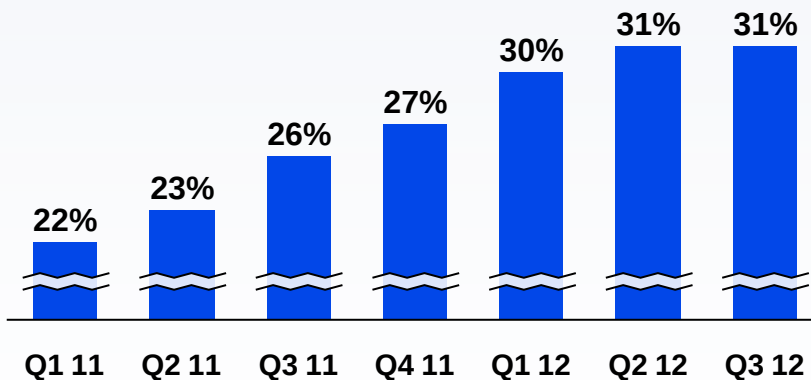


Mobile – Focus on Mobile Data

Mobile Data¹ and VAS² shares in Revenues



Share of Small Screen Data Users



- **Substantial growth in mobile data revenues** with **64%** YoY increase in Q3 2012
- Mobile data revenues constitute **12%** of total service revenues in Q3 2012
- **Smartphone and tablet campaigns** continued to increase data revenues and promote customer loyalty
- **Number of small screen³ data users** accessing internet via mobile broadband, including smartphones and tablets, **grew 28%** YoY in Q3 2012

(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 base excluding large screen users.



FINANCIALS



TT Consolidated – Summary P&L Statement

TL Millions	2011 Q3	2012 Q2	2012 Q3	YoY % Change	QoQ % Change
Revenues	3.066	3.182	3.237	6%	2%
EBITDA¹	1.301	1.273	1.300	0%	2%
Margin	42%	40%	40%		
Operating Profit	916	840	892	-3%	6%
Margin	30%	26%	28%		
Financial Income/Expense	(460)	(21)	(85)	82%	-305%
FX & Hedging Gain/Loss	(404)	37	(19)	95%	NM
Interest Income/Expense	(26)	(21)	(44)	-69%	-107%
Other Financial Income/Expense	(31)	(36)	(22)	27%	39%
Tax Expense	(148)	(199)	(176)	-19%	11%
Net Income	359	630	636	77%	1%
Margin	12%	20%	20%		

(1) In Q3 2012 consolidated EBITDA and profit before tax would be TL 36 mn higher excluding one-off expenses caused by bad debt reserve related to receivables from international customers and other.



TT Consolidated – Summary Balance Sheet

TL Millions	30.09.2011	30.06.2012	30.09.2012
Intangible Assets ¹	3.459	3.597	3.768
Tangible Assets ²	7.858	8.263	8.257
Other Assets ³	3.443	3.668	3.762
Cash and Equivalents	957	930	1.038
Total Assets	15.717	16.458	16.825
Share capital	3.260	3.260	3.260
Reserves and Retained Earnings	2.006	1.826	2.450
Interest Bearing Liabilities ⁴	5.755	6.830	6.479
Provisions for Long-term Employee Benefits	621	645	664
Other Liabilities ⁵	4.075	3.897	3.972
Total Equity and Liabilities	15.717	16.458	16.825

(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



TT Consolidated – Summary Cash Flow Statement

TL Millions	2011 Q3	2012 Q2	2012 Q3	YoY % Change	QoQ % Change
Cash Flow from Operating Activities	1.188	842	1.217	2%	45%
Cash Flow from Investing Activities	(558)	(538)	(497)	11%	8%
CAPEX	(665)	(658)	(565)	-15%	14%
Other Investing Activities	107	120	68	-37%	-43%
Cash Flow from Financing Activities	(524)	(434)	(482)	8%	-11%
Net Change in Cash Position ¹	106	(131)	238	124%	NM

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



TT Consolidated – Summary Revenue Breakdown

TL Millions	2011 Q3	2012 Q2	2012 Q3	YoY % Change	QoQ % Change
Fixed Line	2.335	2.408	2.421	4%	1%
Domestic PSTN	1.021	974	957	-6%	-2%
ADSL	728	767	775	6%	1%
Data Services	116	134	140	20%	4%
International Settlements	135	102	125	-7%	23%
Domestic interconnection	84	73	79	-5%	8%
Leased lines	111	93	91	-18%	-2%
Rental income from GSM operators	24	24	24	-1%	2%
Other	61	64	84	38%	30%
Construction Revenue (IFRIC 12) ¹	55	177	146	165%	-18%
Mobile	816	856	910	11%	6%
Eliminations	(85)	(82)	(93)	-9%	-13%
Total Revenue	3.066	3.182	3.237	6%	2%

(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



TT Consolidated – Summary OPEX Breakdown

TL Millions	2011 Q3	2012 Q2	2012 Q3	YoY % Change	QoQ % Change
Personnel	489	512	501	2%	-2%
Domestic interconnection	167	201	227	36%	13%
International interconnection	88	71	89	0%	24%
Commercial ¹	277	282	260	-6%	-8%
Maintenance and Operations	114	105	117	2%	12%
Taxes & Government Fees	209	207	210	1%	1%
Doubtful Receivables	27	(8)	58	111%	NM
Others	344	383	348	1%	-9%
Sub-Total	1.716	1.753	1.809	5%	3%
Construction Cost (IFRIC 12) ²	49	157	129	164%	-18%
Total OPEX	1.765	1.910	1.937	10%	1%

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

(2) 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



Fixed Line Business – Summary P&L Statement

TL Millions	2011 Q3	2012 Q2	2012 Q3	YoY % Change	QoQ % Change
Revenues	2.335	2.408	2.421	4%	1%
EBITDA¹	1.190	1.186	1.175	-1%	-1%
Margin	51%	49%	49%		
Operating Profit	951	911	927	-3%	2%
Margin	41%	38%	38%		
CAPEX	424	544	435	3%	-20%
CAPEX as % of Revenue	18%	23%	18%		

(1) Please see the footnote on slide 19



Fixed Line Business – Summary OPEX Breakdown

TL Millions	2011 Q3	2012 Q2	2012 Q3	YoY % Change	QoQ % Change
Personnel	439	455	439	0%	-3%
Domestic interconnection	26	26	45	72%	73%
International interconnection	85	67	85	0%	26%
Commercial ¹	162	154	144	-11%	-7%
Maintenance and Operations	82	81	84	3%	4%
Taxes & Government Fees	59	57	52	-11%	-9%
Doubtful Receivables	7	(19)	44	518%	NM
Others	236	243	223	-6%	-8%
Sub-Total	1.096	1.065	1.117	2%	5%
Construction Cost (IFRIC 12) ²	49	157	129	165%	-18%
Total OPEX	1.145	1.222	1.246	9%	2%

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

(2) 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 Business – Summary P&L Statement

TL Millions	2011 Q3	2012 Q2	2012 Q3	YoY % Change	QoQ % Change
Revenues	816	856	910	11%	6%
EBITDA¹	114	87	128	12%	47%
Margin	14%	10%	14%		
Operating Profit	(33)	(70)	(33)	0%	54%
Margin	-4%	-8%	-4%		
CAPEX	198	134	146	-26%	8%
CAPEX as % of Revenue	24%	16%	16%		

(1) Please see the footnote on slide 19



Mobile Business – Summary OPEX Breakdown

TL Millions	2011 Q3	2012 Q2	2012 Q3	YoY % Change	QoQ % Change
Personnel	53	61	63	19%	3%
Domestic interconnection	164	196	211	28%	7%
International interconnection	4	4	4	1%	-4%
Commercial ¹	115	128	117	2%	-9%
Maintenance and Operations	32	26	31	-3%	19%
Taxes & Government Fees	150	150	158	5%	5%
Doubtful Receivables	20	11	14	-32%	19%
Others	164	192	185	13%	-4%
Total	702	769	782	11%	2%

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



Debt Profile

Debt	In Currency	TL Equivalent	< 3 Months	3 Months to 1 Year	1 to 5 Years	> 5 Years
TL Debt	1.742	1.742	1.731	11	0	0
USD Debt	1.223	2.182	167	273	1.556	185
EUR Debt	1.045	2.412	96	259	1.730	328
JPY Debt	4.951	114	0	0	114	0
In Millions	TOTAL	6.450	1.995	543	3.399	513

Average maturity of foreign currency debt is 2.5 years

Ratios	Q3 2011	Q3 2012
Net Debt / EBITDA	0,93	1,08
Net Debt / Assets	0,31	0,32
Debt (Total Liabilities) / Equity	1,98	1,95
Debt (Financial) / Equity	1,09	1,13
Current Ratio	0,74	0,83



APPENDIX



Guidance for 2012

- Consolidated Revenue: 6 - 8% Growth over 2011
- Consolidated EBITDA Margin: Low 40%s
- Consolidated CAPEX: Around TL 2.4 billion



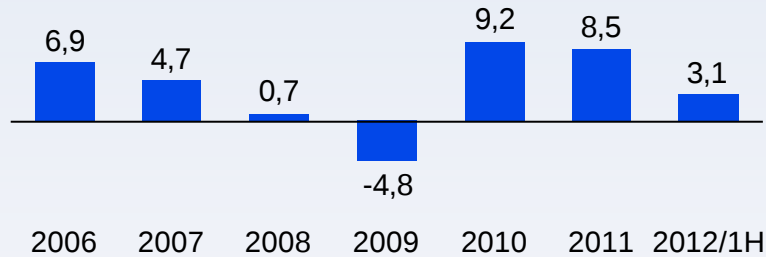
Dividend

TL Millions	2010	2011
Net Profit	2.451	2.069
Legal Reserves	207	172
Total Dividend	2.244	1.897
Payout Ratio	92%	92%
<i>Gross Dividend Per Share (TL)</i>	<i>0,64</i>	<i>0,54</i>



Macro Highlights

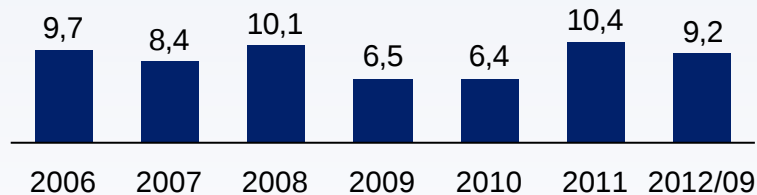
Annual Real GDP Growth Rate, % ¹



- The Turkish economy grew by 2.9% y/y in 2Q 2012, resulting in a GDP growth rate of 3.1% in the first half of the year.

- The Central Bank expects a mild economic activity and relatively weaker GDP growth rate of 2.0-2.5% in the third quarter of the year. For the whole year, the Government's GDP growth rate forecast is 3.2%.

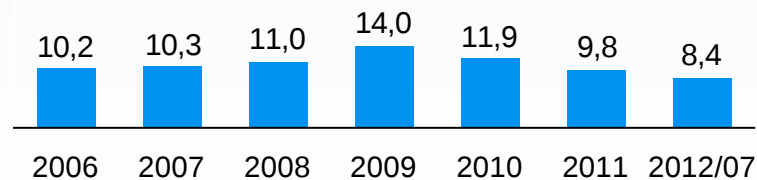
Annual CPI Inflation, % (eop) ²



- As of September, the annual CPI inflation is at 9.2%.

- The Government estimates the year-end inflation as 7.4% in 2012 on the back of elevated oil prices, price adjustments in September and October, and negative reflection of high inflation on general pricing behavior.

Unemployment Rate, % ³



- As of July, the unemployment rate is at 8.4%.

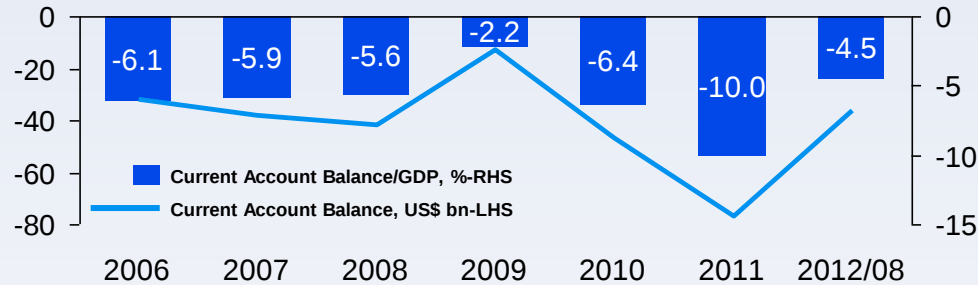
- With uncertainties regarding the global economy and weak domestic economic activity outlook standing out as the key factors weighing on employment growth, the Government cautiously expects the annual average unemployment rate to register as 9.0% during 2012.

Source for 1 & 2 & 3: TURKSTAT



Macro Highlights (continued)

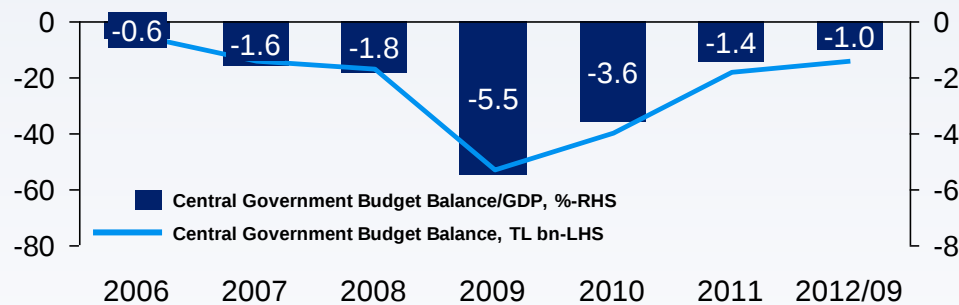
Current Account Balance ⁴



■ As of August, a current account deficit of US\$ 36.1 bn is recorded on year-to-date basis, equaling around 4.5% of the GDP.

■ The Government estimates the current account deficit as US\$ 58.7 bn (7.3% of the GDP) in 2012, remaining subject to the rebalancing process between domestic and external demand as well as to the course in energy prices.

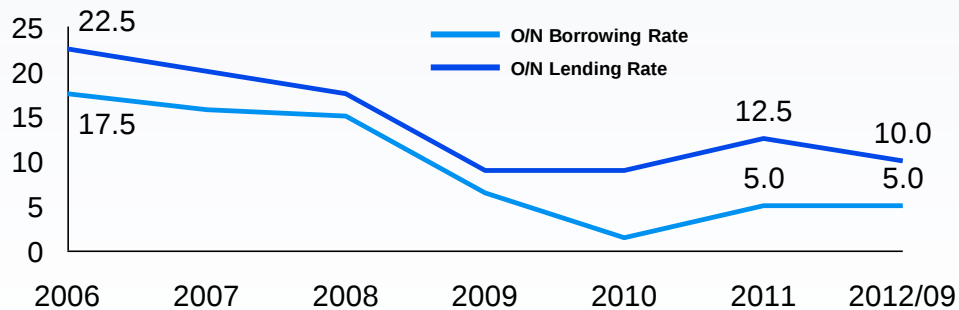
Central Govt. Budget Balance ⁵



■ As of September, the year-to-date budget deficit and primary surplus are registered as TL 14.4 bn (1.0% of the GDP) and TL 25.2 bn (1.8% of the GDP) respectively.

■ The Government projects TL 33.5 bn budget deficit (2.3% of the GDP) and TL 15.5 bn primary surplus (1.1% of the GDP) in 2012.

CBT's Interest Rate Corridor, % (eop) ⁶



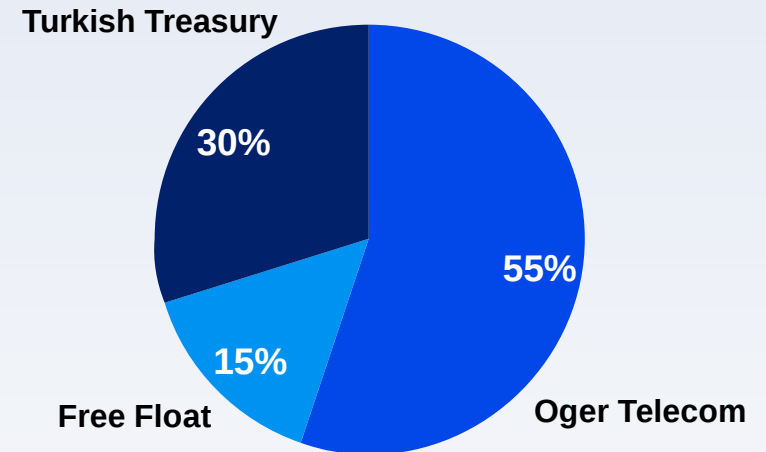
■ As of September, the policy rate (the one-week repo auction rate) stands at 5.75%, while the overnight borrowing and lending rates are at 5% and 10% respectively.

Source: 4: CBT, TURKSTAT
5: Ministry of Finance, TURKSTAT
6: CBT

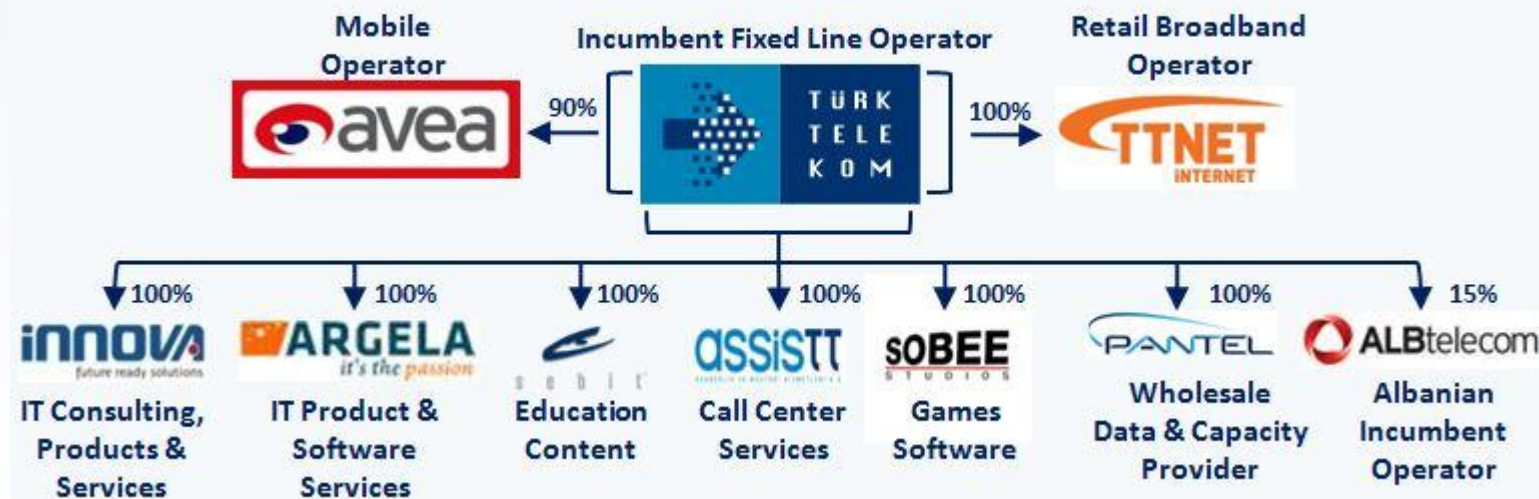


Turk Telekom Group Ownership Structure

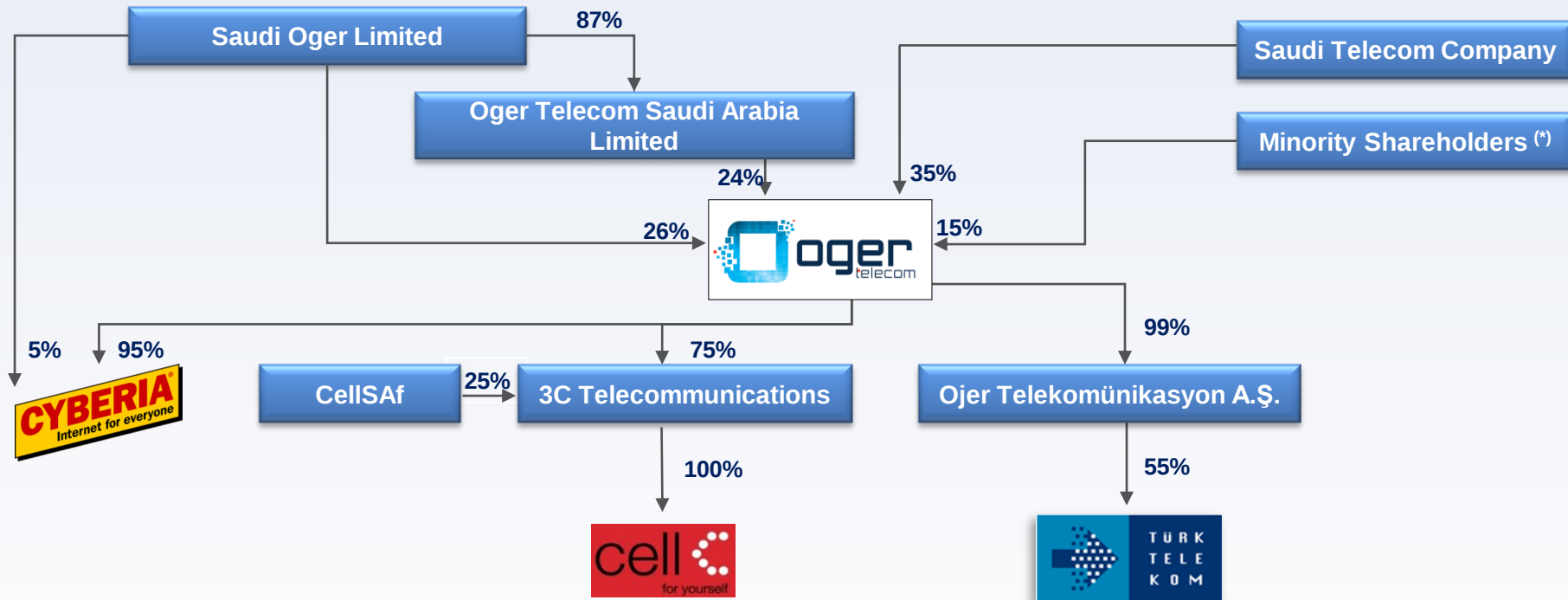
- Oger Telecom nominates 7 Board Members
- Turkish Treasury nominates 5 Board Members (1 represents Golden Share, 4 independent)



Group Companies



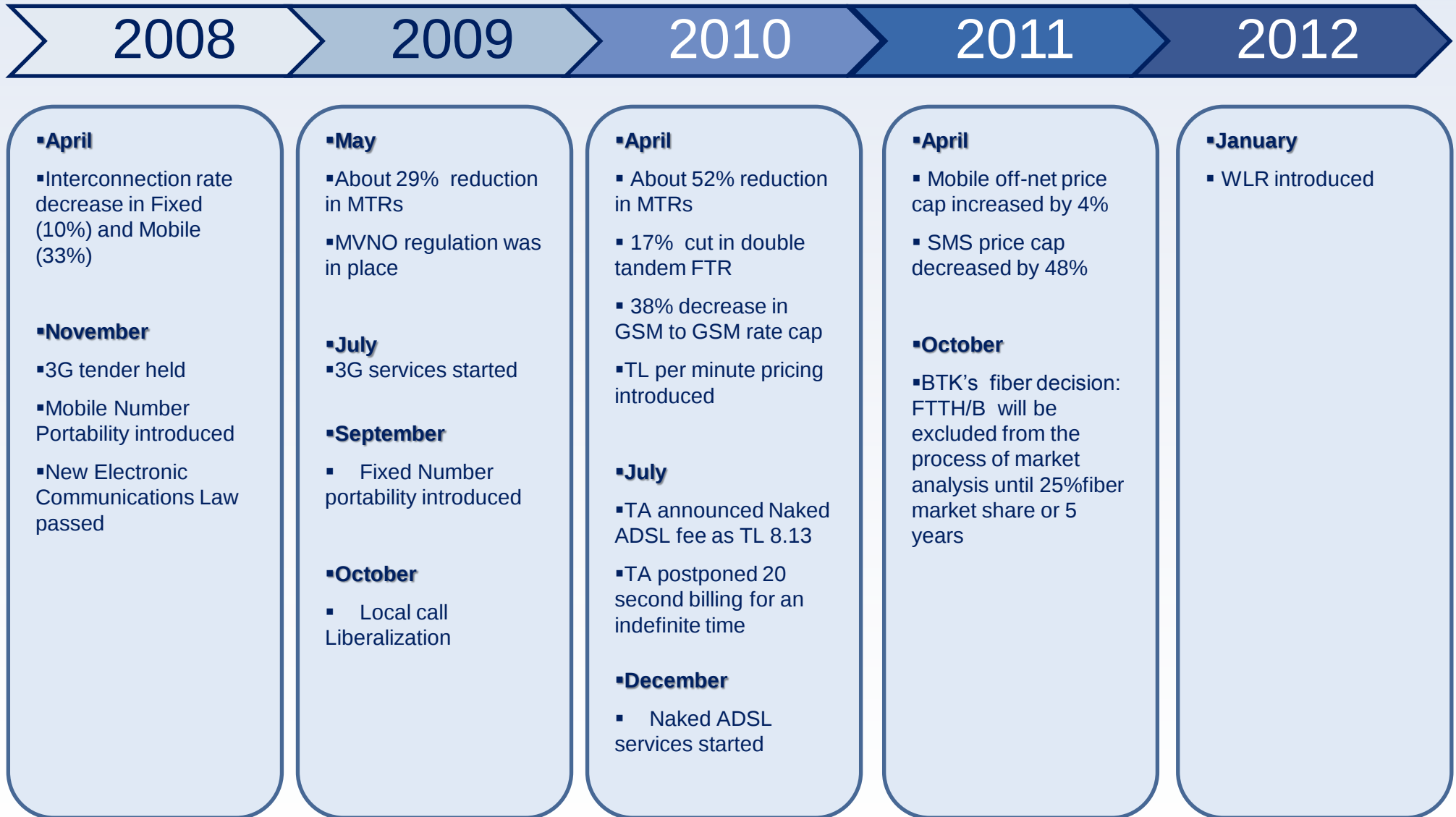
Oger Telecom Ownership Structure



(*) Among Oger Telecom's direct and indirect minority shareholders are regional and 'blue chip' global financial investors.



Regulatory Actions



THANK YOU...

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