

Investor Presentation

2018 Q1



Notice



The information contained herein has been prepared by Türk Telekomünikasyon A.Ş. (the Company) in connection with the operations of Türk Telekom Group companies. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice.

The Company relies on the information gathered from the reliable sources however does not guarantee completeness and accuracy of such information.

These materials contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except to the extent required by law, we assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this presentation or on its completeness, accuracy or fairness. The information contained in this presentation may be required to be confirmed, completed and amended. Therefore, no declaration or commitment has been given or implied on the name of the Company or its shareholders, directors, employers or other third persons depending on the authenticity, completeness and accuracy of the information.

None of the Company nor any of its shareholders, directors or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. and the mobile services – are provided by Avea İletişim Hizmetleri A.Ş. Türk Telekom® brand used in this presentation is the joint brand of Turk Telekom Group companies. All group companies legal entities remain intact. There may be differences between the data provided in this presentation and ICTA's market reports. These discrepancies are due differences in basis of financial reporting (standalone vs. consolidated) and differences in ARPU calculation methodologies.

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).



Türk Telekom Highlights



**Leading
COMPANY IN TURKEY**

Offering
**Integrated telecom
services**



Most valuable
**telco brand for
10 CONSECUTIVE
YEARS**



2nd player*

in TV market

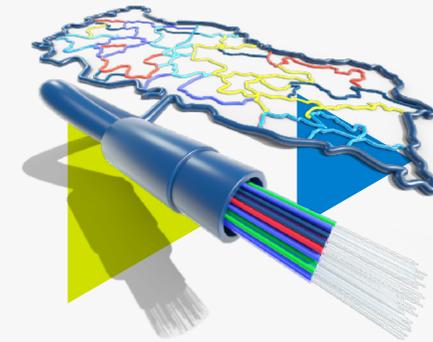
* According to company estimates



~60%
**fiber connected
LTE Base Stations**



87%
LTE
Population Coverage



262K km
fiber network in
81 cities



16.8mn
Fiber Homepass*

*Homepass includes FTTC & FTTH/B



Serving
42.6mn
Subscribers

Strategy

GROWTH

Increase HH reach and subscriber base

- ▶ FBB penetration drive & upsell focus, partnership with electricity companies
- ▶ Mobile market share growth
- ▶ Increase TV reach, Grow wireless HH reach
- ▶ Synergy offers & cross sell
- ▶ Focus on verticals: Health, education, energy, and security

Value creation on top of core

- ▶ Large scale ICT projects such as smart cities, health campuses
- ▶ Consumer focused digitalization (Muud, e-dergi, Tambu, Tivibu Go) and enterprise digital transformation
- ▶ Enhanced value creation via subsidiaries; Innova (large scale ICT Projects), Argela (R&D and Innovation Center, Sebit (e-education)
- ▶ Capital Venture Company Initiative: Türk Telekom Ventures

EFFICIENCY

- ▶ Simple & effective portfolio
- ▶ Go-to-market and customer care effectiveness
- ▶ Utilization of online and alternative channels
- ▶ Strict cost control
- ▶ Rigorous CAPEX management and asset efficiency
- ▶ Streamlined organization
- ▶ Lean technology - Commercialization of SDN and NFV

Customer experience Program: EMPATHY



Strategic Highlights

Active Sharing



Corporate Venture Capital Company Initiatives



Fixed Broadband Penetration Increase

5.6 mn
download



~20%
monthly active user

Wireless Homes



c.80%
of Q1 '18 DTH
gross adds
came via
Mobile Synergy
Offers

Partnerships in Energy Vertical



Türk Telekom
broadband
tariffs sold
through
Electricity
Companies

c.40%
of Q1 '18 FBB
net adds
came via
Internet Bizden
Campaign

Net Subscriber Additions

3.3mn
net additions*
in LTM

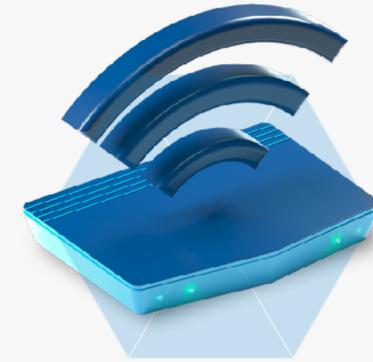
916k
net additions*
in Q1

*Includes Tivibu Go

Broadband

320k
Q1 '18

1.2mn
LTM



42.6mn
total
subscribers

Mobile

332k
Q1 '18

1.2mn
LTM



Home TV

108k
Q1 '18

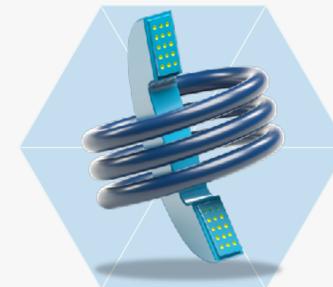
502k
LTM



Fixed Voice

79k
Q1 '18

155k
LTM



Financial Performance

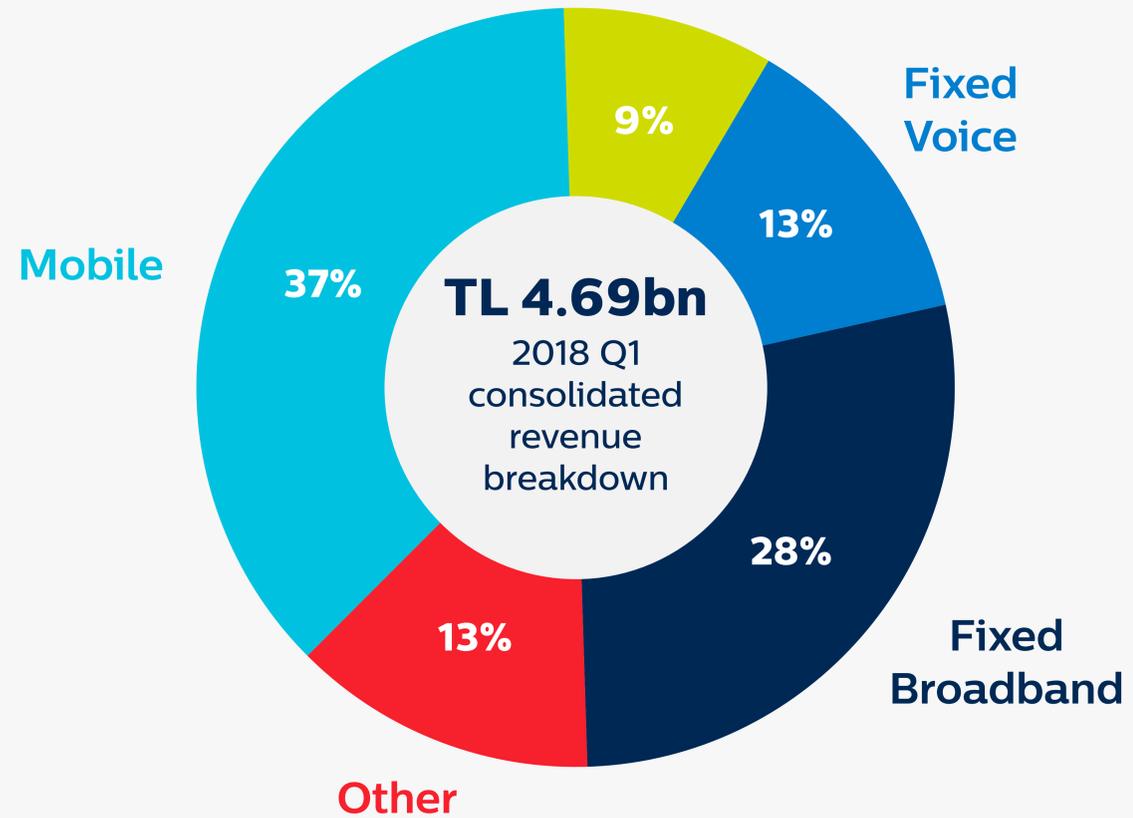
(TL mn)	2017 Q1	2017 Q4	2018 Q1	Growth (YoY)	Growth (QoQ)
Revenue	4,307	4,800	4,686	8.8%	(2.4%)
Revenue (exc. IFRIC12) ¹	4,138	4,586	4,545	9.9%	(0.9%)
EBITDA	1,528	1,525	1,972	29.1%	29.3%
EBITDA Margin	35.5%	31.8%	42.1%		
Operating Profit	807	713	1,094	35.5%	53.4%
Net Income	66	(113)	56	(14.3%)	n.m.
CAPEX	400	1,722	581	45.0%	(66.3%)

(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

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.

Focused on High Growth Areas

Corporate Data



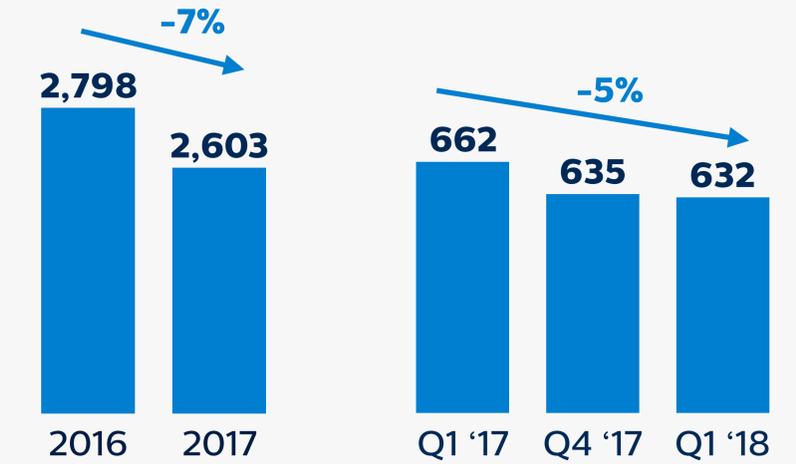
Fixed Broadband

(TL mn)



Fixed Voice

(TL mn)



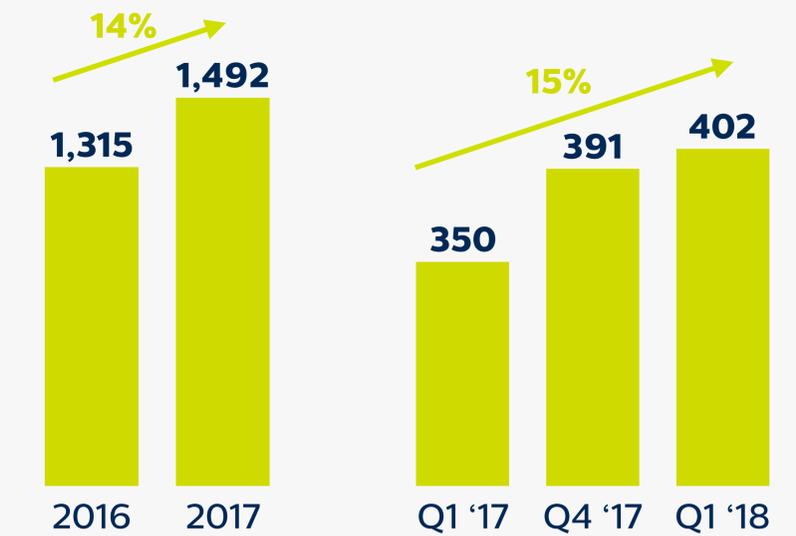
Mobile

(TL mn)



Corporate Data

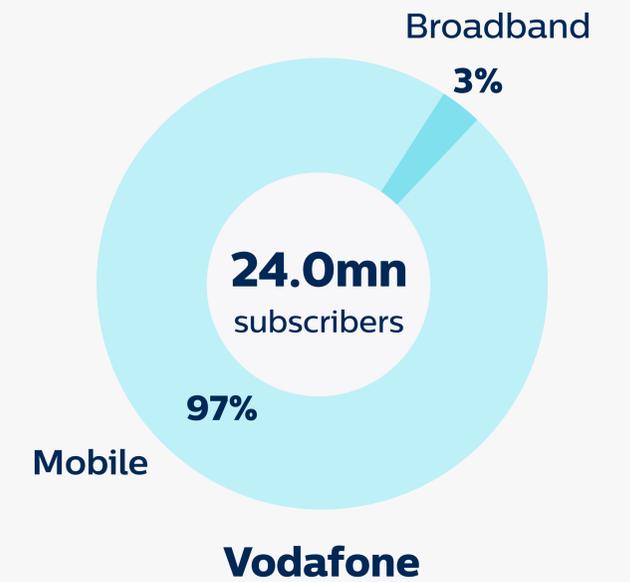
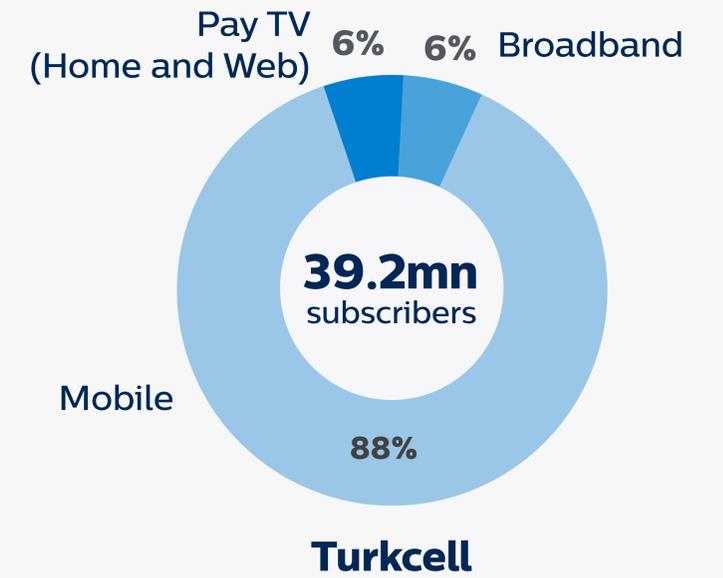
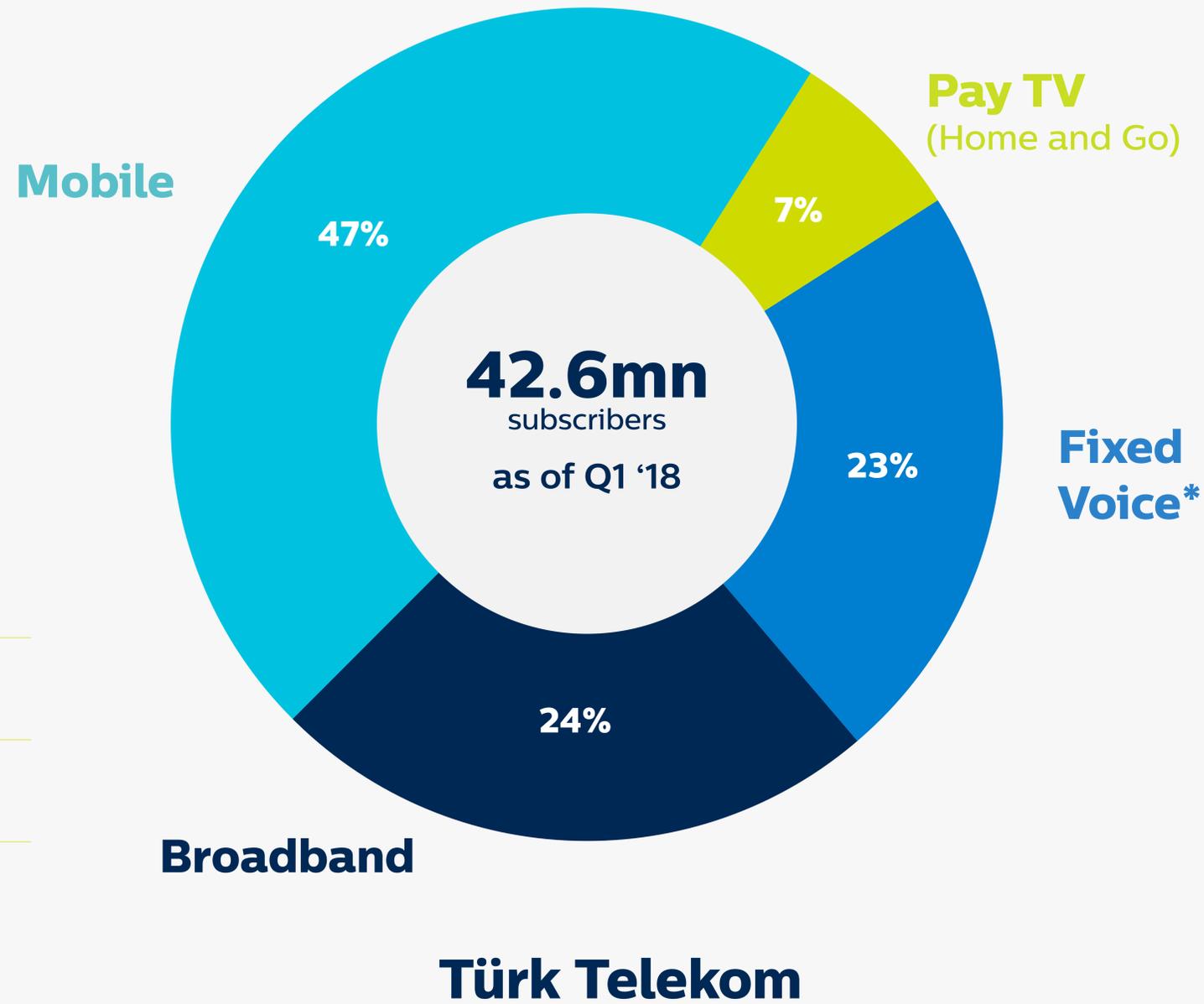
(TL mn)



Strongest Position in Multiplay Offers

ARPU Generation (Q1 '18)

Mobile	TL 28.4
Broadband	TL 44.6
Pay TV	TL 17.5
Fixed Voice	TL 21.9



Turkcell and Vodafone data are from their own publications as of Q1 '18.
* VOIP is not included.

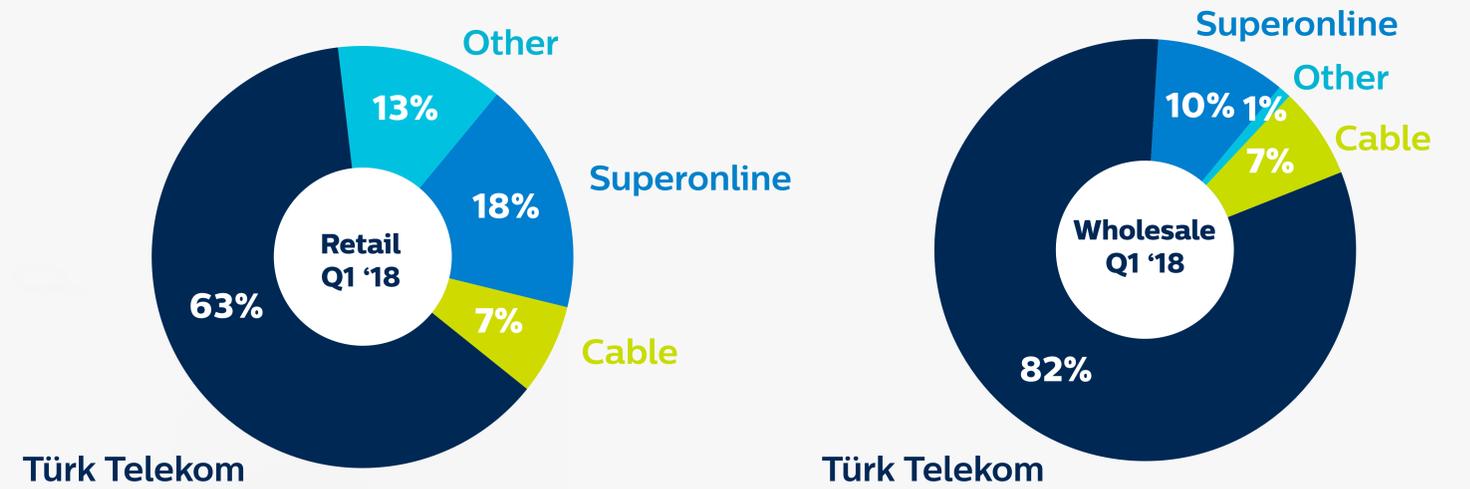
Business Lines



Fixed Broadband Market



Subscriber Market Share



Source: Other operators' data are from ICTA Q1 '18 report

Subscribers & Avg. Monthly Data Usage



Source: ICTA Q1 '18 report

Source: Analysys Mason, Q4'17 CEE&WE Telecom Matrix, TR data is from ICTA, Q1 '18 Market Report
European countries include Austria, Denmark, Finland, Italy, Bulgaria, Estonia and Romania

Fixed Broadband Performance

ARPU & Subscribers

■ Subscribers (mn) ○ ARPU (TL)

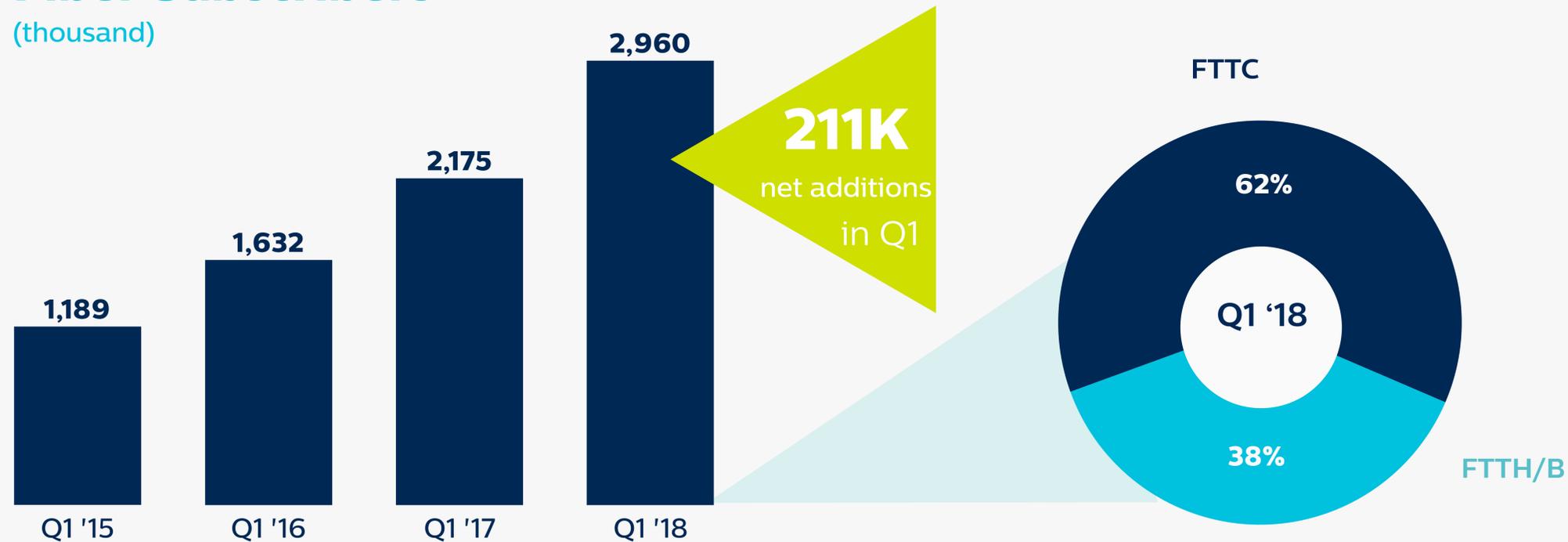


c.40%

of Q1 '18 FBB net adds came via Internet Bizden campaign

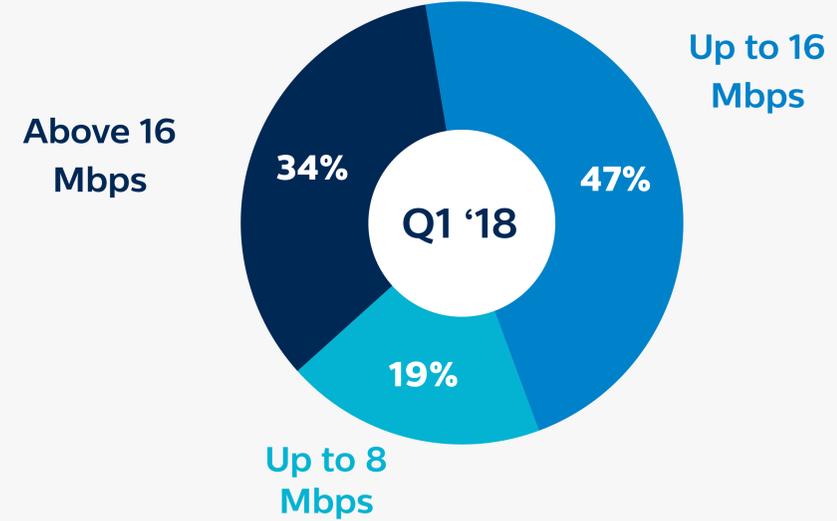
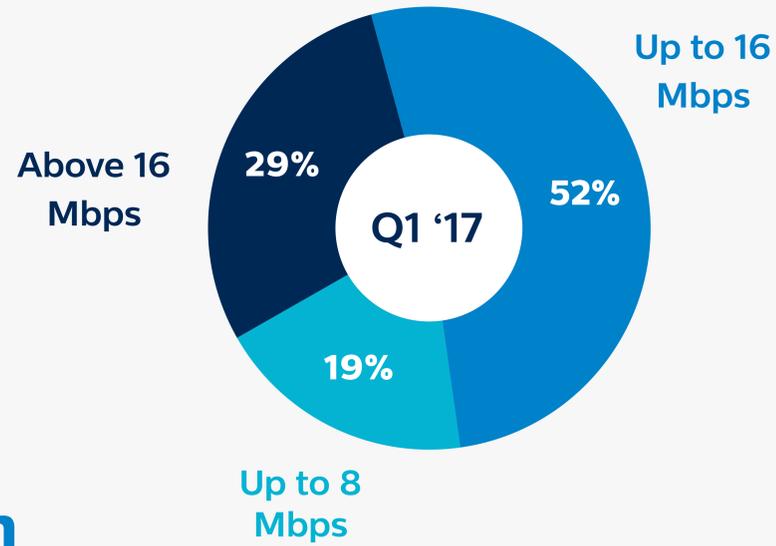
Fiber Subscribers

(thousand)



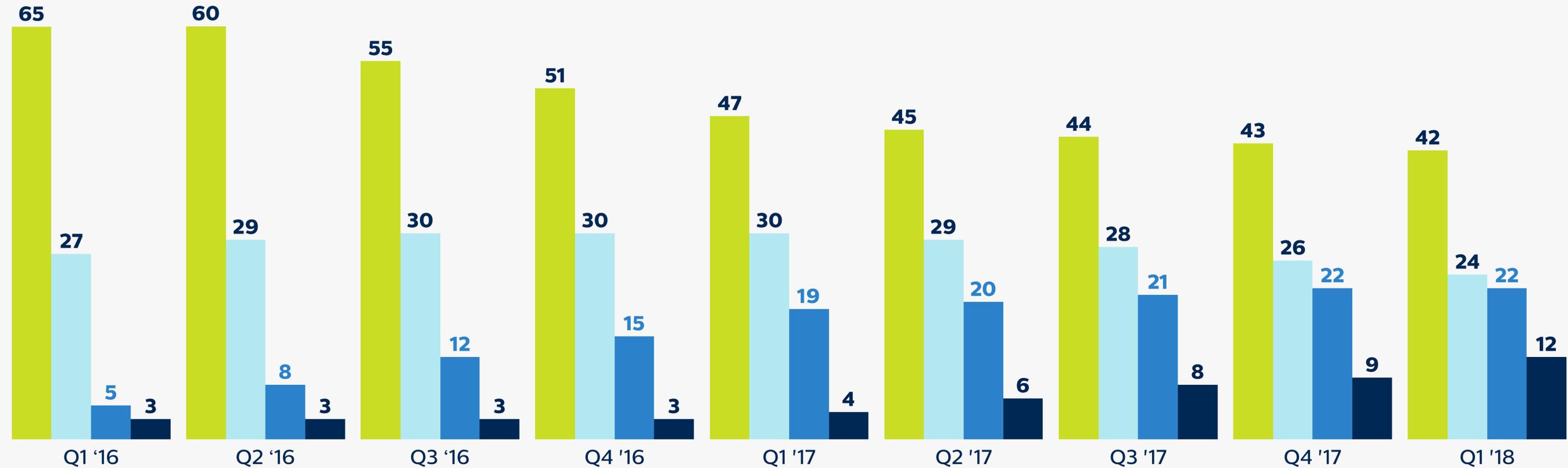
Upsell Dynamics in Fixed Broadband

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

Nationwide Fiber

Türk Telekom Fiber Network



Superonline Fiber Network

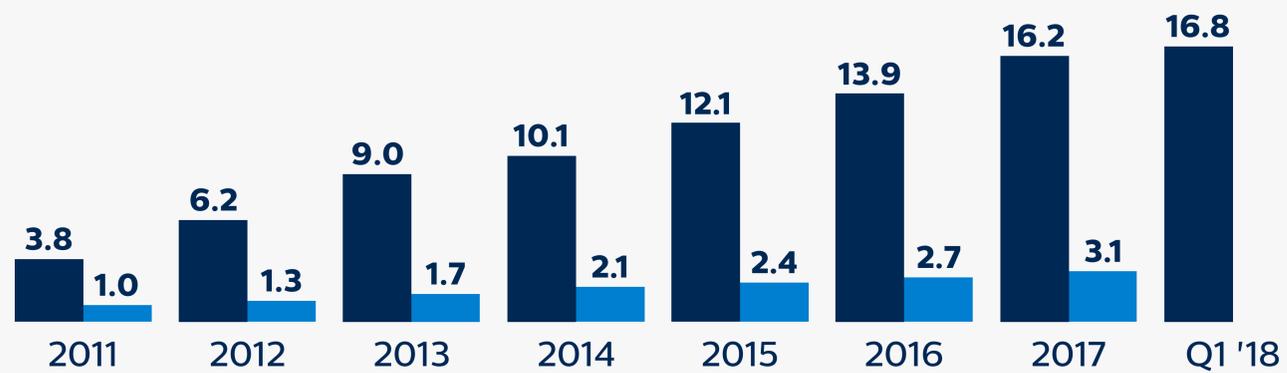


- ▶ Presence in 19 cities of Turkey
- ▶ 40.9K km fiber length
- ▶ Wholesale customer of Türk Telekom

Based on Turkcell's own publications as of June, 2018

Fiber Homepass (mn)

■ Türk Telekom ■ Superonline



Fiber homepass includes FTTH/B & FTTC
16.8mn homepass consists 4.6mn FTTH/B and 12.2mn FTTC

Fiber Subscribers (thousands)

■ Türk Telekom ■ Superonline



Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Market

Population penetration in Europe
132%

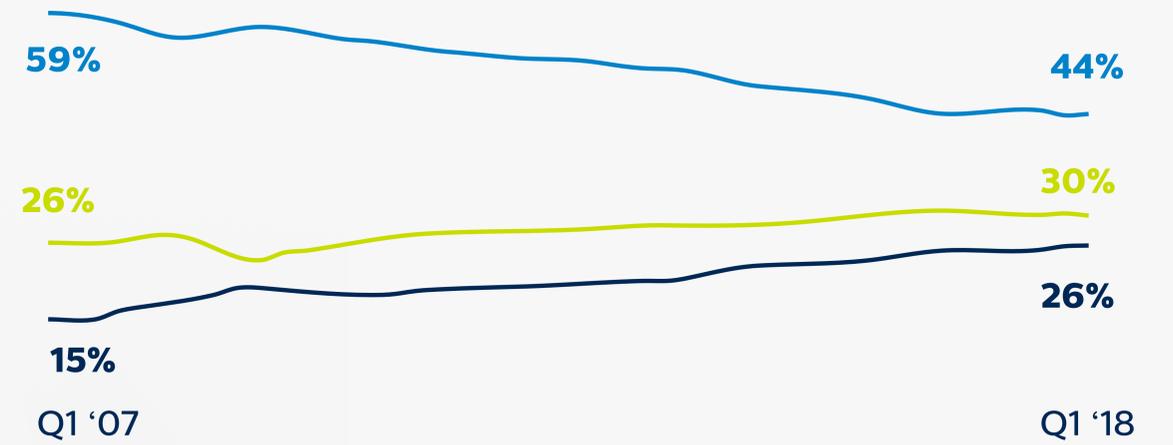
Mobile broadband population penetration in Europe
93%

Mobile broadband population penetration in Turkey
71%

Population penetration in Turkey
98%

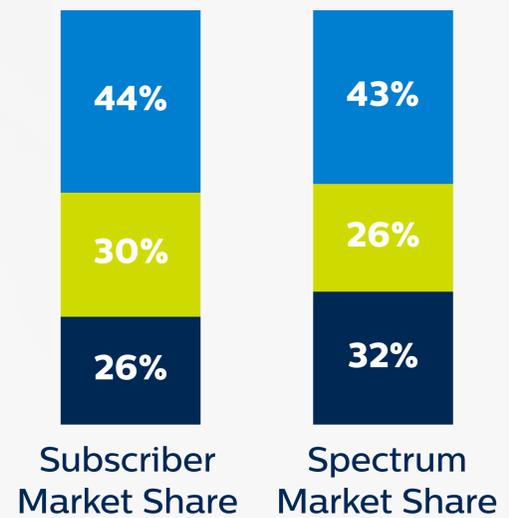
Subscriber Market Share

— Türk Telekom — Vodafone — Turkcell



Subscriber vs. Spectrum Market Share

■ Türk Telekom ■ Vodafone ■ Turkcell



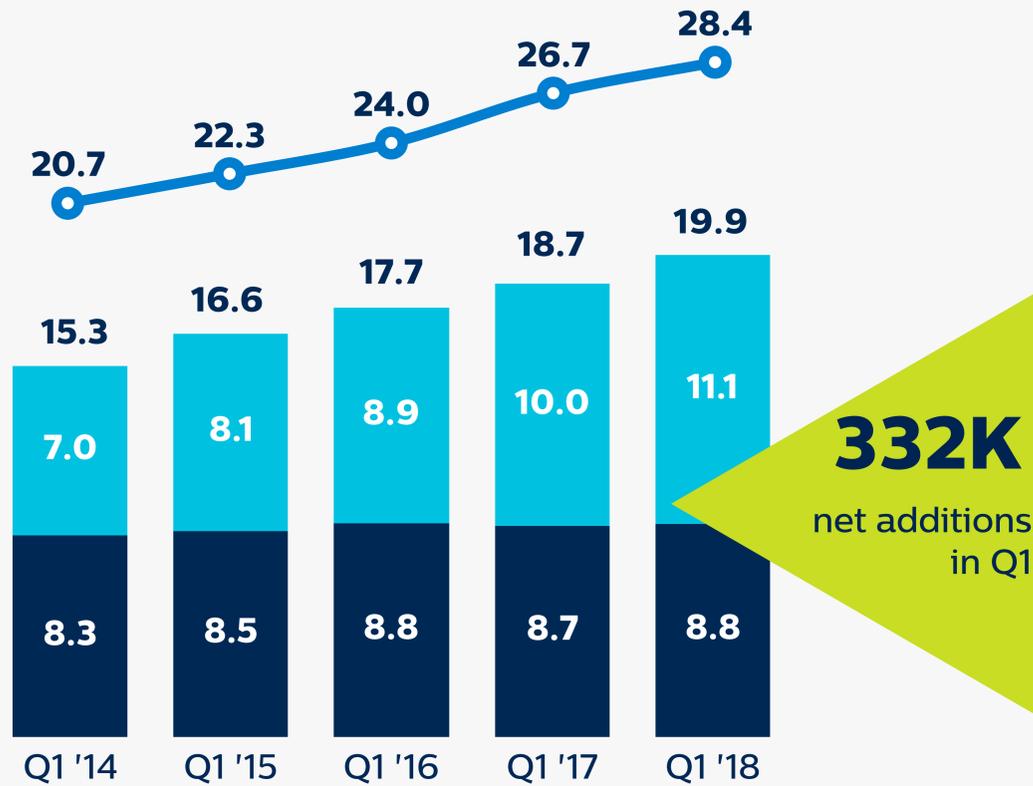
Source: ICTA, Q1 '18 Market Report
European countries include: FIN, DEN, GRE, AUS, SWE, POR, SWI, IT, GER, NOR, BEL, UK, NL, SP, FR

Other operators' data are from their own publications as of Q1 '18

Mobile Performance

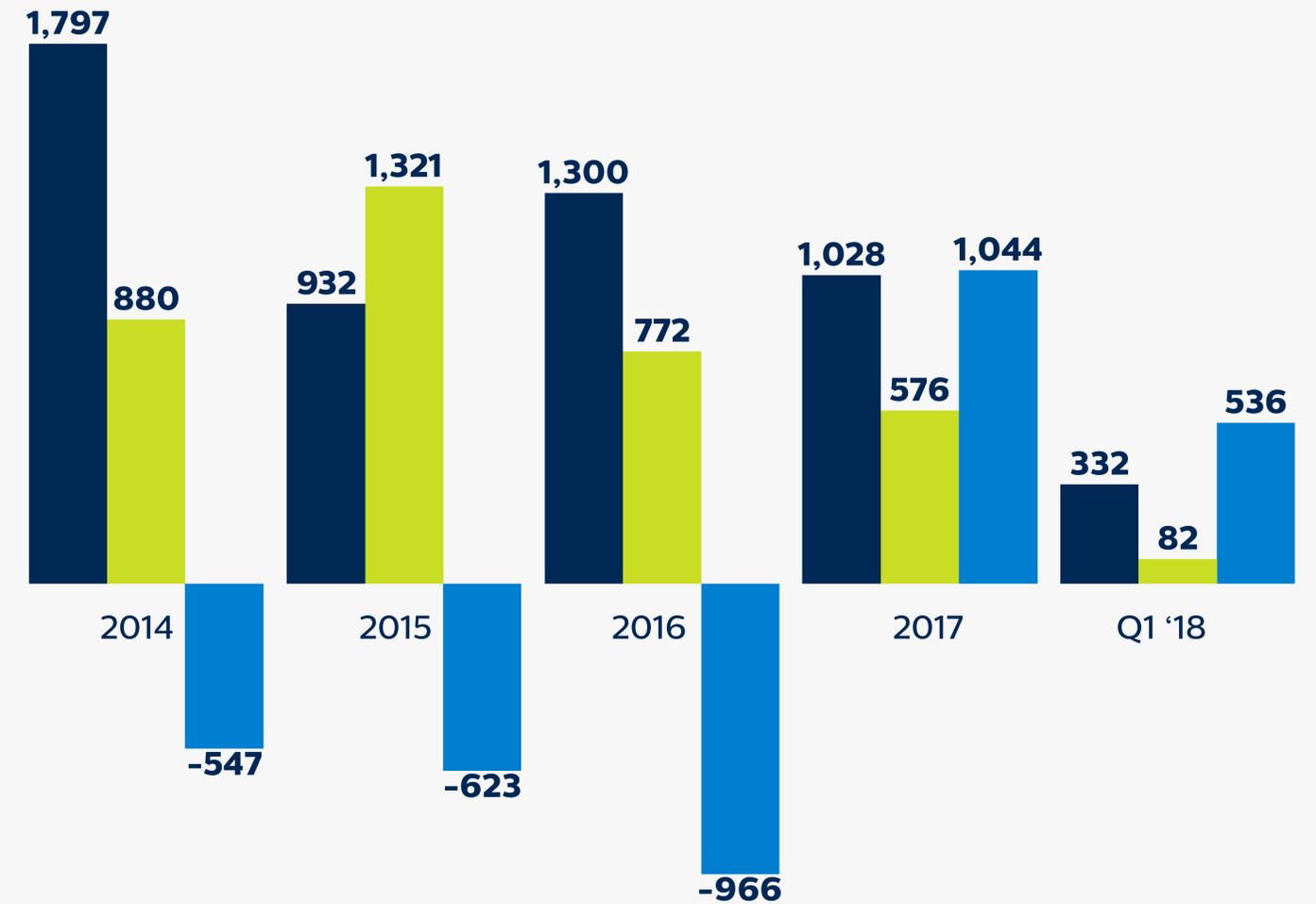
Growing ARPU & Subscribers

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



Net Subscriber Addition

- Türk Telekom ■ Vodafone ■ Turkcell



Other operators' data are from their own publications.

Mobile Data

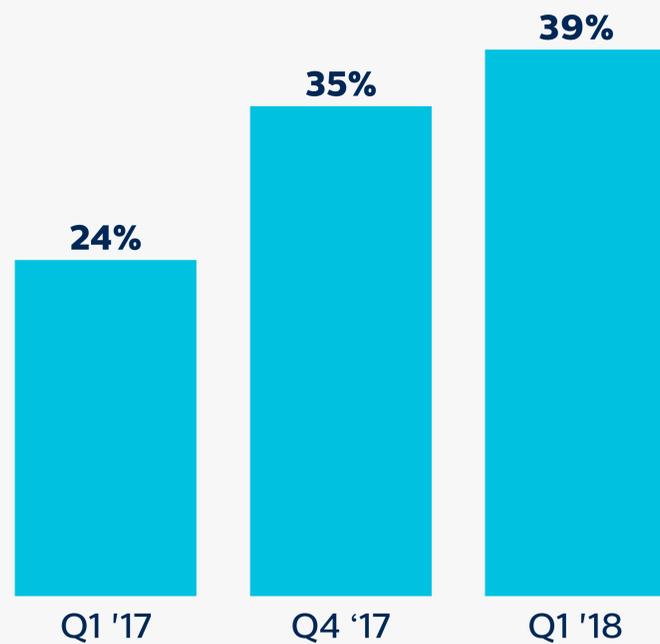
Data Revenue

(Mobile service revenue share)

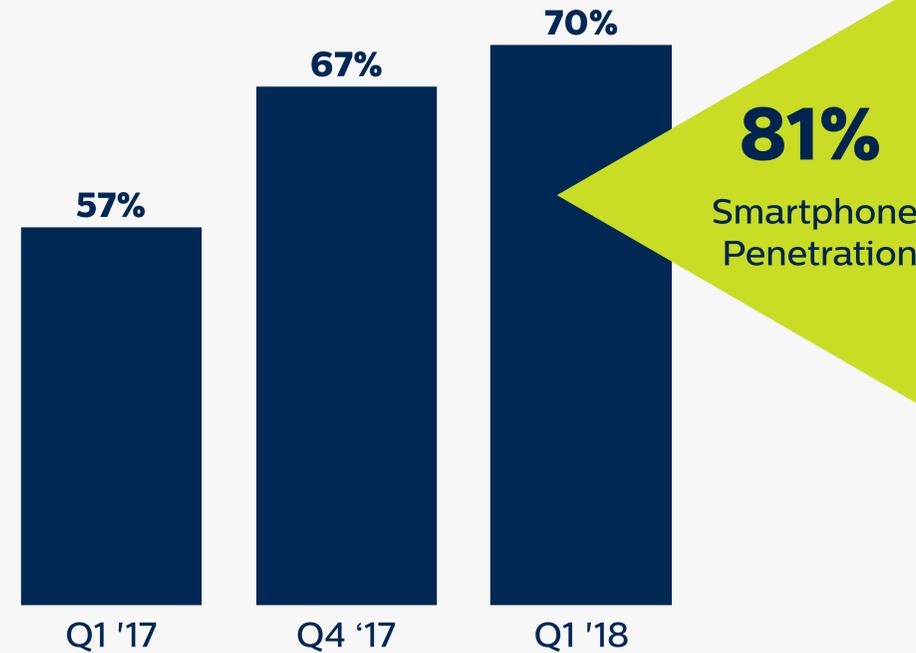


LTE Users*

(Total subscriber share)

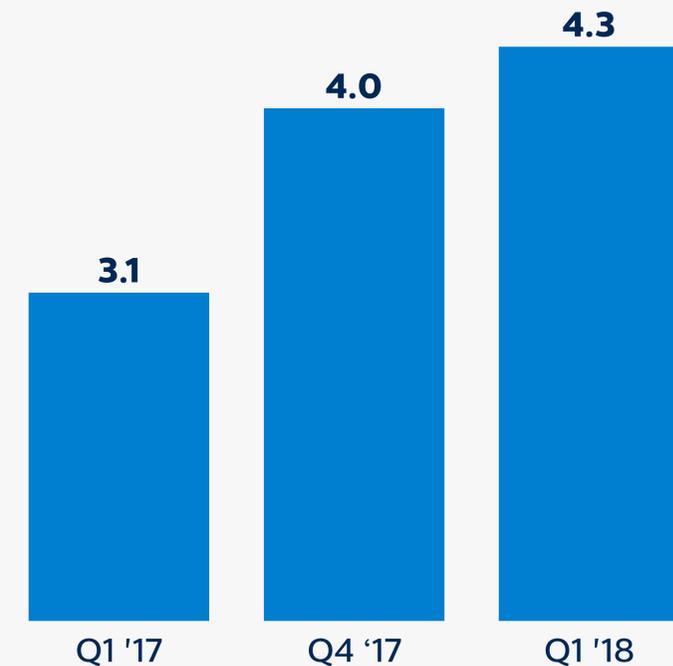


LTE Compatible Smartphone



Avg. Monthly Mobile Data Usage

(GB per user¹)



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

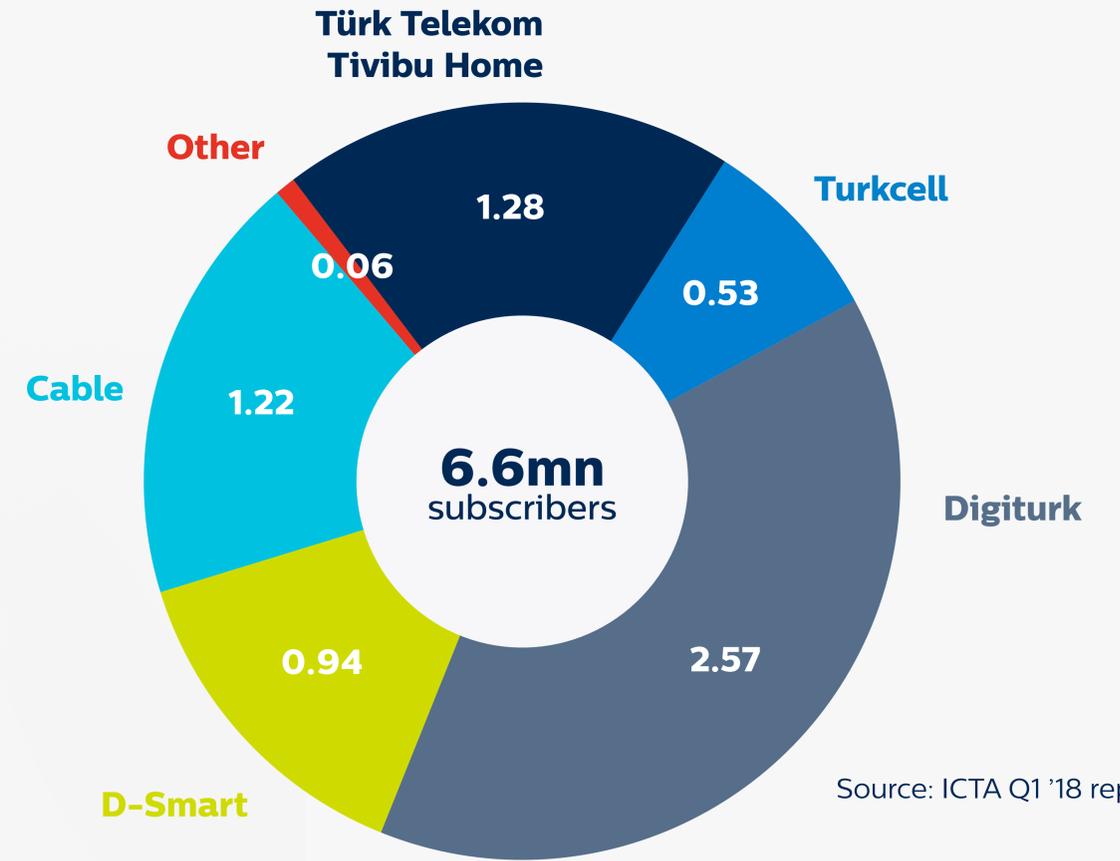
(1) Türk Telekom smartphone users

Pay TV Market

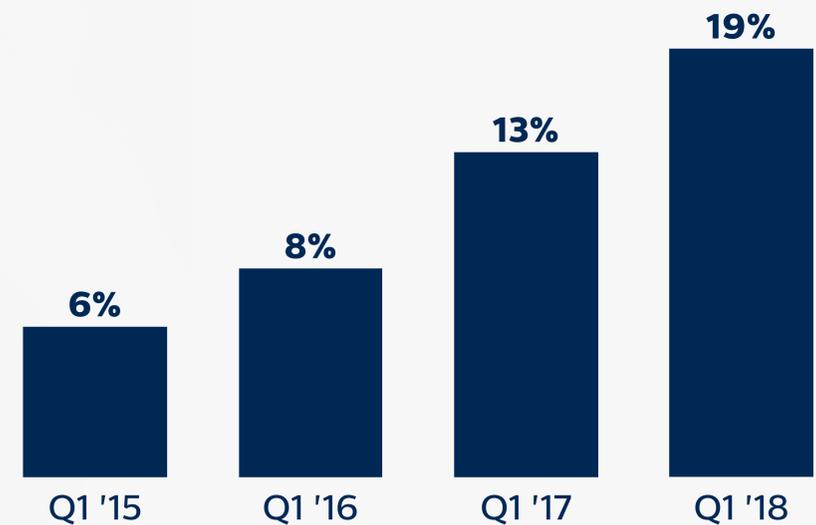


Source: Analysys Mason, Pay-TV quarterly Metrics, Q4 '17 Report
 European countries include Denmark, France, Ireland, Italy, Portugal, Sweden, UK and Estonia
 TR Data is calculated from ICTA Q1 '18

Subscribers (mn)



Tivibu Home Subscriber Market Share

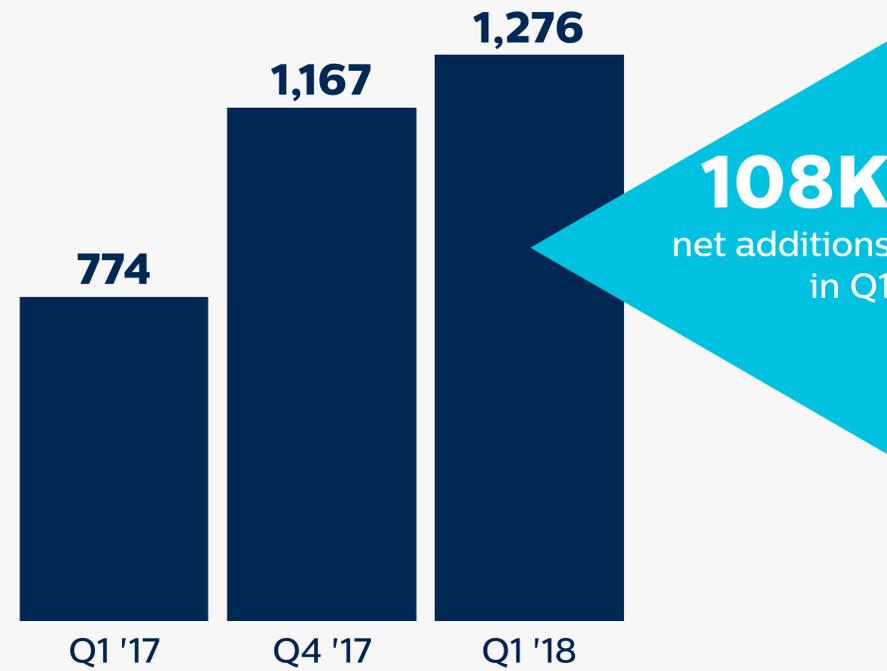


TV Performance

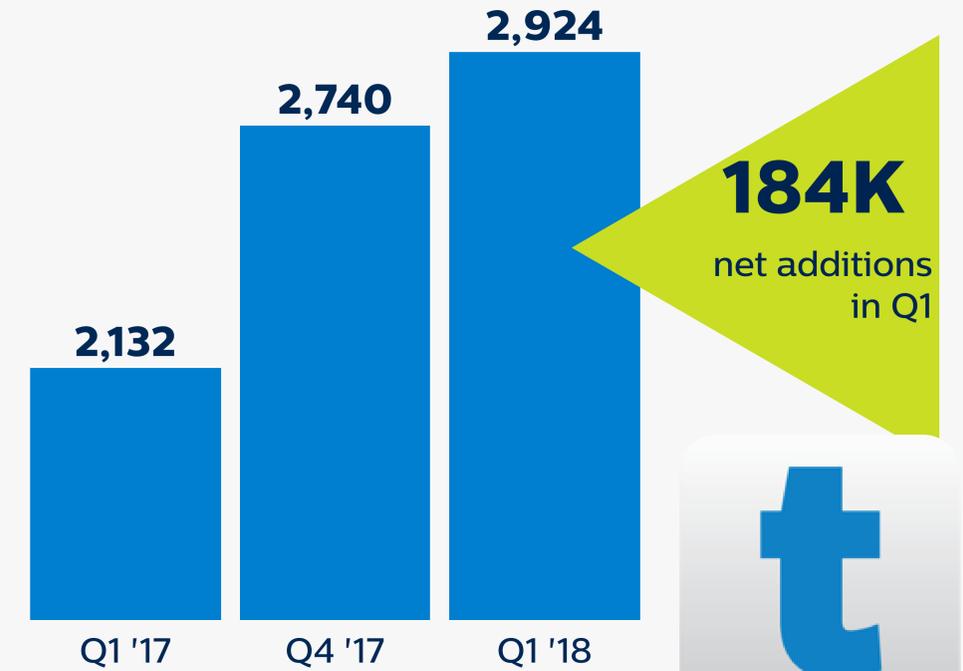
Türk Telekom
Tivibu

Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu Go)



Wireless Homes

c.80%

of Q1 '18 DTH gross adds came via mobile synergy offers



Platform

IPTV + DTH + Web TV + Smart TV

Content

- ▶ Italia Serie A
- ▶ NBA
- ▶ English Premier League

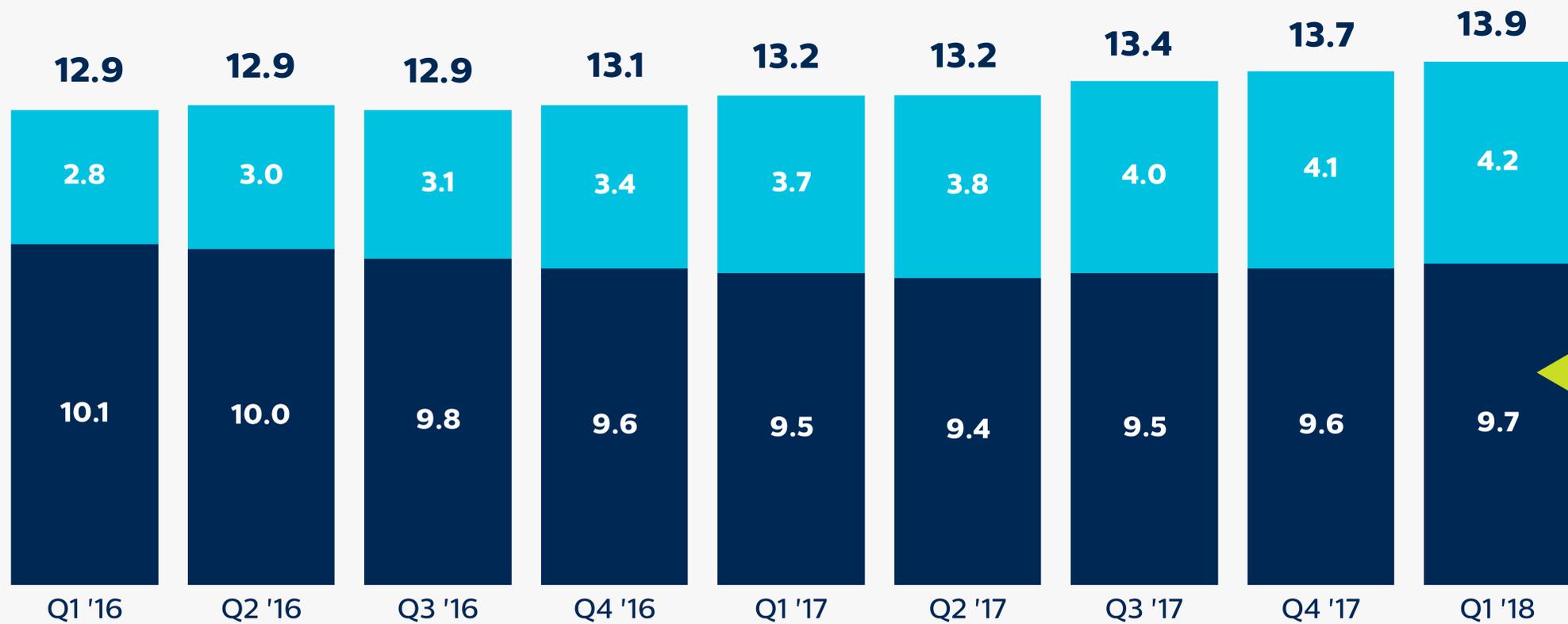
- ▶ 3 Cinema & 5 Sports Inhouse Channels
- ▶ Kids & Documentary Channels
- ▶ 8500+ on demand assets

Fixed Voice

Access Lines and ARPU

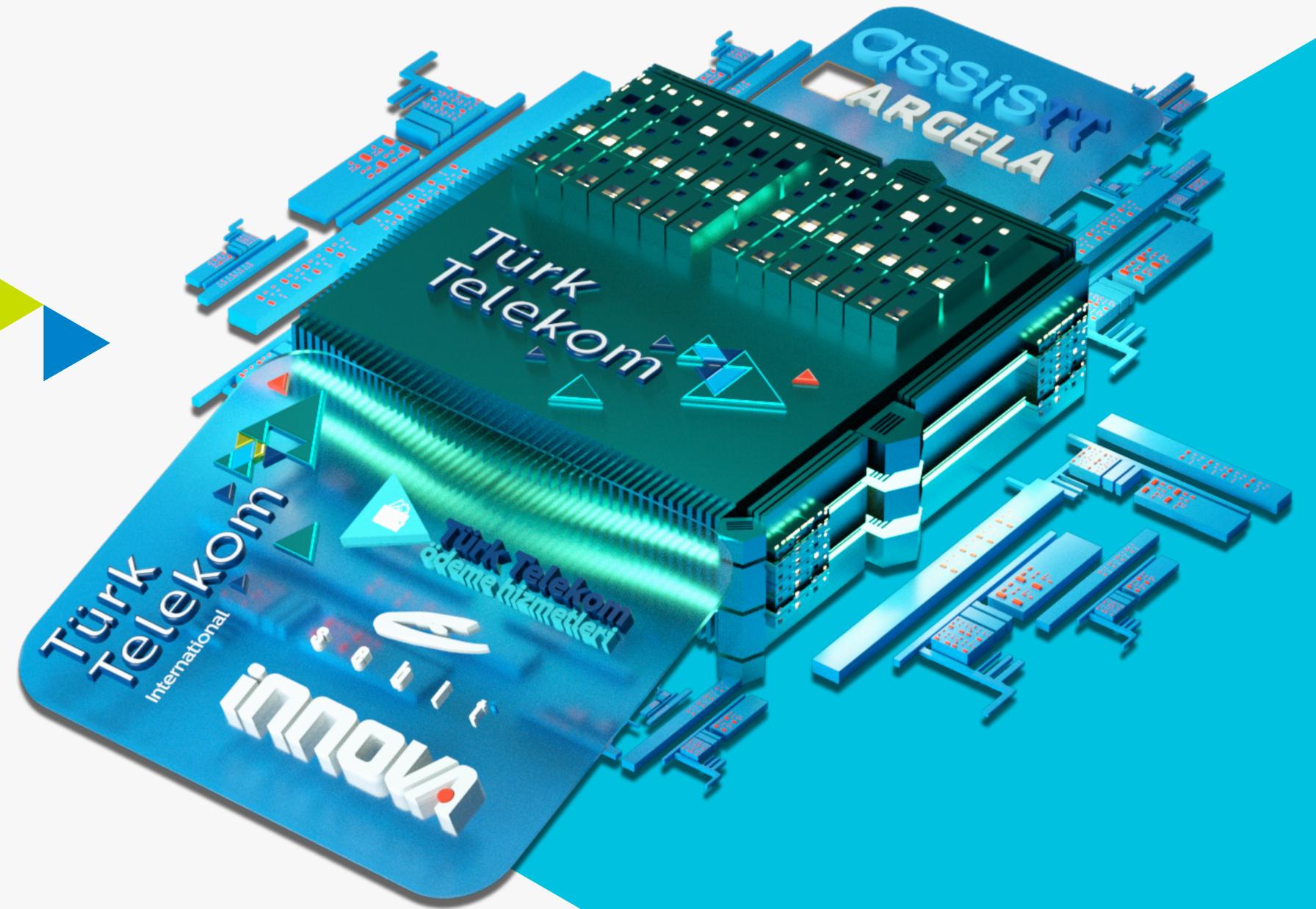
■ Fixed Voice (mn) ■ Naked Broadband (mn)

○ Fixed Voice ARPU (TL)



79K
net additions
in Fixed
Voice in Q1

Group Companies





Leading software developer & integrator in Turkey

- End-to-end solutions for large scale ICT projects
 - Smart Cities
 - Health Campuses
 - E-education transformation project (FATIH)
- PayFlex Innova: Payment, collection and loyalty solutions platform
- Kiosk Innova: Self-service solutions (in banks, hospitals, airports etc.)



Next generation telco technologies R&D company

- ProgRAN: SDN based RAN solutions for LTE and 5G with 23 patent applications
- ULAK: Turkey's first and only LTE base station development project
- MILAT: SDN & NFV based cybersecurity & cyberdefence solutions
- From pure R&D to commercialization
 - Developer of Turkey's first national digital keyboard, TAMBU
- Member of ONF and ONAP via US based subsidiary NETSIA





Leading and largest edtech company in Turkey

- E-educational products, covering all Grades from Pre-School to High School
- Leading and innovative e-Education products: Raunt, Sebit VCloud and Vitamin
- Content and platform provider for the national e-Education transformation project (FATİH)



The logo for ASSiSTT, featuring the word "ASSiSTT" in a blue, lowercase, sans-serif font. The background is a light blue gradient with a white triangle pointing right, containing the logo. There are also some yellow and blue geometric shapes around the triangle.

Leader customer service solutions company

- Beyond traditional call center services, solutions such as sales and marketing, social media management, e-mailing and payroll
- Serving largest private and public institutions with more than 10 thousand employees

The logo for Türk Telekom International, featuring the text "Türk Telekom" in a bold, black, sans-serif font, with "International" in a smaller, black, sans-serif font below it. To the right of the text is a colorful graphic of several small triangles in blue, yellow, and red. The background is a dark blue gradient with a white triangle pointing right, containing the logo.

International arm of the Group in wholesale data, voice and roaming services

- Over 40K km fiber network in CEE, Turkey, the Middle East and the Caucasus
- More than 70 major POPs in Europe, ME and Asia
- Unique Solutions
 - AMEERS: New path connecting WE to ME
 - SEA-ME-WE-5: Submarine cable system connecting Europe to Africa, ME and Asia

The logo for Türk Telekom ödeme hizmetleri, featuring the text "Türk Telekom" in a bold, black, sans-serif font, with "ödeme hizmetleri" in a smaller, black, sans-serif font below it. To the left of the text is a small icon of a house with a checkmark. The background is a blue gradient with a white triangle pointing right, containing the logo.

Payment services company

- Payment services license from the Banking Regulation and Supervision Agency (BRSA)
- Strong position in Direct Carrier Billing (DCB)
- Expansion plans in other payment related services & products (Digital Wallets, Carrier-Billing, Money Transfers, Tax/Bill payments, E-money)

Tambu

Keyboard app
evolving into
platform

tambu

..... SEN DE YAPIŞTIR CEVABI

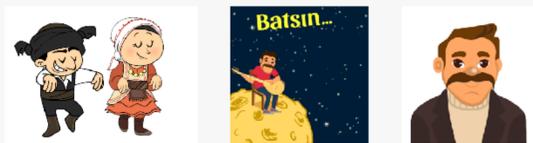
5.6 mn
downloads

20% monthly active users

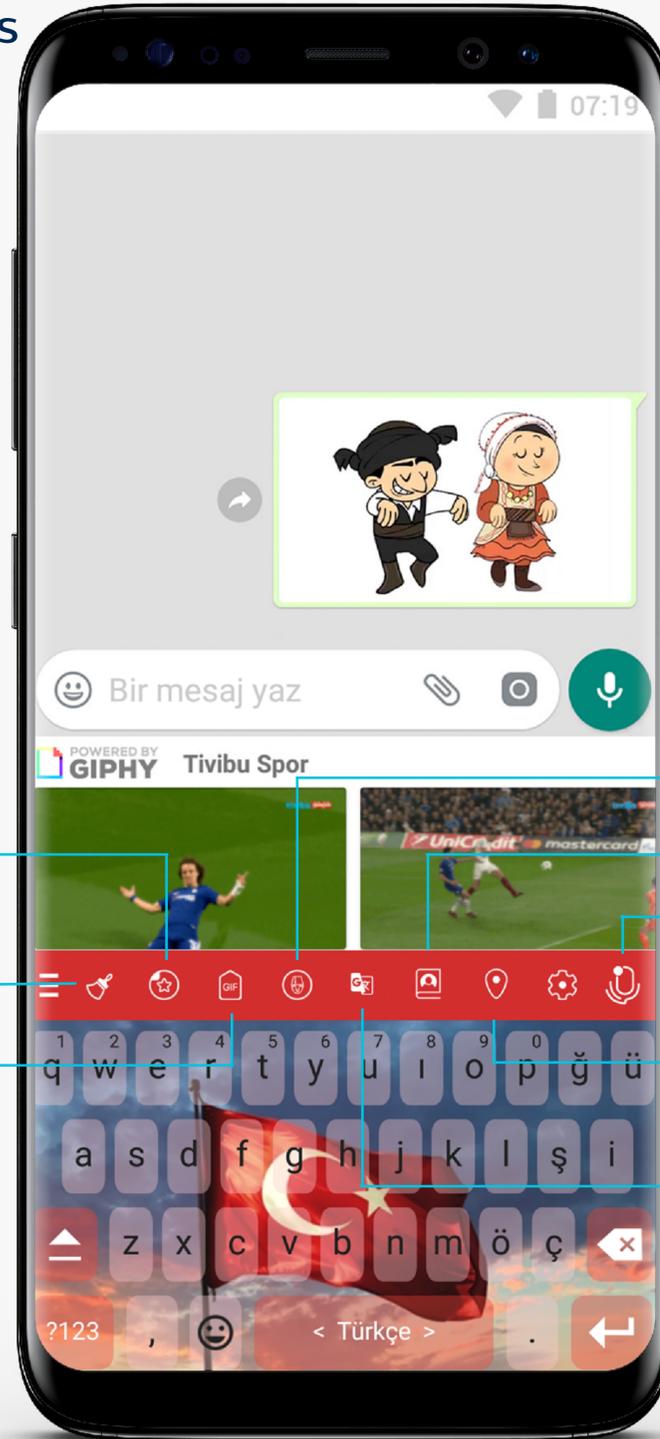


Hyper local animated stickers to
express yourself
1st in Turkey

Customizable themes;
personalized background and
colors



Exclusive GIFs for Tambu
including videos from Champions
League and music videos



 Rich set of proverbs to
discover, learn and share

 Personalized dictionary for
frequently used text
shortcuts

 Speech to Text

 Share location in all
platforms

 Translation in more than
100 language

Financials



Income Statement

(TL mn)	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Revenues	4,307	4,800	4,686	8.8%	(2.4%)
EBITDA	1,528	1,525	1,972	29.1%	29.3%
<i>Margin</i>	35.5%	31.8%	42.1%		
Operating Profit	807	713	1,094	35.5%	53.4%
<i>Margin</i>	18.7%	14.8%	23.3%		
Financial Inc. / (Exp.)	(623)	(1,061)	(986)	58.4%	(7.1%)
FX & Hedging Gain / (Loss)	(509)	(886)	(879)	72.6%	(0.8%)
Interest Inc./ (Exp.)	(76)	(91)	(86)	13.6%	(5.6%)
Other Financial Inc./ (Exp.)	(38)	(84)	(21)	(44.7%)	(75.2%)
Tax Expense	(119)	235	(51)	(56.7%)	n.m.
Net Income	66	(113)	56	(14.3%)	n.m.
<i>Margin</i>	1.5%	n.m.	1.2%		

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.

Balance Sheet

(TL mn)	31.03.2017	31.12.2017	31.03.2018
Total Assets	26,702	29,149	29,936
Intangible Assets ¹	8,480	8,438	9,263
Tangible Assets ²	8,313	9,138	8,964
Other Assets ³	7,273	7,473	7,730
Cash and Equivalents	2,636	4,100	3,979
Total Equities and Liabilities	26,702	29,149	29,936
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	211	1,295	1,707
Interest Bearing Liabilities ⁴	15,594	16,492	17,496
Provisions for Employee Termination Benefits	637	711	652
Other Liabilities ⁵	7,000	7,391	6,822

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.

(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 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, employee benefit obligations, deferred revenue, other current liabilities

Cash Flow Statement

(TL mn)	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Operating Cash Flow	429	3,063	624	45.3%	(79.6%)
Investing Cash Flow	(615)	(1,674)	(772)	25.4%	(53.9%)
CAPEX	(442)	(1,713)	(616)	39.2%	(64.1%)
Other Investing Activites	(173)	39	(156)	(9.9%)	n.m.
Financing Cash Flow ¹	(184)	(12)	(46)	(75.1%)	267.6%
Net Change in Cash Position ²	(370)	1,376	(194)		

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.

(1) Includes currency translation differences

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

Revenue Breakdown

(TL mn)	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Fixed Voice	662	635	632	(4.6%)	(0.5%)
Broadband	1,187	1,289	1,325	11.6%	2.8%
TV	52	62	72	40.3%	16.6%
Mobile	1,567	1,701	1,724	10.0%	1.4%
Corporate Data ¹	350	391	402	14.9%	2.7%
International Revenue	135	170	180	33.4%	6.0%
Domestic Interconnection	3	3	3	1.5%	(0.5%)
Rental income from GSM Operators	22	18	23	3.1%	25.9%
Other ²	181	338	204	12.4%	(39.8%)
IFRIC-12	170	214	141	(17.2%)	(34.3%)
Eliminations	(21)	(21)	(19)	(5.4%)	(8.6%)
Total Revenue	4,307	4,800	4,686	8.8%	(2.4%)

(1) Includes leased line and data services

(2) Includes ICT companies, device sales, other

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.

OPEX Breakdown

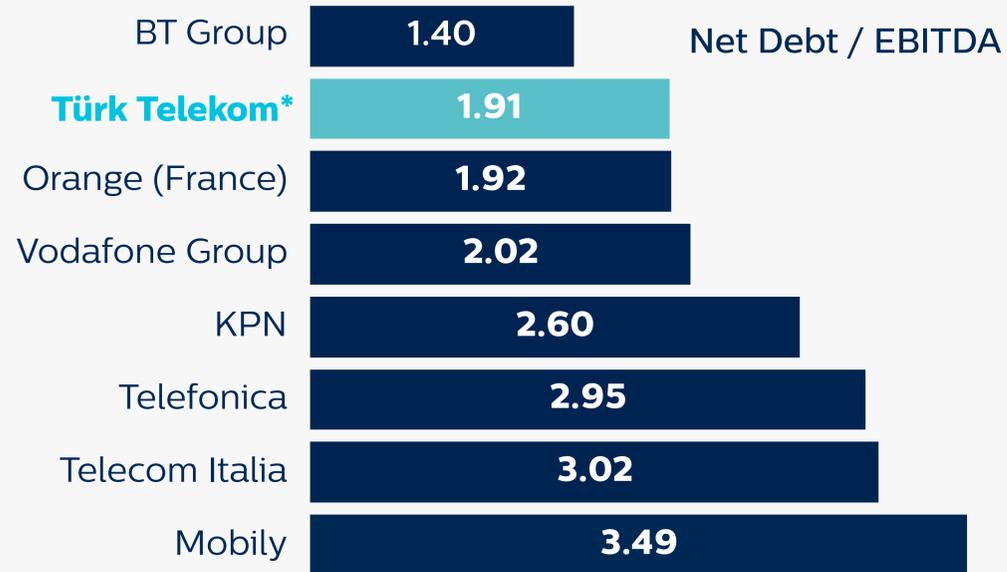
(TL mn)	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Direct Costs	916	1,141	1,044	14.0%	(8.5%)
Interconnection	348	381	390	11.9%	2.3%
Tax	308	343	406	31.9%	18.4%
Provisions for Doubtful Receivables	113	133	86	(24.4%)	(35.5%)
Cost of Equipment and Technology Sales	78	211	95	21.1%	(54.9%)
Other Direct Costs	68	73	68	(0.2%)	(7.5%)
Commercial Costs	390	487	306	(21.6%)	(37.2%)
Other Costs	1,323	1,458	1,240	(6.3%)	(15.0%)
Network & Technology	439	454	400	(8.7%)	(11.8%)
Personnel	734	776	710	(3.2%)	(8.5%)
Other	150	228	129	(14.2%)	(43.5%)
Sub Total	2,629	3,086	2,590	(1.5%)	(16.1%)
IFRIC-12	151	189	124	(17.4%)	(34.2%)
Total OPEX	2,780	3,275	2,714	(2.3%)	(17.1%)

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.

As of Q1 '18, frequency fees with direct link to sales are reported under tax expense. Previously, such frequency fees were reported under Network and Technology expense since there were no direct link to sales.

Debt Profile

Low debt burden compared to peers



Source: Bloomberg
Türk Telekom's ratio is based on Q1'18 financials; other's based on their latest data

Net Debt

■ Net Debt (TL bn) ○ Net Debt/EBITDA ● Adj. Net Debt/EBITDA



Note: Net Debt/EBITDA calculation excludes extraordinary claims.
Adjusted Net Debt/EBITDA includes MTM from FX to TRY Currency Swaps.

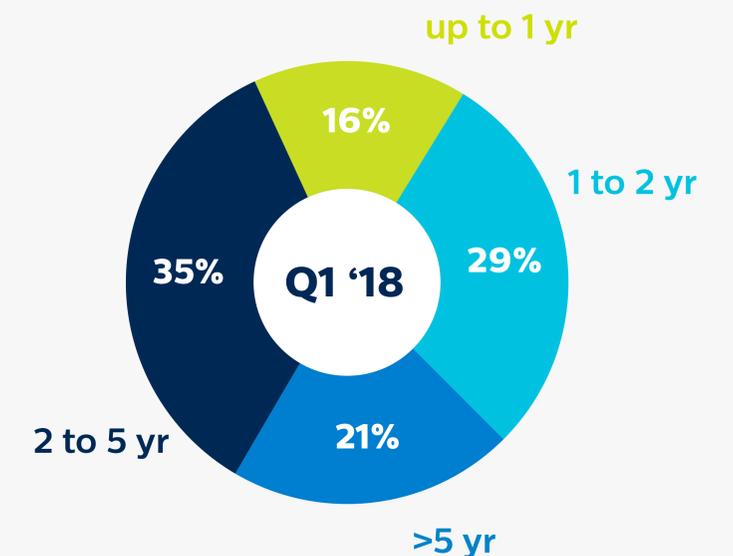
Hedge Ratio

■ Gross FX Debt (bn USD) ○ Hedge Ratio



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

Maturity Profile



Operational Highlights

	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Total Access Line (mn)	13.2	13.7	13.9	5.5%	1.5%
Fixed Voice Lines ¹ (mn)	9.5	9.6	9.7	1.6%	0.8%
Naked DSL Lines (mn)	3.7	4.1	4.2	15.5%	3.2%
Fixed Voice ARPU (TL)	23.1	22.2	21.9	(5.0%)	(1.4%)
Broadband Total Subscribers (mn)	8.9	9.7	10.1	13.1%	3.3%
FTTH/B Subscribers ('000)	902	1,065	1,127	24.9%	5.8%
FTTC Subscribers ('000)	1,273	1,684	1,833	44.0%	8.9%
Broadband ARPU (TL)	45.0	44.8	44.6	(1.0%)	(0.6%)
Total Tivibu Subscribers² (mn)	2.1	2.7	2.9	37.1%	6.7%
Tivibu Home Subscribers ³ ('000)	774	1,167	1,276	64.9%	9.3%
Tivibu Home ARPU (TL)	17.9	16.4	17.5	(2.4%)	6.9%
Mobile Total Subscribers (mn)	18.7	19.6	19.9	6.5%	1.7%
Mobile Postpaid Subscribers (mn)	10.0	10.8	11.1	11.4%	2.9%
Mobile Prepaid Subscribers (mn)	8.7	8.8	8.8	0.9%	0.2%
Mobile Blended ARPU (TL)	26.7	27.9	28.4	6.2%	1.6%
Mobile Postpaid ARPU (TL)	35.0	35.7	35.9	2.5%	0.6%
Mobile Prepaid ARPU (TL)	16.9	18.0	18.5	9.5%	2.6%

(1) Includes PSTN and WLR Lines

(2) Includes IPTV, DTH, and Tivibu Go (Web TV + Smart TV) subscribers

(3) Includes IPTV and DTH subscribers

Guidance

TL mn	2017 YE	2018 Guidance	2018 Revised Guidance*
Revenue (exc. IFRIC 12) ¹	17,435	~11% growth	~11% growth
EBITDA	6,452	TL 7.0 to 7.2 bn	TL 7.6 to 7.8 bn
CAPEX	3,221	~TL 3.5 bn	~TL 4.1 bn

(1) IFRIC 12 is 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

*Guidance was revised due to IFRS 15 & 9 accounting standards adoption.

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)	Q1 '18	IFRS 15 Impact	Q1 '18 w/o adoption of IFRS 15
Revenues	4,686	(10)	4,696
EBITDA	1,972	140	1,832
<i>Margin</i>	42.1%		39.0%
Operating Profit	1,094	25	1,069
<i>Margin</i>	23.3%		22.8%
Financial Inc. / (Exp.)	(986)	(3)	(983)
FX & Hedging Gain / (Loss)	(879)		(879)
Interest Inc./ (Exp.)	(86)		(86)
Other Financial Inc./ (Exp.)	(21)	(3)	(18)
Tax Expense	(51)	(3)	(48)
Net Income	56	18	38
<i>Margin</i>	1.2%		0.8%

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)	31.03.2018	IFRS 15 Impact	31.03.2018 w/o adoption of IFRS 15
Total Assets	29,936	871	29,065
Intangible Assets ¹	9,263	878	8,384
Tangible Assets ²	8,964		8,964
Other Assets ³	7,730	(7)	7,737
Cash and Equivalents	3,979		3,979
Total Equities and Liabilities	29,936		29,065
Share Capital	3,260		3,260
Reserves, Retained Earnings and Other Equity Items	1,707	568	1,139
Interest Bearing Liabilities ⁴	17,496		17,496
Provisions for Employee Termination Benefits	652		652
Other Liabilities ⁵	6,822	303	6,519

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.

(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 deferred tax asset

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

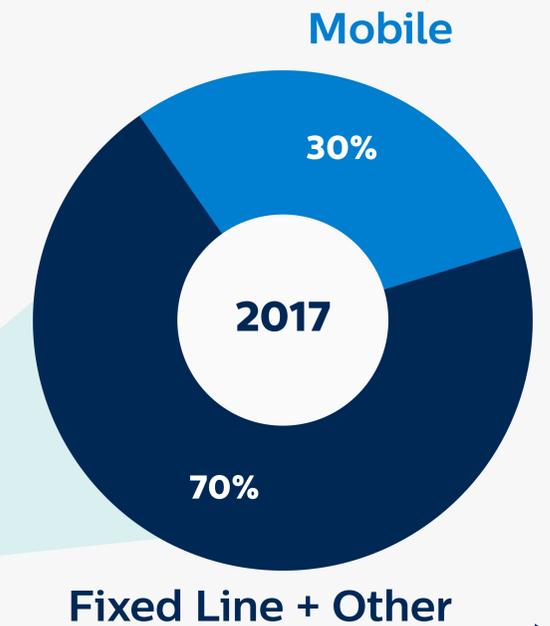
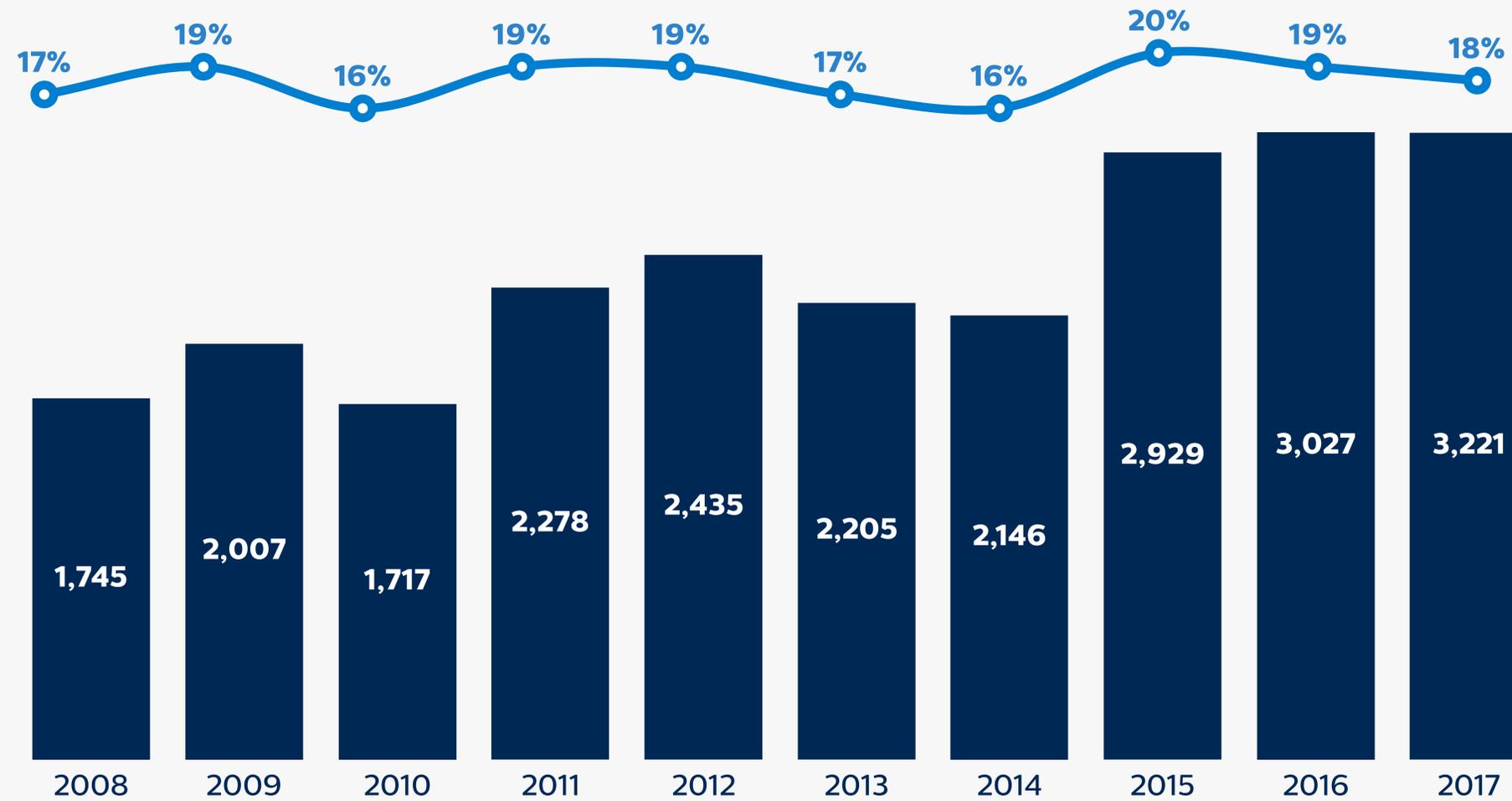
(5) Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, employee benefit obligations, deferred revenue, other current liabilities

Capex

Major Capex areas are fiber network roll-out in fixed line, network investments in mobile and IT transformation projects

Capex* & Capex / Sales

■ CAPEX (TL mn) ○ CAPEX/Sales



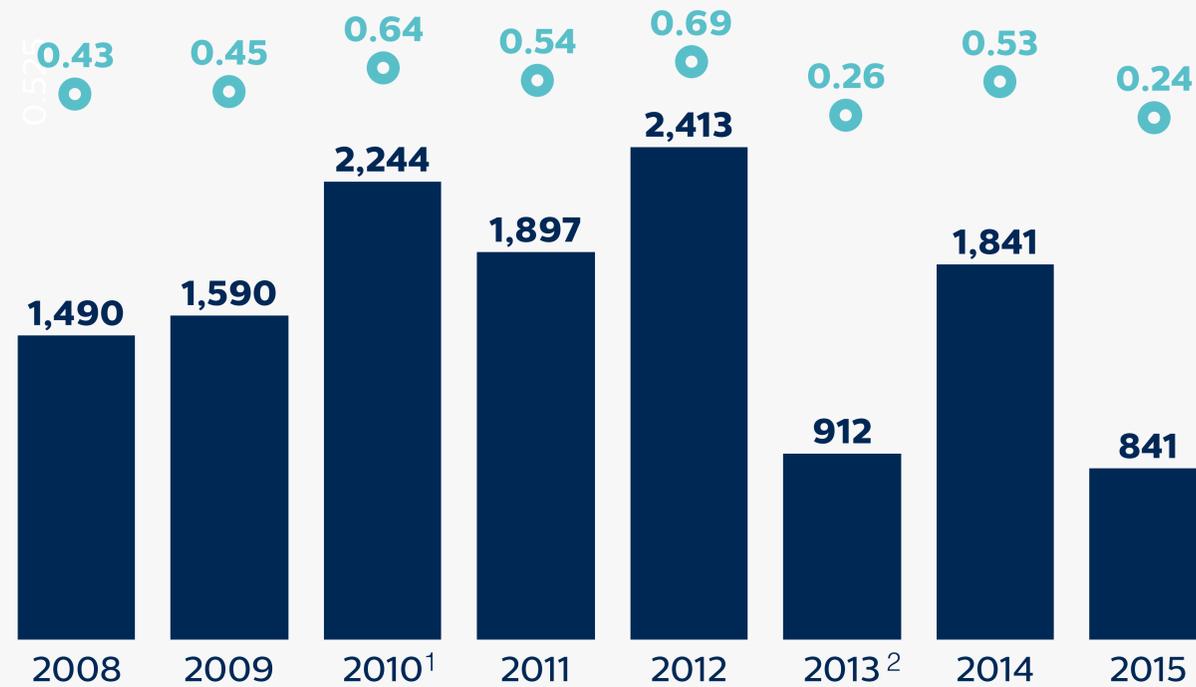
* Capex figures exclude license fees

Shareholder Remuneration

- ▶ Dividend policy is to distribute the maximum amount of distributable profit subject to relevant articles of the Company's Articles of Association

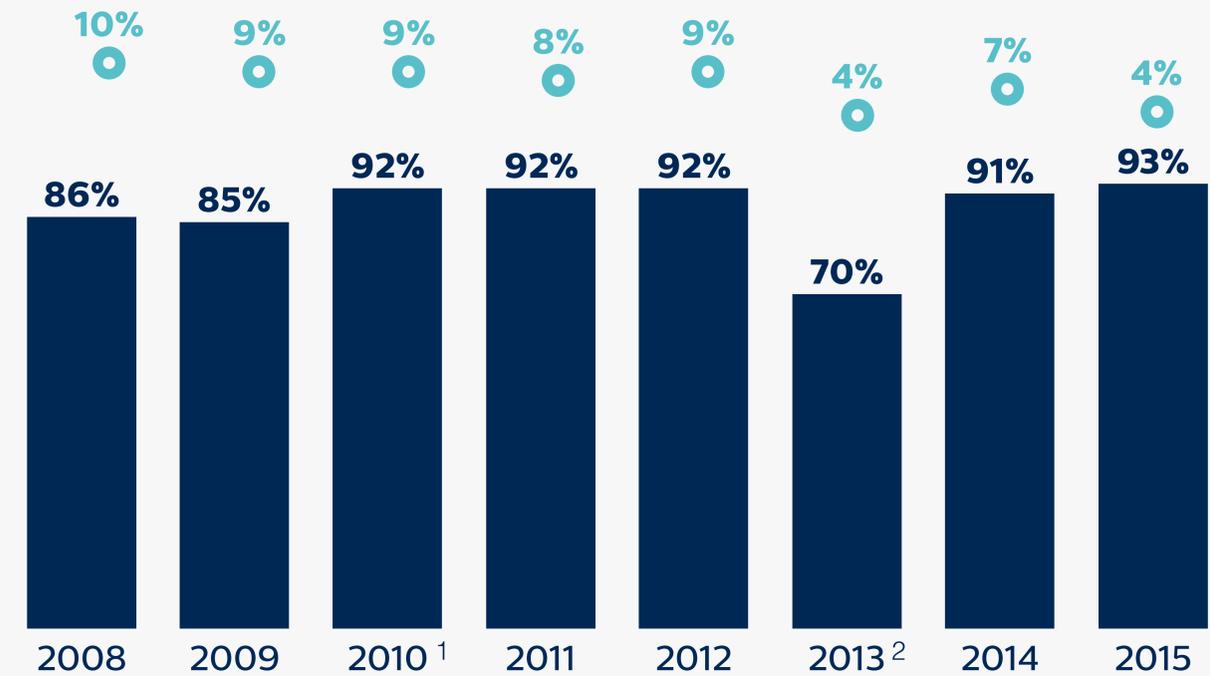
Dividend Distribution

■ Dividend (TL mn) ○ Dividend per Share (TL)



Dividend Yield & Payout Ratio

■ Dividend Payout Ratio ○ Dividend Yield



1) The cap in the first legal reserve was reached in 2010

2) 2013 dividend payout ratio was revised to 70% with BoD decision to prepare for any potential transaction for implementation of integration of the group

Note: Based on General Assembly Decision, no dividend distributed for the activity year 2016.

Appendix



Digital Transformation

Technology

Custom solutions by using both internal and subsidiary resources for serving both Turk Telekom and 3rd parties

Türk Telekom

innova

ARGELA

sebit

Marketing

Diverse portfolio addressing the consumer segment with 200+ value added services and mobile applications



Tambu



Tivibu Go



e-dergi



Türk Telekom Music

Branding & Comm.

Utilization of internal products for external sale

Segmented digital advertises

PROGRAMATİK

Sales

Diversification towards virtual channels

Easy, quick, secure online payment



Direct Carrier Billing



Web-sites / Applications

Customer Services

Improved customer services via online channels



Visual IVR

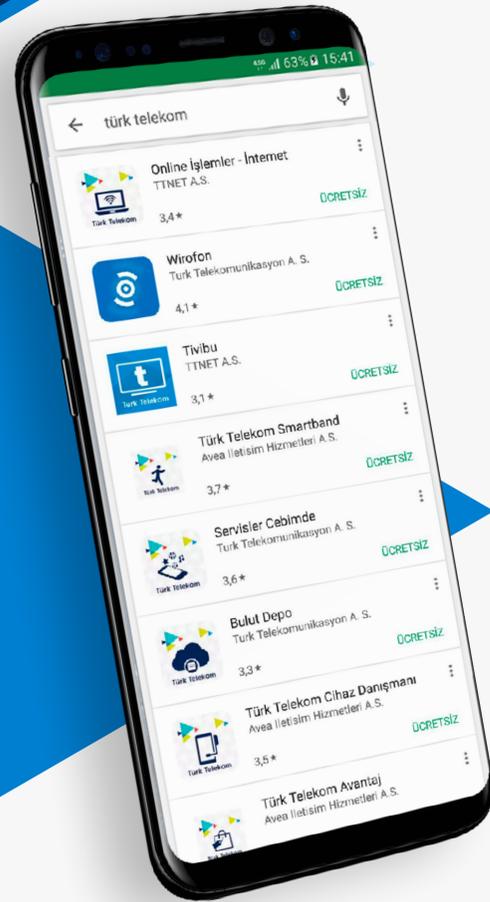


Account Management



Jetfix

Digital Service Portfolio



Turk Telekom has **40+** mobile applications, and **200+** value added services.



Turkey's New Generation TV Platform: **Tivibu GO** Launch: 2010

Türk Telekom's TV platform which provides national and exclusive linear channels, VoDs, and catchup programs in HD quality



Turkey's Enriched Digital Music Platform: **Türk Telekom Music** Launch: 2008

Turkey's most preferred digital music platform to listen and download millions of songs and watch videos



Turkey's Leader Digital Gaming Platform: **Playstore** Launch:2011

Turkey's first and leader digital game platform and e-pin sales platform



Turk Telekom's Education Platform: **Turk Telekom Akademi** Launch: 2018

Education platform for Turk Telekom employees has been relaunched and now available to all Turk Telekom internet subscribers



Turkey's First Interactive Education Platform Launch: 2008

Turkey's biggest online education platforms: Vitamin for pre-school to high grades students, Raunt for university preparation



Turkey's first smart and hyperlocal digital keyboard Launch: 2017

Turkey's first local and customized smart digital keyboard



Turkey's Most Comprehensive Online Reading Platform:**E-Dergi** Launch: 2017

Turkey's online magazine and newspaper reading platform with advantageous campaigns for Turk Telekom mobile users



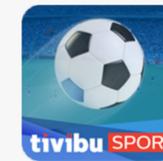
Turkey's Most Comprehensive Security Platform: **TT Security** Launch: 2009

Turkey's most comprehensive and secure anti-virus and family protection service



Turk Telekom's Advantageous Cloud Solution: **Netdisk** Launch: 2010

Turk Telekom's cloud storage solution specialized for Turk Telekom internet subscribers



Turkey's Real-Time Integrated Sport Platform: **Tivibuspor** Launch: 2010

Türk Telekom's sport platform presents sport news, videos, UEFA matches and instant match video delivery



Turkey's Widest Wifi Broadband Network: **TT WiFi** Launch: 2006

Turkey's widest WiFi hotspot coverage and services for Turkish Airlines flights

Corporate Credit Rating

Fitch Ratings

BBB- Rating

Negative Outlook

Fixed-mobile and pay-TV convergent service offering is built on the company's leading fixed line position

Broadband subscribers and ARPU continue to grow, helped by increasing demand for high-speed connectivity

Improved mobile service capability, helped by spectrum bought in the 2015 auction

S&P Global Ratings

BB+ Rating

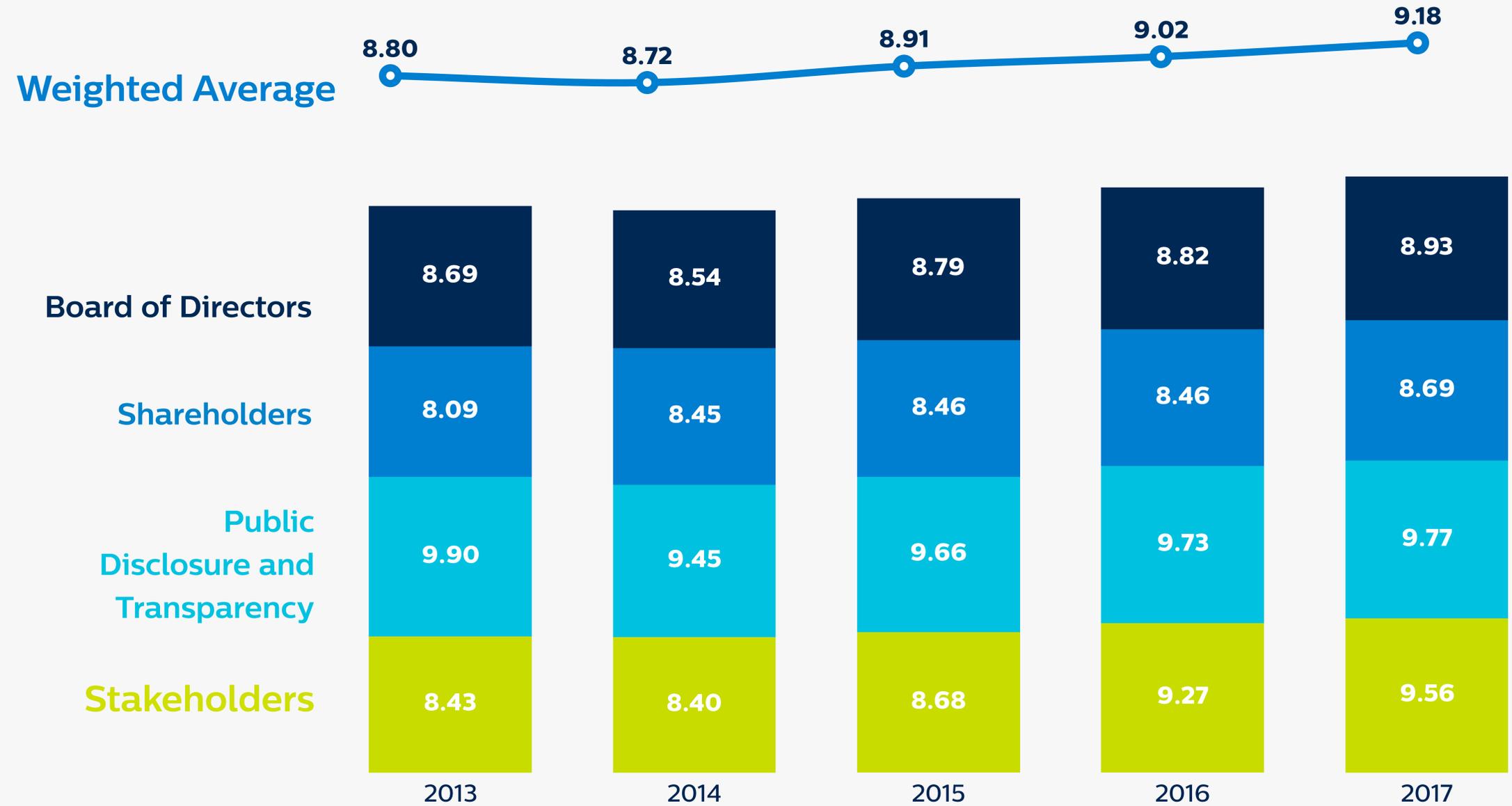
Stable Outlook

Strong leadership position in domestic fixed-line business

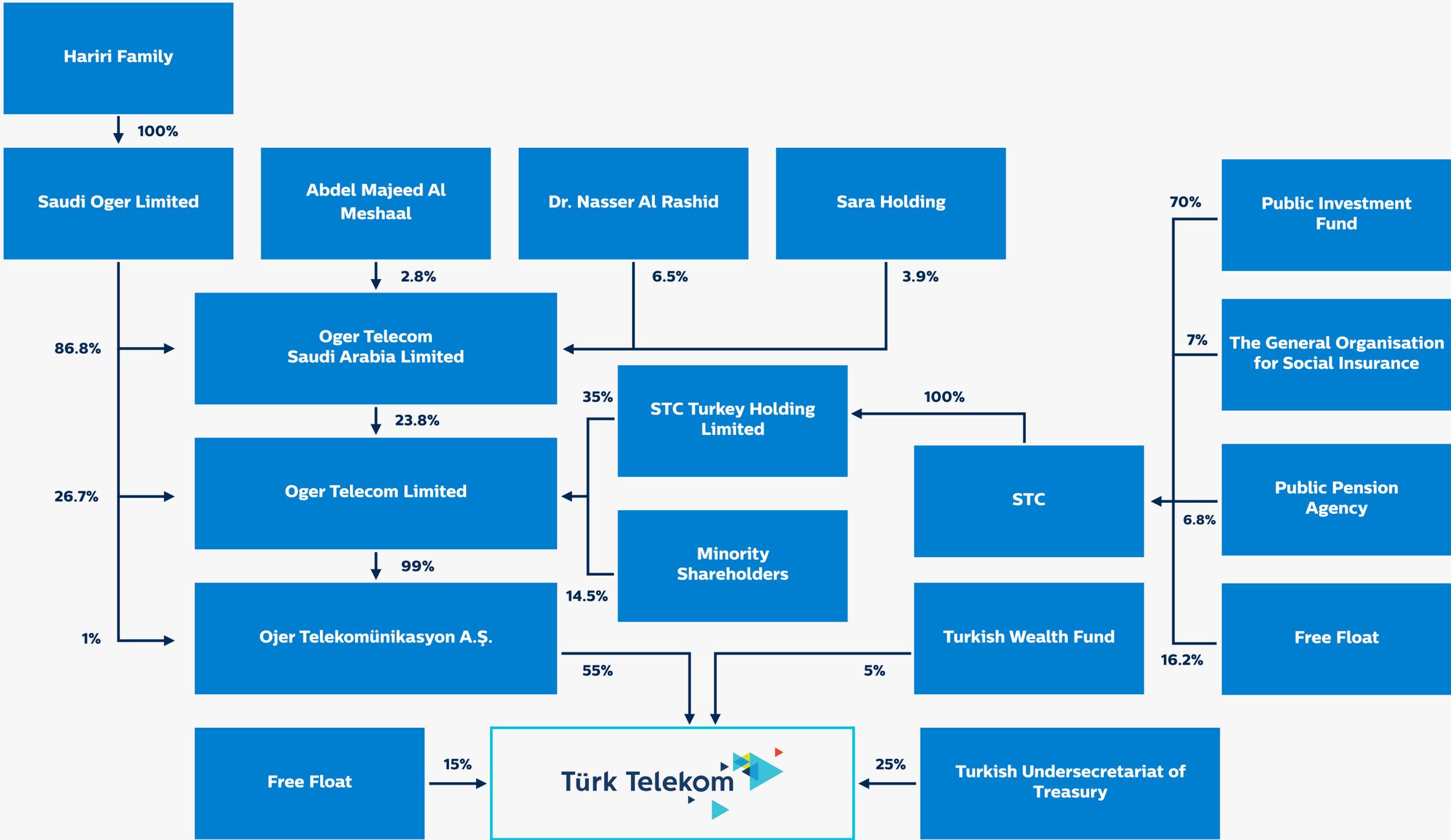
Good growth prospects, solid profitability

Corporate Governance

- ▶ Türk Telekom is member of BIST Sustainability Index since creation with its long lasting emphasis on Environmental, Social and Governance policies and exemplary practices
- ▶ The only telecom company qualified to be included in the BIST Corporate Governance Index since 2009



Shareholder Structure

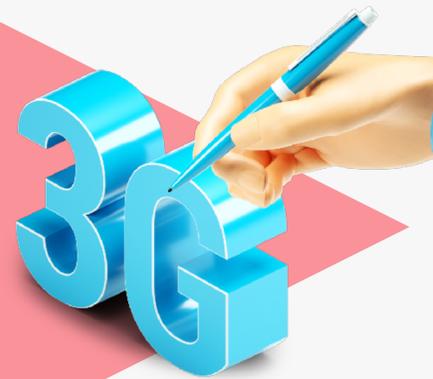


Note: Turkish Wealth Fund has 1.68% share in free float

Regulatory Actions

2008

- ▶ **April**
 - Interconnection rate decrease in Fixed (10%) and Mobile (33%)
- ▶ **November**
 - 3G tender held
 - Mobile Number Portability introduced
 - New Electronic Communications Law passed



2009

- ▶ **January**
 - About 50%-55% reduction in MTRs on SMS
- ▶ **March**
 - Reduction in SCT rate (25% to 5%) on internet services
- ▶ **April**
 - On-net price floor for TCELL
- ▶ **May**
 - About 29% reduction in MTRs
 - MVNO regulation in place
- ▶ **July**
 - 3G service launch
- ▶ **September**
 - Fixed number portability introduced
 - Local call liberalization

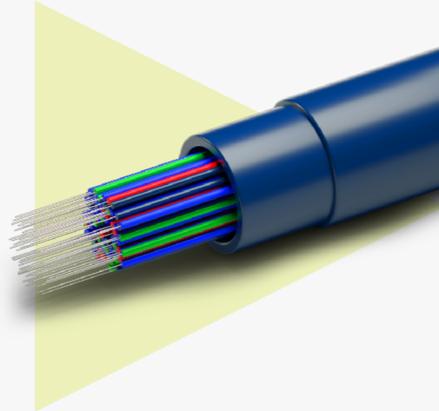
2010

- ▶ **April**
 - About 52% reduction in MTRs
 - 17% cut in double tandem FTR
 - 38% decrease in GSM to GSM retail price cap
 - TL per minute pricing introduced
- ▶ **December**
 - Naked DSL services started



2011

- ▶ **April**
 - Mobile off-net price cap was increased by 4%
 - SMS price cap was decreased by 48%
- ▶ **September**
 - Deregulation on MTRs on international calls and liberalization on their pricing
- ▶ **October**
 - ICTA's fiber decision: FTTH/B will be excluded from the market analysis process until 25% fiber market share or for 5 years



2012

- ▶ **January**
 - WLR was introduced
- ▶ **November**
 - Deregulation on FTRs on international calls and liberalization on their pricing



2013

- ▶ **March**
 - Mobile on-net price floor for TCELL formulated by Mobile Termination Rate 1.7x
- ▶ **April**
 - 75% reduction in MTRs on SMS
- ▶ **July**
 - 20% reduction in MTRs
- ▶ **September**
 - Duct Sharing officially started



2014

- ▶ **July**
 - Calls over fixed line infrastructure was deregulated. Accordingly, Türk Telekom is no longer designated as having SMP (significant market power) in fixed voice market

2016

- ▶ **April**
 - LTE Service Launch
- ▶ **August**
 - Mobile on-net price floor regulation for TCELL was lifted
- ▶ **October**
 - The deadline to shift Port Transmission Model

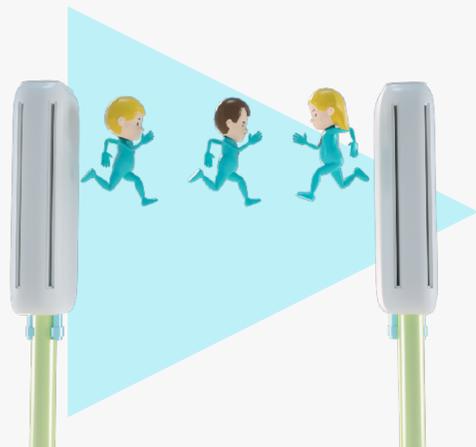


2018

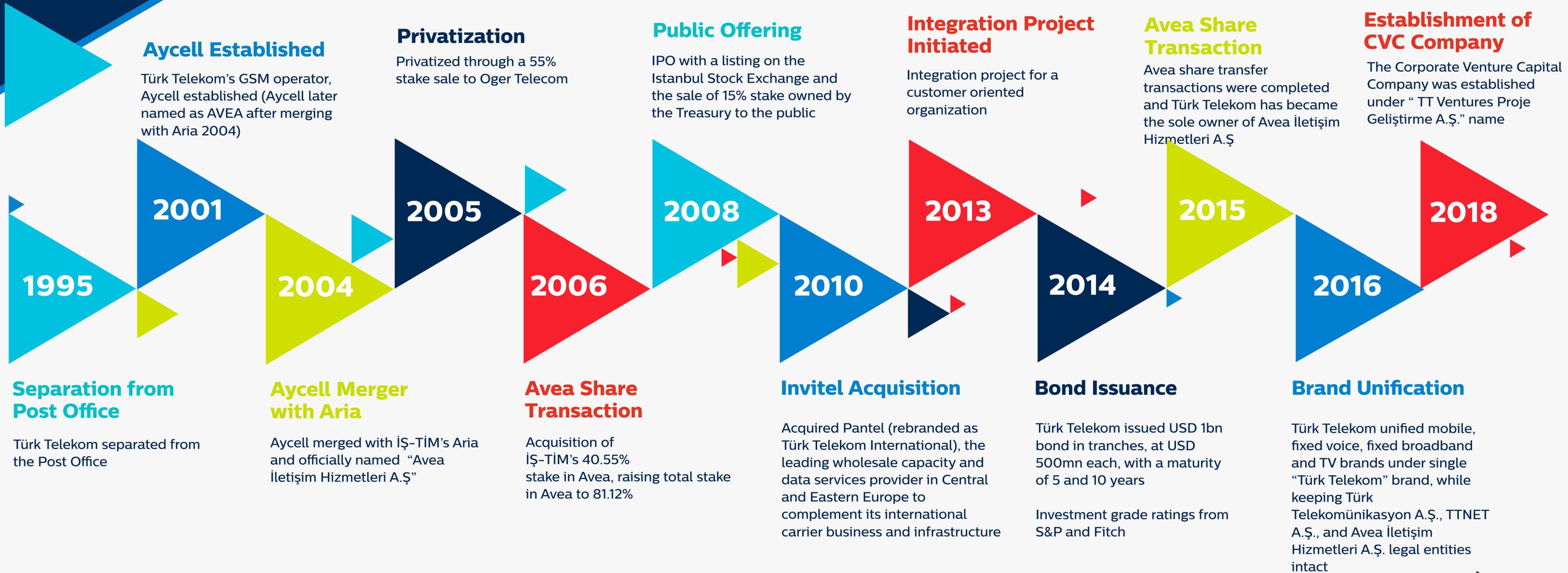
- ▶ **January**
 - SCT rates for mobile voice, fixed voice, mobile data, and fixed data was determined as 7.5%

2015

- ▶ **August**
 - LTE tender was held



History





Türk Telekom Investor Relations

investorrelations@turktelekom.com.tr | +90 212 309 96 30 | ttinvestorrelations.com | twitter.com/ttkomir

