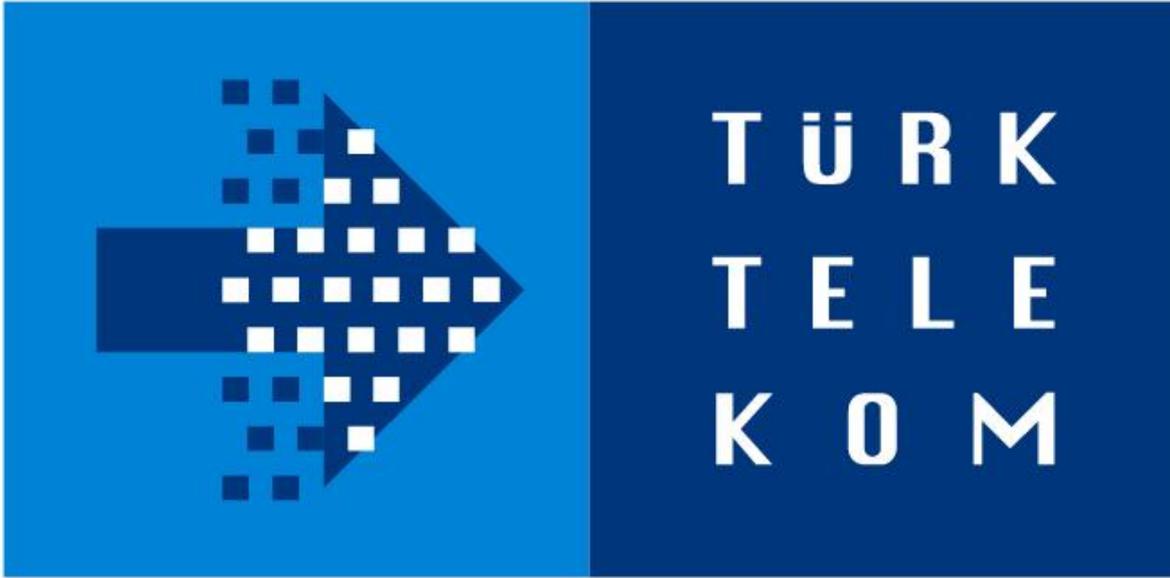


# TÜRK TELEKOMÜNİKASYON A.Ş. ANNOUNCES Q3 2009 RESULTS





## **Consolidated Revenue exceeds TL 7.8 billion**

Türk Telekom, the leading communication and convergence technology Company in Turkey, announced 2009 third quarter results. In the first nine months of 2009, the Company's consolidated revenues have exceeded TL 7.8 billion with an increase of 3 percent compared to the same period of 2008. The Company's consolidated EBITDA(\*) is TL 3.3 billion with a margin of 42%.

### **2009 First Three Quarters Highlights**

- ❖ **Türk Telekom's consolidated revenue exceeded TL 7.8 billion with a growth of 3% compared to the same period of 2008**
- ❖ **Türk Telekom's consolidated EBITDA margin is 42% despite mobile price war and cost of investment in mobile growth**
- ❖ **Mobile revenues managed a 16% growth compared to the same period of 2008 and reached TL 1.85 billion**
- ❖ **ADSL revenues improved 28% compared to the same period of 2008 and reached TL 1.56 billion**

*\*EBITDA is a non-GAAP financial measure. The EBITDA definition used in this press release 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, income/(loss) from related parties, and minority interest.*



## Q3 2009 Results

**Commenting on Türk Telekom's results, Dr. Paul Doany, Chief Executive Officer of Türk Telekom, declared the following:**

We continued to show revenue growth with strong EBITDA margin and we are happy to see positive signs of rationalization in the mobile market.

Our mobile subsidiary Avea has more flexibility after USD 670 million debt early repayments and is now in a much better position to continue its accelerated growth.

Our focus on value added products in the ADSL business continues with our new product providing safe internet for kids. We not only see it as a value added service contributing to the successful revenue performance in ADSL but also see it as a strong supporter in the growth of the total broadband market.

We are excited to see the results of our investments in innovative convergence technologies. We launched our innovative convergence product Wirofon that enables fixed line calls over mobile phones and computers. Wirofon will be supported with new technological innovations and has a good potential of being a new platform for us to offer convergence products with complementing products and services as it is being developed and improved in the Türk Telekom Group.

We started offering mobile internet through Avea and also through our broadband subsidiary, TTNET, as a complementing product over high capacity, quality fixed internet and extensive Wifi hotspots across the country.

I thank Türk Telekom Group employees for their strong execution and hard work despite a challenging economic and operating environment. We will continue to focus on customer-oriented, innovative and value creating products for our customers.

**Financial Highlights (Year to Date)**

(TL mn)	30 Sep. 2009	30 Sep. 2008	% Change
Revenue	7,818	7,592	3%
Net Operating Expenses excluding Depreciation and Amortization <sup>(a)</sup>	(4,560)	(4,180)	9.1%
Operating Profit before Depreciation and Amortization (EBITDA)	3,257	3,412	(4.5%)
Depreciation and Amortization	(1,200)	(1,220)	(1.6%)
Operating Profit	2,057	2,191	(6.1%)
Net Financial Income/ (Expense)	(348)	(80)	335%
Taxes	(474)	(466)	1.7%
Minority Interest	133	35	285%
Net Income	1,369	1,680	(18.5%)
Capital Expenditure	1,750	970	80.4%

(a) Net Operating expenses includes operating expenses, other operating expenses and other operating income

**Revenues**

In the first nine months of 2009, the company's consolidated revenues of TL 7,818 mn showed a 3% growth compared to the same period of 2008. The main drivers of revenue growth were the Mobile Business (+16%, from TL 1,589 mn to TL 1,850 mn) and ADSL business (+28%, from TL 1,223 mn to TL 1,565 mn)

**Net Operating Expenses (Excluding Depreciation and Amortization)**

The increase in operating expenses was wholly due to the mobile business where the 16% revenue growth has generated a higher increase in interconnection cost.

**Operating Profit before Depreciation and Amortization (EBITDA)**

Operating profit before depreciation and amortization slightly decreased to TL 3,257 mn, resulting in a consolidated EBITDA margin of 42%.



## Q3 2009 Results

### Depreciation and Amortization

In the first nine months of 2009, total depreciation and amortization charges at TL 1,200 mn were similar to the TL 1,220 mn recorded in the same period of 2008.

### Operating Profit

In the first nine months of 2009, Türk Telekom's operating profit is TL 2,057 mn, with an operating profit margin of 26%. The whole reason for the decline in operating profit is fully attributable to our mobile operation, which is suffered from price war in the market.

### Net Financial Income / (Expense)

The Company's net financial expense of TL 348 mn is mainly due to TL 224 mn net FX and hedging costs.

### Income Taxes

The income tax charge recognized is TL 474 million with no change in the tax rate at 20% of taxable profits.

### Net Income

The net income of the first nine months of 2009 is a profit of TL 1,369 mn, or 0.391 Kurus per lot (100 shares) compared to TL 1,680 mn, or 0.480 Kurus per lot in the same period of 2008. The lower net income is a direct result of poor mobile operational performance and currency hedging costs related to Avea loans.

### Additional Information

As of September 30, 2009, the Company had a net debt of TL 3.6 bn with a gross debt of TL 4.4 bn and cash and cash equivalents of TL 0.9 bn.

Türk Telekom Group's total headcount at September 30, 2009 was 35,667.

### Outlook

The consolidated business is still on track delivering EBITDA at 40% despite the continued negative impact of mobile market. Given the negative impact of the mobile price war in Q309 and its potential slow recovery in Q409, consolidated revenue growth of 3%-4% is expected.



## DISCLAIMER

This release includes forward-looking statements. All statements other than statements of historical facts included in this press release, including, without limitation, certain statements regarding our operations, financial position and business strategy may constitute forward-looking statements. In addition, forward-looking statements generally can be identified by the use of forward-looking terminology such as, among others, "may," "will," "expect," "intend," "plan," "estimate," "anticipate," "believe" or "continue."

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it can give no assurance that such expectations will prove to be correct. Given these uncertainties, readers are cautioned not to place undue reliance on such forward-looking statements. All subsequent written and verbal forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

## About Türk Telekomünikasyon A.Ş.

Türk Telekom, the leading communication and convergence technology Company in Turkey, provides integrated telecommunication services from PSTN and GSM to broadband internet. As of September 30, 2009, Türk Telekom group companies have 16.8 mn Fixed Access lines, 6 mn ADSL connections and 12.1 mn GSM subscribers. Group companies have a modern network infrastructure covering the whole country and offer a wide variety of services to residential and commercial customers all over Turkey. Apart from 81.4% shares in Avea, one of the three GSM operators in Turkey, Türk Telekom owns 99.9% of TTNET, Argela, Innova, Sebit, Sobee, and AssisTT companies. Türk Telekom also has an indirect minority share in Albtelecom, the Albanian incumbent telecom operator. 55% of Türk Telekom shares belong to Ojer Telekomünikasyon A.Ş. and 30% belongs to Turkish Treasury. The remaining 15% is publicly traded. Türk Telekom shares are listed in Istanbul Stock Exchange since May 2008.

*Türk Telekom (ISE: TTKOM)*