

Investor Presentation

December 2016

Türk Telekom





► 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 present 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. In this presentation, EBITDA represents revenue less cost of sales and other operating expenses plus other operating income/(expense) plus income/(expense) from investing activities but excluding financial income/(expense) presented in other operating income/(expense) (i.e., foreign exchange gain/(loss), interest income/(expense) and discount income/(expense) on receivables and payables excluding financial borrowings), depreciation, amortization and impairment, income on unconsolidated subsidiaries and minority interest.

Türk Telekom Highlights



Most valuable
telco brand for

8 CONSECUTIVE
YEARS



**Leading
COMPANY
IN TURKEY**

Offering
Integrated telecom
services



98%
Fixed line
household
coverage



Serving
38.5mn
SUBSCRIBERS



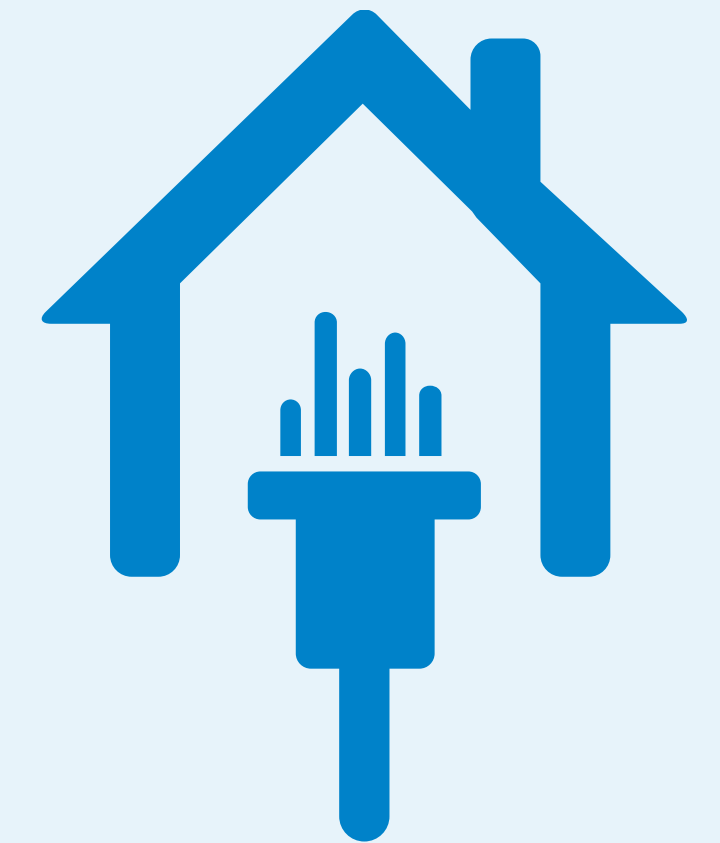
68%
LTE
Population
Coverage



CAPEX
TL **25** bn
since privatization
(2005)



223K
km
fiber network in
81 cities



13.1mn
FIBER
HOMEPASS*

* Homepass includes FTTC & FTTH/B

Turkey's Pioneer Convergence Player



* Based on the consent of the customers

Operational Highlights

Strong net subscriber gains in all segments



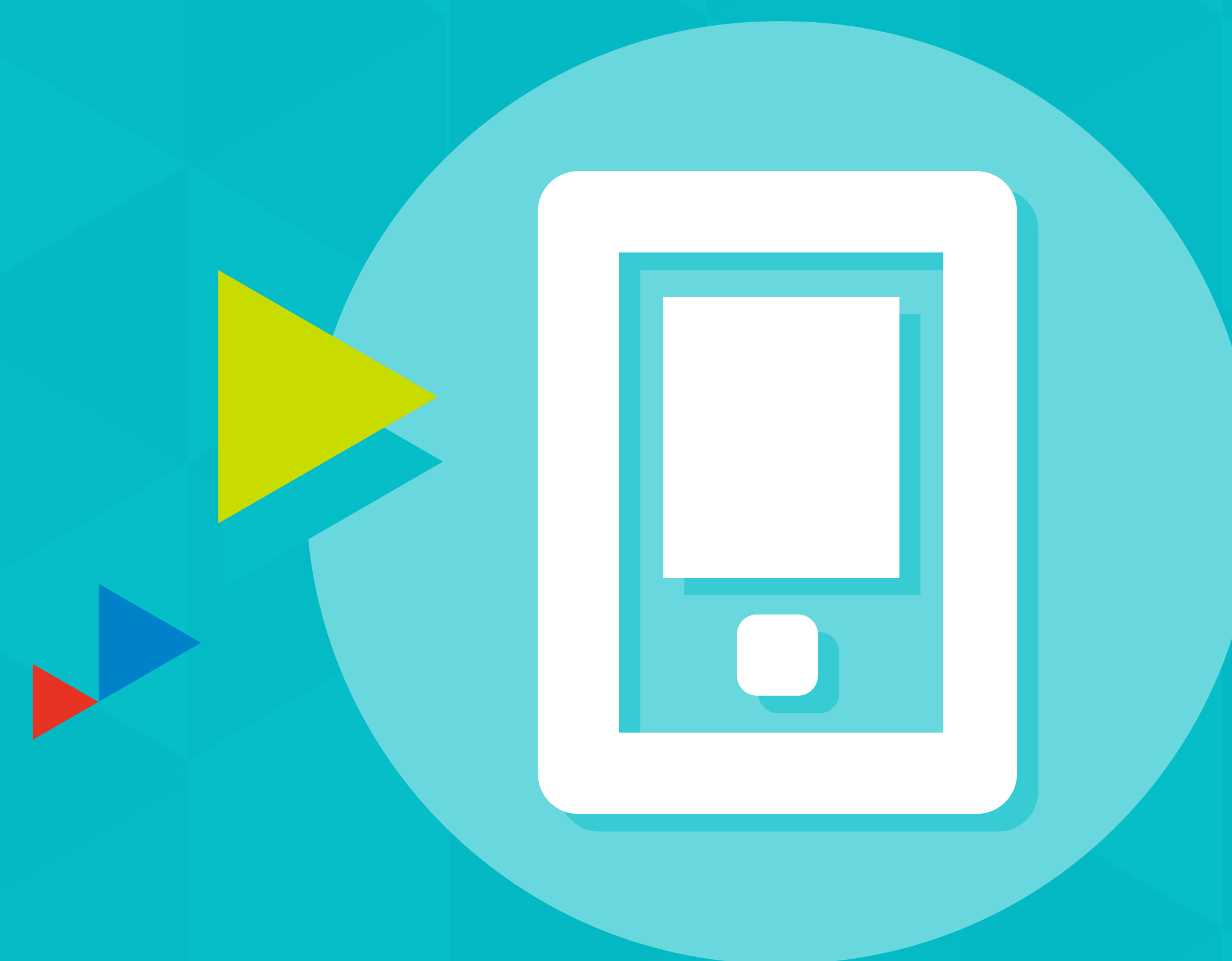
Broadband

119K

Q3 '16

429K

9M '16



Mobile

342K

Q3 '16

1.1 mn

9M '16



Home TV

46K

Q3 '16

206K

9M '16



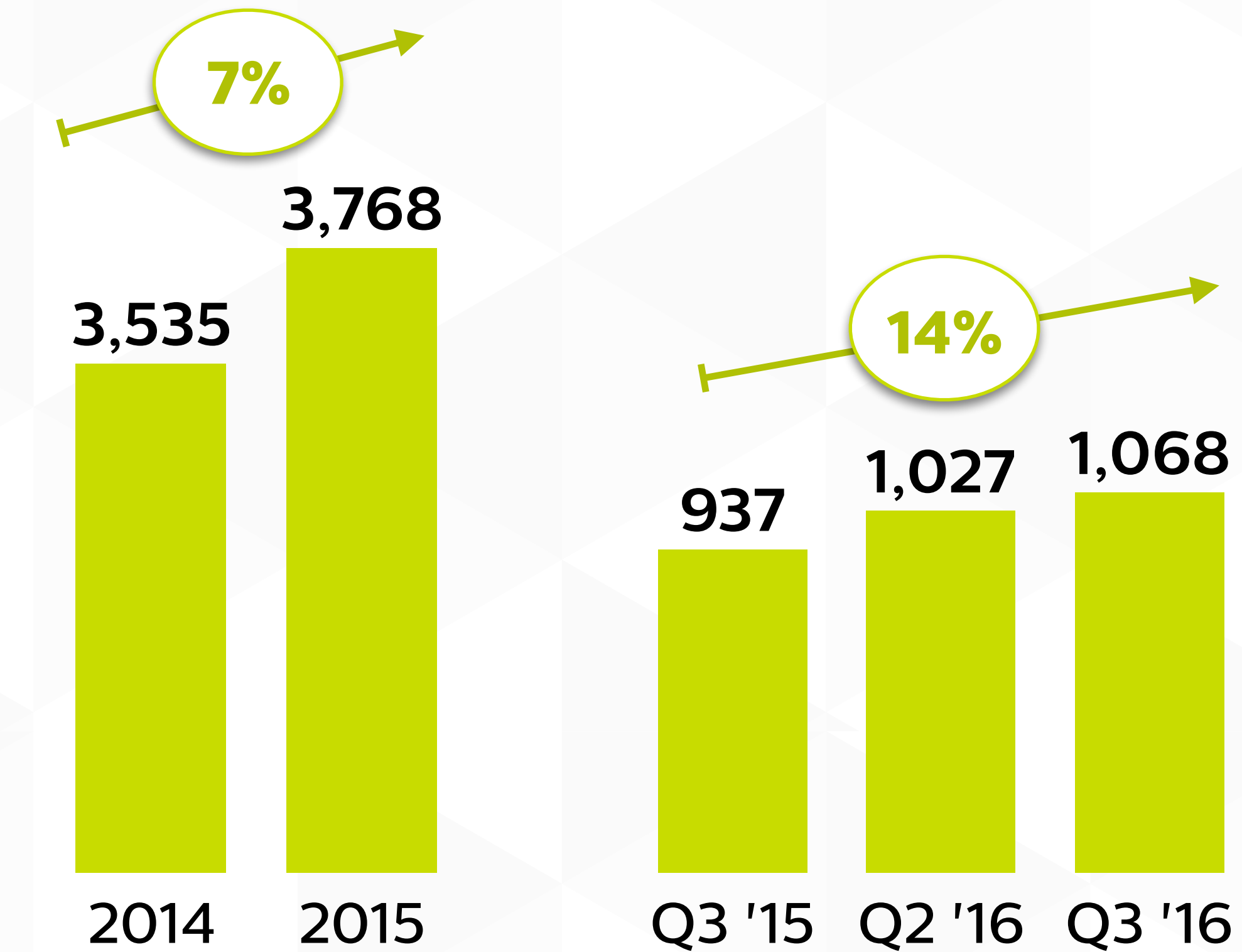
Financial Performance

	TL mn	2015 Q3	2016 Q2	2016 Q3	Growth (QoQ)	Growth (YoY)
Revenue		3,696	3,940	4,118	5%	11%
Revenue (exc. construction adjustment) ¹		3,627	3,820	3,943	3%	9%
EBITDA		1,269	1,322	1,452	10%	14%
EBITDA Margin		34.3%	33.6%	35.3%		
Net Income		(493)	248	9	-97%	n.m.
CAPEX		992	689	666	-3%	-33%

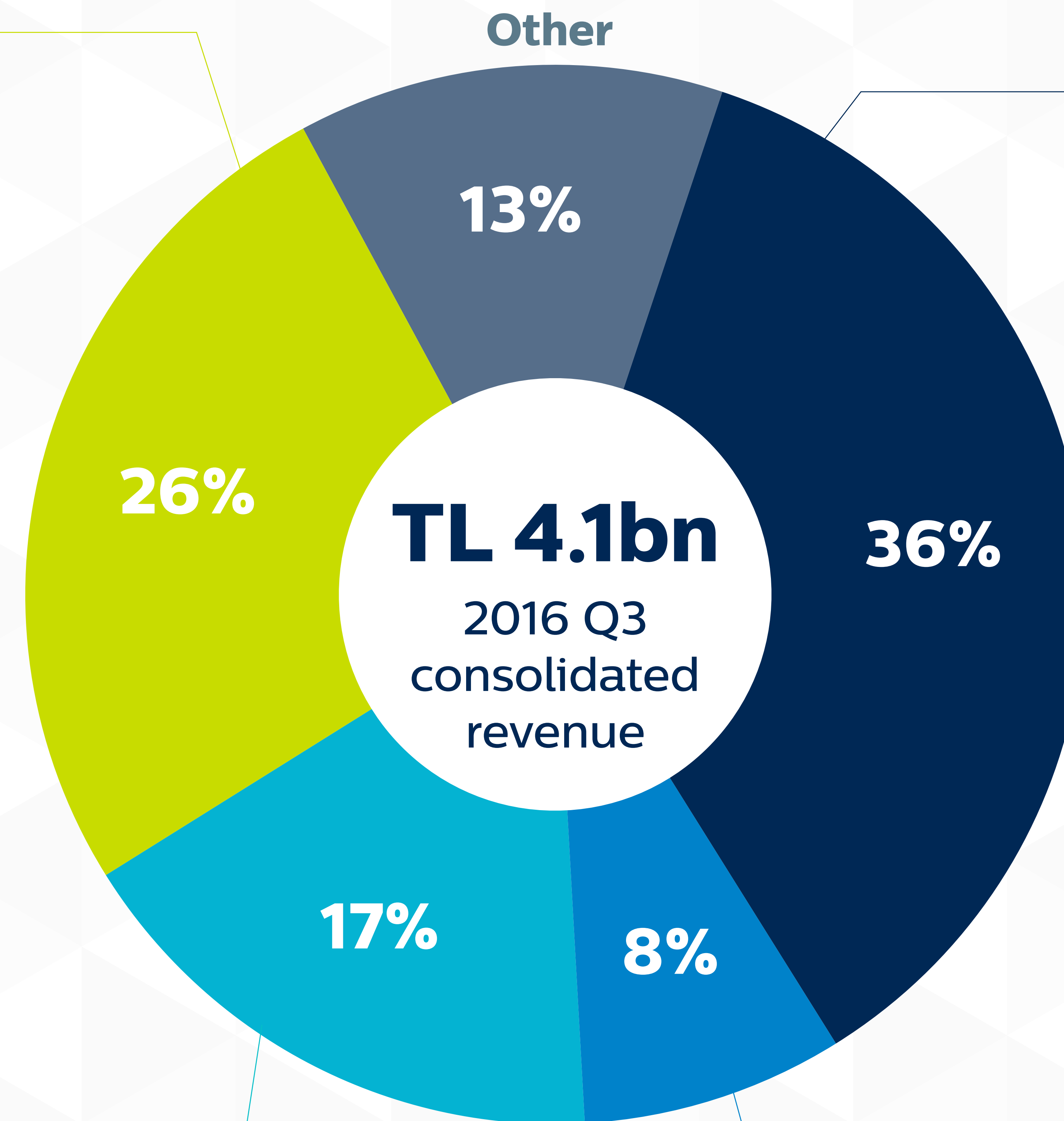
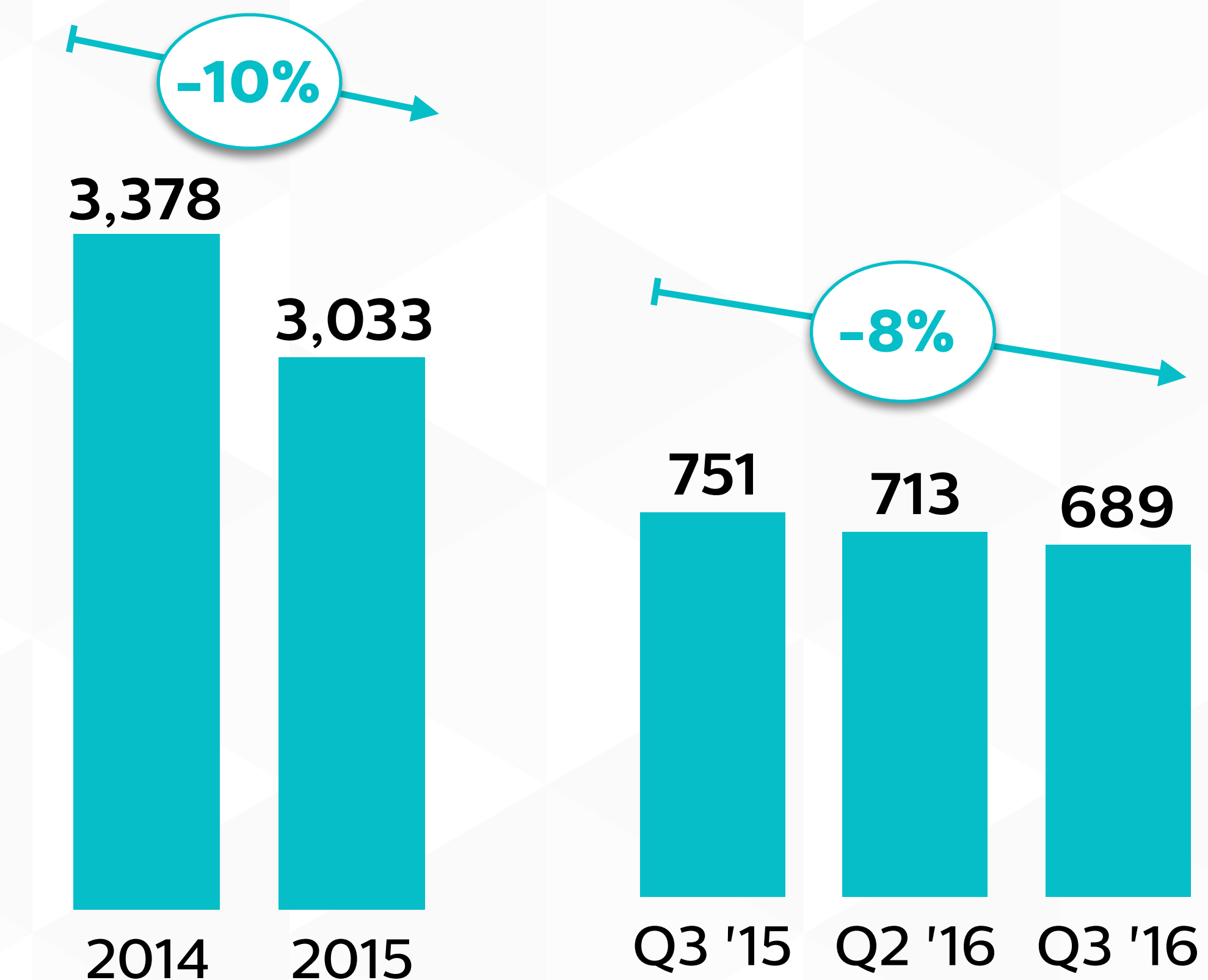
(1) Construction accounting adjustment is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fiber based network.

Focused on High Growth Areas

Fixed Broadband (TL mn)

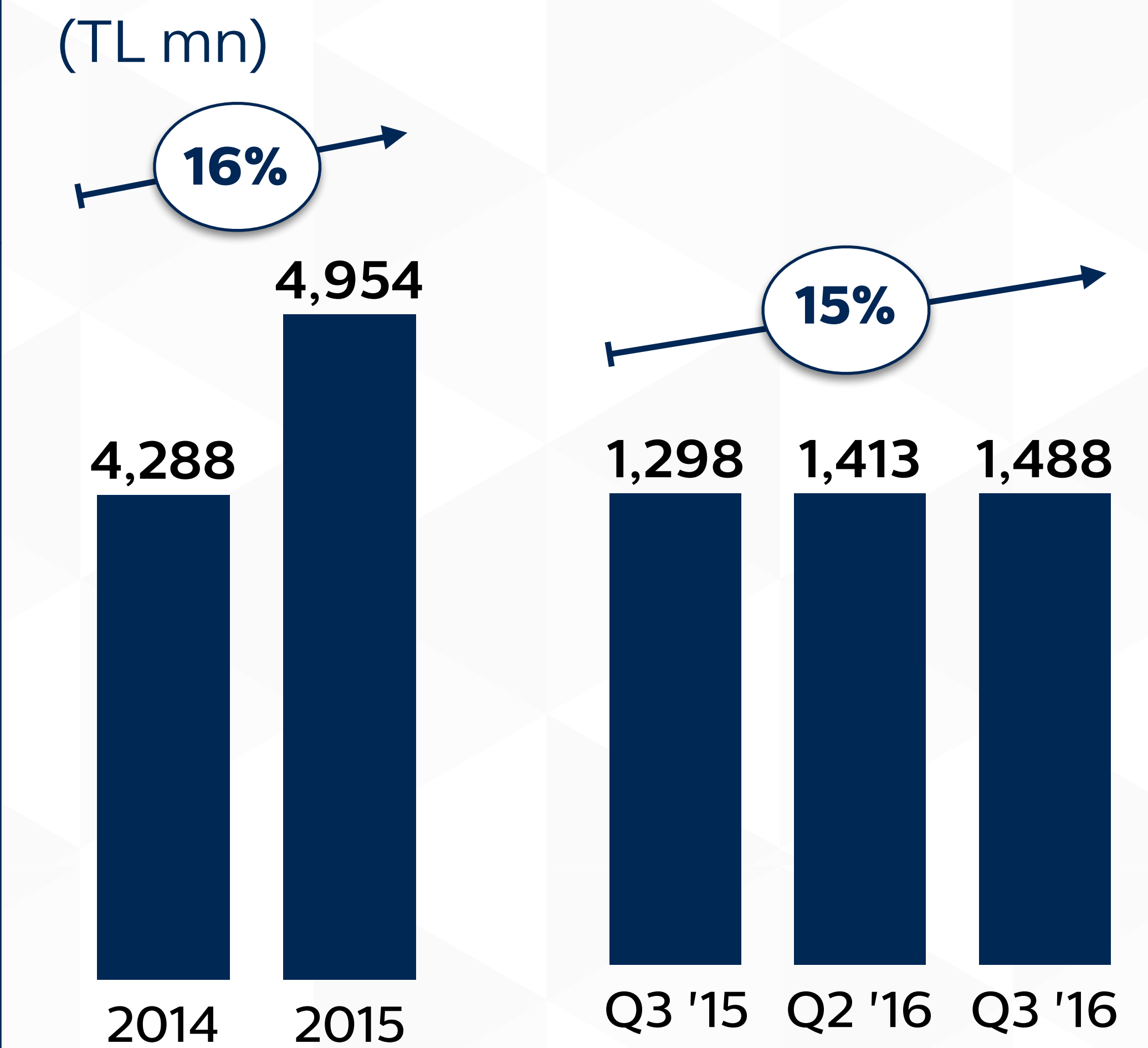


Fixed Voice (TL mn)

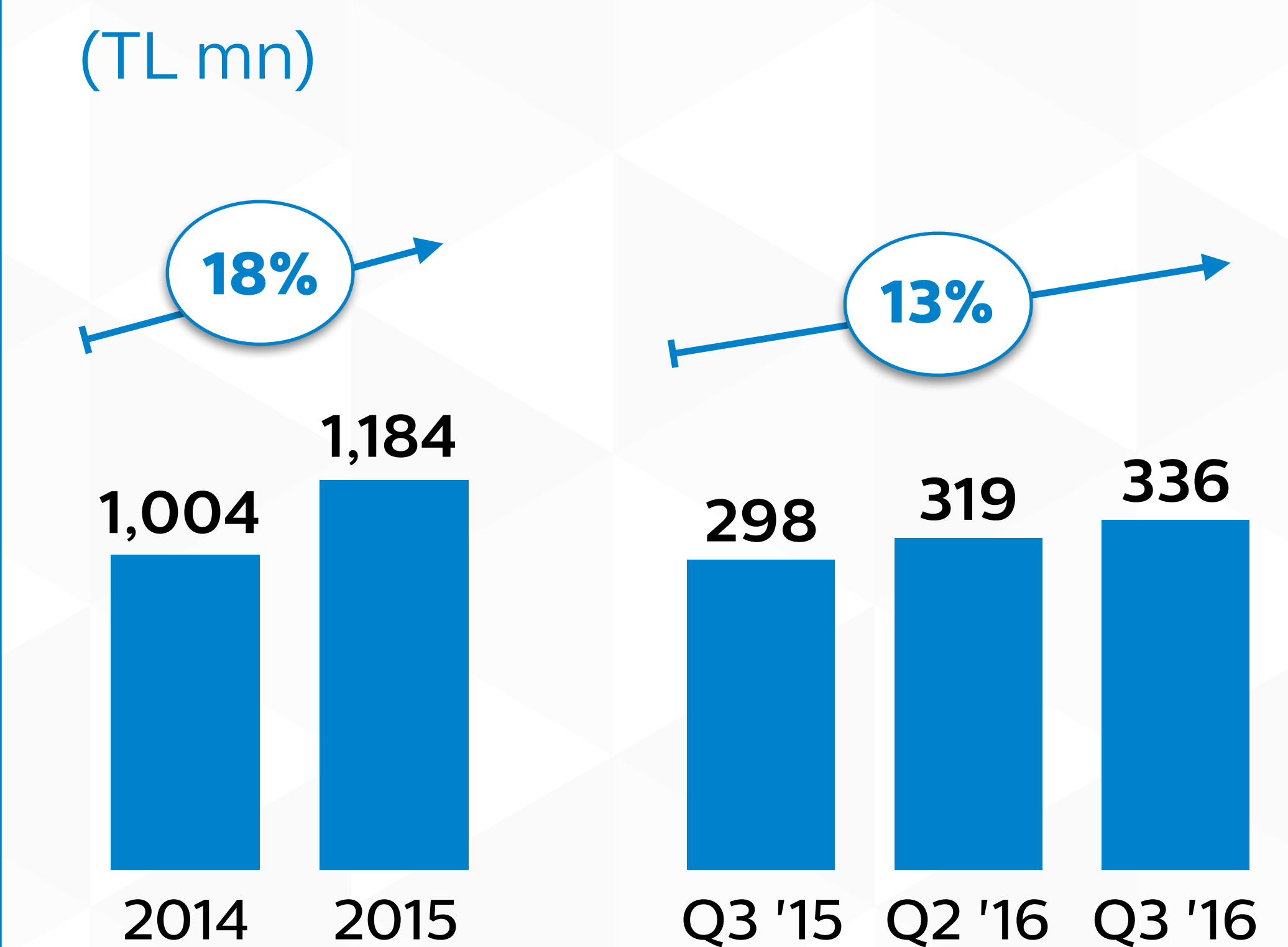


Revenue breakdown

Mobile (TL mn)



Corporate Data (TL mn)



Strongest Position in Multiplay Offers

Key building blocks of customer proposition

Türk Telekom

Turkcell

Vodafone

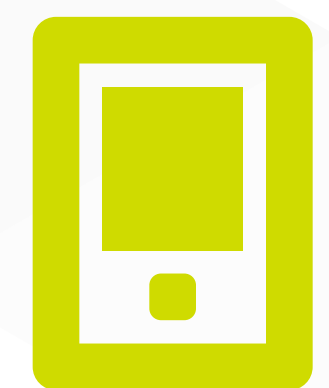


Broadband

- ▶ 98% fixed broadband coverage
- ▶ Nationwide fiber availability
- ▶ Best in class customer service
- ▶ Widest variety of value added services

- ▶ Fiber infrastructure in 15 out of 81 cities
- ▶ Wholesale customer of Türk Telekom

- ▶ Wholesale customer of Türk Telekom



Mobile

- ▶ 900MHz disadvantage eliminated after spectrum auction
- ▶ Only operator with spectrum market share higher than subscriber market share
- ▶ Nationwide fiber network and optimum spectrum to enable best LTE experience

- ▶ Incumbent mobile operator

- ▶ Number two mobile operator



Pay TV

- ▶ UEFA Champions League and Europe League Turkey media rights
- ▶ Nationwide coverage through IPTV and satellite
- ▶ Rich content library

- ▶ English Premier League broadcasting rights
- ▶ No satellite platform
- ▶ Limited access

- ▶ No Home TV



Fixed Voice

- ▶ Nationwide fixed voice services
- ▶ Additional benefits (data packages, home security and other 3rd party benefits)
- ▶ VOIP available

- ▶ Wholesale customer of Türk Telekom
- ▶ VOIP available

- ▶ Wholesale customer of Türk Telekom
- ▶ VOIP available

Other operators' data are from their own publications and ICTA report

The Most Diversified Product Portfolio

Unique
position in
convergence

Robust ARPU Generation

Q3 '16 ARPU

Mobile

Broadband

Pay TV

Fixed Voice

Türk Telekom

TL 26.0

TL 42.6

TL 18.7

TL 23.3

Türk Telekom

Mobile

48%

5%

Pay TV
(Home and Web)

38.5 mn
subscribers
as of Q3 '16

25%

Fixed Voice*

22%

Broadband

Turkcell

3% Pay TV (Home and Web)

5% Broadband

35.5 mn
subscribers

92%

Mobile

Vodafone

2% Broadband

23.0mn
subscribers

98%

Mobile

Other operators' data are from their own publications as of Q3 '16.

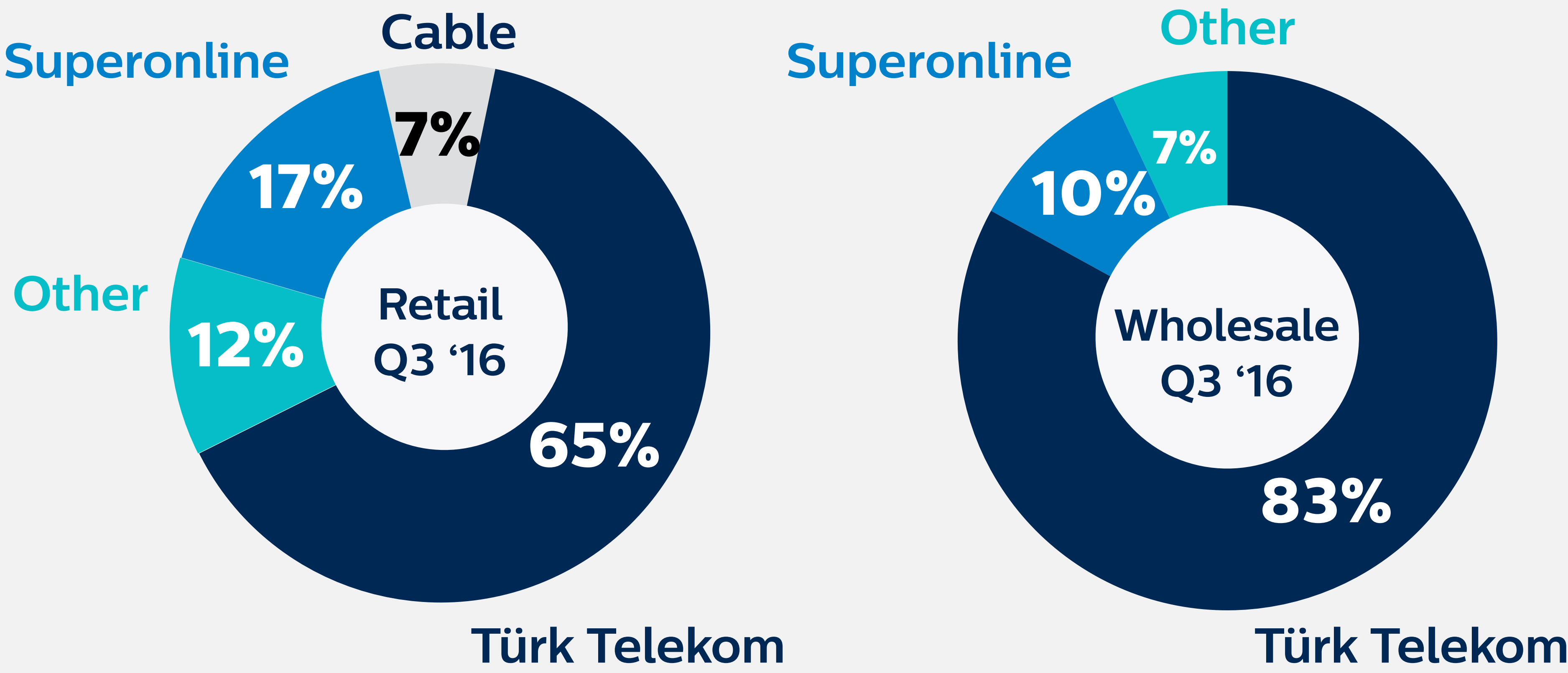
*VOIP is not included.

The image shows two men in a modern office setting. One man, wearing glasses and a blue shirt, is seated at a desk and typing on a laptop. The other man, in a grey t-shirt, stands behind him, smiling. The background is a blurred office with shelves and plants. Overlaid on the left side are several colorful geometric shapes: a large cyan triangle, a smaller red triangle, a blue triangle, and a yellow triangle. A large dark blue triangle points towards the bottom left, containing the text 'Business Lines' in white.

Business Lines

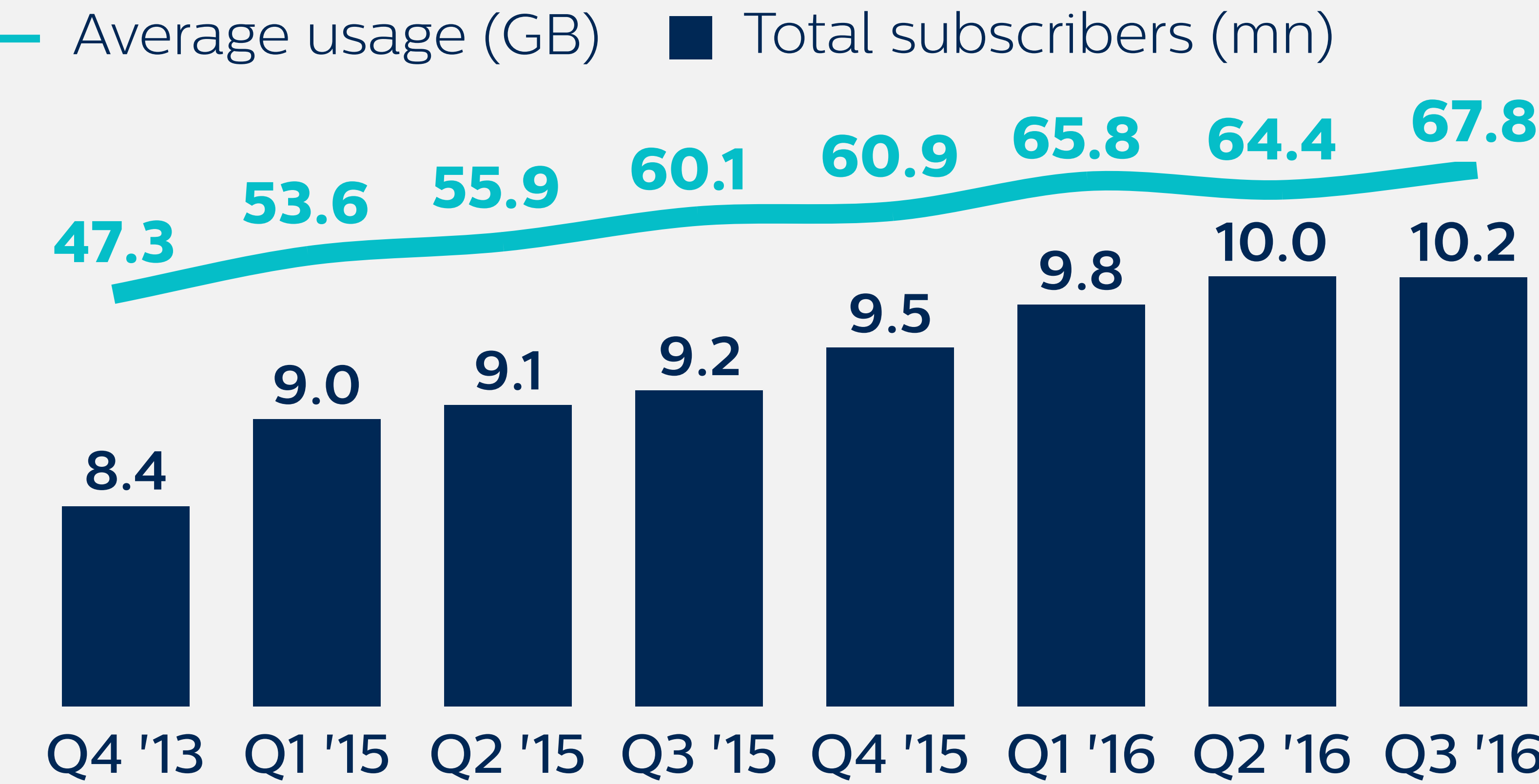
Fixed Broadband Market

Subscriber Market Share

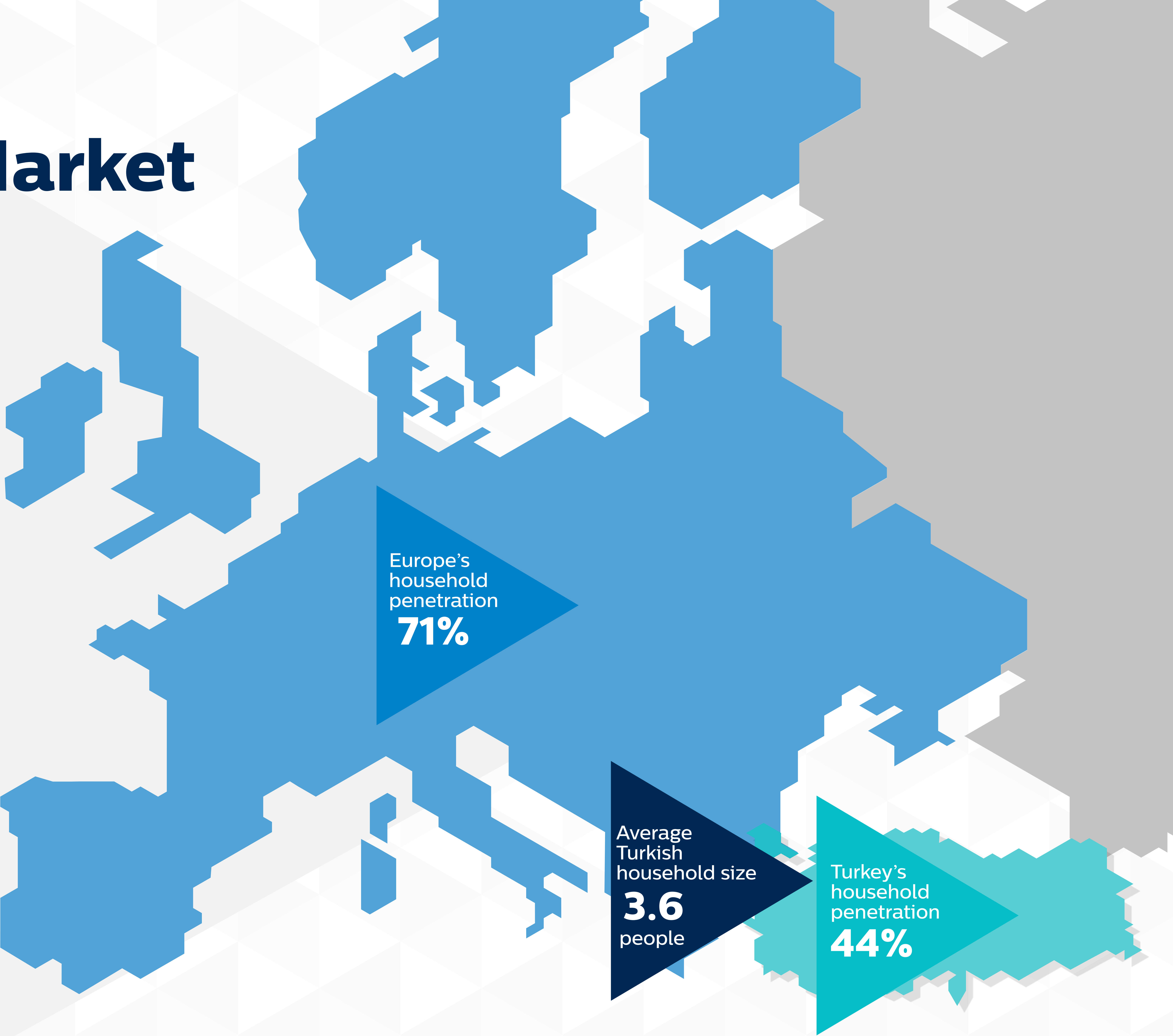


Source: Other operators' data are from ICTA Q3 '16 report

Subscribers & Avg. Monthly Data Usage



Source: ICTA Q3 '16 report

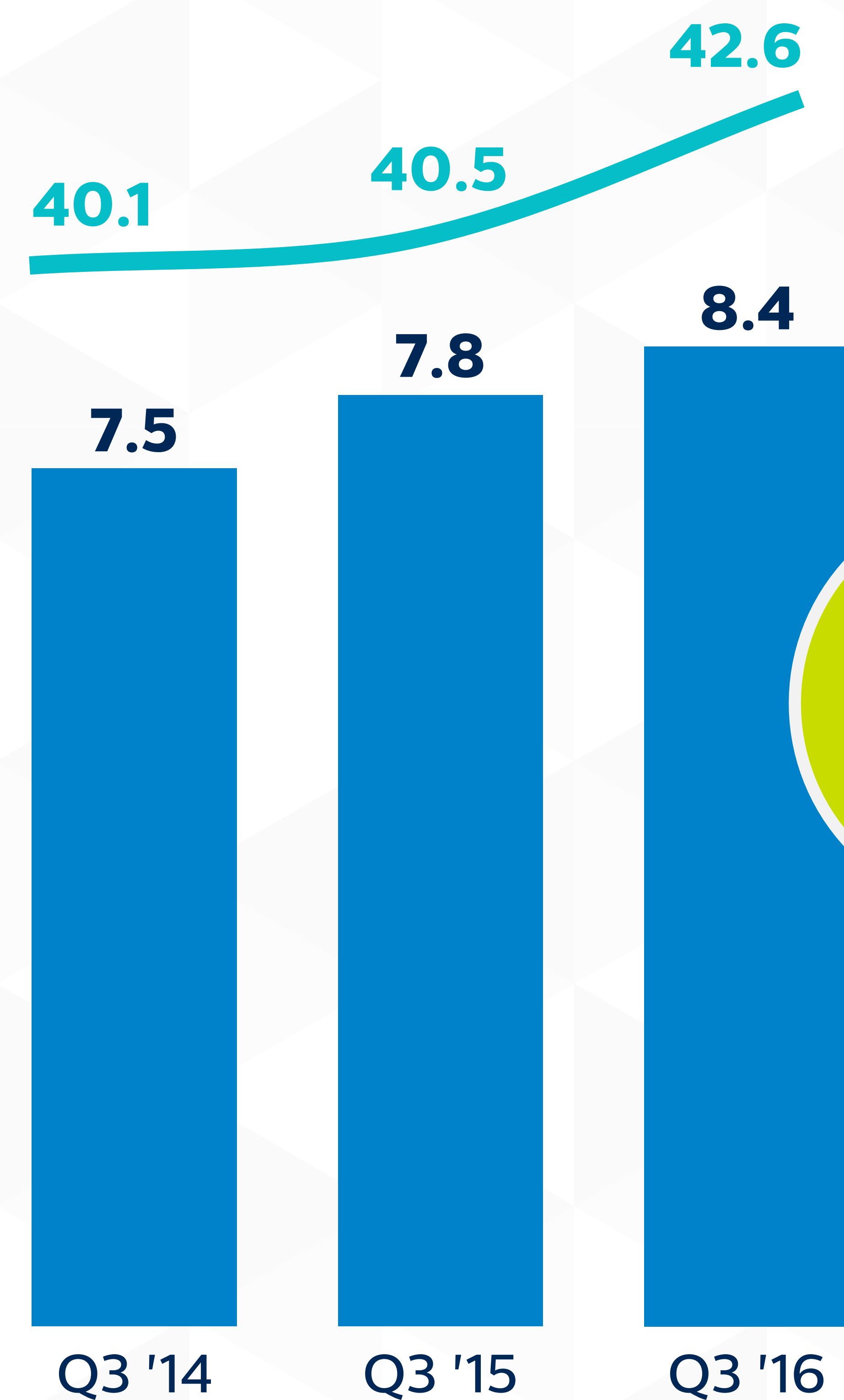


Source: Analysys Mason, Q2 '16 CEE&WE Telecom Matrix, TR data is from ICTA, Q3 '16 Market Report
European countries include DK, LT, SP, CZ, SL, SK, BG

Fixed Broadband Performance

ARPU & Subscribers

— ARPU (TL) ■ Subscribers (mn)



Fiber Subscribers

(thousand)



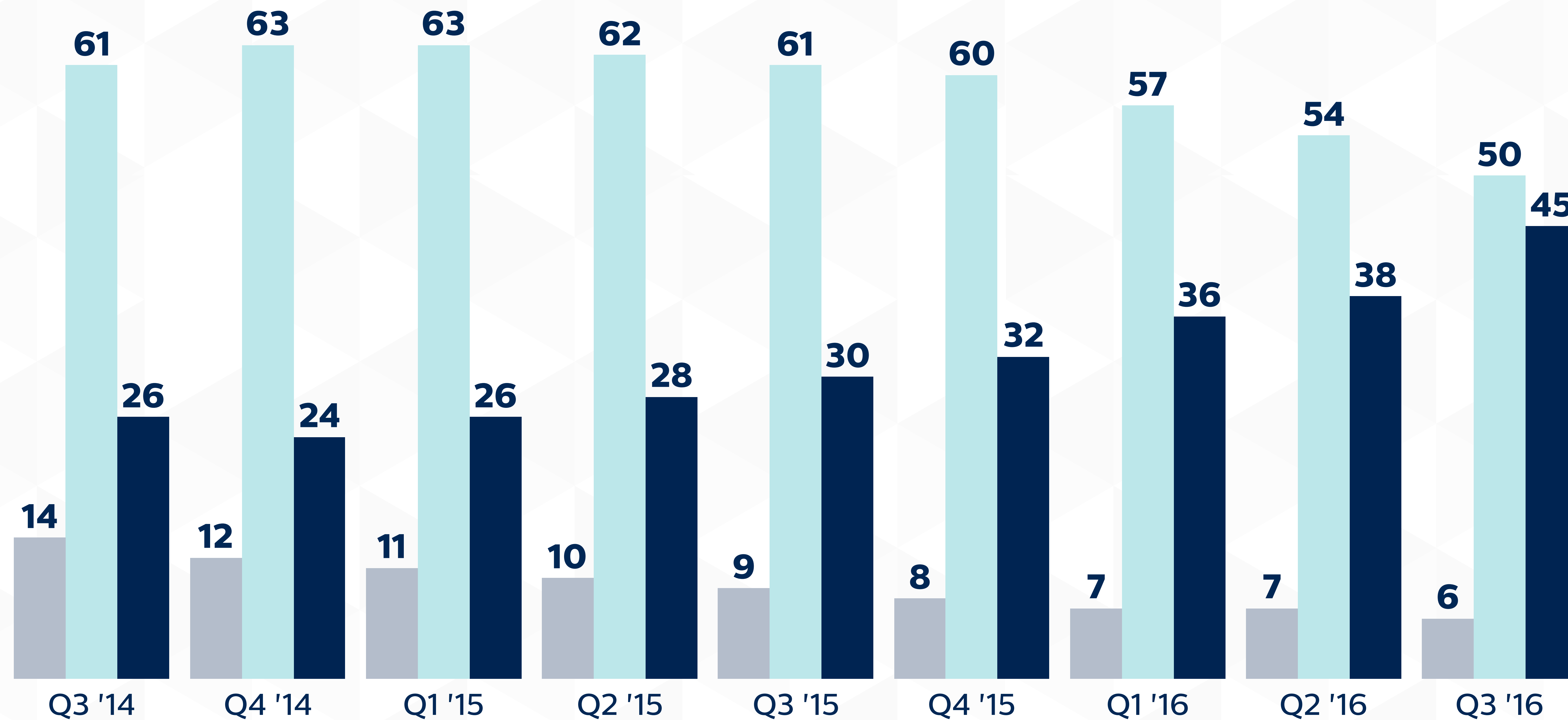
FTTH/B & FTTC tariffs have same prices for a given speed/quota

Upselling Dynamics in Fixed Broadband

Fair Usage

(% of Subscribers)

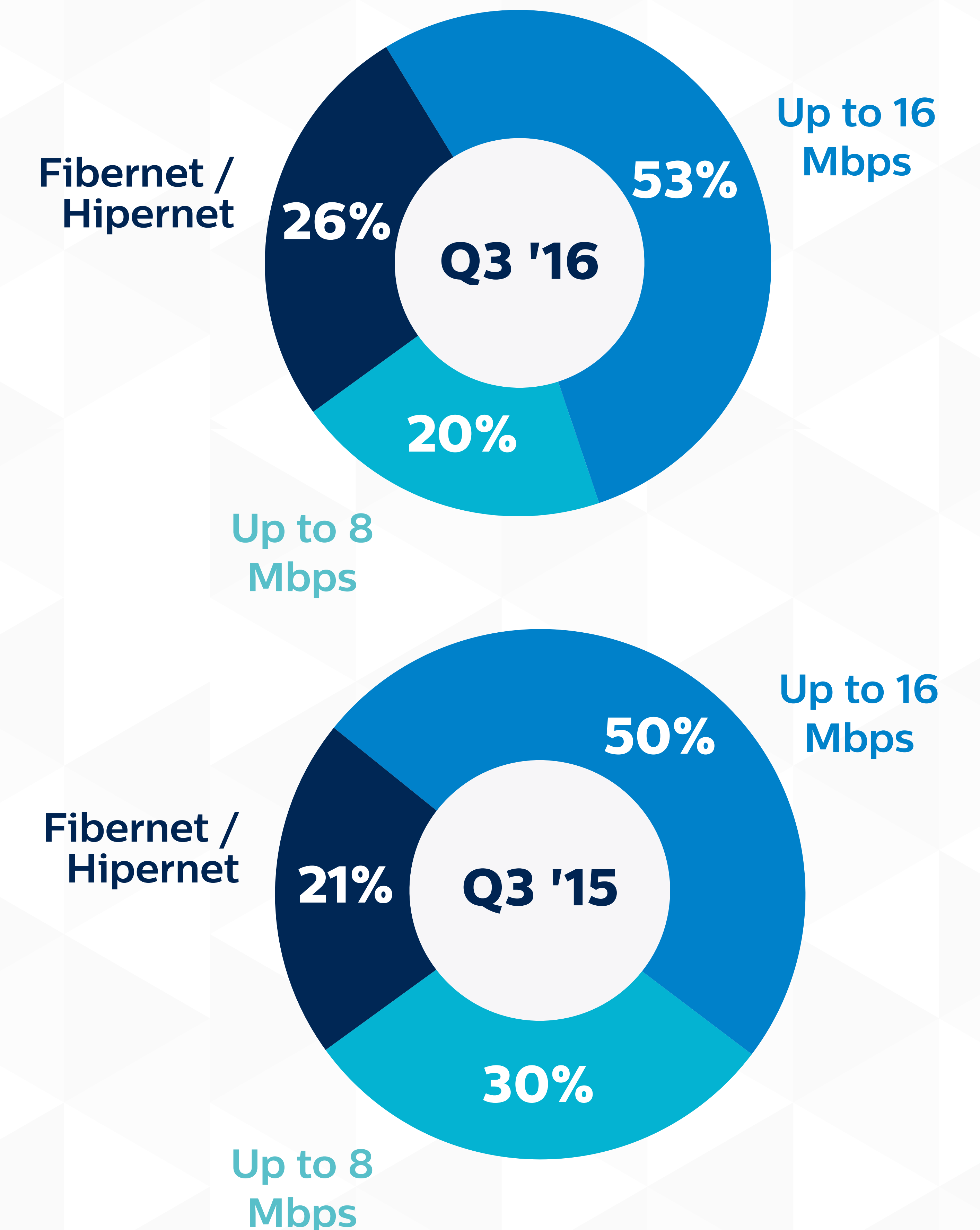
■ 25 GB & Below ■ 25 to 50 GB ■ Above 50 GB



All figures are based on Türk Telekom's retail subscribers

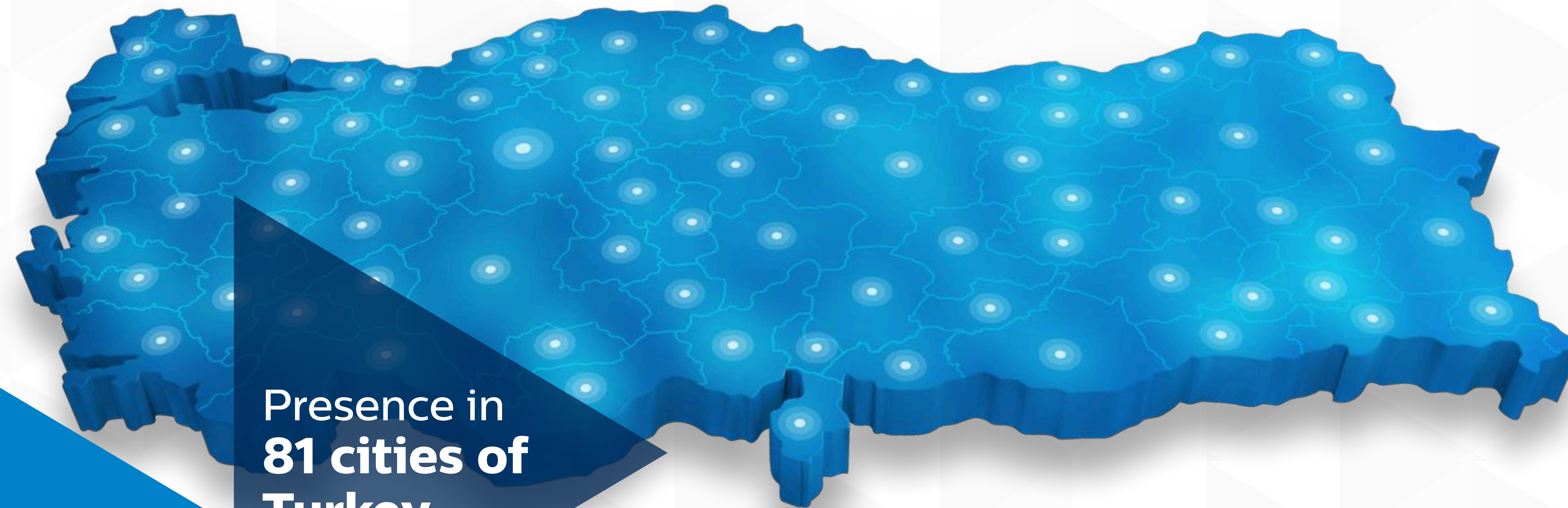
Speed Breakdown

(% of Subscribers)



Nationwide Fiber

Türk Telekom Fiber Network



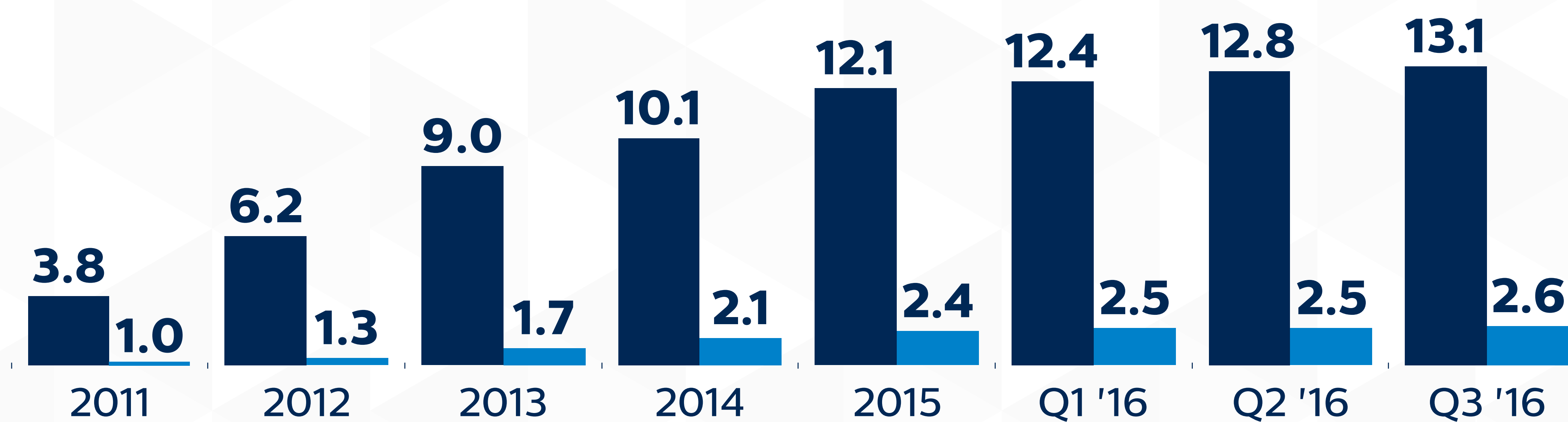
223K km
fiber length

Presence in
81 cities of
Turkey

Fiber Homepass

(mn)

■ Türk Telekom ■ Superonline



Fiber homepass includes FTTH/B & FTTC

Superonline Fiber Network



Presence in
15 cities of
Turkey

36.3K km
fiber length

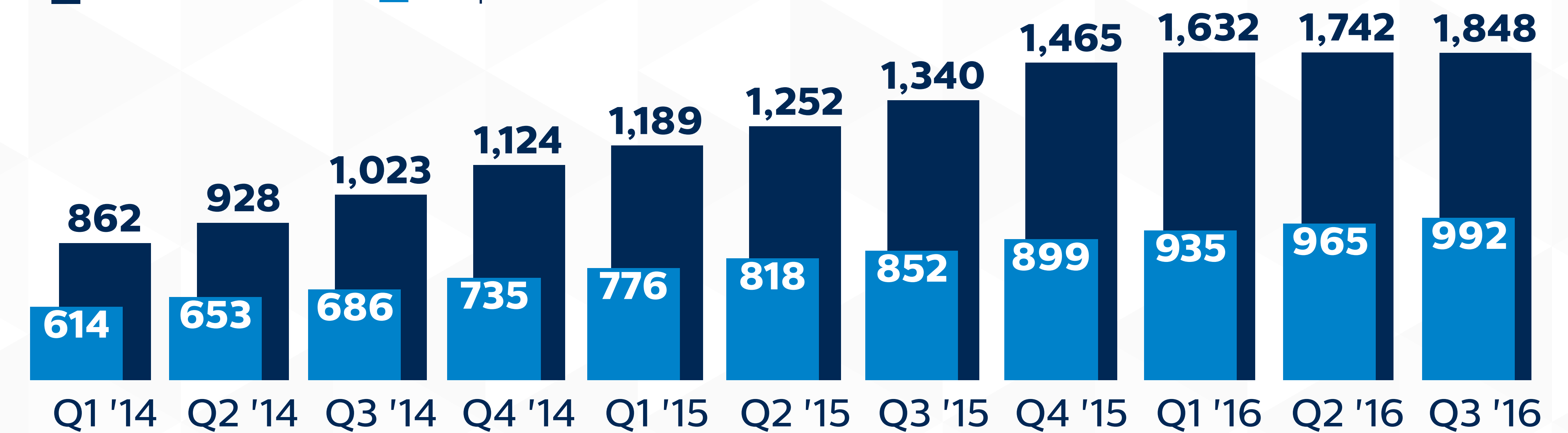
Wholesale customer of
Türk Telekom

Based on Turkcell's own publications as of Q3 '16

Fiber Subscribers

(thousand)

■ Türk Telekom ■ Superonline

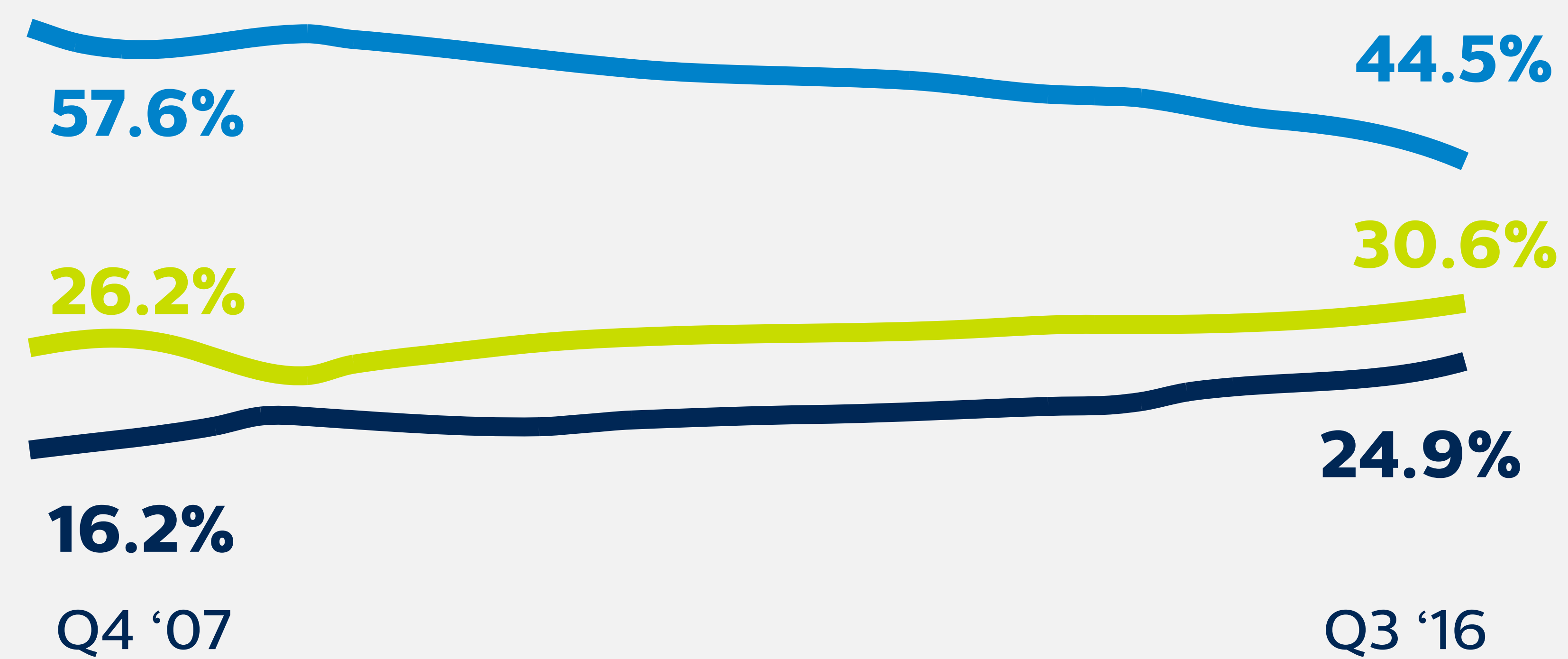


Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Market

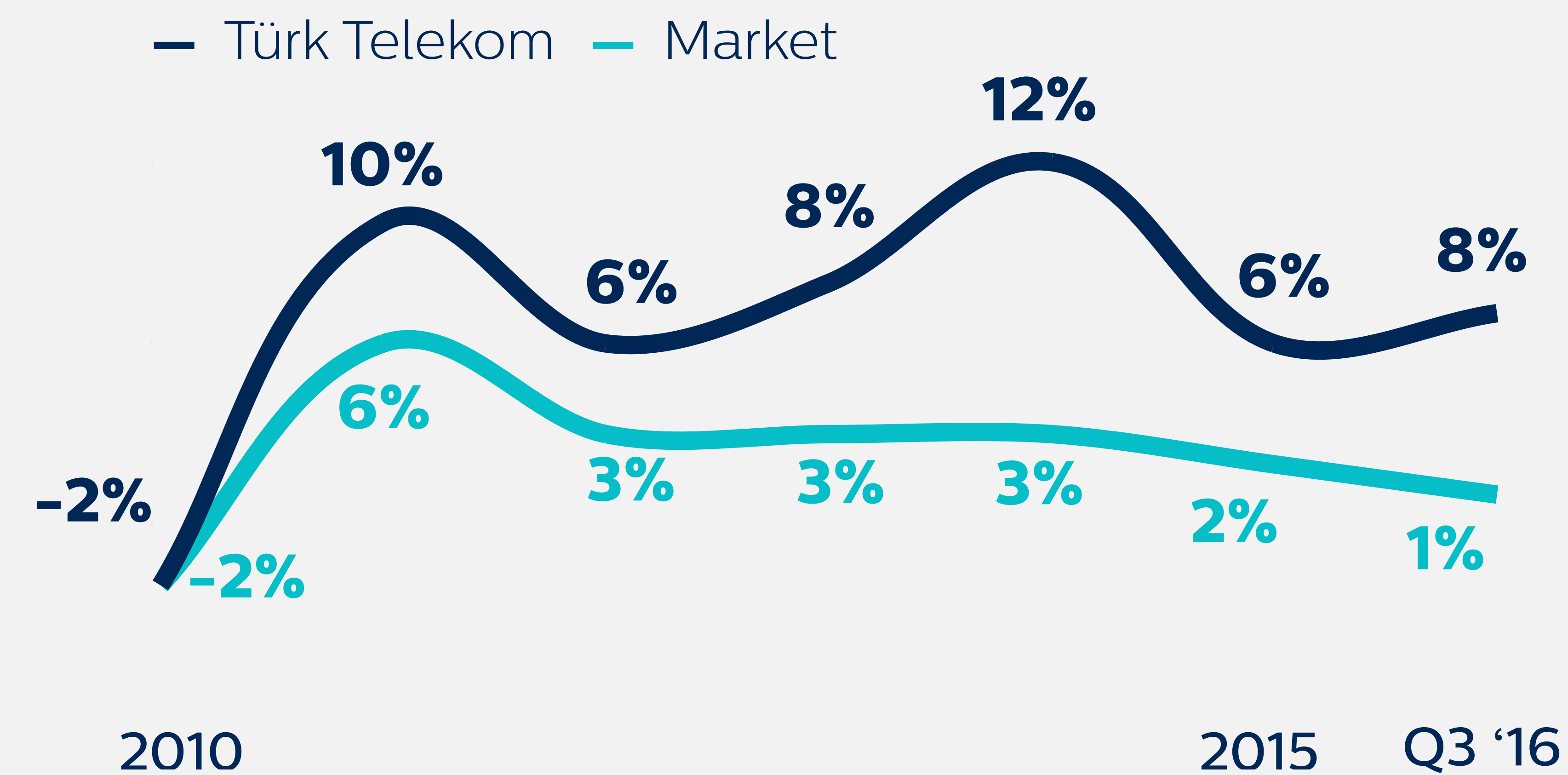
Subscriber Market Share

— Türk Telekom — Vodafone — Turkcell

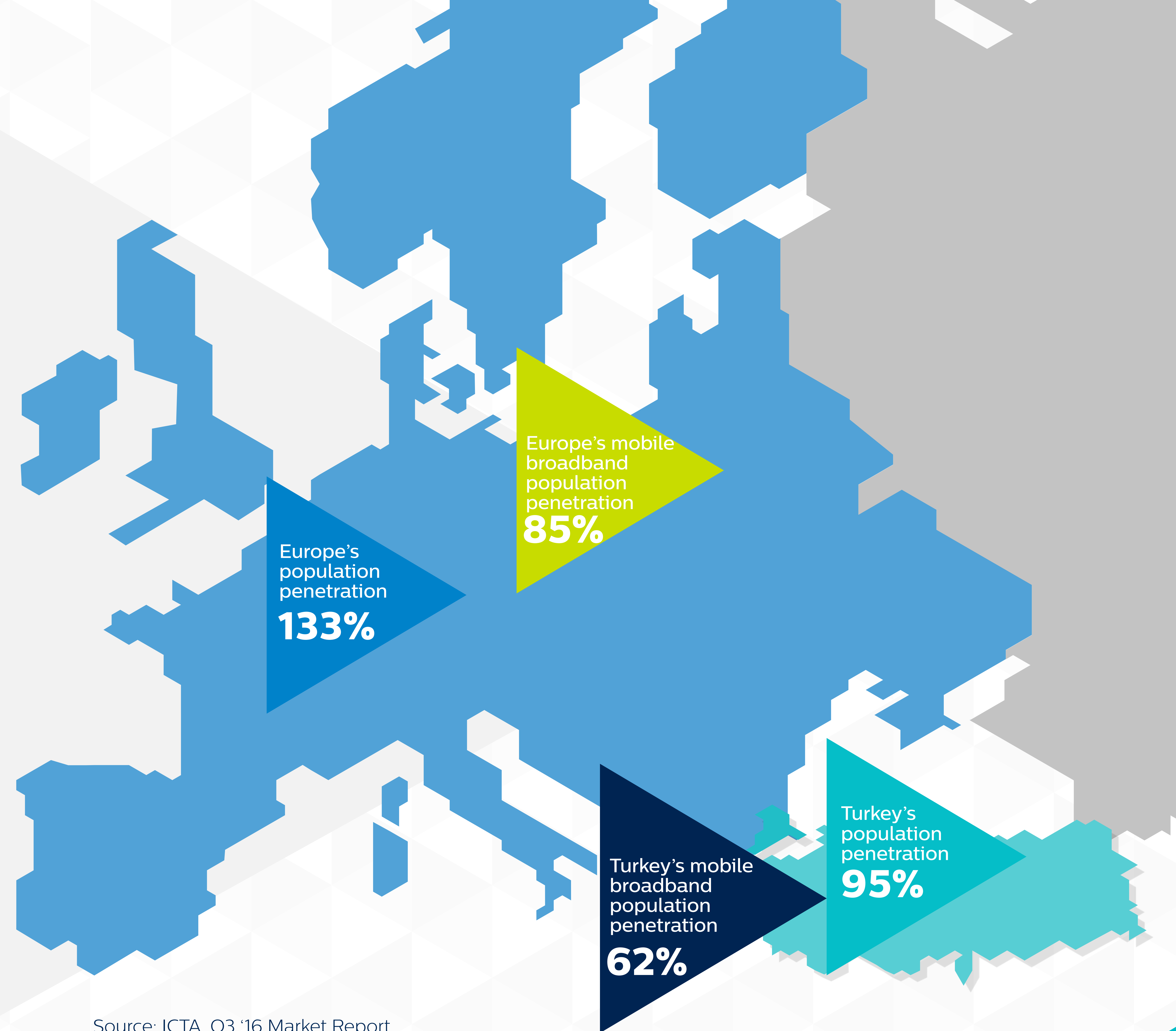


Subscriber Growth (YoY)

— Türk Telekom — Market



Other operators' data are from their own publications



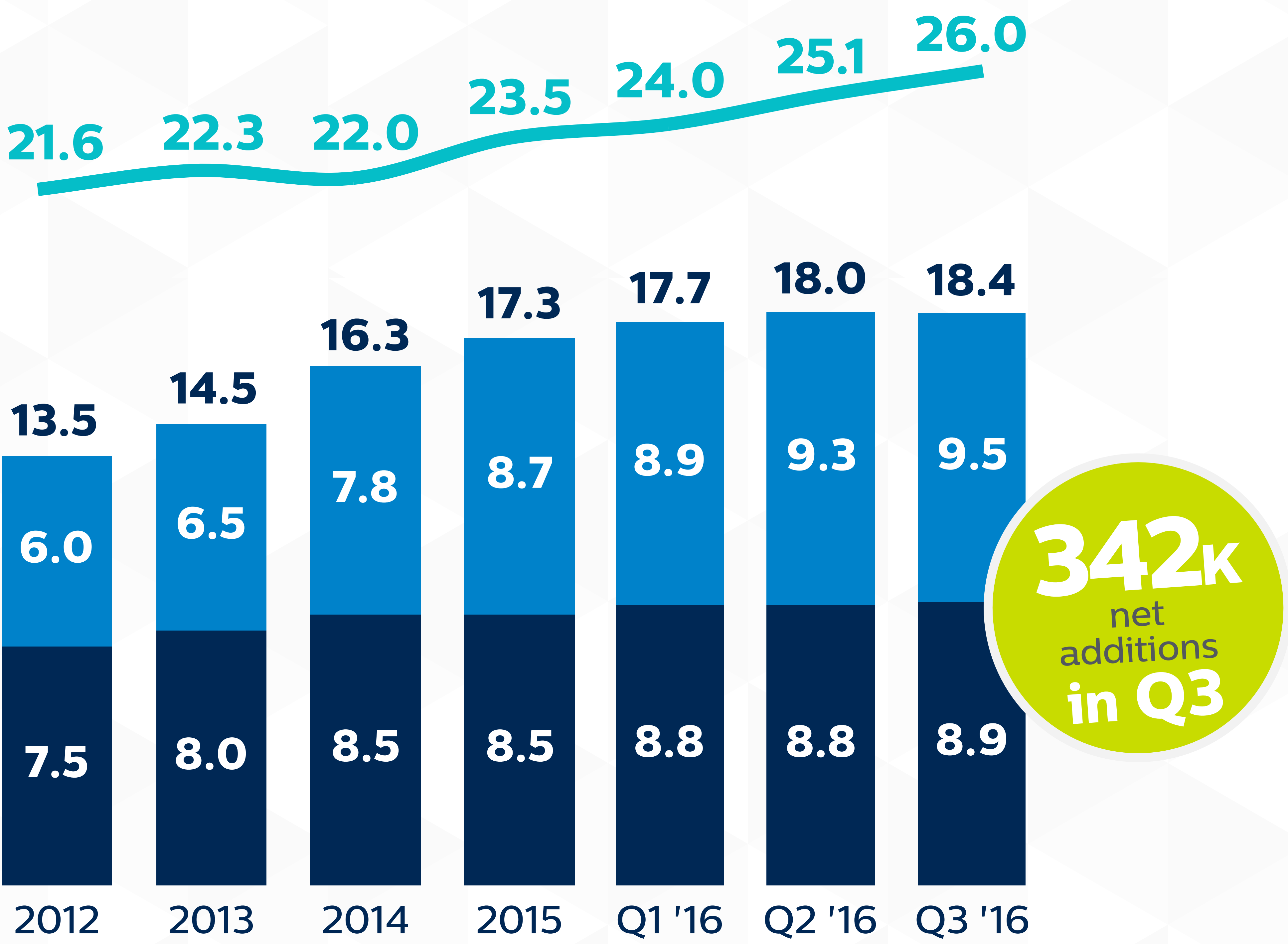
Source: ICTA, Q3 '16 Market Report

European countries include: FIN, DEN, GRE, AUS, SWE, POR, SWI, IT, GER, NOR, BEL, UK, NL, SP, FR

Mobile Performance

Growing ARPU & Subscribers

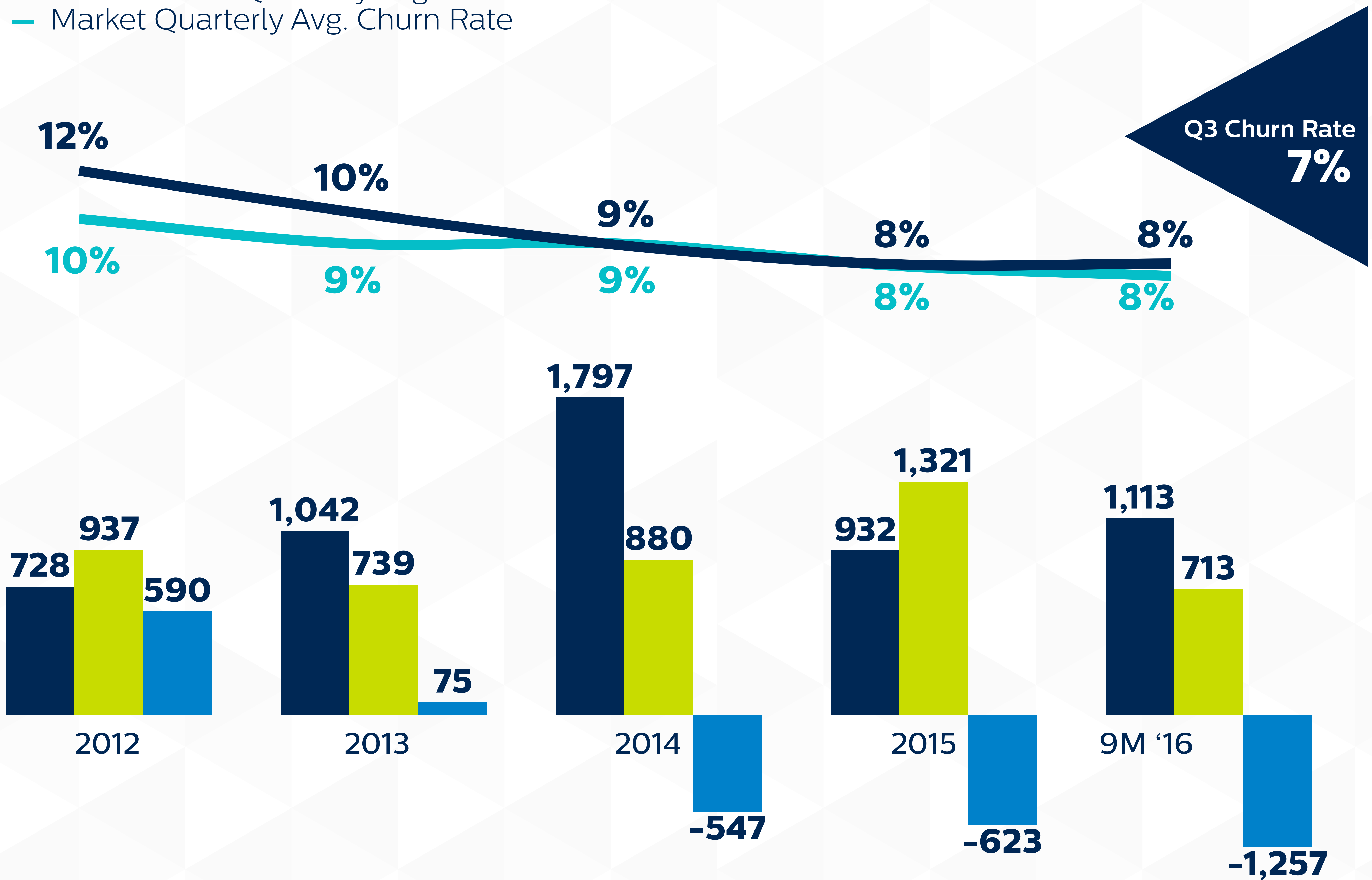
— Blended ARPU (TL)
■ Postpaid (mn)
■ Prepaid (mn)



Lower Churn Rate & Strong Net Subscriber Addition

(thousand)

■ Türk Telekom ■ Vodafone ■ Turkcell
— Türk Telekom Quarterly Avg. Churn Rate
— Market Quarterly Avg. Churn Rate



Other operators' data are from their own latest publications

LTE Key Metrics



▶ **48%**
of our smartphone users
on LTE devices

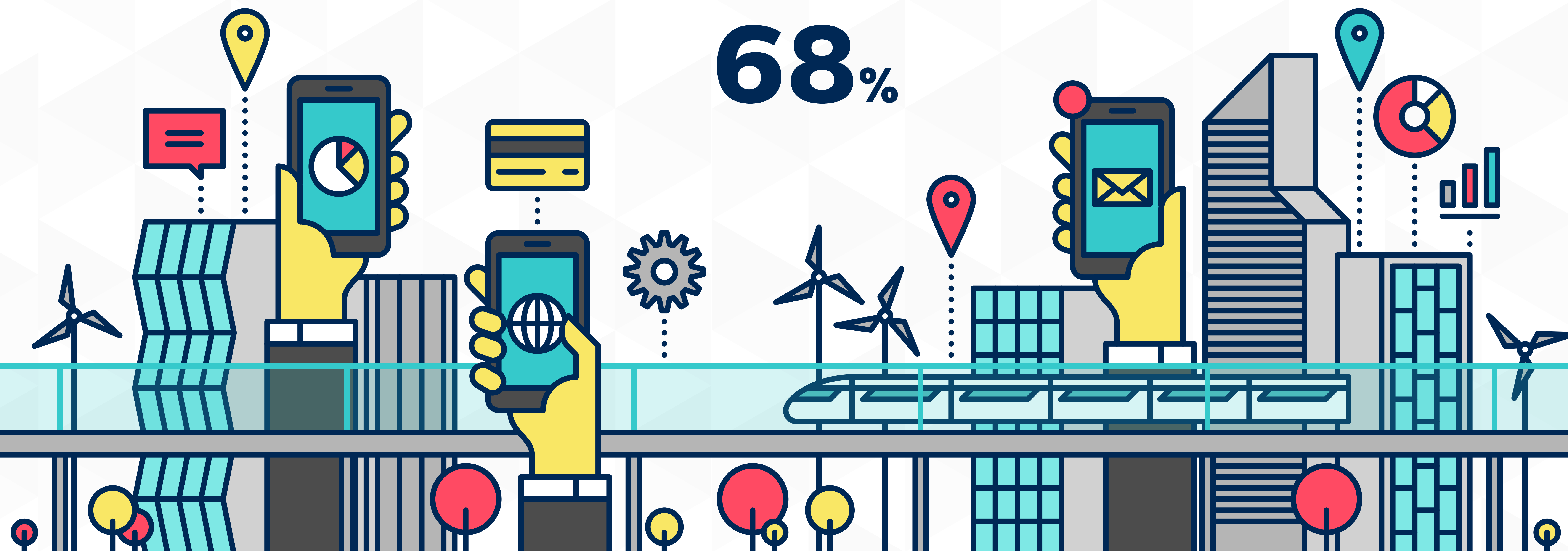


▶ LTE population
coverage is

68%

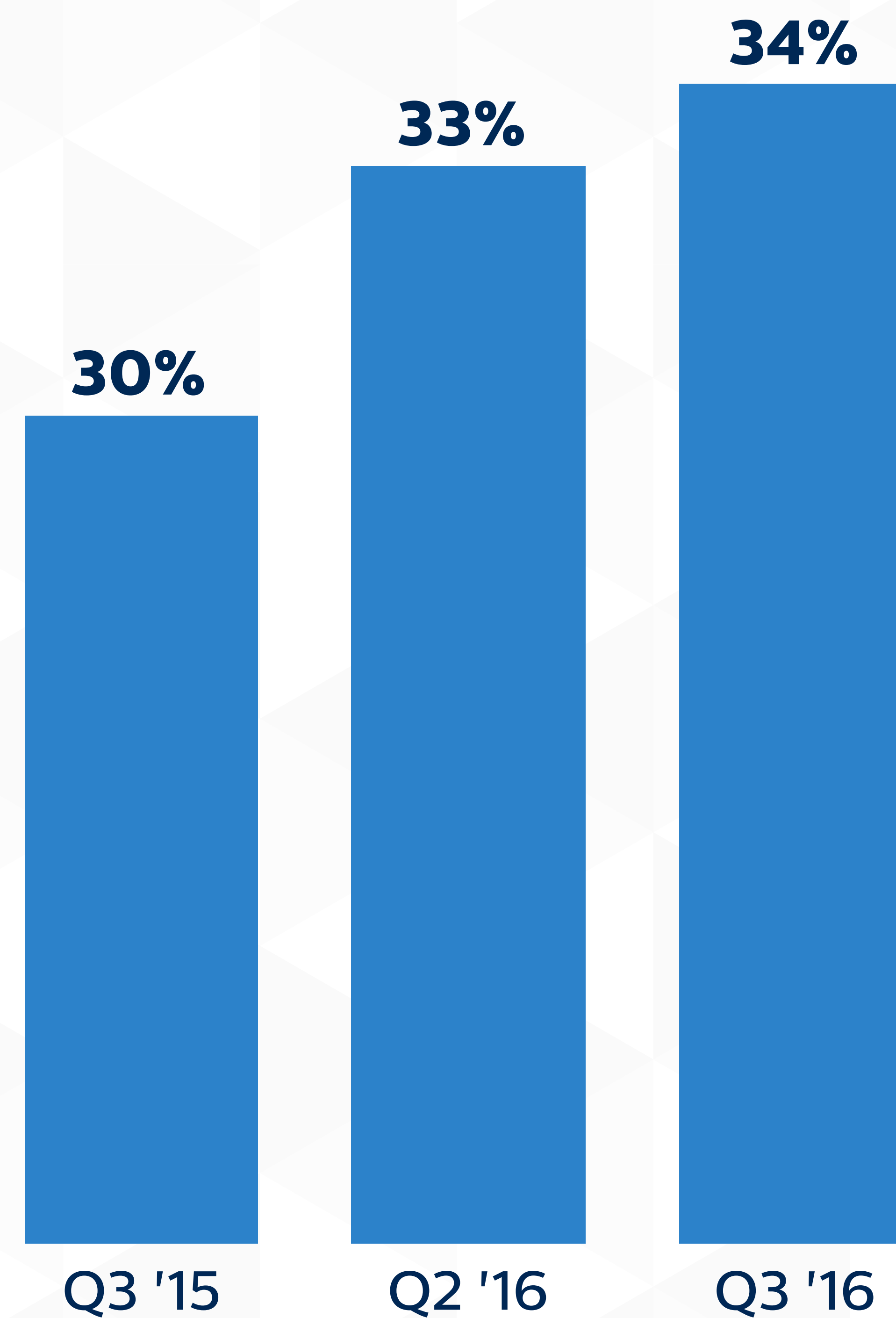


▶ **70%**
of LTE base stations are
fiber-connected.

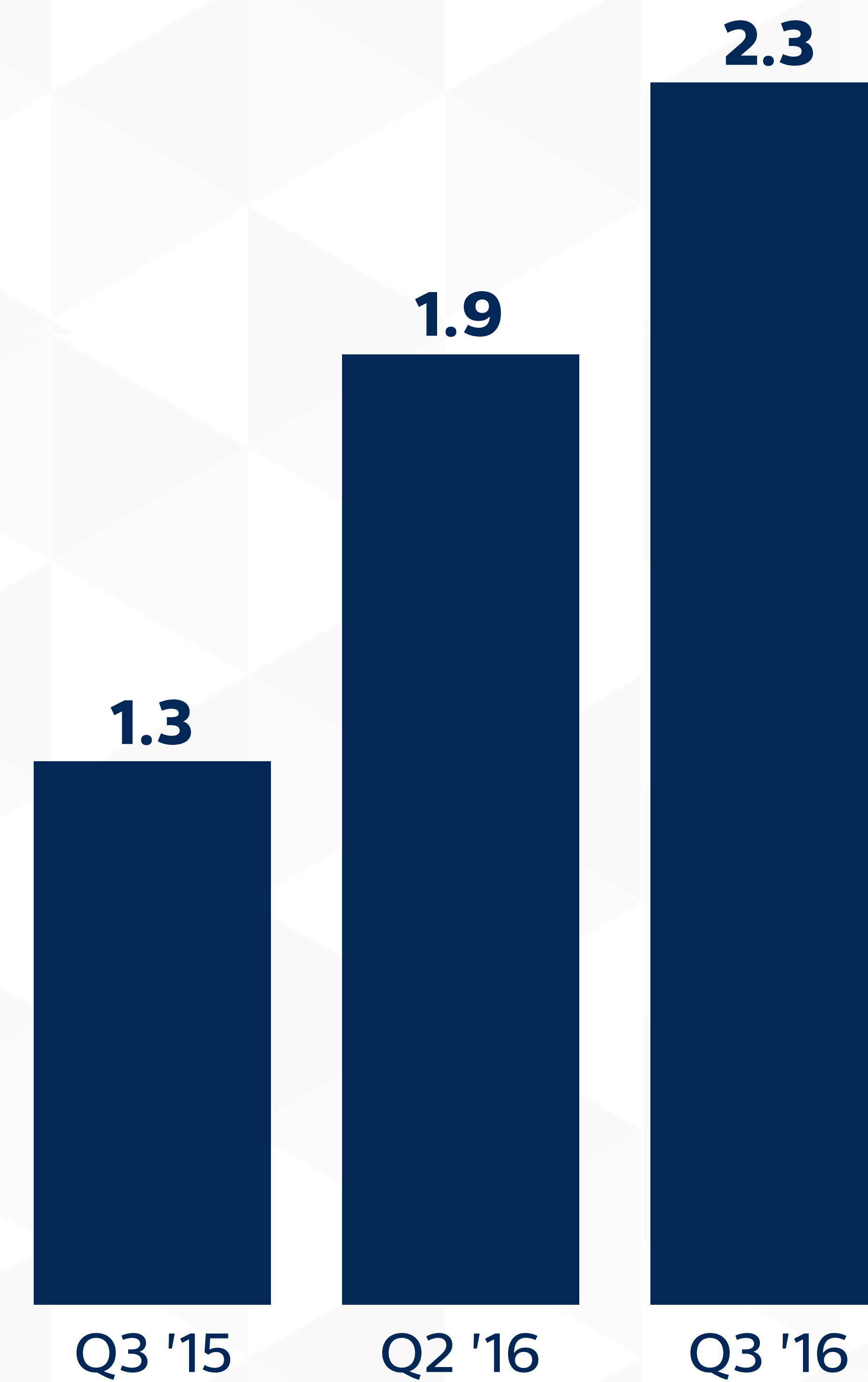


Monetizing Data

Data Revenue (Service revenue shares)

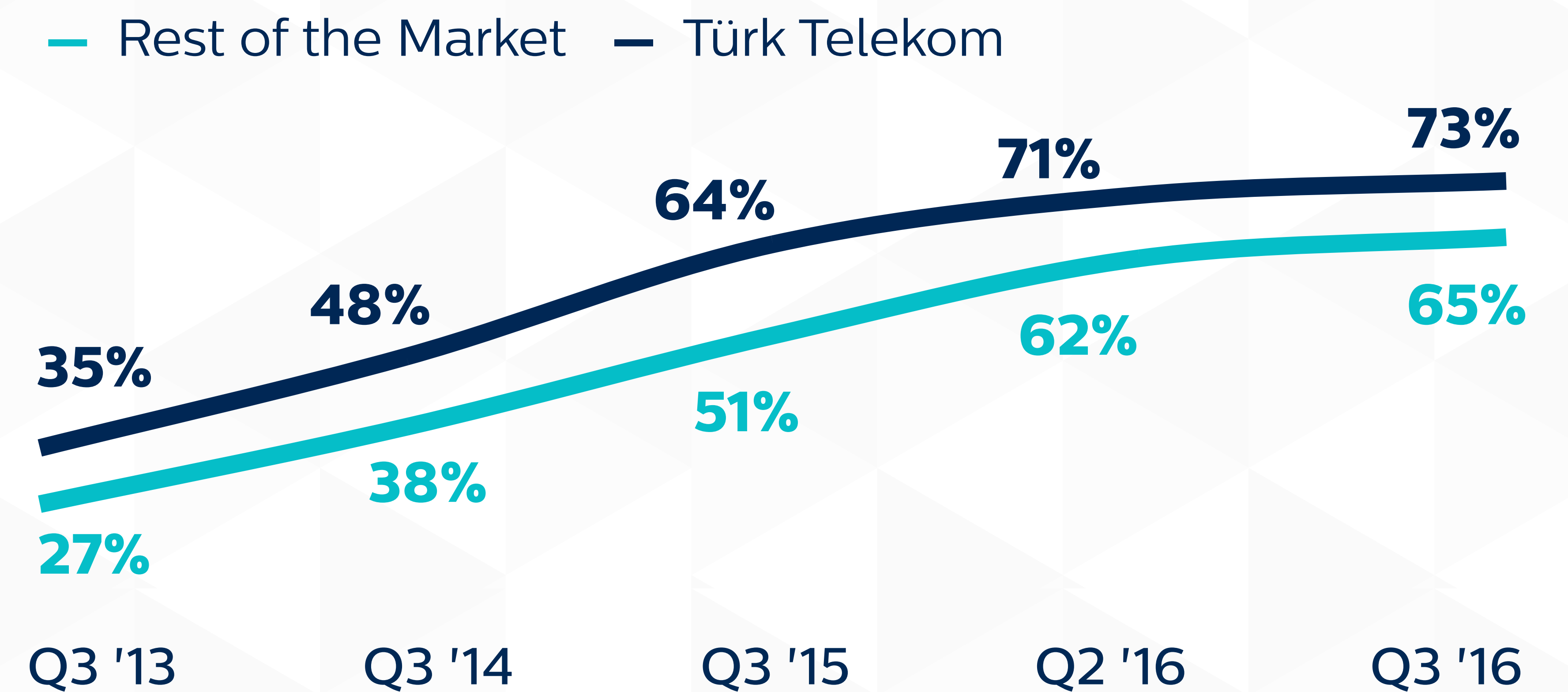


Avg. Monthly Mobile Data Usage (GB per subscribers¹)

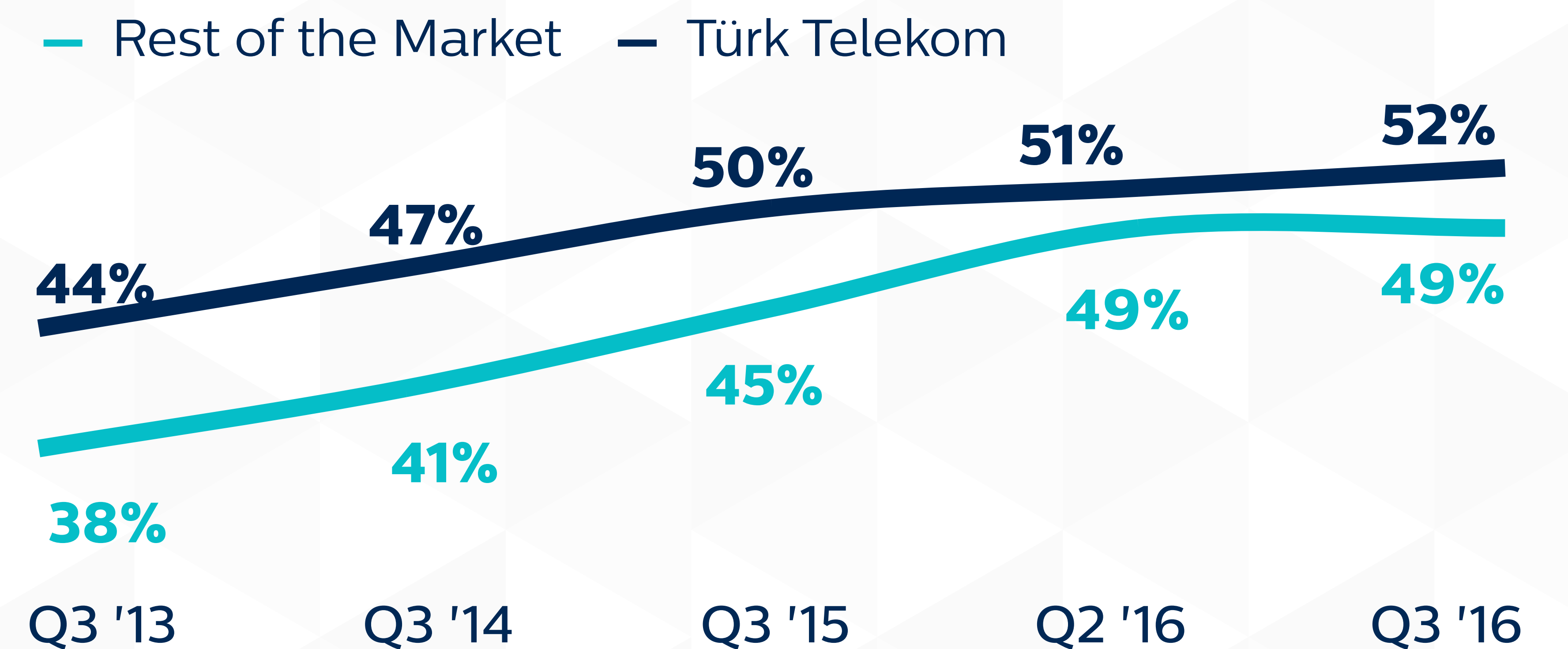


(1) Türk Telekom smartphone subscribers

Smartphone Penetration



Postpaid Ratio

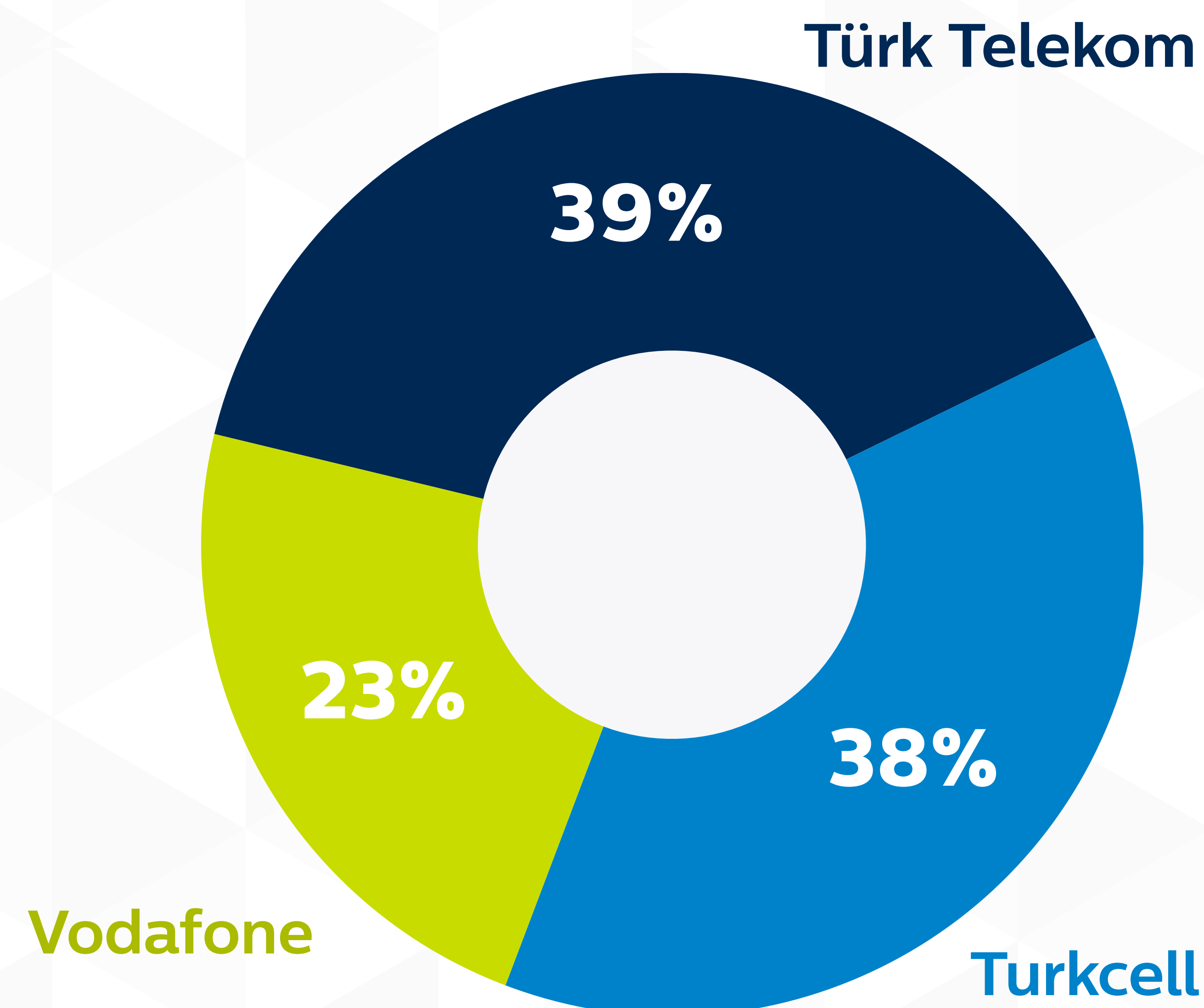


Spectrum Auction 2015

Leading next generation mobile services

- ▶ Obtained the most essential bands for LTE (800 MHz and 1800 MHz)
- ▶ Secured the largest MHz position in valuable <2GHz frequency bands
- ▶ Eliminated 900MHz disadvantage - 3G service over 900MHz has been launched as of December 1st
- ▶ The only operator with higher spectrum market share than subscriber market share

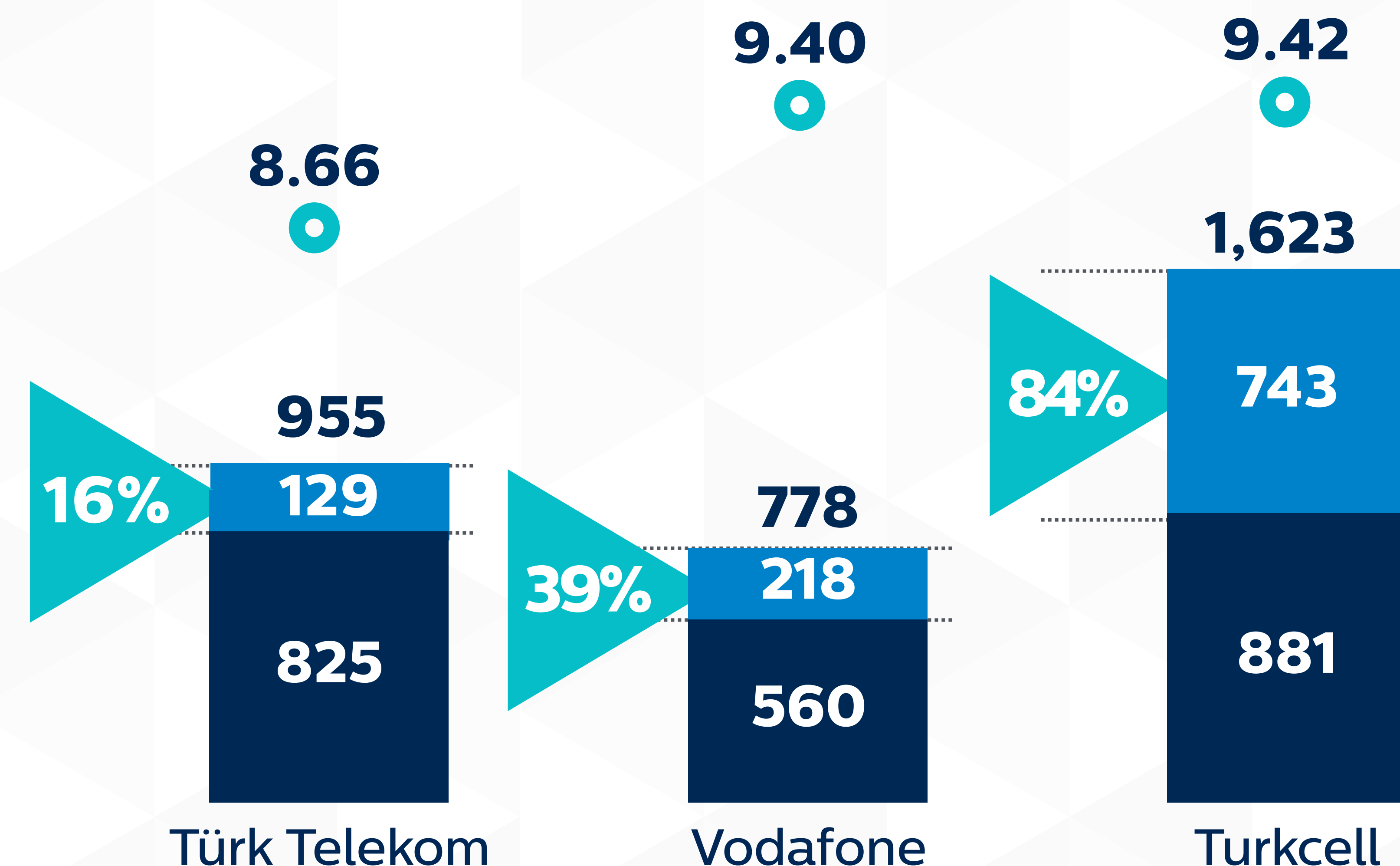
<2 GHz Spectrum



Spectrum Fees

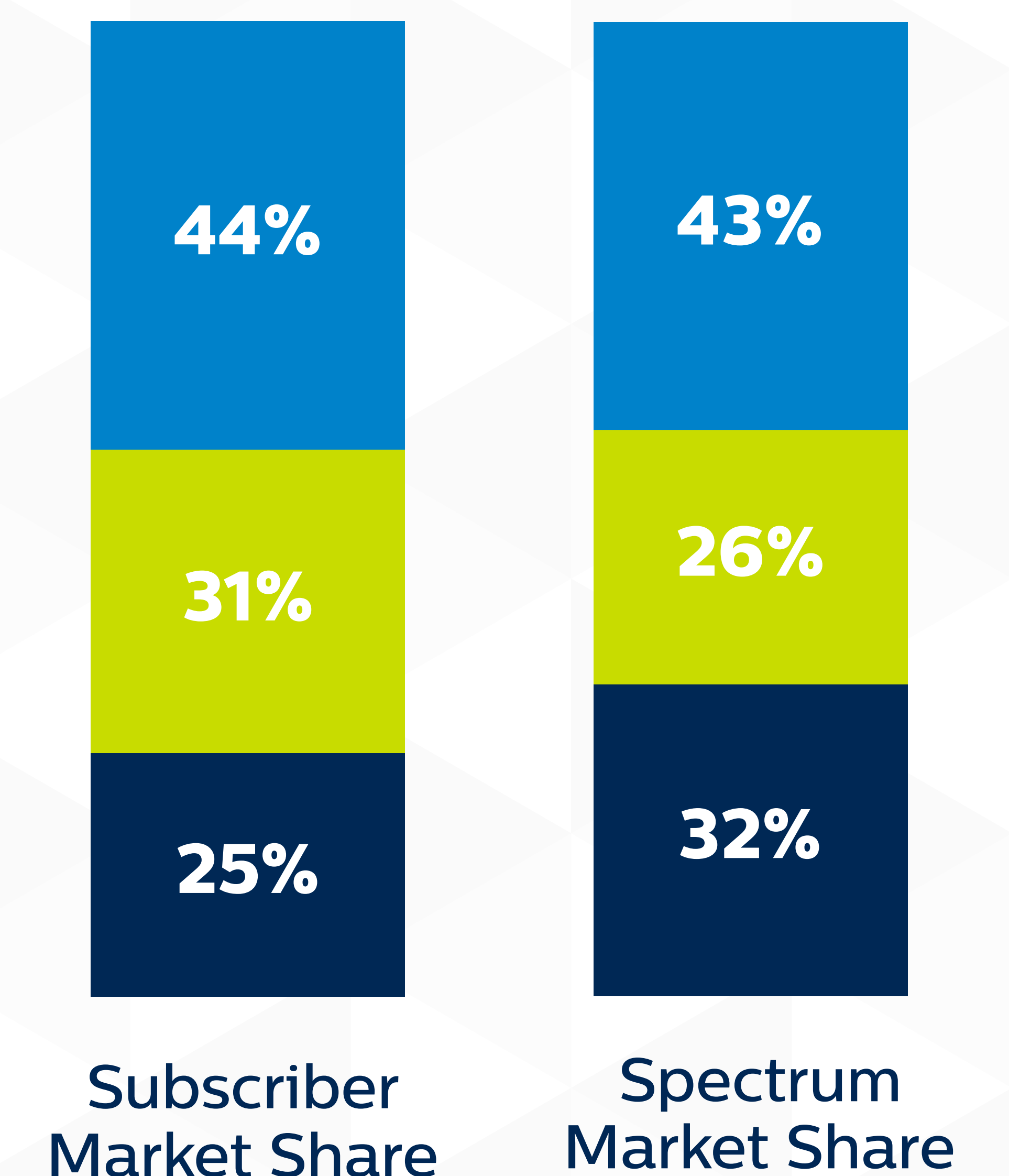
(EUR mn)

○ Fee per MHz ■ Reserve Price ■ Premium



Subscriber vs. Spectrum Market Share

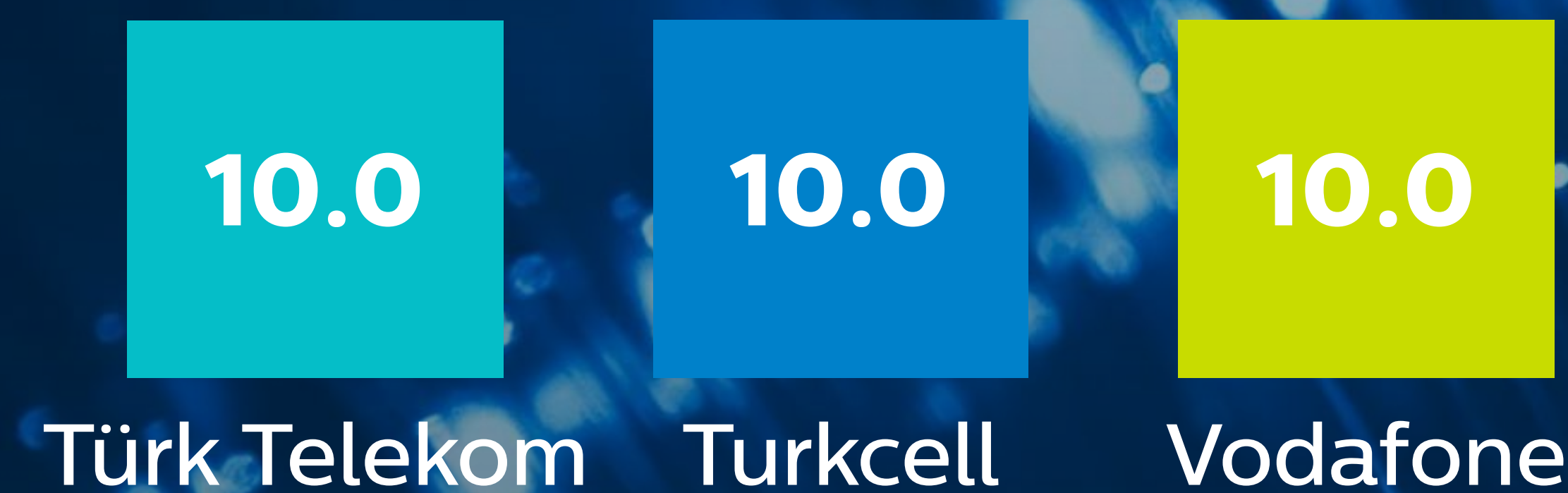
■ Türk Telekom ■ Vodafone ■ Turkcell



Set to claim LTE Leadership

Acquired the most critical LTE Spectrum

800MHz Allocation (MHz)



900MHz Allocation (MHz)



1800 MHz Allocation (MHz)



Strongest fiber position by far to support top LTE experience



Total frequency allocated is x2 FDD representation

Pay TV Market

Subscribers

(mn)

Türk Telekom

Tivibu Home

(European Soccer,
2015-2018)

Turkcell

Other

0,04

0.59

0.32

Cable

1.16

5.7 mn
subscribers

2.71

Digiturk

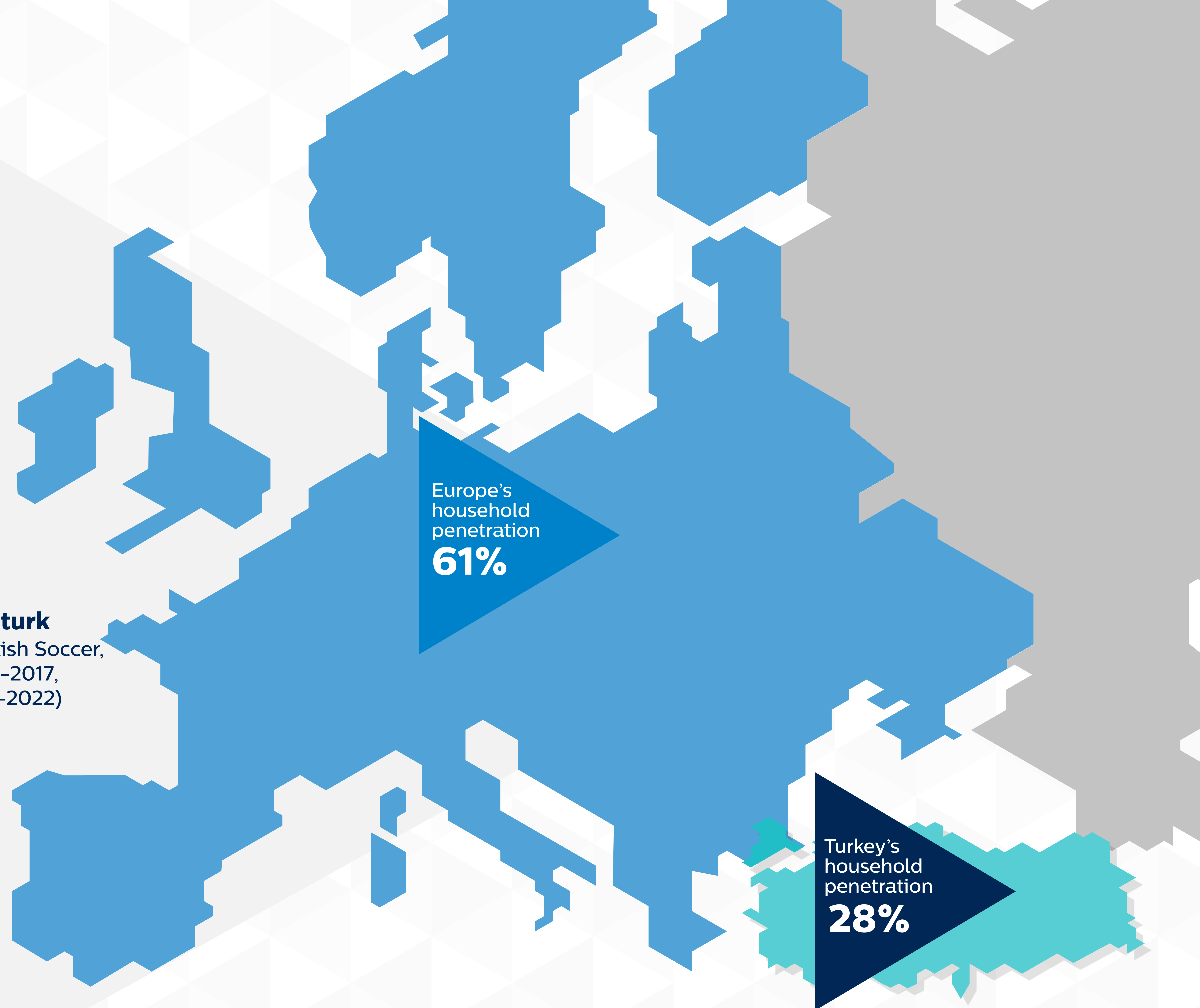
(Turkish Soccer,
2010-2017,
2017-2022)

0.93

D-Smart

(European Soccer,
2012-2015)

Source: ICTA Q3 '16 report



Source: Analysys Mason, Pay-TV services in WE: forecasts and analysis 2016–2021.. TR data is from ICTA, Q3 '16 Market Report. European countries include AT, FR, DE, IE, IT, ES, UK, SWE, NL

Türk Telekom Tivibu

Türk Telekom

Turkcell

Digiturk

D-Smart

Cable

Technology

▶ IPTV + DTH

▶ IPTV

▶ DTH

▶ DTH

▶ Cable

Exclusive Content

▶ Champions League
▶ UEFA Europe League

▶ English Premier League

▶ Turkish Soccer League

▶ None

▶ None

Other Content

▶ Cinema
▶ Documentary
▶ Other Sports

▶ Cinema
▶ Documentary
▶ Other Sports

▶ Cinema
▶ Documentary
▶ Other Sports

▶ Cinema
▶ Documentary
▶ Other Sports

▶ Cinema
▶ Documentary

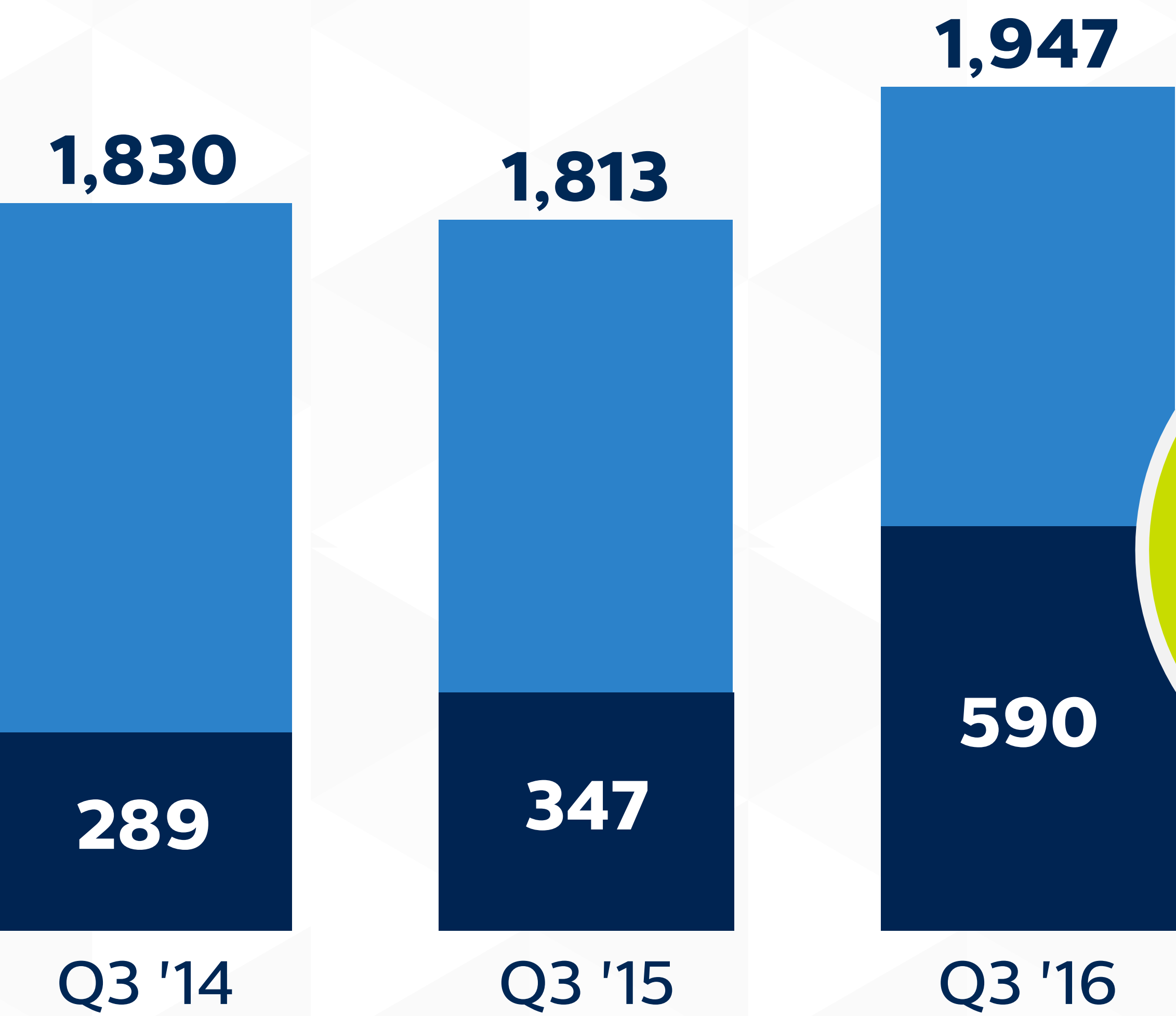


TV Performance

Subscribers

(thousand)

■ Tivibu Go ■ Tivibu Home



243K
net additions
in the LTM
in Tivibu
Home

Q3 Tivibu
Home ARPU
TL 18.7

	Number of Channels	Number of Archives	Price* (TL)	Price** (TL)
Cinema Package	204	8,250+	19	29
Super Package	226	8,500+	39	49

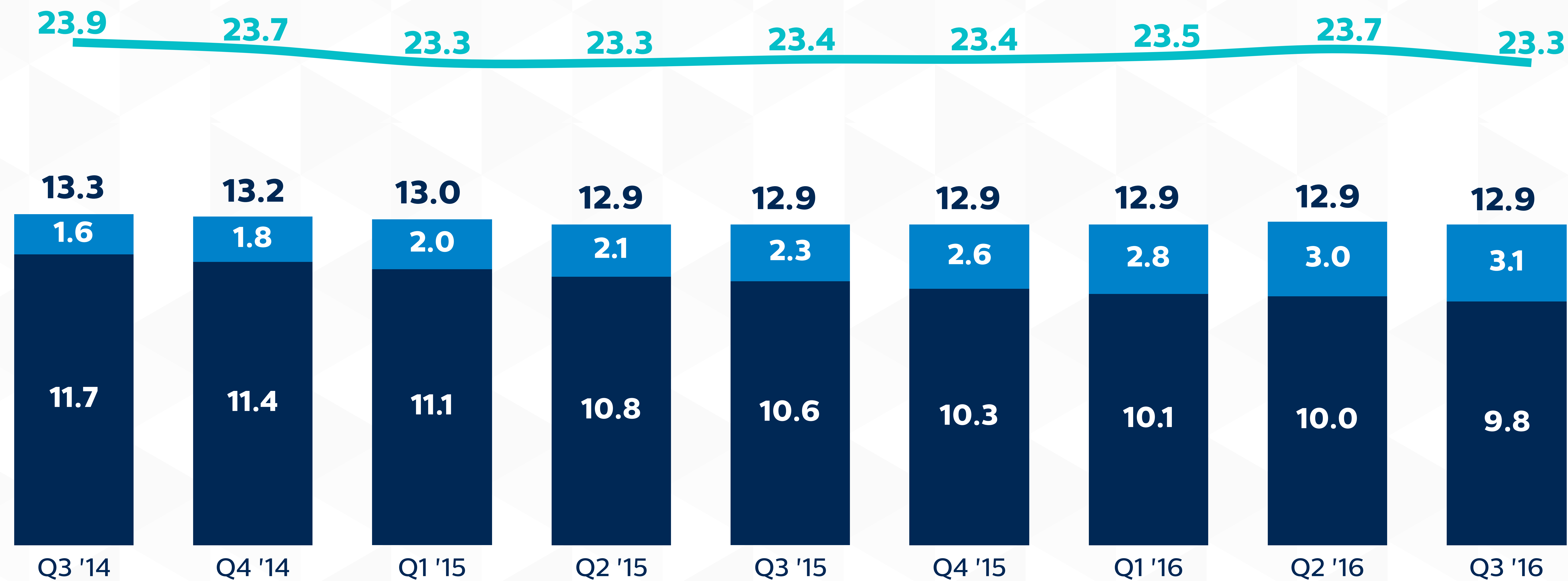
* 24 months contracted prices | ** 12 months contracted prices



Fixed Voice

Access Lines and ARPU

■ Fixed Voice (mn) ■ Naked Broadband (mn) — Fixed Voice ARPU (TL)

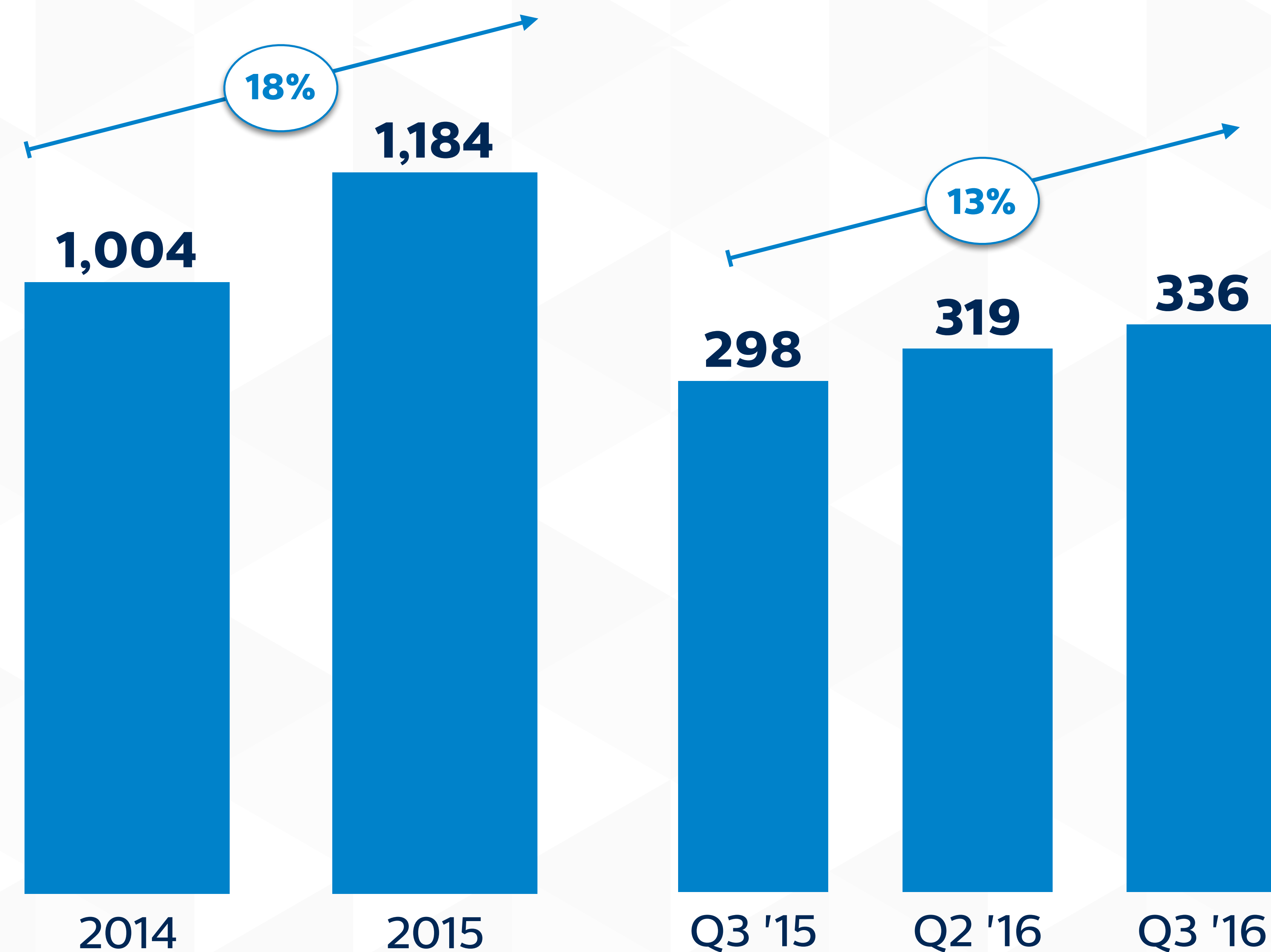


Corporate Data

- ▶ 8% of our total revenues are generated by corporate data business in Q3 '16
- ▶ Corporate data revenue growth is mainly driven by IPVPN revenues

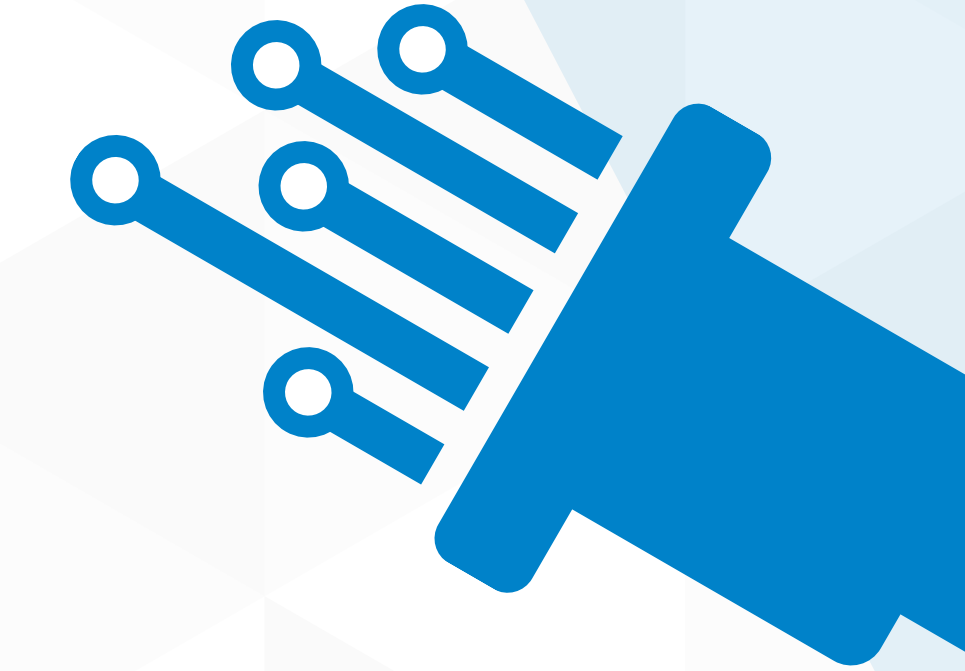
Revenues

(TL mn)



Cloud Services

Türk Telekom, a member of Cloud Security Alliance, offers various options under Cloud Services such as BuluTT Göz, BuluTT Konferans, BuluTT Ölçüm, BuluTT Akademi, BuluTT Radyoloji, BuluTT e-posta



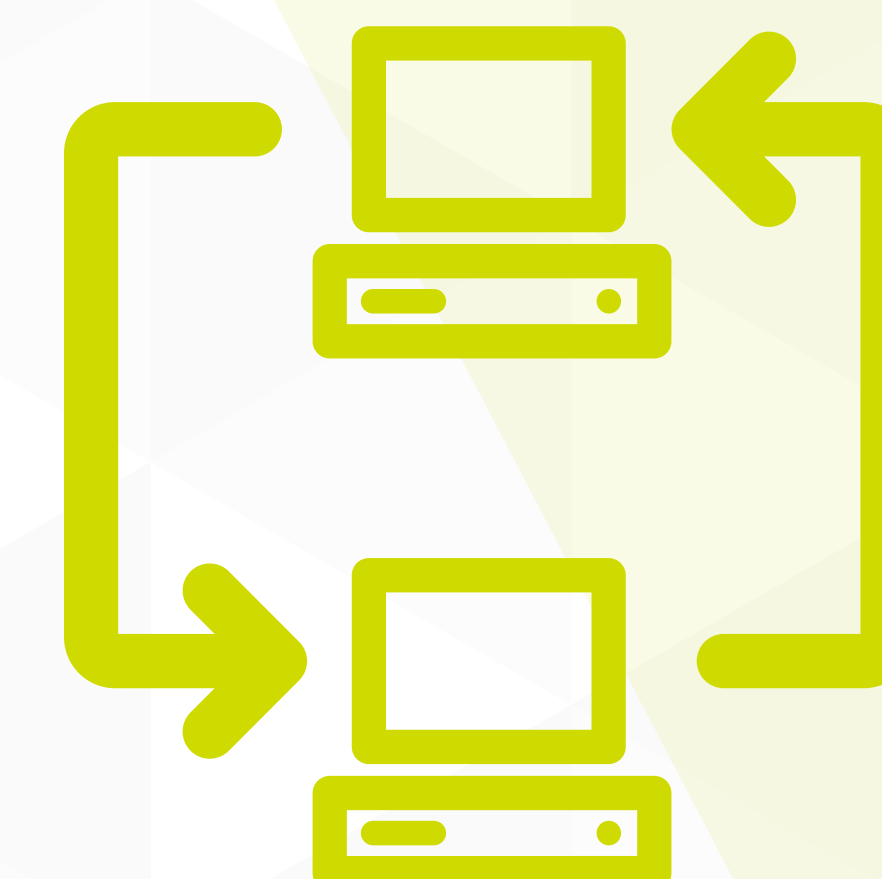
Metroethernet

It is a flexible, cost-efficient technology scalable between 5Mbps and 1Gbps, which allows all kinds of data flow



TT VPN

TT VPN provides fast and safe connection end to end, from multiple points to multiple points. With TT VPN, customer's offices all around Turkey can be united while fast and safe data transfer via virtual network is enabled



Leased Line

It is a data line uniquely reserved for customer's usage, which performs the constant and continuous data transfer on the physical layer from point to point between two ends



Financials

Summary Income Statement

(TL mn)	Q3 '15	Q2 '16	Q3 '16	YoY Change	QoQ Change
Revenues	3,696	3,940	4,118	11.4%	4.5%
EBITDA	1,269	1,322	1,452	14.5%	9.8%
<i>Margin</i>	34.3%	33.6%	35.3%		
Operating Profit	669	627	733	9.7%	16.9%
<i>Margin</i>	18.1%	15.9%	17.8%		
Financial Income/(Expense)	(1,195)	(212)	(595)	-50.2%	181.3%
FX & Hedging Gain/(Loss)	(1,106)	(88)	(498)	-55.0%	462.8%
Interest Income/(Expense)	(72)	(93)	(103)	43.3%	10.8%
Other Financial Income/(Expense)	(17)	(31)	5	n.m.	n.m.
Tax Expense	22	(168)	(129)	n.m.	-23.0%
Net Income	(493)	248	9	n.m.	-96.5%
<i>Margin</i>	n.m.	6.3%	0.2%		

Note: FX Rates used in financial income/expense calculation are as follows: **September-16:** USD/TRY: 2.9959; EUR/TRY: 3.3608 **June-16:** USD/TRY: 2.8936; EUR/TRY: 3.2044



Summary Balance Sheet

	(TL mn)	30.09.2015	30.06.2016	30.09.2016
Total Assets		21,467	26,626	26,590
Intangible Assets ¹		5,047	8,076	8,038
Tangible Assets ²		8,188	8,752	8,761
Other Assets ³		5,450	6,583	6,641
Cash and Equivalents		2,782	3,214	3,150
Total Equities and Liabilities		21,467	26,626	26,590
Share Capital		3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items		700	1,395	1,433
Interest Bearing Liabilities ⁴		12,001	13,722	13,615
Provisions for Employee Termination Benefits		612	601	614
Other Liabilities ^{5, 6}		4,893	7,648	7,669

(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, and minority put option liability

(6) As of Q3 '15 minority put option liability was terminated due to acquisition of minority shares of Avea



Summary Cash Flow Statement

(TL mn)	Q3 '15	Q2 '16	Q3 '16	YoY Change	QoQ Change
Operating Cash Flow	1,155	880	1,314	13.8%	49.4%
Investing Cash Flow	(662)	(1,513)	(729)	10.0%	-51.8%
CAPEX	(636)	(1,526)	(730)	14.8%	-52.2%
Other Investing Activites	(27)	13	1	n.m.	-91.9%
Financing Cash Flow¹	277	(824)	(642)	n.m.	-22.1%
Net Change in Cash Position²	770	(1,458)	(57)	n.m.	-96.1%

*Cash flow statements include a reclassification described in Q1 '16 CMB report (note 2.2). The reclassification is applied retrospectively from Q1 '14.

(1) Includes FX gain/loss on balance sheet items at the beginning of the period

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



Summary Revenue Breakdown

(TL mn)	Q3 '15	Q2 '16	Q3 '16	YoY Change	QoQ Change
Fixed Voice	751	713	689	-8.3%	-3.4%
Broadband	937	1,027	1,068	14.0%	4.0%
TV	30	42	44	46.0%	4.3%
Mobile	1,298	1,413	1,488	14.7%	5.3%
Corporate Data ¹	298	319	336	12.6%	5.1%
International Revenue	136	118	146	7.6%	23.6%
Domestic Interconnection	15	4	3	-76.5%	-20.2%
Rental income from GSM Operators	15	19	19	22.6%	0.0%
Other ²	175	186	177	1.5%	-4.5%
Construction Adjustment (IFRIC-12)	69	120	175	153.1%	45.5%
Eliminations	(28)	(22)	(27)	-4.1%	21.3%
Total Revenue	3,696	3,940	4,118	11.4%	4.5%

(1) Includes leased line and data services

(2) Includes ICT companies, device sales, other



Summary OPEX Breakdown

(TL mn)	Q3 '15	Q2 '16	Q3 '16	YoY Change	QoQ Change
Personnel	635	679	693	9.1%	2.1%
Domestic Interconnection	262	284	294	12.1%	3.4%
International Interconnection	87	67	86	-0,8%	27.9%
Commercial ¹	229	296	258	12.7%	-12.9%
Maintenance and Operations	137	147	137	0.3%	-6.3%
Taxes and Government Fees	314	359	372	18.3%	3.4%
Doubtful Receivables	123	95	97	-21.2%	1.8%
Cost of Equipment and Technology Sales	73	83	79	8.1%	-4.8%
Others ²	505	501	495	-2.0%	-1.2%
Sub Total	2,366	2,512	2,512	6.2%	0.0%
Construction Cost Adjustment (IFRIC - 12)	61	106	155	153.1%	45.5%
Total OPEX	2,427	2,618	2,666	9.9%	1.8%

(1) Includes commissions, advertising and marketing, subscriber acquisition & retention cost and promotions

(2) Includes rent, utilities, outsourced services, bill distribution, content, consultancy expenses and others

Operational Highlights

	Q3 '15	Q2 '16	Q3 '16	YoY Change	QoQ Change
Total Access Line (mn)	12.9	12.9	12.9	0.5%	0.1%
-Fixed Voice Lines ¹ (mn)	10.6	10.0	9.8	-7.4%	-1.7%
-Naked DSL Lines (mn)	2.3	3.0	3.1	37.1%	6.2%
Fixed Voice ARPU (TL)	23.4	23.7	23.3	-0.5%	-1.6%
Broadband Total Subscribers (mn)	7.8	8.3	8.4	8.4%	1.4%
-FTTH/B Subscribers ('000)	740	809	828	11.8%	2.3%
-FTTC Subscribers ('000)	600	933	1,020	70.0%	9.4%
Broadband ARPU (TL)	40.5	41.5	42.6	5.3%	2.7%
Total Tivibu Subscribers ² (mn)	1.8	2.0	1.9	7.4%	-0.5%
-Tivibu Home Subscribers ³ ('000)	347	544	590	70.0%	8.5%
Tivibu Home ARPU (TL)	17.2	19.0	18.7	8.9%	-1.5%
Mobile Total Subscribers (mn)	17.0	18.0	18.4	8.2%	1.9%
-Mobile Postpaid Subscribers (mn)	8.5	9.3	9.5	11.7%	2.5%
-Mobile Prepaid Subscribers (mn)	8.5	8.8	8.9	4.7%	1.3%
Mobile Blended ARPU (TL)	24.6	25.1	26.0	5.6%	3.5%
Mobile Postpaid ARPU (TL)	31.9	33.1	33.9	6.2%	2.4%
Mobile Prepaid ARPU (TL)	15.8	16.4	16.8	6.4%	2.8%

(1) Includes PSTN and WLR Lines

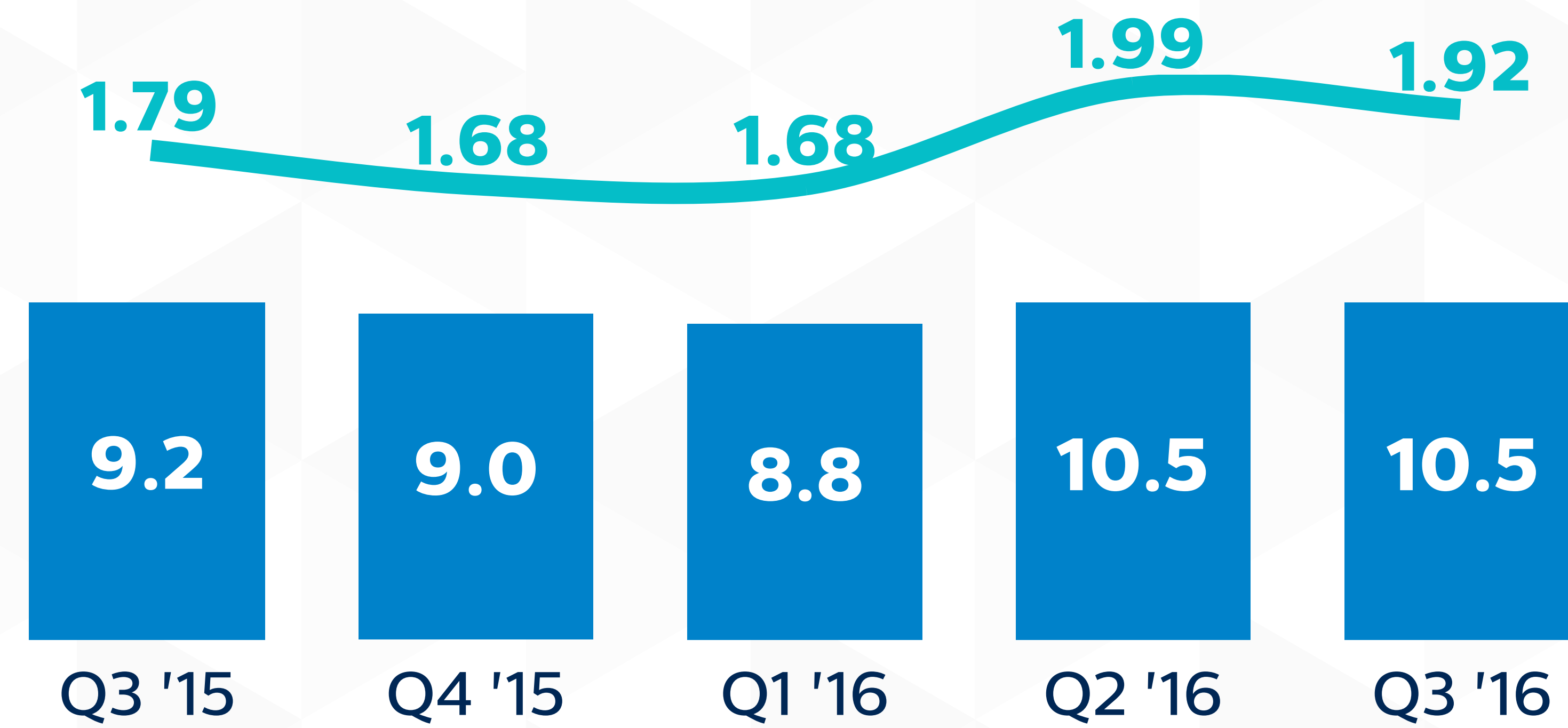
(2) Includes IPTV, DTH, and Tivibu Go (Web TV + Smart TV) subscribers

(3) Includes IPTV and DTH subscribers

Debt Profile

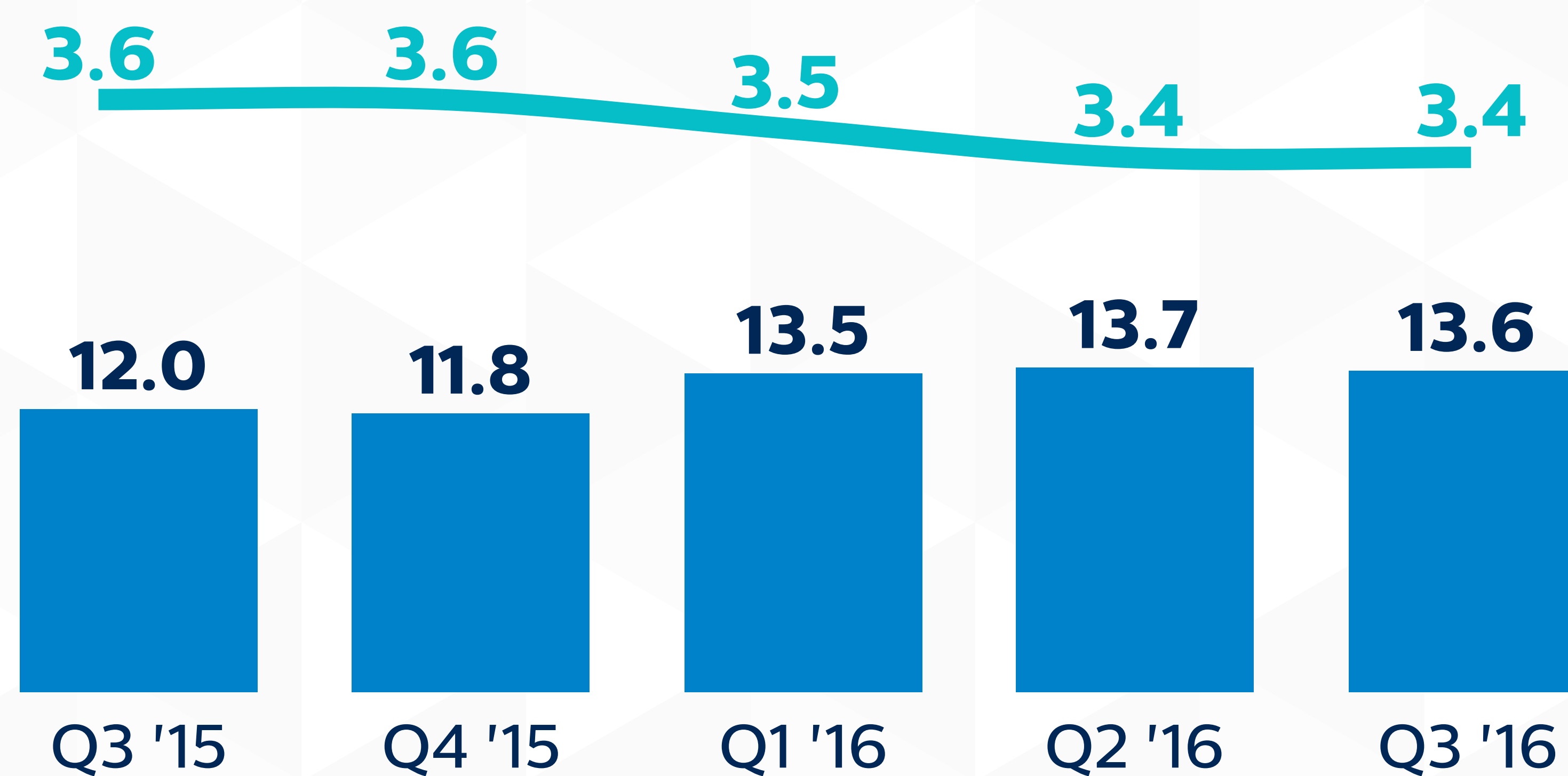
Net Debt

■ Net Debt (TL bn) — Net Debt/EBITDA

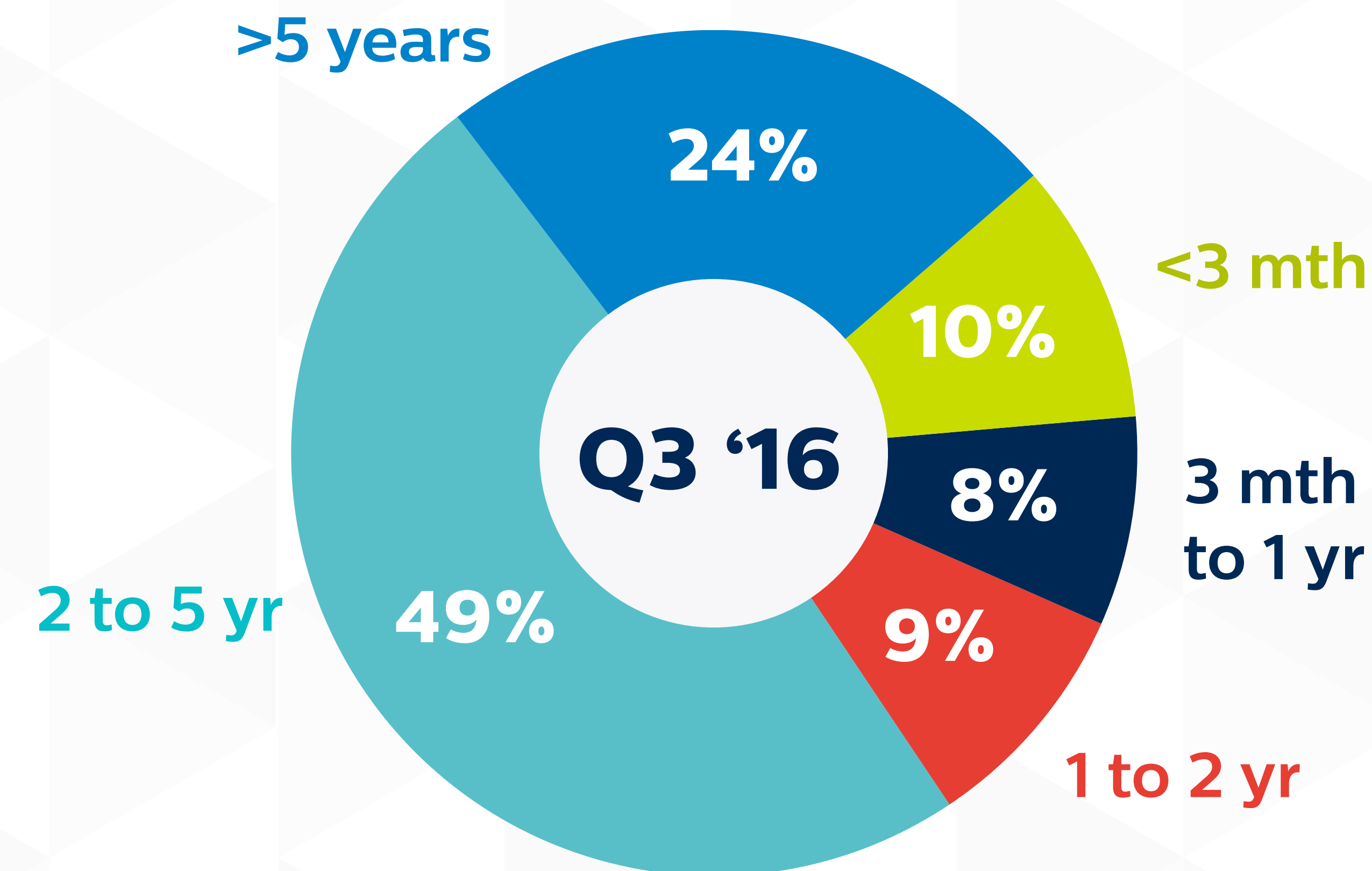


Average Maturity of Debt

■ Total Debt (TL bn) — Average Maturity of Debt (years)

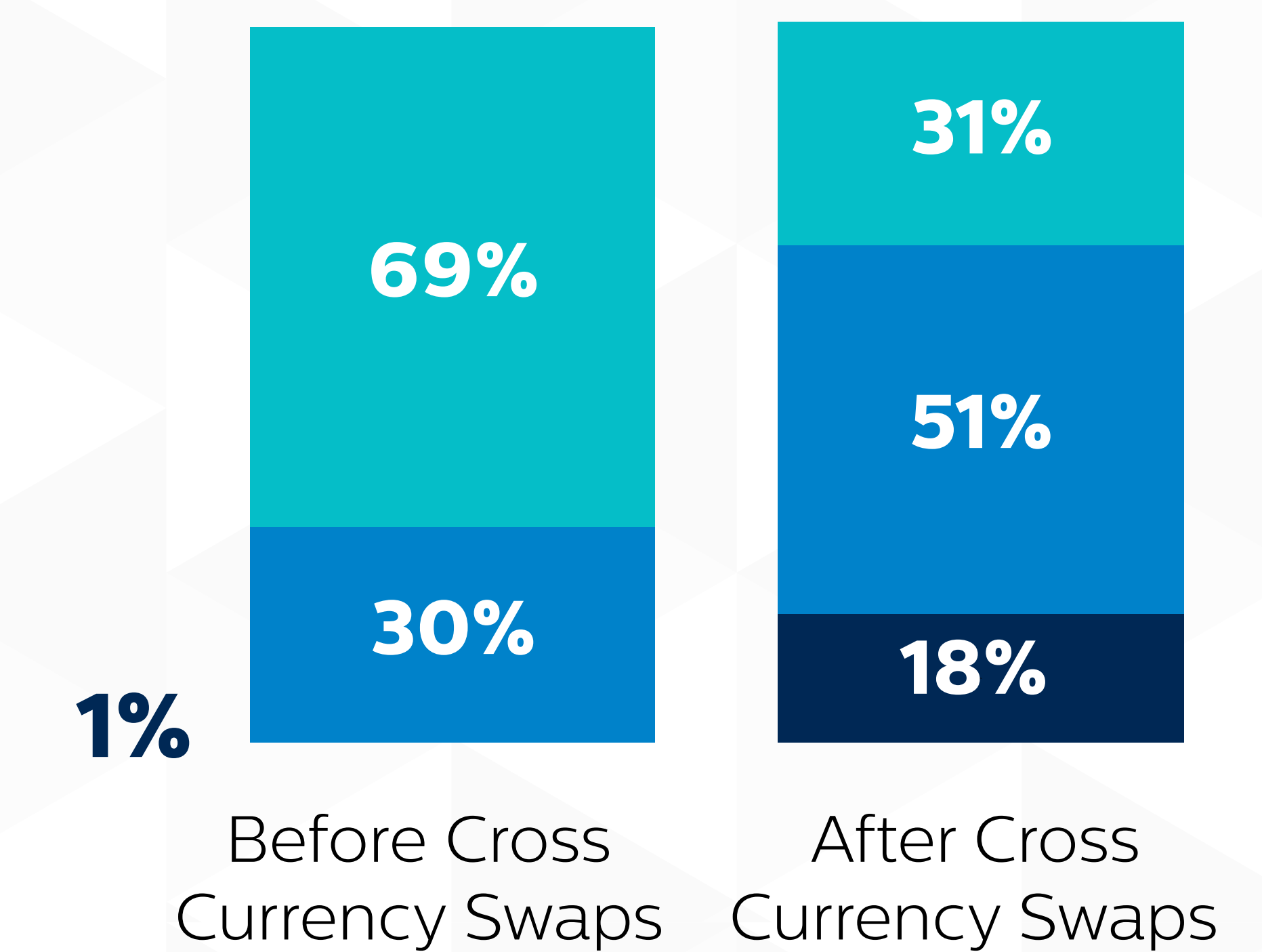


Maturity Profile



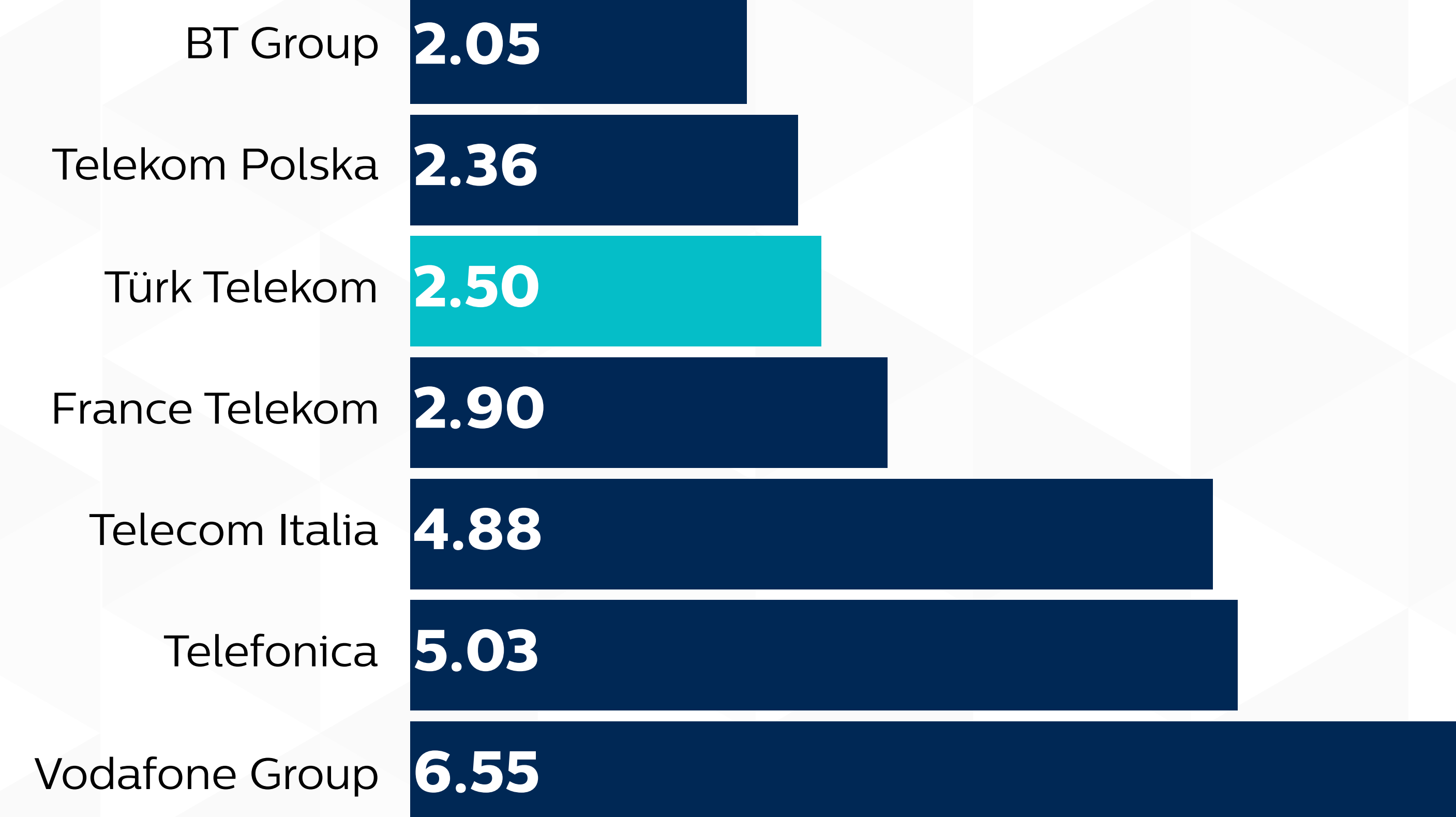
Currency Breakdown

■ TL ■ EUR ■ USD

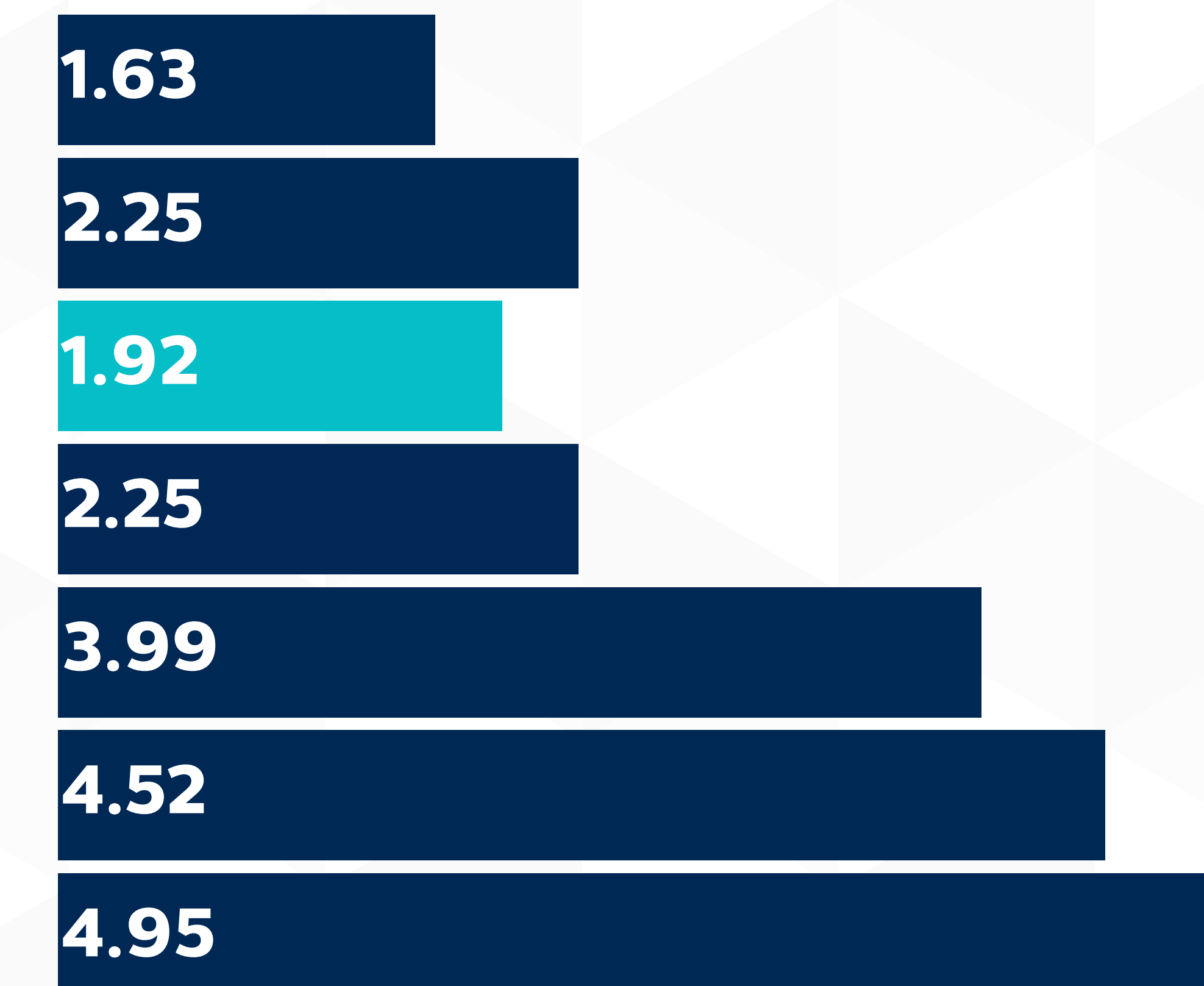


Low debt burden within the median of peers

Total Debt / EBITDA (Q3 '16)



Net Debt / EBITDA (Q3 '16)

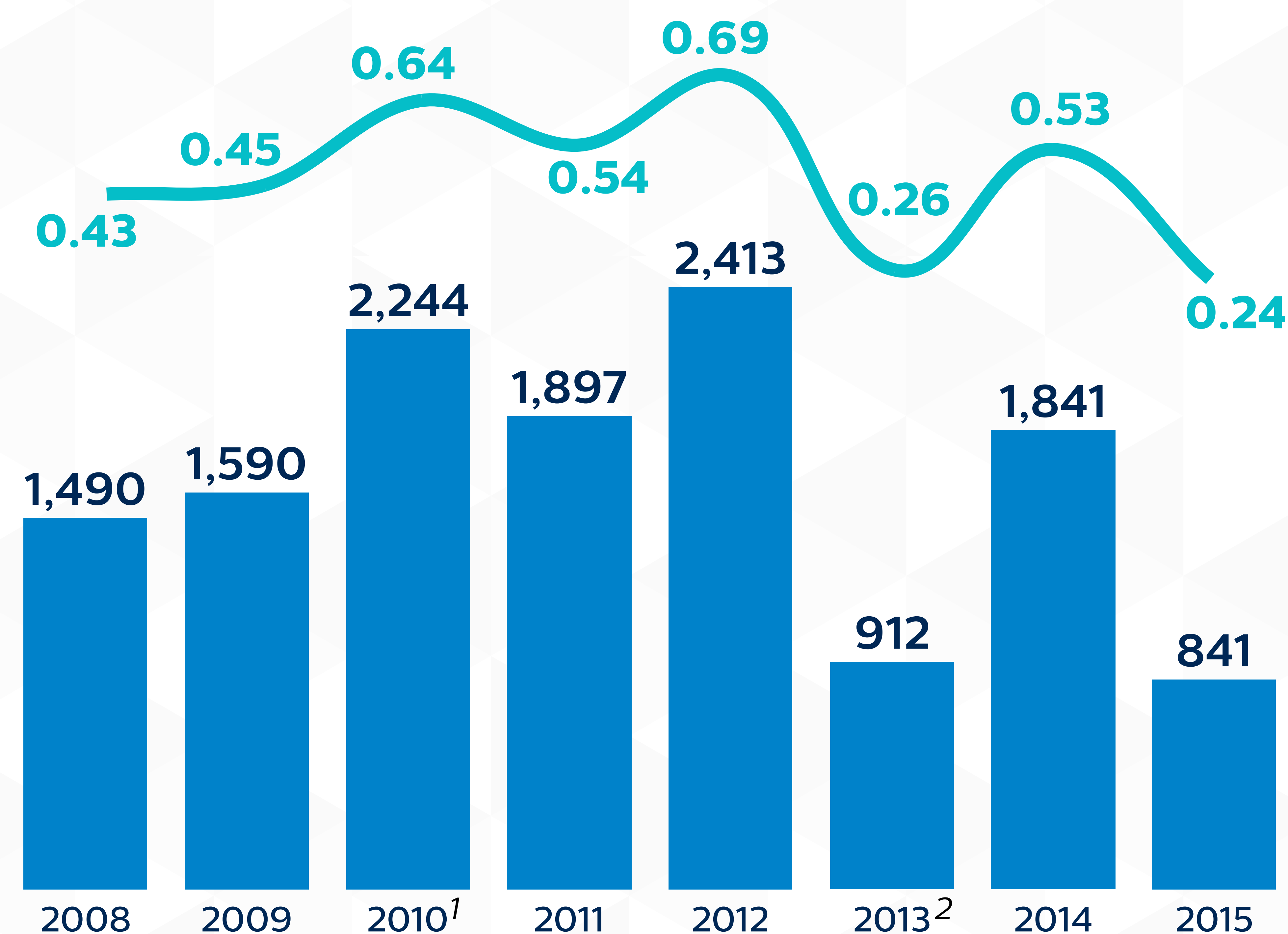


Shareholder Remuneration

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

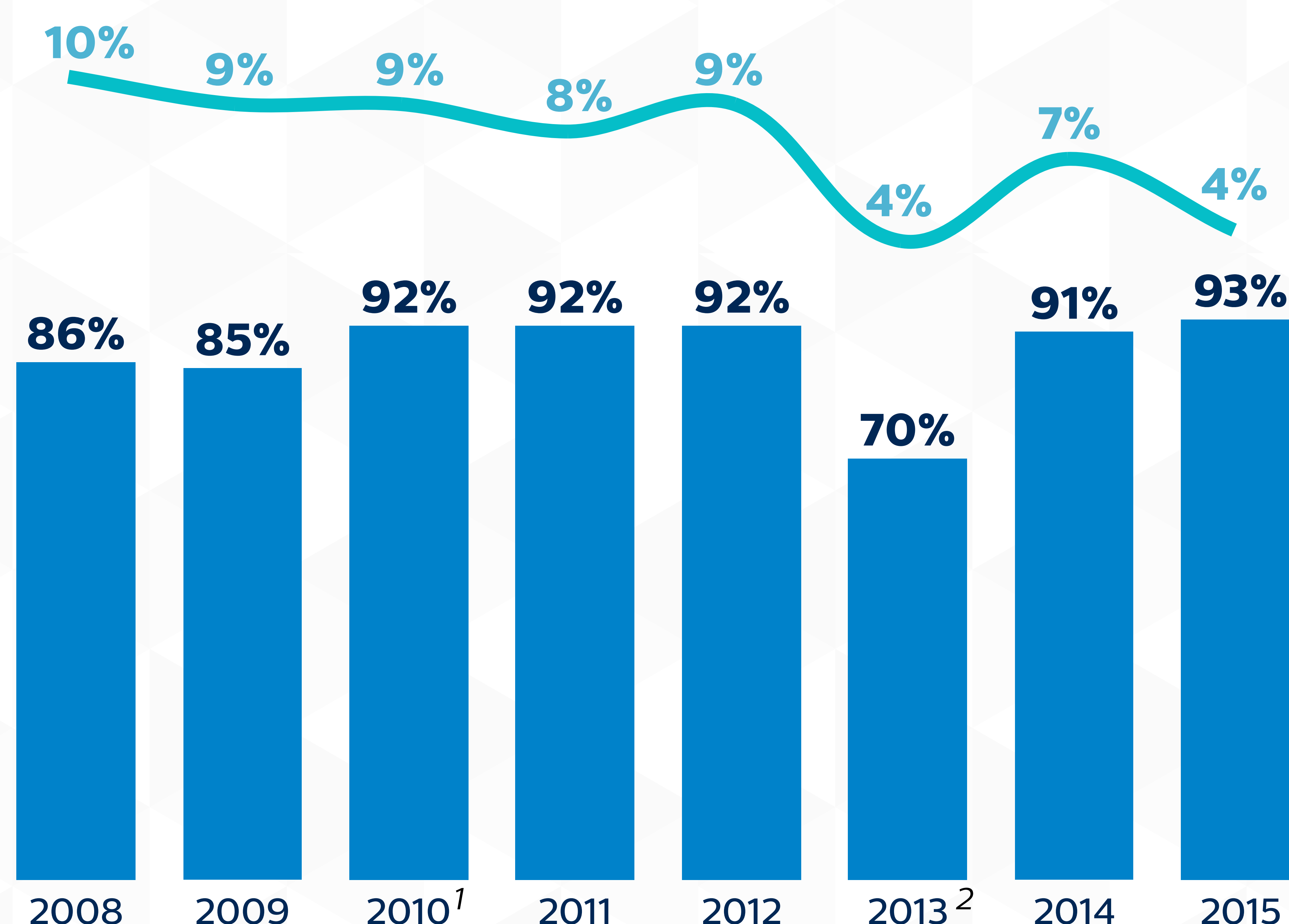
Dividend Distribution

■ 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

Guidance

2014 YE

2015 YE

TL mn

Revenue
(exc. construction
adjustment)¹

13,243

14,190

EBITDA

5,047

5,334

CAPEX²

2,146

2,930

2016 Guidance

7% to 9% growth

TL 5.5 to 5.7bn

~TL 3.2bn

(1) Construction accounting 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.
(2) Excluding license fees

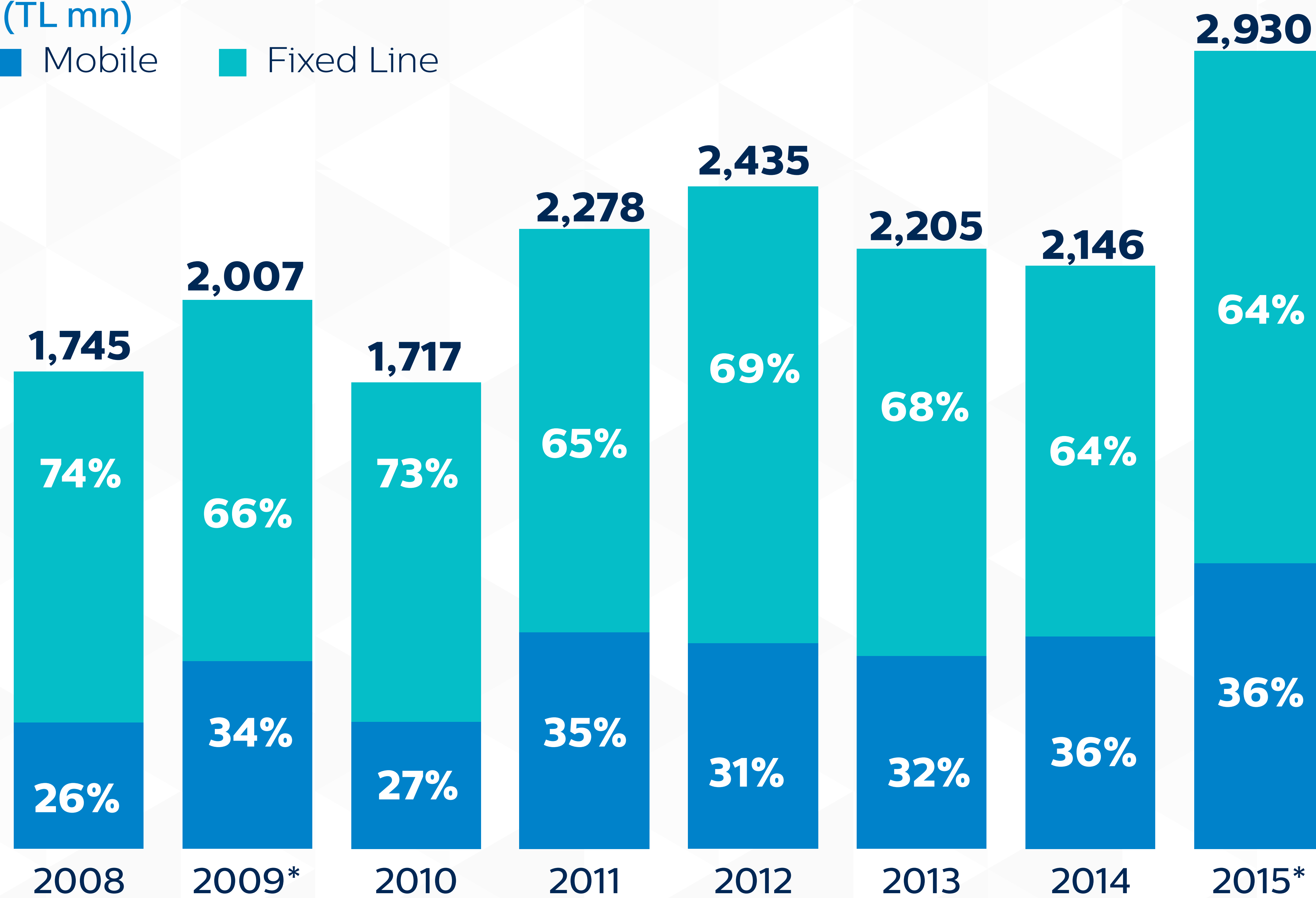
Capex

- ▶ Major Capex areas are **fiber network roll-out** in fixed line and **network investments** in mobile
- ▶ Türk Telekom's length of total fiber in Turkey is **223K kilometers** as of Q3 '16
- ▶ Türk Telekom reaches almost 60% of households in Turkey with **13.1mn** fiber homepass
- ▶ Türk Telekom has **87% and 68% population coverage** for 3G and LTE respectively as of Q3 '16

Capex Breakdown

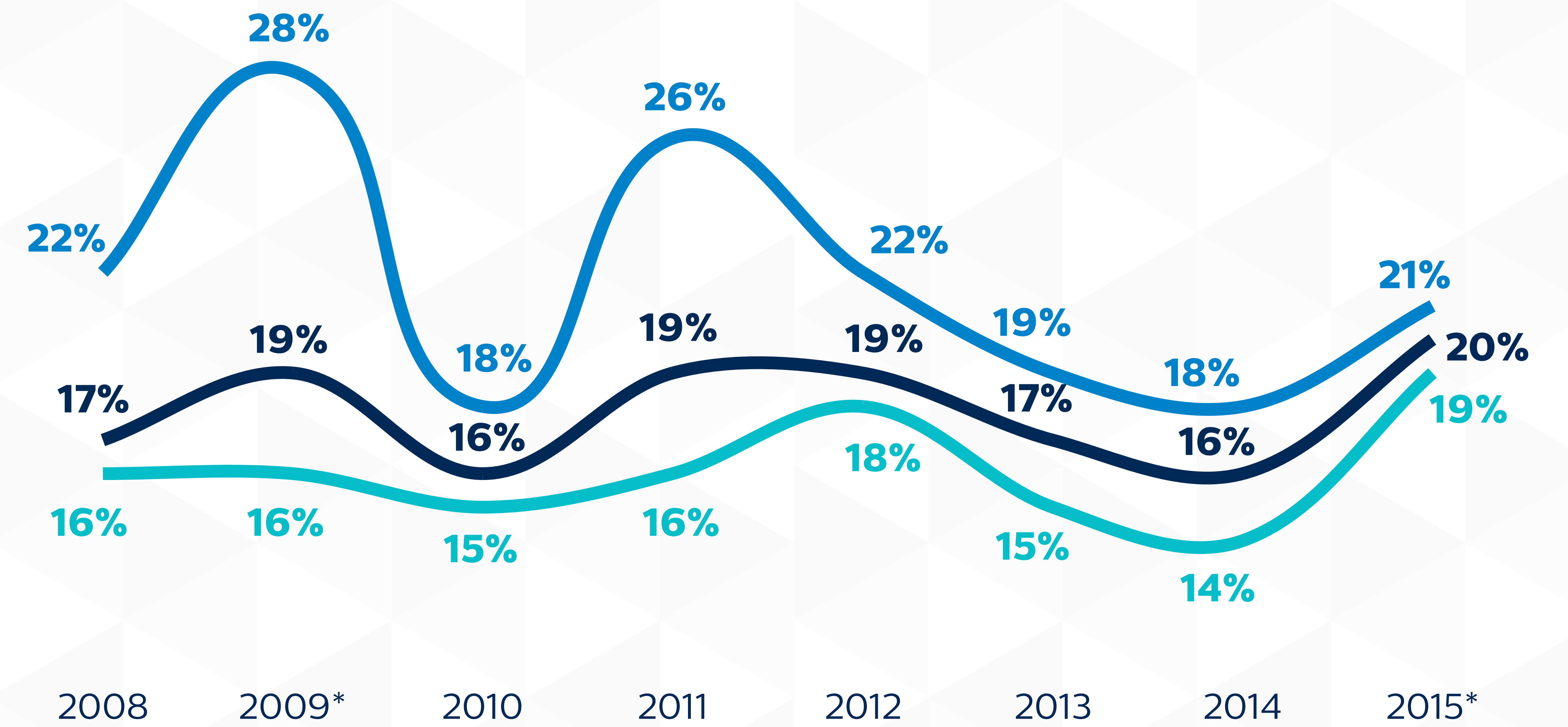
(TL mn)

■ Mobile ■ Fixed Line



Capex to Sales

— Mobile — Consolidated — Fixed Line



* Capex figures exclude license fees

A close-up photograph of two hands shaking in a firm grip, symbolizing a business deal or partnership. The hands are wearing dark blue suit sleeves. The background is a blurred office setting with colorful geometric shapes (triangles) in shades of blue, red, and green. Overlaid on the left side of the image is a large, dark blue triangle pointing right, which contains the text 'Group Companies'. Above this triangle, there are three smaller triangles: a large green one, a medium red one, and a small blue one, all pointing right.

Group Companies

Group Companies

Türk Telekom
INTERNATIONAL

International Internet/data infrastructure and wholesale voice provider
Over 40,000 km of own fiber optic network
70+ POPs in 22 countries, covering all major PoPs of Europe and Middle East

ASSISTT

Going beyond a traditional call center for Türk Telekom Group, various public institutions and leading companies in Turkey with contemporary solutions such as sales and marketing, social media management and mailing

While Türk Telekom unified mobile, fixed voice, fixed broadband and TV brands under single “Türk Telekom” brand, TTNET A.S., and Avea İletişim Hizmetleri A.Ş. legal entities remain intact



s e b i t

Multinational educational content and services with 28 years of experience
Innovative and extensive E-Education technologies: Raunt, Vitamin
Piloting educational transformation in government’s e-education project (FATİH)

innova

Platform independent software developer and system integrator
Innovative solutions and services in 36 countries in 4 continents
The only company listed in Deloitte Technology Fast50 for 10 years in a row

ARGELA

Network infrastructure software and telecommunication solutions
Working actively on 5G initiatives and 5G enabling technologies
Partner of Turkey’s first and only national 4G-LTE/5G base station development project “ULAK” supported by Turkey’s Undersecretariat for Defense Industries



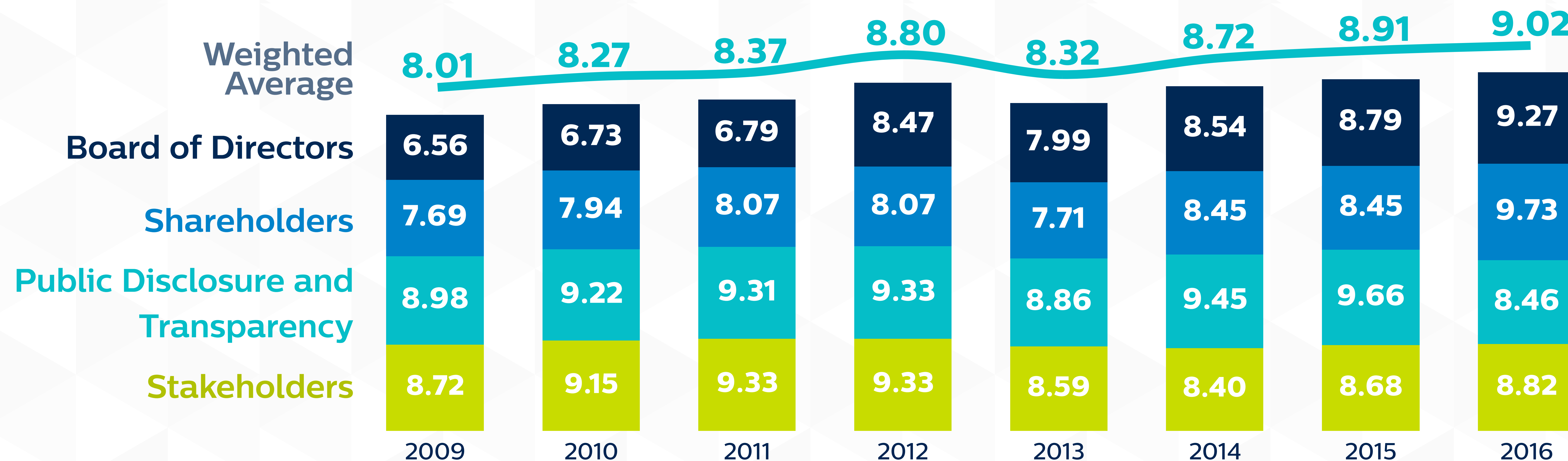


Appendix

Corporate Governance and Sustainability

Demonstrates exemplary practices

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



*The decline in ratings in 2013 is a result of rating methodology change by CMB rather than any deterioration in the Company's corporate governance practices. 2013 weighted average rating with the old methodology would have been 8.8



Corporate Rating

Investment grade from Fitch and S&P

Fitch Ratings

BBB- Rating

Negative Outlook

Strong converged services position in fixed, mobile and pay TV which allows the company to differentiate its offering from its main competitors

Improved competitive position in mobile business following the acquisition of important lower frequency spectrum

Strong fixed line market position

Mobile to offset fixed declines



S&P Global Ratings

BBB- Rating

Stable Outlook

Leadership position in Turkish fixed-line business

Solid operating results in recent quarters and strong revenue growth prospects

Solid subscriber growth in its mobile and fixed broadband segments

Extensive network infrastructure, growth prospects and solid profitability

Improved liquidity position after USD 1 bn bond issuance

Turkey at a Glance

	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
GDP (USD bn)	732	774	786	823	799	720	726	756	815
GDP per Capita (USD)	10,003	10,428	10,459	10,822	10,395	9,257	9,243	9,529	10,164
Real GDP Growth (%)	9.2%	8.8%	2.1%	4.2%	3.0%	4.0%	3.2%	4.4%	5.0%
CPI (year-end)(%)	6.4%	10.5%	6.2%	7.4%	8.2%	8.8%	7.5%	6.5%	5.0%
Unemployment (12m avg.)(%)	11.1%	9.1%	8.4%	9.0%	9.9%	10.3%	10.5%	10.2%	10.1%
Population (mn)	73.7	74.7	75.6	76.7	77.7	78.7	78.6	79.4	80.2

Source: TURKSAT, CBT, 2017-2019 Medium Term Program, Republic of Turkey Ministry of Finance

Regulatory Actions

► April

- Interconnection rate decrease in Fixed (10%) and Mobile (33%)

► November

- 3G tender held
- Mobile Number Portability introduced
- New Electronic Communications Law passed

2008

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

► 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

2010

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

2014

2015

► August

- LTE tender was held

2016

► April

- LTE Service Launch

► August

- Mobile on-net price floor regulation for TCELL was lifted

Türk Telekom History

Aycell Established

Türk Telekom's GSM operator, Aycell established (Aycell later named as AVEA after merging with Aria 2004)

Privatization

Privatized through a 55% stake sale to Oger Telecom

Public Offering

IPO with a listing on the Istanbul Stock Exchange and the sale of 15% stake owned by the Treasury to the public

Integration Project Initiated

Integration project for a customer oriented organization

Avea Share Transaction

Avea share transfer transactions were completed and Türk Telekom has become the sole owner of Avea İletişim Hizmetleri A.Ş.

1995

Separation from Post Office

Türk Telekom separated from the Post Office

2001

2004

Aycell Merger with Aria

Aycell merged with İŞ-TİM's Aria and officially named "Avea İletişim Hizmetleri A.Ş."

2005

2006

Avea Share Transaction

Acquisition of İŞ-TİM's 40.55% stake in Avea, raising total stake in Avea to 81.12%

2008

2010

Invitel Acquisition

Acquired Pantel (rebranded as Türk Telekom International), the leading wholesale capacity and data services provider in Central and Eastern Europe to complement its international carrier business and infrastructure

2013

2014

Bond Issuance

Türk Telekom issued USD 1bn bond in tranches, at USD 500mn each, with a maturity of 5 and 10 years

Investment grade ratings from S&P and Fitch

2015

2016

Brand Unification

Türk Telekom unified mobile, fixed voice, fixed broadband and TV brands under single "Türk Telekom" brand, while keeping Türk Telekomünikasyon A.Ş., TTNET A.Ş., and Avea İletişim Hizmetleri A.Ş. legal entities intact

Thank you



Türk Telekom Investor Relations

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