

TÜRK TELEKOM GROUP ANNOUNCES FIRST QUARTER 2012 FINANCIAL RESULTS



Strong EBITDA Margin with Sustained Growth in Q1 2012

Türk Telekom, Turkey's leading communications and convergence technologies group, announced 2012 first quarter financial results. Revenues grew to TL 3 bn, an increase of 3% compared to the same period of last year on the back of strong operating performance. Net profit was TL 772 mn, which represents 27% increase compared to 2011 first quarter. EBITDA¹ was TL 1.2 billion with a margin of 42%.

2012 First Quarter Highlights

- ❖ **Group revenues at TL 3 bn, an increase of 3% YoY, with EBITDA margin of 42%**

- ❖ **Group net profit increased by 27% to TL 772 mn**

- ❖ **Fixed line revenues remained flat at TL 2.3 bn**

- ❖ **Mobile arm Avea increased its subscribers by 170K and its revenues reached TL 787 mn, a 12% increase YoY**

(1) 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, and minority interest.

Türk Telekom Group CEO Hakam Kanafani's comments on 2012 first quarter results:

"I am glad to announce that in the first quarter of 2012 Türk Telekom Group continued its revenue growth and delivered a strong EBITDA margin. Our consolidated quarterly revenues increased 3% year on year to nearly TL 3 billion and we delivered a 42% EBITDA margin with a 27% increase in Net Income year on year.

First quarter marked a good start to the year especially with our new fixed broadband initiatives and services. Our high speed fiber to the building and home offering reached 1 million home-pass. Our fixed broadband number of subscribers is now more than 7 million. The positive trends in the previous quarters in fixed line business continued with ADSL customers preferring higher speed and capacity offers and PSTN customers increasingly switching over to our fixed voice minute bundles.

Turkish mobile market proved to be very competitive in the first quarter. Despite this, our mobile arm Avea continued the smart growth strategy enhancing its subscriber base and revenues. Avea added net 170 thousand subscribers in the quarter and reached 12.9 million subscribers - this is a 9% year on year increase in the total customer base. Mobile revenues grew 12% year on year to TL 787 million. EBITDA recorded 12% year on year growth driven by a robust growth in data and incoming call revenues.

Thanks to innovative tariffs and value added services, improved sales channel, customer care, stronger network, smart-phone partnerships, and group-wide cross-selling activities, Avea continues to be a main growth driver of Türk Telekom Group.

As a first in its class, Sebit, our Group's education content company, launched an education application store this quarter. Underlining Türk Telekom Group's global reach and information & communication technologies strategy, Sebit now offers world-class online educational content in multiple languages available in Turkey, the US and other parts of the world.

We sustained our infrastructure and technology investments both in fixed line and mobile businesses recording a total investment of TL 405 million in the quarter.

Türk Telekom Group continues to provide complete telecom solutions and end-to-end corporate services building on synergies among our companies. Our success and advantage stem from a broad portfolio of innovative products and services, powerful and proactive human capital and outstanding customer focus. We are well positioned to deliver our targets for 2012."

Financial Highlights

Year	2011	2011	2012	Change	Change
Period	Q1	Q4	Q1	YoY	QoQ
Revenue	2,887	3,020	2,960	2.5%	(2.0%)
Net Operating Expenses excluding Depreciation and Amortization	(1,610)	(1,775)	(1,728)	7.3%	(2.6%)
Operating Profit before Depreciation and Amortization (EBITDA)	1,277	1,245	1,232	(3.6%)	(1.1%)
Depreciation and Amortization	(404)	(400)	(414)	2.6%	3.5%
Operating Profit	873	845	817	(6.4%)	(3.2%)
Net Financial Income/ (Expense)	(121)	(76)	160	NM	NM
Taxes	(181)	(210)	(233)	28.6%	10.8%
Minority Interest	38	35	26	(29.6%)	(25.1%)
Net Income After Minority Interest	609	595	772	26.7%	29.8%
Capital Expenditure	314	792	405	28.8%	(48.9%)

NM: Not meaningful

Revenues

The Group's consolidated revenues for Q1 2012 is TL 3 bn which showed 3% growth (TL 73 mn) compared to that of Q1 2011. The main drivers of revenue growth are Mobile business (up by 12%, TL 84 mn), Data Services (up by 26%, TL 28 mn), and ADSL business (up by 3%, TL 23 mn).

Net Operating Expense (Excluding Depreciation and Amortization)

Net operating expense increased by 7% year over year to TL 1.7 bn mainly due to increases in personnel and domestic interconnection.

Operating Profit before Depreciation and Amortization (EBITDA)

Operating profit before depreciation and amortization decreased by 4% (TL 46 mn) to TL 1.2 bn in Q1 2012 compared to Q1 2011, resulting in a consolidated EBITDA margin of 42%. Fixed line business EBITDA declined by 5% (TL 58 mn) in Q1 2012 compared to last year with an EBITDA margin of 51%. Mobile EBITDA increased 12% year over year from TL 70 mn to TL 78 mn with an EBITDA margin of 10%.

Depreciation and Amortization

Total depreciation and amortization charges at TL 414 mn are up by 3% from TL 404 mn recorded in Q1 2011.

Operating Profit

Operating profit decreased by 6% in Q1 2012 to TL 817 mn as a result of the decline in EBITDA.

Net Financial Income / (Expense)

We recorded a net financial income of TL 160 mn in Q1 2012 compared to net financial expense of TL 121 mn in Q1 2011 mainly due to TL appreciation against USD and EUR.

Corporate Taxes

Tax Expense at TL 233 mn is up by 28% compared to the tax expense in Q1 2011 due to the increase in profit before tax. Our effective corporate tax rate in Q1 2012 is 24%.

Net Income

The net income is TL 772 mn, or TL 0.2205 per share compared to TL 609 mn, or TL 0.1740 per share in Q1 2011.

Operational Highlights

Year	2011	2011	2012	YoY	QoQ
Period	Q1	Q4	Q1	Change	Change
Total Access Lines* (millions)	15.8	15.2	15.0	(5.3%)	(1.4%)
PSTN Number of Access Lines (millions)	15.8	15.0	14.7	(7.2%)	(2.0%)
PSTN ARPU (TL)	22.1	21.9	22.3	0.8%	1.9%
PSTN MoU (minutes)	111	105	107	(3.3%)	1.9%
ADSL Wholesale Connections (millions)	6.7	6.8	7.0	4.7%	3.5%
ADSL ARPU (TL)	36.0	36.3	36.0	(0.1%)	(0.8%)
Mobile Total Subscribers (millions)	11.8	12.8	12.9	9.4%	1.3%
Mobile Prepaid Subscribers (millions)	6.8	7.2	7.2	6.0%	0.8%
Mobile Postpaid Subscribers (millions)	5.0	5.6	5.7	14.0%	2.0%
Mobile Prepaid ARPU (TL)	10.9	11.1	10.9	0.1%	(1.5%)
Mobile Postpaid ARPU (TL)	30.2	31.7	30.6	1.5%	(3.5%)
Mobile Blended ARPU (TL)	19.1	20.5	19.9	3.8%	(3.1%)
Mobile MoU (minutes)	280	316	320	14.1%	1.2%

* Total Access Lines: Naked DSL Lines + PSTN Access Lines

Additional Information

Türk Telekom Group invested TL 405 mn in Q1 2012 with primary focus on continuing to improve the quality of the services and products we provide to our customers.

Türk Telekom Group's total headcount as of March 31, 2012 was 35,278.

About Türk Telekom Group

Türk Telekom Group, the leading communication and convergence technology group in Turkey, provides integrated telecommunication services from PSTN and GSM to broadband internet. As of March 31, 2012; Türk Telekom group companies have 15 mn Fixed Access Lines, 7 mn ADSL Connections and 12.9 mn Mobile 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 90 % shares in Avea, one of the three GSM operators in Turkey, Türk Telekom owns 100% of wholesale data and capacity service provider company Pantel International AG and its subsidiaries, 99.9% of broadband provider TTNET, convergence technologies company Argela, IT solutions provider Innova, online education company Sebit A.Ş., online gaming company Sobee and call center company AssisTT. 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.

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.