Türk Telekom Group

Q2 Results 2014

Notice

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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.

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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.

Content

04 Company Snapshot

08 Consolidated Performance

11 Fixed Line

20 Mobile

27 Credit Highlights

37 Financial Position, Ratings Overview

47 Group Companies

53 Appendix

Company Snapshot

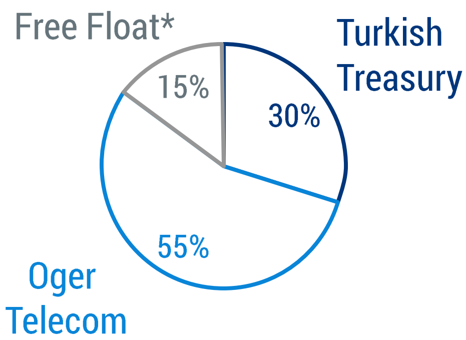
Q2

Results

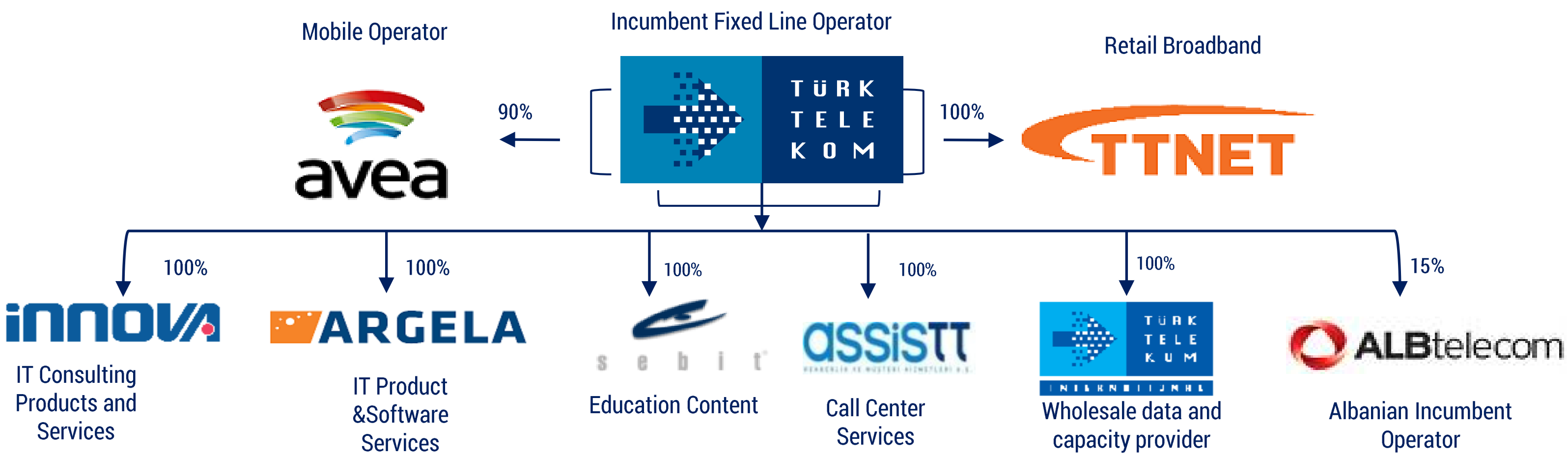
2014

Türk Telekom Group

Ownership and Group Structure



- Türk Telekom is an integrated telecommunication and technology services provider with a 30% government ownership through Turkish Treasury, and is controlled by Oger Telecom with its 55% controlling stake
- Privatized in 2005 and IPO' ed in 2008; Largest IPO out of Turkey and the 7th largest IPO globally in 2008
- A successful transformation resulting in increased efficiency, significant OPEX savings and enlarged service scope
- Number of employees down to 34.5K from 53.5K levels during privatization
- Publicly traded at Borsa Istanbul (BIST) under the symbol TTKOM (Turk Telekom Mcap: $10.1bn as of 30.06.2014)



*Note: Turkish Treasury and Oger Telecom bought 1.68% and 0.8% additional stakes respectively, from free float.

TT Group’s Strategic Theme

Sustainable growth driven by customer centric and integrated organization

Residential	Corporate	International	Operational Excellence
Be the First Choice for Integrated High Quality Communication and Digital Services	Become the Leading Business Solutions Partner	Seize International Opportunities for Growth	Increase the Return on Investments and Operational Efficiency

Focus

Fixed Voice

Protect Revenue & Sustain Access Lines

Fixed Broadband

Grow Subscriber Base & Revenue

Pay TV & Bundles

Grow Subscriber Base & Reduce Churn

tivibu

ICT

Diversify Revenue & Protect Core

Digital Ecosystem

Diversify Revenue

Mobile Voice / Mobile Broadband

Drive Revenue and Subscriber Growth

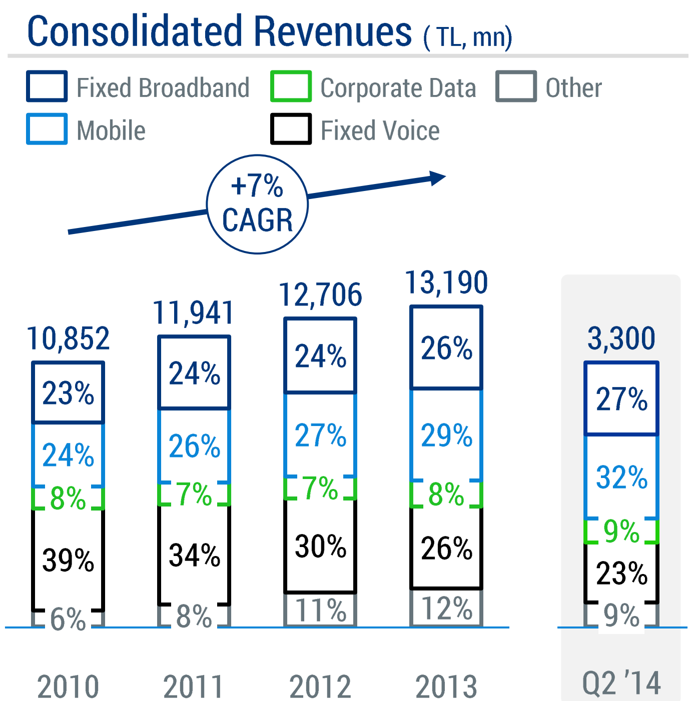
Enablers

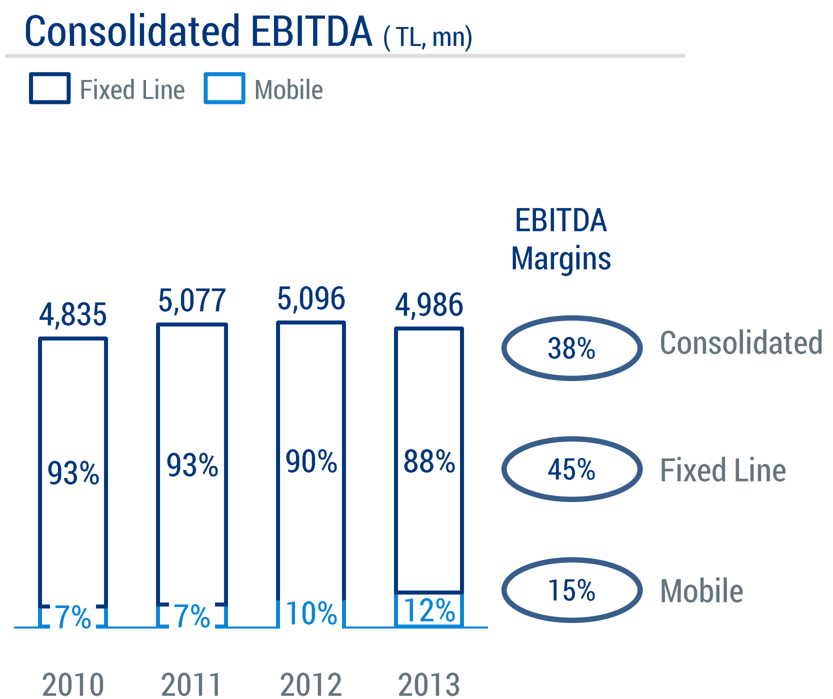
- **Excel service quality** across all stages of customer journey
- **Transform network and technology** into robust and agile systems
- **Improve processes** for **fast** and innovative **product development**
- **Invest in human capital** for organizational excellence
- Manage proactively the **regulatory & legal environment**

Revenue Composition

Fully integrated telecom operator offering a complete range of services

Türk Telekom's main business areas include fixed broadband, mobile, fixed voice, corporate data and other ICT services via its group of subsidiaries





Consolidated Performance

Q2

Results

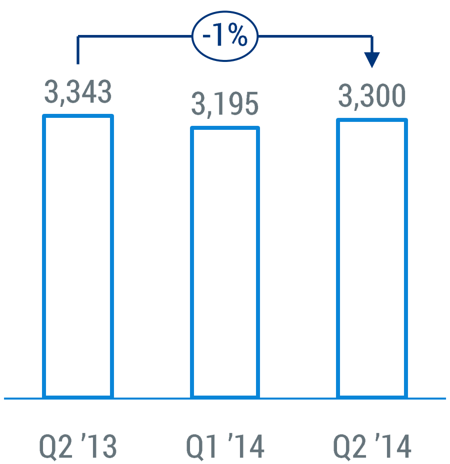
2014

2014 Second Quarter Highlights

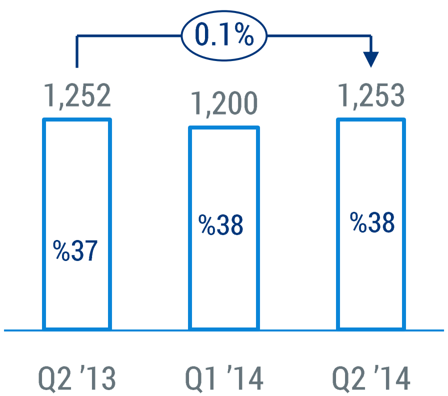
- Consolidated revenues down 1% YoY due to the MTR cut effect and the decline in non-operational IFRIC 12 revenues. Excluding these two effects, revenues grew 4.5%
- Another strong quarter of mobile net additions with 493K, 5% YoY revenue growth in mobile (14% excluding the MTR cut effect)
- 7% YoY growth in broadband revenues
- Low margin "IFRIC 12 - construction revenues" declined 71% YoY leading to an improvement in consolidated EBITDA margin to 38%
- Net income increased 186% YoY with the effect of favorable FX environment
- Highly successful debut bond issuance of USD 1 billion enables increased average maturity and reduced cost of funding

Consolidated Financials

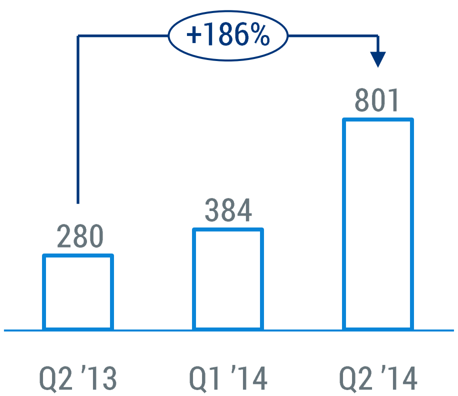
Revenue (TL mn)



EBITDA (TL mn) & Margin



Net Income (TL mn)



Sustained EBITDA, improved margin, strong net income…

- Slight decline in revenue mainly due to the effect of MTR cut and non-operational IFRIC-12 revenues
- Excluding the MTR cut effect and IFRIC-12, revenue is up 4.5%
- Flat EBITDA, while EBITDA margin improves 1 pp to 38%
- Net income up 186% YoY mainly due to strong FX environment

Fixed Line

Q2

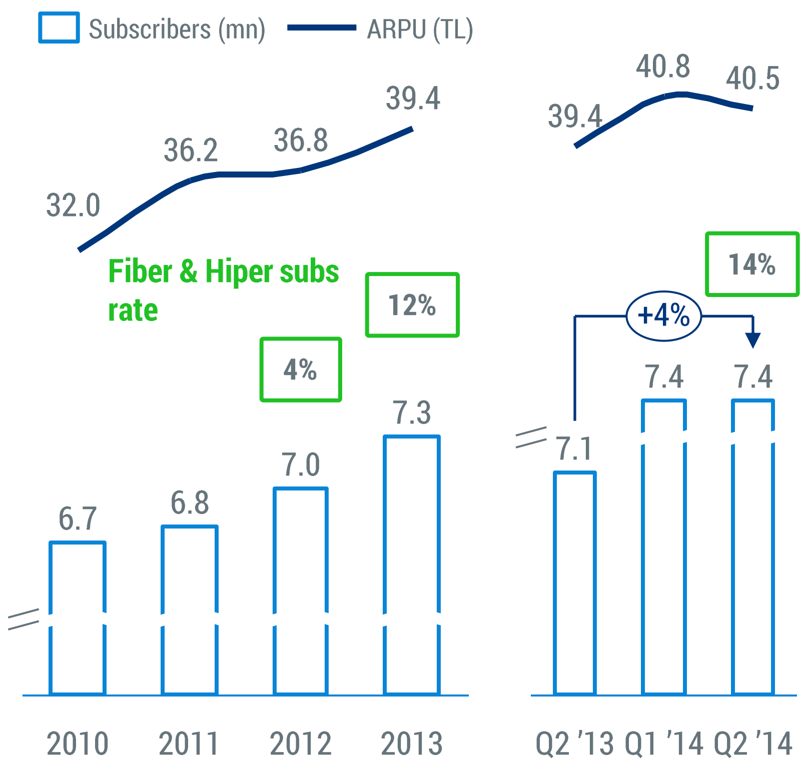
Results

2014

High Speed Broadband

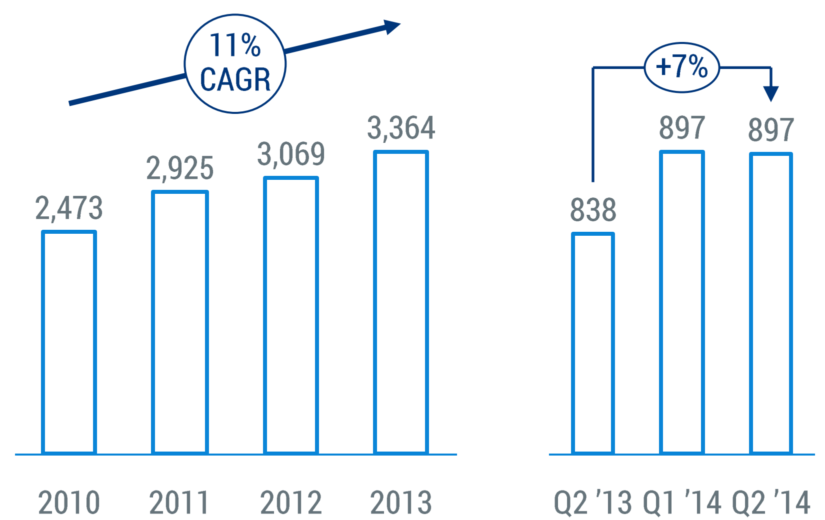
Topline growth continues

Broadband ARPU and Subscribers



- TTNET has 74% retail broadband market share and Türk Telekom has 87% total broadband market share as of Q2 '14
- Broadband continues to be a robust growth driver for fixed line business
- Sustained revenue growth is driven by both subscriber growth and ARPU increase
- 70% of our broadband subscribers are contracted as of Q2 '14

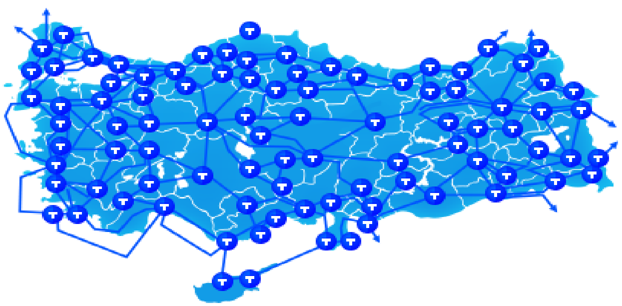
Broadband Revenue (TL mn)



High Speed Broadband
Leader in fiber connectivity

- Türk Telekom heavily invested in fiber infrastructure in 2012 and 2013, and gradually reduced its investment
- Largest fiber infrastructure, increasing hit ratio
- Strong demand for higher speed connections. 26% of subscribers are in 16MBPS and higher speeds compared to 10% a year ago

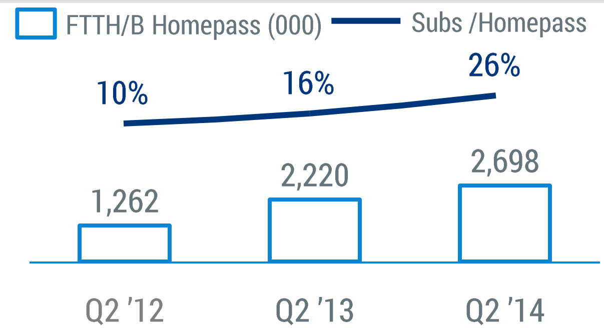
Türk Telekom Fiber Network



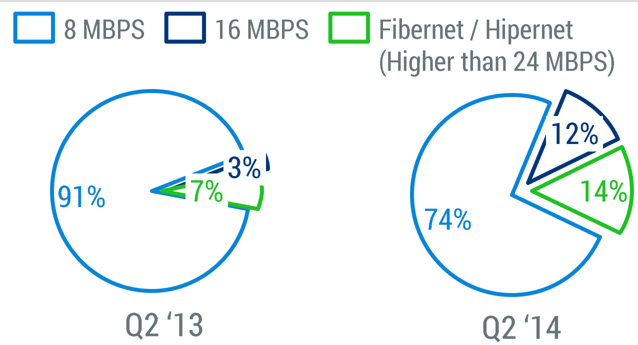
Alternative Operator

Note: Other operator's data are from it's own publications in Q1 '14

Increasing Hit Ratio



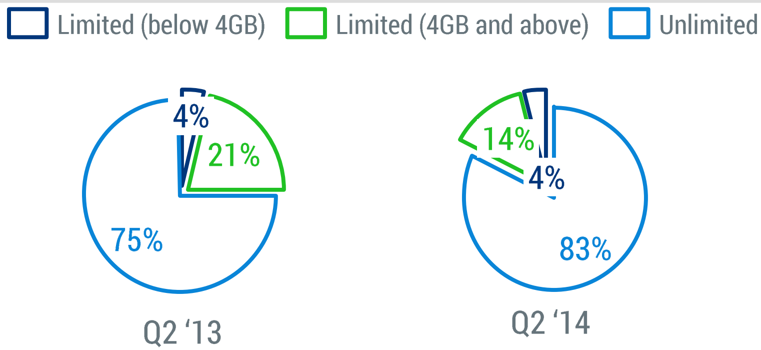
Increasing Subscriber Base in Higher Speed Packages



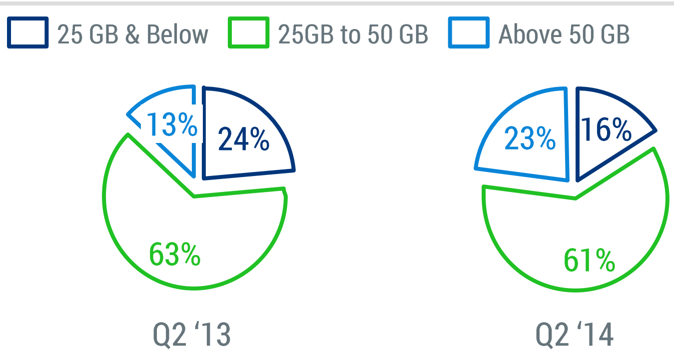
Broadband Upsell

Strong Appetite for Capacity

Capacity, % of Subscribers



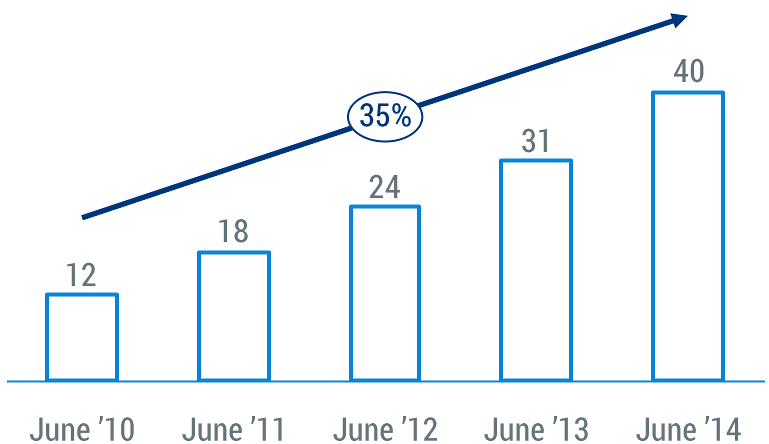
Fair Usage, % of Subscribers



Demand for unlimited capacity and higher fair usage level increases

- Growing monthly data usage mainly driven by video consumption
- Switching from a limited capacity tariff to an unlimited capacity tariff doubles the price on average
- As appetite for capacity increases, demand for higher fair usage levels provides potential for further upselling

Average Monthly Data Usage, Gigabytes

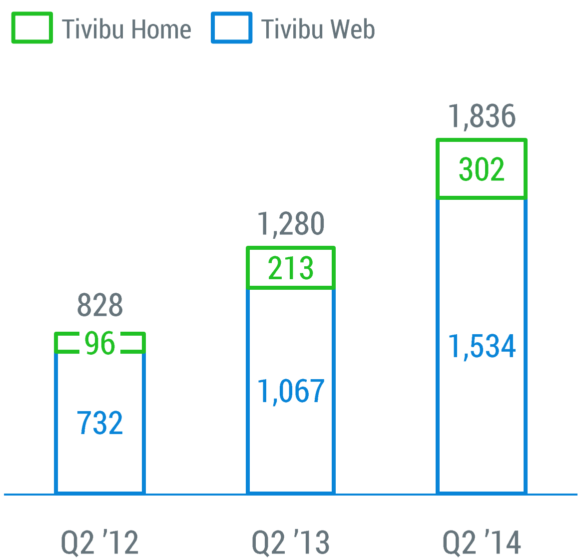


Tivibu

IPTV and WebTV Growth Continues

- First and leading internet TV and only IPTV service in Turkey
- Multi-screen experience: TV | Tablet | PC | Laptop | Smartphone
- Over 190 TV Channels with premium content (movies, shows, sports) and over 4500 content archive
- 1.9 million total subscribers in Tivibu Web, Home (IPTV), Mobile and Smart TV

Tivibu Subscribers (thousand)



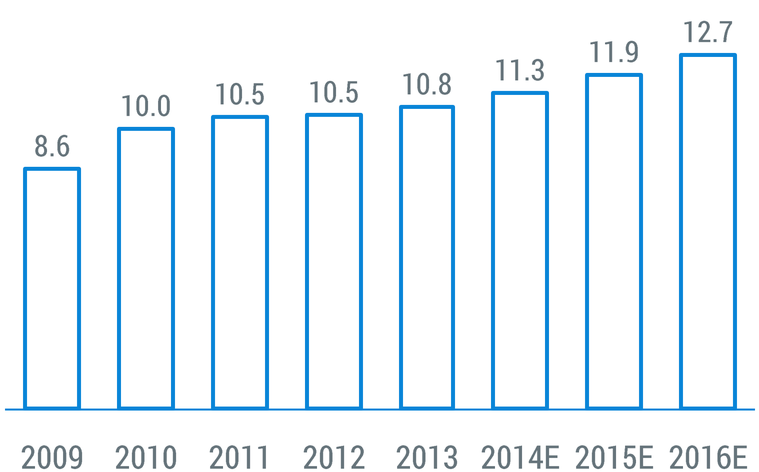
Packages	Channel	Archive	Price (TL)
Maxi Package	~150	2500+	14.9
Cinema Package	~170	3000+	24.9
Full Package	~190	3700+	34.9

Broadband Penetration

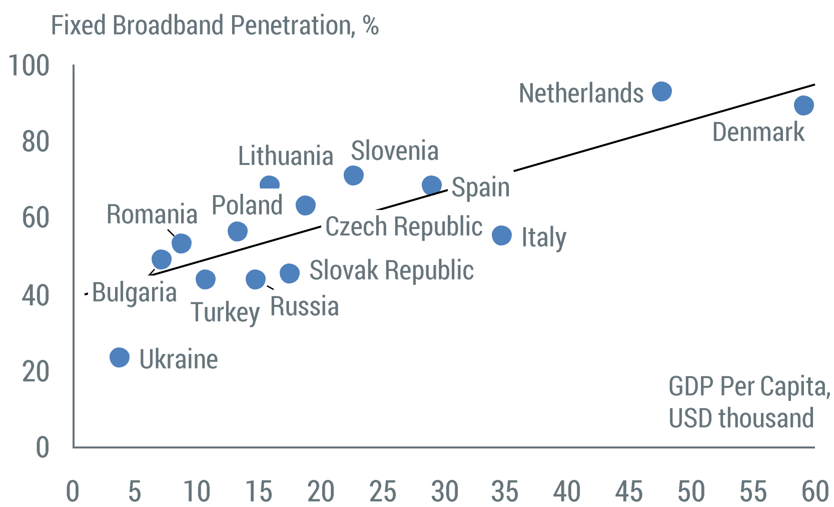
Macroeconomic Trends Point to Penetration Growth

- Turkey's GDP per capita is set to grow in the upcoming years
- Broadband penetration increases in line with GDP per capita growth
- Household broadband penetration is already low in Turkey with 42% compared to European levels with 66%

GDP Per Capita in Turkey[1] (USD thousand)



Fixed BB Penetration vs GDP Per Capita[2]



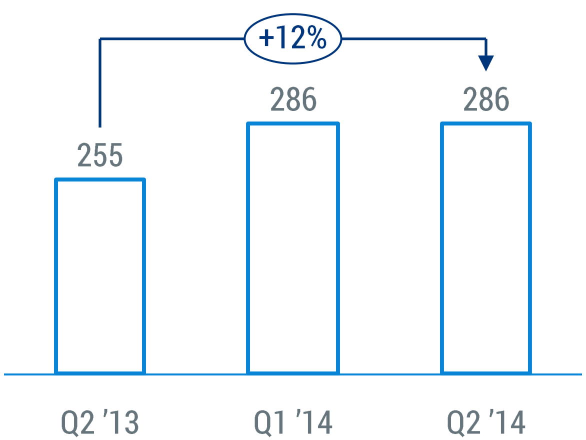
(1) Turkstat, 2014-2016 Medium Term Program; Republic of Turkey Ministry of Finance
(2) Analysis Mason, 2013YE; IMF

Corporate Data

Supports Fixed Line Growth

- 12% of total fixed line revenues are generated from corporate data business in Q2 '14
- Growing share as year on year double digit growth continues

Corporate Data Revenue (TL mn)



Cloud Services

Turk 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

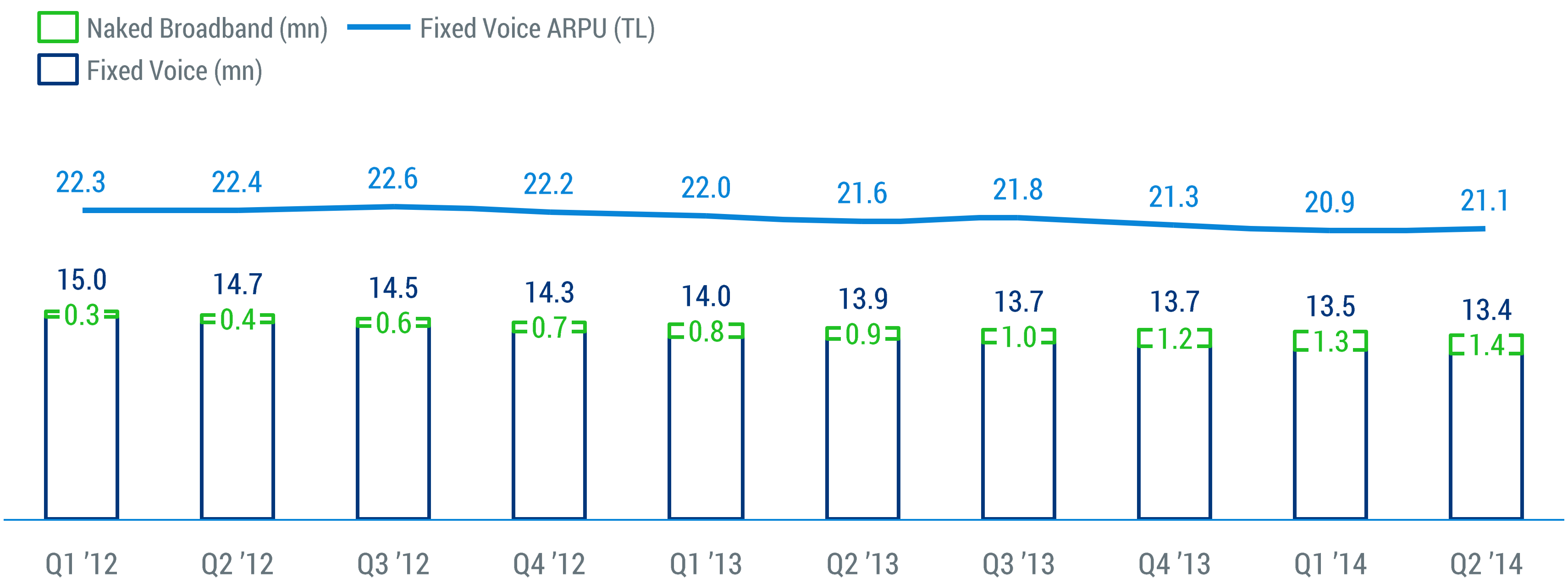
Fixed Voice

Slow down in revenue decline

Efforts to stabilize the decline in fixed voice revenues

- Successful retention programs including innovative smart home phone, traditional minute benefits and non-traditional third-party value offers
- 78% of fixed voice revenues is recurring
- Fixed voice line decline offset by naked broadband
- Revenue decline improved to 10% YoY in Q2'14 from 12% a quarter ago

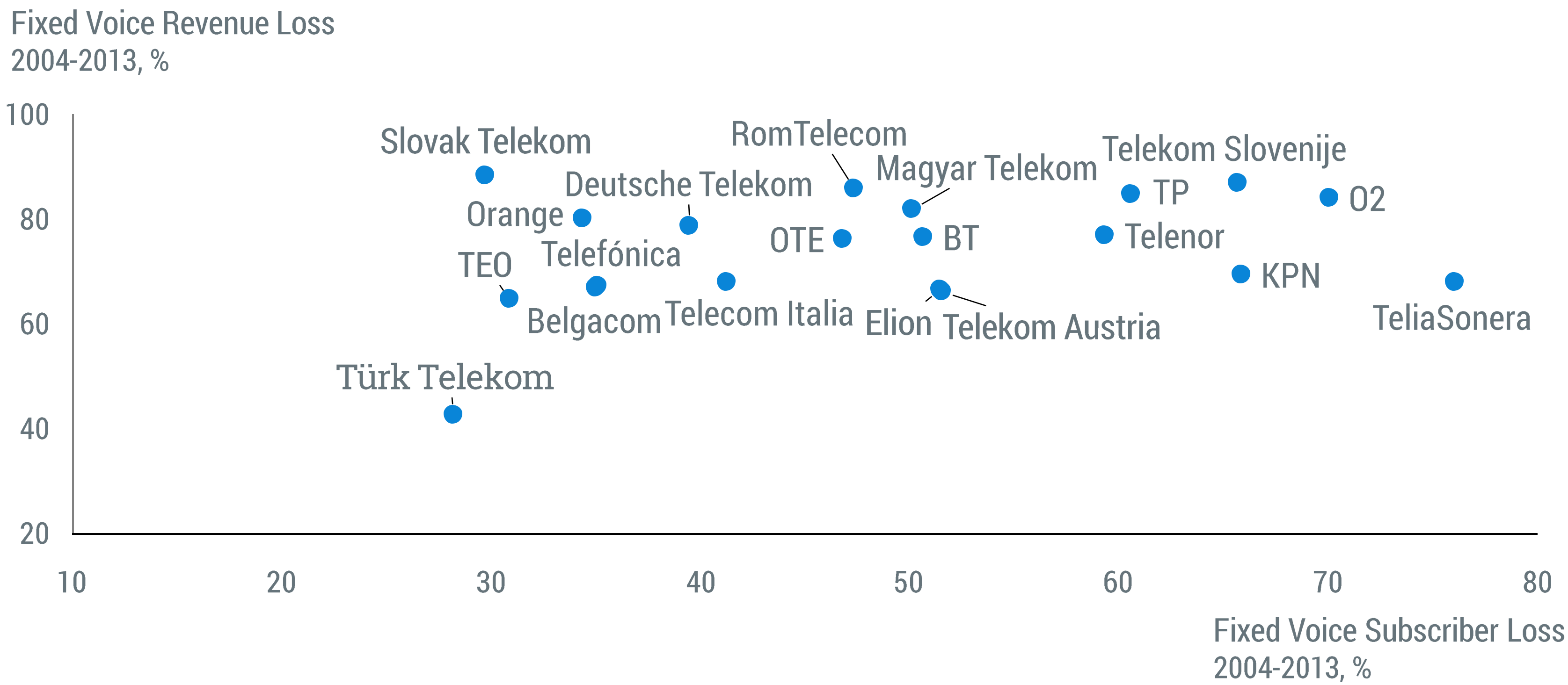
Access Lines & ARPU



Fixed Voice

Benchmarking Well among Fixed Line Incumbents

Fixed voice revenues and subscriber losses are lower than many peers' around the world, underlining successful efforts by Turk Telekom to protect subscribers and revenues



Source: Türk Telekom Company Data and Analysis Mason for other operators

Mobile

Q2

Results

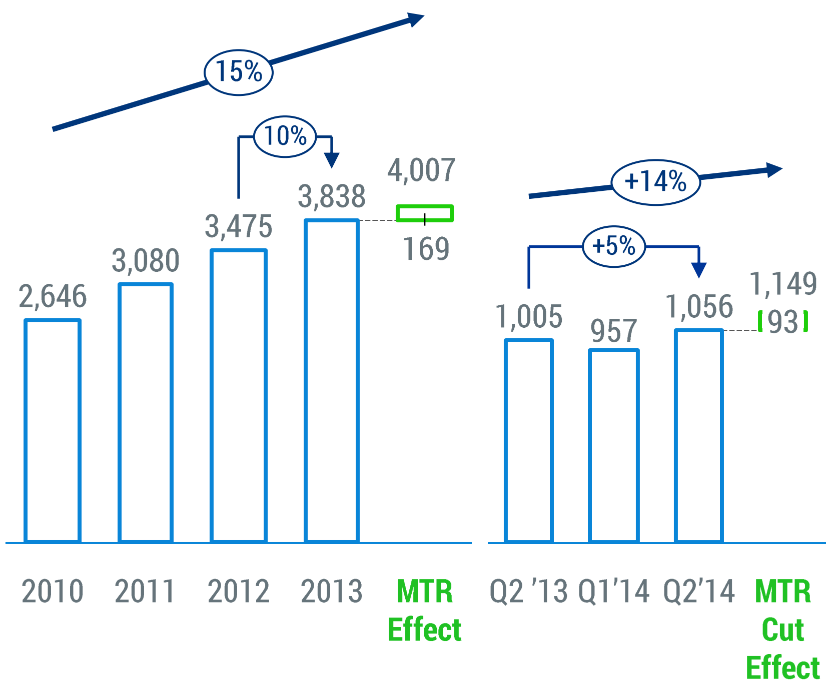
2014

Mobile

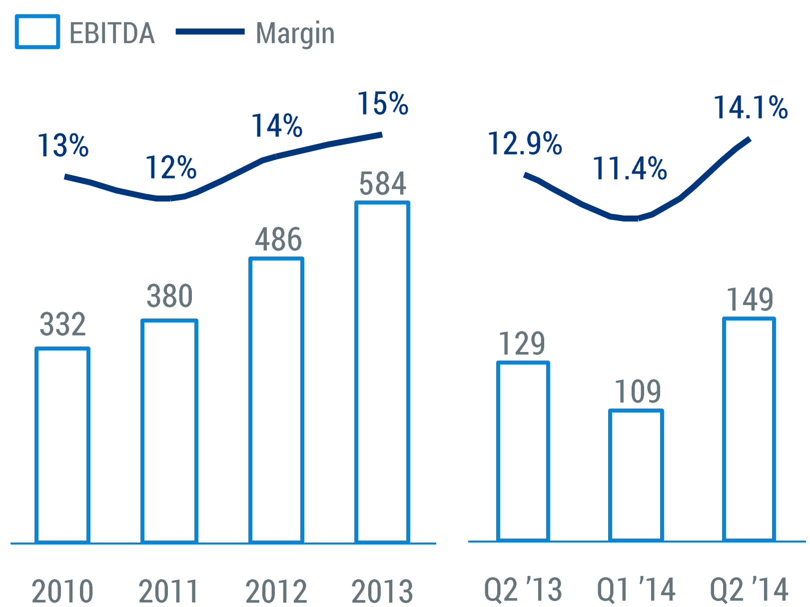
Growing revenues driven by strong net subscriber gain

- Double digit mobile revenue growth rate on average in the last five years
- EBITDA growth and margin improvement despite continued intense competition
- EBITDA grew 21% on average in the last four years and increased 15% YoY in Q2 '14

Revenue (TL mn)



EBITDA (TL mn) & Margin

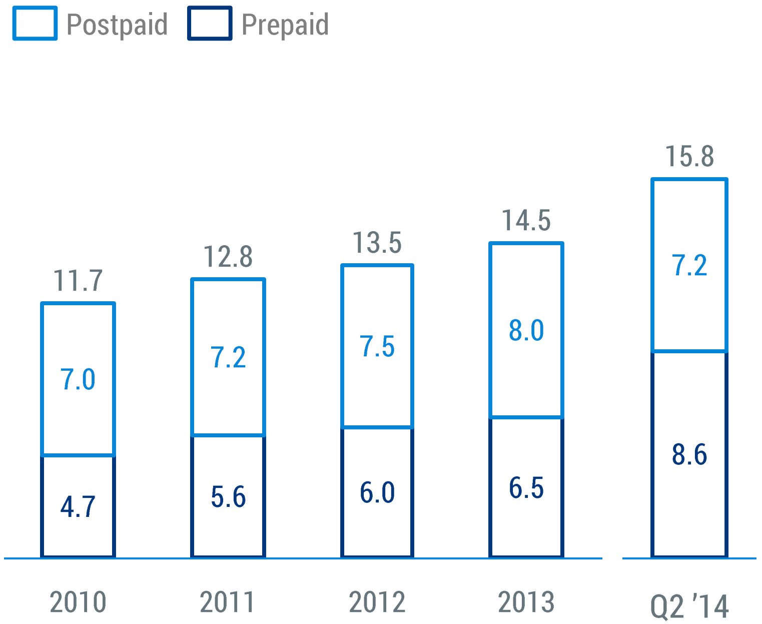


Mobile

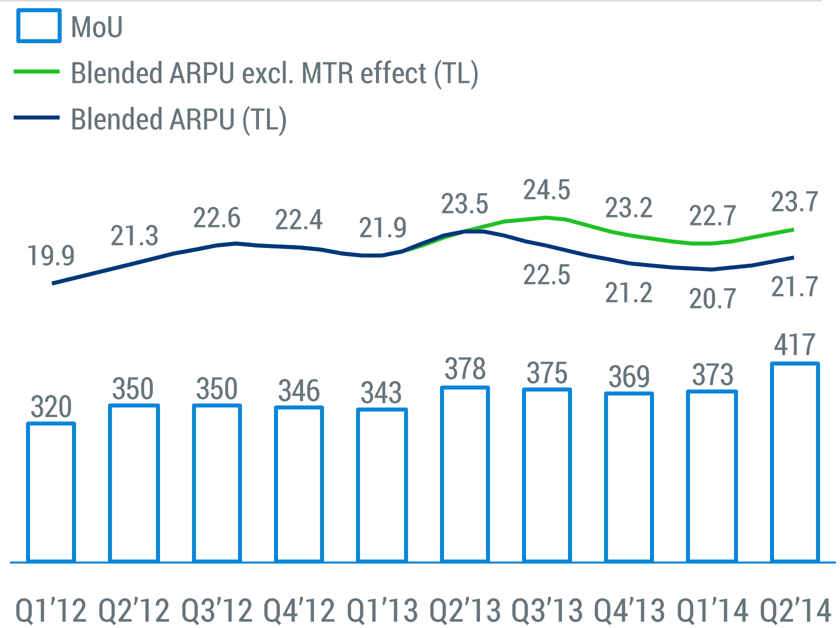
Continued strong subscriber performance

- 493K net additions in the quarter with a healthy balance of postpaid and prepaid subscribers
- Postpaid ratio, highest in the market as of Q2 '14, increased to 46% from 44% a year ago
- ARPU increased 5% QoQ despite intense competition

Subscribers (mn)



MoU and ARPU

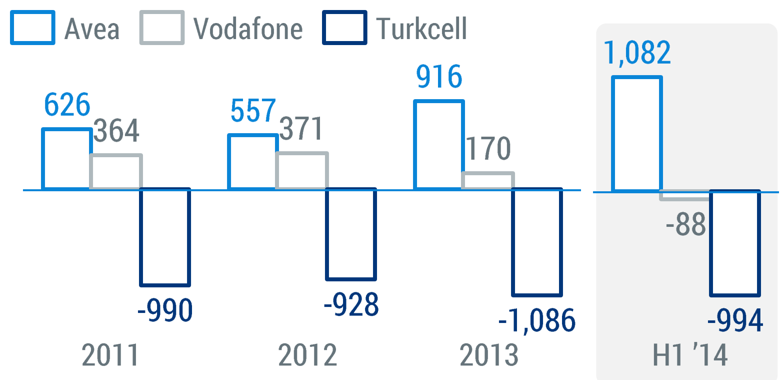


Subscriber Growth

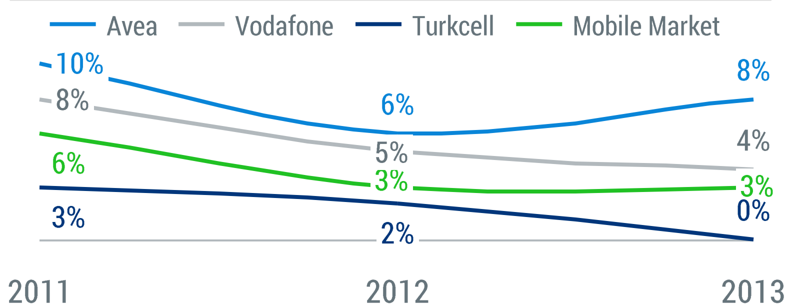
Avea – Most Preferred Operator

- 493K net additions in Q2 '14, of which 384K came through mobile number portability (MNP)
- First half of 2014 net additions reached 1.25 mn, higher than 2013 full year number
- Improved YoY churn rate reflecting enhanced quality, brand image and customer service

MNP Subscriber Additions (thousand)

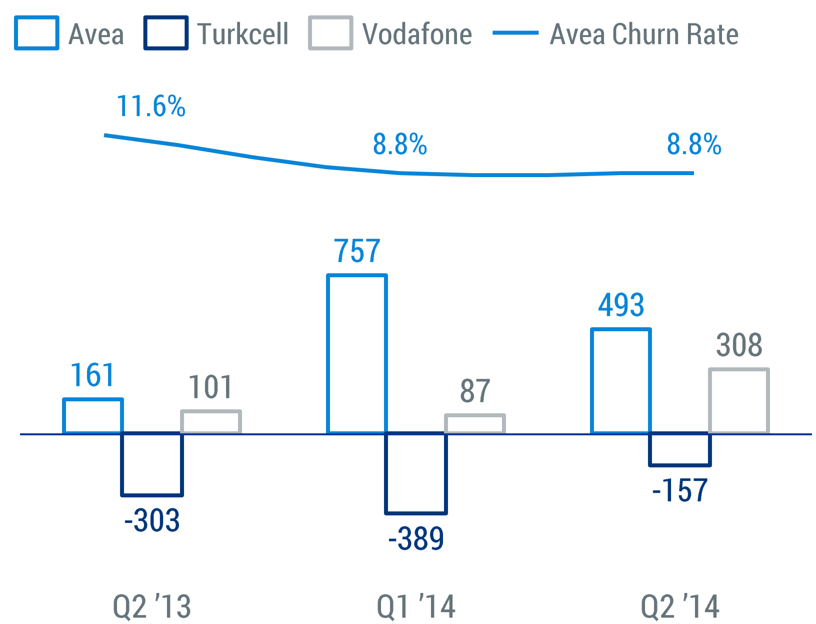


Subscriber Growth Rates



Source: ICTA & Company Data

Net Additions (thousand) & Churn Rate

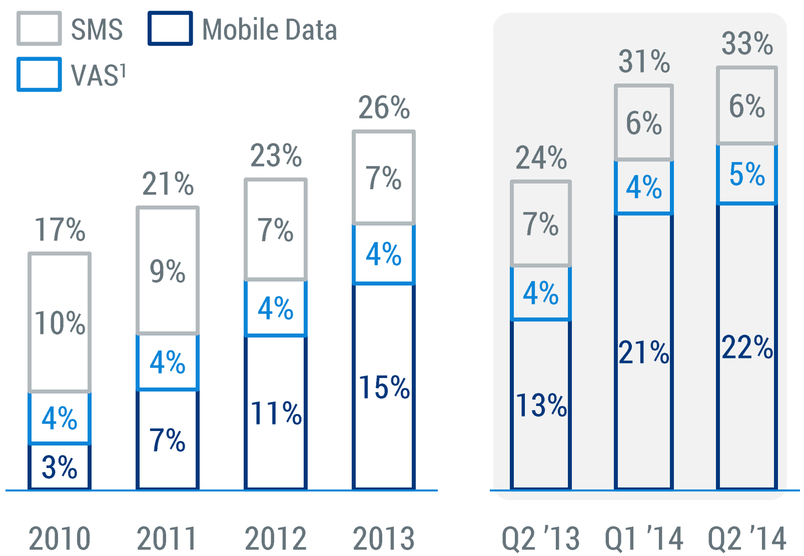


Mobile Data

Strong driver of service revenues

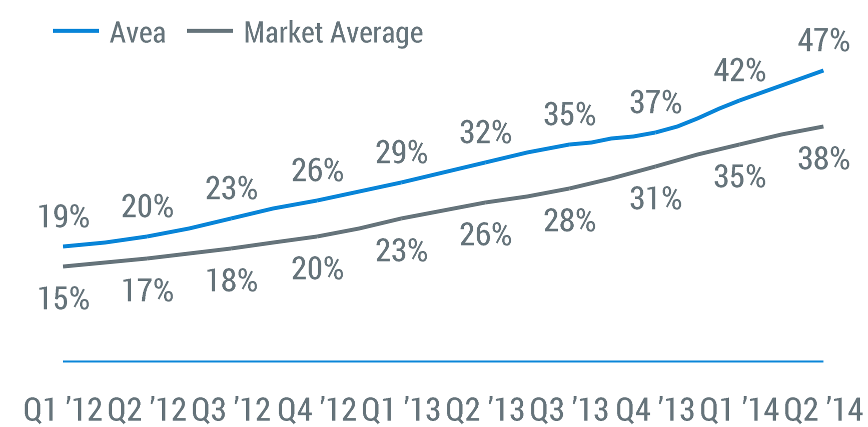
- Increasing revenue contribution of mobile data supported by youth segment subscribers and highest post paid ratio, as well as customized tariff selection
- Average annual growth rate of mobile data revenue is 85% between 2010-2013
- Strong leadership in smartphone penetration with 47%, well above market average of 38%
- Device subsidy is not present in Turkey – positive for mobile operators
- Highest number of base stations per subscriber

Mobile Data, SMS & VAS Shares in Service Revenues



(1) VAS: Value Added Services

Smartphone Penetration

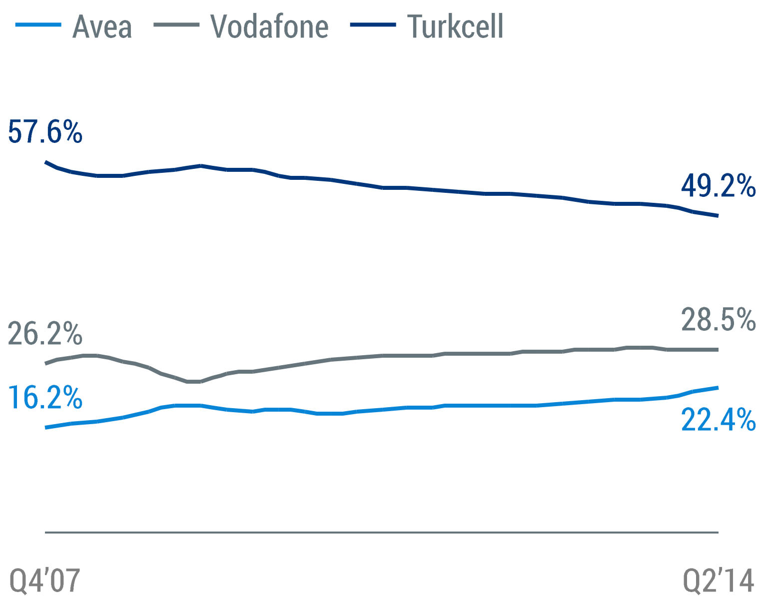


Mobile Market Outlook

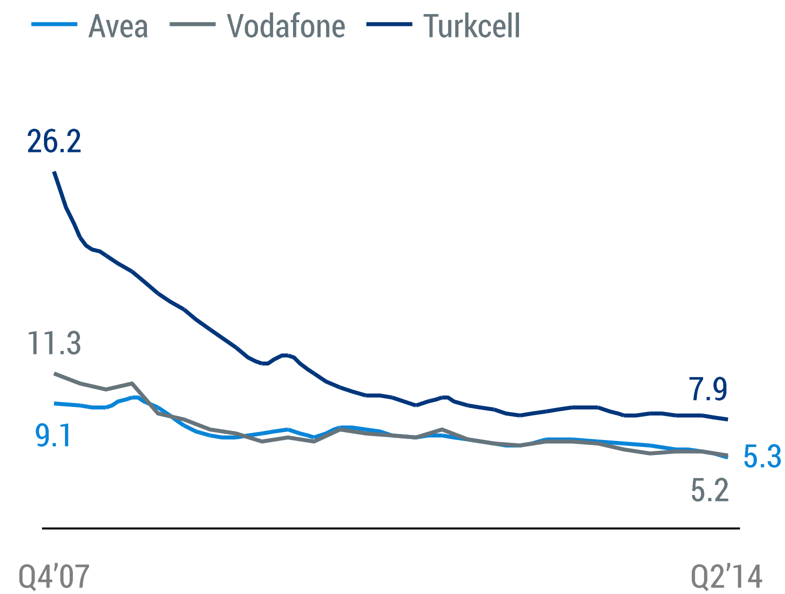
Avea Continues Subscriber Market Share Gain

- Avea's market share grew despite aggressive market conditions while keeping a strict eye on profitability
- Incumbent operator eroded 70% of its Revenue per Minute while continuing to lose market share

Subscriber Market Share (%)



Revenue per Minute (kurus)



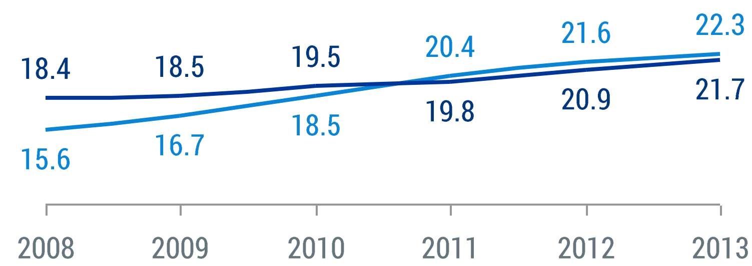
Note: Other operator's data are from it's own publications in Q2 '14

Mobile ARPU Comparison

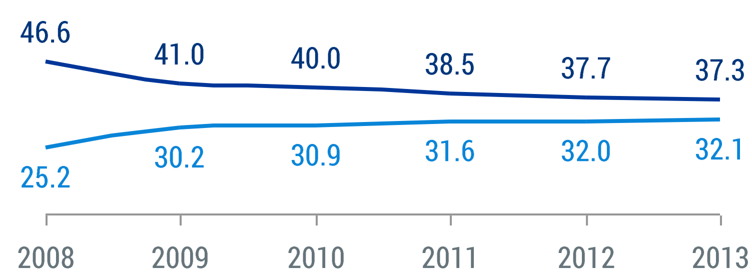
Incumbent and Challenger

- Avea increased its postpaid ARPU by 27% and prepaid ARPU by 39% since 2008. Its blended ARPU went up 43% in the same period
- Incumbent operator decreased its postpaid ARPU by 20% and prepaid ARPU increased by 2% in the same period

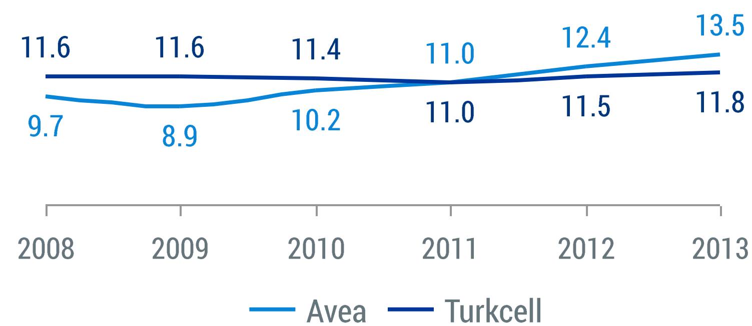
Blended ARPU (TL)



Postpaid ARPU (TL)



Prepaid ARPU (TL)



Credit Highlights

Q2

Results

2014

Credit Highlights

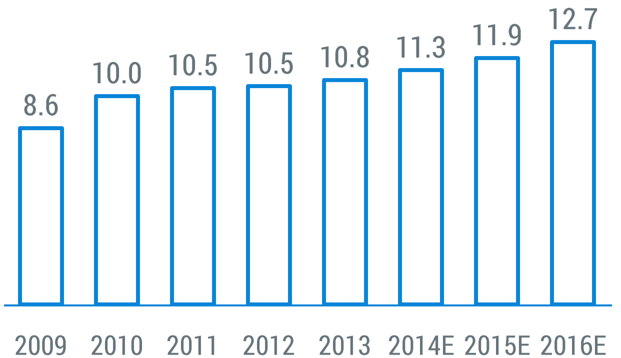
1. Attractive macroeconomic and telecom sector dynamics in Turkey
2. Largest telco in Turkey
3. Diversified revenue base, driven by a full product range and being the sole integrated operator in Turkey
4. Strong profitability and cash flow generation with disciplined revenue growth
5. Proven financing capabilities supported by low leverage and debt levels
6. Experienced senior management team and strong shareholder structure

1 i. Favorable Macroeconomic Trends

Growing economy with increasing GDP per capita

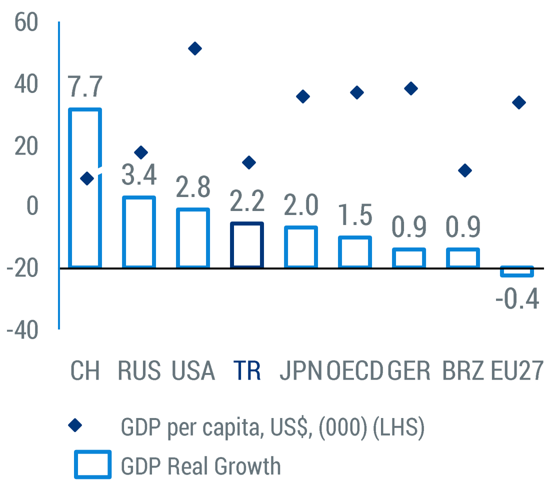
- Favorable and strong macroeconomic dynamics of Turkish economy is one of the main drivers of telecommunication sector growth
- Turkish GDP per capita, up from US$ 4,565 in 2003 to US$ 10,782 in 2013, is set to grow in the upcoming years
- As the 2nd most populated country in Europe (76.7 mn), Turkey also has young and increasingly affluent population

GDP Per Capita in Turkey[1] (USD thousand)



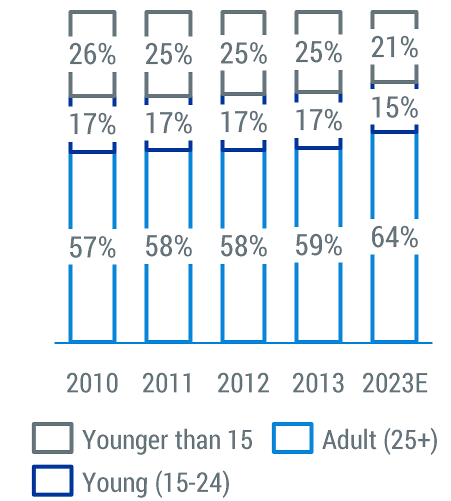
(1) Turkstat, 2014-2016 Medium Term Program; Republic of Turkey Ministry of Finance

GDP, GDP Per Capita, 2012[2]



(2) OECD, IMF World Economic Outlook, October 2013, Eurostat

Proportion of Age Groups in Population, 2013[3]



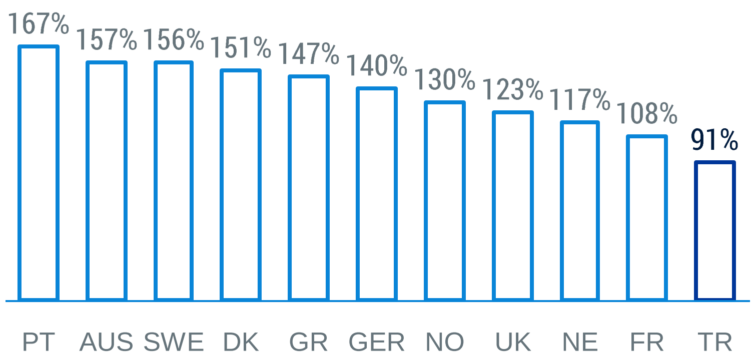
(3) Turkstat

1 ii. With Attractive Telecom Sector Dynamics

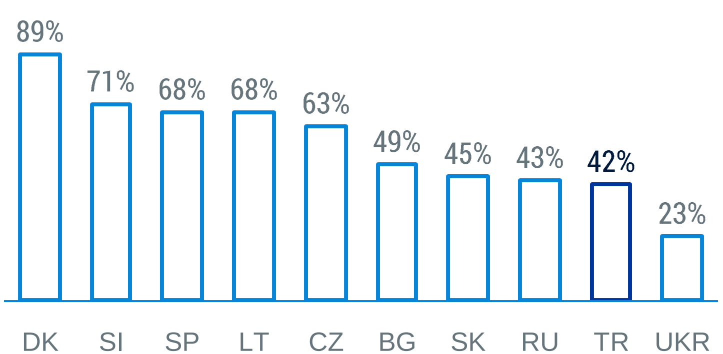
Relatively low penetration levels point to room for growth

- Household broadband penetration is already low in Turkey with 42% compared to European levels with 66%
- As of 2013 YE, there are 69.4 mn mobile subscribers in Turkey, corresponding to a 91% penetration rate vs EU average rate of 139%

Mobile Penetration as of 2013 YE[1] (%)



Broadband Penetration as of 2013 YE[2] (%)



(1) ICTA

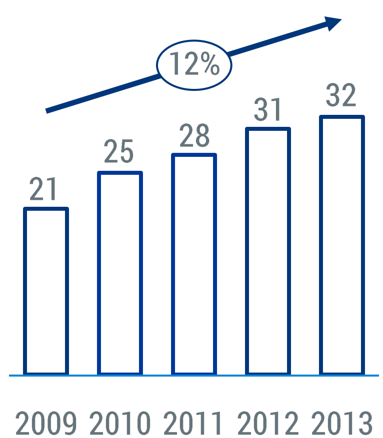
(2) Analysis Mason Market Report

2 Largest Telco in Turkey

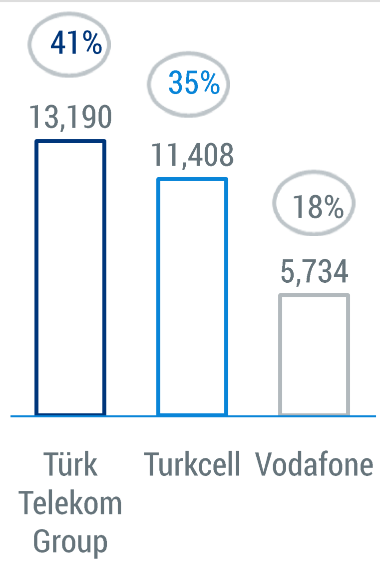
Leading market position supported by strong infrastructure

- Turkish telecommunications market has been growing steadily and exceeded TL 32 bn in 2013 with a CAGR of 12% between 2009 and 2013
- Türk Telekom is the leading incumbent and ICT services provider in Turkey in terms of revenues, subscribers and profitability
- Türk Telekom has leading market positions in fixed-line and fixed broadband, third player in mobile
- Network coverage of all 81 cities and leader in fiber network with a fiber length of 184,000 km

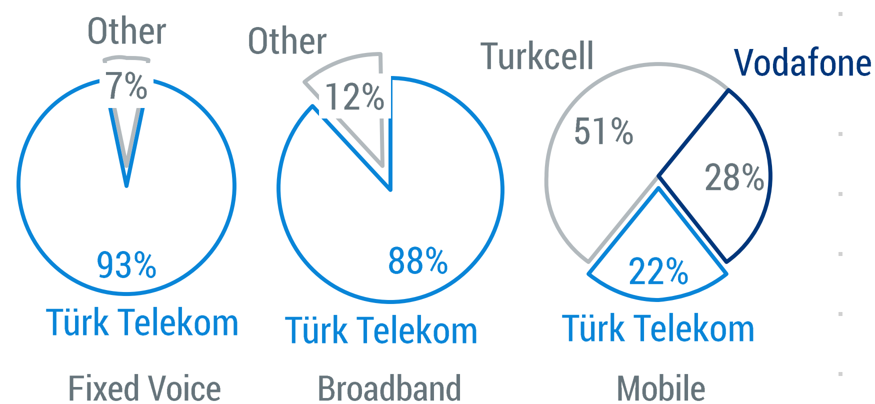
Total Telecom Market Revenue in Turkey (TL bn)



Telecom Operators by Revenue & Revenue Market Shares (2013, TL mn)



Market Shares by Business (2013 YE, %)



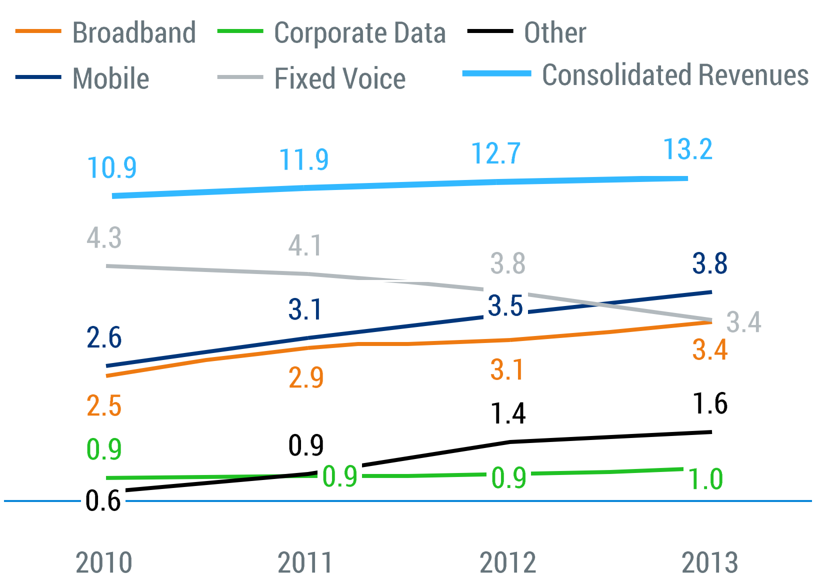
Source: Company releases and ICTA

3 Diversified Revenue Base

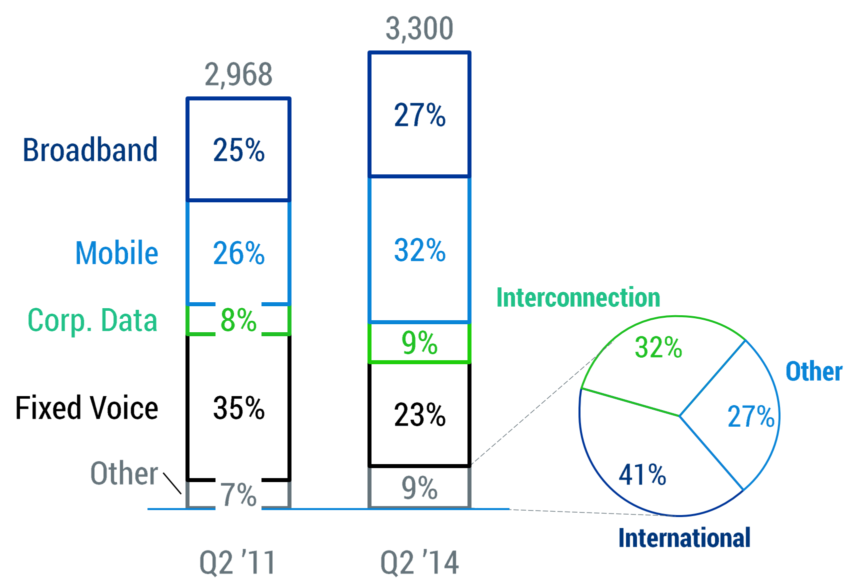
Focus on high growth areas and successful revenue transformation

- Broadband and mobile grew at double digit rates on average in the last five years
- Strong growth in corporate data revenues with CAGR of 6% between 2010 and 2013 and double digit growth in 2013
- Fixed voice became third largest revenue source in 2013 and revenues are being replaced by similarly profitable businesses in fixed line

Consolidated Revenues (TL, bn.)



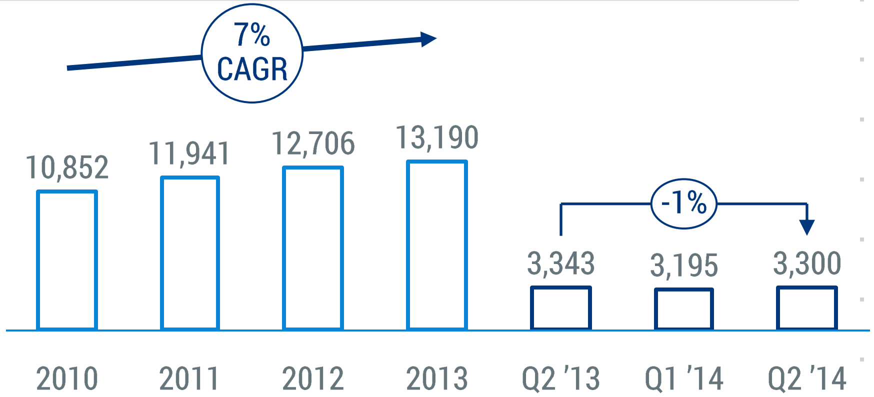
Revenue Breakdown (%)



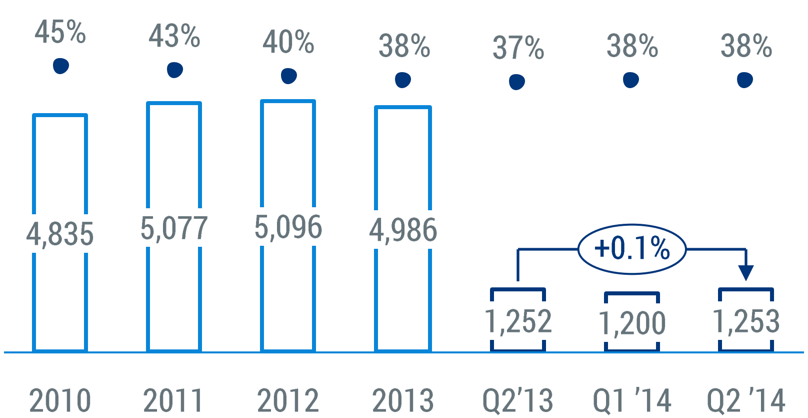
4 Strong Profitability

Superior cash flow generation

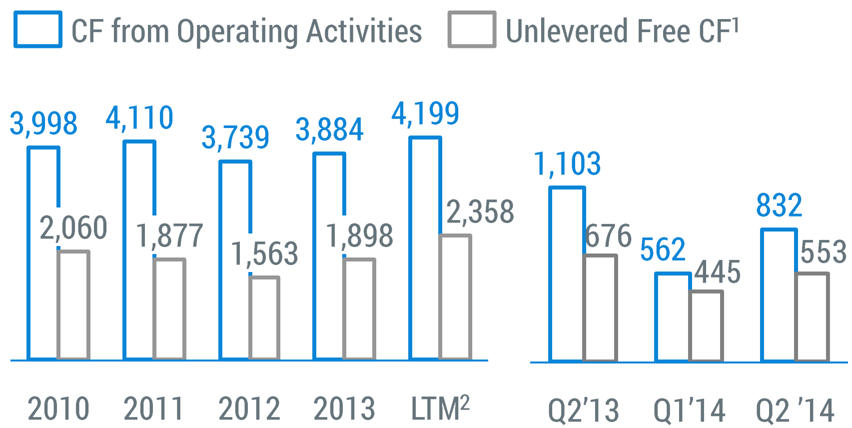
Growing revenues... (Revenue, TL mn.)



...with sustained profitability... (EBITDA, TL mn & Margin)



...converted to consistently solid operating cash-flows (CF) (TL mn.)



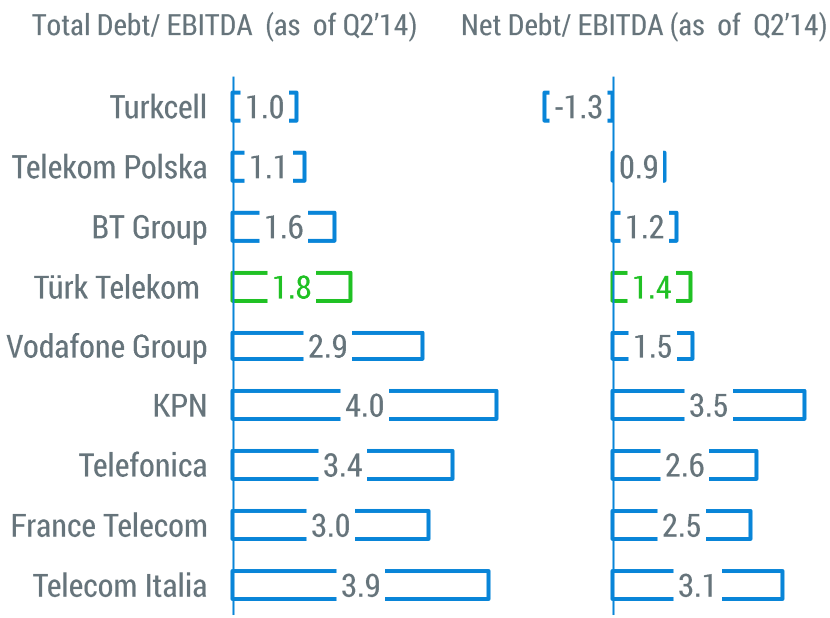
(1) = CF from Operating Activities - CF from Investing Activities
(2) Last 12 months as of Q2’14

5 i. Conservative Debt Position

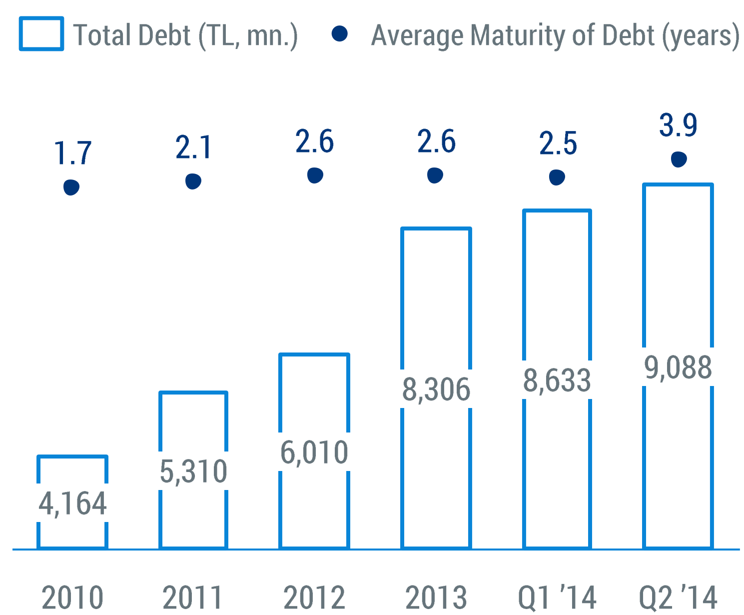
Low leverage and debt levels supported by stable cash flows

- Relatively low Net Debt to EBITDA level compared to industry averages
- Average maturity of debt is 3.9 years

low debt burden within the median of peers...



...extended average maturity of debt

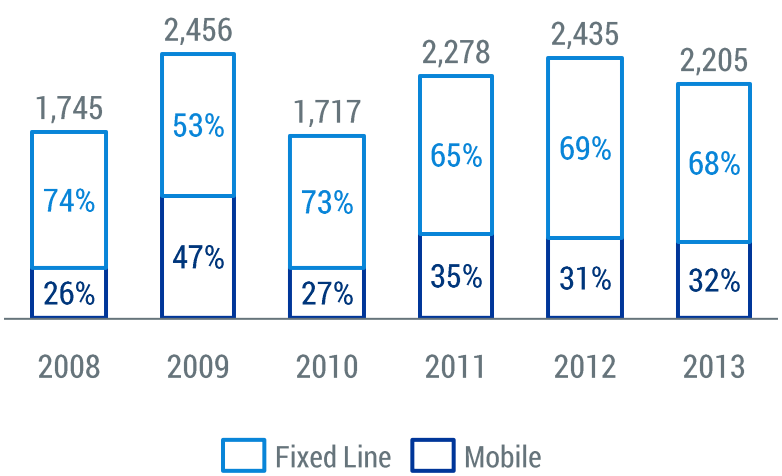


5 ii. CAPEX

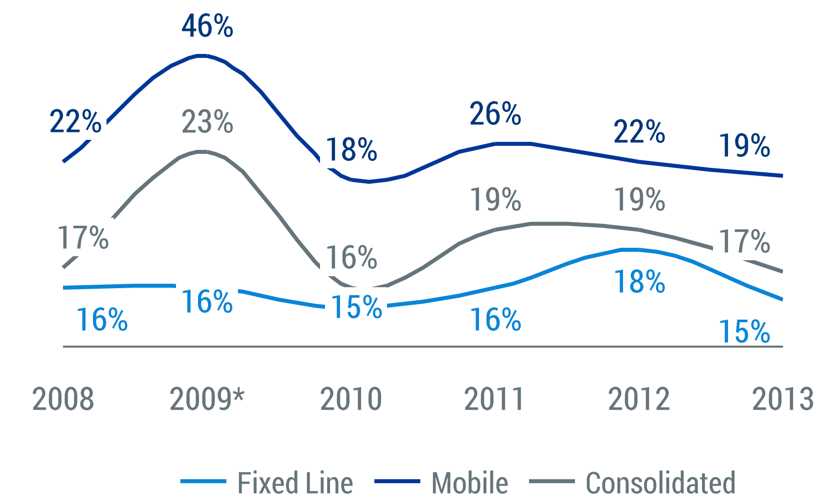
CAPEX to Sales ratio gradually declines to industry norm

- 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 184K kilometers as of Q2 '14
- Avea has 28.4K base stations in its network with a population coverage of 84% for 3G as of Q2 '14
- No 4G LTE availability in Turkey

CAPEX Breakdown (TL mn)



CAPEX to Sales (%)



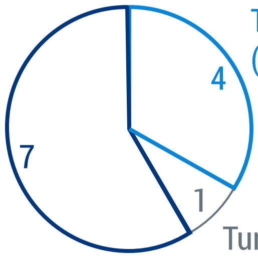
*3G License Fee effect in mobile

6 Experienced Senior Management

… with supportive shareholders

The board of directors is composed of 12 members. 7 of them are nominated by OTAS, 4 of them are nominated by Treasury and 1 of them is the golden share representative. The board member representing Golden Share is nominated by Turkish Treasury.

Board of Directors



The following may not be carried out without the affirmative vote of the Class C golden share:

1.Amendments to the Articles of Association;

2.Transfer of any registered shares which would result in a change of control

3.The registration of any transfer of registered shares in the Company's shareholders' ledger

Mohammed Hariri

Board Chairman

- Serves as Chairman of Oger Telecom Limited, TTNET and Avea in Turkey and Cell C in South Africa
- Long standing Member of the Board of Directors of Türk Telekom since November 2005
- Member of Saudi Oger's management for over 30 years

Rami Aslan

CEO

- Appointed as CEO of Türk Telekom on December 10, 2013
- Has been serving on the board of Türk Telekom since June, 2011 and as CEO of Oger Telecom since 2010
- Mr. Aslan, who joined Oger Group in 2005, took an active role during the share transfer period following the privatization of Türk Telekom

Murat Kırkgöz

CFO

- Over 13 years of experience in telecom industry
- Previously with Aria, Avea and Oger
- Previously with Oger Telecom as Deputy CFO, Group Financial Controller

Financial Position, Ratings Overview

Q2

Results

2014

Consolidated
Summary Income Statement

TL Millions	2013 Q2	2014 Q1	2014 Q2	QoQ % Change	YoY % Change
Revenues	3,343	3,195	3,300	3%	-1%
EBITDA	1,252	1,200	1,253	4%	0%
Margin	37%	38%	38%		
Operating Profit	811	723	783	8%	-3%
Margin	24%	23%	24%		
Financial Income/(Expense)	(445)	(246)	246	n.m	n.m.
FX & Hedging Gain/(Loss)	(411)	(187)	304	n.m	n.m.
Interest Income/(Expense)	(13)	(38)	(24)	37%	-83%
Other Financial Income/(Expense)	(21)	(20)	(35)	-70%	-65%
Tax Expense	(96)	(107)	(237)	-121%	-147%
Net Income	280	384	801	109%	186%
Margin	8%	12%	24%		

Note: USD/TRY: 2.1234; EUR/TRY:2.8919 was used in calculating financial income/expense

Consolidated
Summary Balance Sheet

TL Millions	30.06.2013	31.03. 2014	30.06.2014
Total Assets	**17,571**	**18,750**	**18,810**
Intangible Assets[1]	4,096	4,468	4,434
Tangible Assets[2]	8,178	8,207	8,042
Other Assets[3]	4,324	4,557	4,494
Cash and Equivalents	973	1,518	1,839
Total Equity and Liabilities	**17,571**	**18,750**	**18,810**
Share Capital	3,260	3,260	3,260
Reserves and Retained Earnings	1,599	2,408	2,206
Interest Bearing Liabilities[4]	8,390	8,658	9,110
Provisions for Employee Termination Benefits	607	606	654
Other Liabilities[5]	3,715	3,817	3,579

(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, and minority put option liability

Consolidated

Summary Cash Flow Statement

TL Millions	2013 Q2	2014 Q1	2014 Q2	QoQ % Change	YoY % Change
Cash Flow from Operating Activities	1,103	562	832	48%	-25%
Cash Flow from Investing Activities	(427)	(117)	(279)	-139%	35%
CAPEX	(479)	(256)	(322)	-26%	33%
Other Investing Activities	53	139	43	-69%	-18%
Cash Flow from Financing Activities[1]	(1,020)	51	(216)	n.m.	79%
Net Change in Cash Position[2]	(344)	496	337	-32%	n.m.

(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

Consolidated
Summary Revenue Breakdown

TL Millions	2013 Q2	2014 Q1	2014 Q2	QoQ % Change	YoY % Change
Fixed Line	**2,441**	**2,346**	**2,356**	**0%**	**-3%**
Domestic PSTN	849	776	763	-2%	-10%
Broadband	838	897	897	0%	7%
Corporate Data[1]	255	286	286	0%	12%
International Revenue	114	133	122	-9%	7%
Domestic interconnection	94	87	96	10%	3%
Rental income from GSM operators	20	20	21	9%	5%
Other[2]	138	137	133	-3%	-3%
Construction Revenue (IFRIC 12)	133	10	39	305%	-71%
Mobile	**1,005**	**957**	**1,056**	**10%**	**5%**
Eliminations	(103)	(108)	(113)	-4%	-9%
Total Revenue	**3,343**	**3,195**	**3,300**	**3%**	**-1%**

(1) Includes leased line and data services
(2) Includes revenues from ICT companies, device sales, others

Consolidated

Summary OPEX Breakdown

TL Millions	2013 Q2	2014 Q1	2014 Q2	QoQ % Change	YoY % Change
Personnel	546	657	590	-10%	8%
Domestic Interconnection	266	199	226	13%	-15%
International Interconnection	66	67	66	-1%	1%
Commercial[1]	255	256	248	-3%	-3%
Maintenance and Operations	125	132	133	0%	6%
Taxes and Government Fees	247	250	264	6%	7%
Doubtful Receivables	38	30	51	71%	32%
Cost of Equipment and Technology Sales	58	74	69	-6%	19%
Others[2]	371	322	367	14%	-1%
Sub Total	1,973	1,986	2,013	1%	2%
Construction Cost (IFRIC 12)	118	8	34	305%	-71%
Total OPEX	2,091	1,995	2,047	3%	-2%

(1) Includes commissions, advertising & marketing, subscriber acquisition & retention costs and promotion
(2) Others includes rent, utilities, outsourced services, bill distribution and others

Fixed Line
Summary Income Statement

TL Millions	2013 Q2	2014 Q1	2014 Q2	QoQ % Change	YoY % Change
Revenues	2,441	2,346	2,356	0%	-3%
EBITDA	1,122	1,093	1,105	1%	-2%
Margin	46%	47%	47%		
Operating Profit	856	811	831	2%	-3%
Margin	35%	35%	35%		
CAPEX	360	152	206	36%	-43%
CAPEX as % of Revenue	15%	6%	9%		

Mobile
Summary Income Statement

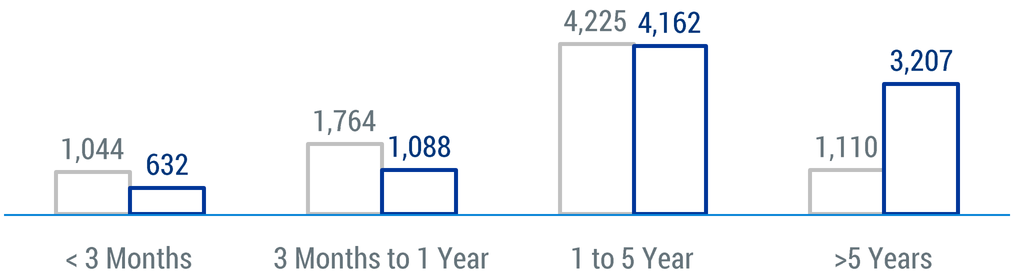
TL Millions	2013 Q2	2014 Q1	2014 Q2	QoQ % Change	YoY % Change
Revenues	1,005	957	1,056	10%	5%
EBITDA	129	109	149	37%	15%
Margin	13%	11%	14%		
Operating Profit	(46)	(84)	(46)	45%	-1%
Margin	-5%	-9%	-4%		
CAPEX	113	124	92	-26%	-18%
CAPEX as % of Revenue	11%	13%	9%		

Debt Profile

Consolidated Debt Profile (TL mn)

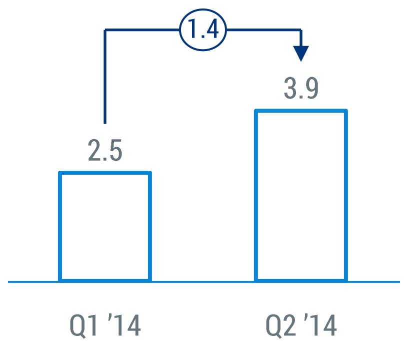
2014 Q2 (w/o the bond) | 2014 Q2

2014 Q2 (w/o the bond)	2014 Q2
Total Debt: TL 8.1bn Net Debt : TL 7.3 bn Avg. Maturity: 2.5 yrs	Total Debt: TL 9.1bn Net Debt : TL 7.3 bn Avg. Maturity: 3.9 yrs



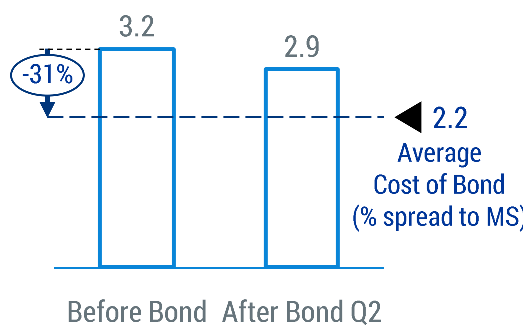
Key Figures	Q2 '13	Q2 '14
Net Debt / EBITDA	1.5	1.4
Net Debt / Assets	0.4	0.4
Debt (Total Liabilities) / Equity	2.6	2.4
Debt (Financial) / Equity	1.7	1.7
Current Ratio	0.9	1.3

Average Maturity of Debt (years)



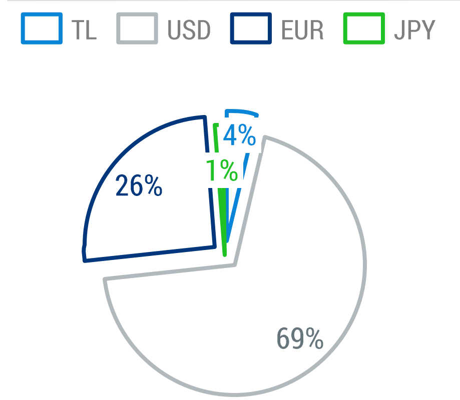
- Extended the average maturity of funding to 3.9 years

Cost of Debt (% spread to LIBOR)



- Reduced the cost of borrowing by 1% for USD 1 billion

Currency Breakdown



Corporate Rating and Financial Strategy
Investment grade from S&P and Fitch

	Long-term	Outlook
Fitch	BBB-	**Stable**
Standard & Poor's	BBB-	**Negative**

Fitch

Rationale

- Strong Fixed Line Market Position
- Mobile to Offset Fixed Declines
- No explicit sovereign linkage

S&P

Rationale

- Leadership position in Turkish fixed-line business
- Strong profitability and cash flow
- Conservative leverage (debt to EBITDA)
- Improved liquidity position after USD 1 bn bond issuance

Group Companies

Q2 Results 2014

Turk Telekom International

Further Routes on the Way

Alternative Middle East-Europe Route: AMEER

- AMEER was established in partnership with the regional operators in Middle East
- Previous alternative Middle East route to Palestine was further extended to reach Dubai
- It is providing a fully protected, high reliability and low latency route connecting the Middle East to Europe

- Responsible for international voice and data operations of the Group providing seamless connectivity throughout a unique geographical coverage in 20 countries
- Over 40,000 km of fiber optic network
- Almost 70 major POPs from Asia to US
- Awarded as the **Best Central & Eastern European Wholesale Carrier** in 2013 by the Capacity Magazine, the leading information source for wholesale telecommunications industry

TTI's network map as of 2013YE

A Smart Future is Coming

- Innova-branded products; **Payflex Innova** and **Kiosk Innova** offered in 30 countries
- Fastest growing Turkish IT company for 8 consecutive years in Deloitte Fast50 List

The Newest Solution: Live Smart

- Innova deploys smart home and smart office services for TTNET under LiveSmart brand
- LiveSmart allows users to manage their internal systems such as security, lighting and heating
- Innova provides the entire end to end IT infrastructure of the product

assistt

More than a Call Center

- Fastest growing call center company in Turkey
- Presence in 20 locations in 18 cities of Turkey
- Over 6,000 seat capacity.
- Over 120 millions of calls responded per year

- Call center solutions for Turk Telekom Group, various public institutions and other leading companies in Turkey
- Going beyond a traditional call center as a strategic partner by producing sales and marketing oriented data

sebit®

25 Years of E-education Experience

- The biggest education technologies company in Turkey through its well-known, unique Vitamin product
- Developer of the first educational market place and the only search engine for education in Turkey

- Adaptive curriculum; an e-education support preferred by numerous schools worldwide
- Designed for grades K-12, Sebit's web-based education solutions are used by more than 3 million students in US, Europe and Asia
- Awarded as Best Virtual Learning Solution in 2013 with the world-famous «CODiE» prize given by the Software and Information Industry Association in US

VITAMIN®

ARGELA

A Global Provider of Next Generation Telecom Solutions

- Argela is a part of Turkey's first 4G-LTE technology development project «ULAK» supported by Turkey's Undersecretariat for Defense Industries
- Ulak is important for being Turkey's only national 4G-LTE structure project

- Provides a wide variety of telecom solutions in CIS, Middle East, Africa, USA, LATAM, Balkans and Eastern Europe
- Key Solutions and Products: ITV, Small Cell solutions, Network Performance Monitor, Intelligent Network Services and Applications, Targeted Advertising, Software Defined Networks Suite and Service Enablers

Network Performance Monitor

- Network Performance Monitor (NPM) is vendor-independent, probe based, signaling intelligence and signaling operations support platform for wireline and wireless operators services
- NPM has been one of the most preferred solution of Argela, and sold in many regions such as CIS, Turkey and Latin America

Appendix

Q2
Results
2014

Türk Telekom History

1995
Turk Telekom separated from the Post Office

2001
Turk Telekom's GSM operator, Aycell established (Aycell later named as AVEA after merging with Aria in 2004)

2004
Aycell merged with İŞ-TİM's Aria and officially named "Avea İletişim Hizmetleri A.Ş.

2005
Privatized through a 55% stake sale to Oger Telecom

2006
Acquisition of İŞ-TİM's 40.56% stake in Avea and raised total stake in Avea to 81.12%"

2008
IPO with a listing on the Istanbul Stock Exchange and the sale of a 15% stake owned by the Treasury to the public

2010
Acquired Pantel, the leading wholesale capacity and data services provider in Central and Eastern Europe to complement its international carrier business and infrastructure

2012
Turk Telekom increased stake in Avea to 89.99% in 2012

2013
Rebranding of Pantel as Türk Telekom International, as responsible for international voice and data operations of the Group

Source: Company filings
Note (1): Fiber to the Building / Home

Concrete steps towards integration

Embarking on accelerated growth with the new management structure

- Commercial functions, technology & network operations and support units (procurement and HR) which were previously managed separately in Türk Telekom, TTNET and Avea were recently reorganized in May 2014
- This recent reorganization is the first step of integration aimed at accelerating the growth and increasing the efficiencies to the group level while keeping TT, TTNET and Avea legal entities intact in full compliance with legislations and regulation

Latest Structure of the Business Units and Departments Reorganized in May 2014

Consumer Sales & Marketing	Corporate Customer Business	Technology, Network & Operations	Procurement & Human Resources
Single leadership for	Single leadership for	Single leadership for	Single leadership for
Türk Telekom	Türk Telekom	Türk Telekom	Türk Telekom
TTNET	TTNET	TTNET	TTNET
		Avea	Avea

2014 Guidance

Continued profitable growth with optimum CAPEX

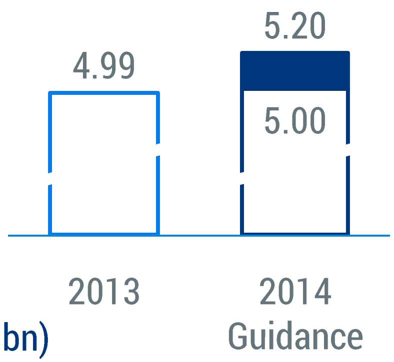
Revenue : 4% to 5% growth

EBITDA : TL 5 bn - TL 5.2 bn

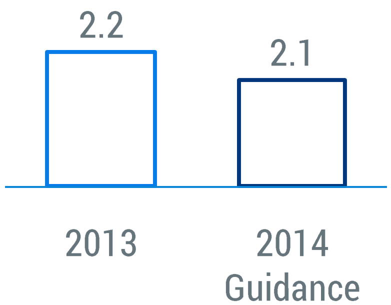
CAPEX : Around TL 2.1 bn

Revenue (TL bn)

EBITDA (TL bn)



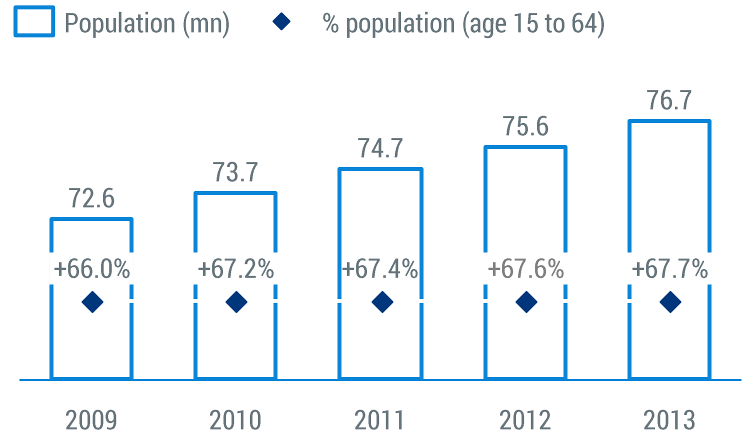
CAPEX (TL bn)



Macro Outlook

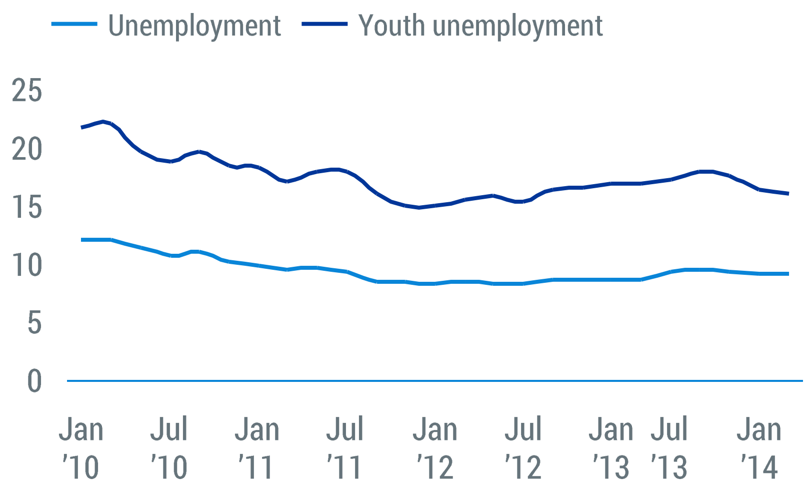
Large and growing population which is young and increasingly affluent

Large, young and growing population (mn, %)



Source: Turkish Ministry of Economy

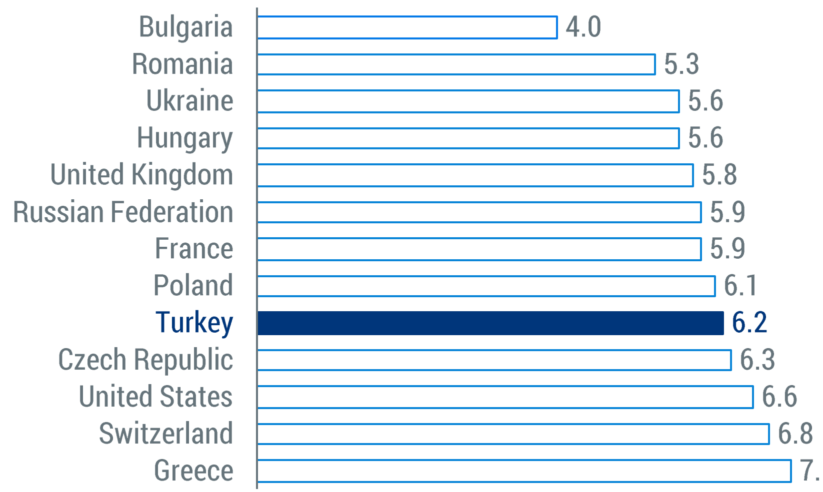
Seasonally Adjusted Unemployment rate, (%)



Source: Turkstat

With one of the highest numbers of skilled labor

(Scoring is between 0 and 10)

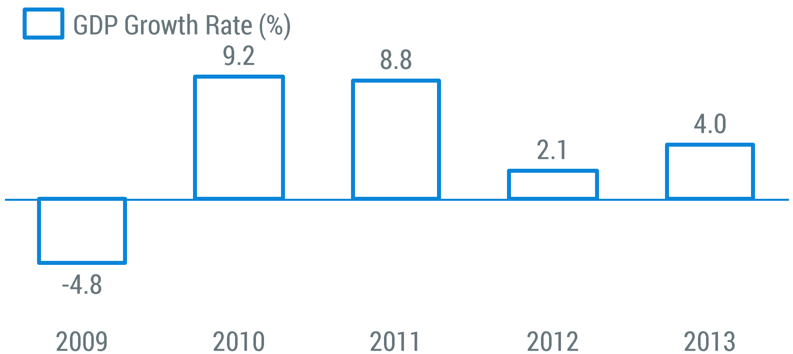


Source: IMD World Competitiveness Yearbook 2013 / Invest in Turkey

Macro Outlook

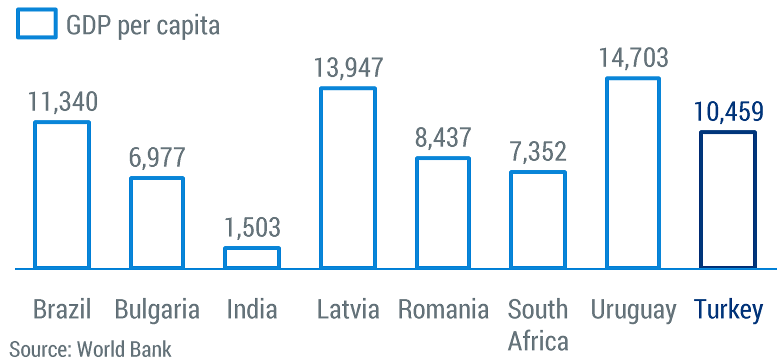
Turkey's economy demonstrated its resilience to the weakness in global growth momentum and to Euro area financial distress

Strong economic development



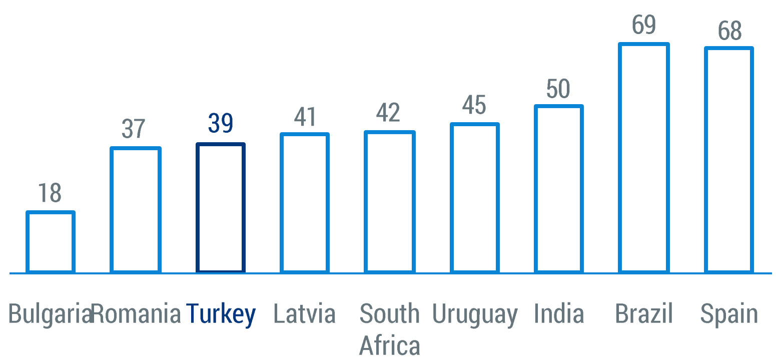
Source: Turkish Treasury

With one of the highest GDP/Capita (GDP/Capita, US$)



Source: World Bank

Considerably lower Debt/GDP ratio vs. peers



Source: World Bank

Growth forecasts for selected countries/country groups (%)

		World	Turkey	Euro Area	US	Brazil	Russia[1]	China
IMF	2014	3.6	2.3	1.2	2.8	1.8	1.3	7.5
	2015	3.9	3.1	1.5	3	2.7	2.3	7.3
OECD	2014	3.4	2.8	1.2	2.6	1.8	0.5	7.4
	2015	3.9	4.0	1.7	3.5	2.2	1.8	7.3
WB	2014	3.2	2.4	1.1	2.8	2.4	1.1	7.6
	2015	3.4	3.5	1.4	2.9	2.7	1.3	7.5

Source: TURKSTAT, IMF. [1] WB high risk scenario: 2014: (1.8)%, 2015: 2.1% (04/08/2014)

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

- Onnet retail pricing threshold for TCELL

May

- About 29% reduction in MTRs
- MVNO regulation was in place

July

- 3G services started

September

- Fixed Number portability introduced

October

- Local call liberalization

2010

April

- About 52% reduction in MTRs
- 17% cut in double tandem FTR
- 38% decrease in GSM to GSM rate retail cap
- TL per minute pricing introduced

July

- ICTA announced Naked DSL fee as TL 8.13
- ICTA postponed 20 second billing for an indefinite time

December

- Naked DSL services started

2011

April

- Mobile off-net price cap increased by 4%
- SMS price cap 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 process of market analysis until 25%fiber market share or 5 years

2012

January

- WLR was introduced

November

- Deregulation on FTRs on international calls and liberalization on their pricing

2013

March

- Mobile on-net pricing floor for TCELL formulated by Mobile Termination Price*1,7*

April

- 75% reduction in MTRs on SMS

July

- 20% reduction in MTRs

September

- Duct Sharing officially started

*Campaigns included the mobile onnet pricing floor

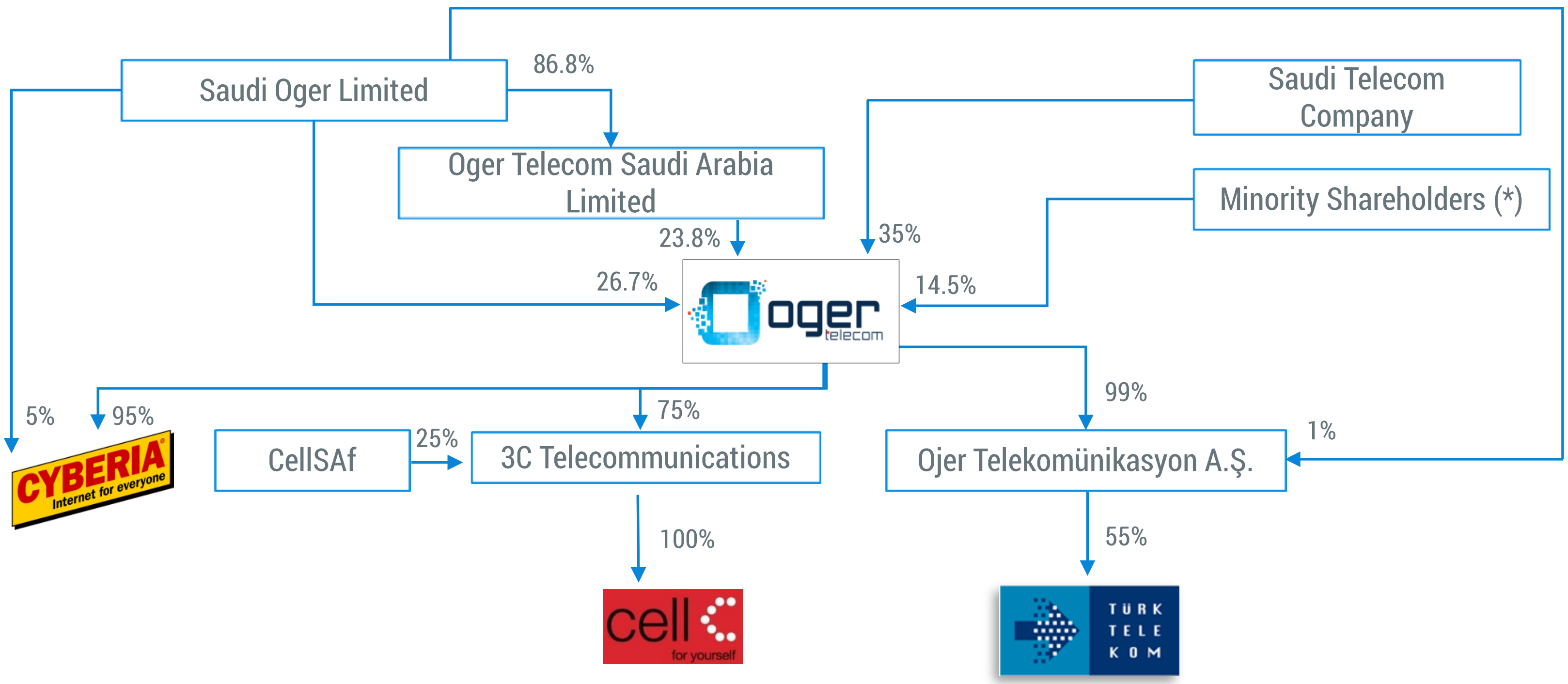
2014

July

- Calls over fixed line infrastructure was deregulated Accordingly, Turk Telekom is no more the SMP (significant market power) in fixed voice.

Oger Telecom

Ownership Structure



Note: Among Oger Telecom's direct and indirect minority shareholders are regional and 'blue chip' global financial investors.

THANK YOU

Türk Telekom

Investor Relations

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