



Türk Telekom Group
2011 Q3– Investor Presentation

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Note: *EBITDA is a non-GAAP financial measure. The EBITDA definition used in this presentation 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.*

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MARKET UPDATE
&
CONSOLIDATED PERFORMANCE



Market & Türk Telekom Group Update

- Continued strong business performance in all segments confirms our revised guidance and remains promising for the rest of the year
 - Fixed voice revenues stable at Q4 2009 levels with the continued success of bundle tariffs
 - ADSL revenue growth continues at double digit levels with solid net subscriber gain
 - Despite aggressive competition, our mobile arm AVEA's revenue and subscriber growth continued with improved profitability over last quarter

- Turkish Telecom Authority (ICTA) issued a new regulation on fiber to the home / building (FTTH/B) investments. Accordingly FTTH/B will be excluded from the process of market analysis for 5 years or until the number of fiber internet subscribers reach 25% of total fixed broadband market

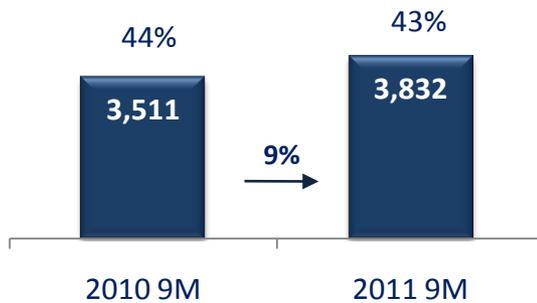
Consolidated Performance

Revenue (TL mn)



Strong revenue performance driven by growth in fixed line and mobile

EBITDA (TL mn) & Margin (%)



EBITDA margin stable

Net Income (TL mn)



Lower Net Income due to FX & Hedging losses

FIXED LINE BUSINESS PERFORMANCE



Fixed Line Business – Voice

- Partnerships with leading brands for voice customers offering discount benefits in different areas like travel, energy, electronics, family stores etc.
- Home Advantage bundle minutes include calls to mobile and international directions, as a promotion, until year end
- Bundle packages continue to grow strongly and support increase in fixed portion of PSTN revenue



PSTN Bundle Packages

48%

**Q3 PSTN Recurring
Revenue**

68%

Fixed Line Business – ADSL

- HEPNET, a new quad play package, offering fixed internet, mobile 3G internet, TV, and free Wi-Fi access. (limited or unlimited ADSL capacities in addition to 4GB capacity for 3G)
- Two months free internet trial campaign introduced for new ADSL subscribers



TTNET up to 8 Mbps

Packages / Subscriber base



Average Monthly

Data usage now 20 GB

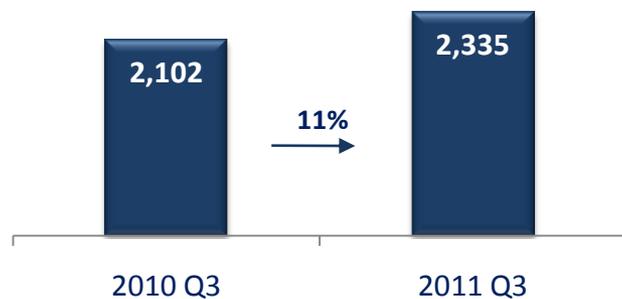


TTNET ADSL Subscriber Breakdown



Fixed Line Business – Revenue & EBITDA Highlights

Revenue (TL mn)



Mainly ADSL and International Revenue growth

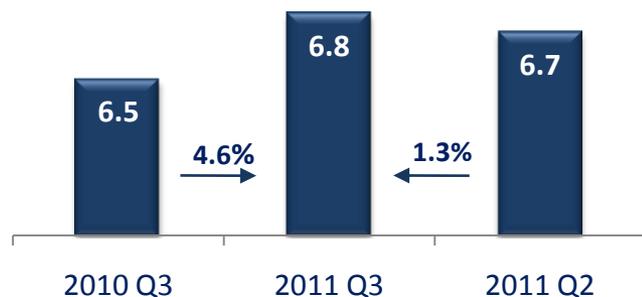
EBITDA (TL mn) & Margin (%)



Fixed EBITDA margin remained over 50%

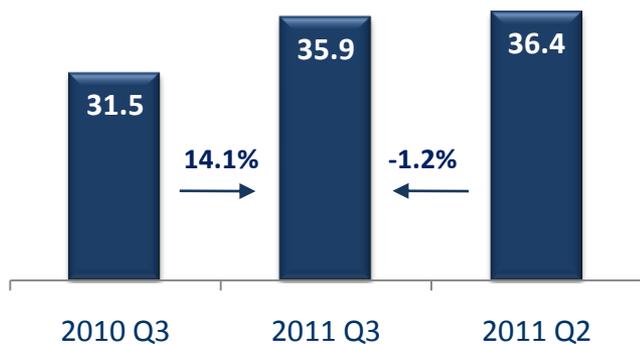
Fixed Line Business – ADSL Highlights

Wholesale ADSL Connections (millions)



~100K net increase in ADSL subscribers

ADSL ARPU (TL)*



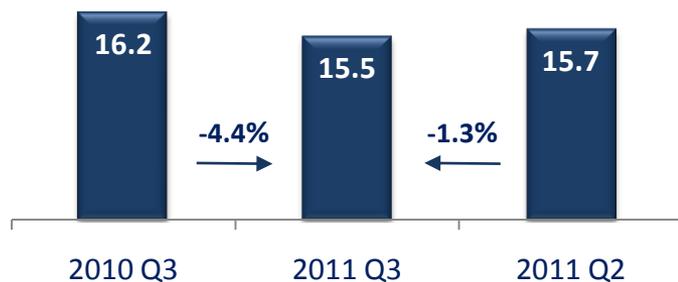
➤ *YoY increase driven by upsell and inflationary price adjustments*

➤ *QoQ decrease due to two months free promotional campaign for new subscribers*

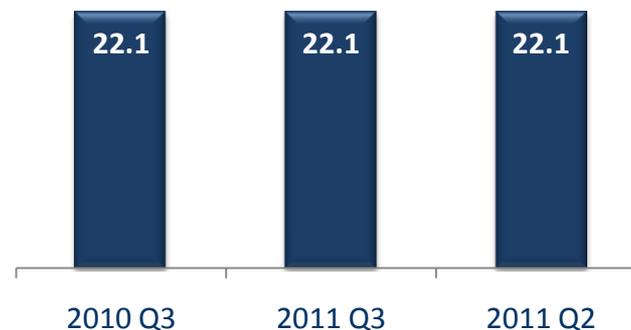
* Revenue divided by average number of connections

Fixed Line Business – PSTN Highlights

of Access Lines (millions)



PSTN ARPU (TL)*



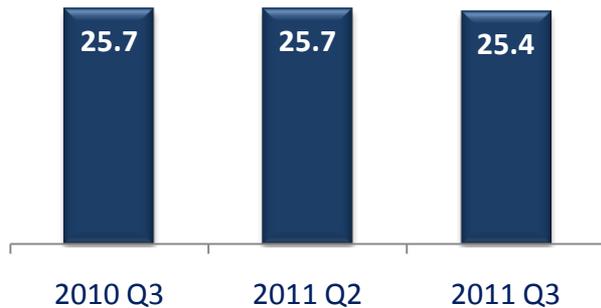
	2010 YE	2011 Q2	2011 Q3
PSTN Lines (mn)	16.0	15.6	15.3
Naked ADSL (mn)	0.0	0.10	0.16

The net line loss recorded in Q3 2011 is in line with the percentage loss seen in Q3 2010

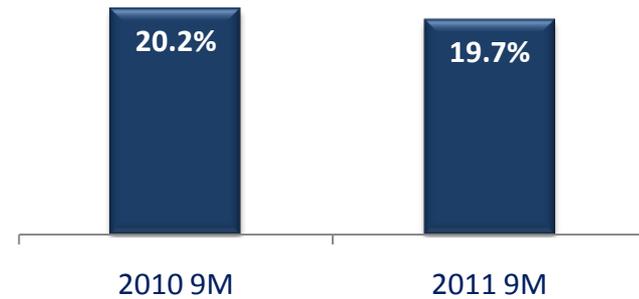
* Revenue divided by average number of PSTN lines

Fixed Line Business - Headcount

Number of Employees (thousands)*



Personnel Cost as a % of Revenue



- *Personnel cost remained at 20% of revenue*
- *Access lines per employee is 609*

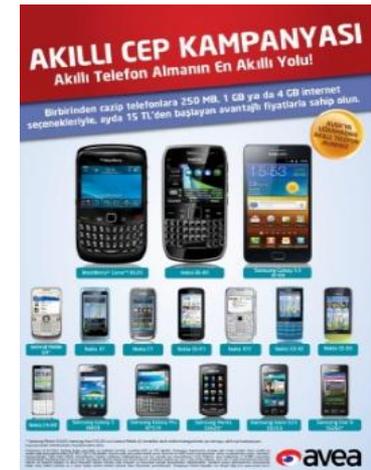
* Fixed network operating unit

MOBILE BUSINESS PERFORMANCE



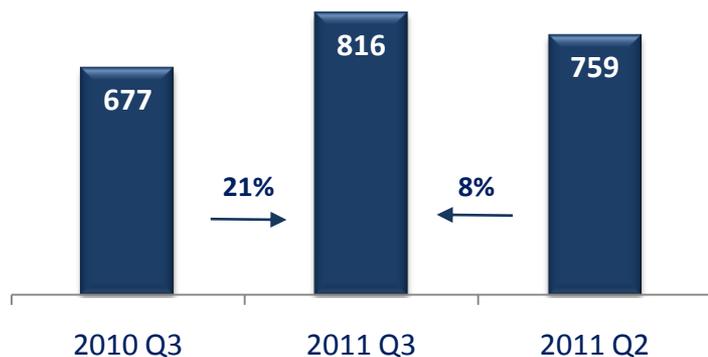
Mobile Business

- New postpaid offers introduced to sustain postpaid growth
- Targeted prepaid & postpaid packages launched to support up-sell & cross-sell
- Increased data revenues with segmented offers
- Partnerships with more than 75 leader retailers & banks continued to support customer loyalty
- Channel transformation continues
- Smartphone campaigns with leading brands supported activations

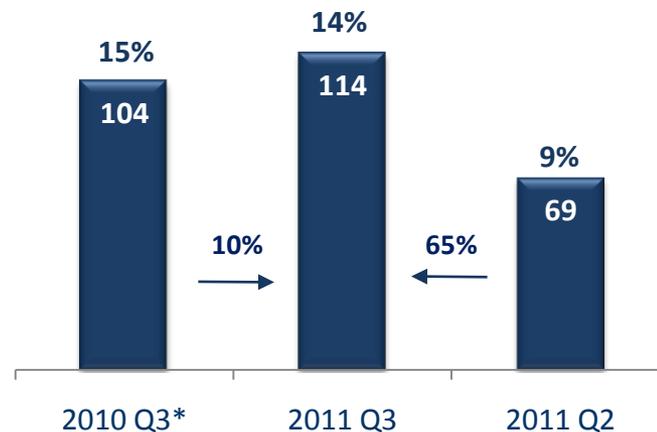


Mobile Business – Revenue & EBITDA Highlights

Revenue (TL mn)



EBITDA (TL mn) & Margin (%)

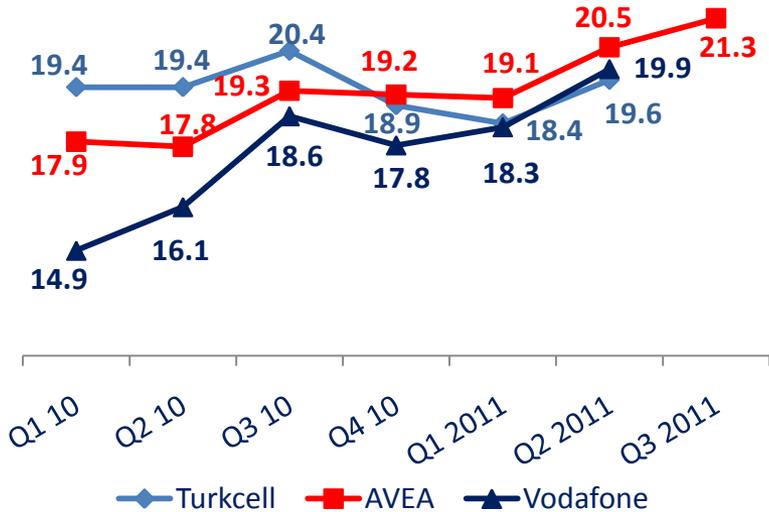


Strong revenue growth continues with improving EBITDA margin partially driven by seasonality

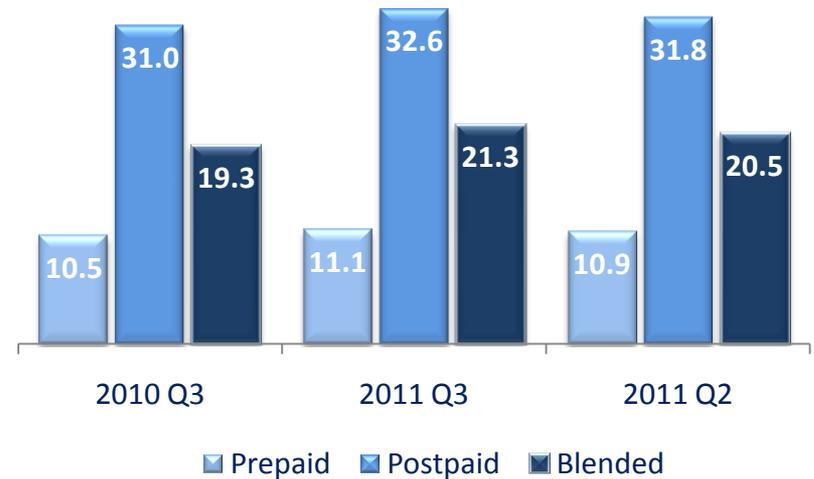
* Q3 2010 reported EBITDA Margin is 19% including the reversal of roaming related tax penalty provision of TL 26.1.

Mobile Business – ARPU Highlights

Market Blended ARPU Trend (TL)

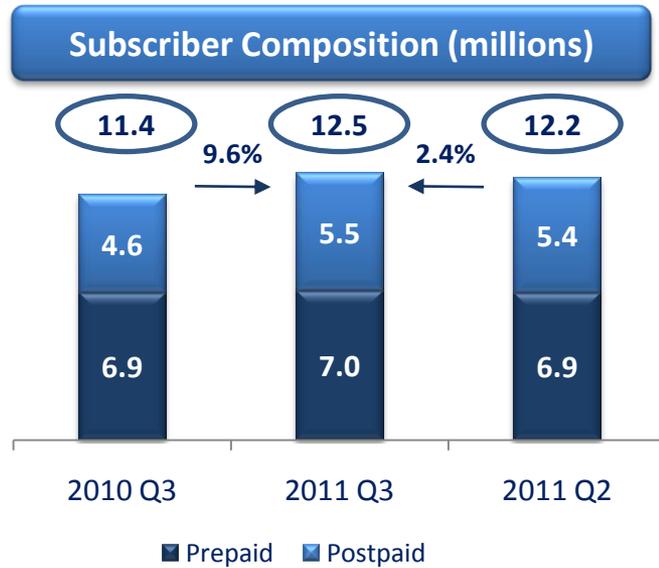


AVEA Quarterly ARPU (TL)

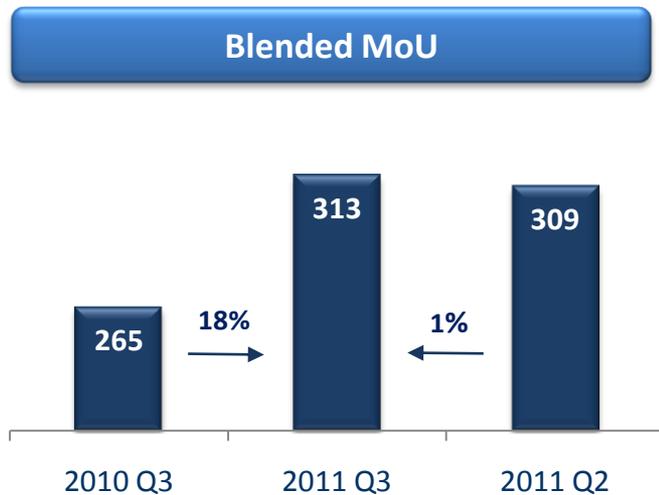


Blended ARPU improved by 11% YoY and 4% QoQ driven by increase in Data Usage, Incoming Traffic and Roaming revenues

Mobile Business - Subscriber Composition & MoU



Total subscribers increased by 300K in the quarter



MoU increased due to migration to high minute post-paid bundles

FINANCIALS



TT Consolidated - Summary P&L Statement

TL millions	2010 9M	2011 9M	(%) Change	2010 Q3	2011 Q3	(%) Change
Revenues	7,957	8,921	12%	2,707	3,066	13%
EBITDA	3,511	3,832	9%	1,257	1,301	4%
Margin	44%	43%		46%	42%	
Operating Profit	2,383	2,656	11%	885	916	4%
Margin	30%	30%		33%	30%	
Financial Income/Expense, net	28	(816)	NM	35	(461)	NM
FX & Hedging Gain/Loss, net	115	(772)	NM	106	(404)	NM
Interest Income/Expense, net	(37)	(24)	(34%)	(52)	(32)	(38%)
Other Financial Income/Expense, net	(50)	(20)	(60%)	(19)	(25)	32%
Tax Expense	(607)	(500)	(18%)	(184)	(148)	(20%)
Net Income*	1,892	1,474	(22%)	744	359	(52%)
Margin	24%	17%		28%	12%	

- Revenue YTD growth of 12%, of which 9.5% is organic
- Operating profit continues to grow strongly, but high FX losses

* After minority interest

TT Consolidated - Summary Balance Sheet

TL millions	30.09.2010	30.09.2011
Intangible Assets ^(a)	3,166	3,459
Tangible Assets ^(b)	6,726	7,858
Other Assets ^(c)	2,634	3,442
Cash and Equivalents	917	958
Total Assets	13,443	15,717
Share capital	3,260	3,260
Reserves and Retained Earnings	2,429	2,006
Interest Bearing Liabilities ^(d)	3,964	5,755
Provisions for Long-term Employee Benefits	659	621
Other Liabilities ^(e)	3,132	4,075
Total Equity and Liabilities	13,443	15,717

(a) Intangible assets excluding goodwill

(b) Tangible assets include property, plant and equipment and investment property.

(c) Major items within Other Assets are Trade Receivables, Due from Related Parties, Other Current Assets and Deferred Tax Asset.

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

(e) Major items within Other Liabilities are Deferred Tax Liability, Trade Payables, Provisions, Income Tax Payable, Due to Related Parties, Other Current Liabilities, Provisions for Employee Termination Benefits and Minority Put Option Liability

TT Consolidated - Summary Cash Flow Statement

TL millions	2010 9M	2011 9M	(%) change	2010 Q3	2011 Q3	(%) change
Cash Flow from Operating Activities	2,555	2,773	9%	999	1,188	19%
Cash Flow from Investing Activities	(813)	(1,192)	47%	(333)	(558)	68%
<i>CAPEX</i>	(923)	(1,430)	55%	(312)	(665)	113%
<i>Other Investing Activities</i>	110	237	115%	(21)	107	NM
Cash Flow from Financing Activities	(1,589)	(1,709)	8%	(537)	(518)	4%
Net Change in Cash Position^(a)	153	(128)	(184%)	129	112	(13%)

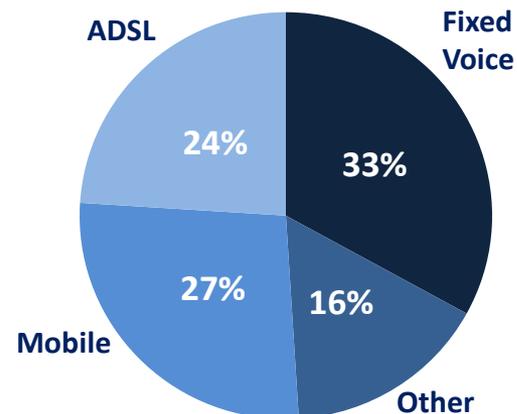
Cash flow generation from operations continues to be strong at just over 30% of revenue

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

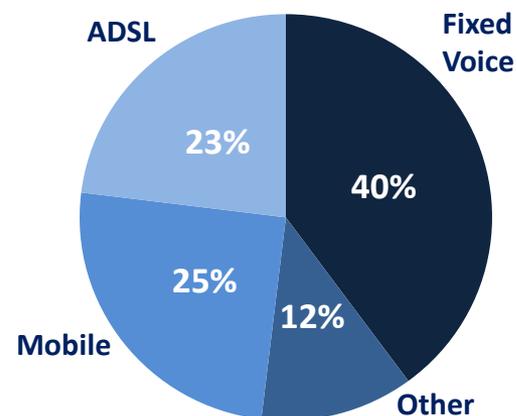
TT Consolidated- Summary Revenue Breakdown

TL millions	2010 9M	2011 9M	(%) change	2010 Q3	2011 Q3	(%) change
Domestic PSTN	3,182	3,120	(2%)	1,077	1,021	(5%)
ADSL	1,829	2,183	19%	611	728	19%
GSM	1,967	2,278	16%	677	816	21%
Data service revenue	269	329	22%	97	116	20%
International interconnection revenue	126	345	174%	44	135	NM
Domestic interconnection revenue	210	239	14%	73	84	15%
Leased lines	371	344	(7%)	115	111	(3%)
Rental income from GSM operators	76	75	(1%)	24	24	0%
Other	107	169	58%	39	61	56%
Eliminations	(217)	(249)	15%	(73)	(85)	16%
Sub-Total Revenue	7,921	8,833	12%	2,685	3,011	12%
Construction Revenue (IFRIC 12)	36	88	144%	22	55	150%
Total Revenue	7,957	8,921	12%	2,707	3,066	13%

Revenue Breakdown – 2011 Q3



Revenue Breakdown – 2010 Q3



TT Consolidated - Summary OPEX Breakdown

TL millions	2010 9M	2011 9M	(%) change	2010 Q3	2011 Q3	(%) change
Personnel	1,385	1,500	8%	475	489	3%
Domestic Interconnection	405	446	10%	111	167	50%
International Interconnection	96	215	124%	34	88	159%
Commercial ^(a)	749	872	16%	249	277	11%
Maintenance and Operations	283	297	5%	105	114	9%
Taxes & Government Fees	529	598	13%	174	209	20%
Doubtful Receivables	79	98	24%	34	27	(21%)
Others	887	985	11%	249	344	38%
Sub-Total	4,415	5,011	13%	1,430	1,716	20%
Construction Cost (IFRIC 12)	32	78	144%	20	49	145%
Total OPEX	4,446	5,089	14%	1,450	1,765	22%

**YTD Other is 19% of total OPEX.
The main components are rents
(5%), utilities (4%), outsourced
services (2.5%) and bill
distributions (2.2%)**

(a) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and promotion

Fixed Line Business- Summary P&L Statement

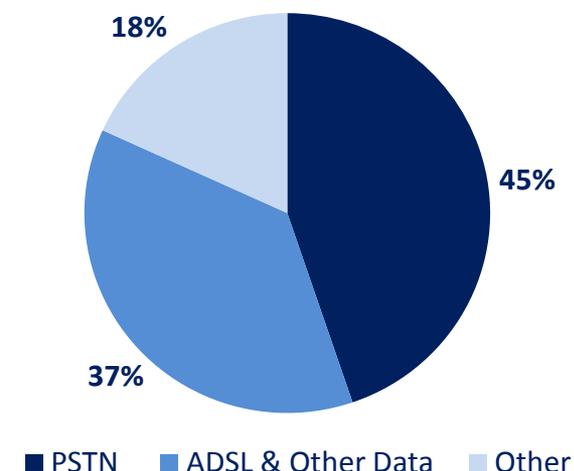
TL millions	2010 9M	2011 9M	(%) change	2010 Q3	2011 Q3	(%) change
Revenues	6,206	6,892	11%	2,102	2,335	11%
EBITDA	3,275	3,587	10%	1,127	1,190	6%
<i>Margin</i>	53%	52%		54%	51%	
Operating Profit	2,623	2,859	9%	910	951	5%
<i>Margin</i>	42%	41%		43%	41%	
CAPEX	642	912	42%	243	424	74%
<i>CAPEX as % of Revenue</i>	10%	13%		12%	18%	

Continued stable profitability with high revenue growth

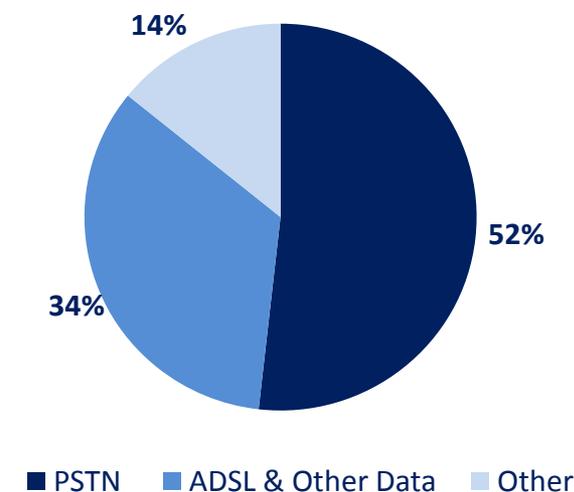
Fixed Line Business- Summary Revenue Breakdown

TL millions	2010 9M	2011 9M	(%) change	2010 Q3	2011 Q3	(%) change
PSTN	3,181	3,119	(2%)	1,077	1,021	(5%)
ADSL	1,829	2,183	19%	611	728	19%
Other access - Data Service	269	329	22%	97	116	20%
Leased lines	370	345	(7%)	115	111	(3%)
Domestic Interconnection	211	239	13%	73	84	15%
Other domestic revenue	184	243	32%	63	85	35%
International revenue ^(a)	126	345	174%	44	135	207%
Sub-Total Revenue	6,170	6,804	10%	2,080	2,280	10%
Construction Revenue (IFRIC 12)	36	88	144%	22	55	150%
Total Revenue	6,206	6,892	11%	2,102	2,335	11%

2011 Q3 Breakdown



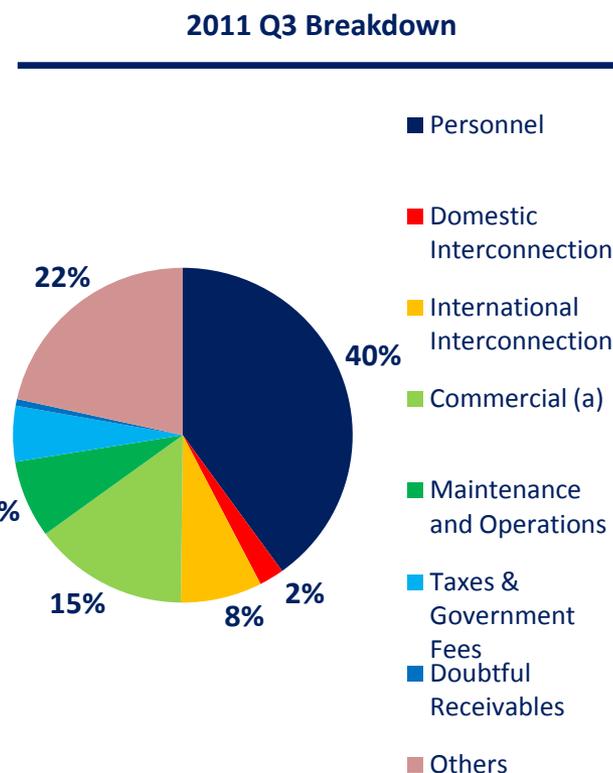
2010 Q3 Breakdown



(a) Pantel revenue (starting Q4 2010) from international data services and inbound traffic terminated at Türk Telekom's international gateway.

Fixed Line Business – Summary OPEX Breakdown

TL millions	2010 9M	2011 9M	(%) change	2010 Q3	2011 Q3	(%) change
Personnel	1,253	1,360	9%	425	439	3%
Domestic Interconnection	96	74	(23%)	26	26	0%
International Interconnection	84	206	145%	31	85	174%
Commercial (a)	447	497	11%	136	162	19%
Maintenance and Operations	200	212	6%	77	82	6%
Taxes & Government Fees	163	175	7%	53	59	11%
Doubtful Receivables	14	39	179%	15	7	(53%)
Others	642	664	3%	193	236	22%
Sub-Total	2,899	3,227	11%	956	1,096	15%
Construction Cost (IFRIC 12)	32	78	144%	20	49	145%
Total OPEX	2,931	3,305	13%	976	1,145	17%



As a % of YTD Revenue; Personnel (20%), Interconnection (4%), Commercial (7%)

Mobile Business – Summary P&L Statement

TL millions	2010 9M	2011 9M	(%) change	2010 Q3*	2011 Q3	(%) change
Revenues	1,967	2,278	16%	677	816	21%
EBITDA	237	253	7%	130	114	-12%
Margin	12%	11%		19%	14%	
Operating Profit / (Loss)	-239	-197	18%	(26)	(33)	(27%)
Margin	-12%	-9%		(4%)	(4%)	
CAPEX	191	593	210%	72	198	175%
CAPEX as % of Revenue	10%	26%		11%	24%	

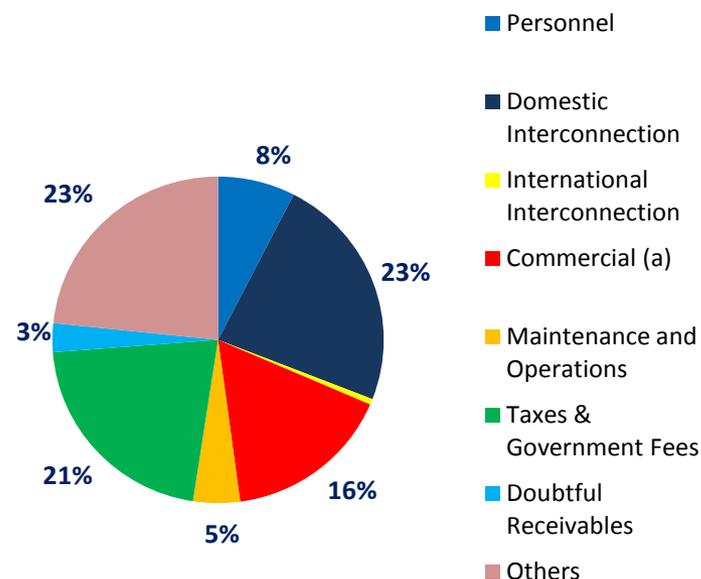
Improvement on operating profit; still low EBITDA margin due to aggressive competition

* Q3 2010 reported EBITDA Margin is 19% including the reversal of roaming related tax penalty provision of TL 26.1.

Mobile Business – Summary OPEX Breakdown

TL millions	2010 9M	2011 9M	(%) change	2010 Q3	2011 Q3	(%) change
Personnel	141	149	6%	52	53	2%
Domestic Interconnection	378	437	16%	107	164	53%
International Interconnection	12	10	(17%)	3	4	33%
Commercial (a)	305	376	23%	106	115	8%
Maintenance and Operations	84	87	4%	28	32	14%
Taxes & Government Fees	366	423	16%	121	150	24%
Doubtful Receivables	65	59	(9%)	19	20	5%
Others	380	486	28%	111	164	48%
Total	1,731	2,027	17%	547	702	28%

2011 Q3 Breakdown



(a) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion

Debt Profile

2011 Q3 - in mn			Maturities			
Debt	Total Amount in Original Currency	Total Amount in TL	Up to 3 months	3 months to 1 year	1 year to 5 years	Over 5 years
TL Debt	971	971	971			
USD Debt	1,223	2,257	86	737	1,230	203
EUR Debt	990	2,490	213	432	1,420	424
TOTAL		5,717	1,270	1,169	2,651	627

Ratios	2010 Q3	2011 Q2	2011 Q3
Net Debt / EBITDA	0.67	0.96	0.93
Net Debt / Assets	0.23	0.32	0.31
Debt (Total Liabilities) / Equity	1.36	2.07	1.98
Debt (Financial) / Equity	0.70	1.17	1.09
Current Ratio	0.82	0.68	0.74

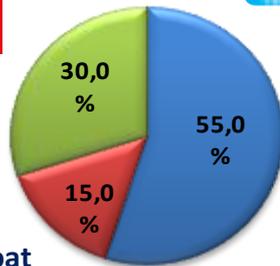
APPENDIX



Full Year Guidance

- Consolidated Revenue Growth: 9-10% on the back of strong revenue growth performance (previous guidance 5-7%)
- Consolidated EBITDA Margin: Low to mid 40%s (same as previous guidance)
- Consolidated CAPEX: ~TL 2.2 bn due to accelerated growth and investment (previous guidance around TL 2 bn)

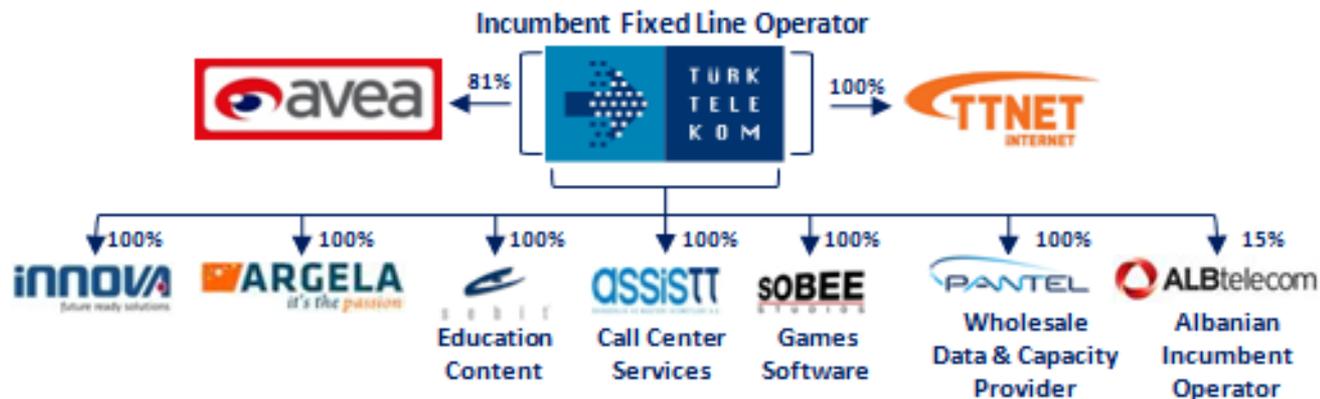
Ownership Structure



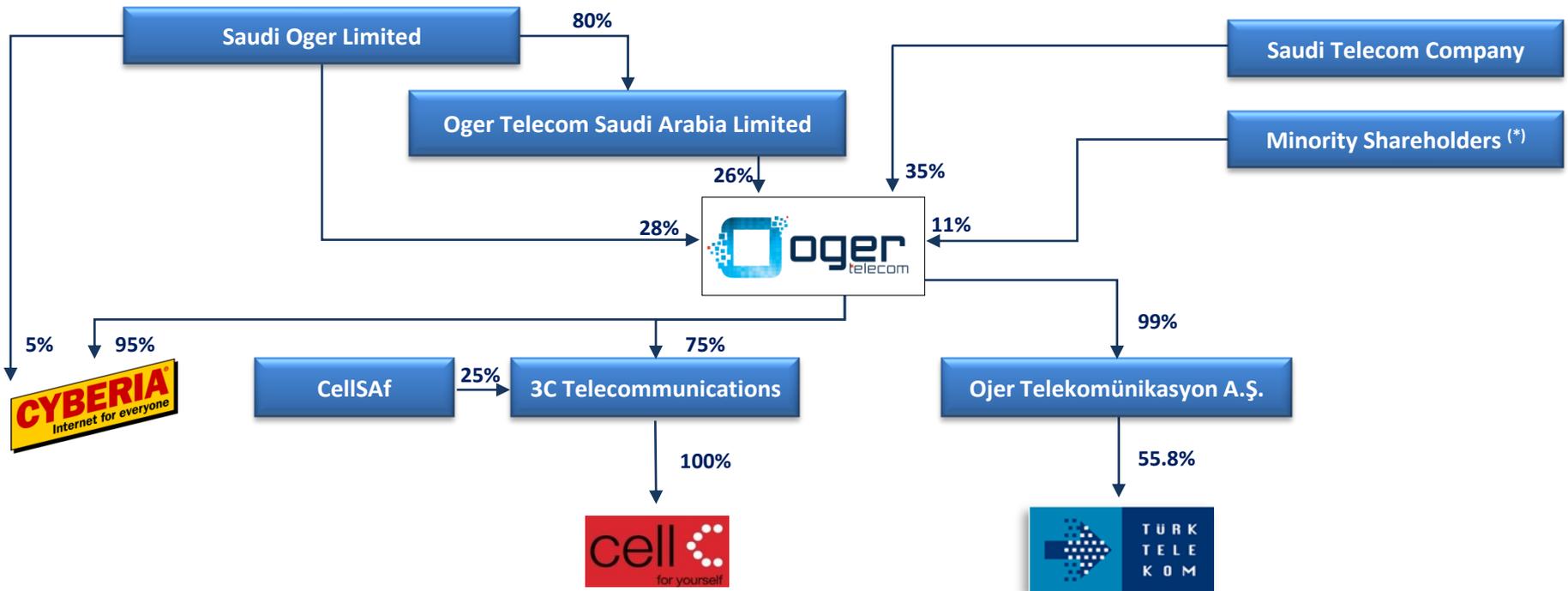
Free Float

- Oger Telecom appoints 6 Board Members
- Turkish Treasury appoints 4 Board Members (1 represents Golden Share)
- Turkish Treasury and Oger Telecom bought 1.7% and 0.8% additional stakes respectively, from free float.

Group Companies



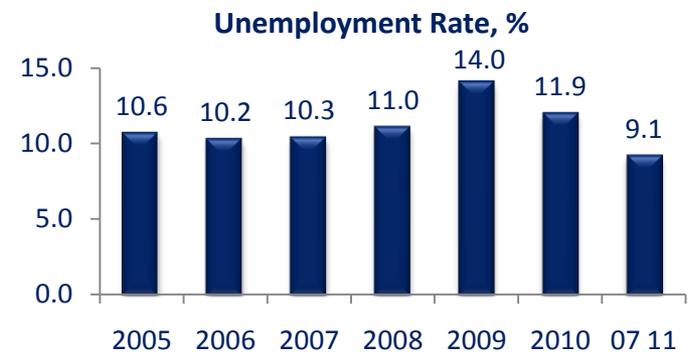
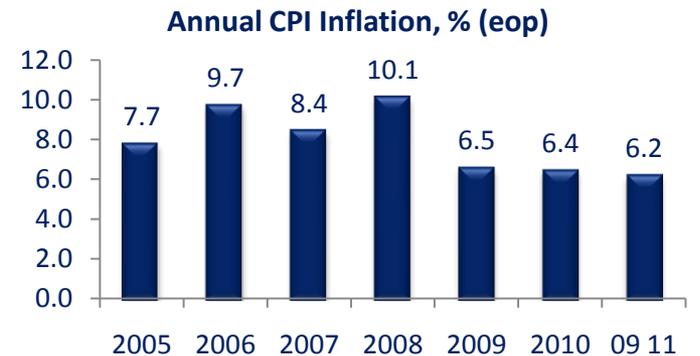
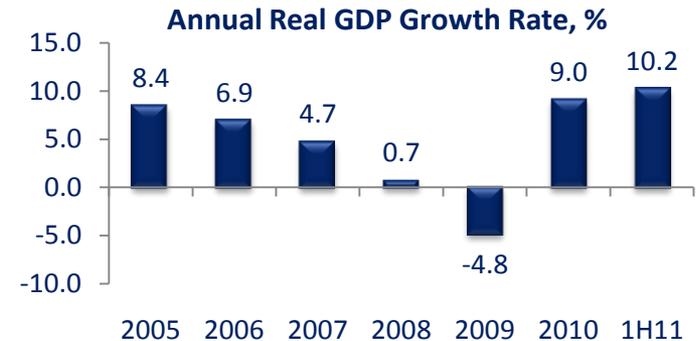
Oger Telecom Ownership Structure



(*) Among Oger Telecom's direct and indirect minority shareholders are regional and 'blue chip' global financial investors.

Macro Highlights

- The Turkish economy grew by 8.8% y/y in 2Q (after 11.6% growth in 1Q). Hence, the GDP growth rate in 1H was 10.2% y/y.
 - ✓ As suggested by leading indicators such as industrial production and capacity utilization rates, in 2H, a notable reduction in the economic growth is expected.
- At the end of 3Q, the annual CPI inflation was 6.2% (at the end of 2Q, inflation was also 6.2%).
 - ✓ Due to the exchange rate pass-through effect, the year-end annual CPI inflation is envisaged to exceed the 5.5% year-end target significantly. Natural gas and electricity price hikes effective from early October along with recent SCT hikes would also add to the annual CPI inflation.
- As of July, the unemployment rate was 9.1% (down from 11.5% in February and 9.4% in May).
 - ✓ In the period ahead, the unemployment rate is projected to increase with the anticipated slowdown in the economic activity and production, impeding the job creation.



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

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 cap
- TL per minute pricing introduced

July

- TA announced Naked ADSL fee as TL 8.13
- TA postponed 20 second billing for an indefinite time

December

- Naked ADSL services started

2011

April

- Mobile off-net price cap increased by 4%
- SMS price cap decreased by 48%

October

- BTK's fiber decision: FTTH/B will be excluded from the process of market analysis until a certain time



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