

Investor Call

2017 Q1

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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. 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 presentation or on its completeness, accuracy or fairness. The information contained in this presentation may be required to be confirmed, completed and amended. Therefore, no declaration or commitment has been given or implied on the name of the Company or its shareholders, directors, employers or other third persons depending on the authenticity, completeness and accuracy of the information.

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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.

Operational Highlights

Strong net subscriber gains



Broadband

218K

Q1 '17

712K

LTM



Mobile

142K

Q1 '17

981K

LTM



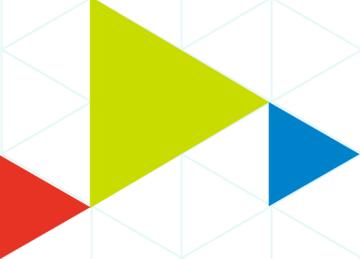
Home TV

97K

Q1 '17

306K

LTM



Financial Performance

| (TL mn) | 2016 Q1 | 2016 Q4 | 2017 Q1 | Growth (YoY) | Growth (QoQ) |
|--|--------------|----------------|--------------|----------------|----------------|
| Revenue | 3,801 | 4,250 | 4,307 | 13.3% | 1.4% |
| Revenue (exc. construction adj) ¹ | 3,761 | 4,171 | 4,138 | 10.0% | (0.8%) |
| EBITDA | 1,262 | 1,434 | 1,528 | 21.1% | 6.5% |
| EBITDA Margin | 33.2% | 33.8% | 35.5% | | |
| Net Income | 408 | (1,388) | 66 | (83.9%) | n.m. |
| CAPEX ² | 708 | 963 | 400 | (43.5%) | (58.4%) |

(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

(2) Excluding license fees

Türk Telekom's Digital Service Portfolio

Turkey's Most Preferred Value Added Services



Turkey's New Generation TV Platform: **Tivibu GO** Launch: 2010

Türk Telekom's TV platform with national and exclusive channels, VoDs, and catchup programs in HD quality



Turkey's Most Loved Digital Music Platform: **Türk Telekom Music** Launch: 2008

Turkey's most preferred and loved digital music platform with millions of Turkish and foreign songs to download and to listen in HD quality, and numerous videos



Turkey's Leader Digital Gaming Platform: **Playstore** Launch: 2011

Turkey's first and leader digital game platform and e-pin sales platform



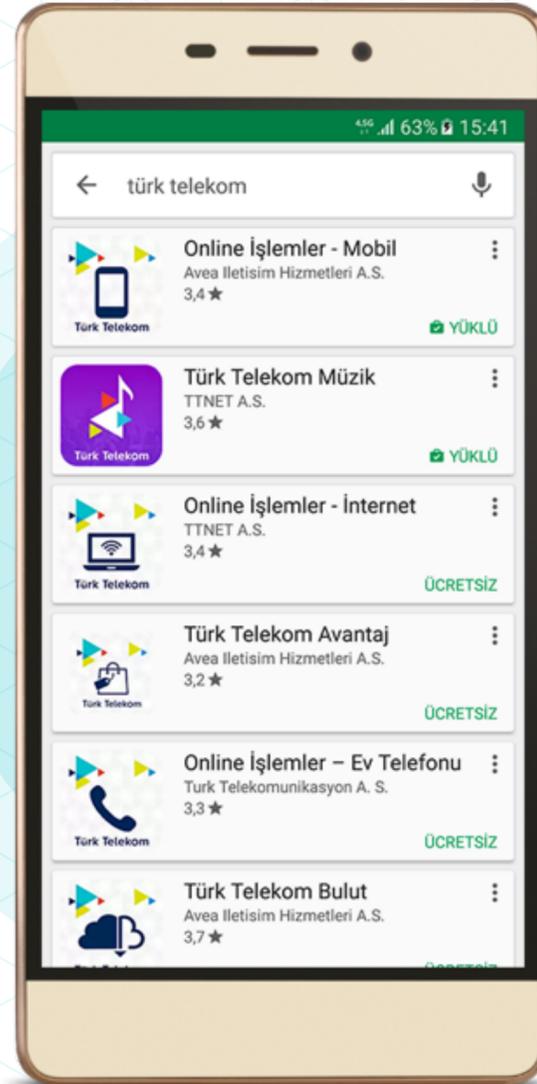
Turkey's First Interactive Education Platform Launch: 2008

Turkey's biggest online education platforms: Vitamin for pre-school to high grades students, Raunt for uni preparation, ProG for professionals



Turkey's Widest Wifi Broadband Network: **TT WiFi** Launch: 2006

Turkey's widest broadband network by covering 5K WiFi hotspot points and giving service more 2.5K Turkish Airlines flights



Türk Telekom Mobile Payment Service; Mobile Payment is a service that enables Türk Telekom mobile customers to pay easily, quickly and securely via mobile phones.

Turkey's Domestic OTT Messaging Platform: **Wirofon** Launch: 2008

Türk Telekom's HD videocall, OTT messaging and VoIP platform which enables operator independent usage of Turk Telekom PSTN minutes on mobile devices.



Turkey's Real-Time Integrated Sport Platform: **Tivibuspor** Launch: 2010

Türk Telekom's sport platform presents sport news, videos, UEFA matches and instant match video delivery



Turkey's Online Technology Magazine Platform: **TT Mobile Magazine** Launch: 2013

Turkey's online magazine with a wide selection of technology tips, special devices and mobile application researches



Turkey's Most Comprehensive Security Platform: **TT Security** Launch: 2009

Turkey's most comprehensive and secure anti-virus and family protection service



Turk Telekom's Advantageous Cloud Solution: **Netdisk** Launch: 2010

Türk Telekom's cloud storage solution exclusive for Türk Telekom broadband subscribers



Türk Telekom has **40+ mobile applications**, and **200+ value added services**. In near future will launch **"Selfy & Prime"** applications to support segments' digital strategies, **"Life is Simple with Internet"** application to increase internet literacy and **Launcher** application to provide exclusive TT branded smartphone usage.

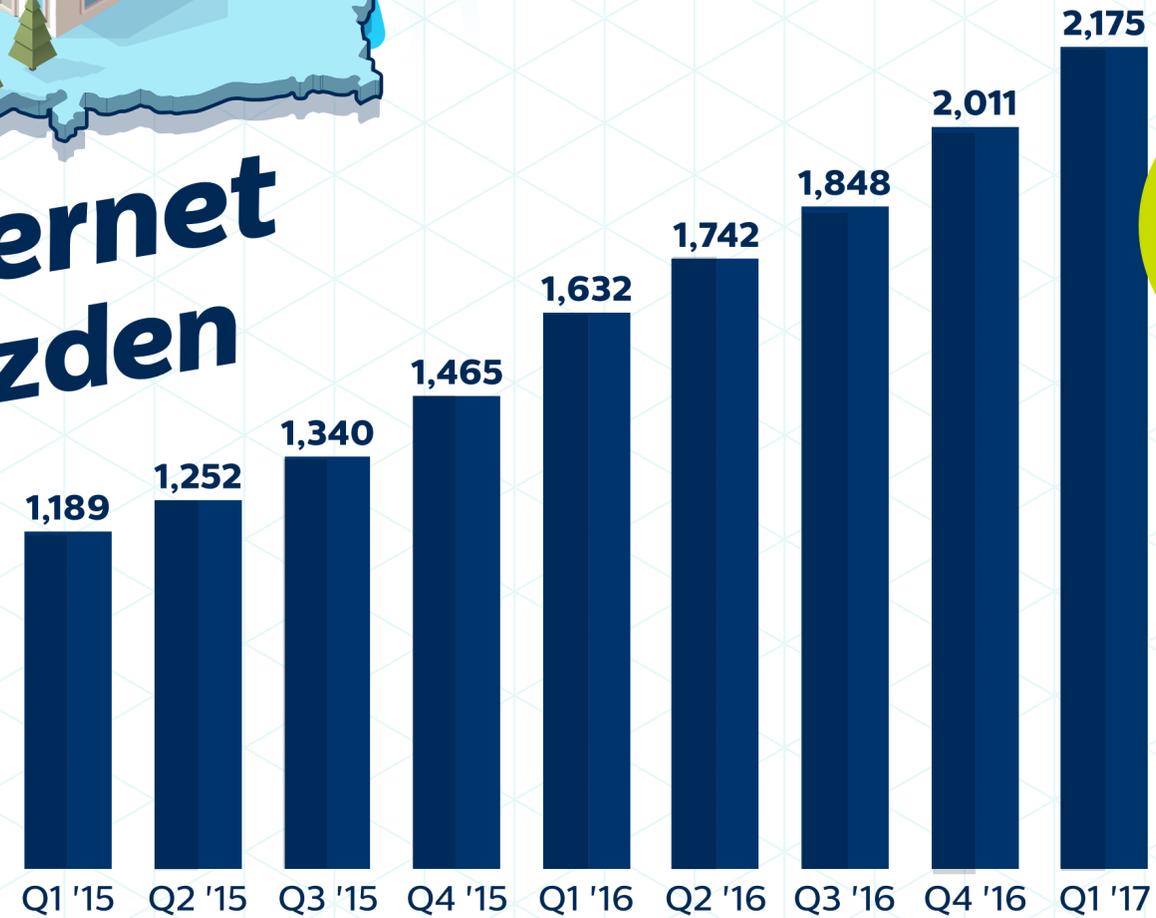
Fixed Broadband Performance

ARPU & Subscribers

○ ARPU (TL) ■ Subscribers (mn)



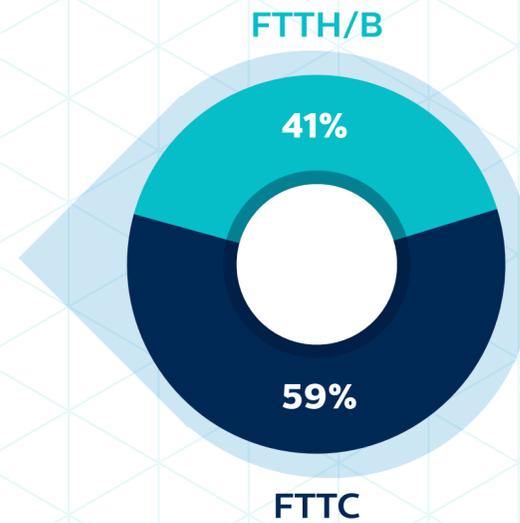
Internet Bizden



Fiber Subscribers

(thousand)

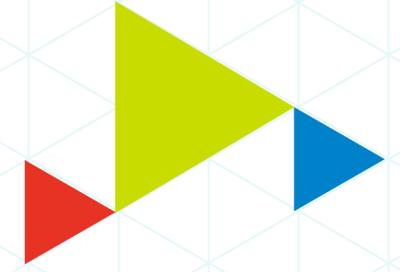
164k net additions in Q1



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



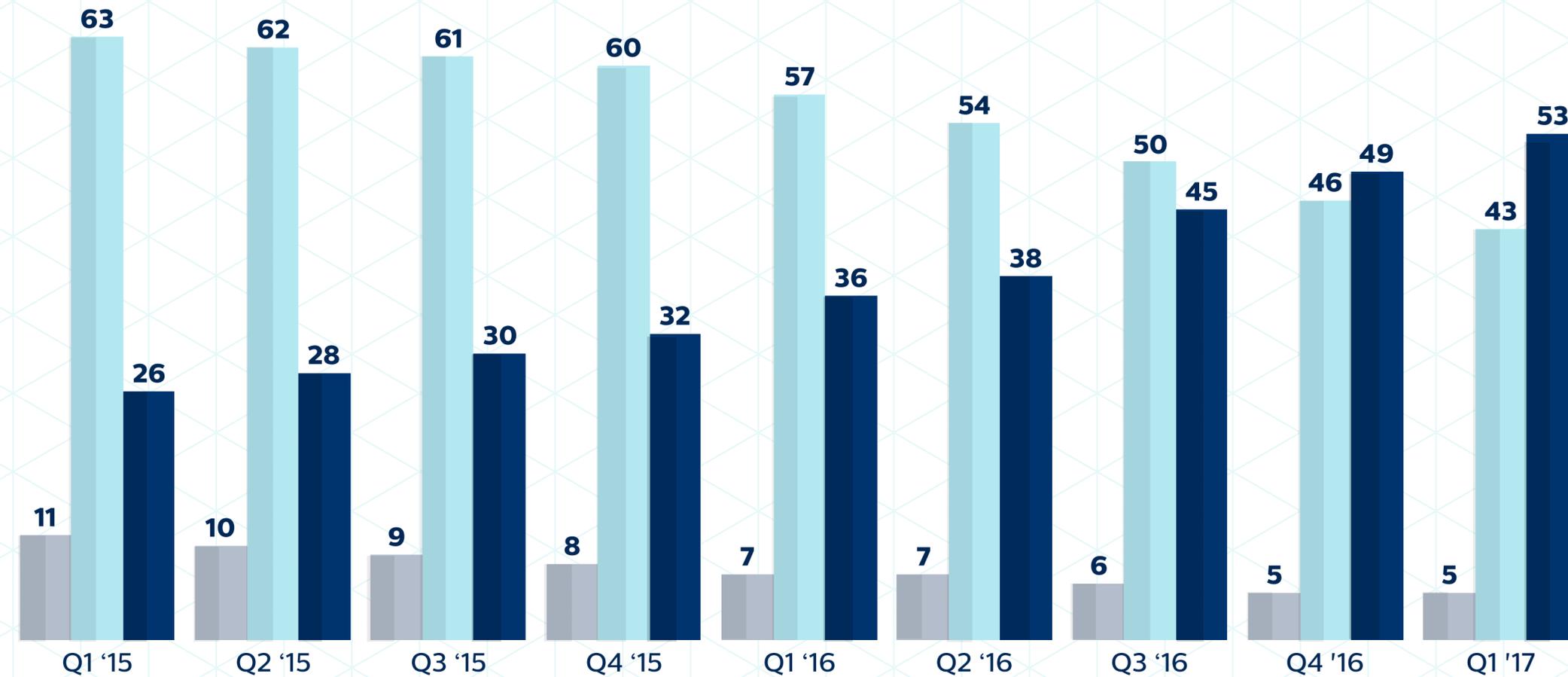
Upselling Dynamics in Fixed Broadband



Capacity Breakdown

(% of Subscribers)

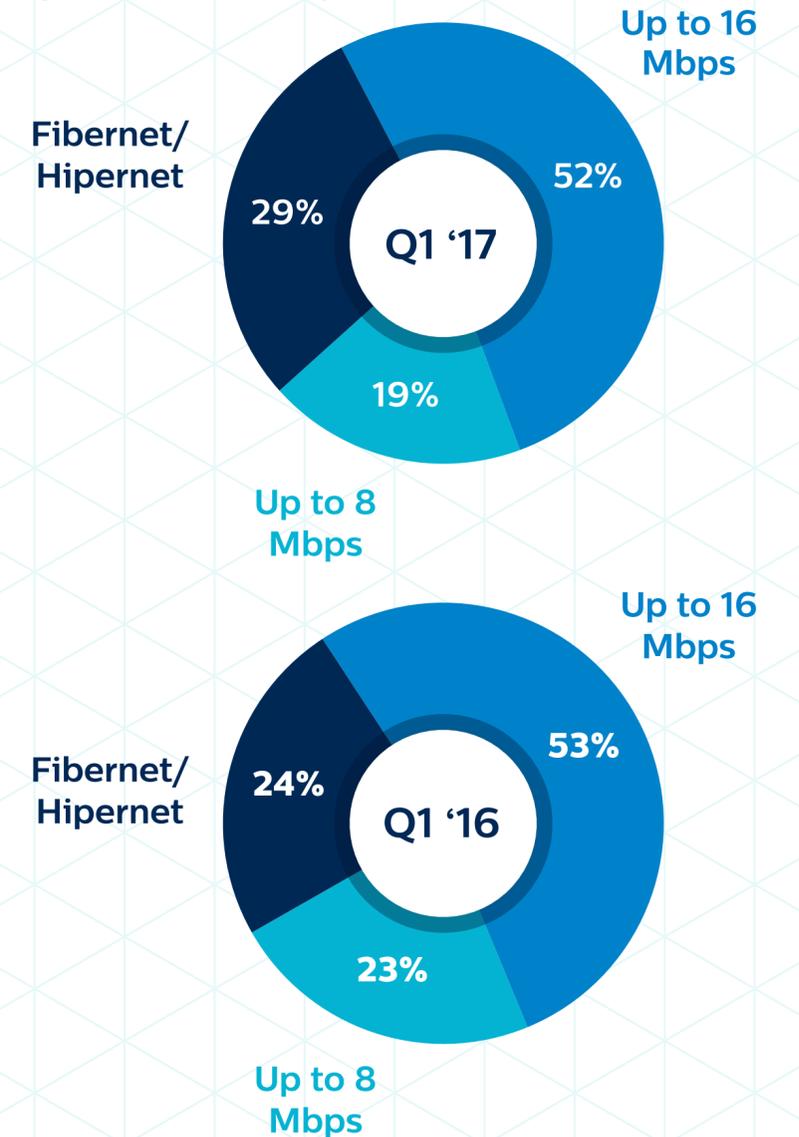
■ 25 GB & Below ■ 25 to 50 GB ■ Above 50 GB



All figures are based on Türk Telekom's retails subscribers

Speed Breakdown

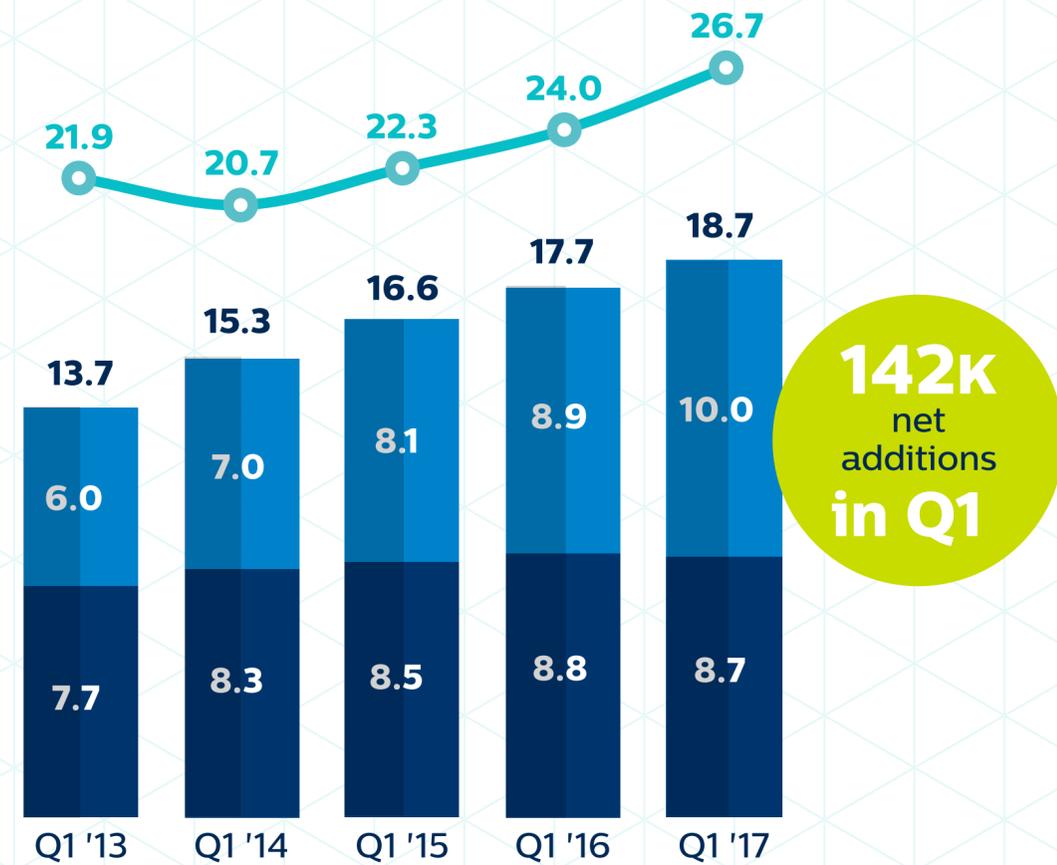
(% of Subscribers)



Mobile Performance

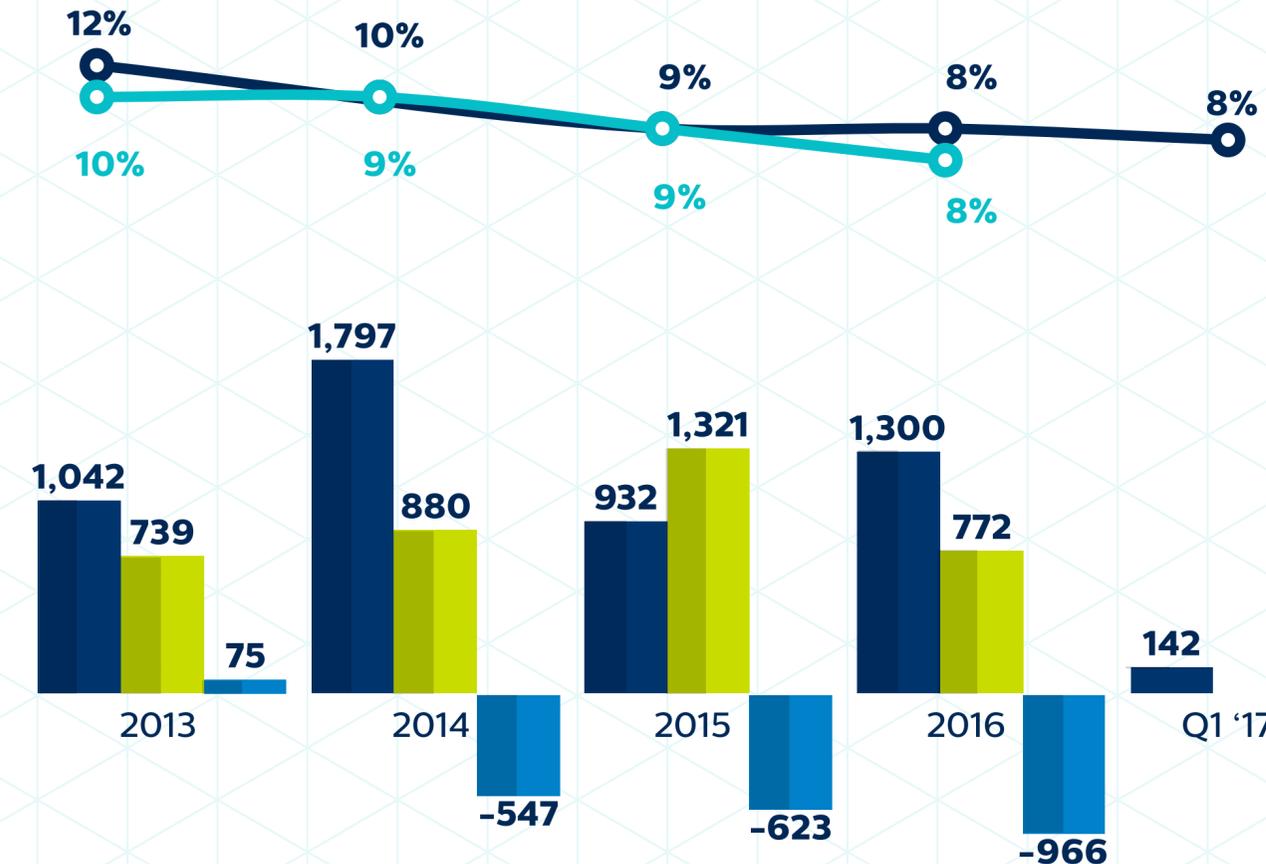
Growing ARPU & Subscribers

- Blended ARPU (TL)
- Prepaid (mn)
- Postpaid (mn)



Net Subscriber Addition & Churn Rate

- Türk Telekom
- Vodafone
- Turkcell
- Market Quarterly Avg. Churn Rate
- Türk Telekom Quarterly Avg. Churn Rate



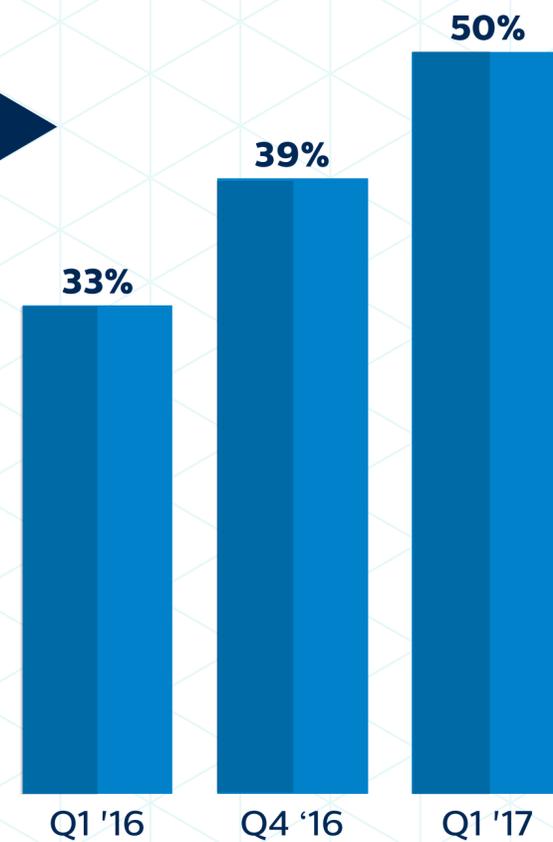
Other operators' data are from their own publications.



Monetizing Data

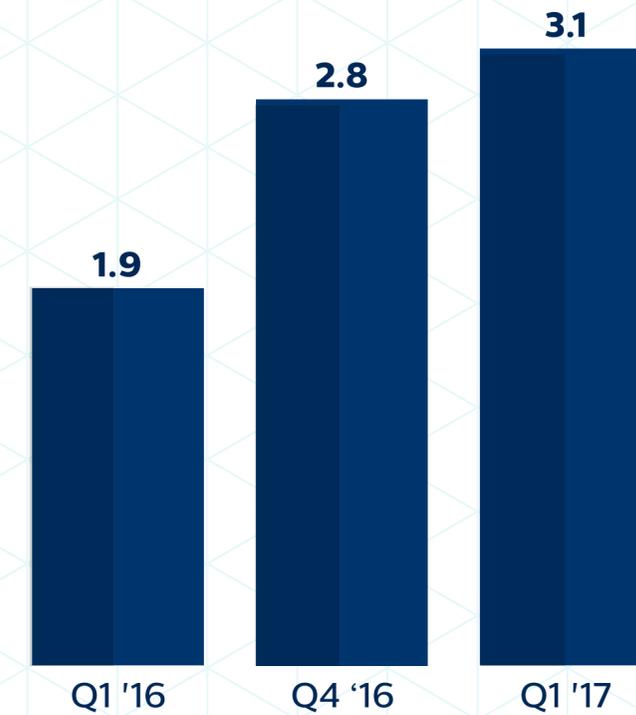
Data Revenue

(Service revenue shares)



Avg. Monthly Mobile Data Usage

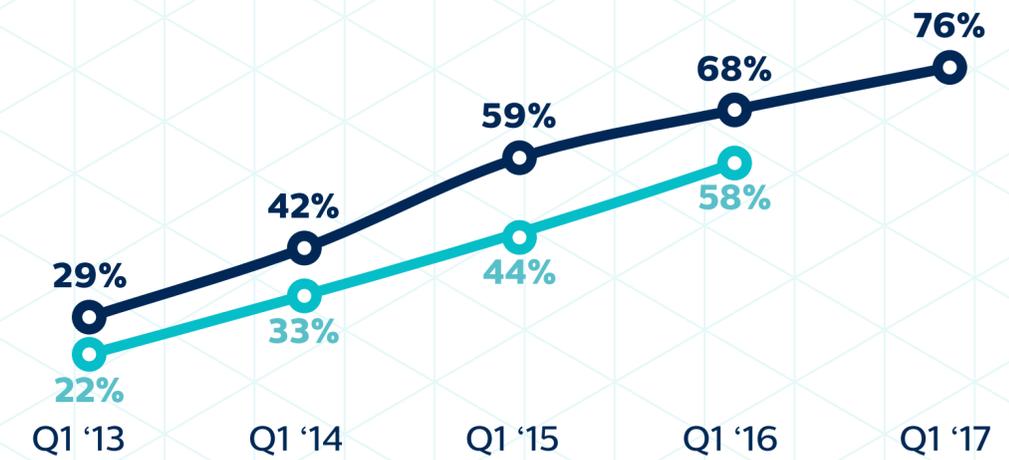
(GB per user¹)



(1) Türk Telekom smartphone users

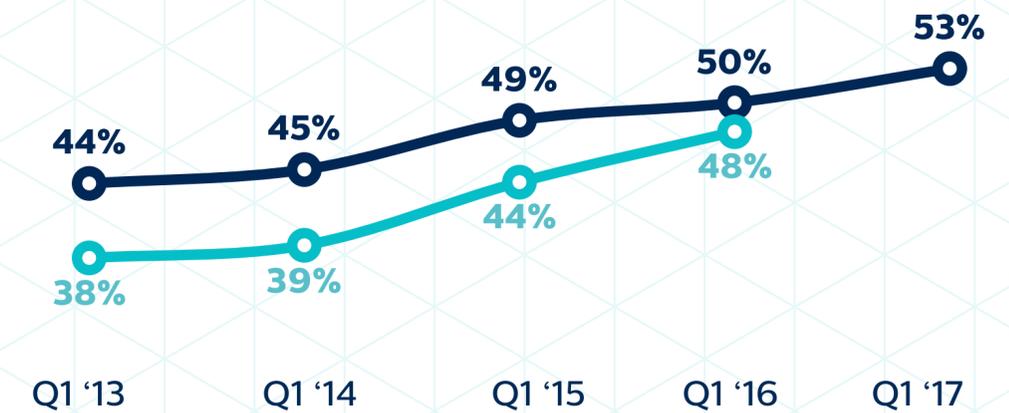
Smartphone Penetration

○ Rest of the Market ○ Türk Telekom



Postpaid Ratio

○ Rest of the Market ○ Türk Telekom

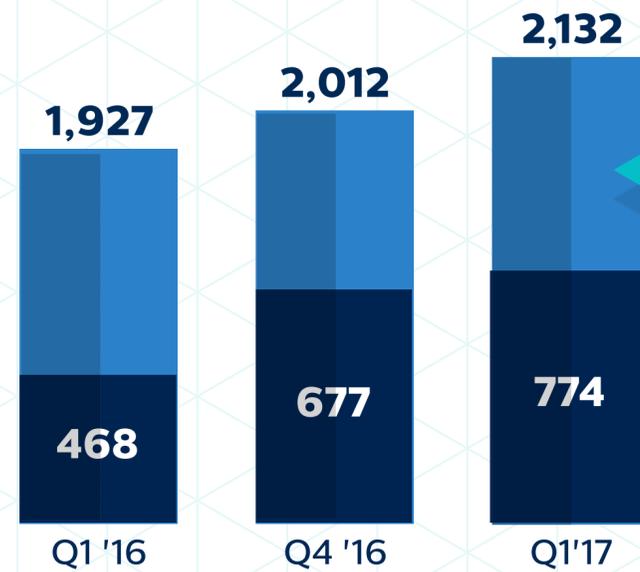


TV Performance

Türk Telekom Tivibu

Subscribers (thousand)

■ Tivibu Go ■ Tivibu Home



Q1 Tivibu Home ARPU
TL 17.9

97K net additions in Q1 '17
in Tivibu Home



Technology



Exclusive Content

Türk Telekom

IPTV + DTH

- ▶ Champions League
- ▶ UEFA Europe League

Turkcell

IPTV

English Premier League

Digiturk

DTH

Turkish Soccer League

D-Smart

DTH

None

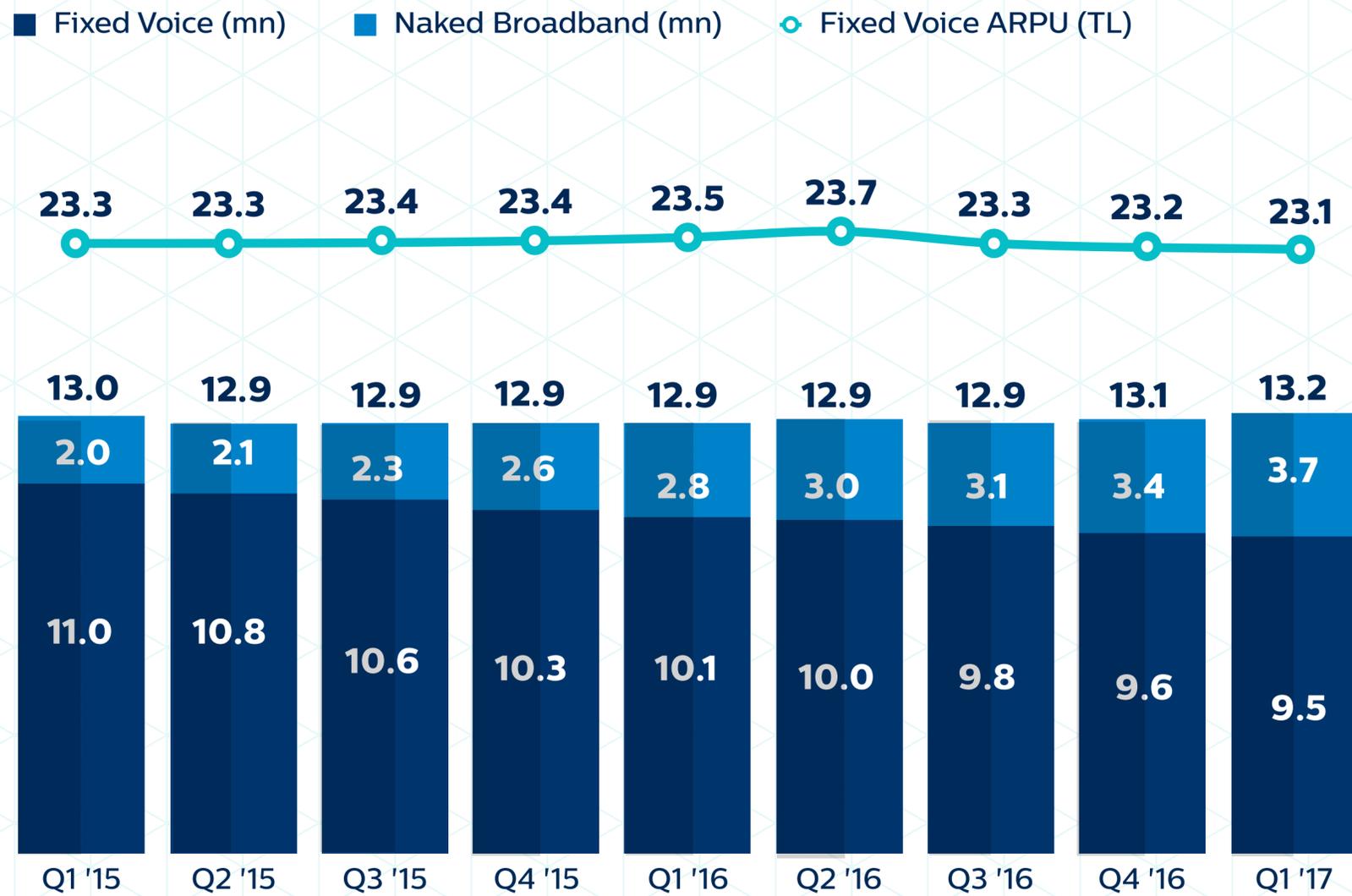
Cable

Cable

None

Fixed Voice

Access Lines and ARPU



Group Companies

Türk Telekom INTERNATIONAL

A full range of international data infrastructure, internet, and wholesale voice services
Operating in over 40 countries.
Over 40,000 km of own fiber optic network

ARGELA

R&D innovation company focusing on the next generation telecommunication technologies
Developing intellectual property for 5G and 5G enabling technologies
Partner of Turkey's first and only national 4G-LTE/5G base station development project "ULAK"

innova

Leading software developer and system integrator
ICT consulting, design, application development, integration and support services.
End-to-end solutions in Healthcare Campus Projects

Türk Telekom

ASSISTT

Strategic partner for leading private enterprises and public institutions providing call center services as well as value added services for their sales and marketing activities

sebit

Largest educational technologies with 29 years of R&D experience
interactive E-Education products: Raunt, Vitamin
Providing content and platform to E-Education Transformation project (FATİH)

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

A photograph of a business meeting. In the foreground, a person's hands are holding a document with various charts and graphs. Another person's hand is pointing at the document with a pencil. A laptop is open on the table. The background is slightly blurred, showing other people at the table. The overall scene is professional and focused on financial analysis.

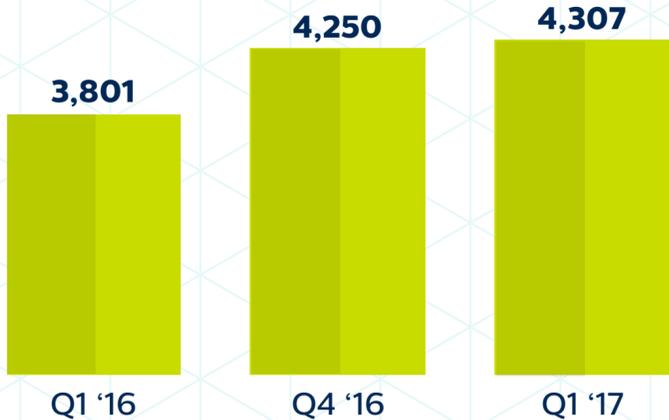
Financials

Financial Performance



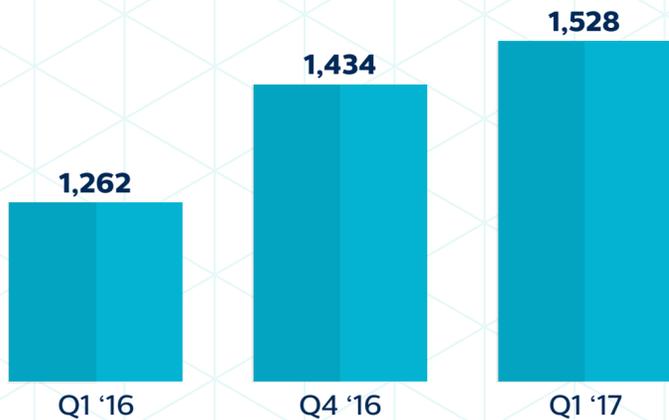
Revenue

(TL mn)



EBITDA

(TL mn)



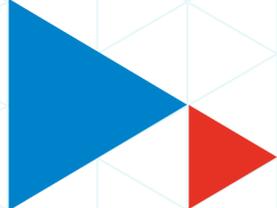
Net Income

(TL mn)



CAPEX

(TL mn)



Debt Profile

Net Debt

■ Net Debt (TL bn) ● Net Debt/EBITDA



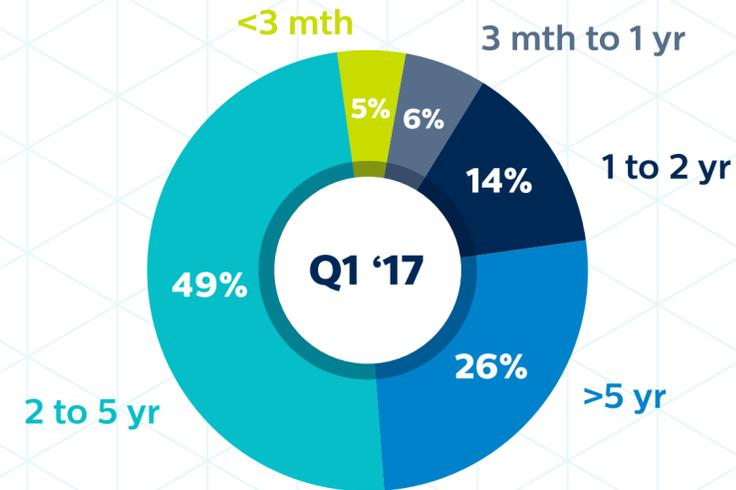
Note: In Q4 '16 and Q1 '17, Net Debt/EBITDA calculation excludes extraordinary claims.

Average Maturity of Debt

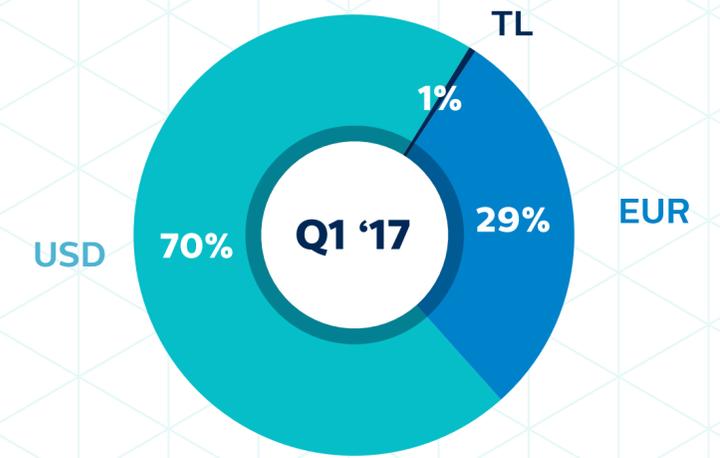
■ Total Debt (TL bn) ● Average Maturity of Debt (years)



Maturity Profile



Debt Breakdown



Note: Hedging activities are available on financial footnotes

Low debt burden compared to peers



*Türk Telekom's ratios are calculated from Q1 '17 numbers

A photograph of three business professionals in a modern office setting. A woman in a white blouse and glasses stands in the center, gesturing with her hands as if in conversation. To her left, a man in a light blue shirt is partially visible in profile. To her right, a man in a dark jacket is also in profile, looking towards the woman. The background features large glass windows overlooking a cityscape. The image is overlaid with a dark grey geometric pattern of small triangles.

Appendix



Summary Income Statement

| (TL mn) | 2016 Q1 | 2016 Q4 | 2017 Q1 | YoY Change | QoQ Change |
|--------------------------------------|---------|---------|---------|------------|------------|
| Revenues | 3,801 | 4,250 | 4,307 | 13.3% | 1.4% |
| EBITDA | 1,262 | 1,434 | 1,528 | 21.1% | 6.5% |
| <i>Margin</i> | 33.2% | 33.8% | 35.5% | | |
| Operating Profit | 604 | 658 | 807 | 33.7% | 22.7% |
| <i>Margin</i> | 15.9% | 15.5% | 18.7% | | |
| Financial Income / (Expense) | (30) | (2,180) | (622) | 1,960.0% | (71.5%) |
| FX & Hedging Gain / (Loss) | 76 | (2,007) | (509) | n.m. | (74.6%) |
| Interest Income/(Expense) | (75) | (90) | (76) | 1.0% | (15.4%) |
| Other Financial Income/ (Expense) | (31) | (84) | (37) | 19.6% | (55.3%) |
| Tax Expense | (166) | 134 | (119) | (28.3%) | n.m. |
| Net Income | 408 | (1,388) | 66 | (83.9%) | n.m. |
| <i>Margin</i> | 10.7% | n.m. | 1.5% | | |

Note: FX Rates used in financial income/expense calculation are as follows: **March - 17:** USD/TL: 3.6386; EUR/TL: 3.9083; **December -16:** USD/TL: 3.5192; EUR/TL: 3.7099.

Summary Balance Sheet

| (TL mn) | 31.03.2016 | 31.12.2016 | 31.03.2017 |
|--|---------------|---------------|---------------|
| Total Assets | 27,840 | 26,874 | 26,702 |
| Intangible Assets ¹ | 8,064 | 8,341 | 8,480 |
| Tangible Assets ² | 8,752 | 8,710 | 8,313 |
| Other Assets ³ | 6,383 | 6,806 | 7,273 |
| Cash and Equivalents | 4,640 | 3,016 | 2,636 |
| Total Equities and Liabilities | 27,840 | 26,874 | 26,702 |
| Share Capital | 3,260 | 3,260 | 3,260 |
| Reserves, Retained Earnings and Other Equity Items | 2,041 | 126 | 211 |
| Interest Bearing Liabilities ⁴ | 13,484 | 15,041 | 15,594 |
| Provisions for Employee Termination Benefits | 579 | 696 | 637 |
| Other Liabilities ⁵ | 8,476 | 7,751 | 7,000 |

(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

Q & A



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Thank you



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