

Türk Telekom

Investor Presentation

2020 Q2

Türk Telekom



Disclaimer

The information contained herein has been prepared by Türk Telekomünikasyon A.Ş. (the Company) in connection with the operations of Türk Telekom Group companies. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice.

The Company relies on the information gathered from the reliable sources however does not guarantee completeness and accuracy of such information.

These materials contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except to the extent required by law, we assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements. This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this 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.

None of the Company nor any of its shareholders, directors or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith. The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. and the mobile services – are provided by TT Mobil İletişim Hizmetleri A.Ş. Türk Telekom® brand used in this presentation is the joint brand of Turk Telekom Group companies. All group companies legal entities remain intact. There may be differences between the data provided in this presentation and ICTA's market reports. These discrepancies are due differences in basis of financial reporting (standalone vs. consolidated) and differences in ARPU calculation methodologies.

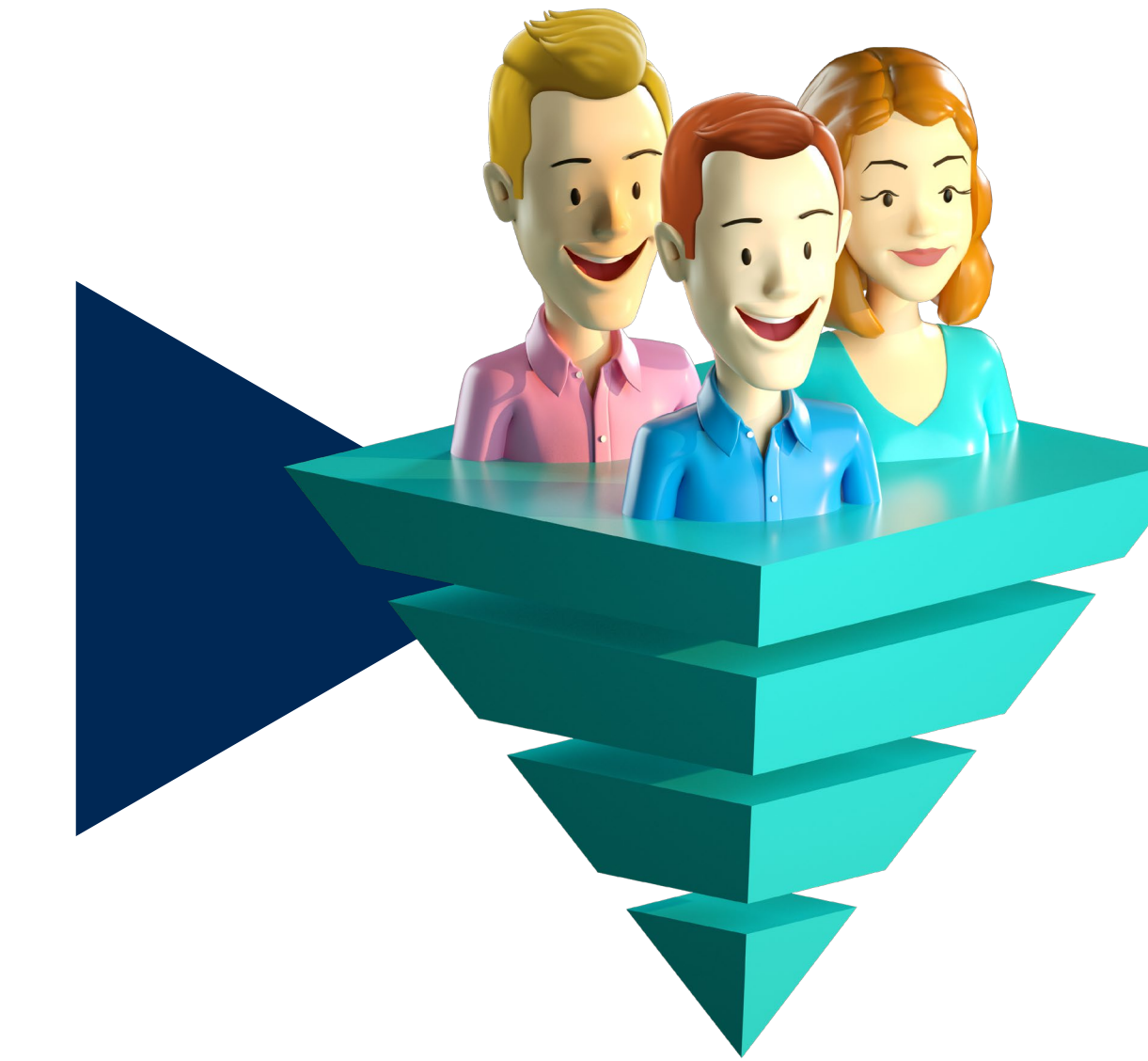
Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses and other operating income/(expense), and income/(expense) from investing activities, but excludes depreciation, amortization and impairment expenses, financial income/(expenses) presented in other operating income/(expenses) (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).

Türk Telekom Highlights



**Leading
COMPANY IN TURKEY**

Offering
**Integrated telecom
services**



Serving

48.7mn
Subscribers

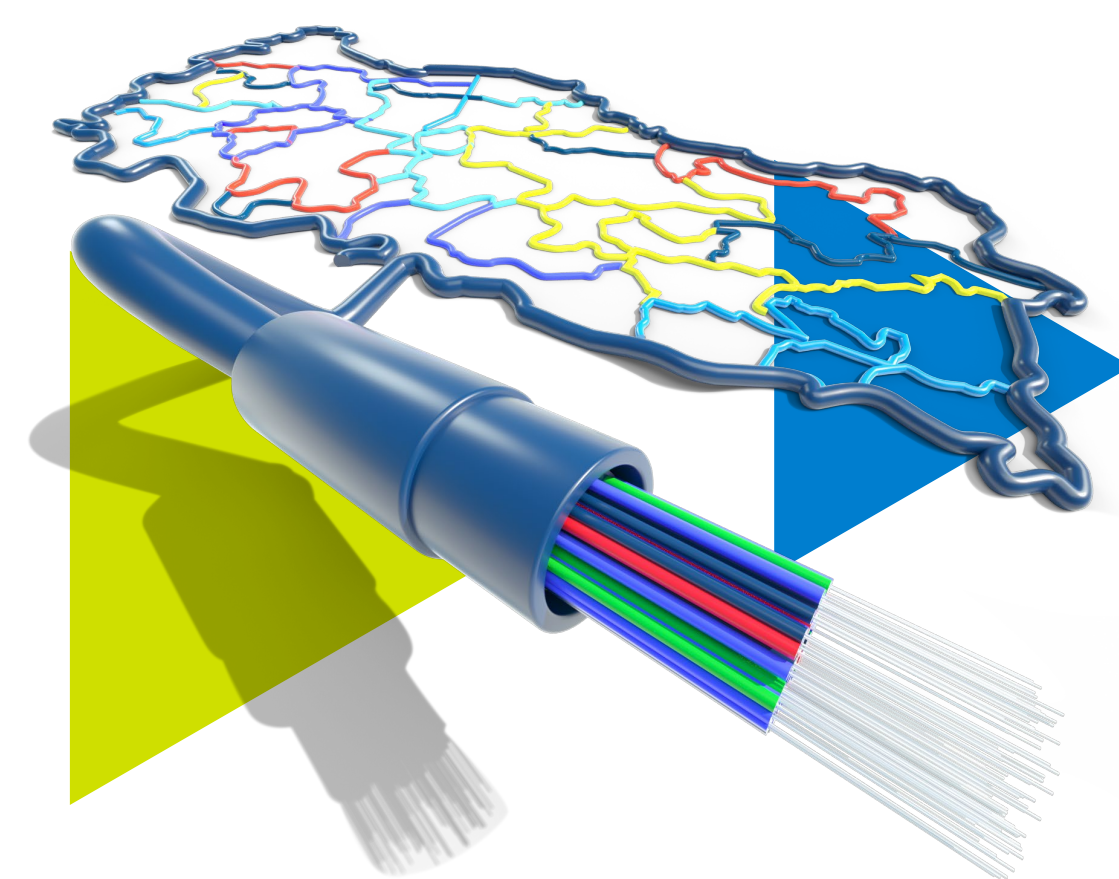


93%
LTE

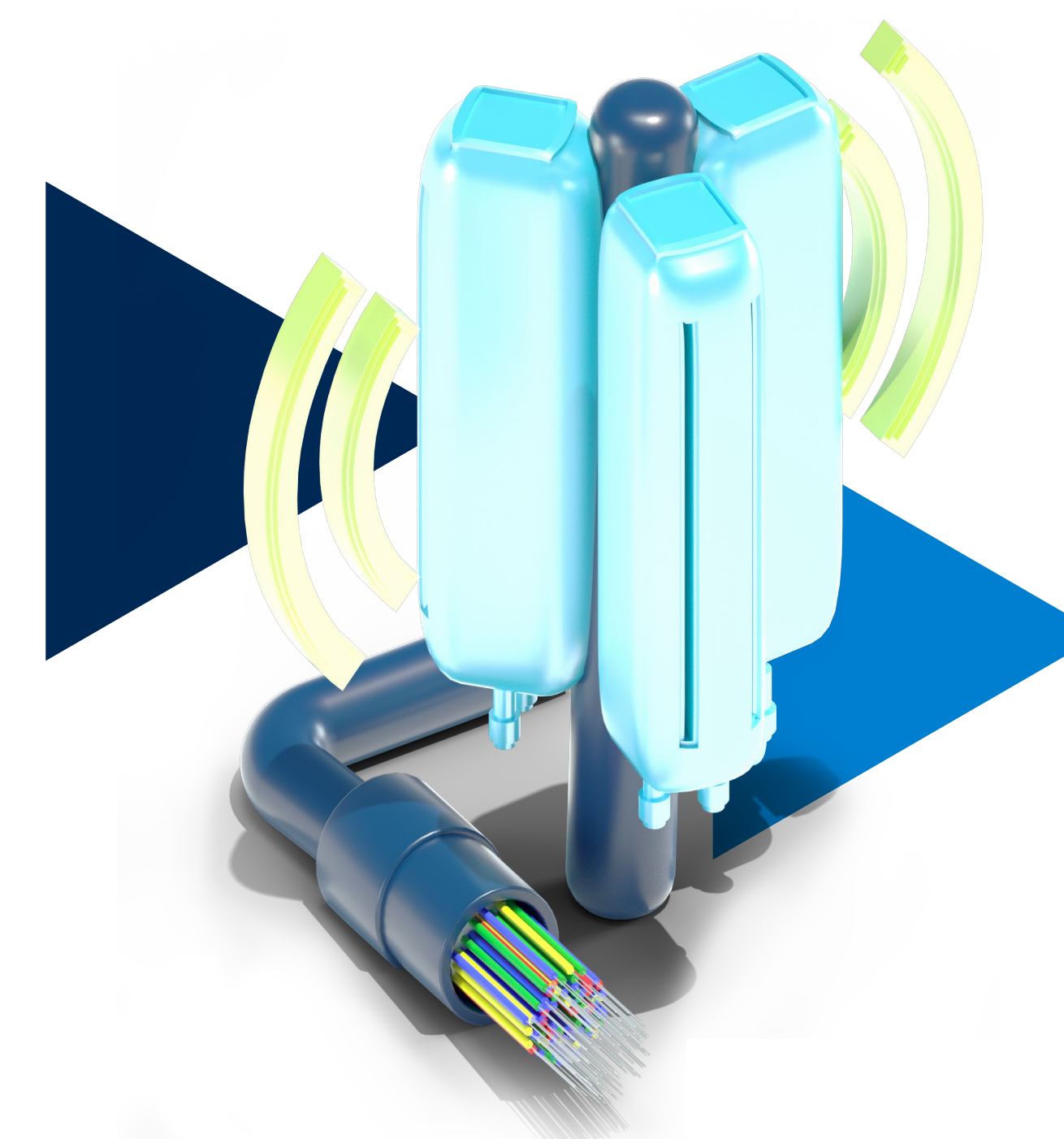
Population Coverage



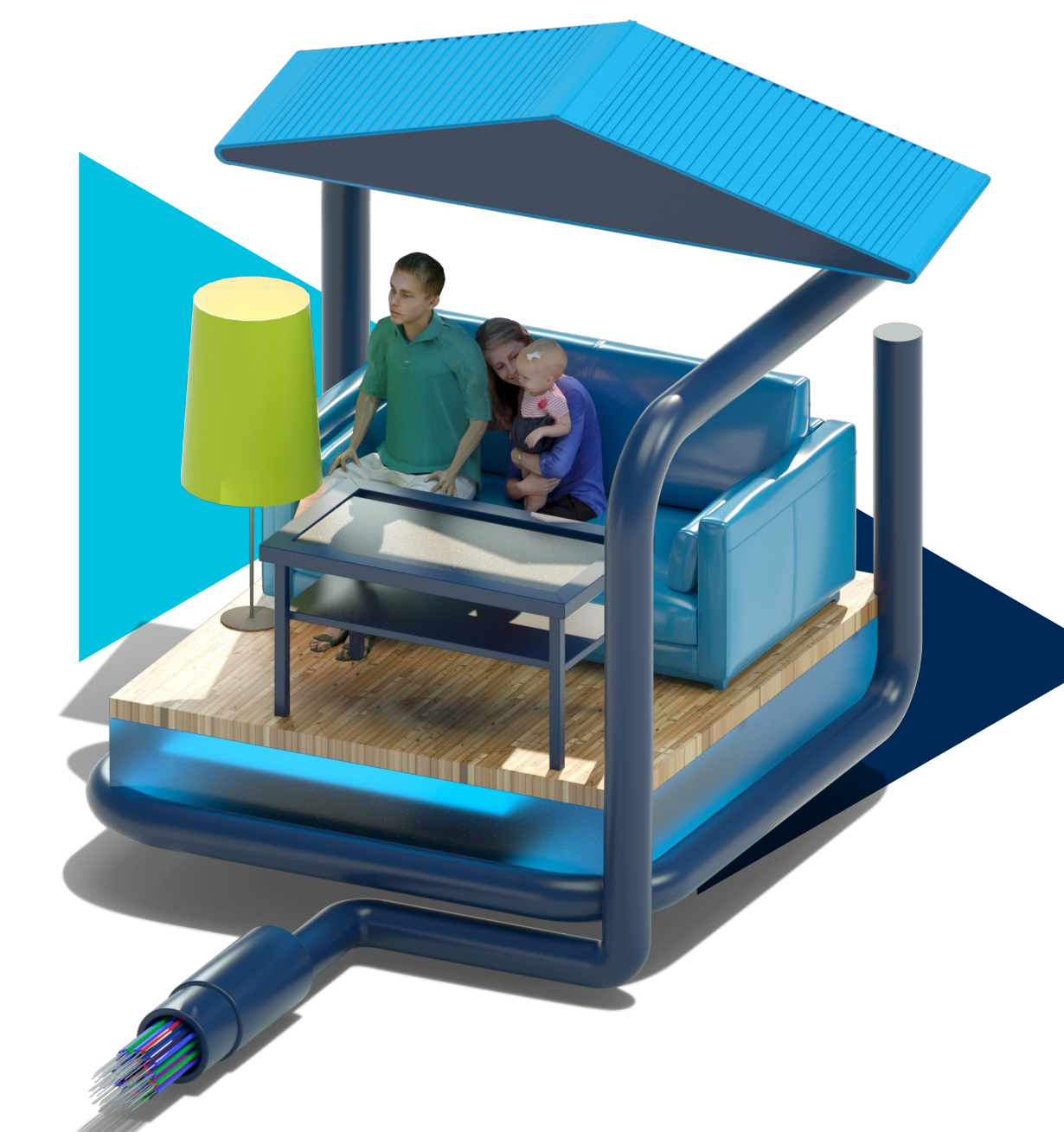
2nd **player**
in TV market



314k km
fiber network in
81 cities



~45%
fiber connected
LTE Base Stations



23.8mn
Fiber Homepass*

*Homepass includes FTTC & FTTH/B

Strategy

GROWTH

EFFICIENCY

CORE TELCO OPERATIONS

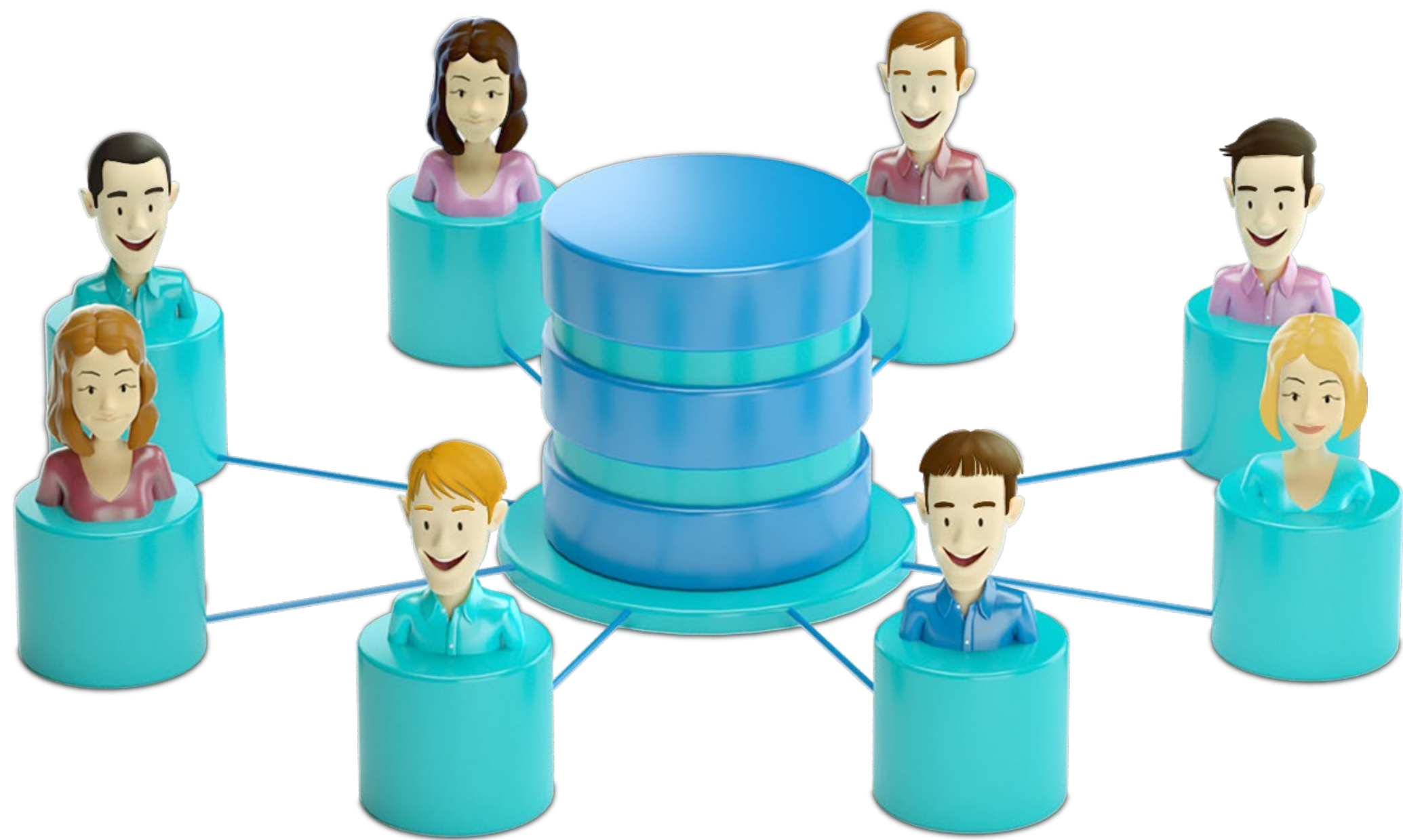
- ▶ Increase the number of access lines and strengthen the footprint at households
- ▶ Strengthen the preferred fixed and mobile infrastructure provider position in wholesale operations
- ▶ Achieve a fair market share in the mobile market
- ▶ Increase corporate service revenue growth by increasing segment penetration
- ▶ Improve in operational expenses with strict cost control
- ▶ Disciplined capex spending
- ▶ Ensure the organizational transformation
- ▶ Provide a competitive customer experience

NON-CORE TELCO OPERATIONS

- ▶ Capture a share in new revenue areas for sustainable growth
- ▶ Create value from opportunistic ventures on top of core
- ▶ Create value via subsidiaries
- ▶ Change business models and processes with internal digitalization
- ▶ Be prepared for the technological transformation- 5G readiness

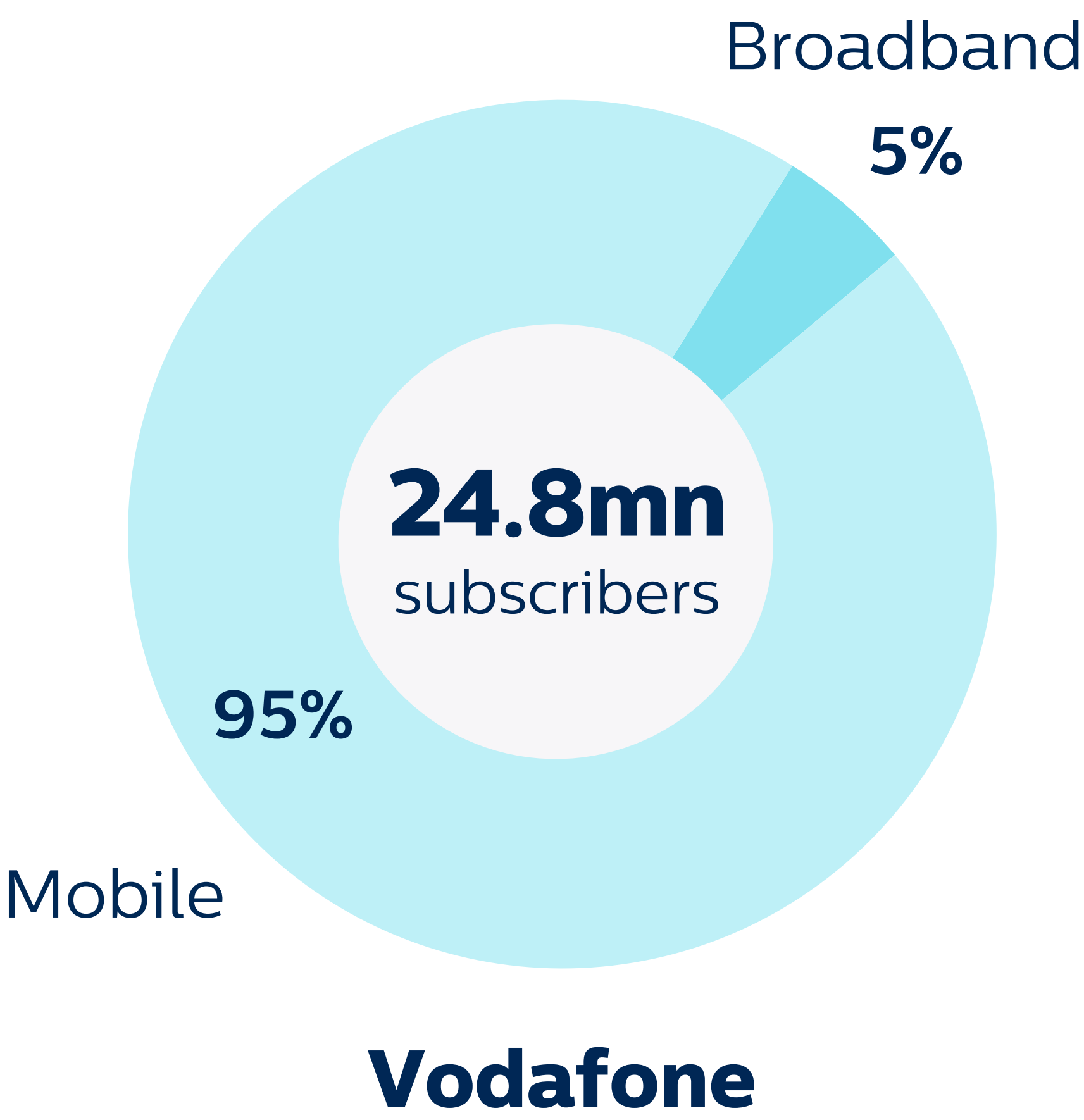
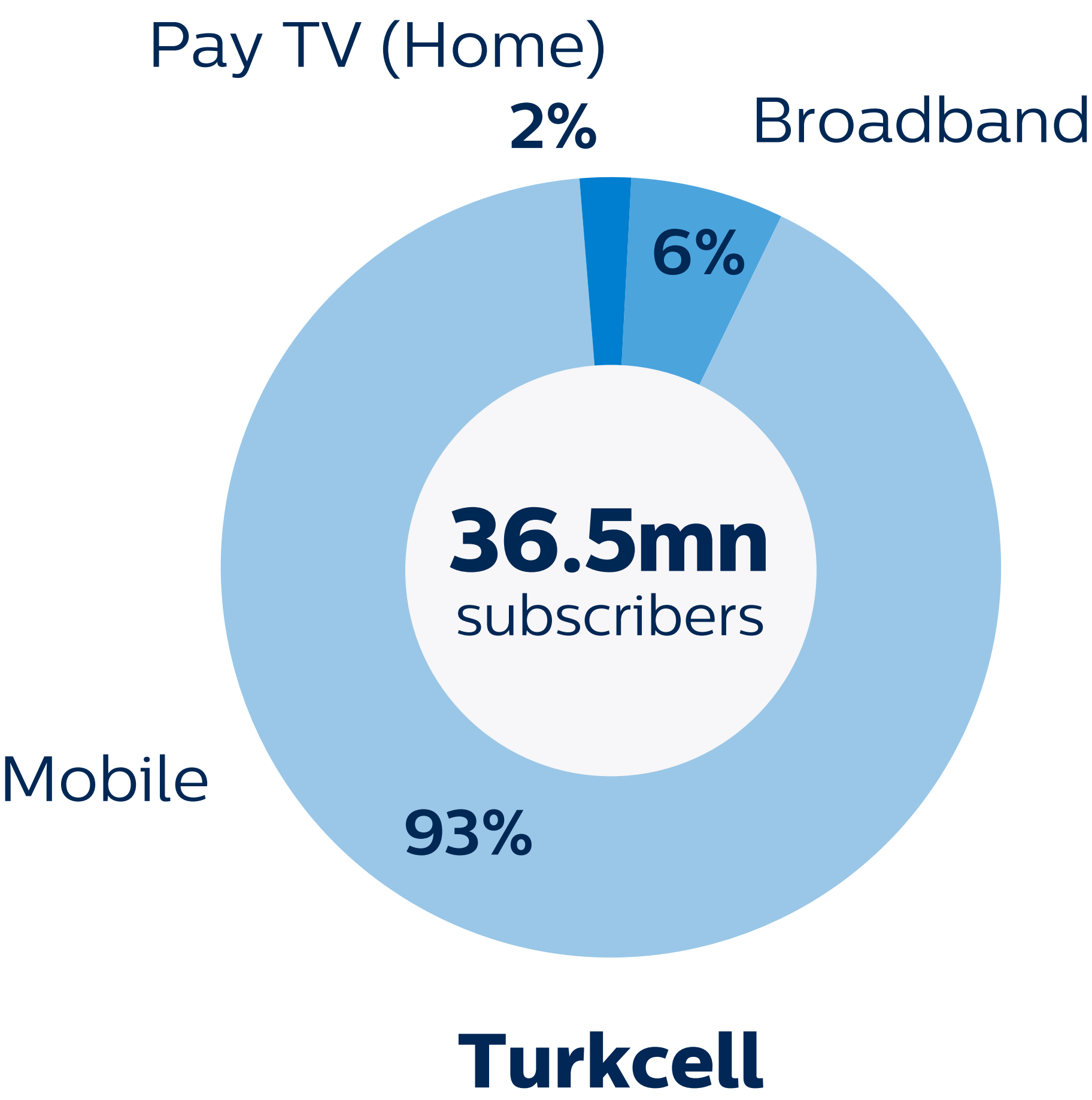
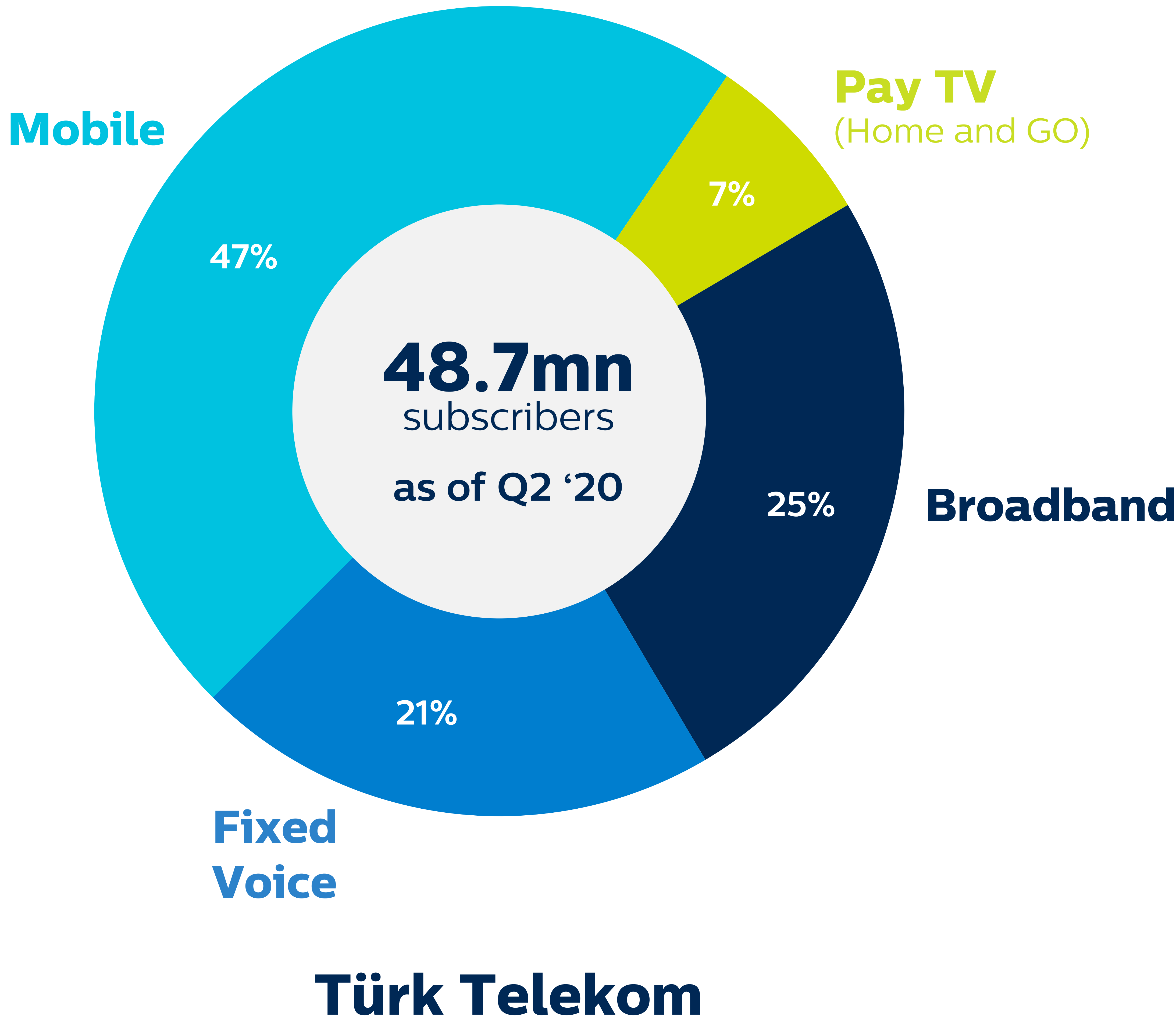
Strongest Position in Multiplay Offers

81% of customers consented for sharing of their info among our group companies



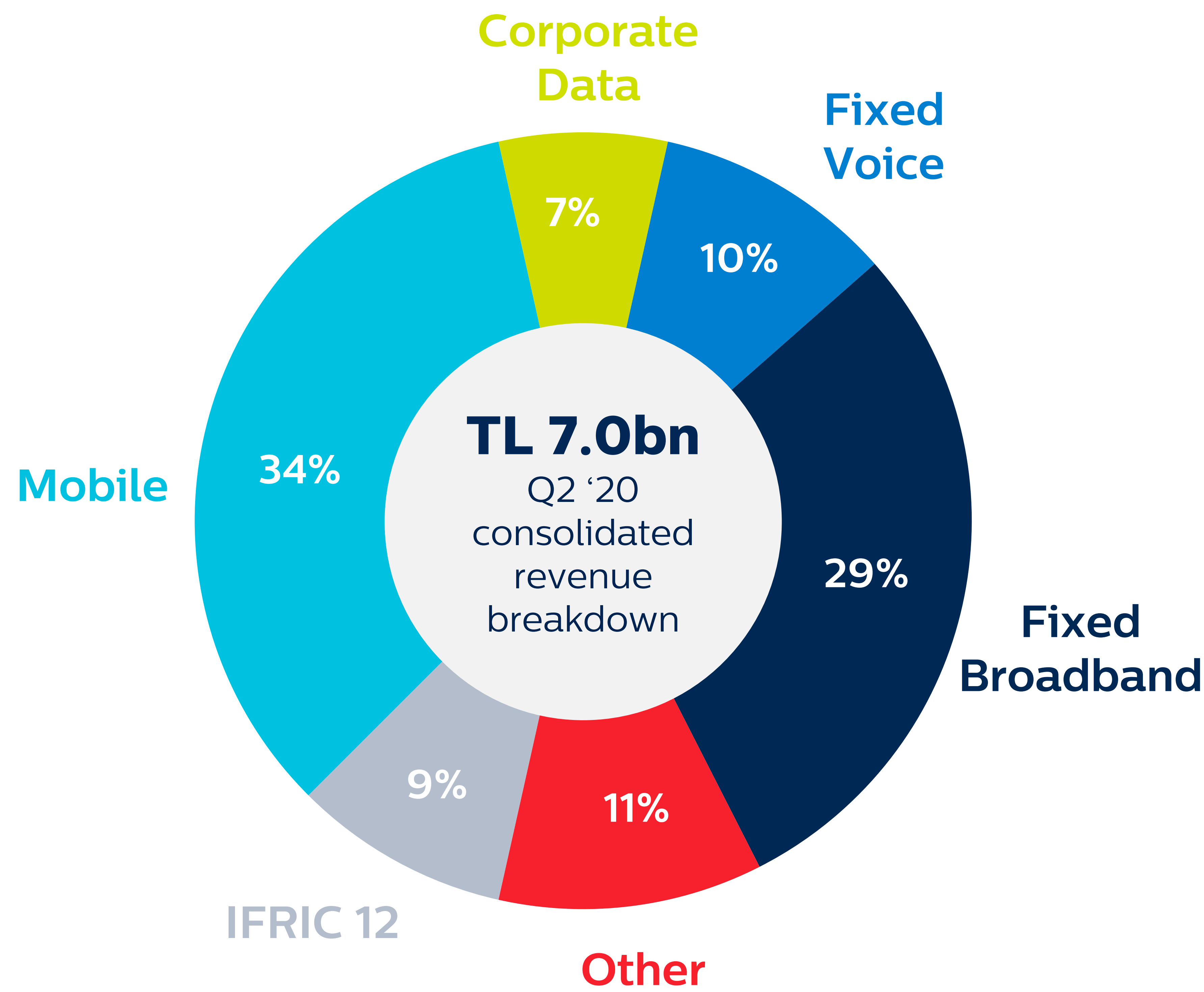
2.1ppt YoY increase in multi product ownership to **62%***

*Among constant customer sub-universe that provided consent last year

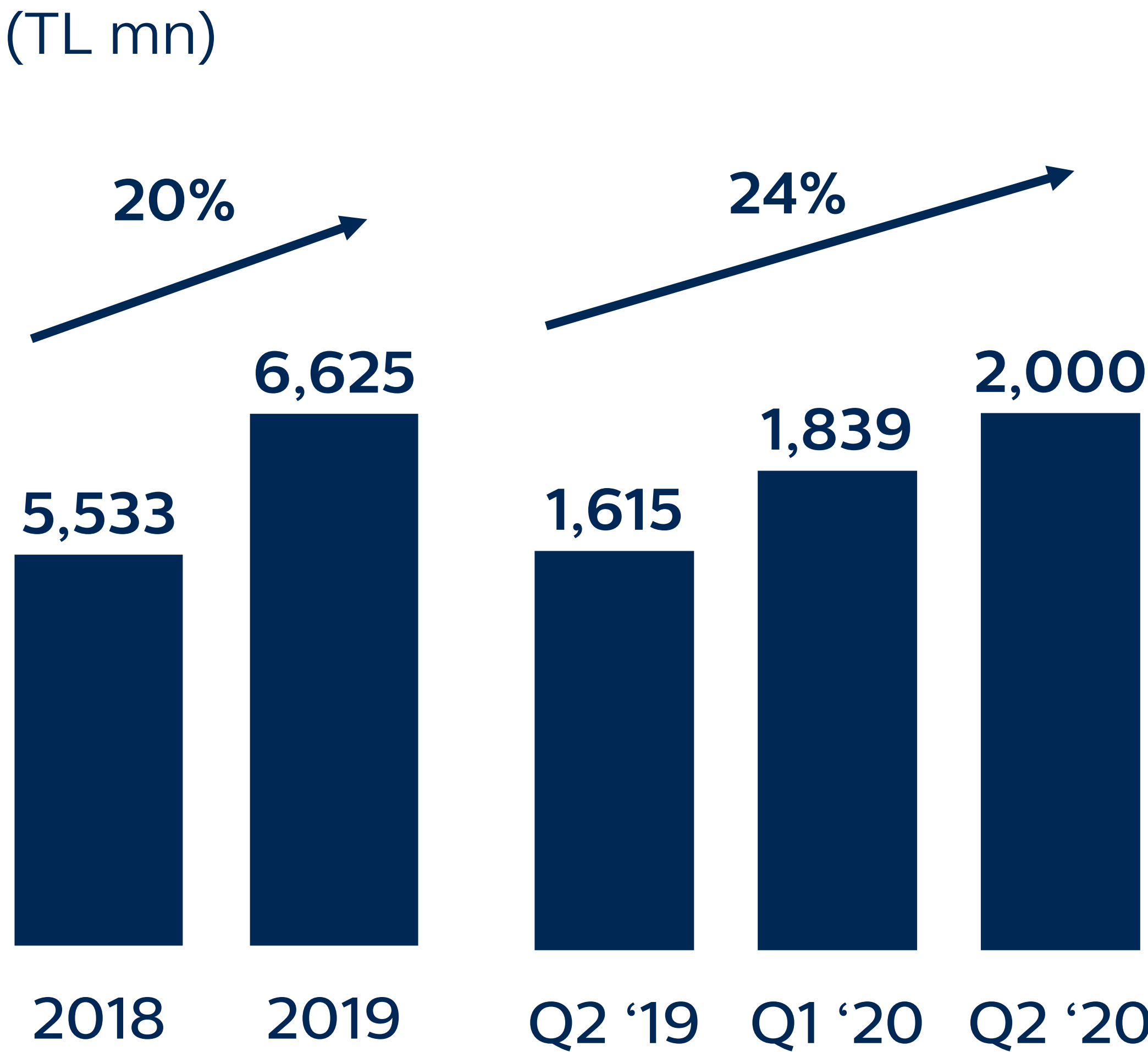


Turkcell and Vodafone data are from their own publications as of Q2'20.

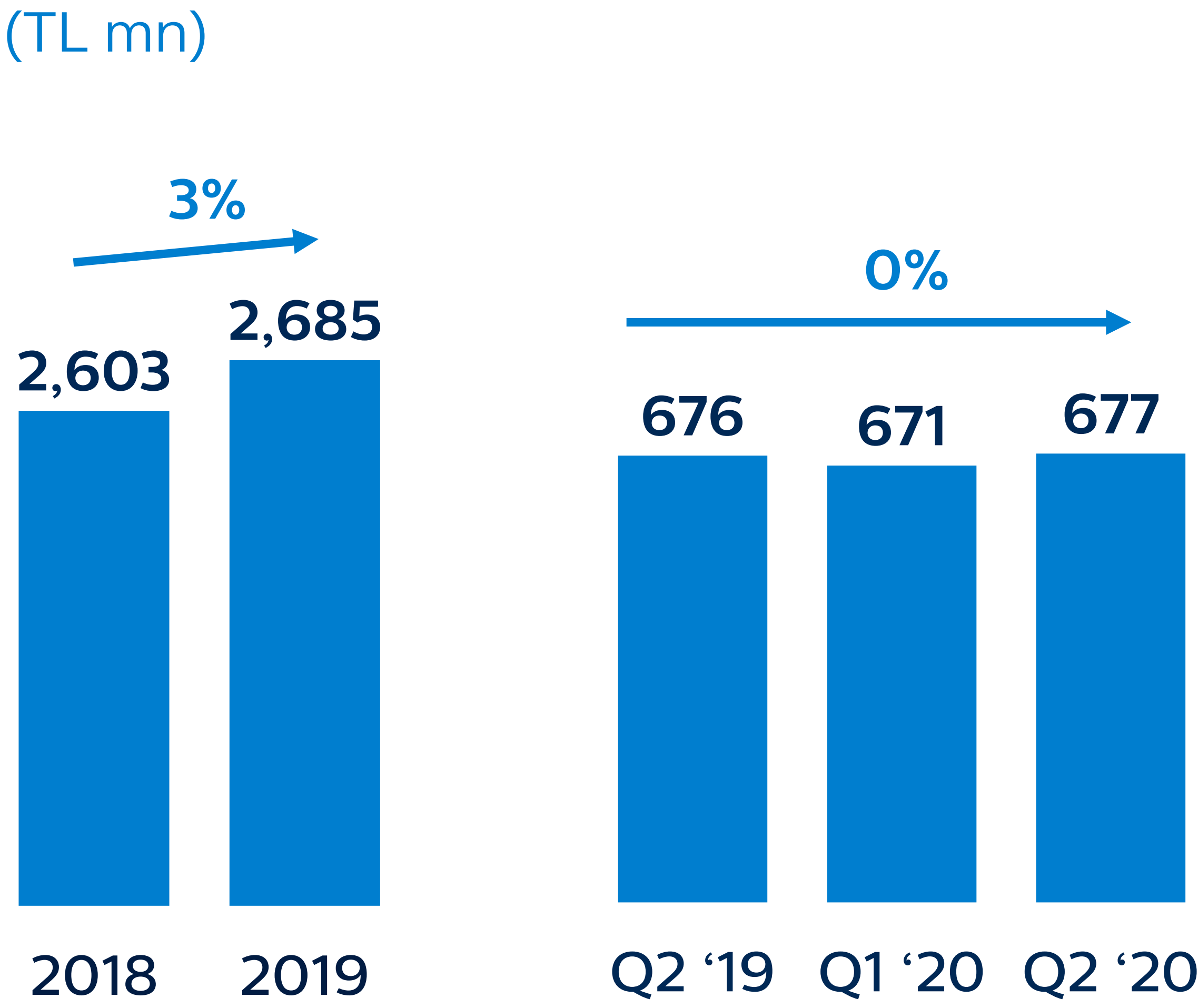
Focused on High Growth Areas



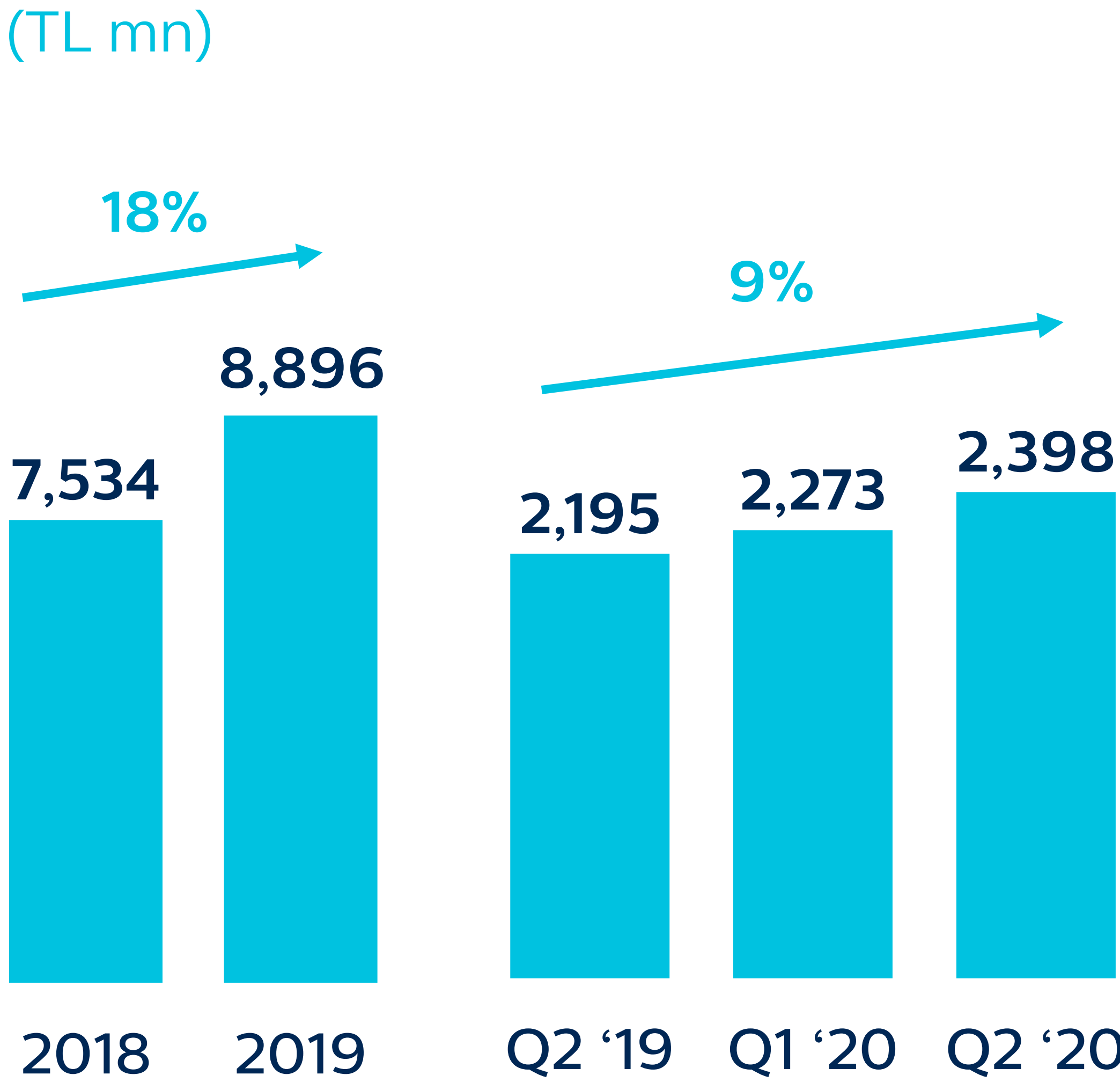
Fixed Broadband



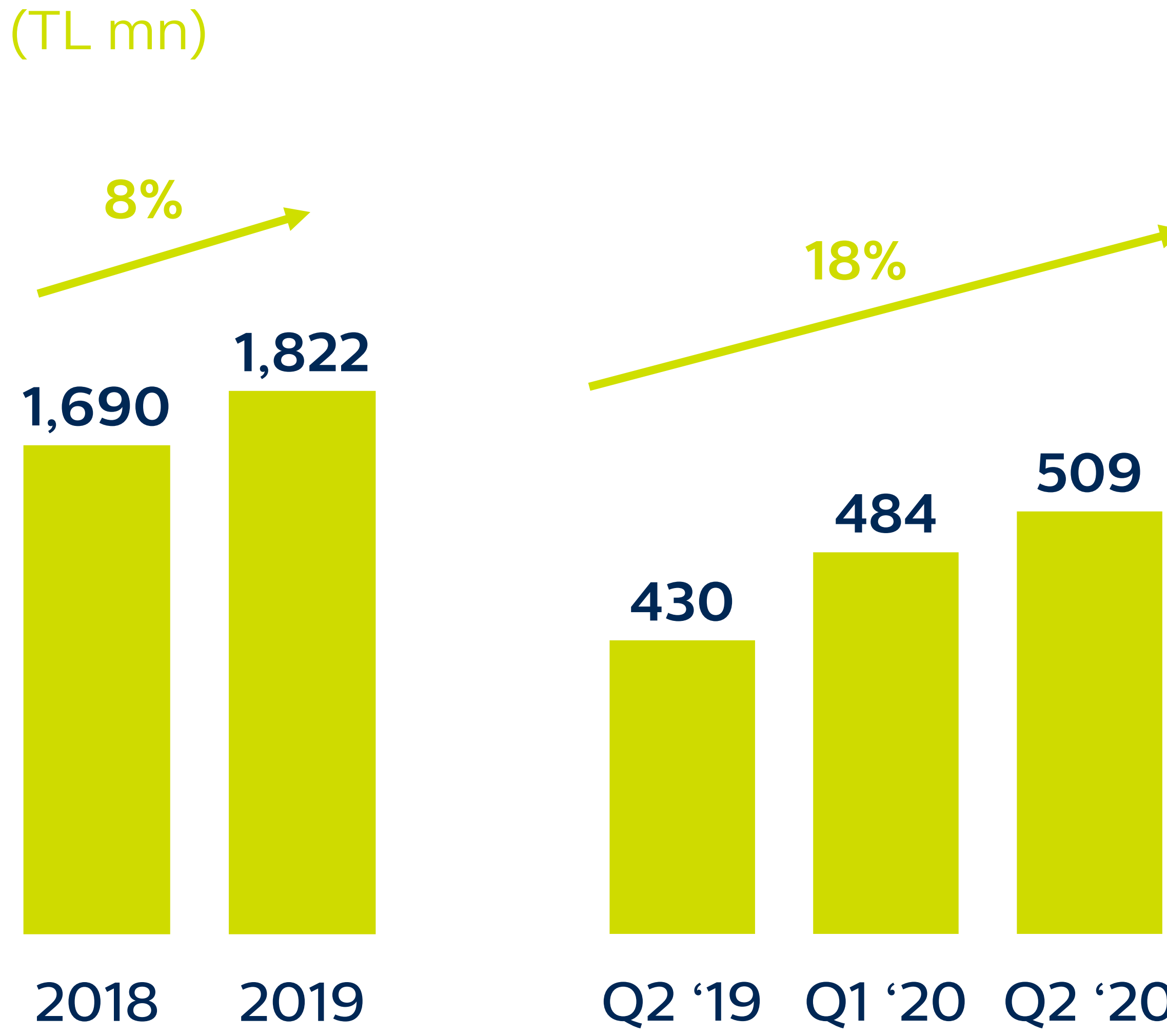
Fixed Voice



Mobile

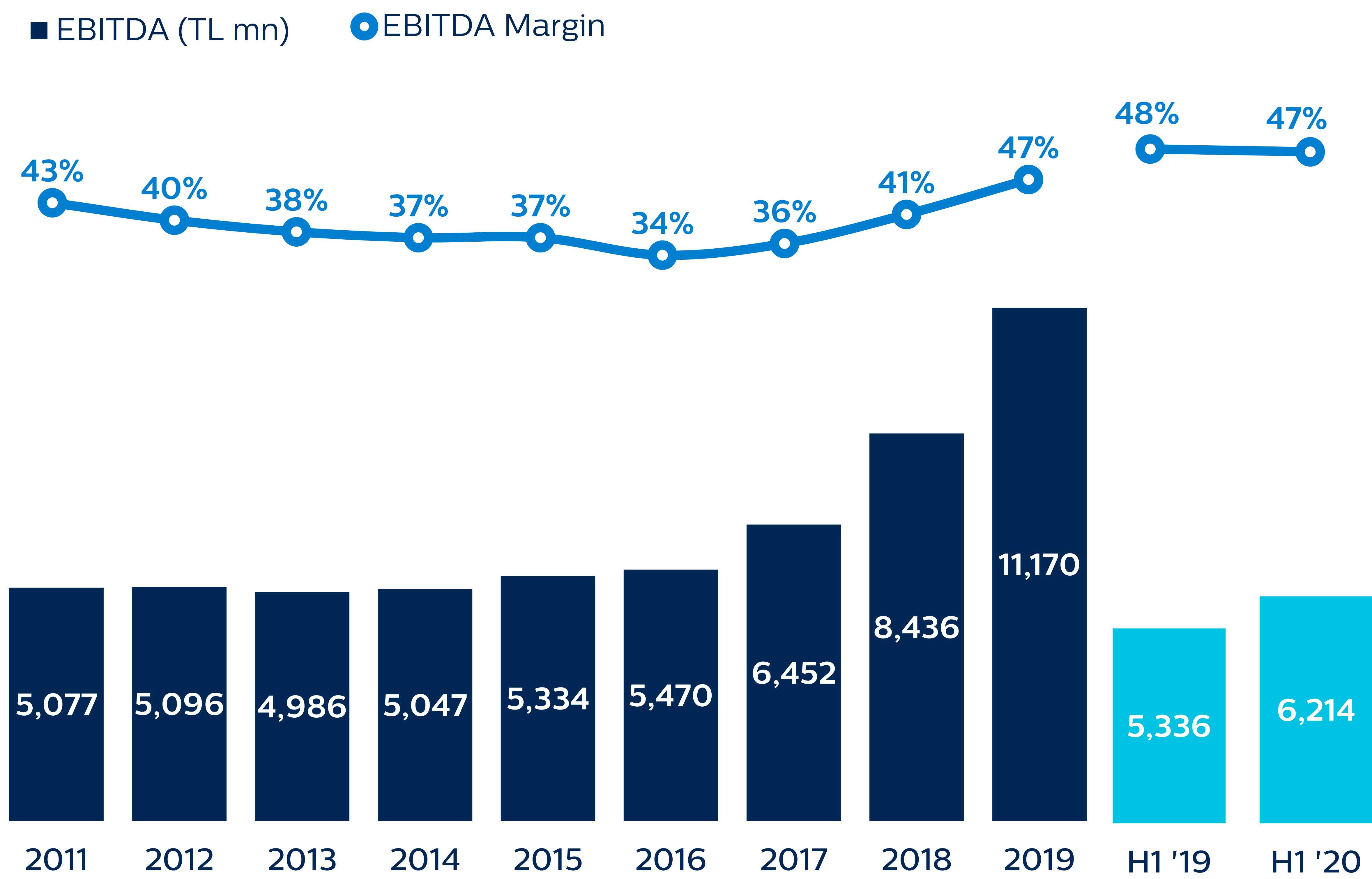


Corporate Data



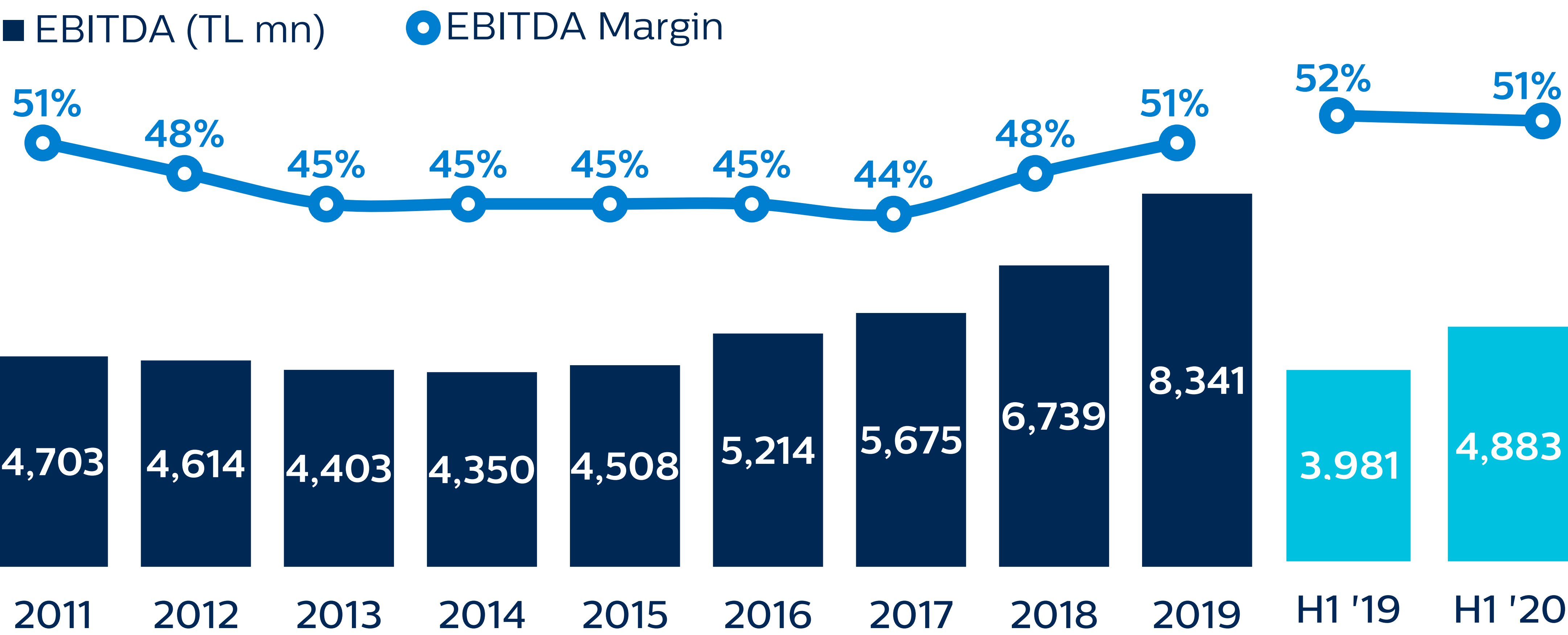
Turnaround in EBITDA Margin

Consolidated

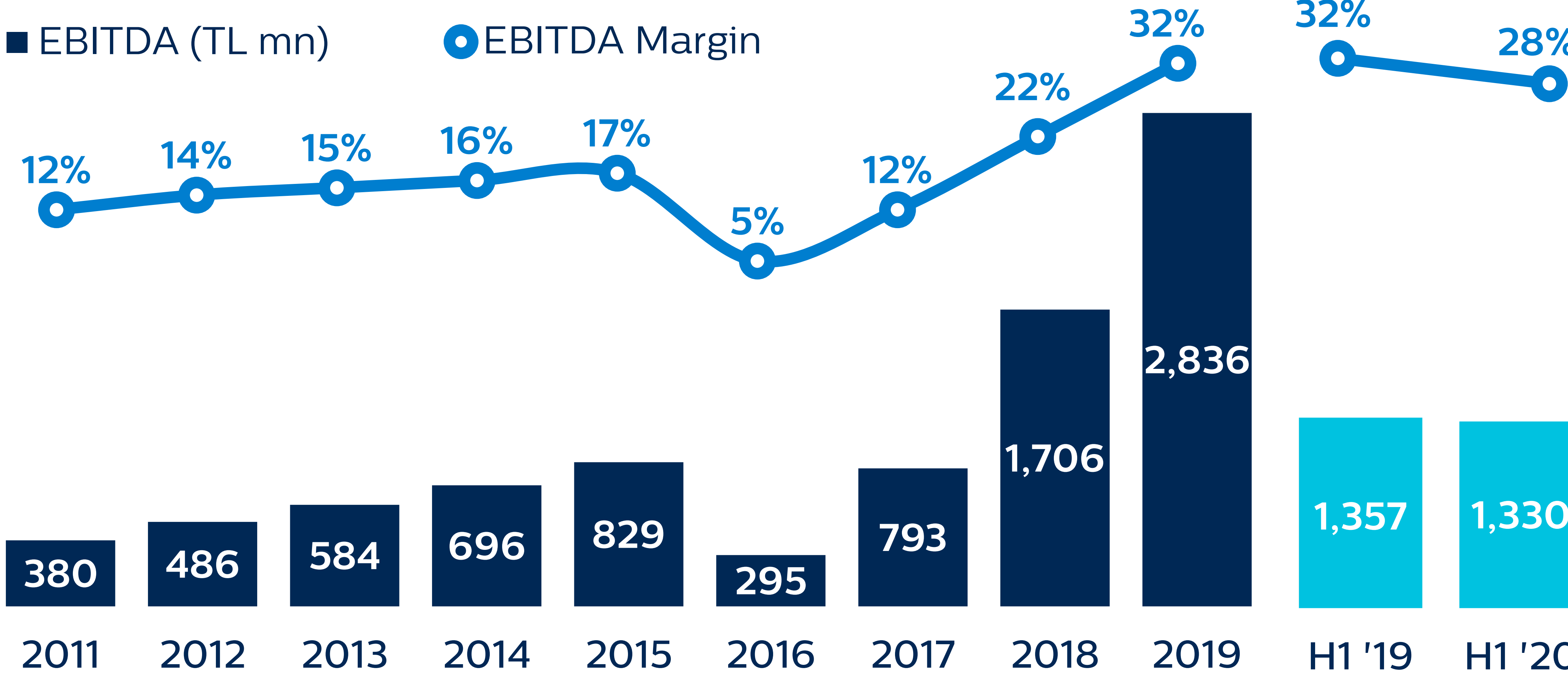


Türk Telekom adopted IFRS 15 and IFRS 16 accounting standards starting from 1 January 2018 and 1 January 2019, respectively. For further details please refer to “Financial Footnotes” & ”Summary Financial and Operational xls” on our web site.

Fixed Segment

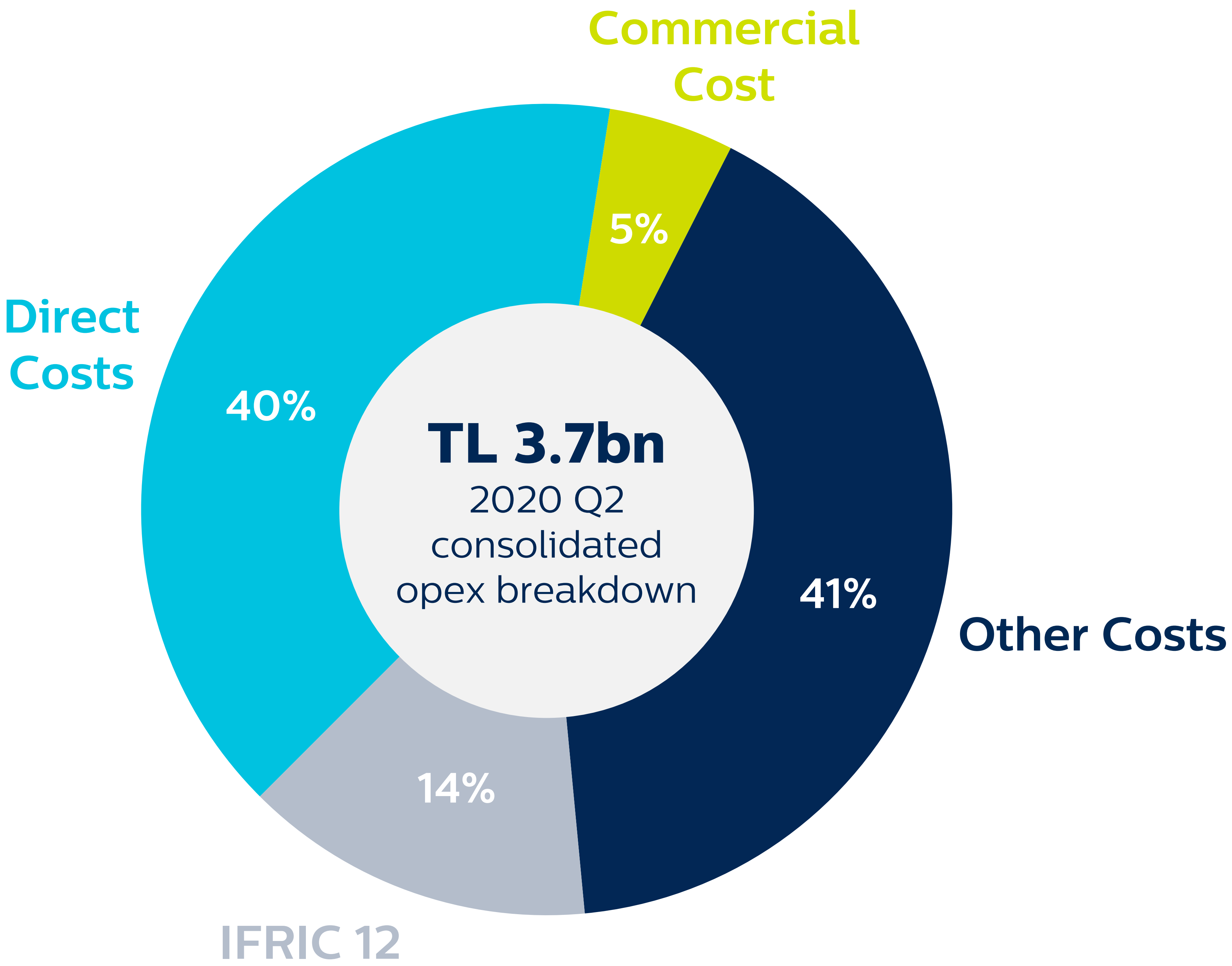


Mobile Segment



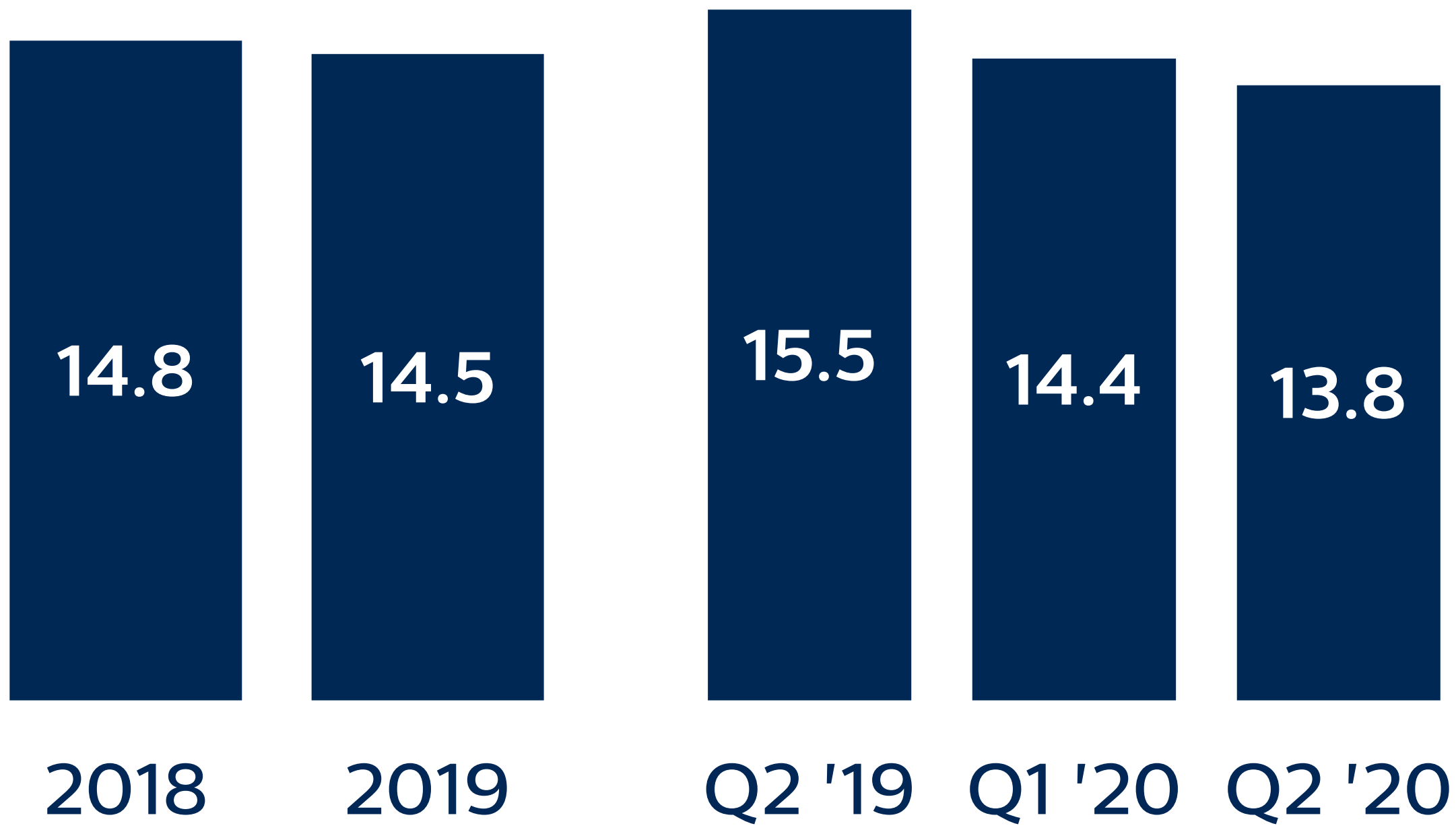
Mobile segmet revenues includes TT Ödeme ve Elektronik Para Hizmetleri A.Ş.

Focus on Efficiency



Türk Telekom adopted IFRS 15 and IFRS 16 accounting standards starting from 1 January 2018 and 1 January 2019, respectively. For further details please refer to “Financial Footnotes” & ”Summary Financial and Operational xls” on our web site.

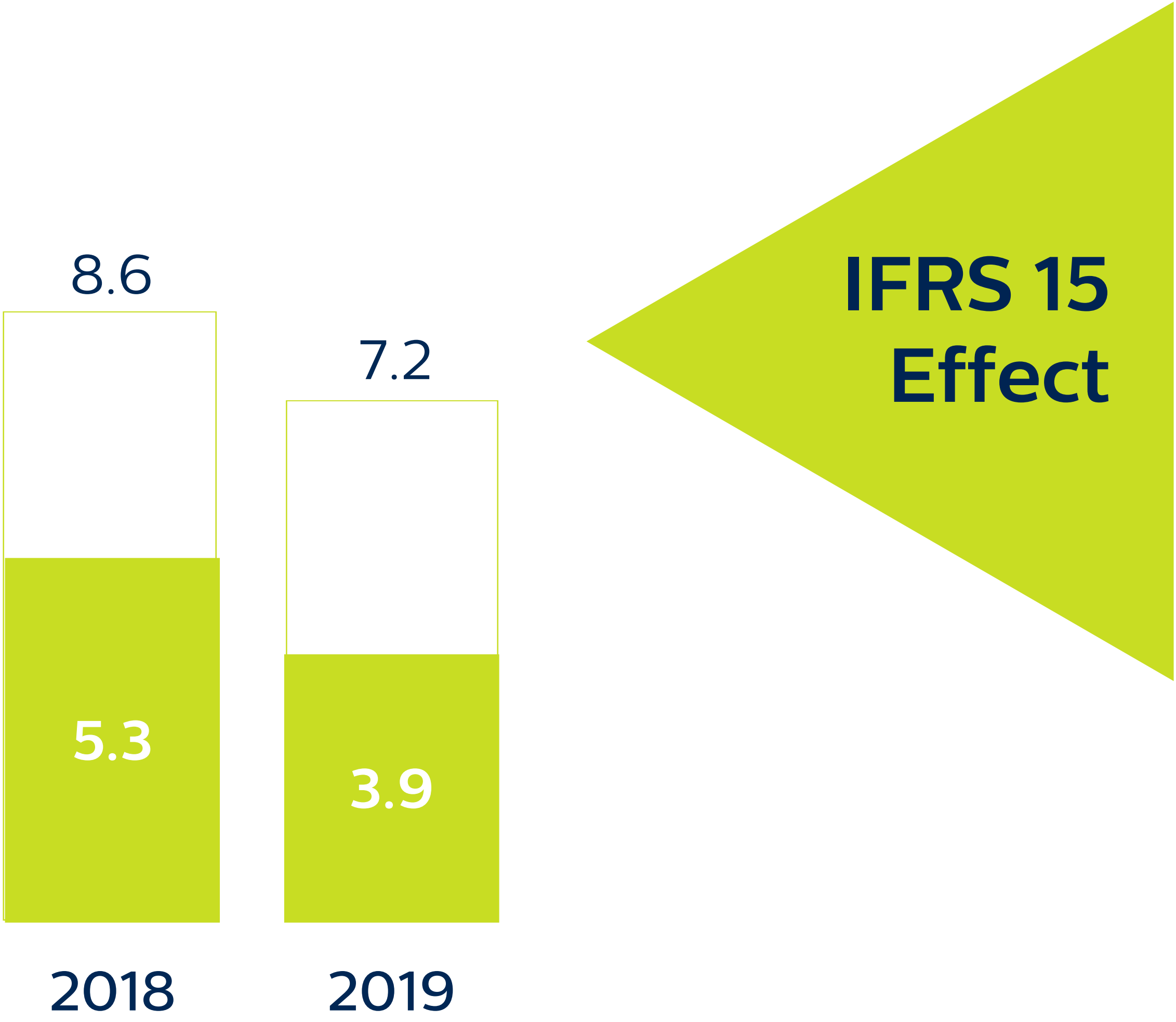
Personnel Expense to Sales (%)



Provision for Doubtful Receivables to Sales (%)



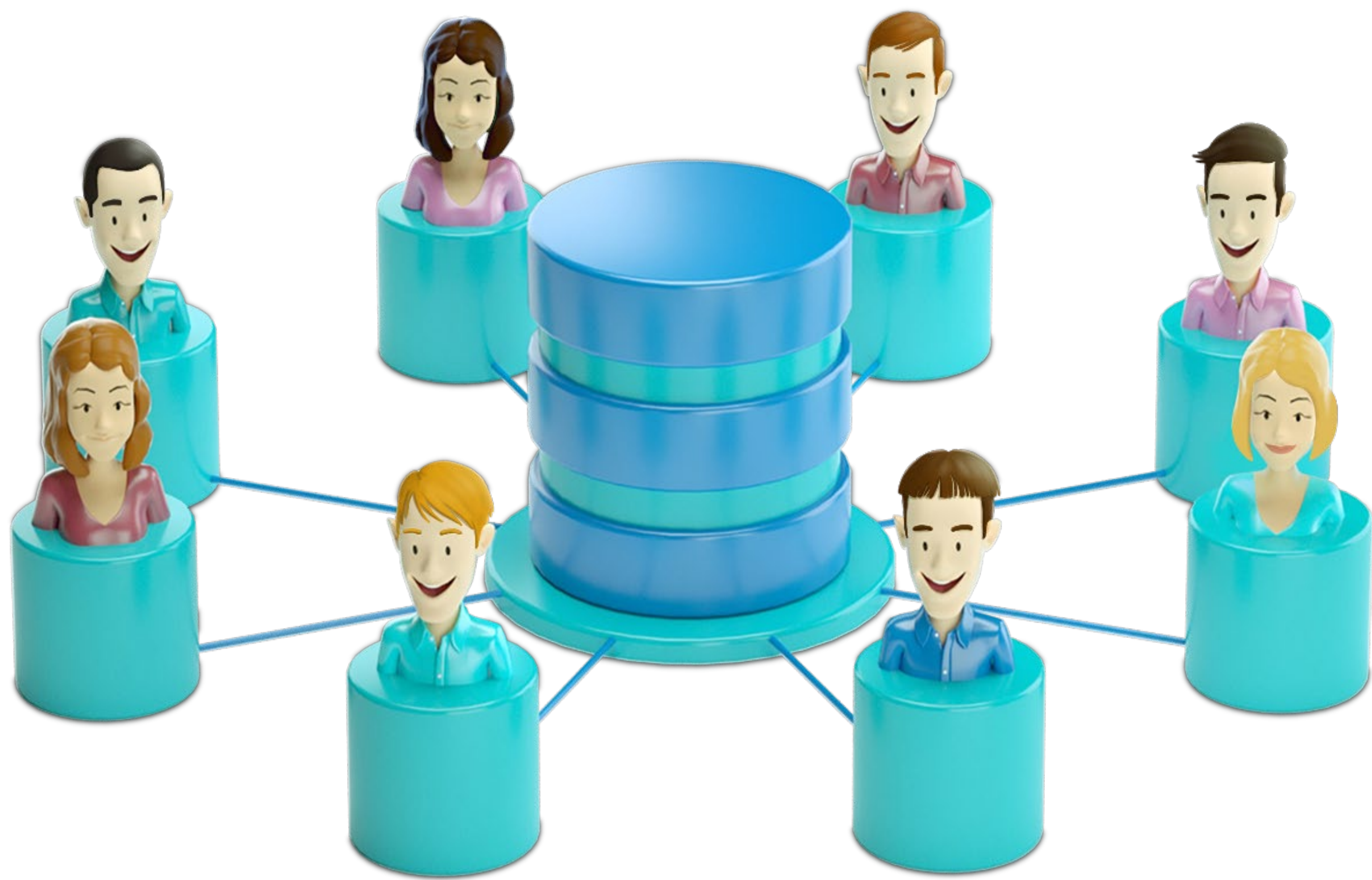
Commercial Cost to Sales (%)



Net Subscriber Additions

48.7mn

Total number of subscribers

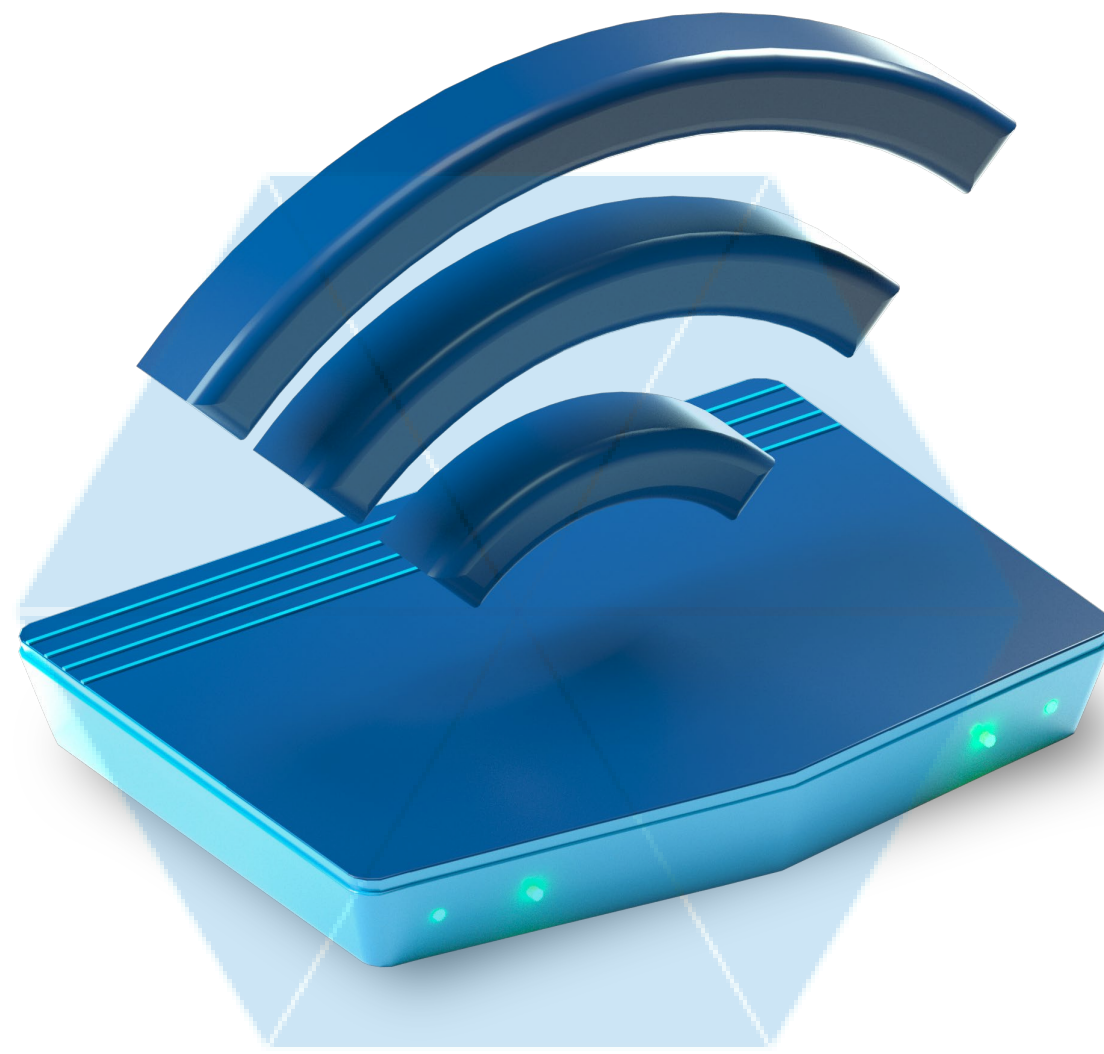


**315k
in Q2 '20**

**Net
additions***

**1.6mn
in LTM**

Q2 Highlights



Broadband

**595k
Q2 '20**

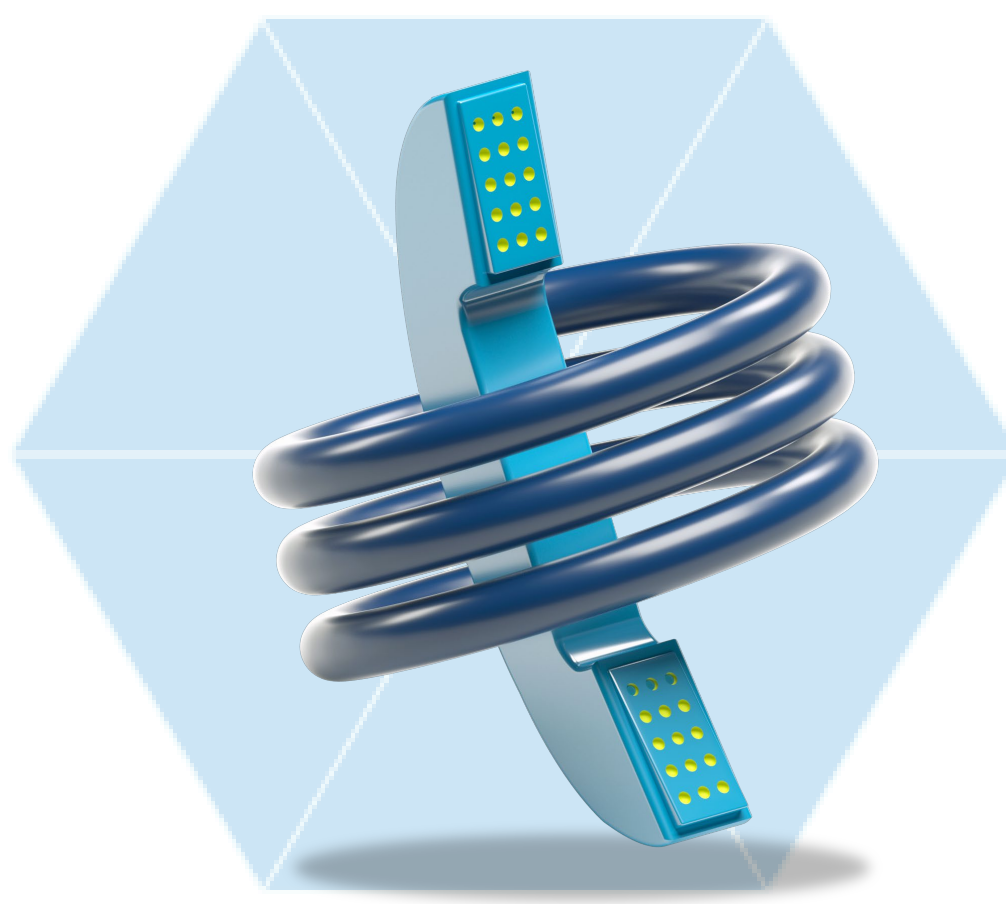
**1.1mn
LTM**



Mobile

**-380k
Q2 '20**

**452k
LTM**



Fixed Voice

**230k
Q2 '20**

**433k
LTM**

*Includes Tivibu

Financial Performance

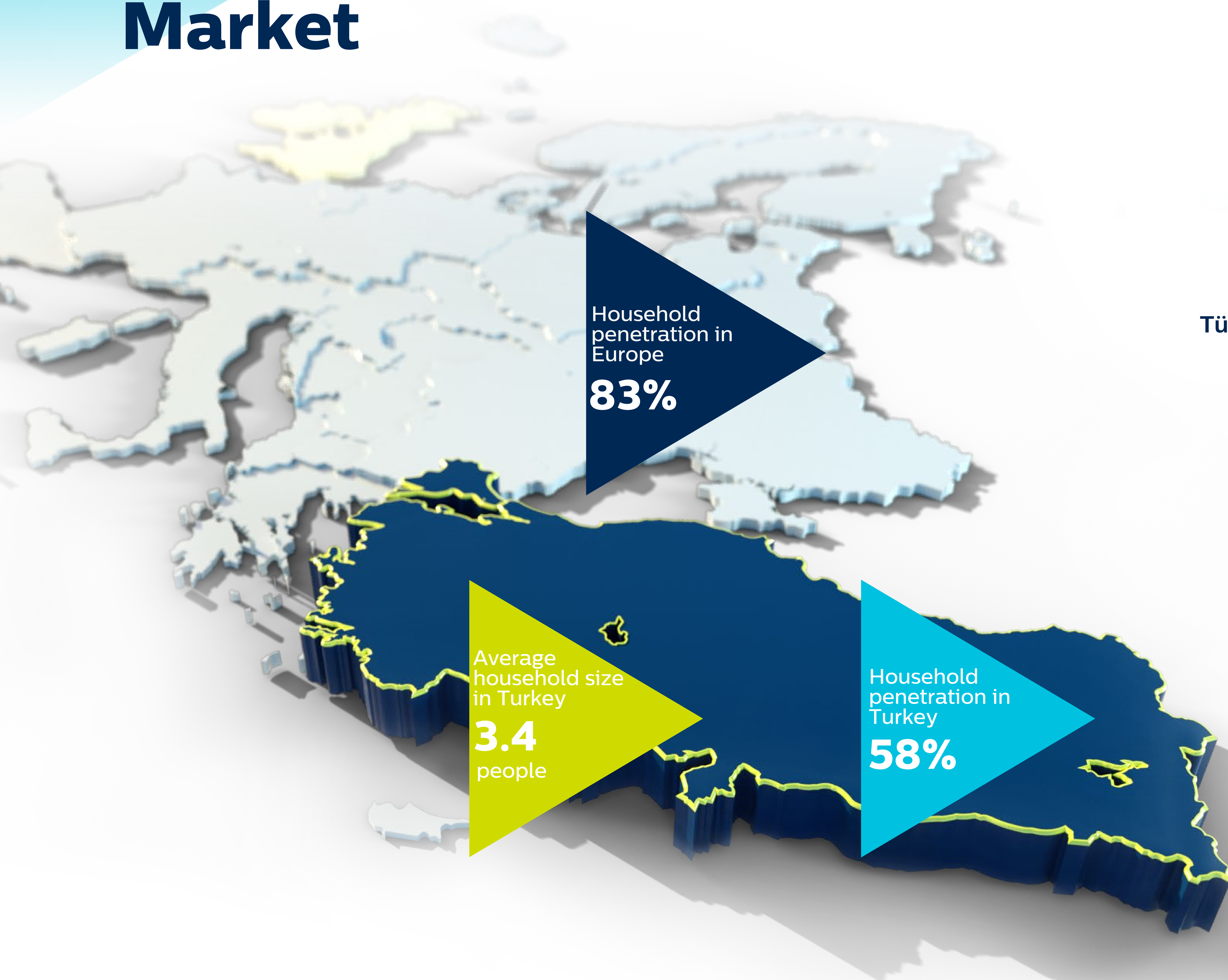
(TL mn)	Q2 '19	Q1 '20	Q2 '20	Growth (QoQ)	Growth (YoY)
Revenue	5,760	6,303	6,969	10.6%	21.0%
Revenue (exc. IFRIC12) ¹	5,516	6,016	6,369	5.9%	15.5%
EBITDA	2,681	2,977	3,237	8.7%	20.7%
EBITDA Margin	46.5%	47.2%	46.4%		
Operating Profit	1,510	1,704	1,934	13.5%	28.1%
Profit Before Tax	511	834	1,231	47.6%	140.7%
Net Income	435	661	980	48.4%	125.5%
CAPEX	930	896	1,237	38.1%	33.1%

(1) IFRIC 12 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

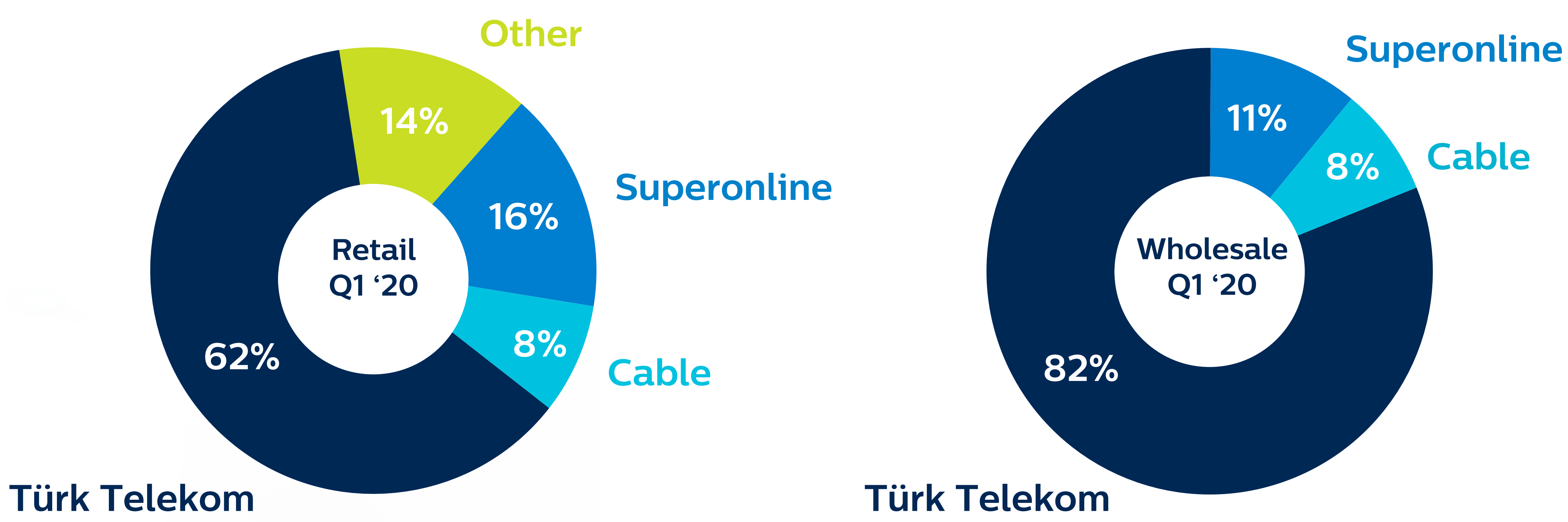


Business Lines

Fixed Broadband Market

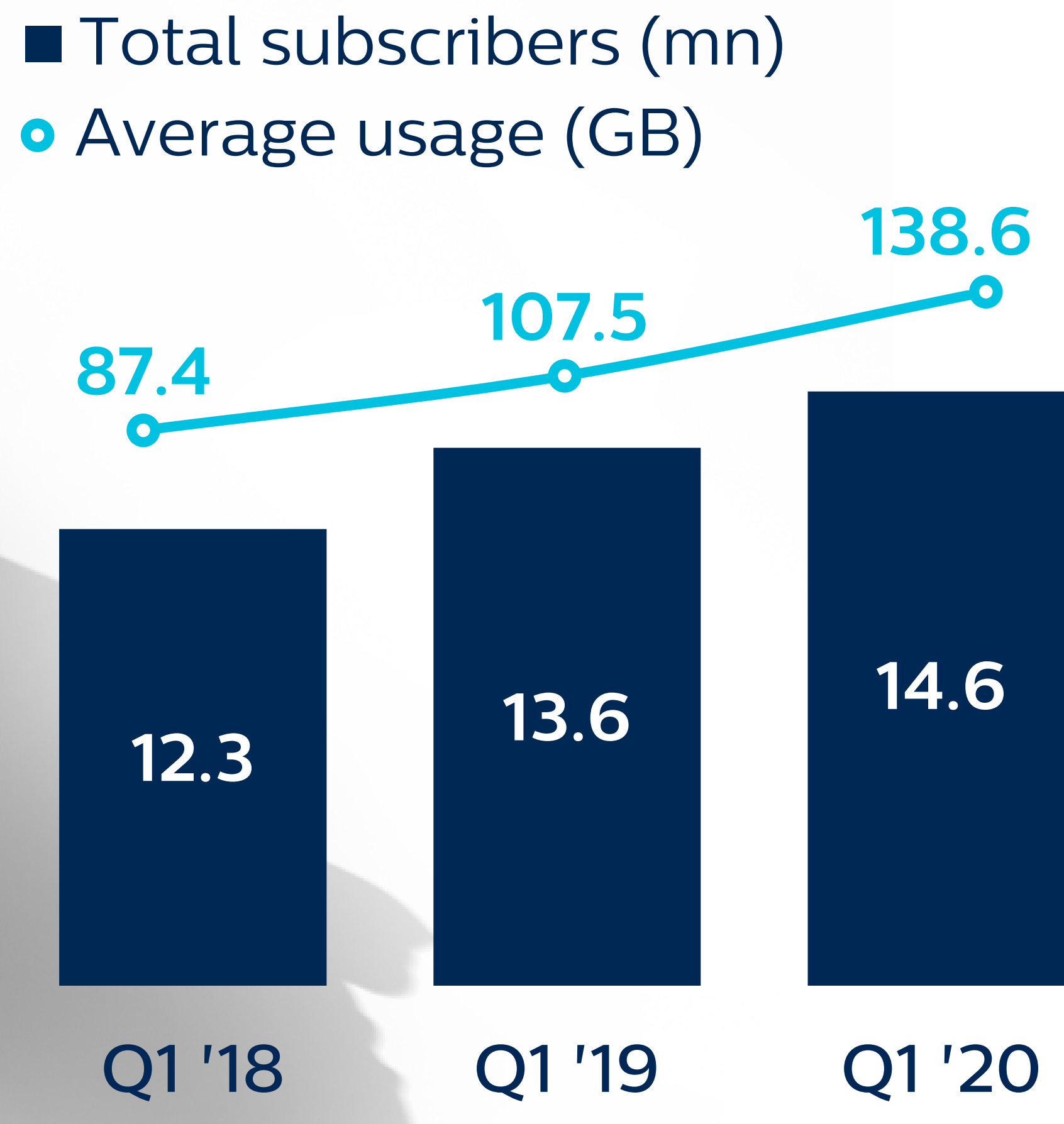


Subscriber Market Share

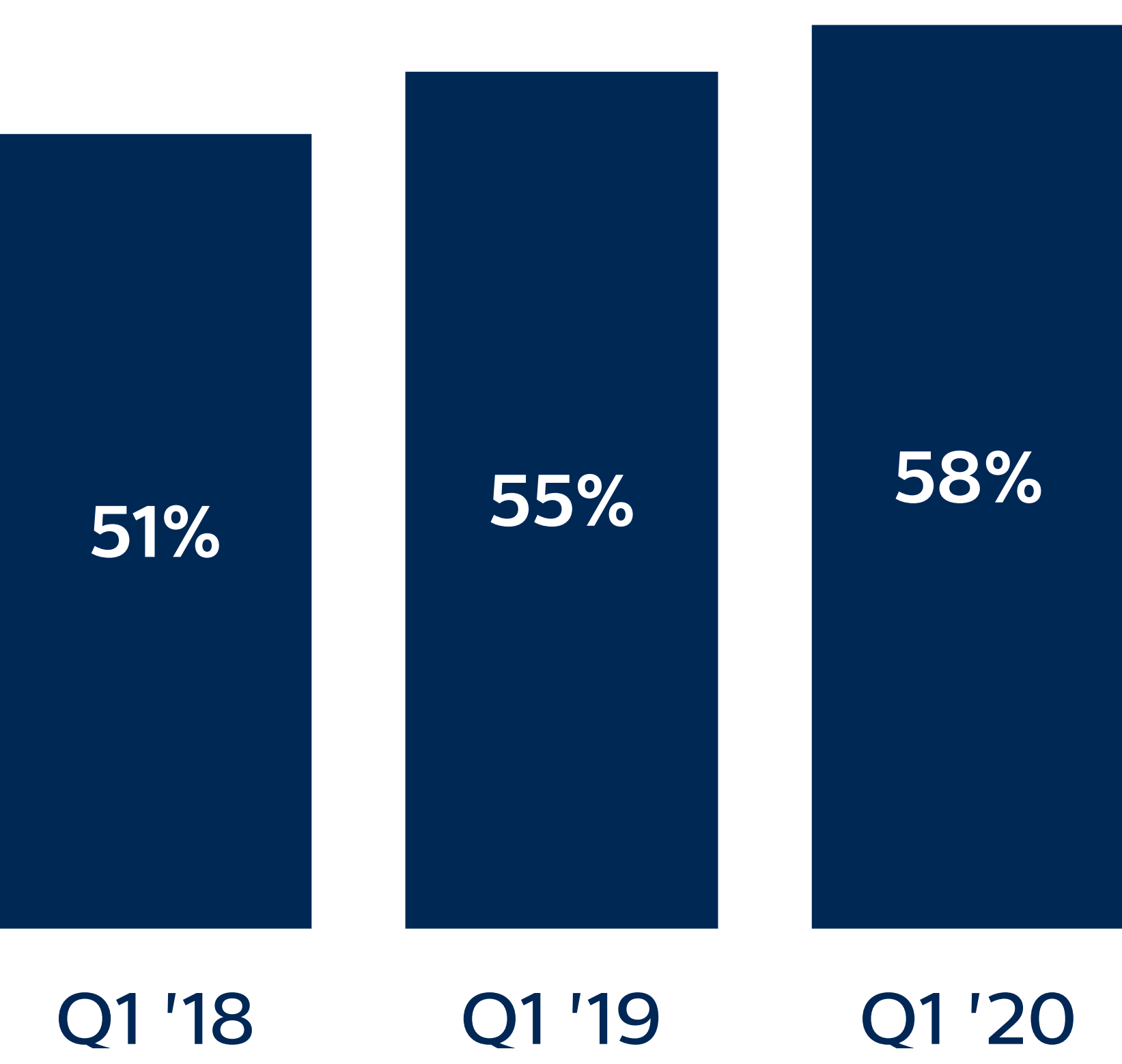


Source: Other operators' data are from ICTA. Superonline data is from its own publication as of Q1'20.

Subscribers* & Avg. Monthly Data Usage



Household Penetration

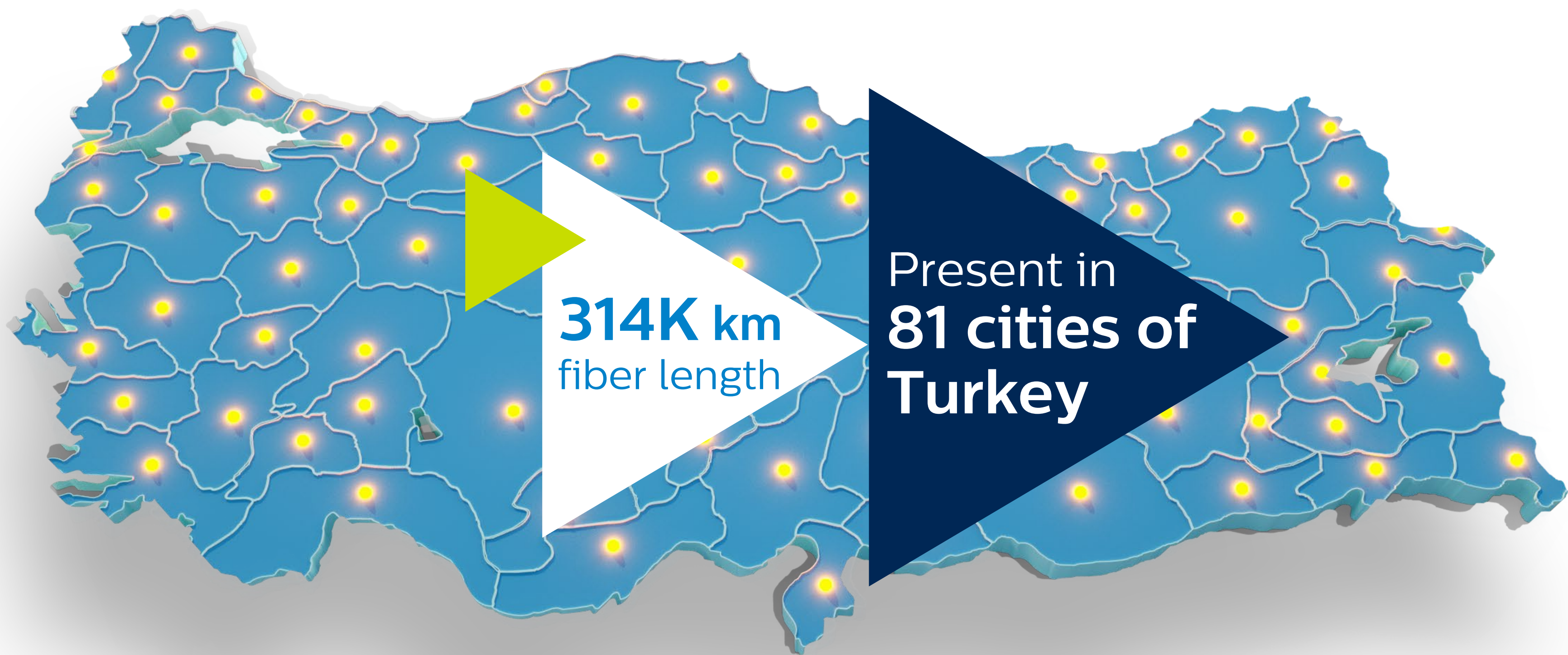


Source: Analysys Mason, Q4'19 CEE&WE Telecom Matrix, TR data is from ICTA, Q1'20 Market Report
European countries include: AT, BE, BG, HR, CZ, DK, FI, FR, DE, GR, HU, IE, IT, ME, NL, NO, PL, PT, RO, RU, RS, SK, SI, ES, SE, CH, UK, UA

*Dial-up and other methods are included.
Source: ICTA

Extensive Fiber Network

Türk Telekom Fiber Network



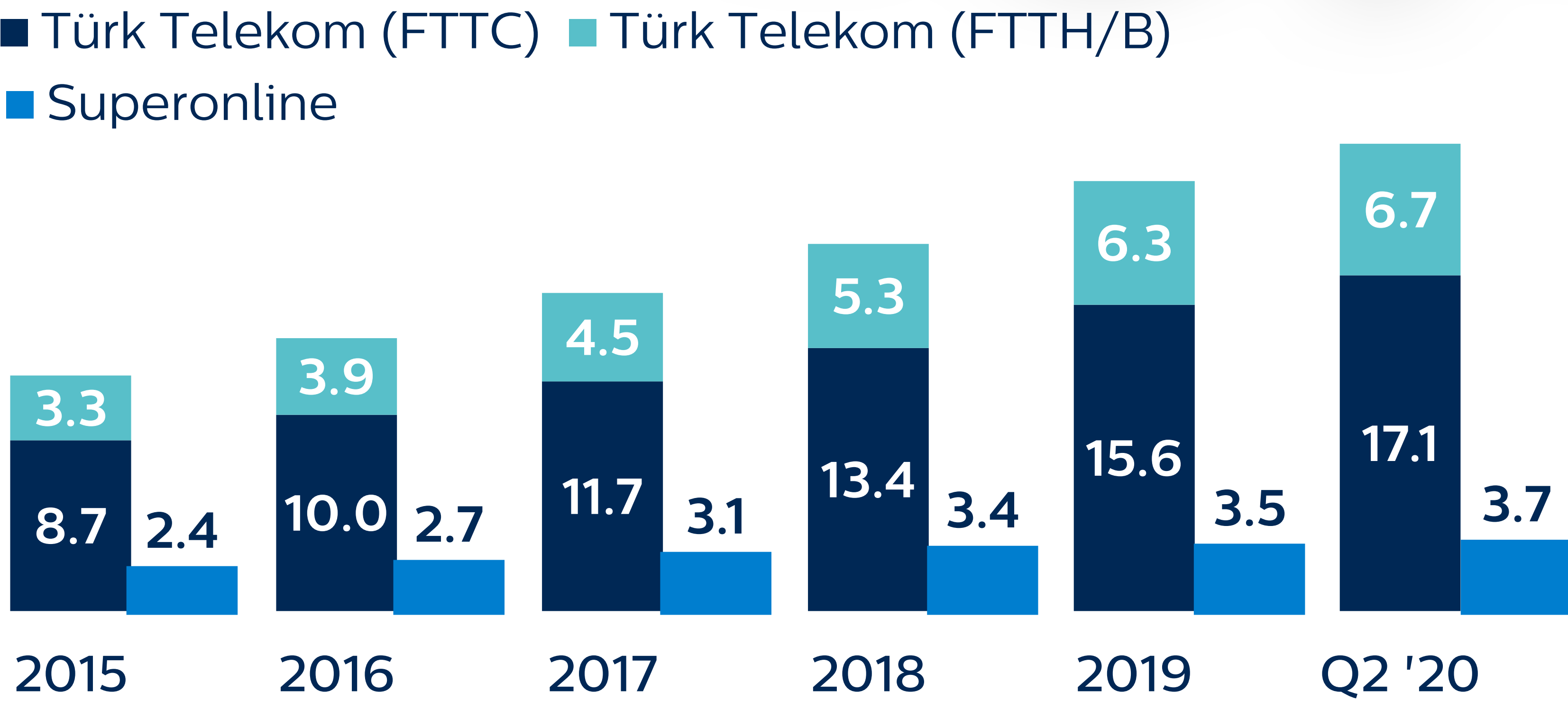
Superonline Fiber Network



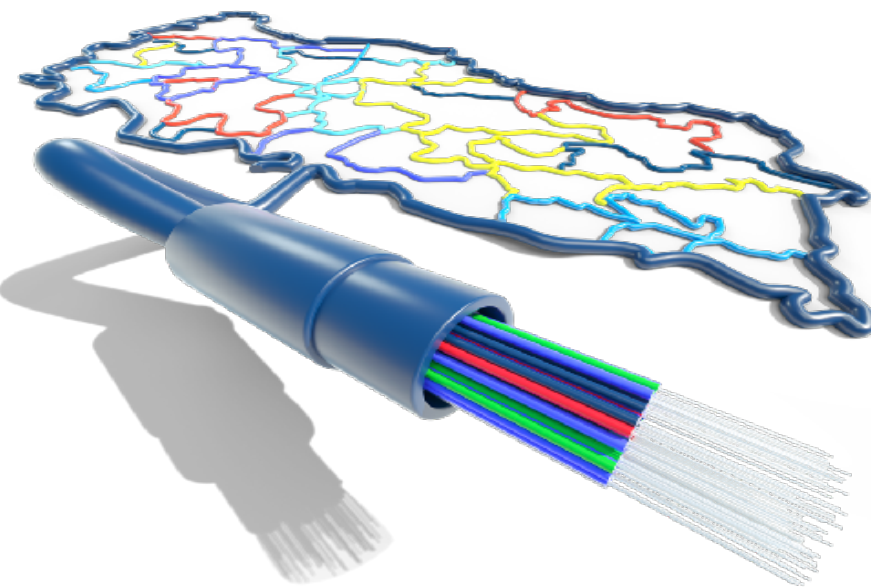
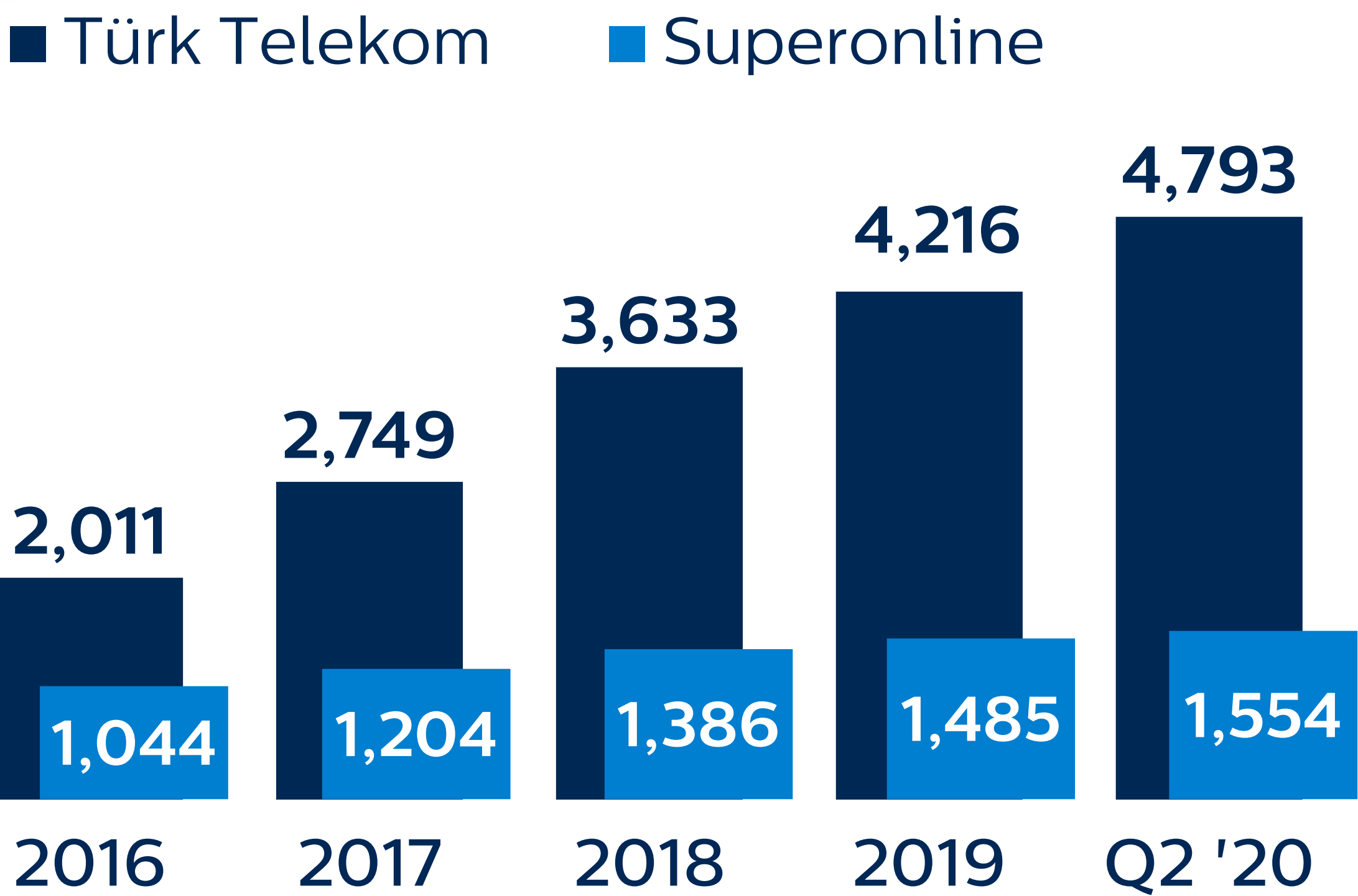
- ▶ Presence in 21 cities of Turkey
- ▶ 48K km fiber length
- ▶ Wholesale customer of Türk Telekom

Based on Turkcell's own publications as of Q2'20.

Fiber Homepass (mn)



Fiber Subscribers (thousands)



- ▶ Unrivalled fiber network
- ▶ Strong prospects for monetization
- ▶ Best placed to benefit from move towards higher connection speeds
- ▶ Well-equipped to support 5G/small-cell deployment

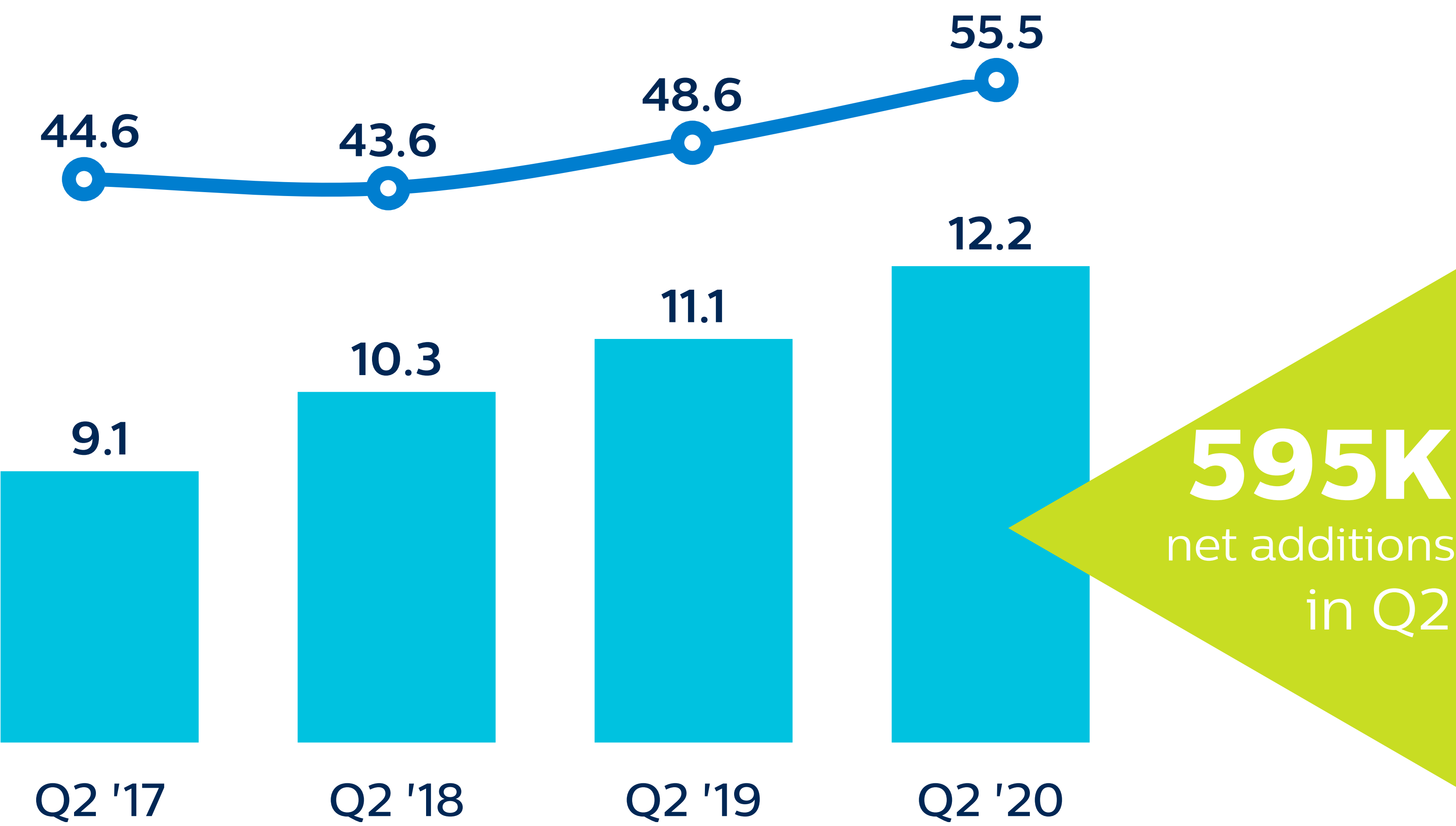
Fiber subscribers include FTTH/B & FTTC subscribers

Fixed Broadband Performance



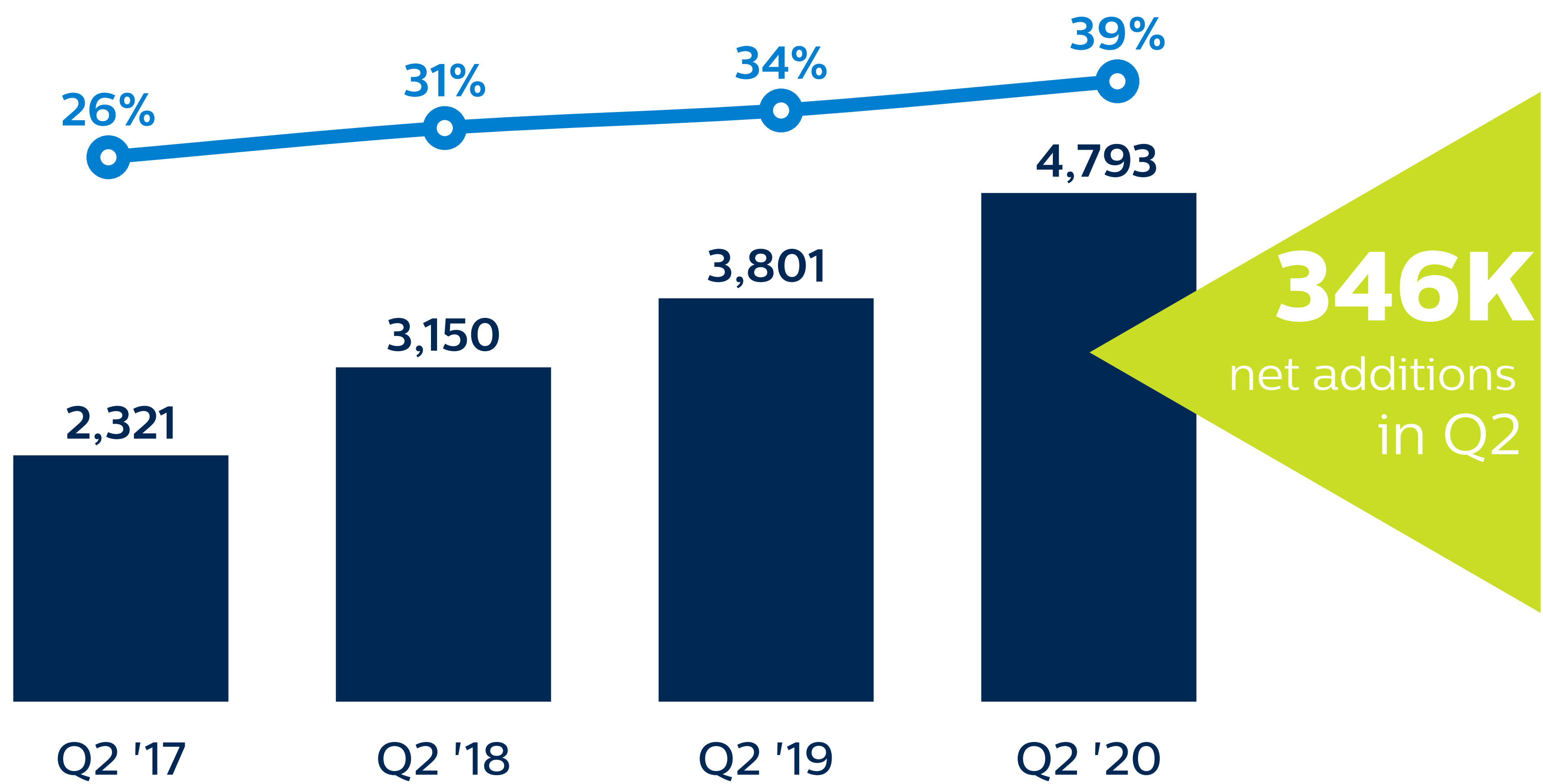
ARPU & Subscribers

■ Subscribers (mn) ● ARPU (TL)



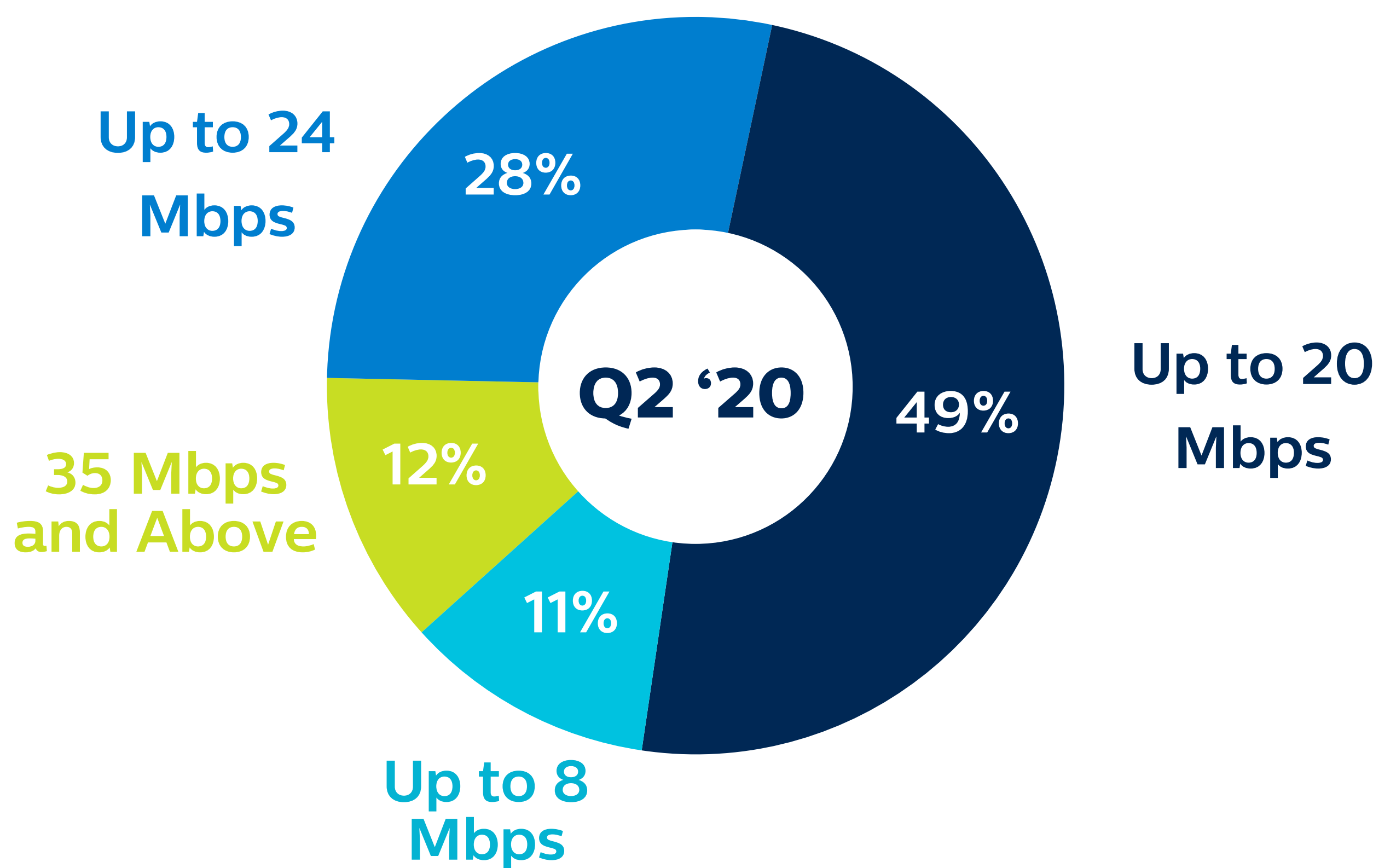
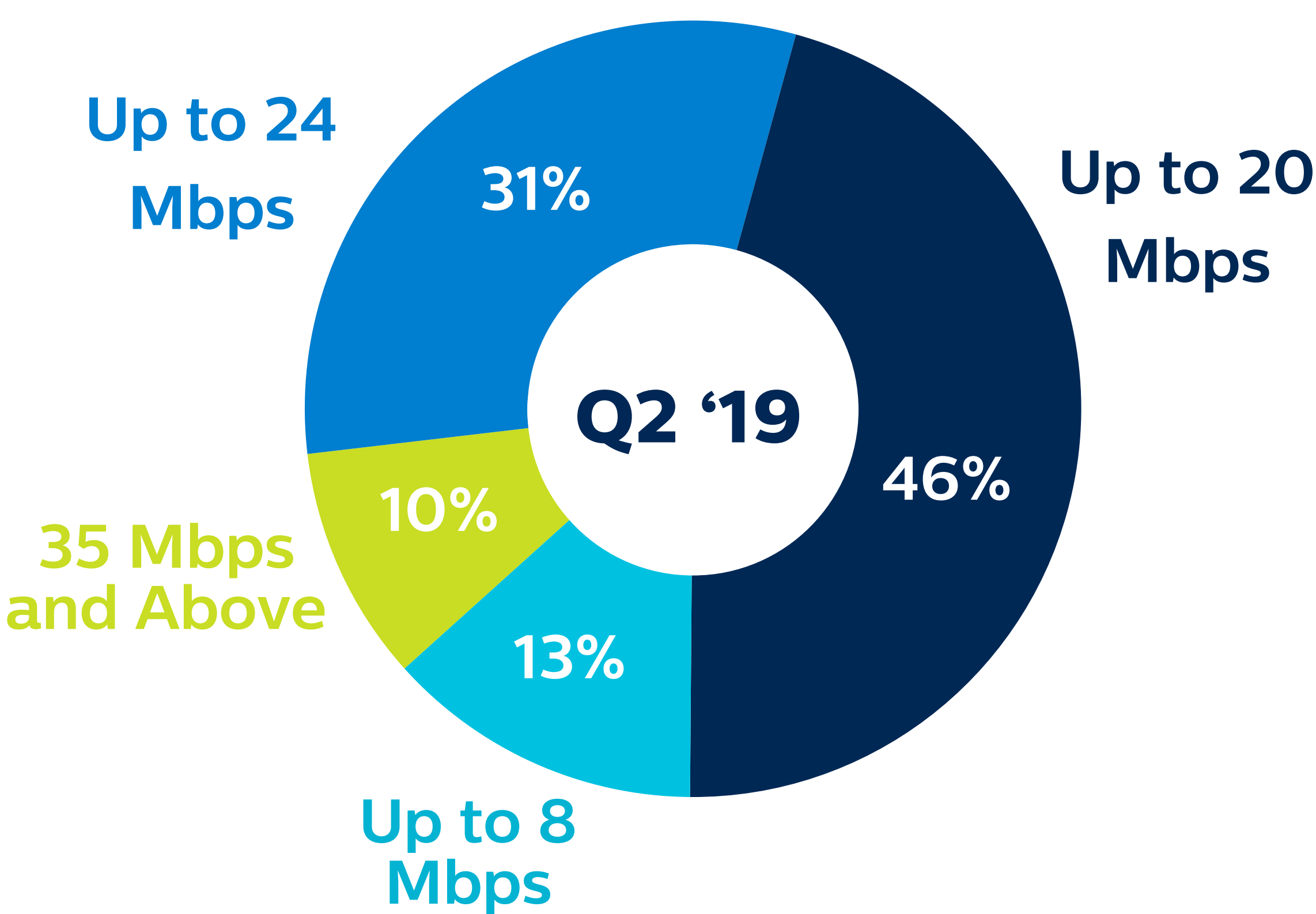
Fiber Subscribers

■ Subscribers (thousand) ● Fiber Ratio in Total Broadband Subscribers



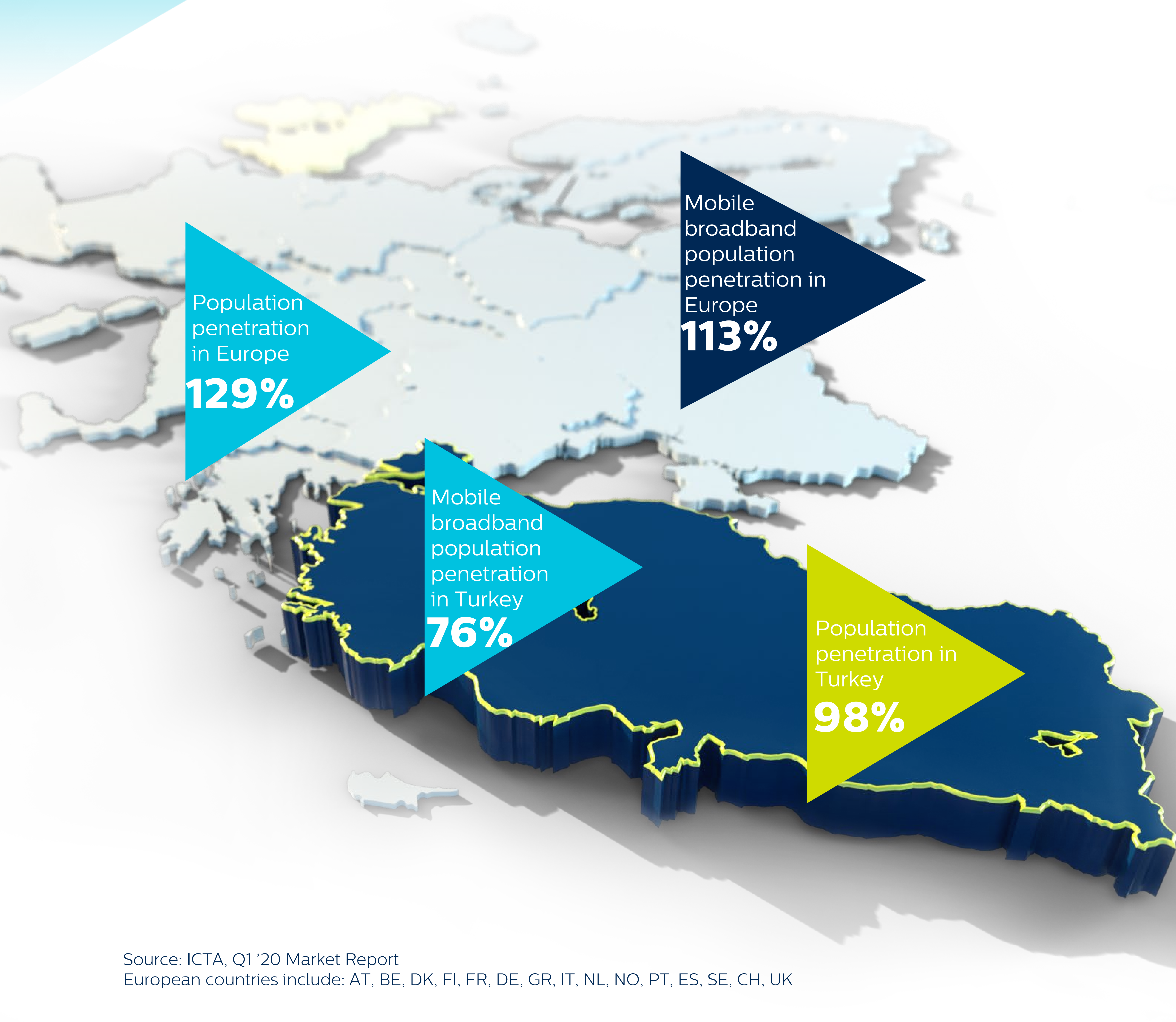
Speed Breakdown

(% of Subscribers)



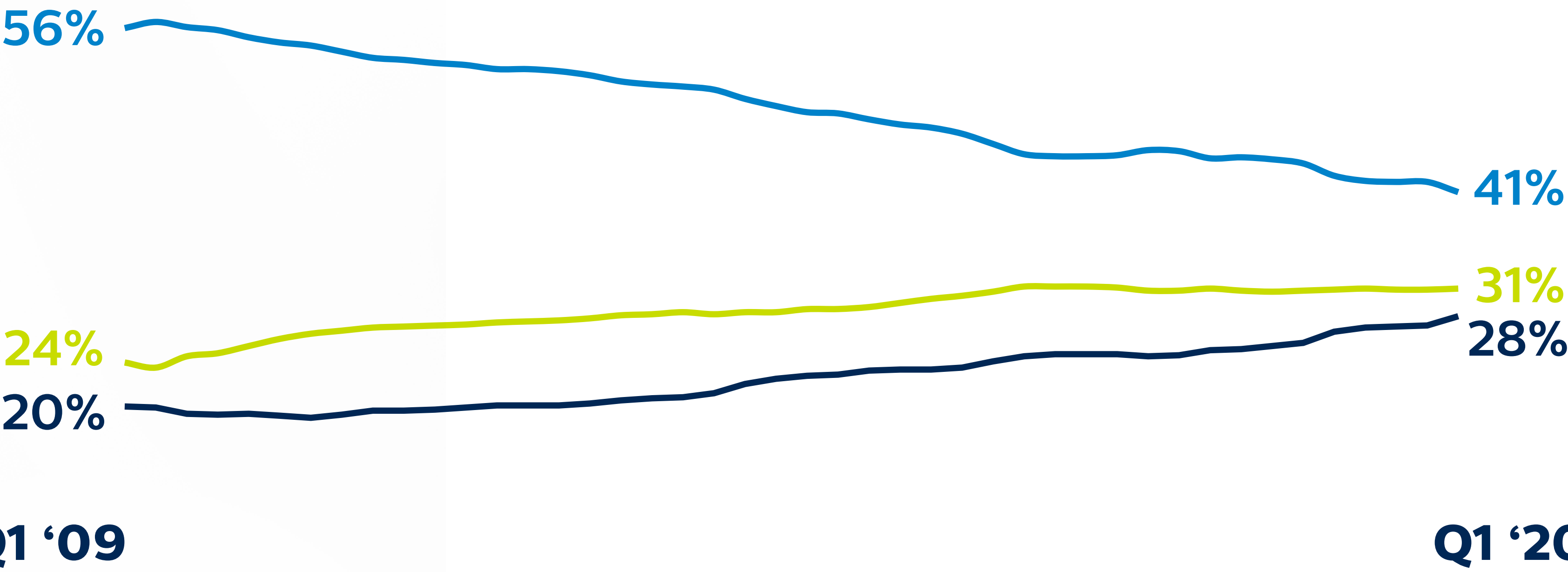
Excluding subscribers for penetration campaigns
All figures are based on Türk Telekom's retail subscribers

Mobile Market



Subscriber Market Share

–Türk Telekom –Vodafone –Turkcell

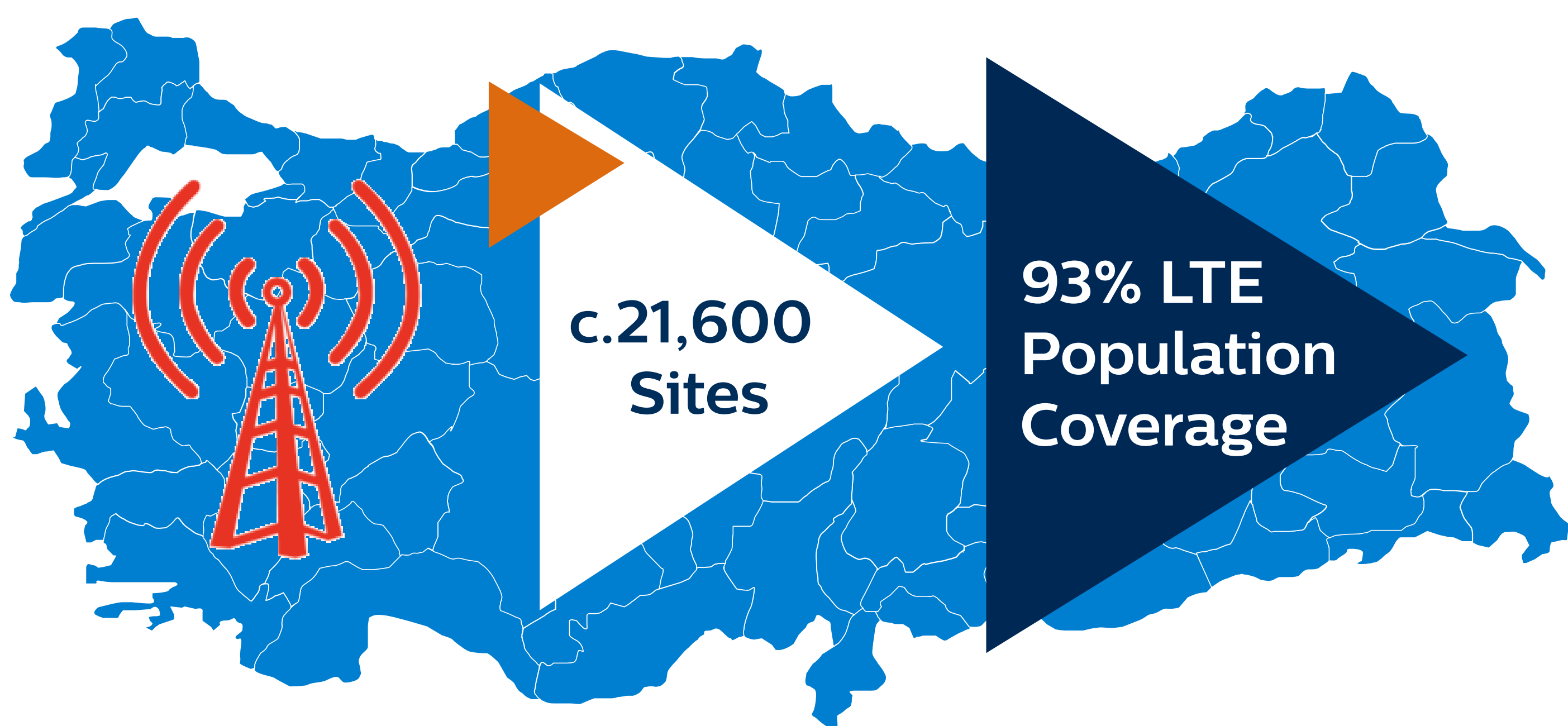


Source: ICTA

Source: ICTA, Q1 '20 Market Report
European countries include: AT, BE, DK, FI, FR, DE, GR, IT, NL, NO, PT, ES, SE, CH, UK

Mobile Network

Extensive Network Coverage



97% coverage



93% coverage



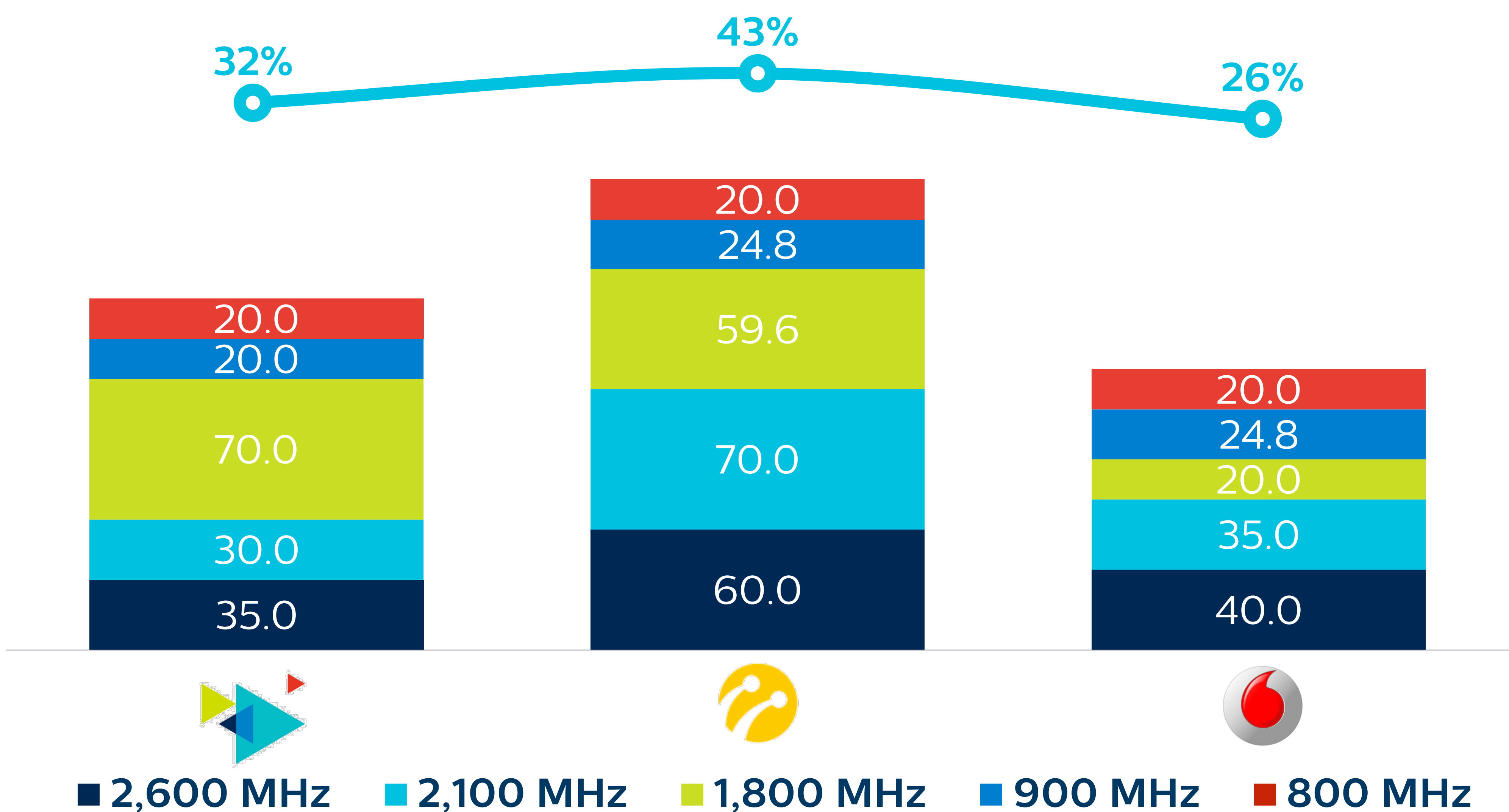
Getting ready for 5G

via ongoing studies by Argela and TT on RAN slicing, NFV and SDN

Superior Spectrum Allocation

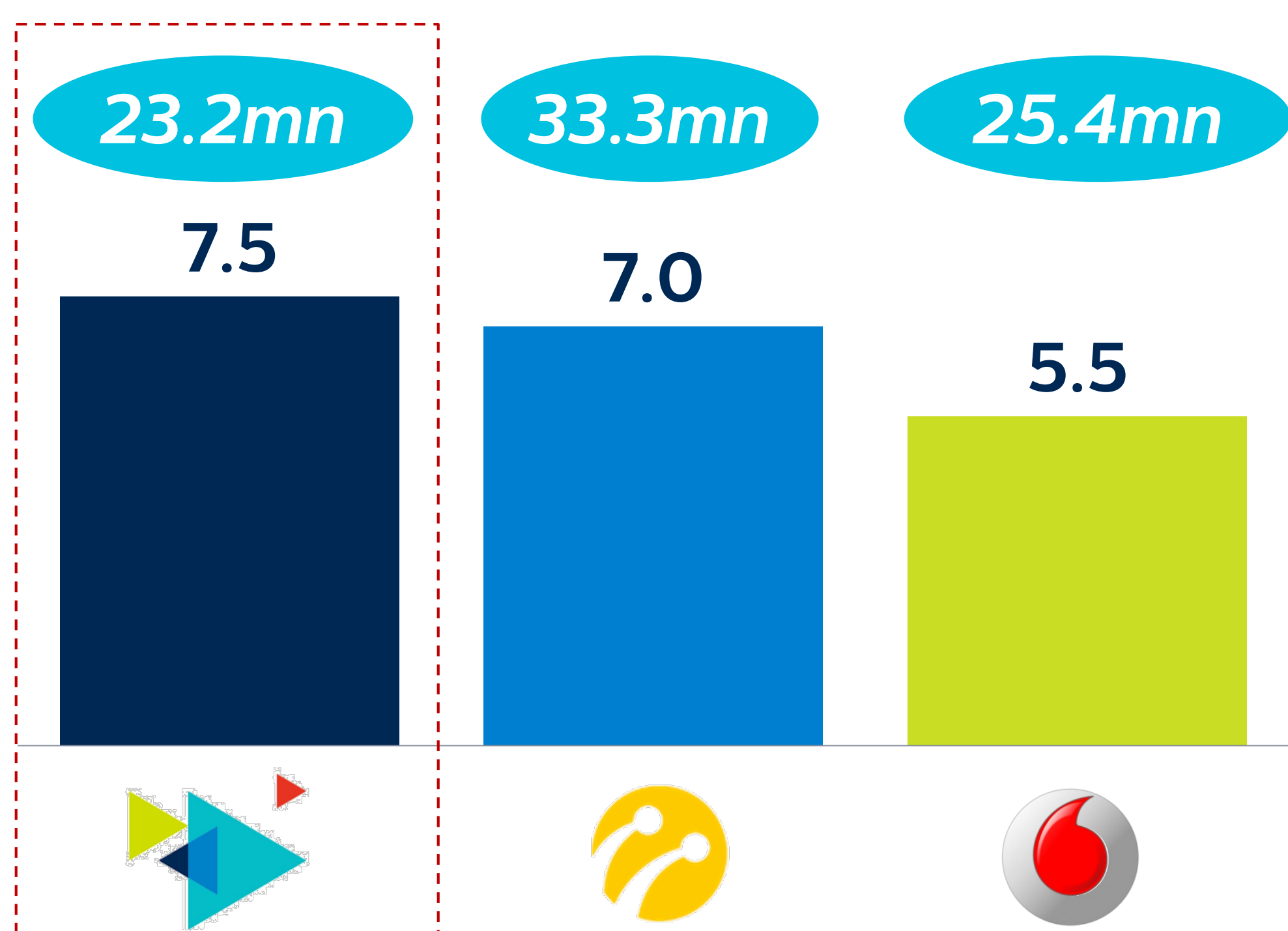
Highest Share of $\geq 1,800$ MHz

● Spectrum Market Share



Highest Spectrum Capacity Per Subscriber

(Hz/Subscriber)

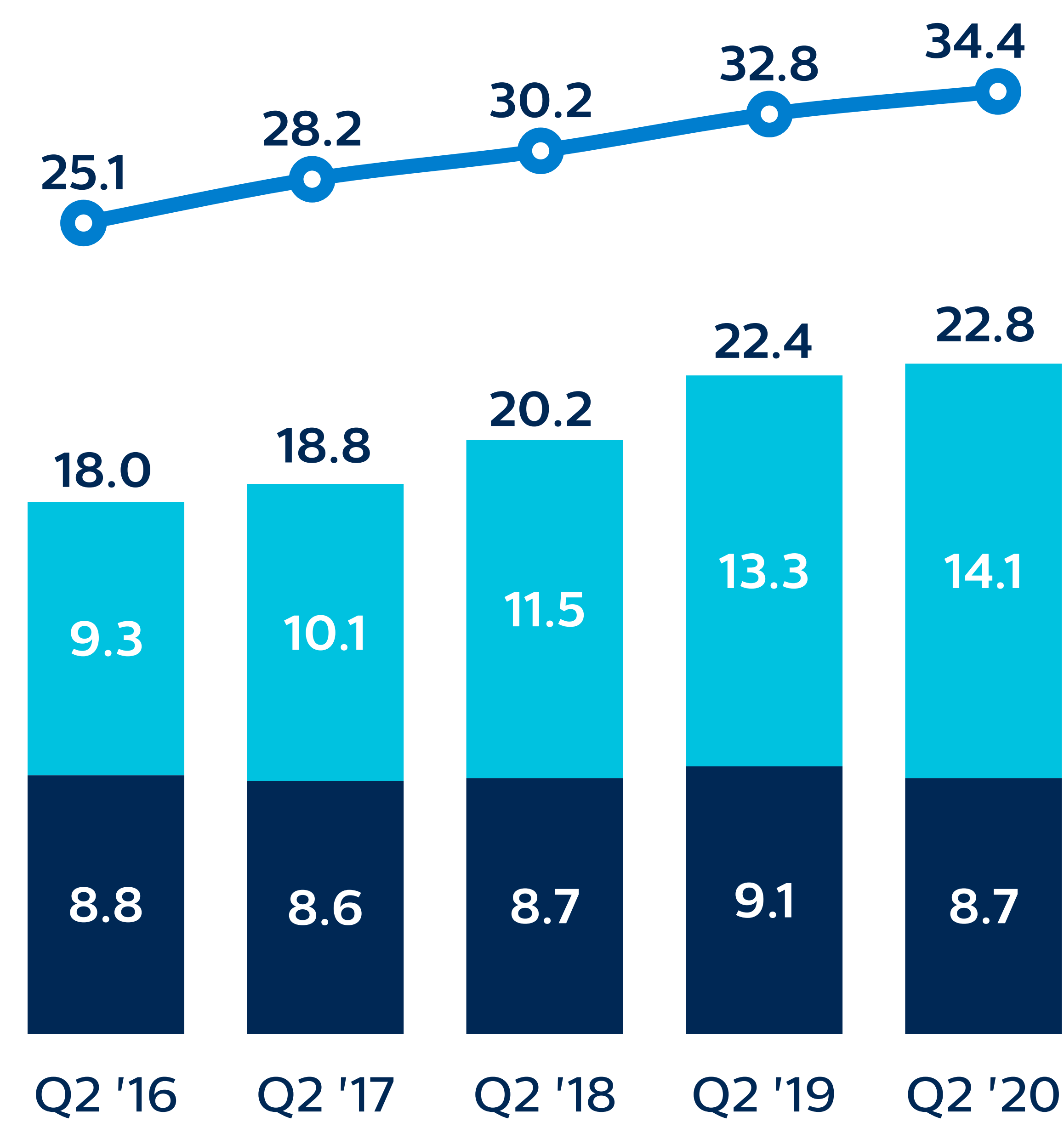


Source: ICTA, Q1'20 Market Report

Mobile Performance

Growing ARPU & Subscriber Base

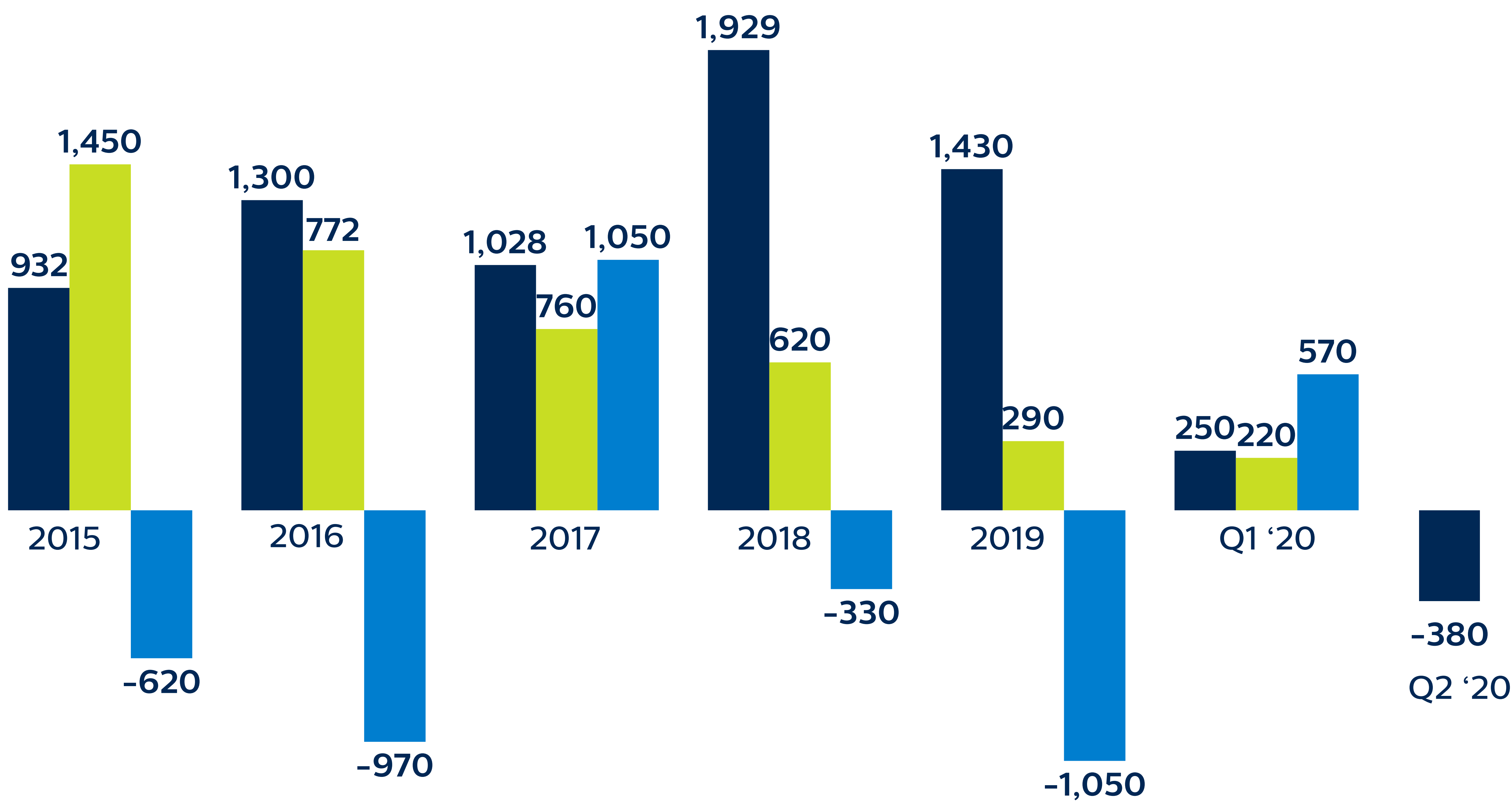
● Blended ARPU (TL)
■ Prepaid (mn) ■ Postpaid (mn)



Net Subscriber Additions

(thousand)

■ Türk Telekom ■ Vodafone ■ Turkcell

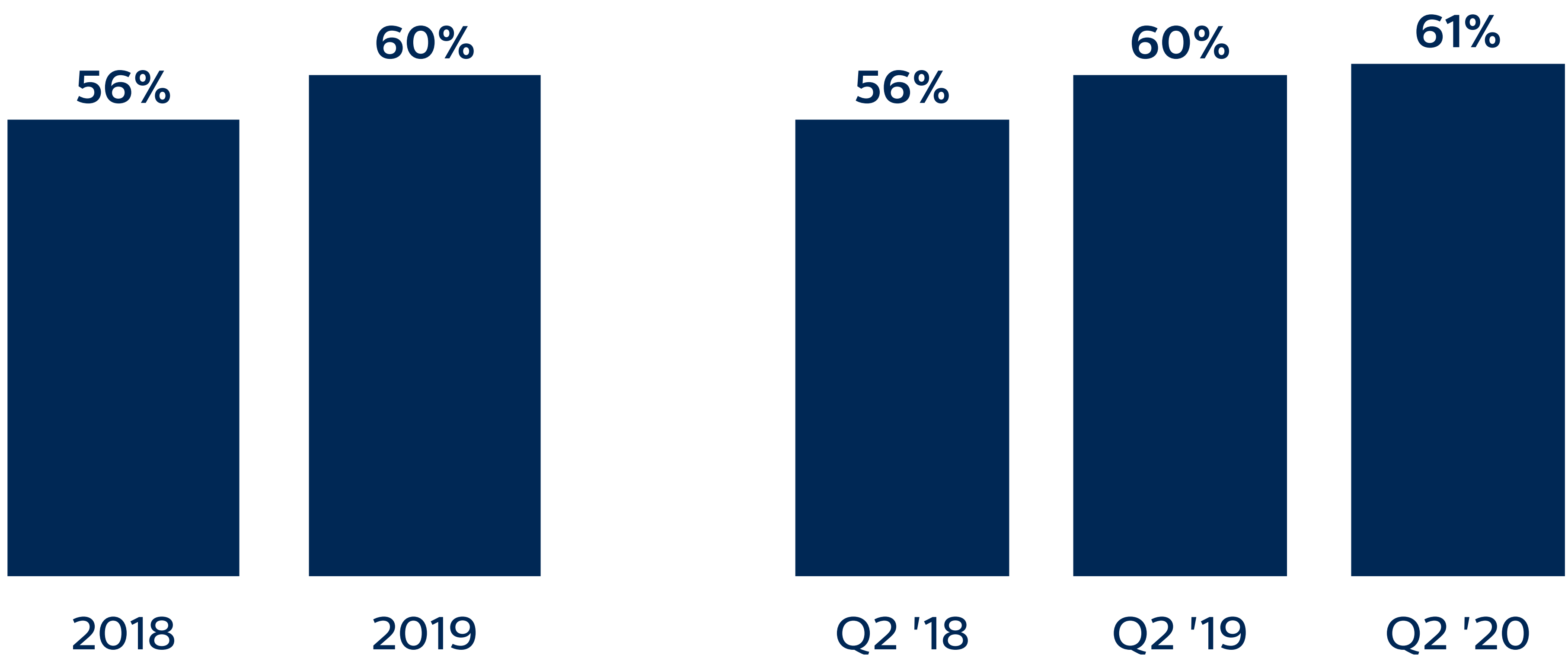


Source: Türk Telekom's own publications and other operators' data are from ICTA

Mobile Data

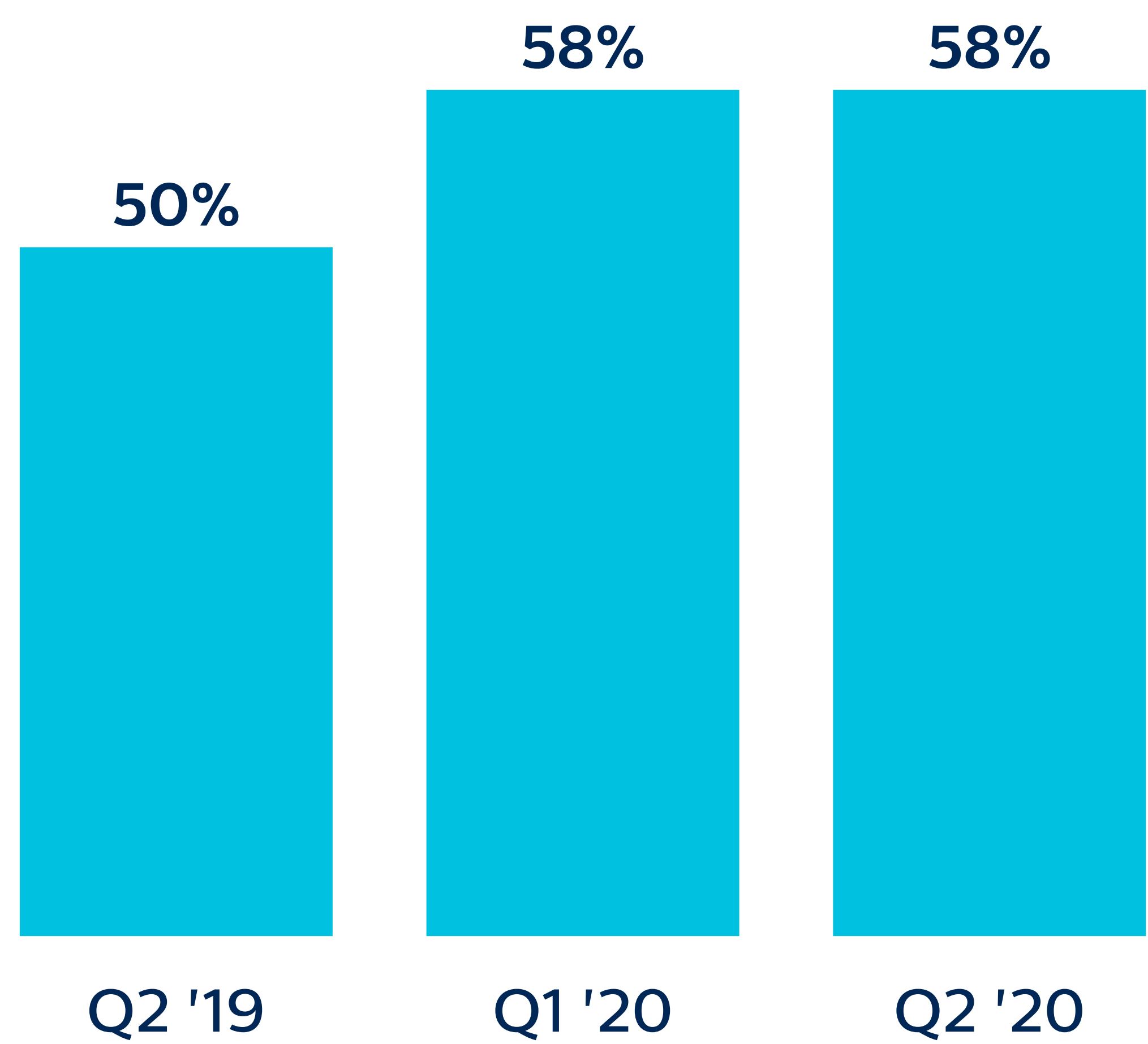
Data Revenue

(Mobile service revenue share)



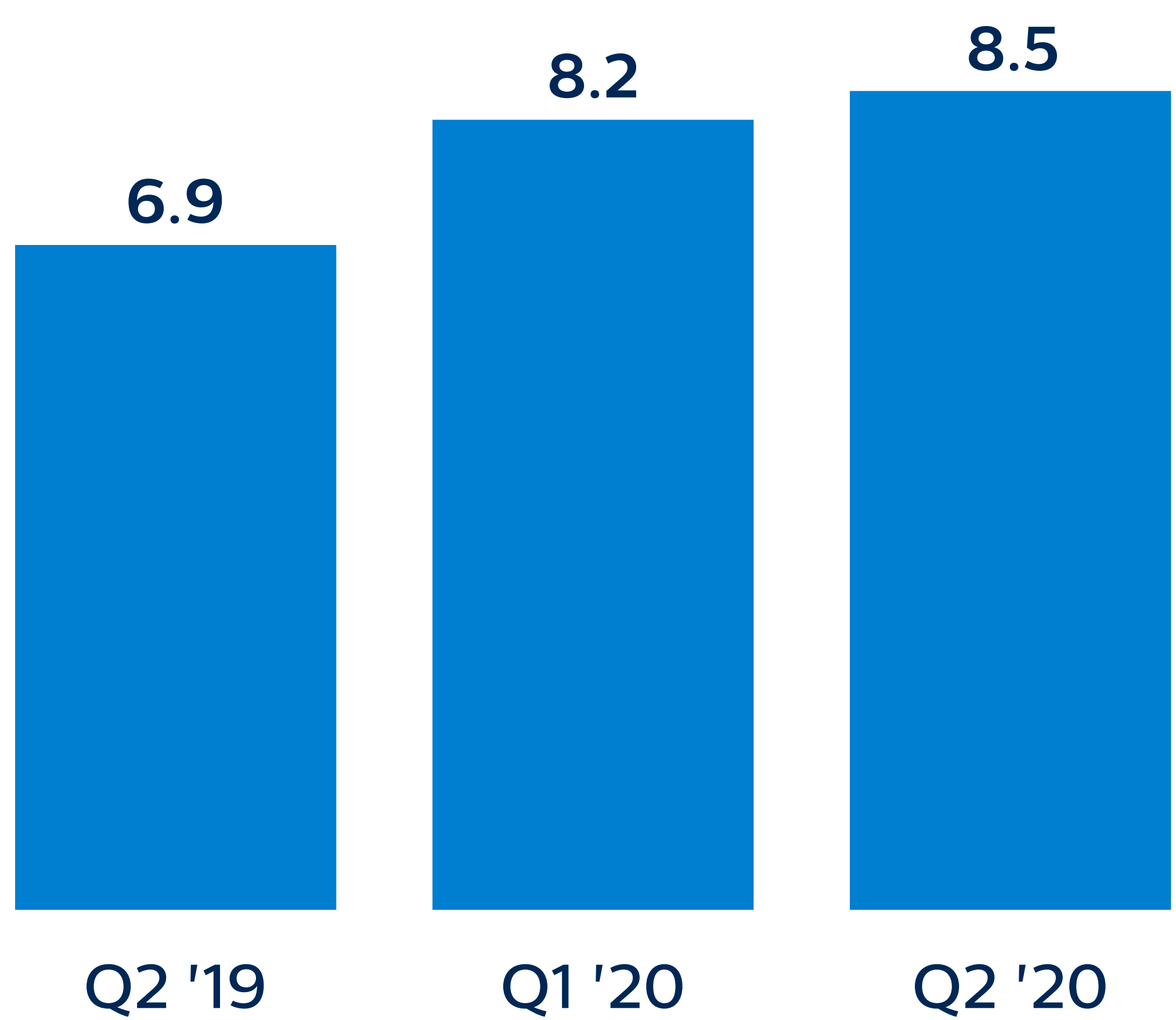
LTE Users*

(Total subscriber share)



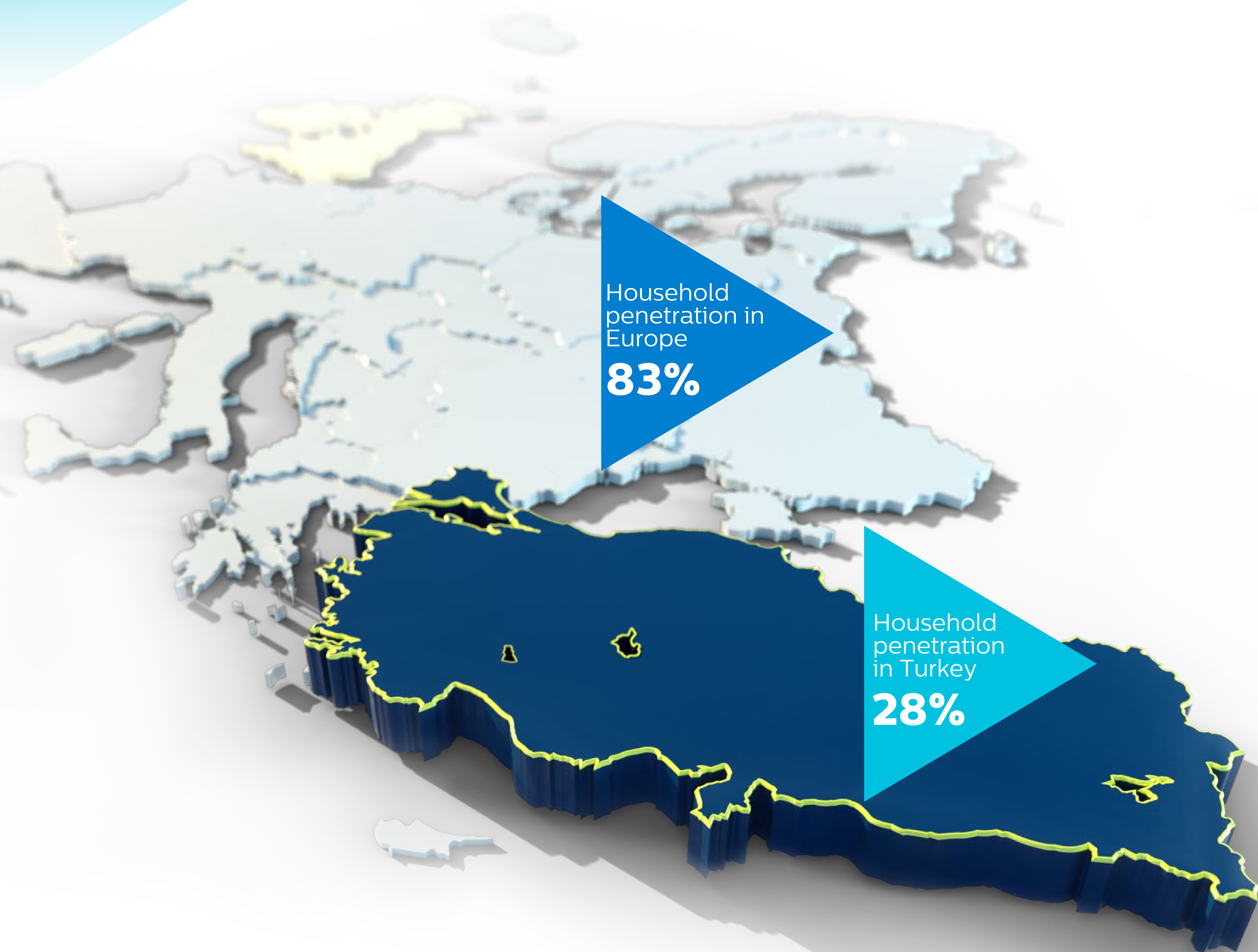
Avg. Monthly Mobile Data Usage

(GB per LTE user)

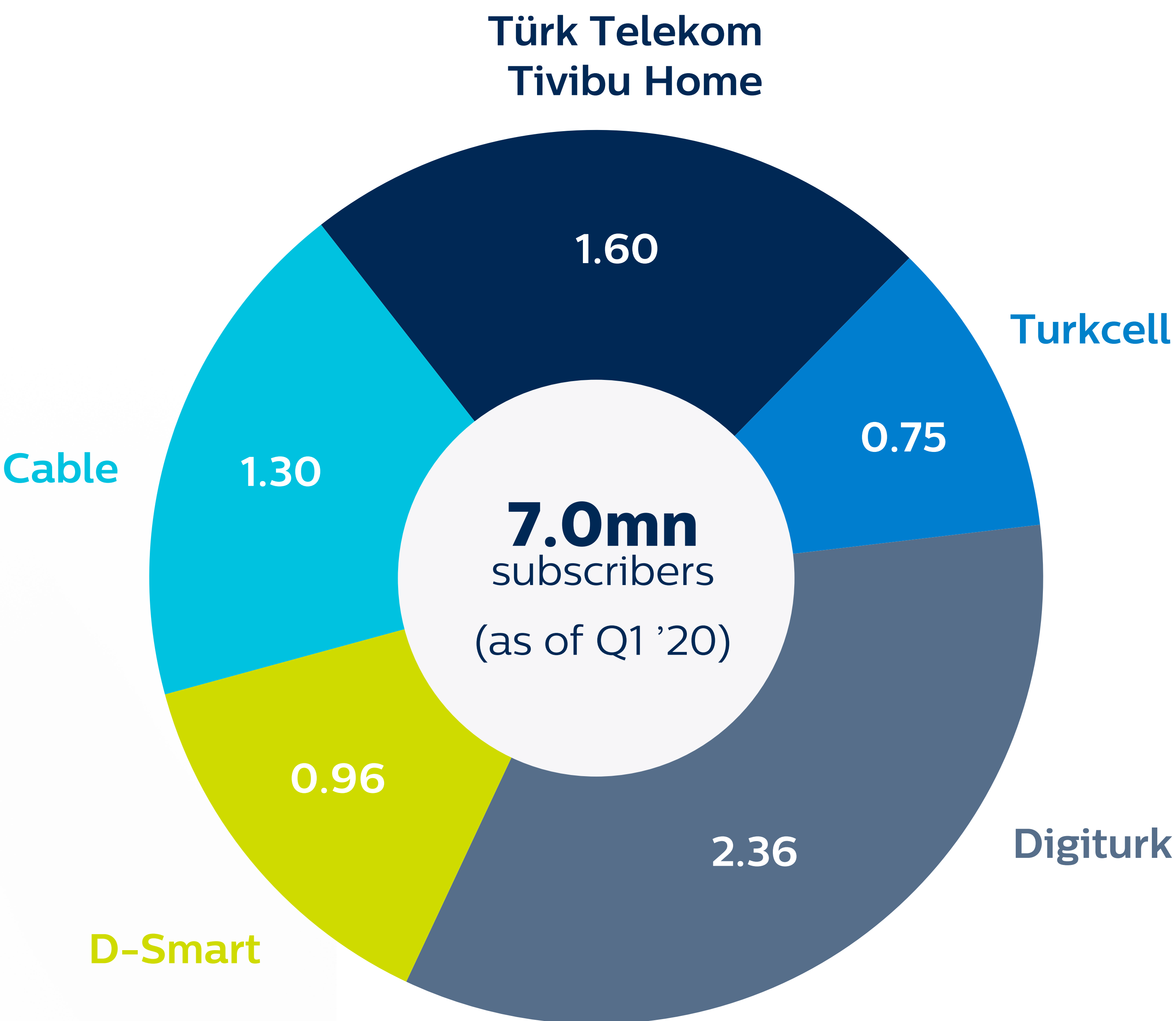


*Subscribers who
1) registered for LTE
2) have LTE compatible device and simcard

Pay TV Market

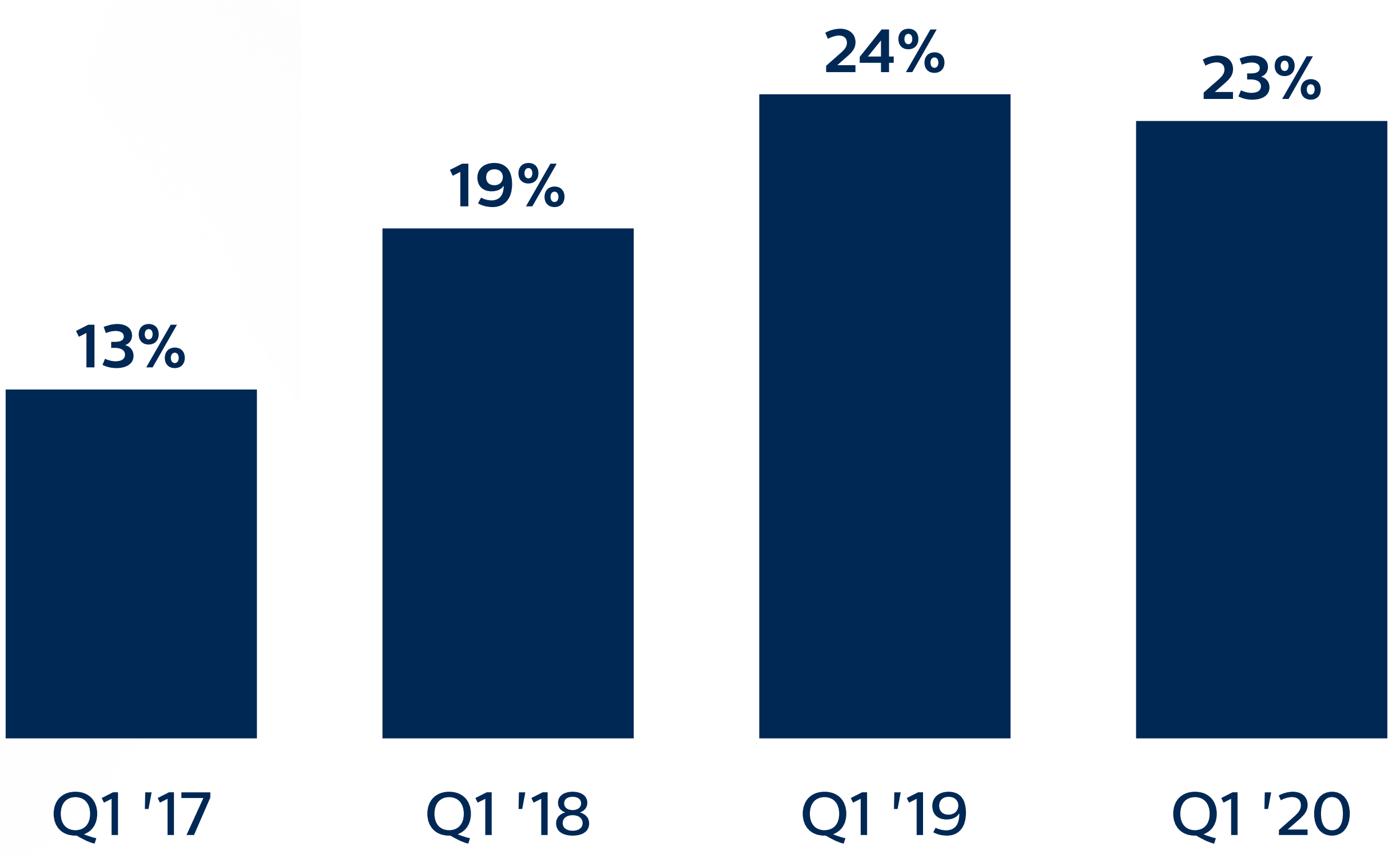


Subscribers (mn)



Source: ICTA

Tivibu Home Subscriber Market Share



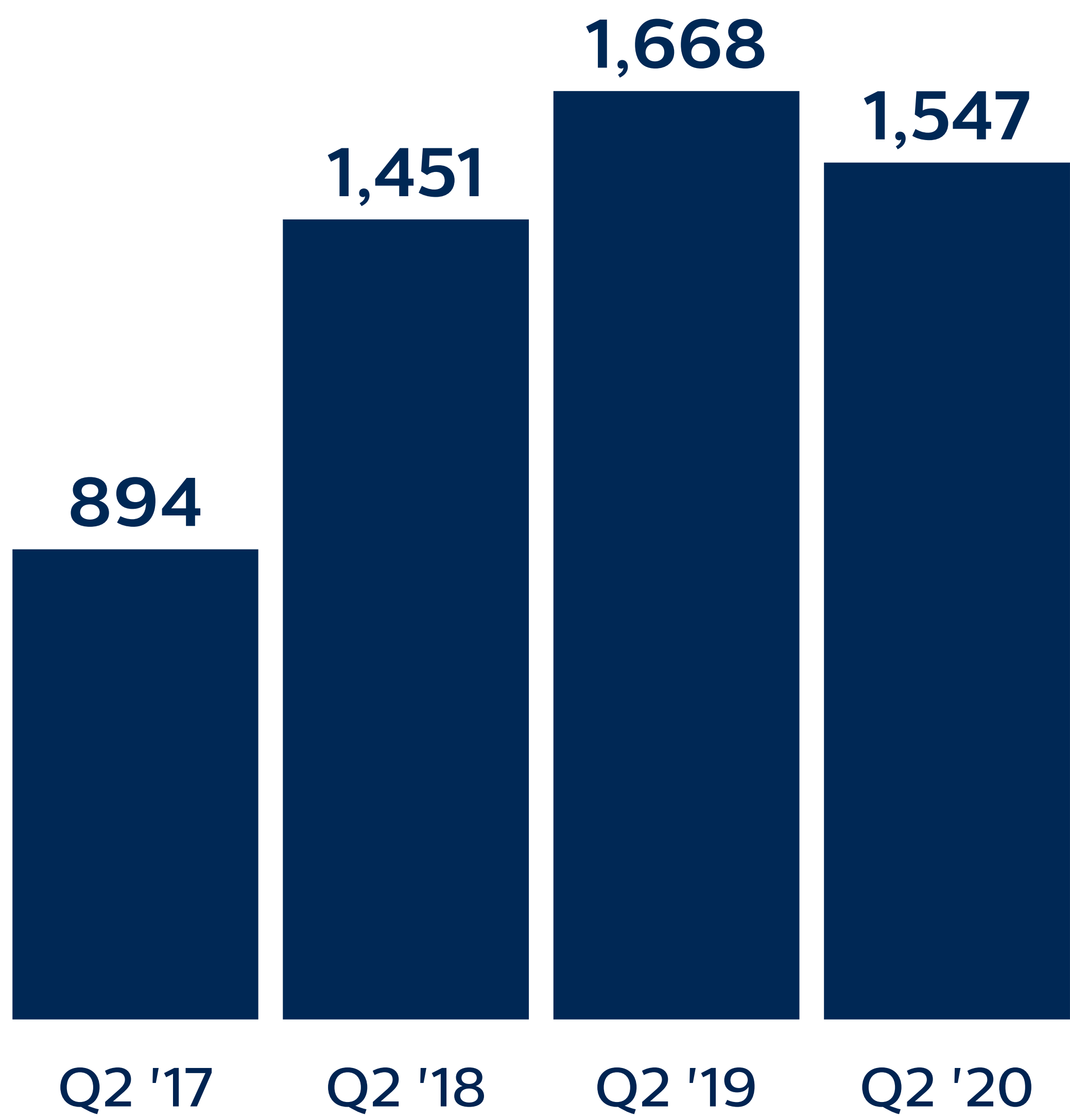
Source: ICTA

Source: Analysys Mason, Pay-TV quarterly Metrics, Q4 '19 Report ,TR Data is calculated from ICTA Q1 '20
European countries include: AT, BE, BG, HR, CZ, DK, FI, FR, DE, GR, HU, IE, IT, ME, NL, NO, PL, PT, RO, RU, RS, SK, SI, ES, SE, CH, UK, UA

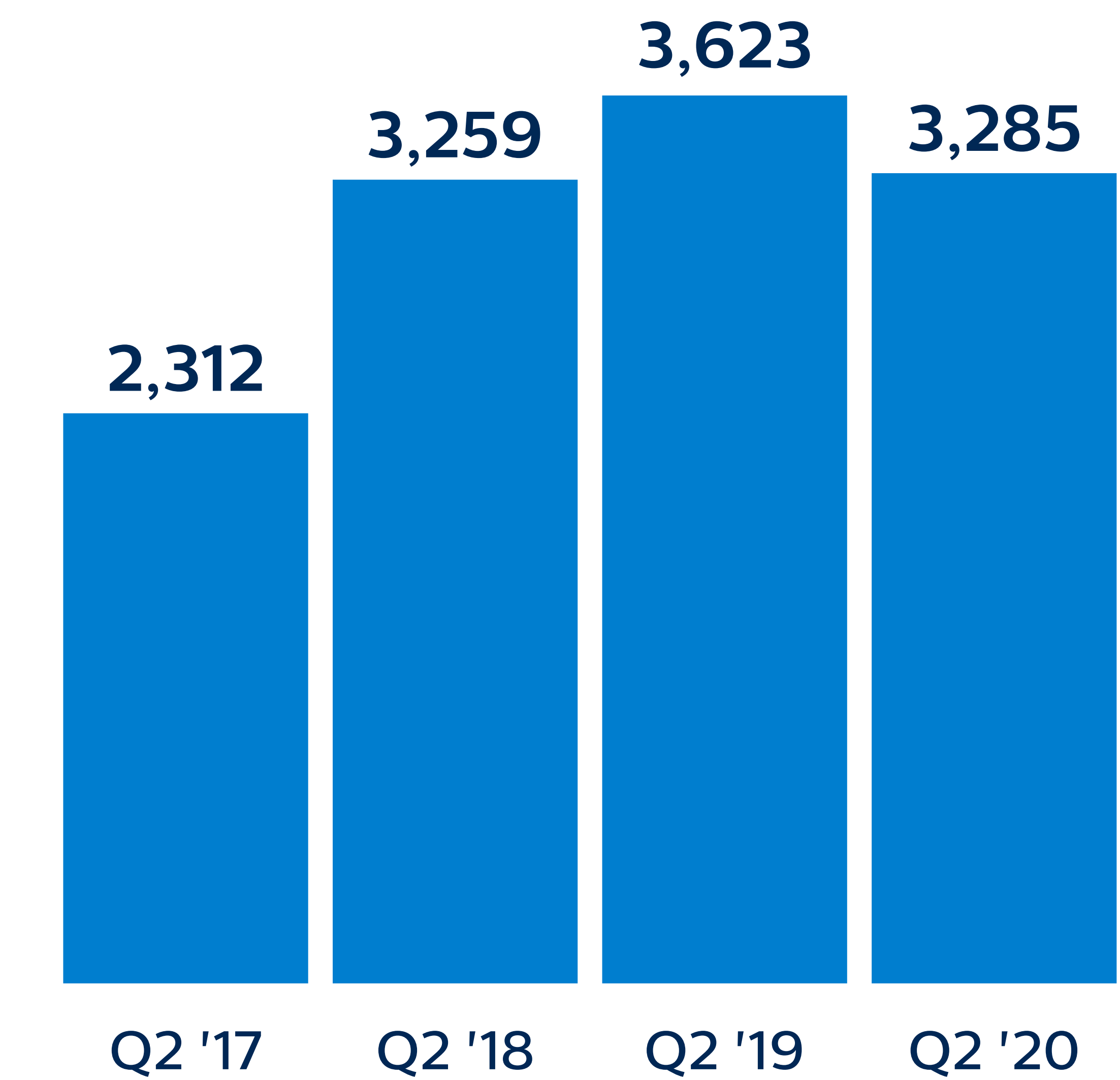
TV Performance

Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu GO)



Wireless Homes



Platform

IPTV + DTH + Web TV + Smart TV

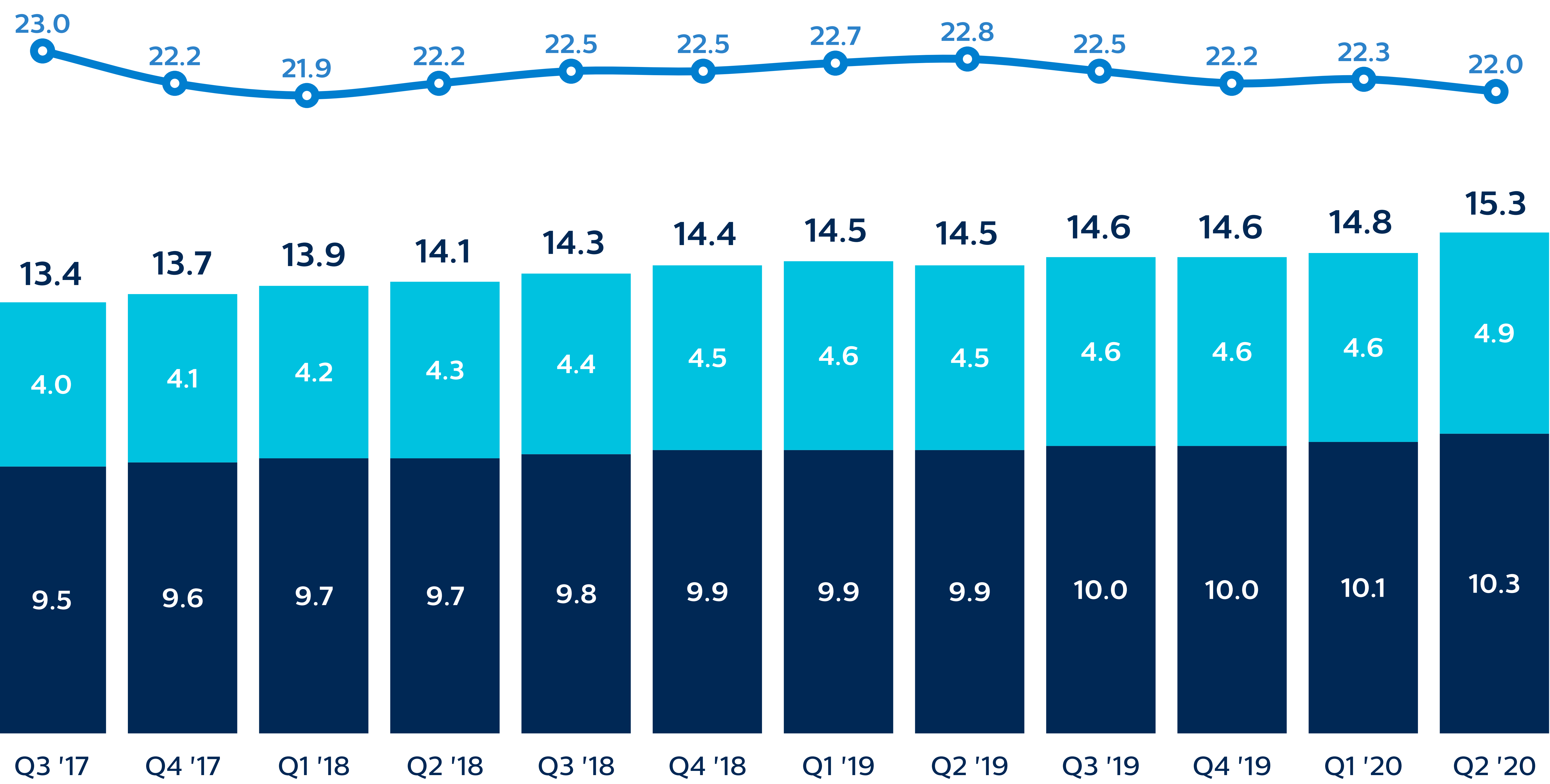
Content

- ▶ Turkish Basketball Super League
- ▶ NBA
- ▶ English Premier League
- ▶ 3 Inhouse Sports Channels
- ▶ Kids & Documentary Channels
- ▶ +4,000 on demand assets

Fixed Voice Performance

Access Lines and ARPU

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



230K
net additions
in Fixed Voice
in Q2

Investing in Future



Preparations for 5G with pilot 5G test networks

Work to manage the 5G network with AI technology

First Industry 4.0 5G test in Turkey



Working on transformation of network ahead of 5G



Working with Argela for SDN& NFV based cybersecurity solutions

Turkey's largest Cyber Security Services Center in Ankara with wide portfolio of end-to-end solutions



Leading largest smart city projects in Turkey



Focus on network sharing projects in mobile and fixed for asset efficiency



Best in class cloud computing solutions



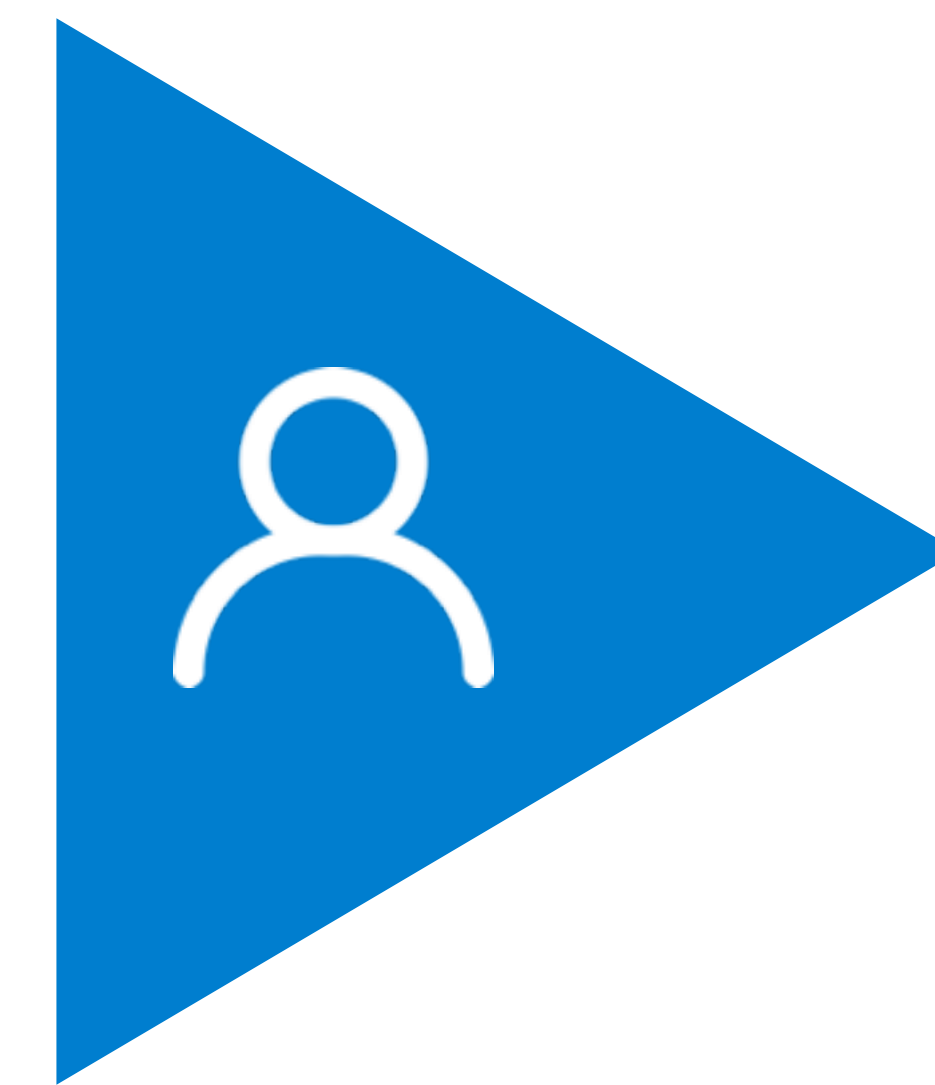
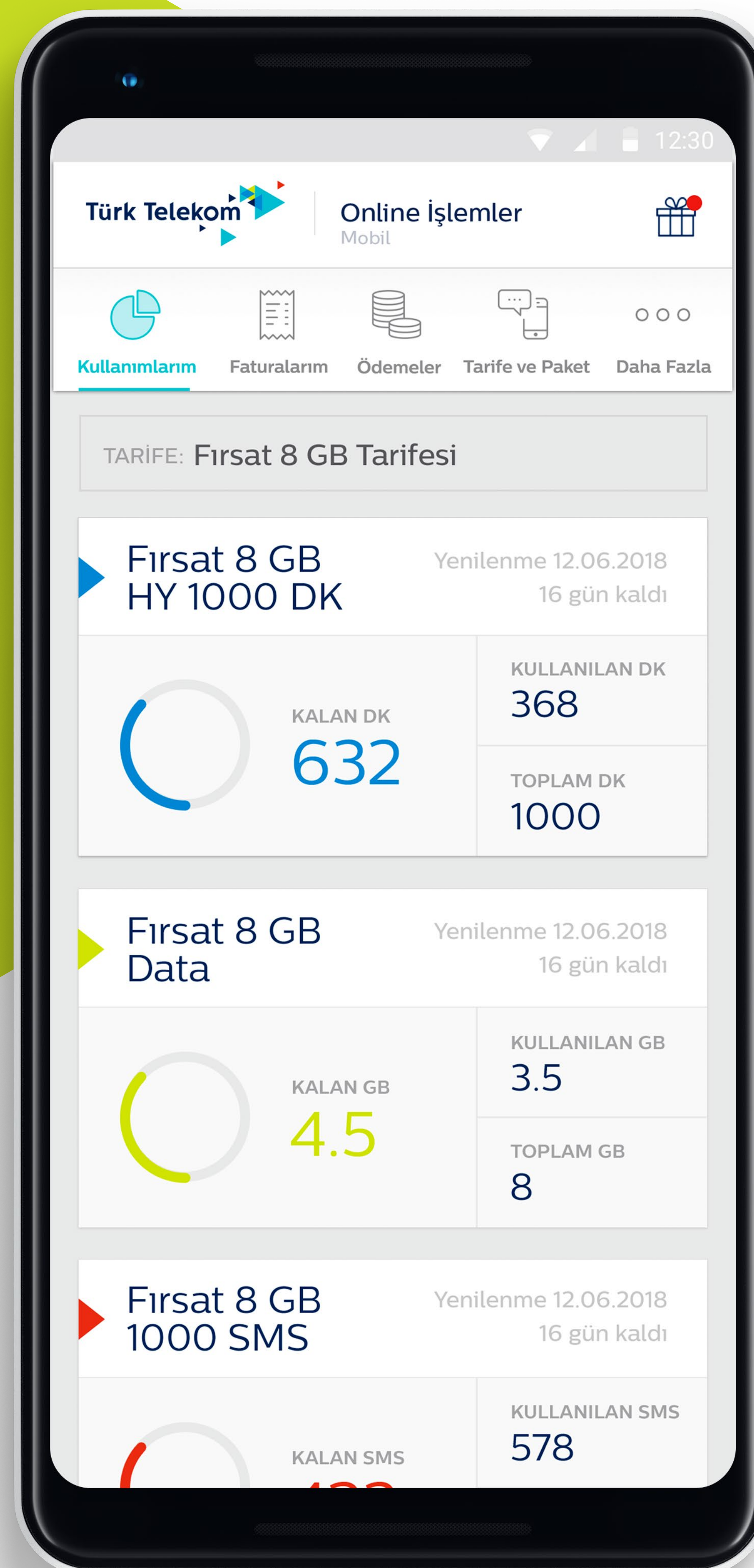
Esenyurt Data Center with 10K sqm area

Digital Transformation

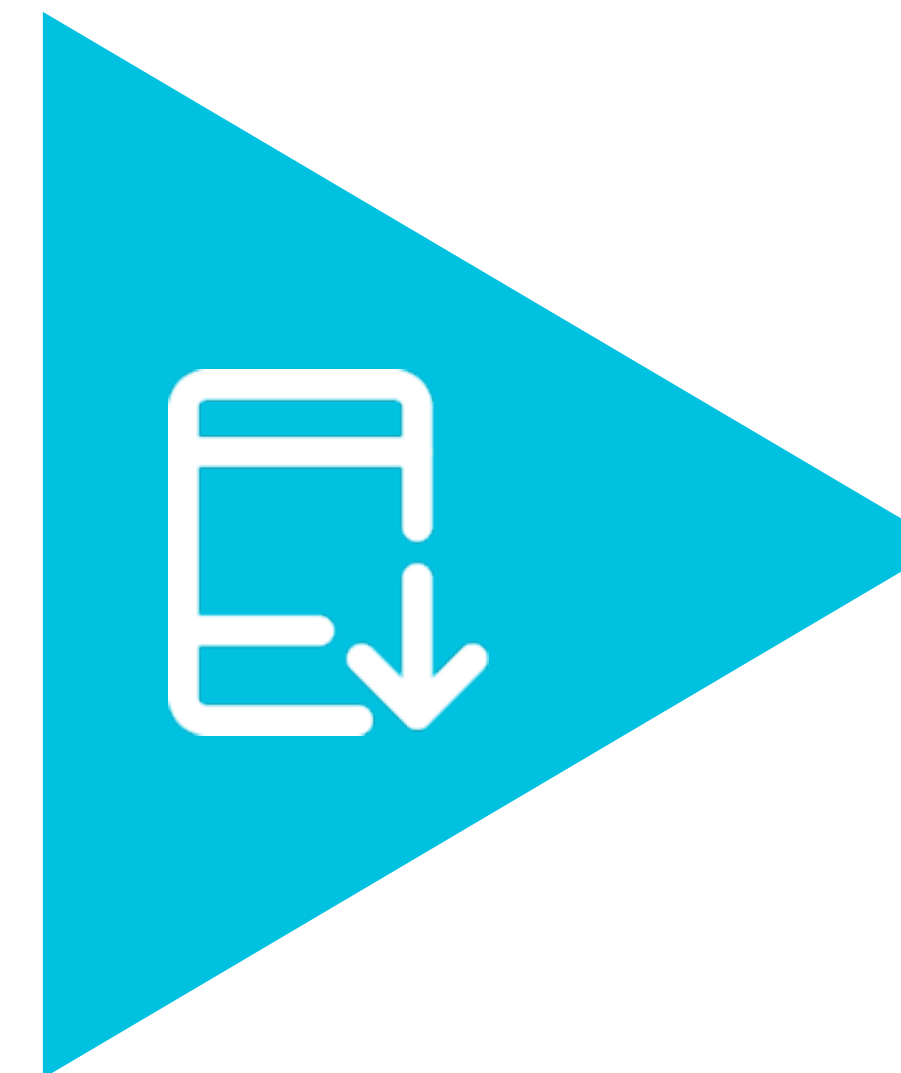


Digital Transformation: Online Transaction

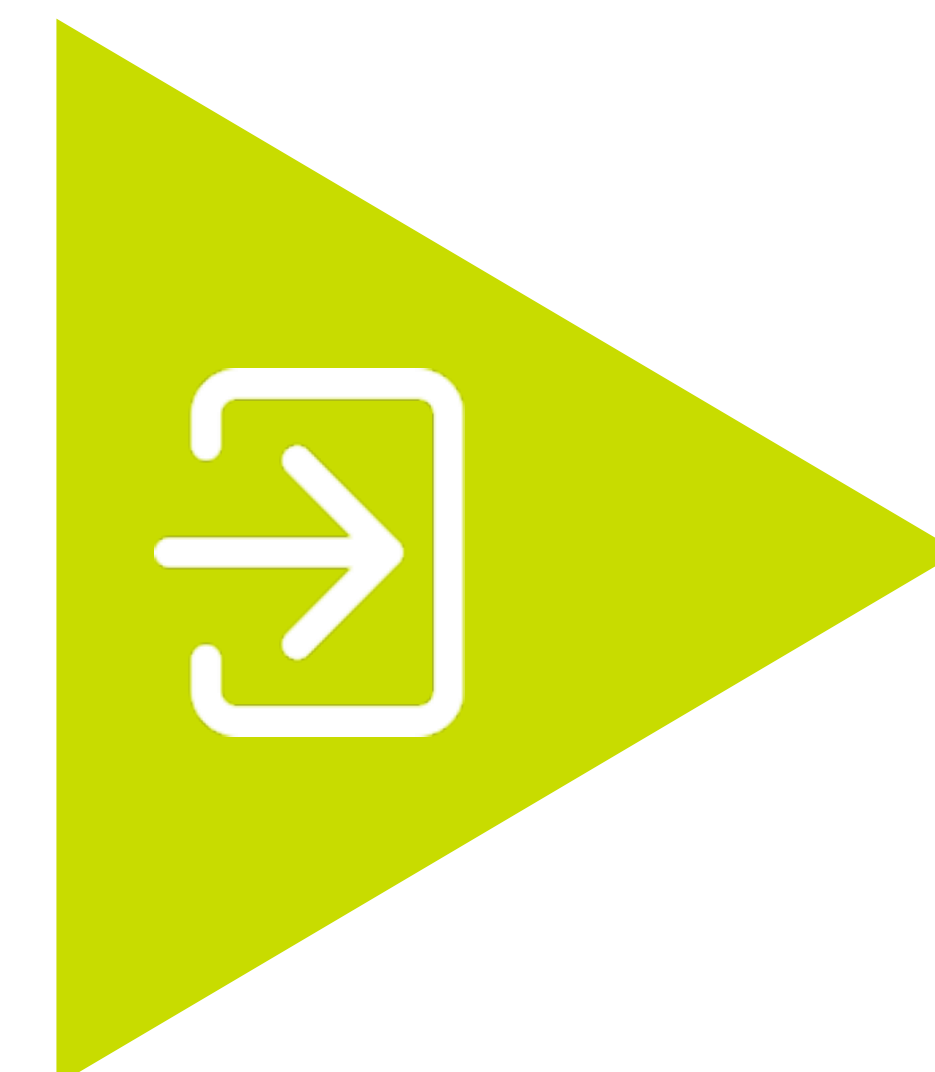
- ▶ The digital self-care application which allows mobile, fixed broadband and fixed voice subscribers to carry out a wide range of services including invoice payments, TL uploads, and application for new subscriptions
- ▶ Continuous expansion of digital services for best in-class customer experience



15.5 mn
unique users in Q2'20¹
22.1 mn in Q2 '20 LTM



41.0 mn
downloads as of Q2 '20

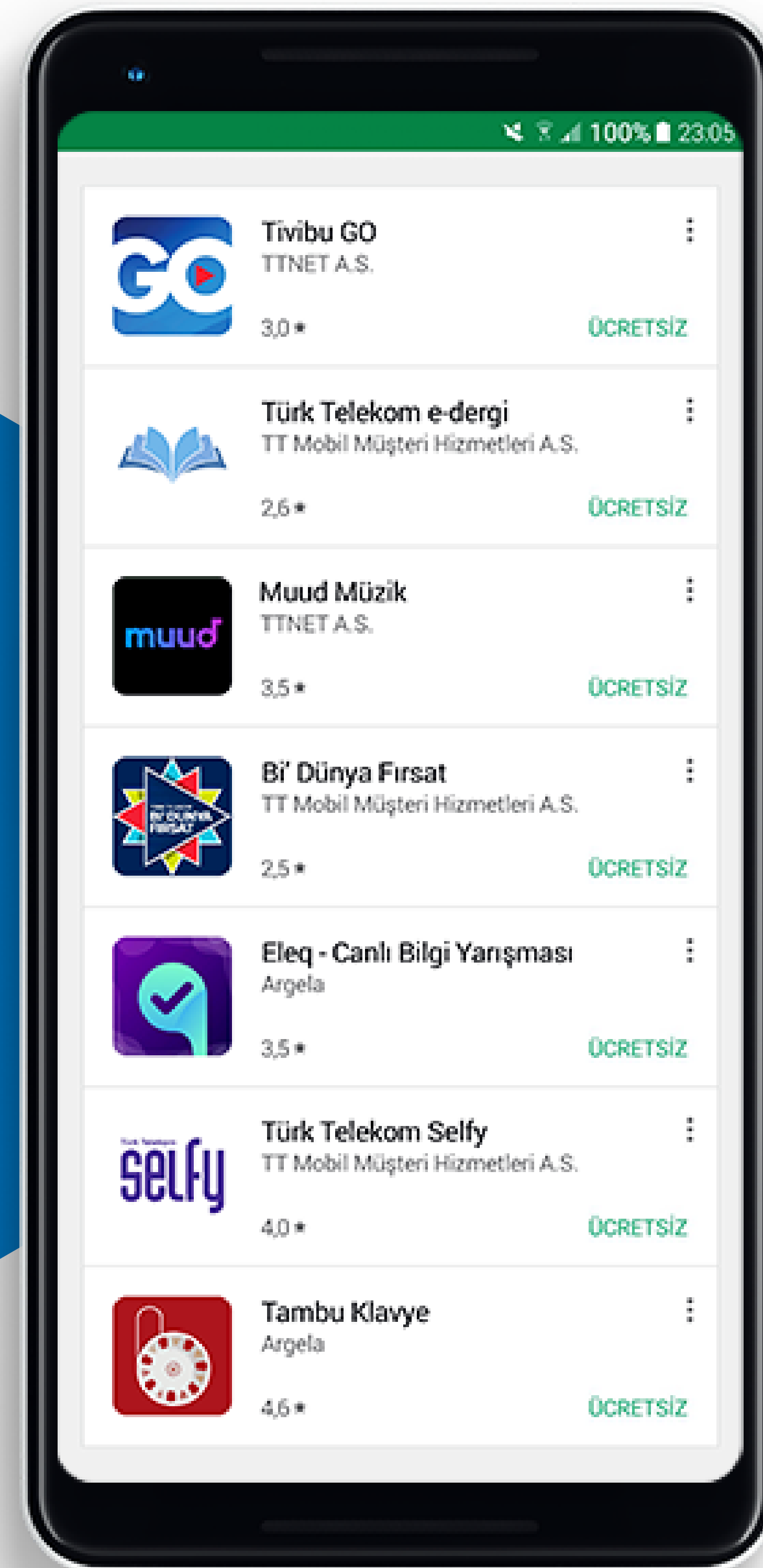


72%
Ratio of subs using the app among total mobile
subs base as of Q2 '20²

¹ 3MAU: 3-Month active user

² Based on LTM active unique users and average mobile subs

Digital Service Portfolio



Turk Telekom has 30+ mobile applications, and 200+ value added services.



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

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



Turkey's Enriched Digital Music Platform: Türk Telekom Music Launch: 2008

Turkey's most preferred digital music platform to listen and download millions of songs and watch videos



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

Turkey's first and leader digital gaming, e-pin, console games and pysical gaming accessory sales platform



Turk Telekom's Education Platform: Turk Telekom Academy Launch: 2018

Education platform for Turk Telekom employees has been relaunched and now available to all Turk Telekom internet subscribers



Turkey's First Interactive Education Platform Launch: 2008

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



Turkey's Mobile and Live Trivia Game: Eleq Launch: 2018



Turkey's first smart and hyperlocal digital keyboard Launch: 2017

Turkey's first local and customized smart digital keyboard



Turkey's Most Comprehensive Online Reading Platform: E-Dergi Launch: 2017

Turkey's online magazine and newspaper reading platform with advantageous campaigns for Turk Telekom mobile users



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

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



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

Turkey's widest WiFi hotspot coverage and services for Turkish Airlines flights



Turkey's Advantageous Integrated Cloud Platform: Dijital Depo Launch: 2018

Türk Telekom's operator free new cloud storage application Digital Depo enables users to safely store photos, videos, music and all files with user - friendly design



Group Companies



5G and beyond next generation telco technologies R&D company

- ProgRAN and vRAN: SDN (Software Defined Networks) based RAN solutions for LTE and 5G with 22 patent applications
- NPM/CEM: Network Performance Monitoring and Customer Experience Management solutions used by telecom operators in Turkey and in the world
- ULAK: Turkey's first and only LTE base station development project
- SEBA: Broadband Access technology for fixed networks
- Commercialization of R&D activities
- Member of ONF and ONAP via US based subsidiary NETSIA
- Leading role in Türk Telekom Network Transformation Project



Leading system integrator & solution provider in Turkey

- System Integration Solutions
- Smart City and Smart Store Solutions
- Health Campuses
- Fintech Solutions
- IoT Platform and Solutions
- SAP Consultancy Services
- Business Applications (Document Management, Law Process Management)
- CRM and Business Intelligence
- Self Service and Automation Solutions
- Managed Services



International arm of the Group in wholesale data, voice and roaming services

- Over 45K km fiber network in CEE, Turkey, the Middle East and the Caucasus
- More than 114 major POPs in Europe, ME and Asia
- Unique Solutions
 - AMEERS: New path connecting WE to ME
 - SEA-ME-WE-5: Submarine cable system connecting Europe to Africa, ME and Asia

The ASSIST logo is displayed in a white triangle on a blue background. The word "ASSIST" is in a blue, sans-serif font.

Leader customer service solutions company

- Beyond traditional call center services, solutions such as sales and marketing, social media management, e-mailing and payroll
- Serving largest private and public institutions with around 13,000 employees

The Sebit logo is displayed in a white triangle on a light blue background. It features a stylized blue eye icon above the word "sebit" in a blue, sans-serif font.

Leading and largest edtech company in Turkey

- E-educational products, covering all grades from Pre-School to High School
- Leading and innovative e-Education products: Raunt, Sebit VCloud and Vitamin
- Content and platform provider for the national e-Education transformation project (FATİH)

The Türk Telekom Ventures logo is displayed in a white triangle on a dark blue background. It features a colorful geometric icon to the left of the text "TÜRK TELEKOM VENTURES" in a white, sans-serif font.

Corporate venture capital company

- Focus on investing in early stage and scale-up companies primarily in healthcare, energy and education verticals, as well as opportunistic horizontals
- 1st deal on healthcare vertical: Doctor Turkey
- 2nd deal on education vertical: MentalUP
- 3rd deal on energy vertical: Eltemtek
- 4th deal on healthcare vertical: Virasoft

The Türk Telekom ödeme hizmetleri logo is displayed in a white triangle on a blue background. It features a colorful geometric icon to the left of the text "Türk Telekom ödeme hizmetleri" in a blue, sans-serif font.

Payment services company

- Electronic Money License from BRSA
- Strong position in Direct Carrier Billing (DCB)
- Expansion plans in other payment related services & products (Digital Wallets, Money Transfers, Tax/Bill payments, E-Money)



Financials

Income Statement

(TL mn)	Q2 '19	Q1 '20	Q2 '20	QoQ Change	YoY Change
Revenues	5,760	6,303	6,969	10.6%	21.0%
EBITDA	2,681	2,977	3,237	8.7%	20.7%
Margin	46.5%	47.2%	46.4%		
Operating Profit	1,510	1,704	1,934	13.5%	28.1%
Margin	26.2%	27.0%	27.7%		
Financial Inc. / (Exp.)	(999)	(870)	(703)	(19.2)%	(29.6)%
FX & Hedging Gain / (Loss)	(427)	(294)	(127)	(56.9)%	(70.3)%
Interest Inc./ (Exp.)	(464)	(561)	(509)	(9.3)%	9.7%
Other Financial Inc./ (Exp.)	(108)	(15)	(68)	346.1%	(37.3)%
Tax Expense	(77)	(173)	(250)	44.6%	226.9%
Net Income	435	661	980	48.4%	125.5%
Margin	7.5%	10.5%	14.1%		

Balance Sheet

(TL mn)	30.06.2019	31.03.2020	30.06.2020
Total Assets	37,575	42,276	41,852
Cash and Cash Equivalents	3,961	6,484	5,183
Tangible Assets ¹	14,024	14,582	14,389
Intangible Assets	9,598	10,413	10,866
Right of Use Assets	1,398	1,454	1,416
Other Assets ²	8,593	9,343	9,997
Total Equities and Liabilities	37,575	42,276	41,852
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	4,716	6,688	7,450
Interest Bearing Liabilities ³	21,398	22,932	22,218
<i>Bank Borrowings and Bonds</i>	20,219	21,688	20,979
<i>Lease Liabilities</i>	1,179	1,243	1,238
Other Liabilities ⁴	8,201	9,396	8,924

(1) Tangible assets include property, building or plant and equipment and investment property

(2) Major items within other assets are trade receivables, due from related parties, inventories, deferred tax asset, tax assets and other current assets.

(3) Includes short-term and long-term borrowings and lease obligations

(4) Major items within other liabilities are deferred tax liability, trade payables, provisions, income tax payable, due to related parties, other current liabilities and provisions for employee termination benefits

Cash Flow Statement

(TL mn)	Q2 '19	Q1 '20	Q2 '20	QoQ Change	YoY Change
Operating Cash Flow	2,319	2,597	2,347	(9.6)%	1.2%
Investing Cash Flow	(906)	(1,012)	(1,197)	18.3%	32.1%
CAPEX	(922)	(918)	(1,270)	38.3%	37.8%
Other Investing Activites	15	(94)	73	n.m.	371.4%
Financing Cash Flow ¹	(4,720)	133	(2,476)	n.m.	(47.5)%
Net Change in Cash Position ²	(3,308)	1,718	(1,326)	n.m.	(59.9)%

(1) Includes currency translation differences
 (2) Blocked deposits are included in operating activities rather than net cash position

Revenue Breakdown

(TL mn)	Q2 '19	Q1 '20	Q2 '20	QoQ Change	YoY Change
Fixed Voice	676	671	677	0.9%	0.1%
Broadband	1,615	1,839	2,000	8.8%	23.9%
Mobile	2,195	2,273	2,398	5.5%	9.3%
TV	86	92	94	2.0%	9.2%
Corporate Data	430	484	509	5.1%	18.4%
International Revenues	299	306	299	(2.3)%	0.0%
Other ¹	239	371	412	11.0%	72.7%
Eliminations	(23)	(20)	(20)	0.7%	(12.7)%
Revenue w/o IFRIC	5,516	6,016	6,369	5.9%	15.5%
IFRIC-12	244	286	600	109.5%	146.3%
Total Revenue	5,760	6,303	6,969	10.6%	21.0%

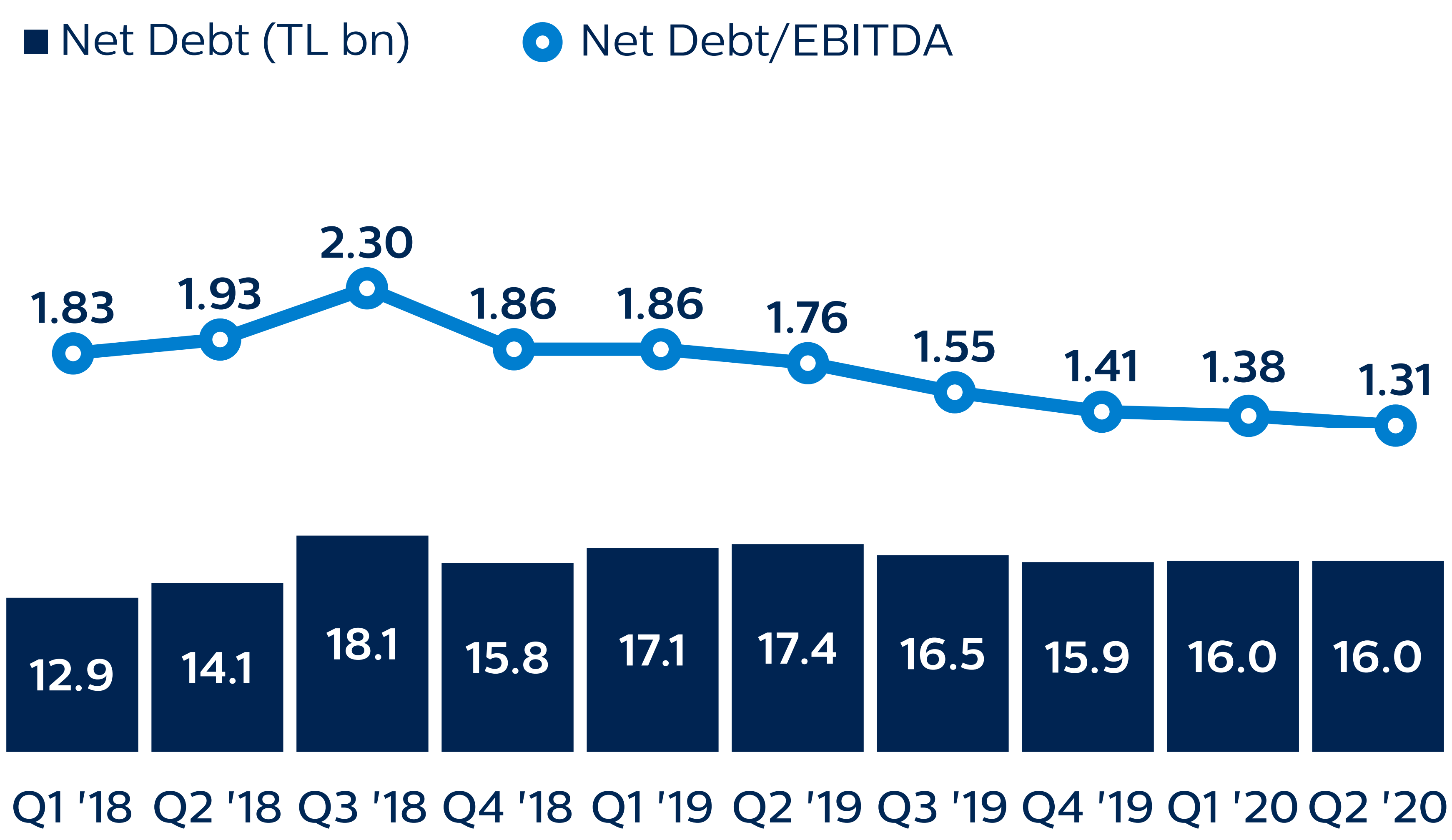
(1) Includes ICT companies, device sales, domestic interconnection and other revenues

Opex Breakdown

(TL mn)	Q2 '19	Q1 '20	Q2 '20	QoQ Change	YoY Change
Direct Costs	1,240	1,391	1,494	7.4%	20.4%
Interconnection	495	515	543	5.5%	9.9%
Tax	533	570	595	4.4%	11.6%
Provisions for Doubtful Receivables	44	54	65	19.8%	48.2%
Cost of Equipment and Technology Sales	77	157	202	28.6%	163.6%
Other Direct Costs	91	94	88	(6.6)%	(4.0)%
Commercial Costs	234	214	193	(9.7)%	(17.4)%
Other Costs	1,389	1,467	1,523	3.9%	9.7%
Network & Technology	428	467	526	12.6%	23.0%
Personnel	890	907	962	6.1%	8.1%
Other	72	93	36	(61.9)%	(50.3)%
Sub Total	2,863	3,072	3,211	4.5%	12.1%
IFRIC-12	216	253	522	106.1%	142.2%
Total OPEX	3,079	3,325	3,733	12.2%	21.2%

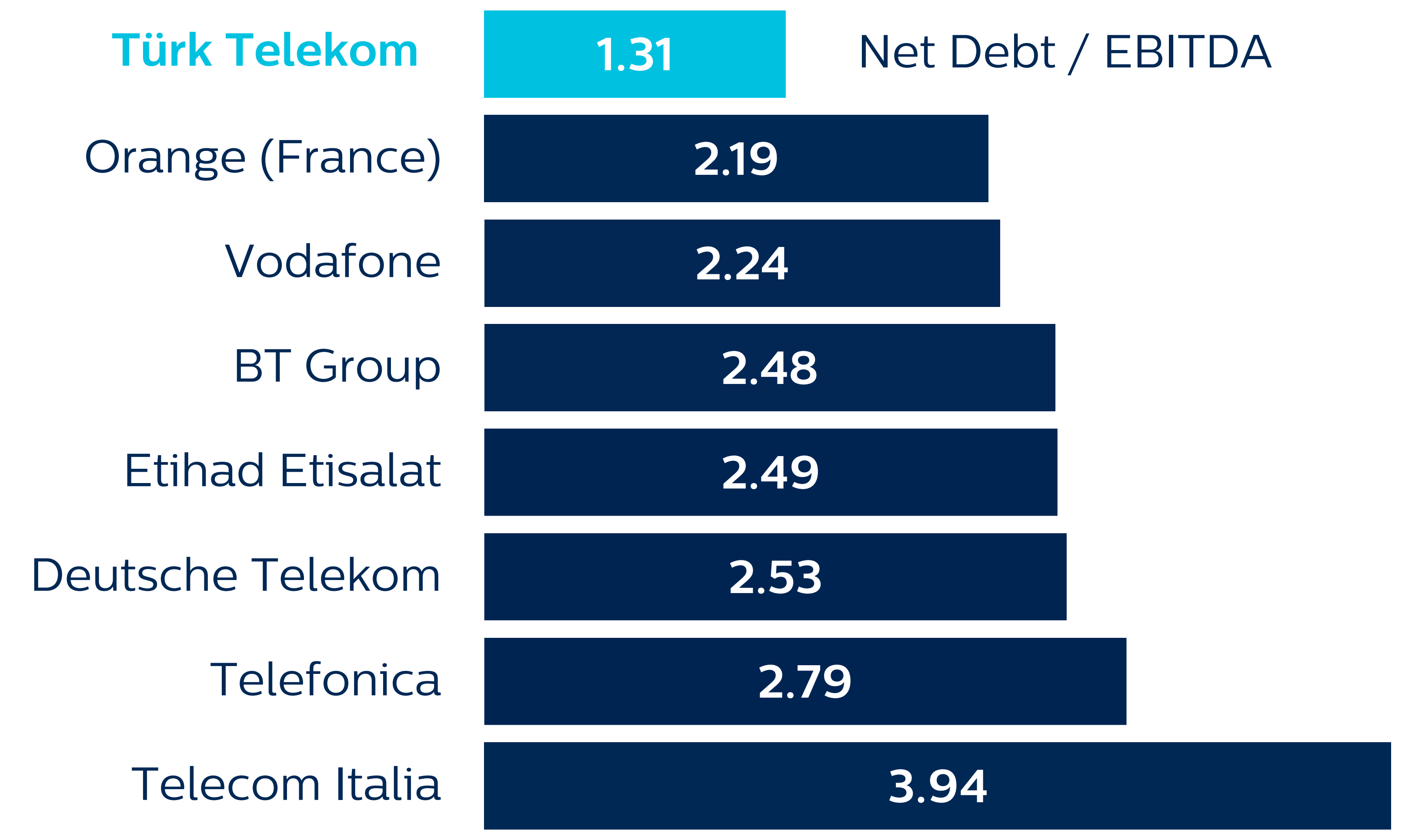
Debt Profile

Net Debt



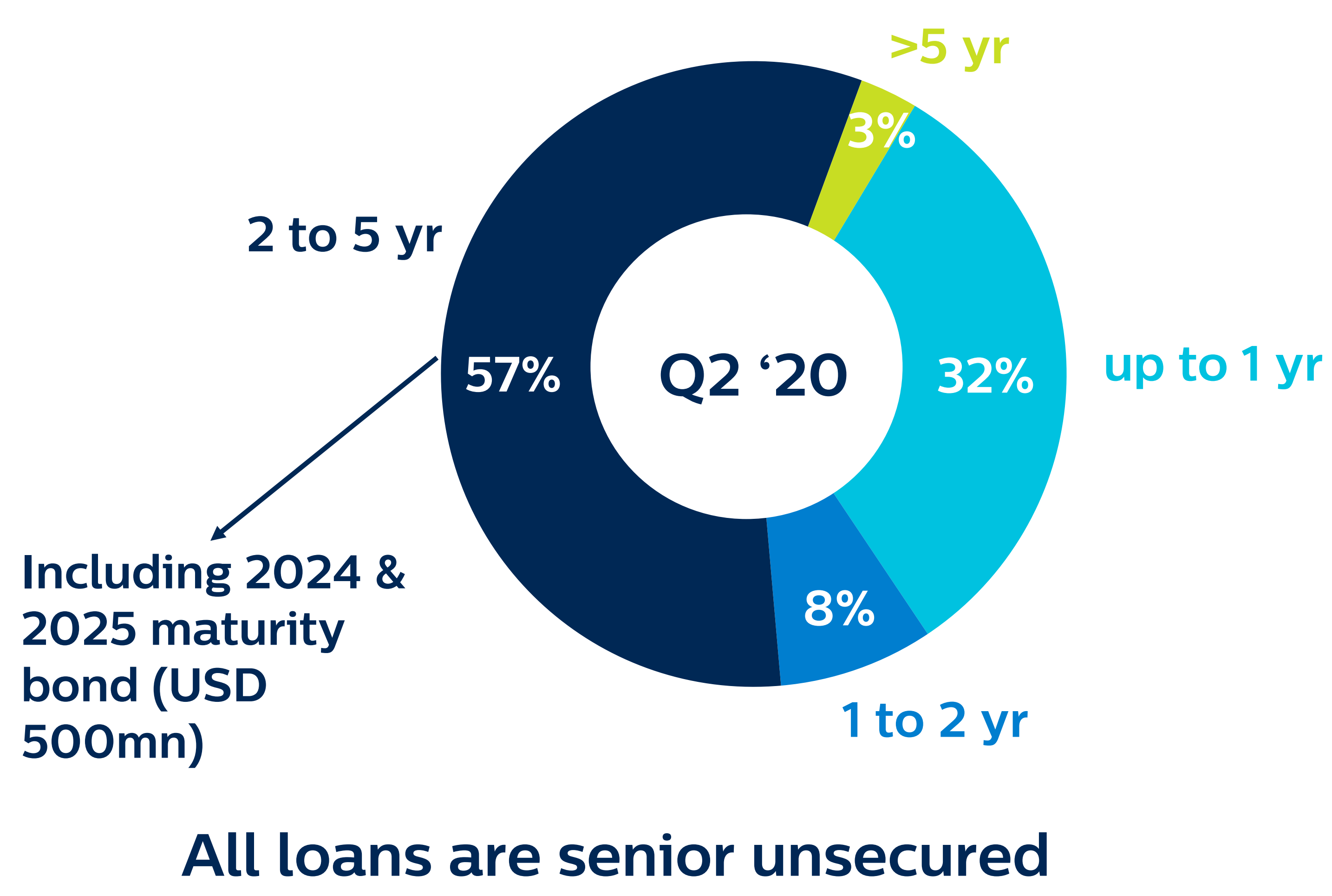
Note: Net Debt calculation includes market valuation (MTM) of Foreign Currency TL money swap transactions.
Net Debt/EBITDA calculation does not include extraordinary provisions in EBITDA calculation.

Low debt ratio among peers

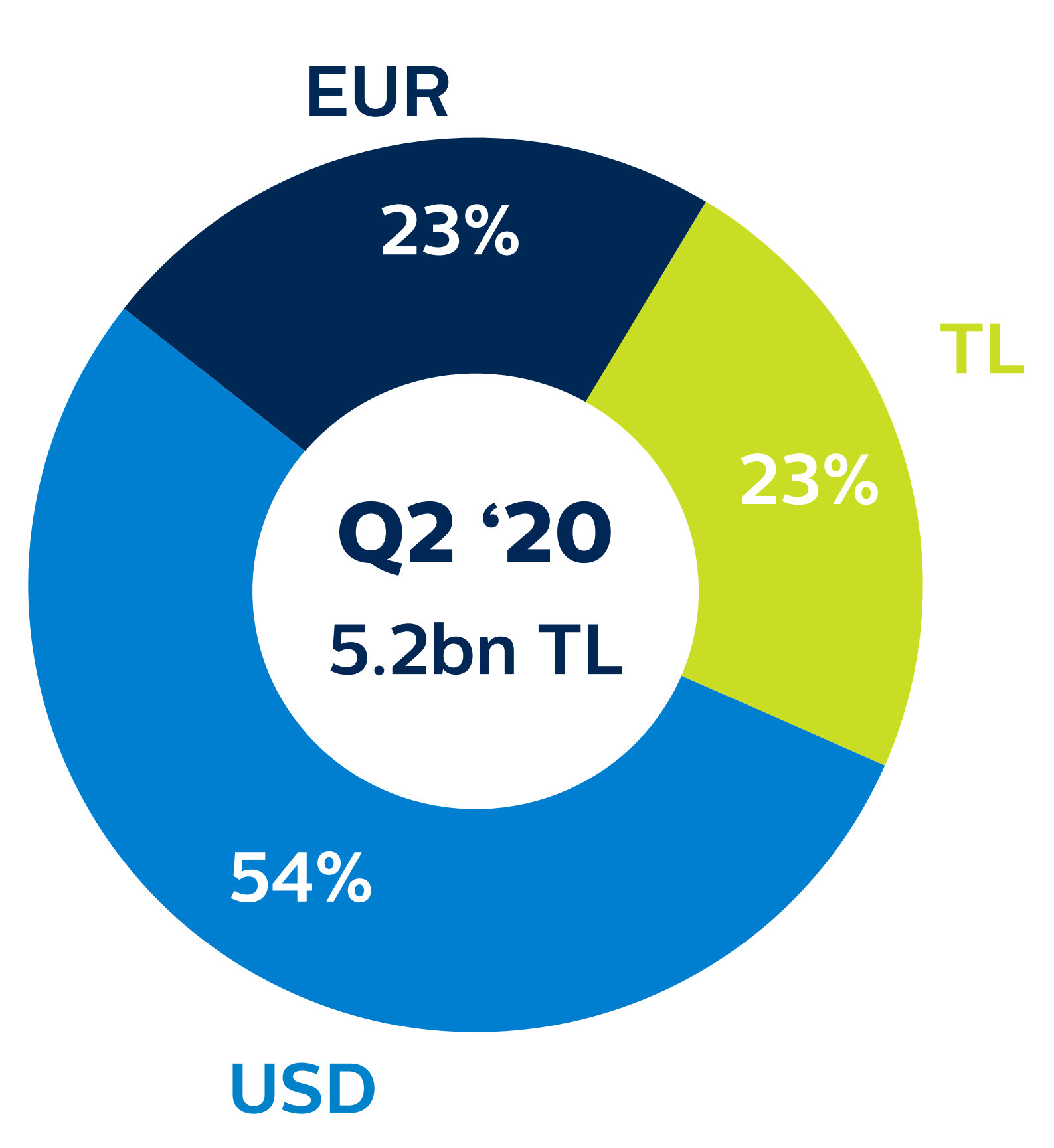


Source: Bloomberg
Türk Telekom's ratio is based on Q2'20 financials; other's based on their latest data

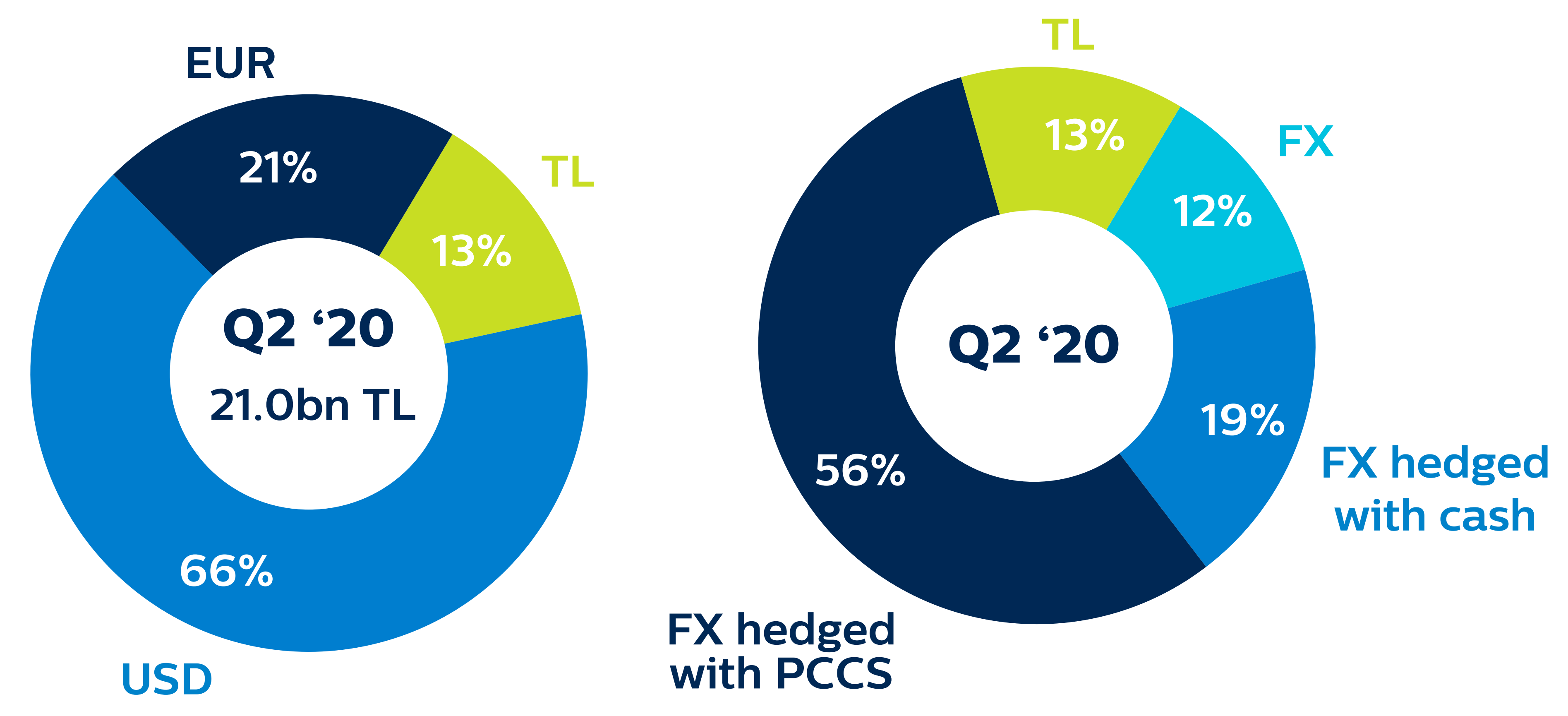
Maturity Profile



Cash FX Breakdown



Gross Debt FX Breakdown



Debt Profile

Prudent Balance Sheet Management

- ▶ FX Risks reduced via Participating Cross Currency Swaps (PCCS), FX based cash and higher utilization of TL based financing
- ▶ Hedge in both principal and interests of designated debt instruments
- ▶ Diversified funding terms of instruments (bonds, ECAs, commercial loans, and IFIs) and geography
- ▶ Significant improvement in cash flow generation with normalized Capex cycle and increasing EBITDA

Corporate Credit Ratings

Fitch Ratings

Long Term Rating: BB-
Outlook Negative

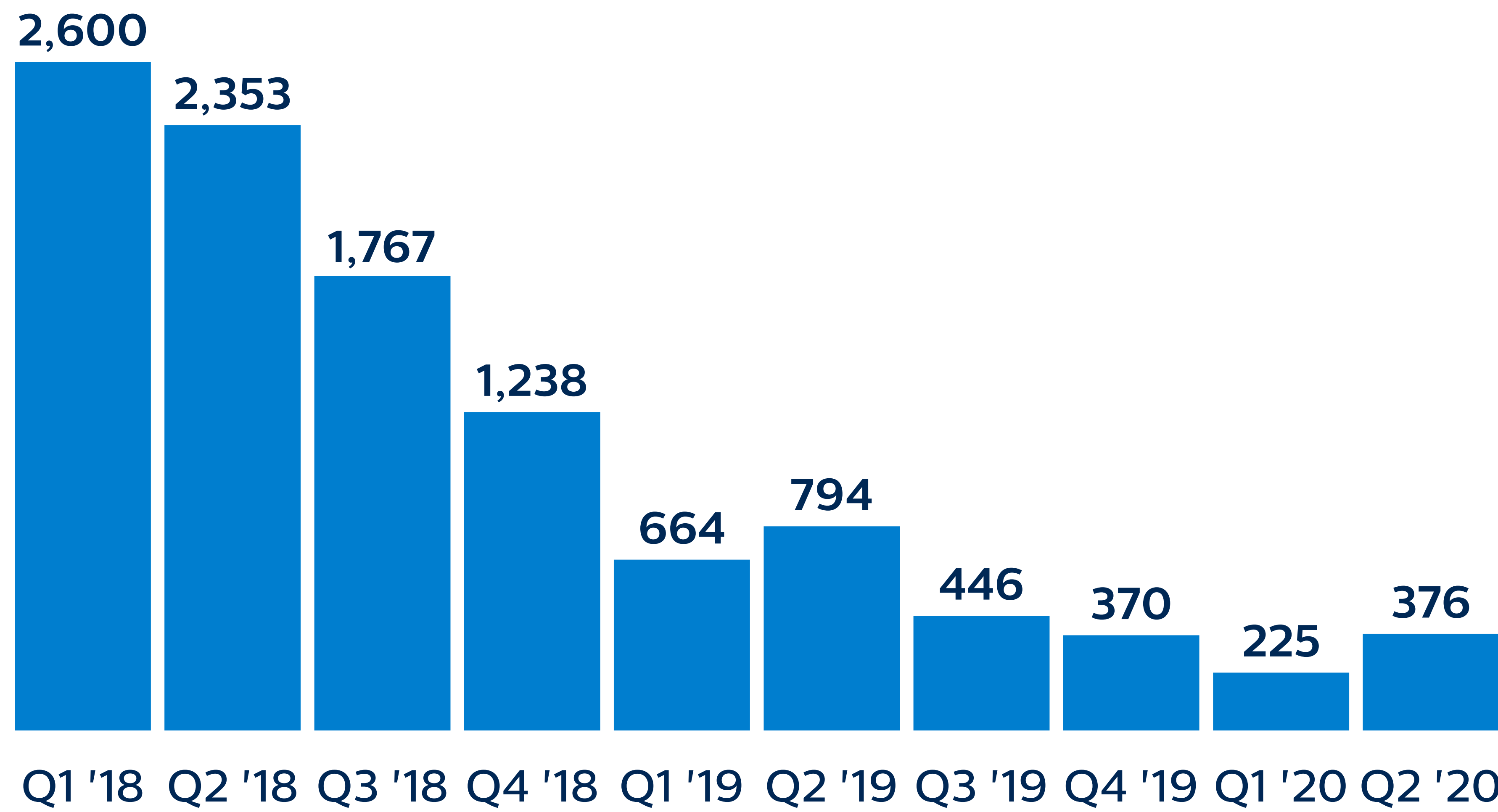
S&P Global Ratings

Long Term Rating: BB-
Outlook Stable

Stand-alone Credit Profile (SACP):
bbb-

Net FX Exposure *

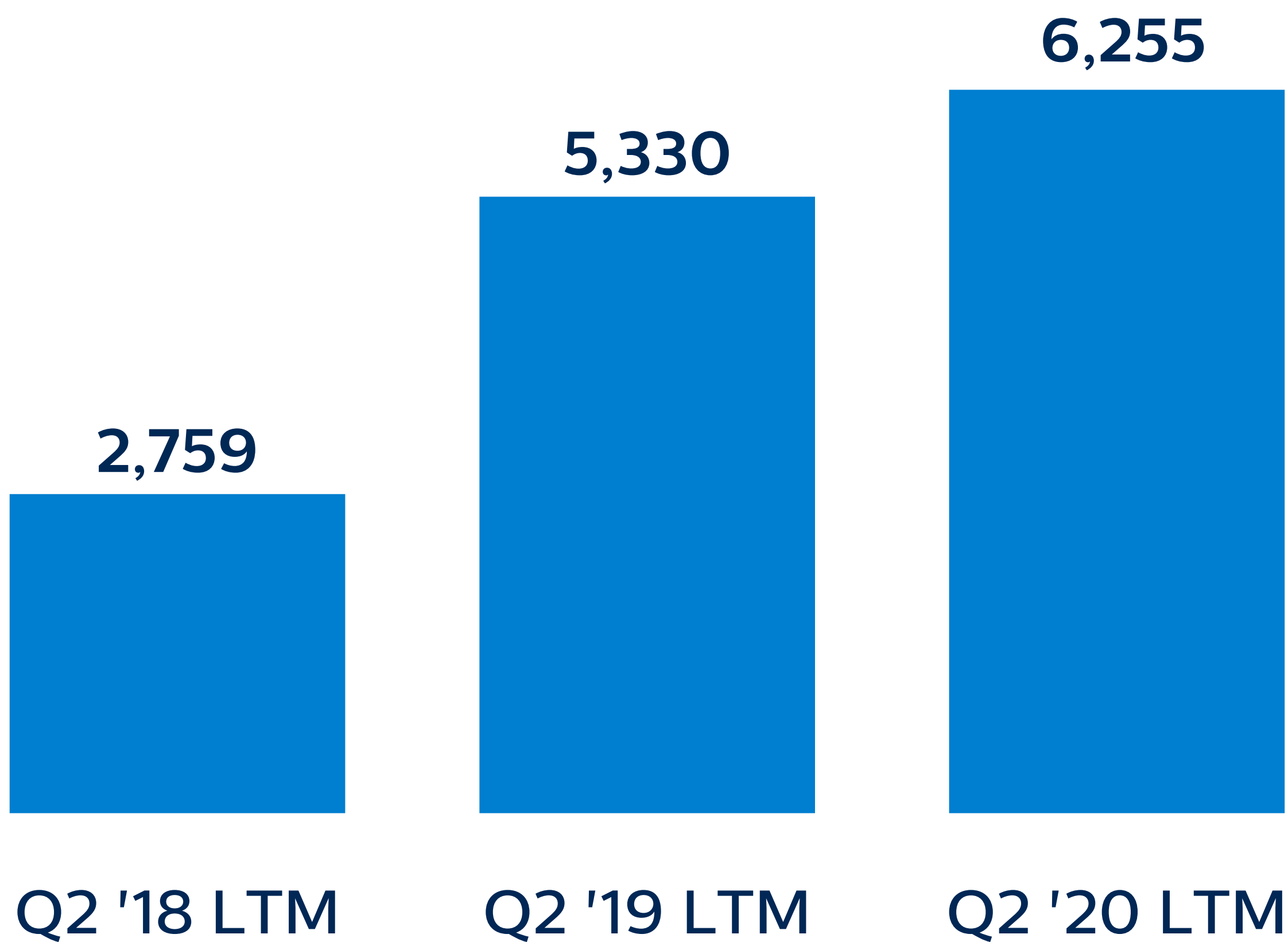
(USD mn equivalent)



*Net FX exposure is calculated as FX based financial debt less FX hedge position less FX based cash and cash equivalents. Debt calculation excludes lease obligations.

Increasing Cash Flow*

(TL mn)



*Unlevered cash flow is defined as net cash provided by operating and investing activities from operations.

Operational Highlights

	Q2 '19	Q1 '20	Q2 '20	QoQ Change	YoY Change
Total Access Line (mn)	14.5	14.8	15.3	3.5%	5.6%
Fixed Voice Subscribers ¹ (mn)	9.9	10.1	10.3	2.3%	4.4%
Naked Broadband Subscribers (mn)	4.5	4.6	4.9	6.2%	8.4%
Fixed Voice ARPU (TL)	22.8	22.3	22.0	(1.4)%	(3.4)%
Broadband Total Subscribers (mn)	11.1	11.6	12.2	5.1%	9.9%
Fiber Subscribers (mn)	3.8	4.4	4.8	7.8%	26.1%
FTTH/B Subscribers (mn)	1.5	1.7	1.9	7.6%	27.9%
FTTC Subscribers (mn)	2.3	2.7	2.9	7.9%	24.9%
Broadband ARPU (TL)	48.6	53.5	55.5	3.9%	14.4%
Total Tivibu Subscribers ² (mn)	3.6	3.4	3.3	(3.8)%	(9.3)%
Tivibu Home Subscribers ³ (mn)	1.7	1.6	1.5	(3.0)%	(7.2)%
Tivibu ARPU (TL)	15.9	18.2	19.0	4.3%	19.2%
Mobile Total Subscribers (mn)	22.4	23.2	22.8	(1.6)%	2.0%
Mobile Postpaid Subscribers (mn)	13.3	14.0	14.1	1.2%	6.4%
Mobile Prepaid Subscribers (mn)	9.1	9.2	8.7	(5.9)%	(4.4)%
Mobile Blended ARPU (TL)	32.8	32.5	34.4	6.1%	5.2%
Mobile Postpaid ARPU (TL)	40.8	40.1	42.7	6.6%	4.9%
Mobile Prepaid ARPU (TL)	20.6	20.6	21.2	2.6%	2.7%

(1) Includes PSTN and WLR Subscribers
 (2) Includes IPTV, DTH, and Tivibu GO subscribers
 (3) Includes IPTV and DTH subscribers

Guidance

TL mn	2019 YE	H1 '20 Actuals	2020 Guidance
Revenue (exc. IFRIC 12) ¹	22,634	12,386	Around 13% growth
EBITDA	11,170	6,214	TL 12.4 bn – TL 12.6 bn
CAPEX	4,940	2,133	Around TL 6.4 bn

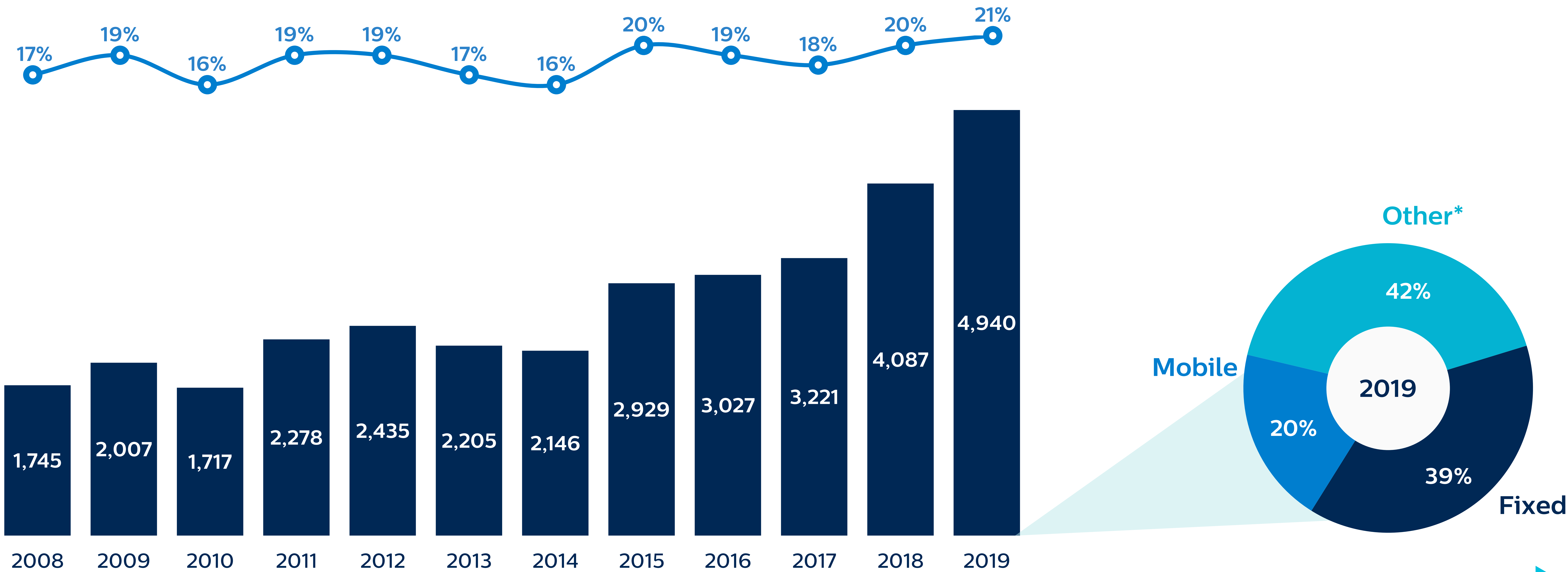
(1) IFRIC 12 adjustment is a non-operational revenue line booked in conjunction with upgrades to our fixed line infrastructure such as the upgrade from copper to fiber based network

CAPEX

- Major Capex areas are fiber network roll-out in fixed line, network investments in mobile and IT transformation projects

Capex & Capex / Sales

■ CAPEX (TL mn) ● CAPEX/Sales



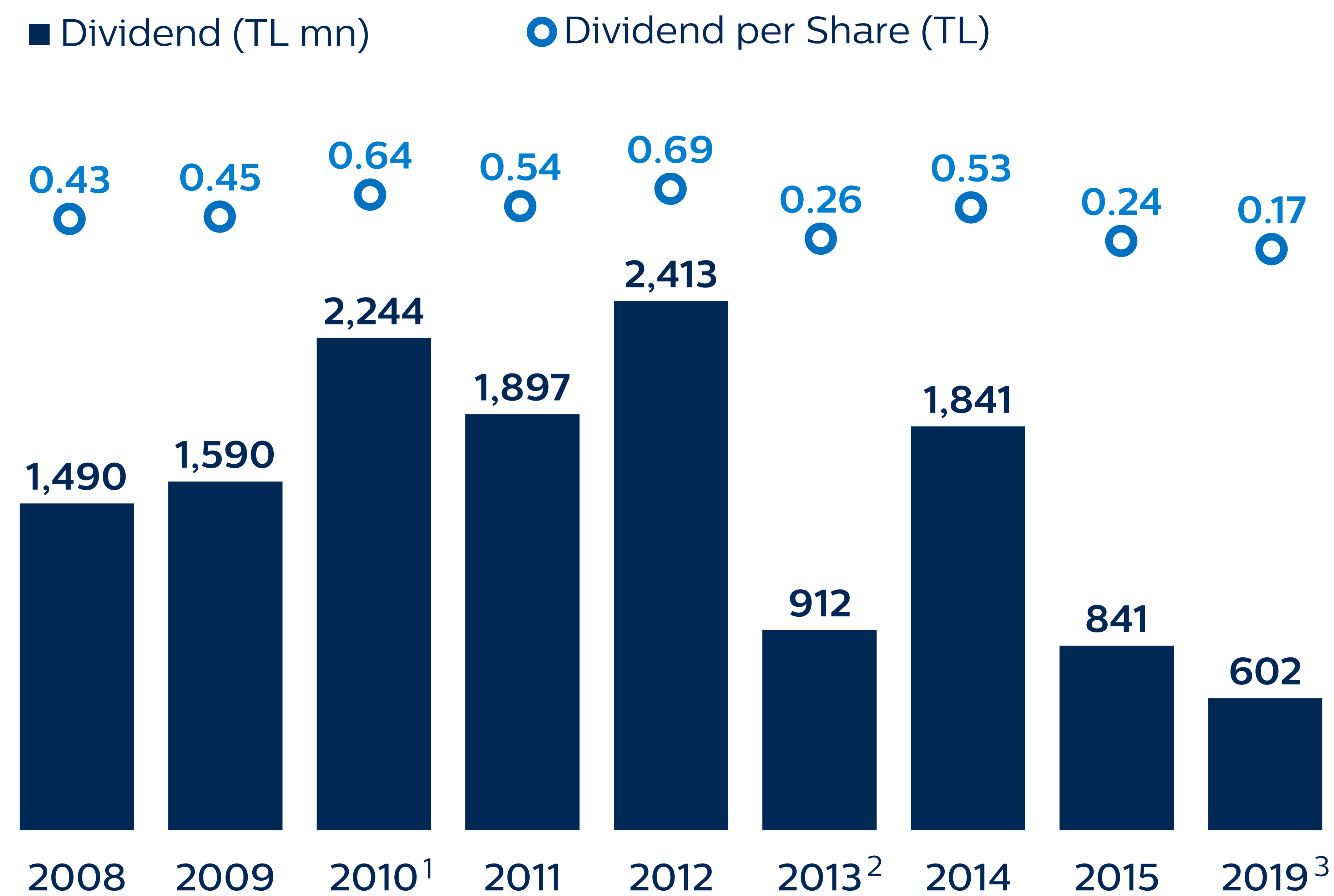
Note: Capex figures exclude license fees

* Other Capex includes IT related capex, Capex for subsidiaries, Capex for new revenue streams, IFRS 15 capitalization and other

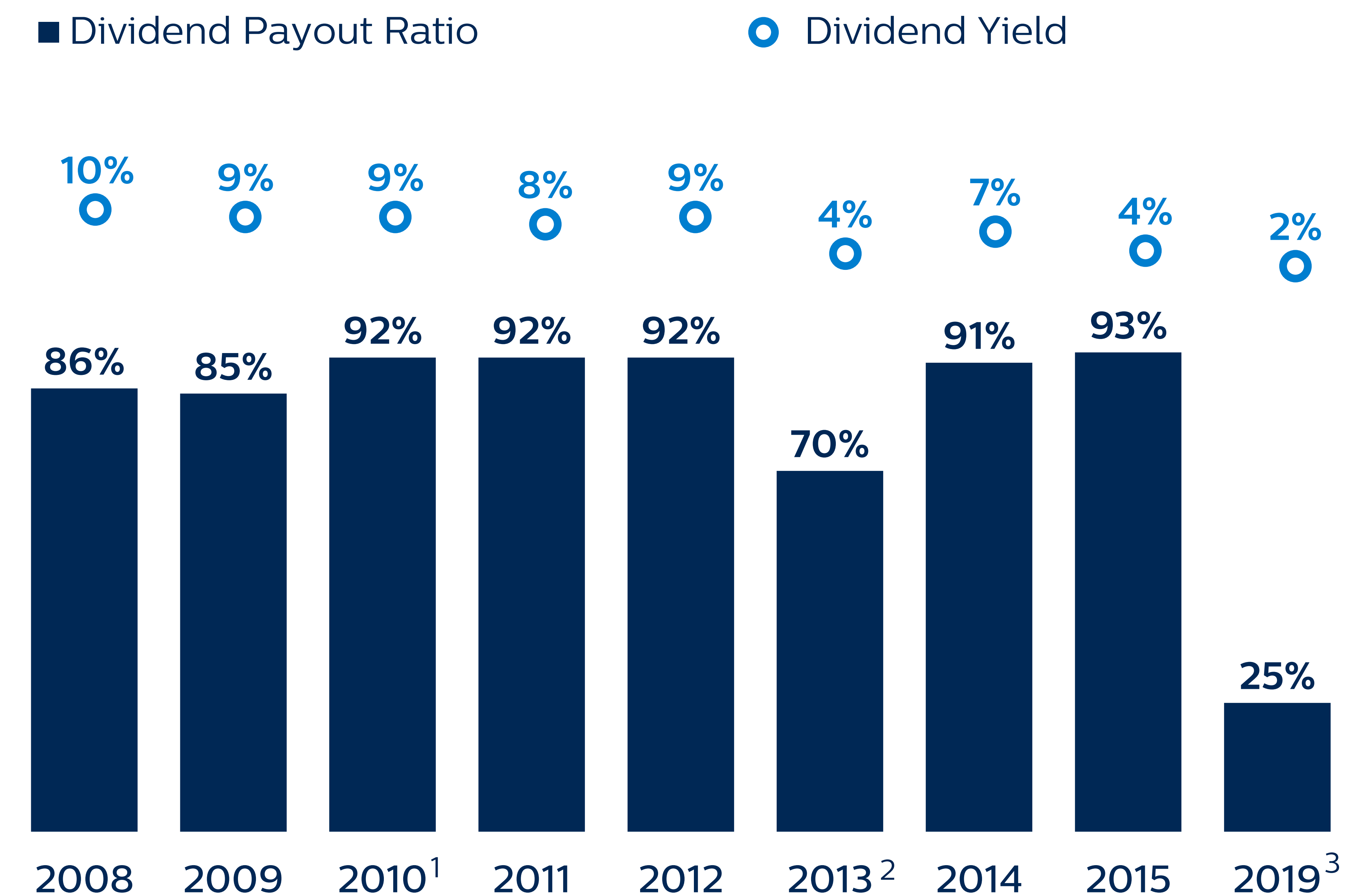
Shareholder Remuneration

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

Dividend Distribution



Dividend Yield & Payout Ratio



1) The cap in the first legal reserve was reached in 2010

2) 2013 dividend payout ratio was revised to 70% with BoD decision to prepare for any potential transaction for implementation of integration of the group

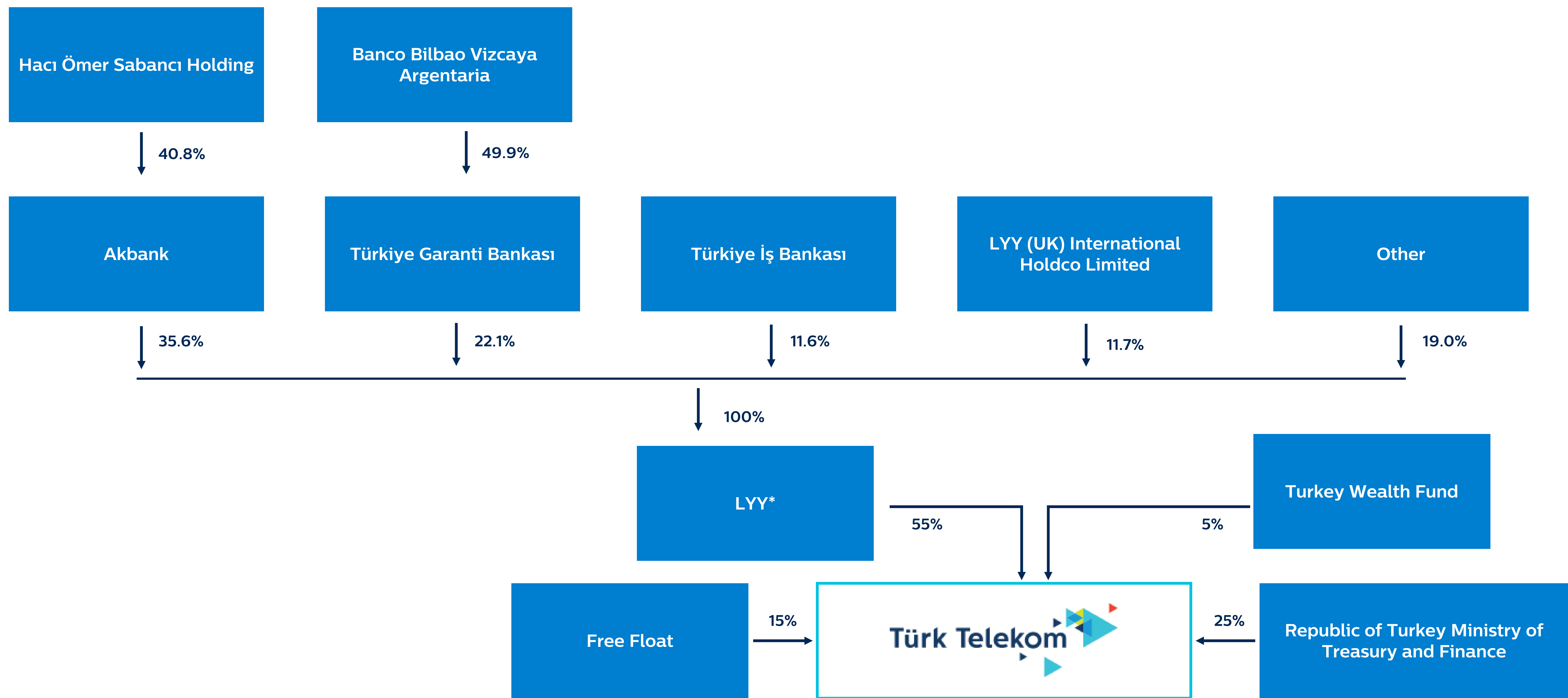
3) 2019 dividend payout ratio was decided as 25% according to the CMB regulations

Note: Based on General Assembly decision, no dividends distributed for the activity years 2016 & 2017 & 2018.



Appendix

Shareholder Structure

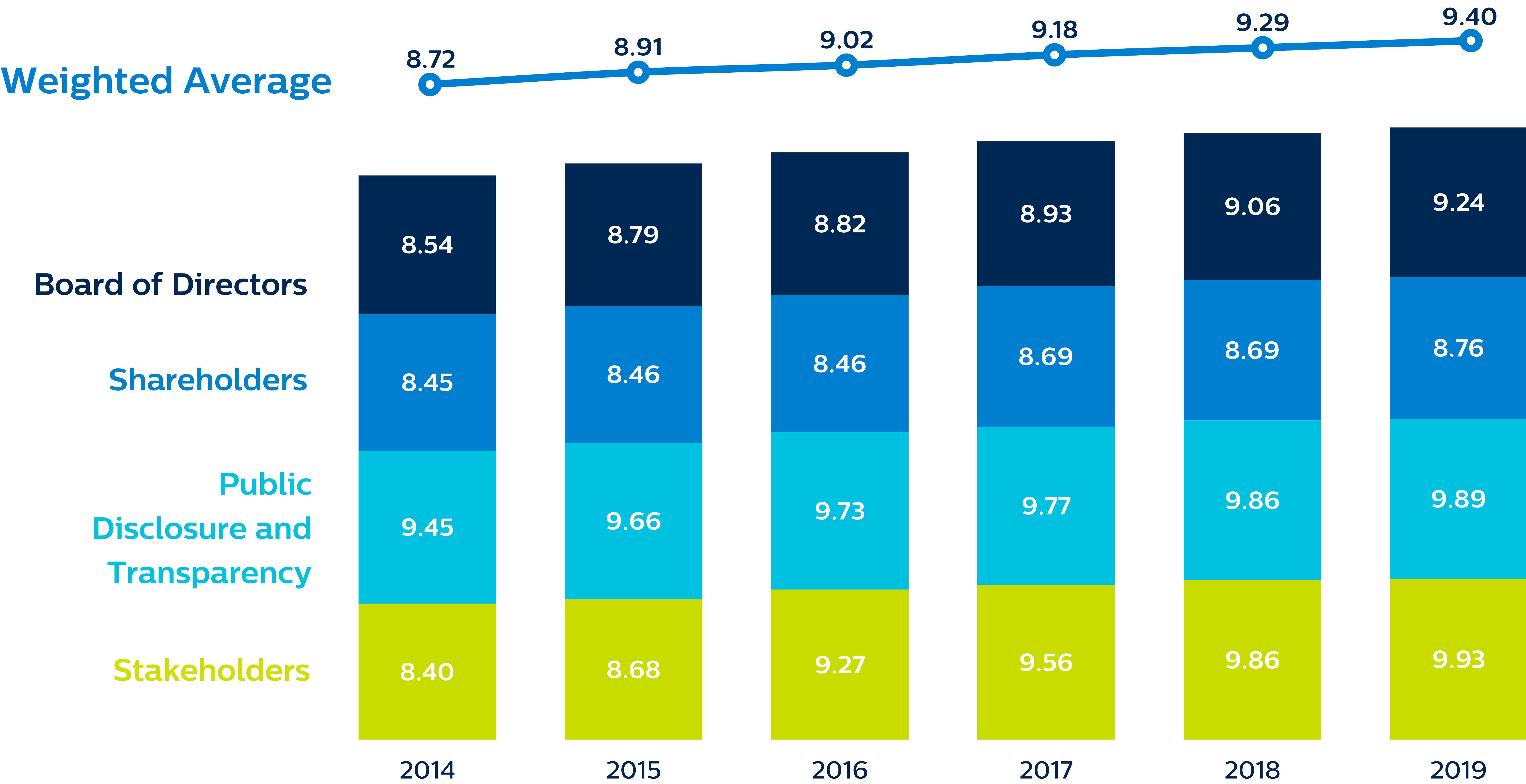


Note: Turkey Wealth Fund has 1.68% public share ownership.

*LYY Telekomünikasyon A.Ş.

Corporate Governance

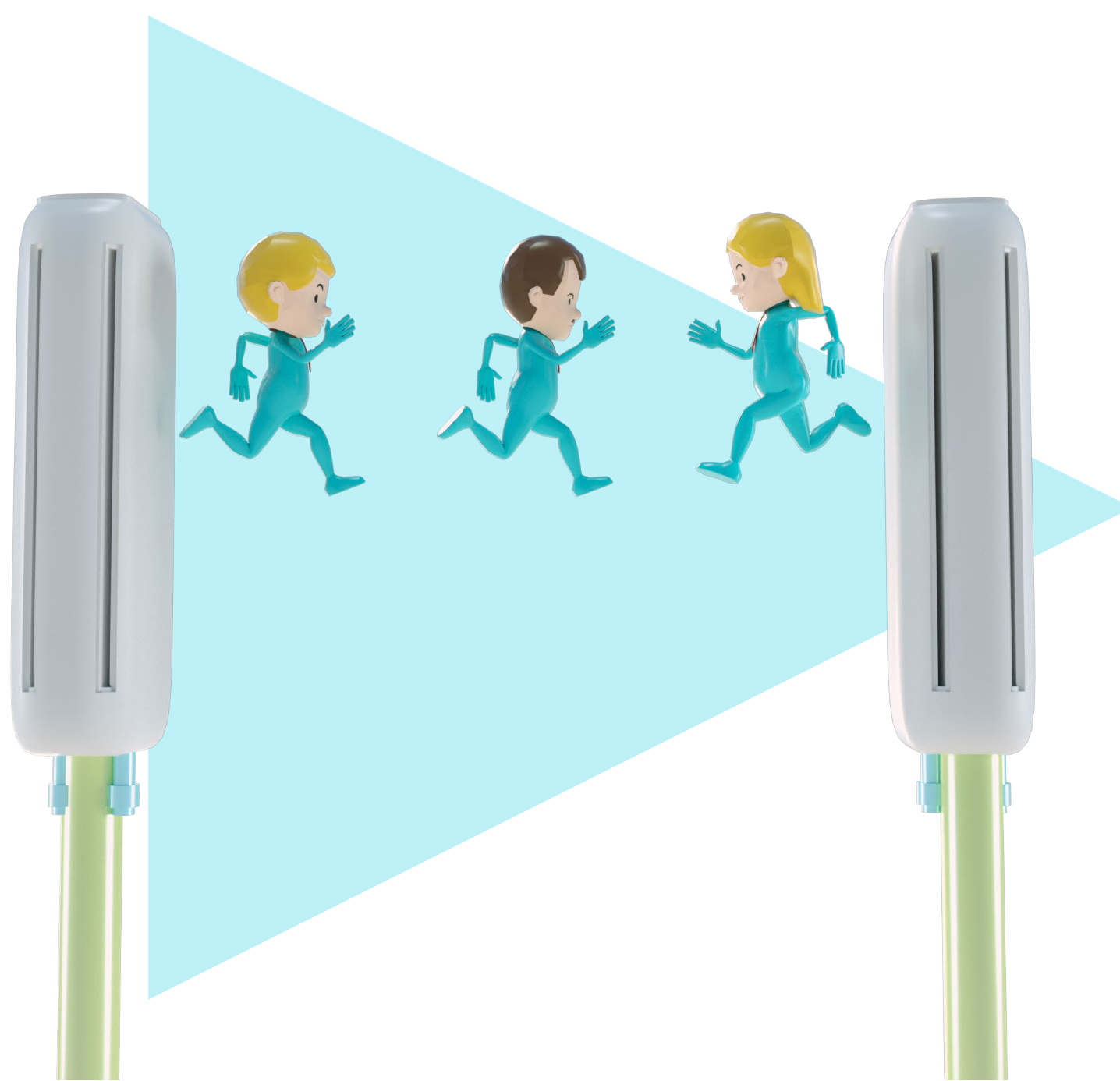
- ▶ Türk Telekom is member of BIST Sustainability Index since creation with its long lasting emphasis on Environmental, Social and Governance policies and exemplary practices
- ▶ The only telecom company qualified to be included in the BIST Corporate Governance Index since 2009
- ▶ Türk Telekom is a member of FTSE4GOOD Index Series
- ▶ Türk Telekom, which has carried out exemplary projects in the field of sustainability, became a member of the UN Global Compact platform, which is the largest corporate sustainability initiative in the world.



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**
 - On-net price floor for TCELL
- **May**
 - About 29% reduction in MTRs
 - MVNO regulation in place
- **July**
 - 3G service launch
- **September**
 - Fixed number portability introduced
 - Local call liberalization

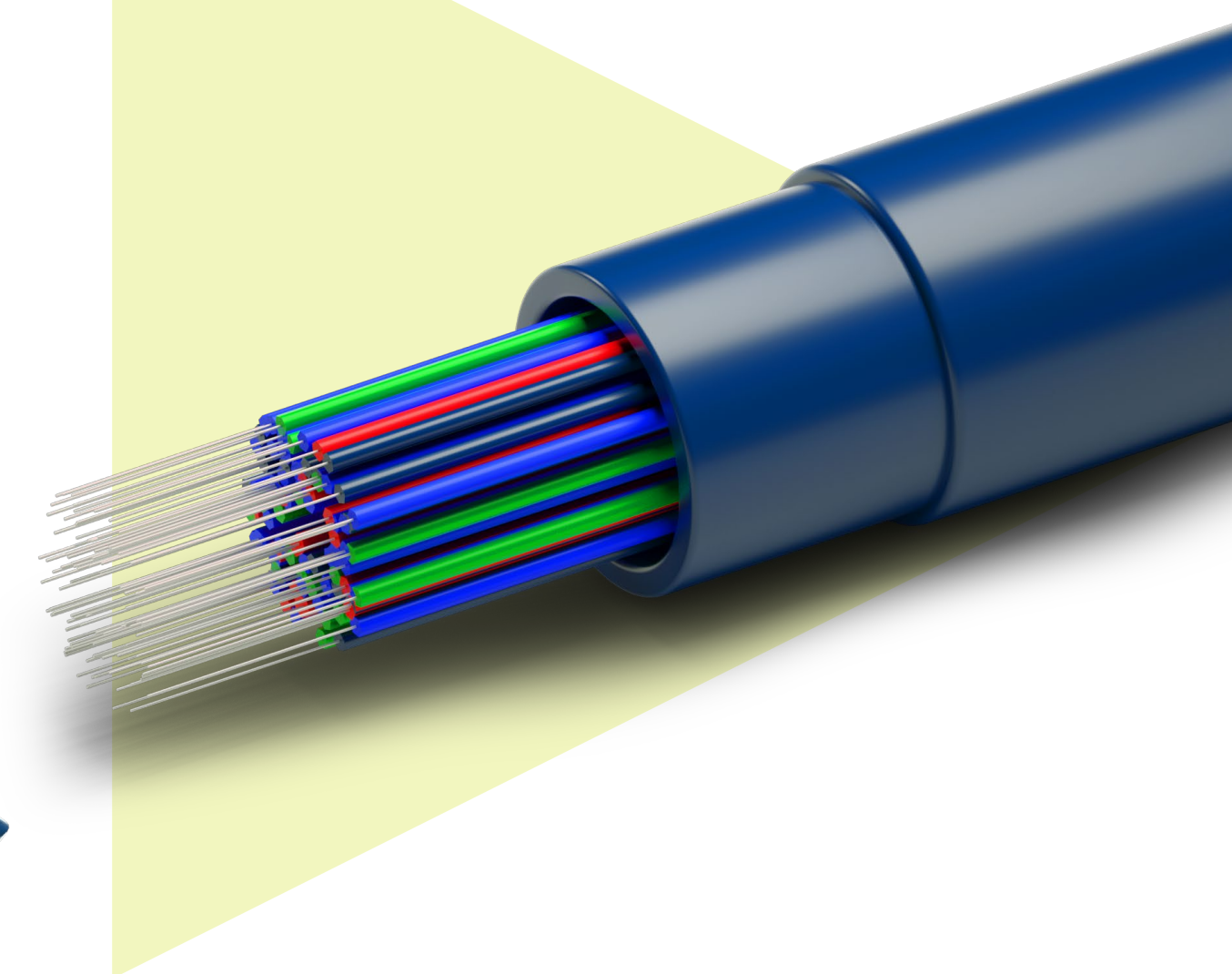
2010

- **April**
 - About 52% reduction in MTRs
 - 17% cut in double tandem FTR
 - 38% decrease in GSM to GSM retail price cap
 - TL per minute pricing introduced
- **December**
 - Naked Broadband services started



2011

- **April**
 - Mobile off-net price cap was increased by 4%
 - SMS price cap was decreased by 48%
- **September**
 - Deregulation on MTRs on international calls and liberalization on their pricing
- **October**
 - ICTA's fiber decision: FTTH/B will be excluded from the market analysis process until 25% fiber market share or for 5 years



2012

- **January**
 - WLR was introduced
- **November**
 - Deregulation on FTRs on international calls and liberalization on their pricing

2013

- **March**
 - Mobile on-net price floor for TCELL formulated by Mobile Termination Rate 1.7x
- **April**
 - 75% reduction in MTRs on SMS
- **July**
 - 20% reduction in MTRs
- **September**
 - Duct Sharing officially started



2014

- **July**
 - Calls over fixed line infrastructure was deregulated. Accordingly, Türk Telekom is no longer designated as having SMP (significant market power) in fixed voice market

2015

- **August**
 - LTE tender was held



2016

- **April**
 - LTE Service Launch
- **August**
 - Mobile on-net price floor regulation for TCELL was lifted
- **October**
 - The deadline to shift Port Transmission Model

2018

- **January**
 - SCT rates for mobile voice, fixed voice, mobile data, and fixed data was unified at 7.5%



2019

- **January**
 - Fair usage quota was lifted

History

Separation from Post Office

Türk Telekom separated from the Post Office

1995

Aycell Merger with Aria

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

2004

Avea Share Transaction

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

2006

Invitel Acquisition

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

2010

Bond Issuance

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

2014

Brand Unification

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

2016

Bond Issuance

Türk Telekom successfully completed its 500 million Dollar bond offering of 6-year maturity

2019

2001

Aycell Established

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

2005

Privatization

Privatized through a 55% stake sale to Oger Telecom

2008

Public Offering

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

2013

Integration Project Initiated

Integration project for a customer oriented organization

2015

Avea Share Transaction

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

2018

Establishment of CVC Company

The Corporate Venture Capital Company was established under "TT Ventures Proje Geliştirme A.Ş." name

Shareholder Change

55% shares of Türk Telekom was transferred to LYY Telekomünikasyon A.Ş. (LYY) from OTAS



Türk Telekom Investor Relations

▶ investorrelations@turktelekom.com.tr

▶ ttinvestorrelations.com

▶ +90 212 309 96 30

▶ twitter.com/ttkomir

