

Türk Telekom
2008 Q1 Financial & Operational Results

10 June 2008

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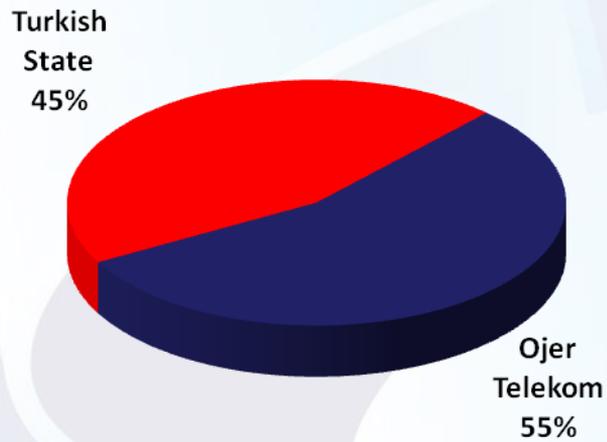
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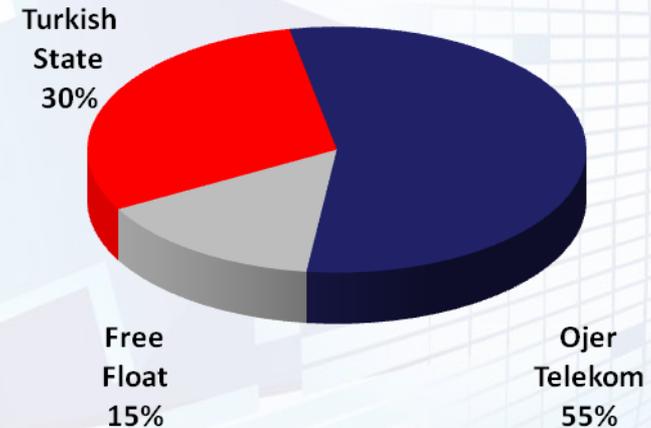
2008 Q1 General Overview

Shareholding Structure

Shareholding Structure as of 31 March 2008



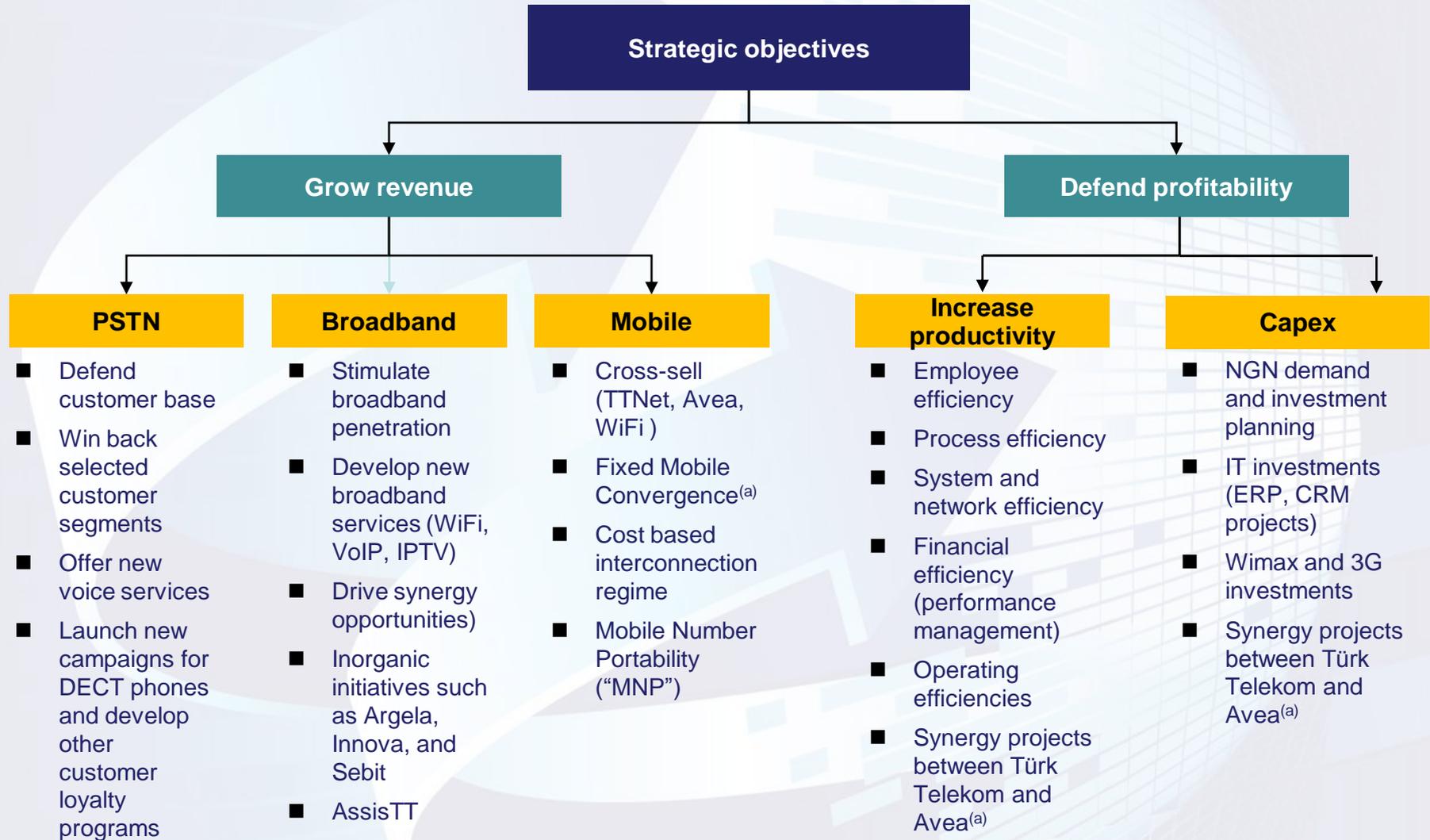
Current Shareholding Structure (Post-IPO)



2008 Q1 Consolidated Performance



✓ Operating profit increased 24% to 666m TRY compared to the same period of 2007 based on a revenue growth of 13% (to 2,423m TRY)



(a) Subject to regulatory approval

- ✓ Draft Electronic Communication Act at the Parliament.
- ✓ Decrease in interconnect rates for Fixed and Mobile applicable from April 1, 2008.
- ✓ Off-net and On-net pricing regulation applicable from November 1, 2007.
- ✓ Lawsuit being initiated against Turkcell for anticompetitive practices and not following applicable regulations.
- ✓ MNP expected by November 2008; Central Reference Database has been delivered to TA.
- ✓ FNP to be in place in May 2009.
- ✓ 3G tender in 2007 was postponed, the new tender is expected late 2008 or in 2009.
- ✓ MVNO is currently under appraisal.
- ✓ Competition Authority Investigation for TT and TNet practices in broadband services expected to be completed by late 2008.

Fixed Line Business

Successful 2nd Stage Rebalancing in 2007

Completed and Ongoing Initiatives

- ✓ 19 initiatives for churn management are introduced end of March, the voluntary churn decreased by 20 pct since then
- ✓ Fixed Fee part inflationary increase of 5% approved .
- ✓ Two new voice tariff packages are approved by TA (to be launched in June)
- ✓ DECT phone campaigns
- ✓ Stimulation, migration campaigns, etc.
- ✓ Service offerings to create stickiness to PSTN
 - Videophone, security systems and smarthome, audioconferencing and voicemail, IP Centrex
- ✓ TT dealer network uplift project and rehabilitation of offices



Completed and Ongoing Initiatives

- ✓ TTNET WIFI service
- ✓ TTNET MUSIC portal
- ✓ Avea-TTNET SME campaign
- ✓ Technology package offering with Garanti, Sentim, HP, and Intel
- ✓ “No home without internet” campaign
- ✓ TTNET İŞYERİM Corporate ADSL Packages
- ✓ TTNET VIDEO portal
- ✓ G.SHDSL retail tariff change
- ✓ TTNETVITAMIN Contest together with Ministry of Education and SEBIT

Borusan Telecom:

- ✓ In accordance with its growth strategies in Europe, Dhanus Technologies, one of the fastest growing telecommunications companies of India, has bought Borusan Telekom, Turkey's first alternative telecom operator with A type licence as of January, the 17th 2008.
- ✓ Dhanus Technologies has agreed with Borusan Holding for the 100 % acquisition of Borusan Telekom

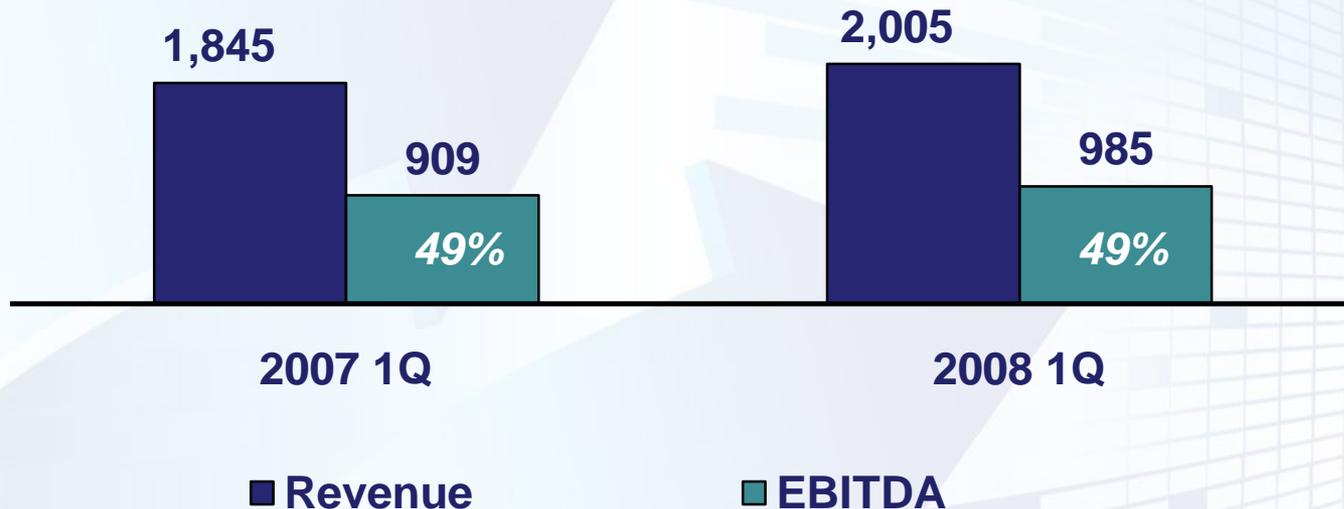
Tellcom:

- ✓ As of 24th of March, 2008 Tellcom signed a contract in order to use Sabanci's infrastructure.
- ✓ Due to the recently signed contract Tellcom is to integrate Sabanci's infrastructure in order to provide services to its existing customers.
- ✓ Superonline acquired by Tellcom.

Call by Call Launches:

- ✓ Superonline 1099
- ✓ Millenicom 1045
- ✓ Koçnet 1056
- ✓ Netone 1095

Fixed Line 2008 Q1 Highlights



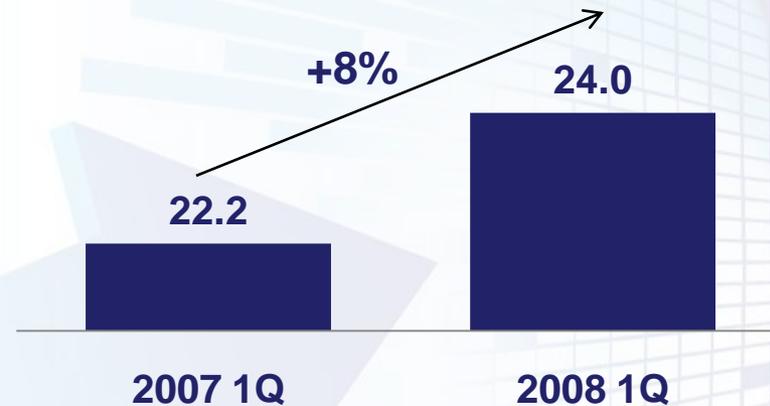
- ✓ The fixed line business maintained EBITDA margin at 49% of revenue (985m TRY), with revenue growing to 2,005m TRY in the quarter, a growth of 9% compared to the 1,845m TRY of Q1 2007
- ✓ Net new ADSL connections for Q1 2008 were 0.4m, enabling total ADSL connections to reach 4.95m by the end of Q1 2008

PSTN 2008 Q1 Highlights

PSTN Access lines (million)



PSTN ARPU (TRY) ^(a)

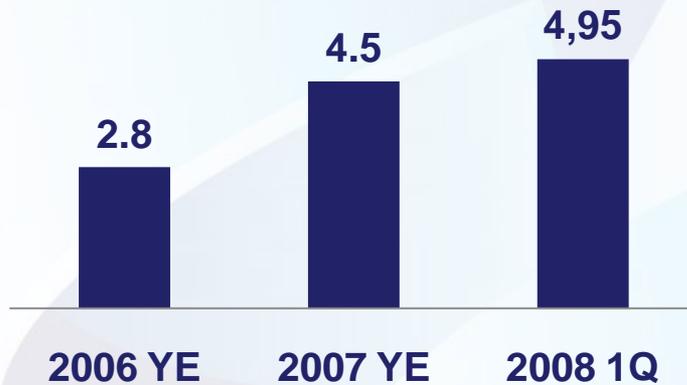


- ✓ PSTN churn is related to the tariff rebalancing in 2007.
- ✓ As a result of the tariff rebalancing, ARPU grew 8% YoY.
- ✓ MoU per access line decreased 11% in 2008 Q1 compared to 2007 Q1.

(a) The numbers represent the PSTN revenue divided by annual average PSTN access lines in service.

Broadband 2008 Q1 Highlights

Wholesale ADSL Connections (million) ^(a)



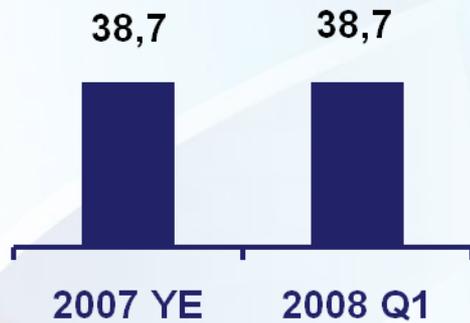
- ✓ TNet retained 95% market share in ADSL market ^(b).
- ✓ ADSL ARPU, TRY 26, is at guidance level for the year.
- ✓ 22% of new net ADSL subscribers chose “Unlimited Package” in 2008 Q1 while it was 4% in 2007 Q1.

(a) The numbers represent the ADSL revenue divided by annual average ADSL subscribers.

(b) Source: Company calculation based on number of ADSL lines

Fixed Line Headcount

No of Employees (000s)



Access lines per network employee (a)



- ✓ Cooperation with universities in recruitment
- ✓ 1,100 new recruits in 2007 (of which 700 are engineers)

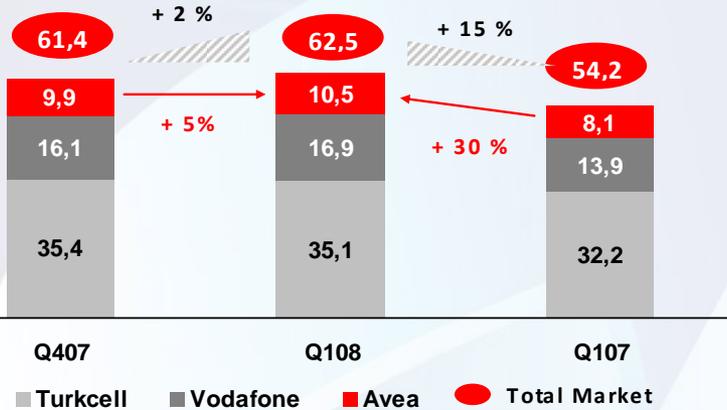
(a) The number is rounded and based on the number of TT legal entity employees

Mobile Business

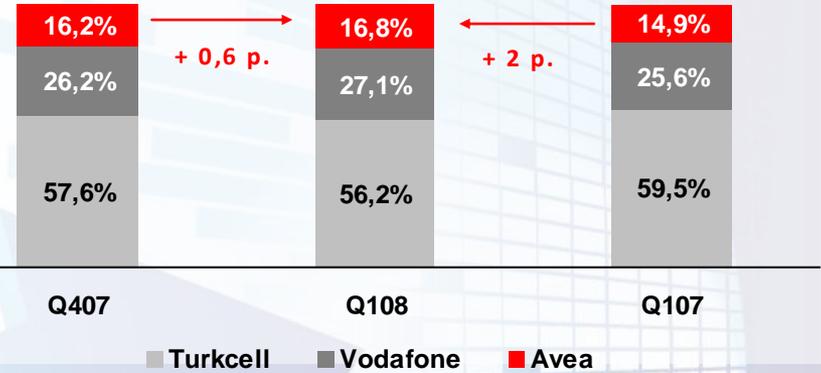
Mobile Market Review



Mobile Growth (Subscriber Base)



Market Share (Subscriber Base)



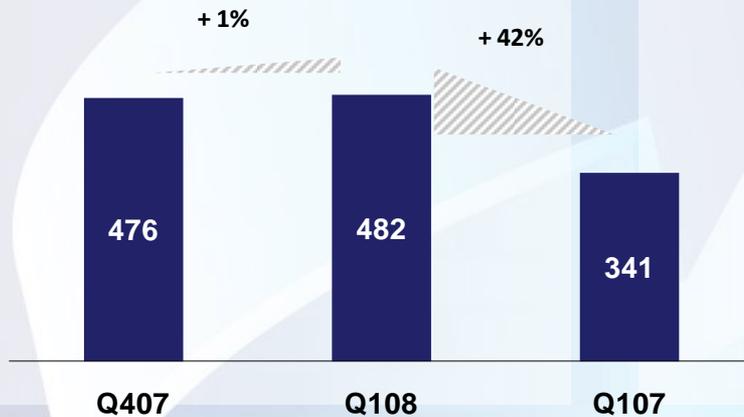
Revenue Trend (TRY m)



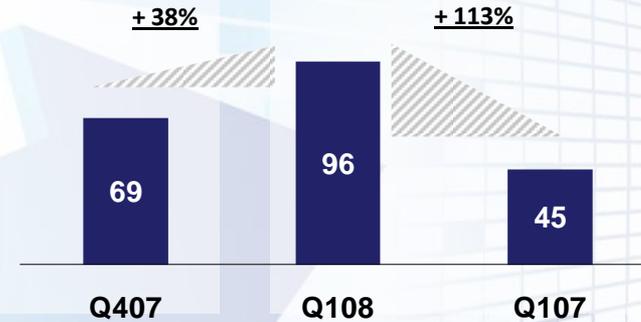
ARPU Trend (TRY)



Revenue (TRY m)



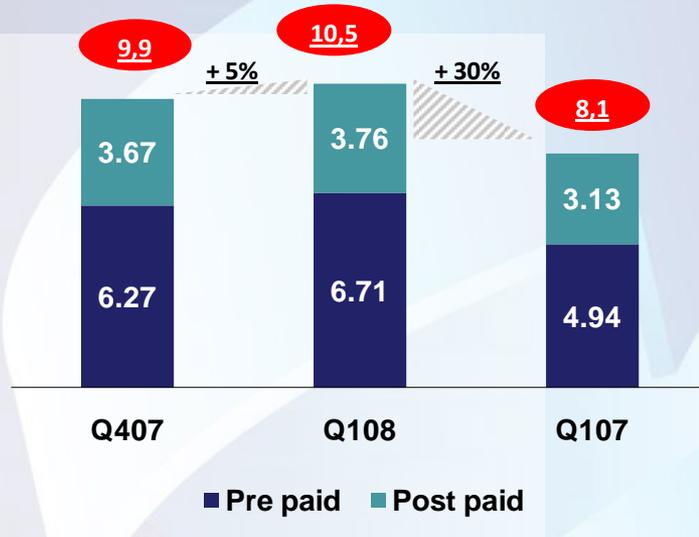
EBITDA (TRY m)



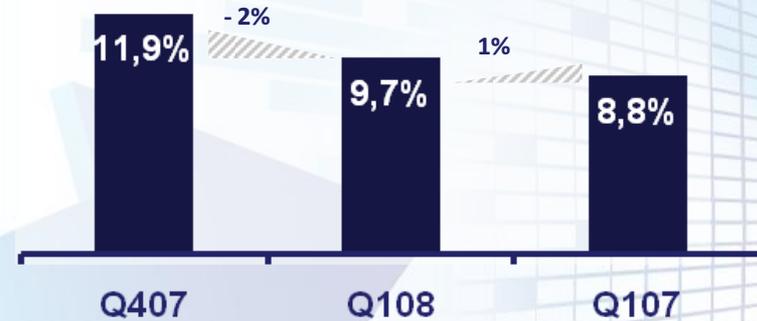
✓ Mobile Revenue Growth vs Q1 07 + 42%

✓ Mobile operations saw a more than doubling of EBITDA* to 96m TRY compared to the same period of 2007 with the EBITDA margin reaching 20% (Q1 07 13%; Q4 07 14;5%)

Subscriber Base (million)



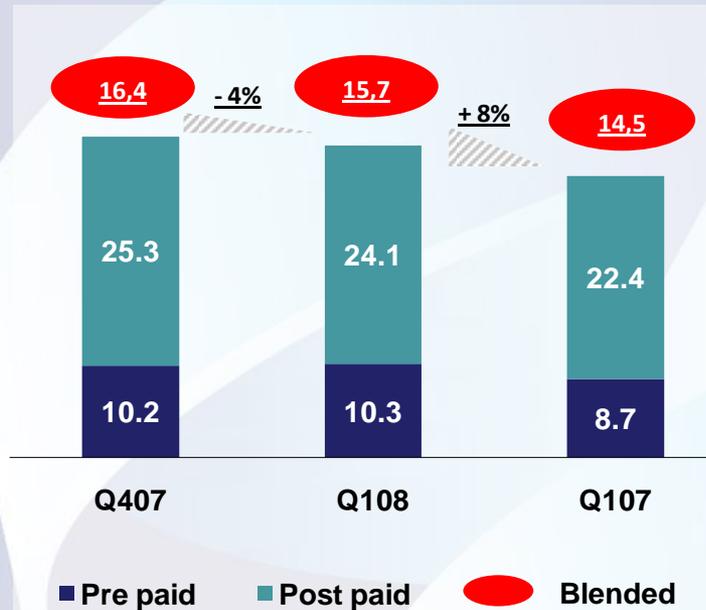
Churn Rate (%)



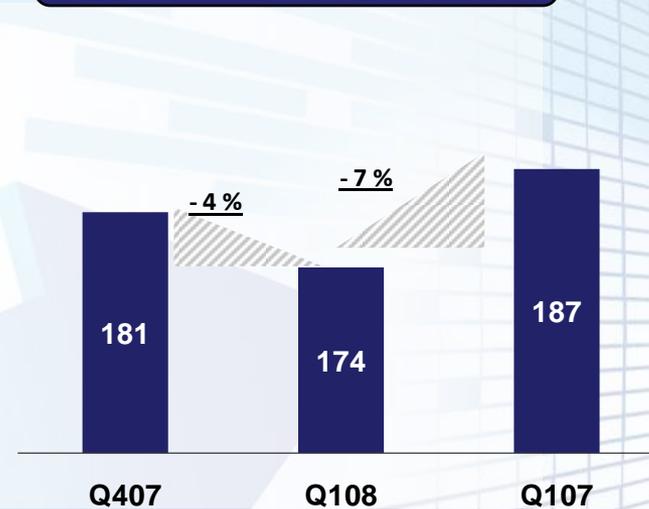
- ✓ Mobile subscribers increased by 0.6m in the quarter to reach 10.5m subscribers, YoY customer growth 30%, double of the market growth.
- ✓ Churn improved by 2% vs Q4 07 while increased by 1% vs Q1 2007

* Churn Rate is defined as the total number of de-activations in the period divided by the average number of customers in that period.

ARPU (TRY)



Blended MoU

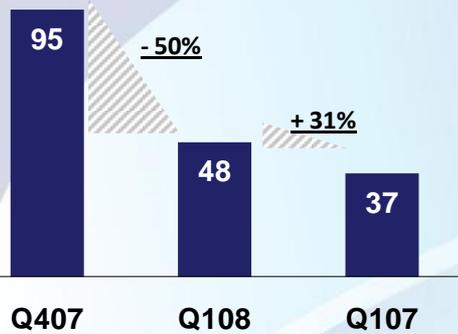


- ✓ Avea ARPU increased by 8% vs Q1 07 despite the decrease in the Blended MoU and dilutive effect of the increase in the prepaid Mix of Customers.
- ✓ Both Prepaid and Postpaid ARPU is in increasing trend vs Q1 07, +19% and +8% respectively.

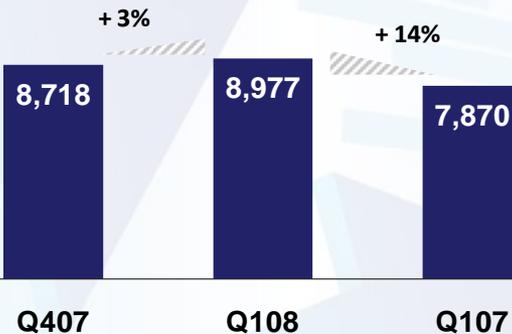
Mobile Business Highlights



CAPEX (TRY m)



No. of Sites on Air



Call Drop Rate



By 2008 Q1;

The coverage reached to **99,83%** in areas populated **3000+** households.
 The coverage reached to **99,47%** in areas populated **2000+** households.
 The coverage reached to **98,56%** in areas populated **1000+** households.

Number of BTS	8,977
EDGE Penetration Rate	90%
Population Coverage	94%
Surface Coverage	70%

Summary Financials

Summary Türk Telekom Consolidated P&L



TRYm	2007	2007 Q1	2008 Q1
Revenues	9,424	2,138	2,423
<i>Change</i>			13%
EBITDA	4,204	954	1,081
<i>Margin</i>	45%	45%	45%
Operating Profit	2,566	535	666
<i>Margin</i>	27%	25%	27%
Profit Before Tax	3,001	660	504
<i>Margin</i>	32%	31%	21%
Profit/(Loss) For The Year ^(a)	2,547	515	399
<i>Margin</i>	27%	24%	16%

(a) Before minority interest

Summary Türk Telekom Consolidated Balance Sheet



<i>TRYm</i>	2007 YE	2008 Q1
Intangible Assets ^(a)	2,691	2,675
Tangible Assets ^(b)	6,546	6,313
Other Assets ^(c)	2,200	2,267
Cash and equivalents	1,333	2,034
Total Assets	12,770	13,289
Share capital	3,260	3,260
Reserves and retained earnings	2,900	3,124
Interest Bearing Liabilities ^(d)	2,148	2,464
Provisions for long-term employee benefits	965	997
Other Liabilities ^(d)	3,497	3,444
Total Equity And Liabilities	12,770	13,289

(a) Intangible assets including goodwill

(b) Tangible assets include property, plant and equipment, investment property and assets held for sale

(c) Major items within Other Assets are: trade receivables, due from related parties, interest in jointly controlled entity, other current and non-current assets

(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: Other non-current liabilities, deferred tax liability, trade payables, provisions, income tax payable, due to related parties, other payables and expense accruals and minority put option liability

Summary Türk Telekom Consolidated Cash Flow



<i>TRYm</i>	2007	2007 Q1	2008 Q1
Cash Flow From Operating Activities	3,106	747	756
Capex	(992)	(90)	(198)
Other Investing Activities	292	62	107
Cash Flow From Investing Activities	(700)	(28)	(91)
Cash Flows From Financing Activities	(2,577)	(1,260)	43
Net Change In Cash Position	(171)	(541)	708

Summary Fixed Line P&L



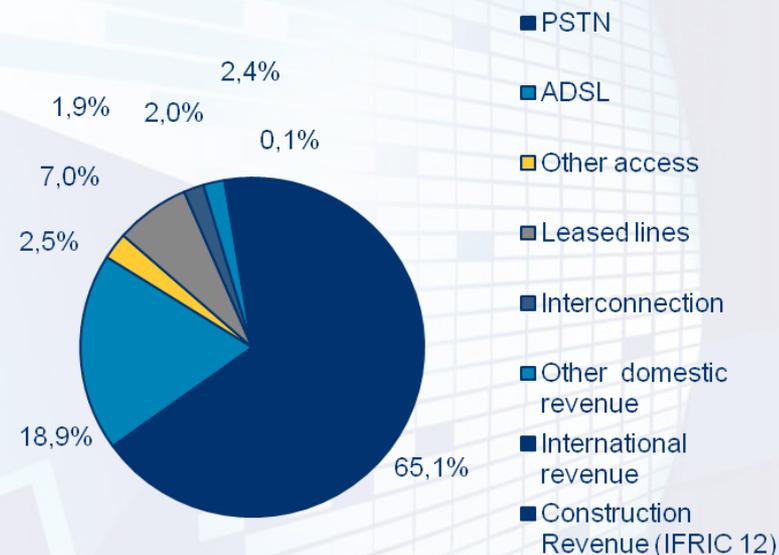
TRYm	2007	2007 1Q	2008 1Q
Revenues	7,943	1,845	2,005
<i>Change</i>			9%
Operating Profit	2,712	608	694
<i>Margin</i>	34%	33%	35%
EBITDA	3,870	909	984
<i>Margin</i>	49%	49%	49%
Capex	898	58	150
Capex as % of Revenue	11%	3%	7%

Summary Fixed Line Revenue Breakdown



<i>TRY million</i>	2007	2007 Q1	2008 Q1	YoY Change
PSTN	5,336	1,249	1,305	5%
ADSL	1,224	302	378	25%
Leased lines	523	129	141	9%
Other data access	170	34	51	50%
Interconnection ^(a)	170	46	38	-17%
Other domestic revenue	119	28	40	42%
International revenue ^(b)	210	41	49	20%
Sub-Total Revenue	7,752	1,829	2,002	9%
Construction Revenue (IFRIC 12)	191	16	3	-81%
Total Revenue	7,943	1,845	2,005	9%

Revenue Breakdown 2008 Q1



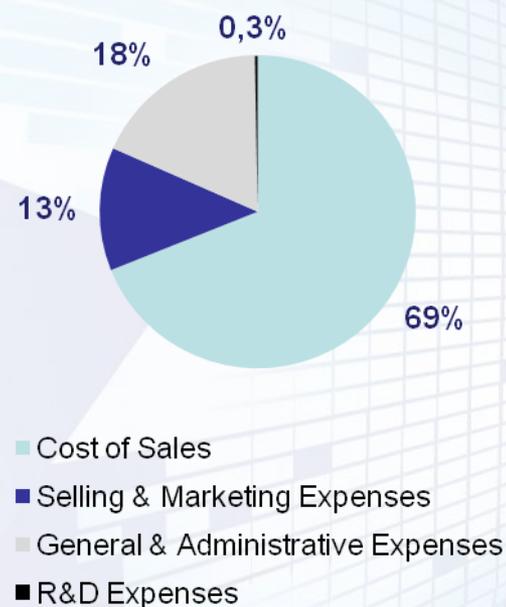
(a) Interconnection includes Domestic and International

(b) Revenue from international data services and inbound traffic terminated at Türk Telekom's international gateway

Summary Fixed Line OPEX Composition and Trends

OPEX Composition 008 Q1 (a)

Opex Breakdown	2007	2007 Q1	2008 1Q	YoY change
Cost of Sales	(3,309)	(737)	(740)	0%
Selling & Marketing Expenses	(521)	(115)	(137)	19%
General & Administrative Expenses	(530)	(168)	(194)	15%
R&D Expenses	-	-	(3)	-
Total Opex	(4,360)	(1,120)	(1,074)	(4%)



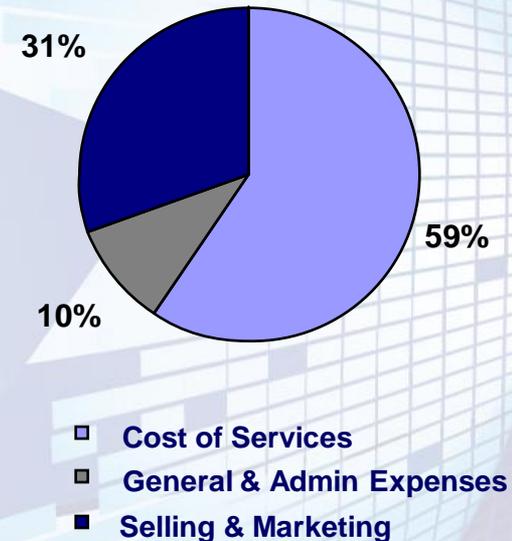
(a) Excluding Other Operating Income / Expense (Net)

Summary Mobile Business Standalone Financials



TRYm	2007	2007 1Q	2008 1Q
Revenues	1,701	341	482
<i>Change</i>			42%
Total Operating Expenses	(1,396)	(296)	(386)
FX Gain / (Loss) (Net)	325	37	(177)
EBITDA	305	45	96
<i>Margin</i>	18%	13%	20%
Capex (Exc. Leasing)	285	33	48
Capex as % of Revenue	17%	10%	10%

Q1 2008 OPEX BREAKDOWN



Q & A

Note: EBITDA number in this presentation includes revenues, direct cost of revenues, selling and marketing expenses, general administrative expenses, research&development costs, and other operating income/(expense), but excludes depreciation and amortization cost, financial income/(expense), income/(loss) from related parties, and minority interest.