

# Investor Presentation

2018 Q1





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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**



Most valuable  
**telco brand for**  
**10 CONSECUTIVE  
YEARS**



**2nd player\***

in TV market

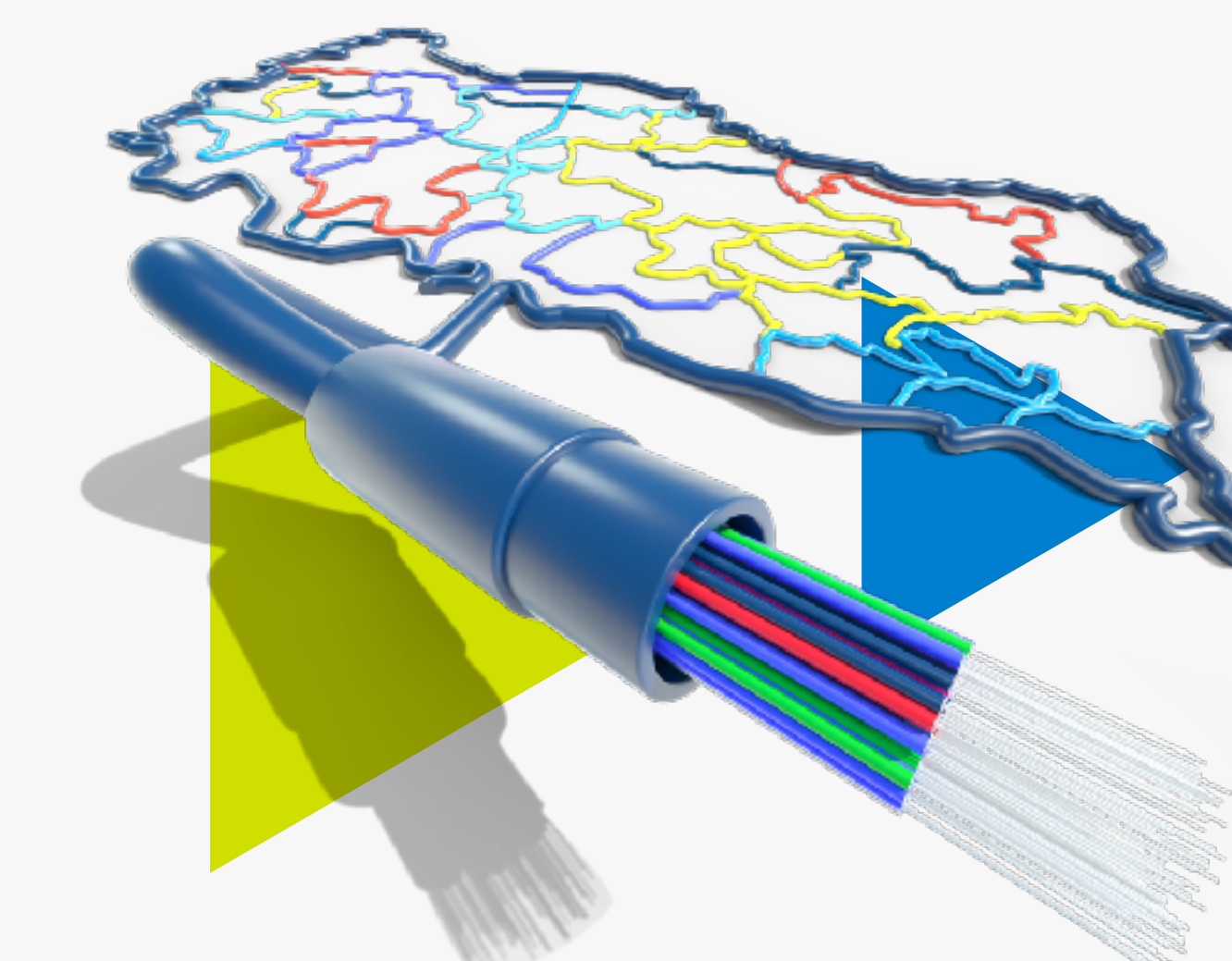
\* According to company estimates



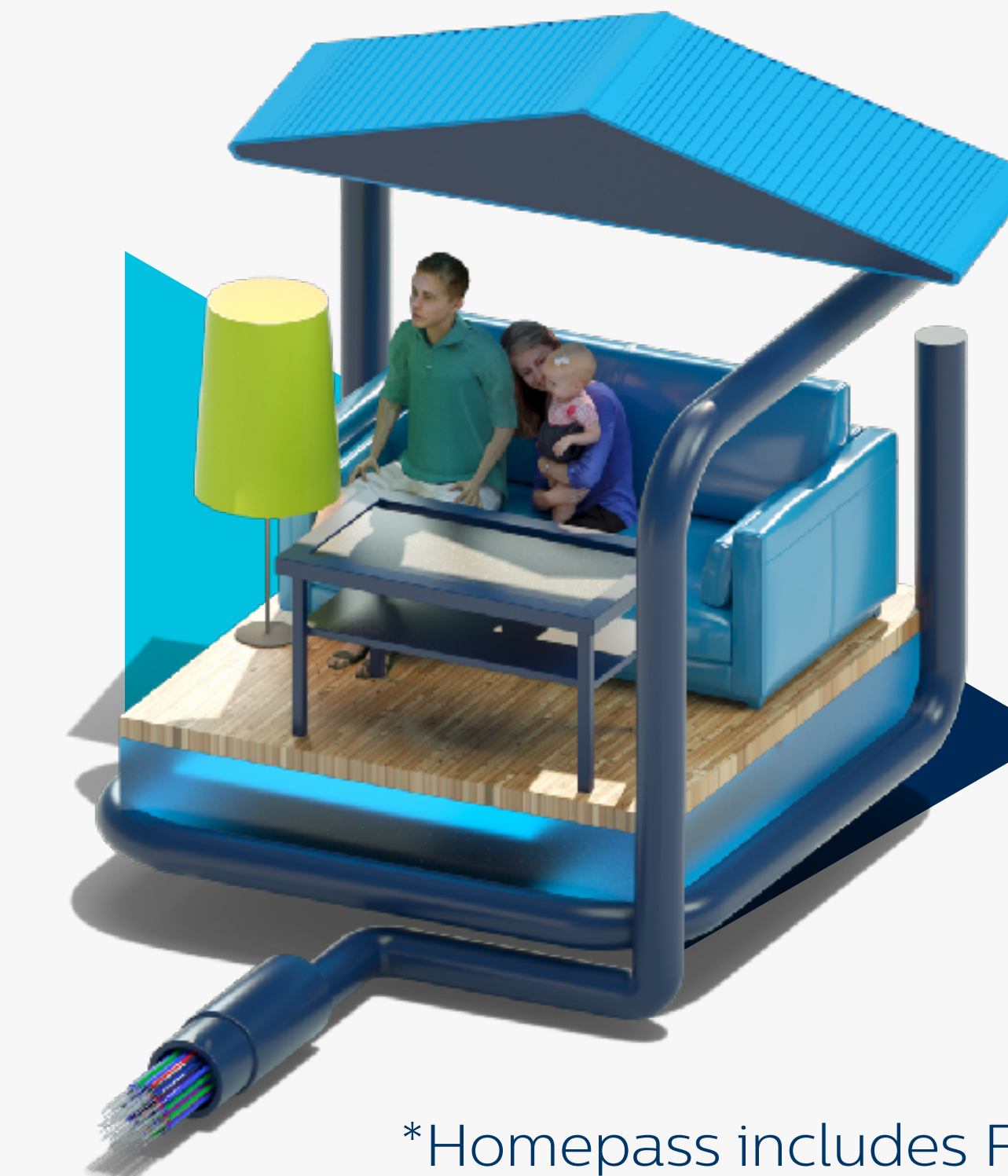
**~60%**  
**fiber connected**  
LTE Base Stations



**87%**  
**LTE**  
Population Coverage



**262K km**  
fiber network in  
**81 cities**



**16.8mn**  
**Fiber Homepass\***

\*Homepass includes FTTC & FTTH/B



Serving  
**42.6mn**  
Subscribers



# Strategy

## ► GROWTH

### **Increase HH reach and subscriber base**

- ▶ FBB penetration drive & upsell focus, partnership with electricity companies
- ▶ Mobile market share growth
- ▶ Increase TV reach, Grow wireless HH reach
- ▶ Synergy offers & cross sell
- ▶ Focus on verticals: Health, education, energy, and security

### **Value creation on top of core**

- ▶ Large scale ICT projects such as smart cities, health campuses
- ▶ Consumer focused digitalization (Muud, e-dergi, Tambu, Tivibu Go) and enterprise digital transformation
- ▶ Enhanced value creation via subsidiaries; Innova (large scale ICT Projects), Argela (R&D and Innovation Center, Sebit (e-education)
- ▶ Capital Venture Company Initiative: Türk Telekom Ventures

## ► EFFICIENCY

- ▶ Simple & effective portfolio
- ▶ Go-to-market and customer care effectiveness
- ▶ Utilization of online and alternative channels
- ▶ Strict cost control
- ▶ Rigorous CAPEX management and asset efficiency
- ▶ Streamlined organization
- ▶ Lean technology - Commercialization of SDN and NFV

## ► Customer experience Program: EMPATHY





# Strategic Highlights

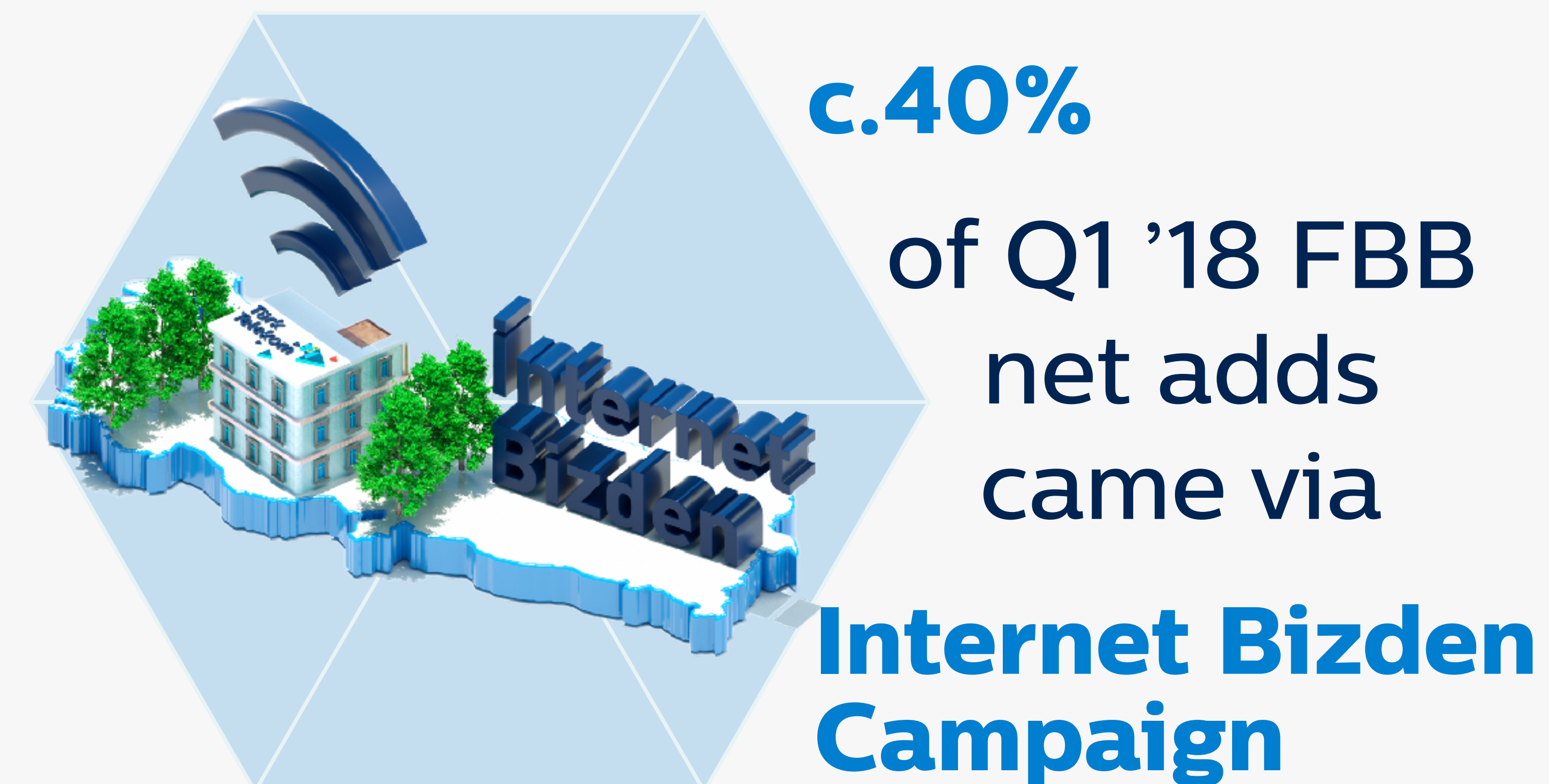
## Active Sharing



## Corporate Venture Capital Company Initiatives



## Fixed Broadband Penetration Increase



5.6 mn  
download



~20%  
monthly active user

## Wireless Homes



## Partnerships in Energy Vertical





# Net Subscriber Additions

**3.3mn**  
net additions\*  
in LTM

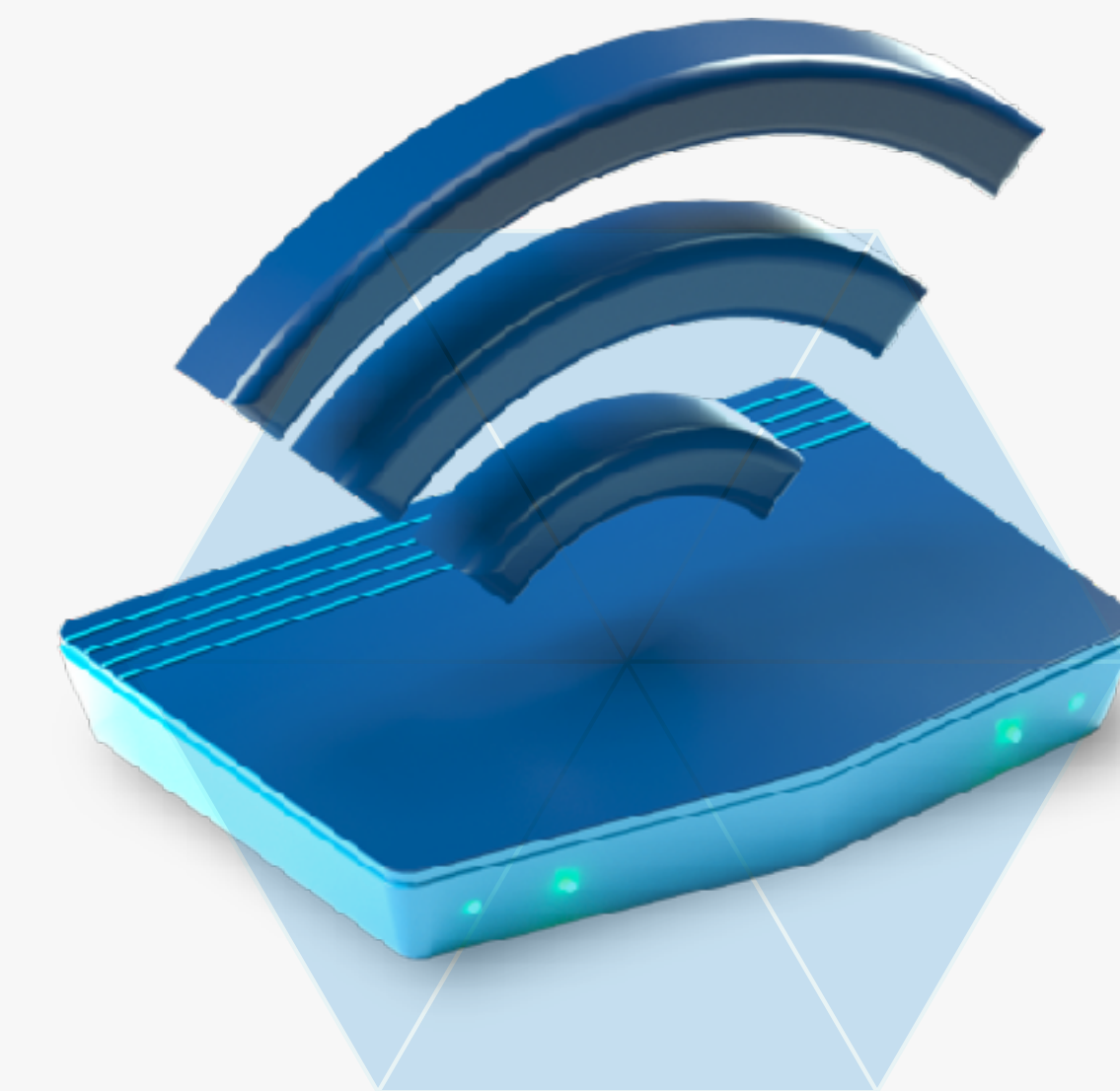
**916k**  
net additions\*  
in Q1

\*Includes Tivibu Go

## Broadband

**320k**  
Q1 '18

**1.2mn**  
LTM



**42.6mn**  
total  
subscribers

## Mobile

**332k**  
Q1 '18

**1.2mn**  
LTM



## Home TV

**108k**  
Q1 '18

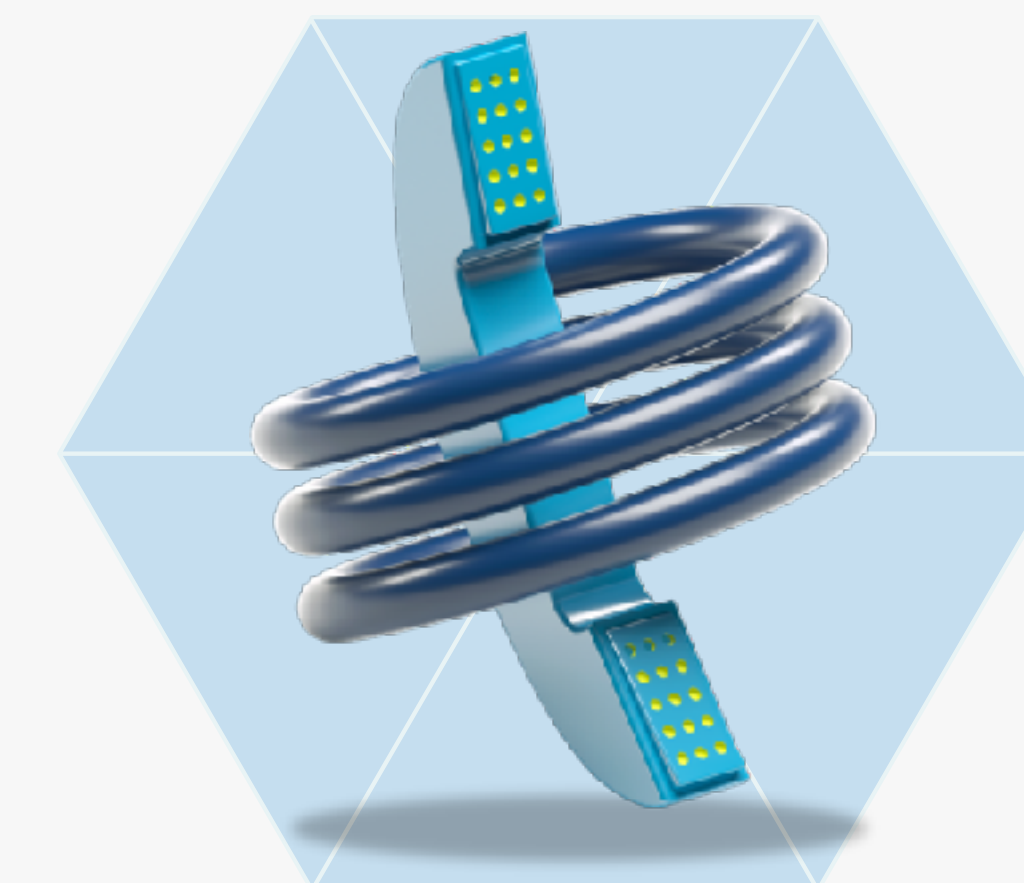
**502k**  
LTM



## Fixed Voice

**79k**  
Q1 '18

**155k**  
LTM





# Financial Performance

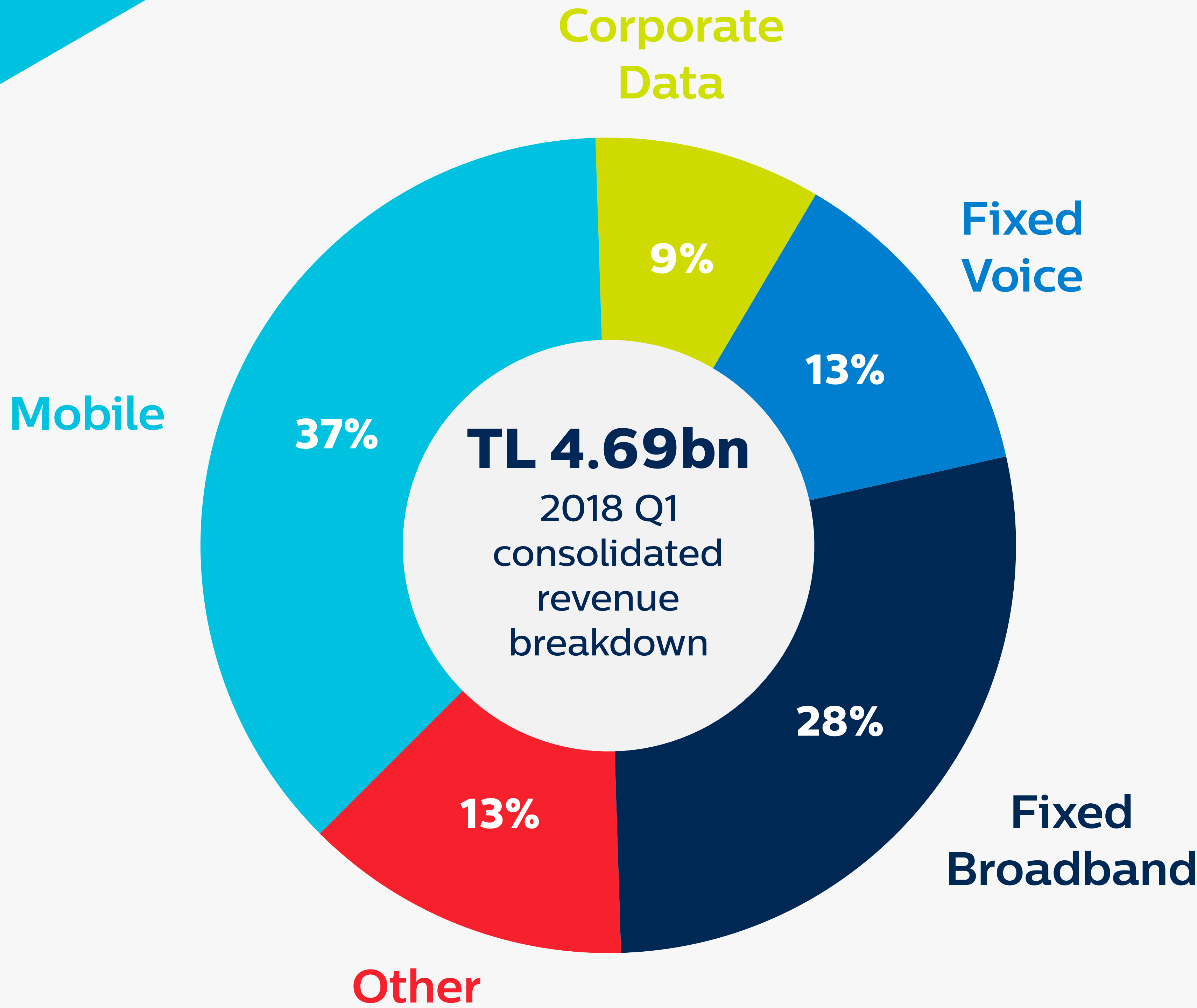
(TL mn)	2017 Q1	2017 Q4	2018 Q1	Growth (YoY)	Growth (QoQ)
Revenue	4,307	4,800	4,686	8.8%	(2.4%)
Revenue (exc. IFRIC12) <sup>1</sup>	4,138	4,586	4,545	9.9%	(0.9%)
EBITDA	1,528	1,525	1,972	29.1%	29.3%
EBITDA Margin	35.5%	31.8%	42.1%		
Operating Profit	807	713	1,094	35.5%	53.4%
Net Income	66	(113)	56	(14.3%)	n.m.
CAPEX	400	1,722	581	45.0%	(66.3%)

(1) IFRIC 12 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

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

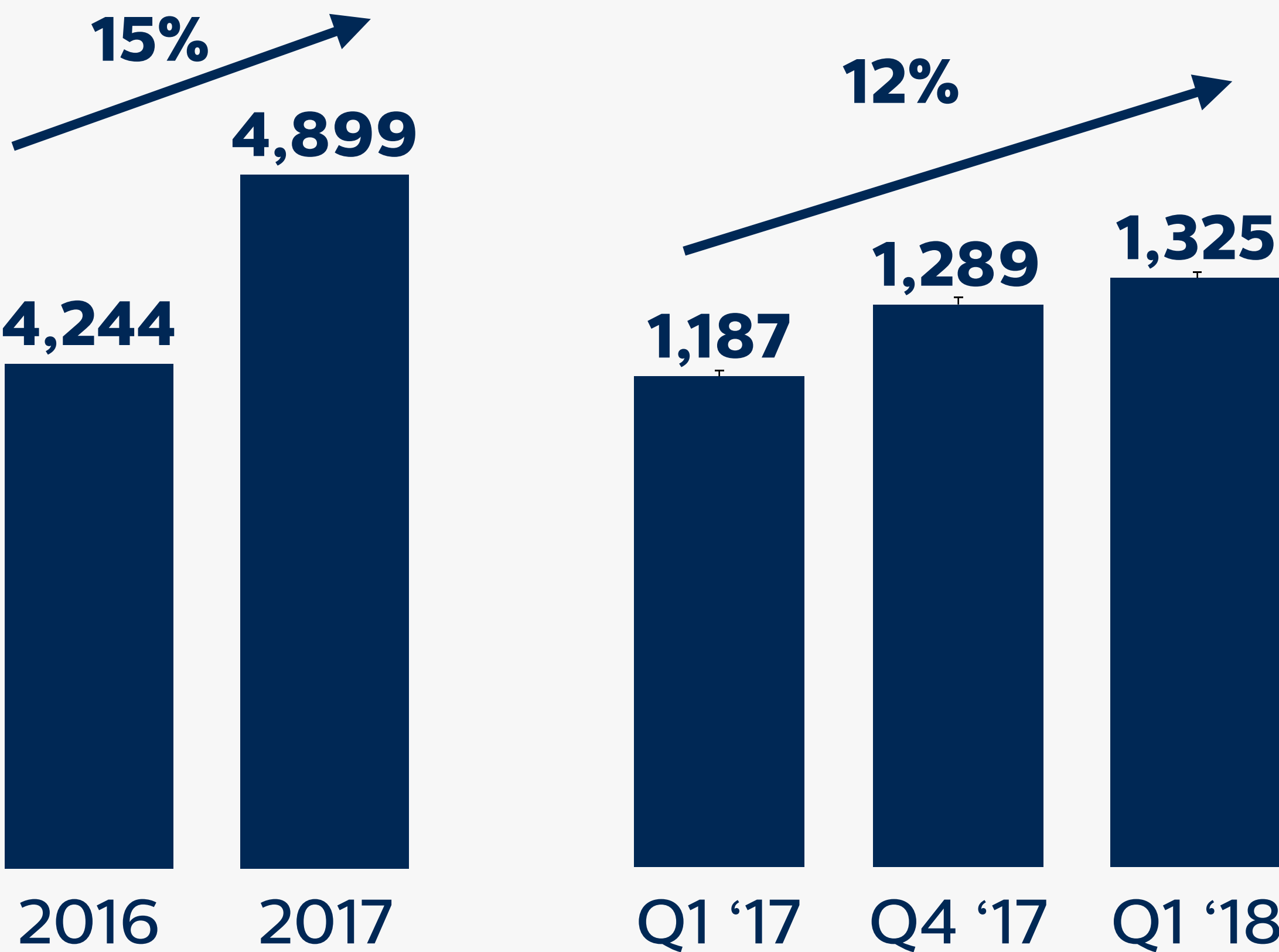


# Focused on High Growth Areas



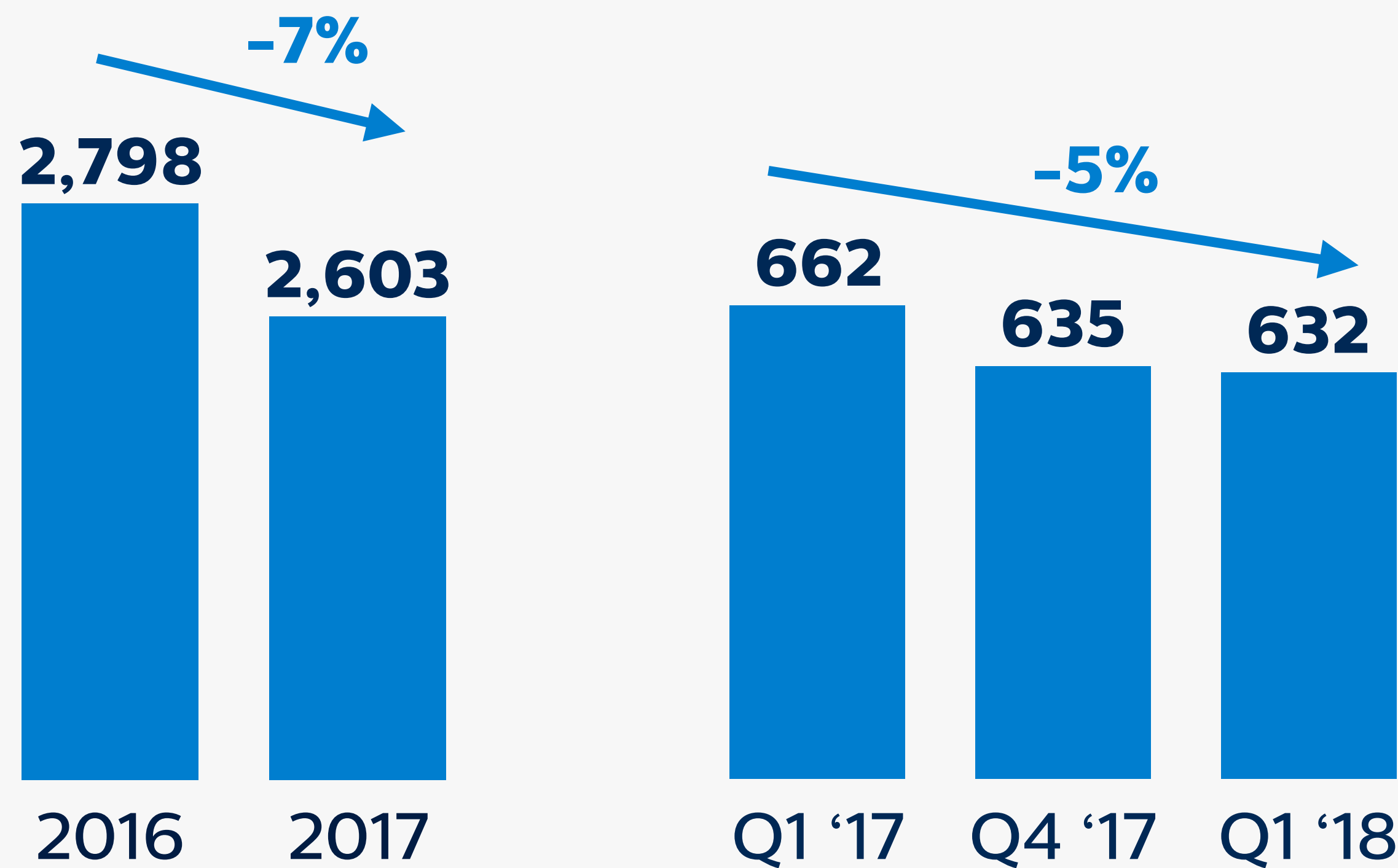
### Fixed Broadband

(TL mn)



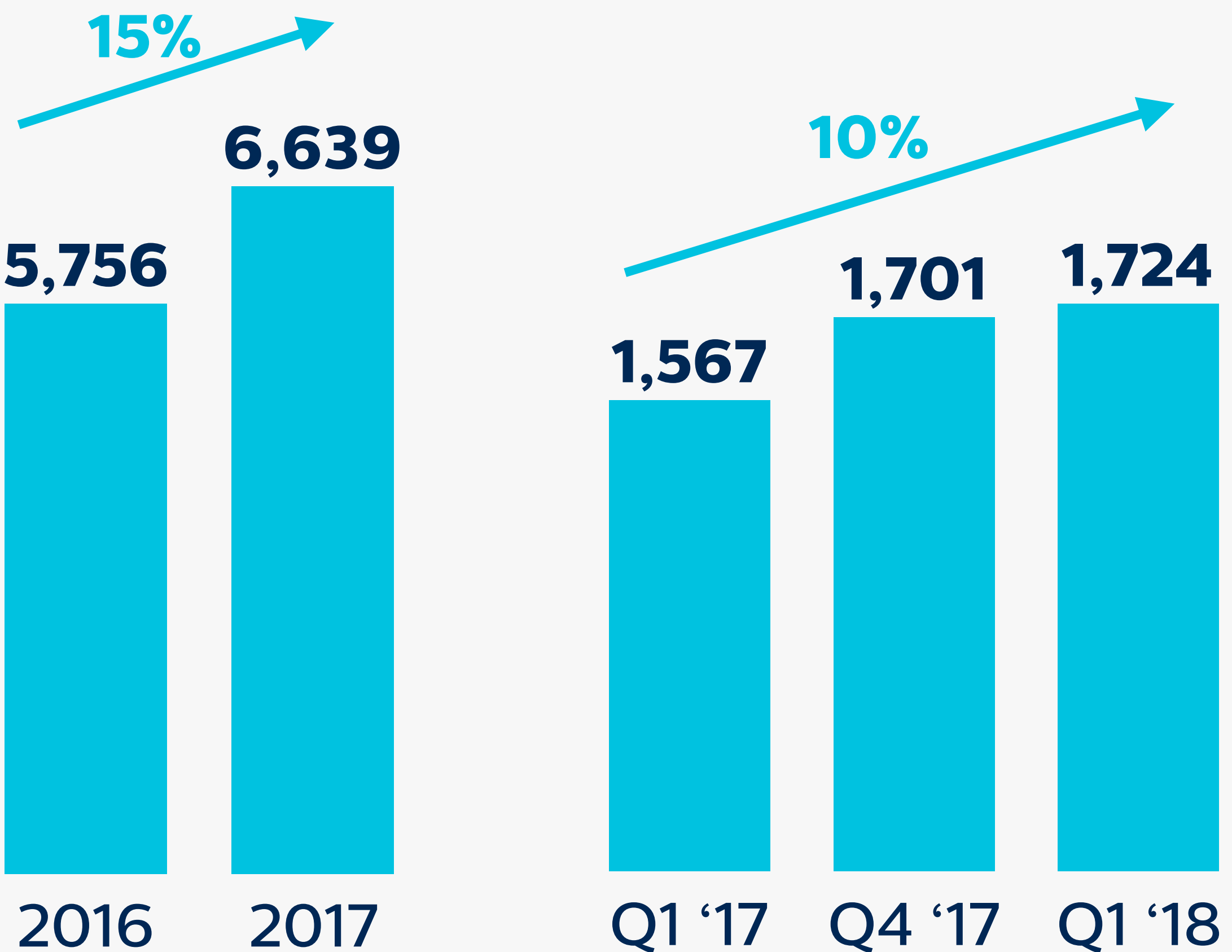
### Fixed Voice

(TL mn)



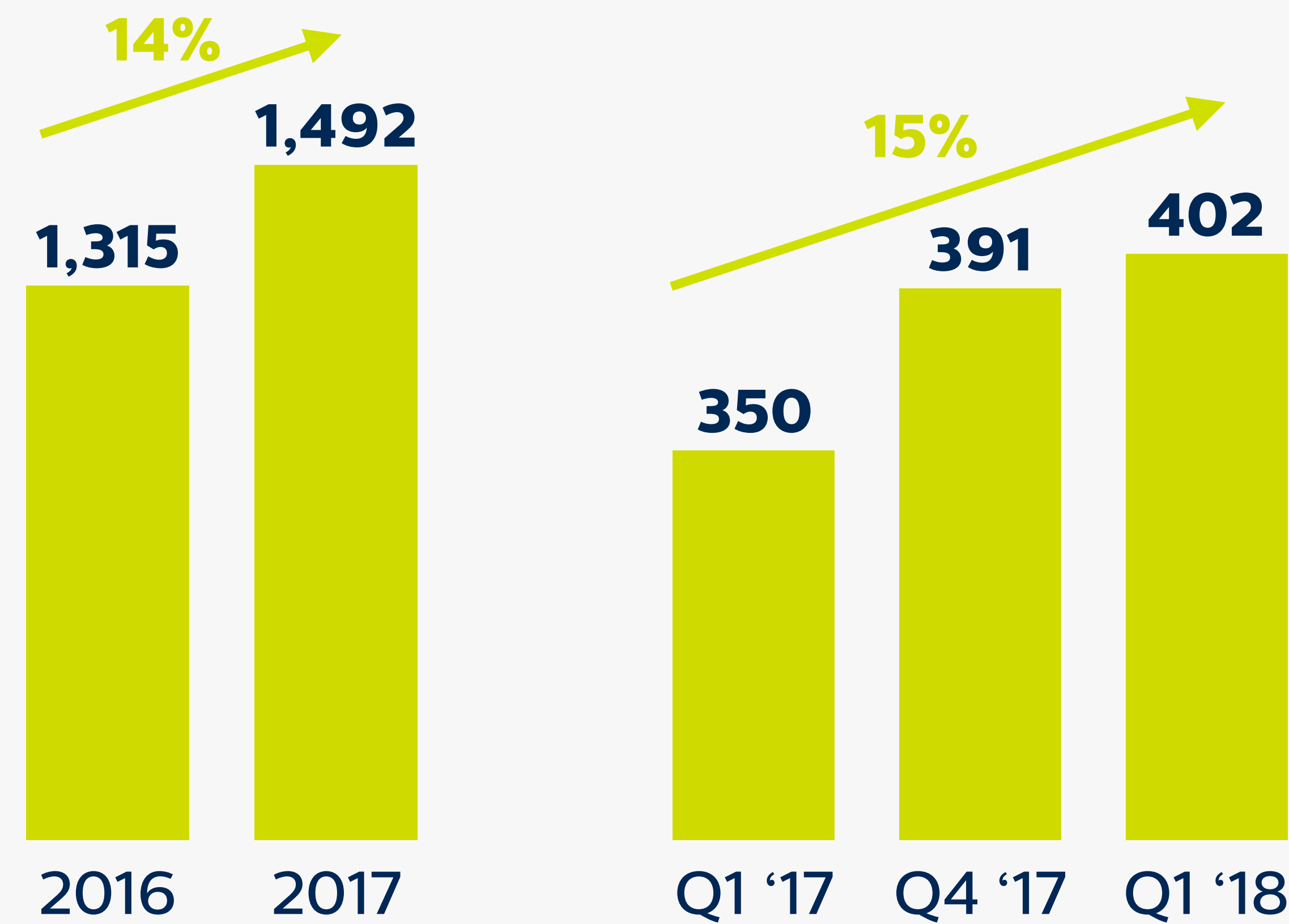
### Mobile

(TL mn)



### Corporate Data

(TL mn)





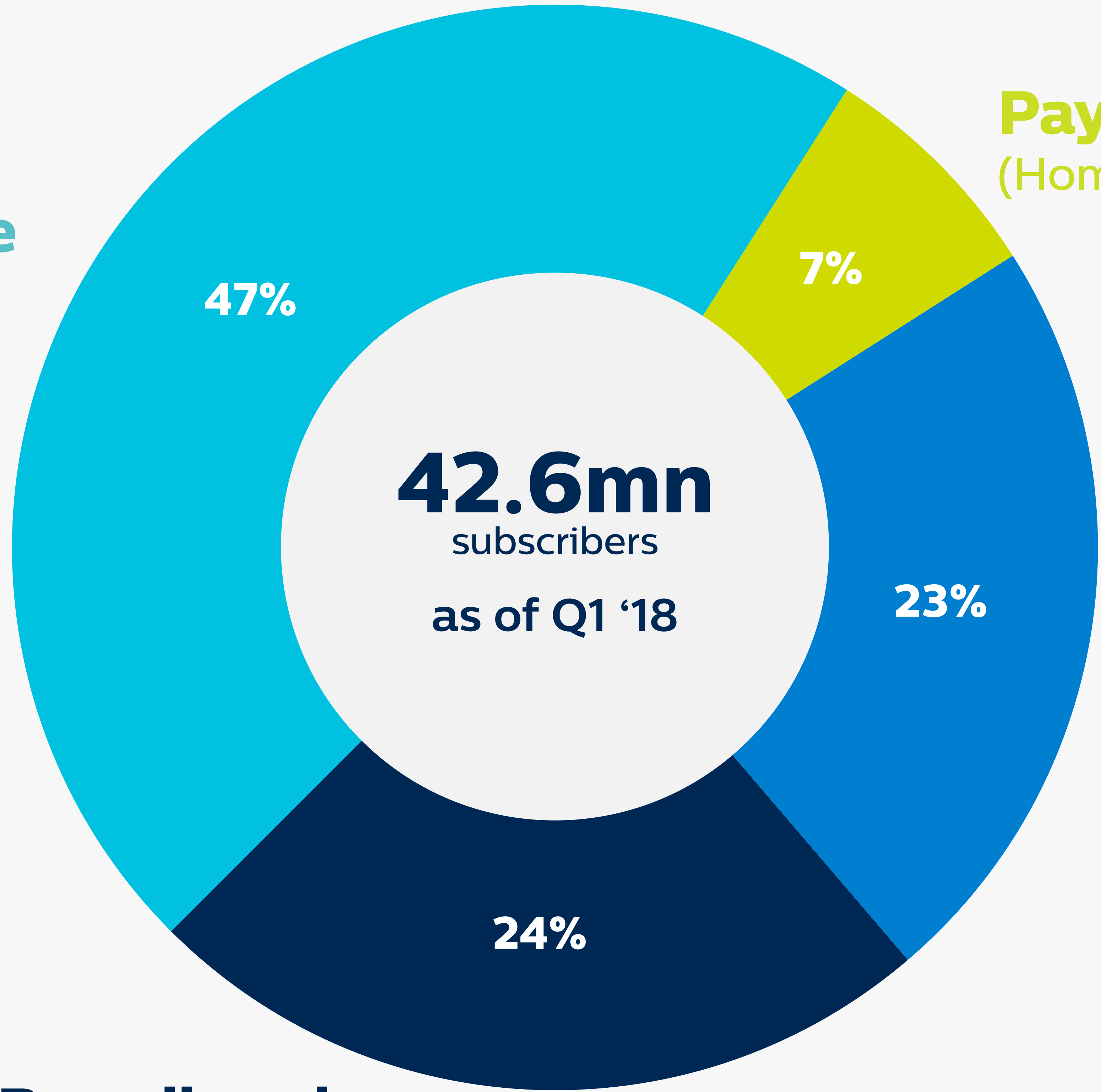
# Strongest Position in Multiplay Offers



## ARPU Generation (Q1 '18)

Mobile	TL 28.4
Broadband	TL 44.6
Pay TV	TL 17.5
Fixed Voice	TL 21.9

Mobile



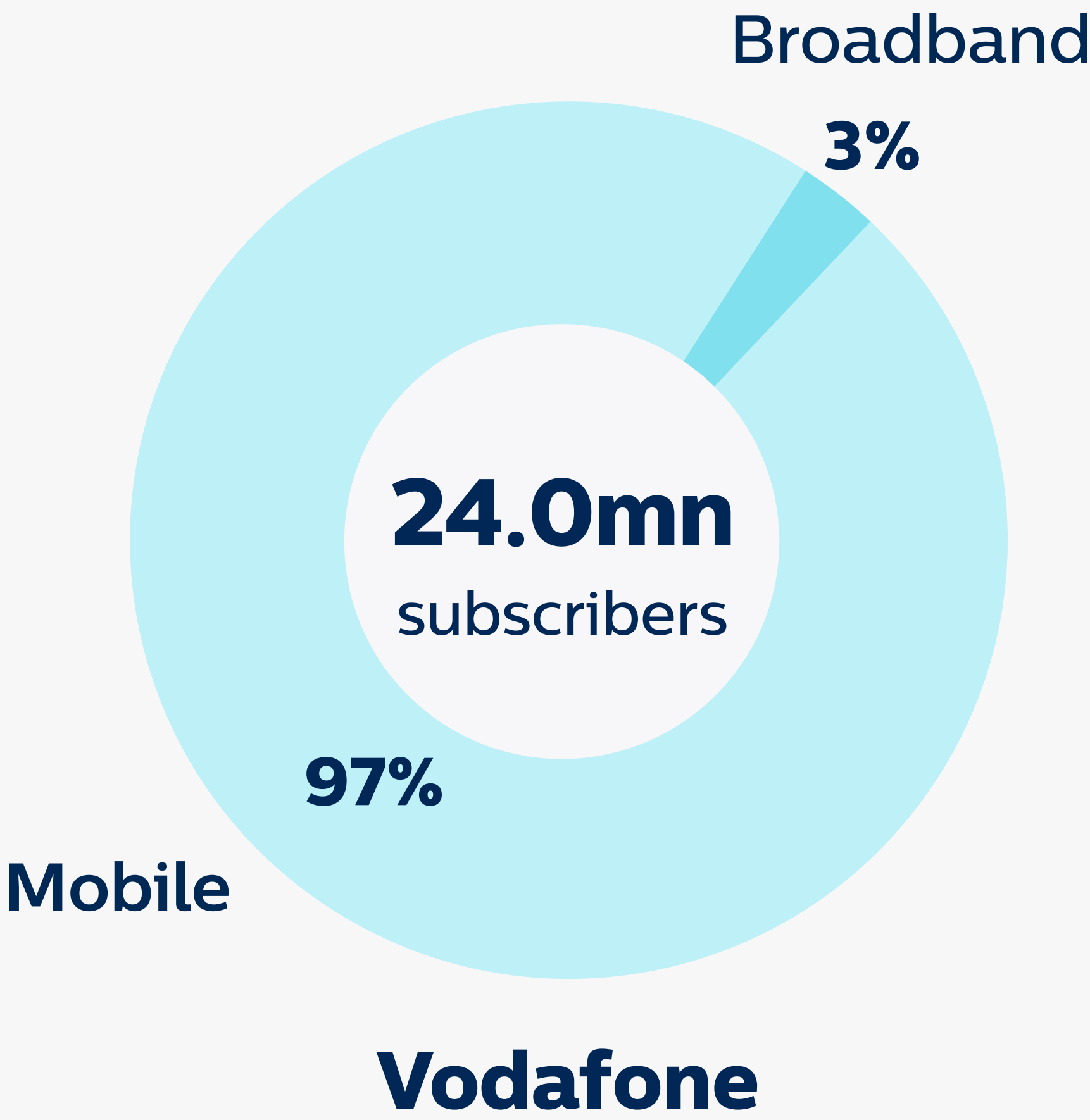
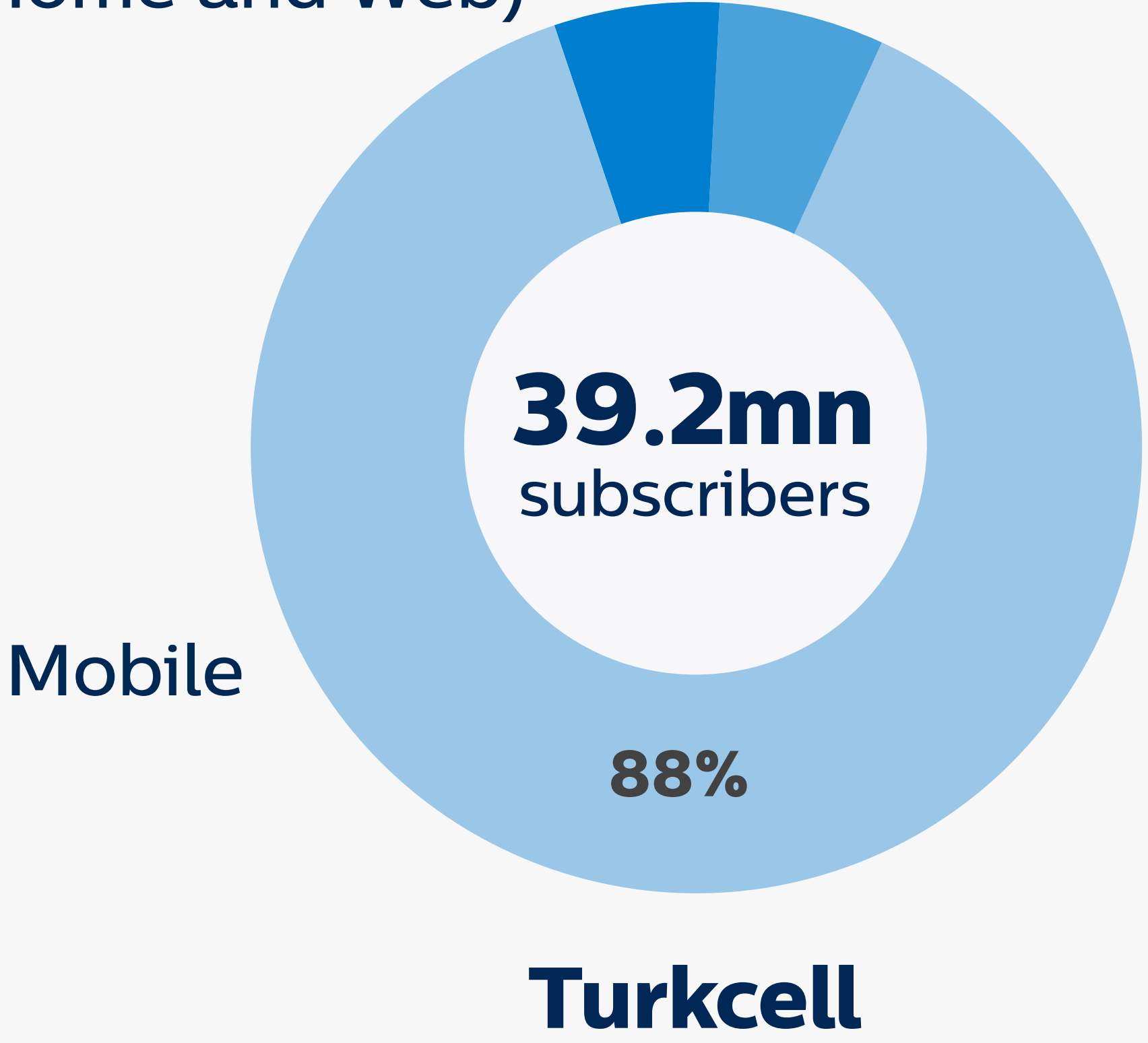
Broadband

Türk Telekom

Pay TV  
(Home and Go)

Fixed  
Voice\*

Pay TV  
(Home and Web) 6% 6% Broadband



Turkcell and Vodafone data are from their own publications as of Q1 '18.  
\* VOIP is not included.

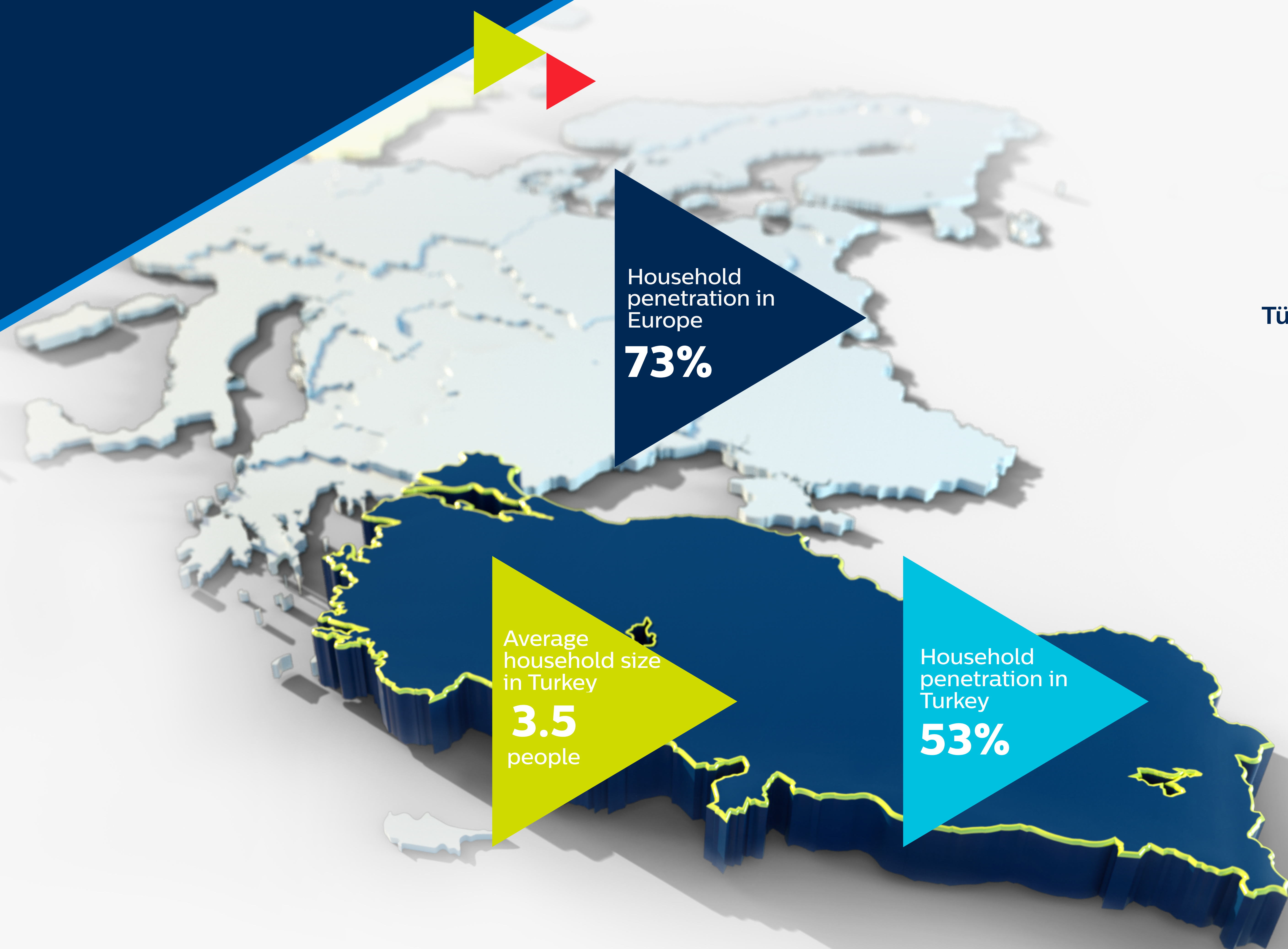


# Business Lines



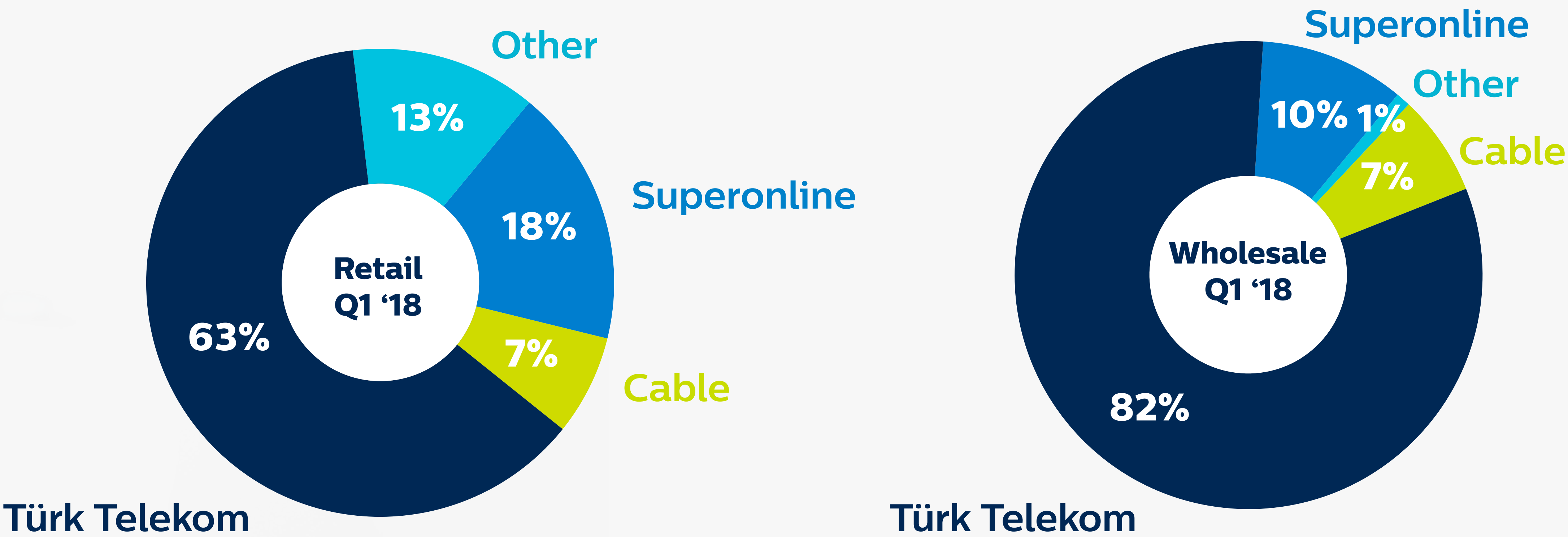


# Fixed Broadband Market



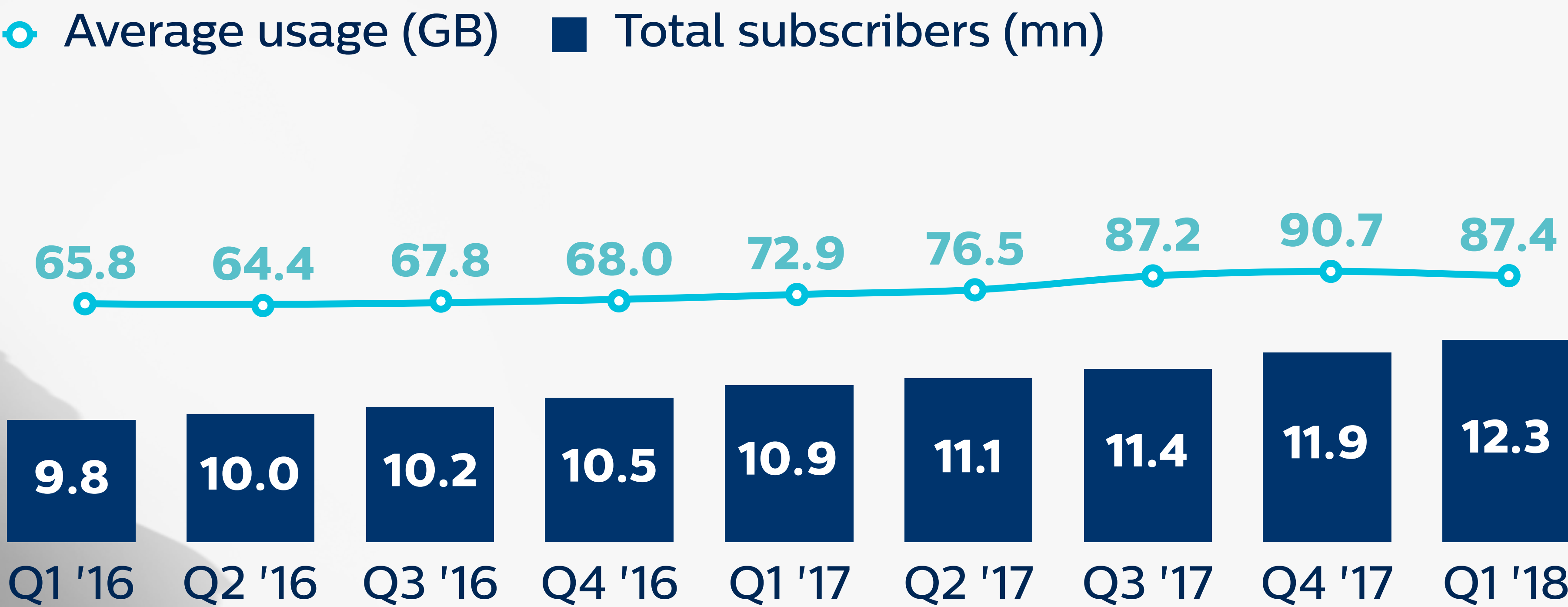
Source: Analysys Mason, Q4'17 CEE&WE Telecom Matrix, TR data is from ICTA, Q1 '18 Market Report  
European countries include Austria, Denmark, Finland, Italy, Bulgaria, Estonia and Romania

## Subscriber Market Share



Source: Other operators' data are from ICTA Q1 '18 report

## Subscribers & Avg. Monthly Data Usage

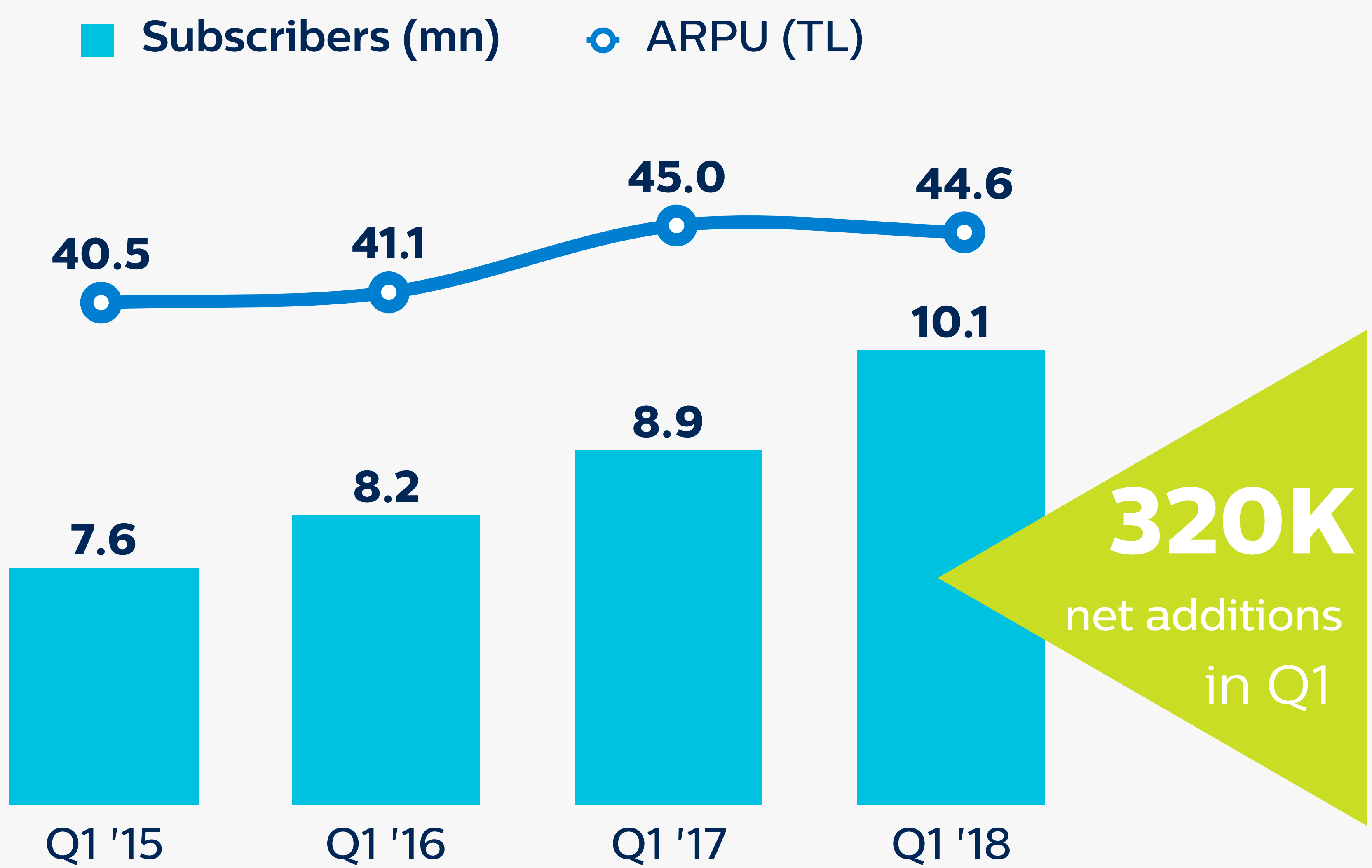


Source: ICTA Q1 '18 report



# Fixed Broadband Performance

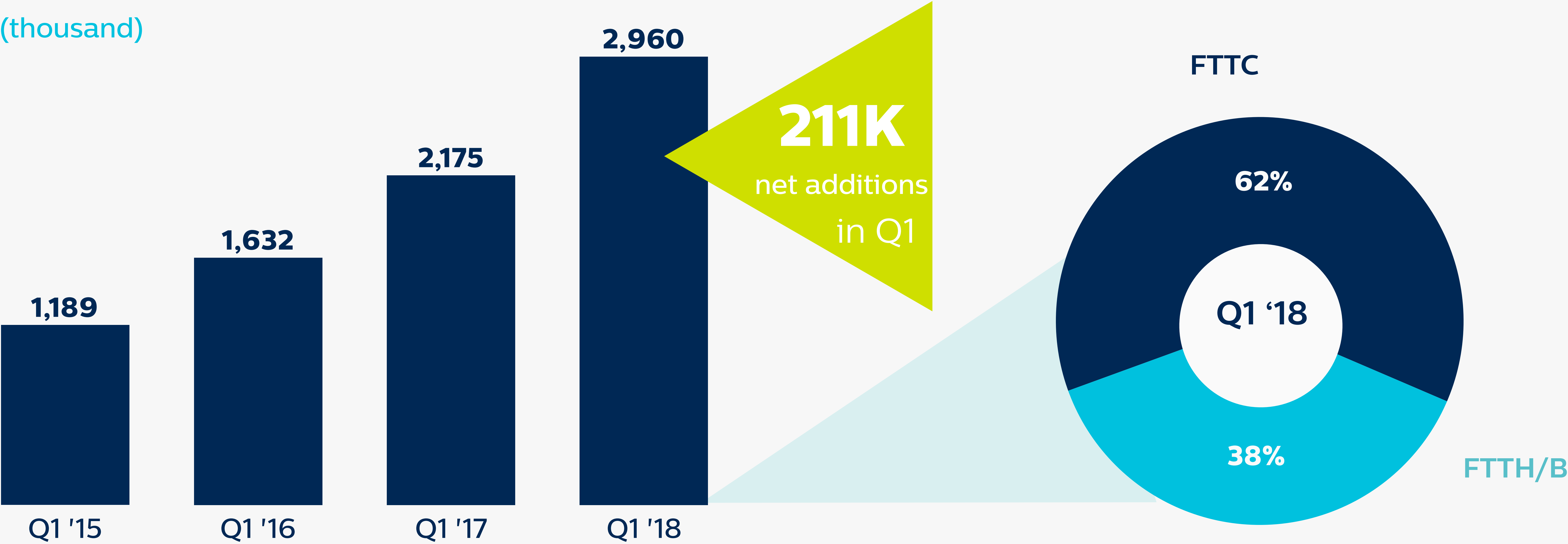
## ARPU & Subscribers



of Q1 '18 FBB net adds came via Internet Bizden campaign

## Fiber Subscribers

(thousand)

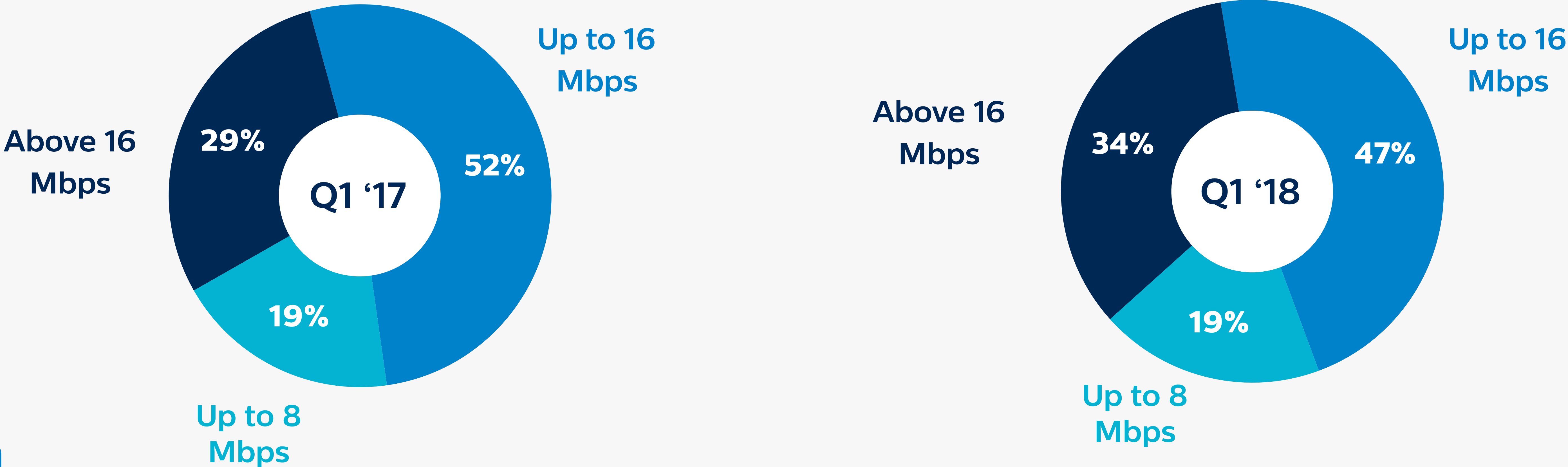




# Upsell Dynamics in Fixed Broadband

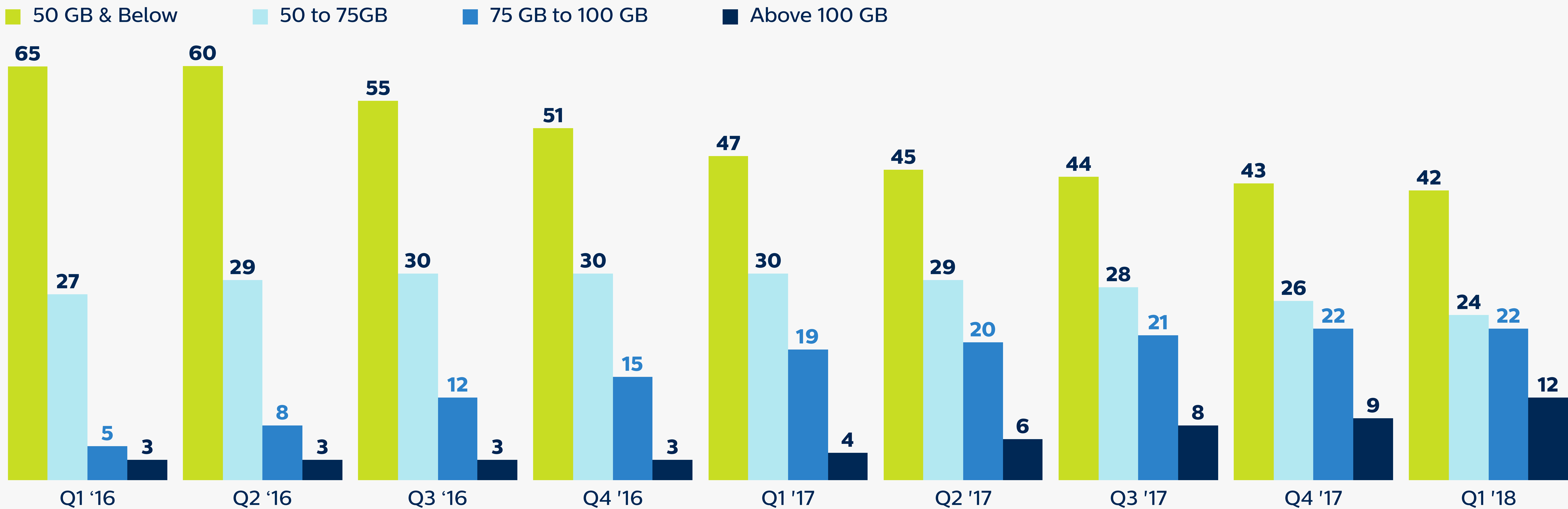
### Speed Breakdown

(% of Subscribers)



### Capacity Breakdown

(% of Subscribers)



All figures are based on Turk Telekom's retail subscribers



# Nationwide Fiber

## Türk Telekom Fiber Network



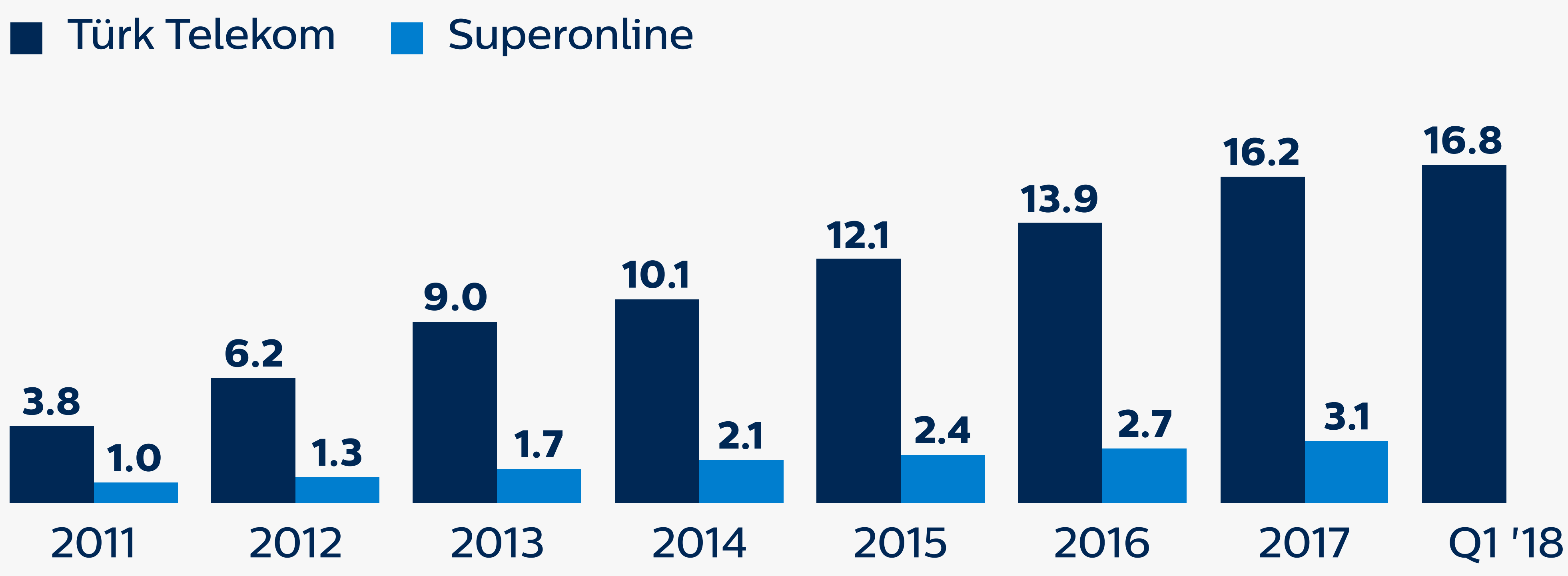
## Superonline Fiber Network



- ▶ Presence in 19 cities of Turkey
- ▶ 40.9K km fiber length
- ▶ Wholesale customer of Türk Telekom

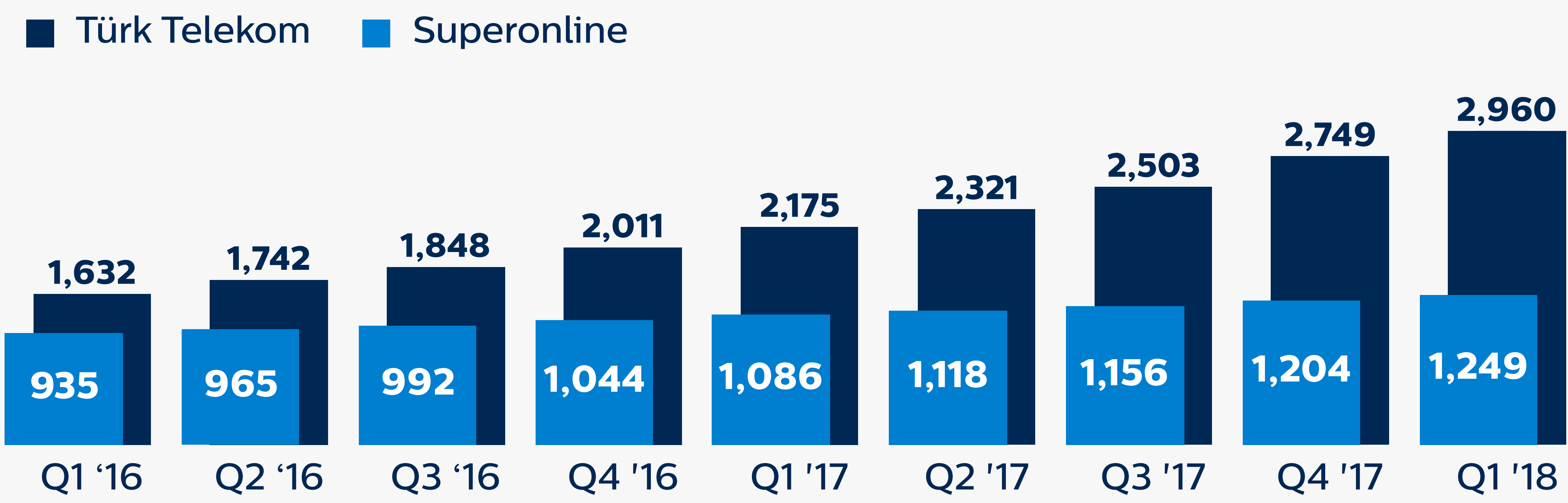
Based on Turkcell's own publications as of June, 2018

## Fiber Homepass (mn)



Fiber homepass includes FTTH/B & FTTC  
16.8mn homepass consists 4.6mn FTTH/B and 12.2mn FTTC

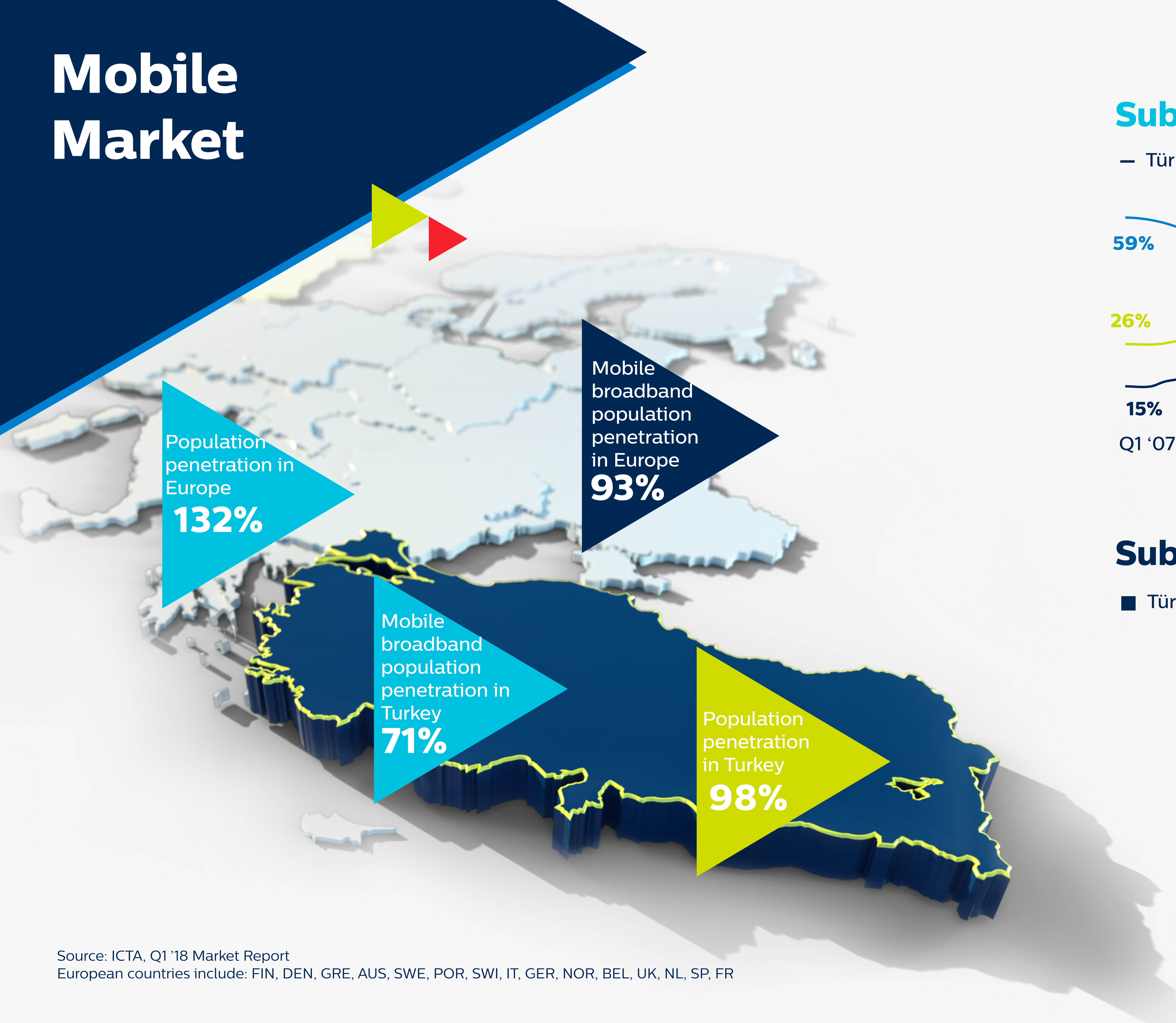
## Fiber Subscribers (thousands)



Fiber subscribers include FTTH/B & FTTC subscribers

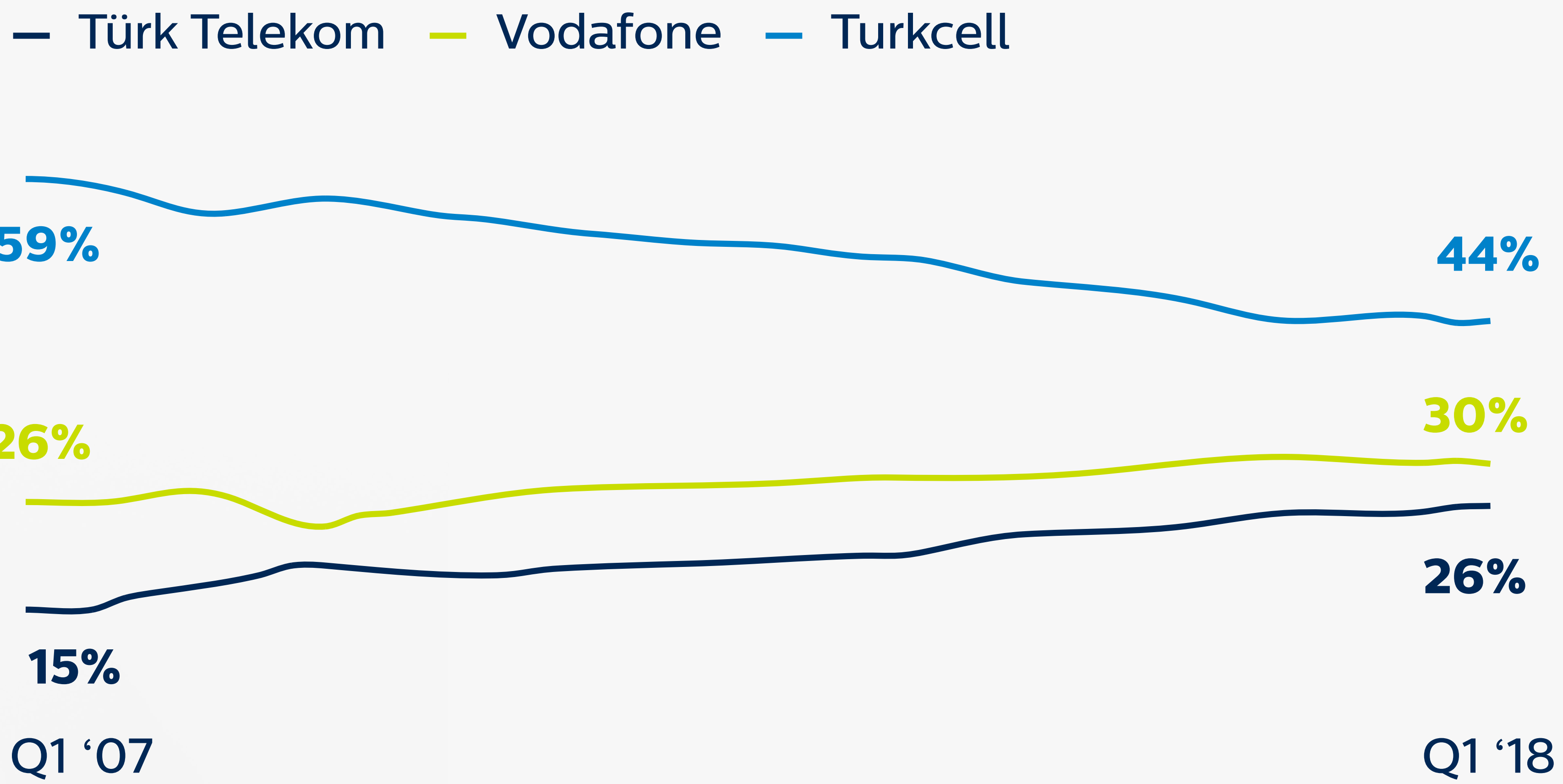


# Mobile Market

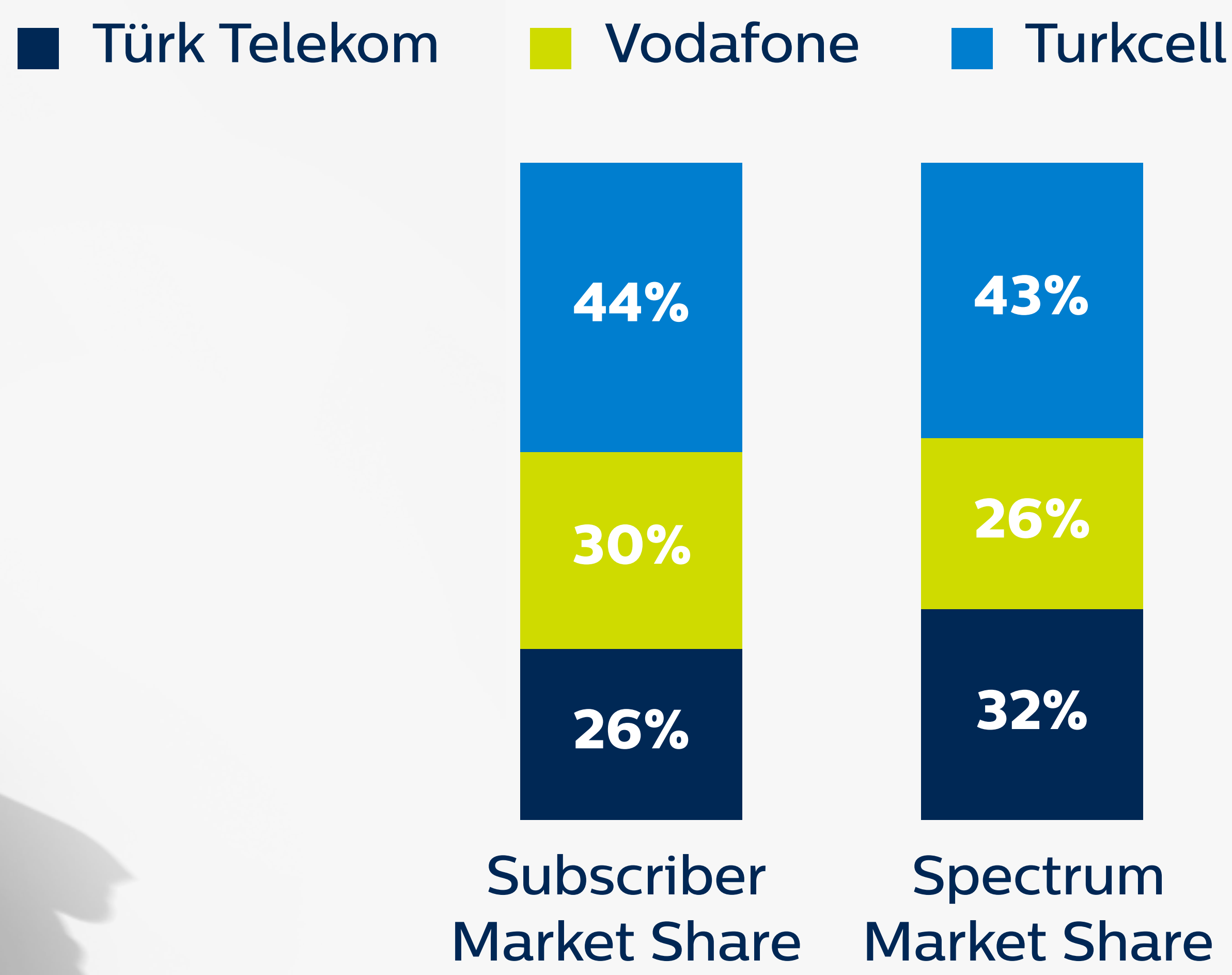


Source: ICTA, Q1 '18 Market Report  
European countries include: FIN, DEN, GRE, AUS, SWE, POR, SWI, IT, GER, NOR, BEL, UK, NL, SP, FR

## Subscriber Market Share



## Subscriber vs. Spectrum Market Share



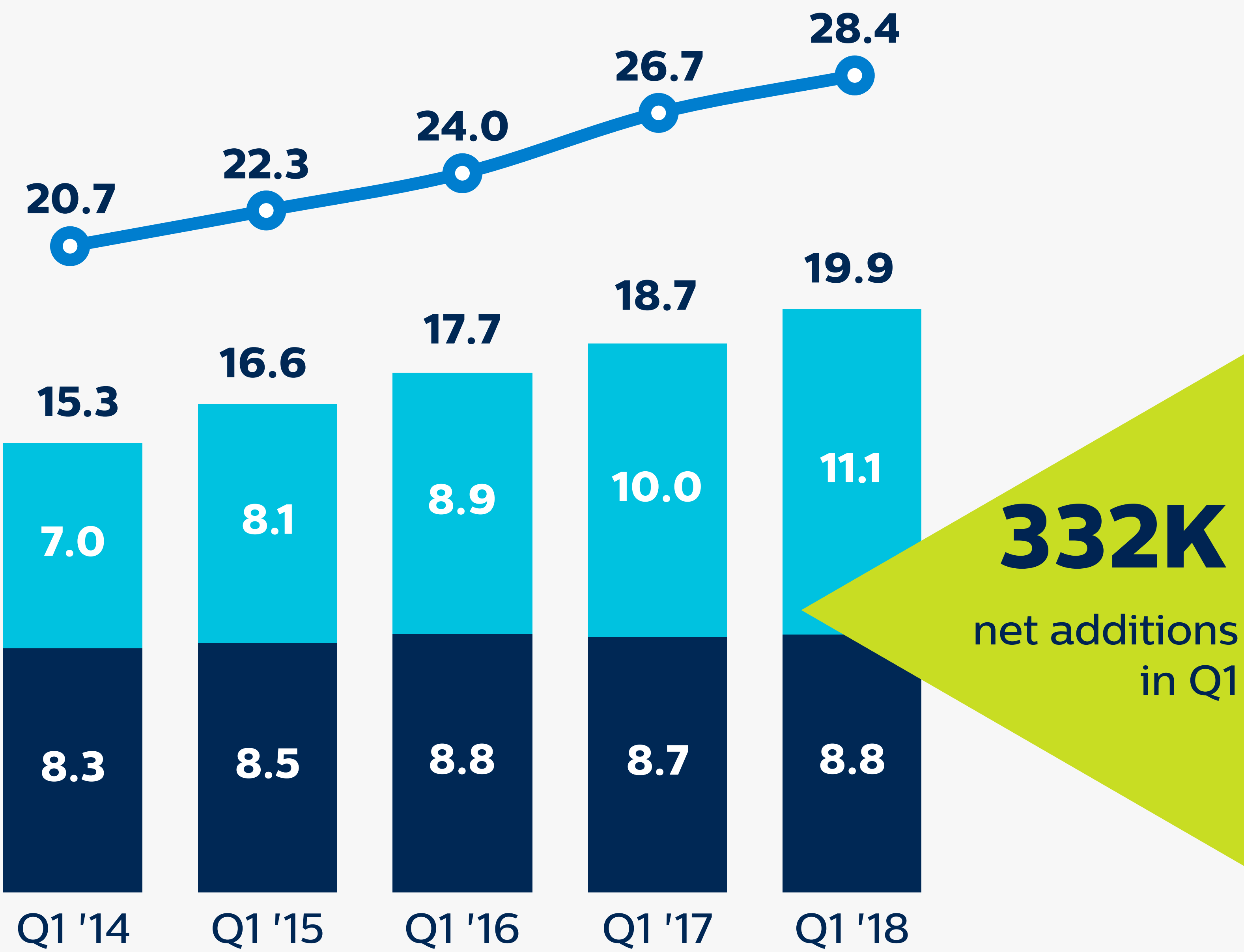
Other operators' data are from their own publications as of Q1 '18



# Mobile Performance

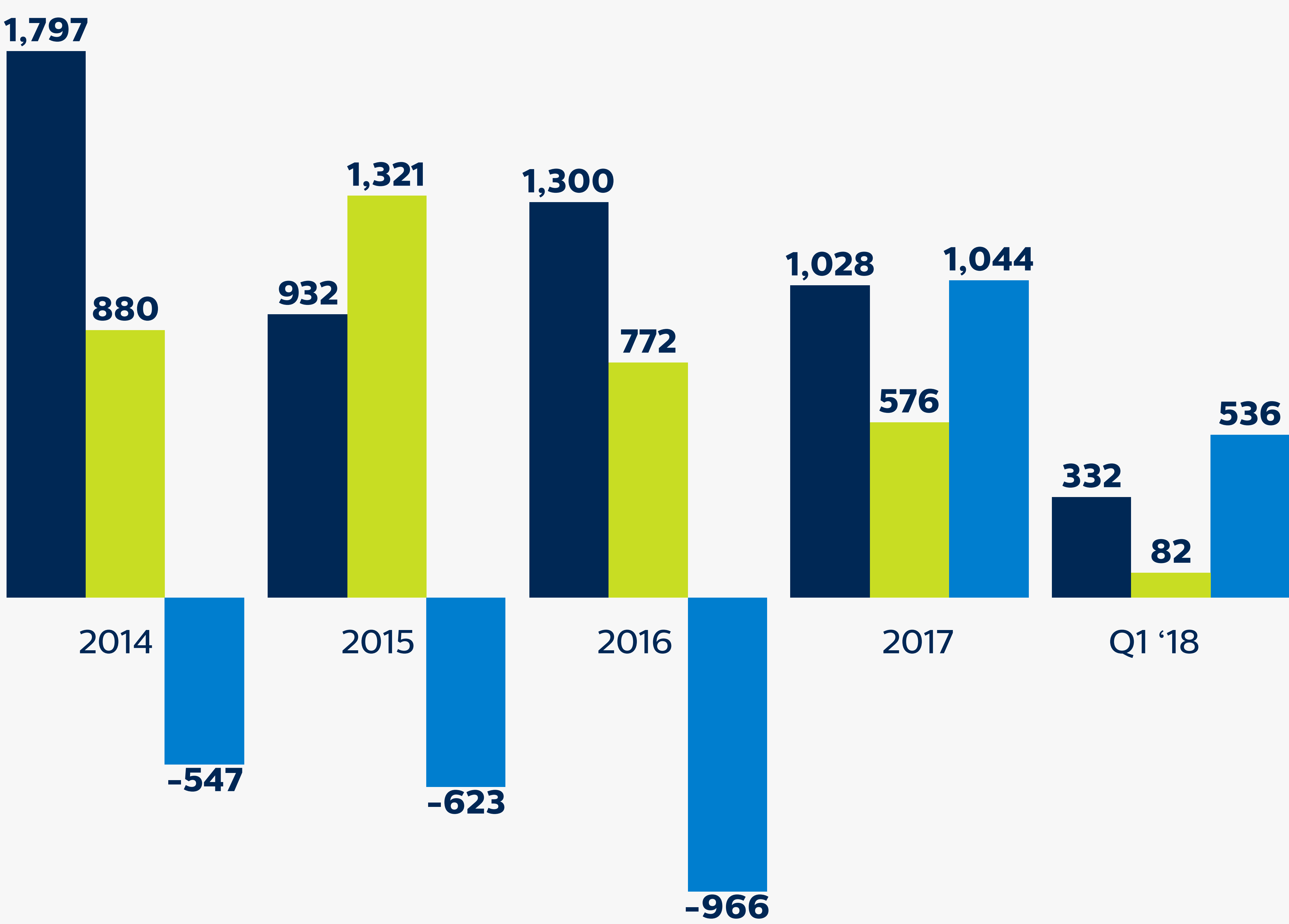
## Growing ARPU & Subscribers

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



## Net Subscriber Addition

■ Türk Telekom ■ Vodafone ■ Turkcell



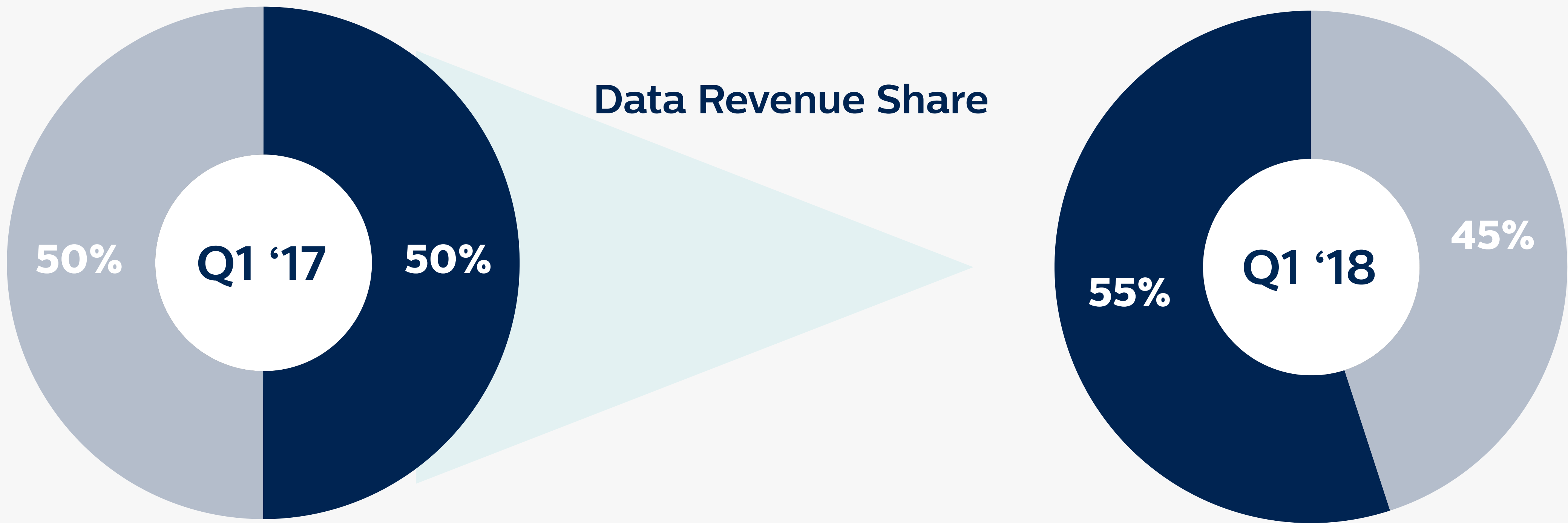
Other operators' data are from their own publications.



# Mobile Data

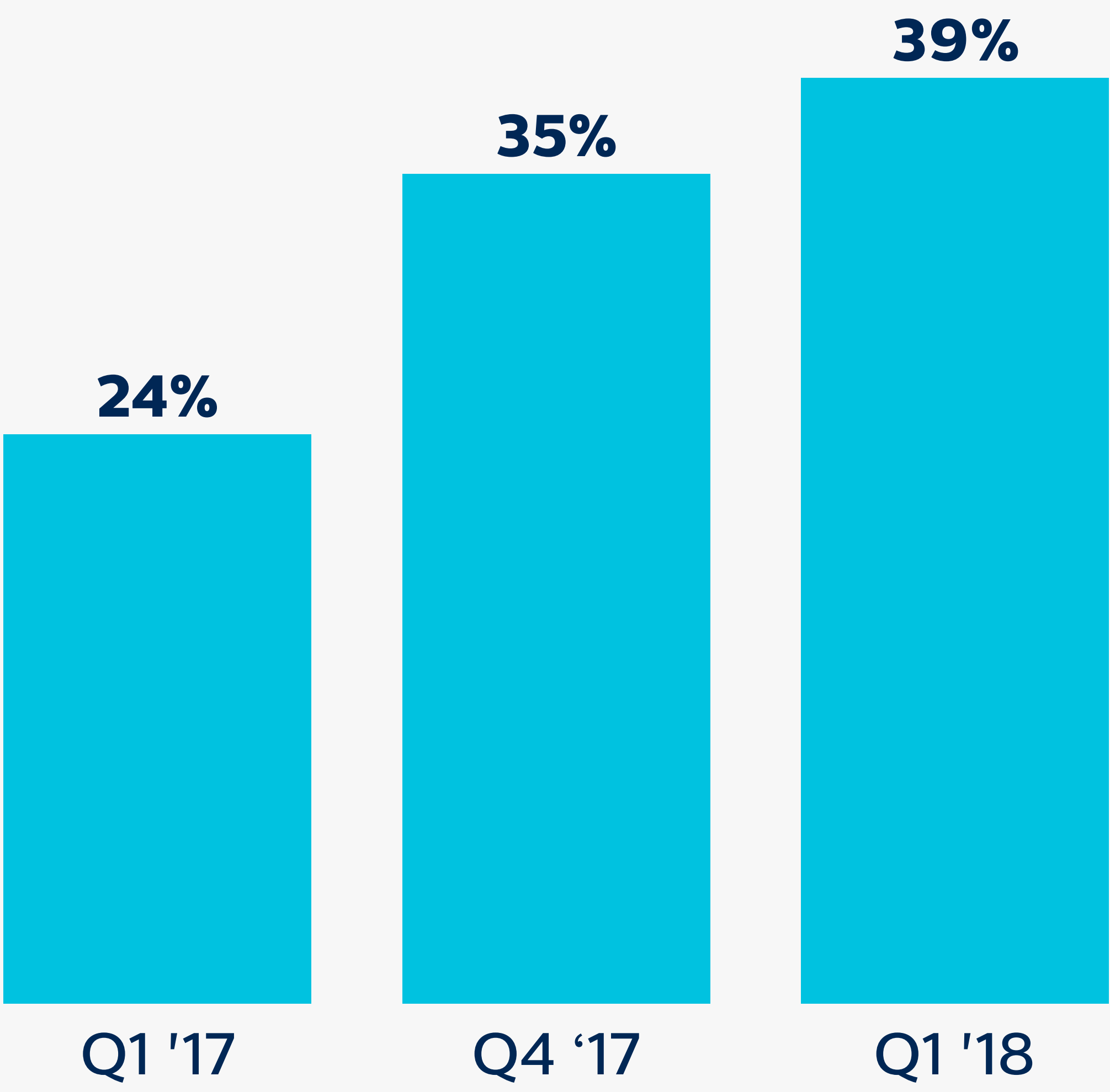
## Data Revenue

(Mobile service revenue share)

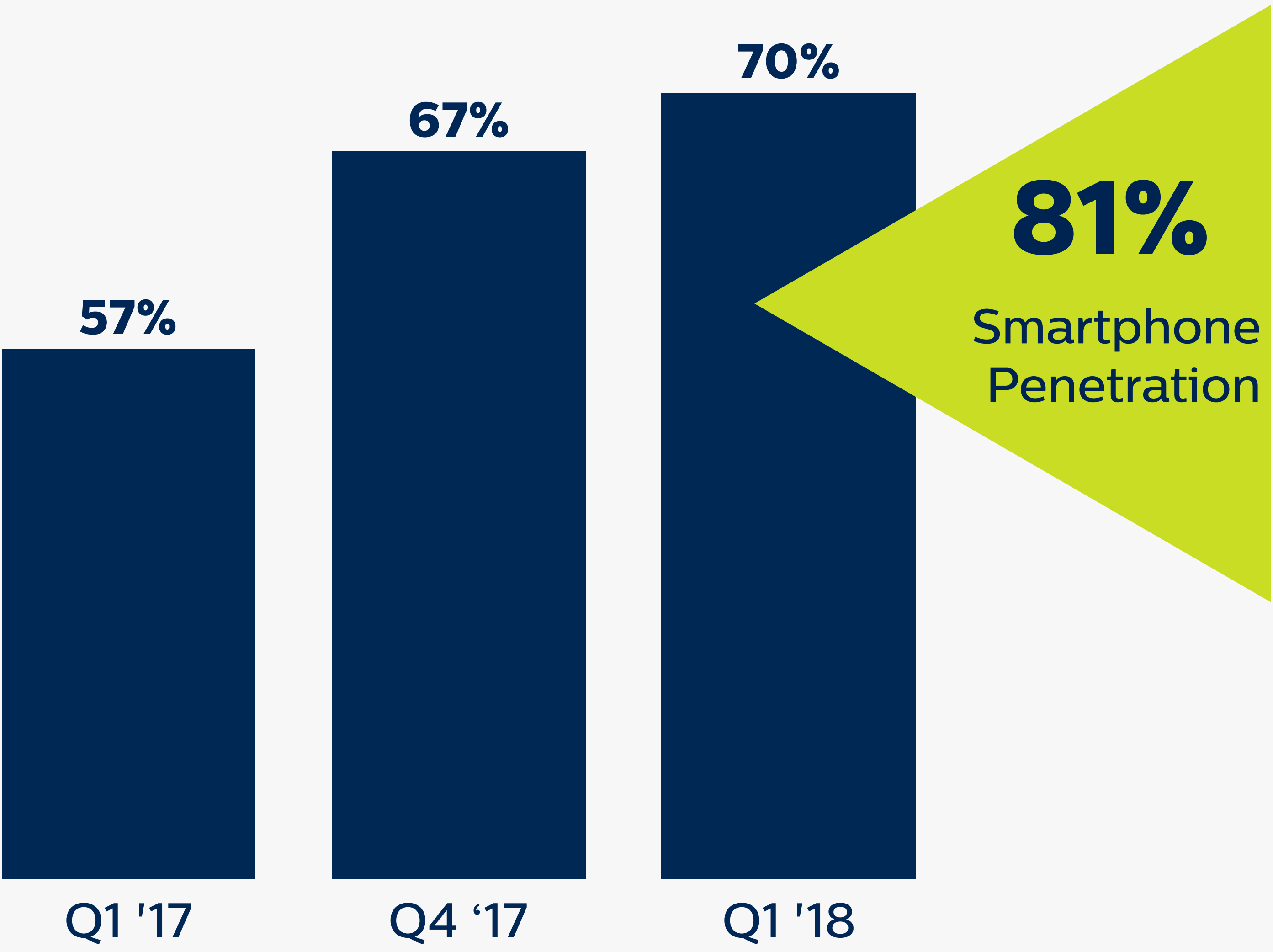


## LTE Users\*

(Total subscriber share)

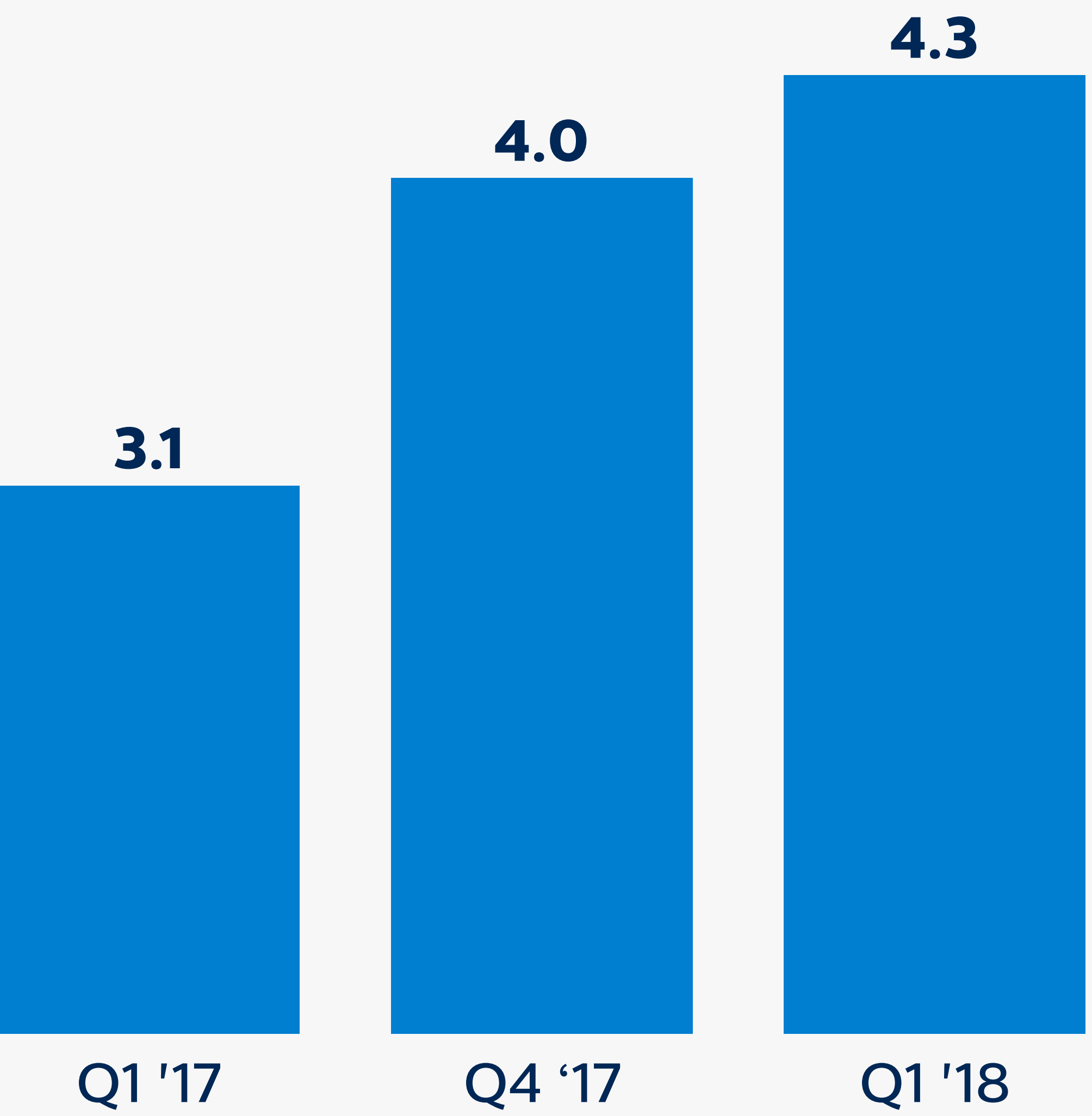


## LTE Compatible Smartphone



## Avg. Monthly Mobile Data Usage

(GB per user<sup>1</sup>)

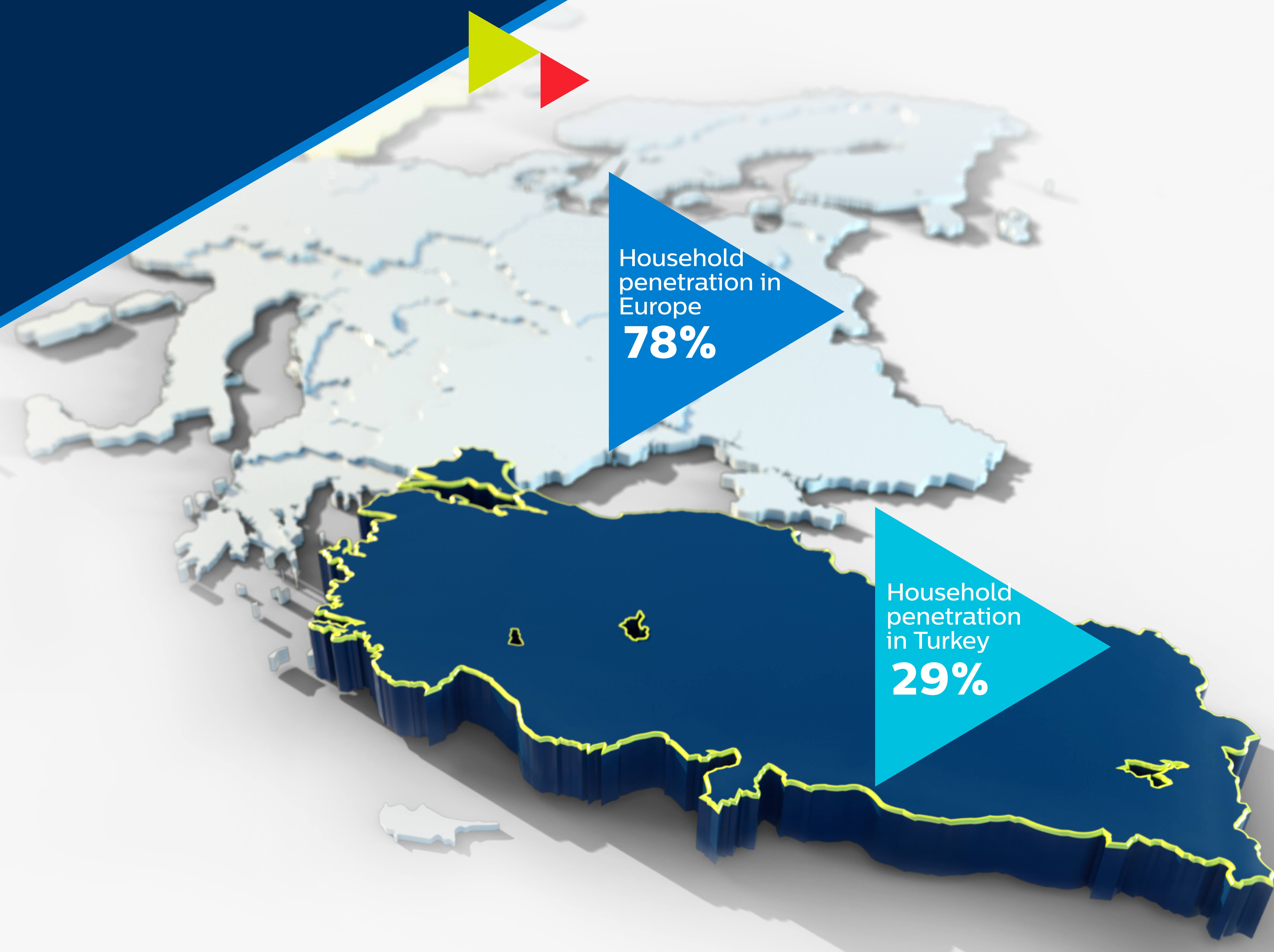


\*Subscribers who  
1) registered for LTE  
2) have LTE compatible device and simcard

(1) Türk Telekom smartphone users

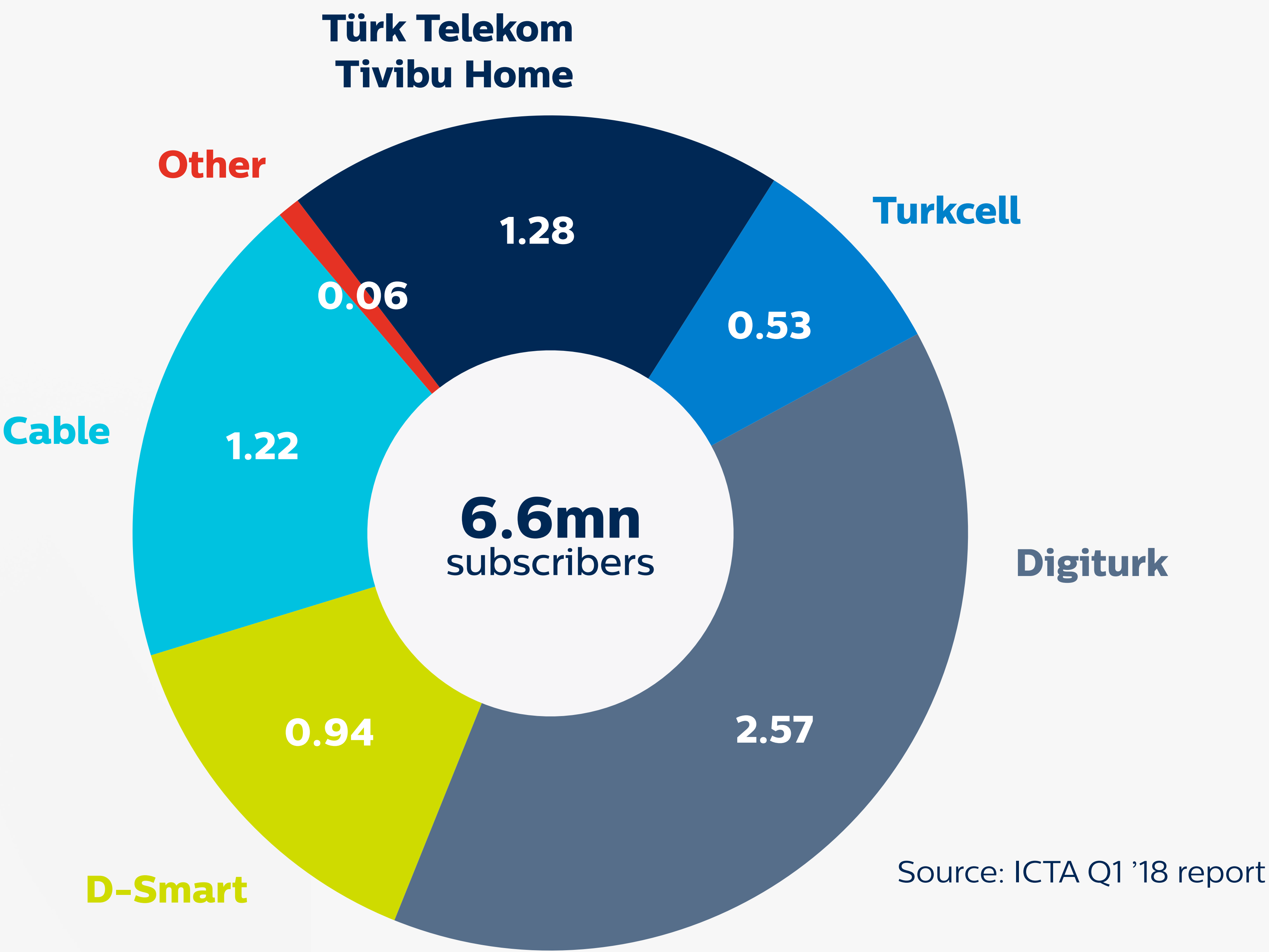


# Pay TV Market

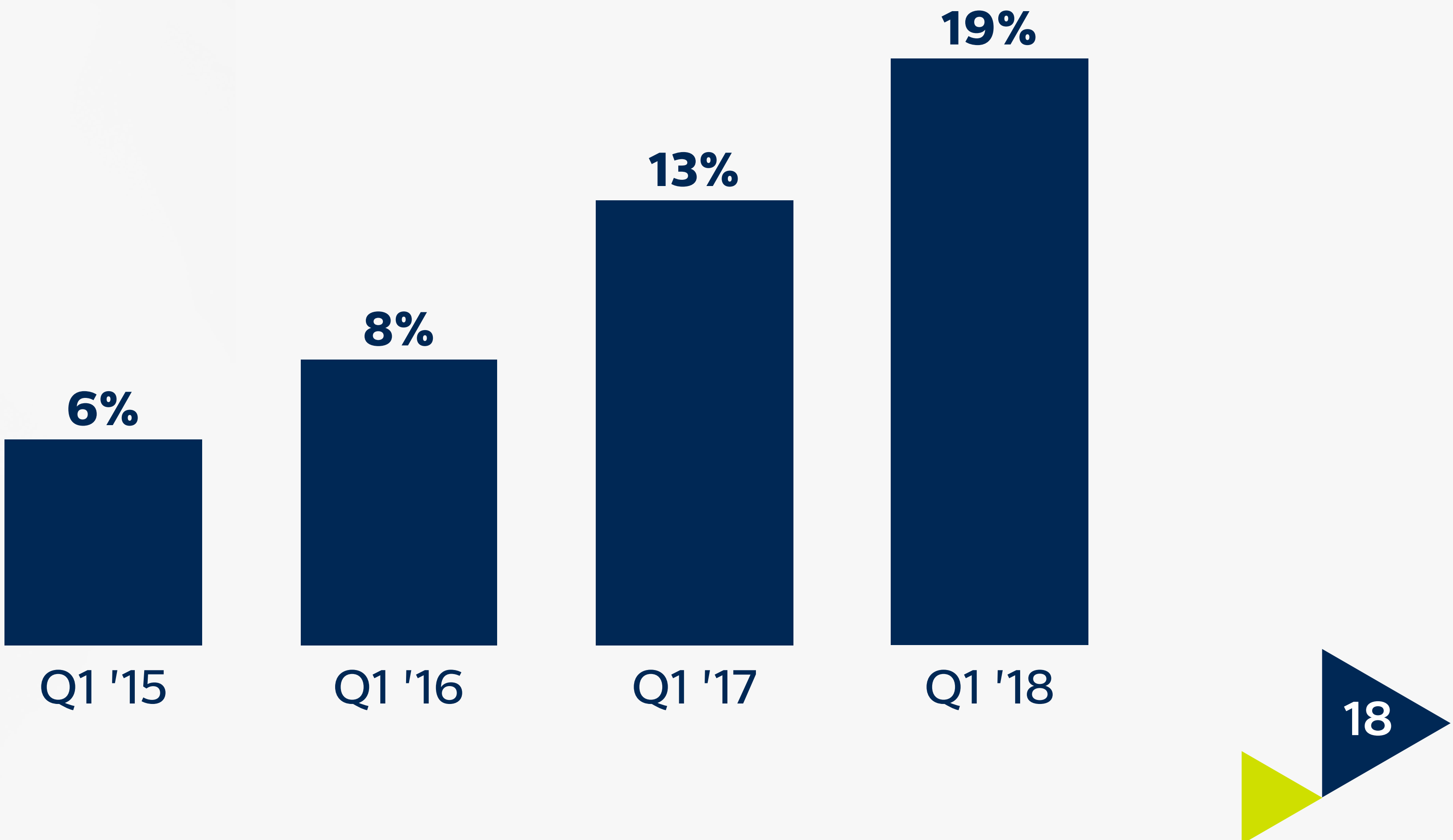


Source: Analysys Mason, Pay-TV quarterly Metrics, Q4 '17 Report  
European countries include Denmark, France, Ireland, Italy, Portugal , Sweden ,UK and Estonia  
TR Data is calculated from ICTA Q1 '18

## Subscribers (mn)



## Tivibu Home Subscriber Market Share



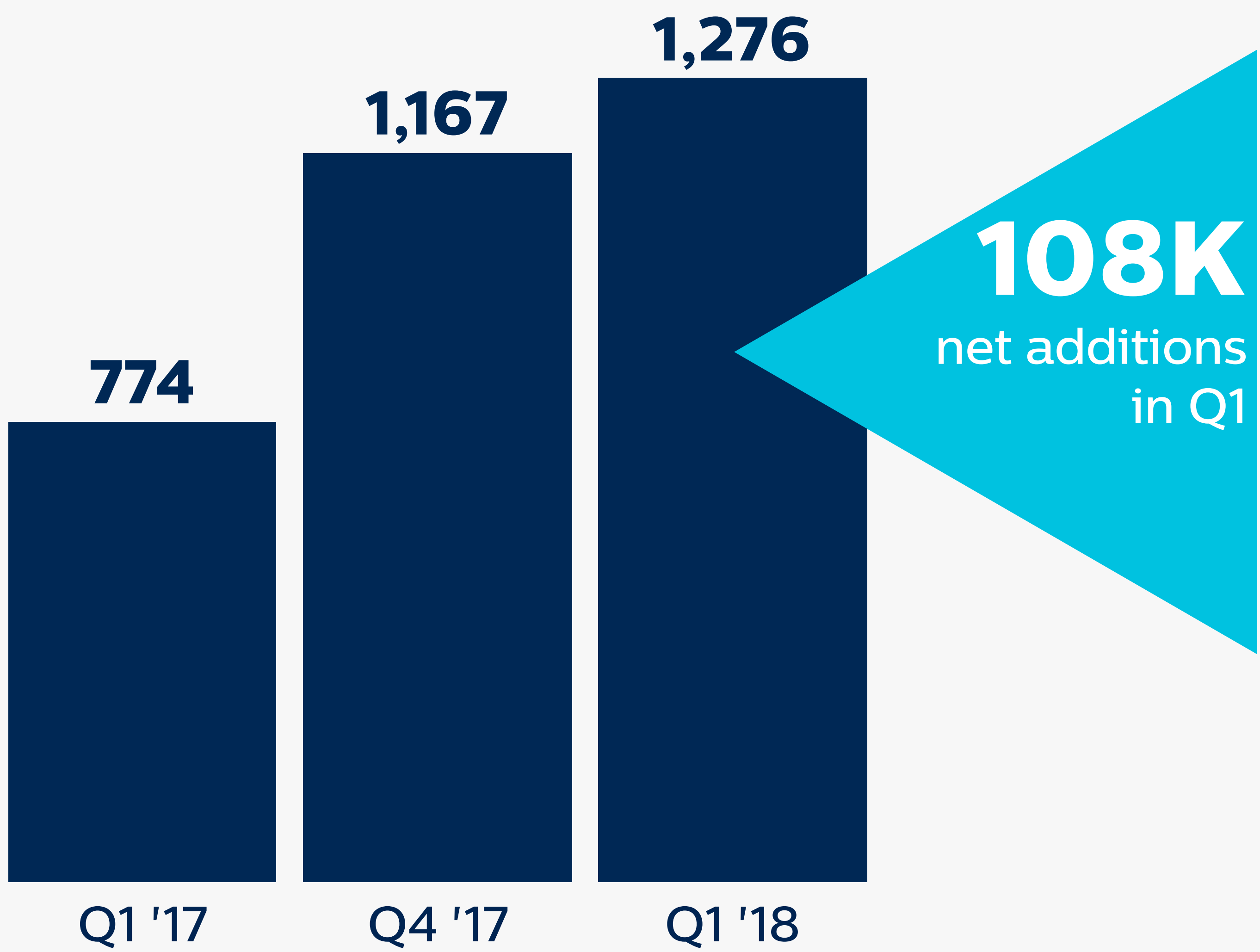


# TV Performance

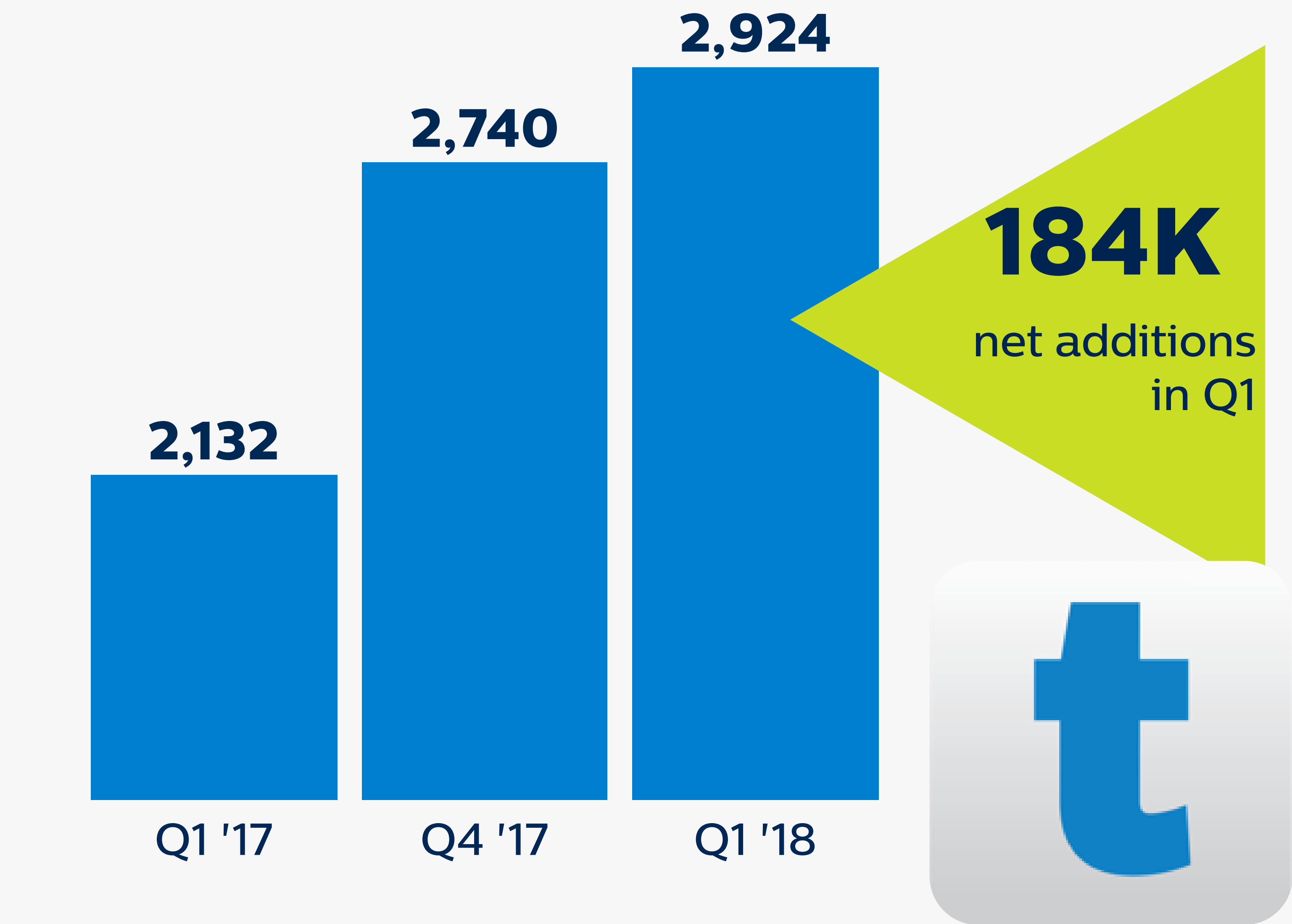
Türk Telekom  
Tivibu

## Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu Go)



**Wireless Homes**  
c.80% of Q1 '18 DTH gross adds came via mobile synergy offers



## Platform

IPTV + DTH + Web TV + Smart TV

## Content

- ▶ Italia Serie A
- ▶ NBA
- ▶ English Premier League

- ▶ 3 Cinema & 5 Sports Inhouse Channels
- ▶ Kids & Documentary Channels
- ▶ 8500+ on demand assets

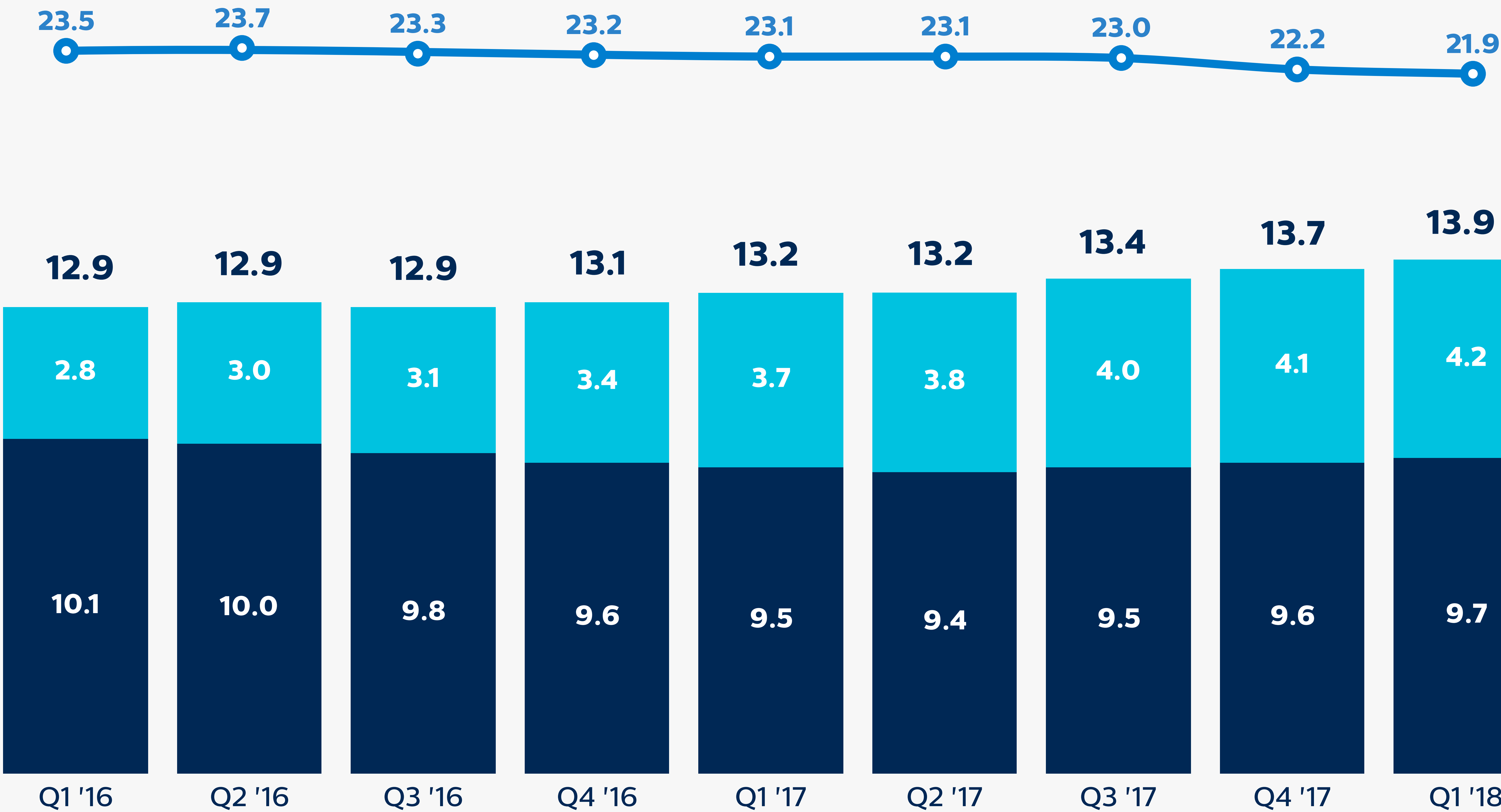


# Fixed Voice

## Access Lines and ARPU

■ Fixed Voice (mn) ■ Naked Broadband (mn)

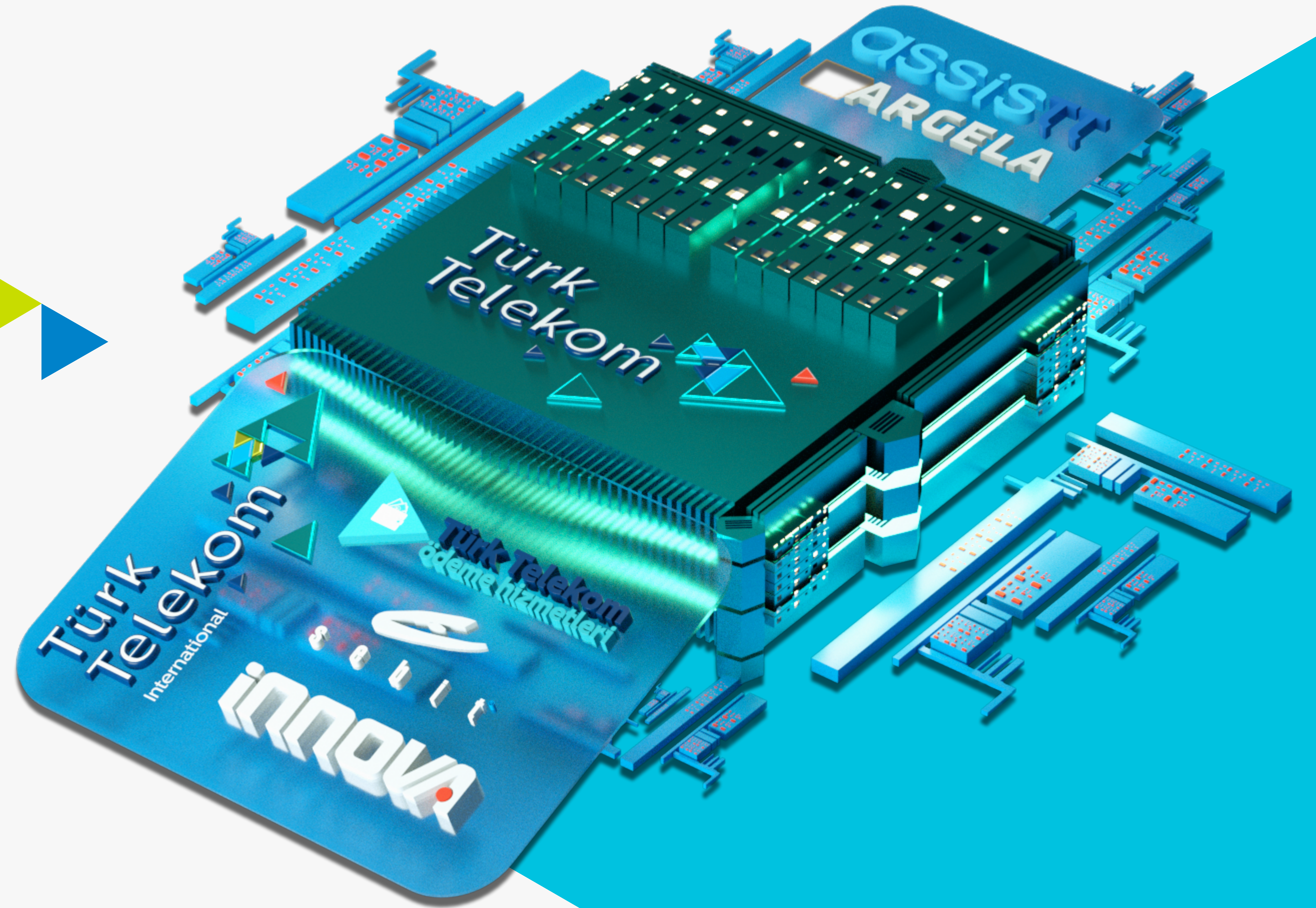
○ Fixed Voice ARPU (TL)



**79K**  
net additions  
in Fixed  
Voice in Q1



# Group Companies







## Leading software developer & integrator in Turkey

- End-to-end solutions for large scale ICT projects
  - Smart Cities
  - Health Campuses
  - E-education transformation project (FATİH)
- PayFlex Innova: Payment, collection and loyalty solutions platform
- Kiosk Innova: Self-service solutions (in banks, hospitals, airports etc.)







## Next generation telco technologies R&D company

- ProgRAN: SDN based RAN solutions for LTE and 5G with 23 patent applications
- ULAK: Turkey's first and only LTE base station development project
- MILAT: SDN & NFV based cybersecurity& cyberdefence solutions
- From pure R&D to commercialization
  - Developer of Turkey's first national digital keyboard, TAMBU
- Member of ONF and ONAP via US based subsidiary NETSIA







## 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 logo for aSSiSTT, featuring the company name in a blue, lowercase, sans-serif font. The background is a light blue triangle pointing right, set against a darker blue background with a geometric pattern of triangles.

## 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 more than 10 thousand employees

The logo for Türk Telekom International, featuring the company name in a white, sans-serif font. The background is a white triangle pointing right, set against a dark blue background with a geometric pattern of triangles.

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

- Over 40K km fiber network in CEE, Turkey, the Middle East and the Caucasus
- More than 70 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 logo for Türk Telekom ödeme hizmetleri, featuring the company name in a white, sans-serif font. The background is a white triangle pointing right, set against a blue background with a geometric pattern of triangles.

## Payment services company

- Payment services license from the Banking Regulation and Supervision Agency (BRSA)
- Strong position in Direct Carrier Billing (DCB)
- Expansion plans in other payment related services & products (Digital Wallets, Carrier-Billing, Money Transfers, Tax/Bill payments, E-money)



# Tambu

Keyboard app  
evolving into  
platform



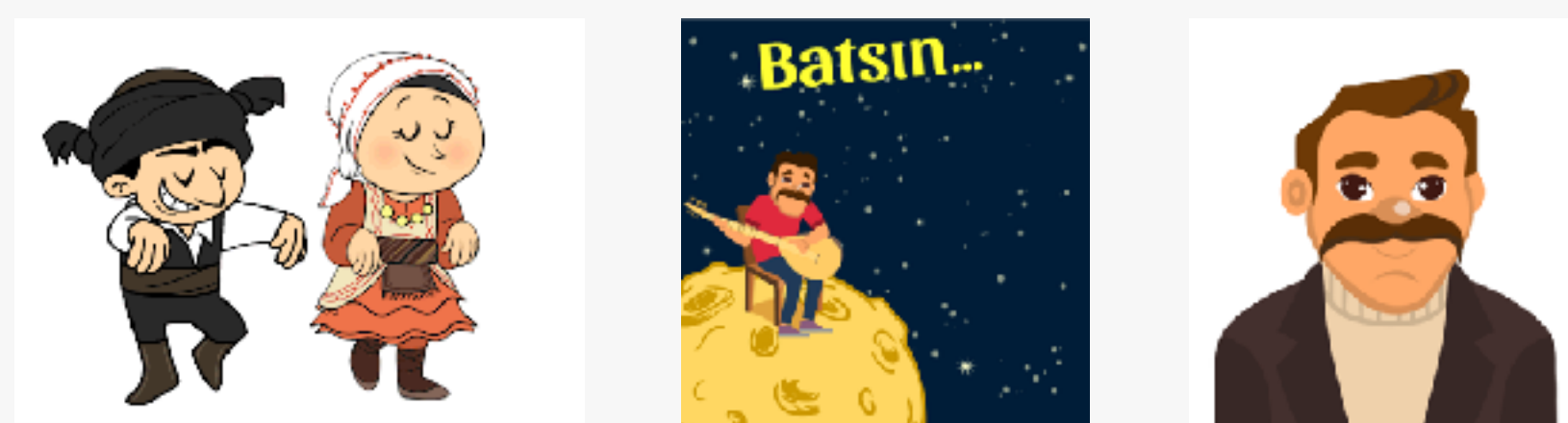
5.6 mn  
downloads

20% monthly active users

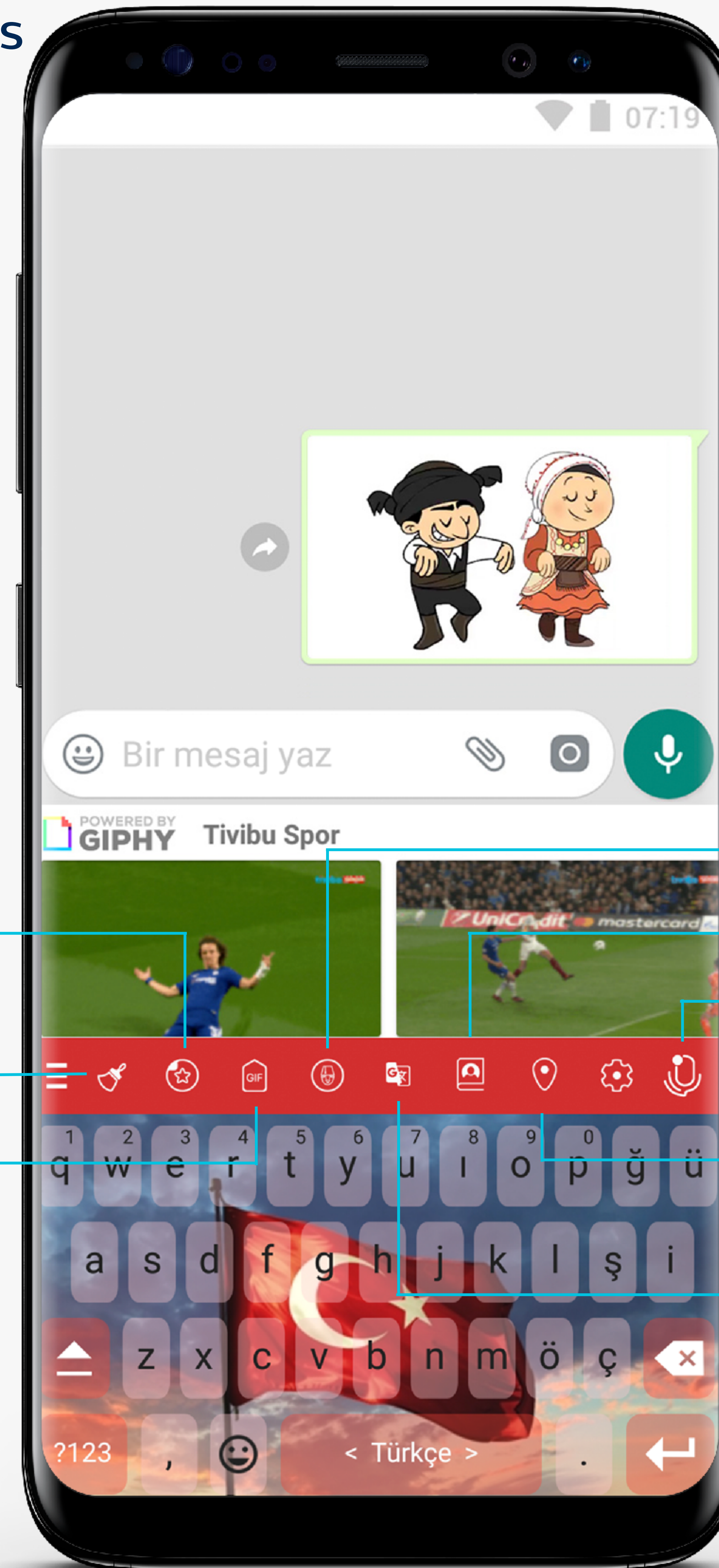


Hyper local animated stickers to  
express yourself  
**1st in Turkey**

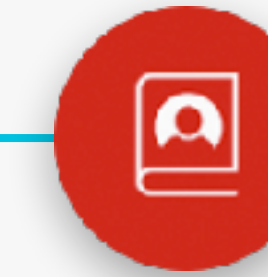
Customizable themes;  
personalized background and  
colors



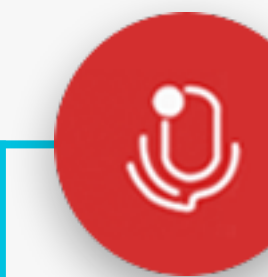
Exclusive GIFs for Tambu  
including videos from Champions  
League and music videos



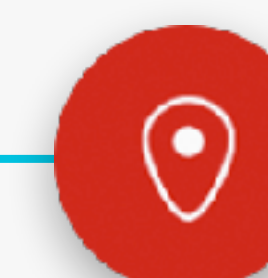
Rich set of proverbs to  
discover, learn and share



Personalized dictionary for  
frequently used text  
shortcuts



Speech to Text



Share location in all  
platforms



Translation in more than  
100 language



# Financials





# Income Statement

(TL mn)	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Revenues	4,307	4,800	4,686	8.8%	(2.4%)
EBITDA	1,528	1,525	1,972	29.1%	29.3%
Margin	35.5%	31.8%	42.1%		
Operating Profit	807	713	1,094	35.5%	53.4%
Margin	18.7%	14.8%	23.3%		
Financial Inc. / (Exp.)	(623)	(1,061)	(986)	58.4%	(7.1%)
FX & Hedging Gain / (Loss)	(509)	(886)	(879)	72.6%	(0.8%)
Interest Inc./ (Exp.)	(76)	(91)	(86)	13.6%	(5.6%)
Other Financial Inc./ (Exp.)	(38)	(84)	(21)	(44.7%)	(75.2%)
Tax Expense	(119)	235	(51)	(56.7%)	n.m.
Net Income	66	(113)	56	(14.3%)	n.m.
Margin	1.5%	n.m.	1.2%		

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.



# Balance Sheet

(TL mn)	31.03.2017	31.12.2017	31.03.2018
<b>Total Assets</b>	<b>26,702</b>	<b>29,149</b>	<b>29,936</b>
Intangible Assets <sup>1</sup>	8,480	8,438	<b>9,263</b>
Tangible Assets <sup>2</sup>	8,313	9,138	<b>8,964</b>
Other Assets <sup>3</sup>	7,273	7,473	<b>7,730</b>
Cash and Equivalents	2,636	4,100	<b>3,979</b>
<b>Total Equities and Liabilities</b>	<b>26,702</b>	<b>29,149</b>	<b>29,936</b>
Share Capital	3,260	3,260	<b>3,260</b>
Reserves, Retained Earnings and Other Equity Items	211	1,295	<b>1,707</b>
Interest Bearing Liabilities <sup>4</sup>	15,594	16,492	<b>17,496</b>
Provisions for Employee Termination Benefits	637	711	<b>652</b>
Other Liabilities <sup>5</sup>	7,000	7,391	<b>6,822</b>

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

(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



# Cash Flow Statement

(TL mn)	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Operating Cash Flow	429	3,063	624	45.3%	(79.6%)
Investing Cash Flow	(615)	(1,674)	(772)	25.4%	(53.9%)
CAPEX	(442)	(1,713)	(616)	39.2%	(64.1%)
Other Investing Activites	(173)	39	(156)	(9.9%)	n.m.
Financing Cash Flow <sup>1</sup>	(184)	(12)	(46)	(75.1%)	267.6%
Net Change in Cash Position <sup>2</sup>	(370)	1,376	(194)		

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

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



# Revenue Breakdown

(TL mn)	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Fixed Voice	662	635	632	(4.6%)	(0.5%)
Broadband	1,187	1,289	1,325	11.6%	2.8%
TV	52	62	72	40.3%	16.6%
Mobile	1,567	1,701	1,724	10.0%	1.4%
Corporate Data <sup>1</sup>	350	391	402	14.9%	2.7%
International Revenue	135	170	180	33.4%	6.0%
Domestic Interconnection	3	3	3	1.5%	(0.5%)
Rental income from GSM Operators	22	18	23	3.1%	25.9%
Other <sup>2</sup>	181	338	204	12.4%	(39.8%)
IFRIC-12	170	214	141	(17.2%)	(34.3%)
Eliminations	(21)	(21)	(19)	(5.4%)	(8.6%)
<b>Total Revenue</b>	<b>4,307</b>	<b>4,800</b>	<b>4,686</b>	<b>8.8%</b>	<b>(2.4%)</b>

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

(1) Includes leased line and data services  
(2) Includes ICT companies, device sales, other



# OPEX Breakdown

(TL mn)	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Direct Costs	916	1,141	1,044	14.0%	(8.5%)
Interconnection	348	381	390	11.9%	2.3%
Tax	308	343	406	31.9%	18.4%
Provisions for Doubtful Receivables	113	133	86	(24.4%)	(35.5%)
Cost of Equipment and Technology Sales	78	211	95	21.1%	(54.9%)
Other Direct Costs	68	73	68	(0.2%)	(7.5%)
Commercial Costs	390	487	306	(21.6%)	(37.2%)
Other Costs	1,323	1,458	1,240	(6.3%)	(15.0%)
Network & Technology	439	454	400	(8.7%)	(11.8%)
Personnel	734	776	710	(3.2%)	(8.5%)
Other	150	228	129	(14.2%)	(43.5%)
Sub Total	2,629	3,086	2,590	(1.5%)	(16.1%)
IFRIC-12	151	189	124	(17.4%)	(34.2%)
Total OPEX	2,780	3,275	2,714	(2.3%)	(17.1%)

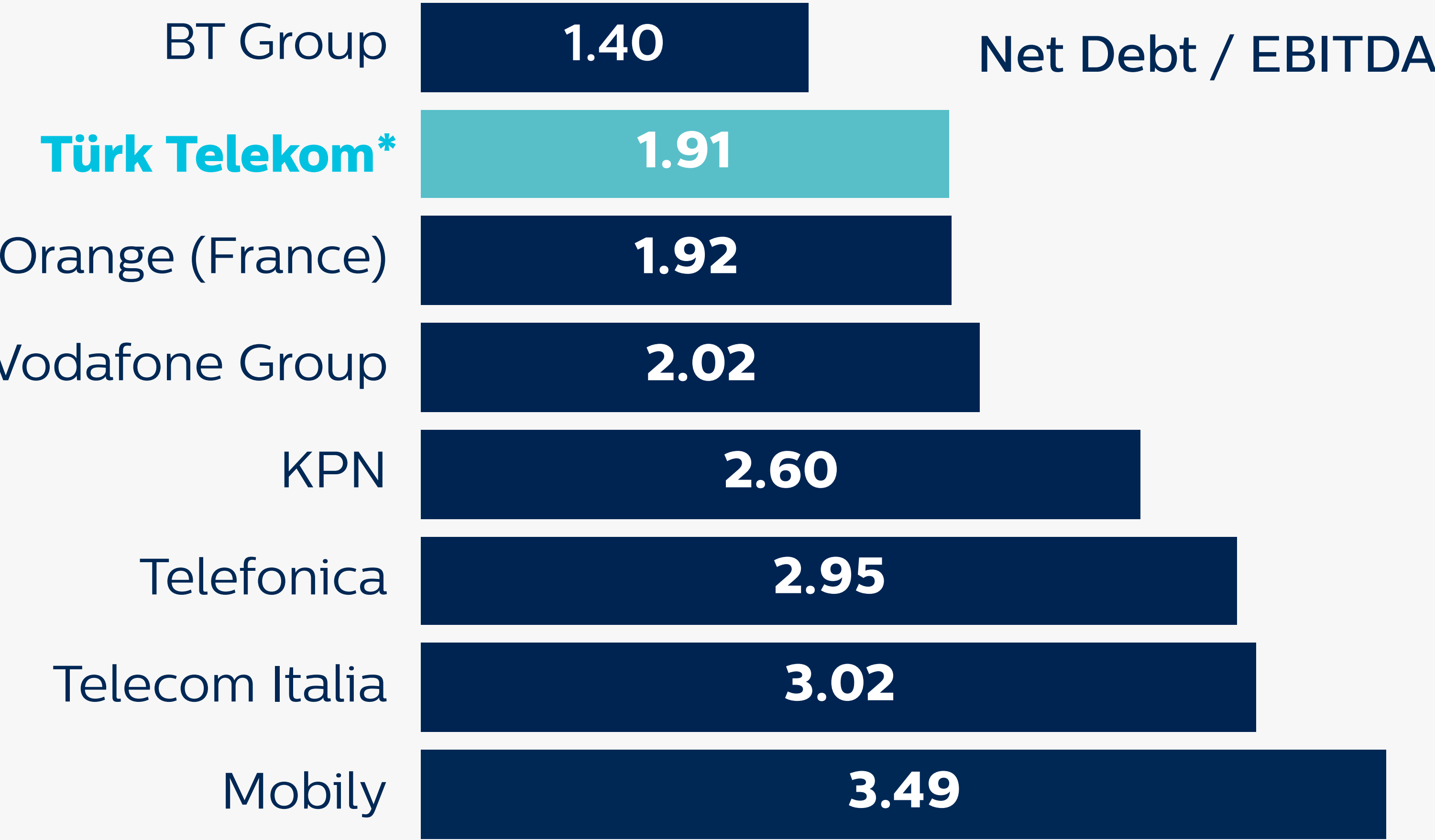
Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

As of Q1 '18, frequency fees with direct link to sales are reported under tax expense. Previously, such frequency fees were reported under Network and Technology expense since there were no direct link to sales.



# Debt Profile

## Low debt burden compared to peers



Source: Bloomberg  
Türk Telekom's ratio is based on Q1'18 financials; other's based on their latest data

## Net Debt

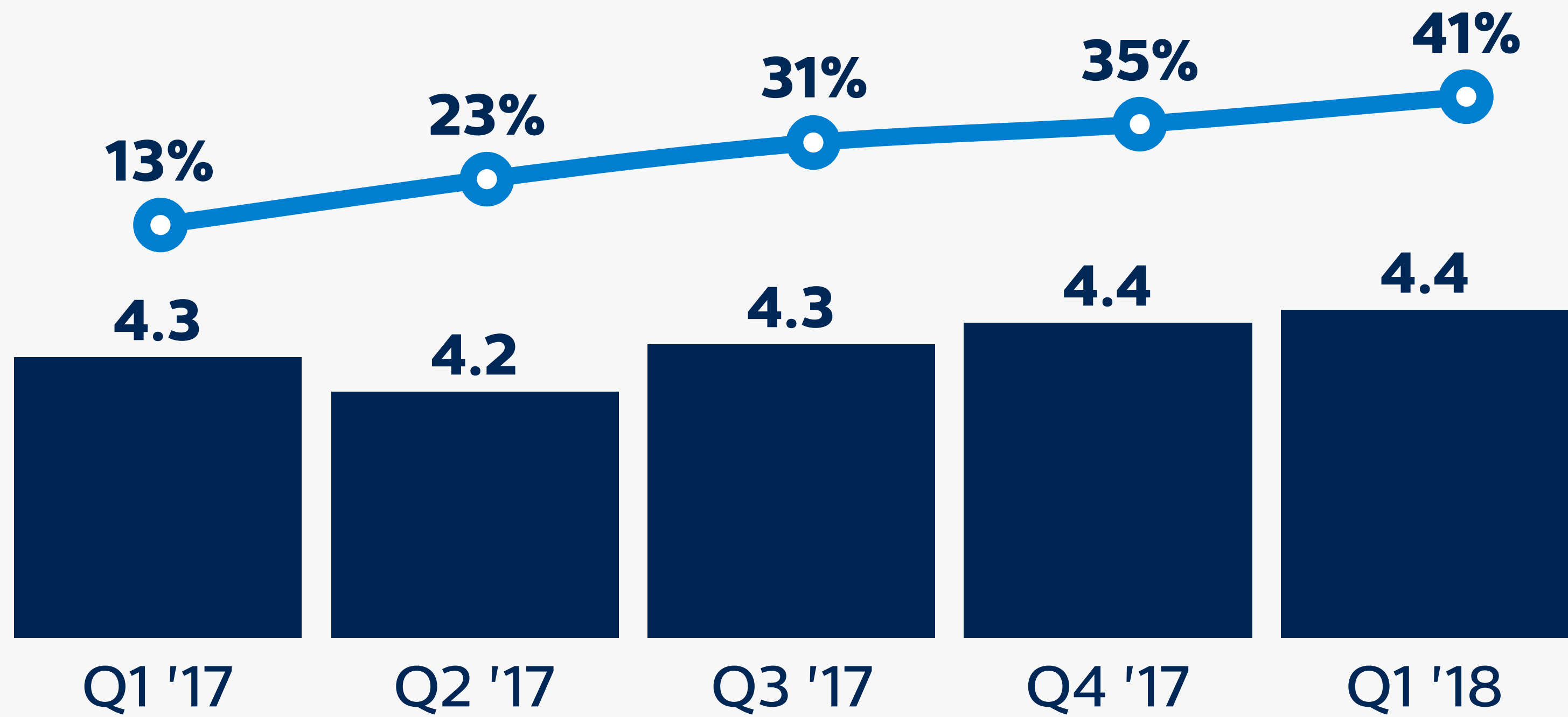
■ Net Debt (TL bn)    ○ Net Debt/EBITDA    ● Adj. Net Debt/EBITDA



Note: Net Debt/EBITDA calculation excludes extraordinary claims.  
Adjusted Net Debt/EBITDA includes MTM from FX to TRY Currency Swaps.

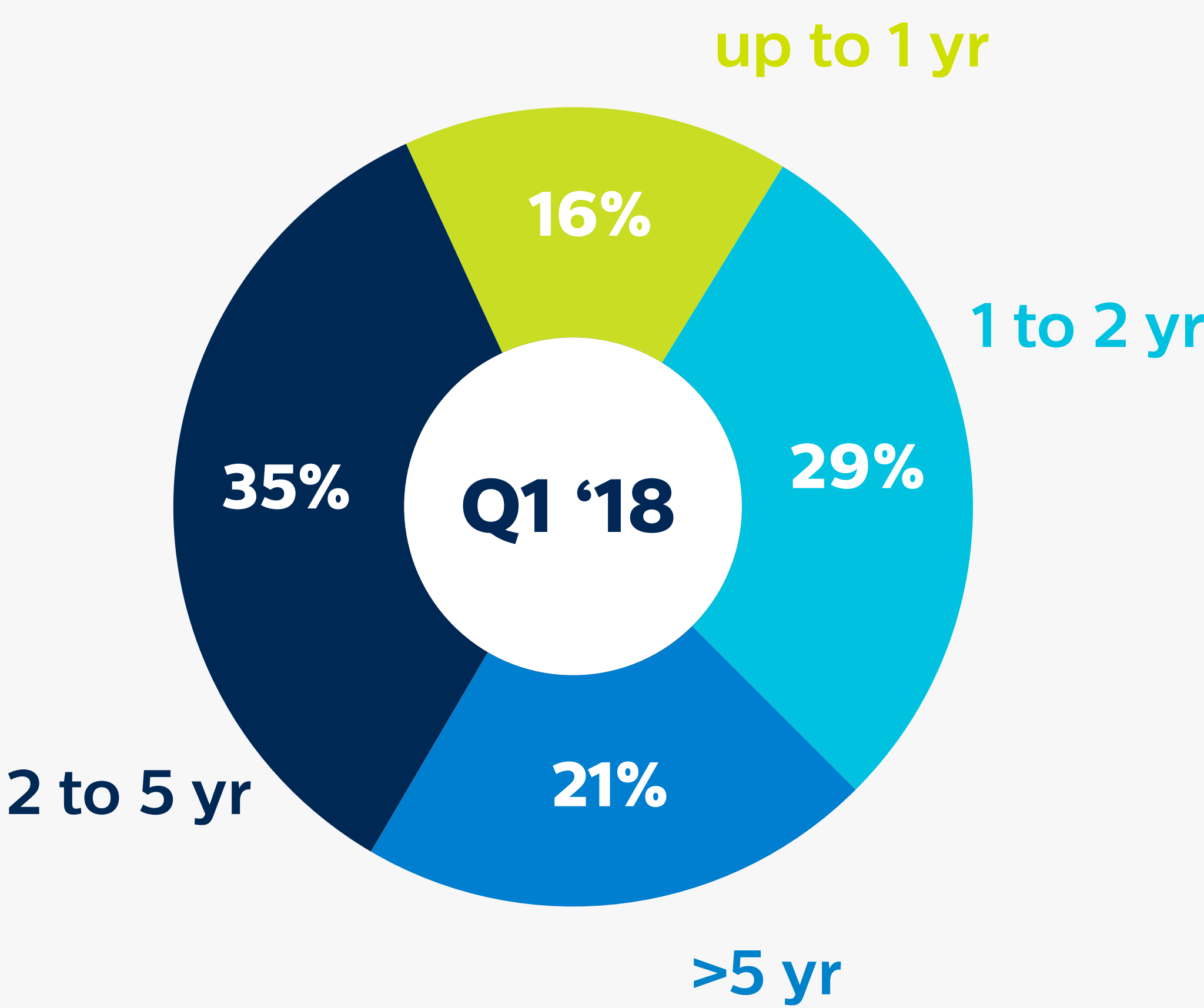
## Hedge Ratio

■ Gross FX Debt (bn USD)    ○ Hedge Ratio



Hedge Ratio includes participating CCS & FX swaps & FX based cash

## Maturity Profile





# Operational Highlights

	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Total Access Line (mn)	13.2	13.7	13.9	5.5%	1.5%
Fixed Voice Lines <sup>1</sup> (mn)	9.5	9.6	9.7	1.6%	0.8%
Naked DSL Lines (mn)	3.7	4.1	4.2	15.5%	3.2%
Fixed Voice ARPU (TL)	23.1	22.2	21.9	(5.0%)	(1.4%)
Broadband Total Subscribers (mn)	8.9	9.7	10.1	13.1%	3.3%
FTTH/B Subscribers ('000)	902	1,065	1,127	24.9%	5.8%
FTTC Subscribers ('000)	1,273	1,684	1,833	44.0%	8.9%
Broadband ARPU (TL)	45.0	44.8	44.6	(1.0%)	(0.6%)
Total Tivibu Subscribers <sup>2</sup> (mn)	2.1	2.7	2.9	37.1%	6.7%
Tivibu Home Subscribers <sup>3</sup> ('000)	774	1,167	1,276	64.9%	9.3%
Tivibu Home ARPU (TL)	17.9	16.4	17.5	(2.4%)	6.9%
Mobile Total Subscribers (mn)	18.7	19.6	19.9	6.5%	1.7%
Mobile Postpaid Subscribers (mn)	10.0	10.8	11.1	11.4%	2.9%
Mobile Prepaid Subscribers (mn)	8.7	8.8	8.8	0.9%	0.2%
Mobile Blended ARPU (TL)	26.7	27.9	28.4	6.2%	1.6%
Mobile Postpaid ARPU (TL)	35.0	35.7	35.9	2.5%	0.6%
Mobile Prepaid ARPU (TL)	16.9	18.0	18.5	9.5%	2.6%

(1) Includes PSTN and WLR Lines  
(2) Includes IPTV, DTH, and Tivibu Go (Web TV + Smart TV) subscribers  
(3) Includes IPTV and DTH subscribers



TL mn	2017 YE	2018 Guidance	2018 Revised Guidance*
Revenue (exc. IFRIC 12) <sup>1</sup>	17,435	~11% growth	~11% growth
EBITDA	6,452	TL 7.0 to 7.2 bn	TL 7.6 to 7.8 bn
CAPEX	3,221	~TL 3.5 bn	~TL 4.1 bn

(1) IFRIC 12 is 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

\*Guidance was revised due to IFRS 15 & 9 accounting standards adoption.

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.



# IFRS 15 Adoption Reconciliation

(TL mn)	Q1 '18	IFRS 15 Impact	Q1 '18 w/o adoption of IFRS 15
Revenues	4,686	(10)	4,696
EBITDA	1,972	140	1,832
Margin	42.1%		39.0%
Operating Profit	1,094	25	1,069
Margin	23.3%		22.8%
Financial Inc. / (Exp.)	(986)	(3)	(983)
FX & Hedging Gain / (Loss)	(879)		(879)
Interest Inc./ (Exp.)	(86)		(86)
Other Financial Inc./ (Exp.)	(21)	(3)	(18)
Tax Expense	(51)	(3)	(48)
Net Income	56	18	38
Margin	1.2%		0.8%

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.



# IFRS 15 Adoption Reconciliation

(TL mn)	31.03.2018	IFRS 15 Impact	31.03.2018 w/o adoption of IFRS 15
Total Assets	29,936	871	29,065
Intangible Assets <sup>1</sup>	9,263	878	8,384
Tangible Assets <sup>2</sup>	8,964		8,964
Other Assets <sup>3</sup>	7,730	(7)	7,737
Cash and Equivalents	3,979		3,979
Total Equities and Liabilities	29,936		29,065
Share Capital	3,260		3,260
Reserves, Retained Earnings and Other Equity Items	1,707	568	1,139
Interest Bearing Liabilities <sup>4</sup>	17,496		17,496
Provisions for Employee Termination Benefits	652		652
Other Liabilities <sup>5</sup>	6,822	303	6,519

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

(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

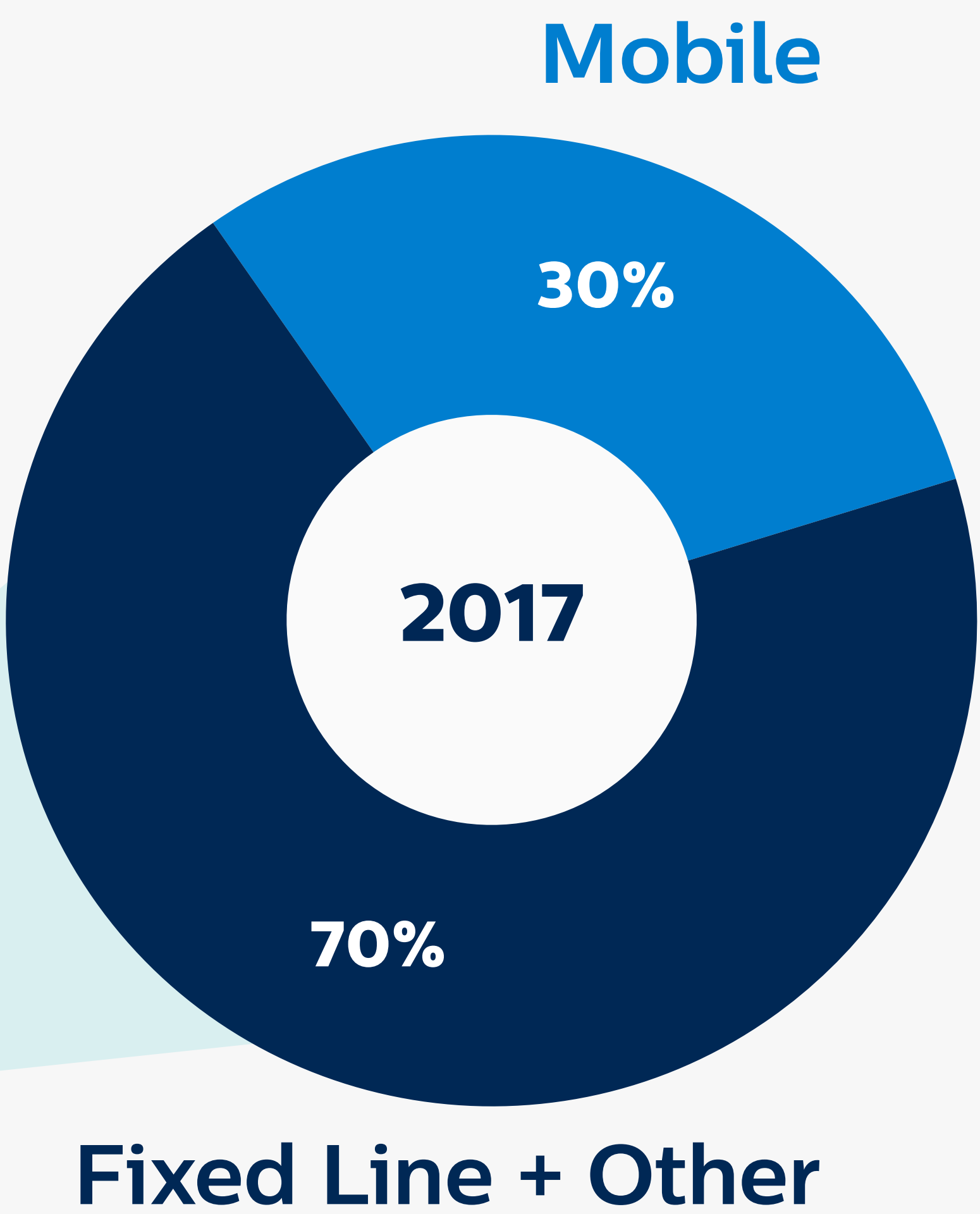
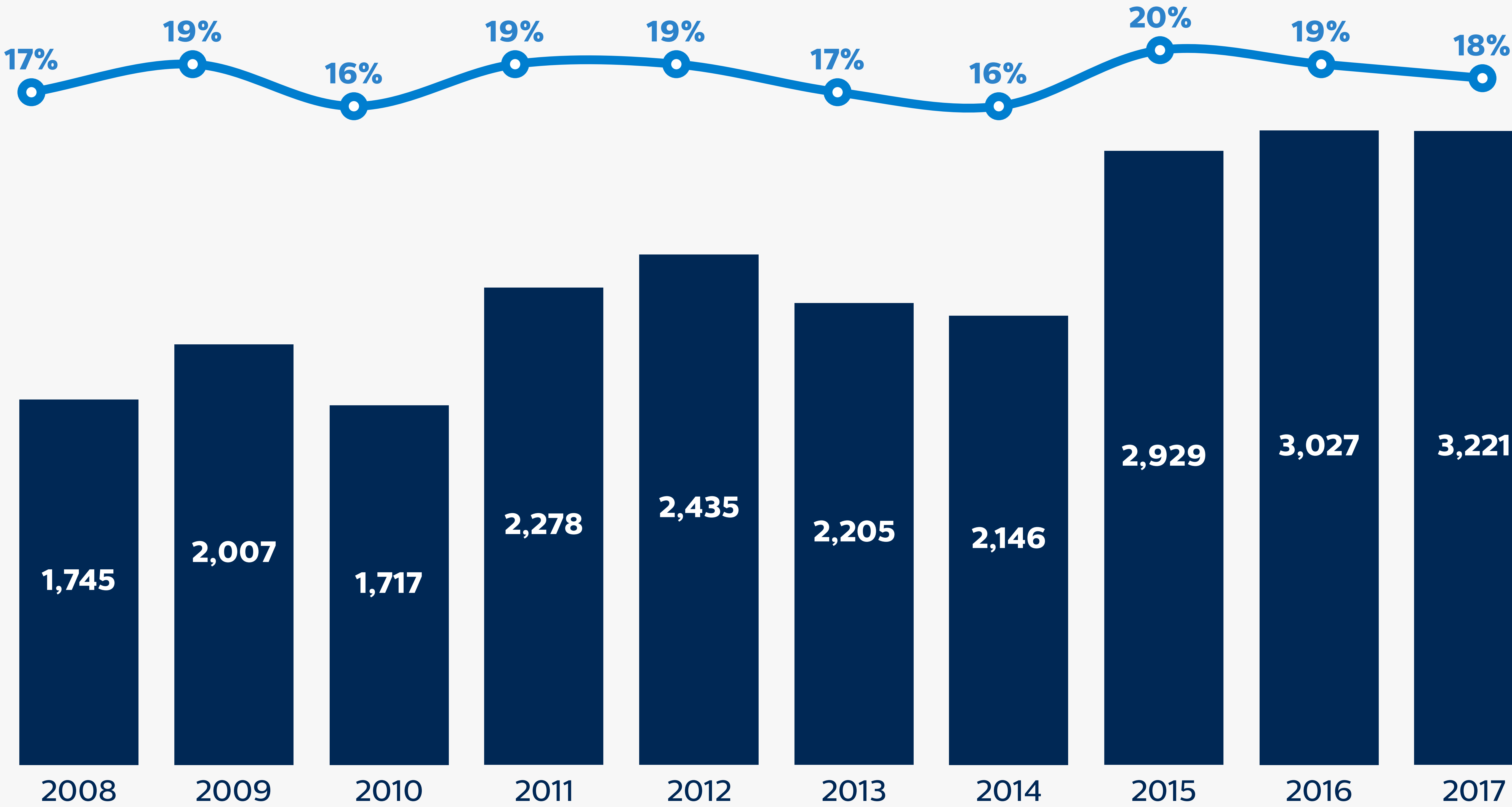


# Capex

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



\* Capex figures exclude license fees

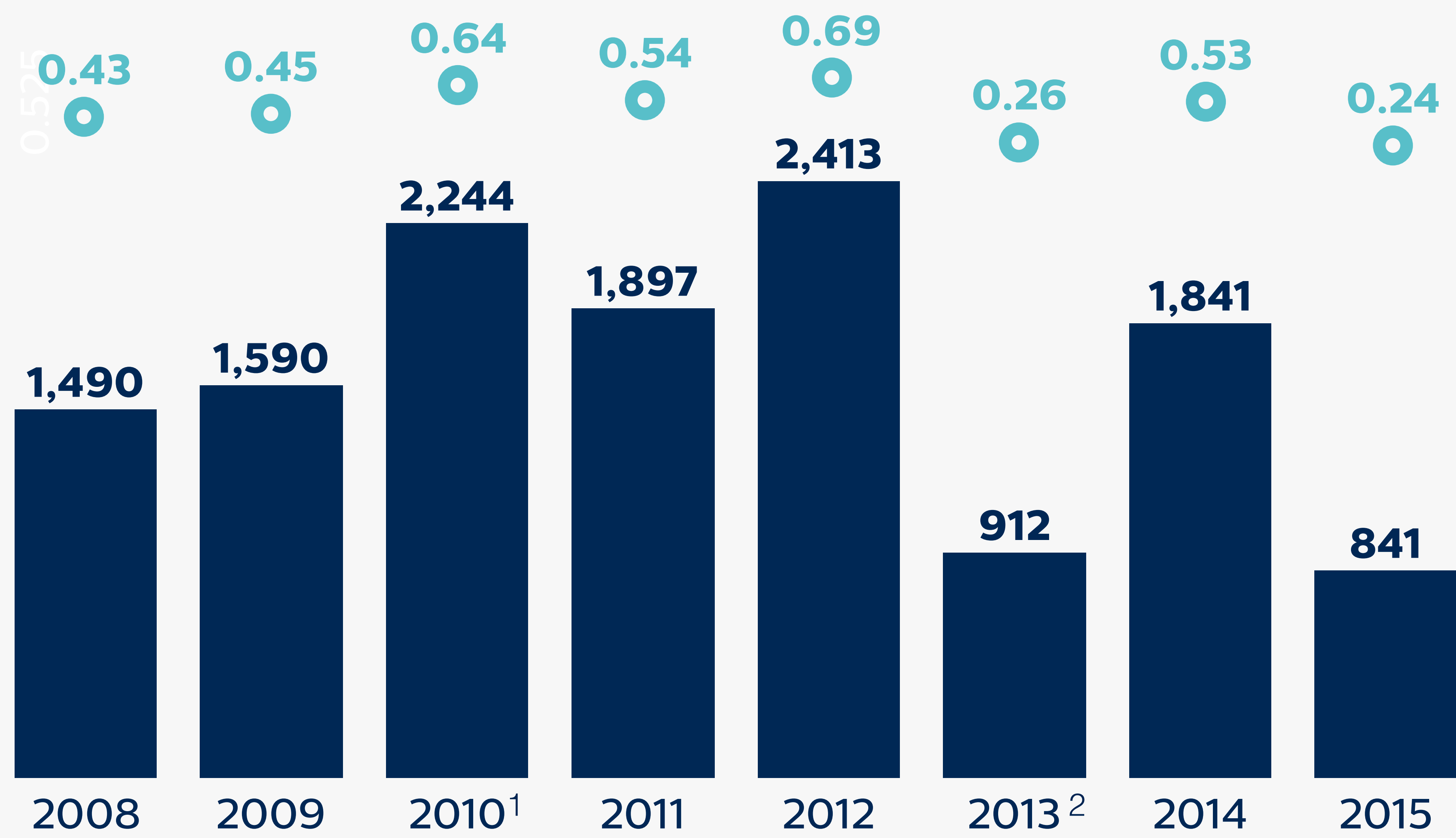


# Shareholder Remuneration

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

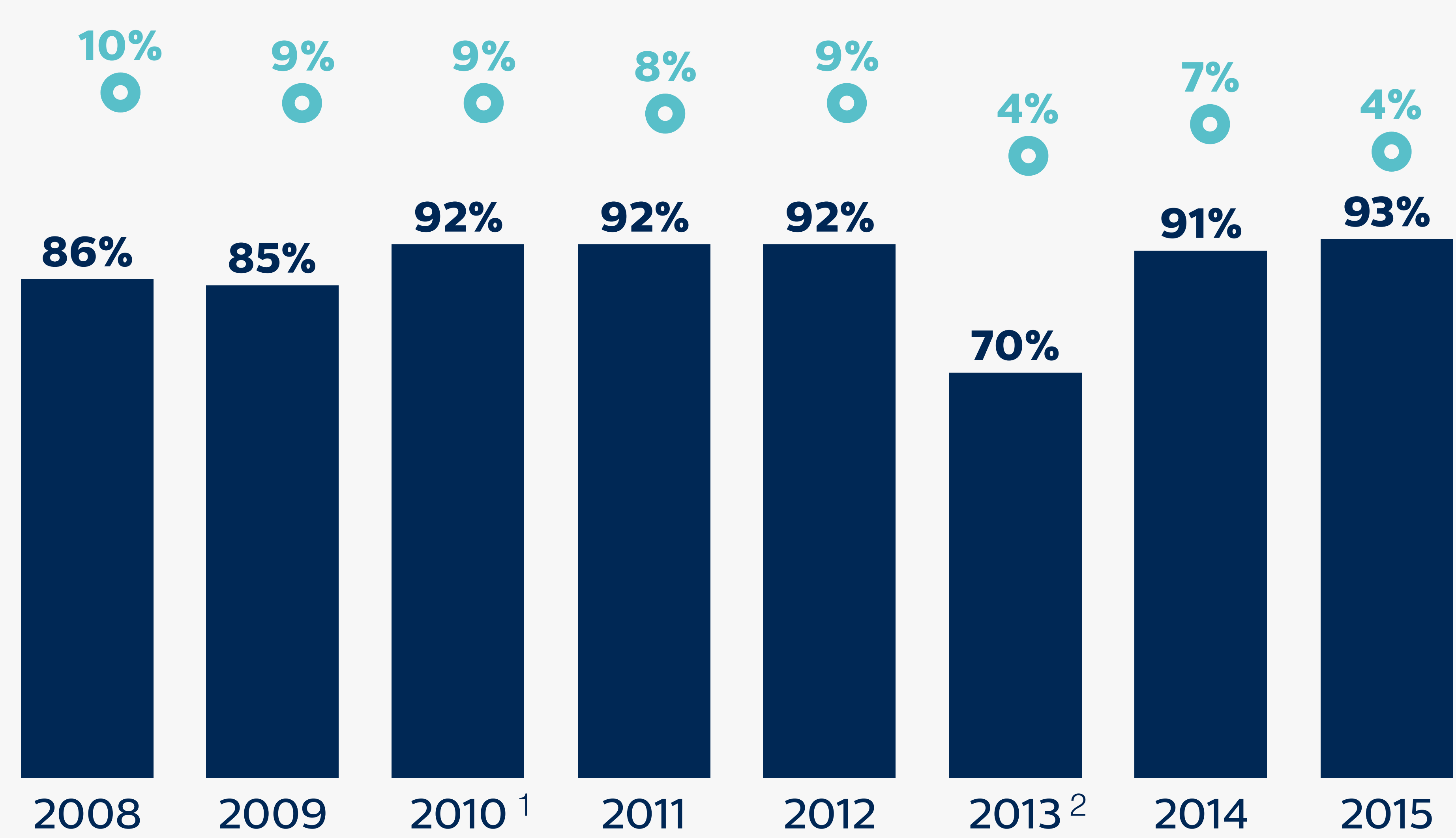
## Dividend Distribution

■ Dividend (TL mn)    ● Dividend per Share (TL)



## Dividend Yield & Payout Ratio

■ Dividend Payout Ratio    ● Dividend Yield



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

Note: Based on General Assembly Decision, no dividend distributed for the activity year 2016.



# Appendix





# Digital Transformation

## Technology

Custom solutions by using both internal and subsidiary resources for serving both Turk Telekom and 3rd parties

**Türk Telekom**

**innova**

**ARGELA**

s e b i t

## Marketing

Diverse portfolio addressing the consumer segment with 200+ value added services and mobile applications



Tambu



Tivibu Go



Türk Telekom Music

## Branding & Comm.

Utilization of internal products for external sale

Segmented digital advertises

**PROGRAMATİK**

## Sales

Diversification towards virtual channels

Easy, quick, secure online payment



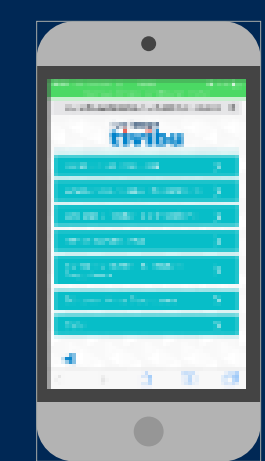
Direct Carrier Billing



Web-sites / Applications

## Customer Services

Improved customer services via online channels



Visual IVR



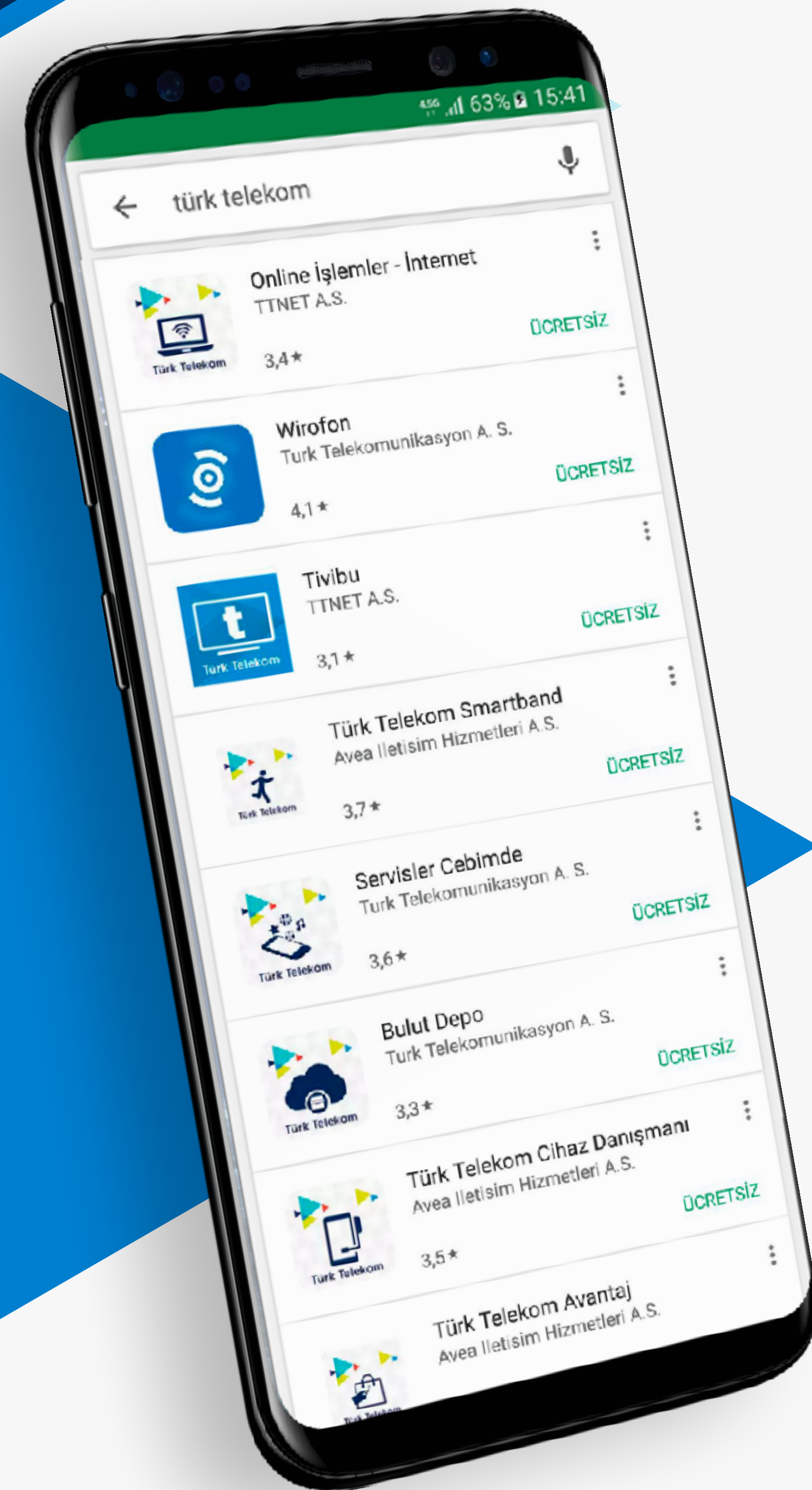
Account Management



Jetfix



# Digital Service Portfolio



Türk Telekom has **40+ 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 game platform and e-pin 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 university preparation



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

Turkey's first local and customized smart digital keyboard



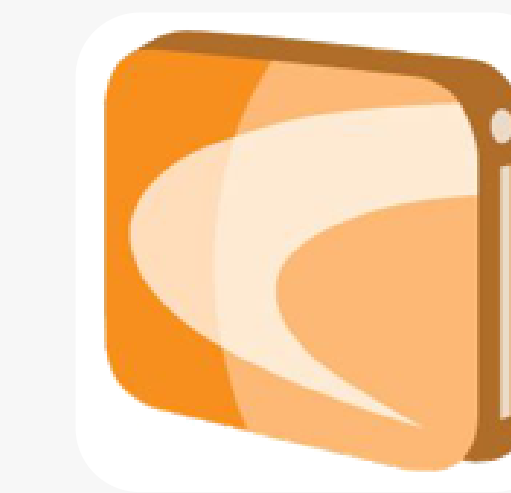
## Turkey's Most Comprehensive Online Reading Platform: **E-Dergi** Launch: 2017

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



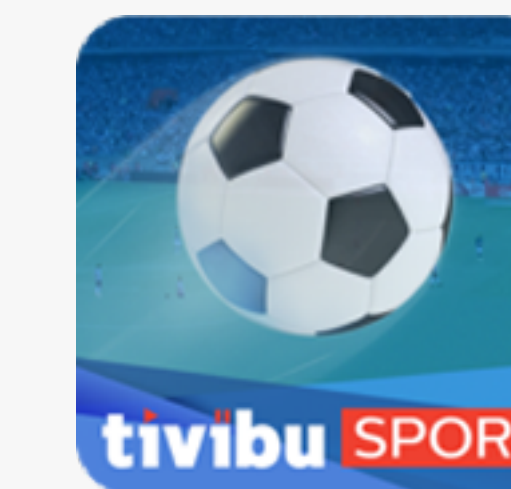
## Turkey's Most Comprehensive Security Platform: **TT Security** Launch: 2009

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



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

Turk Telekom's cloud storage solution specialized for Turk Telekom internet subscribers



## 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 Widest Wifi Broadband Network: **TT WiFi** Launch: 2006

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



# Corporate Credit Rating

## Fitch Ratings

**BBB- Rating**

Negative Outlook

Fixed-mobile and pay-TV convergent service offering is built on the company's leading fixed line position

Broadband subscribers and ARPU continue to grow, helped by increasing demand for high-speed connectivity

Improved mobile service capability, helped by spectrum bought in the 2015 auction

## S&P Global Ratings

**BB+ Rating**

Stable Outlook

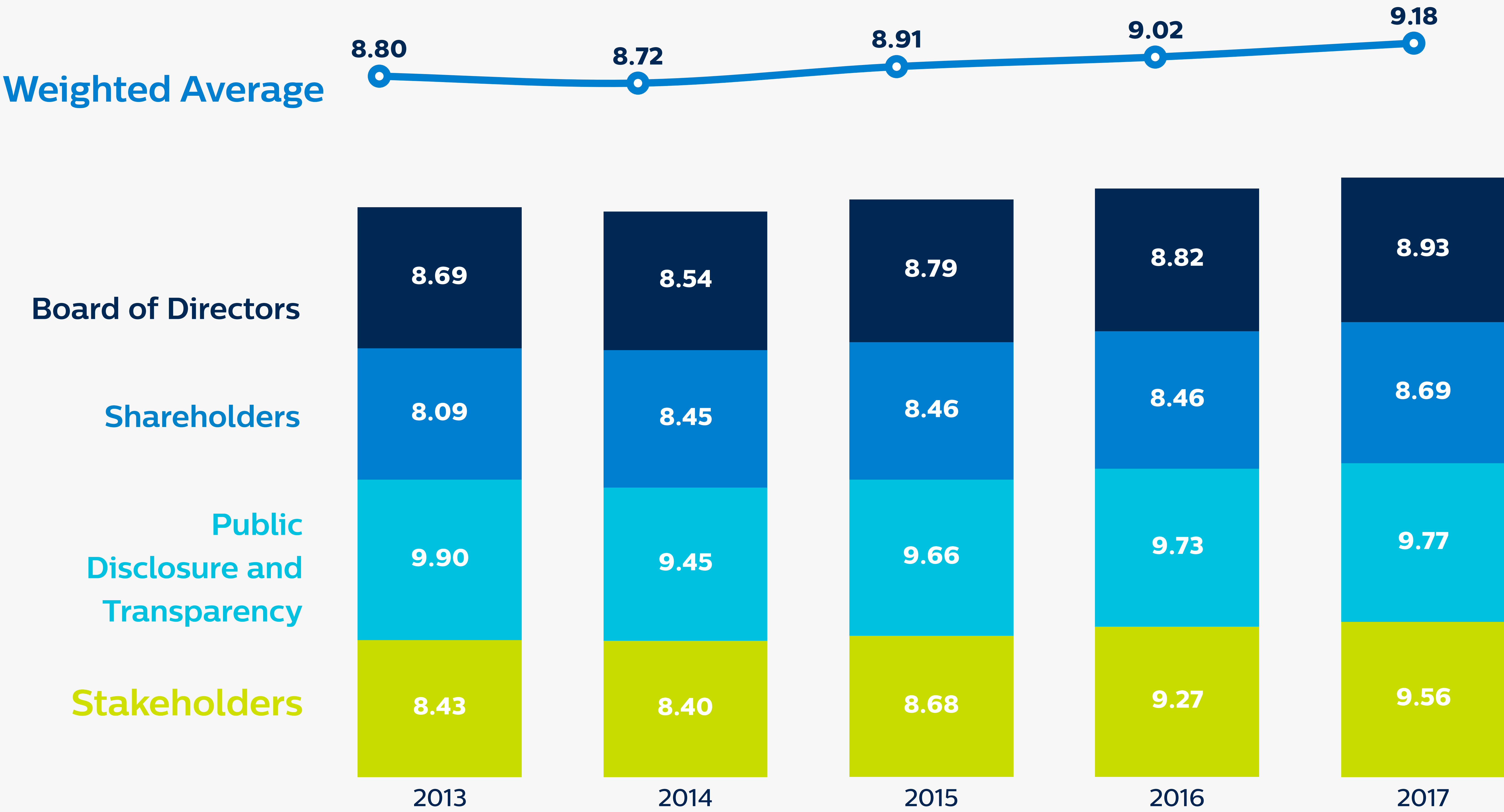
Strong leadership position in domestic fixed-line business

Good growth prospects, solid profitability



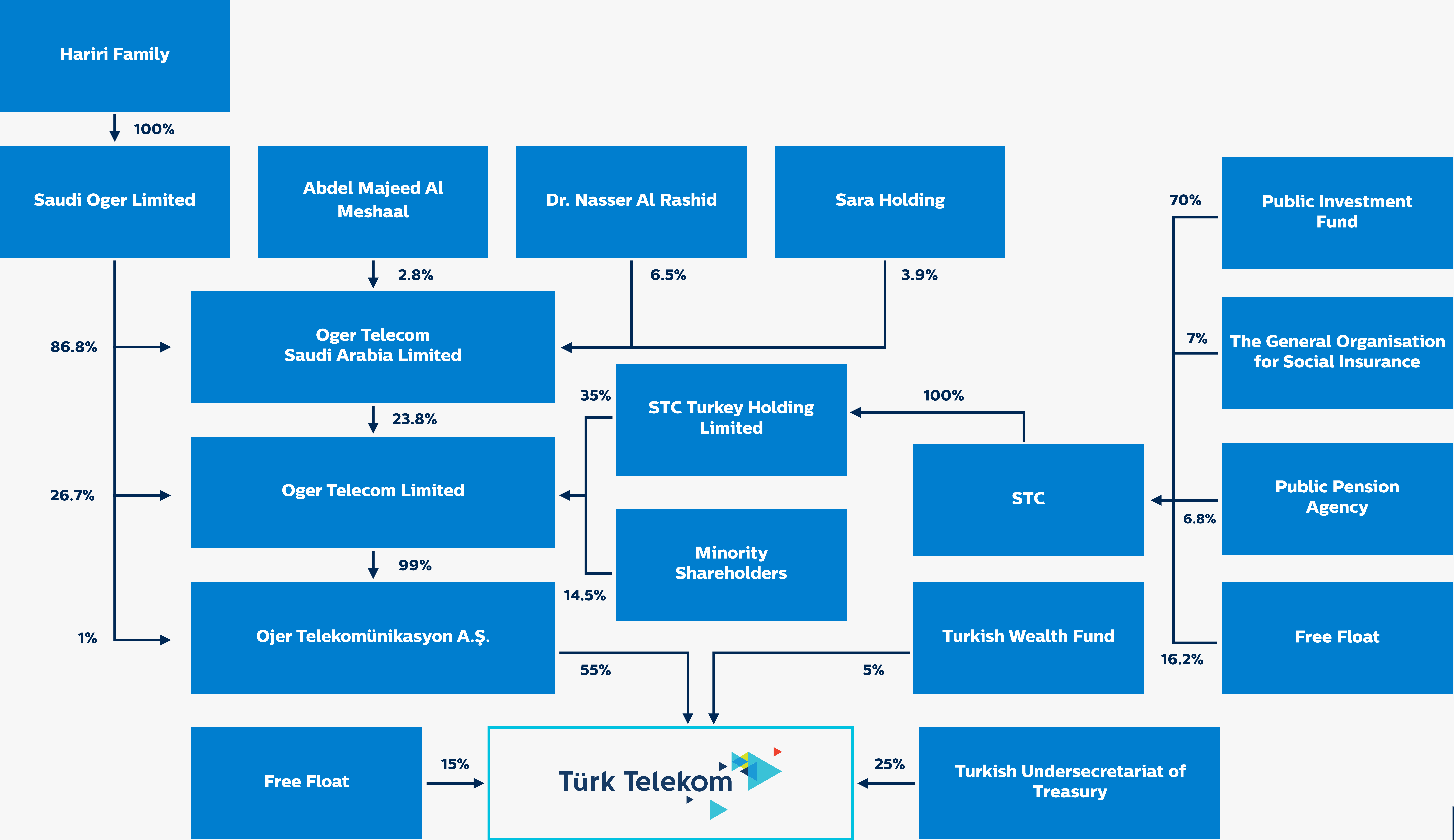
# Corporate Governance

- ▶ 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





# Shareholder Structure



Note: Turkish Wealth Fund has 1.68% share in free float



# 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 DSL 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

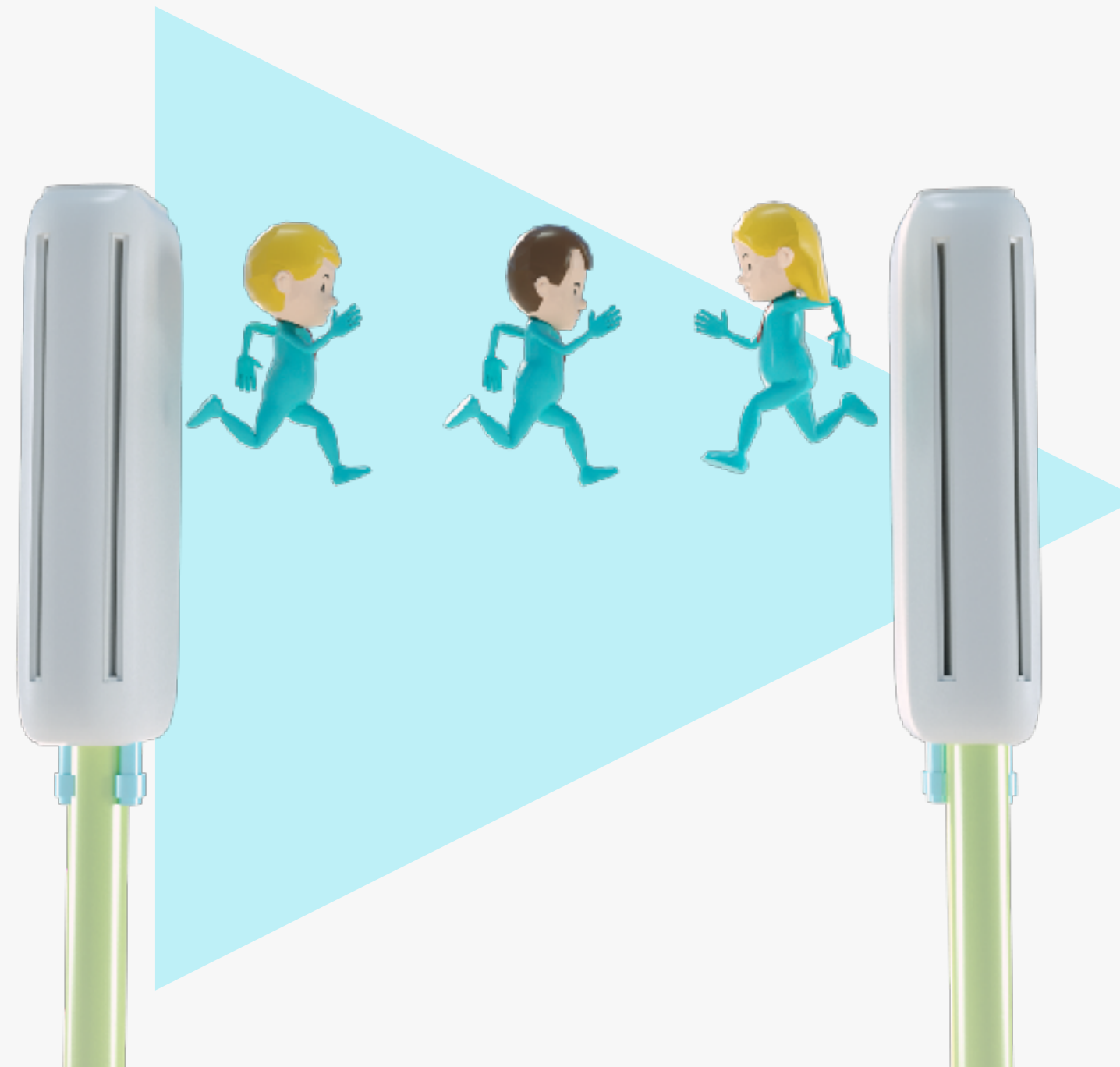
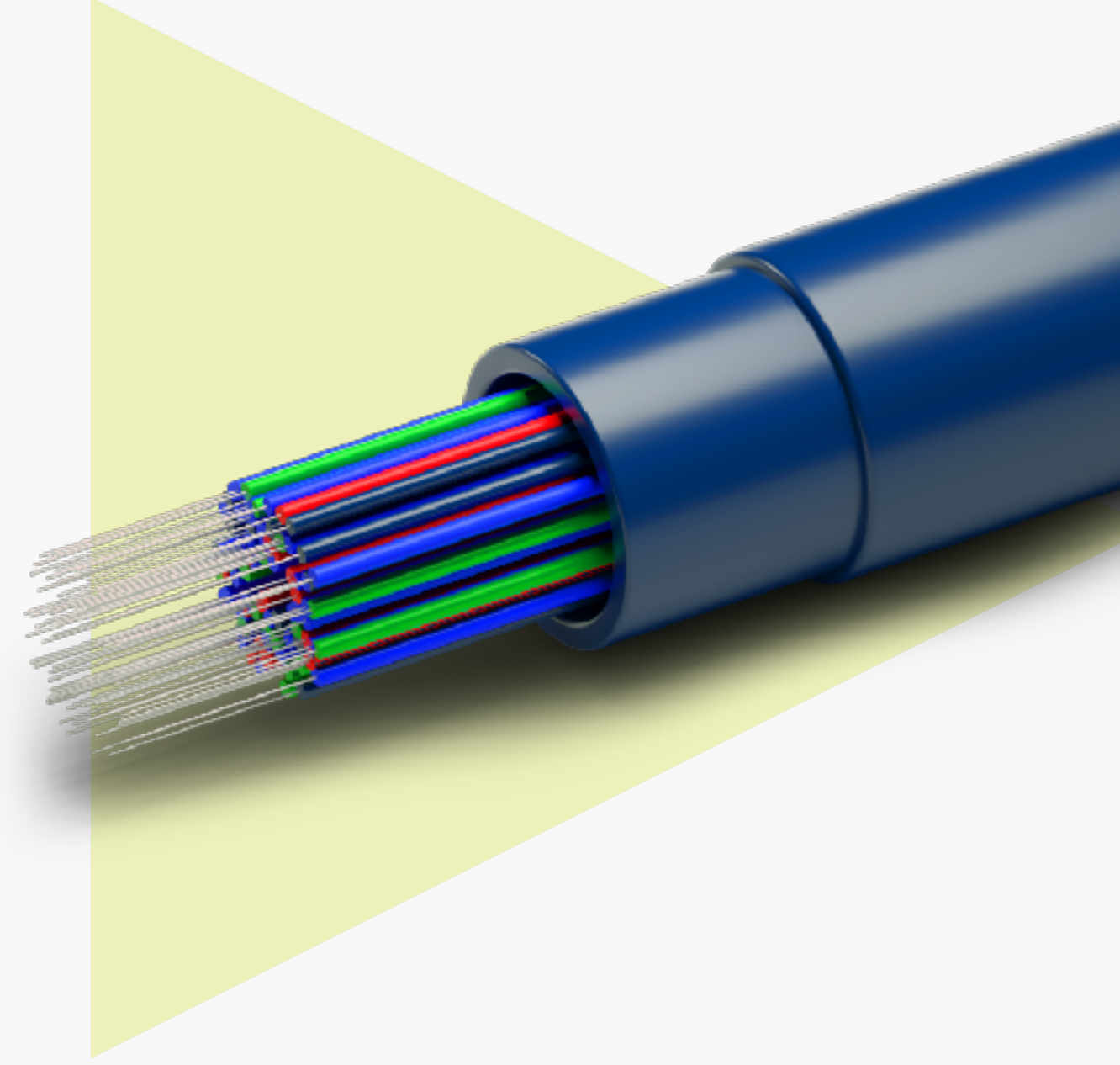
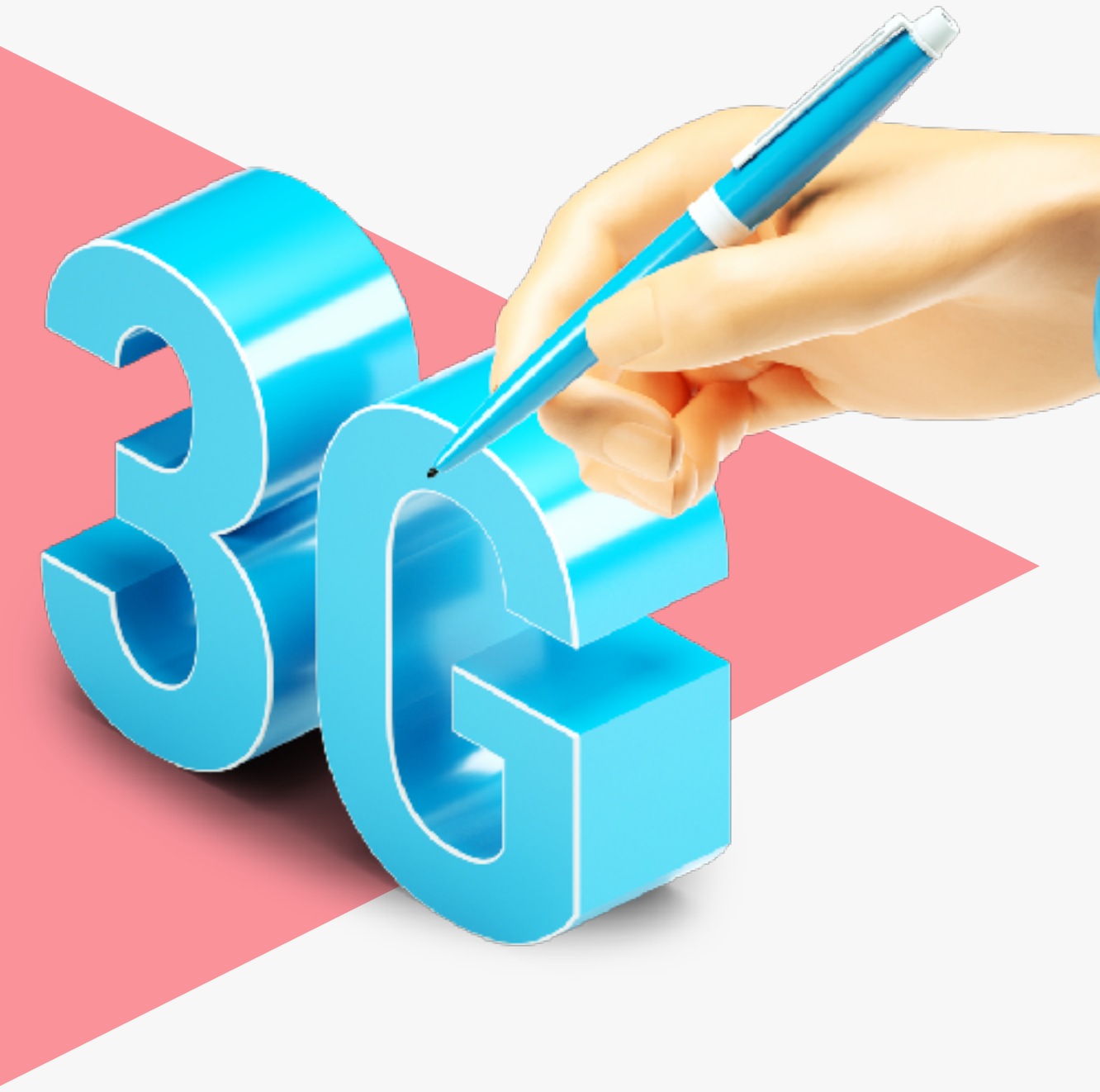
- **July**
  - Calls over fixed line infrastructure was deregulated. Accordingly, Türk Telekom is no longer designated as having SMP (significant market power) in fixed voice market

## 2016

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

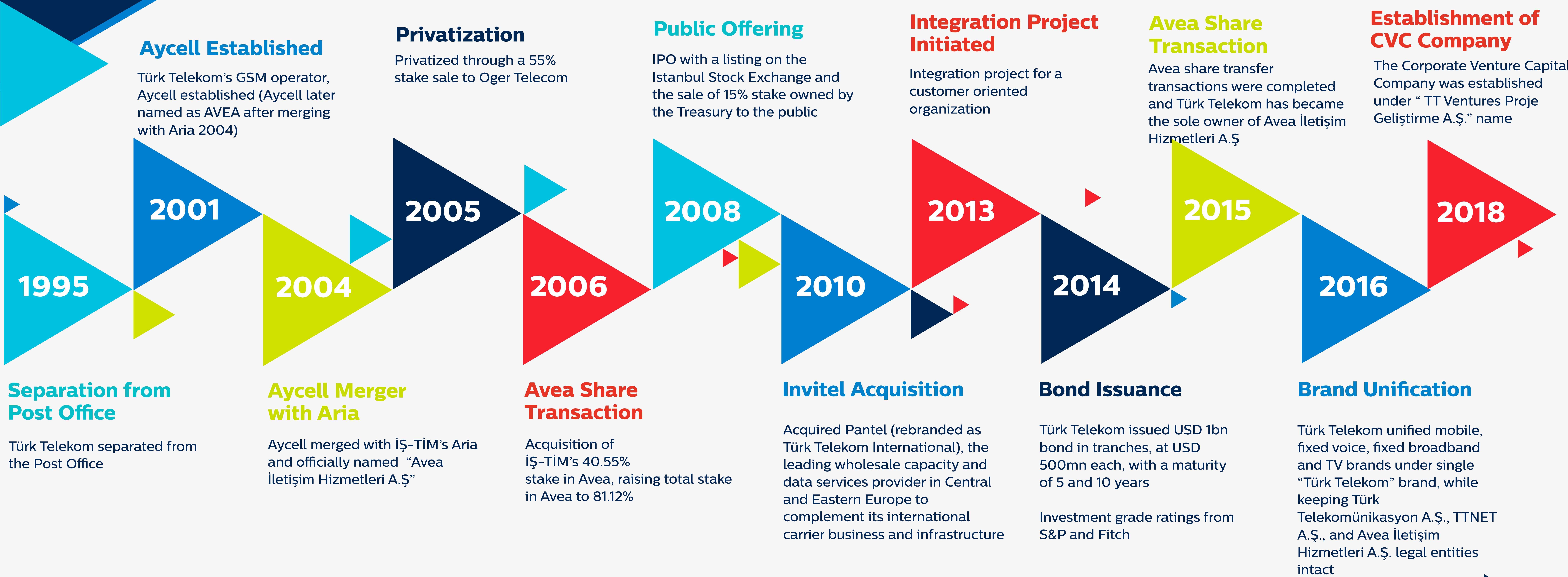
## 2018

- **January**
  - SCT rates for mobile voice, fixed voice, mobile data, and fixed data was determined as 7.5%

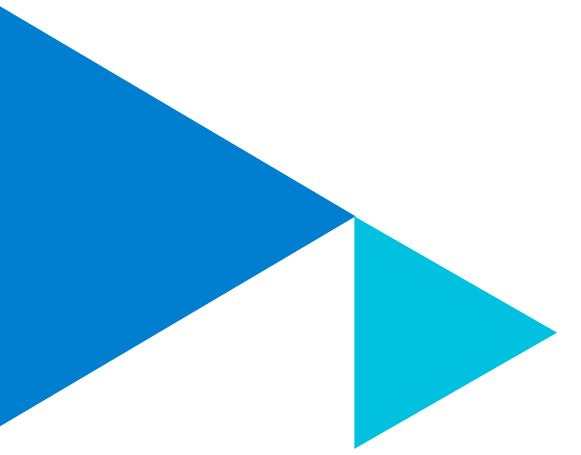




# History







# Türk Telekom Investor Relations

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