

TÜRK TELEKOM GROUP

YE Results

2014

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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.

Key Operational Highlights

- 1.8 million net subscriber additions in mobile business
 - 1.3 million postpaid net additions
 - Top smartphone penetration (52%) and postpaid ratio (48%) in the market
- 273 thousand net subscriber additions in broadband
 - 361K fibernet (FTTB) and hipernet (FTTC) net additions
 - ARPU uplift of 4%

Full Year Financial Highlights

- Revenues up 3.7% reaching TL 13.6 billion
 - Mobile revenues up 12% YoY; broadband revenues up 8.5% YoY; fixed voice decline kept at 10% YoY
- EBITDA increased to 5.05 billion, growing 1.2% YoY
 - EBITDA margin reached 37% (Mobile increased 1 pp to 16% while fixed maintained at 45%)
 - Excluding one off items* recorded in full year, EBITDA is TL 5.2bn and margin reaches 38%
- Net Income reached TL 2 billion, up 54% YoY
- CAPEX of TL 2.15 billion, meeting the full year guidance
- Dividend distribution of TL 0.53 per share recommended by the BoD

Consolidated Financials

TÜRK TELEKOM GROUP

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TL mn	2014	Growth (YoY)	Growth Excl. One-offs ¹	Q4'14	Growth (YoY)
Revenue	13,602	3.7%		3,595	9.6%
EBITDA	5,047	1.2%	3.3%	1,232	-3.7%
<i>EBITDA Margin</i>	<i>37.1%</i>		<i>37.9%</i>	<i>34.3%</i>	
Net Income	2,007	54.1%	63.1%	504	93.8%
CAPEX	2,146	-2.7%		1,057	26.6%
Dividend ² (TL, per share)	0.53	102%			

One offs: Personnel incentives, bad debt calculation changes, regulatory fees & fines, real estate gain, asset impairment expense

Total dividend amount is TL 1.84 bn and dividend yield is 7.3%

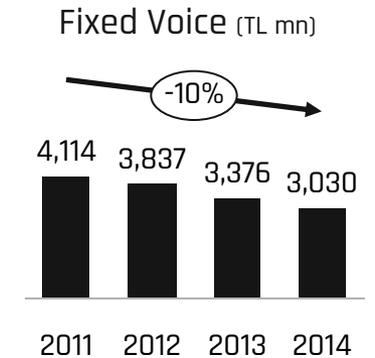
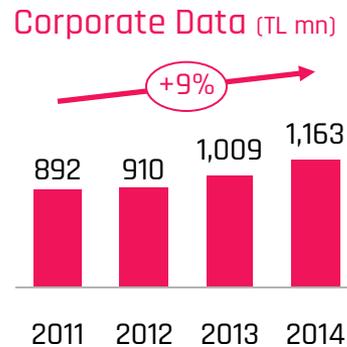
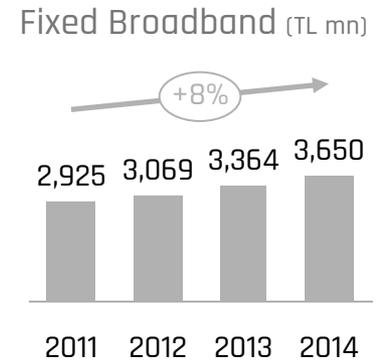
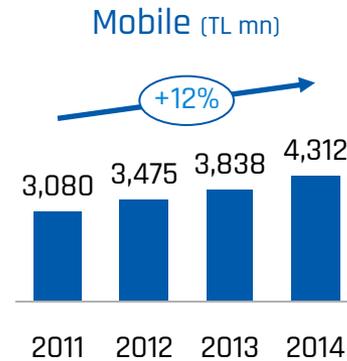
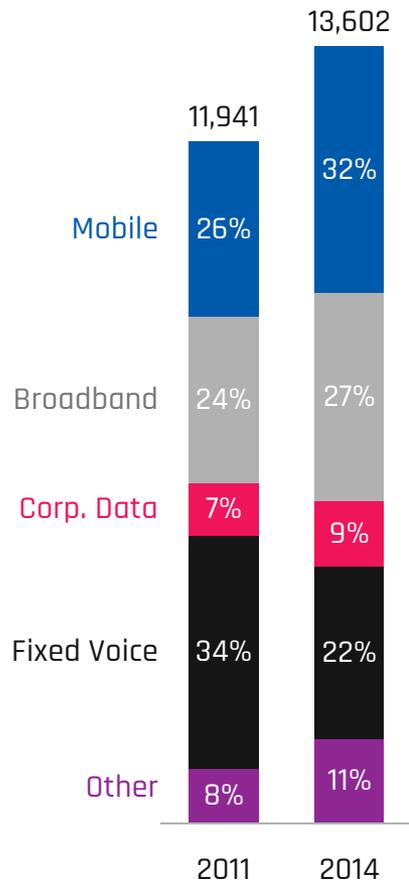
1) One off items recorded in 2014

2) Subject to General Assembly approval

Diversified Revenue Base

67% of Revenues from High Growth Areas

Revenue Breakdown (TL mn)



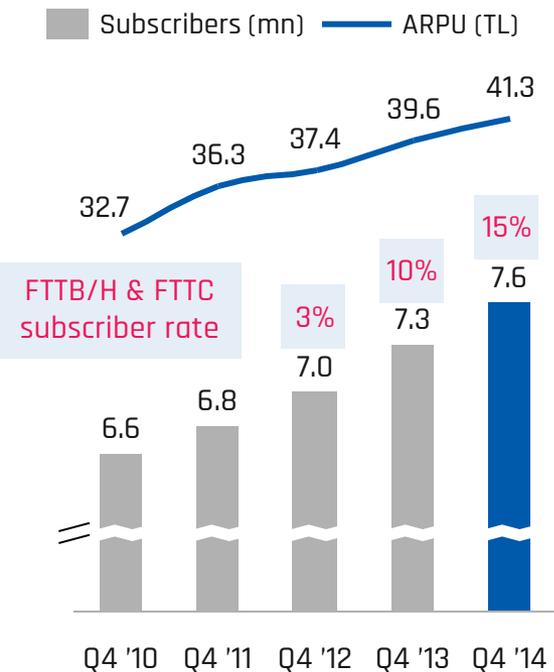
Note: Growth rates are shown as CAGRs

High Speed Broadband

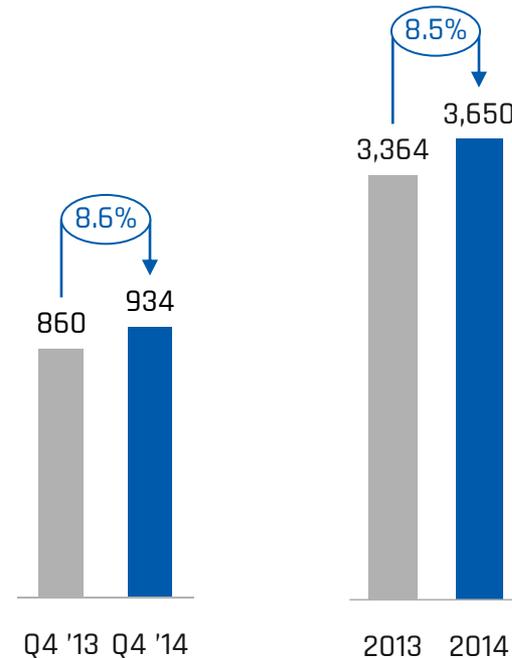
Subscriber and ARPU growth continue to support high single digit revenue increase

- 99K net additions in Q4 '14 and 273K net additions in 2014
- 4% YoY ARPU growth in 2014
- 8.5% YoY revenue growth backed by ARPU and subscriber increase

Broadband ARPU and Subscribers



Broadband Revenue (TL mn)

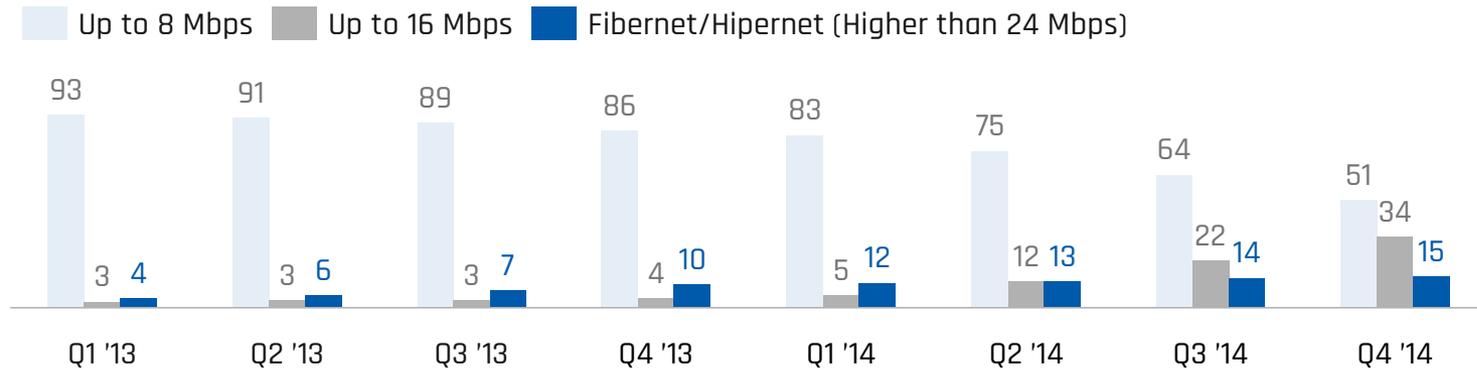


Note: FTTB/H: Fiber to the building and home. FTTC: Fiber to the curb

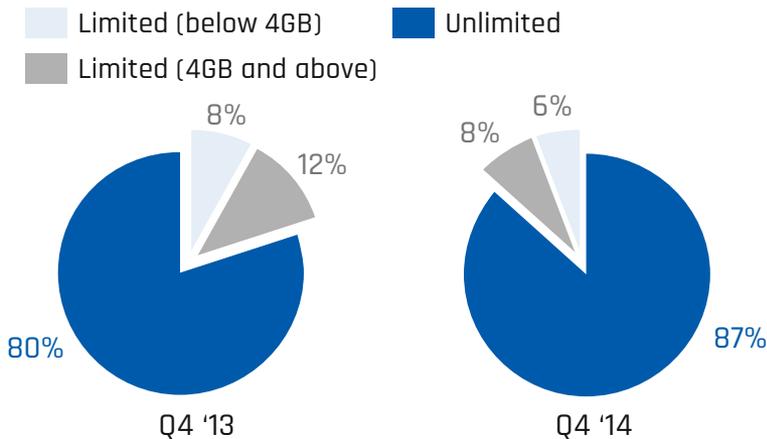
Broadband Upsell

Speed & Capacity

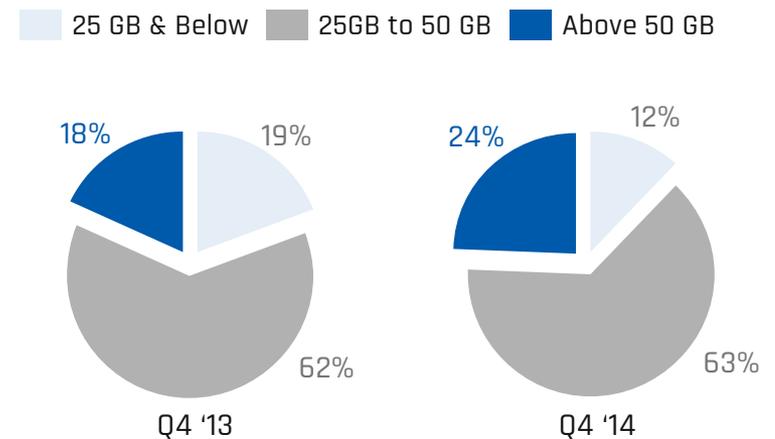
Increasing Subscriber Base in Higher Speed Packages, % of Subscribers



Capacity, % of Subscribers



Fair Usage, % of Subscribers

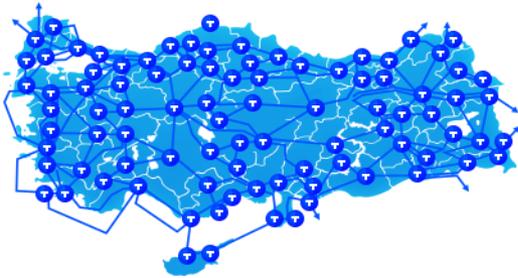


Note: Capacity & Fair Usage are TTNET figures

Fiber Network

Largest Fiber Footprint in Turkey

Türk Telekom Fiber Network



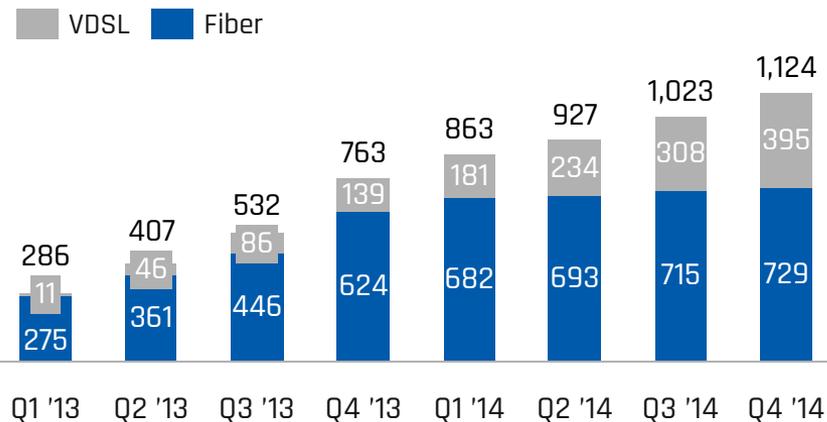
Fiber Homepass

FTTC	7.2mn
FTTH/B	2.9mn

Alternative Operator¹



Fiber&Hiper (VDSL) Subscribers



(1) Other operator's data are from its own publications

TV Business

New exclusive content, new platform...

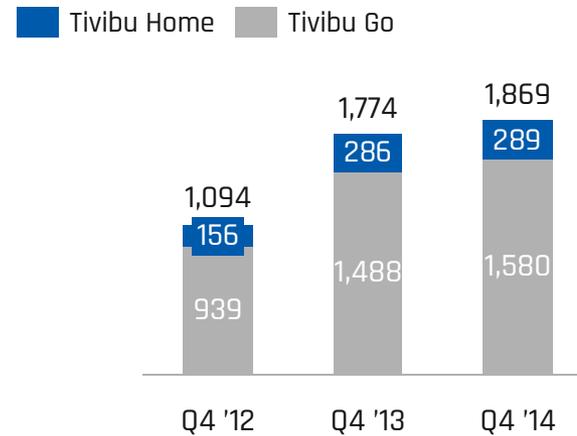
- UEFA Champions & Europa Leagues' Turkey media rights won by TTNET for three years starting 2015
- Satellite TV platform to be built to supplement IPTV in terms of coverage
- First and leading internet TV and IPTV service in Turkey
- Multi-screen experience: TV | Tablet | PC | Laptop | Smartphone
- 190 TV Channels with premium content (movies, shows, sports) and over 3500 content archive

Current Packages

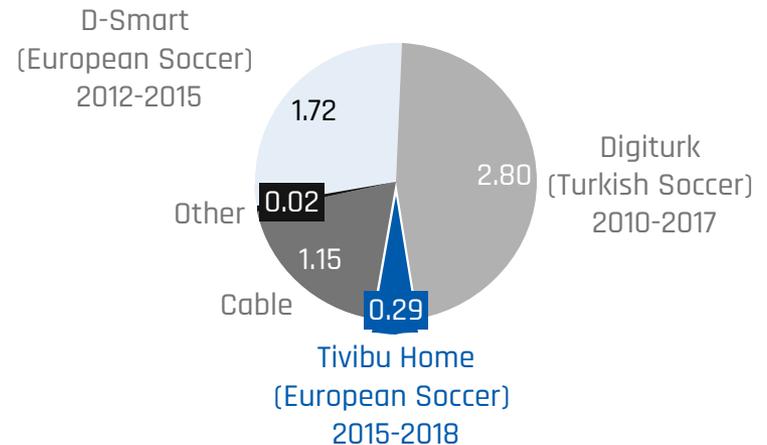
Packages	Channel	Archive	Price (TL)
Maxi Package	~150	2500+	14.9
Cinema Package	~170	3000+	20.9
Full Package	~190	3700+	27.9

1) Source: ICTA Q3'14 report - Number of subscription agreement

Tivibu Subscribers (thousand)



TV Market Subscribers¹ (mn)

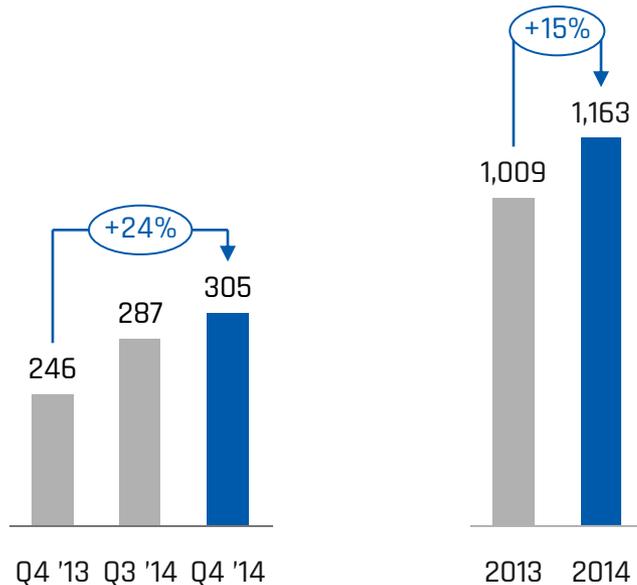


Corporate Data

Supports Fixed Line Growth

- 12% of total fixed line revenues are generated from corporate data business in 2014
- 24% year on year growth in Q4 driven mainly by metro ethernet revenues

Corporate Data Revenue (TL mn)



Cloud Services

Turk Telekom, a member of Cloud Security Alliance, offers various options under Cloud Services such as BuluTT Göz, BuluTT Konferans, BuluTT Ölçüm, BuluTT Akademi, BuluTT Radyoloji, BuluTT e-posta



Metro ethernet

It is a flexible, cost-efficient technology scalable between 5Mbps and 1Gbps, which allows all kinds of data flow



TT VPN

TT VPN provides fast and safe connection end to end, from multiple points to multiple points

With TT VPN, customer's offices all around Turkey can be united while fast and safe data transfer via virtual network is enabled



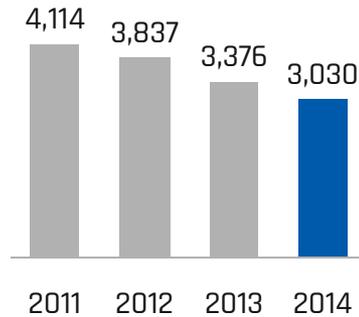
Leased Line

It is a data line uniquely reserved for customer's usage, which performs the constant and continuous data transfer on the physical layer from point to point between two ends

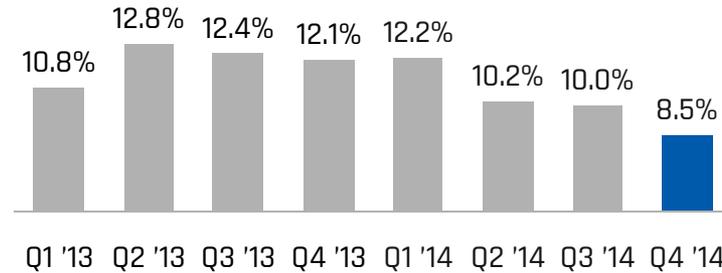
Fixed Voice

Improving Access Line & Revenue Decline

Fixed Voice Revenue (TL mn)

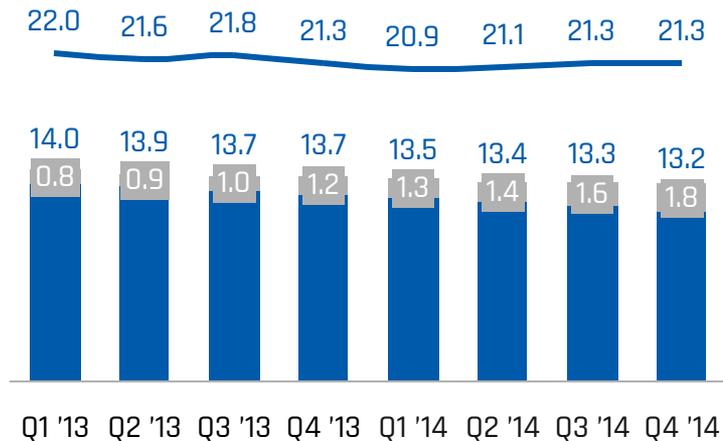
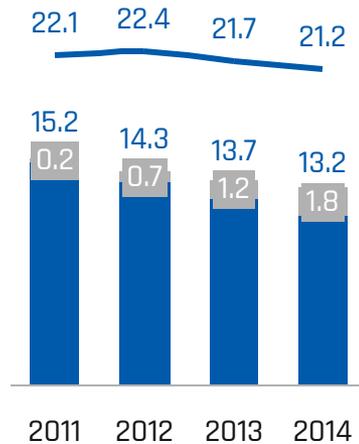


Revenue Loss Rate



Access Lines & ARPU

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

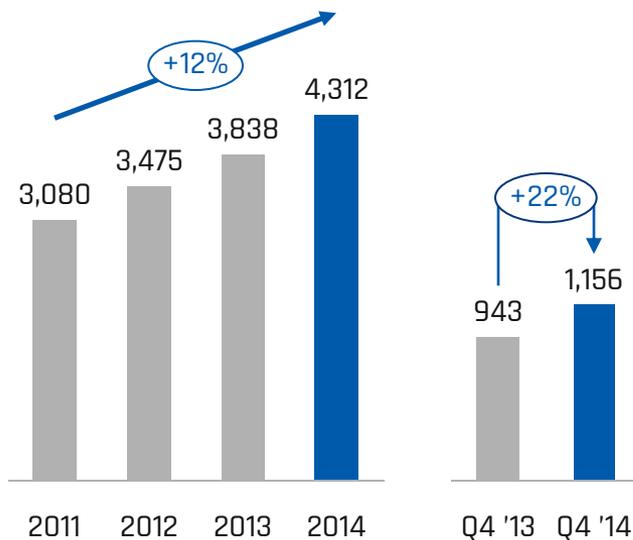


Mobile

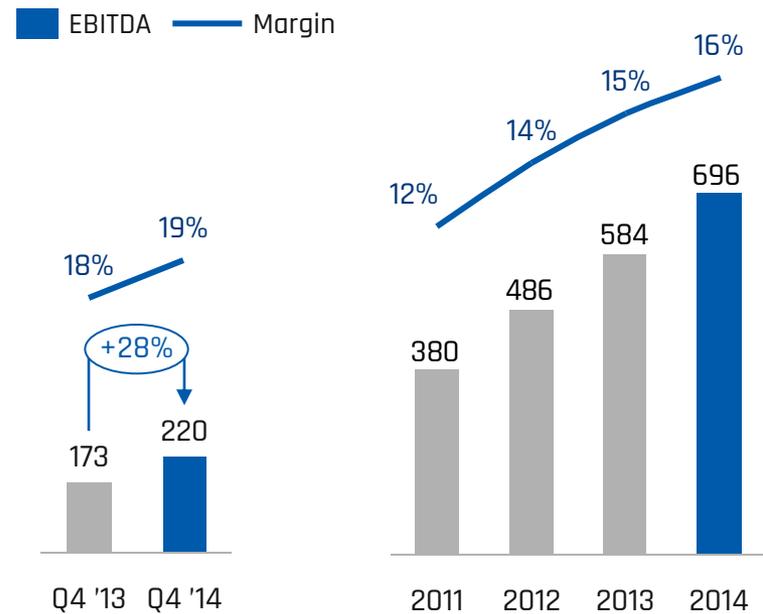
Consistent improvement in profitability as revenue resumed its robust growth

- Revenues grew 22% YoY in Q4
- EBITDA increased 28% YoY, recording highest ever quarterly EBITDA
- EBITDA margin demonstrates consistent improvement supported by strong subscriber gain

Revenue (TL mn)



EBITDA (TL mn) & Margin



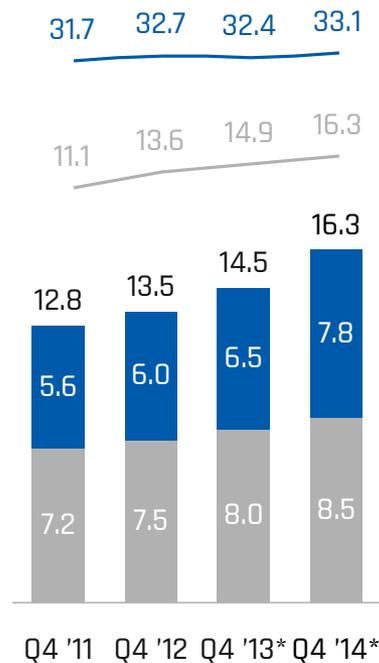
Mobile

Strong Net Additions Driven by Postpaid

- 1.8 mn net additions in 2014
- 1.3 mn postpaid net additions increased the postpaid ratio to 48% - highest in the market as of Q3'14

Subscribers & ARPU

— Postpaid ARPU (TL) ■ Postpaid (mn)
— Prepaid ARPU (TL) ■ Prepaid (mn)

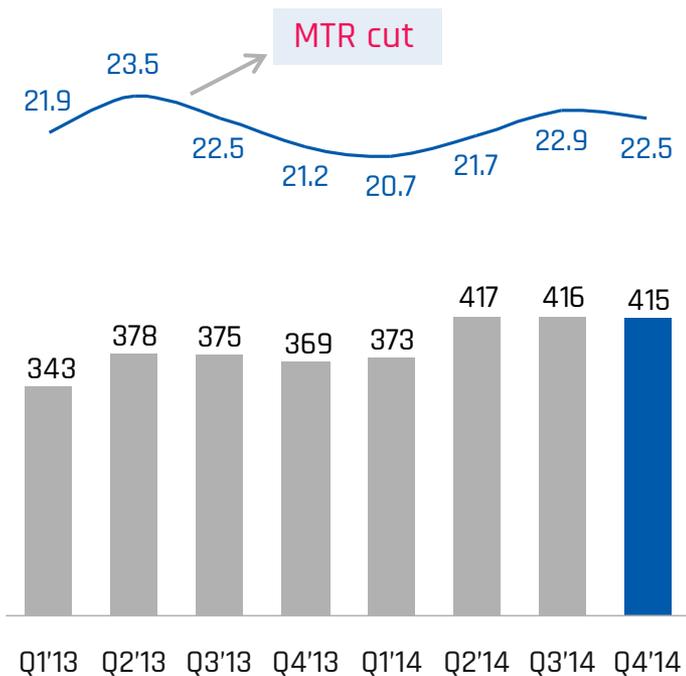


2014 YoY growth

Total Subs.	12%
Postpaid	19%
Prepaid	7%

MoU and Blended ARPU

■ MoU — Blended ARPU (TL)



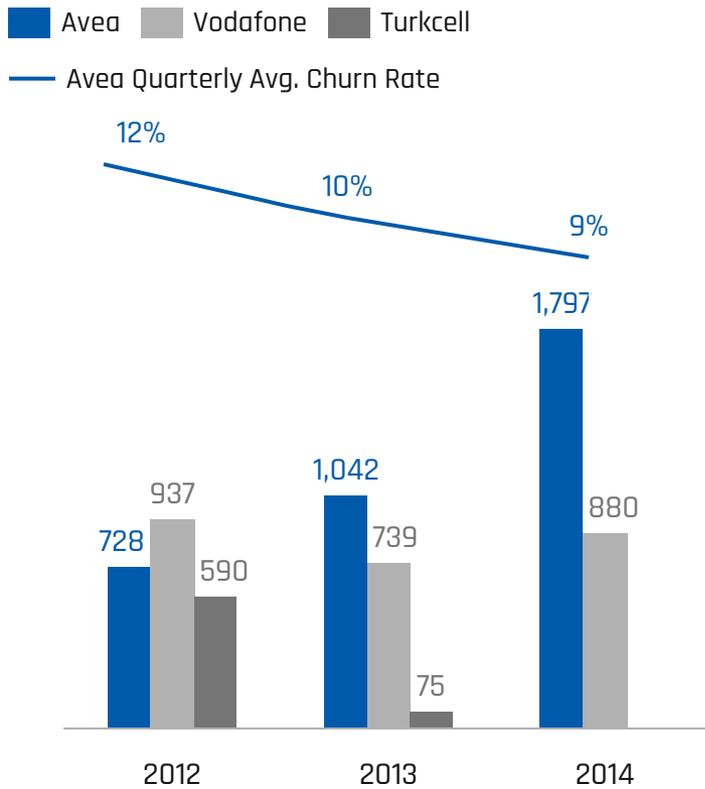
*ARPU figures exclude MTR cut effect

Subscriber Dynamics

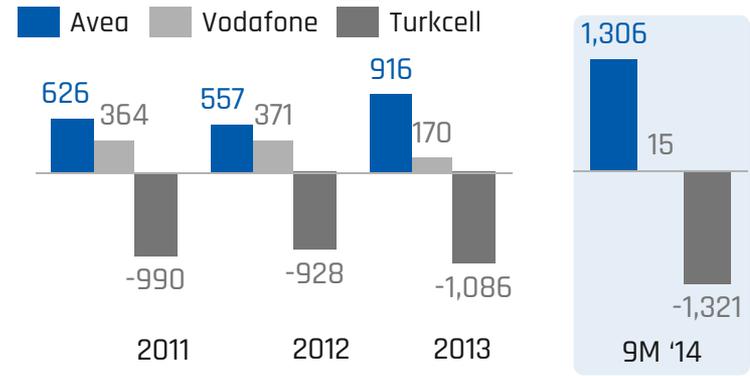
Avea - Most Preferred Operator

- 100K net additions in Q4 '14
- Improving churn rates concurrent with higher gross additions

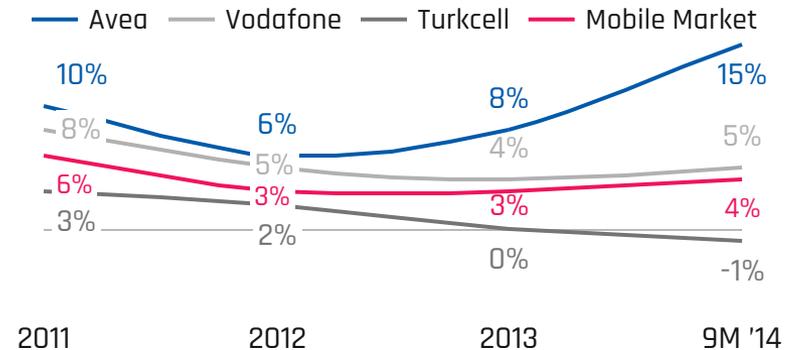
Net Additions (thousand) & Churn



MNP Subscriber Additions (thousand)



Subscriber Growth Rates



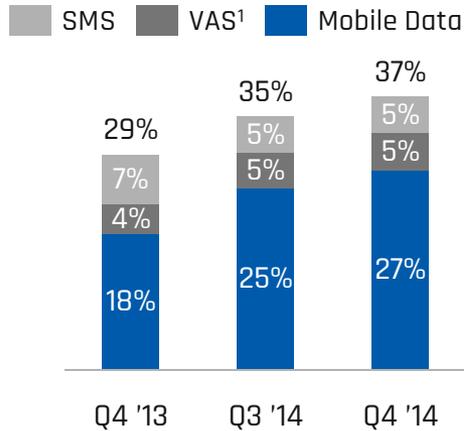
Source: ICTA & Company Data

Mobile Data & Smartphones

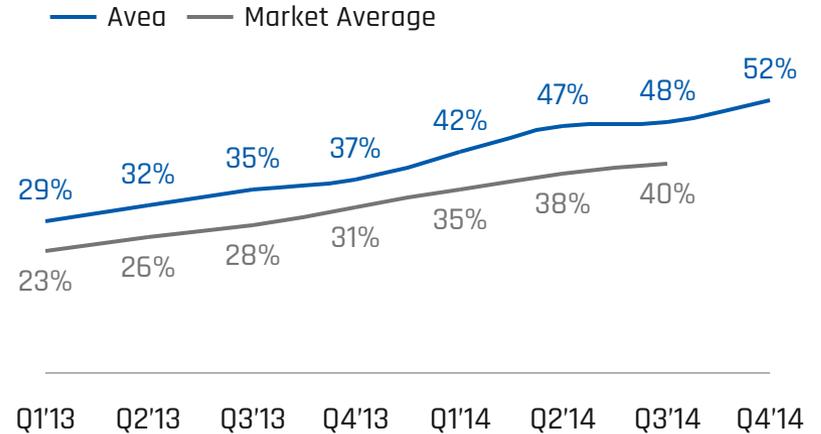
Strong Driver of Service Revenues

- 77% YoY and 9% QoQ increase in mobile data revenues
- Strong leadership in smartphone penetration
- New version of Avea inTouch smartphone featuring 5 inch screen and 4G capability

Data Revenue (Service revenue shares)



Smartphone Penetration



iPhone 6
herkese uygun tekliflerle Avea'da



avea

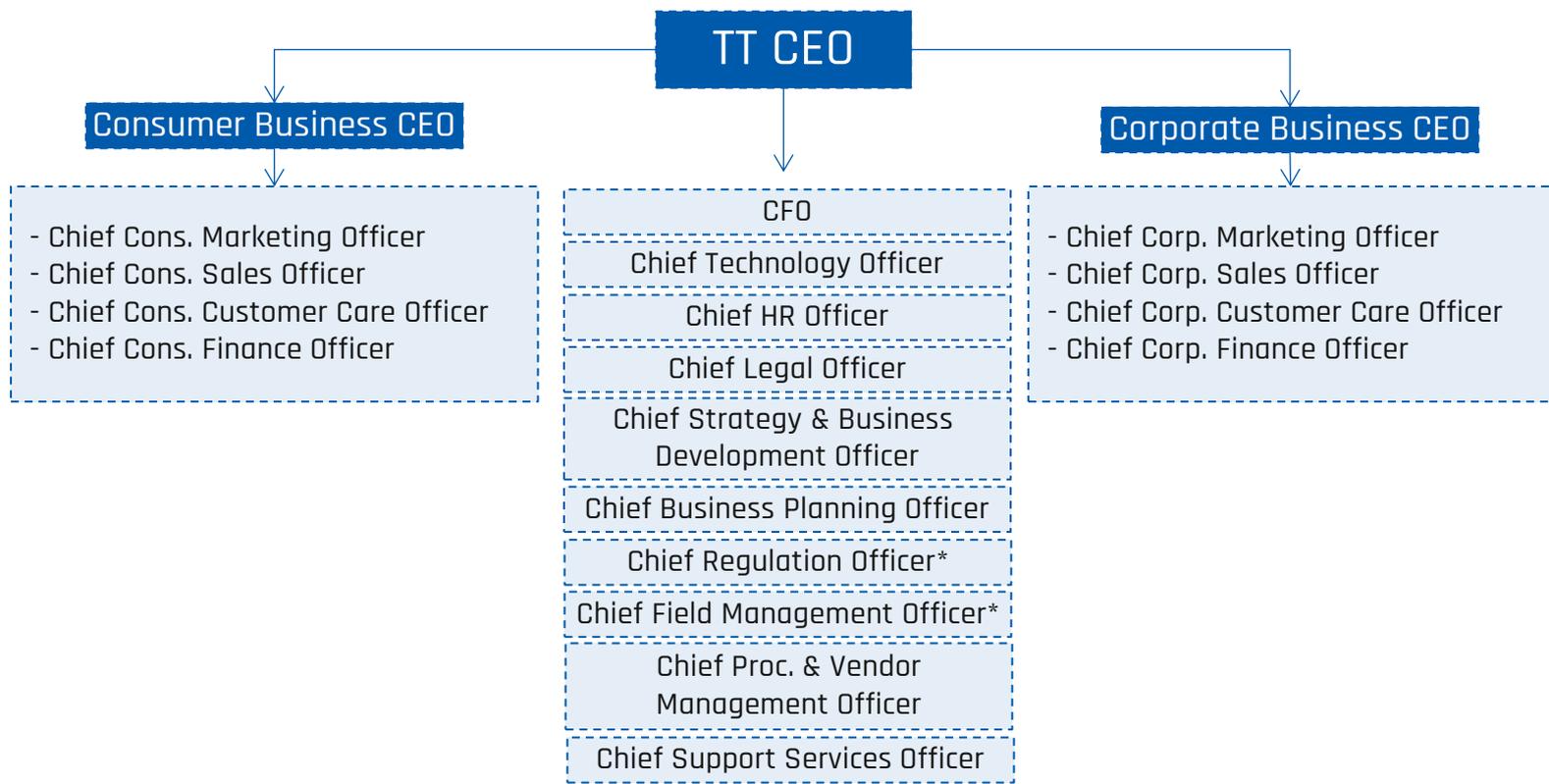


(1) VAS: Value Added Services

Integrated Organization

Functional integration completed

- Transformed the organization's focus from product to customer
- Established consumer and corporate business units covering all products and services under Türk Telekom Group domain
- Unified support functions, removing redundancies among legal entities



Note: Wholesale is a separate business unit reporting directly to Türk Telekom CEO. Subsidiaries except TTNET and Avea are not included in the integration and will continue their operations as is.

*Not included in the integration scope

Consolidated

Summary Income Statement

TL Millions	2013	2014	YoY Change
Revenues	13,117	13,602	4%
EBITDA	4,986	5,047	1%
Margin	38%	37%	
Operating Profit	3,207	3,045	-5%
Margin	24%	22%	
Financial Income / (Expense)	-1,500	-469	69%
FX&Hedging Gain/(Loss)	-1,316	-302	77%
Interest Income/(Expense)	-77	-79	-3%
Other Financial Income/(Expense)	-107	-87	19%
Tax Expense	-439	-607	38%
Net Income	1,303	2,007	54%
Margin	10%	15%	

Note: USD/TRY:2.3189 ;EUR/TRY:2.8207 was used in calculating financial income/expense

Consolidated

Summary Balance Sheet

TL Millions	2013	2014	YoY Change
Total Assests	18,245	19,878	9%
Intangible Assets ¹	4,536	4,789	6%
Tangible Assets ²	8,350	8,194	-2%
Other Assests ³	4,353	4,356	0%
Cash and Equivalents	1,005	2,538	153%
Total Equity and Liabilities	18,245	19,878	9%
Share Capital	3,260	3,260	0%
Reserves and Retained Earnings	2,067	3,043	47%
Interest Bearing Liabilities ⁴	8,334	8,878	7%
Provisions for Employee Termination Benefits ⁵	585	556	-5%
Other Liabilities ⁶	3,998	4,141	4%

(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) Includes Employee Retirement Pay Liability Provision

(6) 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

Consolidated

Summary Cash Flow Statement

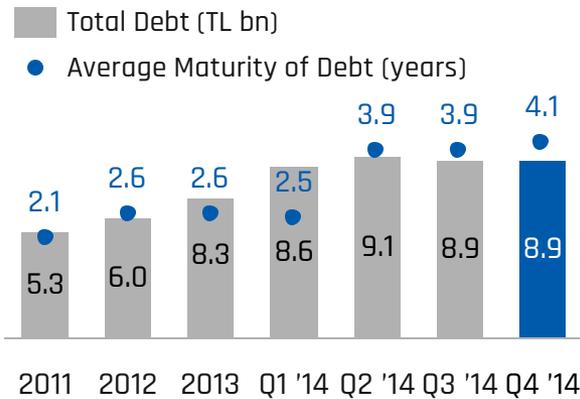
TL Millions	2013	2014	YoY Change
Cash Flow from Operating Activities	3,884	4,436	14%
Cash Flow from Investing Activities	-1,986	-1,857	6%
CAPEX	-2,293	-2,169	5%
Other Investing Activities	307	312	1%
Cash Flow from Financing Activities¹	-1,648	-1,005	39%
Net Change in Cash Position²	250	1,573	528%

(1) Includes FX gain/loss on balance sheet items at the beginning of the period

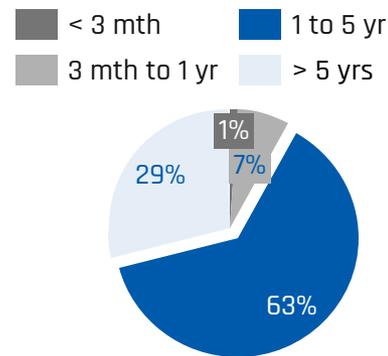
(2) Blocked deposits are included in operating activities rather than net cash position.

Debt Profile

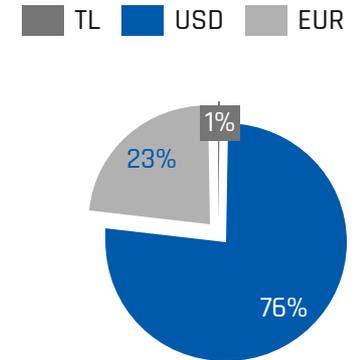
Average Maturity of Debt



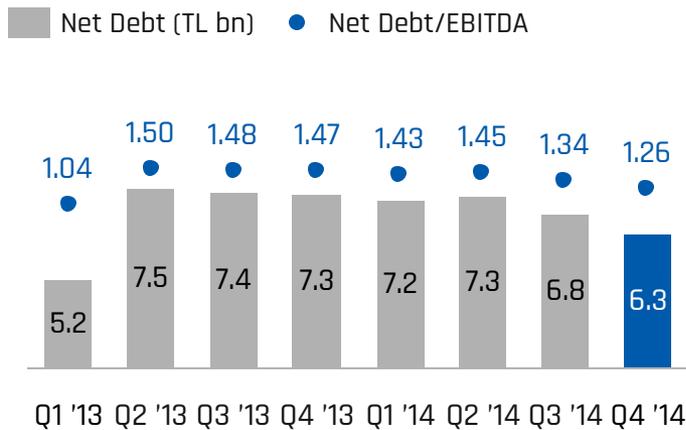
Maturity Profile



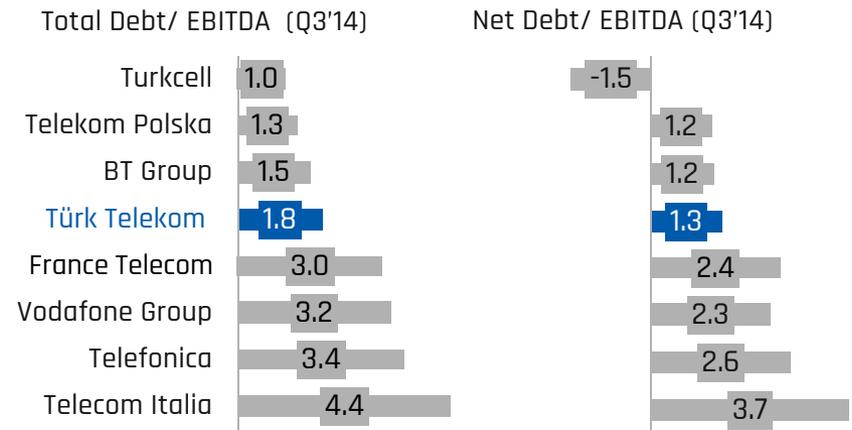
Currency Breakdown



Net Debt

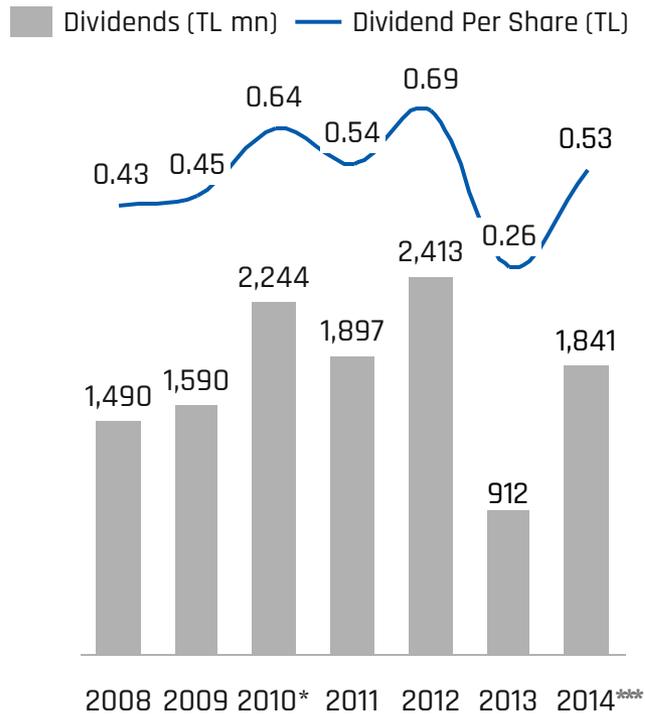


Low debt burden within the median of peers

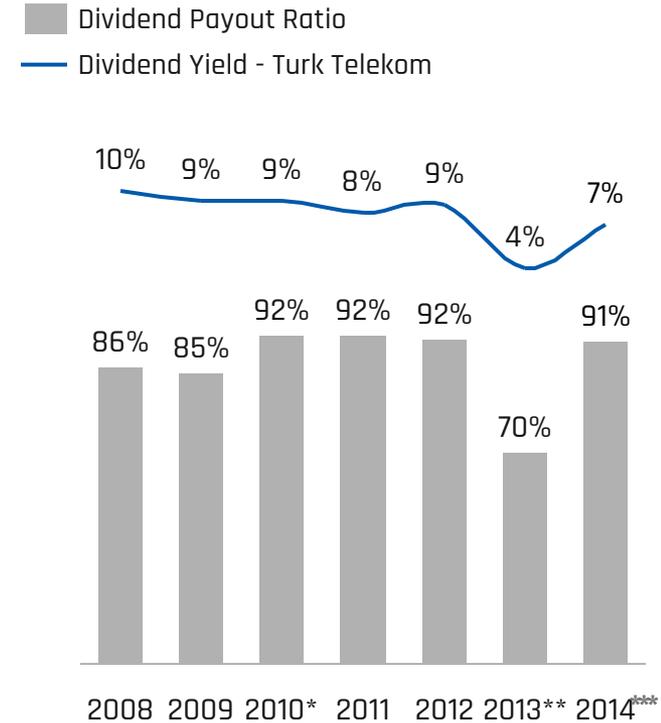


- Dividend policy is to distribute the maximum amount of distributable profit subject to relevant articles of the Company's Articles of Association.

Dividend Distribution



Dividend Yield & Payout Ratio



* We reached the cap in the first legal reserve in 2010

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

*** Subject to General Assembly approval

Thank You

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