

# 2012 Year End Results

Türk Telekom Group



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Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this presentation includes Revenues, Direct Cost of Revenues excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses, and other operating income/(expense), but excludes translation gain/(loss), financial income, income on unconsolidated subsidiaries, gain on sale of investments, and minority interest.

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# Consolidated Performance

2012 YE Results  
Türk Telekom Group

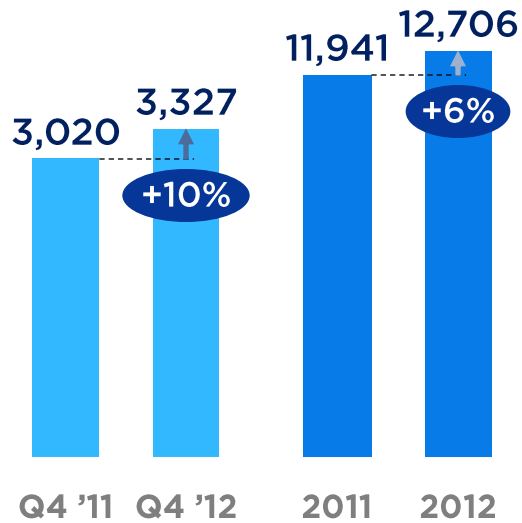
# 2012 Year End Highlights

- Solid performance in all segments leading to a top-line growth of 6.4% year on year - in line with full year guidance
- Robust consolidated EBITDA margin at 40% - in line with full year guidance
- 27% year on year increase in net income
- 6% increase in Broadband revenues and 220K subscriber net additions
- Strong finish to the year in mobile business with 730K subscriber net additions, 13% revenue increase, and 28% EBITDA increase
- Dividend per share of TL 0.69 (92% pay out ratio) recommended by the Board of Directors

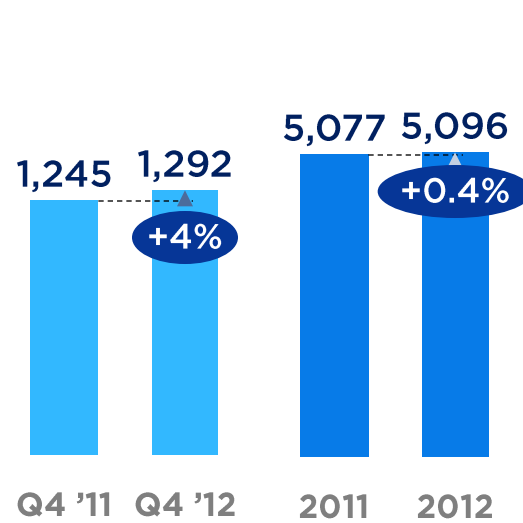
# Consolidated Financials

(TLmn)

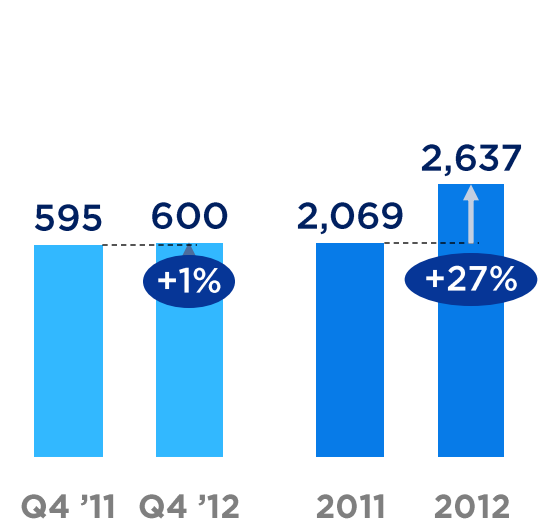
Revenue



EBITDA



Net Income

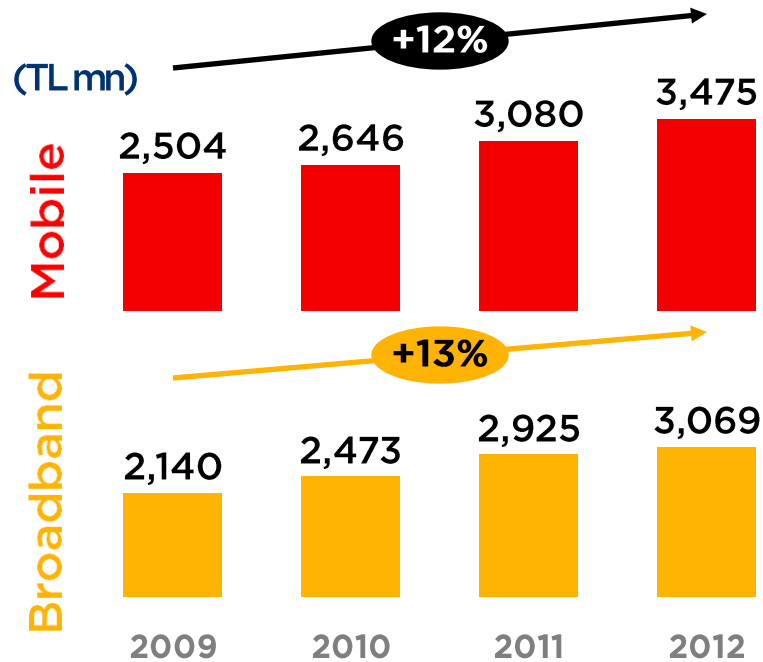


## Year end guidance reached

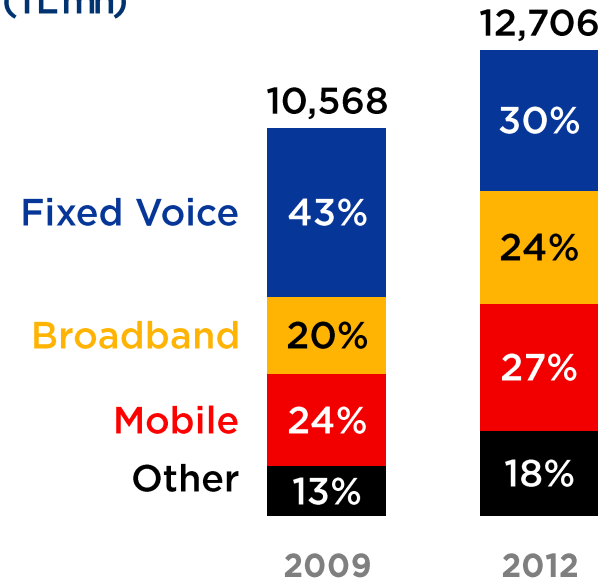
- ❖ Double digit Q4 growth, enabling year end growth of 6.4%
- ❖ EBITDA margin maintained at above 40%
- ❖ 27% Net Income increase reflecting positively on high dividend yield

# Revenue Mix

## Transformation Continues



## Consolidated Revenues (TLmn)



### Focusing on high growth businesses...

- ✦ Mobile and Broadband businesses grow at double digit rates
- ✦ Fixed voice constitutes less than one third of total revenues
- ✦ Mobile and Broadband make up more than half of total revenues

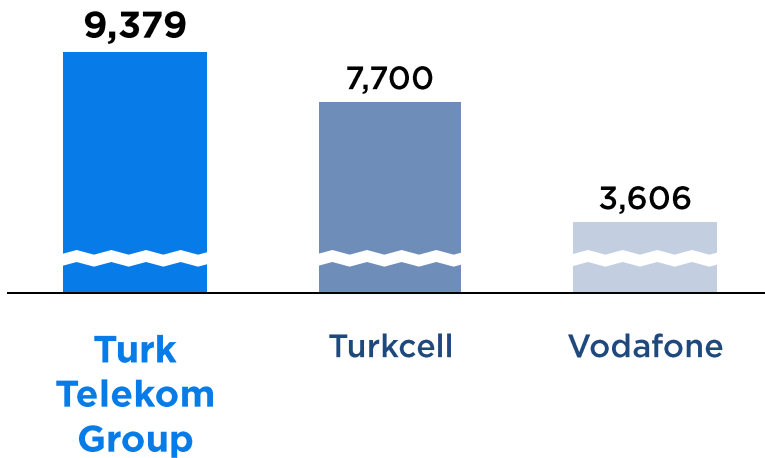
Note: Other Revenues include Pantel acquisition effect, which was completed in Q4 2010

# TT: Strong Leader of the Market

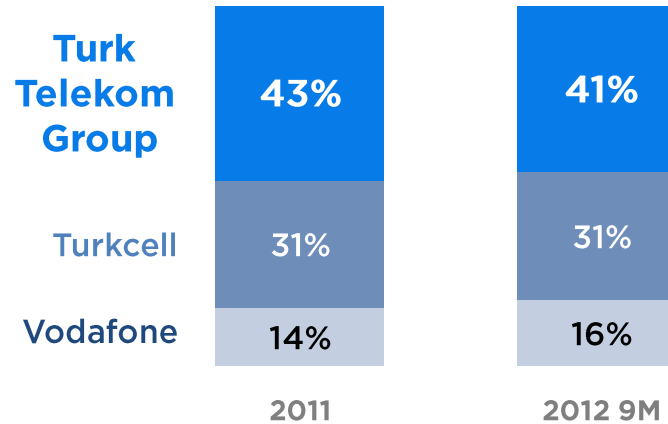
## Largest and Most Profitable Operator in Turkey

### Telecom Operators by Revenue

(2012 9M, TLmn)



### Telecom Operators' EBITDA Margins



- 43% of the total revenues in Turkish telecom market is generated by Turk Telekom Group
- Clear leader in profitability
- Strongest position to provide end to end wireless and wireline telecom services to both consumers and corporates

Note: Other operators' figures are from their published financials



# Fixed Line

2012 YE Results  
Türk Telekom Group

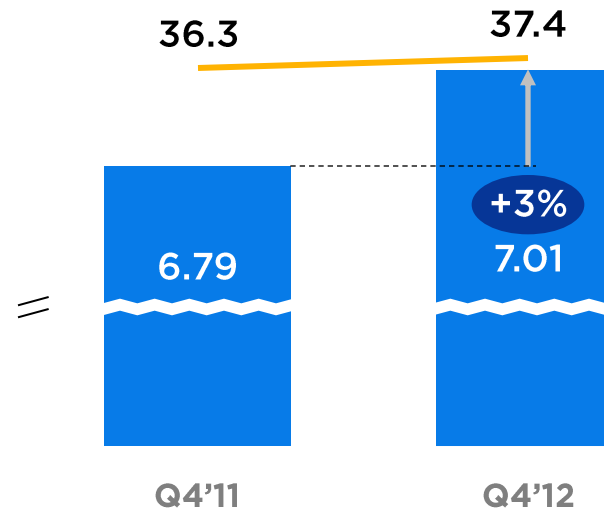
# High Speed Broadband

## Steady revenue growth

### Revenue



### ARPU and Subscribers (TL&mn)

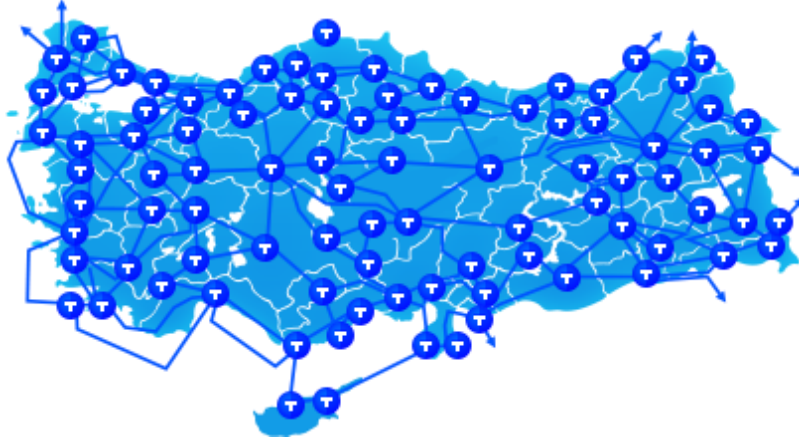


- Continued ARPU and subscriber growth
- Positioned to reap benefits from penetration increase
- Strongest player in fiber with highest homepass

# Fiber means Turk Telekom

## Availability of Fiber

Turk Telekom Fiber Network



Alternative Operator

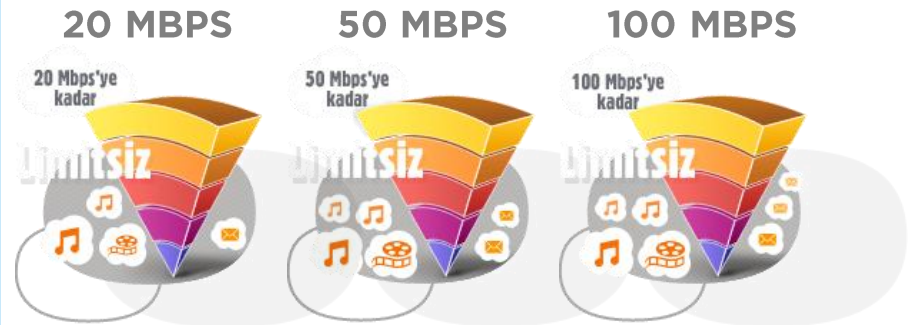


## Fiber operations growing fast...

- ❖ Coverage of all 81 cities as opposed to competition's limited reach
- ❖ 168 thousand km fiber network
- ❖ 1.9 million Fiber to the Home/Building, over 4 million Fiber to the Curb homepass
- ❖ 220 thousand subscribers

Note: Other operators' data are from their own publications

## Speeds offered :

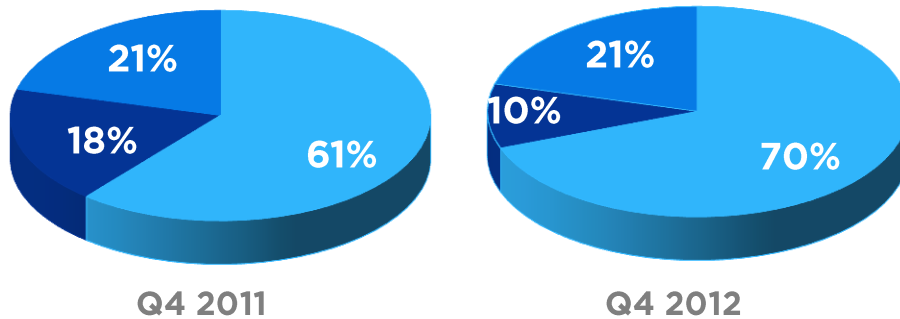


# Broadband Speed and Capacity

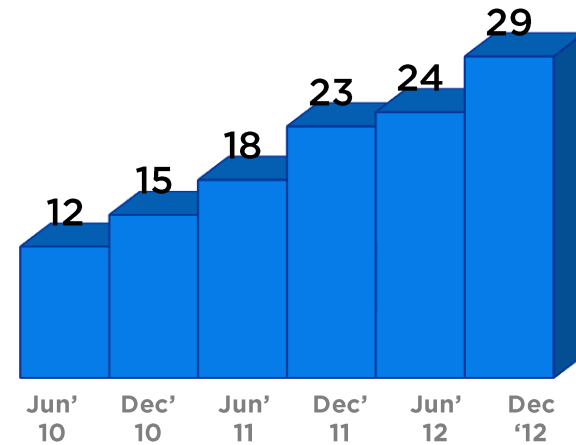
## Key to upsell customers

### Capacity

- Unlimited
- Limited (Over 4 GB)
- Limited (4 GB and below)



### Monthly Data Usage (GB)



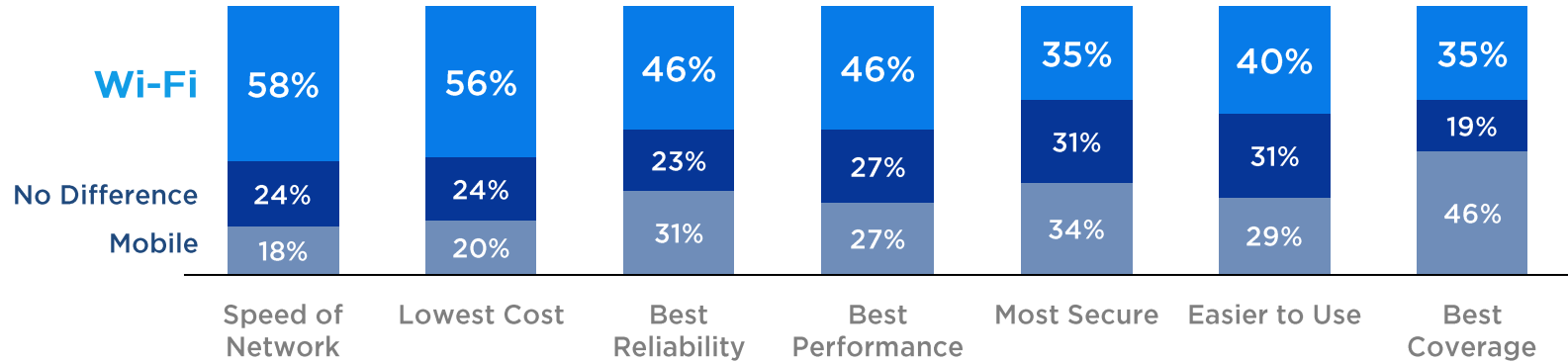
### Customers want speed and capacity

- ✦ 90% of our customers are now in “up to 8 MBPS” or higher speed packages
- ✦ Unlimited quota subscribers are 70% of our total base (up from 61%)
- ✦ As speed increases, average monthly data usage of customers grow – now at 29GB

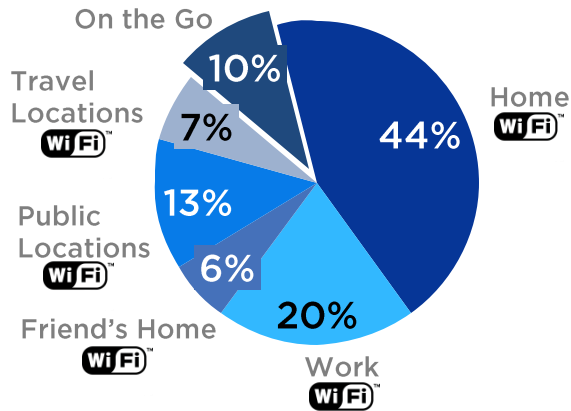
# Wi-Fi

## The Preferred Access Method for Mobile Devices

Preferred Network Access for Various Features

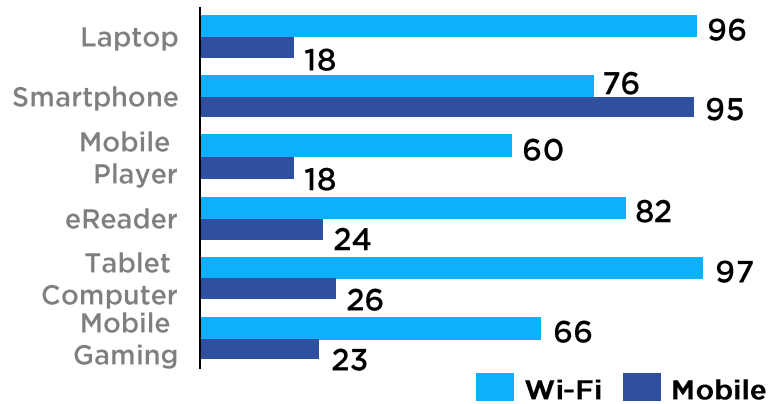


Mobile Device Usage By Location



Source: Cisco IBSG, 2012

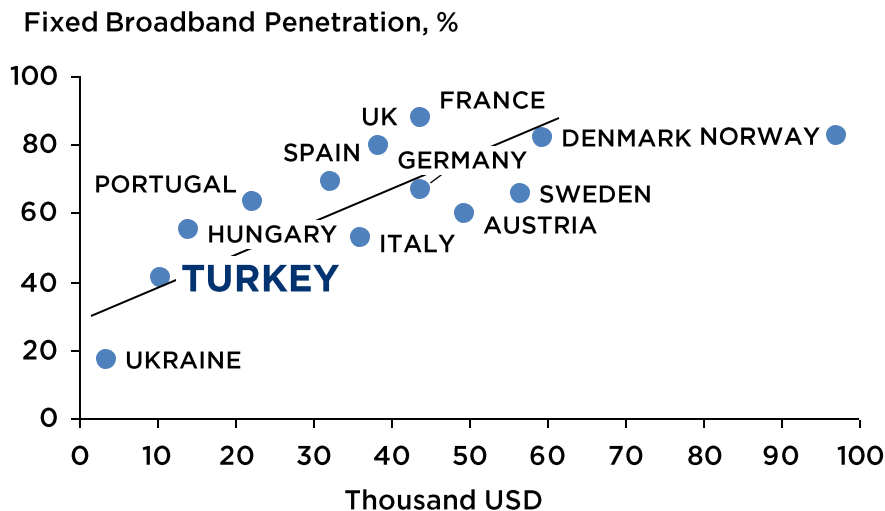
Mobile Device Network Connection Capability (%)



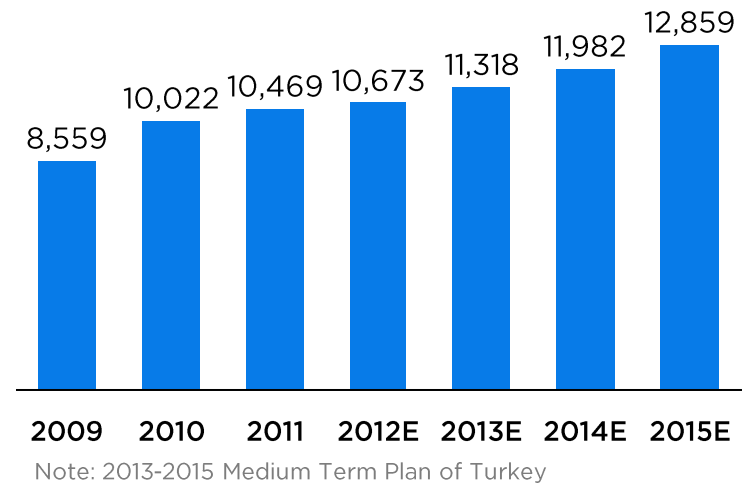
# Broadband Penetration

## Room for growth ...

### Fixed BB penetration vs GDP per Capita<sup>1</sup>



### GDP Per Capita in Turkey<sup>2</sup> (USD)



- ✦ Broadband penetration increases in line with GDP per Capita growth
- ✦ Turkey's GDP per Capita is set to grow in the upcoming years
- ✦ Household broadband penetration is already low in Turkey with 41% compared to European levels of 61%

(1) Analysis Mason

(2) 2013-2015 Medium Term Plan of Turkey



## Turkey's Leading TV Platform by Turk Telekom

- ❖ First and leading internet TV service in Turkey
- ❖ Multi-screen experience: TV | Tablet | PC | Laptop | Smartphone



- ❖ Over 1 million paying users
- ❖ Over 150 TV Channels
- ❖ Over 4,000 content archive

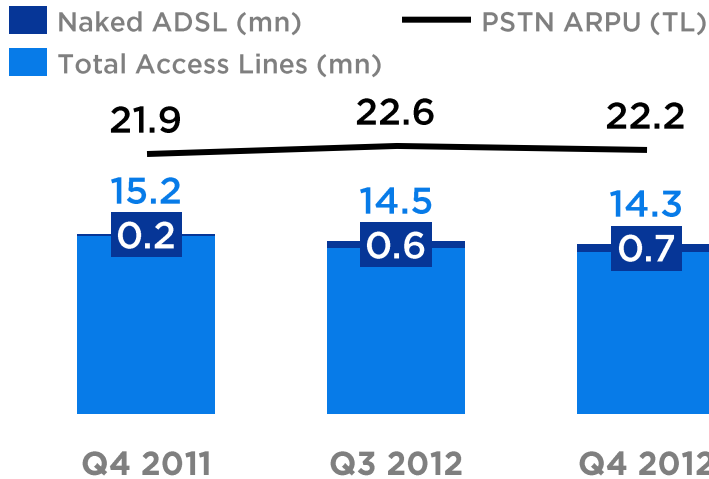
- ❖ Interactivity
- ❖ Catch up TV
- ❖ Pause Live TV
- ❖ On Demand Video/Music

- ❖ Content agreements with global distributors
- ❖ Includes premium content like European Football Leagues

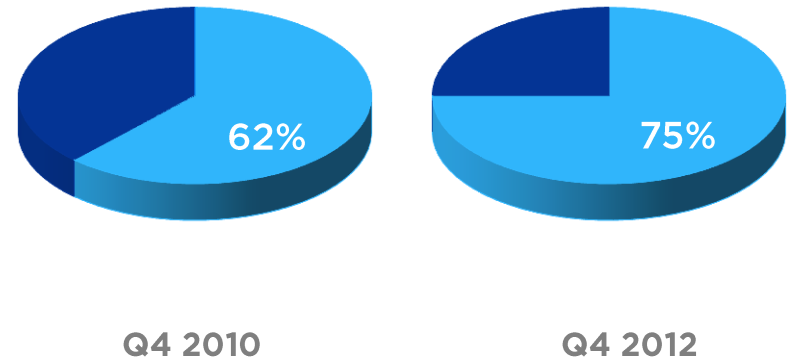
# Fixed Voice

## Harvesting revenues with value enhancements

### Access Lines & ARPU<sup>1</sup>



### Recurring Revenue Share within Fixed Voice Revenues



### Despite strong mobile voice competition, home phone still relevant in households

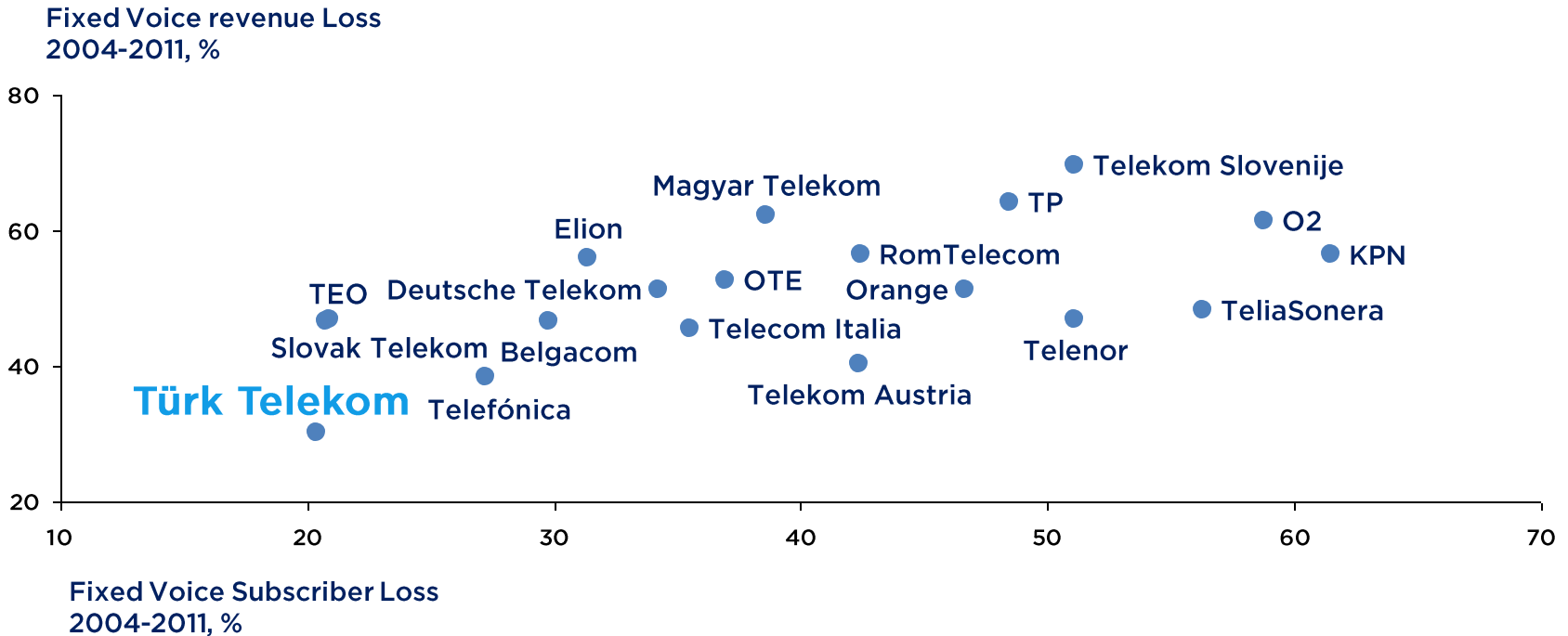
- ✦ 7pm - 7am free on-net calls
- ✦ Discount benefits from leading retailers, free home insurance program
- ✦ Joint offers with group companies
- ✦ Fixed voice decline partially offset by naked DSL additions
- ✦ ARPU slightly increased YoY

(1) Revenue divided by average number of connections



# Fixed Voice

## Benchmarking well among fixed line incumbents ...



- ✚ Fixed voice revenues and subscriber losses are lower than many peers' around the world, indicating successful efforts of Turk Telekom to protect subscribers and revenues

Source: Turk Telekom Company Data and Analysis Mason for other operators.

# Mobile

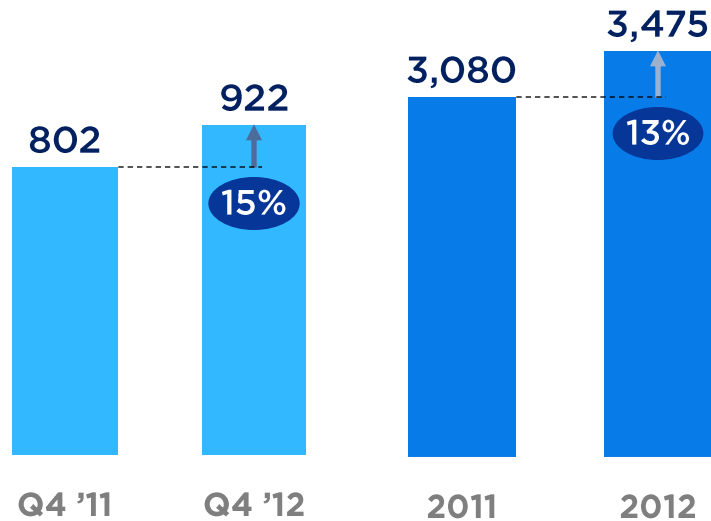
2012 YE Results  
**Türk Telekom Group**

# Mobile

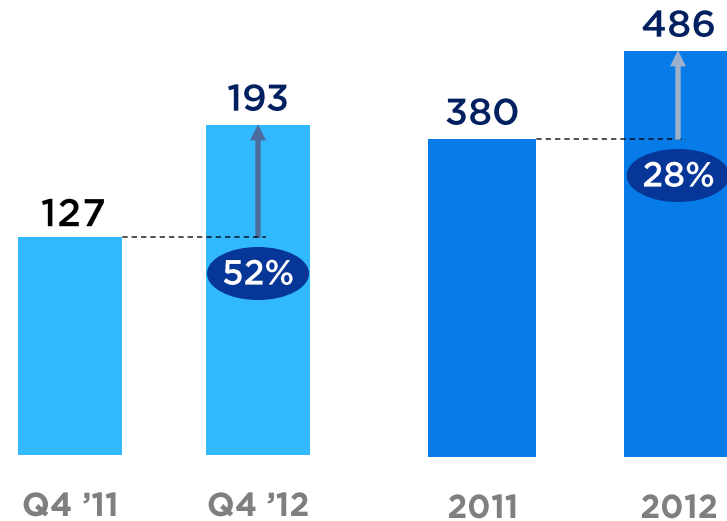
## Strong finish to the year despite market challenges

(TLmn)

Revenue



EBITDA



### Steady revenue increase coupled with improved profitability

- ✦ 21% EBITDA margin
- ✦ Operating profit turns positive
- ✦ Double digit revenue growth maintained

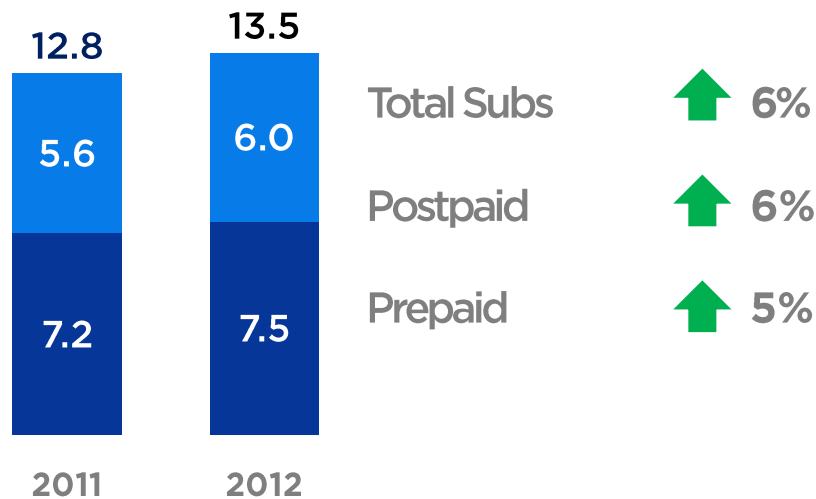
Note: EBITDA margin was positively affected by a one off item (see slide 35 for details). Excluding the one-off, EBITDA margin is 17% for Q4 2012

# Mobile Operational KPIs

## Smart growth strategy paying off ...

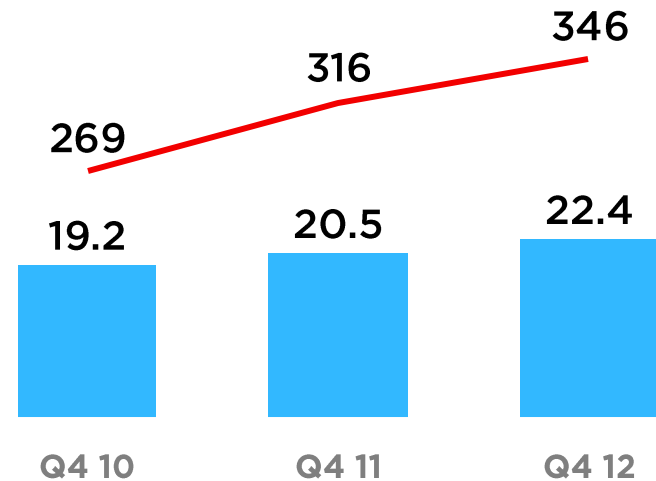
### Subscribers (mn)

Postpaid Prepaid



### MoU and ARPU

MoU Blended ARPU (TL)

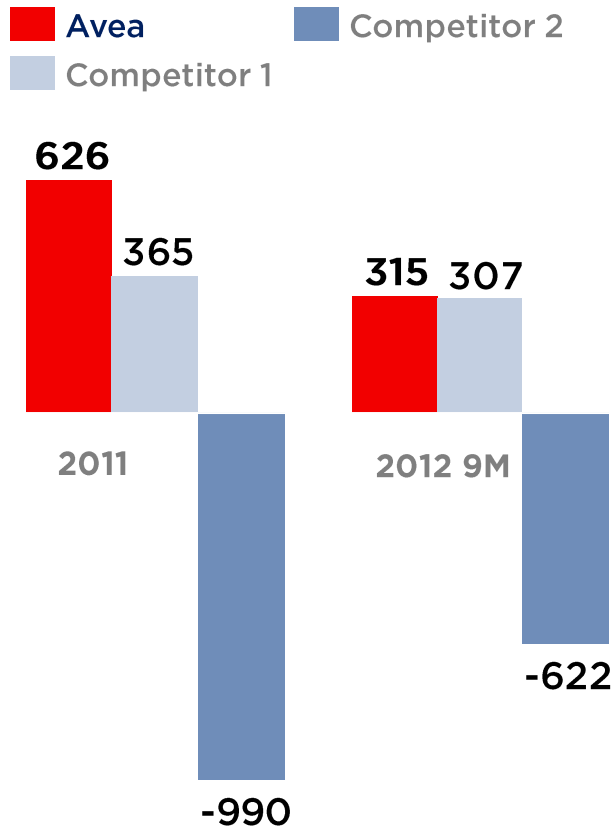


- ✦ Robust increase in subscribers both in postpaid and prepaid
- ✦ Highest postpaid to total subscribers ratio in the market
- ✦ 9.5% YoY growth in ARPU - Highest ARPU in the market as of Q3 2012
- ✦ 9.4% YoY growth in MoU - Consistently the highest MoU in the market for the past 5 years

# Mobile Number Portability

## Avea - Preferred operator among MNP customers

### MNP Subscriber Additions (thousand)



❖ Avea outperformed competitors on Mobile Number Portability

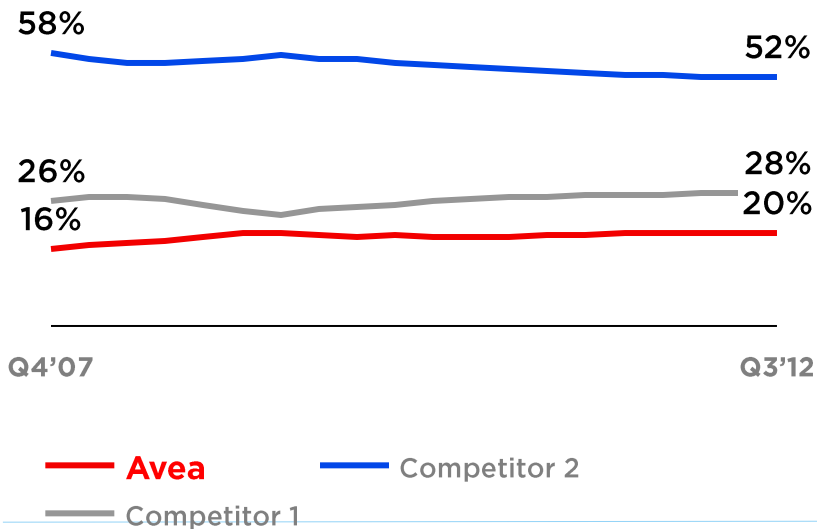


Note: Avea and Other operators' figures are from Q3 2012 ICTA report

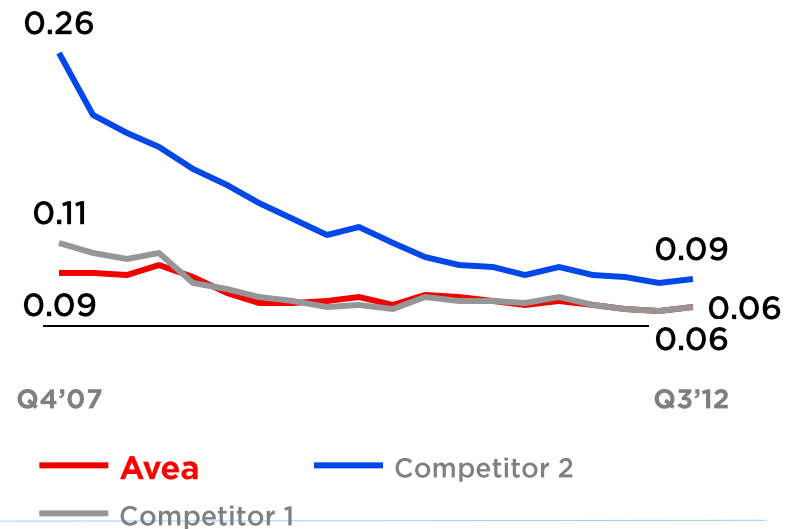
# Mobile Market Outlook

## Avea gains subscribers with a strict eye on profitability ...

### Subscriber Market Share (%)



### Revenue per Minute (TL)



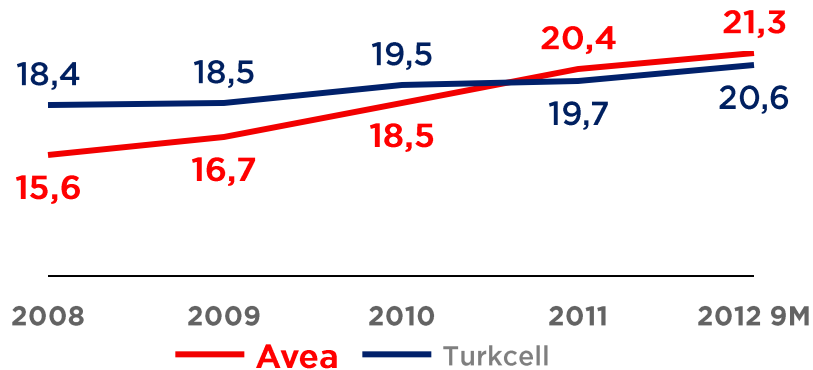
- ✦ Avea grew market share despite aggressive market conditions while keeping a strict eye on profitability
- ✦ Incumbent operator eroded 65% of its Revenue per Minute while continuing to lose market share

Note: Other operators' figures are from their own publications

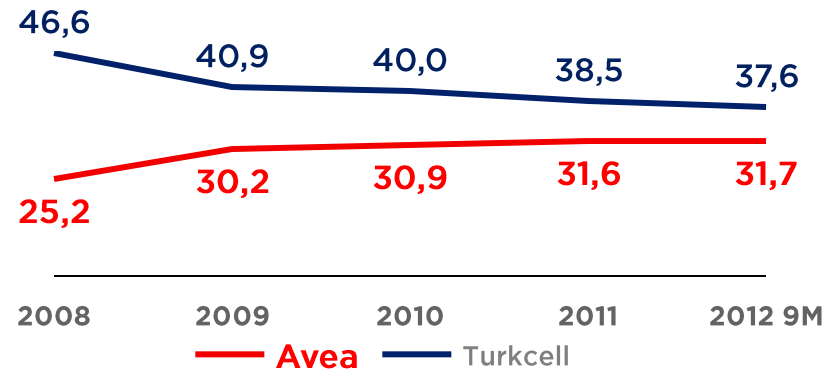
# Mobile ARPU Comparison

## Incumbent and challenger ...

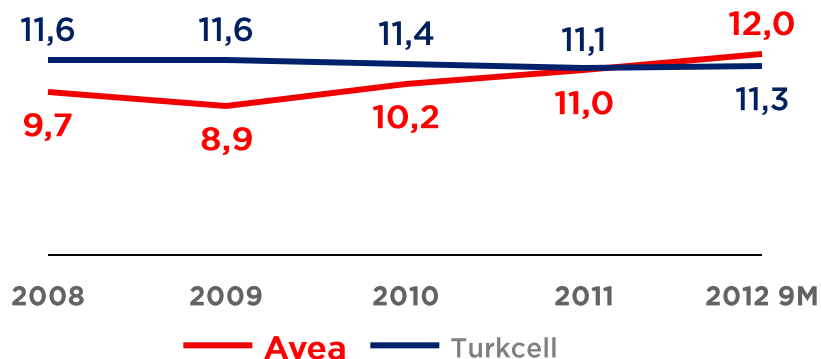
### Blended ARPU (TL)



### Postpaid ARPU (TL)



### Prepaid ARPU (TL)



Note: Other operators' figures are from their own publications

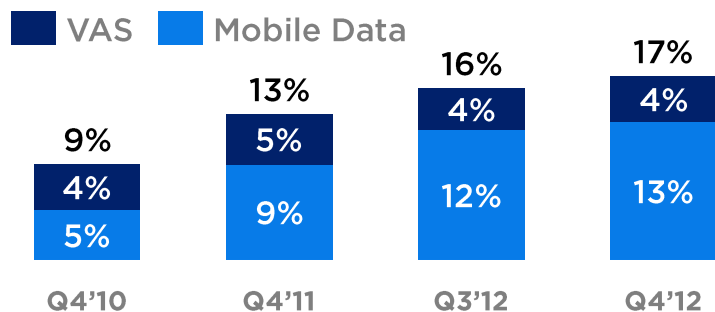
✚ Avea increased its postpaid ARPU by 26% and prepaid ARPU by 24% since 2008. Its blended ARPU went up 37% in the same period

✚ Incumbent operator decreased its postpaid ARPU by 21% and prepaid ARPU by 3% in the same period

# Mobile Data

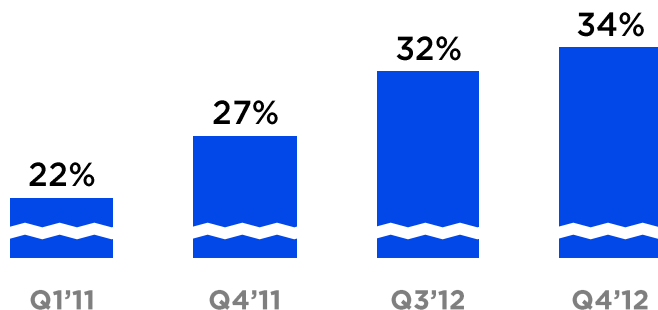
## High growth maintained ...

### Mobile Data<sup>1</sup> and VAS<sup>2</sup> shares in Revenues



SMS not included in mobile data

### Avea Share of Small Screen Data Users<sup>3</sup>



(1) Mobile data revenues consist of small & large screen and M2M revenues

(2) VAS: Value Added Services

(3) Small Screen defined as all handheld devices that access internet via mobile broadband except dongles that are used for PC's. Small screen % = Small screen users/Total base excluding large screen users.

### Set to further boost data revenues ...

- ✦ 79% YoY full year increase in mobile data
- ✦ Highest YoY growth rate as of Q3 2012 in the market with 83%
- ✦ Affordable smartphones offered to further grow data subscribers

### Continued growth in small screen data users and USB stick modem

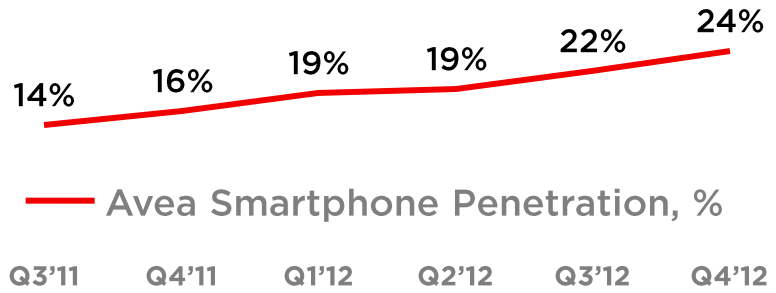
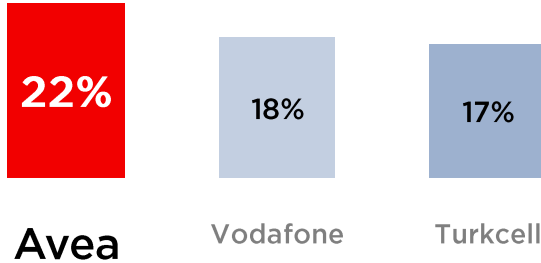
- ✦ Smartphone and tablet users increased 57% YoY
- ✦ Jet Modem (USB stick) subscribers are up 38% YoY



# Smartphones

## Leader in penetration ...

### Smartphone Penetration (Q3 2012)



## Situated best to further lift smartphone penetration

- ✦ Avea inTouch - a fully functional and affordable smartphone that runs on Android
- ✦ Highest share of postpaid customers and young segment
- ✦ Innovative data & voice tariffs enabling customers to mix and match

Note: Other operators' figures are from their own publications

# New Partnerships & Vertical Services

## Incremental growth ...

### New Partnerships



- Accessing micro segments through partnerships with retail giant and Turkish State Postal Service

### Avea Mobile Health



- Preventative and informational health SMS/IVR services
- Telehealth solutions
- Telecare solutions

### Avea Applications to make life easier



Avea Music



Avea Backup



Avea League



Online Transactions



Avea Legal



Avea Mobilife

# Financials

2012 YE Results  
**Türk Telekom Group**

# Consolidated

## Summary Income Statement

| TL Millions                    | 2011 Q4 | 2012 Q4 | YoY % Change | 2011 YE | 2012 YE | YoY % Change |
|--------------------------------|---------|---------|--------------|---------|---------|--------------|
| Revenues                       | 3.020   | 3.327   | 10%          | 11.941  | 12.706  | 6%           |
| EBITDA                         | 1.245   | 1.292   | 4%           | 5.077   | 5.096   | 0%           |
| Margin                         | 41,2%   | 38,8%   |              | 42,5%   | 40,1%   |              |
| Operating Profit               | 844     | 851     | 1%           | 3.501   | 3.400   | -3%          |
| Margin                         | 28%     | 26%     |              | 29%     | 27%     |              |
| Financial Income/Expense       | (76)    | (87)    | -16%         | (891)   | (33)    | 96%          |
| FX & Hedging Gain/Loss         | (13)    | (24)    | -81%         | (785)   | 191     | NM           |
| Interest Income/Expense        | (21)    | (28)    | -32%         | (29)    | (108)   | -272%        |
| Other Financial Income/Expense | (42)    | (36)    | 14%          | (78)    | (117)   | -50%         |
| Tax Expense                    | (210)   | (165)   | -21%         | (710)   | (773)   | -9%          |
| Net Income                     | 595     | 600     | 1%           | 2.069   | 2.637   | 27%          |
| Margin                         | 20%     | 18%     |              | 17%     | 21%     |              |

# Consolidated Summary Balance Sheet

| TL Millions                                | 30.12.2011    | 31.12.2012    |
|--|---------------|---------------|
| Intangible Assets <sup>1</sup>             | 3.540         | 4.050         |
| Tangible Assets <sup>2</sup>               | 8.156         | 8.347         |
| Other Assets <sup>3</sup>                  | 3.499         | 3.850         |
| Cash and Equivalents                       | 979           | 961           |
| <b>Total Assets</b>                        | <b>16.174</b> | <b>17.208</b> |
| Share capital                              | 3.260         | 3.260         |
| Reserves and Retained Earnings             | 2.509         | 3.195         |
| Interest Bearing Liabilities <sup>4</sup>  | 5.346         | 6.038         |
| Provisions for Long-term Employee Benefits | 563           | 749           |
| Other Liabilities <sup>5</sup>             | 4.496         | 3.965         |
| <b>Total Equity and Liabilities</b>        | <b>16.174</b> | <b>17.208</b> |

(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, Due from Related Parties, 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, Due to Related Parties, Other Current Liabilities, Provisions for Employee Termination Benefits and Minority Put Option Liability

# Consolidated

## Summary Cash Flow Statement

| TL Millions                             | 2011 Q4 | 2012 Q4 | YoY % Change | 2011 YE | 2012 YE | YoY % Change |
|---|---------|---------|--------------|---------|---------|--------------|
| Cash Flow from Operating Activities     | 1,189   | 1,212   | 2%           | 3,934   | 3,579   | -9%          |
| Cash Flow from Investing Activities     | (860)   | (661)   | 23%          | (2,024) | (1,972) | 3%           |
| CAPEX                                   | (897)   | (750)   | 16%          | (2,327) | (2,348) | -1%          |
| Other Investing Activities              | 37      | 89      | 141%         | 303     | 376     | 24%          |
| Cash Flow from Financing Activities     | (350)   | (556)   | -59%         | (2,073) | (1,387) | 33%          |
| Net Change in CashPosition <sup>1</sup> | (20)    | (5)     | 75%          | (163)   | 220     | NM           |

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

# Consolidated

## Summary Revenue Breakdown

| TL Millions                                  | 2011 Q4      | 2012 Q4      | YoY % Change | 2011 YE       | 2012 YE       | YoY % Change |
|--|--------------|--------------|--------------|---------------|---------------|--------------|
| <b>Fixed Line</b>                            | <b>2,305</b> | <b>2,495</b> | <b>8%</b>    | <b>9,197</b>  | <b>9,578</b>  | <b>4%</b>    |
| Domestic PSTN                                | 995          | 916          | -8%          | 4,114         | 3,837         | -7%          |
| ADSL   | 742          | 783          | 6%           | 2,925         | 3,069         | 5%           |
| Data Services                                | 114          | 154          | 35%          | 443           | 561           | 27%          |
| International Settlements                    | 116          | 132          | 14%          | 461           | 464           | 1%           |
| Domestic interconnection                     | 82           | 79           | -4%          | 321           | 309           | -4%          |
| Leased lines                                 | 105          | 67           | -36%         | 449           | 349           | -22%         |
| Rental income from GSM operators             | 23           | 17           | -28%         | 99            | 88            | -11%         |
| Other  | 76           | 131          | 72%          | 245           | 330           | 35%          |
| Construction Revenue (IFRIC 12) <sup>1</sup> | 52           | 217          | 317%         | 140           | 572           | 309%         |
| <b>Mobile</b>                                | <b>802</b>   | <b>922</b>   | <b>15%</b>   | <b>3,080</b>  | <b>3,475</b>  | <b>13%</b>   |
| Elimination                                  | (88)         | (90)         | 2%           | (338)         | (347)         | 3%           |
| <b>Total Revenue</b>                         | <b>3,020</b> | <b>3,327</b> | <b>10%</b>   | <b>11,941</b> | <b>12,706</b> | <b>6%</b>    |

(1) According to IFRIC (International Financial Reporting Interpretations Committee) Interpretation 12. Large increase in construction revenue is due to higher amount of eligible CAPEX recorded in the period

# Consolidated

## Summary OPEX Breakdown

| TL Millions                               | 2011 Q4      | 2012 Q4      | YoY % Change | 2011 YE      | 2012 YE      | YoY % Change |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Personnel                                 | 569          | 552          | -3%          | 2,068        | 2,099        | 1%           |
| Domestic interconnection                  | 172          | 236          | 37%          | 618          | 839          | 36%          |
| International interconnection             | 86           | 103          | 19%          | 301          | 328          | 9%           |
| Commercial <sup>1</sup>                   | 329          | 323          | -2%          | 1,200        | 1,142        | -5%          |
| Maintenance and Operations                | 107          | 124          | 16%          | 404          | 434          | 7%           |
| Taxes & Government Fees                   | 195          | 218          | 12%          | 793          | 833          | 5%           |
| Doubtful Receivables                      | (102)        | (63)         | 38%          | (4)          | 14           | NM           |
| Others                                    | 373          | 350          | -6%          | 1,359        | 1,416        | 4%           |
| <b>Sub-Total</b>                          | <b>1,728</b> | <b>1,843</b> | <b>7%</b>    | <b>6,739</b> | <b>7,104</b> | <b>5%</b>    |
| Construction Cost (IFRIC 12) <sup>2</sup> | 46           | 192          | 317%         | 124          | 506          | 308%         |
| <b>Total OPEX</b>                         | <b>1,775</b> | <b>2,035</b> | <b>15%</b>   | <b>6,864</b> | <b>7,610</b> | <b>11%</b>   |

(1) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion

(2) According to IFRIC (International Financial Reporting Interpretations Committee) Interpretation 12. Large increase in construction cost is due to higher amount of eligible CAPEX recorded in the period



# Fixed Line

## Summary Income Statement

| TL Millions                    | 2011 Q4      | 2012 Q4      | YoY % Change | 2011 YE      | 2012 YE      | YoY % Change |
|--------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Revenues                       | 2,306        | 2,495        | 8%           | 9,198        | 9,578        | 4%           |
| EBITDA<br>Margin               | 1,116<br>48% | 1,101<br>44% | -1%          | 4,703<br>51% | 4,614<br>48% | -2%          |
| Operating Profit<br>Margin     | 870<br>38%   | 825<br>33%   | -5%          | 3,729<br>41% | 3,556<br>37% | -5%          |
| CAPEX<br>CAPEX as % of Revenue | 579<br>25%   | 474<br>19%   | -18%         | 1,481<br>16% | 1,681<br>18% | 13%          |

# Fixed Line

## Summary OPEX Breakdown

| TL Millions                               | 2011 Q4      | 2012 Q4      | YoY % Change | 2011 YE      | 2012 YE      | YoY % Change |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Personnel                                 | 518          | 500          | -3%          | 1,878        | 1,879        | 0%           |
| Domestic interconnection                  | 26           | 55           | 113%         | 101          | 152          | 50%          |
| International interconnection             | 80           | 98           | 23%          | 286          | 313          | 10%          |
| Commercial <sup>1</sup>                   | 198          | 205          | 3%           | 695          | 661          | -5%          |
| Maintenance and Operations                | 96           | 94           | -2%          | 308          | 320          | 4%           |
| Taxes & Government Fees                   | 59           | 59           | 0%           | 234          | 224          | -4%          |
| Doubtful Receivables                      | (92)         | (40)         | 57%          | (53)         | 2            | NM           |
| Others                                    | 259          | 231          | -11%         | 923          | 907          | -2%          |
| <b>Sub-Total</b>                          | <b>1,143</b> | <b>1,202</b> | <b>5%</b>    | <b>4,370</b> | <b>4,458</b> | <b>2%</b>    |
| Construction Cost (IFRIC 12) <sup>2</sup> | 47           | 192          |              | 124          | 506          | 308%         |
| <b>Total OPEX</b>                         | <b>1,190</b> | <b>1,394</b> | <b>17%</b>   | <b>4,495</b> | <b>4,964</b> | <b>10%</b>   |

(1) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion

(2) According to IFRIC (International Financial Reporting Interpretations Committee) Interpretation 12. Large increase in construction costs is due to higher amount of eligible CAPEX recorded in the period

# Mobile

## Summary Income Statement

| TL Millions                    | 2011 Q4     | 2012 Q4    | YoY % Change | 2011 YE      | 2012 YE      | YoY % Change |
|--------------------------------|-------------|------------|--------------|--------------|--------------|--------------|
| Revenues                       | 802         | 922        | 15%          | 3,080        | 3,475        | 13%          |
| EBITDA <sup>1</sup><br>Margin  | 127<br>16%  | 193<br>21% | 52%          | 380<br>12%   | 486<br>14%   | 28%          |
| Operating Profit<br>Margin     | (27)<br>-3% | 26<br>3%   | <i>NM</i>    | (224)<br>-7% | (156)<br>-4% | 30%          |
| CAPEX<br>CAPEX as % of Revenue | 206<br>26%  | 340<br>37% | 65%          | 799<br>26%   | 756<br>22%   | -5%          |

(1) EBITDA margin on the mobile business was positively affected by an estimation update on doubtful receivables in Q4 2012. Excluding related one-off, EBITDA margin on mobile business is 17% in Q4 2012

# Mobile

## Summary OPEX Breakdown

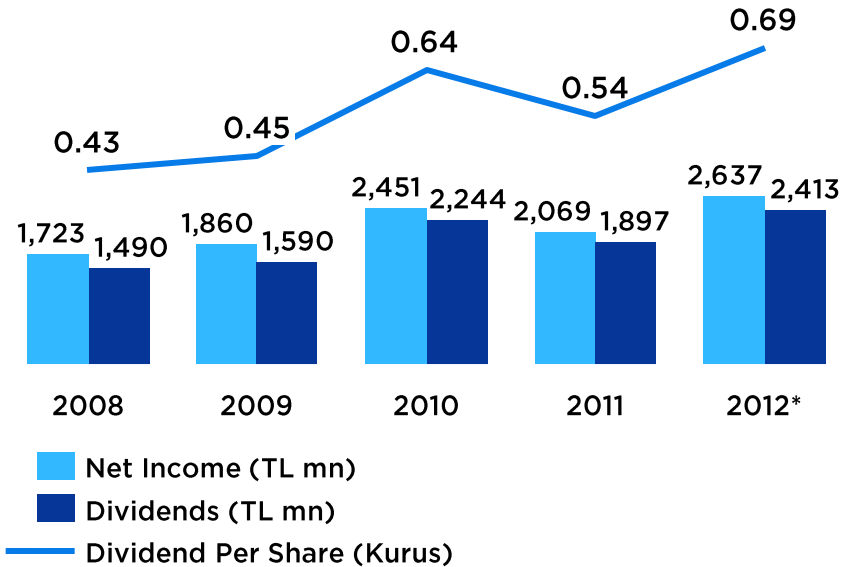
| TL Millions                   | 2011 Q4    | 2012 Q4    | YoY % Change | 2011 YE      | 2012 YE      | YoY % Change |
|-------------------------------|------------|------------|--------------|--------------|--------------|--------------|
| Personnel                     | 52         | 57         | 9%           | 201          | 235          | 17%          |
| Domestic interconnection      | 169        | 212        | 25%          | 606          | 791          | 31%          |
| International interconnection | 5          | 4          | -14%         | 15           | 15           | -1%          |
| Commercial <sup>1</sup>       | 133        | 119        | -10%         | 509          | 483          | -5%          |
| Maintenance and Operations    | 13         | 30         | 133%         | 100          | 116          | 16%          |
| Taxes & Government Fees       | 136        | 159        | 17%          | 559          | 608          | 9%           |
| Doubtful Receivables          | (10)       | (23)       | -131%        | 50           | 12           | -75%         |
| Others <sup>2</sup>           | 174        | 170        | -2%          | 660          | 728          | 10%          |
| <b>Total</b>                  | <b>675</b> | <b>728</b> | <b>8%</b>    | <b>2,701</b> | <b>2,989</b> | <b>11%</b>   |

(1) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion

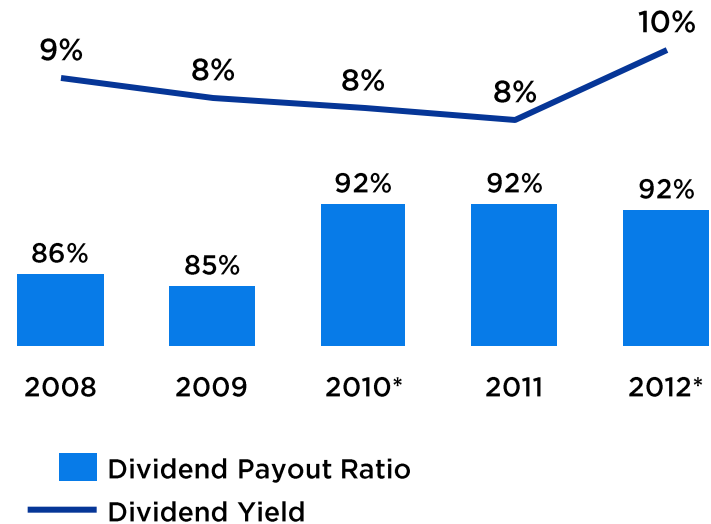
(2) Includes Rent Expense, Utilities, Leased Line Expense and other expenses

# Shareholder Remuneration

## Dividend Distribution



## Dividend Yield & Payout Ratio



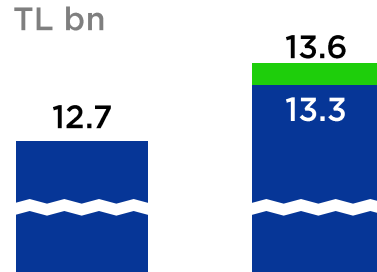
- ✦ Consistently the highest dividends in ISE since IPO, with top ranking payout ratio
- ✦ Solid dividend policy of maximum payout as defined in the Articles of Association

Note: We reached the cap in the first legal reserve in 2010

(\*) 2012 dividend is recommended by the Board of Directors and it is subject to General Assembly approval

# 2013 Guidance

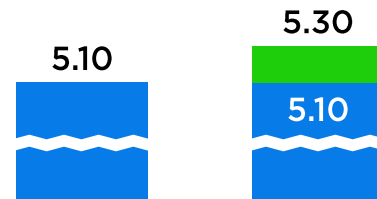
Revenue Growth of 5% - 7%



## Revenue Growth Enablers

- ✦ Mobile growth
- ✦ Broadband growth
- ✦ Combined offers

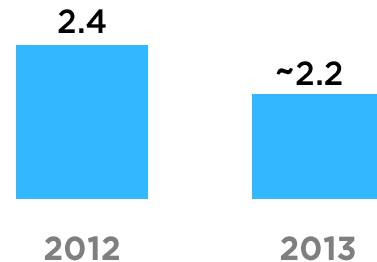
EBITDA between TL 5.1bn & TL 5.3bn



## EBITDA Growth

- ✦ Focusing on absolute EBITDA
- ✦ OPEX saving initiatives

CAPEX ~ TL 2.2bn



## CAPEX

- ✦ Reducing CAPEX since major CAPEX programs' peak investment levels passed

# Debt Profile

| Debt (Millions) In Currency | TL Equivalent | <3 Month   | 3 Months to 1 Year | 1 to 5 Years | >5 Years   |
|-----------------------------|---------------|------------|--------------------|--------------|------------|
| TL                          | 285           | 272        | 12                 | 0            | 0          |
| USD                         | 1,631         | 211        | 437                | 1,703        | 557        |
| EUR                         | 1,154         | 104        | 305                | 2,079        | 227        |
| JPY                         | 4,989         | 1          | 0                  | 102          | 0          |
| <b>TOTAL</b>                | <b>6,010</b>  | <b>587</b> | <b>754</b>         | <b>3,884</b> | <b>784</b> |

| Ratios                            | 2011 YE | 2012 YE |
|-----------------------------------|---------|---------|
| Net Debt / EBITDA                 | 0.86    | 1.00    |
| Net Debt / Assets                 | 0.27    | 0.30    |
| Debt (Total Liabilities) / Equity | 1.80    | 1.67    |
| Debt (Financial) / Equity         | 0.93    | 0.94    |
| Current Ratio                     | 0.71    | 1.01    |

✦ Average maturity of fx denominated debt is 2.6 years

✦ Comfortable Net Debt / EBITDA ratio at 1.00

# Group Companies

2012 YE Results  
**Türk Telekom Group**





# Turkey's Leading IT Solutions Provider

- ❖ ICT application development & end-to-end solutions consultancy
- ❖ Fastest growing technology company in Turkey for the last 7 years
- ❖ Over 10 years of international experience in 22 countries
- ❖ Over 700 IT professionals & engineers
- ❖ Pioneer in electronic collection systems in Turkey
- ❖ Developer of the first mobile payment infrastructure in Turkey

**Deloitte.**  
Technology Fast50



- Self-service applications
- Banking applications

- E-government projects
- Check-in applications



- Advanced Payment Systems
- Financial Transactions

- Loyalty Programs
- Mobile Payment Tools

## Turkey's Leading Telecom Solutions Provider

- ❖ Global telecom experience with telecom operators in 15 countries

- ❖ Leading developer of small cell technology in Turkey and around the world

- ❖ Mobile Number Portability (MNP) service provider of Avea and other leading mobile operators around the world



### Unique TV Experience by Argela IPTV Solution

- ❖ TV, internet, social media & entertainment all together
- ❖ Available on multi-screens including PC, Tablet, TV and Mobile Phones

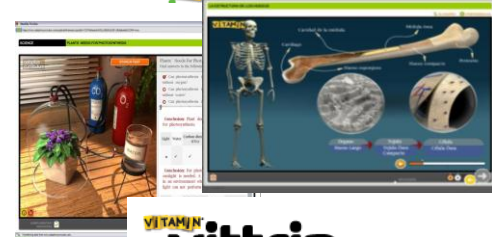


s e b i t

# Global Player in e-Education

- ✦ Sebit's e-education technology available in multiple languages is used by millions of students and educators in the United States, Europe, and Asia.
- ✦ Creator of [vitaminegitim.com](http://vitaminegitim.com), the biggest education portal
- ✦ Creator of Vittrin, only educational marketplace in Turkey
- ✦ 3 million monthly Unique Visitors viewing over 50 million pages
- ✦ Leading player in Turkish Government's e-education project (FATIH)
- ✦ Developer of first educational search engine in Turkey

**VITAMİN**



- ✦ Leading supplier of e-education solutions to state and private schools as well as consumers in Turkey
- ✦ Vbooks-new approach to mobile content and e-books on tablets

# Leading Data Services Provider in Europe

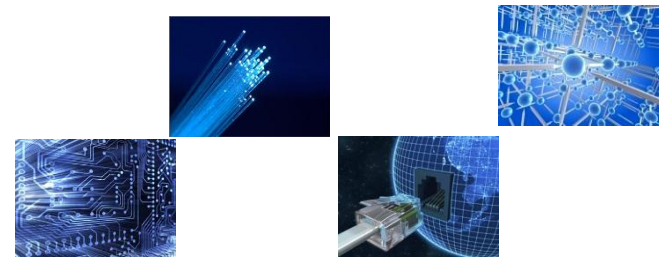
- ✦ Full range of Internet/data services, infrastructure and wholesale voice in the CEE region, Turkey, Caucasus, Middle-East and beyond



- ✦ More than 50 major points of presence in Europe
- ✦ Over 40,000 km of fiber optic network
- ✦ Access to JADI and sea cables through TT Group
- ✦ End-to-end managed and fully redundant network

- ✦ Vast experience in providing a wide variety of telecommunication services

- International Private Line
- IP Transit
- Managed Wavelength
- Ethernet
- Co-location
- Dark Fiber



# ASSiSTT

## Turkey's Leading Call Center

- ✦ Assitt provides full range contact center solutions to Turk Telekom Group and leading companies and institutions in Turkey
- ✦ Fastest growing call center with consistently increasing market share in Turkey
- ✦ Around 6,000 seat capacity
- ✦ Presence in 18 locations in 12 cities of Turkey
- ✦ Provides pro-active churn management services to Turk Telekom Group
- ✦ Manager of call center services for Turkey's Central Hospital Scheduling system in partnership with the Turkish Ministry of Health



# Appendix

2012 YE Results  
**Türk Telekom Group**

# Investment Highlights

## Turkey

One of the largest  
telecom markets in  
EMEA



- › Stable economic growth with an average annual real GDP growth rate of 5.2 % over the last 9 years
- › Expected to become the fastest growing economy among the OECD members during 2011-2017
- › World's 16<sup>th</sup> largest economy & Europe's 6<sup>th</sup> largest economy
- › 75 mn growing population and increasing number of households
- › Half the population under the age 30
- › Natural bridge between Europe, Middle East and Asia

## Türk Telekom Group

Leader of Turkish  
Telecom Market

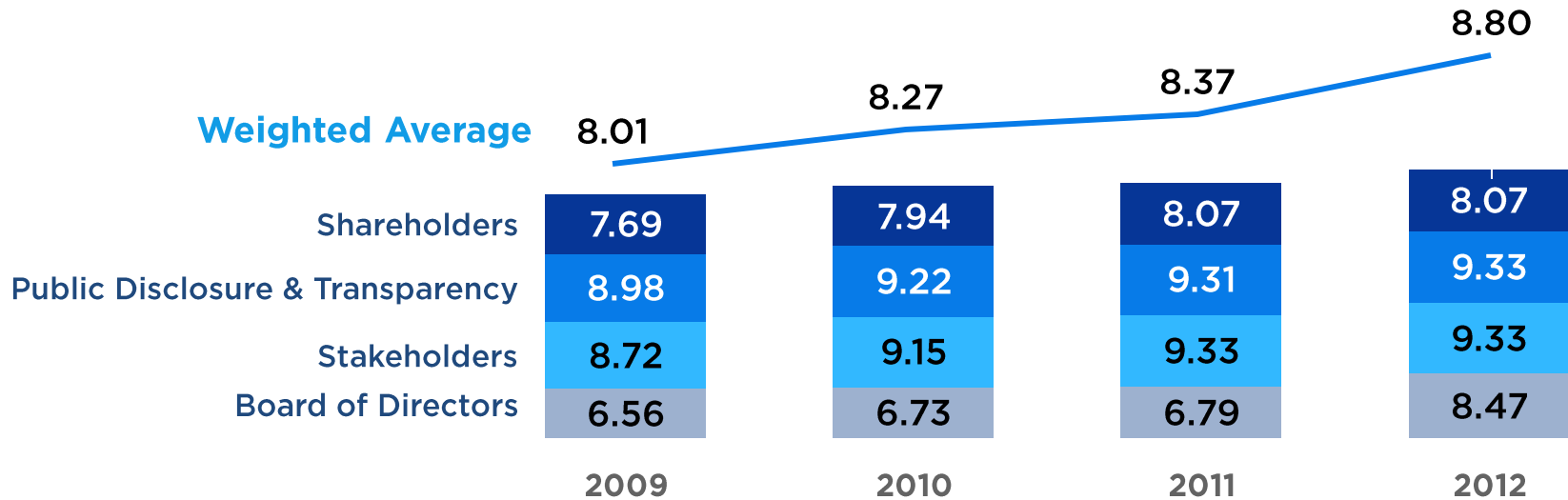


- › Attractive Turkish telecom market fundamentals support resilience and growth
- › Best exposure to Turkish telecom market thanks to large and well-invested fixed and mobile networks and distribution channels
- › Largest, most profitable and market leader in Turkish telecom market
- › Attractive shareholder remuneration policy supported by stable financial profile, strong resilient free cash flow generation and low leverage
- › Robust revenue and strong cash flow capacity enabling investment in promising segments and continuous growth
- › Turkey's leading fixed-voice and data provider with 14 mn Access Lines and 7 mn Fixed Broadband Connections
- › Turkey's youngest and growing mobile operator with 13.5 mn subscribers

# Corporate Governance at Turk Telekom

## Exemplary Practices

Corporate Governance Ratings of Turk Telekom (out of 10)



**Turk Telekom demonstrates exemplary practices in Corporate Governance**

- ✦ First and only telecom company in ISE Corporate Governance Index
- ✦ Achieved 8.8 over 10 in 2012
- ✦ Compliance to Capital Market Board Corporate Governance Principles

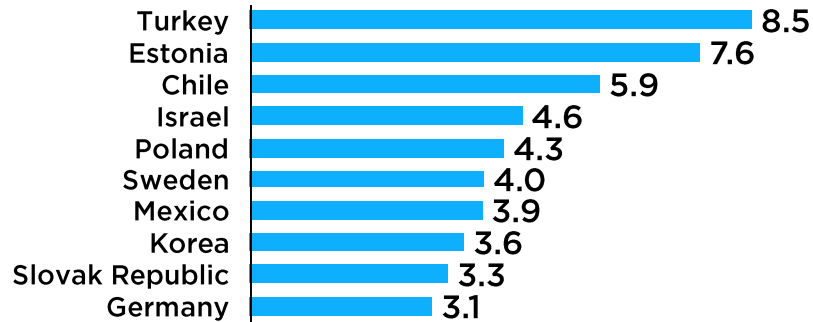
Note: Independent Rating Study conducted by Saha Corporate Governance and Credit Rating Services Inc.



# Strong Macro Environment

## Large & high growth economy & favorable demographics

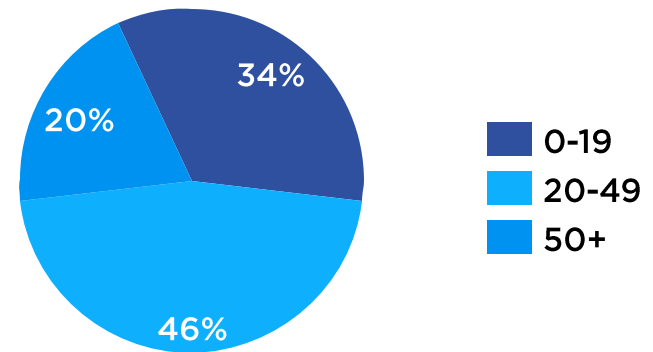
### Turkey among Top 10 Growing OECD Economies, (2011, %) <sup>1</sup>



- ❖ World's 16th largest economy
- ❖ Europe's 6th largest economy
- ❖ Fastest growing economy among OECD countries & European countries
- ❖ Strategic location
- ❖ Ongoing positive economic development momentum

- ❖ Second largest European country and 3rd highest population growth (74.7m in 2011)
- ❖ Young and increasingly affluent population
- ❖ Population growth forecast of around 1.0% per annum (2012-2025)
- ❖ GDP per capita up to US\$ 10,469 in 2011 from US\$ 7,586 in 2006

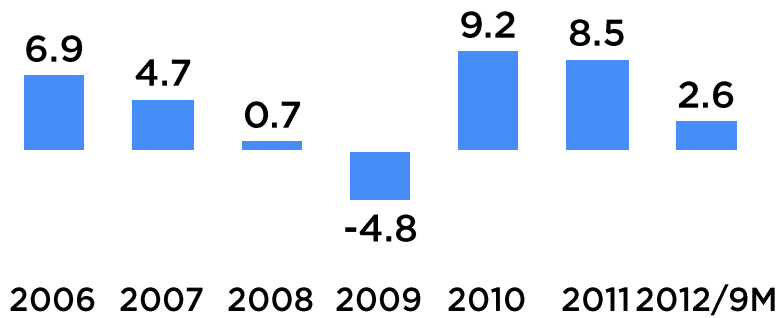
### Age Group Distribution (2011) <sup>2</sup>



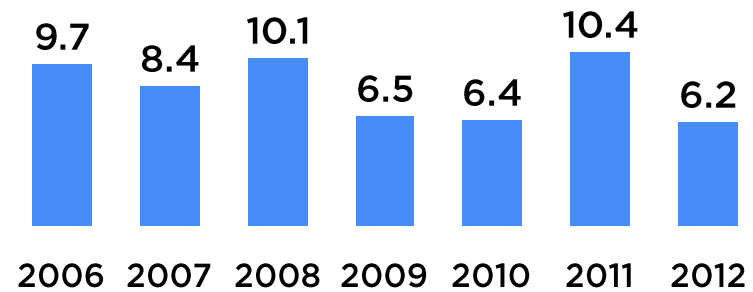
Source for 1 & 2: TURKSTAT, IMF World Economic Outlook Database

# Macroeconomic Highlights - I

Annual Real GDP Growth Rate, %<sup>1</sup>



Annual CPI Inflation, % (eop)<sup>2</sup>

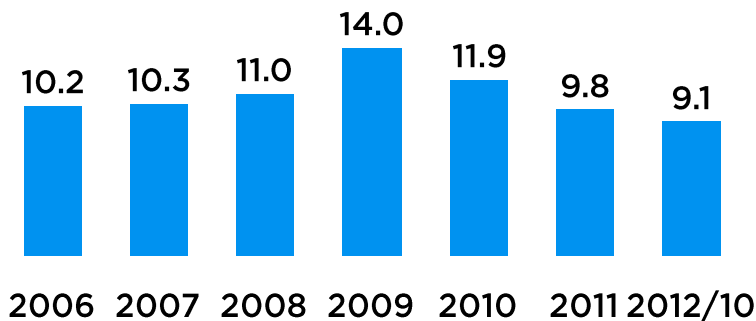


- ✦ Turkish economy grew by 1.6% y/y in 3Q, resulting in a GDP growth rate of 2.6% during the 9 month period
- ✦ For 2012 and 2013, the Government's GDP growth rate forecasts stand at 3.2% and 4.0% respectively
- ✦ As of the year-end 2012, the annual CPI inflation was at 6.2%, followed by a 7.3% inflation in January
- ✦ The Central Bank estimates 2013 year-end annual CPI inflation as 5.3%

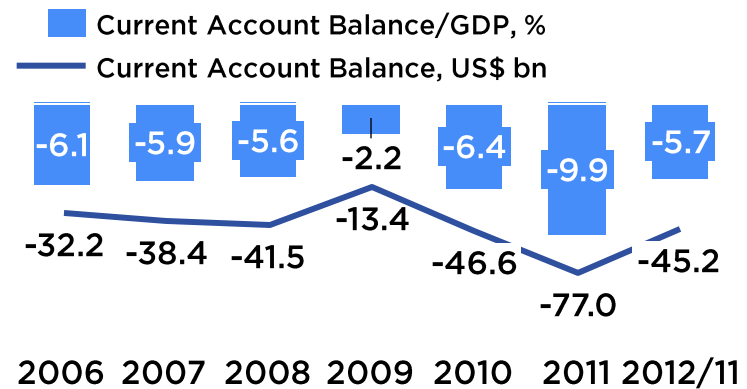
Source for 1 & 2: TURKSTAT

# Macroeconomic Highlights - II

## Unemployment Rate, %<sup>1</sup>



## Current Account Balance<sup>2</sup>

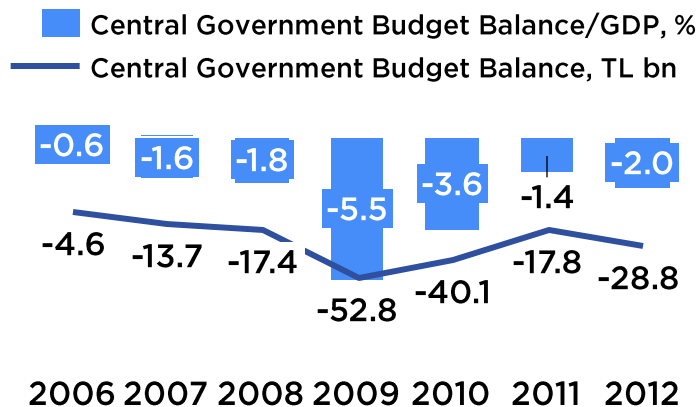


- ❖ As of October, the unemployment rate was at 9.1%
- ❖ Expected the annual average unemployment rate: 9.0% during 2012 and 8.9% in 2013
- ❖ As of November, a current account deficit of US\$ 45.2 bn is recorded on year-to-date basis, equaling around 5.7% of the GDP
- ❖ The Government estimates the current account deficit as US\$ 58.7 bn (7.3% of the GDP) in 2012, which is likely to be undershot, followed by a US\$ 60.7 bn current account deficit (7.1% of the GDP) in 2013

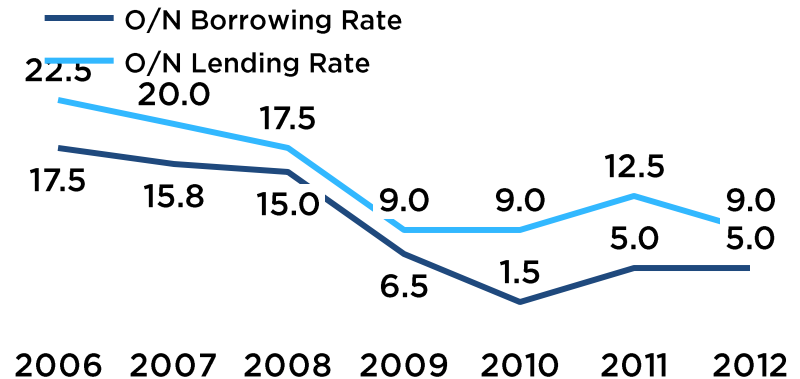
Source for 1 & 2: TURKSTAT, CBT

# Macroeconomic Highlights – III

## Central Government Budget Balance, %<sup>1</sup>



## CBT's Interest Rate Corridor, %(eop)<sup>2</sup>



- ✦ In 2012, the central government budget deficit and primary surplus registered as TL 28.8 bn (2.0% of the GDP) and TL 19.6 bn (1.4% of the GDP) respectively
- ✦ The Government projects TL 33.9 bn budget deficit (2.2% of the GDP) and TL 19.1 bn primary surplus (1.2% of the GDP) in 2013
- ✦ As of the year-end 2012, the policy rate stood at 5.50%, while the overnight borrowing and lending rates were at 5% (reduced to 4.75% in January) and 9% (reduced to 8.75% in January) respectively.

Source for 1 & 2: TURKSTAT, CBT, Ministry of Finance

# Regulatory Actions

2008

2009

2010

2011

2012

## April

- Interconnection rate decrease in Fixed (10%) and Mobile (33%)

## November

- 3G tender held
- Mobile Number Portability introduced
- New Electronic Communications Law passed

## May

- About 29% reduction in MTRs
- MVNO regulation was in place

## July

- 3G services started

## September

- Fixed Number portability introduced

## October

- Local call Liberalization

## April

- About 52% reduction in MTRs
- 17% cut in double tandem FTR
- 38% decrease in GSM to GSM rate cap
- TL per minute pricing introduced

## July

- TA announced Naked ADSL fee as TL 8.13
- TA postponed 20 second billing for an indefinite time

## December

- Naked ADSL services started

## April

- Mobile off-net price cap increased by 4%
- SMS price cap decreased by 48%

## October

- BTK's fiber decision: FTTH/B will be excluded from the process of market analysis until 25% fiber market share or 5 years

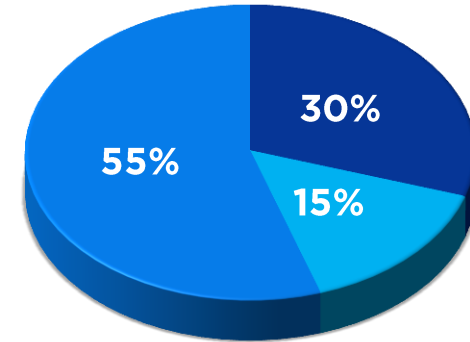
## January

- WLR introduced

# Türk Telekom Group

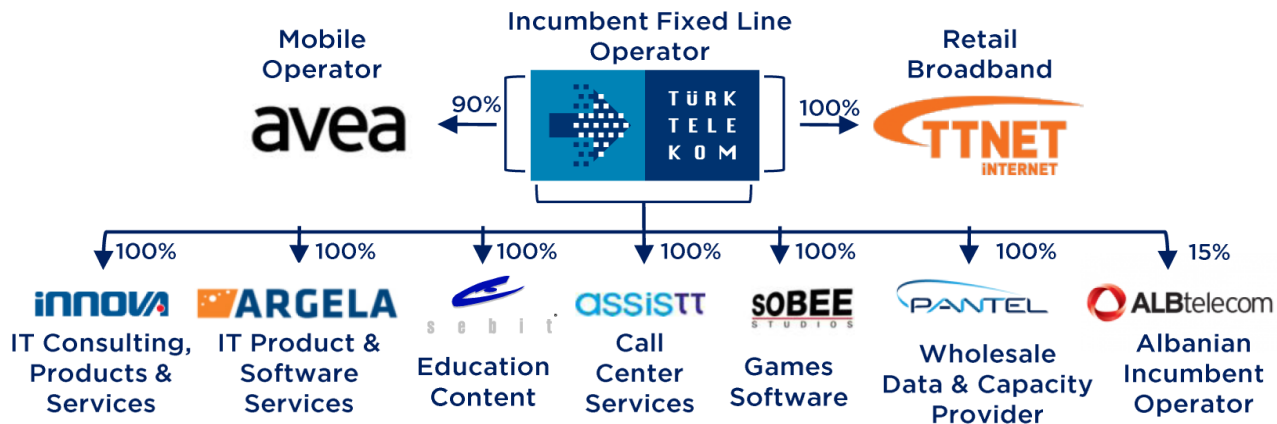
## Ownership Structure

- ✦ Oger Telecom nominates 7 Board Members
- ✦ Turkish Treasury nominates 5 Board Members (1 represents Golden Share, 4 independent)



- Turkish Treasury
- Free Float\*
- Oger Telecom

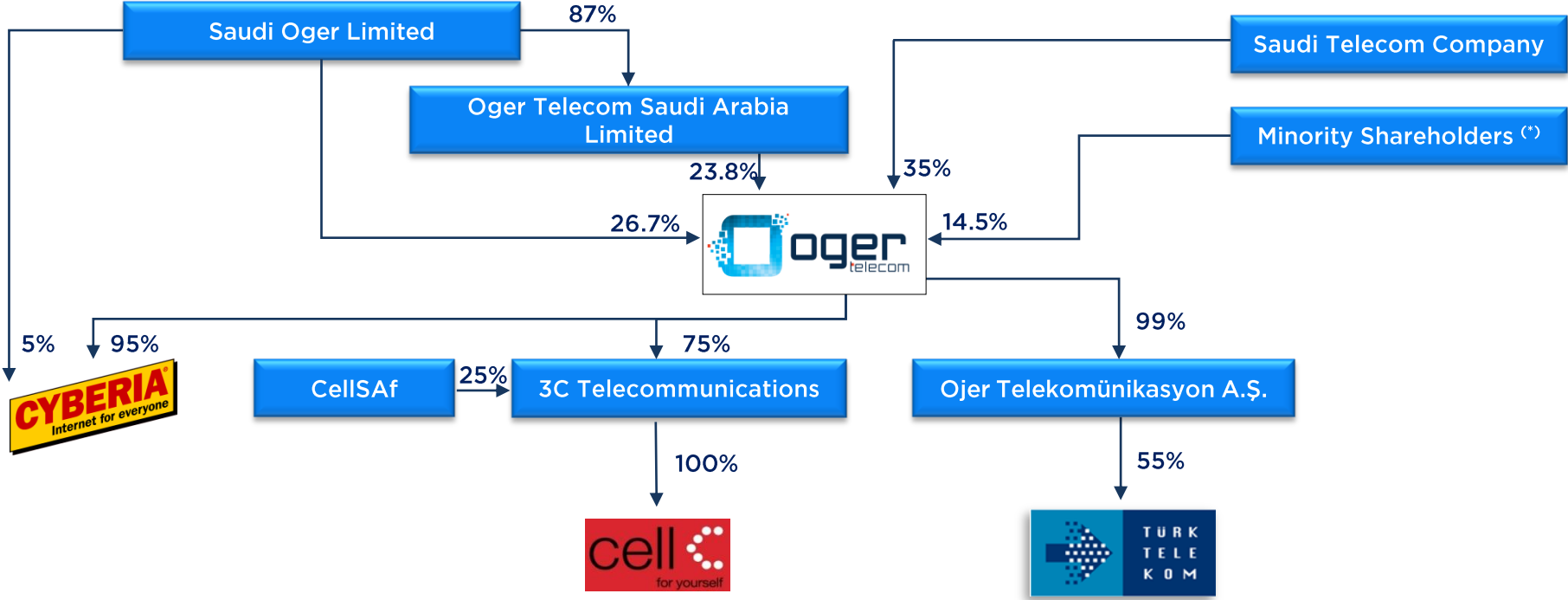
## Group Structure



\*Note: Turkish Treasury and Oger Telecom bought 1.68% and 0.8% additional stakes respectively, from free float.

# Oger Telecom

## Ownership Structure



Note: Among Oger Telecom’s direct and indirect minority shareholders are regional and ‘blue chip’ global financial investors.



# THANK YOU

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