

Investor Presentation

March 2017

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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.

Türk Telekom Highlights



**Leading
COMPANY
IN TURKEY**

Offering
**Integrated telecom
services**



Most valuable
telco brand for

9 CONSECUTIVE
YEARS



Serving
38.9mn
SUBSCRIBERS



CAPEX
TL26bn
since privatization
(2005)



75%

LTE
Population
Coverage



98%

Fixed line
**household
coverage**



228K km
fiber network in
81 cities



13.9mn
**FIBER
HOMEPASS***

*Homepass includes FTTC & FTTH/B

Turkey's Pioneer Convergence Player



**Integrated
Distribution Channels
(One Stop Shop)**



**Integrated
Business Lines**



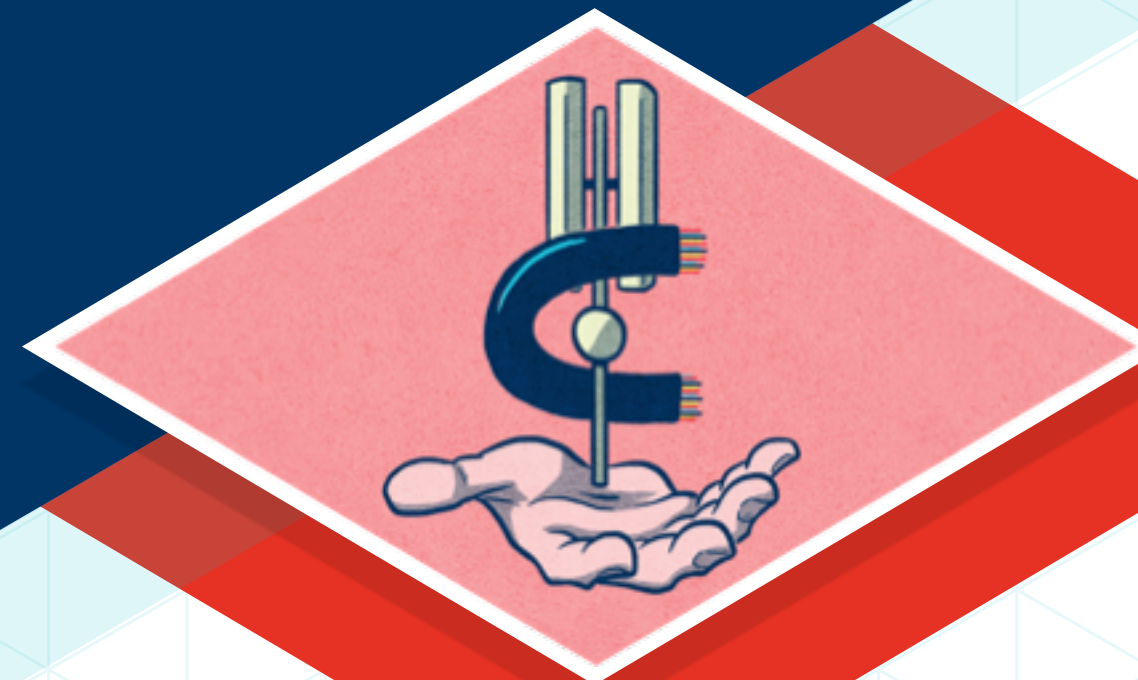
Türk Telekom

Unified Brand

**Joint Customer
Database***



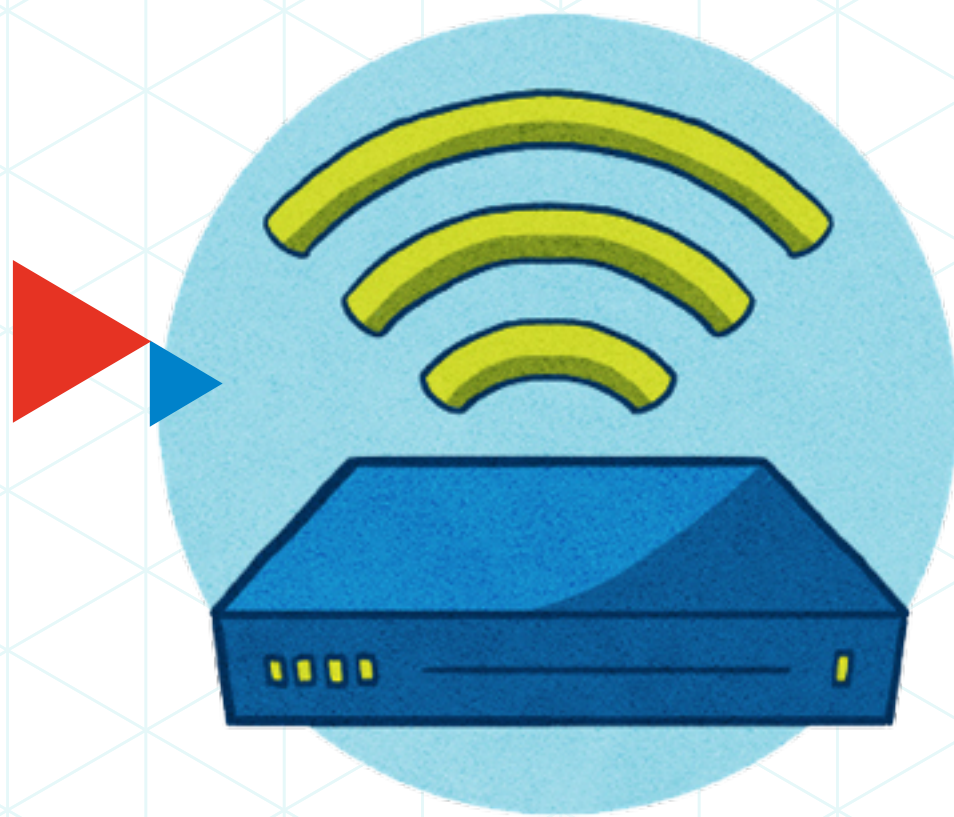
**Joint Fixed & Mobile
Network Management**



* Subject to consent of the customers

Operational Highlights

Strong net subscriber gains in all segments



Broadband

262K

Q4 '16

691K

2016



Mobile

187K

Q4 '16

1.3mn

2016



Home TV

87K

Q4 '16

293K

2016

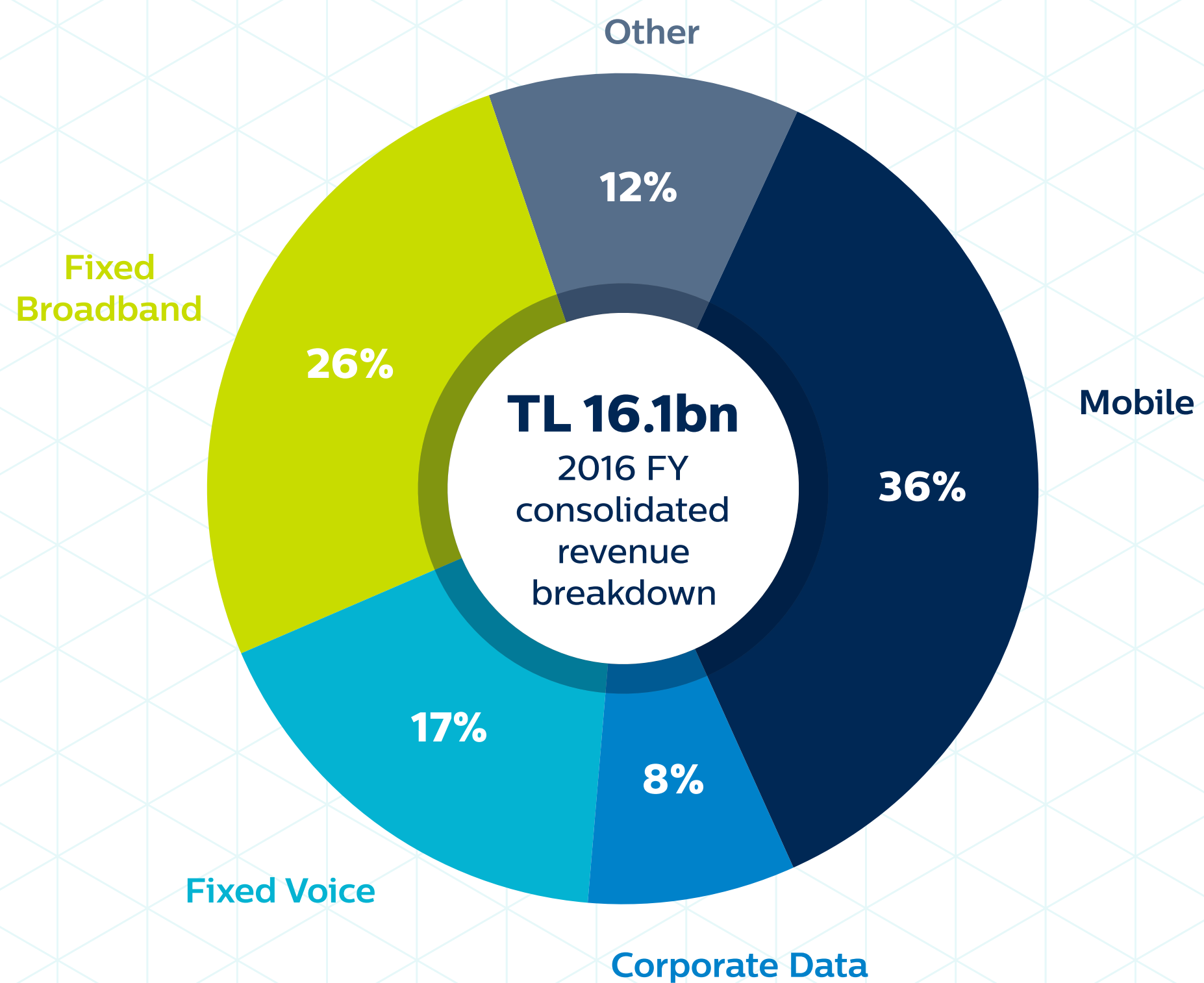
Financial Performance

(TL mn)	2015 Q4	2016 Q4	Growth (YoY)	2015 YE	2016 YE	Growth (YoY)
Revenue	3,867	4,250	9.9%	14,523	16,109	10.9%
Revenue (exc. construction adj) ¹	3,706	4,171	12.6%	14,190	15,696	10.6%
EBITDA	1,416	1,434	1.3%	5,334	5,470	2.6%
EBITDA Margin	36.6%	33.8%		36.7%	34.0%	
Net Income	1,039	(1,388)	n.m.	907	(724)	n.m.
CAPEX ²	1,156	963	(16.7%)	2,929	3,027	3.4%

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

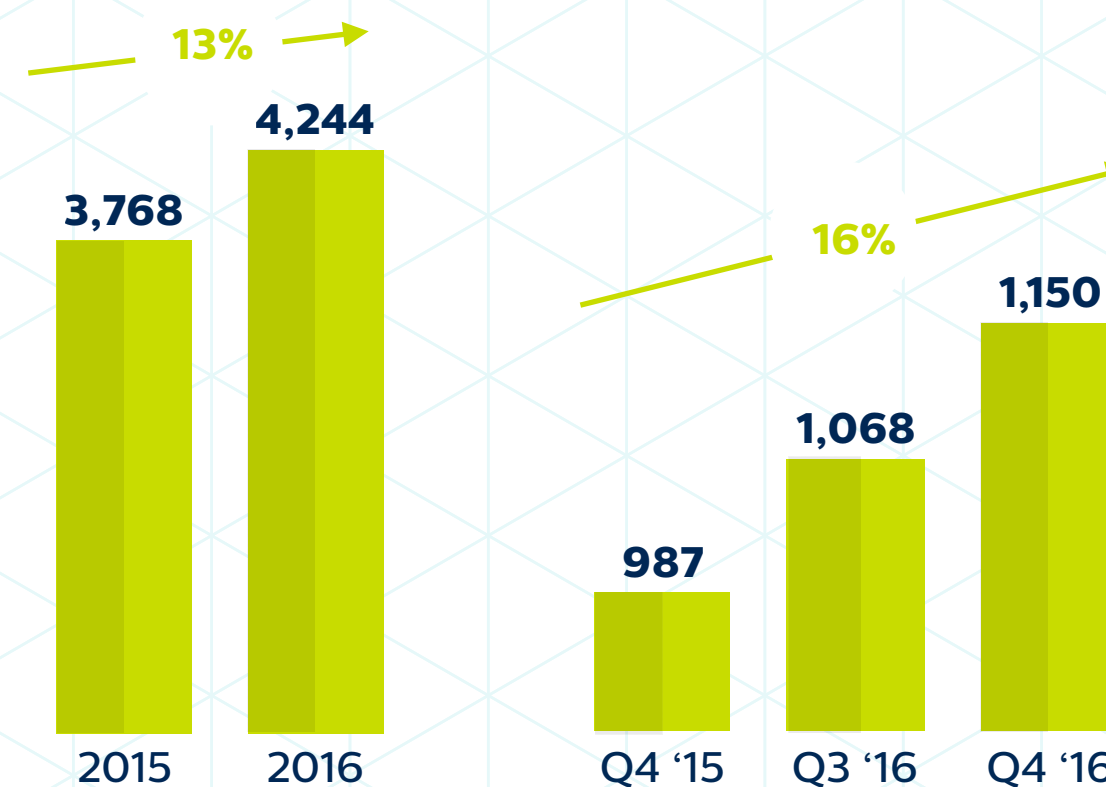
(2) Excluding license fees

Focused on High Growth Areas



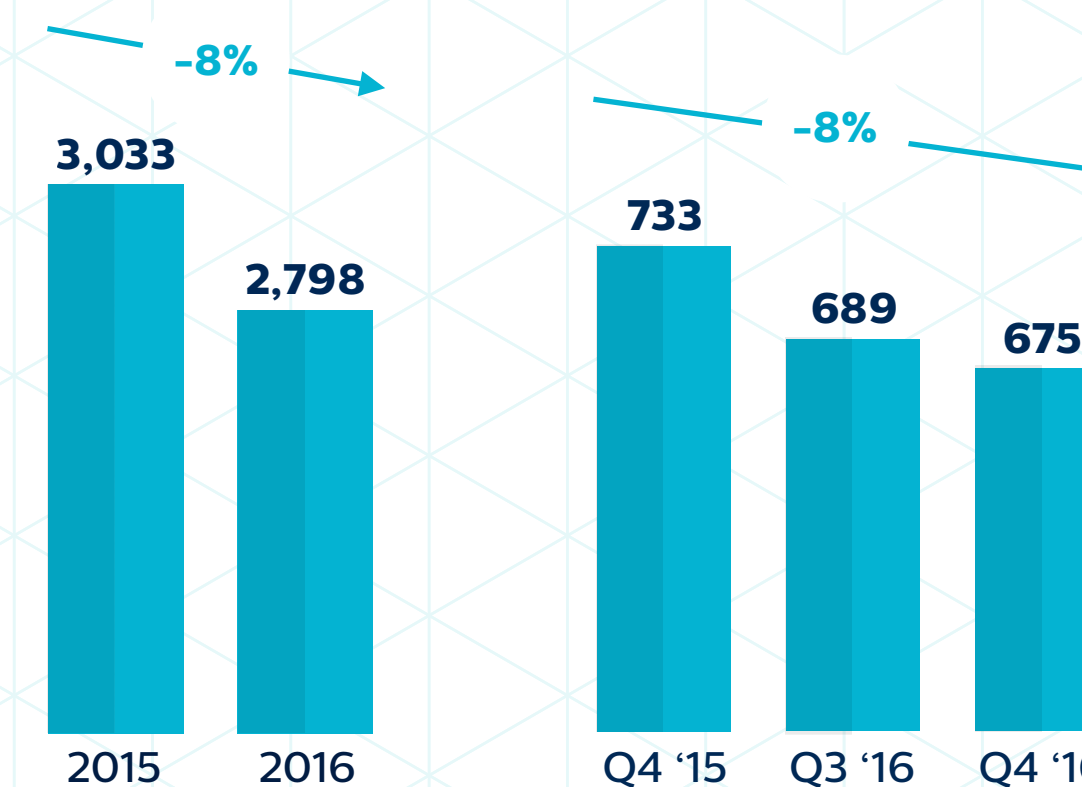
Fixed Broadband

(TL mn)



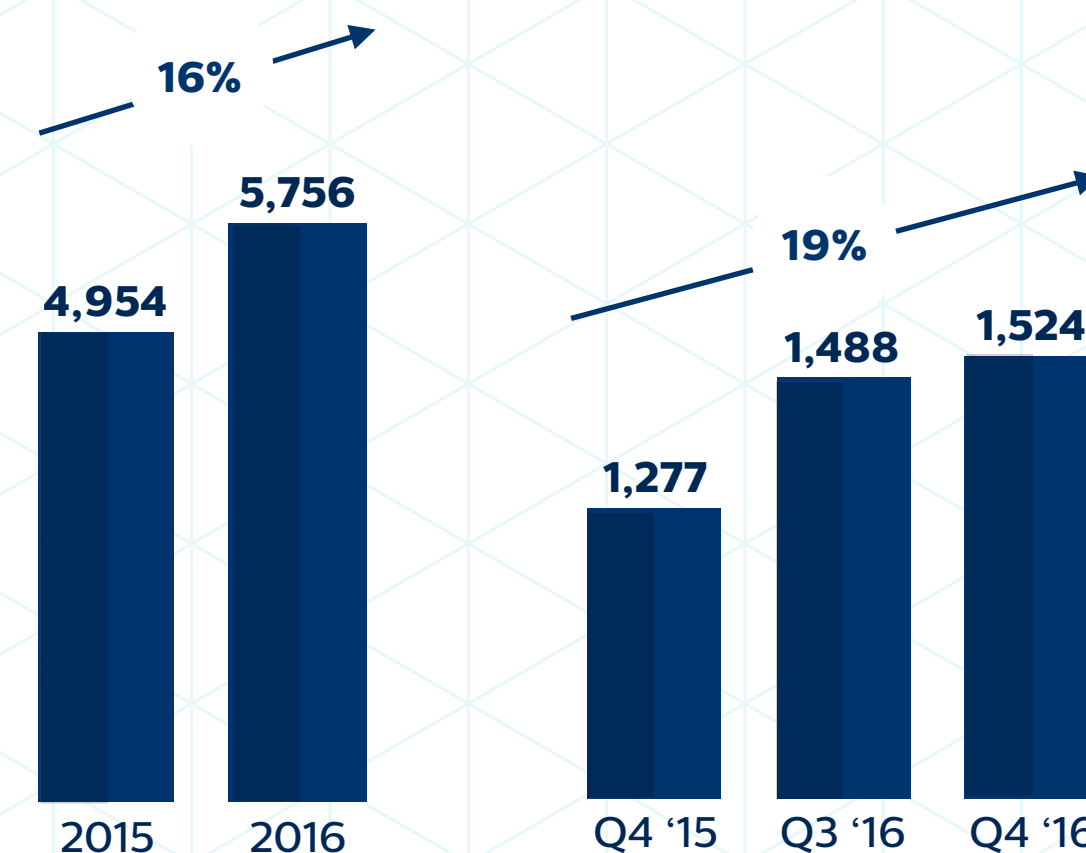
Fixed Voice

(TL mn)



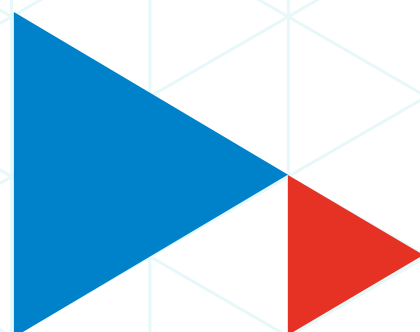
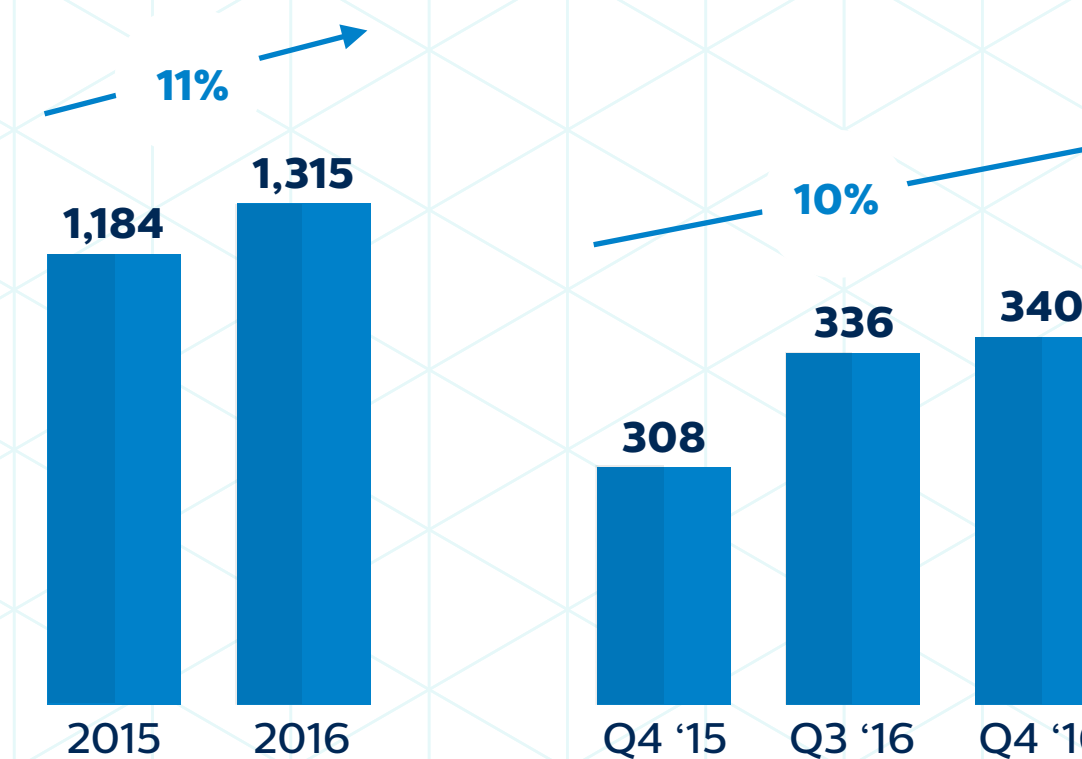
Mobile

(TL mn)



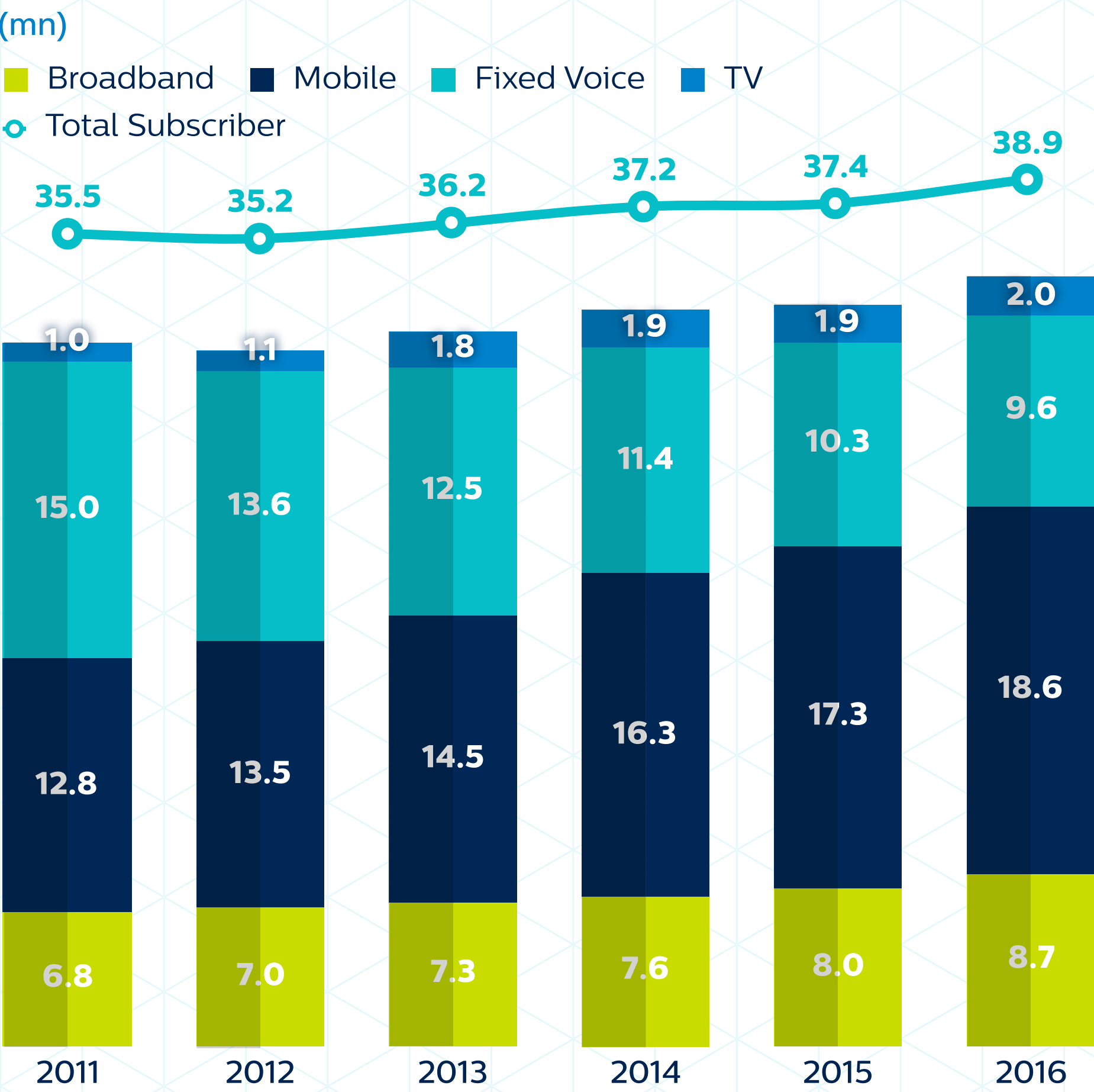
Corporate Data

(TL mn)

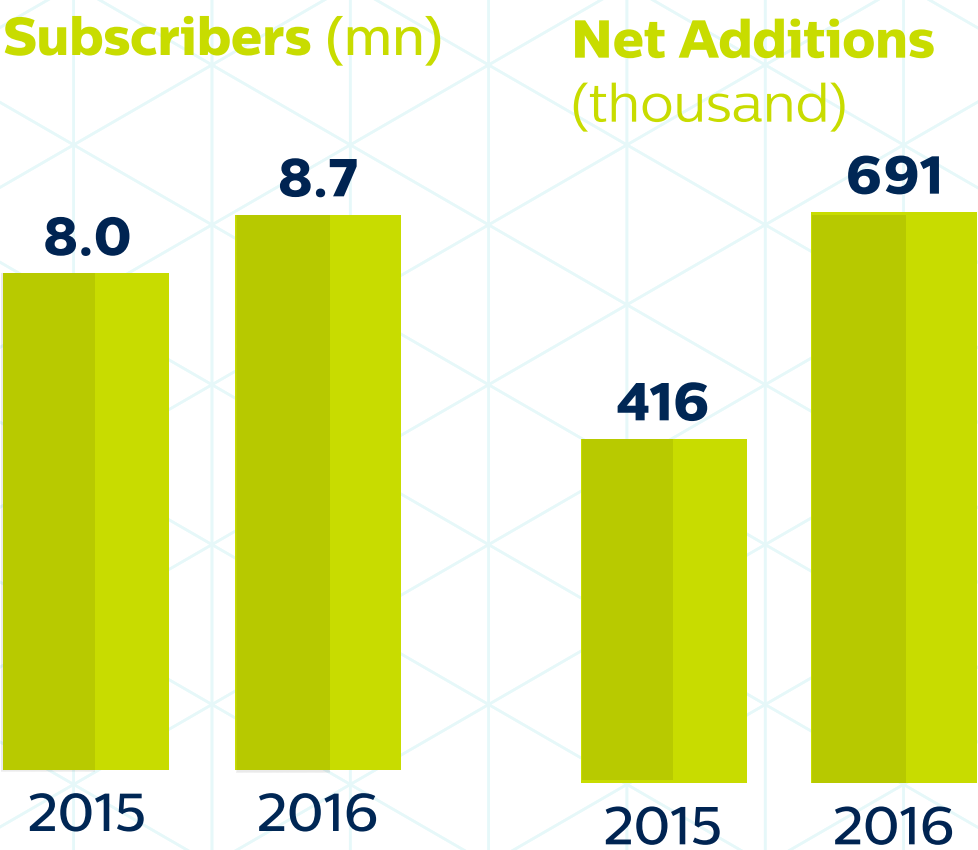


Accelerated Net Additions

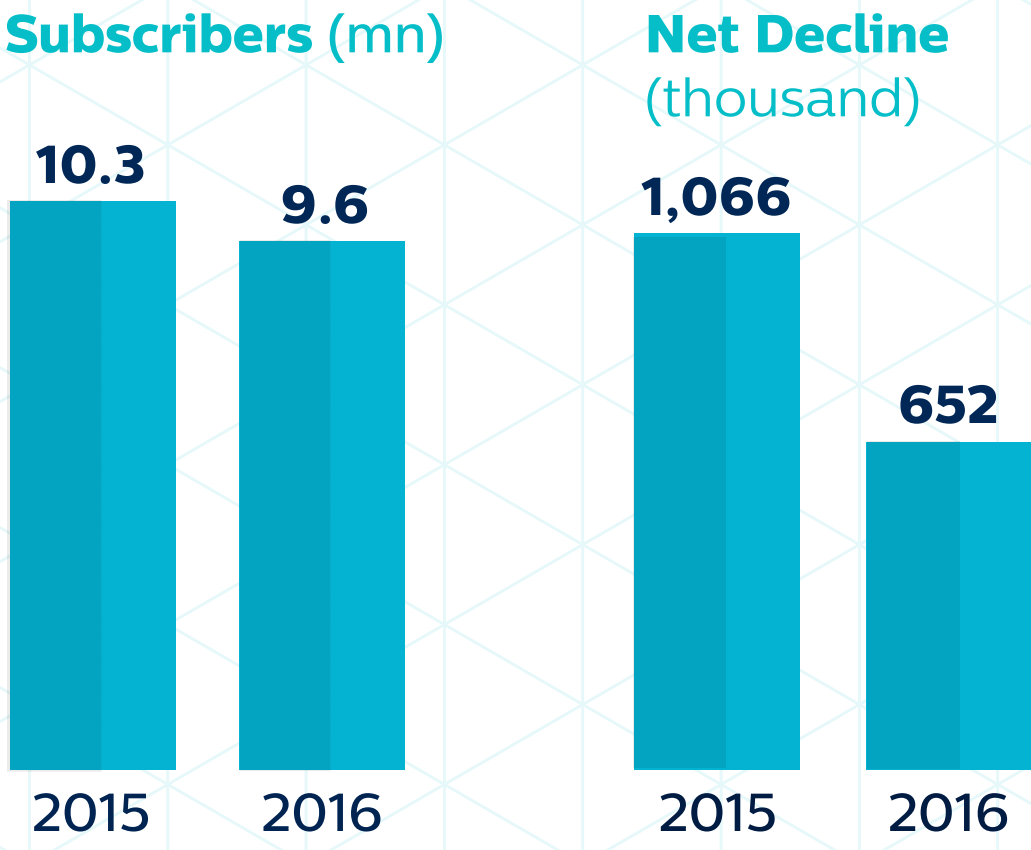
Subscriber Breakdown



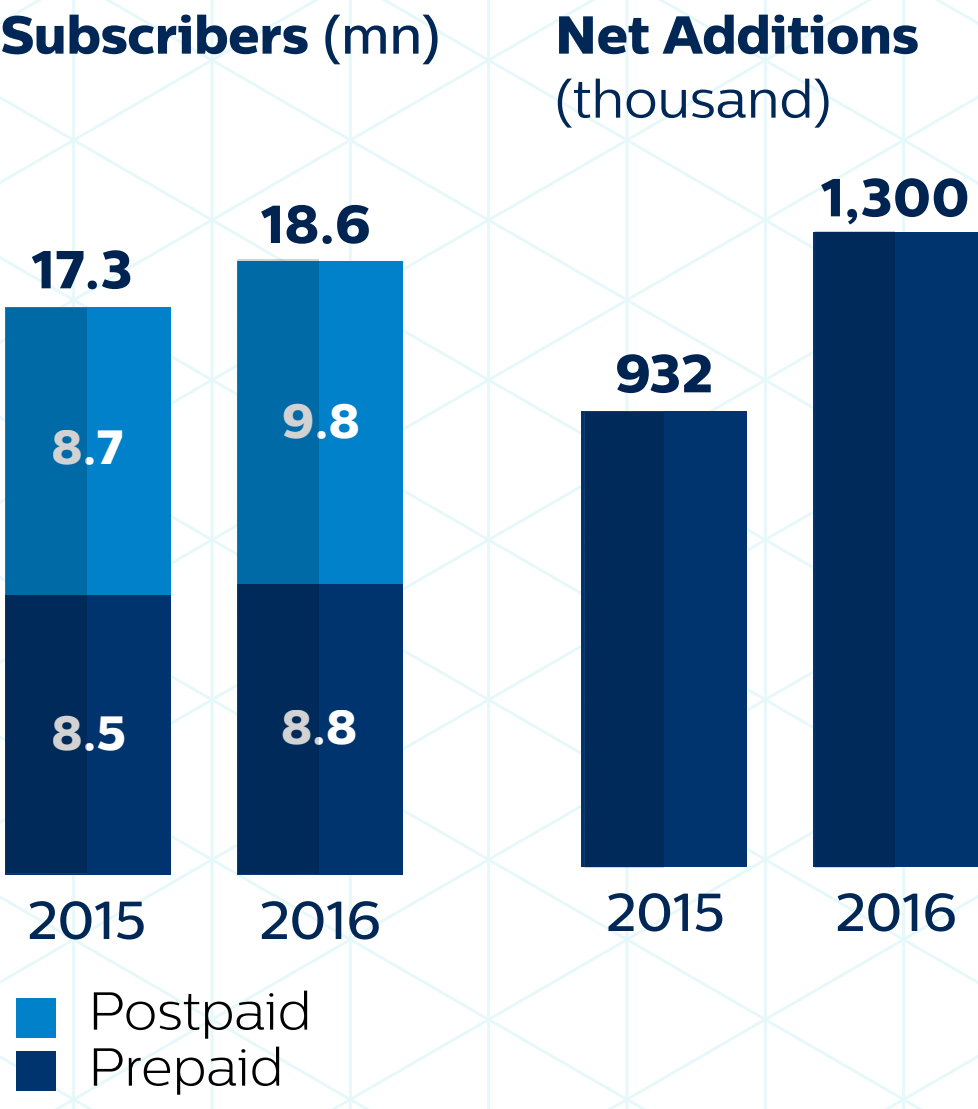
Fixed Broadband



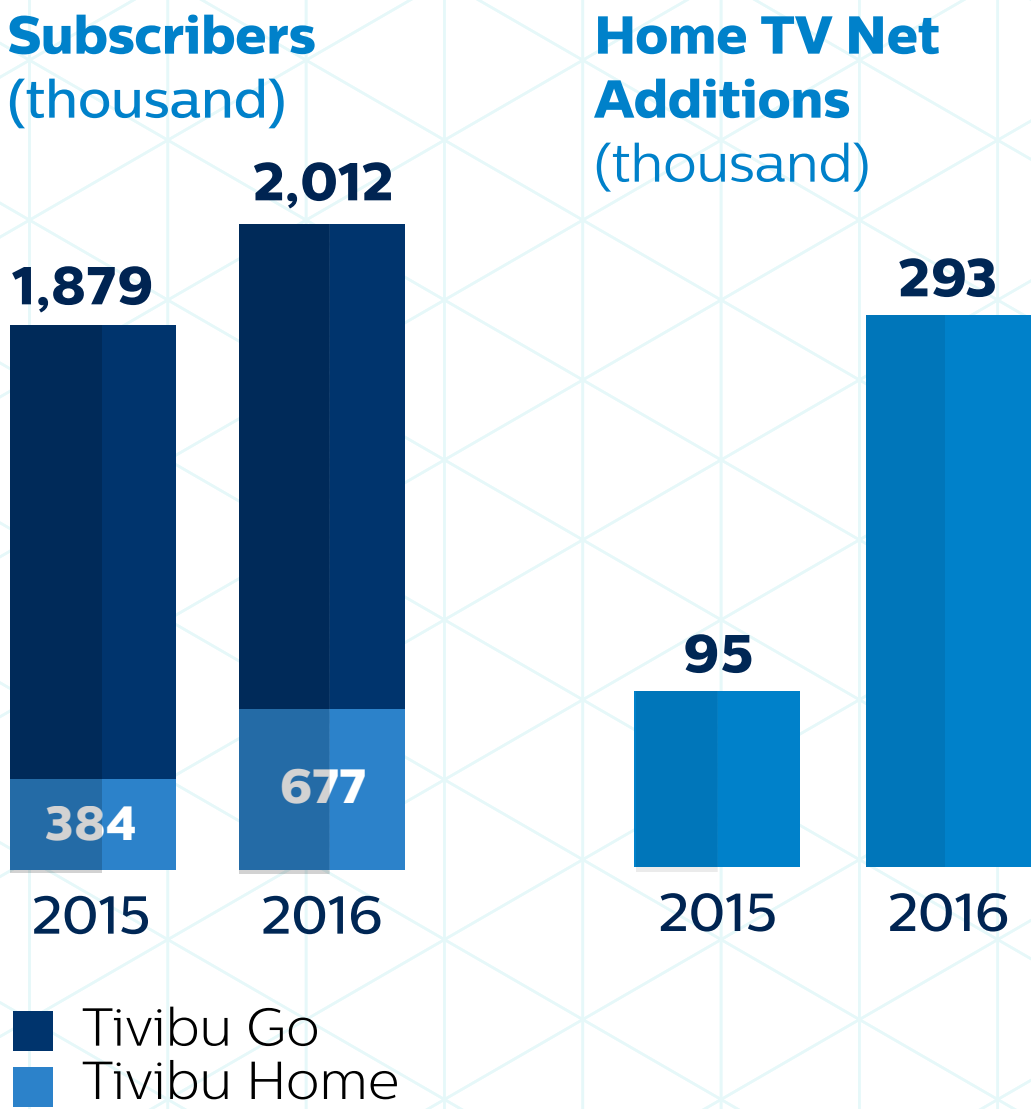
Fixed Voice



Mobile



TV



Strongest Position in Multiplay Offers

Key building blocks of customer proposition



Broadband



Mobile



Pay TV



Fixed Voice

Türk Telekom

- ▶ 98% fixed broadband coverage
- ▶ Nationwide fiber availability
- ▶ Best in class customer service
- ▶ Widest variety of value added services

- ▶ 900 MHz disadvantage eliminated after spectrum auction
- ▶ Only operator with spectrum market share higher than subscriber market share
- ▶ Nationwide fiber network and optimum spectrum to enable best LTE experience

- ▶ UEFA Champions League and Europe League Turkey media rights
- ▶ Nationwide coverage through IPTV and satellite
- ▶ Rich content library

- ▶ Nationwide fixed voice services
- ▶ Additional benefits (data packages, home security and other 3rd party benefits)
- ▶ VOIP available

Turkcell

- ▶ Fiber infrastructure in 15 out of 81 cities
- ▶ Wholesale customer of Türk Telekom

- ▶ Incumbent mobile operator

- ▶ English Premier League broadcasting rights
- ▶ No satellite platform
- ▶ Limited access

- ▶ Wholesale customer of Türk Telekom
- ▶ VOIP available

Vodafone

- ▶ Wholesale customer of Türk Telekom

- ▶ Number two mobile operator

- ▶ No Home TV

- ▶ Wholesale customer of Türk Telekom
- ▶ VOIP available

Other operators' data are from their own publications and ICTA report

The Most Diversified Product Portfolio

Unique position in convergence

Robust ARPU Generation

Q4 '16 ARPU

Mobile

Broadband

Pay TV

Fixed Voice

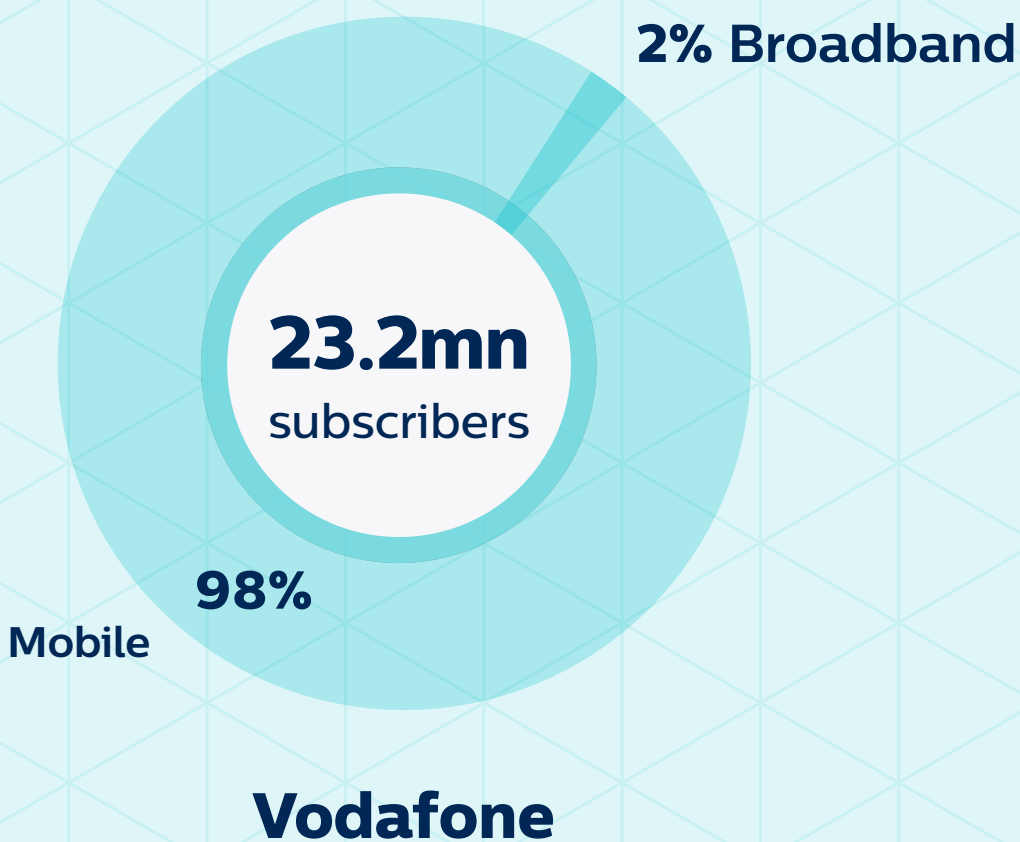
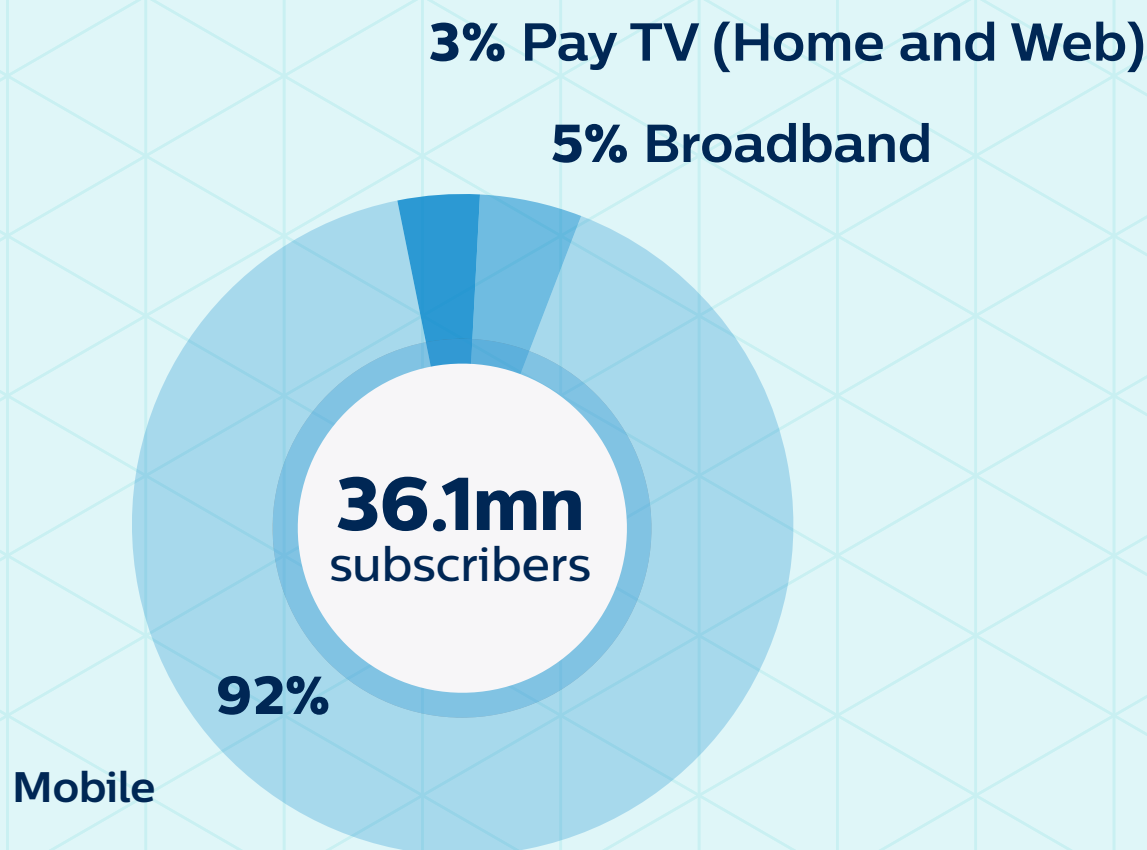
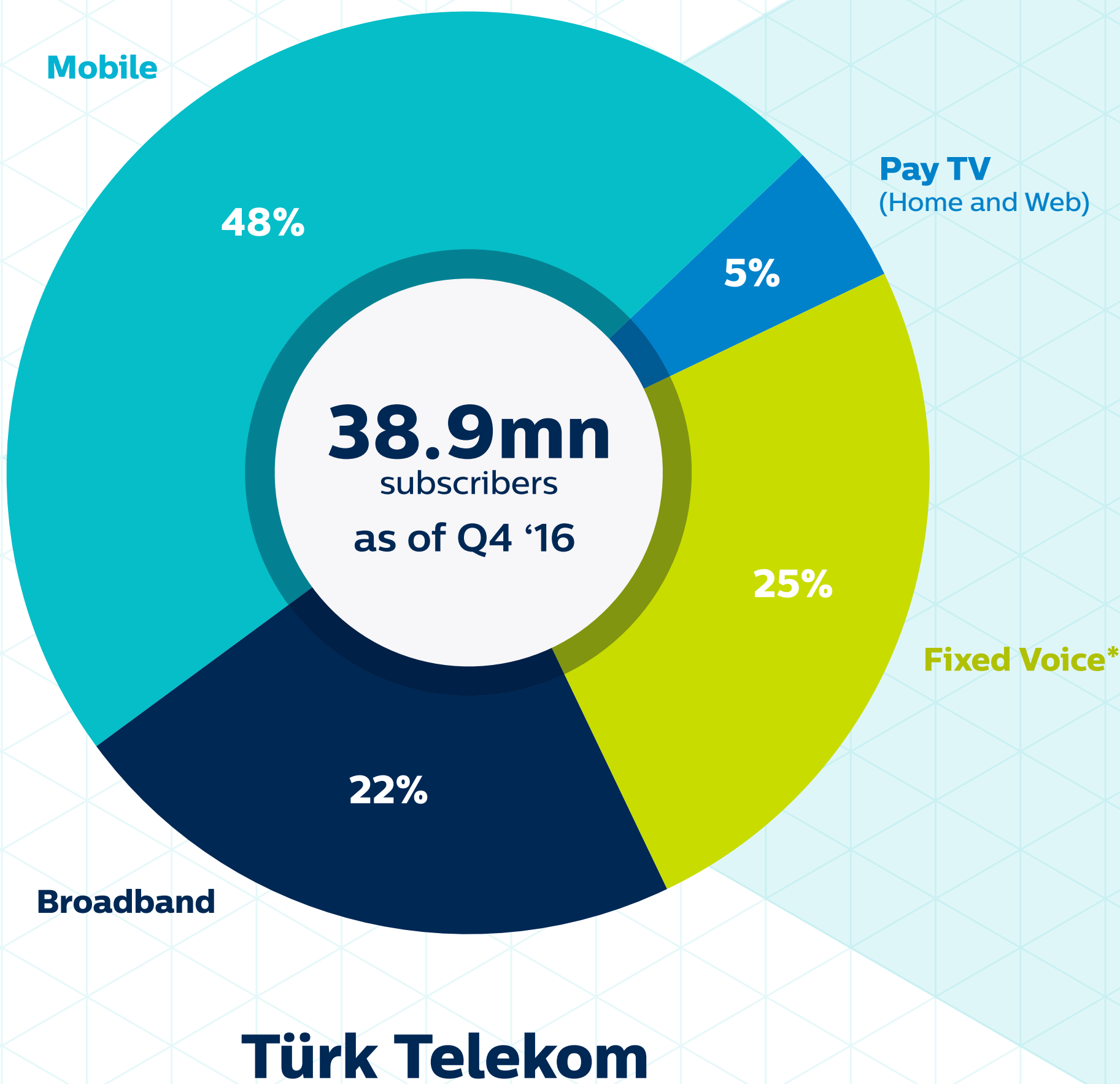
Türk Telekom

TL 26.1

TL 44.7

TL 19.2

TL 23.2



Other operators' data are from their own publications as of Q4 '16
*VOIP is not included.

Türk Telekom's Digital Service Portfolio

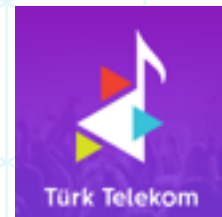


Turkey's Most Preferred Value Added Services



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

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



Turkey's Most Loved Digital Music Platform: **TT Music** Launch: 2008

Turkey's most preferred and loved digital music platform with millions of Turkish and foreign songs to download and to listen in HD quality, and numerous videos



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

Turkey's first and leader digital game platform and e-pin sales platform



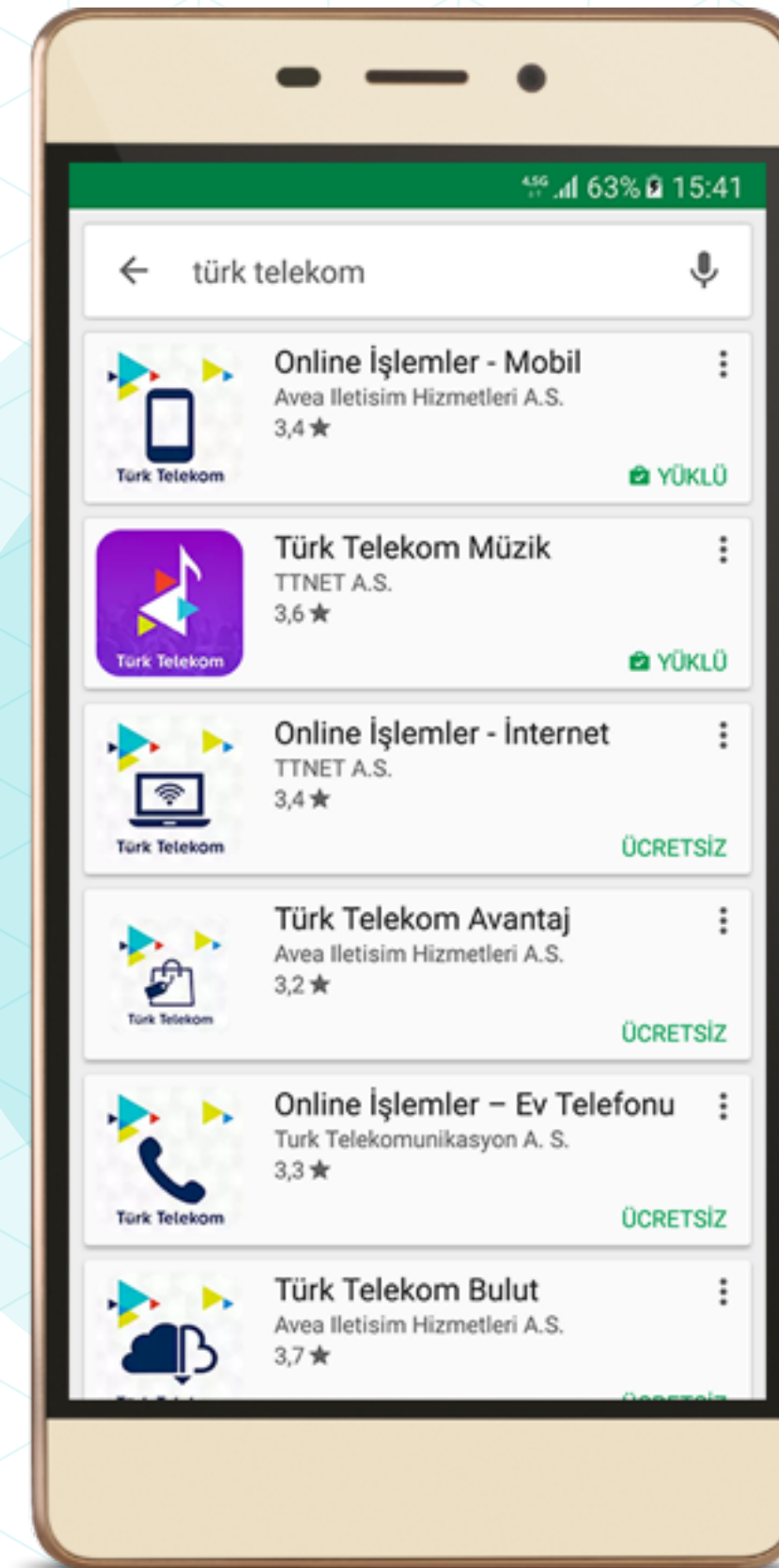
Turkey's First Interactive Education Platform Launch: 2008

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



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

Turkey's widest broadband network by covering 5K WiFi hotspot points and giving service more 2.5K Turkish Airlines flights



Türk Telekom Mobile Payment Service; Mobile Payment is a service that enables Türk Telekom mobile customers to pay easily, quickly and securely via mobile phones.

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 Online Technology Magazine Platform: **TT Mobile Magazine** Launch: 2013

Turkey's online magazine with a wide selection of technology tips, special devices and mobile application researches



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

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



Türk Telekom's Advantageous Cloud Solution: **Netdisk** Launch: 2010

Türk Telekom's cloud storage solution exclusive for Türk Telekom broadband subscribers



Turkey's First Operator Based OTT Messaging Platform: **Wirofon** Launch: 2008

Türk Telekom's OTT messaging and VoIP platform which enables the usage of Türk Telekom's PSTN minutes on mobile devices.



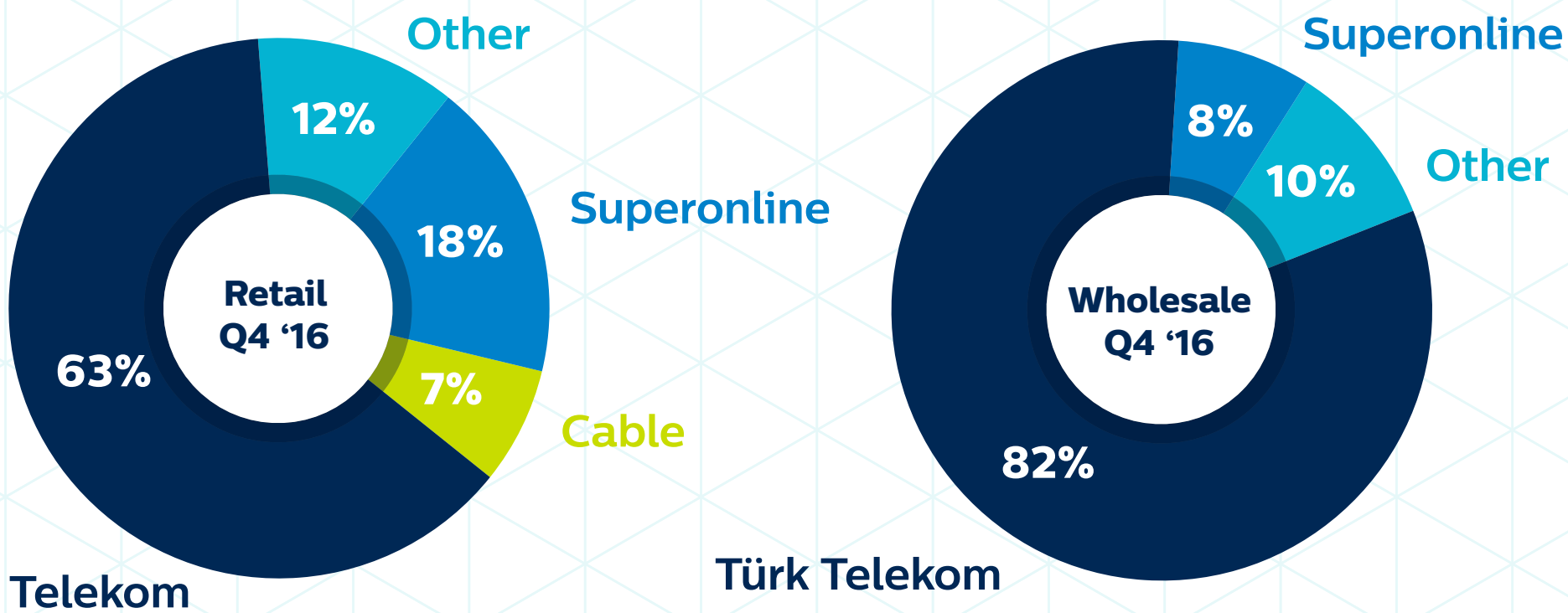
Türk Telekom has **40+ mobile applications**, and **200+ value added services**. In near future will launch “**Selfy & Prime**” applications to support segments' digital strategies, “**Life is Simple with Internet**” application to increase internet literacy and **Launcher** application to provide exclusive TT branded smartphone usage.



Business Lines

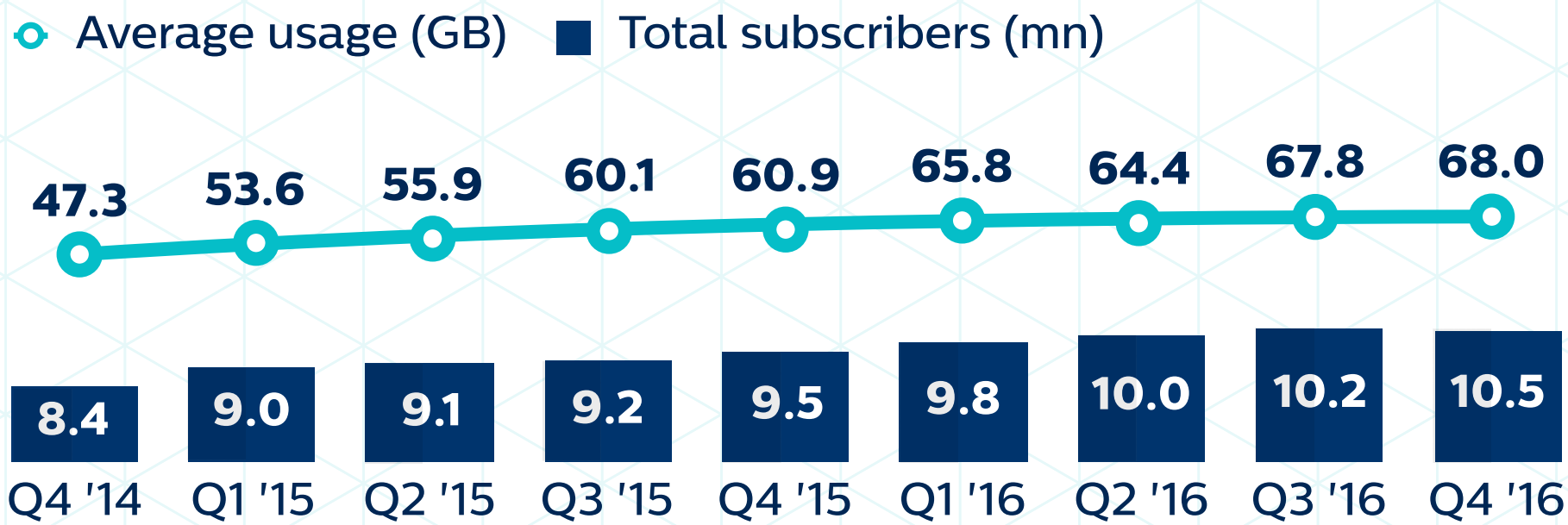
Fixed Broadband Market

Subscriber Market Share

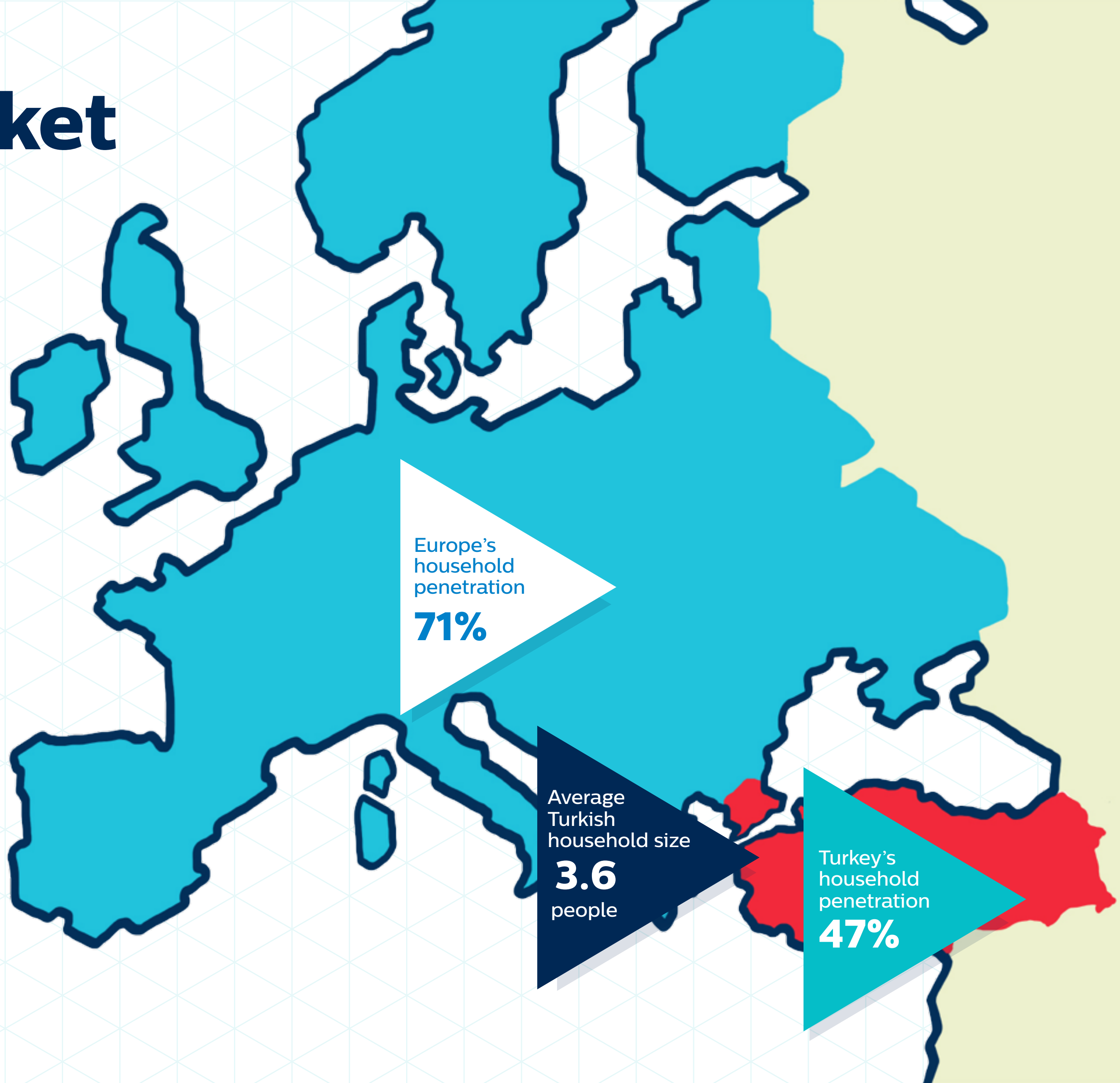


Source: Other operators' data are from ICTA Q4 '16 report

Subscribers & Avg. Monthly Data Usage



Source: ICTA Q4 '16 report

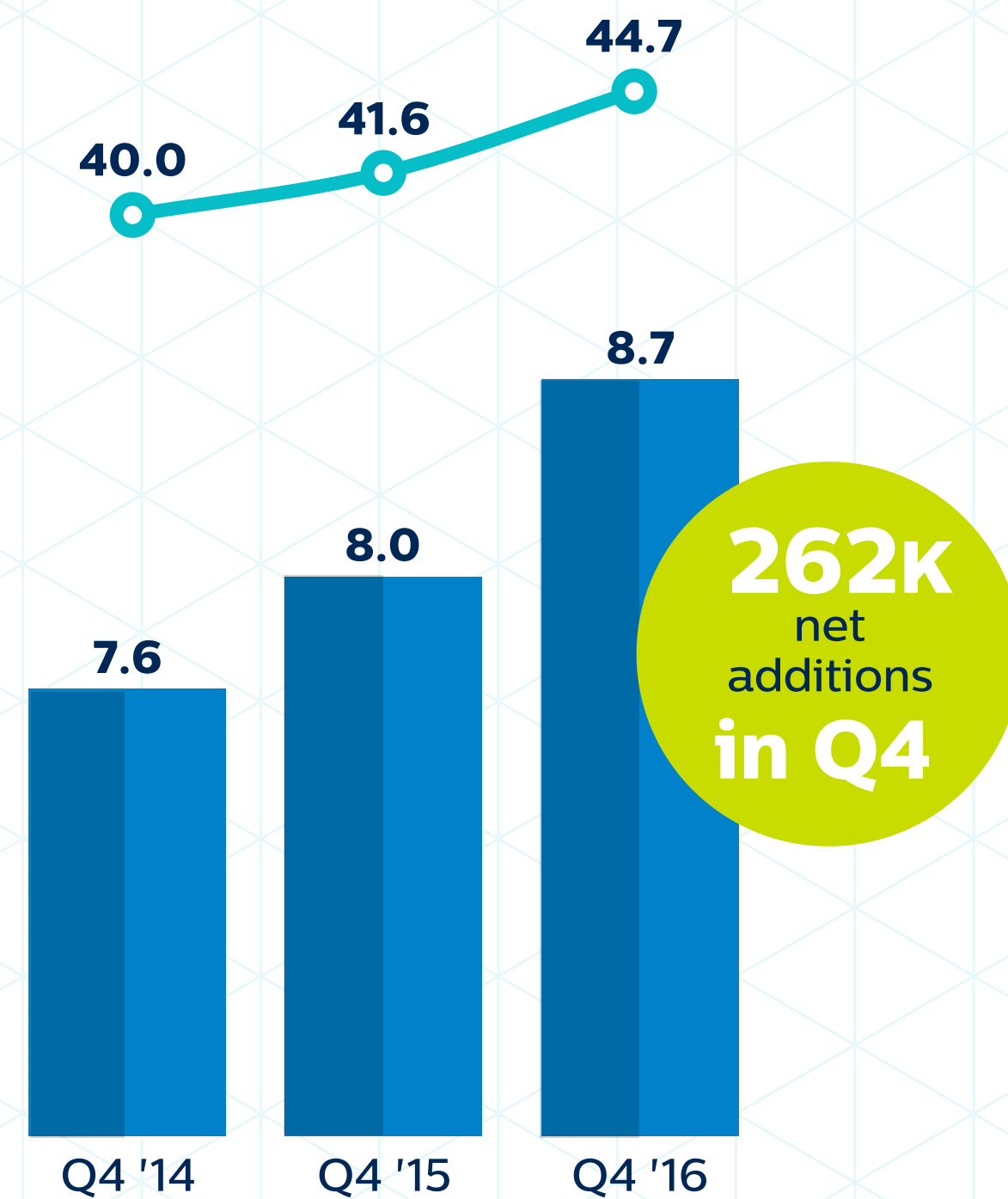


Source: Analysys Mason, Q3 '16 CEE&WE Telecom Matrix, TR data is from ICTA, Q4 '16 Market Report
European countries include DK, LT, SP, CZ, SL, SK, BG

Fixed Broadband Performance

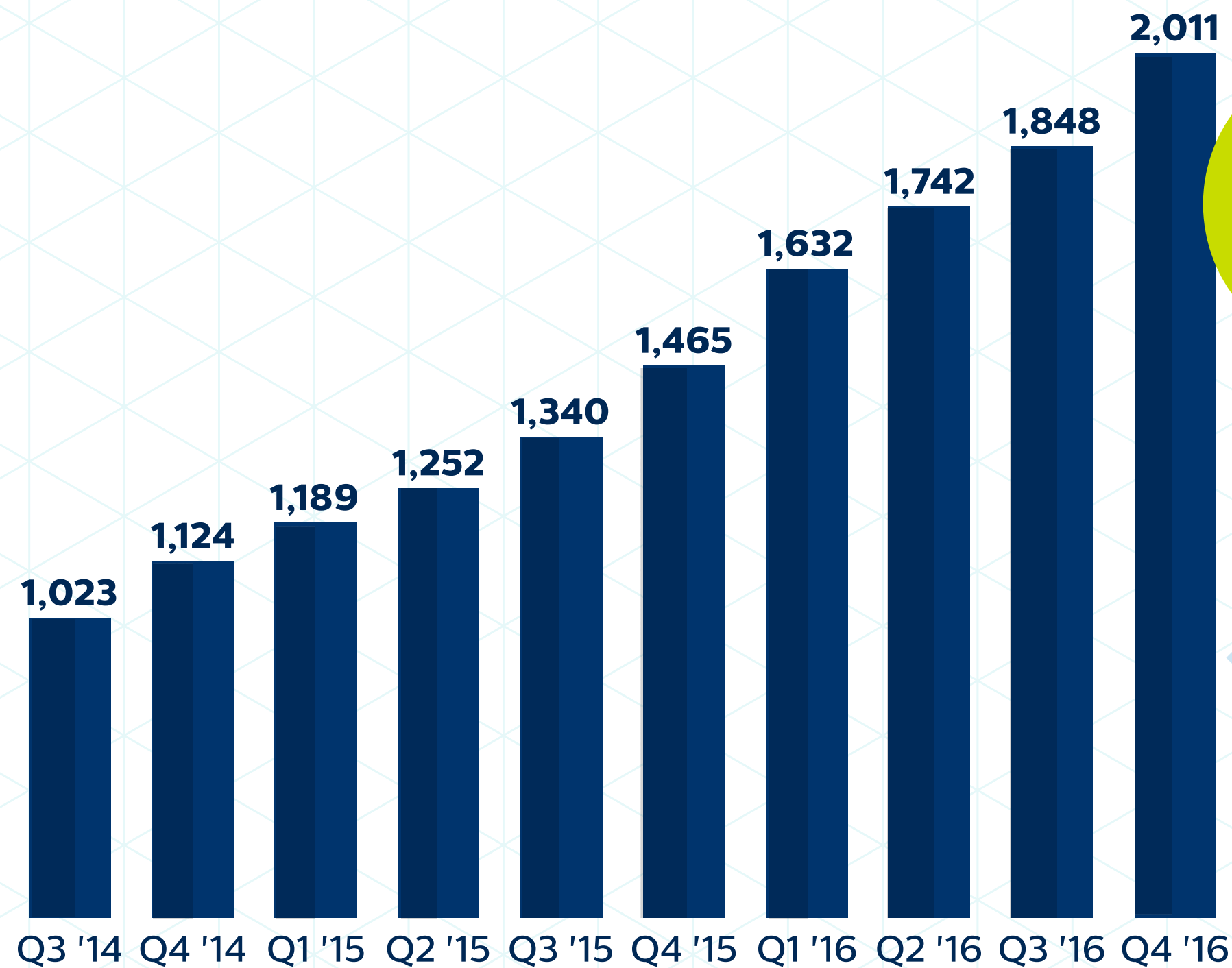
ARPU & Subscribers

○ ARPU (TL) ■ Subscribers (mn)

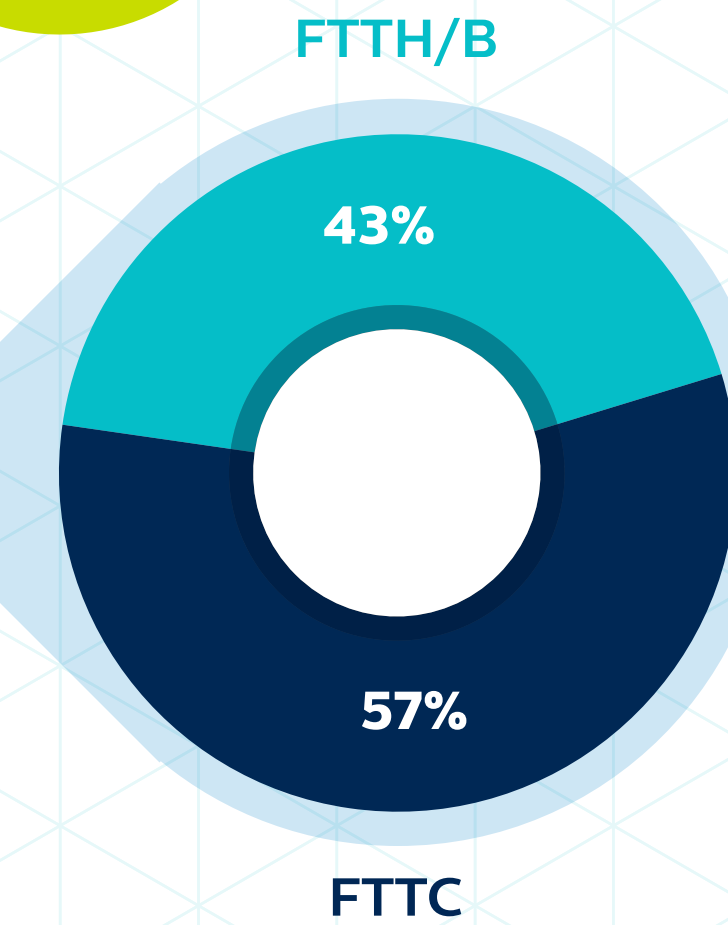


Fiber Subscribers

(thousand)



164k
net
additions
in Q4



FTTH/B & FTTC tariffs have same prices for a given speed/quota



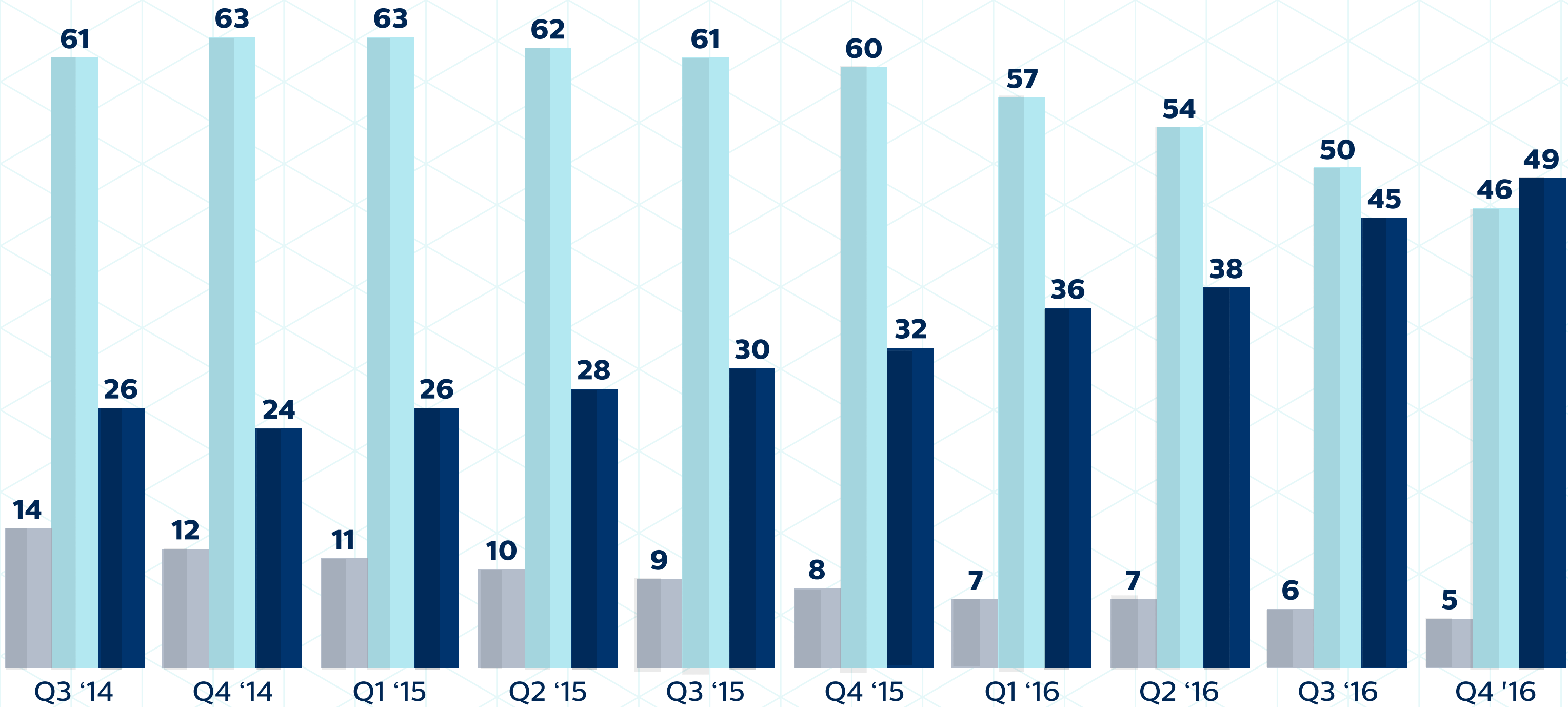
Upselling Dynamics in Fixed Broadband



Capacity Breakdown

(% of Subscribers)

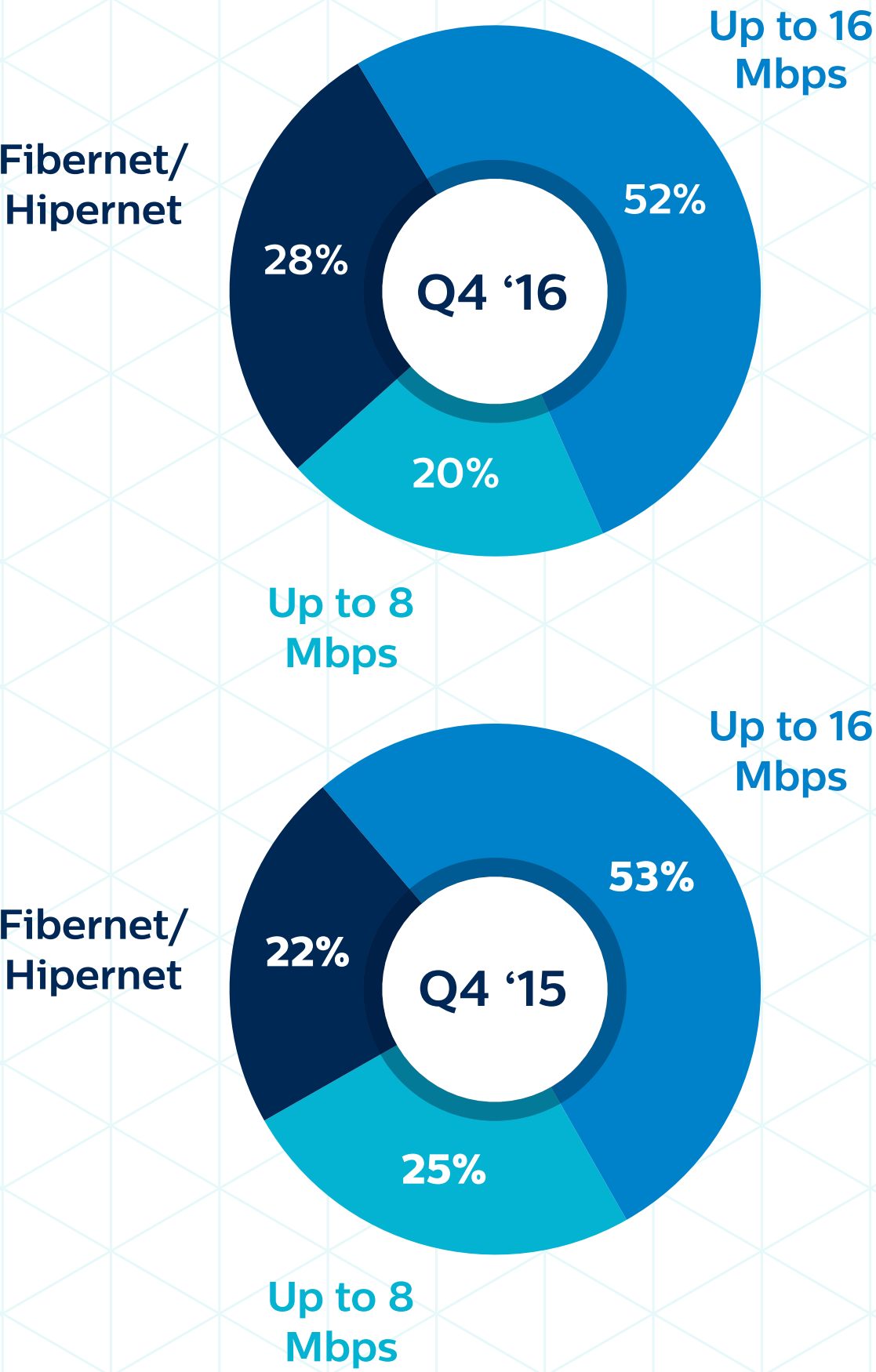
■ 25 GB & Below ■ 25 to 50 GB ■ Above 50 GB



All figures are based on Türk Telekom's retails subscribers

Speed Breakdown

(% of Subscribers)

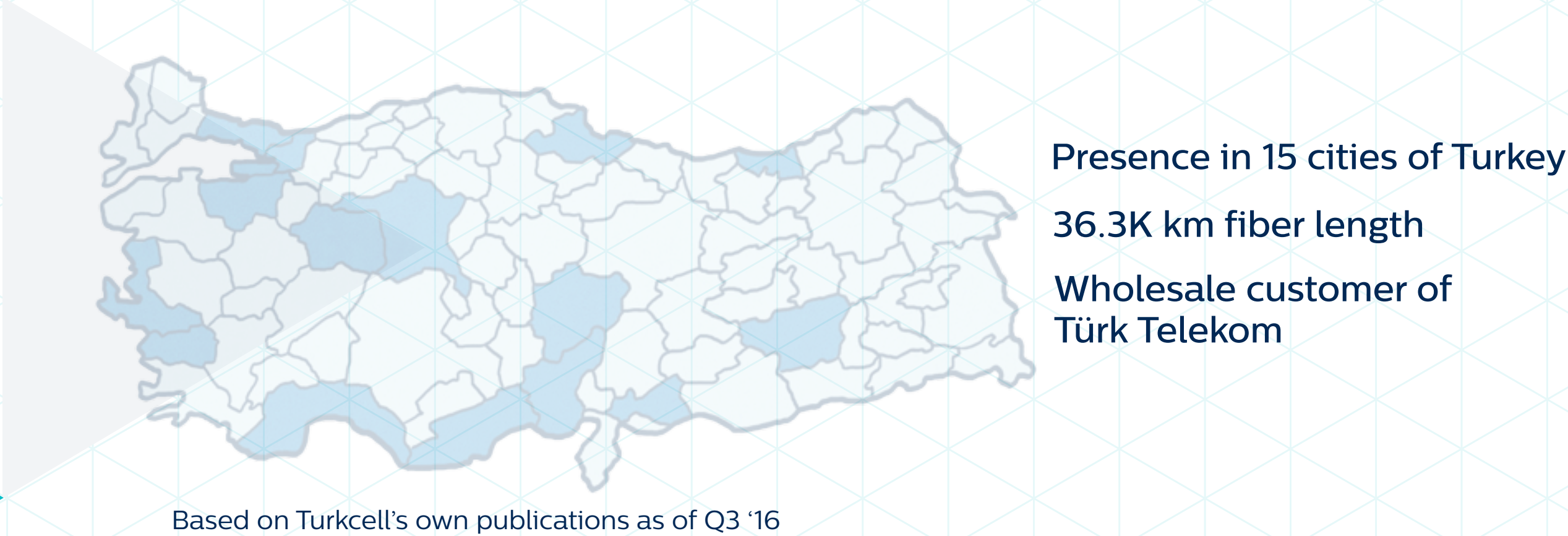


Nationwide Fiber

Türk Telekom Fiber Network

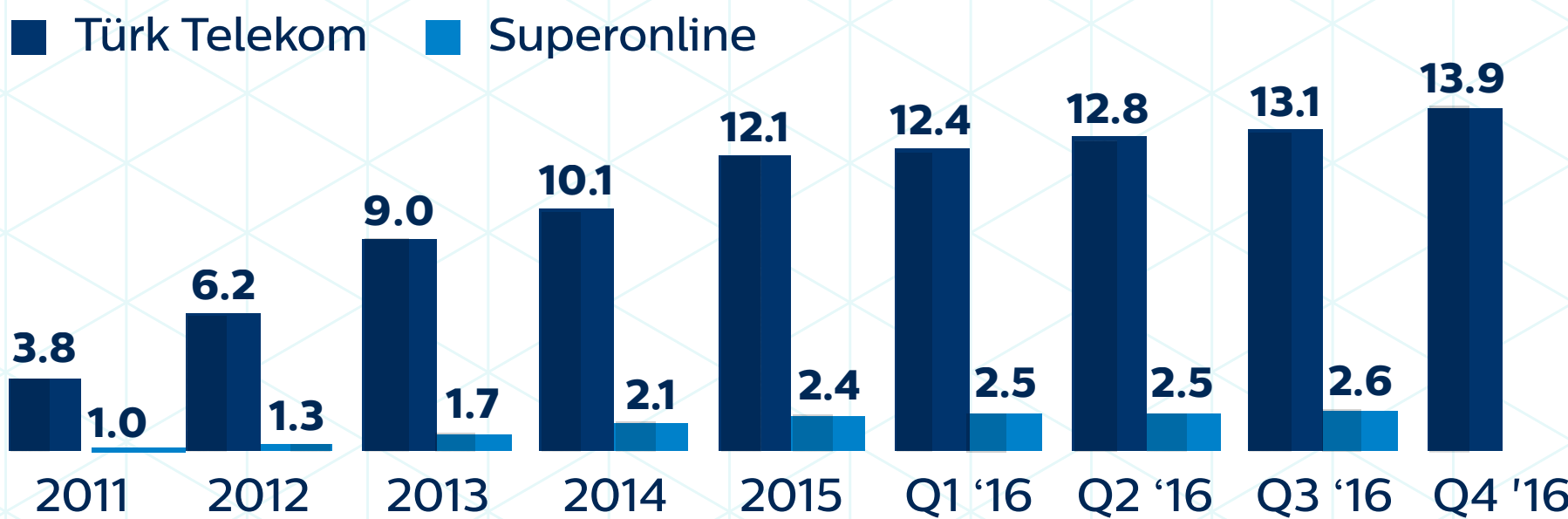


Superonline Fiber Network



Fiber Homepass

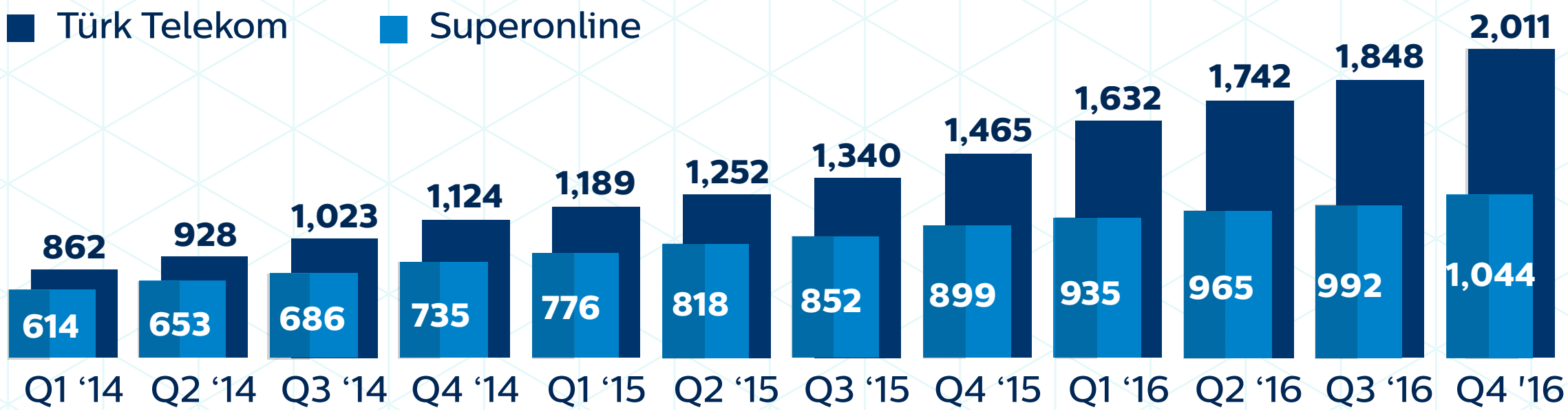
(mn)



Fiber homepass includes FTTH/B & FTTC

Fiber Subscribers

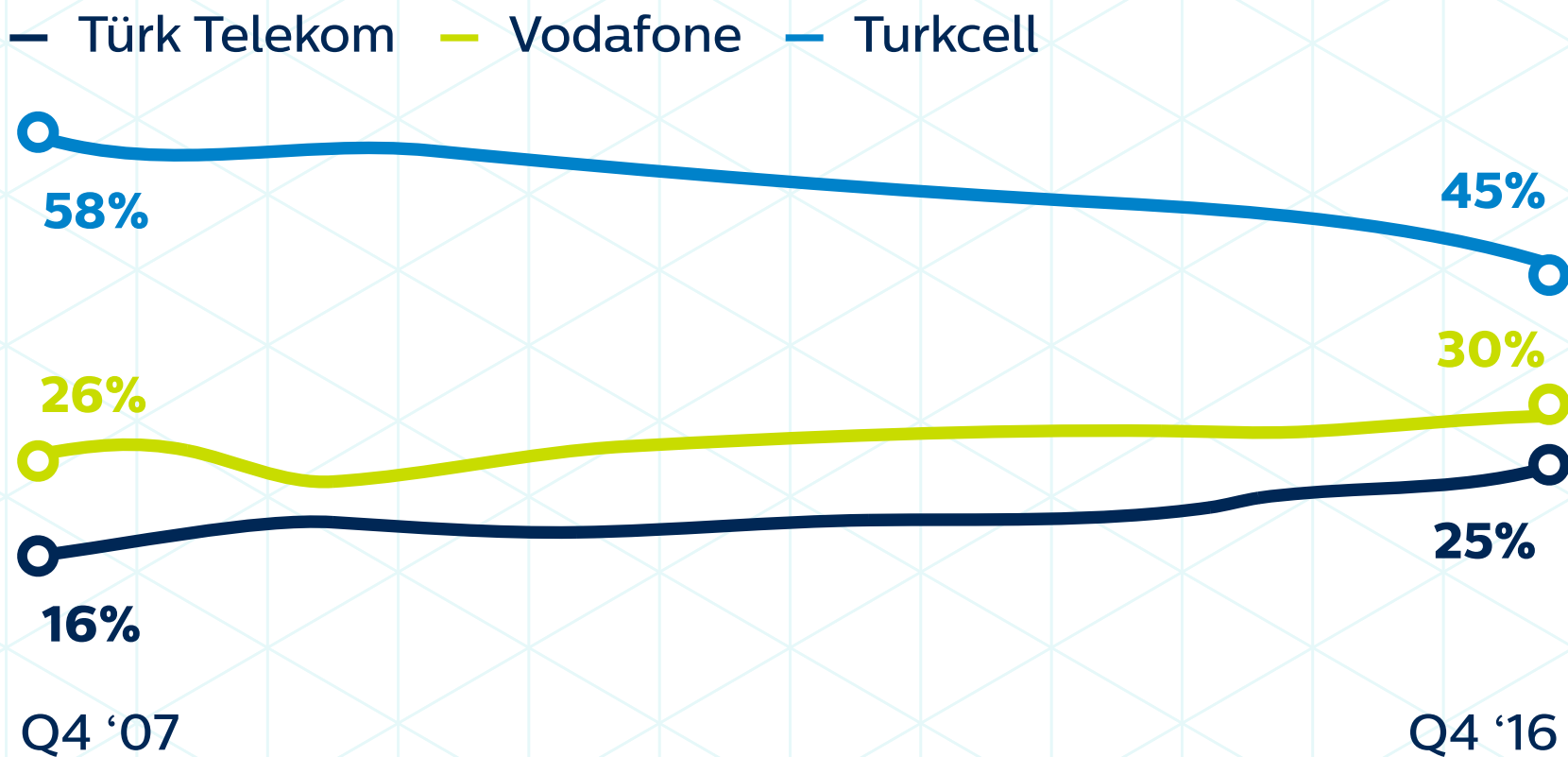
(thousand)



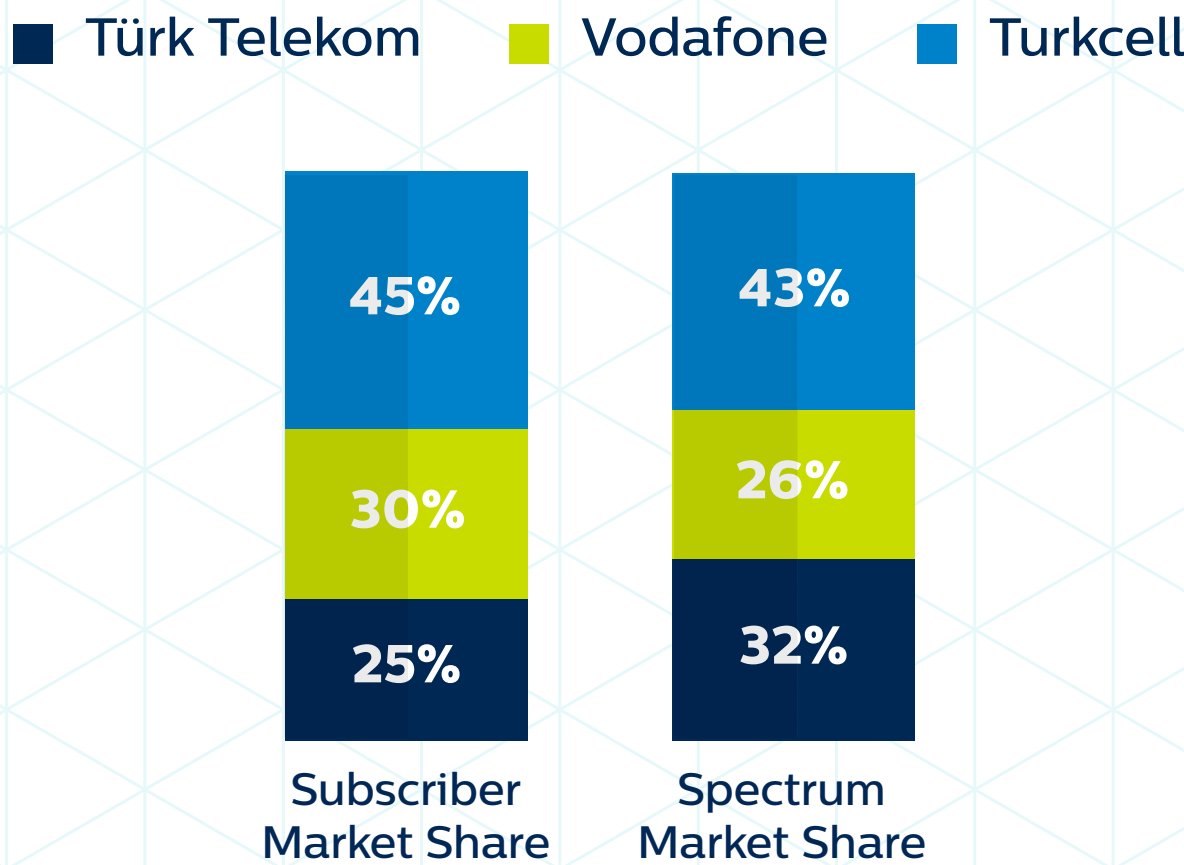
Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Market

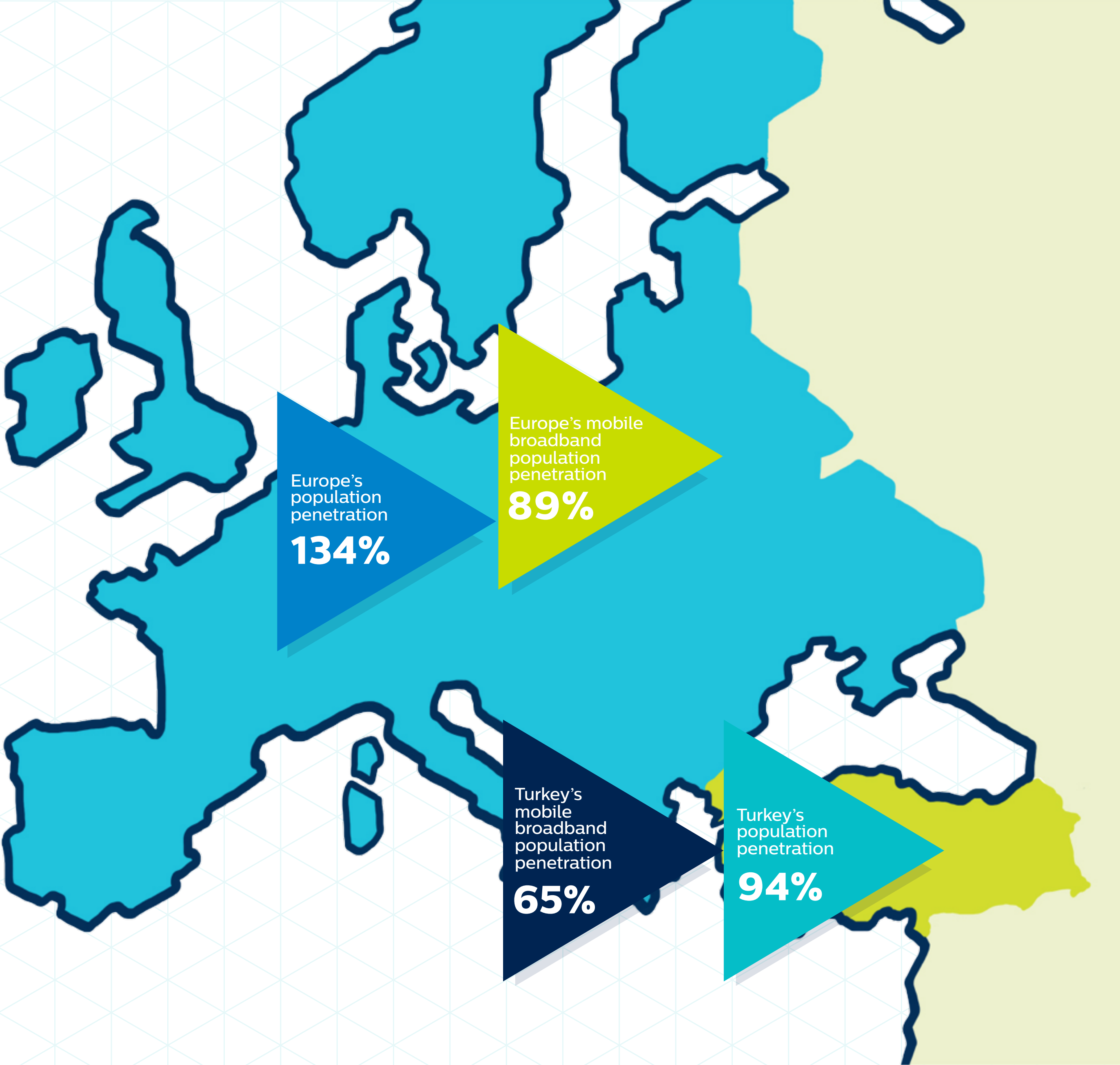
Subscriber Market Share



Subscriber vs. Spectrum Market Share



Other operators' data are from their own publications as of Q4'16



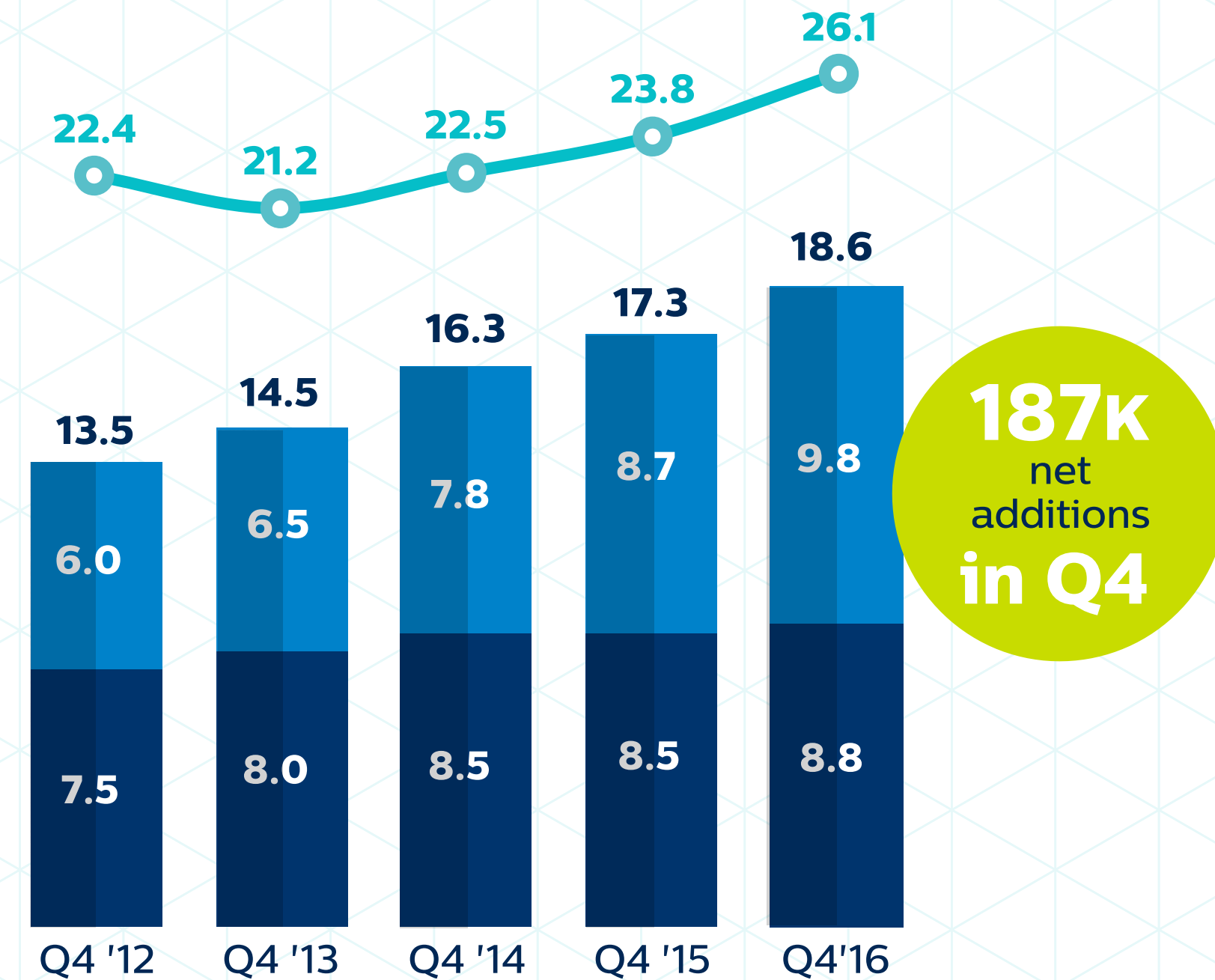
Source: ICTA, Q4 '16 Market Report
European countries include: FIN, DEN, GRE, AUS, SWE, POR, SWI, IT, GER, NOR, BEL, UK, NL, SP, FR

Mobile Performance

Growing ARPU & Subscribers

○ Blended ARPU (TL)

■ Prepaid (mn) ■ Postpaid (mn)

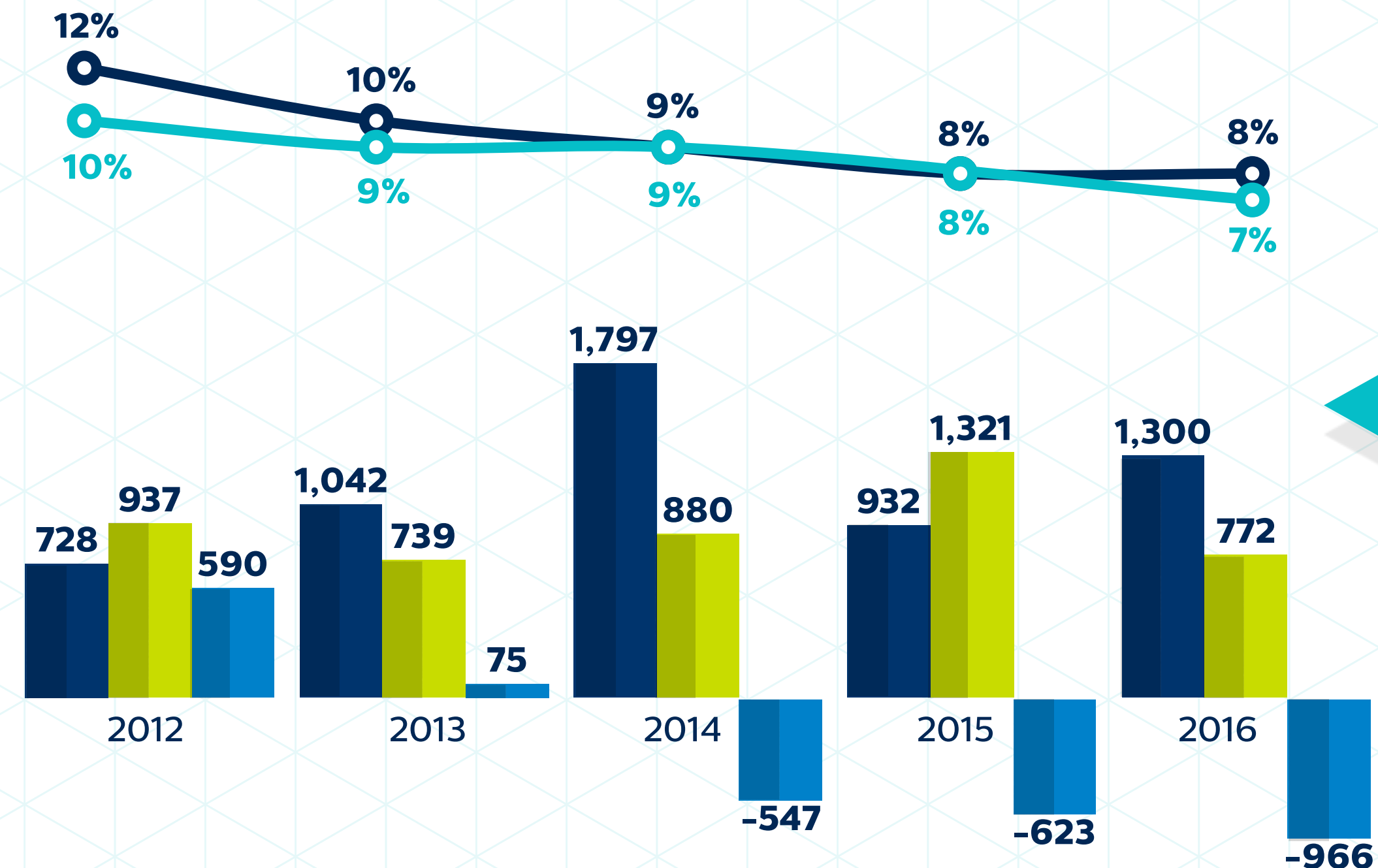


Net Subscriber Addition & Churn Rate

■ Türk Telekom ■ Vodafone ■ Turkcell

○ Market Quarterly Avg. Churn Rate

○ Türk Telekom Quarterly Avg. Churn Rate



Other operators' data are from their own publications.

LTE Key Metrics

75%
LTE population
coverage

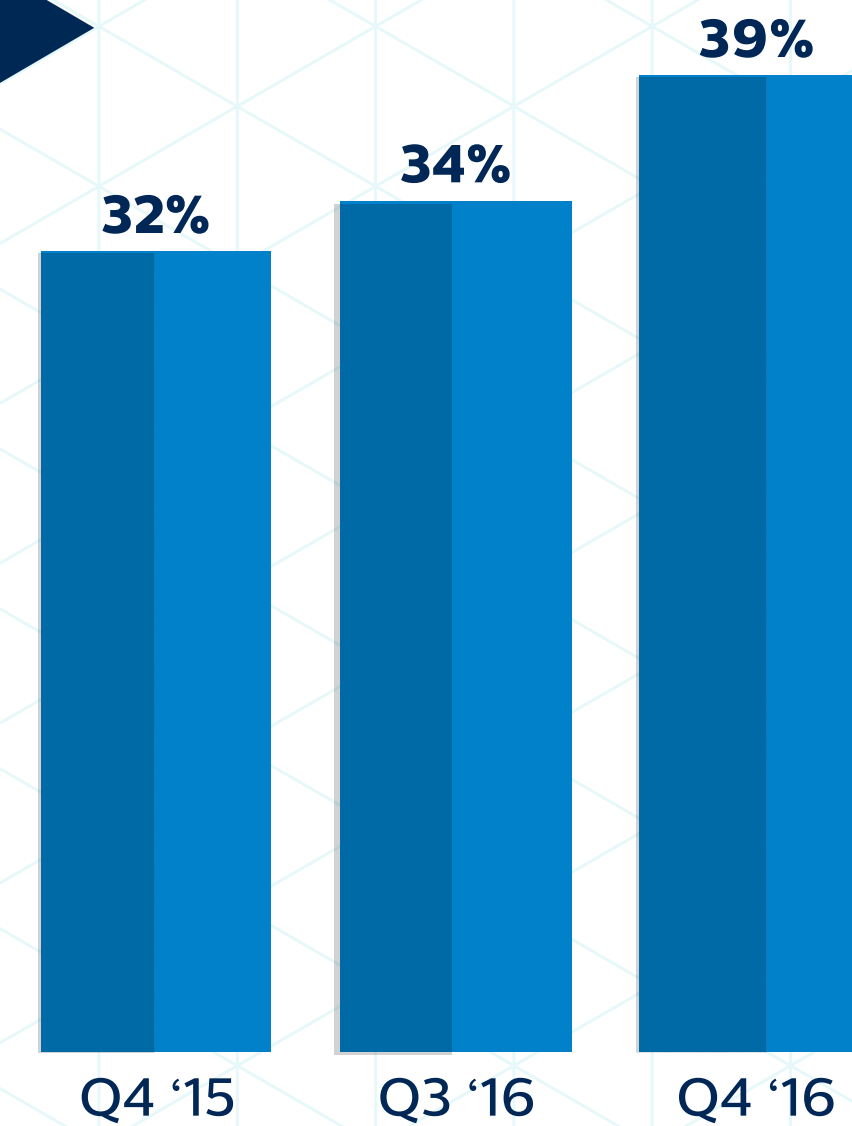
53%
of smartphone
users on LTE devices

70%
of LTE base stations
fiber-connected

Monetizing Data

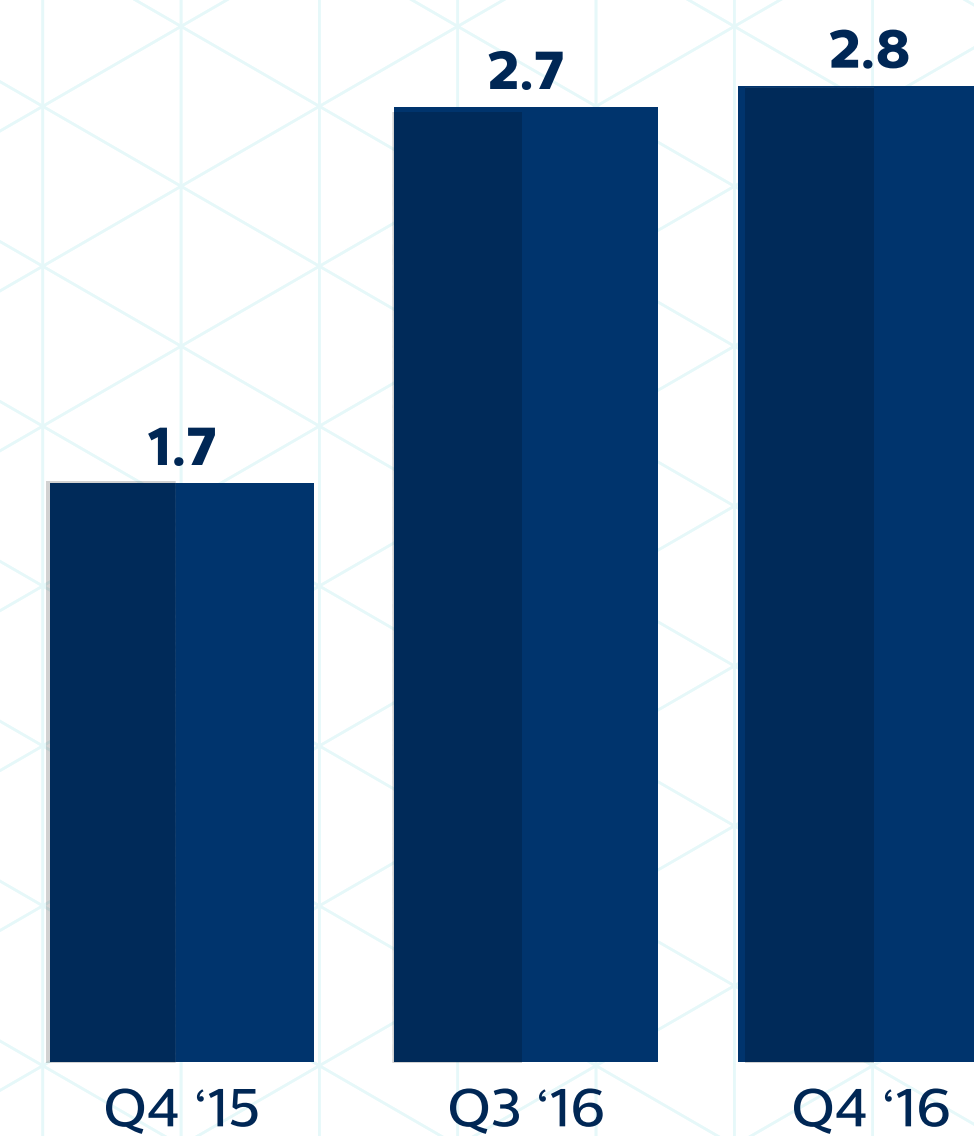
Data Revenue

(Service revenue shares)



Avg. Monthly Mobile Data Usage

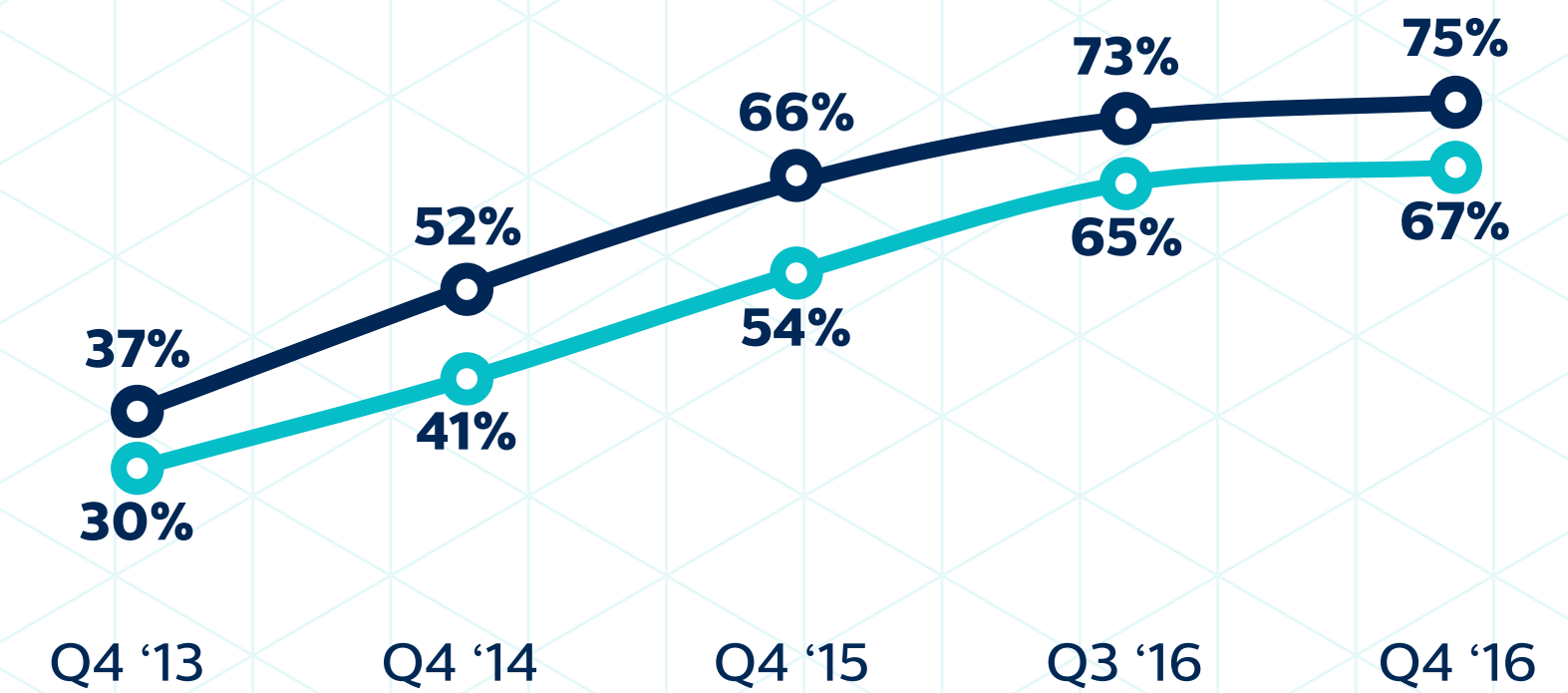
(GB per user¹)



(1) Türk Telekom smartphone users

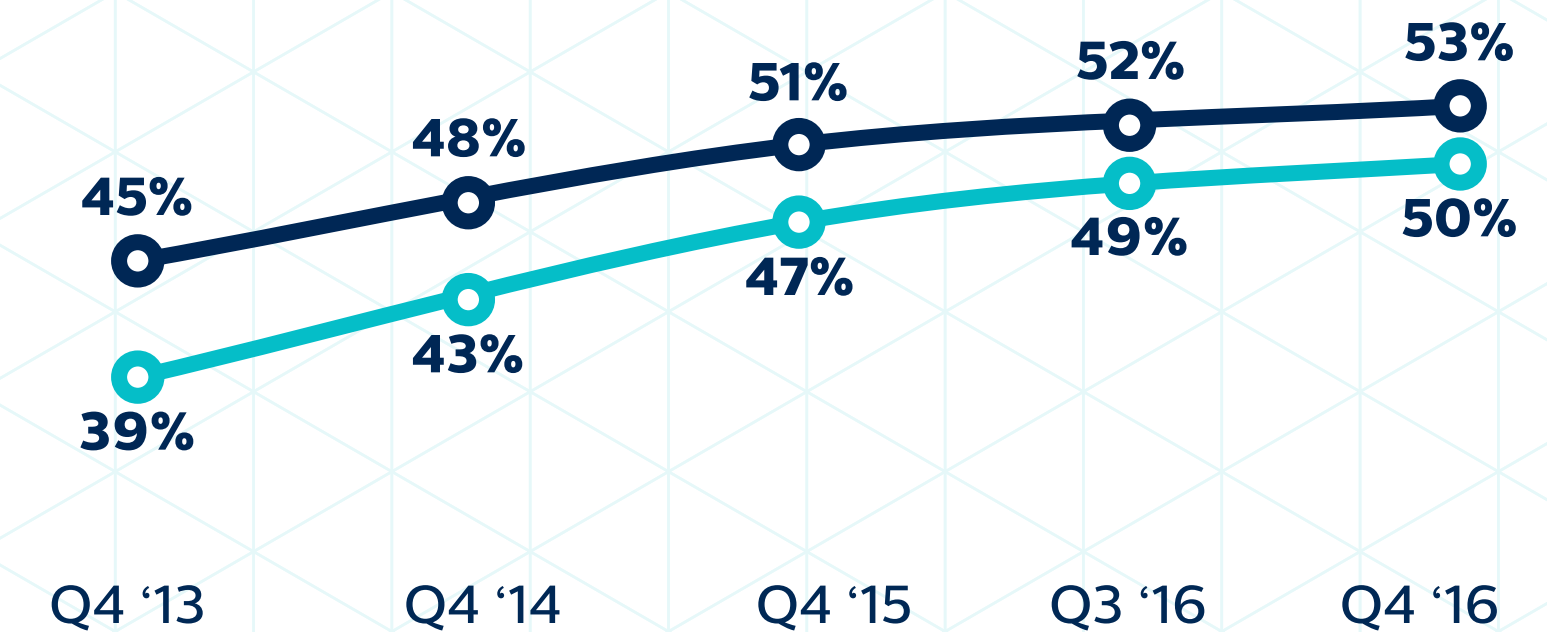
Smartphone Penetration

Rest of the Market Türk Telekom



Postpaid Ratio

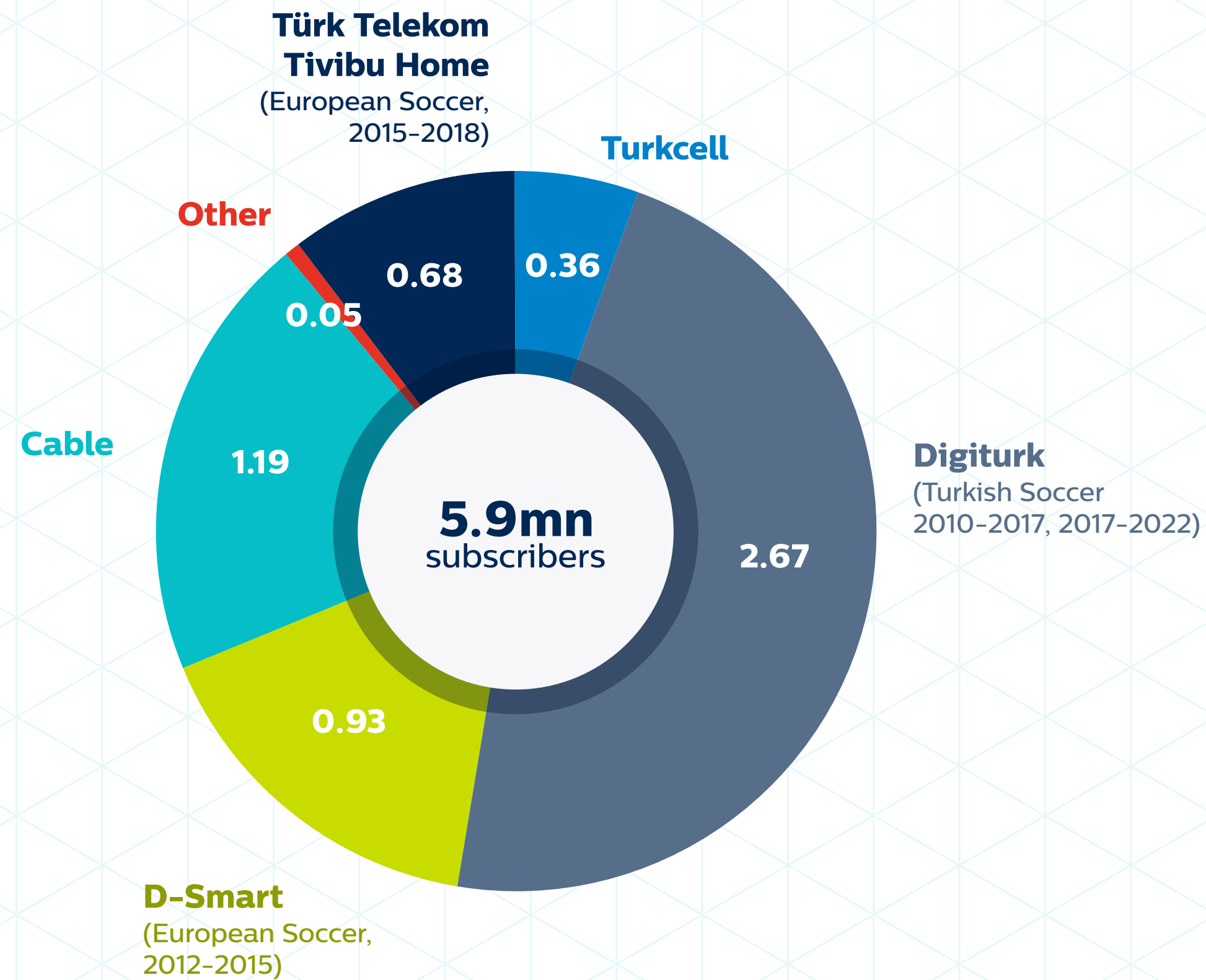
Rest of the Market Türk Telekom



Pay TV Market

Subscribers

(mn)



Source: ICTA Q4 '16 report



Source: Analysys Mason, Pay-TV quarterly Metrics, Q2'16 Report
European countries include FR, DE, IE, IT, PT, ES, UK, SWE

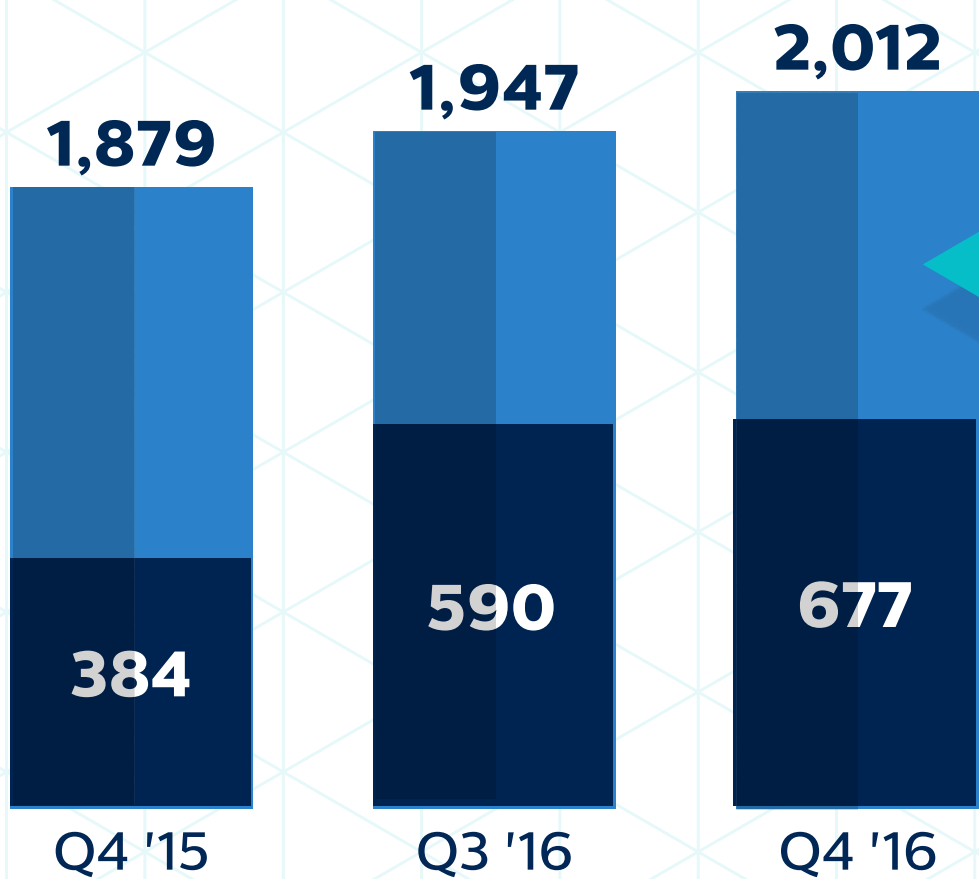
TV Performance

Türk Telekom Tivibu

Subscribers

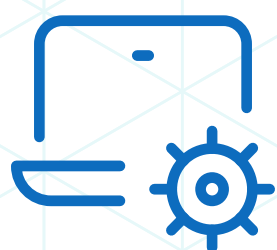
(thousand)

■ Tivibu Go ■ Tivibu Home



Q4 Tivibu Home ARPU
TL 19.2

293K net additions in 2016
in Tivibu Home



Technology



Exclusive Content

Türk Telekom

IPTV + DTH

- ▶ Champions League
- ▶ UEFA Europe League

Turkcell

IPTV

English Premier League

Digiturk

DTH

Turkish Soccer League

D-Smart

DTH

None

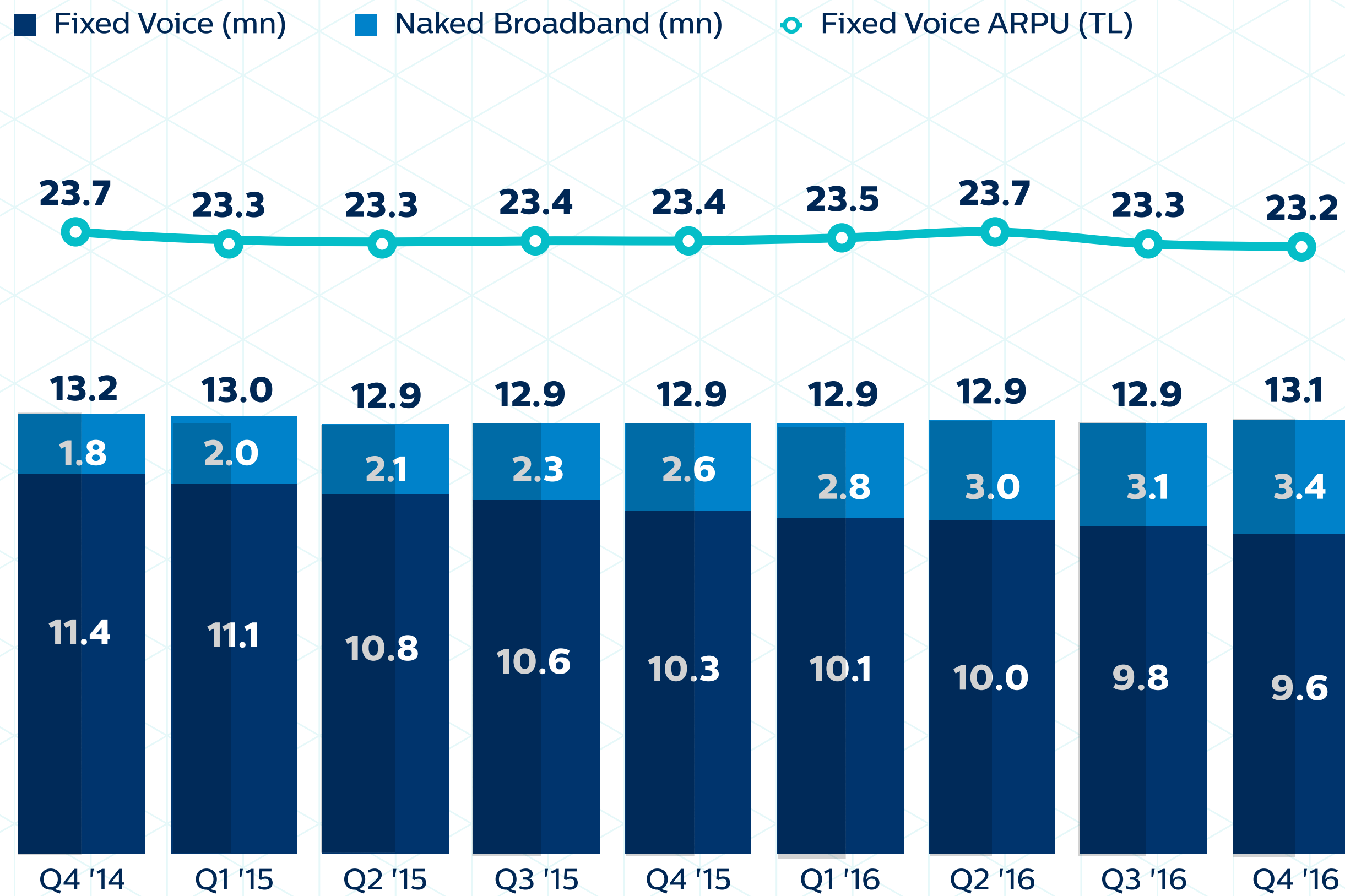
Cable

Cable

None

Fixed Voice

Access Lines and ARPU

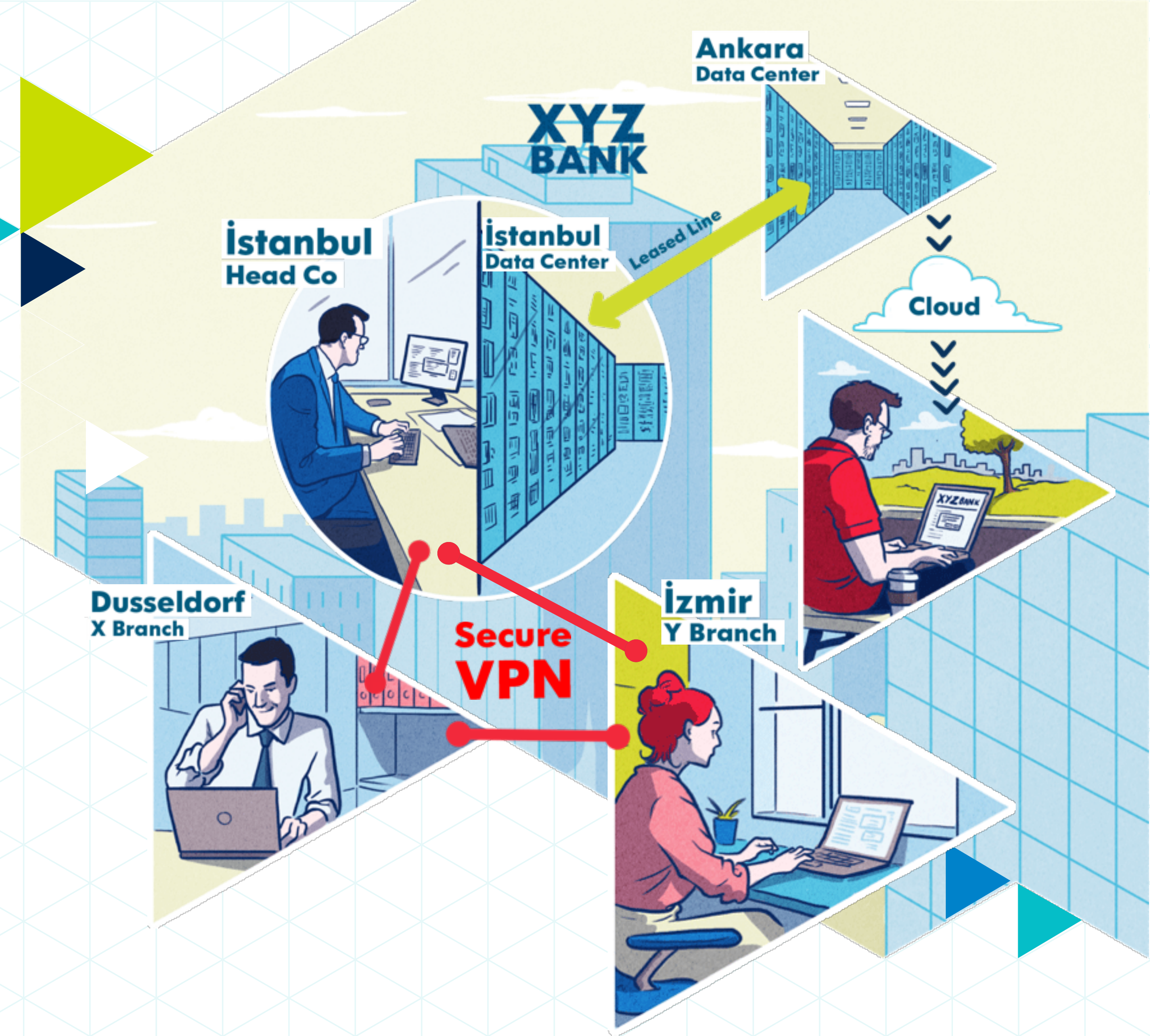
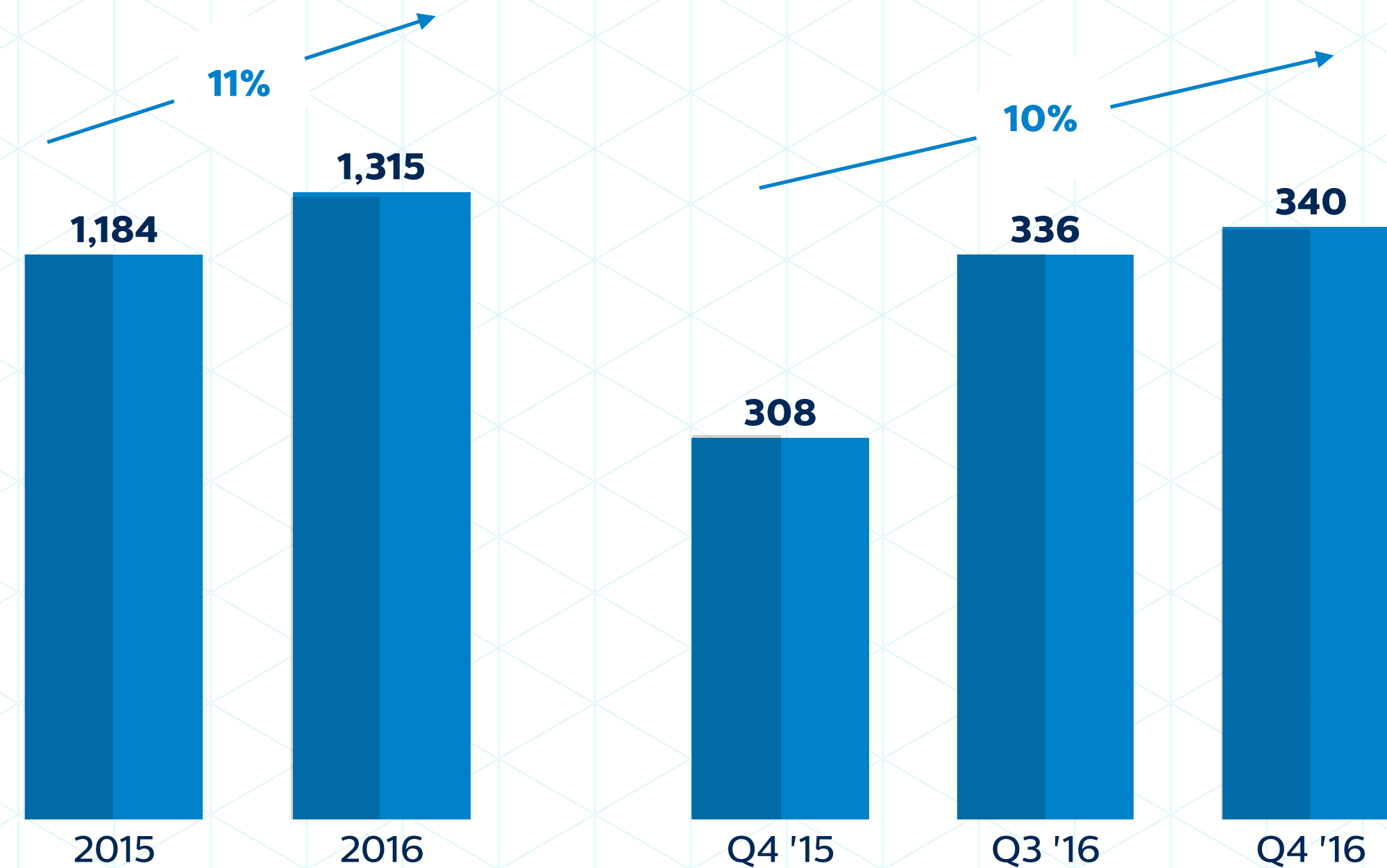


Corporate Data

- ▶ 8% of our total revenues are generated by corporate data business in 2016
- ▶ Corporate data revenue growth is mainly driven by metroethernet revenues

Revenues

(TL mn)



Financials



Summary Income Statement



(TL mn)	2015	2016	YoY Change	Q4 '15	Q4 '16	YoY Change
Revenues	14,523	16,109	10.9%	3,867	4,250	9.9%
EBITDA	5,334	5,470	2.6%	1,416	1,434	1.3%
Margin	36.7%	34.0%		36.6%	33.8%	
Operating Profit	3,062	2,621	(14.4%)	801	658	(17.8%)
Margin	21.1%	16.3%		20.7%	15.5%	
Financial Income / (Expense)	(1,801)	(3,018)	67.6%	470	(2,180)	n.m.
FX & Hedging Gain / (Loss)	(1,659)	(2,517)	51.7%	469	(2,007)	n.m.
Interest Income/(Expense)	(1)	(360)	n.m.	72	(90)	n.m.
Other Financial Income/ (Expense)	(141)	(141)	0.0%	(71)	(84)	18.2%
Tax Expense	(398)	(328)	(17.7%)	(232)	134	n.m.
Net Income	907	(724)	n.m.	1,039	(1,388)	n.m.
Margin	6.2%	n.m.		26.9%	n.m.	

Note: FX Rates used in financial income/expense calculation are as follows: **December -16:** USD/TRY: 3.5192; EUR/TRY: 3.7099; **December-15:** USD/TRY: 2.9076; EUR/TRY: 3.1776.

Summary Balance Sheet

(TL mn)	31.12.2015	30.09.2016	31.12.2016
Total Assets	25,774	26,590	26,874
Intangible Assets ¹	8,217	8,038	8,341
Tangible Assets ²	8,565	8,761	8,710
Other Assets ³	6,154	6,641	6,806
Cash and Equivalents	2,838	3,150	3,016
Total Equities and Liabilities	25,774	26,590	26,874
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	1,733	1,433	126
Interest Bearing Liabilities ⁴	11,803	13,615	15,041
Provisions for Employee Termination Benefits	635	614	696
Other Liabilities ^{5, 6}	8,342	7,669	7,751

(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, and minority put option liability

(6) As of Q3 '15 minority put option liability was terminated due to acquisition of minority shares of Avea

Summary Cash Flow Statement



(TL mn)	2015	2016	YoY Change	Q4 '15	Q4 '16	YoY Change
Operating Cash Flow	4,498	4,933	9.7%	1,676	2,243	33.9%
Investing Cash Flow	(3,166)	(4,612)	45.7%	(1,803)	(1,910)	5.9%
CAPEX	(3,320)	(4,667)	40.6%	(1,941)	(1,943)	0.1%
Other Investing Activites	153	55	(64.0%)	138	33	(76.3%)
Financing Cash Flow ¹	(1,089)	(219)	(79.8%)	198	(503)	n.m.
Net Change in Cash Position ²	243	102	(58.1%)	70	(170)	n.m.

*Cash flow statements include a reclassification described in Q1 '16 CMB report (note 2.2). The reclassification is applied retrospectively from Q1 '14.

(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

Summary Revenue Breakdown



(TL mn)	2015	2016	YoY Change	Q4 '15	Q4 '16	YoY Change
Fixed Voice	3,033	2,798	(7.8%)	733	675	(7.8%)
Broadband	3,768	4,244	12.6%	987	1,150	16.5%
TV	123	177	44.0%	38	50	30.8%
Mobile	4,954	5,756	16.2%	1,277	1,524	19.3%
Corporate Data ¹	1,184	1,315	11.0%	308	340	10.2%
International Revenue	490	510	4.0%	140	126	(9.7%)
Domestic Interconnection	42	18	(58.3%)	10	5	(46.7%)
Rental income from GSM Operators	65	77	18.2%	12	21	72.4%
Other ²	632	896	41.9%	224	304	35.7%
Construction Adjustment (IFRIC-12)	332	413	24.1%	162	78	(51.7%)
Eliminations	(101)	(95)	(6.5%)	(24)	(23)	(5.8%)
Total Revenue	14,523	16,109	10.9%	3,867	4,250	9.9%

(1) Includes leased line and data services

(2) Includes ICT companies, device sales, other

Summary OPEX Breakdown

(TL mn)	2015	2016	YoY Change	Q4 '15	Q4 '16	YoY Change
Personnel	2,492	2,787	11.8%	670	721	7.6%
Domestic Interconnection	1,001	1,130	12.9%	262	288	9.7%
International Interconnection	301	302	0.5%	90	80	(11.2%)
Commercial ¹	999	1,205	20.6%	331	312	(5.7%)
Maintenance and Repair	542	583	7.5%	146	157	7.6%
Taxes and Government Fees	1,235	1,444	17.0%	322	381	18.2%
Rent and Utilities	802	880	9.7%	206	234	13.2%
Provisions for Doubtful Receivables	304	371	22.2%	89	91	2.6%
Cost of Equipment and Technology Sales	330	425	28.8%	136	147	8.3%
Other ²	890	1,146	28.8%	56	336	500.2%
Sub Total	8,895	10,274	15.5%	2,308	2,746	19.0%
Construction Cost Adjustment (IFRIC - 12)	294	365	24.1%	143	69	(51.7%)
Total OPEX	9,189	10,639	15.8%	2,452	2,815	14.8%

(1) Includes commissions, advertising and marketing, subscriber acquisition & retention cost and promotions

(2) Includes outsourced services, bill distribution, content, consultancy expenses and others

Operational Highlights



	Q4 '15	Q3 '16	Q4 '16	YoY Change	QoQ Change
Total Access Line (mn)	12.9	12.9	13.1	1.4%	1.1%
-Fixed Voice Lines ¹ (mn)	10.3	9.8	9.6	(6.3%)	(1.6%)
-Naked DSL Lines (mn)	2.6	3.1	3.4	32.1%	9.2%
Fixed Voice ARPU (TL)	23.4	23.3	23.2	(1.1%)	(0.5%)
Broadband Total Subscribers (mn)	8.0	8.4	8.7	8.6%	3.1%
-FTTH/B Subscribers ('000)	768	828	869	13.0%	4.9%
-FTTC Subscribers ('000)	696	1,020	1,143	64.1%	12.0%
Broadband ARPU (TL)	41.6	42.6	44.7	7.3%	4.9%
Total Tivibu Subscribers² (mn)	1.9	1.9	2.0	7.1%	3.4%
-Tivibu Home Subscribers ³ ('000)	384	590	677	76.2%	14.8%
Tivibu Home ARPU (TL)	19.9	18.7	19.2	(3.3%)	2.9%
Mobile Total Subscribers (mn)	17.3	18.4	18.6	7.5%	1.0%
-Mobile Postpaid Subscribers (mn)	8.7	9.5	9.8	12.4%	3.3%
-Mobile Prepaid Subscribers (mn)	8.5	8.9	8.8	2.6%	(1.4%)
Mobile Blended ARPU (TL)	23.8	26.0	26.1	9.7%	0.6%
Mobile Postpaid ARPU (TL)	31.7	33.9	34.0	7.4%	0.5%
Mobile Prepaid ARPU (TL)	15.3	16.8	17.1	11.6%	1.4%

(1) Includes PSTN and WLR Lines

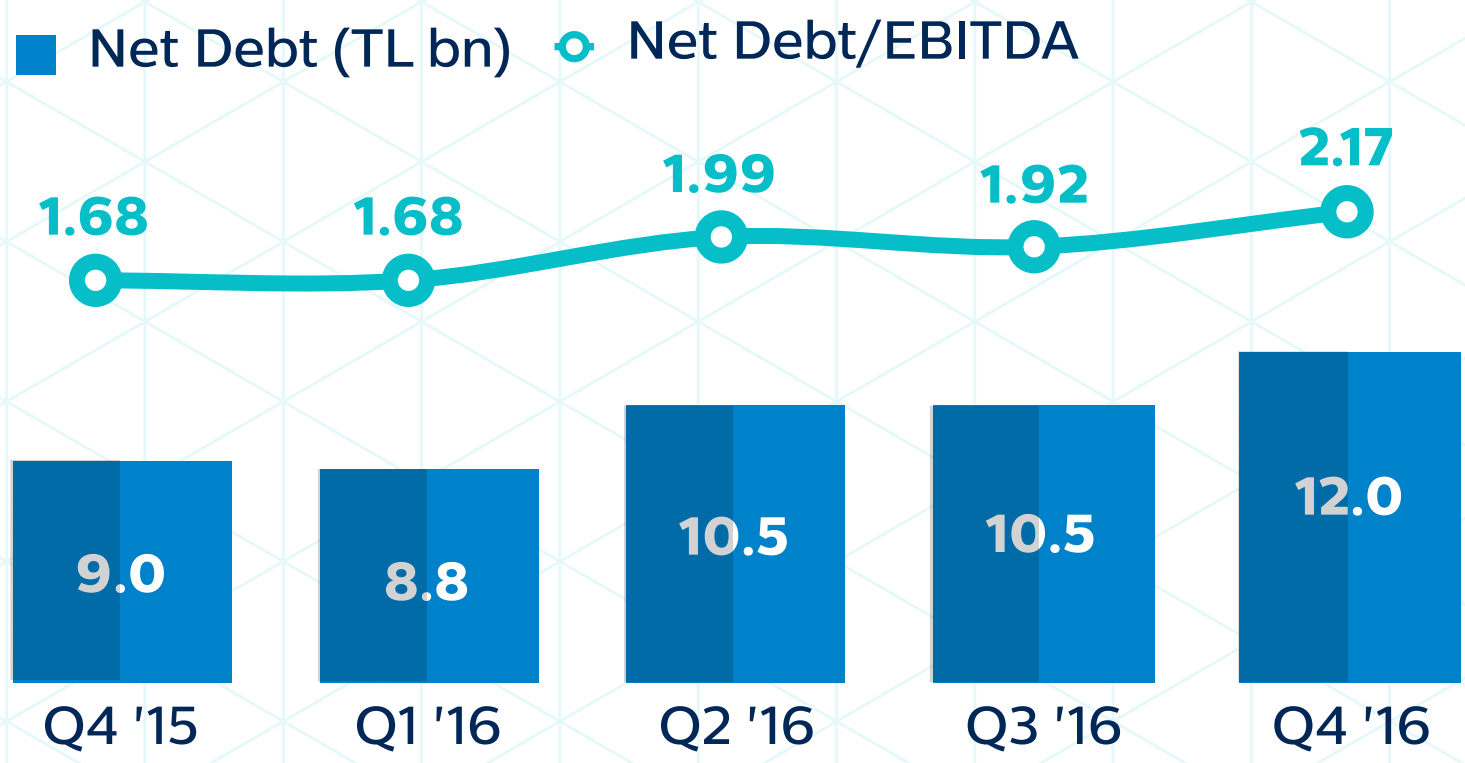
(2) Includes IPTV, DTH, and Tivibu Go (Web TV + Smart TV) subscribers

(3) Includes IPTV and DTH subscribers



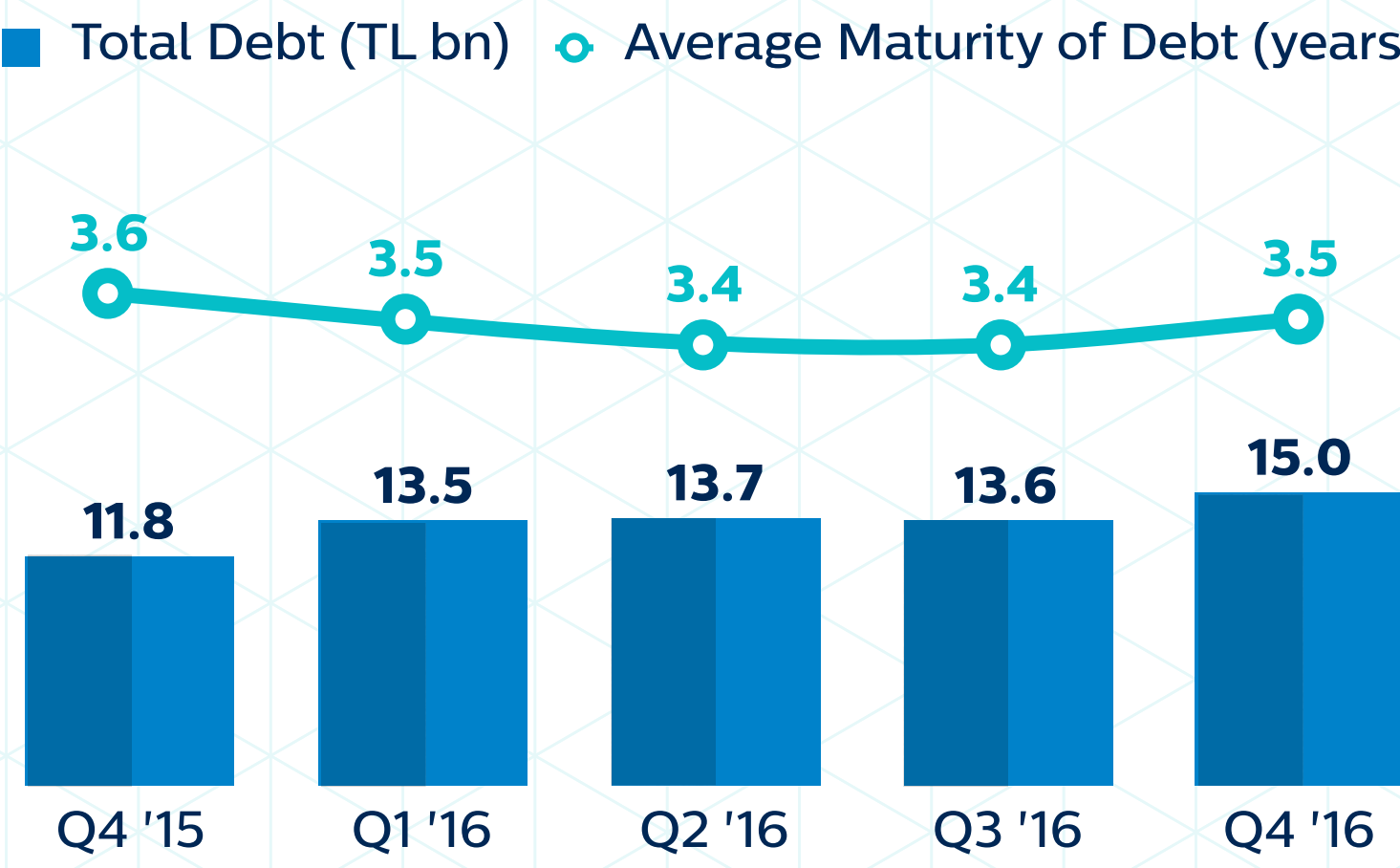
Debt Profile

Net Debt

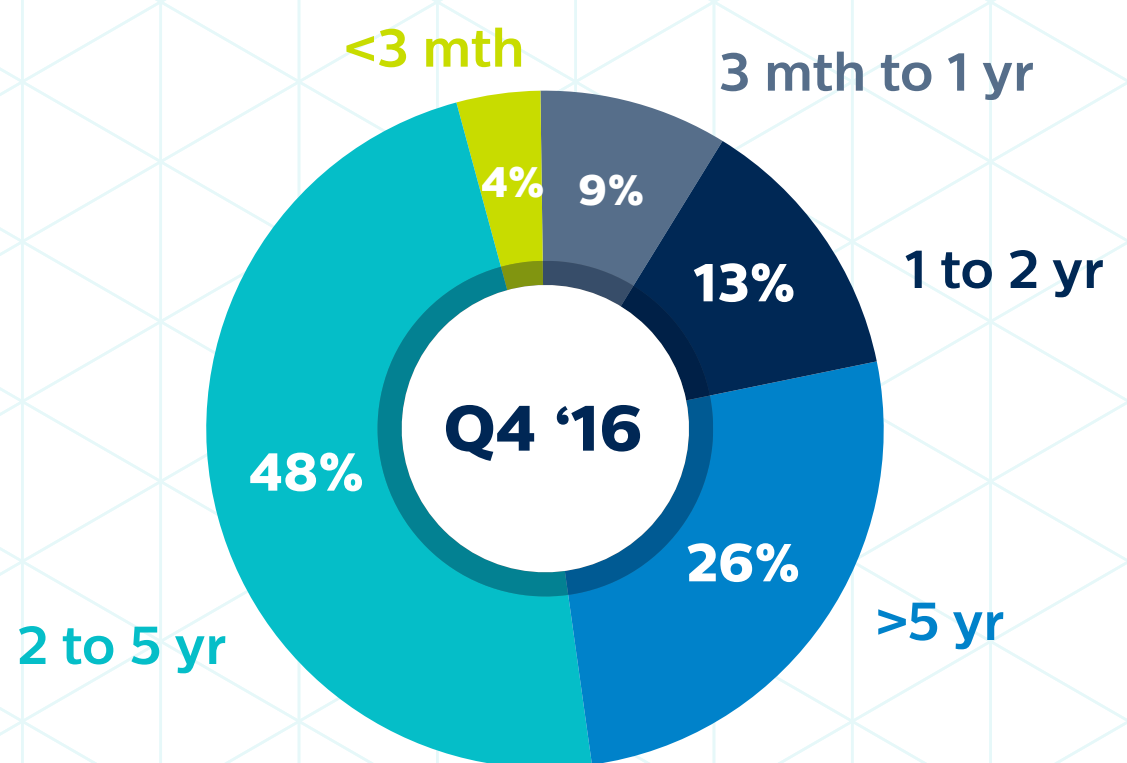


Note: As of Dec-16, EBITDA in Net Debt/EBITDA calculation excludes extraordinary claims

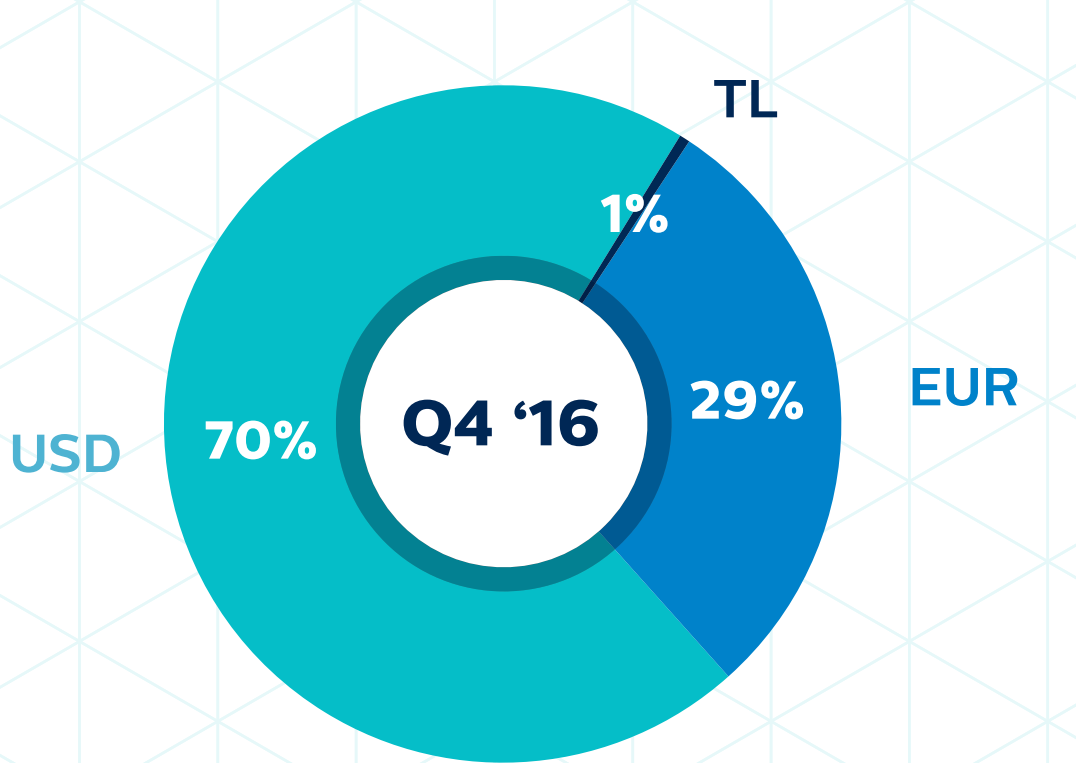
Average Maturity of Debt



Maturity Profile

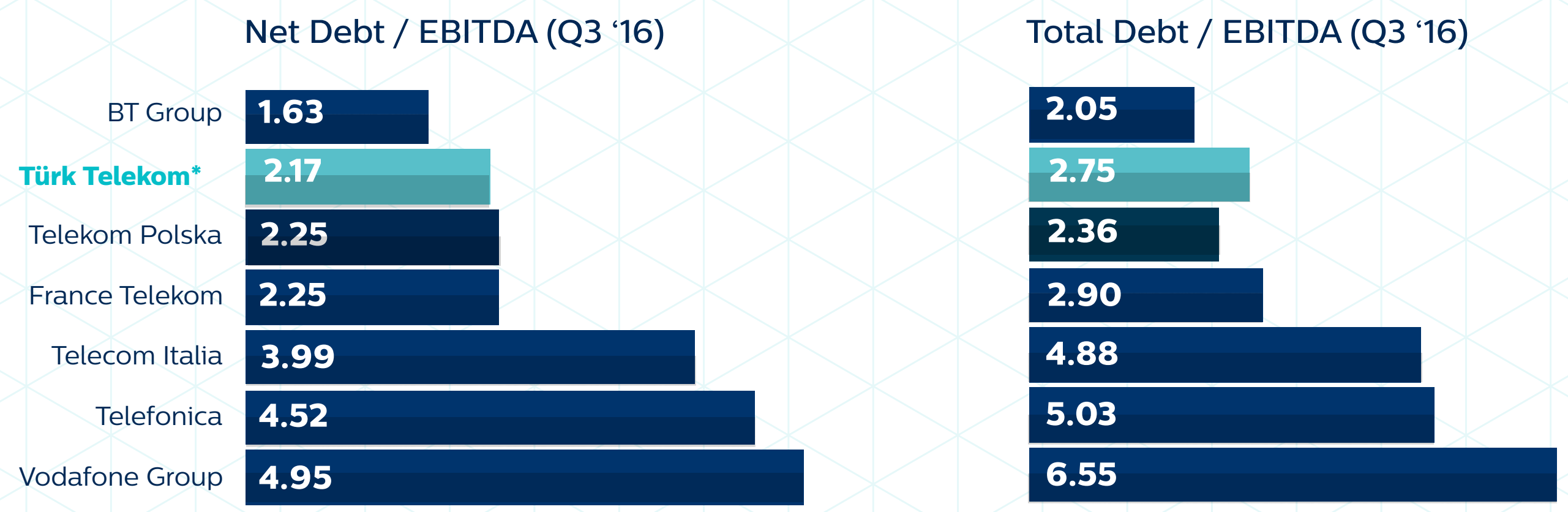


Debt Breakdown



Note: Hedging activities are available on financial footnotes

Low debt burden compared to peers



*Türk Telekom's ratios are calculated from Q4'16 numbers

Guidance

TL mn	2015 YE	2016 YE	2017 Guidance
Revenue (exc. construction adjustment) ¹	14,190	15,696	8% to 9% growth
EBITDA	5,334	5,470	TL 5.8 to 6.0bn
CAPEX²	2,929	3,027	~TL 3bn

(1) Construction accounting 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

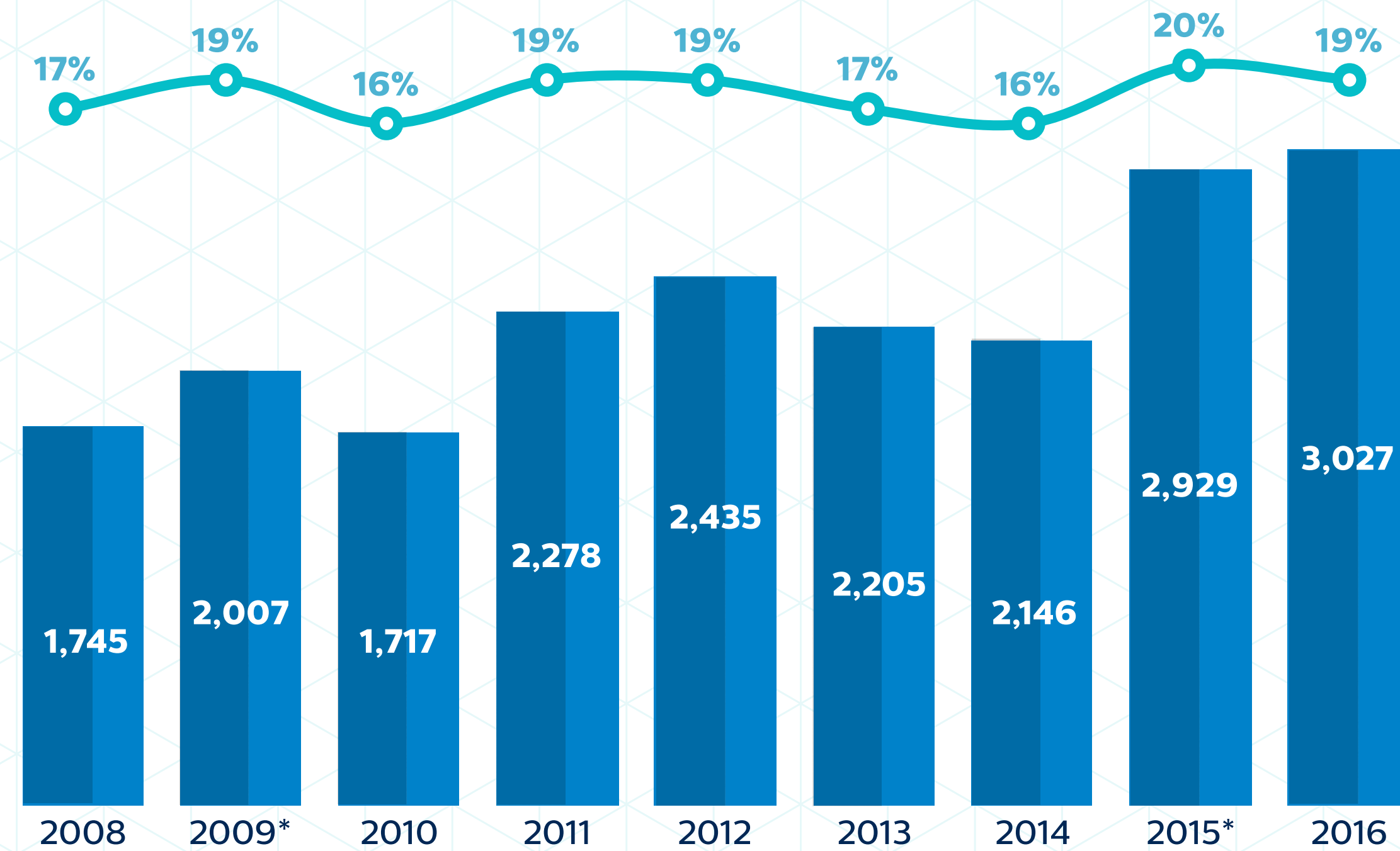
(2) Excluding license fees

Capex

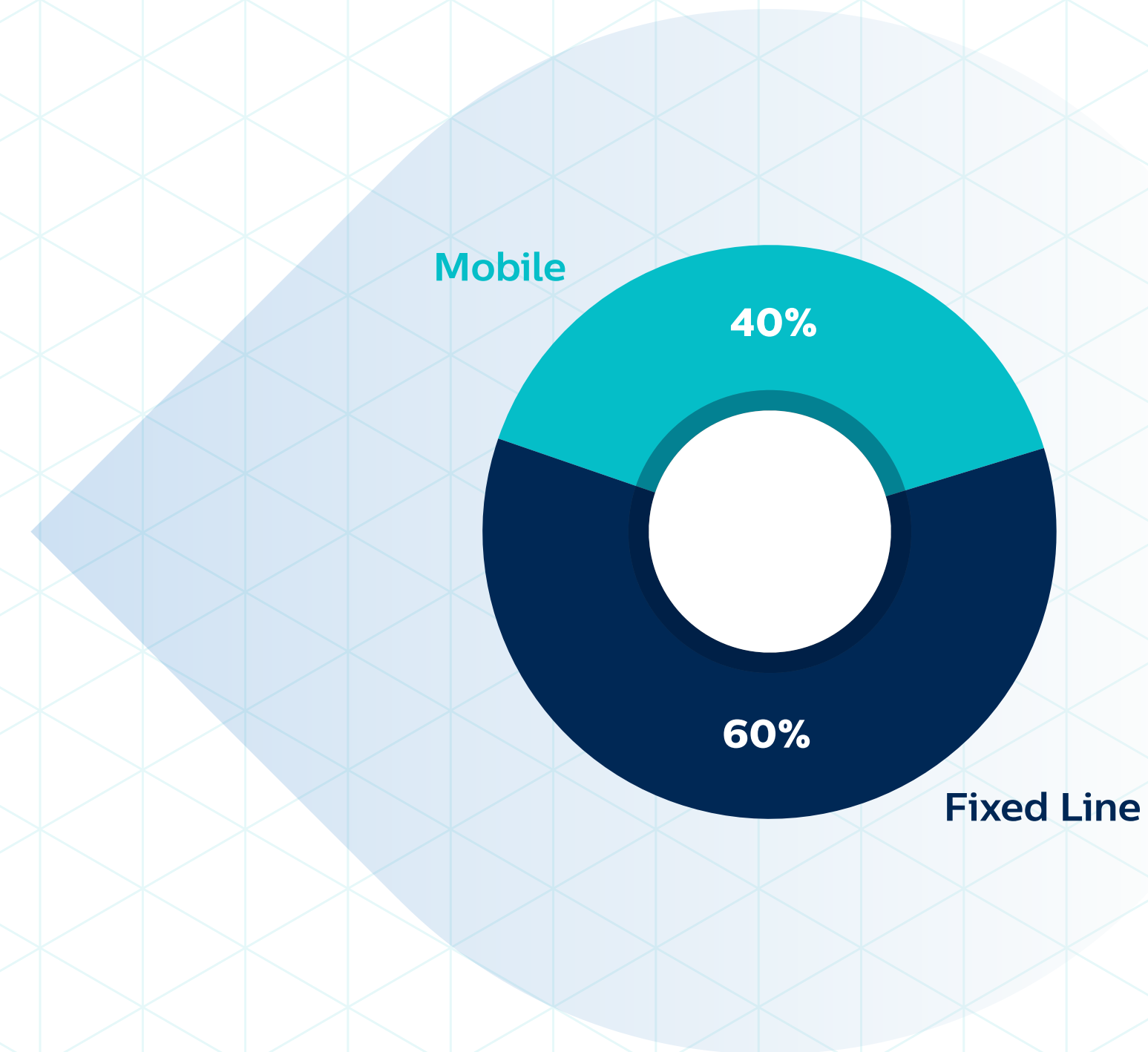
- ▶ Major Capex areas are fiber network roll-out in fixed line and network investments in mobile
- ▶ Türk Telekom's length of total fiber in Turkey is **228K kilometers** as of Q4 '16

Capex & Capex / Sales

■ CAPEX (TL mn) ● CAPEX/Sales



* Capex figures exclude license fees



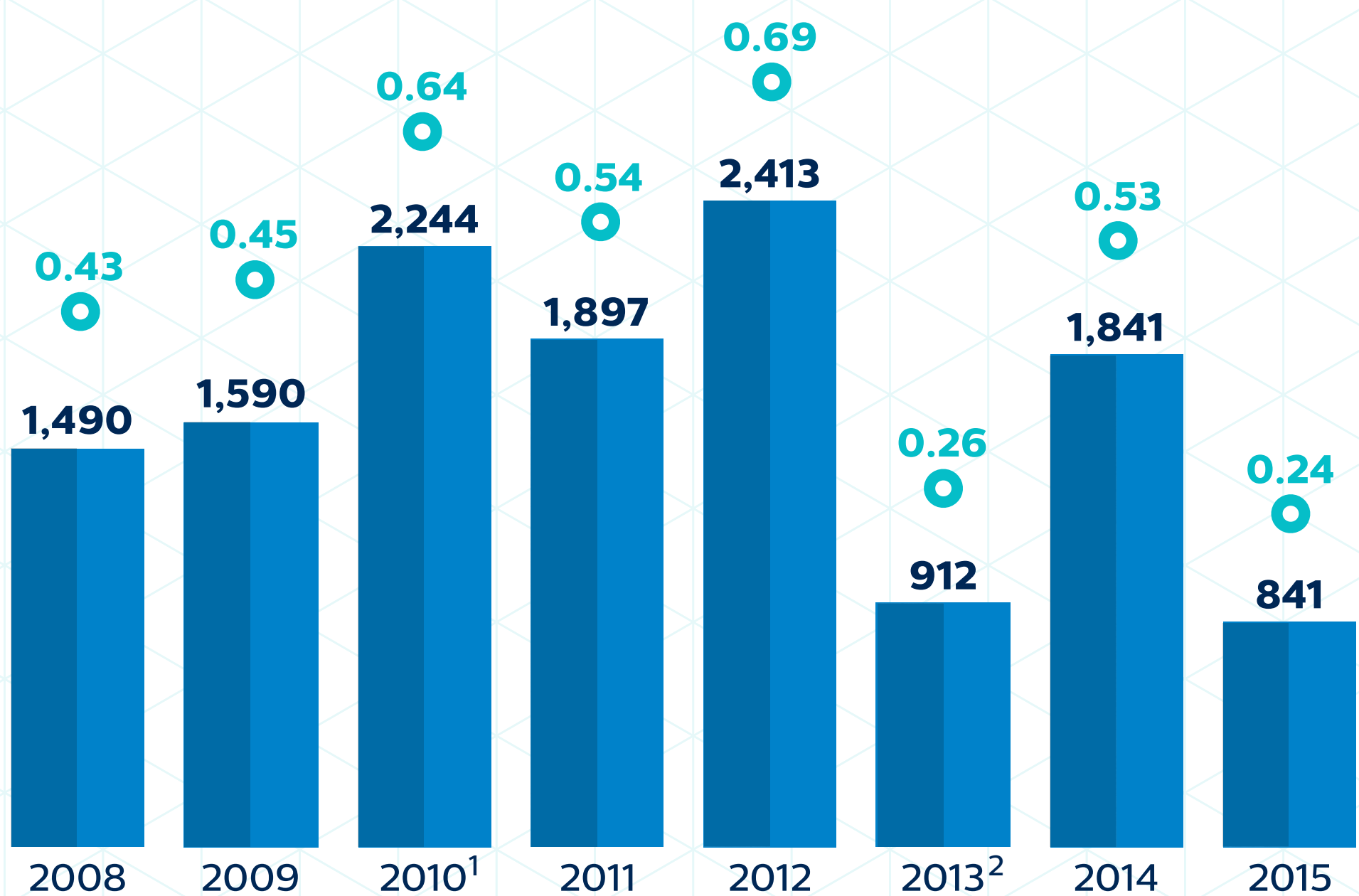
Shareholder Remuneration



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)

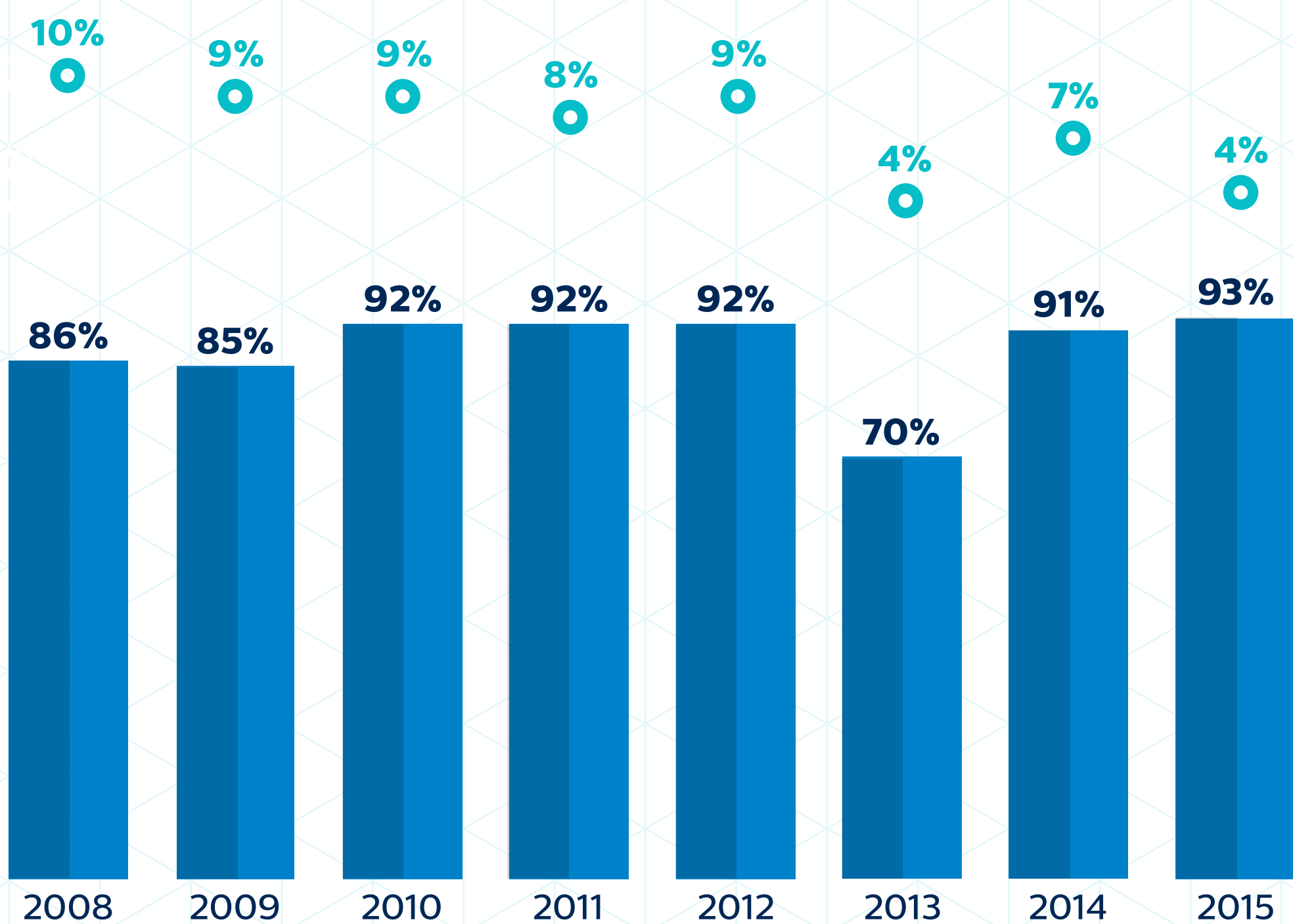


1) The cap in the first legal reserve was reached in 2010

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

Dividend Yield & Payout Ratio

■ Dividend Payout Ratio ○ Dividend Yield



Group Companies

Türk Telekom
INTERNATIONAL

A full range of international data infrastructure, internet, and wholesale voice services
Operating in over 40 countries.
Over 40,000 km of own fiber optic network

ARGELA

R&D innovation company focusing on the next generation telecommunication technologies
Developing intellectual property for 5G and 5G enabling technologies
Partner of Turkey's first and only national 4G-LTE/5G base station development project "ULAK"

innova

Leading software developer and system integrator
ICT consulting, design, application development, integration and support services.
End-to-end solutions in Healthcare Campus Projects

Türk Telekom

aSSiSTT

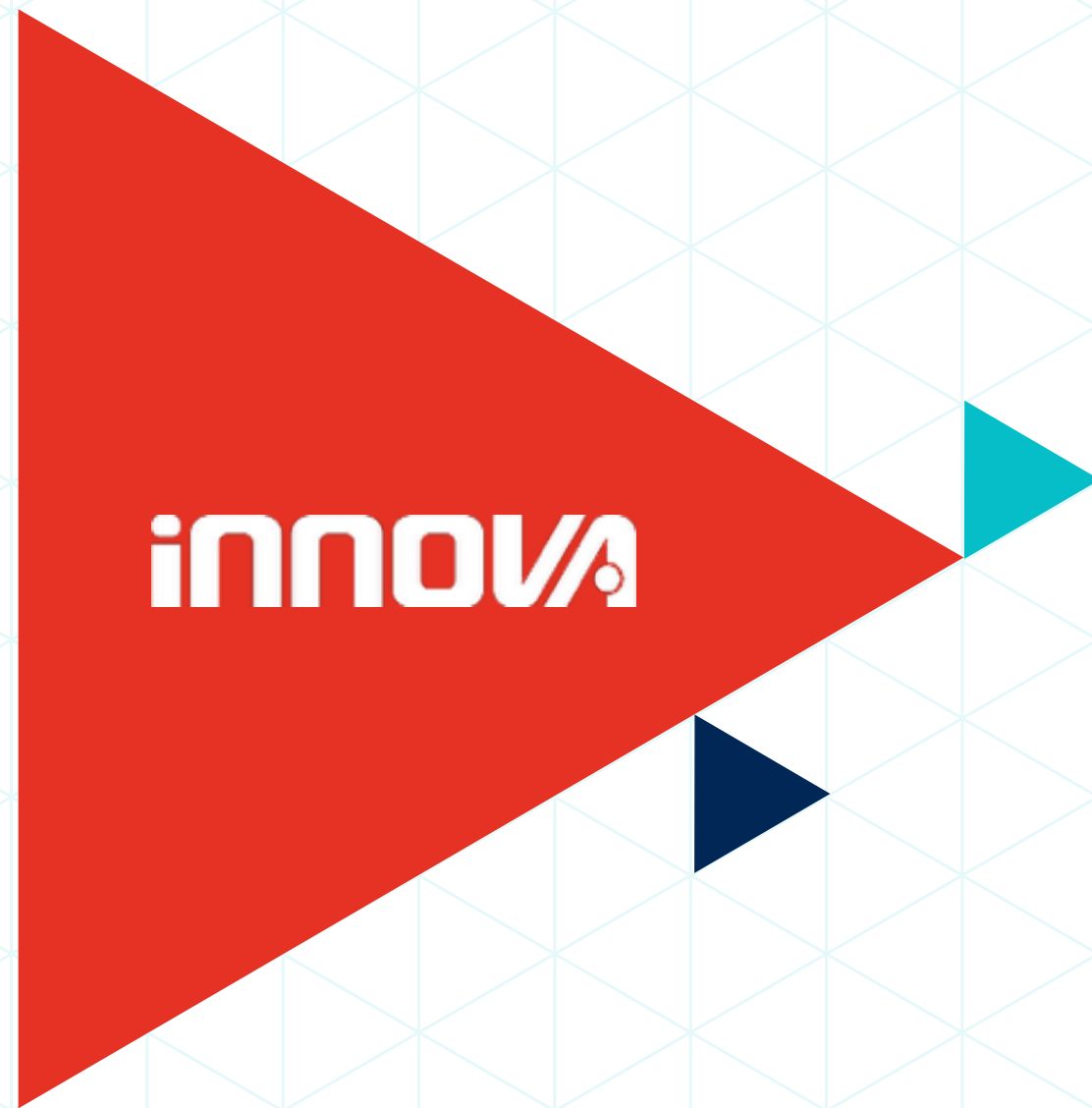
Strategic partner for leading private enterprises and public institutions providing call center services as well as value added services for their sales and marketing activities

s e b i t

Largest educational technologies with 29 years of R&D experience
interactive E-Education products: Raunt, Vitamin
Providing content and platform to E-Education Transformation project (FATİH)

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

Group Companies



Innova

- ▶ Leading software developer and integrator in Turkey, providing turnkey innovative software solutions and services including ICT consulting, design, application development, integration, and support services to several sectors ranging from telecommunication to finance, and from healthcare to retail
- ▶ Innova offers both customized/developed products and off-the-shelf solutions of leading global business partners (SAP, HP, Cisco, IBM, Huawei, Microsoft, etc.)
- ▶ Strong contributor of the development and implementation of large-scale projects such as **Smart City** and **Health Campus** projects especially through its system integration capabilities and a partner for third parties like **Turkish Airlines**, **Municipality of Istanbul**, **Teknosa**.
- ▶ Delivering end-to-end solutions in **Healthcare Campus Projects** in Mersin and Bilkent: Providing equipment, application development and services including data center preparation, hospital information management system (HIMS) implementation and integration, and selection and training of personnel
- ▶ Innova patented solutions: **PayFlex**: loyalty, payment and collections technologies and **Kiosk**: self- service and automation solutions including kiosk and digital signage

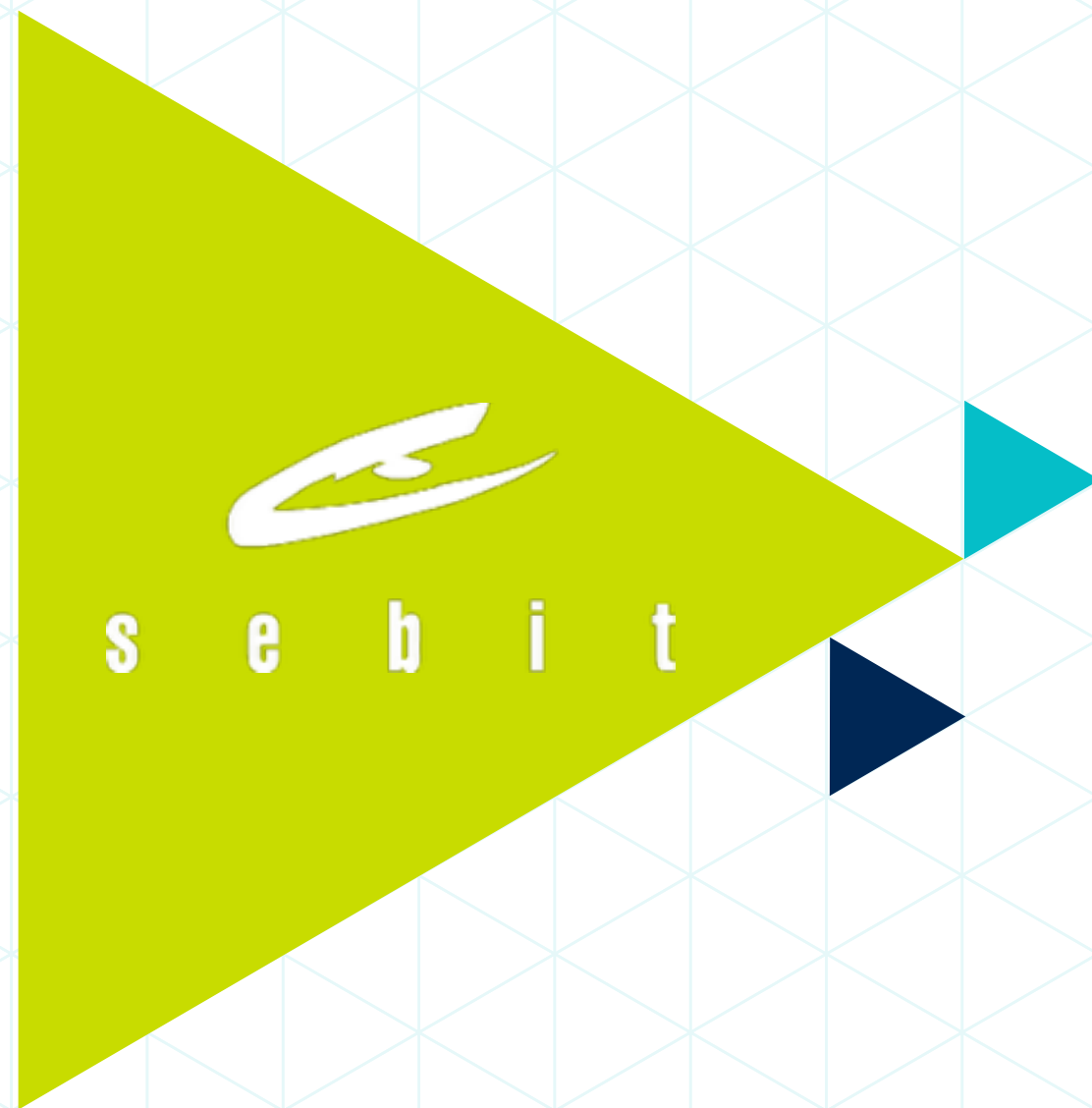
Group Companies



Argela

- ▶ R&D and innovation company focusing on the next-generation telecommunications technologies field and developing intellectual property for enabling technologies for 5G
- ▶ Leading projects;
 - ▶ **ProgRAN**; fully programmable, software defined networking (SDN)-based Radio Access Network solution for LTE and 5G developed by Argela. The company submitted **28 patent applications** so far under the project
 - ▶ **Partner of Turkey's first and only 4G-LTE/5G base station development project "ULAK"**, which will make national production of the next generation mobile communications infrastructures possible
 - ▶ **MILAT Project**; which will enable cybersecurity and cyber defense mechanisms to enhance public security

Group Companies



Sebit

- ▶ Leading and largest educational technologies company with 29 years of R&D experience
- ▶ Contributing to the educational transformation in Turkey, with **IT Supported Interactive Education vision**
- ▶ Popular products developed by Sebit;
 - ▶ **Raunt:** personalized university exam preparation platform
 - ▶ **Vitamin:** online educational support service, providing comprehensive educational solutions for all students and teachers, from pre-school to high school grades
- ▶ Providing content and platform to national **E-Education Transformation Project (FATİH)**



Group Companies



Assistt

- ▶ Strategic partner for leading private enterprises and large public institutions providing traditional call center services as well as value added services for their sales and marketing activities
- ▶ Call center for MHRS9, the ninth phase of the “Turkish Ministry of Health Centralized Hospital Appointment System” project, viewed as one of the largest call center projects
- ▶ Contributor to Turkey’s economic development serving in 18 cities and 24 centers throughout Turkey with more than 10 thousand employees
- ▶ Ranked first in the category of “Best Contact Center” in the Contact Center World Awards 2016, one of the most prestigious award in call center sector

Group Companies



Türk Telekom International

- ▶ Providing a full range of international data infrastructure, internet, and wholesale voice services
- ▶ Operating in over 40 countries across Central and Eastern Europe, Turkey, the Middle East and the Caucasus
- ▶ Contributing to Turkey's goal of becoming a telecoms bridge and data hub between Europe and Asia thanks to its own +40K fiber optic network and its solid partnerships with major players in telecommunications industry
- ▶ A full consortium member of **SEA-ME-WE-5**, the new undersea cable system that will connect 17 countries in Europe, Middle East and Asia



Appendix

The background of the slide is a collage of business-related images. On the right, a man with glasses and a blue shirt is looking at a laptop. In the center, a man in a grey shirt is gesturing with his hand while talking. On the left, a woman is partially visible, writing on a document. The background also shows other people in an office setting. A large white triangle points from the left towards the center, and a series of smaller, colorful triangles (dark blue, teal, yellow, red) are arranged in a row at the bottom left.

Corporate Credit Rating

Investment grade from Fitch and S&P



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

BBB – Rating

Negative Outlook

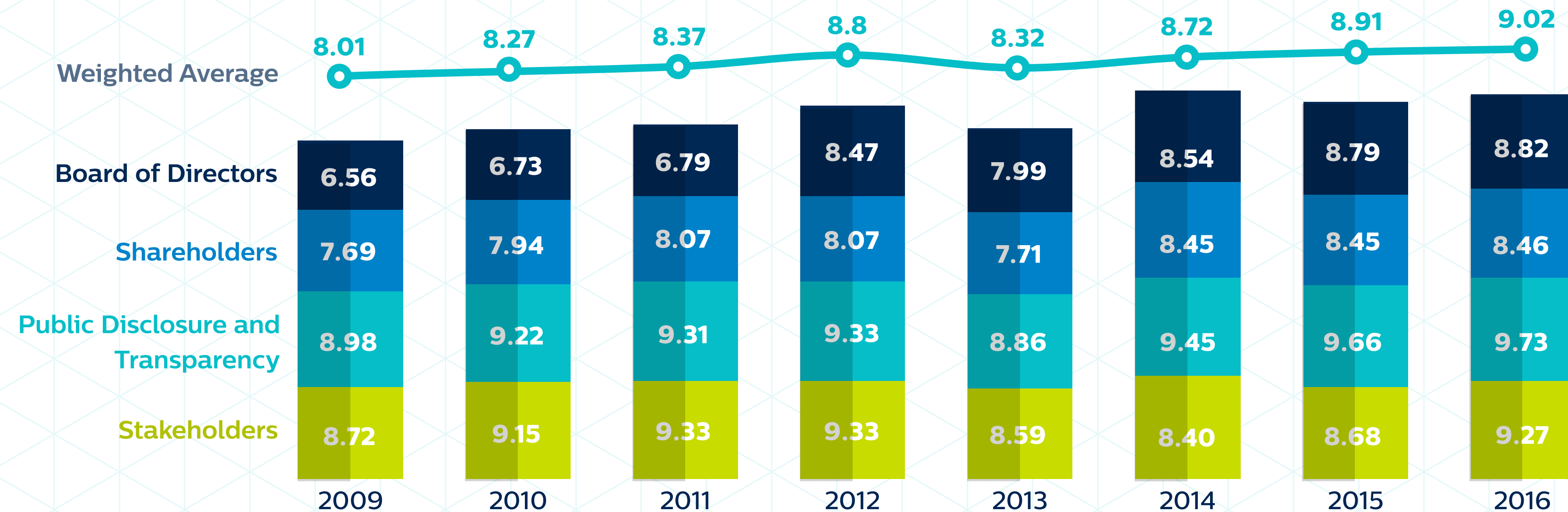
Strong leadership position in domestic fixed-line business

Good growth prospects, solid profitability

Corporate Governance and Sustainability

Demonstrates exemplary practices

- ▶ Türk Telekom was qualified to be included in the BIST Sustainability Index since its creation with its long lasting emphasis on Environmental, Social and Governance policies and exemplary practices
- ▶ Türk Telekom is the only telecom company qualified to be included in the BIST Corporate Governance Index since 2009



*The decline in ratings in 2013 is a result of rating methodology change by CMB rather than any deterioration in the Company's corporate governance practices. 2013 weighted average rating with the old methodology would have been 8.8

Organization Chart

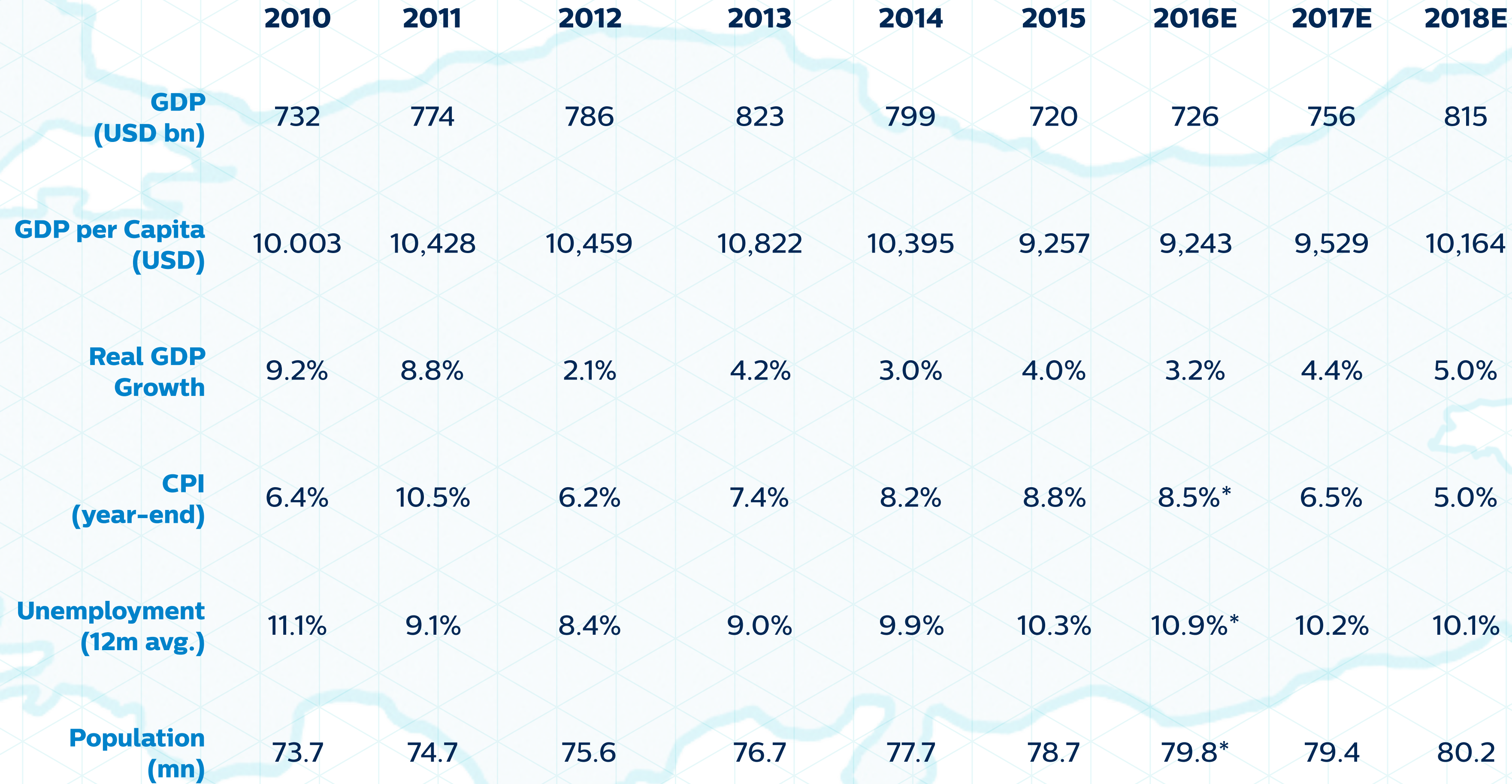


CEO CXO Coordinator Director



AGM Director

Turkey at a Glance



	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E
GDP (USD bn)	732	774	786	823	799	720	726	756	815
GDP per Capita (USD)	10,003	10,428	10,459	10,822	10,395	9,257	9,243	9,529	10,164
Real GDP Growth	9.2%	8.8%	2.1%	4.2%	3.0%	4.0%	3.2%	4.4%	5.0%
CPI (year-end)	6.4%	10.5%	6.2%	7.4%	8.2%	8.8%	8.5%*	6.5%	5.0%
Unemployment (12m avg.)	11.1%	9.1%	8.4%	9.0%	9.9%	10.3%	10.9%*	10.2%	10.1%
Population (mn)	73.7	74.7	75.6	76.7	77.7	78.7	79.8*	79.4	80.2

Source: TURKSAT, CBT, 2017-2019 Medium Term Program, Republic of Turkey Ministry of Finance
* Actual numbers

Regulatory Actions

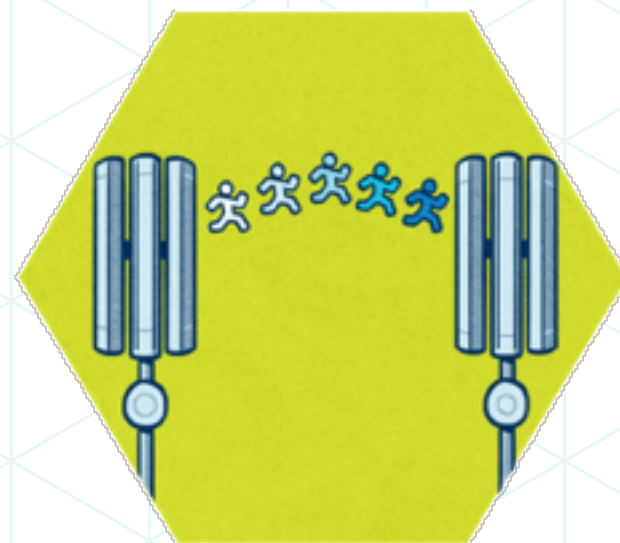
- **April**
 - Interconnection rate decrease in Fixed (10%) and Mobile (33%)
- **November**
 - 3G tender held
 - Mobile Number Portability introduced
 - New Electronic Communications Law passed



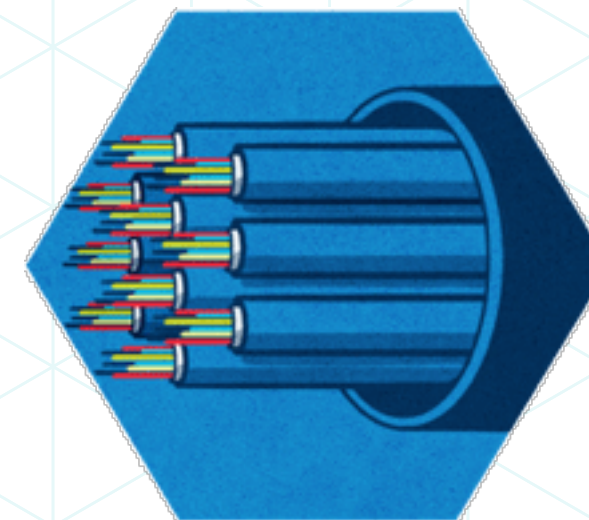
2009

- **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

2008



- **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



2010

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

2012



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

- **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

2014



2015

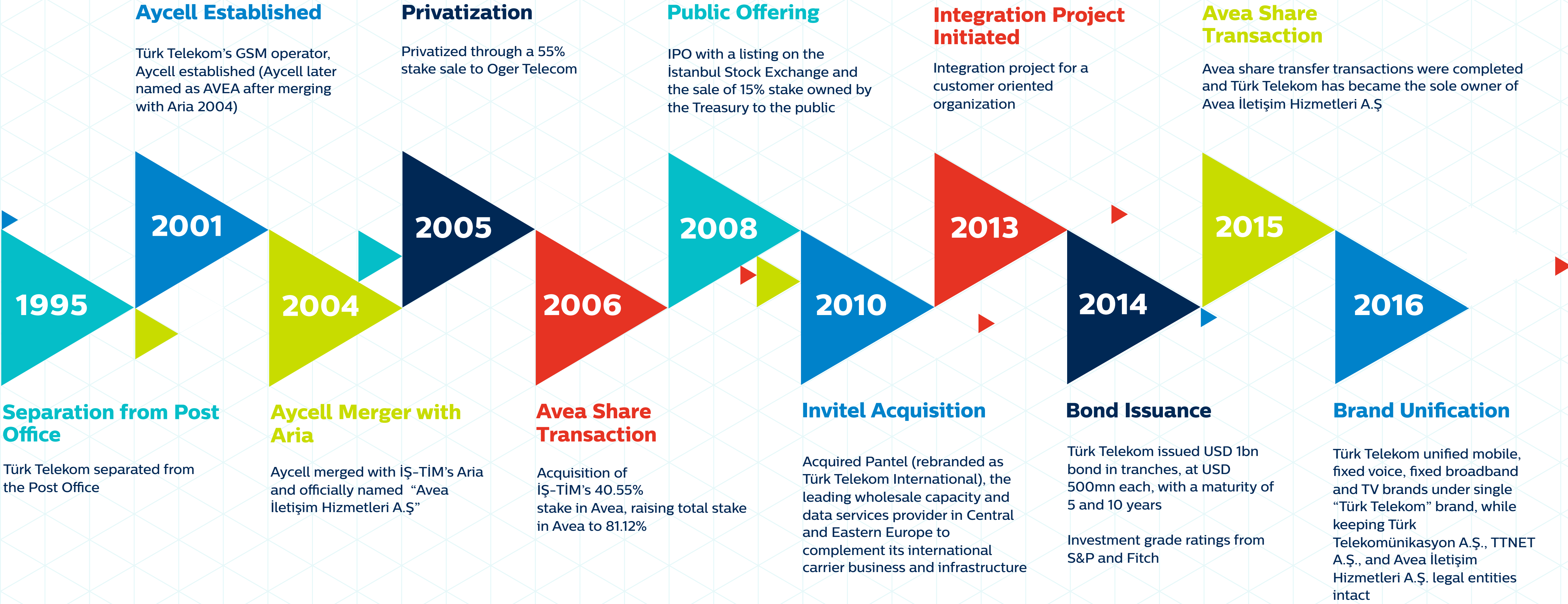
- **August**
 - LTE tender was held



2016

- **April**
 - LTE Service Launch
- **August**
 - Mobile on-net price floor regulation for TCELL was lifted

Telekom History



Notes

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Notes

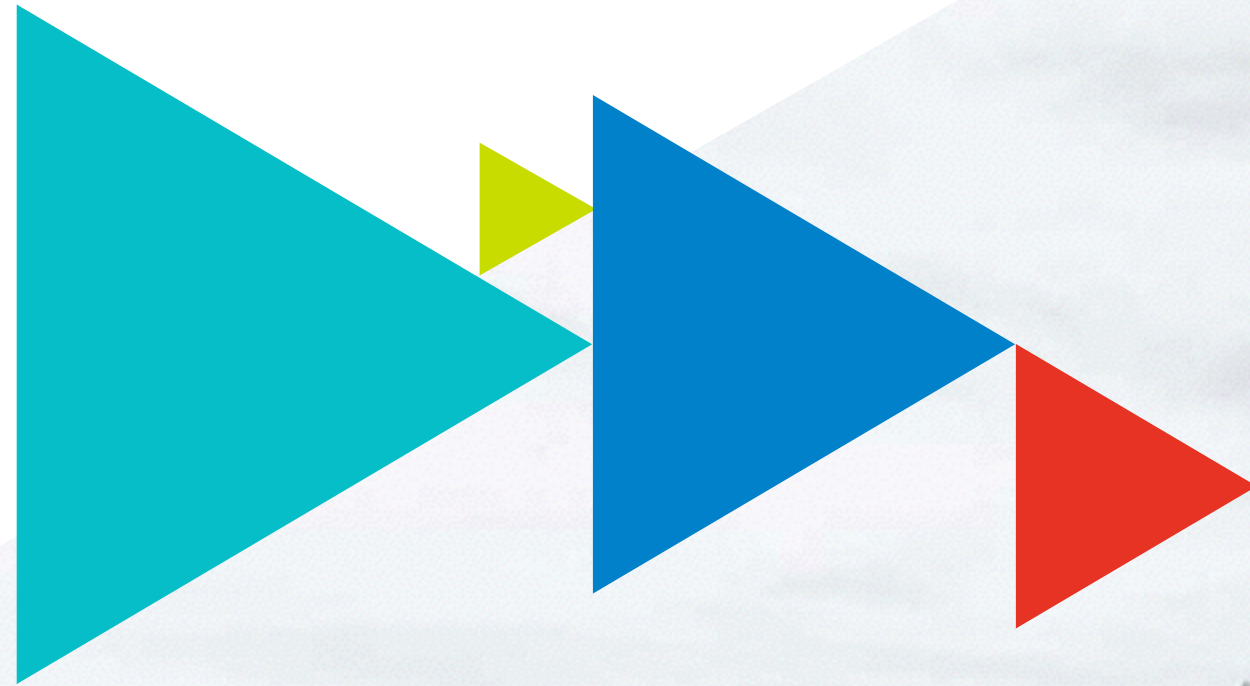
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Thank you



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