

# Investor Call

2017 Q2

Türk Telekom



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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.

# Financial Performance

(TL mn)	2016 Q2	2017 Q1	2017 Q2	Growth (YoY)	Growth (QoQ)
<b>Revenue</b>	<b>3,940</b>	<b>4,307</b>	<b>4,501</b>	<b>14.2%</b>	<b>4.5%</b>
Revenue (exc. construction adj) <sup>1</sup>	3,820	4,138	4,292	12.3%	3.7%
<b>EBITDA</b>	<b>1,322</b>	<b>1,528</b>	<b>1,712</b>	<b>29.5%</b>	<b>12.1%</b>
EBITDA Margin	33.6%	35.5%	38.0%		
<b>Net Income</b>	<b>248</b>	<b>66</b>	<b>890</b>	<b>259.2%</b>	<b>1,255.0%</b>
<b>CAPEX<sup>2</sup></b>	<b>689</b>	<b>400</b>	<b>545</b>	<b>(21.0%)</b>	<b>36.0%</b>

(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

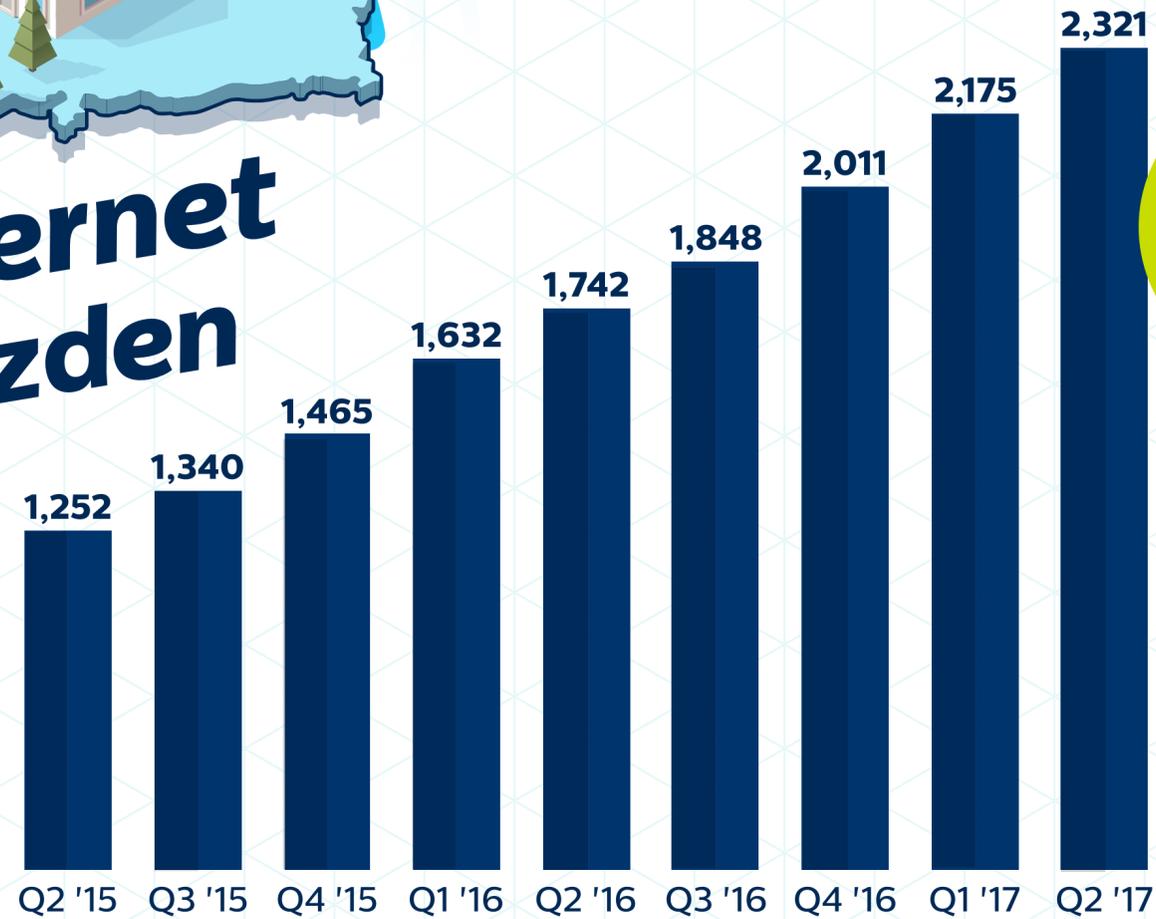
# Fixed Broadband Performance

## ARPU & Subscribers

○ ARPU (TL) ■ Subscribers (mn)



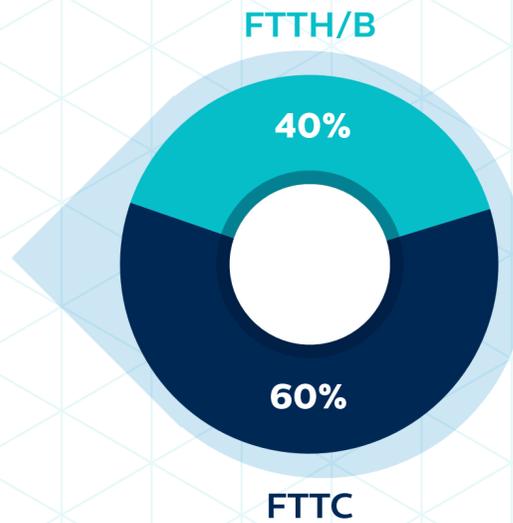
## Internet Bizden



## Fiber Subscribers

(thousand)

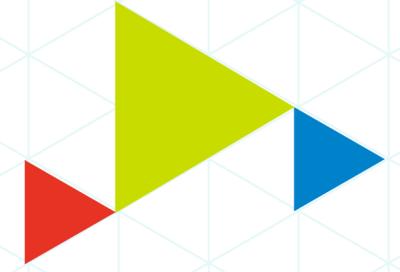
**145K** net additions in Q2



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



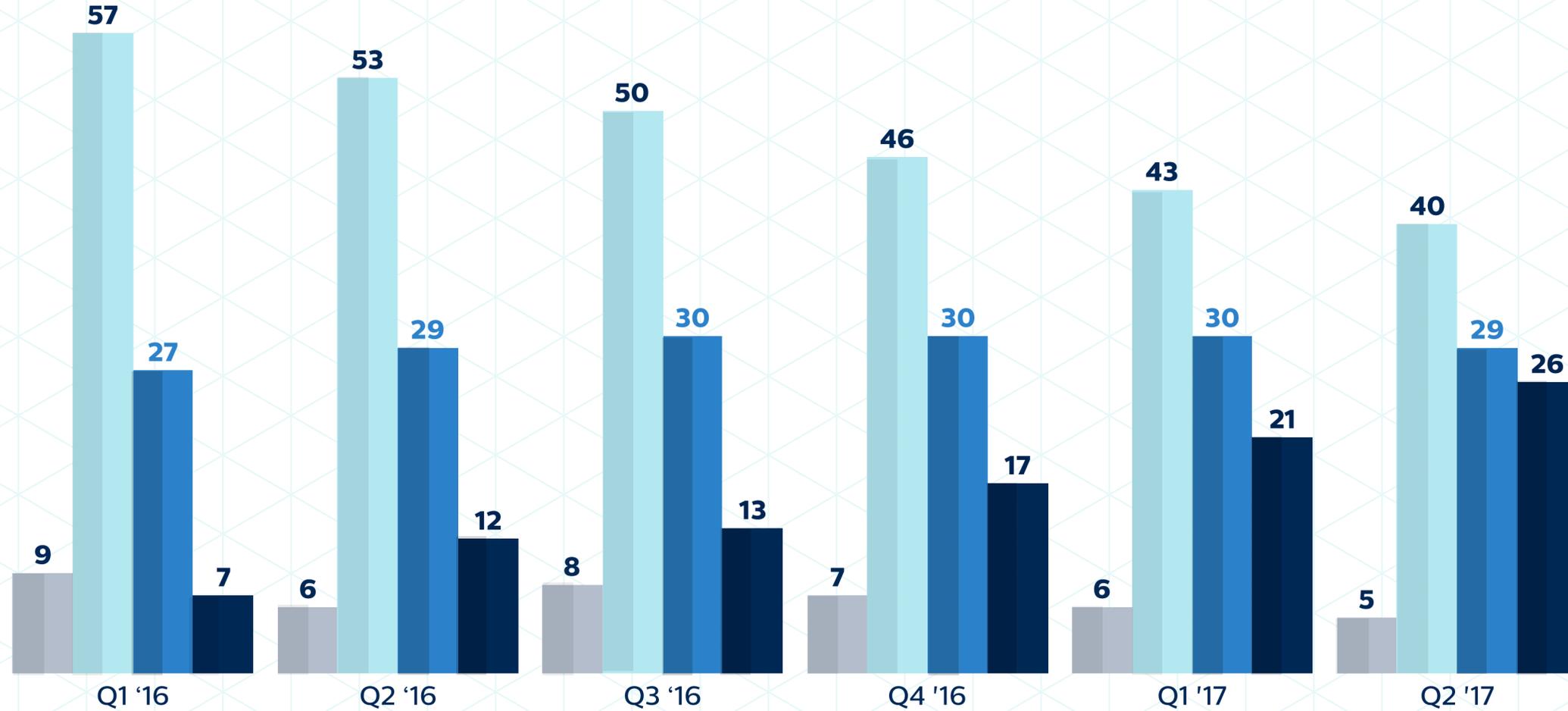
# Upselling Dynamics in Fixed Broadband



## Capacity Breakdown

(% of Subscribers)

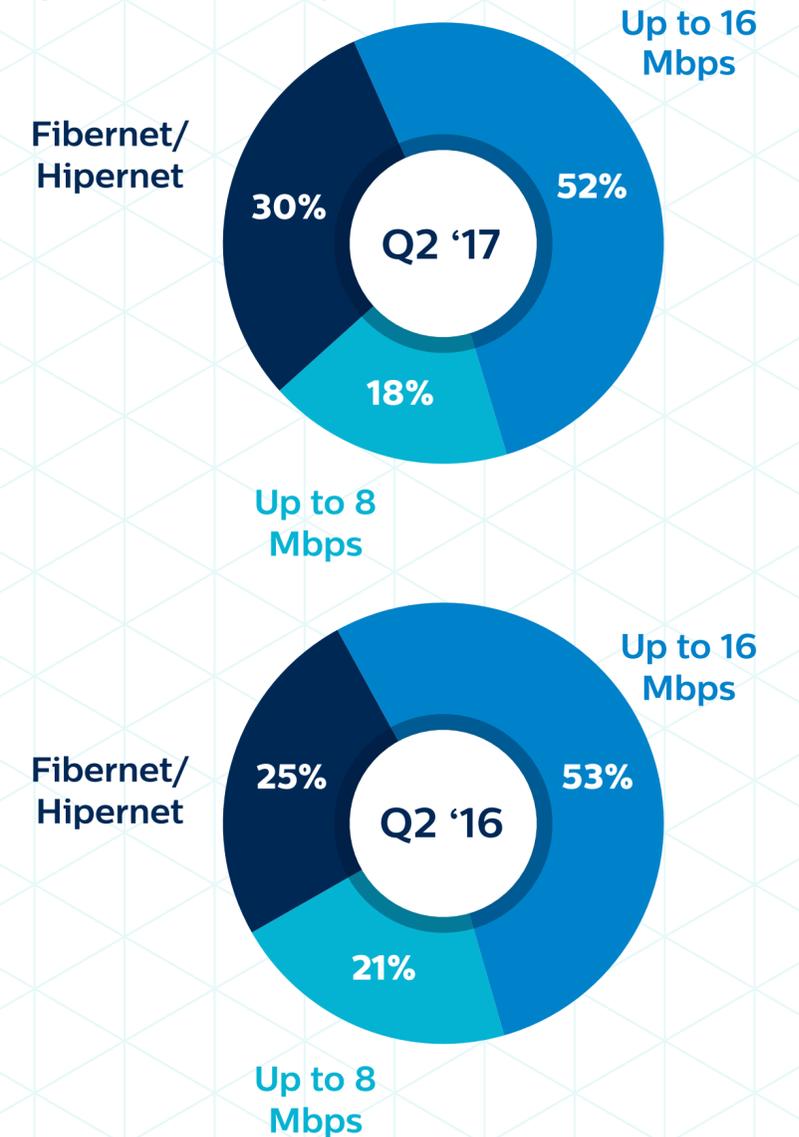
■ 25 GB & Below ■ 25 to 50 GB ■ 50 to 75GB ■ Above 75 GB



All figures are based on Türk Telekom's retails subscribers

## Speed Breakdown

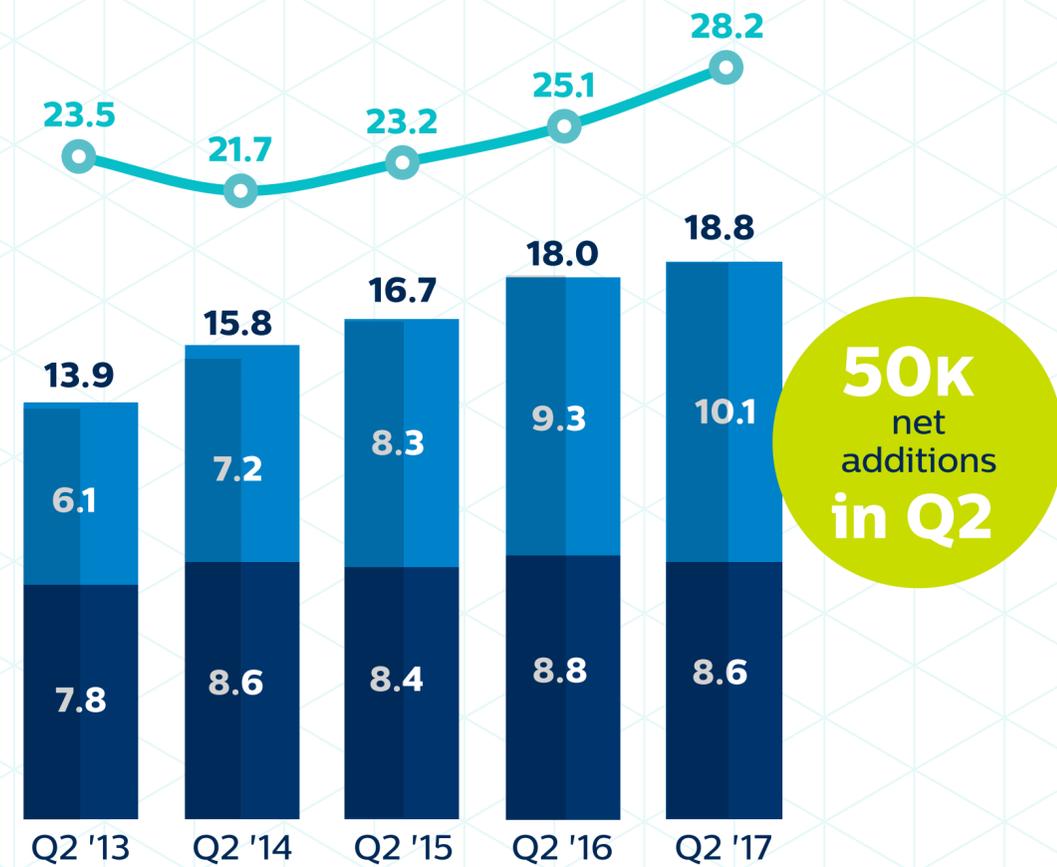
(% of Subscribers)



# Mobile Performance

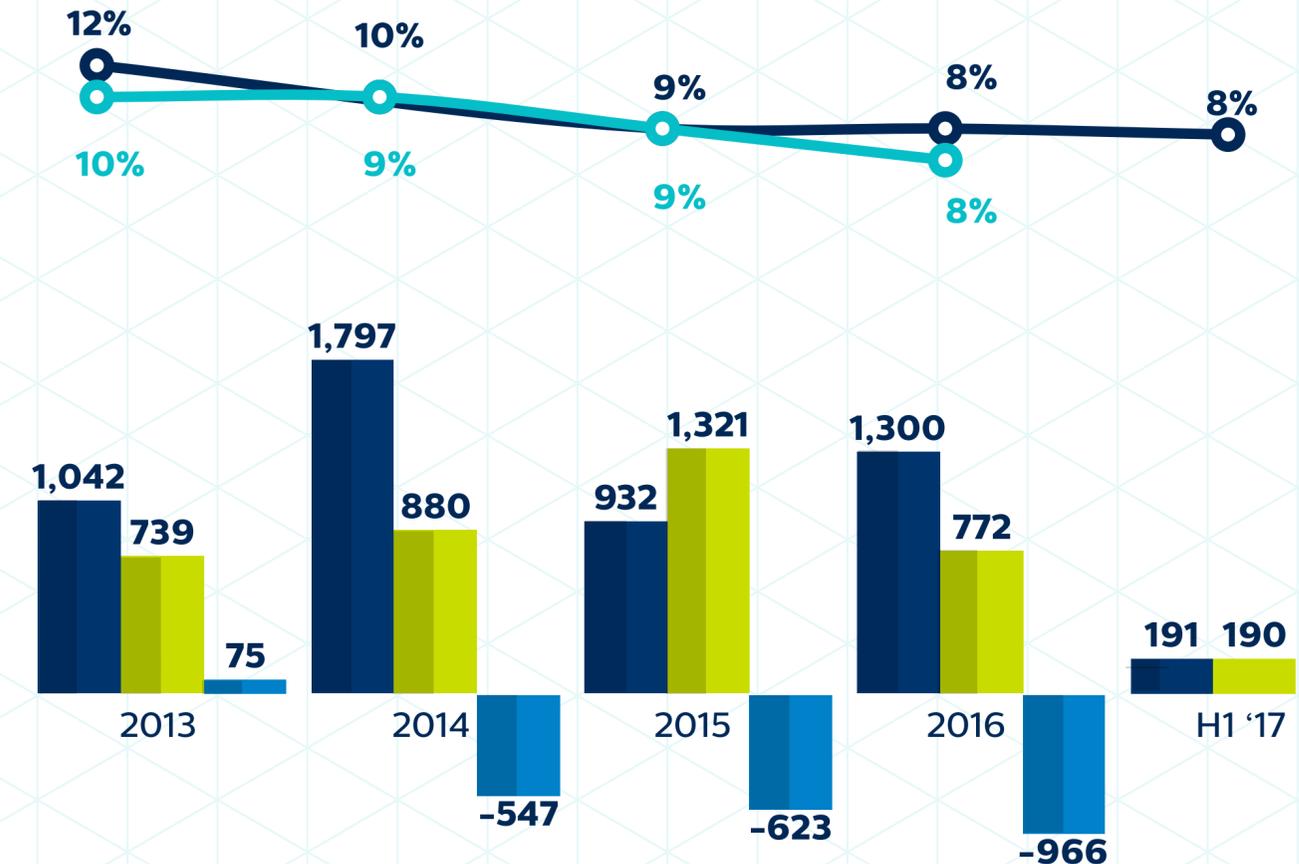
## Growing ARPU & Subscribers

- 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



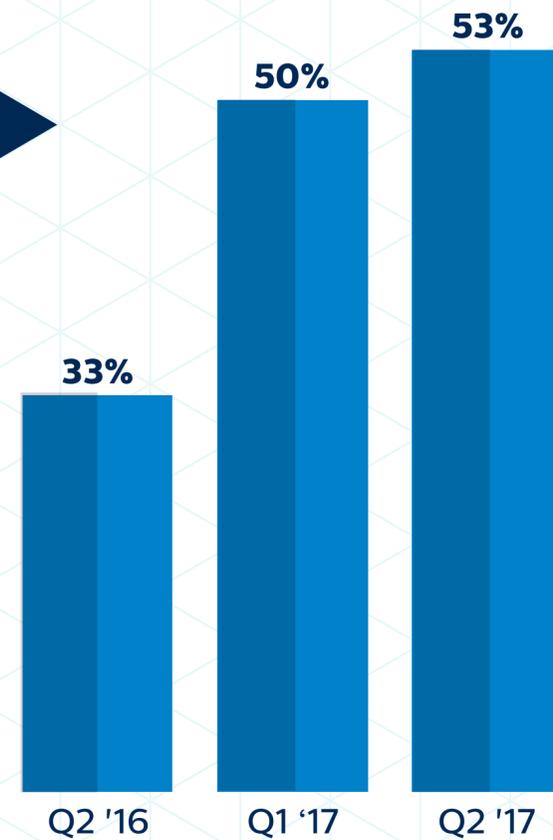
Other operators' data are from their own publications.



# Monetizing Data

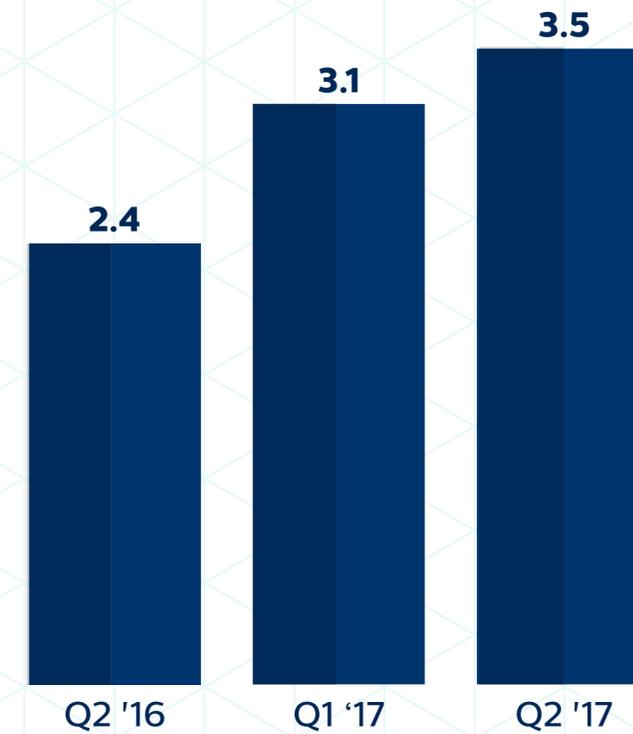
## Data Revenue

(Service revenue shares)



## Avg. Monthly Mobile Data Usage

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



(1) Türk Telekom smartphone users

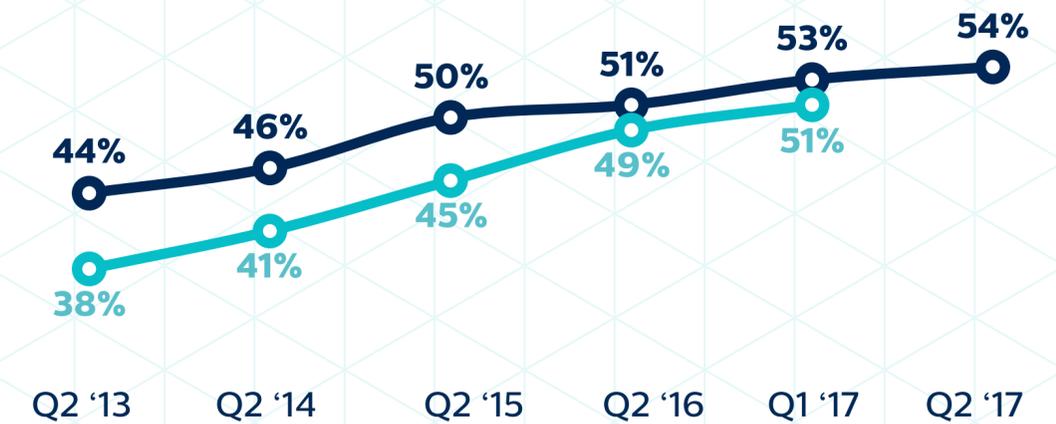
## Smartphone Penetration

Rest of the Market (Cyan circle) Türk Telekom (Dark blue circle)



## Postpaid Ratio

Rest of the Market (Cyan circle) Türk Telekom (Dark blue circle)



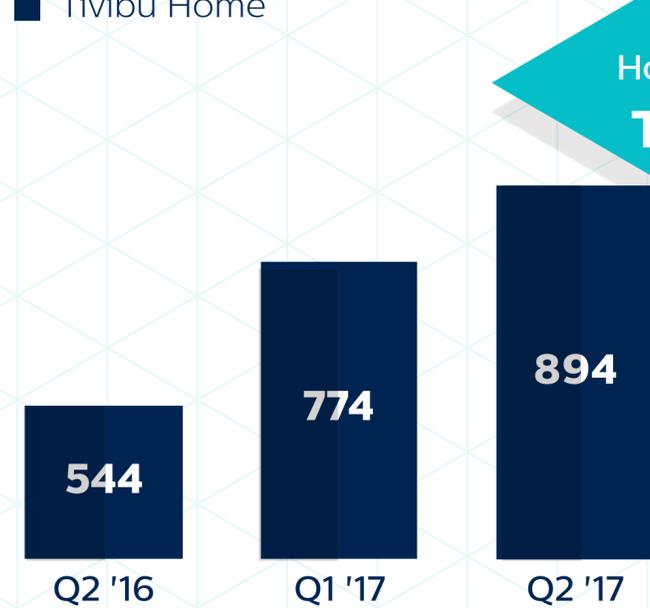
# TV Performance

## Türk Telekom Tivibu

### Subscribers

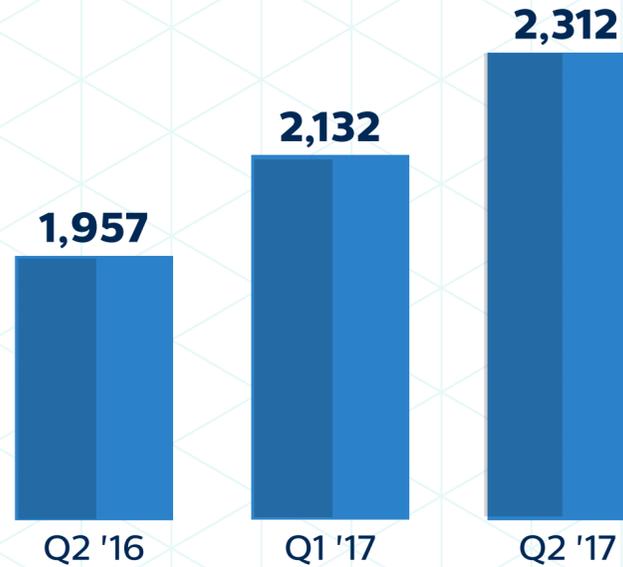
(thousand)

■ Tivibu Home



Q2 Tivibu Home ARPU  
**TL 17.4**

■ Total TV (inc. Tivibu Home)



**121K** net additions in Q2'17  
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

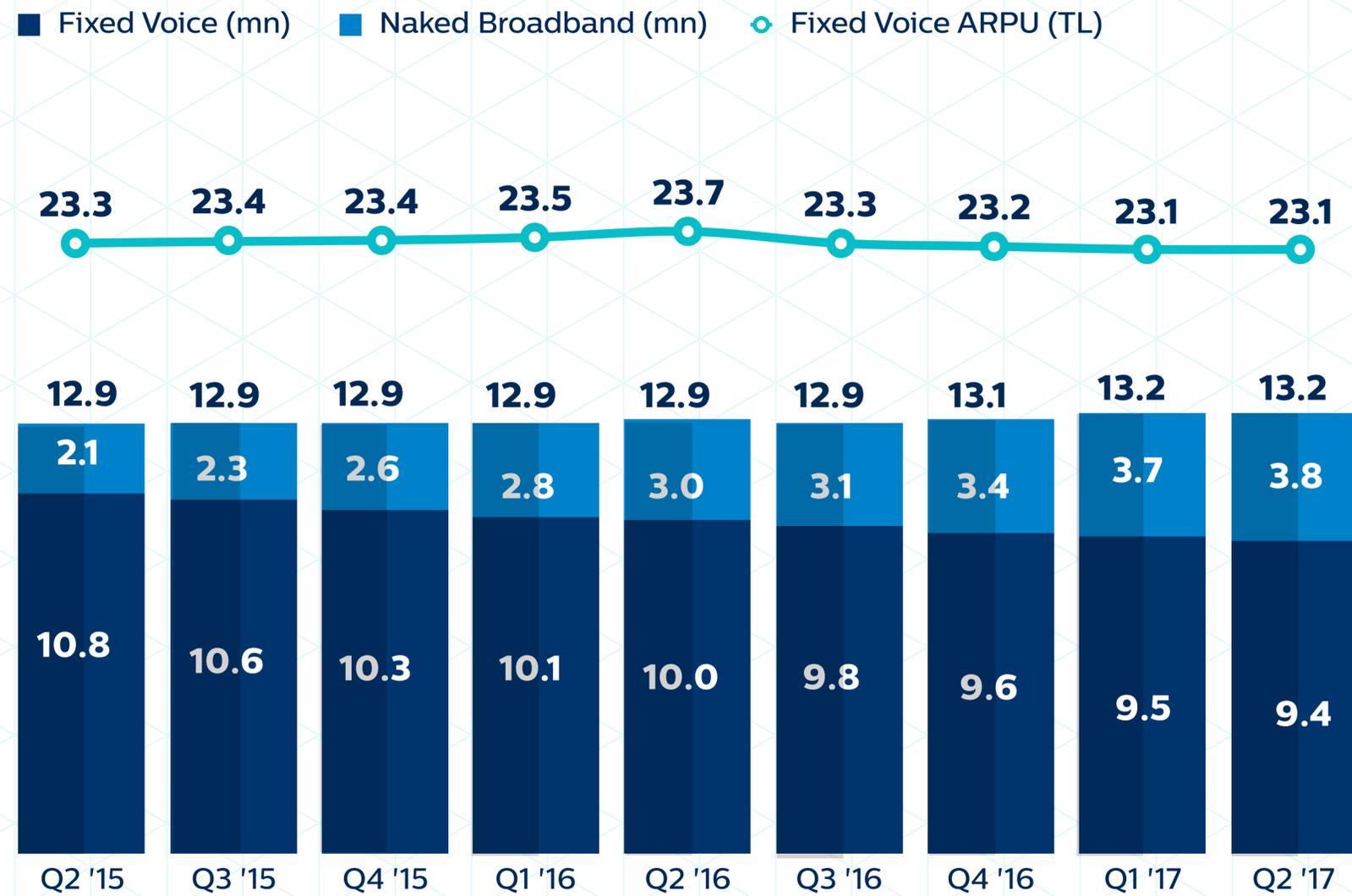
#### Cable

Cable

None

# Fixed Voice

## Access Lines and ARPU



# 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  
Partner of Turkey's only national 4G-LTE/5G base station development project "ULAK"  
Developing consumer & corporate product innovations to serve both Turk Telekom and other operators

## 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

## sebit

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.S., and Avea İletişim Hizmetleri A.Ş. legal entities remain intact



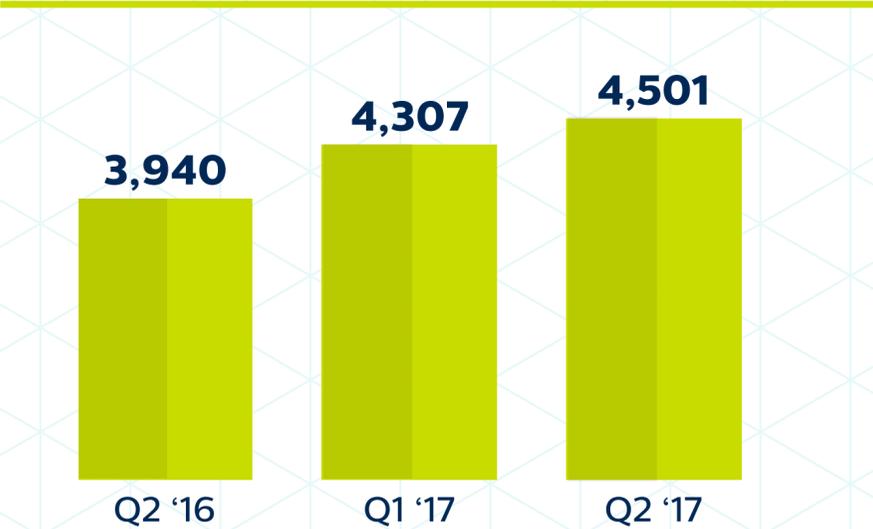
# Financials

# Financial Performance



## Revenue

(TL mn)



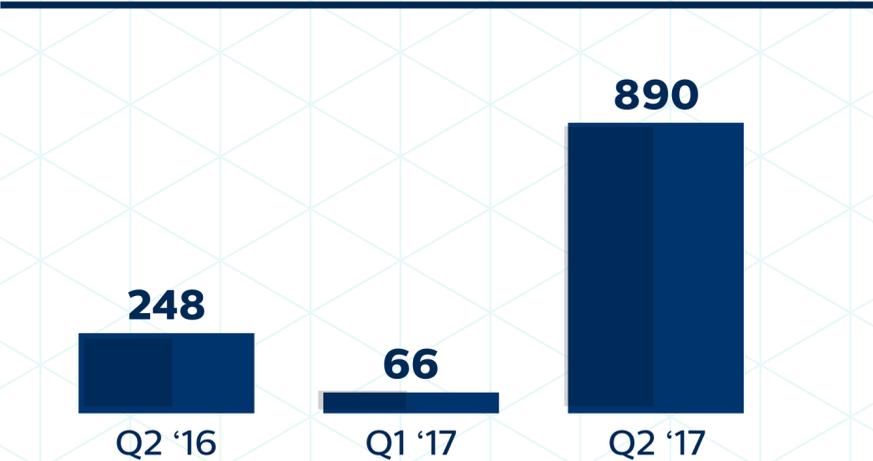
## EBITDA

(TL mn)



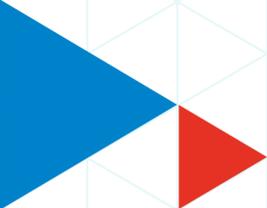
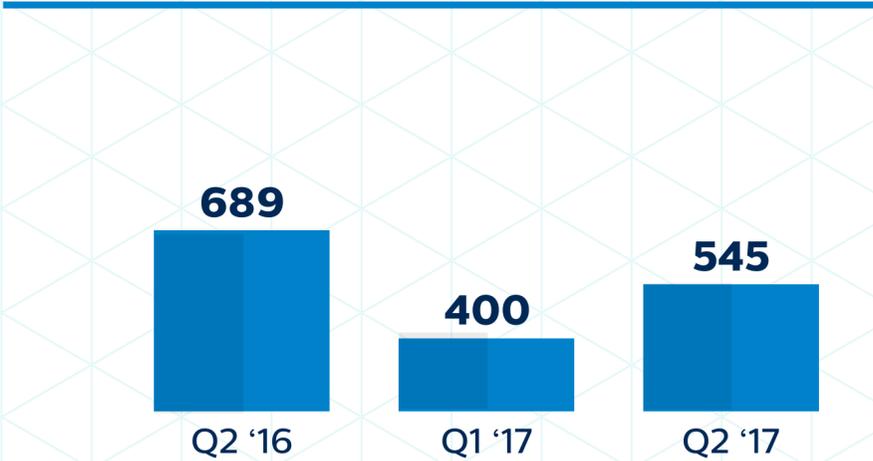
## Net Income

(TL mn)



## CAPEX

(TL mn)



# Debt Profile

## Net Debt

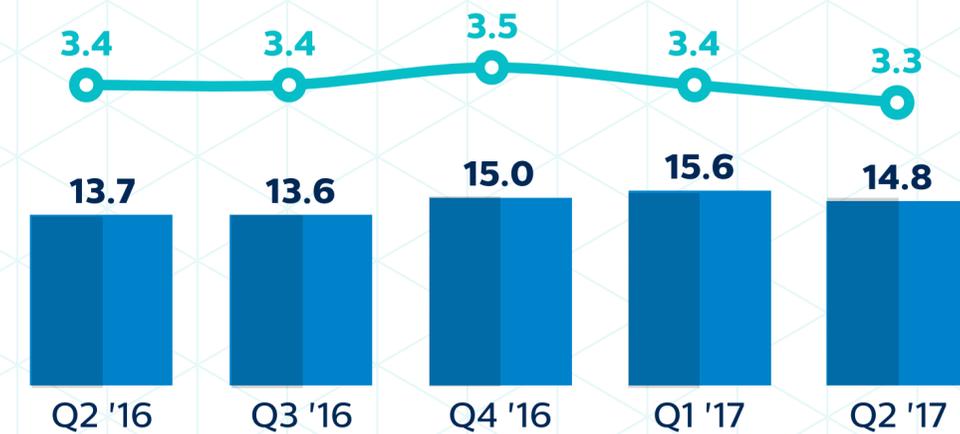
■ Net Debt (TL bn)    ● Net Debt/EBITDA



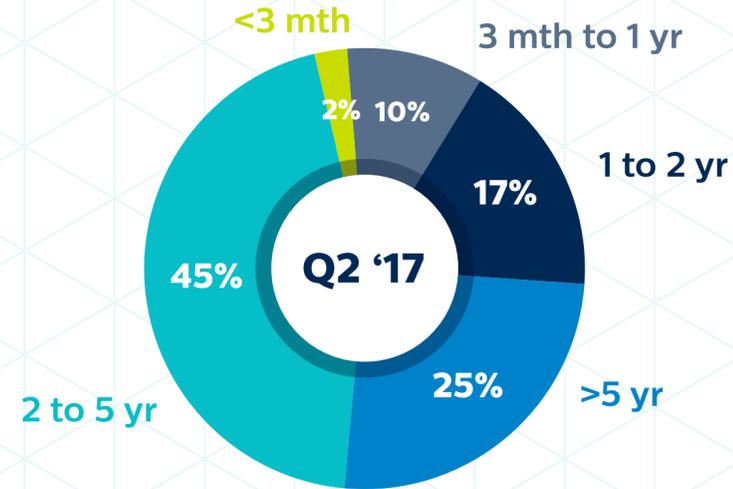
Note: In Q4 '16, Q1 '17 and Q2 '17 Net Debt/EBITDA calculation excludes extraordinary claims.

## Average Maturity of Debt

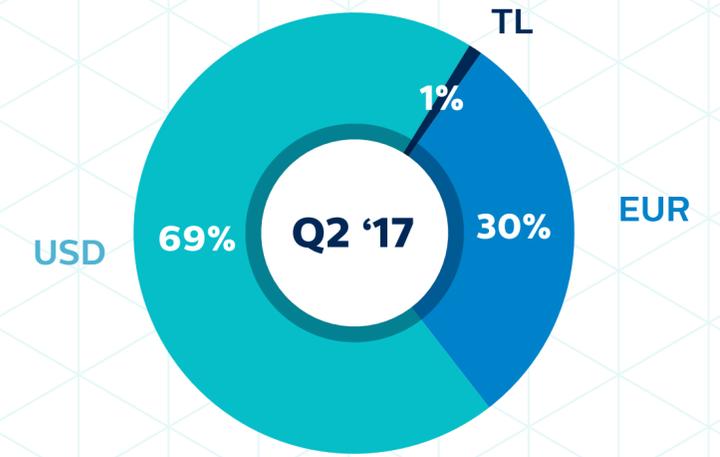
■ Total Debt (TL bn)    ● Average Maturity of Debt (years)



## Maturity Profile

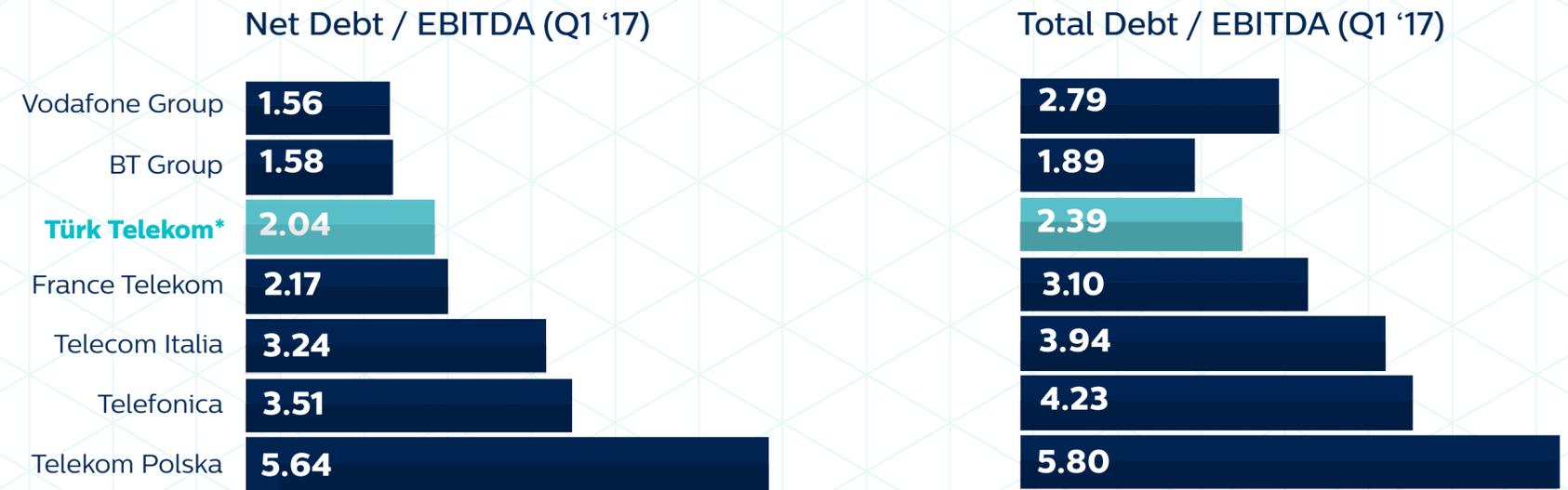


## Debt Breakdown



Note: Hedging activities are available on financial footnotes

## Low debt burden compared to peers



\*Türk Telekom's ratios are calculated from Q2 '17 numbers

# Guidance

TL mn	2016 YE	2017 Previous Guidance	2017 Revised Guidance
<b>Revenue</b> (exc. construction adjustment) <sup>1</sup>	<b>15,696</b>	<b>8% to 9% growth</b>	<b>10% to 11% growth</b>
<b>EBITDA</b>	<b>5,470</b>	<b>TL 5.8 to 6.0bn</b>	<b>TL 6.3 to 6.4bn</b>
<b>CAPEX<sup>2</sup></b>	<b>3,027</b>	<b>~TL 3bn</b>	<b>~TL 3.3bn</b>

(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



# Appendix



# Summary Income Statement

(TL mn)	2016 Q2	2017 Q1	2017 Q2	YoY Change	QoQ Change
Revenues	3,940	4,307	4,501	14.2%	4.5%
EBITDA	1,322	1,528	1,712	29.5%	12.1%
<i>Margin</i>	33.6%	35.5%	38.0%		
Operating Profit	627	807	939	49.9%	16.4%
<i>Margin</i>	15.9%	18.7%	20.9%		
Financial Income / (Expense)	(212)	(622)	249	n.m.	n.m.
FX & Hedging Gain / (Loss)	(88)	(509)	339	n.m.	n.m.
Interest Income/(Expense)	(93)	(76)	(85)	(8.6%)	11.6%
Other Financial Income/ (Expense)	(31)	(37)	(6)	(81.8%)	(85.2%)
Tax Expense	(168)	(119)	(298)	78.1%	150.9%
Net Income	248	66	890	259.2%	1,255.0%
<i>Margin</i>	6.3%	1.5%	19.8%		

Note: FX Rates used in financial income/expense calculation are as follows: **June -17:** USD/TL: 3.5071; EUR/TL: 4.0030 **March - 17:** USD/TL: 3.6386; EUR/TL: 3.9083; **December -16:** USD/TL: 3.5192; EUR/TL: 3.7099.

# Summary Balance Sheet

(TL mn)	30.06.2016	31.03.2017	30.06.2017
<b>Total Assets</b>	<b>26,626</b>	<b>26,702</b>	<b>25,733</b>
Intangible Assets <sup>1</sup>	8,076	8,480	8,252
Tangible Assets <sup>2</sup>	8,752	8,313	8,358
Other Assets <sup>3</sup>	6,583	7,273	7,000
Cash and Equivalents	3,214	2,636	2,123
<b>Total Equities and Liabilities</b>	<b>26,626</b>	<b>26,702</b>	<b>25,733</b>
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	1,395	211	1,084
Interest Bearing Liabilities <sup>4</sup>	13,722	15,594	14,754
Provisions for Employee Termination Benefits	601	637	651
Other Liabilities <sup>5</sup>	7,648	7,000	5,983

(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

# Q&A



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# Thank you



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