

Investor Call

Q2 2016



Türk Telekom



► Notice

The information contained herein has been prepared by Türk Telekomünikasyon A.Ş. (the Company) in connection with the operations of Türk Telekom Group companies. The opinions presented herein are based on general information gathered at the time of writing and are subject to change without notice.

The Company relies on the information gathered from the reliable sources however does not guarantee completeness and accuracy of such information.

These materials contain statements about future events and expectations that are forward-looking statements. Any statement in these materials that is not a statement of historical fact is a forward-looking statement that involves known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Except to the extent required by law, we assume no obligations to update the forward-looking statements contained herein to reflect actual results, changes in assumptions or changes in factors affecting these statements.

This presentation does not constitute an offer or invitation to sell, or any solicitation of any offer to subscribe for or purchase any securities and nothing contained herein shall form the basis of any contract or commitment whatsoever. No reliance may be placed for any purposes whatsoever on the information contained in this present or employees nor any other person accepts any liability whatsoever for any loss howsoever arising from any use of this presentation or its contents or otherwise arising in connection therewith.

The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. and the mobile services - are provided by Avea İletişim Hizmetleri A.Ş.

Türk Telekom® brand used in this presentation is the joint brand of Turk Telekom Group companies. All group companies's legal entities remain intact.

There may be differences between the data provided in this presentation and ICTA's market reports. These discrepancies are due differences in basis of financial reporting (standalone vs. consolidated) and differences in ARPU calculation methodologies.

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.

Operational Highlights

Strong net subscriber gains in all segments



Broadband

113K

Q2 '16

310K

H1 '16



Mobile

310K

Q2 '16

771K

H1 '16



Home TV

76K

Q2 '16

160K

H1 '16



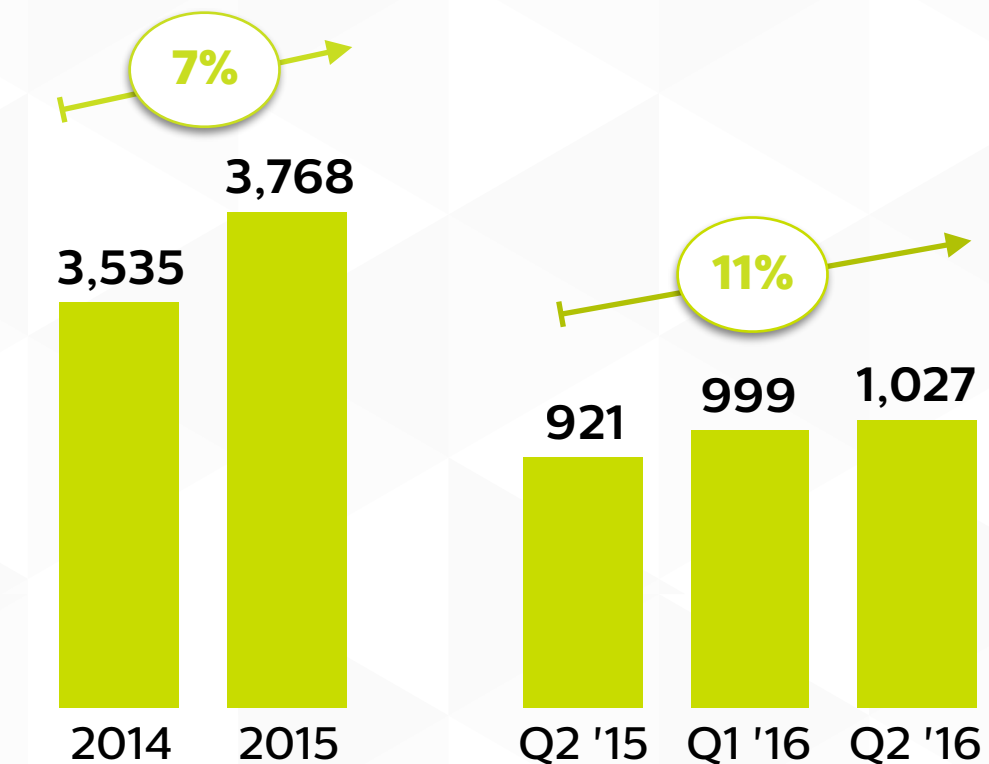
Financial Performance

TL mn	2015 Q2	2016 Q1	2016 Q2	Growth (QoQ)	Growth (YoY)
Revenue	3,526	3,801	3,940	4%	12%
Revenue (exc.construction adjustment) ¹	3,464	3,761	3,820	2%	10%
EBITDA	1,320	1,262	1,322	5%	0%
EBITDA Margin	37.4%	33.2%	33.6%		
Net Income	335	408	248	-39%	-26%
CAPEX	467	708	689	-3%	48%

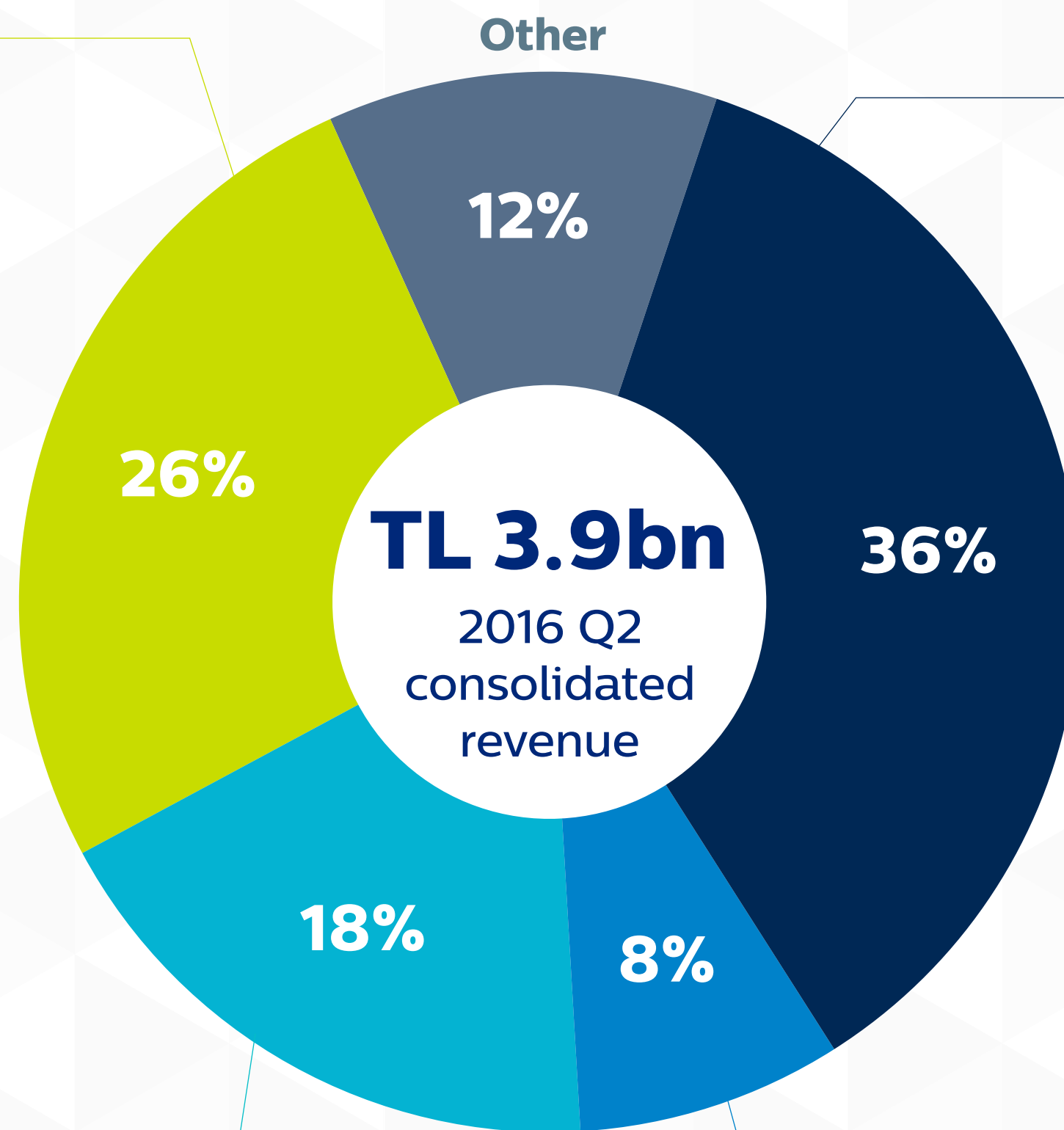
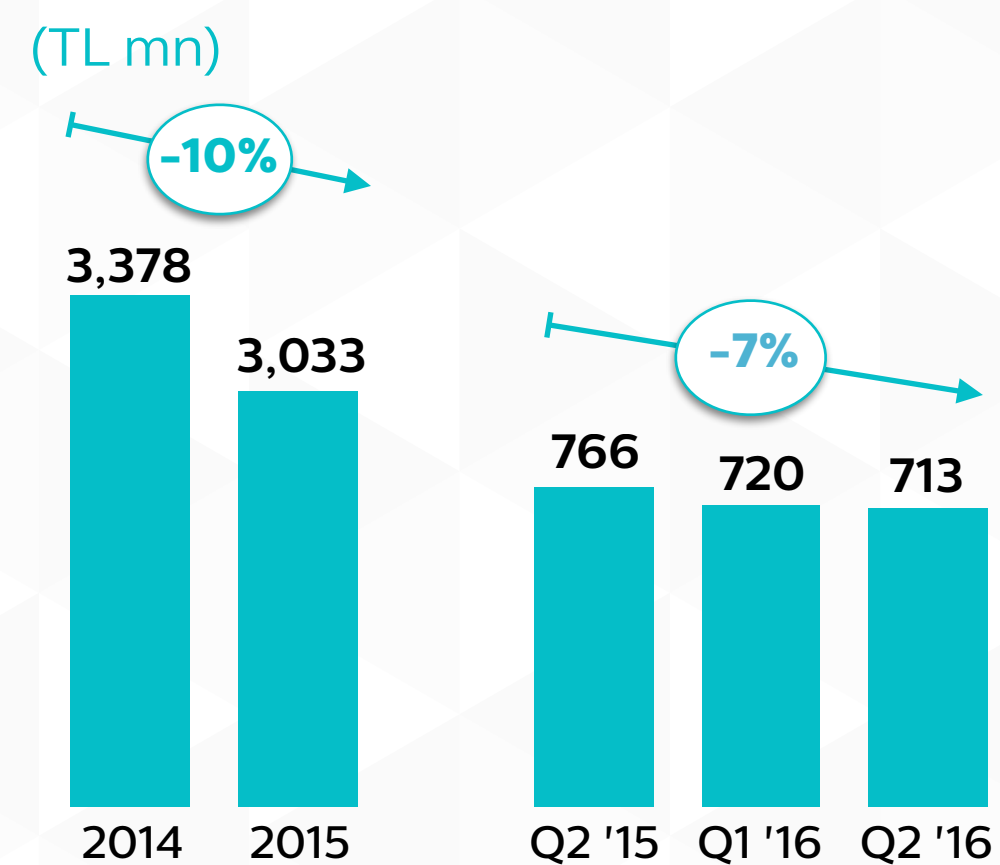
(1) Construction accounting adjustment is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fiber based network.

Focused on High Growth Areas

Fixed Broadband (TL mn)

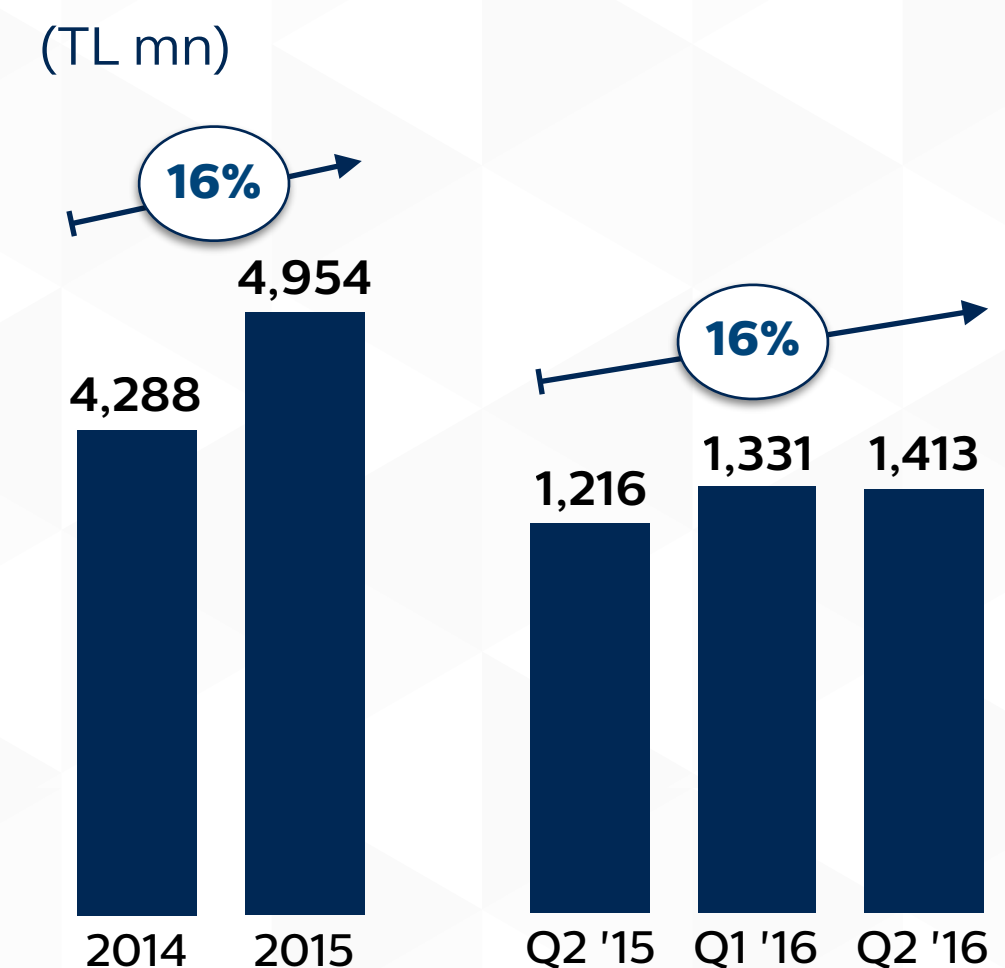


Fixed Voice (TL mn)

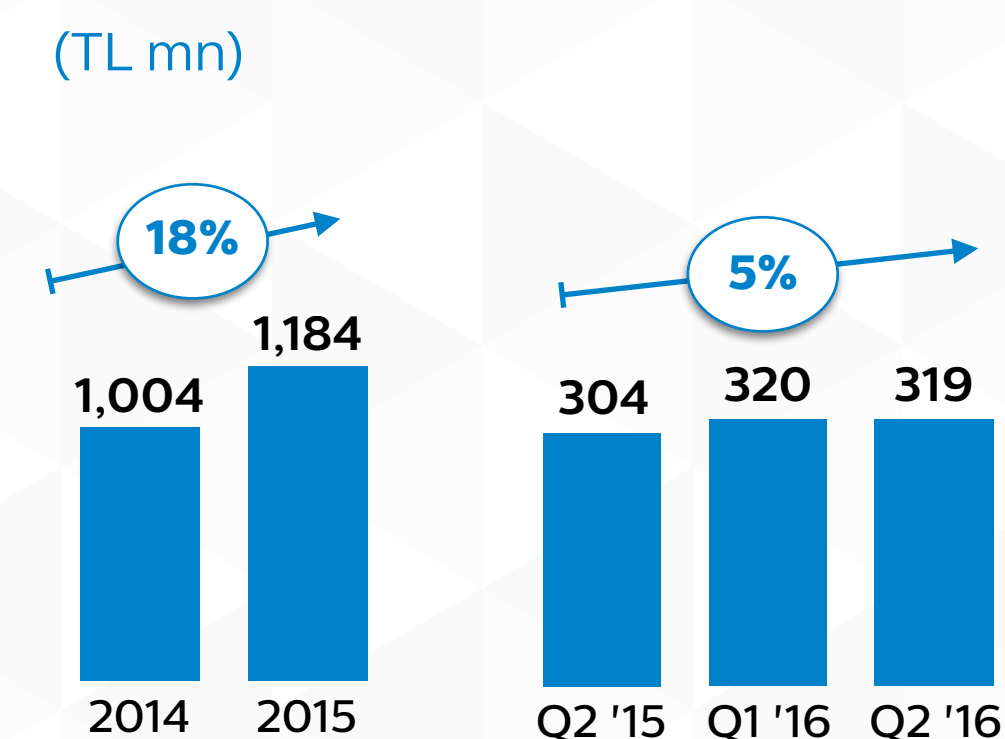


Revenue breakdown

Mobile (TL mn)



Corporate Data (TL mn)



The Most Diversified Product Portfolio

Unique position in convergence

Robust ARPU Generation

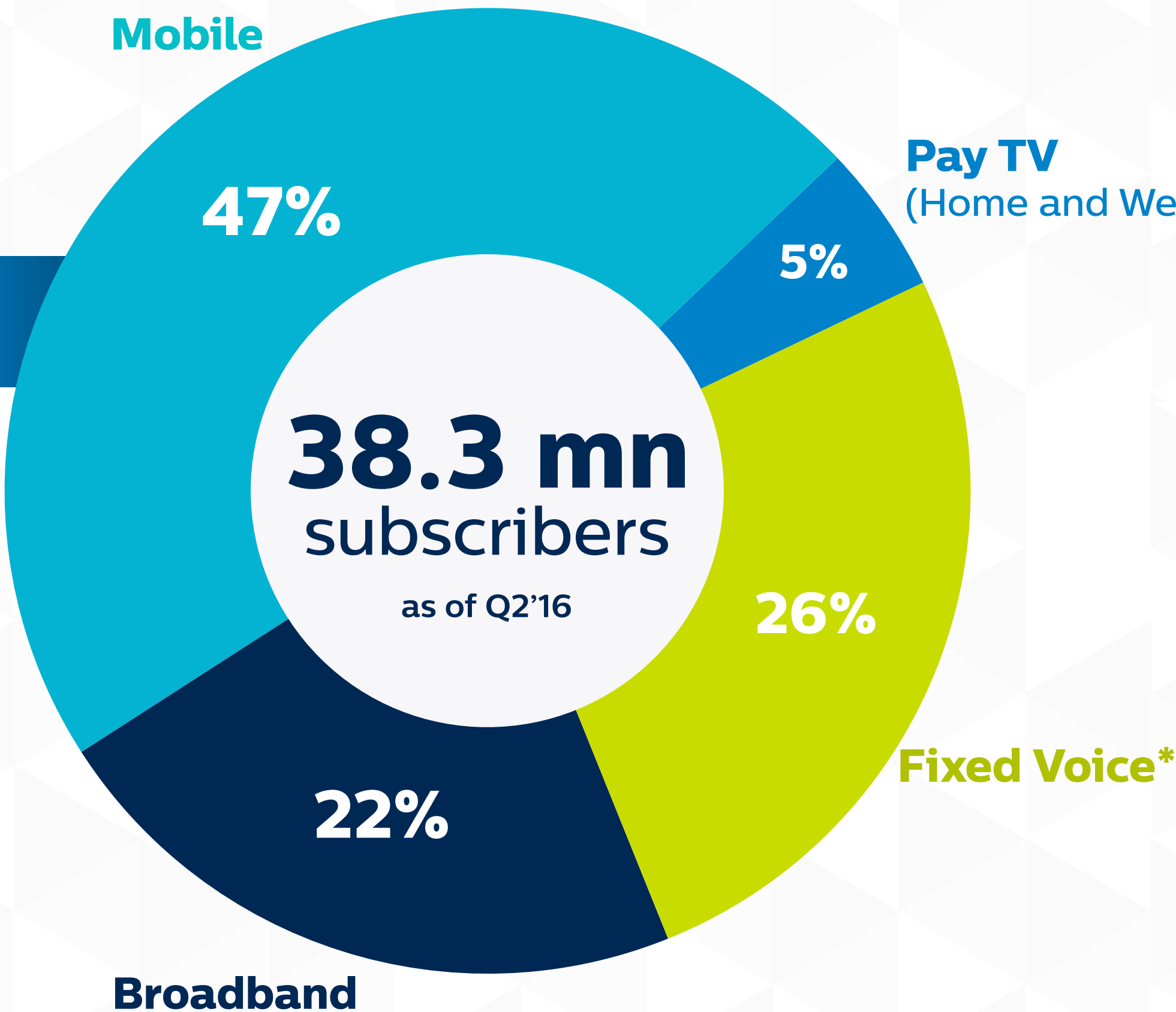
Q2 '16 ARPU

Türk Telekom

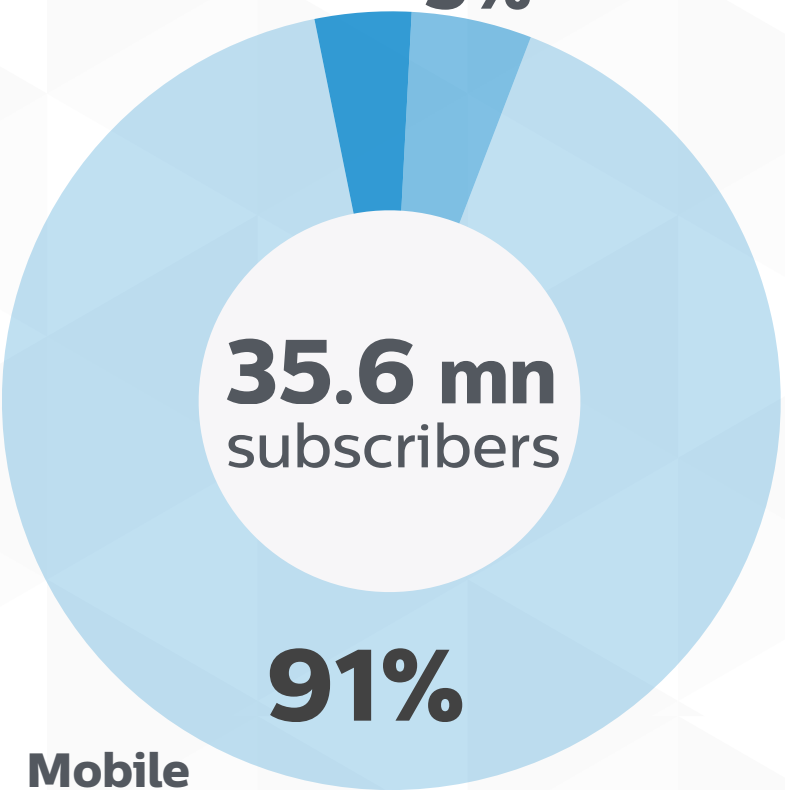
Mobile
Broadband
Pay TV
Fixed Voice

TL 25.1
TL 41.5
TL 19.0
TL 23.7

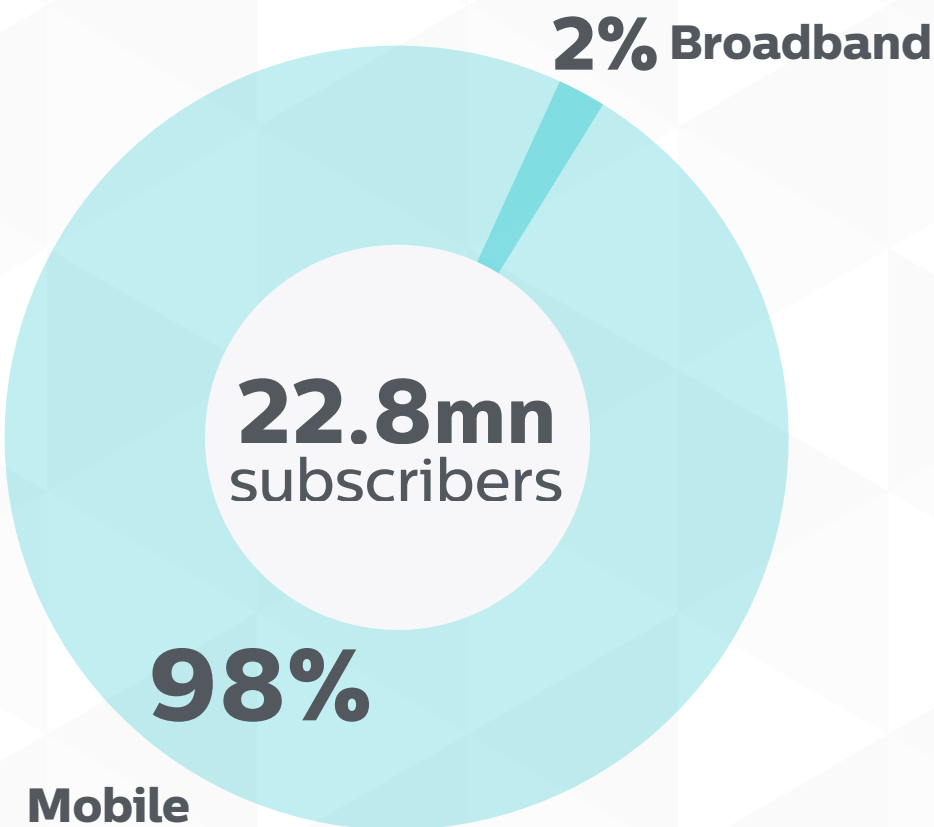
Türk Telekom



Turkcell 4% Pay TV (Home and Web)
5% Broadband



Vodafone

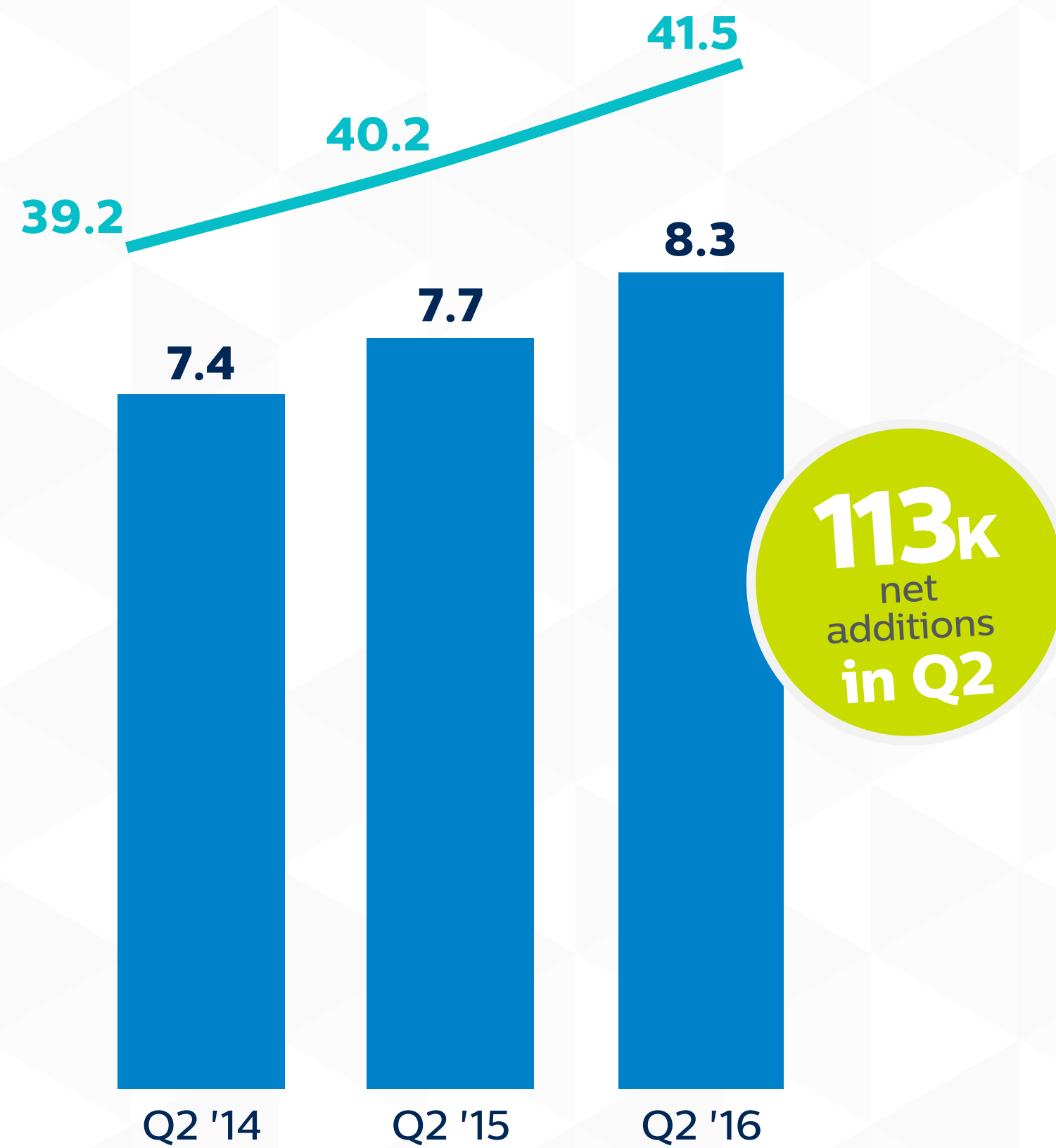


Other operators' data are from their own publications as of Q2 '16.
*VOIP is not included.

Fixed Broadband Performance

ARPU & Subscribers

— ARPU (TL) ■ Subscribers (mn)



Fiber Subscribers

(thousand)



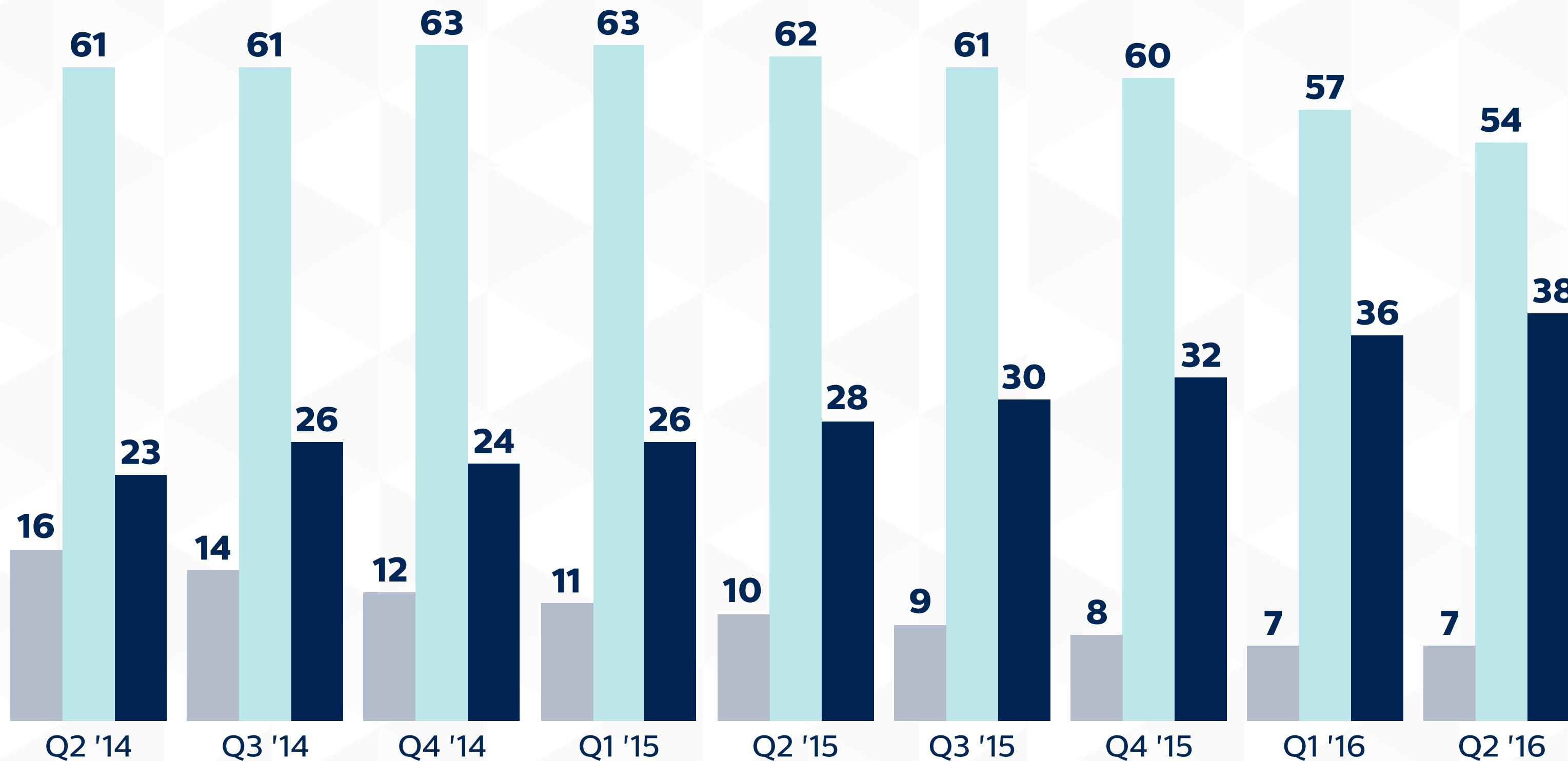
FTTH/B & FTTC tariffs have same prices for a given speed/quota

Upselling Dynamics in Fixed Broadband

Fair Usage

(% of Subscribers)

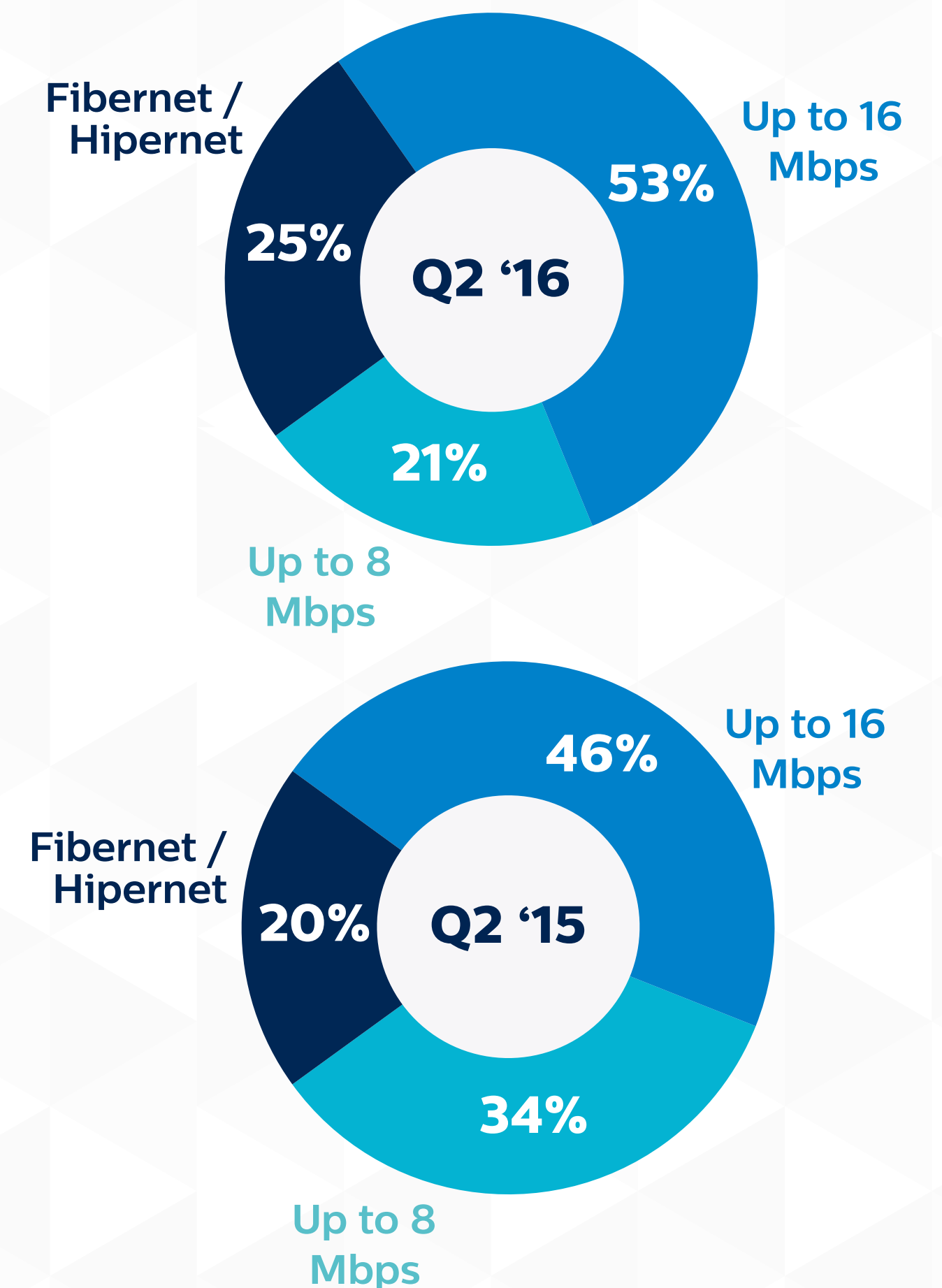
■ 25GB & Below ■ 25 to 50 GB ■ Above 50 GB



All figures are based on Türk Telekom's retail subscribers

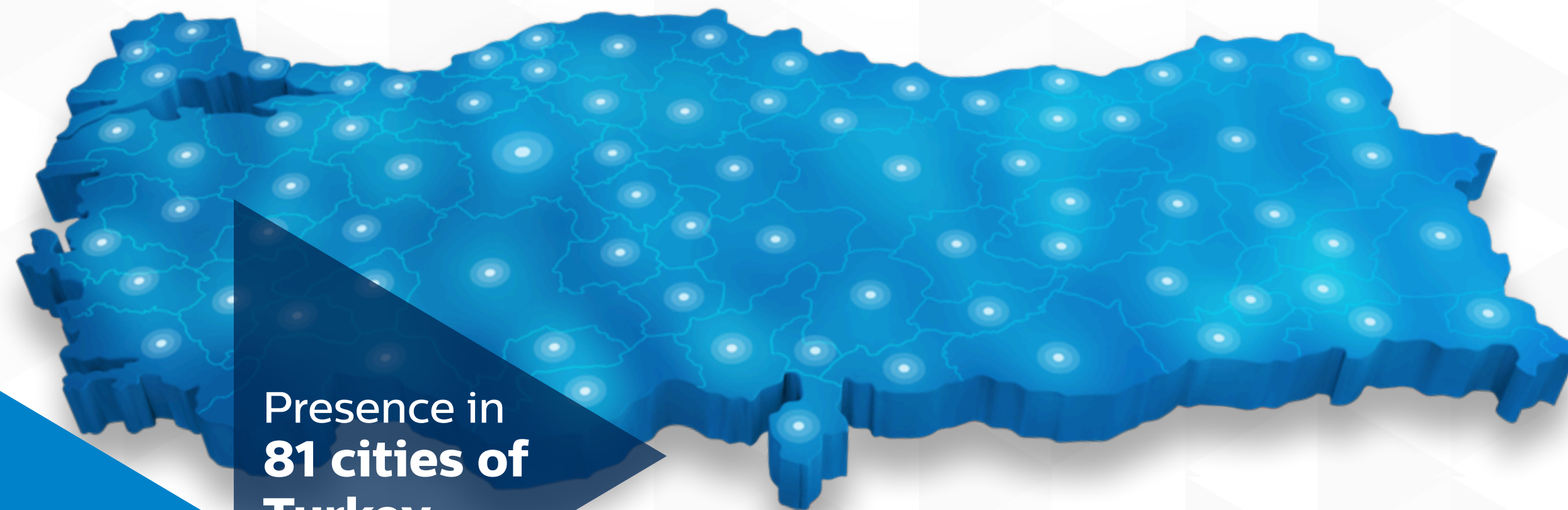
Speed Breakdown

(% of Subscribers)



Nationwide Fiber

Türk Telekom Fiber Network

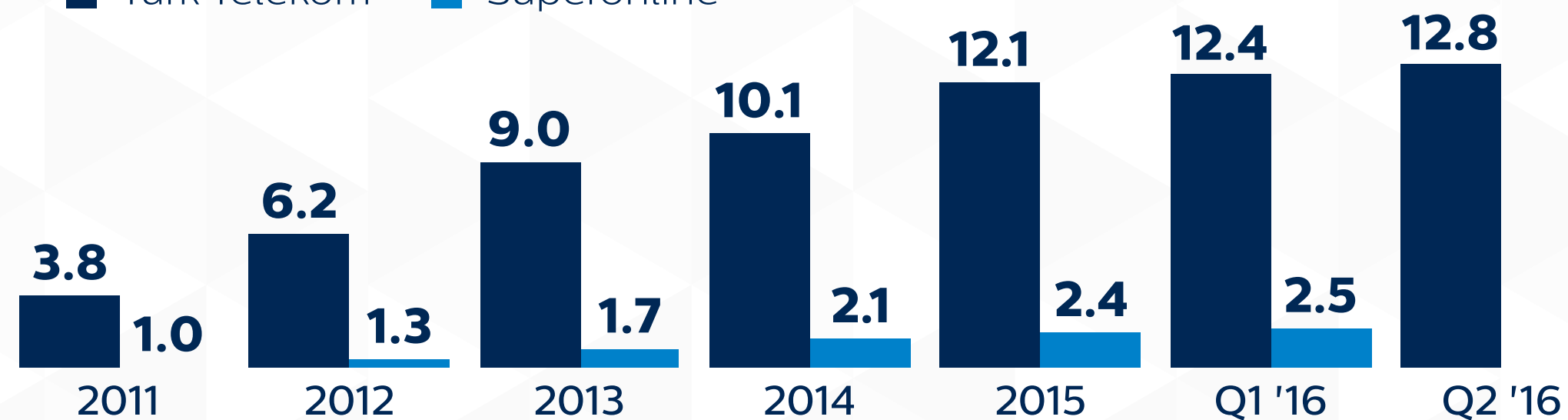


219K km
fiber length

Fiber Homepass

(mn)

■ Türk Telekom ■ Superonline



Fiber homepass includes FTTH/B & FTTC

Superonline Fiber Network



35.6K km
fiber length

Wholesale customer of
Türk Telekom

Based on Turkcell's own publications as of Q1 '16

Fiber Subscribers

(thousand)

■ Türk Telekom ■ Superonline

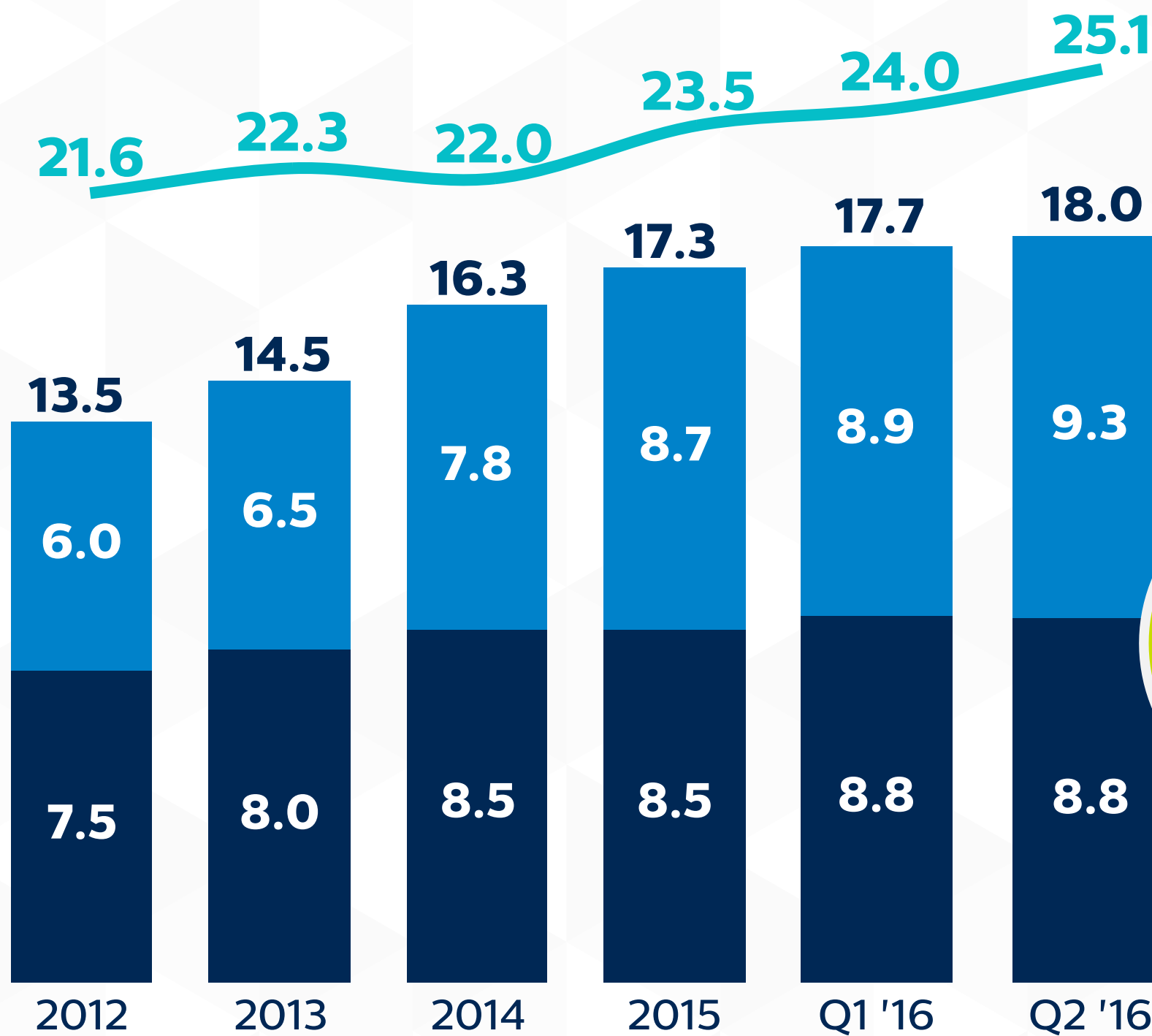


Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Performance

Growing ARPU & Subscribers

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

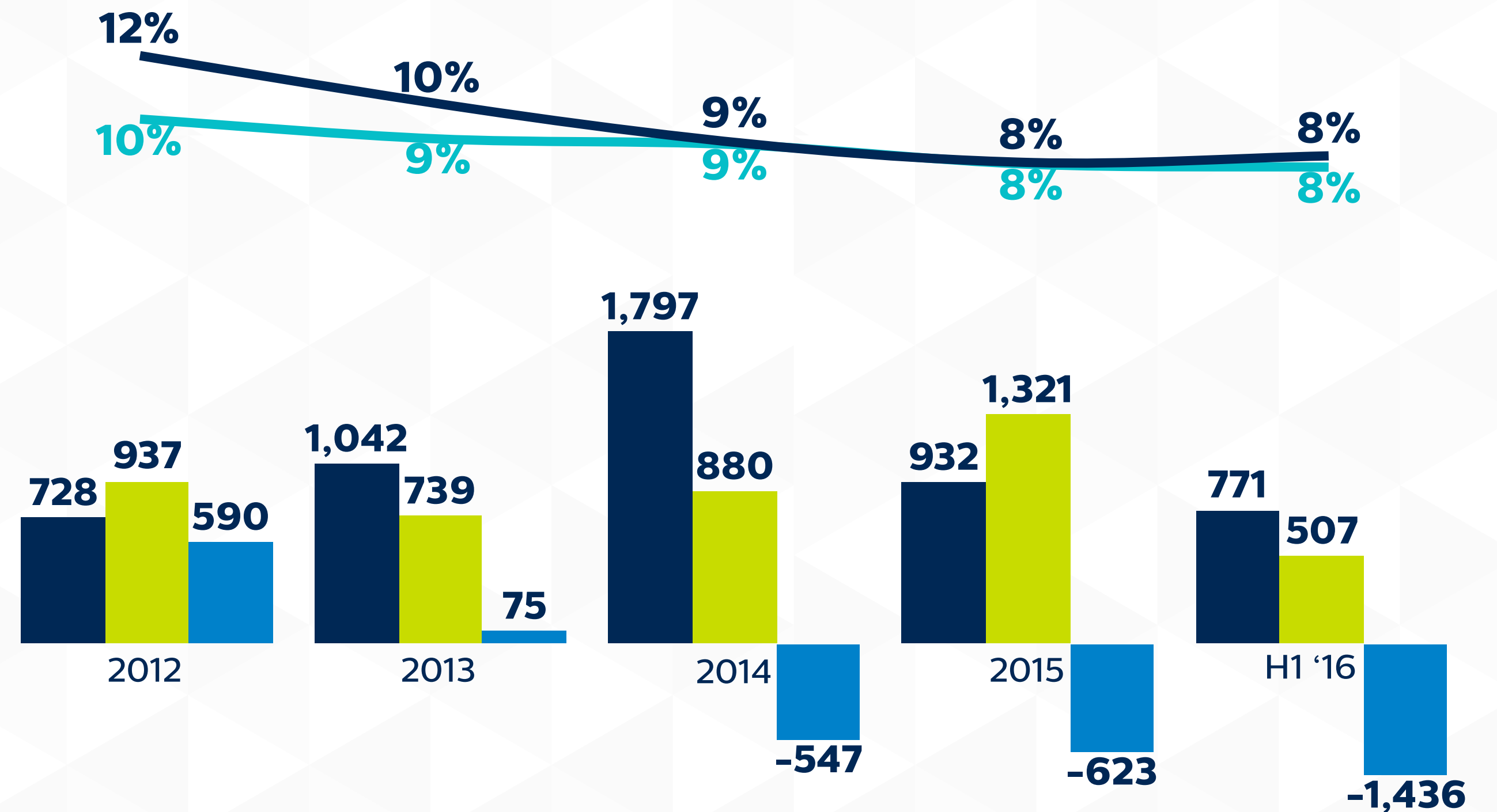


310k
net
additions
in Q2

Lower Churn Rate & Strong Net Subscriber Addition

(thousand)

■ Türk Telekom ■ Vodafone ■ Turkcell
 — Türk Telekom Quarterly Avg. Churn Rate
 — Market Quarterly Avg. Churn Rate



Other operators' data are from their own latest publications.

LTE Key Metrics



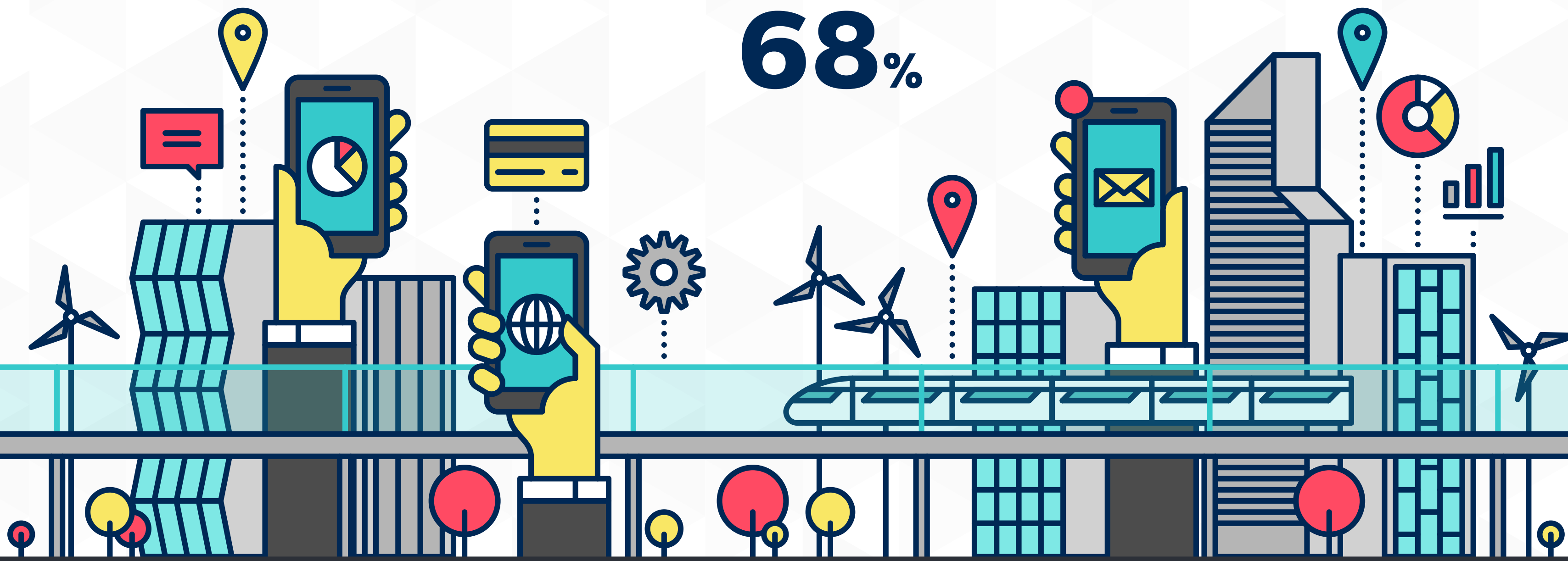
▶ **44%**
of our smartphone users
on LTE devices



▶ LTE population
coverage is
68%



▶ **70%**
of LTE base stations are
fiber-connected.

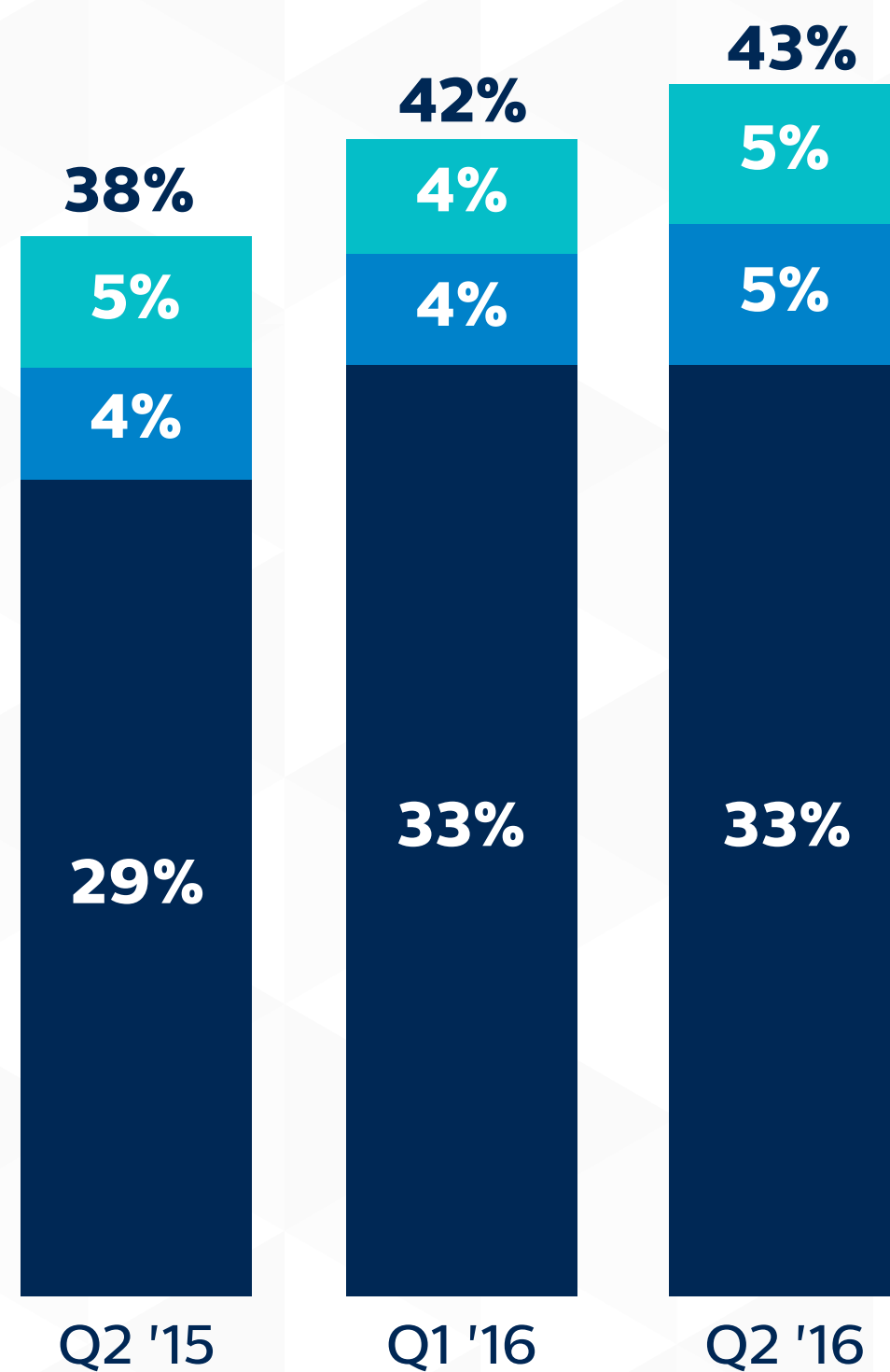


Monetizing Data

Data Revenue

(Service revenue shares)

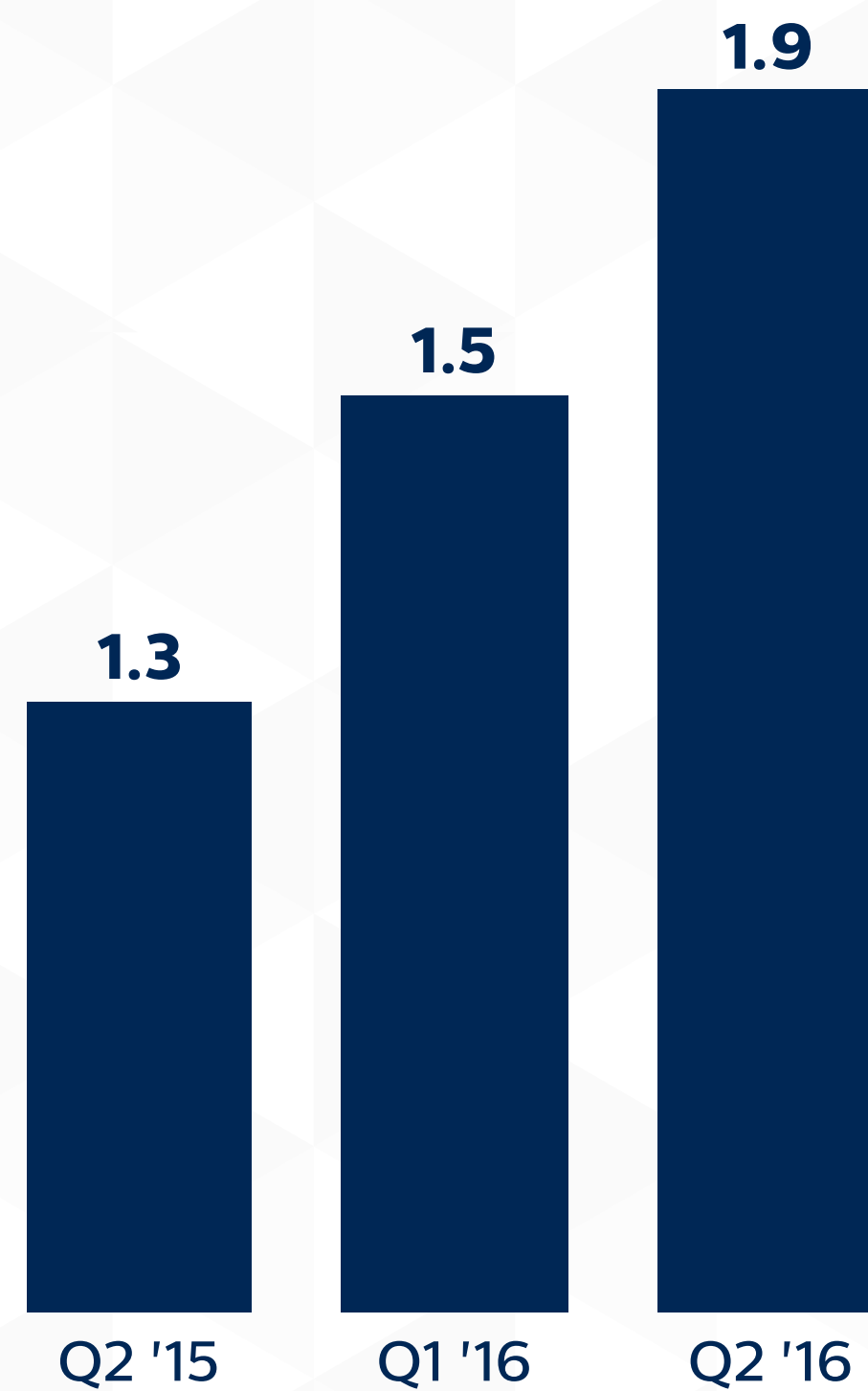
■ Mobile Data ■ VAS¹ ■ SMS



(1) VAS, Value Added Services

Avg. Monthly Mobile Data Usage

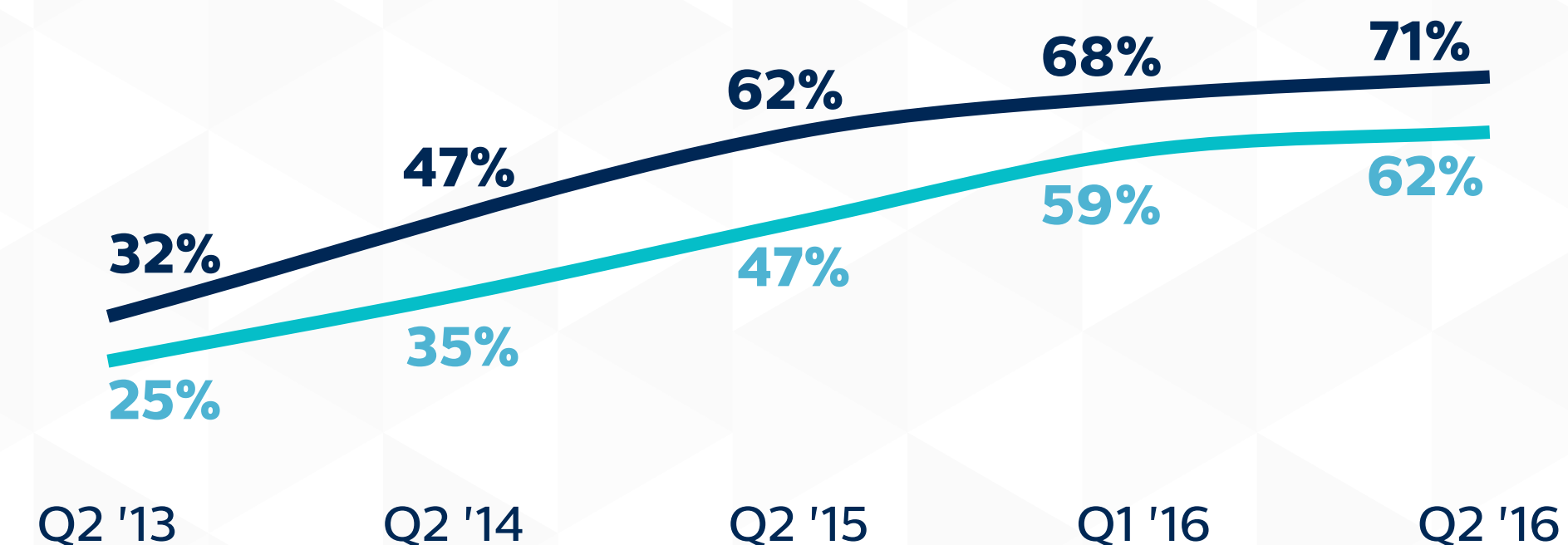
(GB per subscribers¹)



(1) Türk Telekom smartphone subscribers

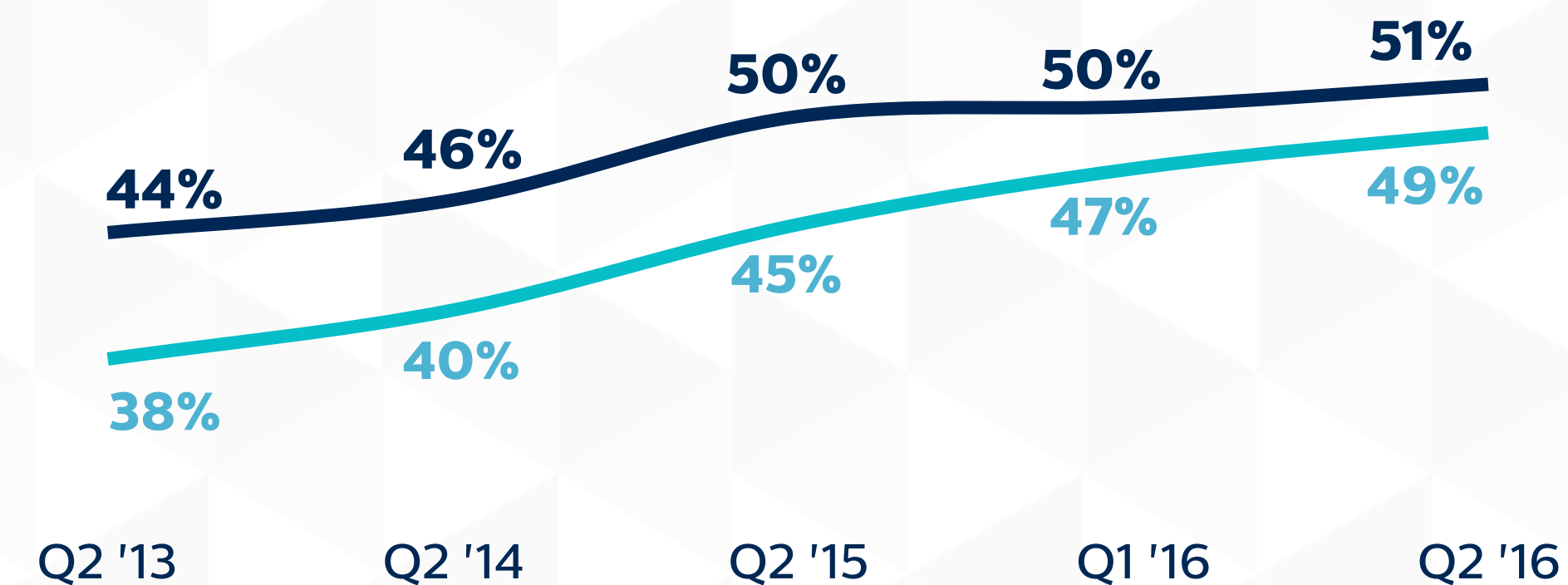
Smartphone Penetration

— Rest of the Market — Türk Telekom



Postpaid Ratio

— Rest of the Market — Türk Telekom

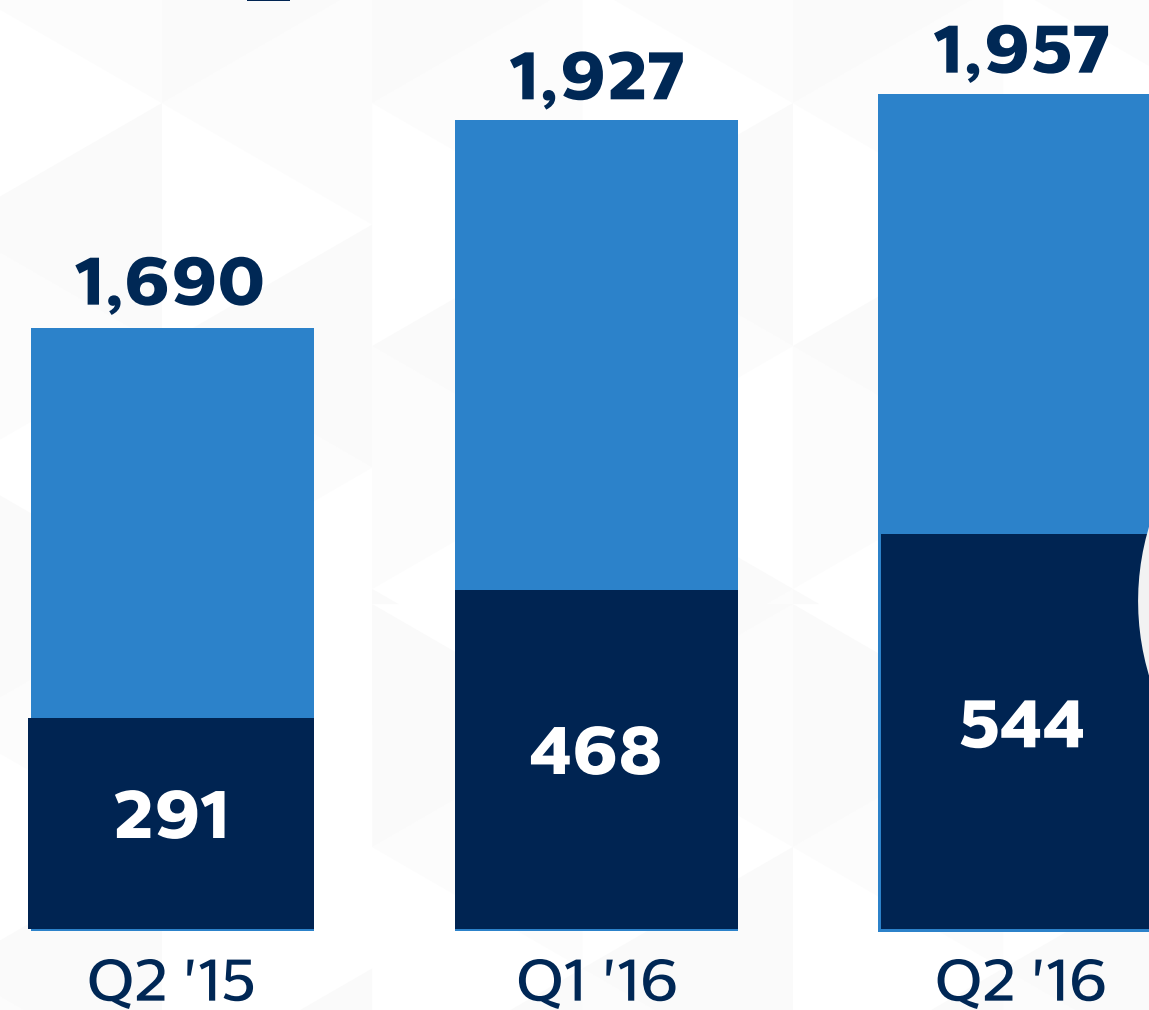


TV Performance

Subscribers

(thousand)

■ Tivibu Go ■ Home TV



76K
net additions
in Q2
in Home TV

Q2 Home TV
ARPU
TL 19.0

	Number of Channels	Number of Archives	Price* (TL)	Price** (TL)
Cinema Package	204	8,250+	19	29
Super Package	229	8,500+	39	49

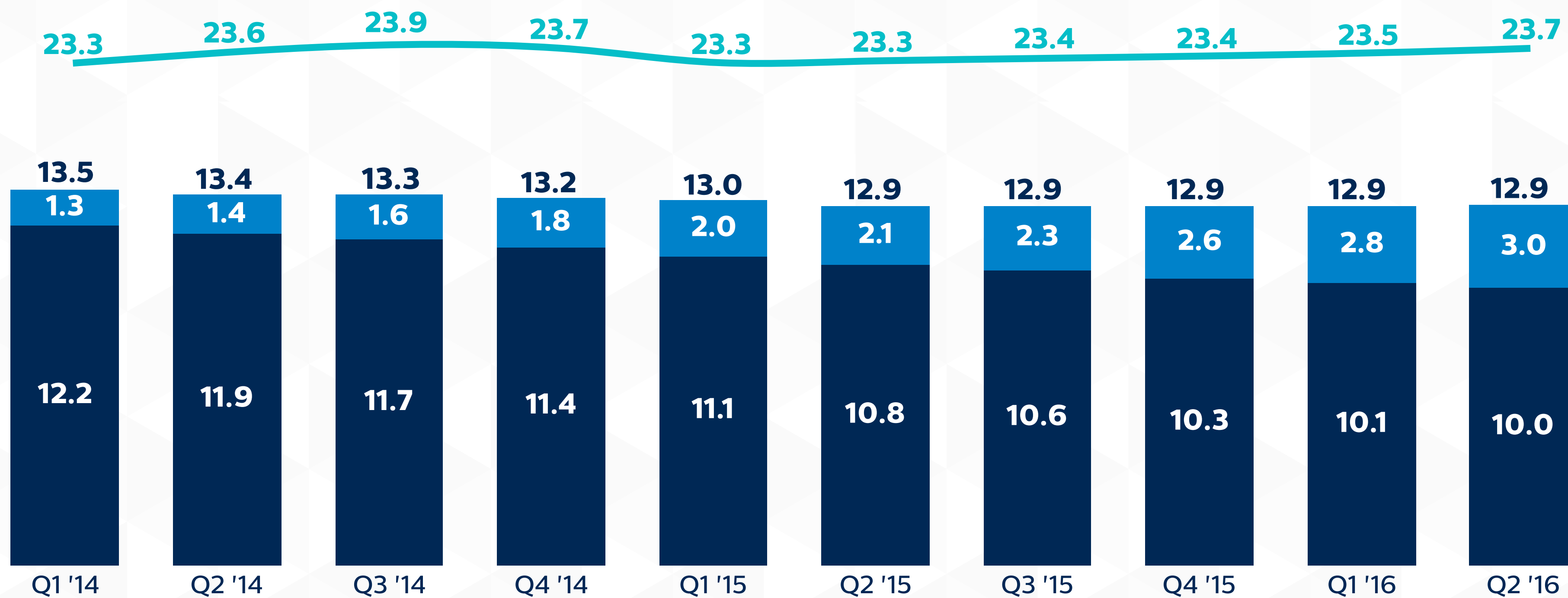
* 24 months contracted prices | ** 12 months contracted prices



Fixed Voice

Access Lines and ARPU

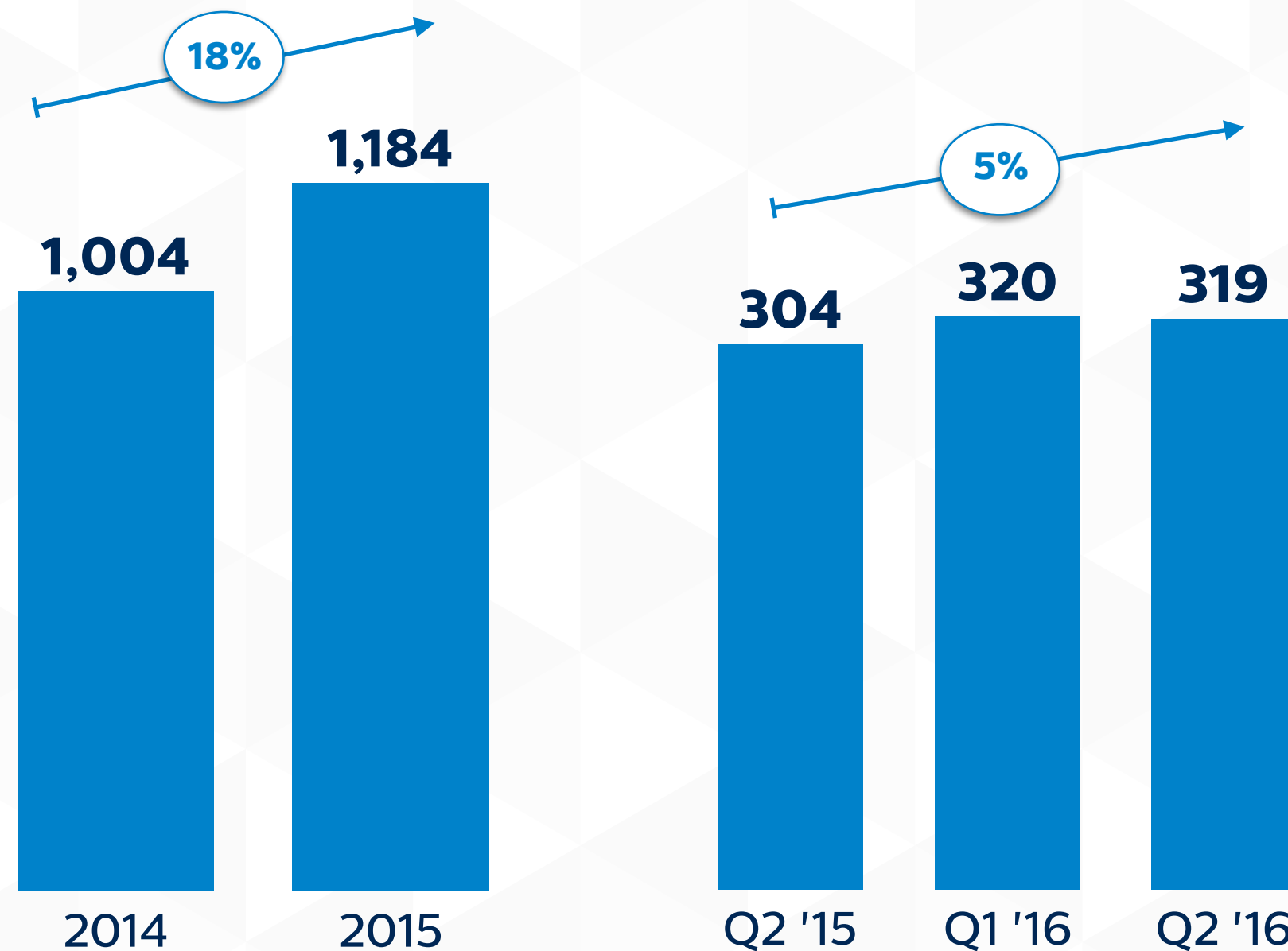
■ Fixed Voice (mn) ■ Naked Broadband (mn) — Fixed Voice ARPU (TL)



Corporate Data

- ▶ 8% of our total revenues are generated by corporate data business in Q2 '16
- ▶ Corporate data revenue growth is mainly driven by IPVPN revenues

Revenues (TL mn)



Note: Q2 '16 yoy revenue growth was limited due to high base effect in Q2 '15



Cloud Services

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



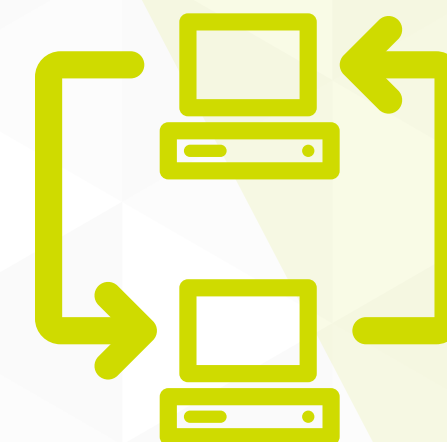
Metroethernet

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



TT VPN

TT VPN provides fast and safe connection end to end, from multiple points to multiple points. With TT VPN, customer's offices all around Turkey can be united while fast and safe data transfer via virtual network is enabled



Leased Line

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

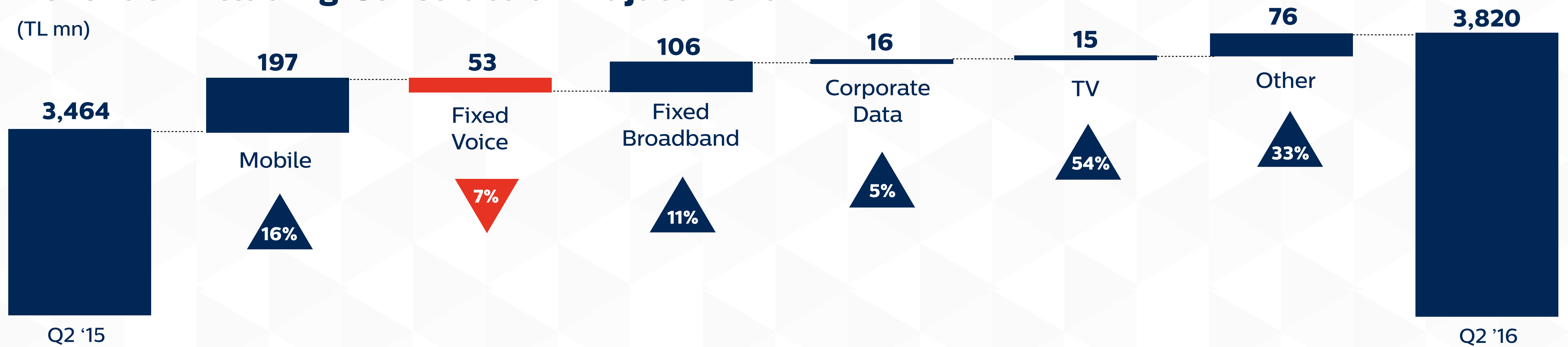


Financials

Financial Performance

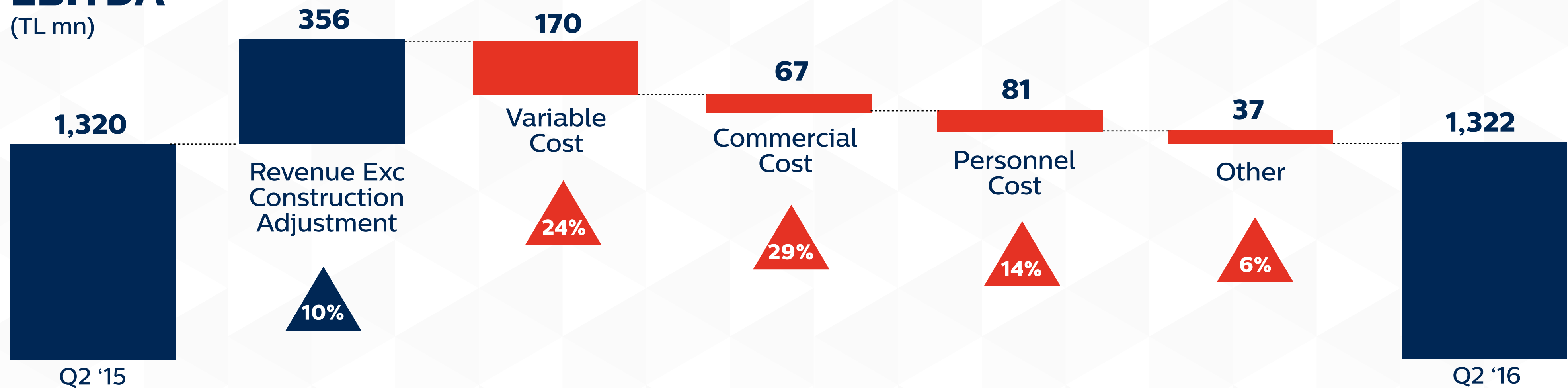
Revenue Excluding Construction Adjustment

(TL mn)



EBITDA

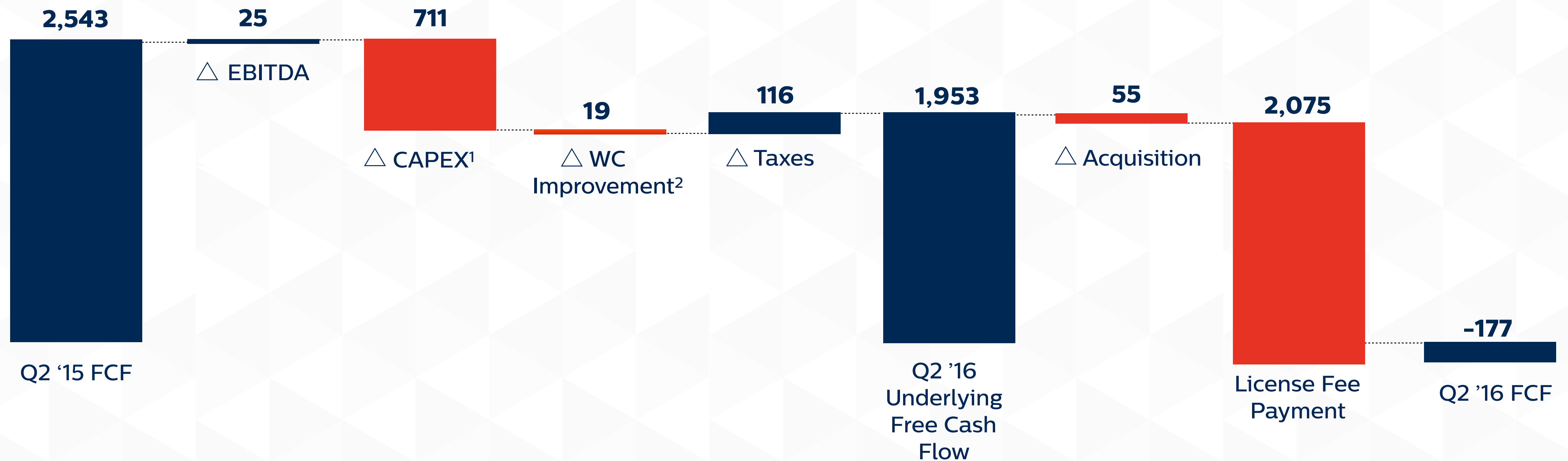
(TL mn)



Free Cash Flow Generation

LTM FCF Development

(TL mn)



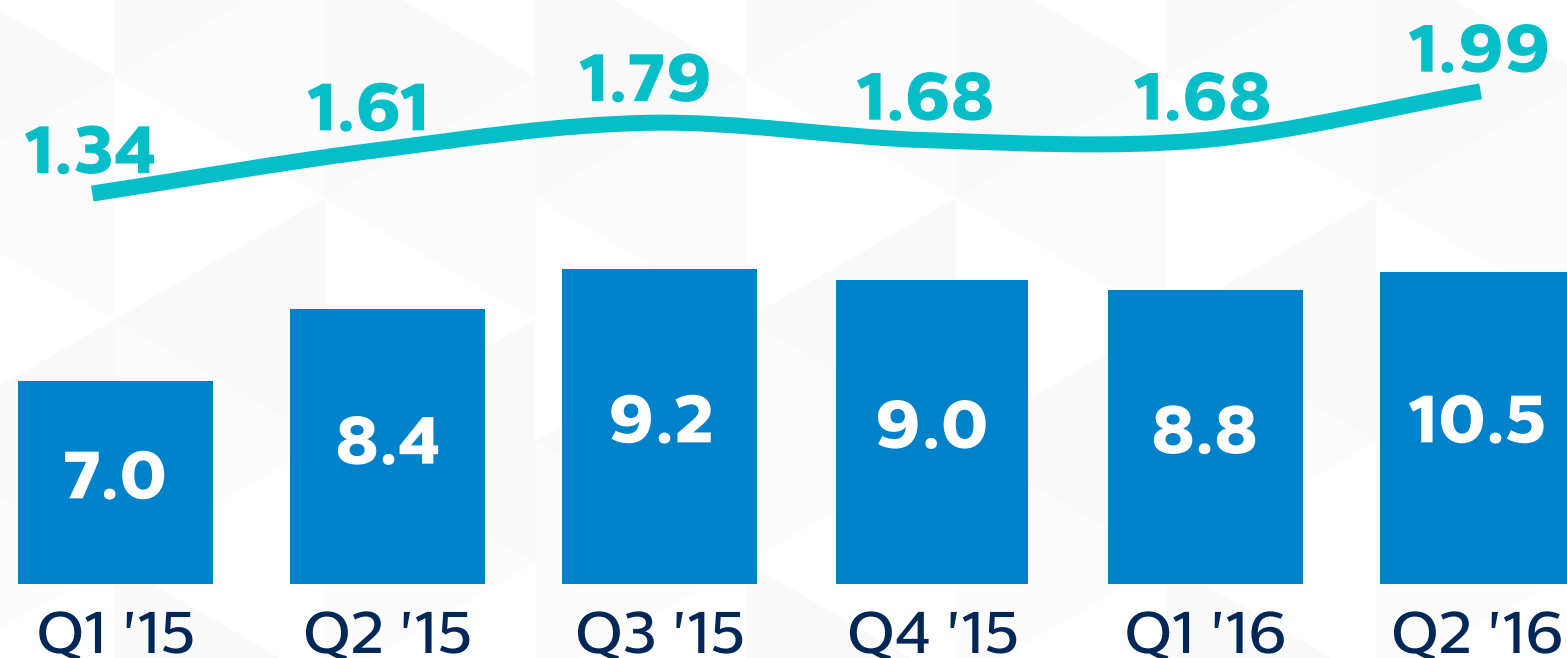
(1) Excludes license fee

(2) Excludes restricted cash change & license fee related VAT payment

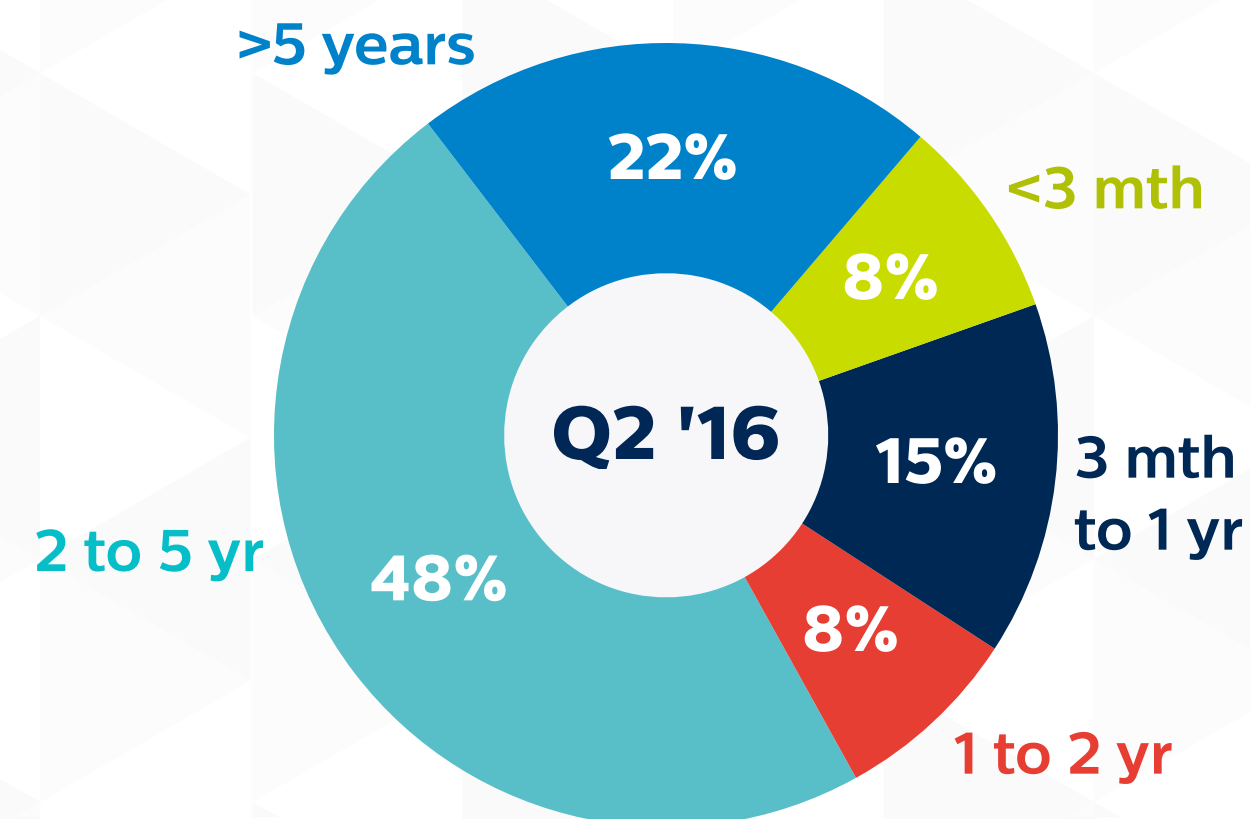
Debt Profile

Net Debt

■ Net Debt (TL bn) — Net Debt/EBITDA

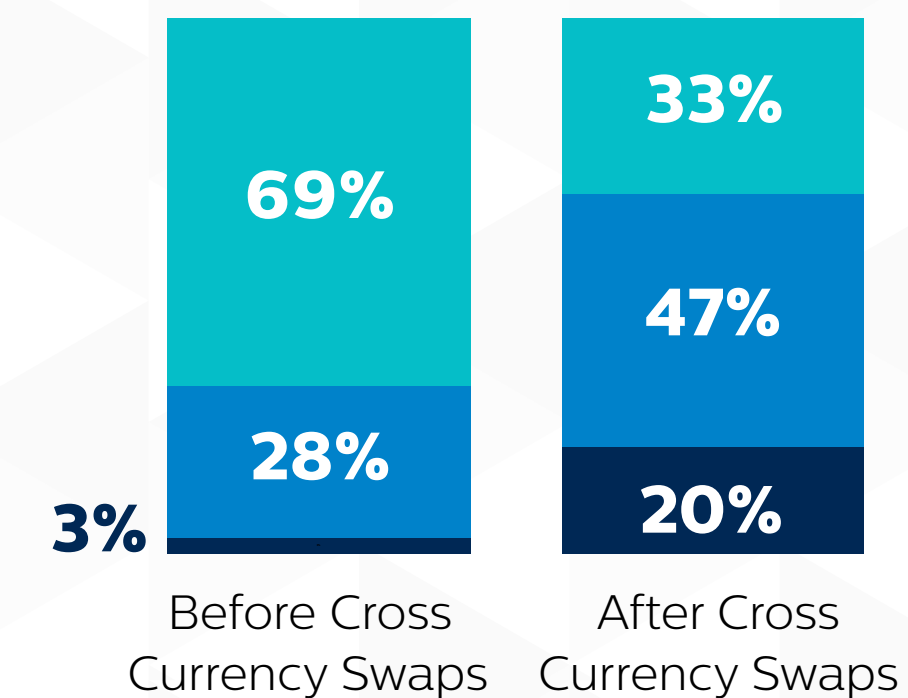


Maturity Profile



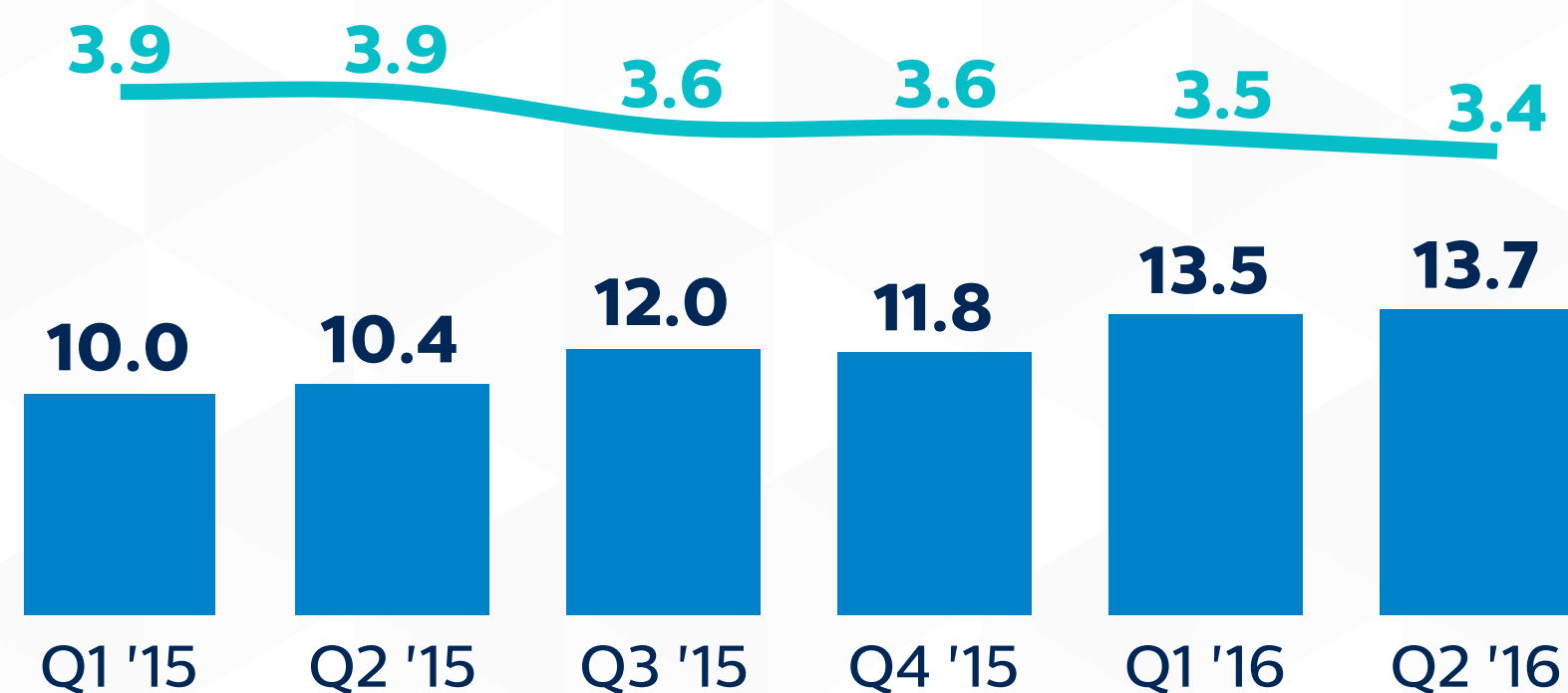
Currency Breakdown

■ TL ■ EUR ■ USD



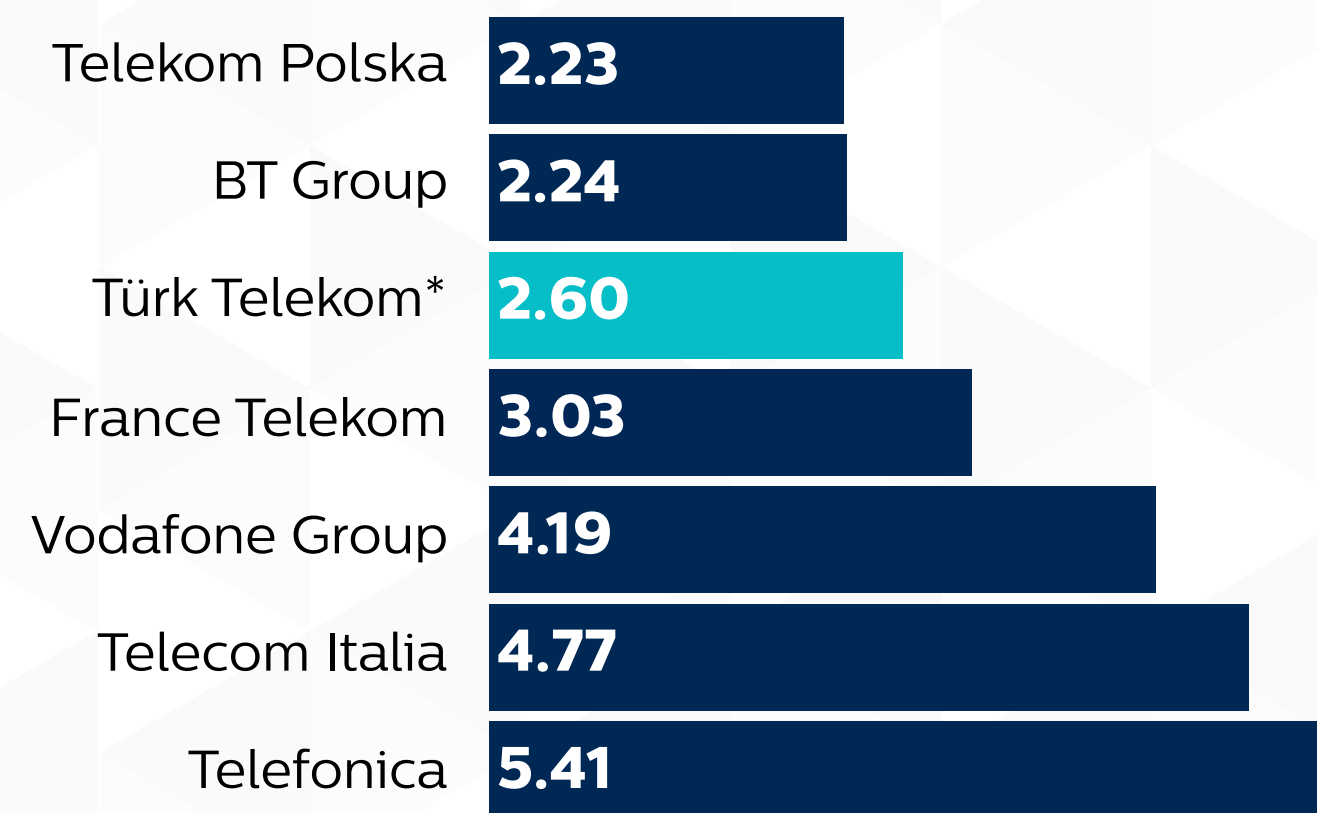
Average Maturity of Debt

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



Low debt burden within the median of peers

Total Debt / EBITDA (Q1 '16)



Net Debt / EBITDA (Q1 '16)



* Türk Telekom's ratios are calculated from Q2'16 numbers



Appendix

Guidance

2014 YE

2015 YE

TL mn

Revenue
(exc.construction
adjustment)¹

13,243

14,190

EBITDA

5,047

5,334

CAPEX²

2,146

2,930

2016 Guidance

7% to 9% growth

TL 5.5 to 5.7bn

~TL 3.2bn

(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

Summary Income Statement

(TL mn)	Q2 '15	Q1 '16	Q2 '16	YoY Change	QoQ Change
Revenues	3,526	3,801	3,940	11.8%	3.7%
EBITDA	1,320	1,262	1,322	0.1%	4.8%
<i>Margin</i>	37.4%	33.2%	33.6%		
Operating Profit	788	604	627	-20.4%	3.9%
<i>Margin</i>	22.3%	15.9%	15.9%		
Financial Income/(Expense)	(339)	(30)	(212)	-37.5%	600.5%
FX & Hedging Gain/(Loss)	(308)	76	(88)	-71.3%	n.m.
Interest Income/(Expense)	(9)	(75)	(93)	974.0%	23.3%
Other Financial Income/(Expense)	(22)	(31)	(31)	37.1%	-2.4%
Tax Expense	(125)	(166)	(168)	33.8%	1.1%
Net Income	335	408	248	-26.1%	-39.2%
<i>Margin</i>	9.5%	10.7%	6.3%		

Note: FX Rates used in financial income/expense calculation are as follows: **June-16:** USD/TRY:2.8936;EUR/TRY:3.2044 **March-16:** USD/TRY:2.8334;EUR/TRY:3.2081



Summary Balance Sheet

	(TL mn)	30.06.2015	31.03.2016	30.06.2016
Total Assets		19,803	27,840	26,626
Intangible Assets ¹		4,692	8,064	8,076
Tangible Assets ²		8,042	8,752	8,752
Other Assets ³		5,078	6,383	6,583
Cash and Equivalents		1,991	4,640	3,214
Total Equities and Liabilities		19,803	27,840	26,626
Share Capital		3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items		1,318	2,041	1,395
Interest Bearing Liabilities ⁴		10,421	13,484	13,722
Provisions for Employee Termination Benefits		594	579	601
Other Liabilities ^{5, 6}		4,210	8,476	7,648

(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

Thank you



Türk Telekom Investor Relations

investorrelations@turktelekom.com.tr

| +90 212 309 96 30

| ttinvestorrelations.com

| twitter.com/ttkomir