

Türk Telekom 2008 Year End Financial & Operational Results Investor Presentation

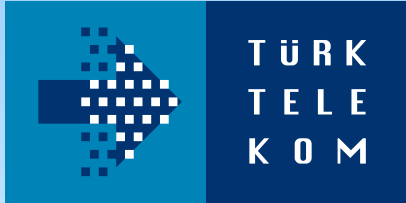
February 20, 2009

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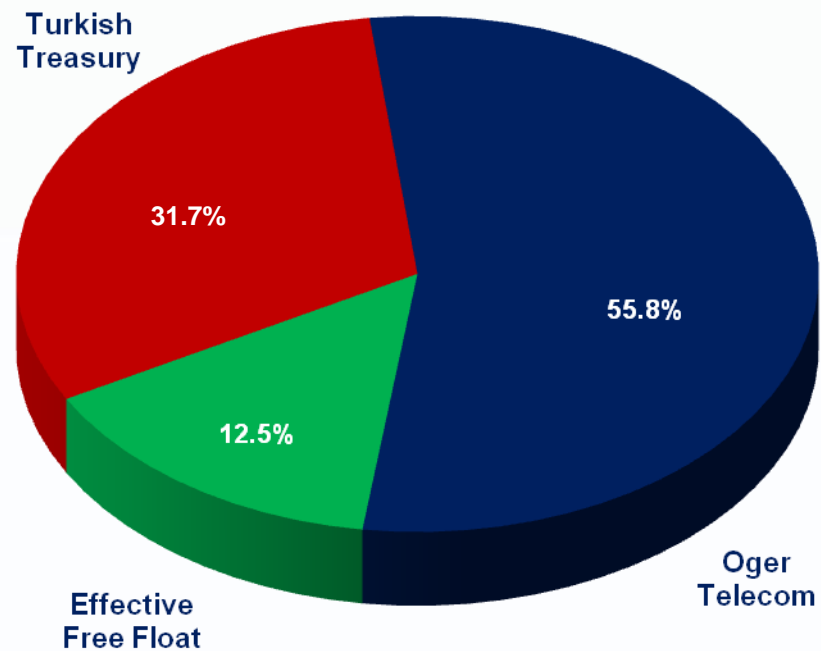
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Section I: Türk Telekom Overview

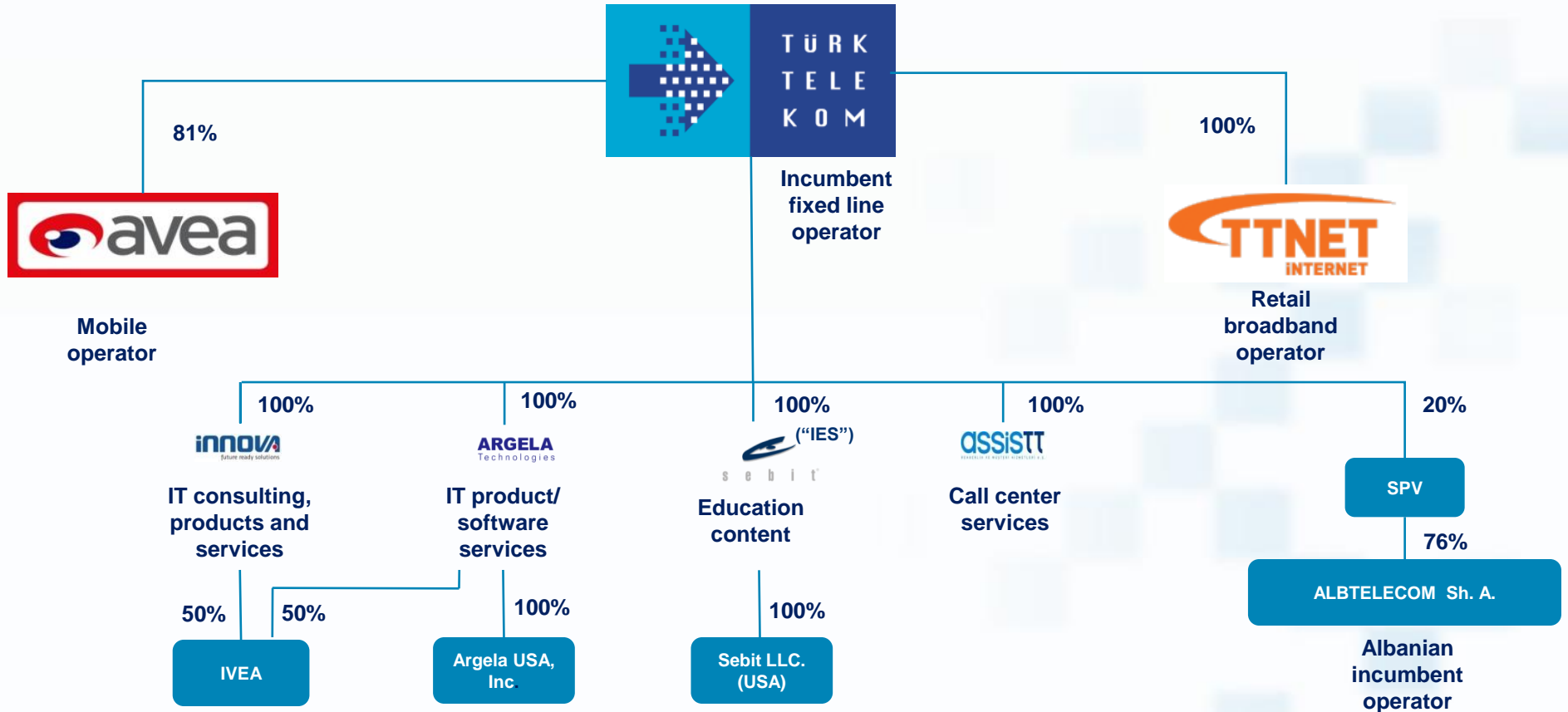
Ownership Structure



- ✓ Oger Telecom appoints 6 Board Members
- ✓ Turkish Treasury appoints 4 Board Members (1 of which represents Golden Share)

* Turk Telekom Ownership Structure as of February 20, 2009

Group Structure

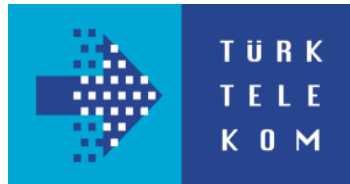


Business Overview

Stability in PSTN core business

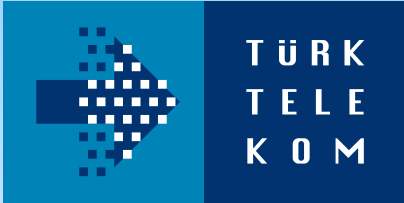
Leading and growing broadband operator

Challenger mobile business



Design, implement and manage integrated communication solutions with convergence to drive collaboration, business flexibility and growth





Section II: Türk Telekom Consolidated

2008 YE Consolidated Performance

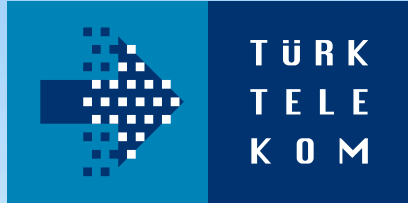


- ✓ Revenue is driven by our growth engines mobile, ADSL and other access which in total now constitute approximately 40% of total revenue
- ✓ Consolidated EBITDA growth impacted negatively by costs of Fixed Line HR restructuring, without which growth would have been 5%

Regulatory Environment



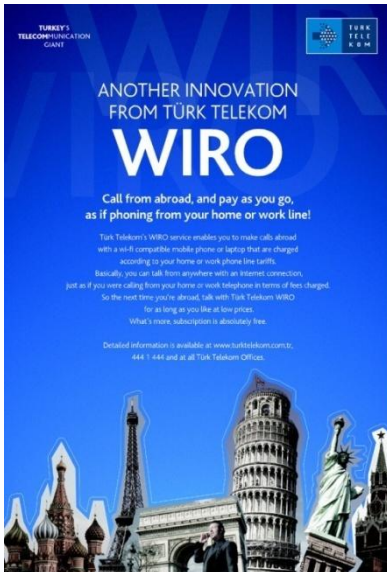
- ✓ **Competition Authority fined Turk Telekom and TTNET (TL 12.4 m) for past practices in broadband services. No implication on current practices.**
- ✓ **3G tender held on November 28, 2008. Final approvals and payment expected in Q109.**
- ✓ **The rate cut in Special Communication Tax on internet approved by the Parliament.**
- ✓ **FNP is expected to be in place in May 2009.**
- ✓ **MVNO regulation is expected to be finalized in H1 2009.**
- ✓ **WIMAX licenses are expected to be granted in H1 2009.**
- ✓ **Local call licenses expected in 2009.**



Section III: Fixed Line Business

Convergence Initiatives

- ✓ WIRO (PSTN service over WiFi), first convergent product of TT, was launched on December 19, 2008. It has reached to ~3.000 residential, ~300 corporate subscribers as of February 11, 2009. Calls from 80 different countries have been made since its launch.
- ✓ Wi-Phone (PSTN service over WiFi compatible laptop or mobile phone), will be launched in Q2 of 2009.
- ✓ Office Up Lift Project launched in order to improve customer satisfaction, thereby increasing customer loyalty and reducing churn.



PSTN Initiatives

- ✓ New fixed voice bundles now under the brand Jettvell, new packages launched late January with bundles of 100, 200, 300 minutes for TL 19, TL 23, TL 27 respectively. As of mid February, Jettvel has ~100K subscribers.
- ✓ Initial bundles (Akşam Konuşuran and Uzun Konuşuran) were launched in June 2008 which had a major success and attracted a total of 750K subscribers.
- ✓ RahaTT, selling DECT phones with 2 year contracts has ~400K subscribers as of February 2009.
- ✓ Further bundles are currently being designed.



ADSL Initiatives

- ✓ VITAMIN (internet based education product) was launched in late 2008. It is currently offered via TTNET and Koçnet (Biri).



- ✓ Increasing Wi-Fi hot spot coverage (Just under 3,000 at the end of 2008)



- ✓ TTNET VIDEO and TTNET GAME portals launched

- ✓ Positive discrimination for ISPs other than TTNET continues

- ✓ WebTV / IPTV



Fixed Line Competition



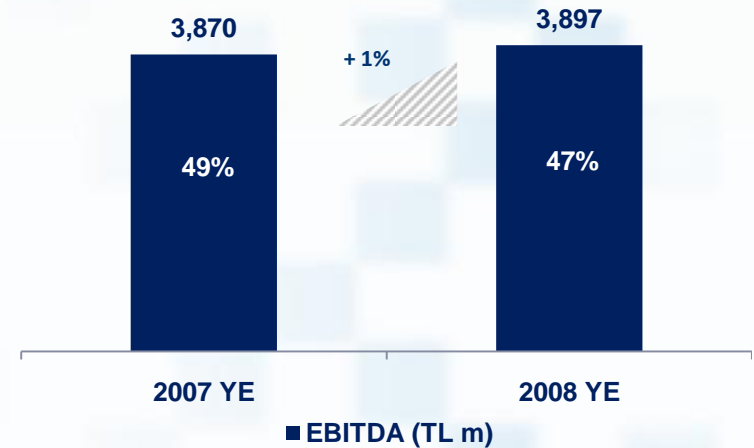
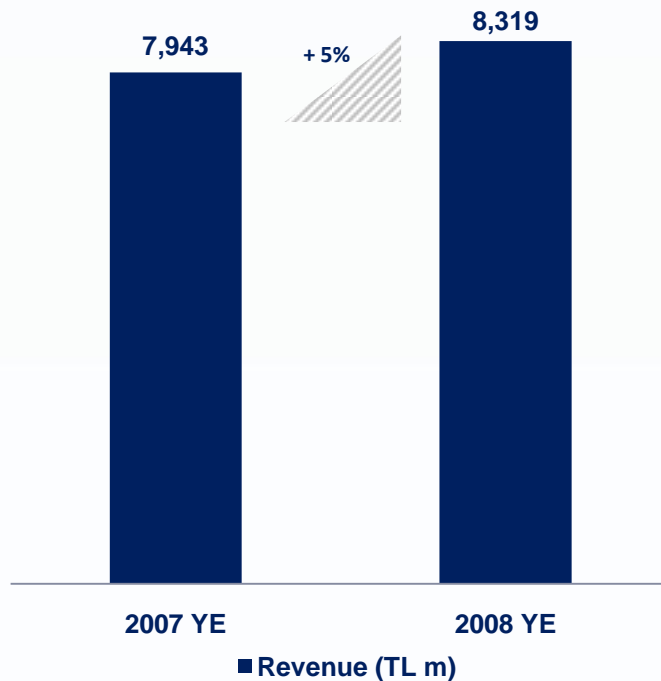
- ✓ **Low price ADSL campaigns launched - discounted price for a limited period (first 2-3 months)**
 - **Smile ADSL: 1Mb/s, 4 GB limited ADSL access for TL 14.99**
 - **Tellcom - Superonline: 1Mb/s, 4 GB limited ADSL access for TL 9.99**
 - **Koçnet – Biri: 1Mb/s, 4 GB limited ADSL access for TRY 14.90**

- ✓ **KoçNet - Biri started to offer Vitamin product, with an up to 13% discount to TNet price**

- ✓ **Turksat – UyduNet : Cable broadband with free installation until May 2009 (1Mb/s, unlimited ADSL access for TL 39)**

- ✓ **Local call licenses expected in 2009**

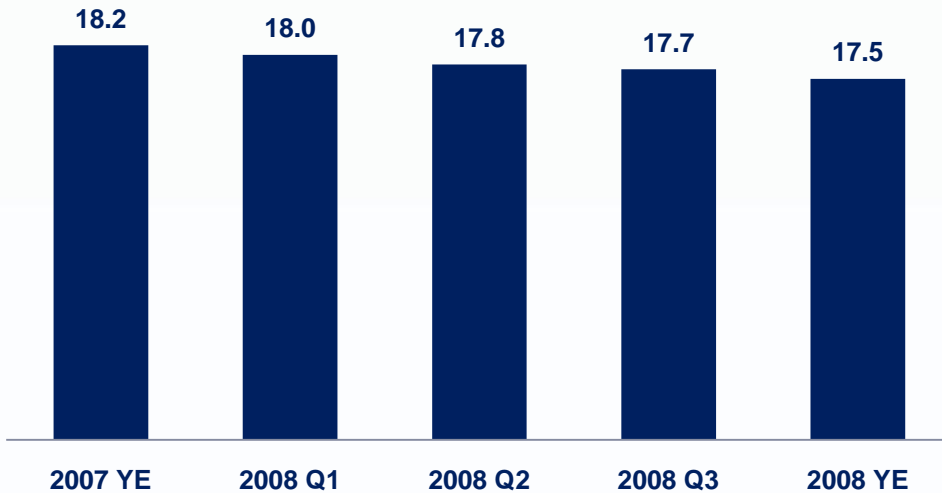
Fixed Line Revenue & EBITDA Highlights



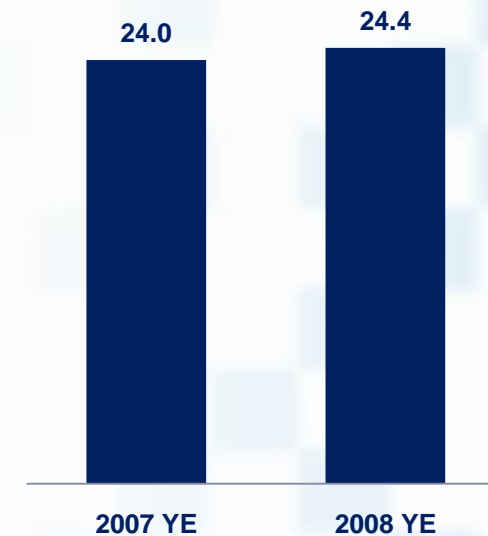
- ✓ Strong revenue growth underpinned by 36% ADSL growth
- ✓ EBITDA growth impacted negatively by costs of Fixed Line HR restructuring, without which growth would have been 3%

PSTN 2008 Highlights

PSTN Access lines (million)



PSTN ARPU (TL) (a)

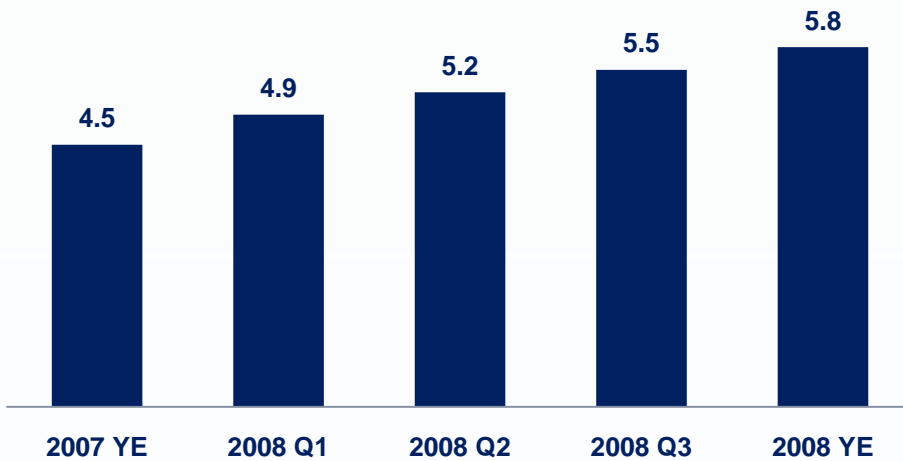


- ✓ PSTN access lines continue slight decline, but...
- ✓ PSTN ARPU in 2008 increased slightly
- ✓ Q408 ARPU was negatively impacted by the Kurban Bayram holiday

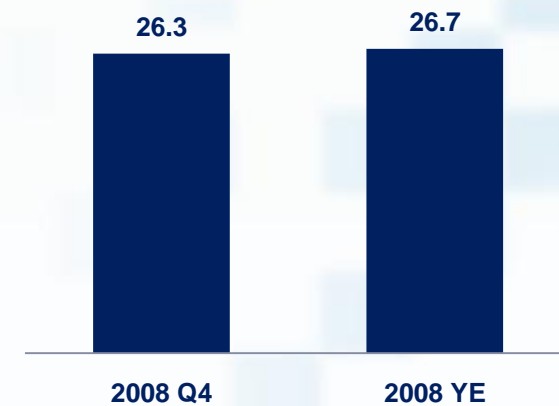
(a) The numbers represent the PSTN revenue divided by average PSTN access lines in service.

ADSL 2008 Highlights

Wholesale ADSL Connections (million)



ADSL ARPU ^(a) (TL)

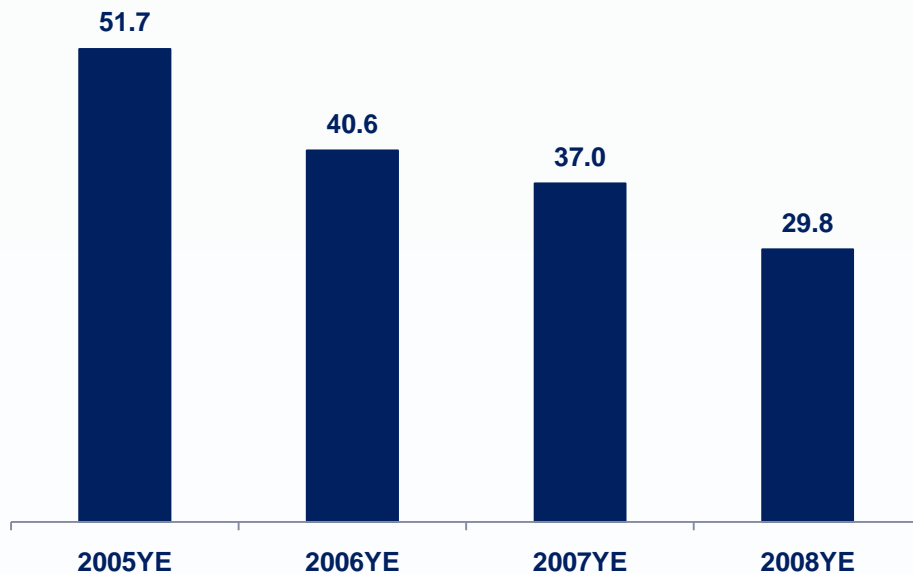


✓ Connection growth continuing, but most growth from TTNET...

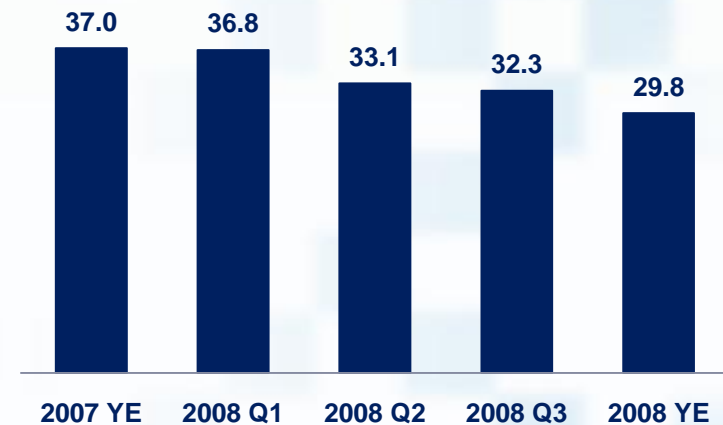
(a) The numbers represent the ADSL revenue divided by average number of ADSL subscribers.

Fixed Network Operating Unit Headcount (Thousands)

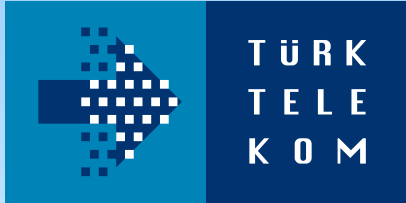
History of No. of Employees



2008 Quarterly Trends



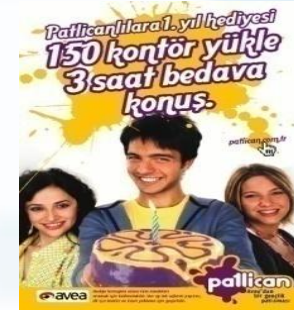
- ✓ 20% further reduction of personnel in 2008 gives cumulative reduction of 42% since 2005
- ✓ Q408 restructuring involved an incentive scheme
- ✓ Access lines per employee is 584 compared to 490 as of YE 07



Section IV: Mobile Business

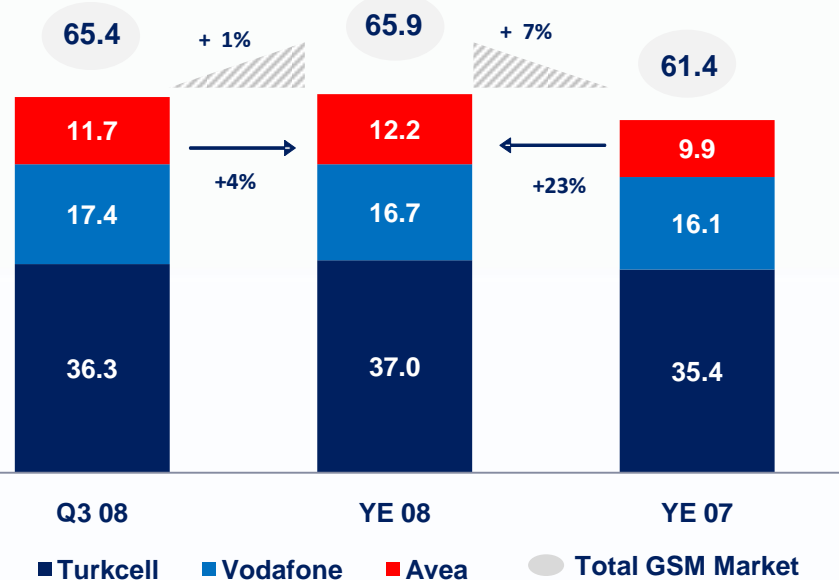
Mobile Initiatives

- ✓ First unlimited call package in Turkey, which enables to call on-net and off-net, was launched in February 2009, with a price of TL 55, excluding special communication tax.
- ✓ Flat bundle offers promoted for high spenders; HerYöne300, HerYöne500 & HerYöne 1000 Tariffs and bundle minutes packs
- ✓ New Campaigns for MNP; Prepaid MNP Campaign & Unlimited Avea'cı Packs
- ✓ Differentiated Simcard "Patlıcan Sim Card" and campaigns for Patlıcan members – aimed at the youth market

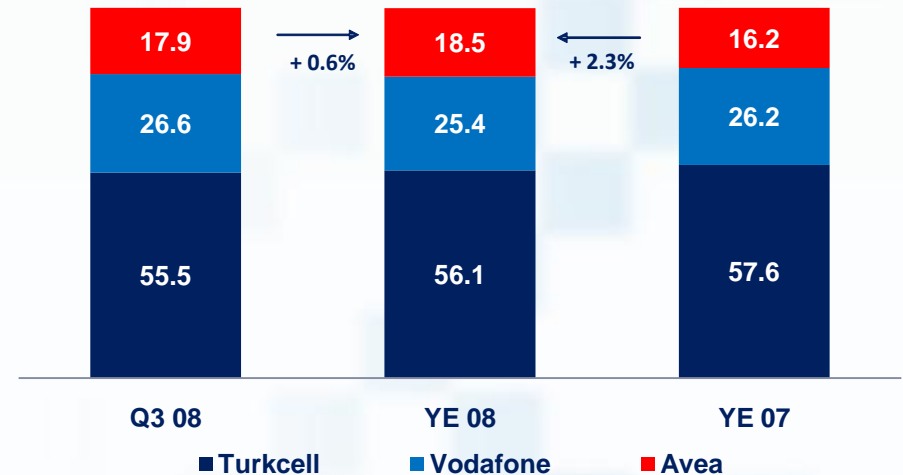


Subscriber Base

Mobile Growth (Subscriber Base-million)

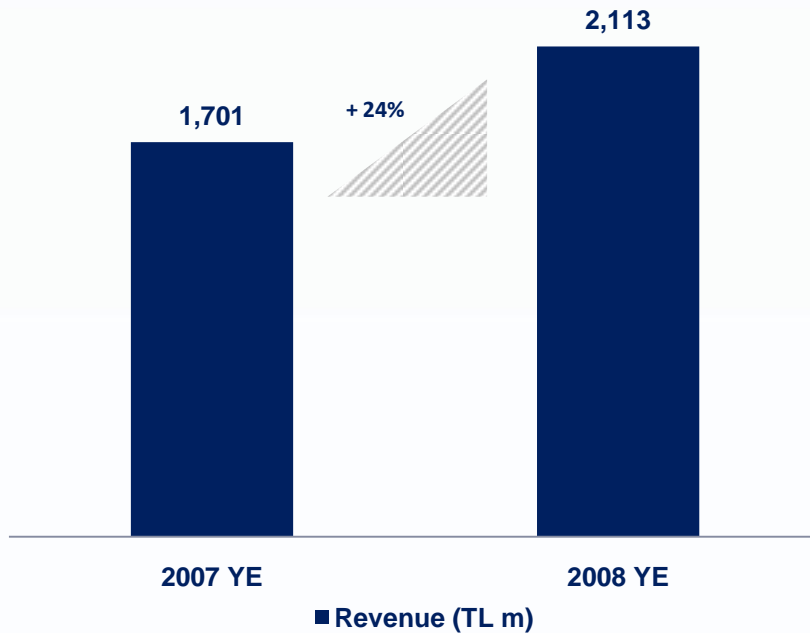


Market Share (% Subscriber Base)



- ✓ Avea net adds in 2008 same as in 2007 even though overall market net adds halved.
- ✓ Total market penetration reached 92% in 2008
- ✓ Avea continued to increase its market share, as it has done for the last eight quarters

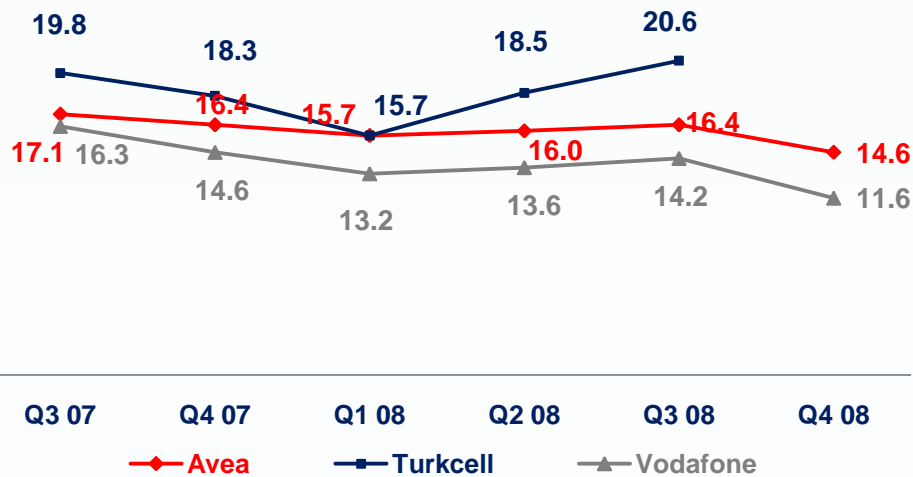
Mobile Business Revenue & EBITDA Highlights



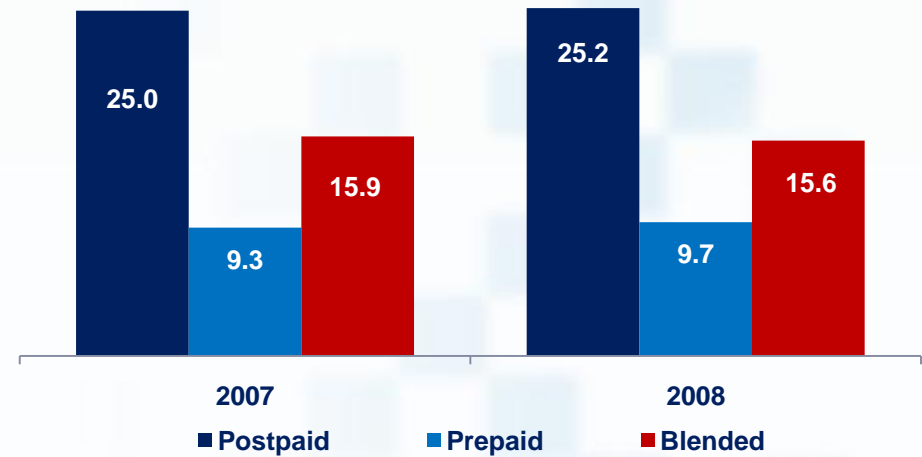
- ✓ 2008 YoY EBITDA growth of TL141 mn, with the EBITDA margin increasing to 21%

Mobile ARPU

ARPU Trend (TL)



ARPU (TL)

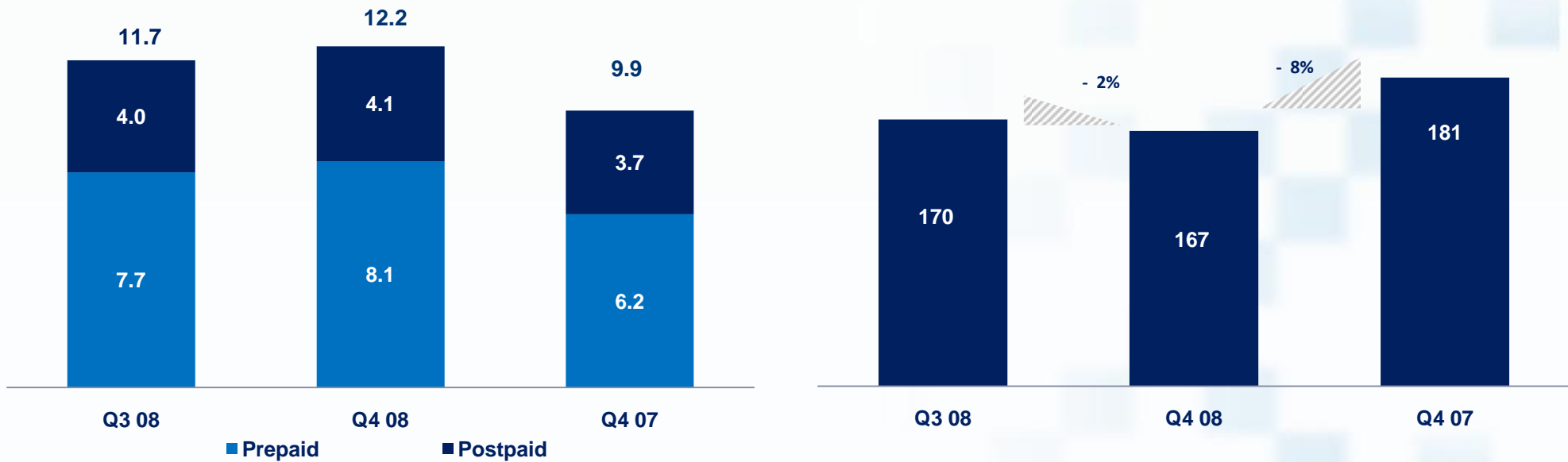


- ✓ Despite 2008 ARPU reduced by 4% from the interconnection rate cut, post-paid and pre-paid ARPUs increased
- ✓ Blended ARPU diluted by mix effect of increasing percentage of prepaid subscribers

Mobile Subscriber Composition & MoU

Subscriber Base (million)

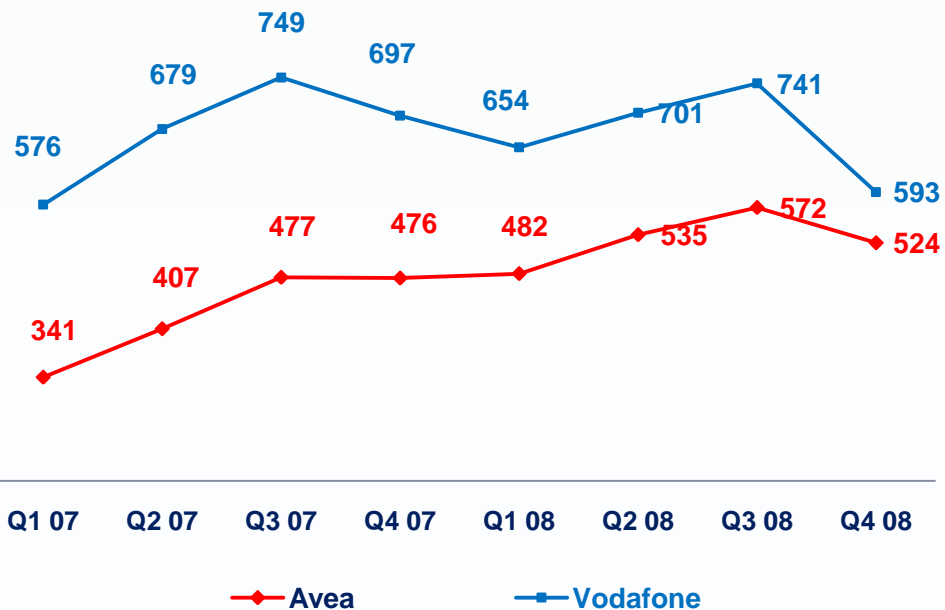
Blended MoU



✓ Mobile customers reached 12.2 million with a YoY growth of 23%

Avea vs. Vodafone Revenue Trend

Revenue Trend (TL million)



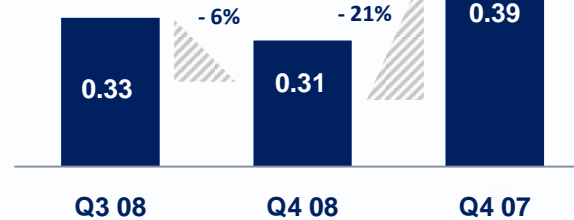
- ✓ Avea is catching Vodafone; Mobile revenue is only 13% below Vodafone in Q4 08, variance is 81% below early 2007 levels
- ✓ Avea revenue growth is 24% in 2008, whilst Vodafone revenue flat

Mobile Business Quality Indicators

No. of Sites

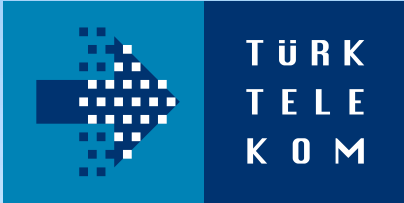
Network Busy Hour Call Drop Rate (%)

Network Busy Hour Call Block Rate (%)



- ✓ Coverage reached to
 - 99.83% in areas populated 3000+ households
 - 99.52% in areas populated 2000+ households
 - 98.83% in areas populated 1000+ households

- ✓ EDGE Penetration Rate 95.0%
- ✓ Population Coverage 95.2%
- ✓ Surface Coverage 72.0%



APPENDIX

Summary Türk Telekom Consolidated P&L

<i>TL million</i>	2007	2008	Growth
Revenues	9,424	10,195	8%
EBITDA	4,204	4,342	3%
Margin	45%	43%	
Operating Profit	2,566	2,710	6%
Margin	27%	27%	
Profit Before Tax	3,001	2,136	-29%
Margin	32%	21%	
Profit/(Loss) for The Year ^(a)	2,547	1,752	-31%
Margin	27%	17%	

Profit shows underlying growth of 4% excluding FX loss variance between the two years of TL 965 mn (gain of TL 385 mn TL in 2007 and loss of TL 580 mn in 2008)

(a) After Minority Interest

Summary Türk Telekom Consolidated Balance Sheet

<i>TL million</i>	2007 YE	2008 YE
Intangible Asset ^(a)	2,691	2,734
Tangible Assets ^(b)	6,546	6,588
Other Assets ^(c)	2,200	2,295
Cash and equivalents	1,333	1,042
Total Assets	12,770	12,659
Share capital	3,260	3,260
Reserves and retained earnings	2,900	1,853
Interest Bearing Liabilities ^(d)	2,148	3,455
Provisions for long-term employee benefits	965	667
Other Liabilities ^(e)	3,497	3,424
Total Equity And Liabilities	12,770	12,659

(a) Intangible assets excluding goodwill

(b) Tangible assets include property, plant and equipment and investment property.

(c) Major items within Other Assets are Trade Receivables, Due from Related Parties, Other Current Assets and Deferred Tax Asset.

(d) Includes short-term and long-term borrowing and short-term and long-term obligations under finance leases

(e) 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



Summary Consolidated Cash Flow Statement

<i>TL million</i>	2007	2008
Cash Flow from Operating Activities	3,106	3,353
Cash Flow from Investing Activities	-700	-1,330
<i>Capex</i>	-992	-1,638
<i>Other Investing Activities</i>	292	308
Cash Flow from Financing Activities	-2,577	-2,329
<i>Dividend</i>	-2,587	-2,744
<i>Other Financing Activities</i>	10	415
Net Change in Cash Position^(a)	-171	-306

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

Summary Fixed Line P&L

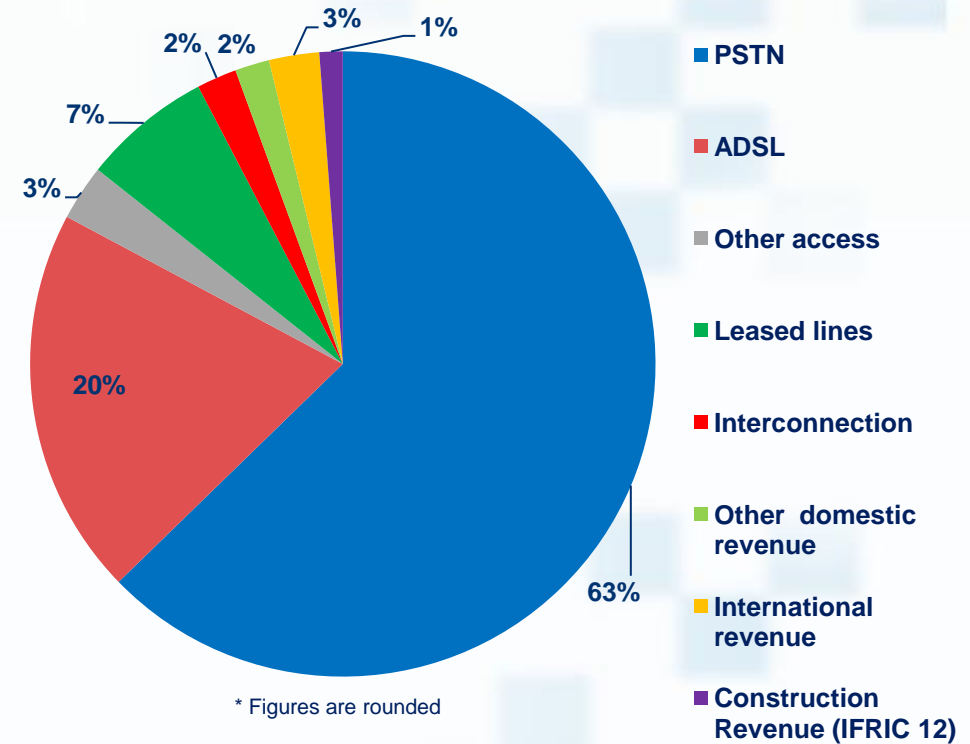
<i>TL million</i>	2007	2008	Growth
Revenues	7,943	8,319	5%
Operating Profit	2,712	2,766	2%
<i>Margin</i>	34%	33%	
EBITDA	3,870	3,897	1%
<i>Margin</i>	49%	47%	
Capex	898	1,291	44%
Capex as % of Revenue	11%	16%	

EBITDA growth impacted negatively by costs of HR restructuring, without which growth would have been 3%.

Fixed Line Revenue Breakdown

TL million	2007	2008	YoY Change
PSTN	5,336	5,218	-2%
ADSL	1,224	1,670	36%
Other access	170	239	41%
Leased lines	523	556	6%
Interconnection ^(a)	170	172	1%
Other domestic revenue	119	148	24%
International revenue ^(b)	210	216	3%
Sub-Total Revenue	7,752	8,219	6%
Construction Revenue (IFRIC 12)	191	100	
Total Revenue	7,943	8,319	5%

Revenue Breakdown 2008 YE



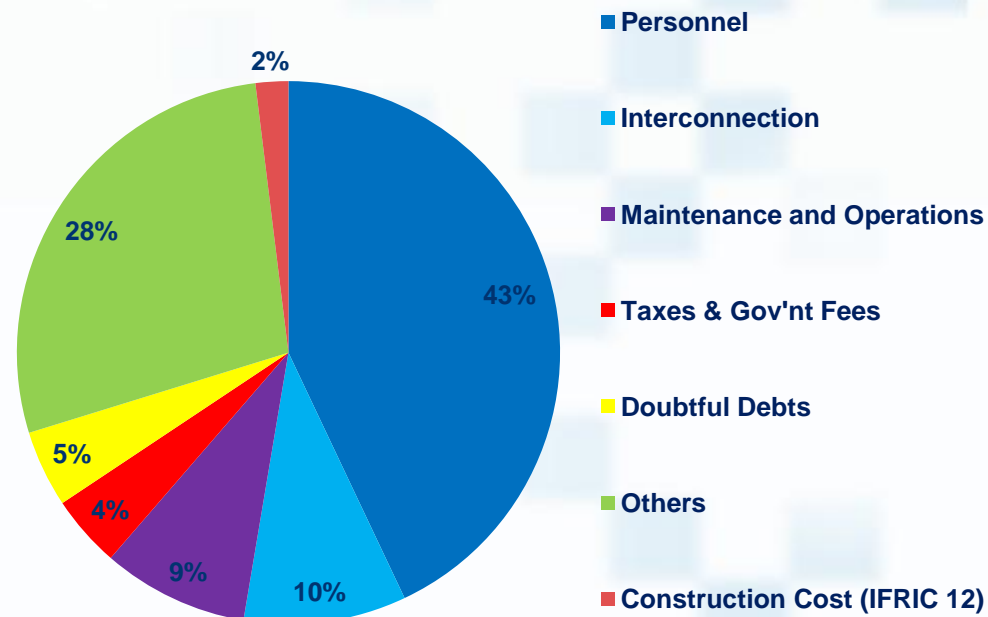
(a) Interconnection includes Domestic and International

(b) Revenue from international data services and inbound traffic terminated at Turk Telekom's international gateway

Fixed Line OPEX Composition

OPEX Breakdown	2007 YE	2008 YE
Cost of Services	3,309	2,752
Selling and Marketing	521	707
General & Administrative	530	1,210
Research & Development	-	8
Total Opex	4,360	4,676

OPEX Breakdown 2008 YE (a)



* Figures are rounded

(a) Excluding Other Operating Income / Expense (Net)

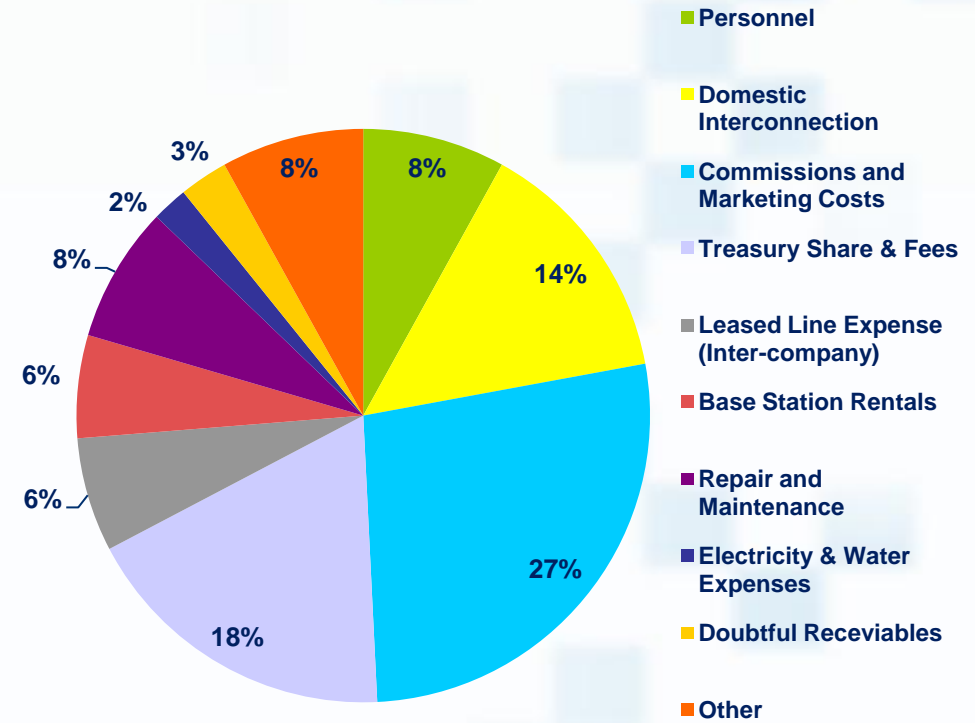
Summary Mobile P&L

<i>TL million</i>	2007 YE	2008 YE	Growth
Revenues	1,701	2,113	24%
Total Operating Expenses	-1,396	-1,666	19%
Amortization & Depreciation	-480	-501	4%
FX Gain / Loss (Net)	325	- 488	-250%
EBITDA	305	446	46%
<i>Margin</i>	18%	21%	
Capex (excluding leasing)	285	465	63%
Capex as % of Revenue	17%	22%	

Summary Mobile Business OPEX Composition

TL Million	2007 YE	2008 YE
Cost of Services	845	967
Selling & Marketing	407	523
General & Administrative	144	177
Total Opex	1,396	1,667

OPEX Breakdown 2008 YE



* Figures are rounded



THANK YOU

You can contact IR Team at
ir@turktelekom.com.tr

Note: EBITDA number in this presentation includes revenues, direct cost of revenues, selling and marketing expenses, general administrative expenses, research & development costs, and other operating income/(expense), but excludes depreciation and amortization cost, financial income/(expense), income/(loss) from related parties, and minority interest.