

Investor Call

Q3 2016

Türk Telekom





► Notice

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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.

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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



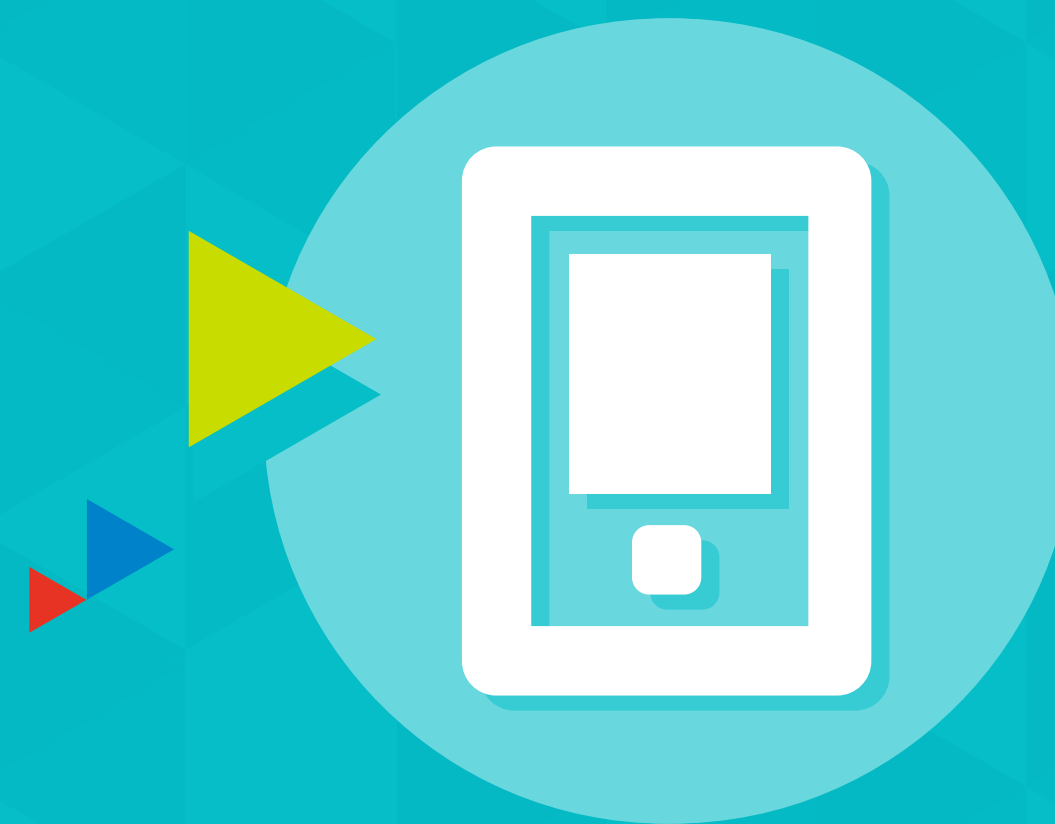
Broadband

119K

Q3 '16

429K

9M '16



Mobile

342K

Q3 '16

1.1 mn

9M '16



Home TV

46K

Q3 '16

206K

9M '16



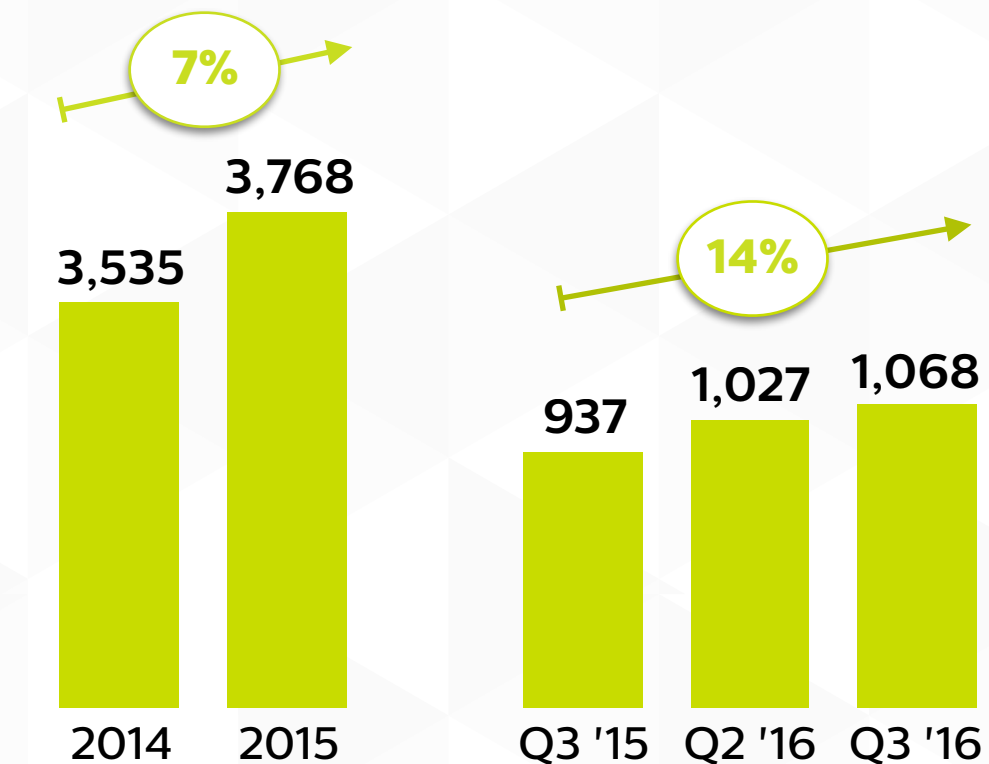
Financial Performance

TL mn	2015 Q3	2016 Q2	2016 Q3	Growth (QoQ)	Growth (YoY)
Revenue	3,696	3,940	4,118	5%	11%
Revenue (exc.construction adjustment) ¹	3,627	3,820	3,943	3%	9%
EBITDA	1,269	1,322	1,452	10%	14%
EBITDA Margin	34.3%	33.6%	35.3%		
Net Income	(493)	248	9	-97%	n.m.
CAPEX	992	689	666	-3%	-33%

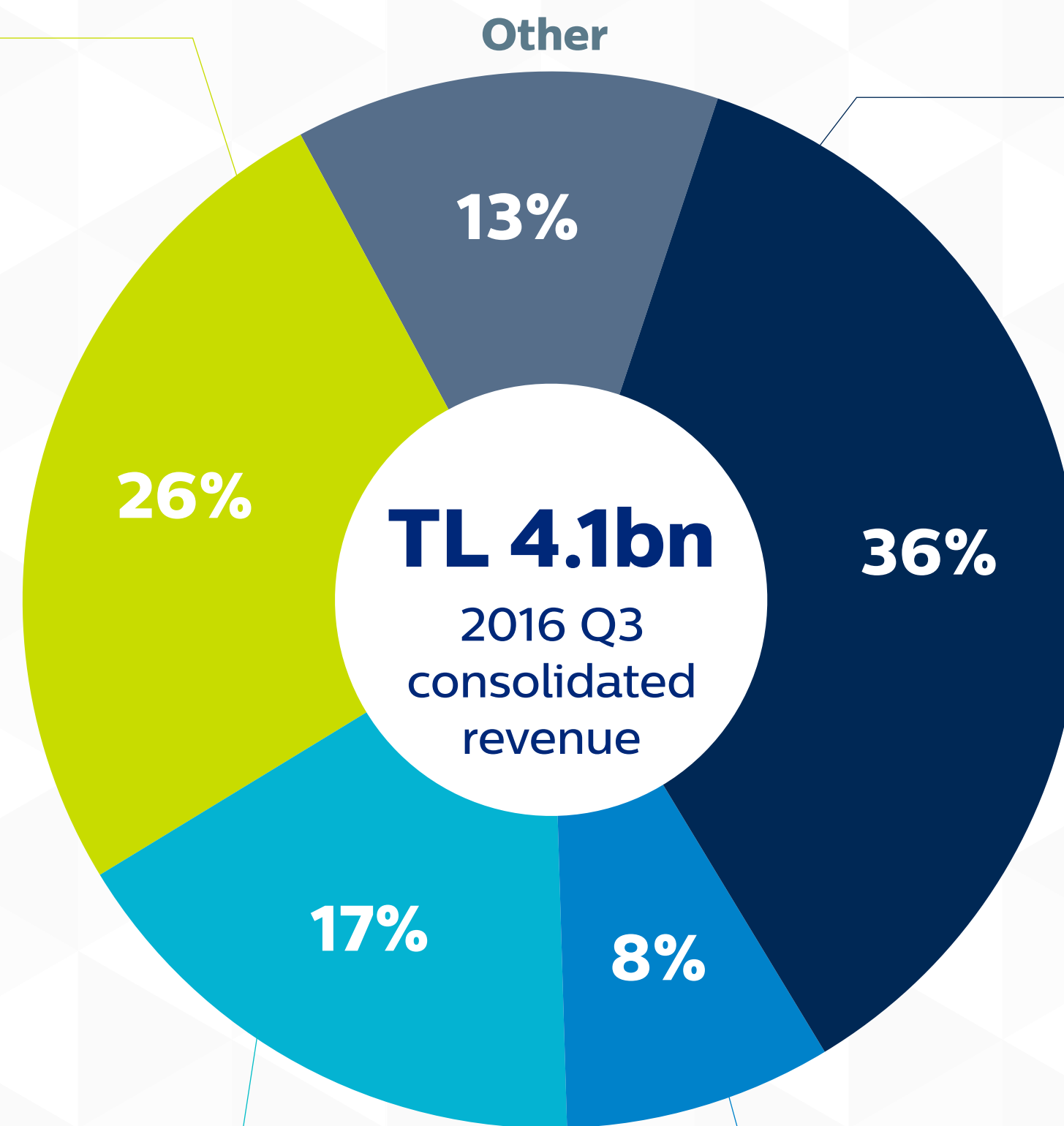
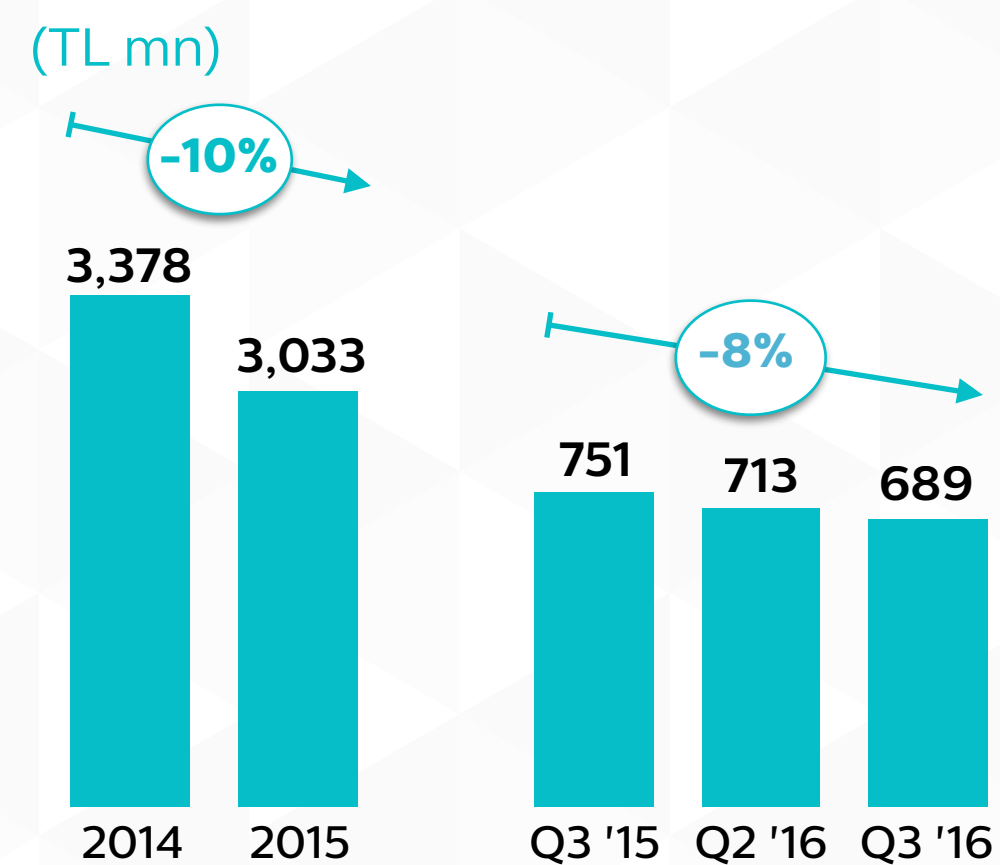
(1) Construction accounting adjustment is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade from copper to fiber based network.

Focused on High Growth Areas

Fixed Broadband (TL mn)

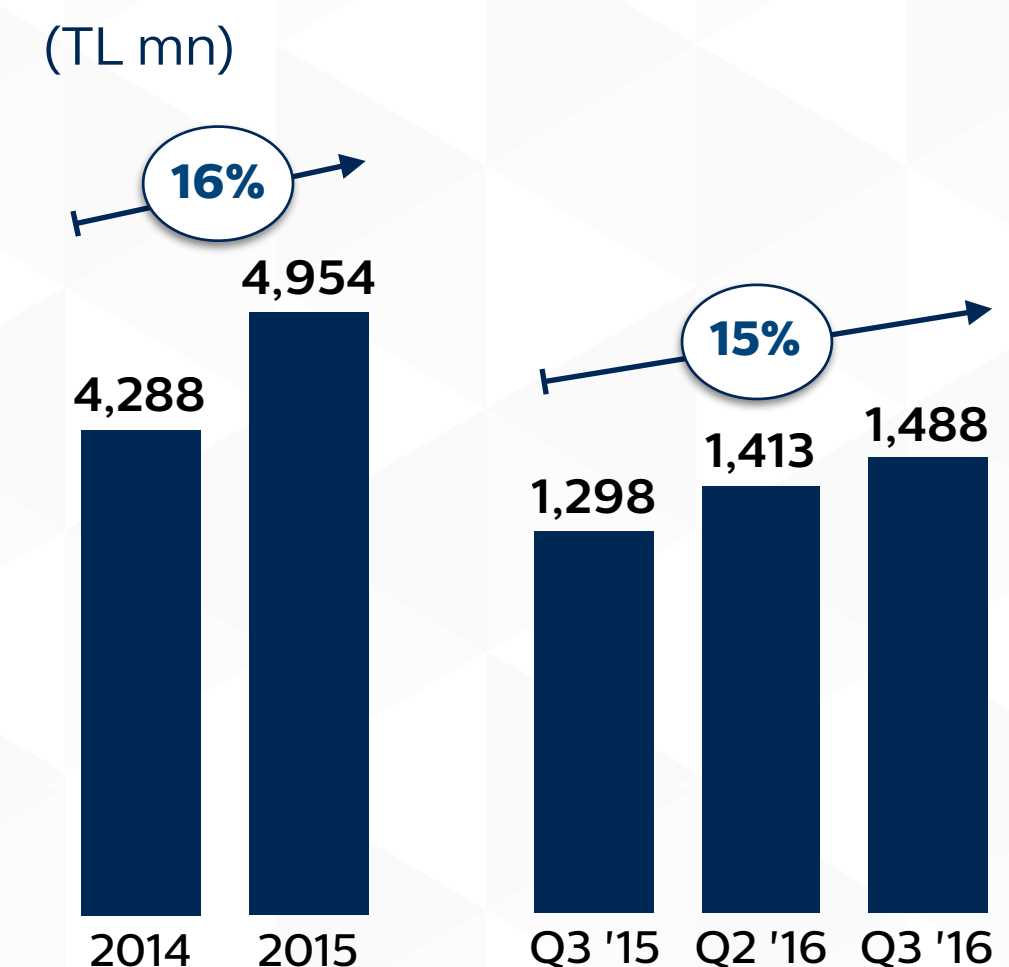


Fixed Voice (TL mn)

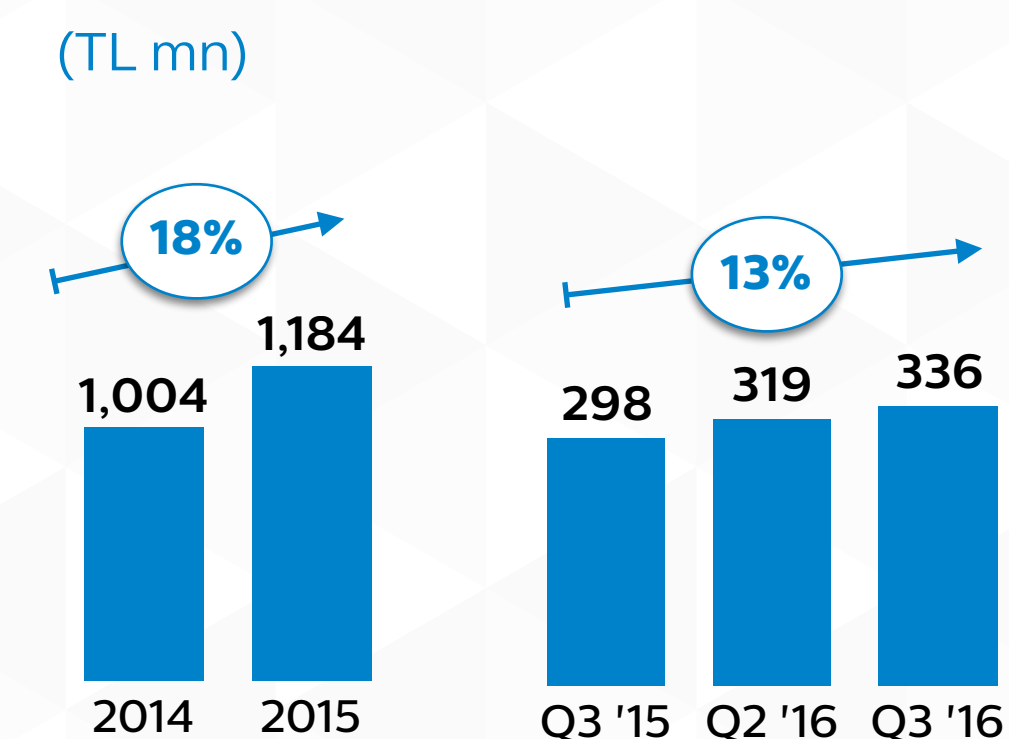


Revenue breakdown

Mobile (TL mn)



Corporate Data (TL mn)



The Most Diversified Product Portfolio

Unique position in convergence

Robust ARPU Generation

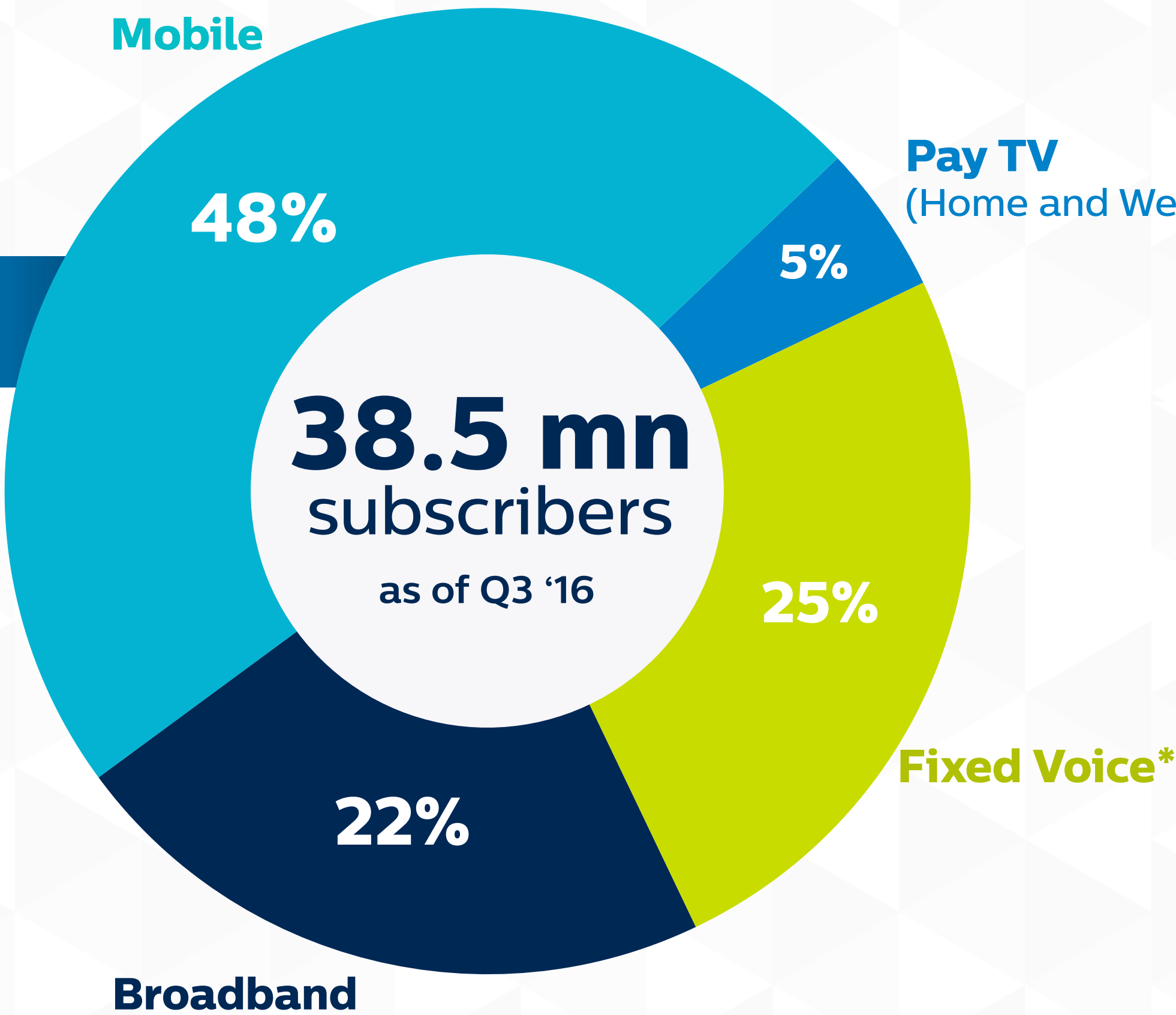
Q3 '16 ARPU

Mobile
Broadband
Pay TV
Fixed Voice

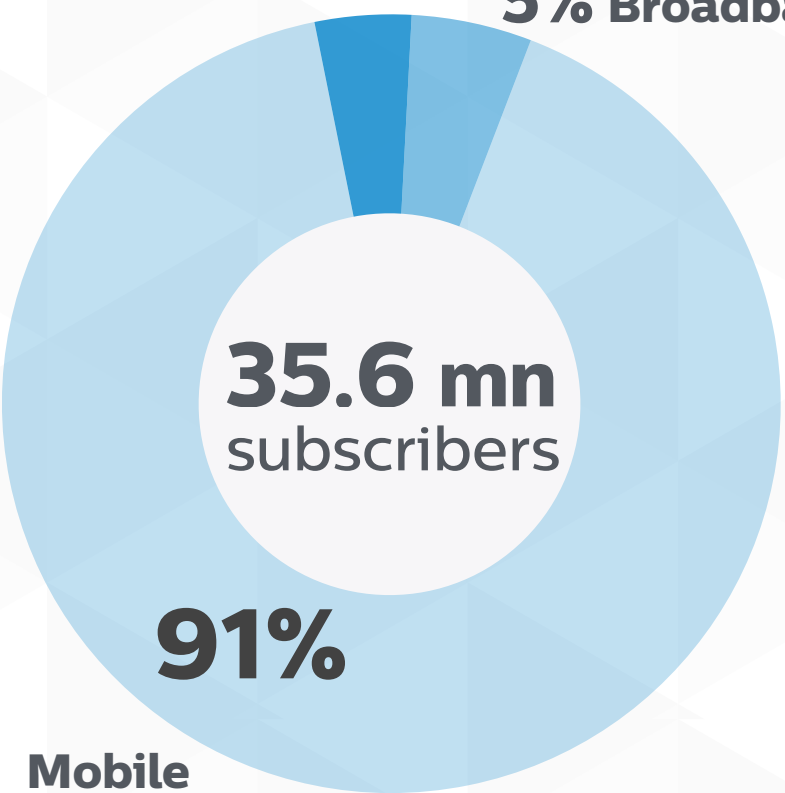
Türk Telekom

TL 26.0
TL 42.6
TL 18.7
TL 23.3

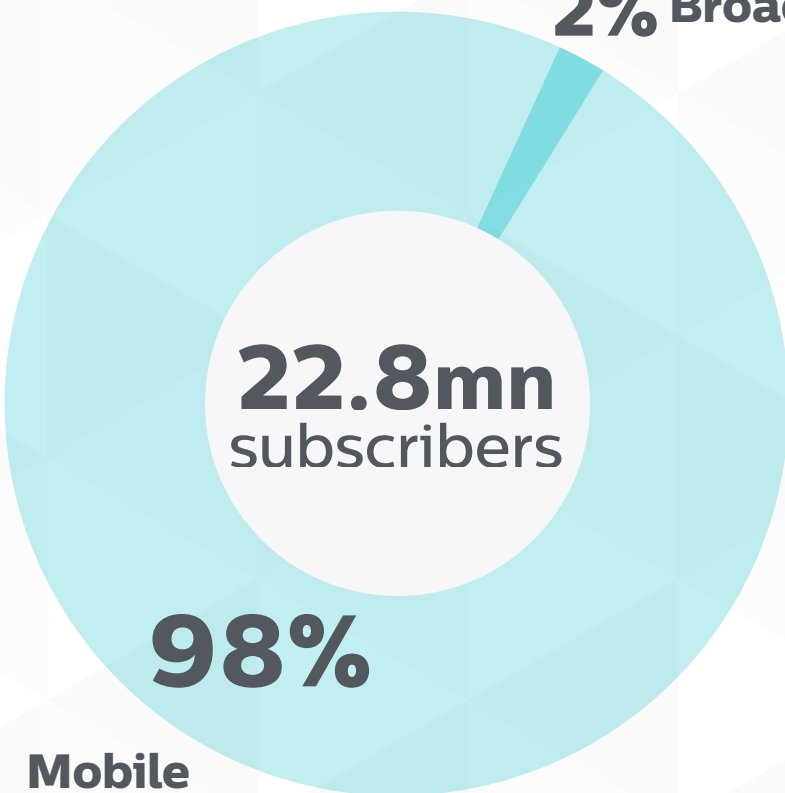
Türk Telekom



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



Vodafone 2% Broadband

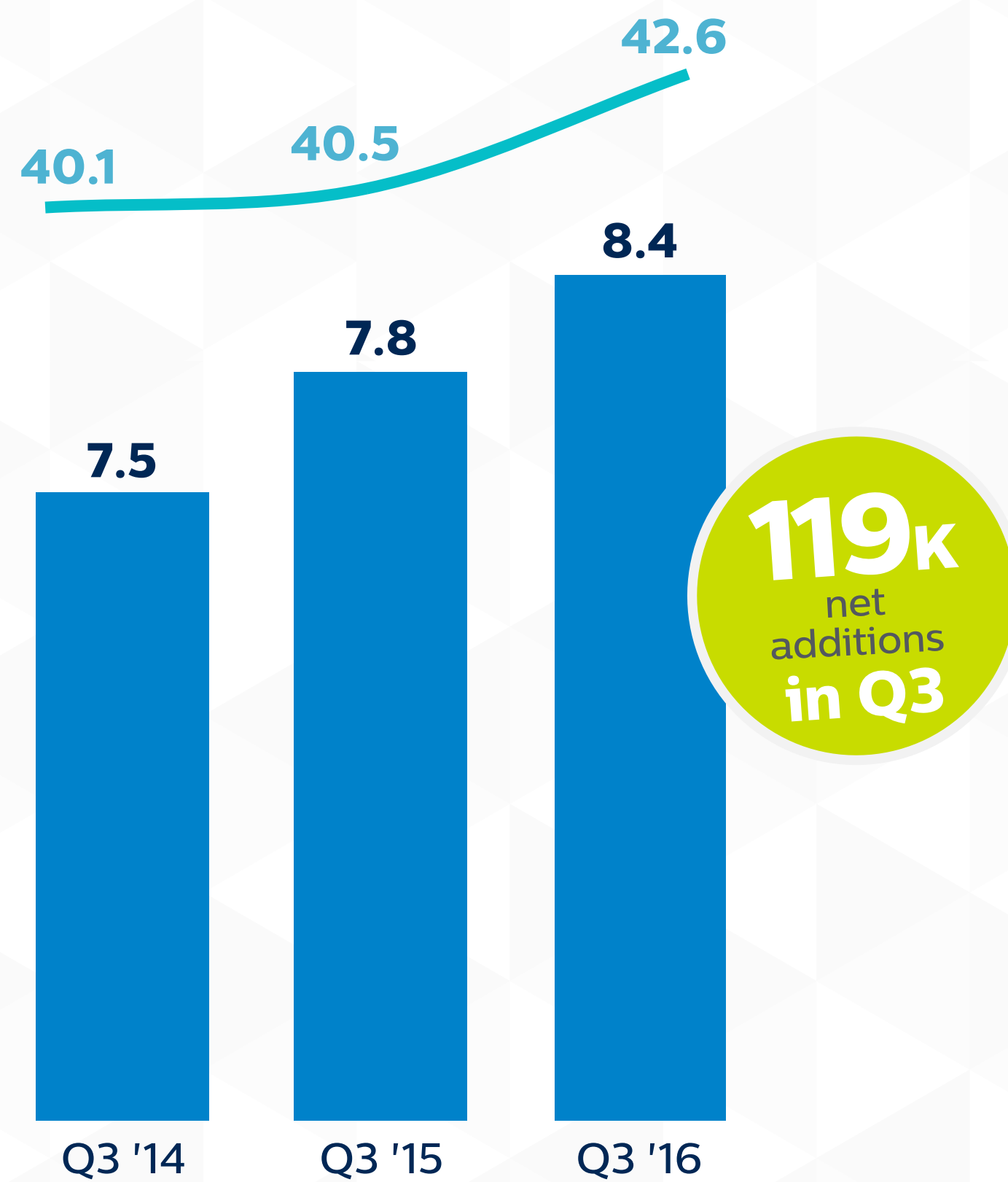


Other operators' data are from their own publications as of Q2 '16.
*VOIP is not included.

Fixed Broadband Performance

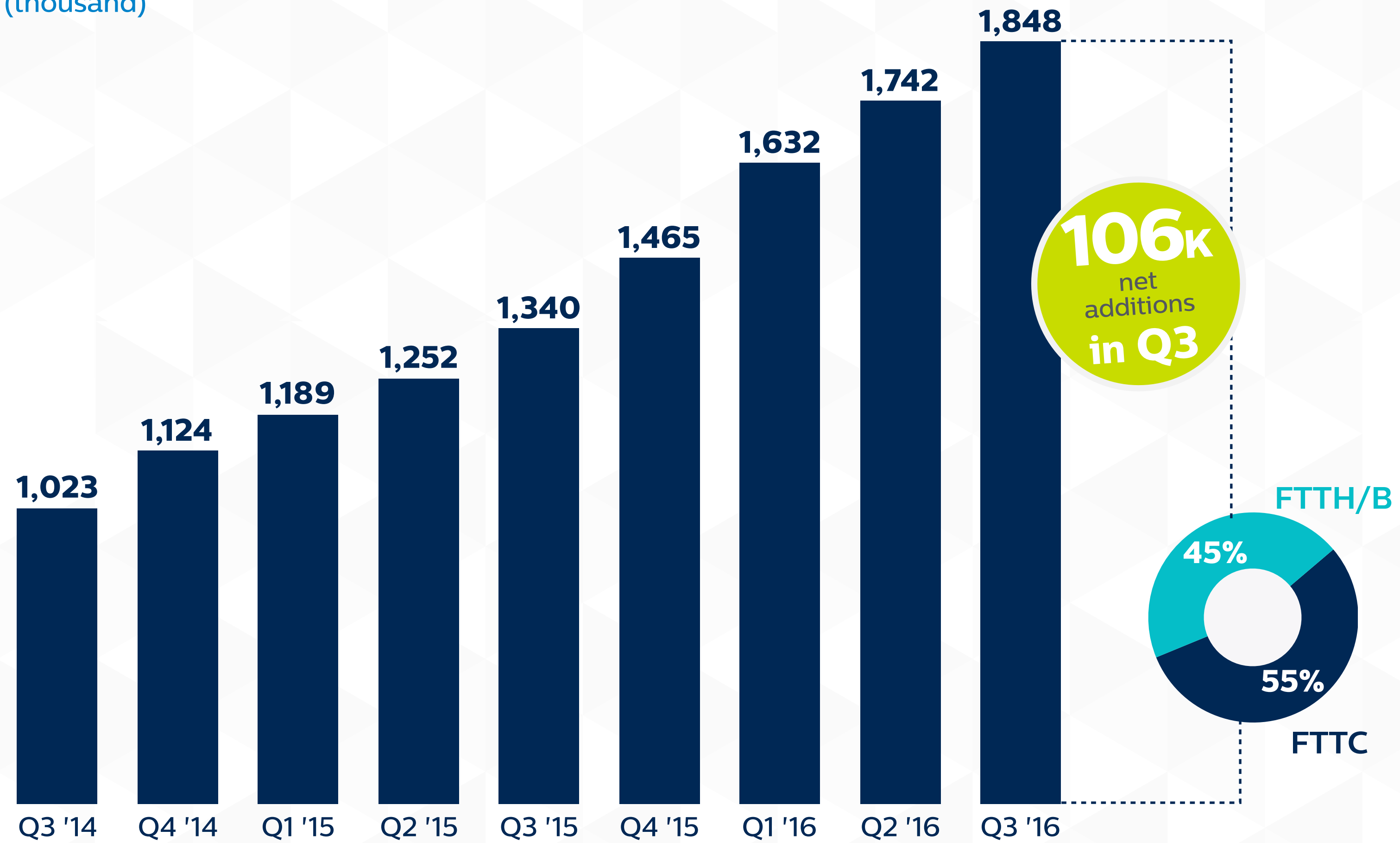
ARPU & Subscribers

— ARPU (TL) ■ Subscribers (mn)



Fiber Subscribers

(thousand)



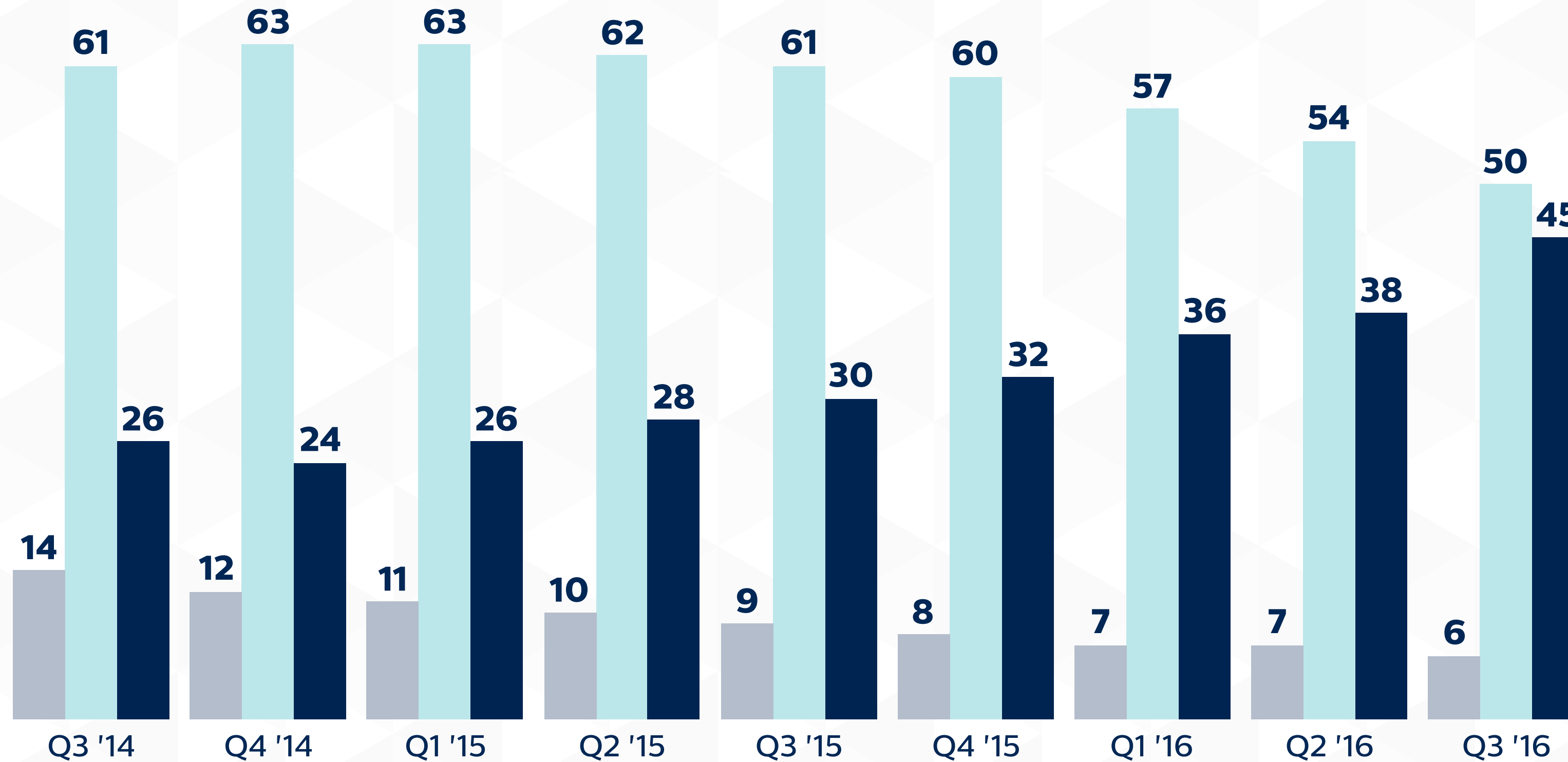
FTTH/B & FTTC tariffs have same prices for a given speed/quota

Upselling Dynamics in Fixed Broadband

Fair Usage

(% of Subscribers)

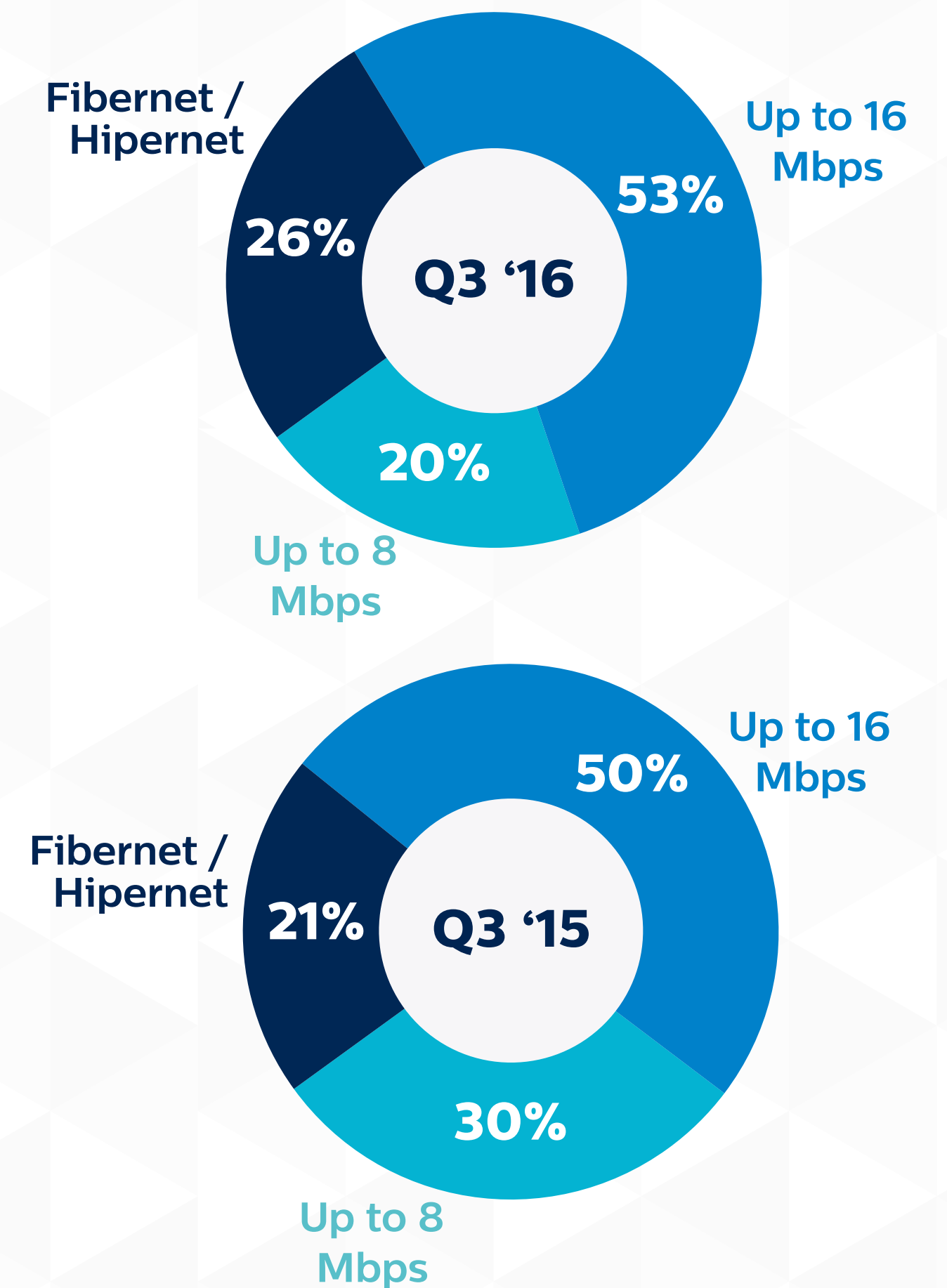
■ 25GB & Below ■ 25 to 50 GB ■ Above 50 GB



All figures are based on Türk Telekom's retail subscribers

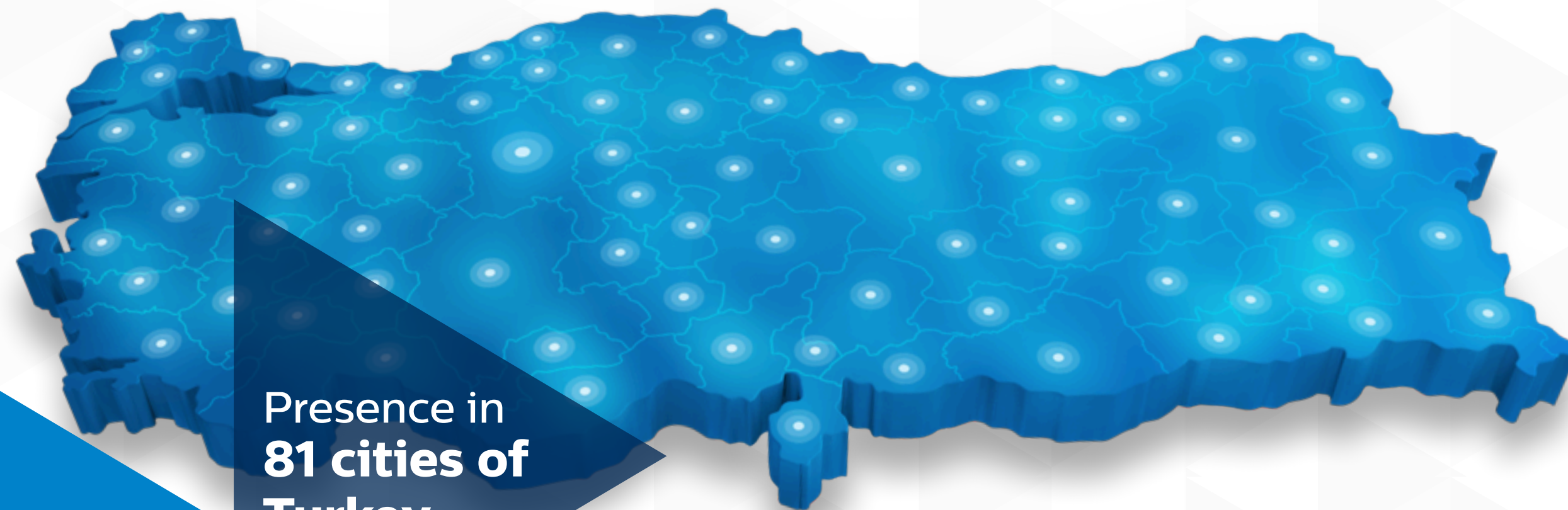
Speed Breakdown

(% of Subscribers)



Nationwide Fiber

Türk Telekom Fiber Network

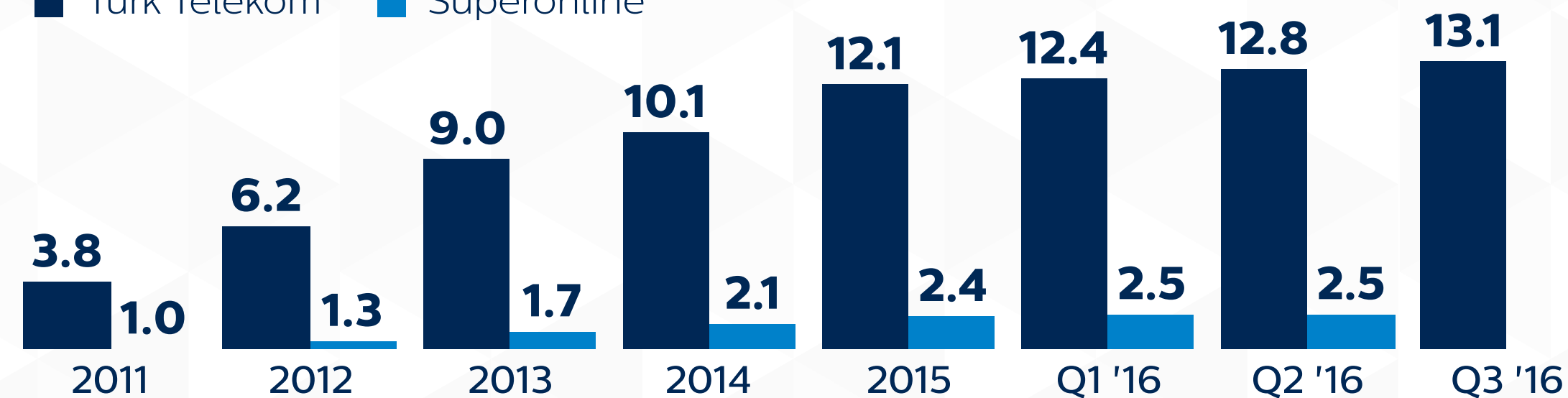


223K km
fiber length

Fiber Homepass

(mn)

■ Türk Telekom ■ Superonline



Fiber homepass includes FTTH/B & FTTC

Superonline Fiber Network



36.1K km
fiber length

Wholesale customer of
Türk Telekom

Based on Turkcell's own publications as of Q2 '16

Fiber Subscribers

(thousand)

■ Türk Telekom ■ Superonline

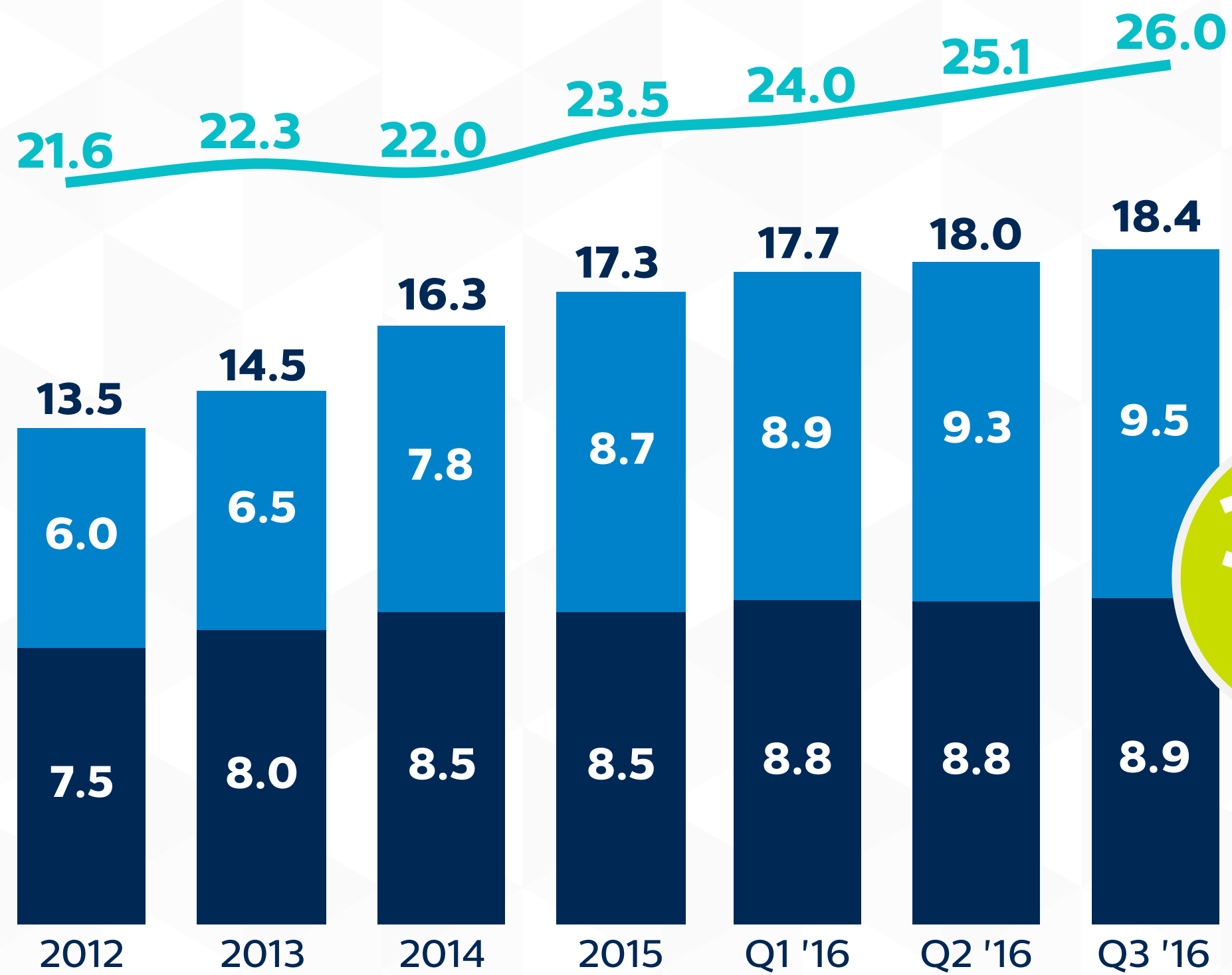


Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Performance

Growing ARPU & Subscribers

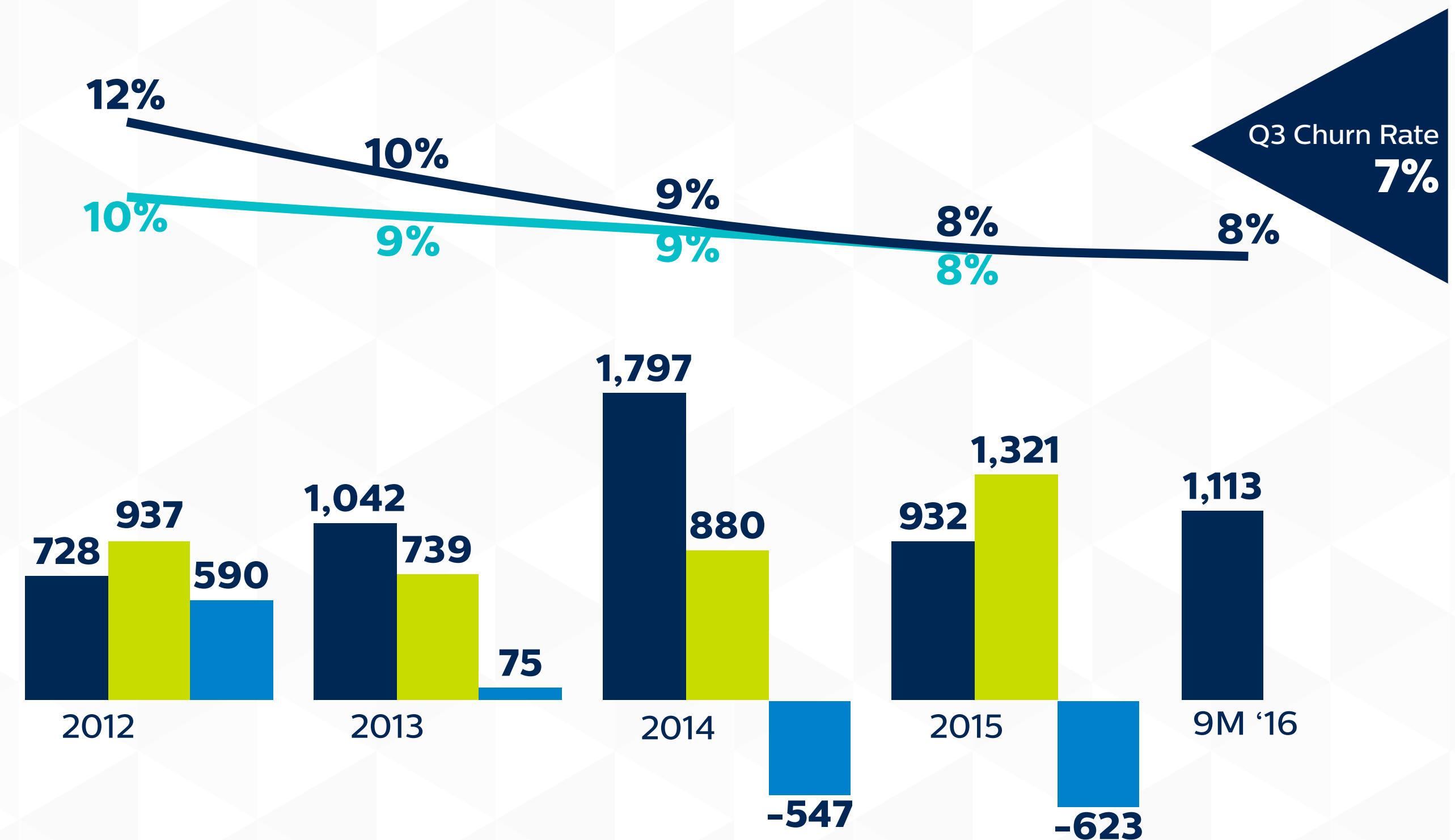
— Blended ARPU (TL)
■ Postpaid (mn)
■ Prepaid (mn)



Lower Churn Rate & Strong Net Subscriber Addition

(thousand)

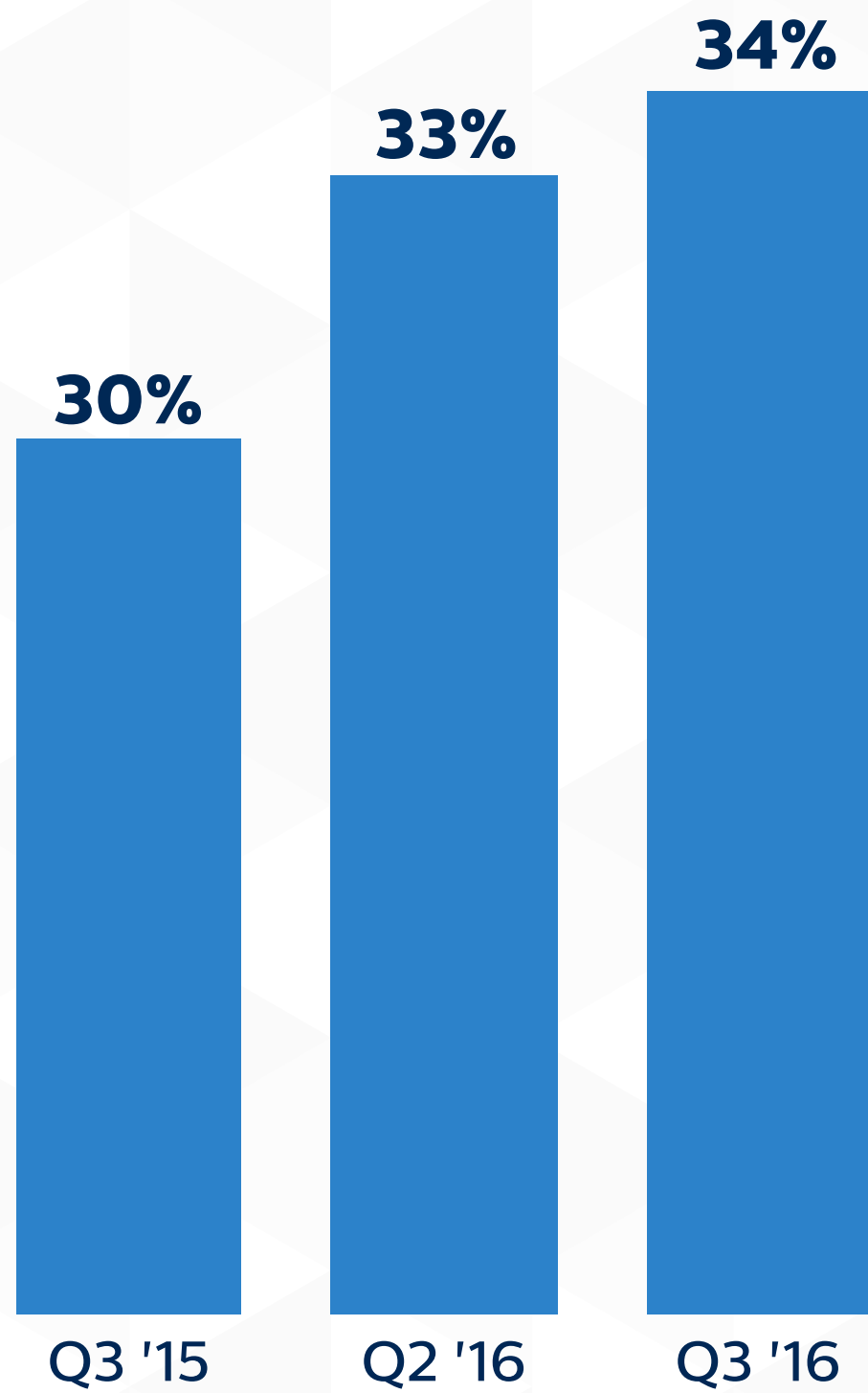
■ Türk Telekom ■ Vodafone ■ Turkcell
— Türk Telekom Quarterly Avg. Churn Rate
— Market Quarterly Avg. Churn Rate



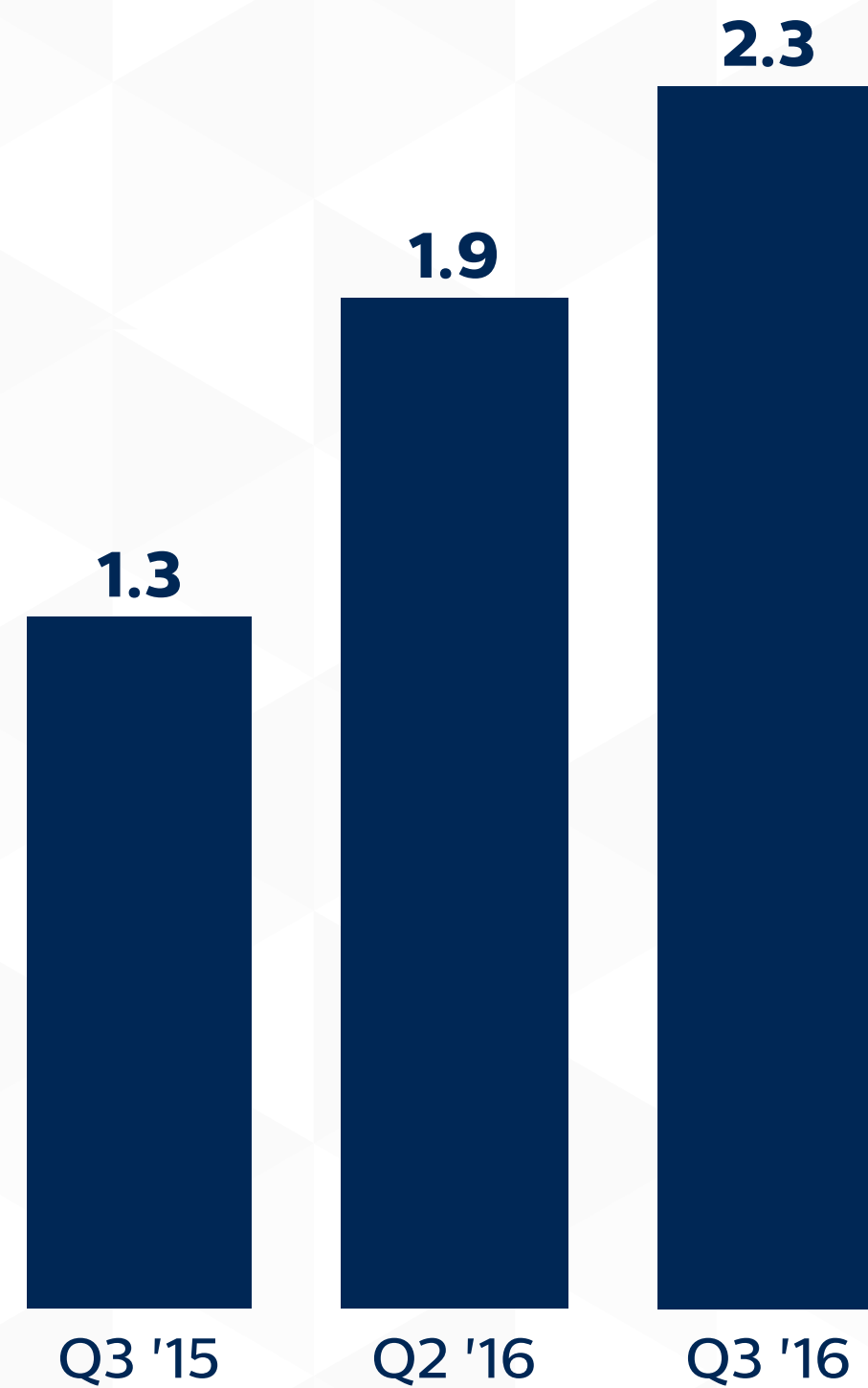
Other operators' data are from their own latest publications.

Monetizing Data

Data Revenue (Service revenue shares)

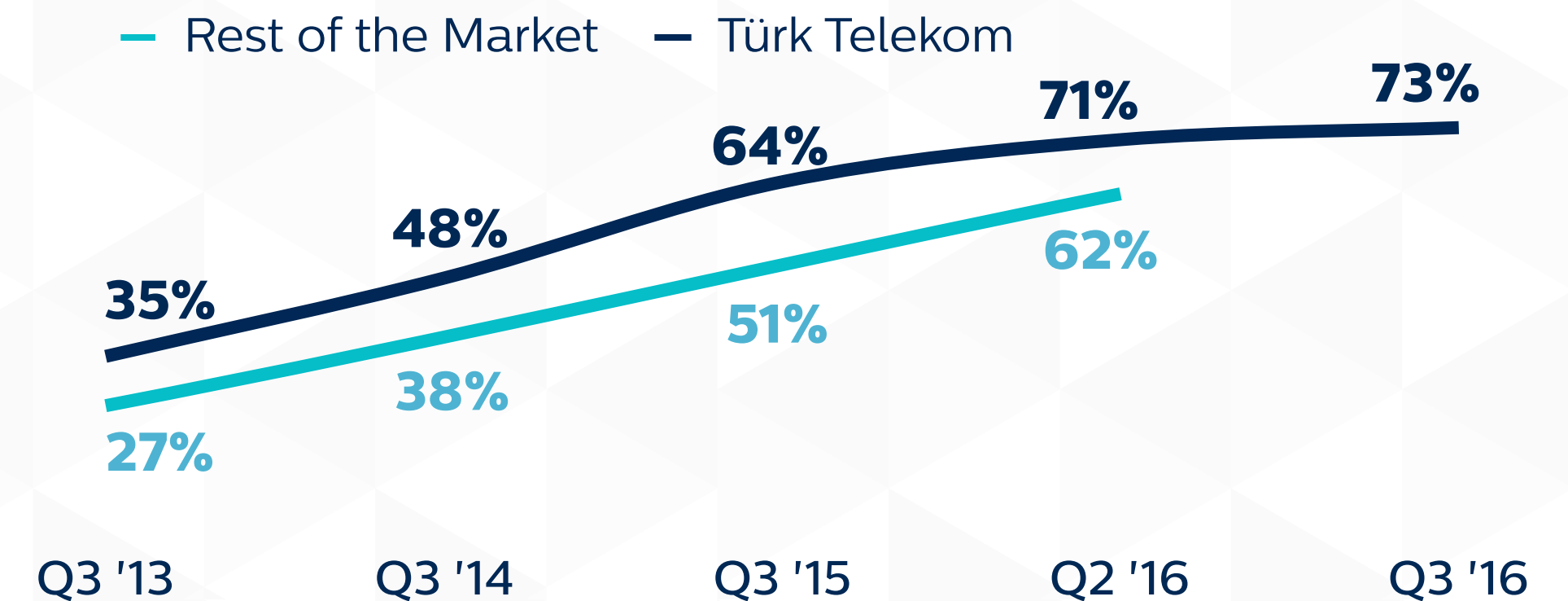


Avg. Monthly Mobile Data Usage (GB per subscribers¹)

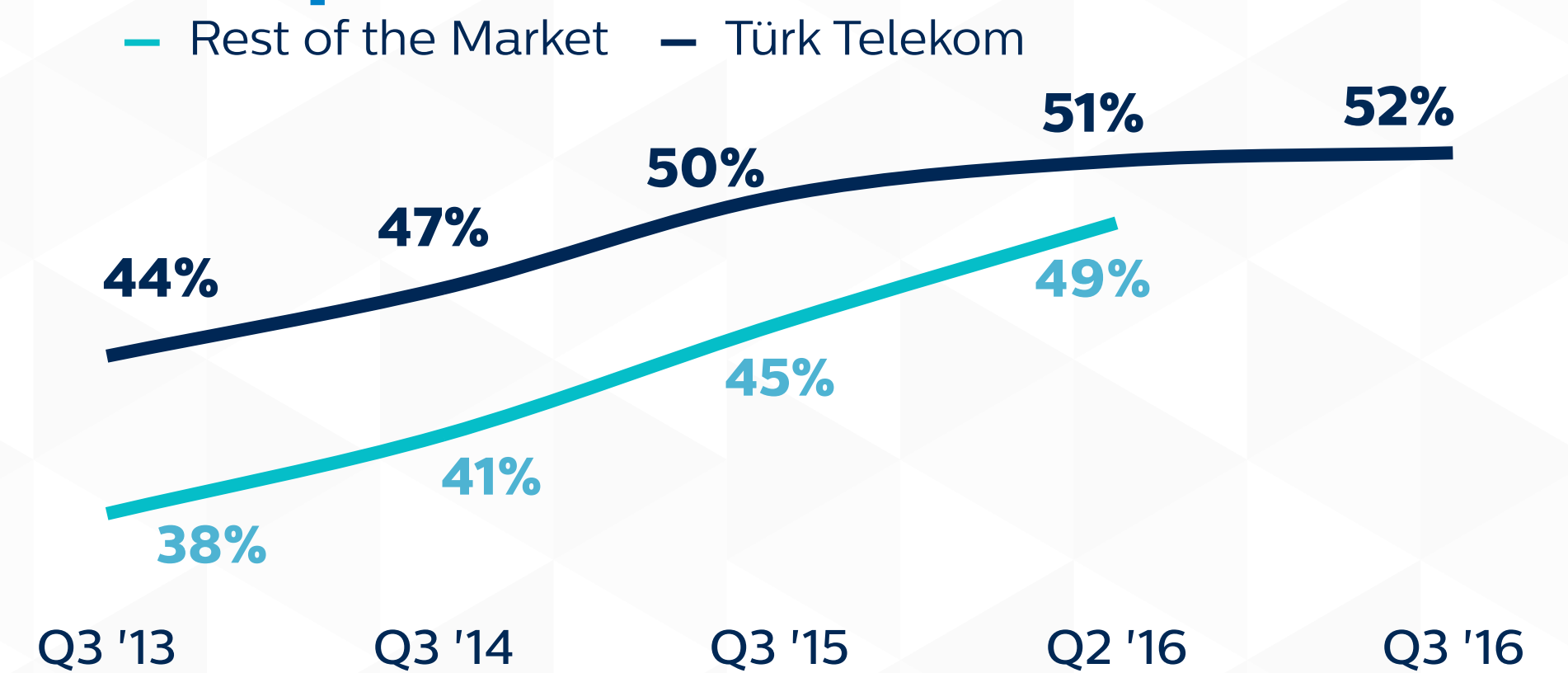


(1) Türk Telekom smartphone subscribers

Smartphone Penetration



Postpaid Ratio

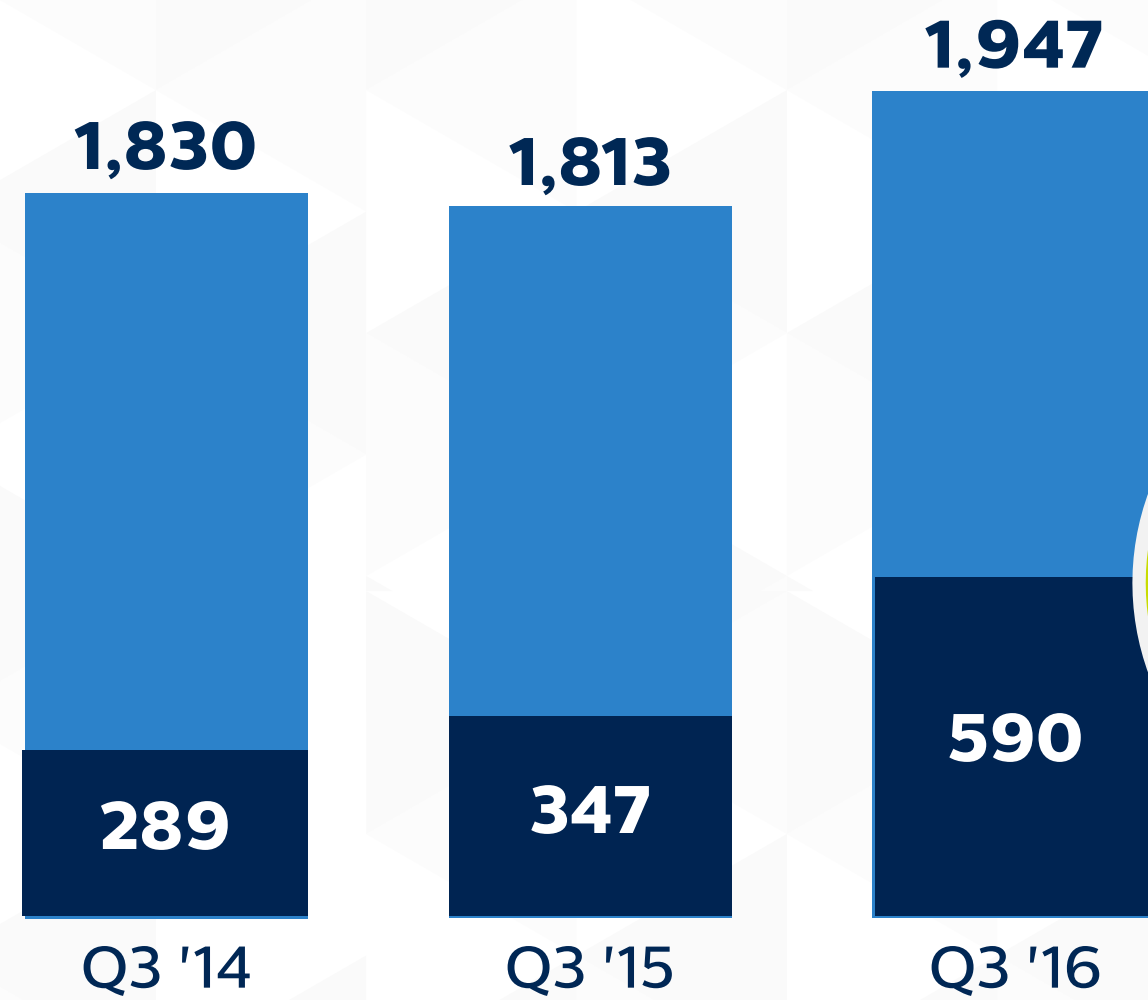


TV Performance

Subscribers

(thousand)

■ Tivibu Go ■ Tivibu Home



Q3 Tivibu Home ARPU
TL 18.7

243K
net additions
in the LTM
in Tivibu Home

	Number of Channels	Number of Archives	Price* (TL)	Price** (TL)
Cinema Package	204	8,250+	19	29
Super Package	226	8,500+	39	49

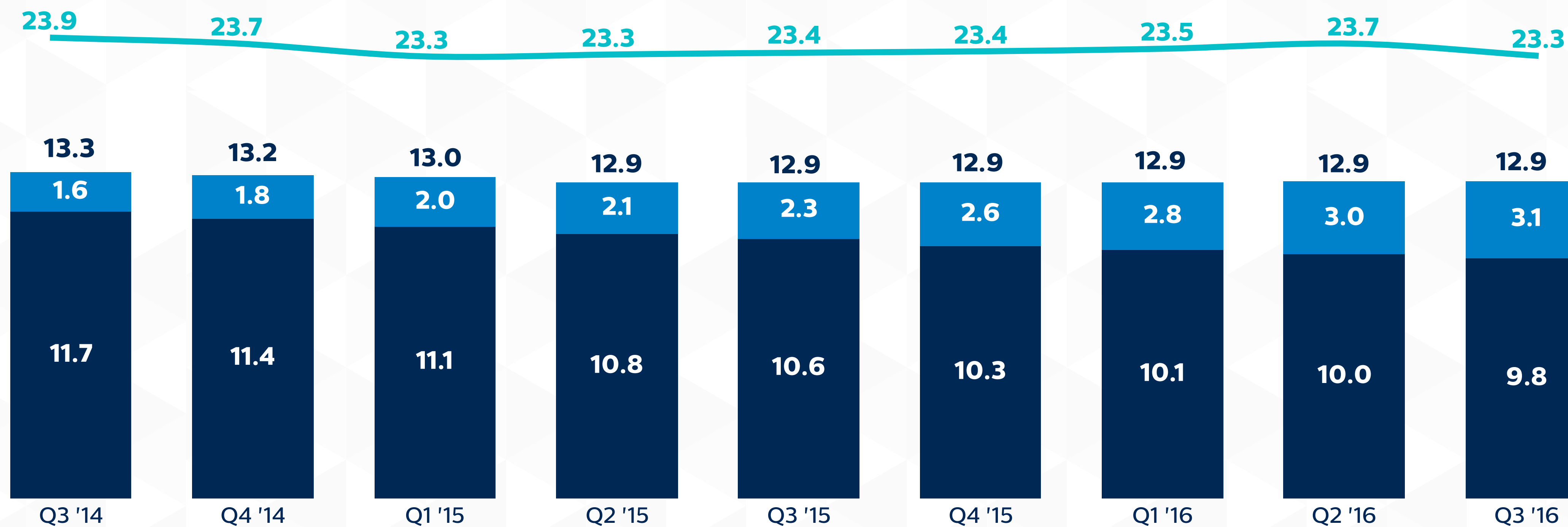
* 24 months contracted prices | ** 12 months contracted prices



Fixed Voice

Access Lines and ARPU

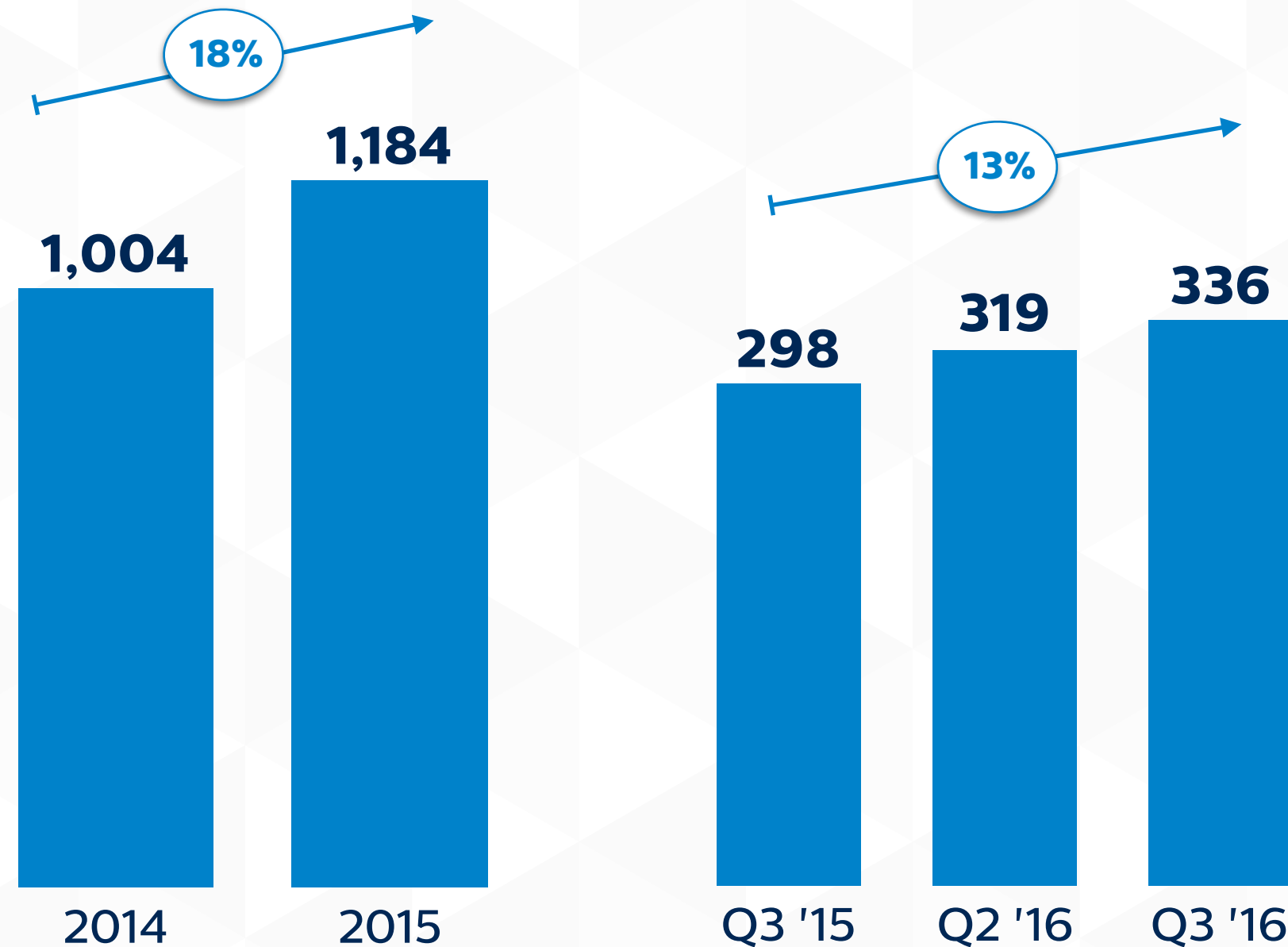
■ Fixed Voice (mn) ■ Naked Broadband (mn) — Fixed Voice ARPU (TL)



Corporate Data

- ▶ 8% of our total revenues are generated by corporate data business in Q3 '16
- ▶ Corporate data revenue growth is mainly driven by IPVPN revenues

Revenues (TL mn)



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

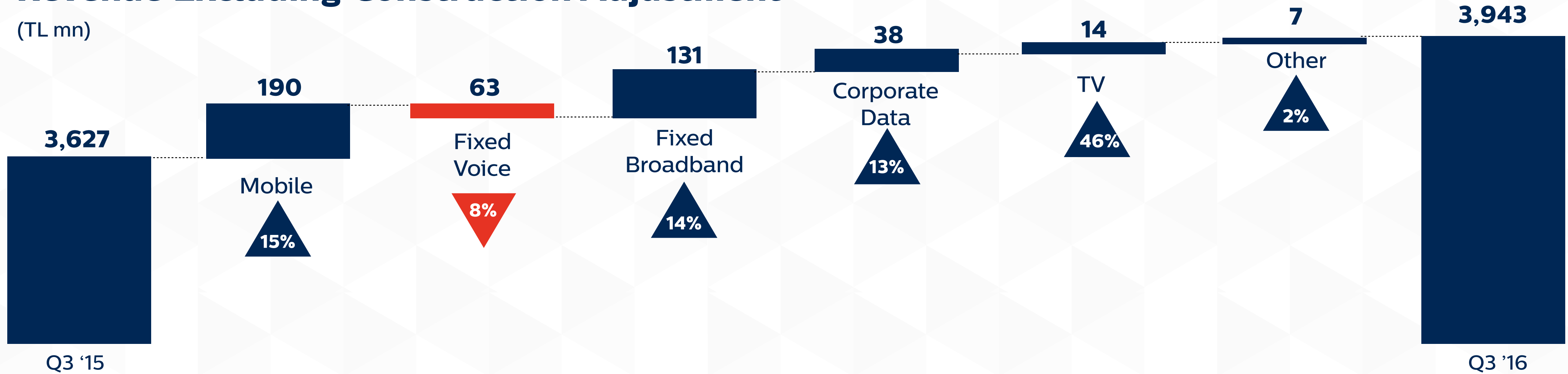


Financials

Financial Performance

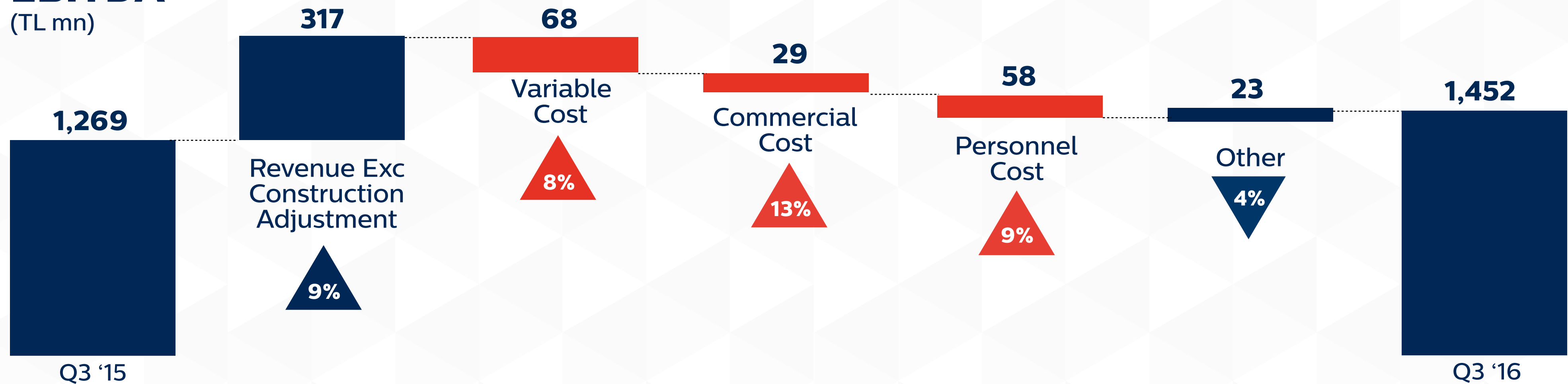
Revenue Excluding Construction Adjustment

(TL mn)



EBITDA

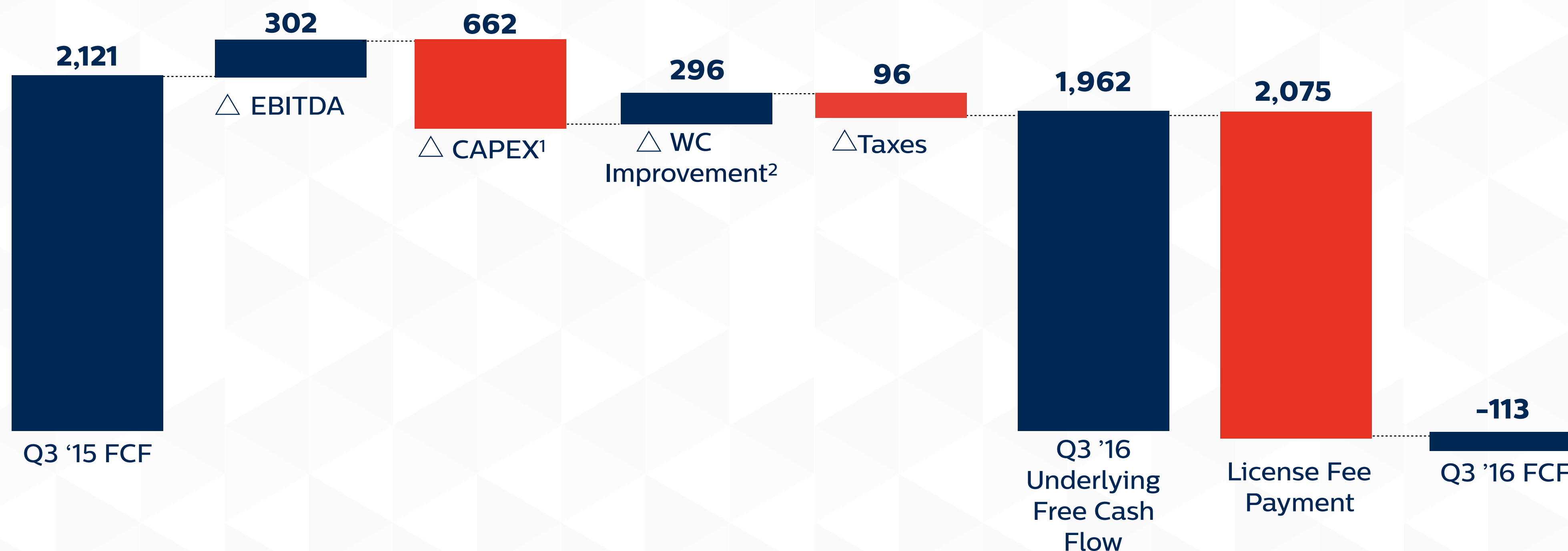
(TL mn)



Free Cash Flow Generation

LTM FCF Development

(TL mn)

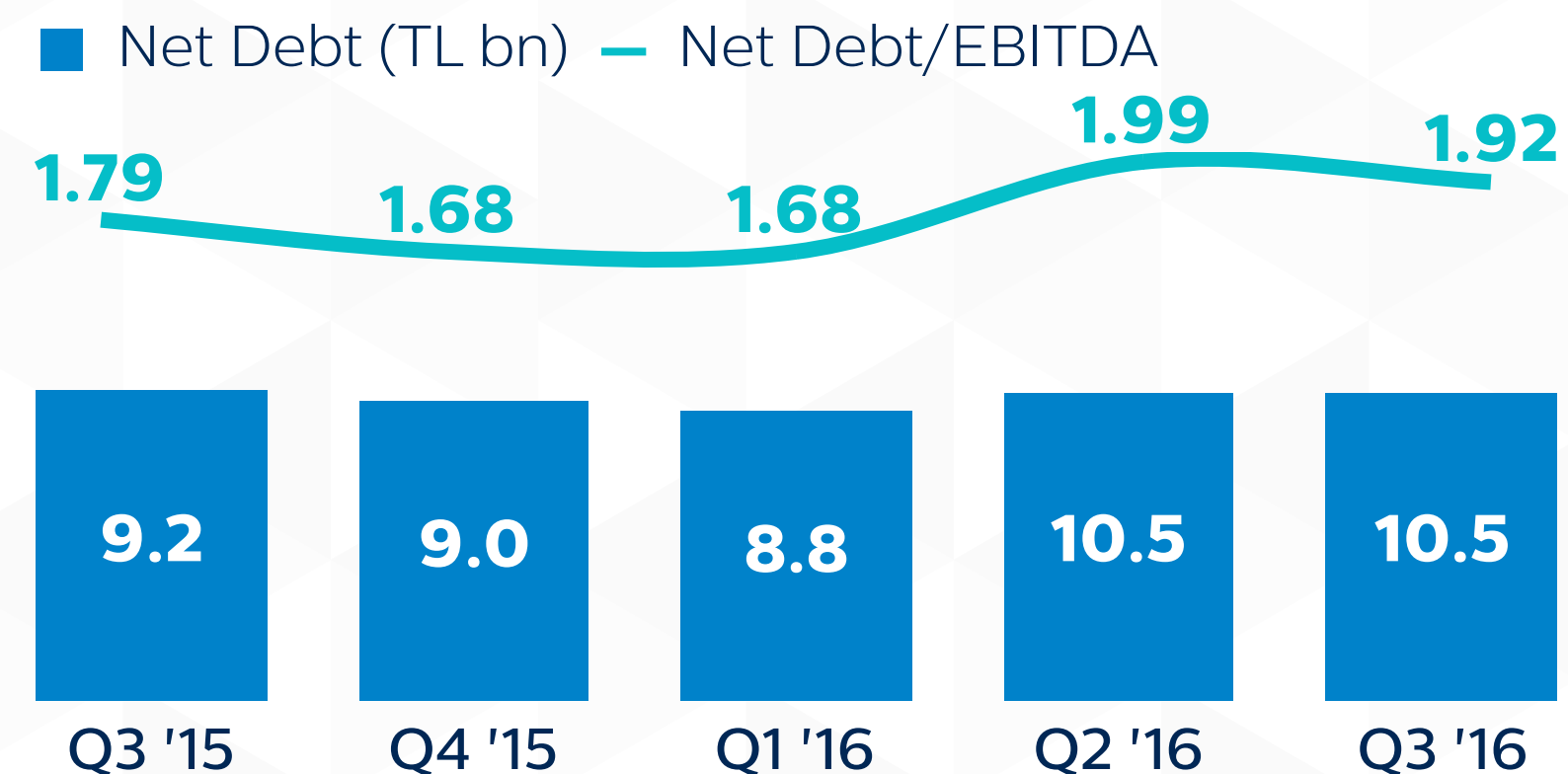


(1) Excludes license fee

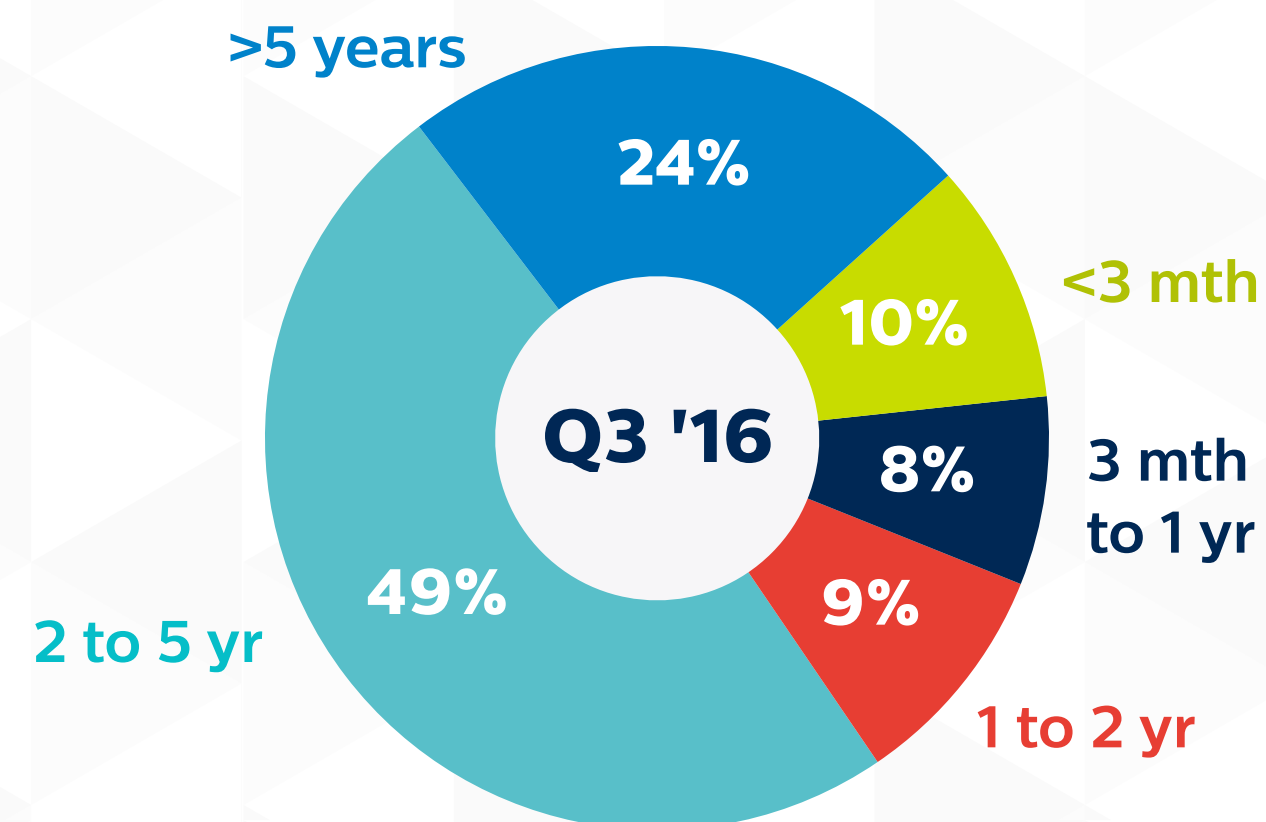
(2) Excludes restricted cash change & license fee related VAT payment

Debt Profile

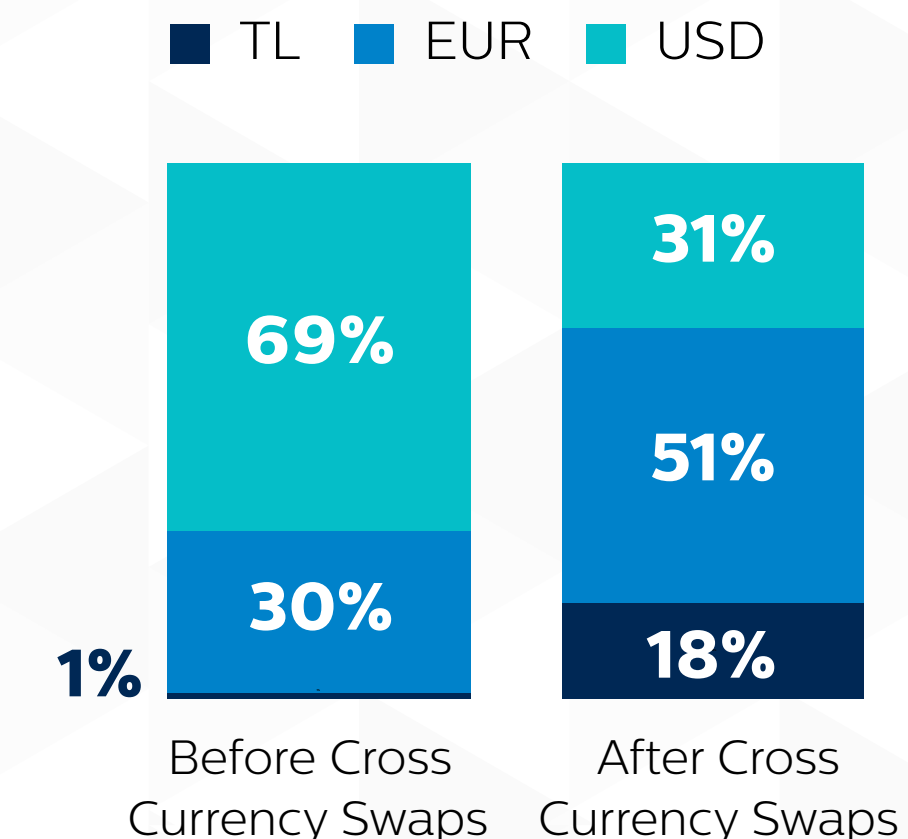
Net Debt



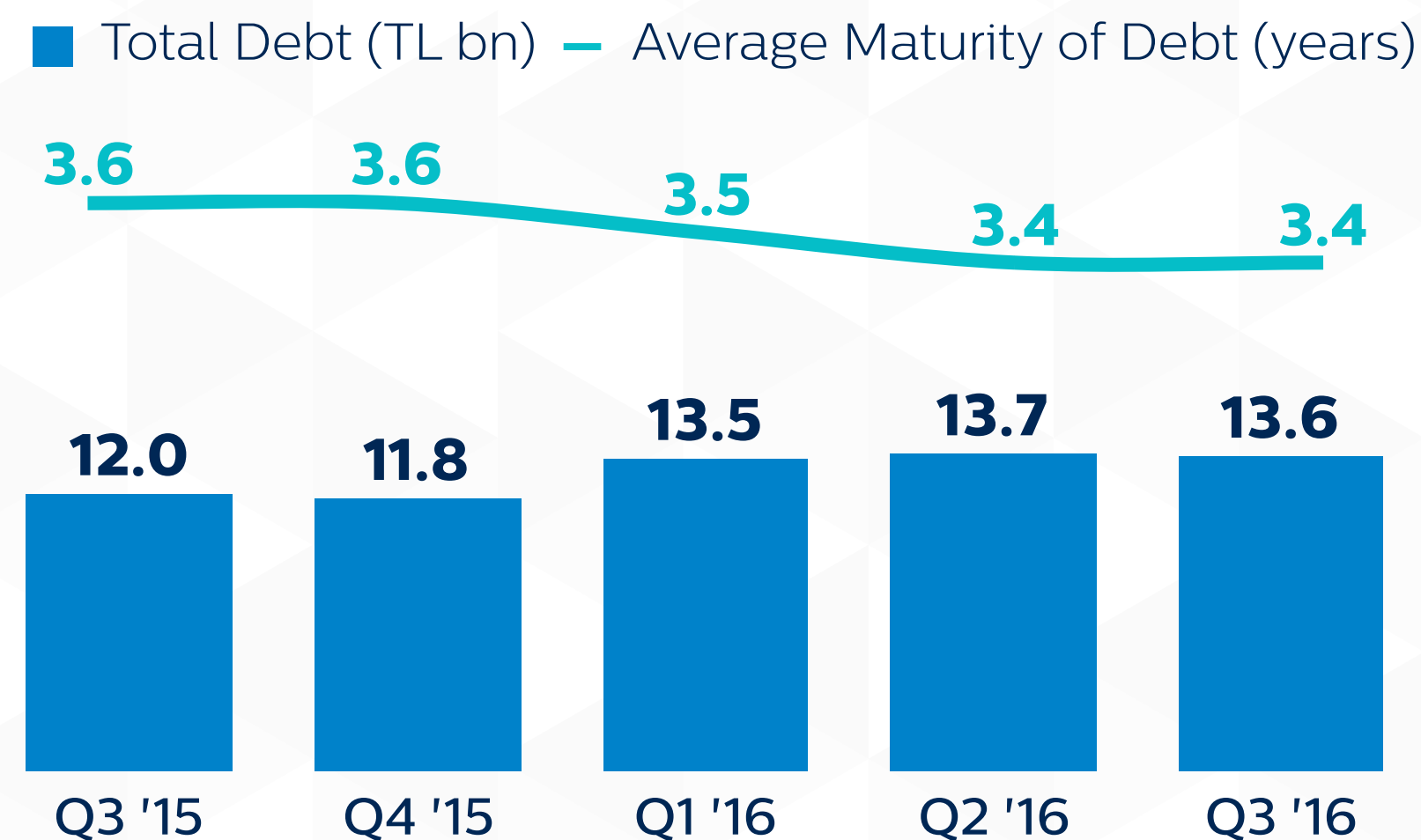
Maturity Profile



Currency Breakdown

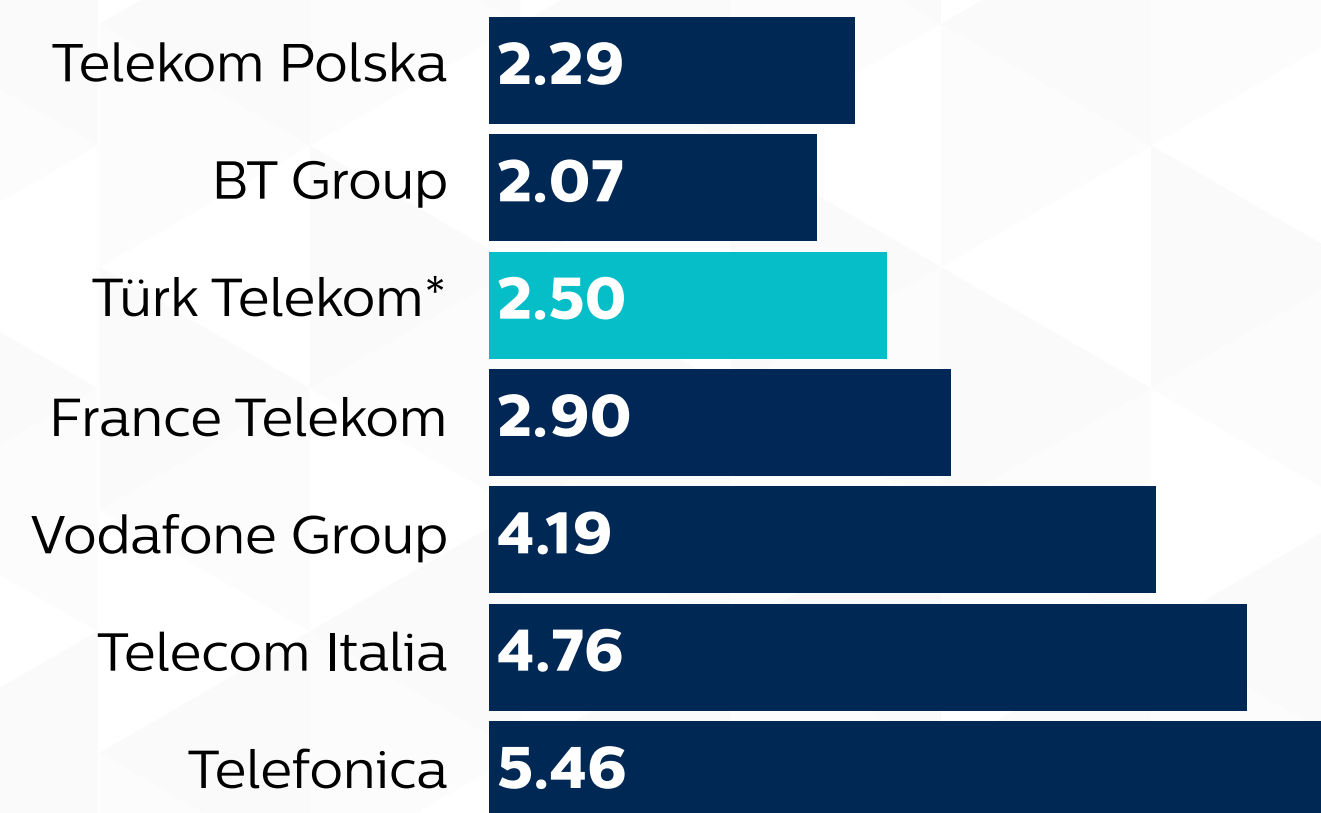


Average Maturity of Debt



Low debt burden within the median of peers

Total Debt / EBITDA (Q2 '16)



Net Debt / EBITDA (Q2 '16)



* Türk Telekom's ratios are calculated from Q3 '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)	Q3 '15	Q2 '16	Q3 '16	YoY Change	QoQ Change
Revenues	3,696	3,940	4,118	11.4%	4.5%
EBITDA	1,269	1,322	1,452	14.5%	9.8%
<i>Margin</i>	34.3%	33.6%	35.3%		
Operating Profit	669	627	733	9.7%	16.9%
<i>Margin</i>	18.1%	15.9%	17.8%		
Financial Income/(Expense)	(1,195)	(212)	(595)	-50.2%	181.3%
FX & Hedging Gain/(Loss)	(1,106)	(88)	(498)	-55.0%	462.8%
Interest Income/(Expense)	(72)	(93)	(103)	43.3%	10.8%
Other Financial Income/(Expense)	(17)	(31)	5	n.m.	n.m.
Tax Expense	22	(168)	(129)	n.m.	-23.0%
Net Income	(493)	248	9	n.m.	-96.5%
<i>Margin</i>	n.m.	6.3%	0.2%		

Note: FX Rates used in financial income/expense calculation are as follows: **September-16:** USD/TRY: 2.9959 ;EUR/TRY: 3.3608 **June-16:** USD/TRY:2.8936;EUR/TRY:3.2044



Summary Balance Sheet

	(TL mn)	30.09.2015	30.06.2016	30.09.2016
Total Assets		21,467	26,626	26,590
Intangible Assets ¹		5,047	8,076	8,038
Tangible Assets ²		8,188	8,752	8,761
Other Assets ³		5,450	6,583	6,641
Cash and Equivalents		2,782	3,214	3,150
Total Equities and Liabilities		21,467	26,626	26,590
Share Capital		3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items		700	1,395	1,433
Interest Bearing Liabilities ⁴		12,001	13,722	13,615
Provisions for Employee Termination Benefits		612	601	614
Other Liabilities ^{5, 6}		4,893	7,648	7,669

(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

Q&A



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Thank you



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