

Investor Presentation

July 2016



Türk Telekom





► Notice

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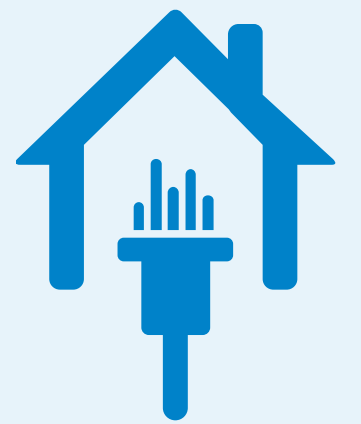
The PSTN services and wholesale broadband services are provided by Türk Telekomünikasyon A.Ş., the retail internet services are provided by TTNET A.Ş. the mobile services – are provided by Avea İletişim Hizmetleri A.Ş.

Türk Telekom® brand used in this presentation is the joint brand of Turk Telekom Group of 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.

Türk Telekom Highlights



Most valuable
telco brand for

**CONSECUTIVE
8 YEARS**

**Leading
COMPANY
IN TURKEY**

Offering
**Integrated telecom
services**

98%
Fixed line
household
coverage

— Serving —
38.0mn
SUBSCRIBERS

86%
3G
Population
Coverage

— CAPEX —
TL 24bn
since privatization
(2005)

214K
km
fiber network in
81 cities

12.4mn
FIBER
HOMEPASS*

* Homepass includes FTTC & FTTH/B

Turkey's Pioneer Convergence Player



* Based on the consent of the customers

Strong Start to the Year

Robust net add performance in all segments, record quarterly net adds in Home TV



Broadband

197K

in Q1 '16

587K

in the last 12M



Mobile

461K

in Q1 '16

1.1mn

in the last 12M



Home TV

83K

in Q1 '16

186K

in the last 12M



Financial Performance

TL mn	2015 Q1	2015 Q4	2016 Q1	Growth (QoQ)	Growth (YoY)
Revenue	3,434	3,867	3,801	-2%	11%
Revenue (exc.construction adjustment) ¹	3,395	3,706	3,761	2%	11%
EBITDA²	1,329	1,416	1,262	-11%	-5%
EBITDA Margin	38.7%	36.6%	33.2%		
Net Income²	27	1,039	408	-61%	1,430%
CAPEX³	313	1,156	708	-39%	126%

(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.

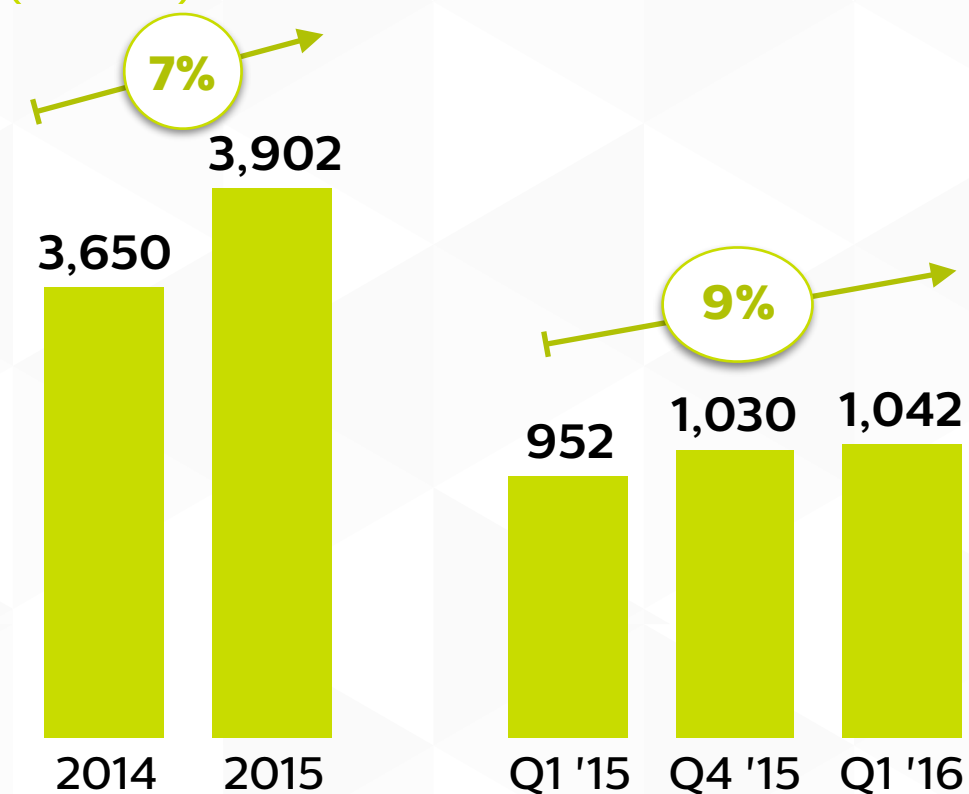
(2) Türk Telekom Group Companies reached an agreement with Turkcell Group Companies to resolve court cases, executive proceedings and disputes with a Settlement Protocol. Turkcell agreed to pay TL 225mn (excl. VAT, and SCT and inc. interest, and all dues associated with the protocol). Turkcell settlement had a positive impact of TL 267mn on 2015 Q4 net income and TL 146mn on 2015 Q4 EBITDA.

(3) Excluding license fees for 2015 Q4

Focused on High Growth Areas

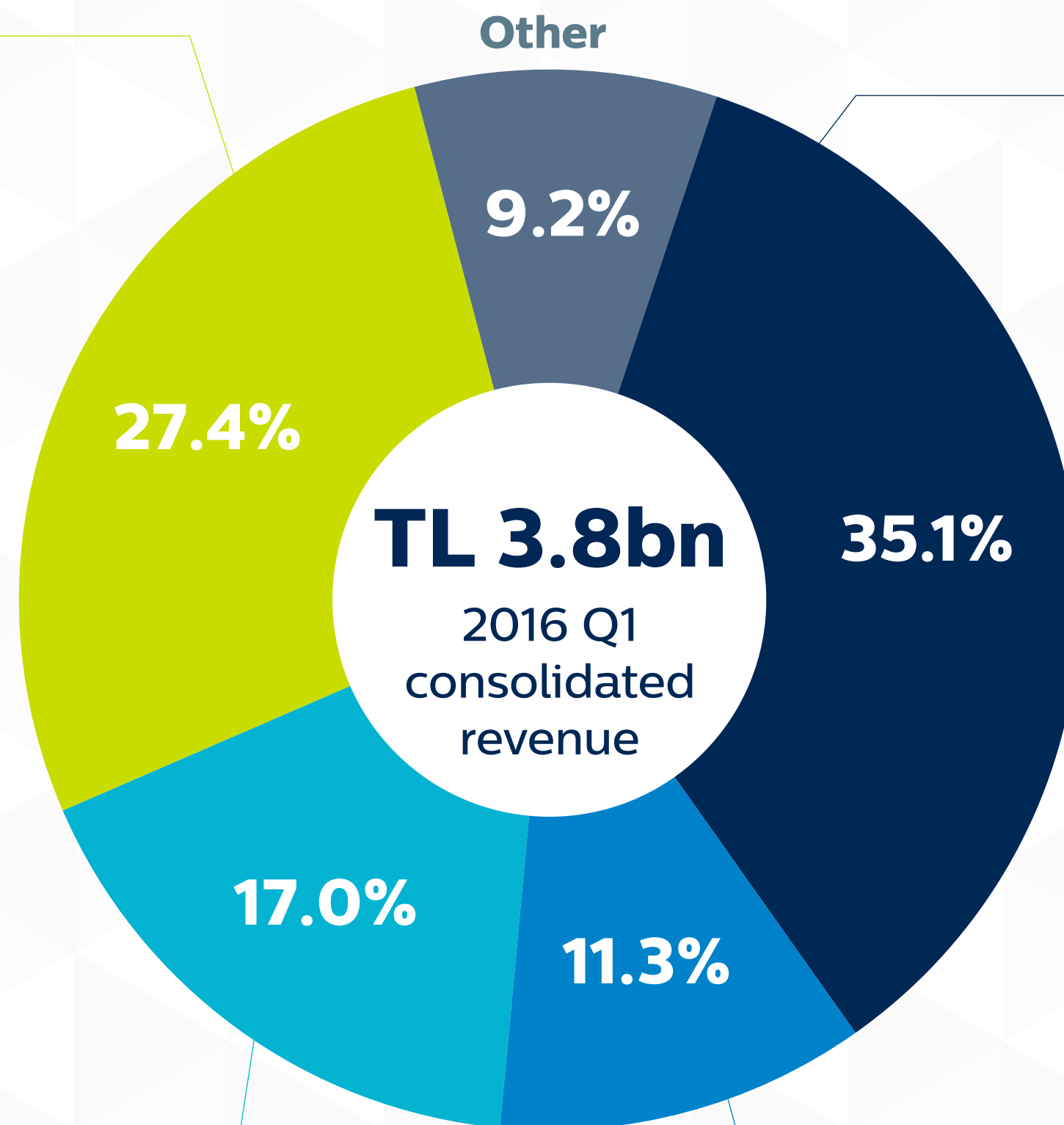
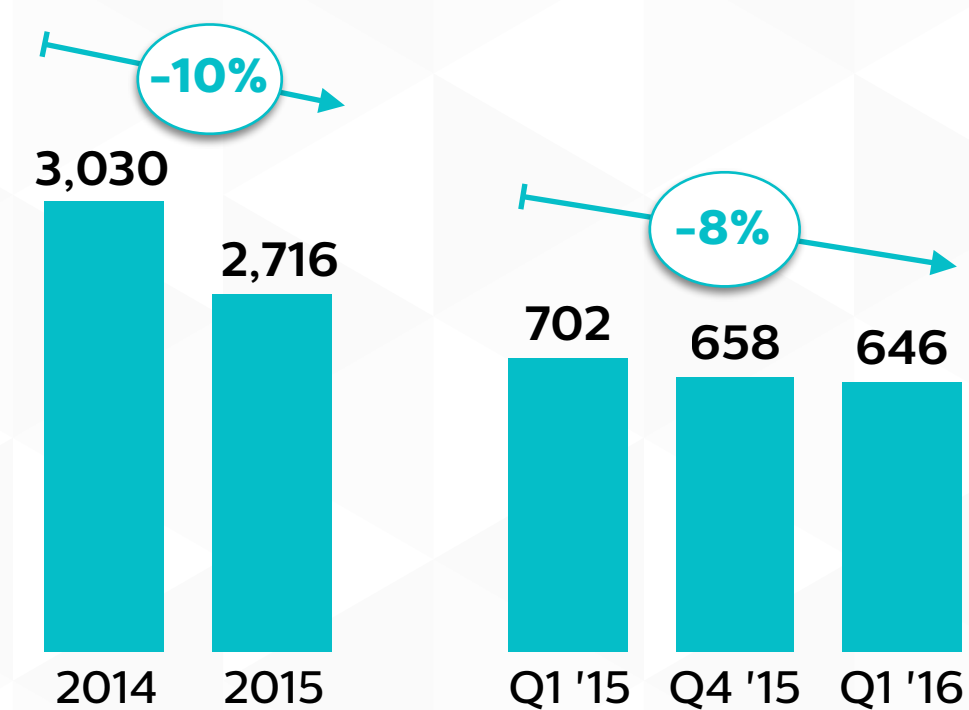
Fixed Broadband

(TL mn)



Fixed Voice

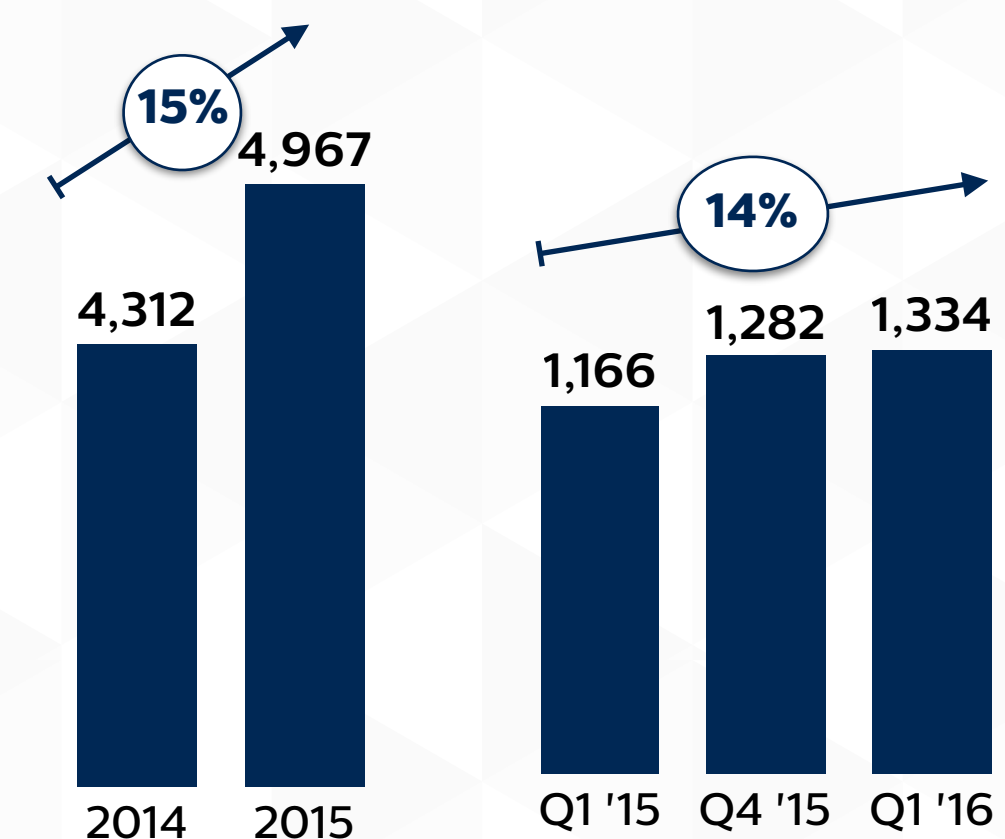
(TL mn)



Revenue breakdown

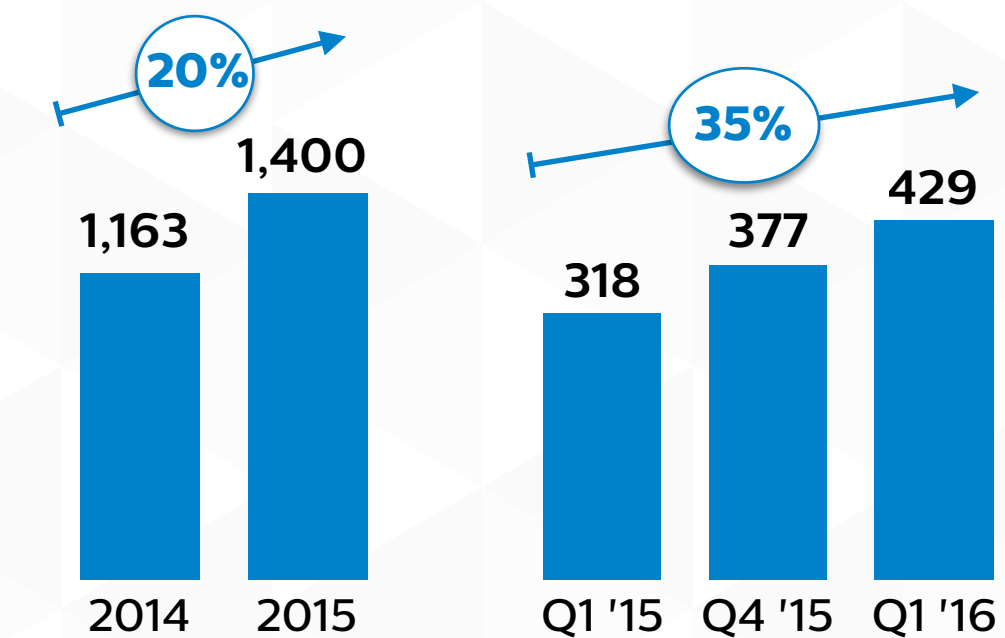
Mobile

(TL mn)



Corporate Data

(TL mn)



Strongest Position in Multiplay Offers

Key building blocks of customer proposition

Türk Telekom

Turkcell

Vodafone

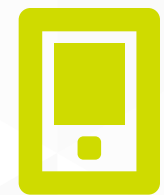


Broadband

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

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

- ▶ Wholesale customer of Türk Telekom



Mobile

- ▶ 900MHz 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

- ▶ Incumbent mobile operator

- ▶ Number two mobile operator



Pay TV

- ▶ Exclusive premium sports content
- ▶ Nationwide coverage through IPTV and satellite
- ▶ Rich content library

- ▶ No satellite platform
- ▶ No exclusive premium content
- ▶ Limited access

- ▶ No Home TV



Fixed Voice

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

- ▶ Wholesale customer of Türk Telekom
- ▶ VOIP available

- ▶ 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

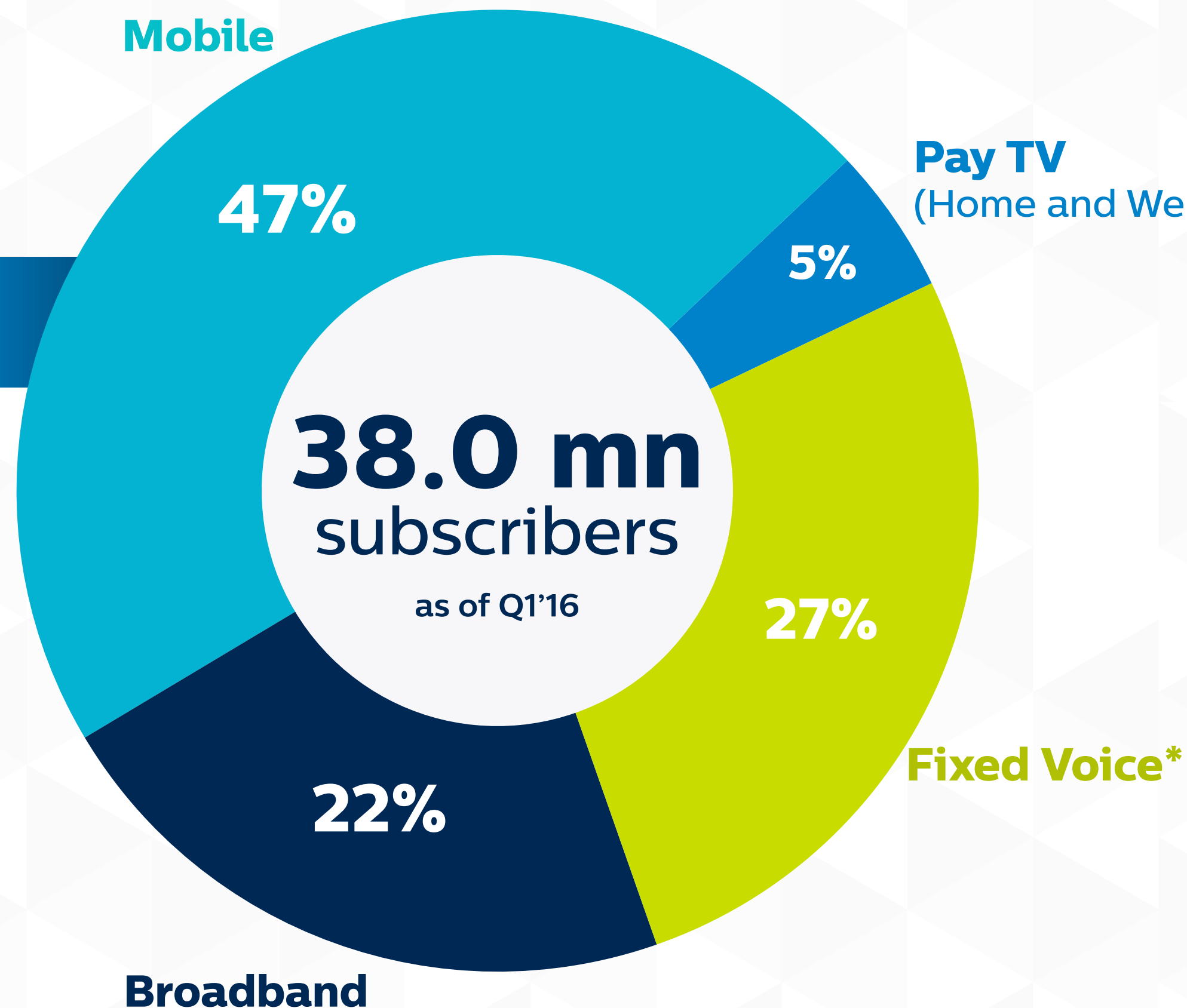
Q1 '16 ARPU

Mobile
Broadband
Pay TV Home
Fixed Voice

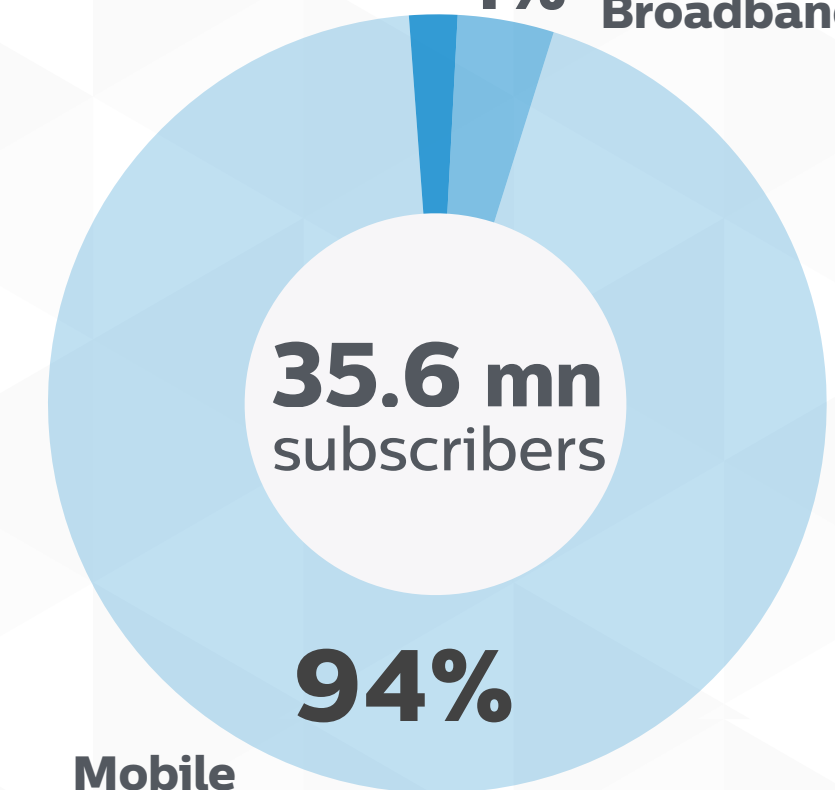
Türk Telekom

TL 24.0
TL 42.5
TL 20.4
TL 21.1

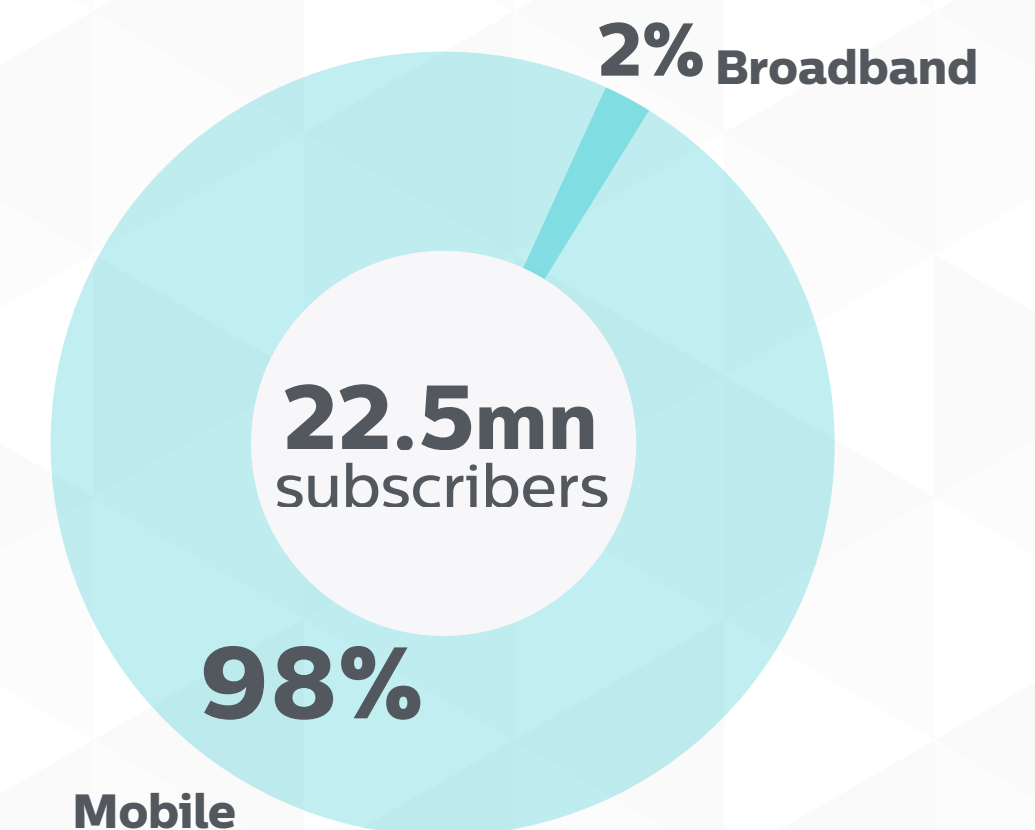
Türk Telekom



Turkcell 2% Pay TV (Home and Web) 4% Broadband



Vodafone



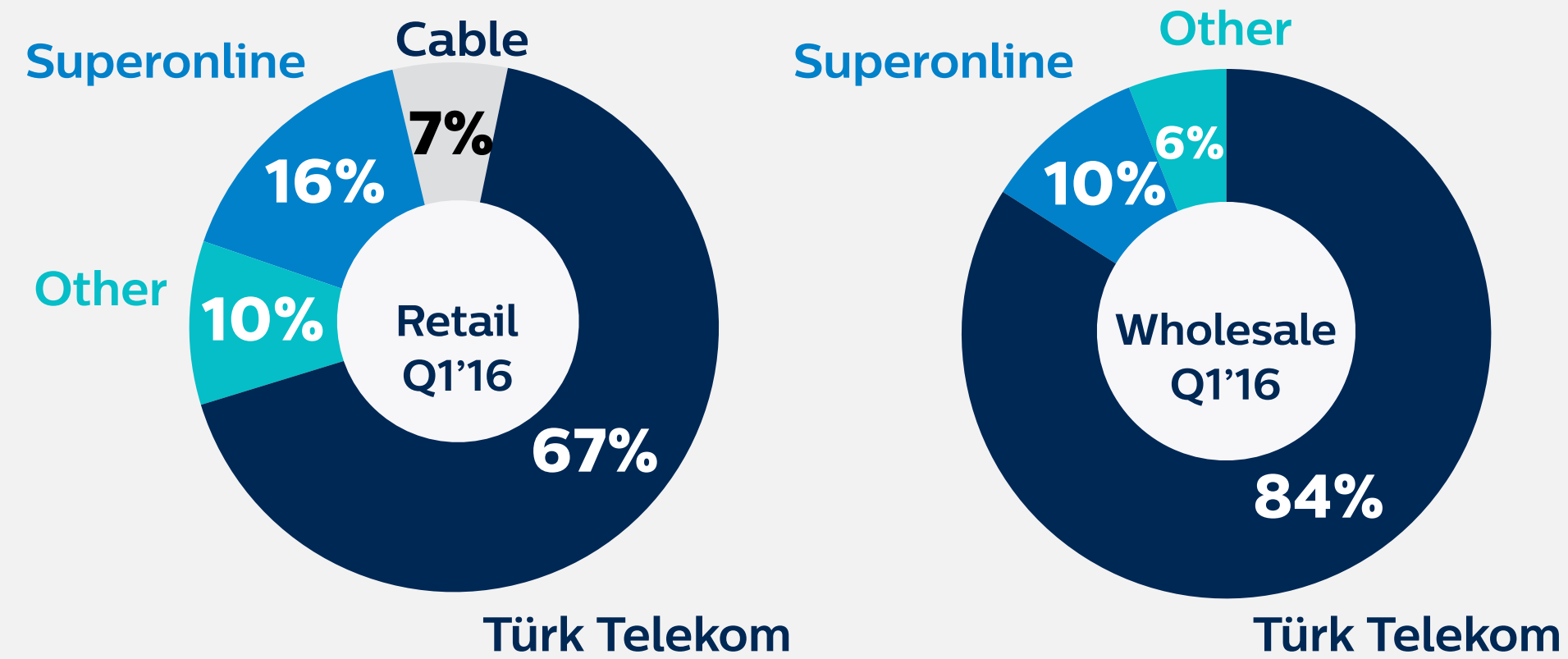
Other operators' data are from their own publications for Q1 '16
*VOIP is not included

A photograph of two men in a modern office environment. The man in the foreground, wearing glasses and a blue shirt, is smiling and looking at a laptop. The man in the background, wearing a grey t-shirt, is also smiling and looking towards the camera. They are both sitting at a desk. The image is overlaid with a dark blue diagonal shape on the left side, which contains the text 'Business Lines'. Above the text are several colorful triangles (cyan, red, blue, yellow) arranged in a cluster.

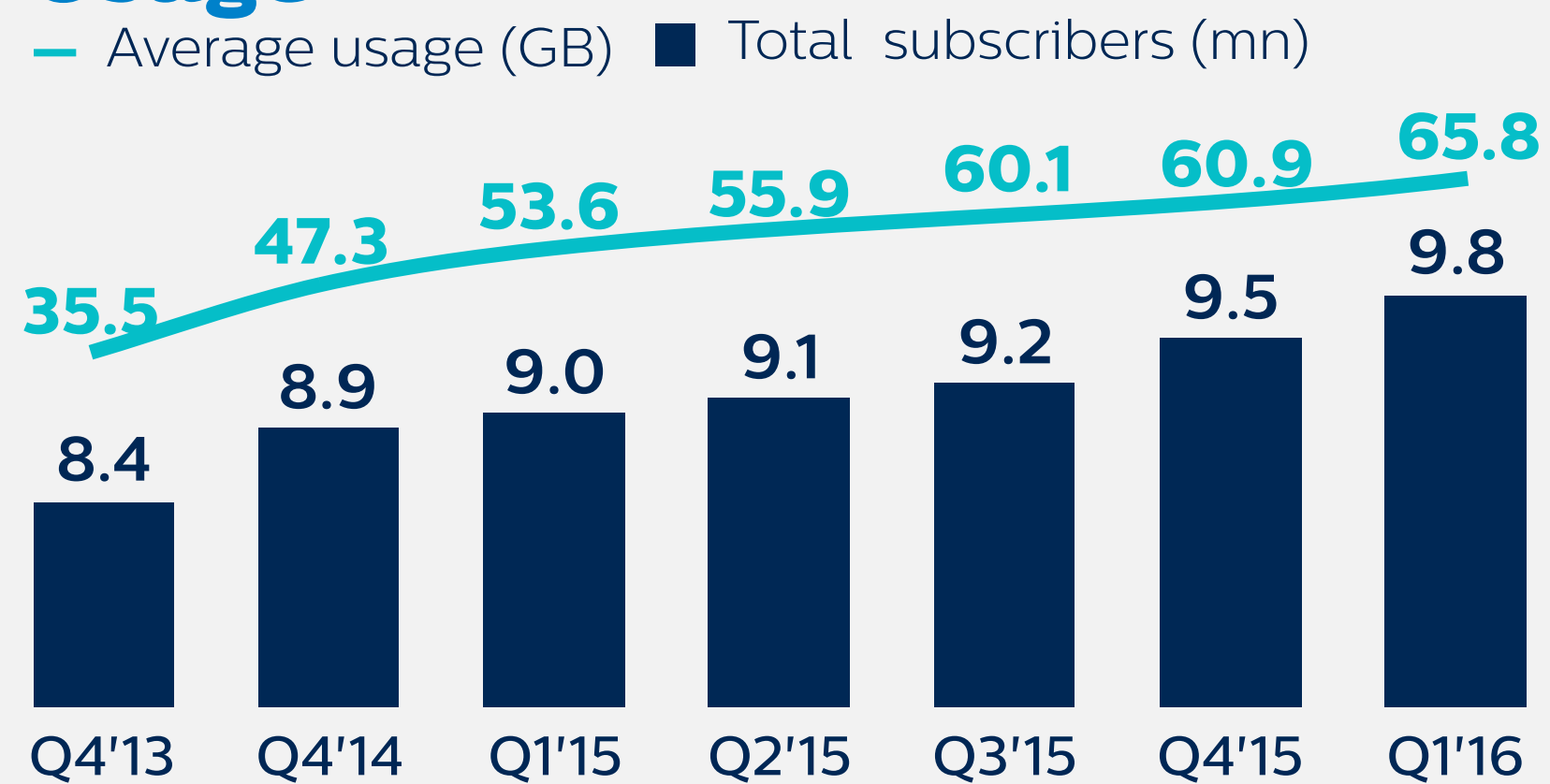
Business Lines

Fixed Broadband Market

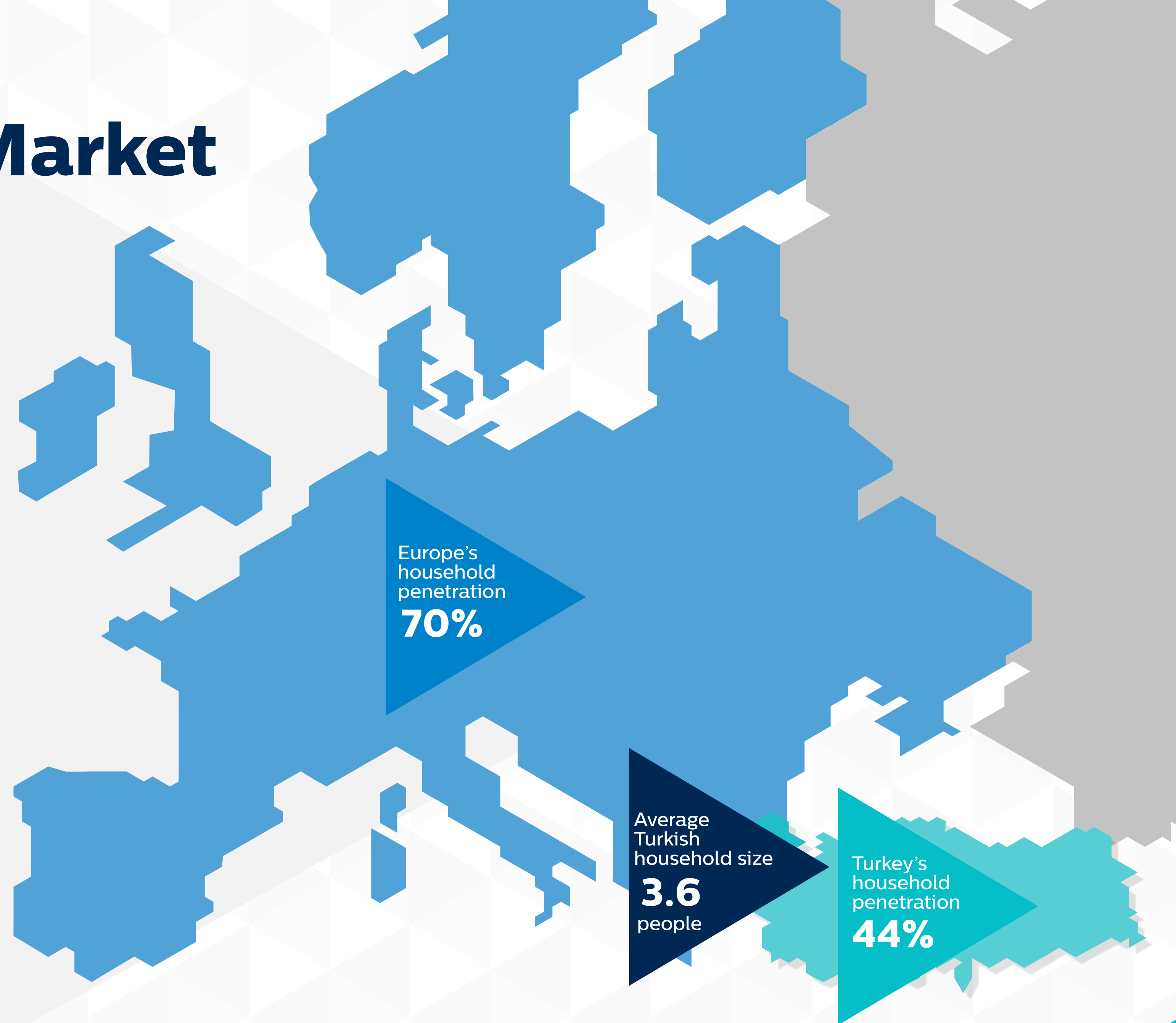
Subscriber Market Share



Subscribers & Avg. Monthly Data Usage



Source: ICTA Q1'16 report

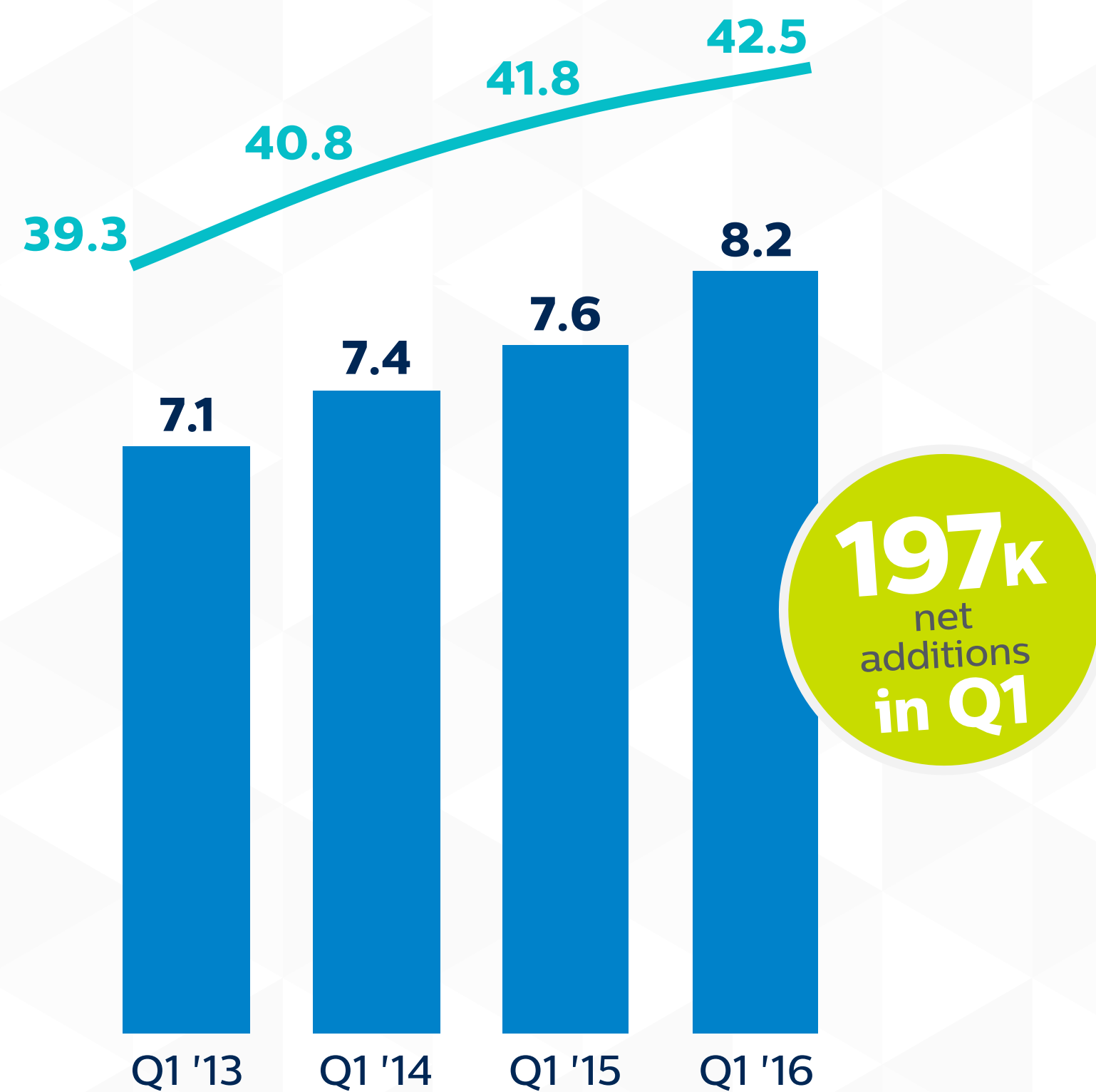


Source: Analysys Mason, Q4'15 CEE&WE Telecom Matrix, TR data is from ICTA, Q1'16 Market Report
European countries include DK,LT,SP,CZ,SL,SK,BG

Fixed Broadband Performance

ARPU & Subscribers

— ARPU (TL) ■ Subscribers (mn)



Fiber Subscribers

(thousand)



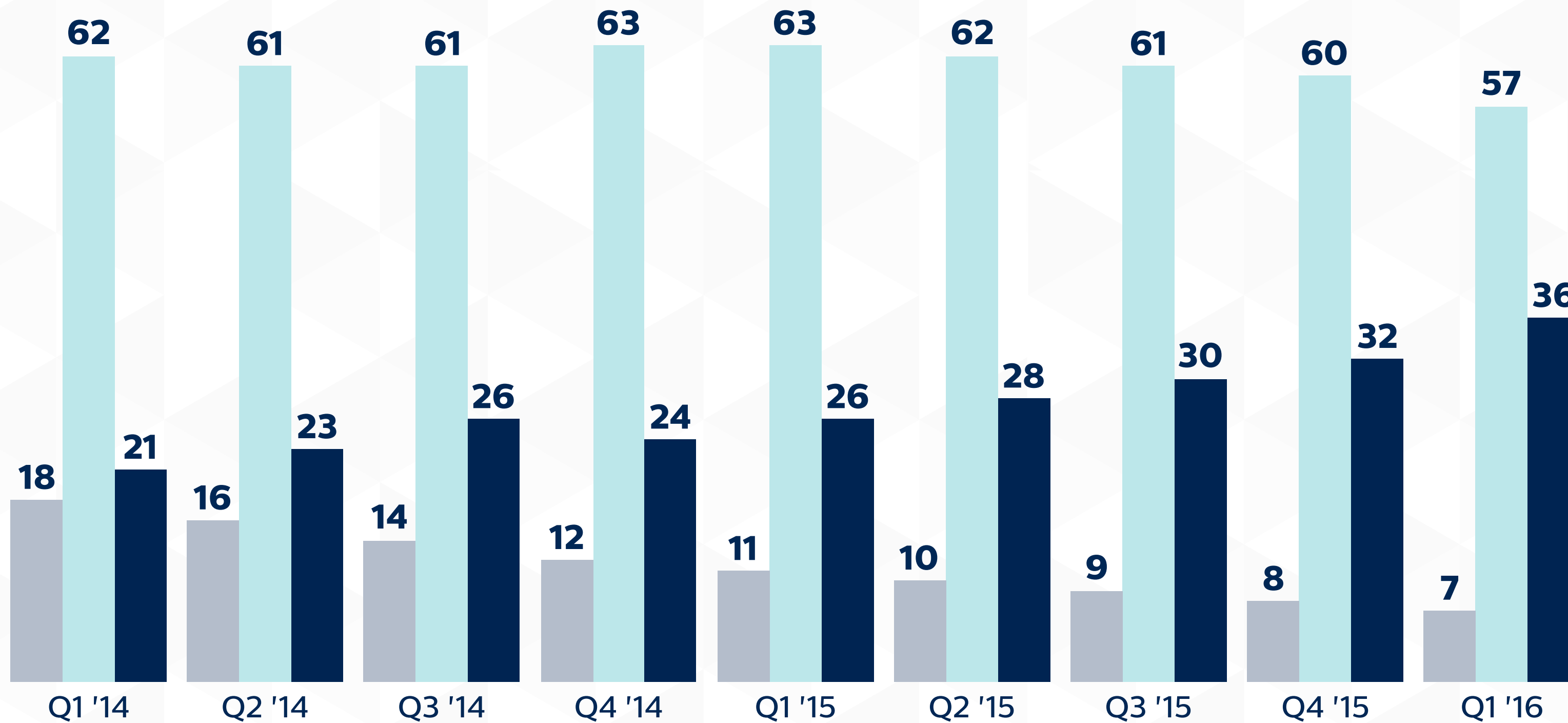
FTTH/B & FTTC tariffs have same prices for a given speed/quota

Upselling Dynamics in Fixed Broadband

Fair Usage

(% of Subscribers)

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

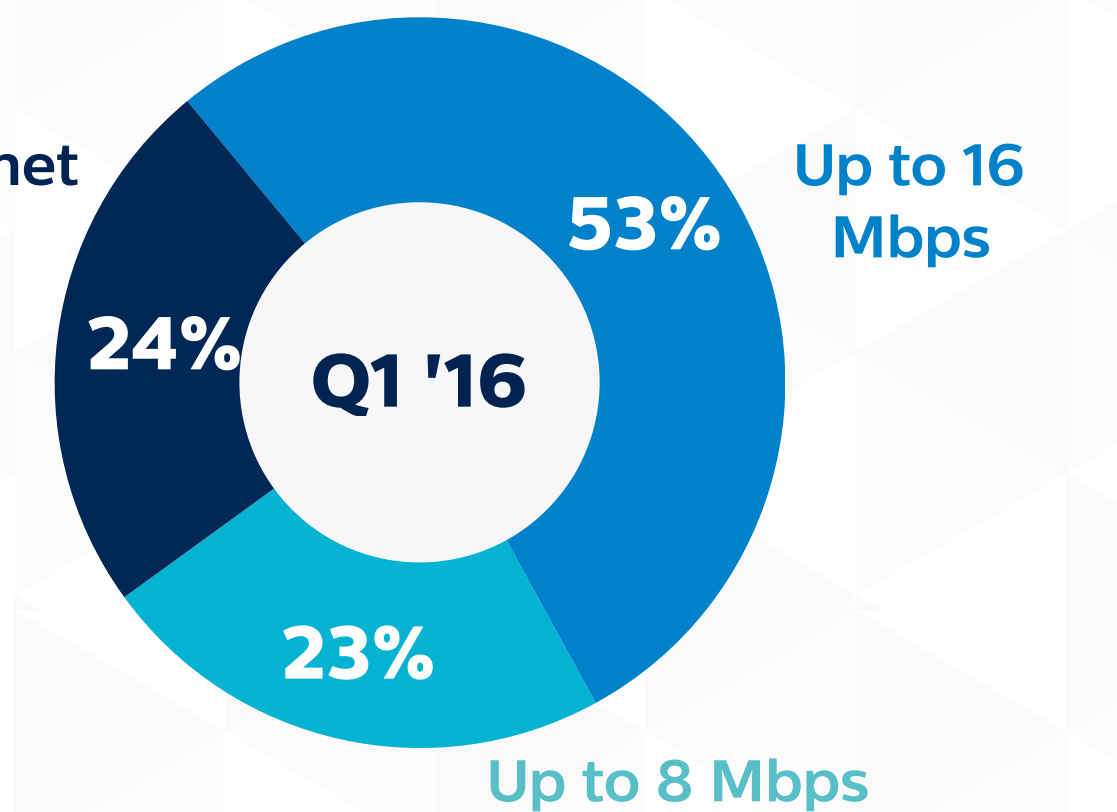


All figures are Türk Telekom's ISP figures

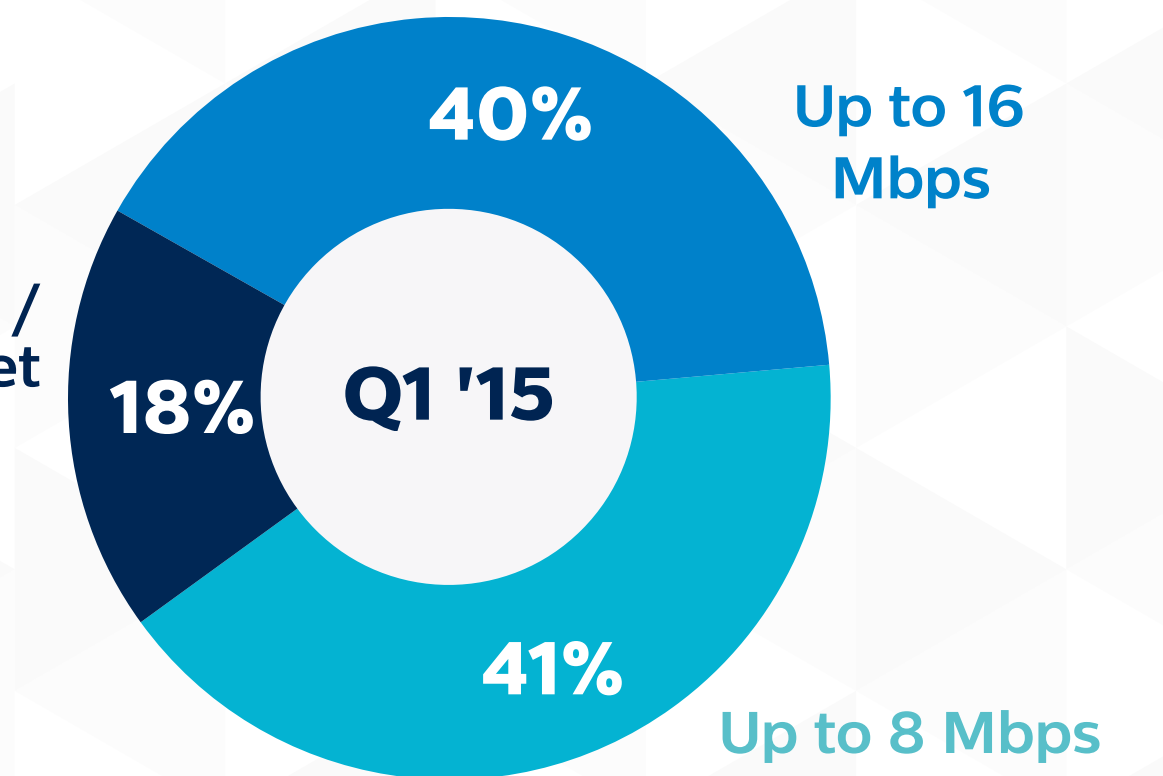
Speed Breakdown

(% of Subscribers)

Fibernet / Hipernet

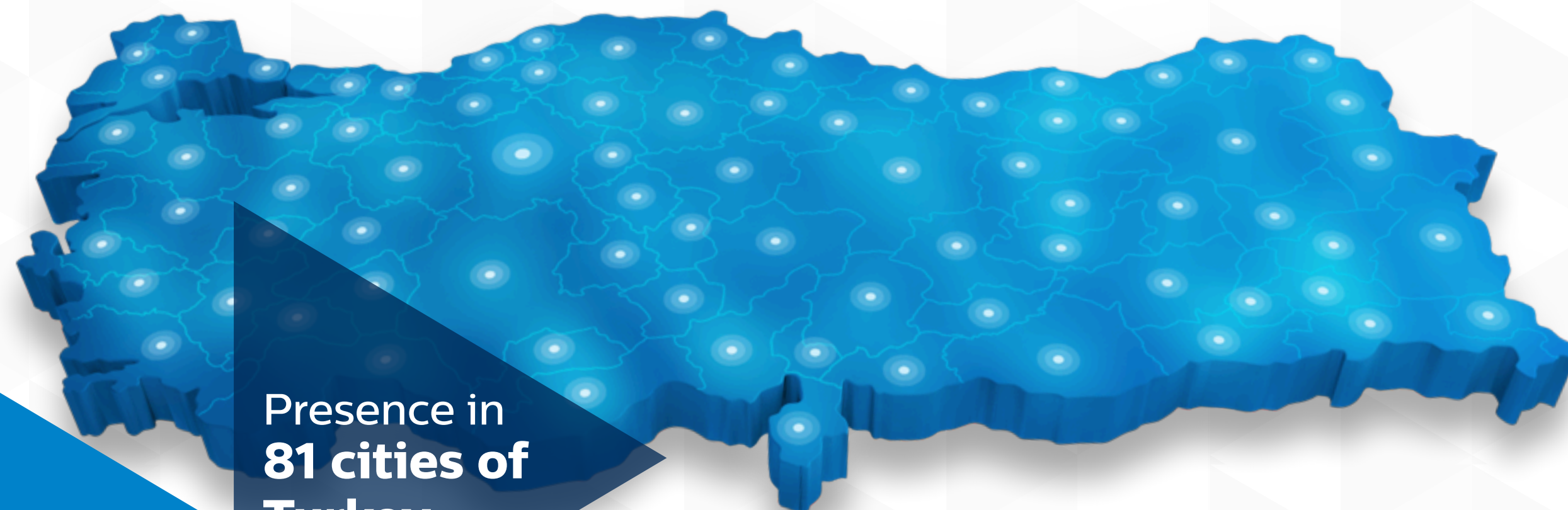


Fibernet / Hipernet



Nationwide Fiber

Türk Telekom Fiber Network

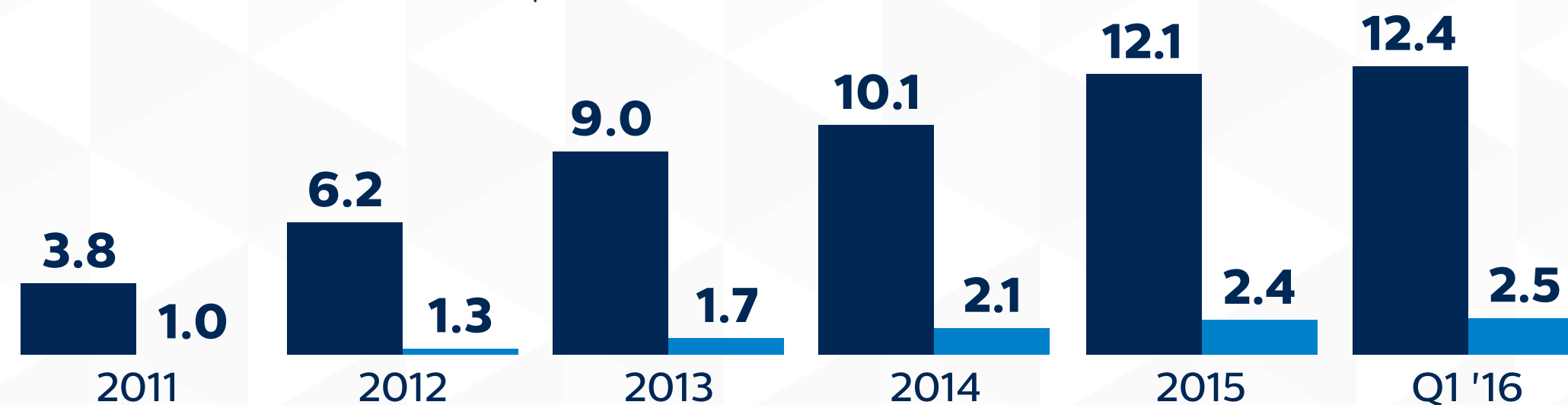


214K km
fiber length

Fiber Homepass

(mn)

■ Türk Telekom ■ Superonline



Fiber homepass includes FTTH/B & FTTC

Superonline Fiber Network



35.6K km
fiber length

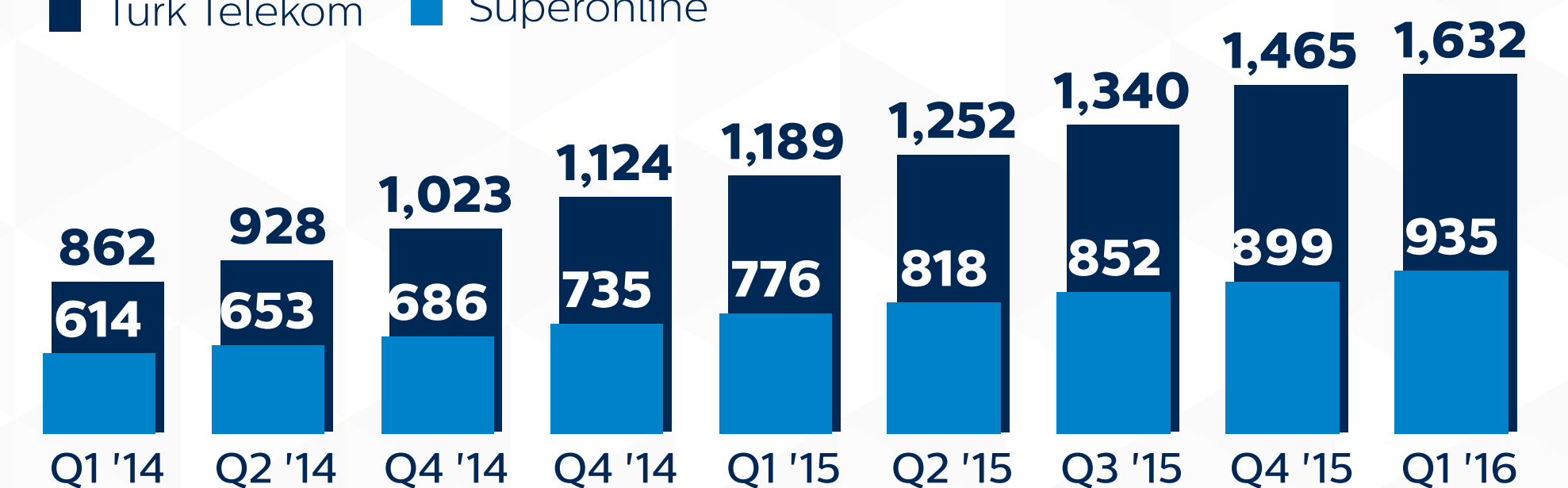
Wholesale customer of Türk Telekom

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

Fiber Subscribers

(thousand)

■ Türk Telekom ■ Superonline



Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Market

Subscriber Market Share

— Türk Telekom — Vodafone — Turkcell



Subscriber Growth

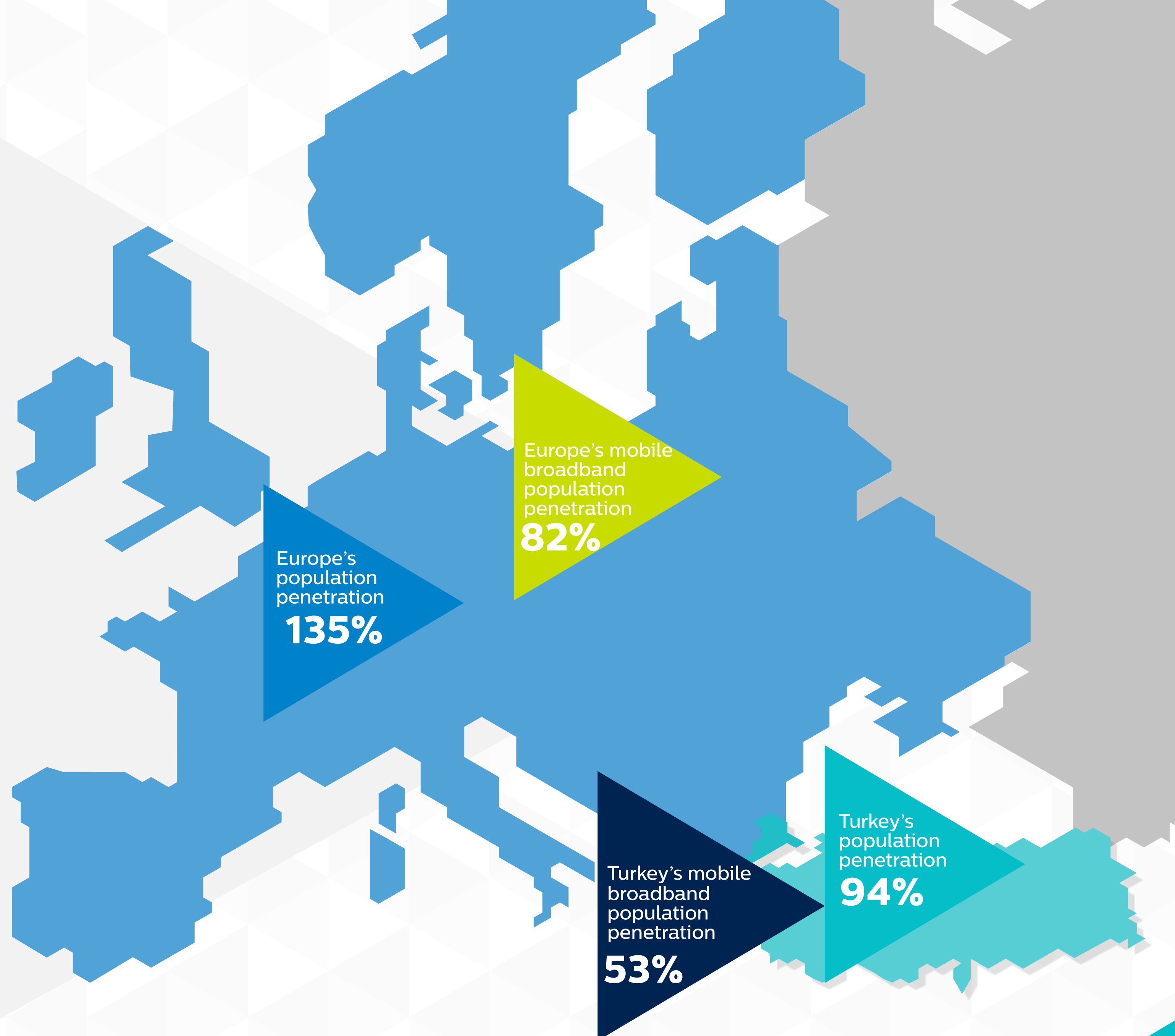
— Türk Telekom — Market



Other operator's data are from their own publications

Source: ICTA, Q1'16 Market Report

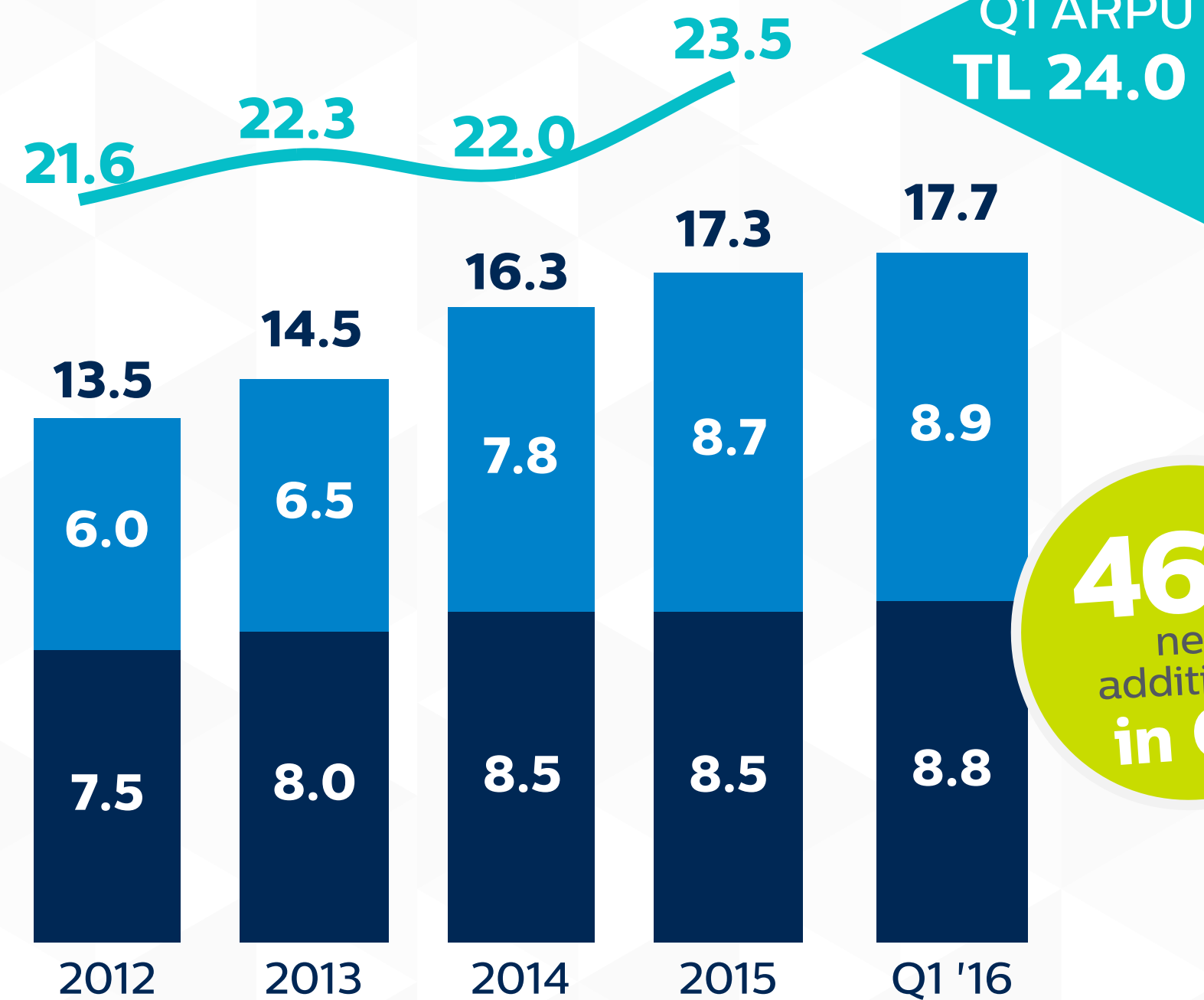
European countries include: FIN,DEN,GRE,AUS,SWE,POR,SWI,IT,GER,NOR,BEL,UK,NL,SP,FR



Mobile Performance

Growing ARPU & Subscribers

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

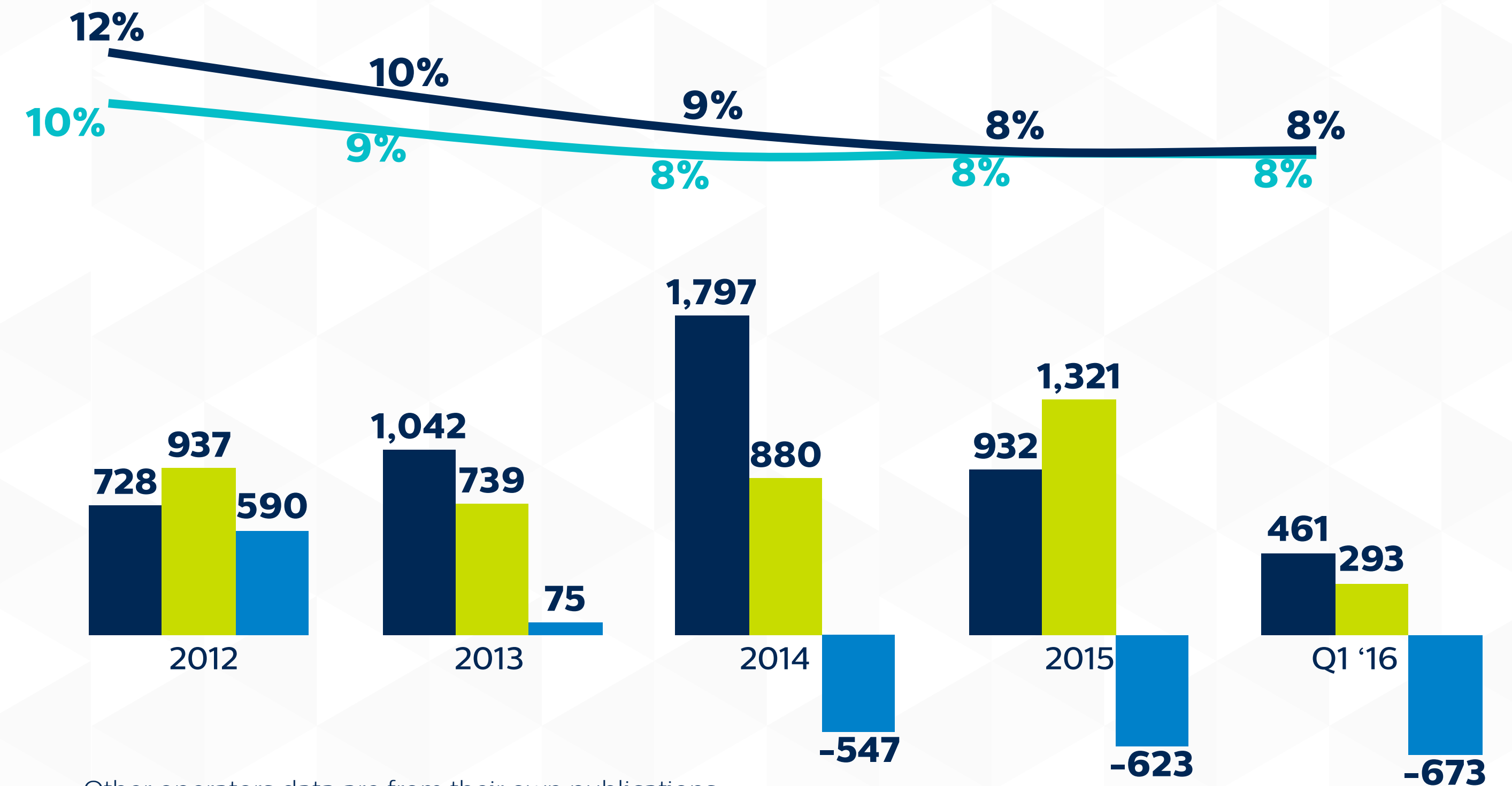


461k
net
additions
in Q1

Lower Churn Rate & Strong Subscriber Net Addition

(thousand)

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



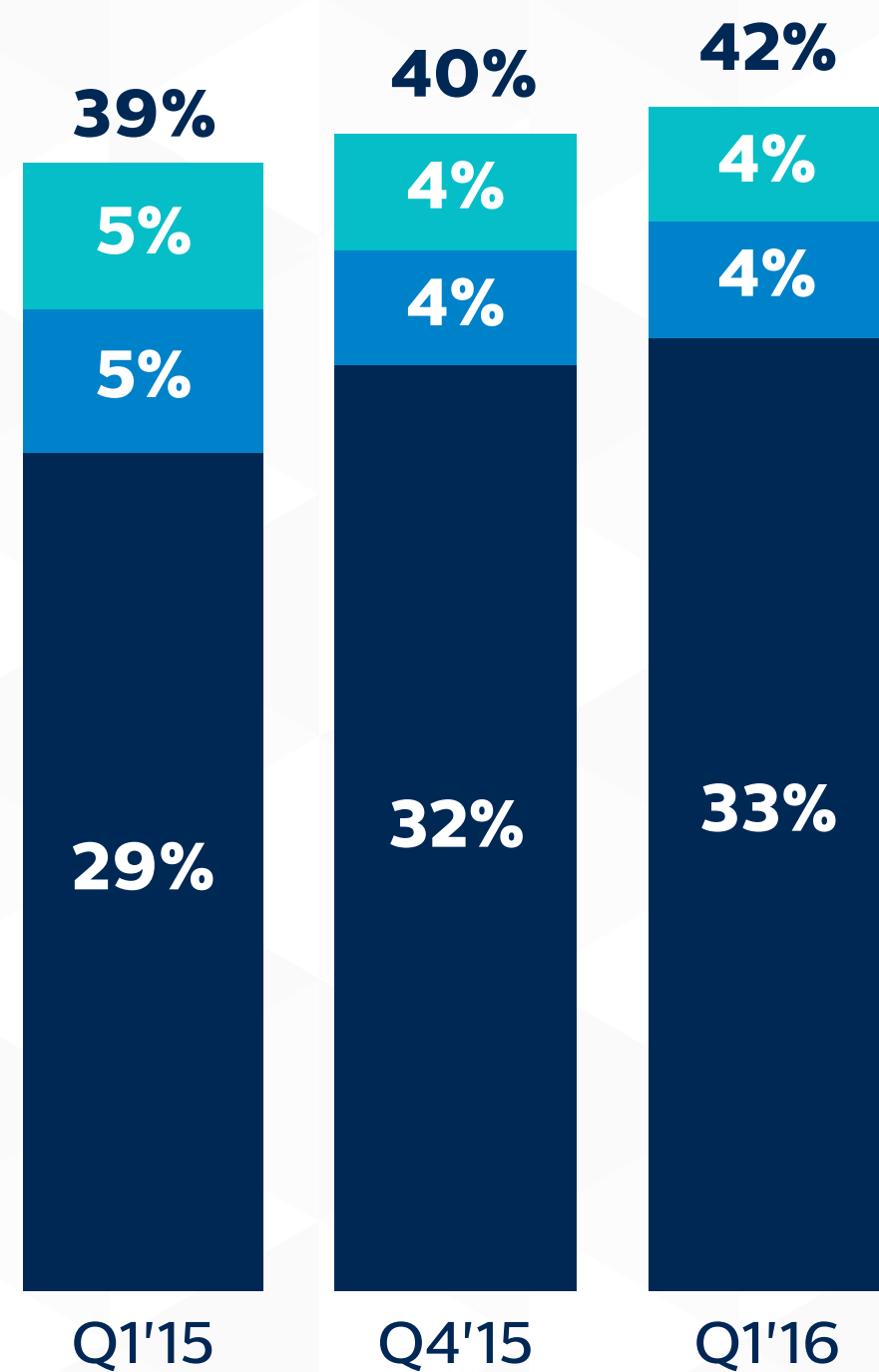
Other operators data are from their own publications

Monetizing Data

Data Revenue

(Service revenue shares)

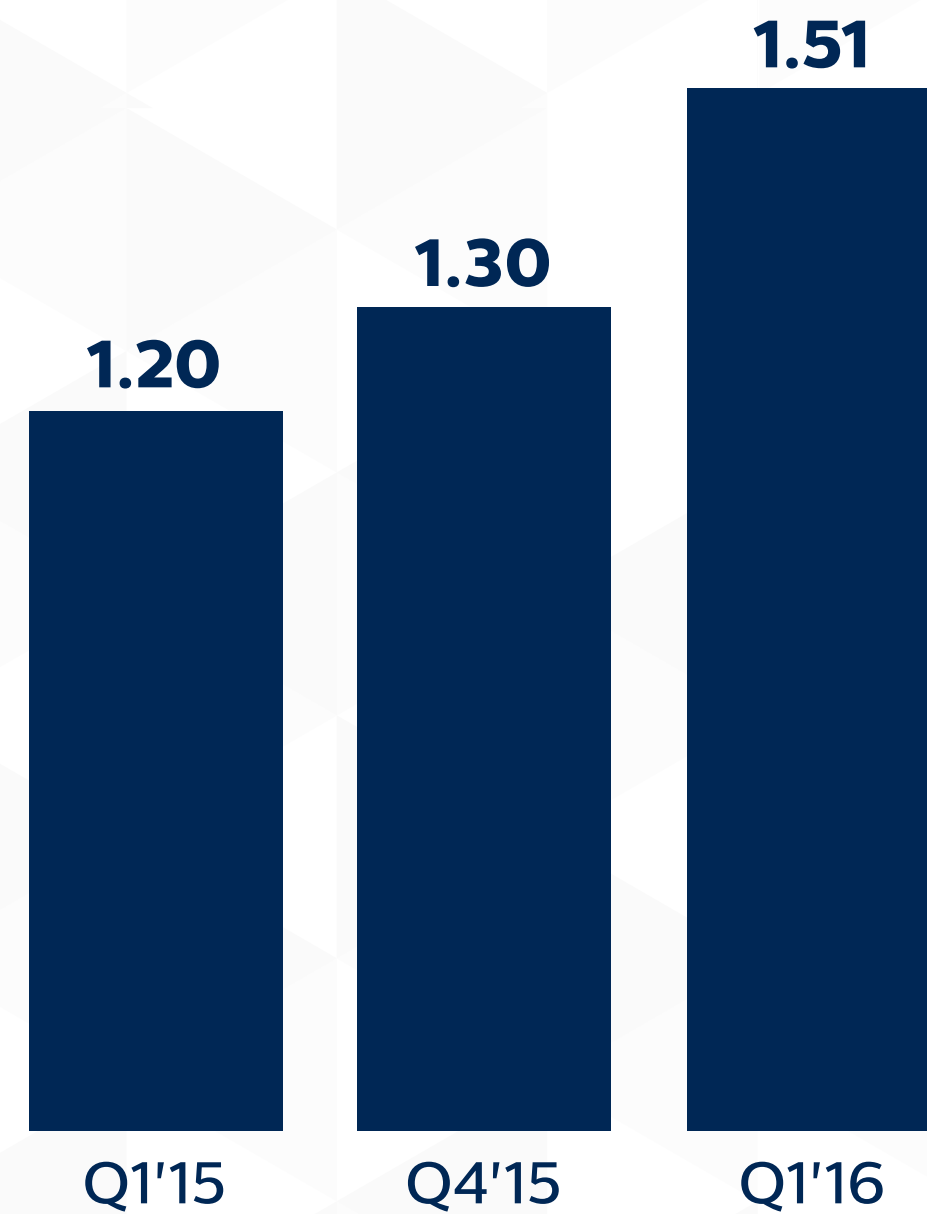
■ Mobile Data ■ VAS¹ ■ SMS



(1) VAS, Value Added Services

Avg. Monthly Mobile Data Usage

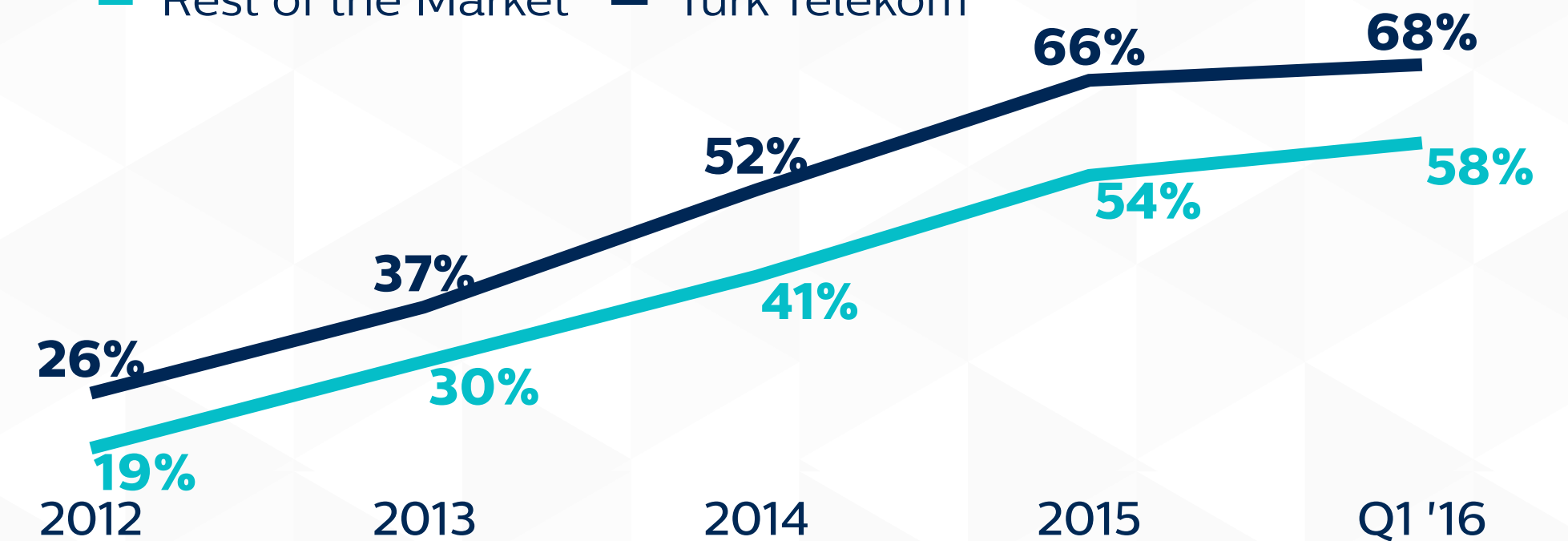
(GB per subscribers¹)



(1) Türk Telekom smartphone subscribers

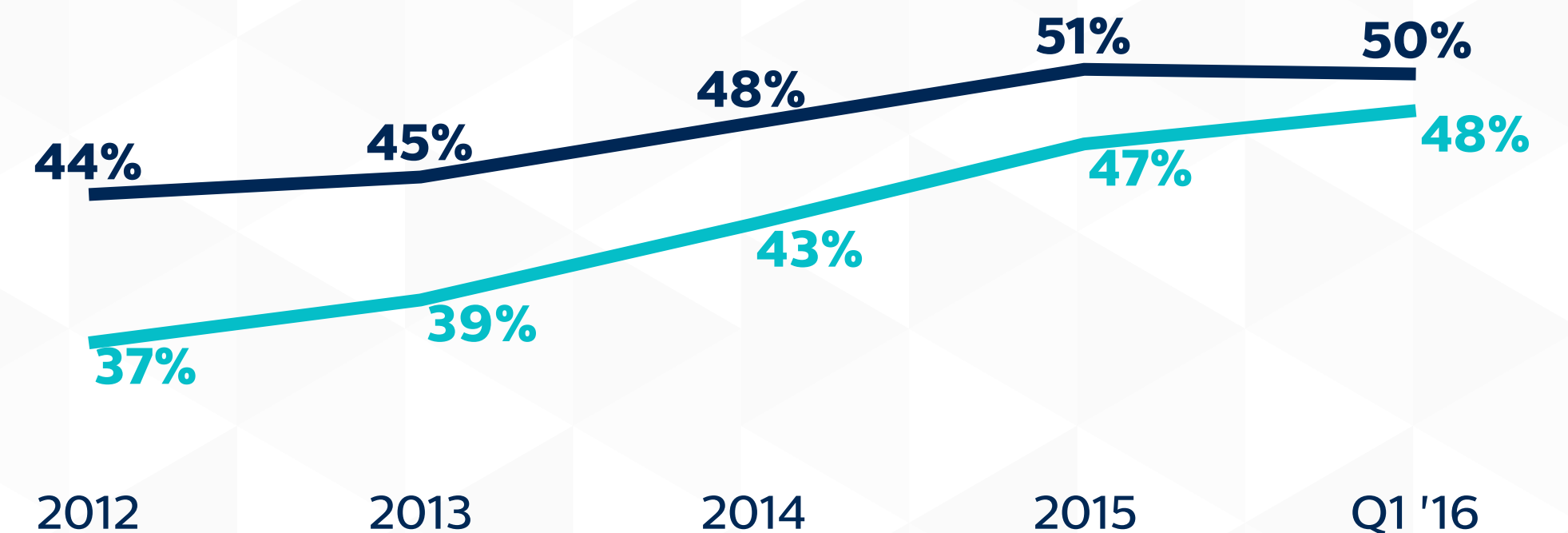
Smartphone Penetration

— Rest of the Market — Türk Telekom



Postpaid Ratio

— Rest of the Market — Türk Telekom

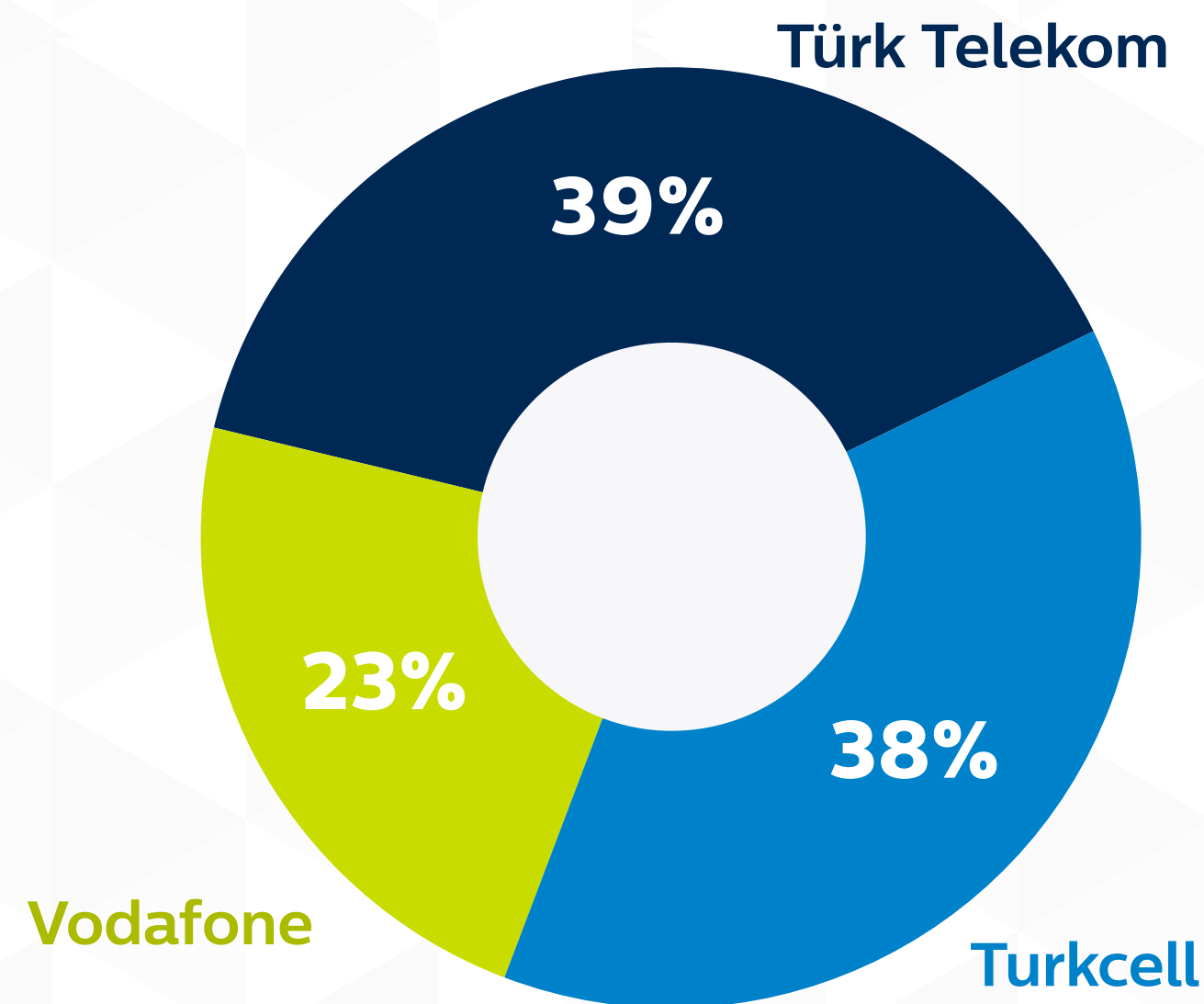


Spectrum Auction 2015

Leading next generation mobile services

- ▶ Obtained the most essential bands for LTE (800 MHz and 1800 MHz)
- ▶ Secured the largest MHz position in valuable <2GHz frequency bands
- ▶ Eliminated 900MHz disadvantage – 3G service over 900MHz has been launched as of December 1st
- ▶ The only operator with higher spectrum market share than subscriber market share

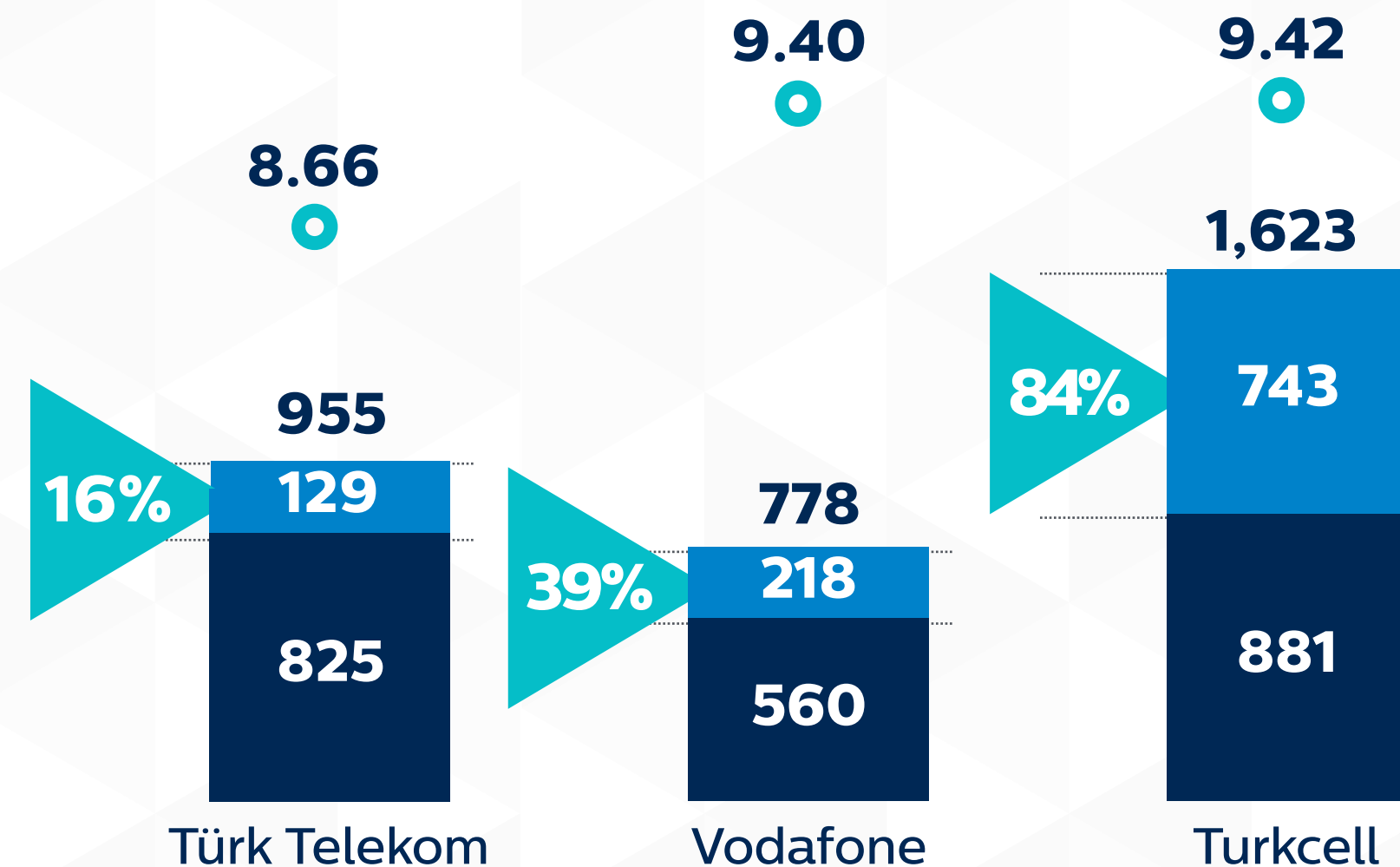
<2 GHz Spectrum



Spectrum Fees

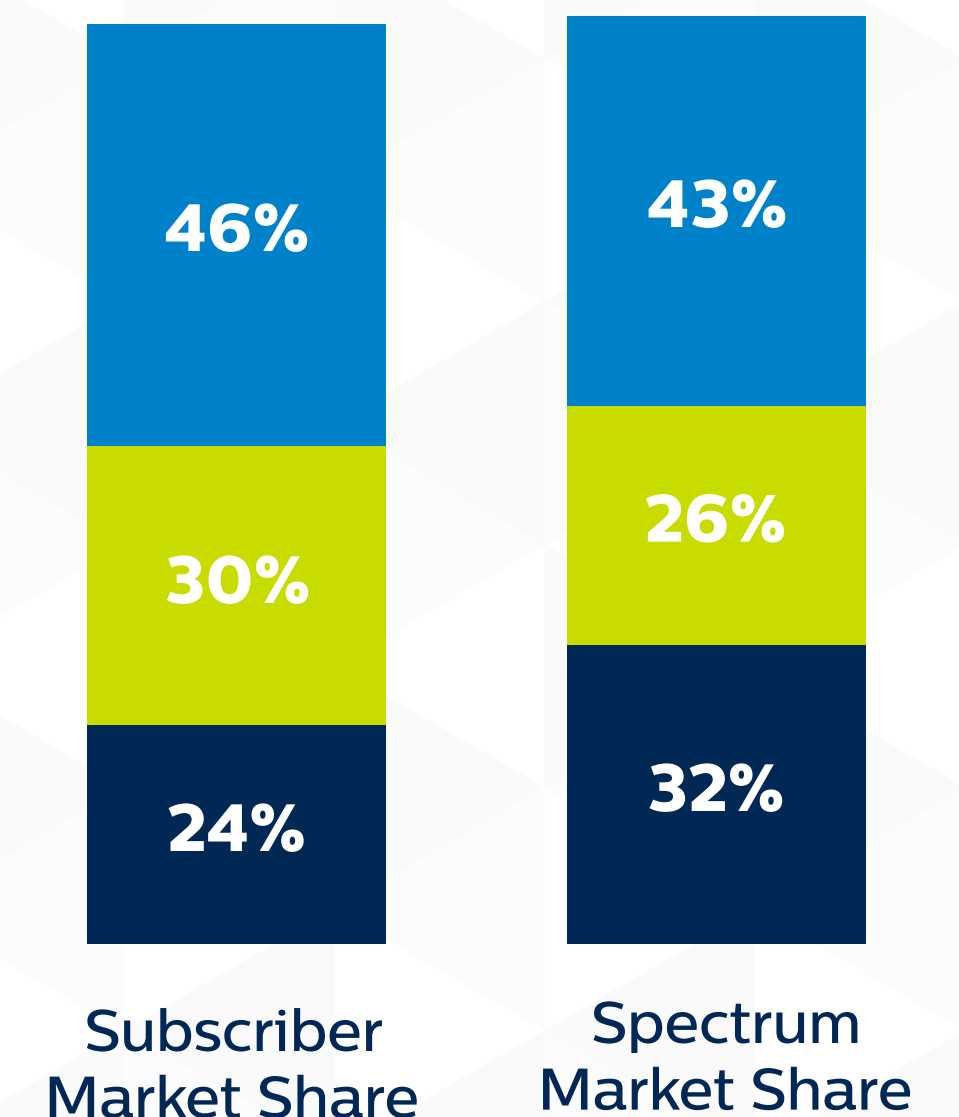
(EUR mn)

○ Fee per MHz ■ Reserve Price ■ Premium



Subscriber vs. Spectrum Market Share

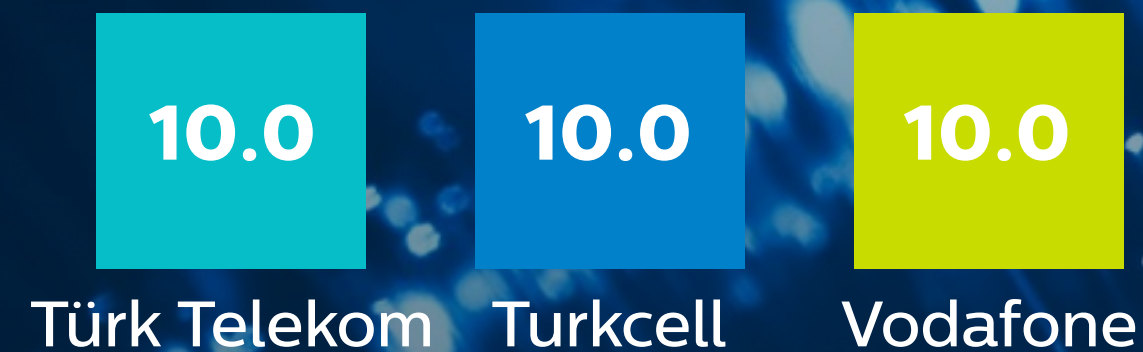
■ Türk Telekom ■ Vodafone ■ Turkcell



Set to claim LTE Leadership

Acquired the most critical LTE Spectrum

800MHz Allocation (MHz)



900MHz Allocation (MHz)



1800 MHz Allocation (MHz)



Strongest fiber position by far to support top LTE experience



Total frequency allocated is x2 FDD representation

LTE Launch Highlights

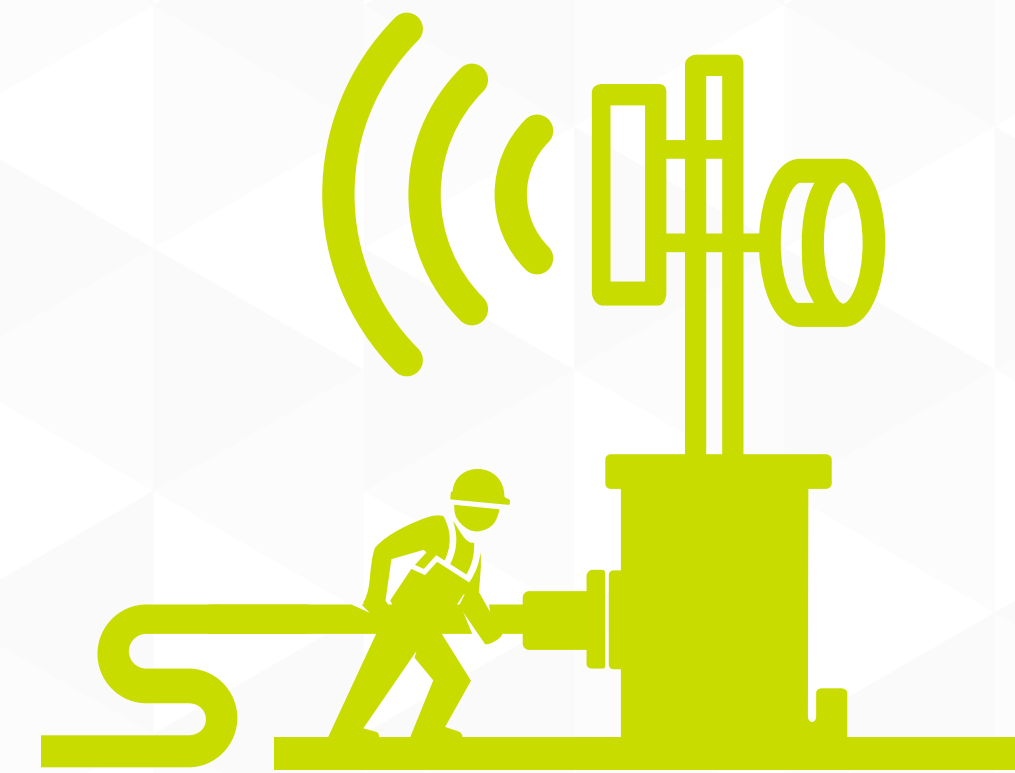


► **40%**
of our smartphone users
on LTE devices

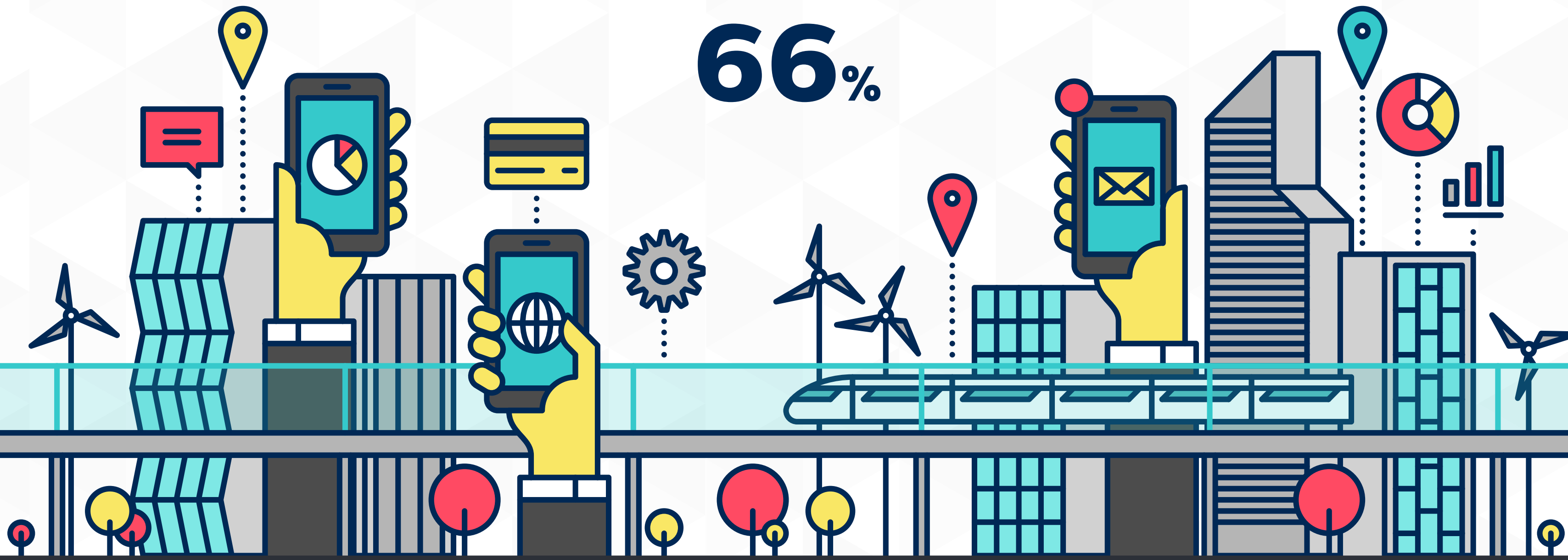


► April 1st LTE population
coverage is

66%



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



Pay TV Market

Subscribers

(mn)

Türk Telekom

Tivibu Home

(European Soccer,
2015-2018)

Turkcell

0.27

Other

0.02

0.47

Cable

1.16

5.6 mn
subscribers

2.79

0.93

D-Smart

(European Soccer,
2012-2015)

Digiturk

(Turkish Soccer,
2010-2017)

Europe's
household
penetration
61%

Turkey's
household
penetration
27%

Source: ICTA Q1'16 report

Source: Analysys Mason, Pay-TV services in C&E Europe: forecasts and analysis 2014–2019, Pay-TV services in WE: forecasts and analysis 2014–2019. European countries include SWE, NL, NOR, DEN, PT, FR, DE, UK, IT, ES

Türk Telekom Tivibu



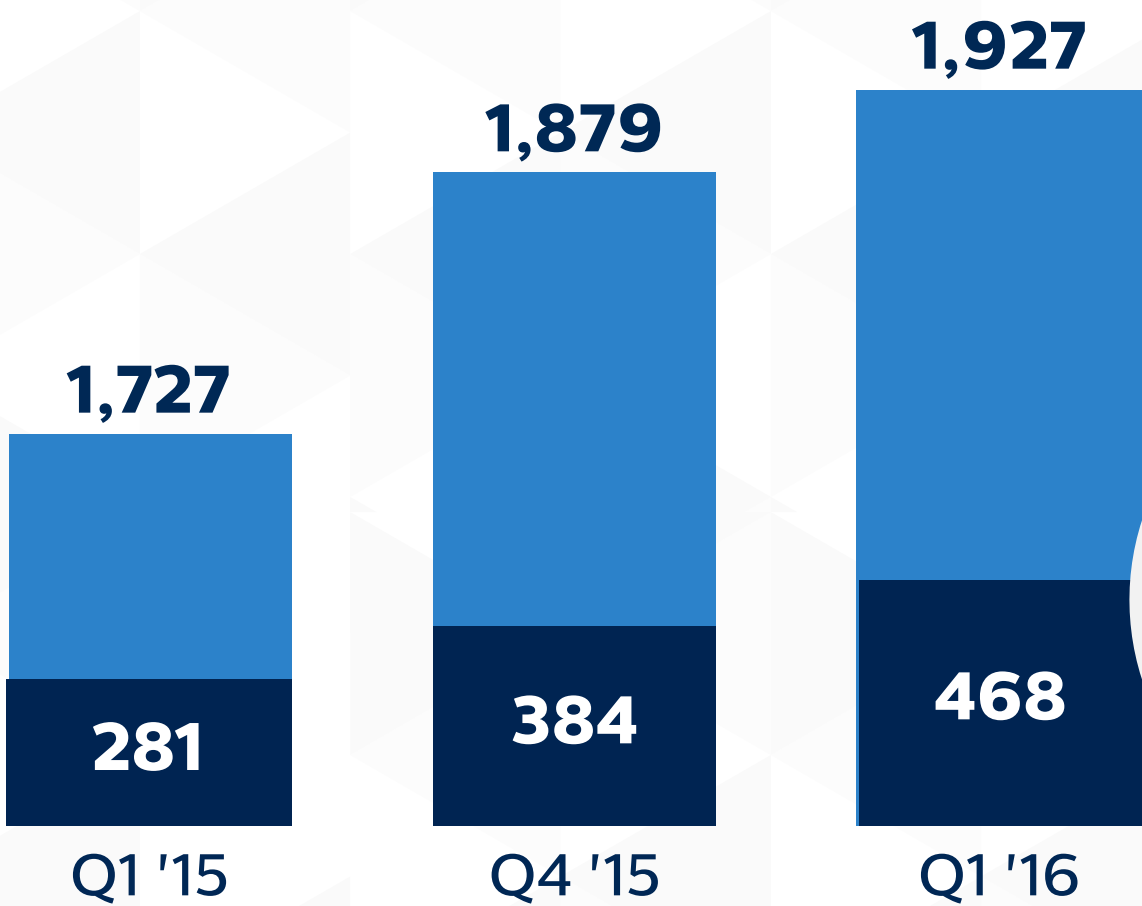
	Türk Telekom	Turkcell	Digiturk	D-Smart	Cable
Technology	▶IPTV + DTH	▶IPTV	▶DTH	▶DTH	▶Cable
Exclusive Content	▶Champions League ▶UEFA Europe League	▶None	▶Turkish Soccer League	▶None	▶None
Other Content	▶Cinema ▶Documentary ▶Other Sports	▶Cinema ▶Documentary ▶Other Sports	▶Cinema ▶Documentary ▶Other Sports	▶Cinema ▶Documentary ▶Other Sports	▶Cinema ▶Documentary



TV Performance

Subscribers (thousand)

Tivibu Go Home TV



Q1 Home TV
ARPU
TL 20.4

83K
net additions
in Q1
in Home TV

	Number of Channels	Number of Archives	Price* (TL)	Price** (TL)
Cinema Package	194	5000+	19	29
Super Package	216	5250+	39	49

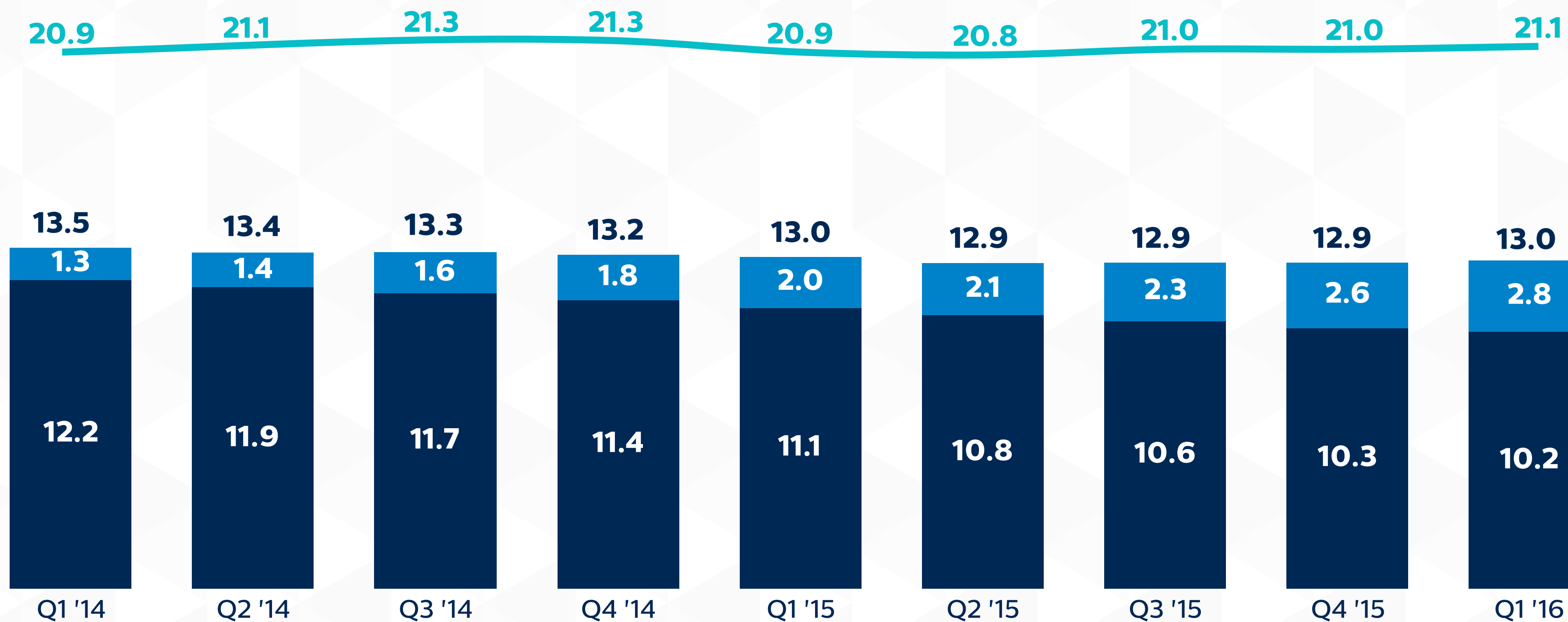
* 24 months contracted prices | ** 12 months contracted prices



Fixed Voice

Access Lines and ARPU

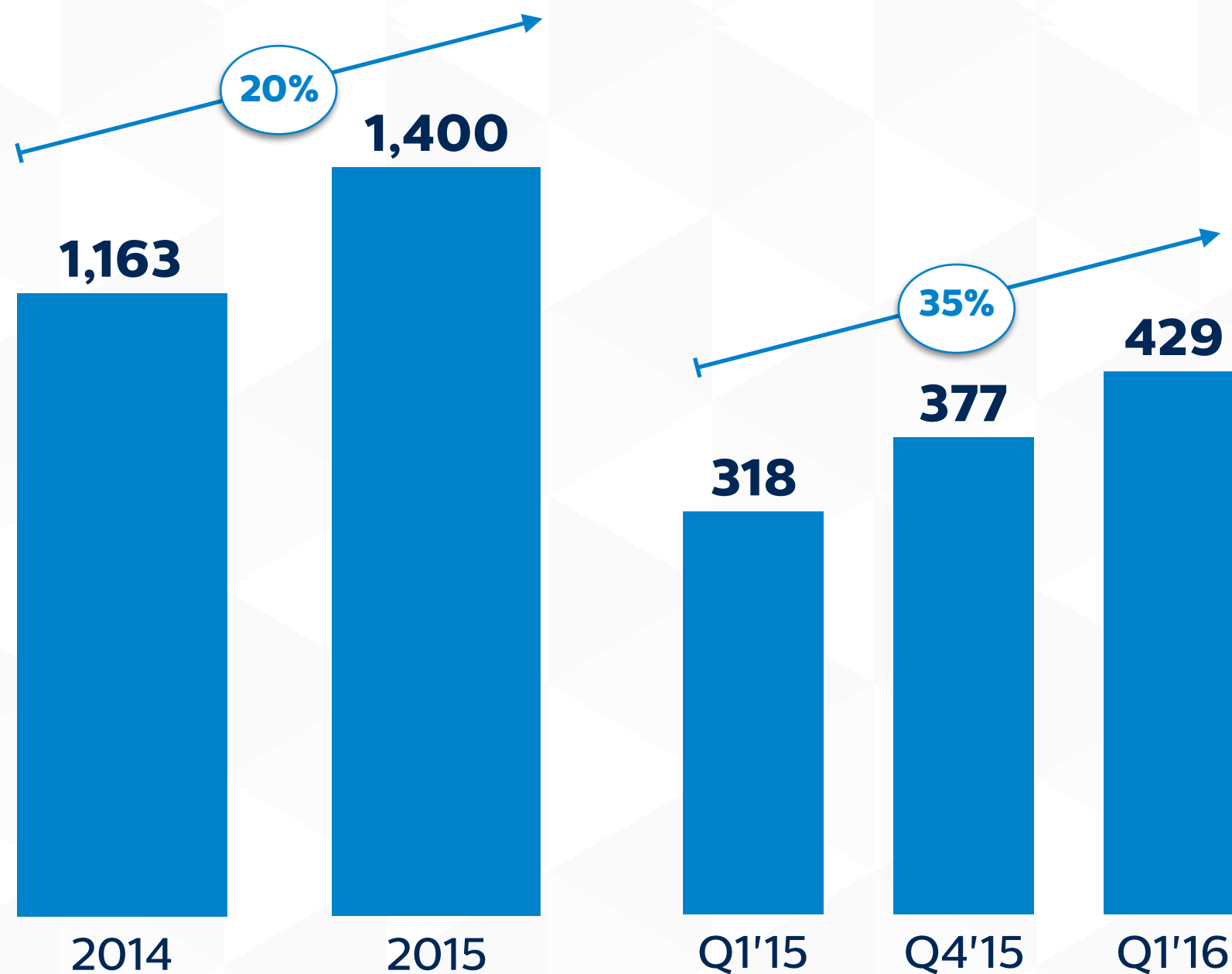
■ Fixed Voice (mn) ■ Naked Broadband (mn) — Fixed Voice ARPU (TL)



Corporate Data

- ▶ 11% of our total revenues are generated by corporate data business in Q1 '16
- ▶ Corporate data revenues are mainly driven by metro-ethernet 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



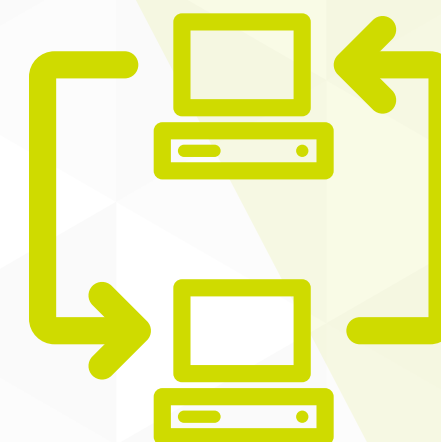
Metroethernet

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

Summary Income Statement

(TL mn)	Q1 '15	Q4 '15	Q1 '16	YoY Change	QoQ Change
Revenues	3,434	3,867	3,801	10.7%	-1.7%
EBITDA	1,329	1,416	1,262	-5.1%	-10.9%
<i>Margin</i>	38.7%	36.6%	33.2%		
Operating Profit	805	801	604	-25.0%	-24.6%
<i>Margin</i>	23.4%	20.7%	15.9%		
Financial Income/(Expense)	(737)	470	(30)	-95.9%	n.m.
FX & Hedging Gain/(Loss)	(714)	469	76	n.m.	-83.7%
Interest Income/(Expense)	7	72	(75)	n.m.	n.m.
Other Financial Income/(Expense)	(31)	(71)	(31)	2.4%	-55.8%
Tax Expense	(63)	(232)	(166)	163.0%	-28.6%
Net Income	27	1,039	408	1,429.9%	-60.8%
<i>Margin</i>	0.8%	26.9%	10.7%		

Note: FX Rates used in financial income/expense calculation are as follows: **March-16:** USD/TRY:2.8334;EUR/TRY:3.2081;**December-15:** USD/TRY:2.9076;EUR/TRY:3.1776



Summary Balance Sheet

(TL mn)	31.03.2015	31.12.2015	31.03.2016
Total Assets	20,673	25,774	27,840
Intangible Assets ¹	4,720	8,262	8,064
Tangible Assets ²	8,058	8,565	8,752
Other Assets ³	4,888	6,109	6,383
Cash and Equivalents	3,008	2,838	4,640
Total Equities and Liabilities	20,673	25,774	27,840
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	1,136	1,733	2,041
Interest Bearing Liabilities ⁴	9,967	11,803	13,484
Provisions for Employee Termination Benefits	572	635	579
Other Liabilities ^{5, 6}	5,737	8,342	8,476

(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)	Q1 '15	Q4 '15	Q1 '16	YoY Change	QoQ Change
Operating Cash Flow	479	1,676	496	3.6%	-70.4%
Investing Cash Flow	(251)	(1,803)	(460)	83.4%	-74.5%
CAPEX	(265)	(1,941)	(468)	76.9%	-75.9%
Other Investing Activities	14	138	9	-37.2%	-93.6%
Financing Cash Flow¹	203	198	1,750	763.0%	785.3%
Net Change in Cash Position²	431	70	1,787	314.6%	2,459.1%

*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)	Q1 '15	Q4 '15	Q1 '16	YoY Change	QoQ Change
Fixed Line	2,385	2,750	2,655	11.4%	-3.4%
Fixed Voice	702	658	646	-7.9%	-1.7%
Broadband	952	1,030	1,042	9.4%	1.2%
Corporate Data ¹	318	377	429	34.9%	13.9%
International Revenue	123	156	133	7.4%	-14.9%
Domestic Interconnection	78	76	72	-7.5%	-5.5%
Rental income from GSM Operators	22	21	30	37.9%	41.1%
Other ²	150	271	263	75.9%	-2.8%
Construction Adjustment (IFRIC-12)	39	162	40	0.8%	-75.4%
Mobile	1,166	1,282	1,334	14.4%	4.0%
Eliminations	(117)	(165)	(188)	60.9%	13.5%
Total Revenue	3,434	3,867	3,801	10.7%	-1.7%

(1) Includes leased line and data services

(2) Includes ICT companies, device sales, other



Summary OPEX Breakdown

(TL mn)	Q1 '15	Q4 '15	Q1 '16	YoY Change	QoQ Change
Personnel	588	670	694	17.9%	3.5%
Domestic Interconnection	228	262	264	15.6%	0.5%
International Interconnection	60	90	69	16.1%	-22.6%
Commercial ¹	210	331	340	61.5%	2.6%
Maintenance and Operations	121	146	142	17.2%	-3.1%
Taxes and Government Fees	289	322	332	15.1%	3.1%
Doubtful Receivables	54	89	88	64.4%	-0.6%
Cost of Equipment and Technology Sales	62	136	116	85.8%	-14.8%
Others ²	458	262	460	0.4%	75.5%
Sub Total	2,070	2,308	2,504	21.0%	8.5%
Construction Cost Adjustment(IFRIC - 12)	35	143	35	0.8%	-75.4%
Total OPEX	2,105	2,452	2,539	20.6%	3.6%

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

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



Operational Highlights

	Q1 '15	Q4 '15	Q1 '16	YoY Change	QoQ Change
Total Access Line (mn)	13.0	12.9	13.0	-0.6%	0.5%
-Fixed Voice Lines ¹ (mn)	11.1	10.3	10.2	-8.3%	-1.3%
-Naked DSL Lines (mn)	2.0	2.6	2.8	42.9%	7.8%
Fixed Voice ARPU (TL)	20.9	21.0	21.1	1.1%	0.3%
Broadband Total Subscribers (mn)	7.6	8.0	8.2	7.7%	2.5%
-FTTH/B Subscribers ('000)	727	768	795	9.3%	3.4%
- FTTC Subscribers ('000)	462	696	838	81.3%	20.3%
Broadband ARPU (TL)	41.8	43.1	42.5	1.6%	-1.4%
Total Tivibu Subscribers² (mn)	1.7	1.9	1.9	11.6%	2.6%
- Tivibu Home Subscribers ³ ('000)	281	384	468	66.1%	21.7%
Mobile Total Subscribers (mn)	16.6	17.3	17.7	6.5%	2.7%
-Mobile Postpaid Subscribers (mn)	8.1	8.7	8.9	9.6%	2.2%
-Mobile Prepaid Subscribers (mn)	8.5	8.5	8.8	3.5%	3.2%
Mobile Blended ARPU (TL)	22.3	23.8	24.0	7.6%	0.7%
Mobile Postpaid ARPU (TL)	30.7	31.7	32.1	4.6%	1.2%
Mobile Prepaid ARPU (TL)	14.0	15.3	15.4	9.9%	0.7%

(1) Includes PSTN and WLR Lines

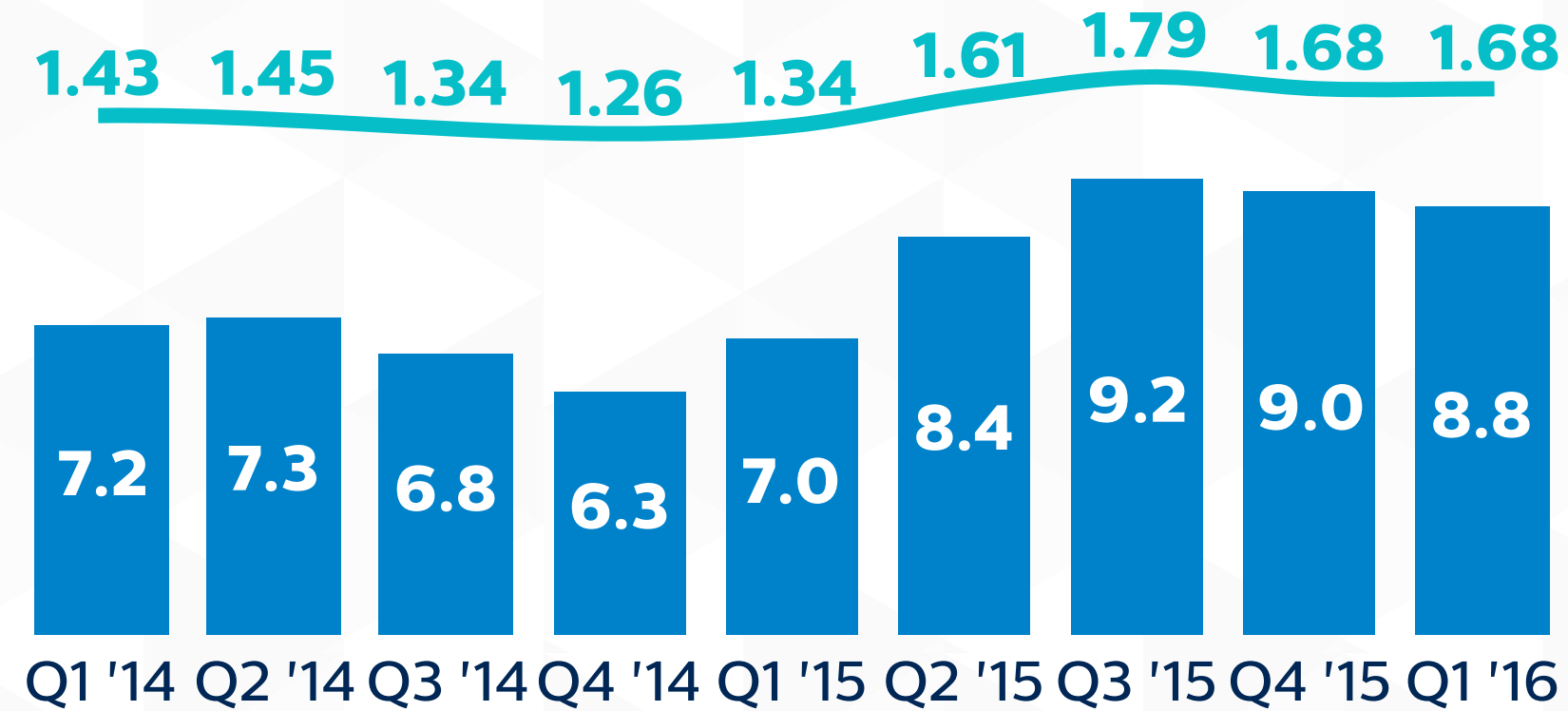
(2) Includes IPTV, DTH, and Tivibu Go (Web TV +Smart TV) subscribers

(3) Includes IPTV and DTH subscribers

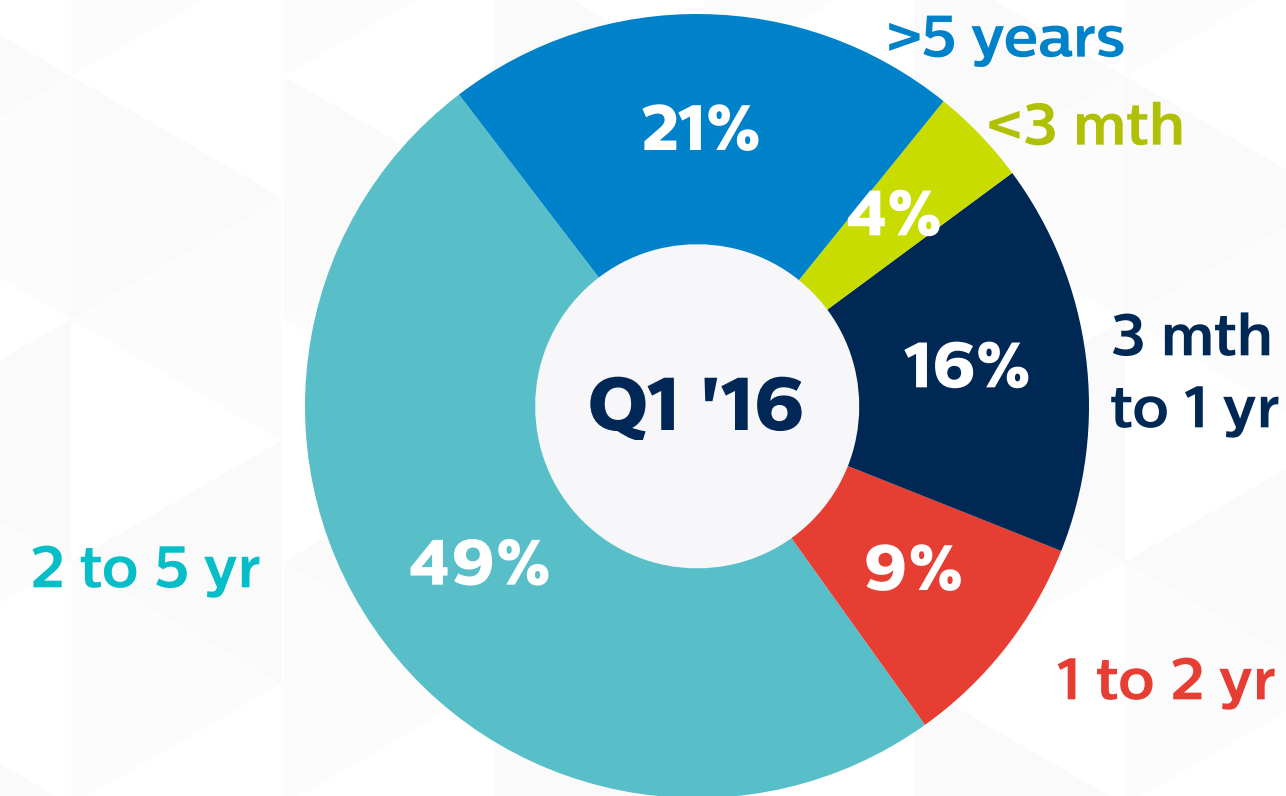
Debt Profile

Net Debt

■ Net Debt (TL bn) — Net Debt/EBITDA

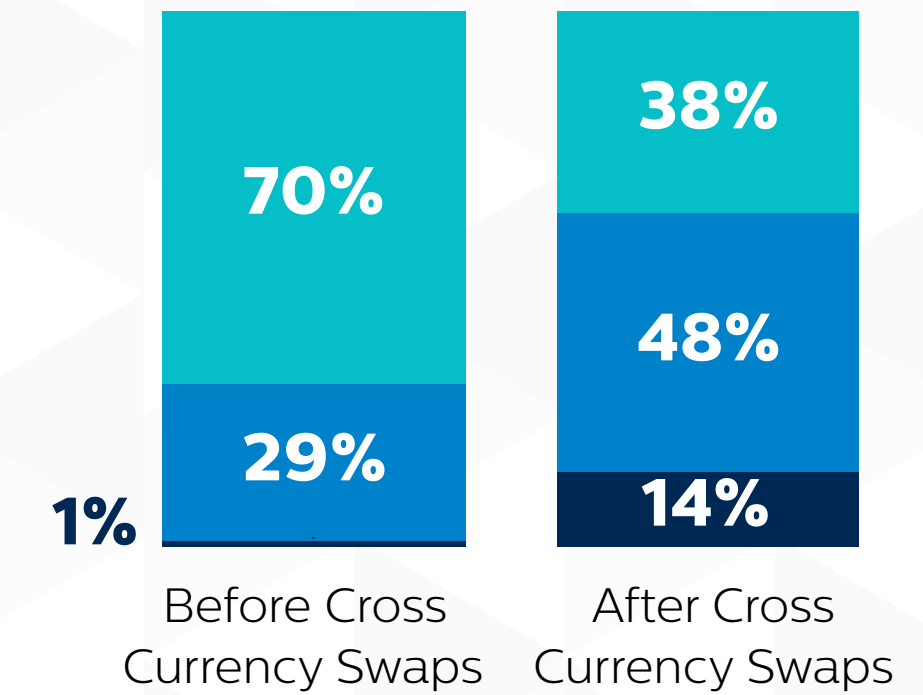


Maturity Profile



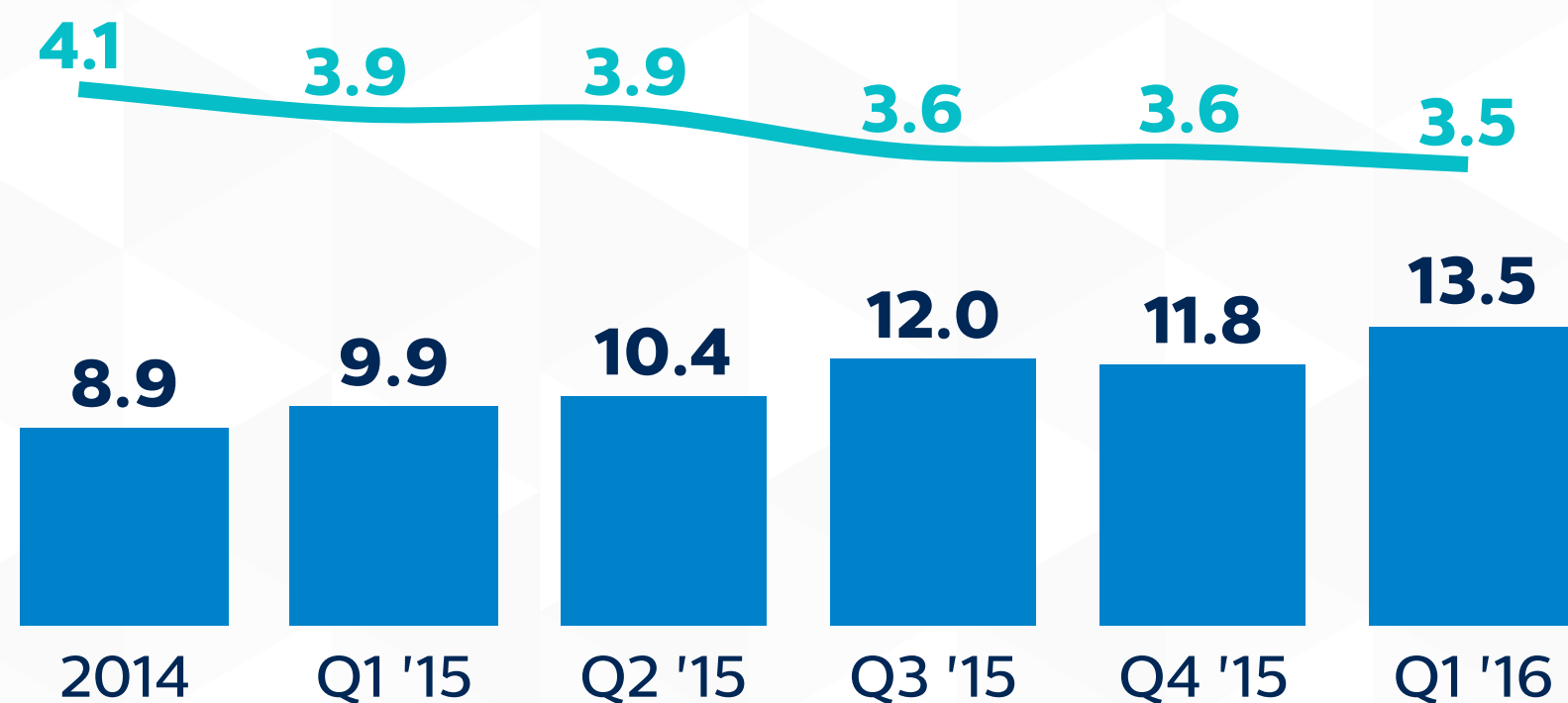
Currency Breakdown

■ TL ■ EUR ■ USD



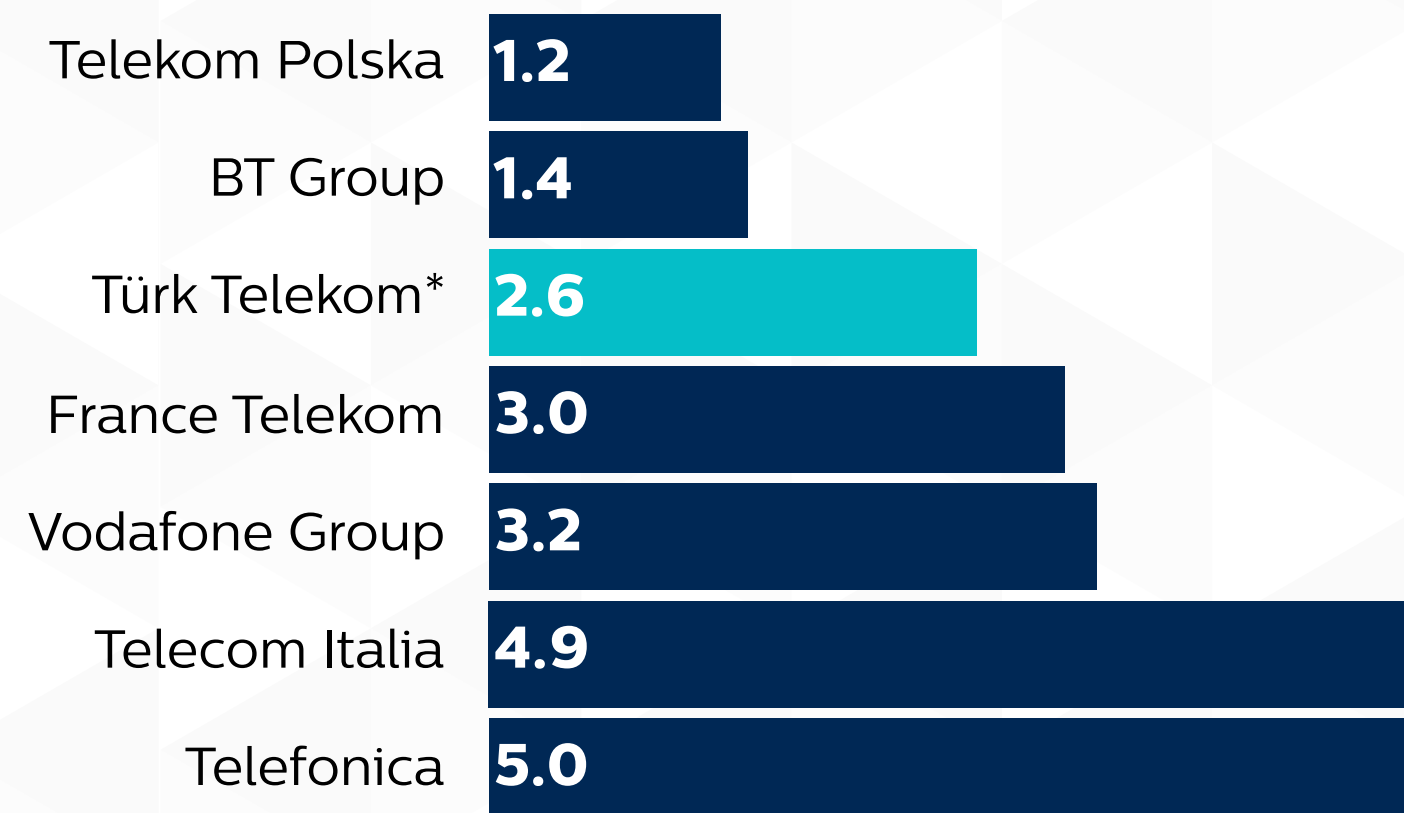
Average Maturity of Debt

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



Low debt burden within the median of peers

Total Debt / EBITDA (Q4 '15)



Net Debt / EBITDA (Q4 '15)



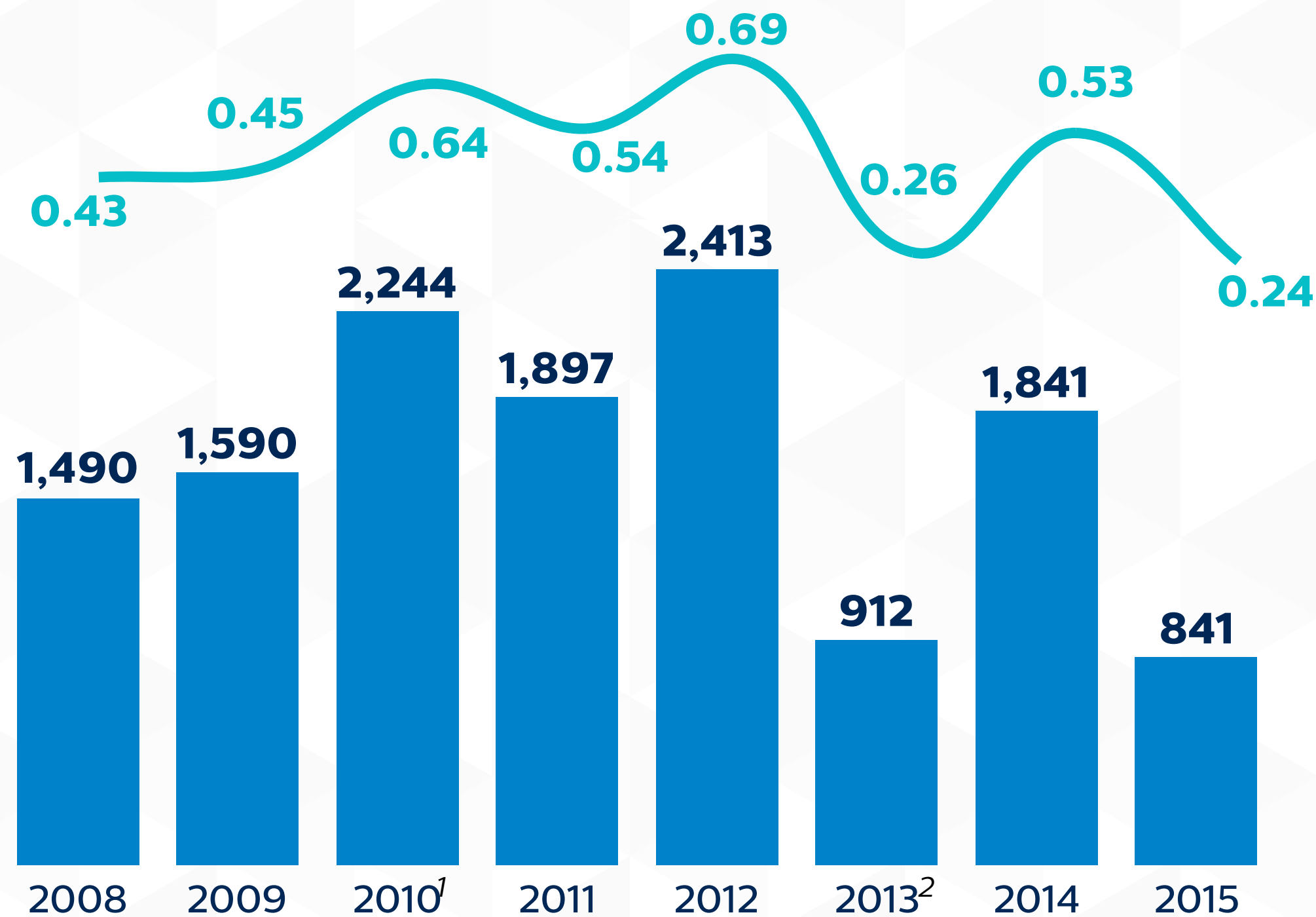
* Türk Telekom's ratios calculated from Q1 '16 numbers

Shareholder Remuneration

Dividend policy is to distribute the maximum amount of distributable profit subject to relevant articles of the Company's Articles of Association

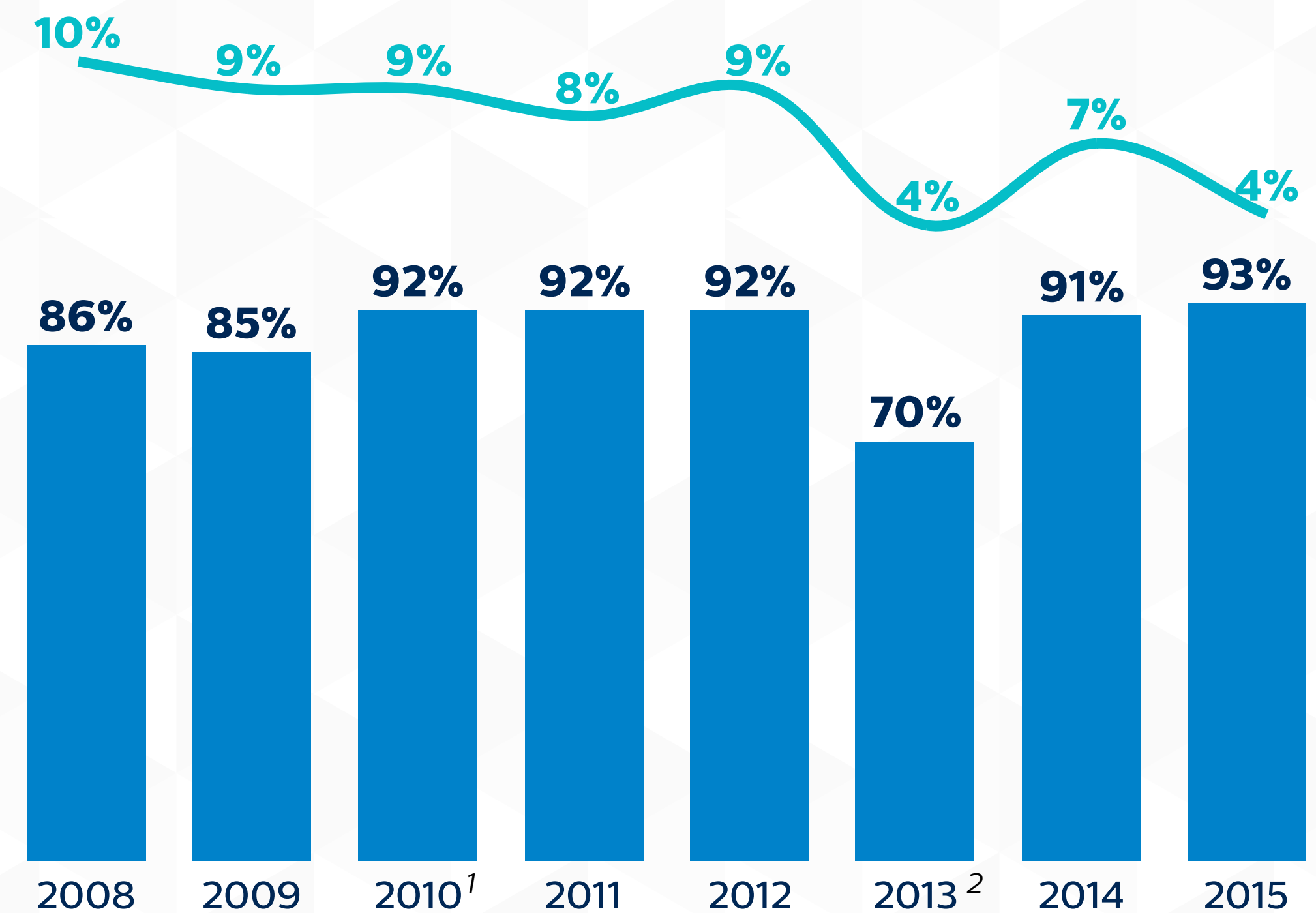
Dividend Distribution

■ Dividend (TL mn) — Dividend per Share (TL)



Dividend Yield & Payout Ratio

■ Dividend Payout Ratio — Dividend Yield



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

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

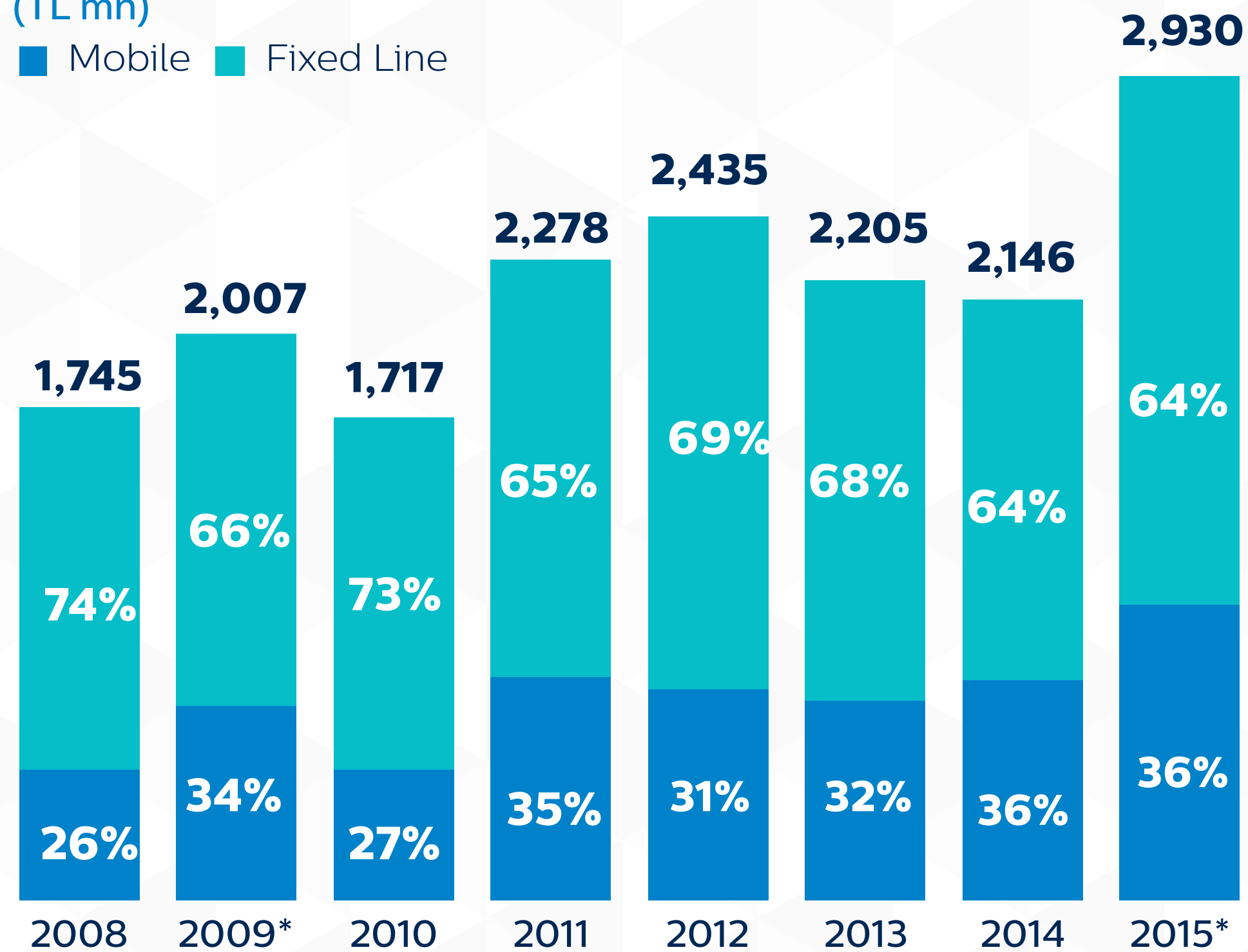
Capex

- 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 **214K kilometers** as of Q1 '16
- Türk Telekom reaches almost 60% of households in Turkey with **12.4mn** fiber homepass
- Türk Telekom has **86% and 66%** population coverage for 3G and LTE respectively as of Q1 '16

Capex Breakdown

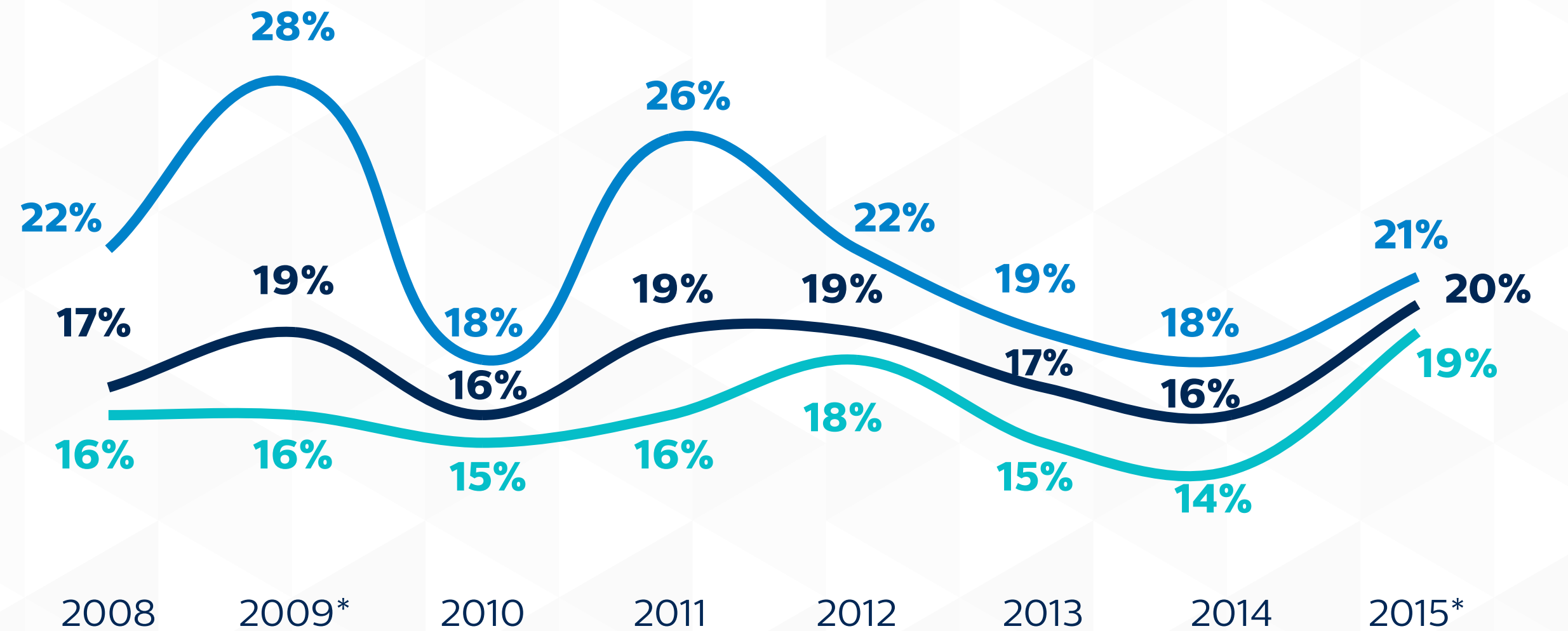
(TL mn)

■ Mobile ■ Fixed Line



Capex to Sales

— Mobile — Consolidated — Fixed Line



* Capex figures exclude license fees

A close-up photograph of two hands shaking in a firm grip, symbolizing a business deal or partnership. The hands are wearing dark blue suit sleeves. The background is a blurred office setting with some colorful geometric shapes (triangles) in red, blue, and green. A large dark blue triangle is overlaid on the bottom left corner, containing the text 'Group Companies'.

Group Companies

Group Companies



International Internet/data infrastructure and wholesale voice provider
Over 40,000 km of own fiber optic network
70+ POPs in 22 countries, covering all major PoPs of Europe and Middle East

ASSISTT

Going beyond a traditional call center for Türk Telekom Group, various public institutions and leading companies in Turkey with contemporary solutions such as sales and marketing, social media management and mailing

ARGELA

Network infrastructure software and telecommunication solutions
Working actively on 5G initiatives and 5G enabling technologies
Partner of Turkey's first and only national 4G-LTE/5G base station development project "ULAK" supported by Turkey's Undersecretariat for Defense Industries



sebit

Multinational educational content and services with 28 years of experience
Innovative and extensive E-Education technologies: Raunt, Vitamin
Piloting educational transformation in government's e-education project (FATİH)

innova

Software developer and integrator in Turkey
Innovative solutions and services in 36 countries in 4 continents
The only company listed in Deloitte Technology Fast50 for 10 years in a row

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.S. legal entities remain intact



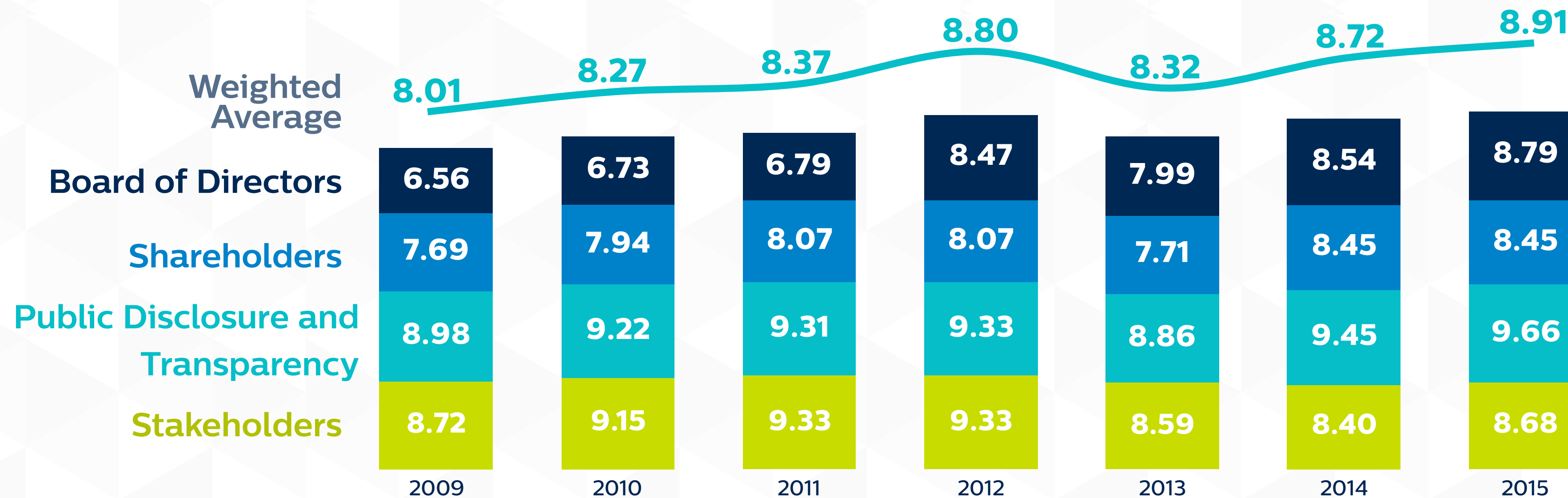


Appendix

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



Corporate Rating

Investment grade from Fitch and S&P

Fitch Ratings

BBB- Rating

and Stable Outlook

Strong fixed line market position

Mobile to offset fixed declines

No explicit sovereign linkage

Easier to offer fixed and mobile bundled packages after acquisition 10% of Avea

Launch of a satellite TV service to complement IPTV services will allow to offer a bundle of fixed, mobile and pay-TV services, helping it to maintain and grow market share in the residential market



S&P Global Ratings

BBB- Rating and Negative Outlook

Leadership position in Turkish fixed-line business

Solid operating results in recent quarters and strong revenue growth prospects

Solid subscriber growth in its mobile and fixed broadband segments

Extensive network infrastructure, growth prospects, and solid profitability

Improved liquidity position after USD 1 bn bond issuance

Turkey at a Glance

	2009	2010	2011	2012	2013	2014	2015	2016E	2017E
GDP (USD bn)	617	732	774	786	823	799	720	736	796
GDP per Capita (USD)	8,561	10,003	10,428	10,459	10,822	10,395	9,261	9,364	10,030
Real GDP Growth (%)	-4.8%	9.2%	8.8%	2.1%	4.2%	3.0%	4.0%	4.5%	5.0%
CPI (year-end)(%)	6.5%	6.4%	10.5%	6.2%	7.4%	8.2%	8.8%	7.5%	6.0%
Unemployment (12m avg.) (%)	13.1%	11.1%	9.1%	8.4%	9.0%	9.9%	10.3%	10.2%	9.9%
Population (mn)	72.6	73.7	74.7	75.6	76.7	77.7	78.7	78.6	79.4

Source: TURKSAT,CBT, 2016-2018 Medium Term Program, Republic of Turkey Ministry of Finance

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

2008

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

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

2010

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

2012

January

- WLR was introduced

November

- Deregulation on FTRs on international calls and liberalization on their pricing

2014

2015

August

- LTE tender was held

2016

April

- LTE Service Launch

Türk Telekom History

Aycell Established

Türk Telekom's GSM operator, Aycell established (Aycell later named as AVEA after merging with Aria 2004)

Privatization

Privatized through a 55% stake sale to Oger Telecom

Public Offering

IPO with a listing on the İstanbul Stock Exchange and the sale of 15% stake owned by the Treasury to the public

Integration Project Initiated

Integration project for a customer oriented organization

Avea Share Transaction

Avea share transfer transactions were completed and Türk Telekom has become the sole owner of Avea İletişim Hizmetleri A.Ş

1995

Separation from Post Office

Türk Telekom separated from the Post Office

2001

2004

Aycell Merger with Aria

Aycell merged with İŞ-TİM's Aria and officially named "Avea İletişim Hizmetleri A.Ş"

2005

2006

Avea Share Transaction

Acquisition of İŞ-TİM's 40.55% stake in Avea, raising total stake in Avea to 81.12%

2008

2010

Invitel Acquisition

Acquired Pantel (rebranded as Turk Telekom International), the leading wholesale capacity and data services provider in Central and Eastern Europe to complement its international carrier business and infrastructure

2013

2014

Bond Issuance

Türk Telekom issued USD 1bn bond in tranches, at USD 500mn each, with a maturity of 5 and 10 years

Investment grade ratings from S&P and Fitch

2015

2016

Brand Unification

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

Thank you.



Türk Telekom Investor Relations

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