

Investor Presentation

March 2016



Türk Telekom





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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

8 CONSECUTIVE YEARS



Leading COMPANY IN TURKEY

Offering **Integrated telecom services**



98% Fixed line household coverage



Serving **37.4mn** SUBSCRIBERS



85% 3G Population Coverage



CAPEX **TL 23 bn** since privatization (2005)



213K km fiber network in **81 cities**



12.1mn FIBER HOMEPASS*

* Homepass includes FTTC & FTTH/B

Turkey's Pioneer Convergence Player



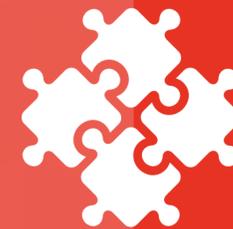
Integrated business lines



Joint fixed & mobile network management

Türk Telekom

Unified Brand



Integrated distribution channels (one-stop shop)



Joint customer database*

* Based on the consent of the customers

2015 Year End Highlights

Operational

932K net subscriber addition in **mobile**

▶ **283K** net add and **6% YoY** increase in ARPU in Q4

416K net subscriber addition in **broadband**

▶ **227K** net add and **4% YoY** increase in ARPU in Q4

95K net subscriber addition in **Home TV**

▶ **37K** net add in Q4

Financial

Adjusted revenues¹ up **7% YoY**

EBITDA reached to **TL 5.33bn**, up **6% YoY** (36.7% margin)

TL 907mn net income

Capex of **TL 2.9bn²**

Dividend

TL **0.24** per share proposed to **AGM**

93% dividend payout ratio

(1) Reported revenues excluding construction revenues

(2) Excluding license fee

Financial Performance

TL mn	2014 Year End	2015 Year End	Growth (YoY)	Guidance	Delivered
Revenue	13,602	14,523	6.8%		
Revenue (exc.construction adjustment) ¹	13,243	14,190	7.2%	5% to 7% Growth	✓
EBITDA²	5,047	5,334	5.7%	TL 5.1bn - 5.2bn	✓
EBITDA Margin	37.1%	36.7%			
Net Income²	2,007	907	(54.8%)		
CAPEX³	2,146	2,930	36.5%	TL 2.9bn	✓

(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.

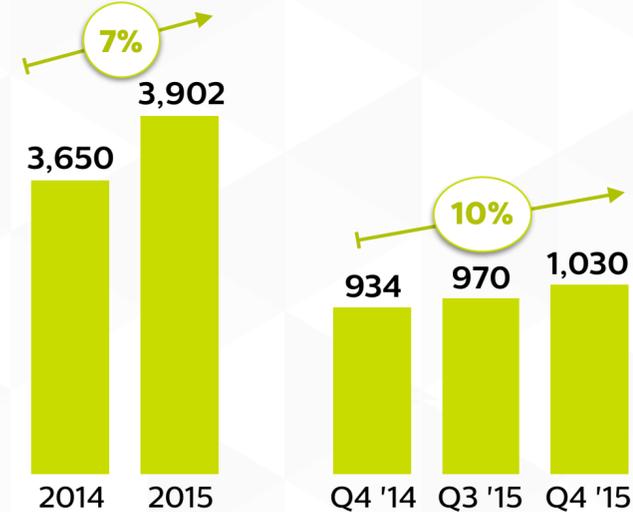
(2) Türk Telekom Group Companies reached an agreement with Turkcell Group Companies to resolve court cases, executive proceedings and disputes with a Settlement Protocol. Turkcell agreed to pay TL 225mn (excl. VAT, and SCT and inc. interest, and all dues associated with the protocol). Provision related with these claims on our balance sheet was TL 96mn. Turkcell settlement had a positive impact of TL 267mn on 2015 net income, and TL 146mn on 2015 EBITDA.

(3) Excluding license fees

Focused on High Growth Areas

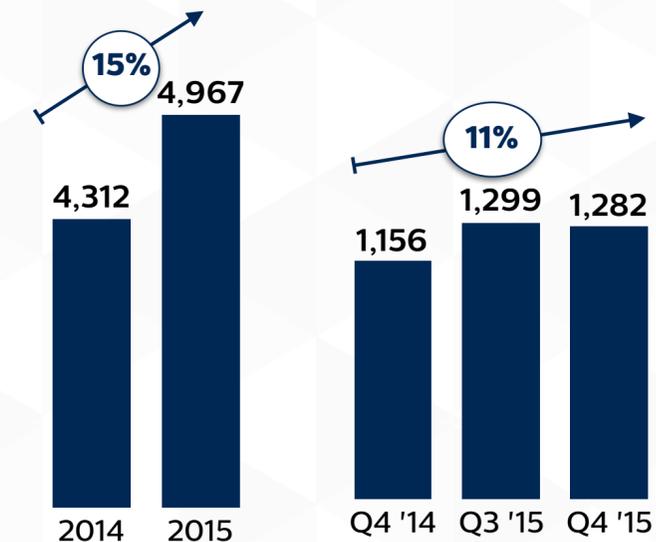
Fixed Broadband

(TL mn)



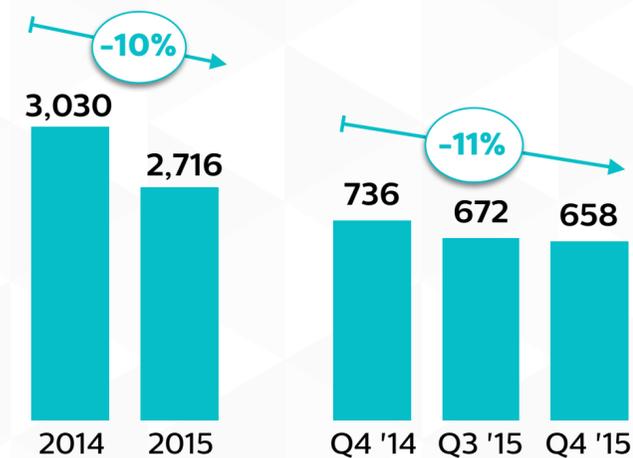
Mobile

(TL mn)



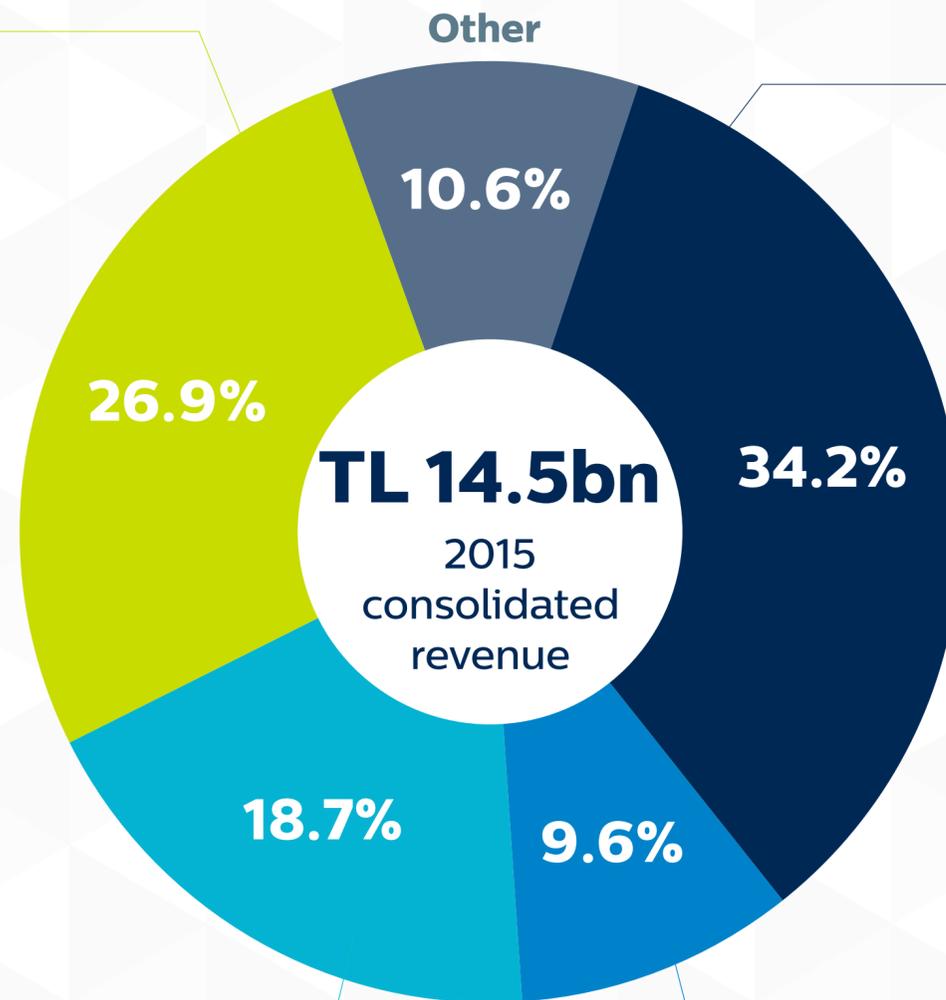
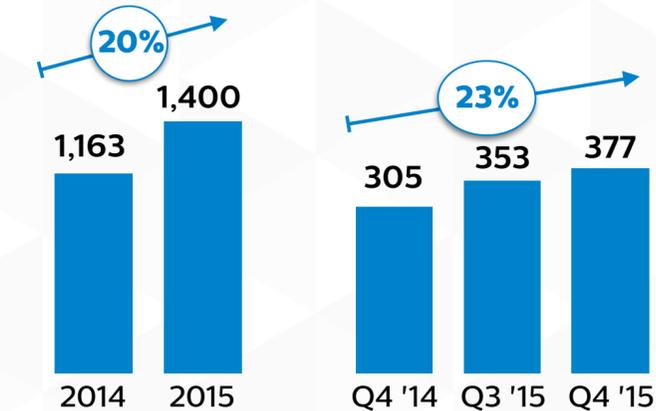
Fixed Voice

(TL mn)



Corporate Data

(TL mn)



Revenue breakdown

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 14 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

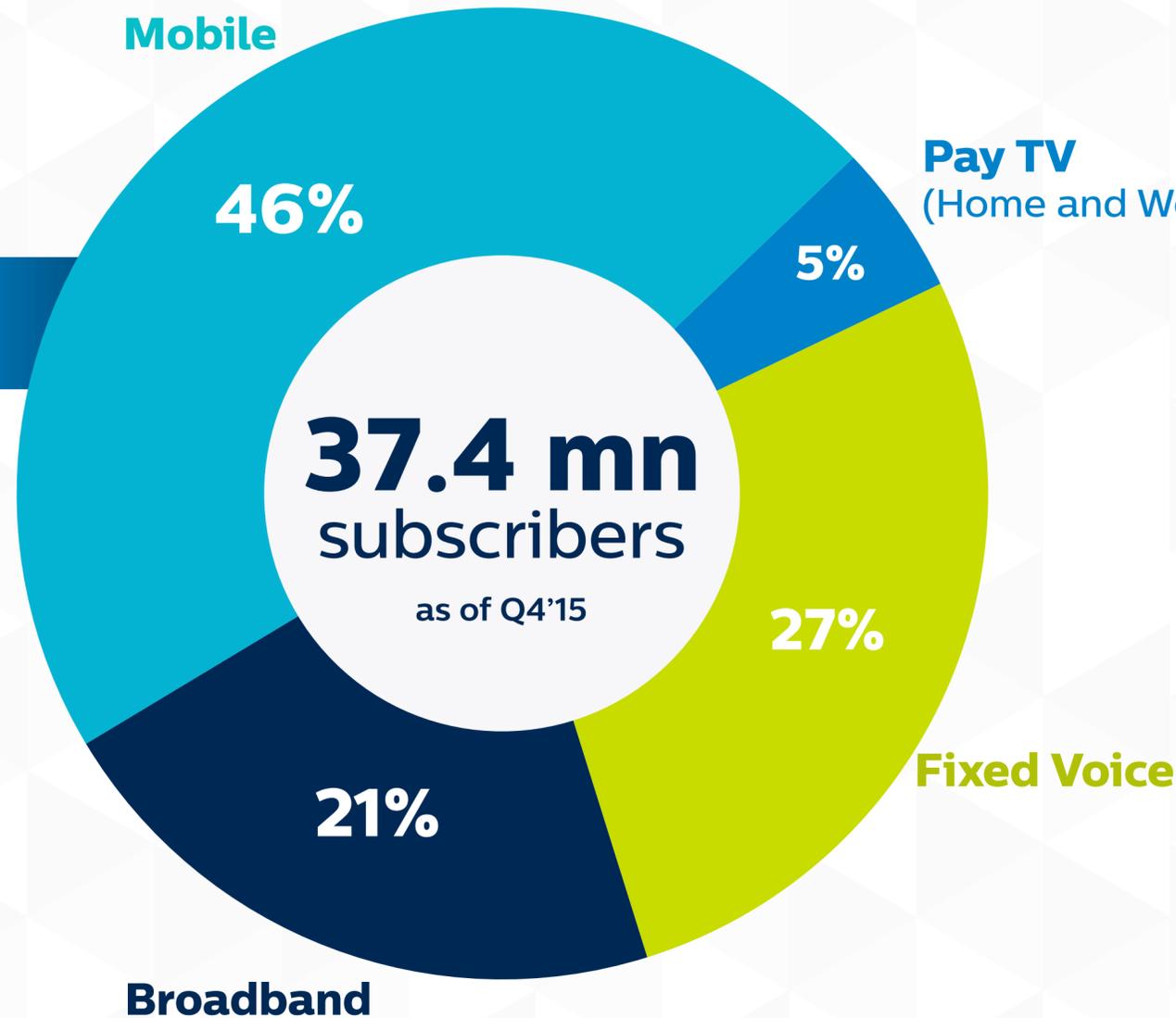
Robust ARPU Generation

Q4'15 ARPU

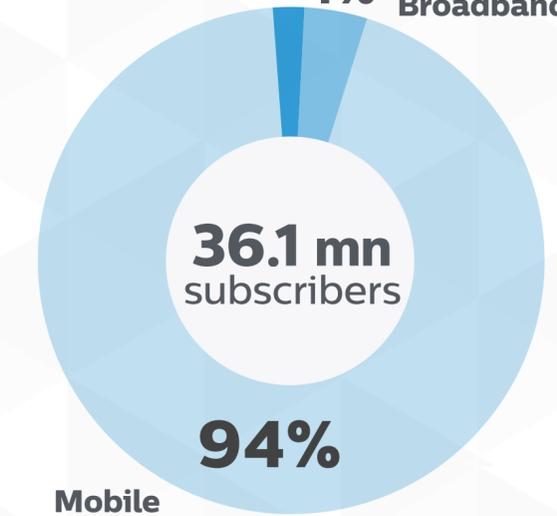
	Türk Telekom
Mobile	TL 23.8
Broadband	TL 43.1
Pay TV Home	TL 20.1
Fixed Voice*	TL 21.0

*VOIP is not included

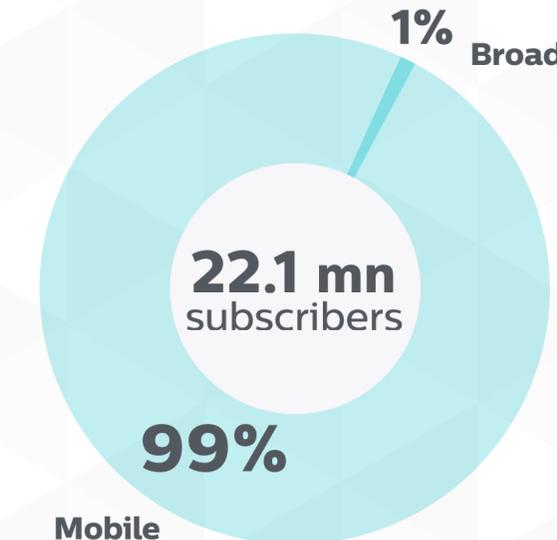
Türk Telekom



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



Vodafone 1% Broadband

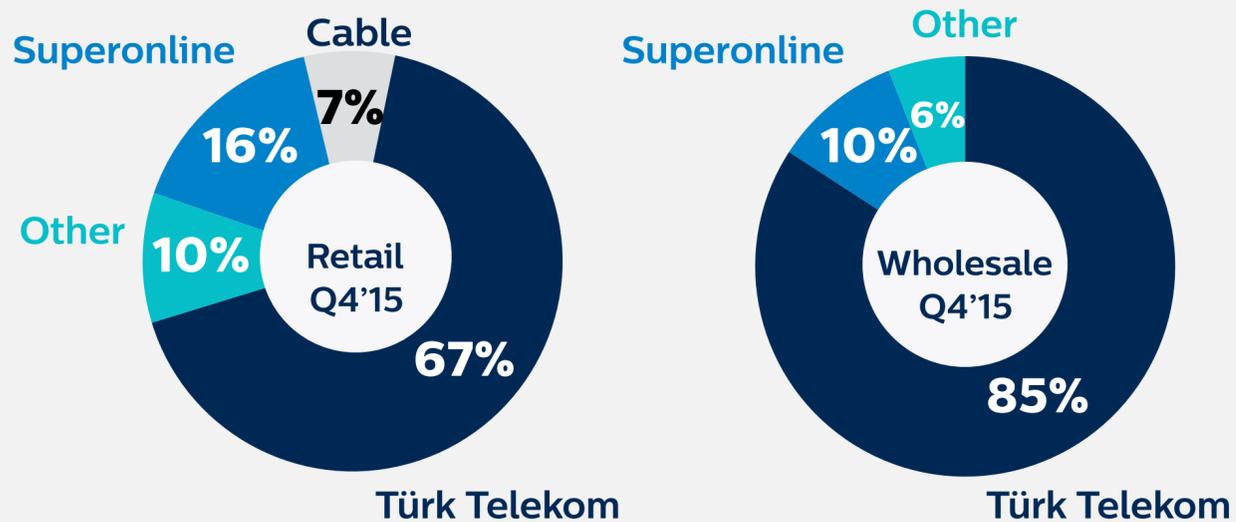




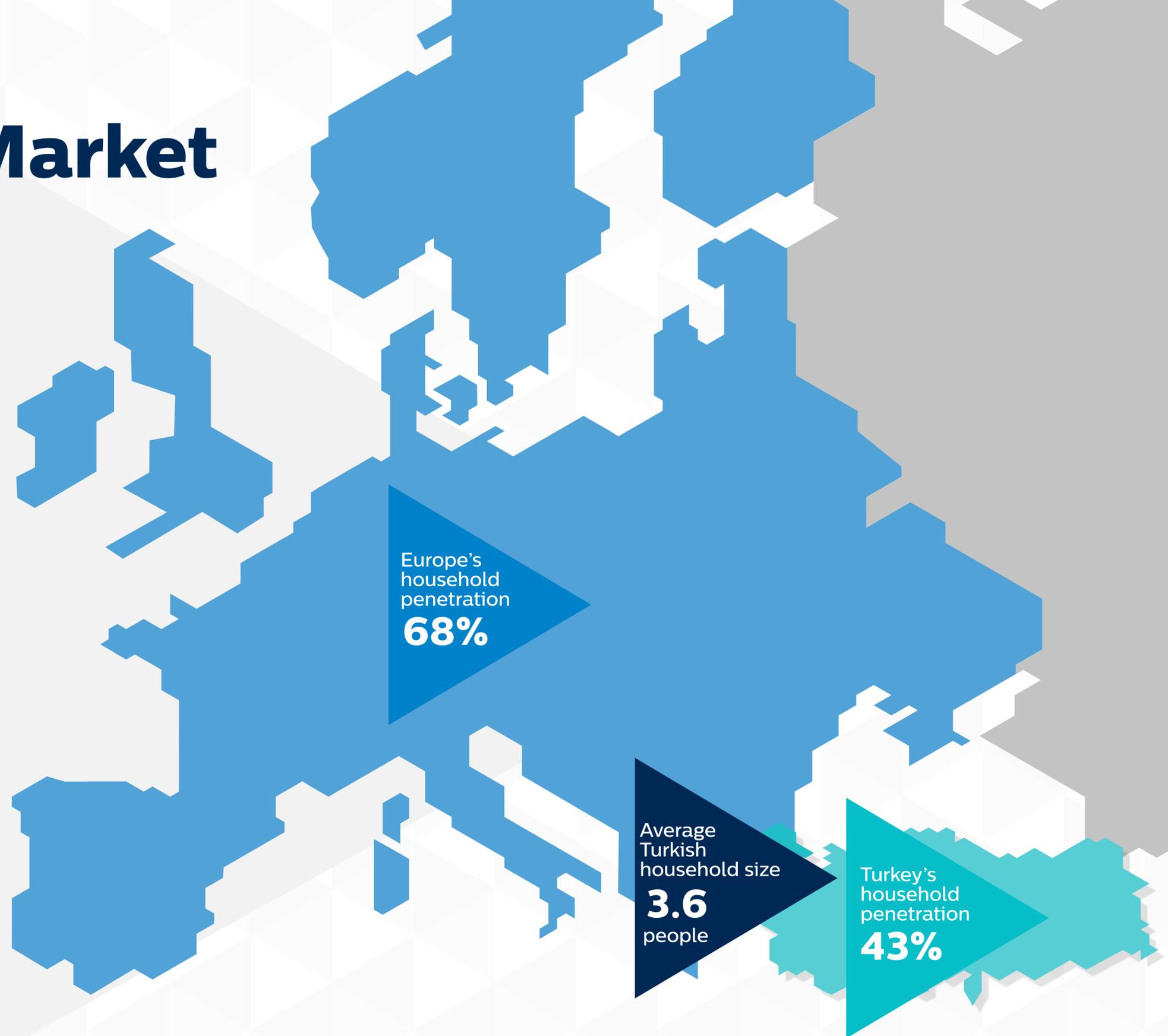
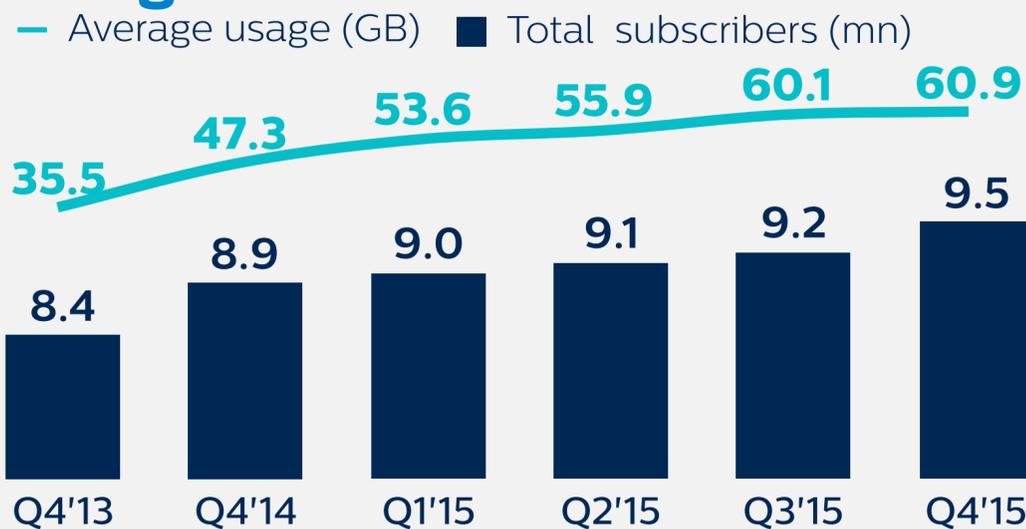
Business Lines

Fixed Broadband Market

Subscriber Market Share



Subscribers & Avg. Monthly Data Usage



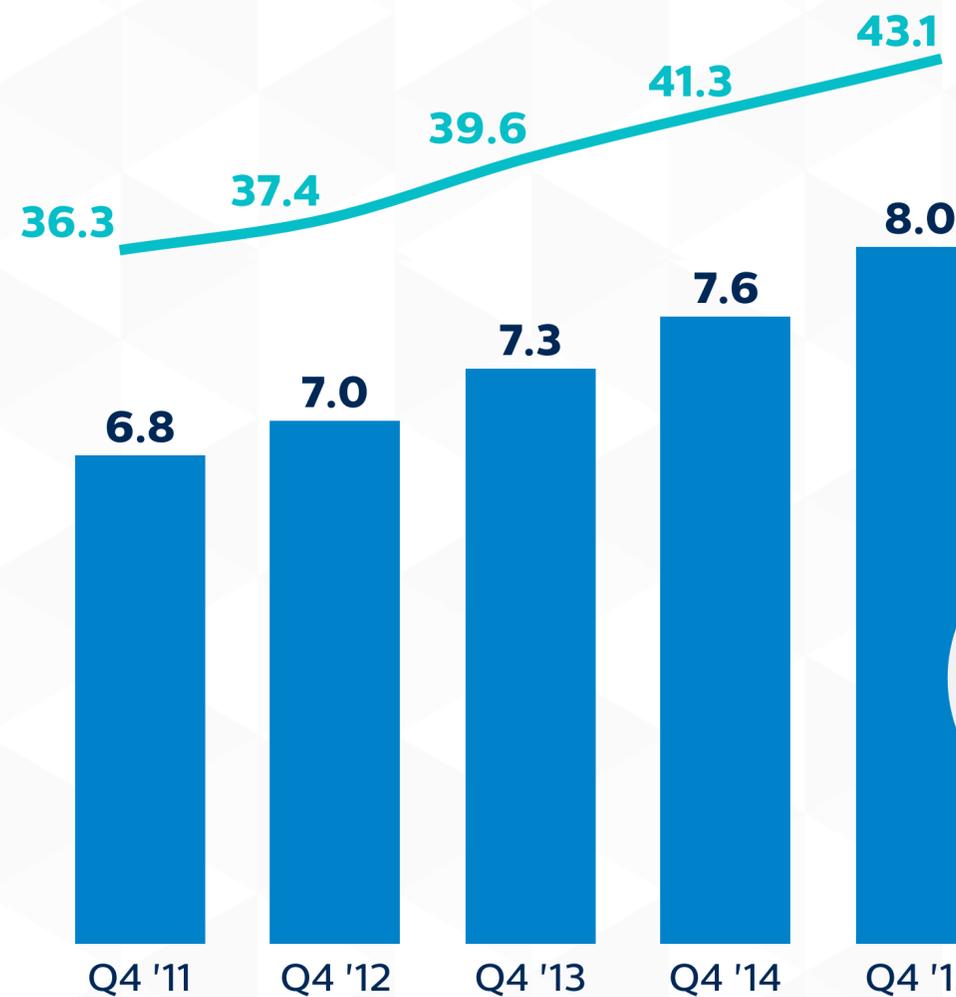
Source: ICTA

Source: Analysys Mason, Q3'15 CEE&WE Telecom Matrix, TR data is from ICTA, Q4'15 Market Report
European countries include DK,LT,SP,CZ,SL,SK,BG

Fixed Broadband Performance

ARPU & Subscribers

— ARPU (TL) ■ Subscribers (mn)



227k
net
additions
in Q4

Fiber Subscribers

(thousand)



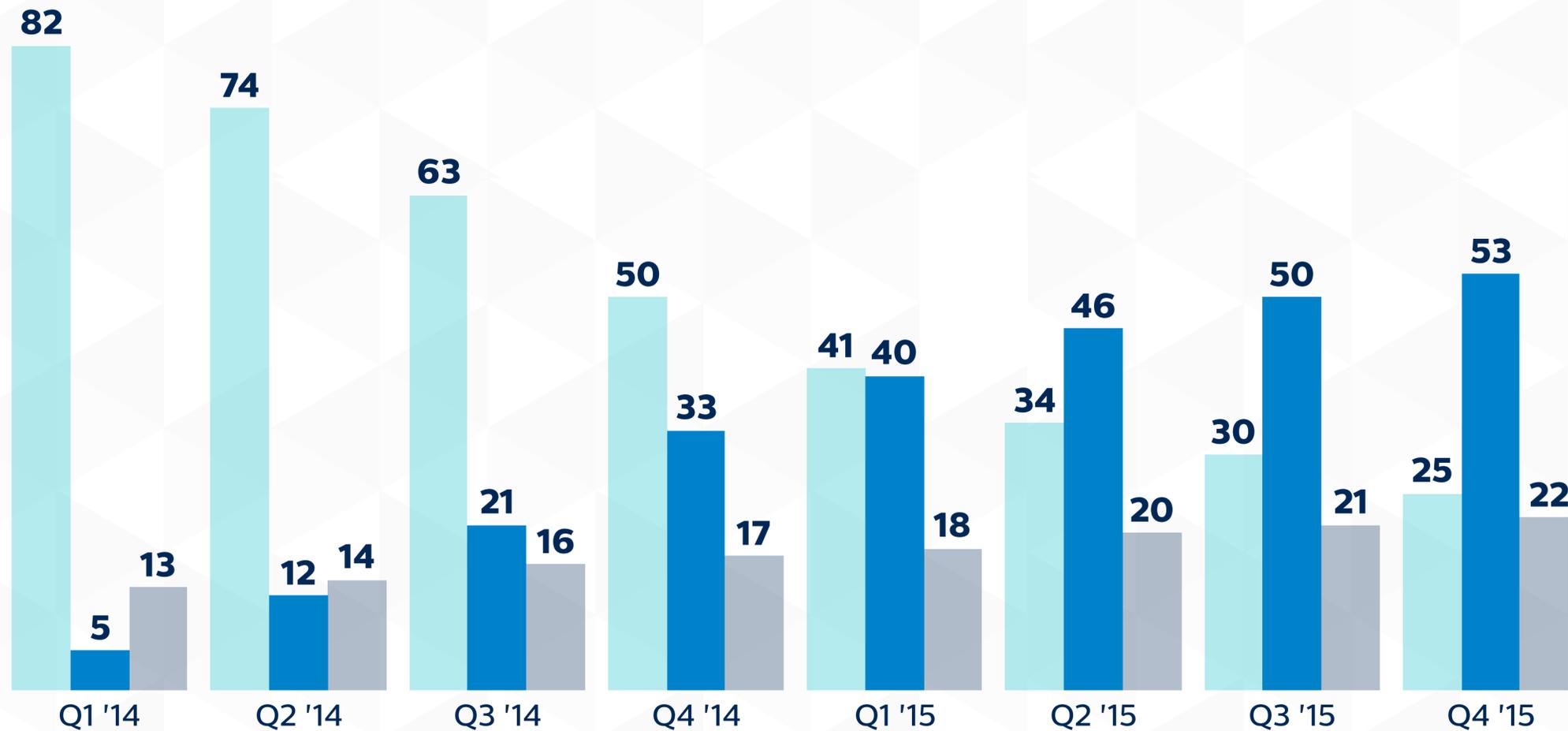
FTTH/B & FTTC tariffs have same prices for a given speed/quota

Upselling Dynamics in Fixed Broadband

Speed Breakdown

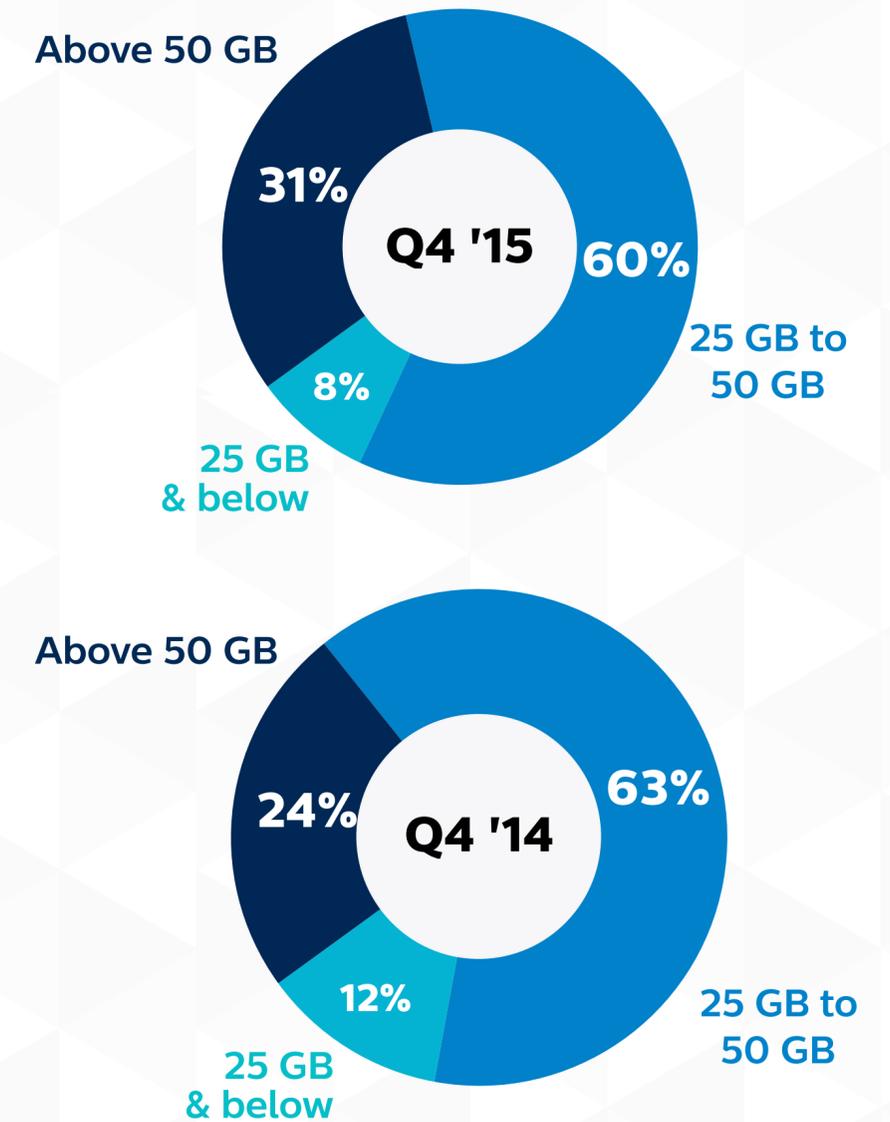
(% of Subscribers)

■ Up to 8 Mbps ■ Up to 16 Mbps ■ Fibernet/Hipernet



Fair Usage

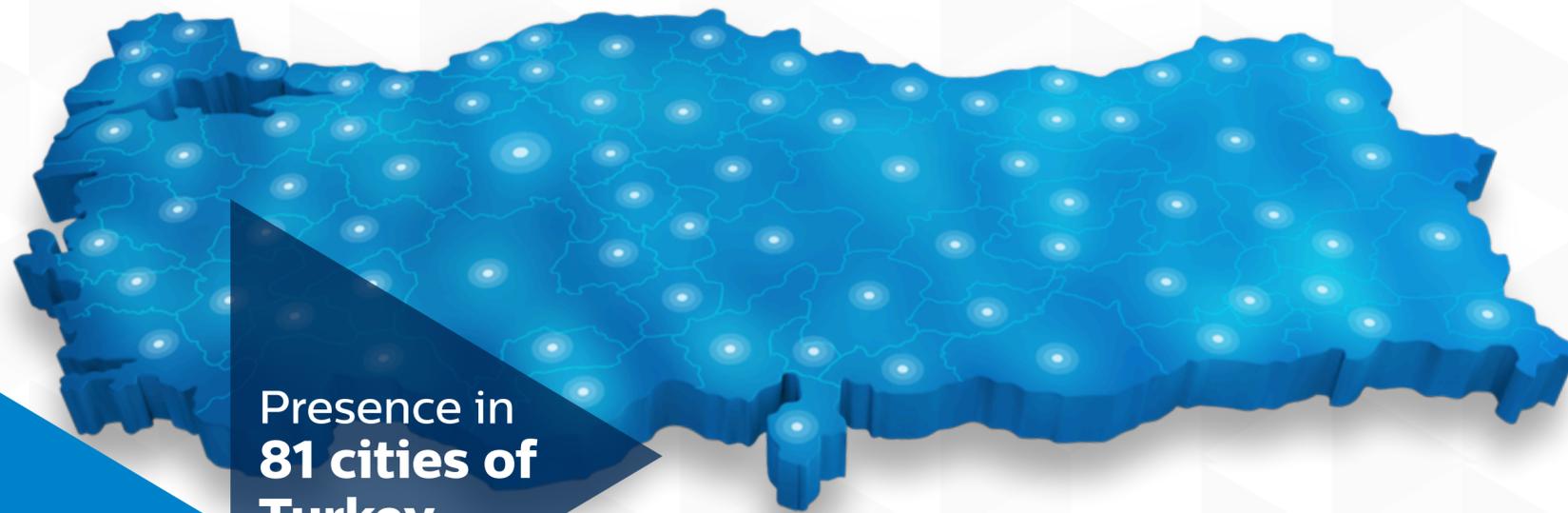
(Subscriber breakdown)



All figures are Türk Telekom's ISP figures

Nationwide Fiber

Türk Telekom Fiber Network



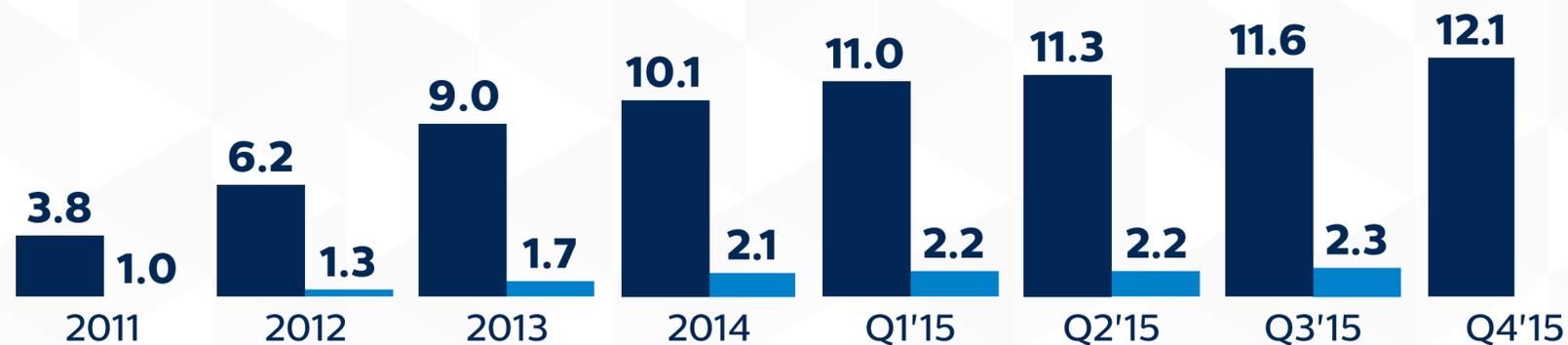
213K km
fiber length

Presence in
81 cities of
Turkey

Fiber Homepass

(mn)

■ Türk Telekom ■ Superonline



Fiber homepass includes FTTH/B & FTTC

Superonline Fiber Network



Presence in
14 cities of
Turkey

35K km
fiber
length

Wholesale customer of
Türk Telekom

Based on Turkcell's own publications as of Q3

Fiber Subscribers

(thousand)

■ Türk Telekom ■ Superonline



Fiber subscribers include FTTH/B & FTTC subscribers

Mobile Market

Subscriber Market Share

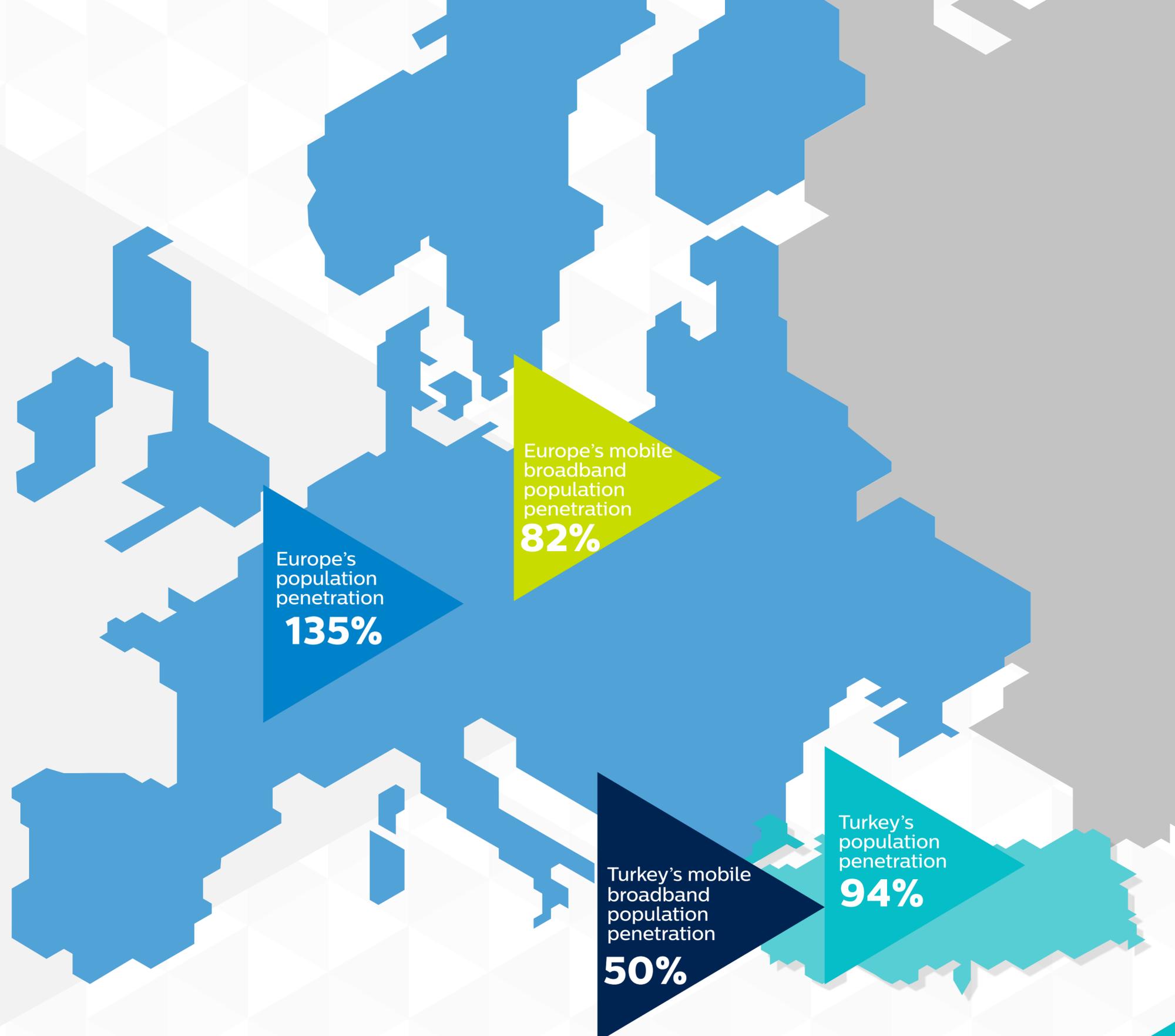
— Türk Telekom — Vodafone — Turkcell



Other operator's data are from their own publications

Subscriber Growth

— Türk Telekom — Market



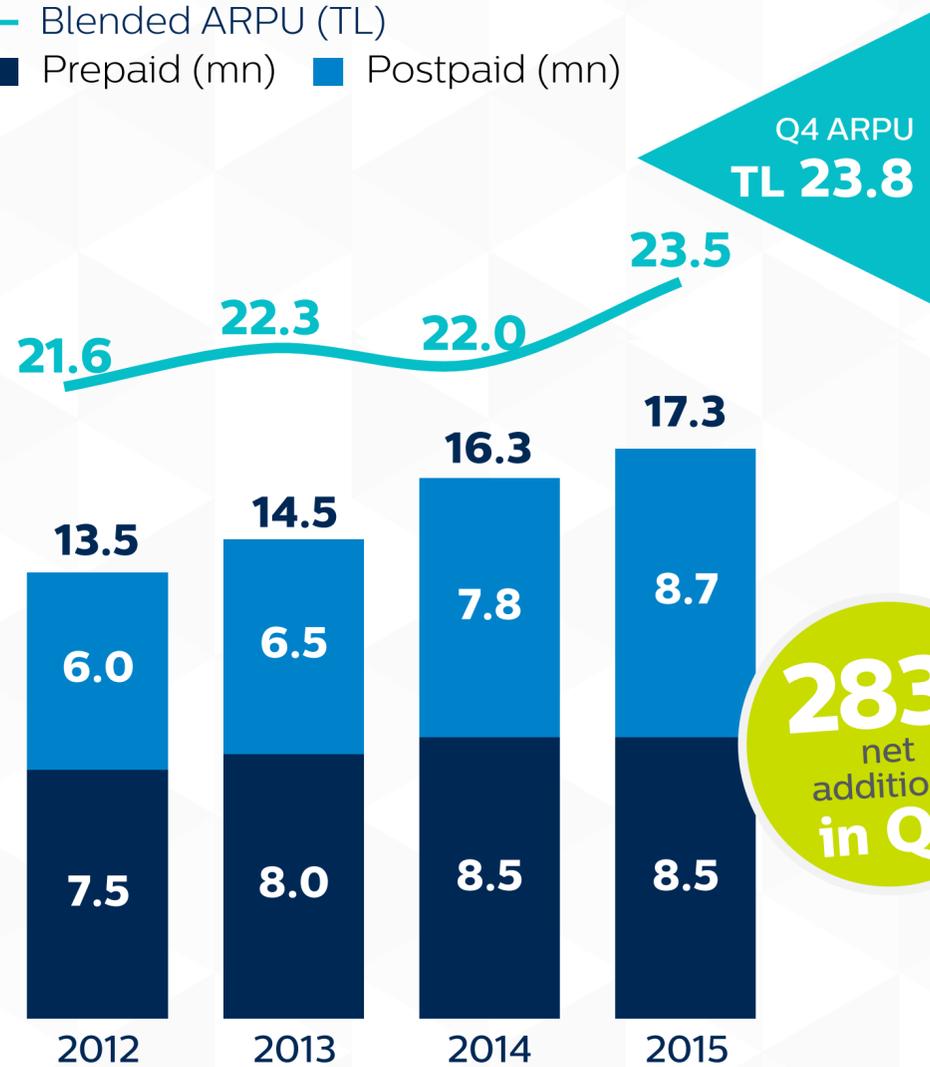
* ICTA, Q4'15 Market Report

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

Mobile Performance

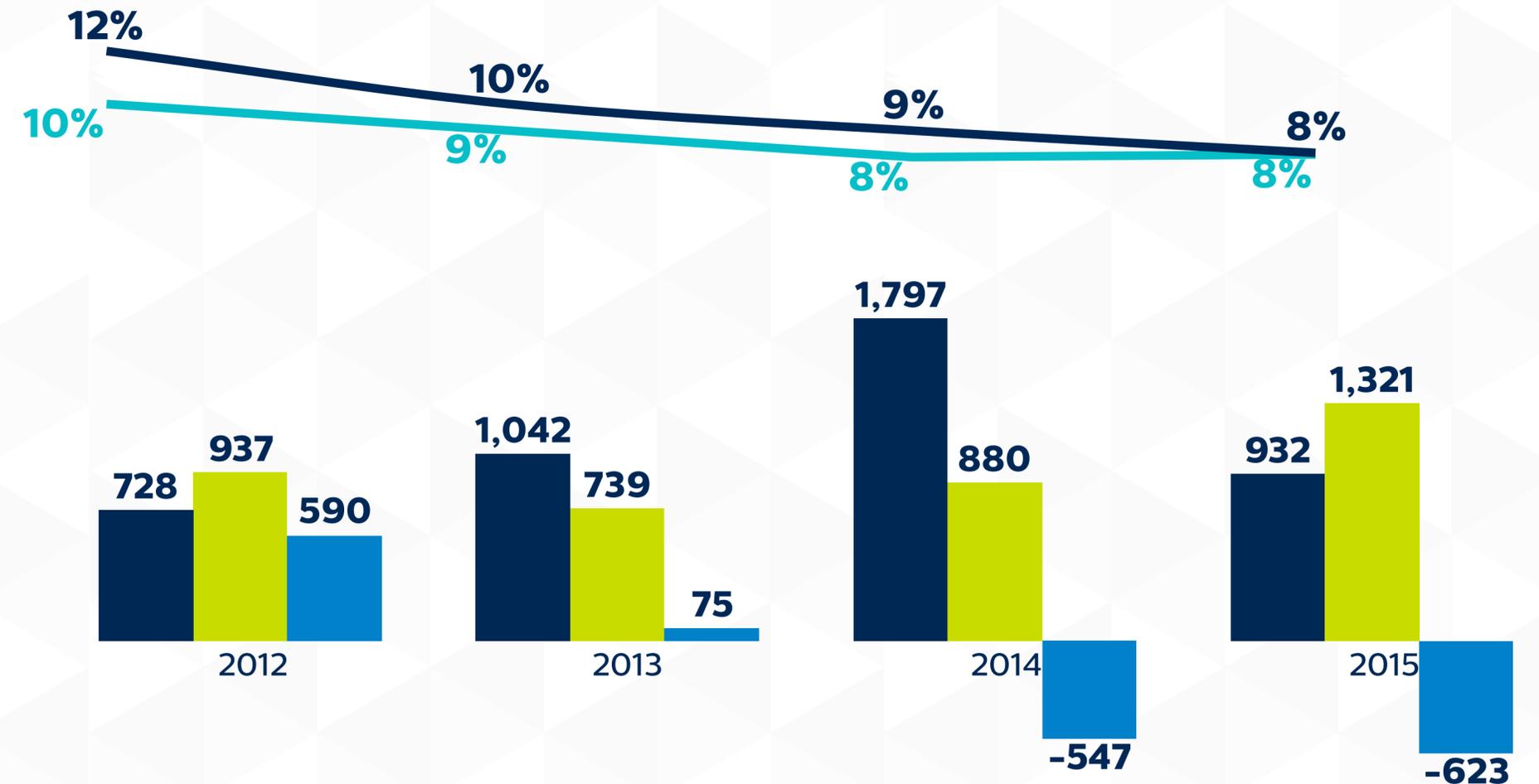
Growing ARPU & Subscribers

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



Lower Churn Rate & Strong Subscriber Addition

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



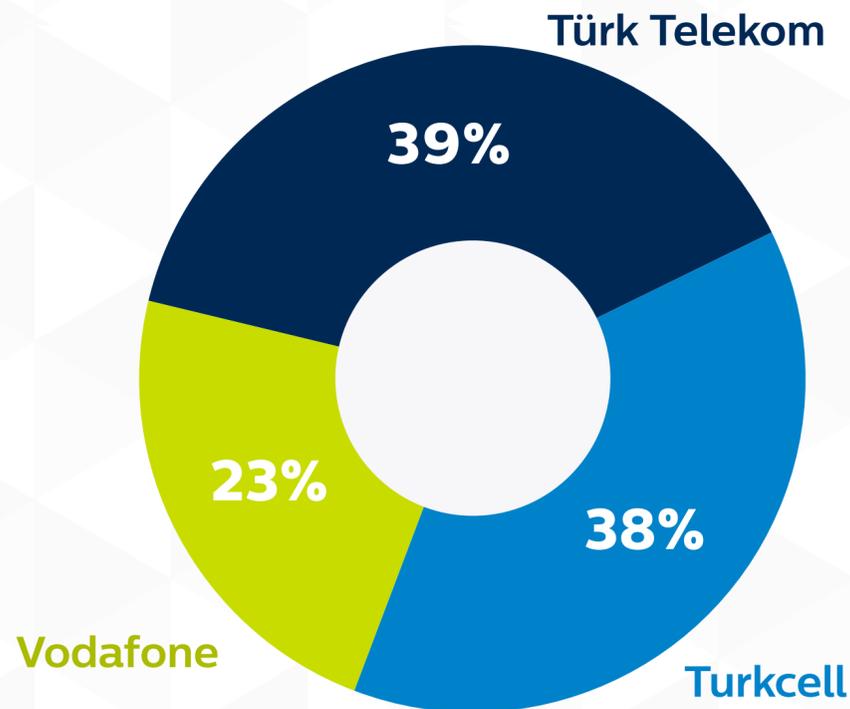
Other operators data are from their own publications

Spectrum Auction 2015

Leading next generation mobile services

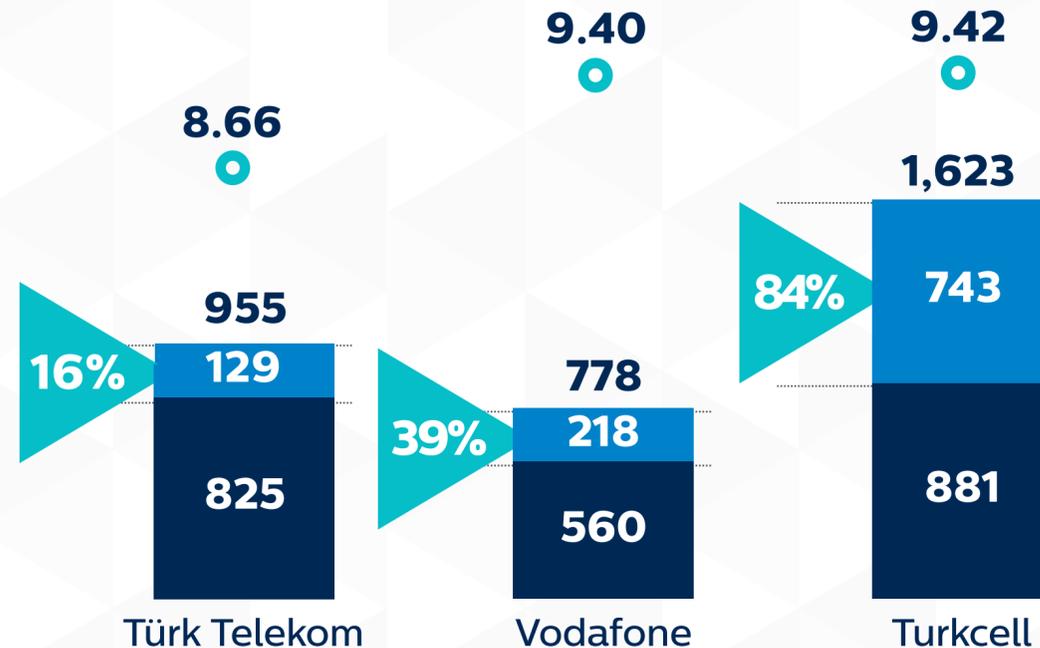
- ▶ Obtained the most essential bands for LTE (800 MHz and 1800 MHz)
- ▶ Secured the largest MHz position in valuable <2GHz frequency bands
- ▶ Eliminated 900MHz disadvantage - 3G service over 900MHz has been launched as of December 1st
- ▶ The only operator with higher spectrum market share than subscriber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

<2 GHz Spectrum



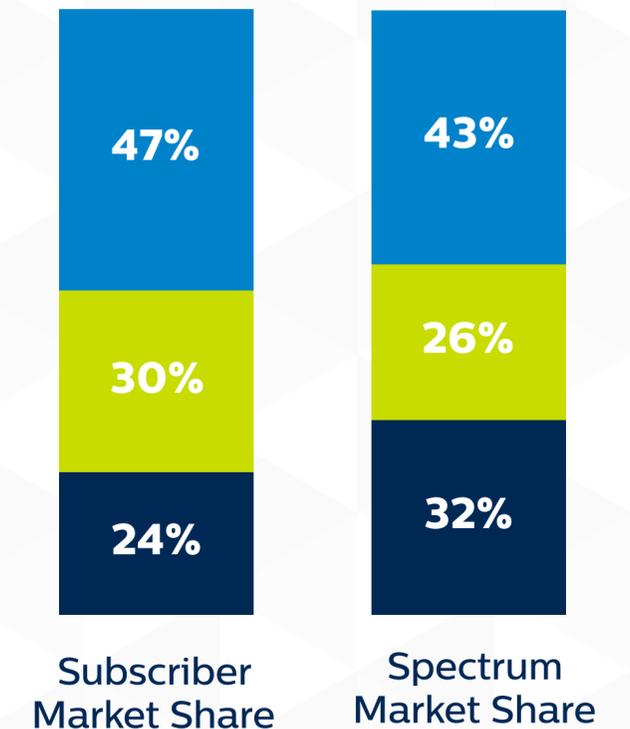
Spectrum Fees (EUR mn)

○ Fee per MHz ■ Reserve Price ■ Premium



Subscriber vs. Spectrum Market Share

■ Türk Telekom ■ Vodafone ■ Turkcell

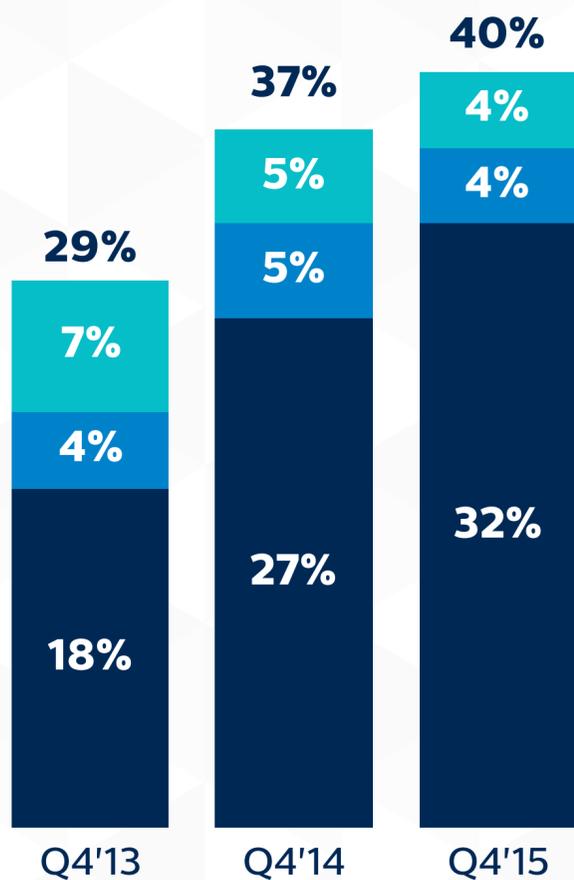


Monetizing Data

Data Revenue

(Service revenue shares)

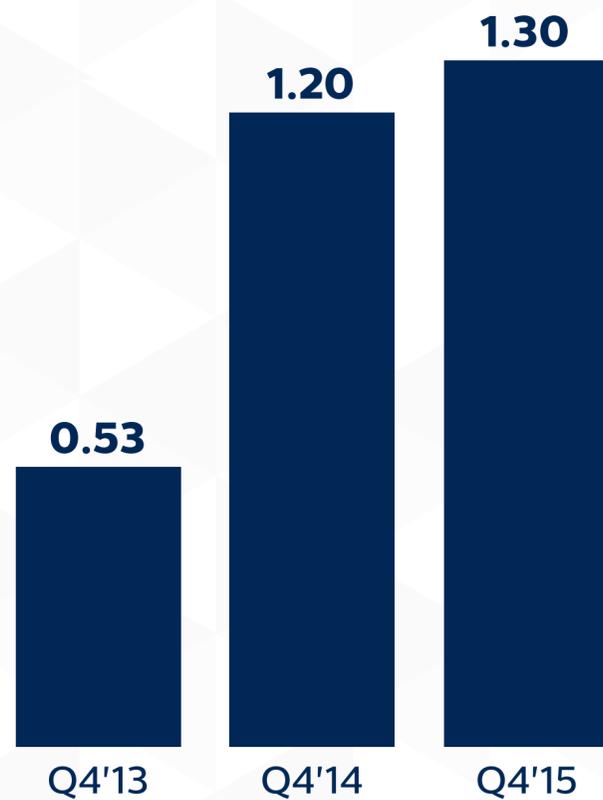
■ Mobile Data ■ VAS¹ ■ SMS



(1) VAS, Value Added Services

Avg. Monthly Mobile Data Usage

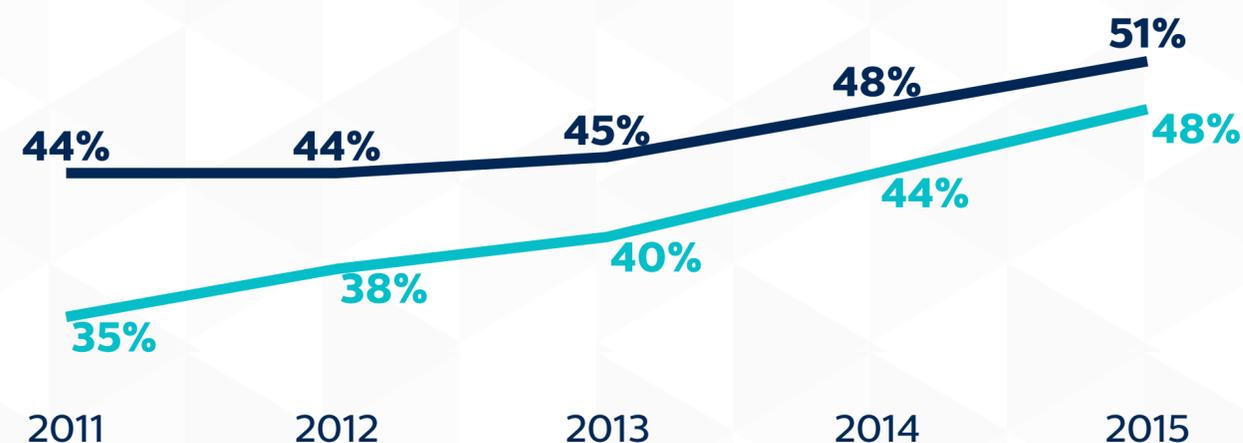
(GB per subscribers¹)



(1) Türk Telekom smartphone subscribers

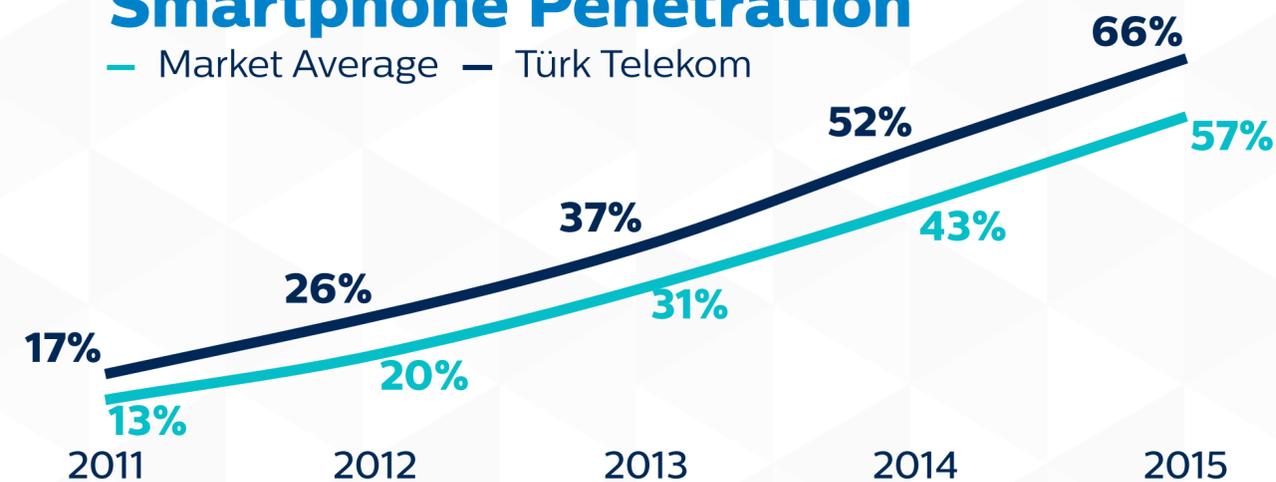
Postpaid Ratio

— Market Average — Türk Telekom



Smartphone Penetration

— Market Average — Türk Telekom



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

Pay TV Market

Subscribers

(mn)

Türk Telekom
Tivibu Home
(European Soccer,
2015-2018)

Turkcell

0.22

Other

0.38

0.02

5.6 mn
subscribers

2.86

0.97

D-Smart
(European Soccer,
2012-2015)

Cable

1.16

Digiturk
(Turkish Soccer,
2010-2017)

Europe's
household
penetration
61%

Turkey's
household
penetration
27%

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

Source: ICTA Q4'15 report

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

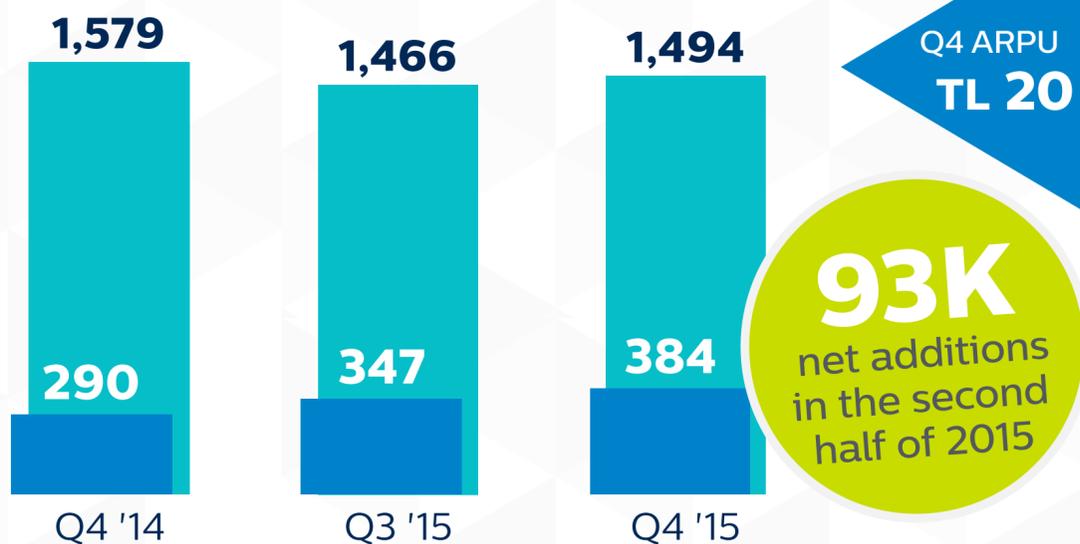
TV Performance



Subscribers

(thousand)

■ Tivibu Home ■ Tivibu Go



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

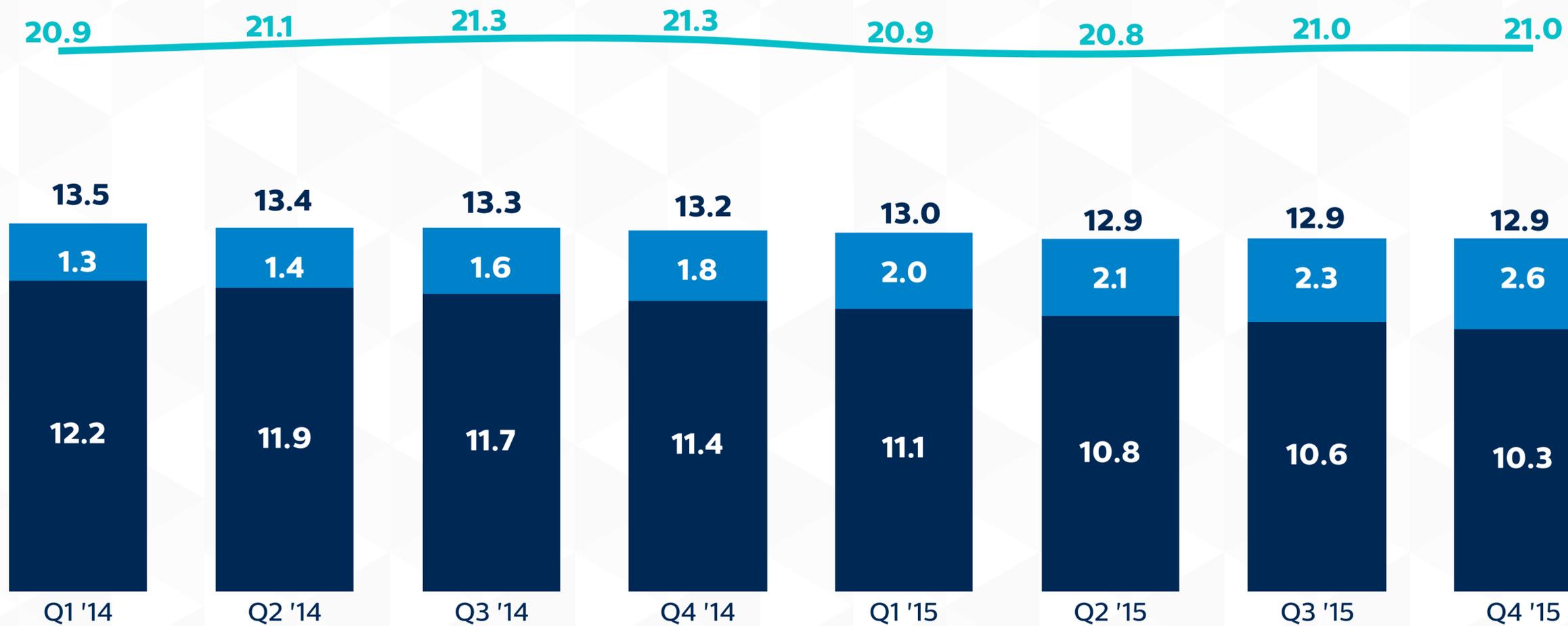
* 24 months contracted prices | ** 12 months contracted prices



Fixed Voice

Access Lines and ARPU

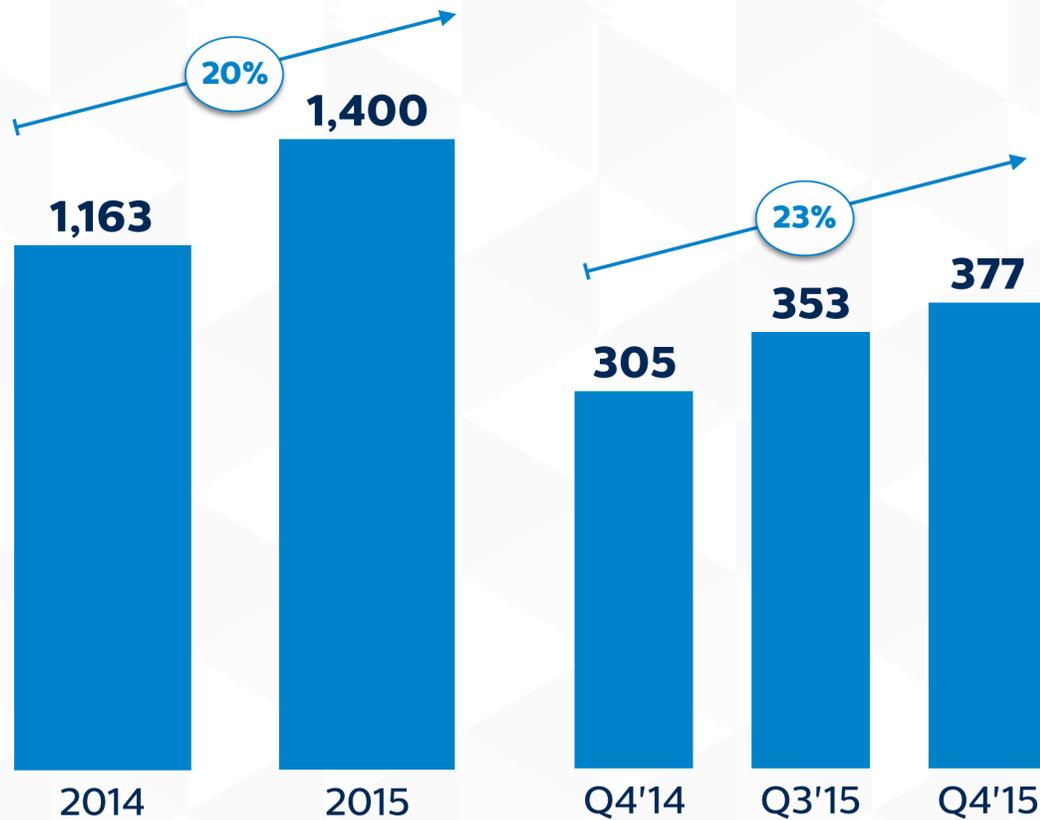
■ Fixed Voice (mn) ■ Naked Broadband (mn) — Fixed Voice ARPU (TL)



Corporate Data

- ▶ 10% of our total revenues are generated from corporate data revenues in 2015
- ▶ Growth in corporate data revenues is 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

Consolidated Summary Income Statement

(TL mn)	2014	2015	YoY Change	Q4'14	Q4'15	YoY Change
Revenues	13,602	14,523	6.8%	3,595	3,867	7.6%
EBITDA	5,047	5,334	5.7%	1,232	1,416	15.0%
Margin	37.1%	36.7%		34.3%	36.6%	
Operating Profit	3,045	3,062	0.6%	669	801	19.6%
Margin	22.4%	21.1%		18.6%	20.7%	
Financial Income/(Expense)	(469)	(1,801)	284.0%	(17)	470	n.m.
FX & Hedging Gain/(Loss)	(302)	(1,659)	448.8%	(1)	469	n.m.
Interest Income/(Expense)	(79)	(1)	-98.6%	(5)	72	n.m.
Other Financial Income/(Expense)	(87)	(141)	61.4%	(10)	(71)	588.8%
Tax Expense	(607)	(399)	34.3%	(156)	(232)	48.6%
Net Income	2,007	907	-54.8%	504	1,039	106.2%
Margin	14.8%	6.2%		14.0%	26.9%	

Note: USD/TRY:2.9076;EUR/TRY:3.1776 was used in financial income/expense calculation

Consolidated Summary Balance Sheet

(TL mn)	2014	2015	YoY Change
Total Assets	19,878	25,774	29.7%
Intangible Assets ¹	4,789	8,262	72.5%
Tangible Assets ²	8,194	8,565	4.5%
Other Assets ³	4,356	6,109	40.3%
Cash and Equivalents	2,538	2,838	11.8%
Total Equities and Liabilities	19,878	25,774	29.7%
Share Capital	3,260	3,260	0.0%
Reserves and Retained Earnings	3,043	1,733	-43.0%
Interest Bearing Liabilities ⁴	8,878	11,803	32.9%
Provisions for Employee Termination Benefits	556	635	14.4%
Other Liabilities ⁵	4,141	8,342	101.5%

(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

Consolidated Summary Cash Flow Statement

(TL mn)	2014	2015	YoY Change	Q4'14	Q4'15	YoY Change
Operating Cash Flow	4,436	4,583	3.3%	1,640	1,543	-5.9%
Investing Cash Flow	(1,857)	(3,166)	70.5%	(1,022)	(1,803)	76.4%
CAPEX	(2,169)	(3,320)	53.0%	(1,100)	(1,941)	76.5%
Other Investing Activities	312	154	-50.9%	78	138	77.2%
Financing Cash Flow¹	(1,005)	(1,173)	16.7%	(158)	330	n.m.
Net Change in Cash Position²	1,573	243	-84.5%	460	70	-84.8%

(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

Consolidated Summary Revenue Breakdown

(TL mn)	2014	2015	YoY Change	Q4'14	Q4'15	YoY Change
Fixed Line	9,750	10,086	3.4%	2,559	2,750	7.4%
PSTN	3,030	2,716	-10.3%	736	658	-10.6%
Broadband	3,650	3,902	6.9%	934	1,030	10.3%
Corporate Data ¹	1,163	1,400	20.3%	305	377	23.5%
International Revenue	522	556	6.5%	126	156	23.6%
Domestic Interconnection	359	329	-8.4%	82	76	-6.5%
Rental income from GSM Operators	87	100	15.7%	25	21	-16.4%
Other ²	582	752	29.2%	173	271	57.1%
Construction Revenue (TFRS-12)	358	332	-7.2%	179	162	-9.6%
Mobile	4,312	4,967	15.2%	1,156	1,282	11.0%
Eliminations	(461)	(531)	15.0%	-120	-165	38.1%
Total Revenue	13,602	14,523	6.8%	3,595	3,867	7.6%

(1) Includes leased line and data services

(2) Includes ICT companies, device sales, other

Consolidated Summary OPEX Breakdown

(TL mn)	2014	2015	YoY Change	Q4'14	Q4'15	YoY Change
Personnel	2,483	2,492	0.4%	657	670	2.0%
Domestic Interconnection	888	1,001	12.7%	231	262	13.7%
International Interconnection	279	301	8.0%	72	90	24.2%
Commercial ¹	984	999	1.5%	252	331	31.2%
Maintenance and Operations	507	542	6.9%	118	146	23.9%
Taxes and Government Fees	1,073	1,235	15.1%	281	322	14.8%
Doubtful Receivables	201	304	51.5%	77	89	15.1%
Cost of Equipment and Technology Sales	296	330	11.6%	88	136	54.5%
Others ²	1,528	1,692	10.7%	429	262	-38.9%
Sub Total	8,238	8,895	8.0%	2,205	2,308	4.7%
Construction Cost	317	294	-7.2%	158	143	-9.6%
Total OPEX	8,554	9,188	7.4%	2,364	2,452	3.7%

(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



Fixed Line Summary Income Statement

(TL mn)	2014	2015	YoY Change	Q4'14	Q4'15	YoY Change
Revenues	9,750	10,086	3.4%	2,559	2,750	7.4%
EBITDA	4,350	4,508	3.6%	1,006	1,165	15.8%
<i>Margin</i>	44.6%	44.7%		39.3%	42.4%	
Operating Profit	3,144	3,163	0.6%	652	794	21.8%
<i>Margin</i>	32.2%	31.4%		25.5%	28.9%	
CAPEX	1,362	1,881	38.1%	676	693	2.5%
<i>Capex as % of Revenue</i>	14.0%	18.7%		26.4%	25.2%	



Mobile Summary Income Statement

(TL mn)	2014	2015	YoY Change	Q4'14	Q4'15	YoY Change
Revenues	4,312	4,967	15.2%	1,156	1,282	11.0%
EBITDA	696	831	19.4%	220	254	15.3%
<i>Margin</i>	16.1%	16.7%		19.1%	19.8%	
Operating Profit	(100)	(97)	-3%	12	9	-21.3%
<i>Margin</i>	(2.3%)	(2.0%)		1.0%	0.7%	
CAPEX¹	783	1,053	35.1%	382	470	24.1%
<i>Capex as % of Revenue</i>	18.1%	21.3%		33.1%	37.0%	

(1) Excluding license fee

Operational Highlights

	Q4'14	Q3'15	Q4'15	QoQ Change	YoY Change
Total Access Line (mn)	13.2	12.9	12.9	0.0%	-2.1%
-Fixed Voice Lines ¹ (mn)	11.4	10.6	10.3	-2.6%	-9.4%
-Naked DSL Lines (mn)	1.8	2.3	2.6	13.4%	43.7%
Fixed Voice ARPU (TL)	21.3	21.0	21.0	0.3%	-1.4%
Broadband Total Subscribers (mn)	7.6	7.8	8.0	2.9%	5.5%
-FTTH/B Subscribers ('000)	729	740	768	3.8%	5.4%
- FTTC Subscribers ('000)	395	600	696	16.0%	76.4%
Broadband ARPU (TL)	41.3	41.7	43.1	3.4%	4.3%
Total Tivibu Subscribers² (mn)	1.9	1.8	1.9	3.6%	0.5%
- Tivibu Home Subscribers ³ ('000)	289	347	384	10.7%	32.7%
Mobile Total Subscribers (mn)	16.3	17.0	17.3	1.7%	5.7%
-Mobile Postpaid Subscribers (mn)	7.8	8.5	8.7	2.6%	11.8%
-Mobile Prepaid Subscribers (mn)	8.5	8.5	8.5	0.7%	0.2%
Mobile Blended ARPU (TL)	22.5	24.6	23.8	-3.2%	5.9%
Mobile Postpaid ARPU (TL)	30.9	31.9	31.7	-0.6%	2.6%
Mobile Prepaid ARPU (TL)	14.3	15.8	15.3	-3.3%	6.6%

(1) Includes PSTN and WLR Lines

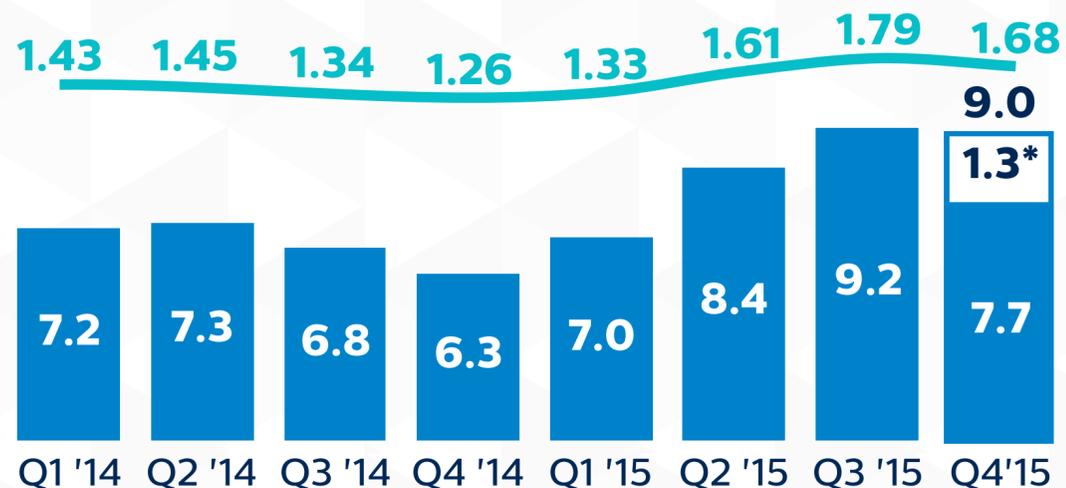
(2) Includes IPTV, DTH, and Tivibu Go (Web TV +Smart TV) subscribers

(3) Includes IPTV and DTH subscribers

Debt Profile

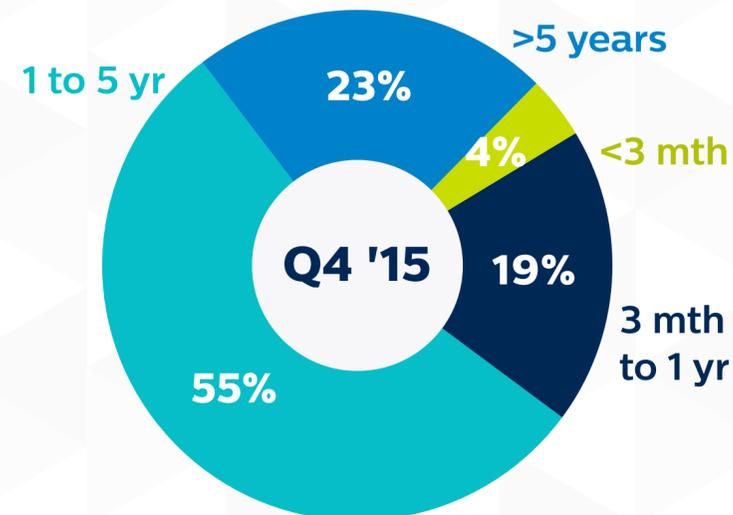
Net Debt

■ Net Debt (TL bn) — Net Debt/EBITDA



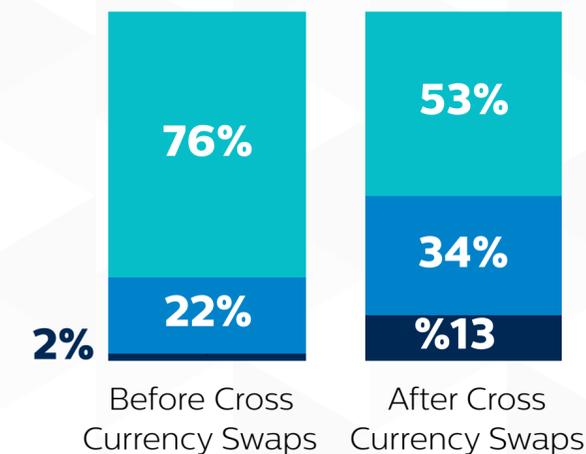
* Licence fee payment: Includes 1st installment & VAT Payment

Maturity Profile



Currency Breakdown

■ TL ■ EUR ■ USD



Net financial derivative assets derived from cross currency swap activities at fair value is TL 284mn as of Q4'15

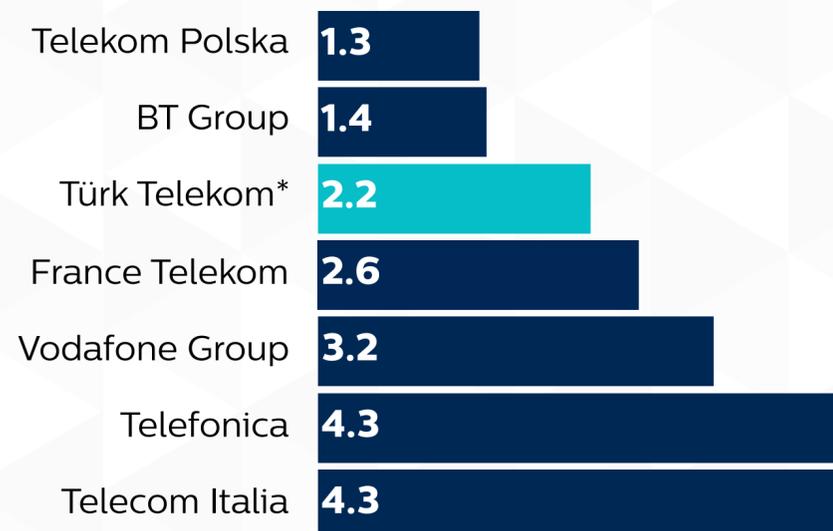
Average Maturity of Debt

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

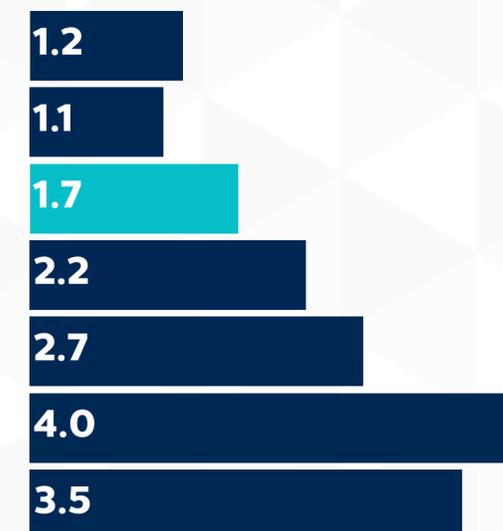


Low debt burden within the median of peers

Total Debt / EBITDA (Q3 '15)



Net Debt / EBITDA (Q3 '15)



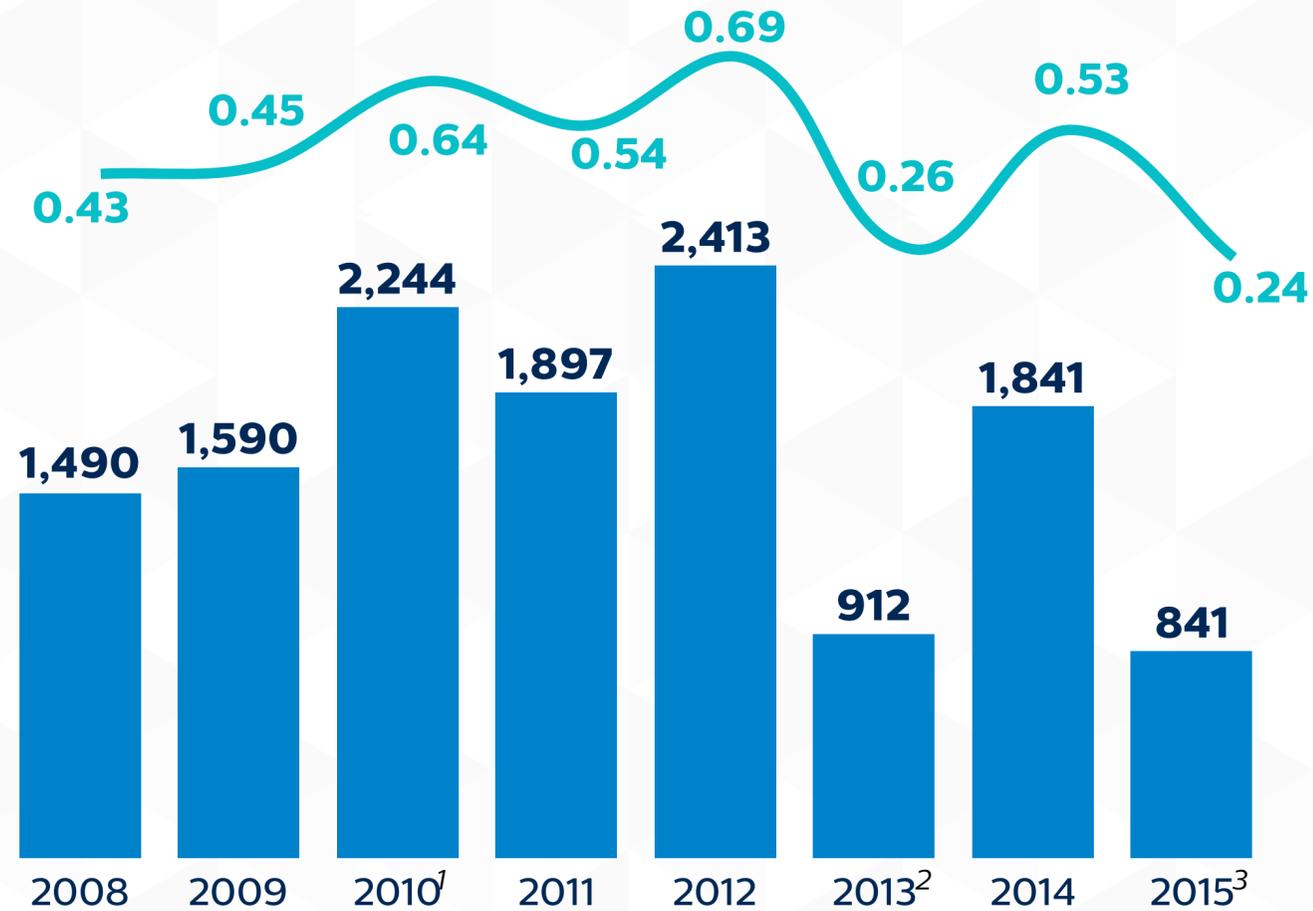
* Türk Telekom's ratios calculated from Q4'15 numbers

Shareholder Remuneration

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

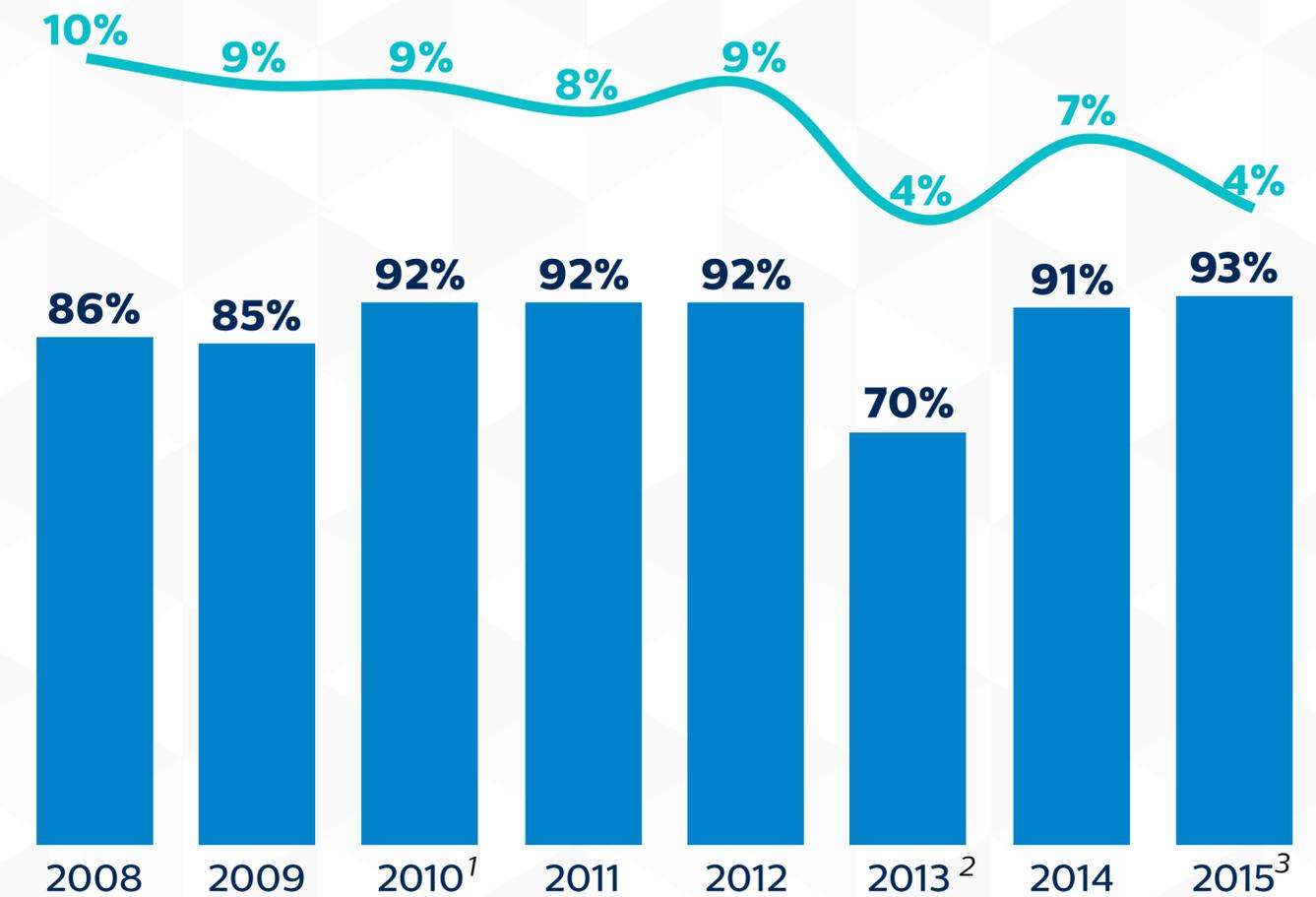
Dividend Distribution

■ 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

3) Subject to General Assembly approval

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

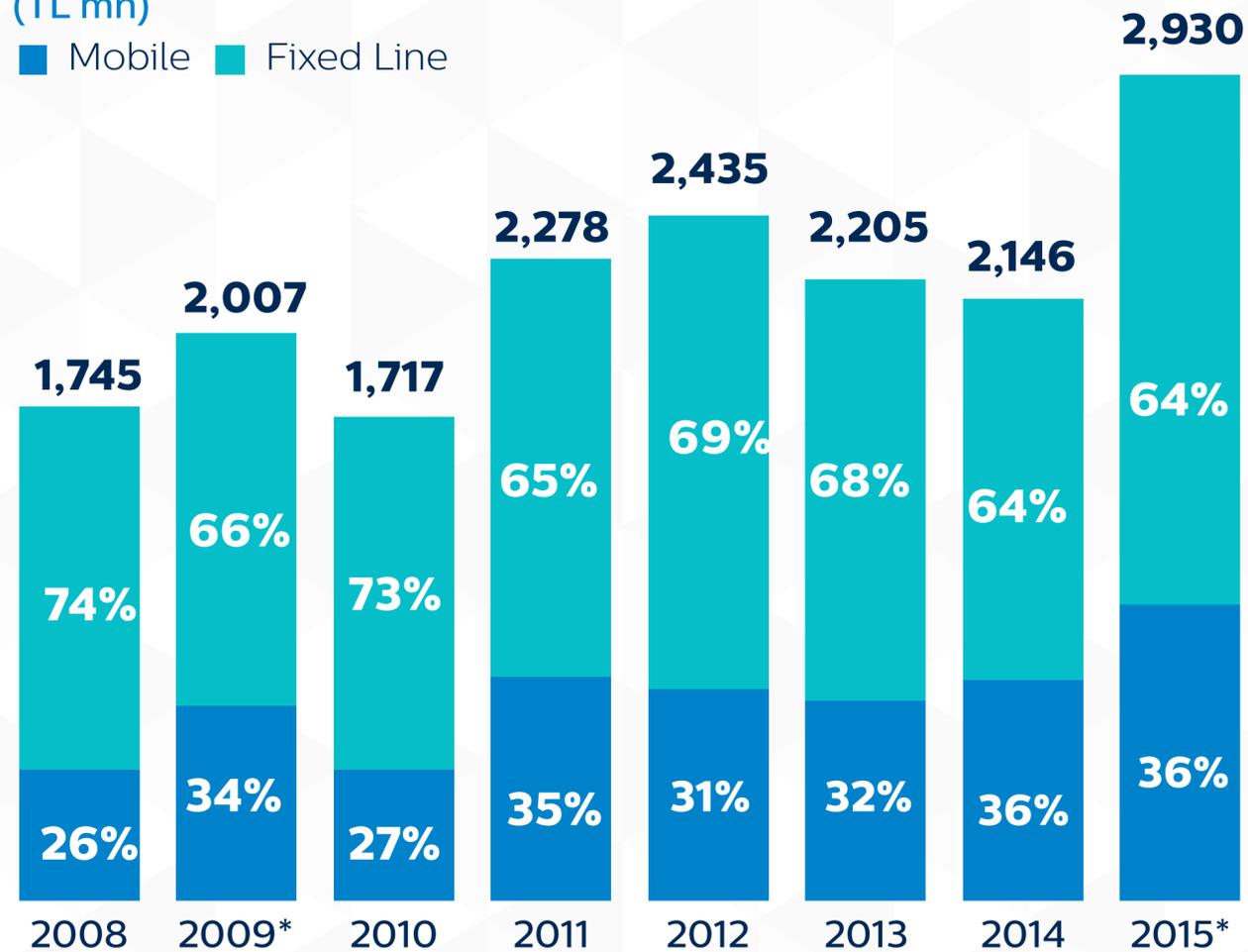
Capex

- ▶ 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 **213K kilometers** as of Q4 '15
- ▶ Türk Telekom reaches almost 60% of households in Turkey with 12.1mn fiber homepass
- ▶ Turk Telekom has **85% population coverage for 3G** as of Q4 '15

Capex Breakdown

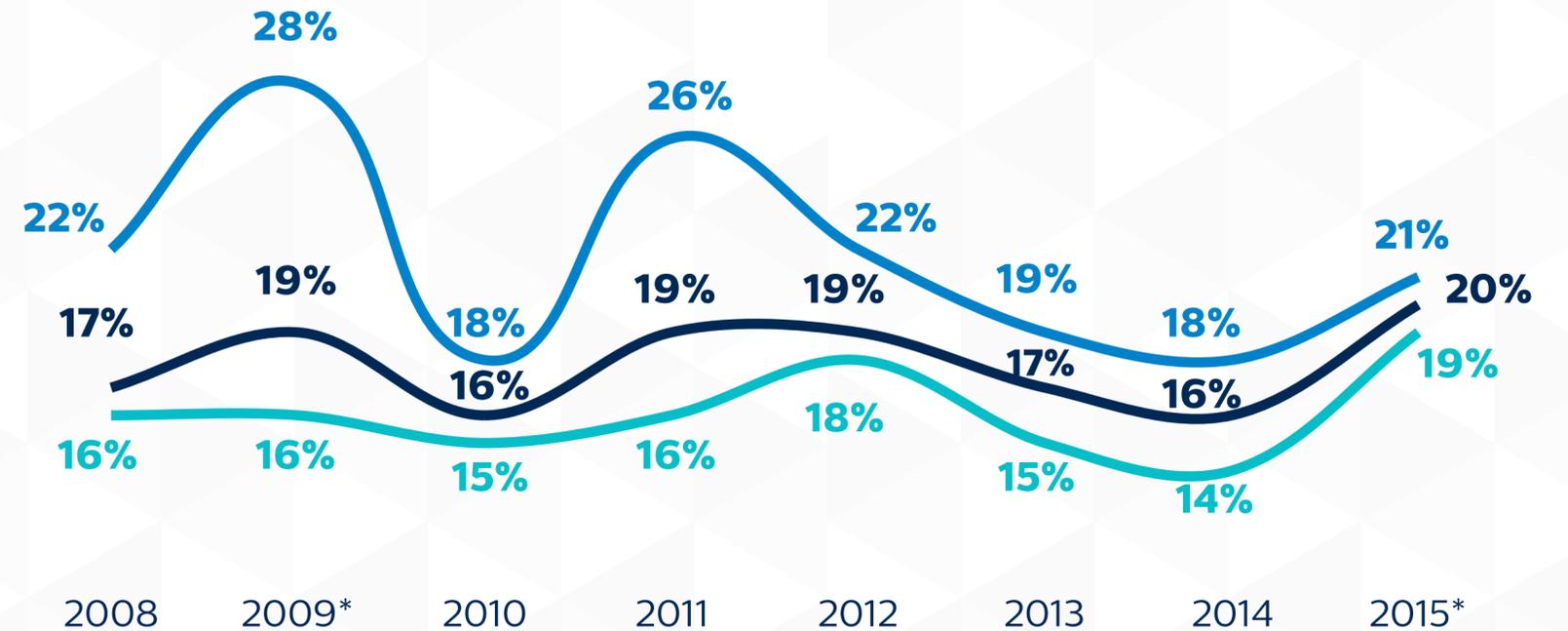
(TL mn)

■ Mobile ■ Fixed Line



Capex to Sales

— Mobile — Consolidated — Fixed Line



* Capex figures exclude license fees



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



sebit

Multinational educational content and services with 27 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 33 countries in 3 continents
The only company listed in Deloitte Technology Fast50 for 10 years in a row

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

While Türk Telekom unified mobile, fixed voice, fixed broadband and TV brands under single "Türk Telekom" brand, TNET A.S., and Avea İletişim Hizmetleri A.S. legal entities remain intact

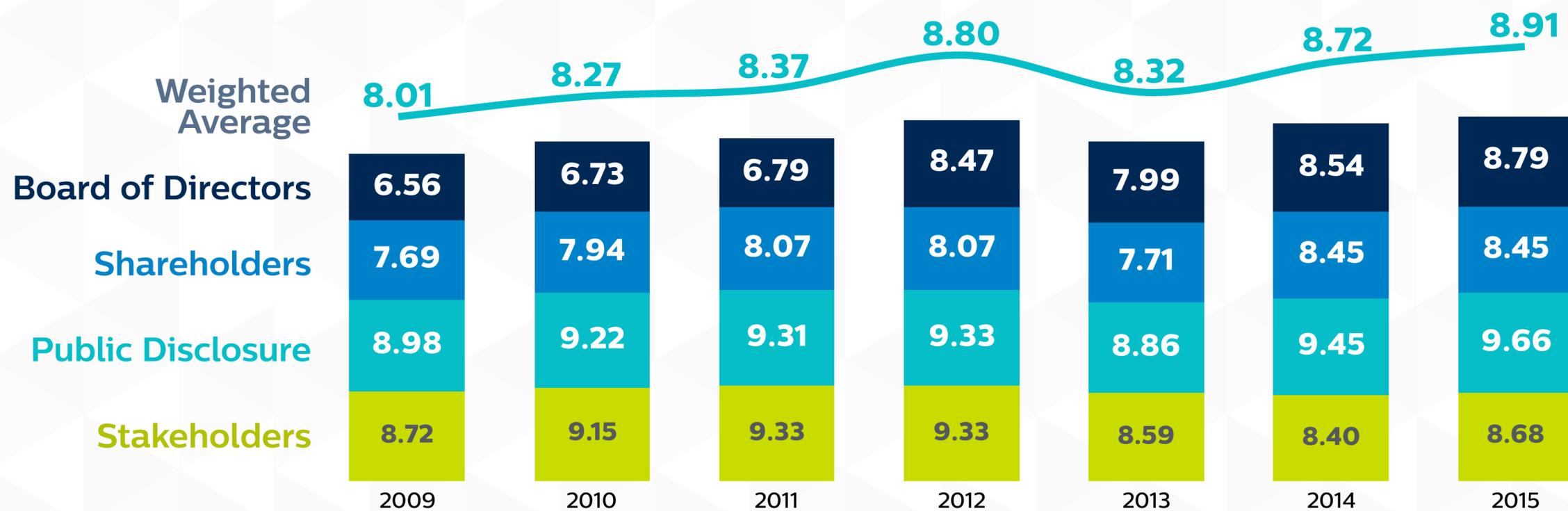




Appendix

Corporate Governance and Sustainability

Demonstrates exemplary practices



*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 of 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



Standard & Poor's

BBB- Rating and Negative Outlook

Leadership position in Turkish fixed-line business

Strong profitability and cash flow

Conservative leverage (debt to EBITDA)

Improved liquidity position after USD 1 bn bond issuance

Turkey at a Glance

	2009	2010	2011	2012	2013	2014	2015E	2016E	2017E
GDP (USD bn)	617	732	774	786	823	799	722	736	796
GDP per Capita (USD)	8,561	10,003	10,428	10,459	10,822	10,390	9,286	9,364	10,030
Real GDP Growth (%)	-4.8%	9.2%	8.8%	2.1%	4.2%	2.9%	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%	10.2%	9.9%	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

CPI and population 2015E figures are based on actual figures

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

November

- WLR was introduced
- Deregulation on FTRs on international calls and liberalization on their pricing



2013

March

- Mobile on-net price floor for TCELL formulated by Mobile Termination Rate 1.7x

April

- 75% reduction in MTRs on SMS

July

- 20% reduction in MTRs

September

- Duct Sharing officially started



2014

July

- Calls over fixed line infrastructure was deregulated. Accordingly, Türk Telekom is no longer designated as having SMP (significant market power) in fixed voice market



2015

August

- LTE tender was held



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

Pantel 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.S., TTNET A.S., and Avea İletişim Hizmetleri A.S. legal entities intact

Thank you.



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