

Investor Call

2018 Q1



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Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this investor presentation includes revenues, cost of sales, marketing, sales and distribution expenses, general administrative expenses, research and development expenses and other operating income/(expense), and income/(expense) from investing activities, but excludes depreciation, amortization and impairment expenses, financial income/(expenses) presented in other operating income/(expenses) (i.e. FX gain/(loss), interest and rediscount income/(expense) on current accounts excluding bank borrowings).



Strategic Highlights

Active Sharing



Corporate Venture Capital Company Initiatives



Fixed Broadband Penetration Increase

c.40%
of Q1 '18 FBB
net adds
came via
**Internet Bizden
Campaign**

5.6 mn
download

tambu
..... SEN DE YAPIŞTIR CEVABI

~20%
monthly active user

Wireless Homes



Partnerships in Energy Vertical



Net Subscriber Additions

3.3mn
net additions*
in LTM

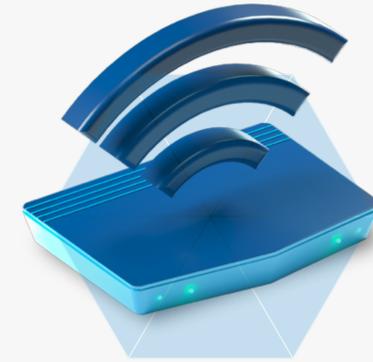
916k
net additions*
in Q1

*Includes Tivibu Go

Broadband

320k
Q1 '18

1.2mn
LTM



Mobile

332k
Q1 '18

1.2mn
LTM



Home TV

108k
Q1 '18

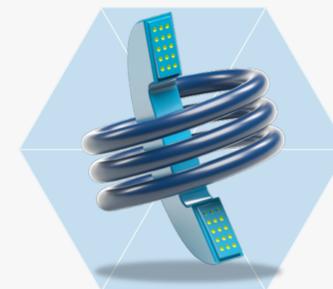
502k
LTM



Fixed Voice

79k
Q1 '18

155k
LTM



42.6mn
total
subscribers

Financial Performance

(TL mn)	2017 Q1	2017 Q4	2018 Q1	Growth (YoY)	Growth (QoQ)
Revenue	4,307	4,800	4,686	8.8%	(2.4%)
Revenue (exc. IFRIC12) ¹	4,138	4,586	4,545	9.9%	(0.9%)
EBITDA	1,528	1,525	1,972	29.1%	29.3%
EBITDA Margin	35.5%	31.8%	42.1%		
Operating Profit	807	713	1,094	35.5%	53.4%
Net Income	66	(113)	56	(14.3%)	n.m.
CAPEX	400	1,722	581	45.0%	(66.3%)

(1) IFRIC 12 is a non-operational revenue line booked in conjunction with upgrades to fixed line infrastructure, such as the upgrade

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to "Financial Footnotes" & "Summary Financial and Operational xls" on our web site.

Fixed Broadband Performance

ARPU & Subscribers

■ Subscribers (mn) ○ ARPU (TL)

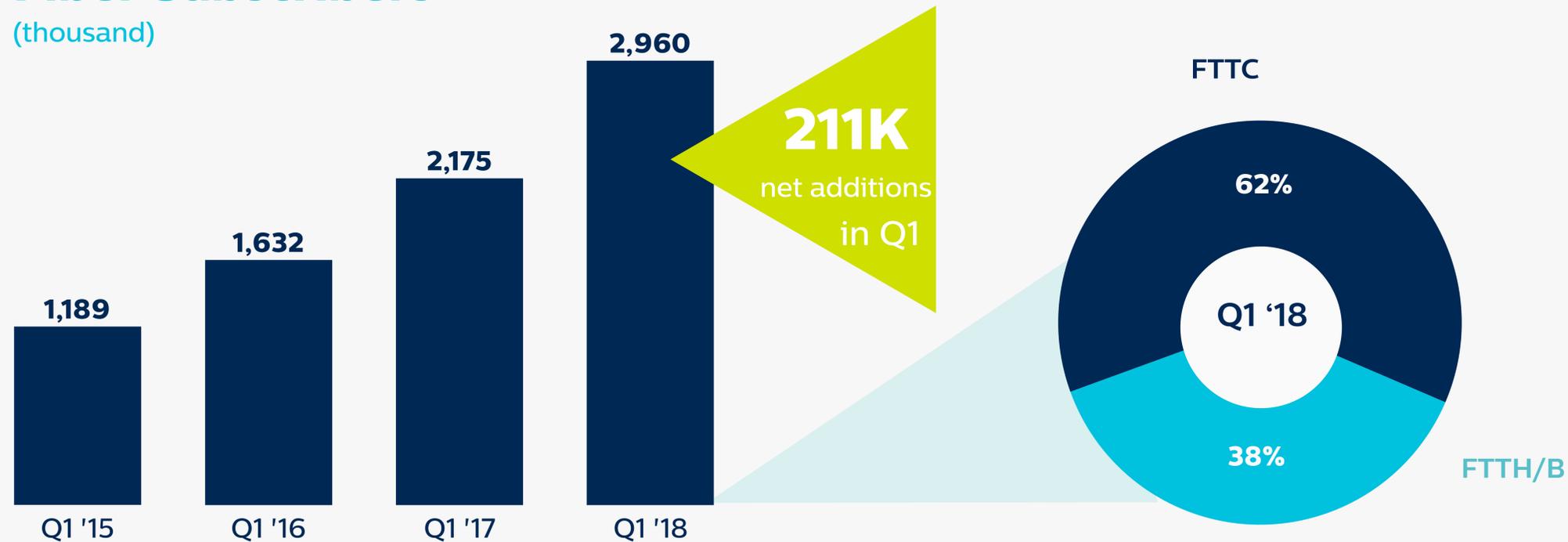


c.40%

of Q1 '18 FBB net adds came via Internet Bizden campaign

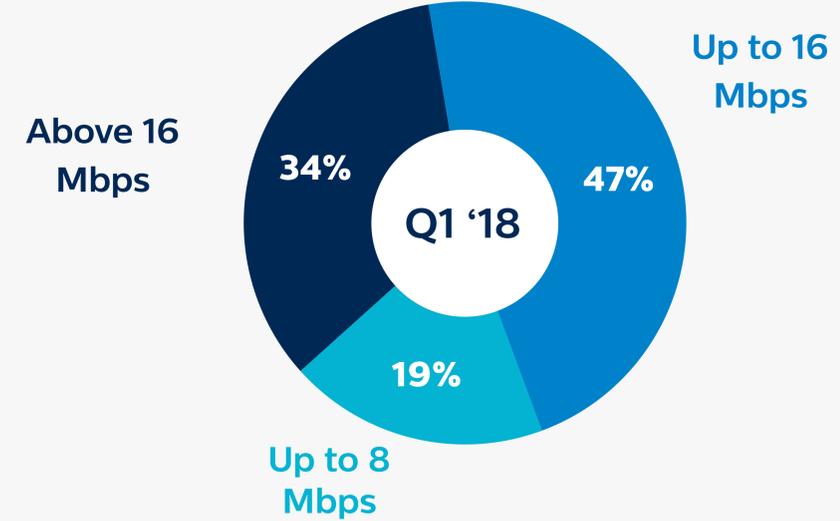
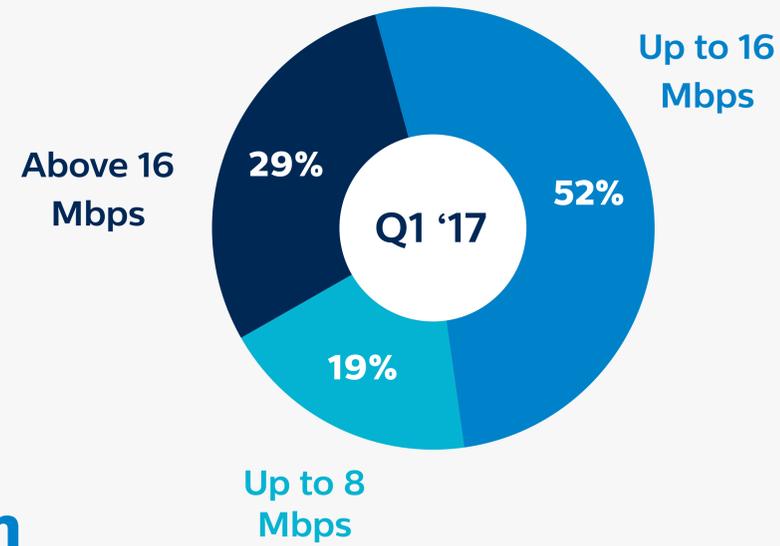
Fiber Subscribers

(thousand)



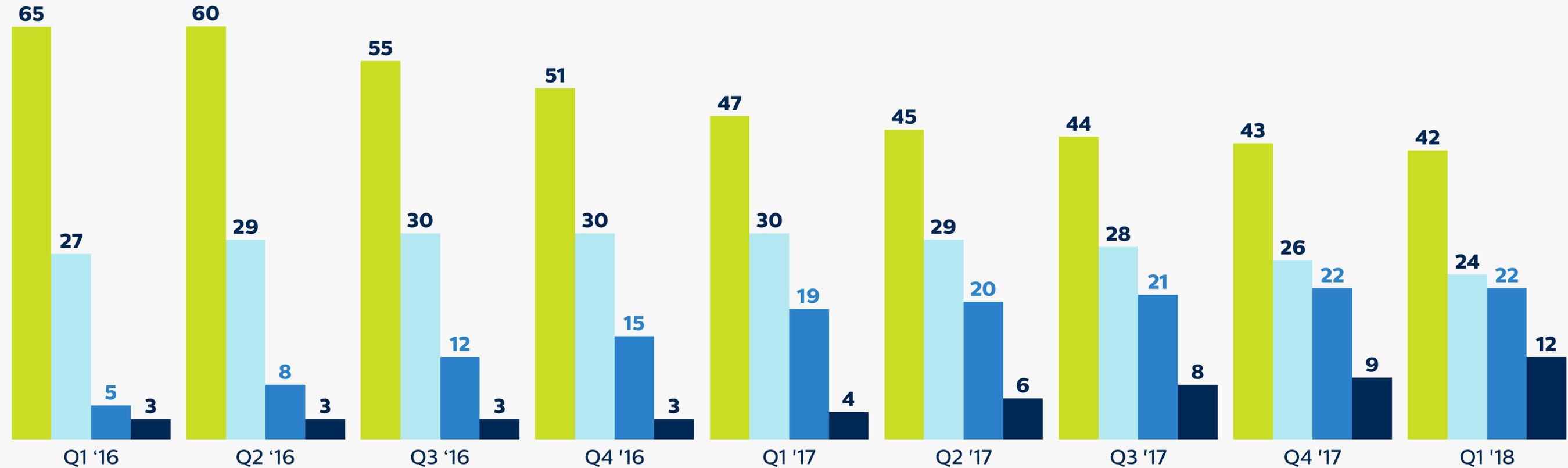
Upsell Dynamics in Fixed Broadband

Speed Breakdown (% of Subscribers)



Capacity Breakdown (% of Subscribers)

■ 50 GB & Below
 ■ 50 to 75GB
 ■ 75 GB to 100 GB
 ■ Above 100 GB

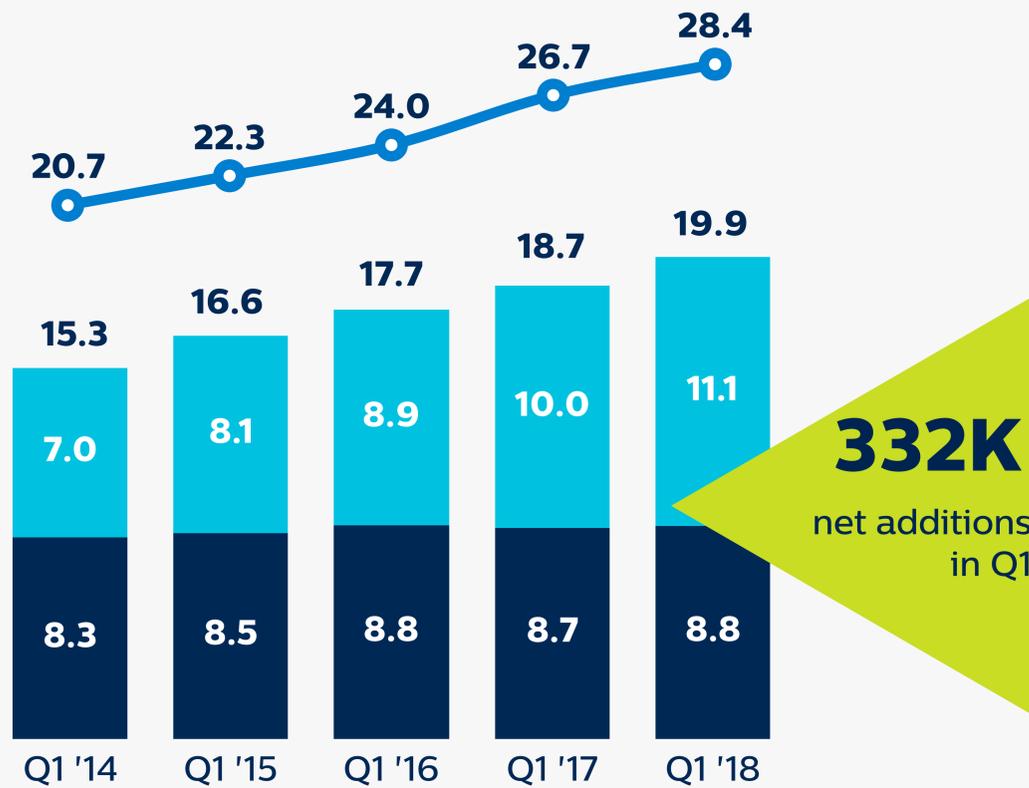


All figures are based on Turk Telekom's retail subscribers

Mobile Performance

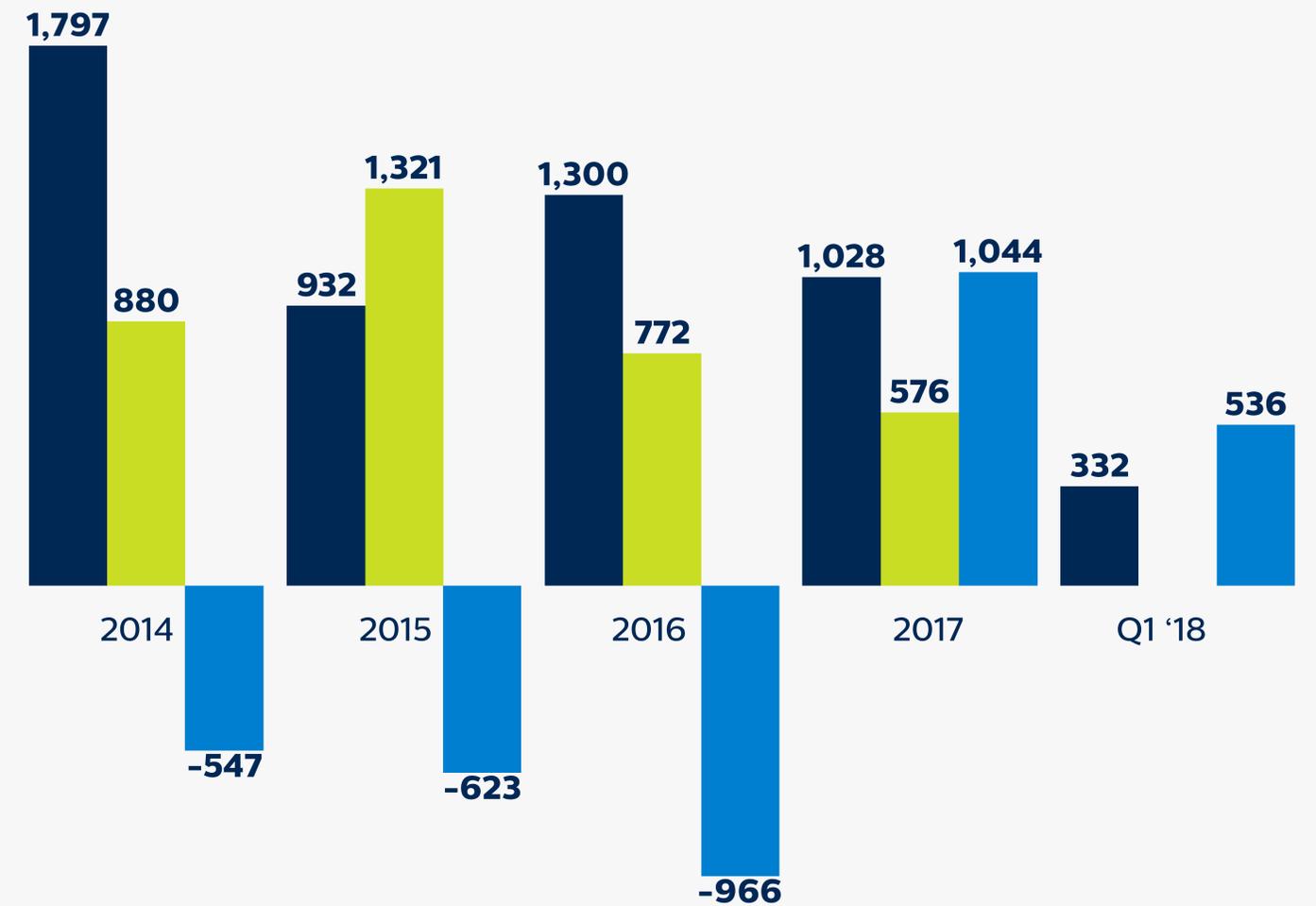
Growing ARPU & Subscribers

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



Net Subscriber Addition

- Türk Telekom ■ Vodafone ■ Turkcell



Other operators' data are from their own publications.

Mobile Data

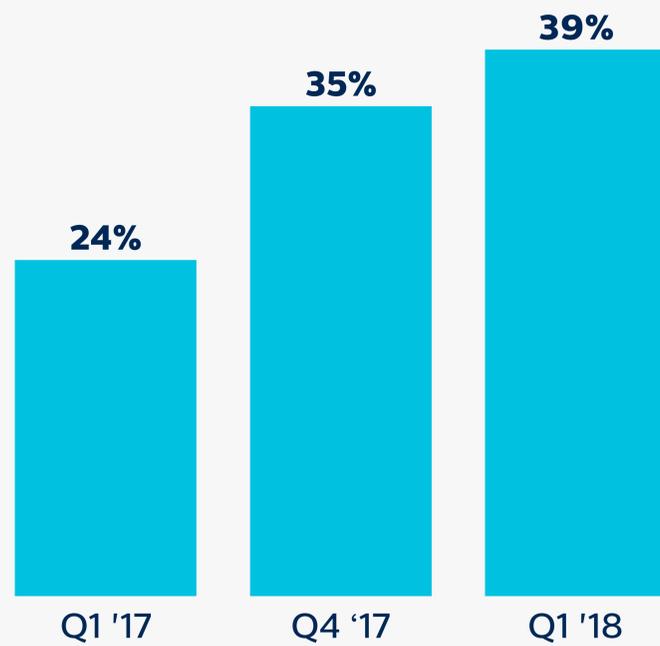
Data Revenue

(Mobile service revenue share)



LTE Users*

(Total subscriber share)

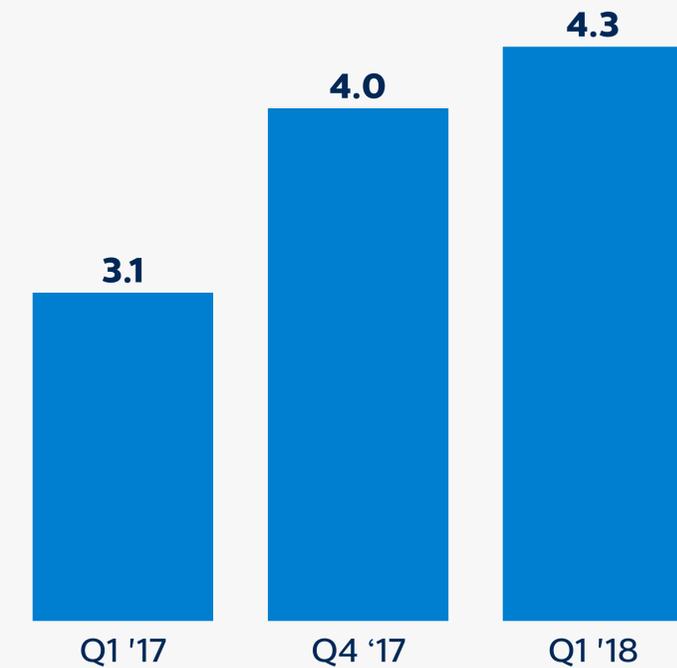


LTE Compatible Smartphone



Avg. Monthly Mobile Data Usage

(GB per user¹)



*Subscribers who
1) registered for LTE
2) have LTE compatible device and simcard

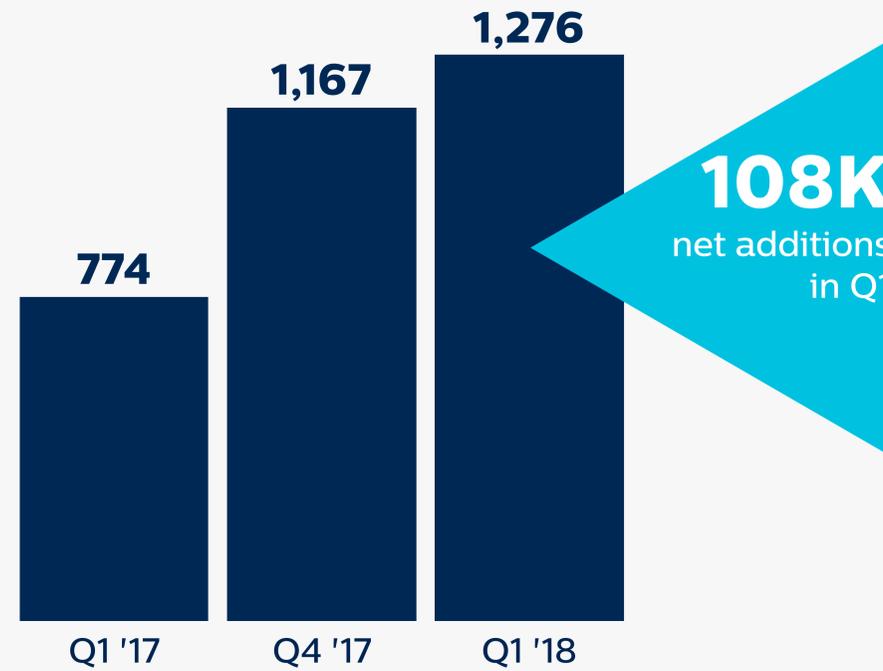
(1) Türk Telekom smartphone users

TV Performance

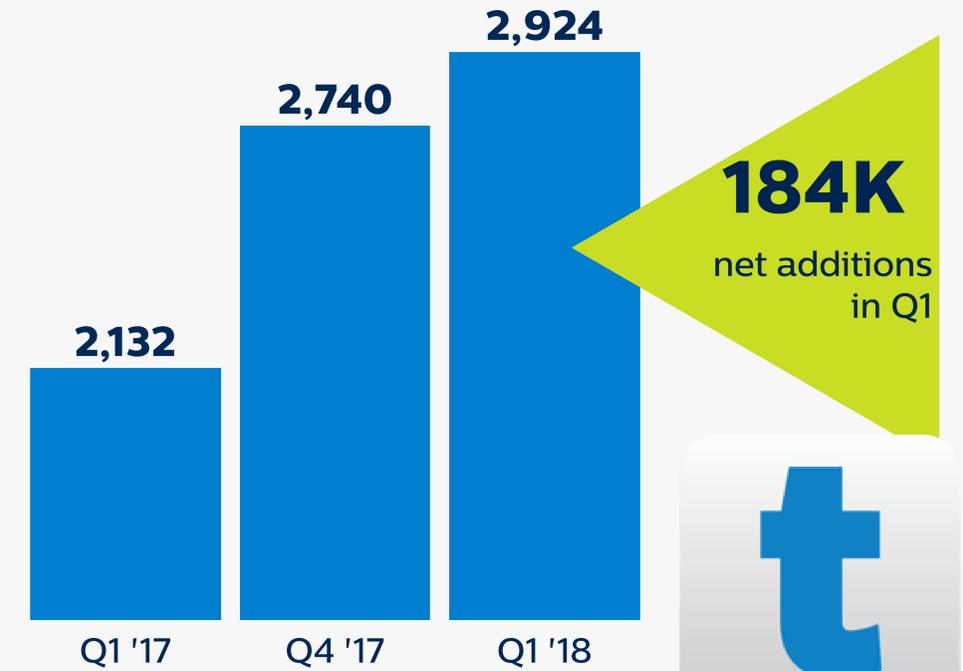
Türk Telekom
Tivibu

Subscribers (thousand)

■ Tivibu Home



■ Total TV (Tivibu Home + Tivibu Go)



Wireless Homes

c.80%

of Q1 '18 DTH gross adds came via mobile synergy offers



Platform

IPTV + DTH + Web TV + Smart TV

Content

- ▶ Italia Serie A
- ▶ NBA
- ▶ English Premier League

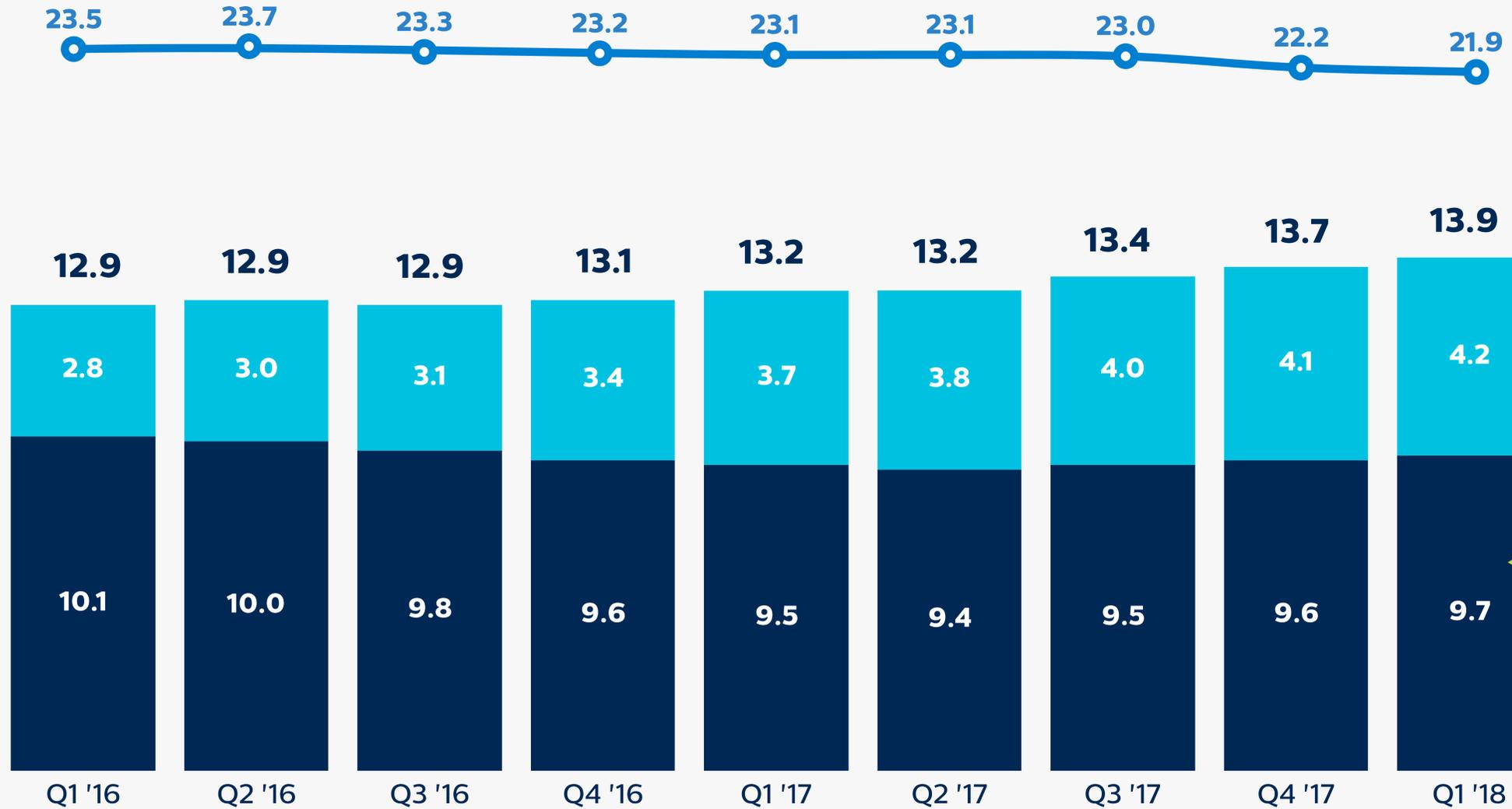
- ▶ 3 Cinema & 5 Sports Inhouse Channels
- ▶ Kids & Documentary Channels
- ▶ 8500+ on demand assets

Fixed Voice

Access Lines and ARPU

■ Fixed Voice (mn) ■ Naked Broadband (mn)

○ Fixed Voice ARPU (TL)



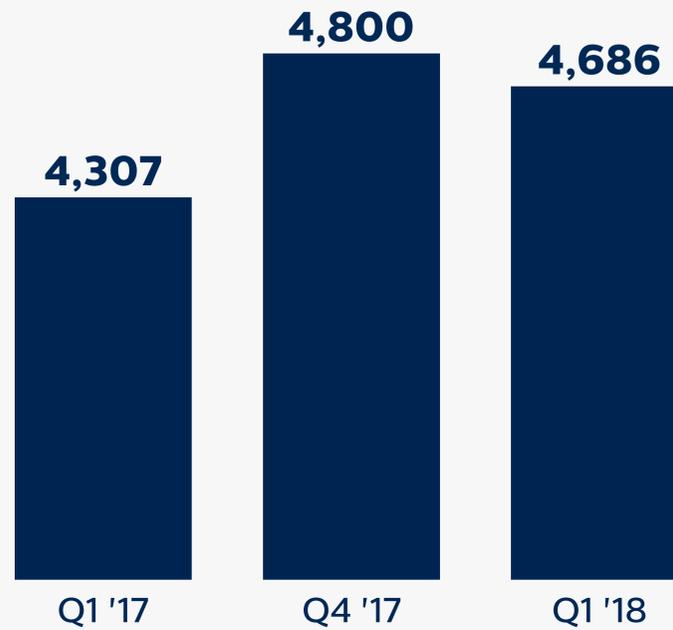
79K
net additions
in Fixed
Voice in Q1

Financials

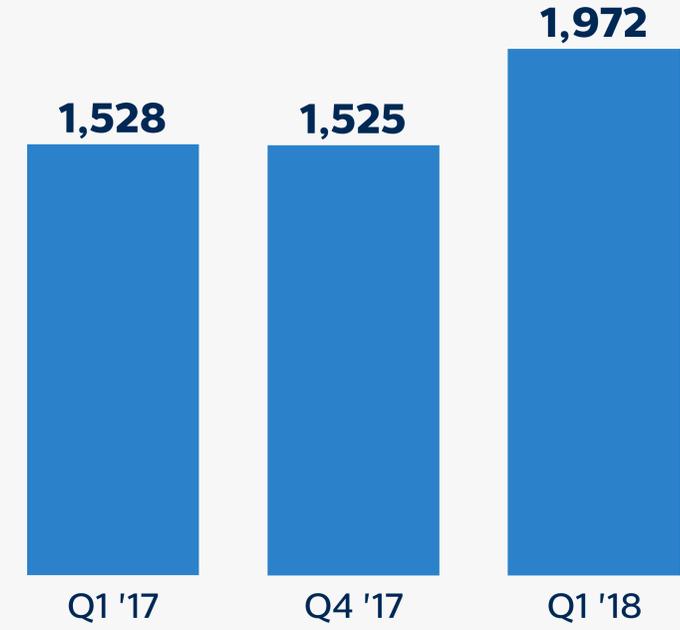


Financial Performance

Revenue (TL mn)



EBITDA (TL mn)



Operating Profit (TL mn)



Net Profit (TL mn)



Capex (TL mn)



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Debt Profile

Low debt burden compared to peers



Source: Bloomberg
Türk Telekom's ratio is based on Q1'18 financials; other's based on their latest data

Net Debt

■ Net Debt (TL bn) ○ Net Debt/EBITDA ● Adj. Net Debt/EBITDA



Note: Net Debt/EBITDA calculation excludes extraordinary claims.
Adjusted Net Debt/EBITDA includes MTM from FX to TRY Currency Swaps.

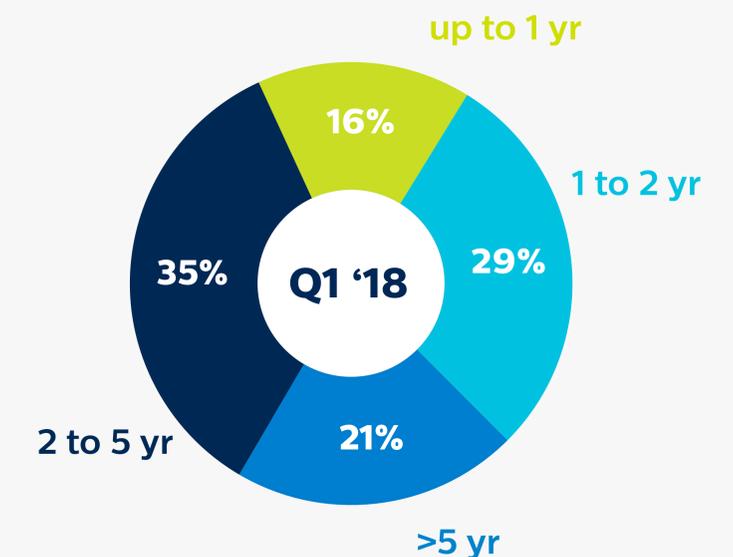
Hedge Ratio

■ Gross FX Debt (bn USD) ○ Hedge Ratio



Hedge Ratio includes participating CCS & FX swaps & FX based cash

Maturity Profile



Guidance

TL mn	2017 YE	2018 Guidance	2018 Revised Guidance*
Revenue (exc. IFRIC 12) ¹	17,435	~11% growth	~11% growth
EBITDA	6,452	TL 7.0 to 7.2 bn	TL 7.6 to 7.8 bn
CAPEX	3,221	~TL 3.5 bn	~TL 4.1 bn

(1) IFRIC 12 is 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

*Guidance was revised due to IFRS 15 & 9 accounting standards adoption.

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

Appendix



Income Statement

(TL mn)	Q1 '17	Q4 '17	Q1 '18	YoY Change	QoQ Change
Revenues	4,307	4,800	4,686	8.8%	(2.4%)
EBITDA	1,528	1,525	1,972	29.1%	29.3%
<i>Margin</i>	35.5%	31.8%	42.1%		
Operating Profit	807	713	1,094	35.5%	53.4%
<i>Margin</i>	18.7%	14.8%	23.3%		
Financial Inc. / (Exp.)	(623)	(1,061)	(986)	58.4%	(7.1%)
FX & Hedging Gain / (Loss)	(509)	(886)	(879)	72.6%	(0.8%)
Interest Inc./ (Exp.)	(76)	(91)	(86)	13.6%	(5.6%)
Other Financial Inc./ (Exp.)	(38)	(84)	(21)	(44.7%)	(75.2%)
Tax Expense	(119)	235	(51)	(56.7%)	n.m.
Net Income	66	(113)	56	(14.3%)	n.m.
<i>Margin</i>	1.5%	n.m.	1.2%		

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Balance Sheet

(TL mn)	31.03.2017	31.12.2017	31.03.2018
Total Assets	26,702	29,149	29,936
Intangible Assets ¹	8,480	8,438	9,263
Tangible Assets ²	8,313	9,138	8,964
Other Assets ³	7,273	7,473	7,730
Cash and Equivalents	2,636	4,100	3,979
Total Equities and Liabilities	26,702	29,149	29,936
Share Capital	3,260	3,260	3,260
Reserves, Retained Earnings and Other Equity Items	211	1,295	1,707
Interest Bearing Liabilities ⁴	15,594	16,492	17,496
Provisions for Employee Termination Benefits	637	711	652
Other Liabilities ⁵	7,000	7,391	6,822

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to “Financial Footnotes” & “Summary Financial and Operational xls” on our web site.

(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

(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 liabilities

IFRS 15 Adoption Reconciliation

(TL mn)	Q1 '18	IFRS 15 Impact	Q1 '18 w/o adoption of IFRS 15
Revenues	4,686	(10)	4,696
EBITDA	1,972	140	1,832
<i>Margin</i>	42.1%		39.0%
Operating Profit	1,094	25	1,069
<i>Margin</i>	23.3%		22.8%
Financial Inc. / (Exp.)	(986)	(3)	(983)
FX & Hedging Gain / (Loss)	(879)		(879)
Interest Inc./ (Exp.)	(86)		(86)
Other Financial Inc./ (Exp.)	(21)	(3)	(18)
Tax Expense	(51)	(3)	(48)
Net Income	56	18	38
<i>Margin</i>	1.2%		0.8%

Türk Telekom adopted IFRS 15 and IFRS 9 accounting standards starting from 1 January 2018. For further details please refer to "Financial Footnotes" & "Summary Financial and Operational xls" on our web site.

IFRS 15 Adoption Reconciliation

(TL mn)	31.03.2018	IFRS 15 Impact	31.03.2018 w/o adoption of IFRS 15
Total Assets	29,936	871	29,065
Intangible Assets ¹	9,263	878	8,384
Tangible Assets ²	8,964		8,964
Other Assets ³	7,730	(7)	7,737
Cash and Equivalents	3,979		3,979
Total Equities and Liabilities	29,936		29,065
Share Capital	3,260		3,260
Reserves, Retained Earnings and Other Equity Items	1,707	568	1,139
Interest Bearing Liabilities ⁴	17,496		17,496
Provisions for Employee Termination Benefits	652		652
Other Liabilities ⁵	6,822	303	6,519

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Q&A

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Thank You

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