



TÜRK TELEKOM GROUP 2012 Q1 Results

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Note: EBITDA is a non-GAAP financial measure. The EBITDA definition used in this presentation includes Revenues, Direct Cost of Revenues excluding depreciation and amortization, Selling and Marketing expenses, Administrative expenses, and other operating income/(expense), but excludes translation gain/(loss), financial income, income on unconsolidated subsidiaries, gain on sale of investments, and minority interest.

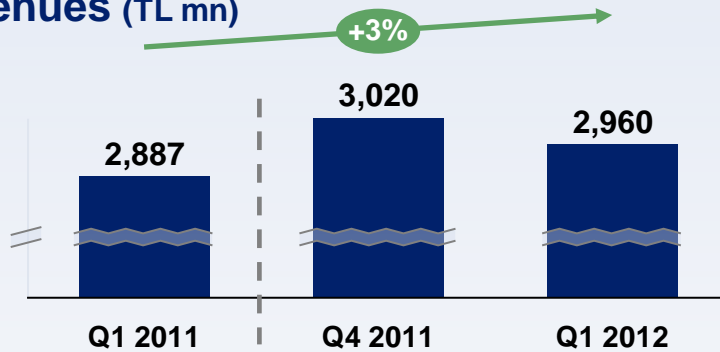


CONSOLIDATED PERFORMANCE



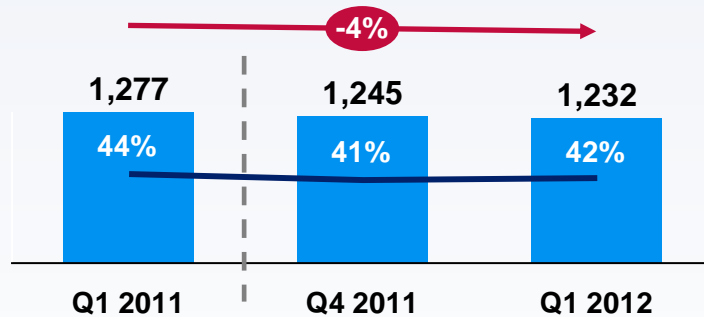
Consolidated Financial Summary

Revenues (TL mn)



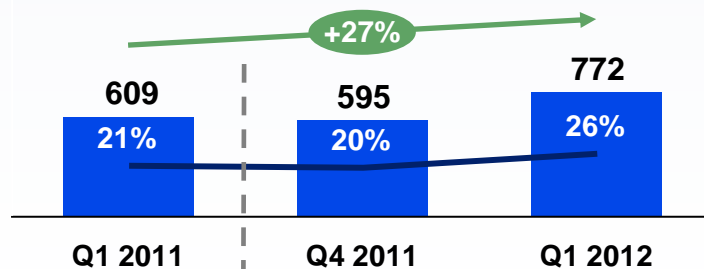
- Consolidated **revenues up 3% YoY** driven primarily by mobile and fixed broadband revenue growth

EBITDA (TL mn) & Margin



- EBITDA margin kept at 42%** despite a 4% decline in the absolute EBITDA

Net Income (TL mn) & Margin

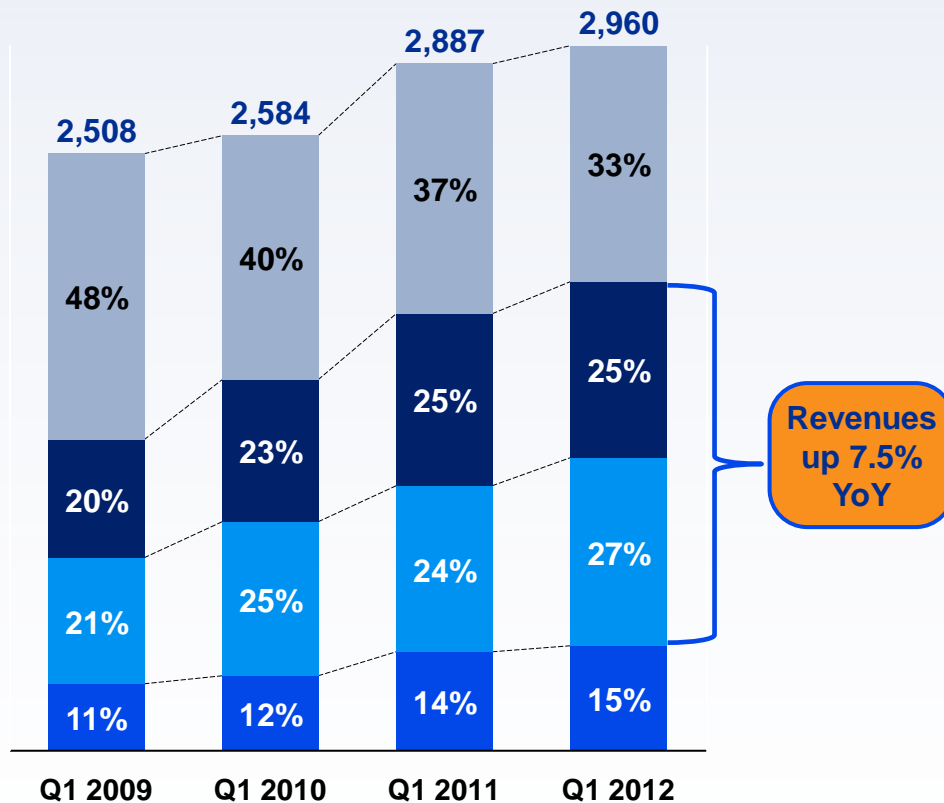
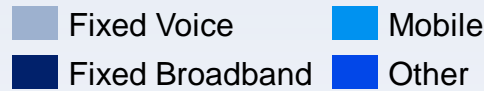


- Net Income increased 27%**, supported by Turkish Lira appreciation in the first quarter



Increased Revenue Share from High Growth Areas

Consolidated Revenue Mix (TL mn)



- As revenues grow, **share of Fixed Voice in total revenues reduces**
- Fixed Voice revenue share **33% in Q1 2012** compared to 48% in Q1 2009
- Fixed broadband and mobile revenues produce **more than half of total revenues** and they jointly record a **7.5% growth**

Note: Other Revenues include Pantel acquisition effect, which was completed in Q4 2010

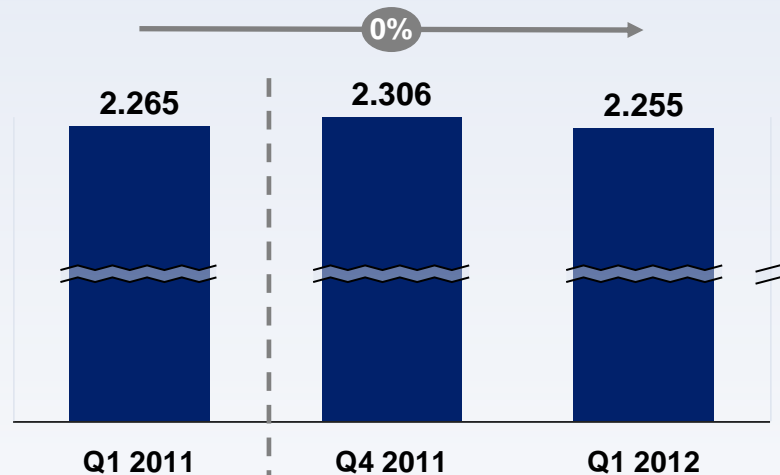


FIXED LINE

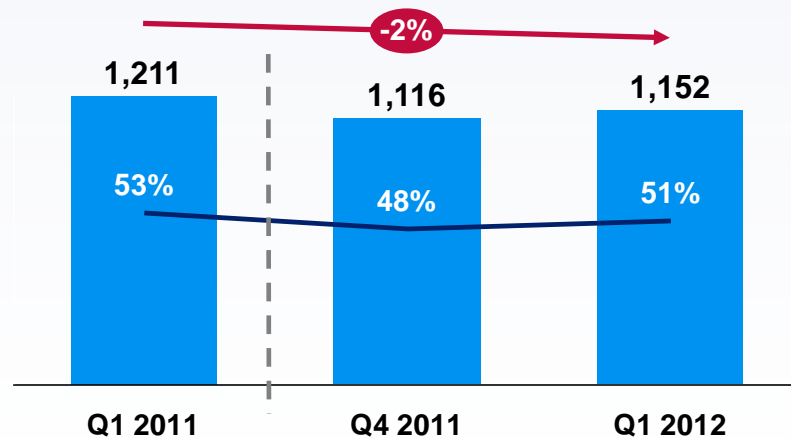


Fixed Line – Set to grow with new initiatives & upsells

Revenues (TL mn)



EBITDA (TL mn)

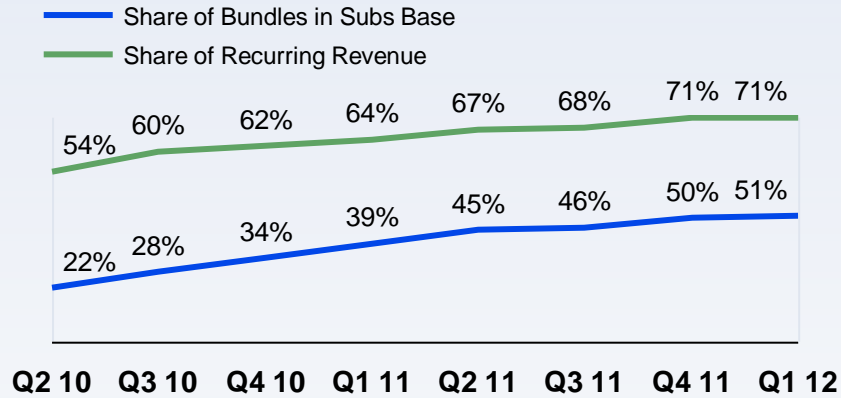


- Fixed line revenues stayed flat YoY. **New initiatives launched in Q1 2012** and **7.5% price increase in unlimited fixed broadband** to take effect in the coming quarters
- **Solid EBITDA margin at 51%, a 270 basis points increase** compared to last quarter
- Personnel cost at 21% of revenues
- Access lines per employee at 621 up from 617 in Q1 2011



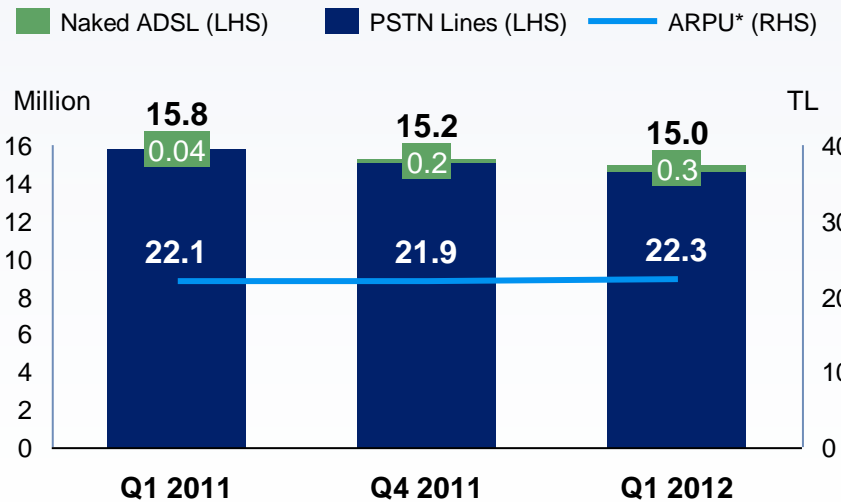
Revenue Stabilization Efforts in Fixed Voice

Bundle Packages and Recurring Revenue



- Partnerships with leading brands for voice customers, offering discount benefits in various areas like travel, energy, electronics, family stores
- Bundle packages continue to support **fixed portion of PSTN revenue**

Total Access Lines and ARPU



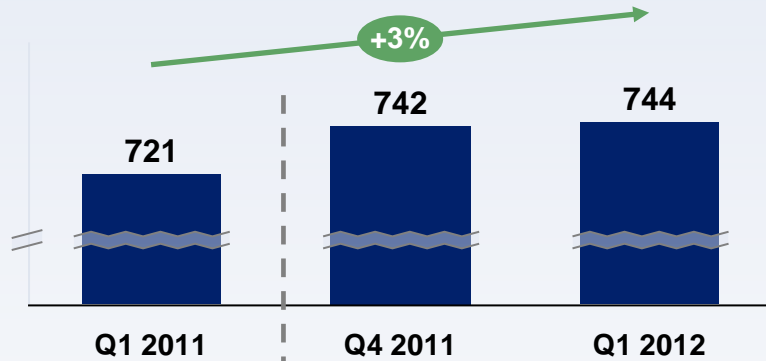
- Naked ADSL subscribers, now at 328 K** (an increase of 36% QoQ), mitigate PSTN line declines
- ARPU increased** as a result of excluding free minutes to mobile lines from a campaign

* Revenue divided by average number of connections



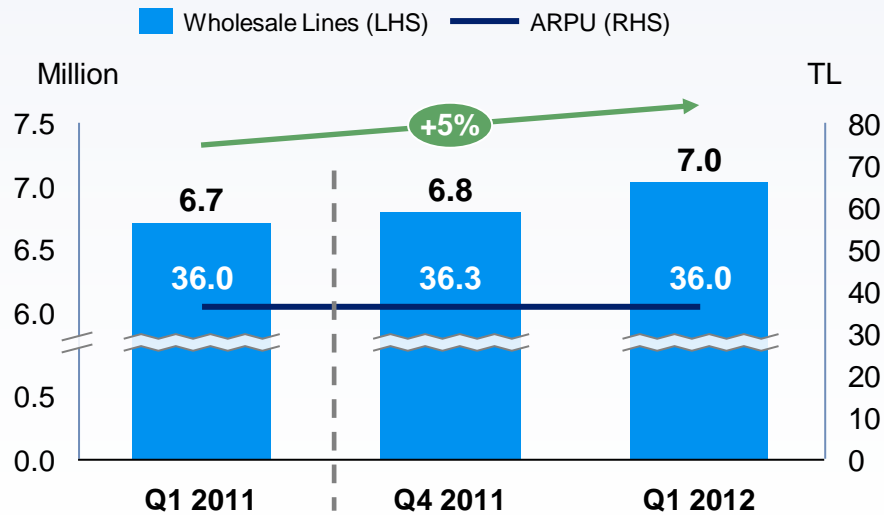
Strong subscriber growth in Fixed Broadband

Fixed Broadband Revenues (TL mn)



- **3% YoY revenue growth in fixed broadband** driven by both upsell and subscriber growth
- 238 K net adds in fixed broadband subscribers in Q1, a **5% YoY increase**

Fixed Broadband Lines & ARPU



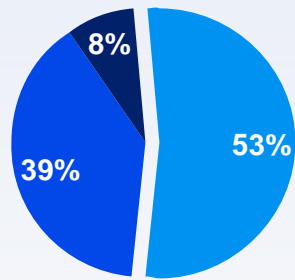
- Fixed broadband household penetration reached **41%** as of 2011, still behind European average of **61%**, indicating significant potential



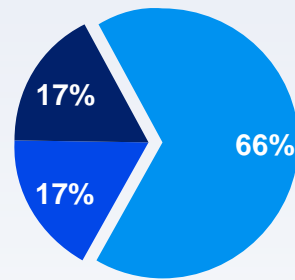
Fixed Broadband – Upselling continues

Capacity Breakdown

■ Limited (4GB and below)
 ■ Unlimited
■ Limited (over 4GB)

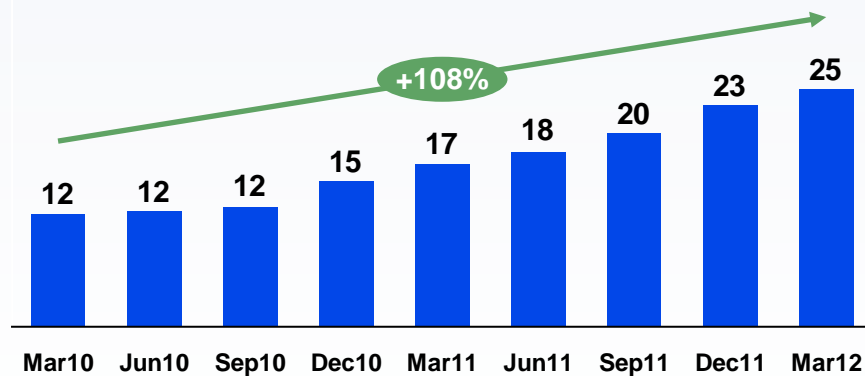


Q1 2011



Q1 2012

Monthly Data Usage (GB)



- Demand for higher speed and higher capacity packages remains high
 - **92% of total customers are now in “up to 8 mbps” and higher speed packages, which grew 14% YoY**
 - **Unlimited capacity subscribers reached 66% of total, a growth of 24% YoY**
 - **Average monthly data usage reached 25 GB per month, an increase of 108% in the past 2 years**

Note: Capacity, speed and data usage are TTNET figures

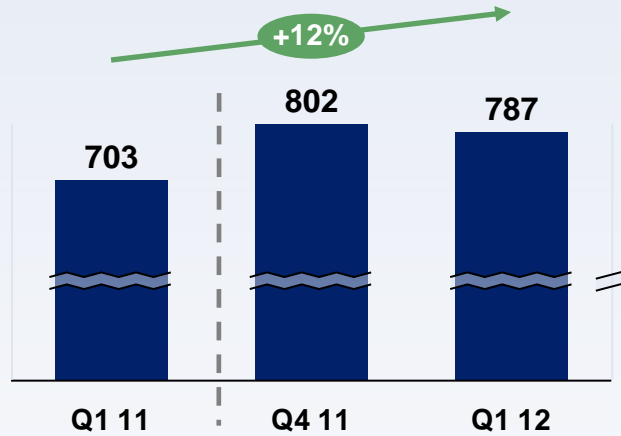


MOBILE



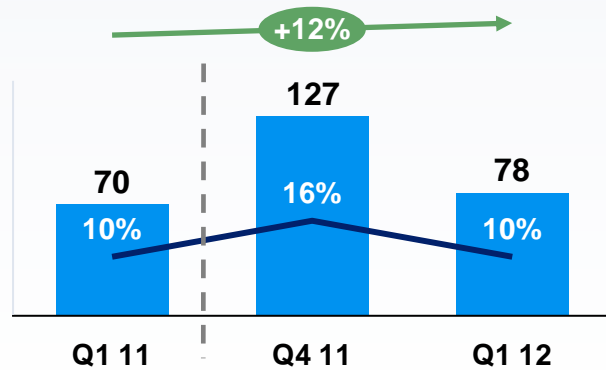
Mobile – Solid Revenue Growth in a Competitive Market

Mobile Revenues (TL mn)



- **12% YoY revenue growth** driven by increased data revenue, subscriber base growth, and improved tariff mix despite intense competition in Q1 2012.

Mobile EBITDA (TL mn)

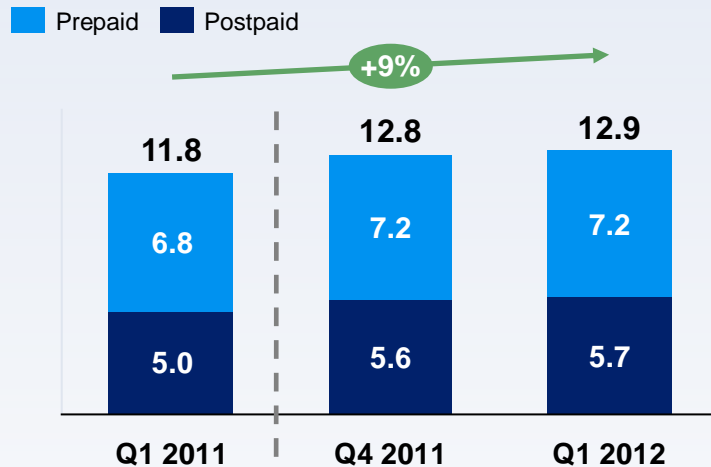


- **EBITDA increased 12% YoY** while EBITDA margin stayed at 10%



Mobile – Subscriber Composition

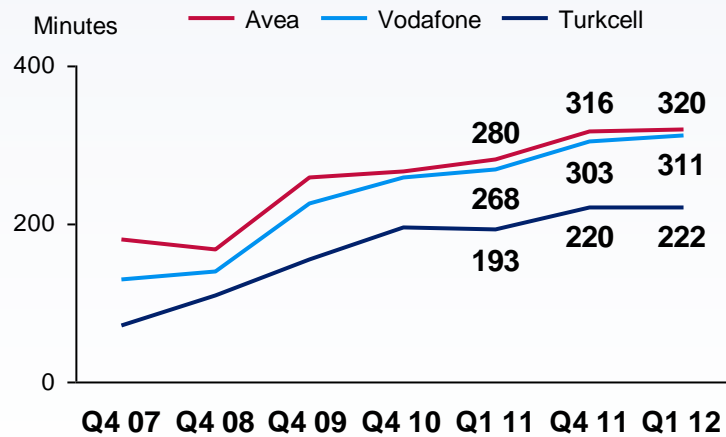
Subscriber Composition



- 170 K subscriber net add in Q1 2012 and 1.1 mn net add since Q1 2011.

- Post-paid subscribers grew 14% YoY while pre-paid subscribers increased 6%

Market MoU



- MoU increased %14 YoY with increased postpaid subscriber ratio.

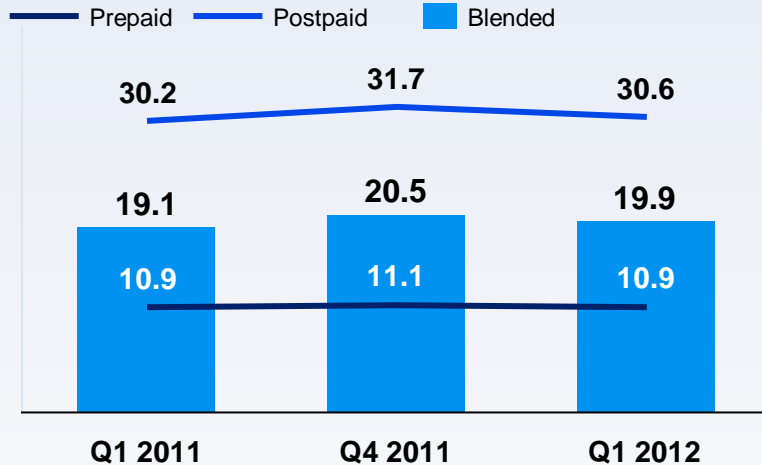
- Record MoU level, consistently highest MoU in the past 5 years

MNP: Mobile Number Portability



Mobile – Average Revenue Per User

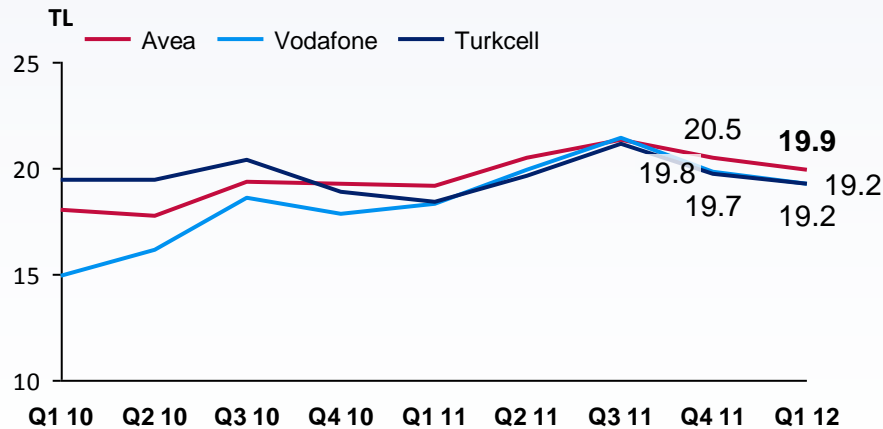
Avea ARPU (TL)



- **Blended ARPU increased by 4% YoY** driven by improved subscriber mix, increased data usage and incoming traffic

- **Postpaid base growth with new activations, as well as migration of customers to postpaid plans from prepaid ones** drove YoY ARPU increase

Market Blended ARPU (TL)

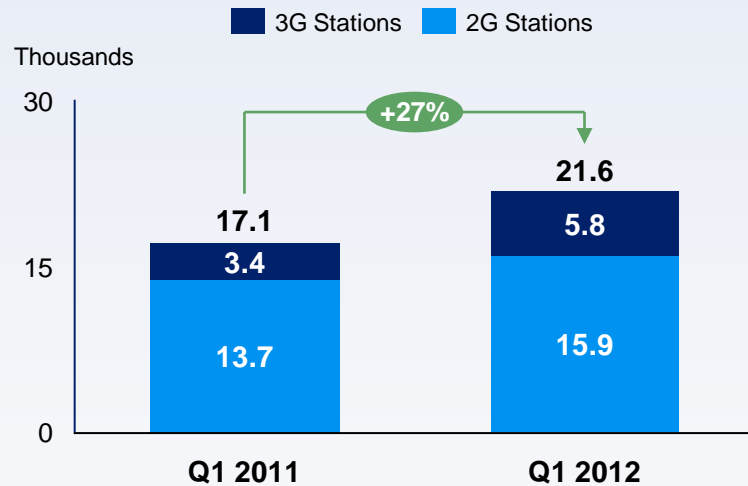


- **Highest blended ARPU in the market**



Mobile – Transformation continues

Base Stations



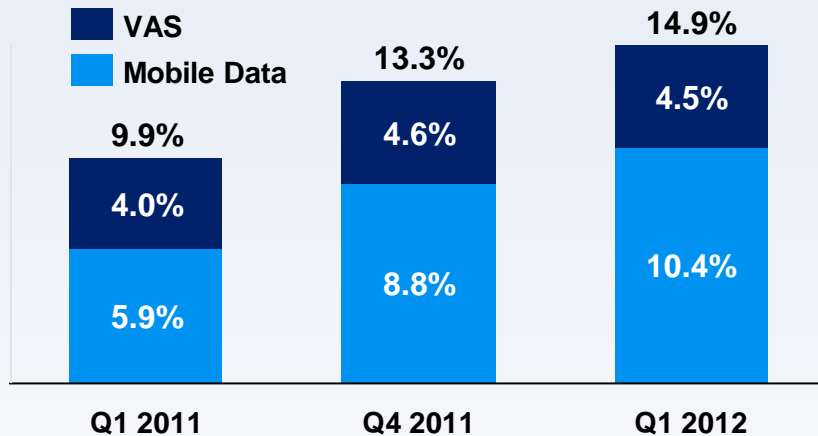
- **70% increase in 3G base stations**, reaching a population coverage of 79%
- **16% increase in 2G base stations**, reaching a population coverage of 98%
- **23% increase in exclusive dealers**
- **6% increase in non-exclusive dealers**
- 1,300 TT & TTNET cross sale points also sell Avea products
- Bundled offerings of fixed and mobile products in cooperation with TTNET

Distribution Channel

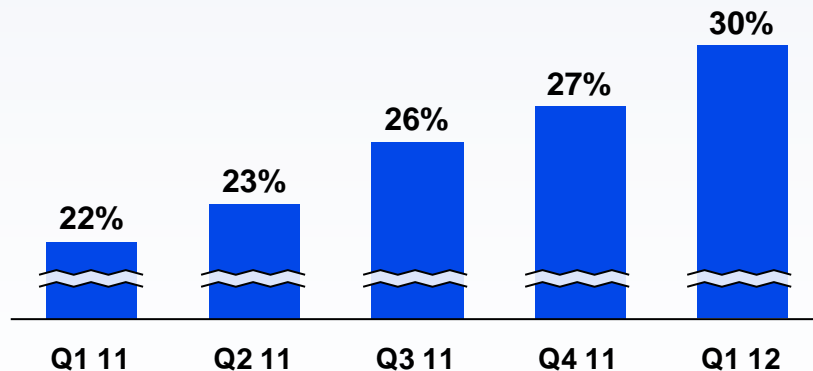


Mobile – Focus on Mobile Data

Mobile Data¹ and VAS² shares in Revenues



Share of Small Screen Data Users



- Substantial growth in mobile data revenues with 92% YoY increase in Q1 2012
- Mobile data revenues constitute 10% of total service revenues in Q1 2012
- VAS revenues increased 33% YoY in Q1 2012
- **Smartphone and tablet campaigns** (including BlackBerry, Samsung Galaxy series and iPad Campaigns) launched to increase data revenues and promote customer loyalty
- **Number of small screen³** data users accessing internet via mobile broadband, including smartphones and tablets, **grew 46%** YoY in Q1 2012

(1) Mobile data revenues consist of small & large screen and M2M revenues

(2) VAS: Value Added Services

(3) Small Screen defined as all handheld devices that access internet via mobile broadband except dongles that are used for PC's. Small screen % = Small screen users/Total base excluding large screen users.



FINANCIALS



TT Consolidated – Summary P&L Statement

TL Millions	2011 Q1	2011 Q4	2012 Q1	YoY % Change	QoQ % Change
Revenues	2.887	3.020	2.960	3%	-2%
EBITDA	1.277	1.245	1.232	-4%	-1%
Margin	44%	41%	42%		
Operating Profit	873	845	817	-6%	-3%
Margin	30%	28%	28%		
Financial Income/Expense	(121)	(76)	160	-232%	-311%
FX & Hedging Gain/Loss	(131)	(13)	197	-250%	NM
Interest Income/Expense	27	(21)	(15)	-156%	-29%
Other Financial Income/Expense	(17)	(42)	(22)	29%	-48%
Tax Expense	(181)	(210)	(233)	29%	11%
Net Income*	609	595	772	27%	30%
Margin	21%	20%	26%		

* After minority interest



TT Consolidated – Summary Balance Sheet

TL Millions	31.03.2011	31.12.2011	31.03.2012
Intangible Assets ^(a)	3.466	3.540	3.474
Tangible Assets ^(b)	7.399	8.156	8.197
Other Assets ^(c)	3.164	3.499	3.637
Cash and Equivalents	1.133	979	1.063
Total Assets	15.162	16.174	16.371
Share capital	3.260	3.260	3.260
Reserves and Retained Earnings	3.497	2.509	3.167
Interest Bearing Liabilities ^(d)	3.756	5.346	5.312
Provisions for Long-term Employee Benefits	615	563	583
Other Liabilities ^(e)	4.034	4.496	4.049
Total Equity and Liabilities	15.162	16.174	16.371

(a) Intangible assets excluding goodwill

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

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

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

(e) Major items within Other Liabilities are Deferred Tax Liability, Trade Payables, Provisions, Income Tax Payable, Due to Related Parties, Other Current Liabilities, Provisions for Employee Termination Benefits and Minority Put Option Liability



TT Consolidated – Summary Cash Flow Statement

TL Millions	2011 Q1	2011 Q4	2012 Q1	YoY % Change	QoQ % Change
Cash Flow from Operating Activities	722	1.197	347	-52%	-71%
Cash Flow from Investing Activities	(108)	(867)	(315)	192%	-64%
<i>CAPEX</i>	(198)	(897)	(375)	89%	-58%
<i>Other Investing Activities</i>	90	30	60	-33%	100%
Cash Flow from Financing Activities	(668)	(365)	86	-113%	-124%
Net Change in Cash Position^(a)	(54)	(35)	118	-319%	-437%

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



TT Consolidated – Summary Revenue Breakdown

TL Millions	2011 Q1	2011 Q4	2012 Q1	YoY % Change	QoQ % Change
Fixed Line	2.265	2.306	2.255	0%	-2%
Domestic PSTN	1.055	995	990	-6%	-1%
ADSL	721	742	744	3%	0%
Data Services	105	114	133	27%	17%
International Settlements	98	116	104	6%	-10%
Domestic interconnection	75	82	77	3%	-6%
Leased lines	119	105	99	-17%	-6%
Rental income from GSM operators	26	23	24	-8%	4%
Other	61	76	51	-16%	-33%
Construction Revenue (IFRIC 12)	6	52	33	NM	-37%
Mobile	703	802	787	12%	-2%
Eliminations	(81)	(88)	(82)	1%	-7%
Total Revenue	2.887	3.020	2.960	3%	-2%



TT Consolidated – Summary OPEX Breakdown

TL Millions	2011 Q1	2011 Q4	2012 Q1	YoY % Change	QoQ % Change
Personnel	502	569	534	6%	-6%
Domestic interconnection	126	172	175	39%	2%
International interconnection	57	86	66	16%	-23%
Commercial ^(a)	285	329	276	-3%	-16%
Maintenance and Operations	77	107	88	14%	-18%
Taxes & Government Fees	187	195	197	5%	1%
Doubtful Receivables	39	(102)	27	-31%	-126%
Others	332	373	335	1%	-10%
Sub-Total	1.604	1.728	1.699	6%	-2%
Construction Cost (IFRIC 12)	5	46	29	NM	-37%
Total OPEX	1.610	1.775	1.728	7%	-3%

(a) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and promotion



Fixed Line Business – Summary P&L Statement

TL Millions	2011 Q1	2011 Q4	2012 Q1	YoY % Change	QoQ % Change
Revenues	2.265	2.306	2.255	0%	-2%
EBITDA	1.211	1.116	1.152	-5%	3%
Margin	53%	48%	51%		
Operating Profit	967	870	893	-8%	3%
Margin	43%	38%	40%		
CAPEX	140	585	269	92%	-54%
CAPEX as % of Revenue	6%	25%	12%		



Fixed Line Business – Summary OPEX Breakdown

TL Millions	2011 Q1	2011 Q4	2012 Q1	YoY % Change	QoQ % Change
Personnel	459	518	484	5%	-7%
Domestic interconnection	22	26	25	14%	-4%
International interconnection	54	81	63	17%	-22%
Commercial ^(a)	158	197	158	0%	-20%
Maintenance and Operations	49	96	60	22%	-38%
Taxes & Government Fees	57	59	56	-2%	-5%
Doubtful Receivables	21	(92)	17	-19%	-118%
Others	229	259	211	-8%	-19%
Sub-Total	1.049	1.143	1.073	2%	-6%
Construction Cost (IFRIC 12)	5	46	29	NM	-37%
Total OPEX	1.054	1.190	1.102	5%	-7%

(a) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion



Mobile Business – Summary P&L Statement

TL Millions	2011 Q1	2011 Q4	2012 Q1	YoY % Change	QoQ % Change
Revenues	703	802	787	12%	-2%
EBITDA	70	127	78	12%	-39%
Margin	10%	16%	10%		
Operating Profit	(91)	(27)	(79)	-13%	193%
Margin	-13%	-3%	-10%		
CAPEX	178	206	136	-23%	-34%
CAPEX as % of Revenue	25%	26%	17%		



Mobile Business – Summary OPEX Breakdown

TL Millions	2011 Q1	2011 Q4	2012 Q1	YoY % Change	QoQ % Change
Personnel	44	53	53	20%	0%
Domestic interconnection	124	169	172	39%	2%
International interconnection	3	5	3	0%	-40%
Commercial ^(a)	127	133	119	-6%	-11%
Maintenance and Operations	28	14	29	4%	107%
Taxes & Government Fees	130	136	141	8%	4%
Doubtful Receivables	19	(9)	11	-42%	NM
Others	159	175	180	13%	3%
Total	634	675	709	12%	5%

(a) Includes Commissions, Advertising & Marketing, Subscriber Acquisition & Retention Costs and Promotion



Dividend

TL Millions	2010	2011
Net Profit	2.451	2.069
Legal Reserves	207	172
Total Dividend	2.244	1.897
Payout Ratio	92%	92%
<i>Gross Dividend Per Share (TL)</i>	<i>0,64</i>	<i>0,54</i>



Debt Profile

Debt	In Currency	TL Equivalent	< 3 Months	3 Months to 1 Year	1 to 5 Years	> 5 Years
TL	580	580	580	0	0	0
USD	1.327	2.353	17	593	1.550	193
EUR	991	2.346	59	276	1.693	318
TOTAL		5.279	656	869	3.243	511

* In Millions

Average maturity of foreign currency debt is 2.3 years

Ratios	Q1 2011	Q1 2012
Net Debt / EBITDA	0,52	0,84
Net Debt / Assets	0,17	0,26
Debt (Total Liabilities) / Equity	1,24	1,55
Debt (Financial) / Equity	0,56	0,83
Current Ratio	0,89	0,98



APPENDIX



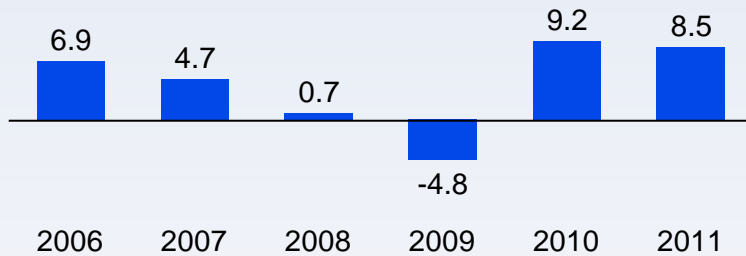
Guidance for 2012

- Consolidated Revenue: 6 - 8% Growth over 2011
- Consolidated EBITDA Margin: Low 40%^s
- Consolidated CAPEX: Around TL 2.4 billion

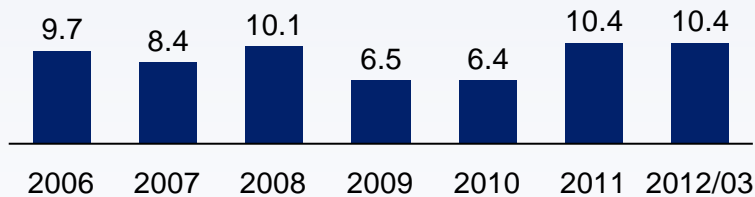


Macro Highlights

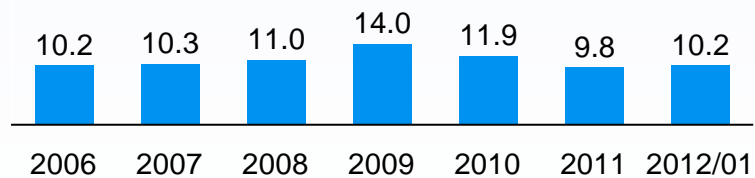
Annual Real GDP Growth Rate, % ¹



Annual CPI Inflation, % (eop) ²



Unemployment Rate, % ³



Source for 1 & 2 & 3: TURKSTAT

- Turkish economy grew by 5.2% y/y in 4Q 2011 (after 11.9% growth in 1Q, 9.1% growth in 2Q, and 8.4% growth in 3Q). As a result, the GDP growth rate registered as 8.5% in 2011.

- *Following the robust course in 4Q 2011, indicators show that the economic activity lost momentum in 1Q 2012. For 2012, the Government forecasts 4% GDP growth rate.*

- As of end of March, the annual CPI inflation was at 10.4%.

- *For 2012, the Central Bank forecasts the year-end annual CPI inflation as 6.5%. Yet, energy prices (recent hikes in electricity and natural gas prices) pose upside risks regarding the inflation outlook.*

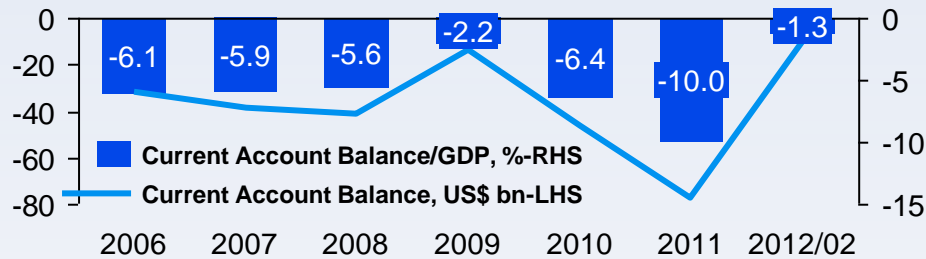
- As of January, the unemployment rate was at 10.2%.

- *The Government forecasts the unemployment rate as 10.4% in 2012 (after 9.8% in 2011). For the period ahead, possible reflection of global uncertainties on the domestic economy stands out as the main risk factor regarding employment conditions.*

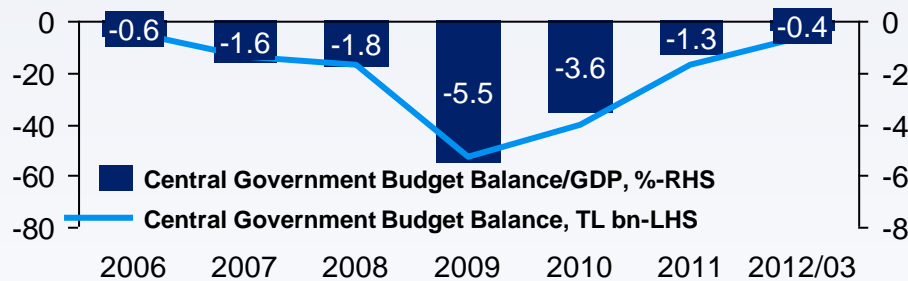


Macro Highlights (continued)

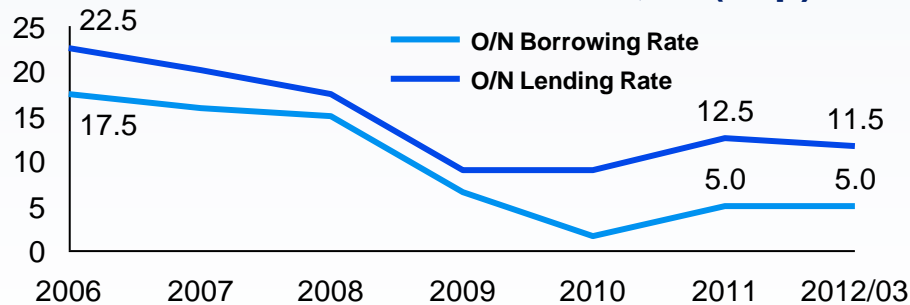
Current Account Balance ⁴



Central Govt. Budget Balance ⁵



CBT's Interest Rate Corridor, % (eop) ⁶



Source: 4: CBT, TURKSTAT
5: Ministry of Finance, TURKSTAT
6: CBT

- As of February, a current account deficit of US\$ 10.1 bn was recorded on year-to-date basis, equaling around 1.3% of the GDP.

- The gradual improvement in the current account balance is expected to continue in the upcoming period. Yet, the course of oil prices will remain as the key to the aforementioned improvement. The Government projects the current account deficit as US\$ 65 bn (around 8% of the GDP) in 2012.

- As of March, the year-to-date budget deficit and the primary surplus registered as TL 6.4 bn (around 0.4% of the GDP) and TL 10.9 bn (around 0.8% of the GDP) respectively.

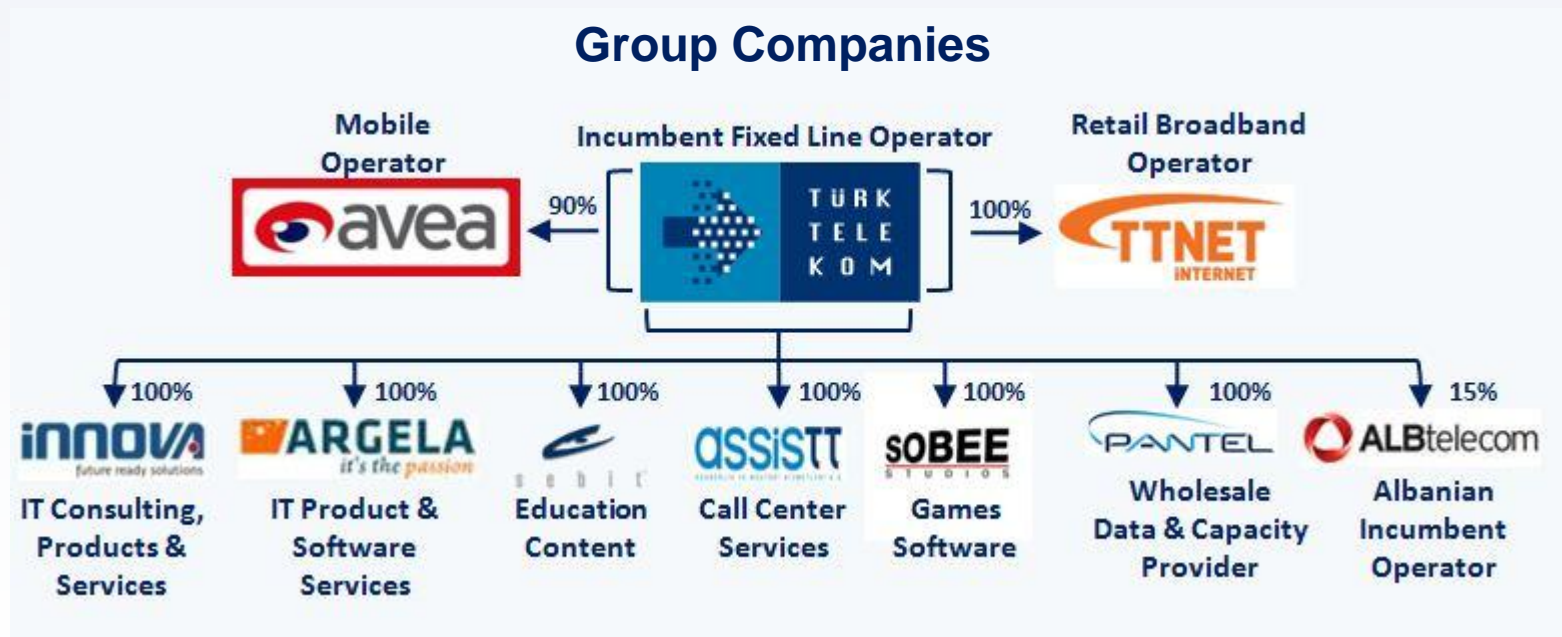
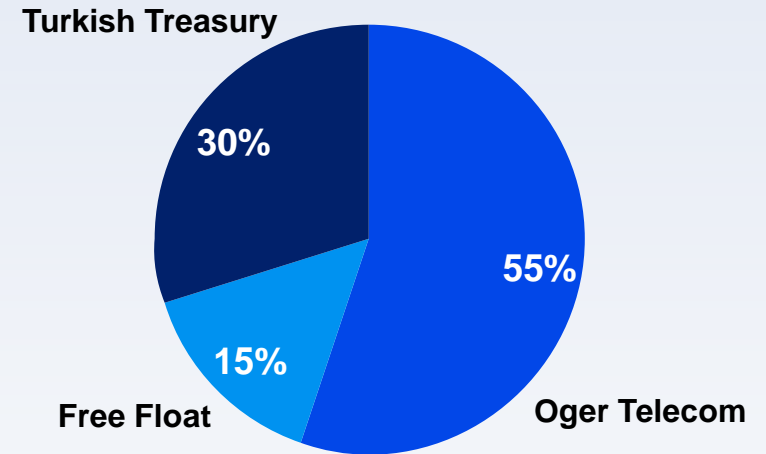
- The Government plans to maintain fiscal discipline in 2012, targeting TL 21.1 bn budget deficit (around 1.5% of the GDP) and TL 29.1 bn primary surplus (around 2.0% of the GDP).

- As of March, the policy rate (the one-week repo auction rate) was at 5.75%, while the overnight borrowing and lending rates were at 5% and 11.5% respectively.

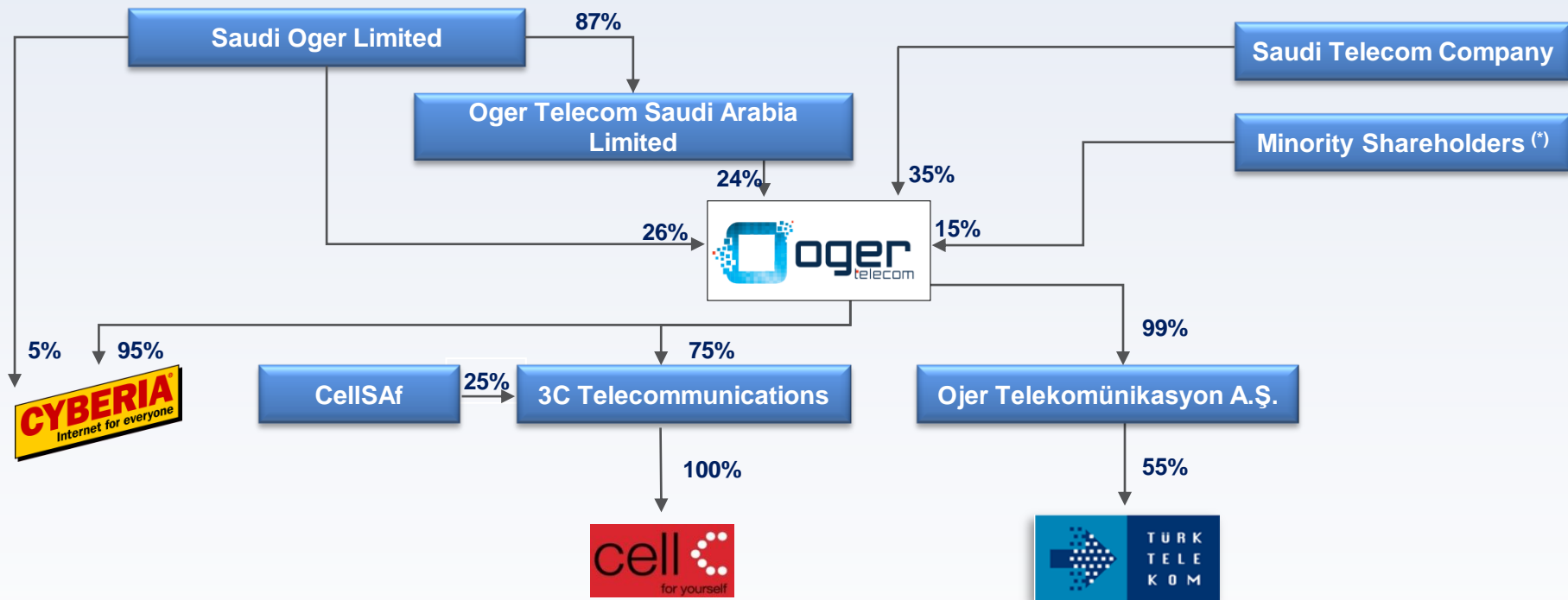


Turk Telekom Group Ownership Structure

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



Oger Telecom Ownership Structure



(*) Among Oger Telecom's direct and indirect minority shareholders are regional and 'blue chip' global financial investors.



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

May

- About 29% reduction in MTRs
- MVNO regulation was in place

July

- 3G services started

September

- Fixed Number portability introduced

October

- Local call Liberalization

April

- About 52% reduction in MTRs
- 17% cut in double tandem FTR
- 38% decrease in GSM to GSM rate cap
- TL per minute pricing introduced

July

- TA announced Naked ADSL fee as TL 8.13
- TA postponed 20 second billing for an indefinite time

December

- Naked ADSL services started

April

- Mobile off-net price cap increased by 4%
- SMS price cap decreased by 48%

October

- BTK's fiber decision: FTTH/B will be excluded from the process of market analysis until 25% fiber market share or 5 years

January

- WLR introduced



THANK YOU...

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